



# **Aramis Group – Full Year 2021 Sales**

Tuesday, 9<sup>th</sup> November 2021

## **Introduction**

Guillaume Paoli

*CEO, Aramis Group*

### **Welcome**

Hello, everybody. I am Guillaume Paoli. First, I am deeply sorry for the slight delay. Intrado seems to have some technical difficulties. So you will be able to ask questions via the webcast and we will manage the presentation that way.

So we are very glad to meet you today with Stéphane, our recently appointed Group CFO, to present the top line results of our fiscal year that ended very recently on 30<sup>th</sup> September 2021.

### **Our Vision**

Now moving on slide three. Let me remind you our ambition. Our ambition is to be the preferred platform of Europeans to buy a used car online. We propose refurbished used cars of very good quality at extremely competitive prices. We propose a second to none customer experience leveraging digital, leveraging an integrated business model and a very committed team to provide a great customer satisfaction.

### **A strong track-record of profitable growth over the past 20 years**

Moving on to slide four. Well, Aramis Group story is a growth story with 20 years of consecutive profitable growth, growth that we are currently accelerating to reach a record figure this year that we will be happy to present today. So as you see, we reached €1.36 billion turnaround this year accelerating the growth.

### **Key Investment Highlights**

Now moving on to the slide number five, the key investment highlights. You probably know the investment case, so I am not going to expand on it right now. But if you have any questions, you are very welcomed to ask them during the Q&A session.

### **Business Highlights**

#### *Our 3-pillar growth strategy*

Now moving on to the business highlights of 2021 and the fourth quarter. I would first like to start on slide number seven with our strategy.

2021 is all about the execution of our Group strategy. We have three strategic growth drivers. Number one is more of the same, increasing traffic, in particular, by developing brand awareness; expanding our multi-channel sourcing capacities; and by increasing customer conversion. So that is axis number one.

Number two is continuing to expand in Europe. Our favourite mean is M&A with pretty successful acquisitions in the last four years. And then deepen integration and collaboration between the different companies of the Group.

Number three, we see significant growth potential by expanding our offerings also in services and we operate on a very, very large market, and we are helped by our tech platforms that help us to accelerate growth efficiently.

**Deliver refurbished used car growth in existing market**

Now, if we take a look at the drivers one by one. If we take a look at slide number eight. I am not going to detail everything that is on this slide. But driver number one is about accelerating refurbished used car growth. Here are the few initiatives launched in fiscal year 2021.

We have, in particular, enhanced our offer with next-day delivery in France and in Spain. We have expanded the warranties. We have pushed our trading capacities and developed it where it was not present, in particular, in Spain and in Belgium. And all of this has helped us to reach a very good level of net promoter score of 64 in the fiscal year.

Moving on to slide nine. We have invested in marketing to expand brand awareness significantly increasing traffic with over 70 million visits on the Group website during the fiscal year. We have significantly expanded our refurbishing capacities doubling the Madrid refurbishing hub, opening a new one in Antwerp. I am actually in Antwerp today in Belgium for the inauguration of the new factory. And we have expanded sourcing from individuals to fuel the growth in a context, as you probably know, of the automotive markets with over 40% of increase of sales that were originated from private individuals.

**Continue European expansion**

So axis number one, deliver and accelerate refurbished used car growth. Axis number two, continue European expansion. We have moved in March 2021 in the UK, United Kingdom by acquiring CarSupermarket.com. And the UK is simply the largest market in Europe by far before Germany and France. And we have started to work and integrate them in the company. We have an experienced management team that is eager to accelerate growth. And typically we have started by working on expansion of refurbishing capacities and sourcing capacities with the development of sourcing from individuals and the integration is right on track.

We have also developed synergies between the companies of the Group with the mutualisation of the product offerings starting with France and Belgium and the deployment of the Group's tech platform in Belgium. So this is number two and we will continue going forward, as we have stated, to expand in Europe, complicated Europe with a lot of different official languages and all markets that are quite specific and our favourite means to expand is for the moment M&A.

