Half-Year Financial Report 2016

Half-year ended June 30, 2016

Europcar Groupe S.A.

A French public limited company (*société anonyme*) with share capital of €143,409,298

Headquarters:

2 rue René Caudron, Bâtiment OP
78 960 Voisins-le-Bretonneux
Versailles Trade and Companies Register (*R.C.S.*) no. 489 099 903

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HALF-YEAR MANAGEMENT REPORT

1. HIGHLIGHTS OF THE FIRST HALF OF 2016

In a context of weakened economic and operating environment, Europcar Group has continued to invest ahead of summer season and more importantly for future growth. The Group has pursued the roll out of the InterRent brand and network, and launched the first steps of its ambitious customer journey program. In addition, the Group has signed several acquisitions, demonstrating its objectives to accelerate the deployment of its strategy through external transactions.

1.1 The acquisition of the 3rd French franchisee by its subsidiary Europcar France

In May 2016, Europcar Groupe, signed an agreement to acquire Locaroise[1], the third-largest French franchisee in terms of revenue. The agreement represents one of the first tangible steps of the Group's ambitious acquisition plan, designed to accelerate value creation for its shareholders. Locaroise has a long-established commercial presence in the Northern region of France, from the extreme North of Paris metropolitan area to the South region of Lille. The company has 19 locations and an average fleet of 2,200 vehicles. Small and medium-sized businesses make up the bulk of its customers. In 2015, Locaroise generated revenues of approximately 17 million euros.

The investment representing a cash outflow of 9 million euros, is being carried out by the Group's French subsidiary, Europcar France. The transaction, based on a pre-synergy Adjusted Corporate EBITDA multiple of approximately 4x[2] , will become strongly accretive within the next quarters. Similarly to its other recent acquisitions, Europcar Group's expertise and operational excellence will give rise to important synergies for Europcar France, in terms of both revenue and profitability, particularly through the execution of the following initiatives: (i) Implementation of the Group's "Revenues and Capacity Management" strategy and tools; (ii) Integration within Europcar's IT system, Greenway®, which offers a unique solution covering all of the functional processes connected with vehicle rental activities; (iii) Optimization of vehicle management and costs through geographical continuity and fleet consolidation; and (iv) Strengthening of operating leverage, particularly through Shared Service Centers. Locaroise has been fully consolidated since July 1st, 2016.

1.2 Acquisition of Bluemove by Ubeeqo

In May 2016, Europcar Group acquired, through Ubeeqo, the innovative mobility start-up in which Europcar took a majority share[3], the acquisition of Bluemove, a mobility tech start-up and car sharing leader in Spain. This acquisition is fully part of its strategy to become the reference for urban mobility. Bluemove is the Spanish leading tech company in the car sharing market for individuals, giving access to a 24 hours available fleet, seven days a week, through a dedicated app. It is a well-established brand in Spain since 2011, with a community of 47 000 registered customers, operating in the cities of Madrid, Seville and Malaga, and will be soon launched in Barcelona and Valencia. It enjoys strategic agreements with diverse private and public entities in all cities where it operates, such as the Regional Transport Consortium of Madrid. In 2015, Bluemove was the winner of the "2015 Customer Value Leadership Award" by Frost & Sullivan.

This acquisition allows Europcar Group to further accelerate the development of car sharing, through Ubeeqo, by bringing its support on the scale up of the business thanks to its customer base and its know-how for fleet management and financing. Ubeeqo is actually deploying its multi modal platform offering a seamless book and pay experience to customers and is already present in 3 European countries - France, UK, Belgium - soon in Germany and now Spain through Bluemove.

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[1] The finalization of this operation took place end of second quarter of 2016.
[2] Europcar Group estimate, based on 2015 figures.
[3] Ubeeqo is consolidated under equity method in the group financial statements.

1.3 Issuance of € 125 million Senior Notes to support the dynamic acquisition program

On June 2, 2016, Europcar Groupe S.A. announced the success of its offering of €125 million of additional Senior Notes. The improved conditions at 4.5140 % yield to worst or 4.8790 % yield to maturity reflect the enhanced credit profile of the Group and investors' appetite in the company's prospects. The Notes were fungible with the existing €475 million 5.750% Senior Notes due 2022 issued in June 2015, increasing the total principal amount of this bond to €600 million. The proceeds of the additional notes amount to €131 million. Europcar intends to use the net proceeds of the additional Senior Notes primarily to fund its acquisition program, as well as for its general corporate purposes.

1.4. InterRent announces the opening in Sardinia of its 150th station[4]

In June 2016, InterRent, the low-cost brand of Europcar Group, announced the opening of its 150th station, in Sardinia's Alghero Airport. InterRent is currently present in 40 different countries, mainly in airports and tourism areas.
InterRent that targets "leisure" customers who are looking for fair pricing combined with a good customer service, enjoys strong growth in the dynamic low-cost market.

1.5 New dynamic strategy of customer journey

Over the first semester 2016, the Group entered into a new dynamic regarding its customer journey strategy, with the deployment of two structuring programs aimed at creating brand preference and differentiation with:

- A "Customer First Program" which targets to deliver an enhanced experience to each Group customer based on a comprehensive program that will provide a higher level of service.
- Key airport project, the main objectives of which are to substantially improve and differentiate the customer journey at the Group key airport locations. The project includes notably the management of the peak periods and queues, the forecast of the fleet and the staff and the processes to improve the customer service delivery.

2. SUBSEQUENT EVENTS

2.1 Europcar Group invests in Wanderio, an innovative multimodal start-up

In July 2016, Europcar Group announced its minority investment, through its Lab (its entity dedicated to innovation), in Wanderio, a multi modal search and comparison platform. It is a new step in the development of Europcar's mobility strategy: from car rental to the Europcar Lab, it strives to offer future multi-modular solutions. Wanderio is an Italian start up created in 2013. Its ambition is to simplify its customers' life by offering them the best transport mean to go from point to point, with two main criteria: price and journey length. On the same platform, customers can compare, book and pay travels by plane, train, longue distance buses and airport transfers and now to come car rental offer. With more than one million planned trips so far, Wanderio currently features connections to over 700 airports and more than 4.000 rail and bus stations. The Europcar investment will provide valuable support to further consolidate Wanderio coverage and presence across Europe.

2.2. A new organization to accelerate the Group's development

The Group is evolving in fast moving markets with new consumer mobility needs. In order to strengthen its competitiveness and agility and to accelerate its development, the Group wants to better leverage its customer centric vision allowing sustainable growth. Hence, the Management Board is entering into a project to adapt the Group's organization with the setup of 5 Business Units reflecting

[4] 150 stations, including corporate and franchisees countries.

the Group go to market strategy and a strong focus on the growth of each of its core business activities while developing new business opportunities. (i) BU Cars, (ii) BU Vans & Trucks, (iii) BU Low Cost (iv) BU Mobility and (v) BU International coverage.

3. ANALYSIS OF OPERATING RESULTS :

3.1. Key performance indicators

	H1 2016	H1 2015	Change	Change at constant exchange rate
Revenues *(in € millions)*	**947.9**	**960.5**	**(1.3)%**	**0.5%**
Rental revenues *(in € millions)*	882.9	891.1	(0.9)%	0.9%
Rental day volumes *(million)*	26.7	26	3.0%	
Consolidated RPD **(1)** *(in €)*	33.0	34.3	(3.8)%	(2.0)%
Average duration (day)	5.7	5.7	0.4%	
Average fleet *(thousands)* **(2)**	194.7	191.0	1.9%	
Per-unit fleet costs per month (in €) **(3)**	(250)	(256)	(2.4)%	(0.6)%
Financial utilization rate **(4)**	75.5%	75.1%	0.4pt	
Adjusted corporate EBITDA (in € millions)	**54.7**	**60.2**	**(9.0)%**	**(7.5)%**
Adjusted corporate EBITDA margin	***5.8%***	***6.3%***	***(0.5)pt***	
Adjusted corporate EBITDA over past 12 months				
(in € millions)	**245**	**231**	**5.9%**	
LTM adjusted corporate EBITDA margin	***11.5%***	***11.2%***	***+0.3pt***	
Operating income (IFRS)	**71.9**	**19.1**		
Net income (IFRS)	**2.8**	**(156.8)**		

(1) RPD (revenue per transaction day) corresponds to rental revenue for the period divided by the number of rental days for the period.

(2) Average fleet during the period is calculated as the number of days in the period during which the fleet was available, divided by the number of days of the period, multiplied by the number of vehicles in the fleet during the period. At June 30, 2016, the fleet comprised 245.8 thousand vehicles, compared with 236.1 thousand at June 30, 2015.

(3) Average fleet cost per unit per month corresponds to total monthly fleet cost (costs for holding and operating the fleet), excluding interest expense for fleet operating leases and insurance, divided by the average fleet during the period. The average fleet is then divided by the number of months during the period.

(4) The fleet financial utilization rate corresponds to the number of rental days as a percentage of the number of days the fleet is considered financially available. The fleet's financial-availability period represents the period during which the Group holds the vehicles.

3.2. Comparison of operating results

Analysis in this section is based on the Group's income statement, prepared in accordance with IFRS, as well as data provided by management intended for strategic guidance. Management data are prepared in order to reflect and clarify the presentation of Group economic performance.

IFRS Income Statement

In € millions	First half 2016	First half 2015	Change
Total revenue	**947.9**	**960.5**	**(1.3)%**
Fleet holding costs	(248.5)	(254.8)	(2.5)%
Fleet operating, rental and revenue-related costs	(336.9)	(339.5)	(0.8)%
Personnel costs	(169.6)	(169.2)	0.2%
Network and headquarters overhead	(111.0)	(108.1)	2.7%
Depreciation (excluding vehicle fleet)	(15.9)	(16.0)	(1.1)%
Other income and expenses	2.5	2.1	19.0%
Recurring operating income	**68.6**	**74.9**	**(8.7)%**
Other nonrecurring income and expenses	3.3	(55.9)	
Operating income	**71.8**	**19.1**	**276.0%**
Net financing costs	(55.1)	(170.1)	(67.6)%
Profit/(loss) before tax	**16.8**	**(151.0)**	**(111.0)%**
Income tax	(11.0)	(1.7)	
Share of profit/(loss) of associates	(2.9)	(4.1)	(29.3)%
Net profit/(loss)	2.8	(156.8)	

Management Performance Indicators

In € millions	First half 2016	First half 2015	Change
Total revenue	**947.9**	**960.5**	**(1.3)%**
Change at constant exchange rates			***0.5%***
Fleet holding costs, excluding estimated interest included in operating leases	(226.1)	(229.1)	(1.3)%
Fleet operating, rental and revenue-related costs	(336.9)	(339.5)	(0.8)%
Personnel costs	*(169.6)*	*(169.2)*	*0.2%*
Network and headquarters overhead	*(111.0)*	*(108.1)*	*2.7%*
Other income and expenses	*2.5*	*2.1*	*19.0%*
Costs for personnel, network and headquarters overhead, IT and other	(278.1)	(275.2)	1.1%
Net fleet-financing expense	*(29.8)*	*(30.8)*	*(3.2)%*
Estimated interest included in operating leases	*(22.4)*	*(25.7)*	*12.8%*
Fleet financing expenses, including estimated interest for operating leases	(52.2)	(56.5)	(7.6)%
Adjusted corporate EBITDA	**54.7**	**60.2**	**(9.0)%**
Margin (%)	*5.8%*	*6.3%*	*(0.5) pts*
Depreciation (excluding vehicle fleet)	(15.9)	(16.0)	(0.6)%
Other nonrecurring income and expenses	3.3	(55.9)	
Other financing income and expense not related to the fleet	(25.3)	(139.3)	(81.8)%
Profit/(loss) before tax	**16.8**	**(151.0)**	

The table below presents a reconciliation of recurring operating income to adjusted recurring operating income, adjusted corporate EBITDA and adjusted consolidated EBITDA. Adjusted recurring operating income, adjusted consolidated EBITDA and adjusted corporate EBITDA are presented because the Group believes that these measures provide readers with important additional information for the evaluation of Group performance. The Group also believes that these indicators are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Group's industry. In addition, the Group believes that investors, securities analysts and rating agencies will consider that adjusted recurring operating income, adjusted consolidated EBITDA and adjusted corporate EBITDA are useful indicators for measuring the Group's capacity to meet its debt-service obligations. IFRS does not recognize recurring operating income, adjusted consolidated EBITDA or adjusted corporate EBITDA. Therefore these indicators should not be viewed as alternatives to operating income or net profit, nor should they be considered indicators of operating results or of cash flows as measures of liquidity.

