

PHE Day

“Promoting affordable and sustainable mobility”

25 June 2024 – Paris

P H E
— PARTS HOLDING EUROPE —


D'IeterenGroup



Presenters / Agenda



Stéphane Antiglio
CEO



Christophe Gouthière
CFO



Jeremy de Brabant
COO (B2B)



Murielle André
CHRO

1. INTRODUCTION : PHE AT A GLANCE

2. MARKET

- PHE addressable market
- Market drivers & dynamics

3. PARTS HOLDING EUROPE (PHE)

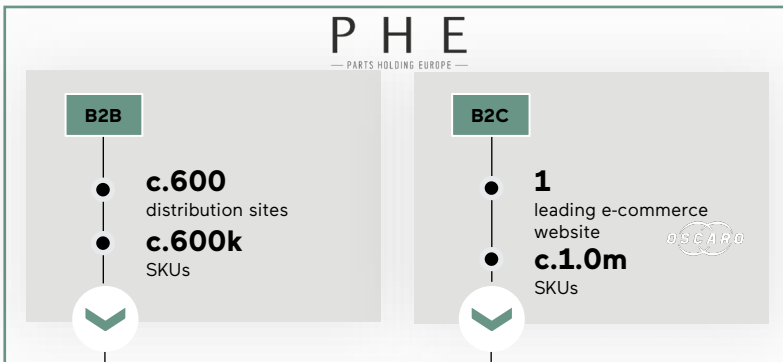
- Strategy
- Operating model excellence
- M&A
- ESG & People
- Financial performance

4. KEY TAKEAWAYS

PHE at a glance

A leading omni-channel and digitally enabled Western European auto parts distributor

Parts manufacturers **c.275** suppliers in auto spare parts



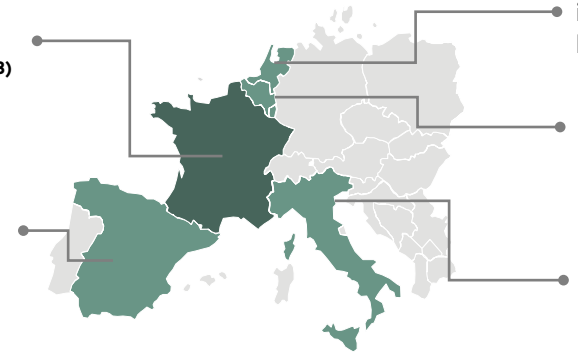
- c.70k B2B customers o/w
- c.4k branded independent garages (**#1 IAM network in France**)

- c.2m online Oscaro customers in 2023
- Offline B2C** presence (OTC)

6 countries **9,500 employees**

#1 in French LV (1) B2B(2) and B2C(3)

#1 in Spanish regions where present LV B2B(4)

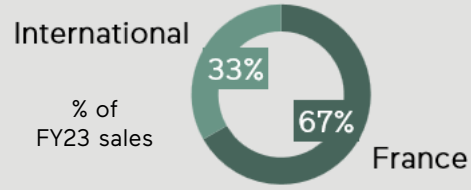


#5 in Dutch LV B2B

#2 in Belgian LV B2B

#1 in Italian LV B2B

Financial highlights 2023



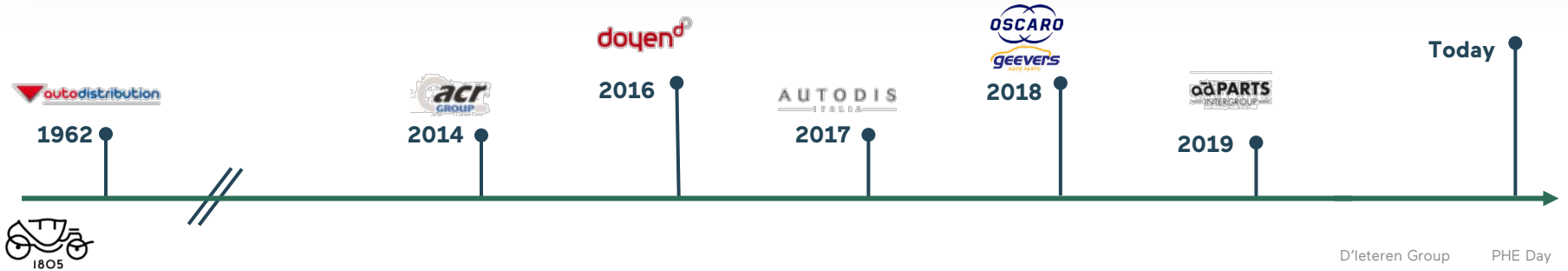
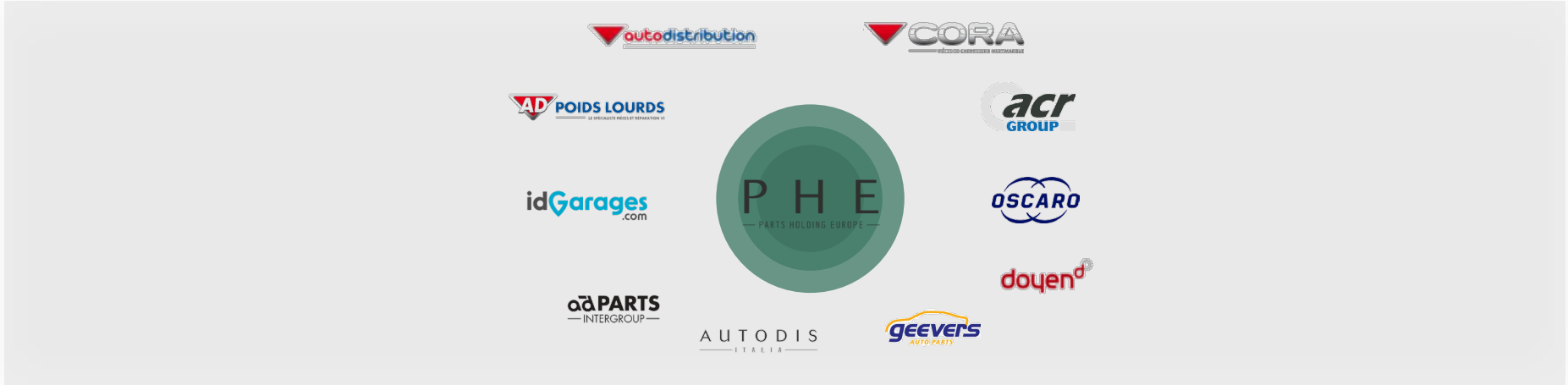
Revenues: €2.6bn
Adjusted EBIT⁽⁵⁾: €231.6m
Adjusted EBIT margin: 9.1%



Sources: Company information and estimates, Roland Berger 2023 Market Report
Notes: (1) LV = Light Vehicle ; (2) Also #1 in Independent Aftermarket (IAM) Truck parts ; (3) via Oscaro.com ; (4) Catalonia, Valencia Community, La Rioja, San Sebastian community, Lerida, Huesca and Andorra. PHE is also a leading member of AD Parts (#1 LV B2B network in Spain) ; (5) post IFRIC SaaS & MPB disposal




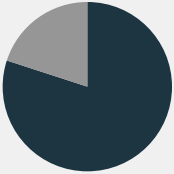
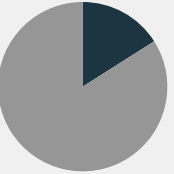
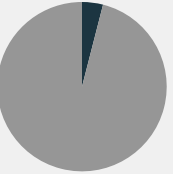
PHE at a glance

Multi-specialist vehicle spare-parts distributor covering all market segments...



