



ARAMIS GROUP

Q3 2022 revenues presentation transcript

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List of MAIN speakers	Company	Job title
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Guillaume Paoli	Aramis Group	Co-CEO and Co-Founder

Q3 2022 REVENUES

Operator

Thank you for standing by. Welcome to the Aramis Group 2022 third quarter revenues conference call and webcast. At this time, all participants are in listen only mode. After the speaker's presentation, there will be a question and answer session. To ask a question during the session, you'll need to slowly press star one and then one on your telephone. You will then hear an automated message advising that your hand is raised. If you wish to ask a question via the webcast, please use the Q&A box available on the webcast link or on your screen at any time during the webcast. Please be advised that today's conference is being recorded.

I would now like to hand over to your speaker, Mr. Alexandre Leroy, Head of Investor Relations. Please go ahead.

Alexandre Leroy
Head of Investor Relations

Good morning everybody. Thank you for joining us today for the Aramis Group Q3 2022 revenues presentation. I'm Alexandre Leroy, Head of IR. With me today to comment these results, Mr. Guillaume Paoli, Co-Founder and Co-CEO of the Group.

Before I hand over to Guillaume, just a few reminders.

So, first this conference is recorded, as you just heard. A replay will be made available on our website. Slides would be there also.

I would also like to remind you that today's presentation contains forward-looking statements and that future results may differ materially from the statements or projection made on today's call. In particular, the risk factors that could affect those statements are described in our universal registration document filed with the French Financial Market Authority.

This presentation will be of course followed by a Q&A session.

Last but not least, I remind you that Aramis Group has a non-calendar fiscal year. Given our annual results close at the end of September, the Q3 2022 that we are going to comment today refers of course to the calendar period from April 1st to June 30th, 2022.

Now I leave the floor to Guillaume Paoli, who will drive you through the main business highlights for the period. Guillaume.

EXECUTIVE SUMMARY

Guillaume Paoli
Co-CEO and Co-Founder

Thank you, Alexandre. Good morning, everyone. Moving on to slide number two.

We founded this company to revolutionise the way people buy cars, and during this quarter we have progressed on this journey to deliver a great experience and great products to our customers and the teams have done an incredible job to deliver the growth while continuing to satisfy our customers. And this in an automotive market that has become more volatile and uncertain, much more than what we had anticipated.

The pre-registered car segment worsened more than we expected. Low availability of new vehicles, given there is no improvement to date on the front of the production lines. We know this situation is temporary, but it will last some more well into 2023.

On the refurbished car segment, we kept on performing well with solid growth thanks to the quality of our products and services, and the underlying structural need for mobility. The used car market has nevertheless slowed down over the last couple of weeks and months with some 'wait and see' attitude among consumers in this context of high inflation rates, particularly on cars.

Given the environment, we work harder than ever to maintain our offer in line with what customers want, and affordability is battle number one. We will also accelerate our inventory rotation and keep our cost structure under control in order to protect our balance sheet and profitability.

We did achieve major advances in Q3 in terms of the execution of our strategy. In particular, the acquisition of OnlineCars in Austria and the inauguration of our second refurbishing centre in France in the South of Paris.

Our objective remains the same; gaining market share on the absolutely massive and fragmented used car market and become the preferred platform for Europeans willing to buy a used car online.

ESTABLISHED COMPETITIVE ADVANTAGES DRIVING OUR REVENUE GROWTH

Moving now to slide number four. Once again in Q3 2022 our unique vertically integrated business model delivered. Despite the challenging environment, we delivered a high level of revenues growth with over 20% of growth year on year, reaching 458 million.

Let me remind you the three unique features of our company in our industry.

First, we are truly fully vertically integrated.

Second, we have chosen to empower multi local team as close as possible to the customers with Group support and knowledge sharing.

And third, we are finally 100% customer-centric, enabled by digital platforms and deep data expertise.

Concerning the vertical integration, you will see that we continue ramping up our refurbishing centres, including Antwerp (Belgium), which we opened at the end of 2021, and the new one we inaugurated in France.

