THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

EUCAR.PA - Full Year 2019 Europcar Mobility Group SA Earnings Call

EVENT DATE/TIME: FEBRUARY 25, 2020 / 5:00PM GMT

CORPORATE PARTICIPANTS

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

Caroline Cohen;Head of Investor Relations

Fabrizio Ruggiero *Europcar Mobility Group S.A. - Group Deputy CEO, Head of Business Units & Member of Management Board*

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

CONFERENCE CALL PARTICIPANTS

Felix Schlueter *Goldman Sachs Group Inc., Research Division - Research Analyst*

Joseph Philip Thomas *HSBC, Research Division - Analyst*

Mourad Lahmidi *Exane BNP Paribas, Research Division - Analyst*

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

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

PRESENTATION

Operator

Good day, and welcome to the Europcar Full Year 2019 Results Conference Call. Today's conference is being recorded. And 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;Head of Investor Relations

Hi, everyone, and welcome to our full year 2019 results conference call. In a moment, I will hand you over to Caroline Parot, our CEO; and Luc Peligry, our CFO, who will take you through the presentation and then we will open up the line for questions.

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

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

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

Thank you. Good afternoon, everyone, and thank you for joining the call tonight. So please go directly to Page 6.

First, what's written from the last year 2019, a very challenging second semester on the back of a record and anticipating demand starting late Q3 and in Q4, resulting in the profit warning we commented during our last earnings call.

Our revenue generation was unbalanced compared to prior years, implying margin pressure in many of our territories and in particularly for our BU Cars. Our reaction was clear, acceleration of our efficiency programs everywhere in the group, targeting both on HQ and network areas.

On a more positive side, our business units, Urban Mobility showed a strong revenue growth, shifting definitively from the early stage of the startup to an industrial design promising for the future. In 2019, we finalized our new strategic design and launched our 2023 road map, SHIFT 2023, which aims to enable us to capture further growth, seize market opportunities in front of a very promising long-term mobility trends and create greater values for our customers.

A key milestone on this road map was achieved during the summer with the acquisition of Fox Rent A Car, an entry point to the U.S. to strengthen our current commercial setup in Europe, inbound and outbound, and to benefit from strong and dynamic markets.

So please turn to Page 7. So what happened? The context was and is still the market will soften during Q3 and Q4 in Continental Europe, coupled at that time with the tension around the next steps of the Brexit. First, growth in leisure business was weaker-than-anticipated in some markets, not allowing to manage pricing as anticipated and leading to fierce competition in some markets.

Second, the business corporate volumes also didn't develop as expected. Travel freezes at corporate key accounts were quite strong, beginning early September. This drop was only partially offset by the dynamics of our SME segments. The overcapacity in the various markets led to a real price pressure in most of our territories. Our decision and reaction were to protect as much as possible our profitability in Q3 and Q4 in a highly sensitive period where we are at the peak of our defleeting processes.

To achieve this, we changed our revenue mix from corporate to leisure, from downtown to airport in order to maximize our utilization during the defleeting transition phase, but as a consequence, we faced higher cost of sales and pricing pressure from the market. Thanks to a flexible buyback model, we were able to realign fleet level as the actual demand pattern in a very short period of time, 2 to 3 months, considering our fleet levels at the end of the summer, which were about [4,200] vehicles to December at the level of less than [3,200] vehicles.

So as a result, if we go to the Page 8, we have then been able to revise -- to reach a revised financial target. All our teams focused on reducing fleet, seizing all profitable market opportunities, and in parallel, acting on our cost structure to mitigate the soft trends we were facing with the objective to enter in the year 2020 as soon as possible and well prepared to accelerate our efficiency programs.

Luc will guide you through in details in a few minutes, but we have achieved good revenue performance in Q4, in particular, in leisure with plus 15% versus Q4 of the last year. And you will see as well that the teams of Urban Mobility significantly reduced the run rate of investments, which record that negative EBITDA along the quarter, EUR 5 million losses only, while recording impressive top line growth and good customer acquisitions, our existing base with growing repetition and revenue users for the future. All of this came as well with a strong focus on cash generation and corporate debt monitoring.

So if we go to the next page, on SHIFT 2023, just a few words about the group strategic framework and our long-term ambition. This is explaining the choices we are making in our investments, notably, digital for IT, but also [human] capital. Both are key to make this happen. We are transforming the group and our operating model with a strong integration mindset to better size huge market opportunity in the mobility space and to cope with the fast-changing evolution of our customer needs.

To do so, we are rationalizing and standardizing the entire organization for better agility, with the logic of Center of Excellence from back-office functions to commercial management, along with the centralization of operating functions. We are investing in digital, IT plus talent and teams to enhance the customer journey we propose [firm up to connected] fleets and to transform our legacy infrastructure into a more open and agile setup.

So with that, I leave the floor to Luc Peligry.

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

Thank you, Caroline. Good evening to everyone. Next slide, please.

Q4, as mentioned by Caroline, Q4 has been very active for the group, with some positive reactions coming from the sales team in all BUs in all countries, the acceleration of the cost-cutting initiatives in a still very mild environment. And of course, the integration of Fox in the U.S. for the last 2 months of the year. So let's have a quick review of the main financial KPIs that I will detail in the following slides.

On the top line for the first time, we broke the EUR 3 billion ceiling with an achievement of, EUR 3.022 million (sic) [EUR 3.022 billion], with a 1% organic growth, thanks to a good Q4, with a 2.6% growth -- organic growth, and overall, a 3.2% growth on a reported basis for the full year coming from acquisition in Finland, Norway and the U.S. for the last 2 months.

Corporate EBITDA, excluding Urban Mobility, is at EUR 310 million, in line with our targeted range that we gave after September range of EUR 305 million to EUR 315 million for the full year. Including Urban Mobility, we stand at EUR 278 million, meaning that we achieved minus EUR 32 million for the Urban Mobility, where we announced the loss of circa EUR 30 million, but above all, what we did in the quarter 4, we limited the losses to EUR 5 million for the Q4 in Urban Mobility, a very positive sign for 2020.

The group net income stands at EUR 38 million before IFRS 16 impact versus EUR 74 million last year. But I remind you that last year we had car2go disposal net contribution. And -- but this time, we had the good news from the reduced cost of the corporate debt investment income.

Operating cash flow at EUR 118 million, with a good conversion rate of 42% and some good news on nonfleet working capital. Corporate debt stands at EUR 880 million versus EUR 795 million last year, so EUR 85 million increase versus last year. Despite many disbursements linked to acquisition, return to shareholders, and at the end of the day, a corporate leverage even at the level announced target 3 before Fox and then 3.2, including Fox versus 3.3 communicated.

