

PRESS RELEASE

ARVAL 2020 FULL YEAR RESULTS

**ARVAL OUTPERFORMED THE MARKET DESPITE THE HEALTH CRISIS
AND BECAME THE EUROPEAN LEADER IN FULL SERVICE LEASING¹**

LEASED FLEET: +6.4% vs. 31/12/2019

INCREASE IN GROSS OPERATING INCOME

**GROSS OPERATING INCOME: +3.5% vs. 2019
+5.8% including Greenval Insurance²**

**GOOD CONTROL OF OPERATING EXPENSES
GENERATING IMPROVEMENT OF COST INCOME RATIO**

**OPERATING EXPENSES: +1.3% vs. 2019³
COST INCOME: 53.5% vs 54.7% in 2019
51.5% vs 53.8% including Greenval Insurance²**

CONTROLLED INCREASE IN THE COST OF RISK

+64.5% vs. 2019 (+10 bp⁴)

RISE OF COMBINED NET INCOME

**NET INCOME⁵: €471.4m (-0.6% vs. 2019)
NET INCOME⁵ INCLUDING GREENVAL INSURANCE: €518.6m (+3.9% vs. 2019)**

**GOOD BUSINESS GROWTH DESPITE THE HEALTH CRISIS
RISE OF NET INCOME SHOWING THE BUSINESS MODEL'S STRENGTH**

¹ Multibrand full service leasing

² Combined accounts: Greenval Insurance DAC has been part of Arval's business activity since its creation. It was acquired from BNP Paribas Group on 14th December 2020

³ +1.3% also for combined accounts with Greenval Insurance

⁴ Calculated on average Financial Outstanding where financial outstanding (management data) represents the value of the rental fleet based on a financial amortization

⁵ Before net income attributable to minority interests



The Board of Directors of Arval Service Lease met on 8 March 2021. The meeting was chaired by Alain van Groenendael and the Board endorsed Arval Group's results for 2020.

Increase of net income showing the strength of the business model

Despite the health crisis and thanks to the quality of its services, its ability to react quickly and seize new opportunities, the resilience of its business and the solidity of the BNP Paribas Group, Arval Group's leased fleet grew by 6.4% compared to the end of 2019, reaching 1,381,555 vehicles (+7.3% on an average basis in 2020). The Corporate financed fleet reached one million vehicles in 2020 (+3.5%). The Retail segment grew by 15.7%, reaching 346,857 vehicles of which 100,000 on private lease. The Mid-term Rental segment grew by 6.0%, reaching 31,125 vehicles.

2020 saw the renewal or launch of partnerships forged with major partners, including SIXT (beginning with Germany, France, the Netherlands, UK and Belgium) and CaixaBank Payments & Consumer group in Spain and Portugal. A new cooperation agreement was also signed with Unicredit Bank Austria, strengthening Arval's position in the country with the acquisition of UniCredit Leasing Fuhrparkmanagement GmbH. All of these partnerships are based on a strong focus to provide a digital customer experience and expand the range of products and services with shared, connected and electrified mobility solutions.

Driven by a sense of responsibility towards society and its customers, Arval developed in 2020 a strong CSR strategy to respond to environmental issues and was rewarded with the platinum EcoVadis rating, ranking Arval in the top 1% of its industry. In 2020, Arval assumed its role as an advocate for electric mobility and grew at twice the pace of the market in terms of Battery Electric Vehicle orders, taking into account the global market per country.

Gross operating income totalled 1,373.6 million euros, up by 3.5% compared to 2019. It was up by 5.8% at 1,436.2 million euros on a combined basis including the Greenval Insurance activity⁶, illustrating the good evolution of the activity despite the health crisis.

At 626.3 million euros, the lease contract margin rose by 4.4% compared to 2019⁷. The lease service margin amounted to 588.6 million euros down by 1.6% due to lower net revenues on maintenance, tyres and assistance in connection with vehicles being less on the road in the context of Covid crisis. Including the Greenval Insurance activity, the lease service margin reached 651.3 million euros up by 3.5% thanks to the good evolution of the insurance activity benefiting from a lower level of damages due to less mileage in connection with health crisis. The car sales result increased by 23.3% compared to 2019, to reach 158.7 million euros in 2020⁷ benefiting from the positive evolution of the used car market in terms of demand and prices after the lockdown period in the second half of the year.