**Capture the significant growth potential**

And axis number three, capture significant additional growth potential. Here are two initiatives. One is the launch of the marketplace in France for the moment that has been quite successful since the beginning of the fiscal year. And we have also accelerated in the services areas. We have increased financing penetration in all geographies and we have launched new services in a number of geographies, and as a result, we have increased by over 20% services revenue per car sold.

**Full delivery of the upgraded guidance revised in September**

Let me now move to slide number 13 with the results of the strategy. We have delivered on the strategy. And 2021 was a record year. As you have seen, we have upgraded our guidance in September and we have delivered and even exceeded slightly this guidance.

We reached €1.36 billion of revenue, growing by 26% versus FY20 and with the key growth driver, which is refurbished used car growing at 47% with over 50,000 refurbished used cars sold over the fiscal year. So these are the top line results. We are very happy to present them today.

And now, let me hand it over to Stéphane, who will take you through the numbers in detail. Stéphane, the floor is yours.

## Financial Review

Stéphane Rougeot

*CFO, Aramis Group*

### **Strong top line growth mainly driven by B2C refurbished segment**

Thank you, Guillaume, and hi everyone. Happy to be with you today. Indeed, I am on the next page. And as you can see, 2021, as mentioned by Guillaume, was a great year in terms of growth. Starting with our refurb business, which grew 42%, as we were able to step up on all the business drivers, marketing, sourcing and refurbishment, as explained by Guillaume.

The pre-registered car segment had only a slight growth, but we know that segment was impacted by constraint in sourcing due to the lower level of production of new vehicles. And finally, we are also quite happy with the growth in services that are coming mainly from our increased financing penetration across all the geographies. So this is with respect to the segments.

### **Refurbished cars growth accelerating in Q3 and Q4**

Now, if you look at the next page, of course, when you look at the quarterly evolution, we all know that there were all along the year 2021 a lot of base effect as every quarter was comparing with the specific situation in 2020.

So on that page, we have removed the base effect by comparing 2021 with 2019 pre-COVID impact. And we are very satisfied with the quarterly growth trend that you can see here. Indeed, growth accelerated in the refurbished business, especially in Q3 and also in Q4 and we are quite happy with the momentum in that business.

### **France – Solid performance supported by double-digit growth in refurbished vehicles segment**

When you move to the next page looking at the various geographies. In France, the country has shown a strong growth in 2021, plus 14%, which is largely due to the refurbished used car segment. The pre-registered revenues were slightly above 2020. And overall, the growth of 14% has been driven by a strong performance of the B2C refurbished business, as we were able to source more cars largely for private individuals and also to increase our capacity at our Donzère reconditioning centre.

In Q4, there is a revenue decline compared to 2020 of minus 4%. This is, of course, due to the base effect. And it is also the pre-registered business. On the other hand, the refurb segment has continued to show a double-digit revenue growth despite a negative base effect in 2020.

### **Belgium – strong performance driven by refurbished cars segment**

Now moving to next page on Belgium. Belgium has delivered a great year, as you can see here, 23% growth year-on-year. And this is despite a pre-registered segment, which has been affected by the lower level of new vehicle production as we all know.

The refurbished segment has showed a sharp acceleration of revenue growth all along the year. And this was further reflected in our Q4 top line growth, which reached 31%. As we open our new reconditioning centre today in Antwerp, that will continue to support the growth of our refurb business in 2022.

### **Spain – Outstanding performance driven by gain in market share and expanded capacities**

Moving to the next page, a couple of words on Spain. This is another outstanding year of our business in Spain, where, as you can see, the revenues were multiplied by more than three. You may remember that in 2020, the revenues had already doubled, so the growth here is accelerating. Again, all the conditions for growth were

aligned. We were able to expand our supply by sourcing more cars from private customers, which has stepped up during the year.

We have also increased our reconditioning capacities at our Madrid site, which almost doubled in terms of size at the beginning of the year. And finally, along with those two drivers, we have stepped up marketing investments and that has let us to this remarkable growth and that is continuing of course in Q4.