Regarding the teams, they have shown continued high agility in shifting our sourcing toward significantly more C2B, as Alexandre will tell you later. We also set up in transverse across the Group new international guilds, aiming at sharing faster different best practises in our business.

And third, we further innovated during this quarter to ease the purchasing journey for our customers with the e-signature on financing applications in some geographies. We broke down some pain points on the delays needed to register cars, enabling us to serve always faster our customers, and typically in Spain, our teams are now able to deliver a car in under two hours in the Madrid area.

Our NPS remains high at 69, proving that our growth is healthy, meaning here not at the expense of customer satisfaction.

ONLINECARS, A STRATEGIC ACQUISITION AT THE HEART OF CENTRAL EUROPE

Moving on to slide number five now.

A significant achievement is the acquisition of OnlineCars, once minor condition precedents will be lifted, mainly merger control. We're very, very happy to welcome OnlineCars into the Aramis Group family. We'll start consolidating the company into the Group from the beginning of our next fiscal year in October 2022.

OnlineCars is the leading independent B2C used car retailer in Austria with €200 million of sales, profitable, selling more than 10,000 used cars on this market, created 17 years ago by a true professional of the business. It has refurbishing capacities, the brand is locally known, the culture is customer-focused, and the management team is eager to grow and has an entrepreneurial spirit. Said differently, OnlineCars fits our criteria for acquisition and as we stated earlier, we have a disciplined methodological approach to M&A.

We have some exciting synergies to come with Aramis Group, starting with a dense source and network for German brand vehicles, and we'll work with them on their refurbishing capabilities to optimise the flow and push them at an industrial scale. The integration plan is ready, and it will be led by the current management team.

Last but not least, we have the full support of Stellantis for this acquisition, both regarding the strategic rationale and the financing, given that the deal is financed with a new credit line from Stellantis.

IN-HOUSE REFURBISHING CAPACITY AT STRATEGIC LOCATIONS ACROSS EUROPE TO OPTIMISE OUR LEAD TIMES, LOGISTICS COSTS AND CARBON FOOTPRINT

Moving on now to slide number six, a few words on the new refurbishing centre we opened one month ago in the South of Paris region, 80 kilometres from Paris. This will help us network the territory to manage better delivery times and logistic costs, whilst also lowering the carbon footprint of the company. Once fully ramped up, the capacity of Nemours site will be in line with Donzère site in South

of France, the original refurbishing site that we developed and that we are kind of copy pasting in different countries, and the nominal capacity will reach, in the medium term, 25,000 cars per year.

With a centre opening in the UK by the year end and the one from OnlineCars in Graz, in Austria, at the end of the year we should have seven in-house refurbishing centres, strategically placed over Western and Central Europe.

CONTINUOUS IMPROVEMENT OF OUR PRICE PREDICTION ALGORITHMS THROUGH MACHINE LEARNING, FOR EASIER TRADE-INS AND INVENTORY MANAGEMENT

Slide number seven now. We wanted to take a few minutes to give you some examples of how digital, tech and data is helping us moving our business forward.

As an example, our data team worked during the last months at enhancing our price prediction algorithm with machine learning systems.

On the sourcing front, our teams now have a new powerful live suggestion tool that is telling them precisely for a given car what is the current price on the market, how many of them are on sale, how strong is the demand, how fast they are selling on average on the market and at Aramis Group, and ultimately giving a precise selling price recommendation. And with this new tool we doubled our transformation rates on dry trading from customers versus one year ago.

On the right hand side, on the inventory management side, our people review the cars that we have in stock to understand why some of them don't sell quickly. There can be many reasons for that, including price, of course, but not only. Our new e-merchandising internal tool allows our teams to have, at a glance, all the info on the car, how many people looked at it, how is the price, et cetera, et cetera. It's very helpful and particularly right now as price volatility has increased and we are working at bringing down our inventories to standard operating levels. Our stock of cars older than 60 days has already halved versus the picture at the end of March 2022, and this tool has contributed to that.

