H1 2025 Results

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H1 2025 Results

Operator: Hello and welcome to the Aramis Group H1 2025 Results Call. Please note, this conference is being recorded; and for the duration of the call, your lines will be on listen-only. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you will be connected to an operator.

I will now hand you over to your host, Fabien Geerolf, Chief Financial Officer of the Group, to begin today's conference. Please go ahead, sir.

Fabien Geerolf: Thank you. Good morning, everyone. Thank you for joining us today for Aramis Group's H1 2025 results presentation.

I am Fabien Geerolf, Chief Financial Officer of the Group. Today with me to comment on these results, Guillaume Paoli, co-founder and co-CEO of the company. Before starting, the usual reminders.

This conference is recorded, accessible both over the phone and internet. A replay will be made available on the company's website at www.aramis.group. Slideshow is available on the website for download.

Let me also remind you that today's presentation contains forward-looking statements and that future results may differ materially from the statements or projections made on today's call. In particular, the risk factors that could affect those statements are described in our 2024 Universal Registration Document, tied with the French Financial Markets Authority, AMF.

This presentation will be, of course, followed by the usual Q&A session.

Finally, I remind you that Aramis Group has a non-calendar fiscal year with annual results closing at the end of September. As a consequence, the H1 2025 results we are going to report today refer to the calendar period from 1 October 2024 to 31 March 2025.

I now leave the floor to Guillaume that will drive you through the main business and market highlights. Guillaume, please go ahead.

Guillaume Paoli: Thank you, Fabien. Good morning, everyone. Let's begin with the key highlights of this presentation.

So, in the first half-year of 2025, Aramis Group has continued to demonstrate strong, profitable and cash-generated growth, thanks to our singular business model. We achieved 10% organic revenue growth year-on-year, outperforming the used car market. Thanks to our very engaged teams, this is quality growth with customer satisfaction remaining at very high levels.

Adjusted EBITDA more than doubled to €32.8 million, and we generated €24 million in free cash flow, benefiting also from the work that is done on stock turn and working capital requirements. As you know, our market is absolutely huge. So, as to grow more and more profitably, both our business model and operations are continuously improved, as we explained during the Capital Market Day at the end of November '24.

We are converging on our operating system, levelling up performance progressively across our geographies. We are leveraging our European scale, bringing new benefits to customers and creating value for the Group. And we are raising the bar, improving our model from sourcing to delivery, and I'll give a few illustratives in this presentation. So, we are in line with our strategy and with our targets, and we confirm our guidance.

Now, moving on to slide four, let's look at the market context.

The used car market in Europe continues to prove its resilience, even in the face of macroeconomic uncertainty. As mobility remains absolutely essential for millions of Europeans, demand is structurally stable, as you can see on this graph. The exception in '22 and '23 was what we call "carmageddon," the combination of COVID aftermath and war in Ukraine that provoked an inflation in used car prices and a shortage of pre-registered cars.

We built our model to be robust and to grow regardless of the environment. The current economic and geopolitical turmoil should have limited effect on our business, as we are at the heart of a circular economy, and we operate 100% in Europe. So, on the slide, you can see the used car market and the new car market that is more or less correlated with the Consumer Confidence Index.

Moving on now to slide number five, if we take a closer look at the environment for used cars, we are now operating in a more stable setting. Used car prices are still correcting from '22 highs, which is healthy, and it gives customers more opportunity to choose their used cars. This normalisation supports both demand and supply, and it's also the backdrop for our continued growth.

If we look at slide number six, we have consistently outperformed the market for several years. This semester is no exception. Thanks to our unique model, we grew B2C volumes by 10%, organically outperforming the market by 12%, first getting market share across our six countries.

We are now just short of 1% market share of used cars below eight years in large Europe, from Portugal to Poland, Norway to Greece, including the UK. Our value proposition is strong and attractive as we provide affordable, sustainable, reliable mobility, and our scalable business model enables growth.

Now on slide seven, let's now talk about what drives this performance.

Our growth is underpinned by a unique integrated model with three core strengths. One is a full vertical integration across the value chain. Two, a clear operating system for buying, transforming, and retailing cars.

