Report H1 2022

Period from January 1 to June 30, 2022

Europcar Mobility Group

HALF-YEAR REPORT

1. KEY DATA FOR THE FIRST HALF OF 2022

- Revenue: up 66%, to reach €1,400.1 million, with a +71% surge in the second quarter of 2022, reflecting both the business recovery and the price increase driven by the fleet scarcity on the market.
- Corporate EBITDA (IFRS 16): €232.9 million in H1 2022 vs -€24.8 million in H1 2021.
- Group net profit(loss): +€80.6 million.
- Corporate free cash flow: €213 million.
- Net corporate debt excl. IFRS 16: €137 million at June 30, 2022

In € millions, unless stated otherwise	H1 2022	H1 2021	% Change	% Change at constant scope of consolidation and exchange rates
Rental day volume (in millions)	33.4	26.0	+28.4%	+28.4%
Average fleet (in thousands)	246.9	198.7	+24.2%	+24.2%
Fleet utilization rate (%)	74.7%	72.4%	*+2.3pt*	*+2.3pt*
Revenues	1,400.1	841.9	+66.3%	62.7%
Adjusted corporate EBITDA (IFRS 16)	232.9	(24.8)	*n/a*	*n/a*
Adjusted corporate EBITDA margin	16.6%	-2.9%	*n/a*	*n/a*
Operating income	165.9	(90.0)	*n/a*	*n/a*
Net Profit/(Loss)	80.6	(122.7)	*n/a*	*n/a*
Corporate Free Cash Flow	212.7	(83.8)		
Net corporate debt - end of period, Excl. IFRS 16	137	266		

2. HIGHLIGHTS OF THE FIRST HALF OF 2022

2.1. A first half impacted by fleet shortage

The trend in the industry and leisure segment has changed considerably since last year, with a strong demand in all leisure countries particularly in Q2 (South of Europe and in the USA), but also in B2B in the UK and the Nordics countries. The fleet scarcity on the market due to OEM supply issues has led to an unprecedented price increase.

The Group deployed alternative solutions in terms of fleet management, including a diversification of sourcing channels, as well as using longer holding periods and more at risk arrangements, in preparation of the summer season. This resulted in an utilization rate above pre-Covid levels, at 74.7% in H1 2022 compared to 74.6% in H1 2019, well-above 72.4% achieved in H1 2021.

2.2. Acquisition of the Group by Green Mobility Holding SA

Volkswagen Group, Attestor Capital LLP and Pon Holdings BV – as a Consortium – and Europcar Mobility Group entered into an agreement on July 28, 2021, to support a tender offer for the acquisition of Europcar Mobility Group by the Consortium through a dedicated company “Green Mobility Holding SA”.

This acquisition was envisaged with a public tender offer in cash at €0.50 per share, increased by a potential additional price of €0.01 per share if a squeeze-out of 90% were reached at the end of the offer (dividend included). This acquisition is based on a strong strategic rationale: Volkswagen, as a long-standing business partner and former shareholder of the Group, with the support of the asset manager Attestor Limited and the Dutch mobility services provider Pon Holdings BV, intends to continue the transformation of Europcar Mobility Group to broaden its mobility solutions offering by leveraging its physical and digital platforms.

This will make it possible to meet customer expectations in a rapidly changing market, with a growing appetite for innovative, "on-demand" mobility solutions such as subscription and sharing models.

In its reasoned opinion on the Offer dated September 17, 2021, the Board of Directors recognized the strategic interest of the transaction and unanimously determined that the Offer is in the best interest of the Company, its shareholders, employees and other stakeholders.

On September 20, 2021, Green Mobility Holding SA filed its proposed public tender offer for Europcar Mobility Group shares. The Offer was declared compliant by the “Autorité des marchés financiers” (AMF) on November 23, 2021. The AMF has announced that the Offer has been open since November 26, 2021.From this date, shareholders may tender their shares to the Offer for at least 25 trading days, i.e. until at least December 30, 2021 (at the earliest, given the time required to obtain merger control clearances). The Company and its Board of Directors have decided to exercise the Company's option to extend the deadline until June 30, 2022 under the tender offer support agreement concluded between the Company and Green Mobility Holding and the members of the consortium (Volkswagen, Attestor and Pon). On April 19, 2022, Green Mobility Holding filed for EU antitrust clearance to acquire Europcar Mobility Group.

