LeasePlan announces Q1 2019 results

AMSTERDAM, the Netherlands, 15 May 2019 – LeasePlan Corporation N.V. (LeasePlan; the "Company"), one of the world's leading Car-as-a-Service ("CaaS") companies and a leading Pan-European used-car market place, today reports its Q1 results.

Q1 2019 financial highlights[1]

- Net result stable at EUR 132.0 million
- Underlying[2] net result down 7.1% to EUR 149.6 million due to long-term strategic investments in Digital and CarNext.com of EUR 16.8 million
- Serviced fleet up 3.1% with growth in both Europe and Rest of the World
- Lease & Additional Services (CaaS) underlying Gross Profit up 4% to EUR 390.8 million
- Profit and Loss on Disposal of Vehicles (PLDV) and End of Contract Fees underlying Gross Profit down from EUR 25.2 million to EUR 18.8 million as a result of EUR 10.8 million lower PLDV
- CarNext.com B2C volumes up 40% to 14,700 vehicles in Q1 and a 21% runrate for B2C sales penetration, Used Car as a Service (UCaaS) contracts up 22%
- Underlying return on equity down slightly to 16.7%

Key numbers[3]

	Q1 2019	Q1 2018	% YoY Growth
PROFITABILITY			
Underlying net result (EUR Million)	149.6	161.0	-7.1%
Net result (EUR Million)	132.0	133.3	-1.0%
Underlying return on equity	16.7%	17.0%	
VOLUME			
Serviced fleet (thousands), as at 31 March	1,826	1,772	3.1%
# of vehicles sold (k)	72.3	66.0	9.6%

Tex Gunning, CEO of LeasePlan:

"We delivered solid results in both of our businesses this quarter, while continuing to make significant strategic investments in CarNext.com and our Digital LeasePlan initiative.

In our core Car-as-a-Service business for new cars, which operates under the LeasePlan brand, our fleet grew a healthy 3% and we delivered solid growth in our Repair & Maintenance Services and Damage & Insurance services. We also successfully issued our first ever Green Bond, which we will use to purchase or refinance electric vehicles. The high level of demand for the bond was a clear indication of support from European investors for our sustainability strategy and will help us accelerate the transition to zero emission mobility.

[1] All growth percentages are year-on-year comparisons

[2] This press release has not been audited. In this press release we use certain Alternative Performance Measures to present and discuss our underlying performance and value creation, in addition to the IFRS financial statements. For this purpose net result has been adjusted to arrive at underlying net result for impacts related to unrealized results on financial instruments, one-time items related to the acquisition or sale of subsidiaries, large restructuring and consultancy programmes (e.g. those related to the Power of One LeasePlan), transaction costs (e.g. the costs incurred for the 2018 intended IPO) and other items which are large and can vary significantly and for which such variability may not relate to LeasePlan's ongoing net result or trends. For this reason, impairment charges have been taken out retrospectively as from Q4 2018. Please see note on page 22 of the press release for a reconciliation to IFRS.

[3] Due to rounding, numbers presented throughout this release might not add up precisely due to the totals provided. Percentages are calculated based on un-rounded numbers.

CarNext.com, our disruptive, digital, used-car marketplace, continued to grow rapidly, supported by a new store opening and our continued commitment to revolutionizing the customer experience for used-car customers.

Going forward, we will continue to invest in CarNext.com in order to accelerate its growth. We will also continue to invest in our Digital LeasePlan program, through which we are bringing LeasePlan firmly into the digital world."

Group performance

In millions of euros, unless otherwise stated	Q1 2019	Q1 2018	% YoY Growth
Lease & Additional Services income	1,674.2	1,621.9	3.2%
Vehicle Sales & End-of- contract fees	838.8	742.9	12.9%
Revenues	**2,513.0**	**2,364.8**	**6.3%**
Underlying cost of revenues	2,103.4	1,964.0	7.1%
Lease Services	155.2	151.4	2.5%
Fleet Management & other Services	74.9	76.8	-2.5%
Repair & Maintenance Services	88.1	81.5	8.1%
Damage Services and Insurance	72.6	65.9	10.2%
Underlying lease and additional Services	**390.8**	**375.6**	**4.0%**
End of Contract fees	32.0	27.6	15.9%
Loss on disposal of vehicles	-13.2	-2.4	451.2%
Profit/Loss on disposal of vehicles & End-of-contract fees	**18.8**	**25.2**	**-25.4%**
Underlying gross profit	**409.6**	**400.8**	**2.2%**
Underlying operating expenses	230.2	205.2	12.1%
Share of profit of investments accounted for using the equity method	0.9	1.1	
Underlying profit before tax	**180.3**	**196.6**	**-8.3%**
Underlying tax	30.7	35.6	-13.8%
Underlying net result	**149.6**	**161.0**	**-7.1%**
Underlying adjustments	-17.6	-27.7	
Reported net result	**132.0**	**133.3**	**-1.0%**
Staff (FTE's at period end)	7,483	6,918	8.2%

Financial Performance Q1

Serviced fleet growth was 3.1% in the first quarter of 2019, with continued growth across most European countries, offset by decreases in fleet size in other countries, primarily Turkey and the de-fleeting of a large, services-only contract.

Revenues overall were up 6.3% for the quarter. Lease and Additional Services income increased 3.2% (3.0% on a constant currency basis), in line with Serviced fleet growth. Vehicle Sales & End of Contract fees were up 12.9% to EUR 839 million driven by increased number of cars sold (up 9.6% year on year).

Underlying gross profit growth **for Lease and additional services** of 4.0% to EUR 409.6 million was driven by significant contributions from Repair & Maintenance Services and Damage Services & Insurance. Profit-and-loss on Disposal of Vehicles & End of Contract Fees decreased to EUR 18.8 million driven by PLDV losses due to the ongoing normalisation of sales results as well as softening of used-car prices in some markets.

Underlying operating expenses increased as a result of continued investments in key long-term growth initiatives like Digital LeasePlan, the development of the Core Leasing System (CLS) and CarNext.com. **Underlying tax rate** was 17.0%, down 1.1% mainly due to one offs.

Underlying net result was EUR 149.6 million, down 7.1% year on year, due primarily to higher investments in CarNext.com and Digital LeasePlan. **Net result** was stable due to unrealised losses on financial instruments and the impairments in Germany and Turkey in Q1 of last year.

Business and operational highlights

Car-as-a-Service

LeasePlan's Car-as-a-Service business for new cars showed continued growth throughout the quarter driven by solid fleet growth across Europe and more modest growth in Rest of the World, while our RMT and Damage Services & Insurance services continued to perform strongly. In addition, we continued to lead the transition to zero-emission mobility in our industry, supported by our full service EV solution. Electric and plug-in hybrid vehicles as a percentage of new car orders are steadily increasing and represented 5% of all new orders in Q1. In the quarter, we also made progress in implementing our Digital LeasePlan strategy, via which we are transforming LeasePlan from an analogue business into a fully digitally-enabled business. A key focus in Q1 has been to continue to digitize our core customer journeys, which will enable our drivers to benefit from a more efficient digital service at digital cost levels. For example, we have begun the rollout of the MyLeasePlan app, via which all service requests by drivers (and eventually also fleet managers) can be coordinated using digital technology, making these complex processes smoother and much more cost efficient.