PHE at a glance

... with a vast and growing product assortment

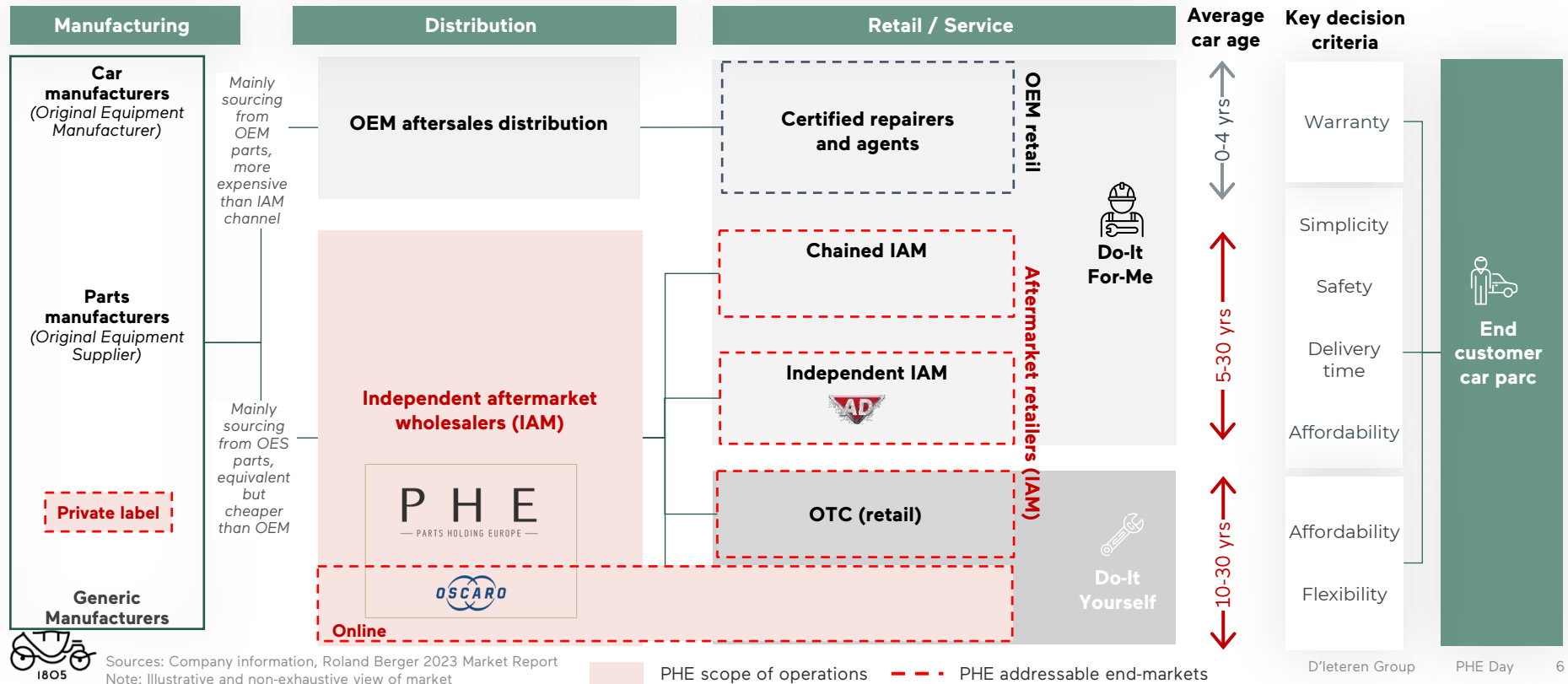
Category	Repair & Maintenance	Collision	Others
Products	<p data-bbox="343 336 703 386">Mechanical / Tires / Batteries / Lubricant</p> 	<p data-bbox="865 336 1296 386">Paint / Body panels / Doors / Glass / Light / Bumpers</p> 	<p data-bbox="1425 336 1856 386">Garage equipment / Diagnosis tools / Consumables / Accessories</p> 
Contribution to sales ⁽¹⁾	 <p data-bbox="440 964 604 986">c.80% of sales</p>	 <p data-bbox="1000 964 1164 986">c.16% of sales</p>	 <p data-bbox="1570 964 1734 986">c.4% of sales</p>



Sources: Company information and estimates
Note: (1) 2023

PHE at a glance

PHE plays a critical distribution role in the complex and large automotive aftermarket



Sources: Company information, Roland Berger 2023 Market Report
 Note: Illustrative and non-exhaustive view of market

Agenda

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- Market drivers & dynamics

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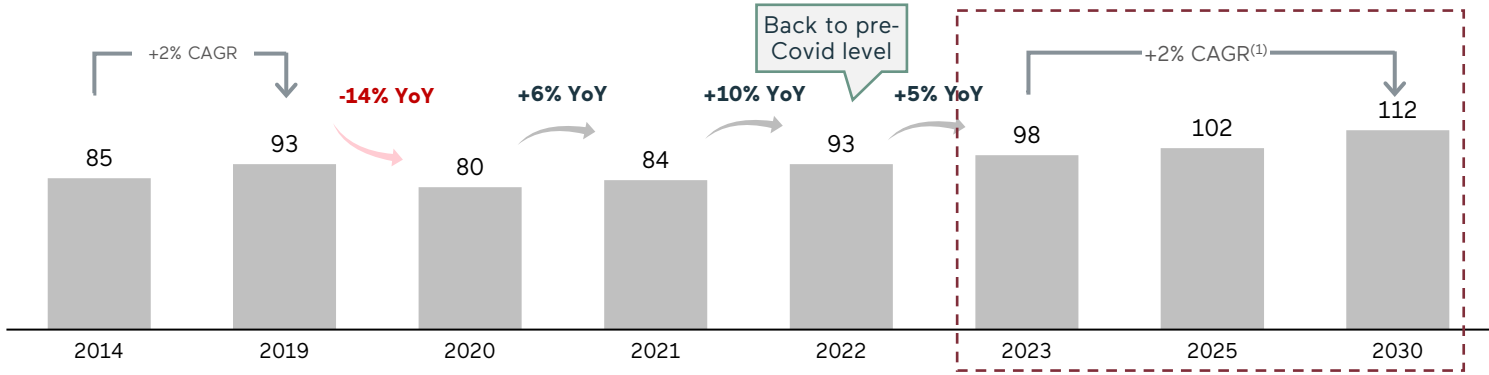
- Strategy
- Operating model excellence
- M&A
- ESG & People
- Financial performance

4. KEY TAKEAWAYS

PHE addressable market

A c.€100bn, steadily growing and resilient aftermarket...

European auto aftermarket (at distribution level, in €bn)



Car parc in Europe (Units m)



Vehicle age (# Years)



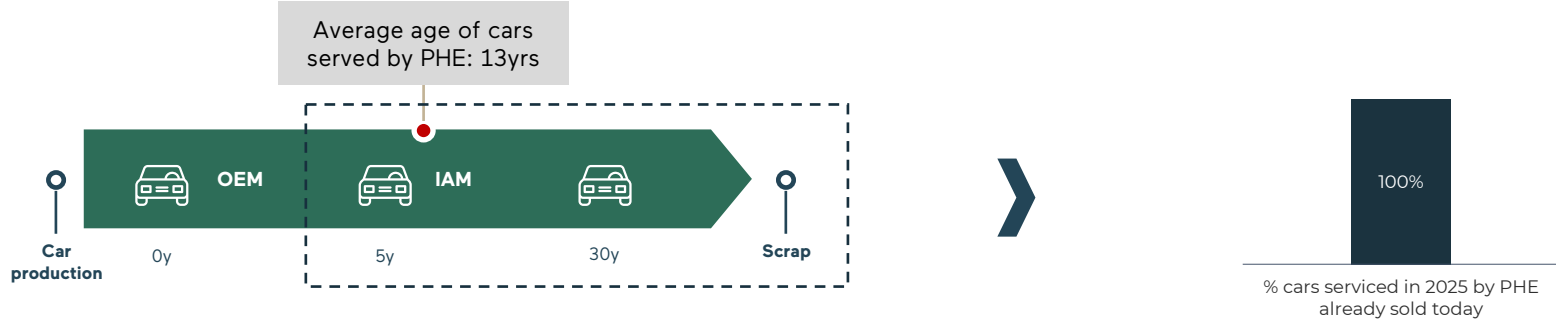
While new car sales are fluctuating with cycles, spare parts aftermarket is resilient as linked to the underlying car parc
Resilient customer demand even in economic crisis



PHE addressable market

...with a high degree of predictability...

