ALD

PRESS RELEASE

ANNUAL FINANCIAL INFORMATION

Paris, 7 February 2019

ALD REPORTS FULL YEAR 2018 RESULTS*

- **2018 OPERATING AND FINANCIAL PERFORMANCE OVERALL IN LINE WITH GUIDANCE**
- **RECORD TOTAL FLEET GROWTH OF 10.1%, CONFIRMING ALD'S LEADING POSITION IN EUROPE**
- **LEASING CONTRACT AND SERVICES MARGINS ROSE STRONGLY, UP 6.3%**
- **CAR SALES RESULT PER UNIT AT EUR 362**
- **IMPROVED COST/INCOME RATIO (EXCL. CAR SALES RESULT) AT 49.8%, DOWN BY 1.4 PERCENTAGE POINTS**
- **NET INCOME (GROUP SHARE) DOWN SLIGHTLY AT 555.6 MILLION**
- **EPS[1] AT EUR 1.37**
- **PROPOSED 2018 DIVIDEND OF EUR 0.58 PER SHARE UP FROM EUR 0.55 IN 2017**

2018 RESULTS HIGHLIGHTS

- ✓ **Total Fleet** growth above 8-10% guidance at 10.1%; 1.66 million vehicles managed worldwide at end Dec 18, including more than 100K electric and hybrid vehicles
- ✓ **Gross Operating Income** at EUR 1,343.0 million, up 0.8% vs. 2017
- ✓ **Leasing Contract and Services Margins** up 6.3%, below 8-10% guidance, principally due to impact of Italian Stability Law[2]
- ✓ **Car Sales Result per unit** in upper part of EUR 200-400 guidance; Car Sales Result at EUR 102.5 million

[1] Diluted Earnings per share, calculated according to IAS33. Basic EPS for 2018 at EUR 1.38
[2] Estimated to lower growth in Leasing Contract & Services Margins by up to 1.5% in 2018 vs. 2017 (management information)

**The Group's unaudited consolidated results as at 31 December 2018 were examined by the Board of Directors, chaired by Didier Hauguel, on 6 February 2019. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.*

- ✓ **Operating Expenses** up 3.3%, Cost/Income Ratio (excl. Car Sales Result) at 49.8%, better than 50% guidance
- ✓ **Net Income (Group share**) at EUR 555.6 million in 2018, down 2.1% vs. 2017
- ✓ **Earnings per share**[1] at EUR 1.37
- ✓ **Proposed dividend** of EUR 0.58 per share, corresponding to a payout ratio of 42.0%, in line with 40-50% guidance
- ✓ **ROE**[3] at 15.9%
- ✓ **Equity/Asset ratio** at 15.8%, in line with 15-17% guidance

GUIDANCE FOR 2019

- ✓ 5-7% organic growth in Total Fleet vs. 2018, plus bolt-on acquisitions as opportunities arise
- ✓ Car Sales Result per unit to average between EUR 100 and EUR 300
- ✓ Cost/Income (excluding Car Sales Result) ratio to improve further, to circa 49%
- ✓ The ratio of Total Equity to Total Assets to remain between 15 and 17%.
- ✓ Payout ratio of 40-50% in 2019

On 7 February, Mike Masterson, ALD CEO, commenting on the FY 2018 Group Results, stated:

"2018 was yet another year of record fleet growth for ALD, confirming our market leadership and demonstrating the strength of our commercial franchise. This success continues to be driven by the quality of our services, for which we once again received numerous awards, our unique multichannel sales organisation, and our state of the art digital tools. In the face of headwinds from a challenging used car market for diesel vehicles, ALD managed to record financial results close to the record performance in 2017. We aim to lead the market in the transformation of our fleet from diesel engine towards electric and hybrid powertrains. The Group's focus on this transformation has resulted in a significant rebalancing of our powertrain mix in the deliveries made over the last 12 months. At the same time, we are making good progress in the development of used car leasing. We continued to allocate substantial ressources to our IT investments, which we strongly believe to be key to our future competitiveness. Our overall operating and financial performance in 2018 was substantially in line with the guidance we had provided to the market, and underpinned by a further improvement in our already best-in-class operating efficiency. I am confident that in 2019 we will confirm the robustness of our operating model and our leading competitive position thanks to our unrivalled partnership network and technology."

