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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended April 30, 2017
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________
Commission File Number: 333-181780

BAKERCORP INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-4315148**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
7800 N. Dallas Parkway, Suite 500, Plano, Texas	**75024**
(Address of principal executive offices)	**(Zip Code)**

(888) 882-4895
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒*

* The registrant is a voluntary filer of reports required to be filed by certain companies under Section 13 or 15(d) of the Securities Exchange Act of 1934 and has filed all reports that would have been required during the preceding 12 months, had it been subject to such filing requirements.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There is no public market for the registrant's common stock. There were 100 shares of the registrant's common stock, par value $0.01 per share, outstanding on June 13, 2017.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

BakerCorp International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	April 30, 2017 (unaudited)	January 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 27,303	$ 44,563
Accounts receivable, net of allowance for doubtful accounts of $5,676 and $5,152, respectively	58,795	52,478
Inventories, net	4,336	3,721
Prepaid expenses and other assets	3,521	4,145
Total current assets	93,955	104,907
Property and equipment, net	318,020	320,707
Goodwill	50,822	49,918
Other intangible assets, net	350,761	354,418
Other assets	4,215	590
Total assets	$ 817,773	$ 830,540
Liabilities and shareholder's equity		
Current liabilities:		
Accounts payable	$ 14,095	$ 17,697
Accrued expenses	24,120	21,855
Current portion of long-term debt (net of deferred financing costs of $3,116 and $3,080, respectively)	1,047	1,082
Total current liabilities	39,262	40,634
Long-term debt, net of current portion (net of deferred financing costs of $3,403 and $4,183, respectively)	634,134	634,395
Deferred tax liabilities, net	105,154	110,114
Share-based compensation liability	35	66
Other long-term liabilities	2,777	2,936
Total liabilities	781,362	788,145
Commitments and contingencies		
Shareholder's equity:		
Common stock, $0.01 par value; 100,000 shares authorized; 100 shares issued and outstanding on April 30, 2017 and January 31, 2017	—	—
Additional paid-in capital	393,240	393,094
Accumulated other comprehensive loss	(39,447)	(41,537)
Accumulated deficit	(317,382)	(309,162)
Total shareholder's equity	36,411	42,395
Total liabilities and shareholder's equity	$ 817,773	$ 830,540

See Accompanying Notes

BakerCorp International, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (unaudited)
(In thousands)

	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016
Revenue:		
Rental revenue	$ 50,813	$ 52,321
Sales revenue	4,698	4,934
Service revenue	7,628	7,777
Total revenue	63,139	65,032
Operating expenses:		
Employee related expenses	24,940	24,690
Rental expenses	8,757	7,510
Repair and maintenance	3,168	2,313
Cost of goods sold	3,143	3,062
Facility expenses	6,832	6,956
Professional fees	1,359	1,092
Other operating expenses	4,020	3,584
Depreciation and amortization	14,721	15,109
Gain on sale of equipment	(1,120)	(658)
Impairment of goodwill and other intangible assets	—	84,046
Impairment of long-lived assets	200	—
Total operating expenses	66,020	147,704
Loss from operations	(2,881)	(82,672)
Other expenses:		
Interest expense, net	9,982	10,523
Foreign currency exchange loss (gain), net	160	(493)
Total other expenses, net	10,142	10,030
Loss before income tax benefit	(13,023)	(92,702)
Income tax benefit	(4,812)	(20,889)
Net loss	$ (8,211)	$ (71,813)

See Accompanying Notes

BakerCorp International, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss (unaudited)
(In thousands)

	Three Months Ended April 30,	
	2017	2016
Net loss	$ (8,211)	$ (71,813)
Other comprehensive income:		
Unrealized gain on interest rate swap agreements, net of tax expense of $181 for the period ended April 30, 2016	—	294
Foreign currency translation adjustments	2,090	6,436
Other comprehensive income	2,090	6,730
Total comprehensive loss	$ (6,121)	$ (65,083)

See Accompanying Notes

BakerCorp International, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)
(In thousands)

	Three Months Ended April 30,	
	2017	2016
Operating activities		
Net loss	$ (8,211)	$ (71,813)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Provision for doubtful accounts	600	312
Provision for excess and obsolete inventory, net	55	—
Share-based compensation	138	(272)
Gain on sale of equipment	(1,120)	(658)
Depreciation and amortization	14,721	15,109
Amortization of deferred financing costs	744	707
Deferred income taxes	(5,049)	(21,308)
Amortization of above-market lease	(38)	(38)
Impairment of goodwill and other intangible assets	—	84,046
Impairment of long-lived assets	200	—
Changes in assets and liabilities:		
Accounts receivable	(6,787)	2,417
Inventories	(675)	4,319
Prepaid expenses and other assets	565	(111)
Accounts payable and other liabilities	(1,554)	(2,755)
Net cash (used in) provided by operating activities	(6,411)	9,955
Investing activities		
Purchases of property and equipment	(9,836)	(21,140)
Proceeds from sale of equipment	470	1,287
Net cash used in investing activities	(9,366)	(19,853)
Financing activities		
Repayment of long-term debt	(1,041)	(1,041)
Net cash used in financing activities	(1,041)	(1,041)
Effect of foreign currency translation on cash	(442)	(40)
Net decrease in cash and cash equivalents	(17,260)	(10,979)
Cash and cash equivalents, beginning of period	44,563	44,754
Cash and cash equivalents, end of period	$ 27,303	$ 33,775
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 4,198	$ 4,920
Income taxes	$ 1,178	$ 855

See Accompanying Notes

BakerCorp International, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1. Organization, Description of Business, and Basis of Presentation

We are a provider of liquid and solid containment solutions, operating within a specialty sector of the broader industrial services industry. Our revenue is generated by providing rental equipment, customized solutions, and services to our customers. We provide a wide variety of steel and polyethylene temporary storage tanks, roll-off containers, pumps, filtration, pipes, hoses and fittings, shoring, and related products to a broad range of customers for a number of applications. Tank and roll-off container applications include the storage of water, chemicals, waste streams, and solid waste. Pump applications include the pumping of groundwater, municipal waste, and other fluids. Filtration applications include the separation of various solids from liquids. We serve a variety of industries, including industrial and environmental remediation, refining, environmental services, construction, chemicals, transportation, power, municipal works, and oil and gas. We have branches within 23 states in the United States as well as branches in Canada, France, Germany, the Netherlands and the United Kingdom. As used herein, the terms "Company," "we," "us," and "our" refer to BakerCorp International, Inc. and its subsidiaries, unless the context indicates to the contrary.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Securities and Exchange Commission ("SEC") Form 10-Q and Article 10 of SEC Regulation S-X. They do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended January 31, 2017, included in our 2017 Annual Report on Form 10-K filed with the SEC on April 26, 2017. Certain amounts previously reported have been reclassified to conform to the current year financial presentation.

The interim condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary for a fair statement of our results of operations and financial position for the interim periods. The results of operations for the three months ended April 30, 2017 are not necessarily indicative of the results to be expected for future quarters or the full year.

Principles of Consolidation

The accompanying condensed consolidated financial statements include our accounts and those of our wholly-owned subsidiaries. All intercompany accounts and transactions with our subsidiaries have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, judgments and assumptions including those related to revenue recognition, allowances for doubtful accounts, inventory valuation, customer rebates, sales returns and allowances, medical insurance claims, litigation accruals, impairment of long-lived assets, intangible assets and goodwill, depreciation and amortization, contingencies, income taxes, share-based compensation (expense and liability), and derivatives. Our estimates, judgments, and assumptions are based on historical experience, future expectations, and other factors which we believe to be reasonable. Actual results could materially differ from those estimates.

Note 2. Accounting Pronouncements

Recently Issued Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-09, "Compensation-Stock Compensation (Topic 718). The guidance clarifies how an entity should account for effects of a modification of a share-based payment. The guidance is effective for annual and interim reporting periods beginning after December 15, 2017. We are currently assessing the impact the adoption of ASU No. 2017-09 will have on our condensed consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 23), Restricted Cash". The guidance will require restricted cash and cash equivalents to be included with cash and cash equivalents on the statement of cash flows. This guidance is effective for annual and interim reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. We expect to adopt this guidance when effective, and do not expect the guidance to have a significant impact on our condensed consolidated financial statements, based upon our current procedures for tracking restricted cash and cash equivalents.

In October 2016, the FASB issued ASU No. 2016-16, "Intra-Entity Transfers of Assets other than Inventory". The guidance will require companies to recognize the income tax effects of intra-entity sales and transfers of assets other than inventory in the period in which the transfer occurs. The new guidance will be effective for fiscal years and interim periods beginning after December 15, 2017 and early adoption is permitted. The guidance requires modified retrospective adoption. We expect to adopt this guidance when effective, and do not expect the guidance to have a significant impact on our condensed consolidated financial statements, based upon our current procedures for tracking the transfer and sale of intra-entity assets.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flow (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU No. 2016-15"). ASU No. 2016-15 clarifies the guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The standard is effective for non-public entities for annual periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. We are currently assessing the impact the adoption of ASU No. 2016-15 will have on our condensed consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation-Stock Compensation (Topic 718): "Improvements to Employee Share-Based Payment Accounting" ("ASU No. 2016-09"). ASU No. 2016-09 simplifies several aspects of the accounting for share-based payments transactions, including income tax consequences, classification of awards as either liability or equity, and classification on the statement of cash flows. The standard is effective for non-public entities for annual periods beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted. We are currently assessing the impact the adoption of ASU No. 2016-09 will have on our condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU No. 2016-02"). This amendment requires the recognition of lease assets and liabilities on the balance sheet by lessees for those leases currently classified as operating leases under ASC 840 "Leases" and increases the disclosure requirements surrounding these leases. For non-public business entities, ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. We are currently assessing the impact the adoption of ASU No. 2016-02 will have on our condensed consolidated financial statements.

During May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU No. 2014-09"). ASU No. 2014-09 will require companies to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU No. 2014-09 creates a five-step model that requires companies to exercise judgment when considering the terms of the contract(s) which include (i) identifying the contract(s) with the customer, (ii) identifying the separate performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the separate performance obligations, and (v) recognizing revenue when each performance obligation is satisfied. ASU No. 2014-09 allows for either full retrospective adoption, meaning the standard is applied to all of the periods presented, or modified retrospective adoption, meaning the standard is applied only to the most current period presented in the financial statements. A decision about which method to use will affect a company's implementation plans. The standard and multiple clarifying standard updates are effective for non-public entities for annual periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. We are currently assessing the impact the adoption of ASU No. 2014-09 will have on our condensed consolidated financial statements.

Note 3. Changes in Accumulated Other Comprehensive Loss

The following table includes the change in foreign currency translation adjustments to the components of accumulated other comprehensive loss, for the three months ended April 30, 2017:

(In thousands)		
Balance as of January 31, 2017	$	(41,537)
Other comprehensive income before reclassifications		2,090
Net other comprehensive income		2,090
Balance as of April 30, 2017	$	(39,447)

The following table includes the components of accumulated other comprehensive loss, net of tax, for the three months ended April 30, 2016:

(In thousands)		Unrealized (Loss) Gain on Interest Rate Swap Agreements (1)		Change in Foreign Currency Translation Adjustments		Total
Balance as of January 31, 2016	$	(586)	$	(39,081)	$	(39,667)
Other comprehensive income before reclassifications		294		6,436		6,730
Net other comprehensive income		294		6,436		6,730
Balance as of April 30, 2016	$	(292)	$	(32,645)	$	(32,937)

(1) Unrealized income on interest rate swap agreements is net of tax expense of $181 for the three months ended April 30, 2016.

