FIRST HALF 2019 FINANCIAL REPORT

ALD

SUMMARY

I. MANAGEMENT REPORT

1. H1 2019 HIGHLIGHTS

ALD CONTINUES TO DELIVER A SOLID OPERATING AND FINANCIAL PERFORMANCE

- **Total Fleet: 1.70 million vehicles[1] 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 unit[2] 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 ratio[3] (excluding Car Sales Result) down to 49.4% in Q2 2019 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; ROE[4] at 15.3% in H1 2019**

2. FINANCIAL REVIEW ON FIRST SIX MONTHS OF 2019

CONTINUED STRONG BUSINESS DEVELOPMENT AND SOLID OPERATING AND FINANCIAL RESULTS

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/ H1 '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%**
Cost/Income ratio (excl CSR)	*49.1%*	*50.0%*		*49.7%*	*50.4%*	
Impairment Charges on Receivables	(11.4)	(7.0)	+62.0%	(21.8)	(13.4)	+62.3%
Non-Recurring Income (Expenses)	(0.0)	0.0	*ns*	(0.0)	0.0	ns
OPERATING RESULT	**178.3**	**179.0**	**(0.4%)**	**342.8**	**349.2**	**(1.8%)**

[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

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)	+72.3%	(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%*
Return on Equity[3]				*15.3%*	*16.6%*	

ALD total fleet reached 1.7 million[1] 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 this 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 vehicles[6] 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.

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 unit[6] increased to EUR 346 in Q2 19 from EUR 258 in Q1 19. In the first half of 2019, CSR per unit[6] 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 sold[6] 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.

[5] *Annualised ratio*
[6] *Management information*

Thanks to its strong cost control culture, ALD is able to maintain its investment in technology and digital platforms. ALD shows 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 Result[7] 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 risk[8] 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.

SOLID GROWTH IN ASSETS AND EQUITY POSITION

Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	30.06.2019	31.12.2018	Change in % H1'19/FY'18	30.06.2018	Change in % H1 '19/ H1 '18
Total Fleet (in '000 of vehicles)	**1,700**	**1,663**	**+2.2%**	**1,587**	**+7.2%**
Total On Balance Sheet Fleet (in '000 of vehicles)	1,338	1,299	+3.1%	1,238	+8.1%
Total Off Balance Sheet Fleet (in '000 of vehicles)	362	365	(0.7%)	349	+3.7%
Earning Assets	**19,930**	**19,101**	**+4.3%**	**18,026**	**+10.6%**
o/w Rental Fleet	19,167	18,424	+4.0%	17,383	+10.3%
o/w Financial Lease Receivables	763	678	+12.6%	643	+18.6%
Long Term Investment - Equity Reinvestment	**551**	**602**	**(8.4%)**	**755**	**(27.1%)**
Cash & Cash equivalents	**170**	**159**	**+7.1%**	**227**	**(25.1%)**
Intangibles (incl. Goodwill)	**577**	**575**	**+0.4%**	**568**	**+1.6%**
Other	**3,310**	**2,818**	**+17.5%**	**2,792**	**+18.5%**
Total Assets	**24,537**	**23,254**	**+5.5%**	**22,369**	**+9.7%**
Shareholders' equity	**3,692**	**3,634**	**+1.6%**	**3,385**	**+9.1%**
Minority Interests	**35**	**34**	**+2.6%**	**35**	**+1.2%**
Financial Debt	**17,762**	**16,831**	**+5.5%**	**16,118**	**+10.2%**
Other Liabilities	**3,047**	**2,755**	**+10.6%**	**2,831**	**+7.7%**
Total Liabilities and Equity	**24,537**	**23,254**	**+5.5%**	**22,369**	**+9.7%**

COMMENTS ON SIGNIFICANT BALANCE SHEET MOVEMENTS

Earning Assets

The growth in the Rental Fleet Assets of 4.0% during the 6 months ended 30 June 2019 is driven by a growth in the on Balance Sheet Fleet of 3.1% during the same period.

Long term investments – Equity Reinvestment

Following the Group's decision to stop reinvesting its equity in long term deposits, the reduction of these amounts over the year ending 30 June 2019 is due to the maturing of long term deposits that have not been renewed.

Intangibles (including goodwill)

There has been no significant change in Intangibles (including goodwill) during H1 2019.

Financial Debt

The increase in Financial Debt over the year ending 30 June 2019 has primarily occurred to support the growth in the Earning Assets, consequence of the on Balance Sheet Fleet growth during the period. In July 2019, ALD has

[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*

raised EUR 500 million in senior external debt. Overall, the Group continues to rely on Societe Generale for the lion's share of its funding.

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). **ROE**[9] for the first half came in at 15.3% in H1 2019.

3. KEY STRATEGIC INITATIVES & OPERATIONAL DEVELOPMENTS

SELECTED BY AMAZON TO LAUNCH 'MOTORS' PERSONAL CAR LEASING PLATFORM IN SPAIN

On 19 June, 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 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.

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.

4. RISK FACTORS

ALD continues to be subject to the usual risks and the risks inherent to its business as mentioned in Chapter 4 of the Registration Document filed on 23 April 2019. There were no material changes in these risks during the rest of H1 19.

[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*

5. RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 33 to the Group's consolidated financial statements for the financial year ended 31 December 2018 and in Note 24 to the Group's interim consolidated financial statements for the six months ended 30 June 2019. These transactions relate mainly to key management compensation, sales of goods and services, information technology services, premises, brokerage, insurance policy, corporate services, loans and tax consolidation. There have not been any substantial changes in the related party transactions since that date.

6. EVENTS SUBSEQUENT TO 30 JUNE 2019

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.

II. STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

ALD

Public Limited Company

1-3 Rue Eugène et Armand Peugeot Corosa

92500 Rueil-Malmaison

Statutory Auditors' Review Report on the Half-yearly Financial Information

Period from January 1 to June 30, 2019

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

ALD

Public Limited Company

1-3 Rue Eugène et Armand Peugeot Corosa

92500 Rueil-Malmaison

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Statutory Auditors' Review Report on the Half-yearly Financial Information

Period from January 1 to June 30, 2019

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To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of ALD, for the period from January 1 to June 30, 2019;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw attention to Notes 2 "Basis of preparation" and 3.1.1 "IFRS 16 Leases" of the condensed half-yearly consolidated financial statements regarding the impact of the first application of IFRS 16 – "Leases" standard.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-la-Défense, 31 July 2019

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Pascal COLIN	Micha MISSAKIAN

III. STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL REPORT

I certify, to the best of my knowledge, that the interim condensed financial statements for the six months ended 30 June 2019 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the company and all the undertakings included in the consolidation, and that the interim management report, to be found in the first part of this Report, presents a fair review of the important events that have occurred during the first six months of the financial year, their impact on the financial statements, major related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Paris, 1 August 2019

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Mr Mike Masterson
Chief Executive Officer of ALD SA

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Person responsible for financial information
Mr Gilles Momper
Chief Financial Officer of ALD SA

IV. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

SUMMARY

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(In EUR million)	Notes	For the six months period ended June 30, 2019	June 30, 2018
Leasing contract revenues	11a,11d	2,205.9	2,055.7
Leasing contract costs - depreciation	11a	(1,744.1)	(1,645.8)
Leasing contract costs - financing	11a	(136.4)	(107.1)
Unrealised gains/losses on financial instruments	11a	4.9	7.3
Leasing contract margin		**330.3**	**309.9**
Services revenues	11b,11d	1,051.1	969.1
Cost of services revenues	11b	(743.5)	(668.0)
Services margin		**307.6**	**301.1**
Proceeds of cars sold	11c,11d	1,491.3	1,396.5
Cost of cars sold	11c	(1,447.9)	(1,336.7)
Car sales result		**43.4**	**59.8**
GROSS OPERATING INCOME		**681.4**	**670.8**
Staff expenses		(202.4)	(197.0)
General and administrative expenses		(88.2)	(97.5)
Depreciation and amortisation		(26.2)	(13.7)
Total operating expenses	14	**(316.8)**	**(308.2)**
Impairment charges on receivables		(21.8)	(13.4)
Non-recurring income (expenses)		(0.0)	0.0
OPERATING RESULT		**342.8**	**349.2**
Share of profit of associates and jointly controlled entities		0.9	0.7
Profit before tax		**343.7**	**349.9**
Income tax expense	12	(59.7)	(66.6)
Net income		**283.9**	**283.2**
Net income attributable to:			
Owners of the Company		**280.7**	**280.1**
Non-controlling interests		3.3	3.2
Earnings per share for net income attributable to the owners of the parent:			
Basic earnings per share (in cents)	24	**0.70**	**0.69**
Diluted earnings per share (in cents)	24	**0.69**	**0.69**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR million)	Notes	For the six months period ended June 30, 2019	June 30, 2018
Net income		**283.9**	**283.2**
Items that will not be reclassified subsequently to profit or loss		**0.0**	**-**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		0.1	-
Deferred tax on actuarial gain/(Loss) on retirement benefit		(0.0)	-
Items that may be reclassified subsequently to profit or loss		**13.9**	**(16.6)**
Changes in cash flow hedges, before tax		(1.8)	(4.3)
Deferred tax on cash flow hedges		(0.2)	1.1
Currency translation differences		15.9	(13.3)
Other comprehensive income for the period, net of tax		**13.9**	**(16.6)**
Total comprehensive income for the period		**297.8**	**266.6**
Attributable to			
Owners of the Company		294.7	263.6
Non-controlling interests		3.2	3.0

