



## WHAT WE DO

Belron makes a difference by **solving people's problems with real care**. It is the worldwide leader in vehicle glass repair and replacement with **more than ten major brands** – including Carglass®, Safelite® AutoGlass and Autoglass®. Building on its existing capability and expertise, Belron **is expanding its services** to focus on solving problems for people who need assistance with repairs to their vehicles and their home. In 2017, Belron acquired several businesses carrying out Auto Damage Repair and Replacement (ADRR) and Home Damage Repair and Replacement (HDDR). In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers.

In 2017 Belron served 16.5 million consumers in 34 countries on six continents with a focus on **service quality** generating a very high level of customer satisfaction.

	2016	2017
Consumers (in millions)	15.4	16.5
NPS <sup>1</sup>	82.6%	83.1%

<sup>1</sup> Net Promoter Score



  
**CARGLASS®**

  
**Safelite®**  
AutoGlass

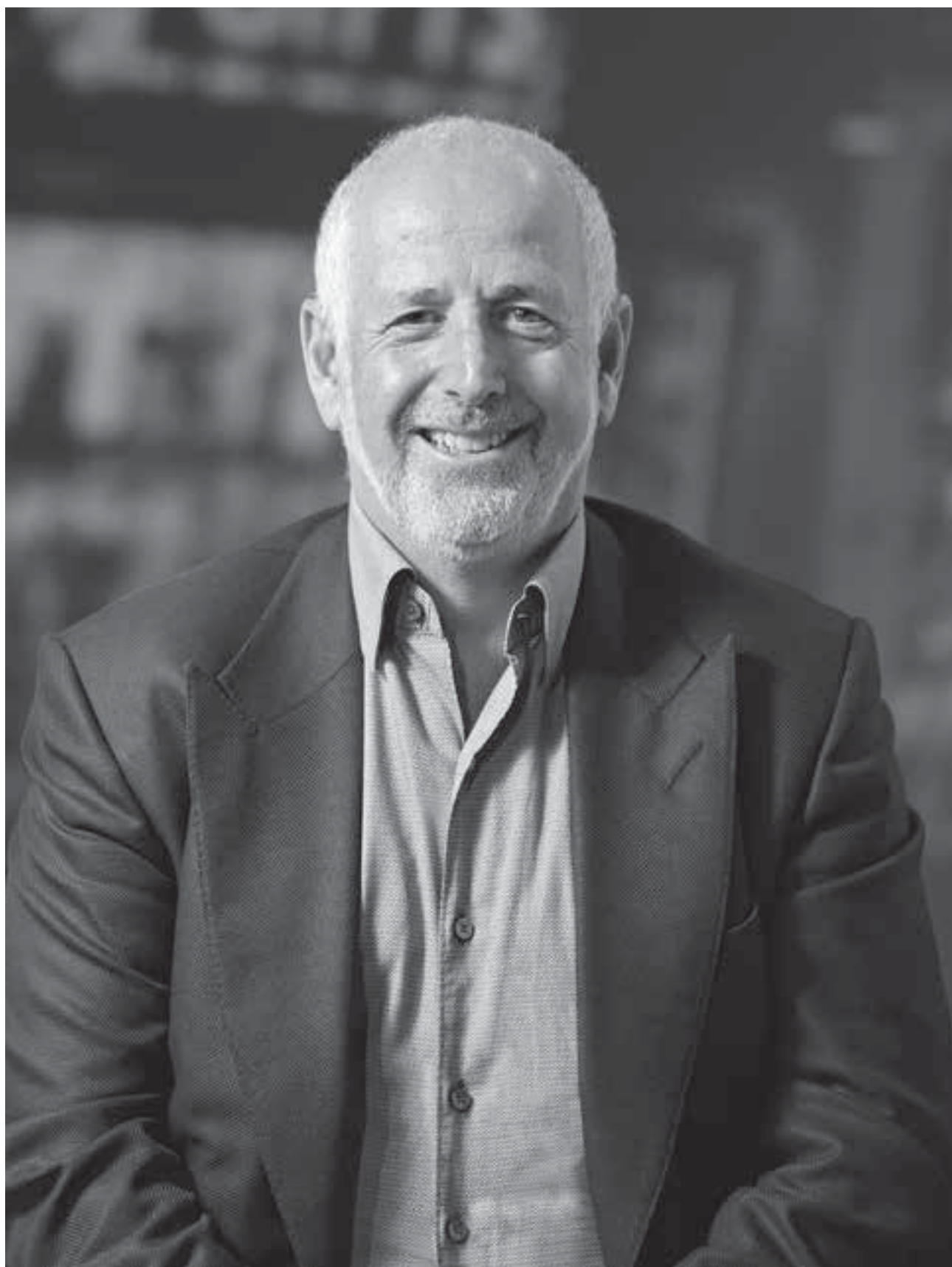
  
**AUTOGLASS®**

  
**Lebeau**  
Vitres d'autos

  
**Speedy Glass®**

  
**O'Brien**

  
**Smith & Smith**  
SINCE 1875



MESSAGE FROM

# GARY LUBNER

BELRON'S CEO

*I look back now on what we've achieved and feel grateful and proud of the exceptional people who make Belron such a special organisation. It was truly an extraordinary year!*

Most years are unusual or notable in some way for Belron, but it has been a while since we have had one as extraordinary as 2017. We began the year with a clear purpose - to make a difference to our customers, our people, our shareholders and our communities. We had plans to continue to expand our existing Vehicle Glass Repair and Replacement (VGRR) businesses. We also aimed to expand into other distressed consumer services, notably automotive and home damage. On top of this, our major shareholder decided to introduce a new investor to the business.

I look back now on what we've achieved and feel grateful and proud of the exceptional people who make Belron such a special organisation. Let me start with D'Ieteren's project to find a new minority shareholder in Belron. This involved an immense amount of work across the entire organisation, either preparing long-range plans, refinancing the business, presenting to and meeting investors, and undergoing due diligence. I am delighted with the outcome of this hard work and that Clayton, Dublier & Rice has chosen to become a Belron shareholder. I am now really looking forward to working with both D'Ieteren and Clayton, Dublier & Rice to write the next chapter in Belron's history.

