

# Press release

Paris, 3 August 2021

## HALF-YEARLY FINANCIAL INFORMATION ALD reports first half 2021 results

- **NET INCOME (GROUP SHARE) UP 70% AT EUR 352.0 MILLION**
- **OUTSTANDING REMARKETING PERFORMANCE, UCS RESULT PER UNIT AT EUR 740**
- **TOTAL CONTRACTS<sup>1</sup> STABLE AT 1.76 MILLION**
- **26% EV DELIVERIES IN EUROPE<sup>2</sup>**
- **COST INCOME (EXCL UCS RESULT) RATIO AT 49.1%**

### H1 2021 Results highlights

- ✓ **Leasing Contract and Services Margins** at EUR 671.6 million
- ✓ **Used Car Sales result** at EUR 125.3 million
- ✓ **Cost of Risk** at 16 bps<sup>3</sup> vs. 46bps in H1 2020
- ✓ **Total Equity/Asset** ratio at 16.7%, up from 15.6% at end June 2020

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<sup>1</sup> Total Contracts: full service lease contracts, fleet management contracts, and new mobility solutions contracts

<sup>2</sup> Management Information, calculated as a % of deliveries of Passenger cars (ALD funded fleet)

EV: BEV + PHEV

Europe includes EU + UK + Norway + Switzerland

<sup>3</sup> Annualised Cost of Risk as a % of Average Earning Assets

## New Guidance for 2021

- ✓ Funded fleet<sup>4</sup> to grow between 1% and 3% vs. 2020
- ✓ Used Car Sales result per vehicle to be between EUR 600 and EUR 900
- ✓ Improvement in Cost/Income (excluding Used Car Sales result) ratio vs. 2020

On 3 August 2021, Tim Albertsen, ALD CEO, commenting on the H1 2021 Group Results, stated:

*“During the second quarter, optimism has come back at several levels, with many countries starting to see the beginning of the exit of the COVID crisis. Although the level of uncertainty remains high, the hard part seems to be behind us. The shortage of semiconductors has impacted multiple aspects of our activity, making the delivery delays of new cars longer, but also influencing positively price levels on used car markets. Although this is not yet visible in the evolution of our Total Contracts, commercial dynamics were good, and the order bank is strong. We are proud to see a breakthrough in vehicle electrification, with our share of EV deliveries increasing at a fast pace. H1 2021 was a strong semester for ALD in terms of financial performance. Remarketing results in particular, were outstanding. In line with our Move 2025 strategic plan to become a fully integrated sustainable mobility provider and the global leader in our industry, ALD is working hard at developing its offer to employees and we saw two important milestones this quarter: the first start-up participation in a MaaS app called skipr, and the cooperation with Corporate Benefits. Overall, we feel we now have sufficient visibility to issue a guidance for 2021.”*

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<sup>4</sup> Full Service Lease contracts including ALD Flex and Used Car Lease

## Dynamic commercial activity

Commercial dynamics were strong, leading to a strong order bank at quarter end and expectations of a gradual pick up in funded fleet growth during the second semester.

The shortage in the supply of semiconductors observed since the beginning of 2021 has continued to limit the production capacity of OEMs, causing increased delays in the delivery of new cars, including by ALD. As a result, ALD's Total Contracts rose only marginally over H1 21 to 1,761 thousand units at end of June, virtually unchanged from a year earlier. Full-Service lease contracts<sup>5</sup> reached 1,374 thousand units and Fleet management<sup>6</sup> 388 thousand units. ALD Flex commercial offer is a success and shows a high growth pace.

This half year also saw the confirmation of the breakthrough of electrification started in 2020, with 26% of ALD deliveries of Passenger Cars in Europe<sup>7</sup> being EVs<sup>8</sup>, and 23% globally. For the first time ever, average CO2 emissions of PC delivered by ALD fell below 100g (WLTP norm) at 99g vs. 116g in 2019, a decrease of 15%. These achievements pave the way to reaching Move 2025 targets<sup>9</sup> of 30% EVs by 2025 and -40% on CO2 emissions.

ALD is fully up to speed to meet this shift in demand thanks to the continued enlargement of its ecosystem. The combined ALD Electric offer developed in this framework includes charging stations and is now available in 8 countries.

Following the same ambition, Move 2025 CO2 emissions and electrification objectives are consistent with the EU Commission « Fit for 55 » climate package on CO2 emissions and electrification targets.

