

# Q2 2018 results

## Strong underlying net result growth in Q2 of over 10% with more cars on the road than ever before

**AMSTERDAM, the Netherlands, 7 August 2018** – LeasePlan Corporation N.V. (LeasePlan; the “Company”), one of the world’s leading Car-as-a-Service (“CaaS”) companies, today reports its Q2 and first half year 2018 results<sup>1</sup>.

### Q2 2018 financial highlights<sup>2</sup>

- Net result up 13.2% to EUR 152 million
- Underlying net result up 10.2% to EUR 161 million
- Serviced fleet growth up 6.7% to 1.8 million vehicles
- Lease & Additional Services (“Car-as-a-Service”) Gross Profit up 6.4%
- CarNext.com B2C car volumes up 70% with 19% run-rate B2C sales penetration, and 300% growth in Used Car-as-a-Service (UCaaS)
- ‘The Power of One LeasePlan’ operational excellence programme delivered H1 incremental savings of approximately EUR 35 million
- Underlying return on equity up 47 bps to 16.5%

### Key numbers<sup>1</sup>

	Q2 2018	Q2 2017	H1 2018	H1 2017
<b>Profitability</b>				
Underlying net result (EUR million)	161	146	299	292
<b>% Y-o-Y growth</b>	<b>10.2%</b>		<b>2.4%</b>	
Net result (EUR million)	152	135	286	275
<b>% Y-o-Y growth</b>	<b>13.2%</b>		<b>3.9%</b>	
Underlying return on equity			16.5%	16.1%
<b>Volume (thousands)</b>		<b>% Y-o-Y growth</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
Serviced Fleet		6.7%	1,806	1,693
# vehicles sold		(3.4%)	130	135

<sup>1</sup>Including post-tax impairment of EUR 23 million reported in Q1 2018.

### Tex Gunning, CEO of LeasePlan:

“Our results demonstrate the strength of LeasePlan’s strategy and positive impact of our Power of One LeasePlan operational excellence programme. We have more cars on the road than ever before, our underlying net result increased and we delivered a strong improvement in our return on equity.

In the second quarter, our core Car-as-a-Service business continued to perform well, driven by growth in our corporate and SME segments. We have announced an operational lease partnership with Fiat Chrysler Automobiles (FCA) in several European markets to become the preferred partner to FCA’s European dealer network. In our disruptive CarNext.com platform, we generated EUR 375 million<sup>3</sup> in revenues in the last 12 months, and saw accelerated B2C sales growth of over 70% year on year. CarNext.com is now present in 15 countries with a seamless integration of online marketplace and 24 Delivery Stores.

Looking ahead, our strategy to lead the megatrend from ownership to subscription – ultimately providing any car, anytime, anywhere – ensures we will continue to deliver significant value creation.”

<sup>1</sup> The information in this press release has not been audited. The condensed consolidated interim financial statements for the period ending 30 June 2018 have been reviewed.

<sup>2</sup> % refer to year-on-year growth unless otherwise stated.

<sup>3</sup> 30 June 2018 LTM B2C revenue excluding UCaaS and ancillary services

# Group performance

in millions of euros, unless otherwise stated\*

	Q2 2018	Q2 2017	H1 2018	H1 2017
Serviced Fleet (k)			1,806	1,693
# vehicles sold (k)	65	64	130	135
Lease & Additional Services Income	1,627	1,605	3,249	3,218
Vehicles sales & End-of-contract fees	810	715	1,553	1,480
<b>Revenues</b>	<b>2,437</b>	<b>2,319</b>	<b>4,802</b>	<b>4,699</b>
<b>% Y-o-Y growth</b>	<b>5.1%</b>		<b>2.2%</b>	
<b>Underlying direct cost of revenues</b>	<b>2,023</b>	<b>1,919</b>	<b>4,017</b>	<b>3,899</b>
Lease services (excl. Impairment)	155	144	307	287
Impairment	–	–	(30)	–
Fleet management & other Services	68	69	144	143
Repair & Maintenance Services	84	79	165	154
Damage and Insurance Services	71	63	137	120
<b>Lease &amp; Additional Services</b>	<b>378</b>	<b>355</b>	<b>723</b>	<b>704</b>
<b>Lease &amp; Additional Services (excl. impairment)</b>	<b>378</b>	<b>355</b>	<b>753</b>	<b>704</b>
<b>% Y-o-Y growth (excl. impairment)</b>	<b>6.4%</b>		<b>7.0%</b>	
End of Contract fees	32	30	59	60
Profit/Loss on disposal of vehicles	5	15	2	36
Profit/Loss on disposal of vehicles & End-of-contract fees	36	46	62	96
<b>Underlying Gross profit</b>	<b>414</b>	<b>401</b>	<b>785</b>	<b>800</b>
As a % of Revenues	17.0%	17.3%	16.3%	17.0%
<b>% Y-o-Y growth</b>	<b>3.4%</b>		<b>(1.9%)</b>	
<b>Underlying operating expenses</b>	<b>212</b>	<b>211</b>	<b>418</b>	<b>419</b>
As a % of Revenues	8.7%	9.1%	8.7%	8.9%
Share of profit of investments accounted for using the equity method	1	1	2	2
<b>Underlying profit before tax</b>	<b>203</b>	<b>191</b>	<b>369</b>	<b>383</b>
As a % of Revenues	8.3%	8.2%	7.7%	8.1%
Underlying tax	42	45	70	91
<b>Underlying net result</b>	<b>161</b>	<b>146</b>	<b>299</b>	<b>292</b>
As a % of Revenues	6.6%	6.3%	6.2%	6.2%
<b>% Y-o-Y growth</b>	<b>10.2%</b>		<b>2.4%</b>	
Underlying adjustments	(8)	(11)	(13)	(17)
<b>Reported net result</b>	<b>152</b>	<b>135</b>	<b>286</b>	<b>275</b>
As a % of Revenues	6.2%	5.8%	5.9%	5.8%
<b>% Y-o-Y growth</b>	<b>13.2%</b>		<b>3.9%</b>	

\*Due to rounding, numbers presented throughout this release may not add up precisely to the totals provided. Percentages are calculated based on un-rounded numbers.

**Serviced fleet** grew 6.7% in Q2 to 1.8 million vehicles, driven by growth in the corporate fleet and SME segment.

Growth in **revenues** was up 5.1% in Q2 to EUR 2,437 million (H1 up 2.2% to EUR 4,802 million). Lease & Additional Services income in Q2 grew 2.7% on a constant currency basis to EUR 1,627 million or 1.4% on a reported basis due to growth in the fleet and additional services (H1 up 0.9% to EUR 3,249 million). Vehicle Sales and End-of-Contract Fees were up partly due to volumes.

**Underlying gross profit** was up 3.4% in Q2 to EUR 414 million (H1 down 1.9% to EUR 785 million, including the EUR 30 million impairment reported in Q1). This growth was driven by significant contributions from Lease & Additional Services, up 6.4% in Q2 to EUR 378 million (H1 up 7.0% to EUR 753 million excluding impairments), supported by the ongoing impact of 'The Power of One LeasePlan' operational excellence programme. End-of-Contract Fees were stable in Q2 at EUR 32 million (H1 stable at EUR 59 million). Total gross profit was impacted by the predictable normalisation of the Profit/Loss on Disposal of Vehicles (as communicated in previous quarters) which declined by EUR 10 million in Q2 (H1 down by EUR 34 million). We continue to closely monitor developments in Turkey, where our mitigation strategies have been effective and based on the current situation there is no need for further impairments.

**Underlying operating expenses** were stable in Q2 at EUR 212 million (H1 stable at EUR 418 million). The stability in operating expenses was achieved despite a 6.7% growth in the serviced fleet and increases in operating expenses to support long-term growth initiatives, especially in CarNext.com and Digital LeasePlan, which were EUR 10 million higher compared to H1 2017. This is a clear indication of LeasePlan's strong operating leverage and savings arising from 'The Power of One LeasePlan'.

The **underlying tax rate** in Q2 was 20.7% helped by lower headline tax rates in a number of countries. The 19.1% underlying tax rate in H1 was helped by lower headline tax rates in a number of countries, and one-offs.

The **underlying net result** increased 10.2% in Q2 to EUR 161 million (H1 up 10.3% to EUR 322 million excluding impairments of EUR 23 million after tax in Q1). This was driven by strong growth in our Car-as-a-Service business and the ongoing benefits of 'The Power of One LeasePlan' operational excellence programme. The **reported net result** in Q2 of EUR 152 million included underlying adjustments of EUR 8 million, compared to EUR 11 million in Q2 2017, due to lower restructuring and consultancy costs offset by the impact of derivatives.

**Underlying Return on Equity (ROE)** grew by 47 bps to 16.5%, in the first six months of the year.

# Business and operational highlights

## Car-as-a-Service

LeasePlan's Car-as-a-Service business grew strongly across the majority of countries, driven by an increase in the company's serviced fleet in the Corporate and SME segments and ongoing benefits from 'The Power of One LeasePlan'. In June, LeasePlan announced an operational lease partnership with Fiat Chrysler Automobiles (FCA) in several European markets. Under the agreement, LeasePlan will become the preferred partner to FCA's European dealer network in the markets where FCA does not operate its own captive arm, offering LeasePlan operational lease solutions to FCA's customers. A key focus of the partnership will be on the fast growing Small and Medium Enterprise (SME) segment. Unlike traditional white label agreements, the LeasePlan-FCA partnership is based on a referral model via which FCA will provide the vehicles to customers, with the operational lease being directly managed by LeasePlan. This is the first partnership of its kind for LeasePlan with a major European OEM.

## CarNext.com

CarNext.com, LeasePlan's used car business, is a disruptive B2C and B2B digital marketplace that enables customers to buy, lease and subscribe to high-quality used cars in Europe, grew strongly in the first half of 2018. CarNext.com generated EUR 375 million<sup>4</sup> of revenues in the last 12 months and its integrated Pan-European B2C marketplace is now operational in 15 countries and supported by a network of 24 Delivery Stores. Volumes in the higher margin B2C business increased by 70% in Q2 to 11,600 vehicles compared to Q2 2017 (H1 up 60%). B2C penetration increased to a run-rate of 19% of total cars coming off lease and sold by LeasePlan. Used car leasing, which has been successfully introduced in 7 additional countries, grew by 300% to 2,400 newly contracted vehicles in Q2, compared to 600 vehicles in Q2 2017. In B2B, CarNext.com began the roll out of its new B2B marketplace trader app and saw auction price improvements. Over the period, roughly 20% of total sales were cross border, as CarNext.com capitalised on the arbitrage opportunity of matching demand with vehicle supply across geographies.