As far as dividends are concerned, we will apply -- we apply 30% -- 34% (inaudible) on the net results, which is our commitment. It's above our commitment at our -- the IPO. However, we'll apply it on the net results before IFRS, which is EUR 8 million higher than the reported net results. We are talking of a payout -- global payout of close to 40% in reality.

Next slide. So what happened during this year? As I remember, we had last year, we achieved EUR 350 million in 2018, we achieved a EUR 350 million, excluding Urban Mobility, and at the end of the day, we have EUR 310 million. And for the guidance, we gave EUR 375 million for the corporate EBITDA, excluding Urban Mobility, for this year, (inaudible) EUR 310 million. So in this slide, what we did is a bridge to drive you what are the main reasons for this low performance. So as mentioned by Caroline, it has been a very difficult year, and you see that what are the main results versus last year.

On both bridges, we can see, of course, the lack of momentum in revenue, which is mainly coming from the corporate side, as we highlighted and the U.K. and Ireland perimeter. We have strong price pressure, notably in the Low Cost. Our reaction on the guidance bridge to this decline of corporate and volume as can be understood with the significant increase of ops and revenue-related cost to push revenue through e-commerce and direct to brand or through tour operators and brokers and travel agencies to increase their volume.

This explains the utilization rate. Utilization rate, as you see on the guidance side, it has a strong impact because we had an expectation to increase the utilization rate by 1%, but this was not reached because of the lack of demand during Q3. But thanks to operational excellence, we are able to deliver on the same level of high-performance utilization rate as 2018 at 76%.

On the cost operations side, we can see 3 things. On the fleet, looking at the performance versus last year. Fleet cost per unit have slightly increased by 1% due mainly to increased taxes, registration, WLTP and softer user car market in certain areas. Versus budget, those costs have been computed and were in line with expectations.

On the network, the performance has been below expectation on both our revised guidance and revised budget, and this was below last year. It's mainly due to bare minimum wages increase in various countries, and I remind you that staff costs are representing 2/3 of the network costs.

On HQ, as mentioned in Q3, our cost-cutting program called HQ 2020 is well in place. And we delivered the saving expected and announced at the end of Q3 with EUR 10 million gross savings.

Next slide. Quick comment on the revenue. We just saw the revenue grew by 3.2% to exceed the EUR 3 billion, taking advantage of the acquisition we made at 1% at constant perimeter. High utilization rate. It is a must in our industry, and you see that we commented in the previous slide that we are below expectations, but we see that we are still high despite the tensions on the market, and that's an increased average fleet of 12,000 vehicles versus 2018, and we were able to keep the same utilization rate thanks to our revenue capacity management skills.

If we have a look at the revenue of each BU, we see some contrasts between high-growth coming from Urban Mobility, steady growth coming from the Vans & Trucks and the resilient BU Cars and some high-pressure on the BU Low Cost, offset by external growth.

On the BU Car, I will comment the performance on the next slide. We will deep dive on the next slide. On the BU Vans, we see a good performance of the BU Vans. We have a superb double digit growth to reach EUR 100 million even threshold on Q4 for the first time. We can see that the strategy is well in place and a nice growth in the corporate segment with large customers and courier companies, longer duration and the leisure segment resisting better than last year, contributing to sustain the price per day.

Next one. On BU Car -- on BU Low Cost -- sorry, sorry, on BU Low Cost, it has been a tough year with some good achievements in volume, offset by strong price pressure in some in key spots in Spain and Italy. That's common sense, but in the context of fierce competition and price, the segment, which is the most sensitive to price, is the most impacted. Our will to improve NPS is also reinforcing the price pressure, with less (inaudible) but with some good improvement on the brand image and on the NPS performance.

Low Cost BU has also benefited from the U.S. acquisition with Fox, which will be put that segment in the future. Revenues generated for the 2 months were at EUR 37 million, and we expect next year's revenue to be above EUR 215 million for Fox.

Urban Mobility. We are close to the EUR 50 million barrier in 2019 versus EUR 35 million last year, so it's a 37% growth with a strong contribution from Ubeeqo at EUR 28 million, with a more than 50% growth.

Our start in Paris after winning the bid from the Paris (inaudible) is very positive with more than 1,100 cars in the city. Of course, we benefited from the strikes in Q4. In Paris, which gave us a good market -- premarketing campaigns, which boosted the revenue at 60% for Q4, but also and above all announced users database. On top of this efficiency and this opportunity, I would like to underline what is for sure is that we have now a pricing power with a stronger demand. We introduced already in all our plans some price increase since the beginning of January.

Next slide, I will put the focus on the BU Cars, which is the largest BU, representing more than 70% of the revenue, with EUR 2.1 billion. We are commenting before the slide show with Caroline, it was the revenue of the company in 2016. So it can measure the growth of the company for the last 3 years. So we are operating these BU cars mainly with Europcar, of course, and Buchbinder in Germany.

So in the figures, how does it translate in 2019 versus 2018? As a global mix approach, leisure increased its stake to 60% versus 58%. Its success and profitability comes from the right balance, of course, between the leisure and the corporate to ensure that the resources and investments are well used along the year between the corporates for the Q3 and the shareholders. So that's the complementary between leisure and corporate.

And of course, this is valid for -- during the shareholders -- the quarters, but also during the week, between the week and over the weekend and the working days and the leisure and the large cities and the country side.

As you can see on the right, leisure has increased its volume by 4.2%, but it was under pressure on RPD, since the large part of this growth came through brokers, travel agents or GDS. It must be recorded, however, that our e-commerce achieved a strong performance with a 3.4% growth. That said, using indirect channels, has put some pressure on the price that we evaluated.

On the corporate, volume has been affected by key account reduction that was our decision and some profitability issues, leading us to terminate some relationships and some travel freeze in the last 4 months, as we highlighted during the Q3 presentations. These reductions have been partly offset by some gains in SMEs and some replacement business with insurers and leases. What we can see on the right-hand side is that the business has been affected by the cut in volume, but not in terms of price.

Next slide regarding Goldcar and Buchbinder. We wanted to make an update on the integration of Goldcar and Buchbinder with what we announced at the time of the acquisition. The rationale of the Goldcar acquisition was to be the leader in the low cost segment, where we started with InterRent with an extremely lean model, where we see some room of growth coming from the leisure and the repositioning of InterRent to create more value and to beneficiate as well from a very agile organization able to grow fast.

