

# **3rd Quarter 2021 Sales**

**29 July 2021**

**Speaker: Guillaume PAOLI, co-founder and Deputy CEO**

**Operator**

Good day and thank you for standing by. Welcome to the third quarter 2021 sales conference call. At this time, our participants are in listen only. After the speaker's presentation, there would be a question and answer session. To ask a question during the session you will need to press star and one on your telephone. Please be advised that today's conference is being recorded. If you require any further assistance, please press star 0. I would now like to hand the conference over to your speaker today Guillaume Paoli. Please go ahead.

**Guillaume Paoli**

*Co-founder and Deputy CEO*

Hello. Hello everybody, it is nice to meet you again. We will present today the Aramis Group fiscal Q3 results, actually the Q2 calendar and we are very excited to present our very, very positive growth figures that are consistent with our ambitions.

I'm Guillaume Paoli, I am the co-founder and co-CEO of Aramis Group. I'll be doing this call today, our Group CFO Fabrice could unfortunately not make it today for some personal reasons. I'll start with a quick overview of our ambitions, where we stand and our strategy.

**OUR VISION**

So, let's begin with the vision. Quickly, our vision is to be the preferred platform of Europeans to buy a used car online. To achieve this vision, our mission is to delight our customers, to make buying a car always more enjoyable, affordable and simple. For us, it means being the natural choice, delivering the best customer experience on the market, to ensure long term sustainable growth. And we are achieving that by delivering a seamless online experience from browsing competitively priced cars and financing solutions down to a quick delivery of the car to your home. Quality is a very, very important part of the equation as customers do need to trust our cars, it's a major investment for them and our refurbishment know-how and capacities are really fundamental.

**A STRONG TRACK RECORD OF PROFITABLE GROWTH OVER THE LAST 20 YEARS**

Now let's take a quick look back. Some of you may know this slide as we have presented during the roadshow, during the IPO, but we do think it is important to present the results in its context. In terms of growth, in the past 20 years, Aramis has delivered annual top line growth of around 30% on average since 2003, and this growth has always been profitable. On a side note, we are the only profitable online player in our market. The group went through three phases, from establishing the business as a trusted digital platform for pre-registered used cars in France to move into older used cars in 2011, working and improving the business model and launching the industrially refurbished used car concept in 2014. This was followed by a phase of tech innovations, and UX improvements such as the launch of home delivery or a trading app to sell your car and in the last five years following our partnership with PSA, now Stellantis, we have added geographical expansion to organic growth with acquisition of a company in Spain, in Belgium and finally in the UK, the largest used car market in Europe.

## KEY INVESTMENT HIGHLIGHTS

Core to our ambitions is to drive sustainable, profitable growth well into the future. There are six key elements to our story. First, a huge fragmented market, over 400 billion euros with physical incumbents delivering a poor customer experience and a market that is undergoing online disruption. We have a second to none customer value proposition made possible by a digital platform and a vertically integrated business model end to end. Data enables us to optimise business processes and reduce these times at every step of the way.

Aramis Group presents a unique combination of strong growth, sustainable profitability, and asset light operations. And finally we have a unique set up with the support of Stellantis number 2 OEM in Europe. Support, in particular, in terms of supply and we have a great team led by the founders with an ambition to drive long term value creation as we have done in the past and will continue going forward.

## OUR 3-PILLAR GROWTH STRATEGY

Now if we restate our strategy. There are three pillars to our strategy and just before the first pillar to begin with, of course, we will continue delivering a superior customer experience thanks to our digital vertically integrated model and continue disrupting the used car market.

Our first growth pillar is the organic acceleration of our B2C refurbished used car business. It is a major opportunity for us given the market trends and our operational know-how. As you know, mobility is not an option, it will remain at the centre of people's life, it is a key component of Europeans freedom and lifestyle. And we believe that refurbished used cars are an efficient alternative to ensure this mobility, and hence circular economy is truly at the heart of our business model. Refurbished used cars emit marginally more CO2 but they have already been built and they don't need material extraction. There are a safe, affordable and responsible mobility alternative.

