



**FIRST HALF 2020  
FINANCIAL REPORT**

# SUMMARY

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# I. MANAGEMENT REPORT

## 1. H1 2020 HIGHLIGHTS

### SOUND OPERATING PERFORMANCE ILLUSTRATING RESILIENCE AND AGILITY OF THE BUSINESS MODEL

- **Total Fleet 1.76 million vehicles managed worldwide at end June 2020, +3.8% vs. June 2019**
- **Leasing Contract and Services Margins down EUR 22 million, incorporating the impact of the fleet revaluation process: EUR 30.0 million excess depreciation charge in H1 2020 vs. EUR 11.3 million release in H1 2019**
- **Used Car Sales result at EUR -11.6 million, including impairment of used car stock of EUR 18.6m**
- **EUR 3.4 million decrease in overheads demonstrating ability to control costs**
- **Cost of Risk at 46 bps<sup>1</sup>, including a forward-looking provision under IFRS9**
- **EUR 10 million after tax profit on disposal of stake in ALD Fortune (China) in Q1 2020**
- **Net income (group share) at EUR 206.8 million**
- **Total Equity/Asset ratio at 15.6%, up from 15.2% at end June 2019**

## 2. FINANCIAL REVIEW ON FIRST SIX MONTHS OF 2020

### Consolidated income statement

| in EUR million  | Q2 2020        | Q2 2019        | Var % Q2 '20/'19 | HY 2020        | HY 2019        | Var % HY '20/'19 |
|---|----------------|----------------|------------------|----------------|----------------|------------------|
| Leasing Contract Revenues                                     |                |                |                  | 2,280.9        | 2,205.9        | +3.4%            |
| Leasing Contract Costs - Depreciation                         |                |                |                  | (1,835.8)      | (1,744.1)      | +5.3%            |
| Leasing Contract Costs - Financing                            |                |                |                  | (150.9)        | (136.4)        | +10.6%           |
| Unrealised Gains/Losses on Financial Instruments              |                |                |                  | 1.3            | 4.9            | (72.7%)          |
| <b>Leasing Contract Margin</b>                                | <b>130.5</b>   | <b>165.1</b>   | <b>-21.0%</b>    | <b>295.5</b>   | <b>330.3</b>   | <b>(10.5%)</b>   |
| Services Revenues   |                |                |                  | 1,062.3        | 1,051.1        | +1.1%            |
| Cost of Services Revenues                                     |                |                |                  | (741.9)        | (743.5)        | (0.2%)           |
| <b>Services Margin</b>  | <b>162.4</b>   | <b>159.5</b>   | <b>1.8%</b>      | <b>320.4</b>   | <b>307.6</b>   | <b>+4.2%</b>     |
| <b>Leasing Contract and Services Margins</b>                  | <b>292.9</b>   | <b>324.6</b>   | <b>-9.8%</b>     | <b>615.9</b>   | <b>638.0</b>   | <b>(3.4%)</b>    |
| Proceeds of Cars Sold   |                |                |                  | 1,355.5        | 1,491.3        | (9.1%)           |
| Cost of Cars Sold   |                |                |                  | (1,367.1)      | (1,447.9)      | (5.6%)           |
| <b>Used Car Sales result</b>                                  | <b>(14.9)</b>  | <b>24.4</b>    | <b>ns</b>        | <b>(11.6)</b>  | <b>43.4</b>    | <b>ns</b>        |
| <b>GROSS OPERATING INCOME</b>                                 | <b>278.0</b>   | <b>349.0</b>   | <b>-20.3%</b>    | <b>604.3</b>   | <b>681.4</b>   | <b>(11.3%)</b>   |
| Staff Expenses  |                |                |                  | (203.3)        | (202.4)        | +0.4%            |
| General and Administrative Expenses                           |                |                |                  | (82.0)         | (88.2)         | (7.0%)           |
| Depreciation and Amortisation                                 |                |                |                  | (28.1)         | (26.2)         | +7.3%            |
| <b>Total Operating Expenses</b>                               | <b>(151.3)</b> | <b>(159.3)</b> | <b>-5.0%</b>     | <b>(313.4)</b> | <b>(316.8)</b> | <b>(1.1%)</b>    |
| <i>Cost/Income ratio (excl UCS result)</i>                    | <i>51.7%</i>   | <i>49.1%</i>   |                  | <i>50.9%</i>   | <i>49.7%</i>   |                  |
| Impairment Charges on Receivables                             | (29.8)         | (11.4)         | 161.7%           | (47.6)         | (21.8)         | +118.6%          |
| <b>OPERATING RESULT</b>                                       | <b>96.9</b>    | <b>178.3</b>   | <b>-45.6%</b>    | <b>243.3</b>   | <b>342.8</b>   | <b>(29.0%)</b>   |
| Share of Profit of Associates and Jointly Controlled Entities | 0.3            | 0.5            | -32.7%           | 0.7            | 0.9            | (19.3%)          |
| <b>Profit Before Tax</b>                                      | <b>97.2</b>    | <b>178.8</b>   | <b>-45.6%</b>    | <b>244.0</b>   | <b>343.7</b>   | <b>(29.0%)</b>   |
| Income Tax Expense  | (17.9)         | (30.7)         | -41.6%           | (44.6)         | (59.7)         | (25.4%)          |
| Result from discontinued operations                           | (0.0)          | 0.0            |                  | 10.0           | 0.0            |                  |
| <b>Profit for the Period</b>                                  | <b>79.3</b>    | <b>148.1</b>   | <b>-46.4%</b>    | <b>209.5</b>   | <b>283.9</b>   | <b>(26.2%)</b>   |

<sup>1</sup>Annualised ratio - As a % of Average Earning Assets

| in EUR million                  | Q2 2020     | Q2 2019      | Var % Q2 '20/'19 | HY 2020      | HY 2019      | Var % HY '20/'19 |
|---------------------------------|-------------|--------------|------------------|--------------|--------------|------------------|
| <b>Net Income (Group share)</b> | <b>78.0</b> | <b>146.9</b> | <b>-46.9%</b>    | <b>206.8</b> | <b>280.7</b> | <b>(26.3%)</b>   |
| Non-Controlling Interests       | 1.3         | 1.2          | 7.8%             | 2.6          | 3.3          | -20%             |

Return on Average Equity<sup>2</sup>

10.5% 15.3%

Operating margins, defined as Leasing contract and Services margins excluding excess depreciation, proved their resilience in H1 2020, growing 3.1% year on year when excluding excess depreciation, in line with funded fleet growth, at +3.1% vs. H1 2019.

Total Fleet growth was penalised by severe lockdown measures taken in Western Europe.

However, customer and partner relationships were enhanced by the crisis, through proximity and attentiveness and a close monitoring of difficult situations. Activity has picked up progressively after lockdown measures were softened and pre-crisis levels have already been reached in some geographies.

Despite lower delivery volumes during the lockdowns, the penetration of “green”<sup>2</sup> powertrains continues to rise: they represented 19% of ALD’s passenger car deliveries globally in Q2 2020 (vs. 12% in Q2 2019) and close to 21% in Europe<sup>3</sup>, already in line with the target of more than 20% “green” vehicles deliveries in Europe<sup>5</sup> by the end of 2020 announced at the start of the year.

ALD is ready to meet this shift in demand thanks to its continued work with reference players, from car manufacturers such as Tesla or Polestar, to providers of charging infrastructure and support such as Chargepoint, E.On and Enel. These partnerships are part of a comprehensive programme to promote Electric Vehicles, which includes EV-dedicated products such as Switch and Carsharing.

Total Fleet reached 1.76 million vehicles at the end of June 2020, up 3.8% vs. end of June 2019. Organic fleet growth (neutralising the impact of the acquisition of Stern Lease in the Netherlands and the disposal of ALD Fortune Auto Leasing & Renting in China) over the same period stood at 3.1%.

Leasing Contract Margin reached EUR 295.5 million and Services Margin EUR 320.4 million in H1 2020, down 10.5% and up 4.2% respectively vs. H1 2019. Taken together they decreased by EUR 22.0 million vs. H1 2019. In Q2 2020, the Leasing Contract Margin included a EUR 30.0 million excess depreciation charge, resulting from the fleet revaluation process, which embeds stressed sales prices expected to last into 2021.

The contribution to Gross Operating Income from Used Car Sales result reached EUR -11.6 million in H1 2020, down significantly from EUR 43.4 million in H1 2019. The drop was due in part to a specific EUR 18.6 million impairment of used car stock, which was recorded in H1 results, reflecting delays in sales and potential reduction in the prices of second-hand cars.

Average sales margin on used vehicles<sup>4</sup> for the half-year came in at EUR -92 per unit, and EUR 55 when restated from the exceptional impairment charge on used car stock recorded over the period. The Q2 20 average was EUR -284 per unit, and EUR -105 excluding the exceptional impairment charge.

<sup>2</sup> “Green” vehicles: Electric vehicles, Plug-in hybrids, Hybrids

<sup>3</sup> European Economic Area, UK and Switzerland

<sup>4</sup> Management information

The number of used cars sold<sup>5</sup> in H1 2020 was 126K, down from 144K in H1 2019, reflecting the effect of lockdown measures in March and April. Although remarketing activity has shown a promising rebound since mid-May, stock levels remain above pre-crisis level. ALD continues to promote contract duration extensions to targeted customers with the aim of lowering the number of vehicles to be sold. ALD's digital remarketing platform is a key asset in the efficient management of used car sales, as activity progressively picks up again.

Operating Expenses decreased by EUR 3.4 million in H1 2020, reaching EUR 313.4 million, demonstrating ALD's strong ability to control costs in difficult times. This decrease reached EUR 8 million in Q2 2020 when compared to Q2 2019, a significant achievement in a context of 3.8% fleet growth.

Impairment charges on receivables reached EUR 47.6 million, rising by EUR 25.8 million from the EUR 21.8 million recorded in H1 2019. This increase was principally due to a EUR 13.4m forward looking provision recorded in H1 2020 results reflecting the expected increase in probability of customer default. The cost of risk<sup>5</sup> reached 46 bps in H1 2020, and 32 bps when excluding the forward-looking component.

Further to the closing of the transaction on 28 February 2020, a EUR 10.0 million post-tax profit on disposal of ALD's stake in ALD Fortune Auto Leasing & Renting (China) was recorded in Q1 2020.

As a result, ALD Net Income (Group Share) reached EUR 206.8 million in H1 2020, down from EUR 280.7 million in H1 2019. This decrease mainly results from solid provisioning and excess depreciation charges totalling EUR 62 million (before tax).

## SOLID BALANCE SHEET

| In EUR million                         | HY 2020       | FY 2019       | Var HY 2020/FY 2019 | Var % HY 2020/FY 2019 |
|--|---------------|---------------|---------------------|-----------------------|
| <b>Total fleet ('000 vehicles)</b>     | <b>1,765</b>  | <b>1,765</b>  | <b>0</b>            | <b>0.0%</b>           |
| Earning assets                         | 20,480        | 21,183        | -702                | -3.3%                 |
| <i>o/w Rental fleet</i>                | 19,705        | 20,337        | -631                | -3.1%                 |
| <i>o/w Financial lease receivables</i> | 775           | 846           | (71)                | -8.4%                 |
| Long term invt. – Equity Reinvestment  | 430           | 469           | (39)                | -8.4%                 |
| Cash & Cash deposits                   | 326           | 156           | 171                 | 109.7%                |
| Intangibles (incl. goodwill)           | 618           | 616           | 2                   | 0.4%                  |
| Other                                  | 3,163         | 3,164         | (1)                 | 0.0%                  |
| <b>Total Assets</b>                    | <b>25,018</b> | <b>25,588</b> | <b>-570</b>         | <b>-2.2%</b>          |
| Shareholders' equity                   | 3,879         | 3,993         | -113                | -2.8%                 |
| Minority interest                      | 32            | 36            | -4                  | -10.2%                |
| Financial debt                         | 17,905        | 18,395        | -490                | -2.7%                 |
| Other liabilities                      | 3,201         | 3,164         | 37                  | 1.2%                  |
| <b>Total liabilities and equity</b>    | <b>25,018</b> | <b>25,588</b> | <b>-570</b>         | <b>-2.2%</b>          |

<sup>5</sup> 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.

