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EUCAR.PA - Full Year 2020 Europcar Mobility Group SA Earnings Call

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## PRESENTATION

### Operator

Good day, and welcome to the Europcar full year 2020 results conference call hosted by Caroline Parot, Chief Executive Officer; and Luc Péligny, Chief -- Group Chief Financial Officer. Today's conference is being recorded. At this time, I would like to turn the conference over to Caroline Cohen, Head of Investor Relations. Please go ahead.

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**Caroline Cohen** - *Europcar Mobility Group S.A. - Head of IR*

Thank you, Adam. Good day, everyone, and welcome to Europcar Mobility Group 2020 Results Conference Call. In a moment, I will give the floor to Caroline Parot, CEO of the company; and Luc Péligny, CFO. They will take you through the presentation, and then we will open up the lines for questions.

As today's presentation may contain some forward-looking statements, we invite you to read the important legal disclaimer on Slide 2 of this presentation. This presentation is available on the company's website, and a replay of this call will be available alternately -- on tomorrow.

And with that, it's my pleasure to hand you over to Caroline Parot.

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**Caroline Parot** - *Europcar Mobility Group S.A. - CEO & Director*

Thank you, and good evening, everyone. Thank you for joining us at the occasion of our full year results publication. In the special sanitary and financial context, we have been for 1 -- for more than 1 year now, the agenda for today will consist in, first, a brief overview of how we swiftly adapted to the COVID-19 impact on our business, taking all necessary measures to navigate through the crisis; second, a review of our full year results, driven by Luc Péligny; and finally, the most important, our mid-term perspectives, especially regarding how we are reshaping our group and preparing it for the future, thanks to our Connect strategic road map.

Please turn to Slide 4. So I want to summarize the very tough year our group went through and what is ahead of us. As all players of the travel and leisure industry, we were strongly hit, and we demonstrated both great agility and strong resilience, as you will see later in this presentation.

First, on the customer side, we were able to implement, group-wide, as of April 2020, a best-in-class safety program and sharing thorough vehicle sanitization between each rental. We also adapted our products and services to the context, standing by our customers, especially businesses, offering them with the highest possible and much-needed flexibility. In addition to this, we took our part in the war against the virus, supporting frontline workers in several countries.

Second, in terms of format adaptation, we managed, in very difficult conditions, [enabled] de-fleeting just after in-fleeting to prepare 2020 spring and summer seasons. This might sound easy to some of you, but returning tens of thousands of vehicles to OEMs in the context of lockdowns is

an outstanding achievement that our teams were capable of. In terms of agility and efficiency, this is probably the best illustration I could use, but there are many other examples that we do successfully manage to streamline cost and preserve liquidity as you will see, including with Luc.

All this lead me, of course, to the turning point of our group, the financial restructuring that we managed in a record time during the second part of the year. With a significantly reduced corporate debt, solid liquidity thanks to the new money injection and the support of our new shareholders, we are now opening a new chapter in our group history. This means that, also, the sanitary situation is [depleting] our business. With our strategic Connect, which is beginning to deliver, and the impact of the vaccination campaign that we foresee in the months to come, we are very confident in our capacity to rebound and capture growth -- profitable growth once economies begin to recover. This is my main and most important message today.

Let's go now into more details on how we faced and fought the crisis. Please go to Page 6. Faced with the crisis, we defined 3 key priorities for our group. This was our battle plan. First priority, adapt our offers and services to the context.

Please turn to Page 7. Two keywords here: safety and flexibility; safety for our customers, of course, but also for our people. This is why, in partnership with Bureau Veritas, we designed and deployed group-wide safety program, including, notably, thorough vehicle sanitization between each rental as well as 0-contact policy now fully embedded in our day-to-day operations.

Added flexibility on top of safety was also mandatory. It is a key factor to build trust and confidence in our services in a complex and uncertain context. This was especially critical for companies, enabling them to adapt with agility to the daily needs of their business, be it peaks or slowdowns. This added flexibility, as we decided to stand by our customers, is one of the elements which made our domestic and our Vans & Trucks businesses very [reliant] throughout the year. More important, flexibility going forward is at the core of our Connect plan to propose design to meet offers in all our 3 service lines: professional, proximity and leisure.