So to grow this B2C refurbished business, we are increasing our marketing spendings to create even higher traffic and strengthen our brands. We are also leveraging our various sourcing channels and will increase adequately our refurbishing capacity. I'd like to stress here that we master all sourcing channels C2B, B2B and we have an exclusive one with Stellantis to source quality, competitively priced used cars and we will continue also to improve our operations to drive even more conversion on our website.

The first pillar is organic growth, the second pillar is to continue our European expansion in particular for M&A strategy which will be supported by the proceeds of the IPO. And to deepen our integration as we will create a net effect with a different geography.

Finally, we are also seeing multiple upside opportunities. We continuously test new sources of revenue, such as currently in France, a marketplace with trusted partners. And all of this will be fuelled by tech and data on which we will invest even more to keep our first mover advantage.

## IPO IN JUNE HAS PROVIDED THE GROUP WITH SIGNIFICANT FIREPOWER TO FUEL ITS EXPANSION & ACCELERATE ITS GROWTH

So you understood our main ambition is to further accelerate growth on our two fragmented markets but sustainable and profitable growth. We have listed the company on the 18th of June in Paris and this IPO supports our ambition through primary proceeds of 250 million euros together

with a new revolving credit facility of 200 million euros raised simultaneously to the IPO. So almost an extra 500 million to fuel our growth.

Let me restate here, by the way, that we have powerful local brands and that we do not have to finance losses as we are profitable and will remain so going forward. So these proceeds will contribute to finance our growth, both M&A and organic.

### **Q3 REVENUE AND BUSINESS HIGHLIGHTS**

So, now is the reason why you come maybe to this call. Let's move onto our very strong results this last quarter, our fiscal quarter 3, the calendar quarter 2.

#### **KEY HIGHLIGHTS: ACCELERATION OF REVENUE GROWTH IN Q3, DRIVEN BY VERY STRONG B2C REFURBISHED PERFORMANCE**

And here on this slide are the key highlights of our fiscal Q3. Our revenue growth has strongly accelerated growing at 68% this quarter and reaching 377 million euros. At the core of our growth, the core of our strategy, is the refurbished used car business growing at a record triple digit rate to over 14,000 units over this quarter. In terms of expansion, we are making very good progress with the integration of Car Supermarket. We are fully on track and I'll come back to that right away. We are investing for growth, particularly in marketing, and have made progress to expand our sourcing and refurbishing capabilities. And finally we are confident and we confirm our 2021 guidance.

#### **CAR SUPERMARKET INTEGRATION FULLY ON TRACK: FOCUS ON FUTURE GROWTH**

Now, if we focus for a moment on Car Supermarket, our latest expansion in the United Kingdom. Let me first restate the rationale for us entering the UK market. First, it's the largest market in Europe, it's very fragmented like all European markets, it's relatively advanced in terms of digitalisation compared to the other European countries and we also benefit from a strong position of Stellantis with over 13% market share locally. Additionally, it is probably the most professional market in our field. Also with new players that are helping us to educate the market and that are helping us grow as well.

So we're making great progress with our friends at Car Supermarket, despite the travel restrictions as we still cannot easily go to the United Kingdom. We have first realigned the strategy together with a strong, strong focus on growth. In terms of supply, we have been buying cars locally from Stellantis and a lot more to come as there is a particular shortage of recent used cars in the UK currently, as some of you may know.

We have worked with the team on the organization, recruiting locally a new CFO for the United Kingdom, Steve, and organised a specific team for refurbishing. We're also implementing our redesign of the flow in our hub of Goole.

To expand refurbishing and prepare future growth, we have acquired a new facility in Hull to refurbish cars, a new refurbishing hub, which we have signed in July. And we plan to be operational

beginning next year to further enhance our refurbishing capabilities and, as I said, support that future growth.

And finally, we have worked with the team to strongly increase our marketing investments to drive awareness and traffic.

#### **KEY HIGHLIGHTS: INCREASE TRAFFIC AND BRAND RECOGNITION**

Now if we come back to our organic growth strategy. Let's speak about the traffic and the brands we are increasing. We want to benefit from the market online shift that has accelerated since covid and we're accelerating the spending and moving aggressively in terms of marketing. We have increased our spending in all fields to support and expand awareness as well as to drive business. And to give you some colour, marketing investment per car has significantly increased over 70% versus last year.