CarNext.com

CarNext.com, LeasePlan's fast-growing digital pan-European used-car marketplace, continued to deliver on its mission to become the most trusted Pan-European marketplace for high-quality used cars. CarNext.com continued to enjoy strong customer satisfaction and growth with B2C sales up 40% to 14,700 vehicles and runrate B2C sales penetration at 21%. Used Car-as-a-Service was up 22% at 1,650 contracts. In the quarter, CarNext.com attracted 38% more cars from partners onto its marketplace and also opened a new experience center in Porto, bringing the total to 33 delivery stores in 22 countries. Going forward, we intend to operate CarNext.com as a distinct business unit within the LeasePlan group and to present it as a separate segment.

We are currently reviewing various strategic alternatives with respect to CarNext.com, although no final decision has been reached. We intend to continue to invest in CarNext.com in order to accelerate its growth.

Funding and Capital position

Diversification was once again the theme for LeasePlan in Q1. With the secured funding franchise having delivered EUR 940 million in Q4, the focus shifted to Retail and Senior Unsecured funding where a total of EUR 2.009 billion was raised during Q1. A successful marketing campaign in LeasePlan's Retail Bank contributed to an overall increase of EUR 992 million bringing the total amount on deposit at quarter end to EUR 7.391 billion. The senior unsecured franchise delivered EUR 1.017 billion courtesy of a privately placed bond of EUR 17 million and two separate EUR 500 million public benchmark transactions with tenors of 3 and 5 years. Both of these benchmark transactions experienced very high levels of demand with the 5 year being particularly noteworthy given that this was LeasePlan's inaugural Green Bond which attracted an orderbook in excess of EUR 3.5 billion from over 250 investors. With 64% of the Green Bond allocated to Responsible Investment orientated investors[4] this transaction contributed to the further diversification of LeasePlan's investor base.

LeasePlan's liquidity and capital positions remain strong with a liquidity buffer of EUR 6.1 billion consisting of cash balances as well as access to its EUR 1.5 billion committed revolving credit facility and a CET1 capital ratio of 17.9%.

[4] Based on the Principles for Responsible Investment (PRI) signatory status

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About LeasePlan

LeasePlan is a leader in two large and growing markets: Car-as-a-Service for new cars, through its LeasePlan business, and the high-quality three-to-four year old used car market, through its CarNext.com business. LeasePlan’s Car-as-a-Service business purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years. CarNext.com is a pan-European digital marketplace for high-quality used cars seamlessly delivering any car, anytime, anywhere and is supplied with vehicles from LeasePlan’s own fleet as well as third-party partners. LeasePlan has more than 1.8 million vehicles under management in over 30 countries. With over 50 years’ experience, LeasePlan's mission is to provide what’s next in mobility via an ‘any car, anytime, anywhere’ service – so our customers can focus on what's next. Find out more at www.leaseplan.com/corporate.

Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

For the three months ended 31 March

In thousands of euros	Note	**Q1 2019**	**Q1 2018**
Operating lease income		1,021,642	974,225
Finance lease and Other interest income		35,749	33,620
Additional services income		616,789	614,067
Vehicle sales and End of contract fees		838,771	742,883
Revenues	2	**2,512,951**	**2,364,795**
Depreciation cars		817,233	810,068
Finance cost		82,009	72,171
Unrealised (gains)/losses on financial instruments		16,342	-2,488
Impairment charges on loans and receivables		6,981	4,501
Lease cost		922,565	884,251
Additional services cost		381,199	389,839
Vehicle and Disposal costs		819,975	717,700
Direct cost of revenues	2	**2,123,739**	**1,991,790**
Lease services		134,827	123,594
Additional services		235,589	224,228
Profit/Loss on disposal of vehicles and End of contract fees		18,796	25,183
Gross profit	2	**389,212**	**373,005**
Staff expenses		142,803	134,230
Other operating expenses		69,356	68,634
Other depreciation and amortisation	9	20,853	11,004
Total operating expenses		**233,012**	**213,868**
Share of profit of investments accounted for using the equity method		929	1,054
Profit before tax		**157,129**	**160,191**
Income tax expenses		25,151	26,914
Net result attributable to owners of the parent		**131,977**	**133,277**

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated statement of comprehensive income

For the three month ended 31 March

In thousands of euros	Q1 2019	Q1 2018
Net result	**131,977**	**133,277**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Changes in cash flow hedges, before tax	-711	-1,487
Income tax on cash flow hedges	178	372
Subtotal changes in cash flow hedges, net of income tax	**-533**	**-1,115**
Exchange rate differences	25,120	-7,544
Other comprehensive income, net of income tax	**24,587**	**-8,659**
Total comprehensive income for the year	**156,564**	**124,618**
Comprehensive income attributable to:		
Owners of the parent	156,564	124,618

*The increase in exchange rate differences mainly relates to the deterioration of the Euro against the Great British pound, US Dollar and Australian dollar.

Condensed consolidated statement of financial position

In thousands of euros	Note	31 March 2019	31 December 2018
Assets			
Cash and balances at central banks	3	4,116,474	3,167,831
Investments in debt securities		24,748	24,709
Receivables from financial institutions	4	704,109	518,318
Derivative financial instruments	5	104,661	98,517
Other receivables and prepayments	6	1,189,823	1,150,155
Inventories		450,476	467,071
Corporate income tax receivable		32,642	48,096
Loans to equity accounted investments		153,000	151,300
Lease receivables from clients	7	3,403,186	3,279,487
Property and equipment under operating lease and rental fleet	8	18,083,675	17,818,976
Other property and equipment	9	398,646	102,882
Equity accounted investments		17,069	15,874
Intangible assets		265,202	256,128
Deferred tax asset		156,555	141,135
Assets classified as held-for-sale		44,893	39,259
Total assets		**29,145,159**	**27,279,736**
Liabilities			
Funds entrusted	10	7,483,948	6,490,204
Derivative financial instruments	5	122,190	112,656
Trade and other payables and deferred income	11	2,337,105	2,290,482
Corporate income tax payable		34,343	24,462
Borrowings from financial institutions	12	3,767,251	3,788,873
Lease liabilities	9	301,790	-
Debt securities issued	13	10,809,748	10,449,447
Provisions		496,183	495,672
Deferred tax liabilities		300,442	292,347
Total liabilities		**25,653,001**	**23,944,143**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves		-43,173	-67,760
Retained earnings		2,957,347	2,825,370
Total equity		**3,492,158**	**3,335,594**
Total equity & liabilities		**29,145,159**	**27,279,736**

