

Press release

Paris, 6 February 2020

ANNUAL FINANCIAL INFORMATION ALD reports full year 2019 results*

- **CONSISTENTLY DELIVERING ON OPERATING AND FINANCIAL GUIDANCE**
- **FUNDED FLEET SHOWING STRONG DYNAMICS AT +7.0%**
- **RECORD LOW COST/INCOME RATIO (EXCL. CAR SALES RESULT) OF 49.0%**
- **RESILIENT CAR SALES RESULT PER UNIT AT EUR 254**
- **NET INCOME (GROUP SHARE) UP BY 1.5% AT EUR 564.2 MILLION**
- **EPS¹ AT EUR 1.40**
- **PROPOSED 2019 DIVIDEND OF EUR 0.63 PER SHARE UP FROM EUR 0.58 IN 2018**

2019 Results highlights

- ✓ **Total Fleet** 1.76 million vehicles managed worldwide at end Dec 19, including more than 150K electric and hybrid vehicles
- ✓ **Gross Operating Income** at EUR 1,371.4 million, up 2.1% vs. 2018
- ✓ **Leasing Contract and Services Margins** up 4.5% in a context of progressive repricing of diesel residual values
- ✓ **Car Sales Result per unit** comfortably in upper part of EUR 100-300 guidance; Car Sales Result at EUR 75.0 million

*The Group's unaudited consolidated results as at 31 December 2019 were examined by the Board of Directors, chaired by Philippe Heim, on 5 February 2020. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.

¹ Diluted Earnings per share, calculated according to IAS33. Basic EPS for 2019 at EUR 1.40

- ✓ **Operating Expenses** growth contained at 2.8%, leading to further improvement in Cost/Income Ratio (excl. Car Sales Result) at 49.0%, in line with the c. 49% guidance and down from 49.8% in 2018
- ✓ **Net Income (Group share)** at EUR 564.2 million in 2019, up 1.5% vs. 2018
- ✓ **Earnings per share**² at EUR 1.40, vs. EUR 1.37 in 2018
- ✓ **Proposed dividend** of EUR 0.63 per share, corresponding to a payout ratio of 45%
- ✓ **ROE**³ at 14.8%
- ✓ **Total Equity/Asset** ratio at 15.7%, within 15-17% guidance range

Guidance for 2020

- ✓ Total Fleet growth (organic) of 5 to 7% versus 2019, 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 by at least 0.5 percentage point
- ✓ Payout ratio between 40 and 50%

On 6 February 2020, Mike Masterson, ALD CEO, commenting on the FY 2019 Group Results, stated:

“2019 was another year of strong commercial performance for ALD, demonstrating the enduring strength of our business model and franchise. In line with our objective to promote sustainable growth, we are leading the market in the energy transition. The rebalancing of the powertrain mix of our fleet has accelerated again in 2019. The quality of our services continues to be recognised by our clients and our partners and is backed by the substantial resources we allocate to technology. This investment ensures we maintain our competitiveness and efficiency and enables us to develop new digital tools and mobility services for our clients. Our operating and financial achievements in 2019 demonstrate ALD’s enduring focus on consistent delivery of the guidance provided to the market and highlights again the value of our best-in-class operating efficiency. I am confident that 2020 will repeat this pattern and that we will continue to lead the market. ALD will be providing an update on its business strategy during an Investor Day to be organised later this year.”

² Diluted Earnings per share, calculated according to IAS33. Basic EPS for 2019 at EUR 1.40

³ ROE: Return on Equity | See definition note 2, page 11

Strong, sustainable fleet growth across regions

Funded fleet showed strong dynamics in 2019, growing +7.0% year on year. Total Fleet reached 1.76 million vehicles at the end of December 2019, up 6.1% vs. the end of the previous year, including the contribution from the acquisition of Stern Lease in the Netherlands. Total Fleet (organic) growth reached 5.2%, inside the 5-7% guidance range provided at the start of the year.