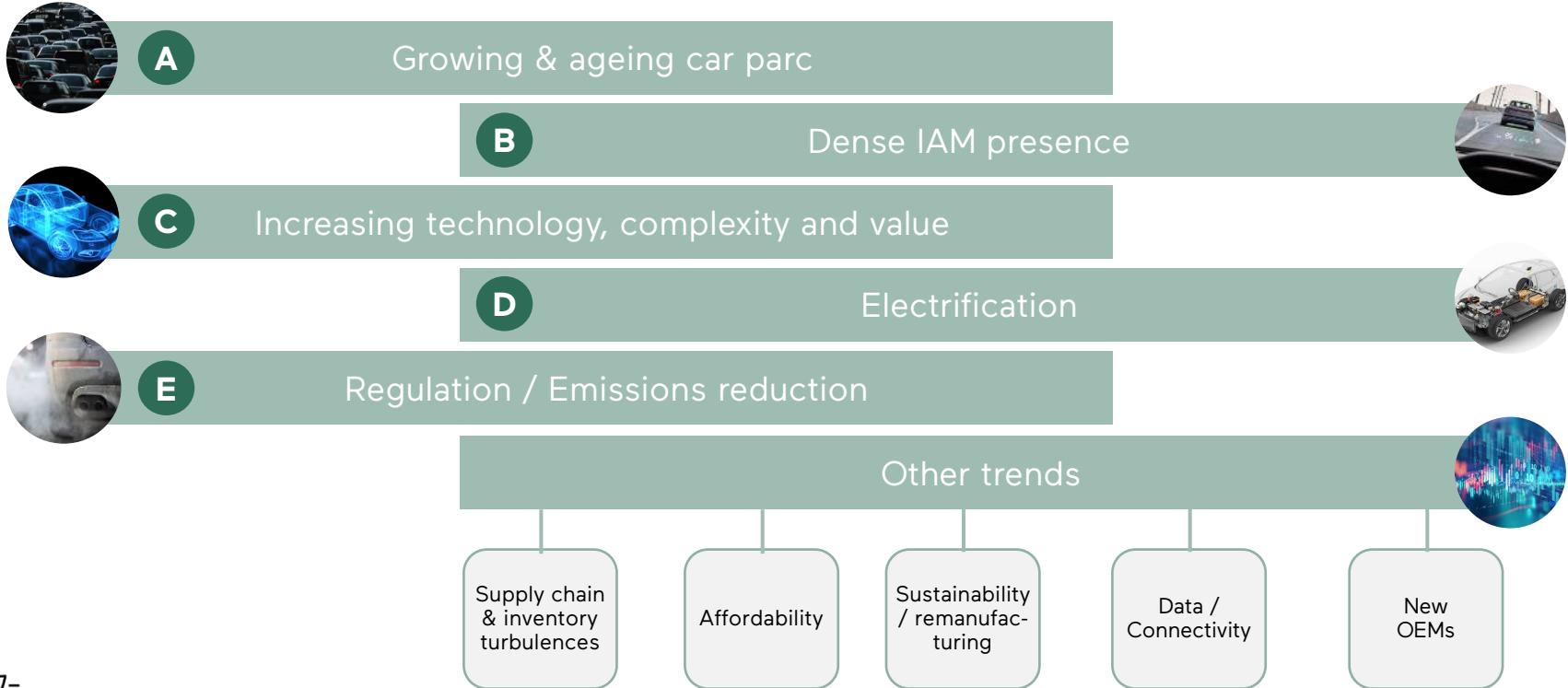
Average age of cars served by PHE is 13 years



Ensuring PHE 15+yrs visibility to anticipate & seize long-term opportunities

Market drivers

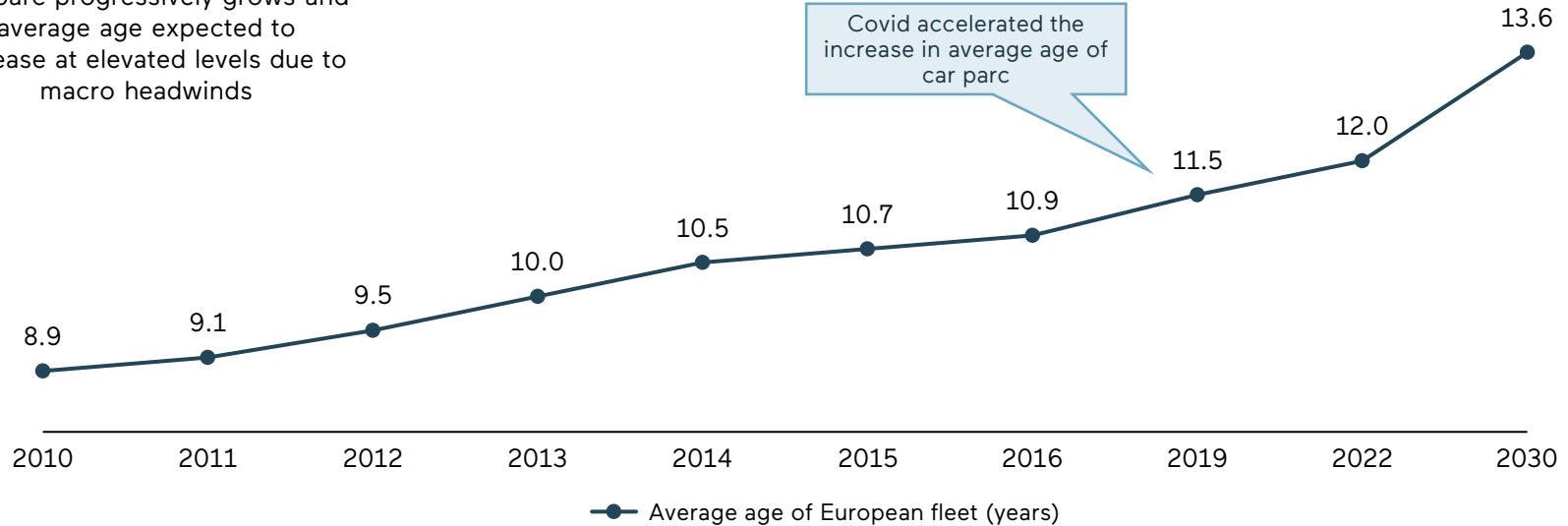
... and underpinned by structural growth drivers



Market drivers

A Consistently growing and ageing car parc...

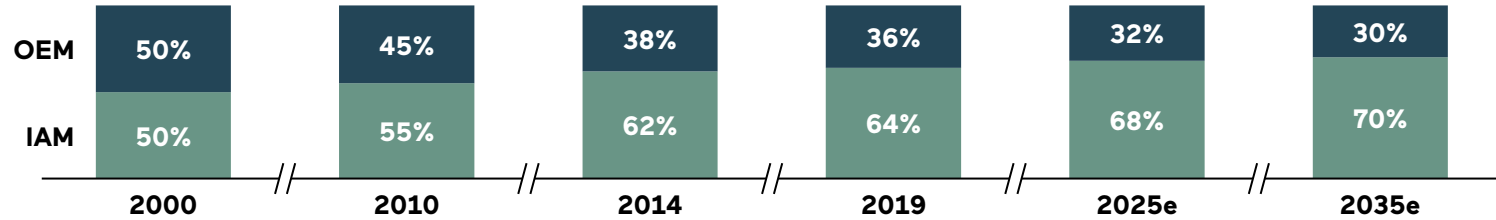
Car parc progressively grows and average age expected to increase at elevated levels due to macro headwinds



Market drivers

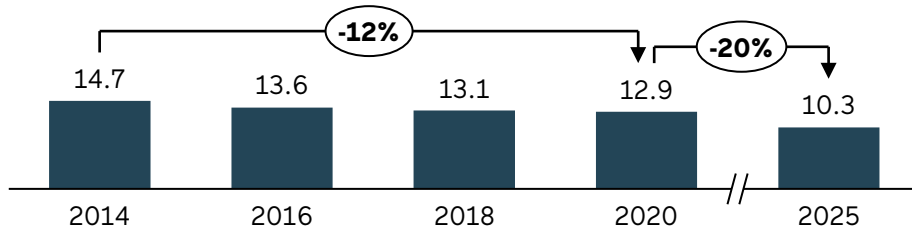
B ... favouring IAM increased penetration

Market share trend in Europe by channel (%)



Decreasing OEM network

#OEM car dealers in France (k)



- OEM network rationalization
 - Reducing convenience and proximity
- Increased OEM fragmentation

Market drivers

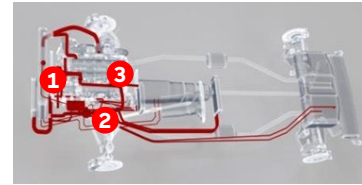
C Content increase, complexity and innovation drive prices up

Content increase driving higher retail prices across product categories^(A)

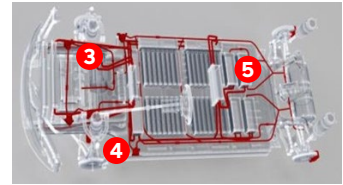
	Older parts	Current parts	1 st generation of future parts ⁽¹⁾		
Technology and comfort 	Transmission Concentric slave cylinder €13	x6 	 Dual concentric slave cylinder €75		
	Headlights Halogen headlight €75	x3 	 LED headlight €200	x5 	 LED matrix headlight €1,000
Emissions reduction 	Exhausts Traditional exhaust €100	x2 	 Catalytic exhaust €200	x4 	 Cancelling exhausts €800
Safety and aesthetics 	Body parts PP bumper €80	x3 	 Glass fiber bumper €200	x4 	 Carbon fiber bumper €800

Especially for Full Electric vehicles^(B)

Internal Combustion (ICE)



Full Electric (FEV)



	Mechanical Water Pump Engine Block €15 - €30
	Molded Coolant Hoses €30 - €55
	Electric Water Pumps Auxiliary Applications (<100W) €60 - €130
	Electric Water Pumps Battery/inverter (>100W) €150 - €270
	Modular/Branched Hose Assemblies €220 - €460



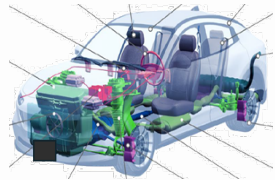
Sources: (A) Company information and estimates, Roland Berger 2023 Market Report; (B) Gates estimates
 Notes: (1) Starting with premium vehicles

Market drivers – Electrification (1/2)

D Electrification represents a long-term opportunity for sizable players like PHE...