Note 4. Inventories

Inventories, net consisted of the following:

(In thousands)		April 30, 2017		January 31, 2017
Components	$	1,235	$	2,845
Work-in-process		967		627
Finished goods		3,177		1,237
Less: inventory reserve		(1,043)		(988)
Inventories, net	$	4,336	$	3,721

Note 5. Property and Equipment, Net

Property and equipment, net consisted of the following as of April 30, 2017:

(In thousands)	Cost	Accumulated Depreciation	Net Carrying Amount
Assets held for rent:			
Spill protection berms	$ 3,544	$ (2,580)	$ 964
Boxes	31,485	(14,940)	16,545
Filtration	14,507	(7,396)	7,111
Generators and light towers	512	(247)	265
Pipes, hoses and fittings	9,486	(6,906)	2,580
Non-steel containment	11,464	(5,131)	6,333
Pumps	57,954	(37,299)	20,655
Shoring	5,492	(3,649)	1,843
Steel containment	324,474	(91,592)	232,882
Tank trailers	1,870	(1,701)	169
Construction in progress	5,489	—	5,489
Total assets held for rent	466,277	(171,441)	294,836
Assets held for use:			
Leasehold improvements	4,016	(2,689)	1,327
Machinery and equipment	44,901	(30,615)	14,286
Office furniture and equipment	5,845	(4,259)	1,586
Software	14,386	(8,939)	5,447
Construction in progress	538	—	538
Total assets held for use	69,686	(46,502)	23,184
Total	$ 535,963	$ (217,943)	$ 318,020

Property and equipment, net consisted of the following as of January 31, 2017:

(In thousands)	Cost	Accumulated Depreciation	Net Carrying Amount
Assets held for rent:			
Spill protection berms	$ 3,487	$ (2,497)	$ 990
Boxes	31,128	(14,357)	16,771
Filtration	14,303	(6,820)	7,483
Generators and light towers	518	(235)	283
Pipes, hoses and fittings	11,196	(8,479)	2,717
Non-steel containment	10,309	(5,031)	5,278
Pumps	58,021	(35,761)	22,260
Shoring	4,681	(3,444)	1,237
Steel containment	324,267	(88,996)	235,271
Tank trailers	1,881	(1,685)	196
Construction in progress	2,081	—	2,081
Total assets held for rent	461,872	(167,305)	294,567
Assets held for use:			
Leasehold improvements	3,949	(2,572)	1,377
Machinery and equipment	44,379	(29,673)	14,706
Office furniture and equipment	5,937	(4,071)	1,866
Software	13,889	(8,324)	5,565
Construction in progress	2,626	—	2,626
Total assets held for use	70,780	(44,640)	26,140
Total	$ 532,652	$ (211,945)	$ 320,707

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) are less than the carrying value, a write-down would be recorded to reduce the related carrying value of the asset to its estimated fair value.

During the three months ended April 30, 2017, certain assets that were on long-term rentals were returned in a condition beyond repair. We determined that the net book value of these assets exceeded the assets' estimated fair value. As a result, during the three months ended April 30, 2017, we recorded an impairment charge of $0.2 million in our North American segment.

Included in machinery and equipment are assets under capital leases with a cost of $4.7 million as of April 30, 2017 and January 31, 2017, and accumulated depreciation of $1.4 million and $1.2 million as of April 30, 2017 and January 31, 2017, respectively.

Depreciation expense related to property and equipment for the three months ended April 30, 2017 and 2016 was $10.7 million and $11.1 million, respectively.

Note 6. Goodwill and Other Intangible Assets, Net

Goodwill

Changes in the carrying amount of the European goodwill are as follows:

(In thousands)	Total
Balance as of January 31, 2017	$ 49,918
Foreign currency translation	904
Balance as of April 30, 2017	$ 50,822

For the three months ended April 30, 2017

We evaluate the carrying value of goodwill annually during the fourth quarter of each fiscal year and more frequently if we believe indicators of impairment exist. We elected to early adopt ASU No. 2017-04, "Intangibles-Goodwill and Other (Topic 350)-Simplifying the Test for Goodwill Impairment" (ASU No. 2017-04). ASU 2017-04 simplifies the accounting for goodwill impairment. The standard removes Step 2 of the goodwill impairment test. Instead we perform our annual, or interim goodwill impairment test by comparing the estimated fair value of a reporting unit to which the goodwill is assigned to the reporting unit's carrying amount. We will record an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. We estimate the fair value of our reporting units based on income and market approaches.
The North American goodwill was written down to zero as of January 31, 2017 and there were no indicators of impairment to our European reporting unit as of April 30, 2017.

For the three months ended April 30, 2016

During the quarter ended April 30, 2016, we encountered a reduction in our operating results in comparison to our forecast, primarily due to greater weakness in upstream oil and gas than anticipated, slower recovery in our construction business, and the delay of capital projects by refinery and power plants which can be seen through our lower volume of work with industrial service customers. As a result of the decline in demand for our products and services, we re-assessed our revenue and EBITDA forecast beginning with the fiscal year ended January 31, 2017 using a bottoms-up approach, having conversations with our key customers, and performing an analysis on current market conditions and industry spending behavior. Based on our assessment, we noted that despite the recent stabilization of oil prices, there will be continued uncertainty in the energy market resulting in a slow-down in capital spend. As a result, we updated our projections to reflect the decline in activity, adjusted our forecast for the outer years to maintain similar growth rates as our previous forecast, and performed the first step of the goodwill impairment test.

Under the first step of the impairment test, we determined the carrying value of the North American reporting unit exceeded fair value. We then performed the second step of the impairment test for the North American reporting unit and calculated the implied fair value of goodwill, which was less than its carrying value. Based on our analysis, we recorded a non-cash goodwill impairment charge of $65.7 million in our North American reporting unit. This impairment charge, which is included under the caption "Impairment of goodwill and other intangible assets" in our condensed consolidated statements of operations for the three months ended April 30, 2016, did not impact our operations, compliance with our debt covenants or our cash flows. For the European reporting unit, the fair value exceeded the carrying value, suggesting no indication of potential goodwill impairment.

In calculating the fair value of our North American reporting unit under the first step, we gave equal weight to the income approach, which analyzed projected discounted cash flows, and the market approach, which considered comparable public companies as well as comparable industry transactions.

Under the income approach, we estimate future capital expenditures required to maintain our rental fleet under normalized operations and utilize the following Level 3 estimates and assumptions in the discounted cash flow analysis:

- Long-term EBITDA margin range of 25.8% to 30.5%, reflecting our historical and forecasted profit margins;
- Long-term revenue growth rate range of 3.0% to 8.0% based on long-term nominal growth rate potential;
- A discount rate of 10% based on our weighted average cost of capital;

Under the market approach, we used other significant observable market inputs including various peer company comparisons and industry transaction data, which resulted in revenue and EBITDA market multiples of 1.75x to 2.00x and 6.00x to 7.50x, respectively. In evaluating our market multiples, we placed higher consideration on peer companies that were experiencing similar oil and gas pressures. Changes in the estimates utilized under the income and market approaches could materially affect the determination of fair value and the conclusions of the step one analysis for the reporting unit.

Other Intangible Assets, Net

The components of other intangible assets, net were the following as of:

	April 30, 2017			January 31, 2017		
(In thousands)	**Gross (1)**	**Accumulated Amortization**	**Net**	**Gross (1)**	**Accumulated Amortization**	**Net**
Carrying amount:						
Customer relationships (25 years)	$ 400,768	$ (94,848)	$ 305,920	$ 400,455	$ (90,770)	$ 309,685
Customer backlog (2 years)	200	(200)	—	200	(200)	—
Developed technology (11 years)	1,638	(506)	1,132	1,634	(467)	1,167
Trade name (Indefinite)	43,709	—	43,709	43,566	—	43,566
Total carrying amount	$ 446,315	$ (95,554)	$ 350,761	$ 445,855	$ (91,437)	$ 354,418

(1) Amounts are stated Gross, net of impairment charges to trade name of $18.3 million and $23.8 million in the fiscal years ended January 31, 2017 and 2016, respectively.

We evaluate the carrying value of our indefinite-lived intangible asset (trade name) annually during the fourth quarter of each fiscal year and more frequently if we believe indicators of impairment exist. To test our indefinite-lived intangible asset for impairment, we compare the fair value of our indefinite-lived intangible asset to carrying value. We estimate the fair value using an income approach and using the asset's projected discounted cash flows. We recognize an impairment loss when the estimated fair value of the indefinite-lived intangible asset is less than the carrying value.

We assess the impairment of definite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The asset is impaired if its carrying value exceeds the undiscounted cash flows expected to result from the use and eventual disposition of the asset. In assessing recoverability, we must make assumptions regarding estimated future cash flows and other factors. The impairment loss is the amount by which the carrying value of the asset exceeds its fair value. We estimate fair value utilizing the projected discounted cash flow method and a discount rate determined by our management to be commensurate with the risk inherent in our current business model. When calculating fair value, we must make assumptions regarding estimated future cash flows, discount rates and other factors. There were no indicators of impairment during the three months ended April 30, 2017.

Due to certain indicators of impairment identified during our April 30, 2016 interim impairment test of goodwill, we assessed our indefinite and definite-lived intangible assets for impairment. Based on our analysis, we concluded that the carrying value of our indefinite-lived intangible asset (trade name) exceeded its fair value and recorded an impairment charge of $18.3 million in our North American reporting unit. This impairment charge, which is included under the caption "Impairment of goodwill and other intangible assets" in our condensed consolidated statements of operations for the three months ended April 30, 2016, does not impact our operations, compliance with our debt covenants or our cash flows. We estimated the fair value of our trade name using the relief-from-royalty method, which uses several significant assumptions, including an estimate of useful life and revenue projections that consider historical and estimated future results, general economic and market conditions, as well as the impact of planned business and operational strategies. The following estimates and assumptions were also used in the relief-from-royalty method:

- Royalty rate of 1.5% based on market observed royalty rates; and
- A discount rate of 12.0% based on the required rate of return for the trade name asset.

As of April 30, 2016, there was no impairment recorded of our definite-lived intangible assets.

Amortization expense for other intangible assets was $4.0 million and $4.1 million for each of the three months ended April 30, 2017 and 2016, respectively. Estimated amortization expense for the fiscal periods ending January 31 is as follows:

(In thousands)	
Remainder of the fiscal year ending January 31, 2018	$ 12,135
2019	16,180
2020	16,180
2021	16,180
2022	16,180
Thereafter	230,197
Total	$ 307,052

Note 7. Accrued Expenses

Accrued expenses consists of the following as of:

(In thousands)	April 30, 2017	January 31, 2017
Accrued compensation	$ 7,593	$ 11,488
Accrued insurance	754	793
Accrued interest	8,304	3,257
Accrued professional fees	509	459
Accrued taxes	4,543	3,852
Capital lease - current	604	545
Other accrued expenses	1,813	1,461
Total accrued expenses	$ 24,120	$ 21,855

Note 8. Debt

Debt consists of the following:

(In thousands)	April 30, 2017	January 31, 2017
Senior term loan (LIBOR margin of 3.0%, and interest rate of 4.25%)	$ 401,700	$ 402,740
Senior unsecured notes	240,000	240,000
Total debt	641,700	642,740
Less: deferred financing costs	(6,519)	(7,263)
Total debt less deferred financing costs	635,181	635,477
Less: current portion (net of current portion of deferred financing costs of $3,116 and $3,080, respectively)	(1,047)	(1,082)
Long-term debt, net of current portion (net of long-term portion of deferred financing costs of $3,403 and $4,183, respectively)	$ 634,134	$ 634,395

On June 1, 2011, we (i) entered into a $435.0 million senior secured credit facility (the "Credit Facility"), consisting of a $390.0 million term loan facility (the "Senior Term Loan") and a $45.0 million revolving credit facility (the "Revolving Credit Facility") and (ii) issued $240.0 million in aggregate principal amount of senior unsecured notes due 2019 (the "Notes").