Condensed consolidated statement of changes in equity

In thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent
Balance as at 1 January 2018	**71,586**	**506,398**	**-51,147**	**2,692,018**	**3,218,855**
Net result	-	-	-	133,277	133,277
Other comprehensive income	-	-	-8,659	-	-8,659
Total comprehensive income	**-**	**-**	**-8,659**	**133,277**	**124,618**
Final dividend	-	-	-	-120,099	-120,099
Total transactions with owners of the parent	**-**	**-**	**-**	**-120,099**	**-120,099**
Balance as at 31 March 2018	**71,586**	**506,398**	**-59,806**	**2,705,196**	**3,223,374**
Balance as at 1 January 2019	**71,586**	**506,398**	**-67,760**	**2,825,370**	**3,335,594**
Net result	-	-	-	131,977	131,977
Other comprehensive income	-	-	24,587	-	24,587
Total comprehensive income	-	-	24,587	131,977	156,564
Balance as at 31 March 2019	**71,586**	**506,398**	**-43,173**	**2,957,347**	**3,492,158**

Condensed consolidated statement of cash flows

For the three months ended 31 March			
In thousands of euros	Note	**2019**	**2018**
Operating activities			
Net result		**131,977**	**133,277**
Adjustments			
Interest income and expense		-124,026	-121,694
Impairment charges on receivables		6,981	4,501
Depreciation operating lease portfolio and rental fleet	8	842,920	834,522
Insurance expense		96,641	82,739
Depreciation other property plant and equipment		16,414	6,386
Amortisation and impairment on intangibles		4,433	4,618
Share of profit in equity accounted investments		-929	-1,054
Financial instruments at fair value through profit and loss		16,342	-2,488
Income tax expense		25,151	26,914
Changes in			
Provisions		-101,464	-88,529
Derivative financial instruments		1,376	27,493
Trade and other payables and other receivables		-162,158	-138,945
Inventories		380,557	224,263
Amounts received disposing objects under operating lease	8	384,726	437,850
Amounts paid acquiring objects under operating lease	8	-1,709,916	-1,789,154
Acquired new finance leases		-335,717	-260,248
Repayment finance leases		313,577	334,765
Income taxes received		826	3,221
Income taxes paid		-9,595	-25,413
Interest received		205,949	193,676
Interest paid		-83,691	-73,811
Net cash inflow/(outflow) from operating activities		**-99,624**	**-187,114**

Condensed consolidated statement of cash flows – *continued*

For the three months ended 31 March			
In thousands of euros	Note	**2019**	**2018**
Investing activities			
Investments in debt securities		-39	-
Loans to equity accounted investments		-17,500	-15,000
Redemption on loans to equity accounted investments		15,800	12,450
Changes in held-for-sale investments		-4,901	-9,099
Proceeds from sale of other property and equipment		8,073	6,750
Acquisition of other property and equipment		-14,780	-14,912
Acquisition of intangibles assets		-13,124	-27,192
Net cash inflow/(outflow) from investing activities		**-26,471**	**-47,003**
Financing activities			
Receipt from receivables from financial institutions		177,917	65,864
Balances deposited to financial institutions		-174,775	-78,816
Receipt of borrowings from financial institutions		1,305,428	1,704,730
Repayment of borrowings from financial institutions		-1,323,650	-1,700,658
Receipt of funds entrusted		1,424,048	1,656,191
Repayment of funds entrusted		-430,311	-1,320,718
Receipt of debt securities		989,454	1,214,381
Repayment of debt securities		-678,167	-274,347
Payment of lease liabilities		-9,338	-
Dividends paid to Company's shareholders		-	-120,099
Net cash inflow/outflow from financing activities		**1,280,608**	**1,146,528**
Cash and balances with banks as at 1 January		**3,351,570**	**2,481,999**
Net movement in cash and balances with banks		1,154,513	912,411
Exchange gains/(losses) on cash and balances at banks		-1,005	-903
Cash and balances with banks as at 31 March	3	**4,505,078**	**3,393,507**

General notes

General information

LeasePlan Corporation N.V.

LeasePlan Corporation N.V. (the "Company") is a company domiciled in Amsterdam, the Netherlands, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The condensed consolidated interim financial statements of the Company as at 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of an international network of companies engaged in fleet management and mobility services, mainly through operating leasing. At 31 March 2019, the Group employed over 7,500 people worldwide and had offices in over 30 countries. There were no major changes in the Groups' composition during the reporting period.

The Company has held a banking licence in the Netherlands since 1993 and is regulated by the Dutch Central Bank.

The condensed consolidated interim financial statements have been reviewed, not audited.

Ownership of the Company

LP Group B.V. holds 100% of the Company's shares. LP Group B.V. represents a group of long-term responsible investors. None of these investors alone has a direct or indirect controlling interest in the Company:

- ADIA: Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- ATP: ATP was established in 1964 and is Denmark's, and one of Europe's, largest pension funds.
- Broad Street Investments: A Singapore based Holding company.
- GIC: GIC is a leading global investment firm with well over US$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,300 people.
- PGGM: PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered asset management, pension fund management, policy advice and management support either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- TDR Capital: TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 8.0 billion on behalf of a range of sophisticated investors.

Basis of preparation

The condensed consolidated interim financial statements for the period ended 31 March 2019 have been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial statements have been prepared on the same basis as, and should be read in conjunction with, the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS and its interpretations as adopted by the European Union. These condensed consolidated interim financial statements do not include the "company financial statements". The annual company financial statements are included in the Group's Annual report for the year ended 31 December 2018.

The condensed consolidated interim financial statements for the period ended 31 March 2019 of the Group have been prepared on a going concern basis.

Due to rounding, numbers presented throughout these interim financial statements may not add up precisely to the totals provided.

Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the previous financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

Adoption of new and amended accounting standards effective as per 1 January 2019

The following new and endorsed standards and amendments to existing standards and interpretations have been published and have been adopted by the Group as from 1 January 2019.

IFRS 16 - Leases

The Group has implemented IFRS 16 on the required effective date of 1 January 2019.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments. Previous off-balance sheet operating leases are now included in the consolidated statement of financial position and resulted in an increase in non-current assets and financial liabilities.
Lessor accounting remains similar to previous accounting policies.

These right-of-use assets are initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses over the contractual term. The right-of-use asset is adjusted for certain re-measurements of the lease liabilities. The lease liabilities are initially measured at the present value of lease payments not yet paid at commencement date and are discounted using an incremental borrowing rate which varies per country within the Group. The liability is subsequently increased by the interest accretion to the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments or based on changes in assessment of execution of certain extension or termination options in the contracts. The Group applies judgement to determine the lease term for lease contracts that contain renewal options. The depreciation charges and financial charges replace previous operating lease expenses.

The Group applies the recognition exemption for short-term and for low-value leases and reassessed the classification of sub-leases in which the Group is a lessor.

Transition

The Group grandfathers the definition of a lease in IAS 17 on transition for both lessee and lessor accounting. Therefore the definition of a lease under IFRS 16 is only applied to contracts entered into or changed on or after 1 January 2019.

