

Press release

Paris, 6 May 2020

Trading update on Q1 2020 results

- **ORGANIC TOTAL FLEET GROWTH + 4.9%¹ VS. END MARCH 2019**
- **RESILIENT NET INCOME (GROUP SHARE) AT EUR 128.9 MILLION**
- **SOLID AND ADAPTABLE FUNDING STRUCTURE**
- **ROBUST BUSINESS MODEL WITH MULTI-YEAR CONTRACTS**
- **2019 EUR 0.63 DIVIDEND PER SHARE PROPOSAL MAINTAINED**

First quarter 2020 results highlights

- ✓ **Total Fleet** 1.78 million vehicles managed worldwide at end March 2020, +5.6% vs. March 2019
- ✓ **Leasing Contract and Services Margins** at EUR 326.3 million, up 3.1% vs. Q1 2019
- ✓ **Used Car Sales result** at EUR 3.2 million, including EUR 9 million impairment of used car stock, reflecting COVID-19 risks, implying a Used Car Sales result² per unit at EUR 43
- ✓ **Operating Expenses** at EUR 4.6 million, up 2.9% vs. Q1 2019
- ✓ **Cost of risk** up EUR 7.4 million vs Q1 2019, including a EUR 4.4 million IFRS9 provision for COVID-19 crisis related credit risk
- ✓ EUR 10 million after tax **profit on disposal** of stake in ALD Fortune (China)
- ✓ **Net Income (Group share)** at EUR 128.9 million in Q1 2020, down 3.7% vs. Q1 2019

¹ Excluding the acquired Stern Lease fleet from Q3 2019 (14K vehicles) and including the ALD Fortune divested from Q1 2020 (2K vehicles)

² Management information

On 6 May 2020, Tim Albertsen, ALD CEO, commenting on the Q1 2020 Group Results, stated:

“ALD started the year with a good commercial performance reflecting the strength of our business model and franchise. When from mid-March onwards the COVID-19 lockdowns gradually caused economic activity to slow down in many European countries, our efficient remote working arrangements and state-of-the-art digital tools allowed our staff to continue to engage with our clients and help address their immediate needs. Despite the challenges, our operating and financial performance in Q1 was reassuring and reflects the robustness and geographical diversification of our business model. At the same time ALD has taken an active role in supporting those on the frontline of the crisis by lending our assets and making donations, in a great number of countries. As our main markets progressively emerge from confinement we are positioning ourselves to seize new opportunities, for instance by responding to the demand for flexible products and promoting our used car lease offer, while paying careful attention to our costs. ALD remains committed to a partnership driven strategy of delivering sustainable growth backed by service excellence and I am convinced that we will come out of this crisis even stronger and continue to lead the market.”

Navigating the COVID-19 crisis

The COVID-19 outbreak, with lockdowns observed all over the world, is expected to cause a fall in Euro area GDP by 7.5%³ in 2020 and has brought numerous uncertainties, such as: timing of countries reopening, level and duration of government and central bank economic support measures, corporates’ focus on improving their cash management, risk of increased customer default, uncertainty around used car market dynamics, funding pressures, and slowdown in car registrations.

ALD has reacted quickly and taken effective measures:

- **Remote working** has been deployed successfully in all countries under lockdown within a week, avoiding need for partial unemployment measures, and showing strong engagement from staff throughout the organisation
- Targeted negotiation of **contract duration extensions** aimed at lowering the number of vehicles to be sold once lockdowns are over, decreasing residual value risk, and reducing clients’ monthly installments
- **Close monitoring of cost of risk** by accompanying clients in the management of their cash position and proactively addressing situations of clients in vulnerable sectors
- **Cost reduction measures**, decreasing discretionary overheads and accelerating process digitisation.

³ Source: IMF - World Economic Outlook, April 2020: The Great Lockdown

In the context of the COVID-19 pandemic, ALD launched a Solidarity Plan focusing on three pillars, completing the commitment to protect the Group's staff health as a priority:

- **lending** its assets to the frontline. ALD Spain put 500 cars at the disposal of healthcare professionals and a similar approach is in progress with the ALD pool fleet in 15 other countries
- **joining** the fight (NGOs, medical care and vulnerable populations). Notably through donation of EUR 100,000 to the One O One Fund in support of intensive care research, provision of 40,000 masks to healthcare professionals, and a partnership with Gate Gourmet and Caritas to distribute 70,000+ meals in Spain
- **accompanying** vulnerable suppliers and customers by paying suppliers on time or ahead of time, being ready to grant payment delays and/or preferred terms on contract extensions to vulnerable clients (mainly SMEs) and ensuring deliveries and customer support to essential activities.

