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PRESENTATION

Operator

Good day, and welcome to the Europcar H1 2019 Results Conference Call Invitation. Today's conference is being recorded. At this time, I would like to turn the conference over to Mr. Olivier Gernandt. Please go ahead, sir.

Olivier Gernandt - *Europcar Mobility Group S.A. - IR Director*

Thank you very much, operator. Hello, everyone, and welcome to our Half Year 2019 Results Conference Call. In a moment, I will hand you over to Caroline Parot, our CEO; and Luc Peligry, our CFO, who will take you through the presentation, and then we will open up the line 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 on our website later today.

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

Caroline Parot - *Europcar Mobility Group S.A. - Chairwoman of Management Board & CEO*

So thank you, Olivier. Good afternoon, everyone, and thank you to join us for this half year results for our group, Europcar Mobility Group. Together with Luc, as mentioned by Olivier, we will get you through H1 and Q2 results and achievement from business to financial. And we will provide some output on our year-end prospects and more long-term views.

So I am on Page 3, what's written about our second quarter in a nutshell. A solid business performance during the second quarter, compensating the slow start of our Q1. Key milestone deliver on digitalization of our customer journey and major step achieved in the preparation of our efficiency programs. I will guide you through all of them.

So please go to Page 4. So first, on the key facts, a strong performance in our EBITDA for the second quarter at EUR 81 million before investments in our Urban Mobility business, compensating the slow start of Q1 with the shift of Easter, and this result despite slower-than-anticipated revenue in the U.K. perimeter impacted by a general Brexit situation.

Second, our revenue performance in Q2 is driven by positive revenue growth across all our BUs. In particular, our business unit Low Cost enjoyed a 5% growth over the last quarter, confirming if need to be, the relevance of the segment in our portfolio offered in major markets, focusing on cost-conscious customer base. In addition, our BU Van & Truck continued its repositioning, enjoying strong growth in the corporate segment.

Then regarding implementation of our SHIFT '23 strategic framework, major progress have been achieved. First, on our augmented car business battle, while continuing the fast expansion of our supersite for the Vans & Trucks and fast acceleration of our Urban Mobility revenue, we launched successfully our FlexiLease offer in the BU car, this offer being key engine in our growth strategy across the group for our B2B segment going forward.

Second, we go live with our first release of our Click & Go program in June, major milestone in the way we are transforming our customer experience towards a fully digital journey. This achievement is coming together with the successful validation of our Connected Cars pilot in Mallorca. This is allowing a deployment in one of our major country right after the summer season as done in ONE map presented by Olivier Baldassari a few weeks ago.

Last but not least, our efficiency program, HQ 2020 is now ready for full implementation for the summer season as well.

So please turn to Page 5. As a summary, we report growth year-to-date for the group with a positive momentum in all our BUs for Q2. EBITDA before investment in Urban Mobility is at EUR 51 million, strong Q2 performance nearly offsetting Q1 slow start and Easter effects.

Net income at minus EUR 62 million, slightly below last year, reflects investment in transformation, Urban Mobility ramp-up and refinancing costs occurred during H1. Stronger corporate free cash flow corporation adequately managed and reflecting our investments in core digitalization and nonrecurring cash out, to efficiency program and of course, strong focus on our debt level as well as a peak in the midyear of this period.

So please now turn to Page 6. Here, I want to reiterate our guidance based on our preliminary views of the Q3 as well as all programs managed by all teams across the organization. Beyond this element of guidance, and Luc will guide you through, we do evaluate as well a strong focus on cash generation, key for us to allow and accelerate transformation as well as return to shareholder.

I remind you that the cash conversion we're not guiding this year, in particular, as to reflect the possible shift between 2019 and 2020 of our restructuring programs, but the full envelope has been provided to you for the 2 years.

Now coming on the business highlights. Please go to Page 8. So coming back on our SHIFT '23 implementation, as said, we already achieved some key important milestone on both the augmented core business battle and delivery of some key part of our activation levers. Beyond these programs themselves, important to notice how the culture of our organization with our people is fast-moving as a key enabler to make this transformation happening.

