Aramis Group 2021 Annual Results

Thursday, 9 December 2021

Introduction

Guillaume Paoli

CEO, Aramis Group

Welcome,

Hello to all. We are delighted to see you today with Nicolas Chartier also co-Founder, and Stéphane Rougeot, the Group CFO. We are delighted to see you today to talk about our great results of 2021 and to look ahead to 2022 and beyond. But first things first. A short presentation before taking your questions.

Our vision

If we move on slide number three. As you know, our vision is to be the preferred platform of Europeans to buy a used car online. And to do that, we strive every day to make buying a car always more enjoyable, affordable and also sustainable. It is about being the preferred platform. It is about being the natural choice for customers, delivering the very best experience in the market to ensure long-term growth.

And of course, quality is very, very important and that quality is delivered by a unique business model. And we stand for every car that we deliver.

A massive and highly fragmented market undergoing online disruption

Moving on slide number four. As you know as well, we address a very, very large market that is resilient, sustainable, that keeps on growing and that is highly fragmented. This market is shifting online. It is being disrupted by online players and we have seen a very strong increase in market share for these players over the last years.

We clearly stand at the very beginning of this shift and we have a lot of room to grow going forward.

The best products and services with best-in-class customer experience

So moving on slide five. How do we, at Aramis Group, address this incredible market opportunity? Well, go for the very best products. And by products, I mean cars and services. And by the best customer experience. Let us take an example of what this Aramis Group customer gets.

First, he can browse from thousands of cars online with a very wide choice from zero to 150,000 kilometres, from €5,000 to €80,000 choosing from a massive single inventory nation-wide. And we are fully transparent with a second to none level of warranties, such as best price guarantee and one year no maintenance warrantee. That is number one.

Number two, he can trade in his old car in the blink of an eye, again with the best price guarantee in most of our geographies. And we can pick up his car at his home or at his office for free.

Third, he has everything in the same place, including financing and maintenance. And finally, he is delivered from the next day and gets a full refund warranty. And the number of customers giving back their cars to us is very, very low, under 2% at Group level. So this is how we satisfy our customers. And let me now explain on the next slide, on slide number six, how we provide that.

Enabled by a full digital journey, a vertically integrated platform and local know-how

What makes Aramis different is a really unique combination of three key assets: a digital platform; an extensive vertical integration of our operations; and third, a unique local know-how.

Starting with the digital platform. Aramis Group websites comprise over 70 million visits per year, an excellent online discovery experience, data-enabled marketing, data-enhanced sourcing decisions, amongst others. And of course, we keep on improving our platform day after day and to develop our tech capabilities.

This platform is leveraging on two unique assets at Aramis Group. First, our vertical integration from sourcing to delivery. We have seven years of experience in industrial refurbishment. This allows us to deliver high-quality products at a very competitive price. As I said, we have a very low rate at Group level.

Second, our local teams, our local brands, we have a longstanding experience in the car industry. They bring a deep knowledge of consumer demand, and we have very close relationships with the sourcing ecosystem.

We are the best positioned company to capture a significant and long-lasting share of the market

This is why, on slide number seven, we are the best positioned company to capture a significant share of the market shift. These features make Aramis the number one player in Europe today. In 2021, we sold over 80,000 cars to private customers, which is more than any other player in the market.

Our refurbishment know-how is second to none with lead times as low as three days in some geographies for refurbishing. Our in-house logistics is also very, very strong with more than thousands of cars available for next day delivery. This makes us very confident in our model that we are the best positioned to capture future market growth.

Act for Greener Driving

Moving on slide number eight, another important feature of our market of our business model is the circular economy. Actually one of the important catalysts of this market opportunity is that it is resilient as the trend for green driving is increasing.

Circularity is at the very heart of our activity, given the positive contribution of our refurbishment business. Number of studies, some conducted by us and some by others, have proved that refurbished cars had a meaningfully lower impact on the environment than producing new ones.

Act for Greener Driving that you see on this slide is our internal motto to both expand our refurbished used car sales and also to reduce the impact of our operation on the environment.

Revenue growth acceleration driven by B2C refurbished cars

And slide number nine, as a result of our positioning, of our strength, of the huge market opportunity and the market shift, we have been able to grow our B2C refurbished revenues by 50% on average per year since 2017. And we believe this is just the beginning of the journey, given the ambitions of the company, given the potential and the structural shift our market is undergoing.

Our 3-pillar growth strategy

Moving on slide number 10 and just before leaving the floor to Nicolas, who will get into more details, let me remind you of the three pillars of our growth strategy.

