LeasePlan announces Q4 and Full Year 2020 results

AMSTERDAM, the Netherlands, 11 February 2021 – 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 Q4 results.

Q4 and Full Year 2020 financial highlights

- Net result of EUR 45 million (full year EUR 253 million)
- Underlying net result of EUR 89 million (full year EUR 406 million) including increased operating expenses related to investments in growth, digital platforms and CarNext.com
  - Car-as-a-Service:
    - Serviced fleet growth flat for the full year at 1.9 million vehicles
    - Underlying Lease and Additional Services gross profit of EUR 343 million (-12.0%) in the quarter and EUR 1,377 million (-10.2%) for the full year, impacted by reduced income and rebates & bonuses from lower business activity and increasing costs for expected credit losses, only partially offset by strong Damage Services & Insurance results
    - PLDV and End of Contract Fees Gross Profit of EUR 18 million in the quarter and EUR 41 million for the full year (+13.1%) benefitting from used-car pricing at or above pre-COVID levels
    - Operating expenses of EUR 252 million (+14.2%) in the quarter and EUR 856 million (+1.8%) for the full year due to increased investments in growth and digital platforms offset by tight cost control across the year
    - Underlying net result of EUR 112 million in the quarter (-19.9%) and EUR 486 million for the full year (-19.7%), despite COVID-19-related impacts, demonstrating the strong resilience of the business model
  - CarNext.com:
    - Revenues of EUR 37 million (+20.9%) in the quarter and EUR 138 million (+15.7%) for the full year, driven by higher third-party sales and ancillary services partially offset by 24.5% lower B2C retail sales (full year -2.5%) due to COVID-19-related temporary store closures
    - Underlying net result of EUR –23 million, including EUR 9 million additional strategic investments in key markets focussed on accelerating future growth
  - Year-end liquidity buffer of EUR 7.1 billion

Key numbers[1]

	Q4 2020	Q4 2019	% YoY Growth	2020	2019	% YoY Growth
VOLUME						
Serviced fleet (thousands), as at 31 December				1,852.1	1,865.2	–0.7%
Numbers of vehicles sold (thousands)	69.6	72.8	–4.4%	271.3	283.8	–4.4%
PROFITABILITY						
Underlying net result (EUR Million)	88.7	125.9	–29.6%	405.7	556.5	–27.1%
- Car-as-a-Service	111.6	139.3	–19.9%	485.8	605.2	–19.7%
- CarNext.com	–22.9	–13.3	–71.6%	–80.1	–48.7	–64.6%
Net result (EUR Million)	44.9	115.2	–61.0%	252.5	403.0	–37.3%
Underlying return on equity[2]				10.3%	15.2%	

[1] Due to rounding, numbers throughout this release might not add up precisely to the totals provided. Percentages are calculated based on un-rounded numbers.
[2] RoE is based on equity excluding the additional Tier 1 instrument. Including the AT1, RoE is 9.9% for FY 2020 and 14.6% for FY 2019

Commenting on the results, Tex Gunning, CEO of LeasePlan, said:

"LeasePlan delivered a solid underlying net result of EUR 406 million despite exceptionally challenging circumstances and investments in growth, digital platforms and CarNext.com. Most importantly, we were able to safely support our customers and employees throughout a very challenging year. Looking back on 2020, we are very grateful to our customers for their loyalty and cooperation in these exceptional times, and we are very proud of LeasePlanners across the world for their competence, dedication and resilience while working from home since March.

Our Car-as-a-Service business delivered a robust underlying net result of EUR 486 million. The lockdowns increased demand for e-commerce related delivery vehicles and we saw strong growth in our private lease fleet. Covid-related supply chain constraints slowed overall growth and had a negative impact on volume-related rebates and bonuses. Given the economic impact of Covid on our customers, we also had to take provisions for expected credit losses.

CarNext.com, our digital used-car marketplace, performed well with online sales more than doubling and revenues up over 15%, with customers showing strong demand for our new range of e-commerce services, including virtual car appointments and click & collect, as well as our expanding range of ancillary services. While B2C retail sales were lower due to COVID-related store closures, we saw a recovery in used-car pricing across all markets, with pricing at or above pre-COVID levels.

Throughout 2020, LeasePlan continued to lead the sustainability agenda in our industry, clearly demonstrating the pivotal role that large EV fleets play in tackling climate change. 2020 was the greenest year in the history of LeasePlan, with EVs and plug-in hybrids now representing 16.5%[3] of all our new orders. Looking ahead, we will continue to advocate for accelerated growth in public charging infrastructure and long-term incentives for green driving, ensuring EVs become the common sense choice for all drivers in the New Normal.

Overall, LeasePlan finished the year in line with the plans we set out at the beginning of the crisis. Despite ongoing restrictions in many markets, we are confident in our ability to withstand any further market disruptions due to the fundamental resilience of our business. Moreover, we are very positive about the what's next for our business and our industry, as the pandemic accelerates demand for delivery vehicles and safe, personal vehicle subscriptions among SMEs and private customers. Going forward, we will unlock this significant growth potential through our continued transition to a fully digital business model, which not only enables us to improve the service we deliver to our customers at lower cost, but will also allow us to integrate a range of new products and revenue streams into our Car-as-a-Service ecosystem."

COVID-19 update

As a result of the actions of our experienced management team, LeasePlan is well positioned to continue to minimize the impact of national lockdowns on its business, customers and employees, also supported by our strong liquidity buffer of EUR 7.1 billion.

- **Core leasing business** – Overall, our serviced fleet growth was flat for FY2020. In April and May, the disruption to the OEM supply chain led to a postponement in new vehicle procurement, slowing down our serviced fleet growth and reducing rebates & bonuses on new vehicle purchases. From June, we saw a recovery in new vehicle deliveries as dealers and factories opened-up. The recovery continued into Q4, despite a second wave of national lock-downs, with a rebound in order activations and a service fleet growth of +0.8% (vs Q2 2020). Going forward, we expect long-term growth in our core segments, especially SME/Private, to remain strong as customers continue to opt for safe personal vehicle subscriptions over other mobility options.
- **Customer credit portfolio** – Since the beginning of the pandemic LeasePlan received customer requests for payment relief measures which were assessed and granted on a case-by-case basis. To date, most customers are on track with their adjusted payment schedule with only 6% considered in default by the end of Q4. The provision for expected credit losses for Lease receivables from clients increased by EUR 5 million in the quarter (vs Q4 2019) which is a combination of the impact from the updated IFRS 9 estimated-credit-loss calculations and defaults. Full year 2020 provisions totalled EUR 76 million (FY2019: EUR 31 million) resulting in a net addition to the provision of 36 bps (FY2019: 14bps). In relation to defaulted customers, LeasePlan also booked a EUR 25 million impairment in underlying adjustments for potential book value losses on cars from defaulted customers.
- **Used-car market** – In Q4 used-car pricing remained stable despite the second wave of national lockdowns, resulting in a group PLDV and EOCF gross profit of EUR 26 million (full year up to EUR 76 million). Looking back on 2020, the pandemic caused high levels of disruption to the functioning of used-car markets across Europe from March to May, as many markets were effectively shut and others experienced abruptly reduced levels of demand and dislocations to used-car prices. From June, the used-car market recovered faster than expected to pre-COVID levels as B2B and B2C business activities resumed. In November and December, a second wave of country lockdowns resulted in temporary CarNext.com store closures causing lower business activity, however used-car pricing remained stable.