In addition to this, we also did our part on the social front, committing to supporting frontline workers, businesses and institutions with the Together initiative. From smooth travel of essential goods such as food and our medicines to vehicle, allowing health care professional to move safely. This initiative involved 21 countries in our perimeter. This contribution to the fight against COVID-19 is still ongoing with several of our countries now involved in vaccine-delivery campaigns.

Let's now move to the second priority of our battle plan, adapt our cost base. Please turn to Slide 9. Adapting at a very fast pace to a degraded business environment as of early of March was the purpose of our Reboot program, thanks to which we achieved a circa EUR 1 billion savings by year-end, which represents approximately 30% of cost reduction and adaptation on our initial cost base of EUR 3 billion for 2020. As I told you earlier, this is a very significant achievement.

Regarding fleet, we went down to 243,000 cars, average full year, a 30% reduction versus 2019, managing de-fleeting as Europe was under lockdown almost everywhere. We also took strong measures regarding cash and liquidity preservation, in addition to the state guaranteed loans we obtained during H1. What matters is that in the extraordinary context we have been through, we managed to build a flex and adaptable cost base, which is going to be great assets for our group in coming quarters and years as uncertainties and volatility of business should unfortunately still prevail for quite some times.

Now while Reboot was designed and managed with a short-term reason in mind, we knew that there will be another crisis and that we needed to prepare our group for the future. This is why we designed the Connect program, our strategic road map.

Please turn to Slide 11. In parallel of running Reboot during Q2, we began the reshape of our group, thanks to Connect, laying new foundation and revamping our organization and services around customer needs and expectation, especially regarding digitization. Connect was designed with the objective to enable our group to fully benefit from the market rebounds when they happen and to focus on our activities where new needs are emerging in our domestic markets. These are key levers for the long-term growth in parallel of the seasonal leisure activities.

Connect is aimed at addressing 2 mega trends: on one hand, the need for contactless solutions, which are accelerating, and for maximum flexibility in using our services, which we both see as the new standard for mobility solutions, replacing progressively vehicles ownership; and on the other

hand, a growing aspiration and demand for sustainable and responsible mobility solutions in a context where eco taxis of all sorts are going to develop and where acceptability is to be seen as a license to operate. To address these mega trends, Connect tackles 3 main areas, which are all highly transformative for Europcar Mobility Group.

Full digitization at scale of the customer journey with our brands propositions from booking to pick up and return, all this, of course, with a strong vehicle connectivity backbone and an adaptation of our network designed across all our geographies.

Second, full flexible vehicle subscription solutions regardless of the duration. This is a key component of the COVID 2019 crisis aftermath and a must-have to create brand preference, reduce churns and develop stickiness among customers.

Third, sustainably, strongly embedded our model with notably the One sustainable fleet program, which targets no less than 1/3 of our hybrid electric vehicles in our fleet in 2023, reflecting our commitments. Achieving all this will make our group a major player in flexible, sustainable digital and connected mobility. Now to enable the swift and efficient implementation of this sound and extensive transformation plan, we knew we have to reshape our balance sheet and capital structure through a financing restructuring.

Please turn to Slide 12. I won't go into all the details here if you don't mind. We have already communicated on this process step after step at several occasions over the last months, and we were moving forward towards the completion of our goals. What truly matters is the outcome. We have reduced our net corporate leverage back to post-IPO levels, which will provide more flexibility in uncertain environments. And we have raised enough capital, new money to fund the first implementation of Connect and the underlying transformation it conveys. And last but not least, we have new shareholders, who are fully supportive of our transformation plan.

So as you can see, we are right on track in a very good position to benefit everywhere we operate from the rebound and progressive recovery of economies and to generate, again, profitable and sustainable growth.

I now hand over to Luc, who is going to guide you through to our full year results.

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#### **Luc Péligny** - *Europcar Mobility Group S.A. - Group CFO*

Thank you, Caroline. Good afternoon, everybody. I will start with the slide -- Page 14. So what are the financial key figures from the year 2020? Our full year revenues have been severely impacted by the current context of the pandemic since March 2020, as we already mentioned. Our full year revenues stood at EUR 1.761 billion (sic) [EUR 1.761 billion]. It's a 45% decline versus last year on the pro forma figures, meaning that we have the U.S. acquisition of Fox Finland and Norway that we integrated in 2019, consider in our scope since the 1st of January 2019.