Total comprehensive income attributable to owners of the parent arises from:			
- Continuing operations		294.7	263.6

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(in EUR million)	Notes	June 30, 2019	December 31, 2018
ASSETS			
Rental fleet	**16**	19,167.0	18,423.9
Other property and equipment		109.9	106.5
Right-of-use assets	**3.1.1.c**	127.8	-
Goodwill	**15**	532.4	532.4
Other intangible assets		44.2	42.2
Investments in associates and jointly controlled entities		8.5	7.6
Derivative financial instruments		11.9	14.5
Deferred tax assets		141.3	171.3
Other non-current financial assets	**17**	630.2	601.5
Non-current assets		**20,773.2**	**19,899.9**
Inventories		289.0	264.3
Receivables from clients and financial institutions	**18**	1,700.3	1,584.2
Current income tax receivable		155.7	104.3
Other receivables and prepayments		1,093.6	872.9
Derivative financial instruments		16.9	26.3
Other current financial assets	**17**	337.9	343.6
Cash and cash equivalents	**19**	170.2	158.9
Current assets		**3,763.7**	**3,354.3**
Total assets		**24,537.0**	**23,254.3**
EQUITY AND LIABILITIES			
Share capital		606.2	606.2
Share premium		367.0	367.0
Other Equity		(9.0)	(5.8)
Retained earnings and other reserves		2,447.3	2,110.6
Net income		280.7	555.6
Equity attributable to owners of the parent		**3,692.2**	**3,633.7**
Non-controlling interests		35.1	34.2
Total equity		**3,727.4**	**3,667.9**
Borrowings from financial institutions	**22**	8,377.2	7,955.8
Bonds and notes issued	**22**	3,954.7	4,462.4
Derivative financial instruments		37.3	17.4
Deferred tax liabilities		328.4	293.5
Lease liabilities	**3.1.1.c**	106.8	-
Retirement benefit obligations and long term benefits*		20.2	19.7
Provisions		110.7	105.9
Non-current liabilities		**12,935.3**	**12,854.6**
Borrowings from financial institutions	**22**	4,596.8	3,961.2
Bonds and notes issued	**22**	833.4	451.9
Trade and other payables	**23**	2,172.9	2,088.1
Lease liabilities	**3.1.1.c**	24.3	-
Derivative financial instruments		6.0	8.9
Current income tax liabilities		89.0	70.1
Provisions		151.9	151.5
Current liabilities		**7,874.3**	**6,731.7**
Total liabilities		**20,809.6**	**19,586.4**
Total equity and liabilities		**24,537.0**	**23,254.3**

**Pension plans are only revalued at the end of each financial year*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company											
(in EUR million)	**Share capital**	**Share premium**	**Other equity**	**Translation reserves**	**Hedging reserve**	**Actuarial gain/(loss) reserve**	**Other reserves**	**Retained earnings**	**Net income**	**Equity attributable to the owners of the parent**	**Non-controlling interests**	**Total equity**
Balance As at December 31, 2017 as originally presented	**606.2**	**375.1**	**-**	**(111.1)**	**(12.5)**	**(3.7)**	**7.7**	**1,935.2**	**567.6**	**3,364.5**	**33.8**	**3,398.2**
Change in Accounting Policy*								**(17.1)**		**(17.1)**	**(0.2)**	**(17.3)**
Balance as at January 1, 2018 (restated)*	**606.2**	**375.1**	**-**	**(111.1)**	**(12.5)**	**(3.7)**	**7.7**	**1,918.1**	**567.6**	**3,347.4**	**33.6**	**3,381.0**
Changes in cash flow hedges	-	-	-	-	(3.3)	-	-	-	-	(3.3)	-	(3.3)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	0.0	-	-	(13.1)	-	-	-	(0.0)	-	(13.1)	(0.2)	(13.3)
Other comprehensive income	**0.0**	**-**	**-**	**(13.1)**	**(3.3)**	**-**	**-**	**(0.0)**	**-**	**(16.4)**	**(0.2)**	**(16.6)**
Net income	-	-	-	-	-	-	-	-	280.0	280.0	3.2	283.2
Total comprehensive income for the period	**0.0**	**-**	**-**	**(13.1)**	**(3.3)**	**-**	**-**	**(0.0)**	**280.0**	**263.6**	**3.0**	**266.6**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	-	0.4	-	-	0.4	-	0.4
Dividends	-	-	-	-	-	-	-	(222.3)	-	(222.3)	(1.9)	(224.1)
Scope changes	-	-	-	-	-	-	-	0.0	-	0.0	-	0.0
Appropriation of net income	-	-	-	-	-	-	-	567.6	(567.6)	(0.0)	-	(0.0)
Other	-	-	(4.6) **	-	-	-	-	-	-	(4.6)	-	(4.6)
Balance as at June 30, 2018	**606.2**	**375.1**	**(4.6)**	**(124.2)**	**(15.8)**	**(3.7)**	**8.1**	**2,263.4**	**280.0**	**3,384.6**	**34.7**	**3,419.3**
Changes in cash flow hedges	-	-	-	-	(10.2)	-	-	-	-	(10.2)	-	(10.2)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	0.3	-	-	-	0.3	-	0.3
Currency translation differences	0.0	-	-	(16.8)	-	-	-	0.0	-	(16.8)	(0.0)	(16.8)
Other comprehensive income	**0.0**	**-**	**-**	**(16.8)**	**(10.2)**	**0.3**	**-**	**0.0**	**-**	**(26.7)**	**(0.0)**	**(26.7)**
Net income	-	-	-	-	-	-	-	-	275.6	275.6	3.4	279.0
Total comprehensive income for the period	**0.0**	**-**	**-**	**(16.8)**	**(10.2)**	**0.3**	**-**	**0.0**	**275.6**	**248.9**	**3.4**	**252.3**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(5.8)	-	-	-	-	0.0		(5.8)		(5.8)
Share-Based payments	-	-	-	-	-	-	1.2	-	-	1.2	-	1.2
Issue of treasury shares to employees	-	-	-	-	-	-	-	-				
Dividends	-	(8.1)	-	-	-	-	-	8.1	-	0.0	(2.7)	(2.7)
Scope changes	-	-	-	(0.0)	-	-	-	0.1	-	0.1	(1.1)	(1.0)
Appropriation of net income	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	4.6	-	-	-	-	-	-	4.6		4.6
Balance as at December 31, 2018	**606.2**	**367.0**	**(5.8)**	**(141.0)**	**(26.1)**	**(3.4)**	**9.4**	**2,271.6**	**555.6**	**3,633.7**	**34.2**	**3,667.9**
Changes in cash flow hedges	-	-	-	-	(2.0)	-	-	-	-	(2.0)	-	(2.0)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	0.0	-	-	-	0.0	-	0.0
Currency translation differences	-	-	-	16.0	-	-	-	-	-	16.0	(0.1)	15.9
Other comprehensive income	**-**	**-**	**-**	**16.0**	**(2.0)**	**0.0**	**-**	**-**	**-**	**14.0**	**(0.1)**	**13.9**
Net income	-	-	-	-	-	-	-	-	280.7	280.7	3.3	283.9
Total comprehensive income for the period	**-**	**-**	**-**	**16.0**	**(2.0)**	**0.0**	**-**	**-**	**280.7**	**294.7**	**3.2**	**297.8**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares			(3.2)							(3.2)		(3.2)
Share-Based payments	-	-	-	-	-	-	1.1	-	-	1.1	-	1.1
Issue of treasury shares to employees												
Dividends	-	-		-	-	-	-	(234.0)	-	(234.0)	(2.3)	(236.3)
Scope changes	-	-	-	-	-	-	-	0.0	-	0.0	(0.0)	0.0
Appropriation of net income	-	-	-	-	-	-	-	555.6	(555.6)	(0.0)	0.0	(0.0)
Other	-	-	-	-	-	-	-		-	-		-
Balance as at June 30, 2019	**606.2**	**367.0**	**(9.0)**	**(125.0)**	**(28.1)**	**(3.3)**	**10.4**	**2,593.2**	**280.7**	**3,692.2**	**35.1**	**3,727.4**

** Components of equity restated after the first time application of IFRS 9. Please note, there has been changes to the amounts communicated as at June 30, 2018 which are also reflected in the financial statements as at December 31, 2018. The adjustments relate to additional provisioning on the remaining capital balances within finance lease receivables.*