In € millions	H1 2016	H1 2015
Adjusted consolidated EBITDA	**287.0**	**300.8**
Fleet depreciation (IFRS)	-87.3	(85.8)
Fleet depreciation included in operating-lease rents	-92.8	(98.3)
Total fleet depreciation	***-180.1***	***(184.1)***
Interest expense related to fleet operating leases (estimated)	-22.4	(25.7)
Net fleet-financing expense	-29.8	(30.8)
Total fleet financing	***-52.2***	***(56.5)***
Adjusted corporate EBITDA	**54.7**	**60.2**
Amortization, depreciation and impairment expense	-15.9	(16.0)
Reversal of net fleet-financing expenses	29.8	30.8
Reversal of interest expense for fleet operating leases (estimated)	22.4	25.7
Adjusted recurring operating income	**91.0**	**100.6**
Interest expense related to fleet operating leases (estimated)	-22.4	(25.7)
Recurring operating income*	**68.6**	**74.9**

*As set forth in the consolidated income statement.

(A) Expenses related to operating leases for fleet vehicles comprise depreciation, interest and, in some cases, a small management fee. For contracts that do not provide a breakdown of rent payments in accordance with these expenses, the Group makes estimates on the basis of data provided by the lessors. Furthermore, because interest expense for operating leases is essentially a financing cost for the fleet, Europcar management reviews fleet holding costs and Group adjusted operating income net of this expense.

3.2.1 Total revenue

The following table shows changes in Group consolidated revenue for the half-years ended June 30, 2016, and June 30, 2015, as a total and by product type:

In € millions	First half 2016	First half 2015	Change	Change at constant exchange rate
Rental revenues	882.9	891.1	(0.9)%	0.9%
Other revenue associated with car rental[5]	41.6	45.3	(8.2)%	(6.2)%
Franchising business	23.4	24.1	(2.9)%	(2.4)%
Total revenue	**947.9**	**960.5**	**(1.3)%**	**+0.5%**

Revenues totaled €947.9 million, compared with €960.5 million in the first half of 2015, a rise of 0.5% at constant exchange rates. This increase is attributable mainly to growth of rental revenues (€882.9 million, or +0.9% at constant exchange rates), partly offset by lower fuel prices.

This performance is due to numerous difficulties and challenges (e.g., bad weather conditions, terrorist attacks, uncertainty surrounding the Brexit referendum) that combined to dampen business.

The volume of rental days came to €26.7 million, 3% more than in the first half of 2015. The leisure segment expanded in the first half, especially in southern Europe, for both the Europcar® brand and InterRent®. The trend for the corporate segment was less buoyant than in the first half of 2015. This was especially true in the United Kingdom, ahead of the Brexit referendum (mainly in the replacement-vehicle segment) and, to a lesser degree, in Belgium after the terrorist attacks.

On a consolidated basis, average daily revenue (RPD) declined by 2% at constant exchange rates, affected by the success of InterRent and by the Group's soft commercial momentum. Average daily revenue for the Europcar brand fell by 0.5%. With its volume-focused model, the InterRent brand saw average daily revenue decline by 1.8%.

Revenues from sales of products related to vehicle rentals declined by €3.7 million, mainly because of lower fuel prices. However, the latter had no significant effect on the margin.

Fees from franchisees fell slightly (–2.4% at constant exchange rates), to €23.4 million.

3.2.2 **Fleet holding costs**

Fleet holding costs include fleet depreciation expenses (vehicles acquired and financed through funding recorded on the balance sheet) and payments on operating leases for vehicles including their financial component, in compliance with accounting standards (e.g., vehicles financed through leasing). Rental payments under operating leases automatically include a component of financial interest. As explained below, the accounting methods employed for fleet-financing expenses depend on the type of financing (operating lease or other type of financing). For greater clarity, the Group combines all fleet-financing expenses in its management income statement. For analytical purposes, the expenses are included in adjusted corporate EBITDA but are excluded from fleet holding costs.

Adjusted for estimated financial expenses for operating leases (i.e., €22.4 million and €25.7 million in the first halves of 2016 and 2015 respectively), fleet holding costs totaled €226.1 million, down 1.3% from €229.1 million in 2015. The Group continued its optimization of monthly vehicle costs. The utilization rate came to 75.5%, compared with 75.1% in the first half of 2015, in a context of business growth and of preparation for the summer season.

[5] Including €2.2 million considered as rental revenues in the financial statements for the first half of 2016, and €1.9 million for the first half of 2015.

3.2.3 Fleet operating, rental and revenue-related costs

In the first half of 2016, fleet operating costs totaled €336.9 million, down slightly (0.8%), despite a rise in revenues at constant exchange rates. The optimization of variable fleet costs (such as maintenance, reparation, insurance, etc.) compensated for higher fees and royalties, in line with business growth, in particular for InterRent network.

3.2.4 Personnel costs

In the first half of 2016, personnel costs totaled €169.6 million, nearly unchanged from 2015. At constant exchange rates, personnel costs rose 1.9%, parallel with expansion of the Group's agency network, which was driven by business growth in particular for InterRent.

3.2.5 Overhead for headquarters and network

In the first half of 2016, overhead for headquarters and network rose 2.7%, to €111.0 million. This increase was due mainly to continued Group investment and intended notably to improve information systems in order to better satisfy customer demands and to deploy the InterRent network.

3.2.6 Other noncurrent income and expenses

In the first half of 2016, other noncurrent income and expenses amounted to net income of €3.3 million. Restructuring charges of €5.2 million were more than compensated for by income of €8.9 million from a tax litigation being resolved (see Note 17 of the interim condensed consolidated financial statements for the half-year ended June 30, 2016).

In the first half of 2015, other noncurrent income and expenses totaled €55.9 million in expenses, which broke down as follows:

- restructuring expenses of €19.6 million, including redundancy charges for the restructuring of the German network and of several local headquarters;

- commissions and fees of €8.6 million for the initial public offering;

- a provision based on the financial-risk estimate for the proceeding under way with the French Antitrust Authority, in the event that the latter should fine the Group, notwithstanding its legal defense; see Note 17 in the consolidated financial statements for the half-year ended June 30, 2016;

- A net provision reversal for an agreement with Enterprise on April 29, 2015, that ended all litigation with the company.

3.2.7 Adjusted corporate EBITDA

Adjusted corporate EBITDA is defined as recurring operating income before depreciation and amortization unrelated to the fleet, and after deduction of interest expense for fleet financing. The level of adjusted corporate EBITDA fluctuates significantly from season to season.

In the first half of 2016, adjusted corporate EBITDA totaled €54.7 million, compared with €60.2 million in the first half of 2015. This change reflects Group investment strategy, which aims to enhance future growth while leveraging Group operating excellence. In accordance with this strategy, the Group continued to deploy the InterRent brand and network, which opened its 150th agency in June 2016, in Sardinia[6]. The Group also pursued investment in client-related programs (CRM, airport

[6] Includes corporate and franchised countries.

projects, etc.), IT and Europcar Lab. In addition, Europcar continued to efficiently manage its fixed and variable costs prior to the summer season.

3.2.8 **Net financing costs**

Net financing costs amounted to €55.1 million in the first half of 2016, compared with €170.1 million in the first half of 2015. In 2016, this item comprised mainly:

- €29.8 million of interest expense for vehicle-fleet financing recorded on the balance sheet, compared with €30.8 million in 2015. In line with business growth, the rise of average debt for the fleet was offset by lower interest rates subsequent to refinancing in the second quarter of 2015 (see section 4 above).

- €14.7 million of interest expense for other borrowings, mainly subordinated corporate bonds, compared with €42.9 million. This substantial improvement illustrates the successful capital restructuring after the initial public offering on June 26, 2015. The restructuring allowed for the retirement and refinancing of corporate bonds on the same date (see section 4 above).

- €10.7 million of other financial income and expense, mainly noncash items including amortization of refinancing costs and foreign-exchange differences (see Note 7 in the interim condensed consolidated financial statements for the half-year ended June 30, 2016).

In 2015, net financing costs included nonrecurring items related to the initial public offering and to capital restructuring, such as:

- €56 million for the retirement of outstanding subordinated bonds maturing in 2017 (€324 million) and paying 11.5%, and for the retirement of outstanding subordinated bonds maturing in 2018 and paying 9.375%.

- €27 million in amortization for transaction costs related to the retirement of these bonds.

3.2.9 **Income tax**

In the first half of 2016, the Group had tax expense of €11.0 million, compared with tax expense of €1.7 million in 2015. The change was due mainly to nonrecurring effects on pretax profit in the first half of 2015.

3.2.10 Share of profit or loss in companies accounted for under the equity method

The share of profit or loss in companies accounted for under the equity method came to a loss of €2.9 million, compared with €4.1 million in the first half of 2015. The loss was attributable to development costs for Car2go Europe and for Ubeeqo, which continues to expand in the Group's corporate countries.

3.2.11 **Net profit/(loss)**

Net profit in the first half of 2016 came to €2.8 million, compared to a loss of €156.8 million for the first half of 2015. This improvement reflects the successful capital restructuring after the initial public offering (approx. €92 million) at the end of the second quarter of 2015. The first half of 2015 had also been affected by other nonrecurring items, mainly the net negative impact of litigation (approx. €27 million) and restructuring costs for the Fast Lane transformation plan (€20 million).

3.3 REVENUE AND ADJUSTED CORPORATE EBITDA BY OPERATING SEGMENT

3.3.1 Europe

The table below shows (i) the allocation of revenue generated in Europe by corporate countries and other European countries, and (ii) adjusted corporate EBITDA generated in Europe for the half-years ended June 30, 2016, and June 30, 2015:

In € millions	First half 2016	First half 2015	Change	Change at constant exchange rate
Revenue				
Germany	252.8	256.1	(1.2)%	
United Kingdom	189.4	214.3	(11.6)%	(6.0)%
France	159.2	160.0	(0.5)%	
Other European countries	266.4	249.4	6.8%	
Other European countries (franchises)	8.8	8.5	3.1%	
Europe	876.7	888.4	(1.3)%	0.1%
Adjusted corporate EBITDA (Europe)	19.9	31.8	(37.2)%	(35.8)%

Revenue

Revenue from the Europe operating segment remained stable year on year at constant exchange rates, totaling €876.7 million in the first half of 2016. During this period southern European countries enjoyed steady growth notably driven by InterRent's strong expansion in all corporate countries and via the franchise network. Northern European countries, especially the United Kingdom, faced challenging economic and / or operating conditions, that were sometimes exacerbated by bad weather.