Credit Facility

On February 7, 2013, we entered into a first amendment to refinance our Credit Facility (the "First Amendment"), to refinance a like amount of term loans (the "Original Term Loan") under the Credit Facility. Borrowings under the Credit Facility bear interest at a rate equal to LIBOR plus an applicable margin, subject to a LIBOR floor of 1.25%. The LIBOR margin applicable to the Amended Senior Term Loan is 3.00%, which is 0.75% less than the LIBOR margin applicable to the Original Term Loan. In addition, pursuant to the First Amendment, among other things, (i) the Senior Term Loan maturity date was extended to February 7, 2020, provided that the maturity will be March 2, 2019 if the Amended Senior Term Loan is not repaid or refinanced on or prior to March 2, 2019, (ii) the Revolving Credit Facility maturity date was extended to February 7, 2018, and (iii) we obtained increased flexibility with respect to certain covenants and restrictions relating to our ability to incur additional debt, make investments, debt prepayments, and acquisitions. Principal on the Senior Term Loan is payable in quarterly installments of $1.0 million. Furthermore, the excess cash flow prepayment requirement is in effect until the maturity date.

On November 13, 2013, we entered into a second amendment to our Credit Facility (the "Second Amendment"). Pursuant to the Second Amendment, the Company borrowed $35.0 million of incremental term loans (the "Incremental Term Loan"), which may be used for general corporate purposes, including to finance permitted acquisitions. The terms applicable to the Incremental Term Loans are the same as those applicable to the term loans under the Credit Facility.

On November 3, 2016, we entered into a third amendment to our Credit Facility (the "Third Amendment") to amend the Revolving Credit Facility. The amendment (i) extends the Revolving Credit Facility maturity date from February 7, 2018 to November 7, 2019 (provided that such maturity date will be accelerated to January 30, 2019 unless the Company's senior notes are repaid in full or extended or refinanced on or prior to January 30, 2019) and (ii) reduces the revolver commitment from $45.0 million to $40.0 million in addition to certain other amendments to the original terms.

The Credit Facility, as amended, in February 2013, November 2013 and November 2016, places certain limitations on our (and all of our U.S. subsidiaries') ability to incur additional indebtedness, pay dividends or make other distributions, repurchase capital stock, make certain investments, enter into certain types of transactions with affiliates, utilize assets as security in other transactions, and sell certain assets or merge with or into other companies. In addition, we may be required to satisfy and maintain a total leverage ratio if there is an outstanding balance on the Revolving Credit Facility of 25% or more of the committed amount on any quarter end.

The Third Amendment was accounted for as a debt modification. Costs incurred in connection with the Third Amendment are being deferred and amortized over the term of the amended Revolving Credit Facility. In addition, any unamortized deferred costs related to the old arrangement were written off in proportion to the decrease in borrowing capacity. During the fiscal year ended January 31, 2017, we recorded $0.5 million of deferred costs related to the Third Amendment.

As of April 30, 2017, we did not have an outstanding balance on the revolving loan; and therefore, we were not subject to a leverage test. Additionally, as of April 30, 2017, we were in compliance with all of our requirements and covenant tests under the Credit Facility, as amended.

Senior Unsecured Notes Due 2019

On June 1, 2011, we issued $240.0 million of fixed rate 8.25% notes due June 1, 2019. We may redeem all or any portion of the Notes at the redemption prices set forth in the applicable indenture, plus accrued and unpaid interest. Upon a change of control, we are required to make an offer to redeem all of the Notes from the holders at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of the repurchase. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by our direct and indirect existing and future wholly-owned domestic restricted subsidiaries.

Interest and Fees

Costs related to debt financing are deferred and amortized to interest expense over the term of the underlying debt instruments utilizing the straight-line method for our revolving credit facility and the effective interest method for our senior term and incremental term loan facilities. As of April 30, 2017 and January 31, 2017, deferred financing costs of $6.5 million and $7.3 million, respectively, are reflected as a reduction of the underlying debt. In addition, we amortized $0.7 million of deferred financing costs during each of the three months ended April 30, 2017 and 2016.

Interest and fees related to our Credit Facility and the Notes are as follows:

	Three Months Ended April 30,	
(In thousands)	**2017**	**2016**
Credit Facility interest and fees[1]	$ 4,859	$ 4,770
Notes interest and fees [2]	5,296	5,267
Total interest and fees	$ 10,155	$ 10,037

(1) Interest on the Amended Term Loan is payable quarterly based upon an interest rate of 4.25%.
(2) Interest on the Notes is payable semi-annually based upon a fixed annual rate of 8.25%.

Principal Payments on Debt

As of April 30, 2017, the schedule of minimum required principal payments on our debt for each of the fiscal years ending January 31 are due according to the table below:

(In thousands)	
Remainder of the fiscal year ending January 31, 2018	$ 3,123
2019	4,163
2020	634,414
Total	$ 641,700

Note 9. Income Taxes

The income tax benefit for the three months ended April 30, 2017 and 2016 is based on the estimated effective tax rate for the entire fiscal year. The estimated effective tax rate is subject to adjustment in subsequent quarterly periods as our estimates of pre-tax income and loss for the year fluctuate, including changes in the geographic mix of pre-tax income and loss.

The effective income tax rates for the three months ended April 30, 2017 and 2016 were a benefit of 36.9% and 22.5%, respectively. The effective tax rate differ from the U.S. federal statutory rate primarily due to income taxed in foreign jurisdictions, state taxes, non-deductible meals and entertainment expenses and discrete items for the period ended April 30, 2017. The difference in effective income tax rates for the three months ended April 30, 2017 and 2016 primarily relates to a change in the estimated forecast of pre-tax book income and loss for each respective jurisdiction, which includes an impairment of non-deductible goodwill recorded during the three months ended April 30, 2016. Discrete items related primarily to excess shortfalls associated with the cancellation and expiration of stock options recorded during the three months ended April 30, 2017.

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. A valuation allowance is recorded for deferred income tax assets when management determines it is more likely than not that such assets will not be realized. Our deferred tax assets primarily relate to federal net operating loss carry-forwards. Management believes we will realize the benefit of existing deferred tax assets based on the scheduled reversal of U.S. deferred tax liabilities, related to depreciation and amortization expenses not deductible for tax purposes, which is ordinary income and therefore of the same character as the temporary differences giving rise to the deferred tax assets. This reversal will occur in substantially similar time periods and in the same jurisdictions as the deferred tax assets. As such, the deferred tax liabilities are considered a source of income sufficient to support our U.S. deferred tax assets; therefore, a valuation allowance is not required as of April 30, 2017.

We recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Tax benefits recognized from such a position are measured based on whether the benefit has a greater than 50% likelihood of being realized upon ultimate resolution. We do not believe there will be any material unrecognized tax positions over the next 12 months.

We believe appropriate provisions for all outstanding issues have been made for all jurisdictions and all open years. However, due to the risk that audit outcomes and the timing of audit settlements are subject to significant uncertainty and as we continue to evaluate such uncertainties in light of current facts and circumstances, our current estimate of the total amounts of unrecognized tax benefits could increase or decrease for all open tax years. As of the date of this report, we do not anticipate that there will be any material change in the unrecognized tax benefits associated with these audits within the next twelve months.

Note 10. Shareholder's Equity

Share-Based Compensation

During June 2011, BCI Holdings adopted a share-based compensation plan, The BakerCorp International Holdings, Inc. 2011 Equity Incentive Plan (the "2011Plan"). Subsequent to the adoption of the 2011 Plan, on September 12, 2013, the BCI Holdings' Board of Directors amended the 2011 Plan by resolution to increase the number of shares of BCI Holdings common stock authorized for issuance under the 2011 Plan to 1,001,339 shares. As of April 30, 2017, there were 260,170 shares available for grant. The amended 2011 Plan permits the granting of BCI Holdings stock options, nonqualified stock options and restricted stock to eligible employees and non-employee directors and consultants.

The following table summarizes stock option activity during the three months ended April 30, 2017:

	Number of Options		Weighted Average Exercise Price		Aggregate Intrinsic Value (in thousands)(1)	Weighted Average Term Remaining (in years)		Weighted Average Grant Date Fair Value
Outstanding, January 31, 2017	766,348	$	83.47	$	—	6.5		
Granted	—	$	—				$	—
Exercised	—	$	—	$	—			
Forfeited/canceled/expired	(33,328)	$	39.12					
Outstanding, April 30, 2017	733,020	$	83.92	$	—	6.1		
Vested and expected to vest, April 30, 2017	78,344	$	74.90	$	—	3.5		
Exercisable, April 30, 2017	78,344	$	74.90	$	—	2.1		

(1) Aggregate intrinsic value in the table above represents the total pre-tax value that option holders would have received had all stock option holders exercised their options as of April 30, 2017. The aggregate intrinsic value is the difference between the estimated fair market value of the BCI Holdings common stock at the end of the period and the stock option exercise price, multiplied by the number of in-the-money options. This amount will change based on the fair market value of the BCI Holdings common stock.

As of April 30, 2017, there was $16.8 million of unrecognized pre-tax share-based compensation expense related to non-vested stock options of which $0.9 million we expect to recognize over a weighted average period of 0.7 years. We expect to recognize the remaining $15.9 million, which includes $8.1 million of unrecognized share-based compensation expense for the CEO's options, upon a Change in Control or initial public offering ("IPO") as defined in the 2011 Plan. During the three months ended April 30, 2017, we did not recognize any share-based compensation expense related to the CEO's options.
No options vested during the three months ended April 30, 2017.

The share-based compensation expense included within employee related expenses in our condensed consolidated statement of operations was the following:

	Three Months Ended April 30,			
(In thousands)		**2017**		**2016**
Non-cash share-based compensation expense (income)	$	138	$	(272)

The fair value of BCI Holdings stock options issued and classified as equity awards was determined using the Black-Scholes options pricing model utilizing the following weighted-average assumptions for each respective period:

	Three Months Ended April 30,	
	2017	**2016**
Expected volatility	56%	45%
Expected dividends	—%	—%
Expected term	7.2 years	6.1 years
Risk-free interest rate	1.5%	1.4%

Liability Awards

We account for certain option awards as liability awards, as we determined cash settlement upon exercise is probable. The expiration of certain options classified as liability awards resulted in a decrease to non-cash share-based compensation expense of $0.03 million during the three months ended April 30, 2017. We remeasured the fair value of these options during the fiscal year ended January 31, 2017, resulting in a decrease to our non-cash share-based compensation expense of $0.7 million. As of April 30, 2017 and 2016 the fair value of our share-based compensation liability awards totaled $35,000 and $66,000, respectively. Our share-based compensation liability is fair valued using level 3 inputs which are based on internal valuations and considering input from third parties and utilizing the following assumptions:

	Three Months Ended April 30,	
	2017	2016
Expected volatility	60%	55%
Expected dividends	—%	—%
Expected term	0.8 years	1.2 years
Risk-free interest rate	0.5%	0.6%

Note 11. Segment Reporting

We conduct our operations through entities located in the United States, Canada, France, Germany, the United Kingdom and the Netherlands. We transact business using the local currency within each country where we perform the service or provide the rental equipment.