*** Acquisition of treasury stock*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(in EUR million)	Notes	For the six months period ended 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax excluding discontinued operations		**343.7**	**349.9**
Adjustments for:			
Rental Fleet	**16**	1,801.0	1,694.2
Other property, equipment and right-of-use assets		21.8	9.6
Intangible assets		5.7	4.0
Financial assets		-	-
Regulated prov., contingency and expenses provisions		5.7	19.4
Depreciation and provision		**1,834.1**	**1,727.3**
(Profit)/loss on disposal of financial assets		0.0	-
(Profit)/loss on disposal of property and equipment		12.1	7.7
(Profit)/loss on disposal of intangible assets		(0.0)	0.0
(Profit)/loss on disposal of consolidated securities		-	-
Profit and losses on disposal of assets		**12.1**	**7.8**
Fair value of derivative financial instruments		7.3	(5.7)
Interest Charges		136.4	107.1
Interest Income		(446.1)	(404.3)
Net interest income		**(309.7)**	**(297.2)**
Other (*)		0.2	(0.2)
Amounts received for disposal of rental fleet	**16**	1,282.3	1,385.2
Amounts paid for acquisition of rental fleet	**16**	(3,807.3)	(4,226.9)
Change in working capital		(154.7)	(10.9)
Interest Paid		(115.6)	(152.3)
Interest Received		454.7	416.0
Net interest paid		**339.0**	**263.7**
Income taxes paid		(27.7)	(38.3)
Cash generated from operations (continuing activities)		**(480.6)**	**(845.3)**
Net cash inflow/(outflow) from operating activities		**(480.6)**	**(845.3)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment		-	-
Acquisition of other property and equipment		(26.0)	(23.6)
Divestments of intangible assets		-	-
Acquisition of intangible assets		(7.6)	(8.5)
Proceeds from sale of financial assets		0.1	-
Acquisition of financial assets (non-consolidated securities)		(79.3)	(9.9)
Effect of change in group structure		-	(0.0)
Dividends received		0.0	0.0
Long term investment		51.0	83.7
Loans and receivables from related parties		(119.7)	(0.2)
Other financial investment		2.2	(7.0)
Cash flows from investing activities (continuing activities)		**(179.2)**	**34.5**
Cash flows from investing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from investing activities		**(179.2)**	**34.5**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from financial institutions		3,703.2	5,093.4
Repayment of borrowings from financial institutions		(2,682.1)	(4,347.8)
Proceeds from issued bonds		0.6	1,260.0
Repayment of issued bonds		(131.4)	(957.5)
Payment of lease liabilities	**3.1.1.c**	(11.8)	-
Dividends paid to company's shareholders		(234.0)	(222.3)
Dividends paid to minority interest		(2.3)	(1.9)
Increase/decrease in capital		-	-
Increase/decrease in treasury shares		(3.2)	
Other		-	(4.6)
Cash flows from financing activities (continuing activities)		**639.0**	**819.3**
Cash flows from financing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from financing activities		**639.0**	**819.3**
Exchange gains/(losses) on cash and cash equivalents		**0.7**	**(3.0)**
Effect of change in accounting policies		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**(20.1)**	**5.4**
Cash & cash equivalents at the beginning of the period	**19**	**(50.9)**	**6.7**
Cash & cash equivalents at the end of the period	**19**	**(71.0)**	**12.1**

**Including mainly the unrealised foreign exchange gains or losses (note 11.a)*

The format of consolidated statement of cashflows changed for the period ended June 30, 2019 due to implementation of new standard. See Note 2 for further details.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

ALD ("the Company") and its subsidiaries (together "the Group") is a service leasing and vehicle fleet management group with a fleet of more than 1,700,000 vehicles. The Group provides financing and management services in 43 countries in the world including the following businesses:

- Full service leasing : Under a full-service lease, the client pays the leasing company a regular monthly lease payment to cover financing, depreciation of the vehicle and the cost of various services provided in relation to the use of the vehicle (such as maintenance, replacement car, tyre management, fuel cards and insurance).
- Fleet management: Fleet management services include the provision of outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays fees for the various fleet management services provided. These services are generally identical to those listed under the full-service leasing above, with the exception of the financing service, as the vehicle is owned by the client.

The company is a French « Société Anonyme » incorporated in Société Générale group. Its registered office is located at 1-3 Rue Eugène et Armand Peugeot Corosa 92500 Rueil-Malmaison.
The company is a subsidiary of the Société Générale group (79.82% ownership).
The interim condensed consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency and values are 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 for the six months ended June 30, 2019 were authorised for issue by ALD's Board of Directors on July 31, 2019.

NOTE 2. BASIS OF PREPARATION

The Group's interim condensed consolidated financial statements for the six months period ended June 30, 2019 are prepared in accordance with International Financing Reporting Standards (IFRS) as adopted by the European Union.
These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim financial reporting", using the same accounting policies as those described in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2018, except for the changes described in Note 3 to these interim condensed consolidated financial statements, which have been applied since January 1, 2019 following the Group's adoption of IFRS 16 – Leases.
Since interim condensed consolidated financial statements do not include all of the annual financial statement disclosures required under IFRS, they should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended December 31, 2018.
The presentation of the consolidated statement of cash flows has been changed to the new format which is used to improve the understanding of the Group's operating, investing and financing activities and to reflect changes brought by adoption of IFRS 16.
In operating activities adjustments for depreciation of leases which are in the scope of IFRS 16 have been added to Other property, equipment and right-of-use assets.
Adjustments which relate to profit or loss on disposal of various assets in operating activities have been presented as a subtotal of a net book value of the asset and proceeds from the sale of that asset.
Financing activities now reflect lease payments made during the period which is in line with IFRS 16 disclosures.
This new format has been adopted for the first time in the consolidated financial statements for the year ended 30 June, 2019 and the comparative period of year ended 30 June, 2018 has been restated accordingly to reflect the change in presentation.

NOTE 3. ACCOUNTING POLICY CHANGES

3.1 New and amended standards and Interpretations applicable as from January 1, 2019

The Group has adopted the following new standards, amendments and interpretations to published standards for the first time for the financial year beginning January 1, 2019:

Accounting standards, amendments or Interpretations	Note	Adoption dates by The European Union
IFRS 16 Leases	3.1.1	January 01, 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	3.1.2	January 01, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	3.1.3	January 01, 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	3.1.4	January 01, 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	3.1.5	January 01, 2019
Annual improvements 2015-2017 cycle: IFRS 3 Business Combinations IFRS 11 Joint Arrangements IAS 12 Income Taxes IAS 23 Borrowing Cost	3.1.6	January 01, 2019

3.1.1. IFRS 16 Leases

Nature of the effect of adoption of IFRS 16

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. For the first-time application of IFRS 16, the Group, as a lessee chose to implement the modified retrospective approach proposed by the standard. The Group did not restate comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019.

The Group, as a lessor, is not required to make any adjustments in respect of the leases in place at the date of transition, except for when it is an intermediate lessor (i.e. lessor with sub lease). As at January 1, 2019 and subsequently as at June 30, 2019 the Group did not have any subleases, therefore IFRS 16 did not have an impact for leases where the Group is a lessor.

<u>First time application of the standard where the Group is a lessee</u>

The Group leases various offices and other commercial office space as well as IT and office equipment. Rental contracts are typically made for fixed periods which may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Before the adoption of IFRS 16, the Group classified each of its leases at the inception date as either an operating lease or finance lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Other receivables and prepayments and Trade and other payables, respectively. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. As at December 31, 2018 the Group did not have any finance leases as a lessee.

As at December 31, 2018 the Group had operating lease commitments, most of which related to building leases contracted for the lease of commercial and office space. On adoption of IFRS 16, the Group recognised lease liabilities in relation to these leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The amount of the lease liability on outstanding leases was calculated by discounting residual rental payments with the rate in effect on January 1,2019, taking into account the residual maturity of the contracts (refer to section b) Lease Term and Discount Rates.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of the first-time application.

A number of practical expedients which are permitted by the modified retrospective approach have been applied to leases during the first time application of the standard.
As at January 1, 2019 the Group recognised a lease liability at the present value of the lease payments remaining at that date adjusted for any prepaid or accrued lease payments. The discount rate used was either the interest rate implicit in the lease or, if that rate was not available, the lessee's incremental borrowing rate (refer to section b) Discount Rates)
For leases with a remaining term of less than one year at the first time application, the Group chose to apply the short-term lease exemption in IFRS 16 and expense lease payments rather than recognise right-of-use asset and a lease liability at January 1, 2019.
IFRS 16 allows a lessee to exclude initial direct costs from the measurement of the right-of-use asset on transition. The Group applied this expedient on a lease by lease basis.

The Group applies a simplified measurement approach for all short-term leases i.e. those leases that have a lease term of 12 months or less from the commencement date including a renewal option. It also applies the lease of low-value assets recognition exemption to leases of furniture and office equipment that are considered of low value (i.e., below USD 5,000).
The first-time application of IFRS 16 had no impact on the amount of the Group shareholders' equity at January 1, 2019.