Number one, it is about accelerating the growth of our refurbished used car business in our existing markets, increasing traffic, increasing the sourcing and refurbishing capabilities, improving the value we deliver to customers to increase the customer conversion.

Second pillar is to continue the European expansion with new countries but also increasing synergies and integration of the new geographies.

And third pillar is increasing the growth with the development of new services.

And with that, I hand it over to Nicolas, who is going to tell you more about that.

2021 Business Highlights

Nicolas Chartier

Co-Founder & Co-President, Aramis Group

Our best-in-class customer experience drives high levels of satisfaction

Thank you, Guillaume. So let us move on slide 13 and start with customer satisfaction. As you know, at Aramis Group, the customer is at the heart of everything we do. And we are here to change the way people are buying and selling their cars.

And the most important indicator for us is the level of customer satisfaction. This guarantees that we are on the right track on delivering a sustainable growth. Group NPS for 2021 stand at 64. And more importantly, it has never ceased to improve along the year. It is also very consistent among our four geographies. And we have two ways to improve this NPS: deliver a perfect quality and innovate for our customers.

Perfect quality is the precision of the delivery time and the quality of the car. As you know, all our team are engaged in continuous improvement. And this year, we have improved our cars and services in every area, from the conditions of the car to the quality of the delivery. And we have had a specific focus on home delivery, where NPS is now higher than in our customer centres.

In terms of innovation, few examples of what we have done for our customers. We launched the next-day delivery in France and in Spain. We have extended our money back guarantee period to 30 days in France. We offer a 10-years extended warranty programme to our customer in Belgium. We now offer a best trade-in price guarantee to our customers in France and Belgium. We launched our home delivery service in Belgium. Second pillar, we have to ensure a sustainable growth. This is our employee satisfaction.

Fostering teamwork to satisfy customers and learn together

It has not been an easy journey this year as we are still in the middle of the COVID crisis. Market conditions are challenging and we are very demanding with our people to deliver the growth. Here again, our leadership teams have delivered an amazing result with a Group e-NPS of 51. We are now more than 1,800 people in the Group with more than 450 people who have joined in 2021.

In the UK, who joined the Group during the year, we have just launched the employee satisfaction index, and our first results are very impressive with a score of 58 in October.

Through marketing, we drive impressive customer demand and strengthen our brands

Now, on next slide, let us go to our marketing investments. Our customers and our teams are happy, so we believe we can build and invest on the very strong ground. We have increased our marketing investments this year with the objective to drive always more customers to our website and to strengthen our brand equity.

Yearly visits on Aramis Group websites averaged 73 million. And of course, this has fuelled the growth of the sales and of the company.

Customers love our local brands

On next slide, let us talk about our brands. As you know, Aramis Group owns four local brands. Those brands are really loved by our customers. In France and Belgium, where our brands are far from the competition, we are definitely the most recognised brand in those markets and we are continuing to invest to strengthen even more of the brands.

In Spain and in the UK, we continue to invest to further strengthen our local brands and customer awareness, and those investments will continue to grow to reach the same position as the ones we have in Belgium and in France.

With the agility and expertise of our sourcing teams, we find the right cars for our customers

And now on slide 16, let us move to the sourcing. As you may imagine, 2021 has been a very challenging year as regards to sourcing of the cars. And we expect 2022 to be also very challenging.

We are very proud of how our teams have managed this. They have managed to deliver a growth in such an environment. They fight every day to find the best cars for our customers at the best prices. We have continued on our strategy, a very deep knowledge on market trends using data and a very diversified portfolio of suppliers all over Europe and covering the full range of segments from private customers to OEMs. And this strategy has proved to be very efficient.

During this year, the structure of our supply has deeply changed. And let me give you a few examples to illustrate. On the C2B side, we have increased the number of cars sourced from end customers in all our markets. For example, in the UK, this sourcing channel represented 57% of our purchases in Q4 compared to 33% in Q3.

In France, we have doubled monthly C2B purchases between January and October. And C2B sourcing has also been launched in Spain and in Belgium. And through these purchasing in this competitive environment, our data team have strongly improved our expertise and the market price to automate price recommendation and ensure constantly up-to-date view of the market.

And going forward, we are very confident that we can adapt to every market situation that we will encounter in the future.

We are expanding our in-house refurbishment capacity to fuel growth

Another very important pillar in our operations is the refurbishment on slide 17. We have further increased our refurbishing capacity, both opening new centres and optimising productivity at already existing one.