Transition for lessee accounting

The Group applies the modified retrospective approach with no restatement of comparative information. The effect of applying the standard is recognised in the opening balance sheet as at 1 January 2019 resulting in an increase in “Other property and equipment” (EUR 298 million) and “Lease liabilities” (EUR 303 million) as of January 1, 2019. There is no corresponding impact to the opening retained earnings position.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payment.

The Group has adopted the following practical expedients:

- Initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- Use of hindsight is applied in determining the lease term where leases contain extension, renewal or termination options.
- The incremental borrowing rate per country as of 1 January 2019 are applied on a single discount rate basis to a portfolio of leases with reasonably similar characteristics such as the property asset class.

The table below presents a reconciliation of the operating lease commitments as at 31 December 2018 to the lease liability recognised as at 1 January, 2019.

In thousands of euros	**1 January 2019**
Operating lease commitments disclosed as at 31 December 2018	**278,344**
Less short-term leases recognised on a straight-line basis as expense	3,814
Less low-value leases recognised on a straight-line basis as expense	653
Add extension and termination options reasonably certain to be exercised	51,956
Total notional lease liabilities at 1 January 2019	**325,832**
Discounting using the group’s incremental borrowing rate	-23,021
Lease liability recognised as at 1 January 2019	**302,811**

Other changes

The following other changes that became effective after 1 January 2019 do not have any significant impact on shareholders' equity nor comprehensive income or are not relevant to the Financial Statements of the Group. Those changes relate to:

- IFRIC 23 ' Uncertainty over income tax treatments' (issued on 7 June 2017).
- Amendments to IFRS 9 'Prepayment features with negative compensation' (issued on 12 October 2017).
- Amendments to IAS 28 'Long term interests in Associates and Joint Ventures' (issued on 12 October 2017).
- Amendments to IAS 19 'Employee Benefits': Plan Amendment, Curtailment or Settlement (issued on 7 February 2018).
- Annual improvements cycle 2015 – 2017: Amendments to IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes', IAS 23 'Borrowing Costs' (issued on 12 December 2017).

New and amended relevant accounting standards effective after 1 January 2019

IFRS 17 - Insurance contracts

The Group will implement IFRS 17 (as issued by the IASB in May 2017 but not yet endorsed by the EU) by the expected effective date. The IASB confirmed in the April 2019 meeting its decision, subject to due process, to defer the effective date with one year to 1 January 2022. Set out below is an overview of IFRS 17 as well as the impact of the adoption of IFRS 17 on the Group.

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- A simplified premium allocation approach (PAA) may be applied for contracts that meet specific conditions. An important condition is that the coverage of the contracts does not exceed one year. The PAA is quite similar to current accounting under IFRS 4 for non-life products.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The standard is expected to impact the damage risk retention provision. The Group is currently assessing the impact on shareholder's equity and comprehensive income of IFRS 17, and as such is not able to quantify its impact, nor specify any policy choice that will be made.

Other changes

The following amendments to standards are not yet endorsed by the EU and become effective after 1 January 2020. These changes are not expected to have a significant impact on the consolidated annual accounts. Those changes relate to:

- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018).
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018).
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018).

Use of judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that impact the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2018.

Seasonality and cyclicality

As the Group leases assets to its clients for durations that normally range between 3-4 years, the impact of seasonality and cyclicality is relatively limited.

Financial risk management

All amounts are in thousands of euros, unless stated otherwise

Introduction

The Group recognises ten risk management areas, being asset risk, credit risk, operational risk, treasury risk, motor insurance risk, ICT risk, legal risk, compliance risk, reputation risk and strategic risk. Of the ten risk management areas, asset risk, operational risk and liquidity risk (which is part of treasury risk) are considered to be primary risks. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual financial statements; these disclosures should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018.

There have been no material changes to the financial risk profile of the Group since year-end 2018. The financial risks related to credit risk, asset risk and liquidity risk are further described below.

A. Credit risk

The Group distinguishes between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are from a regulatory point of view defined as small and medium entities (SMEs) and private households. The Group also applies internal models to determine the credit risk to its corporate exposures and the retail exposures in the United Kingdom and the Netherlands. For government, bank and other retail customers' counterparty exposures, the Group does not use internal models. For the determination of the risk-weight of these exposures, the Group applies the Standardised Approach (which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure).

B. Asset risk

Asset risk is defined within LeasePlan as a combination of residual value risks and risks on RMT services. Residual value risk is considered the main risk and is defined as LeasePlan's exposure to potential losses due to the resale value of assets declining below the estimates made at lease inception minus risk mitigation. The risk related to RMT is LeasePlan's exposure to potential loss due to the actual costs of the services, repair and maintenance and tyres (over the entire contractual period) exceeding the estimates made at lease inception. The effects of the vehicle's characteristics on the resale value of the vehicle are managed by correctly pricing the vehicle at vehicle inception. The effects of the used car market on the resale value of the vehicle cannot fully be managed by LeasePlan. The state of the used car market is influenced by factors that reside outside LeasePlan's sphere of control and is therefore considered to be part of the inherent market risk of the used car market. The effects of the used car market can partially be mitigated by the adoption of an omni channel approach, which allows further optimisation of the revenues generated from the sale of second hand cars. The exposure to residual values as at the end of March 2019 amounted to EUR 12.4 billion (year-end 2018: EUR 12.5 billion).

C. Liquidity risk

Liquidity risk is managed by pursuing a diversified funding strategy, seeking to conclude funding that matches the estimated run-off profile of the leased assets and maintaining an adequate liquidity buffer. The matched funding principle is applied both at a consolidated group and at subsidiary level taking into account specific mismatch tolerance levels. The Group maintains a liquidity buffer that includes cash balances and a committed (standby) credit facility to safeguard its ability to continue to write new business also when under stress temporarily no new funding could be obtained from the financial markets. The overall liquidity buffer is intended to be sufficient to ensure that under management assumption based stress at least 9 months can be survived and under regulatory assumption based stress at least 6 months can be survived.

D. Fair value of financial instruments

The table below summarises the Group's financial assets and financial liabilities, of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised cost on the balance sheet as at 31 March 2019. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value of financial instruments

As at 31 March 2019	Carrying value		Fair value	
In thousands of euros		Level 1	Level 2	Total
Financial assets measured at fair value				
Derivatives financial instruments in hedge	75,056	-	75,056	75,056
Derivatives financial instruments not in hedge	29,606	-	29,606	29,606
Total financial assets measured at fair value	**104,661**	**-**	**104,661**	**104,661**
Financial assets not measured at fair value				
Cash and balances at central banks	4,116,474			
Investments in debt securities	24,748	25,180	-	25,180
Receivables from financial institutions	704,109			
Lease receivables from clients	3,403,186		3,479,580	3,479,580
Loans to equity accounted investments	153,000	-	156,049	156,049
Equity accounted investments	17,069			
Other receivables and prepayments	429,961	-	430,114	430,114
Assets classified as held-for-sale	44,893			
Financial assets not measured at fair value	**8,893,439**	**25,180**	**4,065,743**	**4,090,923**
Total financial assets	**8,998,100**	**25,180**	**4,170,404**	**4,195,584**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	36,049	-	36,049	36,049
Derivatives financial instruments not in hedge	86,141	-	86,141	86,141
Total financial liabilities measured at fair value	**122,190**	**-**	**122,190**	**122,190**
Financial liabilities not measured at fair value				
Funds entrusted	7,483,948	-	7,526,554	7,526,554
Trade and other payables and Deferred income	928,024			
Borrowings from financial institutions	3,767,251	-	3,844,494	3,844,494
Debt securities issued	10,809,748	-	10,903,686	10,903,686
Financial liabilities not measured at fair value	**22,988,972**	**-**	**22,274,734**	**22,274,734**
Total financial liabilities	**23,111,161**	**-**	**22,396,924**	**22,396,924**