On one hand, our new CPO and tech organization, deployed late Q1 and located both in France and Spain, allows us to develop and deliver in parallel complex digital programs with agile and fast delivery mindset. On the other hand, our ONE group value program is now enhanced with our new workplace digital communication tool launched in June. We reached now all our employees from [H2 to station] on laptop and mobile devices everywhere, every day, thus allowing [passion] of mindset toward customer centricity at every level and effective delivery of our service at the most important level, our people within our large network.

So on Page 9, as an introduction, our first milestone, we are focusing on our augmented car business while our CCO is working actively with his team on value proposition for our service to customers and more to come in the further quarters.

So as an example, on Page 10, our FlexiLease. First, as part of Enhance car and Enhance van program, our teams have launched this offer. Portugal and Italy were the first 2 countries to implement as pilots. With 2 very promising steps since the beginning of the year, offer is now being deployed across our main countries.

What is at stakes? Offering flexible monthly product to corporate, targeting mainly SME customer base. Key element of this offer. What does mean flexible? Cars and van are available immediately, on the contrary of any leasing products. Delivery is possible in all Europcar stations. Duration is 6 to 24 months with no overlap with our existing monthly products. The service is relying on -- mainly on vehicle buybacks with different mileage packages adaptive to customer usage and with ancillaries available to reduce risk for the [merchant set]. As you can see, this offer will meet needs of large range of companies not eager to engage in 3- to 4-years agreement but which are chasing immediate availability and proximity.

Thanks to our large network and large range of business segments, we are able to offer all of them using our large fleet management capabilities. And the flexibility can be offered and sustained over time thanks to our car and van rental business unit segments allowing reuse of the vehicle with different segments if need be. This offer is obviously, for us, a key pillar to prepare and sustain high growth in the near future on our 2 business units, van and car rental.

On Page 11, progress on supersites. Significant step of our van rental business, we're continuing in our positioning. Out of the 48 targeted supersites at the end of this year, 39 are already operating. After 18 months of deployment, the results of this program speaks for themselves. 9 supersites across 7 countries are totaling 27% of the BU total revenue.

At group level, the 2 biggest supersite, revenue-wise, are growing at a high pace on last year. Paris, Évry in France is plus 70%, and (inaudible) in Germany is plus 50%, both showing strong utilization rates. In general, all supersites are rapidly growing with double digit and are having higher utilization than average.

Another example on our French perimeter, which is concentrating 30% of its revenue through the 10 supersites, 5% of the network, allowing superior efficiency gain commercially and operationally. And in parallel, the number of Van & Truck station in France has been reduced by 20% versus last year.

In Spain, another example, Madrid supersite, which opened in June 2018, is really already very successful, and top 1 volumes of rental days, 77,000 equally with London Skyport. And 2 brand-new location opened in Q2: Melbourne in Australia and [indiscernible] in London. Top 10 supersite had more than 300 vans on rent average into H1.

My main conclusion, the strategic repositioning is now well engaged and is delivering strong results commercially and financially. We have built strong engines to accelerate growth and consolidate organically our European markets.

On the next page, Page 12. Urban Mobility, our fast-selling program. Ubeeqo, our vehicle sharing, reported growth 4 to 5x superior to the market, which is a 15% growth. In cities like Paris and Barcelona, most interestingly, the first-time users and the repetition rides developed in parallel at the somehow same pace, meaning that usage are settling down.

The Paris City deal is allowing acceleration of the city and is being logistically deployed to gain further momentum for the summer. Xavier Corouge, new leader of the BU, has a clear road map to further activate synergy with the group while accelerating the distribution of the service B2B or B2C as a vertical, urgently with the commercial teams of the group as part of more comprehensive offers.

On high-billing services for chauffeur, or B2B, we are facing a good momentum but to further be improved in the next coming quarters.

Page 13. This section is introducing the enabler with key new releases and successes, which we are to be reporting, marking a new level of integration and transformation of our target operating model to one -- toward one more -- ONE augmented infrastructure.

So Page 14, the one we were awaiting since a couple of months, Click & Go. As part of our ONE customer journey strategy, the group aims to keep on improving the satisfaction of its customers and many precise action under the umbrella of our program NPS 110 have shown strong results since the inception 2.5 years ago.