In 2021, we have increased capacity at our Donzère and Villaverde in Spain centres and we recently opened a new centre in Antwerp. We are planning to open two new centres in 2022, one in France and one in the UK. And overall, we expect by 2023 to more than double the Group's refurbishing capacity over the four geographies where we operate.

Through acquisitions, we deploy our know-how and customer experience to satisfy more clients across Europe

And now on slide 18, let us go to our European expansion. As you know, we have very clear strategy for our European expansion. We partner with local teams to buy companies. We chose them because they have a comparative DNA with the rest of the Group and we help them to accelerate while respecting the local identities and specifications.

In 2021, we have realised our third acquisition. This is in the number one market in Europe by far in the UK. And again, this has been a great success. We are very happy to have this amazing team joining the Group. And as in earlier, customer and employee satisfaction are very high there. We have already started to accelerate, especially through increasing refurb capacities.

And meanwhile, in Spain, Clicars was acquired in 2017 has continued its growth. And thanks to the incredible local teams and Aramis Group support, sales were multiplied by 40 in five years, reaching over €200 million in 2021. And in Belgium, Cardoen sales increased by 42% in three years, in particular, revenue generated by refurbished used car multiplied by three. And this became the core strategy focus of the company.

We are accelerating in services

Next in slide 19, we are accelerating in services, which is one of the pillars of our strategy. In 2021, services revenues increased by 23% year-on-year, reaching €886 per unit of B2C car sold. This increase is due to improvement in penetration rates and margin on products.

And to give you an example, in France, we have challenged our financing partners to strongly improve the financing offer for the benefit of our customers. We offer more competitive pricing for PCP and it helps to move from 8% to 13% penetration rate. We have a wider acceptance of poorly rated customers from 20% to 25% penetration rate. And this is for examples, but a lot has been done in the service area.

We are testing and launching new innovative services to accelerate growth

And lastly, on slide 20, I would like to introduce two new services that we have launched this year for our customers: our marketplace and our subscription service.

Firstly, the marketplace is allowing us to build a very strong B2B partnership whilst better serving our end customers through expanded high-quality inventory. Volumes are very promising, whilst excellent customer NPS is showing that our teams are doing a great job working closely with our partners.

Secondly, we have recently launched a car subscription service in France. This offer is a real alternative for long-term lease, providing a much more flexible solution to customers. There is a wide selection of refurbished used car eligible on subscription and it gives easier access to mobilities and traditional financing products and allows us to expand our customer database.

And now, let me hand it over to Stéphane, who will present our financial results.

FY 2021 Financials

Stéphane Rougeot

CFO, Aramis Group

2021 financial highlights

Yes. Thank you, Nicolas. Hi everyone. So turning now to page 22. This is a summary of our highlights. As you can see here, the company published for 2021 a very strong set of results and delivered the guidance that was revised upwards last September.

On the top line, we posted a very strong performance in terms of organic growth. And as you can see, total revenue grew 26% year-on-year. And that was largely driven by the sharp acceleration of volume growth for refurbished cars at +37%.

We also demonstrated the strength and the health of the business model of the company, being able to make the investments that are necessary to grow the business, while still generating a very good level of GPU and a positive adjusted EBITDA.

These investments, to support the expansion of the business, included not only OpEx but also CapEx, as well as working capital, so that we can continue to grow in 2022 and beyond.

Strong top line growth, driven by acceleration of the refurbished used cars segment

On the next page, slide 23, I will go quickly on the top line, as this was communicated a month ago.

Most of our performance is explained by the sharp acceleration of our sales of refurbished cars with volume up +37% year on year, as you can see on the right side of the slide.

A pan-European player focused on refurbished used cars

Next page on slide 24. You can see how the company profile is evolving. And in 2021, it has evolved in a substantial way based on the top line performance, as well as on the acquisition of CarSupermarket in the UK.

In Q4, you can see that 67% of the volumes that were sold are today made of refurbished cars. And 53% of revenues are now generated outside of France. So refurbished cars and international expansion, which are two very important pillars of the company's strategy are working well and producing results. And this is also explaining the evolution of the profile of the company at the end of 2021.

Best-in-class Gross Profit per Unit in Europe

Turning to page 25, looking at the GPU. Well, the GPU is best-in-class across the sector in Europe, as we all know. And we have been able to maintain the GPU at a very high level around €2,300 per unit.

If you look at the metal margin, following a very strong performance in 2020, the metal margin in 2021 has remained very solid, close to €1,600 per vehicle. And on the service side, we have increased the GPU in a significant way in 2021, in line with our strategy to develop services, as explained by Nicolas.

