# DRIVE FREEDOM IN GLOBAL MOBILITY

## 2016 INTERIM REPORT

LET'S DRIVE TOGETHER

ALD Automotive

# ALD INTERNATIONAL

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2016

SUMMARY

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

## Interim condensed consolidated income statement

| (in EUR million) | Notes | For the six months period ended June 30, 2016 | June 30, 2015 |
|---|---|---|---|
| Revenues | **11** | 3,312.9 | 3,005.3 |
| Cost of revenues | **11** | (2,941.7) | (2,659.4) |
| **Gross profit** | | **371.2** | **345.9** |
| Interest income | **12** | 338.9 | 344.4 |
| Interest charges | **12** | (100.3) | (113.3) |
| **Net interest income** | | **238.6** | **231.1** |
| Impairment charges on receivables | | (10.1) | (9.4) |
| Unrealised gains/losses on financial instruments | | 17.6 | (32.2) |
| **Total operating and net finance income** | | **617.3** | **535.4** |
| Staff expenses | | (165.3) | (149.7) |
| General and administrative expenses | | (96.7) | (81.1) |
| Depreciation and amortisation | | (9.2) | (7.5) |
| **Total current operating expenses** | | **(271.2)** | **(238.3)** |
| Non-recurring operating income (expenses) | **15** | (2.0) | (14.9) |
| Share of profit of associates and jointly controlled entities | | 0.4 | 0.5 |
| **Profit before tax** | | **344.5** | **282.7** |
| Income tax expense | | (77.1) | (87.1) |
| **Profit for the period from continuing operations** | | **267.4** | **195.6** |
| **Profit for the period** | | **267.4** | **195.6** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 265.0 | 193.2 |
| Non-controlling interests | | 2.4 | 2.4 |

## Interim condensed consolidated statement of comprehensive income

| (in EUR million) | For the six months period ended<br>June 30, 2016 | <br>June 30, 2015 |
|---|---|---|
| **Items that will not be reclassified subsequently to profit or loss** | **0.0** | **0.0** |
| Changes in actuarial gain/(loss) on retirement benefit, before tax | 0.0 | 0.0 |
| Deferred tax on actuarial gain/(loss) on retirement benefit | 0.0 | 0.0 |
| **Items that may be reclassified subsequently to profit or loss** | **(22.5)** | **25.5** |
| Changes in cash flow hedges, before tax | (17.1) | 1.4 |
| Deferred tax on cash flow hedges | 5.2 | (0.6) |
| Currency translation differences | (10.6) | 24.7 |
| **Other comprehensive income for the year, net of tax** | **(22.5)** | **25.5** |
| Profit /(loss) for the period | 267.4 | 195.6 |
| **Total comprehensive income for the period** | **244.9** | **221.1** |
| **Attributable to** | | |
| Owners of the Company | 242.8 | 217.9 |
| Non-controlling interests | 2.1 | 3.2 |
| | | |
| Total comprehensive income attributable to owners of the parent arises from: | | |
| - Continuing operations | 242.8 | 217.9 |
| - Discontinued operations | - | - |