On Buchbinder, growth has a stronger position in the German market, some strong revenue to grow our Vans & Trucks operations. Some revenue outside of Germany, namely in Austria and a bit in Italy and some expertise as well in the repair, maintenance and remarketing.

To summarize, after 2 years, we are pretty happy about the results we have achieved in these 2 companies. We announced at the time that we are going to achieve EUR 40 million synergies for the 2 companies by 2020. We already realized, as you see, 80% of the synergies to date.

In '19 -- in 2019, sorry, we generated EUR 20 million in addition to the EUR 12 million in 2018. Among the different initiatives, we have clearly improved our purchase condition to car market. This is particularly valid for Goldcar. And on the free financing conditions as well on both companies. I would add that in 2020, we will reinforce the synergies for Buchbinder, with a strong integration program called Mission One, which tend to operate the 2 brands, Goldcar and Buchbinder under German [soil], but we have a common platform, starting with 1 single management team. This new structure is now in place. And plans to rationalize the full organization, and this plan will be deployed by the end of this year.

Next slide is on MAVC. I'll remind you that MAVC is the profit after fleet, holding and operating costs, the revenue and rental-related costs as well as insurance costs, all the direct costs. So the margin after variable cost was down 340 basis points in the BU Car on the full year.

The main reason being the large, of course, of corporate volume versus our forecast, which are still above last year. This has created a need to push more on leisure volume with 3 effects. First, we maintain -- we are able to maintain the utilization rate and even to increase it in the leisure; a slight decrease on RPD and an increased customer acquisition cost through the tour operators, brokers and the network to serve those customers.

On the BU Vans & Trucks, we had a good performance on track with expectations, higher revenues, longer duration linked to our strategy to enforce the mix towards corporate customers and the development of supersites dedicated to corporate customers to improve the quality of service for our customers in a professional manner.

As far as Low Cost is concerned, you see here the impact of the 2 months of Fox going -- creating a EUR 14 million increase in terms of MAVC, but on the reported -- on the constant basis, we benefited from the cost synergies on the fleet, but also a bit on the financing costs, on the operation costs, which resisted -- in a stable contribution after variable costs at constant perimeter. This is a very good result in the context of strong price pressure, as we discussed in terms of pricing. I would add that in terms of corporate EBITDA, this division is still the strongest margin -- -- has delivered still the strongest margin in the company since the beginning.

Next slide is the full P&L after the margin at the variable cost. So in this slide, I will cover the full reported perimeter as well as the constant perimeter. As the constant perimeter, you can see the network cost increase due to a minimum wage increase in some countries, the U.K. and Spain in particular. And I remind you that on the network, 2/3 of the costs are linked to staff cost.

The rest of the increase comes from the rents and the development of supersites. We are finishing the year with close to 40 supersite dedicated to Vans & Trucks. We have a strong success in revenue and growth that we just commented on the BU Vans & Trucks. Having said that, network cost optimization is still a key lever of our strategy with optimization to focus on the most profitable sites and through digitalization of our activities through the customer journey and the digital station. Both topics are part of our SHIFT 2023 Journey, and some measures have already been implemented, there are more to come in our main countries like Germany and France to deliver EUR 20 million savings by the end of 2020. At the bottom, you can see the adjusted corporate EBITDA, we reached EUR 310 million, which is the middle of the range we gave in October for the full year ending.

HQ cost increase are limited at reported figures and even decreasing at global perimeter. We are achieving the EUR 10 million gross saving expected. We have compensated the HQ staff cost increase. And we are able to put a [EUR 4 million] extra OpEx on the digitalization of the company, which is a must to accelerate the transformation of the company.

As mentioned before, HQ cost reduction is part of our transformation and our SHIFT 2023 journey, we are on track with that. We delivered the EUR 10 million, and we are on track to deliver an extra EUR 20 million savings for 2020 in HQs.

Refinancing. On the financing side, we achieved in 2018, the full reorganization of the fleet financing structure, increase of the staff with our margins up on the (inaudible). And in 2019, we managed to integrate the full fleet in these schemes, delivering further savings and cash availability.

Q1 2020, will be focused on the U.S. refinancing of the corporate net debt to enforce synergies. We are finalizing the first step with a credit line up to EUR 100 million to refinance the Corporate debt and advancing in the fleet, and we are setting up a 400 million securitization -- [EUR 400 million] to refinance all existing lines. So that will have an impact on the fleet financing cost.

Okay. Next slide. Net profit. For the lending to the net results, starting on Corporate EBITDA. We can see that the D&A, excluding fleet and minus EUR 48 million are progressing mainly due to acquisition and the impact of our IT investments in the last 2 years. Non-rec -- nonrecurring expenses and income at EUR 58 million, are a bit above the EUR 55 million target we gave. As we said, we are going through 2 years of transformation, embarking high exceptional costs, mainly on restructuring, but also for this year, some integration for our acquisitions.

[Cutting] costs in HQ and network, and delivering EUR 60 million plus savings, needs some restructuring, and this is the journey we are in most of our countries. It has been the case in Italy and in the U.K. in 2019, but plans have been announced in -- restructuring plans have been announced in France and Germany, to be implemented in 2020.

We will anchor new high non-rec costs in 2020 before coming back to more normal figures for 2021 onwards. On the financing costs compare -- nonfleet financing costs were reduced by EUR 10 million, coming mainly from the refinancing we achieved this April, the refinancing of the historic EUR 600 million bond and a combination -- with have a new bond at 4% compared to 5.75 % in the past, an increase of -- on our RCF. Some more savings are expected in 2020 on the run rate since this operation took place mid 2019.

Income tax spend at EUR 35 million -- EUR 33 million, higher rates linked to deferred tax issues. And the net profit is at EUR 38 million, excluding IFRS impact. The reported net profit will be at EUR 30 million with a negative impact coming from IFRS 16.

Next slide, cash flow conversion. Cash flow conversion, we delivered a good performance of 42%, outside of the corporate EBITDA and the nonrate that we already commented. The main components of this conversion are the CapEx of EUR 75 million, with main consumption coming from the IT with 75% of our digitalization program and securing our legacy. The rest being focuses -- focused, sorry, on stations, mainly on revamping and supersites. We can see as well a neutral impact on the nonfleet working capital and provisions, with a strong push then on collection at the year-end. And the consolidation program -- factoring program that we initiated for EUR 21 million. Digitalization facilities were EUR 75 million, and we will be able to run it on a monthly basis for a stronger amount, and this is the plan for -- to increase this amount to have it fully in use for 2020.