ALD's solid and adaptable funding structure ensures its continued ability to grow fleet. Its systematic match-funding policy means assets and liabilities are matched in terms of duration, currency and interest rate and the liquidity gap is strictly managed. ALD has access to secure funding sources: support from Societe Generale is guaranteed and access to capital markets is backed by ALD's strong ratings. ALD's funding needs in 2020 are likely to be limited due to contract duration extensions and slower fleet growth than anticipated. ALD will adapt its financing mix depending on market conditions.

Resilient operating and financial results

Total Fleet reached 1.78 million vehicles at the end of March 2020, up 5.6% vs. end of March 2019. Organic growth (neutralising the impact of the acquisition of Stern Lease in the Netherlands and the disposal of ALD Fortune Auto Leasing & Renting in China) over the same period stood at 4.9%.

Leasing Contract Margin reached EUR 165.1 million and Services Margin EUR 158.0 million in Q1 2020, down 0.1% and up 6.7% respectively vs. Q1 2019. Taken together they increased by 3.1% vs. Q1 2019. Significant unrealised valuation changes in ALD's reinsurance subsidiary's investment portfolio were recorded in the Leasing Contract Margin, holding back its growth this quarter.

The contribution to Gross Operating Income from Used Car Sales result reached EUR 3.2 million in Q1 2020, down from EUR 19.0 million in Q1 2019. An exceptional COVID-19 related EUR 9 million impairment of used car stock was recorded in March results, reflecting delays in sales and potential reduction in the prices of second hand cars.

The number of used cars sold⁴ in Q1 2020 was 74K, stable vs. Q1 2019. As a consequence of lock downs in several markets, stock levels at end March increased moderately vs. end December 2019. ALD is actively promoting contract duration extensions to targeted customers with the aim of lowering the number of vehicles to be sold once lockdowns are over. It further expects its digital remarketing platforms to be a key asset in the efficient management of used car sales, as activity progressively picks up again.

Operating Expenses increased by EUR 4.6 million in Q1 2020, reaching EUR 162.1 million.

Impairment charges on receivables reached EUR 17.8 million, rising by EUR 7.4 million from the EUR 10.4 million recorded in Q1 2019. A EUR 4.4m IFRS9 provision reflecting the expected increase in probability of customer default linked to COVID-19 crisis was recorded in March results.

Further to the closing of the transaction on 28 February 2020, a EUR 10 million post-tax profit on disposal of ALD's stake in ALD Fortune Auto Leasing & Renting (China) was recorded in Q1 2020.

As a result, ALD Net Income (Group Share) reached a resilient EUR 128.9 million in 2019, down 3.7% from EUR 133.8 million in Q1 2019.

Key strategic initiatives & operational developments

ALD and Mitsubishi UFJ Lease & Finance Company to launch joint venture operations in Malaysia

On 23 March 2020, ALD and Mitsubishi UFJ Lease & Finance Company Limited ('MUL') have signed an agreement to create a joint venture that will establish multi-brand, full service operational leasing and fleet management business with related mobility products for corporate clients in Malaysia. This greenfield operation, with a trusted and recognised partner, is part of a joint South East Asian strategy.

Digital offering with Polestar now live

As previously announced in November 2019, ALD has established an innovative digital partnership with Polestar. The fully digital online solution is now live and taking orders in 3 countries.

Expansion of strategic relationship with Tesla

As was announced last quarter, ALD was selected as Tesla's preferred operational leasing provider in Europe. ALD now offers Tesla vehicles to corporate and private individuals in 14 countries.

⁴ Management information

ALD ranked by Vigeo Eiris among the top 3 most sustainable companies within the sector

Vigeo Eiris is a world-reputed, independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations. In its 2020 assessment, ALD scored 67 out of 100, achieving 'Advanced' Level. The Group ranked third among the 102 companies in the Business Support Services sector panel with a first-class performance on fundamental labor rights, social dialogue, career management and corruption.