Bansabadell Renting, Purchase agreement signed in April, will be integrated in H2 2021 and add c. 20 thousand vehicles to the Funded Fleet.

Taking account of this acquisition and the positive trend in commercial activity, ALD is anticipating a Funded Fleet growth for 2021 of between 1% and 3% vs. 2020.

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<sup>5</sup> Including ALD Flex and Used Car Lease

<sup>6</sup> Including new mobility solutions

<sup>7</sup> New passenger car deliveries in EU + UK + Norway + Switzerland

<sup>8</sup> EV: BEV + PHEV

<sup>9</sup> New passenger car deliveries in EU + UK + Norway + Switzerland

## Strong financial performance

Over H1 21, Leasing Contract Margin reached EUR 371.6 million and Services Margin EUR 299.9 million.

Leasing contract and services margins include a EUR 12.7 million excess depreciation release resulting from the half-yearly fleet revaluation process. H1 20 included a EUR 30.0 million excess depreciation charge. Leasing contract margin growth over the period is partly offset by lower volume discounts, and less excess mileage billing, together with a specific tax provision of EUR 12.8 million. Taken together and excluding the above one-off impacts, Leasing contract and Services margins grew by EUR 25.7m vs. H1 20.

The contribution to Gross Operating Income from Used Car Sales result reached EUR 125.3 million in H1 21. This performance can be explained by the increasingly favourable conditions in used car markets. Demand for used cars is currently at a very high level due to the extended delivery delays of new cars. Supply is low, as short-term rental companies still fail to feed the used car markets the way they did before the pandemic.

Taking advantage of these conditions, and underpinned by the efficiency of its remarketing tools, ALD sold 169 thousand<sup>10</sup> units over the first half of 2021, a record volume. Average sales margin on used vehicles<sup>11</sup> for the half-year came in at EUR 740 per unit, and EUR 1,058 over the second quarter.

ALD's Gross Operating Income reached EUR 796.9 million in H1 21, up 31.9% vs. H1 20.

Operating Expenses reached EUR 329.9 million, and the Cost to income (excl. UCS result) ratio improved at 49.1%.

Impairment charges on receivables reached EUR 16.6 million, decreasing by EUR 31.0 million vs. H1 20. The relatively low charge in H1 21 is principally explained by the strong support measures put in place by governments. The assumptions used for the forward-looking component of the IFRS 9 provision are unchanged. The cost of risk<sup>12</sup> reached 16 bps in H1 21, vs. 46 bps in H1 20.

Effective tax rate stood at 21.2%, gradually normalising after a several years which benefited from the Italian Stability law.

As a result, ALD's Net Income (Group Share) stood at EUR 352.0 million in H1 21, up from EUR 206.8 million in H1 20, boosted by the outstanding remarketing performance.

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<sup>10</sup> Management information

<sup>11</sup> Management information

<sup>12</sup> Annualised ratio, using the Impairment Charges on Receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

Earning Assets increased by 3.6% at the end of June 2021 vs. the end of the previous year, reaching EUR 21.6 billion, reflecting the increasing share of higher value vehicles (EV) within new deliveries.

The higher value of new vehicles, and hence earning assets, also explains the increase in Other assets and Other liabilities.

Total funding at the end of June 2021 stood at EUR 18.0 billion (up slightly from EUR 17.6 billion at the end of 2020) of which 69% consisted of loans from Societe Generale. Over the course of H1 2021, EUR 800 million of bonds matured and were refinanced for EUR 500 million in the context of lower funding needs in 2021 due to limited funded fleet growth.

The Group's Total Equity to Total Assets ratio stood at 16.7% at the end of June 2021, stable vs. end 2020 reflecting strong earnings compensating for the 2020 dividend payment in Q2 2021 (EUR 254 million).

## Key strategic initiatives

### **Strategic investment in MaaS startup, 'skipr'**

In July 2021, ALD acquired 17% share capital in 'skipr', a Belgian MaaS startup, alongside existing investors Belfius Bank, Lab Box and 'skipr' management. This strategic investment will allow ALD to consolidate and accelerate ALD Move, its Mobility as a Service (MaaS) offering, a key objective within its Move 2025 strategy.

Future collaboration will enable both parties to seize significant growth opportunities by combining consultancy services for mobility transformation with digital access to multimodal, flexible and responsible mobility solutions for employees. Initial focus will be to develop in the French and Belgium markets with further expansion in Europe from 2023.