STRONG BUSINESS DEVELOPMENT ACROSS ALL REGIONS

ALD again generated exceptionally strong fleet growth during 2018 with total fleet reaching 1.66 million vehicles at the end of December, up 10.1% vs. the end of the previous year, above the guidance range of 8-10% provided at the start of the year.

[3] ROE: Return on Equity | See definition note 2, page 10

All geographical regions contributed to this strong performance during 2018. Total fleet rose robustly in the three European regions, by 10.0% in Western Europe, 9.4% in Northern Europe, 6.9% in Central & Eastern Europe. In South America, Africa & Asia the pace of increase was particularly dynamic, at 17.4%.

All client segments showed strong fleet growth in 2018. ALD remains ahead of the competition in its ability to implement commercial partnerships. The Group's sales via partnerships increased by 15.9%, strongly contributing to overall fleet growth. Direct sales fleet (mostly to corporates) grew 7.3% year on year.

ALD continues to expand the range of its partners. On 6 February 2019, the Group announced the signing of a strategic partnership to develop energy mobility solutions with E.ON, a leading European energy company. This partnership will focus on mobility offerings for electric vehicles for corporate customers, municipalities and private customers in Europe.

At the end of 2018, private lease represented more than 112K vehicles, i.e. 6.7% of total fleet, up 45% since the end of 2017, with two thirds of growth coming via our partners and the remainder direct. We are confident of achieving the target of 150K vehicles we have set ourselves for the end of 2019. Strong growth in the private lease segment contributes to a fleet mix that corresponds better with the demand in the used car market.

ALD is actively promoting a move away from diesel and, where appropriate, encourages clients to opt for electric and hybrid vehicles. This policy is showing strong results: the share of diesel in the deliveries of passenger cars dropped to 53% in Q4 18, down significantly from 64% in Q4 17, while for the full year 2018 it stood at 58%, down from 67% in 2017. At the same time, the penetration of electric and hybrid vehicles continued to rise: they represented 15% of all deliveries in Q4 18, vs. 9% a year earlier. Within Total Fleet they represented more than 100K vehicles at the end of 2018, up by almost 50% in just one year.

ALD's traditional passenger car fleet is now almost entirely equipped with 'Euro 6' engines, respecting the latest European emission norms. The Group's remaining approximately 60K 'Euro 5' diesel powered passenger cars, representing less than 5% of its funded fleet, are coming off lease this year. The general shift away from diesel is continuing unabated, with the share of deliveries expected to fall by circa ten more percentage points in 2019.

SOLID OPERATING AND FINANCIAL RESULTS

ALD's Gross Operating Income rose to EUR 1,343.0 million, up 0.8% vs. 2017, with strong growth in Leasing Contract and Services Margins more than compensating for a lower Car Sales Result. Q4 18 Gross Operating Income reached EUR 337.8 million, marginally lower than in Q4 17.

Leasing Contract Margin rose to EUR 623.8 million and Services Margin to EUR 616.7 million in 2018, up 8.6% and 4.0% respectively vs. 2017. When adjusted for Q1 17 one-off impacts of Italian anti-trust provisions and unwinding of equity swaps they rose 6.8% and 5.7% respectively. In Q4 18 Leasing Contract Margin stood at EUR 157.8 million, up 2.7% and Services Margin at EUR 163.0 million, up 7.4%.

Two factors put a damper on growth in margins, causing it to fall short of the 8-10% guidance provided at the start of the year:

- The Italian Stability Law continued to exert a significant drag[4] on Services Margin progression, as the reduction in Income tax expense generated by this Law peaked in 2018. However, the resulting boost to Net Income more than compensates for the impact of the lower Services Margin;

[4] Estimated to lower growth in Leasing Contract & Services Margins by up to 1.5% in 2018 vs. 2017 (management information)

- ALD's progressive repricing of diesel residual values in a competitive commercial environment has also put downward pressure on margins during 2018.