## COMMENTS ON SIGNIFICANT BALANCE SHEET MOVEMENTS

Earning Assets decreased by 3.3% at the end of June 2020 vs. the end of the previous year, reaching EUR 20.5 billion, reflecting a slight decrease in funded fleet due to the effect of contract extensions and of foreign exchange translation impacts.

Equity reinvestments in long-term deposits decreased by EUR 39 million, as amortising deposits with Societe Generale continued to run off. Other assets remained stable.

Total funding at the end of June 2020 stood at EUR 17.9 billion (down slightly from EUR 18.4 billion at the end of 2019) of which 70% consisted of loans from Societe Generale. Over the course of H1 2020, EUR 400m of bonds matured and were not refinanced in the context of limited funding needs in 2020 due to contract extensions and limited funded fleet growth.

The Group's Total Equity to Total Assets ratio stood at 15.6% at the end of June 2020, up from 15.2% a year earlier, and down slightly from 15.7% at end 2019 following the payment of 2019 dividend in Q2 2020 (EUR 254 million).

## NEW GUIDANCE FOR 2020<sup>6</sup>

- ✓ Total Fleet growth (organic) close to 0% versus 2019, plus bolt-on acquisitions as opportunities arise
- ✓ Used Car Sales result per vehicle to average EUR -250 to EUR 0
- ✓ Cost/Income (excluding Used Car Sales result) ratio between 50% and 51%

## 3. KEY STRATEGIC INITIATIVES & OPERATIONAL DEVELOPMENTS

### LAUNCH OF FLEXIBLE OFFERS

On 24 June, ALD announced the launch of ALD Flex, a flexible mobility solution with the advantages of fully serviced vehicles and on demand availability in 19 countries.

ALD Flex provides an all-inclusive vehicle offering for mid-term usage, ranging from 1 to 24 months on average, at an optimal set monthly rate. A broad range of vehicle categories is available for immediate. Additional flexibility allows contracts to be terminated after 1 month at no extra cost.

ALD Flex will be available in 30 countries worldwide by mid-2021.

ALD proposes ALD Swap in Norway. This premium subscription product offers a flexible car selection and the option to swap cars at any time.

### ALD CARMARKET NEW GLOBAL BRAND IDENTITY

On 16 June, ALD launched a new phase in the expansion of its unified brand identity: the rebranding of the entire remarketing offering under the company's new global brand identity ALD Carmarket, now used for both retail and corporate segments. Intensifying the launch of direct "clicks & bricks" used car purchase or lease offering for consumers and leveraging the largest used car offering in the industry, ALD Carmarket provides high quality, expertly serviced and appraised used cars that are sourced through the countries where ALD has a direct presence.

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<sup>6</sup> Premised on the assumption that major European countries will not be forced to return to a severe lockdown for an extended period

#### **RANKED PLATINUM BY ECOVADIS IN POLAND AND LUXEMBURG**

Early 2020, EcoVadis has reviewed its rating grid. Criteria for bronze and silver medals were strengthened and a new “Platinum” rating was created to reward high-performance companies. Within the top 1% of companies on the global EcoVadis platform and with an overall score greater or equal to 73/100, Poland and Luxembourg are the first ALD entities to have been rated “Platinum”.

#### **LAUNCH OF A NEW FLEET MANAGEMENT BUSINESS WITH FORD IN EUROPE**

On 16 July, Ford and ALD signed a shareholder agreement to create Ford Fleet Management, an integrated leasing and fleet management solution for European customers.

Ford Fleet Management will leverage both parties’ deep understanding of customers, product and mobility services, as well as an extensive dealer network, to deliver the ambition of best-in-class vehicle uptime.

Ford Fleet Management will begin operating in the UK by the autumn, subject to approval by the relevant authorities.

This initiative deepens a long-standing relationship in which ALD Automotive has been providing Ford Lease Services for more than 15 years in Europe.

#### **SOUTH EAST ASIAN STRATEGY**

In H1 2020, ALD has started to implement its South East Asian strategy through the creation of a joint venture with Mitsubishi UFJ Lease and Finance Company Limited (MUL) to operate in Malaysia. In addition, ALD signed partnership agreements with Mitsubishi Auto Leasing Corporation (MAL) to extend global coverage in Japan, and with Shouqi Car Rental & Leasing to provide full service leasing solutions in China.

## **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 Universal Registration Document filed on 9 April 2020. There were no material changes in these risks during the rest of H1 19.

## **5. RELATED PARTY TRANSACTIONS**

Related party transactions are described in Note 34 to the Group’s consolidated financial statements for the financial year ended 31 December 2019 and in Note 24 to the Group’s interim consolidated financial statements for the six months ended 30 June 2020. 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 2020**

None



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

This is a translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

### ERNST & YOUNG et Autres

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438 476 913 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

## ALD

Period from January 1 to June 30, 2020

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

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, 2020;
- 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 on July 31, 2020 on the basis of the information available at that date in a changing context of the Covid-19 crisis and difficulties in understanding its impact and future prospects. 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.

## 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 prepared on July, 31 2020.

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

Paris-La Défense, July 31, 2020

The Statutory Auditors

*French original signed by*

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 2020 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, 31 July 2020

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Mr Tim Albertsen  
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, 2020

### SUMMARY

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## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| (In EUR million)   | Notes          | For the six months period ended |                |
|--|----------------|---------------------------------|----------------|
|  |                | June 30, 2020                   | June 30, 2019  |
| Leasing contract revenues  | <b>10a,10d</b> | 2,280.9                         | 2,205.9        |
| Leasing contract costs - depreciation  | <b>10a</b>     | (1,835.8)                       | (1,744.1)      |
| Leasing contract costs - financing   | <b>10a</b>     | (150.9)                         | (136.4)        |
| Unrealised gains/losses on financial instruments   | <b>10a</b>     | 1.3                             | 4.9            |
| <b>Leasing contract margin</b>   |                | <b>295.5</b>                    | <b>330.3</b>   |
| Services revenues  | <b>10b,10d</b> | 1,062.3                         | 1,051.1        |
| Cost of services revenues  | <b>10b</b>     | (741.9)                         | (743.5)        |
| <b>Services margin</b>   |                | <b>320.4</b>                    | <b>307.6</b>   |
| Proceeds of cars sold  | <b>10c,10d</b> | 1,355.5                         | 1,491.3        |
| Cost of cars sold  | <b>10c</b>     | (1,367.1)                       | (1,447.9)      |
| <b>Car sales result</b>  |                | <b>(11.6)</b>                   | <b>43.4</b>    |
| <b>GROSS OPERATING INCOME</b>  |                | <b>604.3</b>                    | <b>681.4</b>   |
| Staff expenses   |                | (203.3)                         | (202.4)        |
| General and administrative expenses  |                | (82.0)                          | (88.2)         |
| Depreciation and amortisation  |                | (28.1)                          | (26.2)         |
| <b>Total operating expenses</b>  |                | <b>(313.4)</b>                  | <b>(316.7)</b> |
| Impairment charges on receivables  |                | (47.6)                          | (21.8)         |
| <b>OPERATING RESULT</b>  |                | <b>243.3</b>                    | <b>342.8</b>   |
| Share of profit of associates and jointly controlled entities                                  |                | 0.7                             | 0.9            |
| <b>Profit before tax</b>   |                | <b>244.0</b>                    | <b>343.7</b>   |
| Income tax expense   | <b>11</b>      | (44.6)                          | (59.7)         |
| <b>Profit for the period from continuing operations</b>  |                | <b>199.5</b>                    | <b>283.9</b>   |
| Profit after tax for the period from discontinued operations                                   | <b>9</b>       | 10.0                            |                |
| <b>Net income</b>  |                | <b>209.5</b>                    | <b>283.9</b>   |
| <b>Net income attributable to:</b>   |                |                                 |                |
| <b>Owners of the Company</b>   |                | <b>206.8</b>                    | <b>280.7</b>   |
| Non-controlling interests  |                | 2.6                             | 3.3            |
| <b>Earnings per share from net income attributable to the owners of the parent:</b>            |                |                                 |                |
| Basic earnings per share (in cents)  | <b>23</b>      | <b>0.51</b>                     | <b>0.70</b>    |
| Diluted earnings per share (in cents)  | <b>23</b>      | <b>0.51</b>                     | <b>0.69</b>    |
| <b>Earnings per share from continuing operations attributable to the owners of the parent:</b> |                |                                 |                |
| Basic earnings per share (in cents)  | <b>23</b>      | <b>0.49</b>                     | <b>0.70</b>    |
| Diluted earnings per share (in cents)  | <b>23</b>      | <b>0.49</b>                     | <b>0.69</b>    |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (in EUR million)   | Notes | For the six months period ended |               |
|--|-------|---------------------------------|---------------|
|  |       | June 30, 2020                   | June 30, 2019 |
| <b>Net income</b>  |       | <b>209.5</b>                    | <b>283.9</b>  |
| <b>Items that will not be reclassified subsequently to profit or loss</b>    |       | <b>0.0</b>                      | <b>0.0</b>    |
| Changes in actuarial gain/(Loss) on retirement benefit, before tax           |       | 0.0                             | 0.1           |
| Deferred tax on actuarial gain/(Loss) on retirement benefit                  |       | 0.0                             | (0.0)         |
| <b>Items that may be reclassified subsequently to profit or loss</b>         |       | <b>(63.5)</b>                   | <b>13.9</b>   |
| Changes in cash flow hedges, before tax                                      |       | (7.8)*                          | (1.8)         |
| Deferred tax on cash flow hedges   |       | 1.5                             | (0.2)         |
| Currency translation differences   |       | (57.2)                          | 15.9          |
| <b>Other comprehensive income for the period, net of tax</b>                 |       | <b>(63.5)</b>                   | <b>13.9</b>   |
| <b>Total comprehensive income for the period</b>                             |       | <b>146.0</b>                    | <b>297.9</b>  |
| <b>Attributable to</b>   |       |                                 |               |
| Owners of the Company  |       | 143.7                           | 294.7         |
| Non-controlling interests  |       | 2.3                             | 3.2           |
| Total comprehensive income attributable to owners of the parent arises from: |       |                                 |               |
| - Continuing operations  |       | 143.7                           | 294.7         |

\*Level 2 valuation of derivatives obtained from third parties (see Note 19 for further details)