We have launched new TV campaigns in Spain, in Belgium with a focus on home delivery. As a result, awareness is growing in all our geographies, in particular in Spain, with added awareness reaching the 20% mark in this first semester. Also, as a result, visits have increased over 70% year on year, reaching almost 20 million visits on the quarter.

#### **KEY HIGHLIGHTS: IMPROVE CUSTOMER SATISFACTION AND CONVERSION**

So we have increased traffic while also increasing conversion. First, I'd like to say and remind that Aramis Group is really a customer obsessed company. We have, even at the highest level, direct access to customer issues and the lead teams in each geography study in detail a customer problem each week. This quarter, we have launched next day delivery in Spain and further extended it in France with over 60% of the inventory that is available for next day delivery. We have best in class logistics and are able to deliver the cars quickly both satisfying our customers and limiting the cash needs to run the business.

We initiated the money back guarantee back in the days in France and we are now comfortable to double it. We have increased it from 15 days to 30 days in France to continue to upgrade our best-in-class guarantees.

#### **KEY HIGHLIGHTS: INCREASE SOURCING AND REFURBISHING**

So increased traffic, increased conversion, and now let's talk about sourcing and refurbishing. We are improving these capacities. On the refurbishing side, we are continuing to expand our Villaverde facility and we have continued to improve productivity in Donzère in France with new methods that will be then rolled out in our other hubs. As I've said, we have signed a new hub in Hull in Great Britain that will start operating beginning of next year. And we have improved the productivity in all geographies.

Typically we have continued to optimise the efficiency of our refurbishment process in France. With artificial intelligent playing a role. Almost 95% of car body defects are now detected with AI enabled defect detectors. Previously it was 85% and we are continuing to improve our methods to gain time in the refurbishing process.

On the sourcing and offer side, we have launched C2B buying in Spain in June, expanding it quickly and have expanded in France and the UK as well. In the UK we have doubled the number of cars sourced from private customers in the course of a few months.

In France, we have launched a new pricing algorithm for C2B during the last quarter, which has significantly improved again our conversion rates and will then be implemented in some of our geographies.

In France as well, we have also expanded our marketplace where we have trusted partners proposing cars that we select. With this marketplace offer, our customers have the full Aramis experience and we invoice the car to the customers like any other car.

### **STRONG ACCELERATION OF REVENUE IN Q3 ACROSS ALL SEGMENTS, FAR EXCEEDING PRE-COVID LEVELS**

Now if we look at these results at this segment level. First, I'd like to take the opportunity to restate that we are fully B2C focused, fully vertically integrate like some, but not all, of our peers, typically Cavana in the United States.

Growth has been strong on all segments. On the refurbished cars we achieved triple digit growth thanks to enhanced traffic, sourcing and refurbishing capacities as we have seen earlier.

Versus pre-covid situation, we increased the refurbished used car turnover by 66%, comparing apples to apples. And by that I mean including Car Supermarket in Q1 FY2020, the last quarter that was before covid. But overall, we have multiplied our volume by three between the situation in Q1 FY2020 when we did not have Car Supermarket and Q3 2021.

So, very strong growth on the refurbished used car business at the core of our strategy. Under pre-registered used cars, we have also managed to grow despite the challenging new car and recent used car market. We also had strong growth both on B2B, which is for us a by-product, not strategic, and on services growing triple digit.

Finally, the overall growth is at +68% on the quarter versus last year, which was a specific quarter considering last year's context, but it is also almost +20% versus the previous fiscal quarter, fiscal Q2 2021, from January to March this year.

### **STRONG PERFORMANCE ACROSS ALL GEOGRAPHIES**

Now if we take a look at the geographies. Growth has been strong in all our markets. In France, we have had a strong growth in B2C refurbished used cars as well and also progress on the pre-registered sales despite difficult supply conditions provoked by the chip shortage of which you are all aware.