## The Power of One LeasePlan

'The Power of One LeasePlan' operational excellence programme continues to be on track having delivered benefits of around EUR 35 million in H1, and increased the cumulative total to EUR 165 million out of a targeted PBT uplift of EUR 370 million in the medium term. Of the EUR 165 million already delivered over the past 18 months, approximately EUR 70 million has come from gross profit initiatives and approximately EUR 95 million from operating expense efficiencies. The delivery of the gross profit initiatives, which account for approximately 55% of our targeted EUR 370 million, is accelerating having been EUR 30 million for the last 6 months compared to EUR 40 million for the full 12 months of 2017. Growth in the insured fleet was robust and penetration increased across all regions as fleet operators increasingly recognised the benefits of placing their insurance within the lease contract. Repair & Maintenance continued to increase steering to its preferred network of Independent Service Providers while further reducing costs. In Procurement, LeasePlan increased its steering to its preferred dealer network and implemented new coordinated purchasing contracts.

## Digital

Digital underpins all we do, from enhancing customer experience through our websites and apps to improving operational efficiency through data. Digital LeasePlan will deliver digital services at digital cost levels leveraging digital intelligence tools, ultimately delivering 'any car, anytime, anywhere'. For example, the implementation of CarNext.com and its digital Asset Control Tower (ACT) is on track and is now live across 9 countries. LeasePlan is also leveraging digital intelligence across sales, servicing and remarketing to maximise vehicle and customer value.

## Sustainability

Vehicles are at the forefront of efforts to tackle climate change. LeasePlan is therefore proud to be leading the transition from the internal combustion engine, targeting net zero emissions from its total fleet by 2030. In July, it announced a new partnership with charging solution provider Allego to provide LeasePlan electric vehicle (EV) customers with access to personal charge points at home and at work. In the same month, LeasePlan also became a founding partner of the Zero Emission Vehicle Challenge in New York, a new global coalition organised by The Climate Group and C40. LeasePlan is rolling out its EV proposition, starting in those countries where EV is gaining momentum. In these countries it has seen a 77% growth in registrations of battery EVs in the managed fleet.

## Funding and capital position

In the first half of 2018, LeasePlan continued to benefit from its diversified funding platform, raising a total of EUR 2.7 billion across retail deposits, senior unsecured and secured debt. Public senior unsecured benchmark transactions of EUR 500 million each were concluded in both January and May, with a further EUR 381 million placed in private placement format throughout the first half year. In February, LeasePlan successfully closed the tenth transaction of its Asset Backed Securities (Bumper) programme issuing EUR 524 million of Class A and B Notes, while in April LeasePlan drew down under its recently negotiated Australian warehouse facility of A\$ 560 million (approx. EUR 350 million equivalent). In addition, LeasePlan Bank saw an increase in LeasePlan Bank retail deposits of EUR 456 million to EUR 6.4 billion.

LeasePlan's liquidity and capital positions remain strong, with a liquidity buffer of EUR 4.9 billion consisting of cash balances, as well as access to its committed revolving credit facility and a CET 1 capital ratio of 17.3%, well above regulatory requirements.

LeasePlan continues to explore various strategic alternatives, including an Initial Public Offering.

<sup>4</sup> 30 June 2018 LTM B2C revenue excluding UCaaS and ancillary services

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## About LeasePlan

LeasePlan is one of the world's leading Car-as-a-Service companies, with 1.8 million vehicles under management in over 30 countries. LeasePlan manages the entire vehicle life-cycle for its corporate, SME and private customers, taking care of everything from purchasing, insurance and maintenance to car resale. LeasePlan's core businesses are Car-as-a-Service, a EUR 68 billion market, and CarNext.com, an independent marketplace for flexible used-car mobility solutions, serving a EUR 65 billion market. With over 50 years' experience, LeasePlan's mission is to provide what's next in mobility via an 'any car, anytime, anywhere' service – so you can focus on what's next for you. Find out more at [www.leaseplan.com/corporate](http://www.leaseplan.com/corporate).

### Disclaimer

Financial and other information in this document may contain certain forward-looking statements (all statements other than those made solely with respect to historical facts) based upon beliefs and data currently available to management. These statements are based on a variety of assumptions that may not be realised and are subject to significant business, economic, legal and competitive risks and uncertainties. Our actual operations, financial conditions, cash flows and operating results may differ materially from those expressed or implied by any such forward-looking statements and we undertake no obligation to update or revise them.



# Condensed consolidated interim financial statements

## Condensed consolidated statement of profit or loss

for the period ended 30 June

<i>In thousands of euros</i>	Note	Q2 2018	Q2 2017 <sup>1</sup>	6M 2018	6M 2017 <sup>1</sup>
Operating Lease income		983,968	948,535	1,958,193	1,918,181
Finance Lease & other interest income		31,046	30,802	64,666	64,326
Additional Services income		611,888	625,324	1,225,955	1,235,899
Vehicle sales & End of Contract fees		810,273	714,528	1,553,155	1,480,301
<b>Revenues</b>	<b>2</b>	<b>2,437,174</b>	<b>2,319,189</b>	<b>4,801,969</b>	<b>4,698,707</b>
Depreciation cars		776,209	753,155	1,586,277	1,526,926
Finance cost		75,710	78,094	147,880	158,530
Unrealised (gains)/losses on financial instruments		2,103	(6,251)	(385)	(12,122)
Impairment charges on loans and receivables		7,778	4,152	12,279	9,954
Lease cost		861,800	829,150	1,746,051	1,683,288
Additional Services cost		389,376	414,218	779,215	819,036
Vehicle & disposal cost		773,819	669,077	1,491,519	1,384,605
<b>Direct cost of revenues</b>	<b>2</b>	<b>2,024,996</b>	<b>1,912,446</b>	<b>4,016,786</b>	<b>3,886,930</b>
Lease Services		153,214	150,187	276,808	299,219
Additional Services		222,511	211,106	446,740	416,863
Profit/loss on disposal of vehicles & End of Contract fees		36,453	45,451	61,636	95,696
<b>Gross profit</b>	<b>2</b>	<b>412,179</b>	<b>406,743</b>	<b>785,183</b>	<b>811,777</b>
Staff expenses		139,471	141,809	273,701	276,276
Other operating expenses		71,370	78,951	140,004	154,264
Other depreciation and amortisation		10,542	11,475	21,546	23,238
<b>Total operating expenses</b>		<b>221,383</b>	<b>232,236</b>	<b>435,252</b>	<b>453,778</b>
Share of profit of investments accounted for using the equity method		671	783	1,725	1,872
<b>Profit before tax</b>		<b>191,466</b>	<b>175,290</b>	<b>351,657</b>	<b>359,871</b>
Income tax expenses		39,113	40,827	66,027	85,090
<b>Net result attributable to owners of the parent</b>		<b>152,353</b>	<b>134,464</b>	<b>285,630</b>	<b>274,781</b>

<sup>1</sup> Prior year comparatives have been restated due to changes in the presentation of the statement of profit or loss. Please refer to the Basis of preparation for further details

# Condensed consolidated statement of comprehensive income

for the period ended 30 June

<i>In thousands of euros</i>	Note	Q2 2018	Q2 2017	6M 2018	6M 2017
<b>Net result</b>		<b>152,353</b>	<b>134,464</b>	<b>285,630</b>	<b>274,781</b>
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of post-employment benefit reserve, before tax		–	8	–	(4)
Income tax on post-employment benefit reserve		–	(2)	–	2
<b>Subtotal changes post-employment benefit reserve, net of income tax</b>		<b>–</b>	<b>6</b>	<b>–</b>	<b>(2)</b>
Items that may be subsequently reclassified to profit or loss					
Changes in cash flow hedges, before tax		(1,881)	4,058	(3,368)	7,851
Cash flow hedges recycled from equity to profit and loss, before tax		–	(2,212)	–	(3,929)
Income tax on cash flow hedges		470	(462)	842	(981)
<b>Subtotal changes in cash flow hedges, net of income tax</b>		<b>(1,411)</b>	<b>1,384</b>	<b>(2,526)</b>	<b>2,941</b>
Exchange rate differences	3	(1,247)	(30,192)	(8,791)	(23,773)
<b>Other comprehensive income, net of income tax</b>		<b>(2,658)</b>	<b>(28,802)</b>	<b>(11,317)</b>	<b>(20,834)</b>
<b>Total comprehensive income for the year</b>		<b>149,695</b>	<b>105,662</b>	<b>274,313</b>	<b>253,947</b>
<b>Comprehensive income attributable to:</b>					
Owners of the parent		<b>149,695</b>	<b>105,662</b>	<b>274,313</b>	<b>253,947</b>

# Condensed consolidated statement of financial position

<i>In thousands of euros</i>	Note	30 June 2018	31 December 2017
<b>Assets</b>			
Cash and balances at central banks	4	3,122,616	2,349,162
Receivables from financial institutions	5	546,502	547,296
Derivative financial instruments	6	97,053	103,458
Other receivables and prepayments	7	1,283,931	1,178,859
Inventories		355,123	384,775
Corporate income tax receivable		47,457	33,320
Loans to investments accounted for using the equity method		145,500	140,500
Lease receivables from clients	8	3,308,200	3,260,694
Property and equipment under operating lease and rental fleet	9	17,349,361	16,708,694
Other property and equipment		93,326	93,982
Investments accounted for using the equity method		14,083	12,983
Intangible assets	10	229,555	185,679
Deferred tax assets		136,355	122,453
		<b>26,729,062</b>	<b>25,121,855</b>
Assets classified as held-for-sale	11	39,838	20,107
<b>Total assets</b>		<b>26,768,900</b>	<b>25,141,962</b>

See continuation of this table on the next page.