And three, a performance engine at enterprise, people, and team level, with a distinctive learning culture centred on customer satisfaction. That's not just theory. It translates into results.

Over 61,000 B2C vehicles sold this semester, record Net Promoter Scores and employee NPS scores, and continued GPU leadership. We started to build this model since 2001, and we are constantly improving it.

On slide eight, the strategy we unveiled in November at the CMD, we are continuing to execute it in a disciplined and structured way.

Number one, we have a European platform with a superior and winning operating system. Well, we are converting on this system to level up performance amongst the Group geographies. This European platform, we are going to leverage it to bring unique benefits and value and to continue to expand it.

And number two, this great modern system, we are converging on it, but we are also improving it in all its dimensions. We are calling that raising the bar. So, these pillars are central to our 2027 strategy and are already delivering tangible benefits.

Now moving on to slide nine for a few examples. This is an illustrative of convergence. You know our refurbishment capabilities are a cornerstone to our operational excellence.

Refurbishing is an essential in the value we bring to customers, enabling us to propose first-class warranties, reliability, and all at an affordable price. In H1 '25, we continue to improve efficiency of our processes across all our refurbishing centres. Lead times are decreasing, productivity is increasing, and quality remains high, with the ultimate indicator being Net Promoter Score, which stays at a record level.

This convergence is a direct result of our efforts to share learnings, upgrade our tools, and implement group-wide performance standards. So, on average, we have reduced our refurbishing lead times by 29% this semester, with the best-in-class unit refurbishing cars in as little as 3.5 days. We still have a lot of work to do, but things are moving in the right direction.

Now, moving on to slide ten, an illustration on how we are leveraging our European platform to create unique advantages for our customers and our business. This semester, we launched five new internal inventory-sharing flows across countries, enabling better matching of local demand and available stock.

This internal marketplace is an enabler of capital efficiency and sales agility. It allows us to expose inventory across countries in real-time, based on local demand, and therefore optimise our stock rotation and profitability. This is one of the many ways we turn our scale into an operational edge.

Few players, actually, if any, in the market can operate such a cross-border platform. It reflects our ambition to be both deeply local and powerfully integrated at the European level. We are just getting started.

This platform will become even more central to our operations in the years to come. As a result, combined volumes of internal and external marketplace have increased by 40%. The total representing still much less than 10% of our sales.

Now, let's raise the bar together. Slide 11. Let's say a few words about our new Group identity.

A week ago, and as announced during the CMD, we have launched a bold, unified brand platform across our six countries. This new identity is a key milestone for Aramis Group. Our brands will keep their local names that customers know and love and will share the same platform, meaning the same DNA and the same visual identity.

It reflects the ambition and cohesion of our Group and strengthens our visibility, both internally and externally. It is based on the belief that refurbished cars are the smart choice, more reliable than used and more affordable than new. The new platform has been developed by our teams and very well received by customers in field service.

This new identity supports our operational goals and our cultural unity. It's also a way to share assets, such as advertising, websites, cars, and to improve our marketing efficiency. We are making the edge and the value we bring much clearer for customers. If you're up for it, you can take a look later on at a short inspirational video that we published.

And now, I'll leave it to Fabien for more details on the numbers.

Fabien Geerolf: Thank you, Guillaume. We are now on slide 14. As Guillaume said, H1 2025 was in line with our expectations, both in terms of growth, profitability, and cash generation.

You can see here the key financials for the period. Total revenues reached €1.2 billion, up by 10% compared to last year, driven by the B2C volume growth. GPU, once again, stood at European leading level of €2,317 per B2C car sold.

Adjusted EBITDA reached nearly €33 million, twice as much as last year. The Group, once again, managed to decrease its operating working capital by another three days versus last year. As a result, the Group generated almost €24 million positive cash flow in H1 2025, excluding the payment of online cars earn-out and the share buyback plan.

Now, on slide 15, for more details on revenues by segment. Overall, our B2C sales are up by around 10% in value and volumes, well-balanced between our two segments. B2C refurbished volumes grew by 11%, with an acceleration between Q1 and Q2, 8% in Q1 and 14% growth in Q2.