On May 25, 2022, the European Commission approved the acquisition of Europcar Mobility Group by Green Mobility Holding. The AMF set June 10, 2022 as the closing date for Green Mobility Holding's public tender offer for Europcar Mobility Group.

At the end of the initial offer period on June 10, 2022, a total of 4,382,557,662 Europcar Mobility Group shares, representing 87.38% of the share capital and at least 87.36% of the voting rights of the company, were tendered. Minority shareholders of Europcar Mobility Group who had not yet tendered their shares to the offer had the possibility to do so for ten additional days during an additional offer period in accordance with article 232-4 of the general regulations of the AMF. As communicated by the AMF, the tender offer was reopened from June 16 to June 29, 2022 (inclusive).

At the end of this period, the consortium then held 93.62% of the capital and at least 93.60% of the voting rights. The squeeze-out and delisting took place on July 13, 2022.

3. ANALYSIS OF OPERATING INCOME

Except where explicitly otherwise indicated, the figures from fiscal years 2022 and 2021 are in the notes and tables after application of IFRS 16.

3.1. Key indicators

	Half-year ended June 30		
In € millions, unless stated otherwise	**2022**	**2021**	**Change**
Revenues	**1400.1**	**841.9**	**66.3%**
Vehicle rental revenue	**1342.7**	**808.2**	**66.1%**
Rental day volume (thousands)	33.4	26.0	28.4%
Average rental duration (in days)	7.9	8.3	(5.1)%
Average fleet size (thousands) (1)	246.6	198.7	24.2%
Average revenue per unit per month (in €) (2)	907.4	679.2	29.4%
Average fleet costs per unit per month (in €) (3)	(264)	(262)	+0.8%
Fleet utilization rate (in %) (4)	74.7%	72.4%	2.3 pt
Margin after Direct Costs	**569.1**	**241.0**	**136.1%**
Margin after direct costs as % of revenue	40.6%	28.6%	+12 pt

(1) Average fleet during the period is calculated as the number of days in the period during which the fleet was available (period during which the Group held the vehicles), divided by the number of days of the same period, multiplied by the number of vehicles in the fleet during the period. The average monthly fleet comprised 246.9 thousand vehicles as of June 30, 2022, compared with 198.7 thousand as of June 30, 2021.

(2) Average revenue per unit per month corresponds to the vehicle rental revenue, divided by the average fleet for the period; the average fleet for the period itself is divided by the number of months for the period.

(3) Average fleet costs per unit per month corresponds to total fleet cost (fleet holding and operating costs), excluding interest expense included in the expenses for the fleet vehicle operating leases and insurance costs, divided by the average fleet during the period. The average fleet during the period is then divided by the number of months during the period.

(4) The fleet utilization rate corresponds to the rental day volume as a percentage of the number of days the fleet is considered financially available. The fleet's financial-availability period represents the period during which the Group holds the vehicles.

3.2. Comparison of Operating Results

Analysis in this section is based on the Group's income statement, prepared in accordance with IFRS, as well as data provided by management intended for strategic guidance. Management data are prepared in order to reflect and clarify the presentation of Group economic performance.