Fair value of financial instruments

As at 31 December 2018	**Carrying value**		**Fair value**	
In thousands of euros		Level 1	Level 2	Total
Financial assets measured at fair value				
Derivatives financial instruments in hedge	57,254	-	57,254	57,254
Derivatives financial instruments not in hedge	41,263	-	41,263	41,263
Total financial assets measured at fair value	**98,517**	**-**	**98,517**	**98,517**
Financial assets not measured at fair value				
Cash and balances at central banks	3,167,831			
Investments in debt securities	24,709	24,737	-	24,737
Receivables from financial institutions	518,318			
Lease receivables from clients	3,279,487	-	3,355,467	3,355,467
Loans to equity accounted investments	151,300	-	153,567	153,567
Equity accounted investments	15,874			
Other receivables and prepayments	407,936		408,036	408,036
Assets classified as held-for-sale	39,259			
Financial assets not measured at fair value	**7,604,713**	**24,737**	**3,917,070**	**3,941,807**
Total financial assets	**7,703,230**	**24,737**	**4,015,587**	**4,040,324**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	31,150	-	31,150	31,150
Derivatives financial instruments not in hedge	81,506	-	81,506	81,506
Total financial liabilities measured at fair value	**112,656**	**-**	**112,656**	**112,656**
Financial liabilities not measured at fair value				
Funds entrusted	6,490,204	-	6,507,800	6,507,800
Trade and other payables and deferred income	856,661	-		
Borrowings from financial institutions	3,788,873	-	3,842,505	3,842,505
Debt securities issued	10,449,447	-	10,383,961	10,383,961
Financial liabilities not measured at fair value	**21,585,185**	**-**	**20,734,266**	**20,734,266**
Total financial liabilities	**21,697,842**	**-**	**20,846,922**	**20,846,922**

Financial instruments in level 1

The fair value of financial instruments that are traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Cash and balances with central banks are the only financial instruments held that are included in level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while taking into account the current creditworthiness of the counterparties.
- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (the vast majority of the Group's derivatives is collateralised).
- The valuation methodology of the cross currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's probability of default is estimated using market CDS spreads resulting in credit valuation adjustments.
- The Group's own creditworthiness and probability of default is estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation adjustment.
- Other techniques such as discounted cash flow analysis based on observable yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.
- For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

The derivative financial instruments not in hedge are derivatives that mitigate interest rate risk and currency risk from an economic perspective but do not qualify for hedge accounting from an accounting perspective. The Group is not involved in active trading of derivatives.

Financial instruments in level 3

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable.
Unobservable in this context means that there is little or no current market data available from which to derive a price that an unrelated, informed buyer would purchase the asset or liability at. No financial instruments are included in this category.

Specific notes

All amounts are in thousands of euros, unless stated otherwise

1 Segment information

LeasePlan's core business activity consist of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. The Group's key management is responsible for allocating resources to the segments and assesses its performance. The Group identified Europe and Rest of the world as reportable segments. Operating segments are reported in accordance with the internal reporting provided to the Group's key management.

Europe
Geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates.

Rest of the world
Geographies in this segment are Australia, Brazil, India, Mexico, New Zealand and the United States.

The performance of the segments is measured based on the combination of IFRS and non-GAAP measures, such as Serviced fleet, Revenue and Underlying net result. The performance measures are obtained from the internal system of management accounting. All relevant revenues and related costs of the central managed activities, like borrowings, treasury, insurance, information services, supply services and holding activities are allocated to the individual segments. This provides management a comprehensive view of the performance of the segments. Inter- segment revenues are not presented separately given their insignificance.

	Europe		Rest of the world		Total	
In millions of euros	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**
Serviced fleet (in thousands) at period end	**1,408**	**1,359**	**418**	**413**	**1,826**	**1,772**
Operating lease income	929	884	93	90	1,022	974
Finance lease and Other interest income	14	16	22	18	36	34
Additional services income	539	555	78	59	617	614
Vehicle sales and End of contract fees	762	680	77	63	839	743
Revenues	**2,244**	**2,135**	**269**	**230**	**2,513**	**2,365**
Finance cost	55	50	28	22	82	72
Car and other depreciation and amortisation	768	726	66	65	834	791
Underlying taxes	26	30	5	6	31	36
Underlying net result	**131**	**149**	**19**	**12**	**150**	**161**
Total assets	25,305	22,944	3,840	3,340	29,145	26,284
Total liabilities	22,244	20,086	3,409	2,974	25,653	23,061

Revenue generated over time consists of operating lease income, finance lease income, other interest income and additional service income amounted to EUR 1,482 million (Q1 2018: EUR 1,455 million) in Europe in comparison to EUR 193 million in Rest of the world (Q1 2018: EUR 167 million).

Revenue generated at a point in time upon termination of lease contracts consists of vehicle sales and end of contract fees EUR 762 million for Europe (Q1 2018: EUR 680 million) and EUR 77 million for Rest of the world (Q1 2018: EUR 63 million).

The table below presents information about the main countries in which the Group is active. The Netherlands is the domicile country of the Group.

	Units		In millions of euros		In millions of euros	
	FTE's (average)		**Revenues**		**Lease assets**	
Country of activity	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Netherlands	1,258	1,171	290	283	2,479	2,251
UK	533	522	299	278	2,659	2,403
Italy	525	495	292	254	1,835	1,670
Other	5,244	4,666	1,633	1,550	13,781	13,219
Balance as at 31 March	**7,561**	**6,854**	**2,513**	**2,365**	**20,754**	**19,543**

CarNext.com

Over the course of 2018 LeasePlan has created its CarNext.com business and intends to separately report CarNext.com's financial results in the course of 2019 after it has completed the necessary accounting system changes and all required information is available for segment disclosure. The required information for a separate segment disclosure was not available in 2018 neither for the first quarter of 2019.