This quarter, again, the program produced solid results in terms of customer journey improvement, and the group delivered significantly improvement in its Net Promoter Score, 1.6 points, excluding Goldcar over the last 12 months. We are very pleased in parallel with the progress we made in our Goldcar operation with the integration in the program since January 2019 despite, we acknowledge, many areas of improvement are still to be managed ahead of us.

To reinforce our customer journey, we launched 18 months ago our emblematic Click & Go program. I'm pleased to report a major step in our ONE customer digital Journey which went live in June: Click & Go app release. Key element of this first launch: 75% of our iOS user base is now with the new app always; fresh and easy-to-book customer journey for all customer, whatever booking channel; full simplification of the driving license process, register once forever in the app; online check-in, allowing fast, fast QR codes, meaning precious time gained by customer; and as promised, thousands of reservation have already been managed; and finally, fast deployment across the network, targeting firstly customer hub, namely, airports. Thanks to our [CPU] and tech teams, they have managed releases of new features as well as customer-centric enhancements on the app will be available week after week. This important milestone is a major tech achievement towards the full integration of the customer journey.

I remind you that we are targeting a full digital journey from booking to post-rental activities. A strong step has been managed here, technically and technologically, to reorganize our tech delivery platform and all our internal processes.

Second, on Page 15, another successful program. Our connected fleet program, which is targeting in its first part our internal operating model but will be a strong part of our customer journey on the customer side when integration module will come as part of Click & Go. Decision was meant to run the 2 programs in parallel to accelerate delivery from a customer standpoint but also operating savings in the other hand.

Beyond the picture, you can see real screenshot of our connected vehicle database. It's map of Mallorca based on real-time vehicle usage. There's proprietary data of mobility flows in Mallorca as well. The key use cases are automatic fleet checks, inventory and control attrition level, cost order management, car return and customer relations, objectivization of mileage and fuelage plus collision detection, customer behavior analytics and insights.

Considering the success of these large-scale pillars, decision has been taken to fully deploy it across the group. The next step is to have one major country managed during H1 2019 with 100% of its fleet being connected, having in mind that our '23 major road map is having 80% of the group fleet on this program.

And last but not least, on Page 16, on backstage, significant progresses were made on our efficiency program, and we will deploy for the summer its full scope across the organization.

So with that, I leave the floor to Luc for the detailed financial results.

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

Thank you, Caroline. So I will start with the financial highlights of Q2. Good afternoon, everybody.

So on the activity side, I will focus my explanation on Q2 performance, which has offset a large part of a soft Q1.

Revenues are standing at EUR 753 million with a growth of almost 2% in Q2, clearly ramping up from the Q1, which was at minus 0.6%. This quarter has, of course, benefited from a positive impact from Easter in April, which led us to a poorer May in price and volume, but a good recovery in June, introducing a promising Q3.

Sales in June were up by 2.5%. This performance has been achieved despite a U.K. slowdown impacting the revenues by EUR 7 million in Q2 and our selective policy on profitable customers in key accounts on corporate side. This reduction in the corporate side and the key accounts is impacting our corporate revenues but has been offset by good sales with SMEs and insurance companies and a positive contribution from our leisure activities in BU cars and Low Cost.

On the corporate EBITDA side, we closed the quarter with EUR 81 million with a strong growth of 7.6%, excluding the impact of Urban Mobility. And again, I would reinforce my comment on June where we saw a EUR 10 million net improvement versus last year and a 2.5% growth in top line. This is value creation and introducing a promising summer. This performance is reflecting as well our strong sales in fleet management with fleet cost per unit decreasing by 10 -- EUR 12 per unit, and I will come back on that on the next slide.

On the net income, we are breakeven for the quarter compared to plus EUR 18 million last year. When we say that, during this quarter, we supported some quarter -- more investment on the car sharing side with the win of Paris with some in-fleeting and the cost of the refinancing between the corporate bond and the extension of the revolving credit facility that happened in April this year. The benefits of these measures of the refinancing improvements will be above EUR 10 million in run rate next year, but some positive impacts will be already seen in H2.