At 735.0 million euros, the Arval Group's **operating expenses** were up by 1.3% compared to 2019 (up by 1.3% at 739.6 million euros on a combined basis including Greenval Insurance). Considering the ratio Operating Expenses / Average financed fleet in unit, efficiency improved in 2020 as the ratio decreased by 5.9% to reach €550/unit⁸.

⁶ Greenval Insurance DAC has always been part of Arval's business activity. It was acquired from BNPP Group on 14th December 2020

⁷ Same figures on a combined basis including Greenval Insurance

⁸ -5,9% at €553 / unit including Greenval Insurance



This contained increase of operating expenses thanks to saving measures implemented generated a positive jaw effect and an improvement of the Cost/Income ratio: 53.5% in 2020 compared to 54.7% in 2019 (51.5% in 2020 compared to 53.8% in 2019 including Greenval).

The **cost of risk** was up at 60.2 million euros (36.6 million euros in 2019)⁷. It was 30 basis points of financial outstanding⁹ (+10 bp compared to 2019) with a slight increase (+7 bp) in the cost of risk of the Corporate activity and an higher impact in the Retail activity (+15 bp).

The **Arval Group's operating result**, at 578.4 million euros (565.0 million euros in 2019), increased thus by 2.4% (636.5 million euros up by 7.6% on a combined basis including Greenval Insurance).

Non-operating items totalled +1.5 million euros (-0.3 million euros in 2019). On a combined basis including Greenval Insurance, they stood at -2.8 million euros (+2.0 million euros in 2019).

Profit before tax, which came to 579.8 million euros (564.7 million euros in 2019), was thus up by 2.7%. On a combined basis including Greenval Insurance, it totalled 633.7 million euros (593.4 million euros in 2019) up by 6.8%.

Arval Group's net income amounted to 471.4 million euros in 2020 (474.2 million euros in 2019), slightly down by 0.6%. Adding the results of the insurance activity made by Greenval, the combined Arval Group's net income totalled 518.6 million euros up by 3.9% compared to 2019.

Arval Group's net income attributable to equity holders was 459.9 million euros, down by 2.1% compared to 2019. Considering combined net income with Greenval, it reached 507.1 million euros, up by 2.5%.

The increase of net income reflects the strength of Arval business model despite health crisis thanks to its long-term rental business model and its customer, geographical and product diversification.

Total balance sheet grew by 7.5% to reach 26,454 million euros at the end of 2020 (up by 6.4% on a combined basis including Greenval Insurance) in relation with the growth of the Rental fleet (+8.2% compared to year-end December 2019). Total equity amounted to 2,072 million euro at December 2020 compared to 1,694 million euros at the end of 2019.

Expanding horizons in 2021 with the first year of Arval Beyond

Arval took an important step by presenting its new strategic plan **Arval Beyond** in October 2020, preparing the company to grow steadily in a new world, based on its main strengths while rethinking its business model to respond to customer needs.

Arval Beyond translates into four offers: mobility on top of cars with, for instance, the recent launch of bike leasing in eight countries (**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**).

⁹ Financial outstanding (management data) represents the value of the rental fleet based on a financial amortization

In 2021, Arval will continue to deploy its strategy through concrete objectives. Amongst this year's projects are:

- New services to better care for corporate needs: Arval Mobility Hub, Arval Mobility App, Arval Mobility Consulting, as part of the Arval Beyond's 360° Mobility offer,
- A renewed ambition to double the Battery Electric Vehicles orders market, backed by a transformational CSR project to be launched in June 2021,
- An ambitious partnerships programme to reach new populations and frontiers.

In the coming years, Arval will accelerate its drive with the 2025 objective of becoming the leader in sustainable mobility, financing 2 million vehicles and generating 1 billion euros pre-tax net income with a 50% cost/income ratio. For 2025, Arval has set up also unparalleled CSR ambitions: half a million electrified vehicles leased and an average reduction of 30% in CO₂ emissions for its entire fleet.

