



Building seamless and sustainable
mobility for everyone



WHAT WE DO

D'leteren distributes, markets and provides after-sales services in Belgium for Volkswagen, Audi, SEAT, CUPRA, ŠKODA, Bentley, Lamborghini, Bugatti and Porsche vehicles. The company operates through a network of independent dealerships throughout Belgium, as well as around 30 company-owned dealerships located mainly on the Brussels-Mechelen-Antwerp axis. D'leteren has a market share in the new car market of more than 23% and a fleet of 1.2 million vehicles on the road.

The company is also active on the second-hand vehicle market via, among others, MyWay and Audi Approved Plus authorised centres and distributors. In addition, D'leteren offers long-term leasing and a full range of financing services through a subsidiary, which is common to D'leteren and Volkswagen Financial Services. D'leteren also invests in mobility services through its Lab Box subsidiary and now offers a range of solutions, from shared cars to the provision of autonomous vehicles, including the marketing of electric charging stations, mobility advice and the development of a multimodal application.

D'leteren has also created the Wonder Car franchise, which offers an innovative vehicle repair concept combining smart repair and classic bodywork that reduces the ecological footprint of this activity and lowers the average costs of vehicle repair and immobilisation.

NB: For the comfort of reading, the commercial name of D'leteren Automotive, "D'leteren" will be used throughout the chapter.





Message from Denis Gorteman, *CEO of D'leteren Automotive*

The way we move around is a major topic in this challenging time of climate change. For this reason, D'leteren is committed to building fluid and sustainable mobility for all. It is a responsibility, which we, as a market leader, undertake to deliver in an exemplary manner.

For several years now, we have been working on transforming our businesses to seize all the opportunities linked to digitalisation, electrification, vehicle automation and new mobility. This approach enables us to fulfil our mission for the benefit of our customers, partners, employees and society in general.

The global pandemic has made it necessary to accelerate certain aspects of this transformation, to offset the sharp decline in the market, to meet our customers' new expectations and to secure our ability to invest for the future and fulfil our mission.

To enable each of our employees to take decisions in the most autonomous way possible, we have defined 4 strategic axes:

- Customer experience: improve the life of our customers by aiming for excellence in the services we offer.
- Product & Service portfolio: create and adapt a portfolio of products and services in line with customer needs, determined on the basis of data analysis.
- Mobility ecosystem: build a coherent ecosystem of sustainable mobility solutions and distribute it through our own channels, network and partners.
- People: offer our employees "a great place to work" by bringing our values to life.

We will carry out our strategic developments while also ensuring that we achieve environmental, social and governance objectives, including carbon neutrality by 2021, reducing our CO₂ emissions by 50% by 2025 and promoting diversity in our teams.

The holistic and responsible approach we put into practise in our operations, enriched by the agility of our new subsidiary organisational structure, allows D'leteren to be resolutely forward-looking.

To symbolise this and the commitments we are making, we have adopted a new brand identity. One which links the past to the future, and integrates the name D'leteren, associated with a precious heritage of adapting to changes in mobility for more than two hundred years, with the arrow-shaped "Forward" that underscores our desire to anticipate and adapt to market changes. For D'leteren and its employees, this new brand identity is a strong symbol that unites us in the service of a common ambition: make mobility a lever for sustainable development, for generations to come.

We are starting 2021 with the lessons learned from 2020. Many measures are already in place to counter the impacts of the health crisis and also to take advantage of new mobility norms. Our ambitions are high, as is the commitment of our teams to achieve them. I would like to pay tribute to the quality of their work and the efforts they make on a daily basis, under exceptional circumstances, to ensure the satisfaction of our customers and our dealer partners.

> 2020 in brief

Business environment

The coronavirus pandemic has not spared the automobile sector, disrupting both dealership sales activities and vehicle deliveries, in a context of great economic uncertainty. 431,491 new cars were registered in Belgium during the year 2020, a severe decline of 21.5%. A significantly lower decline was observed in the light commercial vehicle market, with a decrease of 12.2% to 71,800 registrations. Given the size of the population, however, the ratio of new vehicles per inhabitant still places Belgium among the top European countries.

