

PRESS RELEASE

TRADING UPDATE

Paris, 6 November 2019

ALD TRADING UPDATE ON 9M AND Q3 2019 RESULTS

- **STRONG OPERATING AND FINANCIAL PERFORMANCE CONFIRMING FY 2019 GUIDANCE**
- **TOTAL FLEET AT 1.73 MILLION VEHICLES**
- **CONTINUED IMPROVEMENT IN OPERATING LEVERAGE: COST/INCOME RATIO (EXCL. CAR SALES RESULT) AT 49.1%¹**
- **9M 19 CAR SALES RESULT PER UNIT AT TOP END OF 2019 GUIDANCE**
- **NET INCOME (GROUP SHARE) AT EUR 426.8 MILLION, UP 2.7% VS. 9M 18, UP 7.9% IN Q3 19 VS. Q3 18**

ALD Q3 & 9M RESULTS² HIGHLIGHTS

- ✓ **Total Fleet:** 1.73 million vehicles managed worldwide at end Sept 19, up 6.7% vs. end Sept 18, and 5.8% excluding Stern Lease. Funded fleet growth at +8.0%³ vs. end Sept 18
- ✓ **Leasing contract & services margins** up 4.8% in 9M 19 vs. 9M 18 at EUR 964.3 million
- ✓ **Car Sales result** per unit⁴ at EUR 285 in Q3 19, EUR 295 in 9M 19
- ✓ **Gross Operating Income** at EUR 1,028.8 million in 9M 19, up 2.4% vs. 9M 18
- ✓ **Operating expenses** up 3.0% in 9M 19 vs. 9M 18, pushing Cost/Income ratio¹ (excluding Car Sales Result) down to 49.1% from 50.5% a year earlier
- ✓ **Net Income (Group share)** at EUR 426.8 million in 9M 19, up from EUR 415.4 million in 9M 18

¹ 4-quarter rolling average

² Including Stern Lease from 1 June 2019

³ Integration of Stern Lease representing 1.1% of funded fleet growth

⁴ Management information

KEY STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

- ✓ Creation of a digital partnership with Polestar
- ✓ Launch of ALD Move in the Netherlands
- ✓ Launch of POP GO by ALD, exclusive peer to peer product for the POP Move community
- ✓ ALD France awarded best customer service award for the 12th year in a row
- ✓ Partnership with EIB to accelerate the growth of hybrid and EV fleet
- ✓ Fitch Ratings confirmed ALD's Long-Term Issued Default Rating of A- with stable outlook

On 6 November 2019, Mike Masterson, ALD CEO, commenting on the Group Results, stated:

"In Q3 19, ALD's fleet grew at a sustained pace in all regions. Fleet growth in the private lease segment remained dynamic, supported by our expanding partnership network and our state-of-the-art digital tools. Significant commercial achievements and the launch of several new products further underpinned our operating performance in Q3, supporting margin growth. At the same time ALD's operating leverage improved further thanks to our rigorous cost control and a continuous focus on efficiency gains. Overall, our achievements during the first nine months of the year make us confident we will reach the financial guidance we have provided for 2019, which should allow us to increase our dividend per share."

CONTINUED STRONG BUSINESS DEVELOPMENT

ALD Total Fleet reached 1.73 million at the end of September 2019, up 6.7% vs. the end of September 2018. Integration of the Stern Lease fleet explained +0.9% of Total Fleet growth over this period. Funded fleet growth showed particularly strong dynamics, reaching 8.0% year on year, of which 1.1% came from Stern Lease. All regions contributed to fleet growth. These trends are in line with the fleet growth guidance provided at the start of the year.

Private lease fleet grew strongly in 9M 2019, at 39%⁵, reaching 145K contracts at the end of September 2019. ALD continues to leverage its extensive partnership network to drive growth in this segment. ALD is on track to reach its target of 150K contracts with private individuals by year end.

SOLID OPERATING AND FINANCIAL RESULTS⁶

Leasing Contract and Services Margins taken together rose by 4.8% in the first 9 months of 2019 vs. the same period last year. This performance was achieved despite the continued pressure on margin growth in the context of Diesel residual values repricing.

Demand for used cars continued to support prices in Q3 19. Car Sales Result per unit⁷ reached EUR 285 in Q3 19, down from EUR 346 in Q2 19 but remaining close to the upper bound of the 2019 guidance. In the first 9 months of 2019, CSR per unit⁷ averaged EUR 295, in line with the guidance range of EUR 100 to EUR 300 per vehicle for the full year.

⁵ Annualised ratio

⁶ Unless stated otherwise, all figures include Stern Lease from 1 June 2019

⁷ Management information

The number of used cars sold⁷ in Q3 19 reached c. 74K, vs. c. 70K in Q3 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 Q3 19 remained resilient at EUR 21.1 million, though down from EUR 24.4 million in the previous quarter and EUR 25.7 million in Q3 2018.

Gross Operating Income for the first 9 months of 2019 came in at EUR 1,028.8 million, up 2.4% from EUR 1,005.1 million a year earlier.

