prosus

Prosus La Centrale Acquisition | 26th September 2025

Eoin Ryan:

Good morning, everyone. Good afternoon wherever you are, and thank you for joining us today for a exciting announcement from the Prosus and the OLX Group, where we've agreed to acquire in total the assets of La Centrale in France. With me today on the call, I have the CEO of OLX, Christian Gisy, who will take us through the rationale for the transaction. We'll go through a few slides, and then we will open the call for questions. So with that, I will turn the call over to Christian. Christian, hi.

Christian Gisy:

Thank you very much, Eoin. And as Eoin was saying, good morning/good afternoon to everybody wherever you are. It's a big day for us at OLX, but also at Prosus, and I'm very excited to be able to present you the newest kit on our block now, which is going to be La Centrale.

Next slide, please. Next slide, please. Next slide, please. Here we go. So, let me refer why we believe that La Centrale is such an exciting asset. And as you know, I'm in the market for about 10, 11 years and I've seen a lot of classifieds come and go, and La Centrale is one of those assets I've been looking at for a while already. So, we are able now to acquire La Centrale for about 1.1 billion euros.

There are five main reason, and I will elaborate also later on the presentation on main of them. But it's fair to say that the acquisition for OLX allows us to expand our footprint into Western Europe and help also Prosus to build it what we call the European Tech Champion. And this is something that I think is super important. Secondly, France as such is the second-largest car market in Europe, and has very much attractive structures that we are able to catch and that the team of La Centrale has already been able to catch across the last 2 or 3 years. La Centrale itself is a high quality and profitable platform which is focused more on the high-valued vehicles, which is something very normal if you think about verticals. And obviously, it's also very well positioned to benefit from growth trends in France. A market that is changing that has to be very much a C2C market and is nowadays very much becoming a B2C market, that used to be very much a new car market and is also pivoting more towards a used car market. La Centrale itself has had exciting growth and profit potential and has been able to take up from this for a while, but it will further be enhanced by our own capabilities, especially in AI. For those that have been attending the CMD this year, you have seen that we are working a lot with Prosus, but also with ourselves on deriving new products out of AI, out of the technology, to basically help our consumers, but also to our customers, to identify better where their positioning is, where they can best operate. The price that we paid represents a high teens 2026 EV/EBITDA multiple for a strong asset, for the leader in a vertical space in an established industry. It's an all-cash transaction, and is expected to close by year-end. Obviously, subject to customary conditions.

Next slide, please. What we're building together with Prosus and OLX is very proud of being able to contribute, is we're building the European, what we call e-commerce ecosystem, and we're building a global tech European leader overall. Here in our case, obviously, the exploring the local synergies is not that large because France is a new country for all of us, but we are investing to enhance our ecosystem. There certainly will be more to come on a Prosus level going forward, but this also helps us to strengthen ourselves on the standalone level. So, this idea of what we have been already doing at LATAM, we are now starting to replicate in Europe, and we are basically getting there piece by piece. Just a takeaway is one element of the puzzle, La Centrale, is one of those. And there's certainly more to come, but this is something that Fabricio and Prosus will talk about at a later stage.

Next slide, please. You know from the CMD that OLX is building a leading European classifieds business. We are, by miles, the market leader in Central and Eastern Europe, and we have been able to drive a lot of profitability and growth in the markets where we are. Which is Poland, Romania, Ukraine, Bulgaria. Obviously, also, Portugal and South Africa. As you also know, part of our strategy was to divest, and we're still ongoing from countries like Uzbekistan and Kazakhstan, to focus ourselves on our main categories that are motors, real estate jobs. And obviously, also, the general classifieds in those countries where we are present.

The role of La Centrale in our OLX vision is to secure and to make sure that we are able to access one of the most important Western European markets. And therefore also, complementing very much a very strong Central and Eastern European position. The main element of this transaction, certainly, the idea of bringing together already strengths that La Centrale has on the product and tech side, with the scale and the AI capabilities that OLX has in conjunction also with Prosus. This whole element of AI-driven discovery of pricing. Helping our dealers to identify, what is the best car to buy at which price? Where's the best to sell at which price? Also, take into consideration, what are they focused on? Are they more focused on the margin? Are they focused more on the volume?

So, there's a lot of element that we can bring to the table to enhance the value of La Centrale, which makes this transaction for us even more exciting and juicy. There are also other elements like the go-to-market piece where we have been working very heavily on at OLX across the last 12 months. And obviously, brand investment also. How you use CRM in the age of AI? How do you better approach consumers? How do I basically help to better convert? So those are elements that we will bring to the table, which again, creates for us an exciting opportunity going forward. Next slide, please. If we now deep dive a bit into La Centrale, La Centrale is the leading French motor classifieds platform with a very proven track record. The business is existing since 65 years. And it's fair to say that there is about 4.5 million monthly unique visitors that we're having, about 350,000 listings. We have seen 12% revenue CAGR across the last three years on the classified space, with an EBITDA CAGR of 13% also across the last couple of years. This business is profitable, is cash flow generative, and we'll come to this later. It will help us to deliver on our rule of 70.