Our operating and reportable segments are North America and Europe. Within each operating segment, there are common customers, common pricing structures, the ability and history of sharing equipment and resources, operational compatibility, commonality among regulatory environments, and relative geographic proximity. Our operating segments consist of the following:

- the North American segment consisting of branches located in the United States and Canada that provide equipment and services suitable across these North American countries.
- the European segment consisting of branches located in France, Germany, the United Kingdom and the Netherlands that provide equipment and services to customers in a number of European countries.

Selected statement of operations information for our reportable segments are the following:

(In thousands)	Three Months Ended April 30, 2017	2016
Revenue		
North America	54,178	56,474
Europe	8,961	8,558
Total revenue	$ 63,139	$ 65,032
Depreciation and amortization		
North America	$ 13,390	$ 13,909
Europe	1,331	1,200
Total depreciation and amortization	$ 14,721	$ 15,109
Interest expense (income), net		
North America	$ 9,993	$ 10,516
Europe	(11)	7
Total interest expense, net	$ 9,982	$ 10,523
Income tax (benefit) expense		
North America	$ (5,246)	$ (21,345)
Europe	434	456
Total income tax benefit	$ (4,812)	$ (20,889)
Net (loss) income		
North America [1]	$ (10,301)	$ (72,842)
Europe [1]	2,090	1,029
Total net loss	$ (8,211)	$ (71,813)

(1) During the three months ended April 30, 2017 and 2016, we included $1.1 million and $1.2 million, respectively, of intersegment expense allocations from North America to Europe.

Total assets and property and equipment, net information by reportable segment consists of the following:

(In thousands)	April 30, 2017	January 31, 2017
Total assets		
North America	700,293	716,640
Europe	117,480	113,900
Total assets	$ 817,773	$ 830,540
Property and Equipment, net		
North America	272,972	276,136
Europe	45,048	44,571
Total property and equipment, net	$ 318,020	$ 320,707

Note 12. Related Party Transactions

From time to time, we enter into transactions in the normal course of business with related parties. The accounting policies that we apply to our transactions with related parties are consistent with those applied in transactions with independent third parties.

Pursuant to a professional services agreement between us and Permira Advisers L.L.C. (the "Sponsor"), we agreed to pay the Sponsor an annual management fee of $0.5 million, payable quarterly, plus reasonable out-of-pocket expenses, in connection with the planning, strategy, and oversight support provided to management. We recorded $0.1 million for each of the three months ended April 30, 2017 and 2016, in aggregate management fees and expenses to the Sponsor. Management fees payable to the Sponsor totaled $0.04 million as of April 30, 2017 and January 31, 2017. Management fees are included in professional fees in the condensed consolidated statement of operations.

Note 13. Commitments and Contingencies

Litigation

We are involved in various legal actions arising in the ordinary course of conducting our business. These include claims relating to (i) personal injury or property damage involving equipment rented or sold by us, (ii) motor vehicle accidents involving our vehicles and our employees, (iii) employment-related matters, and (iv) environmental matters. We do not believe that the ultimate disposition of these matters will have a material adverse effect on our condensed consolidated financial position, results of operations, or cash flow. We expense legal fees in the period in which they are incurred.

Note 14. Condensed Consolidating Financial Information

Our Notes are guaranteed by all of our U.S. subsidiaries (the "guarantor subsidiaries"). This indebtedness is not guaranteed by BCI Holdings or our foreign subsidiaries (together, the "non-guarantor subsidiaries"). The guarantor subsidiaries are all one hundred percent owned, and the guarantees are made on a joint and several basis and are full and unconditional (subject to subordination provisions and subject to customary release provisions and a standard limitation, which provides that the maximum amount guaranteed by each guarantor will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws). The following condensed consolidating financial information presents the financial position, results of operations, and cash flows of the parent, guarantors, and non-guarantor subsidiaries of the Company and the eliminations necessary to arrive at the information on a consolidated basis for the periods indicated. The parent referenced in the condensed consolidating financial statements is BakerCorp International, Inc., the issuer.

We conduct substantially all of our business through our subsidiaries. To make the required payments on our Notes and other indebtedness, and to satisfy other liquidity requirements, we will rely, in large part, on cash flows from these subsidiaries, mainly in the form of dividends, royalties, and advances, or payments of intercompany loan arrangements. The ability of these subsidiaries to make dividend payments to us will be affected by, among other factors, the obligations of these entities to their creditors, requirements of corporate and other law, and restrictions contained in agreements entered into by or relating to these entities.

The parent and the guarantor subsidiaries have each reflected investments in their respective subsidiaries under the equity method of accounting. There are no restrictions limiting the transfer of cash from guarantor subsidiaries and non-guarantor subsidiaries to the parent.

Condensed Consolidating Balance Sheet
April 30, 2017 (unaudited)
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	$ —	$ 11,442	$ 15,861	$ —	$ 27,303
Accounts receivable, net	—	47,795	11,000	—	58,795
Inventories, net	—	4,212	124	—	4,336
Prepaid expenses and other assets	76	2,470	975	—	3,521
Total current assets	76	65,919	27,960	—	93,955
Property and equipment, net	—	260,897	57,123	—	318,020
Goodwill	—	—	50,822	—	50,822
Other intangible assets, net	—	329,169	21,592	—	350,761
Other assets	—	4,063	152	—	4,215
Investment in subsidiaries	295,015	111,771	(326)	(406,460)	—
Total assets	$ 295,091	$ 771,819	$ 157,323	$ (406,460)	$ 817,773
Liabilities and shareholder’s equity					
Current liabilities:					
Accounts payable	$ 77	$ 11,920	$ 2,098	$ —	$ 14,095
Accrued expenses	8,303	12,346	3,471	—	24,120
Current portion of long-term debt (net of deferred financing costs of $3,116)	1,047	—	—	—	1,047
Intercompany balances	(341,750)	308,965	32,785	—	—
Total current liabilities	(332,323)	333,231	38,354	—	39,262
Long-term debt, net of current portion (net of deferred financing costs of $3,403)	634,134	—	—	—	634,134
Deferred tax liabilities, net	(43,131)	141,597	6,688	—	105,154
Share-based compensation liability	—	35	—	—	35
Other long-term liabilities	—	2,625	152	—	2,777
Total liabilities	258,680	477,488	45,194	—	781,362
Total shareholder’s equity	36,411	294,331	112,129	(406,460)	36,411
Total liabilities and shareholder’s equity	$ 295,091	$ 771,819	$ 157,323	$ (406,460)	$ 817,773

Condensed Consolidating Balance Sheet
January 31, 2017
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	$ —	$ 30,607	$ 13,956	$ —	$ 44,563
Accounts receivable, net	—	41,902	10,576	—	52,478
Inventories, net	—	3,622	99	—	3,721
Prepaid expenses and other current assets	35	3,201	909	—	4,145
Total current assets	35	79,332	25,540	—	104,907
Property and equipment, net	—	264,194	56,513	—	320,707
Goodwill	—	—	49,918	—	49,918
Other intangible assets, net	—	333,033	21,385	—	354,418
Other long-term assets	—	452	138	—	590
Investment in subsidiaries	297,137	109,766	—	(406,903)	—
Total assets	$ 297,172	$ 786,777	$ 153,494	$ (406,903)	$ 830,540
Liabilities and shareholder's equity					
Current liabilities:					
Accounts payable	$ 56	$ 15,839	$ 1,802	$ —	$ 17,697
Accrued expenses	3,258	14,377	4,220	—	21,855
Current portion of long-term debt (net of deferred financing costs of $3,080)	1,082	—	—	—	1,082
Intercompany balances	(341,847)	310,812	31,035	—	—
Total current liabilities	(337,451)	341,028	37,057	—	40,634
Long-term debt, net of current portion (net of deferred financing costs of $4,183)	634,395	—	—	—	634,395
Deferred tax liabilities, net	(42,166)	145,806	6,474	—	110,114
Share-based compensation liability	—	66	—	—	66
Other long-term liabilities	—	2,739	197	—	2,936
Total liabilities	254,778	489,639	43,728	—	788,145
Total shareholder's equity	42,394	297,138	109,766	(406,903)	42,395
Total liabilities and shareholder's equity	$ 297,172	$ 786,777	$ 153,494	$ (406,903)	$ 830,540

Condensed Consolidating Statement of Operations
For the Three Months Ended April 30, 2017 (unaudited)
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue	$ —	$ 52,796	$ 10,343	$ —	$ 63,139
Operating expenses:					
Employee related expenses	4	21,722	3,214	—	24,940
Rental expense	—	7,639	1,118	—	8,757
Repair and maintenance	—	2,941	227	—	3,168
Cost of goods sold	—	2,880	263	—	3,143
Facility expense	6	6,062	764	—	6,832
Professional fees	10	1,237	112	—	1,359
Other operating expenses	160	2,243	1,617	—	4,020
Depreciation and amortization	—	13,062	1,659	—	14,721
Gain on sale of equipment	—	(1,081)	(39)	—	(1,120)
Impairment of long-lived assets	—	200	—	—	200
Total operating expenses	180	56,905	8,935	—	66,020
(Loss) income from operations	(180)	(4,109)	1,408	—	(2,881)
Other expenses (income):					
Interest expense, net	9,974	17	(9)	—	9,982
Foreign currency exchange loss (gain), net	—	218	(58)	—	160
Total other expenses (income), net	9,974	235	(67)	—	10,142
(Loss) income before income tax (benefit) expense	(10,154)	(4,344)	1,475	—	(13,023)
Income tax (benefit) expense	(965)	(4,207)	360	—	(4,812)
(Loss) income before equity in net earnings of subsidiaries	(9,189)	(137)	1,115	—	(8,211)
Equity in net earnings of subsidiaries	978	1,115	—	(2,093)	—
Net (loss) income	$ (8,211)	$ 978	$ 1,115	$ (2,093)	$ (8,211)

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Condensed Consolidating Statement of Operations
For the Three Months Ended April 30, 2016 (unaudited)
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue	$ —	$ 55,062	$ 9,970	$ —	$ 65,032
Operating expenses:					
Employee related expenses	32	21,384	3,274	—	24,690
Rental expense	—	6,714	796	—	7,510
Repair and maintenance	—	2,132	181	—	2,313
Cost of goods sold	—	2,955	107	—	3,062
Facility expense	8	6,255	693	—	6,956
Professional fees	52	907	133	—	1,092
Other operating expenses	158	1,937	1,489	—	3,584
Depreciation and amortization	—	13,633	1,476	—	15,109
Gain on sale of equipment	—	(648)	(10)	—	(658)
Impairment of goodwill and other intangible assets	—	84,046	—	—	84,046
Total operating expenses	250	139,315	8,139	—	147,704
(Loss) income from operations	(250)	(84,253)	1,831	—	(82,672)
Other expenses (income):					
Interest expense, net	10,517	—	6	—	10,523
Foreign currency exchange loss (gain), net	—	(609)	116	—	(493)
Total other expenses (income), net	10,517	(609)	122	—	10,030
(Loss) income before income tax (benefit) expense	(10,767)	(83,644)	1,709	—	(92,702)
Income tax (benefit) expense	(1,083)	(20,225)	419	—	(20,889)
(Loss) income before equity in net earnings of subsidiaries	(9,684)	(63,419)	1,290	—	(71,813)
Equity in net earnings of subsidiaries	(62,129)	1,290	—	60,839	—
Net (loss) income	$ (71,813)	$ (62,129)	$ 1,290	$ 60,839	$ (71,813)