To finish with the corporate net debt. We closed the year with EUR 880 million net corporate debt, starting with 75 -- EUR 795 million, so just a EUR 85 million difference, but with significant movements. So we commented already the decrease of the corporate debt linked to the refinancing. Fleet financing impact -- timing impact plus EUR 63 million is coming mainly from the defleeting at the year-end, and this time for the full transfer of the Goldcar fleet that we've put in place an asset-backed financing that we closed at the end of December. And so all the fleet is now transferred under this facility, and that gave us this increase of cash.

The investing activities, supporting the Finland, Norway and U.S. acquisition and some earn-outs on the previous ones. We returned close to EUR 80 million to our shareholders through the share buyback and dividends. We have a dedicated management staff capital increase, which are planned, where the staff and the management have increased the issue was EUR 12 million. And now we have the management and the staff owning close to 3% of the company.

And we had finally some transaction costs mainly linked to the refinancing, early termination of the bonds and some other costs. At the year-end, our global position is at EUR 880 million with a corporate leverage of 3.2x our corporate EBITDA, 3.3x excluding Fox.

And with this positive ending, I pass the floor back to Caroline for the outlook and guidance for 2020.

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

So now turning to 2020. I will guide you through our views on the global environment we are operating in. The management actions we are taking to improve profitability, while investing in the future and especially in digital, with a deep dive on the Urban Mobility business unit. And of course, I will guide you through the guidance.

So please go to the Page 23. So in 2020, several macro uncertainties in Europe will remain, soft GDP growth, post-Brexit economical effects still to be further monitored. Our industry will continue to operate with increasing environmental regulations, CO2 emission taxes, EV expansions that are modifying progressively our business models and our adaptation, thanks to our transformation programs on Connected Fleet, for example. This year, in addition, our industry is facing the coronavirus outbreak. Since the beginning of the year, we are performing a full assessment of our exposure to the virus outbreak, both from an employees and business perspectives with a multidisciplinary team under the leadership of the Management Board.

As a reminder, our group is not operating directly in APAC area to the exception of Australia and New Zealand, currently impacted by lesser tourism flows. With the last 2 -- 2 last further evelopments in Europe, we are monitoring all our operations and will take all appropriate measures ahead of the peak season accordingly, bearing in mind that we have been -- we are benefiting from our flexible fleet model, and we are still adding options in our hands to fully react based on circumstances as we have not purchased our fleet for the full season now.

So please now turn into Page 24. So what our focus in 2020 regarding our strategic framework. 3 pillars. Brand and product differentiations, customer focus and P&L efficiencies. On brand portfolio during the year 2019 for our core 4 international brands, work has been completed with best-in-class urgency to support global management of portfolio and foster retail value creation for each brand.

2020, we will start with InterRent in the mid-tier segment with the repositioning and full digitization effective with already very positive NPS score and progressive differentiation on products for Europcar.

On customer-focused, 3 elements: customer satisfaction, our main motto to increase return in the future, more satisfaction, more repeaters and brand-new call center programs developed last year, where we will see quality improvement in 2020 as well as cost reduction.

Second, continuing on the customers, we will go on deploy Click & Go customer applications and enhanced features, key enablers for both customer satisfaction and our digital station programs for the next year.

And finally, on the B2B commercial side, strong focus on our midterm project launched last year and showing already good start. In the meantime, we have fully reorganized our group commercial teams to regain momentum in car rentals and create synergies with car sharing teams.

On the efficiency side, I will come back on most of them later on, but cost reduction and synergy from integration, our central management focus, in addition to the enhanced profitability of our Urban Mobility division. A small comment here on the specific program, connected vehicles. After the successful pilot of Mallorca last year, we are now ready to fully launch our core platform in the country. U.K. with a rollout which will start late in Q1. When fully operative, we will progressively connect all the other country onwards and you know that we have a commitment to collect 80% of fleet by the end of 2022.

Now turning on Page 25, focus on efficiency program. As a key takeaway of our 2019 results as well as to address the soft macro environment in our industry and in Europe, efficiency actions plan are the basis of origin to higher profitability. These programs were all prepared ahead of the peak season in 2019, and some have been started as early as Q4 '19, notably in the U.K., where we closed 1 of our headquarters.

On the HQ 2020 program side, coming from historical country organization, we are now jumping into a transversal function and Center of Excellence logic as we did a few years ago for the finance and e-com organizations.

Savings has been embedded in our 2020 budget, and all activities and actions will have taken place before end of Q1, in all the related geographies. Due to the duration of some plans, some incremental savings may fall into the P&L as well in 2021.

On the network side, we continued our plan to rationalize the network with the reduction of nonprofitable stations and with investments in supersites to enhance profitability. We also strongly revisit -- we have also strongly revisited our productivity at station level, in line with the possible softer volumes ahead of us, this productivity was lagging behind in the last semester, and we are planning all activities to reduce temporary staff and tactical spendings.

In addition, we will benefit from the full integration of our German operations, in connection with the Buchbinder integration program. This plan in Germany will be implemented all the year round and will bring significant savings additionally in 2021. In addition, the network programs is essential -- is an essential pillar for another of our emblematic program digital stations, that we are preparing, but will deploy later -- in late 2020, early 2021, [times] we fully launched our connected car platform and finalize our Click & Go digital program.

All those elements together that we are currently implementing, will generate substantial cost savings in our cost structure, roughly EUR 50 million, and they will be nevertheless, partly offset by the standard inflation costs we are supporting yearly, Luc mentioned them, a portion of which relating to salary cost increase on the minimum wages, we are a people business. Some cost increase on the fleet due to CO2 emission taxes in some countries, it is a continuation of the WLTP surcharge initiative in 2019. And other cost inflations like station ones and other minor effects.

If we go on the next page, Page 26, Urban Mobility. On the Urban Mobility, our record deployment over the last quarter will continue around 3 products: a superior growth in top line, combined with synergies with the support of the group function will bring substantial benefits to the group with the reduction of the losses for about EUR 10 million in the year 2020.

We will focus on path to profitability -- or profitability rather than new cities and openings, and we'll focus on the revenue quality and customer repetition across all our biggest business segments while using our pricing power to market new services.

As a reminder, in this division, the 3 service offering are car sharing with Ubeeqo, round trip car sharing for individual or corporate. We enjoy already a sizable customer base with high level of repeaters in our 8 cities. Revenue per unit and customer enrollment will be the key performance indicators we will follow during the next 3 years for fast ramping of this service line. We will as well expand this operation to a franchising model, where our first signature occurred at the end of last year.

