ALD

PRESS RELEASE

ANNUAL FINANCIAL INFORMATION

Paris, 8 February 2018

ALD REPORTS FULL YEAR 2017 RESULTS*

- **EXCEPTIONALLY STRONG FLEET GROWTH, WELL ABOVE GUIDANCE: TOTAL FLEET UP 9.8% VS. 2016, CONFIRMING ALD'S LEADING POSITION IN EUROPE**
- **OPERATING AND FINANCIAL PERFORMANCE IN LINE WITH GUIDANCE**
- **GROSS OPERATING INCOME UP 7.1% VS. 2016 AT EUR 1332.8M**
- **LEASING CONTRACT AND SERVICES MARGINS UP STRONGLY VS. 2016, COMPENSATING FOR LOWER CAR SALES RESULT**
- **NET INCOME (GROUP SHARE) UP 10.9% VS. 2016 AT EUR 567.6M**
- **EPS AT EUR 1.40, PROPOSED 2017 DIVIDEND: EUR 0.55 PER SHARE**

2017 RESULTS HIGHLIGHTS

- ✓ **Total Fleet:** 1.51 million vehicles managed worldwide at end Dec 17, up 9.8% vs. end Dec 16
- ✓ **Gross Operating Income** at EUR 1332.8 million, up 7.1% vs. 2016, driven by strong growth in Leasing Contract and Services Margins (+12%) and lower Car Sales Result (-18%)
- ✓ **Net Income (Group share**) at EUR 567.6 million in 2017, up 10.9% vs. 2016
- ✓ **Earnings per share** at EUR 1.40
- ✓ **Proposed dividend** of EUR 0.55 per share, corresponding to a pay-out ratio of 39.2%
- ✓ **ROE**[1] at 17.9%
- ✓ **Equity/Asset ratio** at 16.0%

[1] ROE: Return on Equity | See definition note 2, page 9

**The Group's unaudited consolidated results as at 31 December 2017 were examined by the Board of Directors, chaired by Didier Hauguel, on 7 February 2018. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.*

KEY 2017 STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

- ✓ Successful listing of 20.18% of ALD's shares on Euronext
- ✓ Acquisition of Merrion Fleet (Ireland)
- ✓ Acquisition of BBVA Autorenting (Spain) and signing of new distribution partnership
- ✓ Launch of greenfield operations in Colombia
- ✓ Best Customer Service Awards for ALD France (10th year in a row)
- ✓ Successful bond market issuance: EUR 800m EMTN in July, EMTN 600m in November

GUIDANCE FOR 2018

- ✓ **Total Fleet to grow at 8-10% vs. 2017**
- ✓ **Leasing Contract & Services Margins to grow in line with Total Fleet**
- ✓ **Car Sales Result between EUR 200 and 400 per vehicle, on average**
- ✓ **Cost/Income (excluding Car Sales Result) to improve to 50%**
- ✓ **Total Equity / Total Assets ratio between 15% and 17%**
- ✓ **Target dividend pay-out ratio between 40% and 50%**

On 8 February, Mike Masterson, ALD CEO, commenting on the FY 2017 Group Results, stated:

"The exceptional rate of fleet growth achieved by ALD in 2017 demonstrates the strength of our commercial franchises and the quality of our services. This performance has yielded solid operating and financial results in 2017 in line with the guidance we had provided to the market. This is despite a challenging used car market, affected by the continuing debate about diesel engines. A key focus of the business in 2017 has been managing our residual values and in particular the diesel product offering. The Group is moving towards a more balanced fleet mix and we are continually developing our used car resale capabilities and the channels required to promote used car leasing. I am confident that 2018 will see continued strong fleet growth for ALD, which will help in further improving operating leverage and compensate for a lower contribution to our results from car sales. The growth that we are currently registering, built on new partnerships and great technology, leaves the business well positioned to be a leader in the mobility sector in the years ahead."