We made great strides in extending our services in 2017. We entered the Automotive Damage Repair and Replacement (ADRR) market in five countries, either by offering a solution for minor accident damage or for the whole spectrum of vehicle damage. We served 132,000 ADRR customers in 2017 compared to 55,000 in 2016, a 72% increase. We also entered the home damage market through the acquisition of Maisoning in France in December and entered into an agreement to acquire the assets and operations of Laser, a franchise group providing electrical and plumbing services in Australia and New Zealand.

It turned out to be another successful year for our existing VGRR businesses. We served a record number of consumers and delivered record service levels. We continued to work closely with our insurance, fleet, and lease clients, particularly in the USA, where we expanded our Safelite® Solutions claims management service offering into non-glass First Notice of Loss (FNOL) claims for several key account partners.

We also introduced a monthly check-up to measure and boost staff engagement. And we delivered solid results for our shareholders and offered more support than ever before to our communities through our Giving Back programme.

It was truly an extraordinary year!

In 2018 we will continue to focus on our purpose to 'Make a difference by solving people's problems with real care'. We expect VGRR markets to continue to grow in value while declining in volumes, a trend that has now been visible for several years. In this environment, we will remain focused on delivering an outstanding service to our customers and real value to our insurance, fleet and lease partners, thereby continuing to gain market share. We will also continue to improve the efficiency and effectiveness of our operations through a multitude of different initiatives across the globe. This can only be achieved with employees who offer 100% commitment and we will take the lessons learnt from our new feedback tool to make Belron the best place they will ever work.

Our plans to extend services contain no significant new acquisitions. Instead, we will focus on the businesses we have already acquired and the projects we initiated this year, with the aim of proving our ability to disrupt the automotive and home repair markets. This will be an exciting journey as we experiment with innovative new approaches. We will also share the lessons learnt across the Group, as we do in VGRR, in order to leverage the best practices that we identify and create.