CAR MARKET EVEN MORE COMPLEX THAN EXPECTED

So, this was a few business highlights. Now moving on to some context on the market. Moving on to slide number nine. I will say now say a few words on the automotive market before handing it over to Alexandre who will drive you through the Q3 financial performance.

The automotive market environment remains very challenging in Q3 and even deteriorated much more than what we had anticipated. On the left hand side, as you can see on the chart, the new passenger car market has decreased versus the last normative year, which is 2019, by over 37%. On the right hand side, the used car market, that is very resilient, has decreased in the context of high inflation on basically everything, and in particular on cars where the price in one year has increased by between 10% and 30% depending on the geography. So, the market has been slowing down, and of course we have been impacted by this as well.

With that, I leave the floor to Alexandre to give you some highlights on the financial side.

FOCUS ON REFURBISHED CARS AND SOURCING FROM PRIVATE CUSTOMERS**Alexandre Leroy***Head of Investor Relations*

Thank you very much, Guillaume. We're now on slide number ten. Given the market dynamics Guillaume just depicted, in Q3 2022 we logically first of all further accelerated on the refurbished car segment which reached the 89% mark of our volumes in Q3 2022. As a reminder, in full year 2021 we were at 62%, meaning 27 points lower.

The second thing we did is in terms of sourcing channels. We of course further accelerated on C2B2C sourcing, meaning sourcing from private customers, and this channel fuelled 62% of the refurbished cars which sold in Q3 2022. And as a reminder in full year 2021, C2B2C sourcing represented 35%.

Second point, without surprise, the contributions from Stellantis, as you can see here on the right hand side, is very low at 2% in terms of sourcing, of course, given that like the other OEMs, Stellantis has a very limited number of cars available for sale right now, either new or second hand and sizable order backlogs in front, as you very likely know. In full year 2021, Stellantis represented 13% of the refurbished cars we sold.

If we translate all this in numbers of cars, it is easier to measure the extent of the logistical effort and the operational performance that switching from pre-registered to refurbished cars, or switching from professional to private owners when sourcing means. As you see here on the right hand side, we bought 11,430 cars in Q3 2022 from private customers, hand-picked one by one. For the full year 2021 it was 17,648 units. What I mean is that in Q3 2022 only, we bought two thirds of the total number of cars we sourced in 2021 from private customers. It's quite impressive.

CONTINUED STRONG GROWTH IN REFURBISHED VEHICLES, BUT ACCELERATING DECLINE IN PRE-REGISTERED VEHICLES

Moving to the next slide, so we are now on slide 11. If we now look at the details of revenues per segment, Q3 2022 revenues, we see that all segments are up year on year, except of course B2C pre-registered.

Altogether, our B2C revenues reach €374 million, up +13% versus Q3 2021. B2C refurbished revenues are up 67% year on year to €328 million, with volumes increasing 28%, which is a pretty solid achievement in the context of the used car market slowdown. Prices are up 30% year on year reflecting, as you know, the widespread increase in vehicle prices across all the segments. I just highlight that sequentially we notice the beginning of price stabilisation.

On the B2C pre-registered part, revenues are the other way around, down minus -66% to €46 million. Volumes suffer of course from the lack of product available for sale. It's very hard to find cars to source, decreasing a massive 75% in volumes. And prices are up plus 36%, reflecting here also the price increase and particularly the scarcity of these kind of products.

As for B2B revenues, quickly, they reached €61 million, nearly doubling year on year. You know that the growth is the result of the increased sourcing of vehicles from private owners, some of which we resell to professionals.

And finally revenues from services increased 20% to €23 million.

The financing solution penetration rate improved in France. It felt somewhat in the UK due to the rising interest rates. Overall across the Group, the penetration rate for financing solutions continued to rise over the period and is now close to 50%.

PERFORMANCE BY COUNTRY REFLECTS THE RELATIVE EXPOSURE TO PRE-REGISTERED VEHICLES

Moving to the next slide, we are now on slide 12. Quickly, a few words by country now.