STRONG BUSINESS DEVELOPMENT ACROSS ALL REGIONS

ALD recorded exceptionally strong fleet growth during 2017 with total fleet reaching 1.51 million vehicles at the end of December, up 4.8% vs. the end of June 2017 and 9.8% vs. the end of the previous year.

All geographical regions contributed to this strong performance: during 2017, total fleet rose by 10.3% in Western Europe, 4.5% in Northern Europe, 9.6% in Central & Eastern Europe and 8.9% in South America, Africa & Asia.

All client segments showed strong fleet growth. Direct sales to corporates grew 7% year on year, while sales via partnerships increased by 14%. ALD remains ahead of the competition in its ability to implement commercial partnerships, which strongly contributed to fleet growth in 2017. The share of additional vehicles sourced in 2017 via partnerships was 36%, while Direct Sales to Corporates contributed 47% and private lease 17%.

At the end of 2017, private lease represented almost 78K vehicles, i.e. 5.1% of total fleet, up 42% since the start of the year and on track towards the target of 150K at the end of 2019.

Strong growth in the SME and private lease segments is contributing to an improved risk profile through diversification of the customer mix.

SOLID OPERATING AND FINANCIAL RESULTS

Supported by exceptionally strong fleet growth, ALD's Gross Operating Income increased to EUR 1332.8 million in 2017, up 7.1% vs. 2016. In H2 17 it reached EUR 670.5 million, up 8.7% vs. H2 2016.

Leasing Contract Margin and Services Margin both rose strongly in 2017, to EUR 574.5 million and EUR 593.0 million, up 11.8% and 12.2% respectively vs. 2016.

The contribution from Car Sales Results declined to EUR 165.3 million in 2017, down 18.0% vs. the previous year. In H2 2017 it was down 22.4% vs. H2 2016. Pressure on the resale prices of diesel cars in Western Europe has weighed on the average sales margin of used vehicles. This trend accelerated during the second half of the year, with average sales margin on used vehicles[2] in Q4 2017 dropping to EUR 469 from EUR 633 in Q3 2017 and EUR 729 in Q4 2016. At the same time the number of used cars sold[2] continued to rise, reaching 69 thousand in Q4 17, bringing the total for 2017 to 259 thousand, up 7.3% vs. 241 thousand in 2016.

During 2017, ALD has implemented a series of measures to accelerate the shift of its fleet away from largely Diesel towards a more balanced fleet. As a result, the share of diesel in the deliveries of passenger cars[3] in the final quarter of 2017 stood at 67.8% in Western Europe and was down significantly from 76.8% in Q4 2016. Including all regions, this share showed a similar drop, from 72.4% in Q4 2016 to 64.0% in Q4 2017.

ALD's existing passenger car fleet is majority equipped with 'Euro 6' engines, respecting the latest European emission norms. Most of the Group's remaining 'Euro 5' diesel powered passenger cars are coming off lease this year and it expects to sell about 130 thousand of them. As a result there will be only around 55 thousand such vehicles left on ALD's balance sheet fleet by the end of 2018.

Stocks of cars (expressed in terms of 'stock days') remained stable during the fourth quarter, as they have been throughout the year. The number of cars sold via electronic platforms[3] rose by 9.4% in 2017 vs. 2016, confirming a slow but steady rise in the proportion of total cars sold.

In 2017, Total Operating Expenses increased by 8.1% to EUR 598.0 million (versus EUR 553.1 million in 2016). This increase reflects an acceleration in investment in IT and digital innovations, perimeter changes linked to the acquisition of Parcours in Q2 2016 and Merrion Fleet and BBVA (Autorenting) in Q3 2017, and professional fees incurred in 2017 (acquisitions and IPO). Within the total, Staff expenses increased by 10.6% in 2017, to EUR 379.0 million (vs. EUR 342.5 million in 2016), while General & Administrative expenses rose moderately at 2.5% vs. 2016.

