

RATING ACTION COMMENTARY

Fitch Revises ALD's and LeasePlan's Outlook to Positive; Affirms IDRs at 'BBB+'

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Fitch Ratings - Frankfurt am Main - 06 Jul 2023: Fitch Ratings has revised ALD S.A.'s and LeasePlan Corporation's N.V. (LeasePlan) Outlooks to Positive from Stable, while affirming their Long-Term Issuer Default Ratings (IDRs) at 'BBB+'. ALD's and LeasePlan's 'bbb+' group Viability Rating (VR) is unaffected by today's rating action. A full list of rating actions is below.

The rating action follows the recent revision of the Outlook to Positive on ALD's majority shareholder Societe Generale S.A. (SG; see 'Fitch Revises Societe Generale's Outlook to Positive; Affirms at 'A-' dated 3 July 2023 and available at www.fitchratings.com).

Following the completion of ALD's acquisition of LeasePlan in May 2023 (see 'Fitch Upgrades ALD and LeasePlan Senior Unsecured Debt to 'A-'; Affirms IDRs at 'BBB+/'Stable', published 22 May 2023 and available on www.fitchratings.com), ALD's and LeasePlan's Long-Term IDRs are based on both our assessment of available shareholder support from SG and the combined entity's creditworthiness as expressed in the group VR.

KEY RATING DRIVERS

Improving Ability to Support: The Outlook revision principally reflects SG's improved ability to support ALD and LeasePlan. ALD's and LeasePlan's IDRs and Shareholder Support Ratings (SSRs) reflect our view that extraordinary capital or liquidity support from SG would be highly likely, if needed.

The acquisition of LeasePlan has increased strategic importance of the combined entity for SG, in particular with regard to earnings generation. The support considerations also factor in SG's commitment to retain a majority stake in the combined entity (with a 40-

month lock-up period post-acquisition), material funding from the parent bank and the inclusion of ALD within SG's resolution perimeter.

Notched Down Once: The one-notch difference between ALD's and SG's IDRs mainly reflects SG's diluted ownership stake (53% or 51% in case of warrant exercise) and a presence of a large minority private-equity ownership following the LeasePlan acquisition.

Group Rating: We view LeasePlan as a core and highly integrated subsidiary of ALD with the integration process to be finalised by 2025. Given LeasePlan's size (about 50% of the combined group's fleet), 'group' ratings reflect that the parent's and the subsidiary's credit profiles are significantly correlated and their failure risk is substantially the same given future high integration in management and systems, as well as fungibility of balance sheets. The group VR of 'bbb+' is unaffected by today's rating action.

Higher of Two Short-Term IDRs: ALD's and LeasePlan's Short-Term IDRs of 'F1' correspond to the higher of two options mapping to a 'BBB+' Long-Term IDR and are based on support from SG.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A revision of the Outlook on SG's Long-Term IDR to Stable would result in a similar revision of ALD's and LeasePlan's Outlooks.

A weakening of SG's propensity to support the subsidiaries could result in a downgrade of ALD's and LeasePlan's SSRs.

A downgrade of ALD's and LeasePlan's Long-Term IDRs would require both a downgrade of the group VR and their SSRs.

Inability to integrate LeasePlan in line with projections, in particular if it leads to operational losses, materially higher restructuring costs or lower synergies, could result in a downgrade of the group VR.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of ALD's and LeasePlan's Long-Term IDRs would require an upgrade of the group VR or their SSRs.

An upgrade of SG would lead to an upgrade of ALD's and LeasePlan's SSRs, in the absence of significant weakening of SG's propensity to support the combined entity.

Increased strategic relevance of the combined entity for SG and a material increase in the ownership stake could lead to an equalisation of their SSRs with SG's Long-Term IDR.

Successful integration of LeasePlan in line with management projections while maintaining or improving the combined entity's financial profile metrics could in the medium term result in an upgrade of the group VR.

DEBT AND OTHER INSTRUMENT RATINGS: KEY RATING DRIVERS

Senior Debt Notched Up: ALD's and LeasePlan's senior unsecured debt ratings of 'A-' reflect Fitch's expectation that the two issuers' external senior creditors will benefit from the protection available from resolution debt buffers raised at the level of SG. This is based on the subsidiaries' inclusion within SG's single point-of-entry resolution perimeter.

DEBT AND OTHER INSTRUMENT RATINGS: RATING SENSITIVITIES

ALD's and LeasePlan's long-term senior debt ratings are primarily sensitive to changes in ALD's and LeasePlan's respective Long-Term IDRs. In addition, we would downgrade the long-term senior debt ratings by a notch if Fitch no longer expects the issuers to benefit from large resolution debt buffers raised by SG, currently well in excess of 10% of group risk-weighted assets, or if we no longer expect SG to meet its minimum requirement for own funds and eligible liabilities with only senior non-preferred and more junior instruments.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit

<https://www.fitchratings.com/site/re/10111579>

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

ALD's and LeasePlan's IDRs are linked to SG's IDRs.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅			PRIOR ⇅
ALD S.A.	LT IDR	BBB+ Rating Outlook Positive		BBB+ Rating Outlook Stable
	Affirmed			
	ST IDR	F1	Affirmed	F1
	Shareholder Support	bbb+	Affirmed	bbb+
senior unsecured	LT	A-	Affirmed	A-
senior unsecured	ST	F1	Affirmed	F1
LeasePlan Corporation N.V.	LT IDR	BBB+ Rating Outlook Positive		BBB+ Rating Outlook Stable
	Affirmed			

	ST	IDR	F1	Affirmed	F1
		Shareholder Support	bbb+	Affirmed	bbb+
senior unsecured	LT	A-	Affirmed		A-
senior unsecured	ST	F1	Affirmed		F1

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA[Bank Rating Criteria \(pub. 07 Sep 2022\) \(including rating assumption sensitivity\)](#)[Non-Bank Financial Institutions Rating Criteria \(pub. 05 May 2023\) \(including rating assumption sensitivity\)](#)**ADDITIONAL DISCLOSURES**[Dodd-Frank Rating Information Disclosure Form](#)[Solicitation Status](#)[Endorsement Policy](#)**ENDORSEMENT STATUS**

ALD S.A.

EU Issued, UK Endorsed

LeasePlan Corporation N.V.

EU Issued, UK Endorsed

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