

# Financial and Directors' Report 2019

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\* The topics of Article 119 of the company code, defining the content of the management report, that are not applicable for D'Ieteren, have not been included in this summary.

# Declaration by Responsible Persons

**Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report.**

Nicolas D'Ieteren, Chairman of the Board, and Olivier Périer, Vice-Président du Conseil d'administration, certify, on behalf and for the account of s.a. D'Ieteren n.v., that, to the best of their knowledge, the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of s.a. D'Ieteren n.v. and the entities included in the consolidation as a whole, and the management report includes a fair overview of the development and performance of the business and the position of s.a. D'Ieteren n.v., and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

# 2019 Full-Year Results

*D'leteren adopted IFRS 16 "Leases" from 1 January 2019 onwards using the retrospective approach. Leases that were previously accounted for as operating leases are now included on the balance sheet. Depreciation on the right-of-use assets and interest on the lease payments are now charged in the income statement. The FY 2019 results are shown both on a "Post-IFRS 16" and "Pre-IFRS 16" basis. The latter facilitates the comparison with the FY 2018 results. Comments in this chapter refer to the figures on a "Pre-IFRS 16" basis unless otherwise stated.*

D'leteren Group's results improved significantly in 2019 driven by Belron's excellent performance and by another year of improvement at D'leteren Auto. The Group's key performance indicator (KPI) – the **adjusted consolidated result before tax, Group's share<sup>1</sup>** – rose by 39.8% (guidance: "about 35% higher") to EUR 300.7 million on a comparable basis (52.48% stake in Belron in 2018 and 2019).

- **D'leteren Auto's share<sup>2</sup>** improved by 130bps in the Belgian new car market<sup>2</sup> (excluding registrations of less than 30 days) which was down 2.5%. The rise in sales (+6.7%) and the **adjusted** result before tax, Group's share<sup>1</sup> (+6.1%) mainly reflects higher import volumes, partly offset by a lower contribution from the Retail activities.
- **Belron** delivered solid organic<sup>5</sup> sales growth (+7.5%). Its **adjusted** result before tax, Group's share<sup>1</sup> improved by 110.5% reflecting volume growth, a positive mix effect and good progress on the Fit for Growth programme.
- **Moleskine's** performance was disappointing in 2019 with sales and the **adjusted** result before tax, Group's share<sup>1</sup> decreasing by respectively 5.9% and 48.2%. A new CEO will be joining the company in April 2020.
- **Corporate & Unallocated** (including corporate and real estate activities) reported an **adjusted** result before tax, Group's share<sup>1</sup> of EUR -10.3 million in 2019 compared to EUR -6.9 million in 2018.
- The Board of Directors proposes **a gross ordinary dividend of EUR 1.00 per share (stable versus 2019)**.

## 1. Group Summary

### A. SALES

**Consolidated sales under IFRS** amounted to **EUR 3,798.8 million (+6.1%)**. This figure excludes Belron.  
**Combined sales** (including 100% of Belron) amounted to **EUR 8,026.9 million (+8.2%)**.

### B. RESULTS

The **consolidated result before tax under IFRS** reached EUR 93.2 million (EUR 64.7 million in 2018). Our key performance indicator, the **adjusted consolidated result before tax, Group's share<sup>1</sup>**, amounted to EUR 300.7 million, up 39.8% on a comparable basis (52.48% stake in Belron).

The **Group's share in the net result** equalled EUR 64.5 million (EUR 1,048.0 million in 2018). The 2018 figure included the consolidation gain associated with the sale of a 40% stake in Belron to CD&R. The **adjusted net profit, Group's share<sup>1</sup>**, reached EUR 211.6 million (52.48% stake in Belron) compared to EUR 182.2 million (57.78% stake in Belron) in 2018.

## C. DIVIDEND

The Board of Directors proposes a **gross ordinary dividend of EUR 1.00** per share. If this dividend is approved by the General Meeting of Shareholders on 28 May 2020, it will be paid on 5 June 2020 (ex-date 3 June and record date 4 June).

## D. FINANCING OF THE ACTIVITIES

The net cash position of "Corporate & Unallocated", which includes Corporate, amounted to **EUR 1,521.0 million** at the end of 2019 compared to EUR 1,142.2 million at the end of 2018.

# 2. D'leteren Auto

- Sales rose by 6.7% to EUR 3,634.9 million;
- The operating result reached EUR 116.5 million (EUR 106.8 million in 2018);
  - The *adjusted* operating result<sup>1</sup> increased by 5.3% to EUR 119.0 million. The solid performance mainly reflects higher new vehicle volumes and a positive price and model effect;
  - The *adjusting* items<sup>1</sup> (EUR -2.5 million) relate to the implementation of the Market Area strategy;
- The result before tax rose by 6.8% to EUR 122.5 million;
- The *adjusted* result before tax, Group's share<sup>1</sup>, reached EUR 128.4 million (EUR 121.0 million in 2018), up 6.1%;

## 2.1. ACTIVITIES AND RESULTS

### Market and deliveries

The Belgian new car market proved to be more resilient than expected. Excluding registrations of less than 30 days<sup>2</sup>, the number of Belgian new car registrations decreased by 2.5% to 515,051 units. Including registration of less than 30 days, the number reached 550,003 (+0.1%), the second highest level since the historical peak in 2011 (572,211). The 5% rise in demand in the business segment (56% of total new car registrations) was offset by a 6% decline in the private segment. The share of SUV's increased from 38% in 2018 to 40% in 2019. D'leteren Auto's brands saw a 33% rise in the number of SUV registrations which made up 36% of the mix.

D'leteren Auto's market share reached 22.75% in 2019 (+130bps) if one excludes registrations of less than 30 days. All the brands gained market share with the exception of Porsche.

Registrations of new light commercial vehicles (0 to 6 tonnes) rose by 4.3% to 81,820 units and D'leteren Auto's market share rose by 23bps to 10.79%.

The total number of new vehicles, including commercial vehicles, delivered by D'leteren Auto in 2019 reached 129,575 units (+6.1%).

### Sales

D'leteren Auto's sales increased by 6.7% (+5.8% on a comparable basis) to EUR 3,634.9 million in 2019 mainly reflecting volume growth which was underpinned by the success of the SUV models. New vehicles sales rose by 6.6% to EUR 3,188.3 million.

### Results

The operating result reached EUR 116.5 million (+9.1%) and the *adjusted* operating result<sup>1</sup> (EUR 119.0 million) increased by 5.3% or by 7.9% excluding the impact of the reversal of provisions (EUR 4.5 million in 2018 and EUR 1.9 million in 2019). The solid improvement mainly reflects higher new vehicle volumes and higher gross margins of the Import activity. These positive factors were partly offset by a lower contribution of the Retail activity and higher IT and project related expenses.



The result before tax reached EUR 122.5 million (+6.8%) or EUR 125.0 million (+6.6%) excluding *adjusting* items<sup>1</sup>.

The *adjusted* result before tax, Group's share<sup>1</sup>, rose by 6.1% to EUR 128.4 million. The contribution of the equity accounted entities amounted to EUR 12.0 million (EUR 10.6 million in 2018).

Income tax expenses reached EUR 36.7 million (EUR 38.4 million in 2018). *Adjusted* tax expenses<sup>1</sup> equalled EUR 38.8 million (compared to EUR 40.5 million in 2018). The decline reflects the recognition of deferred tax assets.

The result after tax, Group's share, amounted to EUR 85.8 million (EUR 76.3 million in 2018). The *adjusted* result after tax, Group's share<sup>1</sup>, rose by EUR 9.4 million to EUR 86.2 million.

## 2.2. Net debt and free cash flow

D'Ieteren Auto's net debt<sup>3</sup> increased by EUR 59.4 million to EUR 120.2 million at the end 2019.

The *adjusted* free cash flow<sup>1</sup> (after tax) equalled EUR -18.7 million in 2019 (EUR -54.3 million in 2018). The change mainly reflects:

- The rise in *adjusted* EBITDA<sup>1,5</sup> (EUR 128.9 million in 2019 versus EUR 120.7 million in 2018);
- The impact from "other non cash items" (EUR 9.2 million in 2019 versus EUR -6.1 million in 2018);
- The rise in tax payments (EUR -38.1 million in 2019 versus EUR -24.6 million in 2018);
- Changes in working capital (EUR -86.2 million in 2019 versus EUR -120.1 million in 2018). The EUR 48.7 million y/y increase in inventories (balance sheet) reflects a spike in (early) deliveries by the factories at year end and the extension of Retail network. Receivables increased by EUR 62.6 million to EUR 414.2 million (balance sheet) due to a timing effect related to invoicing;
- The rise in net capex (EUR -27.2 million versus EUR -18.3 million) mainly reflects IT investments (e.g. dealer management system and software for the management of spare parts) and the outfitting of a new Porsche dealership.

## 2.3. Key developments

2019 was a pivotal year marked by transformation projects including:

- The **Magellan project** which defined the strategy for the next 5 years which is based on three pillars:
  - o "Adapt" to become the best in class in each activity (e.g. review of the organisational structure and support services)
  - o "Expand" through the development of adjacent activities (e.g. establishment of a trading desk for used vehicles)
  - o "Innovate" to get ready for the future. It involves for example, investments in electric mobility through EDI (Electric by D'Ieteren) and the launch of new forms of mobility through Lab Box.
- A **Transformation Office** has been put in place to coordinate D'Ieteren Auto's transformation. About 20 Magellan initiatives were initiated last year.
- The **"Leading the D'Ieteren Auto Way"** program, which aims to reinforce the values within the organisation, has been rolled out across all the management committees.

## 3. Belron

### At Belron's level (at 100%):

- External sales (EUR 4,228.1 million) increased by 10.1%, comprising a 7.5% organic<sup>5</sup> increase, 1.3% growth from acquisitions and a positive currency translation effect of 2.5%, partially offset by disposals (-1.2% impact).
- The operating result totalled EUR 333.0 million (EUR 103.6 million in 2018):
  - o The 77.4% improvement in *adjusted* operating result<sup>1</sup> (EUR 400.5 million) reflects the benefit of volume growth, value growth, notably from product mix, and tight control of costs;
  - o *Adjusting* items<sup>1</sup> amounted to EUR -67.5 million (see details on pages 17-18).

### At the level of the reporting segment of Belron in D'leteren's consolidated accounts:

- The result before tax totalled EUR 256.9 million (EUR 1,010.9 million in 2018). The 2018 figure includes the consolidated gain on the disposal of the 40% stake in Belron;
- The *adjusted* result before tax, Group's share<sup>1</sup>, rose by 110.5% from EUR 82.1 million in 2018 to EUR 172.8 million in 2019. The 2018 figure was restated to reflect the same average stake of 52.48% as in 2019. The strong improvement reflects the uplift in the underlying operating performance partially offset by higher financial charges following the refinancing in Q4 2018 and Q4 2019.

### 3.1. SALES AND RESULTS

#### Sales

Belron's total sales rose by 10.1% to EUR 4,228.1m in 2019. The 11.3% sales growth from continuing operations is comprised of:

- organic<sup>5</sup> growth of 7.5%;
- a positive currency translation effect of 2.5% which is primarily due to the stronger US dollar;
- acquisition growth of 1.3%.

**North America** (54% of total) sales increased by 20.2%. Organic<sup>5</sup> growth of 13.1% reflects increases in both volume and value, including product mix and higher revenues from ADAS recalibration and VAPS (valued added products & services). Regional acquisitions, the largest of which was TruRoad in August 2019, contributed 2.1% of growth. There was an additional 5.0% from favourable currency translation.

**Eurozone** (33% of total) sales from continuing operations increased by 2.7% comprising 2.4% organic<sup>5</sup> growth, 0.2% growth from minor acquisitions and a 0.1% positive contribution from currency translation. The organic growth reflects improvements in sales value, including product mix and higher revenues from ADAS recalibrations and VAPS, offset by lower volumes attributable to milder weather in the first half of the year.

**Rest of World** (13% of total) sales from continuing operations increased by 1.9%, of which 1.1% was organic<sup>5</sup> growth and 1.0% from acquisitions. There was 0.2% decrease from currency translation. The organic growth reflects improvements in sales value, including product mix and higher revenues from ADAS recalibration and VAPS offset by lower volumes in the UK due to milder weather in the first half of the year. The acquired growth primarily relates to the Home Damage Repair and Replacement (HDRR) business in Australasia which was acquired in March 2018.

The total number of consumers (including franchisees) served reached 18.2 million (-0.2%) of which 17.6 million (-0.6%) in Vehicle Glass Repair and Replacement (VGRR) and Claims Management. The outstanding overall NPS score of 84.2% reflects Belron's vision: "making a difference by solving people's problems with real care".

## Results

The operating result rose by 221.4% to EUR 333.0 million and the *adjusted* operating result<sup>1</sup> improved by 77.4% to EUR 400.5 million. These positive results are largely due to the success of the acceleration dimension of the Fit for Growth program which focuses the performance in a number of critical areas (e.g. investments in recalibration capability, VAPS) while making the business more profitable – notably in the fields of procurement, productivity and job optimisation.

Charges related to the legacy long-term management incentive programme (3-year rolling LTIP plan launched in 2017) equalled EUR 59.8 million (2018: EUR 34.1 million). It reflects the improved performance of Belron. The plan has now been replaced by a share-based Management Reward Plan, so these charges will cease after the end of 2019.

*Adjusting* items<sup>1</sup> at the level of the operating result totalling EUR 67.5 million (see pages 18-19 for further details).

The net financial result reached EUR -76.2 million in 2019 compared to EUR 907.3 million in 2018. The latter included the consolidated gain (EUR 987.7 million booked in H1 2018) on the disposal of the 40% stake in Belron. The *adjusted* net financial expenses<sup>1</sup> rose from EUR 59.1 million in 2018 to EUR 71.4 million in 2019 as a result of the issue of Term Loans B in Q4 2018 and Q4 2019. The proceeds were paid out to the shareholders.

The result before tax reached EUR 256.9 million in 2019 (EUR 1,010.9 million in 2018). The *adjusted* result before tax, Group's share<sup>1</sup> increased by 110.5% to EUR 172.8 million on a comparable basis (assuming 52.48% stake in 2018 and 2019). *Adjusted* income tax expenses<sup>1</sup> equalled EUR 99.9 million (EUR 39.1 million in 2018).

The result after tax, Group's share, reached EUR 88.5 million (EUR 991.6 million in 2018). The *adjusted* result after tax<sup>1</sup>, Group's share, rose by 60.7% to EUR 120.4 million.

### 3.2. NET DEBT AND FREE CASH FLOW

Belron's net financial debt<sup>3</sup> reached EUR 2,324.4 million (100%) at the end of 2019 compared to EUR 1,638.6 million at the end of 2018. Belron issued in Q4 2019 a new 7-year term loan B of USD 830 million and a EUR 100 million add-on to the existing EUR term loan which matures in 2024. The proceeds of about EUR 850 million equivalent were paid out to the shareholders. Belron's net financial debt<sup>3</sup>/EBITDA<sup>4</sup> multiple (Senior Secured Net Leverage Ratio) reached 3.67x at the end of 2019.

The *adjusted* free cash flow<sup>1</sup> (after tax) amounted to EUR 432.5 million (EUR 164.5 million in 2018) or EUR 413.5 million (EUR 145.6 million in 2018) after the cash-outflow related to the legacy long-term management incentive programme. The sharp increase is mainly due to:

- A higher *adjusted* EBITDA<sup>1,4</sup>, (EUR 184.4 million improvement)
- A positive cash flow impact from changes in working capital (EUR 41.9 million compared to EUR -8.6 million in 2018)
- Lower capex (EUR -86.9 million compared to EUR -111.6 million in 2018) partly offset by higher income tax and interest payments.

The free cash flow after the impact from restructurings (*adjusting* items<sup>1</sup>) reached EUR 375.8 million in 2019 (EUR 98.4 million in 2018).

## 4. Moleskine

- Revenues decreased by 5.9% to EUR 163.9 million in 2019;
- The operating loss totalling EUR 83.7 million (EUR 28.6 million profit in 2018) is composed of:
  - An *adjusted* operating result<sup>1</sup> of EUR 18.6 million (-35.0%);
  - An impairment charge (*adjusting item*<sup>1</sup>) of EUR 102.3 million.
- The result before tax equalled EUR -92.5 million (versus a profit of EUR 18.9 million in 2018);
- The *adjusted* result before tax<sup>1</sup> totalled EUR 9.8 million (-48.1%);
- The free cash flow rose by 75% to EUR 21.0 million thanks to a significant reduction in inventories;
- A new CEO will join the company in April 2020.

### 4.1. SALES

Sales fell by EUR 10.2 million to EUR 163.9 million. B2B in EMEA and Wholesale in the Americas represented respectively 71% and 14% of the sales decline.

#### Sales evolution by channel:

- **Wholesale** (54% of total): -3%. The decline was most pronounced in the US due to retailer specific issues (e.g. Barnes & Noble change of ownership) and lower traffic experienced by some brick and mortar retailers. Sales to Amazon and Office Depot (new account) were up however. Wholesale revenues were up in Canada. In Japan, the Moleskine's subsidiary that was established in 2018 has been delivering positive results;
- **B2B** (25% of total): -14%. The drop was most pronounced in EMEA as very large orders booked in 2018 where not repeated in 2019;
- **Retail** (14% of total): -5%. All the regions reported lower sales with the exception of EMEA. The pruning of the store network impacted sales as the number of stores declined from 80 at the end of 2018 to 77 at the end of 2019. Twelve stores were closed and 9 were opened during the year;
- **E-Commerce** (5% of total): -2%;
- **Other** (1% of total): +30% on the back of the success of digital apps.

#### Sales evolution by region:

- EMEA (46% of total): -9%. The decline was almost entirely due to lower B2B sales. E-Commerce and Retail sales improved slightly;
- Americas (37% of total): -2%. Higher B2B sales were offset by lower sales in the other channels;
- APAC (17% of total): -6%. All the channel reported lower sales with the strongest decline in the Retail channel.

### 4.2. RESULTS

The *adjusted* operating result<sup>1</sup> reached EUR 18.6 million in 2019 compared to EUR 28.6 million in 2018. The decline is mainly due to weaker sales, US import duties and direct cost inefficiencies.

Note: the 2019 operating result included a EUR 4.1 million reversal of provisions related to the long-term incentive program of 2016-2021. The 2018 result was impacted by a EUR 1.7 million charge related to this program.

A EUR 102.3 million impairment charge ("*adjusting item*<sup>1</sup>") was booked on goodwill. The impairment test was based on the business plan for 2020-2023 and a WACC of 7.94%. The residual value of goodwill equals EUR 69.8 million after the impairment. After deduction of the impairment charge, Moleskine realized an operating loss of EUR 83.7 million in 2019 compared to a profit of EUR 28.6 million in 2018.

Net financial charges equalled EUR 8.8 million (EUR 9.7 million in 2018). The result before tax amounted to EUR -92.5 million and the *adjusted* result before tax<sup>1</sup> amounted to EUR 9.8 million (EUR 18.9 million in 2018). Income tax expenses equalled EUR 4.8 million. In 2018, the EUR 3.9 million income tax revenue included the Patent Box benefit.

#### 4.3. NET DEBT AND FREE CASH FLOW

Moleskine's net debt reached EUR 267.5 million - of which EUR 190.8 million intra-Group borrowing - at the end of 2019 compared to EUR 282.2 million at the end of 2018.

The *adjusted* free cash flow<sup>1</sup> (after tax) amounted to EUR 21.0 million in 2019 compared to EUR 12.0 million in 2018. The improvement reflects a positive inflow (EUR 9.9 million) from changes in working capital and lower net interest paid. Effective inventory management led to a EUR 11.6 million reduction in inventories (balance sheet).

#### 4.4. APPOINTMENT OF A NEW CEO

Lorenzo Viglione resigned from his position as CEO, based on a common agreement with D'Ieteren regarding the future development of Moleskine. A new CEO will be joining the company in April 2020.

## 5. Corporate and Unallocated

#### 5.1. RESULTS

The reportable operating segment "Corporate and Unallocated" mainly includes the Corporate and Real Estate activities (D'Ieteren Immo S.A.). The *adjusted* operating result<sup>1</sup> reached EUR -15.4 million in 2019 compared to EUR -12.2 million in 2018 due to a temporary rise in Corporate costs and certain administrative taxes.

The EUR 6.5 million *adjusting* item<sup>1</sup> in the operating result relates to a gain on the disposal of a property. The *adjusting* item<sup>1</sup> in the financial result includes a loss on the fair value of a contingent liability relating to the disposal of the 40% stake in Belron to CD&R.

*Adjusted* result before tax, group's share<sup>1</sup> reached EUR -10.3 million (EUR -6.9 million in 2018).

#### 5.2. NET CASH

The significant increase in the net cash position (from EUR 1,142.2 million at the end of 2018 to EUR 1,521.0 million at the end of 2019) is primarily the result of D'Ieteren's share (EUR 460.7 million) in Belron's latest dividend recap (Q4 2019), partially offset by the payment in June 2019 of dividends (EUR 54.8 million) to the shareholders of D'Ieteren.

## 6. Research and Development

Research and development costs incurred by the group totalled EUR 12 million in 2019:

- Through its Lab Box subsidiary, D'Ieteren Auto explores, analyses and develops flexible and innovative mobility services including intermodality and MaaS (Mobility as a Service). For example, Pikaway was developed to enable routing, booking and payment for intermodal mobility solutions. Investments in Lab Box reached EUR 9.5 million in 2019 compared to EUR 6.5 million in 2018.
- Belron has its own dedicated research and development division, Belron Technical. It develops technical standards and innovations that break new ground in vehicle glass repair and replacement. Belron's R&D budget amounted to EUR 1.8 million in 2019 versus EUR 2.7 million in 2018.
- The Digital Development and R&D department of Moleskine worked on solutions to bridge the analogue-digital continuum, creating a connection between digital and paper products. The Digital Innovation cell spent circa EUR 700,000 on R&D versus EUR 500,000 in 2018.

*1 In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, D'Ieteren uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definitions are not addressed by IFRS. D'Ieteren does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures. See page 34 for the definition of these performance indicators.*

*2 In order to provide an accurate picture of the car market, Febiac publishes market figures excluding registrations that have been cancelled within 30 days. Most of them relate to vehicles that are unlikely to have been put into circulation in Belgium by the end customer.*

*3 The net financial debt is not an IFRS indicator. D'Ieteren uses this Alternative Performance Measure to reflect its indebtedness. This non-GAAP indicator is defined as the sum of the borrowings minus cash, cash equivalents and investments in non-current and current financial assets. See page 41.*

*4 EBITDA is not an IFRS indicator. This APM (non-GAAP indicator) is defined as earnings before interest, taxes, depreciation and amortization. Since the method for calculating the EBITDA is not governed by IFRS, the method applied by the Group may not be the same as that adopted by others and therefore may not be comparable.*

*5 "Organic growth" is an Alternative Performance Measure used by the Group to measure the evolution of revenue between two consecutive periods, at constant currency and excluding the impact of change in perimeter of consolidation or business acquisitions.*

## Alternative Performance Measurement (APM)

### Framework and definitions

In order to better reflect its underlying performance and assist investors, securities analysts and other interested parties in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures ("APMs"). These alternative performance metrics are used internally for analysing the Group's results as well as its business units.

These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. They are derived from the audited IFRS accounts. The APMs may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's performance or liquidity under IFRS. The Group does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures.

Each line of the statement of profit or loss (see below), and each subtotal of the segment statement of profit or loss (see below), is broken down in order to provide information on the *adjusted* result and on the *adjusting* items.

The *adjusting* items are identified by the Group in order to present comparable figures, giving to the investors a better view on the way the Group is measuring and managing its financial performance. They comprise the following items, but are not limited to:

- (a) Recognised fair value gains and losses on financial instruments (i.e. change in fair value between the opening and the end of the period, excluding the accrued cash flows of the derivatives that occurred during the period), where hedge accounting may not be applied under IAS 39/IFRS 9 (in this case recognised fair value gains and losses being directly accounted for in the Consolidated Statement of Comprehensive Income);
- (b) Exchange gains and losses arising upon the translation of foreign currency loans and borrowings at the closing rate;
- (c) Impairment of goodwill and other non-current assets;
- (d) Amortisation of intangible assets with finite useful lives recognised in the framework of the allocation as defined by IFRS 3 of the cost of a business combination;
- (e) Other material items that derive from events or transactions that fall within the ordinary activities of the Group, and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

*Adjusted* result consists of the IFRS reported result, excluding *adjusting* items as listed above.

The Group uses as key performance indicator the *adjusted* consolidated result before tax, Group's share (*Adjusted* PBT, Group's share). This APM consists of the segment reported result before tax (PBT), taking into account the result before tax of the discontinued operations, and excluding *adjusting* items and the share of minority shareholders.

## Presentation of APMs in the consolidated statement of profit or loss for the year ended 31 December

EUR million	2019			2018 <sup>(1)</sup>		
	Total	Of which Adjusted result	Adjusting items	Total	Of which Adjusted result	Adjusting items
<b>Revenue</b>	<b>3,798.8</b>	<b>3,798.8</b>	<b>-</b>	<b>3,581.0</b>	<b>3,581.0</b>	<b>-</b>
Cost of sales	-3,303.3	-3,303.3	-	-3,094.0	-3,094.0	-
<b>Gross margin</b>	<b>495.5</b>	<b>495.5</b>	<b>-</b>	<b>487.0</b>	<b>487.0</b>	<b>-</b>
Commercial and administrative expenses	-382.2	-379.7	-2.5	-376.0	-358.5	-17.5
Other operating income	21.8	15.3	6.5	10.1	10.1	-
Other operating expenses	-110.7	-8.4	-102.3	-9.2	-9.2	-
<b>Operating result</b>	<b>24.4</b>	<b>122.7</b>	<b>-98.3</b>	<b>111.9</b>	<b>129.4</b>	<b>-17.5</b>
Net finance costs	-24.4	-7.1	-17.3	-47.3	-7.0	-40.3
Finance income	1.4	1.4	-	1.8	1.3	0.5
Finance costs	-25.8	-8.5	-17.3	-49.1	-8.3	-40.8
Share of result of equity-accounted investees, net of income tax	93.2	125.1	-31.9	0.1	68.1	-68.0
<b>Result before tax</b>	<b>93.2</b>	<b>240.7</b>	<b>-147.5</b>	<b>64.7</b>	<b>190.5</b>	<b>-125.8</b>
Income tax expense	-28.7	-29.1	0.4	-18.1	-22.0	3.9
<b>Result from continuing operations</b>	<b>64.5</b>	<b>211.6</b>	<b>-147.1</b>	<b>46.6</b>	<b>168.5</b>	<b>-121.9</b>
Discontinued operations	-	-	-	1,002.1	14.4	987.7
<b>RESULT FOR THE PERIOD</b>	<b>64.5</b>	<b>211.6</b>	<b>-147.1</b>	<b>1,048.7</b>	<b>182.9</b>	<b>865.8</b>
<b>Result attributable to:</b>						
<b>Equity holders of the Company</b>	<b>64.5</b>	<b>211.6</b>	<b>-147.1</b>	<b>1,048.0</b>	<b>182.2</b>	<b>865.8</b>
Non-controlling interests	-	-	-	0.7	0.7	-
Earnings per share						
Basic (EUR)	1.18	3.88	-2.70	19.12	3.32	15.80
Diluted (EUR)	1.18	3.86	-2.68	19.08	3.32	15.76
Earnings per share -Continuing operations						
Basic (EUR)	1.18	3.88	-2.70	0.85	3.08	-2.23
Diluted (EUR)	1.18	3.86	-2.68	0.85	3.07	-2.22

(1) As restated to reflect reallocation of costs in the framework of continuous improvement of the financial reporting information – Refer to note 1 of the 2019 consolidated financial statements for further information on the restatement of comparative information.

The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. Refer to note 3 of the 2019 consolidated financial statements.



**Presentation of APMs in the segment statement of profit or loss for the year ended 31 December**

The Group's reportable operating segments are D'Ieteren Auto (automobile distribution activities), Belron, Moleskine and Corporate & Unallocated (corporate and real estate activities). These operating segments are consistent with the Group's organisational and internal reporting structure, and with the requirements of IFRS 8 "Operating Segments".

Despite its classification as an equity-accounted investee, Belron remains a reportable operating segment, reflecting the Group's internal reporting structure.

The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated. The Group presents the results of its operating segments on a pre-IFRS 16 basis, reflecting the Group's internal reporting structure and facilitating the comparison with the prior period results.

