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CORPORATE PARTICIPANTS

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

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

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

CONFERENCE CALL PARTICIPANTS

Christophe Chaput *ODDO BHF Corporate & Markets, Research Division - Analyst*

David Cerdan *Kepler Cheuvreux, Research Division - Equity Research Analyst*

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

PRESENTATION

Operator

Good day, and welcome to the Europcar Mobility Group Q1 Results Conference Call, hosted by Caroline Parot, Chief Executive Officer; and Luc Péligry, 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, ma'am.

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

Dear everyone, and welcome to Europcar Mobility Group Q1 2021 Results Conference Call. In a moment, I will give the floor to Caroline Parot, CEO of the group; and Luc Péligry, CFO. They 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. The presentation is available on the company's website and a replay of this call will be available on our website shortly.

And with that, it's my pleasure to pass the floor to Caroline Parot.

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

Thank you. Good evening, everyone, and thank you for joining us at the occasion of our 2021 first quarter publication.

The agenda today will consist in, of course, Q1 highlights, updates on the context and certainly still under the COVID-19 and on the rollout of our Connect strategic road map. We will have then a review of our quarterly results driven by Luc Péligry. And finally, an outlook for the rest of the year.

So please turn to page -- Slide 5. Our Q1 activity was still impacted by the COVID-19 outbreak, which started for our group late February last year. However, this quarter, the situation was contrasted, and I would say, give us reasons to be reasonably optimistic for the coming months. First, because despite lockdowns and travel restrictions, we registered a strong rebound in our U.S., Australian and New Zealand perimeters in line with the first positive effects at scale of the sanitary measure these states took and of the vaccination campaigns.

At the end of March, our U.S. perimeter is back to its pre-COVID level. And then as you will see later in this presentation, because of Vans & Trucks, activities performed very well over the quarter, while we continue to enjoy good resilience of our domestic markets, notably SME segments.

Q1 was also characterized by the pursuit of our efforts in terms of cost adaptation. The discipline we took during 2020 regarding our fixed cost base are paying off with permanently reduced cost base. Besides with greatly increased agility, we are confident in our capacity to further adapt our variable and network cost base to business level over the course of 2021.

Regarding the roll out of Connect, our strategic road map, we are well on track with new go-to-market approaches implemented and the successful launch of new services and solutions. And in terms of cash management, we are still improving compared with initial planning, becoming better and more efficient quarter after quarter.

So please go to Slide 6. So now to comment our performance during Q1. Despite revenue still being heavily impacted by the COVID with a full effect this quarter compared to 5 weeks only last year, we have been able to adapt our business everywhere in the organization. As a result, corporate EBITDA came at minus EUR 44 million compared to minus EUR 64 million last year and minus EUR 14 million in 2019. All the measures we took allowed to a limited fall-through in EBITDA to 11% only versus 2019, i.e. EUR 30 million EBITDA less compared to a drop of EUR 260 million in revenue. More important, as you will see later on, those measures are not tactical, but embedded in our group operating model, and are resulting in a lower breakeven point.

On the cash generation performance, as said, we are also improving quarter-over-quarter. Our performance was excellent in Q1 this year with EUR 100 million cash out, better than Q1 2019 as a pre-COVID reference.

Please go to Slide 8. So the business environment around us. With still no longer traffic restarts yet and limited traditional leisure and B2B travelers, as I just told you, the picture was contracted for Q1. We have Europe in 1 hand, where the global sanitary situation is progressively improving, but with vaccination campaigns being slower than planned, and sanitary constraints still in place, as I speak. Even in this month of May, should dramatically improve on that front.

As a result for Q1, revenue was driven by domestic demand and by Vans & Trucks only. On the other hand, in the U.S. and to a lesser extent, in Australia and New Zealand, we registered a strong rebound at the end of the quarter, most likely due to the positive impact of sanitary measures implemented there. Booking figures are improving daily, in line with the recovery of domestic airline traffic.

This is why, although there are still uncertainties ahead of us and particularly for Q2 with no Easter period again this year, we see reasons to be reasonably optimistic starting Q3. And for the rest of the year, with the global situation hopefully improving, in line with what we -- what is going on in the U.S. now.

This is assuming, of course, that the current vaccination campaigns are successful and that there are no strong new COVID waves. This trend, when it happens, will allow us to be fully benefited from the first positive impact of the rollout of Connect, our strategic roadmap.

Please turn to Slide 10. As I told you, early April on the global full year earning calls, with Connect we reshaped our organization by service line around use cases. And beginning with this quarter, we will base our revenue reporting on this new organizational framework.

On the leisure side, due to very limited short and middle traffic, the activity level was still low during Q1 with the low-cost segment suffering most. Nevertheless, we can read these figures as encouraging because they demonstrate how resilient our brands are based on their capacity to capture domestic demand.