Next slide, please. And this is one of the main elements that we need to understand when we think about vertical classifieds. Motors in La Centrale is adding to this is a verticalized business, and this is something where you can immediately see what it means when something is verticalized and goes very much into depth. We are... And La Centrale, and I'm already using the we are because I'm very proud of this. We are the preferred amongst large dealers. La Centrale is ahead of the competition. We are the ones who is mostly used for high-end cars because of the trust, because of the pro prevention, because of security we provide. And obviously, we are leading also to superior NPS, much superior than our competition does, from buyer perspective but also from large seller perspective. These are assets that are very rare to find, and we have found one of those. And now, it's up to us at OLX, with the product that we have, with the capabilities that we have, to continue to foster what La Centrale has been able to develop across the last couple of years.

Next slide, please. Now if you look into the French market, you will see that the French market is a bit different than, probably the German and the UK one, which are also large markets in Europe. Germany being the largest. What excites us and where we see a lot of potential coming is the share of B2C is far below what you can see in Germany and also in UK. It's 36%, opposed to 70% and 60% in UK. This is a structural change that is, at the moment, undergoing in the French market. And we have high expectation that this penetration will continue to help us to drive our business. The dealer gross profit pool is in line with the UK one, which makes a lot of sense, which again gives us a lot of opportunities. You see that the French dealers... As of today, the used car dealers, have been able to drive even more gross profit out of this profit pool.

Which tells you that with the product and with all what we are able to deliver, we'll continue to help them to get to this gross profit, but our share of this one will certainly augment. And as you can see, Germany at the moment, with the prices that are be having raised has also been able to increase its share of the gross profit. UK is certainly the front-runner with 7.4%. So, this tells you that there's a lot of opportunity for us via the penetration, via the product that we're delivering, via the overall structural shift in the market.

If you go to the right-hand side, and I'm just going to point you to the number to the right bottom end, if you add up all the opportunities within market, you see that there is a structural growth in the market of about 11 to 13% that is coming to us. Because of the car volumes they're increasing, because of the used car pricing increasing, because of the B2C share, that is going to increase. And obviously, because of the classified spend, that will increase their built on the tech and the AI products that we will deliver to the market, combined with our GTM approach and also the marketing excellence that we'll be able to deliver.

Next slide, please. To wrap up what this means for us, we believe that the combination creates an increased opportunity for profit growth in a very large and attractive market. We acquire a very strong brand as you have seen. The brand awareness is high, the NPS is high. We're strengthening OLX motors portfolio, which already today is very strong, but it helps us to get the Western European. And a different angle to our business overall, but which also allows us to deploy product and tech that we have already on. There's a strong growth potential within La Centrale. La Centrale, as have shown, has grown by 12% across the last three years.

And also, the profitability has been growing quite drastically. La Centrale itself has profited since many, many years, and will continue, with our help, to strive in terms of revenue growth and in terms of profitability. The product stack upside that we are seeing is the one that excites us most because this will help us to deliver on all the elements that I was talking about. This element of AI, this element of product and technology that we're very much focused on at OLX will help us to continue also to drive La Centrale very much forward.

Next slide, please. And ultimately, La Centrale... And this is, I think, also the very big news for you is they are able to contribute to a rule of 70. To remind you, our rule of 70 is our long-term ambition where we want to deliver 20% growth each year, and we want to reach an EBITDA and aEBIT margin of 50 plus. La Centrale, as of today, is already very well-placed to help us to get to this rule of 70 ambition. So, that tells you that La Centrale in itself as being a vertical is a very, very niche and very, very cute business that has been excelling across the last 2 or 3 years. And we are now in a very good place of continuing to deliver further growth and further profitability when acquiring and when working with them across the next couple of months and years.

So all in all, I'm personally, and we at OLX are very excited about this opportunity because this helps us to continue to build our very strong tech ecosystem. It gives us the access to a very large market in Western Europe. And it gives us also the opportunity to deploy a lot of the product and the AI elements that we have already implemented within our motors verticals in Poland, Ukraine, South Africa, and able to deploy them also into France. Thank you very much.

Eoin Ryan:

Great, Christian. Thanks very much. So, I'm hearing that this transaction expands OLX into a very important part of market in Western Europe. It's a great assets in its own right with fantastic brand recognition. And with OLX, I think we were looking to only accelerate the things we can do together.

