

# D'IETEREN AUTO

## BELGIAN MARKET LEADER IN VEHICLE DISTRIBUTION



### WHAT WE DO

Boasting a more than 65-year relationship with the Volkswagen group, D'Ieteren Auto imports and **distributes the vehicles** of Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti and Porsche across Belgium, along with spare parts and accessories. It is the country's number one car distributor, with a market share of more than 22% and 1,2 million vehicles on the road. D'Ieteren Auto manages a network of some 150 independent dealers and corporately owns 23 locations,

mainly on the Brussels-Antwerp axis. It also sells **used vehicles** through 10 corporately-owned My Way centres and some 140 dealerships affiliated to the My Way Authorized Distributors network. In addition, D'Ieteren Auto provides car financing and long-term car rental services through a joint venture between D'Ieteren and Volkswagen Financial Services. Finally, it distributes the products of Yamaha and MBK in Belgium and the Grand Duchy of Luxembourg through **D'Ieteren Sport**.



Commercial Vehicles



Audi



SEAT

ŠKODA



BENTLEY



PORSCHE



INTERVIEW WITH  
**DENIS GORTEMAN**  
 CEO OF D'IETEREN AUTO

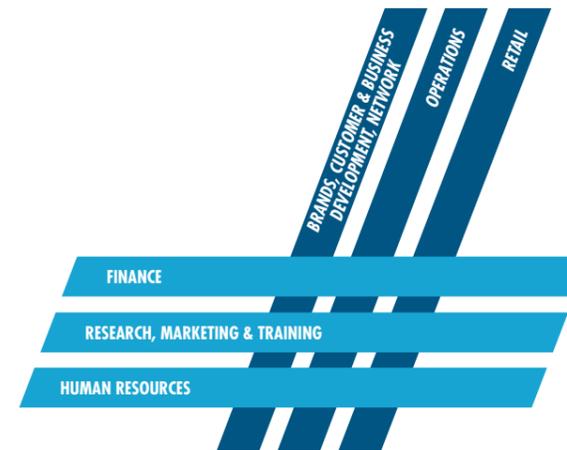


**SYLVIE HUWART**

Management Assistant & Press Relations,  
 Bentley Belgium & Lamborghini

"The new structure was launched in the second half of 2015, and we expect it to begin delivering results from this year onwards."

## A STREAMLINED ORGANISATION CAPABLE OF MEETING ANY CHALLENGE



"We are developing a range of advice, leadership and financial support services to help our dealers play a full role within their Market Area."

of our internal structure. We needed to place the customer even more at the centre of our organisation, in order to ensure that our activities were truly customer-oriented. I firmly believe that a company can only operate effectively once each and every responsibility has been clearly defined. By creating our various responsibility units (see chart on next page), we have created a coherent, agile structure that is accepted across the company. We are now able to work in a coordinated manner, making use of all available information and individual experiences. As such, we are able to offer our customers high-performance and appropriate solutions, thereby boosting our success and growing both our own business and the business of our dealerships.

**What, in practical terms, does this reorganisation involve in staffing terms?**

**Denis Gorteman:** Our employees are now grouped into six separate yet interconnected business units. The aim of this new structure is to achieve commercial and operational excellence by building on our existing expertise, strengthening our busi-

ness-specific skills and drawing on our practical experience. This structure will also help to foster cross-functional working practices, thereby enabling us to become more effective, flexible and pro-active.

The first of our new units is the "Retail" unit, covering our own distribution activities, including new and used vehicles, parts and accessories, mechanics, bodywork, financial products, maintenance products, etc. The aim of this unit is to address the needs of our customers from A to Z. Secondly, we have the "Operations" unit. This unit has been established to answer the following question: "How do we deliver our sales and service activities in the most effective way?". The third unit, known as "Brands, Customer & Business Development, Network", acts as a central hub for all sales drivers and is in direct contact with all our customers. We then have three cross-functional units: "Human Resources", "Finance" and "Research, Marketing & Training". The new structure was launched in the second half of 2015, and we expect it to begin delivering results from this year onwards.

**Will this project involve some major changes?**

**Denis Gorteman:** Yes it will. And we are addressing change in a proactive and respectful way. We want to foster more leadership within the organisation, and we are encouraging people to embrace change responsibly. A prime example is our introduction of the "Market Area" project. We are fundamentally overhauling our network, but doing so in close consultation with our partners, many of which have been with us for many years, and some since 1948. This is how we do things.

**What progress has been made in the "Market Area" project, i.e. the overhaul of the independent dealer network?**

**Denis Gorteman:** We have identified a total of 26 Market Areas, and 18 of these are currently being established. Although this strategy was not universally accepted when we announced it back in April/May 2014, this development is a sign of growing support for the strategy among our network of independent dealers. The network has a full grasp of the reasoning behind the strategy, has taken it on board, and is now implementing it in practice. This gives me great satisfaction. Within D'Ieteren Auto, we are developing a range of advice, leadership and financial support services to help our dealers play a full role within their Market Area.