Next slide. So some KPIs to better appraise the performance and above all, the momentum of the Q2 in this picture. So in terms of volume of days, you see a good growth in terms of number of days. We were 22.9 million days, an increase of 2.1% versus last year. We have nice improvement in all BUs coming from cars, van with a 6% increase in van on the number of days and the Low Cost growing as well at 4.4%.

I will comment the RPD, which is the impact of the, firstly, the volume and the other, price, on the next slide, going BU by BU. The other very good operational performance, of course, is the fleet cost where we see, as I mentioned in my introduction, a 12% -- sorry, EUR 12 decrease per unit. And per month gain in Q2 in fleet cost, this is a fleet cost close to 5%, which is impressive.

The main reason for this decrease are coming from 2 sources. One is the holding costs and our pricing power that we are able to pass to Goldcar fleet as identified in the synergies program. We estimated, remember, the gain on the fleet at EUR 10 million for the full year, and we are here close to 4 million in fleet on H1.

And the second stream to improve these fleet costs, of course, is the operating cost and especially, on the damage recovery, while we saw a sharp increase on the billing of the damages and the recovery, and this is due to the rollout of our new processors in our main countries and at all stations.

And the last, I would say, KPI or general KPI, I would like to comment is the utilization rate, which is key, is at 77.1%. So last -- a small decrease versus last year but still very high at 77%. So 30 basis points reduction.

This is mixed between the BUs. We can see a better performance in cars, which is the biggest BU. And Low Cost is stable versus last year at above 80%, and Van & Truck with a small decrease mainly focused on Buchbinder where you know that the fleet is at risk and with a different business model.

Next slide. I will comment the revenues by BUs. To start, with cars, which is the largest BU, we see EUR 543 million on Q2 with an improvement of 0.8%. It's a good performance in leisure with a 5% increase. In public retail, plus 13% in public retail. On the corporate side, as I mentioned before, there was a strong decrease on key accounts. We have -- which is our policy to go for profitable customers and not only looking for top line but mainly now for profitability. That's the way we chose in the U.K. and that we pursue in our main countries, starting with Germany and France.

I would say that we were also affected by the U.K. following the nondecision on Brexit, which created some volatility and incertitude generating lack of volumes in corporate and then creating some overcapacity on the market and by consequence, pressure on the price on the leisure.

On the volume price change on the bottom of the slide, you see that we enjoyed a positive view on the 2 components. Under RPD, we have an increase of 0.4%, which is very good, and a 0.9% under number of rental days, which is a good performance in a very competitive industry coming from mechanical effects from closing down some key accounts and some positive improvements coming from Germany, which is our largest subsidiary.

So on the Low Cost side. Low Cost side, this BU has been highly impacted by Easter, as you remember, with a sharp recovery in April, plus 25 with the Easter -- 25 improvement in April. This business was affected by a slowdown, of course, in May before recovering in June. The BU is growing in all countries, even Italy, where there was a high level of competition. And we are able as well with Goldcar to capture new sources of growth in Turkey, Croatia, Greece, where our Europcar brand does not operate as a corporate country. We see some good volumes in terms of volume increase of 4.4% and some improvement as well on pricing, coming mainly from InterRent now which is fully handled by Goldcar, and the increased contribution of ancillaries offsetting a decreasing base RPD.

On the Van & Truck, EUR 88 million, a growth of 2.5%. It's a nice growth, especially on the corporate segment. This shift between the corporate and leisure is driving a drop in RPD, short-term to medium-term shift and longer duration. We have a 13% increase in duration, which is roughly 1 day. We are looking for 8 days in average versus 7 days last year. These revenues were impacted as well by the U.K. context and some [PAs] which we stopped last year that were not offset in volume in this year figures. Volume and price are reflecting this strategy with a nice plus 7% in volumes and a decline of 3.3% in terms of price.

As Caroline mentioned, we pursue our supersite strategy by opening a 16 more supersites during the quarter. We are now having -- running 39 supersite and 9 are more -- 9 more are coming by the year-end.

