LeasePlan announces Q2 2019 results

AMSTERDAM, the Netherlands, 14 August 2019 – LeasePlan Corporation N.V. (LeasePlan; the "Company"), one of the world's leading Car-as-a-Service ("CaaS") companies and a leading pan-European used-car market place, today reports its Q2 results.

Q2 2019 financial highlights[1]

- Net result of EUR 32 million and underlying net result of EUR 141 million, both down in the quarter
- Underlying performance impacted by:
  - Quarterly cost increases of EUR 14 million largely related to increased investment in CarNext.com
  - Strategic decision to stop development of the Core Leasing System in favor of a Next Generation Digital Architecture, leading to an impairment of EUR 92 million
- Solid CaaS trading performance: Serviced fleet up 2.8%, Underlying lease and additional services gross profit up 0.9%
- PLDV and End of Contract Fees gross profit down EUR 13 million to EUR 24 million
- CarNext.com B2C volumes up 35% to 15,700 vehicles, and 23% runrate B2C sales penetration for the quarter. The number of Delivery Stores grew to 37 in 22 countries
- Inaugural AT1 transaction delivered EUR 500 million in regulatory capital for the Group

Key numbers[2]

	Q2 2019	Q2 2018	% YoY Growth	6M 2019	6M 2018	% YoY Growth
PROFITABILITY						
Underlying net result (EUR Million)	141.1	160.7	−12.2%	290.7	321.6	−9.6%
Net result (EUR Million)	31.8	152.4	−79.1%	163.8	285.6	−42.7%
Underlying return on equity				15.6%	17.3%	
VOLUME						
Serviced fleet (thousands), as at 30 June				1,856.6	1,805.6	2.8%
# of vehicles sold (k)				141.6	130.3	8.7%

Tex Gunning, CEO of LeasePlan:

"This quarter saw solid growth in our Car-as-a-Service and CarNext.com businesses. Net result was impacted by the investment decisions we took in relation to our long-term growth initiatives in CarNext.com and the strategic restructuring of our IT architecture.

The Car-as-a-Service market is expected to grow substantially over the next 5-10 years driven by the mega trend from "car ownership to mobility as a service". In order to be able to deliver these new mobility services to millions of customers, we need a business model that is entirely digital, meaning delivering digital services at digital cost levels and leveraging our rich data sources through AI technologies. This requires a digital architecture that is flexible, scalable and adaptable to new emerging digital platforms and digital technologies. Traditional

[1] All growth percentages are year-on-year comparisons

[2] Due to rounding, numbers presented throughout this release might not add up precisely to the totals provided. Percentages are calculated based on un-rounded numbers.

process-oriented IT architectures are not fit for purpose in the digital world and therefore we have taken the strategic decision to stop the development of our Core Leasing System in favour of a more dynamic and modular Next Generation Digital Architecture. While leading to an impairment charge this quarter, this architecture will enable us in the future to offer a new range of smart fleet products and services to millions of customers with significant expected efficiency benefits.

We also continued to increase our investments in CarNext.com as it ramps up its marketing activities in support of the increasing volume of vehicles being sold through its marketplace. As such, we are particularly pleased to see CarNext.com continue to grow strongly and successfully increase the volume of third-party vehicles sold through its digital marketplace."

Group performance

In millions of euros, unless otherwise stated	**Q2 2019**	**Q2 2018**	**% YoY Growth**	**6M 2019**	**6M 2018**	**% YoY Growth**
Lease & Additional Services income	1,691.5	1,626.9	4.0%	3,365.7	3,248.8	3.6%
Vehicle Sales and End of contract fees	824.2	810.3	1.7%	1,663.0	1,553.2	7.1%
Revenues	**2,515.7**	**2,437.2**	**3.2%**	**5,028.7**	**4,802.0**	**4.7%**
Underlying cost of revenues	**2,110.6**	**2,022.9**	**4.3%**	**4,213.9**	**3,986.9**	**5.7%**
Lease Services	155.9	155.3	0.4%	311.1	306.7	1.4%
Fleet Management & other Services	68.6	67.5	1.6%	143.4	144.3	−0.6%
Repair & Maintenance Services	84.2	83.7	0.6%	172.2	165.2	4.3%
Damage Services and Insurance	72.7	71.3	1.9%	145.3	137.3	5.9%
Underlying lease and additional Services	**381.3**	**377.8**	**0.9%**	**772.1**	**753.4**	**2.5%**
End of contract fees	36.4	31.7	14.7%	68.3	59.3	15.2%
Profi/Loss on disposal of vehicles	−12.6	4.7	−365.9%	−25.7	2.3	−1200.7%
Profit/Loss on disposal of vehicles and End of contract fees	23.8	36.5	−34.7%	42.6	61.6	−30.9%
Underlying gross profit	**405.2**	**414.3**	**−2.2%**	**814.7**	**815.1**	**−0.0%**
Underlying operating expenses	**234.3**	**212.4**	**10.3%**	**464.5**	**417.6**	**11.2%**
Share of profit of investments accounted for using the equity method	1.3	0.7		2.2	1.7	
Underlying profit before tax	**172.1**	**202.6**	**−15.1%**	**352.4**	**399.2**	**−11.7%**
Underlying tax	31.0	41.9	−26.0%	61.7	77.5	−20.4%
Underlying net result	**141.1**	**160.7**	**−12.2%**	**290.7**	**321.6**	**−9.6%**
Underlying adjustments	−109.3	−8.3		−126.9	−36.0	
Reported net result	**31.8**	**152.4**	**−79.1%**	**163.8**	**285.6**	**−42.7%**
Staff (FTE's at period end)				7,831	7,173	9.2%

Financial Performance Q2

Serviced fleet growth was 2.8% year on year, with solid growth in a number of countries, offset by planned fleet reductions in Turkey and the defleeting of a service-only customer.

Underlying gross profit was down slightly to EUR 405 million (H1 was stable at EUR 815 million). Underlying Lease & Additional Services showed 0.9% growth versus the prior year, with modest growth across all services (H1 was up 2.5% to EUR 772 million). End of Contract Fees were up strongly in the quarter, by 14.7% to EUR 36 million mainly due to higher volumes (H1 up 15.2% to EUR 68 million). Profit/Loss on Disposal of Vehicles (PLDV) was down by EUR 17 million (H1 down by EUR 28 million) due to softening used-car prices in some markets and by the predictable normalisation of sales results communicated in previous quarters. This was partly offset by a stronger B2C sales.

Underlying operating expenses were up to EUR 234 million (H1 up to EUR 465 milllion), mainly due to a EUR 14 million increase in strategic long-term investments, primarily in CarNext.com.

Underlying net result down to EUR 141 million, impacted by increased investments in strategic initiatives.

Reported net result was down to EUR 32 million, primarily due to the EUR 92 million before tax (EUR 73 million after tax) impairment of our Core Leasing System (CLS) development, a mark-to-market impact of derivatives of EUR 12 million before tax (EUR 9 million after tax), and restructuring and consultancy costs related to the CLS restructuring, Next Generation Digital Architecture and CarNext BU setup programs of EUR 31 million before tax (EUR 24 million after tax).

The **underlying tax rate** was 18.0%, down 2.7% from the previous year primarily due to additional tax depreciation allowances in Italy.

Year-on-year staff increases reflect hiring to support our long-term strategic initiatives CarNext.com and Digital LeasePlan, as well as our shared service center in Romania.

Underlying return on equity for the last 12 months was 15.6%.