Finally, we will work closely with our existing and new shareholders to leverage the contribution they can make to the development of the business. I am really looking forward to another exciting year for the business.



## STRATEGIC APPROACH



*Belron's strategic framework*

### A review of 2017 - an extraordinary year

In 2017, Belron continued to focus on its stated purpose to 'Make a difference by solving people's problems with real care', an objective that targets its customers, people, shareholders and the communities in which it operates. Belron's strategy includes plans to further increase the market share of its existing VGRR business and to continue expanding into new services alongside VGRR. In order to make these outcomes possible, it has defined several priorities: to ensure that Belron becomes the natural choice by building exceptional brands; to ensure its ability to build outstanding key account partnerships; to maintain its focus on being people and customer driven through a nationally-led, globally-supported operating model; and to maintain its strong commitment to leadership and corporate culture – the core values that define the Spirit of Belron. Belron's performance in each of these areas is outlined in the relevant sections below.

### Vehicle glass repair and replacement

In 2017, VGRR markets declined in volume by circa 1-2% in most major markets, with the USA proving particularly volatile. This was due to a mild winter in the north-eastern states and extreme wet weather on the west coast, followed by hurricanes and forest fires later in the year. Against this challenging market backdrop, the VGRR business served 12.4 million customers worldwide; a record high. It also achieved a record service level, with an overall worldwide NPS of 83.1% for the year. This generated total VGRR sales of EUR 3.4 billion.

In most countries, Belron gained share through more efficient marketing investment and media presence and close relationships with its insurance, fleet and lease partners. A highlight of the year was the progress made on providing a convenient and cost-effective solution for the calibration of Advanced Driver Assistance Systems (ADAS) (see box on page 33).