On the Urban Mobility, we covered 2 activities under Urban Mobility. One is the car sharing, where we saw a good performance in Ireland, Spain and France. We increased the revenue mostly in the open car sharing versus the corporate car share, which is growing as well but not as fast as the open car sharing. And the reason why, it's increasing the fleet from 1,400 cars to 2,500 cars this year with no new town opening. So it's really in increasing the density of cars and the number of trips, which have nearly doubled over 1 year.

The good example is Paris, where the number of cars will double over the year to reach more -- at the end of the year. Ride hailing in the U.K., Brunel, it's the second activity we run in the Urban Mobility where we do business-to-business, B2B, and rent car to PHV drivers. Growth was less spectacular than car sharing but still a double-digit growth. In both cases, these increased activities required increased fleet. We doubled the size of the fleet, and that being our cars, to support the growth and which are way on the cost -- on the cost side in H1.

Next slide. I will comment the cash flow conversion, and you know that the cash flow conversion, as mentioned by Caroline, is not part of our guidance because we have some restructuring coming for the next 2 years. But I would say that it remains the top priority for us and for you, of course, to sustain our ambition development that we have for the group, and that was described during the SHIFT '23 Capital Market Day.

Corporate EBITDA, including Urban Mobility, is at EUR 31 million for the first quarter (sic) [first half] and exclude the Urban Mobility for EUR 19 million. Last year was only EUR 6 million, but we increased the fleet sharply, and we doubled the fleet in H1. And so we see this loss reducing over the next half of the next -- in H2 due to higher utilization of the cars and better synergies as well as mentioned by Caroline under HQ commercial fleet management.

Second topic is nonrecurring expenses, where we stand at EUR 26 million. So we are in line with our EUR 50 million full year estimate, which was communicated at the beginning of this year. The main expenses, of course, are linked to the rationalization and the restructuring on network, on HQ, some outsourcing that we did and transformation costs. So we are on line with the EUR 50 million to support this transformation, and some more costs will be announced with the HQ 2020 in H2.

Nonfleet CapEx at EUR 41 million for H1, mainly dedicated to our digital transformation journey. Caroline mentioned the Click & Go first release that was launched successfully in June, connected cars in Mallorca and some other programs where we have high cost of development. This cost are coherent with the target that we gave to spend 2.5% of our revenue in terms of CapEx and mainly on digital as we are a phygital company.

On the nonfleet capital on a change of nonfleet working capital. We are closing the book at plus EUR 87 million. So we managed to have a EUR 10 million more from prepayments from brokers. And all the receivables, DSO and DPO, are fully under control and good -- achieve good performance.

We have a low tax in H1 of EUR 9 million, which is a phasing of tax payments throughout the year. So the corporate free cash flow for the H1 is plus EUR 42 million at the end of June.

Next slide. Let's have a look quickly at the corporate net debt bridge. So we started the year with EUR 795 million at the beginning of this year. We just commented the corporate operating free cash flow. After that, you have got the cash interest on corporate net debt. As you remember, we refinanced the original, I would say, EUR 600 million core bond, which is -- were coming from the IPO in April with a cheaper scheme, including a EUR 450 million bond and an increase of EUR 150 million on the RCF, much better conditions.

We borne some one-off overlapping costs in this last quarter, and we will benefit from savings starting H2. So we have a smaller figure for H2 on this cash interest.

Second topic is the fleet timing impact -- fleet financing timing impact. You can see that we are at EUR 6 million. So we have a good monitoring now with this fleet timing impact to minimize impact, of course, in the corporate debt change.

In terms of investing activity, we are at EUR 45 million, mainly coming from the acquisition of Finland and Norway at the beginning of this year and some earn-out payments that we had on the Irish side. To precise on Norway and Finland. We closed the books end of May. There are none -- no figures, no contribution to Norway and Finland in our P&L. They will contribute starting from the 1st of July. On the first -- at the end of June, we just have the shares of the company and the debt in our books, but we have no contribution on the P&L side. It will contribute for about EUR 30 million revenues on the second half.

Last topic, 2 topics, they are going together, dividends and share buyback. Close to EUR 80 million were returned to shareholders, combining the dividend and the share buyback, which is versus EUR 50 million -- more than EUR 50 million last year. So it's EUR 30 more million which have been returned to shareholders during H1 versus last year.