- Germany

In the first half of 2016, the Group's revenue in Germany fell a modest 1.2%, to €252.8 million. The SME sector and InterRent experienced significant growth over the period, subsequent to the implementation of aggressive development initiatives. However, this growth did not fully offset sales weakness, especially in the corporate segment.

- United Kingdom

Group revenue in the United Kingdom declined by 6.0% at constant exchange rates, to €189.4 million for the first half of 2016. After the bad weather of the first quarter that led to a decline in car-replacement volume, the second quarter was hurt by the cautiousness of the corporate segment ahead of the Brexit referendum. Despite this challenging context, the United Kingdom was able to slightly improve its fleet utilization rate, already one of the Group's highest.

- France

Group revenue in France in the first half of 2016 was almost stable year on year, at €159.2 million. In preparation for the summer season, the Group endeavored to maintain a balance between volume growth and price evolution, while maintaining good fleet utilization rate, despite the particularly poor weather in the second quarter of 2016.

Adjusted corporate EBITDA

In the first half of 2016, adjusted corporate EBITDA in Europe fell by €11.9 million, to €19.9 million. Although adjusted corporate EBITDA was weakened by economic and commercial conditions in northern European, the Group continued to invest in short-term (i.e., summer season) and long-term growth.

3.3.2 Rest of world

The table below shows revenue and adjusted corporate EBITDA generated in the rest of world for the half-years ended June 30, 2016, and June 30, 2015:

In € millions	**First half 2016**	**First half 2015**	**Change**	**Change at constant exchange rate**
Revenue	73.4	74.9	(1.9)%	3.9%
Adjusted corporate EBITDA	12.8	12.2	5.6%	8.4%

Revenue generated in the rest of world rose by 3.9% at constant exchange rates. This change was largely driven by corporate countries Australia and New Zealand, under the combined effect of growth in both number of rental days and revenue per day.

Group adjusted corporate EBITDA in rest of world rose 8.4% at constant exchange rates, to €12.8 million in the first half of 2016. The margin rose 1.2 points, to 17.4%, buoyed by revenue growth.

3.3.3 Elimination and holdings

The table below shows revenue and adjusted corporate EBITDA of the elimination and holdings segment for the first halves of 2016 and 2015:

In € millions	**First half 2016**	**First half 2015**	**Change**
Revenue	(2.2)	(2.8)	(19.5)%
Adjusted corporate EBITDA	21.9	16.2	35.2%

Adjusted corporate EBITDA for the elimination and holdings segment rose by €5.7 million in the first half of 2016, to €21.9 million. This increase was essentially due to three factors: the expiry at the end of 2015 of the sponsorship contract for the Team Europcar cycling team, lower financial expense and higher billings for holdings costs in corporate countries. The latter had no impact on the Group level.

4 LIQUIDITY AND FINANCIAL POSITION

4.1 OVERVIEW

On June 26, 2015, Europcar Group raised approx. €475 million through its initial public offering. This amount made possible the early redemption of a €324 million bond yielding 11.50%. This first bond could be redeemed only in the event of an initial public offering. The Group then redeemed a second bond (€400 million yielding 9.375%) by issuing of a new bond for €475 million with a coupon of 5.75%. Completion of these deals left the Group with only one outstanding bond. In addition, the Group substantially simplified its financial structure and reduced debt and interest expense.

During the first half of 2016, the Group issued new senior notes under very favorable conditions. On June 2, the Group successfully enhanced its initial €475 million bond maturing in 2022 with notes worth an additional €125 million. Yielding 4.8790% at maturity, the issue was priced at 100 bp below the initial issuance. The proceeds of the issuance amounted to €131 million, which the Group allocated to its acquisition program and to general corporate purposes.

Additionally, the Group is strongly focused on generating cash. Corporate free cash flow amounted to €82 million in the first half of 2016.
As a result, net corporate debt amounted to €200 million at June 30, 2016, compared with €235 million at December 31, 2015. The corporate leverage ratio[7] stood at 0.8x at the end of June 2016.

4.2 TOTAL NET DEBT

At June 30, 2016, Group net corporate debt amounted to €200 million, compared with €235 million at December 31, 2015.

On the same date, secured net fleet debt, including fleet-related off-balance-sheet commitments, totaled €3,555 million, compared with €3,460 million at June 30, 2015, and €2,821 million at December 31, 2015. Of this amount, €1,744 million is capitalized on the balance sheet and the remaining €1,811 million corresponds to operating leases. The estimated outstanding value of vehicles financed through operating leases corresponds to the book value of the vehicles. This amount is calculated from the acquisition costs and depreciation rates for the vehicles, on the basis of contracts signed with the manufacturers. In compliance with IFRS, this amount is not recorded on the balance sheet. The loan-to-value ratio (LTV ratio) was 89.8%[8] at June 30, 2016.

[7] Defined as corporate net debt to adjusted corporate EBITDA (past 12 months).
[8] Corresponds to the debt of Securitifleet Holding, Securitifleet and EC Finance plc (total amount of €1,451 million on the test date) divided by the total net asset value of the companies (i.e., €1,302 million at June 30, 2016).

The table below presents net corporate debt and total net debt (including the estimated outstanding value of the fleet financed through operating leases).

In € millions	**June 30 2016**	**Dec. 31 2015**
High yield senior notes, 5.75%, notes due in 2022 (A)	600	475
Senior revolving credit facility	0	81
FCT junior notes (B), accrued interest not yet due, capitalized costs of financing contracts and other (C) (D)	(189)	(150)
Gross corporate debt	**411**	**406**
Short-term investments and cash in operating and holding entities (E)	(211)	(171)
Net corporate debt	**200**	**235**
High yield EC finance notes, 5.125%, notes due in 2021	350	350
Senior asset revolving facility	859	658
FCT junior notes (B), accrued interest, financing capitalized costs and other	174	142
UK, Australia and other fleet-financing facilities	509	509
Gross financial fleet debt	**1,892**	**1,659**
Cash held in fleet-financing entities and short-term fleet investments	(148)	(161)
Fleet net debt on balance sheet	**1,744**	**1,498**
Debt equivalent of fleet operating leases – off balance sheet (F)	1,811	1,323
Net fleet debt (incl. op leases)	**3,555**	**2,821**
Total net debt	**3,755**	**3,057**

(A) In June 2016, the Group issued new senior notes for a total of €125 million. These notes are assimilated with existing senior notes paying a fixed rate of 5.750% and maturing in 2022 (issued in June 2015) for a total of €475 million, bringing the total amount of outstanding notes to €600 million.

(B) Proceeds from the FCT junior notes subscribed by Europcar International SAS ("ECI") provide overall credit enhancement and, when applicable, additional liquidity. FCT junior notes are used only to finance the fleet debt requirement. FCT junior notes are subscribed by ECI using available cash or drawing on the senior revolving credit facility.

(C) For countries where fleet costs are not financed through dedicated entities (e.g., the Securitifleet entities), the cash used to finance the fleet (which could have been financed by fleet debt) is restated from the net fleet debt through a de-risk ratio.

(D) Including accrued interest for financial assets (Euroguard).

(E) Specifically includes the Group's insurance program.

(F) The estimated debt equivalent of fleet operating leases corresponds to the book value of the vehicles. This amount is calculated from the acquisition costs and depreciation rates for the vehicles, on the basis of contracts signed with the manufacturers. The Company's financial management verifies the consistency of all external data provided.

4.3 ANALYSIS OF CORPORATE FREE CASH FLOW

4.3.1 OVERVIEW

The Group uses corporate free cash flow as its liquidity indicator.

The Group believes that corporate free cash flow is a useful indicator because it measures the Group's liquidity on the basis of its operating activities, including net financing costs on borrowings dedicated to fleet financing, without taking into account (i) past disbursements for debt refinancing, (ii) exceptional costs that are not representative of trends in Group operating results, and (iii) cash flows in relation to the fleet. These cash flows are analyzed separately because the Group makes vehicle acquisitions through asset-backed financing.

The table below shows the calculation of corporate free cash flows, as well as the regrouping of certain items deemed significant for the analysis of Group cash flow, including cash flow relating to changes in the rental fleet, in fleet-related trade receivables and payables, and in fleet-related financing and other working capital facilities used principally for fleet-related needs. This presentation differs from the IFRS statement of cash flows, mainly because of analytic regrouping and the inclusion of items that do not affect cash flows that vary based on the financial data used as the starting point (in this case, adjusted corporate EBITDA, as presented below, compared with pretax profit in the IFRS statement of cash flows).

Management Cash Flows

In € millions	**First half 2016**	**First half 2015**
Adjusted corporate EBITDA	**55**	**60**
Nonrecurring expenses	3	(25)
Non-fleet capital expenditure (net of proceeds from disposals)	(13)	(12)
Changes in non-fleet working capital and provisions	37	22
Income taxes received (paid)	0	(21)
Corporate free cash flow	**82**	**24**
Cash interest paid on corporate high yield bonds	(13)	(51)
Cash flow before change in fleet asset base, financing and other investing activities	**69**	**(27)**
Changes in fleet asset base, net of drawings on fleet financing and working capital	(150)	(142)
Acquisition of subsidiaries, net of cash acquired and other investment transactions	(1)	(9)
Increase in capital	0	464
Change in corporate high yield	131	(252)
Payment of financing transaction costs and redemption premium	(3)	(69)
Increase/(decrease) in cash and cash equivalents before effect of foreign exchange conversions	**46**	**(35)**
Cash and cash equivalents at beginning of period	*229*	*206*
Effect of foreign exchange conversions	*(1)*	*2*
Cash and cash equivalents at end of period	*274*	*174*

4.3.2 Corporate free cash flow

Corporate free cash flow is defined as free cash flow before impacts from fleet, refinancing and acquisitions of subsidiaries. Free cash flow in the first half of 2016 came to €82 million, compared with €24 million in the first half of 2015 (+€58 million).

- *Adjusted corporate EBITDA* Adjusted corporate EBITDA reached €55 million, compared with €60 million in the first half of 2015. This change reflects a slight decline in revenue (–1.3%) as well as the Group's investment strategy, which is designed to enhance future growth built on the Group's operating excellence.

- *Other nonrecurring income and expense* This item came to +€3 million in the first half of 2016, compared with –€25 million for the same period a year earlier. The figure includes cash outflow for the Fast Lane transformation plan. In 2016 the item includes the reimbursement of tax payments (made at the end of 2015) for prior fiscal years. In the first half of 2015, this item was affected mainly by certain legal proceedings and by expenses related to the initial public offering.

- *Acquisition of intangible assets and property, plant and equipment* This item consists mainly of IT investments and has risen slightly since last year, in line with Group strategy.