Increasing component pricing

ICE only components



Total Cost in 2030: \$23,000

+48%

BEV only components



Total Cost in 2030: \$34,000

Additional product categories and services offsetting decrease in fossil fuel specific components

Component	Δ in Car Content Cost (\$) from ICE to EV
Steering	~
Exhaust	x
Wheels & Tires	~
Body & Structural	+ c.20% ↑
Axles, Driveshafts	(c.25%)
Engine Cooling	+c.40% ↑
Audio & Telematics	+c.40% ↑
Fuel System	x
Braking	+c.55% ↑
Transmission	x
Engine	x
Other components	~
EV Elec. Architecture	New Cost
Electrical Motor	New Cost
Power Electronics	New Cost
Battery Cell / Pack	New Cost

+c.50% ↑

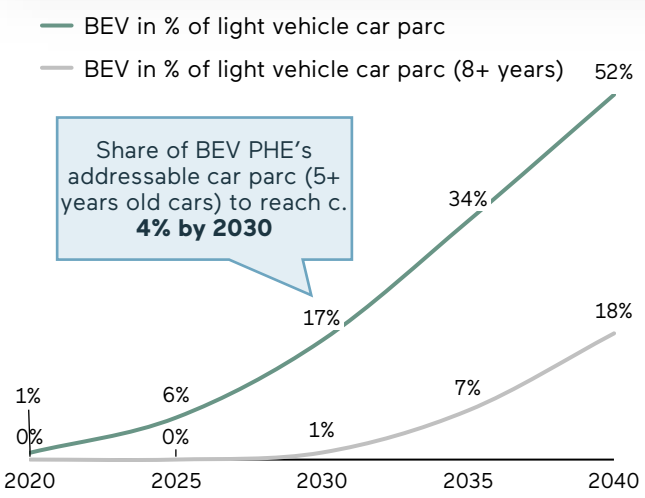
Illustrative

- Potential for **additional services** linked to battery and new parts
- **Development of some product category for BEV**
- **75% of PHE revenues** derive from **non-engine BEV components exposed to content increase**

Market drivers – Electrification (2/2)

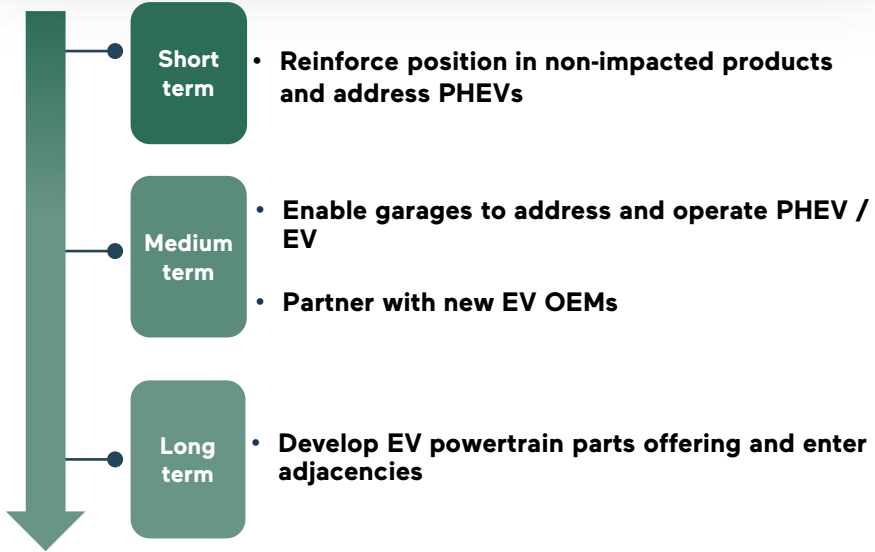
D ...who have time to adapt and prepare given the gradual penetration of EVs

Slow and progressive EV share ramp-up



- Rise of hybrid vehicles & complexity
- Megatrends as technology, comfort and safety remain **valid and not impacted by EV**

In the LT, mature players as PHE will be better positioned to grasp electrification opportunity



High parts availability, strong garage network, brand recognition & better pricing allow large players as PHE to benefit from electrification opportunity



Market drivers

E Supportive EU regulation



Deregulation on captive parts

- Right to repair
- Repairability
- Limited remaining OEM captive spare-parts aftermarket



Opportunities for IAMs

- Favorable for IAMs vs. OEMs
- Opportunity to increase presence in younger vehicles



Stringent regulation on vehicle technical inspection

- Increasing rate of compulsory tests
- Increasing number of tests



- Increased volume of repairs (especially for +5Y vehicles)
- Delivery time key differentiating factor



Free access to data

- OEMs have to share connected car data with 3rd parties and provide technical information



- Opportunities arising from free access to data



Transition towards low- and zero emission vehicles

- EU regulation initiatives



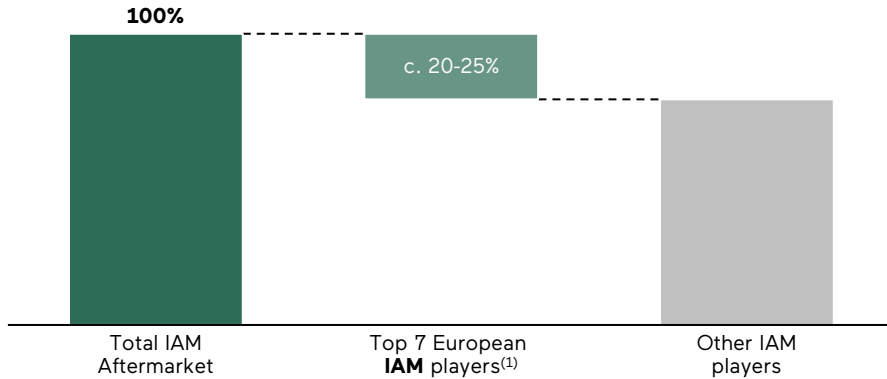
- Increased compulsory tests
- Higher priced spare parts

Market drivers

European distribution market is highly fragmented

Top 10 players account for only 1/3 of the European market

Distribution revenues per European player [2020; %]



- Highly **fragmented** market
 - ~ 50k independent distributors accounting for 2/3 of IAM distribution market value



- Highly **consolidated** market
 - Top 10 players capture 78%⁽²⁾ of the spare-parts IAM distribution market



Opportunities for consolidation



Sources: companies' information, Capital IQ, Orbis, AAG, Wolk, Roland Berger
Notes: (1) LKQ / Stahlgruber, Intercars, AAG-GPC, PHE, WM, Mekonomen, SAG; (2) Incl. independent network groups (with local & regional distributors), e.g. Automotive Distribution Network

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4. KEY TAKEAWAYS

PHE's strategy

PHE's strategy is to foster organic growth, operating excellence and value accretive M&A

Organic growth and operating excellence

- **Gain market share** and expand **leadership position**
- Continue **best-in-class logistics** and **network capillarity** ensuring **product availability** and short **delivery lead time**
- **Extension** of **products** and **added-value services** offering adapted to **current and future customers' needs**, enabling further improvement in **customer satisfaction**