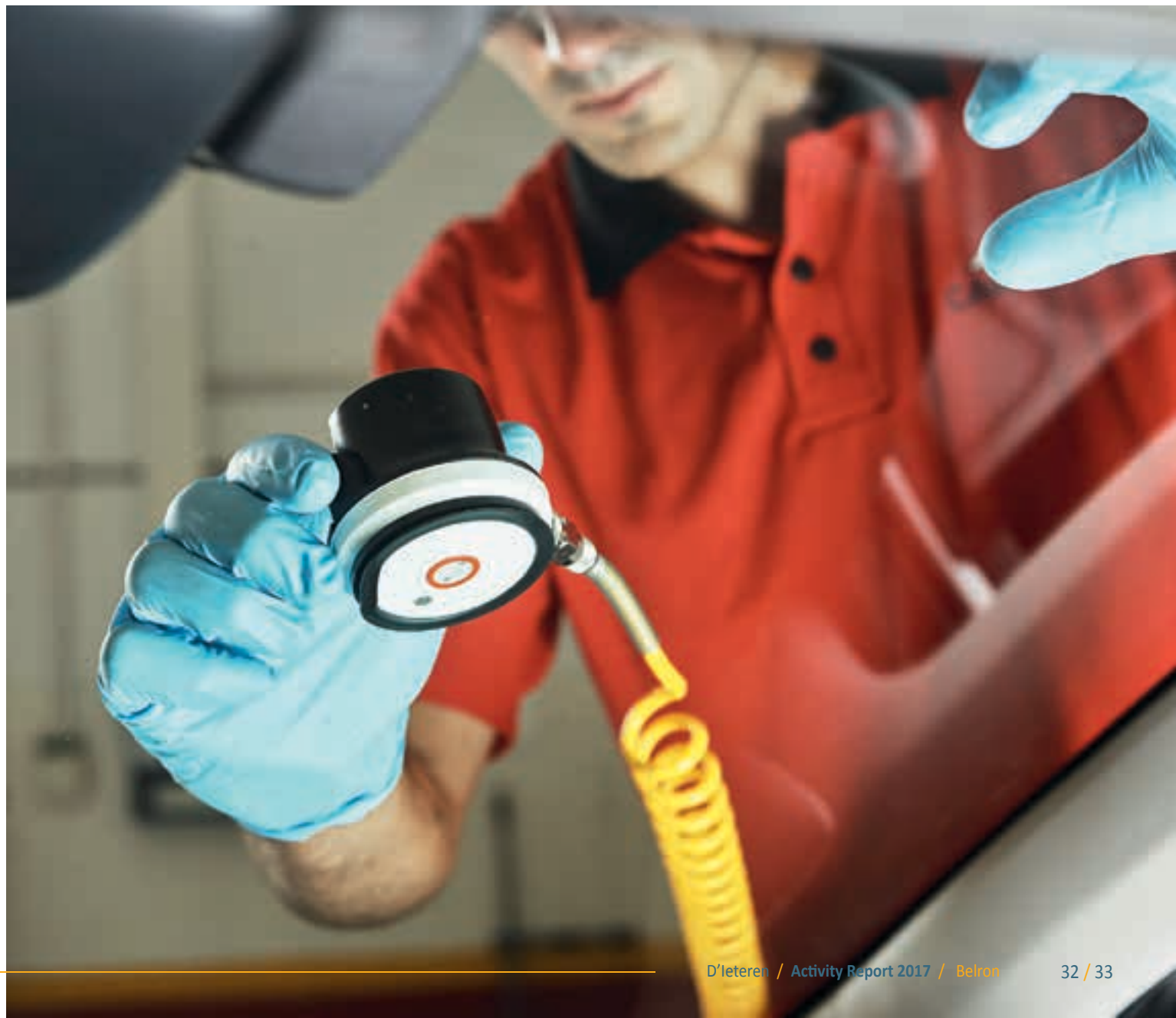
#### SECURING MOTORIST SAFETY WITH A MARKET-LEADING APPROACH TO ADAS

Belron completed 165,000 calibrations in 2017, an increase of 142% on 2016. It experienced a greater than 50% increase in the number of vehicles requiring windscreen-mounted calibrations, thereby confirming market growth estimates.

“Belron is a partner that is very conscious of this evolution and invests very much in that kind of technology... which is very important to us.” - **Insurance Partner, Belgium**

“They’re one of the only providers I can trust to just get out there and deliver.” - **Insurance Partner, UK**

*The Vehicle Glass Repair and Replacement (VGRR) Business served 12.4 million customers worldwide in 2017, a record high.*



### New services

In its 2015 strategic review and in line with its stated business purpose, Belron assessed potential new services, based on criteria such as size, scalability, the ability to disrupt the existing market, and how to ensure the best use of its capabilities. The resulting expansion began with the acquisition of a collision repair franchise network in Canada in December 2016. Further acquisitions in 2017 included the leading multi-brand ADRR business in Belgium, which has been branded Carglass® Carroserie, the Eurocar ADRR network in Italy, and the Maisoning home damage service business in France. At the end of the year, Belron signed an agreement to acquire Laser, a plumbing and electrical services franchise in Australia and New Zealand.

Belron chose Auto and Home Damage Repair and Replacement because its winning VGRR formula can be applied in those two very large markets. This includes offering a quality service to large fragmented markets and building on the existing brands and relationships with insurers.

In addition to acquiring new service businesses, Belron continued to develop its minor automotive accident damage business in the United Kingdom, rebranded Autoglass® Body Repair mid-year, and established similar operations in the Netherlands. Small-scale minor accident damage trials were also undertaken in Germany and Italy. The service levels achieved in the minor accident damage marketing test in the Netherlands were excellent, with an NPS of 76%. The focus in 2018 will be on proving a winning formula for ADRR and HDRR, leveraging Belron's expertise in marketing, sales and operations.



*"We will focus on projects we initiated this year, with the aim of proving our ability to disrupt the automotive and home repair markets." Gary Lubner, CEO*



## MAISONING - EXPANDING BELRON SERVICES INTO THE HOME REPAIR MARKET

In 2017, Belron acquired this French home damage service business. Maisoning is an integrated network providing home repair services to individuals, insurance and property management companies. It has 400 employees, serves approximately 120,000 customers each year, and generated over EUR 40 million of sales in 2016.

Eric Girard, General Manager of Carglass® France: "This acquisition fits perfectly with our purpose. It is exciting to be able to capitalise on our expertise, the excellence of our service and our experience to turn Maisoning into the market leader in home repair. Our ambition is to make Maisoning the 'Carglass® of the home'".