IFRS Income Statement

In M€	H1 2022 After IFRS 16	H1 2021 After IFRS 16
Revenue	**1 400,1**	**841,9**
Fleet holding costs	(314,2)	(249,6)
Fleet operating, rental and revenue related costs	(452,3)	(309,5)
Personnel costs	(235,4)	(184,3)
Network and head office overhead costs	(112,0)	(90,0)
Non-fleet depreciation, amortization and impairment expense	(82,6)	(68,3)
Other income	3,0	1,9
Current operating income	**206,7**	**(58,0)**
Impairment of non-current asset	0,0	0,0
Other non-recurring income and expense	(40,7)	(32,1)
Operating income	**165,9**	**(90,0)**
Net financing costs	**(78,1)**	**(41,5)**
Profit/(loss) before tax	**87,8**	**(131,5)**
Income tax benefit/(expense)	(7,3)	8,8
Net profit/(loss) for the period	**80,6**	**(122,8)**

The table below presents a reconciliation of current operating income to adjusted current operating income, adjusted corporate EBITDA and adjusted consolidated EBITDA. Adjusted current operating income, adjusted consolidated EBITDA and adjusted corporate EBITDA are presented because the Group believes that these measures provide readers with important additional information for an evaluation of Group performance. The Group also believes that these indicators are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Group's industry.

In addition, the Group believes that investors, securities analysts and rating agencies will consider that adjusted current operating income, adjusted consolidated EBITDA and adjusted Corporate EBITDA are useful indicators for measuring the Group's capacity to meet its debt-service obligations. IFRS does not recognize adjusted current operating income, adjusted consolidated EBITDA or adjusted Corporate EBITDA. Therefore, these indicators should not be viewed as alternatives to operating income or net profit, nor should they be considered indicators of operating results or of cash flows as measures of liquidity.

	Half-years ended June 30	
In € millions	**2022**	**2021**
Adjusted consolidated EBITDA	**549.3**	**206.9**
Net Fleet depreciation and total fleet financing costs (1)	(316.3)	(231.7)
Adjusted corporate EBITDA	**232.9**	**(24.8)**
Non fleet amortization, depreciation and impairment expense	(82.6)	(68.4)
Reversal of net fleet financing expenses (2)	56.4	35.2
Current operating income (2)	**206.7**	**(58.0)**

(1) Notably including expenses related to operating leases for fleet vehicles comprise depreciation, interest and, in some cases, a small management fee. For contracts that do not provide a breakdown of rent payments in accordance with these expenses, the Group makes estimates on the basis of data provided by the lessors. Furthermore, because interest expense for operating leases is essentially a fleet financing cost, Europcar management reviews fleet holding costs and Group adjusted operating income net of this expense.

(2) As set forth in the IFRS consolidated income statement.

5.2.1 Revenue

In the first half of 2022, revenue totaled €1,400.1 million, up by 66.3% compared with 2021 and with a 97% recovery compared with 2019. This increase was mainly due to the continuing price increase, driven by fleet scarcity on the market. On a Constant currency basis, total revenue increased by 62.7%.

In the Cars Business Unit (+78.6% on a constant currency basis), the Leisure segment benefited more from price increases than the Professional Segment. Volume increases were also more important in the Leisure Segment, with the first half of 2021 still impacted by confinement in most of the regions where the Group operates.

The Van & Trucks Business Unit revenue increased by 2.4% (constant currency basis) as compared to the prior period, a less remarkable increase than that of the Cars Business Unit, mostly due to the last mile delivery activity which was boosted by confinement measures in the first half of 2021.

5.2.2 Cost lines

Fleet holding costs

Fleet holding costs include operating fleet holding costs, namely fleet depreciation expenses (vehicles acquired and financed through funding recorded on the statement of financial position) and payments on operating leases for vehicles including their financial component, in compliance with accounting standards (e.g., vehicles financed through leasing). Rental payments under operating leases include a component of financial interest.

Fleet holding costs variance is mainly due to the increase in the volume of vehicles (+24% on average), but also due to inflation effects on the total cost of ownership of the vehicles, partly offset by gains on sales of vehicles in the context of a strong second hand market. The average fleet of vehicles of 247k units still remained about 25% below the average fleet for the first half of 2019, as adjusted to reflect the acquisition of Fox.

Fleet Operating, Rental and Revenue-related Costs

In the first half of 2022, these costs totaled €452.3 million as compared to €309.5 million in the first half of 2021, as a result of several factors: a higher proportion of agency and airport fees linked to revenue, higher fuel costs in connection of the activity, and finally the effects of inflation on costs of services from external providers.

