
Enhanced Mobility Through Leasing

SEPTEMBER 2018



AGENDA



- 01 | How a Leasing Company understands MOBILITY?
- 02 | How to provide best mobility solution in China?
- 03 | Future of Full Service Leasing

HOW A LEASING COMPANY UNDERSTANDS MOBILITY?

RESPONSIBILITY

identify the **right vehicle** for the **right usage** and enable our clients to make informed **decisions, with a vision** and determination to continuously **reduce** the environmental **impact** of their fleet

FLEXIBILITY

- Car sharing / Car Hailing
- Ride sharing / Pooling
- Operational Leasing / Second lease
- Flexible product
- Short and medium term renting

From TCO to TCM



INNOVATION

use **NEW** services to solve core business challenges, increase efficiencies, and improve mobility

HOW TO PROVIDE BEST MOBILITY SOLUTION IN CHINA?



THINK ABOUT END USERS

How to keep your employees and decrease retention rate?



ALLOWANCE / DRIVERS?

How to make sure your employees are using it right?
What about safety?



SAFETY

How to make sure your drivers / end users are safe on the road?



CITY RESTRICTIONS

How to make sure you can get from point A to point B?



THINK: FUTURE

How to foresee the future not put down the fire?



What
FSL
is?

Benefits
of FSL

What's
next?

FULL SERVICE LEASING OR OUTRIGHT PURCHASE ?



Do the right analysis to make the right choice

Identify and understand all the costs involved as well as the processes



Analysis strongly country-dependent



Taxes and regulatory rules

+



Interest rate

+



Other specificities and local constraints (including operational)

FULL SERVICE LEASING		OUTRIGHT PURCHASE
Vehicles chosen by the company Purchased by the Leasing Company (owner) Rented for a fixed duration and mileage Sold by the Leasing Company in the end of the contract	WHAT?	Vehicles purchased and owned by the company Financed on equity capital or on credit. Resold by the company to its employees, to garages and less often to wholesalers or via auction sales
Alleviates balance sheet (until IFRS16 enforcement) Increases operational expenses Frees up capital	Immobilized assets & capital availability	Increases assets, requires capital
Avoids risks, without loss but also without wins	Depreciation risk	Risks exposure, but possibility to generate revenues
High predictability, stable payment flows	Brutal changes risks, expenditures predictability	Exposure to market changes, low predictability
Releases the internal structure, management facilitated	Administration structure	Requires qualified dedicated headcounts, highly demanding
More controls	Drivers support	Driver more free
Simplified	Suppliers management	Complex
Highly simplified	Vehicle remarketing	Highly complex: time consuming and requires space
Restrictions	Flexibility	Full autonomy

What are the internal cost of funds, market interest rates, fund allocation?

Understand costs of internal resources involved

CASH ALLOWANCE OR FULL SERVICE LEASING?

DRIVER PERSPECTIVE



BENEFITS



Choice of the model of the car is not limited (no fleet policy imposed by employer)

Possibility to use cash for any other purpose than a vehicle

FREEDOM OF CHOICE



CONSTRAINTS



TOTAL COSTS

Vehicle related costs higher than allowance coverage (no benefit from scale economies taken into account in allowance calculation)

QUALITY

Quality of service and costs for maintenance etc. are not monitored.

TAXATION

Subject to normal income tax likely to be higher than BIK.



INSURANCE

Annual mileage, age, driving record, home location influence the cost



ADMINISTRATION

Responsible for car acquisition and sale + all the car issues management

CASH ALLOWANCE OR FULL SERVICE LEASING?

EMPLOYER PERSPECTIVE



BENEFITS



No supplier administration

No asset administration
(acquisition, sale, maintenance,
insurance etc.)