In the UK, that we own since March 2021, they were very much impacted last year by covid. We have recovered, in particular thanks to this spectacular development of full online sales at Car Supermarket.

In Spain, from a lower base, and in the context of a difficult covid situation last year, we have managed a very high growth, reaching a critical mass.

And in Belgium, finally, very strongly impacted last year as well. We have recovered with strong growth in the refurbished used car business. Very strong growth. And also with the help of enhanced digitalised operations.

So overall growth has been delivered thanks to our ideal multi-channel sourcing capacities. As we've said, expanding, increasing our C2B capacities, agility in the channel, marketplace expansion. The improvement of productivity in our refurbishing hubs and more investment in marketing to expand brand awareness, increase traffic and thus expand the business. This was for the quarter.

### **SOLID 9 MONTHS REVENUE PERFORMANCE**

Now if we take a step back and we look at the year to date. With nine months of operations, we grew our turnover by 32% year on year with a surge of the refurbished used car volumes of 45% year to date, which is very consistent with our strategy going forward.

Our clear focus is to develop refurbished used car sales, improving customer satisfaction and continuing to engage our teams for the future growth.

### **OUTLOOK**

Now, we'll take a look at the fiscal year 2021.

### **ALL GUIDANCE CONFIRMED FOR FISCAL YEAR 2021**

We feel we're in a very, very good position. We have a clear strategy while delivering on our results and we are confident on achieving the guidance for 2021. Aramis Group combined a unique mix of strong growth, profitability and relative asset light operations. We guide to over 1.25 billion euros of revenue this year, with 45,000 refurbished used cars. And for that we take into account a moderate impact of the fourth wave of covid. Hoping there will not be a fifth wave. And we guide to a GPU of over 2150 euros per car this year which is close to best in class Carvana and a positive adjusted EBITDA between 2.7 and 2.9%.

Finally, we have lean operations with around 1% capex revenue and best in class days of revenues.

### **Q3 2021 CLOSING REMARKS**

And now to conclude this presentation. In a nutshell, we have accelerated our revenue growth, especially the B2C refurbished used car business consistently with our strategy. We are on track with the integration of our latest acquisition, Car Supermarket in the United Kingdom, the number one market in used cars. We are very strongly expanding our traffic to benefit from the market shift and to support that, we are sourcing refurbishing capacities to sustain growth going forward. And finally, we confirm our 2021 guidance which we are confident we will achieve.

Thank you very much for your attention and now I will gladly take your questions.

## QUESTIONS AND ANSWERS

**Operator:** As a reminder, you will need to press star and one on your telephone to ask a question. To withdraw your question please press the hash key.

Your first question comes from the line of Christophe Cherblanc from Société Générale. Please go ahead and is now open.

**Christophe Cherblanc (Société Générale):** Yes, good morning, bonjour Guillaume.

First question is on the guidance. The Q3 revenue performance was impressive. It seems the 1.25 billion and the 45,000 refurbished cars targets are super conservative, so is there any reason behind this? And if you were to beat on revenues by a significant amount, would you reinvest in marketing? That said, extra revenue that you're going to get. That's the first question.

The second question is on the marketplace activity. You told us that you had started an experiment. How big is the experiment and are using traction there? And where is it reported in terms of revenues? Is it in services or in the B2C line?

And the last question is, of course, on the competitive landscape. Cazoo has claimed it would be coming to France soon, CarNext is ramping up, AutoHero has increased inventory. Do you see any difficulty or any competitive tension coming up in the market or anything that is more negative than maybe six months ago? Thank you.

**Guillaume Paoli (Aramis Group):** Thank you Christophe for the comprehensive set of questions.

So regarding the guidance. It is true that we have very, very positive figures and, well, you know there is a fourth wave. There is a fourth wave and experience has taught us that it was super difficult to predict these things. So at this stage we are confident that we will deliver the results. And by the way, July is trending in the right direction. But given the current situation, sanitary situation, we maintain our full year guidance. Of course we will closely monitor this situation.

Regarding your question of reinvesting in marketing. Well, as you know, we want to develop sustainable growth, high growth but sustainable, and for us it's important to have a decent number, a distant figure for GPU. For us it doesn't make any sense to have a very low GPU in this market and This is why we are more or less on par with Carvana.