Business and operational highlights

Digital LeasePlan

LeasePlan's ambition is to become the world's first fully digital Car-as-a Service company, delivering best-in-class services to our customers through digital platforms across all areas of our business. In Q2, we continued to roll out the new MyLeasePlan app, via which all service requests by drivers (and eventually also fleet managers) can be coordinated using digital technology. Going forward, we will achieve our ambitions through a new 'Next Generation Digital Architecture' (NGDA). The NGDA will consist of various modules (e.g. predictive maintenance, insurance claims, contract management) based on existing LeasePlan best practices, as well as best-of-breed third party components. All NGDA modules are designed to be highly scalable, allowing us to add more cars to our platforms at marginal cost; facilitate incremental product deployments and updates; and enable integration with third-party systems through advanced APIs. With this approach, LeasePlan will be able to effectively leverage the data from its 1.9 million vehicles to build 'smart' fleet products and services, and seamlessly manage every aspect of its customers' journeys at digital cost levels. LeasePlan will also use the NGDA to more easily create and scale digital native businesses based on its existing core competencies, and integrate third-party platforms into its digital Car-as-a-Service ecosystem.

LeasePlan has determined that CLS will not meet the scale of these ambitions as its monolithic nature hinders its ability to make incremental product and service improvements at a time of accelerated technological change. As a consequence, CLS is being restructured and many of the related intangible assets on LeasePlan's balance sheet have been impaired.

Car-as-a-Service

LeasePlan's Car-as-a-Service business for new cars showed solid serviced fleet growth in most key markets, but was impacted by planned fleet reductions in Turkey and the defleeting of a large service-only customer. Lease & Additional Services showed modest growth this quarter, with stronger contributions from Damage Services and Insurance and Fleet Management & Other Services due to higher penetration. LeasePlan also continued to offer new digital services, including the launch of 'Tess', a pilot app that allows private lease customers in the Netherlands to seamlessly share their cars with friends and family. 'Tess' is another proofpoint of the company's ambition to lead the transition to subscription services in the mobility market. At the same time, LeasePlan continued to tackle climate change through zero-emission mobility, supported by its full-service EV solution. Electric and plug-in hybrids as a percentage of vehicles represented 5.7% of all new orders in the second quarter.

CarNext.com

CarNext.com, LeasePlan's fast-growing digital pan-European used-car marketplace, continued to deliver on its mission to become the most trusted pan-European marketplace for high-quality used cars. CarNext.com continued to enjoy strong customer satisfaction and growth, with B2C volumes up 35% to 15,700 vehicles, retail sales up by 56% and runrate B2C sales penetration at 23%. During the quarter, the number of Delivery Stores grew to 37 in 22 countries (new: Lisbon, Verona, Bucharest and Valencia). Used Car-as-a-Service also continued to be a focus, with the launch of the CarNext.com app for short-term used car leasing at the NOAH technology conference in Berlin. In addition, CarNext.com acquired AutoManager in July, the digital vehicle management company, and attracted more cars from partners onto its marketplace. These developments further underline CarNext.com's position as a leading destination for trusted third-party vehicle suppliers in Europe. Going forward, we intend to operate CarNext.com as a distinct business unit within the LeasePlan group and present it as a separate segment. We continue to review various strategic alternatives for CarNext.com, although no final decision has been reached. We intend to continue to invest in CarNext.com to accelerate its growth.

Funding and Capital Position

In the first half of 2019, LeasePlan once again benefitted from its diversified funding platform, raising a total of EUR 2.8 billion from retail deposits, senior unsecured and secured debt. LeasePlan Bank grew EUR 1.2 billion bringing the total amount on deposit at half year to EUR 7.6 billion. Senior unsecured issuance totalled EUR 1.1 billion by means of private placements totalling EUR 117 million and two separate EUR 500 million public benchmark transactions, including an inaugural Green Bond. LeasePlan's secured funding franchise was also active in H1, successfully closing a U.K. transaction via the public placement of GBP 400 million of ABS notes from its Bumper programme.

In addition to the funding activities in H1, LeasePlan issued its inaugural AT1 transaction[3] which delivered EUR 500 million in regulatory capital for the Group. The issuance of AT1 further strengthens LeasePlan's capital position and aids in the transition towards an optimal CRR-compliant capital structure.

In July, LeasePlan Bank successfully migrated to a new core banking and CRM system, becoming one of the first banks to run on a 100% public cloud solution.

LeasePlan's liquidity position and capital ratios remain strong. The liquidity buffer amounted to EUR 6.4 billion consisting of cash balances as well as access to its EUR 1.5 billion committed revolving credit facility. The CET1 capital ratio as per 30 June 2019 is 17.9%[4], calculated at the regulatory sub-consolidated level (LeasePlan Corporation N.V. consolidated). Taking into account the AT1 instrument the Total Capital ratio is 20.7% which is equal to the Tier 1 capital ratio on sub-consolidated level.

[3] Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities

[4] CET1 ratio at the regulatory Consolidated level (LP Group BV consolidated) is 17.9% and CET1 ratio at the regulatory Solo level (LeasePlan Corporation N.V.) is 16.1% as per 30 June 2019

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About LeasePlan

LeasePlan is a leader in two large and growing markets: Car-as-a-Service for new cars, through its LeasePlan business, and the high-quality three-to-four year old used car market, through its CarNext.com business. LeasePlan's Car-as-a-Service business purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years. CarNext.com is a pan-European digital marketplace for high-quality used cars seamlessly delivering any car, anytime, anywhere and is supplied with vehicles from LeasePlan's own fleet as well as third-party partners. LeasePlan has more than 1.8 million vehicles under management in over 30 countries. With over 50 years' experience, LeasePlan's mission is to provide what's next in mobility via an 'any car, anytime, anywhere' service – so our customers can focus on what's next. Find out more at www.leaseplan.com/corporate.

Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

For the period ended 30 June

In thousands of euros	Note	Q2 2019	Q2 2018	6M 2019	6M 2018
Operating lease income		1,026,715	983,968	2,048,358	1,958,193
Finance lease and Other interest income		36,500	31,046	72,248	64,666
Additional services income		628,290	611,888	1,245,078	1,225,955
Vehicle sales and End of contract fees		824,198	810,273	1,662,968	1,553,155
Revenues	2	**2,515,702**	**2,437,174**	**5,028,653**	**4,801,969**
Depreciation cars		818,789	776,209	1,636,022	1,586,277
Finance cost		85,033	75,710	167,042	147,880
Unrealised (gains)/losses on financial instruments		12,082	2,103	28,424	−385
Impairment charges on loans and receivables		8,661	7,778	15,642	12,279
Lease cost		924,566	861,800	1,847,130	1,746,051
Additional services cost		402,893	389,376	784,093	779,215
Vehicle and Disposal cost		800,384	773,819	1,620,359	1,491,519
Direct cost of revenues	2	**2,127,843**	**2,024,996**	**4,251,582**	**4,016,786**
Lease services		138,649	153,214	273,476	276,808
Additional services		225,397	222,511	460,986	446,740
Profit/Loss on disposal of vehicles and End of contract fees		23,813	36,453	42,609	61,636
Gross profit	2	**387,859**	**412,179**	**777,071**	**785,183**
Staff expenses		152,744	139,471	295,547	273,701
Other operating expenses		90,287	71,370	159,643	140,004
Other depreciation and amortisation	3	114,059	10,542	134,913	21,546
Total operating expenses		**357,090**	**221,383**	**590,103**	**435,252**
Share of profit of investments accounted for using the equity method		1,271	671	2,200	1,725
Profit before tax		**32,039**	**191,466**	**189,168**	**351,657**
Income tax expenses		239	39,113	25,390	66,027
Net result for the period		**31,801**	**152,353**	**163,778**	**285,630**
Attributable to:					
Equity holders of parent		28,494	152,353	160,472	285,630
Holders of AT1 capital securities		3,307	–	3,307	–

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated statement of comprehensive income