Discussions are going well in terms of the eight remaining Market Areas. I am pleased to see this project making progress, especially since the target date for this strategy is 2020 rather than 2015. What's more, we cannot expect to overhaul our entire network in 12 months. It is a major change that will demand guidance, support and, most of all, time. This year we expect to complete the creation of about ten Market Areas.

“There is now unanimous support for the changes across our organisation, and a belief that our retail business is heading in the right direction.”

How did the 'Pole Position' project (i.e. the improvement of the performance of D'Ieteren Auto's own dealerships in the Brussels area) evolve?

**Denis Gorteman:** In the first half of 2015 we moved our activities from the Expo site (in Laeken), to the Drogenbos and Loozenberg (in Zaventem) sites. In the first half of 2016, we will also move our Bentley and Lamborghini activities to Drogenbos and we plan on creating the VW-CVI-SEAT-Skoda hub in Zaventem in September. This will be our fourth site merger operation, following the closure of the Vilvoorde and FortJaco (in Uccle) sites and the transfer of activities from those sites at the end of 2014, and the closure of the Expo site last year. Each of these operations has had the same goal: to resorb the D'Ieteren Car Centers' annual losses of around EUR 10 million and to enable the entity to return to good financial health by 2018. Last year, we also opened a brand new Audi Brussels centre in Drogenbos, demonstrating our ambitious investment strategy.

**ESTELLE CATRY**  
Warehouse employee



This aspect of D'Ieteren Auto's new strategy is progressing particularly quickly.

**Denis Gorteman:** The project is certainly moving more quickly than we anticipated, and we are achieving greater synergies and cost savings than expected. To date, the results of our "Pole Position" project have been extremely satisfying. There is now unanimous support for the changes across our organisation, and a belief that our retail business is heading in the right direction. In financial terms, we have now managed to reduce the D'Ieteren Car Centers' losses by around 45%. Yet this is just the first major step. We have also managed to ensure that everyone is fully aligned and we've established a longer-term, more robust vision of the business. We have done this while retaining the same level of sales, improving customer satisfaction and optimising our talents – in other words, ensuring that we have the right people in the right places. Our bodywork business is a particularly good example in this respect. We will close two bodywork centres and open a new one (the work will begin this summer and should be completed towards the end of 2017). We have overhauled our working practices, changed locations, and expect to increase the number of vehicles coming into our centres. We have approached these changes in a holistic manner, covering not just sales, but also finance and operations.

In September 2015, the Volkswagen group was hit by the so-called "Emissiongate" scandal. How, several months on, would you assess the impact of this crisis and the way in which D'Ieteren Auto has responded?

**Denis Gorteman:** The "Emissiongate" came as a real shock and surprise to everyone. It was a completely unexpected event that challenged the values of our business. Of course, this is a natural reaction. Yet our response proved, once again, that D'Ieteren Auto is able to work in a collaborative, cross-functional manner and with the common good in mind. When we set out working towards a common goal, we are simply unbeatable. This is yet more proof that we have made the right strategic decisions in recent years. For example, the projects, priorities and goals that we set back in 2012, and we have just discussed some of them, have helped us to mitigate the worst effects of the scandal.

Yet again, our crisis management strategy has focused, first and foremost, on our customers. We have acted ethically and responsibly, dealing with both customers and the authorities in a fully transparent, open and honest manner. In many cases, we have taken the initiative and sought to identify our own solutions (see opposite for full details of D'Ieteren Auto's initiatives). We have taken the difficult decision to stop selling products potentially affected by the scandal, once again demonstrating our commitment to giving priority to our customers and to the community. I firmly believe that we have responded to this crisis in the best possible way. However, we need to continue our efforts. I would be lying if I said that the image of the brands we sell has not been affected by this affair. It is therefore up to D'Ieteren Auto and its dealership network to regain the trust and confidence of its customers. Now, more than ever, we need to stick together, act in an exemplary manner, and support our customers and our network. This, in turn, will translate into continuous market leadership.



2015

VOLKSWAGEN

AKTIENGESELLSCHAFT

22 SEPT.

**Works to clarify irregularities** concerning a software involving some 11 million diesel vehicles with type EA 189 engines.

25 SEPT.

**Matthias Müller appointed new CEO** of Volkswagen AG.

29 SEPT.

**Announces action plan to refit diesel vehicles** with EA 189 engines.

15 OCT.

Federal Motor Transport Authority (KBA) **decides on recall** for affected EA 189 engines.

2 NOV.

Emphasizes that **no software has been installed in the 3-liter diesel power units**.