This acceleration is partly due to favourable calendar and base effects in Q2, expected to be partly offset in Q3, for which we therefore expect slower growth. B2C pre-registered volumes, mainly sold in France and in Belgium, keep improving by 7% versus last year. This growth is driven by the end of the catch-up effect in Belgium, while volumes have now stabilised in France.

B2B revenue decreased by 3%. The B2B segment activity, as you know, is driven by the volume of vehicles purchased to private customers, which has now stabilised. Finally, revenues from services increased by 7%, driven by the B2C growth.

The penetration of the financial services, which account for a significant portion of our services margins, remains rather stable over the semester at 44%.

I'm now on slide 16. The slide shows the usual revenue split by country.

In France, revenues increased by 9%, driven by a strong growth in refurbished cars by 17%, whereas pre-registered cars have now stabilised as expected. In Belgium, revenues increased by 19%, driven by the end of the catch-up effect in the pre-registered vehicle segment, where volumes are up by 41%.

In Spain, revenues grew by 8% compared to the first half of 2024, despite the flooding of the Valencia site in October 2024. The Valencia site, which includes a point of sale and a refurbishing centre, needed a complete overhaul and reopened only two weeks ago. Strong growth continues in the UK market, with another 19% growth rate in the semester, with a particularly favourable base effect during Q2.

And in Austria, revenues are down by 5%, reflecting here an unfavourable base effect after an exceptional 2024 year of hyper-growth, which benefited from one-off sourcing opportunities.

In Italy, B2C revenues increased by 2%. If we take into account the volumes sold to other Group entities, total volumes increased by 38%, enabling us to improve our unit economics versus last year.

Moving on to slide 17 now, and our profitability, we keep maintaining our discipline, further improving both GPU and costs.

We have improved our unit margin by approximately €150 per unit versus last year. The services margin has now stabilised, and on the car margin itself, what we call the metal margin, we have confirmed the improvements made in H2 2024, meaning improved car selection and car pricing, thanks to team training and our technologies, more efficient reconditioning, and logistics operations. As a reminder, our GPU is calculated in the same manner as our peers in the US, including all costs of refurbishing, rent, and labour, which is not the case for some of our European peers.

Using comparable methodology, we are keeping our leadership position among listed peers in Europe. We also continue keeping under control our SG&A, as you can see on the chart on the right side. Those amounted to approximately €108 million in H1 2025, which is a moderate increase of less than 5% compared to H1 2024.

We kept investing into our brands, while improving the efficiency of our marketing spend, and of course, we continue to invest in new branches and in our sales teams to fuel our 10% volume growth. As a result, per B2C car sold, the SG&A decreased again by close to €100 per unit versus last year. Going forward, we intend to maintain the same level of discipline and bring further up these productivity gains.

If we now move to slide 18, we see the EBITDA bridge that illustrates the profitable growth achieved in H1 2025. H1 EBITDA has doubled versus last year from €16 million to €33 million, and this was driven by solid volume growth, 10% year-on-year, margin improvement, thanks to strong operational execution, and moderate SG&A increase to support our growth while delivering improved productivity.

Moving to slide 19, finally, let's take a look at our cash flow generation.

We keep reducing our operating working capital, thanks to continued discipline on our inventories, hence a reduction from 27 days last year to 24 days of revenues in 2025. We believe we still have room for improvement on this topic, where the Group is already best-in-class.

Our capital expenditure stood at €5.4 million in this first semester, down from €6.8 million last year, as we are increasingly mutualising our investments at Group level. Thanks to increased profitability, reduced operating working capital, and increasingly mutualised CAPEX, we generated €24 million positive cash flows in H1, which enabled to cover for the online card earn-out payment for €7 million and our share buy-back programme for €3 million.

Our financial net debt, excluding IFRS 16, went further down from €61 million to €47 million. As a reminder, this net debt does not include the £30 million estimated payment to be made for the remaining 40% of shares of card supermarkets and estimated to be paid out in FY 2026.