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| (in EUR million)  | Notes | June 30, 2020   | December 31,<br>2019 |
|---|-------|-----------------|----------------------|
| <b>ASSETS</b>   |       |                 |                      |
| Rental fleet  | 15    | 19,705.3        | 20,336.7             |
| Other property and equipment                              |       | 123.3           | 118.2                |
| Right-of-use assets                                       |       | 126.2           | 131.4                |
| Goodwill  |       | 577.7           | 575.7                |
| Other intangible assets                                   |       | 40.6            | 40.4                 |
| Investments in associates and jointly controlled entities |       | 9.6             | 9.0                  |
| Derivative financial instruments                          |       | 47.6            | 7.8                  |
| Deferred tax assets                                       |       | 191.9           | 170.3                |
| Other non-current financial assets                        | 16    | 429.9           | 469.3                |
| <b>Non-current assets</b>                                 |       | <b>21,252.2</b> | <b>21,858.8</b>      |
| Inventories   |       | 421.4           | 371.6                |
| Receivables from clients and financial institutions       | 17    | 1,666.6         | 1,734.7              |
| Current income tax receivable                             |       | 156.5           | 120.4                |
| Other receivables and prepayments                         |       | 829.8           | 957.3                |
| Derivative financial instruments                          |       | 28.1            | 10.9                 |
| Other current financial assets                            | 16    | 337.1           | 326.3                |
| Cash and cash equivalents                                 | 18    | 326.0           | 155.5                |
| <b>Current assets</b>                                     |       | <b>3,765.5</b>  | <b>3,676.7</b>       |
| Assets of disposal group classified as held-for-sale      |       | -               | 52.3                 |
| <b>Total assets</b>                                       |       | <b>25,017.8</b> | <b>25,587.9</b>      |
| <b>EQUITY AND LIABILITIES</b>                             |       |                 |                      |
| Share capital   |       | 606.2           | 606.2                |
| Share premium   |       | 367.0           | 367.0                |
| Other Equity  |       | (13.2)          | (9.0)                |
| Retained earnings and other reserves                      |       | 2,712.6         | 2,464.5              |
| Net income  |       | 206.8           | 564.2                |
| <b>Equity attributable to owners of the parent</b>        |       | <b>3,879.5</b>  | <b>3,992.9</b>       |
| Non-controlling interests                                 |       | 32.2            | 35.9                 |
| <b>Total equity</b>                                       |       | <b>3,911.7</b>  | <b>4,028.8</b>       |
| Borrowings from financial institutions                    | 21    | 8,455.3         | 8,607.9              |
| Bonds and notes issued                                    | 21    | 3,076.0         | 3,893.9              |
| Derivative financial instruments                          |       | 20.6            | 28.9                 |
| Deferred tax liabilities                                  |       | 433.2           | 390.3                |
| Lease liabilities   |       | 107.3           | 111.5                |
| Retirement benefit obligations and long term benefits     |       | 21.8            | 21.6                 |
| Provisions  |       | 118.9           | 118.8                |
| <b>Non-current liabilities</b>                            |       | <b>12,233.1</b> | <b>13,172.9</b>      |
| Borrowings from financial institutions                    | 21    | 4,888.4         | 4,800.2              |
| Bonds and notes issued                                    | 21    | 1,485.3         | 1,092.9              |
| Trade and other payables                                  | 22    | 2,253.5         | 2,204.4              |
| Lease liabilities   |       | 23.0            | 24.4                 |
| Derivative financial instruments                          |       | 4.3             | 6.2                  |
| Current income tax liabilities                            |       | 76.3            | 73.8                 |
| Provisions  |       | 142.2           | 143.8                |
| <b>Current liabilities</b>                                |       | <b>8,873.0</b>  | <b>8,345.7</b>       |
| Liabilities of disposal group classified as held-for-sale | -     | -               | 40.5                 |
| <b>Total liabilities</b>                                  |       | <b>21,106.1</b> | <b>21,559.1</b>      |
| <b>Total equity and liabilities</b>                       |       | <b>25,017.8</b> | <b>25,587.9</b>      |

## 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   |
|--|---------------|---------------|---------------|----------------------|-----------------|-------------------------------|----------------|-------------------|--------------|---|---------------------------|----------------|
| <b>Balance as at January 1, 2019</b>                         | <b>606.2</b>  | <b>367.0</b>  | <b>(5.8)</b>  | <b>(140.9)</b>       | <b>(26.1)</b>   | <b>(3.4)</b>                  | <b>9.4</b>     | <b>2,271.6</b>    | <b>555.6</b> | <b>3,633.7</b>                                  | <b>34.2</b>               | <b>3,667.9</b> |
| 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                             | 0.0           | -             | -             | 16.0                 | -               | -                             | -              | 0.0               | 0.0          | 16.0  | (0.1)                     | 15.9           |
| <b>Other comprehensive income</b>                            | <b>0.0</b>    | <b>-</b>      | <b>-</b>      | <b>16.0</b>          | <b>(2.0)</b>    | <b>0.0</b>                    | <b>-</b>       | <b>0.0</b>        | <b>0.0</b>   | <b>14.0</b>                                     | <b>(0.1)</b>              | <b>13.9</b>    |
| Net income   | -             | -             | -             | -                    | -               | -                             | -              | -                 | 280.7        | 280.7   | 3.3                       | 283.9          |
| <b>Total comprehensive income for the period</b>             | <b>0.0</b>    | <b>-</b>      | <b>-</b>      | <b>16.0</b>          | <b>(2.0)</b>    | <b>0.0</b>                    | <b>-</b>       | <b>0.0</b>        | <b>280.7</b> | <b>294.7</b>                                    | <b>3.2</b>                | <b>297.8</b>   |
| Proceeds from shares issued                                  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| Acquisition of treasury shares                               | -             | -             | (3.2)         | -                    | -               | -                             | -              | -                 | -            | (3.2)   | -                         | (3.2)          |
| Share-Based payments   | -             | -             | -             | -                    | -               | -                             | 1.1            | -                 | -            | 1.1   | -                         | 1.1            |
| Dividends  | -             | -             | -             | -                    | -               | -                             | -              | (234.0)           | -            | (234.0)   | (2.3)                     | (236.3)        |
| Scope changes  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| Appropriation of net income                                  | -             | -             | -             | -                    | -               | -                             | -              | 555.6             | (555.6)      | -   | -                         | -              |
| Other  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| <b>Balance as at June 30, 2019</b>                           | <b>606.2</b>  | <b>367.0</b>  | <b>(9.0)</b>  | <b>(124.9)</b>       | <b>(28.1)</b>   | <b>(3.3)</b>                  | <b>10.4</b>    | <b>2,593.2</b>    | <b>280.6</b> | <b>3,692.2</b>                                  | <b>35.1</b>               | <b>3,727.3</b> |
| Changes in cash flow hedges                                  | -             | -             | -             | -                    | 1.6             | -                             | -              | -                 | -            | 1.6   | -                         | 1.6            |
| Actuarial gain/(loss) on post employment benefit obligations | -             | -             | -             | -                    | -               | (1.4)                         | -              | -                 | -            | (1.4)   | -                         | (1.4)          |
| Currency translation differences                             | (0.0)         | 0.0           | -             | 15.9                 | -               | -                             | -              | (0.0)             | (0.0)        | 15.9  | (0.0)                     | 15.8           |
| <b>Other comprehensive income</b>                            | <b>(0.0)</b>  | <b>0.0</b>    | <b>-</b>      | <b>15.9</b>          | <b>1.6</b>      | <b>(1.4)</b>                  | <b>-</b>       | <b>(0.0)</b>      | <b>(0.0)</b> | <b>16.0</b>                                     | <b>(0.0)</b>              | <b>16.0</b>    |
| Net income   | -             | -             | -             | -                    | -               | -                             | -              | -                 | 283.5        | 283.5   | 3.6                       | 287.1          |
| <b>Total comprehensive income for the period</b>             | <b>(0.0)</b>  | <b>0.0</b>    | <b>-</b>      | <b>15.9</b>          | <b>1.6</b>      | <b>(1.4)</b>                  | <b>-</b>       | <b>(0.0)</b>      | <b>283.5</b> | <b>299.6</b>                                    | <b>3.6</b>                | <b>303.1</b>   |
| Proceeds from shares issued                                  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| Acquisition of treasury shares                               | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| Share-Based payments   | -             | -             | -             | -                    | -               | -                             | 1.2            | -                 | -            | 1.2   | -                         | 1.2            |
| Issue of treasury shares to employees                        | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| Dividends  | -             | -             | -             | -                    | -               | -                             | -              | 0.0               | -            | 0.0   | (2.8)                     | (2.8)          |
| Scope changes  | -             | -             | -             | -                    | -               | -                             | -              | 0.0               | 0.0          | 0.0   | (0.0)                     | 0.0            |
| Appropriation of net income                                  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| Other  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| <b>Balance as at December 31, 2019</b>                       | <b>606.2</b>  | <b>367.0</b>  | <b>(9.0)</b>  | <b>(109.1)</b>       | <b>(26.5)</b>   | <b>(4.8)</b>                  | <b>11.6</b>    | <b>2,593.2</b>    | <b>564.2</b> | <b>3,992.9</b>                                  | <b>35.9</b>               | <b>4,028.8</b> |
| Changes in cash flow hedges                                  | -             | -             | -             | -                    | (6.4)           | -                             | -              | -                 | -            | (6.4)   | -                         | (6.4)          |
| Actuarial gain/(loss) on post employment benefit obligations | -             | -             | -             | -                    | -               | 0.0                           | -              | -                 | -            | 0.0   | -                         | 0.0            |
| Currency translation differences                             | (0.0)         | -             | -             | (56.8)*              | -               | -                             | -              | 0.0               | -            | (56.8)  | (0.3)                     | (57.2)         |
| <b>Other comprehensive income</b>                            | <b>(0.0)</b>  | <b>-</b>      | <b>-</b>      | <b>(56.8)</b>        | <b>(6.4)</b>    | <b>0.0</b>                    | <b>-</b>       | <b>0.0</b>        | <b>-</b>     | <b>(63.2)</b>                                   | <b>(0.3)</b>              | <b>(63.5)</b>  |
| Net income   | -             | -             | -             | -                    | -               | -                             | -              | -                 | 206.8        | 206.8   | 2.6                       | 209.5          |
| <b>Total comprehensive income for the period</b>             | <b>(0.0)</b>  | <b>-</b>      | <b>-</b>      | <b>(56.8)</b>        | <b>(6.4)</b>    | <b>0.0</b>                    | <b>-</b>       | <b>0.0</b>        | <b>206.8</b> | <b>143.7</b>                                    | <b>2.3</b>                | <b>146.0</b>   |
| Proceeds from shares issued                                  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| Acquisition of treasury shares                               | -             | -             | (4.4)         | -                    | -               | -                             | -              | -                 | -            | (4.4)   | -                         | (4.4)          |
| Share-Based payments   | -             | -             | -             | -                    | -               | -                             | 1.3            | -                 | -            | 1.3   | -                         | 1.3            |
| Issue of treasury shares to employees                        | -             | -             | 0.1           | -                    | -               | -                             | (0.1)          | -                 | -            | -   | -                         | -              |
| Dividends  | -             | -             | -             | -                    | -               | -                             | -              | (253.9)           | -            | (253.9)   | -                         | (253.9)        |
| Scope changes  | 0.0           | -             | -             | -                    | -               | -                             | -              | (0.1)             | -            | (0.1)   | (5.9)                     | (6.0)          |
| Appropriation of net income                                  | -             | -             | -             | -                    | -               | -                             | -              | 564.2             | (564.2)      | 0.0   | 0.0                       | 0.0            |
| Other  | -             | -             | -             | -                    | -               | -                             | -              | -                 | -            | -   | -                         | -              |
| <b>Balance as at June 30, 2020</b>                           | <b>606.2</b>  | <b>367.0</b>  | <b>(13.2)</b> | <b>(165.9)</b>       | <b>(32.8)</b>   | <b>(4.7)</b>                  | <b>12.7</b>    | <b>2,903.4</b>    | <b>206.8</b> | <b>3,879.5</b>                                  | <b>32.2</b>               | <b>3,911.7</b> |

\*Devaluation of the following currencies had the most significant impact on translation reserves in the first semester of 2020: UK Pound (EUR 9.7 million), Russian Ruble (EUR 21 million), Czech Koruna (EUR 4.8 million), Ukrainian Hryvnia (EUR 4.5 million)