### **UK - Ramp-up of CarSupermarket**

Finally, in the UK, for the year 2021, we show a 6% revenue growth on a pro forma basis. In Q4, we had a slight revenue decline as we compared to high Q4 in 2020, given the very high level of sales during the summer 2020 post lockdown. If you compare our fourth quarter 2020 which is July-September with the third quarter, which was the time of the lockdown, at that time in 2020, sequentially the revenues more than doubled. So we have a very high comparison base.

When you look at the integration of CarSupermarket, it is going very well, totally on track. And right now we are working with the teams locally to put in place all the conditions to accelerate growth of that business in 2022. We are securing the supply and increasing our sourcing from private individuals.

Number two, we are increasing also the reconditioning capacity, both at our current site but also there is a second centre which is scheduled to open in the course of 2022. And this is going to drive the acceleration of our top line growth in 2022 in the UK.

### **Refurbished & International: key drivers of Aramis Group performance**

Finally, if we step back a little bit from 2021 and Q4 and if we look at the company profile today, we can see here the impact on that page of our strategy and how this is transforming the Group profile. When you look at the fourth quarter, the refurb business is already slightly above two third of our B2C business and we all know that the refurb business is our growth driver.

Also when you look at the profile from a geographical standpoint, for the first time, the revenues from international business are larger than revenues from France. So this is how the strategy is being implemented and the impact it has on our profile.

Let me now switch back to Guillaume for the outlook.

## **Outlook & Conclusion**

Guillaume Paoli

*CEO, Aramis Group*

### **Confirmation of the upgraded guidance revised in September**

Thank you, Stéphane. And moving on slide 23 with the outlook. So as you have seen we have delivered on our growth strategy, delivering top line and volume results. And for the result of the guidance of 2021, we confirm what we said in September. We will share that with you on 9<sup>th</sup> December when we publish our full company results for the fiscal year.

### **Closing remarks**

And let me now conclude on the last slide. In a nutshell, we are very, very happy with our growth in 2021. Our refurb business has a very, very strong momentum and this is a result of the strategy that we are executing. We are very excited to be on this market. Right now we feel a lot of opportunities and we are confident in our ability to grow, to expand and convince many more Europeans.

And now we are finished with this presentation with Stéphane and your questions are very welcome. And I know that Guillaume Limare, another Guillaume from our team, will be reading out loud your questions because as we have seen, we have a problem with our supplier of dial-ins. Guillaume, I know we have questions already.

## Q&A

**Guillaume Limare:** Yes, we have a few questions. So I will start with the first one from Olivier Calvet. Could you come back on the UK car sourcing situation. Are you looking to really shift it towards C2B from B2B sourcing in the very short-term? And you mentioned a rythm of 1,000 cars per month in Q4 '20 to be. Any sense of where this could land further down the line? And again, there are some other questions that I will take that afterwards.

**Guillaume Paoli:** Okay. So I will answer his question. So hello, Olivier. Yes, as you know, the UK market is the most challenging market right now in the automotive field with a scarcity of cars and this is where our multi-channel sourcing know-how comes into play. We have worked really hard with the local team to expand their capacities to buy cars from private individuals.

We have multiplied year-on-year by five the number of cars that we were buying from private individuals. And this is a result of working with the team within the Aramis Group. And further down the line, to answer your questions, we are going to even more expand this sourcing channel as for the moment the B2B UK market is challenging.

**Guillaume Limare:** Question related also to the UK from Christophe Cherblanc. UK performance year-on-year growth was weak. How is the UK versus your initial expectations?

**Stéphane Rougeot:** Thank you, Christophe. Yeah, on the UK, again, there is a base effect and it is the case also in many countries. Now more fundamentally to your question, when you look at all the acquisitions made by the company and it is true of course of Cardoen and even more true of Clicars, the first 12 to 18 months as we generally buy a company that are not on the growth track, we have to put in place all the conditions to accelerate growth.

And making large investments in terms of marketing before you have all the foundations to grow is a waste of money. This is what we have done in the UK and we are taking a few quarters in order to align that. As I mentioned, it requires that we have access to the proper supply of cars, whether it is B2B, or as we said, C2B. It also requires that we have the proper reconditioning capabilities with the proper quality because we want to have the best customer experience.