EUR million	2019						
	D'Ieteren Auto	Belron	Mole- skine	Corporate & unallocated	IFRS 16 impacts	Elimi- nations	Group
External revenue	3,634.9	4,228.1	163.9	-	-	-4,228.1	3,798.8
Inter-segment revenue	-	-	-	-	-	-	-
<b>Segment revenue</b>	<b>3,634.9</b>	<b>4,228.1</b>	<b>163.9</b>	<b>-</b>	<b>-</b>	<b>-4,228.1</b>	<b>3,798.8</b>
<b>Operating result (being segment result)</b>	<b>116.5</b>	<b>333.0</b>	<b>-83.7</b>	<b>-8.9</b>	<b>16.4</b>	<b>-348.9</b>	<b>24.4</b>
<i>Of which Adjusted result</i>	<i>119.0</i>	<i>400.5</i>	<i>18.6</i>	<i>-15.4</i>	<i>16.4</i>	<i>-416.4</i>	<i>122.7</i>
<i>Adjusting items</i>	<i>-2.5</i>	<i>-67.5</i>	<i>-102.3</i>	<i>6.5</i>	<i>-</i>	<i>67.5</i>	<i>-98.3</i>
Net finance costs	-2.6	-76.2	-8.8	-12.2	-26.5	101.9	-24.4
Finance income	0.2	19.1	0.8	0.4	-	-19.1	1.4
Finance costs	-2.8	-95.3	-4.7	-17.5	-26.5	121.0	-25.8
Inter-segment financing interest	-	-	-4.9	4.9	-	-	-
Share of result of equity-accounted investees, net of income tax	8.6	0.1	-	-	-	84.5	93.2
<b>Result before tax</b>	<b>122.5</b>	<b>256.9</b>	<b>-92.5</b>	<b>-21.1</b>	<b>-10.1</b>	<b>-162.5</b>	<b>93.2</b>
<i>Of which Adjusted result</i>	<i>125.0</i>	<i>329.2</i>	<i>9.8</i>	<i>-10.3</i>	<i>-10.1</i>	<i>-202.9</i>	<i>240.7</i>
<i>Adjusting items</i>	<i>-2.5</i>	<i>-72.3</i>	<i>-102.3</i>	<i>-10.8</i>	<i>-</i>	<i>40.4</i>	<i>-147.5</i>
Income tax expense	-36.7	-88.4	-4.8	12.8	2.5	85.9	-28.7
<b>Result from continuing operations</b>	<b>85.8</b>	<b>168.5</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-7.6</b>	<b>-76.6</b>	<b>64.5</b>
<i>Of which Adjusted result</i>	<i>86.2</i>	<i>229.3</i>	<i>5.0</i>	<i>4.2</i>	<i>-7.6</i>	<i>-105.5</i>	<i>211.6</i>
<i>Adjusting items</i>	<i>-0.4</i>	<i>-60.8</i>	<i>-102.3</i>	<i>-12.5</i>	<i>-</i>	<i>28.9</i>	<i>-147.1</i>
Discontinued operations	-	-	-	-	-	-	-
<b>RESULT FOR THE PERIOD</b>	<b>85.8</b>	<b>168.5</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-7.6</b>	<b>-76.6</b>	<b>64.5</b>

  

Attributable to:	D'Ieteren Auto	Belron	Mole- skine	Corporate & unallocated	IFRS 16 impacts	Group
<b>Equity holders of the Company</b>	<b>85.8</b>	<b>88.5</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-4.2</b>	<b>64.5</b>
<i>Of which Adjusted result</i>	<i>86.2</i>	<i>120.4</i>	<i>5.0</i>	<i>4.2</i>	<i>-4.2</i>	<i>211.6</i>
<i>Adjusting items</i>	<i>-0.4</i>	<i>-31.9</i>	<i>-102.3</i>	<i>-12.5</i>	<i>-</i>	<i>-147.1</i>
Non-controlling interests	-	-	-	-	-	-
<b>RESULT FOR THE PERIOD</b>	<b>85.8</b>	<b>88.5</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-4.2</b>	<b>64.5</b>

In the period, the column "IFRS 16 impacts" reconciles the segment statement of profit or loss, with the 12-month results presented, as previously reported, under IAS 17, to the IFRS Group consolidated statement of profit or loss under IFRS 16. Refer to "General information" of the financial highlights section for more details.

In the period, the column "Eliminations" reconciles the segment statement of profit or loss (with the 12-month result of Belron presented on all lines under global integration method) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented in the line "share of result of equity-accounted investees, net of income tax", representing the share of the Group in the 12-month net result of Belron).

EUR million		2018 <sup>(1)</sup>					
		D'leteren Auto	Belron	Mole- skine	Corporate & unallocated	Elimi- nations	Group
External revenue		3,406.9	3,839.7	174.1	-	-3,839.7	3,581.0
Inter-segment revenue		-	-	-	-	-	-
Segment revenue		3,406.9	3,839.7	174.1	-	-3,839.7	3,581.0
Operating result (being segment result)		106.8	103.6	28.6	-23.5	-103.6	111.9
Of which	Adjusted result	113.0	225.7	28.6	-12.2	-225.7	129.4
	Adjusting items	-6.2	-122.1	-	-11.3	122.1	-17.5
Net finance costs		-2.0	907.3	-9.7	-35.6	-907.3	-47.3
Finance income		0.9	1,000.6	0.7	0.2	-1,000.6	1.8
Finance costs		-2.9	-93.3	-5.8	-40.4	93.3	-49.1
Inter-segment financing interest		-	-	-4.6	4.6	-	-
Share of result of equity-accounted investees, net of income tax		9.9	-	-	-	-9.8	0.1
Result before tax		114.7	1,010.9	18.9	-59.1	-1,020.7	64.7
Of which	Adjusted result	117.3	166.6	18.9	-6.9	-105.4	190.5
	Adjusting items	-2.6	844.3	-	-52.2	-915.3	-125.8
Income tax expense		-38.4	-26.8	3.9	16.4	26.8	-18.1
Result from continuing operations		76.3	984.1	22.8	-42.7	-993.9	46.6
Of which	Adjusted result	76.8	127.5	22.8	7.7	-66.3	168.5
	Adjusting items	-0.5	856.6	-	-50.4	-927.6	-121.9
Discontinued operations		-	-	-	-	1,002.1	1,002.1
RESULT FOR THE PERIOD		76.3	984.1	22.8	-42.7	8.2	1,048.7

Attributable to:		D'leteren Auto	Belron	Mole- skine	Corporate & unallocated	Group
<b>Equity holders of the Company</b>		<b>76.3</b>	<b>991.6</b>	<b>22.8</b>	<b>-42.7</b>	<b>1,048.0</b>
<i>Of which</i>	<i>Adjusted result</i>	76.8	74.9	22.8	7.7	182.2
	<i>Adjusting items</i>	-0.5	916.7	-	-50.4	865.8
Non-controlling interests		-	0.7	-	-	0.7
<b>RESULT FOR THE PERIOD</b>		<b>76.3</b>	<b>992.3</b>	<b>22.8</b>	<b>-42.7</b>	<b>1,048.7</b>

(1) As restated to reflect reallocation of costs in the framework of continuous improvement of the financial reporting information – Refer to note 1 of the 2019 consolidated financial statements for further information on the restatement of comparative information.

The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. Refer to note 3 of the 2019 consolidated financial statements.

In the prior period, the column “Eliminations” reconciled the segment statement of profit or loss (with the 12-month result of Belron presented on all lines as a continuing operation under global integration method) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented as a discontinued operation from the beginning of the period until the closing of the transaction with CD&R and in the line “share of result of equity-accounted investees, net of income tax” for the remaining of the period). See note 1 of the 2018 consolidated financial statements for more information.

**Explanations and details of the figures presented as *adjusting* items**

In 2019 and 2018, the Group identified the following items as *adjusting* items throughout the four operating segments:

EUR million	2019				
	D'leteren Auto	Belron	Moleskine	Corporate & unallocated	Total (segment)*
<b>Adjusting items</b>					
<b>Included in operating result</b>	<b>-2.5</b>	<b>-67.5</b>	<b>-102.3</b>	<b>6.5</b>	<b>-165.8</b>
Re-measurements of financial instruments	-	4.9 (d)	-	-	4.9
Amortisation of customer contracts	-	-12.2 (e)	-	-	-12.2
Amortisation of brands with finite useful life	-	-1.4 (f)	-	-	-1.4
Impairment of goodwill and of non-current assets	-	-21.3 (g)	-102.3 (j)	-	-123.6
Other adjusting items	-2.5 (a)	-37.5 (h)	-	6.5 (k)	-33.5
<b>Included in net finance costs</b>	<b>-</b>	<b>-4.8</b>	<b>-</b>	<b>-17.3</b>	<b>-22.1</b>
Re-measurements of financial instruments	-	-	-	-17.3 (l)	-17.3
Other adjusting items	-	-4.8 (i)	-	-	-4.8
<b>Included in equity accounted result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Included in segment result before taxes (PBT)</b>	<b>-2.5</b>	<b>-72.3</b>	<b>-102.3</b>	<b>-10.8</b>	<b>-187.9</b>

\* Total of the *adjusting* items at the level of each segment. The *adjusting* items presented in the Belron segment should be deducted from this total to reconcile with the Group figures reported in the segment statement of profit or loss.

EUR million	2018				
	D'leteren Auto	Belron	Moleskine	Corporate & unallocated	Total (segment)*
<b>Adjusting items</b>					
<b>Included in operating result</b>	<b>-6.2</b>	<b>-122.1</b>	<b>-</b>	<b>-11.3</b>	<b>-139.6</b>
Re-measurements of financial instruments	-	-6.9 (d)	-	-	-6.9
Amortisation of customer contracts	-	-5.5 (e)	-	-	-5.5
Amortisation of brands with finite useful life	-	-0.5 (f)	-	-	-0.5
Impairment of goodwill and of non-current assets	-	-50.3 (g)	-	-	-50.3
Other adjusting items	-6.2 (a)	-58.9 (h)	-	-11.3 (k)	-76.4
<b>Included in net finance costs</b>	<b>0.6</b>	<b>966.4</b>	<b>-</b>	<b>-40.9</b>	<b>926.1</b>
Re-measurements of financial instruments	-	-	-	-20.2 (l)	-20.2
Other adjusting items	0.6 (b)	966.4 (i)	-	-20.7 (m)	946.3
<b>Included in equity accounted result</b>	<b>3.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.0</b>
<b>Included in segment result before taxes (PBT)</b>	<b>-2.6</b>	<b>844.3</b>	<b>-</b>	<b>-52.2</b>	<b>789.5</b>

\* Total of the *adjusting* items at the level of each segment. The *adjusting* items presented in the Belron segment should be deducted from this total to reconcile with the Group figures reported in the segment statement of profit or loss.

D'Ieteren Auto

- (a) Other *adjusting* items in operating result include a charge of EUR 2.5 million (EUR 6.2 million in the prior period) in the framework of the "Market Area" project (optimization of the independent dealer network).
- (b) In the prior period, other *adjusting* items in net finance costs included the consolidated gain on disposal of a dealership.
- (c) In the prior period, the share of the Group in the *adjusting* items of entities accounted for using the equity method amounted to EUR 3.0 million and was related to the additional revenue recognised following a change in accounting estimates.

Belron

- (d) Fair value of fuel hedge instruments amounts to EUR 4.9 million (EUR -6.9 million in the prior period) and arises from changes in the "clean" fair value of derivatives. Change in "clean" fair value of derivatives corresponds to the change of "dirty" fair value (i.e. the change of value between the opening and the end of the period) excluding the accrued cash flows of the derivatives that occurred during the period.
- (e) In the framework of the recent acquisitions (especially in the United States, in France and in Belgium), certain customer contracts were recognised as intangible assets with a finite useful life. The amortisation amounts to EUR 12.2 million (EUR 5.5 million in the prior period).
- (f) The amortisation of brands with finite useful lives (certain brands are no longer considered to be intangibles with indefinite useful lives since there is now a limit to the period over which these assets are expected to generate cash inflows) amounts to EUR 1.4 million (EUR 0.5 million in the prior period).
- (g) In the period, a total impairment charge of EUR 21.3 million is recognized and comprises:
  - An impairment charge of EUR 21.0 million in Italy, allocated to the goodwill (EUR 20.6 million), brands (EUR 0.3 million) and other intangible assets (EUR 0.1 million), as a result of lower expectations;
  - An impairment charge of EUR 0.3 million in the Netherlands, allocated to other intangible assets (following the EUR 40.0 million impairment charge recognised in 2018 in the Netherlands, there was no goodwill or significant other intangibles remaining).

These impairment charges were recognized during the first half of 2019 following the impairment calculation performed.

In the prior period, impairment charges of EUR 50.3 million were recognized in the Netherlands (EUR 40 million on goodwill, brands and other intangible assets), in New Zealand (EUR 6.0 million on goodwill) and EUR 4.3 million in Hungary and Greece.

- (h) In the period, other *adjusting* items of EUR -37.5 million include EUR -30.7 million in relation to restructurings and integrations (the majority of which was spent on the integration of the US TruRoad acquisition with some costs on Eurozone projects and restructurings), EUR -3.7 million for acquisition costs and EUR -3.0 million due to disposal costs.  
In the prior period, other *adjusting* items of EUR -58.9 million mainly comprised a transaction bonus (EUR -33.1 million) related to the disposal of a 40% stake of Belron to CD&R (see notes 1 and 16 of the 2018 consolidated financial statements), professional fees related to the above-mentioned transaction and to the set-up of a new management reward plan (EUR -2.8 million), provision and restructuring costs related to Canada (EUR -5.5 million), and United States (EUR -4.5 million), provision costs for US legal disputes (EUR -4.1 million), and provision costs relating to the disposal and franchising of Greece and Hungary.
- (i) In the period, other *adjusting* items in net finance costs are costs incurred in relation to the additional financing undertaken in Q4 2019 (new 7-year Term Loan B of USD 830 million maturing in 2026 and "add-on-loan" to existing EUR Term Loan B of EUR 100 million maturing in 2024. Proceeds were used to pay a dividend to shareholders).  
In the prior period, other *adjusting* items in net finance costs included the consolidated gain (EUR 987.7 million) on the disposal of the 40% stake in Belron to CD&R (refer to notes 1 and 16 of the 2018 consolidated financial statements for more information and detail on the calculation), the loss (EUR -20.2 million) relating to the disposal of operations (Russia, Turkey and a business in the United Kingdom) and costs (EUR -1.1 million) incurred in relation to additional financing undertaken in November 2018

Moleskine

- (j) In the period, an impairment charge of EUR -102.3 million is recognized on the Moleskine cash-generating unit (fully allocated to goodwill) following the formal impairment calculation performed at year-end. See specific information in the financial highlights

Corporate & Unallocated

- (k) In the period, the EUR 6.5 million *adjusting* item in operating result relates to the consolidated gain on the disposal of a property. In the prior period, other *adjusting* items in operating result (EUR -11.3 million) related to the remaining professional fees in the framework of the finalisation of the disposal of the 40% stake of Belron to CD&R.
- (l) In both periods, the re-measurement of financial instruments represents the loss on the fair value of a contingent liability relating to the disposal of the 40% stake of Belron to CD&R. This contingent liability will be settled in the course of 2020.
- (m) In the prior period, other *adjusting* items in net finance costs include other financial expenses in the framework of the finalisation of the disposal of the 40% stake of Belron to CD&R.

**Adjusted result before tax, Group's share (adjusted PBT, Group's share)**

The 2019 figures are shown on a pre-IFRS 16 basis in accordance with the presentation of the Group's segment results and to facilitate the comparison with the prior period figures.

EUR million	2019					2018 <sup>(1)</sup>				
	D'Ieteren Auto	Belron (52.48%)	Mole- skine	Corp. & unallocated	Total (segment)	D'Ieteren Auto	Belron (57.78%)	Mole- skine	Corp. & unallocated	Total (segment)
<b>Segment reported PBT (pre-IFRS 16)</b>	<b>122.5</b>	<b>256.9</b>	<b>-92.5</b>	<b>-21.1</b>	<b>265.8</b>	<b>114.7</b>	<b>1,010.9</b>	<b>18.9</b>	<b>-59.1</b>	<b>1,085.4</b>
Less: <i>Adjusting items in PBT</i>	2.5	72.3	102.3	10.8	187.9	2.6	-844.3	-	52.2	-789.5
<b>Segment adjusted PBT (pre-IFRS 16)</b>	<b>125.0</b>	<b>329.2</b>	<b>9.8</b>	<b>-10.3</b>	<b>453.7</b>	<b>117.3</b>	<b>166.6</b>	<b>18.9</b>	<b>-6.9</b>	<b>295.9</b>
Less: Share of the group in tax on <i>adjusted</i> results of equity-accounted investees	3.4	-	-	-	3.4	3.7	-	-	-	3.7
Share of non-controlling interests in <i>adjusted</i> PBT	-	-156.4	-	-	-156.4	-	-70.3	-	-	-70.3
<b>Segment adjusted PBT, Group's share (pre-IFRS 16)</b>	<b>128.4</b>	<b>172.8</b>	<b>9.8</b>	<b>-10.3</b>	<b>300.7</b>	<b>121.0</b>	<b>96.3</b>	<b>18.9</b>	<b>-6.9</b>	<b>229.3</b>

(1) As restated to reflect reallocation of costs in the framework of continuous improvement of the financial reporting information – Refer to note 1 of the 2019 consolidated financial statements for further information on the restatement of comparative information.

In the period, the weighted average percentage used for computing the segment adjusted PBT, Group's share of Belron amounts to 52.48% (57.78% in the prior period).

**Key Performance Indicator (based on adjusted PBT, Group's share)**

EUR million	2019					2018 <sup>(1)</sup>				
	D'Ieteren Auto	Belron (52.48%)	Mole- skine	Corp. & unallocated	Total (segment)	D'Ieteren Auto	Belron (52.48%)	Mole- skine	Corp. & unallocated	Total (segment)
<b>Segment adjusted PBT, Group's share (pre-IFRS 16)</b>	<b>128.4</b>	<b>172.8</b>	<b>9.8</b>	<b>-10.3</b>	<b>300.7</b>	<b>121.0</b>	<b>96.3</b>	<b>18.9</b>	<b>-6.9</b>	<b>229.3</b>
Excluding:										
Depreciation of non-currents assets (Group's Share)	-	-	-	-	-	-	-6.0	-	-	-6.0
Reduction of the share of the Group (comparable basis with 2019)	-	-	-	-	-	-	-8.2	-	-	-8.2
<b>Adjusted PBT, Group's share (key performance indicator - pre-IFRS 16)</b>	<b>128.4</b>	<b>172.8</b>	<b>9.8</b>	<b>-10.3</b>	<b>300.7</b>	<b>121.0</b>	<b>82.1</b>	<b>18.9</b>	<b>-6.9</b>	<b>215.1</b>

(1) As restated to reflect reallocation of costs in the framework of continuous improvement of the financial reporting information – Refer to note 1 of the 2019 consolidated financial statements for further information on the restatement of comparative information.

Under IFRS 16, the *adjusted* PBT, Group's share of the segments equals EUR 295.2 million (D'leteren Auto: EUR 128.4 million; Belron: EUR 167.6 million; Moleskine: EUR 9.5 million; Corporate & unallocated: EUR -10.3 million).

In the prior period, in accordance with the requirements of IFRS 5, the Group did not depreciate the Belron's non-current assets as from the date of its classification as held for sale until the date of effective disposal (7 February 2018). The impact in the consolidated income statement of the prior period was EUR 10.3 million (EUR 6.0 million for the share of the Group, using the 57.78% average stake of ownership in 2018) and was excluded when calculating the FY2018 Key Performance Indicator.

### Net debt

In order to better reflect its indebtedness, the Group uses the concept of net debt. This non-GAAP measure, i.e. its definition is not addressed by IFRS, is an Alternative Performance Measure ("APM") and is not presented as an alternative to financial measures determined in accordance with IFRS.

Net debt is based on loans and borrowings less cash, cash equivalents and non-current and current asset investments. It excludes the fair value of derivative debt instruments. The hedged loans and borrowings (i.e. those that are accounted for in accordance with the hedge accounting rules of IAS 39) are translated at the contractual foreign exchange rates of the related cross currency swaps. The other loans and borrowings are translated at closing foreign exchange rates.

EUR million	31 December 2019				31 December 2018 <sup>(1)</sup>			
	D'leteren Auto	Belron (100%)	Mole- skine	Corp. & unallocated	D'leteren Auto	Belron (100%)	Mole- skine	Corp. & unallocated
Non-current loans and borrowings	0.5	2,551.7	98.3	0.7	0.7	1,709.8	114.8	0.8
Current loans and borrowings	0.1	57.0	33.6	0.1	2.2	47.6	37.1	0.1
Inter-segment financing	-	-	190.8	-190.8	-	-	155.9	-155.9
Adjustment for hedged borrowings	-	-1.7	-	-	-	6.2	-	-
<b>Gross debt (pre-IFRS 16)</b>	<b>0.6</b>	<b>2,607.0</b>	<b>322.7</b>	<b>-190.0</b>	<b>2.9</b>	<b>1,763.6</b>	<b>307.8</b>	<b>-155.0</b>
Less: Cash and cash equivalents	119.6	-282.6	-55.2	-786.3	57.9	-124.2	-23.8	-967.1
Less: Cash included in assets held for sale	-	-	-	-	-	-0.8	-	-
Less: Current financial assets	-	-	-	-543.4	-	-	-1.8	-
Less: Other non-current receivables	-	-	-	-1.3	-	-	-	-20.1
<b>Net debt (pre-IFRS 16)</b>	<b>120.2</b>	<b>2,324.4</b>	<b>267.5</b>	<b>-1,521.0</b>	<b>60.8</b>	<b>1,638.6</b>	<b>282.2</b>	<b>-1,142.2</b>
Non-current lease liabilities arising from IFRS 16 adoption	7.9	504.1	22.8	4.2	-	-	-	-
Current lease liabilities arising from IFRS 16 adoption	5.6	150.6	6.7	0.4	-	-	-	-
<b>Total net debt (post-IFRS 16)</b>	<b>133.7</b>	<b>2,979.1</b>	<b>297.0</b>	<b>-1,516.4</b>	<b>60.8</b>	<b>1,638.6</b>	<b>282.2</b>	<b>-1,142.2</b>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. Refer to note 3 of the 2019 consolidated financial statements.

In both periods, the inter-segment loans comprise amounts lent by the Corporate department to the Moleskine segment (non-recourse loan in the framework of the acquisition), at arm's length conditions.

On a pre-IFRS16 basis, Belron's net financial debt reached EUR 2,324.4 million (100% stake) at the end of December 2019. This compares with EUR 1,638.6 million at the end of December 2018. The increase of EUR 685.8 million on the year-end net debt is the result of the issuance of a new seven-year Term Loan B of USD 830 million (which matures in October 2026) and a EUR 100 million add-on-loan to the existing EUR Term Loan B (which matures in November 2024), partially offset by the result of strong cash generation (particularly from the United States). Proceeds from the new refinancing were used to pay dividends and capital reduction (EUR 850 million) to its shareholders. Under IFRS 16, an additional EUR 654.7 million of lease liabilities are recognised on the balance sheet which increases net debt to EUR 2,979.1 million.

The increase in the net cash position of the segment "Corporate & Unallocated" (from EUR 1,142.2 million at 31 December 2018 to EUR 1,521.0 million – pre-IFRS 16 – at the end of December 2019) is primarily the result of the dividend (EUR 460.7 million) received from Belron in Q4 2019 (following the issue of a new term loan – see above), partially offset by the payment in June 2019 of the dividend (EUR 54.8 million) to the shareholders of D'leteren.

# s.a. D'leteren n.v.

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## Consolidated Statement of Profit or Loss

Year ended 31 December

EUR million	Notes	2019	2018 <sup>(1)</sup>
<b>Revenue</b>	5	<b>3,798.8</b>	<b>3,581.0</b>
Cost of sales	6	-3,303.3	-3,094.0
<b>Gross margin</b>		<b>495.5</b>	<b>487.0</b>
Commercial and administrative expenses	6	-382.2	-376.0
Other operating income	6	21.8	10.1
Other operating expenses	6	-110.7	-9.2
<b>Operating result</b>	6	<b>24.4</b>	<b>111.9</b>
Net finance costs	7	-24.4	-47.3
Finance income		1.4	1.8
Finance costs		-25.8	-49.1
Share of result of equity-accounted investees, net of income tax	17	93.2	0.1
<b>Result before tax</b>		<b>93.2</b>	<b>64.7</b>
Income tax expense	11	-28.7	-18.1
<b>Result from continuing operations</b>		<b>64.5</b>	<b>46.6</b>
Discontinued operations	4	-	1,002.1
<b>RESULT FOR THE PERIOD</b>		<b>64.5</b>	<b>1,048.7</b>
<b>Result attributable to:</b>			
<b>Equity holders of the Company</b>		<b>64.5</b>	<b>1,048.0</b>
Non-controlling interests ("NCI")		-	0.7
Earnings per share			
Basic (EUR)	8	1.18	19.12
Diluted (EUR)	8	1.18	19.08
Earnings per share – Continuing operations			
Basic (EUR)	8	1.18	0.85
Diluted (EUR)	8	1.18	0.85

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

As restated – refer to note 1 for further information on the restatement of comparative information.

The notes on pages 26 to 82 are an integral part of these consolidated financial statements.

The Group uses Alternative Performance Measures (non-GAAP measures) to reflect its financial performance – See consolidated management report and press release.



## Consolidated Statement of Comprehensive Income

Year ended 31 December

EUR million	Notes	2019	2018 <sup>(1)</sup>
Result for the period		64.5	1,048.7
Other comprehensive income			
Items that will never be reclassified to profit or loss (net of tax):		-4.0	19.9
<i>Re-measurements of defined benefit liabilities/assets</i>	10	-5.0	0.8
<i>Equity-accounted investees - share of OCI</i>	17	1.0	19.1
Items that may be reclassified subsequently to profit or loss (net of tax)		-0.4	32.5
<i>Translation differences</i>		1.2	10.7
<i>Reclassification of foreign currency difference on loss of exclusive control</i>		-	32.0
<i>Cash flow hedges: fair value gains (losses) in equity</i>		-	-0.6
<i>Reclassification of cash flow hedges on loss of exclusive control</i>		-	-0.4
<i>Equity-accounted investees - share of OCI</i>	17	-1.6	-9.2
<i>of which items from discontinued operations</i>		-	43.5
Other comprehensive income, net of tax		-4.4	52.4
<b>Total comprehensive income for the period</b>		<b>60.1</b>	<b>1,101.1</b>
<b>being: attributable to equity holders of the Company</b>		<b>60.1</b>	<b>1,100.4</b>
<i>of which continuing operations</i>		60.1	55.5
<i>of which discontinued operations</i>		-	1,044.9
<b>attributable to non-controlling interests ("NCI")</b>		<b>-</b>	<b>0.7</b>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

The notes on pages 26 to 82 are an integral part of these consolidated financial statements.

