

PRESS RELEASE

ARVAL 2021 HALF-YEAR RESULTS

**THE EUROPEAN LEADER IN FULL SERVICE LEASING¹
CONTINUED GOOD GROWTH OF THE ACTIVITY**

LEASED FLEET: +6.4% vs. 30/06/2020

**STRONG INCREASE IN GROSS OPERATING INCOME DRIVEN BY THE EXPANSION
OF THE ACTIVITY AND THE POSITIVE EVOLUTION OF THE USED CAR MARKET**

GROSS OPERATING INCOME: +29.3% vs. H1 2020

**CONTROLLED OPERATING EXPENSES
IMPROVEMENT OF COST INCOME RATIO**

OPERATING EXPENSES: +7.9% vs. H1 2020

COST INCOME: 46.7% vs 55.9% in H1 2020

DECREASE IN THE COST OF RISK

-30.8% vs. H1 2020 (-8 bp²)

STRONG RISE OF NET INCOME

NET INCOME³: €334.6m (+59.3% vs. H1 2020)

**CONTINUED GOOD BUSINESS GROWTH AND RISE OF NET INCOME
SHOWING THE BUSINESS MODEL'S STRENGTH**

¹ Multi-brand full service leasing

² Calculated on average Financial Outstanding where financial outstanding (management data) represents the value of the rental fleet based on a financial amortisation, annualised bp

³ Before net income attributable to minority interests

The Board of Directors of Arval Service Lease met on 8 September 2021. The meeting was chaired by Alain van Groenendael and the Board approved Arval Group's results for the first half of 2021.

STRONG INCREASE OF NET INCOME DRIVEN BY THE CONTINUED EXPANSION OF THE ACTIVITY AND THE POSITIVE EVOLUTION OF THE USED CAR MARKET

Arval's activity continued to develop well in the first half of 2021 thanks to the quality of its services and the strength of its business model: the **leased fleet grew by 6.4% compared to the end of June 2020, reaching 1,416,777 vehicles**, despite the longer delivery time for new cars in connection with the current shortage of semi-conductors on the market. It confirmed Arval's position as the European leader in full service multi-brand leasing. The **Corporate** leased fleet reached 1,012,995 vehicles at the end of June 2021 (+3.3% compared to the end of June 2020). The **Retail** segment grew by 16.2% compared to the end of June 2020, reaching 372,007 vehicles of which 31% on private lease. The **Mid-term Rental** segment grew by 3.6% compared to the first half of 2020 reaching 31,105 vehicles. Orders continued to be strong in the first half of 2021.

As a responsible player, in 2020, Arval developed a strong CSR strategy to respond to environmental issues. In the first half of 2021, the company continued to assume its role as an advocate for electric mobility with **electrified vehicles⁴ representing 26% of deliveries worldwide**. At the end of June 2021, Arval Group's leased fleet included 154,402 electrified vehicles, up by 83.0% compared to the end of June 2020.

In the first half of 2021, Arval continued to deploy its strategic plan Arval Beyond. With the aim of becoming the major player in sustainable mobility, this plan, launched in October 2020, incorporates four offers: mobility solutions in addition to cars (360° Mobility), technology for the benefit of Arval's customers (Connected & Flexible), strong partnerships (Arval Inside) and sustainability at the core of everything (Good for you, Good for all). As part of the rollout of its plan, in 2021, Arval launched a range of new mobility services: the Arval Mobility Hub (which involves shared mobility options – including: car, bike and micro-mobility solutions – available at the premises of Arval's corporate clients, to make them easily accessible to their employees); the Arval Mobility App (which enables employees to choose the most suitable mobility options for their journey) and Arval Mobility Consulting (an approach designed by Arval Consulting to support its clients in setting up and implementing their fleet's energy transition and new mobility policies).

Arval also continued to implement the partnerships signed in 2020, such as with SIXT in several major countries or with UniCredit Bank in Austria. All of these partnerships are strongly focused on providing a digital customer experience and expanding the range of products and services with shared, connected and electrified mobility solutions. In June, Arval also acquired the full service leasing fleet of Athlon in Switzerland (750 vehicles transferred to Arval's Swiss subsidiary on 1 July 2021).

Gross operating income totalled 845.7 million euros, up by 29.3% compared to the first half of 2020, illustrating the good development of the activity and the positive evolution of the used car market.