So yes, we are investing a lot in marketing. As I've said over 70% year on year per car. And we're confident will deliver the guidance.

Secondly, on the marketplace. Actually for us, on the market place, just for you to understand, it's just a way for us to manage the long tail of cars. We have trusted partners, we choose some of their cars, would put them on our website. And we sell cars. Which also has the advantage that we don't have to carry it in our balance sheet. But for the customers, it's a full Aramis experience. Actually, we are able to deliver the trusted partners car quicker than they are able to deliver their own cars. And in terms of figures, it's just like traditional turnover. We invoice the cars to the private customers, so you get the figures in the revenue. And to give you some colour on the numbers, we are speaking of a few hundreds cars per month in France for the moment and we're tuning the model. But it's really an add-on to the traditional business.

Regarding your third question, it's interesting because there has been a lot of activity in the UK, a lot of marketing investment, it has actually helped us to grow. And by the way, the UK market is a bit



specific right now with a clear shortage of cars. And it is good that we have this agility between our channels.

So, I mean, we welcome the competition. We have a very, very, very large market. I mean 400 billion euros in Europe, 300 billion on cars that are less than 8 years old. We are doing over 1.25 billion this year, so we have a lot of room to grow. These guys are actually helping us to develop the market, to educate the customers. We are very confident on our model and I believe the ability to sustain growth. So Cazoo announced they will come to France. We have already had a few, you know words about the automotive environment here in France. But they are welcome. They will help us to educate the market. I don't think we have exactly the same strategy and we are very confident in our ability to continue the growth despite the new despite the new commerce. And you know, there is so much to take from the traditional players and the C2C that I mean, we think there's a lot of room. And by the way, you didn't ask the question but Autohero has a surge also in their marketing investments in France. And on the first semester, the figures we have, and these are not audited figures, it just figures we have, they have invested twice as less GRPs than we did just on their B2C brand. So, we don't have the same level of awareness. So, I mean, we're really confident, we welcome the competition to help us educate the market and it's not hindering us from growing in the United Kingdom.

I hope I have answered your questions.

**Christophe Cherblanc (Société Générale):** You did, thank you.

**Operator:** Your next question comes from the line of Olivier Calvet from Kepler. Please go ahead, your line is now open.

**Olivier Calvet (Kepler):** Yes, thanks, bonjour Guillaume. So first question would be on the refurbished cars. We've seen the situation on recent used cars. Can you tell us maybe how old, on average, are the refurbished cars that you've sold in Q3, perhaps? And maybe the change the evolution maybe year on year of that number of the average age of those cars?

**Guillaume Paoli (Aramis Group):** Yeah, it's Olivier?

**Olivier Calvet (Kepler):** Yes, it is yes.

**Guillaume Paoli (Aramis Group):** That's a good question. So to be totally honest, I don't have the exact figure to hand, but I can give you some colour on that. Actually we have seen, and it's not a secret, a shortage of recent used cars on the market because of the after effect of covid. The factory had been closed for a while. Then there was a chip shortage. So we, the OEMs have preferred to deliver the B2C customers as they are more profitable customers. But we have a few big strengths. One of them is that we are good at C2B buying and we have strongly, massively increased our C2B buying by rising the prices, by investing a bit more in marketing and also by tuning our pricing algorithm either as I've been saying earlier. To give you an idea, this algorithm we improve, the latest algorithm improvement helps us to improve the transformation rate by 4% between appraisal and buying the car. So, the cars that we have delivered and both are older because we have increased the C2B part and so there will be maybe a slight average price decrease but I don't have the figures, just to give you some colour.

**Olivier Calvet (Kepler):** Yeah okay, okay thanks. Second question would be on what kind of impact can we expect on the conversion rate for the expansion of the next day delivery? Can you give us maybe a sense in, I guess, percentage points or something like this?