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## Consolidated Statement of Financial Position

At 31 December

EUR million	Notes	2019	2018 <sup>(1)</sup>
Goodwill	12	97.1	190.7
Intangible assets	13	444.8	432.7
Property, plant & equipment	14	268.7	222.0
Investment property	15	28.9	13.9
Equity-accounted investees	17	349.3	721.4
Deferred tax assets	11	41.3	26.3
Other receivables	20	4.6	24.7
<b>Non-current assets</b>		<b>1,234.7</b>	<b>1,631.7</b>
Inventories	16	492.8	455.7
Investments	4/18	543.4	-
Derivative financial instruments		0.1	-
Current tax assets	11	10.5	10.0
Trade and other receivables	20	454.8	394.3
Cash & cash equivalents	19	721.9	933.0
Assets classified as held for sale		-	0.9
<b>Current assets</b>		<b>2,223.5</b>	<b>1,793.9</b>
<b>TOTAL ASSETS</b>		<b>3,458.2</b>	<b>3,425.6</b>
Capital & reserves attributable to equity holders		2,640.7	2,655.1
Non-controlling interests ("NCI")		0.6	0.3
<b>Equity</b>		<b>2,641.3</b>	<b>2,655.4</b>
Employee benefits	10	31.6	23.9
Provisions	22	14.7	14.9
Loans & borrowings	23	134.4	116.3
Other financial liabilities	18	-	20.2
Put options granted to non-controlling interests		-	0.3
Other payables	24	-	1.6
Deferred tax liabilities	11	132.8	131.4
<b>Non-current liabilities</b>		<b>313.5</b>	<b>308.6</b>
Provisions	22	2.5	2.2
Loans & borrowings	23	46.5	39.4
Derivative financial instruments	18	0.4	0.4
Other financial liabilities	18	37.5	-
Current tax liabilities	11	5.0	5.8
Trade & other payables	24	411.5	413.8
<b>Current liabilities</b>		<b>503.4</b>	<b>461.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,458.2</b>	<b>3,425.6</b>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

The notes on pages 26 to 82 are an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

At 31 December

EUR million	Capital and reserves attributable to equity holders						Total Group's share	Non- controlling interests	Equity
	Share capital	Share premium	Treasury shares	Hedging reserve	Retained earnings	Cumulative translation differences			
<b>At 1 January 2018</b>	<b>160.0</b>	<b>24.4</b>	<b>-34.6</b>	<b>0.4</b>	<b>1,658.0</b>	<b>-43.9</b>	<b>1,764.3</b>	<b>-3.8</b>	<b>1,760.5</b>
Adjustment on initial application of IFRS 9 (net of tax)	-	-	-	-	<u>-1.1</u>	-	<u>-1.1</u>	-	<u>-1.1</u>
<b>At 1 January 2018 (adjusted)</b>	<b>160.0</b>	<b>24.4</b>	<b>-34.6</b>	<b>0.4</b>	<b>1,656.9</b>	<b>-43.9</b>	<b>1,763.2</b>	<b>-3.8</b>	<b>1,759.4</b>
Profit for the period	-	-	-	-	1,048.0	-	1,048.0	0.7	1,048.7
Other comprehensive income	-	-	-	<u>2.2</u>	<u>21.1</u>	<u>29.1</u>	<u>52.4</u>	-	<u>52.4</u>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.2</b>	<b>1,069.1</b>	<b>29.1</b>	<b>1,100.4</b>	<b>0.7</b>	<b>1,101.1</b>
Treasury shares	-	-	-3.7	-	-	-	-3.7	-	-3.7
Dividends	-	-	-	-	-208.4	-	-208.4	-	-208.4
Other movements	-	-	-	-	<u>3.6</u>	-	<u>3.6</u>	<u>-0.4</u>	<u>3.2</u>
<b>Total contribution and distribution</b>	<b>-</b>	<b>-</b>	<b>-3.7</b>	<b>-</b>	<b>-204.8</b>	<b>-</b>	<b>-208.5</b>	<b>-0.4</b>	<b>-208.9</b>
Disposal of subsidiary with change in control	-	-	-	-	-	-	-	<u>3.8</u>	<u>3.8</u>
<b>Total change in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.8</b>	<b>3.8</b>
<b>At 31 December 2018</b>	<b>160.0</b>	<b>24.4</b>	<b>-38.3</b>	<b>2.6</b>	<b>2,521.2</b>	<b>-14.8</b>	<b>2,655.1</b>	<b>0.3</b>	<b>2,655.4</b>
<b>At 1 January 2019</b>	<b>160.0</b>	<b>24.4</b>	<b>-38.3</b>	<b>2.6</b>	<b>2,521.2</b>	<b>-14.8</b>	<b>2,655.1</b>	<b>0.3</b>	<b>2,655.4</b>
Adjustment on initial application of IFRS 16 (net of tax) <sup>(1)</sup>	-	-	-	-	<u>-6.7</u>	-	<u>-6.7</u>	-	<u>-6.7</u>
<b>At 1 January 2019 (adjusted)</b>	<b>160.0</b>	<b>24.4</b>	<b>-38.3</b>	<b>2.6</b>	<b>2,514.5</b>	<b>-14.8</b>	<b>2,648.4</b>	<b>0.3</b>	<b>2,648.7</b>
Profit for the period	-	-	-	-	64.5	-	64.5	-	64.5
Other comprehensive income	-	-	-	<u>-10.3</u>	<u>-4.4</u>	<u>10.3</u>	<u>-4.4</u>	-	<u>-4.4</u>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-10.3</b>	<b>60.1</b>	<b>10.3</b>	<b>60.1</b>	<b>-</b>	<b>60.1</b>
Treasury shares (see note 21)	-	-	-18.7	-	-	-	-18.7	-	-18.7
Dividends (see note 21)	-	-	-	-	-54.8	-	-54.8	-	-54.8
Other movements	-	-	-	-	<u>5.7</u>	-	<u>5.7</u>	<u>0.3</u>	<u>6.0</u>
<b>Total contribution and distribution</b>	<b>-</b>	<b>-</b>	<b>-18.7</b>	<b>-</b>	<b>-49.1</b>	<b>-</b>	<b>-67.8</b>	<b>0.3</b>	<b>-67.5</b>
<b>Total change in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2019</b>	<b>160.0</b>	<b>24.4</b>	<b>-57.0</b>	<b>-7.7</b>	<b>2,525.5</b>	<b>-4.5</b>	<b>2,640.7</b>	<b>0.6</b>	<b>2,641.3</b>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

The notes on pages 26 to 82 are an integral part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

Year ended 31 December

EUR million	Notes	2019	2018 <sup>(1)</sup>
<b>Cash flows from operating activities - Continuing</b>			
Result for the period		64.5	46.6
Income tax expense	11	28.7	18.1
Share of result of equity-accounted investees, net of income tax	17	-93.2	-0.1
Net finance costs	7	24.4	47.3
<b>Operating result from continuing operations</b>		<b>24.4</b>	<b>111.9</b>
Depreciation	6/14/15	34.8	18.8
Amortisation of intangible assets	6/13	7.1	4.7
Impairment losses on goodwill and other non-current assets	12	102.3	-
Other non-cash items		1.8	-1.7
Employee benefits		-4.2	-4.0
Other cash items		-0.1	-
Change in net working capital		-74.9	-130.9
<b>Cash generated from operations</b>		<b>91.2</b>	<b>-1.2</b>
Income tax paid		-42.0	-26.2
<b>Net cash from operating activities</b>		<b>49.2</b>	<b>-27.4</b>
<b>Cash flows from investing activities - Continuing</b>			
Purchase of property, plant and equipment and intangible assets		-50.4	-45.0
Sale of property, plant and equipment and intangible assets		8.2	6.5
<b>Net capital expenditure</b>		<b>-42.2</b>	<b>-38.5</b>
Acquisition of subsidiaries (net of cash acquired)	25	-13.8	-15.0
Disposal of subsidiaries (net of cash disposed of)		-	4.9
Contribution of cash from / (to) joint ventures		-20.7	22.4
Proceeds from the sale of / (investments in) financial assets	4	-543.4	107.1
Interest received		1.6	0.3
Dividends and proceeds from capital reduction received from equity-accounted investees	4/17	460.7	217.4
Proceeds from / (investment in) other financial assets		19.1	-0.3
<b>Net cash from investing activities</b>		<b>-138.7</b>	<b>298.3</b>
<b>Cash flows from financing activities - Continuing</b>			
Acquisition (-)/Disposal (+) of non-controlling interests		0.1	0.3
Net disposal/(acquisition) of treasury shares		-18.7	-3.7
Repayment of lease liabilities (2018: repayment of finance lease liabilities)	23	-14.9	-0.1
Net change in other loans and borrowings	23	-27.1	-25.6
Interest paid		-6.5	-7.0
Dividends paid by Company	21	-54.8	-208.4
<b>Net cash from financing activities</b>		<b>-121.9</b>	<b>-244.5</b>
<b>Cash flows from continuing operations</b>		<b>-211.4</b>	<b>26.4</b>
<b>Cash flows from discontinued operations</b>		<b>-</b>	<b>532.3</b>
<b>TOTAL CASH FLOW FOR THE PERIOD</b>		<b>-211.4</b>	<b>558.7</b>
<b>Reconciliation with statement of financial position</b>			
Cash at beginning of period	19	673.4	295.7
Cash included in non-current assets classified as held for sale		-	76.4
Cash equivalents at beginning of period		259.6	1.6
<b>Cash and cash equivalents at beginning of period</b>		<b>933.0</b>	<b>373.7</b>
Total cash flow for the period		-211.4	558.7
Translation differences		0.3	0.6
<b>Cash and cash equivalents at end of period</b>		<b>721.9</b>	<b>933.0</b>
<i>Included within "Cash and cash equivalents"</i>	19	721.9	933.0

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

As restated – refer to note 1 for further information on the restatement of comparative information.

The notes on pages 26 to 82 are an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

### NOTE 1: GENERAL INFORMATION

s.a. D'leteren n.v. (the Company) is a public company incorporated and domiciled in Belgium, whose controlling shareholders are listed in note 21 of these consolidated financial statements. The address of the Company's registered office is: Rue du Mail 50, B-1050 Brussels.

In existence since 1805, and across family generations, the Company seeks growth and value creation by pursuing a strategy on the long term for its businesses and actively encouraging and supporting them to develop their position in their industry or in their geographies. The Company, its subsidiaries and its interests in associates and joint ventures (together the Group) form an international group, currently active in four activities articulated around strong brands:

- D'leteren Auto distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti, Porsche and Yamaha vehicles in Belgium. It has a market share of around 22% and 1.2 million vehicles on the road. Its business model is evolving towards providing citizens with responsible and innovative mobility;
- Belron has a clear purpose: "making a difference by solving people's problems with real care". It is the worldwide leader in vehicle glass repair and replacement and operates in 39 countries, through wholly owned businesses and franchises, with market leading brands – including Carglass®, Safelite® AutoGlass and Autoglass®. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers;
- Moleskine is a premium aspirational lifestyle brand which develops and sells iconic branded notebooks and writing, travel and reading accessories through a multichannel distribution strategy across more than 100 countries;
- D'leteren Immo groups together the Belgian real estate interests of the Group. It owns and manages approximately 30 properties. It also pursues investment projects and carries out studies into possible site renovations.

The Company is listed on Euronext Brussels.

These consolidated financial statements have been authorized for issue by the Board of Directors on 24 April 2020.

### Restatement of comparative information

In the framework of continuous improvement of the financial reporting presentation, the consolidated statement of profit or loss for the year ended 31 December 2018 has been restated to reflect in the D'leteren Auto segment a reallocation of costs (EUR 2.9 million) from revenue to cost of sales/commercial and administrative expenses/other operating expenses, without net impact on the operating result. In addition, operating result decreased by EUR 2.8 million following the reclassification of an EUR 2.8 million charge from income tax expense to other operating expenses in the "Corporate & unallocated" segment.

The consolidated statement of financial position as at 31 December 2018 has also been restated in the D'leteren Auto segment to reflect a reclassification of EUR 0.4 million between goodwill and intangible assets.

Finally, the segment statement of profit or loss for the year ended 31 December 2018 has been restated to reflect a reallocation of finance costs (EUR 0.7 million) between the D'leteren Auto segment and the "Corporate & unallocated" segment.

### Alternative Performance Measurement – Non-GAAP measurement

In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures ("APMs") in the press release and the consolidated management report. These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. The Group does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures.

### NOTE 2: BASIS OF PREPARATION

These 2019 consolidated financial statements are for the 12 months ended 31 December 2019. They are presented in euro, which is the Group's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated. They have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the related International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued which have been adopted by the European Union ("EU") as at 31 December 2019 and are effective for the period ending 31 December 2019.

These consolidated financial statements have been prepared under the historical cost convention, except for money market assets (short-term securities of monetary instruments) classified within cash and cash equivalents, employee benefits, non-current assets and liabilities held for sale, business combination and financial assets and financial liabilities (including derivative instruments) that have been measured at fair value. On 31 December 2019, financial assets measured at fair value are limited to the portfolio of marketable securities held in the Corporate & unallocated segment (see note 19) and to derivative financial instruments (see note 18). Financial liabilities measured at fair value is limited to the liability in relation to the disposal of the 40% stake in Belron to CD&R in 2018 (see note 18).

**NOTE 2: BASIS OF PREPARATION (continued)**

These consolidated financial statements are prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of income, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change or prospectively. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are listed below. They are also disclosed in the relevant notes.

- Measurement of defined benefit obligations (key actuarial assumptions used). See note 10.
- Recognition of deferred tax assets (availability of future taxable profit against which deductible temporary differences and carried forward tax losses can be used). See note 11.
- Goodwill and brands with indefinite useful lives. See note 12.
- Impairment tests (key assumptions underlying recoverable amounts). See note 12.
- Recognition and measurement of provisions and contingencies (key assumptions about the likelihood and magnitude of an outflow of resources). See note 22.
- Measurement of expected credit loss (ECL) allowance for doubtful trade receivables (key assumptions in determining the weighted average loss rate). See note 20.
- Provision for inventory obsolescence. See note 16.
- Acquisition of subsidiary (fair value of the consideration transferred and of the assets acquired and liabilities assumed). See note 25.
- Lease term (whether the Group is reasonably certain to exercise extension or termination options). See note 3.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Further information is included in the relevant notes. The main areas are money market assets (short-term securities of monetary instruments) classified within cash and cash equivalents (see notes 18 and 19), employee benefits (see note 10), share-based payments (see note 9), investment properties (see note 15), financial instruments (see note 18) and business combinations (see note 25). When measuring the fair value of an asset or a liability, the Group used observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

**NOTE 3: CHANGE IN SIGNIFICANT ACCOUNTING POLICIES**

The Group has initially adopted IFRS 16 "Leases" from 1 January 2019. The other new standards effective from 1 January 2019 (as listed in note 33) do not have a material impact on the Group's consolidated financial statements.

The Group has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information for 2018 has not been restated and is presented, as previously reported, under IAS 17 and related interpretations. The disclosure requirements in IFRS 16 have not been applied to comparative information.

The Group previously determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 "Determining whether an Arrangement contains a Lease". The Group now assesses whether a contract is or contains a lease based on the definition of a lease as included in IFRS 16 (as described in note 33).

As a lessee, subject to the application of the practical expedients detailed below, the Group recognizes right-of-use assets and lease liabilities for leases, whereas previous accounting policies classified leases as operating leases (off balance-sheet) or finance leases (on balance sheet) depending on whether the lease transferred substantially all of the risks and rewards of ownership. Lessor accounting remain substantially unchanged compared to previous guidance.

Right-of-use assets are presented in "property, plant and equipment" in the statement of financial position, under the same line item than the assets of the same nature that it owns. Lease liabilities are presented in "loans and borrowings" in the statement of financial position.

**NOTE 3: CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)**

At transition, lease liabilities for leases that were previously classified as operating leases were measured at the present value of the remaining lease payments, discounted using either the implicit rate in the lease contract, if easily determinable, or the Group's incremental borrowing rate that would have been made available for the financing of similar items at 1 January 2019. The weighted average rate applied in discounting lease payments (including Belron despite its classification as an equity-accounted investee) range from 1.42% to 3.57%. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

Right-of-use assets are measured at either their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application (for large property leases in the Belron segment) or an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (for all other leases).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. IFRS 16 has been applied only to contracts that were previously identified as leases under IAS 17. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. In addition, the Group applied the practical expedient whereby short-term leases (less than or equal to 12 months) and leases of low value (usually less than EUR 5,000) are not reassessed and are accounted for on a linear basis.

For the leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

In rare situations in which the Group acts as an intermediate lessor, the sub-leases are classified with reference to the right-of-use asset arising from the head lease, and not with reference to the underlying asset. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases.

The Group has tested its right-of-use assets for impairment on the date of transition and concluded that there was no impairment indicator.

In cases where the Group leases out its investment properties, the Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

On transition to IFRS 16, the Group (including Belron despite its classification as an equity accounted investee) recognized EUR 727.9 million right-of-use assets (of which EUR 670.7 million in the Belron segment) and EUR 757.8 million lease liabilities (of which EUR 699.5 million in the Belron segment), with a corresponding impact (net of tax) of EUR -6.7 million on retained earnings, Group's share.

The table below reconciles the operating lease commitments as at 31 December 2018 to the lease liabilities recognized at 1 January 2019.

EUR million	1 January 2019 (incl. Belron at 100%)	1 January 2019 (excluding Belron)
<b>Operating lease commitments at 31 December 2018<sup>(1)</sup></b>	<b>661.1</b>	<b>61.9</b>
Effect of discounting future lease commitments	-109.5	-2.5
Finance lease liabilities recognised at 31 Dec. 2018	58.1	0.7
Recognition exemption for leases of low-value assets	-1.0	-
Recognition exemption for leases with less than 12 months of lease term at transition	-10.4	-1.1
Extension options reasonably certain to be exercised	217.6	-
<b>Lease liabilities recognised at 1 January 2019</b>	<b>815.9</b>	<b>59.0</b>

(1) Restated following the analysis carried out in the context of the implementation of IFRS 16.

**NOTE 4: SEGMENT INFORMATION****Note 4.1: Basis of Segmentation**

The Group's reportable operating segments are D'Ieteren Auto, Belron, Moleskine and "Corporate & unallocated". These operating segments are consistent with the Group's organisational and internal reporting structure, and with the requirements of IFRS 8 "Operating Segments".

D'Ieteren Auto comprises the automobile distribution activities of the Group. Belron comprises Belron Group s.a. and its subsidiaries. Despite its classification as an equity-accounted investee as from the closing of the Transaction whereby CD&R acquired a stake in Belron (the "Transaction"; see notes 1 and 16 of the 2018 annual consolidated financial statements), Belron remains a reportable operating segment, reflecting the Group's internal reporting structure.



**NOTE 4: SEGMENT INFORMATION (continued)**

Moleskine includes Moleskine S.p.a. and its subsidiaries. The segment "Corporate & unallocated" comprises the corporate and the real estate activities of the Group.

The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach (see note 3). Under this approach, comparative information has not been restated.

The Group presents the statement of profit or loss (12-month results ended 31 December 2019) and the statement of financial position (at 31 December 2019) of its operating segments on a pre-IFRS 16 basis, reflecting the Group's internal reporting structure and facilitating the comparison with the comparative period.

**Note 4.2: Segment Statement of Profit or Loss - Operating Segments (Year ended 31 December)**

EUR million	Notes	2019						
		D'Ieteren Auto	Belron	Mole- skine	Corporate & unallocated	IFRS 16 impacts	Elimi- nations	Group
External revenue	5	3,634.9	4,228.1	163.9	-	-	-4,228.1	3,798.8
Inter-segment revenue		-	-	-	-	-	-	-
<b>Segment revenue</b>		<b>3,634.9</b>	<b>4,228.1</b>	<b>163.9</b>	<b>-</b>	<b>-</b>	<b>-4,228.1</b>	<b>3,798.8</b>
<b>Operating result (being segment result)</b>	<b>6</b>	<b>116.5</b>	<b>333.0</b>	<b>-83.7</b>	<b>-8.9</b>	<b>16.4</b>	<b>-348.9</b>	<b>24.4</b>
Net finance costs	7	-2.6	-76.2	-8.8	-12.2	-26.5	101.9	-24.4
Finance income		0.2	19.1	0.8	0.4	-	-19.1	1.4
Finance costs		-2.8	-95.3	-4.7	-17.5	-26.5	121.0	-25.8
Inter-segment financing interest		-	-	-4.9	4.9	-	-	-
Share of result of equity-accounted investees, net of income tax	17	8.6	0.1	-	-	-	84.5	93.2
<b>Result before tax</b>		<b>122.5</b>	<b>256.9</b>	<b>-92.5</b>	<b>-21.1</b>	<b>-10.1</b>	<b>-162.5</b>	<b>93.2</b>
Income tax expense	11	-36.7	-88.4	-4.8	12.8	2.5	85.9	-28.7
<b>Result from continuing operations</b>		<b>85.8</b>	<b>168.5</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-7.6</b>	<b>-76.6</b>	<b>64.5</b>
Discontinued operations		-	-	-	-	-	-	-
<b>RESULT FOR THE PERIOD</b>		<b>85.8</b>	<b>168.5</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-7.6</b>	<b>-76.6</b>	<b>64.5</b>
<b>Attributable to:</b>								
<b>Equity holders of the Company</b>		<b>85.8</b>	<b>88.4</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-4.1</b>		<b>64.5</b>
Non-controlling interests		-	-	-	-	-		-
<b>RESULT FOR THE PERIOD</b>		<b>85.8</b>	<b>88.4</b>	<b>-97.3</b>	<b>-8.3</b>	<b>-4.1</b>		<b>64.5</b>

In 2019, in the Corporate & unallocated segment, the line "Operating result" includes, among other amounts, the gain on sale (EUR 6.5 million) on the disposal of a property and the line "Finance costs" mainly includes the loss (EUR -17.3 million) on the fair value of a financial liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R (current other financial liability of EUR 37.5 million as at 31 December 2019 compared with a non-current other financial liability of EUR 20.2 million as at 31 December 2018; see note 18)

In 2019, the column "Eliminations" reconciles the segment statement of profit or loss (with the 12-month result of Belron presented on all lines under global integration method) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented in the line "share of result of equity-accounted investees, net of income tax", representing the share of the Group - 52.48% - in the 12-month net result of Belron).

In 2019, the column "IFRS 16 impacts" reconciles the segment statement of profit or loss (with the 12-month results of the Group's operating segments presented, as previously reported, under IAS 17) to the IFRS Group consolidated statement of profit or loss (under IFRS 16).



**NOTE 4: SEGMENT INFORMATION (continued)**

The breakdown of the IFRS 16 impacts across the four Group's operating segments for the year ended 31 December 2019 is presented below:

EUR million	D'leteren Auto	Belron	Moleskine	Corporate & unallocated	Total segments
Depreciation on right-of-use assets	-6.2	-149.1	-8.3	-0.4	-164.0
Reversal of operating lease rentals	6.3	165.0	8.6	0.5	180.4
<b>Operating result</b>	<b>0.1</b>	<b>15.9</b>	<b>0.3</b>	<b>0.1</b>	<b>16.4</b>
Interest expenses on lease liabilities	-0.1	-25.7	-0.6	-0.1	-26.5
<b>Result before tax</b>	<b>-</b>	<b>-9.8</b>	<b>-0.3</b>	<b>-</b>	<b>-10.1</b>
Tax expense	-	2.5	-	-	2.5
<b>Result for the period</b>	<b>-</b>	<b>-7.3</b>	<b>-0.3</b>	<b>-</b>	<b>-7.6</b>

**Note 4.2: Segment Statement of Profit or Loss – Operating Segments (Year ended 31 December)**

EUR million	2018 <sup>(1)</sup>					
	D'leteren Auto	Belron	Mole- skine	Corporate & unallocated	Elimi- nations	Group
External revenue	3,406.9	3,839.7	174.1	-	-3,839.7	3,581.0
Inter-segment revenue	-	-	-	-	-	-
<b>Segment revenue</b>	<b>3,406.9</b>	<b>3,839.7</b>	<b>174.1</b>	<b>-</b>	<b>-3,839.7</b>	<b>3,581.0</b>
<b>Operating result (being segment result)</b>	<b>106.8</b>	<b>103.6</b>	<b>28.6</b>	<b>-23.5</b>	<b>-103.6</b>	<b>111.9</b>
Net finance costs	-2.0	907.3	-9.7	-35.6	-907.3	-47.3
Finance income	0.9	1,000.6	0.7	0.2	-1,000.6	1.8
Finance costs	-2.9	-93.3	-5.8	-40.4	93.3	-49.1
Inter-segment financing interest	-	-	-4.6	4.6	-	-
Share of result of equity-accounted investees, net of income tax	9.9	-	-	-	-9.8	0.1
<b>Result before tax</b>	<b>114.7</b>	<b>1,010.9</b>	<b>18.9</b>	<b>-59.1</b>	<b>-1,020.7</b>	<b>64.7</b>
Income tax expense	-38.4	-26.8	3.9	16.4	26.8	-18.1
<b>Result from continuing operations</b>	<b>76.3</b>	<b>984.1</b>	<b>22.8</b>	<b>-42.7</b>	<b>-993.9</b>	<b>46.6</b>
Discontinued operations	-	-	-	-	1,002.1	1,002.1
<b>RESULT FOR THE PERIOD</b>	<b>76.3</b>	<b>984.1</b>	<b>22.8</b>	<b>-42.7</b>	<b>8.2</b>	<b>1,048.7</b>
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>76.3</b>	<b>991.6</b>	<b>22.8</b>	<b>-42.7</b>		<b>1,048.0</b>
Non-controlling interests	-	0.7	-	-		0.7
<b>RESULT FOR THE PERIOD</b>	<b>76.3</b>	<b>992.3</b>	<b>22.8</b>	<b>-42.7</b>		<b>1,048.7</b>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

As restated – refer to note 1 for further information on the restatement of comparative information.

In 2018, the column "Eliminations" reconciled the segment statement of profit or loss (with the 12-month result of Belron presented on all lines as a continuing operation under global integration method) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented as a discontinued operation from the beginning of the period until the closing of the transaction with CD&R and in the line "share of result of equity-accounted investees, net of income tax" for the remaining of the period). See note 1 of the 2018 consolidated financial statements for more information.

In 2018, the line "discontinued operations" included the consolidated gain associated with the loss of exclusive control on the sale of a 40% stake in Belron to CD&R. Refer to note 16 of the 2018 annual consolidated financial statements for more information.

**NOTE 4: SEGMENT INFORMATION (continued)****Note 4.3: Segment Statement of Financial Position - Operating Segment**

EUR million	Notes	31 December 2019						
		D'leteren Auto	Belron	Moleskine	Corporate & unallocated	IFRS 16 impacts	Elimi- nations	Group
Goodwill	12	27.3	590.1	69.8	-	-	-590.1	97.1
Intangible assets	13	31.9	594.0	412.7	0.2	-	-594.0	444.8
Property, plant & equipment	14	41.4	329.0	9.3	171.5	655.7	-938.2	268.7
Investment property	15	-	-	-	28.9	-	-	28.9
Equity-accounted investees	17	84.8	-	-	-	-	264.5	349.3
Investments		-	1.9	-	-	-	-1.9	-
Derivative financial instruments		-	0.1	-	-	-	-0.1	-
Employee benefits		-	105.1	-	-	-	-105.1	-
Deferred tax assets	11	11.6	46.8	8.5	21.2	6.3	-53.1	41.3
Other receivables	20	2.1	6.0	1.2	1.3	-	-6.0	4.6
<b>Non-current assets</b>		<b>199.1</b>	<b>1,673.0</b>	<b>501.5</b>	<b>223.1</b>	<b>662.0</b>	<b>-2,024.0</b>	<b>1,234.7</b>
Inventories	16	462.7	330.4	30.1	-	-	-330.4	492.8
Investments	4/18	-	-	-	543.4	-	-	543.4
Derivative financial instruments		-	5.0	0.1	-	-	-5.0	0.1
Current tax assets	11	0.9	2.5	9.5	0.1	-	-2.5	10.5
Trade and other receivables	20	414.2	354.1	35.7	4.9	1.7	-355.8	454.8
Cash & cash equivalents	19	-119.6	282.6	55.2	786.3	-	-282.6	721.9
<b>Current assets</b>		<b>758.2</b>	<b>974.6</b>	<b>130.6</b>	<b>1,334.7</b>	<b>1.7</b>	<b>-976.3</b>	<b>2,223.5</b>
<b>TOTAL ASSETS</b>		<b>957.3</b>	<b>2,647.6</b>	<b>632.1</b>	<b>1,557.8</b>	<b>663.7</b>	<b>-3,000.3</b>	<b>3,458.2</b>
<b>Equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,641.3</b>	<b>-</b>	<b>-</b>	<b>2,641.3</b>
Employee benefits	10	28.4	7.9	2.1	1.1	-	-7.9	31.6
Provisions	22	14.2	26.8	-	0.5	-	-26.8	14.7
Loans & borrowings	23	0.5	2,551.7	98.3	0.7	539.0	-3,055.8	134.4
Inter-segment loan		-	-	190.8	-190.8	-	-	-
Derivative financial instruments	18	-	6.5	-	-	-	-6.5	-
Other payables	24	-	1.2	-	-	-	-1.2	-
Deferred tax liabilities	11	1.3	97.4	111.1	20.4	-	-97.4	132.8
<b>Non-current liabilities</b>		<b>44.4</b>	<b>2,691.5</b>	<b>402.3</b>	<b>-168.1</b>	<b>539.0</b>	<b>-3,195.6</b>	<b>313.5</b>
Provisions	22	-	138.4	2.5	-	-	-138.4	2.5
Loans & borrowings	23	0.1	57.0	33.6	0.1	163.3	-207.6	46.5
Derivative financial instruments	18	-	9.6	0.4	-	-	-9.6	0.4
Other financial liabilities	18	-	-	-	37.5	-	-	37.5
Current tax liabilities	11	4.3	33.7	0.6	0.1	-	-33.7	5.0
Trade & other payables	24	361.7	603.3	38.7	12.2	-18.6	-585.8	411.5
<b>Current liabilities</b>		<b>366.1</b>	<b>842.0</b>	<b>75.8</b>	<b>49.9</b>	<b>144.7</b>	<b>-975.1</b>	<b>503.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>410.5</b>	<b>3,533.5</b>	<b>478.1</b>	<b>2,523.1</b>	<b>683.7</b>	<b>-4,170.7</b>	<b>3,458.2</b>

**NOTE 4: SEGMENT INFORMATION (continued)****Note 4.3: Segment Statement of Financial Position – Operating Segments**

EUR million	31 December 2018 <sup>(1)</sup>					
	D'leteren Auto	Belron	Moleskine	Corporate & unallocated	Elimi- nations	Group
Goodwill	18.8	544.4	171.9	-	-544.4	190.7
Intangible assets	20.1	447.6	412.5	0.1	-447.6	432.7
Property, plant & equipment	31.1	355.6	10.1	180.8	-355.6	222.0
Investment property	0.1	-	-	13.8	-	13.9
Equity-accounted investees	76.6	-	-	-	644.8	721.4
Investments	-	0.7	-	-	-0.7	-
Derivative financial instruments	-	8.7	-	-	-8.7	-
Employee benefits	-	91.8	-	-	-91.8	-
Deferred tax assets	6.3	18.4	11.2	8.8	-18.4	26.3
Other receivables	2.5	2.2	1.3	20.9	-2.2	24.7
<b>Non-current assets</b>	<b>155.5</b>	<b>1,469.4</b>	<b>607.0</b>	<b>224.4</b>	<b>-824.6</b>	<b>1,631.7</b>
Inventories	414.0	320.1	41.7	-	-320.1	455.7
Derivative financial instruments	-	2.6	-	-	-2.6	-
Current tax assets	1.1	7.7	8.9	-	-7.7	10.0
Trade and other receivables	351.6	315.7	40.4	2.3	-315.7	394.3
Cash & cash equivalents	-57.9	124.2	23.8	967.1	-124.2	933.0
Assets classified as held for sale	-	3.1	-	0.9	-3.1	0.9
<b>Current assets</b>	<b>708.8</b>	<b>773.4</b>	<b>114.8</b>	<b>970.3</b>	<b>-773.4</b>	<b>1,793.9</b>
<b>TOTAL ASSETS</b>	<b>864.3</b>	<b>2,242.8</b>	<b>721.8</b>	<b>1,194.7</b>	<b>-1,598.0</b>	<b>3,425.6</b>
<b>Equity</b>	-	-	-	<b>2,655.4</b>	-	<b>2,655.4</b>
Employee benefits	21.1	6.7	2.0	0.8	-6.7	23.9
Provisions	10.4	54.9	4.1	0.4	-54.9	14.9
Loans & borrowings	0.7	1,709.8	114.8	0.8	-1,709.8	116.3
Inter-segment loan	-	-	155.9	-155.9	-	-
Derivative financial instruments	-	10.6	-	-	-10.6	-
Other financial liabilities	-	-	-	20.2	-	20.2
Put options granted to non-controlling interests	0.3	-	-	-	-	0.3
Other payables	-	3.1	1.6	-	-3.1	1.6
Deferred tax liabilities	1.5	12.3	110.8	19.1	-12.3	131.4
<b>Non-current liabilities</b>	<b>34.0</b>	<b>1,797.4</b>	<b>389.2</b>	<b>-114.6</b>	<b>-1,797.4</b>	<b>308.6</b>
Provisions	-	59.1	2.2	-	-59.1	2.2
Loans & borrowings	2.2	47.6	37.1	0.1	-47.6	39.4
Derivative financial instruments	-	3.3	0.4	-	-3.3	0.4
Current tax liabilities	10.7	13.9	0.5	-5.4	-13.9	5.8
Trade & other payables	367.8	524.0	42.0	4.0	-524.0	413.8
Liabilities directly associated with the assets held for sale	-	8.1	-	-	-8.1	-
<b>Current liabilities</b>	<b>380.7</b>	<b>656.0</b>	<b>82.2</b>	<b>-1.3</b>	<b>-656.0</b>	<b>461.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>414.7</b>	<b>2,453.4</b>	<b>471.4</b>	<b>2,539.5</b>	<b>-2,453.4</b>	<b>3,425.6</b>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

In 2019, the column "IFRS 16 impacts" reconcile the segment statement of financial position (with the assets and liabilities of the operating segments presented, as previously reported, under IAS 17) to the Group consolidated statement of financial position (under IFRS 16).