[3] New orders of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (Private Vehicles and Light Commercial Vehicles), excluding USA

Group performance

In millions of euros, unless otherwise stated	Q4 2020	Q4 2019	% YoY Growth	2020	2019	% YoY Growth
Lease & Additional Services income	1,638.1	1,738.4	–5.8%	6,673.6	6,815.1	–2.1%
Vehicle Sales and End of contract fees	789.2	819.0	–3.6%	3,179.9	3,303.2	–3.7%
Revenues	**2,427.4**	**2,557.4**	**–5.1%**	**9,853.5**	**10,118.3**	**–2.6%**
Underlying cost of revenues	**2,058.0**	**2,158.4**	**–4.7%**	**8,399.2**	**8,509.7**	**–1.3%**
Lease Services	146.5	157.8	–7.2%	557.7	622.5	–10.4%
Fleet Management & other Services	44.7	71.0	–37.0%	205.4	288.6	–28.8%
Repair & Maintenance Services	68.6	82.2	–16.5%	280.8	329.7	–14.8%
Damage Services and Insurance	83.3	79.9	4.2%	333.9	297.4	12.3%
Underlying Lease and Additional Services	**343.1**	**390.9**	**–12.2%**	**1,377.9**	**1,538.2**	**–10.4%**
End of contract fees	33.4	38.9	–14.1%	135.5	143.6	–5.7%
Profit/Loss on disposal of vehicles	–7.2	–30.8	76.7%	–59.0	–73.1	19.3%
Profit/Loss on disposal of vehicles and End of contract fees	**26.2**	**8.1**	**224.2%**	**76.5**	**70.5**	**8.5%**
Underlying gross profit	**369.3**	**399.0**	**–7.4%**	**1,454.3**	**1,608.7**	**–9.6%**
Underlying operating expenses	290.6	250.6	16.0%	999.4	944.3	5.8%
Other income	–	–		0.1	–	
Share of profit of investments accounted for using the equity method	1.0	1.0		3.6	4.5	
Underlying profit before tax	**79.7**	**149.4**	**–46.7%**	**458.6**	**668.8**	**–31.4%**
Underlying tax	–9.0	23.5	–138.3%	52.8	112.3	–52.9%
Underlying net result	**88.7**	**125.9**	**–29.6%**	**405.7**	**556.5**	**–27.1%**
Underlying adjustments	–43.8	–10.7		–153.2	–153.5	
Reported net result	**44.9**	**115.2**	**–61.0%**	**252.5**	**403.0**	**–37.3%**
Staff (FTE's at period end)				8,399	7,956	5.6%

Financial Performance Q4

Revenues decreased by 5.1% to EUR 2,427 million (full year down by 2.6% to EUR 9,853 million). **Lease and Additional Services income** was down by 5.8% to EUR 1,638 million (full year down by 2.1% to EUR 6,674 million) due to lower business activity and some FX impact. **Vehicle Sales and End of contract fees** were down 3.6% to EUR 789 million (full year down by 3.7% to EUR 3,180 million) driven by lower vehicles sold.

Underlying Lease and Additional Services gross profit was down 12.2% to EUR 343 million (full year down by 10.4% to EUR 1,378 million), mainly driven by reduced income and rebates & bonuses across all gross profit lines due to lower business activity, a EUR 5 million addition to the provision for expected credit losses impacted by COVID-19, partially offset by strong Damage Services & Insurance results (up 4.2% in the quarter and full year up by 12.3% to EUR 334 million). **PLDV and EOCF gross profit** was up to EUR 26 million with used-car pricing at or above pre-COVID levels (full year up by 8.5% to EUR 76 million).

Underlying operating expenses were up 16.0% to EUR 291 million (full year up by 5.8% to EUR 999 million) including increased investments in growth, digital platforms and CarNext.com. In scaling-up CarNext.com, we increased operating expenses for the business by EUR 9 million in the quarter, mainly in our data-driven platform and our leading technology infrastructure, taking total CarNext.com operating expenses to EUR 39 million.

The underlying tax rate was negative at –11.3% due to tax rate changes in numerous countries and a one-time tax reduction related to deductibility of AT1 capital interest.

Underlying net result was down 29.6% to EUR 89 million (full year down by 27.1% to EUR 406 million) due to a reduced gross profit margin impacted by COVID-19 and increased operating expenses related to investments in growth, digital platforms and CarNext.com, partially offset by higher PLDV & EOCF gross profit and strong Damage Services & Insurance results.

Reported net result was down 61.0% to EUR 45 million (full year down by 37.3% to EUR 253 million), including underlying adjustments of EUR 44 million from mainly costs related to CarNext.com BU set-up, impairments on right of use assets (related to office/retail buildings), a true-up for the operating lease impairment provision, book value losses related to cars from defaulted customers and a mark-to-market result on derivatives.

Segment reporting CaaS and CarNext.com

In order to better reflect how LeasePlan manages these two businesses, we are reporting CaaS and CarNext.com separately.

Financial Performance Car-as-a-Service

In thousands	Q4 2020	Q4 2019	% YoY Growth	2020	2019	% YoY Growth
Serviced fleet, as at 31 December				1,852.1	1,865.2	−0.7%
Funded fleet, as at 31 December				1,347.9	1,367.4	−1.4%
Numbers of vehicles sold, as at 31 December	69.6	72.8	−4.4%	271.3	283.8	−4.4%
of which through CarNext.com	61.3	65.4	−6.3%	238.6	254.7	−6.3%

in millions of euros	Q4 2020	Q4 2019	% YoY Growth	2020	2019	% YoY Growth
Lease and Additional Services income	1,638.3	1,738.5	−5.8%	6,674.0	6,815.2	−2.1%
Vehicle sales and End of contract fees	782.9	817.0	−4.2%	3,162.2	3,296.1	−4.1%
Revenues	**2,421.3**	**2,555.5**	**−5.3%**	**9,836.3**	**10,111.2**	**−2.7%**
Underlying cost of revenues	2,060.3	2,168.5	−5.0%	8,417.8	8,540.5	−1.4%
Underlying lease and additional services gross profit	343.4	390.0	−12.0%	1,377.1	1,534.3	−10.2%
Profit/Loss on disposal of vehicles and End of contract fees gross profit	17.6	−3.1	675.0%	41.3	36.5	13.1%
Underlying gross profit	**360.9**	**387.0**	**−6.7%**	**1,418.4**	**1,570.7**	**−9.7%**
Underlying operating expenses	251.7	220.4	14.2%	856.3	840.9	1.8%
Share of profit in equity accounted investments	1.0	1.0		3.6	4.5	
Underlying profit before tax	110.3	167.6	−34.2%	565.8	734.3	−22.9%
Underlying tax	−1.3	28.4	−104.6%	80.0	129.2	−38.1%
Underlying net result	**111.6**	**139.3**	**−19.9%**	**485.8**	**605.2**	**−19.7%**