All geographical regions contributed to this performance. Total Fleet rose robustly in Europe, by 6.0% in Western Europe, 9.6% in Northern Europe, 5.7% in Central & Eastern Europe, and by 4.4% in South America, Africa & Asia.

All client segments showed strong fleet growth in 2019. As illustrated by the recent distribution agreements signed with Amazon, Polestar, Tesla, Eroski, ALD's unique partnership model, now counting more than 160 agreements, continues to be a key differentiator with the competition. The Group's sales via partnerships increased by 12.1%⁴, strongly contributing to overall fleet growth. Direct sales (mostly to corporates) grew 3.0%⁴ year on year.

In the course of 2019, ALD's private lease fleet passed the 150K target set for the year. Reaching 153K vehicles at end of 2019, this client segment was up 36% vs. the end of 2018 and counted for 8.6% of Total Fleet. More than half of this growth was sourced through our partnerships. Continued development of this segment is expected to remain a key driver of Total Fleet growth, supported by our state-of-the-art online platform.

ALD continues to lead the powertrain transition by encouraging clients to switch out of diesel vehicles when it is relevant. This policy, implemented from 2017 onwards, has been showing strong results: the share of diesel in the deliveries of passenger cars has been on a steady downward path for the last three years, reaching 43% in Q4 19, well below the level of 72% seen in Q4 16.

With the EU-mandated CO₂ emission targets for OEMs coming into force 2020 is expected to be a landmark year for electric and hybrid vehicles. The penetration of "green"⁵ powertrains continues to rise: they represented 13% of ALD's passenger car deliveries globally in Q4 2019 (vs. 11% in Q4 2018) and close to 15% in Europe⁶. This share is expected to rise to more than 20% in Europe in 2020. Within Total Fleet they represented more than 150K vehicles at the end of 2019, rising by almost 50% over the year, for the second year in a row.

⁴ In numbers of vehicles

⁵ "Green" vehicles: Electric vehicles, Plug-in hybrids, Hybrids

⁶ European Economic Area, UK and Switzerland

ALD is well prepared to accompany this shift in demand thanks to its work with reference players in the EV ecosystem, from car manufacturers such as Tesla and Polestar to providers of charging infrastructure and support such as Chargepoint, E.On and Enel. These partnerships complement the EV-dedicated products developed by ALD for a comprehensive ALD Electric offer, such as Switch and Carsharing.

ALD's global CSR strategy comprises four pillars:

- ALD promotes sustainable mobility by encouraging the transition towards low emission vehicles, new types of usage (car sharing, ride sharing, flexible lease) and safer driving.
- ALD behaves as a responsible employer: well-being at work and diversity are seen as key to people development and sustainable corporate performance.
- Responsible business culture and practices are embedded in ALD's operations. ALD selects its partners and suppliers with attention, applying the highest ethical standards, and closely monitors customer satisfaction.
- ALD acts for carbon neutrality in its operations, aiming to reduce greenhouse gas emissions per occupant by 25% in 2020 compared to the 2014 baseline.

Rewarding this strategy, Ecovadis has given ALD a "Gold" rating, putting it in the top 4% of assessed companies and recognising respect for the environment, work practices, ethics and the supply chain. Similarly, MSCI ESG ratings puts ALD in its top 3rd.

Solid operating and financial results, in line with guidance

ALD's Gross Operating Income rose to EUR 1,371.4 million⁷ in 2019, up 2.1% vs. 2018. Q4 19 Gross Operating Income reached EUR 342.6 million, up 1.4% vs. Q4 18.

Leasing Contract Margin rose to EUR 664.1 million and Services Margin to EUR 632.3 million in 2019⁷, up 6.5% and 2.5% respectively vs. 2018. In Q4 19 Leasing Contract Margin stood at EUR 166.2 million, up 5.3% and Services Margin at EUR 166.0 million, up 1.8%.

