# Press release

Paris, 12 May 2023

## Trading update on Q1 2023 results

- **NET INCOME (GROUP SHARE): EUR 315.5 MILLION, UP 22.4% VS. Q1 2022**
- **CONTINUED HIGH USED CAR SALES RESULT PER UNIT[1] : EUR 2,535 VS. EUR 3,101 IN Q1 2022**
- **ROBUST COMMERCIAL PERFORMANCE: FUNDED FLEET AT 1.42 MILLION, UP 3.2[2]% VS. END MARCH 2022**
- **IMPACT OF LEASEPLAN-RELATED COSTS ON OPERATING EXPENSES**
- **DISPOSAL OF ALD RUSSIA COMPLETED IN APRIL 2023**
- **CLOSING OF THE LEASEPLAN ACQUISITION PLANNED FOR 22 MAY 2023[3]**

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[1] Management information. Without reduction in depreciation costs in 2022, Used car sales result per unit would have been stable at EUR 3,102 in Q1 2023

[2] Excluding 50k vehicles from entities held for sale (Russia, Belarus and remedies agreed with antitrust authorities: Portugal, Ireland and Norway except NF Fleet Norway)

[3] Subject to receiving the remaining regulatory approvals and to the satisfaction of standard conditions precedent

## First quarter 2023 results highlights

- ✓ **Total Contracts** 1.815 million contracts managed worldwide at end March 2023
- ✓ **Funded fleet**[4] 1.423 million vehicles, up 3.2% vs. end March 2022
- ✓ **Leasing Contract and Services Margins** at EUR 541.1 million, up 63.3% vs. Q1 2022 reflecting reduction in depreciation costs and non-operating items
- ✓ **Used Car Sales result** at EUR 190.5 million, vs. EUR 215.2 million in Q1 2022
- ✓ **Operating expenses** at EUR 260.5 million including LeasePlan-related costs, vs. EUR 187.5 million in Q1 2022
- ✓ **Cost of Risk** at EUR 8.8 million, vs. EUR 7.9 million in Q1 2022
- ✓ **Impairment** of the net book value of Russian and Belarus entities at EUR -20.6 million

On 12 May 2023, Tim Albertsen, ALD CEO, commenting on the Q1 2023 Group results, stated: *"ALD again recorded a strong performance in Q1 2023 on the back of robust commercial dynamics and continued highly favourable used car markets. This outstanding achievement in a challenging macroeconomic environment reflects the relevance and the solidity of our business model through the cycle.*

*I am proud of the new initiatives launched in Q1 2023 to strengthen our leadership in sustainable mobility and further support EV penetration in all of our markets. In April, we completed the disposal of ALD Russia, which we had announced a few months ago. At the same time, we are accompanying our clients in high-growth markets thanks to our new joint venture in South East Asia. Our Group is in an excellent position to embark on the step-up change represented by the highly strategic and synergetic acquisition of LeasePlan.*

*ALD's Board has called an Extraordinary General Meeting on 22 May 2023 to close the acquistion of LeasePlan. We at ALD are very excited about welcoming the LeasePlan teams very soon and starting a new chapter of our development, where we will join forces to continue leading the transformation of the mobility industry and to generate value for our customers and shareholders."*

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[4] Excluding 50k vehicles from entities held for sale (Russia, Belarus and remedies agreed with antitrust authorities: Portugal, Ireland and Norway except NF Fleet Norway)

## Outlook for 2023

In an economic environment marked by the continued rise in interest rates to combat inflation, the reopening of China and concerns over a few banking institutions mainly in the US, deliveries of new cars in Europe picked up in Q1 2023. ALD still expects that the new car market will normalize gradually and that the favourable supply/demand situation in the used car market will remain in place in 2023.