France, first of all, revenues are up plus +1% to €197 million. The geography is of course hardly hit by the collapse in pre-registered car volumes. The dynamic on refurbished cars partly compensates only, the overall B2C volumes being down at the end of the day, minus 29% year on year, and up just a shy +2% Q on Q.

Moving to Belgium. Revenues are up +16% to €62 million. Same patterns, with volumes of pre-registered cars down sharply. But here this move is more than offset by the increase on refurbished ones with volumes multiplied by 3.5 times year on year. It benefits, of course, from the opening of the Antwerp refurbishing centre last November, but also from the pooling of Belgium and French car inventories. Overall, in Belgium, B2C volumes are up +5% year on year.

Spain quickly. Revenues up +50% to €87 million in Q3 2022. Geographically there's virtually no refurbished cars as a reminder. Volumes are up 5% year on year.

And the UK, finally. Revenues are up here also +50% to 112 million. Here also, no pre-registered cars sold in this geography and the growth is explained half/half by the volume and by the price effect.

With that, I hand over back to Guillaume for the outlook.

FY 2022 GUIDANCE UPDATED

Guillaume Paoli

Co-CEO and Co-Founder

Thank you, Alexandre. So now moving on to slide 14. So, as stated today, the automotive market environment is more than ever volatile and uncertain. There are massive sourcing difficulties for pre-registered cars and a certain 'wait and see' attitude among consumers for second hand cars.

Nevertheless, underlying fundamentals remain: a huge €400 billion B2C market, fragmented, ongoing digitalization, and automotive mobility is absolutely not an option for Europeans. In this context, we make sure that our product and service offering fits with what the consumers want, and as I have said, affordability is battle number one. And also we are accelerating our inventory rotation and keeping the cost structure under control in order to protect our balance sheet and profitability, focusing on cash.

In terms of outlook for the coming quarters, our pre-registered volumes will likely remain low due to the difficulties on sourcing. We remain confident on the fact that our refurbished vehicle segment will

continue to grow thanks to the underlying market trends, independently from the potential deferral of certain purchases by households. Sales price will remain durably high, potentially until the new car market normalises.

The GPU, finally, will decrease around 10% in H2 2022 versus H1 2022 and stabilise in 2023 around the €2,150 per unit average level that we set as an objective at the time of the IPO.

We revise our full year 2022 guidance, as shown on the slide, with unchanged revenues targeting over €1.7 billion, a growth in refurbished used cars of around +40% versus over +45% previously, and a negative adjusted EBITDA of between -10 and -12 million euros versus a positive figure expected previously.

Well, despite these short-term bumps, I would like to reaffirm our confidence in Aramis Group's mid- and long-term prospects. The Group that we founded exists since 21 years, it has a business model that has proved its resilience during several previous crises, and we have the strategic and financial support of our majority shareholders, Stellantis.

As a consequence, we move forward with our strategy, continuing to ramp up our refurbishing facilities and maintaining an eye on external growth opportunities. We are convinced we will get out stronger from this downcycle and closer to our ambition to become the preferred platform for all the Europeans willing to buy used cars online. We actually see this crisis as an opportunity.

With that, thank you very much, and we now open the Q&A session.

Alexandre Leroy
Head of Investor Relations

Thank you.

Operator, let's start with the question over the phone please.

QUESTIONS AND ANSWERS

Operator: Thank you. As a reminder to ask a question, you will need to slowly press star one and then one on your telephone and wait for your name to be announced.

If you wish to ask a question via the webcast, please use the Q&A box available on the webcast link to submit the question.

We have the first questions coming from the phone line. And the questions come from the line of Catherine O'Neill from Citi. Please ask your question.

Catherine O'Neill (Citi): Hello. I've got a couple of questions, if you don't mind. The first one is on the 3Q volume trends, I just wondered if you could provide a bit more detail on the phasing of that as you went through the quarter so we could understand what the exit rate looked like in June and whether the roughly 20% year on year growth you're implying for the 4Q looks conservative or optimistic.