- *Change in WCR excluding vehicle fleet and provisions* In 2016, changes in non-fleet WCR totaled €37 million, the result of improved cash management.

- *Tax received/(paid)* the improvement of €21 million for this item is attributable to timing differences for payments made between 2015 and 2016, and to nonrecurring items in 2015.

4.3.3 Other components of cash flow

Interest paid on high yield bonds totaled €13 million in the first half of 2016, compared with €51 million in the first half of 2015. The €51 million was for interest on two bond issues of €324 million and €400 million. At the end of June 2015 these two high yield bonds were refinanced. Interest accrued at June 29, 2015, was paid and the capital redeemed. At the end of June 2016, the €13 million corresponds to interest paid on new corporate financing of €475 million. Total borrowings now come to €600 million, with a significantly lower margin.

On June 2, 2016, the Group issued new senior notes for €125 million. In addition to existing notes, the new senior notes bring total borrowings to €600 million. The new issue generated gross proceeds of €131 million as a result of market conditions, the Group's improved credit profile, and investor appetite for the Company's outlook.

Changes in the fleet, in fleet working capital requirements, in fleet financing, and in working capital facilities of €150 million in the first half of 2016 reflect mainly reimbursement of the drawdown of the revolving credit facility subsequent to a cash inflow of €125 million after the issuance in June of new notes. To a lesser degree, they reflect temporary lags between vehicle delivery and payment, and the possibility to finance the fleet through securitization.

Financing expenses of €3 million represent issuance costs for the new bonds.

As a reminder, management cash flows in the first half of 2015 were influenced by:

- Net profit of €475 million from the initial public offering. On June 30, 2015, expenses of €11 million had already been paid, out of the total €34 million committed (including approx. €25 million deducted from issue premiums).

- The new €475 million senior bond maturing in 2022 was issued at 99.289%, resulting in cash inflow of €471.6 million. The new bond pays a coupon of 5.75%.

- The proceeds from both the initial public offering and the new bonds were used mainly to redeem both the €324 million outstanding subordinated bonds maturing in 2017 and the €400 million outstanding subordinated bonds maturing in 2018, and to pay the associated redemption premiums for an aggregate amount of €56 million.

4.4 ANALYSIS OF CASH FLOW (IFRS)

The Group's principal cash flow drivers are its operating performance (as reflected in its operating profit before changes in working capital), cash flow from financing transactions, interest on corporate debt, cash flow from acquisitions and disposals of fleet, and cash flow from investing activities.

	Six months ended June 30,	
(In € millions)	**2016**	**2015**
Net cash generated from (used by) operating activities	(240.4)	(401.9)
Net cash used by investing activities	(10.2)	(24.1)
Net cash generated from (used by) financing activities	297.0	392.4
Net increase (decrease) in cash and cash equivalents after effect of foreign exchange differences	**46.4**	**(33.6)**

4.4.1 Net cash from (used by) operations

The table below summarizes the Group's net cash flow from operations for the first-halves of 2015 and 2016.

	Six months ended June 30,	
In € millions	**2016**	**2015**
Operating profit before changes in working capital	**52.8**	**52.8**
Changes in rental fleet and in fleet working capital	(319.8)	(394.7)
Changes in non-fleet working capital	73.3	47.5
Cash generated from operations	**(193.7)**	**(294.4)**
Income taxes received (paid)	0.1	(20.9)
Net interest paid	(46.8)	(86.7)
Net cash generated from (used by) operations	**(240.4)**	**(401.9)**

Cash flow from operating activities

Cash flow from operating activities represented a cash outflow of €193.7 million in the first half of 2016, compared with an outflow of €294.4 million in the first half of 2015.

Operating profit before changes in working capital requirements was nearly unchanged over the two periods. Cash outflow from changes in rental fleet and in fleet working capital totaled €320 million in the first half of 2016, compared with €395 million in the first half of 2015. These outflows were for vehicle purchases (capitalized) in preparation for the summer season. The difference of less than €74 million between the two half-years notably reflects the funding mode either through balance sheet financings or through operating leases (not accrued in the balance sheet in accordance with IFRS), in a context of fleet expansion to sustain topline growth.

Changes in non-fleet working capital represented a cash inflow of €73 million at the end of June 2016. This change is the result of improved cash-management procedures.

Income tax received/(paid)

Cash flow from income tax was negligible in the first half of 2016 compared with a payment of €21 million for the first half of 2015, mainly as a result of timing differences for payments between 2015 and 2016 and nonrecurring items in 2015.

Net interest paid

Net interest paid totaled €46.8 million in the first half of 2016, compared with €86.6 million in the first half of 2015. This favorable change is due mainly to the refinancing of corporate high yield bonds in June 2015 and to better terms for both the senior revolving asset facility and the revolving credit facility, which were renegotiated in the second quarter of 2015 in a context of fleet expansion.

4.4.2 Net cash flow from investing activities

The table below summarizes the Group's net cash flow from investing activities for the half-years ended June 30, 2016, and June 30, 2015.

	Six months ended June 30,	
In € millions	**2016**	**2015**
Acquisitions of intangible assets and property, plant and equipment	(16.3)	(12.1)
Proceeds from disposal of fixed assets	3.4	0.6
Other investments and loans	2.8	-
Acquisitions and proceeds from disposal of financial assets	-	(6.7)
Acquisition of subsidiaries, net of cash acquired	-	(6.0)
Disposal of subsidiaries, net of cash sold	-	-
Dividends received from associates	-	-
Net cash used by investing activities	**(10.2)**	**(24.1)**

Net cash used for investing activities totaled €10 million at June 30, 2016, and €24 million a year earlier. Acquisitions net of disposal proceeds rose slightly year on year and were mainly the result of investment in IT, in line with Group strategy. In the first half of 2015, investment included a €6 million subscription in the Car2Go Europe capital increase.

4.4.3 Net cash flow from financing activities

The table below summarizes the Group's net cash flow from financing activities for the half-years ended June 30, 2016, and June 30, 2015.

	Six months ended June 30,	
In € millions	**2016**	**2015**
Increase in share capital	-	464.0
New notes	130.6	471.6
Redemption of notes	-	(780.0)
Change in other financings	171.7	249.2
Payment of transaction costs	(2.4)	(12.5)
(Purchases)/sales of treasury shares net	(2.8)	
Net cash generated from (used by) financing activities	**297.0**	**392.4**

Net cash flow from financing activities represented an inflow of €297.0 million in the first half of 2016, compared with an inflow of €392.4 million in the first half of 2015. In addition to standard financing transactions related mainly to the fleet over these two periods, cash flow in the first half of 2016 was affected by the issuance of new notes worth €131 million, which allowed the temporary reimbursement of the revolving credit facility. In the first half of 2015, the initial public offering and the Group's financial restructuring had a strong impact on cash flow generated from financing activities.

5 REGULATORY, LEGAL AND ARBITRATION PROCEEDINGS

The main disputes and proceeding in program as of June 30, 2016 or that have evolved during first semester of 2016 are described in Note 17 of the interim condensed consolidated financial statements for the first half of 2016

Dispute with Philippe Guillemot closed on July 5, 2016.

Following his dismissal as Chief Executive Officer on February 13, 2012, Philippe Guillemot filed a claim against the Company for the payment of the severance benefit included in his employment agreement, amounting to approximately €2.5 million. The Company argued that Mr. Philippe Guillemot was dismissed for serious misconduct and therefore that no severance payment was due. In first instance, the Versailles Commercial Court ruled in favor of Philippe Guillemot. In a ruling of July 1, 2014, the Versailles Court of Appeals overturned that decision and all of its provisions, ruling in favor of the Company. Philippe Guillemot's appeal of this decision to the high Court (Cour de Cassation). The High Court ruling of July 5, 2016 confirms the Versailles Court of Appeal judgment in favor of the Company.

6 TRANSACTIONS WITH RELATED PARTIES

See Note 20 of the interim condensed consolidated financial statements for the first half of 2016.

7 REVISED GUIDANCE FOR 2016

The guidance presented below for revenue, adjusted corporate EBITDA and dividends is based on data, assumptions and estimates that are considered reasonable by Group management. The guidance may change because of uncertainties surrounding the economic, financial, competitive and/or regulatory environment, or because of other unforeseeable factors (e.g., certain transactions). In addition, the materialization of certain risks described in chapter 2, "Risk Factors," of the 2015 Registration Document could have an impact on the Group's activities and its ability to achieve these forecasts. There is no guarantee that the Group's results will be in line with the forecasts below. The Group considers that adjusted corporate EBITDA, although a non-GAAP measure is a relevant indicator of the Group's operating and financial performance.

With an economic and operating environment weakened notably by Brexit and the terrorist attacks in Europe, and with sales momentum softening, the Group aims to fully leverage its resilient and low-risk model. At the same time, the Group plans to focus on the go to market of its services and to continue investing for future growth. Accordingly, the Group has revised its outlook for 2016, as it appears in the 2015 Registration Document (see section 3.7):

- slight increase in revenues at constant scope and exchange rates (organic growth),[9] compared with previous guidance of 3%–5% growth at constant scope and exchange rates;

- adjusted corporate EBITDA above the €251 million generated in 2015, compared with more than €275 million previously forecast (this new guidance is based on an exchange rate of GBP 1.20 / EUR for the second half of 2016; previous guidance provided was based on an exchange rate of GBP 1.43 / EUR for 2016);

- conversion rate of adjusted corporate EBITDA to corporate free cash flow of at least 50%.

In addition, the Company has confirmed that, starting in 2017, it will pay out to shareholders no less than 30% of annual net profit from the prior fiscal year. The dividend policy (see section 6.7.1 of the

[9] Excluding fuel revenues.

2015 Registration Document, "Dividend distribution policy") will take into account the Company's results, financial position, achievement of its objectives as set out in this section, and restrictions on dividend payments applicable under the terms of the Group's various debt instruments.

Finally, the Group will pursue its ambitious acquisition plan while managing tactically its strategic program of share buybacks.[10]

8 INFORMATION ON MEDIUM TERM TRENDS AND OBJECTIVES

Because of uncertainty surrounding the economic and operating environment, which has been weakened by Brexit and the terrorist attacks in Europe, and because of the seasonal nature of the Company's business, the Group is unable to confirm its objectives for 2017, as set forth in section 3.8.2 of the 2015 Registration Document.

9 PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2016

Groupe Europcar operates in a context of risk and uncertainty, the result of the overall economy and the specific nature of its activities. Given the outcome of the referendum in Great Britain, the Group believes that the Brexit could have an impact on its economic activities. Furthermore, because of the current value of the GBP, and even though operations and financing of the English subsidiaries are performed in local currency, Group results could be affected by the currency translation of the results of these entities.

A detailed description of risk factors and uncertainties that could affect the rest of 2016 may be found in chapter 2, "Risk factors," of the 2015 Registration Document. Groupe Europcar believes that the principal risks described in this document have not significantly changed. If the risks materialized, they could have a significant negative impact on the Group's activities, financial position, results and outlook. In addition, other risks, either not yet identified or considered insignificant by the Group as of the date of this report, could also have an unfavorable effect.