So, thank you very much for the presentation. We will go straight now to Q&A. And I'll ask the operator, please just to give us some instructions on how to ask questions, please.

Operator:

Ladies and gentlemen, we will now begin our Q&A session. If you have to ask a question, we ask that you please use the Raise Hand function at the bottom of your Zoom screen. Once called upon, please unmute your-

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Operator:

Of your Zoom screen. Once called upon, please unmute your audio to ask your question. If you have joined via phone line, please press star nine to enter the queue and star six to unmute once called upon. For those of you watching on the webcast, if you would like to submit a written question, please use the ask a question tab on the right-hand side of the player. I will now hand back to your host, Eoin Ryan, to take your questions.

Eoin Ryan:

Great, thanks very much. So let's go to the first question, which I believe is from Joe from UBS.

Joe:

Excellent, thank you. Are you able to hear me?

Eoin Ryan:

Yes. Hey Joe.

Joe:

I believe Le Bon [inaudible 00:14:50] is the number one across French autos. My understanding is that La Centrale has typically been stronger in higher value vehicles, and I think Christian, you referenced that in the deck side. Can you give some color on how you view the competitive position and the specific strengths in higher value cars? Is that something you think, with OLX expertise, you can leverage to move into the lower value cars? Is it easier to move from higher value to lower value than it is from lower to higher? Would love to hear a little bit more about the evolution of strategy from that perspective. And then, secondly, I guess one concern in buying a number two is that you'll invest heavily behind the asset trying to get up to the number one position. Based on what you alluded to, Christian, it sounds like you aren't set to pursue an aggressive investment strategy here. You said that margins would expand. So, can you just double confirm your expectations from an investment perspective? Thank you.

Christian Gisy:

Pleasure Joe. So, on the structural element, La Centrale is a vertical and a vertical is always strong in the high to mid low value of cars. And this holds also true for La Centrale. The way that we and that I look at this is it creates us a big opportunity because, if you have already the part of the market that basically carries the value, which is generally the part of the market that also pays you, this is something that you can then, over time, translate very easily, I would say, into medium and smaller dealers, and this is basically the path that we will be on and where OLX, from its experience, can contribute quite a lot. So, this is something where I'm not at all worried and this is something which, by the way, is exciting because it creates a growth opportunity, as I was talking.

We will be able with the technology that we're providing and with a lot of other elements, we will be able to provide more in-depth than probably a horizontal can do and hence we will be able to acquire more dealers and get ourselves better positioned than even we are today.

So, that's the first. The second is, I don't think it requires more investment. What we need to deliver is just better experience to the consumers and to the customers, which is something that La Centrale has been able to do already across the last two or three years, why it has been growing extensively and why it has been also very successful in the market. Now, we are able to bring our scale to the table, which will help us to continue to drive this forward. So, that's the reason why I'm very conscious about the fact that not only we'll be able to drive revenue growth, but we will also be able to expand the EBITDA margin.

Joe:

Excellent. Thank you very much Christian. Cheers.

Christian Gisy:

Ciao.

Eoin Ryan:

Thanks Joe. We'll head to the next question, which I believe is from Andrew at Barclays. Andrew, please remember to unmute your phone.

Andrew:

Great. Can you hear me okay?

Eoin Ryan:

Yes.

Christian Gisy:

Yep.

Andrew:

Perfect. Morning both. So, just following up on Joe's question there, can you give us a sense of the margin profile today and how that's trended over the last couple of years under PE ownership, just to get a sense of where we are, and then, just to follow up on the points we're making around improving the products, hoping you could be a bit more specific on that and give a few examples of product features that you have in, let's say Poland, that you think you could put into France and the timeline to do that, to try and get a bit more comfortable with the tech synergy here that could be present? Thank you.

Christian Gisy:

Absolutely. So, Andrew, I think, without being too specific on the EBITDA margin, you have seen that the EBITDA margin has been expanding across the last three years with about 13%. I think it's fair to say that the business today is already in areas where you would expect a leading vertical to be. And, I mean, as you have seen also in terms of the price that we're paying, also, this one gives you an idea of where we're getting to work, and it will help us also to get to our rule of 70. When we think about the product, we have two areas that we need to think about, Andrew. The one is the dealer side, where we have already now todays and we're deploying tools in Poland and Romania, which are very specific, which are very much built based on the data that we have where we are supporting the dealer and finding the right car. So, in sourcing the right car at the right price, helping him to sell the car at the right price, and also at the right place. It's not only about pricing as well, it's also about placing, it's about geolocation and stuff like that.

