

PRESS RELEASE

HALF-YEARLY FINANCIAL INFORMATION

Paris, 1 August 2019

ALD REPORTS FIRST HALF 2019 RESULTS

- **STRONG OPERATING PERFORMANCE CONFIRMING FY 2019 GUIDANCE**
- **TOTAL FLEET AT 1.70 MILLION VEHICLES**
- **STRONG OPERATING LEVERAGE: COST/INCOME RATIO (EXCL. CAR SALES RESULT) CONTINUING TO IMPROVE**
- **H1 19 CAR SALES RESULT PER UNIT AT TOP END OF 2019 GUIDANCE**
- **NET INCOME (GROUP SHARE) AT EUR 280.7 MILLION**

ALD Q2 & H1 RESULTS HIGHLIGHTS

- ✓ **Total Fleet:** 1.70 million vehicles¹ managed worldwide at end June 2019, up 7.2% vs. end June 2018
- ✓ **Leasing contract & services margins** up 4.4% in H1 19 vs. H1 18 at EUR 638.0 million
- ✓ **Car Sales result** per unit² at EUR 346 in Q2 19, EUR 301 in H1 19
- ✓ **Gross Operating Income** at EUR 681.4 million in H1 19, up 1.6% vs. H1 18
- ✓ **Operating expenses** up 2.8% in H1 19 vs. H1 18, pushing Cost/Income ratio³ (excluding Car Sales Result) down to 49.4% from 50.7% a year earlier
- ✓ **Net Income (Group share)** at EUR 280.7 million in H1 19, up from EUR 280.0m in H1 18; ROE⁴ at 15.3% in H1 19

KEY STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

- ✓ Selected by Amazon to launch 'Motors' personal car leasing platform in Spain
- ✓ Acquisition of BBVA Automercantil's vehicle renting portfolio in Portugal

¹ Not including Stern Lease fleet (~13,000 vehicles), see Note 4 to Financial Statements for details

² Management information

³ 4-quarter rolling average

⁴ Annualised ratio: Return on average equity calculated using Net income (Group Share) in the numerator (half-year figure multiplied by 2) and average of the Shareholder's equity at beginning and end of period in the denominator

- ✓ Completion of Stern Lease acquisition and partnership agreement in the Netherlands
- ✓ Partnership with retail chain Eroski in Spain

On 1 August 2019, Mike Masterson, ALD CEO, commenting on the Group Results, stated:

“In Q2 19, ALD has again proven its resilience in a complex environment, with fleet growth in line with expectations. Private lease continued to show strong dynamics and passed an important milestone in Spain, where ALD was selected by Amazon for the distribution of personal car leasing. This achievement illustrates our ability to deliver best-in-class services to our customers and the efficiency of our digital tools. The shift in our fleet away from diesel has accelerated, outperforming the objectives we had set ourselves for this year. We continue to actively promote electric and hybrid vehicles and are enriching our offer around electric vehicles. Our solid financial performance in Q2, which was underpinned by our commercial successes and our strong operating leverage, makes us confident we will reach the guidance we have set for 2019. We are convinced our strategy, built on expanding partnerships and state-of-the-art technology, leaves the business well positioned to be a leader in the mobility sector in the years ahead.”

CONTINUED STRONG BUSINESS DEVELOPMENT

ALD total fleet reached 1.7 million¹ at the end of June 2019, up 7.2% vs. the same period the previous year. This performance was achieved in a complex environment marked by pressure on the auto sector and by the continuing powertrain transition. The guidance range of 5-7% organic fleet growth provided at the start of the year is confirmed.

Private lease fleet showed strong growth in H1 2019, at 36%⁵, reaching 133K contracts at the end of June 2019. ALD leverages its extensive partnership network to drive the growth of this segment. The company's adaptable end to end digital platform constitutes a key pillar in the development of its private lease offer. ALD is confident of reaching its target of 150K contracts with private individuals by year end.

ALD continues to diversify its distribution channels. On 19 June 2019, the Group announced it had been selected by Amazon for the launch of 'Motors' personal car leasing platform. This platform focuses on the distribution of new and used car leasing contracts across Spain and leverages ALD's digital technology. This success rewards the significant IT investments made by ALD in recent years to develop digital platforms.