An analysis of new car registrations in 2020 shows:

- a stabilisation in the proportion of registrations made by private customers (45% in 2020 versus 44% in 2019) and by companies;
- a strong increase in the electrification of vehicles, rising from 1.6% in 2019 to 3.5% one year later, and a sharp rise in hybrid models to 10.9% market share versus 4.7% in 2019; companies are key players in the electrification of the Belgian car fleet in 2020, whereby one out of every five registered company cars was equipped with an electric or hybrid engine;
- the continued success of SUVs with 41% cars registered in 2020. Within that segment, mid-size SUVs have a strong appeal, ahead of the category small station wagons and small SUVs.

The after-sales sector has, like sales, suffered as a result of the Covid crisis; government measures (obligation to telework, extension of the cessation of certain activities, curfews, etc.) has led to a reduction in the number of kilometres travelled. In fact, the average kilometres travelled per year has fallen from 13,764 in 2019 to 11,757 in 2020, a drop of 14.5% which has led to a drop in activities of 18% for mechanics and 19.5% for bodywork.

Commercial results confirming our brands' appeal

- 23.6% net market share in Belgium for all brands distributed: a level never before achieved;
- market share records for Audi and ŠKODA; Volkswagen remains the best-selling brand; SEAT stabilises its market share; VW Commercial Vehicles perform well despite end-of-cycle products; Porsche, Bentley and Lamborghini also set registration records;
- in terms of leasing and financing solutions, Volkswagen D'leteren Finance also has a very high penetration rate of 36% (35% in 2019) in the sales of our brands.

Invoicing volumes are certainly significantly lower than in 2019, which was itself an excellent year. These volumes equate to 104,710, -19.2% less than in 2019.

Covid-crisis management

From the start of the health crisis, D'leteren has implemented a number of initiatives to mitigate the effects of the crisis while protecting its employees, partners and customers as much as possible. In this context, teleworking was widely implemented, showrooms were closed and, initially, after-sales activities were limited to emergency operations, mainly for healthcare staff.

In order to offset the impact of the cessation of activities, rigorous cash management, notably through reduced working capital, combined with a drastic reduction in marketing costs, recourse to external companies, transport and logistics, were rapidly implemented. D'leteren also took care to deploy the necessary organisational and financial measures to support its distribution network during this extraordinary crisis.

In addition to managing the Covid crisis in the short term, D'leteren has challenged its strategic choices in the face of the sudden drop in markets and the expected changes in its customers' behaviour, particularly in terms of digitalisation and teleworking. This led to the implementation of a plan to accelerate its transformation, which began in 2019.

This plan includes a significant investment programme by 2025 aimed at guaranteeing the company's leadership in its markets, as well as a review of its internal operating methods and its portfolio of operating activities in order to secure its margin levels, in a context of altered growth. Activities that no longer meet the needs of dealers or customers have thus been halted. These include: the discontinuation of the Contact Centre activities in Kortenberg, as test drives are now mainly organised by dealers at the request of customers; and the withdrawal from the import activities for Yamaha products in Belgium and the Grand Duchy of Luxembourg, carried out by D'leteren Sport. All of these internal measures resulted in the loss of 211 jobs in 2020.

> On the road to tomorrow's mobility

“With the Virtual Motor Show, we are more committed than ever to digitising our customer approach.”

José Fernandez, Chief Customer Experience & Digital Officer



The cancellation due to the health crisis of the 2021 Brussels Motor Show was a major challenge because the stakes are high. Every year, the Brussels Motor show welcomes more than half a million visitors and enables us to achieve - on average - 30% of our annual sales during the first quarter. Therefore, to overcome this situation, we have invested in the creation of authentic virtual stands, presenting all the models in detail, both inside and out, with high-quality 360° images. A call centre with some 130 specialists was available to customers in January, 7 days a week. Visitors were able to get advice via chat or book a test drive directly. This initiative, which was welcomed by customers, generated numerous contacts for the benefit of dealers in a context of economic crisis and compared to an exceptional 2019 Motor Show. This virtual show is a real source of learning with respect to the analysis of customer behaviour in the digital age. It accelerates the global process of digitising the customer experience, including online sales, an area in which we are investing and engaging our teams with the aim of achieving 15% of our sales via this channel by 2025. It also encourages us to make better use of our data, in accordance with the legal standards in force, in order to personalise our offers and respond as precisely as possible to customer expectations.