### Customer Driven

There were significant improvements in VGRR's operational performance in 2017, with records in number of consumers served, Net Promoter Score and Total Net Conversion. In the USA, a focus on technician retention has enabled a sharp reduction in staff turnover with consequent improvements in quality. Increasing the ability of its businesses to re-calibrate ADAS vehicles has been a highlight, requiring technician training, investment in technology and close partnerships with two global ADAS suppliers. At the same time, Belron has increased its focus on selling additional products or services to customers and measured an increase of over 20% in the volume of value-added complementary products sold, notably in France where 100,000 more wipers were sold. Belron's efforts to obtain a better insight into customer behaviour have confirmed that offering these products and services increases customer satisfaction, proving this initiative is fully aligned with its purpose.

Belron's supply chain reached an exciting milestone in 2017, with construction starting on its new European Distribution Centre in Belgium. The existing facility is no longer able to manage the volume of products passing through it given both the growth of Belron's share in Europe, and the higher number of countries served by the European Distribution Centre. In purchasing, new records have been achieved with two of its largest glass suppliers for supply performance in both quality and product availability.

Belron has pursued its work in IT & Digital to support the increasing demand among its customers, employees and partners for digital solutions for their vehicle glass, auto repair and First Notice of Loss (FNOL) problems in the USA. Significant IT changes include the implementation of a new Enterprise Resource Planning tool in Australia, which is also in its first phase in Belgium, and new branch and customer procedures in Germany.

In 2017, Belron worked with IBM Watson to create and put into operation an automated image recognition tool that can provide an instant quotation to customers who send photos of their damaged cars. This use of Artificial Intelligence holds great promise for the creation of a disruptive customer experience in home and auto repair services.

To further encourage digital innovation across the business, the 'Drive' start-up accelerator had a successful second year, with increases in the number of start-ups applying and progress made in the 10-week programme. Belron continues to work with four out of the five start-ups involved.





*The Company nurtures its strong culture – the Spirit of Belron – around four core values: Care, Driven, Collaborative and Genuine. The Genuine attribute encompasses the Company's core ethical principles of Integrity, Respect and Trust.*

Belron continued to build its brands through innovative traditional and digital marketing activities. A highlight in the USA showed top-of-mind awareness of the Safelite® Autoglass brand hitting the 40% mark for the first time. New marketing content was tested and rolled out in the traditional media space, including raising awareness of ADAS calibration among motorists in a number of countries. Belron also significantly improved its analysis of media effectiveness, which has enabled it to measure the return on marketing campaigns more accurately than ever. In the digital space, Belron's partnership with Google reinforced its ability to measure share development, whilst other digital initiatives enhanced its online visibility among customers with VGRR damage.

As highlighted above, Belron also launched its first ever ADRR advertising campaign on SMART Repair in the Netherlands. This demonstrated both the credibility of the Carglass® brand in ADRR, and the ability to persuade SMART repair customers to repair their damaged vehicles. Over 10,000 enquiries were generated by the two-week campaign.

Belron again reinforced its trust capital in the insurance, lease, fleet and rental activities with key account partners. Belron renewed valuable agreements with three of its largest global partners, AXA, Allianz and Aviva, and achieved strong growth compared to underlying market conditions with these key accounts. It also created a new partnership with EURAPCO - a large group of European mutual insurers - with very encouraging growth in both relationship and business volume with EURAPCO members. In the USA, new account wins continued both in VGRR and in FNOL; the USA ended 2017 serving just under 10 million consumers. In 2018, Belron aims to further strengthen partnerships with an ongoing focus on using digital technology to improve the customer experience whilst also reducing costs.