Condensed Consolidating Statement of Comprehensive (Loss) Income
For the Three Months Ended April 30, 2017 (unaudited)
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Net (loss) income	$ (8,211)	$ 978	$ 1,115	$ (2,093)	$ (8,211)
Other comprehensive income:					
Foreign currency translation adjustments	—	—	2,090	—	2,090
Other comprehensive income	—	—	2,090	—	2,090
Total comprehensive (loss) income	$ (8,211)	$ 978	$ 3,205	$ (2,093)	$ (6,121)

Condensed Consolidating Statement of Comprehensive (Loss) Income
For the Three Months Ended April 30, 2016 (unaudited)
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Net (loss) income	$ (71,813)	$ (62,129)	$ 1,290	$ 60,839	$ (71,813)
Other comprehensive income, net of tax:					
Unrealized gain on interest rate swap agreements, net of tax expense of $181	294	—	—	—	294
Foreign currency translation adjustments	—	—	6,436	—	6,436
Other comprehensive income, net of tax	294	—	6,436	—	6,730
Total comprehensive (loss) income	$ (71,519)	$ (62,129)	$ 7,726	$ 60,839	$ (65,083)

Condensed Consolidating Statement of Cash Flows
For the Three Months Ended April 30, 2017 (unaudited)
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Operating activities					
Net (loss) income	$ (8,211)	$ 978	$ 1,115	$ (2,093)	$ (8,211)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:					
Provision for doubtful accounts	—	578	22	—	600
Provision for excess and obsolete inventory	—	55	—	—	55
Share-based compensation expense	4	134	—	—	138
Gain on sale of equipment	—	(1,081)	(39)	—	(1,120)
Depreciation and amortization	—	13,062	1,659	—	14,721
Amortization of deferred financing costs	744	—	—	—	744
Deferred income taxes	(965)	(4,209)	125	—	(5,049)
Amortization of above market lease	—	(38)	—	—	(38)
Impairment of long-lived assets	—	200	—	—	200
Equity in net earnings of subsidiaries, net of taxes	(978)	(1,115)	—	2,093	—
Changes in assets and liabilities:					
Accounts receivable	—	(6,471)	(316)	—	(6,787)
Inventories	—	(646)	(29)	—	(675)
Prepaid expenses and other assets	(41)	757	(151)	—	565
Accounts payable and other liabilities	5,068	(6,022)	(567)	(33)	(1,554)
Net cash (used in) provided by operating activities	(4,379)	(3,818)	1,819	(33)	(6,411)
Investing activities					
Purchases of property and equipment	—	(9,060)	(776)	—	(9,836)
Proceeds from sale of equipment	—	406	64	—	470
Net cash used in investing activities	—	(8,654)	(712)	—	(9,366)
Financing activities					
Intercompany investments and loans	5,420	(6,693)	1,693	(420)	—
Repayments of long-term debt	(1,041)	—	—	—	(1,041)
Net cash provided by (used in) financing activities	4,379	(6,693)	1,693	(420)	(1,041)
Effect of foreign currency translation on cash	—	—	(895)	453	(442)
Net (decrease) increase in cash and cash equivalents	—	(19,165)	1,905	—	(17,260)
Cash and cash equivalents, beginning of period	—	30,607	13,956	—	44,563
Cash and cash equivalents, end of period	$ —	$ 11,442	$ 15,861	$ —	$ 27,303

Condensed Consolidating Statement of Cash Flows
For the Three Months Ended April 30, 2016 (unaudited)
(In thousands)

	Parent	Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total
Operating activities					
Net (loss) income	$ (71,813)	$ (62,129)	$ 1,290	$ 60,839	$ (71,813)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:					
Provision for doubtful accounts, net	—	368	(56)	—	312
Share-based compensation expense	32	(304)	—	—	(272)
(Gain) loss on sale of equipment	—	(648)	(10)	—	(658)
Depreciation and amortization	—	13,633	1,476	—	15,109
Amortization of deferred financing costs	707	—	—	—	707
Deferred income taxes	(1,083)	(20,225)	—	—	(21,308)
Amortization of above market lease	—	(38)	—	—	(38)
Impairment of goodwill and other intangible assets	—	84,046	—	—	84,046
Equity in net earnings of subsidiaries, net of taxes	62,129	(1,290)	—	(60,839)	—
Changes in assets and liabilities:					
Accounts receivable	—	3,782	(1,365)	—	2,417
Inventories	—	4,373	(54)	—	4,319
Prepaid expenses and other current assets	(53)	332	(390)	—	(111)
Accounts payable and other liabilities	4,916	(7,398)	(273)	—	(2,755)
Net cash (used in) provided by operating activities	(5,165)	14,502	618	—	9,955
Investing activities					
Purchases of property and equipment	—	(19,752)	(1,388)	—	(21,140)
Proceeds from sale of equipment	—	1,151	136	—	1,287
Net cash used in investing activities	—	(18,601)	(1,252)	—	(19,853)
Financing activities					
Intercompany investments and loans	6,206	(5,820)	740	(1,126)	—
Repayment of long-term debt	(1,041)	—	—	—	(1,041)
Net cash provided by (used in) financing activities	5,165	(5,820)	740	(1,126)	(1,041)
Effect of foreign currency translation on cash	—	—	(1,166)	1,126	(40)
Net decrease in cash and cash equivalents	—	(9,919)	(1,060)	—	(10,979)
Cash and cash equivalents, beginning of period	—	34,014	10,740	—	44,754
Cash and cash equivalents, end of period	$ —	$ 24,095	$ 9,680	$ —	$ 33,775

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis includes historical and forward-looking information that should be read in conjunction with the accompanying condensed consolidated financial statements included in this quarterly report and our consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended January 31, 2017. The following tables show our selected condensed consolidated historical financial data for the stated periods. The financial information presented may not be indicative of our future performance. The following discussion and analysis provides information we believe is relevant to assess and understand our condensed consolidated results of operations and financial condition. The discussion includes the following:

- Overview;
- Critical Accounting Policies, Estimates, and Judgments;
- Results of Operations; and
- Liquidity and Capital Resources.

Overview

Business

We are a provider of liquid and solid containment solutions operating within the specialty sector of the broader industrial services industry. We provide equipment rental, services and sales to our customers through a solution-oriented approach often involving multiple products. We provide our containment solutions within the United States through a national network with the capability to serve customers in all 50 states as well as a growing number of international locations in Europe and Canada. We maintain one of the largest and most diverse liquid and solid containment rental fleets in the industry consisting of more than 24,900 units, including steel tanks, polyethylene tanks, modular tanks, roll-off boxes, pumps, pipe, hoses and fittings, filtration, tank trailers, berms, and trench shoring equipment.

We serve customers in over 15 industries, including construction, refinery, industrial and environmental services, chemicals, and oil, gas and power. During the three months ended April 30, 2017, no single customer accounted for more than 10% of our total revenue.

The demand for our services in the upstream segment of the oil and gas industry, which comprised approximately 9.3% of our total revenue for the three months ended April 30, 2017, depends on the continued demand for, and production of, oil and natural gas. Crude oil and natural gas prices historically have been volatile and the substantial reductions in crude oil prices that began in October 2014 and has continued through 2017, have resulted in a decline in the level of drilling and production activity, reducing the demand for containment solutions in the basins in which we operate. During the fiscal year ended January 31, 2017, we recorded charges totaling $116.3 million associated with the impairment of all of our goodwill and and a portion of our other intangible assets within our North American segment as a result of the sustained decline in oil prices, together with the projected market expectations of a slow recovery of such prices, making it more likely than not that the fair value of these assets had decreased below their respective carrying values. A further reduction in crude oil and natural gas prices could lead to continued declines in the level of production activity and demand for our services, which could result in the recognition of additional impairment charges on our intangible assets and property and equipment associated with our North American operations.

We have the opportunity to capitalize on a number of growth initiatives to increase the breadth of the services we offer and differentiate our capabilities with respect to our people, products and solutions. Certain key elements of our long-term strategy include:

- *Commit to safety.* We focus on ensuring a safe and healthy working environment for our employees, customers and communities where we live and work. We execute this through a program called BakerZero. Through this program, we develop and implement policies and procedures to govern and promote workplace safety, including regular management safety reviews, daily branch safety training sessions and a disciplinary action program for incidents that result from non-compliance with our safety programs.
- *Increase our Penetration in Key Industries and Evaluate Opportunities for End Market Expansion.* Our low customer concentration, diversity of end markets, and long-standing relationships allow us to capitalize on market and macroeconomic trends while providing a hedge against more volatile industries.

- *Maintain Commercial Excellence Through Comprehensive Equipment Rental Solutions.* As the premier global specialty rental company in our market, we have one of the largest branch networks with a broad equipment and service offering. We distinguish ourselves from our competitors and build customer loyalty by leveraging our extensive network to provide integrated and differentiated rental solutions.
- *Achieve Operational Excellence by Continuously Developing our Systems and Processes.* We are focused on company-wide process improvements such as cost leverage initiatives, equipment rent ready optimization for the branch network, fleet optimization through our newly developed Asset Management System (“AMS”) and advanced Quality Management System (“QMS”).
- *Expand Geographically.* Historically, we have increased penetration in new geographic regions and generated profitable growth by opening new branches within North America and Europe and introducing our products and services. We believe there is an opportunity to continue to open new branches in Europe and in certain under-served regions of North America.
- *Retain the Most Talented Employees in the Industry*. Through our best in class training programs and new annual goal-setting and performance management process, we ensure that our workforce is aligned to deliver the highest value to our shareholders, customers, and employees.
- *Pursue Selected Acquisitions.* Our markets remain fragmented and have historically presented numerous attractive acquisition candidates. We intend to pursue potential acquisitions that offer complementary products and services or expand our geographic footprint.

Geographic Operations

Our branches and employees by reportable segment were as follows:

	April 30, 2017	April 30, 2016	Change
Branches:			
Number of branches-North American Segment	46	49	(3)
Number of branches-European Segment	11	11	—
Total branches	57	60	(3)
Employees:			
Number of employees-North American Segment	758	803	(45)
Number of employees-European Segment	141	119	22
Total employees	899	922	(23)

Our operations are managed from our corporate headquarters, which is located in Plano, Texas. The majority of our operations, resources, property, and equipment are located in North America, and predominantly in the United States. The United States and Canada comprise our North American segment. Our equipment has the capability to be utilized for multiple applications within North America. We incentivize our local managers to maximize return on assets under their control and we have well developed systems to enable equipment and resource sharing. As a result, equipment in the U.S. and Canada is readily tranferable and shared by the local branch managers. The process of equipment and resource sharing within our reportable segments enables us to maximize our efficiency and respond to shifts in customer demand.