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months period ended

| (in EUR million)  | Notes | 2020           | 2019           |
|---|-------|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |       |                |                |
| Profit before tax excluding discontinued operations                 |       | 244.0          | 343.7          |
| Profit before tax from discontinued operations                      | 9     | 10.1           |                |
| <b>Profit before tax</b>  |       | <b>254.1</b>   |                |
| <b>Adjustments for:</b>   |       |                |                |
| Rental Fleet  | 15    | 1,933.8        | 1,801.0        |
| Other property, equipment and right-of-use assets                   |       | 23.8           | 21.8           |
| Intangible assets   |       | 6.7            | 5.7            |
| Financial assets  |       | -              | -              |
| Regulated prov., contingency and expenses provisions                |       | 0.3            | 5.7            |
| <b>Depreciation and provision</b>                                   |       | <b>1,964.6</b> | <b>1,834.1</b> |
| (Profit)/loss on disposal of financial assets                       |       | -              | 0.0            |
| (Profit)/loss on disposal of property and equipment                 |       | 6.5            | 12.1           |
| (Profit)/loss on disposal of intangible assets                      |       | (0.0)          | (0.0)          |
| (Profit)/loss on disposal of consolidated securities                |       | -              | -              |
| (Profit)/loss on disposal of discontinued operation                 | 9     | (10.1)         |                |
| <b>Profit and losses on disposal of assets</b>                      |       | <b>(3.6)</b>   | <b>12.1</b>    |
| Fair value of derivative financial instruments                      |       | (3.4)          | 7.3            |
| Interest Charges  |       | 150.9          | 136.4          |
| Interest Income   |       | (469.5)        | (446.1)        |
| <b>Net interest income</b>  |       | <b>(318.7)</b> | <b>(309.7)</b> |
| Other   |       | 0.6            | 0.2            |
| Amounts received for disposal of rental fleet                       | 15    | 1,580.4        | 1,282.3        |
| Amounts paid for acquisition of rental fleet                        | 15    | (3,269.5)      | (3,807.3)      |
| Change in working capital   |       | 185.2          | (154.7)        |
| Interest Paid   |       | (224.7)        | (115.6)        |
| Interest Received   |       | 477.3          | 454.7          |
| <b>Net interest paid</b>  |       | <b>252.6</b>   | <b>339.0</b>   |
| Income taxes paid   |       | (53.5)         | (27.7)         |
| <b>Net cash inflow/(outflow) from operating activities</b>          |       | <b>588.9</b>   | <b>(480.6)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |       |                |                |
| Proceeds from sale of other property and equipment                  |       | -              | -              |
| Acquisition of other property and equipment                         |       | (25.6)         | (26.0)         |
| Divestments of intangible assets                                    |       | -              | -              |
| Acquisition of intangible assets                                    |       | (7.1)          | (7.6)          |
| Proceeds from sale of financial assets                              |       | -              | 0.1            |
| Acquisition of financial assets (non-consolidated securities)       |       | -              | (79.3)         |
| Effect of change in group structure                                 |       | 0.1            | -              |
| Proceeds from sale of discontinued operations net of cash disposed  | 9     | 14.1           |                |
| Dividends received  |       | (0.0)          | 0.0            |
| Long term investment  |       | 36.2           | 51.0           |
| Loans and receivables from related parties                          |       | 13.4           | (119.7)        |
| Other financial investment  |       | (14.7)         | 2.2            |
| <b>Net cash inflow/(outflow) from investing activities</b>          |       | <b>16.3</b>    | <b>(179.2)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |       |                |                |
| Proceeds of borrowings from financial institutions                  |       | 2,865.0        | 3,703.2        |
| Repayment of borrowings from financial institutions                 |       | (2,484.2)      | (2,682.1)      |
| Proceeds from issued bonds  |       | 0.4            | 0.6            |
| Repayment of issued bonds   |       | (400.1)        | (131.4)        |
| Payment of lease liabilities  |       | (13.4)         | (11.8)         |
| Dividends paid to company's shareholders                            | 12    | (253.9)        | (234.0)        |
| Dividends paid to minority interest                                 |       | -              | (2.3)          |
| Increase/decrease in capital  |       | -              | -              |
| Increase/decrease in treasury shares                                |       | (4.4)          | (3.2)          |
| Other   |       | -              | -              |
| <b>Cash flows from financing activities (continuing activities)</b> |       | <b>(290.6)</b> | <b>639.0</b>   |
| Cash flows from financing activities (discontinued operations)      |       | -              | -              |
| <b>Net cash inflow/(outflow) from financing activities</b>          |       | <b>(290.6)</b> | <b>639.0</b>   |
| <b>Exchange gains/(losses) on cash and cash equivalents</b>         |       | <b>(3.4)</b>   | <b>0.7</b>     |
| <b>Effect of change in accounting policies</b>                      |       | <b>-</b>       | <b>-</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         |       | <b>311.2</b>   | <b>(20.1)</b>  |
| <b>Cash &amp; cash equivalents at the beginning of the period</b>   | 18    | <b>(114.9)</b> | <b>(50.9)</b>  |
| <b>Cash &amp; cash equivalents at the end of the period</b>         | 18    | <b>196.4</b>   | <b>(71.0)</b>  |

## 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 1,765,000 vehicles. The Group provides financing and management services in 42 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 Reuil-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, 2020 were authorised for issue by ALD’s Board of Directors on July 31, 2020.

### NOTE 2. MAJOR EVENTS OF THE PERIOD

#### 2.1. COVID-19 PANDEMIC

The coronavirus 2019 (Covid-19) pandemic is affecting economic and financial markets, and all industries are facing challenges associated with the economic conditions resulting from efforts to address it.

It has triggered a deep global recession as countries have imposed, with varying degrees of stringency, policies of social distancing, including economy-wide lockdowns and travel restrictions to flatten the epidemiological curb.

Gauging the economic costs of Covid-19 remains an uncertain exercise given the many unknowns as to how long social distancing policies might remain in place and how consumers and business will adapt to the post-pandemic environment.

Given the still heightened uncertainty, both with respect to the near-term developments on the health crisis, consumer and business behaviours and the policy response, the Group’s management has updated interim forecasts which are based on a range of baseline and prolonged scenarios taking into account country by country reviews. The baseline scenario assumes a reduction of the remaining non-pharmaceutical interventions (NPI), such as limits on travel and social gatherings, and a more robust policy response, which is key for the shape of recovery in 2021. The prolonged scenario assumes a slow lifting only of NPI with potential pockets of tightening and continued cautious consumer behaviours, along with a weaker policy response.

It is worth emphasising that the Group's outlook is based on current available information which will be reviewed in case of a further deteriorated context.

Given the uncertainty surrounding Covid-19, the Group has continually monitored developments and carefully considered its unique circumstances and risk exposures when analysing how recent events have affected its interim financial statements and disclosures related to several key areas:

### **Credit risk**

In these unprecedented times, determining the recoverability of receivables has been a key source of estimation uncertainty for the Group due to the higher concentration of customers likely to be facing financial difficulty or insolvency. Management has given careful consideration to indicators that the Group's customers may be experiencing financial difficulty, such as later than normal payments or partial payments, and recognise impairment losses or make realistic provisions based on the losses expected.

Expected credit losses shall be reassessed at each reporting date and shall reflect all reasonable information that is available at the reporting date. Other than potential changes in the credit terms granted to its customers, given the potential changes in the debtors' risk profiles as a result of the disruptions caused by the Covid-19 outbreak, management has reviewed the Group's provision matrix used in determining the expected credit losses, including the revision of the expected loss rates and assessed the potential impairment or write-off of receivables. Due to greater volatility in potential economic conditions, even over the relatively short exposure period of trade receivables, the Group has considered various factors and stresses in determining loss rates.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all sound trade and lease receivables. These losses are measured based on a provision matrix for receivables associated with sound customers, as described below. Probability of Default (PD) rates are based on observed default rates over the life of the receivables (the average contract length in each entity). Specific PD rates are calculated for each entity. This process results in Probability of Default (PD) rates for each age of past-due receivables. The PD rates are applied to the aged receivables of the reporting period to arrive at a total provision. The final impairment allowance is also adjusted to consider Loss Given Default (LGD) specific to the entity.

In light of the negative economic outlook and potential cash flow difficulties experienced by customers as a result of Covid-19 the Group has decided to book the forward-looking element due to the management's belief that it will currently have a material impact. The increase in the provision reflects the greater probability of customer defaults and the higher magnitude of loss given default. The Group has analysed their customer portfolio to identify individual customers or sectors which are likely to be more significantly impacted by Covid-19. For the majority of countries, the retail, construction, car rental, tourism and hospitality industries have been identified as being more influenced by the current economic situation. In addition, small and medium entities, partnership and private customers have been included in this forward looking portfolio. In order to identify these customers, entities considered the level of requests for payment deferrals and contract extensions in the first months of the outbreak, changes in the level of direct debit reject as well as knowledge of the specific local economies. On average 13% of the total customer portfolio has been identified as at risk. For these customers simulations have been made to reflect various stress impacts which can be classified as "light, average or severe". These stress impacts have been applied by factoring in an additional uplift to PD rates. The range of the uplift factors applied were between 0% and 30% based on the individual country economic environment.

In addition, a global stress of a 20% uplift has been applied to the PD rate for all other remaining sound customer balances. At this time the Group has performed the analysis on a country by country basis and this has meant a total forward looking provision booking of EUR 13.4 million as per the baseline scenario. If the severe uplift was applied to all countries, the forward looking provision would increase to EUR 14.1 million. Exclusion of the 20% uplift on all other sound customer balances would have decreased the provision by EUR 2.2 million; increase of the uplift to 30% would have increased the provision by EUR 0.8 million.

The cost of risk in the first half of the current financial year represents 46bps of the average earning assets. Management consider the current level of provision to be adequate.

All provision parameters including the relevance of above uplifts factors will be reviewed in the second semester according to the pandemic evolution.

For information, the overall impact of the most recent financial crisis in 2009 was a cost of risk of 45bps of the average earning assets\*.

\* Annualised ratio, using the Impairment Charges on Receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

### Expected Credit Losses

The below table presents analysis of receivables which are in and out of scope of the simplified approach of IFRS 9 for sound customers.

| in EUR (million)  | June 30, 2020      |                        |                | December 31, 2019  |                        |                |
|---|--------------------|------------------------|----------------|--------------------|------------------------|----------------|
|   | In scope of IFRS 9 | Out of scope of IFRS 9 | Total          | In scope of IFRS 9 | Out of scope of IFRS 9 | Total          |
| Amounts receivable under finance lease contracts                      | 778.9*             | 10.5**                 | 789.4          | 846.8*             | 9.9**                  | 856.6          |
| Provision for impairment of receivables under finance lease contracts | (8.4)              | (6.2)                  | (14.6)         | (4.8)              | (5.9)                  | (10.7)         |
| Amounts receivable from credit institutions                           | -                  | 18.9                   | 18.9           | -                  | 32.3                   | 32.3           |
| Trade receivables   | 607.0              | 432.7**                | 1,039.7        | 643.4              | 349.7**                | 993.1          |
| Provision for impairment of trade receivables                         | (26.0)             | (140.8)                | (166.8)        | (15.5)             | (121.1)                | (136.6)        |
| <b>Total receivables</b>  | <b>1,351.5</b>     | <b>315.1</b>           | <b>1,666.6</b> | <b>1,469.9</b>     | <b>264.8</b>           | <b>1,734.7</b> |

(\*) Including remaining capital

(\*\*) These amounts represent doubtful and non-lease receivables

The increase in the provision for impairment of receivables under finance lease contracts and trade receivables is due to the forward looking provision which was booked in the first half of the financial year.