On the ride-hailing, the second business line, our business line in U.K. will increase significantly its profitability, breakeven in early Q2 this year, thanks to a full revisit of its business metrics during the Q4 last year.

And finally, our PHV services launched last year. PHV means fleet management rental car for Uber like chauffeur. We do not compete with the platform that operates the fleet management services in a healthy manner thanks to our own logistics platform. With those 3 segments, we are more than comfortable to size business opportunities in the near future and relying on the group physical platform to reach profitability as planned in our road map.

So please now jump into Page 27. Here, I want to come back on our decision last year to enter in the U.S. perimeter and explain, again, our business and strategic rationale. From a strategic standpoint, it was a unique opportunity to acquire a U.S. platform to progressively serve all the mobility needs of customers and leverage our international networks and in particularly secure our own [LCU] open platform.

We will send customers from Europe to U.S., and we were the only one without having any platforms amongst the competition. We will also progressively optimize group direct sales channels and help increase recurring revenue. From a pure business metrics standpoint, Fox is a leading independent player or was the leading independent player, present in 15 of the top 25 U.S. airport with a network of 21 corporate station and affiliate over 100 destinations. It proposed attractive value for money positioning, an average fleet of 18,000 cars, and we will continue to operate under the name of Fox for the next year and articulate our growth strategy in this perimeter at a later stage. Since its acquisition, we have been able to successfully launch, as mentioned by Luc, first part of new dedicated financing, bringing synergies value for the next year. And we have already engaged the next one.

The reported growth on the U.S. perimeter showed encouraging momentum, aligned with what we have understood from the competition on this market.

So now please go on Page 28. I mentioned already earlier in this presentation, our focus on digital. And here, I want to guide you through what we are doing in reality.

The group investment in CapEx increased significantly over the last 5 years. 70% to now 80% relate only to digital and investment in IT, rest being related to our 20,000 stations. We transformed last year our IT department in the tech and digital progress organization to accelerate our own digital development while continuing to managing our core historical legacy, which is global and robust anyway in parallel.

The increase in CapEx, which is representing now 2.5% of our revenue, is key to be able to transition to a full digital organization, allowing more efficiency on cost and savings, but more importantly, to meet our customer expectations, fast-changing ones in a world where mobile devices are the key entry point of every individual life.

The graph in this slide shows roughly where we put our efforts and where we are expecting returns, mostly on the yellow parts, while continuing to invest in transforming our IT backbone, less visible from an external standpoint, but essential to ensure day-to-day businesses and prepare a full integration of the business.

Adding all those [businesses in main], I will now be able to guide you through our guidance for 2020, please go on Page 29. So for 2020, we will guide the group with quality revenue as being a top priority for us, quality versus quantity. So we will have a limited organic growth in the core business units. On the Urban Mobility, we will enjoy the strong double-digit growth, and in addition, we will integrate, of course, Fox for 12 months.

On the earnings, back on the operating programs we are managing and efficiency programs we are managing, we will increase our corporate EBITDA. As mentioned earlier in the presentation, but it will be also explicitly mentioned everywhere, we are now reporting the corporate EBITDA, including the Urban Mobility. So we don't have before and after, all is inclusive, and the acquisitions will be -- are included as well, Fox namely, in our EBITDA. The EBITDA will be in the range of EUR 300 million to EUR 310 million in 2020 for next year. We will enjoy as well a strong increase in net income with a nonrecurring income -- nonrecurring expenses, which were guided already some quarters ago at EUR 50 million.

And finally, on the cash generation, we will continue to focus on the absolute net deleveraging of our corporate net debt, and with the cash flow generation and the EBITDA ramp up, a reduction in the leverage by 0.4x at the end of next year compared to this year 2020 -- 2019.

On the capital allocation, on Page 30, our dividend policy is confirmed, but no further share buyback. We will focus ourselves on the deleveraging and the reduction of the corporate debt.

And I reinforce here, no M&A, we have said last summer in August, that Fox was the last M&A acquisition we were managing as part of the group transformation.

So now as a conclusion, if we go to Page 32. We are confident in the relevance of SHIFT 2023 strategic road map. Why this confidence in our future? Because we are very well positioned in the value chain of what are the essential assets to manage daily mobility today and tomorrow. Actually, our central position is quite unique. Thanks to the wide range of know-how, skills we possess and of the mobility solution services we offer at the very large scale. As a reminder, we are #1 in Europe with 20 corporate countries, and we are serving customers in more than 140 countries all around the world.

About the know-how and skills. We know how to maintain and repair. We know the fleet management, distributions, yields, purchasing, registrations, insurance and the marketing. And in addition, customer operation 24 hours a day, 7-day a week. So we are really under daily management.

About the mobility solutions, for both leisure and corporate customers, car and van rental in all segments, midterm rental, car sharing, ride hailing for corporate accounts and [rent Uber-like] driver businesses. Thanks to this, building on our know-how and skills, we are able to serve a wide range of mobility usage and needs around the car. This is what we are doing in core business, while expanding in monthly product and the new rental, short-term vehicle rental solutions that is car sharing with Ubeeqo.

So if we go on Page 33, which is more how and what to achieve in our SHIFT 2023 plan with this central position. It takes us back to our mission, offer attractive alternative solution to vehicle ownership in a sustainable way. This is what SHIFT 2023 is all about, broaden the range of mobility solutions and services we offer to leisure and corporate customers, while at the same time, transforming ourselves, digitizing our operation and fleet, plus our customer, middle and front offices at group level. This will enable us to capture further growth, to size market opportunity in front of very promising long-term mobility trends and create greater value for our customers.

On the main benefit -- one of the main benefits of SHIFT 2023 will be to progressively rebalance our revenue streams, thus reducing the impact of seasonality and volatility of our business, which we suffered a lot during the year 2019. This will also create a scalability effect, leading to better cost absorption as well as greater and recurring free cash flow generation.

So thank you for your attention. And Luc and I plus Fabrizio Ruggiero will be available to answer your questions. Operator?

QUESTIONS AND ANSWERS

Operator

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

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

Patrick Jousseaume, Societe Generale. First question is about the gap in revenue and in debt -- corporate net debt compared to the cost of sales that you provided. There is a gap of something around EUR 70 million on revenue, which is big on one quarter and a gap also of EUR 100 million in a positive way for the corporate net debt also in one quarter. So could you come back to that? Could you please give us more details about the contribution of Fox over the 2 months that you mentioned? And what you expect for the full year, please?