We still have more than €200 million of undrawn credit lines with no covenants attached with Stellantis and with local financial partners. During the semester, the Group has renegotiated the terms of some of its credit lines with Stellantis, converting short-term credit lines, or those with fixed maturity in 2026 or 2027, into a credit facility that can be drawn at any time for a maximum duration of three years and amounting to €100 million. This shows, once again, the trust relationship that exists between Aramis and its partner, Stellantis.

With that, I hand the floor back to Guillaume for the outlook and guidance.

Guillaume Paoli: Thank you, Fabien. As you all know, we are an entrepreneurial, ambitious team. We believe we can build a very large and very profitable company in our field.

Well, because our market is huge and fragmented, so it enables it, and we have the business model and consolidation platform to do it. Despite a volatile macroeconomic environment, the used car market is resilient, driven by the essential mobility needs of European households. In this context, we are confirming our objectives.

We'll deliver double-digit growth on refurbished car sales, resulting in high single-digit growth, B2C. We'll deliver over €65 million adjusted EBITDA, and we will continuously improve our operational working capital in days of revenue.

So, thank you for your attention, and we are now ready to take your questions.

Questions and Answers

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. To withdraw your question, please press star two.

We will take our first questions from Alexandre Raverdy from Kepler Cheuvreux. Your line is open. Please go ahead.

Alexandre Raverdy (Kepler Cheuvreux): Yes, good morning, Guillaume and Fabien. Thanks for taking the question. A couple of ones, please.

The first one is regarding Italy. You mentioned that performance in the country is disappointing. So, could you please provide some more colour on the issues you face in the country, whether it's location, the team in place? Looking at the performance, I guess, the vehicles that you source from there are of good quality, but any detail on what you think is missing so far in the country and when you expect to reach the pre-given point would be very helpful. That's the first question.

The second one is on the guidance, which was confirmed after what I would think is a strong start to the year and given the usual seasonality, how you think – how conservative you think this guide is. That's the second question.

And finally, one for Fabien. On working capital, I think 24 days of operating working capital is already a great level. Obviously, I think we should not expect a linear improvement from here, but could you please mention maybe qualitatively where you see a few easy wins to support the guidance and the '27 target? Thank you.

Guillaume Paoli: Thank you, Alexandre, for your question. So, I'll take one and two and let Fabien, as you named him, on the third one.

So, regarding Italy, yes, we're not satisfied with the performance. Actually, there are some things you don't really see because we are ramping up volumes because around 40% of the Italian production is being retailed via our internal marketplace. So, the refurbished volumes are actually increased there, and we have significantly reduced our cash bond. Actually, the problem that we face is that, well, our unit economics are progressing, but they are still not at the level we want them to be to push on the gas pedal.

So, we have decided to work and work and rework and wait until the unit economics are where we want them to be, not necessarily at the level of France or Belgium or mature countries, but above where they are now. So, working on that, we are patient. We know it is feasible because we have competitors that are working rather well in Italy, and we are confident in the medium term, but for the short term, we will continue to work to improve the economics, and it is a bit all along the chain.

There is not like one single thing that is not going well. It is about the sourcing, the refurbishing, the logistics, the marketing, the sales. We are not where we want to be before pushing the gas pedal.

That's number one. Number two, well, the guidance. Very good question.

Look, we have announced this guidance just a few months ago at the end of November, so it is very recent. I know about the seasonality, but with the current market context, plus there are some calendar effects, as Fabien has said, we consider it rather normal and, you know, cautious to maintain the guidance that we have. Of course, going forward, we want to go much – to provide much more profitability and continue to grow, but at this stage, it seems that the right thing to do with the current economic, let's say, uncertainties and the fact that we have calculated it just a few months ago.

And I will let Fabien answer on number three.

Fabien Geerolf: Yes, thank you for the question on operating working cap and, indeed, we improved by another three days compared to last year. It was already an improvement last year compared to the previous one by ten days, so, indeed, we are doing well on operating working capital. We still believe that we have room for improvement.