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| (in EUR million) | Notes | June 30, 2016 | December 31,2015 |
|---|---|---|---|
| **ASSETS** | | | |
| Rental fleet | **17** | 13,224.5 | 11,674.6 |
| Other property and equipment | | 71.2 | 46.4 |
| Goodwill | **16** | 384.4 | 191.7 |
| Other intangible assets | | 25.0 | 19.9 |
| Investments in associates and jointly controlled entities | | 5.9 | 5.6 |
| Derivative financial instruments | | 82.0 | 65.0 |
| Deferred tax assets | | 136.9 | 123.6 |
| Other non-current financial assets | **18** | 1,061.3 | 1,072.6 |
| **Non-current assets** | | **14,991.2** | **13,199.4** |
| Inventories | | 184.5 | 173.9 |
| Receivables from clients and financial institutions | **19** | 1,153.9 | 1,089.2 |
| Corporate income tax receivable | | 85.4 | 128.4 |
| Other receivables and prepayments | | 585.9 | 503.3 |
| Derivative financial instruments | | 14.1 | 64.4 |
| Other current financial assets | **18** | 250.0 | 237.6 |
| Cash and cash equivalents | **20** | 684.1 | 330.9 |
| **Current assets** | | **2,957.9** | **2,527.7** |
| **Total assets** | | **17,949.1** | **15,727.1** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 606.1 | 606.1 |
| Share premium | | 475.1 | 475.1 |
| Retained earnings and other reserves | | 1,477.8 | 1,224.6 |
| Net profit for the period | | 265.0 | 424.3 |
| **Equity attributable to owners of the parent** | | **2,824.0** | **2,730.1** |
| Non-controlling interests | | 33.2 | 32.2 |
| **Total equity** | | **2,857.2** | **2,762.3** |
| Borrowings from financial institutions | **22** | 6,704.2 | 5,656.4 |
| Bonds and notes issued | **22** | 1,377.6 | 1,956.2 |
| Derivative financial instruments | | 56.2 | 25.8 |
| Deferred tax liabilities | | 184.1 | 179.6 |
| Retirement benefit obligations and long term benefits | | 17.8 | 17.2 |
| Provisions | | 95.9 | 87.1 |
| **Non-current liabilities** | | **8,435.8** | **7,922.3** |
| Borrowings from financial institutions | **22** | 3,399.9 | 2,110.9 |
| Bonds and notes issued | **22** | 1,008.3 | 1,015.5 |
| Trade and other payables | **23** | 1,970.4 | 1,637.4 |
| Derivative financial instruments | | 10.1 | 0.7 |
| Corporate income tax liabilities | | 111.3 | 128.4 |
| Provisions | | 156.1 | 149.6 |
| **Current liabilities** | | **6,656.1** | **5,042.5** |
| **Total liabilities** | | **15,091.9** | **12,964.8** |
| **Total equity and liabilities** | | **17,949.1** | **15,727.1** |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (in EUR million) | Share capital | Share premium | Translation reserves | Hedging reserve | Actuarial gain/(loss) reserve | Other capital reserves | Retained earnings | Net profit for the period | Total | Non-controlling interests | Total equity |
| **Balance As at January 1, 2015** | **550.0** | **-** | **(68.8)** | **(4.3)** | **(4.0)** | **4.5** | **1,404.6** | | **1,882.0** | **27.6** | **1,909.6** |
| Changes in cash flow hedges | - | - | - | 0.8 | - | - | - | - | **0.8** | - | **0.8** |
| Actuarial gain/(loss) on post employment benefit obligations | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Currency translation differences | - | - | 23.9 | - | - | - | - | - | **23.9** | 0.8 | **24.7** |
| **Other comprehensive income** | **-** | **-** | **23.9** | **0.8** | **-** | **-** | **-** | **-** | **24.7** | **0.8** | **25.5** |
| Profit for the period (**) | - | - | - | - | - | - | - | 193.2 | **193.2** | 2.3 | **195.5** |
| **Total comprehensive income for the period** | **-** | **-** | **23.9** | **0.8** | **-** | **-** | **-** | **193.2** | **217.8** | **3.2** | **221.0** |
| Proceeds from shares issued | - | - | - | **-** | **-** | **-** | - | **-** | **-** | - | **-** |
| Share-Based payments | - | - | - | - | - | 0.5 | - | - | **0.5** | - | **0.5** |
| Dividends | - | - | - | - | - | - | (99.2) | - | **(99.2)** | (0.9) | **(100.1)** |
| Scope changes | - | - | - | - | - | - | (0.1) | - | **(0.1)** | - | **(0.1)** |
| **Balance As at June 30, 2015** | **550.0** | **-** | **(44.9)** | **(3.5)** | **(4.0)** | **5.0** | **1,305.2** | **193.2** | **2,001.1** | **29.8** | **2,030.9** |
| Changes in cash flow hedges | - | - | - | 1.6 | - | **-** | - | - | **1.6** | - | **1.6** |
| Actuarial gain/(loss) on post employment benefit obligations | - | - | - | - | 0.8 | - | - | - | **0.8** | - | **0.8** |
| Currency translation differences | - | - | (35.3) | - | - | - | - | - | **(35.3)** | (0.4) | **(35.7)** |
| **Other comprehensive income** | **-** | **-** | **(35.3)** | **1.6** | **0.8** | **-** | **-** | **-** | **(32.9)** | **(0.4)** | **(33.3)** |
| Profit for the period | - | - | - | - | - | - | - | 231.1 | **231.1** | 2.7 | **233.8** |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total comprehensive income for the period** | **-** | **-** | **(35.3)** | **1.6** | **0.8** | **-** | **-** | **231.1** | **198.3** | **2.2** | **200.5** |
| Proceeds from shares issued | - | - | - | - | - | - | - | - | - | - | - |
| Share-Based payments | - | - | - | - | - | 0.5 | - | - | **0.5** | - | **0.5** |
| Dividends | - | - | - | - | - | - | (0.9) | - | **(0.9)** | - | **(0.9)** |
| Scope changes | 56.1 | 475.1 | - | - | - | - | 0.1 | - | **531.3** | - | **531.3** |
| **Balance As at December 31, 2015** | **606.1** | **475.1** | **(80.2)** | **(1.9)** | **(3.2)** | **5.5** | **1,304.4** | **424.3** | **2,730.1** | **32.0** | **2,762.1** |
| **Appropriation of net profits** | | | | | | | **424.3** | **(424.3)** | | | |
| **Balance As at January 1, 2016** | **606.1** | **475.1** | **(80.2)** | **(1.9)** | **(3.2)** | **5.5** | **1,728.7** | | **2,730.1** | **32.0** | **2,762.1** |
| Changes in cash flow hedges | - | - | - | (11.9) | - | - | - | - | **(11.9)** | - | **(11.9)** |
| Actuarial gain/(loss) on post employment benefit obligations | - | - | - | - | - | - | - | - | - | - | - |
| Currency translation differences | - | - | (10.3) | - | - | - | - | - | **(10.3)** | (0.3) | **(10.6)** |
| **Other comprehensive income** | **-** | **-** | **(10.3)** | **(11.9)** | **-** | **-** | **-** | **-** | **(22.2)** | **(0.3)** | **(22.5)** |
| Profit for the period | - | - | - | - | - | - | - | 265.0 | **265.0** | 2.4 | **267.4** |
| **Total comprehensive income for the period** | **-** | **-** | **(10.3)** | **(11.9)** | **-** | **-** | **-** | **265.0** | **242.8** | **2.1** | **244.9** |
| Proceeds from shares issued | - | - | - | - | - | - | - | - | - | - | - |
| Share-Based payments | - | - | - | - | - | 0.9 | - | - | **0.9** | - | **0.9** |
| Dividends | - | - | - | - | - | - | (149.6) | - | **(149.6)** | (0.9) | **(150.5)** |
| Scope changes | - | - | - | - | - | - | (0.2) | - | **(0.2)** | - | **(0.2)** |
| **Balance As at June 30, 2016** | **606.1** | **475.1** | **(90.6)** | **(13.8)** | **(3.2)** | **6.4** | **1,579.0** | **265.0** | **2,824** | **33.2** | **2,857.2** |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| (in EUR million) | Notes | June 30, 2016 | For the six months period ended June 30, 2015 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before tax excluding discontinued operations** | | **344.5** | **282.7** |
| **Adjustments for:** | | | |
| Rental Fleet | **17** | 1,397.9 | 1,327.3 |
| Other property and equipment | | 7.0 | 5.9 |
| Intangible assets | | 2.3 | 1.7 |
| Financial assets | | - | - |
| Regulated prov., contingency and expenses provisions | | 18.3 | (1.8) |
| **Depreciation and provision** | | 1,425.5 | 1,333.1 |
| NBV on disposal of other property and equipment | | 4.6 | 3.7 |
| NBV on disposal of intangible assets | | 0.5 | 0.1 |
| **Profit and losses on disposal of assets** | | 5.1 | 3.8 |
| Fair value of derivative financial instruments | | 9.4 | (13.0) |
| *Interest Charges* | | 100.3 | 113.3 |
| *Interest Income* | | (338.9) | (344.4) |
| **Net interest income** | **12** | (238.6) | (231.1) |
| Other (*) | | 0.5 | 0.0 |
| Amounts received for disposal of rental fleet | **17** | 1,098.7 | 1,056.0 |
| Amounts paid for acquisition of rental fleet | **17** | (3,378.2) | (2,751.7) |
| Change in working capital | | (94.2) | 21.1 |
| *Interest Paid* | | (86.9) | (132.1) |
| *Interest Received* | | 360.9 | 361.6 |
| **Net interest paid** | | 274.0 | 229.5 |
| Income taxes paid | | (54.3) | (68.1) |
| **Cash generated from operations (continuing activities)** | | **(607.6)** | **(137.7)** |
| Cash flows from operating activities (discontinued operations) | | - | - |
| **Net cash inflow/(outflow) from operating activities** | | **(607.6)** | **(137.7)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of other property and equipment | | - | - |
| Acquisition of other property and equipment | | (18.0) | (11.8) |
| Divestments of intangible assets | | - | - |
| Acquisition of intangible assets | | (6.3) | (3.2) |
| Proceeds from sale of financial assets | | - | - |
| Acquisition of financial assets (non consolidated securities) | | (35.4) | - |
| Effect of change in group structure | | (292.7) | 1.7 |
| Dividends received | | - | - |
| Long term investment | | 43.7 | 22.1 |
| Loans and receivables from related parties | | 0.1 | (0.2) |
| Other financial investment | | (11.2) | (11.5) |
| **Cash flows from investing activities (continuing activities)** | | **(319.8)** | **(2.9)** |
| Cash flows from investing activities (discontinued operations) | | - | - |
| **Net cash inflow/(outflow) from investing activities** | | **(319.8)** | **(2.9)** |