Our proximity service line suffered as well as downtown rental stations and car sharing in urban area met low demand levels due to curfews, lockdowns and circulation restrictions. Also lower than last year due to business travel still out of the equation, the performance of our professional service line is encouraging, driven by SMEs and the successful launch of the new portfolio of highly flexible mid to long-term offers based on subscription in the course of March. This evolution are supporting our midterm growth with the professional segment.

Finally, and importantly, Vans & Trucks performed extremely well over the quarter with the 8% revenue increase versus last year. This performance was, of course, driven by own deliveries, but also by the capacity of our teams of experts in our super sites to design and serve LCD solutions tailored around their customer needs, whatever their size or industry.

Please turn now to Slide 11. Over the course of 2021 -- Q1 2021, the group made good progress in its Connect road map. First, to meet an increasing need for greater flexibility and in line with the implementation of our new go-to-market approaches by service lines, we launched innovative offers to facilitate the day-to-day life of professionals thanks to flexible, mid and long-term subscription solutions.

Then following the strategic partnership with Telefónica and Geotab in October 2020, our Connected Fleet program reached another key milestone recently, sealing a deal with Free2Move, the connectivity platform of Stellantis. Thanks to this international partnership, the group will enjoy a seamless access to vehicle telemetry data, such as geolocalization, fuel level, mileage and maintenance alerts. This data will be processed to help improve our customer experience and optimize business applications as well as internal processes such as fleet inventory management, vehicle delivery and collection, vehicle maintenance and so on, and we are well on track towards our objective of a full connectivity of the fleet by 2023.

Finally, the Phase I steps of the group brand-new unified and strongly integrated IT system were successfully reached allowing, as planned, a rollout over the course of Q2 onwards beginning with Portugal before a global implementation. This is a key milestone in the group journey towards at scale, fully digitized customer journey and operations.

On a longer perspective, Connect will significantly transform the model and the profile of our group, enabling a rebalancing of our revenue streams with less seasonality, a leaner organization and operations, paving the way for an enhanced cost efficiency, profitability and improved free cash flow generation. And at scale, digitization of the customer experience we deliver across brands and geographies.

Let's now focus a few minutes on Flex, Superflex, and DuoFlex as their successful launch in March is very promising for the future, especially regarding our objective to rebalance our revenue streams to become less leisure dependent.

Please turn to Slide 12. In a nutshell, these brand new solutions are modern and disruptive alternatives to fixed-term leasing and to vehicle ownership as they are based on the convenience of a monthly subscription without the need to commit on a set long duration. Full flexibility is keyword here with a double benefit for customers. Flexibility of their cost base and fleet size thanks to the capacity we give them to easily adapt to the activity level month after month. Flexibility regarding usage which, thanks to DuoFlex, the capacity to switch from LCV to a compact or familial for the weekend or from a thermal engine to an electric one and so on. The launch of these offers in March 2021 was met with great success among their target audience, translating into an increase of commercial lease of 76% compared to February. With these new high flexible solutions, combined with our expertise in fleet management at scale, we are convinced that we have developed a competitive advantage over those other rental players as well as leads, with good growth perspective ahead of us.

So I will come back on our outlook later on, but I'll give the floor now to Luc Péligry for the details of the Q1 financial results.

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

Thank you, Caroline, and good afternoon, everyone. So I will go on Slide 14. So as Caroline just told you, despite the crisis, we have been continuing to reduce drastically our cost base, both variable and fixed costs, both further lowering our breakeven point.

I want to highlight again the very limited fall through in corporate EBITDA, 11% versus the Q1 2019, and I will guide you through the main reasons why. First, on the margin after direct costs, we have improved the margin by 2% to 24% versus Q1 2020. This is thanks to strong adaptability of our business model. The fleet holding costs were down 38% versus Q1 2020, thanks to the strong utilization rate recovery. I will cover that later, which has taken up close to Q1 2019 level with a minus 3% difference only. On the variable costs, we were able to flex them further and recorded a minus 37% decrease versus both Q1 2020 and Q1 2019, reflecting the improved flexibility of our business model with numerous costs externalized and contract renegotiations.

And finally, on the fleet financing costs, the decrease at the lesser rate than revenue, notably linked to a cost per unit slightly up due to a higher proportion of Vans & Trucks in the group's fleet.

Second, after the variable costs. Second, and for me, even more importantly, on fixed and semi-fixed costs, we are particularly proud of the strong reduction, minus 30% versus Q1 2020 and Q1 2019 on pro forma, we achieved regarding adapting our HQ and network costs to a lower level of activity. This is the payoff of the implementation of our adaptation plan that we run in H2 2020. We took, of course, advantage of all, I would say, state advantaged driven measures but also cut costs on a permanent basis, closing some stations, transferring (inaudible) as well as implementing restructuring plans on top of furlough measures in some cases.