10 FORWARD-LOOKING STATEMENTS

This interim report contains statements regarding the prospects and growth strategies of the Group. These statements are sometimes identified by the use of the future or conditional tense, or by the use of forward-looking statements such as "considers", "envisages", "believes", "aims", "expects", "intends", "should", "anticipates", "estimates", "thinks", "wishes" and "might", or, if applicable, the negative form of such terms and similar expressions or similar terminology. Such information is not historical in nature and should not be interpreted as a guarantee of future performance. Such information is based on data, assumptions, and estimates that the Group considers reasonable. Such information is subject to change or modification based on uncertainties in the economic, financial, competitive or regulatory environments. This information is contained in several sections of this Document and includes statements relating to the Group's intentions, estimates and targets with respect to its markets, strategies, growth, results of operations, financial situation and liquidity. The Group's forward looking statements speak only as of the date of this Document. Absent any applicable legal or regulatory requirements, the Group expressly disclaims any obligation to release any updates to any forward looking statements contained in this Document to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward looking statement contained in this Document. The Group operates in a competitive and rapidly evolving environment; it may therefore be unable to anticipate all risks, uncertainties or other factors that may affect its business, their potential impact on its business or the extent to which the occurrence of a risk

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[10] See the 2015 Registration Document, section 6.3.6.2, for a detailed description of the authorization voted by the General Meeting.

or combination of risks could have significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a guarantee of actual results.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In € thousands	*Notes*	6 months 2016	6 months 2015
Revenue		**947,934**	**960,505**
Fleet holding costs	***2***	(248,480)	(254,815)
Fleet operating, rental and revenue related costs	***3***	(336,875)	(339,544)
Personnel costs	***4***	(169,588)	(169,182)
Network and head office overhead costs		(111,035)	(108,135)
Depreciation, amortization and impairment expense	***5***	(15,858)	(16,038)
Other income		2,517	2,126
Recurring operating income		**68,615**	**74,917**
Other non-recurring income	***6***	11,444	24,600
Other non-recurring expense	***6***	(8,187)	(80,463)
Operating income		**71,872**	**19,054**
Gross financing costs		(44,440)	(73,647)
Other financial expenses		(11,738)	(104,407)
Other financial income		1,062	7,963
Net financing costs	***7***	**(55,116)**	**(170,091)**
Profit/(loss) before tax		**16,756**	**(151,037)**
Income tax benefit/(expense)	***8***	(11,043)	(1,703)
Share of profit/(loss) in companies accounted for under the equity method		(2,904)	(4,080)
Net profit/(loss) for the period		**2,809**	**(156,820)**
Attributable to:			
Owners of ECG		2,927	(156,821)
Non-controlling interests		(118)	1
Basic loss per share attributable to owners of ECG (in €)	***15***	*0.020*	*(1.503)*
Diluted loss per share attributable to owners of ECG (in €)	***15***	*0.020*	*(1.503)*

In € thousands	6 months 2016			6 months 2015		
	Before tax	Tax income/ (expense)	After tax	Before tax	Tax income/ (expense)	After tax
Net profit/(loss) for the period	**13,852**	**(11,043)**	**2,809**	**(155,117)**	**(1,703)**	**(156,820)**
Items that will not be reclassified to profit or loss						
Actuarial gains/(losses) on defined benefit pension schemes	(18,847)	5,222	(13,625)	5,152	(1,700)	3,452
Items that may be reclassified subsequently to profit or loss						
Foreign currency differences	(19,989)		(19,989)	17,958		17,958
Effective portion of changes in fair value of hedging instruments	(14,262)		(14,262)	(120)		(120)
Net change in fair value of available-for-sale financial assets	(148)		(148)			
Other comprehensive income for the period	**(53,246)**	**5,222**	**(48,024)**	**22,990**	**(1,700)**	**21,290**
Total comprehensive income/(loss) for the period	**(39,394)**	**(5,821)**	**(45,215)**	**(132,127)**	**(3,403)**	**(135,530)**
Attributable to:						
Owners of ECG			(45,065)			(135,531)
Non-controlling interests			(150)			1

In € thousands		**June 30, 2016**	**Dec. 31, 2015**
Assets	***Notes***		
Goodwill	*9*	450,035	457,072
Intangible assets		713,128	713,136
Property, plant and equipment		83,783	89,236
Equity-accounted investments		19,131	22,035
Other non-current financial assets	*10*	49,813	57,062
Deferred tax assets		63,749	55,730
Total non-current assets		**1,379,639**	**1,394,271**
Inventories		18,555	15,092
Rental fleet recorded on the balance sheet	*11*	2,072,584	1,664,930
Rental fleet related receivables	*12*	716,627	574,652
Trade and other receivables	*13*	379,766	357,200
Current financial assets	*10*	41,464	37,523
Current tax assets		26,080	33,441
Restricted cash	*14*	111,811	97,366
Cash and cash equivalents	*14*	167,037	146,075
Total current assets		**3,533,924**	**2,926,280**
Total assets		**4,913,563**	**4,320,551**
Equity			
Share capital	*15*	143,409	143,155
Share premium	*15*	767,147	767,402
Reserves		(111,360)	(74,341)
Retained earnings (losses)		(282,976)	(274,821)
Total equity attributable to the owners of ECG		**516,220**	**561,395**
Non-controlling interests		685	962
Total equity		**516,905**	**562,356**
Liabilities			
Financial liabilities	*16*	932,073	801,183
Non-current financial instruments		67,052	52,090
Employee benefit liabilities		123,356	119,295
Non-current provisions	*17*	20,257	25,168
Deferred tax liabilities		130,078	131,132
Other non-current liabilities		276	306
Total non-current liabilities		**1,273,092**	**1,129,174**
Current portion of financial liabilities	*16*	1,375,920	1,263,783
Employee benefits		16,661	2,944
Current tax liabilities		30,468	24,511
Rental fleet related payables		962,508	662,722
Trade payables and other liabilities		520,743	424,974
Current provisions	*17*	217,266	250,087
Total current liabilities		**3,123,566**	**2,629,021**
Total liabilities		**4,396,658**	**3,758,195**
Total equity and liabilities		**4,913,563**	**4,320,551**

Interim consolidated statement of changes in equity

In € thousands	Attributable to owners of ECG							Non-controlling interests	Total equity
	Share capital	Share premium	Hedging reserve	Translation reserve	Retained earnings	Treasury Shares	Total		
Balance at January 1, 2015	**446,383**	**452,978**	**(36,771)**	**(41,155)**	**(664,250)**		**157,185**	**950**	**158,135**
Net profit/(loss) for the period					**(156,821)**		**(156,821)**	**1**	**(156,820)**
Foreign exchange difference				17,958			17,958		17,958
Effective portion of changes in fair value of hedging instruments			(120)				(120)		(120)
Actuarial gains/(losses) on defined benefit pension schemes					3,452		3,452		3,452
Other comprehensive income/(loss)			**(120)**	**17,958**	**3,452**		**21,290**		**21,290**
Capital increase preferred shares	8	1,502					1,510		1,510
Capital increase by “incorporation de primes”	99,406	(99,406)							
Capital decrease	(441,483)				441,483				
Capital increase IPO	38,776	436,224					475,000		475,000
IPO fees		(24,666)					(24,666)		(24,666)
Transactions with owners	**(303,293)**	**313,654**			**441,483**		**451,844**		**451,844**
Balance at June 30, 2015	**143,090**	**766,632**	**(36,891)**	**(23,197)**	**(376,136)**		**473,498**	**951**	**474,449**
Balance at January 1, 2016	**143,155**	**767,402**	**(45,488)**	**(28,884)**	**(274,821)**	**31**	**561,395**	**962**	**562,356**
Net profit/(loss) for the period					**2,927**		**2,927**	**(118)**	**2,809**
Foreign exchange difference				(19,957)			(19,957)	(32)	(19,989)
Effective portion of changes in fair value of hedging instruments			(14,262)				(14,262)		(14,262)
Actuarial gains/(losses) on defined benefit pension schemes					(13,625)		(13,625)		(13,625)
Net change in fair value of available-for-sale financial assets					(148)		(148)		(148)
Other comprehensive income/(loss)			**(14,262)**	**(19,957)**	**(13,773)**		**(47,992)**	**(32)**	**(48,024)**
Capital increase preferred shares	255	(255)							
Cancellation of Treasury Shares						(2,800)	(2,800)		(2,800)
Shares based payments					2,450		2,450		2,450
Others					240		240	(127)	113
Transactions with owners	**255**	**(255)**			**2,691**	**(2,800)**	**(109)**	**(127)**	**(236)**
Balance at June 30, 2016	**143,409**	**767,147**	**(59,750)**	**(48,841)**	**(282,977)**	**(2,769)**	**516,220**	**685**	**516,904**

In € thousands	*Notes*	Half-year 2016	Full-year 2015	Half-year 2015
Profit/(loss) before tax		**16,756**	**(6,047)**	**(151,037)**
Reversal of the following items				
Depreciation and impairment charge on property, plant and equipment	5	7,292	15,277	7,041
Amortization and impairment charge on intangible assets	5	8,566	17,893	8,875
Changes in provisions and employee benefits[1]		(33,482)	999	15,252
Recognition of share-based payments		2,450	2,624	
Costs related to the IPO			8,692	
Profit/(loss) on disposal of assets		(62)	(394)	(21)
Total net interest costs [2]	7	*47,101*	*127,303*	*77,449*
Redemption premium			*56,010*	*56,010*
Amortization of transaction costs	7	*3,734*	*42,340*	*34,965*
Other non-cash items		*440*	*1,465*	*4,252*
Financing costs		**51,275**	**227,118**	**172,676**
Net cash from operation before changes in working capital		**52,795**	**266,162**	**52,786**
Changes in rental fleet recorded on the balance sheet [3]	11	(478,053)	(232,851)	(553,410)
Changes in fleet working capital		158,226	34,869	158,663
Changes in non-fleet working capital		73,334	(57,243)	47,507
Cash generated from operations		**(193,698)**	**10,937**	**(294,454)**
Income taxes received/paid [4]		63	(39,669)	(20,875)
Net interest paid		(46,786)	(137,334)	(86,556)
Net cash generated from (used by) operating activities		**(240,421)**	**(166,066)**	**(401,885)**
Acquisition of intangible assets and property, plant and equipment		(16,294)	(29,172)	(12,088)
Proceeds from disposal of intangible assets and property, plant and equipment		3,382	5,384	612
Other investments and loans		2,756		
Acquisition of financial assets			(7,563)	(6,664)
Acquisition of subsidiaries, net of cash acquired [5]			(23,872)	(6,000)
Net cash used by investing activities		**(10,156)**	**(55,223)**	**(24,140)**
Capital increase (net of related expenses) [6]			448,203	464,014
Issuance of bonds [7]	16	130,625	471,623	471,623
Redemption of bonds [8]			(780,010)	(780,016)
(Purchases) / Sales of treasury shares net	15	(2,800)		
Changes in other borrowings	16	171,608	123,310	249,219
Payment of transaction costs		(2,447)	(19,820)	(12,450)
Net cash generated from (used by) financing activities		**296,986**	**243,306**	**392,390**
Cash and cash equivalent at beginning of period	14	229,368	**206,317**	**206,317**
Net increase/(decrease) in cash and cash equivalents after effect of foreign exchange differences		46,409	22,018	(33,635)
Effect of foreign exchange differences		(997)	1,033	1,313
Cash and cash equivalents at end of period	14	**274,780**	**229,368**	**173,996**

(1) In 2016, change in provision as explained in note 17 and pension variation for €18 million due to the discount rate decrease (UK + GER).
(2) Due to refinancing perform following the IPO.
(3) Given the average ownership period for the fleet, the Group reports the vehicles as current assets at the beginning of the contract. Their change from period to period is therefore similar to operating flows generated by activity.
(4) Due to the over estimation of income tax payable reimbursement by tax authorities between 2015 and 2016 (UK and GER).
(5) Of which, in 2015, the subscription to the capital increase of Car2Go (€12.5 million), the payment of the balance of the acquisition price of Europhall (€5.4 million), the subscription to the capital increase of Ubeeqo (€5 million) and the payment of the acquisition of E-Car Club.
(6) Corresponding to capital increases on May 15 and June 26, 2015, for a total of €476.5 million net of fees paid (€8.7 million in other non-recurring expenses and €19.6 million out of the €23.6 million allotted to the share premium).
(7) High-yield bond issue in 2015 of €475 million at 99.289%.
(8) In 2015, early redemption of high-yield bonds of €324 million and €400 million, and payment of their redemption premium of €56 million.