Based on the receivables which are in the scope, the loss allowance as at 30 June, 2020 and 31 December 2019 was determined as follows for both trade and finance lease receivables:

### ALD IFRS 9.2 Provision Matrix – 30 June 2020

| (in EUR million)  | Not past due   | 0 - 30 days past due | 31 - 60 days past due | 61 - 90 days past due | > 90 days past due | Total          |
|---|----------------|----------------------|-----------------------|-----------------------|--------------------|----------------|
| Probability of Default (PD) rate                          | 1%             | 4%                   | 9%                    | 11%                   | 19%                |                |
| Gross carrying amount of receivables in IFRS 9 scope      | 1,166.2        | 102.9                | 38.3                  | 31.6                  | 46.9               | 1,385.9        |
| Provision   | (13.8)         | (4.4)                | (3.6)                 | (3.5)                 | (9.0)              | (34.4)         |
| <b>Net carrying amount of receivables in IFRS 9 scope</b> | <b>1,152.4</b> | <b>98.5</b>          | <b>34.7</b>           | <b>28.1</b>           | <b>37.9</b>        | <b>1,351.5</b> |

## ALD IFRS 9.2 Provision Matrix - 31 December 2019

| (in EUR million)  | Not past due   | 0 -30 days past due | 31 - 60 days past due | 61 - 90 days past due | > 90 days past due | Total          |
|---|----------------|---------------------|-----------------------|-----------------------|--------------------|----------------|
| Probability of Default (PD) rate                          | 1%             | 2%                  | 4%                    | 8%                    | 13%                |                |
| Gross carrying amount of receivables in IFRS 9 scope      | 1,248.7        | 134.4               | 52.8                  | 15.6                  | 38.5               | 1,490.1        |
| Provision   | (8.9)          | (3.2)               | (2.0)                 | (1.2)                 | (5.0)              | (20.3)         |
| <b>Net carrying amount of receivables in IFRS 9 scope</b> | <b>1,239.8</b> | <b>131.2</b>        | <b>50.8</b>           | <b>14.4</b>           | <b>33.5</b>        | <b>1,469.9</b> |

### Lease payment deferrals

In light of the effects of the Covid-19 pandemic, the Group has granted lease payment deferrals to some of its customers where lease payments for the amounts invoiced can be deferred for up to three months. The Group entities have considered such payment deferrals based on specific facts and circumstances of each customer. They do not result in changes in either the scope of or the consideration for a lease. The lease payments are deferred during the period of the Covid-19 pandemic only and are subsequently increased proportionally, so that the consideration of the lease is unchanged and there is no lease modification. If the lessee fails to pay amount due under the lease contract or the Group is concerned that the lessee may be unable to pay amounts falling due in future periods, then the Group applies IFRS 9 and lease receivables are subject to impairment testing.

### Residual Value Risk

As a general rule, the Group retains the residual value risk on its leased vehicles and sells vehicles returned by its clients at the end of the lease, at a profit or loss.

The Group is exposed to a potential loss in a financial year from (i) resale of vehicles related to leases which expire during the period whose resale value is lower than their net carrying amount and (ii) additional impairment during the lease period if residual value drops below contractual residual value. Profit from future sales and estimated losses are impacted by external factors such as macroeconomic conditions, government policies, tax and environmental regulations, consumer choices, new vehicle prices, technological changes, etc.

If several countries go into recession simultaneously as a result of the Covid-19 crisis, the demand for used vehicles could fall and lead to a decline in the resale value of vehicles. Residual value risk is mitigated by an active implementation of contract extensions with existing customers as well as by the development of the flexible lease product where used vehicles are reassigned to new contracts.

The Group has also performed a fleet revaluation in the first semester of 2020 on a country by country basis 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 Group considered different scenarios across all regions with an adapted stress per vehicle depending on the severity of the pandemic and the local used car sales markets. All stressed scenarios assume a negative impact on the used car sales prices in 2020 and 2021.

The results of these revaluations were reviewed centrally and as at June 30, 2020 the Group considers the baseline scenario which is equivalent to an average Covid-19 stress of EUR 500 per vehicle to be the most likely outcome and this has resulted in a net charge of EUR 30 million booked in the Depreciation costs in profit or loss (June 30, 2019: EUR 11.3 million net income).

### **Impairment of used car stock**

The Group continues to state its inventories at the lower of net book value and net realisable value where net realisable value is the estimated selling price less applicable variable selling expenses. The provision is calculated on a vehicle by vehicle basis.

Lockdown restrictions caused various logistical challenges and a reduced remarketing activity which resulted in increased used car stock levels at the end of June, 2020. As a consequence, in the first semester of 2020 the Group has made EUR 18.6 million used car stock provision in order to anticipate a longer sales process and potential reduction in prices (June 30, 2019 release of EUR 2.3 million).

### **Liquidity Risk**

ALD Group is exposed to liquidity risk which is the risk of not being able to meet cash flow requirements when they fall due and at a reasonable price. A structural liquidity position is derived from the maturities of all outstanding balance-sheet or off-balance sheet positions according to their liquidity profile.

The risk of not finding financing in sufficient quantity or at a satisfactory price is increasing as a result of the tensions in the financial markets generated by the Covid-19 crisis. However, the Group remains supported by Société Générale for the financing of its development.

ALD Group limits its exposure to liquidity risks by financing the underlying asset over the same duration as the corresponding lease contract. The residual liquidity gap of each entity is measured on a monthly basis by assessing the matching of the run off of the existing leased assets with remaining liabilities. Any deviation from the sensitivity threshold is corrected under the supervision of the Group Central Treasury.

The funding arrangements have been regularly reviewed by the Group and there have been no significant impacts on the assessment of the liquidity risk.

### **Going concern**

The management has been continually assessing all available information about the future and has been considering various possible outcomes of events and changes in conditions. 2020 and future years forecasts have undergone significant revisions - e.g. for forecast revenues, margins and changes in working capital – to be able to support management's assessment in the current environment. The management has also assessed what impacts the current and future events and conditions may have on the Group's operations considering different possible outcomes and applying downside scenarios (e.g. lockdowns), with the key outcome that the Group has sufficient liquidity to continue to meet its obligations as they fall due and that the status of going concern has not been affected by Covid-19 pandemic.

## **2.2 SALE OF SUBSIDIARY IN CHINA**

In 2019 ALD entered into an agreement to sell its 50% equity stake in ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd. in China, which was being sold along with the 50% equity stake held by its joint venture partner. The property rights transaction contract was signed on December 16, 2019 and the closing of the transaction took place on February 28, 2020.

This subsidiary meets the criteria of a discontinued operation and the details of its sale are presented in Note 9.

## NOTE 3. BASIS OF PREPARATION AND ACCOUNTING POLICY CHANGES

### 3.1. BASIS OF PREPARATION

The Group's interim condensed consolidated financial statements for the six months period ended June 30, 2020 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, 2019.

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, 2019.

Presentation of the consolidated statement of cash flows has been changed to the new format which is used to reflect the sale of the discontinued operation. Profits before tax from continuing and discontinued operations have been used to reconcile to cash generated from operating activities. The effect of the gain from disposal of discontinued operation has been removed from the profit before tax on discontinued operations and the proceeds generated from the sale of the discontinued operation (net of cash disposed) have been presented in cash flows from investing activities.

### 3.2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE AS FROM JANUARY 1, 2020

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

| <b>Accounting standards, amendments or Interpretations</b>              | <b>Note</b> | <b>Adoption dates by the European Union</b> |
|---|-------------|---|
| Amendments to IFRS 3: Definition of a Business                          | 3.2.1       | January 01, 2020                            |
| Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform | 3.2.2       | January 01, 2020                            |
| Amendments to IAS 1 and IAS 8: Definition of Material                   | 3.2.3       | January 01, 2020                            |
| Conceptual Framework for Financial Reporting issued on 29 March 2018    | 3.2.4       | January 01, 2020                            |
| Amendments to IFRS 16 'Leases' – Covid-19 Rent Concessions              | 3.2.5       | June 01, 2020                               |

#### 3.2.1. Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and



processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

### **3.2.2. Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

### **3.2.3. Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

### **3.2.4. Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

### **3.2.5. Amendments to IFRS 16 – Covid-19 Rent Concessions**

#### The lessee perspective

IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendment has been adopted by the Group from June 1, 2020.

Under the standard’s previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.

In light of the effects of the Covid-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees.

Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the Covid-19 pandemic and if all of the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

The Group has applied the practical expedient for rent concessions that meet the above criteria by derecognising a portion of the lease liability and recognising a negative variable lease payment in the profit or loss. Right-of-use asset continues to be depreciated without any changes and interest on the lease liability is accrued at the unchanged incremental borrowing rate.

A change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions meets the standard of a lease modification and the Group continues to apply IFRS 16 for accounting for such modifications.

The Group has assessed that the impacts of all rent concessions as at June 30, 2020 do not present material amounts in any of its subsidiaries.

#### The lessor perspective

The amendments do not include a practical expedient for lessors. Lessors are still required to assess whether a rent concession granted is a lease modification. If a lessor concludes that a rent concession is a lease modification, then it applies the specific guidance in the standard on accounting for both finance and operating lease modifications. The Group already adheres to the standard concerning lease modifications and no changes are required in the financial statements.

### **3.3. 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 2020. They are required to be applied from annual periods beginning on 1 January 2021 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 2020.

#### **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.

The Group is currently assessing the impact of IFRS 17 and will conclude on the materiality of impact at a later point in time.

#### **NOTE 4. 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.

Majority of 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 largely the same as those that applied to the consolidated financial statements for the year ended December 31, 2019. However, as a result of the uncertainty associated with the unprecedented nature of the Covid-19 pandemic, the Group has continually reviewed its selection of appropriate assumptions and development of reliable estimates that underlie various accounting conclusions. The main assumptions and estimates that have undergone significant revision are those concerning expected credit losses and residual value risk management. Please refer to Note 2.1 Covid-19 Pandemic for further details.

## NOTE 5. EXCHANGE RATE

For the six months ended June 30, 2020, 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, 2020 for the balance sheet, and (ii) at the average exchange rate for the period ended at June 30, 2020 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, 2020 and for the six months ended June 30, 2019 are based on Paris stock exchange rates and are as follows:

|                        | June 30,2020       |              | December<br>31,2019 | June 30,2019 |  |
|------------------------|--------------------|--------------|---------------------|--------------|--|
|                        | Period-end<br>Rate | Average Rate | Period-end Rate     | Average Rate |  |
| EUR / UK Pound:        | 0.9124             | 0.8743       | 0.8508              | 0.8736       |  |
| EUR / Danish Krone:    | 7.4526             | 7.4648       | 7.4715              | 7.4650       |  |
| EUR / Swedish Krona:   | 10.4948            | 10.6610      | 10.4468             | 10.5187      |  |
| EUR/ Russian Ruble     | 79.6300            | 76.6825      | 69.9563             | 73.7215      |  |
| EUR/ Czech Koruna      | 26.7400            | 26.3423      | 25.408              | 25.6837      |  |
| EUR/ Brazilian Real    | 6.1118             | 5.4169       | 4.5157              | 4.3407       |  |
| EUR/ Ukrainian Hryvnia | 29.9100            | 28.9880      | 26.68935            | 30.4053      |  |

## NOTE 6. 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 cyclicity is relatively limited.

## NOTE 7. 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 policies 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, 2019.

Financial risk exposures associated with the Covid-19 pandemic and their management are elaborated on in Note 2.1.

## NOTE 8. 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, CCO, Group Regional Directors and Group Human Resources Director )<sup>7</sup>.

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 2020.