**Guillaume Paoli (Aramis Group):** Honestly, it's a bit difficult to answer your question. I don't have the figures and it's pretty difficult to extract this in fact. I mean, I really don't know. The only thing that I know is that it is when you promise that you can deliver in 24 hours, you're re-strengthening your brand. I started my career at Unilever selling antiperspirants and I remember that we would say that antiperspirants would last for 48 hours and it was a way to say they were very efficient. And I mean, we're doing what Amazon is doing, to sell, to deliver very fast this car.

But I can't. I mean, I can't put a number on the conversion increase.

**Olivier Calvet (Kepler):** OK, no fair enough. I understand. And then I had a couple of more technical, let's say, follow up questions on the whole refurbishment centre. You were talking about operations starting next year. Are we talking next calendar year or next fiscal year?

**Guillaume Paoli (Aramis Group):** We are talking next calendar year. Yeah.

**Olivier Calvet (Kepler):** Okay. And second one was I remember, you have this other, let's say, line and the top line is related to the Cardoen non-core business. Is this in B2B or is this is, where is this in your figures?

**Guillaume Paoli (Aramis Group):** So yeah, there is an activity in Belgium that we plan to discontinue in the future. It's trading of B2B cars and it's not included in the figures that I have announced, but you will find them in the press release, I think, in the detailed part.

**Olivier Calvet (Kepler):** Okay, fair enough, yeah.

**Guillaume Paoli (Aramis Group):** But it's not a very big figure.

**Olivier Calvet (Kepler):** Yeah, yeah, I know. Yeah no. Just wanted to know if B2B was including this or not but okay. So I mean yeah, maybe a follow up would be great on this because I know it was 12 million last year but just to get a sense.

**Guillaume Paoli (Aramis Group):** Sorry, sorry Olivier, it's not in the press release, but it's a €3.7 million figure for the quarter. The B2B trading in Belgium to be discontinued and that is not included in the turnover figure.

**Olivier Calvet (Kepler):** Okay, alright, fair enough, thanks.

**Operator:** Your next question comes from the line of Mourad Lahmini from Exane. Please go ahead. Your line is now open.

**Mourad Lahmini (Exane):** Yes hello, Mourad Lahmini from Exane here. I have two questions. The first one on your guidance. So if you were to achieve the 1.25 billion euros in 2021, that means Q4 would be down 16%. Can you help us understand how Q4 last year performed and also give us a sense of this seasonality? I know that Q4 is traditionally lower than the other quarters but just to give us some idea about what's implied in the guidance compared to last year.

And the second question is on the performance of the pre-registered which was up 20% in Q3. I was wondering how sustainable is that trend given the shortage that we've seen in the new car market? Are you confident to replicate that over the next quarters? Thank you.

**Guillaume Paoli (Aramis Group):** Sorry Mourad, can you repeat the second one because I didn't catch it totally?

**Mourad Lahmini (Exane):** Yeah, it's on pre-registered and the plus 20% you achieved in Q3. How sustainable is that given the shortage of cars in the new market? Thank you.

**Guillaume Paoli (Aramis Group):** Yeah, thanks Murad. So on the first question. Let me first tell you that, I mean, if I take off Spain, which is on a very, very high growth trend because they were very small and we're now reaching critical mass. Also remove the UK, which is a more recent acquisition. And if I take index 100 for the quarter, quarter four fiscals for Q3 calendar is around 105. So it usually a strong, usually a strong quarter. On average.

We have chosen not to change the guidance. We feel comfortable we can achieve it with a moderate impact of the 4th wave. But right now with information at hand, we are confident we will achieve it but we don't know exactly the risks and the problems that will have in going forward. So, this is where we stand today.

Regarding the pre-registered growth. The pre-registered business is not as resilient as the pre-owned refurbished car business. We have managed to grow our pre-reg used car sales because we have been doing this for a long time. We have an exclusive network. We have a unique network of suppliers because some of them work with some other guys. So, we feel confident in our capacity to continue to grow but the outlook is more difficult to see as there can be some impact. We're not out of the cheap shortage yet. The info I have is that we won't be out of it before next calendar year. So we are confident that we will continue to grow, but it's true that there is a slight risk in terms of supply. But we have proved that during this quarter that we've managed to, and year, we have managed to continue to grow.