| | | | |
|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds of borrowings from financial institutions | | 4,899.2 | 3,764.3 |
| Repayment of borrowings from financial institutions | | (3,137.1) | (4,004.5) |
| Proceeds from issued bonds | | - | 800.1 |
| Repayment of issued bonds | | (528.0) | (164.9) |
| Dividends paid to company's shareholders | | - | (99.2) |
| Dividends paid to minority interest | | - | (0.9) |
| Increase/decrease in capital | | (0.1) | - |
| Other | | - | - |
| **Cash flows from financing activities (continuing activities)** | | **1,234.0** | **294.9** |
| Cash flows from financing activities (discontinued operations) | | - | - |
| **Net cash inflow/(outflow) from financing activities** | | **1,234.0** | **294.9** |
| **Exchange gains/(losses) on cash and cash equivalents** | | **(3.2)** | **(0.5)** |
| **Net (decrease)/increase in cash and cash equivalents** | | **303.4** | **153.8** |
| **Cash & cash equivalents at the beginning of the period** | **20** | **282.3** | **174.8** |
| **Cash & cash equivalents at the end of the period** | **20** | **585.7** | **328.6** |

*(*) Including mainly the unrealised foreign exchange gains or losses and share-based payment.*

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. GENERAL INFORMATION

ALD International ("the Company") and its subsidiaries (together "the Group") is a service leasing and vehicle fleet management group with a fleet of more than 1,321,000 vehicles. The Group provides financing and management services in 41 countries in the world including the following businesses:

- <u>Full service leasing</u> : operating lease contracts in which clients pay the Group a regular instalment to cover financing, depreciation and the cost of services such as tyre management, fuel cards, insurance, maintenance, replacement car, etc…;
- <u>Fleet management:</u> outsourcing contracts under which a vehicle is owned by the client, but is managed by a company of the Group; the fleet management company only provides various services such as tyre management, fuel cards, insurance, maintenance etc.

The company is a private company, which is domiciled in Paris. The address of its registered office is 15 Allée de l'Europe, 92110 Clichy.

The company is a wholly-owned subsidiary of the Société Générale Group.

The consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency and it has been rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

These interim condensed consolidated financial statements were authorized for issue by ALD International’s Board of directors on October 5, 2016.