And this cost control -- all this cost control allowed us to reduce corporate EBITDA losses by EUR 20 million versus last year at minus EUR 44 million.

So for Slide 15. On the full cost side, given the uncertainty on the demand and in the wake of H2 2020, we maintained strong discipline with another push on our cost mitigation actions, resulting in a quarterly cost base of EUR 400 million versus EUR 621 million in Q1 2020 and even versus EUR 426 million in Q4 2020.

On the variable part, we decreased the fleet cost by 36%. I will come back on the next slide. The overall variable costs also decreased by 40% from EUR 208 million to EUR 125 million, more than aligned with the revenue drop.

Overall, this good performance regarding the adaptation of variable costs demonstrate how agile we have become in adapting to demand levels and this with a strong asset when business will fully restart.

Again, I would like to insist on the fixed and semi-fixed cost base, which represents network and HQ cost. We went from on EUR 187 million to EUR 130 million, a 30% reduction. This is a great achievement. And the result, our successful anticipation of a reduced level of activity for '21 as part of our recovery journey to 2019 levels.

This is a strong importance for the next 2021 quarters, but even more for the coming years, since this lower cost base will de facto increase our profitability as top line will recover -- recovery occur. This is how we achieved a lower corporate EBITDA losses in Q1 2021 with a minus EUR 44 million compared to -- with -- it's an improvement of EUR 20 million compared to Q1 2020 despite the sharp revenue decline, minus EUR 200 million versus Q1 2020.

Please turn to Slide 16. Coming back to cost adaptation, focus on fleet, which is the largest part of our overall cost base, which representing more than 30% of our cost base. Faced with -- faced with COVID 2019, our core was to adapt permanently on a weekly basis. And it's still delivered to the demand with the objective to continuously optimize the utilization rate, which is 1 of the main profitability driver of the activity. As a result, recovery of utilization rates went from 41% in Q2 2020 to a 70% average in Q1 2021, which is a 3.5 improvement compared to Q1 2020. Utilization rate has been very stable, and it is now very close to pre pandemic levels, which is an outstanding performance, especially compared with Q1 2019 in the context of higher volatility in volumes due to COVID.

On top, we are of course, closely monitoring the semiconductor shortage and the impact on OEMs, adapting our fleet plan accordingly.

Go to Page 17 -- Slide 17, sorry. Profit before tax has strongly recovered from last year with a EUR 53 million improvement from EUR 135 million loss in 2020 to minus EUR 82 million in '21. What are the main items between -- below EBITDA? Depreciation outside of the fleet. As a reminder, these figures include the IFRS 16 impact on the rent of HQ and network and remained flat versus last year at EUR 35 million.

The nonrecurring charges are lower than in Q1 2019 at EUR 9 million and were mainly linked to the finalization of restructuring in network and HQ that we started in Q4. Cost of the non fleet financing, they are down EUR 37 million versus the Q1 -- versus Q1 2020. And this is mainly linked to the restructuring. As a reminder, interest on the corporate bonds for EUR 7 million were part of the P&L up until the closing of the restructuring at the end of February. They have now disappeared in March, and we'll see the full effect in Q3. They have no cash effect in Q1 since they have been capitalized.

On top, we have isolated the impact of the restructuring cost on a specific line, you see net restructuring results, which is positive for EUR 25 million, most of it being non cash. On the tax side, we took a cautious view on tax losses carryforward, and we activated only tax losses with 4 -- EUR 5 million compared to EUR 30 million in Q1 2020.

This view will be adjusted quarter-by-quarter with a better vision of the recovery. As a result, the net loss is minus EUR 77 million, improving by EUR 28 million versus last year.

Slide 18. Cash and liquidity are, of course, at the heart of the way we manage the group and take our business decisions. Usually, as a reminder, our business profile shows the highest cash burn of the year during Q1. This quarter, we managed to reach minus EUR 100 million of operating free cash flow, which is a very good performance compared to 2019, where we reached minus EUR 79 million. But with more than EUR 30 million corporate EBITDA and EUR 260 million revenue more or it's even more a better performance than 2020, where we reached minus EUR 136 million. What are the main ingredients of this performance?

Non recurring items were aligned with the finalization of the restructuring plan of H2 2020 for EUR 9 million, as I mentioned on the P&L review. Limited CapEx of EUR 12 million focused on prioritized products and tech projects linked to our strategic roadmap. As mentioned by Caroline, our focus is mainly put on connected cars, digital customer journey and on unifying our IT backbone across the group with the Purple project.