## Condensed consolidated statement of financial position – *continued*

<i>In thousands of euros</i>	Note	30 June 2018	31 December 2017
<b>Liabilities</b>			
Funds entrusted	12	6,452,718	6,002,501
Derivative financial instruments	6	108,658	80,369
Trade and other payables and deferred income	13	2,386,796	2,408,074
Corporate income tax payable		58,831	37,994
Borrowings from financial institutions	14	3,235,454	3,323,132
Debt securities issued	15	10,402,456	9,337,826
Provisions	16	460,696	454,057
Deferred tax liabilities		290,224	274,023
<b>Total liabilities</b>		<b>23,395,831</b>	<b>21,917,976</b>
<b>Equity</b>			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves	3	(62,463)	(51,147)
Retained earnings		2,857,549	2,697,149
<b>Total equity</b>		<b>3,373,069</b>	<b>3,223,986</b>
<b>Total equity and liabilities</b>		<b>26,768,900</b>	<b>25,141,962</b>

## Condensed consolidated statement of changes in equity

<i>In thousands of euros</i>	Attributable to the owners of the parent				Total equity
	Share capital	Share premium	Other reserves	Retained earnings	
<b>Balance as at 1 January 2017</b>	<b>71,586</b>	<b>506,398</b>	<b>(9,725)</b>	<b>2,507,443</b>	<b>3,075,702</b>
Net result	-	-	-	274,782	274,782
Other comprehensive income	-	-	(20,834)	-	(20,834)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(20,834)</b>	<b>274,782</b>	<b>253,947</b>
Dividend relating to 2016	-	-	-	(112,000)	(112,000)
<b>Total transactions with owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(112,000)</b>	<b>(112,000)</b>
<b>Balance as at 30 June 2017</b>	<b>71,586</b>	<b>506,398</b>	<b>(30,559)</b>	<b>2,670,225</b>	<b>3,217,649</b>
<b>Balance as at 31 December 2017</b>	<b>71,586</b>	<b>506,398</b>	<b>(51,147)</b>	<b>2,697,149</b>	<b>3,223,986</b>
Adoption IFRS 9	-	-	-	(5,131)	(5,131)
<b>Balance as at 1 January 2018</b>	<b>71,586</b>	<b>506,398</b>	<b>(51,147)</b>	<b>2,692,018</b>	<b>3,218,855</b>
Net result	-	-	-	285,630	285,630
Other comprehensive income	-	-	(11,317)	-	(11,317)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(11,317)</b>	<b>285,630</b>	<b>274,313</b>
Final dividend	-	-	-	(120,099)	(120,099)
<b>Total transactions with owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,099)</b>	<b>(120,099)</b>
<b>Balance as at 30 June 2018</b>	<b>71,586</b>	<b>506,398</b>	<b>(62,464)</b>	<b>2,857,549</b>	<b>3,373,069</b>

# Condensed consolidated statement of cash flows

for the six months ended 30 June

<i>In thousands of euros</i>	Note	2018	2017 <sup>(1)</sup>
<b>Operating activities</b>			
Net result		285,630	274,781
Adjustments:			
Interest income and expense		(241,993)	(232,733)
Impairment on receivables		12,279	9,954
Depreciation of operating lease and rental fleet	9	1,625,823	1,576,635
Depreciation other property and equipment		12,685	11,652
Amortisation and impairment intangible assets		8,861	11,181
Share of profit of investments accounted for using the equity method		(1,725)	(1,872)
Financial instruments at fair value through profit and loss		(385)	(12,122)
Income tax expense		66,027	85,090
Changes in:			
Provisions		9,342	(17,791)
Derivative financial instruments		41,682	140,756
Trade and other payables and other receivables		(157,822)	(101,162)
Inventories		241,726	214,424
Amounts received for disposal of vehicles under operating lease	9	1,105,957	1,015,078
Amounts paid for acquisition of vehicles under operating lease	9	(3,647,556)	(3,273,109)
Acquired new finance leases		(560,394)	(458,372)
Repayment finance leases		563,392	610,891
Interest paid		(167,312)	(192,133)
Interest received		389,730	388,627
Income taxes paid		(59,883)	(52,748)
Income taxes received		2,033	12,474
<b>Cash generated (used) from Operating Activities</b>		<b>(471,904)</b>	<b>9,500</b>

(1) Prior year comparatives have been restated due to changes in the presentation of statement of profit or loss. Please refer to the Basis of preparation for further details.

*See continuation of this table on the next page.*

# Condensed consolidated statement of cash flows - continued

for the six months ended 30 June

<i>In thousands of euros</i>	Note	2018	2017 <sup>(1)</sup>
<b>Investing activities</b>			
Purchases of other property and equipment (net)		(12,184)	(9,651)
Purchases of intangible assets (net)		(52,705)	(9,288)
Loans provided to investments accounted for using the equity method		(33,500)	(34,500)
Redemption on loans to investments accounted for using the equity method		28,500	28,525
Dividend received from investments accounted for using the equity method		–	2,625
Changes in held-for-sale investments		(18,399)	(10,032)
<b>Cash used in investing activities</b>		<b>(88,287)</b>	<b>(32,322)</b>
<b>Financing activities</b>			
Receipt of receivables from financial institutions		203,771	192,214
Balances deposited to financial institutions		(173,692)	(239,701)
Receipt of borrowings from financial institutions		1,577,929	2,012,862
Repayment of borrowings from financial institutions		(1,633,533)	(1,525,024)
Receipt of funds entrusted		1,281,972	1,265,685
Repayment of funds entrusted		(831,768)	(823,205)
Receipt of debt securities		1,507,315	1,554,237
Repayment of debt securities		(447,132)	(1,935,112)
Dividends paid to Company's shareholders		(120,099)	(112,000)
<b>Cash generated from financing activities</b>		<b>1,364,762</b>	<b>389,956</b>
<b>Net movement in cash and balances with banks</b>		<b>804,571</b>	<b>367,135</b>
<b>Cash and balances with banks as at 1 January</b>		<b>2,481,998</b>	<b>1,945,608</b>
Net movement in cash and balances with banks		804,571	367,135
Exchange gains/losses on cash and balances with banks		(1,118)	2,015
<b>Cash and balances with banks as at 30 June</b>	<b>4</b>	<b>3,285,451</b>	<b>2,314,758</b>

(1) Prior year comparatives have been restated due to changes in the presentation of statement of profit or loss. Please refer to the Basis of preparation for further details.



# General notes

## General information

### LeasePlan Corporation N.V.

LeasePlan Corporation N.V. (the "Company") is a company domiciled in Amsterdam, the Netherlands, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The condensed consolidated interim financial statements of the Company as at 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of a growing international network of companies engaged in fleet management and mobility services, mainly through operating leasing. At 30 June 2018, the Group employed 6,969 people worldwide and had offices in over 30 countries. There were no major changes in the Groups' composition during the reporting period.

The Company holds a banking license in the Netherlands since 1993 and is regulated by the Dutch Central Bank. The condensed consolidated interim financial statements have been reviewed, not audited.

### Ownership of the Company

LP Group B.V. holds 100% of the Company's shares. LP Group B.V. represents a group of investors. None of these investors have a(n indirect) controlling interest in the Company:

- **ADIA:** Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- **ATP:** ATP was established in 1964 and is Denmark's, and one of Europe's, largest pension funds.
- **Broad Street Investments:** A Singapore based Holding company.
- **GIC:** GIC is a leading global investment firm with well over US\$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,300 people.
- **PGGM:** PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered asset management, pension fund management, policy advice and management support either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- **TDR Capital:** TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totaling over EUR 5.0 billion on behalf of a range of sophisticated investors.

## Basis of preparation

The condensed consolidated interim financial statements for the period ended 30 June 2018 have been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial statements have been prepared on the same basis as, and should be read in conjunction with, the annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS and its interpretations as adopted by the European Union. These condensed consolidated interim financial statements do not include Company financial statements. The annual Company financial statements are included in the Group's Annual report for the year ended 31 December 2017.

Due to rounding, numbers presented throughout this interim financial statements may not add up precisely to the totals provided.

### *Restatement in the presentation of the consolidated statement of profit or loss 2017*

In previous years, the Group prepared its consolidated financial statements in accordance with bank-specific reporting requirements, as LeasePlan Corporation N.V. carries a banking licence. In 2017, the Group restated the presentation of the statement of profit or loss in accordance with IFRS, to present operating lease income in revenues in one line item, whereas the interest part was previously separately presented as part of net interest income. The statement of profit or loss for the six months ended 30 June has been restated accordingly.

In the presentation of revenues, the Group distinguishes since 2017 between four revenue streams consisting of revenues from operating leases, finance leases, additional services provided and the vehicles sales for terminated contracts. The direct cost of revenues have also been changed in line with the abovementioned changes to the presentation of revenues. The changes include the new way of presentation of finance cost, unrealised gains/losses on financial instruments and impairment charges on loans and receivables as part of direct cost of revenues. Consequently, gross profit streams have also been presented in the categories of lease services, additional services and profit/loss on disposal of vehicles & End of Contract fees. Furthermore, other income is now presented separately below the operating expenses in the statement of profit or loss.

The restated presentation was initially applied in the 2017 financial statements and has been applied retrospectively to the 2017 comparative amounts in the consolidated statement of profit or loss. The comparative amounts have been restated as disclosed in the following table.

# Condensed consolidated statement of profit or loss

for the six months ended 30 June

<i>In thousands of euros</i>	Note	2017 Previously reported	Revenues and Direct cost of revenues	Interest income operating/ finance lease	Interest expense and similar charges	Impairment charges on loans and receivables	Unrealised (gains)/ losses on financial instruments	Operating expenses	2017 Restated
Revenues (lease income and vehicle sales)		4,309,871	(4,309,871)	-	-	-	-	-	-
Operating Lease income		-	1,593,824	324,357	-	-	-	-	1,918,181
Finance Lease & other interest income		-	-	64,326	-	-	-	-	64,326
Additional Services income		-	1,235,899	-	-	-	-	-	1,235,899
Vehicle sales & End of Contract fees		-	1,480,301	-	-	-	-	-	1,480,301
<b>Revenues</b>	<b>2</b>	<b>4,309,871</b>	<b>153</b>	<b>388,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,698,707</b>
Cost of revenues		3,732,994	(3,732,994)	-	-	-	-	-	-
Depreciation cars		-	1,526,926	-	-	-	-	-	1,526,926
Finance cost		-	2,580	-	155,950	-	-	-	158,530
Unrealised (gains)/losses on financial instruments		-	-	-	-	-	(12,122)	-	(12,122)
Impairment charges on loans and receivables		-	-	-	-	9,954	-	-	9,954
Lease cost		-	1,529,506	-	155,950	9,954	(12,122)	-	1,683,288
Additional Services cost		-	819,036	-	-	-	-	-	819,036
Vehicle & disposal cost		-	1,384,605	-	-	-	-	-	1,384,605
<b>Direct cost of revenues</b>	<b>2</b>	<b>3,732,994</b>	<b>154</b>	<b>-</b>	<b>155,950</b>	<b>9,954</b>	<b>(12,122)</b>	<b>-</b>	<b>3,886,930</b>
Gross profit (net lease and vehicle sales income)		576,877	(576,877)	-	-	-	-	-	-
Lease Services		-	64,319	388,683	(155,950)	(9,954)	12,122	-	299,219
Additional Services		-	416,863	-	-	-	-	-	416,863
Profit/loss on disposal of vehicles & End of Contract fees		-	95,696	-	-	-	-	-	95,696
<b>Gross profit</b>	<b>2</b>	<b>576,877</b>	<b>-</b>	<b>388,683</b>	<b>(155,950)</b>	<b>(9,954)</b>	<b>12,122</b>	<b>-</b>	<b>811,777</b>
Interest and similar income		388,683	-	(388,683)	-	-	-	-	-
Interest expense and similar charges		(155,950)	-	-	155,950	-	-	-	-
Net Interest income		232,732	-	(388,683)	155,950	-	-	-	-
Impairment charges on loans and receivables		9,954	-	-	-	(9,954)	-	-	-
Unrealised (gains)/losses on financial instruments		12,121	-	-	-	-	(12,122)	-	-
Net finance income		234,900	-	(388,683)	155,950	9,954	(12,122)	-	-
Total operating income		811,777	-	-	-	-	-	-	811,777
Staff expenses		276,282	-	-	-	-	-	(7)	276,275
General and administrative		154,257	-	-	-	-	-	(154,257)	-
Other operating expenses		-	-	-	-	-	-	154,264	154,264
Other depreciation and amortisation		23,238	-	-	-	-	-	-	23,238
<b>Total operating expenses</b>		<b>453,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>453,777</b>
Other income		-	-	-	-	-	-	-	-
Share of profit of investments accounted for using the equity method		1,872	-	-	-	-	-	-	1,872
<b>Profit before tax</b>		<b>359,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359,872</b>
Income tax expenses		85,090	-	-	-	-	-	-	85,090
<b>Net result attributable to owners of the parent</b>		<b>274,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>274,781</b>