We serve customers in our European segment from branches located in the Netherlands, Germany, France and the United Kingdom. Our European operations are headquartered in the Netherlands. Our equipment is often transferred between European locations to serve customers as demand dictates.

Rental Revenue Metrics

We evaluate rental revenue, the largest portion of our revenue, utilizing the following metrics:

- *Rental Activity* – The change in rental activity is measured by the impact of several items, including the utilization of rental equipment that we individually track which reflects the demand for our products in relation to the level of equipment, volume of rental revenue on bulk items not individually tracked (which includes pipes, hoses, fittings, and shoring), and volume of re-rent revenue, resulting from the rental of equipment which we do not own.
- *Pricing* – The impact of changes in pricing is measured by the increase or declines in the average daily, weekly or monthly rental rates on the serialized rental equipment that we specifically track.
- *Available Rental Fleet* – The available rental fleet, as we define it, is the average number of equipment items within our fleet that we individually track.

Seasonality

Demand from our customers has historically been higher during the second half of our fiscal year compared to the first half of the year. The peak demand period for our products and services typically occurs during the months of August through November. This peak demand period is driven by certain customers that need to complete maintenance work and other specific projects before the onset of colder weather. Because much of our revenue is derived from storing or moving liquids, the impact of weather may hinder the ability of our customers to fully utilize our equipment. This is particularly the case for customers with project locations in regions that are subject to freezing temperatures during winter.

Critical Accounting Policies, Estimates, and Judgments

The preparation and presentation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to establish policies and make estimates, judgements and assumptions that affect (i) the amounts of assets and liabilities as of the dates presented on the accompanying condensed consolidated balance sheet, and (ii) the amounts of revenues and expenses during the reporting period in the accompanying condensed consolidated statements of operations. On an ongoing basis, we evaluate our estimates, judgments and assumptions, including those related to revenue recognition, allowances for doubtful accounts, inventory valuation, customer rebates, sales returns and allowances, medical insurance claims, litigation accruals, impairment of long-lived assets, intangible assets and goodwill, depreciation, contingencies, income taxes, share-based compensation (expense and liability), and derivatives. We believe our estimates, judgments and assumptions are reasonable; however, actual results may differ from these judgments and estimates, and they may be adjusted as more information becomes available. Any adjustment may be significant.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably may have been used, or if changes in the estimate that are reasonably likely to occur may materially impact the financial statements. We do not believe that there have been any significant changes during the three months ended April 30, 2017 to the items that we disclosed as our critical accounting policies, estimates, and judgments included in the Annual Report on Form 10-K for the fiscal year ended January 31, 2017.

Recent Accounting Pronouncements

Refer to Note 2, "Accounting Pronouncements" of the notes to the condensed consolidated financial statements for a discussion of new accounting guidance.

Forward-Looking Statements

This quarterly report contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Our expectations, beliefs, and projections are expressed in good faith, and we believe we have a reasonable basis to make these statements through our management's examination of historical operating trends, data contained in our records, and other data available from third parties, but there can be no assurance that our management's expectations, beliefs, or projections will be achieved.

The discussions of our financial condition and results of operations may include various forward-looking statements about future costs and prices of commodities, production volumes, industry trends, demand for our products and services, and projected results of operations and our projected capital resources and liquidity. Statements that are not historical in nature are considered to be forward-looking statements. They include statements regarding our expectations, hopes, beliefs, estimates, intentions, or strategies regarding the future. The words "believe," "expect," "anticipate," "intend," "estimate," "will," "look forward to," and similar expressions are intended to identify forward-looking statements.

The forward-looking statements set forth in this quarterly report regarding, among other things, achievement of revenue, profitability and net income in future quarters, future prices and demand for our products and services, estimated fair value for purposes of write-down of goodwill, and estimated cash flows and sufficiency of cash flows to fund capital expenditures, reflect only our expectations regarding these matters. Important factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, the following.

- Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our debt obligations.
- Our debt agreements contain restrictions that limit our flexibility in operating our business.
- Our business is subject to the general health of the economy, and accordingly any slowdown in the current economy or decrease in general economic activity could materially adversely affect our revenue and operating results.
- Continuing or sustained decline in oil prices and/or natural gas prices at or below current levels could have a negative impact on our operating results.
- Ongoing government review of hydraulic fracturing and its environmental impact could lead to changes to this activity or its substantial curtailment, which could materially adversely affect our revenue and results of operations.
- We intend to expand our business into new geographic markets, and this expansion may be costly and may not be successful.
- Our growth strategy includes evaluating selective acquisitions, which entails certain risks to our business and financial performance.
- We intend to expand into new product lines, which may be costly and may not ultimately be successful.
- We depend on our suppliers for the equipment we rent to customers.
- As our rental equipment ages, we may face increased costs to maintain, repair, and replace that equipment and new equipment could become more expensive.
- The short term nature of our rental arrangements exposes us to redeployment risks and means that we could experience rapid fluctuations in revenue in response to market conditions.
- Our customers may decide to begin providing their own liquid and solid containment solutions rather than sourcing those products from us.
- Our industry is highly competitive, and competitive pressures could lead to a decrease in our market share or in the prices that we may charge.
- We lease all of our branch locations, and accordingly are subject to the risk of substantial changes to the real estate rental markets and our relationships with our landlords.
- Our business is subject to numerous environmental and safety regulations. If we are required to incur significant compliance or remediation costs, our liquidity and operating results could be materially adversely affected.
- Changes in the many laws and regulations to which we are subject in the United States, Europe and Canada, or our failure to comply with them, could materially adversely affect our business.
- We have operations outside the United States. As a result, we may incur losses from currency fluctuations.
- Turnover of our management and our ability to attract and retain other key personnel may affect our ability to efficiently manage our business and execute our strategy.
- If our employees should unionize, this could impact our costs and ability to administer our business.
- We are exposed to a variety of claims relating to our business, and our insurance may not fully cover them.
- Disruptions in our information technology systems could materially adversely affect our operating results by limiting our capacity to effectively monitor and control our operations and provide effective services to our customers.
- Fluctuations in fuel costs or reduced supplies of fuel could harm our business.
- If we are unable to collect on contracts with customers, our operating results would be materially adversely affected.
- Climate change, climate change regulations, and greenhouse effects may materially adversely impact our operations and markets.
- Existing trucking regulations and changes in trucking regulations may increase our costs and negatively impact our results of operations.
- We may be required to recognize additional impairment charges in the future which could have an adverse effect on our financial condition and results of operations.

For a more complete description of these and other possible risks and uncertainties, please refer to our Annual Report on Form 10-K for the year ended January 31, 2017. Our forward-looking statements herein speak only as of the date hereof, and we make no commitment to update or publicly release any revisions to forward-looking statements in order to reflect events, circumstances or changes in expectations.

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Condensed Consolidated Statements of Operations (unaudited)

The following table presents our results of operations as follows:

(In thousands, except percentages)	Three Months Ended April 30,			
	2017		2016	
	Amount	% of Revenue	Amount	% of Revenue
Revenue:				
Rental revenue	$ 50,813	80.5 %	$ 52,321	80.4 %
Sales revenue	4,698	7.4 %	4,934	7.6 %
Service revenue	7,628	12.1 %	7,777	12.0 %
Total revenue	63,139	100.0 %	65,032	100.0 %
Operating expenses:				
Employee related expenses	24,940	39.5 %	24,690	38.0 %
Rental expenses	8,757	13.9 %	7,510	11.5 %
Repair and maintenance	3,168	5.0 %	2,313	3.6 %
Cost of goods sold	3,143	5.0 %	3,062	4.7 %
Facility expenses	6,832	10.8 %	6,956	10.7 %
Professional fees	1,359	2.2 %	1,092	1.7 %
Other operating expenses	4,020	6.4 %	3,584	5.5 %
Depreciation and amortization	14,721	23.3 %	15,109	23.2 %
Gain on sale of equipment	(1,120)	(1.8)%	(658)	(1.0)%
Impairment of goodwill and other intangible assets	—	— %	84,046	129.2 %
Impairment of long-lived assets	200	0.3 %	—	— %
Total operating expenses	66,020	104.6 %	147,704	227.0 %
Loss from operations	(2,881)	(4.6)%	(82,672)	(127.0)%
Other expense:				
Interest expense, net	9,982	15.8 %	10,523	16.2 %
Foreign currency exchange loss (gain), net	160	0.3 %	(493)	(0.8)%
Total other expenses, net	10,142	16.1 %	10,030	15.4 %
Loss before income taxes	(13,023)	(20.7)%	(92,702)	(142.4)%
Income tax benefit	(4,812)	(7.6)%	(20,889)	(32.1)%
Net loss	$ (8,211)	(13.1)%	$ (71,813)	(110.3)%

Non-U.S. GAAP Financial Measures

The following is a reconciliation of our net loss to EBITDA and Adjusted EBITDA as follows:

	Three Months Ended April 30,	
(In thousands)	2017	2016
Net loss	$ (8,211)	$ (71,813)
Interest expense, net	9,982	10,523
Income tax benefit	(4,812)	(20,889)
Depreciation and amortization	14,721	15,109
EBITDA	$ 11,680	$ (67,070)
Foreign currency exchange loss (gain), net	160	(493)
Financing related costs	36	35
Severance related costs	—	49
Sponsor management fees	133	138
Share-based compensation expense (income)	138	(272)
Impairment of goodwill and other intangible assets	—	84,046
Impairment of long-lived assets	200	—
Branch closure and consolidation	75	104
Tax and accounting related fees	259	36
Capital conversion	280	—
Other	141	(27)
Adjusted EBITDA	$ 13,102	$ 16,546
Adjusted EBITDA margin	20.8%	25.4%

EBITDA represents the sum of net loss, interest expense, income taxes and depreciation of rental equipment and non-rental depreciation and amortization expense. Adjusted EBITDA represents EBITDA excluding certain expenses detailed within the net loss to Adjusted EBITDA reconciliation above. EBITDA and Adjusted EBITDA, which are used by management to measure performance, are non-GAAP financial measures. Management believes that EBITDA and Adjusted EBITDA are useful to investors. EBITDA is commonly utilized in our industry to evaluate operating performance, and Adjusted EBITDA is used to determine our compliance with financial covenants related to our debt instruments and is a key metric used to determine incentive compensation for certain of our employees, including members of our executive management team. Both EBITDA and Adjusted EBITDA are included as a supplemental measure of our operating performance because in the opinion of management they eliminate items that have less bearing on our operating performance and highlight trends in our core business that may not otherwise be apparent when relying solely on U.S. GAAP financial measures. In addition, Adjusted EBITDA is one of the primary measures management uses for the planning and budgeting processes and to monitor and evaluate our operating results. EBITDA and Adjusted EBITDA are not recognized items under U.S. GAAP and do not purport to be alternatives to measures of our financial performance as determined in accordance with U.S. GAAP, such as net loss. Because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, EBITDA may not be, and Adjusted EBITDA as presented herein is not, comparable to similarly titled measures reported by other companies.