The contribution to Gross Operating Income from Car Sales Result continued to fall in 2018, reaching EUR 102.5 million in 2018, vs. EUR 165.3 million in the previous year. In Q4 18 Car Sales Result was EUR 17.1 million, down from EUR 32.6 million in Q4 17.

Average sales margin for the year on used vehicles[5] came in at EUR 362, down from EUR 639 in 2017, but comfortably in the upper part of the EUR 200 to 400 guidance provided at the start of the year. The Q4 2018 average dropped to EUR 235, down from EUR 368 recorded in the previous quarter and significantly below the 9M 18 average of EUR 405, in large part due to seasonal factors.

The number of used cars sold[5] in Q4 18 was 73K[5] bringing the total for 2018 to 283K, up 9.4% vs. 259K in 2017, roughly in line with fleet growth.

Average stock turnover[5] remained stable throughout the year. The proportion of cars sold via electronic platforms[5] remained well above 60% of total cars sold in 2018.

Total Operating Expenses increased by just 3.3% to EUR 617.6 million, vs. EUR 598.0 million in 2017 (helped by the final quarter, which saw a slight fall). Within the total amount, Staff expenses increased by 4.8% in 2018, to EUR 397.2 million (vs. EUR 379.0 million in 2017), benefiting from process digitisation, economies of scale, staff synergies from acquisitions and strong fleet growth in South America, Africa & Asia, while General & Administrative expenses dropped 2.4% vs. 2017.

This controlled increase in Operating Expenses, three percentage points below that of Leasing contract and Services margins growth and despite ongoing investment in IT and digital innovations, reflects a cost discipline culture embedded throughout the organisation. It led to an improvement in the Cost/Income (excluding Car Sales Result) ratio to 49.8% in 2018, from 51.2% in 2017 and 53.0% in 2016, surpassing the 50% objective set at the start of the year.

Impairment charges on receivables reached EUR 11.1 million in Q4 18, slightly down from the previous quarter, bringing the total for the year to EUR 37.8 million, rising by 69.0% from the EUR 22.4 million recorded in 2017. The cost of risk[6] nevertheless remained contained at 21 bps in 2018, up from the exceptionally low level of 14 bps in 2017, but in line with preceding years.

The effective tax rate of 18.4% for 2018 was significantly below 2017's rate of 19.7%, notably reflecting the benefit of the Italian Stability Law, which reached its maximum this year. This impact is expected to last until 2020, decreasing gradually.

ALD recorded a Net Income (Group Share) of EUR 555.6 in 2018, slightly down from EUR 567.6 million in 2017, as the impact of a lower Car Sales Result and higher cost of risk outweighed that of the Group's exceptionally strong fleet growth and improved operating efficiency. Q4 18 Net Income (Group Share) was EUR 140.2 million, up 0.7% vs. Q4 17.

Earning Assets rose 12.8% at the end of 2018 vs. the end of the previous year, reaching EUR 19.1 billion, underpinned by 10.1% on-balance sheet fleet growth. Financial debt rose 11.2% vs. end 2017.

Backed by strong long term ratings from Fitch Ratings (A-) and S&P Global Ratings (BBB+), ALD raised a record EUR 1.8 billion of new funding on public markets in 2018 via its EMTN bond programme, including ALD's first Positive Impact

[5] Management information
[6] Cost of risk: Annualised ratio, using the Impairment Charges on Receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

bond. The Group also renewed private securitisations in the UK, the Netherlands and Belgium. As a result, total funding at the end of 2018 stood at EUR 16.8 billion (vs. EUR 15.1 billion at the end of 2017) of which 68% consisted of loans from Societe Generale, down from 72% at the end of 2017.