The changes in format as described, have an impact on the presentation of the items in the condensed consolidated statement of profit or loss. Due to changes in the consolidated statement of profit or loss certain line items in the statement of cashflows changed. The changes did not impact the total net cashflows from operating, investing and financing activities. There is no impact on the statements of comprehensive income, statement of changes in equity and statement of financial position.

*Restatement in the presentation of the cash and balances at bank for the purposes of cash flow statements*

Certain comparative amounts have been restated as a result of the Group's revised interpretation of the classification of "Cash and balances at bank for the purpose of the statement of cash flows". The changes are reflected in the table below:

		Previously reported	Reclassification of Deposits with banks	Adjusted
Cash and balances at bank for the purposes of the statement of cash flows	at 30 June 2017	2,076,903	237,855	2,314,758
	at 1 January 2018	2,224,729	257,269	2,481,998



## Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the previous financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

## Adoption of new accounting standards

The following new standards have been adopted by the Group on 1 January 2018.

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from contracts with customers

## IFRS 9 – Financial Instruments

The Group has adopted IFRS 9 Financial Instruments (as issued by the IASB and subsequently endorsed by the European Union in November 2016) as from 1 January 2018. Classification and Measurement and Impairment requirements have been applied retrospectively by adjusting the opening balance sheet and opening equity as at 1 January 2018 and decided not to restate comparative periods. The Group elected an accounting policy choice under IFRS 9 to defer the application of the new general hedging model and continue to apply the hedge accounting requirements of IAS 39 in their entirety until the standard resulting from the IASB's separate project on macro hedge accounting becomes effective. However, the Group will implement the revised hedge accounting disclosures that are required by the IFRS 9 related amendments to IFRS 7 "Financial Instruments: Disclosures".

The adoption of IFRS 9 resulted in the following key changes to the Group's accounting policies:

### 1 Classification and measurement of financial assets

IFRS 9 introduces an approach for the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. Generally, financial assets and liabilities are measured at fair value on their initial recognition. For subsequent measurement, IFRS 9 contains three principal categories for financial assets, being amortized cost, fair value through Other comprehensive income and Fair value through profit and loss.

For debt financial assets specific requirements are in place. First of all the business model needs to be determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and is determined on a higher level of aggregation.

Next to the business model assessment, the cash-flow characteristics of the debt instruments need to be assessed in order to determine whether or not the cash flows from the instrument are Solely Payments of Principal and Interest (SPPI). Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement, where consideration for time value of money and credit risk are the most significant elements of interest. This so-called SPPI test needs to be passed on an individual instrument level in order to be able to account for the instrument at amortized cost (if business model is Held to Collect) or at Fair Value through Other Comprehensive Income (FVOCI) (if business model is Held to Collect and Sell). If the SPPI test is not passed i.e. cash flows are not in line with a basic lending arrangement, or the business model would neither be Held to Collect or Held to Collect and Sell, the instrument is accounted for as Fair value through P&L.

A debt financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest

## 2 Impairment of financial assets

Following financial assets are in the scope of the new impairment requirements of IFRS 9.

All debt financial assets as defined in IFRS 9 that are measured at amortized cost or FVOCI, including e.g.:

- Cash and balances at central banks
- Receivables from financial institutions
- Loans to investments accounted for using the equity method
- Trade receivables
- Intercompany loans
- Loan commitments and financial guarantee contracts issued that are not measured at FVTPL

Assets from other standards, brought in scope of IFRS 9 impairments

- Amounts receivable under finance lease contracts in scope of IAS 17 and IFRS 16 (as from 1 January 2019).
- Contract assets recognized in scope of IFRS 15.

The IFRS 9 impairment requirements are based on an expected credit loss (ECL) model, replacing the incurred loss methodology model under IAS 39, the previous standard for the accounting of financial instruments. Under IFRS 9, the Group is required to recognise an ECL upon initial recognition of a financial asset. Key changes in the Group's accounting policy for impairment of financial assets are listed below.

To measure the ECL based on the General Approach, assets migrate through the following 3 stages based on the change in credit quality since initial recognition:

### i. Stage 1: 12-months expected credit losses

This stage includes financial instruments that have not had a significant increase in credit risk since initial recognition and that are not credit impaired upon origination. For these financial instruments, the expected credit losses that result from default events that are possible within 12 months after the reporting date are recognised. Interest revenue is recognised based on the gross carrying amount. That is without deduction for expected credit losses.

### ii Stage 2: Lifetime expected credit losses – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime expected credit loss is recognised. Interest revenue is recognised based on the gross carrying amount. That is without deduction for expected credit losses.

### iii Stage 3: Lifetime expected credit losses – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Interest revenue is recognised based on the amortised cost including the impairment expected credit losses.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. In addition, the Group uses qualitative information such as the monitoring of existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the debtor's ability to meet its obligations towards the Group. In general, the Group will apply the backstop of 30 days past due as an automatic trigger for significant increase in credit risk.

Next to the general approach, a simplified approach may be applied for trade receivables without a significant financing component (IFRS 15) and finance lease receivables. The simplified approach states that the loss allowance is always equal to the lifetime expected credit losses.

The Group has based the new impairment requirements of IFRS 9 on its existing credit risk management processes and procedures as described in the credit risk management chapter of the 2017 Annual Report. The Group has therefore chosen to identify credit impaired assets under IFRS 9 by applying the default definition used for credit risk management purposes. The Group defines a default as: Any customer that is either unable to fulfil its obligations (irrespective of the amount involved or the

number of days outstanding), or when customers are over 90 days in arrears, or local judgement determines that there is a reasonable chance that the amount will or will not be collected.

## Application of IFRS 9 to the relevant asset categories:

### a. Lease receivables from clients

The most significant financial assets on the Group's statement of financial position are lease receivables from clients consisting of finance lease receivables and trade receivables from operating lease contracts. Trade receivables from operating lease contracts do not contain a significant financing component and therefore require the simplified approach. For the finance lease receivables the Group elected an accounting policy choice to use the simplified approach which means recognition of equal to lifetime expected credit losses.

The amount of ECL is measured as the probability weighted present value of all cash shortfalls over the expected life of the financial asset discounted at the original implicit interest rate embedded in the lease contract. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. Please refer to the credit risk section for more details about the inputs, assumptions and estimation techniques in measuring ECL for lease receivables.

### b. Receivables from financial institutions

For receivables from financial institutions, the Group applies the general approach using the low credit risk assumption. As a result, the Group assumes that credit risk has not significantly increased as the credit risk is considered low for this asset class (generally this is the case when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'). At each reporting date, the Group assesses the appropriateness of this assumption.

### c. Loan commitments and financial guarantee contracts

Loan commitments and financial guarantee contracts issued that are not measured at fair value through profit or loss are subject to the impairment requirements of IFRS 9. A liability that results from a loan commitment (issued with a below-market interest rate) or financial guarantee requires to be measured, after initial recognition, at the higher of:

- The amount of the provision for expected credit losses; and
- The amount initially recognised, less the cumulative amount of income recognised in accordance with the principles of IFRS 15.

## Presentation

The amount of expected credit losses on financial assets are presented in the statement of financial position as follows:

- Financial assets: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantees: as a provision.

## Transition

Changes in the accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 have been recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held.
  - If a receivable from a financial institution had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

The following section provides more information and details on the changes and implications resulting from the adoption of IFRS 9.

## Transitional disclosures

The Group has concluded that the IFRS 9 transition amount will reduce shareholders' equity by EUR 5.1 million after- tax as at 1 January 2018. The impact relates solely to the implementation of the new impairment requirements by the Group. The impact on CET 1 ratio is limited, with no phase-in applied. The following table analyses the impact, net of tax, of transition to IFRS 9 on retained earnings. There is no impact on other components of equity.

<i>In thousands of euros</i>	Impact of adopting IFRS 9 on 1 January 2018
<b>Retained Earnings</b>	
<b>Closing balance under IAS 39 (31 December 2017)</b>	<b>2,697,149</b>
Net impact of expected credit losses under IFRS 9 (including lease receivables, loan commitments and financial guarantee contracts)	(5,131)
<b>Opening balance under IFRS 9 (1 January 2018)</b>	<b>2,692,018</b>

## Classification & Measurement

The classification and measurement of financial assets have been assessed based on how these are managed (the business model test) as well as their contractual cash flow characteristics. The outcome of these tests indicate how financial assets are measured: at amortized cost, fair value through other comprehensive income or fair value through profit or loss. As concluded by the Group, upon adoption of IFRS 9, there are no material changes in the classification and measurement of financial assets or financial liabilities.

## Impairment of Financial Assets

The impact of the application of IFRS 9 on the credit impairment is presented in the table below. The table reconciles:

- The closing balance for incurred losses for financial assets in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as at 31 December 2017; to
- The opening balance for ECL is determined in accordance with IFRS 9 as at 1 January 2018.