<sup>7</sup> CEO: Chief Executive Officer, CFO: Chief Financial Officer and CAO: Chief Administrative Officer, CCO: Chief Commercial Officer

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.

| (in EUR million)                    | Six months ended June 30, 2020 |                                 | Six months ended June 30, 2019 |                                 |
|-------------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
|                                     | Profit before tax              | Revenue from external customers | Profit before tax              | Revenue from external customers |
| Western Europe                      | 135.1                          | 3,557.1                         | 240.5                          | 3,614.7                         |
| Nordic                              | 32.7                           | 463.0                           | 41.1                           | 442.9                           |
| Continental & Eastern Europe        | 60.0                           | 501.3                           | 45.5                           | 475.4                           |
| LatAm, Africa, Asia & Rest of world | 16.3                           | 177.3                           | 16.5                           | 215.4                           |
| <b>TOTAL</b>                        | <b>244.0</b>                   | <b>4,698.7</b>                  | <b>343.7</b>                   | <b>4,748.4</b>                  |

There has been no inter-segment revenue as at June 30, 2020.

| (in EUR million)          | Six months ended June 30, 2020  | Six months ended June 30, 2019  |
|---------------------------|---------------------------------|---------------------------------|
|                           | Revenue from external customers | Revenue from external customers |
| Leasing contract revenues | 2,280.9                         | 2,205.9                         |
| Service revenues          | 1,062.3                         | 1,051.1                         |
| Proceeds of cars sold     | 1,355.5                         | 1,491.3                         |
| <b>TOTAL</b>              | <b>4,698.7</b>                  | <b>4,748.4</b>                  |

### Other disclosures

| (in EUR million)                    | June 30, 2020   |                 |                      |
|-------------------------------------|-----------------|-----------------|----------------------|
|                                     | Rental fleet*   | Total assets    | Net financial debt** |
| Western Europe                      | 15,522.0        | 20,259.0        | 15,625.5             |
| Nordic                              | 1,779.1         | 1,983.3         | 46.4                 |
| Continental & Eastern Europe        | 1,807.4         | 1,959.9         | 1,243.4              |
| LatAm, Africa, Asia & Rest of world | 596.8           | 815.6           | 663.6                |
| <b>TOTAL</b>                        | <b>19,705.3</b> | <b>25,017.8</b> | <b>17,578.9</b>      |

\* Rental Fleet excludes amounts receivable under finance lease contracts. See Note 17 for further details.

\*\* 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

| (in EUR million)                  | December 31, 2019 |                 |                      |
|-----------------------------------|-------------------|-----------------|----------------------|
|                                   | Rental fleet*     | Total assets    | Net financial debt** |
| Western Europe                    | 15,870.6          | 20,547.9        | 16,027.1             |
| Northern Europe                   | 1,811.2           | 1,999.8         | 70.9                 |
| Continental & Eastern Europe      | 1,928.6           | 2,109.3         | 1,412.6              |
| South America, Africa and Asia*** | 755.5             | 930.9           | 764.6                |
| <b>TOTAL</b>                      | <b>20,365.8</b>   | <b>25,587.8</b> | <b>18,275.2</b>      |

\* Rental Fleet excludes amounts receivable under finance lease contracts. See Note 17 for further details.

\*\* 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

\*\*\* Balances include assets/liabilities of the disposal group held-for-sale as at December 31, 2019

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<br>ended June 30, 2020            | Six months period<br>ended June 30, 2019            | June 30, 2020                 | December 31,<br>2019           |
|-----------------|---|---|-------------------------------|--------------------------------|
|                 | Revenue from external<br>customers (EUR<br>million) | Revenue from external<br>customers (EUR<br>million) | Rental Fleet<br>(EUR million) | Rental Fleet (EUR<br>million)* |
| France          | 934.6   | 1,012.1   | 4,500.3                       | 4,571.5                        |
| Italy           | 710.0   | 774.8   | 2,646.6                       | 2,824.8                        |
| UK              | 451.0   | 481.0   | 1,691.0                       | 1,875.5                        |
| Germany         | 377.4   | 331.7   | 1,657.7                       | 1,535.1                        |
| Netherlands     | 322.3   | 230.9   | 1,324.3                       | 1,343.9                        |
| Spain           | 313.1   | 337.7   | 1,687.5                       | 1,711.2                        |
| Belgium         | 279.6   | 283.2   | 1,258.2                       | 1,243.9                        |
| Other Countries | 1,310.7   | 1,296.9   | 4,939.7                       | 5,259.9                        |
|                 | <b>4,698.7</b>                                      | <b>4,748.4</b>                                      | <b>19,705.3</b>               | <b>20,365.8</b>                |

\* Including rental fleet of the disposal group classified as held for sale

## NOTE 9. CHANGES IN THE SCOPE OF CONSOLIDATION

At June 30, 2020, all companies are fully consolidated, except 2 companies accounted using the equity method. Changes in the scope of consolidation compared to December 2019 are as follows:

### **Discontinued operation – ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd.**

On February 28, 2020 ALD disposed of its 50% equity stake in ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd. in China, which was sold along with the 50% equity stake held by its joint venture partner. The entity was deconsolidated from the Group's financial statements from January 1, 2020.

Financial information relating to the discontinued operation is set out below.

**(in EUR million)**

|  |             |
|--|-------------|
| Disposal consideration received (cash)   | 16.0        |
| Carrying amount of net assets sold   | (5.3)       |
| <b>Gain on sale before income tax and reclassification of foreign<br/>currency translation reserve</b> | <b>10.7</b> |
| Reclassification of foreign currency translation reserve   | (0.6)       |
| Income tax expense on gain   | (0.1)       |
| <b>Gain on sale after income tax</b>   | <b>10.0</b> |

The net cash flows generated from the sale of subsidiary are as follows:

|  |             |
|--|-------------|
| Cash received from sale of the discontinued operations             | 16.0        |
| Cash sold as a part of discontinued operations                     | (1.9)       |
| <b>Net cash inflow on date of disposal</b>                         | <b>14.1</b> |
| Basic earnings per share from discontinued operations (in cents)   | 0.02        |
| Diluted earnings per share from discontinued operations (in cents) | 0.02        |

## NOTE 10. REVENUES AND COST OF REVENUES

### 10a. Leasing contract margin

| <b>(in EUR million)</b>   | Six months period ended June 30, |                  |
|---|----------------------------------|------------------|
|   | <b>2020</b>                      | <b>2019</b>      |
| Leasing contract revenue - operating leases                       | 2,205.2                          | 2,142.7          |
| Interest income from finance lease                                | 67.8                             | 55.7             |
| Other interest income   | 7.8                              | 7.6              |
| <b>Leasing contract revenues</b>                                  | <b>2,280.9</b>                   | <b>2,205.9</b>   |
| Leasing contract costs - depreciation                             | (1,835.8)                        | (1,744.1)        |
| Leasing contract costs - financing:                               |                                  |                  |
| Interest charges on loans from financial institutions             | (133.1)                          | (119.2)          |
| Interest charges on issued bonds                                  | (7.1)                            | (6.2)            |
| Other interest charges  | (10.7)                           | (11.0)           |
| Total interest charges  | (150.9)                          | (136.4)          |
| <b>Leasing contract costs - depreciation and financing</b>        | <b>(1,986.7)</b>                 | <b>(1,880.5)</b> |
| Trading derivatives   | 3.3                              | (6.7)            |
| Imperfectness of derivatives at fair value hedges                 | -                                | -                |
| Imperfectness of derivatives at cash flow hedges                  | 0.0                              | (0.6)            |
| Unrealised gains/losses on derivative financial instruments       | 3.3                              | (7.3)            |
| Unrealised Foreign Exchange Gains or Losses                       | (2.0)                            | 12.2             |
| Total Unrealised gains/losses on derivative financial instruments | 1.3                              | 4.9              |
| <b>Leasing contract margin</b>                                    | <b>295.5</b>                     | <b>330.3</b>     |

“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 regular fleet revaluation process. The net impact of this provisioning is included within the Depreciation cost and in the first six months of 2020 this impact was a net cost of EUR 30 million (June 30, 2019: EUR 11.3 million net income). See Note 2.1 Covid 19 Pandemic for further detail.

### 10b. Service margin (group rental and damage risk retention into leases services)

| <b>(in EUR million)</b>   | Six months period ended June 30, |              |
|---------------------------|----------------------------------|--------------|
|                           | <b>2020</b>                      | <b>2019</b>  |
| Services revenue          | 1,062.3                          | 1,051.1      |
| Cost of services revenues | (741.9)                          | (743.5)      |
| <b>Services margin</b>    | <b>320.4</b>                     | <b>307.6</b> |

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.

### 10c. Car sales result

| <b>(in EUR million)</b> | Six months period ended June 30, |             |
|-------------------------|----------------------------------|-------------|
|                         | <b>2020</b>                      | <b>2019</b> |
| Proceeds of cars sold   | 1,355.5                          | 1,491.3     |
| Cost of cars sold       | (1,367.1)                        | (1,447.9)   |
| <b>Car sales result</b> | <b>(11.6)</b>                    | <b>43.4</b> |



## 10d. Revenues

Revenues that are included within the margins analysed in the sections 10a, 10b and 10c, 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.

| (in EUR million)                                 | Six months period ended June |                |
|--|------------------------------|----------------|
|  | 30,<br>2020                  | 2019           |
| <b>Services Revenues</b>                         | <b>1,062.3</b>               | <b>1,051.1</b> |
| Leasing contract revenue - operating leases      | 2,205.2                      | 2,142.7        |
| Interest revenue                                 | 75.6                         | 63.3           |
| <b>Leasing contract revenues</b>                 | <b>2,280.9</b>               | <b>2,205.9</b> |
| <b>Sub-Total - Revenues from Rental Activity</b> | <b>3,343.2</b>               | <b>3,257.1</b> |
| Proceeds of Cars Sold                            | 1,355.5                      | 1,491.3        |
| <b>Total Revenues</b>                            | <b>4,698.7</b>               | <b>4,748.4</b> |
| <b>Total Revenues excluding Interest Income</b>  | <b>4,229.1</b>               | <b>4,302.3</b> |

## NOTE 11. INCOME TAX EXPENSE

### Income tax expense

| (in EUR million)          | Six months<br>period ended<br>June 30, 2020 | Six months<br>period ended<br>June 30, 2019 |
|---------------------------|---|---|
|                           | Current tax                                 | (18.4)                                      |
| Deferred tax              | (26.1)                                      | (64.7)                                      |
| <b>Income tax expense</b> | <b>(44.6)</b>                               | <b>(59.7)</b>                               |

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, 2020 is 18.26% (17.62% for the year ended December 31, 2019).

Due to the current adverse challenges caused by Covid-19 the Group has considered the effect of changes to the projections and probability of future taxable profits on the recognition and subsequent recoverability of deferred tax assets. There have been no indicators to suggest that availability of qualifying taxable temporary differences, as well as future taxable profits, have been impacted and deferred tax assets will not be recoverable in the future.

The Group's subsidiaries locally monitor developments in the income tax law introduced as part of a government's measures in response to Covid-19 – e.g. tax reliefs for certain types of income, additional tax deductions, a reduced tax rate or an extended period to use tax losses carried forward. As at June 30, 2020 there has been no substantively enacted changes which had material impacts on the Group's statements.

In the first six months of 2020 there was a EUR 21.7 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.

Axus Italiana Sarl (Italy) had joined Societe Générale 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. Payment for group relief is made equal to the tax benefit and amounts are included in current tax. In June 2019 there was 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. No such reclassification is required in 2020 and the tax benefit is recorded in current tax.

## NOTE 12. DIVIDENDS

A dividend related to the period ended December 31, 2019 for an amount of EUR 253.9 million (EUR 0.63 per share) was paid to ALD shareholders on June 3rd, 2020 of which dividend paid to Societe Generale is EUR 202.7 million (a dividend related to the period ended December 31, 2018 for an amount of EUR 234 million was paid to ALD shareholders on May 31, 2019 of which dividend paid to Societe Generale was EUR 187 million).