For the period ended 30 June

In thousands of euros	Q2 2019	Q2 2018	6M 2019	6M 2018
Net result	31,801	152,353	163,778	285,630
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Changes in cash flow hedges, before tax	−2,425	−1,881	−3,136	−3,368
Income tax on cash flow hedges	606	470	784	842
Subtotal changes in cash flow hedges, net of income tax	**−1,819**	**−1,411**	**−2,352**	**−2,526**
Exchange rate differences	−18,737	−1,247	6,383	−8,791
Other comprehensive income, net of income tax	**−20,556**	**−2,658**	**4,031**	**−11,317**
Total comprehensive income for the year	**11,245**	**149,695**	**167,810**	**274,313**
Comprehensive income attributable to:				
Owners of the parent	7,938	149,695	164,503	274,313
Holders of AT1 capital securities	3,307	–	3,307	–

Condensed consolidated statement of financial position

In thousands of euros	Note	**30 June 2019**	**31 December 2018**
Assets			
Cash and balances at central banks	4	4,486,215	3,167,831
Investments in debt securities		24,789	24,709
Receivables from financial institutions	5	625,854	518,318
Derivative financial instruments	6	140,366	98,517
Other receivables and prepayments	7	1,187,616	1,150,155
Inventories		425,063	467,071
Corporate income tax receivable		34,332	48,096
Loans to equity accounted investments		153,000	151,300
Lease receivables from clients	8	3,400,716	3,279,487
Property and equipment under operating lease and Rental fleet	9	18,377,168	17,818,976
Other property and equipment	10	394,468	102,882
Equity accounted investments		16,314	15,874
Intangible assets	11	182,173	256,128
Deferred tax asset		186,994	141,135
Assets classified as held-for-sale		25,507	39,259
Total assets		**29,660,576**	**27,279,736**

Condensed consolidated statement of financial position - *continued*

In thousands of euros	Note	**30 June 2019**	**31 December 2018**
Liabilities			
Funds entrusted	12	7,721,949	6,490,204
Derivative financial instruments	6	129,564	112,656
Trade and other payables and Deferred income	13	2,328,547	2,290,482
Corporate income tax payable		46,934	24,462
Borrowings from financial institutions	14	4,042,620	3,788,873
Lease liabilities	10	295,065	–
Debt securities issued	15	10,301,197	10,449,447
Provisions		505,196	495,672
Deferred tax liabilities		305,061	292,347
Total liabilities		**25,676,134**	**23,944,143**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves		−63,729	−67,760
Retained earnings		2,972,306	2,825,370
Equity of owners of the parent		**3,486,561**	**3,335,594**
AT1 capital securities		497,882	–
Total equity		**3,984,442**	**3,335,594**
Total equity and liabilities		**29,660,576**	**27,279,736**

Condensed consolidated statement of changes in equity

In thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	AT1 capital	Total equity
Balance as at 1 January 2018	**71,586**	**506,398**	**–51,147**	**2,692,018**	**3,218,855**	**–**	**3,218,855**
Net result	–	–	–	285,630	285,630	–	285,630
Other comprehensive income	–	–	–11,317	–	–11,317	–	–11,317
Total comprehensive income	**–**	**–**	**–11,317**	**285,630**	**274,313**	**–**	**274,313**
Final dividend	–	–	–	–120,099	–120,099	–	–120,099
Balance as at 30 June 2018	**71,586**	**506,398**	**–62,464**	**2,857,549**	**3,373,069**	**–**	**3,373,069**
Balance as at 31 December 2018	**71,586**	**506,398**	**–67,761**	**2,825,370**	**3,335,593**	**–**	**3,335,593**
Adoption of IFRIC 23	–	–	–	–13,536	–13,536	–	–13,536
Balance as at 1 January 2019	**71,586**	**506,398**	**–67,761**	**2,811,834**	**3,322,058**	**–**	**3,322,058**
Net result	–	–	–	163,778	163,778	–	163,778
Transfer - accrued interest on AT1 capital securities	–	–	–	–3,307	–3,307	3,307	–
Other comprehensive income	–	–	4,031	–	4,031	–	4,031
Total comprehensive income	**–**	**–**	**4,031**	**160,472**	**164,503**	**3,307**	**167,810**
Proceeds AT1 capital securities	–	–	–	–	–	500,000	500,000
Issuance costs AT1 capital securities	–	–	–	–	–	–5,425	–5,425
Balance as at 30 June 2019	**71,586**	**506,398**	**–63,729**	**2,972,306**	**3,486,561**	**497,882**	**3,984,442**

In May 2019 LeasePlan Corporation N.V. (fully owned by LP Group B.V.) issued EUR 500 million in capital securities, including transaction costs in the amount of EUR 5 million. The Capital securities qualify as Additional Tier 1 capital (AT1) and are undated, deeply subordinated, resettable and callable. Redemption is discretionary to LeasePlan Corporation N.V. 5 years after the issue date, unless permitted by applicable banking regulations or on each interest payment date thereafter at their prevailing principal amount, together with accrued and unpaid interest. There is a fixed interest coupon of 7.375 % per annum, payable semi-annually. LeasePlan accrued interest on AT1 capital securities for an amount of EUR 3.3 million, payable 6 months after the issue date, therefore as at the reporting date this amount does not yet represent a liability. Interest is non-cumulative and fully at the discretion of LeasePlan Corporation N.V. so any failure by the issuer to pay interest or the prevailing principal amount when due in respect of the capital securities shall not constitute an event of default and does not give holders any right to demand repayment of the prevailing principal amount.
For all the reasons above, LeasePlan Corporation N.V. classified and accounted the capital securities as equity and not debt.

Condensed consolidated statement of cash flows

For the period ended 30 June

In thousands of euros	Note	2019	2018
Operating activities			
Net result		**163,778**	**285,630**
Interest income and expense		–249,685	–241,993
Impairment charges on receivables		15,642	12,279
Valuation allowance on inventory		–9,002	3,452
Depreciation operating lease portfolio and rental fleet	9	1,688,942	1,625,823
Insurance expense		188,317	177,039
Depreciation other property plant and equipment		33,560	12,685
Amortisation and impairment on intangibles	3	101,353	8,861
Share of profit in equity accounted investments		–2,200	–1,725
Financial instruments at fair value through profit and loss		28,424	–385
Income tax expense		25,390	66,027
Changes in			
Provisions		–179,211	–171,149
Derivative financial instruments		–14,887	41,682
Trade and other payables and other receivables		–50,257	–157,822
Inventories		369,994	241,727
Amounts received disposing objects under operating lease	9	1,107,107	1,105,957
Amounts paid acquiring objects under operating lease	9	–3,642,851	–3,647,556
Acquired new finance leases		–788,054	–560,394
Repayment finance leases		726,514	563,392
Income taxes received		10,652	2,033
Income taxes paid		–47,341	–59,883
Interest received		412,050	389,730
Interest paid		–185,919	–167,312
Net cash inflow/(outflow) from operating activities		**–297,685**	**–471,904**

Condensed consolidated statement of cash flows – *continued*

For the period ended 30 June

In thousands of euros	Note	**2019**	**2018**
Investing activities			
Investments in debt securities		–80	–
Loans to equity accounted investments		–36,500	–33,500
Redemption on loans to equity accounted investments		34,800	28,500
Dividend received from ass. and jointly controlled entities		1,819	–
Changes in held-for-sale investments		14,038	–18,399
Proceeds from sale of other property and equipment		17,166	18,194
Acquisition of other property and equipment		–54,400	–30,378
Acquisition of intangibles assets	11	–27,365	–52,705
Net cash outflow from investing activities		**–50,522**	**–88,287**
Financing activities			
Receipt from receivables from financial institutions		303,355	203,771
Balances deposited to financial institutions		–314,355	–173,692
Receipt of borrowings from financial institutions		3,569,297	1,577,929
Repayment of borrowings from financial institutions		–3,313,729	–1,633,533
Receipt of funds entrusted		2,097,048	1,281,972
Repayment of funds entrusted		–865,317	–831,768
Receipt of debt securities		1,570,990	1,507,315
Repayment of debt securities		–1,743,958	–447,132
Payment of lease liabilities		–19,142	–
Dividends paid to Company's shareholders		–	–120,099
Receipt AT1 Capital securities		494,575	–
Net cash inflow from financing activities		**1,778,765**	**1,364,762**
Cash and balances with banks as at 1 January		**3,351,570**	**2,481,998**
Cash and balances with banks (opening balance)		1,430,558	804,571
Net movement in cash and balances with banks		–338	–1,118
Cash and balances with banks as at 30 June	4	**4,781,790**	**3,285,451**

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 2019 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 an international network of companies engaged in fleet management and mobility services, mainly through operating leasing. At 30 June 2019, the Group employed over 7,500 people worldwide and had offices in over 30 countries. There were no major changes in the Groups’ composition during the reporting period.