We also see a slight improvement versus Q1 2020 on the non fleet working capital and provisions as a result of a strong focus on collections. As a result, our stance is that Q1 2021 will be the peak in terms of cash burn in 2021.

Move to Slide 19. We have now a robust financial position post restructuring, as discussed during our last call, leading to a EUR 93 million of corporate net debt pro forma at the end of last year, effectively settled on the 26th of February this year. Following the restructuring, as a result, as at the end of Q1 '21, the net corporate debt remained at a low point of EUR 199 million.

The main changes versus the end of December position come from the operating free cash flow of minus EUR 100 million. So the cash burn for the period is EUR 106 million, much lower versus the Q1 2020, which was standing at minus EUR 188 million and even 2019, with a cash burn of EUR 140 million.

As far as liquidity is concerned, the corporate group position is now at EUR 515 million. I remind you that in addition, we have a EUR 225 million fleet financing line that has been granted at the time of the restructuring that could be used to refinance the cash in fleet and improve this liquidity position.

As a consequence, between the low level of the net corporate debt, the strong existing liquidity, the low level of cash burn in Q1, Europcar Mobility Group has now all financial means to sustain the recovery of the business.

And with that, I hand over to Caroline for the outlook.

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

Thank you, Luc. So what is the outlook for the rest of the year? As you all know, although vaccination campaigns are now taking place at scale in most of the countries, the COVID-19 pandemic is unfortunately still here and will still impact Q2.

In this context, also, what we can observe right now in the U.S. is promising. We consider that the timing and the magnitude of the global recovery remain uncertain. This is why we are not into a position to provide any guidance for 2021 yet.

Nevertheless, we are very confident that our 2021 revenue will increase versus 2020 based on the reviewed stats of our domestic revenue generation capacities as well on the renewed go-to-market strategies with the launch of other initiative services and solutions scheduled this year.

In the meantime, we are also closely monitoring the situation of the semiconductor shortage at OEM level so as to be able to adapt our fleet plan short and midterm accordingly. Of course, as we did in 2020 and until the sanitary situation significantly improves, we will strongly focus on pursuing the adaptation of our cost structure and expect our cash consumption will be lower this year.

Please turn to Slide 22. As a conclusion, please let me reemphasize the outstanding job our teams did in steerings and lowering our fixed cost and variable cost, enabling limited and very controlled cash consumptions. We are now way more agile than we were before the crisis and ready to capture the recovery to come in Europe as it has already happened in the U.S.

So thank you very much for your attention. And Luc and myself are now available to answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) So we'll take our first question from David at Kepler Cheuvreux.

David Cerdan - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

I have a couple of questions. The first 1 is related to the summer season. So at the end of March, your fleet is slightly below 200,000 vehicles. So what is your anticipation for the summer? Do you expect to expand this fleet? If so, at which extent? And do you have a view on the competitions?

So my question is related to the risk of missing some opportunities of business or the risk of oversupply? So this is my first general question.

My second question is related to your tax savings. What is the total amount of tax savings in your account?

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

David, so this is Caroline. Thank you for your question. I will take the first 1 and I'm not sure I get the second one, but Luc on the tax saving thing. For the summer, we have consciously decided not to guide this year for the full year on the including the summer period because we think it is premature to go to that direction.

What I can tell you is that regarding the level of the fleet, we are cautiously adapting, fitting and defitting the fleet to the level of activity, and we are very cautious in that ramp up, considering that there will be a growth in the revenue compared to last year. But as you mentioned, there could be some risks depending on the evaluation of this magnitude of rebound. So we want to take a cautious view. So the fleet will grow but in a very controlled manner. And because we are working very closely with the OEMs, which are partners since long date, we are able to manage the fleet rotation plan in a different manner than before.

Bear in mind -- have in mind that we mentioned it very shortly, that the OEM semiconductor shortage could also manage differently the deliveries of the fleet going forward. So we are really changing our fleet plan to be sure that we are able to size the growth opportunity while taking no risk due to the high volatility we are still considering for Europe.

On the competitive landscape, it's quite difficult to see for fleet for now on. We do play in a very domestic market during this one also. So we have been successful in our SME business. So what is missing for every competitor is the long-haul and midhaul traffic, airline traffic, and we are going to discover in the next weeks what is the magnitude of the rebound and the market position that people are taking.

It may means that globally, we will see anyway some positive pricing impact on the summer, as we have seen in the U.S. because we do believe everybody is very cautious on the fleet side.

David Cerdan - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

Just maybe if I can rebound on your answer. So we know your fleet at the end of March. Do you think first that your fleet for the summer will be bigger? First question. And secondly, if you anticipate some good news or some bad news, at which extent can you adjust your fleet?