CONSTRAINTS



TAXATION

Depending on the country, taxation on a pay enhancement is higher than on a benefit (eg: France)



DUTY OF CARE

More administrative burden to control and be compliant: ensure

- Employee holds a valid driving license
- is insured for business use
- is regularly serviced
- The employee is carrying out basic maintenance checks



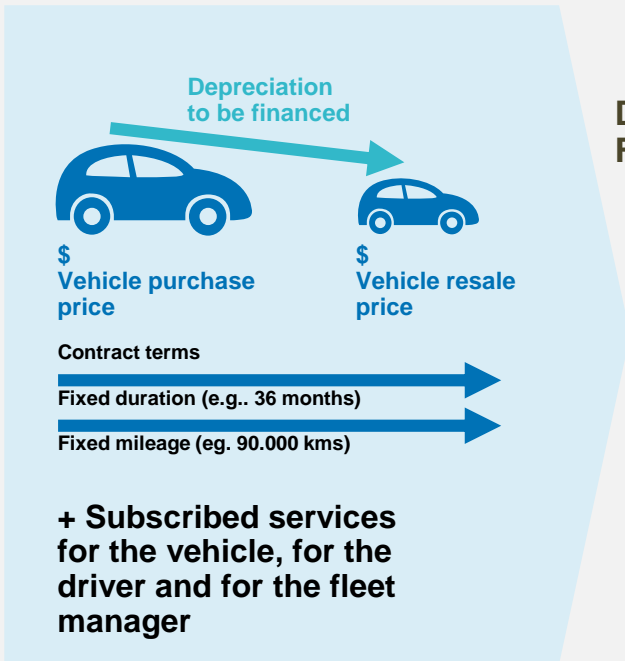
RISK OF IMAGE

Choice of vehicle reflects image of company



NOT FLEXIBLE

You can play on your cost with company car not with cash allowance (you cannot tell the employee you will reduce its cash allowance but you can play on your car policy)



DEPRECIATION FUNDING



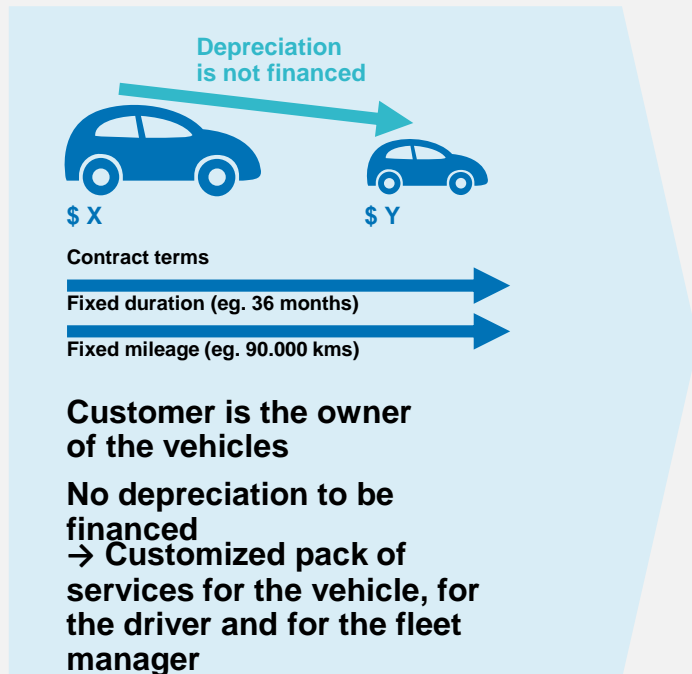
ADDITIONAL SERVICES



MONTHLY RENTAL

CUSTOMER BENEFITS

- **Focus on core business:** productivity gains with employees dedicated to the core business.
- **Optimal use of capital:** no initial cost to the customer → vehicles purchased by ALD.
- **Cost reduction and predictability:** technical analysis of budgets, bargaining power with suppliers and maintenance costs are turned into fixed cost in monthly rent.
- **No financial risk:** ALD is responsible for vehicle depreciation.
- **ALD expertise:** better negotiations, robust systems, centralized billing, comfort, convenience, best practices.