3 NOV.

**Internal investigations at VW** identify irregularities in CO<sub>2</sub> levels. Around 800.000 group vehicles could be affected worldwide.

13 NOV.

Next steps in **clarifying the CO<sub>2</sub> issue**.



22 SEPT.

**Reaction to irregularities** concerning a software used in some of Volkswagen group's diesel engines.

25 SEPT.

**Launch of 'Customer Care' website** in response to customer concerns.

26 SEPT.

Decision to **suspend the commercialisation** of vehicles potentially fitted with the non-compliant software.

28 SEPT.

**Offer to replace existing orders** by diesel EU6 vehicles.

16 OCT.

About **320,000 vehicles** will be recalled in Belgium.

5 NOV.

**Temporary sales suspension** of models that may be affected by the irregularities with respect to CO<sub>2</sub> emissions.

20 NOV.

Is confident that **no fiscal adjustment** will be passed on to the customers affected by the irregularities with respect to CO<sub>2</sub> emissions.

Subsequent events & information:  
[www.customercare.dieteren.be](http://www.customercare.dieteren.be)

“For us, the most important thing is to play a central role in the mobility debate in Belgium. We need to accept and embrace this inevitable – and in my view, positive – change.”

**Mobility is an increasingly important issue across society. As an automotive company, what is D’Ieteren Auto’s position in this debate?**

**Denis Gorteman:** For us, the most important thing is to play a central role in the mobility debate in Belgium. We need to accept and embrace this inevitable – and in my view, positive – change. Sustainable development is particularly important to us. We want to play a leading role in dealing with mobility-related issues, ensuring that we give our customers the advice and guidance they need. To achieve this goal, we need to develop both the necessary skills and sufficient credibility. It is my belief that D’Ieteren Auto has a more important role to play in this respect than its competitors, since we are the historical market leader, with deep Belgian roots. We are therefore well placed to take a long-term view of the issue, and to understand it from a Belgian perspective. I will, however, admit that this is very much an ambition for the future. We have a lot of work ahead of us.

**What are D’Ieteren Auto’s priorities in 2016?**

**Denis Gorteman:** Our new strategy will only bear fruit if we have the right people in the right places. Given that we are fundamentally overhauling our structure and our objectives, we need to work on our leadership and on the engagement and motivation of our people at all levels. We therefore need to ensure that our culture is well adapted to the challenges we see in our environment. Looking at the question another way, we need to make sure that our existing ‘talent pool’ has the necessary skills to meet our needs, both now and in the future. Our main priority in 2016 is therefore to prepare ourselves for the challenges of tomorrow, building on the initiatives we have been implementing since 2014.



**GERDA VERMEIR**  
Marketing & Promotion Manager,  
My Way

## D’IETEREN AUTO KEY FIGURES

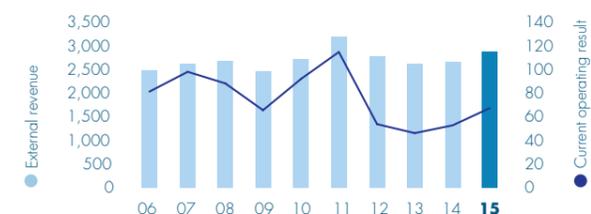
(EUR million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
New vehicles delivered (in units)	112,944	120,774	119,967	99,241	117,951	136,199	120,157	112,877	111,667	114,978
External revenue	2,491.4	2,642.4	2,679.4	2,453.8	2,732.9	3,208.3	2,787.3	2,627.4	2,660.5	2,874.2
Current operating result <sup>1,2</sup>	81.9	98.7	88.5	65.8	92.6	114.9	54.2	46.7	53.3	66.5
Current operating margin	3.3%	3.7%	3.3%	2.7%	3.4%	3.6%	1.9%	1.8%	2.0%	2.3%
Current result, group’s share										
before tax <sup>1,2</sup>	59.5	74.7	60.6	42.9	64.9	92.7	52.5	47.1	52.5	74.5
after tax <sup>1,2</sup>	57.0	65.2	59.3	41.9	62.0	98.0	48.5	43.0	49.7	74.3
Average workforce (average full time equivalents)	1,571	1,601	1,650	1,565	1,584	1,685	1,587	1,601	1,606	1,580

<sup>1</sup> Before unusual items and re-measurements (APM - see glossary on page 40).

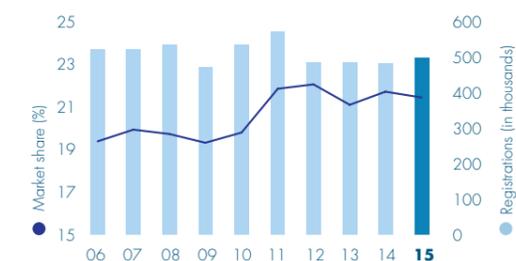
<sup>2</sup> The Automobile Distribution segment includes all costs related to the corporate activities, including (concerning the current result before/after tax) the finance costs resulting from the investment in the Vehicle Glass segment.