## NOTE 2. BASIS OF PREPARATION

The Group’s interim condensed consolidated financial statements for the six months period ended June 30, 2016 have been prepared in accordance with IAS 34, “Interim financial reporting”. The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015 which have been prepared in accordance with International Financing Reporting Standards (IFRS) as adopted by the European Union and described in Note 4.

## NOTE 3. MAJOR EVENTS OF THE PERIOD

### ACQUISITION OF PARCOURS

On May 3, 2016 ALD Automotive France (Temsys) acquired 100% of the share capital of Parcours Group, a French long-term vehicle leasing company operating a fleet of 61,500 vehicles. Net assets of EUR 105.2 million were acquired for a purchase price of EUR 297.9 million which was paid in cash. The goodwill calculated of EUR 192.7 million is based on the initial due diligence exercise and may be adjusted in the second semester of 2016. In the first half of 2016 Parcours group generated pre-acquisition revenue of EUR 152.6 million and pre tax profit of EUR 4.3 million.

The entity has been fully consolidated in the first semester of 2016.

### OPENING OF SUBSIDIARY IN PERU

The Group has started operations in Peru during the first semester of 2016. The investment in this entity is held at 100% by ALD International SAS & CO KG.

### INVESTMENT IN MKB GROUP

On June 30, 2016 the Group invested EUR 34.7 million in the Hungarian fleet management company MKB-Euroleasing Autopark and its Bulgarian subsidiary MKB-Autopark eood.

## NOTE 4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

Amendments to IFRSs effective for the financial year ending 31 December 2016 are not expected to have a material impact on the group.

### New amendments and interpretations to published standards

The Group has adopted the following new amendments and interpretations to published standards for the first time for the financial year beginning January 1, 2016:

| Amendments or Interpretations | Adoption dates by The European Union |
|---|---|
| Amendment to IAS 1 "Presentation of financial statements" | January 1,2016 |
| Amendment to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" | January 1,2016 |
| Amendment to IAS 19 "Employee benefits" | Effective for reporting periods beginning on or after February 2, 2015 |

| | |
|---|---|
| Annual improvement to IFRSs 2010-2012 cycles | Effective for reporting periods beginning on or after February 2, 2015 |
| Annual improvement to IFRSs 2012-2014 cycles | January 1,2016 |

**Amendment to IAS 1 "Presentation of financial statements":** The narrow-focus amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1.

The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation.

**Amendments to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets":** The amendments have clarified acceptable methods of depreciation and amortization. The use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Moreover, revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

**Amendments to IAS 19 "Employee benefits":** the objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.

**Annual improvements 2012-2014 include**: IFRS 5 *Non-current assets held for sale and discontinued operations*, IFRS 7 *Financial instruments: Disclosures*, IAS 19 *Employee Benefits* and IAS 34 *Interim Financial Reporting*.

**Annual improvements to 2010-2012 include:** IFRS 2 *Definition of vesting condition*, IFRS 3 *Accounting for contingent consideration in a business combination*, IFRS 8 *Aggregation of operating segments and Reconciliation of the total of the reportable segments' assets to entity's assets*, IFRS 13 *Short term receivables and payables*, IAS 16/IAS 38 *Revaluation method – proportionate restatement of accumulated depreciation*, IAS 24 *Key management personnel*.

Application of these amendments and interpretations had no material impact on the interim condensed consolidated financial statements.

## NOTE 5. ESTIMATES

The preparation of the interim condensed consolidated financial statements requires the management of both the Group and its subsidiaries to use certain estimates and assumptions that may have an impact on the reported values of assets, liabilities and contingent liabilities at the balance sheet date and on items of income and expense for the period.

These estimates and assumptions, which are based on historical experience and other factors believed to be reasonable in the circumstances, are used to assess the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates if different assumptions or circumstances apply.

In preparing these interim condensed consolidated 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 that applied to the consolidated financial statements for the year ended December 31, 2015 with the exception of changes in estimates that are required in determining the provision for income taxes.

## NOTE 6. EXCHANGE RATE

For the six months ended June 30, 2016, the balance sheets, income statements and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in ALD International' s accounts have been translated (i) at the exchange rate prevailing at June 30, 2016 for the balance sheet, and (ii) at the average exchange rate for the period ended at June 30, 2016 for the income statement, statement of comprehensive income and cash flow statement except in the case of significant fluctuations in exchange rates. Translation differences have been recorded in equity.

The main exchange rates used in the interim condensed consolidated financial statements for the six months ended June 30, 2016 and for the six months ended June 30, 2015 are based on Paris stock exchange rates and are as follows:

| | June 30, 2016 | | June 30, 2015 | |
|---|---|---|---|---|
| | Period-end Rate | Average Rate | Period-end Rate | Average Rate |
| EUR / UK Pound: | 0.8265 | 0.7785 | 0.7114 | 0.7324 |
| EUR / Danish Krone: | 7.4393 | 7.4500 | 7.4604 | 7.4562 |
| EUR / Swedish Krona: | 9.4242 | 9.3015 | 9.2150 | 9.3422 |

## NOTE 7. SEASONALITY AND CYCLICALITY

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

## NOTE 8. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, asset risk, damage risk and treasury risk (including liquidity risk, interest rate risk and foreign exchange risk).

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2015.

There have been no changes in the risk management department or in any risk management policies since the year end.