Serviced fleet was stable at 1.9 million vehicles despite reduced demand for leasing in Q2 2020 in core European markets offset by growth in RoW (Serviced fleet up 0.8% since Q2 2020).

Revenues decreased by 5.3% to EUR 2,421 million (full year down by 2.7% to EUR 9,836 million). **Lease and Additional Services income** was down by 5.8% to EUR 1,638 million (full year down by 2.1% to EUR 6,674 million) due to lower business activity and some FX impact. **Vehicle Sales and End of contract fees** were down 4.2% to EUR 783 million (full year down by 4.1% to EUR 3,162 million), driven by lower vehicle sales.

Underlying Lease and Additional Services Gross Profit was down 12.0% to EUR 343 million (full year down by 10.2% to EUR 1,377 million), mainly driven by reduced income and rebates & bonuses across all gross profit lines due to lower business activity, a EUR 5 million addition to the provision for expected credit losses impacted by COVID-19, partially offset by strong Damage Services & Insurance results (up 4.2% in the quarter and full year up by 12.3% to EUR 334 million). **PLDV and EOCF gross profit** was up to EUR 18 million with used-car pricing at or above pre-COVID levels (full year up by 13.1% to EUR 41 million).

Underlying operating expenses were up 14.2% at EUR 252 million including increased investments in growth and digital platforms offset by tight cost control across the year (full year up 1.8% to EUR 856 million).

The underlying tax rate was 0.0% due to tax rate changes in numerous countries and a one-time tax reduction related to deductibility of AT1 capital interest.

Underlying net result was down 19.9% to EUR 112 million (full year down by 19.7% to EUR 486 million) driven by COVID-19-related reduced gross profit margin and higher operating expenses related to investments in growth and digital platforms, partially offset by higher PLDV & EOCF gross profit and strong Damage Services & Insurance results.

Operational Highlights Car-as-a-Service

In our Car-as-a-Service business, LeasePlan again delivered a solid performance across all customer segments, and ended Q4 with serviced fleet growth of +0.8 (vs Q2 2020). New LCV registrations significantly outperformed the market in the quarter, demonstrating our ability to handle rapidly increasing demand for LCVs among Corporate and SME clients. Supported by our popular FlexiPlan offer, the Private lease segment also performed well, achieving accelerated growth, especially in the Netherlands, Spain, Portugal and Denmark. In addition, our service offering across key segments was bolstered by the rollout of our roadside assistance partnership with ARC Europe Group, including in Luxembourg (ACL), the UK (AA), Portugal (ACP), Denmark (FDM) and Norway (NAF). Damage & Insurance Services, a key profit driver for LeasePlan, delivered a strong performance, with gross profit up 4.2% for the quarter and 12.3% for the year.

LeasePlan continued to make progress with its digital transformation in the quarter, introducing new products to improve services and lower costs. This included the further rollout of our LCV Fleet Manager Portal, which enables customers to proactively monitor and manage their fleet via real-time insights, as well as the continued rollout of the My Fleet reporting tool to an additional 80,000 fleet managers. On the sustainability front, electrification of the LeasePlan fleet continued apace, with new orders for electric vehicles and plug-in hybrids increasing to a record 16.5%[4] (Q4 2019: 10.0%), underlying the strength of our strategy to achieve zero tailpipe emissions from our funded fleet by 2030.

Financial Performance CarNext.com

Sales volume[5]

In thousands	Q4 2020	Q4 2019	% YoY Growth	2020	2019	% YoY Growth
- B2B sales	52.4	53.6	−2.2%	199.5	214.6	−7.0%
- B2C sales	8.9	11.8	−24.5%	39.1	40.1	−2.5%
Total	**61.3**	**65.4**	**−6.3%**	**238.6**	**254.7**	**−6.3%**

in millions of euros	Q4 2020	Q4 2019	% YoY Growth	2020	2019	% YoY Growth
Revenues	36.5	30.2	20.9%	138.3	119.5	15.7%
Underlying cost of revenues	28.2	18.2	54.5%	102.3	81.6	25.3%
Underlying gross profit	**8.4**	**12.0**	**−30.2%**	**36.0**	**37.9**	**−5.0%**
Underlying operating expenses	38.9	30.2	28.9%	143.3	103.4	38.5%
Underlying profit before tax	**−30.6**	**−18.2**	**−67.8%**	**−107.2**	**−65.5**	**−63.7%**
Underlying tax	−7.7	−4.9	−57.5%	−27.2	−16.9	−61.0%
Underlying net result	**−22.9**	**−13.3**	**−71.6%**	**−80.1**	**−48.7**	**−64.6%**
Allocated assets				216.1	156.9	37.7%
Allocated liabilities				166.2	116.6	42.6%

B2C retail volumes were down 24.5% to approximately 8,900 vehicles (full year down by 2.5% to 39,100 vehicles), due to reduced business activity from COVID-19-related temporary store closures in November and December, partially offset by strong growth in online used-car

[4] New orders of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (Private Vehicles and Light Commercial Vehicles), excluding USA

[5] B2C sales: B2C sales excluding used-car leasing and third party sales

sales. In addition, the increased number of lease extensions in the Car-as-a Service business caused a reduction in the total number of vehicles sold through the CarNext.com platform in the quarter.

Despite lower B2C and B2B volumes, **Revenues** were up 20.9% to EUR 37 million (full year up by 15.7% to EUR 138 million), mainly driven by the implementation of our active car sourcing strategy resulting in higher third-party sales and due to the growing demand for our range of ancillary services. **Gross profit** was down 30.2% to EUR 8 million (full year down by 5.0% to EUR 36 million) due to lower B2C and B2B sales volumes, a relatively high Q4 2019 margin, partially offset by growth in the margin per sold car.