And the second is on the GPU trend, where you've talked about the second half GPU being down roughly, or you expect to be down about 10% versus the first half, and then FY23, €2,150 onwards. I just wanted to understand some of the drivers behind that in terms of what's bringing that GPU trend down, especially if you're sourcing more cars from consumers. I thought that may be more efficient for the margin.

And then linked to that, could you maybe give a bit of detail on what you're assuming on pricing in the market and what happens? I know you said it started to stabilise. Are you assuming it continues at an elevated but stable rate, or are you assuming it comes down? And if there is quite a rapid normalisation, what kind of risk could we be looking at your GPU?

Guillaume Paoli (Aramis): Okay, thank you, Catherine. I'm not sure I understood your first question. I understand you would like some more detail inside the quarter, is that correct?

Catherine O'Neill (Citi): Yeah, so as the quarter progressed, April, May, June, how did those trends develop? Because actually your 2Q volume growth for refurbished was really quite strong, and then it's much softer in the 3Q. I just wondered if there are any big differences between those months as the quarter progressed.

Alexandre Leroy (Aramis): Okay. So, I'll start with the question on the sequential evolution of the volumes, Catherine. So, basically, I'm talking about full B2C deliveries, so pre-reg plus refurbished, having in mind once again that we don't sell pre-reg in Spain and the UK. So, commenting Q3 2022 versus Q2 2022, in France we are at +2%. In Spain you'll have noticed we are at -15%, and in UK and Belgium -3% to -4%.

So, the point is that in Spain, we re-engineered some flows at the factory. We knew that there were some flows risking us to generate some miss quality. We already had that since a few quarters. But the inflow of demand for cars was so huge in Spain on the back of a very, very dynamic demand that we pushed that down the road. And now that the demand is a bit softer we actually work at reengineering the flows and to some extent refurbishing, I would say, better cars but a bit less, thence the slowdown in the volumes punctually in that geography.

As for the countries that are exposed to pre-reg, you can imagine that there is a massive impact of pre-reg both in France and in Belgium. I mean in France, Q on Q, we lost an extra -24% of volumes on pre-reg, and in Belgium we are even way higher than that because we lost more than 40% of the

volumes. Of course refurb partially compensates, I mean in Belgium more than compensates, and in France partially compensates, but this is what you see in the figures, if you study them, let's say sequentially.

Does this answer your question?

Catherine O'Neill (Citi): Yeah, sorry I didn't quite understand. I think when you were saying France plus 2, Spain minus 15, what what's that referring to? Is that referring to a particular month within the quarter?

Alexandre Leroy (Aramis): I mean, in pre-reg, if I am a bit caricatural, month after month we have been able to source less and less cars because there are less and less cars available. I mean, if your production doesn't normalise on the new car market, the scarcity increases. So this is the trend. It trends downwards since the beginning of the year.

On the refurbished cars – so not the pre-reg, the refurbished cars – here it's a few weeks that we see more 'wait and see'. There can be several factors on that. In particular, the materialisation of the inflation rate, maybe a speech that is overall in the media, et cetera, more worrying, the gasoline price that seems to be durably high. Yeah, to some extent it can maybe erode somewhat confidence and generate less demand.

Guillaume Paoli (Aramis): So, the beginning of the quarter was better than the end of the quarter on this market.

Alexandre Leroy (Aramis): Yeah, that's the point.

Guillaume Paoli (Aramis): Continuing to your questions regarding the GPU. Well, there are different reasons to the stabilisation, the decrease of the GPU. So, I'm going to list them. So, first, as you understand, we had really increased our inventory to be able to deliver the growth and we accepted some drifts from the discipline that we had in the previous years. And as the demand has slowed, we have adjusted our inventory, and this had an impact during the quarter on the GPU.

Second, in some geographies the contribution of services has been a little less good even though our penetration is increasing at a Group level due to a hike in interest rates, but that kind of impact, it's momentary, it's temporary, the revenues from services.