So after the severe impact in Q2, which saw our revenue dropping by 70%, revenue for Q3 and Q4 have also been impacted in the wake of wave 2 but show a less-impacted revenue of minus 45% versus 2019 revenues, thanks to main contributions coming from domestic traffic, Urban Mobility and Van & Truck segments.

Corporate EBITDA, including IFRS 16, came at minus EUR 172 million compared to plus EUR 389 million in 2019. Again, the group has promptly reacted, after the shock in Q2, with fast and strong measures to remove costs. As mentioned by Caroline, EUR 1 billion of costs versus the EUR 3 billion cost that were on the original plan. This fast adjustment shows the flexibility of the business model to limit the losses.

In the meantime, there was a strong set of actions, which has been implemented to preserve liquidity significantly with a significant reduction of CapEx, tactical measures of non-fleet working capital with the payment terms and collection, and by taking advantage of all measures posted by the states to sustain the company. We closed 2020 with a full year corporate operating cash flow at minus EUR 419 million, and we limited this impact to EUR 175 million in H2.

Turn to Page 15. Naturally, the most affected activities have been the leisure segments with the drop of the international travelers at airports, which represented close to 50% of our revenue in 2019. Domestic travelers were, to a lower extent, also impacted. This has naturally strongly affected

our leisure activities within the car business unit, and the low-cost business unit were minus 52%. We, however, in the case of the low cost, have strong positive pricing.

The leisure trend has particularly impacted Southern Europe, Spain, Italy, Portugal compared to the Nordic region, which performed slightly better as the corporate segment has dropped only by 31%, thanks to better resilience of domestic business with SMEs notably. We also recorded 2 relative positive trends with the Vans & Trucks and Urban Mobility business units, which also highlight some changes in our customer needs.

On the Vans & Trucks side, the revenue totaled EUR 323 million, which is a 12% decrease versus last year. It's a good performance, reflecting the change in behavior of B2C customers to have more and more goods delivered at home. We have recorded positive growth in 3 countries over the fourth quarter, and overall, we limited the decline in Q4 to 6% of revenue versus 2019.

On the Urban Mobility, in Q2, we observed a restart of the activity since mid-May at the request of customers and with new conditions, increase in pricing and increase in the minimum number of hours. We experienced the same trend in Q3 and Q4 and recorded a good performance of the car sharing with a positive growth, which validates the trend towards the increased need for our new mobility solutions in large urban centers.

Turn to Page 17 -- 16, sorry. So as said before, the revenue began to suffer from March up to a decrease of 70% in revenue in Q2 2020 compared to last year. The Q3 revenue was still 50% down compared to 2019 and Q4, down 43%, which shows a slowdown of the declining trend despite the second wave of COVID that has dampened the sector. However, this should not offset the strong resilient base for revenue at circa minus 45% brought by domestic business, long-term solutions and at Vans & Trucks.

On the corporate EBITDA side, we can easily see the COVID crisis impact from the end of Q1 leading to historical low EBITDA in Q2 with a minus EUR 144 million. And in H2, the trend is partially recovering with a positive corporate EBITDA in Q3 with a plus EUR 36 million -- sorry, EUR 36 million for H2, highlighting all the work done on the cost base to limit the fall-through of the drop in revenue. And we see quarter after quarter, a cost base, which is more and more aligned with revenues and some regular improvements, which gives us some optimism for the recovery. We remain -- based on that, we remain very confident as we have been able to mitigate the impact of the crisis on the corporate EBITDA in Q3 and Q4.

Turn to Page 17. Coming back on the cost adaptation. Fleet is a large part of our cost base. Fleet management is definitely one of our strengths. It comes from our business model with a higher share of buyback cars, 80% of the fleet, which gives some flexibility and agility. And it come also from our teams, which is, in this situation, has been able to fast de-fleet cars, renegotiate the fleet plan, terms of contract with OEM in a smart way in this [COVID] period.

In Q4 this year, we achieved an outstanding result by de-fleeting and reducing our fleet by 40% to reach 180,000 vehicles in December. We came from 260,000 vehicles in March, which means a reduction of almost 1/3 of the fleet.