Already a well-established leader in the electric vehicle segment



The Volkswagen group's electric offensive has enabled D'leteren to capture almost 25% of this segment, with ranges that continue to develop, notably at Volkswagen with the ID.3 and ID.4, at ŠKODA with its latest Enyaq model, at Audi with the Q4 and the e-Tron GT, the CUPRA el-Born, and at Porsche with the Taycan.

In order to promote the adoption of these vehicles, D'leteren markets, through its subsidiary EDI (Electric by D'leteren), a complete range of intelligent solutions for recharging and the production of green energy for private and professional users. In 2020, EDI took advantage of the trend towards the electrification of vehicles by increasing from 435 in 2019 to 1,805 charging points in 2020. EDI expects continuing growth in 2021 and plans to install nearly 100 charging stations per week to reach 5,600 charging points at home and at work locations by 2021.

“This new mobility, which is already well established today, is not only made up of shared vehicles, public transport, bicycles or walking. None of these modes of transport alone provides “the” solution, but together they form a mobility model that is certainly more complex, but above all more efficient, especially for travel in the city. This is why D’leteren deploys a diverse range of mobility solutions. Some of them (such as Poppy, EDI or Husk) are already multi-million euros businesses and have short-term profitability targets ; others are still in earlier development phase, such as Skipr, MyMove or mBrella”

Michaël Grandfils, Managing Director Lab Box



A new mobility is taking shape

Examples of initiatives developed to make mobility more fluid and sustainable:

- **POPPY:** Car-sharing activities have experienced contrasting developments, linked to lockdown, but have recovered to the levels reached before the health crisis. Poppy has renewed its entire fleet in 2020 with 500 clean vehicles in circulation in Brussels, Antwerp and now in the Charleroi Airport area, with some 1,200 daily journeys. Poppy aims to increase these journeys to 1,900 by 2021, and by 2025 wants to further increase its vehicle fleet - with a target of 10 vehicles per km² - in order to be able to exploit the full potential of this mode of transport.
- **SKIPR:** It is a mobile application, a one stop shop for planning and paying for everyday business trips, with a wide range of alternative mobility options such as NMBS, STIB, De Lijn, TEC, Bird, Uber, Poppy, Billy, Dott and many others at your fingertips. 2020 was a key year for Skipr, which raised € 7 million from Belfius to validate its leading position on the Belgian market and to develop internationally, particularly in France.
- **BIKE-MOBY:** is a bicycle leasing formula developed by Volkswagen D’leteren Finance, which comes with a level of service and assistance comparable to that of company cars.





The second-hand vehicle market: a new growth area for D'leteren and its dealerships

2020 has demonstrated the resilience of the second-hand market, benefiting in particular from greater appeal in times of economic crisis, which was down by only 5%, far from the contraction of the new vehicle market. MyWay and Audi Approved Plus also experienced a sharp increase in the number of vehicles sold. These developments attest the potential that D'leteren intends to capture through its new offer, Wonder. In 2020, this subsidiary will develop a new digital MyWay Pro platform for the purchase and resale of second-hand vehicles on an international level.

“Our objective is to supply the network with second-hand vehicles to enable it to take a larger share of this buoyant and value-added market, particularly through the repairs and maintenance it generates. MyWay Pro aims to market some 12,000 vehicles in 2021. This will be achieved, for example, by diversifying its sources of supply, by buying from private customers or via new remarketing contracts.”

Claude Willaert, Managing Director of Wonder Group

The dealership of the future

D'leteren Center Brussels is a new type of concession. Opened in May 2020, its small showroom nevertheless houses 3 brands - Volkswagen, SEAT and ŠKODA - without any separation between them. Digital communication tools are widely used to present the entire ranges. Demonstration vehicles are available to customers if they wish to carry out a test drive. In addition, deliveries of vehicles ordered for customers now take place in two new delivery centres, entirely dedicated to this purpose. They are well located — to the north and south of Brussels — to serve all customers of D'leteren's own dealerships in this region of the country.