Reconciliation Impairment loss allowance IAS 39 vs IFRS 9	31 December 2017 (Impairment allowances under IAS 39 or IAS 37)	Transitional Adjustments	1 January 2018 (IFRS 9)
Loans and receivables under IAS 39/financial assets at amortised cost under IFRS 9:			
Receivables from financial institutions	-	337	337
Lease receivables from clients	21,887	11,405	33,292
Release of IBNR	7,075	(7,075)	-
Loans commitments and financial guarantee contracts issued	-	1,011	1,011
<b>Total</b>	<b>28,962</b>	<b>5,678</b>	<b>34,640</b>

Transitional adjustments of EUR 5,678 thousand include the deferred tax amount of EUR 547 thousand. The adjustment on the opening balance of retained earnings amounting to EUR 5,131 represents the post-tax impact.

## IFRS 15 – Revenues from contracts with customers

The Group has adopted IFRS 15 Revenues from contracts with customers (as issued by the IASB and subsequently endorsed by the European Union in September 2016) as from the effective date of 1 January 2018.

IFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer and prescribes more informative and relevant disclosures. IFRS 15 provides significantly more guidance particularly with respect to the identification of performance obligations, determination of the transaction price, and allocation of value within multiple element arrangements.

As a full service provider, the Group's arrangements with customers are impacted by IFRS 15 in two ways:

- Service components of arrangements are governed in their entirety by IFRS 15.
- While recognition of lease and insurance elements are governed by IAS 17 'Leases' and IFRS 4 'Insurance contracts' respectively, their allocation of value from a customer's monthly instalment is performed under IFRS 15.

The Group's policies for the identification of performance obligations, determination of the transaction price and the resulting allocation of value are already largely aligned with the requirements of IFRS 15. Furthermore, a significant portion of the Group's revenue is recognised under IAS 17 (lease elements) and the revenue recognition under the predecessor standard IAS 18 does not carry a significant impact in comparison to IFRS 15.

The Group has elected not to restate comparative results as permitted by the transitional provisions of IFRS 15 and has concluded that there is no significant impact to the group's financial statements upon the implementation of IFRS 15.

## **New standards, amendments and interpretations issued but not effective for the financial year as from 1 January 2018 and not early adopted**

The following standards, amendments and interpretations are not yet effective and have not yet been early adopted:

### **IFRS 16 - Leases**

The Group will adopt IFRS 16 (as issued by the IASB and subsequently endorsed by the European Union in November 2017) by the required effective date of 1 January 2019. Set out below is an overview of IFRS 16 as well as the impact of the adoption of IFRS 16 on the Group. IFRS 16 introduces a new approach to lessee accounting, requiring the recognition of assets and liabilities for the rights and obligations created by all types of leases (previously only finance leases). Lease assets will then be depreciated over the term of the lease, while liabilities will be cash settled against, and accreted upwards to future value. The approach in IFRS 16 for lessor accounting remains substantially unchanged compared to IAS 17. Lessors continue to classify leases as operating or finance leases.

The Group is currently in the process of implementing IFRS 16 in its role as a lessee. An overview of existing operating lease contracts consisting primarily of property related leases is currently being finalized. The Group is also implementing a new system in order to support the underlying accounting.

The Group is still assessing what other adjustments, if any, are necessary, such as following the change in the definition of the lease term, including extension and termination options, and the different treatment of variable lease payments. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the group's statement of income and classification of cash flows going forward.

The Group is also currently still assessing the full financial impact of IFRS 16.

### **IFRS 17 - Insurance contracts**

The Group will adopt IFRS 17 (as issued by the IASB in May 2017) by the required effective date of 1 January 2021. Set out below is an overview of IFRS 17 as well as the impact of the adoption of IFRS 17 on the Group.

IFRS 17 includes a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognizing changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. This is expected to impact the damage risk retention provision.

The Group is currently assessing the impact of IFRS 17, and as such is not in a position to quantify its impact, nor specify its choice of transition methods.

## Use of judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

Effective 1 January, 2018, the Group adopted IFRS 9 – Financial Instruments. The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). As a result judgement is required from management for example in the following areas:

- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward looking scenarios.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent best estimate of the possible outcomes. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly by management.

Please refer to the credit risk section for more detail about the inputs, assumptions and estimation techniques in measuring ECL.

## Seasonality and cyclicalities

As the Group leases assets to its clients for durations that normally range between 3-4 years, the impact of seasonality and cyclicalities is relatively limited.



# Financial risk management

*All amounts are in thousands of euros, unless stated otherwise*

## Introduction

The Group's activities expose it to a variety of financial risks: credit risk, asset risk, treasury risk and insurance risk. The treasury risk can be further broken down into risk related to liquidity, interest rate and currency. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual financial statements; these disclosures should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017.

There have been no material changes to the financial risk profile of the Group since year-end 2017. Credit risk, asset risk and liquidity risk are further described below as these are considered to be the primary risk management areas.

## A. Credit risk

The Group uses internally developed risk measurement system and internal rating based models (IRB) to measure the probability of default and the exposure to potential defaults and the loss given default for the corporate lease portfolio and the retail lease portfolio of the United Kingdom and the Netherlands. For the other portfolios the standardised approach is applied. The Group uses this measurement system to be able to report on such credit risk to external regulators.

Effective 1 January, 2018, the Group adopted IFRS 9. Details about the inputs, assumptions and estimation techniques used in measuring ECL for finance lease receivables and trade receivables from operating lease contracts are provided below.

Leveraging the existing risk measurement systems in place for regulatory capital purposes, the Group has developed IFRS 9 ECL models. Since the Group applies the Simplified method, the model computes lifetime expected credit losses. As the IRB models used for calculating regulatory capital do not suffice for IFRS 9 they have been adjusted and/or supplemented:

- Removed through-the-cycle assumptions of default and conservatism bias.
- Have a forward-looking estimate of PD and LGD.
- Macroeconomic forecasting: forward-looking information.

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD):

- PD represents the likelihood of a client defaulting on its financial obligations over the remaining lifetime of the obligation (lifetime PD).
- LGD represents the Group's expectation of the extent of the loss on a defaulted exposure over the remaining lifetime of the lease contract (lifetime LGD). LGD varies by type of counterparty and is expressed as a percentage loss per unit of exposure at the time of default.
- EAD is based on the amount the Group expects to be owed at the time of default over the remaining lifetime of the lease contract (lifetime EAD).

The outcome is discounted back to the reporting date using the discount rate used in measuring the lease receivables under IAS 17. Inputs used in the IFRS 9 ECL models include lease contract data such as contractual cash flows and contractual maturity date as well as credit risk information such as credit quality of the client and level of arrears.

The IFRS 9 ECL models also incorporate forward looking information (i.e. GDP and unemployment rates) through the use of three different scenarios of future economic developments: Baseline, Optimistic and Adverse. Each scenario is run through the IFRS 9 ECL models and multiplied by the appropriate scenario weighting resulting in a probability weighted ECL. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent best estimate of the possible outcomes. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly by management.

The IFRS 9 ECL models are subject to annual review to ensure they are still fit for purpose and the use and performance continue to meet the Group's standards. In case of significant changes, external model validation is conducted.



## B. Asset risk

The resale value of a vehicle is influenced by the characteristics of the vehicle and by the state of the market in which the vehicle is being sold. The risk that LeasePlan is exposed to is related to the possibility of the resale value of the vehicle being lower than the estimate made at inception of the contract, also considering adjustments in the residual value over the term of the contract. The effects of the vehicle's characteristics on the resale value of the vehicle are managed by correctly pricing the vehicle at vehicle inception. The effects of the used car market on the resale value of the vehicle cannot fully be managed by LeasePlan. The state of the used car market is influenced by factors that reside outside LeasePlan's sphere of control and is therefore considered to be part of the inherent market risk of the used car market. The effects of the used car market can partially be mitigated by the adoption of an omni-channel approach, which allows further optimisation of the revenues generated from the sale of second hand cars. The exposure to residual values as at the end of June 2018 amounted to EUR 11.9 billion<sup>5</sup> (year-end 2017: EUR 11.6 billion).

We are significantly investing in the LeasePlan data science team continuously monitoring consumer mobility and car preferences and their potential impact on current and future used car prices. As part of this initiative, we are closely analysing the developments in diesel prices by market, car and engine type and reflecting our observations in the setting of residual values on new contracts, customer incentives towards certain car types and the management of existing lease agreements and our fleet value.

## C. Liquidity risk

Liquidity risk is managed by pursuing a diversified funding strategy, seeking to conclude funding that matches the estimated run-off profile of the leased assets and maintaining an adequate liquidity buffer. The matched funding principle is applied both at a consolidated group and at subsidiary level taking into account specific mismatch tolerance levels. The Group maintains a liquidity buffer that includes cash balances and a committed (standby) credit facility to safeguard its ability to continue to write new business also when under stress temporarily no new funding could be obtained from the financial markets. The overall liquidity buffer is intended to be sufficient to ensure that under stress at least 9 months can be survived.

<sup>5</sup> In addition to this amount the Group has also provided off balance residual value commitments for non-funded vehicles up to an amount of EUR 371 million (year-end 2017: EUR 361 million).

## D. Fair value of financial instruments

The next table summarises the Group's financial assets and financial liabilities of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised costs on the balance sheet as at 30 June 2018 and 31 December 2017.

<i>As at 30 June 2018</i>				
	Carrying value	Fair value		
<i>In thousands of euros</i>		Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>				
Derivatives financial instruments in hedge	49,934	–	49,934	49,934
Derivatives financial instruments not in hedge	47,119	–	47,119	47,119
<b>Total financial assets measured at fair value</b>	<b>97,053</b>	<b>–</b>	<b>97,053</b>	<b>97,053</b>
<b>Financial assets not measured at fair value</b>				
Cash and balances at central banks	3,122,616	3,122,616	–	3,122,616
Receivables from financial institutions	546,502	–	546,508	546,508
Lease receivables from clients	3,308,200	–	3,383,192	3,383,192
Investments accounted for using equity method	14,083	–	14,083	14,083
Loans to investments using the equity method	145,500	–	148,799	148,799
Receivables and prepayments <sup>1</sup>	548,836	–	549,035	549,035
<b>Total financial assets not measured at fair value</b>	<b>7,685,737</b>	<b>3,122,616</b>	<b>4,641,618</b>	<b>7,764,233</b>
<b>Total financial assets</b>	<b>7,782,790</b>	<b>3,122,616</b>	<b>4,738,670</b>	<b>7,861,286</b>
<b>Financial liabilities measured at fair value</b>				
Derivatives financial instruments in hedge	40,900	–	40,900	40,900
Derivatives financial instruments not in hedge	67,759	–	67,759	67,759
<b>Total financial liabilities measured at fair value</b>	<b>108,658</b>	<b>–</b>	<b>108,658</b>	<b>108,658</b>
<b>Financial liabilities not measured at fair value</b>				
Funds entrusted	6,452,718	–	6,501,028	6,501,028
Trade and other payables and deferred income <sup>2</sup>	1,072,364	–	1,072,364	1,072,364
Borrowings from financial institutions	3,235,454	–	3,293,760	3,293,760
Debt securities issued	10,402,456	–	10,467,969	10,467,969
<b>Total financial liabilities not measured at fair value</b>	<b>21,162,992</b>	<b>–</b>	<b>21,335,121</b>	<b>21,335,121</b>
<b>Total financial liabilities</b>	<b>21,271,650</b>	<b>–</b>	<b>21,443,779</b>	<b>21,443,779</b>

<sup>1</sup> Other receivables that are not financial assets are not included.