Opening balance sheet adjustments as at 1 January 2019

(in EUR million)	**December 31, 2018**	**IFRS 16 First time application**	**January 1, 2019**
ASSETS			
Rental fleet	18,423.9		18,423.9
Other property and equipment	106.5		106.5
Right-of-use assets	-	134.3[1]	134.3
Goodwill	532.4		532.4
Other intangible assets	42.2		42.2
Investments in associates and jointly controlled entities	7.6		7.6
Derivative financial instruments	14.5		14.5
Deferred tax assets	171.3		171.3
Other non-current financial assets	601.5		601.5
Non-current assets	**19,899.9**	**134.3**	**20,034.2**
Inventories	264.3		264.3
Receivables from clients and financial institutions	1,584.2		1,584.2
Current income tax receivable	104.3		104.3
Other receivables and prepayments	872.9		872.9
Derivative financial instruments	26.3		26.3
Other current financial assets	343.6		343.6
Cash and cash equivalents	158.9		158.9
Current assets	**3,354.3**		**3,354.3**

Total assets	**23,254.3**	**134.3**	**23,388.5**
EQUITY AND LIABILITIES			
Share capital	606.2		606.2
Share premium	367.0		367.0
Other Equity	(5.8)		(5.8)
Retained earnings and other reserves	2,110.6		2,110.6
Net income	555.6		555.6
Equity attributable to owners of the parent	**3,633.7**		**3,633.7**
Non-controlling interests	34.2		34.2
Total equity	**3,667.9**		**3,667.9**
Borrowings from financial institutions	7,955.8		7,955.8
Bonds and notes issued	4,462.4		4,462.4
Derivative financial instruments	17.4		17.4
Deferred tax liabilities	293.5		293.5
Lease liabilities	-	113.5[2]	113.5
Retirement benefit obligations and long term benefits	19.7		19.7
Provisions	105.9		105.9
Non-current liabilities	**12,854.6**	**113.5**	**12,968.1**
Borrowings from financial institutions	3,961.2		3,961.2
Bonds and notes issued	451.9		451.9
Trade and other payables	2,088.1	(2.8)[3]	2,085.3
Lease liabilities	-	23.6[2]	23.6
Derivative financial instruments	8.9		8.9
Current income tax liabilities	70.1		70.1
Provisions	151.5		151.5
Current liabilities	**6,731.7**	**20.8**	**6,752.5**
Total liabilities	**19,586.4**	**134.3**	**19,720.6**
Total equity and liabilities	**23,254.3**	**134.3**	**23,388.5**

[1] Right-of-use assets were recognised and presented separately in the balance sheet. The Group did not have lease assets recognised previously as finance leases, therefore no reclassification from Other property and equipment is required.
[2] Lease liabilities were recognised and presented separately in the balance sheet.

[3] Adjustment for prepaid income linked to rent-free periods was formerly booked under Trade and other payables. They have been reclassified, as a component of right-of-use, under the rights-of-use category.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Operating lease commitments as at 31 December, 2018 *	**149.1**
Discounted using the lessee's incremental borrowing rate at the date of initial application	138.7
(Less):	
Short-term leases recognised on a straight-line basis as an expense	(1.3)
Low value leases recognised on a straight-line basis as an expense	(0.3)
Lease liability recognised as at 1 January 2019	**137.1**
Of which are:	
Current lease liabilities	23.6
Non-current lease liabilities	113.5

** Due to implementation of IFRS 16 all operating lease commitments have been restated to reflect the same lease terms which have been applied to these leases under IFRS 16 where lease term includes renewal option reasonably expected to be exercised and excludes termination options reasonably expected to be exercised. The amount of lease commitments disclosed as at December 31, 2018 include non-cancellable lease commitments only.*

Summary of new accounting policies where the Group is a lessee

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Definition of a lease

A lease is defined as a contract, or part of a contract that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use and
The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Scope

IFRS 16 concerns any contract meeting the definition of a lease except for:
leases to explore for or use non-regenerative resources and leases of biological assets
service concession arrangements
licences of intellectual property
rights held by a lessee under licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.
Lessees are not required to apply this standard to intangible assets leases (software for example). In preparing the application of the standard, the Group uses this option.

Lease term

The lease period to be applied in determining the rental payments to be discounted will match the non-cancellable period of the lease adjusted for:
options to extend the contract that the lessee is reasonably certain to exercise,
and early termination options that the lessee is reasonably certain not to exercise.

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not to exercise these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination)
- substantial changes made to the leased premises (specific layouts)
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.)
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location)
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

If the lessee and the lessor each have the right to terminate the lease without the prior agreement of the other party and with no penalty other than a negligible one, the contract is no longer binding, and thus it no longer creates a lease liability.

Changing the lease term

In the event of a change of circumstances of the lessee which has an impact on the certainty of exercise of an option that the lessee has or has not included in its calculation of the lease term, the term must be re-estimated.

The entity must also revise the term of the lease contract in any one of the following situations:

- the lessee exercises an option that had not been included when calculating the term of the lease
- the lessee does not exercise an option that had been included when calculating the term of the lease

- the lessee is contractually obliged, due to an event, to exercise an option that had not been included when calculating the term of the lease;

the lessee is contractually prevented, due to an event, from exercising an option that had been included when calculating the term of the lease.

Following a change in the lease term (re-estimate or revision), the lease obligation must be reassessed to reflect those changes. The revised rate is the interest rate implicit in the lease for the remaining term of the contract if it is possible to calculate this rate, otherwise the lessee must use its incremental borrowing rate on the date of modification of the lease term.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Depreciation expense is recorded in Depreciation and amortisation in the statement of profit or loss. The asset value may be adjusted later if the lease is amended, the lease period is re-estimated or to account for contractual changes in the rental payments related to application of indices or rates. Under IFRS 16, the cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate. The lease payments also include payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that are indexed based on the use of the leased asset (indexed to revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexing. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to Leasing contract costs – financing in the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Discount rates

The implicit contract rates are not generally known, nor can be easily determined.

Therefore, the Group has decided to use the lessees' incremental borrowing rate to discount rental payments as well as amount of lease liabilities.

The incremental borrowing rate is set by the lessee entity, not by the Group, in consideration of the borrowing terms and that entity's credit risk and the economic environment.

The discount rates used by the Group are then adjusted according to the currency and country of the location of the lessee entities.

The discount rate represents a risk free borrowing rate and liquidity spread by currency. The discount rate is also based on the duration of the lease term, where the duration of the lease is divided by two. Duration of the lease is the total lease term as described in section "Lease term" or remaining lease term for the first time application of the standard as at January 1, 2019.

Short-term leases and low-value assets

Lessees may choose not to apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items. This last simplification applies specifically to small equipment such as personal computers, tablets, telephones, and small items of office furniture.
Lease payments on short-term leases (less than one year) and leases of low-value assets are recognised as expense on a straight-line basis over the lease term and are disclosed in General and administrative expenses.

Income Taxes

Deferred tax will be recorded on the basis of the net amount of taxable and deductible temporary differences. On the date of the initial recording of the right-of-use and the lease liability, no deferred tax is recorded as the asset value is equal to the liability value. The net temporary differences that may result from subsequent changes in the right-to-use and lease liability will result in the recognition of deferred tax.

Amounts recognised in the consolidated balance sheet and statement of profit or loss (where the Group is a lessee)

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements in the period:

(in EUR million)	**Right-of-use assets (property leases)**	**Lease liabilities**
As at 1 January 2019	**134.3**	**137.1**
Additions	11.2	11.2
Disposals	(6.5)	(6.5)
Depreciation	(11.2)	
Interest		1.1
Payments		(11.8)
As at 30 June 2019	**127.8**	**131.0**

The Group recognised rent expense from short-term leases of EUR 1.3 million for the six months ended 30 June 2019.

Summary of accounting policies where the Group is a lessor

IFRS 16 substantially carried forward the lessor accounting model in IAS 17 apart from changes in accounting for subleases and lessor disclosures. The Group currently does not have any subleases, however if the Group becomes an intermediate lessor, it will account for its interest in the head lease and the sub-lease separately. It will assess the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Under IFRS 16 definition of a lease is the same for lessees and lessors (refer to section b) paragraph Definition of a lease).

As a lessor the Group continues to classify its leases as operating leases or finance leases. The classification is based on the extent to which the lease transfers the risks and rewards resulting from ownership of an underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from ownership of an asset. Conversely, an operating lease is a lease that does not transfer substantially all the risks and rewards from ownership of an asset.

The combined effect of the leases (IFRS 16) and revenues (IFRS 15) standards focus on the identification of lease and non-lease components. Both lessees and lessors consider the right to use an asset as a separate lease component if it meets the following criteria:

the lessee can benefit from using that underlying asset either on its own or together with other resources that are readily available;
and – the asset is neither highly dependent on, nor highly inter-related with, the other assets in the contract.

If a contract contains a lease component and one or additional lease or non-lease components, then IFRS 16 requires a lessor always to allocate the consideration in a contract following the approach in IFRS 15 Revenue from Contracts with Customers (refer to Note 2.22 in Notes to financial statements as at December 31, 2018).