[2] Management information: previously published data up to and including Q2 17 have been corrected to exclude a non consolidated entity.
Corrected values for Car Sales Result per unit (in EUR) are, for 2016 Q1: 915, Q2: 896, Q3 808, Q4: 729; for 2017 Q1: 747, Q2: 722.
Corrected values for volumes of cars sold (in thousands, rounded) are, for 2016 Q1: 57, Q2: 63,Q3: 61,Q4: 61; for 2017 Q1: 64, Q2: 62
[3] Management information

Cost/Income (excluding Car Sales Result) improved to 51.2% in 2017 from 53.0% in 2016. Synergies relating to recent acquisitions have not yet fully materialized and, together with additional efficiency gains from digitalization, are expected to allow this ratio to fall further.

Impairment charges on receivables in 2017 were down 5.9% in 2017 vs. 2016 at EUR 22.4 million, despite a 17.8% increase in Average Earning Assets over the same period. As a result, the cost of risk[4] dropped to a low 14 bps in 2017 from 18 bps in the previous year.

The effective tax rate of 19.7% for 2017 was significantly lower than 2016's rate of 22.6%, notably reflecting the benefit of the Italian Stability Law.

ALD's solid operational performance allowed it to register an increase in Net Income (Group Share), which stood at EUR 567.6 million in 2017, up 10.9% vs. 2016. Net Income was EUR 280.6 million in H2 2017, up 13.7% vs. H2 16.

Earning Assets rose 16.1% at the end of 2017 vs. the end of the previous year, reaching EUR 16.9 billion, underpinned by strong fleet growth. Total funding at the end of 2017 stood at EUR 15.1 billion (vs. EUR 12.9 billion at the end of 2016) of which 72% consisted of loans from Societe Generale. During 2017 EUR 1.4 billion was raised via ALD's EMTN bond programme.

The Group's Total Equity to Total Assets ratio stood at 16.0% at the end of 2017, inside the target range of 15-17%.

The Return on Average Earning Assets[5] in 2017 was 3.6% (vs. 3.8% in 2016), while ALD's ROE[5] was 17.9% (unchanged from the previous year).

Earnings Per Share for 2017 amounts to EUR 1.40. The Board of Directors has decided to propose to the General Meeting of Shareholders that a dividend of EUR 0.55 per share be distributed in respect of the 2017 financial year, corresponding to a payout ratio of 39.2%. The dividend will be detached on 30 May 2018 and paid on 1 June 2018.

The Group's unaudited consolidated results as at 31 December 2017 were examined by the Board of Directors, chaired by Didier Hauguel, on 7 February 2018. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.

KEY STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

Initial Public Offering of ALD shares

Following the announcement of its IPO on 5 June 2017, ALD's shares commenced trading on the regulated market of Euronext Paris on 16 June 2017. The initial offer price of €14.30 per share implied a total valuation of the company's shares of €5.78 billion. Societe Generale sold a total of 20.18% of ALD's issued share capital.
The objective of the IPO was to enable the Group to gain visibility and reputation in the mobility ecosystem as well as to access new means of financing and to increase its capacity to accelerate its development and seize new growth opportunities in both the corporate and B2C markets.

[4] Cost of risk: Annualized ratio (half-year figure multiplied by 2), using the Impairment Charges on Receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.
[5] See definition note 2, page 9

Partnership with ENEL

On 8 May 2017, ALD and the Italian utility company ENEL signed a partnership agreement for the promotion and development of electric mobility products combining the driving of electric vehicles with the use of ENEL's charging infrastructure, which currently numbers more than 2,500 recharging stations. The products jointly launched by ALD and ENEL target a wide customer base ranging from large corporations to SMEs, professionals and other self-employed workers to private customers.

Acquisition in Ireland

On 29 May 2017, the Group signed an agreement to acquire Merrion Fleet, the second largest full service leasing player in Ireland, managing a portfolio of approximately 5,500 vehicles. The transaction successfully closed on 18 July 2017, further expanding the Group's presence to 43 countries. As a result of direct entry into this market through this acquisition, the Group has terminated its partnership agreement with Johnson and Perrot, its partner in Ireland.