Note: Following the creation of Volkswagen D’Ieteren Finance, whose results are accounted for using the equity method (and therefore excluded from external revenue and from current operating result), and in order to reflect all the group’s activities, the current result before tax, group’s share, includes from 2012 the group’s share in the current result before tax of the entities accounted for using the equity method.

### EVOLUTION OF REVENUE AND CURRENT OPERATING RESULT OF D’IETEREN AUTO SINCE 2006 (EUR million)



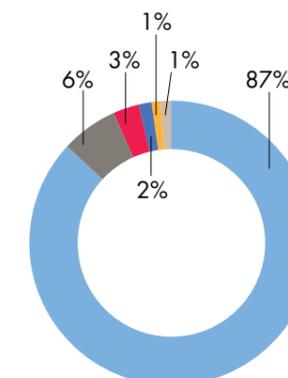
### NEW CAR REGISTRATIONS IN BELGIUM AND MARKET SHARE OF D’IETEREN AUTO SINCE 2006



### SALES EVOLUTION BY ACTIVITY

(EUR million)	2014	2015	Change
New vehicles	2,316.5	2,512.8	+8.5%
Spare parts and accessories	169.7	180.4	+6.3%
D’Ieteren Car Centers (aftersales)	81.0	83.9	+3.6%
Used vehicles	38.7	46.1	+19.1%
D’Ieteren Sport	26.0	25.5	-1.9%
Other	28.6	25.5	-10.8%
<b>D’IETEREN AUTO</b>	<b>2,660.5</b>	<b>2,874.2</b>	<b>+8.0%</b>

### TOTAL SALES BREAKDOWN BY ACTIVITY (2015)



# NEW MODELS



## VOLKSWAGEN TIGUAN

The second generation Tiguan is the first Volkswagen group SUV whose design is based on the new (modular) MQB platform, which is future oriented in all of its aspects. Volkswagen is presenting four versions of the new Tiguan: the very sporty Tiguan R-Line, the classic on-road model and an off-road version customised for off-road use. Meanwhile, the Tiguan GTE – a concept vehicle with a plug-in hybrid drive – offers an outlook on future development of the best-selling SUV.



ŠKODA



## ŠKODA VISIONS

Over recent years, Škoda has fundamentally expanded and renewed its model range. The SUV range is now also being strengthened. With the Škoda VisionS, the Czech car manufacturer gives an insight into how Škoda's future SUV design language might look like. The brand also presents its most important future technologies with this show car.



Audi

## AUDI Q2

The compact SUV is an urban-type vehicle for everyday driving and recreation, uniting a progressive design with a high level of functionality. Connectivity, infotainment and assistance systems are on level of full-size class. The Audi Q2 is as individual as its driver – inside and out.



SEAT

## SEAT ATECA

The Ateca, SEAT's first SUV, combines a unique design, dynamic driving pleasure, urban versatility and outstanding practicality. Equipped with the latest high-end technologies including assistance and infotainment systems, the Ateca makes every day and every kilometre an unforgettable experience.





BENTLEY

## BENTLEY BENTAYGA

The Bentley Bentayga combines unparalleled luxury with effortless performance and everyday usability. With an all-new W12 powertrain, the Bentayga is the fastest, most powerful, most luxurious and most exclusive SUV in the world. It offers a true Bentley driving experience and showcases innovative technology features.



PORSCHE

## PORSCHE 911 TARGA

Conceived over 50 years ago, the Porsche 911 Targa is a legendary car, an icon among the icons. Today, it is available with all-wheel drive and two engine variants: the 3.0 litre six-cylinder engine offers 370 hp in the 911 Targa 4 and 420 hp in the 911 Targa 4S. Its main hallmarks? The typical roll bar and the fully automatic roof panel, that slides open at the first sunbeam, for a truly unique driving experience.



## LAMBORGHINI HURACÁN LP 580-2

The rear-wheel drive model fits perfectly into the Huracán family, appealing to those wanting an even more intense driving experience, or who currently drive other rear-wheel-drive cars and aspire to driving a Lamborghini. This is the purest expression of a Lamborghini to date, with class-leading technological refinements. It is a serious car for serious drivers: it is maximum driving fun.



## YAMAHA XSR900 FASTER SONS

Following the MT-09's leading example, Yamaha continues to evolve its Sport Heritage range with the all-new XSR900. The pure and timeless styling refers to the historic and iconic sporty models of the past. The carefully thought out motor/frame combination, mixed with cutting edge technologies, offers unparalleled performances to riders with a distinctive eye for style and design.