Results of Operations

Three Months Ended April 30, 2017 Compared to April 30, 2016

(In thousands, except Operating Data)	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016	$ Change	% Change
North America				
Rental revenue	$ 42,704	$ 44,464	$ (1,760)	(4.0)%
Sales revenue	4,498	4,926	(428)	(8.7)%
Service revenue	6,976	7,084	(108)	(1.5)%
Total North America revenue	54,178	56,474	(2,296)	(4.1)%
Total operating expenses[3]	59,482	141,904	(82,422)	(58.1)%
Loss from operations	$ (5,304)	$ (85,430)	$ 80,126	(93.8)%
Europe				
Rental revenue	$ 8,109	$ 7,857	$ 252	3.2 %
Sales revenue	200	8	192	100.0 %
Service revenue	652	693	(41)	(5.9)%
Total European revenue	8,961	8,558	403	4.7 %
Total operating expenses[3]	6,538	5,800	738	12.7 %
Income from operations	$ 2,423	$ 2,758	$ (335)	(12.1)%
Consolidated				
Total revenue	$ 63,139	$ 65,032	$ (1,893)	(2.9)%
Total operating expenses	66,020	147,704	(81,684)	(55.3)%
Total loss from operations	$ (2,881)	$ (82,672)	$ 79,791	96.5 %
Operating Data:				
North America				
Average utilization [1]	45.5%	45.6%	(10bps)	
Average daily rental rate [2]	$ 29.35	$ 29.83	$ (0.48)	(1.6)%
Average number of rental units	22,710	23,083	(373)	(1.6)%
Europe				
Average utilization [1]	39.1%	46.3%	(720bps)	
Average daily rental rate [2]	$ 81.60	$ 88.18	$ (6.58)	(7.5)%
Average number of rental units	1,979	1,498	481	32.1 %
Consolidated				
Average utilization [1]	45.0%	45.6%	(60bps)	
Average daily rental rate [2]	$ 32.99	$ 33.44	$ (0.45)	(1.3)%
Average number of rental units	24,689	24,581	108	0.4 %

(1) The average utilization of rental fleet is a measure of efficiency used by management; it represents the percentage of time a unit of equipment is on-rent during a given period. It is not a U.S. GAAP financial measure.

(2) The average daily rental rate is used by management to gauge the daily rate of rental equipment that we specifically track during a given period. It is not a U.S. GAAP financial measure.

(3) Total operating expenses by reporting segment excludes inter-segment allocations from North America to Europe of $1.1 million and $1.2 million for the three months ended April 30, 2017 and 2016, respectively.

Revenue

North America

Our North American segment revenue decreased primarily due to a decrease in revenues from industrial service customers of $1.5 million, or 18.3%, chemical customers of $1.2 million, or 21.8% and oil and gas customers of $0.7 million, or 11.4%. These decreases were partially offset by an increase in revenue from our construction industry customers of $1.0 million, or 10.0%. The decreases are primarily due to continued pressure in the upstream and downstream oil and gas markets as well as reduced downstream and pipeline opportunities. The increase in the construction industry is due to our focus on improving our penetration into a growing market. Despite the decline in revenue, our average utilization rate remained constant. Our average daily rental rate declined due to competitive pricing pressures in the marketplace. The rental revenue impact of these industries also impacted our sales revenue. Our service revenue declined slightly as a result of the decline in rental revenue.

Europe

Our European segment revenue increased primarily due to an increase in revenues from refinery customers of $0.7 million, or 52.8% and industrial service customers of $0.5 million, or 27.1%. These increases were partially offset by a decrease in revenue from our environmental remediation customers of $1.0 million, or 50.1%. The increase is primarily due to the introduction of our pumps and filtration line of business partially offset by a large project in the prior year that did not recur in the current year. Average utilization decreased 720 bps primarily due to the 32.1% growth in the number of rental units as our expansion into the pump and filtration business continues to expand. The decrease in our average daily rental rate is due to new competition entering the market.

Operating Expenses

North America

The decrease in total operating expenses of $82.4 million is due to the following:

- $84.0 million decrease in goodwill and other intangible asset impairments that was recorded in the first quarter of fiscal 2016.
- $0.5 million decrease in depreciation and amortization expense due to more assets becoming fully depreciated than the depreciation on new assets as well as the impairment of certain identified assets during the year ended January 31, 2017.

The above decreases were partially offset by the following increases:

- $0.8 million increase in repair and maintenance primarily due to the $0.6 million reversal of a regulatory liability in the period ended April 30, 2016 and a $0.2 million increase in rental asset repair and maintenance.
- $0.4 million decrease in the gain on sale of equipment as a result of lower equipment sales.
- $0.3 million increase in employee related expenses primarily due to a $0.6 million increase in insurance costs and a $0.4 million increase in share-based compensation expense. These increases were partially offset by a $0.8 million decrease in payroll and payroll-related costs due to a reduction in headcount from 803 as of April 30, 2016 to 758 as of April 30, 2017. The increased insurance costs were due to a number of large claims in health insurance under our self-insured plan offset by lower worker's compensation insurance. The increase in share-based compensation expense was due to the remeasurement of stock option awards accounted for as liability awards for the period ended April 30, 2016 that resulted in a reduction of expense of $0.3 million.
- $1.0 million increase in rental expense primarily due to a $0.9 million increase in outside hauling due to the repositioning of assets to meet market demands as well as costs to transport our assets to refurbishment centers.
- $0.3 million increase in other operating expenses due to an increase in bad debt expense.

Europe

The increase in total operating expenses of $0.7 million is due to the following:

- $0.2 million increase in filtration cost of sales due to increased sales.
- $0.2 million increase in rental expenses related to the increase in rental revenue.
- $0.2 million increase in other operating expenses primarily related to staffing and business development expenses.
- $0.1 million increase in depreciation and amortization as a result of an increased rental fleet due to the addition of pump and filtration equipment.

Income Tax Benefit

Income tax benefit during the three months ended April 30, 2017 partially decreased by $16.1 million to $4.8 million from $20.9 million during the three months ended April 30, 2016. The tax benefit decrease was primarily due to a decrease in book losses for the three months ended April 30, 2017, partially offset by impairment of non-deductible goodwill which was a discrete item for the three months ended April 30, 2016.

Liquidity and Capital Resources

Liquidity Summary

We have a history of generating higher cash flow from operations than net (loss), income recorded during the same period. The cash flow to fund our business has historically been generated from operations. We utilize this cash flow to invest in property and equipment that are core to our business and to reduce debt. We invest in assets that have relatively long useful lives. The Internal Revenue Code allows us to accelerate the depreciation of these assets for tax purposes over a much shorter period allowing us to defer the payment of income taxes.

Cash and cash equivalents by geographic region were the following:

(In thousands)	April 30, 2017	January 31, 2017	$ Change	% Change
United States	$ 11,442	$ 30,608	$ (19,166)	(62.6)%
Europe	14,675	13,438	1,237	9.2 %
Canada	1,186	517	669	129.4 %
Total cash and cash equivalents	$ 27,303	$ 44,563	$ (17,260)	(38.7)%

Our cash held outside the United States may be repatriated to the United States but, under current law, may be subject to United States federal income taxes, less applicable foreign tax credits. We do not plan to repatriate cash balances from our foreign subsidiaries to fund our operations within the United States. We have not provided for the United States federal tax liability on these amounts as this cash is considered permanently reinvested outside of the United States. We utilize a variety of cash planning strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed. Our intent is to meet our domestic liquidity needs through ongoing cash flow, external borrowings, or both.

Our business requires ongoing investment in equipment to maintain the size of our rental fleet. Most of our assets, if properly maintained, may generate a level of revenue similar to new assets of the same type over the assets' useful lives. There is not a well-defined secondary or resale market for the majority of our assets; therefore, we rent our assets for as long as they may safely be employed to meet our customers' needs. We invest capital in additional equipment with the expectation of generating revenue on that investment within a relatively short period of time.

We invest in new equipment for several reasons, including:

- to expand our fleet of current product lines within markets where we already operate;
- to enter new geographic regions;
- to add additional product offerings in response to customer or market demands; and
- to replace equipment that has been retired because it is no longer functional.

We have not made long-term commitments to purchase equipment. Additionally, the period of time between when we place an order for equipment and when we begin to receive it is typically two to four months. This ordering process enables us to quickly reduce our capital spending during periods of economic slowdown. During periods of expansion, we fund our investments in equipment utilizing our cash flow from operations or borrowings. Management believes our cash flow from operations and our credit facility will be sufficient to fund our current operating needs and capital expenditures for at least the next 12 months.

We may use funds to repurchase our outstanding indebtedness from time to time, including outstanding indebtedness under our credit facility and notes. Repurchases may be made in the open market, or through privately negotiated transactions or otherwise, in compliance with applicable laws, rules and regulations, at prices and on terms we deem appropriate and subject to our cash requirements for other purposes, compliance with the covenants under our debt agreements, and other factors management deems relevant.

Debt

On June 1, 2011, we (i) entered into a $435.0 million senior secured credit facility (the "Credit Facility"), consisting of a $390.0 million term loan facility (the "Senior Term Loan") and a $45.0 million revolving credit facility (the "Revolving Credit Facility") and (ii) issued $240.0 million in aggregate principal amount of senior unsecured notes due 2019 (the "Notes").

Credit Facility

On February 7, 2013, we entered into a first amendment to our Credit Facility (the "First Amendment") to refinance our Credit Facility. Pursuant to the First Amendment, we borrowed $384.2 million of term loans (the "Amended Senior Term Loan") to refinance a like amount of term loans (the "Original Term Loan") under the Credit Facility. Borrowings under the Credit Facility bear interest at a rate equal to LIBOR plus an applicable margin, subject to a LIBOR floor of 1.25%. The LIBOR margin applicable to the Amended Senior Term Loan is 3.00%, which is 0.75% less than the LIBOR margin applicable to the Original Term Loan. In addition, pursuant to the First Amendment, among other things, (i) the Senior Term Loan maturity date was extended to February 7, 2020, provided that the maturity will be March 2, 2019 if the Amended Senior Term Loan is not repaid or refinanced on or prior to March 2, 2019, (ii) the Revolving Credit Facility maturity date was extended to February 7, 2018, and (iii) we obtained increased flexibility with respect to certain covenants and restrictions relating to the Company's ability to incur additional debt, make investments, debt prepayments, and acquisitions. Principal on the Senior Term Loan is payable in quarterly installments of $1.0 million. Furthermore, the excess cash flow prepayment requirement is in effect until the maturity date.

On November 13, 2013, we entered into a second amendment to the Credit Facility (the "Second Amendment"). Pursuant to the Second Amendment, the Company borrowed $35.0 million of incremental term loans (the "Incremental Term Loan"), which may be used for general corporate purposes, including to finance permitted acquisitions. The terms applicable to the Incremental Term Loan are the same as those applicable to the term loans under the Credit Facility.

On November 3, 2016, we entered into a third amendment to our Credit Facility (the "Third Amendment") to amend the Revolving Credit Facility. The amendment (i) extends the Revolving Credit Facility maturity date from February 7, 2018 to November 7, 2019 (provided that such maturity date will be accelerated to January 30, 2019 unless the Company's senior notes are repaid in full or extended or refinanced on or prior to January 30, 2019) and (ii) reduces the revolver commitment from $45.0 million to $40.0 million in addition to certain other amendments to the original terms.

Under the Credit Facility, we may be required to satisfy and maintain a total leverage ratio not in excess of the leverage ratio 6.00:1.00 if there is an outstanding balance on the Revolving Credit Facility of 25% or more of the committed amount on any quarter end. The total leverage ratio is calculated as our net debt (total debt less cash and cash equivalents) divided by our trailing twelve months' Adjusted EBITDA.