ALD's policy of diversifying its fleet mix away from diesel is showing strong results: the majority of the vehicles registered by ALD in H1 19 was non diesel, with the share of diesel in the deliveries of passenger cars dropping to 47% from 61% a year earlier. This reflects ALD's adjustments in diesel residual values, ALD consultancy initiatives and the development of new sales channels and products around EV. ALD's diesel passenger vehicle fleet is now almost purely 'Euro 6', with less than 29K 'Euro 5' passenger vehicles² remaining and expected to be sold during the course of the year.

ALD continues to encourage clients to opt for electric and hybrid vehicles. The number of such 'green' vehicles managed rose to more than 118K at the end of June 2019.

⁵ Annualised ratio

SOLID OPERATING AND FINANCIAL RESULTS

Leasing Contract and Services Margins taken together rose by 4.4% in the first half of 2019 vs. the same period last year. This performance was achieved in the context of Diesel residual values repricing putting pressure on Services margin growth.

Demand for used cars remained good during Q2 19, supporting prices. As a result, Car Sales Result per unit⁶ increased to EUR 346 in Q2 19 from EUR 258 in Q1 19. In the first half of 2019, CSR per unit⁶ reached EUR 301, putting it at the top of the guidance range of EUR 100 to EUR 300 per vehicle, which ALD reconfirms for the full year.

The number of used cars sold⁶ in Q2 19 reached c. 71K, vs. c. 70K in Q2 18. In line with previous quarters, more than 60% of used cars were sold via electronic platforms. Average stock turnover remained stable over the quarter.

Car Sales Result in Q2 19 was EUR 24.4 million, rebounding from EUR 19.0 million in the previous quarter, though still down markedly from EUR 30.2 million in Q2 18.

Gross Operating Income for the first half of 2019 came in at EUR 681.4 million, up 1.6% from EUR 670.8 million a year earlier.

Thanks to its strong cost control culture, ALD is able to maintain its investment in technology and digital platforms. ALD showed a moderate rise in its Operating Expenses to EUR 316.8 million in H1 19, up 2.8% vs. H1 18. As a result, the Cost-Income ratio excluding Car Sales Result⁷ improved to 49.4%, from 50.7% recorded a year earlier, continuing its downward trend driven by scale benefits and automation of processes throughout the organisation.

Impairment charges on receivables were up from a low EUR 13.4 million in H1 18, but remained well under control at EUR 21.8 million in H1 19, equivalent to a cost of risk⁸ of 22 bps.

ALD's effective tax rate stood at a low 17.4%, reflecting the continued favourable impact of the Italian Stability Law.

ALD's solid operating performance resulted in Net Income (Group share) for H1 19 of EUR 280.7 million, up from 280.0 million in H1 18.

BALANCE SHEET AND FUNDING

Earning Assets rose 4.3% at the end of H1 2019 vs. the end of the previous year, reaching EUR 19.9 billion, underpinned by fleet growth. Financial debt rose 5.5% vs. end 2018.

At the beginning of July 2019, the group issued a new bond under EMTN programme for an amount of EUR 500 million at a fixed rate of 0.375% maturing in July 2023.

ALD is rated BBB+ by S&P Global Ratings and A- by Fitch Ratings, both with stable outlook.

⁶ Management information

⁷ Calculated as a 4-quarter rolling average

⁸ Cost of risk: Annualised ratio, using the Impairment Charges on Receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period

The Group's Total Equity to Total Assets ratio stood at 15.2% at the end of June 2019, down from 15.8% at year-end, but within the Group's guidance range. The drop reflects the payment of the 2018 dividend during the second quarter (EUR 234m).

ROE⁹ for the first half came in at 15.3%.

The Group's consolidated results as at 30 June 2019 were examined by the Board of Directors, chaired by Philippe Heim, on 31 July 2019. Full details of our financial results for Q2 19 and H1 19 are available on our website at www.ALDAutomotive.com, under "Financial Results" in the Investors section. These results have been subject to a limited review by ALD's Statutory Auditors.