MANAGEMENT FEE



REAL COST RE-INVOICED



MONTHLY INVOICE

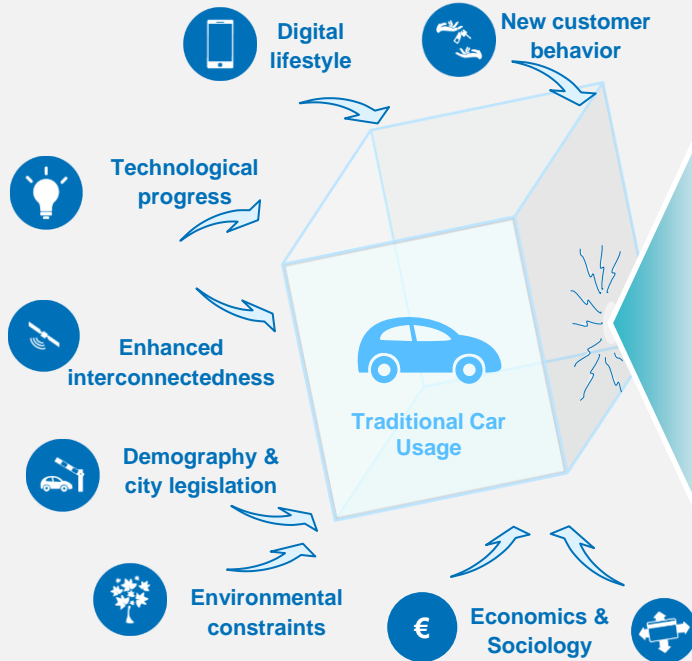
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- **ALD expertise:** better negotiations, robust systems, centralized billing, comfort, convenience, best practices.
- **Immediate implementation:** no vehicle purchasing → immediate availability of services

MEGA TRENDS RESHAPING THE MOBILITY SECTOR



Today's mega trends...



The rise of alternative powertrains

- Alternative powertrains



The shift to mobility as a service

- Mobility services & platforms



The move from ownership to usage

- Private Lease



The surge of connected cars

- Connected Car ecosystem
- Autonomous vehicles



ALD, A TRUE
MOBILITY
PROVIDER

ALD INNOVATES DEVELOPPING NEW CAPABILITIES TO PREPARE THE FUTURE



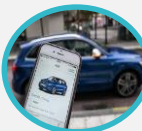
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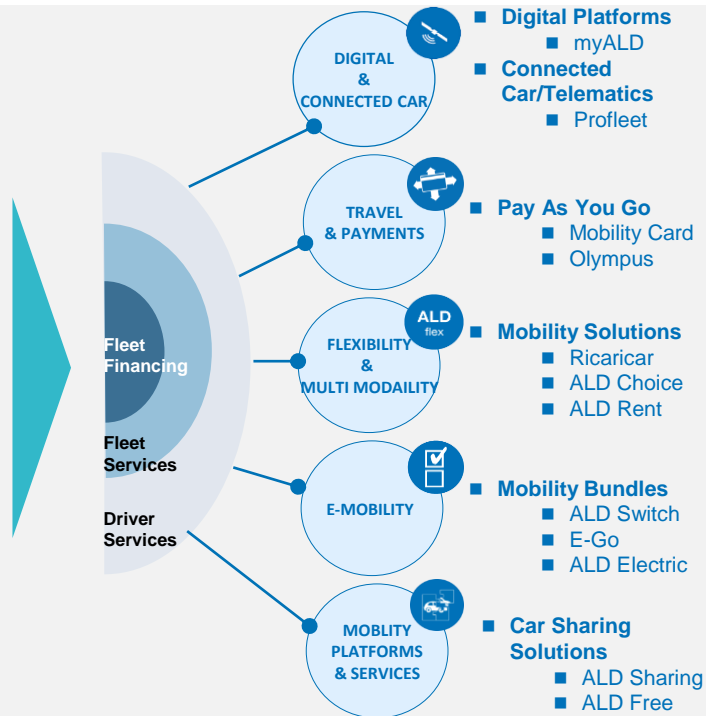
The move from ownership to usage

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- ALD is positioned in every aspect of mobility and has developed differentiating innovation capabilities
- Innovation to generate improved driver experience or/and fleet management efficiencies
- In-house development or Start up partnerships for innovative IT Solutions

THANK YOU