And the last EUR 21 million are coming from transaction costs linked mainly to the refinancing that we operate in April with the early redemption of the existing bond and some fees with the bank. So it's -- and authorization fees for EUR 20 million.

So we closed at EUR 937 million at the year-end -- sorry, at H1. We have a corporate leverage at 3x, which is the highest part with -- linked to the season as well -- into the seasonality. And we can confirm that our leverage at the year-end will be in the range of 2 to 2.5.

Next slide. On the operational side, you know that we reported Goldcar and Buchbinder in 2017. EUR 40 million synergies were identified during due diligence and confirmed last year. We had some synergies already coming from the prefinancing and some operational synergies in Buchbinder in 2018. So we confirm that we are fully on track with the synergies. And we had -- today, we are enjoying more than EUR 7 million synergies on Goldcar for H1, with EUR 4 million coming from fleet. And we will enjoy at least the EUR 10 million on a full year basis.

Regarding Buchbinder, we delivered another EUR 2 million operational synergies this year on H1, and it will increase over the year. And as you probably noticed, we have the nomination of the CEO of Buchbinder as Chief Operating Officer of Europcar Germany to reinforce the integration and synergies between the 2 companies. So brands and network will, of course, remain separate, but some significant synergies will be developed notably on the back office and the remarketing side, where Buchbinder has strong skills, that would have the group to reinforce its fleet at risk in Germany, to develop agility and of course, in its van position -- van and truck position.

Next slide. Also to reiterating what we stated during the Capital Market Day, end of June, we confirm having implemented and executing our 2 major self-help programs, HQ 2020 and network rationalization. HQ 2020, where we expect to deliver a EUR 30 million of savings by the end of '20. It comes from a global exercise to transform the company and the way the function to work in a EUR 3 billion company, operating in 20 corporate countries with an average fleet of more than 300,000 cars. So it's a really big change of model that we are leading with the function, and it's, at the same time, a rationalization of the organization to take advantage of this new size that we're operating. So that's on its way, and some communication will be done sometime in September.

Second topic is the network optimization program. We are operating -- I remind you that we are operating close to 2,000 stations in the group. And we expect to deliver a 2% to a 2% (sic) [3%] improvement in terms of incremental margin by 2023. That will come, of course, from optimization, as we started in some countries like U.K., France and Germany, but as well as the progressive result of the digitalization of our customer journey with Click & Go, notably, and the back office like the connected car that we implemented as a proof-of-concept in Mallorca.

Next slide. So I would say that as far as the guidance is concerned, I would confirm the guidance and the group, good performance that we enjoyed in the second quarter and confirmed again by the June as well by the positive momentum in our early summer bookings trends are in line with our annual expectations. As a result, we are able to confirm our full year guidance targets in terms of both revenue, above 3 million -- EUR 3 billion, sorry, for 2019. And corporate EBITDA, excluding Urban Mobility, above EUR 375 million. I confirm also that cash flow conversion and corporate debt monitoring is key -- are key for us and that we will monitor our lending for the corporate leverage in this circa 2 to 2.5 at the year-end.

On top, I strongly believe that our SHIFT 2023 program will boost our sales and marketing teams to reinvent and reinforce our corporate sales on our shareholders' period starting with Q4 2019.

And with that positive message, I pass the floor to Caroline to conclude.

Caroline Parot - *Europcar Mobility Group S.A. - Chairwoman of Management Board & CEO*

Thank you, Luc. So there, the short-term outlook has been presented by Luc in the presentation guidance.

Now we're switching on to Page 27 as a summary. As you have seen, this first semester is showing that our organization has been able to deliver major progress in its infrastructure. Many to come over the next 18 months, but we clearly have been able to build on the foundations, which are now visible in front of our customers, in front of teams in the operation.

Our unique operating model is being heavily transformed and integrated, targeting, obviously, both new market segments and high-value creation for customers to seize the mobility ecosystem, huge market opportunities while increasing progressively our margin delivery. We are able to do both in parallel, and we have the condition being built together.

If we go to the next slide, you have understood on Page 29 -- 28, sorry, that our SHIFT '23 framework provide a clear road map to this transformation for our teams and for us to report and [my strong] delivery quarter-after-quarter. Building engines to growth -- to seize growth and new opportunity, use tech as an enabler to better manage customer acquisition while reducing heavily our cost base is always a relevant program, and we are well on track.