Underlying operating expenses up by EUR 9 million to EUR 39 million (full year up by 38.5% to EUR 143 million), as CarNext.com continued to invest in its data-driven platform and leading technology infrastructure as well as our online business model including commercial and sourcing capabilities focussing on accelerating future growth.

The underlying tax rate was down 1.7 percentage points to 25.2% driven by a blend of statutory rates in which CarNext.com operates.

Underlying net result was down to EUR –23 million (full year down to EUR –80 million), driven by lower B2C and B2B sales due to COVID-19 and increased strategic investments in CarNext.com.

Operational highlights CarNext.com

CarNext.com continued to deliver on its mission to become the leading pan-European platform for high-quality used-cars, and delivered a solid performance in the quarter, with online used-car sales doubling and revenues up 20.9% in Q4. The revenue increase was driven by increased third party sales and demand for CarNext.com's growing range of ancillary services, including extended warranties and maintenance service packages. While B2C retail sales were lower due to COVID-related store closures across Europe in Q4, CarNext.com continued to optimize its online car buying experience, including through its partnership with Adyen, enabling customers to complete frictionless online payments.

Funding and Capital Position

Having finished Q3 with a liquidity buffer at a record level of EUR 8.74 billion, a conscious decision was taken to step back from funding markets in Q4, resulting in no activity on either the senior unsecured or ABS platforms. With LeasePlan's Retail Bank broadly stable over the period (year-end closing balance of EUR 9.1 billion), the company decided to reduce the liquidity buffer to more normalized levels and ended the year at EUR 7.1 billion via a normal pattern of redemptions and new business. This buffer consists of cash balances as well as access to the company's undrawn EUR 1.5 billion committed revolving credit facility. The CET1 ratio as per 31 December 2020 was 16.7%[6] calculated at the regulatory sub-consolidated level (LeasePlan Corporation N.V. consolidated). At this sub-consolidated level, the Total Capital ratio is 19.3%[7] which is equal to the Tier 1 capital ratio.

Following the Supervisory Review and Evaluation Process (SREP) by the Dutch Central Bank (DNB), LeasePlan's minimum capital requirements were set at 6.7% for the Common Equity Tier 1 (CET1) capital ratio (excluding any shortfalls in the AT1 and Tier 2 buckets allowed under Pillar 1 and Pillar 2 as at 31 December 2020 at the regulatory sub-consolidated level) and 11.9% for the total SREP Capital Requirement ratio. These capital requirements take into account the effects stemming from the implementation of the new Definition of Default as per 1 January 2021. As a consequence of this implementation of the new Definition of Default, the TREA could increase during the course of 2021 with an amount up to EUR 2.7 billion (based on current estimations). This increase in TREA has been included in the calculation underlying the SREP minimum capital requirements for 2021. The CET1 and total SREP Capital Requirements excludes the combined buffer requirement (i.e. capital conservation buffer of 2.5% and counter-cyclical buffer of 0.05% as at 31 December 2020). These minimum capital requirements apply to both the regulatory sub-consolidated (LeasePlan Corporation N.V. consolidated) and Consolidated (LP Group B.V. consolidated) levels.

There have been no ratings actions in the period.

As of 1 January 2021 LeasePlan is officially under the direct supervision of the European Central Bank.

LeasePlan will follow the ECB's recommendation to exercise prudence and will continue to refrain from making any dividend distribution until 30 September 2021. It is LeasePlan's intention to formally propose to the general meeting to add the Q1 – Q3 net result to the general reserves (retained earnings) and to postpone any decision on the allocation of the Q4 2020 net result. The Q4 2020 net result will then not be included in CET1 capital, but will remain available for LeasePlan for either (i) future dividends once the ECB's recommendation has been revised or repealed, or (ii) inclusion in retained earnings.

[6] CET1 ratio at the regulatory Consolidated level (LP Group BV consolidated) is 16.7% (also excluding the Q4 2020 interim net results) and CET1 ratio at the regulatory Solo level (LeasePlan Corporation N.V.) is 15.1% as per 31st December 2020. The CET1 ratio at the regulatory Solo level is excluding the full-year 2020 net results.

[7] These CET1 and Total Capital ratios do not take into account the Q4 2020 interim net results.

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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 1.9 million vehicles under management in over 30 countries. With over 50 years' experience, LeasePlan's mission is to provide what's next in sustainable mobility so our customers can focus on what's next for them. Find out more at www.leaseplan.com/corporate.

Condensed Consolidated financial statements

Consolidated statement of profit or loss

For the year ended 31 December

In thousands of euros	Q4 2020	Q4 2019	2020	2019
Operating lease income	1,024,110	1,067,104	4,135,553	4,155,570
Finance lease and Other interest income	28,759	32,264	117,109	134,669
Additional services income	585,249	639,037	2,420,954	2,524,832
Vehicle sales and End of contract fees	789,241	818,979	3,179,925	3,303,244
Revenues	**2,427,360**	**2,557,384**	**9,853,541**	**10,118,314**
Depreciation cars	847,773	830,970	3,368,378	3,288,083
Finance cost	80,932	90,075	335,873	346,911
Unrealised (gains)/losses on financial instruments	4,761	−20,917	298	14,623
Impairment charges on loans and receivables	13,738	9,202	76,319	31,065
Lease cost	947,204	909,330	3,780,869	3,680,683
Additional services cost	376,310	419,641	1,620,540	1,622,832
Vehicle and Disposal cost	763,013	810,889	3,138,156	3,232,765
Direct cost of revenues	**2,086,528**	**2,139,861**	**8,539,566**	**8,536,280**
Lease services	105,665	190,038	471,793	609,556
Additional services	208,939	219,395	800,414	901,999
Profit/Loss on disposal of vehicles and End of contract fees	26,228	8,090	41,769	70,479
Gross profit	**340,832**	**417,523**	**1,313,975**	**1,582,035**
Staff expenses	163,580	166,480	597,348	614,540
Other operating expenses	113,614	89,461	341,915	316,080
Other depreciation and amortisation	44,419	26,062	123,961	183,544
Total operating expenses	**321,613**	**282,003**	**1,063,224**	**1,114,164**
Share of profit of investments accounted for using the equity method	972	1,019	3,613	4,466
Other income	–	–	92	–
Profit before tax	**20,191**	**136,539**	**254,456**	**472,337**
Income tax expenses	−24,735	21,333	1,942	69,356
Net result for the period	**44,926**	**115,206**	**252,514**	**402,981**
Attributable to:				
Equity holders of parent	35,741	105,948	215,872	381,197
Holders of AT1 capital securities	9,275	9,258	36,898	21,784
Non-controlling interest	−90	–	−257	–