The Group's operating lease portfolio comprises cars leased under operating lease contracts.
The operating lease instalments are fully recognised on a straight-line basis over the lease term, normally 3 to 4 years duration, with the exception of that portion of the instalment that is considered to be services income. Services income is identified as a non-lease component and the Group applies IFRS 15 to allocate the consideration in the contract. The instalments are classified and presented in the following categories in the income statement: (i) Leasing contract revenues; and (ii) Services revenues.
The cost of the operating lease cars comprise their purchase price and any incremental and directly attributable costs of bringing the assets held for use in operating leases to working condition for its intended use. Import duties and non-refundable purchase taxes are included in the purchase price and any trade discounts are deducted when calculating the purchase price. Furthermore, lease incentives and volume bonuses are also taken into account and depreciated over the expected lease term. The carrying amount of the Operating lease portfolio is presented in the category 'Rental Fleet' on the balance sheet. The depreciation policy relating to these assets is detailed in section 2.7.2 - Property and equipment under operating lease and rental fleet in the Notes to financial statements as at December 31, 2018.

Finance leases are recognised as financial assets at an amount equal to the present value of the minimum lease payments (including guaranteed residual value) and the unguaranteed residual value accruing to the Group, after deduction of provisions deemed necessary in respect of bad and doubtful debts and any accumulated impairment losses. Initial direct costs are included in the initial measurement of the finance lease receivables. The assets are presented within the category 'Receivables from clients and financial institutions' on the balance sheet (See Note 18 for further details).
The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement: (i) interest income from finance lease (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest method); and (ii) revenues (to the extent that services are included in the lease).
As a lessor the Group is exposed to asset risk, which can be split into two main underlying risk components: the residual value risk and the risk related to service maintenance.

Residual value risk

The residual value, defined as the value of the vehicle at the end of the lease as estimated by ALD at inception of the lease, may differ from the future market value of the car at the end of the contract. This difference is a part of the global risk on used car sales and is managed in ALD Group through robust internal procedures applied to all ALD subsidiaries in order to set, control and revaluate the residual values on the running fleet. The residual value setting procedure defines the processes, roles and responsibilities involved in the definition of residual values that will be used for the quotation of future contracts. Residual value setting is performed locally as the expertise in used car market is local and controlled and approved centrally. Calculation is based on refined market segmentation and on a statistical model using internal used car sales data for each market segment as well as Trade Guides references and country specific factors (inflation, market sector adjustments, life cycle etc.). As part of this process, current external issues are analysed in order to apply a stress factor to the valuation of the current fleet. Residual value setting is reviewed by local general management during a local pricing committee held at least twice a year (quarterly for larger subsidiaries), and then controlled and validated at an ALD Group level.

Residual values of the current running fleet are reviewed at least yearly (twice a year for the entities with more than 5,000 vehicles, one in each semester). It is performed at a local level through a revaluation process which is reviewed and approved at ALD level. The current residual value embedded in the contract is compared with the expected market value on a car by car basis.

Revaluation adjustments are accounted for on a portfolio basis whenever necessary, in order to match the expected market value at contract ending and mitigate any market risk.

In accordance with IAS 8, a residual value is treated as an accounting estimate; as such, all potential car sales losses are recognised on a straight line basis between the date of the revaluation and the end of the contract; where the revaluation in a country produces an overall profit, no adjustment is made. The residual value of the total lease portfolio at June 30, 2019 amounts to EUR 13,116 million.

3.1.2. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
Whether an entity considers uncertain tax treatments separately
The assumptions an entity makes about the examination of tax treatments by taxation authorities
How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The parent's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

3.1.3. Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

3.1.4. Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). These amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

3.1.5. Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the consolidated financial statements as the Group does not have such long-term interests in its associate and joint venture.

3.1.6. Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

IFRS 11 Joint Arrangements
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group does not have borrowings to develop qualifying assets, they had no impact on the consolidated financial statements of the Group.

3.2 FUTURE ACCOUNTING POLICY CHANGE

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 30 June 2019. They are required to be applied from annual periods beginning on 1

January 2020 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as at 30 June 2019.

Amendments to IFRS 3 Business Combinations

Issued by the IASB on 22 October 2018
To be applied from 1 January 2020
The amendments are intended to provide clearer application guidance to make it easier to differentiate between the acquisition of a business and the acquisition of a group of assets, whose accounting treatment is different.

Amendments to IAS 1 and IAS 8 Definition of Material
Issued by the IASB on 31 October 2018
To be applied from 1 January 2020
These amendments are intended to clarify the definition of 'material' in order to facilitate the exercise of judgement during the preparation financial statements, particularly when selecting the information to be presented in the Notes.

IFRS 17 Insurance Contracts
Issued by IASB on 18 May 2017
To be applied from 1 January 2021
This new standard will replace IFRS 4 "Insurance Contracts" that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.
IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the balance sheet will be replaced by a current value measurement of insurance contracts.

The general model provided for the measurement of insurance contracts in the balance sheet will be based on a building-blocks approach: a current estimate of future cash flows, a risk adjustment, and a contractual service margin.

Positive contractual service margins will be recognised as income over the duration of the insurance service, whereas negative margins will be immediately recognised as expense, as soon as the insurance contract is identified as onerous.

The general model will be the default measurement model for all insurance contracts.

However IFRS 17 also provides a mandatory alternative model for insurance contracts with direct participation features. Under this model, called "variable fee approach", the measurement of the insurance contract liability shall take into account the obligation to pay to policyholders a substantial share of the fair value returns on the underlying items, less a fee for future services provided by the insurance contract (changes in the fair value of underlying items due to policyholders are then recognised as an adjustment of the contractual service margin).

A simplified measurement (premium allocation approach) is also allowed by the standard under conditions for short-term contracts (12 months or less) and contracts for which the result of premium allocation approach is closed to the general approach.

These measurement models will have to be applied to homogeneous portfolios of insurance contracts. The level of aggregation of these portfolios will be assessed considering:

- contracts that are subject to similar risks and managed together;
- the year during which contracts are issued; and
- at initial recognition, contracts that are onerous, contracts that have no significant possibility of becoming onerous subsequently, and the remaining contracts.

NOTE 4. MAJOR EVENTS OF THE PERIOD

- **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.

SternLease B.V. has not been consolidated within the Group financial statements as at June 30, 2019 due to the timing of the acquisition and is presented as an investment of EUR 79.3 million in Other Non-current Financial Assets. This entity will form part of the Group consolidated financial statements as at December 31, 2019.
As part of the transaction ALD Group funded the repayment of asset-backed borrowing in SternLease B.V. for the amount of EUR 186 million which is recorded within Other receivables and prepayments. The trading result of SternLease since acquisition has not been recorded in the Group income statement. This result is not material to the Group financial statements and is less than 0.5% of the Group Net income as at June 30, 2019.

On 25 April 2019, ALD signed an agreement to acquire BBVA Automecantil'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.

These acquisitions form part of ALD's development strategy and is an example of ALD's focus on targeted and value acrretive bolt-on acquisitions.

NOTE 5. ESTIMATES AND ASSUMPTIONS

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 reporting 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, 2018 with the exception of assumptions and changes in estimates that are required in determining the provision for income taxes for the interim period (see Note 12 – Income tax expense).

NOTE 6. EXCHANGE RATE

For the six months ended June 30, 2019, the balance sheets, income statements and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in ALD' s accounts have been translated (i) at the exchange rate prevailing at June 30, 2019 for the balance sheet, and (ii) at the average exchange rate for the period ended at June 30, 2019 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, 2019 and for the six months ended June 30, 2018 are based on Paris stock exchange rates and are as follows:

	June 30,2019		December 31,2018	June 30,2018

	Period-end Rate	Average Rate	Period-end Rate	Average Rate
EUR / UK Pound:	0.8966	0.8736	0.8945	0.8797
EUR / Danish Krone:	7.4636	7.4650	7.4673	7.4476
EUR / Swedish Krona:	10.5633	10.5187	10.2548	10.1522

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 consolidated 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 for the year ended December 31, 2018.

Note 20 provides an update on the judgements and estimates made by the Group in determining fair values of the financial instruments since the last annual report.
There have been no changes in the risk management department or in any risk management policies since the year end.

NOTE 9. SEGMENT INFORMATION

The Board of Directors approves the decisions taken by the Group's Executive Committee which is the main decision making body (comprising of the Group's CEO, Deputy CEOs, CFO, CAO and Group Regional Director)[10].
Management considers the performance of the following geographical segments: Western Europe, Central and Eastern Europe, Northern Europe and South America, Africa, Asia and Rest of the World.
There were no changes in the segmentation during the first six months of 2019.
The Group's Executive Committee assesses the performance of the operating segments based on a measure of revenue and profit before tax as presented in the interim condensed consolidated financial statements. They also check to ensure that no customer represents more than 10% of the total revenue.