<sup>2</sup> Other payables that are not financial liabilities are not included.

as at 31 December 2017

as at 31 December 2017	Carrying value	Fair value		
		Level 1	Level 2	Total
Financial assets measured at fair value				
Derivatives financial instruments in hedge	54,690	–	54,690	54,690
Derivatives financial instruments not in hedge	48,768	–	48,768	48,768
Total financial assets measured at fair value	103,458	–	103,458	103,458
Financial assets not measured at fair value				
Cash and balances at central banks	2,349,162	2,349,162	–	2,349,162
Receivables from financial institutions	547,296	–	547,296	547,296
Lease receivables from clients	3,260,694	–	3,273,332	3,273,332
Investments accounted for using equity method	12,983	–	12,983	12,983
Loans to investments using the equity method	140,500	–	143,774	143,774
Receivables and prepayments <sup>1</sup>	365,720	–	366,021	366,021
Total financial assets not measured at fair value	6,676,355	2,349,162	4,343,406	6,692,568
Total financial assets	6,779,813	2,349,162	4,446,864	6,796,026
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	25,937	–	25,937	25,937
Derivatives financial instruments not in hedge	54,432	–	54,432	54,432
Total financial liabilities measured at fair value	80,369	–	80,369	80,369
Financial liabilities not measured at fair value				
Funds entrusted	6,002,501	–	6,162,088	6,162,088
Trade and other payables and deferred income <sup>2</sup>	914,609	–	914,609	914,609
Borrowings from financial institutions	3,323,132	–	3,223,358	3,223,358
Debt securities issued	9,337,826	–	9,464,504	9,464,504
Total financial liabilities not measured at fair value	19,578,068	–	19,764,559	19,764,559
Total financial liabilities	19,658,437	–	19,844,928	19,844,928

<sup>1</sup> Other receivables that are not financial assets are not included.

<sup>2</sup> Other payables that are not financial liabilities are not included.

During the reporting period there were no changes in the valuation techniques or transfers between levels 1, 2 and 3.

### Financial instruments in level 1

The fair value of financial instruments that are 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. Cash and balances with central banks are the only financial instruments held that are included in level 1.

### Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while taking into account the current creditworthiness of the counterparties.
- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (the vast majority of the Group's derivatives is collateralised).
- The valuation methodology of the cross currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's probability of default is estimated using market CDS spreads resulting in credit valuation adjustments.
- The Group's own creditworthiness and probability of default is estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation adjustment.
- Other techniques such as discounted cash flow analysis based on observable yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.
- For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

The derivative financial instruments not in hedge are derivatives that mitigate interest rate risk and currency risk from an economic perspective but do not qualify for hedge accounting from an accounting perspective. The Group is not involved in active trading of derivatives.

### Financial instruments in level 3

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable.

Unobservable in this context means that there is little or no current market data available from which to derive a price that an unrelated, informed buyer would purchase the asset or liability at. No financial instruments are included in this category.

# Specific notes

All amounts are in thousands of euros, unless stated otherwise

## 1 Segment information

LeasePlan's core business activity consist of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all of its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. The Group's key management is responsible for allocating resources to the segments and assesses its performance. The Group identified Europe and Rest of the world as two operating segments. Operating segments are reported in accordance with the internal reporting provided to the Group's key management.

- Europe

Geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates.

- Rest of the World

Geographies in this segment are Australia, Brazil, India, Mexico, New Zealand and the United States.

The performance of the segments is measured based on the combination of IFRS and non-GAAP measures, such as Serviced fleet, Revenue and Underlying Net result. The performance measures are obtained from the internal system of management accounting. All relevant revenues and related costs of the central managed activities, like borrowings, treasury, insurance, information services, supply services and holding activities are allocated to the individual segments. This provides management a comprehensive view of the performance of the segments. Inter- segment revenues are not presented separately given their insignificance.

The segment information is presented in the table below.

<i>In millions of euros</i>	Europe		Rest of World		Total	
	6M 2018	6M 2017	6M 2018	6M 2017	6M 2018	6M 2017
<b>Serviced fleet at period end</b>	<b>1,392</b>	<b>1,280</b>	<b>414</b>	<b>413</b>	<b>1,806</b>	<b>1,693</b>
Operating Lease income	1,784	1,734	174	184	1,958	1,918
Finance Lease & Other interest income	29	31	35	33	65	64
Additional Services income	1,099	1,085	127	150	1,226	1,236
Vehicle sales & End of Contract fees	1,403	1,333	150	147	1,553	1,480
<b>Revenues</b>	<b>4,315</b>	<b>4,184</b>	<b>487</b>	<b>515</b>	<b>4,802</b>	<b>4,699</b>
Finance cost	100	107	48	51	148	159
Car and other depreciation and amortization	1,437	1,401	119	126	1,556	1,527
Impairment	30				30	
Underlying taxes	60	82	10	9	70	91
<b>Underlying net result</b>	<b>276</b>	<b>274</b>	<b>22</b>	<b>18</b>	<b>299</b>	<b>292</b>
<b>Underlying net result excluding impairment</b>	<b>307</b>	<b>274</b>	<b>22</b>	<b>18</b>	<b>329</b>	<b>292</b>
Total liabilities	20,559	18,058	2,837	2,891	23,396	20,949
Total assets	23,588	20,927	3,181	3,240	26,769	24,167

Revenue generated over time consists of operating lease income, finance lease income, other interest income and additional service income amounted to EUR 2,912 million (Q2 2017: EUR 2,851 million) in Europe in comparison to EUR 337 million in Rest of the World (Q2 2017: EUR 368 million).

Revenue generated at a point in time consists of vehicle sales and end of contract 1,403 million for Europe (Q2 2017: EUR 1,333 million) and EUR 150 million for Rest of the World (Q2 2017: EUR 147 million).

The table below presents information about the major countries in which the Group is active. The Netherlands is the domicile country of the Group.

	FTE's (average)		Underlying Revenues		Lease contracts	
<b>Country of activity</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Netherlands	1,203	872	603	526	2,312	2,143
United Kingdom	519	528	570	571	2,432	2,378
Italy	503	489	511	467	1,754	1,509
Other	4,744	4,733	3,118	3,135	13,476	12,956
<b>As at 30 June 2018</b>	<b>6,969</b>	<b>6,622</b>	<b>4,802</b>	<b>4,699</b>	<b>19,974</b>	<b>18,986</b>

## Non-GAAP Measures

<i>In thousands of euros</i>	IFRS results June 2018	Underlying adjustments			Underlying results June 2018
		Power of One LeasePlan	Unrealized results on financial instruments	Tax effect	
<b>Revenues</b>	<b>4,801,969</b>				<b>4,801,969</b>
<b>Direct cost of revenues</b>	<b>4,016,786</b>		<b>385</b>		<b>4,017,170</b>
<b>Gross profit</b>	<b>785,183</b>		<b>(385)</b>		<b>784,799</b>
Total operating expenses	435,252	(17,633)			417,619
Share of profit of investments accounted for using the equity method	1,725				1,725
<b>Profit before tax</b>	<b>351,657</b>	<b>17,633</b>	<b>(385)</b>		<b>368,905</b>
Income tax expenses	66,027			4,290	70,317
<b>Net result attributable to owners of the parent</b>	<b>285,630</b>	<b>17,633</b>	<b>(385)</b>	<b>(4,290)</b>	<b>298,588</b>

<i>In thousands of euros</i>	IFRS results June 2017	Underlying adjustments			Underlying results June 2017
		Power of One LeasePlan	Unrealized results on financial instruments	Tax effect	
<b>Revenues</b>	<b>4,698,707</b>				<b>4,698,707</b>
<b>Direct cost of revenues</b>	<b>3,886,930</b>		<b>12,122</b>		<b>3,899,052</b>
<b>Gross profit</b>	<b>811,777</b>		<b>(12,122)</b>		<b>799,655</b>
Total operating expenses	453,778	(34,698)			419,080
Share of profit of investments accounted for using the equity method	1,872				1,872
<b>Profit before tax</b>	<b>359,871</b>	<b>34,698</b>	<b>(12,122)</b>		<b>382,447</b>
Income tax expenses	85,090			5,703	90,793
<b>Net result attributable to owners of the parent</b>	<b>274,781</b>	<b>34,698</b>	<b>(12,122)</b>	<b>(5,703)</b>	<b>291,653</b>

## 2 Revenues and direct cost of revenues

### Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

<i>In thousands of euros</i>	<b>Q2 2018</b>	<b>Q2 2017</b>	<b>6M 2018</b>	<b>6M 2017</b>
Operating Lease Income	983,968	948,535	1,958,193	1,918,181
Finance lease & other interest income	31,046	30,802	64,666	64,326
Additional Service Income	611,888	625,324	1,225,955	1,235,899
Vehicle sales & End of contract fees	810,273	714,528	1,553,155	1,480,301
<b>Revenues</b>	<b>2,437,174</b>	<b>2,319,189</b>	<b>4,801,969</b>	<b>4,698,707</b>

Finance Lease & other interest income includes an amount of EUR 2.1 million (2017: EUR 1.1 million) related to Other interest income.

Operating Lease income includes an amount of EUR 165.0 million (Q2 2017: 163.2 million) related to interest income.

### Direct cost of revenues

Direct cost of revenues comprises the costs associated with providing the above-mentioned lease and additional services, the sale of vehicles and related finance cost and impairment charges.