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

Yes. Gap in revenue, I think that we are not expecting, Patrick, to integrate Fox. It was relating to your second question during the Q4, and Fox has been finally integrated. So in the slide, and I hope this is clear, but if not, we will clarify on the website. We have integrated 2 months of Fox and I think -- for EUR 37 million.

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

For EUR 37 million.

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

Could you repeat this, the figure?

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

We have integrated Fox for EUR 37 million for the last 2 months season, because with the signing, it did occur early November. Fox contributed...

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

And it's on the EUR 37 million that we have the EUR 40 million contribution that you mentioned at some stage?

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

No.

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

Yes, the EUR 40 million in MAVC on the low cost.

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

Yes. With -- on margin after variable cost, which lead to a 0 in EBITDA. So the contribution of Fox is 0 in EBITDA, EUR 37 million in the top line and EUR 40 million in the -- and EUR 40 million is MAVC, which is the margin after variable cost. It was the last 2 months of the year. So it is a low quarter for them. For the next year, we have integrated Fox with the full year revenue. So we have not guided on the revenue growth, and it will be separated in all our communication. We have a low level of EBITDA because we have said, historically, that the ramp-up of the level of EBITDA will be progressive. It is positive, but minimal. And we have said that it will be neutral in the dilution of the net income for the first year [once] we fully integrate this operation.

On your question for the debt, which is, yes, a good news, as you mentioned. Thank you to tell us the good news in the presentation.

In fact, there's 2 elements. We have integrated the debt of Fox inside the perimeter, but the team worked a lot during -- at the quarter end and during the second part of the year to increase the working capital and to be able to have a good cash conversion. And it's fair to say as well that there will be a seasonal effect on the fleet debt and on the corporate debt temporarily for Fox as well because we are at the low quarter of the period for Fox.

But bear in mind that we have said that by the end of next year, we will have a 0.4x reduction in the corporate debt leverage, which is a controller. And it is a good news that we have a low start. And it means that the cash focus and the cash -- and the debt deleveraging is really the core focus in soft environment that we are really managing weekly with all the teams.

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

And just a follow-up question on cash generation. So you have -- obviously, this EUR 63 million fleet financing timing impact, which has helped you. Is there any risk of, let's say, (inaudible)

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

No, no, they have not helped us. I appreciate, Patrick, you know the story. When the prior years, when we were acquiring Goldcar, we put corporate cash into the Goldcar perimeter and some acquisition perimeter [times] to fully restructure the fleet financing of those operations. And we were penalized and we were permanently telling you that we will progressively exit this cash from those fleet financing bodies to be able to come back at corporate level. So it has helped us, but it was the reverse of what penalized us in the past. And now we have come back to the normal situation where we don't push cash corporates into the fleet. And we came back to normal.

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

Okay, very clear. And last follow-up question. Regarding the nonfleet financial expenses, you have something around EUR 100 million in the P&L and you have something around EUR 50 million in the cash flow. Is this gap of EUR 50 million supposed to continue?

What -- should we see the interest on corporate net debt, which is in the cash flow, increase in the 2020?

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

No, no, the cash -- the net corporate -- net impact on the corporate debt will decrease, because we adjusted the financing effects of this year at the year and so it will decrease.

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

No. I was speaking more about the gap between what is in the P&L and what is in the cash flow statement?

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

Yes. But in the cash flow statement, we have -- in the P&L, we have some noncash items, of course. And we had some exceptional items linked to the refinancing and we had the noncash items.

Operator

We'll now take your next question from Joe Thomas from HSBC.

Joseph Philip Thomas - *HSBC, Research Division - Analyst*

Just with respect to the current nervousness around the coronavirus and your guidance. You typically build in a little bit of leeway for -- I think in the past, you've called it unforeseen macro events or something such like. Can you just -- with respect to the guidance, have you built in any leeway this year on that?

And secondly, Caroline, I think you said that you were taking options on fleet so that you could return it more quickly, perhaps you could just give some more detail around that because I wasn't entirely clear. And then just moving to the costs and really, Slide 25. Could you just clarify, so by the end of 2020, it looks from that as though you will have got about EUR 50 million of savings out of the business. I think you said EUR 60 million in the past, but perhaps you can just explain, if I'm reading that incorrectly. And then also on that slide, with respect to 2020. Cost inflation of EUR 30 million, but gross savings of EUR 40 million, does that mean that total costs drop by EUR 10 million year-on-year?

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

Yes. So I will take the question in the order. And please remind me if I -- if myself or the team are forgetting one of them. On the coronavirus, to make it clear, when we took a cautious view in our budget in the soft macro environment, we were looking without the COVID-19 element considering in addition that it could have been neutral should this event being, let's say, maintained in Asia, monitoring closely our Australian and New Zealand perimeters [evolves]. And now it seems today there is kind of a panic in Europe. So we are taking all the appropriate measure to understand what does it mean in terms of cancellation in the areas, which has been put under quarantine, and it's too early to tell you what are the full effects. What we can say and what we can explain is that we are late Feb, we have -- we have to order the fleet ahead of the seasons in front of us. So we still have fleet because we are running operations, but the in-fleeting process to go progressively through the summer country-by-country is starting now. So that's why on the contrary of what has happened in Q3, where we faced a weaker-than-expected volume demand during the summer, we faced it directly being in the summer, having already the fleet with us. That's why we have made tactical move to increase the profitability -- to increase the utilization of the fleet by reshifting the fleet across the segment. Here, we are in a totally different position. We have not ordered the fleet. So we will monitor daily because we have a management team, which is evaluating daily what is to be done from an employee standpoint, because our employees are functioning as the customers coming in the railway or the airport. We are also monitoring the customer demands and the evaluation of the customer demand everywhere.

And in parallel, we are planning or replanning the fleet processes wherever it should come. So it's -- the event came over the weekend. We have seen, obviously, on the Milan perimeter, which is under quarantine, that nobody is moving. So naturally, the corporate segment is facing small drops in the reservation because people are not allowed to move, and (inaudible) to come. We will monitor closely, but we are perfectly from now on [the end] on the decision to take fleet or not and to mitigate any movement, which is really important because we are not in the hotel industry or airline industry. We have the capacity to flex the fleet, which is really important, and we are at the right period of this time, if I may say, the right time. We are at the right moment in the season where it is not too late to act. Is it answering your question?

Joseph Philip Thomas - *HSBC, Research Division - Analyst*

Yes. Well, it sort of does, that you're -- no doubt you're addressing it. But the question was, I understand the guidance was set before these developments in Europe. But what I was trying to understand is, is there any leeway within the forecast? I mean, have you built in some sort of -- have you built in some sort of a leeway for...