Personnel costs

In the first half of 2022, personnel costs totaled €235.4 million compared to €184.3 million in the first half of 2021. This increase is linked to the activity increase in the first half of 2022 vs. 2021, still under confinement in most of the geographies the Group is operating. This increase of activity has led to recruitments in 2022 mostly in the Network to serve the demand. In addition, in the first half of 2022, the Group benefited from limited furlough measures compared to the first half of 2021.

Network and head offices overheads costs

In the first half of 2022, network and headquarters overhead costs totaled €112.0 million compared to €90.0 million in the first half of 2021, mostly due to Network Overhead costs increasing with the reopening of stations and to increased IT costs reflecting the Group strategy.

5.2.3 Adjusted Corporate EBITDA

In the first half of 2022, Adjusted Corporate EBITDA totaled 232.9 million, compared to €(24.8) million in the first half of 2021 mainly thanks to strong prices, sustained second hand vehicle market and fixed cost control. The corporate EBITDA margin in percentage of revenue reached 16.6%, compared to -2.9% in the first half of 2021.

5.2.4 Other non-recurring income and expenses

Non-recurring expenses represent an expense of €40.7 million for the first half of 2022. They primarily reflected €16.6 million in rationalization measures in the Headquarters and the Network, notably in France. In addition, it also included €20.4 million fees that were incurred as part of the public tender offer.

5.2.5 Net financing costs

Net fleet and non-fleet financing costs amounted to a net expense of €78.1 million in the first half of 2022 compared to an expense of €77.4 million in the first half of 2021 (excluding the restructuring impact in 2021) mainly due to the positive impact of the conversion of the 2024 Notes and 2026 Notes into equity, offset by new interest on the state guaranteed loans and by the increased costs of the term-loan facility under the SFA put in place post financial restructuring.

5.2.6 Income tax

On June 30th, 2022, Income tax expense amounted to €7.3 million corresponding to an effective tax rate of 8.3%.

5.2.7 Net profit/(loss)

Net profit/(loss) in the first half of 2022 amounted to a profit of €80.6 million, compared to a loss of €122.8 million for the first half of 2021.

4. LIQUIDITY AND FINANCIAL POSITION

4.1. Total net debt

As of June 30, 2022, Group corporate net debt excluding IFRS 16 amounted to €137 million, compared with €266 million as of June 30, 2021 and €240 million as of December 31, 2021. The Group recorded corporate cash (excluding undrawn corporate facilities) of €363 million as of June 30, 2022 versus €302 million as of December 31, 2021.

As of the same date, total net fleet debt, excluding fleet-related lease payments, totaled €2,720 million as of June 30, 2022, compared with €2,772 million as of December 31, 2021.

IFRS 16 lease liabilities totaled €440 million (of which €176 million is fleet related) as of June 30, 2022, compared to €430 million (of which €155 million is fleet related) as of December 31, 2021.

The table below presents net corporate debt and total net debt (excluding IFRS 16 lease liabilities)

	As of June 30, (unaudited)
(in millions of €)	**2022**
State guaranteed loans(A)	251
Senior RCF and term loan	580
FCT Junior Notes(B), accrued interest, capitalized costs of financing agreements and other costs(C)(D)	(331)
Corporate Gross Debt recognized on balance sheet	**500**
Cash held by operating and holding entities and short-term investments(E)	(363)
Corporate Net Debt recognized on balance-sheet	**137**
EC Finance Notes(F)	500
New credit facility dedicated to fleet financing €225 million	125
Senior Asset Revolving Facility	1,304
FCT Junior Notes accrued interest, capitalized costs of financing agreements and other	337
Fleet financing in the UK, Australia and other fleet financing facilities	584
Gross Fleet Financial Debt recognized on the balance sheet	**2,849**
Cash held by fleet-owning entities and short-term fleet investments	(129)
Fleet Net Debt recognized on the balance sheet	**2,720**
Total Group Net debt recognized on the balance sheet (G)	**2,857**