As an example, our financing penetration has increased in all of our markets. In a nutshell, Aramis Group is able to grow fast and in a profitable way.

Investing for growth

Turning to page 26. Of course, in order to drive our growth, it is very important to make investments, first on the OpEx side, and you can see that on the left side of the page.

We have invested in our brands and we have increased substantially our marketing cost in order to both attract new customers on our website and increase our sales, but also to strengthen our brand equity.

We have also invested in terms of technology in terms of IT, both on the OpEx side but also on the CapEx side.

And finally, we have increased our CapEx, notably to expand our reconditioning capacities, as described earlier by Nicolas. We intend to continue to make these types of investment in 2022 in order to support our growth.

Increased inventory to support growth in the current supply environment

Finally turning to page 27. You can see here the increase in the operating working capital of the company that was mostly driven by a meaningful increase in inventory.

First, of course, this page is not pro forma. This is the balance sheet position at the end of September both in 2020 and in 2021. And you can see first the perimeter effect for CarSupermarket, which has an impact of €28 million on our inventories and also an impact on our payables.

With respect to inventories, beyond the UK perimeter effect, we have decided to increase our purchasing, especially in the last few quarters, in order to secure our inventory and fuel our growth in 2022. This is particularly important given the more constrained sourcing environment in which we operate.

This is why our operating working capital has increased compared to the end of September 2020. We stand at 34 days-of-sale, which is in line with the guidance we gave at the beginning of September and still a best-in-class level across the industry. We are a well-funded company. And at the end of 2021, we had €107 million of cash available on our bank accounts as well as several credit facilities in place, notably, our €200 million revolving credit facility, which has not been drawn. This gives us ample resources to fuel our organic and also non-organic growth strategy.

Let me now turn to Guillaume for the last few pages.

Outlook & Conclusion

Guillaume Paoli

CEO, Aramis Group

Last September upgraded guidance fully delivered

Thank you, Stéphane. So moving on slide 28. So overall, Aramis Group fully reached the targets it communicated, not only the ones from the IPO but also the targets revised upwards last September.

Of course, this is important to us and we are very confident going forward. So let me take you on the next slide, slide 29, to the 2022 outlook.

FY2022 guidance upgraded

So this is our revised targets. In a nutshell, we are accelerating our growth. And this leads us to increase our top line guidance on revenue and on refurbished used car sales. Of course, given the tensions in the new vehicle market, we expect the pre-registered vehicle segment to remain significantly affected in 2022.

But at the heart of our growth strategy, it is our refurbished used car business, which is experiencing an incredible momentum. In 2021, we have put in place the foundations to accelerate our growth, improving the value we deliver to our customers, growing our excellent teams and enhancing our capabilities in sourcing, reconditioning and marketing. And this makes us very confident that we will be able to generate a higher growth in this segment.

We also continue to pursue our non-organic European expansion through acquisitions, taking advantage of our strong track record in integrating new countries. In this context, we increased our objectives for 2022 to compare to what was given at the time of the IPO.

We now expect B2C refurbished volumes to increase over 45% year-on-year in 2022. We expect our revenues to reach above €1.6 billion in 2022. And finally, our adjusted EBITDA margin to be around 1.5% as we continue to invest, particularly in marketing.

Our mid-term guidance remains unchanged with, in particular, an adjusted EBITDA margin expected to reach more than 3% in 2025.

Closing remarks

And now moving on the last slide, slide 31. As a conclusion and just before taking your questions, we are very happy with our 2021 performance, as we have delivered the guidance revised upwards in September.

Our business model is resilient, unique, delivering high growth, whilst remaining profitable. We consolidated the Group's asset base by investing more in refurbishing capacities across Europe, increasing our brand awareness and putting ourselves in a good position to capture even more growth in the coming years.

And finally, we increased our objectives for 2022 beyond the ambitions we set out at the time of the IPO. And we are confident that we will continue to create value.

Thank you for your attention. And now we will be glad to take any of your questions.

Q&A

Catherine O'Neill (Citi): I have got a few questions actually. Firstly, I just wondered if we could go back to the GPU for FY21, and in particular the metal margin, which was lower than last year. Could you just maybe just go through some of the details of what occurred there year-on-year? And then within your EBITDA margin guidance for FY22, the 1.5%, could you maybe provide a bit more colour on GPU margin assumption, marketing costs or just some of the different dynamics there? And more specifically, I guess, on pre-registered, which you said will be under pressure still. How should we think about that within the context of your broader revenue guidance?