The EUR 655.7 million additional right-of-use assets (included in the line "Property, plant and equipment") and the EUR 702.3 million lease liabilities (included in the non-current and current "Loans and borrowings") presented in the segment statement of financial position as at 31 December 2019 following the adoption of IFRS 16 break down as follow:

**NOTE 4: SEGMENT INFORMATION (continued)**

- In the D’Ieteren Auto segment, EUR 13.5 million right-of-use assets and EUR 13.5 million lease liabilities;
- In the Belron segment, EUR 609.2 million right-of-use assets and EUR 654.7 million lease liabilities;
- In the Moleskine segment, EUR 28.4 million right-of-use assets and EUR 29.5 million lease liabilities;
- In the Corporate & unallocated segment, EUR 4.6 million right-of-use assets and EUR 4.6 million lease liabilities.

In 2019, in the Corporate & unallocated segment, the line “Financial Investments” of EUR 543.4 million comprises investments in a portfolio of marketable securities (corporate bonds in Europe) and the line “Current other financial liabilities” of EUR 37.5 million represents the fair value of the financial liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R (see note 18).

In 2018 and 2019, the column “Eliminations” reconciles the segment statement of financial position (including the assets and liabilities of Belron) to the IFRS consolidated statement of financial position (with Belron presented as an equity-accounted investee).

**NOTE 4: SEGMENT INFORMATION (continued)****Note 4.4: Segment Statement of Cash Flows - Operating Segments** (Year ended 31 December)

EUR million	Notes	2019						
		D'leteren Auto	Belron	Mole- skine	Corp. & unallocated	IFRS 16 impacts	Elimi- nations	Group
Cash flows from operating activities - Continuing								
Result for the period		85.8	168.5	-97.3	-8.3	-7.6	-76.6	64.5
Income tax expense	11	36.7	88.4	4.8	-12.8	-2.5	-85.9	28.7
Share of result of equity-accounted investees, net of income tax	17	-8.6	-0.1	-	-	-	-84.5	-93.2
Net finance costs	7	2.6	76.2	8.8	12.2	26.5	-101.9	24.4
Operating result from continuing operations		116.5	333.0	-83.7	-8.9	16.4	-348.9	24.4
Depreciation	6/14	6.2	88.8	4.7	9.0	164.0	-237.9	34.8
Amortisation of intangible assets	6/13	3.7	49.9	3.4	-	-	-49.9	7.1
Impairment losses on goodwill and other non-current assets	12	-	21.3	102.3	-	-	-21.3	102.3
Other non-cash items		9.2	59.6	-3.0	-4.4	-1.7	-57.9	1.8
Employee benefits		-3.6	-	-0.6	-	-	-	-4.2
Other cash items		-	-	-	-0.1	-	-	-0.1
Change in net working capital		-83.7	28.3	9.9	-1.1	-13.8	-14.5	-74.9
Cash generated from operations		48.3	580.9	33.0	-5.5	164.9	-730.4	91.2
Income tax paid		-38.1	-41.8	-2.1	-1.8	-	41.8	-42.0
Net cash from operating activities		10.2	539.1	30.9	-7.3	164.9	-688.6	49.2
Cash flows from investing activities - Continuing								
Purchase of property, plant and equipment and intangible assets		-28.1	-91.5	-7.5	-14.8	21.1	70.4	-50.4
Sale of property, plant and equipment and intangible assets		0.9	4.6	-	7.3	-	-4.6	8.2
Net capital expenditure		-27.2	-86.9	-7.5	-7.5	21.1	65.8	-42.2
Acquisition of subsidiaries (net of cash acquired)	25	-13.6	-199.9	-0.2	-	-	199.9	-13.8
Disposal of subsidiaries (net of cash disposed of)		-	-6.3	-	-	-	6.3	-
Contribution of cash from/(to) joint venture		-20.7	-	-	-	-	-	-20.7
Proceeds from the sale of / (investments in) financial assets	4	-	-	-	-543.4	-	-	-543.4
Interest received		1.1	4.2	0.1	0.4	-	-4.2	1.6
Dividends and proceeds from capital reduction received from /(paid by) equity-accounted investees	4/17	-	-839.9	-	460.7	-	839.9	460.7
Proceeds from / (investment in) other financial assets		-0.9	-	-	20.0	-	-	19.1
Net cash from investing activities		-61.3	-1,128.8	-7.6	-69.8	21.1	1,107.7	-138.7
Cash flows from financing activities - Continuing								
Acquisition (-)/Disposal (+) of non-controlling interests		0.1	-	-	-	-	-	0.1
Share capital increase		-	0.6	-	-	-	-0.6	-
Net disposal/(acquisition) of treasury shares		-	-	-	-18.7	-	-	-18.7
Repayment of lease liabilities (2018: repayment of finance lease liabilities)	23	-	-2.9	-	-	-168.4	156.4	-14.9
Net change in other loans and borrowings	23	-7.8	817.9	-19.2	-0.1	8.6	-826.5	-27.1
Inter-segment loans		-	-	30.0	-30.0	-	-	-
Interest paid		-2.9	-73.4	-3.0	-0.1	-26.2	99.1	-6.5
Dividends paid by the Company	21	-	-	-	-54.8	-	-	-54.8
Net cash from financing activities		-10.6	742.2	7.8	-103.7	-186.0	-571.6	-121.9
Cash flows from continuing operations		-61.7	152.5	31.1	-180.8	-	-152.5	-211.4
Cash flows from discontinued operations		-	-	-	-	-	-	-
TOTAL CASH FLOW FOR THE PERIOD		-61.7	152.5	31.1	-180.8	-	-152.5	-211.4

**NOTE 4: SEGMENT INFORMATION (continued)****Note 4.4: Segment Statement of Cash Flows - Operating Segments** (Year ended 31 December)

EUR million		D'leteren Auto	Belron	Mole- skine	Corp. & unallocated	IFRS 16 Impact	Elimi- nations	Group
<b>Reconciliation with statement of financial position</b>								
Cash at beginning of period	19	-59.0	124.2	23.8	708.6	-	-124.2	673.4
Cash included in non-current assets held for sale		-	0.8	-	-	-	-0.8	-
Cash equivalents at the beginning of the period	19	1.1	-	-	258.5	-	-	259.6
<b>Cash and cash equivalents at beginning of period</b>		<b>-57.9</b>	<b>125.0</b>	<b>23.8</b>	<b>967.1</b>	<b>-</b>	<b>-125.0</b>	<b>933.0</b>
Total cash flow for the period		-61.7	152.5	31.1	-180.8	-	-152.5	-211.4
Translation differences		-	5.1	0.3	-	-	-5.1	0.3
<b>Cash and cash equivalents at end of period</b>		<b>-119.6</b>	<b>282.6</b>	<b>55.2</b>	<b>786.3</b>	<b>-</b>	<b>-282.6</b>	<b>721.9</b>
<i>Included within "Cash and cash equivalents"</i>	19	-119.6	282.6	55.2	786.3	-	-282.6	721.9

The line "impairment losses on goodwill and non-current assets" includes the impairment charges recognized in the Belron segment (EUR 21.3 million – see note 17) and in the Moleskine segment (EUR 102.3 million fully allocated to goodwill – see note 12) following the impairment exercise performed at year-end.

In the Belron segment, the line "Other non-cash items" includes, among other amounts, the provision for long-term management incentive program.

In the Belron segment, the line "acquisition of subsidiaries (net of cash acquired)" includes, among other amounts, the US TruRoad acquisition.

The line "Dividends and proceeds from capital reduction received from / (paid by) equity-accounted investees" represent the share of the Group in the distribution of the dividend (EUR 60.5 million) and the share capital reduction (EUR 400.2 million) operated by the Belron segment in December 2019. Refer to note 17 for more information.

The line "Dividends paid by the Company" includes the distribution to shareholders of the ordinary dividend (EUR 1.00 per share).

In the period, the column "Eliminations" reconciles the segment statement of cash flows (with Belron presented on all lines as a continuing operation under global integration method) to the IFRS Group consolidated statement of cash flows (with Belron consolidated under equity-accounting method).

The column "IFRS 16 impact" reconciles the segment statement of cash flows (presented as previously reported, under IAS 17) to the IFRS Group consolidated statement of cash flows (under IFRS 16).

The inter-segment loans represent additional amount lent by the Corporate department to the Moleskine segment, at arm's length conditions.

**NOTE 4: SEGMENT INFORMATION (continued)****Note 4.4: Segment Statement of Cash Flows - Operating Segments** (Year ended 31 December)

EUR million	2018 <sup>(1)</sup>					
	D'leteren Auto	Belron	Mole- skine	Corp. & unallocated	Elimi- nations	Group
<b>Cash flows from operating activities - Continuing</b>						
Result for the period	76.3	984.1	22.8	-42.7	-993.9	46.6
Income tax expense	38.4	26.8	-3.9	-16.4	-26.8	18.1
Share of result of equity-accounted investees, net of income tax	-9.9	-	-	-	9.8	-0.1
Net finance costs	2.0	-907.3	9.7	35.6	907.3	47.3
<b>Operating result from continuing operations</b>	<b>106.8</b>	<b>103.6</b>	<b>28.6</b>	<b>-23.5</b>	<b>-103.6</b>	<b>111.9</b>
Depreciation	5.5	79.0	4.7	8.6	-79.0	18.8
Amortisation of intangible assets	2.2	42.2	2.5	-	-42.2	4.7
Impairment losses on goodwill and other non-current assets	-	50.3	-	-	-50.3	-
Other non-cash items	-6.1	41.0	4.4	-	-41.0	-1.7
Employee benefits	-3.6	-	-0.4	-	-	-4.0
Change in net working capital	-113.9	-12.9	-14.8	-2.2	12.9	-130.9
<b>Cash generated from operations</b>	<b>-9.1</b>	<b>303.2</b>	<b>25.0</b>	<b>-17.1</b>	<b>-303.2</b>	<b>-1.2</b>
Income tax paid	-24.6	-35.2	-1.1	-0.5	35.2	-26.2
<b>Net cash from operating activities</b>	<b>-33.7</b>	<b>268.0</b>	<b>23.9</b>	<b>-17.6</b>	<b>-268.0</b>	<b>-27.4</b>
<b>Cash flows from investing activities - Continuing</b>						
Purchase of property, plant and equipment and intangible assets	-19.0	-95.1	-10.4	-15.6	95.1	-45.0
Sale of property, plant and equipment and intangible assets	0.7	3.6	2.6	3.2	-3.6	6.5
<b>Net capital expenditure</b>	<b>-18.3</b>	<b>-91.5</b>	<b>-7.8</b>	<b>-12.4</b>	<b>91.5</b>	<b>-38.5</b>
Acquisition of subsidiaries (net of cash acquired)	-15.0	-37.5	-	-	37.5	-15.0
Disposal of subsidiaries (net of cash disposed of)	4.9	-4.7	-	-	4.7	4.9
Contribution of cash from/(to) joint venture	22.4	-	-	-	-	22.4
Proceeds from the sale of / (investments in) financial assets	-	-	-	107.1	-	107.1
Interest received	-	0.8	-	0.3	-0.8	0.3
Dividends and proceeds from capital reduction received from /(paid by) equity-accounted investees	-	-400.2	-	217.4	400.2	217.4
Proceeds from / (investment in) other financial assets	-0.3	-	-	-	-	-0.3
<b>Net cash from investing activities</b>	<b>-6.3</b>	<b>-533.1</b>	<b>-7.8</b>	<b>312.4</b>	<b>533.1</b>	<b>298.3</b>
<b>Cash flows from financing activities - Continuing</b>						
Acquisition (-)/Disposal (+) of non-controlling interests	-	-	0.3	-	-	0.3
Share capital increase	-	21.8	-	-	-21.8	-
Net disposal/(acquisition) of treasury shares	-3.7	-	-	-	-	-3.7
Repayment of lease liabilities (2018: repayment of finance lease liabilities)	-0.1	-35.6	-	-	35.6	-0.1
Net change in other loans and borrowings	-11.9	386.7	-13.6	-0.1	-386.7	-25.6
Interest paid	-2.3	-59.2	-4.5	-0.2	59.2	-7.0
Dividends paid by the Company	-	-	-	-208.4	-	-208.4
<b>Net cash from financing activities</b>	<b>-18.0</b>	<b>313.7</b>	<b>-17.8</b>	<b>-208.7</b>	<b>-313.7</b>	<b>-244.5</b>
<b>Cash flows from continuing operations</b>	<b>-58.0</b>	<b>48.6</b>	<b>-1.7</b>	<b>86.1</b>	<b>-48.6</b>	<b>26.4</b>
<b>Cash flows from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>608.7</b>	<b>-76.4</b>	<b>532.3</b>
<b>TOTAL CASH FLOW FOR THE PERIOD</b>	<b>-58.0</b>	<b>48.6</b>	<b>-1.7</b>	<b>694.8</b>	<b>-125.0</b>	<b>558.7</b>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

As restated – refer to note 1 for further information on the restatement of comparative information.

**NOTE 4: SEGMENT INFORMATION (continued)****Note 4.4: Segment Statement of Cash Flows - Operating Segments** (Year ended 31 December)

EUR million	D'leteren Auto	Belron	Mole- skine	Corp. & unallocated	Elimi- nations	Group
<b>Reconciliation with statement of financial position</b>						
Cash at beginning of period	-1.5	-	24.9	272.3	-	295.7
Cash included in non-current assets held for sale	-	76.4	-	-	-	76.4
Cash equivalents at the beginning of the period	1.6	-	-	-	-	1.6
<b>Cash and cash equivalents at beginning of period</b>	<b>0.1</b>	<b>76.4</b>	<b>24.9</b>	<b>272.3</b>	<b>-</b>	<b>373.7</b>
Total cash flow for the period	-58.0	48.6	-1.7	694.8	-125.0	558.7
Translation differences	-	-	0.6	-	-	0.6
<b>Cash and cash equivalents at end of period</b>	<b>-57.9</b>	<b>125.0</b>	<b>23.8</b>	<b>967.1</b>	<b>-125.0</b>	<b>933.0</b>
<i>Included within "Cash and cash equivalents"</i>	<i>-57.9</i>	<i>124.2</i>	<i>23.8</i>	<i>967.1</i>	<i>-124.2</i>	<i>933.0</i>
<i>Included within "Non-current assets held for sale"</i>	<i>-</i>	<i>0.8</i>	<i>-</i>	<i>-</i>	<i>-0.8</i>	<i>-</i>

(1) The Group has initially adopted IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See note 3.

As restated – refer to note 1 for further information on the restatement of comparative information.

In the Belron segment, the line "Other non-cash items" included, among other amounts, the provision for long-term management incentive program.

In the D'leteren Auto segment, the line "disposal of subsidiaries (net of cash disposed of)" included the proceeds from the disposal of a dealership.

The line "Dividends and proceeds from capital reduction received from/(paid by) equity-accounted investees" included the share of the Group in the distribution of the dividend (EUR 64.3 million) and the share capital reduction (EUR 153.1 million) operated by the Belron segment in December 2018 (see note 22 of the 2018 consolidated financial statements for more information).

The line "Share capital increase" represented the new shares issued by the Belron segment in the context of the implementation of the management reward program (MRP). Refer to note 15 of the 2018 consolidated financial statements for additional information on the MRP.

The line "Dividends paid by the Company" included the distribution to shareholders of the ordinary (EUR 0.95 per share) and extraordinary (EUR 2.85 per share) dividend (see note 20 of the 2018 consolidated financial statements for more information).

In the prior period, the column "Eliminations" reconciled the segment statement of cash flows (with Belron presented on all lines as a continuing operation) to the IFRS Group consolidated statement of cash flows (with Belron presented as a discontinued operation from the beginning of the period until the closing of the transaction with CD&R).

**Note 4.5: Geographical Segment Information** (Year ended 31 December)

The Group's operating segments (being D'leteren Auto, Moleskine and Corporate & unallocated) operate in three main geographical areas, being Belgium (main market for the D'leteren Auto segment), the rest of Europe and the rest of the world. Figures for Belron are not presented in the below table since it is an equity-accounted investee.

EUR million	2019				2018			
	Belgium	Rest of Europe	Rest of the world	Group	Belgium	Rest of Europe	Rest of the world	Group
Segment revenue from external customers <sup>(1)</sup>	3,616.0	90.2	92.6	3,798.8	3,352.6	132.0	96.4	3,581.0
Non-current assets <sup>(2)</sup>	304.6	486.8	6.2	797.6	288.2	590.1	5.7	884.0
Capital additions <sup>(3)</sup>	63.7	5.2	3.2	72.1	46.8	7.8	2.6	57.2

(1) Based on the geographical location of the customers.

(2) Non-current assets (on a pre-IFRS 16 basis), as defined by IFRS 8, consists of goodwill, intangible assets, property, plant and equipment, investment property and non-current other receivables.

(3) Capital additions include both additions and acquisitions through business combinations including goodwill.



**NOTE 5: REVENUE**

Disaggregation of revenue issued from contracts with customers for the year ended 31 December 2019 and 31 December 2018 is presented in the table below:

EUR million	2019	2018 <sup>(1)</sup>
<b>D'leteren Auto</b>		
New vehicles	3,188.3	2,991.1
Used cars	76.1	67.6
Spare parts and accessories	215.7	206.2
After-sales activities by D'leteren Car Centers	94.5	90.9
D'leteren Sport	36.5	29.6
Other revenue	23.8	21.5
Subtotal D'leteren Auto	<b>3,634.9</b>	<b>3,406.9</b>
<b>Moleskine</b>		
Europe, Middle-East and Africa (EMEA)	74.9	81.9
America	60.9	62.2
Asia-Pacific (APAC)	28.1	30.0
Subtotal Moleskine	<b>163.9</b>	<b>174.1</b>
<b>Total Revenue</b>	<b>3,798.8</b>	<b>3,581.0</b>

(1) As restated – refer to note 1 for further information on the restatement of comparative information.

There was no material revenue recognised in the current reporting period that related to carried-forward contract liabilities (deferred income) or performance obligations satisfied in the previous year. There is no material revenue that is likely to arise in future periods from unsatisfied performance obligations at the Consolidated Statement of Financial Position date.

Contract assets primarily represent trade receivables and accrued income for amounts invoiced or due to be invoiced to customers stated after loss allowances as shown in note 17. There is no material contract income or costs recognised on the Consolidated Statement of Financial Position as contract liabilities or contract assets.

**NOTE 6: OPERATING RESULT**

Operating result is stated after charging:

EUR million	2019				2018 <sup>(1)</sup>			
	D'leteren Auto	Mole-skine	Corp. & unallocated	Group	D'leteren Auto	Mole-skine	Corp. & unallocated	Group
Purchases and changes in inventories	-3,089.0	-37.5	-6.0	-3,132.5	-2,912.5	-35.1	-3.5	-2,951.1
Depreciation on PP&E & investment property	-12.4	-13.0	-9.4	-34.8	-5.5	-4.7	-8.6	-18.8
Amortisation	-3.7	-3.4	-	-7.1	-2.2	-2.5	-	-4.7
Impairment on goodwill & other intangible assets (see note 12)	-	-102.3	-	-102.3	-	-	-	-
Write-down on inventories	-2.8	-0.3	-	-3.1	4.1	-0.3	-	3.8
Write down on receivables	0.7	-0.1	-	0.6	2.4	-0.1	-	2.3
Employee benefit expenses (see note 10)	-185.2	-25.8	-15.7	-226.7	-168.9	-29.1	-14.1	-212.1
Gain on sale of property, plant and equipment	0.6	-	6.6	7.2	0.1	-	-	0.1
Rental income from investment property <sup>(2)</sup>	-	-	2.8	2.8	-	-	2.3	2.3
Sundry <sup>(3)</sup>	-226.5	-64.9	12.9	-278.5	-217.6	-73.7	0.4	-290.9
<b>NET OPERATING EXPENSES/INCOME</b>	<b>-3,518.3</b>	<b>-247.3</b>	<b>-8.8</b>	<b>-3,774.4</b>	<b>-3,300.1</b>	<b>-145.5</b>	<b>-23.5</b>	<b>-3,469.1</b>

(1) As restated – see note 1 for more information on the restatement of comparative information.

(2) The full amount is related to investment property that generated rental income.

(3) Mainly relates to marketing and IT costs, legal and consultancy fees and inter-segment rental income and expenses between the segment "Corporate & unallocated" and D'leteren Auto.

In 2019, the line "depreciation on PP&E & investment property" includes the depreciation on right-of-use assets recognized following the adoption of IFRS 16 on 1 January 2019 (see notes 3 and 4).

**NOTE 6: OPERATING RESULT (continued)**

In the current period, in the consolidated statement of profit or loss, the line "other operating expenses" include, among other amounts, the impairment charge recognised in the Moleskine segment (EUR 102.3 million) and the line "other operating income" include, among other amounts, the consolidated gain on disposal of a property.

**NOTE 7: NET FINANCE COSTS**

Net finance costs are broken down as follows:

EUR million	2019				2018			
	D'leteren Auto	Mole- skine	Corp. & unallocated	Group	D'leteren Auto	Mole- skine	Corp. & unallocated	Group
Finance costs:								
Interest expense	-1.3	-4.2	-0.1	-5.6	-1.1	-4.1	-	-5.2
Interest costs on pension	-0.2	-0.1	-	-	-0.1	-	-	-0.1
Other financial charges	-1.4	-1.0	-0.2	-2.9	-1.7	-1.7	-19.6	-23.0
Subtotal finance costs	-2.9	-5.3	-0.3	-8.5	-2.9	-5.8	-19.6	-28.3
Re-measurements of financial instruments:								
Measured at fair value upon initial recognition	-	-	-17.3	-17.3	-	-	-20.8	-20.8
Finance income	0.2	0.8	0.4	1.4	0.9	0.7	0.2	1.8
Inter-segment financing interest	-	-4.9	4.9	-	-	-4.6	4.6	-
<b>NET FINANCE COSTS</b>	<b>-2.7</b>	<b>-9.4</b>	<b>-12.3</b>	<b>-24.4</b>	<b>-2.0</b>	<b>-9.7</b>	<b>-35.6</b>	<b>-47.3</b>

The re-measurement of financial instruments in the segment "Corporate & unallocated" include in 2018 (EUR -20.2 million) and in 2019 (EUR -17.3 million) the loss on the fair value of a financial liability relating to the disposal of the 40% stake of Belron to CD&R (see note 18).

In 2019, the line "interest expense" include the interest charge recognized on lease liabilities recognized following the adoption of IFRS 16 on 1 January 2019. See note 3.

**NOTE 8: EARNINGS PER SHARE**

Earnings per share ("EPS") and earnings per share from continuing operations ("Continuing EPS") are shown on the face of the consolidated statement of profit or loss. Basic and diluted EPS are based on the result for the period attributable to equity holders of the Company (based on the result from continuing operations attributable to equity holders of the Company for the continuing EPS), after adjustment for participating shares (each participating share confers one voting right and gives right to a dividend equal to one eighth of the dividend of an ordinary share). In 2018, continuing EPS is significantly lower than EPS as a result of the classification in discontinued operation of the consolidated gain on disposal of 40% stake in Belron to CD&R (see notes 1 and 16 of the 2018 consolidated financial statements for more information).

The weighted average number of ordinary shares in issue for the period is shown in the table below.

The Group has granted options to employees over ordinary shares of the Company. Such shares constitute the only category of potentially dilutive ordinary shares.

The options over ordinary shares of the Company increased the weighted average number of shares of the Company in 2018 and 2019 as some option exercise prices were below the average market share price.

**NOTE 8: EARNINGS PER SHARE (continued)**

The computation of basic and diluted EPS is set out below:

		2019	2018
Result for the period attributable to equity holders		64.5	1,048.0
Adjustment for participating shares		-0.7	-11.9
Numerator for EPS (EUR million)	(a)	63.8	1,036.1
Result from continuing operations		64.5	46.6
Share of non-controlling interests in result from continuing operations		-	-
Result from continuing operations attributable to equity holders		64.5	46.6
Adjustment for participating shares		-0.7	-0.5
Numerator for continuing EPS (EUR million)	(b)	63.8	46.1
Weighted average number of ordinary shares outstanding during the period	(c)	53,965,827	54,177,545
Adjustment for stock option plans		289,391	113,915
Weighted average number of ordinary shares taken into account for diluted EPS	(d)	54,255,218	54,291,460
<b>Result for the period attributable to equity holders</b>			
<b>Basic EPS (EUR)</b>	<b>(a)/(c)</b>	<b>1.18</b>	<b>19.12</b>
<b>Diluted EPS (EUR)</b>	<b>(a)/(d)</b>	<b>1.18</b>	<b>19.08</b>
Result from continuing operations attributable to equity holders			
Basic continuing EPS (EUR)	(b)/(c)	1.18	0.85
Diluted continuing EPS (EUR)	(b)/(d)	1.18	0.85

**NOTE 9: SHARE-BASED PAYMENTS**

There is in the Group an equity-settled share-based payment scheme. Since 1999, share option schemes have been granted to officers and managers of the D'leteren Auto and "Corporate & unallocated" segments, in the framework of the Belgian law of 26 March 1999. The underlying share is the ordinary share of s.a. D'leteren n.v. Under these schemes, vesting conditions are three years' service from grant date and holders of vested options are entitled to purchase shares at the exercise price of the related scheme during the exercise period.

**NOTE 9: SHARE-BASED PAYMENTS (continued)**

Options outstanding are as follows:

Date of grant	Number of options (in units)		Exercise price (EUR)	Exercise period	
	2019	2018		From	To
2019	185,000	-	33.19	1/01/2023	28/02/2029
2018	187,000	187,000.0	33.32	1/01/2022	5/06/2028
2017	173,853	160,000	38.47	1/01/2021	13/03/2027
2016	10,866	10,000	35.05	1/01/2020	13/03/2026
2016	146,689	135,000	29.18	1/01/2020	13/03/2026
2016	81,609	79,000	29.18	1/01/2020	13/03/2026
2016	106,486	98,000	26.62	1/01/2020	21/01/2026
2015	21,732	95,000	29.54	1/01/2019	12/03/2025
2015	20,475	63,352	29.54	1/01/2019	12/03/2025
2014	22,989	39,807	30.44	1/01/2018	10/03/2024
2013	17,152	37,150	32.20	1/01/2017	24/11/2023
2013	15,892	14,626	31.50	1/01/2017	7/03/2023
2012	19,560	38,000	33.35	1/01/2016	14/10/2022
2011	19,988	73,375	32.21	1/01/2015	22/12/2021
2010	8,837	43,630	36.44	1/01/2014	3/10/2020
2009	-	18,250	22.09	1/01/2013	27/10/2019
2007	11,567	14,400	24.30	1/01/2011	2/12/2022
2006	5,216	9,300	24.48	1/01/2010	27/11/2021
2005	4,229	8,350	19.23	1/01/2009	6/11/2020
2004	-	3,150	13.07	1/01/2008	28/11/2019
<b>Total</b>	<b>1,059,140</b>	<b>1,127,390</b>			

All outstanding options are covered by treasury shares (see note 21).