There is also inflation on some aspects of the business, between €50 and €90 depending on the country, in terms of logistic costs, of fuel, of a slight increase in spare part prices.

And finally, there is kind of a mixed effect. Some geographies are not as mature as others and have a lower GPU.

So, this has globally an impact on our GPU. So, it's partly internal and partly external.

Regarding the pricing, what we see is that, if index 100 is January 2021, our geographies are between 112 in France and 127 in the UK. In the UK, it has actually decreased since the beginning of the year by 5%. So, we think we reached a plateau, but in the other countries it's still continuing to increase. So, it's a bit difficult to forecast the price level. We assume that they will remain high in the near future, at least as long as the new car production has not increased, but there is a level of which it's just not possible to sell cars anymore, and probably we have reached this level in the UK. In terms of risk, it doesn't represent necessarily a big risk for us as we have a relatively quick turn of the inventory.

I hope we answered your question, otherwise you can follow up.

Catherine O'Neill (Citi): Yes, that was helpful, thank you.

Guillaume Paoli (Aramis): Thank you, Catherine.

Operator: We have no further questions on the phone line at the moment.

Guillaume Paoli (Aramis): Okay.

Operator: Once again, if you want to register a question on the phone line, please slowly press star one and then one on your telephone and wait for your name to be announced. Thank you.

Alexandre Leroy (Aramis): So, maybe we're going to take a few questions from the Internet. Okay, so we have a question from Alexandre Raverdy from Kepler. "When do you expect to reach adjusted EBITDA breakeven again? Is the 3% margin in 2025 still valid?" That's the first question.

And the second question, "Can you please give us some colour on the working capital impact expected for the full year in light of the sustained issues in the pre-reg segment?"

Guillaume Paoli (Aramis): Okay, so maybe I do the two first ones and you do the last one, Alexandre.

So regarding EBITDA positive, I would like to stress that the company has 21 years of existence and one year of negative EBITDA, which is 2022. So, we expect we will be EBITDA positive in fiscal year 2023, and reaching that in the months during the next fiscal year.

Regarding the 3% mark in 2025, now is not the time to give you guidance updates - or not updates in 2025 - but I'd like to say that this mark has been achieved already last year, not last year at 2.7%, not very far as the year before and the year even before. So, I think sequentially it was 3.4%, 4.4%, and 2.7%. So this is the mark that we have achieved in the past.

And regarding the working capital, maybe Alexandre.

Alexandre Leroy (Aramis): Sure. Regarding the working cap. So as you know the working cap is mostly inventories, which reached what we said to be a high watermark of 48 days of sales at the end of March 2022. And as we already said, we started to work hard on that topic. One, because we need to right-size the inventories versus the new market environment. Two, because there is a seasonality in the business. And three, because in general we consider our business being a fast rotation inventory one. If you want to be disciplined and to have a healthy management, it needs to rotate fast.

Why? Because the longer you keep the car in general, empirically, smaller is the margin you generate, because it means that there is something with the car, either the pricing or the features, et cetera, that doesn't perfectly match the market needs. And second, if you rotate fast you get a natural hedge versus the price fluctuation. It means that you are buying and selling at market levels that are consistent. So, you have a hedge against the volatility that once again has increased over the last weeks.

So, our point is that at your end we will be meaningfully lower, meaningfully below the 48 days of revenues in terms of operating working capital, and we can't say more at this stage, of course.

So, still no questions on the phone, so I move on with the Internet questions.

Christoph Cherblanc from Société Générale. Christophe, you like the fact that Q4 2022 refurbished implicit volumes seem to be stabilising around 18,000 cars and you ask, "How should we think on the beginning of next year and the full year 2023? Is it challenging to see a 30% to 35% volume growth for next year?"

Guillaume Paoli (Aramis): Yeah, so next year, our strategy is to grow refurbished cars, so we expect to continue to grow next year, but at this stage we will not give the targets for next year. But it's within the strategy to grow on this huge market.