Stéphane Rougeot: Hi, Catherine. So let me take the first two part of your questions. So on the metal margin in 2021, indeed, it is slightly lower than 2020. You probably remember that 2020 was a very high GPU, in particular in the context of the lockdown and post lockdown activity. And especially in France, it was a very, very strong performance and way above previous years.

So this is what is explaining the fact that it is slightly lower in 2021. It remains, of course, a very solid and very high level, but from that standpoint 2020 was very particular.

On your second question, the EBITDA guidance for 2021 and the various components. So look, on the GPU side, we do not anticipate any material change. So we do not expect this to substantially lower or substantially different from what we have in 2021. We will continue to make investments, not as much in absolute value as the increase that we have in 2021 compared to 2020. We increased our SG&A by €46 million.

Of course, you are going to have, in 2022, the full year impact of that increase. So by definition that explains part of the additional increase in 2022 and then we will continue to still make some selective investments and make those investments. And some of them are totally related to volume and expansion, as you know. And that is going to be on marketing but also on some other areas such as sourcing and also technology of course.

On the pre-reg, maybe I will leave it to Guillaume.

Guillaume Paoli: Yes, I can take it. So as you know very well, the new car market has a lot of tensions with the production that is lower. This has an impact on our pre-registered business. I remind that pre-registered business was already a minority of our business at the time of the IPO and that we operate this business only in France and in Belgium.

So at the moment we speak, refurbished used car business is already 67% of our B2C business so much less exposed. And we feel confident in growing even faster our refurbished business, as we have seen with the guidance, to more than compensate for the impact we will have on this pre-registered business.

Catherine O'Neill: Actually can I just ask one more question just on your thoughts more broadly on used car pricing across FY22. How do you think that might trend and when do you think some of these supply chain challenges might ease?

Nicolas Chartier: So first, regarding used car pricing, I guess, you speak about the rise of the used car price on the market as B2B market and B2C markets. So we do not know exactly how it will continue to evolve in 2022 but we think that it will start to come to stop increase in 2022 because it has a lot increased in 2021.

And regarding the supply challenge, as 2022 will still be challenging as regard to buying the used car. But what we have experienced in 2021 is that we find cars. We are not worried that in order to find the cars. We know how to go to the right sources to find the cars. We are very edgy. So we are now where we have to find the cars.

So we have to fight everyday but we manage to find the cars. It is not a hurdle for us for the growth. I do not know if that answers your question.

Christophe Cherblanc (Société Générale): I had three to start with. First one, I was looking at slide 17 based on which you are expecting doubling of refurbishment capacity between 2021 and 2023. So is that a good proxy for the revenue growth over the 2022-2023 period, meaning that beyond that 45% guidance for this year we should expect another 45% for 2023? That is the first question. The second one was to come back on what Catherine was asking about the pre-reg impact. Should we expect that as of 2023-2024 there is a normalisation of the pre-reg market, meaning that it would start to grow again from a lower base? And can you confirm the margin on pre-reg are the same as on the refurbished segment? And the third one is on the margin by countries. What is the spectrum of margin across the Group? Because, for instance, Spain had a fantastic year. So is it fair to say that Spain margin went up a lot? There is a tax charge in the P&L which suggests there is a pre-tax profit in some parts of the Group. So how should we think about the differences in margin within the Group?

Guillaume Paoli: Will you start with the margin Stéphane?

Stéphane Rougeot: Yes. Christophe, so let me start with the margin. So first, you've seen that it has been very stable. Number two, when you look at the GPU, there is no major difference between countries. It is not exactly the same but it is fundamentally different and there is no one country that is really different from others.

Number three, we have seen an improvement in the profit generated by all the countries, except France, because of the very high level of GPU in 2020, which was very specific to that year. It is still a very good level of GPU in France, of course, but for the rest all the other countries have improved and increased their profitability.

So overall, we are quite happy with the relative performance of each of the country. They have grown in a different way at different pace, but they all also manage quite well the rest of their P&L, still being able to invest heavily in order to support the growth.

Nicolas Chartier: To enhance the refurb capacity and the guidance for 2023, you can answer.

Stéphane Rougeot: Yeah. So, of course, we are not going to give any guidance beyond 2022. We only gave the guidance for 2025, where the company wants to reach and be with top line above €3 billion. Of course in order to get there, we need to have the right capabilities overall in place. And that is part of the plan. But you should not read any specific guidance for 2023 for reconditioning capacity. But we are ambitious for sure.