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, 2019		Six months ended June 30, 2018	
(in EUR million)	**Profit before tax**	**Revenue from external customers**	**Profit before tax**	**Revenue from external customers**
Western Europe	240.5	3,614.7	260.5	3,347.5
Nordic	41.1	442.9	41.3	444.8
Continental & Eastern Europe	45.5	475.4	40.1	447.2
LatAm, Africa, Asia & Rest of world	16.5	215.4	8.0	181.7
TOTAL	**343.7**	**4,748.4**	**349.8**	**4,421.2**

[10] CEO: Chief Executive Officer, CFO: Chief Financial Officer and CAO: Chief Administrative Officer.

There has been no inter-segment revenue as at June 30, 2019.

(in EUR million)	Six months ended June 30, 2019 Revenue from external customers	Six months ended June 30, 2018 Revenue from external customers
Leasing contract revenues	2,205.9	2,055.7
Service revenues	1,051.1	969.1
Proceeds of cars sold	1,491.3	1,396.5
TOTAL	**4,748.4**	**4,421.2**

Other disclosures

	June 30, 2019		
(in EUR million)	**Rental fleet(*)**	**Total assets (**)**	**Net financial debt (***)**
Western Europe	14,869.5	19,717.1	15,424.6
Nordic	1,735.1	1,914.4	60.7
Continental & Eastern Europe	1,852.5	2,013.8	1,370.7
LatAm, Africa, Asia & Rest of world	709.9	891.6	736.1
TOTAL	**19,167.0**	**24,537.0**	**17,592.0**

	December 31, 2018		
(in EUR million)	**Rental fleet(*)**	**Total assets (**)**	**Net financial debt (***)**
Western Europe	14,377.3	18,728.8	14,528.3
Nordic	1,615.8	1,772.7	77.4
Continental & Eastern Europe	1,743.6	1,911.4	1,335.4
LatAm, Africa, Asia & Rest of world	687.2	841.4	731.1
TOTAL	**18,423.9**	**23,254.3**	**16,672.3**

(*)Rental Fleet excludes amounts receivable under finance lease contracts. See Note 18 for further details.
(**) Total assets have been restated due to reclassification between Western Europe and Continental & Eastern Europe.
(***) Net financial debt is defined as the sum of Borrowings from financial institutions (non-current and current) minus cash and cash equivalents, as presented in the Group's consolidated balance sheet

Revenue from external customers and Rental Fleet by countries with yearly Revenues in excess of €500 million is detailed below:

Revenue from external customers by entity (EUR million)

	Six months period ended June 30, 2019 Revenue from external customers (EUR million)	Six months period ended June 30, 2018 Revenue from external customers (EUR million)	June 30, 2019 Rental Fleet (EUR million)	Dec 31, 2018 Rental Fleet (EUR million)
France	1,012.1	953.9	4,463.8	4,341.3
Italy	774.8	691.1	2,908.2	2,944.3
UK	481.0	453.1	1,655.2	1,568.9
Spain	337.7	326.9	1,612.2	1,549.7
Germany	331.7	311.6	1,351.5	1,215.4
Belgium	283.2	263.0	1,164.1	1,149.6
Other Countries	1,527.8	1,421.6	6,012.0	5,654.6
	4,748.4	**4,421.2**	**19,167.0**	**18,423.9**

NOTE 10. CHANGES IN THE SCOPE OF CONSOLIDATION

As at June 30, 2019 there was no change in the scope of consolidation since December 31, 2018.

NOTE 11. REVENUES AND COST OF REVENUES

11a. Leasing contract margin

	Six months period ended June 30,	
(in EUR million)	**2019**	**2018**
Leasing contract revenue -operating leases	2,142.7	2,004.6
Interest income from finance lease	55.7	45.3
Other interest income	7.6	5.7
Leasing contract revenues	**2,205.9**	**2,055.7**
Leasing contract costs - depreciation	(1,744.1)	(1,645.8)
Leasing contract costs - financing:		
Interest charges on loans from financial institutions	(119.2)	(87.8)
Interest charges on issued bonds	(6.2)	(2.3)
Other interest charges	(11.0)	(17.0)
Total interest charges	(136.4)	(107.1)
Leasing contract costs - depreciation and financing	**(1,880.5)**	**(1,753.0)**
Trading derivatives	(6.7)	5.8
Imperfectness of derivatives at fair value hedges	-	0.0
Imperfectness of derivatives at cash flow hedges	(0.6)	(0.1)
Unrealised gains/losses on derivative financial instruments	(7.3)	5.7
Unrealised Foreign Exchange Gains or Losses	12.2	1.6
Total Unrealised gains/losses on derivative financial instruments	4.9	7.3
Leasing contract margin	**330.3**	**309.9**

"Other interest income" comprises income received from financial instruments and also income received for cash deposits with third party counterparts.

Leasing contract costs – depreciation is comprised of both regular depreciation costs and it also includes movement in the provision for excess depreciation which is booked in each entity following the fleet revaluation process which is detailed in note 3.1.1 d. On a periodic basis, the Group performs fleet revaluations to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating leases. 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 in the first six months of 2019 this impact was a net income of EUR 11.3 million (June 30, 2018: EUR 6 million net income).

11b. Service margin (group rental and damage risk retention into leases services)

	Six months period ended June 30,	
(in EUR million)	**2019**	**2018**
Services revenue	1,051.1	969.1
Cost of services revenues	(743.5)	(668.0)
Services margin	**307.6**	**301.1**

Revenues and costs are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention and replacement vehicles.

11c. Car sales result

	Six months period ended June 30,	
(in EUR million)	**2019**	**2018**
Proceeds of cars sold	1,491.3	1,396.5
Cost of cars sold	(1,447.9)	(1,336.7)

Car sales result	**43.4**	**59.8**

The decrease in Car sales profit per unit has been steady over the last two years and is coming from a normalisation of the Car sales profit mainly in Western Europe.

The ongoing concern around Diesel is continuing to have a negative impact on the Used car sales margin.

11d. <u>Revenues</u>

Revenues that are included within the margins analysed in the sections 11a, 11b and 11c, are shown in the following table. They are analysed into Revenues derived from the Rental activity and Proceeds of Cars sold at the end of the leasing period.

	Six months period ended June 30,	
(in EUR million)	**2019**	**2018**
Services Revenues	**1,051.1**	**969.1**
Leasing contract revenue - operating leases	2,142.7	2,004.6
Interest revenue	63.3	51.0
Leasing contract revenues	**2,205.9**	**2,055.7**
Sub-Total - Revenues from Rental Activity	**3,257.1**	**3,024.7**
Proceeds of Cars Sold	1,491.3	1,396.5
Total Revenues	**4,748.4**	**4,421.2**
Total Revenues excluding Interest Income	**4,302.3**	**4,016.9**

NOTE 12. INCOME TAX EXPENSE

Income tax expense

(in EUR million)	**Six months period ended June 30, 2019**	**Six months period ended June 30, 2018**
Current tax	4.9	(47.8)
Deferred tax	(64.7)	(18.9)
Income tax expense	**(59.7)**	**(66.6)**

Income tax expense is recognised based on the tax rate that would be applicable to expected total annual profit or loss. The effective average annual tax rate that is expected to be used for the year ended on December 31, 2019 is 17.38% (18.41% for the year ended December 31, 2018).

Axus Italiana Sarl (Italy) had joined Societe Generale tax consolidation group in Italy in 2016. This regime allows the determination of a single IRES taxable base comprised of the taxable income and losses of each of the participating entities. There has been a reclassification between deferred and current tax for the amount of EUR 56.5 million due to group relief which resulted in transfer of Italy's tax losses to another tax group entity. Payment for group relief is made equal to the tax benefit and amounts are included in current tax.

In the first six months of 2019 there was a EUR 28.4 million benefit in the current tax due to the 2016 and 2017 Stability Law introduced in Italy which provides a tax benefit to encourage the purchase of new tangible assets. This benefit allows an additional 40% increase of depreciation that can be deducted from the taxable base and is only available to businesses receiving income and not individuals.

NOTE 13. DIVIDENDS

A dividend related to the period ended December 31, 2018 for an amount of EUR 234 million (EUR 0.58 per share) was paid to ALD shareholders on May 31, 2019 of which dividend paid to Societe Generale is EUR 187.1 million (a dividend related to the period ended December 31, 2017 for an amount of EUR 222.3 million was paid to ALD shareholders on June 1, 2018 of which dividend paid to Societe Generale was EUR 177.4 million).

NOTE 14. TOTAL OPERATING EXPENSES

(in EUR million)	Six months period ended June 30, 2019	Six months period ended June 30, 2018
Staff expenses	(202.4)	(197.0)
General and administrative expenses	(88.2)	(97.5)
Depreciation and amortisation	(26.2)	(13.7)
Total operating expenses	**(316.8)**	**(308.2)**

Depreciation and amortisation expense includes depreciation of EUR 10 million of the right-of-use assets following the adoption of IFRS 16 standard. In all previous periods rent expense was recorded in General and administrative expenses.

NOTE 15. GOODWILL

As part of the interim condensed consolidated financial statements, and in accordance with the Group accounting policies, no impairment tests on goodwill were performed at June 30, 2019 since there was no indications of impairment.