So as a conclusion, SHIFT 2023, on Page 29, has been built up around 5 principles: speed up, speed up to growth, speed up to seize market opportunity; high-value creation for our customers, high-value creation for our teams and for our shareholders; we are investing in the future, and we are focusing on customers; most important part of it, tech and talent-powered teams. We have invested this semester on the new CPO and tech organization, new people joining the work, group's new developers, Paris- and Spain-based teams to improve heavily short-term, mid-term and long-term profitability, and most importantly, to seize the growth opportunity, not forgetting, obviously, the cash flow generation, which is fueling our transformation.

So thank you for your attention. And with that, we leave the floor to the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) All right. So we will now take our first question from Monique Pollard with Citi.

Monique Pollard - *Citigroup Inc, Research Division - VP*

A few questions for me, if I can. Firstly, on the mobility losses. Are you still sticking to the EUR 25 million EBITDA losses for mobility in 2019 because we've already had EUR 20 million in the first half? And I know there's a timing impact. Just wanting to understand that a bit better.

And then secondly, in terms of the mobility revenues, should we expect those to continue accelerating into the second half of the year?

And then finally, in terms of the nonfleet working capital. Obviously, that's a big cash inflow in the first half. What should we expect for the nonfleet working capital for the full year, please?

Caroline Parot - *Europcar Mobility Group S.A. - Chairwoman of Management Board & CEO*

Okay. Thank you, Monique. I will take the first question on the Urban Mobility, and Luc will take your second, obviously, on the cash flow. On the Urban Mobility, if you remember what we said during the Capital Market Day, we have decided to limit the investment in EBITDA in the Urban Mobility at a max of 1% of our total revenue. So it could be that if we are slightly above EUR 25 million, between EUR 25 million and EUR 30 million, then definitively as the acceleration of the revenue will absorb a big portion of the so-called losses that you see in the industry because we have seen in H1 that we have fleets for the City of Paris mainly and some acceleration on the ride hailing while not having the revenue in front of us. But clearly, during the Capital Market Day, we have capped the investment at a max of -- and the max of it is 1%.

Acceleration of the revenue, definitively, because we -- as mentioned by Luc, we do see a repetition -- an acceleration of the first-time users while an acceleration of the repetition in parallel, showing that there's a momentum in the vehicle sharing division. And the City of Paris is continuing with the former setup we were having, but the full real deployment is being done now and will probably start to ramp up, really, starting September because we are shifting the cars together. So we do see an acceleration. We have not opened any new city, and we do see acceleration in the core perimeters everywhere.

On the cash flow, I leave the floor to Luc.

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

Monique, if I understood this one, your question regarding our nonfleet working capital?

Monique Pollard - *Citigroup Inc, Research Division - VP*

Yes, exactly.

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

Yes, okay. I will confirm that for the year-end, the lending, it should be between 0 and EUR 10 million, I mean, maximum.

Operator

We will now take our next question from Sarth Patel with JPMorgan.

Sarth J. Patel - *JP Morgan Chase & Co, Research Division - Analyst*

Just a couple from my side, please. This quarter, you had a significant improvement in your fleet cost unit. So how do you see that developing through the year? That's my first question.

Second question would be coming to Urban Mobility. How do you see yourself focusing on increasing density of your fleet within Paris and other regions as opposed to scaling out to new cities? Because I believe increasing density would accelerate the cost breakeven on those cities. And yes, that will be my 2 questions.

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

I can answer on the question on the fleet cost. It's a good performance. I think, as I mentioned, there are some cost improvement on the holding side because we have the pricing power of the group. And I think on that side, we -- we made -- Goldcar benefited from [favorable] conditions. I think we will still have a good position in terms of holding cost.

And that -- the second topic is on the operating side, and I think that we are making some progress. And so we are -- we would be able, I mean, to maintain this fleet cost at the same level as it is today.