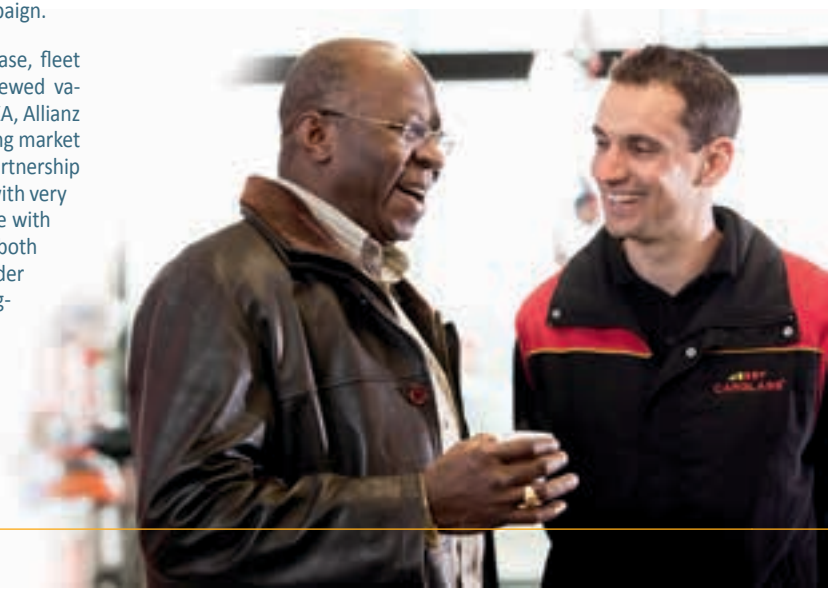
## CORPORATE COMMITMENTS

### People Driven

A new tool to measure employee engagement and obtain feedback was implemented across the Group on a monthly basis in 2017, following various pilot schemes in 2016. The tool provides useful insight into ways to improve engagement in all areas. Several businesses were recognised in national Best Place to Work competitions, with Carglass® Norway, Carglass® Belgium and Belron International achieving top 10 positions in their countries.

Extensive training was provided in ADAS calibration together with ongoing training and development in all functional areas to enhance capability. Several countries held their national Best of Belron competition,

*A high level of customer satisfaction is crucial to making Belron the leading company in its industry and beyond.*





recognising the exceptional work of technicians, in readiness for the global Best of Belron competition in 2018 in Germany. Belron also launched its first ever Belron Exceptional People Awards to recognise outstanding long-term contributions to the business.

#### Leadership and Corporate Culture

Belron continued to support the professional growth of its leaders with a focus in 2017 on purposeful leadership and how leaders react to challenging situations. This is particularly important at present given the changes underway within the business. Belron also continued to measure and improve the performance of its leaders through its Executive Winning Behaviour (EWB) and Leadership Styles and Climate tools, achieving a record level for its Leadership/EWB Index.

Belron remains a signatory of the United Nations Global Compact. The Ten Principles cover the areas of human rights, labour practices, anti-corruption and the environment. They support the commitments set out in the Belron Code of Ethics 'Our Way of Working' and help to reinforce the Spirit of Belron.

The Ecovadis sustainability measurement tool remains an effective way to assess the progress made in embedding these commitments across the Group. During the last 12 months, 10 Belron businesses were rated Gold Standard and 12 businesses, Silver. These achievements recognise the constant focus on ensuring that Belron remains a sustainable business. Belron is currently in the top 10% of businesses rated by Ecovadis.



#### CATCHING THE DAYLIGHT

A mirrored, technology based system, the Lightcatcher, searches for the optimum light spot without using up any energy. Carglass® will be installing over 420 Lightcatchers in its new warehouse in Bilzen, Belgium. This means that electric lights can be turned off for an average of ten hours per day, resulting 472,000 kWh electricity saving each year.





*Afrika Tikkun is a charity investing in education, health and social services for children, young people and their families, through its many programmes and Community Centres of Excellence, helping to break the cycle of poverty. The charity supports over 19,000 people annually in townships near Johannesburg and Cape Town and employs over 600 staff from the local communities.*