All derivative financial instruments remain classified at level 2 in 2016. There were no transfers between levels 1 and 2 during the period. There were no changes in valuation techniques during the period.

## NOTE 9. SEGMENT INFORMATION

The board of directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

Geographically, management considers the performance in the Western Europe, the Nordic countries, the Continental and Eastern Europe, and "BRIC & rest of the world" (where "BRIC" refers to Brazil, Russia – including Baltic countries, India, China).

The board of directors assesses the performance of the operating segments based on a measure of revenue and profit before tax as presented in consolidated financial statements.

**Revenue and Profit before tax**

Sales between segments are carried out at arm's length. The revenue from external parties reported to the board of directors is measured in a manner consistent with that in the income statement.

| | **Six months ended June 30, 2016** | | **Six months ended June 30, 2015** | |
|---|---|---|---|---|
| **(in EUR million)** | **Profit before tax** | **Revenue from external customers** | **Profit before tax** | **Revenue from external customers** |
| Western Europe | 245.1 | 2,442.7 | 200.6 | 2,193.6 |
| Nordic | 53.9 | 431.2 | 50.3 | 425.1 |
| Continental & Eastern Europe | 17.1 | 237.4 | 15.4 | 211.6 |
| BRIC and rest of the world | 28.4 | 201.6 | 16.4 | 175.0 |
| **TOTAL** | **344.5** | **3,312.9** | **282.7** | **3,005.3** |

**Other disclosures**

| (in EUR million) | June 30, 2016 | | |
|---|---|---|---|
| | **Rental fleet** | **Total assets** | **Net financial debt (*)** |
| Western Europe | 10,168.5 | 14,386.0 | 10,386.0 |
| Nordic | 1,379.6 | 1,614.7 | 10.5 |
| Continental & Eastern Europe | 978.3 | 1,070.2 | 835.7 |
| BRIC and rest of the world | 698.1 | 878.2 | 573.7 |
| **TOTAL** | **13,224.5** | **17,949.1** | **11,805.9** |

| (in EUR million) | December 31, 2015 | | |
|---|---|---|---|
| | **Rental fleet** | **Total assets** | **Net financial debt (*)** |
| Western Europe | 8,773.4 | 12,319.4 | 9,075.1 |
| Nordic | 1,358.2 | 1,623.7 | (1.8) |
| Continental & Eastern Europe | 896.8 | 963.9 | 742.2 |
| BRIC and rest of the world | 646.2 | 820.1 | 592.6 |
| **TOTAL** | **11,674.6** | **15,727.1** | **10,408.1** |

*(*): Net financial debt is defined as the sum of Borrowings from financial institutions (non-current and current) and Bonds and notes issued (non-current and current) minus cash and cash equivalents, as presented in the Group's consolidated balance sheet*

## NOTE 10. CHANGES IN THE SCOPE OF CONSOLIDATION

At June 30,2016 all companies are fully consolidated except two companies accounted by the equity method.

Parcours Group and ALD Peru have been included in the scope of consolidation as at June 30,2016.

## NOTE 11. REVENUES AND COST OF REVENUES

**Revenues (group rental and damage risk retention into leases services)**

Revenues are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention, replacement vehicles and depreciation, as well as the proceeds of the sale of vehicles from terminated contracts.

| | Six months ended June 30, | |
|---|---|---|
| **(in EUR million)** | **2016** | **2015** |
| Depreciation | 1,355.5 | 1,248.0 |
| Lease services | 783.8 | 757.8 |
| Proceeds of cars sold | 1,144.2 | 978.1 |
| Other | 29.4 | 21.4 |
| **Total** | **3,312.9** | **3,005.3** |

**Cost of revenues (group rental and damage risk retention into leases services)**

Cost of revenues are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention, replacement vehicles and depreciation, as well as the cost of the vehicles sold.

| (in EUR million) | Six months ended June 30, 2016 | 2015 |
|---|---|---|
| Depreciation | (1,360.2) | (1,255.9) |
| Lease services | (534.5) | (521.9) |
| Cost of cars sold | (1,036.1) | (878.1) |
| Other | (10.9) | (3.5) |
| **Total** | **(2,941.7)** | **(2,659.4)** |

Periodically through the year the Group performs fleet revaluations to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating lease. Any potential risks are provided for prospectively over the remaining estimated useful life and then released upon disposal. The net impact of this provisioning is included within the depreciation cost and for the six months ended June 30, 2016 this impact was a net charge of EUR 16.8 million (for the six months ended June 30, 2015: EUR 12.6 million net charge).

**Gross profit (revenues - / - cost of revenues)**

| (in EUR million) | Six months ended June 30, 2016 | 2015 |
|---|---|---|
| Depreciation | (4.7) | (8.0) |
| Lease services | 249.3 | 235.9 |
| Proceeds of cars sold | 108.0 | 100.1 |
| Other | 18.5 | 17.9 |
| **Total** | **371.2** | **345.9** |

## NOTE 12. NET INTEREST INCOME

| (in EUR million) | Six months ended June 30, 2016 | 2015 |
|---|---|---|
| Interest income from operating lease | 293.1 | 296.3 |
| Interest income from finance lease | 34.7 | 36.6 |
| Other interest income | 11.1 | 11.5 |
| **Total interest income** | **338.9** | **344.4** |
| Interest charges on loans from financial institutions | (79.2) | (94.5) |
| Interest charges on issued bonds | (13.4) | (15.9) |
| Other interest charges | (7.7) | (2.9) |
| **Total interest charges** | **(100.3)** | **(113.3)** |
| **Net interest income** | **238.6** | **231.1** |

“Other interest income” is derived from income received from financial instruments and also income received for cash deposits with third party counterparts.