The Company has held a banking licence 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 long-term responsible investors. None of these investors alone has a direct or 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 totalling over EUR 8.0 billion on behalf of a range of sophisticated investors.

Basis of preparation

The condensed consolidated interim financial statements for the period ended 30 June 2019 have been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union (EU). 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 2018, 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 the "company financial statements". The annual company financial statements are included in the Group's Annual report for the year ended 31 December 2018.

The condensed consolidated interim financial statements for the period ended 30 June 2019 of the Group have been prepared on a going concern basis.

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

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 and amended accounting standards effective as per 1 January 2019

The following new standards and amendments to existing standards and interpretations, all endorsed by the EU, have been adopted by the Group as from 1 January 2019.

IFRS 16 - Leases

The Group has implemented IFRS 16 on the required effective date of 1 January 2019.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments. Previous off-balance sheet operating leases are now included in the consolidated statement of financial position and resulted in an increase in non-current assets and financial liabilities.
Lessor accounting remains similar to previous accounting policies.

These right-of-use assets are initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses over the contractual term. The right-of-use asset is adjusted for certain re-measurements of the lease liabilities.
The lease liabilities are initially measured at the present value of lease payments not yet paid at commencement date and are discounted using an incremental borrowing rate which varies per country within the Group. The liability is subsequently increased by the interest accretion to the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments or based on changes in assessment of execution of certain extension or termination options in the contracts. The Group applies judgement to determine the lease term for lease contracts that contain renewal options. The depreciation charges and financial charges replace previous operating lease expenses.

The Group applies the recognition exemption for short-term and for low-value leases and reassessed the classification of sub-leases in which the Group is a lessor.

Transition
The Group grandfathers the definition of a lease in IAS 17 on transition for both lessee and lessor accounting. Therefore the definition of a lease under IFRS 16 is only applied to contracts entered into or changed on or after 1 January 2019.

Transition for lessee accounting

The Group applies the modified retrospective approach with no restatement of comparative information. The effect of applying the standard is recognised in the opening balance sheet as at 1 January 2019 resulting in an increase in "Other property and equipment" (EUR 287 million) and "Lease liabilities" (EUR 292 million). There is no corresponding impact to the opening balance of retained earnings.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payment.

The Group has adopted the following practical expedients:

- Initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- Use of hindsight is applied in determining the lease term where leases contain extension, renewal or termination options.
- The incremental borrowing rate per country as of 1 January 2019 are applied on a single discount rate basis to a portfolio of leases with reasonably similar characteristics such as the property asset class.

The table below presents a reconciliation of the operating lease commitments as at 31 December 2018 to the lease liability recognised as at 1 January 2019.

In thousands of euros	
Operating lease commitments disclosed as at 31 December 2018	**278,344**
Less short-term leases recognised on a straight-line basis as expense	3,814
Less low-value leases recognised on a straight-line basis as expense	653
Add extension and termination options reasonably certain to be exercised	51,956
Total notional lease liabilities at 1 January 2019	**325,832**
Discounting using the Group's incremental borrowing rate of 1.95% (weighted-average rate) at 1 January 2019	-33,889
Lease liability recognised as at 1 January 2019	**291,943**

In Q2 the Group refined the incremental borrowing rate used to discount the lease liability. The lease liability and related leased assets as at 1 January 2019 have been restated, as compared to what was reported in Q1 2019 (EUR 302.8 million).

IFRIC 23 – Uncertainty over income tax treatments

IFRIC 23 (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019) provides a framework and specific guidance to consider, recognise and measure the accounting impact of tax uncertainties that was not included in IAS 12.

IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Based on IFRIC 23, an entity shall assume that a taxation authority will examine amounts which has a right to examine and have full knowledge of all related information when making those examination. In the past the Group did a best estimate based on actual examination of local tax authorities. For this reason, the impact of IFRIC 23 determined by the Group is an additional tax provision of EUR 13,5 million, which is recognised as an adjustment in the opening balance of retained earnings.

Other changes

The following other changes that became effective as per 1 January 2019 do not have any significant impact on shareholders' equity nor comprehensive income or are not relevant to the condensed consolidated financial statements of the Group. Those changes relate to:

- Amendments to IFRS 9 'Prepayment features with negative compensation' (issued on 12 October 2017).
- Amendments to IAS 28 'Long term interests in Associates and Joint Ventures' (issued on 12 October 2017).
- Amendments to IAS 19 'Employee Benefits': Plan Amendment, Curtailment or Settlement (issued on 7 February 2018).
- Annual improvements cycle 2015 – 2017: Amendments to IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes', IAS 23 'Borrowing Costs' (issued on 12 December 2017).

New and amended relevant accounting standards effective after 1 January 2019

IFRS 17 - Insurance contracts

The Group will implement IFRS 17 (as issued by the IASB in May 2017 but not yet endorsed by the EU) by the expected effective date. The IASB issued an Exposure Draft (ED) on proposed amendments to IFRS 17 Insurance Contracts (IFRS 17 or the standard) on 26 June 2019, to defer the effective date with one year to 1 January 2022. 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 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- A simplified premium allocation approach (PAA) may be applied for contracts that meet specific conditions. An important condition is that the coverage of the contracts does not exceed one year. The PAA is quite similar to current accounting under IFRS 4 for non-life products.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The standard is expected to impact the damage risk retention provision. The Group is currently assessing the impact on shareholder's equity and comprehensive income of IFRS 17, and as such is not able to quantify its impact, nor specify any policy choice that will be made.

Other changes

The following amendments to standards are not yet endorsed by the EU and become effective after 1 January 2020. These changes are not expected to have a significant impact on the consolidated annual accounts. Those changes relate to:

- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018).
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018).
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Definition of Material (issued on 31 October 2018).

Use of judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that impact 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 2018.

Seasonality and cyclicality

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

Financial risk management

All amounts are in thousands of euros, unless stated otherwise

Introduction

The Group recognises ten risk management areas, being asset risk, credit risk, operational risk, treasury risk, motor insurance risk, information risk, legal risk, compliance risk, reputation risk and strategic risk. Of the ten risk management areas, asset risk, operational risk and liquidity risk (which is part of treasury risk) are considered to be primary risks. 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 2018.

There have been no material changes to the financial risk profile of the Group since year-end 2018. The financial risks related to asset risk, credit risk, operational risk and liquidity risk are further described below.

A. Asset risk

The term asset risk is used within LeasePlan as a combination of residual value risks and risks on RMT services. Residual value risk is considered the main risk and is defined as LeasePlan's exposure to potential losses due to the resale value of assets declining below the estimates made at lease inception minus risk mitigation. The risk related to RMT is LeasePlan's exposure to potential loss due to the actual costs of the services, repair and maintenance and tires (over the entire contractual period) exceeding the estimates made at lease inception.

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 2019 amounted to EUR 12.6 billion (year-end 2018: EUR 12.5 billion).

B. Operational Risk

Operational risk involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour and systems or from external incidents. Business Continuity Risk, Financial Reporting Risk, Model Risk and HR Risk are within the scope of LeasePlan's Operational Risk management.

C. Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments, due to a mismatch between the run-off of its assets and liabilities.

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 management assumption-based stress at least 9 months can be survived and under regulatory assumption based stress at least 6 months can be survived.

D. Fair value of financial instruments

The table below 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 cost on the balance sheet as at 30 June 2019. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value of financial instruments

As at 30 June 2019	Carrying value		Fair value	
In thousands of euros		Level 1	Level 2	Total
Financial assets measured at fair value				
Derivatives financial instruments in hedge	92,857	–	92,857	92,857
Derivatives financial instruments not in hedge	47,509	–	47,509	47,509
Total financial assets measured at fair value	**140,366**	**–**	**140,366**	**140,366**
Financial assets not measured at fair value				
Cash and balances at central banks	4,486,215			
Investments in debt securities	24,789	25,175	–	25,175
Receivables from financial institutions	625,854			
Lease receivables from clients	3,400,716	–	3,490,457	3,490,457
Loans to investments using the equity method	153,000	–	156,550	156,550
Investments in equity accounted investments	16,314			
Other receivables and prepayments	406,030	–	406,030	406,030
Assets held-for-sale	25,507			
Financial assets not measured at fair value	**9,138,425**	**25,175**	**4,053,036**	**4,078,212**
Total financial assets	**9,278,791**	**25,175**	**4,193,402**	**4,218,577**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	40,569	–	40,569	40,569
Derivatives financial instruments not in hedge	88,995	–	88,995	88,995
Total financial liabilities measured at fair value	**129,564**	**–**	**129,564**	**129,564**
Financial liabilities not measured at fair value				
Funds entrusted	7,721,949	–	7,780,377	7,780,377
Trade and other payables and deferred income	937,233			
Borrowings from financial institutions	4,042,620	–	4,110,588	4,110,588
Debt securities issued	10,301,197	–	10,386,472	10,386,472
Financial liabilities not measured at fair value	**23,003,000**	**–**	**22,277,437**	**22,277,437**
Total financial liabilities	**23,132,564**	**–**	**22,407,001**	**22,407,001**

Fair value of financial instruments

As at 31 December 2018	**Carrying value**		**Fair value**	
In thousands of euros		Level 1	Level 2	Total
Financial assets measured at fair value				
Derivatives financial instruments in hedge	57,254	-	57,254	57,254
Derivatives financial instruments not in hedge	41,263	-	41,263	41,263
Total financial assets measured at fair value	**98,517**	**-**	**98,517**	**98,517**
Financial assets not measured at fair value				
Cash and balances at central banks	3,167,831			
Investments in debt securities	24,709	24,737	-	24,737
Receivables from financial institutions	518,318			
Lease receivables from clients	3,279,487	-	3,355,467	3,355,467
Loans to equity accounted investments	151,300	-	153,567	153,567
Equity accounted investments	15,874			
Other receivables and prepayments	407,936		408,036	408,036
Assets classified as held-for-sale	39,259			
Financial assets not measured at fair value	**7,604,713**	**24,737**	**3,917,070**	**3,941,807**
Total financial assets	**7,703,230**	**24,737**	**4,015,587**	**4,040,324**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	31,150	-	31,150	31,150
Derivatives financial instruments not in hedge	81,506	-	81,506	81,506
Total financial liabilities measured at fair value	**112,656**	**-**	**112,656**	**112,656**
Financial liabilities not measured at fair value				
Funds entrusted	6,490,204	-	6,507,800	6,507,800
Trade and other payables and deferred income	856,661			
Borrowings from financial institutions	3,788,873	-	3,842,505	3,842,505
Debt securities issued	10,449,447	-	10,383,961	10,383,961
Financial liabilities not measured at fair value	**21,585,185**	**-**	**20,734,266**	**20,734,266**
Total financial liabilities	**21,697,842**	**-**	**20,846,922**	**20,846,922**

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 and investments in debt securities are the 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

Primary segments

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 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 reportable 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, global procurement 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.

	Europe		**Rest of the world**		**Total**	
In millions of euros	**6M 2019**	**6M 2018**	**6M 2019**	**6M 2018**	**6M 2019**	**6M 2018**
Serviced fleet (in thousands) at period end	**1,436**	**1,392**	**420**	**414**	**1,857**	**1,806**
Operating lease income	1,861	1,784	187	174	2,048	1,958
Finance lease and Other interest income	28	29	45	35	72	65
Additional services income	1,076	1,099	169	127	1,245	1,226
Vehicle sales and End of contract fees	1,510	1,403	152	150	1,663	1,553
Revenues	**4,475**	**4,315**	**554**	**487**	**5,029**	**4,802**
Finance cost	112	100	55	48	167	148
Car and other depreciation and amortisation	1,537	1,437	132	119	1,669	1,556
Underlying taxes*	53	67	9	10	62	77
Underlying net result*	**251**	**296**	**40**	**26**	**291**	**322**
Total assets	25,809	23,588	3,851	3,181	29,661	26,769
Total liabilities	22,326	20,559	3,350	2,837	25,676	23,397

*Please note that 2018 Underlying income tax expenses and Underlying net result has changed because impairment charges have been taken out retrospectively as from Q4 2018.

Revenue generated over time consists of operating lease income, finance lease income, other interest income and additional service income for the six months ended June 30 2019 amounted to EUR 2,965 million (6M 2018: EUR 2,911 million) in Europe in comparison to EUR 401 million in Rest of the world (6M 2018: EUR 338 million).

Revenue generated at a point in time upon termination of lease contracts consists of vehicle sales and end of contract fees for the six months ended June 30 2019 amounted to EUR 1,510 million for Europe (6M 2018: EUR 1,403 million) and EUR 152 million for Rest of the world (6M 2018: EUR 150 million).

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

	FTE's (average)		Underlying Revenues		Lease Contracts	
	in FTE		In millions of euros		In millions of euros	
Country of activity	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Netherlands	1,293	1,203	602	603	2,567	2,312
United Kingdom	539	519	602	570	2,607	2,432
Italy	531	503	577	511	1,891	1,754
Other	5,252	4,744	3,247	3,118	13,982	13,476
As at 30 June	**7,614**	**6,969**	**5,029**	**4,802**	**21,047**	**19,974**

CarNext.com

Over the course of 2018 LeasePlan has created its CarNext.com business and intends to separately report CarNext.com's financial results in the course of 2019 after it has completed the necessary accounting system changes and all required information is available for segment disclosure. The required information for a separate segment disclosure was not available in 2018 neither for the first half of 2019.

Non-GAAP measures

	IFRS results 30 June 2019	Underlying adjustments			Underlying results 30 June 2019
		Power of One LeasePlan	Unrealised results on financial instruments	Impairment	
Revenues	**5,028,653**				**5,028,653**
Direct cost of revenues	4,251,582		−28,424	−9,209	4,213,949
Gross profit	**777,071**		**28,424**	**9,209**	**814,704**
Total operating expenses	590,103	−33,601		−92,000	464,502
Share of profit of investments accounted for using the equity method	2,200				2,200
Profit before tax	**189,168**	**33,601**	**28,424**	**101,209**	**352,402**
Income tax expenses	25,390	8,204	7,034	21,102	61,729
Net result attributable to owners of the parent	**163,778**	**25,397**	**21,390**	**80,107**	**290,673**

	IFRS results 30 June 2018	Underlying adjustments			Underlying results 30 June 2018
		Power of One LeasePlan	Unrealised results on financial instruments	Impairment	
Revenues	**4,801,969**				**4,801,969**
Direct cost of revenues	4,016,786		385	−30,260	3,986,910
Gross profit	**785,183**		**−385**	**30,260**	**815,059**
Total operating expenses	435,252	−17,633			417,619
Share of profit of investments accounted for using the equity method	1,725				1,725
Profit before tax	**351,657**	**17,633**	**−385**	**30,260**	**399,165**
Income tax expenses *	66,027	4,458	−163	7,202	77,524
Net result attributable to owners of the parent *	**285,630**	**13,175**	**−222**	**23,058**	**321,641**

*Please note that 2018 Underlying income tax expenses and Underlying net result has changed because impairment charges have been taken out retrospectively as from Q4 2018.