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

Of course, we are always building with -- we are always building our views with some room to move. And we are also building optionalities to go further, so it's natural. Now how to compute and how to measure those elements compared to what could happen in the COVID-19 will have to be evaluated in the next few weeks should we know where we are.

So yes, of course, to be able to enter in this year 2020 in a cautious view, we have taken absolutely strong measures to reduce our cost, and maybe it could be a good transition to your question on Page 25, where your second part of the question was the cost inflation. And you were gently telling us that finally, net of the inflation, the growth was not that big. So we have taken strong views on how to reduce heavily our gross cost and we want to be able to beat those elements progressively. Is it during '20 or 2021, we will see how fast we can deliver.

And obviously, we have the cost completion which are naturally coming into our group every year as usual. We have exposed them here. But we are absolutely fighting to mitigate those cost inflation as well, and it is part also of the way we are putting some mitigation factors in our build up for the budget for 2020.

On your second -- first question on the ASUs you're right, we were saying EUR 60 million and then we are here having EUR 50 million because we have the Goldcar and Buchbinder synergies, which I have pointed out on the left side of the slide. So it is EUR 50 million compared to EUR 60 million. We have -- and I put with the team a name which is digital station. And we were planning to have eventually EUR 10 million in 2020 of the digital station program to be factorized in our P&L and more to come in the next year. We do believe that this program, which is really critical for us will be live probably at year-end and not in the middle of the year because we have to deploy, first, our connected cars vehicle programs and some other technical issues. So the EUR 10 million, which is missing compared to your reading of the last call, will be probably launched in the year that will deploy in 2021 with all the teams.

Joseph Philip Thomas - *HSBC, Research Division - Analyst*

Okay. And just to be clear, the cost -- the total costs are going to drop EUR 10 million effectively in 2020, excluding Fox, because we've got cost inflation of EUR 30 million and synergies of -- or sorry, cost savings of EUR 40 million.

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

The structural cost, yes, but you have also EUR 8 million of synergies on Goldcar and Buchbinder, so you will have more to come.

Operator

We'll now take our next question from Mourad Lahmidi from Exane.

Mourad Lahmidi - *Exane BNP Paribas, Research Division - Analyst*

Yes, I just wanted to come back on the comments you made at the beginning of the presentation. You said that your teams reduced significantly the fleet during Q4 to 300,000. I just want to confirm that number and how they compare versus December 2018.

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

It is below 300,000. Yes, it's confirmed. Because we have many perimeter effects, so I'm looking at Luc, I propose that we put -- with Caroline we follow the question because I don't have it on the top of my mind. We are looking at the -- we are not looking at the size to size, we are looking at the drop from the summer to the end of the year. So it is not exactly the same comparison. But Luc will -- Luc and Caroline will answer to you, I don't have it on my mind here.

Mourad Lahmidi - *Exane BNP Paribas, Research Division - Analyst*

Okay, okay. And I have a follow-up. Yes, okay. I have a follow-up one on Slide 46 on the management cash flow. So there is the line change in fleet asset base and net of drawings. This is a massive inflow of EUR 497 million. Is that related to the reduction of the fleet at the end of the year?

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

Yes, mostly. Yes. The EUR 497 million, yes.

Mourad Lahmidi - *Exane BNP Paribas, Research Division - Analyst*

So basically, what should we expect in terms of average fleet for 2020? Should we go for something like flat or declining fleet?

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

So we have said, Mourad, a moderate growth without the acquisitions. So as you have seen, we are really operationally super good in maintaining fleet utilization. And this year, we have been able to maintain fleet utilization in a market which was soft. So with moderate growth, we will have a very moderate fleet on a like-for-like perimeter. Obviously, Fox, and we mentioned that Fox is nearly 18,000 cars, will come in addition to that. So -- but we will be able to maintain a level of fleet, which is adequate sized to the revenue, the volumes, which will be more moderate.

Operator

We will now take our next question from Felix Schlueter from Goldman Sachs.

Felix Schlueter - *Goldman Sachs Group Inc., Research Division - Research Analyst*

Just one question from me. I mean, it's great to see how the flexibility of the business model really came through in the fourth quarter. You made some positive comments on pricing now in January. So I just wanted to know if you could give us an update on also competitive dynamics, and on the first quarter, how you see your competitors picking up? And what do you expect from there and in terms of fleet size and the potential impact on pricing?

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

On Q4, obviously, [it seems quite] a lot to be able to manage a good revenue growth and to be able to protect the profitability of the group. On the pricing dynamics, we look back with the Management Board at the performance of the competition. And obviously, all the European players were really fighting for either price utilization, but in most cases, they were suffering a lot, probably even more than us when we look at the figures, much more than us. So we do believe, based on that, that the competition will anyway get with a better momentum, looking at the pricing, but it is a guess more than anything else. We cannot bet it will depend totally on the level of fleet, and the level of fleet is difficult to assess because they are to order as well, and we cannot [count on it]. So for the time being, we do believe the situation will improve on the pricing, even though we don't factor it.

We do believe it could be that with the very difficult years that we all have had in Europe the pricing will come back at a better shape, but it is really a vision. We have -- it's too early in the season today, and we are more on the corporate segment to say anything on the pricing. Obviously, we will also work heavily on the brand repositioning to increase our pricing power, so it is all part of our play. And what we are doing in the BU Low Cost with our InterRent repositioning will help us also to sustain a better price. But this is all the actions we are doing to increase pricing, thinking that the competition will follow, but it is still to be validated, and it's too early to say. But normally, with their P&L, they should be able to follow this momentum.

Operator

We'll now take our next question from Sarth Patel.

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

Just to come back on the figures of the number of cars we had at the end of December, we were at 280,000 cars for the end of December 2019, and then it's the same figure as 2018. And at the peak, we were at 400,000 cars in August. So we may [need to defleet] 120,000 cars in the 4 months.

Operator

The next question is from Sarth Patel from JPMorgan.

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

This is Sarth from JPMorgan. A few questions from my side. Firstly, you've talked about moderate growth on the top line in the coming year, excluding Fox. When you think about your different divisions, can we assume that it's going to be a low single-digit growth across the board for all 3? Or do you have a different view on each of the different segments? That's first.

Secondly, how should we think about your U.K. perimeter in terms of -- you've announced that you've had some cutbacks there. How should we think about the business in the U.K. in the coming year?