## NOTE 13. TOTAL OPERATING EXPENSES

| <b>(in EUR million)</b>             | <b>Six months period<br/>ended June 30,<br/>2020</b> | <b>Six months period<br/>ended June 30, 2019</b> |
|-------------------------------------|--|--|
| Staff expenses                      | (203.3)  | (202.4)  |
| General and administrative expenses | (82.0)   | (88.2)   |
| Depreciation and amortisation       | (28.1)   | (26.2)   |
| <b>Total operating expenses</b>     | <b>(313.4)</b>                                       | <b>(316.7)</b>                                   |

Although there has been a difficult economic environment caused by Covid-19 pandemic, the Group has not implemented any restructuring plans or temporary downsizing of its operations.

## NOTE 14. GOODWILL

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, which is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF).

Cash flows were projected on actual financial results and the 5-year business plans, for which management has assessed and approved the reasonableness of its assumptions by examining the causes of differences between past cash flow projections and actual cash flows.

A discount rate was applied which is built up of a risk-free interest, a market premium multiplied by a market specific beta.

Due to the potential reduced demand for leasing and fleet management services worldwide and other uncertainties regarding the resale value of vehicles the Group has performed an impairment test as at 30 June 2020 on the 7 cash generating units which are expected to be most impacted by the Covid-19 pandemic. This represents 88% of the total goodwill.

The Group has prepared various "stressed" scenarios for the future cashflow projections. The most severe scenario had the following stresses:

- 10% reduction in forecast fleet additions in 2020 and 2021
- 10% reduction in proceeds from used car sales in 2020 and 2021

Historically the greatest reduction in our sales proceeds on a per vehicle basis was just over 7% in the 2009 financial crisis compared to the pre-crisis levels.

Based on the assumptions made by the Group, even with these severe stressed assumptions no need for impairment of goodwill has been identified.

The key assumptions used for value-in-use calculations in 2020 and 2019 are as follows:

|         | <b>Discount Factor<br/>June 30, 2020</b> | <b>Discount Factor<br/>December 31, 2019</b> | <b>Perpetuity rate (2020<br/>and 2019)</b> |
|---------|--|--|--|
| France  | 9,10%                                    | 9,20%  | 2,00%                                      |
| Germany | 9,80%                                    | 9,20%  | 2,00%                                      |
| Italy   | 9,10%                                    | 9,20%  | 2,00%                                      |
| Spain   | 9,10%                                    | 9,20%  | 2,00%                                      |
| UK      | 9,10%                                    | 9,20%  | 2,00%                                      |
| Ireland | 10,01%                                   | 9,20%  | 2,00%                                      |
| Benelux | 9,10%                                    | 9,20%  | 2,00%                                      |

## NOTE 15. RENTAL FLEET

| <b>(in EUR million)</b>                                | <b>Rental fleet</b> |
|--|---------------------|
| <b>At 1 January 2019</b>                               |                     |
| Cost   | 25,062.9            |
| Accumulated depreciation & impairment                  | (6,639.1)           |
| <b>Carrying amount As at 1 January 2019</b>            | <b>18,423.9</b>     |
| <b>Year ended 31 December 2019</b>                     |                     |
| Opening net book amount                                | 18,423.9            |
| Additions  | 8,328.3             |
| Disposals  | (3,044.4)           |
| Acquisition of a subsidiary                            | 239.6               |
| Depreciation charge                                    | (3,686.1)           |
| Transfer to assets qualified as held-for-sale          | (29.1)              |
| Currency translation differences                       | 104.5               |
| <b>Closing net book amount as at December 31, 2019</b> | <b>20,336.7</b>     |
| <b>At 31 December 2019</b>                             |                     |
| Cost   | 27,563.4            |
| Accumulated depreciation & impairment                  | (7,226.7)           |
| <b>Carrying amount as at December 31, 2019</b>         | <b>20,336.7</b>     |
| <b>At June 30, 2020</b>                                |                     |
| Opening net book amount                                | 20,336.7            |
| Additions  | 3,269.5             |
| Disposals  | (1,580.4)           |
| Acquisition of a subsidiary                            | 0.0                 |
| Depreciation charge                                    | (1,933.8)           |
| Currency translation differences                       | (386.7)             |
| <b>Closing net book amount as at June 30, 2020</b>     | <b>19,705.3</b>     |
| Cost   | 27,321.3            |
| Accumulated depreciation & impairment                  | (7,616.0)           |
| <b>Carrying amount as at June 30, 2020</b>             | <b>19,705.3</b>     |

At June 30, 2020, 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 1,429 million and a net book value of EUR 1,351 million at June 30, 2020. The transferred lease receivables cannot be sold.

At June 30, 2020, the accounting value of the associated liabilities is GBP 414 million in the UK, EUR 360 million Belgium and EUR 236 million in the Netherlands.

## NOTE 16. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

| (in EUR million)                 | June 30, 2020 | December 31, 2019 |
|----------------------------------|---------------|-------------------|
| Long-term investments (10 years) | 429.9         | 469.1             |
| Other current financial assets   | 337.1         | 326.3             |
| Other                            | (0.0)         | 0.1               |
| <b>Total</b>                     | <b>767.0</b>  | <b>795.5</b>      |

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, 2019). 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 6 years' time and will not be renewed.

## NOTE 17. 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, 2020  | December 31, 2019 |
|---|----------------|-------------------|
| Amounts receivable under finance lease contracts                      | 789.4          | 856.6             |
| Provision for impairment of receivables under finance lease contracts | (14.6)         | (10.7)            |
| Amounts receivable from credit institutions (*)                       | 18.9           | 32.3              |
| Trade receivables   | 1,039.7        | 993.1             |
| Provision for impairment of trade receivables                         | (166.8)        | (136.6)           |
| <b>Total receivables</b>  | <b>1,666.6</b> | <b>1,734.7</b>    |

(\*) Mainly towards Société Générale - 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, 2020  | December 31, 2019 |
|-----------------------------------|----------------|-------------------|
| Trade receivables not overdue (*) | 676.5          | 638.4             |
| Past due up to 90 days            | 180.0          | 194.7             |
| Past due between 90 - 180 days    | 52.9           | 35.1              |
| Past due over 180 days            | 130.3          | 124.9             |
| <b>Total</b>                      | <b>1,039.7</b> | <b>993.1</b>      |

(\*) Receivables from customers who have been granted lease payment deferrals are considered as not overdue.

## NOTE 18. CASH AND CASH EQUIVALENTS

| (in EUR million)   | June 30, 2020 | December 31, 2019 |
|--|---------------|-------------------|
| Cash at bank and on hand                                 | 241.9         | 117.3             |
| Short-term bank deposits                                 | 84.1          | 38.2              |
| <b>Cash and cash equivalents excl. bank overdrafts</b>   | <b>326.0</b>  | <b>155.5</b>      |
| Bank overdrafts  | (129.7)       | (272.2)           |
| <b>Cash and cash equivalents, net of bank overdrafts</b> | <b>196.4</b>  | <b>(116.7)</b>    |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at June 30, 2020 and December 31, 2019:

| (in EUR million)   | June 30, 2020 | December 31, 2019 |
|--|---------------|-------------------|
| Cash at bank and on hand   | 241.9         | 117.3             |
| Short-term bank deposits   | 84.1          | 38.2              |
| Cash at bank and short-term bank deposits attributable to disposal group |               | 1.9               |
| <b>Cash and cash equivalents excl. bank overdrafts</b>                   | <b>326.0</b>  | <b>157.4</b>      |
| Bank overdrafts  | (129.7)       | (272.2)           |
| <b>Cash and cash equivalents, net of bank overdrafts</b>                 | <b>196.4</b>  | <b>(114.9)</b>    |

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

As a result of the economic uncertainties resulting from the Covid-19 pandemic the Group has taken the decision to increase cash balances in the first half of the financial year.

## NOTE 19. 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, 2020 and December 31, 2019 on a recurring basis.

### Financial assets

| As at June 30, 2020 (EUR million)                        | Financial asset category |  |                                  |  |                |                     |
|--|--------------------------|--|----------------------------------|--|----------------|---------------------|
|  | Assets at amortised cost | Assets at fair value through profit and loss | Assets at fair value through OCI | Total net book value per balance sheet | Fair value     | Level (*)           |
| Derivative financial instruments                         |                          | 16.3   | 59.4                             | 75.8                                   | 75.8           | Level 2             |
| Receivables from clients and from financial institutions | 1,666.6                  |  |                                  | 1,666.6                                | 1,666.6        | Level 2             |
| Other non current and current financial assets           |                          | 767.0  |                                  | 767.0                                  | 767.0          | Level 1 and level 2 |
| Cash and cash equivalents                                |                          | 326.0  |                                  | 326.0                                  | 326.0          | Level 1             |
| <b>Total</b>   | <b>1,666.6</b>           | <b>1,109.3</b>                               | <b>59.4</b>                      | <b>2,835.4</b>                         | <b>2,835.4</b> |                     |

(\*) Refers to valuation method

### Financial asset category

| As at December 31, 2019 (EUR million)                    | Assets at amortised cost | Assets at fair value through profit and loss | Assets at fair value through OCI | Total net book value per balance sheet | Fair value     | Level (*)           |
|--|--------------------------|--|----------------------------------|--|----------------|---------------------|
| Derivative financial instruments                         |                          | 12.8   | 6.0                              | 18.7                                   | 18.7           | Level 2             |
| Receivables from clients and from financial institutions | 1,734.7                  | -  | -                                | 1,734.7                                | 1,734.7        | Level 2             |
| Other non current and current financial assets           | -                        | 795.5  | -                                | 795.5                                  | 795.5          | Level 1 and level 2 |
| Cash and cash equivalents                                | -                        | 155.5  | -                                | 155.5                                  | 155.5          | Level 1             |
| <b>Total</b>   | <b>1,734.7</b>           | <b>963.8</b>                                 | <b>6.0</b>                       | <b>2,704.5</b>                         | <b>2,704.5</b> |                     |

(\*) Refers to valuation method

### Financial liabilities

#### Financial liability category

| As at June 30, 2020 (EUR million) | Liabilities at amortised cost | Liabilities at fair value through profit and loss | Liabilities at fair value through OCI | Total net book value per balance sheet | Fair value      | Level   |
|-----------------------------------|-------------------------------|---|---------------------------------------|--|-----------------|---------|
| Bank borrowings                   | 13,343.7                      |   |                                       | 13,343.7                               | 13,343.7        | Level 2 |
| Bonds issued                      | 4,561.3                       |   |                                       | 4,561.3                                | 4,524.5         | Level 2 |
| Derivative financial instruments  |                               | 10.3  | 14.6                                  | 24.9                                   | 24.9            | Level 2 |
| Trade payables                    | 764.9                         |   |                                       | 764.9                                  | 764.9           | Level 2 |
| <b>Total</b>                      | <b>18,669.9</b>               | <b>10.3</b>                                       | <b>14.6</b>                           | <b>18,694.7</b>                        | <b>18,657.9</b> |         |

#### Financial liability category

| As at December 31, 2019 (EUR million) | Liabilities at amortised cost | Liabilities at fair value through profit and loss | Liabilities at fair value through OCI | Total net book value per balance sheet | Fair value      | Level   |
|---------------------------------------|-------------------------------|---|---------------------------------------|--|-----------------|---------|
| Bank borrowings                       | 13,408.1                      | -   | -                                     | 13,408.1                               | 13,408.1        | Level 2 |
| Bonds issued                          | 4,986.8                       | -   | -                                     | 4,986.8                                | 5,023.0         | Level 2 |
| Derivative financial instruments      | -                             | 6.3   | 28.9                                  | 35.1                                   | 35.1            | Level 2 |
| Trade payables                        | 778.6                         | -   | -                                     | 778.6                                  | 778.6           | Level 2 |
| <b>Total</b>                          | <b>19,173.5</b>               | <b>6.3</b>  | <b>28.9</b>                           | <b>19,208.7</b>                        | <b>19,244.9</b> |         |

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 16 "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, 2020.