Subject to receipt of the remaining regulatory approvals and the satisfaction of standard conditions precedents, ALD plans to complete the acquisition of LeasePlan on 22 May 2023. At closing, ALD will become a regulated entity with the status of Financial Holding Company, subject to new regulatory requirements. ALD will issue EUR 750 million Additional Tier 1 and EUR 1,500 million Tier 2 capital in order to reinforce its capital structure in an optimal manner.

Immediately after closing, ALD will launch the execution of its integration plan. Costs to achieve are expected to be in the range of EUR 150 million to EUR 180 million in 2023.

ALD plans to provide operational guidance for the combined entity for 2023 after the closing of the acquisition.

## Development strategy oriented towards sustainability

In Q1 2023, ALD launched new initiatives to reinforce its leadership in sustainable mobility and further promote the transition to EVs:

- Through a new joint venture with ChargePoint, a leading electric vehicle charging network, ALD aims at accelerating corporate fleet electrification by providing access to Europe's widest public charging network with 517,000 charging ports. By means of a cutting edge app, the joint venture is designed to address the evolving needs of both drivers (charging at home, in the office or on the road) and fleet managers (single monitoring dashboard). This new offering will be rolled out across EU starting Q4 2023.
- The signing of a USD 400 million facility by IFC in February 2023 paves the way for further reduction in carbon emissions in transport by accelerating the adoption and penetration of

green vehicles[5] in emerging countries. In this context, ALD will help put 15,000 green vehicles on the road in Turkey, Mexico, India, Serbia, Romania, Bulgaria and Croatia, with the objective of reducing carbon emissions by more than 22,000 tons[6] a year.

As part of its strategy to jointly build a mobility business platform in Asia and following the creation of a joint venture in Malaysia in 2020, ALD announced the launch of a second joint venture with Mitsubishi HC Capital Inc., this time in Thailand. This partnership, which is expected to be followed by others in the South-East Asia region, aims at capturing the high-growth potential of these promising markets, by leveraging on ALD and its partner's multinational corporate clients first.

In April 2023, ALD completed the sale of ALD Russia, which operated a funded fleet of 13,400 vehicles as at 31 March 2023. The sale had received clearance from the relevant Russian regulatory authorities.

## Robust commercial performance

Continuing the positive trends of the previous quarters, full-service leasing contracts reached 1,423 thousand units[7] as at end March 2023, while the order book remained strong, reflecting robust commercial dynamics. Funded fleet grew by a strong +3.2%[8] vs. end March 2022 on a like-for-like basis.

The total number of fleet management contracts increased by 41 thousand units in Q1 2023 or +13.8%[9] vs. Q1 2022, to reach 336 thousand vehicles. Year-on-year growth was primarily driven by a new banking partnership.

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[5] Battery Electric Vehicles (BEVs), Plug-in Hybrids (PHEVs), Full Hybrids (HEVs)
[6] Management information
[7] Excluding 50k vehicles from entities held for sale (Russia, Belarus and remedies agreed with antitrust authorities: Portugal, Ireland and Norway except NF Fleet Norway) and including ALD Flex and Used Car Lease
[8] Excluding entities held-for-sale
[9] Excluding 7k vehicles from entities held for sale

Total contracts stood at 1,815 thousand as at end March 2023, up by 5.0%[10] compared to end March 2022, reflecting ALD's strong commercial performance.

ALD plays a key role in clients' transition towards sustainable mobility by leveraging its powerful advisory capabilities and the ALD Electric offering (including charging). With EV penetration of 29% of new passenger car registrations in Q1 2023, ALD maintained its leading position in Europe, well ahead of the market (20%[11]). The demand for electrification remains very strong, with EVs accounting for one third of ALD's order book.

## Sharp increase in financial results

ALD recorded a sharp increase in financial results in Q1 2023, driven by high margin growth and continued high Used car sales results.

Taken together, Leasing contract and Services margins (Total margins) reached EUR 541.1 million in Q1 2023, up 63.3% compared to Q1 2022 and stable when excluding reduction in depreciation costs and non-operating items.