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.

In thousands of euros	Q2 2019	Q2 2018	6M 2019	6M 2018
Operating lease income	1,026,715	983,968	2,048,358	1,958,193
Finance lease and Other interest income	36,500	31,046	72,248	64,666
Additional services income	628,290	611,888	1,245,078	1,225,955
Vehicle sales and End of contract fees	824,198	810,273	1,662,968	1,553,155
Revenues	**2,515,702**	**2,437,174**	**5,028,653**	**4,801,969**

Finance lease and Other interest income for the period ended 30 June 2019 includes an amount of EUR 2.3 million (Q2 2018: EUR 2.1 million) related to Other interest income.

Operating lease income for the period ended 30 June 2019 includes an amount of EUR 174.2 million (Q2 2018: EUR 165.0 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.

In thousands of euros	Note	Q2 2019	Q2 2018	6M 2019	6M 2018
Depreciation cars		813,580	776,209	1,626,813	1,556,017
Impairment on assets *	9	5,209	–	9,209	30,260
Finance cost		85,033	75,710	167,042	147,880
Unrealised (gains)/losses on financial instruments		12,082	2,103	28,424	–385
Impairment charges on loans and receivables		8,661	7,778	15,642	12,279
Lease cost		924,566	861,800	1,847,130	1,746,051
Additional services cost		402,893	389,376	784,093	779,215
Vehicle and Disposal costs		800,384	773,819	1,620,359	1,491,519
Direct cost of revenues		**2,127,843**	**2,024,996**	**4,251,582**	**4,016,786**

(*) Impairment on assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Gross profit (net lease income and vehicles sales income)

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

In thousands of euros	Note	Q2 2019	Q2 2018	6M 2019	6M 2018
Lease services		155,941	155,318	311,109	306,683
Impairment on assets *	9	–5,209	–	–9,209	–30,260
Unrealised gains/(losses) on financial instruments		–12,082	–2,103	–28,424	385
Lease		**138,649**	**153,214**	**273,476**	**276,808**
Fleet management & other services		68,562	67,496	143,419	144,278
Repair and maintenance services		84,164	83,680	172,249	165,195
Damage services and Insurance		72,671	71,335	145,318	137,267
Additional services		**225,397**	**222,511**	**460,986**	**446,740**
End of contract fees		36,380	31,727	68,341	59,298
Profit/(loss) on disposed vehicles (PLDV)		–12,567	4,726	–25,732	2,338
Profit/(loss) on disposed vehicles and End of contract fees		**23,813**	**36,453**	**42,609**	**61,636**
Gross profit		**387,859**	**412,179**	**777,071**	**785,183**

(*) Impairment on assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Net finance income

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:

In thousands of euros	Q2 2019	Q2 2018	6M 2019	6M 2018
Operating lease - interest income	174,193	164,963	344,479	325,207
Finance lease and Other interest income	36,500	31,046	72,248	64,666
Finance cost	−85,033	−75,710	−167,042	−147,880
Net interest income	125,659	120,299	249,685	241,993
Unrealised gains/(losses) on financial instruments	−12,082	−2,103	−28,424	385
Impairment charges on loans and receivables	−8,661	−7,778	−15,642	−12,279
Net finance income	**104,916**	**110,418**	**205,619**	**230,099**

3 Other depreciation and amortisation

The breakdown of other depreciation and amortisation expenses is as follows:

In thousands of euros	Q2 2019	Q2 2018	6M 2019	6M 2018
Depreciation other property and equipment	17,140	6,299	33,560	12,685
Amortisation intangible assets	4,919	4,243	9,353	8,861
Impairment charges intangible assets	92,000	–	92,000	–
Other depreciation and amortisation	**114,059**	**10,542**	**134,913**	**21,546**

During the second quarter of 2019, LeasePlan determined that its main IT system development project, the Core Leasing System (CLS), will not be fit for purpose in the emerging digital world in which the Company operates. As a consequence, CLS is being restructured and existing CLS initiatives have been ceased. An impairment loss of EUR 92 million has been recognised for the related intangible assets. In addition, an onerous contract provision has been recognised for an amount of EUR 6 million for unavoidable costs related to CLS, such as the CLS maintenance contract. The CLS system will no longer be developed, nor will it generate economic benefits in the future.

CLS related IT development costs for an amount of EUR 14 million are still carried at cost on the balance sheet. These are separately developed IT modules that are still expected to generate economic benefits in the future.

4 Cashflow statement – cash and cash equivalents

In thousands of euros	30 June 2019	30 June 2018
Cash and balances at central banks	4,486,215	3,122,616
Deposits with banks	294,758	269,626
Call money, cash at banks	155,658	93,120
Bank overdrafts	−154,841	−199,910
Balance for the purpose of the statement of cash flows	**4,781,790**	**3,285,451**

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 74.6 million (30 June 2018: EUR 62.1 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.

In thousands of euros	**30 June 2019**	**31 December 2018**
Deposits with banks	294,758	277,657
Call money, cash at banks	155,658	75,589
Cash collaterals deposited for securitisation transactions	117,925	105,888
Cash collaterals deposited for derivative financial instruments	53,772	55,351
Other cash collateral deposited	3,741	3,834
Total	**625,854**	**518,318**

The maturity analysis is as follows:

In thousands of euros	**30 June 2019**	**31 December 2018**
Three months or less	524,373	369,627
Longer than three months, less than a year	34,865	93,406
Longer than a year, less than five years	66,413	55,077
Longer than five years	203	207
Total	**625,854**	**518,318**

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 ended at 30 June 2019 amounted to EUR 0.4 million (30 June 2018 EUR 0.3 million).

6 Derivative financial instruments

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

	30 June 2019			31 December 2018		
	Notional amounts	**Fair value**		**Notional amounts**	**Fair value**	
In thousands of euros		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	4,557,530	92,707	795	4,538,083	56,494	1,517
Cross currency swaps	419,709	129	30,229	445,513	592	23,644
Cash flow hedges						
Interest rate swaps	1,374,306	21	9,545	1,452,771	168	5,989
Total Derivatives in hedge	**6,351,545**	**92,857**	**40,569**	**6,436,367**	**57,254**	**31,150**
Interest rate swaps	21,349,296	10,641	62,872	19,368,837	12,093	31,670
Cross currency swaps	4,411,300	36,868	26,123	4,252,156	29,170	49,836
Derivatives not in hedge	**25,760,595**	**47,509**	**88,995**	**23,620,993**	**41,263**	**81,506**
Total	**32,112,140**	**140,366**	**129,564**	**30,057,360**	**98,517**	**112,656**

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:

In thousands of euros	**Q2 2019**	**Q2 2018**	**6M 2019**	**6M 2018**
Derivatives not in hedges	–12,820	–2,452	–32,208	985
Derivatives fair value hedging instruments	26,717	13,267	44,653	8,390
Financial liabilities fair value hedged items	–25,979	–12,919	–40,868	–8,989
Hedge ineffectiveness fair value hedges	738	349	3,785	–599
Unrealised gains/(losses) on financial instruments	**–12,082**	**–2,103**	**–28,424**	**385**

7 Other receivables and prepayments

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, rebates and bonuses receivable, 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.