“Arval delivered in 2020 a solid net income of 519 million including Greenval, up 3.9% compared to 2019. The activity continued to show good growth despite Covid crisis resulting in gross operating income increase. Operating expenses were well contained which helped to compensate for cost of risk increase.

Arval showed in 2020 the strength of its business model thanks to its long term leasing business model and its product, country and customer diversification. Arval is even stronger today and is leading the market in terms of performance, pioneering spirit and its CSR commitments.

The crisis in 2020 confirmed the priorities we defined for Arval Beyond as something our customers needed. I would like to thank all the employees of Arval for their dedicated efforts to achieve this very good performance in 2020 and to deliver our ambitious targets for 2025”, says Alain van Groenendael, Arval Chairman and CEO.



ARVAL
BNP PARIBAS GROUP

For the many
journeys in life

Press contacts:

Verbatee:

Jérôme Goer – j.goer@verbatee.com - +33 (0)6 61 61 79 34

Aline Besselièvre – a.besselievre@verbatee.com - +33 (0)6 61 85 10 05

Florence Bastien – f.bastien@verbatee.com - +33 (0)6 61 61 78 55

Arval:

Christelle Paillès – christelle.paillès@arval.com - +33 (0)7 60 63 19 82

Mathilde de Jorna – mathilde.dejorna@arval.com - +33 (0)1 57 69 54 15

About Arval:

Arval specialises in full service vehicle leasing and new mobility solutions, leasing almost 1.4 million vehicles at end December 2020. Every day, more than 7,200 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 fully owned by BNP Paribas. Within the BNP Paribas Group, Arval sits within its Retail Banking & Services division.

www.arval.com

About BNP Paribas:

BNP Paribas is a top-ranking bank in Europe with an international profile. It operates in 71 countries and has almost 199 000 employees, including more than 151 000 in Europe. The Group ranks highly in its three core areas of activity: Domestic Markets and International Financial Services (whose retail banking networks and financial services are grouped together under Retail Banking & Services) and Corporate & Institutional Banking, centred on corporate and institutional clients. The Group helps all of its clients (retail, associations, businesses, SMEs, large corporates and institutional) to implement their projects by providing them with services in financing, investment, savings and protection. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the leader in the field of consumer lending in Europe. BNP Paribas is also rolling out its integrated retail banking model across the Mediterranean countries and in Turkey and Eastern Europe and has a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas enjoys leading positions in Europe, a strong presence in the Americas and has a solid and fast-growing network in the Asia/Pacific region.

www.bnpparibas.com



ARVAL
BNP PARIBAS GROUP

For the many
journeys in life

Appendix

Consolidated profit and loss account

In millions of euros	Year to 31 December 2020	Year to 31 December 2019
Lease contract revenues	4 575,16	4 387,50
Lease contract costs depreciation	(3 714,98)	(3 546,04)
Lease contract - Financing	(223,26)	(230,20)
Foreign exchange gain/loss	(10,61)	(11,52)
LEASE CONTRACT MARGIN	626,31	599,74
Service revenues	2 900,87	3 031,75
Costs of service revenues	(2 312,30)	(2 433,31)
LEASE SERVICES MARGIN	588,58	598,44
Proceeds of cars sold & End of Contract Fees	3 111,53	3 064,57
Cost of cars sold	(2 952,86)	(2 935,90)
CAR SALES RESULT	158,67	128,68
GROSS OPERATING INCOME	1 373,56	1 326,86
Salary and employee benefit expense	(491,84)	(467,47)
Other operating expenses	(187,91)	(206,16)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(55,28)	(51,64)
OPERATING EXPENSES	(735,03)	(725,27)
Cost of risk	(60,17)	(36,58)
OPERATING RESULT	578,35	565,01
Other incomes and other expenses	0,57	(0,83)
Share of earnings of equity-method entities	0,92	0,52
PROFIT BEFORE TAX	579,84	564,70
Corporate income tax	(108,40)	(90,55)
NET INCOME	471,45	474,15
Net income attributable to minority interests	11,52	4,57
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	459,93	469,58