### **'smart' partnership**

In July 2021, ALD signed a new partnership with 'smart' Europe GmbH which is responsible for all sales, marketing and after-sales activities and which is one of the first 100% EV players in Europe. This partnership covers 17 countries in Europe.

### **Volvo selects ALD in Ireland**

In July 2021, ALD signed a partnership agreement with Volvo to provide white-labelled operational leasing services products for Volvo's full range of vehicles in the country. This new agreement reinforces ALD's existing successful global partnership dating back to 2010 between the two companies as ALD also provides full-service leasing services for Volvo through its dealership networks in Belgium, France, the Netherlands, Portugal, Russia and Switzerland.

### **Cooperation with Corporate Benefits to supply customers' employees with mobility solutions**

In the first half of 2021, ALD has developed an international cooperation with Corporate Benefits in 5 countries (Austria, Belgium, Germany, Italy, Netherlands) to supply employee mobility solutions to Corporate Benefits customers.

On the current geographical scope, ALD is the only leasing actor to provide Corporate Benefits with mobility solutions giving ALD access to more than 8,840 companies representing a total of close to 7 million users.

### **Third-party used car lease offering via Stern network in the Netherlands**

ALD Netherlands went live with the Stern Used Lease platform. This means that besides offering 2nd life lease of ex-ALD vehicles, ALD will now offer used car lease on the full inventory (selection criteria in place) of Stern's 80 dealerships, who sell c. 15.000 used cars per year. The Stern inventory is accessible, and a full digital journey is in place.

### **ALD Rated "Prime" by ISS rating**

For the first time ALD has been rated by ISS ESG, one of the main extra-financial rating agencies. ALD performance in terms of eco-efficiency was highlighted in the assessment.

ALD is ranked in the second highest decile of the sector and is granted a "Prime" rating, meaning that it fulfils ISS ESG's demanding requirements regarding sustainability performance in its sector.

## **Conference call for investors and analysts**

Date: 3 August 2021, at 10.00 am Paris time - 9.00 am London time

Speakers: Tim Albertsen, CEO and Gilles Momper, CFO

Connection details:

- [Webcast](#)
- Conf call:
  - France: +33 (0) 1 7037 7166
  - UK-Wide: +44 (0) 33 0551 0200
  - USA : +1 212 999 6659
    - Password : ALD

## **2021 Agenda**

**4 November 2021** Trading update and Q3 results

**10 February 2022** Q4 and FY 2021 results

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## About

### **ALD**

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

With 6 700 employees around the globe, ALD manages 1.76 million vehicles (at end-June 2021).

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

This document contains forward-looking statements relating to the targets and strategies of ALD SA (the "Company") and its subsidiaries (together with the Company, the "Group"). These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union. These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to: - anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences; - evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation. Therefore, although the Company believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in the Group's markets in particular, regulatory changes, and the success of the Company's strategic, operating and financial initiatives. More detailed information on the potential risks that could affect the Company's financial results can be found in the Universal Registration Document and in the Last Financial Report filed with the French Autorité des Marchés Financiers. Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, the Company does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal. The financial information presented for the half-year ending 30 June 2021 was reviewed by the Company's Board of Directors on 02 August 2021 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date.