“The customer no longer wants a cathedral-like concession. The solutions proposed to present our products, combined with road tests, fully satisfy them. Their reactions are very positive. We take their feedback into account because this dealership serves as a kind of laboratory. It's where we test digital experiences with the customer, and then reproduce them, if they're convincing, in our new dealership of the future Mobilis, opening in 2023. In addition, the reduced real estate footprint of the dealership has a positive impact on our operational costs and efficiency.”

Didier Fenix, Director of D'leteren Centers



Key initiatives to achieve operational excellence

- **CLIPS:** replacement of the new ERP for parts and accessories warehouse logistics; a project that will further increase the level of service to dealers and optimise inventory management.
- **Automation of internal processes,** particularly in terms of monitoring and data intelligence.
- **Modernisation of the entire network and corporate IT infrastructure** for ever greater system security and operational efficiency.
- **Development of new management and interface systems** for maintenance contracts and vehicle orders in order to increase flexibility and enable the development of new services.

A subsidiaries' organisational structure for agility gains

In order to have a more flexible organisation that is closer to its specific clientele, D'leteren has set up subsidiaries of its D'leteren Centers located in the Brussels region and the Porsche Centres located in Brussels and Antwerp. These subsidiaries are 100% owned by D'leteren Automotive, which retains the support and automobile import activities. D'leteren Automotive is a new subsidiary wholly owned by D'leteren Group. This new structure, effective from 1st January 2021, allows each business line to focus on its own activity and thus optimise its development path.



> Sustainability approach

By the nature of its mission, which aims to build fluid and sustainable mobility for all, sustainable development is an integral part of the company's strategy. The initiatives taken in response to customer expectations and the needs of society at large are in line with this.

At the same time, D'leteren is making two key commitments related to its activities and its desire to be an attractive employer.

- **Contribute to the protection of the environment** by reducing the carbon footprint of our activities by 50% by 2025.
In addition to the sustainable management of its buildings and consumables, reducing the company's carbon footprint will also involve a greener mobility policy. The first step in achieving this objective is the adaptation of D'leteren's car policy. Another important aspect is that, from 2021, the CO₂ emissions of our activities will be offset by reforestation and environmental conservation programmes. This compensatory programme will be adapted as required, according to the scale of measures taken to reduce CO₂ emissions.
- **Promote inclusive growth,** by supporting equal opportunities and diversity within the company.
Diversity in all its forms, whether in terms of gender, origin or age, is a source of creativity because it multiplies points of view and contributes to innovation. Several initiatives will be taken progressively in favour of diversity: from recruitment to career development, as well as awareness-raising actions.

Moreover, in an extraordinary working environment within the context of profound change, D'Ieteren is more than ever mindful of conducting its activities in an ethical and responsible manner, in line with its corporate values. Internal governance systems are adapted to structural changes. In the face of the health crisis, priority is given to the safety of employees, partners and customers. Support for local communities, and particularly for healthcare personnel in 2020, continues.

> Strategy 2021 and beyond

The global health crisis and the increasing urgency of climate change has intensified and accelerated D'Ieteren's commitment to leading the market in achieving mobility in a sustainable and equitable manner.

While capitalising on opportunities in digitalisation, electrification, vehicle automation and new mobility, D'Ieteren will focus on transformative initiatives in its businesses in 4 strategic areas: customer service excellence, a targeted product and service portfolio, sustainable mobility solutions, and employee diversity and well-being.

In the future, a new subsidiaries' organisational structure will enable businesses to become more autonomous and to respond with agility to the market needs. Furthermore, D'Ieteren's new brand identity marks its dedication to forward-thinking environmental, social and governance objectives, including its goal to reach net-zero emissions by 2040, while halving its CO₂ emissions by 2025.