We can measure the flexibility of the business model with the recovery of the utilization rate, which you know is a KPI, a key KPI in this industry, coming from 30% in April to a 70% in average in Q4. The utilization rate even peaked in August-September at 73%, 75%, still below the 29 figure due to the slow recovery in the leisure in southern countries. However, it has improved over the period, and it is now very close to prepandemic levels, and it was just 2% below '19 levels in Q4 at 70%. That's versus 72% in Q4 2019.

Moving to Slide 18. On the full cost side, we activated early March a strong and robust cost adaptation plan. These very granular measures -- these were very granular measures, line by line of the P&L. And for each country, we have a strong and tight monitoring from the core teams. It was every week, having significantly reduced the operating breakeven point of our operations going forward.

Thanks to our fast execution, we have been able to remove EUR 1 billion versus our road map, which is 20% -- 27% in Q4 2020. Our program is balanced between active alignment of our variable cost base to the level of the business and a very ambitious and vigorous semi-fixed and fixed based cost reduction. On the variable part, in addition to the fleet adaptation, amazing work has been performed by our teams to reduce significantly the variable costs.

On the fixed cost base, we immediately reacted and reached strong results everywhere in the organization from HQ to network, and I will come back on it on the next slide.

Slide 19. With the ongoing business decline, minus 45% in full year, we reduced the fleet holding cost down by 26 -- 27% over the year, somewhat lower than the top line decrease due to utilization rate, which has recovered progressively. I mentioned the 2% difference just in Q4 2019. But overall, for the year, we were at 62% of the utilization rate versus 76% for the full year of 2019.

On the fleet operating and variable cost, we are able to flex more at minus 40%, reflecting the flexibility of the model with numerous costs which are externalized and based either on revenues or on rentals. On top, some minimum guarantee fees have been renegotiated, notably with the airport fees.

On the fleet financing cost and on the sales marketing, fleet financing costs were reduced due to the volume effect. And on the sales marketing, we also adjusted to the revenue decline. So with all these measures, the margin after direct cost for the full year was at plus EUR 387 million.

On fixed cost and semi-fixed costs, we reduced them by 28% between HQ and network. We took advantages of control measures but also took some hard decisions to cut costs on a permanent basis. We had some renegotiation of brands, but we also closed stations -- sold some stations to agents, to some franchisees, and we took the furlough measures on the staff cost, but we also launched some restructuring plan to make these savings permanent. All this tight control exercise led us to a positive adjusted corporate EBITDA for Q3 of plus EUR 54 million and a slightly negative figure for Q4 of minus EUR 18 million with an overall loss for the group of minus EUR 172 million for the full year 2020.

Let's go to Page 20. Below the corporate EBITDA, I would highlight 4 main buckets of costs: the non-rec expenses, impairment on the goodwill, the non-fleet financial, and the financial charges and the taxes. I would first mention the depreciation that we have on this P&L outside of fleet. Just as a reminder, these figures include notably the IFRS 16 impacts on the rent of HQ and network, which remains flat versus 2019 and that represents EUR 94 million in 2020.

On the nonrecurring expenses, which are high at EUR 116 million, we have 2 areas of cost. One is the restructuring for more than EUR 20 million. As I mentioned, we accelerated the restructuring plan with layoff in network and HQ in order to accelerate the reduction on a permanent basis, to match with the anticipated lower revenues for 2021. And these restructuring actions have been mainly focused with a fast payback, less than 1 year. This line includes as well some fees for financial restructuring even if some are just accruals and not cash out.

On the non-fleet financial charges, we have -- we benefited from better financing conditions due to the 2019 corporate bond refinancing but which were offset -- the savings were partly offset by an increase in the RCF drawing and noncash derivative costs.

On impairment, we performed some test on the impairment on the goodwill and in a prudent manner with a cautious BP, our business plan, and a higher WACC. In average, the WACC has been increased by 70 bp to reflect this risk. Main impacts are coming from the southern countries, and this impairment represents a charge of EUR 133 million, which is 6% of the goodwill value in the balance sheet.