The Group's Total Equity to Total Assets ratio stood at 15.8% at the end of 2018, well inside the target range of 15-17%.

The Return on Average Earning Assets[7] in 2018 was 3.1% (vs. 3.6% in 2017), while ALD's ROE[7] was 15.9% (vs. 17.9%[8] in the previous year).

Earnings Per Share[9] for 2018 amounts to EUR 1.37, vs. EUR 1.40 in 2017. The Board of Directors has decided to propose to the General Meeting of Shareholders that a dividend of EUR 0.58 per share (vs. EUR 0.55 in 2017) be distributed in respect of the 2018 financial year, corresponding to a payout ratio of 42.0% (up from 39.2% last year). Conditional on this approval, the dividend will be detached on 29 May 2019 and paid on 31 May 2019.

The Group's unaudited consolidated results as at 31 December 2018 were examined by the Board of Directors, chaired by Didier Hauguel, on 6 February 2019. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.

KEY STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

Acquisition of Reflex Alquiler Flexible de Vehículos in Spain

On 29 June 2018, ALD signed an agreement to acquire Reflex Alquiler Flexible de Vehículos, an independent Spanish flexible renting provider with a fleet of c. 2K vehicles rented to SMEs. This acquisition, which is expected to strengthen ALD's product offering in Spain while expanding the commercial reach of its solutions to SMEs, forms part of ALD's development strategy and is an example of ALD's focus on targeted and value accretive bolt-on acquisitions.

Partnership with AXA France

On 21 June 2018, ALD launched, together with its partner AXA France, an "All in One" offer, including Full Damage Waiver, aimed at both BtoB and BtoC markets. This packaged offer is commercialised through the AXA France network, and is aimed at enlarging ALD's client base in France, particularly on the SMEs and private lease markets.

Pilot agreement with MaaS Global

On 27 June 2018, ALD signed a pilot agreement with MaaS Global, an international mobility operator based in Finland, to provide car sharing services through Whim, the company's Mobility-as-a-Service app, in Helsinki. This agreement fully supports ALD's distribution strategy to partner up with innovative players in order to broaden the company's offering and extend the reach of its services.

[7] See definition note 2, page 10
[8] Not restated for IFRS9 standard
[9] Diluted Earnings per share, calculated according to IAS33. Basic EPS for 2018 at EUR 1.38

New partnership agreement with Mazda in the Netherlands

Since 1 June 2018, ALD provides white-labeled operational leasing services for Mazda's entire range of leasing products in the Netherlands. Mazda selected ALD in the Netherlands for its innovative offering and market leading expertise as a global distribution partner. This new agreement reinforces the existing successful partnership between the two companies, as ALD also provides full service leasing services for Mazda through its dealership networks in Spain and Italy.

Launch of "*Leasing Auto avec Boursorama Banque*", first 100% online private lease e-shop for Boursorama clients

In October 2018, ALD, in partnership with Boursorama, launched "*Leasing Auto avec Boursorama Banque*". This e-shop offers Boursorama clients a 100% online experience to subscribe to and manage their private lease contracts.

Signing of strategic partnership and development agreement with Vinli

In October 2018, ALD Automotive signed a strategic partnership and development agreement with Vinli, a connected car platform provider, to benefit from its cloud-connected car and data intelligence platform for smart car data integration and processing, in addition to access to its connected car software development expertise.

Best Customer Service Award for ALD France, ALD Spain and ALD Morocco

For the 11th year in a row, ALD France was awarded "Best Customer Service Award" in the Full Service Leasing category. Commitment, training and digitisation were the key success factors highlighted. ALD Spain and ALD Morocco also received "Best Customer Service Award" in the same category, both for the second year.

Successful issuance of first ever Positive Impact Bond to finance electric and hybrid vehicles

On 5 October 2018, ALD successfully issued an inaugural Positive Impact Bond, a EUR 500m 4-years fixed-rate senior note, demonstrating its commitment to finding innovative financial solutions to fund clean transportation and to promote the transition to a low carbon future. The proceeds of the bond are aimed at financing eligible vehicles, i.e. electric vehicles (EV), hybrid electric vehicle (HEV) and plug-in hybrid vehicles (PHEV), across 13 countries in Europe.