Leasing contract margin was boosted by the reduction in depreciation costs (EUR +162.8 million in Q1 2023), driven by the change in depreciation curve reflecting exceptionally high used car prices. As a result, depreciation has been adjusted or stopped for those vehicles whose sales proceeds are forecast to be in excess of their net book value. The reduction in depreciation costs equals the difference between the contractual amortization costs and the revised amortization cost. It anticipates in the Leasing contract margin part of Used car sales results which would otherwise be recorded later.

Non-operating items impacting Leasing contract margin totalled EUR +30.1 million (vs. EUR -14.8 million in Q1 2022), comprising:

- Fleet revaluation exercise[12] of EUR +11.6 million (vs. EUR +12.5 million in Q1 2022);

[10] Excluding 57k vehicles from entities held for sale
[11] Source: ACEA
[12] Based on the expected roll-off of the fleet portfolio and deriving from the usual revaluation exercise

- Hyperinflation in Turkey[13] EUR +18.5 million;
- There was no adjustment to the provision in Ukraine in Q1 2023 (vs. EUR -27.3 million provision in Q1 2022).

Leasing contract margin reached EUR 366.6 million in Q1 2023, vs. EUR 171.4 million in Q1 2022, up 80.7% excluding non-operating items. Services margin was EUR 174.5 million, up 9.1% vs. Q1 2022, underpinned by the increasing number of fleet management contracts.

At EUR 190.5 million in Q1 2023, the contribution from Used car sales result remained at a high level (EUR 215.2 million in Q1 2022), reflecting the continued favourable supply/demand situation. The amount incorporates a negative impact of change in depreciation curve of EUR -42.7 million, as the positive impact of reduction in depreciation costs on Leasing contract margin in 2022 anticipated some UCS profits.

UCS result per unit[14] came in at EUR 2,535 in Q1 2023 vs. EUR 3,101 in Q1 2022. Had ALD not recorded any reduction in depreciation costs to reflect exceptionally high used car prices in 2022, UCS result per unit would have reached a high EUR 3,102 in Q1 2023.

Leveraging on its efficient remarketing tools, ALD sold 75 thousand units[15] in Q1 2023 vs. 69 thousand units in Q1 2022. The volume increase compared to the same period last year is explained by improved dynamics in car deliveries.

As a result of the continued favourable used car markets, ALD's Gross Operating Income reached EUR 731.6 million in Q1 2023, up 33.8% vs. Q1 2022. Excluding the net impact of the reduction in depreciation costs[16], Gross Operating Income would have increased by 11.9% vs. Q1 2022.

Operating expenses reached EUR 260.5 million in Q1 2023 vs. EUR 187.5 million in the same quarter last year. The increase was mainly driven by LeasePlan integration costs for EUR 38 million and transaction costs in relation to LeasePlan, Russia and remedies for EUR 12 million[17]. The entry of

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[13] As per IAS 29 "Financial Reporting in Hyperinflationary Economies"
[14] Management information
[15] Management information
[16] Positive impact on Total margins (EUR +162.8 million) net of negative impact on UCS result (EUR -42.7 million) was EUR +120.1 million in Q1 2023
[17] Not included in CTA (Costs to Achieve)

Sabadell Renting, Fleetpool, Ford Fleet Management into the consolidation scope added EUR 7.1 million to operating expenses in Q1 2023. The operating expenses base was also impacted by costs related to the change in regulatory status of ALD.

As a result, Cost/Income Ratio (excl. UCS result) was low at 48.1% in Q1 2023, vs. 56.6% in Q1 2022, due mainly to the positive impact of reduction in depreciation costs on Leasing contract margin, which more than absorbed the above-mentioned costs.

Impairment charges on receivables came in at EUR 8.8 million, slightly up from the exceptionally low level of EUR 7.9 million in the same quarter last year.