Nicolas Chartier: And we had a question also regarding the pre-reg. So first on the margin on the pre-reg. What we can say is there is no big difference between the margin of the pre-reg and the margin of the refurbished used cars.

And regarding the normalisation, it is very hard for us to predict how will be the 2022 and 2023 years. But what we consider is that 2022 is still be very hard and at least probably one of the hardest year in the pre-reg.

And that when the production will be okay again when the chip crisis will be behind us and when the car production from the OEMs will be okay again, we think it will renormalise. But we think that it will have a flagging between the production restart and the normalisation of the pre-reg business. And we estimate between 6 to 12 months between the time when the production will be at a normal level and when we will start to have again a good level of pre-reg cars.

Why? Because they have a lot of backlog to deliver. They have to deliver the private customers, company cars, but also all the rental companies. And the pre-reg is always the last part of the business we deliver. And it is mainly delivered when we are in overproduction time. So we do not expect any improvement between 2023 on the pre-reg business to answer the question.

Mourad Lahmidi (Exane BNP Paribas): I have a first question on the refurbishing capacity, so slide 17. The 63,000 that you are showing, what is the utilisation rate of that in 2021? And then the second question is about customer acquisition costs. I think it was €223 per car in 2020. What is the number in 2021? And what are you projecting for 2022? And a related question is about the EBITDA margin. So there is a big dip in 2022. We understand why. But what will be the trajectory? Do you think that it is sure the 1.5%, or are you going to invest much more beyond before getting to your 2025 target?

Stéphane Rougeot: So maybe I can start with the COCA and the EBITDA margin and refurbishing for later. So on the per car, Mourad, you are right. So I think it was €224 per vehicle in 2020. This is the part of the SG&A that has increased the most. In 2021, the number is slightly below €400. I think it is €397 per vehicle. And this is really the area where we have invested the most during the year across the various countries.

We are not giving any specific guidance on that topic for 2022. You should not expect such an increase again, but we will continue to make investment in that area. So that number may still vary a little bit. So also a little bit of a link to your third question on the EBITDA margin and the dip in 2022 and the bridge to the 3% or above 3% in 2025.

Yes, what we see now, both in 2021, and also as a consequence in 2022 because of the full year impact, is the largest impact on the EBITDA because of the investment decided by the company in order to accelerate the growth.

And as I said, there has been a very substantial increase in the spending in 2021 in the course of the year. So there will be a full year impact in 2022. There will be still additional expenses and increased spending but not to the same level in 2022. I think that is going to give us very solid foundation to support the acceleration of growth that we are seeing, especially on the refurb side, as you know, to have the right level of marketing, to have the right technology platform, to have all the sourcing capabilities and capacities that we need, given the volume increase that is expected, and of course, also on the reconditioning side as we open sites, of course. The first few months they are not in full capacity but then progressively they catch up.

So of course, we're not going to give you perspectives on the EBITDA margin for the following years but we really see 2022 as a year where we support fully—the full expense that you need to drive the growth.

Nicolas Chartier: And regarding the rate of utilisation for the refurb capacity. In 2021, it is 80%.

Olivier Calvet (Kepler Cheuvreux): I have a couple of questions remaining. First one is on the capacity utilisation also. What I am interested in is if you can give us any colour in terms of the ramp up of capacity utilisation when you open up a new refurbishing facility, like you did in Antwerp? Second question, just I might have missed this for acoustic reasons. But can you come back on the development of SG&A in H2 and the marketing cost per unit? And the third question would be, if you can update us on the share of revenues that come from the B2B2C marketplace that you launched if my memory is correct in December last year?

Nicolas Chartier: Okay. Maybe I start with the ramp up of the refurb centres. It is not an easy question to answer because ramp up never cease, I would say, because even in our centre in Donzère was been opened more than five years ago, we are still increasing the refurb capacity in 2021 because of production improvement, efficiency improvement and also some expansion.

But when we open a new centre, for example, the one of Antwerp, which has been opened on the beginning of November, we are working with only one team today, one shift. And we will progressively open to another shift, for example, in Donzère or in Villaverde we are working with three shifts and obviously production levels are different. So to answer your question, capacity utilisation is depending on the number of shift we are putting and this will be depending on the demand and of the growth, so we will manage it.

We can do it in two months. We can do it in 12 months for this ramp up. And then shift by shift, I would say that when we start the first shift, so to answer the question for Antwerp. The first shift will be at full capacity, standard capacity within three months after the opening. So by the end of January we will be at standard capacity. And then we will improve the volumes with the improvement of the efficiency.