Combined¹⁰ profit and loss account

In millions of euros	Combined (*)	Combined (*)
	Year to 31 December 2020	Year to 31 December 2019
Lease contract revenues	4 575,16	4 387,50
Lease contract costs depreciation	(3 714,98)	(3 546,04)
Lease contract - Financing	(223,26)	(230,20)
Foreign exchange gain/loss	(10,61)	(11,52)
LEASE CONTRACT MARGIN	626,31	599,74
Service revenues	2 986,86	3 097,48
Costs of service revenues	(2 335,60)	(2 467,95)
LEASE SERVICES MARGIN	651,26	629,53
Proceeds of cars sold & End of Contract Fees	3 111,53	3 064,57
Cost of cars sold	(2 952,86)	(2 935,90)
CAR SALES RESULT	158,67	128,68
GROSS OPERATING INCOME	1 436,24	1 357,95
Salary and employee benefit expense	(494,58)	(469,48)
Other operating expenses	(189,61)	(208,53)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets and intangible assets	(55,38)	(51,95)
OPERATING EXPENSES	(739,57)	(729,96)
Cost of risk	(60,17)	(36,58)
OPERATING RESULT	636,51	591,40
Other incomes and other expenses	(3,70)	1,49
Share of earnings of equity-method entities	0,92	0,52
PROFIT BEFORE TAX	633,73	593,40
Corporate income tax	(115,14)	(94,25)
NET INCOME	518,59	499,16
Net income attributable to minority interests	11,52	4,57
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	507,07	494,59

(*) Restated of intercompany transactions

¹⁰ Combined accounts including Greenval Insurance: Greenval Insurance has been part of Arval's business activity since its creation. It was acquired from BNPP Group on 14th December 2020



ARVAL
BNP PARIBAS GROUP

For the many
journeys in life

Consolidated balance sheet

In millions of euros	31 December 2020	31 December 2019
ASSETS		
Goodwill	509,79	515,52
Other intangible assets	84,86	76,89
INTANGIBLE ASSETS	594,65	592,41
Rental fleet	21 732,34	20 077,78
Property, plant and other equipment	158,36	151,31
TANGIBLE ASSETS	21 890,70	20 229,09
Equity-method investments	25,67	24,48
Securities at fair value through profit or loss	10,46	11,56
Derivatives used for hedging purposes	18,96	3,34
Other non current financial assets	297,27	159,87
FINANCIAL ASSETS	352,36	199,26
Deferred tax assets	74,57	47,78
NON CURRENT ASSETS	22 912,28	21 068,54
Inventories	400,09	336,69
Trade receivables	982,86	1 112,66
Cash and cash equivalents	611,56	337,17
Derivatives used for hedging purposes	7,59	1,34
Other financial assets	46,99	35,10
Current income tax receivable	30,09	49,16
Other receivables and prepayments	1 462,87	1 678,36
CURRENT ASSETS	3 542,03	3 550,48
TOTAL ASSETS	26 454,32	24 619,02
LIABILITIES		
Share capital	66,41	66,41
Share premium	272,23	272,23
Retained earnings and other reserves	1 262,35	881,57
Net income	471,45	474,15
<i>Net income for the period attributable to shareholders</i>	<i>459,93</i>	<i>469,58</i>
<i>Net income for the period attributable to minority interests</i>	<i>11,52</i>	<i>4,57</i>
TOTAL EQUITY	2 072,44	1 694,36
Subordinated debt	90,00	90,00
Borrowings from financial institutions	14 512,68	13 758,48
Derivatives used for hedging purposes	9,82	8,97
Retirement benefit obligations and long term benefits	80,66	79,01
Provisions	264,62	168,74
Deferred tax liabilities	261,86	221,44
Trade and other payables	61,06	57,80
NON CURRENT LIABILITIES	15 280,70	14 384,44
Borrowings from financial institutions	6 758,88	6 223,21
Derivatives used for hedging purposes	3,93	3,59
Provisions	100,58	64,20
Current income tax liabilities	31,49	40,76
Trade and other payables	2 206,30	2 208,47
CURRENT LIABILITIES	9 101,18	8 540,22
TOTAL LIABILITIES	24 381,88	22 924,67
TOTAL EQUITY AND LIABILITIES	26 454,32	24 619,02