And what we are doing nowadays, which AI helps us a lot, is to give the dealer also the opportunity to either substantially change and improve their margin or they want to go for a volume play. So, they have, with the tools that we're providing them, they're getting more flexibility in the way how they steer the business. This is something that I believe is super important also for France, will help us a lot, especially in the penetration of the used car dealers.

The second piece is the private side. We are in the car markets where we are, also because of our general classifiers, we know exactly what private sellers are looking for and we know exactly in which which areas there is fraud and where we can prevent. So, I think, bringing this knowledge also to a vertical like La Centrale will help them to continue to drive the business, to drive listings, to drive traffic, and ultimately, to drive monetization.

Andrew:

Right. Okay, thank you. That's very helpful.

Eoin Ryan:

Great, thanks Andrew. And we'll head over to Cesar from Bank of America. Cesar, please unmute your line.

Cesar:

Yes, hi, good morning. Can you hear me?

Eoin Ryan:

Yes.

Cesar:

Great. Just wanted to check if we can discuss a little bit more how this fits into process Europe and ecosystem because obviously you don't have other assets in France and I believe just to take away LaFrance last year. So, that would be quite helpful.

And then, the second question that I have, after a few years of P ownership, is it not fair to assume that most of the work on cost would've been done already? And then, I think, a third question I have is really on that data point that you showed that is very interesting showing that the classified share of gross profit in France seems to be almost two times lower than in the UK. Why do you think that is? What tools do you have to enhance that? Thank you so much.

Christian Gisy:

Pleasure, Cesar. So, let me start with process. I think, when you think about the European ecosystem play on the-commerce side that we're trying to build with process, and also now becoming this European global tech leader, I think this transaction fits extremely well into because if you reflect what AI and what your opportunity on AI is, is the underlying data that you're getting from consumers and also from customers, and although you're right, we are probably not as present in France as we may be in other countries, this will help us to continue to learn.

We are on a continuous learning journey that will help us to foster these ideas around the e-commerce ecosystem. And I'm very much behind this idea because it makes a lot of sense because, again, the underlying data asset is the one that you need that will help us to drive better and more suitable products to our consumers, whether they're looking for cars, whether ultimately it's going to be food delivery and also other elements like in the FinTech space.

As you rightly say, Providence, certainly, and La Centrale have done a great job across the last two, three years to continue and to revitalize an asset that probably was very much under managed on probably the previous ownership. Our approach when we're buying such assets is not cost. You buy such assets mainly because of the top line growth and the top line synergy that you expect, and this is exactly what we're doing here. That's the reason why I'm talking so much about product, about tech, about AI, because this will allow us to make our dealers more efficient, and we thought, as those efficiency gains, we have the opportunity to continue to monetize, which will over time then allow us to structurally probably lift our gross profit share to the places where you will find where you'll be in UK. But you see that there is a step in between because even Germany is still a way behind UK, which probably is, in this case, the most advanced country within Europe, if I may consider Britain still being part of Europe.

Eoin Ryan:

Okay.

Cesar:

Thank you. Can I just ask, sorry. Thank you so much. That was very helpful, but just on, going back to the tools you have to increase the monetization, can you talk a little bit about it?

Christian Gisy:

Well, I mean, I was talking a lot about the dealer tool, this element where, when we start to help the dealer, and this is something where we see very much conversion changes, where we see how the profit pool all of a sudden changes when we started to deploy those products in Poland, is this helping the dealer to clearly understand, what is his positioning, and within this positioning what is the right sourcing strategy? So, what is the right car to purchase and what is also the right car, what is also the right price for it? And, on the other side, the other part of the equation is then, obviously, if you source this, what is the best place to sell in terms of geolocation and what is again the best price?

And then, this can be optimized by the dealer via either he switching on more the margin idea. So, he basically wants to probably, yeah, sell faster because then this will have an impact on his margin, or he wants to basically provide more volume. So, that means he has to basically buy cheaper cars, and then, sell them even cheaper. So, there's a lot of elements that come into play here, which helps a lot the dealer P&L, sorry, and his group rate to increase over time.

Eoin Ryan:

All right, thanks-

Cesar:

Thank you very much.

Eoin Ryan:

We will head over to Monique at Citi please. Hey, Monique.

Monique:

Hi. Hi, Eoin. Hi, Christian. Thank you for taking my questions. Hi. The first question I had was, Christian, you mentioned that La Centrale also offers you at OLX opportunities to strengthen your standalone business. So, just wanted to understand what learnings there are from La Centrale to OLX that you think are important. And then, the second one, just to come back to this country overlap. So, I understand the point you make that using these large commerce models and the AI, what this provides you with is a lot of underlying data. What I'm trying to understand, though, is, how useful is it to get that underlying data on the French auto market when it comes to either, I don't know, the Polish market, or how useful is the French auto market data when you're thinking about Just Eat takeaway that's in other markets. I'm just trying to understand how important data is if it's not regionally applicable to the rest of the ecosystem.