&

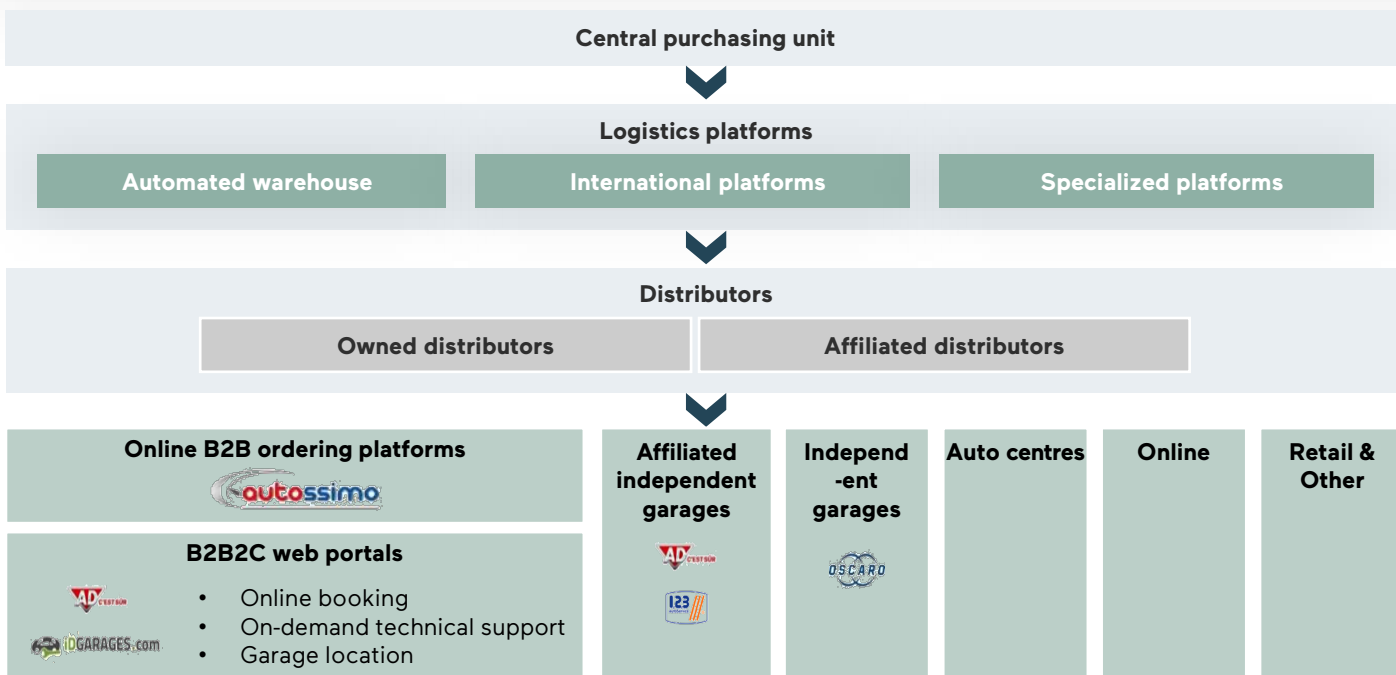
Value accretive M&A

- Continue market **consolidation in existing geographies**
- **Extract synergies** from acquisitions
- Consider the potential of **new geographies**
- Explore **new products / services** through M&A: e.g. electrification, sustainability, new technologies

Operating model excellence - Overview

PHE benefits from optimized and efficient operating model

Extensive partnership network...



Parts availability

- Best-in-class **parts availability**
- Competitive **advantage** in **purchasing**

Logistics excellence

- Competitive **delivery times**
- **Automated** and **integrated logistics** platforms
- **Scale** and **density** of **distribution network**

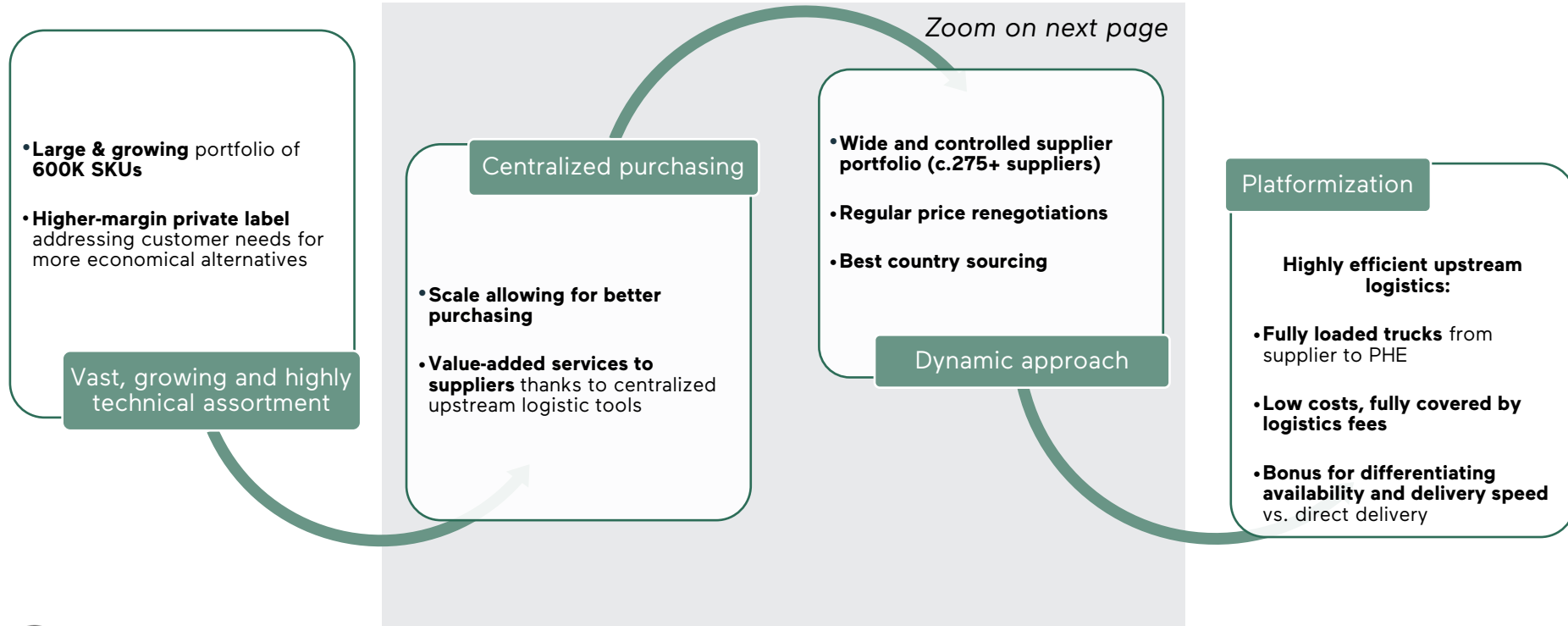
Value-added services

- Extensive **range of services to garages**
- **Business leads**
- **Digital** platforms



Operating model excellence – Scale (1/2)

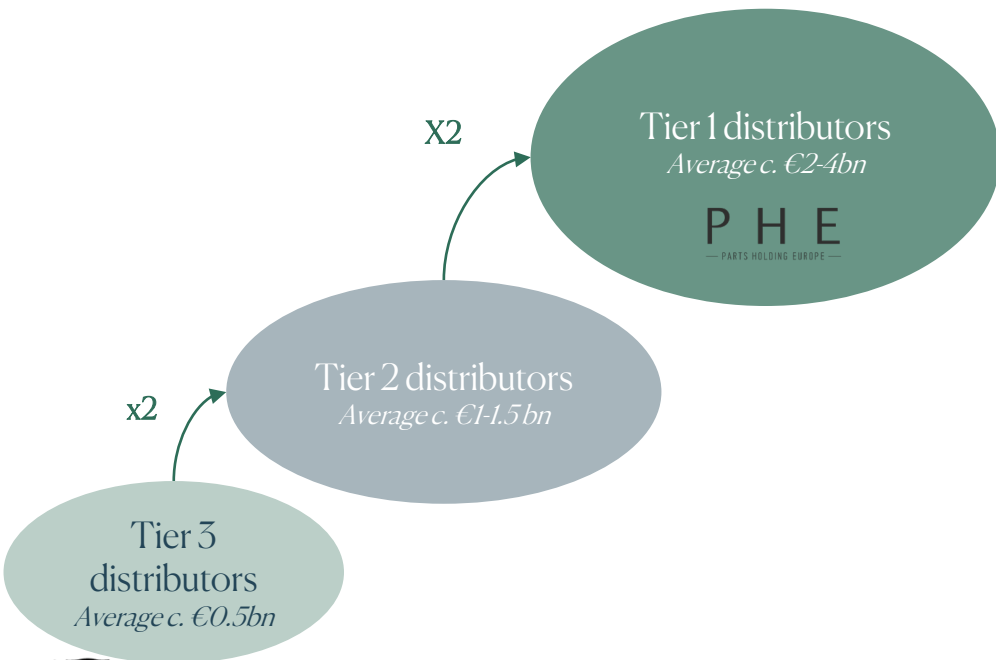
A virtuous operating model based on superior assortment and ‘platformization’ ...