**Mourad Lahmini (Exane):** Great and the follow up on that particular point. So from my recollection you don't source pre-registered cars from Stellantis. Have you started to do so?

**Guillaume Paoli (Aramis Group):** We don't source significant volumes, it's a few hundred old pre-registered used cars because it's not in the strategy of Stellantis. And no we have not done it more significantly. It's not in our strategy and they are concentrated on delivering their B2C customers.

So no, we have not been buying more cars from them. But you know, we buy cars from most of the continental European countries. Pre-registered cars. We've been doing it for a long while. And you know, we can be agile between the between the different countries.

So again, we feel confident we can you continue to grow on this segment going forward. It's more difficult to be totally honest to plan for this growth but we feel confident we will continue to grow.

**Mourad Lahmini (Exane):** Okay, thank you very clear.

**Operator:** As there are no further questions, we will just go to the webcast questions next.

**Guillaume Paoli (Aramis Group):** It seems there is one more question from— no? From Germany. Olivier maybe, do you have a question?

**Operator:** We do have a few questions coming through now. And we will take our next questions from the line of Olivier Calvet from Kepler. Please go ahead, your line is now open.

**Olivier Calvet (Kepler):** Yeah. Hi. Sorry I was just— Jurgen has a question so I just wanted to flag that. Can you see the question from Jurgen?

**Guillaume Paoli (Aramis Group):** No, not really. Can you–

**Olivier Calvet (Kepler):** Maybe the operator? Because he's on the phone, but–

**Guillaume Paoli (Aramis Group):** Operator, do you have a question from Jurgen?

**Olivier Calvet (Kepler):** No, otherwise I can ask it. Yeah. So I'm just, I mean, I think he was just wondering about the general leasing business, you know? You know how strategic this is for you? And I'm not sure exactly the wording of his question, but so yeah, can you talk a bit about the leasing business and whether you see this as a short term driver of your of your strategy?

**Guillaume Paoli (Aramis Group):** Yeah. Okay. I'll try to answer that one. I don't know if the operator and our team can liaise so that we see the next questions?

So leasing business. I mean, we are fully B2C focused. So it's not in our strategy to go into the leasing for companies, for corporations. We do it for small, for very small companies that have a few cars but we assimilate them to B2C.

So this is the first thing. Second thing, for the private customers were always already doing private leasing, will always already doing private leasing in all geographies actually, because it is a financing scheme that is interesting for the customer as well as for the company. It is very profitable and we get an opportunity to get back to the customer after a few years.

So we are already operating this business. The penetration rates are generally increasing in all our geographies. I don't have the exact figures in mind, but I mean, it's a trend that it follows all through the market.

Then there is the subscription business. We have all the blocks that are necessary to operate this business. We are not so sure of the customer appetite at this stage. I mean to what scale is there a customer appetite. We're watching it closely. You have all the bricks and we would be ready to launch it anytime as it's a side product from what we do today.

**Olivier Calvet (Kepler):** Okay, alright, I guess that answers his question.

Then maybe one follow up from me on the Belgian business. Can you maybe give us a bit more colour on, you were talking about the progress of the digitalisation of that business. I know it was a more offline business than the rest of the group in the past. But can you maybe shed some more light on where you are and whether there's some further online migration potential? Let's call it like this.

**Guillaume Paoli (Aramis Group):** Yeah, so we're implementing piece by piece the group digital platform in Belgium. Every month there is progress. They have increased the number of online sales in the context of covid. And we have also advertised on TV, typically, also in SEA, on our faculty to deliver at home. On our faculty, to sell online and so the online share of the business is growing. And we are smoothly digitising the company to enhance their productivity and capture market share.

**Olivier Calvet (Kepler):** Okay, thanks.

**Operator:** Your next question comes from the line of Christophe Cherblanc from Société Générale. Please go ahead, your line is now open.

**Christophe Cherblanc (Société Générale):** Yes, I'm just coming back for one follow up. It was about pricing. We're all reading about the shortage of cars, high demand etc. And yet, when I look at your numbers, the average price seems to have gone down, with volume growing faster than revenues

for both refurbished and pre-reg. So I was a bit curious about that, whether it was due to the mix of cars or any other explanation would be super helpful? Thank you.