Christian Gisy:

Yeah, thank you very much for this one. So, I think La Centrale also has, across the last two or three years, been able to build very nice products because of their focus on the dealer side that we may be able to leverage and that we may be able also to optimize. So, it's a cross learning that we're having here. Also, on the marketing side, they have done a great job of increasing their awareness in terms of the brand. Also, the way they have been acquiring. It's fair to say that they have been able to increase leads across the last two, three years by 80%. So, there's a lot of elements where we need to look also into understand, "Okay, is there something that we can transfer?"

Because ultimately, the underlying business, Monique, is everywhere the same. Now, what you need to do is to understand, what are the local elements that you need to take into consideration, which gets me also to your second point. The customer data and the consumer data that you're gathering is very important because this consumer and customer data for cars, but also for other categories, points you and will help you to develop clusters and to understand how a consumer is working and how a consumer-

PART 2 OF 4 ENDS [00:28:04]

Christian Gisy:

... How a consumer is working and how a consumer is thinking, because somebody that buys a car is also somebody that needs food or needs probably loan or whatever. So the better you understand, the larger the pool of data is that you can rely on, the better it is for you and the better it will help you to identify what the consumer journey really looks like, and at which time, what his intent is and where you need to basically then attract him. So I think this learning element of getting deeper and deeper in the understanding of how a consumer journey builds to understand at which point in time does he has what sort of intent and where do I then via CRM or other tools, talk to him. This is super important, because this will help you to continue to increase your conversion.

Monique:

Understood.

Eoin Ryan:

Great.

Monique:

Just one follow up, so it's not necessarily the case that we should see this as a play that means you'll now look to takeaway into France or something. It's more just general help of understanding the consumer that should be applicable across multiple markets?

Christian Gisy:

In this case right now, that's exactly what it is, yeah.

Monique:

Okay, thank you.

Eoin Ryan:

Yeah, I think when you look at what Prosus is doing with all of its ecosystems in LATAM, Europe and India, it's using consumer data to train our models to define intent of the consumer from the top to the bottom of the purchase funnel so that we can then, if we're able to do that in a smart way, we can optimize individual experiences, consumer experiences at the product level, individualized for each consumer. So this is just the start of that. It's not... You shouldn't see... I mean La Centrale is a great business connected with a great already OLX business, and we think we can do a lot better together. But also with that brings more data off of which we can train the models and have better consumer experiences pan-Europe when this ecosystem starts really to flourish.

Monique:

Okay.

Eoin Ryan:

Let's go to Sylvia over at Deutsche. Sylvia, hi.

Sylvia:

Thanks. Good morning everyone. A couple of questions from my side as well. The first one is on the revenue model. Can you tell us a little bit more about how La Centrale generates revenue? Is there a subscription element? Or to what extent is the listing related to what you showed in the slides in terms of classified share of gross profit? It was useful to see the comparison of France versus the other countries, Germany and the UK. Can you tell us anything also about how ARPA compares for example? And then just [inaudible 00:30:54]-

Christian Gisy:

Sorry, how does what compare?

Sylvia:

ARPA per listing or per dealer. And then secondly, if we should see this as a signal that potentially there could be more markets that are relevant for you to expand in the rest of Europe? I mean, how do you see the broader European classified space now that you've added France? Did you consider other markets or was this just the opportunity that was available to jump into? Thank you.

Christian Gisy:

Pleasure. So Sylvia, starting with the revenue model, the revenue model is a subscription model that is based on listings. It is I would say, the current model that you will find in the industry with state-of-the-art player that we are also running at Autovit in Romania, which is a slot-based model, where you provide the dealer the flexibility to go out of the slots where we're also applying a certain multiplier depending on the value of the car. That's basically the underlying revenue model, which is, as I say, the revenue model that we are also having in our other OLX countries. In terms of the APAR, I will have to come back to you to be very honest. I can't give you the answer right now. So this is a follow up to me and we will reach out to you to give you a number there.

On the M&A, as I was always saying also during the capital markets, say our playbook is a clear organic playbook. But if there are opportunities that come to the market and we have an opportunity to have a look at it, we'll assess for ourselves whether this makes sense or not, and that's the way we approach M&A. So La Centrale has been an opportunity that we have been able to access at a very early stage, where we probably have been able to get an insight that others have not had, and where we decided because of the potential that it carries to go after. So if there are other opportunities that may come to us, as I said, always we will have a look at them, but there's nothing that I can say right now. Again, our playbook is a very organic one.