## Appendix

### Consolidated income statement

in EUR million	Q2 2021 <sup>1</sup>	Q2 2020	Q Var. %	H1 2021 <sup>1</sup>	H1 2020	H1 Var. %
Leasing contract revenues				2,236.6	2,233.6	0.13%
Leasing Contract Costs - Depreciation				(1,780.2)	(1,835.8)	-3.0%
Leasing Contract Costs - Financing				(70.8)	(103.6)	-31.6%
Unrealised Gains/Losses on Financial Instruments				(14.0)	1.3	-1146.0%
<b>Leasing Contract Margin</b>	<b>192.9</b>	<b>130.5</b>	<b>47.9%</b>	<b>371.6</b>	<b>295.5</b>	<b>25.8%</b>
Services Revenues				1,056.7	1,062.3	-0.5%
Cost of Services Revenues				(756.8)	(741.9)	2.0%
<b>Services Margin</b>	<b>150.6</b>	<b>162.4</b>	<b>-7.3%</b>	<b>299.9</b>	<b>320.4</b>	<b>-6.4%</b>
<b>Leasing Contract and Services Margins</b>	<b>343.5</b>	<b>292.9</b>	<b>17.3%</b>	<b>671.6</b>	<b>615.9</b>	<b>9.0%</b>
Proceeds of Cars Sold				1,995.1	1,355.5	47.2%
Cost of Cars Sold				(1,869.8)	(1,367.1)	36.8%
<b>Used Car Sales result</b>	<b>87.1</b>	<b>(14.9)</b>	<b>ns</b>	<b>125.3</b>	<b>(11.6)</b>	<b>ns</b>
<b>GROSS OPERATING INCOME</b>	<b>430.6</b>	<b>278.0</b>	<b>54.9%</b>	<b>796.9</b>	<b>604.3</b>	<b>31.9%</b>
Staff Expenses				(214.5)	(203.3)	5.5%
General and Administrative Expenses				(83.7)	(82.0)	2.1%
Depreciation and Amortisation				(31.7)	(28.1)	12.7%
<b>Total Operating Expenses</b>	<b>(166.1)</b>	<b>(151.3)</b>	<b>9.8%</b>	<b>(329.9)</b>	<b>(313.4)</b>	<b>5.3%</b>
<i>Cost/Income ratio (excl CSR)</i>	<i>-48.3%</i>	<i>-51.7%</i>	<i>-6.4%</i>	<i>-49.1%</i>	<i>-50.9%</i>	<i>-3.4%</i>
Impairment Charges on Receivables	(7.9)	(29.8)	-73.5%	(16.6)	(47.6)	-65.1%
<b>OPERATING RESULT</b>	<b>256.6</b>	<b>96.9</b>	<b>164.7%</b>	<b>450.3</b>	<b>243.3</b>	<b>85.1%</b>
Share of Profit of Associates and Jointly Controlled Entities	0.4	0.3	20.9%	0.7	0.7	3.0%
<b>Profit Before Tax</b>	<b>257.0</b>	<b>97.2</b>	<b>164.3%</b>	<b>451.1</b>	<b>244.0</b>	<b>84.8%</b>
Income Tax Expense	(58.8)	(17.9)	228.2%	(95.6)	(44.6)	114.6%
<b>Profit for the Period</b>	<b>198.2</b>	<b>79.3</b>	<b>149.8%</b>	<b>355.4</b>	<b>209.5</b>	<b>69.7%</b>
<b>Net Income</b>	<b>198.2</b>	<b>79.3</b>	<b>149.8%</b>	<b>355.4</b>	<b>209.5</b>	<b>69.7%</b>
Non-Controlling Interests	1.6	1.3	22.4%	3.4	2.6	31.1%
<b>Net Income Group share</b>	<b>196.5</b>	<b>78.0</b>	<b>152.0%</b>	<b>352.0</b>	<b>206.8</b>	<b>70.2%</b>
<b>Return on Average Equity<sup>2</sup></b>				<b>16.7%</b>	<b>10.5%</b>	



### Total fleet and selected balance sheet figures

in EUR million, except stated otherwise	30.06.2021	31.12.2020	Var. %	30.06.2020	Var. %
<b>Total Fleet (in '000 of vehicles)</b>	<b>1,761</b>	<b>1,758</b>	<b>+0.2%</b>	<b>1,765</b>	<b>(0.2%)</b>
<b>Total Assets</b>	<b>25,909</b>	<b>25,088</b>	<b>+3.3%</b>	<b>25,018</b>	<b>+3.6%</b>
<b>Earning Assets</b>	<b>21,585</b>	<b>20,825</b>	<b>+3.6%</b>	<b>20,480</b>	<b>+5.4%</b>
<b>Total Equity</b>	<b>4,323</b>	<b>4,195</b>	<b>+3.1%</b>	<b>3,912</b>	<b>+10.5%</b>
<b>Financial Debt<sup>3</sup></b>	<b>18,064</b>	<b>17,646</b>	<b>+2.4%</b>	<b>17,905</b>	<b>+0.9%</b>
<i>Total Equity on Total Assets</i>	<i>16.7%</i>	<i>16.7%</i>		<i>15.6%</i>	

<sup>1</sup> ALD's Q2 21, and H1 21 results have been subject to a limited review by ALD's Statutory Auditors

<sup>2</sup> Annualised ratio: in the numerator quarterly figure multiplied by 4 or half-year figure multiplied by 2 or annual figure. In the denominator the arithmetic average of Equity attributable to owners of the parent at the beginning and end of the period

<sup>3</sup> Financial Debt: defined as Borrowings from Financial institutions, Bonds and Notes issued