A reconciliation of the movements in the number of outstanding options during the year is as follows:

	Number (in units)		Weighted average exercise price (EUR)	
	2019	2018	2019	2018
Outstanding options at the beginning of the period	1,127,390	1,058,889	33.8	33.4
Granted during the period	185,000	187,000	33.2	33.3
Exercised during the period	-311,233	-112,164	30.5	30.4
Other movements during the period	57,983	-6,335	32.3	12.9
<b>Outstanding options at the end of the period</b>	<b>1,059,140</b>	<b>1,127,390</b>	<b>32.1</b>	<b>33.8</b>
<i>of which: exercisable at the end of the period</i>	<i>167,637</i>	<i>300,038</i>	<i>30.5</i>	<i>33.6</i>

In 2019, a large part of the options was exercised during the third quarter of the period. The average share price during the period was EUR 43.28 (2018: EUR 36.11). Other movements during the period mainly relate to adjustments of existing option plans and to options that expired in 2019 and were not exercised. The treasury shares underlying to these expired options are being kept for future plans. In 2019, the former CEO exercised 4,177 options relating to the 2013 plan.

For share options outstanding at the end of the period, the weighted average remaining contractual life is as follows:

	Number of years
<b>31 December 2019</b>	<b>6.8</b>
31 December 2018	6.5

**NOTE 9: SHARE-BASED PAYMENTS (continued)**

IFRS 2 "Share-Based Payments" requires that the fair value of all share options issued after 7 November 2002 is charged to the income statement (EUR 2.3 million during the period). The fair value of the options must be assessed on the date of each issue. A simple Cox valuation model was used at each issue date re-assessing the input assumptions on each occasion. The assumptions for the 2019 and 2018 issues were as follows:

	2019	2018
Number of employees	11	10
Spot share price (EUR)	36.2	35.9
Option exercise price (EUR)	33.2	33.3
Vesting period (in years)	3.0	3.0
Expected life (in years)	6.5	6.5
Expected volatility (in %)	28%	24%
Risk free rate of return (in %)	0.44%	0.78%
Expected dividend (EUR)	0.8	0.5
Probability of ceasing employment before vesting (in %)	0%	0%
Weighted average fair value per option (EUR)	7.8	8.7

Expected volatility and expected dividends were provided by an independent expert. The risk-free rate of return is based upon EUR zero-coupon rates with an equivalent term to the options granted.

**NOTE 10: EMPLOYEE BENEFITS****Note 10.1: Employee benefit expense**

The employee benefit expense is analysed below:

EUR million	2019				2018 <sup>(1)</sup>			
	D'leteren Auto	Moleskine	Corp. & unallocated	Group	D'leteren Auto	Moleskine	Corp. & unallocated	Group
<i>Retirement benefit charges under Belgian defined contribution schemes considered as defined benefit schemes</i>	-4.6	-	-0.2	-4.8	-3.4	-	-0.2	-3.6
<i>Retirement benefit charges under defined benefit schemes</i>	-	-0.6	-	-0.6	-	-0.6	-	-0.6
Total retirement benefit charge (see note 10.2)	-4.6	-0.6	-0.2	-5.4	-3.4	-0.6	-0.2	-4.2
Wages, salaries and social security costs	-180.3	-25.2	-13.5	-219.0	-163.4	-28.5	-13.9	-205.8
Share-based payments: equity-settled	-0.3	-	-2.0	-2.3	-2.1	-	-	-2.1
<b>Total employee benefit expense</b>	<b>-185.2</b>	<b>-25.8</b>	<b>-15.7</b>	<b>-226.7</b>	<b>-168.9</b>	<b>-29.1</b>	<b>-14.1</b>	<b>-212.1</b>

(1) As restated – see note 1 for more information on the restatement of comparative information.

The staff numbers are set out below (average full-time equivalents):

	2019	2018
D'leteren Auto	2,011	1,848
Moleskine	559	479
Corporate & unallocated	59	57
<b>Group</b>	<b>2,630</b>	<b>2,384</b>

**Note 10.2: Post-employment and long-term employee benefits**

Long-term employee benefits include post-employment employee benefits and other long-term employee benefits. Post-employment employee benefits are analysed below. Other long-term employee benefits are presented among non-current provisions or non-current other payables, and, if material, separately disclosed in the relevant note.

Post-employment benefits are limited to retirement benefit schemes. Certain Group entities operate schemes which provide retirement benefits, including those of the defined benefit type, which are in most cases funded by investments held outside the Group.

**NOTE 10: EMPLOYEE BENEFITS (continued)****Note 10.2: Post-employment and long-term employee benefits (continued)**

The Group has established pension schemes for its employees in various locations. The major schemes are located in Belgium and in Italy. Since Belron is an equity-accounted investee, the schemes in place in the Belron segment are not separately disclosed. The schemes in Belgium relate to the D'leteren Auto and "Corporate & unallocated" segments and are funded and unfunded. The main scheme in Italy relates to the Moleskine segment. Independent actuarial valuations for the plans in these countries are performed as required. The Group is and has always been fully compliant with all local governance and funding requirements.

The overall investment policy and strategy for the Group's defined benefit schemes is guided by the objective of achieving an investment return, which together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The investment strategies for the plans are managed under local laws and regulations in each jurisdiction. The actual asset allocation is determined by the current and expected economic and market conditions and in consideration of specific asset class risk and risk profile. In addition, consideration is given to the maturity profile of scheme liabilities.

The Group operates one defined benefit scheme in Belgium that was closed to new members in 2005. The retirement capital plan accrues a percentage of annual salary inflated to the point of retirement with an annual average of 2,5% (and a maximum of 4,0%). A full actuarial valuation of the plan was carried out in December 2019 by a qualified independent actuary. Full IAS19 measurements are carried out every three years and roll-forwards are performed in the meantime. The Group also operates defined contribution plans with a minimal interest guarantee borne by the employer under the Belgian Legislation.

The Group recognises all actuarial gains and losses directly in the Consolidated Statement of Comprehensive Income.

The main actuarial assumptions are as follows (the assumptions on life expectancy are provided for the D'leteren Auto segment only).

	Funded schemes				Unfunded schemes			
	2019		2018		2019		2018	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Inflation rate	1.2%	2.0%	1.5%	2.0%	n.s.	n.s.	n.s.	n.s.
Discount rate	0.4%	0.8%	1.5%	1.6%	n.s.	n.s.	n.s.	n.s.
Rate of salary increases	2.0%	3.2%	2.8%	3.5%	1.0%	4.0%	2.0%	2.0%
Life expectancy of male pensioner	18.6	18.6	22.5	22.5				
Life expectancy of female pensioner	22.0	22.0	26.3	26.3				
Life expectancy of male non-pensioner	18.6	18.6	22.5	22.5				
Life expectancy of female non-pensioner	22.0	22.0	26.3	26.3				

The weighted average duration of the liabilities across the plans ranges from 10 to 12 years.

The amounts recognised in the statement of financial position are summarised as follows, depending on the net position of each pension scheme:

EUR million	2019	2018
Long-term employee benefit assets	-	-
Long-term employee benefit obligations	-31.6	-23.9
<b>Recognised net deficit (-) / surplus (+) in the schemes</b>	<b>-31.6</b>	<b>-23.9</b>
<i>of which: amount expected to be settled within 12 months</i>	<i>-0.2</i>	<i>-0.3</i>
<i>amount expected to be settled in more than 12 months</i>	<i>-31.4</i>	<i>-23.6</i>

For all schemes, the amounts recognised in the statement of financial position are analysed as follows:

EUR million	2019			2018		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-100.5	-2.9	-103.4	-91.2	-3.1	-94.3
Fair value of scheme assets	71.8	-	71.8	70.4	-	70.4
<b>Net deficit (-) / surplus (+) in the schemes</b>	<b>-28.7</b>	<b>-2.9</b>	<b>-31.6</b>	<b>-20.8</b>	<b>-3.1</b>	<b>-23.9</b>

**NOTE 10: EMPLOYEE BENEFITS (continued)****Note 10.2: Post-employment and long-term employee benefits (continued)**

The amounts recognised through the statement of comprehensive income are as follows. They do not include the Belron segment from 2018 onwards, Belron being an equity-accounted investee.

EUR million	2019			2018		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Actual return less interest return on pension assets net of asset management charges	1.8	-	1.8	1.4	-	1.4
Gain (+) / Loss (-) on change of financial assumptions	-8.3	0.1	-8.2	-0.5	0.3	-0.2
<b>Actuarial gains (+) / losses (-)</b>	<b>-6.5</b>	<b>0.1</b>	<b>-6.4</b>	<b>0.9</b>	<b>0.3</b>	<b>1.2</b>

Changes to financial assumptions during 2019, all of which were prepared on a consistent basis to prior period, impacted the total actuarial gains (+) / losses (-) by EUR -8.2 million (2018: EUR -0.2 million). The actuarial loss of the current period is primarily the result of a decrease of the discount rate in 2019 compared to 2018.

The cumulative amount of actuarial gains and losses (group's share) recognised in the consolidated statement of comprehensive income is a loss of EUR 35 million (in 2018 a loss of EUR 29 million).

The fair value of scheme assets includes the following items:

EUR million	2019			2018		
	Quoted in an active market	Other	Total	Quoted in an active market	Other	Total
Scheme assets	71.8	-	71.8	70.4	-	70.4
<b>Fair value of scheme assets</b>	<b>71.8</b>	<b>-</b>	<b>71.8</b>	<b>70.4</b>	<b>-</b>	<b>70.4</b>

The fair value of scheme assets does not comprise any property or other assets used by the Group, nor any financial instruments of the Group. All equity and debt instruments have quoted prices in active markets and are of high investment quality. Other assets are mainly composed of cash.

The movements in the fair value of plan assets are as follows:

EUR million	2019			2018		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
<b>Scheme assets at 1 January</b>	<b>70.4</b>	<b>-</b>	<b>70.4</b>	<b>70.3</b>	<b>-</b>	<b>70.3</b>
Employer contribution	3.6	-	3.6	3.6	-	3.6
Interest on pension assets	1.1	-	1.1	1.0	-	1.0
Contributions paid by employees	1.5	-	1.5	1.6	-	1.6
Benefits paid	-6.6	-	-6.6	-7.5	-	-7.5
Actual return less interest return on pension assets	1.8	-	1.8	1.4	-	1.4
<b>Scheme assets at 31 December</b>	<b>71.8</b>	<b>-</b>	<b>71.8</b>	<b>70.4</b>	<b>-</b>	<b>70.4</b>

The actual return on scheme assets is as follows:

EUR million	2019	2018
Interest return on pension assets	1.1	1.0
Actual return less interest return on pension assets	1.8	1.4
<b>Actual net return on pension assets</b>	<b>2.9</b>	<b>2.4</b>

**NOTE 10: EMPLOYEE BENEFITS (continued)****Note 10.2: Post-employment and long-term employee benefits (continued)**

The movements in the present value of defined benefit obligations are as follows:

EUR million	2019			2018		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
<b>Defined benefit obligations at 1 January</b>	<b>-91.2</b>	<b>-3.1</b>	<b>-94.3</b>	<b>-91.4</b>	<b>-3.3</b>	<b>-94.7</b>
Current service cost	-5.3	-0.1	-5.4	-4.1	-0.1	-4.2
Interest payable on pension liabilities	-1.4	-	-1.4	-1.0	-0.1	-1.1
Benefits paid	7.2	0.2	7.4	7.4	0.1	7.5
Contribution paid by employees	-1.5	-	-1.5	-1.6	-	-1.6
Gain (+) / Loss (-) arising from changes to financial assumptions	-8.3	0.1	-8.2	-0.5	0.3	-0.2
<b>Defined benefit obligations at 31 December</b>	<b>-100.5</b>	<b>-2.9</b>	<b>-103.4</b>	<b>-91.2</b>	<b>-3.1</b>	<b>-94.3</b>

The amounts recognised in the statement of profit or loss are as follows:

EUR million	2019			2018		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Current service cost	-5.3	-0.1	-5.4	-4.1	-0.1	-4.2
<b>Pension costs within the operating result</b>	<b>-5.3</b>	<b>-0.1</b>	<b>-5.4</b>	<b>-4.1</b>	<b>-0.1</b>	<b>-4.2</b>
Interest payable on pension liabilities	-1.4	-	-1.4	-1.0	-0.1	-1.1
Interest return on pension assets	1.1	-	1.1	1.0	-	1.0
<b>Net pension interest cost</b>	<b>-0.3</b>	<b>-</b>	<b>-0.3</b>	<b>-</b>	<b>-0.1</b>	<b>-0.1</b>
<b>Expense recognised in the statement of profit or loss</b>	<b>-5.6</b>	<b>-0.1</b>	<b>-5.7</b>	<b>-4.1</b>	<b>-0.2</b>	<b>-4.3</b>

The best estimate of normal contributions expected to be paid to the schemes during the 2020 annual period is ca.EUR 2 million.

The obligation of defined benefit schemes is calculated on the basis of a set of actuarial assumptions (including among others: mortality, discount rate of future payments, salary increases, personnel turnover, etc.). Should these assumptions change in the future, the obligation may increase. The defined benefit scheme assets are invested in a diversified portfolio, with a return that is likely to experience volatility in the future. Should the return of these assets be insufficient, the deficit might increase (the surplus might decrease).

In 2019 and 2018, the net deficit (EUR 31.6 million in 2019; EUR 23.9 million in 2018) recognised in the consolidated statement of financial position does not include Belron's net surplus since Belron is an equity-accounted investee.

The following table presents a sensitivity analysis for the discount rate and the inflation rate, showing how the defined benefit obligation at 31 December 2019 would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. The sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

EUR million	(Increase) / decrease in defined benefit obligation at 31 December 2019	(Increase) / decrease in defined benefit obligation at 31 December 2018
<b>Discount rate</b>		
Increase by 50 basis points	8.0	2.0
Decrease by 50 basis points	-8.4	-2.1
<b>Inflation rate</b>		
Increase by 50 basis points	-2.5	-2.1
Decrease by 50 basis points	2.4	2.0



**NOTE 10: EMPLOYEE BENEFITS (continued)****Note 10.2: Post-employment and long-term employee benefits (continued)**

There is a pension plan in Belgium legally structured as defined contribution plan. Because of the Belgian social legislation applicable, all Belgian defined contribution plans are considered under IFRS as defined benefit plan because the employer must guarantee a minimum return on employee and employer contributions. The Group is therefore exposed to a financial risk (legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits).

The plan is insured at an insurance company. The insurance company guarantees a minimum rate of return on the contributions paid. However, the minimum guaranteed rates have dropped significantly the last years and are currently below the social minimum return borne by the employer on the contributions (according to article 24 of the Law of 28 April 2003 on occupational pensions, the Group has to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions paid up to 31 December 2015). The financial risk has therefore increased. The Belgian law of 18 December 2015 entered into effect on 1 January 2016 and amended, inter alia, the calculation of the minimum return guaranteed by law (minimum of 1.75% and maximum of 3.75%).

The IFRS valuation and accounting of this kind of plan with contribution-based promises are not envisaged by IAS 19. Taking into account the change in the pension law and the current consensus on this specific matter, and after analysis of the pension plan, the Group now considers that a method based on the IAS 19 methodology ("Projected unit credit" method used for defined benefit plan) is appropriate to measure the liability in the Belgian context as from 2016 onwards. The present value of the defined benefit obligation amounts to EUR 91.4 million (2018: EUR 82.4 million). The calculation is based on the "Projected unit credit" method with projection of the future contributions and services pro-rate for the employer contract and without projection of the future contributions for the employee contract. The fair value of the scheme assets amounts to EUR 68.0 million (2018: EUR 66.4 million) and is set equal to the contractual assets held by the insurance company (no application of paragraph 115 of IAS 19). The net deficit amounts to EUR 23.4 million (2018: EUR 16.0 million), recognized in the consolidated statement of financial position.

**NOTE 11: CURRENT AND DEFERRED INCOME TAXES****Note 11.1: Income tax expenses**

Income tax expense is broken down as follows:

EUR million	2019	2018 <sup>(1)</sup>
Current year income tax	-41.1	-34.7
Prior year income tax	1.0	6.7
Movement in deferred taxes	11.4	9.9
<b>Income tax expense</b>	<b>-28.7</b>	<b>-18.1</b>

(1) As restated – refer to note 1 for additional information on the restatement of comparative information

The relationship between income tax expense and accounting profit is explained below:

EUR million	2019	2018 <sup>(1)</sup>
Result before taxes	93.2	64.7
Tax at the Belgian corporation tax rate of 29.58%	-27.5	-19.1
Reconciling items (see below)	-1.2	1.0
<b>Actual tax on result before taxes</b>	<b>-28.7</b>	<b>-18.1</b>

(1) As restated – refer to note 1 for additional information on the restatement of comparative information

**NOTE 11: CURRENT AND DEFERRED INCOME TAXES (continued)****Note 11.1: Income tax expenses (continued)**

The reconciling items are provided below:

EUR million	2019	2018 <sup>(1)</sup>
Result before taxes	93.2	64.7
Tax at the Belgian corporation tax rate of 29.58%	-27.5	-19.1
Rate differential	0.3	3.3
Permanent differences	-41.4	-9.0
Other temporary differences	0.5	-5.3
Adjustments in respect of prior years	-	6.8
Deferred tax assets not recognised	-2.8	-4.1
Recognition of previously unrecognised deferred tax assets	14.2	8.7
Joint venture and associate	27.5	-
Other	0.5	0.6
<b>Actual income tax on PBT</b>	<b>-28.7</b>	<b>-18.1</b>

(1) As restated – refer to note 1 for additional information on the restatement of comparative information

The Group's consolidated effective tax rate for the twelve months ended 31 December 2019 is 30.8% (twelve months ended 31 December 2018: 28.0% - restated following the reclassification of an EUR 2.8 million charge from current income tax expense to other operating expenses; see note 1). The small increase in the effective tax rate compared to last year is primarily the result of the impairment charge (EUR 102.3 million in the Moleskine segment) for which no tax relief is available, partially offset by the recognition of deferred tax assets on unused tax losses and credits, due to future profit streams.

In 2019, the line "Permanent differences" mainly includes the tax impact of the EUR 102.3 million impairment charge recognised in the Moleskine segment (no tax relief available).

The line "Joint venture and associate" mainly includes the tax impact on the profit before tax of equity-accounted investees.

The Group is subject to several factors which may affect future tax charges, principally the levels and mix of profitability in different jurisdictions and tax rates imposed.

The Group operates in multiple jurisdictions with often complex legal and tax regulatory environments. The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that some of the positions are uncertain and include interpretations of complex tax laws which could be disputed by tax authorities. The Group judges these positions on their technical merits and this on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as certain third-party tax opinions issued by Belgian and foreign tax lawyers). These positions are based on facts and circumstances existing at the end of the reporting period and will be reviewed at each reporting date.

A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities and after using all legal remedies of defending the position before Court, based on all relevant information.

**Note 11.2: Current tax assets and liabilities**

Current tax assets (liabilities) are largely expected to be recovered (settled) within 12 months.

**Note 11.3: Deferred income taxes**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

**NOTE 11: CURRENT AND DEFERRED INCOME TAXES (continued)****Note 11.3: Deferred income taxes (continued)**

The movement in deferred tax assets and liabilities during the period and the prior period is as follows:

EUR million	Revalua- tions	Depreciation amortisation write-downs	Provisions	Dividends	Tax losses available for offset	Financial instru- ments	Other	Total
<b>Deferred tax liabilities (negative amounts)</b>								
At 1 January 2018	-111.7	-21.5	0.6	-	1.2	-1.7	-1.9	-135.0
Credited (charged) to income statement	-	1.9	0.7	-	-1.2	0.2	1.4	3.0
Other variations	-	-	-	-	-	-	0.6	0.6
At 31 December 2018	-111.7	-19.6	1.3	-	-	-1.5	0.1	-131.4
Credited (charged) to income statement	-	-1.5	-	-	-	0.6	-0.3	-1.2
Other variation	-	-0.2	-	-	-	-	-	-0.2
<b>At 31 December 2019</b>	<b>-111.7</b>	<b>-21.3</b>	<b>1.3</b>	<b>-</b>	<b>-</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-132.8</b>
<b>Deferred tax assets (positive amounts)</b>								
At 1 January 2018	-	-1.6	6.7	0.1	5.9	-	8.8	19.9
Credited (charged) to income statement	-	-0.6	0.3	-0.1	3.3	-	4.0	6.9
Credited (charged) to equity	-	-	-0.4	-	-	-	-	-0.4
Exchange differences	-	-	-	-	-	-	-0.1	-0.1
At 31 December 2018	-	-2.2	6.6	-	9.2	-	12.7	26.3
Credited (charged) to income statement	-	0.3	-0.9	-	13.1	0.7	-0.6	12.6
Credited (charged) to equity	-	-	1.5	-	-	-	0.8	2.3
Exchange differences	-	-	-	-	-	-	0.1	0.1
<b>At 31 December 2019</b>	<b>-</b>	<b>-1.9</b>	<b>7.2</b>	<b>-</b>	<b>22.3</b>	<b>0.7</b>	<b>13.0</b>	<b>41.3</b>
<b>Net deferred tax assets (liabilities) after offsetting recognised in the consolidated statement of financial position:</b>								
31 December 2018	-111.7	-21.8	7.9	-	9.2	-1.5	12.8	-105.1
<b>31 December 2019</b>	<b>-111.7</b>	<b>-23.2</b>	<b>8.5</b>	<b>-</b>	<b>22.3</b>	<b>-0.2</b>	<b>12.8</b>	<b>-91.5</b>

The deferred tax liability of EUR 111.7 million presented in the column « revaluations » relates to the deferred tax recognized on the Moleskine brand with indefinite useful life.

The net deferred tax balance includes net deferred tax assets amounting to EUR 15.6 million (2018: EUR 9.2 million) that are expected to be reversed in the following year. However, given the low predictability of deferred tax movements, this net amount might not be reversed as originally foreseen.

At the balance sheet date, the Group has unused tax losses and credits of EUR 30.8 million (2018: EUR 71.6 million) available for offset against future profits, for which no deferred tax asset has been recognised, due to the unpredictability of future profit streams. This includes unused tax losses of EUR 5.4 million (2018: EUR 2.2 million) that will expire in the period 2020-2029 (2018: 2019-2028). Other losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with the investments in subsidiaries, branches, associates and interests in joint ventures (being mainly the accumulated positive consolidated reserves of these entities) for which deferred tax liabilities have not been recognised is EUR 1,250 million (2018: EUR 1,909 million). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. It should also be noted that the reversal of these temporary differences, for example by way of distribution of dividends by the subsidiaries to the Company, would generate no (or a marginal) current tax effect.

Deferred tax assets are recognised provided that there is a sufficient probability that they will be recovered in the foreseeable future. Recoverability has been conservatively assessed. However, should the conditions for this recovery not be met in the future, the current carrying amount of the deferred tax assets may be reduced.

**NOTE 12: GOODWILL**

EUR million	2019	2018
Gross amount at 1 January	190.7	184.2
Accumulated impairment losses at 1 January	-	-
<b>Carrying amount at 1 January</b>	<b>190.7</b>	<b>184.2</b>
Additions (see note 25)	8.7	6.3
Impairment losses	-102.3	-
Transfer from (to) another caption	-	0.4
Scope exit	-	-0.2
<b>Carrying amount at 31 December</b>	<b>97.1</b>	<b>190.7</b>
<i>of which: gross amount</i>	<i>199.4</i>	<i>190.7</i>
<i>accumulated impairment losses</i>	<i>-102.3</i>	<i>-</i>

In the period, the additions mainly comprise the goodwill arising from business combinations performed in the D'Ieteren Auto segment (see note 25).

The allocation of goodwill to cash-generating units is set out below (the allocation of intangible assets with indefinite useful lives is set out in note 13):

EUR million	2019	2018
D'Ieteren Auto	27.3	18.8
Moleskine	69.8	171.9
<b>GROUP</b>	<b>97.1</b>	<b>190.7</b>

Goodwill is monitored at the operating segment level for business combinations and transactions performed by the Company.

In accordance with the requirements of IAS 36 "Impairment of Assets", the Group completed a review of the carrying value of goodwill and of the intangible assets with indefinite useful lives (see note 13) as at each year end. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

The Board of Directors of the Company reviewed the carrying amount of its investment in Moleskine. In determining the value in use, the Company calculated the present value of the estimated future cash flows expected to arise, based on Moleskine's latest five-year business plan (over the period 2020 to 2023) reviewed and approved by the Board of Directors, with extrapolation thereafter (terminal growth rate of 2%). The discount rate applied (pre-tax rate of 7.9%; 6.6% in 2018) is based upon the weighted average cost of capital of the Moleskine segment (taking into account appropriate adjustment for the relevant risks associated with the business and with the underlying country – "country risk premium"). An impairment charge of EUR 102.3 million is recognised and fully allocated to goodwill (presented in other operating expenses on the statement of profit or loss). The residual value of the goodwill of the Moleskine segment following the impairment equals EUR 69.8 million.

As a result of its classification as an equity-accounted investee, information on the impairment tests performed in the Belron segment are provided in note 17.

Key assumptions of the financial projections in supporting the value of goodwill and intangible assets with indefinite useful lives include revenue growth rates, operating margins, discount rates, long-term growth rates and segment share. A set of financial projections were prepared, starting with the budget numbers for 2020. Margins are based on historical values achieved and global market trends. Operating expenses are based on historical levels suitably adjusted for increases in activity levels over the term of the cash projections. The assumptions on revenue growth are consistent with historical long-term trends. Long-term growth rates are based upon industry analysis and consistent with historical trends.

Future cash flows are estimates that may be revised in future periods as underlying assumptions change. Should the assumptions vary adversely in the future, the value in use of goodwill and intangible assets with indefinite useful lives may reduce below their carrying amounts. Sensitivities were also calculated on each of the key assumptions as follows: reduction in the long-term growth rate of 1% and increase in the discount rate of 1%.

**NOTE 12: GOODWILL (continued)**

In 2019, a reduction in the long-term growth rate of 1% would result in an additional impairment charge of EUR 50.1 million on the goodwill allocated to the Moleskine segment. An increase in the discount rate of 1% would result in an additional impairment charge of EUR 63.1 million on the goodwill allocated to the Moleskine segment.

**NOTE 13: INTANGIBLE ASSETS**

Goodwill is analysed in note 12. All intangible assets have finite useful lives, unless otherwise specified.

EUR million	Brands (indefinite useful lives)	Other	Total
Gross amount at 1 January 2019	402.8	60.7	463.5
Accumulated amortisation and impairment losses at 1 January 2019	-	-30.8	-30.8
<b>Carrying amount at 1 January 2019</b>	<b>402.8</b>	<b>29.9</b>	<b>432.7</b>
Additions:			
Items separately acquired	-	19.4	19.4
Disposals	-	-0.2	-0.2
Amortisation	-	-7.1	-7.1
<b>Carrying amount at 31 December 2019</b>	<b>402.8</b>	<b>42.0</b>	<b>444.8</b>
<i>of which: gross amount</i>	<i>402.8</i>	<i>79.9</i>	<i>482.7</i>
<i>accumulated amortisation and impairment losses</i>	<i>-</i>	<i>-37.9</i>	<i>-37.9</i>
Gross amount at 1 January 2018	402.8	45.9	448.7
Accumulated amortisation and impairment losses at 1 January 2018	-	-26.1	-26.1
<b>Carrying amount at 1 January 2018</b>	<b>402.8</b>	<b>19.8</b>	<b>422.6</b>
Additions:			
Internal development	-	0.5	0.5
Items separately acquired	-	14.8	14.8
Disposals	-	-0.3	-0.3
Amortisation	-	-4.7	-4.7
Transfer from (to) another caption	-	-0.4	-0.4
Translation differences	-	0.2	0.2
<b>Carrying amount at 31 December 2018</b>	<b>402.8</b>	<b>29.9</b>	<b>432.7</b>
<i>of which: gross amount</i>	<i>402.8</i>	<i>60.7</i>	<i>463.5</i>
<i>accumulated amortisation and impairment losses</i>	<i>-</i>	<i>-30.8</i>	<i>-30.8</i>

The Moleskine brand (EUR 402.8 million; acquired in November 2016) has an indefinite useful life, since, given the absence of factors that could cause its obsolescence and in light of the life cycles of the products to which the trademark relates, there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Group.

The caption "Other" mainly includes computer software, other licences and similar rights, and intangibles under development.

The other disclosures required by IAS 36 for intangible assets with indefinite useful lives are provided in note 12.