ALD and Wheels partnership agreement with Mitsubishi Auto Leasing Corporation to extend global coverage to Japan

ALD and Wheels, who formed a Global Alliance 10 years ago, have signed a committed partnership agreement with Mitsubishi Auto Leasing Corporation ('MAL') as part of their Asia coverage expansion, effective from April 1, 2020. ALD-Wheels and MAL will cooperate in providing automotive leasing and fleet management services to global corporations in Japan.

ALD closes sale of equity stake in ALD Fortune Auto Leasing & Renting in China

On 28 February 2020, ALD announced the closing of the sale of its 50% equity stake in ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd. in China.

ALD recorded a post-tax gain of EUR 10 million in the Group's Q1 2020 financial results.

Looking further ahead

ALD has built a long track record of solid operational and financial performance through the cycle using a robust business model characterised by multi-year contracts and moderate credit exposure to a diversified customer base. Its unrivalled partnership network powered by state-of-the-art digital tools and its constant attention to cost control have made ALD a market leader.

The COVID-19 crisis in Europe is only two months old and countries, companies and consumers are slowly starting to emerge from the associated lockdowns. During the coming months and quarters, as the logistical situation gradually normalises, ALD will maintain a strong focus on efficient used car management, leveraging its industrialised platform for selling and exporting used cars, as well as its omni-channel used car lease capacity.

ALD is also ready to seize new opportunities through the launching of innovative products such as flexible offers addressing new customers and further promotion of its used car lease offer. The Group is well positioned to take advantage of market consolidation and leverage its strong buying power to bring optimal pricing conditions to its clients and ensure its competitiveness. ALD's ability to respond to its clients' needs for additional fleet remains intact, thanks to its reliable access to funding, making it ready to rebound and confirm its leadership.

ALD expects its 2020 operating performance to be impacted by the adverse economic environment and, for this reason, has withdrawn its guidance for the year at the end of March. The high level of uncertainty associated with the COVID-19 crisis and its impact on business conditions during the coming quarters make it difficult at this point in time to provide an update on ALD's expected operational or financial performance in 2020. It is the company's intention to keep the market informed as the situation evolves and visibility on trends in used car markets and customer creditworthiness improves.

Conference call for investors and analysts

Date: 6 May 2020, at 09.30 am Paris time - 08.30 am London time

Speakers: Tim Albertsen, CEO and Gilles Momper, CFO

Connection details:

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

2020 Agenda

20 May 2020	General assembly of shareholders
29 May 2020	Detachment of the dividend
3 June 2020	Payment of the dividend
3 August 2020	Q2 and H1 2019 results
5 November 2020	Trading update and Q3 results

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About

ALD

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

With 6 700 employees around the globe, ALD manages 1.78 million vehicles (at end-March 2020).

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

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

Appendix

Consolidated income statement

in EUR million	Q1 2020	Q1 2019	Change in % Q1 '20/'19
Leasing Contract Margin	165.1	165.2	(0.1%)
Services Margin	158.0	148.1	+6.7%
Leasing Contract and Services Margins	323.1	313.3	+3.1%
Used Car Sales result	3.2	19.0	(83.2%)
GROSS OPERATING INCOME	326.3	332.3	(1.8%)
Total Operating Expenses	(162.1)	(157.5)	+2.9%
<i>Cost/Income ratio (excl UCS result)</i>	<i>50.2%</i>	<i>50.3%</i>	<i>na</i>
Impairment Charges on Receivables	(17.8)	(10.4)	+71.3%
OPERATING RESULT	146.4	164.5	(11.0%)
Share of Profit of Associates and Jointly Controlled Entities	0.4	0.4	(4.3%)
Profit Before Tax	146.8	164.9	(11.0%)
Income Tax Expense	(26.6)	(29.1)	(8.3%)
Profit for the Period from Continuing Operations	120.2	135.8	(11.6%)
Result for the period from discontinued operations	10.0	0.0	<i>na</i>
Profit for the Period	130.2	135.8	(4.2%)
Net Income (Group share)	128.9	133.8	(3.7%)

Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	31.03.2020	31.03.2019	Change YTD
Total Fleet ⁽¹⁾ (in '000 of vehicles)	1,777	1,682	+5.6%