The contribution to Gross Operating Income from Car Sales Result reached EUR 75.0 million⁷ in 2019, down from EUR 102.5 million in the previous year, but in line with expectations. In Q4 19 Car Sales Result was EUR 10.5 million, vs. EUR 17.1 million in Q4 18.

Average sales margin for the year on used vehicles⁸ came in at EUR 254 per unit, down from EUR 362 in 2018, but comfortably in the upper part of the EUR 100 to 300 guidance provided at the start of the year. The Q4 19 average was EUR 135, down from EUR 285 recorded in the previous quarter, principally due to seasonal factors affecting Q4.

⁷ Including Stern Lease from June 2019

⁸ Management information

The number of used cars sold⁸ in Q4 19 was 77K bringing the total for 2019 to 296K, up 4.5% vs. 283K in 2018. The proportion of cars sold via electronic platforms⁸ remained well above 60% of total cars sold in 2019. Second lease, where a car coming off-lease is re-leased to a new customer, saw a strong development and this trend is expected to continue in 2020.

Total Operating Expenses increased by just EUR 17.4million to EUR 635.0 million⁷, while Leasing contract and Services margins were up EUR 55.9 million, illustrating the strong incremental operating leverage of ALD's business model. Spending linked to IT projects continues to represent more than 20% of total Operating expenses which is reflected in the EUR 8 million increase in Depreciation and amortisation recorded in 2019 when excluding the impact of IFRS 16⁹. The EUR 2 million decrease in General and Administrative expenses illustrates the cost discipline embedded throughout the organisation.

The continued control of Operating Expenses led to an improvement in the Cost/Income (excluding Car Sales Result) ratio to 49.0% in 2019, from 49.8% in 2018 and 51.2% in 2017, reaching the c. 49% objective set at the start of the year.

Impairment charges on receivables reached EUR 45.0 million⁷, rising by EUR 7.2 million vs. 2018 from the EUR 37.8 million recorded in 2018. The cost of risk¹⁰ nevertheless remained contained at 22 bps in 2019, vs. 21 bps in 2018.

Income tax expense was EUR 122.2 million in 2019, down slightly from EUR 126.8 million. The effective tax rate of 17.6% for 2019 continued to benefit from the favourable impact of the Italian Stability Law, which stood at EUR 49.6 million for the year, close to the 2018 amount.

ALD recorded Net Income (Group Share) of EUR 564.2 in 2019⁷, up 1.5% from EUR 555.6 million in 2018, supported by the Group's strong fleet growth and improved operating efficiency. Q4 19 Net Income (Group Share) was EUR 137.4 million, down 2.0% vs. Q4 18.

Earning Assets rose 10.9% at the end of 2019 vs. the end of the previous year, reaching EUR 21.1 billion, underpinned by funded fleet growth, and an evolving vehicle mix towards higher value models (SUV, EV) and countries with higher prices.

⁹ EUR 20 million rent expense previously classified as General and administrative expenses now reported within Depreciation and amortisation

¹⁰ 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.

Equity reinvestments in long-term deposits decreased by EUR 132, as amortising deposits with Societe Generale continue to run off. Other assets increased to EUR 3,164 million from EUR 2,818 million at end 2018, mainly reflecting the impact of IFRS16.

Total funding at the end of 2019 stood at EUR 18.4 billion (up from EUR 16.8 billion at the end of 2018) of which 68% consisted of loans from Societe Generale. Over the course of 2019, ALD raised EUR 500m of new funding on public markets via its EMTN bond programme and EUR 250m from the EIB within the framework of the Cleaner Transport Facility (CTF) programme. The Group's strong long-term ratings from Fitch Ratings (A-) and S&P Global Ratings (BBB+) remained unchanged over the period, with stable outlooks.

The Group's Total Equity to Total Assets ratio stood at 15.7% at the end of 2019, down slightly from 15.8% vs. end 2018.

The Return on Average Earning Assets¹¹ in 2019 was 2.8% (vs. 3.1% in 2018), while ALD's ROE⁹ came in at 14.8% (vs. 15.9% in the previous year).