*Spirit of Belron challenge 2017*

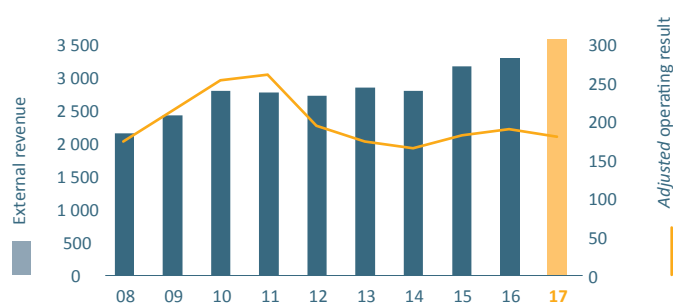
The Belron businesses also continued to support their local communities, thereby benefiting over 250 worthy causes. The international Spirit of Belron Challenge in September was another huge success, with over 1,600 people from 26 countries participating in various challenges including a 5km running race, triathlons, a duathlon, a team-relay marathon, and a half marathon. The event raised an incredible EUR 1.2 million for the Belron global charity Afrika Tikkun, the highest amount raised in the event's 16-year history. This money will have a huge impact on the charity's work and projects in South Africa.

*More details about Belron's corporate commitments are available in the Non-Financial Disclosure published on p. 102 of the Financial and Directors' Report.*



(EUR million)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
External revenue	2,156.1	2,423.2	2,800.9	2,769.0	2,727.2	2,843.1	2,792.6	3,161.2	3,305.4	3,486.2
Adjusted operating result <sup>1</sup>	173.9	215.5	255.6	262.3	196.0	173.5	165.1	182.0	190.7	189.2
Adjusted operating margin <sup>1</sup>	8.1%	8.9%	9.1%	9.5%	7.2%	6.1%	5.9%	5.8%	5.8%	5.4%
Adjusted result, group's share										
before tax <sup>1</sup>	108.6	150.4	211.3	213.1	147.7	130.5	123.4	137.6	148.4	134.5
after tax <sup>1</sup>	86.7	126.1	155.5	162.3	110.9	93.1	94.3	112.2	122.6	116.0
Average workforce (average full time equivalents)	20,833	22,399	24,790	25,199	24,200	25,645	25,204	26,390	26,340	28,994

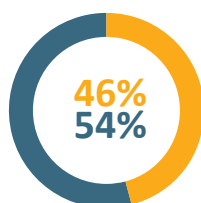
## REVENUE AND ADJUSTED OPERATING RESULT<sup>1</sup> (EUR million)



## REVENUE BREAKDOWN BY REGION

**3,486.2**

EUR million in 2017



EUR million	2016	2017	Change
EUROPE	1,482.4	1,598.3	+7.8 %
REST OF THE WORLD	1,823.0	1,887.9	+3.6 %
<b>Total</b>	<b>3,305.4</b>	<b>3,486.2</b>	<b>+5.5 %</b>

Consumers (million)	2016	2017	% Change
Vehicle Glass Repair and Replacement (VGRR)	11.8	12.4	+5%
Claims Management	3.5	4.0	+12%
Automotive Damage Repair and Replacement (ADRR)	0.1	0.1	+72%
Home Damage Repair and Replacement (HDRR)	0.1	0.1	-4%
<b>Total</b>	<b>15.4</b>	<b>16.5</b>	<b>+7%</b>

<sup>1</sup> Excluding *adjusting* items (APM - see glossary on page 52).



## GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES (APMS) USED IN THIS ACTIVITY REPORT

In order to better reflect its underlying performance and assist investors, securities analysts and other 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. 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, and each subtotal of the segment statement of profit or loss, 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 and 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 (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. Re-measurement of financial liabilities resulting from put options granted to non-controlling interests as from 1 January 2010;

D. Impairment of goodwill and other non-current assets;

E. 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;

F. 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 after tax** consists of the reported result from continuing operations (or the result for the period when no discontinued operation is reported), excluding *adjusting* items, and excluding their tax impact.

**Adjusted result before tax** consists of the reported result before tax excluding *adjusting* items as defined above.

*Adjusted* result after tax, Group’s share, and *adjusted* result before tax, Group’s share, exclude the share of minority shareholders in *adjusted* result before/after tax.

**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.

**Earnings per share** are based on the result for the period attributable to equity holders of the Parent, 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). *Adjusted* earnings per share, which do not include *adjusting* items, are presented to highlight underlying performance.