Operating model excellence - Scale (2/2)

... and optimized purchasing and dynamic supplier approach

2023 purchases of the main European distributors



PHE stands out with its dynamic approach with suppliers

- **Focused on high-quality suppliers**
- **Longstanding relationships** with suppliers – PHE grants them access to fragmented customer base



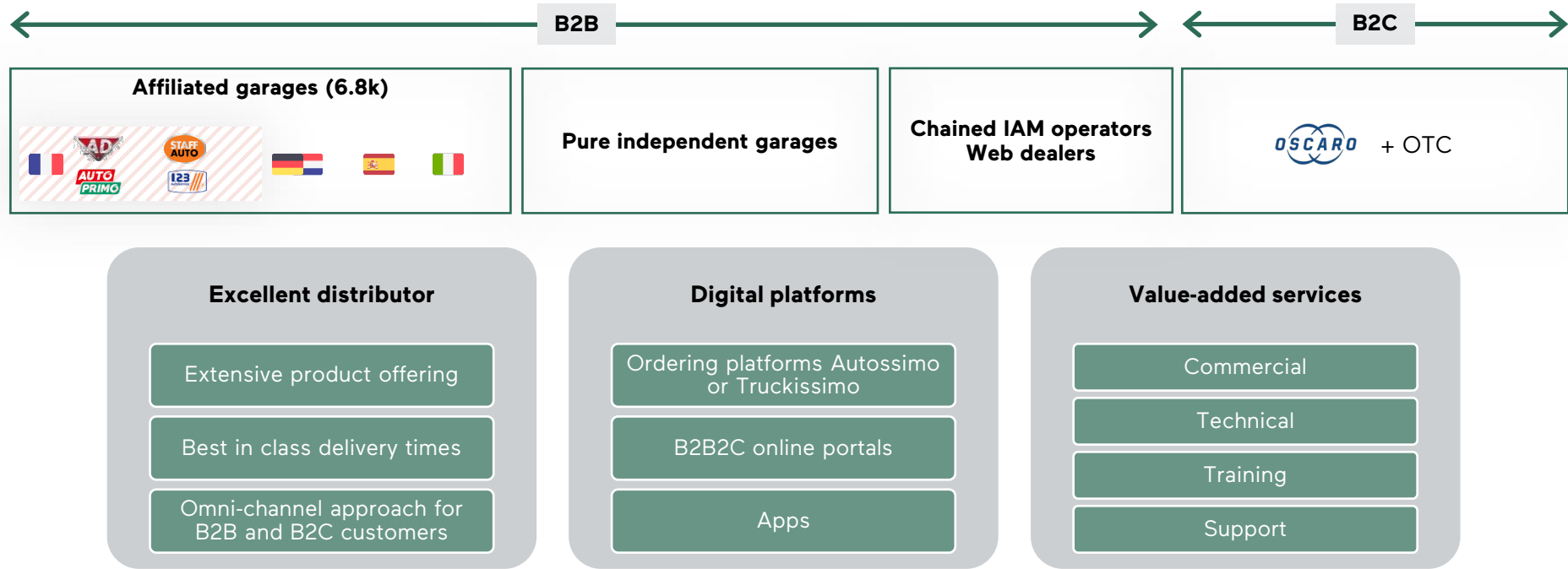
- **Single premium quality sourcing** for PHE's private label brands

ISO TECH



Operating model excellence – Customer (1/2)

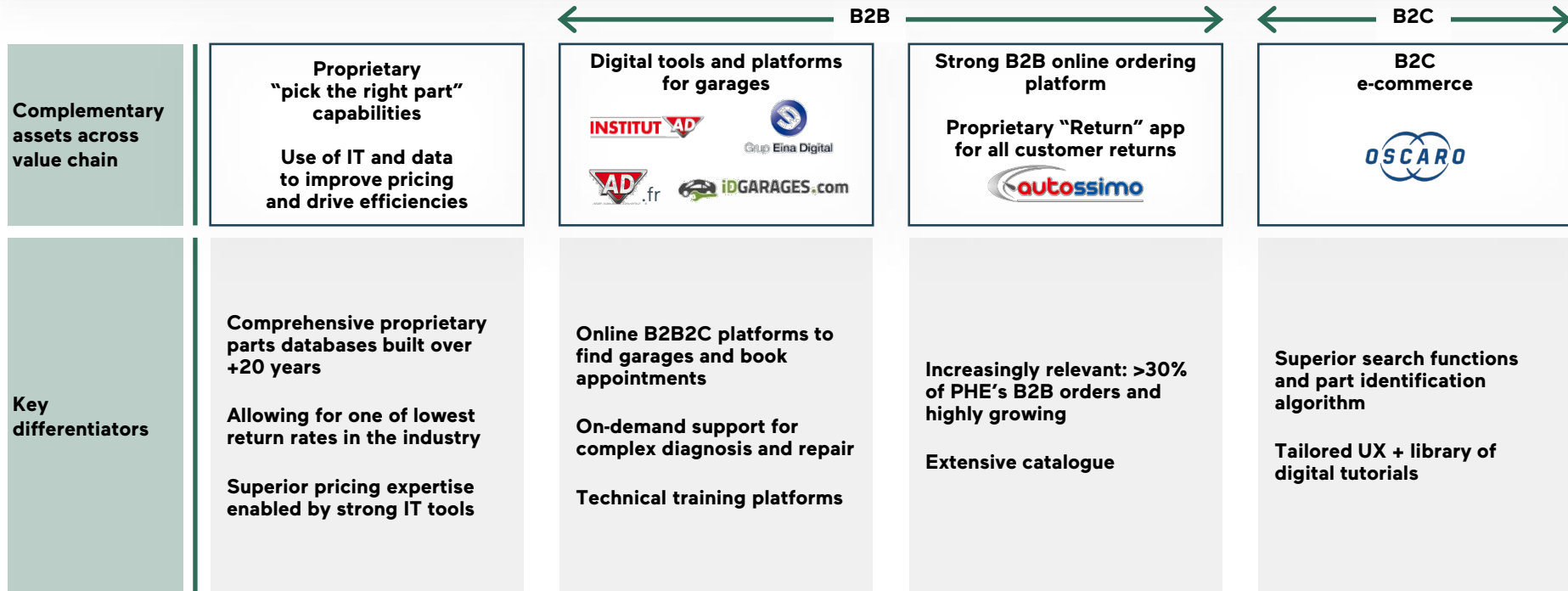
Unparalleled value proposition based on customer centricity...



Operating model excellence – Customer (2/2)

...complemented by a digitized customer journey

Leading digital customer experience & services

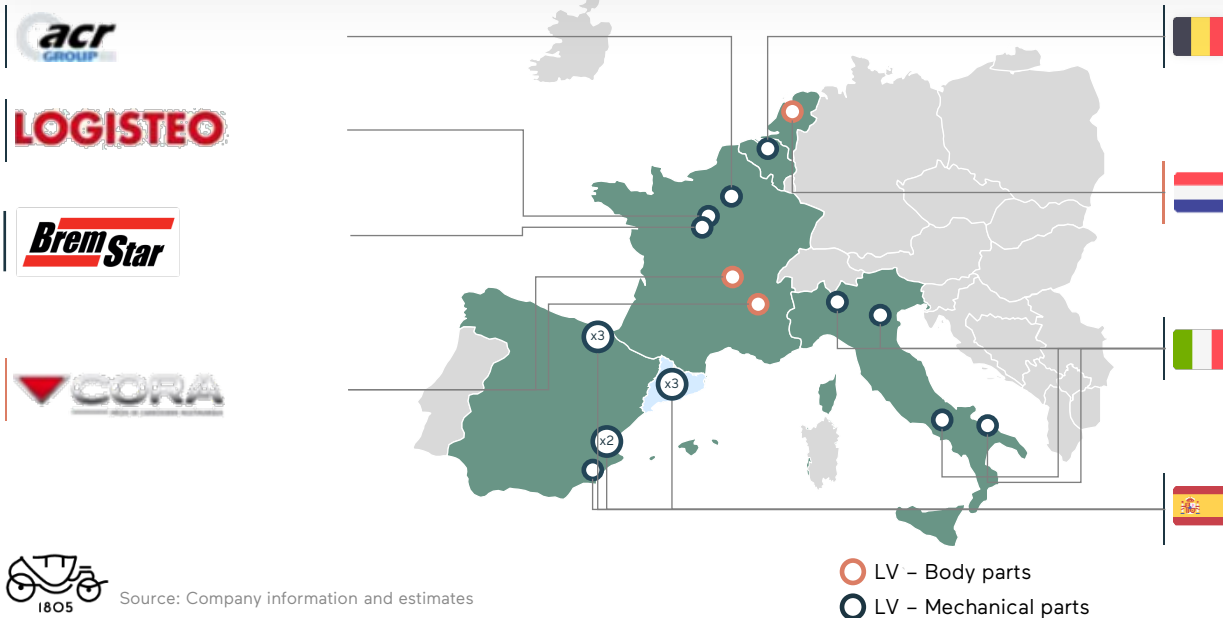


Operating model excellence - Logistics

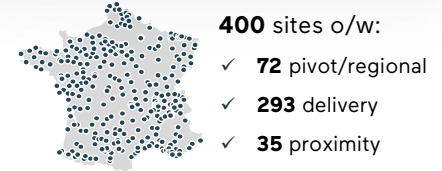
Logistics excellence, dense distribution network

- Very dense and efficient distribution network in Western Europe **enabling top-tier availability and delivery speed**
- **Distribution network coverage hard to replicate** by any competitor

Network of modern and automated warehouses



France example



Delivery times	% of demand
H+2	c.90%
H+4	c.95%
D+1 (< 8am)	c.100%

- **Fully automated** integrated central logistics platform **LOGISTEO**
- **Consolidation of supply flows**
- Capacity to **serve neighboring countries / e-commerce clients and expand assortment**



M&A strategy

PHE has a value accretive and low risk M&A strategy...