Non-GAAP measures

	IFRS results Q1 2019	Underlying adjustments			Underlying results Q1 2019
		Power of One LeasePlan	Unrealised results on financial instruments	Impairment	
Revenues	**2,512,951**				**2,512,951**
Direct cost of revenues	2,123,739		-16,342	-4,000	2,103,397
Gross profit	**389,212**		**16,342**	**4,000**	**409,553**
Total operating expenses	233,012	-2,845			230,168
Share of profit of investments accounted for using the equity method	929				929
Profit before tax	**157,129**	**2,845**	**16,342**	**4,000**	**180,315**
Income tax expenses	25,151	910	3,887	760	30,708
Net result attributable to owners of the parent	**131,977**	**1,935**	**12,455**	**3,240**	**149,607**

	IFRS results Q1 2018	Underlying adjustments			Underlying results Q1 2018
		Power of One LeasePlan	Unrealised results on financial instruments	Impairment	
Revenues	**2,364,795**				**2,364,795**
Direct cost of revenues	1,991,790		2,488	-30,260	1,964,018
Gross profit	**373,005**		**-2,488**	**30,260**	**400,777**
Total operating expenses	213,868	-8,621			205,247
Share of profit of investments accounted for using the equity method	1,054				1,054
Profit before tax	**160,191**	**8,621**	**-2,488**	**30,260**	**196,584**
Income tax expenses	26,914	1,377	115	7,202	35,609
Net result attributable to owners of the parent	**133,277**	**7,243**	**-2,604**	**23,058**	**160,975**

2 Revenues and direct cost of revenues

Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

In thousands of euros	Q1 2019	Q1 2018
Operating lease income	1,021,642	974,225
Finance lease and Other interest income	35,749	33,620
Additional services income	616,789	614,067
Vehicle sales and End of contract fees	838,771	742,883
Revenues	**2,512,951**	**2,364,795**

Finance lease & Other interest income for the three months ended 31 March 2019 includes an amount of EUR 1.8 million (Q1 2018: EUR 2.1 million) related to Other interest income.

Operating lease income for the three months ended 31 March 2019 includes an amount of EUR 170.3 million (Q1 2018: EUR 159.7 million) related to interest income.

Direct cost of revenues

Direct cost of revenues comprises the costs associated with providing the above-mentioned lease and additional services, the sale of vehicles and related finance cost and impairment charges.

In thousands of euros	Note	Q1 2019	Q1 2018
Depreciation cars		813,233	779,808
Impairment on assets *	8	4,000	30,260
Finance cost		82,009	72,171
Unrealised (gains)/losses on financial instruments		16,342	-2,488
Impairment charges on loans and receivables		6,981	4,501
Lease cost		922,565	884,251
Additional services cost		381,199	389,839
Vehicle and Disposal costs		819,975	717,700
Direct cost of revenues		**2,123,739**	**1,991,790**

(*) Impairment on assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Gross profit (net lease income and vehicles sales income)

The gross profit (revenues less cost of revenues) can be shown as follows:

In thousands of euros	Note	Q1 2019	Q1 2018
Lease services		122,485	156,342
Impairment on assets *	8	-4,000	-30,260
Unrealised (gains)/losses on financial instruments		16,342	-2,488
Lease		**134,827**	**123,594**
Fleet management & other services		74,857	76,781
Repair and maintenance Services		88,085	81,515
Damage services and Insurance		72,648	65,932
Additional services		**235,589**	**224,228**
End of contract fees		31,961	27,571
Loss on disposal of vehicles		-13,165	-2,388
Gross profit		**389,212**	**373,005**

(*) Impairment on assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Net finance income

As part of the analysis of the revenues and direct cost of revenues LeasePlan also considers the net finance income as relevant metric for financial reporting purposes. The net finance income is presented below:

In thousands of euros	Q1 2019	Q1 2018
Finance cost	170,286	159,676
Finance lease and Other interest income	35,749	33,620
Finance cost	-82,009	-72,171
Net interest income	124,026	121,126
Unrealised gains/(losses) on financial instruments	-16,342	2,488
Impairment charges on loans and receivables	-6,981	-4,501
Net finance income	**100,703**	**119,113**

3 Cashflow statement – cash and cash equivalents

In thousands of euros	31 March 2019	31 March 2018
Cash and balances at central banks	4,116,474	3,231,989
Deposits with banks	300,241	257,543
Call money, cash at banks	240,099	83,314
Call money and bank overdrafts	-151,736	-179,340
Balance for the purpose of the statement of cash flows	**4,505,078**	**3,393,507**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. The mandatory reserve deposits amounting to EUR 100.8 million (31 March 2018: EUR 60.1 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.

4 Receivables from financial institutions

This caption includes amounts receivable from banks. Amounts receivable from financial institutions includes call money and current account bank balances that form part of the cash and balances with banks in the cash flow statement.

In thousands of euros	31 March 2019	31 December 2018
Deposits with banks	300,241	277,657
Call money, cash at banks	240,099	75,589
Cash collaterals deposited for securitisation transactions	98,832	105,888
Cash collaterals deposited for derivative financial instruments	61,060	55,351
Other cash collateral deposited	3,877	3,834
Total	**704,109**	**518,318**

The maturity analysis is as follows:

In thousands of euros	31 March 2019	31 December 2018
Three months or less	616,761	369,627
Longer than three months, less than a year	36,855	93,406
Longer than a year, less than five years	50,290	55,077
Longer than five years	202	207
Total	**704,109**	**518,318**

The gross carrying amount as well as the expected credit loss allowance all reside in Stage 1. There is no significant increase in credit risk. The allowance measured for the 12-months period at 31 March 2019 amounted to EUR 0.4 million (31 March 2018 EUR 0.3 million).

5 Derivative financial instruments

Derivative financial instruments are measured at fair value and are made up as follows:

	31 March 2019			31 December 2018		
	Notional amounts	Fair value		Notional amounts	Fair value	
In thousands of euros		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	5,106,073	74,576	-	4,538,083	56,494	1,517
Cross currency swaps	445,513	178	29,211	445,513	592	23,644
Cash flow hedges						
Interest rate swaps	1,454,431	301	6,839	1,452,771	168	5,989
Total Derivatives in hedge	**7,006,017**	**75,056**	**36,049**	**6,436,367**	**57,254**	**31,150**
Interest rate swaps	20,441,461	14,095	49,508	19,368,837	12,093	31,670
Cross currency swaps	4,744,332	15,511	36,633	4,252,156	29,170	49,836
Derivatives not in hedge	**25,185,793**	**29,606**	**86,141**	**23,620,993**	**41,263**	**81,506**
Total	**32,191,811**	**104,661**	**122,190**	**30,057,360**	**98,517**	**112,656**

The fair value is based on the price including accrued interest (dirty price). The unrealised gains/losses on financial instruments recognised in the statement of profit or loss are as follows:

In thousands of euros	**Q1 2019**	**Q1 2018**
Derivatives not in hedges	-19,388	3,436
Derivatives fair value hedging instruments	17,936	-4,877
Financial liabilities fair value hedged items	-14,889	3,929
Hedge ineffectiveness fair value hedges	3,047	-948
Unrealised gains/(losses) on financial instruments	**-16,342**	**2,488**

6 Other receivables and prepayments

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, rebates and bonuses receivable, as well as amounts that are not classified under any other asset. The majority of the other receivables and prepayments has a remaining maturity of less than one year.