Alexandre Leroy (Aramis): Another question from Christophe asking, "Where is the absolute bottom on pre-reg? Do we believe it's around like 1,000 cars per quarter? And what about in the long run, with the new distribution channel. Can the pre-reg opportunity structurally decrease?"

Guillaume Paoli (Aramis): Yeah, so a fair question. There will be a bottom, but at this stage we will not be planning to sell more, probably even less, than what we have sold during the last quarter. It's very difficult to anticipate because we have been wrong several quarters in a row on that. So, there will be a minimum level, but I am not sure that we have achieved it yet.

That's for pre-reg, and when we talk to OEMs, the most popular opinion is that this pre-reg market will come back - it's a temporary situation - because right now the OEMs are constrained so they're arbitraging in favour of price to increase their margins, but as soon as the factories will be able to produce as before, probably the prices will come down, and they expect to reach pre-COVID level of production.

So, right now the discussions we have with OEMs, and particularly one we know very well, is that they anticipate they will come back to the pre-COVID situation, which means that it will be a pre-reg market that will increase again. So, right now we're not counting on it, but we believe, and other professionals believe, that this will come back. The question is, when? Right now we do not include this hike of re-reg in our forecasts.

Alexandre Leroy (Aramis): If I follow up on that, an extra question from Christophe. Basically, I'm going to reformulate: can we do the 3% 2025 and long-term EBITDA margin even without pre-reg rebounding? Let's say it like that. I'm going to answer that.

So our aim, Christophe, is to have a positive EBITDA company that is self-sustained even without pre-reg. I mean the shift to refurbished cars already started several years ago. Given the market context, we strongly accelerated on the refurbished cars, but the aim is on the big market and the big market is on refurbished. So, we need to be able, definitely be able to achieve our EBITDA ambition, even if should pre-registered volumes don't come back, or don't come back as much as they were in the past.

I'll just change the question, and we will come back to you Christophe. I saw you have a few more questions. But in the queue is after you Paul Manigault. Paul, you're asking for more colour on what actually are the factors that bring EBITDA down from zero to -10 to -12 precisely. I'm going to also answer that.

So, as we saw in H1, and that led us last April to already lower our EBITDA, we are missing volumes. The pre-reg volumes are even more depreciated than what we had anticipated. We are really talking about the collapse of the market, because we're at -75% yoy in Q3 2022. If you add on top of that a bit of GPU erosion, you have less volumes, less GPU per unit, so a total gross profit that is somewhat lower than what we anticipated at the beginning of the year. And so you have the P&L negative

operating leverage that plays full on the EBITDA. So, this the reason why we cut again above €10 million the EBITDA guidance.

If I move forward with the questions, Christophe you're asking, talking about Cazoo, basically you're asking if we expect them to reduce their investment in France and the UK and does it make any difference to us. Guillaume?

Guillaume Paoli (Aramis): Well, the market conditions are, I assume, difficult for everyone; probably more even for people that have less experience in the automotive market. And as we know, stock market conditions are not exceptional neither.

So, we don't know what Cazoo is going to do. But if we draw two hypotheses: either they will maybe reduce their ambitions on the continent, then it would not change materially - because right now the volumes that they are doing are very low on the continent, so it doesn't really impact us. It might a bit reduce the pressure because they have been headhunting here and there and spending a lot of money in media. So, it might reduce some pressure here and there, but for us it's not a material aspect in our growth plans, I mean whether they stay or whether they don't stay.

Alexandre Leroy (Aramis): Okay, I move forward with the questions. Valerie Schüler is asking - and it's a bit the same question that Harald, from Morgan Stanley, you ask: which triggers we intend to, let's say, use or to activate to go back to a higher level of profitability, let's say it like that, on both the top line and cost side?

So, basically on the top line we will continue to grow, which will allow us to continue amortising mechanically the cost structure. This is the first point. This hasn't changed. As you know, growth of volumes and improvement on the service front. The rotation aspect of the inventory is absolutely critical, as I said before, because from an operating point of view, this is what assures or warranties that our margins are at the level where we want.