And as we do that, then of course we progressively ramp-up the marketing investment in order to generate sales growth. Those conditions were not in place in the course of 2021 and they will be largely in place in 2022 and we expect an acceleration of growth in the course of 2022.

**Guillaume Limare:** There are some questions also on the pre-registered segments. One from Christophe Cherblanc and one from Catherine O'Neill. So Christophe says about pre-registered cars, how much of headwinds is the scarcity of cars going into FY22? Is it fair to assume Q1 and Q2 unit decline at least as pronounced as minus 20% in Q4? And Catherine is asking, do you think the pre-registered volume will recover in FY22 or do you think there has been a structural change in the industry?

**Guillaume Paoli:** Yeah. That is a fair question. So we always knew that the pre-registered business is more cyclical than the refurbished used car business. So first, let me, before answering the question, remind that we operate on a €400 billion market, which is the used car market, that our market share is limited and that we have a lot of room to grow and that our key strategic driver to grow on the refurbished used car business on which we are confident that we will be able to grow next year and the following years.

It is true that we have headwind on the pre-registered used car business. It is difficult to be adamant on when the situation will be normal, probably not before mid-2022. So yes, we have declined on the last quarter on this business, which is now a third of the business. The pre-registered business accounts to a third of the business, is going to naturally decline in terms of share in our business as well growing fast on the refurbished used car business.

And the conditions are competitive, are difficult on this market. So yes, we don't expect to recover the sales on the next two quarters. It is fair to say that because it's a cyclical business and there is a shortage of new cars on the market.

**Guillaume Limare:** Okay. A question from Mourad Lahmidi. Sourcing cars have obviously sharply increased as evidenced by leasing companies' car sales results. Have you been able to pass on higher sourcing costs to clients?

**Stéphane Rougeot:** Yeah, let me take that one and maybe Guillaume will complement. In the way the business is being run, of course, the sourcing, the supply and the way we priced the car we buy is totally linked to the price at which we expect to sell. So from that standpoint, of course, there has been an increase in the cost of the car that we buy. But in parallel there has been also a meaningful price effect.

By the way if you look at our average selling price, both on refurb and on pre-reg, they have increased all along the year and especially with Q4 versus Q4. So we have that price impact. The net price impact is absolutely compensating for the increase of the cost of supply.

**Guillaume Limare:** And Mourad is complementing the question by, have you seen a spike in reconditioning costs as a result of higher sourcing from private individuals?

**Guillaume Paoli:** Yeah, a fair question. So naturally we have bought more cars from private individuals. These cars are slightly older and they require a little more refurbishing than more recent cars but we are — our GPUs are not necessarily impacted and I will come back to that on the 9<sup>th</sup> December.

**Guillaume Limare:** Question from Christophe Cherblanc. Performance by markets, what is behind the dramatic Spanish jump? Can the momentum be maintained in FY22?

**Guillaume Paoli:** Well, again, first there is nothing exceptional. It is a remarkable performance, of course, but there is no one-off or nothing particular. I would only mention that, generally speaking, like every company, 2021 compares to 2020. And we think that on average 2020 was a bit weaker. So that is true for everybody and that is true in Spain as well.

Now even we are taking that into account that remains a remarkable performance. As I have mentioned, there is no one-off or specific impact. It is really having aligned everything that is needed to drive growth, meaning the ability to source and to supply the right cars and that again we have increased, for example, private customer sourcing. Otherwise, I do not think we would have been able to deliver that level of growth.

Number two, we anticipated that growth by expanding the Villaverde centre at the beginning of the year. So we knew that growth was coming and we knew we needed the reconditioning capacity. By the way this is the reason why we are doing that in the UK, because we need more capacity in the UK in order to grow.

And number three, as we have done that, we increased marketing expenses in order to drive growth and customer expansion. When you have those three elements aligned, then you are able to grow very significantly.