ALD showed a moderate rise in its Operating Expenses to EUR 475.6 million in 9M 19, up 3.0% vs. 9M 18. As a result, the Cost-Income ratio excluding Car Sales Result⁸ improved significantly to 49.1%, from 50.5% recorded a year earlier. The continuing improvement in this ratio is driven by scale benefits and automation of processes throughout the organization, combined with a strong cost control culture, enabling ALD to maintain its investment in technology and digital platforms.

Impairment charges on receivables amounted to EUR 10.6 million in Q3 19, in line with preceding quarters.

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 for the quarter resulted in Net Income (Group share) rising by 7.9% vs Q3 18, and Net Income (Group share) for 9M 19 of EUR 426.8 million, up 2.7% vs. 415.4 million in 9M 18.

KEY STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

Creation of a digital partnership with Polestar

ALD has established an innovative digital partnership with Polestar, the Swedish electric performance vehicle brand. The partnership will provide leasing offers and services to clients of Polestar through a fully digital online solution offering a range of products for private individuals and corporate customers. The customer journey will be seamless and digital between Polestar and ALD ecosystems, from configuration of the vehicle to credit assessment and e-signing of the contract. The launch is planned for January 2020 with a range of offers to support the Polestar 2, the latest model produced by the new brand. This partnership will broaden ALD's electric offer and contribute to the development of innovative mobility offerings for customers in Europe.

Launch of ALD Move in the Netherlands

On 11 September 2019, ALD launched ALD Move. This app uses Microsoft's secure Azure Cloud platform and digital services, and is aimed at fostering a holistic, flexible approach to travel. ALD Move provides a combination of real time travel insight and advice and a range of mobility offerings to improve efficiency and encourage responsible mobility behaviour.

Launch of ALD POP GO, an exclusive peer to peer product for the POP MOVE community in Italy

In December 2018 ALD Italy signed a partnership with the digital start-up POP MOVE to develop peer to peer car sharing within a community of drivers engaged through a fully digital experience. Within the partnership ALD Italy promotes POP GO, the full service leasing product "ready to share", to the POP MOVE community managed by the POP MOVE partner. The POP GO product, launched in September 2019, is exclusively dedicated to ALD private customers, allowing them to share their vehicles and save on their

⁸ Calculated as a 4-quarter rolling average

monthly rental fee. The POP GO product and POP MOVE community aim to optimise fleet rotation and efficiency, opening multi-segment peer to peer sharing opportunities on the Italian market, exclusively managed through ALD cars.

ALD France awarded best customer service award for the 12th year in a row

For the 12th year in a row, ALD France was awarded “Best Customer Service Award” in the Full Service Leasing category. Commitment, training and digitalisation were the key success factors highlighted.

Partnership with EIB to accelerate the growth of hybrid and EV fleet

On 30 September 2019, the EIB (European Investment Bank) granted a EUR 250m credit envelope (on favourable financial conditions) to ALD to enable the development of its range of hybrid and electric vehicles across the EU, particularly in France, Germany, Italy, Spain, Belgium and the Netherlands.

The operation is part of the Cleaner Transport Facility programme, a joint initiative launched by the European Commission and the EIB in December 2016 and will contribute to ALD’s sustainable mobility strategy.

Fitch Ratings affirmed ALD’s Long-Term Issued Default Rating of A- with stable outlook

On 27 September 2019, Fitch Ratings affirmed ALD’s Long Term Issuer Default Rating of A- with stable outlook.

Significant factors highlighted by the credit rating agency in its opinion are parental support from ALD’s majority shareholder, Societe Generale, and ALD’s sound stand-alone credit profile, underpinned by its well-established, leading franchise in European car leasing, its well-articulated and soundly executed strategy and ordinary support from Societe Generale in its funding profile.

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: 6 November 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 February 2020	Q4 and FY 2019 Results
6 May 2020	Trading update and Q1 results
20 May 2020	General assembly of shareholders
3 August 2020	Q2 and H1 2020 results
5 November 2020	Trading update and Q3 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 1.73 million vehicles (at end September 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 ending 30 September 2019 was reviewed by the Company's Board of Directors on 5 November 2019 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	Q3 2019 ¹	Q3 2018	Change in % Q3 '19/Q3 '18	9M 2019 ¹	9M 2018	Change in % 9M '19/ '18
Leasing Contract Margin	167.6	156.1	+7.4%	497.9	466.0	+6.8%
Services Margin	158.7	152.6	+4.0%	466.4	453.7	+2.8%
Car Sales Result	21.1	25.7	(17.8%)	64.5	85.4	(24.5%)
GROSS OPERATING INCOME	347.4	334.3	+3.9%	1,028.8	1,005.1	+2.4%
Total Operating Expenses	(158.9)	(153.5)	+3.5%	(475.6)	(461.7)	+3.0%
<i>Cost/Income ratio (excl CSR)</i>	48.7%	49.7%		49.3%	50.2%	
Impairment Charges on Receivables	(10.6)	(13.2)	(19.6%)	(32.4)	(26.6)	+21.6%
Profit Before Tax	178.4	168.0	+6.2%	522.1	517.8	+0.8%
Net Income (Group share)	146.1	135.4	+7.9%	426.8	415.4	+2.7%

Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	30.09.2019 ¹	30.09.2018	Change in % Q3 '19/Q3 '18			
Total Fleet (in '000 of vehicles)	1,734	1,626	+6.7%			

¹ All figures include Stern Lease from 1 June 2019