Caroline Parot - *Europcar Mobility Group S.A. - Chairwoman of Management Board & CEO*

On your question for the Urban Mobility, we are now present on the major capital in Europe and a few other cities like Barcenola -- Barcelona, sorry, in Spain. So the plan is effectively to use the momentum which is being created in this city to intensify our offer and services because we are meeting customer expectation here. If we were to open some more new cities, it will be in a totally different context while targeting more immediate profitability on those cities and targeting first B2B offers prior to B2C. So really, we are focusing on leveraging the existing momentum and having very selective, profitable -- a profitable city. We are creating and developing new usages. We see it is coming.

Sarth J. Patel - *JP Morgan Chase & Co, Research Division - Analyst*

Okay. And just one follow-up question from my side. As you're accelerating your investments in IT and scaling up your digital offerings, how much of an overlap do you see between the rollout of these services that you're seeing between Urban Mobility and your traditional car rental business? How -- is there any overlap or any cost benefits common that give some synergies between the 2 segments from these IT investments?

Caroline Parot - *Europcar Mobility Group S.A. - Chairwoman of Management Board & CEO*

On the IT investment, we are -- on the full group, we are building one infrastructure. So we'll have synergies from the customer base. We are generating synergy from the network because the Urban Mobility is relying progressively heavily more -- heavily from the Europcar brand or on Goldcar brand, and we will see in the future capabilities.

And on the IT development, we will make synergies progressively. You may have not seen the details, but Click & Go was the easier digital process. The inception and the tech was deployed in the brand Europcar, but all the design was nearly a copy-paste of the design managed through Ubeeqo but adapted to Europcar brand. So we are making already savings in the deployment and in the development. And we -- that's why we have just one IT team, which is made of CPO, Chief Product Officer, with product teams and one tech which is harmonizing the story.

So we are merging progressively. There are already cost synergy because the investments we are making are less expensive than what we are doing. So we are not overlapping and picketing, but we are making a synergy across all our capabilities. There could be minor overlap, obviously, because the system are not equal together today, but it will be, and it is exactly what we are targeting as a group. Where we won't have any overlap is a marketing strategy because we are not targeting at all the same usages. So that's why we have independent team on the marketing side.

Last but not least, to complete my comment, Xavier Corouge, which was a successful e-commerce and Marketing Digital Director of the group, has taken over the leadership of the BU Urban Mobility exactly to facilitate integration of processes backstage while maintaining a strong differentiation on the street.

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

I think what is important we must really -- what we are doing with, on the previous slide, is really a strategy around the ONE, one fleet, one customer, whatever. And it's really to have on the factory side to share the most we can. And then in the shop, we have different shops between Goldcar, Europcar or the car sharing. But as far as the fleet management, the IT or our customer, we are trying to have a single system.

And the second topic I would like to raise is that, with SHIFT 2023, that we would develop services to customer. And these services to customers will [embark] all the brands of the group so we can be a car rental and car sharing that we are already doing with Ubeeqo on the corporate side. So it will be as well integration -- a better integration of all the brands to the corporate side, so a global effort.

Operator

(Operator Instructions) We have another question by Monique Pollard.

Monique Pollard - *Citigroup Inc, Research Division - VP*

Sorry, me again. Just one more. On the current trading in summer, obviously, you commented that the June revenue growth had been good, and that gives you confidence into summer. Obviously, was sort of near the end of July now. So just any commentary you can give around the peak summer period would be useful.

Caroline Parot - *Europcar Mobility Group S.A. - Chairwoman of Management Board & CEO*

No, we maintain the comment that has been made. Obviously, you knew that when we do -- made this statement, it's a very strong statement based on the June. We are not going to comment further, and we will hear week after which the trends we are seeing are continuing to develop.

Operator

It appears there are no further questions at this time. I'd like to turn the conference back over to the speakers for any additional or closing remarks.

Caroline Parot - *Europcar Mobility Group S.A. - Chairwoman of Management Board & CEO*

So I want to thank you all to attend this conference call. I know it is a very busy day of release, of results everywhere, plus here in Paris, a very hot day. Thank you for all your attention. We will be pleased to talk [to you] live in some roadshows and importantly, in November for the Q3 results.

Thank you very much, and have a good summer.

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

Thank you very much. Have a good summer.

Operator

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