**Guillaume Limare:** I have a few questions, one from Harald Hendrikse and one from Christophe Cherblanc, about competition. So can you talk about the overall competitive situation both on sourcing as well as selling? And since some of your competitors are growing even more quickly and have also achieved positive GPU, are they competing directly and impacting on your growth?

**Guillaume Paoli:** Yeah. So regarding competition, I mean, this has always been a competitive market and we have competed for years with mom and pop shops, which are usually even more competitive on price but do not provide the quality and the customer experience that we do. And again, if we accumulate all the guidance of the listed companies in our field in Europe and you project it to 2025, the cumulated guidance of all the companies, the market share in Europe would not exceed 2%. So it is our belief that this is the market on which there is a space for a lot of different operators. So that is a general comment.

Now specifically we are not really concerned by enhanced competition. We think it is a good emulation and we will educate the market. And the fact that these competitors have been growing has not prevented us from growing either. And also I would like to remind we are in different place. We have brands that are established and it helps us to grow. And I will take the example of France, our largest market, where our share of voice is double the share of voice of AutoHero just to give one example in one geography knowing that we have a 20% top of mind situation here in France.

So in a nutshell, very large market, enhanced competition. We are not hindered from growing. And that is about it for this question.

**Guillaume Limare:** Two question about the refurbishing capacity. One from Catherine O'Neill. Where are the three new reconditioning sites in FY22? And how much capacity will it add? And can you confirm the timing of the Hol rollout in the UK from Olivier Calvert.

**Guillaume Paoli:** We are going to open three refurbishing units in fiscal year 2022. So the first one is in Antwerp, where I am today for the inauguration. I am going to cut the ribbon with Mayor of Antwerp in like 30 minutes. The second one will be in France in the course of 2022 the first half year in Nemours the south of the operation region. And the third one will be in Hol.

Concerning the timing, it will be next year. But for the moment, we are not indicating a precise date, even though of course the works has begun.

In terms of capacities, there is a ramp-up. Each time we open a refurbishing hub, we cannot open with three shifts right away. It takes a few months, generally six to nine months for us to ramp-up and the target capacity is around 15,000 cars per hub depending on the geography but this is the order of magnitude.

**Guillaume Limare:** A question from Catherine O'Neill. What proportion of units are coming from Stellantis now? And do you still expect this to increase in the inventory mix?

**Guillaume Paoli:** Yeah. Fair question, Catherine. So Stellantis for us is a privileged partner but it is a B2B partner. And like all B2B partners, the number of cars available have reduced. So the share of Stellantis cars that we buy has reduced and we do not see it improving over the next few months as Stellantis is, of course, also concerned by the shortage of new car production. So it has reduced. It will increase again when the shortage of new car production is settled. Difficult to give a precise date at this stage, but this is where our multi-channel strategy kicks in and we are able to buy more cars from private individuals in particular.

**Guillaume Limare:** Just a question from Catherine O'Neill. It is not Hamburg. It is Antwerp in Belgium. So there is no indicative launch in Germany. It is Antwerp. One last question from Christophe Cherblanc. It will be the final question. B2B2C marketplace we reference revenues on gross basis or net basis?

**Stéphane Rougeot:** If I understand the question, so this marketplace is for the customer gets the whole Aramis experience, what we do is that we publish on our website car from trusted third parties. And when they are sold, we buy them from the third-party. We already refurbished and we deliver it to the customer. So we invoice the final customers, so in terms of process and invoicing, it is the same. So I am not sure I answered the question. I think so. But if not, Christophe, please type something that I might precise, yeah.



**Guillaume Paoli:** No. I think your question is whether it is booked as revenue or we take only a commission and the answer is we book the revenue of selling the car.

**Guillaume Limare:** Think we came through other questions. I think we have answered all of them.

**Guillaume Paoli:** Okay. So thank you to all to attend this presentation. Sorry for the technical difficulties which are not on our side, so sorry for that. But we are very happy with these 2021 results. We are confident going forward and we will be very happy to meet you again on 9<sup>th</sup> December. Have a good day everybody. Bye-bye.

**Stéphane Rougeot:** Thank you.