Track record of low-risk & value-accretive M&A

Disciplined approach in valuations

Significant purchasing **synergies** generated and continuous **operational improvements**

Cultural proximity and **alignment of interests** – continued ownership of founders / managers⁽¹⁾ and investing as minority shareholder at PHE level

Continued organic growth in acquired companies

A clear M&A vision

Select countries

- ✓ Where PHE can **become a leader**
- ✓ Leverage PHE's existing logistics in **neighboring** countries

Select companies

- ✓ **Strong** regional players with good **management**
- ✓ Companies PHE **knows well** through proprietary dialogues

Select approach

- ✓ Execution **tailored** to each country specificities

Strong track record with strategic M&A expansion across neighboring countries

2016



2017



2018



2019



2021



2022



2023 (2)



21
bolt-on
acquisitions

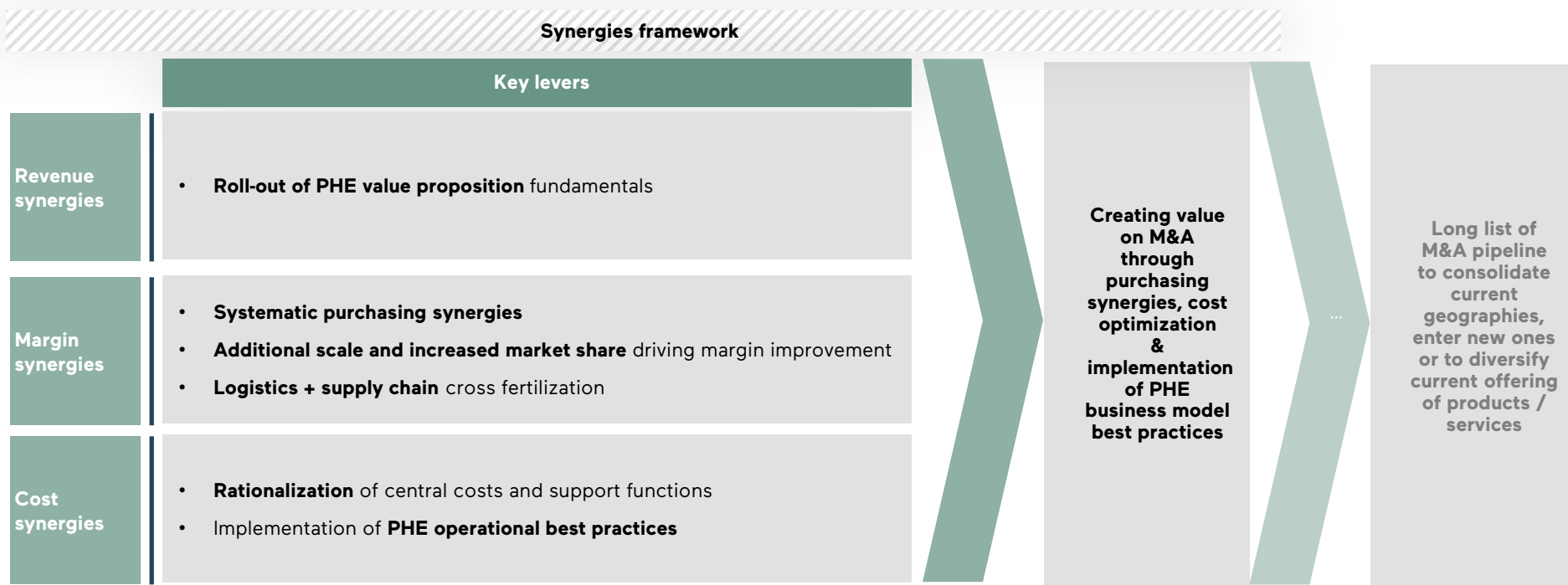
€1.1bn
acquired
revenue



Notes: (1) Keeping typically c.25% stake; (2) Mondial Pare-Brise disposed in Q1-23

M&A strategy

...with a proven track record of generating significant synergies



ESG – Environment

Promoting affordable and sustainable mobility while reducing the impact of our activities

PHE's mission is to promote affordable and sustainable mobility, by helping to extend the life of vehicles and maintaining vehicles in safe and environmentally-friendly conditions. The Group is also committed to reducing its footprint throughout its value chain.

Reduce the **impact of our operations**

- **Buildings:** managing energy consumption of logistics platforms through better isolation & low-energy lightning systems;
- **Distribution activities:** deployment of digital tools to optimise route planning and loading of delivery vehicles, while exploring transport solutions with a lower carbon impact;
- **Waste:** optimising packaging to distribute parts safely while avoiding overpackaging (ex: > 40% packaging reduction for bodywork parts at Cora).

Contribute to the **circular economy** in the automotive and HGV aftermarket

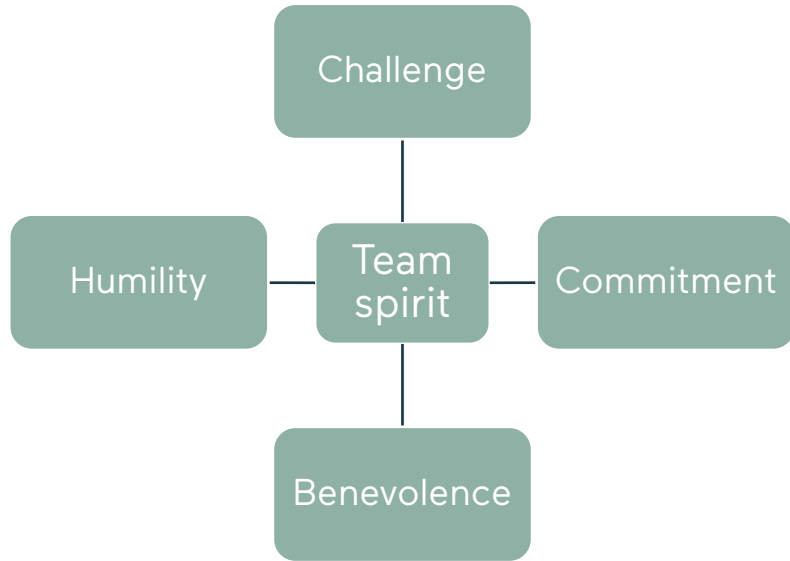
- **Return logistics:** ensuring return logistics from the garage to remanufacturer (> 65,000 parts returned by ACR in 2023);
- **Remanufacturing** : pumps & injectors through the "Plateforme Technique Montajault";
- **Repair:** repair of defective electronic equipment (dashboard, navigation, ..) through partnership with repair specialist;
- **Reuse:** Sales of used parts by Oscaro and Autodistribution, through partnership with used part specialist;
- **Customer training:** comprehensive training programmes for mechanical and body repairers to repair vehicles in a frugal way, using the latest technology.