**NOTE 14: PROPERTY, PLANT AND EQUIPMENT**

EUR million	Property	Plant and equipment	Assets under construction	Total
Gross amount at 1 January 2019	332.7	130.4	11.7	474.8
Accumulated depreciation and impairment losses at 1 January 2019	-158.2	-94.6	-	-252.8
<b>Carrying amount at 1 January 2019</b>	<b>174.5</b>	<b>35.8</b>	<b>11.7</b>	<b>222.0</b>
Recognition of right-of-use assets on initial application of IFRS 16	44.5	12.8	-	57.3
<b>Adjusted carrying amount at 1 January 2019</b>	<b>219.0</b>	<b>48.6</b>	<b>11.7</b>	<b>279.3</b>
Additions	9.8	13.5	11.8	35.1
Disposals	-	-0.8	-	-0.8
Depreciation	-23.3	-10.8	-	-34.1
Transfer from (to) another caption	0.6	0.7	-17.0	-15.7
Items acquired through business combinations (see note 25)	4.2	0.5	-	4.7
Translation differences	-	0.2	-	0.2
<b>Carrying amount at 31 December 2019</b>	<b>210.3</b>	<b>51.9</b>	<b>6.5</b>	<b>268.7</b>
<i>of which: gross amount</i>	<i>391.8</i>	<i>157.3</i>	<i>6.5</i>	<i>555.6</i>
<i>accumulated depreciation and impairment losses</i>	<i>-181.5</i>	<i>-105.4</i>	<i>-</i>	<i>-286.9</i>
Gross amount at 1 January 2018	312.2	116.9	16.5	445.6
Accumulated depreciation and impairment losses at 1 January 2018	-149.6	-84.7	-	-234.3
<b>Carrying amount at 1 January 2018</b>	<b>162.6</b>	<b>32.2</b>	<b>16.5</b>	<b>211.3</b>
Additions	4.3	12.4	12.9	29.6
Disposals	-0.1	-2.9	-3.2	-6.2
Depreciation	-8.6	-9.9	-	-18.5
Transfer from (to) another caption	12.7	1.8	-14.5	-
Items acquired through business combinations	3.6	2.2	-	5.8
<b>Carrying amount at 31 December 2018</b>	<b>174.5</b>	<b>35.8</b>	<b>11.7</b>	<b>222.0</b>
<i>of which: gross amount</i>	<i>332.7</i>	<i>130.4</i>	<i>11.7</i>	<i>474.8</i>
<i>accumulated depreciation and impairment losses</i>	<i>-158.2</i>	<i>-94.6</i>	<i>-</i>	<i>-252.8</i>

At 31 December 2019 and at 31 December 2018, assets under construction mainly included property under construction in the segment "Corporate & unallocated", as part of the real estate activities of the Group.

The right-of-use assets, including those previously held under finance lease under IAS 17, are included in the above at the following amounts (see note 31):

EUR million	Property	Plant and equipment	Assets under construction	Total
<b>31 December 2019</b>	<b>-</b>	<b>50.2</b>	<b>-</b>	<b>50.2</b>
31 December 2018	-	4.6	-	4.6

**NOTE 15: INVESTMENT PROPERTY**

EUR million	2019	2018
Gross amount at 1 January	21.8	16.6
Accumulated depreciation at 1 January	-7.9	-7.6
<b>Carrying amount at 1 January</b>	<b>13.9</b>	<b>9.0</b>
Additions	-	0.6
Depreciation	-0.7	-0.3
Transfer from (to) another caption	15.7	4.6
<b>Carrying amount at 31 December</b>	<b>28.9</b>	<b>13.9</b>
<i>of which: gross amount</i>	<i>37.5</i>	<i>21.8</i>
<i>accumulated depreciation</i>	<i>-8.6</i>	<i>-7.9</i>
Fair value	44.3	18.0

The fair value is supported by market evidence and is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification, and who has recent experience in the location and category of the investment property held by the Group. The latest valuations were performed in July 2019.

All items of investment property are located in Belgium and are held by the segment "Corporate & unallocated". The line "transfer from (to) another caption" in 2019 relates to the transfer of assets from assets under construction (see note 14).

See also note 31 for other disclosures on investment property.

**NOTE 16: INVENTORIES**

EUR million	2019	2018
<b>D'leteren Auto</b>		
Vehicles	428.7	384.6
Spare parts and accessories	33.8	29.2
Other	0.2	0.2
<b>Subtotal</b>	<b>462.7</b>	<b>414.0</b>
<b>Moleskine</b>	<b>30.1</b>	<b>41.7</b>
<b>GROUP</b>	<b>492.8</b>	<b>455.7</b>

The accumulated write-down on inventories amounts to EUR 13.2 million (2018: EUR 9.4 million). The amount of write down of inventories recognised in the cost of sales (see note 6) is a net charge of ca EUR 3 million (2018: an income of EUR 3.8 million).

The inventories are expected to be recovered within 12 months and are mainly composed of merchandises.

**NOTE 17: EQUITY ACCOUNTED INVESTEEES**

In 2019, two group entities are accounted for using the equity method (three in 2018)

EUR million	2019			2018		
	D'leteren Auto	Belron	Group	D'leteren Auto	Belron	Group
Interests in joint ventures	84.8	264.5	349.3	76.6	644.8	721.4
<b>Total of equity-accounted investees</b>	<b>84.8</b>	<b>264.5</b>	<b>349.3</b>	<b>76.6</b>	<b>644.8</b>	<b>721.4</b>
Share of profit in joint ventures	8.6	84.6	93.2	9.9	-9.8	0.1
<b>Total of share of result after tax of equity-accounted investees</b>	<b>8.6</b>	<b>84.6</b>	<b>93.2</b>	<b>9.9</b>	<b>-9.8</b>	<b>0.1</b>

**NOTE 17: EQUITY ACCOUNTED INVESTEEES (continued)****Belron:**

In 2019 and 2018, the largest equity-accounted investee is Belron Group s.a. ("BGSA"), being the joint venture holding the Belron activities (see note 1 for more information), owned 54.85% in voting rights by the Group. The Group concluded that it has joint control over BGSA as a result of some reserved matters being shared with CD&R.

At inception (February 2018), the capital structure was composed of voting ordinary shares (ca 3% of total equity) and non-voting preference shares (ca 97% of total equity), in the same proportion between shareholders (the Group, Clayton, Dubilier and Rice and the family holding company of Belron's CEO). Preference shares bear a fixed annual compounding dividend rate of 10% (any distribution is first allocated to the preference shares in order to satisfy the accumulated dividend and to redeem the subscription amount of preference shares).

A Management Reward Plan (MRP) involving about 250 key employees was set up on 15 June 2018. The participants of the MRP initially acquired non-voting equity instruments (ordinary and preference shares) in BGSA for a total amount of EUR 21.8 million (representing the fair value of various classes of equity instruments, being all treated as equity under IFRS). Part of the issued equity consists of "ratchet shares" which will allow management to enjoy additional returns if certain performance hurdles (IRR and Cash on Cash) are satisfied at exit, which will result in additional dilution for existing shareholders. During the year, participants to the MRP proceeded to an additional total subscription of EUR 3.6 million. Note that the MRP does not impact the Group's percentage voting rights (54.85%).

The following table summarises the financial information of BGSA as included in its own financial statements, adjusted for consolidated adjustments and differences in accounting policies, and also reconciles this summarised financial information to the carrying amount of the Group's interest in BGSA.

EUR million	2019	2018
Non-current assets (including goodwill arising from the Transaction)	3,698.4	2,871.6
Current assets (excluding cash and cash equivalents)	693.7	649.2
Cash and cash equivalents	282.6	124.2
Non-current liabilities (excluding financial liabilities)	-139.8	-87.6
Non-current financial liabilities	-3,055.8	-1,709.8
Current liabilities (excluding financial liabilities)	-767.5	-608.4
Current financial liabilities	-207.6	-47.6
Net assets (100%)	504.0	1,191.6
<b>Group's share of net assets (52.48%) and carrying amount of interest in joint venture</b>	<b>264.5</b>	<b>644.8</b>

The non-current assets include, among other amounts, the positive difference between the fair value of the equity based on the transaction price (the transaction that occurred in 2018 – see note 1 of the 2018 consolidated financial statements) and the book value of the net assets at the date of the transaction. This goodwill is included in the carrying amount of the equity-accounted investee and is not shown separately.

In the last quarter of 2019, Belron issued a new 7-year Term Loan B of USD 830 million maturing in 2026 and an "add-on-loan" to existing EUR Term Loan B of EUR 100 million maturing in 2024. The proceeds were used to pay dividends and capital reduction throughout redemption of preference shares (EUR 850 million; EUR 460.7 million group's share) to shareholders.

The detailed statement of financial position of Belron as included in its own financial statements (not adjusted for consolidated adjustments) is disclosed in note 4.3 segment information.

In accordance with the requirements of IAS 36 "Impairment of Assets", Belron completed the formal review of the carrying value of goodwill and of the intangible assets with indefinite useful lives. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the Belron's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

The Belron segment completed this review for each of its cash-generating units (being the different countries where it operates). This review led to a total impairment charge of EUR 21.3 million (already recognized in the first half of 2019), of which EUR 21.0 million in relation with Italy (due to lower expectations; allocated to the goodwill, brands and other intangible assets) and EUR 0.3 million in relation with the Netherlands (fully allocated to other intangible assets). This impairment charge in the Belron segment however has no impact on the Group operating result since Belron is an equity-accounted investee.



**NOTE 17: EQUITY ACCOUNTED INVESTEEES (continued)**

At year-end, based on IAS28, the Board of Directors of the Company did not identify any indication of possible impairment (a triggering event) on its investments in Belron (equity-accounted investee) and therefore did not perform an impairment test.

A new shareholders' agreement was signed in May 2018 between the Group and the family holding company of the Belron's CEO, including put options (with related call options) related to the interest held by the family holding company of the Belron's CEO. Based on IFRS requirements, the (financial) obligation to buy the equity instruments in an equity-accounted investee does not give rise to a financial liability in the consolidated statement of financial position (because equity-accounted investees are not part of the Group). This contract is a derivative that is in the scope of IFRS 9 "Financial Instruments", measured at fair value through profit or loss and categorised within the fair value hierarchy as level 3. The fair value of this derivative amounts to nil as at 31 December 2019.

In the consolidated statement of comprehensive income, the lines "Equity-accounted investees – share of OCI (net of tax)" mainly relate to the re-measurements of defined benefit assets/liabilities (mostly due to the UK pension scheme recording an actuarial loss arising from changes in financial assumptions, more than offset by actual return on scheme assets), to the cash flow hedges (interest rate swaps and cross currency interest rate swaps used to partially hedge the debt) and translation differences of Belron.

The table below presents the revenue, profit before tax, the net result, and the other comprehensive income for the year ended 31 December 2019 (on a post-IFRS 16 basis) and for the period going from 7 February 2018 until 31 December 2018 (on a pre-IFRS 16 basis), periods over which the result of BGSA is accounted for under equity-accounting method.

Given the equity structure described above, the Group's share in the net result of Belron for the year end closed as at 31 December 2019 was determined based on the Group's percentage of ownership in the preference shares (for the fixed annual compounding dividend rate of 10% which benefits to preference shares) and based on the Group's percentage of ownership in the ordinary shares (for the net result in surplus, after deduction of the fixed dividend of the preference shares). This calculation resulted in a Group's share in the net result of Belron computed based on a weighted average percentage of 52.48% (54.10% in 2018), corresponding to a Group's share in the profit of Belron of EUR 84.6 million (out of which EUR 64.3 million relate to preference shares and 20.3 million relate to ordinary shares).

The result for the period going from 1 January until 7 February 2018 is accounted for under global integration method (94.85% stake), under discontinued operations (see note 16 of the 2018 annual consolidated financial statements for more information).

EUR million	2019	2018
Revenue	4,228.1	3,528.1
Profit before tax	247.1	6.9
Result for the period (100%)	161.2	-18.1
Other comprehensive income (100%)	-0.8	18.4
Profit (or loss) and total comprehensive income (100%)	160.4	0.3
<b>Group's share of profit (or loss) and comprehensive income, of which</b>	<b>84.2</b>	<b>0.2</b>
<i>Group's share of profit (or loss)</i>	<i>84.6</i>	<i>-9.0</i>
<i>Group's share of other comprehensive income</i>	<i>-0.4</i>	<i>9.2</i>

The reconciliation of the Group's share in the net assets of BGSA from 31 December 2018 to 31 December 2019 is summarized below:

EUR million	
<b>Group's share of net assets at 31 December 2018</b>	<b>644.8</b>
Group's share of profit (or loss) and comprehensive income	84.2
Group's share in dividends and proceeds from capital reduction (see note 4)	-460.7
Group's share in adjustment in relation to IFRS 16 adoption (see note 3)	-6.7
Other movements, Group's share	2.9
<b>Group's share of net assets at 31 December 2019</b>	<b>264.5</b>

**D'Ieteren Auto**

In 2019 and 2018, the second largest equity-accounted investee is the joint venture Volkswagen D'Ieteren Finance (VDFin), owned 50% minus one share by the Group and 50% plus one share by Volkswagen Financial Services (a subsidiary of the Volkswagen group), active in a full range of financial services related to the sale of the Volkswagen group vehicles on the Belgian market.

**NOTE 17: EQUITY ACCOUNTED INVESTEEES (continued)**

The following table summarises the financial information of VDFin as included in its own financial statements, adjusted for differences in accounting policies, and also reconciles this summarised financial information to the carrying amount of the Group's interest in VDFin.

EUR million	2019	2018
Non-current assets	1,556.3	1,353.6
Current assets (excluding cash and cash equivalents)	927.9	759.9
Cash and cash equivalents	66.0	170.6
Non-current liabilities (excluding financial liabilities)	-10.2	-9.3
Non-current financial liabilities	-886.2	-1,005.0
Current liabilities (excluding financial liabilities)	-170.0	-121.5
Current financial liabilities	-1,314.2	-995.0
Net assets (100%)	169.6	153.3
<b>Group's share of net assets (49.99%) and carrying amount of interest in joint venture</b>	<b>84.8</b>	<b>76.6</b>

Share of net assets represents the share of the Group in the equity of VDFin as at 31 December 2019.

EUR million	2019	2018
Revenue	636.3	537.6
Depreciation and amortization	-117.9	-99.6
Net finance costs	24.9	25.2
Profit before tax	24.0	29.5
Tax expense	-6.8	-9.8
Result for the period (100%)	17.2	19.7
Other comprehensive income (100%)	-0.8	-
Profit (or loss) and total comprehensive income (100%)	16.4	19.7
<b>Group's share of profit (or loss) and comprehensive income (49.99%)</b>	<b>8.2</b>	<b>9.9</b>

In the prior period, the line "Profit before tax" included the additional revenue recognised following a change in accounting estimates.

**NOTE 18: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT****Financial instruments - measurement**

Financial assets held by the Group at 31 December 2019 are limited to trade and other receivables (see note 20), cash and cash equivalents (see note 19) and short-term financial investments (in the Corporate & unallocated segment – see note 4). Trade and other receivables, cash and cash equivalents and short-term financial investments (except money-market-assets, as mentioned below) are measured at amortised costs under IFRS 9.

Financial liabilities held by the Group at 31 December 2019 consist in loans and borrowings (see note 23) and trade and other payables (see note 24), both classified as liabilities at amortised costs under IFRS 9. The financial liability relating to the disposal of the 40% stake of Belron is measured at FVTPL and amounts to EUR 37.5 million (this amount is not contingent anymore and should be paid out in 2020).

In the current period (see note 4.3 segment information), the financial instruments held in the Belron segment (equity-accounted investee) consist in cross-currency interest rate swaps to hedge against changes in market interest rates, forward exchange contracts used to hedge the cost of future payable where those payables are denominated in a currency other than the currency of the purchasing company (both measured as hedging instruments), fuel derivatives used to hedge the price of fuel purchase (measured at FVTPL) and other forward exchange contracts used to swap foreign currency cash balances to reduce borrowings and minimise interest expense (measured at FVTPL).

At 31 December 2018 and 31 December 2019, in the Moleskine segment, the EUR 0.4m derivative hedging instrument (measured at FVTPL) relates to interest rates swaps used to hedge future loan reimbursements against fluctuation in interest rates.

All Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted market prices in an active market (that are unadjusted) for identical assets and liabilities;
- Level 2: valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable);
- Level 3: valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

**NOTE 18: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)**

In 2019 and 2018, all Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position are classified in level 2, except the money-market assets (EUR 54.4 million; see note 19) classified in level 1 and the financial liability (EUR 37.5 million; see above) classified in level 3.

**Valuation techniques**

The fair values of derivative hedging instruments and derivatives held for trading are determined using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions at the balance sheet date. The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of future estimated cash flows. The fair value of interest rate caps and collars is valued using option valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. The fair value of fuel hedge instruments (combination of options, collars and swaps used in the Belron segment to hedge the price of fuel purchases) is determined using market valuations prepared by the respective banks that executed the initial transactions at the statement of financial position date based on the present value of the monthly futures forward curve for gasoline given the volume hedged and the contract period. The fair values of forward rate agreements are calculated as the present value of future estimated cash flows.

The main risks managed by the Group under policies approved by the Board of Directors, are liquidity and re-financing risk, market risk, credit risk, counterparty risk and price risk. The Board periodically reviews the Group's treasury activities, policies and procedures. Treasury policies aim to ensure permanent access to sufficient liquidity, and to monitor and limit interest and currency exchange risks. These are summarised below.

**Liquidity and re-financing risk**

Liquidity risk is associated with the Group's ability to meet its obligations. Each business unit of the Group manages liquidity risk by maintaining sufficient cash and funding available through an adequate amount of committed credit facilities to cover its anticipated medium-term commitments at all times. To minimise liquidity risk, the Group ensures, on the basis of its long-term financial projections, that it has a core level of committed long-term funding in place, with maturities spread over a wide range of dates, supplemented by various shorter-term facilities, and various funding sources.

Cash pooling schemes are sought and implemented each time when appropriate in order to minimise gross financing needs and costs of liquidity.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities.

EUR million	Due within one year		Due between one and five years		Due after five years		Total	
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
<b>At 31 December 2019</b>								
Loans and borrowings								
Lease liabilities	12.9	0.2	29.4	0.5	7.7	0.1	50.0	0.8
Other borrowings and private bonds	33.7	2.3	99.2	2.5	0.1	-	133.0	4.8
Total	46.6	2.5	128.6	3.0	7.8	0.1	183.0	5.6
Trade and other payables	411.5	-	-	-	-	-	411.5	-
<b>Total</b>	<b>458.1</b>	<b>2.5</b>	<b>128.6</b>	<b>3.0</b>	<b>7.8</b>	<b>0.1</b>	<b>594.5</b>	<b>5.6</b>
<b>At 31 December 2018</b>								
Loans and borrowings								
Obligations under finance leases	0.1	-	0.3	0.1	0.3	0.1	0.7	0.2
Other borrowings and private bonds	39.6	2.3	115.3	2.6	0.3	-	155.2	4.9
Total	39.7	2.3	115.6	2.7	0.6	0.1	155.9	5.1
Trade and other payables	413.8	-	-	-	-	-	413.8	-
<b>Total</b>	<b>453.5</b>	<b>2.3</b>	<b>115.6</b>	<b>2.7</b>	<b>0.6</b>	<b>0.1</b>	<b>569.7</b>	<b>5.1</b>

The settlement of the financial liability of EUR 37.5 million is expected in the course of 2020.

**NOTE 18: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)****Interest Rate Risk**

The Group's interest rate risk arises from changes in interest rates on interest-bearing assets and from loans and borrowings.

The Group seeks to cap the impact of adverse interest rates movements on its financial results, particularly in relation to the next 12 months. To manage its interest rate exposures, the Group primarily uses forward rate agreements, interest rate swaps, caps and floors. Each business unit determines its own minimum hedge percentages, which, for the period up to 12 months, are comprised between 50% and 100%, and thereafter sets them gradually lower over time. The overall hedge horizon is typically 3 years. Hedges, or fixed rate indebtedness, beyond 5 years are unusual.

The interest rate and currency profiles of loans and borrowings are disclosed in note 23.

A change of 100 basis points in interest rate at the reporting date would have increased/decreased the result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR million	Result from continuing operations	
	1% increase	1% decrease
31 December 2019	-2.5	2.5
31 December 2018	-2.4	2.4

**Currency Risk**

The Group's objective is to protect its cash flows, commercial transactions and net investments in foreign operations from the potentially high volatility of the foreign exchange markets by hedging any material net foreign currency exposure.

The Group has certain investments in foreign operations whose net assets and related goodwill are exposed to foreign currency translation risk. Group policy is to hedge the economic value of material foreign currency investments (limited to the net book value of the asset) in a particular currency with financial instruments including debt in the currency of the investment. The proportion to which an investment is hedged is individually determined having regard to the economic and accounting exposures and the currency of the investment. To complement these natural hedges, the Group uses instruments such as forwards, swaps, plain-vanilla foreign exchange options and, when appropriate, cross currency swaps. The hedging levels are reviewed periodically, in light of the market conditions and each time a material asset is added or removed.

The significant exchange rates applied in 2019 and in 2018 are disclosed in note 29.

A 10 percent strengthening/weakening of the euro against the following currencies at 31 December would have increased/decreased result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR million	Result from continuing operations	
	10% strengthening	10% weakening
<b>31 December 2019</b>		
EUR vs GBP	-0.3	0.2
EUR vs USD	-2.7	3.3
EUR vs HKD	-0.5	0.6
<b>31 December 2018</b>		
EUR vs GBP	-0.3	0.4
EUR vs USD	-2.3	3.7

**Price Risk**

Price risk is related to oscillations in the prices of raw materials, semi-finished and finished goods purchased. Specifically, the price risk mainly arises from the presence of a limited number of supplier of goods and the need to guarantee procurement volumes. The Group limits price risk through its procurement policy.

**Counterparty risk**

Exposure limits to financial counterparties in respect of both amount and duration are set in respect of derivatives and cash deposits. Such transactions are entered into with a limited number of pre-designated banks on the basis of their publicly available credit ratings, which are checked at least once a year. Limits on length of exposure per category of transaction are in place to protect liquidity and mitigate counterparty default risks. The instruments and their documentation must be authorized before entering the contemplated transactions.

**NOTE 19: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are analysed below:

EUR million	2019				2018 <sup>(1)</sup>			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
Cash at bank and in hand	-121.4	55.2	630.9	564.7	-59.0	23.8	408.6	373.4
Short-term deposits	-	-	101.0	101.0	-	-	300.0	300.0
Money Market Assets	1.8	-	54.4	56.2	1.1	-	258.5	259.6
<b>Cash and cash equivalents</b>	<b>-119.6</b>	<b>55.2</b>	<b>786.3</b>	<b>721.9</b>	<b>-57.9</b>	<b>23.8</b>	<b>967.1</b>	<b>933.0</b>

(1) As restated in the framework of the continuous improvement of the financial reporting presentation.

Cash and cash equivalents are mainly floating rate assets which earn interest at various rates set with reference to the prevailing EONIA, LIBID or equivalent. Their carrying amount is equal to their fair value. In 2018 and 2019, in the segment "Corporate & unallocated", Money Market Assets represent the fair value of investment funds. They are measured at fair value through P&L (FVTPL).

The negative balance of "Cash at bank and in hand" in the D'Ieteren Auto segment is due to the intragroup balances with the "Corporate & unallocated" segment.

**NOTE 20: TRADE AND OTHER RECEIVABLES**

EUR million	2019				2018 <sup>(1)</sup>			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
<b>Non-current receivables</b>	<b>2.1</b>	<b>1.2</b>	<b>1.3</b>	<b>4.6</b>	<b>2.5</b>	<b>1.3</b>	<b>20.9</b>	<b>24.7</b>
Trade receivables - net	339.2	33.4	0.8	373.4	318.1	35.6	0.3	354.0
Current receivables from equity-accounted investees	52.3	-	-	52.3	14.6	-	-	14.6
Other current receivables	22.7	2.3	4.1	29.1	18.9	4.8	2.0	25.7
<b>Trade and other receivables</b>	<b>414.2</b>	<b>35.7</b>	<b>4.9</b>	<b>454.8</b>	<b>351.6</b>	<b>40.4</b>	<b>2.3</b>	<b>394.3</b>

(1) As restated to reflect the reallocation of receivables in the framework of the continuous improvement of the financial reporting presentation.

The non-current receivables are composed of guarantee deposits against rental properties and, at 31 December 2018, of a loan granted to a minority shareholder of Belron (family holding company of Belron's CEO). The loan granted to this minority shareholder has been fully reimbursed in the current period. The other non-current receivables generally generate no interest income. They are expected to be recovered after more than 12 months.

The trade and other receivables are expected to be recovered within 12 months. Their carrying amount approximates their fair value, and they generate no interest income.

The Group is exposed to credit risk arising from its operating activities (potential losses arising from the non-fulfilment of obligations assumed by trade and financial counterparties). Such risks are mitigated by selecting clients and other business partners on the basis of their credit quality and by avoiding as far as possible concentration on a few large counterparties. Credit quality of large counterparties is assessed systematically, and credit limits are set prior to taking exposure. Payment terms are on average less than one month except where local practices are otherwise. Receivables from sales involving credit are closely tracked and collected mostly centrally in the D'Ieteren Auto segment, and at the country level in the Belron segment (equity-accounted investee). In the Moleskine segment, the risk of insolvency is monitored centrally with review of the credit exposure. The credit risk is differentiated by sales channel and the acceptance of new customers is monitored by conducting qualitative and quantitative corporate rating services.

In the D'Ieteren Auto segment, concentration on top ten customers, based on the gross receivables, is 23.5% (2018: 23.6%) and no customer is above 5% (2019: 4%; 2018: 6%). Certain receivables are also credit insured. In the Belron segment (equity-accounted investee), concentrations of risk with respect to receivables are limited due to the diversity of Belron's customer base. In the Moleskine segment, trade receivables are concentrated due to the distribution model. However, there were no specific concentration risks since the counterparties do not present solvency risk and in any event could be replaced, if required, which would not entail operational difficulties. The credit position of certain customers is also partly guaranteed by letters of credit.

**NOTE 20: TRADE AND OTHER RECEIVABLES (continued)**

Statement of financial position amounts are stated net of provisions for doubtful debts, and accordingly, the maximum credit risk exposure is the carrying amount of the receivables in the statement of financial position.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historic payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted where relevant to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at 31 December 2019, the provisions for bad and doubtful debt amount to EUR 4.9 million (2018: EUR 7.5 million).

The ageing analysis of trade and other receivables past due but not impaired is as follows:

EUR million	2019	2018
Up to three months past due	52.4	37.3
Three to six months past due	4.7	3.2
Over six months past due	11.5	3.3
<b>Total</b>	<b>68.6</b>	<b>43.8</b>

The income in 2019 for bad and doubtful debts amounts to EUR 0.6 million (2018: income of EUR 2.3 million). See note 6.

**NOTE 21: CAPITAL AND RESERVES**

A reconciliation of share capital and reserves are set out in the consolidated statement of changes in equity.

**Share capital**

The change in ordinary share capital is set out below:

EUR million, except number of shares stated in units	Number of ordinary shares	Ordinary share capital
<b>At 1 January 2018</b>	<b>55,302,620</b>	<b>160.0</b>
Change	-	-
<b>At 31 December 2018</b>	<b>55,302,620</b>	<b>160.0</b>
Change	-	-
<b>At 31 December 2019</b>	<b>55,302,620</b>	<b>160.0</b>

The 5,000,000 nominative participating shares do not represent share capital. Each participating share confers one voting right and gives the right to a dividend equal to one eighth of the dividend of an ordinary share.

**Treasury shares**

Treasury shares are held by the Company and by subsidiaries as set out below:

EUR million, except number of shares stated in units	31 December 2019		31 December 2018	
	Number	Amount	Number	Amount
Treasury shares held by the Company	1,508,653	57.0	1,164,933	38.3
Treasury shares held by subsidiaries	-	-	-	-
<b>Treasury shares held</b>	<b>1,508,653</b>	<b>57.0</b>	<b>1,164,933</b>	<b>38.3</b>

Treasury shares are held to cover the stock option plans set up by the Company since 1999 (see note 9).

**Share-based payment reserve**

The share-based payment reserve relates to the employee stock option plans (equity-settled) granted to officers and managers of the D'leteren Auto and "Corporate & unallocated" segments (see note 9).

**NOTE 21: CAPITAL AND RESERVES (continued)****Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

In 2018, following the disposal in February 2018 of the 40% stake of Belron to CD&R, the cumulative amount of hedging reserve has been recycled to profit or loss (non-cash income of EUR 0.4 million – see note 16 of the 2018 consolidated financial statements).

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Group's net investment in a foreign subsidiary.

In 2018, following the disposal in February 2018 of the 40% stake of Belron to CD&R, the cumulative amount of foreign exchange difference held in translation reserve has been recycled to profit or loss (non-cash income of EUR 32.0 million – see note 16 of the 2018 consolidated financial statements).

Registered shares not fully paid-up may not be transferred except by virtue of a special authorisation from the Board of Directors for each assignment and in favour of an assignee appointed by the Board (art. 7 of the Articles). Participating shares may not be transferred except by the agreement of a majority of members of the Board of Directors, in which case they must be transferred to an assignee appointed by said members (art. 8 of the Articles).

The Group's objectives when managing capital are to safeguard each of its activities ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors the capital adequacy at the level of each of its activities through a set of ratios relevant to their specific business. In order to maintain or adjust the capital structure, each activity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, taking into account the existence of non-controlling shareholders.