7 Lease receivables from clients

This item includes amounts receivable under finance lease contracts and trade receivables mainly related to operating lease, after deduction of allowances for impairment.
Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

In thousands of euros	**31 March 2019**	**31 December 2018**
Amounts receivable under finance lease contracts	2,682,992	2,616,077
Trade receivables	764,619	705,120
Impairment	-44,425	-41,711
Total	**3,403,186**	**3,279,487**

Lease receivables from clients include EUR 31 million (year-end 2018: EUR 30 million) credit impaired receivables.

Impairments of lease receivables include lifetime expected credit losses amounting to EUR 11.5 million (year-end 2018: EUR 11.9 million) for not credit impaired assets and EUR 26.6 million (year-end 2018: EUR 24.3 million) for credit impaired assets. In 2019, changes in ECL amounts mainly relate to net remeasurements and new contracts recognised during the period, offset by write-offs. Remainder of the impairments amounting to EUR 5.8 million (year-end 2018: EUR 5.5 million) represent the invoices under dispute.

The maturity analysis is as follows:

In thousands of euros	**31 March 2019**	**31 December 2018**
Three months or less	1,190,109	1,118,872
Longer than three months, less than a year	768,392	745,693
Longer than a year, less than five years	1,475,496	1,442,089
Longer than five years	13,615	14,543
Impairment	-44,425	-41,711
Total	**3,403,186**	**3,279,487**

A part of the receivables under finance lease contracts is encumbered as a result of the asset backed securitisation transactions concluded by the Group. The total value of the securitised financial leased assets amounts to EUR 289 million (year-end 2018: EUR 327 million) (see note 8).

8 Property and equipment under operating lease and rental fleet

	Operating lease	Rental fleet	Total
Carrying amount as at 1 January 2018	**16,568,441**	**140,253**	**16,708,694**
Purchases/additions	1,771,427	17,727	1,789,154
Disposals	-426,114	-11,737	-437,851
Transfers from inventories	86,624	-	86,624
Transfers to inventories	-288,878	-	-288,878
Depreciation	-798,517	-5,745	-804,262
Impairment charge	-30,260	-	-30,260
Currency translation adjustments	-15,533	-164	-15,697
Carrying amount as at 31 March 2018	**16,867,191**	**140,334**	**17,007,525**
Cost	22,968,710	164,954	23,133,664
Accumulated depreciation	-6,101,519	-24,620	-6,126,139
Carrying amount as at 31 March 2018	**16,867,191**	**140,334**	**17,007,525**
Purchases/additions	5,303,104	94,820	5,397,924
Disposals	-1,827,203	-20,896	-1,848,099
Transfers to inventories	-138,837	-	-138,837
Depreciation	-2,406,247	-20,164	-2,426,411
Impairment charge	-101,740	-	-101,740
Currency translation adjustments	-70,701	-684	-71,385
Carrying amount as at 31 December 2018	**17,625,566**	**193,410**	**17,818,976**
Cost	24,191,609	230,315	24,421,924
Accumulated depreciation	-6,566,042	-36,905	-6,602,948
Carrying amount as at 31 December 2018	**17,625,566**	**193,410**	**17,818,976**
Transfers from inventories	52,883	-	52,883
Transfers to inventories	-408,953	-	-408,953
Purchases/additions	1,677,930	31,986	1,709,916
Disposals	-371,371	-13,356	-384,726
Depreciation	-830,393	-8,528	-838,920
Impairment charge	-4,000	-	-4,000
Currency translation adjustments	137,975	525	138,500
Carrying amount as at 31 March 2019	**17,879,638**	**204,038**	**18,083,675**
Cost	24,567,842	245,654	24,813,495
Accumulated depreciation	-6,688,204	-41,616	-6,729,820
Carrying amount as at 31 March 2019	**17,879,638**	**204,038**	**18,083,675**

Impairment

Vehicles under operating lease contracts were impaired in the first quarter of 2018 for an amount of EUR 30.3 million and consisted of EUR 19.8 million on the Turkish fleet and EUR 10.5 million related to loss-making contracts in Germany. The impairment is recognised in the consolidated statement of profit or loss in the line-item Depreciation cars.

For the full year 2018 the impairment amount was EUR 132 million of which EUR 103.5 million was for loss-making lease contracts in Turkey due to a sharp depreciation of the Turkish lira in 2018 and EUR 28.5 million impairment related to Germany as result of a number of loss-making contracts.

The rate of inflation in Turkey is a key assumption underlying future cash flows and a major input of the calculation of the recoverable amount. To calculate the Turkish lira based cash flows we apply the inflation assumptions as published by the International Monetary Fund (IMF) in April 2019. The applied inflation rates for 2019 and 2020 are 17,5% and 14,1% and decrease to 13% towards 2023.

The sensitivity of the impairment on Turkish lease contracts to an increase (/decrease) of the inflation rate of 5% point (applying the same forward exchange rate curve) amounts to a decrease (/increase) of the impairment amount between EUR 10 and 15 million. The sensitivity to an increase (/decrease) in spot and forward rates (EUR/TRY) with 5 % in each year in the projection, applying the same inflation rates, results in an increase (/decrease) in the impairment amount between EUR 10 and 15 million.

Asset backed securitisation transactions

The Group concluded a number of asset backed securitisation transactions hereinafter identified as the Bumper transactions. These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 3.2 billion (year-end 2018: EUR 3.5 billion).

The depreciation of the rental fleet is presented in the consolidated statement of profit or loss in the line-item “Additional services cost”.

9 Other property and equipment

The composition between owned and leased assets is presented in the following table:

In thousands of euros	**31 March 2019**
Owned	103,204
Leased	295,442
Total	**398,646**

The leased assets mainly include property such as buildings and IT and other equipment. Information regarding leased assets is presented in the table below:

In thousands of euros	**Property**	**Equipment**	**Total**
Balance as at 1 January 2019	**292,796**	**5,421**	**298,217**
Additions	5,541	-	5,541
Depreciation	-9,396	-344	-9,740
Currency translation adjustments	1,424	-	1,424
Balance as at 31 March 2019	**290,364**	**5,078**	**295,442**
Cost	299,779	5,421	305,201
Accumulated depreciation and impairment	-9,415	-344	-9,759
Balance as at 31 March 2019	**290,364**	**5,078**	**295,442**

The maturity of the discounted finance lease liabilities is shown below:

In thousands of euros	**31 March 2019**
Short-term	36,030
Long-term	265,760
Total	301,790

Amounts recognised in statement of profit or loss.