Supported by the growth of the leased fleet, gross operating income excluding car sales results increased overall by 9.2%: at 358.8 million euros, the lease contract margin rose by 17.1% compared to the first half of 2020 and the lease service margin amounted to 320.9 million euros, up by 1.5% compared to the first half of 2020.

The car sales result reached 166.0 million euros in the first half of 2021 (31.5 million euros in the first half of 2020 when it was at a low level due to the initial lockdowns). The number of disposals increased by 52.3% (171,102 vehicles disposed of) compared to a low base in the first half of 2020. The car sales result benefited from the positive evolution of the used car market in terms of demand and prices. This high level of used cars prices, observed in almost all countries, is linked to the evolution of supply and demand in

⁴ Battery electric vehicles and hybrid vehicles

connection with longer delivery times for new vehicles where the supply of used cars is impacted by fewer dealers from customers and where demand is sustained by a lower availability of new vehicles.

At 394.8 million euros, Arval Group's **operating expenses** were up by 7.9% compared to a low base in the first half of 2020 in relation to the growth of the activity and the implementation costs of the Arval Beyond strategic plan. The Cost/Income ratio improved: 46.7% in 2021 compared to 55.9% in the first half of 2020.

The **cost of risk** was down at 15.8 million euros compared to a high base in the first half of 2020 in relation to the Covid crisis (22.8 million euros). It was 14 basis points⁵ of financial outstanding⁶ (-8 bp compared to the first half of 2020) with a decrease (-7 bp) in the cost of risk of the Corporate activity and of the Retail activity (-15 bp).

The **Arval Group's operating result**, at 435.1 million euros (265.4 million euros for the first half of 2020), thus increased by 64.0%.

Non-operating items totalled +6.6 million euros (-0.4 million euros for the first half of 2020).

Profit before tax, which came to 441.7 million euros (265.0 million euros for the first half of 2020), was thus up by 66.7%.

Arval Group's net income amounted to 334.6 million euros for the first half of 2021 (210.0 million euros for the first half of 2020), up by 59.3%.

Arval Group's net income attributable to equity holders was 325.0 million euros, up by 59.9% compared to the first half of 2020.

This strong performance, supported by the current high level of used car prices, reflects the strength of the Arval business model despite the health crisis, as well as the success of its long-term rental business model and its customer, geographical and product diversification.

The **total balance sheet** grew by 6.3% compared to the end of 2020 to reach 28,133 million euros at the end of June 2021 in relation to the growth of the rental fleet (+6.3% compared to year-end as at December 2020). Total equity amounted to 2,160 million euros at the end of June 2021 compared to 2,072 million euros at the end of 2020.

"Arval's activity continued to develop well in the first half of 2021 with our leased fleet up by 6.4% compared to 30 June 2020, confirming Arval's position as European leader of the multi-brand full service leasing industry. Supported by the high level of used car prices, it resulted in a strong increase in our gross operating income.

Operating expenses were well controlled and the cost of risk was down compared to last year when it was impacted by the Covid crisis. Thus, in the first half of the year, Arval reported a net income of 335 million euros, significantly up compared to the same period last year.

We continued to implement our 2025 plan Arval Beyond with significant progress already being made in terms of electrified vehicles deliveries. I would like to thank all Arval employees for their dedicated efforts in achieving this very good performance and delivering our ambitious targets for 2025", says Alain van Groenendael, Arval Chairman and CEO.

⁵ In annualised bp

⁶ Financial outstanding (management data) represents the value of the rental fleet based on a financial amortisation

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About Arval:

Arval specialises in full service vehicle leasing and new mobility solutions, leasing more than 1.4 million vehicles globally by the end of June 2021. Every day, more than 7,000 Arval employees in 30 countries offer flexible solutions to make journeys seamless and sustainable for its customers, which range from large international corporates to smaller companies and individual retail clients.

Arval is a founding member of the Element-Arval Global Alliance, a worldwide leader in the fleet management industry, with 3 million vehicles in 50 countries. Arval was founded in 1989 and is a BNP Paribas Group company. Within the Group, Arval sits within its Retail Banking & Services division.

www.arval.com

About BNP Paribas

BNP Paribas is the European Union's leading bank and key player in international banking. It operates in 68 countries and has more than 193,000 employees, including nearly 148,000 in Europe. The Group has key positions in its three main fields of activity: Retail Banking for the Group's retail-banking networks and several specialised businesses including BNP Paribas Personal Finance and Arval ; Investment & Protection Services for savings, investment and protection solutions ; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, the Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated retail-banking model across several Mediterranean countries, Turkey, Eastern Europe as well as via a large network in the western part of the United States. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

BNP Paribas has implemented a Corporate Social Responsibility approach in all its activities, enabling it to contribute to the construction of a sustainable future, while ensuring the Group's performance and stability.