The controlling shareholders are listed here below:

Shareholders with controlling interest according to the declaration of transparency dated 2 November 2011, and to further communications to the company (of which the latest on 16 January 2020).	Capital shares		Participating shares		Total voting rights	
	Number	%	Number	%	Number	%
s.a. de Participations et de Gestion, Brussels	12,129,254	21.93%	-	-	12,129,254	20.11%
Reptid Commercial Corporation, Dover, Delaware	1,963,200	3.55%	-	-	1,963,200	3.26%
Mrs Catheline Périer-D'Ieteren	-	0.00%	1,250,000	25.00%	1,250,000	2.07%
Mr Olivier Périer	10,000	0.02%	-	-	10,000	0.02%
<b>The four abovementioned shareholders (collectively "SPDG Group") are associated.</b>	<b>14,102,454</b>	<b>25.50%</b>	<b>1,250,000</b>	<b>25.00%</b>	<b>15,352,454</b>	<b>25.46%</b>
Nayarit Participations s.c.a., Brussels	17,217,830	31.13%	-	-	17,217,830	28.55%
Mr Roland D'Ieteren	466,190	0.84%	3,750,000	75.00%	4,216,190	6.99%
Mr Nicolas D'Ieteren	10,000	0.02%	-	-	10,000	0.02%
<b>The three abovementioned shareholders (collectively "Nayarit Group") are associated.</b>	<b>17,694,020</b>	<b>31.99%</b>	<b>3,750,000</b>	<b>75.00%</b>	<b>21,444,020</b>	<b>35.56%</b>
<b>The shareholders referred to as SPDG Group and Nayarit Group act in concert.</b>						

The Board of Directors proposed the distribution of a gross dividend amounting to EUR 1.00 per share (2018: an ordinary dividend of EUR 1.00 per share), or EUR 54.4 million in aggregate (2018: EUR 54.7 million).



**NOTE 22: PROVISIONS**

Liabilities for post-retirement benefit schemes are analysed in note 10. The other provisions, either current or non-current, are analysed below.

The major classes of provisions are the following ones:

EUR million	2019				2018			
	D'leteren Auto	Moleskine	Corp. & unallocated	Group	D'leteren Auto	Moleskine	Corp. & unallocated	Group
<b>Non-current provisions</b>								
Dealer-related	9.2	-	-	9.2	3.8	-	-	3.8
Other non-current items	5.0	-	0.5	5.5	6.6	4.1	0.4	11.1
<b>Subtotal</b>	<b>14.2</b>	<b>-</b>	<b>0.5</b>	<b>14.7</b>	<b>10.4</b>	<b>4.1</b>	<b>0.4</b>	<b>14.9</b>
<b>Current provisions</b>								
Other current items	-	2.5	-	2.5	-	2.2	-	2.2
<b>Subtotal</b>	<b>-</b>	<b>2.5</b>	<b>-</b>	<b>2.5</b>	<b>-</b>	<b>2.2</b>	<b>-</b>	<b>2.2</b>
<b>Total provisions</b>	<b>14.2</b>	<b>2.5</b>	<b>0.5</b>	<b>17.2</b>	<b>10.4</b>	<b>6.3</b>	<b>0.4</b>	<b>17.1</b>

The changes in provisions are set out below for the year ended 31 December 2019:

EUR million	Dealer- related	Other non-current items	Other current items	Total
<b>At 1 January 2019</b>	<b>3.8</b>	<b>11.1</b>	<b>2.2</b>	<b>17.1</b>
Charged in the year	5.1	0.2	0.3	5.6
Utilised in the year	-0.1	-1.6	-	-1.7
Reversed in the year	-1.9	-4.2	-	-6.1
Transferred during the year	2.3	-	-	2.3
<b>At 31 December 2019</b>	<b>9.2</b>	<b>5.5</b>	<b>2.5</b>	<b>17.2</b>

The timing of the outflows being largely uncertain, most of the provisions are considered as non-current items. The non-current provisions are not discounted since the impact is not considered material to the Group. Current provisions are expected to be settled within 12 months.

In the D'leteren Auto segment, the dealer-related provisions arise from the ongoing improvement of the distribution networks.

Other non-current provisions also comprise:

- Dilapidation and environmental provisions to cover the costs of the remediation of certain properties held under leases;
- Provision against legal claims that arise in the normal course of business, that are expected to crystallise in the next couple of years. After taking appropriate legal advice, the outcome of these legal claims should not give rise to any significant loss beyond amounts provided at 31 December 2019.



**NOTE 23: LOANS AND BORROWINGS**

Loans and borrowings are presented as follows:

EUR million	2019				2018			
	D'leteren Auto	Moleskine	Corp. & unallocated	Group	D'leteren Auto	Moleskine	Corp. & unallocated	Group
<b>Non-current loans and borrowings</b>								
Lease liabilities (2018: obligations under finance leases)	8.4	22.8	4.3	35.5	0.6	-	-	0.6
Bank and other loans	-	98.3	0.6	98.9	0.1	114.8	0.8	115.7
Inter-segment loan	-	190.8	-190.8	-	-	155.9	-155.9	-
<b>Subtotal non-current loans and borrowings</b>	<b>8.4</b>	<b>311.9</b>	<b>-185.9</b>	<b>134.4</b>	<b>0.7</b>	<b>270.7</b>	<b>-155.1</b>	<b>116.3</b>
<b>Current loans and borrowings</b>								
Lease liabilities (2018: obligations under finance leases)	5.6	6.7	0.4	12.7	0.1	-	-	0.1
Bank and other loans	0.1	33.6	0.1	33.8	2.1	37.1	0.1	39.3
<b>Subtotal current loans and borrowings</b>	<b>5.7</b>	<b>40.3</b>	<b>0.5</b>	<b>46.5</b>	<b>2.2</b>	<b>37.1</b>	<b>0.1</b>	<b>39.4</b>
<b>TOTAL LOANS AND BORROWINGS</b>	<b>14.1</b>	<b>352.2</b>	<b>-185.4</b>	<b>180.9</b>	<b>2.9</b>	<b>307.8</b>	<b>-155.0</b>	<b>155.7</b>

Obligations under lease contracts (2018: obligations under finance lease contracts) are analysed below:

EUR million	2019		2018	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	12.7	12.7	0.1	0.1
Between one and five years	29.6	29.5	0.6	0.6
More than five years	7.9	6.0	-	-
Subtotal	50.2	48.2	0.7	0.7
<b>Present value of lease obligations</b>	<b>48.2</b>		<b>0.7</b>	

At 31 December 2019, the obligations under lease contracts presented above include the additional liabilities arising from the adoption of IFRS 16 at 1 January 2019.

In both periods, the non-current inter-segment loans comprise amounts lent by the segment "Corporate & unallocated" to the Moleskine segment (non-recourse loan in the framework of the acquisition), at arm's length conditions.

Non-current loans and borrowings are due for settlement after more than one year, in accordance with the maturity profile set out below:

EUR million	2019	2018
Between one and five years	128.4	115.8
After more than five years	6.0	0.5
<b>Non-current loans and borrowings</b>	<b>134.4</b>	<b>116.3</b>

The exposure of the Group's loans and borrowings to interest rate changes and the repricing dates (before the effect of the debt derivatives) at the balance sheet date is as follows:

EUR million	2019	2018
Less than one year	46.5	39.4
Between one and five years	128.4	115.8
After more than five years	6.0	0.5
<b>Loans and borrowings</b>	<b>180.9</b>	<b>155.7</b>

**NOTE 23: LOANS AND BORROWINGS (continued)**

The interest rate and currency profiles of loans and borrowings are as follows (including the effects of debt derivatives and excluding the new lease liabilities arising from the adoption of IFRS 16 in 2019):

EUR million	2019			2018		
Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	93.8	33.9	127.7	109.4	44.6	154.0
USD	-	1.0	1.0	-	-	-
HKD	-	4.6	4.6	-	1.7	1.7
<b>Total</b>	<b>93.8</b>	<b>39.5</b>	<b>133.3</b>	<b>109.4</b>	<b>46.3</b>	<b>155.7</b>

EUR borrowings are stated after deduction of deferred financing costs of EUR 0.7 million (2018: EUR 1.1 million).

The floating rate borrowings bear interest at various rates set with reference to the prevailing EURIBOR or equivalent. The range of interest rates applicable for fixed rate borrowings outstanding is as follows:

	2019		2018	
Currency	Min.	Max.	Min.	Max.
EUR	0.5%	3.1%	0.6%	3.0%

The fair value of loans and borrowings (both current and non-current) approximates their carrying amount. Certain of the borrowings in the Group have covenants attached. At year-end, there is no breach of covenants.

The table below provides information about the changes in liabilities arising from financing activities:

EUR million	At 1	Cash	Non-cash movements			Sub-	At 31
	January	flows	IFRS 16 adop-	Tans-	Other	total	December
	2019		tion	fer			2019
Long-term loans and borrowings	115.7	-1.5	-	-16.7	1.4	98.9	98.9
Short-term loans and borrowings	39.3	-25.6	-	16.7	3.4	33.8	33.8
Lease liabilities	0.7	-14.9	58.3	-	4.1	48.2	48.2
<b>Total liabilities arising from financing activities</b>	<b>155.7</b>	<b>-42.0</b>	<b>58.3</b>	<b>-</b>	<b>8.9</b>	<b>180.9</b>	<b>180.9</b>

EUR million	At 1	Cash	Non-cash movements			Sub-	At 31
	January	flows	Acqui-	Tans-	Other	total	December
	2018		sition	fer			2018
Long-term loans and borrowings	131.3	-0.1	-	-16.5	1.0	115.7	115.7
Short-term loans and borrowings	32.4	-25.5	-	16.5	15.9	39.3	39.3
Lease liabilities	0.8	-0.1	-	-	-	0.7	0.7
<b>Total liabilities arising from financing activities</b>	<b>164.5</b>	<b>-25.7</b>	<b>-</b>	<b>-</b>	<b>16.9</b>	<b>155.7</b>	<b>155.7</b>

In both periods, the other non-cash movements include, among other amounts, the amortization of deferred financing costs, the impacts of business combinations performed by the D'leteren Auto segment and, in 2019 only, the lease liabilities recognised for lease contracts commenced throughout 2019 in the D'leteren Auto and Moleskine segment.

In 2019, the additions are related to the new lease liabilities recognised upon transition to IFRS 16 (see note 3 for additional information on the impact of the adoption of IFRS 16 on the Group's consolidated financial statements).

**NOTE 24: TRADE AND OTHER PAYABLES**

Other non-current payables in the prior period are other creditors, payable after more than 12 months. The carrying value of other non-current payables approximates their fair value.

Trade and other payables are described below:

EUR million	2019				2018			
	D'leteren Auto	Moleskine	Corp. & unallocated	Group	D'leteren Auto	Moleskine	Corp. & unallocated	Group
<b>Non-current payables</b>	-	-	-	-	-	1.6	-	1.6
Trade payables	258.0	29.9	3.2	291.1	242.4	34.8	2.1	279.3
Accrued charges and deferred income	42.2	1.0	1.5	44.7	34.1	0.8	0.8	35.7
Non-income taxes	-2.0	1.0	-	-1.0	0.7	1.2	-	1.9
Other current creditors	63.5	5.7	7.5	76.7	90.6	5.2	1.1	96.9
<b>Trade and other payables</b>	<b>361.7</b>	<b>37.6</b>	<b>12.2</b>	<b>411.5</b>	<b>367.8</b>	<b>42.0</b>	<b>4.0</b>	<b>413.8</b>

Trade and other current payables are expected to be settled within 12 months. The carrying value of trade and other current payables approximates their fair value.

**NOTE 25: BUSINESS COMBINATIONS**

During the period, the D'leteren Auto segment made the following acquisitions:

- In January 2019, D'leteren Auto acquired 100% of the shares of Garage Dielis n.v., a dealership active in the automobile distribution and services activities in Belgium.
- In March 2019, D'leteren Auto acquired 80% of the shares of CarASAP n.v., a provider of mobility services in Belgium.
- In July 2019, D'leteren Auto acquired 100% of the shares of Garage Don Bosco n.v., a dealership active in the automobile distribution and services activities in Belgium.
- In August 2019, D'leteren Auto acquired 100% of the shares of Garage Thuy Kontich n.v., Garage Thuy Wommelgem n.v., and Garage Vanden Bergh n.v., three dealerships active in the automobile distribution and services activities in Belgium.

The additional revenue and result arising subsequent to these acquisitions are not considered material to the Group and accordingly are not disclosed separately.

**NOTE 25: BUSINESS COMBINATIONS (continued)**

The details of the net assets acquired, goodwill and consideration of the acquisitions performed by the D'Ieteren Auto segment are set out below:

EUR million	Total provisional fair value <sup>(1)</sup>
Property, plant & equipment	4.7
Other receivables	0.1
Inventories	11.2
Trade and other receivables	6.6
Cash & cash equivalents	0.4
Non-current loans & borrowings	-1.0
Current loans & borrowings	-4.7
Trade and other current payables	-11.6
<b>Net assets acquired</b>	<b>5.7</b>
Goodwill (see note 12)	8.7
<b>TOTAL IDENTIFIABLE NET ASSETS ACQUIRED AND LIABILITIES ASSUMED, INCLUDING GOODWILL</b>	<b>14.4</b>
<i>Consideration satisfied by:</i>	
Cash payment	13.9
Non-interest-bearing deferred consideration	0.3
Contingent consideration	0.2
<b>TOTAL CONSIDERATION</b>	<b>14.4</b>

(1) The fair values have been measured on a provisional basis (for some acquisitions). If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The goodwill recognised above reflects the expected synergies and other benefits resulting from the combination of the acquired activities with those of the D'Ieteren Auto segment. As permitted by IFRS 3 "Business Combinations" (maximum period of 12 months to finalize the acquisition accounting), the above provisional allocation will be reviewed and if necessary reallocated to brands and intangible assets.

**NOTE 26: LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The full list of companies concerned by articles 114 and 165 of the Royal Decree of 30 January 2001 implementing the Company Code will be lodged with the Central Balance Sheet department of the National Bank of Belgium. It is also available on request from the Company head office (see note 1). The main subsidiaries, associates and joint ventures of the Company are listed below:

Name	Country of incorporation	% of share capital owned at 31 December 2019	% of share capital owned at 31 December 2018
<b>D'leteren Auto</b>			
P.C. Liège s.a.	Belgium	100%	100%
P.C. Mechelen n.v.	Belgium	100%	100%
Kronos Automobiles s.a.	Belgium	100%	100%
Garage Rietje n.v.	Belgium	100%	100%
Carrosserie Rietje n.v.	Belgium	100%	100%
Rietje Waasland n.v.	Belgium	100%	100%
Garage Clissen n.v.	Belgium	100%	100%
Garage Bruynseels n.v.	Belgium	100%	100%
Carrosserie Bruynseels n.v.	Belgium	100%	100%
Garage Dielis n.v.	Belgium	100%	-
Garage Vanden Bergh n.v. and Vanden Bergh & Ansoms b.v.b.a.	Belgium	100%	-
Auto Center Kontich b.v.b.a.	Belgium	100%	100%
Automobiel Center Puurs n.v.	Belgium	100%	100%
Sopadis Wommelgem n.v.	Belgium	100%	100%
Don Bosco b.v.b.a.	Belgium	100%	-
Autonatie n.v.	Belgium	100%	100%
Overijse Automotive n.v.	Belgium	100%	100%
Autobedrijf Y&N Claessens b.v.b.a.	Belgium	100%	100%
Sopadis Knokke n.v.	Belgium	100%	100%
Automobile Center Mechelen 2 b.v.b.a.	Belgium	100%	100%
Garage Thuy Wommelgem n.v.	Belgium	100%	-
Garage Thuy Kontich b.v.b.a.	Belgium	100%	-
Dicobel s.a.	Belgium	100%	100%
Sopadis s.a.	Belgium	100%	100%
P.C. Paal-Beringen n.v.	Belgium	100%	100%
s.a. D'leteren Services n.v.	Belgium	100%	100%
s.a. Volkswagen D'leteren Finance n.v.	Belgium	49.99%	49.99%
s.a. D'leteren Sport n.v.	Belgium	100%	100%
s.a. D'leteren Treasury n.v.	Belgium	100%	100%
s.a. Wondercar n.v.	Belgium	100%	100%
Lab Box s.a.	Belgium	100%	100%
Poppy Mobility n.v.	Belgium	100%	100%
Skipr n.v.	Belgium	100%	100%
CarASAP s.a.	Belgium	100%	-
Electric By D'leteren (EDI)	Belgium	100%	-
<b>Belron</b>			
Belron Group s.a. (in voting rights)	Luxemburg	54.85%	54.85%
<b>Moleskine</b>			
Moleskine SpA	Italy	100.00%	100.00%
<b>Corporate &amp; unallocated</b>			
s.a. D'leteren Immo n.v.	Belgium	100.00%	100.00%
D'IM s.a.	Luxemburg	100.00%	100.00%
D'leteren Vehicle Glass s.a.	Luxemburg	100.00%	100.00%
D Participation Management s.a.	Belgium	100.00%	100.00%

**NOTE 26: LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)**

The Group's average stake (used for the income statement) in Belron equalled 52.48% in 2019 (57.78% in 2018).

The main entities accounted for using the equity method are the joint venture Belron Group s.a. and Volkswagen D'leteren Finance s.a. See note 17 for adequate disclosures.

**NOTE 27: CONTINGENCIES AND COMMITMENTS**

EUR million	2019	2018
Commitments to acquisition of non-current assets	2.8	8.6
Other important commitments:		
Commitments given	2.8	6.5
Commitments received	-	24.2

In 2019 and in 2018, the commitments to acquisition of non-current assets mainly concern property, plant and equipment in the segment "Corporate & unallocated".

**NOTE 28: RELATED PARTY TRANSACTIONS**

EUR million	2019	2018
<b>With entities with joint control or significant influence over the Group:</b>		
Amount of the transactions entered into during the period	1.1	0.7
Outstanding creditor balance at 31 December	-	-
<b>With joint ventures in which the Group is a venturer:</b>		
Sales	362.1	303.9
Purchases	-13.4	-22.5
Trade receivables outstanding at 31 December	52.3	14.6
<b>With key management personnel:</b>		
Compensation:		
Short-term employee benefits	3.6	4.2
Post-employment benefits	0.3	0.3
Termination benefits	1.9	-
Total compensation	5.8	4.5
Amount of the other transactions entered into during the period	0.5	-
Outstanding creditor balance at 31 December	-	0.9
<b>With other related parties:</b>		
Amount of the transactions entered into during the period	0.2	0.2

**Shareholders and other related parties**

The Nayarit group (Nayarit Participations S.c.a., Roland D'leteren and Nicolas D'leteren) and the SPDG group (s.a. de Participations et de Gestion, Reptid Commercial Corporation, Catheline D'leteren and Olivier Périer), acting in concert following an agreement pertaining to the exercise of their voting rights with a view to leading a sustainable joint strategy, together hold 61.02% of the voting rights of the Company (see note 20).

In 2019, some of these shareholders and/or entities related to them carried out commercial transactions with the Company. These transactions (total of EUR 1.3 million) can be outlined as follows:

- Automobile repair and supply of spare parts carried out by the Company and invoiced to these parties for a total amount of EUR 1.1 million;
- Architecture fees invoiced by one of these parties to the Company for a total amount of EUR 0.1 million.
- The rental by one of these parties of a property belonging to a subsidiary of the Company which led to the payment of a rent for a total amount of 0.05 million.

**NOTE 28: RELATED PARTY TRANSACTIONS (continued)****Joint Ventures**

In 2019, the Group was venturer in two joint ventures, the main one being Belron Group s.a. (BGSA). The second one is Volkswagen D'leteren Finance (VDFin). See note 17 for more information related to the joint ventures.

In 2019, sales of EUR 362.1 million to joint ventures mainly consist in sales of new vehicles by the D'leteren Auto segment to VDFin. Purchases of EUR 13.4 million mainly relate to used cars purchased by the D'leteren Auto segment from VDFin (former fleet vehicles). The outstanding trade receivables (EUR 52.3 million) are mainly related to VDFin.

**Key management personnel**

The key managers comprise the members of the Company's Board of Directors and its Executive Committee (see the Corporate Governance Statement).

In 2019, a total of 130,000 options were issued to key managers (at an exercise price of EUR 33.19 per option). For more information on the remuneration of key managers, reference is made to the remuneration report that can be found in the Corporate Governance Statement.

In 2019, loans granted by the Company and one of its subsidiaries to the members of the Executive Committee were outstanding for a total amount of EUR 0.5 million. These loans were granted in the context of the stock option plans in order to enable those concerned to pay the taxes due at the moment the options were accepted. The loans were granted for periods of 10, 7 or 5 years with interest rates of respectively 2.39%, 1.74% and 1.31%.

**NOTE 29: EXCHANGE RATES**

Monthly income statements of foreign operations are translated at the relevant rate of exchange for that month. Except for the statement of financial position which is translated at the closing rate, each line item in these consolidated financial statements represents a weighted average rate.

The main exchange rates used for the translations were as follows:

Number of euros for one unit of foreign currency	2019	2018
<b>Closing rate</b>		
CAD	0.69	0.64
GBP	1.18	1.12
USD	0.89	0.87
HKD	0.11	0.11
CNY	0.13	0.13
JPY	0.01	0.01
SGD	0.65	0.64
<b>Average rate <sup>(1)</sup></b>		
CAD	0.67	0.65
GBP	1.14	1.13
USD	0.89	0.85
HKD	0.11	0.11
CNY	0.13	0.13
JPY	0.01	0.01
SGD	0.65	0.63

(1) Effective average rate for the profit or loss attributable to equity holders.

**NOTE 30: SERVICES PROVIDED BY THE STATUTORY AUDITOR**

The external audit is conducted by KPMG Réviseurs d'Entreprises, represented by Alexis Palm, whose audit mandate expires at the General Meeting of 2020.

EUR million	2019	2018
<b>Audit services</b>	<b>3.5</b>	<b>3.0</b>
KPMG in Belgium	0.6	0.6
Other firms in the KPMG network	2.9	2.4
<b>Non-audit services</b>	<b>0.7</b>	<b>1.2</b>
KPMG in Belgium	0.2	0.2
Other firms in the KPMG network	0.5	1.0
<b>Services provided by the Statutory Auditor</b>	<b>4.2</b>	<b>4.2</b>

**NOTE 31: LEASES****Leases as lessee**

The Group leases buildings, stores, non-fleet vehicles and items of property, plant and equipment. Previously, these leases were classified as operating leases under IAS 17. The Group also leases IT equipment for which no right-of-use assets and lease liabilities have been recognised since these leases are short-term and/or leases of low-value items.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

EUR million	Land and buildings	Plant and equipment	Total
<b>Balance at 1 January 2019</b>	<b>17,7</b>	<b>44,7</b>	<b>62,4</b>
Depreciation charge for the year	-6,5	-9,8	-16,3
Additions to right-of-use assets	2,7	1,4	4,1
<b>Balance at 31 December 2019</b>	<b>13,9</b>	<b>36,3</b>	<b>50,2</b>

Some property leases contain extension options exercisable by the Group. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. The impact on the lease liability resulting from the exercise of extension options is not considered material to the Group.

**Leases as lessor**

The Group leases out its investment property (held in the "Corporate & unallocated" segment). All leases are classified as operating leases from a lessor perspective because they do not transfer substantially of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Group during 2019 equals EUR 2.8 million (2018: EUR 2.3 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

EUR million	2019			2018		
	Investment property	Other property, plant and equipment	Total	Investment property	Other property, plant and equipment	Total
Within one year	2,2	-	2,2	0,9	-	0,9
Later than one year and less than five years	8,0	-	8,0	2,8	-	2,8
After five years	1,2	-	1,2	0,8	-	0,8
<b>Total</b>	<b>11,4</b>	<b>-</b>	<b>11,4</b>	<b>4,5</b>	<b>-</b>	<b>4,5</b>



**NOTE 31: LEASES (continued)**

The revenue, expenses, rights and obligations arising from leasing arrangements regarding investment property are not considered material to the Group, and accordingly a general description of these leasing arrangements is not disclosed.

The Group is not acting as a lessor under finance leases.

**NOTE 32: SUBSEQUENT EVENTS**

In February 2020, the Group signed an agreement with Clayton, Dubilier & Rice (CD&R) regarding the acquisition by the Company of non-voting preference shares held by CD&R in Belron for a total value of EUR 150 million, at book value. This transaction strengthens the Company's ownership in Belron in the context of its strong operating performance and underlines the Company's long-term partnership and alignment in strategic vision with Belron.

The exit of the UK from the European Union (Brexit) could affect estimations or judgements made in the preparation of the financial statements, mostly for the entities with operations in the UK or Europe. Risks and potential exposures to the Brexit are however assessed as reasonable due to the limited exposure of the Group to the UK economic environment and to the measures taken by local management to mitigate the risks.

The coronavirus (COVID-19) pandemic is affecting all Group's activities. Since the outset of the crisis the Group has taken swift measures to protect its employees, its clients and suppliers. The Group has also taken measures to guarantee supply, especially from China, for Moleskine and Belron. The very recent developments lead to temporary closures of the vast majority of Group's operations, being at the level of D'Ieteren Auto or at the ones of Belron and Moleskine.

The Group is taking measures to minimize the impact of the crisis on Group's cash flows and the Group is ensuring that it has the necessary liquidity for a prolonged crisis.

With respect to consolidated financial statements for the year ended 31 December 2019, the financial reporting effects of the COVID-19 have been considered as non-adjusting events after the period-end as the significant changes in business activities and economic conditions occurred as a result of events occurring after the reporting date of 31 December 2019, such as actions taken by the government and private sector to respond to the outbreak.

The assumptions used for the preparation of the consolidated financial statements for the year ended 31 December 2019 (including those used for the impairment tests) reflected the reasonable and supportable information which were available as at 31 December 2019.

When non-adjusting subsequent events after the reporting period are material, IAS 10.21 requires the entity to disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made. At the time of approval of the consolidated financial statements, since the pandemic is still evolving very rapidly, the financial effect of COVID-19 cannot be reliably estimated.

No other significant transactions out of the ordinary course of business occurred between the closing date and the date these consolidated financial statements were authorised for issue.

**NOTE 33: ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The new standards and amendments to standards that are mandatory for the first time for the Group's accounting period beginning on 1 January 2019 are listed below.

- IFRS 16 "Leases" (effective 1 January 2019 – endorsed by the EU). This new standard requires the Group when operating as a lessee to bring most leases on-balance sheet. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to previous finance lease accounting under IAS 17. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains unchanged from previous guidance under IAS 17.
- IFRIC 23 "Uncertainty over income tax treatments" (effective 1 January 2019 - endorsed by the EU);
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation" (effective 1 January 2019 – endorsed by the EUR);
- Amendments to IAS 28 "Long Term Interests in Associates and Joint Ventures" (effective 1 January 2019 – endorsed by the EUR);
- Amendments to IAS 19 "Plan amendment, Curtailment or Settlement" (effective 1 January 2019 – endorsed by the EU);
- Annual improvements to IFRS 2015-2017 cycle (effective 1 January 2019 – endorsed by the EU);

Except for IFRS 16 "Leases", these new standards do not have a significant impact on the Group's financial statements. The impact of IFRS 16 adoption on the Group's consolidated financial statements is described in note 3. The accounting policies applicable to leases is further described below.

The standards, amendments and interpretations to existing standards issued by the IASB but not yet effective in 2019 have not been early adopted by the Group. They are listed below.

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020 – endorsed by the EU);
- Amendments to IFRS 3 "Definition of a Business" (effective 1 January 2020 – endorsed by the EU);
- Amendments to IAS 1 and IAS 8 "Definition of Material" (effective 1 January 2020 – endorsed by the EU);
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" (effective 1 January 2020 – endorsed by the EU)
- IFRS 17 "Insurance Contracts" (effective 1 January 2021 – subject to endorsement by the EU);
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective 1 January 2021 – subject to endorsement by the EU).

The above standards, amendments and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

**PRINCIPLES OF CONSOLIDATION**Subsidiaries

Subsidiaries, which are those entities in which the Group has, directly or indirectly, an interest of more than half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date that control is transferred to the Group and are no longer consolidated from the date that control ceases. All inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated upon consolidation.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired in their interests in the subsidiary's equity is recorded in equity. Gains or losses on disposals to non-controlling interest (that do not result in loss of control) are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date where control is lost, with the change in carrying amount recognised in profit or loss as part of the gain or loss recognized upon loss of control. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income are reclassified to profit or loss if required by IFRS standards.

**NOTE 33: ACCOUNTING POLICIES (continued)**Associates

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method. The investment is initially recognised at cost (including transaction costs), and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and OCI of the investee after the date of acquisition, until the date on which significant influence ceases. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of profit from the associate represents the Group's share of the associate's profit after tax. Profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised gains on transactions between the Group and its associate are also eliminated based on the same principle; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Interests in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are recognised using the equity method. The above principles regarding associates are also applicable to joint ventures.

Impairment of associates and joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity-accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount (being the higher of the value in use or fair value less costs to sell) of the associate or joint venture and its carrying value and recognises the amount adjacent to "share of result of equity-accounted investees, net of income tax" in the income statement.

**FOREIGN CURRENCY TRANSLATION**

The Group consolidation is prepared in euro. Income statements of foreign operations are translated into euro at the weighted average exchange rates for the period and statements of financial positions are translated into euro at the exchange rate at the reporting date (except for each component of equity, translated once at the exchange rates at the dates of the relevant transactions). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate. The translation reserve, which is recorded in other comprehensive income (except to the extent that the translation difference is allocated to NCI) includes both the difference generated by translating income statement items at a different exchange rate from the period-end rate and the differences generated by translating opening shareholders' equity amounts at a different exchange rate from the period-end rate.