Europcar Groupe SA ("ECG") was incorporated on March 9, 2006 with an initial share capital of €235,000 and was converted into a French Société Anonyme (joint-stock corporation) on April 25, 2006. Its registered offices are located at 2 rue René Caudron – Bâtiment OP, 78960 Voisins-le-Bretonneux, France.

ECG has changed its governance mode on February 24, 2015 and has became a French Société Anonyme with a Management Board and a Supervisory Board.

ECG is the ultimate parent company of the Europcar Group (the "Group") which, thanks to its experience in the car and van rental sector for short-and medium-term, offers various mobility solutions to its customers . Under the Europcar and InterRent trademarks, the Group covers a wide range of markets and customers - both private and business. Its offering ranges from low cost to luxury rentals.

ECG has been listed on the regulated market of Euronext Paris on June 26, 2015 (Compartment A; ISIN code: FR0012789949; ticker: EUCAR).

The remainder of the net products on IPO proceeds and bonds issuance in 2015 amounts approximately €112 million and are allocated to the general needs of the Group. On this amount, up to €80 million, are intended for strategic growth investments, including acquisitions and partnerships within the frame of strategic initiatives during the period 2015-2017.

The Group has recently created "Europcar Lab" , an entity designed as an incubator of ideas for research into new products and services in mobility solutions, and has injected up to €25 million in its capital. The "Lab" seeks to support internal projects as well as the acquisition of minority or majority stakes in innovative structures.

In the context of its network development strategic plan, the Group announced on May 19th, 2016 the signing of an agreement to acquire Locaroise, the third-largest French franchisee in terms of revenue (€19 millions). The closing was finalized in July 2016.

On June 2nd, the Group issued €125 million of additional Senior Notes at improved conditions, 4.5140 % yield to worst or 4.8790 % yield to maturity. The Notes will be fungible with the existing €475 million 5.750% Senior Notes due 2022 issued in June 2015, increasing the total principal amount of this bond to €600 million. The gross proceeds of the additional notes amount to €130.6 million (see Note 16) and will be used to fund the Group's acquisition program, and more generally, for its general corporate purposes.

In June 2016, the Group has announced, through Ubeeqo S.A.S., the acquisition of a majority participation in the company Bluemove, a Spanish innovative mobility start-up leader in the car-sharing for individuals in Spain for an amount of €8 million. This operation illustrates the Group's ambitious acquisition plan and is fully part of its strategy to become the reference for urban mobility.

Disputes and proceedings including proceedings with the French anti-trust authorities are described in Note 17.

In the context of the UK referendum to exit the European Union, the Group considers that the economical environment following the Brexit could impact its activities. In addition, considering the current level of the pound and although the operational costs of Europcar UK as well as its financing are in pound, Europcar Group results will be affected by a translation effect of the UK results.

Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting', as adopted by the European Union. They do not contain all of the disclosures required for a complete set of financial statements in accordance with IFRS, and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

They were authorized for issue by the Management Board of Europcar Group on July 22, 2016, and reviewed by the Audit Committee on July 21, 2016 and by the Oversight Committee on July 22, 2016.

The interim condensed consolidated financial statements are presented in thousands of euros, unless otherwise indicated.

Accounting policies

The accounting principles used to prepare these interim condensed consolidated financial statements as of and for the six months June 30, 2016 are the same as those used to prepare the 2015 consolidated financial statements, except for certain interim reporting treatment as described below in the “Use of estimates and judgments” section.

- New standards, amendments to existing standards and interpretations adopted by the European Union whose application was mandatory for the period ended June 30, 2016 :

  - Amendments to IAS 1 - Disclosure Initiative
  - Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

  - Amendement to IFRS 2 : Plan « Equity settled » : clarification and measurement of Share-Based Payment transactions

  - Amendement to IFRS 8 : Disclosures

- New standards, amendments to existing standards and interpretations applicable in future years and not early adopted by the Group

  - IFRS 9 - Financial instruments
  - IFRS 14 - Regulatory deferral accounts
  - IFRS 15 - Revenue from contracts with customers
  - IFRS 16 - Leases
  - Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities – Applying the consolidation exception
  - Amendment to IAS 12 - Recognition of deferred tax assets for unrealised losses
  - Clarification to IFRS 15 - Revenue from contracts with customers

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these standards mentioned above.

Seasonality of operations

Revenue, recurring operating income and all operating performance indicators are subject to seasonal fluctuations, due mainly to the summer holiday season when activity for the leisure segment surges. The impact of seasonality varies depending on the country in which the Group operates. Accordingly, the interim results for the six months ended June 30, 2016 may not reflect the results that are expected for full-year 2016.

Use of estimates and judgments

The preparation of interim financial information requires management to use judgment in making estimates and applying assumptions that may impact the amounts of certain assets and liabilities and income and expenses recognized in the interim condensed consolidated financial statements, as well as the information disclosed in certain explanatory notes. Actual values recognized in future periods may differ from these estimates due to changes in conditions that affect the underlying assumptions.

For the preparation of these interim condensed consolidated financial statements, the judgments exercised by management in applying the Group's accounting policies and the main estimates were identical to those used to prepare the consolidated financial statements for the year ended December 31, 2015, with the following exceptions:
- the estimate used to recognize the interim tax charge: for interim financial information, the current and deferred tax charge is determined based on the income tax rate expected to apply to full-year taxable income, i.e., by applying the expected average effective tax rate for 2016 to pre-tax income and share in profit of companies accounted for by the equity method for the interim period.

- the French business contribution on added value (CVAE), for which a provision has been set aside for 50% of the estimated annual charge.
-The associates' interim results as of June 30, 2016 have been estimated using historical and forecasted data.
Regarding the evolution of the discount rate based on the yield on AA-rated bonds in Germany (1.25% as at June 30, 2016 versus 2% as at December 31, 2015) and in the United Kingdom (3.05% as at June 30, 2016 versus 3.85% as at December 31, 2015), the Group's main pension obligations were remeasured as part of the preparation of the interim condensed consolidated financial statements.
The pension expense for the period amounted to 50% of the estimated expense for 2016 based on the data and assumptions used at December 31, 2015.

With respect to the vehicle rental business, estimates specifically cover:

- the residual value of “at risk” vehicles;
- the value of vehicles purchased with manufacturer or dealer buy-back commitment when badly damaged or stolen;
- the evaluation of the ultimate cost of claims made against the Group for self-funded insured accidents using actuarial techniques generally accepted and used in the insurance industry.

Estimates also cover provisions for disputes and litigation and the measurement of contingent liabilities. The Group sets aside provisions when the related damages can reasonably be estimated at the reporting date. A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Note 1 - Segment reporting

Europcar operates a car rental activity:
- using its own fleet of vehicles based in nine countries; and
- through a franchisee network present in the countries in which Europcar operates directly ("domestic franchises"), but particularly in other countries ("international franchises").

In total, Europcar is present in more than 145 countries.

The chief operating decision maker within the meaning of IFRS 8 – Operating Segments, is the Management Board. The Group is monitored and managed on a day to day basis using reporting data provided by the individual countries. The Group presents two segments: Europe and Rest of World. The nature of the services provided and the category of customers are identical for these two segments. The distinction between the two segments is mainly based on criteria related to the dynamics of the economic zones, the organization of customers, interdependencies between the countries as regards the management of customer contracts and the fleet, as well as daily operational management.

- Europe: European countries in which the Group operates its fleet directly (Belgium, France, Germany, Italy, Portugal, Spain and the United Kingdom), aggregated based on shared service, customer and distribution criteria, as well as franchised European countries (Austria, Denmark, Finland, Greece, Ireland, Luxembourg, Netherlands, Norway, Sweden, Switzerland and Turkey) which have similar economic characteristics and offer synergies in terms of fleet negotiation and customer management.
- Rest of World: all countries other than those cited above, including Australia and New Zealand, in which the Group operates the fleet directly.

The Management Board members regularly review the operating and financial performance of the segments, which are measured as follows:
- Revenue, which includes vehicle rental income, territorial fees, other commissions related to the Group's trademarks and billed to franchisees, and fuel sales.
- Adjusted corporate EBITDA, defined as recurring operating income before depreciation and amortization, and after deduction of the interest expense on certain borrowings related to rental fleet financing.

Consequently, and as required by IFRS 8, the Group discloses a global reconciliation of its segment reporting information to its IFRS consolidated financial statements.

(a) Segment reporting information

	6 months 2016				
In € thousands	Notes	Europe	Rest of World	Eliminations & Holding companies	Segment total
Segment revenue		**876,707**	**73,446**	**(2,219)**	**947,934**
Recurring operating income		42,820	13,537	12,257	68,615
Amortization and depreciation expense	5	5,276	490	10,092	15,858
Net fleet financing expenses	7	(28,165)	(1,186)	(406)	(29,757)
Adjusted corporate EBITDA		**19,931**	**12,841**	**21,943**	**54,716**
Total assets		1,970,169	76,590	2,866,794	4,913,563
Total liabilities		2,124,018	59,439	2,213,874	4,397,331

In € thousands	Notes	Europe	Rest of World	Eliminations & Holding companies	Segment total
	6 months 2015				
Segment revenue		**888,363**	**74,898**	**(2,756)**	**960,505**
Recurring operating income		52,993	13,722	8,201	74,916
Amortization and depreciation expense	5	5,439	531	10,068	16,038
Net fleet financing expenses	7	(26,671)	(2,099)	(2,034)	(30,804)
Adjusted corporate EBITDA		**31,761**	**12,154**	**16,235**	**60,150**
Total assets		1,998,257	90,706	2,609,500	4,698,463
Total liabilities		2,145,097	83,730	1,996,138	4,224,965

(b) Information about revenue and services

Revenue and services can be analyzed as follows:

In € thousands	Europe	Rest of World	Eliminations & Holding companies	Segment total
	6 months 2016			
Vehicle rental income	821,106	63,743	214	885,063
Other revenue associated with car rental	40,499	1,394	(2,433)	39,460
Franchising business	15,102	8,309		23,411
Segment revenue	**876,707**	**73,446**	**(2,219)**	**947,934**