Acquisition and new banking partnership in Spain

On 26 May 2017, the Group signed an agreement to acquire BBVA Autorenting, the Spanish full service leasing subsidiary of BBVA. The transaction was finalized on 22 September 2017. BBVA Autorenting is the seventh largest player in the Spanish market with a fleet of approximately 25,000 vehicles, most of which were previously managed by ALD Spain under a fleet management contract. This transaction is expected to strengthen the Group's full service leasing presence in Spain, while expanding the commercial reach of its solutions through an agency agreement entered into with BBVA, which will make the Group's full service leasing products available to corporate and private customers under a white label agreement.

Greenfield opening in Colombia

In June 2017, ALD launched a greenfield operation in Colombia, extending the ability of the Group to serve its international clients and allowing it to take advantage of the growth potential of the Full Service Leasing market in Colombia. It is part of the Group's successful development in the Latin American region complementing its existing presence through subsidiaries in Brazil, Mexico, Chile and Peru.

Best Customer Service Award

ALD France received Best Customer Service Award of the year 2018 in the Full Service Leasing category from Viseo CI (for the tenth year in a row).

Funding

As part of its funding diversification strategy, the Group successfully returned to the bond market in July to raise EUR 600 million through a 5 year senior bond issue and EUR 200 million through a 2 year private bond issue, under its existing EUR 6 billion EMTN programme. In November, the Group raised a further EUR 600 million through a 3 year senior bond issue.

ALD is rated BBB/A-2 by S&P Global Ratings. On 19 October 2017, S&P Global Ratings revised its outlook on ALD to positive from stable.

2018 GUIDANCE

The Group has previously indicated that, between 2016 and 2019, it expects Total Fleet and Leasing Contract & Services margins to grow at an average annual rate of 8-10%, while the contribution of Car Sales Result within Gross Operating Income will decrease, and Net Income will grow at an average annual rate of 7%.

In the context of the debate around Diesel during the course of 2017, the Group received requests from investors to provide more detailed information about the evolution of Car Sales Result per unit, and it provided this information in its Q3 2017 Trading update.

For 2018, the Group expects 8-10% growth in Total Fleet and Leasing Contract & Services margins vs. 2017, while Car Sales Result per unit is expected to average between EUR 200 and EUR 400, a level lower than previously expected.

In addition, the Group aims to improve its Cost/Income (excluding Car Sales Result) ratio further and expects it to reach c. 50% in 2018 (vs. 51.2% in 2017).

Given the strong capital generation from its activities, the Group has decided to raise its target pay-out ratio for 2018 to 40-50% (vs. the previously guided level of 35-40%), a level which allows it to maintain a high rate of growth without significantly impacting its total equity to total assets ratio.

To summarise ALD's guidance for 2018:

- Total Fleet is expected to grow 8-10% compared to 2017
- Leasing Contract & Services Margins to grow in line with Total Fleet
- Car Sales Result to average between EUR 200 and EUR 400 per vehicle
- Cost/Income (excluding Car Sales Result) to improve to c. 50%
- Target pay-out ratio between 40% and 50%.

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

Date: 8 February 2018, at 10.00 am Paris time - 9.00 am London time
Speakers: Mike Masterson, CEO, and Gilles Momper, CFO

NEXT PUBLICATION

4 May 2018: Q1 2018 Trading update

Press contact:
Stephanie Jonville
+33 (0)1 42 14 38 99
stephanie.jonville@aldautomotive.com

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 6,300 employees worldwide, ALD manages 1.51 million vehicles (at end December 2017).

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

For more information, you can follow us on Twitter **@ALDAutomotive** or visit www.aldautomotive.com.