Sylvia:

Thank you.

Eoin Ryan:

Very good. Thanks very much Sylvia. And now we'll head over to Will from BMP. Will?

Will:

Hi Chris [inaudible 00:33:23], thanks for taking my questions. Will from BMP Paribas. Summarizing the discussion around the ecosystem dynamics for La Centrale, would it be fair to say you've bought an asset that you think is an excellent asset that fits the world of your current OLX footprint and expands it into an important new geography, and then there's a bonus that there's some potential upside from data for the ecosystem. And so this is really about buying a good asset and the data side of the equation is more of a bonus?

Then secondly, it's an interesting move buying an asset in a new country, in a quasi new segment. There's lots of assets available in classified land in the next few years. Could you help us think through what assets fit in best for your portfolio? Do you have a motor skew, a real estate skew? Is it you want number ones or you're agnostic or number ones versus number twos? You want to be exposed to markets that are synergistic with Just Eat? Just any color about where you would be interested in the future as you continue to allocate capital. Thanks.

Christian Gisy:

So Will, thank you very much for your summary on the ecosystem, which are very much liked. The only thing that I would probably change is the data is not a bonus, it's reality. So I think the summary is absolutely right, and the data that we're getting is not a bonus, it's reality. And this is something that we are absolutely looking into when we're looking into opportunities on the M&A side. So we don't consider this as being a bonus, because this needs to be reality, because this is the fuel of what we are trying to achieve at Prosus, but also at OLX when we think about AI. Because data ultimately, is the asset that we all have and that we all should cherish and should use.

In terms of M&A going forward, I mean the core categories we have defined, it's clearly motors and real estate, it's jobs, but in certain respects only. So our clear intention is to move if there are opportunities that are shown to us and we believe are interesting, are certainly a center mostly around motors and real estate. And obviously every time that we look into an opportunity, we certainly will always look into it. Is there an opportunity of contribution to the wider ecosystem? Whether in the end then it's going to be Just Eat or whether it's Fintech or probably other things that may come along the way I don't know, but this is the way that we're looking at it. That's also the reason why we're looking at it from an M&A perspective, also always with a centralized team to make sure that we're capturing all the opportunities and benefits when looking at such assets.

Will:

Thanks for THE color Christian. Appreciate it.

Christian Gisy:

Pleasure.

Eoin Ryan:

All right, thank you Will, let's head over to Mahdi from HSBC. Mahdi, please unmute your line.

Mahdi:

Yes, thanks for taking my question. I have a couple of questions around the synergies. You mentioned about the revenue synergies, but is there any numbers you can share on that side? Also, should we expect any cost synergies as well, if at all? Is there scope to reduce, let's say, staff strength or move centralized functions to existing OLX businesses? And how easy would that be given the French labor laws? Is there any specific requirements you have to meet there for getting the approval for the deal that you cannot take any specific actions there? So if you could share the synergies around revenue and cost, those ambitions and any hurdles you might face in that?

Christian Gisy:

Yeah, so on the revenue synergies, Mahdi, and thank you very much for the question, I think the revenue synergy comes clearly from, again, the product tech AI opportunity that we see. And this is also combined with the marketing approach. I think what we have been able to develop at OLX across the last two, three years also is very much a very strong AI-driven marketing opportunity, which centers us very much around the CRM. The way we send out push notification today is not random as it used to be. It is very clear and it's very distinct. And the way to measure it is you can easily follow basically not only the opening rates but also the conversion rates on those. And I think those elements, if you bring them together and if you pull them into La Centrale, this will create I believe, very nice revenue synergies, not only for today but for the coming years ahead.

The cost side is something that I've been telling people often that you'd never buy those businesses because of cost synergies. Classifieds is a growth category, and therefore the focus for me has never been on cost. There may be cost synergies, but there's nothing that we're looking into. The labor market is nothing that worries me really, because I'm a German, I've been working in Europe for so many years, I've been working also in Italy. I'm hearing this often with the labor market, in the end of the day it's the question is if you want to realize those, it's how you approach this. And if your approach is the right one, you will always get to the point where you want to get to. So I'm not worried about the labor laws as such. It's rather the approach that you take and also the communication if you are to do something like that. And what I'm saying is, we are not supposed to do this, but I have a clear understanding also if it would come to us and if we would identify something like this, we would also know how to handle it.

Mahdi:

Just to follow up on that then, in terms of your margin expansion plan, which you have talked about, have you taken any synergies into account already in that or that is based on the existing business plan of the target?

Christian Gisy:

At the moment, it's based on the existing business plan of the target and certain of ideas that we have that we have introduced on the revenue side.