On the tax side, we activated EUR 41 million with a cautious view country by country based on a 3-year plan and our ability to recover these losses. Some losses incurred this year have not been fully activated and maybe if the recovery is faster. As a result, the net loss for the year is minus EUR 645 million loss.

Let's move to Page 21. What about the cash flow conversion? For Q4, our corporate operating free cash flow closes at minus EUR 16 million -- EUR 76 million, sorry, starting with a negative corporate EBITDA, including IFRS 16, of minus EUR 18 million. So the restatement that we have for the cash flow are, first, as we are on IFRS 16, we have the rents, which are the restatement of the rents, which are paid on premises in HQ. That's for EUR 23 million. We have some non-rec items that we accelerated in Q4 linked to all the restructuring with EUR 40 million of cash out linked to restructuring of operational costs, stations, head office layoff, some restructuring fees linked to the financial restructuring as well, EUR 6 million paid of that in 2019 -- 2020.

We limited the CapEx with a strong focus on IT projects linked to the Connect, and so it's mainly on what the new operating system that we developed, Purple, the connected cars and the demerger of the German operations. And then a figure that you see on the bridge is 0 because we sold some stations, and that was already agreed on Denmark for [EUR 13 million]. So the debt -- the gross CapEx figure is EUR 13 million. So it's an acceleration versus the 3 quarters of the year coming from the acceleration of -- to Connect with all the Purple and the connected car program. We see a slight improvement on the non-fleet working capital and provisions, translating some strong push made on collections but also some deferred payment of suppliers and VAT to be paid in 2021.

So for the year, we closed with an operating free cash flow at minus EUR 419 million, and the changes in cash are following the same pattern as Q4, reduced CapEx, increased restructuring and monitor payments with tax and net working capital to preserve liquidity.

With this, we move to Slide 22. The net debt at the end of 2020 reaches EUR 1.4 billion before restructuring, coming from EUR 880 million at the end of 2019, the main change coming from operating free cash flow, minus EUR 419 million, that we just commented; corporate interest for EUR 59 million, including the corporate bond interest that, even if not paid, have been capitalized in the net corporate debt at the year-end closing and then capitalized in equity in the restructuring progress. I will come back on that.

And as you can see from the bottom bridge, cash consumption has been high in H1 with EUR 371 million, with Q1 at minus EUR 187 million coming from a recurrent cash burn coming mainly from the B2B activities but also already impacted by COVID late February and March 2020. In Q2, EUR 184 million, which was fully impacted by COVID, a very reduced revenue cut by 70%, some cost reduction but impacted by time lag of implementation. Corporate EBITDA was very low at minus EUR 144 million.

As far as H2 is concerned, we show some strong signs of improvement with a limited EUR 175 million cash burn. Q3, the limited cash burn was [EUR 71 million]. We've reduced revenue by 50% and numerous cost cutting actions to limit the fall-through and the cash burn. In Q4, we had EUR 104 million cash burn but including EUR 40 million of non-rec cash expenses, which would give a net cash burn before and non-rec expenses of EUR 64 million, so an improvement versus Q3 despite the lower results.

This result -- this improvement in the cash burn situation shows that we have designed and implemented a reduced cost base, partly through opportunistic measures, but which are progressively replaced by structural decision to support the restart with the right size in terms of OpEx, limiting the overall cash burn.

With this, I move to Slide 23. We already commented the restructuring, but it's -- the completion of this financial restructuring in record time, 6 months up to the -- starting in September and closed end of February. This restructuring result in a low level of corporate net debt. We see that the restructuring is leading to a pro forma net debt by the end of December of EUR 93 million versus the EUR 1.4 billion that we have on the reported accounts.

On the cash side, we have a new money in capital injections. It's EUR 212 million net of cash injection, net of the expenses of the restructuring fees. The conversion of EUR 1.1 billion of corporate debt, mainly for -- coming from the bonds and enabling a drastic reduction of our corporate indebtedness and corporate bond interest.

As a result, the capital structure has been completely reshaped as at the end of February '21, and the restructuring has been granted, the removal of selected default from Moody's. S&P will publish this week with the removal as well of the default and with a new rating.