Earnings Per Share¹² for 2019 amounts to EUR 1.40, vs. EUR 1.37 in 2018. The Board of Directors has decided to propose to the General Meeting of Shareholders to distribute a dividend of EUR 0.63 per share (vs. EUR 0.58 in 2018) in respect of the 2019 financial year, corresponding to a payout ratio of 45.0% (up from 42.0% last year). Conditional on this approval, the dividend will be detached on 29 May 2020 and paid on 3 June 2020.

Key strategic initiatives & operational developments

ALD selected by Tesla as preferred operational leasing provider in Europe

In 2020, ALD became Tesla's preferred operational leasing provider in Europe. ALD will offer drivers' leases across all Tesla models available in Europe and work with SMEs and private individuals with a full service leasing offer across 17 countries.

This development further strengthens ALD's ability to provide its clients with access to a broad range of electric vehicles under a full service lease. It also demonstrates both the relevance and the value of ALD's digital capabilities achieved through a permanent focus on delivering best-in-class leasing services to customers.

Launch of a digital leasing offering with Polestar

Early February 2020, ALD together with its partner Polestar, the new Swedish electric performance vehicle brand, launched a fully digital online solution to support the Polestar 2, the company's

¹¹ See definition note 2, page 11

¹² Diluted Earnings per share, calculated according to IAS33. Basic EPS for 2019 at EUR 1.40

latest model. This platform targets both corporate and private customers and provides a seamless customer journey between Polestar and ALD ecosystems, from configuration of the vehicle to credit assessment and e-signing of the contract.

This partnership broadens ALD's electric vehicle range and contributes to the development of innovative mobility offerings for customers in Europe.

ALD Demain

In February 2020, ALD France announced the launch of the ALD Demain programme, aimed at combining ALD France and Parcours to consolidate ALD's leading position on the French market. A new and unified offer will be made available throughout the French network, improving customer experience and bringing significant efficiency gains in the medium term.

Sale of ALD Fortune Auto Leasing & Renting in China

In January 2020, ALD completed the PRC governmental registration formalities in connection with the sale of its 50% equity stake in ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd. in China, alongside the 50% equity stake held by its joint venture partner, Hwabao Fortune Investment Company. This took place after the issuance of a new business license in the name of the buyer, Nanjing Lingxing Automotive Service Co. Ltd. on 19th January 2020.

ALD awaits the receipt of the proceeds of the sale from the Shanghai United Assets & Equity Exchange platform to close the transaction and this is expected to occur mid-February following the recent extension of the Chinese New Year holidays in Shanghai till 9th February 2020.

Conference call for investors and analysts

Date: 6 February 2020, at 10.00 am Paris time - 9.00 am London time

Speakers: Mike Masterson, CEO, Tim Albertsen, Deputy CEO and Gilles Momper, CFO

Connection details:

- [Webcast](#)
- Conf call: +331 70 37 71 66 Password: ALD

2020 Agenda

6 May 2020	Trading update and Q1 results
20 May 2020	General assembly of shareholders
3 August 2020	Q2 and H1 2019 results
5 November 2020	Trading update and Q3 results

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About

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 6 500 employees around the globe, ALD manages 1.76 million vehicles (at end-December 2019).

ALD is listed on Compartment A of Euronext Paris (ISIN: FR0013258662; Ticker: ALD) and is included in the SBF120 index. Société Générale is ALD's majority shareholder.

This document contains forward-looking statements relating to the targets and strategies of ALD SA (the "Company") and its subsidiaries (together with the Company, the "Group"). These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union. These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to: - anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences; - evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation. Therefore, although the Company believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in the Group's markets in particular, regulatory changes, and the success of the Company's strategic, operating and financial initiatives. More detailed information on the potential risks that could affect the Company's financial results can be found in the Registration Document and in the Last Financial Report filed with the French Autorité des Marchés Financiers. Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, the Company does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal. The financial information presented for the year ending 31 December 2019 was reviewed by the Company's Board of Directors on 5 February 2020 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date.