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.
Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

In thousands of euros	30 June 2019	31 December 2018
Amounts receivable under finance lease	2,682,889	2,616,077
Trade receivables	763,145	705,120
Impairment	−45,318	−41,711
Total	**3,400,716**	**3,279,487**

Impairment of EUR 45.3 million (year-end 2018: EUR 41.7 million) includes EUR 7 million (year-end 2018: EUR 5.5 million) related to invoices under commercial disputes and EUR 38.3 million (year-end 2018: EUR 36.2 million) of expected credit loss (ECL) allowances recognized on a counterparty level under IFRS 9.

The ECL allowances include lifetime expected credit losses amounting to EUR 11.7 million (year-end 2018: EUR 11.9 million) for not credit impaired assets and EUR 26.6 million (year-end 2018: EUR 24.3 million) for credit impaired assets. In 2019, changes in ECL amounts mainly relate to net remeasurements and new contracts recognised during the period, offset by write-offs.

The maturity analysis is as follows:

In thousands of euros	30 June 2019	31 December 2018
Three months or less	1,178,195	1,118,872
Longer than three months, less than a year	764,874	745,693
Longer than a year, less than five years	1,488,334	1,442,089
Longer than five years	14,630	14,543
Impairment	−45,318	−41,711
Total	**3,400,716**	**3,279,487**

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 450 million (year-end 2018: EUR 327 million) (see note 9).

9 Property and equipment under operating lease and rental fleet

	Operating lease	Rental fleet	Total
Carrying amount as at 1 January 2018	**16,568,441**	**140,253**	**16,708,695**
Purchases/additions	3,592,566	43,852	3,636,418
Disposals	−1,084,531	−21,426	−1,105,957
Transfer from inventories	86,624	–	86,624
Transfer to inventories	−303,658	–	−303,658
Depreciation	−1,583,941	−11,623	−1,595,564
Impairment charge	−30,260	–	−30,260
Currency translation adjustments	−45,905	−1,033	−46,938
Carrying amount as at 30 June 2018	**17,199,337**	**150,024**	**17,349,361**
Cost	23,380,842	177,357	23,558,199
Accumulated depreciation	−6,181,505	−27,334	−6,208,839
Carrying amount as at 30 June 2018	**17,199,337**	**150,024**	**17,349,361**
Purchases/additions	3,481,965	68,695	3,550,660
Disposals	−1,168,784	−11,208	−1,179,993
Transfer to inventories	−124,057	–	−124,057
Depreciation	−1,620,823	−14,286	−1,635,109
Impairment charge	−101,740	–	−101,740
Currency translation adjustments	−40,331	186	−40,145
Carrying amount as at 31 December 2018	**17,625,566**	**193,410**	**17,818,976**
Cost	24,191,609	230,315	24,421,924
Accumulated depreciation	−6,566,042	−36,905	−6,602,948
Carrying amount as at 31 December 2018	**17,625,566**	**193,410**	**17,818,976**
Purchases/additions	3,580,190	62,661	3,642,851
Disposals	−1,083,273	−23,834	−1,107,107
Transfer from inventories	52,883	–	52,883
Transfer to inventories	−371,492	–	−371,492
Depreciation	−1,661,755	−17,978	−1,679,733
Impairment charge	−15,209	–	−15,209
Impairment reversal	6,000	–	6,000
Currency translation adjustments	29,852	148	29,999
Carrying amount as at 30 June 2019	**18,162,762**	**214,406**	**18,377,168**
Cost	24,868,050	261,351	25,129,400
Accumulated depreciation	−6,705,288	−46,944	−6,752,232
Carrying amount as at 30 June 2019	**18,162,762**	**214,406**	**18,377,168**

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

Impairment

Vehicles under operating lease contracts were impaired in the first half year of 2018 for an amount of EUR 30.3 million and consisted of EUR 19.8 million was for loss-making lease contracts in Turkey due to a sharp depreciation of the Turkish lira and EUR 10.5 million related to loss-making contracts in Germany. The impairment is recognised in the consolidated statement of profit or loss in the line-item Depreciation cars.

For the full year 2018 the impairment amount was EUR 132 million of which EUR 103.5 million was for loss-making lease contracts in Turkey due to a sharp depreciation of the Turkish lira in 2018 and EUR 28.5 million impairment related to Germany as result of a number of loss-making contracts.

The rate of inflation in Turkey is a key assumption underlying future cash flows and a major input of the calculation of the recoverable amount. To calculate the Turkish lira based cash flows we apply the inflation assumptions as published by the International Monetary Fund (IMF) in April 2019. The applied inflation rates for 2019 and 2020 are 17,5% and 14,1% and decrease to 13% towards 2023.

The sensitivity of the impairment on Turkish lease contracts to an increase (/decrease) of the inflation rate of 5% point (applying the same forward exchange rate curve) amounts to a decrease (/increase) of the impairment amount between EUR 10 and 15 million. The sensitivity to an increase (/decrease) in spot and forward rates (EUR/TRY) with 5 % in each year in the projection, applying the same inflation rates, results in an increase (/decrease) in the impairment amount between EUR 10 and 15 million.

In the first half year of 2019, vehicles under operating lease contract were impaired for an amount of EUR 15.2 million related to loss-making contracts in Austria and Poland.

The impairment recognised in Turkey during 2018 was partially reversed in June 2019. The reversal in the amount of EUR 6 million was due to the positive impact of fluctuation of the forward rates in Turkey.

Asset backed securitisation transactions

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 3.6 billion (year-end 2018: EUR 3.5 billion).

10 Other property and equipment

The composition between owned and leased assets is presented in the following table:

In thousand of euros	**30 June 2019**
Owned	107,854
Leased	286,614
Total	**394,468**

The leased assets mainly include property such as buildings and IT and other equipment. Information regarding leased assets is presented in the table below:

In thousand of euros	**Property**	**Equipment**	**Total**
Balance as at 1 January 2019	**281,956**	**5,393**	**287,349**
Purchases/additions	20,099	–	20,099
Disposals	–823	–	–823
Depreciation and impairment	–19,556	–684	–20,240
Currency translation adjustments	230	–	230
Balance as at 30 June 2019	**281,905**	**4,709**	**286,614**
Cost	301,395	5,393	306,788
Accumulated depreciation and impairment	–19,490	–684	–20,174
Balance as at 30 June 2019	**281,905**	**4,709**	**286,614**

The maturity of the discounted finance lease liabilities is shown below:

In thousand of euros	**30 June 2019**
Short-term	36,591
Long-term	258,473
Total	**295,065**

Amounts recognised in statement of profit or loss.

In thousand of euros	**30 June 2019**
Interest on lease liabilities	–2,764
Income from sub-leasing right-of-use assets	419
Expenses relating to short-term leases	–183
Expenses relating to leases of low-value assets	–73
Total	**–2,601**

Maturity analysis of undiscounted contractual cash flows of lease liabilities:

In thousand of euros	**30 June 2019**
Not longer than a year	40,799
Longer than a year, less than five years	122,924
Longer than five years	100,749
Total maturity	**264,471**