NOTE 16. RENTAL FLEET

(in EUR million)	Rental fleet
At 1 January 2018	
Cost	22,393.8
Accumulated depreciation & impairment	(6,057.7)
Carrying amount As at 1 January 2018	**16,336.1**
Year ended 31 December 2018	
Opening net book amount	16,336.1
Additions	8,233.3
Disposals	(2,583.7)
Acquisition of a subsidiary	18.6
Depreciation charge	(3,430.1)
Transfer (included transfer to inventories)	-
Currency translation differences	(150.4)
Closing net book amount as at December 31, 2018	**18,423.9**
At 31 December 2018	
Cost	25,062.9
Accumulated depreciation & impairment	(6,639.1)
Carrying amount as at December 31, 2018	**18,423.9**
At June 30, 2019	
Opening net book amount	18,423.9
Additions	3,807.3
Disposals	(1,282.3)
Acquisition of a subsidiary	-
Depreciation charge	(1,801.0)
Transfer (included transfer to inventories)	-
Currency translation differences	19.2
Closing net book amount as at June 30, 2019	**19,167.0**
Cost	26,119.5
Accumulated depreciation & impairment	(6,952.5)
Carrying amount as at June 30, 2019	**19,167.0**

At June 30, 2019, there was no impairment on the Rental fleet.
ALD continues to retain substantially all of the risks and rewards of the lease receivables as in all asset-backed securitisation programmes they subscribed to the first class of notes which will result in ALD bearing any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for a present value of EUR 1,620 million and a net book value of EUR 1,582 million at June 30, 2019. The transferred lease receivables cannot be sold.
At June 30, 2019, the accounting value of the associated liabilities is GBP 412.8 million in the UK, EUR 360 million Belgium, EUR 236 million in the Netherlands and EUR 121.7 million in Germany.

NOTE 17. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

(in EUR million)	June 30, 2019	December 31, 2018
Long-term investments (10 years)	550.8	601.2
Other current financial assets	337.9	343.6
Other	79.5	0.3
Total	**968.1**	**945.1**

Long-term investments are a resource resulting from the policy of the Group and of its main shareholder, Societe Generale, to monitor the Group's interest rate risk through the matching of 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 in the consolidated financial statements for the year ended December 31, 2018). Equity reinvestments are made in long term amortising deposits within Societe Generale 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). These deposits will roll-out in approximately 8 years' time and will not be renewed.
The movement in other non-current financial assets is driven by the investment of EUR 79.3 million in SternLease B.V. (See Note 4).

NOTE 18. 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, 2019	December 31, 2018
Amounts receivable under finance lease contracts	772.4	687.3
Provision for impairment of receivables under finance lease contracts	(9.8)	(9.8)
Amounts receivable from credit institutions (*)	23.4	89.0
Trade receivables	1,043.6	935.8
Provision for impairment of trade receivables	(129.4)	(118.2)
Total receivables	**1,700.3**	**1,584.2**

(*) Mainly towards Societe Generale – no impairment provision has been calculated on these receivables due to their inter-group nature and immaterial size.

The maturity analysis of Trade receivables is as follows:

(in EUR million)	June 30, 2019	December 31, 2018
Trade receivables not overdue	687.2	612.0
Past due up to 90 days	195.6	185.6
Past due between 90 - 180 days	45.7	39.4
Past due over 180 days	115.2	98.8
Total	**1,043.6**	**935.8**

NOTE 19. CASH AND CASH EQUIVALENTS

(in EUR million)	June 30, 2019	December 31, 2018
Cash at bank and on hand	137.4	127.6
Short-term bank deposits	32.8	31.3
Cash and cash equivalents excl. bank overdrafts	**170.2**	**158.9**
Bank overdrafts	(241.2)	(209.8)
Cash and cash equivalents, net of bank overdrafts	**(71.0)**	**(50.9)**

NOTE 20. FINANCIAL ASSETS AND LIABILITIES

This note provides an update on the measurement of financial assets and liabilities as well as on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the tables.

The following tables present the Group's financial assets and liabilities recognition and measurement and their fair values at June 30, 2019 and December 31, 2018 on a recurring basis.

Financial assets

	Financial asset category					
As at June 30, 2019 (EUR million)	**Financial assets at amortised cost**	**Assets at fair value through profit or loss**	**Assets at fair value through other comprehensive income**	**Total net book value per balance sheet**	**Fair value**	**Level (1)**
Derivative financial instruments		18.7	10.1	28.8	28.8	Level 2
Receivables from clients and from financial institutions	1,700.3			1,700.3	1,700.3	Level 2
Other non current and current financial assets		968.1		968.1	968.1	Level 1 and level 2
Cash and cash equivalents		170.2		170.2	170.2	Level 1
Total	**1,700.3**	**1,157.0**	**10.1**	**2,867.4**	**2,867.4**	

(1) Refers to valuation method

	Financial asset category					
As at December 31, 2018 (EUR million)	**Financial assets at amortised cost**	**Assets at fair value through profit or loss**	**Assets at fair value through other comprehensive income**	**Total net book value per balance sheet**	**Fair value**	**Level**
Derivative financial instruments		24.9	15.9[2]	40.7	40.7	Level 2
Receivables from clients and from financial institutions	1,584.2			1,584.2	1,584.2	Level 2
Other non current and current financial assets		945.1		945.1	945.1	Level 1 and level 2
Cash and cash equivalents		158.9		158.9	158.9	Level 1
Total	**1,584.2**	**1,128.9**	**15.9**	**2,728.9**	**2,728.9**	

[2]Asset valuation through other comprehensive income was not identified separately from the valuation through profit or loss in Note 23 of Financial Statements as at December 31, 2018. All other statements and notes which contain information about derivatives were correctly reported as at December 31, 2018.

Financial liabilities

	Financial liability category					
As at June 30, 2019 (EUR million)	**Financial liabilities at amortised cost**	**Liabilities at fair value through profit or loss**	**Liabilities at fair value through other comprehensive income**	**Total net book value per balance sheet**	**Fair value**	**Level**
Bank borrowings	12,974.0			12,974.0	12,974.0	Level 2
Bonds issued	4,788.2			4,788.2	4,812.5	Level 2
Derivative financial instruments		3.7	39.6	43.3	43.3	Level 2
Trade payables	746.8			746.8	746.8	Level 2
Total	**18,509.0**	**3.7**	**39.6**	**18,552.3**	**18,576.6**	

	Financial liability category					
As at December 31, 2018 (EUR million)	**Financial liabilities at amortised cost**	**Liabilities at fair value through profit or loss**	**Liabilities at fair value through other comprehensive income**	**Total net book value per balance sheet**	**Fair value**	**Level**
Bank borrowings	11,917.0			11,917.0	11,917.0	Level 2
Bonds issued	4,914.3			4,914.3	4,872.8	Level 2
Derivative financial instruments		3.7	22.5[3]	26.2	26.2	Level 2
Trade payables	710.1			710.1	710.1	Level 2
Total	**17,541.3**	**3.7**	**22.5**	**17,567.5**	**17,526.1**	

[3]Liabilities valuation through other comprehensive income was not identified separately from the valuation through profit or loss in Note 23 of Financial Statements as at December 31, 2018. All other statements and notes which contain information about derivatives were correctly reported as at December 31, 2018.

The Group analyses financial assets and liabilities by various valuation methods. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial assets and liabilities is measured at amortised cost, except for receivables for which fair value is deemed to be the nominal amount.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily cash and cash equivalents and long-term investments (please refer to note 18 “Other non-current and current financial assets”)

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no transfers between levels 1 and 2 during the period. There were no changes in valuation techniques during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at June 30, 2019.

NOTE 21. SHARE-BASED PAYMENTS

Summary of 2018 Long-term incentives plans approved by ALD Board of Directors

	Plan 1	**Plan 2.A**	**Plan 2.B**
Date of Board meeting	March 29, 2018	March 29, 2018	March 29, 2018
Total number of shares granted	276,980	12,907	12,907
Vesting date	March 31, 2021	March 31, 2020	March 31, 2021
Holding period end date	no holding period	September 30, 2020	September 30, 2021
Fair value (in EUR)*	11.31	11.31	11.31
Number of employees in the plan	195	4	4

Summary of 2019 Long-term incentives plans approved by ALD Board of Directors

	Plan 3	**Plan 4.A**	**Plan 4.B**
Date of Board meeting	March 28, 2019	March 28, 2019	March 28, 2019
Total number of shares granted	235,475	16,614	16,617
Vesting date	March 31, 2022	March 31, 2021	March 31, 2022
Holding period end date	no holding period	September 30, 2020	September 30, 2021
Fair value (in EUR)*	10.16	10.16	10.16
Number of employees in the plan	229	6	6

**The fair value is calculated based on the volume weighted average of share price of 20 days before the Board meeting*

Vesting conditions are based on ALD's profitability, as measured by the average Group Net Income over the 3 or 2 years of the vesting period. The ALD Group Net Income corresponds to the published ALD Group Net Income.

At June 30, 2019 298 employees benefit from the long-term incentives plans granted by ALD SA.