Appendix

Consolidated profit and loss account

In millions of euros	First half 2021	First half 2020
Lease contract revenues	2 389,24	2 299,68
Lease contract costs depreciation	(1 921,16)	(1 870,60)
Lease contract - Financing	(109,52)	(116,14)
Foreign exchange gain/loss	0,19	(6,52)
LEASE CONTRACT MARGIN	358,76	306,42
Service revenues	1 576,46	1 427,00
Costs of service revenues	(1 255,56)	(1 110,87)
LEASE SERVICES MARGIN	320,90	316,12
Proceeds of cars sold & End of Contract Fees	2 227,60	1 248,40
Cost of cars sold	(2 061,58)	(1 216,88)
CAR SALES RESULT	166,02	31,52
GROSS OPERATING INCOME	845,68	654,06
Salary and employee benefit expense	(261,50)	(245,96)
Other operating expenses	(103,50)	(92,87)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(29,79)	(27,09)
OPERATING EXPENSES	(394,79)	(365,92)
Cost of risk	(15,75)	(22,75)
OPERATING RESULT	435,14	265,39
Other incomes and other expenses	4,05	0,79
Share of earnings of equity-method entities	2,55	(1,21)
PROFIT BEFORE TAX	441,74	264,98
Corporate income tax	(107,17)	(54,95)
NET INCOME	334,57	210,02
Net income attributable to minority interests	9,57	6,77
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	325,00	203,26

Consolidated balance sheet

In millions of euros	30 June 2021	31 December 2020
ASSETS		
Goodwill	518,86	509,79
Other intangible assets	86,19	84,86
INTANGIBLE ASSETS	605,04	594,65
Rental fleet	23 092,34	21 732,34
Property, plant and other equipment	148,67	158,36
TANGIBLE ASSETS	23 241,01	21 890,70
Equity-method investments	28,07	25,67
Securities at fair value through profit or loss	10,04	10,46
Derivatives used for hedging purposes	12,82	18,96
Other non current financial assets	302,73	297,27
FINANCIAL ASSETS	353,65	352,36
Deferred tax assets	93,41	74,57
NON CURRENT ASSETS	24 293,12	22 912,28
Inventories	297,77	400,09
Trade receivables	1 067,54	982,86
Cash and cash equivalents	816,67	611,56
Derivatives used for hedging purposes	5,13	7,59
Other financial assets	16,56	46,99
Current income tax receivable	15,79	30,09
Other receivables and prepayments	1 620,50	1 462,87
CURRENT ASSETS	3 839,96	3 542,03
TOTAL ASSETS	28 133,08	26 454,32
LIABILITIES		
Share capital	66,41	66,41
Share premium	272,23	272,23
Retained earnings and other reserves	1 486,94	1 262,35
Net income	334,57	471,45
<i>Net income for the period attributable to shareholders</i>	325,00	459,93
<i>Net income for the period attributable to minority interests</i>	9,57	11,52
TOTAL EQUITY	2 160,15	2 072,44
Subordinated debt	90,00	90,00
Debt securities	789,92	
Borrowings from financial institutions	15 207,57	14 512,68
Derivatives used for hedging purposes	11,44	9,82
Retirement benefit obligations and long term benefits	79,86	80,66
Provisions	276,30	264,62
Deferred tax liabilities	279,38	261,86
Trade and other payables	71,73	61,06
NON CURRENT LIABILITIES	16 806,20	15 280,70
Borrowings from financial institutions	5 913,29	6 758,88
Debt securities	499,94	
Derivatives used for hedging purposes	4,58	3,93
Provisions	106,46	100,58
Current income tax liabilities	76,75	31,49
Trade and other payables	2 565,72	2 206,30
CURRENT LIABILITIES	9 166,73	9 101,18
TOTAL LIABILITIES	25 972,93	24 381,88
TOTAL EQUITY AND LIABILITIES	28 133,08	26 454,32