<i>In thousands of euros</i>	<b>Q2 2018</b>	<b>Q2 2017</b>	<b>6M 2018</b>	<b>6M 2017</b>
Depreciation cars	776,209	753,155	1,556,017	1,526,926
Impairment on assets *	–	–	30,260	–
Finance cost	75,710	78,094	147,880	158,530
Unrealised gains on financial instruments	2,103	(6,251)	(385)	(12,122)
Impairment charges on loans and receivables	7,778	4,152	12,279	9,954
Lease cost	861,800	829,150	1,746,051	1,683,288
Additional Services cost	389,376	414,218	779,215	819,036
Vehicle & disposal cost	773,819	669,077	1,491,519	1,384,605
<b>Direct cost of revenues</b>	<b>2,024,996</b>	<b>1,912,446</b>	<b>4,016,786</b>	<b>3,886,930</b>

(\*) Impairment on assets is included in line-item Depreciation cars in the consolidated statement of profit or loss. Refer to note 9 for more details on the impairment.



## Gross profit (net lease income and vehicles sales income)

The gross profit (revenues less cost of revenues) can be shown as follows:

<i>In thousands of euros</i>	<b>Q2 2018</b>	<b>Q2 2017</b>	<b>6M 2018</b>	<b>6M 2017</b>
Lease Services	155,317	143,936	306,683	287,097
Impairment on assets *	–	–	(30,260)	–
Unrealised gains on financial instruments	(2,103)	6,251	385	12,122
Lease	153,214	150,187	276,808	299,219
Fleet Management & Other Services	67,496	69,004	144,278	142,812
Repair & Maintenance Services	83,680	78,951	165,195	154,112
Damage & Insurance	71,335	63,151	137,267	119,939
Additional Services	222,511	211,106	446,740	416,863
End of Contract fees	31,727	30,077	59,298	59,651
Profit/loss on disposal of vehicles	4,726	15,374	2,338	36,044
Profit/loss on disposal of vehicles & End of contract fees	36,453	45,451	61,636	95,696
<b>Gross profit</b>	<b>412,179</b>	<b>406,743</b>	<b>785,183</b>	<b>811,777</b>

(\*) Impairment on assets is included in line-item Depreciation cars in the consolidated statement of profit or loss. Refer to note 9 for more details on the impairment.

As part of the analysis of the revenues and direct cost of revenues LeasePlan also considers the net finance income as relevant metric for financial reporting purposes. The net finance income is presented below:

<i>In thousands of euros</i>	<b>Q2 2018</b>	<b>Q2 2017</b>	<b>6M 2018</b>	<b>6M 2017</b>
Operating Lease - interest income	164,963	163,150	325,207	324,357
Finance Lease & other interest income	31,046	30,802	64,666	64,326
Finance cost	(75,710)	(78,094)	(147,880)	(158,530)
Net interest income	120,299	115,858	241,993	230,152
Unrealised gains/(losses) on financial instruments	(2,103)	6,251	385	12,122
Impairment charges on loans and receivables	(7,778)	(4,152)	(12,279)	(9,954)
<b>Net finance income</b>	<b>110,418</b>	<b>117,957</b>	<b>230,099</b>	<b>232,321</b>

### 3 Other reserves

The other reserves comprise of the translation reserve, post-employment benefit reserve and the hedging reserve.

The translation reserve comprises of exchange rate differences arising from the translation of the assets, liabilities, income and expenses of subsidiaries with other functional currencies than the group presentation currency.

### 4 Cashflow statement - cash and cash equivalents

<i>In thousands of euros</i>	Note	30 June 2018	30 June 2017
Cash and balances at central banks		3,122,616	2,165,517
Deposits with banks	5	269,626	237,855
Call money, cash at banks	5	93,120	76,368
Call money and bank overdrafts		(199,910)	(164,982)
<b>Balance as at 30 June for the purposes of the statement of cash flows</b>		<b>3,285,451</b>	<b>2,314,758</b>

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. The mandatory reserve deposits amounting to EUR 62.1 million (30 June 2017: EUR 57.8 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.

### 5 Receivables from financial institutions

This caption includes amounts receivable from Dutch and foreign banks. Amounts receivable from financial institutions includes call money and current account bank balances that form part of the cash and balances with banks in the cash flow statement.

<i>In thousands of euros</i>	Note	30 June 2018	31 December 2017
Deposits with banks	4	269,626	257,269
Call money, cash at banks	4	93,120	76,253
Cash collateral deposited for securitisation transactions		117,163	176,558
Cash collateral deposited for derivative financial instruments		62,710	33,848
Other cash collateral deposited		3,883	3,367
<b>Total</b>		<b>546,502</b>	<b>547,296</b>

The maturity analysis is as follows:

<i>In thousands of euros</i>	30 June 2018	31 December 2017
Three months or less	541,660	364,508
Longer than three months, less than a year	557	143,633
Longer than a year, less than five years	4,112	39,052
Longer than five years	174	103
<b>Total</b>	<b>546,502</b>	<b>547,296</b>

The gross carrying amount as well as the expected credit loss allowance all reside in Stage 1. There is no significant increase in credit risk. The allowance measured for the 12-months period at 30 June 2018 amounted to EUR 0.3 million.

## 6 Derivative financial instruments

Derivative financial instruments are measured at fair value and are made up as follows:

	30 June 2018			31 December 2017		
	Notional amounts	Fair value		Notional amounts	Fair value	
<i>In thousands of euros</i>		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	5,031,161	49,923	6,858	5,116,881	54,227	14,018
Currency swaps	419,020	–	29,616	434,434	–	10,272
Cash flow hedge						
Interest rate swaps	1,554,433	11	4,425	1,380,000	463	1,647
<b>Total derivatives in hedge</b>	<b>7,004,613</b>	<b>49,934</b>	<b>40,900</b>	<b>6,931,315</b>	<b>54,690</b>	<b>25,937</b>
Interest rate swaps	19,254,968	14,652	23,243	18,177,904	14,164	19,970
Currency swaps/currency forwards	3,760,934	32,467	44,514	3,409,241	34,604	34,462
<b>Total derivatives not in hedge</b>	<b>23,015,903</b>	<b>47,119</b>	<b>67,756</b>	<b>21,587,145</b>	<b>48,768</b>	<b>54,432</b>
<b>Total</b>	<b>30,020,516</b>	<b>97,053</b>	<b>108,658</b>	<b>28,518,460</b>	<b>103,458</b>	<b>80,369</b>

The fair value is based on the price including accrued interest (dirty price). The unrealised gains/losses on financial instruments recognised in the statement of profit or loss are as follows:

	Q2 2018	Q2 2017	6M 2018	6M 2017
Derivatives not in hedges	(2,452)	7,288	985	14,938
Hedge ineffectiveness cash flow hedges	–	(8)	–	(15)
Derivatives fair value hedging instruments	13,267	(6,416)	8,390	(19,249)
Financial liabilities fair value hedged items	(12,919)	5,386	(8,989)	16,447
<b>Hedge ineffectiveness fair value hedges</b>	<b>349</b>	<b>(1,030)</b>	<b>(599)</b>	<b>(2,802)</b>
<b>Unrealised gains/(losses) on financial instruments</b>	<b>(2,103)</b>	<b>6,251</b>	<b>385</b>	<b>12,122</b>

A number of fixed rate bonds are included in fair value hedges whereby the bonds (the hedged items) are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the interest rate risk being hedged. This adjustment is recognised in the statement of profit or loss, where it offsets the re-measurement of the fair value of the hedging instruments that is also recognised in the statement of profit or loss.

Certain derivative contracts are used by the Group as part of its Interest and Liquidity Risk Management Strategy. These economic hedges do not qualify for hedge accounting.

## 7 Other receivables and prepayments

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, as well as amounts that are not classified under any other asset. The majority of the other receivables and prepayments has a remaining maturity of less than one year and consists of prepaid lease related expenses and rebates and bonuses receivable.

## 8 Lease receivables from clients

This item includes amounts receivable under finance lease contracts and trade receivables mainly related to operating lease, after deduction of allowances for impairment.

<i>In thousands of euros</i>	<b>30 June 2018</b>	<b>31 December 2017</b>
Amounts receivable under finance lease contracts	2,635,681	2,608,572
Trade receivables	708,793	689,395
Impairment	(36,273)	(37,273)
<b>Total</b>	<b>3,308,200</b>	<b>3,260,694</b>

The maturity analysis is as follows:

<i>In thousands of euros</i>	<b>30 June 2018</b>	<b>31 December 2017</b>
Three months or less	1,127,956	1,113,403
Longer than three months, less than a year	717,915	706,284
Longer than a year, less than five years	1,484,628	1,464,123
Longer than five years	13,975	14,157
Impairment	(36,273)	(37,273)
<b>Total</b>	<b>3,308,200</b>	<b>3,260,694</b>

A part of the receivables under finance lease contracts is encumbered as a result of the asset backed securitisation transactions concluded by the Group. The total value of the securitised financial leased assets amounts to EUR 297.0 million (year-end 2017: EUR 47.0 million).

The following table provides information on the movements of gross carrying amounts of lease receivables.

	Lease receivables from clients that are not credit impaired	Lease receivables from clients that are credit impaired	Total
<b>Balance as at 1 January</b>	<b>3,269,081</b>	<b>28,886</b>	<b>3,297,967</b>
Transfers (credit impaired vs non-credit impaired)	(12,766)	12,766	-
Additions	570,598	-	570,598
Terminated contracts	(248,807)	(3,477)	(252,284)
Redemptions	(321,323)	(594)	(321,916)
Write-offs	-	(5,496)	(5,496)
Exchange rate movements	26,986	(27)	26,959
Other movements	26,893	1,752	28,645
<b>Balance as at 30 June</b>	<b>3,310,663</b>	<b>33,811</b>	<b>3,344,473</b>

The table below summarizes the movements in the expected credit loss allowance related to lease receivables.