We shared during the Capital Market Day presentation that there were some countries that were able to achieve 20 days in operating working capital. So, yes, there are some improvements that we can do. And, to be very specific, I cannot name very specific countries. It would not be very fair to them, but we can improve the operating working capital all the way of the life of the car, I would say, and there are some operating improvements that we can do and also on car selection that we can always improve and that we continuously try to improve.

So, I cannot be very, very specific. We have a clear plan regarding operating working capital, and we hope that we can continue to deliver it moving forward. Now, about your question on whether or not we can provide a more precise number at the end of the year, well, not really.

You know that the operating working capital is a snapshot and, therefore, we prefer not to provide precise numbers regarding operating working capital. I hope it's clear.

Alexandre Raverdy: Yes, that's very clear. Thank you very much.

Operator: Thank you. We are now taking our next questions from Christophe Cherblanc from Société Générale. Your line is open. Please, go ahead.

Christophe Cherblanc (Société Générale): Yes, good morning. First question from my side is on the outlook again. What is the underlying GPU assumption you are taking on H2, and should we assume that the H2 '24 last year GPU was maybe boosted by Austria or some special factors, and we should be cautious on the year-on-year comparison? That's the first question.

The second one is on the pre-reg segment. I think you mentioned the catch-up effect in Belgium taking place after having taken place in France. Should we assume a flattish volume in H2?

And the last one is on the profitability by market. I can see some tax in the P&L which must suggest that maybe you're paying taxes in France which would suggest an above, much above average margin in France, that we know. So, by difference, does it mean that the contribution of markets like Austria or Spain was particularly weak in H1 and that we could expect a catch-up in H2? Thank you.

Guillaume Paoli: Thank you, Christophe. I'll take question number two and leave one and three for Fabien.

Look, as we explained, you know, the pre-registered is a factor of the structural overproduction of new cars. There have always been more cars produced than what the market can absorb, as all OEMs want to gain market share. The exception to this rule was what we call the Carmageddon in '22 and '23. For the first time ever, there was more demand than what the OEMs could provide because of the scarcity of spare parts and semiconductors.

So, we are back in a normal situation, and I would say even the new car market is particularly weak for different reasons, one of them being that the cars that are proposed are not all – you know, don't necessarily correspond to the demand. So, we anticipate the pre-reg supply to be more or less stable in the coming months.

We have had a catch-up effect. I believe we can still grow marginally here and there on this business. There can always be good surprises, but at this stage, we anticipate the stability.

Fabien Geerolf: Yes, and regarding your first question about the guidance and more precisely the GPU. So, you know, Christophe, that we are not providing a guidance, a precise guidance on GPU. I'm assuming your question was regarding the H2 2024 and whether we can forecast that going forward.

On GPU, we need to take into account the fact that it's not a linear evolution of the GPU. So, between H1 and H2 last year, indeed, we saw a €250 per unit increase, which was a boost, and it's not 100% linear, knowing that we are buying, we are short in inventory, and so we are buying the cars more or less for the next month. So, we cannot 100% predict and secure that the GPU will grow very, very regularly month over month and that's why we are not providing a guidance on this specific criterion.

And yes, in H2 2024, there were some specific elements of this that were quite favourable and that are a little bit less favourable in H1 2025, for example. I hope it answers your questions, Christophe?

Christophe Cherblanc: It does. On the tax base, the fact we are seeing tax P&L and the implication for the profit by market?

Fabien Geerolf: Yes, and that's something that we have during the Capital Market Day. We have some differences in profitability from one country to the other. And indeed, France is one of the countries that is paying taxes, whereas in some other countries, like Italy, we are still making losses and not recognising any negative taxes in Italy. So, that's why you have this level of tax.

Christophe Cherblanc: Okay. Thanks. Very clear.

Operator: Thank you. It appears there are no further questions. We will now transition to the webcast for any remaining questions. Please go ahead.

Fabien Geerolf: Okay. Okay. So, I will read the questions that we had.

There was one question about you haven't completed the last share buyback. Do you have new plans for a new buyback plan? So, I will take that question.