11 Intangible assets

	Note	Internally generated software development	Software licenses	Customer relationship	Customer contract	Goodwill	Assets under constr. - Intangible	Total
Carrying amount as at 1 January 2018		**23,988**	**9,300**	**5,314**	**1,648**	**98,604**	**46,825**	**185,679**
Purchases/additions		1,586	3,328	–	–	–	47,791	52,706
Amortisation	3	−5,076	−2,707	−735	−343	–	–	−8,861
Assets available for use		−1,118	3,377	253	−253	–	−2,259	–
Currency translation adjustments		36	−5	–	–	–	1	32
Carrying amount as at 30 June 2018		**19,417**	**13,293**	**4,832**	**1,053**	**98,604**	**92,356**	**229,555**
Cost		139,870	67,810	14,441	21,894	98,604	92,356	434,975
Accumulated depreciation and impairment		−120,453	−54,517	−9,609	−20,842	–	–	−205,420
Carrying amount as at 30 June 2018		**19,417**	**13,293**	**4,832**	**1,053**	**98,604**	**92,356**	**229,555**
Purchases/additions		982	530	–	–	–	34,821	36,333
Amortisation		−5,722	−2,786	−228	−937	–	–	−9,674
Assets available for use		10,064	1,767	−253	253	–	−11,831	–
Currency translation adjustments		−81	−3	–	–	–	−2	−87
Carrying amount as at 31 December 2018		**24,660**	**12,801**	**4,350**	**369**	**98,604**	**115,345**	**256,128**
Cost		149,289	68,400	14,441	21,894	98,604	115,345	467,972
Accumulated depreciation and impairment		−124,628	−55,599	−10,091	−21,526	–	–	−211,844
Carrying amount as at 31 December 2018		**24,660**	**12,801**	**4,350**	**369**	**98,604**	**115,345**	**256,128**
Purchases/additions		9,094	3,143	–	–	–	15,128	27,365
Amortisation	3	−6,023	−2,793	−481	−55	–	–	−9,353
Impairment charge	3	–	–	–	–	–	−92,000	−92,000
Currency translation adjustments		30	11	–	–	–	−9	33
Carrying amount as at 30 June 2019		**27,760**	**13,162**	**3,869**	**313**	**98,604**	**38,464**	**182,173**
Cost		158,402	69,310	14,441	21,894	98,604	38,464	401,116
Accumulated depreciation and impairment		−130,642	−56,148	−10,572	−21,581	–	–	−218,943
Carrying amount as at 30 June 2019		**27,760**	**13,162**	**3,869**	**313**	**98,604**	**38,464**	**182,173**

The goodwill relates to the acquisition in previous years. Annually, or more frequently if events indicate a potential impairment, goodwill is assessed for impairment. During 2019 there was no impairment recognized (2018:nil).
Please refer to *Note 3* for the disclosure related to Assets under construction intangible.

12 Funds entrusted

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

In thousands of euros	30 June 2019	31 December 2018
Three months or less	4,972,974	4,618,654
Longer than three months, less than a year	2,006,648	1,343,746
Longer than a year, less than five years	742,257	527,388
Longer than five years	70	416
Total	**7,721,949**	**6,490,204**

Savings deposits raised by LeasePlan Bank amounts to EUR 7.6 billion (year-end 2018: EUR 6.4 billion) of which 40.7% (year-end 2018: 40.3%) 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. LeasePlan Bank also operates on the German savings deposit market with a cross border offering from the Netherlands.

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

In thousands of euros	30 June 2019	31 December 2018
Three months or less	0.30%	0.32%
Longer than three months, less than a year	0.68%	0.68%
Longer than a year, less than five years	1.10%	1.17%

The interest of the on-demand accounts is set monthly.

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:

In thousands of euros	30 June 2019	31 December 2018
On demand	154,841	169,506
Three months or less	397,158	262,599
Longer than three months, less than a year	822,543	793,599
Longer than a year, less than five years	2,668,079	2,563,168
Total	**4,042,620**	**3,788,873**

15 Debt securities issued

This item includes negotiable, interest bearing securities.

In thousands of euros	30 June 2019	31 December 2018
Bond and notes - originated from securitisation transactions	2,423,738	2,328,187
Bonds and notes - other	7,793,192	8,077,862
Bonds and notes - other (AC) fair value adjustmens	84,267	43,399
Balance as at reporting date	**10,301,197**	**10,449,447**

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 1.1% as of 30 June 2019 (year-end 2018: 1.2%).

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

In thousands of euros	30 June 2019	31 December 2018
Three months or less	291,885	683,373
Longer than three months, less than a year	1,743,892	1,590,059
Longer than a year, less than five years	7,938,653	7,841,323
Longer than five years	326,767	334,692
Total	**10,301,197**	**10,449,447**

The caption 'Bonds and notes – originated from securitisation transactions' include notes from Bumper 10 France FCT, Bumper 7 S.A., Bumper 11 S.A., Bumper 9 (NL) Finance B.V., Bumper 8 (UK) Finance plc, Bumper UK 2019-1 and Bumper Australia Trust No1. Bumper UK 2019-I closed on 5 June, 2019 for a total of GBP 400 million of ABS notes.

16 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 2.2 billion as at the balance sheet date (year-end 2018: 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 had entered into commitments in connection with long-term rental and lease contracts of which the future aggregate minimum lease payments amounted to EUR 278 million in 2018. In 2019 together with the introduction of IFRS16, these amounts are reported in the statement of financial position of the group. The commitments relating to short-term lease and low-value leases are EUR 0.9 million and EUR 0.8 million respectively.

We have issued guarantees to the total value of EUR 351 million (year-end 2018: EUR 371 million) of which EUR 349 million (year-end 2018: EUR 366 million) is related to residual value guarantees issued to clients.

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 165 million (year-end 2018: EUR 160 million) of which EUR 153 million (year-end 2018: EUR 151 million) is drawn as at 30 June 2019.

17 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 group of long-term responsible investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors alone has a direct or 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 2019, an amount of EUR 153 million (year-end 2018: EUR 151 million) is provided as loans to investments accounted for using the equity method.

18 Contingent assets and liabilities

As at 30 June 2019, guarantees had been provided on behalf of the consolidated direct and indirect subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 1.8 billion (year-end 2018 1.5 billion). The Company charges a guarantee fee to the respective direct and indirect subsidiaries based on normal market terms. For the credit risk exposure arising from these financial guarantees, an amount of EUR 1 million (year-end 2018: EUR 1 million) expected credit losses has been recorded in provisions.

19 Events occurring after balance sheet date

No material events occurred after 30 June 2019, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 30 June 2019 or the result for the six months period ended 30 June 2019.

Responsibility statement

Managing Board's 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 their knowledge:

The company's 30 June 2019 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, 14 August 2019

Tex Gunning - Chairman of the Managing Board and CEO
Yolanda Paulissen - CSFIRO
Franca Vossen - CRO

Independent auditor's report

KPMG

Review report

To: the Shareholders and the Supervisory Board of LeasePlan Corporation N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information as at 30 June 2019 of LeasePlan Corporation N.V., Amsterdam, as set out on pages 6 to 37.

The condensed interim financial information comprises:

— the condensed consolidated statement of financial position as at 30 June 2019;

— the condensed consolidated statements of profit or loss and comprehensive income for the three-month period and six-month period then ended;

— the condensed consolidated statements of changes in equity and cash flows for the six-month period then ended; and

— the notes, comprising a summary of the significant accounting policies and other explanatory information.

The Managing Board of the Company 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 Dutch Standards on Auditing 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 2019 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 14 August 2019

KPMG Accountants N.V.

D. Korf RA

1637196/19X00186948AVN

Glossary

AFM
The Dutch Authority for the Financial Markets (AFM) has been responsible for supervising the operation of the financial markets since 1 March 2002.

AT1
Additional Tier 1 capital securities.

CaaS
LeasePlan purchases, funds and manages vehicles for its customers, providing a complete end-to-end service through its Car-as-a-Service (CaaS) business for a typical contract duration of three to four years.

CLS
The SAP-based Core Leasing System (CLS) was the main IT system development project to harmonise processes across all countries.

DNB
The Dutch Central Bank (De Nederlandsche Bank N.V.)

Digital LeasePlan
This programme aims to move the Group towards becoming a data driven company delivering digital car services steered by the latest digital technology of data analytics, artificial intelligence and algorithms.

EV
Electric vehicle

LCV
Light commercial vehicles

LeasePlan Bank
The online retail deposit bank operated by LeasePlan Corporation N.V. under a banking licence from DNB.

PLDV
Profit-and-loss on Disposal of Vehicles

RMT
Repair, maintenance and tyres

RoW
Rest of the world

RV
Residual value of a vehicle

UCaaS
CarNext.com has the option to re-lease used vehicles in the Used Car-as-a-Service (UCaaS) market.