## NOTE 13. INCOME TAX

Income tax expense is recognized based on the tax rate that would be applicable to expected total annual profit or loss. The effective average annual tax rate used for the year ended on December 31, 2016 is 22.4% (30.79% for the year ended December 31, 2015). The decrease is due to the high level of prior year adjustments in 2015.

## NOTE 14. DIVIDENDS

A dividend related to the period ended December 31, 2015 for an amount of EUR 150 million was declared to Société Générale on June 30, 2016 (a dividend of EUR 100.1 million was paid to Société Générale on June 30, 2015 for the period ended December 31, 2014).

## NOTE 15. NON-RECURRING OPERATING INCOME (EXPENSES)

Non recurring costs of EUR 2 million relate to one-off breakage costs incurred due to the repayment of loans granted by Société Générale to ALD Luxembourg SA.

## NOTE 16. GOODWILL

As part of the interim financial statements in accordance with the Group accounting policies, no impairment tests on goodwill were performed at June 30, 2016 since there were no indications of impairment.

Additional goodwill of EUR 192.7 million has been recognised following the acquisition of Parcours Group in France.

## NOTE 17. RENTAL FLEET

| (in EUR million) | Rental fleet |
|---|---|
| **At 1 January 2015** | |
| Cost | 14,919.4 |
| Accumulated depreciation & impairment | (4,618.5) |
| **Carrying amount As at 1 January 2015** | **10,300.9** |
| **At December 31, 2015** | |
| Opening net book amount | 10,300.9 |
| Additions | 5,668.1 |
| Disposals | (1,814.0) |
| Acquisition of a subsidiary | 160.3 |
| Depreciation charge | (2,656.6) |
| Transfer (included transfer to inventories) | 18.9 |
| Currency translation differences | (3.0) |
| **Closing net book amount as at December 31, 2015** | **11,674.6** |
| **At 31 December 2015** | |
| Cost | 16,550.7 |
| Accumulated depreciation & impairment | (4,876.1) |
| **Carrying amount As at December 31, 2015** | **11,674.6** |
| **At June 30, 2016** | |
| Opening net book amount | 11,674.6 |
| Additions | 3,378.2 |
| Disposals | (1,098.7) |
| Acquisition of a subsidiary | 815.3 |
| Depreciation charge | (1,397.9) |
| Transfer (included transfer to inventories) | 0.2 |
| Currency translation differences | (147.1) |
| **Closing net book amount as at June 30, 2016** | **13,224.5** |
| Cost | 18,472.9 |
| Accumulated depreciation & impairment | (5,248.4) |
| **Carrying amount as at June 30, 2016** | **13,224.5** |

At June 30, 2016 and June 30, 2015, there were no impairments on leased assets.

ALD continues to retain substantially all of the risks and rewards of the lease receivables as in all asset-backed securitisation programmes they subscribed first class of notes suffering from any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for EUR 1,273 million at June 30, 2016. The transferred lease receivables cannot be sold.

At June 30, 2016, the accounting value of the associated liabilities is GBP 300 million in the UK, EUR 300 million in Belgium and EUR 200 million in the Netherlands.

## NOTE 18. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Long-term investments (10 years) | 1,026.2 | 1,072.4 |
| Other current financial assets | 250.0 | 237.6 |
| Net Other | 35.1 | 0.2 |
| **Total** | **1,311.3** | **1,310.1** |

The increase in other investments is due to the investment of EUR 34.7 million in the MKB Group in Hungary.

Long-term investments are a resource resulting from the policy of the Group and of its shareholder, Société Générale, to monitor the Group’s interest rate risk to and match assets and liabilities by maturity. Available equity is considered as a long term resource which needs to be matched with long-term assets (refer to Interest rate risks management in financial risk management section above). Equity reinvestments are made in long term amortizing deposits within Société Générale in order to remain within the interest rate sensitivity limit set for each entity (variation in the net present value of the future residual fixed rate positions, surplus or deficit, for a 1% parallel increase in the yield curve).

In jurisdictions, where feasible, the Group is also looking to implement equity replacement swaps rather than invest on long term amortising assets.

## NOTE 19. RECEIVABLES FROM CLIENTS AND FINANCIAL INSTITUTIONS

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for debtor risks, where necessary.

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Amounts receivable under finance lease contracts | 485.8 | 488.7 |
| Amounts receivable from credit institutions (*) | 19.2 | 18.6 |
| Trade receivables | 735.4 | 662.0 |
| Provision for impairment of trade receivables | (86.4) | (80.2) |
| **Total receivables** | **1,153.9** | **1,089.2** |

(*) Mainly towards Société Générale

The maturity analysis is as follows:

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Trade receivables not overdue | 548.8 | 488.7 |
| Past due up to 90 days | 125.5 | 112.9 |
| Past due between 90 - 180 days | 20.4 | 19.4 |
| Past due over 180 days | 40.7 | 41.0 |
| **Total** | **735.4** | **662.0** |

## NOTE 20. CASH AND CASH EQUIVALENTS

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Cash at bank and on hand | 651.5 | 281.2 |
| Short-term bank deposits | 32.6 | 49.7 |
| **Cash and cash equivalents excl. bank overdrafts** | **684.1** | **330.9** |
| Bank overdrafts | (98.4) | (48.6) |
| **Cash and cash equivalents, net of bank overdrafts** | **585.7** | **282.3** |

As ALD operates its own re-insurance program the cash balance includes funds required for this business.