(A) For the purpose of consolidating the Group's liquidity to allow it to address its vehicle financing needs and its corporate needs related to the impacts of the Covid-19 pandemic, on May 2, 2020, the Group negotiated a €220 million loan, 90% guaranteed by the French government. This loan had an initial maturity of one year, renewable for up to five years, and will be used to meet the Group's general requirements. On April 23, 2021, the maturity of the SGL was extended by an additional five years. During the second quarter of 2020, the Group also negotiated state-guaranteed loans from the Spanish government (70% guarantee) amounting to €101 million. These loans, with a three-year maturity that was extended by three years to 2026 in March 2021, are intended to finance the working capital requirements of the borrower and/or finance the vehicle fleet in Spain.

(B) Revenue from the FCT Junior Notes subscribed by ECI provides overall credit enhancement and, as applicable, the remuneration of the FCT accounts (in the event of a negative interest rate being applicable to these accounts), as well as additional liquidity requirement. FCT Junior Notes are used only to finance the fleet debt requirement. FCT Junior Notes are subscribed by ECI using available cash or draws on the senior revolving credit facility.

(C) For countries where fleet costs are not financed through dedicated entities (e.g., the Securitifleet entities), the cash used to finance the fleet (which could have been financed by fleet debt) is restated from the net fleet debt with a derisked ratio.

(D) Including accrued interest not due for financial assets (Euroguard).

(E) Short-term investments include bond investments made by the Group's two captive insurers and considered to be liquid due to their maturities.

(F) On October 7, 2021, EC Finance issued the EC Finance Notes for a total amount of €500 million due 2026.

(G) Liabilities related to lease agreements under IFRS 16 are not included in the table above. In H1 2022, total lease liabilities recognized in the balance sheet amounted to €440 million of which €264 million linked to non-fleet lease agreements and €176 million linked to rental fleet lease agreements.

4.2. Analysis of corporate free cash flow

4.2.1. Overview

The Group uses corporate free cash flow as its liquidity indicator. The Group believes that corporate free cash flow is a useful indicator because it measures the Group's liquidity on the basis of its operating activities, including net financing costs on borrowings dedicated to fleet financing, without taking into account (i) past disbursements for debt refinancing, (ii) exceptional costs that are not representative of trends in Group operating results, and (iii) cash flows in relation to the fleet. These cash flows are analyzed separately because the Group makes vehicle acquisitions through asset-backed financing.

The table below shows the calculation of corporate free cash flows, as well as the regrouping of certain items deemed significant for the analysis of Group cash flow, including cash flow relating to changes in the rental fleet, in fleet-related trade receivables and payables, and in fleet-related financing and other working capital facilities used principally for fleet-related needs. This presentation differs from the IFRS statement of cash flows, mainly because of analytic regrouping and the inclusion of items that do not affect cash flows that vary based on the financial data used as the starting point (in this case, adjusted Corporate EBITDA, as presented below, compared with pre-tax profit in the IFRS statement of cash flows).

	For the six months ended June 30, (unaudited)	
Management Cash Flows (in millions of €)	**2022**	**2021**
Adjusted Corporate EBITDA	**233**	**(25)**
Other non-recurring income and expenses	(20)	(18)
Acquisitions of intangible assets and property, plant and equipment (net of proceeds from disposals)	(30)	(26)
Changes in working capital requirements and provisions	94	41
Income taxes received (paid)	(9)	(12)
Change in lease liabilities under IFRS 16	(54)	(43)
Corporate operating free cash flow	**213**	**(84)**
Interest paid on corporate financing	(15)	(16)
Cash flow after payment of interest on corporate financing	**197**	**(100)**
Other investments	(33)	10
Changes in rental fleet, working capital requirement, and in fleet financing and working capital facilities	(98)	(176)
Capital increase and buy back of treasury shares	-	248
Payment of transaction costs and other	(60)	(48)
Increase/(decrease) in cash and cash equivalents before effect of foreign exchange conversions	**7**	**(66)**
Cash and cash equivalents at beginning of period	426	445
Changes in scope of consolidation	-	-
Effect of foreign exchange conversions	2	(1)
Cash and cash equivalents at end of period	**434**	**379**

4.2.2. Corporate free cash flow

Free cash flow in the first half of 2022 consisted of an inflow of €213 million, compared to an outflow of €84 million in the first half of 2021, i.e., an improvement of €297 million.