Guillaume Paoli: Maybe I take the question on marketplace before you go on revenue. Yes, thank you for that question. So I remind that this is a specific type of marketplace. The customer gets the full Aramis Group experience. We invoice the car. We buy the car from our third-party supplier and we invoice the car to our customers. So we are not going to give indication on the numbers. It is for sure that has grown. For us it is an asset to improve the offer to our customers but we are not giving any more detail at this stage.

Nicolas Chartier: And it is also kind of a test and learn innovation. We want to see how we could create value with that. We are already learning a lot with that experience. It is not really factored in our growth.

Stéphane Rougeot: So your question on SG&A and especially H2, Olivier. So look, most of the investments we have made have been made in probably in our Q2 fiscal, so a little bit in Q1, largely in Q2 and then we started to reach the level where we wanted to be as of Q3 or Q3 fiscal. So our H2 is substantially higher than H1. If you look at overall SG&A, we are little bit north of €80 million in H2. So you can see the run rate for 2021 and then we continue to make some investments. And it is relatively similar when you adjust at the COCA. So that is where we are similar in H2.

Do we have other questions on the line? Because then we have also questions that I will read coming from the web.

Harald Hendrikse (Morgan Stanley): Can you just talk a little bit more broadly rather than just sort of specifically about the numbers per se. But it feels a little bit like prior to the IPO we discussed the level of SG&A spending. You have highlighted the fact that obviously that was going to go up and to invest for growth going forward. It now feels like there has been slightly more of a step change and maybe it feels like the strategy is a little bit more aggressive relative to what we heard six months ago. Would that be correct? And if that is true, can you explain what has changed your mind? Is the opportunity for growth in the short-term even bigger? Why are you now chasing that more aggressively or have I misunderstood?

Stéphane Rougeot: Yeah, Harald, let me start. Okay, I was not there at the time of the IPO, so it is hard for me to be super specific. But I think to some extent this is right, meaning that with the acceleration of growth and you have seen the revised guidance both in September for 2021 and also the revised guidance for 2022, as we see a larger opportunity for us to catch, yes, the company decided to anticipate and to increase some of the spending. And we have seen that on the OpEx side.

You have seen that on the working capital in terms of inventory, as an example as well. So I think there is some truth to that. It is a little bit hard to quantify but I think there is some truth into that.

Guillaume Paoli: Yes, it is more about we have been comparing everything in the foundation for accelerating the refurbishing car growth. We have had a very, very good momentum and we have decided to even strengthen this growth acceleration. So there is some truth in that.

Harald Hendrikse: And it is really driven by the opportunity. You have just seen even bigger opportunity now. Okay.

Guillaume Paoli: Can you repeat your question, Harald, please?

Harald Hendrikse: I mean, really the conclusion is, as you see a bigger growth opportunity now and it is still accelerating and therefore you need to take your shares. That is really the key reason.

Guillaume Paoli: I mean, the opportunity is huge

Harald Hendrikse: I understand.

Guillaume Paoli: But it is more that we have made a lot of efforts that had paid off and we have continued to accelerate.

Stéphane Rougeot: So we had a few questions asked on the web. So let me summarise them and of course we will take them. So the first one is from Kyle. EBITDA margin of above 3% in 2025 seems conservative, given what was achieved in 2021. Can you discuss what holds back any leverage with scale?

So here, I would say and maybe Nicolas or Guillaume will complement. But yes, indeed, we firmly believe that reaching an EBITDA margin above 3% in 2025 is totally feasible. We have to do things in the right order and put in place all the foundations and do the spending. This is why there is those dips in profitability because of those investments. But we can absolutely reach that level of profitability. And as you remember at the time of the IPO, there was even a long term profitability guidance that was given. So we do not think 3% is the level of profitability deserved in this business. It is higher than that.

But we believe that it is the right point de passage as we say in France. And of course there is any way for us to do it earlier or to do better, we will do that.

Then a question from Jerome. 2022 outlook reflects a shift in Aramis Group's strategy with a focus on a more ambitious accelerated growth. This is great news but how supportive is your main shareholder to this shift? And how does the ex-Fiat Group contribute to it?

Guillaume Paoli: Yeah, I will take the question. I mean, the Stellantis people have been incredibly supportive of Aramis Group since we allied with them in beginning of 2017. So they are giving us support. We are buying cars from them, including from former Fiat, and we expect these volumes to pick up going forward. So we are aligned on the strategy, including an accelerated growth of refurbished used car, because Stellantis people, including the very top management, are very aware of the market opportunity.