KEY STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

ALD selected by Amazon to launch 'Motors' personal car leasing platform in Spain

On 19 June 2019, ALD announced, in cooperation with Amazon, the launch of 'Motors' in Spain, a new store allowing customers to lease a car from a range of brands. Car leasing via amazon.es/motors comes at low monthly prices, no initial deposit, free doorstep delivery and a 50km/30-day return policy. Leasing packages are available for either 36 or 48 months and include service and maintenance, insurance, tire replacement, breakdown assistance, vehicle registration, and excess mileage buffer.

After selecting their car, configuration and lease duration, customers receive an email with a link taking them to the ALD online leasing platform, where customers complete a credit assessment and sign the contract. The entire process is done online.

Through this offering ALD demonstrates its digital capabilities and its permanent focus on delivering best-in-class leasing service to customers.

Acquisition of BBVA Automercantil's renting portfolio in Portugal and distribution agreement

On 23 July 2019, ALD acquired BBVA Automercantil's vehicle renting portfolio in Portugal. The transaction also includes the entry into an agency agreement whereby BBVA will make available to its corporate and private customers in Portugal a full service leasing solution managed by ALD.

This acquisition forms part of ALD's development strategy and is an example of ALD's focus on targeted and value accretive bolt-on acquisitions.

This transaction is expected to strengthen ALD's full service leasing presence in Portugal while expanding the commercial reach of its solutions offering in an important and growing market.

Completion of Stern Lease acquisition and partnership agreement in the Netherlands

On 3 June 2019, ALD finalized its acquisition of SternLease B.V. (~13,000 vehicles), the leasing arm of Stern Group, the Dutch listed market leader in automotive retail, following the signing of an acquisition agreement on 1 March 2019.

On top of the acquisition, a dedicated distribution agreement has been signed to provide access to this local dealership network for the exclusive distribution of ALD leasing services for SMEs and private individuals.

This transaction strengthens ALD's SME and Private Lease offering in the Netherlands, positioning the company as the 5th largest player in the market, while expanding the commercial reach of its solutions.

⁹ Annualised ratio: Return on average equity calculated using Net income (Group Share) in the numerator (half-year figure multiplied by 2) and average of the Shareholder's equity at beginning and end of period in the denominator

New distribution partnership with Eroski in Spain

In June 2019, ALD entered into a distribution agreement with Eroski, the retail supermarket chain based in Northern Spain. This agreement targets the distribution of full service leasing contracts to Eroski's customers, employees and providers, through our digital platform and via dedicated pop up stores.

2019 GUIDANCE

For 2019, the Group expects 5-7% organic growth in Total Fleet. Bolt-on acquisitions might add to this growth, as opportunities arise.

Car Sales Result per unit is expected to average between EUR 100 and EUR 300.

In addition, the Group aims to improve its Cost/Income (excluding Car Sales Result) ratio further and expects it to reach c. 49% in 2019 (vs. 50% in 2018).

Given the strong capital generation from its activities, the Group targets a pay-out ratio of 40-50% for 2019, 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 2019:

- Total Fleet is expected to grow organically 5-7% compared to 2018, plus bolt-on acquisitions
- Car Sales Result to average between EUR 100 and EUR 300 per vehicle
- Cost/Income (excluding Car Sales Result) to improve to c. 49%
- Total Equity / Total Assets ratio between 15% and 17%
- Target pay-out ratio between 40% and 50%.

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

Date: 1 August 2019, at 10:00 am Paris time – 9:00 am London time

Speakers: Mike Masterson, CEO, and Gilles Momper, CFO

Connection details:

- [Webcast](#)
- Conf call: +33 (0) 1 7037 7166 - Password : ALD

NEXT PUBLICATION

6 November 2019

Q3 2019 trading update

6 February 2020

Q4 and FY 2019 Results

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ALD

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

With over 6,500 employees worldwide, ALD manages 1.70 million vehicles (at end June 2019).

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](https://twitter.com/ALDAutomotive)  or visit www.aldautomotive.com.

This document contains forward-looking statements relating to the targets and strategies of ALD SA (the "Company") and its subsidiaries (together with the Company, the "Group"). These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union. These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to: - anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences; - evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation. Therefore, although the Company believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in the Group's markets in particular, regulatory changes, and the success of the Company's strategic, operating and financial initiatives. More detailed information on the potential risks that could affect the Company's financial results can be found in the Registration Document and in the Last Financial Report filed with the French Autorité des Marchés Financiers. Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, the Company does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal. The financial information presented for the quarter and half year ending 30th June 2019 was reviewed by the Company's Board of Directors on 31st July 2019 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date. The limited review procedures on the condensed interim financial statements at 30th June 2019 carried out by the Statutory Auditors have been completed and the Statutory Auditors' Review Report on the half-yearly financial information for 2019 has been delivered on 31st July 2019.