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

Consolidated statement of comprehensive income

For the year ended 31 December

In thousands of euros	2020	2019
Net result	**252,514**	**402,981**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit reserve, before tax	1,484	–5,991
Income tax on post-employment benefit reserve	–801	1,778
Subtotal changes post-employment benefit reserve, net of income tax	**683**	**–4,213**
Items that may be subsequently reclassified to profit or loss		
Changes in cash flow hedges, before tax	3,379	683
Income tax on cash flow hedges	–828	–187
Subtotal changes in cash flow hedges, net of income tax	**2,550**	**496**
Exchange rate differences	–101,490	28,352
Other comprehensive income, net of income tax	**–98,257**	**24,635**
Total comprehensive income for the year	**154,256**	**427,616**
Comprehensive income attributable to:		
Owners of the parent	117,615	405,832
Holders of AT1 capital securities	36,898	21,784
Non-controlling interest	–257	–

Consolidated statement of financial position

As at 31 December

In thousands of euros	2020	2019
Assets		
Cash and balances at central banks	5,169,103	4,828,356
Investments in debt securities	24,273	24,663
Receivables from financial institutions	671,264	638,579
Derivative financial instruments	171,054	102,636
Other receivables and prepayments	1,160,806	1,242,624
Inventories	615,976	644,721
Corporate income tax receivable	48,418	70,796
Loans to equity accounted investments	175,500	163,500
Lease receivables from clients	3,136,556	3,388,054
Property and equipment under operating lease & Rental fleet	18,886,423	19,340,074
Other property and equipment	387,705	392,935
Investments in equity accounted investments	16,337	18,778
Intangible assets	262,785	203,387
Deferred tax asset	288,696	229,150
Assets classified as held-for-sale	1,222	–
Total assets	**31,016,117**	**31,288,252**

Consolidated statement of financial position - *continued*

As at 31 December

In thousands of euros	**2020**	**2019**
Liabilities		
Funds entrusted	9,212,495	7,763,597
Derivative financial instruments	150,371	136,770
Trade and other payables and Deferred income	2,584,847	2,437,634
Corporate income tax payable	39,180	65,377
Borrowings from financial institutions	3,560,531	4,078,817
Lease liabilities	308,140	296,289
Debt securities issued	10,084,252	11,582,171
Provisions	561,911	522,335
Deferred tax liabilities	336,164	344,623
Total liabilities	**26,837,891**	**27,227,613**
Equity		
Share capital	71,586	71,586
Share premium	506,398	506,398
Other reserves	−141,382	−43,125
Retained earnings	3,243,734	3,027,862
Equity of owners of the parent	**3,680,335**	**3,562,720**
AT1 capital securities	497,937	497,919
Non-controlling interest	−47	–
Total equity	**4,178,225**	**4,060,639**
Total equity & liabilities	**31,016,117**	**31,288,252**

Consolidated statement of changes in equity

For the year ended 31 December

	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	AT1 capital securities	Non-controlling interest	Total equity
Balance as at 1 January 2019	**71,586**	**506,398**	**–67,760**	**2,811,834**	**3,322,058**	**–**	**–**	**3,322,058**
Net result	–	–	–	402,981	402,981	–	–	402,981
Transfer - accrued interest on AT1 capital securities	–	–	–	–21,784	–21,784	21,784	–	–
Other comprehensive income	–	–	24,635	–	24,635	–	–	24,635
Total comprehensive income	**–**	**–**	**24,635**	**381,197**	**405,832**	**21,784**	**–**	**427,616**
Interim dividend	–	–	–	–165,170	–165,170	–	–	–165,170
Proceeds AT1 capital securities	–	–	–	–	–	500,000	–	500,000
Issuance costs AT1 capital securities	–	–	–	–	–	–5,425	–	–5,425
Interest coupon paid on AT1	–	–	–	–	–	–18,440	–	–18,440
Balance as at 31 December 2019	**71,586**	**506,398**	**–43,125**	**3,027,862**	**3,562,720**	**497,919**	**–**	**4,060,639**
Balance as at 1 January 2020	**71,586**	**506,398**	**–43,125**	**3,027,862**	**3,562,720**	**497,919**	**–**	**4,060,639**
Net result	–	–	–	252,771	252,771	–	–257	252,514
Transfer - accrued interest on AT1 capital securities	–	–	–	–36,898	–36,898	36,898	–	–
Other comprehensive income	–	–	–98,257	–	–98,257	–	–	–98,257
Total comprehensive income	**–**	**–**	**–98,257**	**215,872**	**117,615**	**36,898**	**–257**	**154,256**
Incorporation of subsidiary with NCI	–	–	–	–	–	–	210	210
Interest coupon paid on AT1	–	–	–	–	–	–36,880	–	–36,880
Balance as at 31 December 2020	**71,586**	**506,398**	**–141,382**	**3,243,734**	**3,680,335**	**497,937**	**–47**	**4,178,225**

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. There is a fixed interest coupon of 7.375 % per annum, payable semi-annually starting from November 2019. Interest is non-cumulative and fully at the discretion of LeasePlan Corporation N.V.
Accrued interest in 2020 on AT1 capital securities amounts to EUR 36.9 million. In 2020 an amount of EUR 36.9 million was paid related to the period November 2019 - November 2020, including EUR 3.3 million accrued in 2019. The remaining part of EUR 3.4 million is payable in May 2021, therefore as at the reporting date this amount does not yet represent a liability.

In Q2 2020 LeasePlan and Faraday Keys Holding B.V. ('FK') incorporated PowerD B.V., in line with our strategy to achieve zero emissions from total fleet by 2030. The share distribution is 72.8% and 27.2% respectively and the investment in equity is EUR 0.6 million. Minority shares of FK are shown under Non-controlling interests.

Consolidated statement of cash flows

for the year ended 31 December

In thousands of euros	**2020**	**2019**
Operating activities		
Net result	252,514	402,981
Adjustments		
Interest income and expense	218,765	212,242
Impairment charges on receivables	76,319	31,065
Valuation allowance on inventory	1,262	−5,410
Depreciation operating lease portfolio and rental fleet	3,491,199	3,398,932
Insurance expense	336,970	370,134
Depreciation other property plant and equipment	86,543	70,000
Amortisation and impairment on intangibles	36,904	113,544
Share of profit in equity accounted investments	−3,613	−4,466
Financial instruments at fair value through profit and loss	298	14,623
Income tax expense	1,942	69,356
Changes in		
Provisions	−295,688	−350,053
Derivative financial instruments	4,774	9,858
Trade and other payables and other receivables	589,533	−145,655
Inventories	231,853	207,291
Amounts received disposing objects under operating lease	2,652,268	2,599,174
Amounts paid acquiring objects under operating lease	−6,363,863	−7,736,560
Acquired new finance leases	−1,166,841	−1,421,412
Repayment finance leases	1,133,526	1,421,501
Income taxes received	28,486	10,954
Income taxes paid	−92,053	−110,256
Interest received	118,522	134,575
Interest paid	−339,350	−343,866
Net cash inflow/(outflow) from operating activities	**1,000,268**	**−1,051,447**