Appendix

Consolidated income statement

in EUR million	Q4 2019	Q4 2018	Var. % Q4 '19/ '18	FY 2019	FY 2018	Var. % FY '19/ '18
Leasing Contract Revenues				4,501.7	4,170.6	+7.9%
Leasing Contract Costs - Depreciation				(3,559.5)	(3,332.0)	+6.8%
Leasing Contract Costs - Financing				(294.8)	(234.1)	+26.0%
Unrealised Gains/Losses on Financial Instruments				16.7	19.4	(14.0%)
Leasing Contract Margin	166.2	157.8	+5.3%	664.1	623.8	+6.5%
Services Revenues				2,178.4	1,987.2	+9.6%
Cost of Services Revenues				(1,546.1)	(1,370.6)	+12.8%
Services Margin	166.0	163.0	+1.8%	632.3	616.7	+2.5%
Leasing Contract and Services Margins	332.1	320.8	+3.5%	1,296.4	1,240.5	+4.5%
Proceeds of Cars Sold				3,097.4	2,814.3	+10.1%
Cost of Cars Sold				(3,022.4)	(2,711.9)	+11.5%
Car Sales Result	10.5	17.1	(38.6%)	75.0	102.5	(26.8%)
GROSS OPERATING INCOME	342.6	337.8	+1.4%	1,371.4	1,343.0	+2.1%
Staff Expenses				(409.3)	(397.2)	+3.0%
General and Administrative Expenses				(166.9)	(189.2)	(11.8%)
Depreciation and Amortisation				(58.8)	(31.2)	+88.7%
Total Operating Expenses	(159.4)	(155.9)	+2.2%	(635.0)	(617.6)	+2.8%
<i>Cost/Income ratio (excl CSR)</i>	<i>48.0%</i>	<i>48.6%</i>		<i>49.0%</i>	<i>49.8%</i>	
Impairment Charges on Receivables	(12.5)	(11.1)	+12.6%	(45.0)	(37.8)	+19.0%
OPERATING RESULT	170.7	170.8	(0.1%)	691.4	687.6	+0.6%
Share of Profit of Associates and Jointly Controlled Entities	0.5	0.4	+8.8%	1.8	1.5	+20.9%
Profit Before Tax	171.2	171.2	(0.0%)	693.2	689.1	+0.6%
Income Tax Expense	(31.3)	(29.2)	+7.5%	(122.2)	(126.8)	(3.7%)
Profit for the Period	139.8	142.1	(1.6%)	571.0	562.2	+1.6%
Net Income (Group share)	137.4	140.2	(2.0%)	564.2	555.6	+1.5%
Non-Controlling Interests	2.4	1.9	+29.0%	6.8	6.6	+3.5%
<i>Return on Average Earning Assets²</i>				2.8%	3.1%	
<i>Return on Equity²</i>				14.8%	15.9%	

Total Fleet and selected balance sheet figures

In EUR million	Dec-19	Dec-18	Var % FY'19/ '18
Total Fleet ('000 vehicles)	1,765	1,663	6.1%
Earning assets	21,183	19,101	10.9%
<i>o/w Rental fleet</i>	20,337	18,424	10.4%
<i>o/w Financial lease receivables</i>	846	678	24.9%
Long term invt. – Equity Reinvestment	469	602	-22.0%
Cash & Cash deposits	156	159	-2.1%
Intangibles (incl. goodwill)	616	575	7.2%
Other	3,164	2,818	12.3%
Total Assets	25,588	23,254	10.0%
Shareholders' equity	3,993	3,634	9.9%
Minority interest	36	34	4.8%
Financial debt	18,395	16,831	9.3%
Other liabilities	3,164	2,755	14.8%
Total liabilities and equity	25,588	23,254	10.0%
<i>Total Equity on Total Assets</i>	<i>15.7%</i>	<i>15.8%</i>	

¹ ALD's Q4 19, and FY 19 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