ALD's subsidiaries in Russia and Belarus were classified as Assets held for sale in the financial statements ending 31 December 2022. An impairment of the book value of EUR -20.6 million was registered as Non-recurring expenses in ALD's income statement in Q1 2023, after EUR -50.6 million in Q4 2022. The sale of ALD Russia was completed on 20 April 2023, as a result of which the following impacts are expected on ALD's consolidated Q2 2023 income statement: i) impairment of the net book value of EUR -6.0m and ii) reclassification of accumulated translation reserves into the income statement at the closing of the transaction: EUR -72.0m, with no impact on shareholders' equity.

Income tax expense increased to EUR 125.6 million in Q1 2023, up from EUR 92.4 million in Q1 2022, mainly due to the non tax deductibility of the aforementioned impairment of the net book value.

ALD's Net Income (Group Share) reached EUR 315.5 million in Q1 2023, up 22.4% from EUR 257.7 million in Q1 2022.

ALD further diversified its funding through a EUR 750 million senior unsecured bond issuance in January 2023 and a EUR 500 million senior unsecured floating rate note issuance in February 2023, which were both largely oversubscribed. These issuances, together with USD 400 million long-term green financing from IFC, were made at competitive funding conditions and confirmed the solid appetite for ALD's credit.

## Conference call for investors and analysts

Date: 12 May, at 10.00 am Paris time - 9.00 am London time

Speakers: Tim Albertsen, CEO and Gilles Momper, CFO

Connection details:

Webcast: https://edge.media-server.com/mmc/p/5cwfppbd

- Conference call:
  - France: +33 1 70 91 87 04
  - UK: +44 121 281 8004
  - USA: +1 718 705 8796
  - Access Code: 457698

## 2023 Agenda

- **22 May 2023:** EGM and expected closing of LeasePlan acquisition
- **24 May 2023:** General assembly of shareholders
- **31 May 2023:** Detachment of dividend for financial year 2022
- **2 June 2023:** Payment of dividend
- **3 August 2023:** Q2 and Half-year 2023 results
- **3 November 2023:** Q3 and 9M 2023 results

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# About

**ALD**

ALD is a global leader in mobility solutions providing full service leasing and fleet management services across 42 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 7,244 employees around the globe, ALD manages 1.82 million vehicles (at end-March 2023).

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 quarter ending 31 March 2023 was reviewed by the Company's Board of Directors on 10 May 2023 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date.

# Appendix

## Q1 2023 consolidated income statement

| in EUR million | Q1 2023 | Q1 2022[18] | Q Var.% |
|---|---|---|---|
| Leasing Contract Margin | 366.6 | 171.4 | 113.8% |
| Services Margin | 174.5 | 160.0 | 9.1% |
| **Leasing Contract and Services Margins** | **541.1** | **331.5** | **63.3%** |
| Used Car Sales result | 190.5 | 215.2 | -11.5% |
| **Gross Operating Income** | **731.6** | **546.7** | **33.8%** |
| Total Operating Expenses | (260.5) | (187.5) | 39.0% |
| *Cost/Income ratio (excl CSR)* | 48.1% | 56.6% | -14.9% |
| Impairment Charges on Receivables | (8.8) | (7.9) | 11.0% |
| Non-Recurring Income (Expenses) | (20.6) | 0,0 | |
| **Operating Result** | **441.8** | **351.3** | **25.7%** |
| Share of Profit of Associates and Jointly Controlled Entities | 0.8 | 0.9 | -10.3% |
| **Profit Before Tax** | **442.6** | **352.2** | **25.7%** |
| Income Tax Expense | (125.6) | (92.4) | 36.0% |
| **Profit for the Period** | **316.9** | **259.8** | **22.0%** |
| Non-Controlling Interests | 1.5 | 2.2 | -32.0% |
| **Net Income Group share** | **315.5** | **257.7** | **22.4%** |

[18] Q1 2022 was restated for IFRS 17, which applies from 1 January 2023