Consolidated statement of cash flows - continued

for the year ended 31 December

In thousands of euros	**2020**	**2019**
Investing activities		
Net investment in debt securities	390	46
Acquisition of subsidiary, net of cash acquired	–	–11,954
Loans to equity accounted investments	–94,000	–83,000
Redemption on loans to equity accounted investments	82,000	70,800
Dividend received from ass. and jointly controlled entities	4,565	–
Changes in held-for-sale investments	–	776
Proceeds from sale of other property and equipment	20,339	28,226
Acquisition of other property and equipment	–51,153	–62,013
Acquisition of intangibles assets	–97,340	–48,868
Net cash inflow/(outflow) from investing activities	–135,199	–105,987
Financing activities		
Receipt from receivables from financial institutions	816,271	777,561
Balances deposited to financial institutions	–766,955	–773,221
Receipt of borrowings from financial institutions	3,905,582	7,441,475
Repayment of borrowings from financial institutions	–4,297,847	–7,197,782
Receipt of funds entrusted	4,069,195	3,386,137
Repayment of funds entrusted	–2,620,307	–2,112,775
Receipt of debt securities	1,779,156	3,826,245
Repayment of debt securities	–3,206,506	–2,718,472
Payment of lease liabilities	–45,502	–39,692
Dividends paid to Company's shareholders	–	–165,170
Receipts from capital securities	–	494,575
Interest paid AT1 capital securities	–36,880	–18,440
Net cash inflow/outflow from financing activities	**–403,793**	**2,900,442**
Cash and balances with banks as at 1 January	**5,093,290**	**3,351,570**
Net movement in cash and balances with banks	461,276	1,743,008
Exchange gains/(losses) on cash and balances at banks	2,835	–1,288
Cash and balances with banks as at 31 December	**5,557,401**	**5,093,290**

Notes regarding financial information presented in this press release

Presentation
All amounts are in thousands of euros unless otherwise stated. Due to rounding, amounts may not add up precisely to totals provided. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2019, unless otherwise stated.
These condensed consolidated financial statements do not include Company financial statements. Annual Company financial statements will be included in the Group's Annual report for the year ended 31 December 2020. The Group's Financial Statements for 2020 are in progress and may be subject to adjustments resulting from subsequent events.

Use of estimates, assumptions and judgements
The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated 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 2019.

Due to COVID-19 pandemic, the range of reasonably possible assumptions, underlying judgements and estimates has widened, which affected estimation uncertainty most significantly for the following estimates: expected credit losses on lease receivables from clients, impairment testing of goodwill, the valuation and impairment of property and equipment under operating lease and the valuation allowance for inventories. Disclosure of significant judgements and major sources of estimation uncertainty and related sensitivities are included in the specific notes to the statement of financial position.

New and amended standards adopted by the Group effective as from 1 January 2020
The following new or revised standards, amendments and interpretations to published standards became effective as per 1 January 2020 (and are endorsed by the EU). The impacts of those standards and new accounting policies implemented by the Group are disclosed below.

Interest Rate Benchmark Reform

As a result of phase 1 of the interest rate benchmark reform in September 2019 the amendments to IFRS 9 and IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" are effective as per 1 January 2020. Those amendments provide a number of reliefs, which are applied to all hedging relationships that are directly affected by interest rate benchmark reform. Those amendments have no impact on the financial statement for the financial year 2020.

A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The relief does not apply to other sources of uncertainties of cash flows.

The Group is in the process of the transition from the IBOR-based instruments to alternative reference rate's (ARR) instruments, which will be finalised at the end of 2021. An implementation team is set up sponsored by the CFO and is led by senior representatives from functions amongst the Group including Strategic Finance, Legal, Finance, Risk and Operations. The implementation team performs periodic updates to the Managing Board.
The Group monitors further developments in these rates and determines the implications to the Group considering the impact on amongst others financial instruments, issued notes and the lease portfolio.

The Group is investigating and adapting to new regulations with respect to, but not limited to:
- The impact on financial instruments, derivatives, issued notes and the potential impact on future cash flows and discounting.
- Engaging with external financial institutions and counterparts to assess and source ARRs to its current contracts term sheets.
- Potential impact of the IBOR reform to collateral agreements.
- Investigation of local contracts in all countries.
- A legal review of all contracts in terms of contractual triggers, such as fallback events and their impact.

The Group evaluated the extent to which its hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2020.

The table below indicate the nominal amount and weighted average maturity of derivatives in hedging relationships that will be affected by IBOR reform, analysed by interest basis as at 31 December 2020. The derivative hedging instruments' nominal amount provides a close approximation to the extent of the risk exposure the Group manages through hedging relationships included in the derivative financial instruments in the statement of financial position.

Local currency amounts	Nominal amount (in million)	Average maturity (years)
Interest rate swaps		
CHF Libor	70	0.6
USD Libor	780	3.7

CHF Libor will be replaced by SARON, which is a pre-existing rate that was recommended as the alternative reference rate. CHF Libor is expected to cease after end of 2021. USD Libor is expected to be replaced by SOFR, which has been published since April 2018. USD Libor is expected to cease after end of 2021.

Other relevant significant interest rate benchmarks LeasePlan applies, like Euribor, BBSW, Nibor and Stibor, will continue to be available for the foreseeable future. Those rates will be calculated and administrated in accordance with the European Union Benchmarks Regulation requirements. This allows market participants to continue to use those reference rates for both existing and new contracts.

Other changes

The following other changes that became effective in 2020 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 the following standards.

Standards endorsed by the EU and effective as per 1 January 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018).
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Definition of Material (issued on 31 October 2018).
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018).
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (issued on 28 May 2020).

New and amended standards issued that become effective after 1 January 2021

The following amendments to standards are not yet endorsed by the EU and become effective as per 1 January 2021. Those changes relate to:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (issued on 23 January 2020). The IASB has issued an exposure draft to defer the effective date from 1 January 2022 to 1 January 2023.
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (issued 14 May 2020).
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

These changes are not expected to have a significant impact on shareholders' equity nor comprehensive income of the Group.

Most relevant new and amended standards issued that become effective after 2021

IFRS 17 – 'Insurance contracts'

The Group will implement IFRS 17 'Insurance Contracts' (as issued by the IASB on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020). The standards have not yet been EU endorsed and will be effective after 1 January 2023.

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 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 yet, nor specify any policy choice that will be made.

Explanatory notes to the condensed consolidated financial statements

All amounts are in thousands of euros unless otherwise stated.

1 Segment information

LeasePlan's core business activity consist of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all 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.