The increase in the cash balance is mainly due to the timing of dividend payments payable in the second half of the year.

## NOTE 21. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The company's financial assets and liabilities are categorized as follows:

**Financial assets**

| As at June 30, 2016 (EUR million) | Loans and receivables | Assets at fair value through profit and loss | Available for sale | Total net book value per balance sheet | Fair value | Level (*) |
|---|---|---|---|---|---|---|
| Derivative financial instruments | | 96.1 | | 96.1 | 96.1 | Level 2 |
| Receivables from clients and from financial institutions | 1,153.9 | | | 1,153.9 | 1,153.9 | Level 2 |
| Other non current and current financial assets | | 1,311.3 | | 1,311.3 | 1,311.3 | Level 1 and level 2 |
| Cash and cash equivalents | | 684.1 | | 684.1 | 684.1 | Level 1 |
| **Total** | **1,153.9** | **2,091.5** | | **3,245.4** | **3,245.4** | |

*(*) Refers to valuation method*

| | | | Financial asset category | | | |
|---|---|---|---|---|---|---|
| **As at December 31, 2015 (EUR million)** | **Loans and receivables** | **Assets at fair value through profit and loss** | **Available for sale** | **Total net book value per balance sheet** | **Fair value** | **Level** |
| Derivative financial instruments | | 129.4 | | 129.4 | 129.4 | Level 2 |
| Receivables from clients and from financial institutions | 1,089.2 | | | 1,089.2 | 1,089.2 | Level 2 |
| Other non current and current financial assets | | 1,310.2 | | 1,310.2 | 1,310.2 | Level 1 and level 2 |
| Cash and cash equivalents | | 330.9 | | 330.9 | 330.9 | Level 1 |
| **Total** | **1,089.2** | **1,770.5** | | **2,859.6** | **2,859.6** | |

## Financial liabilities

| As at June 30, 2016 (EUR million) | Loans and receivables | Liabilities at fair value through profit and loss | Other financial liabilities at amortised cost | Total net book value per balance sheet | Fair value | Level |
|---|---|---|---|---|---|---|
| Bank borrowings | 10,104.1 | | | 10,104.1 | 10,104.1 | Level 2 |
| Bonds issued | 2,386.0 | | | 2,386.0 | 2,399.2 | Level 2 |
| Derivative financial instruments | | 66.3 | | 66.3 | 66.3 | Level 2 |
| Trade payables | | | 627.0 | 627.0 | 627.0 | Level 2 |
| **Total** | **12,490.1** | **66.3** | **627.0** | **13,183.4** | **13,196.6** | - |

| | | | Financial liability category | | | |
|---|---|---|---|---|---|---|
| **As at December 31, 2015 (EUR million)** | **Loans and receivables** | **Liabilities at fair value through profit and loss** | **Other financial liabilities at amortised cost** | **Total net book value per balance sheet** | **Fair value** | **Level** |
| Bank borrowings | 7,767.3 | | | 7,767.3 | 7,767.3 | Level 2 |
| Bonds issued | 2,971.7 | | | 2,971.7 | 2,998.8 | Level 2 |
| Derivative financial instruments | | 26.5 | | 26.5 | 26.5 | Level 2 |
| Trade payables | | | 552.2 | 552.2 | 552.2 | Level 2 |
| **Total** | **10,739.0** | **26.5** | **552.2** | **11,317.7** | **11,344.8** | |

## NOTE 22. BORROWINGS FROM FINANCIAL INSTITUTIONS AND BONDS

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Bank borrowings | 6,704.2 | 5,656.4 |
| **Non-current borrowings from financial institutions** | **6,704.2** | **5,656.4** |
| Bank overdrafts | 98.4 | 48.6 |
| Bank borrowings | 3,301.6 | 2,062.3 |
| **Current borrowings from financial institutions** | **3,399.9** | **2,110.9** |
| **Total borrowings from financial institutions** | **10,104.1** | **7,767.3** |
| Bonds and notes-originated from securitisation transactions | 357.6 | 436.2 |
| Bonds and notes-originated from EMTN programme | 1,020.0 | 1,520.0 |
| **Non-current bonds and notes issued** | **1,377.6** | **1,956.2** |
| Bonds and notes-originated from securitisation transactions | 505.6 | 500.7 |
| Bonds and notes-originated from EMTN programme | 502.8 | 514.8 |
| **Current bonds and notes issued** | **1,008.3** | **1,015.5** |
| **Total bonds and notes issued** | **2,386.0** | **2,971.7** |
| **Total borrowings from financial institutions and bonds** | **12,490.1** | **10,739.0** |

## Maturity of borrowings and bonds

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Less than 1 year | 4,408.4 | 3,126.4 |
| 1-5 years | 7,803.4 | 7,549.6 |
| Over 5 years | 278.3 | 63.0 |
| **Total borrowings and bonds** | **12,490.1** | **10,739.0** |

## Currencies

The carrying amounts of the Group's borrowings are denominated in the following currencies:

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Euro | 9,338.4 | 7,584.6 |
| UK Pound | 1,441.3 | 1,530.3 |
| Danish Krone | 303.8 | 300.4 |
| Swedish Krona | 263.3 | 263.2 |
| Other currencies | 1,143.3 | 1,060.5 |
| **Total borrowings and bonds** | **12,490.1** | **10,739.0** |

## External funding

Local external banks and third parties provide 27.7% of total funding, representing EUR 3,458.8 million at June 30, 2016 (33% and EUR 3,544.8 million at December 31, 2015).