Mahdi:

Understood. Thank you very much.

Christian Gisy:

Pleasure.

Eoin Ryan:

Thanks Mahdi. Now we will head over to Christian. How are you doing? You all right?

Christian Gisy:

I'm good. How are you?

Eoin Ryan:

We're almost done. You're doing doing well. Keep it up. We'll head over to Nadim over at SPG Securities, please. Nadim.

Nadim:

Good morning Christian and Owen. Thanks for the opportunity to ask questions. I just had one from my side. I was very curious to see how low the share of B2C in the used car market is at 36%, which is well below many other developed markets. I just wanted to get a sense, is there a structural reason why it's so low? And I see you're expecting it to increase to 40%, so just four percentage points by 2030. I mean, is there a chance that it normalizes more to markets like the UK and exceeds that expectation?

Christian Gisy:

So I give you an example to probably make it more crisp for you. If you think back in Germany, Germany also used to have on the real estate side, now I'm talking, used to have a very strong C2C business, where the agent business was quite on the lower level, and over the years it has evolved. And this is what is happening now in France as well. France culturally used to be a very strong C2C business, but now with the change in the behavior of the consumer, also the element of understanding fraud prevention and all of that, the idea of consumers is changing towards more used cars coming from dealers because of warranties, because of other elements. And this is a structural change that is undergoing in France.

We are very cautious in putting too much emphasis on it, because this will happen over time. I think we may be able to exceed the expectation if we from La Centrale, from OLX's perspective, do a great job of continuing to educate the market, because it's also an education piece. So I'm very convinced not only about the penetration, but also about the opportunity that lies within that penetration going forward. Because as you've seen in Germany also, the real estate share basically of private transaction has diminished quite considerably across the last 10 years.

Nadim:

Thank you.

Eoin Ryan:

Great. All right, we will now head over to Jerome from-

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Eoin Ryan:

All right. We will now head over to Jérôme from Odo. And I think Jérôme will actually be able to pronounce La Centrale better than you. Jérôme, are you there?

Christian Gisy:

When you say [inaudible 00:42:17] you meant me or whom you meant?

Eoin Ryan:

Yeah, then you. You pronounce it very well, but-

Andrew:

Can you-

Eoin Ryan:

Yeah, here we go.

Andrew:

Can you hear me?

Eoin Ryan:

Can hear you now, Jérôme.

Andrew:

All right. So let's speak about La Centrale. Yeah, La Centrale. Yes. Just two very small one for me. The first one it's on revenues, is it 100% France or is La Centrale also active in other French-speaking countries?

Secondly, it's on the perimeter. Is there any non-core brand or asset that you can disposed on the La Centrale perimeter? And maybe a very last quick one, would it make sense for you to build other verticals in France beside Odo? So maybe organically, I know it's difficult but is there plan to develop organically around La Centrale Prime? Thank you.

Christian Gisy:

Jérôme, thank you very much. [French 00:43:19] So the revenue clearly is purely France. And there is no other French related country that is included. So it's purely France. The perimeter includes, as you know, probably today something like Promonaire and Caradisiac, which we're looking into. And those are little revenue streams that are important to us because they are content driven.

And content also, if you think about the switch from SEO to GEO also plays a larger role also. Those are elements that we'll look into, but there's no other asset that is contained within La Centrale that we think of disposing of because those are not singled out asset.

To your question around other verticals, it's a clear no. I mean the last vertical that has tried to do so was HECA and you know how it ended up. I mean they spent about €500 million over a couple of years and they just turned it down because it's impossible I believe nowadays to create new verticals in mature countries. Hence, also the reason why you see quite a lot of M&A activity in the category and in the space.

Eoin Ryan:

All right. Merci, Jérôme.

Andrew:

Thank you very much. Thank you.

Eoin Ryan:

Okay. We are going to a couple of written questions and then we have one final call-in questions. So let me read to you the first one. "You talk about vertical integration repeatedly. What is the exact extent and nature of such vertical integration and how is it differentiated relative to peers in the market?"

Christian Gisy:

Well, I can't talk about peers in the market. I'm only, when I'm thinking about vertical, it's basically it's the experience and in-depth experience that we're able to provide on a platform. A vertical platform is focusing on one item only, which is in our case, cars or could be a real estate. Whereas if you think about a horizontal, that's a place where you find from a washing machine, to a hairdryer, to a car, and also real estate. So the level of experience you can provide is limited to a certain level.

And that's the reason why verticals in the categories of motors, real estate and even jobs are so much more successful worldwide if you also looking into revenue and profitability than general classifieds are because of the level of convenience that you're able to provide on the consumer side but also on the level of in-depth business support that you can provide to your customers.