On top of the implementation of this restructuring, we have a EUR 225 million of fleet financing facilities. And the new maturity on -- under RCF, replaced by a Term Loan B and an RCF for EUR 670 million. We are now ready to sustain the slow recovery of the tourism industry and to tackle coming challenges of the mobility sector.

This -- of course, this new [additional liquidation] has changed dramatically our shareholder structure that is highlighted in the pie, where the debt holders took a significant portion of the group equity. And as a consequence, a new governance has been set up and in place, as you know, since early March 2021.

Slide 24, I will finish with the structure of the debt. As just discussed before, you can see the new capital structure of the group with the conversion of the EUR 1.1 billion of corporate bonds and credit line -- the Crédit Suisse line. As well, the group is now far less deleveraged and is now given the liquidity needed to continue to play a key role in the mobility sector. The gross debt will be now from -- made of EUR 500 million of Term Loan B; EUR 170 million of our revolving facility; EUR 281 million coming from state guarantee obtained in Spain and in May in Spain and France, both facilities being arranged in May last year. These 2 facilities, the state guarantee, will mature in 2026. Regarding the Term Loan B and the RCF, their maturity is 2023. That means that we have no short-term maturity for our corporate credit lines.

As far as the liquidity is concerned, our cash-on-hand position at group level on a reported basis, so at the end of December, was EUR 375 million on a reported basis and would be EUR 587 million on a pro forma basis, i.e., including the EUR 212 million coming from the net capital injection. I will mention that on top of this fleet -- on top of this new -- this liquidity, we have a fleet financing line that would increase this liquidity to finance the equity part that we have in the fleet like the junior notes that we have in the securitization program and that are currently financed by the RCF or some cash that we put, for instance, in the U.S.

To try to finish, I will mention that this level of liquidity, reinforced by the [backhaul of all the fleet] line, gives the ability -- give the group the ability to restart progressively our operation and to sustain the implementation of the transformation plan, Connect.

And with this, I pass the floor to Caroline.

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**Caroline Parot** - *Europcar Mobility Group S.A. - CEO & Director*

Yes. Thank you, Luc. So let's now focus on our mid-term and long-term view before concluding with some comments on 2021.

Please turn to Page 26. As I told you earlier, the mobility market will develop again as economies rebound and progressively recover when the COVID-19 pandemic begins to fade away. As you can see, we think that the pace of recovery will vary from one segment to another, but after an unprecedented contraction between '19 and '20 at minus 16%, the 2021 to 2023 period should see mobility markets grow again with impressive CAGR, depending on the segment.

Connect is all about seizing these growth opportunities and getting the most of our TAM. Please turn to Slide 27. Connect, in a nutshell, is an accelerator and an amplifier of the group's transformation, which began with our initial plan shift in mid-2019. Connect aims now at repositioning and reengineering our service offering to better match customer needs, relying on a reshaped and leaner group infrastructure and network, which are our physical operational platforms to deliver our services but also now on a new tech platform to shift towards fully digitized customer journey and offers.

Please turn to Slide 28. As I just told you, Connect's aimed at reshaping our group to better address customer needs and expectation. To that effect, we are managing our service portfolio through 3 service lines, each of service line targeting specific use cases and anticipating an accelerated change of perspective and mindset due to our -- thanks to the COVID outbreak, very unusual to say thanks to.

Leisure service line, which copes with seasonal and occasional demand with high churn and will be largely driven by prices, especially with the low-cost demand. The professional service line is focusing on contract demand with high quality, reliability of services requirements. This covers regular business travel as well as new fleet services in domestic markets with a very flexible subscription model.

And finally, proximity service line, the target is here, the pay per use demand coming from individuals or companies with a strong expectation for sustainable and fully digital solutions. In urban areas, there will be a key development and visibility driver for our group.

Please turn now to Slide 29. With these 3 service line mindsets comes a new organization but as well a new reporting framework. As of Q1 2021, we will no longer present our results by business units but by service lines with the V&T -- with Vans & Trucks as a transversal activity. This is why on this slide, and for the future reference, you can find the 2019 and the 2020 revenue breakdown by service line, and we will comment strongly starting Q1 on our results.