In € thousands	Europe	Rest of World	Eliminations & Holding companies	Segment total
	6 months 2015			
Vehicle rental income	828,632	64,386		893,018
Other revenue associated with car rental	44,429	1,699	(2,756)	43,372
Franchising business	15,302	8,813		24,115
Segment revenue	**888,363**	**74,898**	**(2,756)**	**960,505**

(c) Customer segment information

In € thousands	6 months 2016	6 months 2015
Vehicle rental income	885,063	893,018
Breakdown of customers by segment		
Leisure broker	53.2%	51.3%
Business	46.8%	48.7%

Note 2 – Fleet holding costs

In € thousands	6 months 2016	6 months 2015
Costs related to rental fleet agreements	(210,288)	(213,844)
Purchase and sales related costs	(22,583)	(25,306)
Taxes on vehicles	(15,609)	(15,665)
Total	**(248,480)**	**(254,815)**

Note 3 – Fleet operating, rental and revenue related costs

In € thousands	6 months 2016	6 months 2015
Fleet operating costs	(105,626)	(111,277)
Revenue-related commissions and fees	(127,330)	(123,060)
Of which, trade receivables allowances and write-offs	*(4,365)*	*(4,162)*
Rental related costs	(103,919)	(105,207)
Total	**(336,875)**	**(339,544)**

Note 4 – Personnel costs

In € thousands	6 months 2016	6 months 2015
Wages and salaries	(125,016)	(126,585)
Social security contributions	(33,466)	(31,738)
Post-employment benefits	(2,630)	(3,603)
Other items	(8,476)	(7,256)
Total	**(169,588)**	**(169,182)**

Note 5 – Amortization, depreciation and impairment expense

In € thousands	6 months 2016	6 months 2015
Amortization of intangible assets	(8,566)	(8,875)
Depreciation of property, plant and equipment	(7,292)	(7,163)
Total	**(15,858)**	**(16,038)**

Note 6 – Other non-recurring income and expenses

In € thousands	6 months 2016	6 months 2015
Other non-recurring income[(1)]	11,444	24,600
Total other non-recurring income	**11,444**	**24,600**
Reorganization charges	(5,209)	(19,597)
O/w: Reorganization – redundancy expenses	*(2,634)*	*(16,207)*
Reorganization – fees	*(2,575)*	*(3,390)*
IPO fees		(8,621)
Other non-recurring expense[(2)]	(2,977)	(52,245)
Total other non-recurring expense	**(8,187)**	**(80,463)**
Total other non-recurring income and expenses	**3,257**	**(55,863)**

[(1)] Of which €8.9 million gain on a tax dispute (see Note 17) for the period ended June 30, 2016 and €2.2 million related to VW guaranteed liability. For the period ended year June 30, 2015 the amount include the reversal of the provision for an intellectual property related dispute.

[(2)] Of which €45 million accrued in 2015 under the financial risk assessed by the Group as part of the proceedings with the Authority Of The French Competition (see Note 17).

Note 7 – Net financing costs

In € thousands	6 months 2016	6 months 2015
Net fleet financing expenses	(29,757)	(30,797)
Net other financing expenses	(14,683)	(42,850)
Gross financing costs	**(44,440)**	**(73,647)**
Charges arising on the trading of derivatives	(700)	(617)
Amortization of transaction costs [(1)]	(3,734)	(34,965)
Foreign exchange losses	(2,064)	(4,990)
Actuarial differences on employee benefits	(1,092)	(1,035)
Other [(2)]	(4,148)	(62,800)
Other financial expenses	**(11,738)**	**(104,407)**
Foreign exchange gains	1,062	7,963
Other financial income	**1,062**	**7,963**
Net financing costs	**(55,116)**	**(170,091)**

[(1)] Of which €26.9 million transaction costs written-off following the repayment of the corporate bonds €400 and €324 million for the period ended June 30, 2015.

[(2)] Of which €56 million redemption related to bond €324 and €400 million high yield notes in 2015.

Note 8 – Income tax

The Group recognizes the tax expense for the period based on its best estimate of the expected annual average weighted tax rate for full-year 2016, determined separately for each country.

The rules applied to recognize the deferred tax assets remain unchanged regarding December 31, 2015.

At Group level, the tax charge for the six-month period ended June 30, 2016 breaks down as follows :

In € thousands	6 months 2016	6 months 2015
Current tax	(14,040)	(5,316)
Deferred tax	2,997	3,613
Total income tax expense	**(11,043)**	**(1,703)**

Note 9 – Goodwill

In accordance with IAS 36, the Europcar Group uses internal and external data to assess whether there is any indication that an asset may be impaired.

External data sources essentially consist in reviewing the weighted average cost of capital (WACC).

Internal data sources are based on performance indicators: a material decrease in revenue and/or profitability, are indications of impairment.

After reviewing the general trend in the performance of the countries comprising the cash-generating units, as well the headroom highlighted in the asset impairment test performed as of December 31 2015 management did not identify any indications of impairment and therefore no impairment tests were carried out on assets at June 30, 2016, including on goodwill and the Europcar trademark.

In € thousands	Gross value	Impairment loss	Carrying amount
Balance at January 1, 2016	**648,581**	**(191,509)**	**457,072**
Acquisitions	230		230
Effect of movements in foreign exchange rates	(10,428)	3,161	(7,267)
Balance at June 30, 2016	**638,383**	**(188,348)**	**450,035**

Note 10 – Financial assets

In € thousands	June 30, 2016	Dec. 31, 2015
Other non-current financial assets		
Available-for-sale financial assets	365	280
Held-to-maturity investments(1)	44,098	50,838
Deposits and prepayments	5,327	5,928
Other long-term investments	23	15
Total non-current financial assets	**49,813**	**57,061**
Current financial assets		
Loans	5,630	118
Other current financial assets(1)	35,834	37,405
Total current financial assets	**41,464**	**37,523**

(1) Including €64.2 million to cover liabilities arising from our captive insurance structure (€72.0 million at December 31, 2015), mainly consisting of bonds recognized at amortized cost.

Note 11 – Rental fleet recorded on the balance sheet

The rental fleet operated by the Group is acquired and financed in different ways. The table below presents the breakdown between these different methods for the 2016 and 2015 business years:

Type of acquisition and related financing	**% of total volume of vehicles purchased**	
	June 2016	**Dec 2015**
Vehicles purchased with manufacturer or dealer buy-back commitment financed on-balance sheet	48%	46%
Vehicles purchased with manufacturer or dealer buy-back commitment and financed through rental agreements qualifying as operating leases	46%	46%
Total fleet purchased with buy-back arrangements	***94%***	***92%***
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" vehicles)	6%	7%
Vehicles financed through rental agreements qualifying as finance leases	0%	1%
Total purchases of rental fleet	**100%**	**100%**

In accordance with accounting standards, the fleet funded by operating leases is not recorded in the balance sheet and liabilities for these contracts are listed in off-balance sheet commitments. The rental fleet recorded in the statement of financial position is broken down as follows:

In thousands of €	June 30, 2016	Dec. 31, 2015
Deferred depreciation expense on vehicles	182,619	258,441
Vehicle buy-back agreement receivables	1,525,856	1,024,072
Fleet purchased with buy-back contracts financed on-balance sheet	***1,708,475***	***1,282,513***
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" vehicles)	307,084	306,744
Vehicles acquired through rental agreements qualifying as finance leases without buy-back arrangements	57,025	75,043
Total rental fleet recognized in the statement of financial position	**2,072,584**	**1,664,300**

The fleet is presented net of depreciation or impairment expense amounting to €4.2 million (December 2015: €4.7 million) in respect of damaged or stolen vehicles.

Note 12 – Receivables and payables related to the rental fleet

In € thousands	June 30, 2016	Dec. 31, 2015
Fleet receivables	558,868	501,522
VAT receivables	157,759	73,130
Rental fleet related receivables	**716,627**	**574,652**

In thousands	June 30, 2016	Dec. 31, 2015
Fleet payables	886,285	567,931
VAT payables	76,223	94,791
Related payables	**962,508**	**662,722**

Note 13 - Trade and other receivables

The fair values of trade and other receivables correspond to their nominal value. All trade receivables fall due within one year.

In thousands of €	June 30, 2016	As at Dec. 31, 2015
Rental receivables	194,110	209,215
Other trade receivables	98,539	77,804
Other tax receivables	738	870
Insurance claims	19,998	21,378
Prepayments	53,607	32,144
Employee related receivables	261	803
Deposits, other receivables and loans	12,513	14,987
Total trade and other receivables	**379,766**	**357,200**

Impairment losses taken on rental and other trade receivables are as follows:

In € thousands	June 30, 2016	As at Dec. 31, 2015
Opening balance	**(31,493)**	**(35,297)**
Allowance for bad debts	(3,586)	(6,683)
Receivables written off during the year/period	4,081	8,694
Unused amounts reversed	60	1,874
Foreign currency differences	240	(81)
Closing balance	**(30,698)**	**(31,493)**

Additions to/releases of the allowance for bad debts are included in “Fleet operating, rental and revenue related costs” in the consolidated income statement (see Note 3).

Note 14 – Cash and cash equivalents and restricted cash

In € thousands	June 30, 2016	Dec. 31, 2015	June 30, 2015
Cash-in-hand and at bank	167,266	145,803	101,600
Accrued interest	(229)	272	156
Cash and cash equivalents	**167,037**	**146,075**	**101,756**
Restricted cash	111,811	97,366	95,727
Cash and cash equivalents and restricted cash	**278,848**	**243,441**	**197,483**

Cash-in-hand and at bank includes €53.6 million in cash as at June 30, 2016 (December 2015: €77.7 million) tied up in Securitifleet companies, excluding the two Securitifleet Holdings dedicated to fleet financing in France, Germany, Italy and Spain. As such, this cash is considered as non-restricted.

Cash and cash equivalents in fleet and captive insurance SPEs are reported as restricted cash. For the definition of restricted cash, please refer to Significant Accounting Policies, section Treasury (ii) December 2015 financial statements.

The following table reconciles cash and cash equivalents in the statement of financial position to cash and cash equivalents in the cash flow statement:

In € thousands	June 30, 2016	Dec. 31, 2015	June 30, 2015
Cash and cash equivalents	167,037	146,075	101,756
Restricted cash	111,811	97,366	95,727
Bank overdrafts[(1)]	(4,068)	(14,073)	(23,487)
Cash and cash equivalents reported in the cash flow statement	**274,780**	**229,368**	**173,996**

[(1)] Included in current loans and borrowings (see Note 16).

Note 15 – Capital and reserves and earnings per share

(a) Share capital and share premium

The following corporate actions were approved by the Shareholders' Meeting:

Date	Operation	Share capital (in €)	Share premium (in €)	Number of shares	Nominal value (in €)
01/01/2016		**143,154,016**	**767,401,857**	**143,154,016**	**1,000**
	Capital increase	255,282	(255,282)	255,282	1,000
06/30/2016		**143,409,298**	**767,146,575**	**143,409,298**	**1,000**

During the first semester 2016, 147 434 B preference shares have been converted into 402 716 ordinary shares by incorporation of shares premium.