	Lease receivables from clients that are not credit impaired	Lease receivables from clients that are credit impaired	Total
<b>Balance as at 1 January</b>	<b>10,411</b>	<b>22,881</b>	<b>33,292</b>
Transfers (credit impaired vs non-credit impaired)	(156)	156	-
Additions	3,638	-	3,638
Decreases due to derecognition	(1,039)	(4,073)	(5,112)
Changes due to change in credit risk (net)	(964)	12,109	11,145
Changes due to modifications without derecognition (net)	416	(1,326)	(909)
Write-offs	-	(5,496)	(5,496)
Exchange rate and other	(1,472)	1,186	(286)
<b>Balance as at 30 June</b>	<b>10,834</b>	<b>25,439</b>	<b>36,273</b>

## 9 Property and equipment under operating lease and rental fleet

<i>In thousands of euros</i>	<b>Operating lease</b>	<b>Rental fleet</b>	<b>Total</b>
Cost	21,343,482	108,897	21,452,379
Accumulated depreciation and impairment	(5,516,766)	(16,184)	(5,532,950)
<b>Carrying amount as at 1 January 2017</b>	<b>15,826,716</b>	<b>92,713</b>	<b>15,919,429</b>
Purchases	3,226,272	46,650	3,272,921
Transfer from inventories	34,619	–	34,619
Transfer to inventories	(209,208)	–	(209,208)
Disposals	(990,588)	(24,490)	(1,015,078)
Depreciation and impairment	(1,564,610)	(11,836)	(1,576,446)
Exchange rate differences	(135,904)	458	(135,446)
<b>Carrying amount as at 30 June 2017</b>	<b>16,187,298</b>	<b>103,495</b>	<b>16,290,793</b>
Cost	21,755,379	124,095	21,879,474
Accumulated depreciation and impairment	(5,568,083)	(20,600)	(5,588,683)
<b>Carrying amount as at 30 June 2017</b>	<b>16,187,296</b>	<b>103,495</b>	<b>16,290,791</b>
Purchases	3,296,872	51,571	3,348,443
Transfer to inventories	(97,142)	–	(97,142)
Disposals	(1,148,343)	(10,289)	(1,158,631)
Depreciation and impairment	(1,582,391)	(8,178)	(1,590,569)
Exchange rate differences	(111,902)	251	(111,651)
Reclassification	24,048	3,403	27,451
<b>Carrying amount as at 31 December 2017</b>	<b>16,568,441</b>	<b>140,253</b>	<b>16,708,694</b>
Cost	22,534,378	164,184	22,698,562
Accumulated depreciation and impairment	(5,965,938)	(23,931)	(5,989,868)
<b>Carrying amount as at 31 December 2017</b>	<b>16,568,441</b>	<b>140,253</b>	<b>16,708,694</b>
Purchases	3,603,164	44,392	3,647,556
Transfer from inventories	86,624	–	86,624
Transfer to inventories	(303,658)	–	(303,658)
Disposals	(1,084,531)	(21,426)	(1,105,957)
Depreciation and impairment	(1,614,201)	(11,623)	(1,625,823)
Exchange rate differences	(45,905)	(1,033)	(46,938)
Reclassification	(10,598)	(540)	(11,138)
<b>Carrying amount as at 30 June 2018</b>	<b>17,199,338</b>	<b>150,024</b>	<b>17,349,361</b>
Cost	23,380,842	177,357	23,558,199
Accumulated depreciation and impairment	(6,181,505)	(27,334)	(6,208,838)
<b>Carrying amount as at 30 June 2018</b>	<b>17,199,338</b>	<b>150,024</b>	<b>17,349,361</b>

Equipment under operating lease contract was impaired in the first half year of 2018 for an amount of EUR 30.3 million (Q2 2017: nil) and consisted of EUR 19.8 million on the Turkish fleet and EUR 10.5 million related to loss-making contracts in Germany. The impairment is recognized in the consolidated statement of profit or loss in the line-item Depreciation cars.

The Group concluded a number of asset backed securitisation transactions hereinafter identified as the Bumper transactions. These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 2.7 billion (year-end 2017: EUR 2.1 billion).

The depreciation of the rental fleet is presented in the consolidated statement of profit or loss in the line-item "Additional Service cost".

## 10 Intangible assets

Intangible assets consist mainly of Goodwill and software. The increase for the first half year of 2018 of EUR 44 million is primarily due to the capitalisation of software. SAP CLS (SAP Corp Leasing System) and Digital initiatives.

## 11 Assets classified as held-for-sale

Assets held-for-sale include parts of the business expected to be sold within a year whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations. This category includes mainly operating lease that the Group entered into in the United States with the aim to sell onward to debt investors for an amount of EUR 39.8 million (year-end 2017: EUR 20.1 million).

## 12 Funds entrusted

This item includes non-subordinated loans from banks and savings deposits. The maturity analysis of these deposits is as follows:

<i>In thousands of euros</i>	<b>30 June 2018</b>	<b>31 December 2017</b>
Three months or less	4,146,911	4,136,364
Longer than three months, less than a year	1,786,552	1,304,401
Longer than a year, less than five years	519,186	561,642
Longer than five years	69	94
<b>Total</b>	<b>6,452,718</b>	<b>6,002,501</b>

Savings deposits raised by LeasePlan Bank amounts to EUR 6.4 billion (year-end 2017: EUR 5.9 billion) of which 41.8% (year-end 2017: 45.6%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands.

The average interest rates on the outstanding balances of the fixed term savings deposits in original maturity terms are as follow:

<i>In thousands of euros</i>	<b>30 June 2018</b>	<b>31 December 2017</b>
Three months or less	0.36%	0.52%
Longer than three months, less than a year	0.72%	0.79%
Longer than a year, less than five years	1.24%	1.39%
Longer than five years	n/a	n/a

The interest rate of the on demand accounts is set on a monthly basis.

### 13 Trade and other payables and deferred income

The majority of the trade and other payables and deferred income consist of trade payables, deferred leasing income, lease related accruals, other accruals and other deferred amounts owed.

### 14 Borrowings from financial institutions

This item includes amounts owed to banks under government supervision. The maturity analysis of these loans is as follows:

<i>In thousands of euros</i>	Note	30 June 2018	31 December 2017
On demand	4	199,910	200,687
Three months or less		435,992	423,228
Longer than three months, less than a year		642,318	838,766
Longer than a year, less than five years		1,957,233	1,860,451
<b>Total</b>		<b>3,235,454</b>	<b>3,323,132</b>

On demand amounts owed to financial institutions relating to call money and bank overdraft balances form part of the cash and balances with banks in the cash flow statement. Borrowings from financial institutions include an outstanding balance of EUR 1.2 billion (year-end 2017: EUR 1.2 billion) which is non-euro currency denominated. The remainder of the borrowings from financial institutions is denominated in euro.

Borrowings from financial institutions mainly includes loans, collateral deposits received and bank overdrafts. The Group has an undrawn committed credit facility of EUR 1.5 billion with a maturity date in November 2022.

In addition to centrally arranged credit facilities at a Group level, the Group also has credit facilities in place at the level of some of its subsidiaries.

### 15 Debt securities issued

This item includes negotiable, interest bearing securities.

<i>In thousands of euros</i>	30 June 2018	31 December 2017
Bonds and notes - originated from securitisation transactions	2,096,203	1,507,832
Bonds and notes - other	8,268,129	7,800,858
Bonds and notes - fair value adjustment on hedged risk	38,124	29,136
<b>Total</b>	<b>10,402,456</b>	<b>9,337,826</b>

There is no pledge nor security for these debt securities except for the bonds and notes which are originating from securitisation transactions. The average interest rate applicable to the outstanding bonds and notes is 1.3% as of 30 June 2018 (year-end 2017: 1.4%).



The maturity analysis of these debt securities issued is as follows:

<i>In thousands of euros</i>	<b>30 June 2018</b>	<b>31 December 2017</b>
Three months or less	737,372	237,847
Longer than three months, less than a year	2,087,546	1,917,979
Longer than a year, less than five years	7,299,878	6,841,878
Longer than five years	277,660	340,122
<b>Total</b>	<b>10,402,456</b>	<b>9,337,826</b>

The caption 'Bonds and notes – originated from securitisation transactions' include notes from Bumper 6 (the Netherlands), Bumper 7 (Germany), Bumper 8 (United Kingdom), Bumper 9 (the Netherlands), Bumper 10 (France) concluded in February 2018 and Bumper Australia concluded in April 2018.

## 16 Provisions

This item includes the damage risk retention provision, provision for post-employment benefits and other provisions. The majority of provisions are expected to be recovered or settled after more than 12 months. Included in provisions is an amount of EUR 1 million relating to the impairment of financial guarantees/loan commitments.

## 17 Commitments

The Group has entered into commitments in connection with the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 2.1 billion as at the balance sheet date (year-end 2017: EUR 2.0 billion). These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

Furthermore, the Group has entered into commitments in connection with long-term rental and lease contracts of which the future aggregate minimum lease payments amount to EUR 179 million (year-end 2017: EUR 174 million).

For a number of clients, residual value guarantees have been given for a total of EUR 374 million (year-end 2017: EUR 364 million).

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 160 million (year-end 2017: EUR 145 million) of which EUR 146 million (year-end 2017: EUR 141 million) is drawn as at 30 June.

## 18 Related parties

### Identity of related parties

Related parties and enterprises as defined by IAS 24, are parties and enterprises which can be influenced by the Company or which can influence the Company.

LP Group B.V. is the shareholder of the Company. LP Group B.V. represents a consortium of investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors have a(n indirect) controlling interest in the Company. The business relations between the Company, LP Group B.V. and their indirect shareholders are handled on normal market terms.

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. As of 30 June 2018 an amount of EUR 146 million (year-end 2017: EUR 141 million) is provided as loans to investments accounted for using the equity method.

## 19 Contingent assets and liabilities

As at 30 June 2018, guarantees had been provided on behalf of the consolidated subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 1.2 billion (year-end 2017: EUR 1.4 billion). The Company charges a guarantee fee to the respective subsidiaries based on normal market terms.

## 20 Events occurring after balance sheet date

No material events occurred after 30 June 2018, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 30 June 2018 or the result for the six months period ended 30 June 2018.



# Responsibility statement

## Managing Board responsibility for financial reporting

The Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Managing Board, so that timeliness, completeness and correctness of external financial reporting are assured.

Each member of the Managing Board hereby confirms that to the best of his knowledge:

The Company's 30 June 2018 condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in the consolidation as a whole.

Amsterdam 07 August 2018.

Tex Gunning - Chairman of the Managing Board and CEO

Gijsbert de Zoeten - CFO

Marco van Kalleveen - COO Europe

Yolanda Paulissen - CSFIRO

Franca Vossen - CRO

# Independent auditor's report

## **Review report**

To: the Managing Board LeasePlan Corporation N.V.

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial information as at 30 June 2018 of LeasePlan Corporation N.V., Amsterdam, as set out on pages 6 to 42, which comprises the condensed consolidated statement of financial position as at 30 June 2018, the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the three-month period and six-month period ended, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the six-month period ended 30 June 2018, and the notes. The Managing Board of LeasePlan Corporation N.V. is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope**

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. 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 auditing standards 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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 7 August 2018

KPMG Accountants N.V.

D. Korf RA