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

Yes, a view from today, we do consider that our fleet will progressively increase to reach a higher level during the summer than the one which is today. But as I said, we are monitoring a strong fleet rotation plan to be able to deal with bad surprises that could still occur, a view from today, due to the volatility of the COVID impact on the behavior of customers. What is much more important for us is in addition to the vaccine campaign, what will be the real behavior of our customers, which are much more last minute than ever. You know that in the prior years, we are having probably 1 week or 10 days max of a lead time of reservations for the bookings in our businesses. This year, what we are facing is 3 days of reservation.

So to make anticipation at large-scale is difficult. That's why we are taking a cautious view on the fleet. And we will have the flexibility embedded in the way we are structuring the fleet sourcing and the feet selling during the next quarter. We have the capability to adapt. We are very progressive. That's why the low point we are seeing now is really good, and we are going to build on it.

David Cerdan - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

Yes. But on the other way, is there a risk of shortage of cars? So when you deal with Peugeot and those other carmakers, are you sure to be delivered or the priority of carmakers is to address consumers?

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

We are -- at the end of the day, if they have a bigger issue than the 1 we are considering with them, I cannot tell you that I'm sure because it is not my full decision at the end. That's why we have totally rebuilt our fleet planning to -- and we have flexibility in our fleet to cancel some selling of the buyback, for example.

So we are able to extend our buyback according to that, able to extend some duration on our at-risk because the fleet, we are able to have a longer duration due to the age of the fleet as of today.

So we are able to manage that. So to extend the existing fleet. So it is a great for us assets to be -- to do that. We have several -- and as you know, we are working with all OEMs, all of them. So the issue that some of them are having can be mitigated by other OEMs. So we are -- for the time being, we are controlling the situation. If they announce something new, obviously, it will be new. But so far, we are controlling with limited risks, even though we cannot have the full view of this situation.

But we do believe it is a situation where it will help also to improve the pricing in the market over this summer.

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

Regarding the question, did I understand what it was about -- tax -- your questions?

David Cerdan - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

Yes, the volume of tax savings.

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

We do not have any tax savings. It's just we have been cautious on the activation of the tax losses. That's why we have a low level of tax on the P&L, positive tax. But there's no savings on tax.

David Cerdan - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

No, no, no. Sorry, my question was not very clear, but what I mean is, what is your tax loss carry forward?

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

Yes, I understand -- that we have some tax losses, but we took a cautious view not to activate all of them, that what we mentioned. Last year we were...

David Cerdan - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

I guess, I'm sorry, what is the total volume? Sorry.

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

You want the volume of NOLs? That's correct?

David Cerdan - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

Yes, yes.

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

It varies country-by-country, and it's something that it's -- you have the -- on the annual report, you got the full figure for the year 2019 -- 2020. And it varies country-by-country because the way we consume, we can consume this cash is different from country-to-country.

Operator

(Operator Instructions) We will now take our next question from Christophe at ODDO.

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

I've got 4 questions, if you don't mind. The first 1 is related to the network and the HQ cost. How much do you think you are able to save for 2021 versus 2020 or 2019? So basically, the savings on the full year basis.

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

You want to answer them all or are you...

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

The second one. The second one is, if there is a pickup in activity, I mean related to your -- versus your business plan, I would say -- how much of the network cost should increase? Because I assume that the HQ is more or less stable or fixed, and the network is (inaudible). So is it linked with revenue or fully with revenue? Or is there a kind of a fixed as well part on that?

The third 1 is, if I remember well, in your previous business plan, September to November 2020, you say that the cash burn in 2021 could be impacted by nonrecurring item for EUR 245 million, and most of that was related to working capital -- non fleet working capital plus the fact that there is a financial restructuration. Is it still valid, this figure of minus EUR 245 million?

And the last 1 is what the month of April look like just to give figure related to the Q2.

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

Okay. So we will share that with Luc. So you're right to say that the network, the HQ is a fixed cost. So we have been able to lower our HQ cost at the level we are reporting during this quarter, which is EUR 70 million -- so EUR 72 million. So I think that if you do multiply that by 4...

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

By 4.

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

You have more or less what will be the cost for this year. So it is a decrease versus last year of about 30%. So we have 30% decrease versus last year.

And this is done. And that's why the first quarter is showing that.

Your question on the network is interesting because, yes, a portion of the network is fixed cost, which is premises. We have been able to variabilize a portion of those premises so it means that we are at a low level in Q1, reflected by the low level of activity. And if and when, and it will go up during Q3, we will have more activity loading in the business. So we will have more cost being loaded in the network. In a nutshell, the low level to the highest level of network cost when we are pre-COVID was per quarter, approximately EUR 20 million. So when we were having the low Q1 '19 versus the high Q3 '19, we were having in cost for the network EUR 20 million of gap between those 2 quarters.