On April 30, 2017, we did not have an outstanding balance on the Revolving Credit Facility, as a result, we were not subject to a leverage test. Additionally, we were in compliance with all of our requirements and covenant tests under the Credit Facility.

The Credit Facility, as amended, during February 2013, November 2013 and November 2016, contains certain restrictive covenants (in each case, subject to exclusions) that limit, among other things, our ability and the ability of our restricted subsidiaries to: (1) create, incur, assume, or permit to exist, any liens; (2) create, incur, assume, or permit to exist, directly or indirectly, any additional indebtedness; (3) consolidate, merge, amalgamate, liquidate, wind up, or dissolve themselves; (4) convey, sell, lease, license, assign, transfer, or otherwise dispose of assets; (5) make certain restricted payments; (6) make certain investments; (7) make any optional prepayment, repayment, or redemption with respect to, or amend or otherwise alter the terms of documents related to, certain subordinated indebtedness; (8) enter into sale leaseback transactions; (9) enter into transactions with affiliates; (10) change our fiscal year end date or the method of determining fiscal quarters; (11) enter into contracts that limit our ability to incur any lien to secure our obligations under the Credit Facility; (12) create any encumbrance or restriction on the ability of any restricted subsidiary to make certain distributions; and (13) engage in certain lines of business. The Credit Facility also contains other customary restrictive covenants. The covenants are subject to various baskets and materiality thresholds.

The Third Amendment is accounted for as debt modification. Costs incurred in connection with the Third Amendment were deferred and amortized over the term of the amended Revolving Credit Facility. In addition, any unamortized deferred costs related to the old arrangement were written off in proportion to the decrease in borrowing capacity.

Costs related to debt financing are deferred and amortized to interest expense over the term of the underlying debt instruments utilizing the straight-line method for our revolving credit facility and the effective interest method for our senior term and revolving loan facilities. We amortized $0.7 million of deferred financing costs during each of the three months ended April 30, 2017 and 2016, respectively.

Senior Unsecured Notes due 2019

On June 1, 2011, we issued $240.0 million of fixed rate 8.25% senior unsecured notes due June 1, 2019. We may redeem all or any portion of the Notes at the redemption prices set forth in the applicable indenture, plus accrued and unpaid interest. Upon a change of control, we are required to make an offer to redeem all of the Notes from the holders at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of the repurchase. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by our direct and indirect existing and future wholly-owned domestic restricted subsidiaries.

Interest and Fees

Interest and fees related to our Credit Facility and the Notes were as follows:

	Three Months Ended April 30,	
(In thousands)	**2017**	**2016**
Credit Facility interest and fees[1]	$ 4,859	$ 4,770
Notes interest and fees [2]	5,296	5,267
Total interest and fees	$ 10,155	$ 10,037

(1) Interest on the Amended Term Loan is payable quarterly based upon an interest rate of 4.25%.
(2) Interest on the Notes is payable semi-annually based upon a fixed annual rate of 8.25%.

Principal Payments on Debt

As of April 30, 2017, the minimum required principal payments on our debt for each of the fiscal years ending January 31 are due according to the following table:

(In thousands)	
Remainder of the fiscal year ending January 31, 2018	$ 3,123
2019	4,163
2020	634,414
Total	$ 641,700

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Sources and Uses of Cash

Our sources and uses of cash for selected line items in our condensed consolidated statements of cash flows were the following:

	Three Months Ended April 30,		
(In thousands)	**2017**	**2016**	**$ Change**
Net loss	$ (8,211)	$ (71,813)	$ 63,602
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Provision for doubtful accounts	600	312	288
Provision for excess and obsolete inventory, net	55	—	55
Share-based compensation expense	138	(272)	410
Gain on sale of equipment	(1,120)	(658)	(462)
Depreciation and amortization	14,721	15,109	(388)
Amortization of deferred financing costs	744	707	37
Deferred income taxes	(5,049)	(21,308)	16,259
Amortization of above-market lease	(38)	(38)	—
Impairment of goodwill and other intangible assets	—	84,046	(84,046)
Impairment of long-lived assets	200	—	200
Changes in assets and liabilities:			
Accounts receivable	(6,787)	2,417	(9,204)
Inventories	(675)	4,319	(4,994)
Prepaid expenses and other assets	565	(111)	676
Accounts payable and other liabilities	(1,554)	(2,755)	1,201
Cash (used in) provided by operating activities	(6,411)	9,955	(16,366)
Cash used in investing activities	(9,366)	(19,853)	10,487
Cash used in financing activities	(1,041)	(1,041)	—
Effect of foreign currency translation on cash	(442)	(40)	(402)
Net decrease in cash and cash equivalents	$ (17,260)	$ (10,979)	$ (6,281)

Cash (Used in) Provided by Operating Activities

Cash flow used in operations during the three months ended April 30, 2017 totaled $6.4 million, a decrease of $16.4 million compared to the three months ended April 30, 2016. This decrease was primarily related to the following:

- The change in accounts receivable resulted in a $9.2 million decrease to cash provided by operating activities.
- The change in inventories resulted in a $5.0 million decrease to cash provided by operating activities due to the completion and transfer of assembled equipment to our rental fleet.
- The change in gain on sale of equipment resulted in a $0.5 million decrease due to higher sales of equipment in the current fiscal period.
- The change in depreciation and amortization resulted in a $0.4 million decrease, primarily due to the higher disposition of aged equipment and the impairment of long-lived assets in the third quarter of fiscal year 2017.

The decreases above are partially offset by the following:

- Net loss decreased $63.6 million from a net loss of $71.8 million during the three months ended April 30, 2016 to a net loss of $8.2 million during the three months ended April 30, 2017.
- The change in deferred income taxes resulted in a $16.3 million increase to cash provided by operating activities.
- The change in accounts payable and other liabilities resulted in a $1.2 million increase to cash used in operating activities primarily due to cost saving initiatives implemented in the current year.

- The change in prepaid expenses and other assets resulted in a $0.7 million increase, primarily due to a decrease in payments of software support subscriptions and collections of miscellaneous receivables.
- The change in share-based compensation expense resulted in a $0.4 million increase, primarily due to the remeasurement of our stock options accounted for as liability awards in the three months ended April 30, 2016

Cash Used In Investing Activities

Cash used in investing activities consists of cash used to purchase property and equipment, partially offset by proceeds from the sale of equipment from our rental fleet. Purchases of property and equipment totaled $9.8 million and $21.1 million during the three months ended April 30, 2017 and 2016, respectively. Proceeds from equipment sales totaled $0.5 million and $1.3 million during the three months ended April 30, 2017 and 2016, respectively. The decrease in capital expenditures was due to prior year accelerated capital spending to increase the quality of our rental fleet.

Cash Used In Financing Activities

Cash used in financing activities represents principal payments on our debt.

Effect of Exchange Rate Changes on Cash

The effect of foreign currency translation on cash resulted in a decrease of $0.4 million and $0.04 million to cash and cash equivalents during the three months ended April 30, 2017 and 2016, respectively. The Euro/USD, the British Pound Sterling/USD and Canadian dollar/USD spot rates changed from 1.140, 1.461, and 0.798, respectively, as of April 30, 2016 to 1.089, 1.294, and 0.732, respectively, as of April 30, 2017.

Hedging Activities

From time to time, we may use interest rate swap agreements to effectively convert a portion of our debt with variable interest rates into a fixed interest rate obligation. Under our interest rate swap agreements, we typically agree to pay the counterparty a fixed interest rate in exchange for receiving interest payments based on an interest rate that will vary similarly to the rate on the debt that we are attempting to hedge. We have historically conducted our swaps with large well-capitalized counterparties whom we determined to be creditworthy.

Our interest rate swaps expired as of July 31, 2016 and we are not a party to any new interest rate swaps since the swaps expired in July 2016 as of April 30, 2017. We are always evaluating the interest rate risk exposure and could enter into agreements to manage our risk.

Contractual Obligations

There has been no material change to our contractual obligations as disclosed in our 2017 Annual Report.

Off-Balance Sheet Arrangements

As of April 30, 2017, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have or are reasonably likely to have a material current or future effect on our financial condition, changes in our financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rates

From time to time, we may use interest rate swaps, collars or options to manage our exposure to fluctuations in interest rates. As of April 30, 2017, our total indebtedness was $641.7 million (including $240.0 million aggregate principal amount of 8.25% senior notes due 2019 and $401.7 million aggregate principal amount outstanding of LIBOR term loans (subject to a 1.25% floor) under our term loan facility). A 100 basis point increase or decrease in the assumed interest rates on the credit facilities would result in a $1.5 million increase or decrease in reported net loss for the three months ended April 30, 2017.

Impact of Foreign Currency Rate Changes

We currently have branch operations outside the United States, and our foreign subsidiaries conduct their business in local currency. Our operations in Canada are denominated in the Canadian dollar, operations in the Netherlands, Germany and France are denominated in the Euro, and operations in the United Kingdom are denominated in the British Pound Sterling. Likewise, we pay our expenses in the local currencies, described above, in the areas in which we operate. We are exposed to foreign exchange rate fluctuations as the financial results of our non-United States operations are translated into U.S. dollars. Based upon the financial results of our international operations during the period relative to the Company as a whole, a 10% change in the exchange rates would not have a material impact on our after-tax earnings.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company under the supervision and with the participation of the Company's management, including the Chief Executive Officer (its principal executive officer) and the Chief Financial Officer (its principal financial officer), evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of April 30, 2017.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended April 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth above under Note 13, "Commitments and Contingencies – Litigation," contained in the notes to the condensed consolidated financial statements is incorporated herein by reference.

Item 1A. Risk Factors

Our results of operations and financial condition are subject to numerous risks and uncertainties described in our Form 10-K for the year ended January 31, 2017, which risk factors are incorporated herein by reference. You should carefully consider these risk factors in conjunction with the other information contained in this report. Should any of these risks materialize, our business, financial condition and future prospects could be negatively impacted.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable

Item 3. Defaults upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BAKERCORP INTERNATIONAL, INC.

Date:	June 14, 2017	By:	/s/ Robert Craycraft
			Robert Craycraft
			President and Chief Executive Officer
		By:	/s/ Raymond Aronoff
			Raymond Aronoff
			Chief Operating Officer and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

EXHIBIT 31.1

Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert Craycraft, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended April 30, 2017 of BakerCorp International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant on, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 14, 2017

/s/ Robert Craycraft

Robert Craycraft

President and Chief Executive Officer

EXHIBIT 31.2

Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Raymond Aronoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended April 30, 2017 of BakerCorp International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 14, 2017

/s/ Raymond Aronoff

Raymond Aronoff

Vice President, Chief Operating Officer and
Chief Financial Officer

EXHIBIT 32

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), Robert Craycraft, President and Chief Executive Officer, and Raymond Aronoff, Vice President, Chief Operating Officer and Chief Financial Officer of BakerCorp International, Inc. (the "Company"), each certifies with respect to the Quarterly Report of the Company on Form 10-Q for the period ended April 30, 2017 (the "Report") that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 14, 2017

/s/ Robert Craycraft

Robert Craycraft
President and Chief Executive Officer

June 14, 2017

/s/ Raymond Aronoff

Raymond Aronoff
Vice President, Chief Operating Officer and
Chief Financial Officer