• *Adjusted Corporate EBITDA.* Adjusted corporate EBITDA amounted to an income of €233 million in the first half of 2022, compared to a loss of €25 million in the first half of 2021.

• *Other non-recurring income and expenses.* Other non-recurring income and expenses corresponded to an expense of €20 million in the first half of 2022, compared to an expense of €18 million in the first half of 2021. For both 2022 and 2021, they mainly reflected the adaptation measures taken at headquarters and in the network.

• *Acquisition of intangible assets and property, plant and equipment (net of proceeds from disposals).* Acquisition of intangible assets and property, plant and equipment totaled €30 million in the first half of 2022 compared to €26 million in the first half of 2021, relating mainly to the continuing digital transformation of the Group.

• *Changes in working capital requirements and provisions.* Changes in working capital requirements excluding rental fleet and provisions amounted to €94 million in 2022, compared to €41million in the first half of 2021, reflecting mainly the good monitoring of non-fleet working capital over the period.

• *Income taxes received (paid).* Income tax outflows in the first half of 2022 amounted to €9 million, stable, compared to a €12 million outflow in the first half of 2021.

4.2.3. Other components of cash flow

• Payment of corporate interest totaled €15 million in the first half of 2022 compared with €16 million in 2021. Following the renegotiation of the debt carried out during the first half of 2021 in the context of the financial restructuring of the group, the corporate interest paid by the Group is now limited to interest on financial liabilities related to state-guaranteed loans (in France in particular), interest on the term-loan facility under the SFA and interest on the Revolving Credit Facility (RCF).

• Changes in rental fleet, working capital requirement, and in fleet financing and working capital facilities totaled €(98) million in the first half of 2022 compared to €(176) million in H1 2021. It is related primarily to the acquisition and disposal of the fleet and the draws on the Senior Credit Facilities and main local lines of credit to finance rental fleet financing needs.

• In the first half of 2021, the capital increase and treasury share buy-back for €248 million corresponded to the impact of the financial restructuring;

• In 2021 and 2022, other investments mainly related to change in the marketable securities of the insurance captives and the payment of Fox earnout.

• Payment of transaction costs & other included:

- Payment of transaction costs and caps linked to new securitization programs in the US and UK;
- Payment of fees in relation with the takeover process;
- Others include mainly non-utilization fees, bank charges and impact of foreign exchange rate.

5. LEGAL DISCLAIMER & FORWARD-LOOKING STATEMENT

This report contains statements regarding the prospects and growth strategies of the Group. These statements are sometimes identified by the use of the future or conditional tense, or by the use of forward-looking statements such as “considers,” “envisages,” “believes,” “aims,” “expects,” “intends,” “should,” “anticipates,” “estimates,” “thinks,” “wishes” and “might,” or, if applicable, the negative form of such terms and similar expressions or similar terminology. Such information is not historical in nature and should not be interpreted as a guarantee of future performance. Such information is based on data, assumptions, and estimates that the Group considers reasonable. Such information is subject to change or modification based on uncertainties in the economic, financial, competitive or regulatory environments. This information is contained in several sections of this Document and includes statements relating to the Group’s intentions, estimates and targets with respect to its markets, strategies, growth, and results of operations, financial position and liquidity. The Group’s forward-looking statements speak only as of the date of this Document. Absent any applicable legal or regulatory requirements, the Group expressly disclaims any obligation to release any updates to any forward-looking statements contained in this Document to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward looking statement contained in this Document is based. The Group operates in a competitive and rapidly evolving environment; it may therefore be unable to anticipate all risks, uncertainties or other factors that may affect its business, their potential impact on its business or the extent to which the occurrence of a risk or combination of risks could have significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a guarantee of actual results.