The Group is involved in another free share plan as of June 30, 2019 granted by the parent company Société Générale ("AGA").

Free shares plan ("AGA") is granted to a limited number of managers, subject to attendance conditions. At June, 2019, 168 employees benefit from 76,218 shares in all existing plans (179 employees benefit from 101,616 shares at June 30, 2018).

Expenses recorded in the income statement

(in EUR Million)	June 30, 2019	June 30,2018
Net expenses from free share ALD plans	(0.8)	-
Net expenses from free share Societe Generale plan ("AGA")	(0.2)	(0.4)
Total Expense	**(1.0)**	**(0.4)**

NOTE 22. BORROWINGS FROM FINANCIAL INSTITUTIONS, BONDS AND NOTES ISSUED

(in EUR million)	June 30, 2019	Cash	Non cash	December 31, 2018
Bank borrowings	8,377.2	8,377.2		7,955.8
Non-current borrowings from financial institutions	**8,377.2**	**8,377.2**		**7,955.8**
Bank overdrafts	241.2	241.2		209.8
Bank borrowings	4,355.6	4,355.6		3,751.3
Current borrowings from financial institutions	**4,596.8**	**4,596.8**		**3,961.2**
Total borrowings from financial institutions	**12,974.0**	**12,974.0**		**11,917.0**
Bonds and notes-originated from securitisation transactions	944.8	944.8		1,058.1
Bonds and notes-originated from EMTN programme	3,009.9	3,009.9		3,404.2
Other non-current bonds issued	-	-		-
Non-current bonds and notes issued	**3,954.7**	**3,954.7**		**4,462.4**
Bonds and notes-originated from securitisation transactions	233.4	233.4		251.9
Bonds and notes-originated from EMTN programme	600.0	600.0		200.0
Other current bonds issued	-	-		-
Current bonds and notes issued	**833.4**	**833.4**		**451.9**
Total bonds and notes issued	**4,788.2**	**4,788.2**		**4,914.3**
Total borrowings from financial institutions and bonds	**17,762.2**	**17,762.2**		**16,831.3**

Maturity of borrowings and bonds

(in EUR million)	June 30, 2019	December 31, 2018
Less than 1 year	5,430.2	4,413.1
1-5 years	12,032.3	12,155.5

Over 5 years	299.7	262.6
Total borrowings and bonds	**17,762.2**	**16,831.3**

Currencies

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

(in EUR million)	June 30, 2019	December 31, 2018
Euro	13,284.4	12,536.0
UK Pound	1,904.6	1,775.4
Danish Krone	320.0	309.0
Swedish Krona	363.3	373.4
Other currencies	1,889.9	1,837.4
Total borrowings and bonds	**17,762.2**	**16,831.3**

External funding

Local external groups and third parties provide 30% of total funding, representing EUR 5,317 million at June 30, 2019 (32.3% and EUR 5,434 million at December 31, 2018).
An amount of EUR 529 million or 3% of total funding is provided by external groups. The residual external funding (EUR 4,788 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. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. An application has been filed with the Luxembourg Stock Exchange in order for the notes issued under the programme to be listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB+ by Standard & Poor's and A- by Fitch ratings services.

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.

Societe Generale funding

The Group has raised external funding in recent years. The level of funding raised through Societe Generale has increased to 70% as at June 30, 2019 compared to 68% as at December 31, 2018.
Most of the funding provided by the SG group is granted through Societe Generale Bank and Trust (SGBT) based in Luxemburg. SGBT provides funds to the ALD Group Central Treasury which then grants loans in different currencies to 20 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 8,843 million at June 30, 2019 (EUR 8,227 million at December 31, 2018) with an average maturity of 1.8 years.
The remaining SG funding is provided either by local SG branches or SG Group Central Treasury in Paris, representing EUR 3,601 million at June 30, 2019 (EUR 3,170 million at December 31, 2018).
At June 30, 2019 the Group has undrawn borrowing facilities of EUR 2.4 billion (EUR 3.4 billion at December 31, 2018).

Guarantees given

A guarantee at first demand has been granted to a British 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.
A guarantee at first demand has been granted to Banque Internationale a Luxembourg for an amount of EUR 20 million on behalf of Axus Luxembourg SA, under the conditions negotiated in the frame of the distribution agreement concluded with this financial institution.
A guarantee at first demand has been granted to a landlord for an amount of EUR 6.5 million on behalf of ALD RE DAC Ireland, under the conditions negotiated in the frame of the premises rental agreement concluded with this landlord.

NOTE 23. TRADE AND OTHER PAYABLES

(in EUR million)	June 30, 2019	December 31, 2018
Trade payables	746.8	710.1
Deferred leasing income	428.1	426.0

Other accruals and other deferred income	379.2	397.6
Advance lease instalments received	303.2	278.6
Accruals for contract settlements	95.5	83.8
VAT and other taxes	219.8	191.4
Other	0.5	0.6
Trade and other payables	**2,173.1**	**2,088.1**

NOTE 24. EARNINGS PER SHARE

Basic earnings per share

	As at June 30,	
(in EUR million)	**2019**	**2018**
Net income attributable to owners of the parent	280.7	280.1
Weighted average number of ordinary shares with voting rights (in thousands)	403,585	403,801
Total basic earnings per share (in cents)	**0.70**	**0.69**

Following the combined General Meeting held on May 22, 2018 and May 22, 2019, ALD SA was authorised to purchase its own shares for the purposes of attributing, covering and paying off any scheme for the allocation of free shares, employee savings scheme and any other form of allocation to employees and executive directors of the Company or of companies related to it under the conditions set out in applicable legislative and regulatory provisions. Total number of shares making up current share capital 404,103,640. As at June 30, 2019 total number of shares to which voting rights are attached, excluding shares without voting rights (treasury shares, etc.) is 403,455,810. Weighted average number of ordinary shares with voting rights is 403,585,199.

Diluted earnings per share

	As at June 30,	
(in EUR million)	**2019**	**2018**
Net income attributable to owners of the parent	280.7	280.1
Weighted average number of ordinary shares (in thousands)*	404,104	404,104
Total diluted earnings per share (in cents)	**0.69**	**0.69**

Rights to free shares granted to employees will be settled with treasury shares under the long-term incentives employee plans. Treasury shares are included in the calculation of diluted earnings per share assuming all outstanding rights will vest.

NOTE 25. RELATED PARTIES

Related party transactions relate mainly to transactions with companies of the Societe Generale Group ("SG"), the Group majority shareholder. There was no material change in the first six months of 2019 in the nature of the transactions conducted by the group with related parties from those at December 31, 2018 which were referred to in note 33 "Related Parties" of the consolidated financial statements for the year ended December 31, 2018.

Significant related party transactions occurred as of June 30, 2019 and June 30, 2018 are disclosed below:

- Societe Generale 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 9 million as at June 30, 2019 (EUR 8.9 million as at June 30, 2018);
- The overall amount of IT services subcontracted to Societe Generale and its subsidiaries amounted to EUR 9.6 million in the six months period ended June 30, 2019 and EUR 9.5 million in the six months period ended June 30, 2018;
- Some Group entities share premises with SG or with SG business divisions in some countries (mainly ALD France and ALD Denmark which represent more than 60 % of the total rentals paid to SG). Rentals

of SG premises to the Group, priced at arm's length, amounted to EUR 0.4 million in the six months period ended June 30, 2019 and EUR 0.4 million in the six months period ended June 30, 2018 for ALD France and ALD Denmark.

- Rental contract brokerage's commission paid to SG by ALD France represented EUR 1.5 million for the six months period ended June 30, 2019 and EUR 1.4 million for the six months period ended June 30, 2018;
- 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 43.9 million for the six months period ended June 30, 2019 and EUR 39.6 million for the six months period ended June 30, 2018;
- Corporate services provided by Societe Generale have been subject to compensation of EUR 4.8 million for the six months period ended June 30, 2019 and EUR 6.2 million for the six months period ended June 30, 2018;
- As at June 30, 2019 70% of the Group's funding was provided through SG at a market rate representing EUR 12,445 million (respectively 68 % representing EUR 11,397 million as at December 31, 2018 and 75 % representing EUR 12,045 million as at June 30, 2018);
- Overall Group guarantees released by SG Group in case of external funding amounted to EUR 1073.30 million as at June 30, 2019 (EUR 957.2 million as at December 31, 2018 and EUR 795.62 million as at June 30, 2018);
- SG also provides ALD Group with derivatives instruments for a total amount of EUR 12.0 million in assets and EUR 39.1 million in liabilities as at June 30, 2019 (respectively EUR 16 million in assets and EUR 22.8 million in liabilities as at December 31, 2018, and EUR 20.9 million in assets and EUR 10.5 million in liabilities as at June 30, 2018). ALD Group has long-term cash deposits with SG for a total of EUR 649.3 million as at June 30, 2019 (as at December 31, 2018 the total was EUR 710.5 million). These deposits will roll-out in approximately 8 years time and will not be renewed.

NOTE 26. EVENTS AFTER THE REPORTING PERIOD

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.