And this is why they were, maybe before all the other OEMs, interested in the business back in 2016 when we had the conversation.

Stéphane Rougeot: Okay. Very good. Okay, I think we have one more question on the line.

Christophe Leblanc (Société Générale): Two quick ones. One is on working capital. Is it fair to assume that the working capital is going to stay stable at about 35 days of revenues in 2022? And given the small cash burn and what you expect at this stage for 2023, the need to buy out the minorities in the UK, et cetera, what is the effective headroom to make acquisition? That would be the first question. And the second one is, can you give us any indication on trading in Q1? And if we look at the phasing last year, I know you are not going to give any quarterly phasing for the year. But would you say that Q1 or H1 is going to be tougher in term of comps or easier than H2 because if we look at the phasing, it is distorted by the lockdown, the capacity ramp up, et cetera, so it is pretty hard for us to model from the outside. So any colour there would be super helpful.

Stéphane Rougeot: Yes, on the working cap, I wish I could tell you where we are going to be at the end of 2022 at the end of September and in the coming years. The environment now is much more volatile. And what matters to us is to make sure we secure what we need to grow.

And so I just cannot answer you in any specific way on what is going to be the level. As you know, we manage the lead time. We manage our processes in a way where we find everything we can to optimise. And this is why from that standpoint our working cap has always been best-in-class. We will continue to do so.

But every time we need to purchase and to buy cars and we know there are no risk when we do that. We secure growth and that is also very important from a competitive standpoint. So again, we do not expect any material fundamental change at this stage of our working capital. But again, we will adapt and we will be agile during the year.

On your second question on the slight cash burn and more fundamentally on what headroom do we have for acquisition given what we need to pay. So look, we have cash. We know what are the commitments and what we need to pay, by the way for the UK this is substantially later, the one that comes in 2022 is for Spain and for Clicars founders.

And despite those payments, we know we have ample headroom, including by the way the facilities that are in place. So we have ample headroom for growth. And as we said, not only to fund the organic growth but also acquisitions. So this is what we are working on and of course we would not give any specific detail at this stage but we have the resources to make those acquisitions.

And then on trading, look, we are not going to give any specific indication. The only thing we can say and this is what you understood is that the pre-reg business is going down. Okay, no surprise here and this is what we see. And that we are still growing substantially on the refurb. You will see we will publish our Q1.

Look, every comp is going to be different. Q1, there was a bit of a lockdown in a number of countries in a bit of November and December depending on the countries. So it is going to be another year where the comp are not going to be simple, but that is more for the explanation and that we will see every quarter.

Where we focus on right now with the team is make sure we have all the conditions need to support the growth and this is really the heart of everything that the teams are doing. So more to come. I think we'll publish on 27th January for Q1. So we will speak about that end of Jan. No more questions?

Mourad Lahmidi (Exane BNP Paribas): I have a follow-up on the UK. Can you talk about your progress in the countries since the acquisition of MotorDepot? It seems from our perspective that the market is much more disputed, above all, you are betting a lot on brand awareness. So maybe you can comment on your marketing intensity in the country as well as how the conversion and the traffic are evolving over there?

Guillaume Paoli: Yeah. So thank you for the question, Mourad. So as you know, we did this acquisition March during the IPO. And we could not go there. So the first thing we did was to review with them the strategy with the team. And we have aligned ourselves on accelerated growth staying profitable. And we had helped them with our methods and know-how and to buy more cars from private customers in particular.

And they have really done an incredible job multiplying by five the number of cars that we are buying from private customers. We have also worked a lot on the refurbishing units and we have one of the French team members that has been there for a while now, helping the great team. We have a really great team in the UK to improve the operation and expand.

In terms of marketing, they have been increasing their marketing expenses. Every market is a bit different so they are testing different channels. They have also revamped their websites. I cannot give you any specifics on the conversion rates, but what I can tell you is that we're building all the foundations to increase the growth that we have in the UK.

And it is true that the market is very disputed but there is also an incredible room to grow. We have a strong local team. We have a local brand that is known, as you have seen on slide number 15. But we have room to grow. So we are very confident in our prospects in that as well.

Thank you to all for your attention. So we are looking forward for this 2022 year, which looks to be very exciting and we are very confident on our prospects. And we are looking forward to meeting you maybe in person at this time in 2022. Have a nice day.

Stéphane Rougeot: Thank you.

Guillaume Paoli: Bye-bye.