In 2024, PHE created a **new Environmental Director** role whose mission will be to **develop and accelerate a new Sustainability strategy**



ESG – PHE is a people company

A people company supported by a strong culture



c.9,500
workforce
including

6,300
in France



c.9 years

average seniority in France

- c.54% FTEs > 5 years
- c.36% FTEs > 10 years
- c.25% FTEs > 15 years



0

strike in France since 2012 thanks to an open dialogue with employees and staff representatives

#7th

France's "Best Employer of 2024" and for 9 years in Wholesale⁽¹⁾



c.4,000

employees trained



€6.5m

training expenses in France



56,000

resumes received in 2023 versus 6,000 in 2019



c.€16m

profit sharing 2024 versus c.€13m in 2023



Source: Company information and estimates
Note: (1) Survey run by Capital across more than 2,000 companies

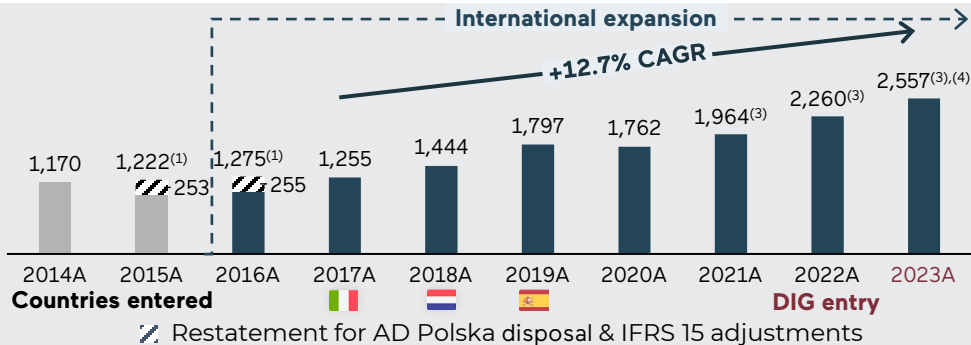
Financial performance

Highly successful financial track record of significant profitable growth under current management...

~2.5x bigger
&

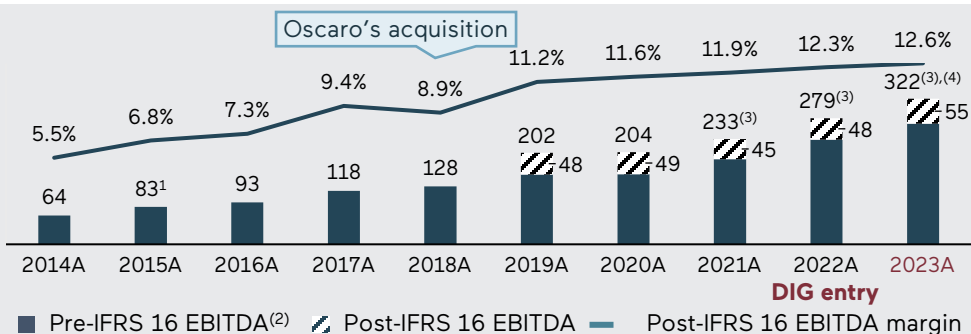
~8.5x more international

- Sales driven by organic growth through a strong business model as well as M&A growth
- Market share expansion and new logistics platform increased sales c.2.5x over the last 13 years



~12x more profitable

- Portfolio pruning and network rationalization driving profitability uplift
 - Proven pass-through capabilities in inflationary environment
- EBITDA up c.12x from €26m in 2010 to €322m in 2023 (post-IFRS 16)



Source: Company information and estimates

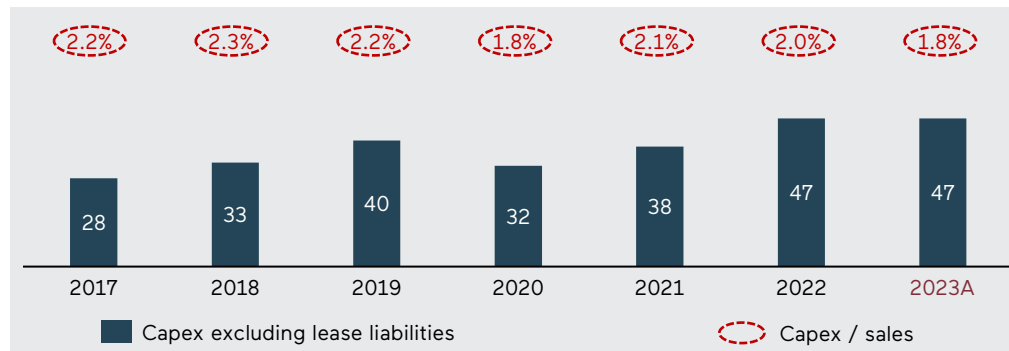
Notes: (1) IFRS 15 adoption negatively impact revenues but has no impact on profitability level. This impact concerns direct delivery to independent distributors arranged by PHE but not passing through PHE's logistics platforms which are no more recognized as revenues but booked as below gross margin. (2) EBITDA Pre IFRS 16 until FY-19. EBITDA is post-IFRS 16 from FY-19 onwards; (3) 2021A, 2022A and 2023A figures exclude Mondial Pare-Brise contribution. (4) 2023A figures are D'Ieteren Group's view.

Financial performance

...combined with cash generation leading to rapid deleveraging

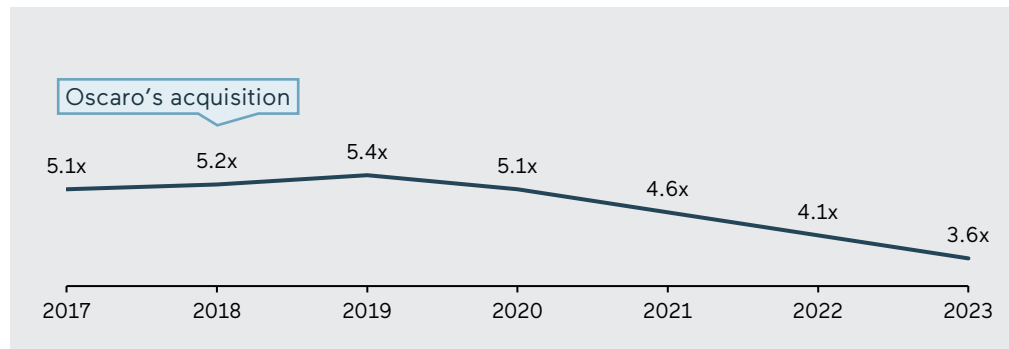
**~1.9x
stronger
cash
conver-
sion**

- **Strong cash conversion** as a result of positive EBITDA growth, disciplined capital expenditure approach and working capital management
- **Structural capex-light model**



**~1.8x
effective
deleve-
raging**

- **Robust deleveraging management despite significant M&A activity**



Financial performance

2024 outlook and Q1-24 sales trading update

2024 outlook

- **Mid-single digit organic sales growth** driven by **market share gains** and a normalised pricing environment
- **Adjusted operating result** margin is expected to remain **stable** compared to 2023 (9.1%) as higher sales might be fully offset by some variable costs inflation

Q1-24 sales trading update

- Total **Q1-24** sales of **€696.3m**
- **6.4% YoY growth in Q1-24** driven by:
 - **3.8% organic growth** and 2.6% from acquisitions
 - On a **constant trading day** basis, organic growth was at **4.7% YoY**
- **Organic growth** was at **3.7% in France** (64% of total) and at **3.9% for the international activities** (36% of total)
- This performance was primarily driven by **continued market share gains**

Relationship with D'leteren Group

Strong relationship with our long-term shareholder

Support

- Strategy & M&A
- Financing
- ESG

Engage

- Incentive scheme
- Alignment on long-term vision
- Clear governance

Contribute

- Best practice exchange
- Digitization

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Key takeaways

Winning business model driving consistent value creation in distribution

- 1** | PHE's market is **large, structurally growing, resilient, fragmented** and **predictable**, mainly driven by a **growing and ageing car parc** and characterized by increasing **value** and **complexity**
- 2** | PHE has significant and **ever-increasing scale**, with improving **geographic diversification** (+1/3 revenues outside France) and **leading positions** in all its markets
- 3** | A **well-established** and **virtuous operating model** based on superior purchasing capabilities, extensive distribution network and embedded ESG strategy, supporting **great value proposition for clients** and driving superior performance
- 4** | **Disciplined** and **value-accretive track record** of **low-risk bolt-on M&A** supporting opportunities for further consolidation in a highly fragmented European market
- 5** | **Compelling financial track record**, with **very strong momentum in recent performance** delivering solid organic **growth**, continuous **margin improvement** and high **cash generation**
- 6** | **People Company** and **Experienced management** team

Forward-looking statement

“To the extent that any statements made in this presentation contain information that is not historical, these statements are essentially forward-looking. The achievement of forward-looking statements contained in this presentation is subject to risks and uncertainties because of a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations; changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals; regulatory approval processes and other unusual items. Consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements can be identified by the use of words such as "expects", "plans", "will", "believes", "may", "could", "estimates", "intends", "targets", "objectives", "potential", and other words of similar meaning. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update any forward-looking statements.”

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