## NOTE 20. SHARE-BASED PAYMENTS

### Summary of 2020 Long-term incentives plans approved by ALD Board of Directors

|                                 | Plan 5            | Plan 6.A           | Plan 6.B           |
|---------------------------------|-------------------|--------------------|--------------------|
| Date of Board meeting           | March 27, 2020    | March 27, 2020     | March 27, 2020     |
| Total number of shares granted  | 253,281           | 17,316             | 17,319             |
| Vesting date                    | March 31, 2023    | March 31, 2022     | March 31, 2023     |
| Holding period end date         | no holding period | September 30, 2022 | September 30, 2023 |
| Fair value (in EUR)             | 7.25              | 7.75               | 7.25               |
| Number of employees in the plan | 264               | 5                  | 5                  |

### 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, 2021 | September 30, 2022 |
| Fair value (in EUR)             | 10.16             | 10.16              | 10.16              |
| Number of employees in the plan | 229               | 6                  | 6                  |

### 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                  |

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, 2020 418 employees benefit from the long-term incentives plans granted by ALD SA.

The Group was involved in another free share plan granted by the parent company Société Générale ("AGA"). Free shares plan ("AGA") were granted to a limited number of managers, subject to attendance conditions. At June 30, 2020, 155 employees benefited from 24,676 shares in all existing plans (168 employees benefited from 76,218 shares at June 30, 2019).

All free shares in "AGA" plans have vested in 2020 and have been issued to the employees. As at June 30, 2020 there are no outstanding share plans with the parent company Société Générale.

### Expenses recorded in the income statement

| (in EUR Million)                                   | June 30, 2020 | June 30, 2019 |
|--|---------------|---------------|
| Net expenses from free share ALD plans             | (1.2)         | (0.8)         |
| Net expenses from free share Société Générale plan | (0.1)         | (0.2)         |
| <b>Total Expense</b>                               | <b>(1.3)</b>  | <b>(1.0)</b>  |

## NOTE 21. BORROWINGS FROM FINANCIAL INSTITUTIONS, BONDS AND NOTES ISSUED

| (in EUR million)  | June 30, 2020   | December 31, 2019 |
|---|-----------------|-------------------|
| Bank borrowings   | 8,455.3         | 8,607.9           |
| <b>Non-current borrowings from financial institutions</b>     | <b>8,455.3</b>  | <b>8,607.9</b>    |
| Bank overdrafts   | 129.7           | 272.2             |
| Bank borrowings   | 4,758.7         | 4,528.0           |
| <b>Current borrowings from financial institutions</b>         | <b>4,888.4</b>  | <b>4,800.2</b>    |
| <b>Total borrowings from financial institutions</b>           | <b>13,343.7</b> | <b>13,408.1</b>   |
| Bonds and notes-originated from securitisation transactions   | 976.0           | 993.9             |
| Bonds and notes-originated from EMTN programme                | 2,100.0         | 2,900.0           |
| <b>Non-current bonds and notes issued</b>                     | <b>3,076.0</b>  | <b>3,893.9</b>    |
| Bonds and notes-originated from securitisation transactions   | 73.5            | 88.0              |
| Bonds and notes-originated from EMTN programme                | 1,411.8         | 1,004.9           |
| <b>Current bonds and notes issued</b>                         | <b>1,485.3</b>  | <b>1,092.9</b>    |
| <b>Total bonds and notes issued</b>                           | <b>4,561.3</b>  | <b>4,986.8</b>    |
| <b>Total borrowings from financial institutions and bonds</b> | <b>17,904.9</b> | <b>18,394.9</b>   |

There are no non-cash items from all outstanding sources of borrowings.

### Maturity of borrowings and bonds

| (in EUR million)                  | June 30, 2020   | December 31, 2019 |
|-----------------------------------|-----------------|-------------------|
| Less than 1 year                  | 6,373.6         | 5,893.1           |
| 1-5 years                         | 11,311.3        | 12,216.8          |
| Over 5 years                      | 219.9           | 285.0             |
| <b>Total borrowings and bonds</b> | <b>17,904.9</b> | <b>18,394.9</b>   |

### Currencies

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

| (in EUR million)                  | June 30, 2020   | December 31, 2019 |
|-----------------------------------|-----------------|-------------------|
| Euro                              | 13,386.2        | 13,540.3          |
| UK Pound                          | 2,097.7         | 2,248.6           |
| Danish Krone                      | 363.6           | 339.4             |
| Swedish Krona                     | 414.6           | 396.7             |
| Other currencies                  | 1,642.9         | 1,870.0           |
| <b>Total borrowings and bonds</b> | <b>17,904.9</b> | <b>18,394.9</b>   |

### External funding

Local external groups and third parties provide 30% of total funding, representing EUR 5,342 million at June 30, 2020 (32% and EUR 5,826 million at December 31, 2019).

An amount of EUR 780 million or 4% of total funding is provided by external groups. The residual external funding (EUR 4,562 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 BBB+ by Fitch ratings services. The programme has been downgraded due to Société Générale's decreased capacity to provide extraordinary funding to ALD Group and downgrading of Société Générale itself respectively.

Over the course of H1 2020, EUR 400 million of bonds matured and were not refinanced in the context of limited funding needs in 2020 due to contract extensions and limited funded fleet growth.

### **Societe Generale funding**

The Group has raised external funding in recent years. The level of funding raised through Societe Generale has slightly increased to 70% as at June 30, 2020 compared to 68% as at December 31, 2019.

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 19 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 9,119 million at June 30, 2020 (EUR 8,598 million at December 31, 2019) with an average maturity of 1.88 years.

The remaining SG funding is provided either by local SG branches or SG Group Central Treasury in Paris, representing EUR 3,444 million at June 30, 2020 (EUR 3,972 million at December 31, 2019).

At June 30, 2020 the Group has undrawn borrowing facilities of EUR 2.4 billion (EUR 2.8 billion at December 31, 2019). Providing there is a market liquidity, these facilities are readily available to ALD entities.

### **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 à 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.

A guarantee at first demand has been granted to ING Luxembourg for an amount of EUR 52 million on behalf of Axus Luxembourg SA, under the condition negotiated in the frame of the distribution agreement concluded with this financial institution.

## **NOTE 22. TRADE AND OTHER PAYABLES**

| <b>(in EUR million)</b>                  | <b>June 30, 2020</b> | <b>December 31, 2019</b> |
|--|----------------------|--------------------------|
| Trade payables                           | 764.9                | 778.6                    |
| Deferred leasing income                  | 410.2                | 411.8                    |
| Other accruals and other deferred income | 430.7                | 418.7                    |
| Advance lease instalments received       | 295.6                | 315.6                    |
| Accruals for contract settlements        | 133.8                | 84.9                     |
| VAT and other taxes                      | 217.9                | 194.3                    |
| Other                                    | 0.4                  | 0.5                      |

|                                 |                |                |
|---------------------------------|----------------|----------------|
| <b>Trade and other payables</b> | <b>2,253.5</b> | <b>2,204.4</b> |
|---------------------------------|----------------|----------------|

## NOTE 23. EARNINGS PER SHARE

### Basic earnings per share

| (in EUR million)   | As at June 30, |             |
|--|----------------|-------------|
|  | 2020           | 2019        |
| Net income attributable to owners of the parent*                             | 206.8          | 280.7       |
| Weighted average number of ordinary shares with voting rights (in thousands) | 403,227        | 403,585     |
| <b>Total basic earnings per share (in cents)</b>                             | <b>0.51</b>    | <b>0.70</b> |

\*Net income includes continuing and discontinued operations

| (in EUR million)   | As at June 30, |             |
|--|----------------|-------------|
|  | 2020           | 2019        |
| Profit for the period from continuing operations                             | 196.8          | 280.7       |
| Weighted average number of ordinary shares with voting rights (in thousands) | 403,227        | 403,585     |
| <b>Total basic earnings per share (in cents)</b>                             | <b>0.49</b>    | <b>0.70</b> |

Following the combined General Meeting held on May 20, 2020 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, 2020 total number of shares to which voting rights are attached, excluding shares without voting rights (treasury shares, etc.) is 403,000,753. Weighted average number of ordinary shares with voting rights is 403,226,905.

### Diluted earnings per share

| (in EUR million)  | As at June 30, |             |
|---|----------------|-------------|
|   | 2020           | 2019        |
| Net income attributable to owners of the parent*          | 206.8          | 280.7       |
| Weighted average number of ordinary shares (in thousands) | 404,104        | 404,104     |
| <b>Total diluted earnings per share (in cents)</b>        | <b>0.51</b>    | <b>0.69</b> |

\*Net income includes continuing and discontinued operations

| (in EUR million)  | As at June 30, |             |
|---|----------------|-------------|
|   | 2020           | 2019        |
| Profit for the period from continuing operations          | 196.8          | 280.7       |
| Weighted average number of ordinary shares (in thousands) | 404,104        | 404,104     |
| <b>Total diluted earnings per share (in cents)</b>        | <b>0.49</b>    | <b>0.69</b> |

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 24. 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 2020 in the nature of the transactions conducted by the group with related parties from those at December 31, 2019 which were referred to in note 34 "Related Parties" of the consolidated financial statements for the year ended December 31, 2019.

Significant related party transactions occurred as of June 30, 2020 and June 30, 2019 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 60 % of the fleet is leased by ALD France and represented a total rental income of EUR 8.7 million as at June 30, 2020 (EUR 9 million as at June 30, 2019);
- The overall amount of IT services subcontracted to Societe Generale and its subsidiaries amounted to EUR 10.3 million in the six months period ended June 30, 2020 and EUR 9.6 million in the six months period ended June 30, 2019;
- 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 70 % of the total rentals paid to SG). Rentals of SG premises to the Group, priced at arm's length, amounted to EUR 0.5 million in the six months period ended June 30, 2020 and EUR 0.4 million in the six months period ended June 30, 2019 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, 2020 and EUR 1.5 million for the six months period ended June 30, 2019;
- 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 31.9 million for the six months period ended June 30, 2020 and EUR 43.9 million for the six months period ended June 30, 2019;
- Corporate services provided by Societe Generale have been subject to compensation of EUR 4.8 million for the six months period ended June 30, 2020 and EUR 4.8 million for the six months period ended June 30, 2019;
- As at June 30, 2020 70% of the Group's funding was provided through SG at a market rate representing EUR 12,563 million (respectively 68 % representing EUR 12,569 million as at December 31, 2019 and 70 % representing EUR 12,445 million as at June 30, 2019);
- Overall Group guarantees released by SG Group in case of external funding amounted to EUR 975 million as at June 30, 2020 (EUR 1057.7 million as at December 31, 2019 and EUR 1073.30 million as at June 30, 2019);

SG also provides ALD Group with derivatives instruments for a total amount of EUR 62.3 million in assets and EUR 14.5 million in liabilities as at June 30, 2020 (respectively EUR 7.6 million in assets and EUR 28 million in liabilities as at December 31, 2019, and EUR 12.0 million in assets and EUR 39.1 million in liabilities as at June 30, 2019). ALD Group has long-term cash deposits with SG for a total of EUR 524.8 million as at June 30, 2020 (as at December 31, 2019 the total was EUR EUR 581.1 million). These deposits will roll-out in approximately 6 years' time and will not be renewed.

## **NOTE 25. EVENTS AFTER THE REPORTING PERIOD**

None