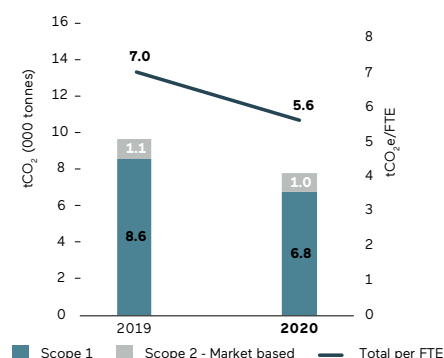


D'Ieteren Automotive²

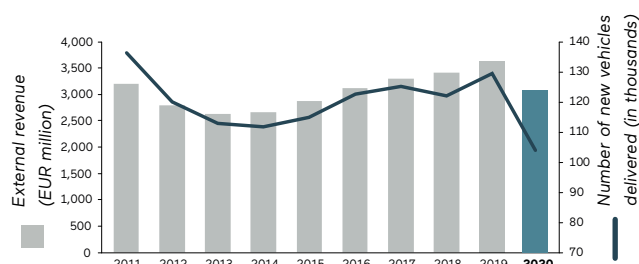
Key Figures

(EUR million)	2019	2020
New vehicles delivered (in units)	129,575	104,710
External revenue	3,634.9	3,215.7
Adjusted operating result ¹	119.1	98.9
Adjusted operating margin	3.3%	3.1%
Adjusted result, group's share		
before tax ^{1,3}	128.4	102.8
after tax ¹	86.2	73.6
Average workforce (average full time equivalents)	2,087	2,187

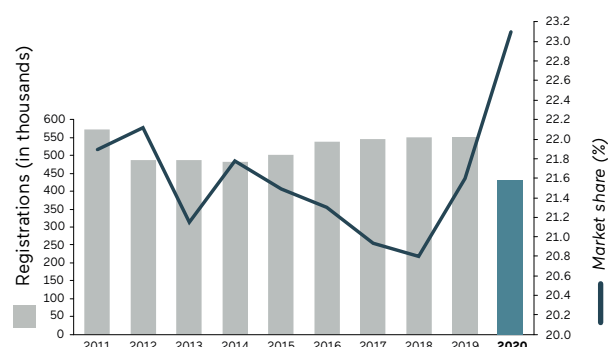
CO₂ EMISSIONS*



REVENUE AND NUMBER OF VEHICLES DELIVERED



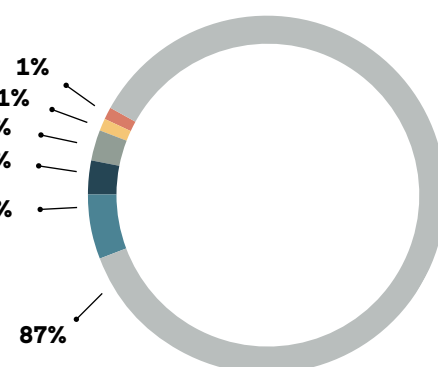
NEW CAR REGISTRATIONS IN BELGIUM AND MARKET SHARE OF D'IETEREN AUTO



REVENUE EVOLUTION BY ACTIVITY

(EUR million)	2019	2020	Change
New vehicles	3,193.5	2,792.0	-12.6%
Spare parts and accessories	215.7	182.3	-15.5%
After sales activities	97.9	83.6	-14.6%
Used vehicles	76.1	95.5	+25.5%
D'Ieteren Sport	31.4	32.2	+2.5%
Other	20.3	30.1	+48.3%
D'IETEREN AUTOMOTIVE	3,634.9	3,215.7	-11.5%

REVENUE BREAKDOWN BY ACTIVITY



* CO₂ emissions are calculated by the external party CO₂Logic. The data 2019 have been restated as to align to the scope of CO₂ emissions 2020, which excludes Sopadis, WonderCar, LabBox, D'Ieteren Sport and VDFin. The branches will be included as from 2021 in the scope of the emission reduction plan. The further details of the methodology can be found in the ESG statement (p. 185 of the Financial and Directors' Report).

1. Excluding adjusting items. (APMs - see glossary on page 84).

2. The D'Ieteren Automotive segment excludes the Group's corporate and real estate activities.

3. The adjusted result before tax, Group's share, includes the Group's share in the adjusted result before tax of the entities accounted for using the equity method.