**Guillaume Paoli (Aramis Group):** Yeah. It's a mix of cars, so for pre-regs we have bought— It depends on the categories you know. For pre-regs it's about supply and we have been buying slightly cheaper cars but it's a very, very small difference. Because of the mix between SUVs and city cars and things like that.

Regarding the refurbished cars. As we have increased the share of C2B which are older cars, the average price has gone slightly down. But it's I mean it's really very, very, very smaller variations.

**Christophe Cherblanc (Société Générale):** Okay, so it's all about the mix.

**Guillaume Paoli (Aramis Group):** Yeah, it's all about the mix. Nothing— I mean, if your question was relative to the price that we retail the car, it's not really the case. And there is also one other effect is that there is a mix of cars and the mix of the countries. Because Spain has grown more than other countries and in Spain, the cars are cheaper. So if you combine the two elements of C2B plus increased share of Spain, you get the result of a slight decrease of the average sales price per unit.

**Christophe Cherblanc (Société Générale):** And just to finish. On C2B, what is the share of sourcing coming from C2B now? And what do you see in terms of levels, let's say in three to five years? Where do you see that going in the medium term?

**Guillaume Paoli (Aramis Group):** I mean, we're not really guiding on that, Christophe. What I can tell you is that in mature markets such as France, on the refurbished used car business it's around 50% normally for the cars are sourced from private customers. A bit, also like Carvana, I think it's around 60% at Carvana. Right now we're a bit more but it's all about agility and flexibility. You don't get the same car from private customers as you do from B2B or from Stellantis. We want to have an attractive mix with various types of car, various types of prices so to help us convert the customers better. If we have only old cars, you only have access to a certain part of the market. So we will be agile pending market conditions, but trying also to propose an attractive mix to our customers.

**Christophe Cherblanc (Société Générale):** So today it's 50% in France for you, right?

**Guillaume Paoli (Aramis Group):** It used to be 50% right now it's a bit more. I don't have to figures, but it's a bit more because we have increased C2B buying.

**Christophe Cherblanc (Société Générale):** Okay, thank you.

**Operator:** Your next question comes from the line of Jurgen Kolb from Kepler. Please go ahead, your line is now open.

**Jurgen Kolb (Kepler):** Very good. My apologies, probably issues on my side. This technology is sometimes a little bit too much advanced for me.

Anyways, thanks again for your comments on leasing and everything related to that business. I was wondering because we've been noticing at least here in Germany, that leasing is indeed picking up quite noticeably given the fact that there is a big technological change to be expected soon and people want to reduce the risk of selling new cars, so that seems to become a bigger, bigger trend and it's good to see that you have observed similar trends as well, so that's good.

The last one from my side. Over the recent months, obviously you talked about the 4th wave that we're all seeing. What have you noticed in terms of app downloads? Is that somewhat correlated to the public discussion on the 4th wave? Have you seen a noticeable pick up or maybe even a decline

in app downloads compared to last year? And what would be your thoughts going forward? Thank you.

**Guillaume Paoli (Aramis Group):** Yeah, so your question is how are the app downloads involved and I supposed they have increased, but truly I don't know. So, I won't give a figure, sorry. I don't know Jurgen. I assume it has progressed because our traffic has progressed and advertise the app on the website. I mean, it's a very simple way of selling your car. But I don't have the figures.

**Jurgen Kolb (Kepler):** Okay, fair enough anyway. Thanks guys. All the best.

**Guillaume Paoli (Aramis Group):** Thank Jurgen. I don't know if, operator is there another question?

**Operator:** There are no further questions on the phone lines.

**Guillaume Paoli (Aramis Group):** Okay, so thank you everyone for your attention for hearing the results. We'd like to restate that we are very confident in the guidance for 2021 despite the 4th wave. We have factored in a moderate impact on all of the elements of the guidance. Thank you again for your attention and I hope to see you in person very soon. Goodbye.

**Operator:** This concludes today's conference call. Thank you for participating. You may all disconnect.