Please go to Page 30. To implement Connect and ultimately settle a leaner and more agile structure, we have identified 4 enabling pillars. First, the fleet. We are progressively shifting towards the full Connected Fleet with the 100% connected objective in 2023. We have already partnered in the fourth quarter with Telefónica and Geotab in order to build at scale a powerful tech backbone. And very recently, this morning, in fact, with Free2Move, the connectivity platform of Stellantis, which is the first OEM to give us direct access to their vehicles data without needing to install and set up an aftermarket solution in each of them.

Connectivity is way more for the group than a customer direct access to cars enabler. It is also about data management. This will allow us to improve customer experience and optimize business applications as well as internal processes such as fleet inventory management, vehicle delivery and collection, vehicle maintenance and returns. In addition to connectivity, our fleet will also go greener and greener over the next years with the objective of reaching 1/3 of hybrid and electric vehicles in 2023.

Second, the network. It will be reengineered per use cases with deskless stations in airports and railway, downtown station replaced by delivery and collection with light touch points as well as expanded EV infrastructure to support our One sustainable fleet program.

Third, the technology to enable at scale a fully digitized customer journey and better leverage our customer base. The redesign of our tech platform has been launched during Q3 2020, and the first deliveries will happen during Q2 2021. This new platform will progressively replace our legacy one while supporting the deployment of Connect new go-to-market approach in all areas and geographies. It will also, more importantly, enable direct access to cars for Europcar customers beginning with Portugal this summer.

And finally, our organization with the reshaped network and rationalized HQs framework, relying on our people everywhere in the group. As you can see, Connect, which is strongly focusing on customers, will also lay new foundations for our group with a leaner structure and a lower breakeven plans -- plan.

So please go to Slide 31. Here with Connect, we are also going to embed sustainability and social responsibility deeper in our model and operations. CSR is not a new topic for us as coming together, our group program was launched in 2017. We have achieved a lot since then, making significant progress in several areas, progress acknowledged in 2019 and 2020 by a very positive progression of our ESG ratings with notably Vigeo Eiris (inaudible) since 2019, EcoVadis gold rating for the first time obtained and CDP B grade versus an industry average at C.

With Connect, we have set a very ambitious goal for the future. We have said already our -- 1/3 of our fleet being EV or hybrid, plug-in hybrids in 2023 and the carbon footprint reduction. Along with other 275 companies, we have committed under the flag UN Global Compact to fight again growing -- running by limiting our CO2 emission as early as next year with the global program reaching 2030.

So to finish this presentation, going to Slide 23, I would like to share with you some outlooks and perspectives on 2021. As you all know, although vaccination campaigns are now taking place in most countries, the COVID 2019 pandemic is [still gaining]. In this context, we consider that the timing of recovery is highly uncertain. This is why we are not in a position to provide any guidance for full year 2021 yet. Nevertheless, we are confident that our 2021 revenue will increase versus 2020 based on the robustness of our domestic revenue generation capacities as demonstrated in 2020 as well on the renewed go-to-market strategies for our professional and proximity service lines.

As in 2020 and until the sanitary situation significantly improves, we will strongly focus on pursuing the adaptation of our cost structures and on delivering the first key steps of our Connect road map. And this will be the major focus of our 2021 year, preparing the full rebound when it comes with the economies recovering.

Thank you for your attention. And now, operator, we are ready to answer the question from the various channels.

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) The first question today comes from [Laura Courtiade] of [MMD].

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### Unidentified Analyst

Could you please tell us more about 2021 restructuring costs from -- or cost savings? Because you mentioned around EUR 200 million of fixed cost savings for 2020. Is it something that we can extend to 2021 and the years after? Or yes, could you please elaborate on that, please?

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### Luc Péligny - Europcar Mobility Group S.A. - Group CFO

Okay. So the savings which have been achieved that are put, the EUR 200 million that you are mentioning, are coming from the network and the HQ, and that's the 2, I would say, buckets of semi-fixed and fixed costs that we have on the P&L. And these savings are made on a permanent basis. So there won't be any change. There will be probably a bit more savings, but it will be reduced, I would say.

That was the work that we did in Q4. The work in Q4 was really to reduce the cost to the right level for '21 revenues. So the restructuring cost in 2021 will be limited. And the cost will be -- will remain the same for 2021.

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### Unidentified Analyst

Okay. And just a second question. You mentioned your cash level pro forma, the restructuring. What is exactly the unrestricted cash that you have on hand, please?