Primary segments
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 Alternative Performance Measures, such as serviced fleet, revenue and underlying net result. The Alternative Performance Measures are obtained from the internal system of management accounting. This provides management with a comprehensive view of the performance of the segments. Inter-segment transactions are at arm's length and not presented separately given their insignificance. All revenue is from external customers.

The segment information is presented in the table below.

	Europe		**Rest of the world**		**Total**	
In millions of euros	**2020**		**2020**		**2020**	
Serviced fleet (in thousands) at period end	**1,442**	**1,460**	**410**	**405**	**1,852**	**1,865**
Revenues	**8,920**	**8,998**	**933**	**1,120**	**9,854**	**10,118**
Finance lease and Other interest income	58	56	59	78	117	135
Finance cost	254	238	81	109	336	347
Car and other depreciation and amortisation	3,125	3,107	263	271	3,387	3,377
Underlying taxes	39	94	14	18	53	112
Underlying net result	**358**	**480**	**48**	**77**	**406**	**557**
Total assets	27,514	27,302	3,502	3,986	31,016	31,288
Total liabilities	23,871	23,786	2,967	3,441	26,838	27,228

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

	FTE's (average)		Underlying Revenues		Lease Contracts	
	Units		In millions of euros		In millions of euros	
Country of activity	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Netherlands	1,578	1,347	1,276	1,224	2,831	2,811
United Kingdom	544	541	1,142	1,166	2,733	2,954
Italy	525	532	1,120	1,138	1,922	1,931
Other	5,547	5,315	6,316	6,589	13,958	14,294
As at 31 December	**8,194**	**7,736**	**9,854**	**10,118**	**21,444**	**21,990**

Secondary segments

The Group identified two secondary reportable segments, Car-as-a-Service (CaaS) and CarNext.com.

CaaS and CarNext.com business models are disclosed in our business paragraph of the Annual Report.

	Caas		Carnext		I/C eliminations		Total	
in millions of euros	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	**9,836**	**10,111**	**138**	**120**	**–121**	**–112**	**9,854**	**10,118**
Underlying cost of revenues	–8,418	–8,540	–102	–82	121	112	–8,399	–8,510
Underlying lease and additional services gross profit	**1,377**	**1,534**	**–**	**–**	**2**	**4**	**1,379**	**1,538**
Profit/loss on disposal of vehicles and End of contract fees gross profit	**41**	**36**	**37**	**38**	**–2**	**–4**	**76**	**70**
Underlying gross profit	**1,418**	**1,571**	**36**	**38**	**–**	**–**	**1,454**	**1,609**
Underlying operating expenses	–856	–841	–143	–103	–	–	–999	–944
Share of profit in equity accounted investments	4	4	–	–	–	–	4	4
Underlying profit before tax	**566**	**734**	**–107**	**–66**	**–**	**–**	**459**	**669**
Underlying tax	–80	–129	27	17	–	–	–53	–112
Underlying net result	**486**	**605**	**–80**	**–49**	**–**	**–**	**406**	**557**
Underlying adjustments	–127	–140	–27	–14	–	–	–153	–154
Reported net result	**359**	**466**	**–107**	**–63**	**–**	**–**	**253**	**403**
Total allocated assets	30,814	31,147	216	157	–14	–15	31,016	31,288
Total allocated liabilities	26,685	27,126	166	117	–14	–15	26,838	27,228

The segment reporting is based on a commission model, whereby CarNext.com acts as a sales agent for LeasePlan CaaS in 23 countries for the sales of used cars that are coming off lease contracts. CarNext.com generates revenues through commissions on cars-sold, used-car lease (UCaaS) and ancillary services. For B2C, commissions are dependent upon the additional value realised versus B2B trader pricing. Commission rates are set at market rates on an arms-length basis. The vehicles CarNext.com sells on behalf of LeasePlan's CaaS business remain the property of LeasePlan CaaS until sold by CarNext.com.

Identified assets and directly attributable costs in cost of sales (e.g. defleeting cost and car preparation cost) and operating expenses (e.g. cost related to staff, facilities, digital/IT and marketing) are allocated to CarNext.com. Costs of the central managed activities, like borrowings, treasury, insurance, information services, supply services and holding activities are allocated to the CAAS segment only.

Income tax is allocated based on a blend of statutory rates from the 23 countries in which Carnext.com has operations. The CarNext.com and CaaS segments are integral parts of the Group's legal and fiscal entities and as such the losses in CarNext.com segment can be compensated by the profits in the CaaS segment.

LeasePlan CaaS continues to report the full revenue of the used cars sold by CarNext.com. The commission paid to CarNext.com is reported in cost of sales.

In the operating expenses of CarNext an amount of EUR 21.8 million is included related to set-up costs (2019: EUR 18.7 million). These costs are excluded from the Underlying net result as they are considered distinct from regular operating activities.

All intercompany transactions between LeasePlan CaaS and CarNext.com are eliminated for consolidated purpose.

The balance sheet of CarNext.com com includes directly attributable assets and liabilities of CarNext B.V, IFRS 16 leases (buildings, compounds and equipment), intangible assets, IT equipment, other fixed assets and allocated working capital.

Total allocated assets include EUR 102 million for IFRS 16 leases (2019: EUR 75 million), EUR 18 million for other fixed assets (2019: EUR 23 million), EUR 33 million intangible assets (2019: EUR 30 million). Total allocated liabilities consist of EUR 109 million IFRS 16 lease liabilities (2019: EUR 76 million) and working capital.

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	Q4 2020	Q4 2019	2020	2019
Operating lease income	1,024,110	1,067,104	4,135,553	4,155,570
Finance lease and other interest income	28,759	32,264	117,109	134,669
Additional services income	585,249	639,037	2,420,954	2,524,832
Vehicle sales and End of contract fees	789,241	818,979	3,179,925	3,303,244
Revenues	**2,427,360**	**2,557,384**	**9,853,541**	**10,118,314**

Finance lease and Other interest income for 2020 includes an amount of EUR 11.2 million (2019: EUR 9.8 million) related to Other interest income.