So this year, the level of cost increase between the lowest quarter and the highest quarter will be obviously less because we have not at all the same pattern of seasonality but it is to give you the max magnitude that is existing, and we can consider that the increase during Q3 will be -- will exist in line with the revenue because we need more people in the operation, that will be limited compared to the prior year. And will be reflected in Q3 for sure and partially in Q4. .

And I think it is linked with your second question with the pickup in activity. Network is both fixed and variable and the variable costs are increasing according to the revenue. If we look at what is happening in the U.S. today, since the rebound of the U.S. market, our U.S. operations are growing volumes month after month. And with a low level of people starting January, we have increased the ramp-up of people in the operation according to the highest level of activity. So it is totally variable, and we are able to permanently adapt, to cope with the reality of the business, which is a great asset, and we have continued to flexibilize, so we have even more flexible network than before.

On the cash -- I will take the month of April, if you may, and Luc will go for the cash balance. In the month of April -- the month of April is traditionally compared to our initial planning, a month where we see the Easter period. This year, that's why I said that Q2 will be not as good as it was in the prior year post the first Q1 because Easter has been canceled at least in Europe due to the COVID situation. So the month of April is developing as per our expectation of the last forecast. But below what we were thinking at the beginning of the year due to the COVID campaigns, but this is Europe.

We see in some markets at the end of April, start of the recovery and the start of the regained momentum in some leisure activity. What is important is that we were [using] a very strong resilience in the B2B SME segment, which is strong. And more important, we see that the U.S. and Australian perimeter are really increasing at a fast pace, thanks to the decrease of the sanitary measures. So we see good level in volumes or high level of volumes, coupled with high level in price. So this is -- when we see the rebound, it could come very fast, and we see the volumes, which is coming quite quickly. So Q2 in Europe will be slightly below initial expectation but the ramp-up is coming.

And if no new wave, we are -- that's why I say we are reasonably optimistic for the Q3 because we see that people want to travel as soon as the sanitary measures and restrictions are pushed away by the different -- various governments. And Luc, on the cash burn?

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

Yes. What I can say on the cash burn, you mentioned that there were some EUR 245 million amount of working capital from, I would say, communication we made before. From what you see and what we see after the Q1 results that the cash burn, which is the highest point of cash burn during the year in Q1 is EUR 100 million. So now that our forecast instead of burning EUR 450 million, as we were saying in this documentary -- on this forecast that we did in 26th of November, we believe that it will be more in the region of EUR 350 million to EUR 400 million of cash burn. So it will be limited. It would be, I would say, decrease by between EUR 50 million and EUR 100 million. So it's an improvement, a big improvement in terms of cash burn for the full year '21.

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

Okay. Understood. So at the end of the day, regarding, if you compare your unofficial expectation for 2021, if I may say, it seems to be more or less the difference between the initial guidance that you gave in September to November, were not that big I'd say.

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

Well, we said that we will -- at the time, we said that we would burn EUR 450 million in 2021. And I think we can decrease this figure between EUR 50 million and EUR 100 million, which is not -- which is not negligible, I would say.

I think that with the cost reduction we managed, and I think the right prioritization on the operating free cash flow, limiting the CapEx and limiting the nonrec, we will be able to burn only between EUR 350 million to EUR 400 million, where we were saying that we would burn EUR 450 million.

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

Yes. But if you consider the EUR 450 million, EUR 100 million of that is related to other eventualities. So which mean that if you consider the EBITDA -- tell me if I'm wrong, for 2021, previously, before IFRS 16, you were at EUR 150 million.

So basically, my question is that you are not going to lift up from that, let's say. You're...

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

No, we'll do much better.

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

So I will take it. We first, we are not going to reguide on December because consciously, we -- the volatility is such that we don't want to say what will be the level of EBITDA today because we are still in the way of ramping up the story.

So if there's a fast rebound, we will see. But for the time being, what we can say is that the progress of the recovery is slower than the one we anticipated when we put the first vision of what will be 2021 in the month of October last year.

So yes, we are slower than that level. It doesn't mean that the midterm prospects is going to be changed, but the curve is relatively different.

Second, on the cash burn, which was a real -- which is the real focus on our side. As mentioned by Luc, we will reduce significantly this level. Fundamentally, the level of free cash flow that we do have during this quarter is even a better sign that we will go significantly lower than that progressively, should the full recovery of the business come in as we do expect now over the next quarters.

So why we are taking a cautious view now is that we don't want to give any numbers before we see the final curve. But you're right in your comments. If the situation is improving now quarter after quarter and being closer to what we are expecting at the beginning, yes, the level of cash burn will be significantly lower.