As at June 30, 2016, the breakdown of shareholders in the share capital was as follows:

Shareholders	Number of common shares and voting rights	Number of Class B Preferred Shares	Number of Class C Preferred Shares	Number of Class D Preferred Shares	Total number of shares	Percentage of common shares and voting rights	Percentage of share capital
Eurazeo..............	60,544,838				60,544,838	42.22%	42.22%
ECIP Europcar Sarl.....................	9,036,469				9,036,469	6.30%	6.30%
Executives and employees……	211,516		3,811	3,807	219,134	0.15%	0.15%
Others………..	73,608,389		234	234	73,608,857	51.33%	51.33%
Total	**143,401,212**		**4,045**	**4,041**	**143,409,298**	**100.00%**	**100.00%**

The Group did not distribute any dividends during the 6 month period ended in June 2016.

(b) Treasury shares

Under the liquidity contract entrusted to Rothschild relating to the shares of Europcar Groupe on June 30, 2016 the following resources were listed on the liquidity account:

- Number of Europcar Groupe shares: 310,500
- €1,291,287

As at June 30, 2016, changes on stockholder's equity attributable to treasury stock amount to €(2.8) million.

(c) Result per share

	June 30, 2016	June 30, 2015
Loss attributable to ordinary shareholders (in €k)	**2,927**	**(156,821)**
Average number of shares outstanding	143,227,594	104,310,204
Loss per share in €	0.020	(1.503)
Diluted loss per share in €	0.020	(1.503)

The number of potential dilutive shares is 1,746,875 as at June 30, 2016 and 980,976 as at June 30, 2015.

Note 16 – Loans and borrowings

In € thousands	June 30, 2016	Dec. 31, 2015
Notes issued	950,000	825,000
Other bank loans	76	152
Transaction costs/Premiums/Discounts	(18,003)	(23,969)
Non-current liabilities	**932,073**	**801,183**
Senior Revolving Credit Facility		81,000
Senior Asset Revolving Facility dedicated to fleet financing	858,591	658,284
Other borrowings dedicated to fleet financing	437,323	464,706
Finance lease liabilities	62,598	76,041
Bank overdrafts	4,068	14,073
Current bank loans and other borrowings	9,698	47,314
Transaction costs/Premium/Discount – current portion	(7,352)	(7,906)
Accrued interest	10,994	11,271
Current liabilities	**1,375,920**	**1,263,783**

As at June 2, 2016, the group issued for €130.6 million an additional Senior notes due to 2022 with a par value of €125 million. The notes will bear interests at a fix rate of 5.75%. The yield to maturity is 4.8790%. Europcar intends to use the net proceeds of the additional Senior notes primarily to fund its acquisition program, as well as for its general corporate purposes.

The maturities of the notes are the following:

- Year 2021: €350 million,
- Year 2022: €600 million.

The other debts (Current liabilities) bear interests at variable rate.

Net debt reconciliation:

In € thousands	June 30, 2016	Dec. 31, 2015
Non-current loans and borrowings	932,073	801,183
Current loans and borrowings	1,375,920	1,263,783
Held-to-maturity investments	(44,098)	(50,838)
Other current financial assets	(41,464)	(37,405)
Cash and cash equivalents and restricted cash	(278,848)	(243,441)
Net debt on the statement of financial position	**1,954,843**	**1,733,282**
Estimated outstanding value of the fleet financed through operating leases(1)	1,811,296	1,323,411
Total net debt	**3,766,139**	**3,056,693**

(1) The estimated debt on operating leases represents the carrying amount of the vehicles concerned and is calculated based on the purchase prices and depreciation rates of corresponding vehicles (statistics provided by the manufacturers).

Note 17 – Provisions

In € thousands	Insurance claim provisions	Reconditioning provisions	Other provisions	Total
Balance at January 1, 2015	**138,183**	**31,774**	**80,554**	**250,511**
Provisions recognized during the period	73,743	78,904	76,289	228,936
Provisions utilized during the period	(77,938)	(76,121)	(34,372)	(188,431)
Provisions reversed during the period			(20,223)	(20,223)
Changes in scope of consolidation				
Transfers			1,231	1,231
Actuarial (gains)/losses				
Effect of foreign exchange differences	2,242	403	586	3,231
Balance at December 31, 2015	**136,230**	**34,960**	**104,065**	**275,255**
Non-current			25,168	25,168
Current	136,230	34,960	78,897	250,087
Balance at December 31, 2015	**136,230**	**34,960**	**104,065**	**275,255**
Balance at January 1, 2016	**136,230**	**34,960**	**104,065**	**275,255**
Provisions recognized during the period	27,776	39,412	6,055	73,243
Provisions utilized during the period	(37,192)	(36,962)	(23,739)	(97,893)
Provisions reversed during the period	(4,698)		(2,742)	(7,440)
Changes in scope of consolidation				
Transfers				
Actuarial (gains)/losses				
Effect of foreign exchange differences	(4,276)	(931)	(435)	(5,642)
Balance at June 30, 2016	**117,840**	**36,479**	**83,204**	**237,523**
Non-current			20,257	20,257
Current	117,840	36,479	62,947	217,266
Balance at June 30, 2016	**117,840**	**36,479**	**83,204**	**237,523**

The main disputes and proceedings currently in progress or that have evolved during the period are as follows:

Procedure of the French anti-trust authorities

The French Competition Authority is conducting an investigation in the vehicle rental sector. It carried out dawn raids in this respect at Europcar France's headquarters in January 2008. Various challenges to certain aspects of these dawn raids have been ongoing since 2008 and, on May 6, 2015, the First President of the Paris Court of Appeals ruled for the annulment of the dawn raids, ordered that all seized documents should be returned and that no such documents may be used by any person or authority, while specifying that the investigation and any resulting proceeding were not themselves annulled as a result of his decision itself.

On February 17, 2015, the French Competition Authority sent a statement of objections to Europcar France, as well as to certain of its current and past parent companies. The Authority claims that, for a period of several years (starting in 2003 for the first count and in 2005 for the second count), such companies (i) regularly received information from airport authorities about the business and results of their competitors in these airports and (ii) applied a surcharge at train stations, which, according to the Authority, was implemented in collusion with competitors. Europcar filed its defense brief on May 20, 2015.

The Authority's case-handler has submitted its report to its College on June 2, 2016. Starting this date, Europcar France has three months to reply to this report. The Authority's decision would then be expected to be issued several months later, following a closed hearing before its College. A decision imposing a fine would be subject to appeal; any such appeal, however, would not suspend the payment obligation to pay the fine, absent an exceptional procedure. An unfavorable decision could give rise to third party claims for damages.

As regards of the position of the Case –Handler in its report, which asks to increase the fine based on the fact that Europcar is a big Group and, the position of the government representative which estimates that information received from airports do not infringe competition law, the Group maintained its provision as stated in its records before the report, which provision reflecting its best estimate of the financial risks at this stage of the proceedings, in the event the French Competition Authority were to impose a fine, notwithstanding the Group's arguments in defense. No assurance can be given, however, that the amount of a possible fine imposed by the court of appeal would not be substantially in excess of the amount of the provision or that third party claims for damages would not arise thereafter.

Tax litigations with the French authorities

A dispute begun in June 2011 between Securitifleet France and the French Tax Authority. The company, believing it had wrongly integrated in the base of the business tax value rental of vehicles it leases out, the company submitted a claim to get relief.
As result of administrative procedures, the final decision is in favour of the Group, which has recovered €8.9 million.

Note 18 – Other disclosures relating to financial assets and liabilities

The fair values of financial assets and liabilities, together with their carrying amount in the statement of financial position, are as follows:

In € thousands		**Carrying amount**	**Fair value**	*Fair value through the income statement*	*Fair value through equity*	*Financial instruments at amortized cost*
Fair value as at June 30, 2016	***Notes***					
Trade receivables	***13***	292,649	292,649			*292,649*
Deposits and current loans		10,957	10,957			*10,957*
Vehicle buy-back agreement receivables	***11***	2,072,006	2,072,006			*2,072,006*
Fleet receivables	***12***	558,858	558,858			*558,858*
Deposits, other receivables and loans	***13***	12,513	12,513			*12,513*
Total of loans and receivables		**2,946,993**	**2,946,993**			***2,946,993***
Investments in non-consolidated entities		365			*365*	
Other financial assets		79,926				*79,926*
Restricted cash	***14***	111,811	111,811	*111,811*		
Cash and cash equivalents	***14***	167,266	167,266	*167,266*		
Derivative assets						
Total financial assets		**3,306,360**	**3,226,069**	***279,077***	***365***	***3,026,918***
Notes and borrowings	***16***	932,073	996,361			*996,361*
Trade payables		360,472	360,472			*360,472*
Fleet payables	***12***	866,285	866,285			*866,285*
Bank overdrafts and portion of loans due in less than one year	***16***	1,375,920	1,375,920			*1,375,920*
Derivative liabilities		67,052	67,052		*67,052*	
Total financial liabilities		**3,621,802**	**3,666,090**		***67,052***	***3,599,038***

Over the period, there were no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

The fair value of financial instruments traded in active markets (such as cash, cash equivalents and securities held for trading and securities available for sale) is based on the market price at the closing date. The market price at the end used to evaluate financial assets held by the Group is the current bid price: level 1 in the fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (eg derivatives traded OTC) is determined using valuation techniques. The Group uses different methods and assumptions based on market conditions observed at each reporting date. Market prices or prices provided by operators for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to calculate the fair value of other financial instruments. The fair value of interest rate swaps is determined using the method of discounted cash flows: Level 2 in the fair value hierarchy.

Note 19 – Off-balance sheet commitments

(i) Operating leases

At June 30, 2016, the Group's minimum future payments for non-cancelable operating lease commitments were as follows:

In € thousands	**June 30, 2016**		**Dec. 31, 2015**	
		of which related to rental fleet		*of which related to rental fleet*
Payable:				
Within 1 year	215,540	*153,322*	233,581	*185,230*
From 1 to 5 years	126,879	*5,107*	115,339	*8,002*
More than 5 years	34,658		37,558	
Total	**377,077**	***158,429***	**386,478**	***193,232***

(ii) Capital commitments

The Group has entered into contracts to purchase vehicles. At June 30, 2016, capital commitments to purchase vehicles amounted to €806.1 million versus €1,037.5 million at December 31, 2015.

(iii) Guarantees

As at June 30, 2016, ECG had given guarantees worth €44.3 million to suppliers. At that date, contingent assets amounted to €3.5 million (€5.1 million at end-2015).

Note 20 – Related parties

During the first semester 2016, Europcar Groupe SA had no significant operation with related parties.

Note 21 – Subsequent events

There have been no material events subsequent to June 30, 2016 which would require disclosure in these financial statements.

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

(HALF-YEAR ENDED JUNE 30th, 2016)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,
EUROPCAR GROUPE
2 rue René Caudron
Bâtiment Op
78960 Voisins le Bretonneux

In compliance with the assignment entrusted to us by your Shareholder meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*) , we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements for the period from January 1, 2016 to June 30, 2016;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, July 29th, 2016

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit	Mazars
François Jaumain	Isabelle Massa

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

To the best of my knowledge, I hereby certify that the Interim condensed consolidated financial statements for the 6 months period ended June 30, 2016 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of Europcar Groupe and all consolidated companies, and that the half-year financial report attached presents a true and fair view of the significant events that occurred during the first six months of the financial year and of their impact on the half year financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Voisins-le-Bretonneux,
August 5, 2016
French original signed by

Philippe Germond
Chairman of the Management Board.