In thousands of euros	**31 March 2019**
Interest on lease liabilities	-1,259
Income from sub-leasing right-of-use assets	177
Expenses relating to short-term leases	-96
Expenses relating to leases of low-value assets	-27
Total	**-1,206**

Maturity analysis of undiscounted contractual cash flows of lease liabilities:

In thousands of euros	**31 March 2019**
Not longer than a year	40,033
Longer than a year, less than five years	127,881
Longer than five years	114,476
Total	**282,389**

10 Funds entrusted

This item includes non-subordinated loans from banks and savings deposits. The maturity analysis of these deposits is as follows:

In thousands of euros	31 March 2019	31 December 2018
Three months or less	4,892,444	4,618,654
Longer than three months, less than a year	1,871,015	1,343,746
Longer than a year, less than five years	720,427	527,388
Longer than five years	61	416
Total	**7,483,948**	**6,490,204**

Savings deposits raised by LeasePlan Bank amounts to EUR 7.4 billion (year-end 2018: EUR 6.4 billion) of which 40.7% (year-end 2018: 40.3%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands. LeasePlan Bank also operates on the German savings deposit market with a cross border offering from the Netherlands.

The average interest rates on the outstanding balances of the fixed term savings deposits in original maturity terms are as follow:

In thousands of euros	31 March 2019	31 December 2018
Three months or less	0.30%	0.32%
Longer than three months, less than a year	0.69%	0.68%
Longer than a year, less than five years	1.14%	1.17%

The interest of the on-demand accounts is set monthly.

11 Trade and other payables and deferred income

The majority of the trade and other payables and deferred income consist of trade payables, deferred leasing income, lease related accruals, other accruals and other deferred amounts owed.

12 Borrowings from financial institutions

This item includes amounts owed to banks under government supervision. The maturity analysis of these loans is as follows:

In thousands of euros	31 March 2019	31 December 2018
On demand	151,736	169,506
Three months or less	166,489	262,599
Longer than three months, less than a year	864,399	793,599
Longer than a year, less than five years	2,584,628	2,563,168
Total	**3,767,251**	**3,788,873**

13 Debt securities issued

This item includes negotiable, interest bearing securities.

In thousands of euros	31 March 2019	31 December 2018
Bond and notes - originated from securitisation transactions	2,165,818	2,328,187
Bonds and notes - other	8,585,642	8,077,862
Bonds and notes - other (AC) fair value adjustmens	58,288	43,399
Balance as at reporting date	**10,809,748**	**10,449,447**

There is no pledge nor security for these debt securities except for the bonds and notes which are originating from securitisation transactions. The average interest rate applicable to the outstanding bonds and notes is 1.3% as of 31 March 2019 (year-end 2018: 1.2%).

The maturity analysis of these debt securities issued is as follows:

In thousands of euros	31 March 2019	31 December 2018
Less than three months	1,048,362	683,373
Longer than three months, less than a year	885,943	1,590,059
Longer than a year, less than five years	8,535,298	7,841,323
Longer than five years	340,145	334,692
Balance as at reporting date	**10,809,748**	**10,449,447**

The caption 'Bonds and notes – originated from securitisation transactions' include notes from Bumper 10 France FCT, Bumper 7 S.A., Bumper 11 S.A., Bumper 9 (NL) Finance B.V., Bumper 8 (UK) Finance plc and Bumper Australia Trust No1.

14 Commitments

The Group has entered into commitments in connection with the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 2.3 billion as at the balance sheet date (year-end 2018: EUR 2.0 billion). These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

Furthermore, the Group had entered into commitments in connection with long-term rental and lease contracts of which the future aggregate minimum lease payments amounted to EUR 278 million in 2018. In 2019 together with the introduction of IFRS16, these amounts are reported in the statement of financial position of the group.

For a number of clients, residual value guarantees have been given for a total of EUR 354 million (year-end 2018: EUR 371 million).

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 165 million (year-end 2018: EUR 160 million) of which EUR 153 million (year-end 2018: EUR 151 million) is drawn as at 31 March.

15 Related parties

Identity of related parties

Related parties and enterprises as defined by IAS 24, are parties and enterprises which can be influenced by the company or which can influence the company.

LP Group B.V. is the shareholder of the company. LP Group B.V. represents a group of long-term responsible investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors alone has a direct or indirect controlling interest in the company. The business relations between the company, LP Group B.V. and their (indirect) shareholders are handled on normal market terms.

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. As of 31 March 2019, an amount of EUR 153 million (year-end 2018: EUR 151 million) is provided as loans to investments accounted for using the equity method.

16 Contingent assets and liabilities

As at 31 March 2019, guarantees had been provided on behalf of the consolidated direct and indirect subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 1.6 billion (year-end 2018: EUR 1.5 billion). The Company charges a guarantee fee to the respective direct and indirect subsidiaries based on normal market terms. For the credit risk exposure arising from these financial guarantees, an amount of EUR 1 million (year-end 2018: EUR 1 million) expected credit losses has been recorded in provisions.

17 Events occurring after balance sheet date

No material events occurred after 31 March 2019, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 31 March 2019 or the result for the three months period ended 31 March 2019.

Responsibility statement

Managing Board's responsibility for financial reporting

The Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Managing Board, so that timeliness, completeness and correctness of external financial reporting are assured.

Each member of the Managing Board hereby confirms that to the best of their knowledge:

The company's 31 March 2019 condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in the consolidation as a whole.

Amsterdam, 15 May 2019

Tex Gunning - Chairman of the Managing Board and CEO
Yolanda Paulissen - CSFIRO
Franca Vossen - CRO

Independent auditor's report

Review report

To: The Shareholders and the Supervisory Board of LeasePlan Corporation N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information as at 31 March 2019 of LeasePlan Corporation N.V., Amsterdam, as set out on pages 6 to 35.

The condensed consolidated interim financial information comprise:

— the condensed consolidated statement of financial position as at 31 March 2019;

— the condensed consolidated statements of profit or loss and comprehensive income for the three-month period then ended;

— the condensed consolidated statements of changes in equity and cash flows for the three-month period then ended; and

— the accompanying notes.

The Managing Board of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the period ending 31 March 2019 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 15 May 2019

KPMG Accountants N.V.

D. Korf RA

Glossary

AFM
The Dutch Authority for the Financial Markets (AFM) has been responsible for supervising the operation of the financial markets since 1 March 2002.

CaaS
LeasePlan purchases, funds and manages vehicles for its customers, providing a complete end-to-end service through its Car-as-a-Service (CaaS) business for a typical contract duration of three to four years.

CLS
The SAP-based Core Leasing System (CLS) re-engineers the IT backbone of the Group and harmonises processes across all countries.

DNB
The Dutch Central Bank (De Nederlandsche Bank N.V.)

Digital LeasePlan
This programme aims to move the Group towards becoming a data driven company delivering digital car services steered by the latest digital technology of data analytics, artificial intelligence and algorithms.

EV
Electric vehicle

LCV
Light commercial vehicles

LeasePlan Bank
The online retail deposit bank operated by LeasePlan Corporation N.V. under a banking licence from DNB.

PHEV
Plug in hybrid electric vehicle

PLDV
Profit-and-loss on Disposal of Vehicles

PV
Passenger vehicle

RMT
Repair, maintenance and tyres

RoW
Rest of the world

RV
Residual value of a vehicle

UCaaS
CarNext.com has the option to re-lease used vehicles in the Used Car-as-a-Service (UCaaS) market.