Now let's wait for the Q2 periods to see how the business is developing. We have good optimism for Q3, Q4, but let it come to evaluate the magnitude of it to be sure that we are able to build and position. But you're right, if it comes -- the cash level will be much lower than it was -- what it was expected at that time.

Operator

(Operator Instructions) We'll now take our next question from Patrick at Societe Generale.

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

So on my side, yes, 2 questions, in fact. You mentioned a rebound in the U.S., in Australia and New Zealand. Could you remind us what U.S. Australia and New Zealand represent together in the point in the Q1 revenue? And I have seen 1 figure, which is plus 17% in U.S. Could you be more precise on what is the situation in Australia and New Zealand?

And my second question is about some very short-term projection. In 1 week, there is a weekend of Ascension. I don't know if there is another word in English, but in French, Ascension. So it's in 1 week. So I guess that you have a perfect view, or at least a good view on how things are regarding this weekend, at least in terms of reservations.

So can you compare the level of reservation that you have, say, in France for this weekend to the one you had -- well, last year, I suppose it was almost 0. But in 2019.

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

Okay. Thank you, Patrick. This is Caroline. So your second question, and I will go first. I will go with the next one with Luc right after. What I said, I don't know if it was in the previous question, and definitely, the level of reservation that we are able to monitor is counting in numbers of days. So even though -- and your question on the famous weekend of May are more related to the French perimeter only than the rest of Europe.

So we see since the announcement that there will be some improved sanitary measure starting the 19th of May after the weekend, we have seen, obviously, an increase in the website search. And we have seen some increased reservation. We cannot compare to 2019 at all because the lead time of reservation is less than 3 days.

So we do believe we will see what is the real appetite of the customers to move before the official deadline this weekend only.

So for me, I cannot answer to you because due to the 3 days, I think this weekend we will have the story. On your first question regarding the U.S. before I leave the floor off -- I don't know what was your 17%? I'm sorry.

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

In the press release or somewhere, 17% growth in -- I think in Q1 for US. Growth in the US.

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

Growth. Okay. So we have, on the month of March, I think, it's the month of March itself, not full quarter. So what is good -- why is the month of March? Because we see the level of -- we see the level of reservation in the U.S. increasing month-after-month since the beginning of this year, and the breakdown of when they stop the sanitary measures, we see the business flying like [hell.] So we -- month after months, we see good volume improvement. And at the end of March, the U.S. -- the OUS perimeter came back to the pre-COVID level with a better level of pricing. So we see that when the recovery is coming, the recovery is coming quite fastly with a good signal.

It doesn't mean that the full year will be the same because we need to measure everything, but it's a good signal that the strong appetite of customers to travel. The same is true for Australia and New Zealand where we are in a counter cycle. Australia and Zealand today are entering in their winter periods. So here, we see that there is a domestic market, which is working well. And -- but what is important is the B2B market which is working well.

Historically, U.S. is a very specific case for us because we purchased them at the end 2019. So it means that we have only enjoyed managing them and integrating into the perimeter during COVID crisis. So the relative weight of the U.S. in the group as a whole is approximately a little bit less than 10% globally.

But they are a little bit higher than that in this quarter, specifically because their rebound starting earlier than the other countries. And the Australian perimeter, Australia and New Zealand that we group together is much smaller and is representing probably -- 6% to 7% of our business. It is on a pre-COVID basis, and it is not changing nowadays.

Operator

So we will now take our next question from (inaudible) from [Saria.]

Unidentified Analyst

And first of all, congratulations on the restructuring -- very well done. I wanted to go back to asking some more questions about your fleet management going forward. How should we think about -- first of all, at the end of March and perhaps going forward, what were effectively the percentages within your fleet of own vehicles with buybacks vehicles under operating leases and at-risk vehicles?

Can you share those figures with us? What kind of change should we be anticipating as well?

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

Okay. So we are in a very particular situation because we have been able to manage the fleet over the last quarters thanks to, first, strong de-fleet of the buyback program. So it means that the weight of the at-risk vehicles, which have approximately, in average, during the year, 10%. But at the peak of -- at the bottom of the year 20%, we are now more close to 40% to 45% of fleet at risk in our perimeter today, but which will change very quickly because most of the purchase we are doing again are buyback.

So in fact, we are in a particular balance situation compared to the past, where it is not by choice, but it is because the buyback model was the strength of the group to be able to de-fleet very fast today. It will change over the next month because the new purchases that we are doing are on the buyback model. And we will de-fleet that we can...

Unidentified Analyst

And buyback, you don't differentiate there between operating lease versus owned plus buyback? It used to make a difference on your balance sheet. Should I think of the 2 still as sort of being 50-50 split between them?