Fitch Ratings assigned ALD a Long-Term Issuer Default Rating of A- with stable outlook

On 20 September 2018, Fitch Ratings assigned ALD a Long Term Issuer Default Rating of A- with stable outlook. Significant factors highlighted by the credit rating agency in its opinion are parental support from ALD's majority shareholder, Societe Generale, and ALD's sound stand-alone credit profile, underpinned by its well-established, leading franchise in European car leasing, its well-articulated and soundly executed strategy and ordinary support from Societe Generale in its funding profile.

S&P Global Ratings upgraded ALD's Long Term issuer credit rating to BBB+ (stable outlook) from BBB

On 24 October 2018, S&P Global Ratings raised its long-term issuer credit rating on ALD to "BBB+" from "BBB", with stable outlook, on account of its business growth and strategic importance to Societe Generale. At the same time, S&P Global Ratings affirmed ALD's A-2 short-term issuer credit rating. In its research update, S&P Global Ratings highlights that "ALD's scale and diversity have improved over the past four years", and cites ALD's "large scale as an advantage in an industry with high barriers to entry".

2019 GUIDANCE

For 2019, the Group expects

- **5-7% organic growth in Total Fleet vs. 2018, plus bolt-on acquisitions as opportunities arise**
- **Car Sales Result per unit to average between EUR 100 and EUR 300, down from EUR 362 in 2018**
- **Cost/Income (excluding Car Sales Result) ratio to improve further to circa 49% vs. 49.8% in 2018**
- **The ratio of Total Equity to Total Assets to remain between 15 and 17%**
- **Payout ratio target of 40-50%.**

The Group's performance in 2017 and 2018, combined with the (constant perimeter) guidance for 2019 provided above, implies that key elements of the Group's expected performance over the 2016-2019 period can now be benchmarked against the outlook provided at the time of the company's 2017 IPO, as follows:

- The average annual growth rate of Total Fleet for 2016-2019 is expected to be in line with previous indications, i.e. between 8 and 10%
- The average annual growth rate of Leasing Contract & Services margins for 2016-2019 is expected to be below the previously indicated range of 8-10%, principally as result of a larger than expected impact of the Italian Stability Law
- The average annual growth rate of Net Income for 2016-2019 is expected to be significantly below the previously indicated rate of 7%. The shortfall is attributable principally to the steeper than anticipated decrease in Car Sales Result over the 2016-2019 period, for which detailed annual guidance has been provided in 2018 and 2019. For the same reason the Return on Average Earning Assets is also expected to be significantly below the targeted minimum level of 3.5% in 2019
- The ratio of Total Equity to Total Assets in 2019 is expected to remain between 15-17%, in line with previous indications.

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

Date: 7 February 2019, at 10.00 am Paris time - 9.00 am London time
Speakers: Mike Masterson, CEO, and Gilles Momper, CFO
Connection details:

- Webcast
- Conf call: +33170710159 PIN: 46284301#

NEXT PUBLICATION

3 May 2019	Trading update and Q1 results	1 August 2019	Q2 and H1 2019 results
22 May 2019	General assembly of shareholders	6 November 2019	Trading update and Q3 results

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ALD

ALD is a global leader in mobility solutions providing full service leasing and fleet management services across 43 countries to a client base of large corporates, SMEs, professionals and private individuals. A leader in its industry, ALD places sustainable mobility at the heart of its strategy, delivering innovative mobility solutions and technology-enabled services to its clients, helping them focus on their everyday business.

With over 6,500 employees worldwide, ALD manages 1.66 million vehicles (at end December 2018).

ALD is listed on Euronext Paris, compartment A (ISIN: FR0013258662; Ticker: ALD) and its share is included in the SBF120 index. ALD's controlling shareholder is Societe Generale.