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### Luc Péligny - Europcar Mobility Group S.A. - Group CFO

Unrestricted cash is EUR 86 million. It's more or less stable. It's linked to the insurance captive that we have, the [cash that go in] insurance captives.

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### Caroline Parot - Europcar Mobility Group S.A. - CEO & Director

Restricted.

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### Luc Péligny - Europcar Mobility Group S.A. - Group CFO

Restricted, yes.

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### Operator

Next question is from Giles Haworth of JPMorgan Asset Management.

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### Giles Haworth

I was wondering if you'd be so kind as to perhaps give us some details as to what your plan is to address the 2022 bond. And then perhaps just a little bit more on -- I think the last question was asking where your unrestricted cash currently was. I think you gave the amount that is actually restricted. Are you able to give us a bit more color on where liquidity is currently?

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**Luc Péligny** - *Europcar Mobility Group S.A. - Group CFO*

So as far as the bond is concerned, the bond is linked to the fleet bond, let's say, EUR 500 million, which is maturing in November '22. So it's part of the global, I would say, securitization program for which is covering most of European countries. So this program is going to be, of course, refinanced because it's maturing in January '22. So we are working on it, and the refinance of the bond will occur either at the end of this year or early Q1 2020.

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**Giles Haworth**

And do you expect to stay in the bond market or instead rely on the bank facility instead to replace?

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**Luc Péligny** - *Europcar Mobility Group S.A. - Group CFO*

No. We'll go back to the market for that. And your second question was?

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**Operator**

Our next question comes from Patrick Jousseume of Societe.

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**Patrick Jousseume** - *Societe Generale Cross Asset Research - Head of Mid and Small caps Europe Research*

Patrick Jousseume, Societe Generale. Could you please elaborate on the size of the fleet that you forecast for summer? I see that you have, let's say, 182,000 cars at the end of December if I am not wrong. Last year, if we take July, you were at 221,000; the year before at -- close to 400,000. So where do you see the size of the fleet in summer? And assuming that the tourism recovers strongly post the vaccination campaign, are you -- do you think you will be able to capture, let's say, the growth?

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**Caroline Parot** - *Europcar Mobility Group S.A. - CEO & Director*

Thank you for your question. You have carefully listened to the call. As I was saying, we don't guide the year in revenue. So we are not going to guide on the fleet, which is on a like for like knowing our utilization rate, a kind of proxy of the revenue.

To be totally transparent, we -- the COVID pandemic is still on. But we see that the vaccination is accelerating everywhere in Europe. So we do believe, during the Q2 period, we will have more visibility on when the recovery will start really. We still have some flexibility in the way we are sourcing and managing our rotation plan on the fleet to be able to have view from today, as we speak, an adequate level of fleet compared to the recovery demand.

Obviously, when we will have decided to have a fleet level, we will be able to flex it up and down, but it will give us a corridor of our capacity to target the market. So for the time being, we are able to seize growth when they come. But in a few weeks from now on, we will have the final plan, and we will be able to adjust up and down, but it will be -- start to be stabilized in the anticipation of the revenue. So we are capable. We are still working on it. We will adapt ourselves.

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**Operator**

(Operator Instructions) There are no further questions at this time.

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**Caroline Parot** - *Europcar Mobility Group S.A. - CEO & Director*

So operator, thank you. I think that we will then conclude the meeting today. Thank you for your attention. We will see you during the Q1 exercise, which is early May, where we will be able to much more elaborate about the Connect progression and where we're seeing the beginning of the ramp-up to the summer will be. We will have a little bit more visibility in 1 month about the vaccination campaigns to know what will be the business. So see you there. 2021 was hopeful. It's finished. It's over.

**Luc Péligny** - *Europcar Mobility Group S.A. - Group CFO*

2020.

**Caroline Parot** - *Europcar Mobility Group S.A. - CEO & Director*

2020, sorry. 2021 -- 2020 is finished and is hopeful. Now we are back to the recovery and to seize the growth opportunity when it comes, on a cautious view anyway, to make it very profitable. Thank you very much.

**Operator**

Ladies and gentlemen, that concludes today's conference call. Thank you for your participation.

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