Appendix

Consolidated income statement

in EUR million	Q2 2019 ¹	Q2 2018 ¹	Change in % Q2 '19/Q2 '18	H1 2019 ¹	H1 2018 ¹	Change in % H1 '19/ '18
Leasing Contract Revenues				2,205.9	2,055.7	+7.3%
Leasing Contract Costs - Depreciation				(1,744.1)	(1,645.8)	+6.0%
Leasing Contract Costs - Financing				(136.4)	(107.1)	+27.4%
Unrealised Gains/Losses on Financial Instruments				4.9	7.3	(32.3%)
Leasing Contract Margin	165.1	163.0	+1.3%	330.3	309.9	+6.6%
Services Revenues				1,051.1	969.1	+8.5%
Cost of Services Revenues				(743.5)	(668.0)	+11.3%
Services Margin	159.5	148.9	+7.1%	307.6	301.1	+2.2%
Leasing Contract and Services Margins	324.6	311.9	+4.1%	638.0	611.0	+4.4%
Proceeds of Cars Sold				1,491.3	1,396.5	+6.8%
Cost of Cars Sold				(1,447.9)	(1,336.7)	+8.3%
Car Sales Result	24.4	30.2	(19.2%)	43.4	59.8	(27.4%)
GROSS OPERATING INCOME	349.0	342.1	+2.0%	681.4	670.8	+1.6%
Staff Expenses				(202.4)	(197.0)	+2.7%
General and Administrative Expenses				(88.2)	(97.5)	(9.6%)
Depreciation and Amortisation				(26.2)	(13.7)	+91.6%
Total Operating Expenses	(159.3)	(156.1)	+2.0%	(316.8)	(308.2)	+2.8%
<i>Cost/Income ratio (excl CSR)</i>	<i>49.1%</i>	<i>50.0%</i>		<i>49.7%</i>	<i>50.4%</i>	
Impairment Charges on Receivables	(11.4)	(7.0)	+62.0%	(21.8)	(13.4)	+62.3%
Non-Recurring Income (Expenses)	(0.0)	0.0	<i>ns</i>	(0.0)	0.0	<i>ns</i>
OPERATING RESULT	178.3	179.0	(0.4%)	342.8	349.2	(1.8%)
Share of Profit of Associates and Jointly Controlled Entities	0.5	0.4	+22.3%	0.9	0.7	+28.7%
Profit Before Tax	178.8	179.4	(0.3%)	343.7	349.8	(1.8%)
Income Tax Expense	(30.7)	(34.7)	(11.5%)	(59.7)	(66.6)	(10.4%)
Profit for the Period	148.1	144.7	+2.4%	283.9	283.2	+0.3%
Net Income (Group share)	146.9	143.3	+2.5%	280.7	280.0	+0.2%
Non-Controlling Interests	1.2	1.4	(9.8%)	3.3	3.2	+2.7%
<i>Return on Equity²</i>				<i>15.3%</i>	<i>16.6%</i>	

Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	30.06.2019 ¹	31.12.2018	Change in % H1 '19/FY '18		30.06.2018 ¹	Change in % H1 '19/ H1'18
Total Fleet (in '000 of vehicles)	1,700	1,663	+2.2%		1,587	+7.2%
Total Assets	24,537	23,254	+5.5%		22,369	+9.7%
Earning Assets	19,930	19,101	+4.3%		18,026	+10.6%
Total Equity	3,727	3,668	+1.6%		3,420	+9.0%
Financial Debt³	17,762	16,831	+5.5%		16,118	+10.2%
<i>Total Equity on Total Assets</i>	<i>15.2%</i>	<i>15.8%</i>			<i>15.3%</i>	

¹ ALD's Q2 & H1 19 results have been subject to a limited review by ALD's Statutory Auditors.

² Annualized ratio: in the numerator half-year figure multiplied by 2 divided by 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