An amount of EUR 1,072.8 million or 9% of total funding is provided by external banks. The residual external funding (EUR 2,386 million) has been raised through asset-backed securitisations and unsecured bonds.

## EMTN programme

The Group is engaged in a Euro Medium Term Notes (EMTN) programme through the Group holding company, ALD International. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. The programme is rated BBB by Standard & Poor's ratings services.

**Société Générale funding**

The Group has raised external funding in recent years. Due to the maturity of the bond issued by International SA and the asset-backed securitisation programme in Germany in the first half of the year the level of funding raised through Société Générale increased to 72.3% as at June 30, 2016 compared to 67% as at December 31, 2015. The renewal of the German securitisation programme is planned for the second half of 2016.

Most of the funding provided by the SG group is granted through Société Générale Bank and Trust (SGBT) based in Luxemburg. SGBT provides funds to the ALD Group Central Treasury which then grants loans in different currencies to 19 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 6,775.2 million at June 30, 2016 (EUR 5,104 million at December 31, 2015) with an average maturity of 2.18 years and an average rate of 0.83%.

The remaining SG funding is provided either by local SG branches or SG Group Central Treasury in Paris, representing EUR 2,256 million at June 30, 2016 (EUR 2,090.2 million at December 31, 2015 ).

At June 30, 2016 the Group has undrawn borrowing facilities of EUR 2.5 billion (EUR 2.1 billion at December 31, 2015).

A guarantee at first demand has been granted to an English Financial institution for an amount of GBP 120 million on behalf of ALD Automotive UK, under the conditions negotiated in the frame of the distribution agreement concluded with this financial institution.

## NOTE 23. TRADE AND OTHER PAYABLES

| (in EUR million) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Trade payables | 627.0 | 552.2 |
| Deferred leasing income | 380.1 | 346.8 |
| Other accruals and other deferred income | 487.7 | 320.0 |
| Interest payable | 3.0 | 0.0 |
| Advance lease instalments received | 216.7 | 200.0 |
| Accruals for contract settlements | 79.5 | 67.6 |
| VAT and other taxes | 175.6 | 149.4 |
| Other | 0.8 | 1.4 |
| **Trade and other payables** | **1,970.4** | **1,637.4** |

## NOTE 24. DISCONTINUED OPERATIONS

Not applicable.

## NOTE 25. RELATED PARTIES

Related party transactions relate mainly to transactions with companies of the Société Générale Group ("SG"), the Group shareholder. There was no material change in the first half of 2016 in the nature of transactions conducted by the Group with related parties from those at December 31, 2015 which were referred to note 33 "Related Parties" of the 2015 consolidated financial statements.

Significant related party transactions occurred as of June 30, 2016 and June 30, 2015 are disclosed below:

- Société Générale and its subsidiaries are customers of ALD Group. The fleet is leased to SG Group at normal market conditions. More than 50 % of the fleet is leased by ALD France and represented a total rental income of EUR 8.1 million as at June 30, 2016 (EUR 7.3 million as at June 30, 2015);
- The overall amount of IT services subcontracted to Société Générale and its subsidiaries amounted to EUR 9.5 million in the six months period ended June 30, 2016 and EUR 9.1 million in the six months period ended June 30, 2015;
- Rentals of SG premises to the Group, priced at arm's length, amounted to EUR 1.5 million in the six months period ended June 30, 2016 and EUR 1.1 million in the six months period ended June 30, 2015 for ALD France and ALD International (representing approximately 70 % of the total rentals paid to SG);
- Rental contract brokerage's commission paid to SG by ALD France represented EUR 2.2 million for the six months period ended June 30, 2016 and EUR 1.7 million for the six months period ended June 30, 2015;
- The overall amount of insurance premium paid by ALD Italy to Sogessur in the course of a Third Party Liabilities (TPL) insurance policy amounted to EUR 30.03 million for the six months period ended June 30, 2016 and EUR 26.3 million for the six months period ended June 20, 2015;
- Corporate services provided by Société Générale have been subject to compensation of EUR 7.2 million for the six months period ended June 30, 2016 and EUR 7.5 million for the six months period ended June 30, 2015;
- As at June 30, 2016 72.3 % of the Group's funding was provided through SG at a market rate representing EUR 9,031.2 million (respectively 67% representing EUR 7,194.2 million as at December 31, 2015 and 66.9 % representing EUR 7,303.3 million as at June 30, 2015);
- Overall bank guarantees released by SG Group in case of external funding amounted to EUR 737.95 million as at June 30, 2016 (EUR 715.76 million as at December 31, 2015 and EUR 688 million as at June 30, 2015);
- SG also provides ALD Group with derivatives instruments for a total amount of EUR 95.5 million in assets and EUR 61.6 million in liabilities as at June 30, 2016 (respectively EUR 126.5

million in assets and EUR 22.6 million in liabilities as at December 31, 2015, and EUR 92.6 million in assets and EUR 72.3 million in liabilities as at June 30, 2015).

**ALD INTERNATIONAL**
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LET'S DRIVE TOGETHER

ALD Automotive