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Appendix

Consolidated income statement

in EUR million	Q4 2018	Q4 2017	Change in % Q4 '18/'17	FY 2018	FY 2017	Change in % FY '18/'17
Leasing Contract Revenues				4,170.6	3,910.3	+6.7%
Leasing Contract Costs - Depreciation				(3,332.0)	(3,094.9)	+7.7%
Leasing Contract Costs - Financing				(234.1)	(229.6)	+1.9%
Unrealised Gains/Losses on Financial Instruments				19.4	(11.2)	NS
Leasing Contract Margin	**157.8**	**153.6**	**+2.7%**	**623.8**	**574.5**	**+8.6%**
Services Revenues				1,987.2	1,807.1	+10.0%
Cost of Services Revenues				(1,370.6)	(1,214.1)	+12.9%
Services Margin	**163.0**	**151.8**	**+7.4%**	**616.7**	**593.0**	**+4.0%**
Proceeds of Cars Sold				2,814.3	2,549.0	+10.4%
Cost of Cars Sold				(2,711.9)	(2,383.8)	+13.8%
Car Sales Result	**17.1**	**32.6**	**(47.6%)**	**102.5**	**165.3**	**(38.0%)**
GROSS OPERATING INCOME	**337.8**	**338.0**	**(0.0%)**	**1,343.0**	**1,332.8**	**+0.8%**
Staff Expenses				(397.2)	(379.0)	+4.8%
General and Administrative Expenses				(189.2)	(193.8)	(2.4%)
Depreciation and Amortisation				(31.2)	(25.2)	+23.7%
Total Operating Expenses	**(155.9)**	**(157.1)**	**(0.7%)**	**(617.6)**	**(598.0)**	**+3.3%**
Impairment Charges on Receivables	(11.1)	(6.6)	+67.8%	(37.8)	(22.4)	+69.0%
Non-Recurring Income (Expenses)	(0.0)	0.0	NS	(0.0)	(0.0)	NS
OPERATING RESULT	**170.8**	**174.3**	**(2.0%)**	**687.6**	**712.4**	**(3.5%)**
Share of Profit of Associates and Jointly Controlled Entities	0.4	0.1	NS	1.5	1.2	+20.7%
Profit Before Tax	**171.2**	**174.4**	**(1.8%)**	**689.1**	**713.6**	**(3.4%)**
Income Tax Expense	(29.2)	(33.5)	(12.9%)	(126.8)	(140.4)	(9.7%)
Profit for the Period	**142.1**	**140.9**	**+0.8%**	**562.2**	**573.2**	**(1.9%)**
Net Income (Group share)	**140.2**	**139.2**	**+0.7%**	**555.6**	**567.6**	**(2.1%)**
Non-Controlling Interests	*1.9*	*1.7*	*+8.6%*	*6.6*	*5.6*	*+17.7%*
Return on Average Earning Assets[2]				*3.1%*	*3.6%*	
Return on Equity[2]				*15.9%*	*17.9%*	

Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	31.12.2018	31.12.2017[4]	Change YTD
Total Fleet (in '000 of vehicles)	**1,663**	**1,511**	**+10.1%**
Total Assets	**23,254**	**21,222**	**+9.6%**
Earning Assets	**19,101**	**16,930**	**+12.8%**
Total Equity	**3,668**	**3,398**	**+7.9%**
Financial Debt[3]	**16,831**	**15,130**	**+11.2%**
Total Equity on Total Assets	*15.8%*	*16.0%*	

[1] ALD's Q4 18, and FY 18 results are currently under review by ALD's Statutory Auditors.

[2] Annualised ratio: in the numerator quarterly figure multiplied by 4 or half-year figure multiplied by 2 or annual figure. In the denominator the arithmetic average of Earning Assets or Equity attributable to owners of the parent at the beginning and end of the period

[3] Financial Debt: defined as Borrowings from Financial institutions, Bonds and Notes issued

[4] Not restated for IFRS9 standard