ALD

Appendix

Consolidated income statement

in EUR million	H2 2017[1]	H2 2016	Change in % H2 '17/'16	FY 2017[1]	FY 2016	Change in % FY '17/'16
Leasing Contract Revenues	1,979.3	1,826.3	+8.4%	3,910.3	3,520.7	+11.1%
Leasing Contract Costs - Depreciation	(1,584.0)	(1,435.6)	+10.3%	(3,094.9)	(2,795.8)	+10.7%
Leasing Contract Costs - Financing	(101.3)	(105.7)	(4.1%)	(229.6)	(205.9)	+11.5%
Unrealised Gains/Losses on Financial Instruments	8.6	(22.4)	N.S	(11.2)	(4.9)	N.S.
Leasing Contract Margin	**302.5**	**262.7**	**+15.2%**	**574.5**	**514.1**	**+11.8%**
Services Revenues	920.8	853.7	+7.9%	1,807.1	1,667.0	+8.4%
Cost of Services Revenues	(625.4)	(593.0)	+5.5%	(1,214.1)	(1,138.4)	+6.6%
Services Margin	**295.4**	**260.8**	**+13.3%**	**593.0**	**528.6**	**+12.2%**
Proceeds of Cars Sold	1,303.9	1,233.6	+5.7%	2,549.0	2,377.7	+7.2%
Cost of Cars Sold	(1,231.4)	(1,140.1)	+8.0%	(2,383.8)	(2,176.2)	+9.5%
Car Sales Result	**72.5**	**93.5**	**(22.4%)**	**165.3**	**201.5**	**(18.0%)**
GROSS OPERATING INCOME	**670.5**	**617.0**	**+8.7%**	**1,332.8**	**1,244.2**	**+7.1%**
Staff Expenses	(194.2)	(177.3)	+9.5%	(379.0)	(342.5)	+10.7%
General and Administrative Expenses	(97.7)	(92.3)	+5.8%	(193.8)	(189.0)	+2.5%
Depreciation and Amortisation	(13.2)	(12.3)	+7.1%	(25.2)	(21.5)	+17.0%
Total Operating Expenses	**(305.0)**	**(282.0)**	**+8.2%**	**(598.0)**	**(553.1)**	**+8.1%**
Impairment Charges on Receivables	(12.3)	(13.8)	(10.7%)	(22.4)	(23.8)	(5.9%)
Non-Recurring Income (Expenses)	0.0	(0.0)	N.S.	(0.0)	(2.0)	N.S.
OPERATING RESULT	**353.2**	**321.2**	**+9.9%**	**712.4**	**665.3**	**+7.1%**
Share of Profit of Associates and Jointly Controlled Entities	0.5	0.4	+29.0%	1.2	0.7	+67.0%
Profit Before Tax	**353.6**	**321.6**	**+10.0%**	**713.6**	**666.1**	**+7.1%**
Income Tax Expense	(69.5)	(73.3)	(5.2%)	(140.4)	(150.4)	(6.6%)
Profit for the Period	**284.1**	**248.3**	**+14.4%**	**573.2**	**515.7**	**+11.2%**
Profit Attributable to:						
Owners of the Company	**280.6**	**246.8**	**+13.7%**	**567.6**	**511.7**	**+10.9%**
Non-Controlling Interests	*3.6*	*1.6*	*n.s.*	*5.6*	*4.0*	*+41.4%*
Return on Average Earning Assets[2]	*3.5%*	*3.5%*		*3.6%*	*3.9%*	
Return on Equity[2]	*17.4%*	*16.9%*		*17.9%*	*17.9%*	

Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	31.12.17[1]	31.12.2016	Change in % FY '17/'16		30.06.2017	Change in % FY '17/H1 '17
Total Fleet (in '000 of vehicles)	**1,511**	**1,376**	**+9.8%**		**1,441**	**+4.8%**
Total Assets	**21,222.2**	**18,508.6**	**+14.7%**		**19,428.0**	**+9.2%**
Earning Assets	**16,930.0**	**14,587.5**	**+16.1%**		**15,543.1**	**+8.9%**
Total Equity	**3,398.2**	**3,012.6**	**+12.8%**		**3,129.8**	**+8.6%**
Financial Debt[3]	**15,129.8**	**12,866.8**	**+17.6%**		**13,647.8**	**+10.9%**
Total Equity on Total Assets	*16.0%*	*16.3%*			*16.1%*	

[1] ALD's Q4 17, H2 17, FY 17 results are currently under review by ALD's Statutory Auditors.

[2] Annualized 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