And then finally, just coming to Urban Mobility, it's a positive indication that you're going to cut about EUR 10 million on losses there in the coming year. So where do you see the business growing in terms -- in the coming year strategically in terms of number of cities you're going into? How you're expanding further into the core cities that you're already in? Just some color on that would be really, really helpful.

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

We have the chance to have Fabrizio with us today, which is managing all the business -- he's managing all the business units with his team. So he will answer to you on a few of those questions.

Fabrizio Ruggiero - *Europcar Mobility Group S.A. - Group Deputy CEO, Head of Business Units & Member of Management Board*

Okay. Good afternoon, everybody. First of all, yes, I confirm that the growth will be in a single-digit growth for all the business units.

So going back to -- of course, we are talking about the 3 business units operating to the car rental [ward], so it means Van & Truck, Low Cost and cars.

When we go to the U.K., let me say that, for sure, I mean, 2019 as already explained has been a tough environment.

There is still some uncertainty around, but of course, we have taken measure to adapt our cost structure and our fleet to the demand of the market.

When we go to Urban Mobility, in this case, the growth is as explained by Caroline, I mean, driven by all the 3 product lines that we have explained before, a part of our offer of today. It is clear that the most important part of the growth in percentage is coming from the car sharing growth. Where also for us is relevant to be because this is really something that is moving in terms of perspective together with car rental ward . So in terms of next step, of course, we explained many, many times that car rental and car sharing are converging into 1 single offer. So it's relevant for us to focus on this piece. But in any case, as I said, we are growing double-digit in all the 3 product lines.

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

Okay, okay. Just one follow-up question to that. In the last year, you had a very serious negative impact from your RPD effect. I mean, that's basically where the majority of the negative effect did come through. So in 2020, just assuming that you do have such a negative impact, or you do have a view that you could lead into a situation like that. What kind of steps can you take to reduce the impact of the RPD, firstly? And how much of an effect do you bake in for your 2020 estimates? Is it something flat? Or do you have a very negative estimate going in for your outlook? Just some color around that.

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

We go for flattish, flattish minus, depending on the segments it's really depending on. What has happened last year because the price have never increased over the last 5 years. So it is not the point only of price is that we are usually able to offset some pricing pressure. And last year was particularly difficult. But by better -- but more volumes and due to consumption of pricing pressure with less volumes or not expected volumes, which didn't help us to mitigate the pricing effect in a softer macro environment. So this is really -- this impact, which was really an impact affecting us.

So it is difficult to answer fully your question, but we don't -- now that we see how the year is, how the macro is engaging in the same kind of momentum of last year. The planning we are putting together and the quality of revenue we are chasing will be key and we are not in a growth in volumes anymore game, but in a profitable game. So the key question for us is to go fast on the reduction of the cost structure and to take the revenue, which is profitable and is helping us to move the structure. So it is not any more a growth environment, but a totally different game. That's why the mitigation is coming differently.

Operator

We will now take our final question from [Sami Chikhi] from [Karios] Investment Management.

Unidentified Analyst

Actually, one question only. So I understand and I salute the quality of revenue initiatives...

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

Can you speak louder, please? We cannot hear you very well. I'm sorry.

Unidentified Analyst

Can you hear me now?

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

Yes. Yes.

Unidentified Analyst

Yes. So while we sort of -- I am all for the quality of revenue measure that you are mentioning. My -- I think we need a bit more color on the trajectory of revenues because SHIFT 2023, you said about more than EUR 4 billion in revenues. And given that there will be no M&A going forward or at least in 2020, that puts you effectively on a 7%, more or less, organic growth required to reach your EUR 4 billion

So can you give us maybe a bit more color on how you plan on growing top line?

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

Yes. So first, so we think or we see that we will have a superior growth, which is coming from the U.S. perimeter, either inside the geographies of U.S. because they were totally limited by their fleet capacity, because they were having financial concerns on the fleet. And that's why it was super important for us this year to put together as early as Q1, a new fleet financing structure kind of securitization locally to help them to grow the business in a market which is growing quite fast.

The second point is, we are focusing a lot, and perhaps I didn't put enough emphasis on it, on the B2B midterm product, which are really the products that we are developing, and we see last year with the launch of this program that we can really grow in a fast manner, and it is all the ambition which is prepared in the plan.

So we didn't guide this year through this program because we need to see how we will develop, but we think that we will be able to grow quite heavily.

And lastly, in the 1%, we have been pretty limited in the way we have not looked at the full growth of the Urban Mobility, which is really accelerating. And for us, it is essential to accelerate this because first, the growth in the volumes will be able to grow faster on path to profitability.

So those 3 elements, U.S. on one hand, inbound and outbound. So the flows coming from the U.S. that we will control better, and we see potentially this year already positive momentum, assuming the leisure momentum is continuing in the same place. So those 3 pillars, the Urban Mobility, midterm projects and service to corporates, which are being developed and U.S. which are making us a very strong and confident in towards the 2023 ambition, which is really, I agree with you a strong ambition, but it is also a way for us to also regain momentum on the seasonality because the growth will come mainly in our views after this period from the Urban Mobility and corporates. We cannot afford relying on the profitability of the group only on Q3, so all the target is really to increase the profitability and the corporate momentum across Q1, Q2 and Q4.

Unidentified Analyst

Okay. And maybe just as a follow-up, could you only -- could you just comment on -- effectively the process in which Eurazeo is reviewing its stake in Europcar?

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

I can't comment -- [view from now]. We don't comment specifically where the process is moving...

Unidentified Analyst

No, no, but how are you -- how it's being managed internally?

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

How it has been managed internally, very [simple]. We put together with the Supervisory Board a committee, an ad hoc committee, which is managed only with Independent Supervisory Board members and a company is part of this ad hoc committee to regularly discuss the process. And as the independent ad hoc committee is reporting to the Supervisory Board regularly the progress and the evolution. And this is really managed with independent Board members.

And I think we -- I'm sure we made a press release regarding that and it is confirmed.

Operator

At this time, I would like to turn the conference back to you for any additional or closing remarks.

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

So I think it was a very long call, and you were having a lot of questions. So thank you for that. We know the year 2019 has been very disappointed. So the management has taken strong actions all across the organization to come back to -- and to improve profitability in 2020.

We are confident in the path we are making for the company. Obviously, the macro has softened compared to 2 years ago. So we are playing in a new environment. So we are taking all the measures to improve the agility of the company. We want absolutely to reduce earnings volatility and increase returns. So it is really where we are focusing on. We were focused on that, but now we will make it happen with a strong focus on the full management team.

So thank you very much, and we will see most of you in the road shows in the next 2 weeks. Thank you very much.

Operator

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