Operating lease income for 2020 includes an amount of EUR 705.6 million (2019: EUR 709.8 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	Q4 2020	Q4 2019	2020	2019
Depreciation cars	804,343	842,308	3,275,413	3,289,761
Impairment on assets *	43,431	−11,338	92,966	−1,678
Finance cost	80,932	90,075	335,873	346,911
Unrealised (gains)/losses on financial instruments	4,761	−20,917	298	14,623
Impairment charges on loans and receivables	13,738	9,202	76,319	31,065
Lease cost	**947,204**	**909,330**	**3,780,869**	**3,680,683**
Additional services cost	376,310	419,641	1,620,540	1,622,832
Vehicle and Disposal costs	763,013	810,889	3,138,156	3,232,765
Direct cost of revenues	**2,086,528**	**2,139,861**	**8,539,566**	**8,536,280**

(*) Impairment operating lease 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	Q4 2020	Q4 2019	2020	2019
Lease services	153,857	157,784	565,057	622,501
Impairment on assets *	−43,431	11,338	−92,966	1,678
Unrealised (gains)/losses on financial instruments	−4,761	20,917	−298	−14,623
Lease	**105,665**	**190,038**	**471,793**	**609,556**
Fleet management and other services	57,043	70,987	185,678	288,636
Repair and maintenance services	68,620	68,508	280,845	315,972
Damage services and Insurance	83,276	79,900	333,890	297,391
Additional services	**208,939**	**219,395**	**800,414**	**901,999**
End of contract fees	33,416	38,923	135,503	143,619
Profit/(loss) on disposed vehicles (PLDV)	−7,188	−30,834	−93,734	−73,140
Profit/(loss) on disposed vehicles and End of contract fees	**26,228**	**8,090**	**41,769**	**70,479**
Gross profit	**340,832**	**417,523**	**1,313,975**	**1,582,035**

(*) Impairment operating lease 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	Q4 2020	Q4 2019	2020	2019
Operating lease - interest income	172,302	183,981	705,569	709,781
Finance lease and other interest income	28,759	32,264	117,109	134,669
Finance cost	−80,932	−90,075	−335,873	−346,911
Net interest income	**120,129**	**126,170**	**486,804**	**497,538**
Unrealised (gains)/losses on financial instruments	−4,761	20,917	−298	−14,623
Impairment charges on loans and receivables	−13,738	−9,202	−76,319	−31,065
Net finance income	**101,630**	**137,885**	**410,187**	**451,850**

3 Alternative Performance Measures

In addition to IFRS financial measures, the Group uses certain Alternative Performance Measures to present and discuss our underlying performance and value creation. To arrive at Underlying net result, Net result is adjusted for impacts related to unrealised results on financial instruments, asset impairments and valuation allowance, restructuring expenses and other special items (like consultancy costs) which arise from events or transactions that management considers distinct from regular operating activities.

The reconciliation from IFRS measures to Alternative Performance Measures for 2020 and 2019 is included in the tables below:

2020

	IFRS results 31 December 2020	Underlying adjustments			Underlying results 31 December 2020
		Restructuring and other special items[1]	Unrealised results on financial instruments	Asset impairments and valuation allowance[2]	
Revenues	9,853,541				9,853,541
Direct cost of revenues	8,539,566	–	−20,050	−120,307	8,399,208
Gross profit	**1,313,975**	**–**	**20,050**	**120,307**	**1,454,332**
Total operating expenses	1,063,224	−44,498		−19,277	999,449
Other income	92				92
Share of profit of investments accounted for using the equity method	3,613				3,613
Profit before tax	**254,456**	**44,498**	**20,050**	**139,584**	**458,588**
Income tax expenses	1,942	9,478	6,447	34,979	52,846
Net result attributable to owners of the parent	**252,514**	**35,020**	**13,603**	**104,605**	**405,742**

[1] Includes professional consultancy costs related to CarNext (EUR 21.8 million) and other consulting (EUR 22.7 million) for a total of EUR 44.5 million before tax (EUR 35.0 million after tax).
[2] Includes operating lease assets impairment (EUR 85.6 million), valuation allowance of inventory (EUR 34.7 million) as this amount significantly increased due to the COVID-19 market disruption which is clearly distinct from the regular operating performance (for that reason comparatives have not been restated) , and impairments (EUR 19.3 million), for right of use assets (EUR 14.7, related to office/retail buildings), for (in) tangible fixed assets (EUR 4.6 million), for a total of EUR 139.6 million before tax (EUR 104.6 million after tax).

	IFRS results Q4 2020	Underlying adjustments			Underlying results Q4 2020
		Restructuring and other special items	Unrealised results on financial instruments	Asset impairments and valuation allowance	
Revenues	2,427,360				2,427,360
Direct cost of revenues	2,086,528	–	7,579	−36,076	2,058,031
Gross profit	**340,832**	**–**	**−7,579**	**36,076**	**369,329**
Total operating expenses	321,613	−15,842		−15,166	290,604
Share of profit of investments accounted for using the equity method	972				972
Profit before tax	**20,191**	**15,842**	**−7,579**	**51,242**	**79,697**
Income tax expenses	−24,735	3,715	−784	12,812	−8,992
Net result attributable to owners of the parent	**44,926**	**12,128**	**−6,795**	**38,430**	**88,689**

2019

	IFRS results 31 December 2019	Underlying adjustments			Underlying results 31 December 2019
		Restructuring and other special items[1]	Unrealised results on financial instruments	Asset impairments and valuation allowance[2]	
Revenues	10,118,314				10,118,314
Direct cost of revenues	8,536,280	−13,683	−14,623	1,678	8,509,651
Gross profit	**1,582,035**	**13,683**	**14,623**	**−1,678**	**1,608,663**
Total operating expenses	1,114,164	−77,828		−92,000	944,335
Share of profit of investments accounted for using the equity method	4,466				4,466
Profit before tax	**472,337**	**91,511**	**14,623**	**90,322**	**668,794**
Income tax expenses	69,356	21,849	3,083	18,001	112,289
Net result attributable to owners of the parent	**402,981**	**69,662**	**11,541**	**72,321**	**556,505**

[1] Includes a RMT contract cost adjustment in LPUK (EUR 13.7 million), restructuring and consultancy costs related to the CLS (EUR 59.1 million) and CarNext BU set up programs (EUR 18.7 million) for a total of EUR 91.5 million before tax (EUR 69.7 million after tax).
[2] Includes operating lease assets net impairment release (EUR 1.7 million) and CLS impairment (EUR 92 million) for a total amount of EUR 90.3 million before tax (EUR 72.3 million after tax).

	IFRS results Q4 2019	Underlying adjustments			Underlying results Q4 2019
		Restructuring and other special items	Unrealised results on financial instruments	Asset impairments and valuation allowance	
Revenues	2,557,384				2,557,384
Direct cost of revenues	2,139,861	−13,683	20,917	11,338	2,158,433
Gross profit	**417,523**	**13,683**	**−20,917**	**−11,338**	**398,951**
Total operating expenses	282,003	−31,429		–	250,574
Share of profit of investments accounted for using the equity method	1,019				1,019
Profit before tax	**136,539**	**45,112**	**−20,917**	**−11,338**	**149,396**
Income tax expenses	21,333	10,494	−5,711	−2,646	23,471
Net result attributable to owners of the parent	**115,206**	**34,618**	**−15,206**	**−8,692**	**125,926**