And in terms of cost structure, as we already said at the time of the H1 results, there is no reason why COCA, so marketing costs per unit, to significantly increase because we are currently at current level generating traffic on our website and building our brands. That's the first point. And the second point, on the fixed part of the SG&A, there are no reasons either why they should increase meaningfully.

So, this is more or less how the top line and the cost structure should move going forward.

As for the extra question on the working capital, the levels, et cetera, et cetera, this is a Q3 2022 trading update, so we will stick, sorry for that, as of today, to the level of information we provided. As for the guidance for next year, the same. We will come back to you in December with the more precise figures, both in terms of volumes, where the margins could stand, et cetera, et cetera, et cetera.

If I go down the list. Saïd, you ask a question regarding the refurbished volumes. And you're asking if there is a country that sees the refurbished volume slowing down more than the other, and what could be the main driver for that?

So, we don't give details per country. The answer I did before on the sequential evolution in terms of percentages gives you some, let's say, flavour on where there are potentially weaker levels in Q3 versus Q2. And as, for instance, in Spain I told you that there are also some internal factors.

But overall when we look at the figures, on all the markets there is some more 'wait and see'. Then internally we can have - for instance, I was stating before in Belgium, volumes still up significantly,

sequentially because they are fed by the new refurbishing centre and the pooling of the inventories. We won't comment much more on that. Sorry for that.

If I move forward, we have a couple of more questions from Paul. Paul comes back to the competitive landscape, and would like to know if, given some financial difficulties at competitors, we see a competitive landscape that is somewhat less aggressive since a few quarters.

Guillaume Paoli (Aramis): Yes, we're seeing here and there a decrease in media investments from some competitors. But again, the market is absolutely huge: 36 million cars per year at European level, and all of us combined, if you take our previous guidance, in the mid-term it represents only 2% of the market. So, we are seeing some reduced investment here and there because of the car market and stock market conditions, I think. So, for us it's more car market conditions, but some other players have different needs. But as I said, this decrease or increase will not materially impact our performance, apart from maybe less pressure on marketing costs here and there. It's marginal, and on some people recruitment.

Alexandre Leroy (Aramis): A follow-up from Paul, but on another topic: refurbishing centres. You'd like to get more colour on the impact on profitability of the ramp-up. You're asking if it is a J curve and when exactly and how the fixed costs are absorbed.

So, to be a bit more specific on that, basically to ramp up a refurbishing centre you need a good year, let's say. One year.

One shift requires about four months to ramp up. It means that when we opened Nemours, for instance, last June, we had all the first team to make the first shift, that was already employed. And of course these guys started to work and to refurbish cars and cars and cars, always more and more and more. And at a moment in time, when they are well in place, when their automatisms are good, when they are confident enough in their job, and when we need, we implement the second shift that will require an extra four months to ramp up while the first ones also keep on learning basically.

The breakeven of refurbishing factories is between the first and the second shift. So this means that in general we require two shifts, so 16 hours of work per day, to pass the breakeven and start to make money from there. The third shift in general is implemented, and so let's say more from month eight onwards. We, in the specific case of Nemours and given the current context, will review the calendar of whether it makes sense or not to put the third shift. The third shift is the night shift, so with the constraint of the night work, both from a labour law point of view and organisation. But yeah, in general this is a bit how it spreads.

So, first shift four months, second shift after the four months, passing the breakeven point in between somewhere the two, and then a third shift when it's useful. This is for the refurbishing centres.

So far, I think we answered all the questions on the Internet. I've reworded a bit, but I hope everyone got the answer he was looking for. Operator?

Operator: No further questions on the phone at the moment. Thank you.

Alexandre Leroy (Aramis): Okay. If there are no more questions over the phone, no more questions online.

Guillaume Paoli (Aramis): Thank you very much for your attention and for your time, we wish you all happy holidays and are looking forward to speaking to you at the end of the year. Thank you very much. Bye-bye.