Eoin Ryan:

Great. I think that's a great clarification between vertical and horizontal. And then of course, within the vertical there are additional value-added products and services that you can add on to bolster the verticals. That's correct, right?

Christian Gisy:

Absolutely, that's exactly. And this is something that you can only do when you focus yourself on such a vertical platform.

Eoin Ryan:

Very good. Okay, we have another written-in question and it's another clarifying question, I believe. It's from Michael at AVR. "Thank you for the presentation and letting us ask questions. Previously you had been invested in OLX Autos, which you exited a few years ago. Could we get your thoughts on the learnings you'll take from OLX Autos exit to implement in La Centrale?" Different businesses, right.

Christian Gisy:

Very different businesses. And my strong belief is classifieds in asset-light business don't go into the asset-heavy business. And OLX Auto was an asset-heavy business. We don't know how to deal it. It's on the ground, it's workshops, it's blue-collar workers. It's a very, very different animal. And although probably the name is the same, like Autos, it's a total different business. And again, my belief is classifieds is asset-light and it should be kept as asset-light.

Eoin Ryan:

Okay. Very good. All right. So now we will go to Jonathan from Prussian Securities. And then, we're about at the end of the call so we'll close it up after that. So Jonathan, take us home.

Jonathan:

Hi, Christian, thanks for the opportunity to ask a question. Just a broader question on your experience as you've invested heavily in AI to drive improving outcomes for your user base, is there an example you can point to where OLX is opening up a noticeable gap on competitors or is it a very close AI race amongst your peers? And if you do believe you have an edge, do you see an opportunity to put that to work at La Centrale?

Christian Gisy:

Thank you very much for that question because this is getting to the core of it I think and I'm very thankful for the question. So at OLX we have about at the moment 53 use cases that are live with AI. And from each one of them we're learning and from each one of them we're learning how our consumers, our customers are benefiting. And this learning is something that I think we are ahead of the market. And the understanding of the underlying data and the understanding of the journeys of the consumer and the customers is basically what will differentiate between those who will be successful and those who will not be successful.

And I think we are on a very, very good trajectory because we have not only ourselves a very strong team in that space, but together combined with Prosus, I think we are extremely well set up. And the learnings that we're taking from those use cases and from what we have done also previously on the large language models is exactly the fuel that is needed to provide more distinct products, a better understanding of the categories, better understanding of the assets.

Jonathan:

Thanks. Thanks, Christian. And do you see obvious opportunities for that at La Centrale to improve their revenue growth?

Christian Gisy:

No. Absolutely. Absolutely, Jonathan. So as I was saying, the dealer tools that we are just now implementing in Poland is something that we'll introduce in La Centrale because this is key for those customers. A dealer basically owns the inventory. And if the inventory does not turn because he has not the right listings on its lot or is setting the wrong price, probably every day that the car costs him because of the working capital is underlying cost him probably €30, €40.

So us providing them insights in what is the right asset they need to have on the lot to which price they should buy it, to basically be delivering either a larger margin or a high volume. And help them also to understand what is the right price. Because if you look into, like I said, like Paris. And if you're a large dealer that has probably 10 outlets. Those outlets will differ very much across the city depending on where you sit because some areas will be high value, some probably will be lower value. When I was talking about geolocation, you need to understand exactly where you are to also be able to distribute your assets in a way that it helps your business. And this is exactly where AI, where the data that we have and all the understanding that we're able to provide fits into those dealer tools.

Jonathan:

Thank you.

Eoin Ryan:

Fantastic. Thank you, Jonathan. And I think that brings us to the end Q&A. Then, Christian, before you start your engines and get going here on this integration, any final thoughts?

Christian Gisy:

I think, and I'm very glad for Jonathan asking the last question. This whole idea and this whole excitement around La Centrale is combining two great assets, which is OLX and La Centrale, with very strong position in their own respect. But the combination of the scale that we can provide, of the knowledge that we've been able to establish on the AI, this is exactly what I believe will not only fuel OLX growth but will continue to fuel La Centrale growth, will help to drive further revenue and also the margin expansion. And hence, I'm super happy about it and I'm very much looking into further bright future for the overall OLX group.

Eoin Ryan:

Brilliant. Thanks, Christian. Best luck to you and the team. And welcome to La Centrale to the Prosus group. Good to see you my friend. Thanks for the time.

Christian Gisy:

Thank you very much, Owen. And we will learn a bit how La Centrale. La Centrale.

Eoin Ryan:

La Centrale.

Christian Gisy:

La Centrale.

Eoin Ryan:

Thank you much very much, everybody. All the best.

Christian Gisy:

Thank you very much. Bye-bye.

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