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised within the income statement (or within OCI if it relates to equity instruments designated at FVOCI).

On disposal of a foreign operation, gains and losses accumulated in other comprehensive income are included in the income statement.

**BUSINESS COMBINATIONS AND GOODWILL**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed constitutes goodwill and is recognised as an asset. In case this excess is negative, it is recognised immediately in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Acquisition-related costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

**NOTE 33: ACCOUNTING POLICIES (continued)**Associates

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method. The investment is initially recognised at cost (including transaction costs), and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and OCI of the investee after the date of acquisition, until the date on which significant influence ceases. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of profit from the associate represents the Group's share of the associate's profit after tax. Profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised gains on transactions between the Group and its associate are also eliminated based on the same principle; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Interests in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are recognised using the equity method. The above principles regarding associates are also applicable to joint ventures.

Impairment of associates and joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity-accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount (being the higher of the value in use or fair value less costs to sell) of the associate or joint venture and its carrying value and recognises the amount adjacent to "share of result of equity-accounted investees, net of income tax" in the income statement.

**FOREIGN CURRENCY TRANSLATION**

The Group consolidation is prepared in euro. Income statements of foreign operations are translated into euro at the weighted average exchange rates for the period and statements of financial positions are translated into euro at the exchange rate at the reporting date (except for each component of equity, translated once at the exchange rates at the dates of the relevant transactions). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate. The translation reserve, which is recorded in other comprehensive income (except to the extent that the translation difference is allocated to NCI) includes both the difference generated by translating income statement items at a different exchange rate from the period-end rate and the differences generated by translating opening shareholders' equity amounts at a different exchange rate from the period-end rate.

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised within the income statement (or within OCI if it relates to equity instruments designated at FVOCI).

On disposal of a foreign operation, gains and losses accumulated in other comprehensive income are included in the income statement.

**BUSINESS COMBINATIONS AND GOODWILL**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed constitutes goodwill and is recognised as an asset. In case this excess is negative, it is recognised immediately in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Acquisition-related costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

**NOTE 33: ACCOUNTING POLICIES (continued)**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's or groups of CGU's that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level for business combinations performed by the Company.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

**INTANGIBLE ASSETS**

An item of intangible assets is valued at its cost less any accumulated amortisation and any accumulated impairment losses. Customer contracts and brands acquired in a business combination are recognised at fair value at the acquisition date. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred when the capitalization criteria are not met. However, costs that are directly associated with identifiable and unique software products controlled by the Group which have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets.

The amortisation method used reflects the pattern in which the assets' future economic benefits are expected to be consumed. Intangible assets with a finite useful life are generally amortised over their useful life on a straight-line basis. The estimated useful lives are between 2 and 10 years.

Brands for which there is a limit to the period over which these assets are expected to generate cash inflows will be amortised on a straight-line basis over their remaining useful lives which are estimated to be up to 5 years. Amortisation periods are reassessed annually. Brands that have indefinite useful lives are those, thanks to the marketing spend, the advertising made and the absence of factors that could cause their obsolescence, where there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group. They are therefore not amortised but tested for impairment annually.

For any intangible asset with a finite or indefinite useful life, where an indication of impairment exists, its carrying amount is assessed and written down immediately to its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Expenditure on internally generated intangible assets which does not meet the capitalization conditions under IFRS is recognised in the consolidated income statement as an expense as incurred. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit, on a pro rata basis.

**RESEARCH AND DEVELOPMENT**

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the Group has the intention to complete the intangible asset and use or sell it;
- (c) the Group has ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) the Group has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

**PROPERTY, PLANT AND EQUIPMENT**

An item of property, plant and equipment is initially measured at cost. This cost comprises its purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. If applicable, the initial estimate of the cost of dismantling and removing the item and restoring the site is also included in the cost of the item.

**NOTE 33: ACCOUNTING POLICIES (continued)**

After initial recognition, the item is carried at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads if directly attributable. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The depreciable amount of the item is allocated according to the straight-line method over its useful life. Land is not depreciated. The main depreciation periods are the following:

- Buildings: 40 to 50 years;
- Plant and equipment: 3 to 15 years;
- IT equipment: 2 to 7 years;

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**LEASES**

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information for 2018 has not been restated and is presented, as previously reported, under IAS 17 and related interpretations. See note 3 for additional information on the initial application of IFRS 16.

***Policy applicable from 1 January 2019:*****Lessee**

At inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into or changed on or after 1 January 2019.

As a lessee, the Group recognizes right-of-use assets and lease liabilities at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate at that date. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by reference to the interest rate it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the initial measurement of the lease liability comprise fixed payments, and in some cases, variable lease payments (being those depending on an index or a rate, initially measured using the index or rate as at the commencement date), the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise the extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate the lease earlier. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

**NOTE 33: ACCOUNTING POLICIES (continued)**

The lease liability is measured at amortised cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

In case the lease liability is remeasured, corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets that do not meet the definition of investment property are presented in "property, plant and equipment" in the statement of financial position, under the same line item than the assets of the same nature that it owns. Lease liabilities are presented in "loans and borrowings" in the statement of financial position.

***Consideration on transition:***

For the leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group applied the practical expedient whereby short-term leases (less than or equal to 12 months) and leases of low-value assets are not recognized as right-of-use assets and lease liabilities and to recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Lessor**

Lessor accounting remained substantially unchanged compared to previous guidance. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

In rare situations in which the Group acts as an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases.

***Policy applicable before 1 January 2019:*****Operating leases for which the Group is the lessor**

Assets leased out under operating leases in which a significant portion of the risks and rewards of ownership are retained by the lessor (other than vehicles sold under buy-back agreements) were included in property, plant and equipment in the statement of financial position. They were depreciated over their expected useful lives. Rental income was recognised on a straight-line basis over the lease term.

**Operating leases for which the Group is the lessee**

Lease payments under operating leases were recognised as expenses in the income statement on a straight-line basis over the lease term. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

**Finance leases for which the Group is the lessee**

Leases of property, plant and equipment for which substantially all the risks and rewards of ownership are transferred to the Group were classified as finance leases. Finance leases were capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment was allocated between the liability and the finance charge so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, were included in borrowings. The interest element of the finance cost was charged to the income statement over the lease period. The leased assets were depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

The lease liability was remeasured when there was a change in future lease payments arising from a change in an index or rate, if there was a change in the Group's estimate of the amount expected to be payable under a residual value guarantee (if any), if the Group changed its assessment of whether it will exercise a purchase, extension or termination option or if there was a revised in-substance fixed lease payment.

When the lease liability was remeasured in this way, a corresponding adjustment was made to the carrying amount of the right-of-use asset, or was recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

If there was no reasonable certainty that ownership would be acquired by the end of the lease term, the asset was depreciated over the shorter of the lease term and its useful life.



**NOTE 33: ACCOUNTING POLICIES (continued)****INVESTMENT PROPERTIES**

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. These items are amortised over their useful life on a straight-line basis method. The estimated useful lives are between 40 and 50 years.

**INVENTORIES**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Items that are not interchangeable, like new vehicles and second-hand vehicles, are valued using specific identification of their individual costs. Other items are valued using the first in, first out or weighted average cost formula. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. Losses and write-downs of inventories are recognised in the period in which they occur. Reversal of a write-down is recognised as a credit to cost of sales in the period in which the reversal occurs.

**PROVISIONS**

A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognised. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

**EMPLOYEE BENEFITS**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. On amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss of any settlement of the plan and is dealt with separately in other comprehensive income.

The Group has various defined benefit pension plans and defined contribution pension plans. Most of these plans are funded schemes, i.e. they are financed through a pension fund or an external insurance policy. The minimum funding level of these schemes is defined by national rules (see note 10).

Obligations for contributions to *defined contribution pension plans* are charged as an expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's commitments under *defined benefit pension plans*, and the related costs, are valued using the "projected unit credit method", with independent actuaries carrying out the valuations at least on a yearly basis. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in other comprehensive income. Past service cost is recognised as an expense at the earlier of the following dates: a) when the plan amendment or curtailment occurs; and b) when the entity recognizes related restructuring costs or termination benefits. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. The long-term employee benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of any refunds and reductions in future contributions to the plan.



**NOTE 33: ACCOUNTING POLICIES (continued)****TERMINATION BENEFITS**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

**OTHER LONG-TERM INCENTIVES**

The group recognises a provision for long-term incentives where they are contractually obliged or where there is a past practice that has created a constructive obligation. This provision is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

**FINANCIAL INSTRUMENTS EXCLUDING DERIVATIVES**

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and liabilities are initially recognised when the entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, expire, or are substantially modified.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets in the following categories on initial recognition: at amortised cost; at fair value through other comprehensive income (FVOCI) – debt; at FVOCI – equity investment; or fair value through profit or loss (FVTPL). Management determines the classification of its financial assets at initial recognition based on a) the business model in which the financial asset is held; and 2) on the assessment whether contractual cash flows are solely payments of principal and interests (see below). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**Business model assessment**

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

**Assessment whether contractual cash flows are solely payments of principal and interest**

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs, as well as profit margin.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**NOTE 33: ACCOUNTING POLICIES (continued)**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL, including all derivative financial assets.

Subsequent measurement of financial assets:

- Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivatives designated as hedging instruments.
- Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investment at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits, excluding any blocked or restricted cash held by the Group. Cash equivalents are short-term (maximum 3 months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified and measured at amortised cost.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL (except hedging instruments) are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect(s).

Where the Company (or its subsidiaries) reacquires its own equity instruments, those instruments are deducted from equity as treasury shares. Where such equity instruments are subsequently sold, any consideration received is recognised in equity.

Dividends to holders of equity instruments proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date; it is presented in equity.

**DERIVATIVE FINANCIAL INSTRUMENTS**

Derivatives are used as hedges in the financing and financial risk management of the Group.

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and options to hedge these exposures. The Group does not use derivatives for speculative purposes. However, certain financial derivative transactions, while constituting effective economic hedges, do not qualify for hedge accounting under the specific rules in IAS 39.

Despite the introduction of IFRS 9, the Group still applies hedge accounting for Moleskine under IAS 39 (which is an option under IFRS 9).

Derivatives are recorded initially and subsequently at fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent changes in fair value are generally recognised in profit or loss.

**NOTE 33: ACCOUNTING POLICIES (continued)**Cash flow hedge

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge is a firm commitment or the forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Fair value hedge

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with a corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In the case of a cash flow hedge, any cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss when profit or loss is impacted by the hedged item. If the forecast transaction is no longer expected to occur, the cumulative gain or loss is reclassified in the profit or loss immediately.

**PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS**

Until the loss of exclusive control of Belron as at 7 February 2018, the Group was committed to acquiring the non-controlling interests owned by third parties in Belron, should these third parties have wished to exercise their put options. The exercise price of such options granted to non-controlling interests was reflected as a financial liability in the consolidated statement of financial position per 31 December 2017. For put options granted to non-controlling interests prior to 1 January 2010, the goodwill was adjusted at period end to reflect the change in the exercise price of the options and the carrying value of non-controlling interest to which they relate.

Due to the introduction of the revised version of IFRS 3 (effective date 1 January 2010), for put options granted to non-controlling interests as from 1 January 2010, at inception, the difference between the consideration received and the exercise price of the options granted was recognised against the group's share of equity. At each period end, the re-measurement of the financial liability resulting from these options were recognised in the consolidated income statement (net finance costs).

**NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS**

Non-current assets (or disposal groups comprising assets and liabilities) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of the business or geographical area of operations that either has been disposed of or is classified as held for sale and is disclosed as a single line item in the income statement. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

In the D'leteren Auto segment, the Group generates revenue primarily from the sale of new vehicles to independent dealers and to final customers, the sale of used vehicles to final customers, the sale of spare parts and accessories and the rendering of after-sale services.

Upon selling vehicles or spare parts to independent dealers or final customers, the Group satisfies its performance obligations and recognizes revenue at a point in time, when control of the goods transfers to the customers. Since the Group issues invoices to customers upon satisfying its performance obligations, rights to financial consideration immediately become unconditional and are therefore recognized as receivables. A legal warranty of 2 years applies to the sale of new vehicles to customers, which in turn corresponds to the legal warranty that the factory grants to the D'leteren Auto segment. This warranty does therefore not represent a separate performance obligation.

**NOTE 33: ACCOUNTING POLICIES (continued)**

The Group offers to customers the possibility to purchase maintenance contracts together with the sale of a new vehicle. The duration of these contracts ranges from 3 to 12 years. This type of contract represents a separate performance obligation and should not be combined with the sale of a new vehicle. Under such arrangements, the Group transfers the benefit of the maintenance services to the customers as it performs and therefore satisfies its performance obligation over time. The Group recognizes revenue over time by estimating the occurrence of performance obligations using historical data and projected revenue. Revenue recognized according to the percentage of completion method is therefore reasonably estimated using cost curves and historical data.

The difference between the consideration received from the final customers and the costs incurred over time to satisfy the performance obligation represent contract liabilities under IFRS 15. Since the amount of contract liabilities are not considered significant to the Group compared to total revenue, they have not been presented in a separate line item in the consolidated statement of financial position.

When rendering other repair or maintenance services to final customers, the Group recognizes revenue over time if deemed significant. The revenue to be recognized over time for other repair and maintenance was not significant as at 31 December 2019.

Across all sales channels of the Moleskine segment, revenue is recognized at a point in time, as soon as control of the goods transfers to the customers (i.e. when the good is physically delivered to the final customer).

**Disaggregation of revenue from contracts with customers**

In selecting the categories to use to disaggregate revenue from contracts with customers, management considered how the information about the Group's revenue is presented for other purpose, including press releases and information presented to the chief operating decision maker, as well as how the nature, amount, timing and uncertainties of revenue and cash flows are affected by economic factors. See note 5 for additional information on disaggregation of revenue.

**FINANCE INCOME AND FINANCE COSTS**

Finance income and finance costs include interest income, interest expenses, dividend income, and net gains and losses on financial assets and financial liabilities measured at fair value through profit or loss. Interest income and expenses are recognized using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

**SHARE-BASED PAYMENTS**

Share-based payments are exclusively made in connection with employee stock option plans ("ESOP").

Equity-settled ESOP granted after 7 November 2002 are accounted for in accordance with IFRS 2, such that their cost is recognised in the income statement, with a corresponding increase in equity, over the vesting period of the awards.

**BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

**GOVERNMENT GRANTS**

Government grants related to assets are presented in liabilities as deferred income and amortised over the useful life of the related assets.

**NOTE 33: ACCOUNTING POLICIES (continued)****INCOME TAXES**

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

*Current taxes* relating to current and prior periods are, to the extent unpaid, recognised as a liability. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current taxes are measured using tax rates enacted or substantially enacted at the reporting date. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Current tax assets and liabilities are offset only if the following criteria are met:

- the entity has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Deferred taxes* are provided using the balance sheet liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (such as unused tax losses carried forward).

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred tax recognized is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

**IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS**

The Group recognizes loss allowances for ECLs (expected credit losses) on financial assets measured at amortized cost, debt investments measured at FVOCI and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs, except for debt securities that are determined to have low credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) at the reporting date and other debt securities and bank balances for which the credit risk has not increased significantly since initial recognition which are measured at 12-month ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. A financial asset is considered in default, when the debtor is unlikely to pay its credit obligation in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses, measured as the present value of all cash shortfalls (the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**NOTE 33: ACCOUNTING POLICIES (continued)**

At each reporting date, the Group assesses whether financial assets carried at amortized costs and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- breach of contract such as default;
- probability that the debtor will enter bankruptcy or other financial reorganization;
- disappearance of an active market for security because of financial difficulties.

Loss allowances for financial assets measured at amortized costs are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

At each reporting date, the Group reviews the carrying amount of its non-financial assets (other than investment property recognized at fair value - if any -, inventories, and deferred tax assets) to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of other assets in the unit, on a pro-rata basis.

An impairment loss in respect of goodwill is never reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.





## **Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2019**

### **FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN FRENCH**

In the context of the statutory audit of the consolidated financial statements of D'Ieteren SA ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2019, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 1 June 2017, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the consolidated financial statements of D'Ieteren SA for 6 consecutive financial years.

### **Report on the consolidated financial statements**

#### ***Unqualified opinion***

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 3,458.2 million and the consolidated statement of profit or loss shows a profit for the year of EUR 64.5 million.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

#### ***Basis for our unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report.



*Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2019*

We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of matter – subsequent events***

We draw attention to Note 32 of the consolidated financial statements, which describes the possible effects of the COVID-19 crisis on the operations and financial situation of the Group as well as the measures taken by the Group. Our opinion is not modified in respect of this matter.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Valuation of goodwill and intangible assets with indefinite useful lives of the cash-generating unit Moleskine**

*We refer to note 12 "Goodwill" and note 13 "Intangible Assets" of the consolidated financial statements.*

#### ***— Description***

In accordance with the requirements of IAS 36 "Impairment of Assets", the Group completed an impairment test of its cash-generating unit Moleskine (the "CGU"), which includes goodwill and intangible assets with indefinite useful lives. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the CGU's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

As a result of the impairment test, an impairment charge of EUR 102.3 million was recognized and fully allocated to goodwill.

We identified the valuation of the cash-generating unit "Moleskine" as a Key Audit Matter due to the significance of the acquisition value of the goodwill and intangible assets with indefinite useful lives and also because of the significant management judgement and estimation required in assessing potential impairment which could be subject to error and potential management bias. In addition, changes in the key assumptions may have a significant financial impact.

#### ***— Our audit procedures***

With the involvement of our valuation specialists, our procedures included, amongst others:





Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2019

- inquiring with management about the key assumptions used for the impairment test (future cash flow projections, discount rate and perpetual growth rate) and assessing the reasonableness of these assumptions;
- comparing the future cash flow forecasts used by management for the impairment test with the budget approved by the Board of Directors;
- assessing management's previous ability to forecast cash flows accurately and challenging the reasonableness of current forecasts by comparing key assumptions and parameters (in particular the discount rate, forecasted period growth rate and inflation rate) to historical results, economic and industry forecasts and internal planning data;
- evaluating the methodology adopted by management in its impairment test, with reference to the requirements of the prevailing accounting standard (*IAS 36 Impairment of Assets*);
- testing the mathematical accuracy of the discounted cash flow model;
- performing a sensitivity analysis to both the discount rate and forecasted cash flows used by the Group to assess what change thereto would result in a different conclusion being reached, and assessing whether there were any indications of management bias in the selection of these assumptions;
- assessing the disclosures in the consolidated financial statements.

#### **Measurement of D'Ieteren Group's share of result of Belron Group SA ("Belron" or "the Component")**

*We refer to note 17 "Equity-accounted Investees" of the Consolidated Financial Statements.*

##### **— Description**

Since 2018, Belron is accounted for using the equity method as a result of the joint control shared between the Company and a third-party investor.

One of the matters of most significance in our audit of the Consolidated Financial Statements of D'Ieteren Group for the year ended 31 December 2019 has been the measurement of D'Ieteren Group's share of result of Belron.

D'Ieteren Group's share of result of Belron can be significantly impacted by Belron's estimate of its uncertain tax positions and by any impairment loss incurred at the level of Belron.

These matters ("the Matters") have been considered as a Key Audit Matter for the year ended 31 December 2019 for the following reasons:

- Misinterpretation of country specific tax laws and regulations could give rise to additional tax liabilities, interests and penalties resulting in material outflows in subsequent years. Further assessment of the likely outcome of Belron's uncertain tax positions involved a high degree of judgment and potential estimation bias by the board of directors of Belron.
- There is a high degree of judgment and potential bias by the board of directors of Belron in assessing potential impairment. In addition,



*Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2019*

changes in the key assumptions may have a significant financial impact on the Consolidated Financial Statements of D'Ieteren Group through its share in the result of Belron.

— *Our audit procedures*

Our procedures included, amongst others:

- requesting from the auditor of Belron (the "Component Auditor") to perform an audit on the financial information of Belron for the year ended 31 December 2019 in accordance with our instructions;
- performing risk assessment procedures with the assistance of the Component Auditor and reviewing the Component Auditor's overall audit strategy and audit plan;
- reviewing the Component Auditor's documentation and assessing whether the Component Auditor has designed and implemented appropriate audit responses to address the identified Matters. In particular, we assessed the adequacy of the audit procedures performed, audit evidence obtained and conclusions reached by the Component auditor with respect to:
  - the significant assumptions used by Belron's board of directors in the performance of its impairment testing at the level of Belron, the reliability of Belron's cash flow projections and any indications of estimation bias;
  - the process in place at Belron to identify, assess and measure the potential financial impact of uncertain tax positions, and any identification of estimation bias therein.
- evaluating D'Ieteren Group's assessment of the absence of impairment indicator of its equity-accounted investee in Belron;
- assessing the correctness of the determination and recording of D'Ieteren's Group's share of result of Belron and the disclosures included in the consolidated financial statements.

***Board of directors' responsibilities for the preparation of the consolidated financial statements***

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



*Statutory auditor's report to the general meeting of D'leteren SA on the consolidated financial statements as of and for the year ended 31 December 2019*

### **Statutory auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;



*Statutory auditor's report to the general meeting of D'leteren SA on the consolidated financial statements as of and for the year ended 31 December 2019*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Other legal and regulatory requirements**

### ***Responsibilities of the Board of directors***

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements and the other information included in the annual report.

### ***Statutory auditor's responsibilities***

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements and the other information included in the annual report, and to report on these matters.

### ***Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report***

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.



*Statutory auditor's report to the general meeting of D'leteren SA on the consolidated financial statements as of and for the year ended 31 December 2019*

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- the “Key Figures” and the “Key Indicators” included in the section “Integrated Report”; and
- the “2019 Full-Year Results” and the “Summarized Statutory Financial Statements” included in the section “Financial and Directors' Report 2019”

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in the board of directors' annual report on the consolidated financial statements, which is part of section “Financial and Directors' Report 2019” of the annual report. The Company has prepared this non-financial information based on the GRI (“Global Reporting Initiative”) and the SASB (“Sustainability Accounting Standards Board”) frameworks. In accordance with art 3:80 §1, 1<sup>st</sup> paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned GRI and SASB.

#### **Information about the independence**

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.



*Statutory auditor's report to the general meeting of D'leteren SA on the consolidated financial statements as of and for the year ended 31 December 2019*

**Other aspect**

— This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 27 April 2020

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren  
Statutory Auditor  
represented by

A handwritten signature in blue ink, appearing to be 'AP', with a stylized flourish extending to the right.

Alexis Palm  
Réviseur d'Entreprises / Bedrijfsrevisor

# s.a. D'leteren n.v.

## Summarised Statutory Financial Statements 2019

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The statutory financial statements of s.a. D'leteren n.v. are summarised below in accordance with article 105 of the Company Code. The unabridged version of the statutory financial statements of s.a. D'leteren n.v., the related management report and Statutory Auditor's report shall be deposited at the National Bank of Belgium within the legal deadline and may be obtained free of charge from the internet site [www.dieteren.com](http://www.dieteren.com) or on request from:

s.a. D'leteren n.v.  
Rue du Mail 50  
B-1050 Brussels

## Summarised Balance Sheet

At 31 December

EUR million	2019	2018
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>3,951.5</b>	<b>2,881.2</b>
II. Intangible assets	28.1	18.7
III. Tangible assets	21.6	22.0
IV. Financial assets	3,901.8	2,840.5
<b>Current assets</b>	<b>1,240.8</b>	<b>749.5</b>
V. Non-current receivables	0.3	20.0
VI. Stocks	383.5	350.2
VII. Amounts receivable within one year	362.1	334.8
VIII. Investments	470.6	37.8
IX. Cash at bank and in hand	15.0	-
X. Deferred charges and accrued income	9.3	6.7
<b>TOTAL ASSETS</b>	<b>5,192.3</b>	<b>3,630.7</b>
<b>EUR million</b>	<b>2019</b>	<b>2018</b>
<b>LIABILITIES</b>		
<b>Capital and reserves</b>	<b>3,340.3</b>	<b>1,540.1</b>
I.A. Issued capital	160.0	160.0
II. Share premium account	24.4	24.4
IV. Reserves	3,141.4	1,341.2
V. Accumulated profits	14.5	14.5
<b>Provisions and deferred taxes</b>	<b>14.5</b>	<b>33.5</b>
<b>Creditors</b>	<b>1,837.5</b>	<b>2,057.1</b>
VIII. Amounts payable after one year	178.6	553.2
IX. Amounts payable within one year	1,621.8	1,466.6
X. Accrued charges and deferred income	37.1	37.3
<b>TOTAL LIABILITIES</b>	<b>5,192.3</b>	<b>3,630.7</b>



## Summarised Income Statement

Year ended 31 December

EUR million	2019	2018
I. Operating income	3,495.2	3,280.3
II. Operating charges	3,409.2	3,218.4
III. Operating profit	86.0	61.9
IV. Financial income	1,996.2	82.4
V. Financial charges	202.8	27.6
IX. Result for the period before taxes	1,879.4	116.7
IXbis. Deferred taxes	0.4	0.3
X. Income taxes	-25.4	-16.3
XI. Result for the period	1,854.4	100.7
XII. Variation of untaxed reserves <sup>(1)</sup>	0.5	0.6
XIII. Result for the period available for appropriation	1,854.9	101.3

(1) Transfers from untaxed reserves (+) / Transfers to untaxed reserves (-).

## Summarised Appropriation

Year ended 31 December

EUR million	2019	2018
<b>APPROPRIATION ACCOUNT</b>		
Profit (loss) to be appropriated	1,869.4	115.8
Gain (loss) of the period available for appropriation	1,854.9	101.3
Profit (loss) brought forward	14.5	14.5
Withdrawals from capital and reserves	1.7	4.1
from capital and share premium account		
from reserves	1.7	4.1
Transfer to capital and reserves	1,802.2	50.7
to capital and share premium account		
to legal reserve		
to other reserves	1,802.2	50.7
Profit (loss) to be carried forward	14.5	14.5
Profit to be distributed	54.4	54.7
Dividends	54.4	54.7

This proposed appropriation is subject to approval by the Annual General Meeting of 28 May 2020.

## Summary of Accounting Policies

The **capitalised costs for the development of information technology projects (intangible assets)** are amortised on a straight-line basis over their useful life. The amortisation period cannot be less than 2 years nor higher than 7 years.

**Tangible Fixed Assets** are recognised at their acquisition value; this value does not include borrowing costs. Assets held by virtue of long-term leases ("emphytéose"), finance leases or similar rights are entered at their capital reconstitution cost. The rates of depreciation for fixed assets depend on the probable economic lifetime for the assets concerned. As from 1 January 2003, tangible fixed assets acquired or constructed after this date shall be depreciated pro rata temporis and the ancillary costs shall be depreciated at the same rate as the tangible fixed assets to which they relate.

The main depreciation rates are the following:

	Rate	Method
Buildings	5%	L/D
Building improvements	10%	L/D
Warehouse and garage	15%	L/D
Network identification equipment	20%	L/D
Furniture	10%	L/D
Office equipment	20%	L/D
Rolling stock	25%	L
Heating system	10%	L/D
EDP hardware	20%-33%	L/D

L: straight line.

D: declining balance (at a rate twice as high as the equivalent straight-line rate).

Tangible fixed assets are revalued if they represent a definite, long-term capital gain. Depreciation of any revaluation surplus is calculated linearly over the remaining lifetime in terms of the depreciation period of the asset concerned.

**Financial Fixed Assets** are entered either at their acquisition price, after deduction of the uncalled amounts (in the case of shareholdings), or at their nominal value (amounts receivable). They can be revalued, and are written down if they suffer a capital loss or a justifiable long-term loss in value. The ancillary costs are charged to the income statement during the financial year.

**Amounts Receivable** within one year and those receivable after one year are recorded at their nominal value. Write-downs are applied if repayment by the due date is uncertain or compromised in whole or in part, or if the repayment value at the closing date is less than the book value.

**Stocks** of new vehicles are valued at their individual acquisition price. Other categories of stocks are valued at their acquisition price according to the fifo method, the weighted average price or the individual acquisition price. Write-downs are applied as appropriate, according to the selling price or the market value.

**Treasury Investments and Cash at Bank and in Hand** are recorded at their acquisition value. They are written down if their realisation value on the closing date of the financial year is less than their acquisition value.

When these treasury investments consist of own shares held for hedging share options, additional write-downs are applied if the exercise price is less than the book value resulting from the above paragraph.

**Provisions for Liabilities and Charges** are subject to individual valuation, taking into account any foreseeable risks. They are written back by the appropriate amount at the end of the financial year if they exceed the current assessment of the risks which they were set aside to cover.

**Amounts Payables** are recorded at their nominal value.

### Valuation of assets and liabilities in foreign currencies

Financial fixed assets are valued in accordance with recommendation 152/4 by the Accounting Standards Commission. Stocks are valued at their historical cost. However, the market value (as defined by the average rate on the closing date of the balance sheet) is applied if this is less than the historical cost. Monetary items and commitments are valued at the official rate on the closing date, or at the contractual rate in the case of specific hedging operations. Only negative differences for each currency are entered in the income statement.