So, on the share buyback, it was always our intention to run the first share buyback to cover the LTIP plan. So, the only purpose of our share buyback is to cover the incentive plan for the management. We were already at the end of March, beginning of April, close to 50% covering the needs for September 2026 delivery.

So, we are, in fact, in advance and that's why we did not renew our share buyback plan.

A question from Gabriel. Thank you for the presentation. How do you see the business developing since the start of Q3?

Guillaume Paoli: Yeah, I take that one, Gabriel. Thanks for the question. So, there are different levels to answer your question.

So, on the profitability side, we're performing well, and we are working to enhance our margins further. On cash management and working capital, we're on track and as Fabien has answered Alexandre previously, we have more work ahead. On volume, well, we are growing at a more measured pace than our target since the beginning of Q3.

There are specific factors. First is a calendar effect. Then, we have been working a lot on convergence and like typically in Italy, we're waiting to push the gas pedal that more lights are on the green side.

We are executing our plan, and we'll update you guys in Q3 at the end of July. So, long story short, we're growing a little bit less fast than what we would like for. There are some calendar effects, some other effects, but we are confident going forward. And on the profitability side, we're on track.

Fabien Geerolf: A question from Dominique. Thank you for your question, Dominique. On Spain, do you have any idea on the amount of sales lost due to the flooding in Valencia?

So, I will take this question, Dominique. So, indeed, you know that we lost 250 cars, so that's the immediate loss that we incurred in Valencia. But you need to have in mind that Valencia is the second-biggest site in Spain. In fact, it was very dynamic in terms of sales and not only is it a point of sales, it's also a refurbishing centre, and we had to delay the opening of the refurbishing centre in Valencia. So, it's a double effect, a direct impact, immediate impact of 250 sales and a delayed impact coming from the fact that we have not refurbished those cars. So, I'm not providing a precise number, but it's clear that it's a significant impact on the H1 and the beginning of H2 sales in Spain.

Italy, why is demand so weak, from Dominique. And I think Guillaume will take the question.

Guillaume Paoli: I'll take this one. Just to add, on what Fabien has said, I was two weeks ago in Valencia to join the team that has worked very hard to reopen the Valencia point of sale, which is both a point of sale and a small refurbishing unit. So, now they are in business again.

So, Italy, the demand is not necessarily so weak, it's how we transform the demand that is not satisfactory for us up to now, but Italy is market number four. It's a very big country. There are as many inhabitants in Italy as in France and the UK.

So, we'll get there, but we admit it's taking more time than what we would like for.

Fabien Geerolf: So, another question from Dominique. What does the €6 million increase in provisions correspond to? I will take that question.

The €6 million increase in provision mainly corresponds to the flooding of Valencia. Once again, you know that we lost 250 cars, the €4 million loss in assets that we had to depreciate and that are impacting the provisions. We received the reimbursement from the insurance, so there is no impact on net results from these provisions.

And the last question on corporate income tax was high indeed in H1. What is the normative tax rate? So, well, the normative tax rate that we take is 25%, and indeed, you're right, Dominique, we recorded close to €4 million income tax during H1, which is more than 25%.

The reason is the one that I gave to Christophe, meaning that we have some profit-making countries where we pay taxes and some loss-making countries, essentially Italy, where we are not recording positive income taxes. Okay, so that's why our income tax is higher than our normative tax rate. I hope it's clear.

So, you say Italy is losing money. Can we have some granularity, €1 million or closer to €10 million?

No, it's not. So, thank you for your question, Eric. So, we are not closer to €10 million. I confirm that. We have reduced and significantly reduced the losses in Italy, so we are closer to the €1 million than the €10 million, clearly.

Guillaume Paoli: Are there any other questions, Operator? I think we are through the questions on the webcast.

Operator: We still do not have any questions from our audio participants. As a reminder, if you would like to ask a question, please signal by pressing star one.

Guillaume Paoli: Okay, I think we are done. Thank you very much for your attention. We are looking forward to speaking with you again at the end of July for the Q3.

Thank you and bye-bye.

Fabien Geerolf: Thank you.

Operator: Thank you. This concludes today's call. Thank you for your participation. You may now disconnect.

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