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

Yes. We don't -- yes. And with IFRS 16, which is now recomputing nearly everything in [some way] the balance sheet. We were not -- in the management account project IFRS 16, we are not managing differently because the cost of financing was the same. It is just a presentation in the balance sheet. Now already, it's nearly the same, but you're right in your average percentage.

Unidentified Analyst

Okay. And at-risk vehicles, and I suppose, therefore, the overall -- I don't know, you had about 600 -- 650 or so million I think, in at risk vehicles at the time that won't have grown. I'm guessing you're at 600 or so...

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

No, no, it's not growing. The share is even decreasing because we have the [tweak.] But...

Unidentified Analyst

Yes -- yes.

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

The weight in the total fleet.

Unidentified Analyst

Okay. Okay. And then going forward, what mix do you think you're aiming at? Do you think you'll bring the at-risk vehicles then back down to the sort of 20% level or 15% level? Or is it going to remain a higher percentage because you won't grow your fleet back all the way? How should we think about that?

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

There will be several directions. First, we are going to increase only with buyback, which will give us greater flexibility as we want to maintain it. So that's why it will reduce. And we will continue to do the normal de-fleeting of the at-risk vehicle. So this share will de-fleet as well. Before telling you if it is 15%, 20%, let us go through the year because as you have understood that we are still having some volatility. And after Q3, we will have the view. Plus, bear in mind, that compared to the prior years, except 2020, which was very special, the group was used to have a lower buyback, lower at risk positioning because we are not having the U.S. where in the U.S. the fleet is at risk.

So that's why the percentage of at-risk vehicle will increase not on a -- but not on a like-for-like basis because the U.S. itself will make the amount overweighted compared to the past.

Unidentified Analyst

I see. Yes, that makes sense. I wanted to ask a question that was asked earlier, perhaps rephrase it a little bit. If you sat together on a Monday morning and decided you needed another 20,000 vehicles, how long would you take to get those in? And I know it's different kinds of vehicles, but in general.

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

It depends on the country. Usually, we -- between the order and the delivery, it could be 2 to 4 months, depending on the OEMs. Fortunately, we are also able to purchase through the other channels, so we can reduce that. But yes, it depends totally on the OEM situation and on the country's situation. So between 2 to 4, it could be less if you have and sometimes it could be 1 month [or less]. But when the fleet are available on the PDI set.

So yes, it takes 2 to 3 months -- obviously, a view from today, but it could be shorter depending on the channel.

Unidentified Analyst

Okay. And then a final set of 2 little questions. Away from this year, perhaps next year, when maybe next year is more predictable than this year. What kind of change are you anticipating in your rental days per vehicle given the flex models, et cetera, that you're rolling out and other changes that you're making as well as perhaps price per day?

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

It's too early for me to tell you what will be the RPD next year as the predictability will have to be assessed. All in all, we are rebalancing the business towards a better resilience in Q1, Q2 and Q4 with topics which are more targeting professional and the duration is higher. So the higher duration means a factual RPD that could be lower, but it doesn't mean that the profitability is lower. So this is something that we will have to further extend to the market.

On the leisure for next year. Guys, it's already difficult to predict the leisure pricing this summer. So I'm not going to have a view on the leisure in 1 year. I think that this year will be very specific and difficult in terms of comparison, considering that there could be less fleet than demand. So it means that the price could be quite healthy. We will have to see if it is replicable the next year.

But let's go for 2021 to go for a more normalized business before totally seeing how the price levels in 2022. What I can tell you is that what we see is that everybody wants to have a healthy behavior coming from these difficult last 18 months to be sure -- that we are just going to serve with a right price for the right level of service. So the question is not to decrease price, but to have a healthy business with regular normal price for the level of the service we are managing.

Operator

(Operator Instructions) We will now take our next question from [Daniel] at BNP Paribas.

Unidentified Analyst

Just had a question. On the Q4 '20 call, you mentioned you might refinance the November '22 note in the bond market either at end of this year or the early part of first quarter next year. Do you have any update on this or on the timing of that transaction?

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

No, we have no timing from transaction. We know that the bond is maturing in November '22. It's part of the securitization, but there's no timing scheduled already.

Unidentified Analyst

And no updates when it will be at the end of this year or early part of next year, if that still holds?

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

Yes.

Operator

There are no further questions over the phone lines at this time. So I'd like to turn the call back over to the speakers for any additional remarks or questions on the web.

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

Okay. So I think that this is ending this call. Thank you for attending this and for your questions with the team, we will remain available for any further questions. And we give you around the book for the month of July when we will have the full H1 and hopefully, a really better visibility on how the sanitary measures are impacting the rebound of the business, as they have already done for the U.S. perimeter. Thank you very much.

Operator

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