

# D'leteren Auto

Improving the lives of citizens with fluid,  
accessible and sustainable mobility



## What we do

D'leteren Auto distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti and Porsche vehicles, along with spare parts and accessories in Belgium. It has a market share of around 22% and 1.2 million vehicles on the road. D'leteren Auto also distributes the products of Yamaha in Belgium and the Grand Duchy of Luxembourg through D'leteren Sport.

D'leteren Auto manages a strong network of independent dealers across the country and corporately owns about 20 locations, mainly on the Brussels-Mechelen-Antwerp axis. Besides distributing vehicles in Belgium, D'leteren Auto provides after sales services through its Corporate-owned operations. These include bodywork, maintenance and repairs. It also sells used vehicles through My Way centres and My Way Authorized Distributors.

In addition, D'leteren Auto provides car financing and long-term car rental services through a joint venture between D'leteren and Volkswagen Financial Services.

D'leteren Auto's business is evolving towards improving the lives of citizens with fluid, accessible and sustainable mobility. The company is bringing great focus on supporting responsible mobility, mainly through the initiatives of its subsidiary, Lab Box.





## *Interview of Denis Gorteman, CEO of D'Ieteren Auto*

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With our 2025 vision for the future at D'Ieteren Auto firmly established, notably to "Improve the lives of citizens through fluid, accessible and sustainable mobility," our goal is to transform our current business model and become the leader in the mobility market by 2025.

We realised that we had to work out how we could best meet the expectations of our different sorts of customers, including our partners, our dealers, our professional clients, our fleet managers and also our private clients. It is a challenging and evolving work that is being further complicated by four major and interconnected trends disrupting the automotive sector today: electrification, connectivity, new mobility and vehicle automation. These forthcoming changes are generating new consumer behaviours when it comes to cars specifically, but also when it comes to mobility, in general.

We understand it is the user experience and quality of service on offer that influences the expectations of the clients. The demand for a personalised offering is very strong. Clients want mobility solutions that are adapted to their lives. At the same time, cities are transforming, limiting the role and use of cars.

Our 2025 strategy was defined with these behavioural and contextual changes in mind. It aims to deliver excellence and innovation and make our current business more resilient and to also acquire new revenue sources through future solutions. The projects launched are numerous and impact all of the services offered. A Transformation Office maximises our chances of success in these projects by allocating resources and clearly defining priorities taking our end goals in mind. The internal structure was also reviewed to give our different businesses the autonomy and agility needed to meet the demands of their specific clientele and to optimise their development paths.

*"Our goal is to transform our current business model and become the leader in the mobility market by 2025."*





## *“Clients want mobility solutions that are adapted to their lives.”*

Our strategy goes beyond the implementation of projects. Across the entire organisation, we are doing important reflective and collaborative work, based on the company values, to evolve our internal culture, and make it more accountable and favourable to innovation. We are convinced that the success of our transformation will only happen if the whole team is engaged. It is therefore logical to favour the development of competencies necessary to reaching our ambitious goals.

This way of working is bearing fruit and has already made it possible to put certain multidisciplinary projects in place. Furthermore, it has contributed to excellent commercial and operational performances during 2019 by leveraging development opportunities in our markets.

2020 is shaping up to be more challenging considering the expected downturn of the new car and commercial vehicle markets. But our teams are ready to put in place new

initiatives designed to compensate for this shortfall. Most notably, via the used car market, which has real development potential, or through the “greenification” of the car fleet by offering global solutions for the greatest comfort of clients involved.

Taking the quality and engagement of the teams into account, I am confident the future of D’Ieteren Auto is bright, and I thank them for that. In a world where performance is a sign of success, we will relentlessly continue to be a citizen’s organisation looking for the best balance between the wellbeing of our staff and the satisfaction of our clientele, the development of our partners and the respect for the environment in which we operate.



## > Overview of 2019

### Business environment

With 550,003 new car registrations in 2019, an increase of 0.1% compared to 2018, the vehicle market has gone beyond our predictions and reached a very high level. In the commercial vehicle market, 81,820 registrations were recorded, 4% above 2018. An analysis per type of client shows an increase in the renewal of company vehicle fleets on the one hand — a sign the national economy is robust — and a reduction of the private market on the other, stemming from uncertainties relating to fiscal policies. Registrations per motor type confirm a decrease in the number of diesels (31% of the market) for the benefit of petrol (61%), and the progressive rise of alternative energy vehicles (7%), thanks to the increasingly improving offer.

The year 2019 was marked by different contextual changes that undoubtedly impacted car sales. The city centres continue to evolve by reducing the space allocated to cars, increasingly limiting the speed limit to 30km/h and prohibiting access to low emission zones for aging cars. A greater reliance on alternative means of transport like bikes and electric scooters has become more widespread. Decisions made in 2019 relating to the fiscal status of a company car, which bases the tax deduction level on the level of CO<sub>2</sub> emissions per vehicle, has also influenced sales.

As such, in 2020, the new car market is expected to see a decrease of 7% to 510,000 registrations. The light commercial vehicle market is also expected to go down by 8% to 75,000 registrations. The transition to electrical vehicles should accelerate thanks to the arrival

of many compact vehicles at more affordable prices. For used vehicles, the market should maintain its 600,000 registrations. After-sales activities will continue to feel the pressure because of the quality of vehicles and the latest driving assistance systems.

### Solid commercial performances

In 2019, D'Ieteren Auto was able to profit from the growth in the new vehicle market, raising its net market share (excluding registrations of less than 90 days) to 22% for new cars and 11% for light utility vehicles. This evolution is explained by the appeal of new models — some of which are electric powered — and SUVs of all distributed brands. Looking at after-sales, enduring client loyalty to shops, combined with a growing client base compensated for the decrease of activities linked to the ever increasing reliability of vehicles, as well as the built-in driving assistance systems which reduce the number of accidents on the road and therefore the need for bodywork intervention. Sales of parts and accessories, on the other hand, evolved favourably.

### Poppy reaches the 500 shared cars milestone

A mere two years after launching, Poppy has multiplied its actions to accelerate its development in Brussels, Antwerp and around the Brussels Airport. Its fleet of 550 shared cars include the models Seat e-Mii, Ibiza CNG and Skoda Citigo-e.





In order to offer its 50,000 users the choice of transport most adapted to their needs depending on the distance they need to cover and the time at which they need it, Poppy has integrated the car, electric step and electric scooter offering into a single application. Another added value from Poppy beyond multimodality is that it targets the intercity commute by allowing its users to travel across the three zones in which Poppy is active.

## Electric by D'Ieteren

To promote the use of electrical vehicles and provide an answer to the challenges of a mobility that is increasingly conscious of the environment, D'Ieteren Auto commercialised, through its EDI (Electric by D'Ieteren) subsidiary, a total offer of smart solutions for charging and green energy production for private and professional users. To adapt to all the models available on the market and to all electrical installations, EDI offers different types of charging stations in mono-phase and tri-phase as well as a card, which enables vehicles to be recharged at one of 10,000 public charging stations across 25 countries in the European Union. For its professional clients, EDI also offers split billing, also known as fractioned invoicing, which records the cost linked to recharging a vehicle at a residence and sends the invoice to the employer. Some two years after its launch, EDI's ambition is to multiply its sales fivefold in 2020 compared to 2019.

## Key achievements

- Finalisation of the Market Area strategy that gives D'Ieteren Auto a restructured network in 20 geographical zones.
- Launch of the "Leading the race" which raises the ambition of retail activities in Brussels, with from 2023 onwards, 4 sizeable state-of-the-art sites.
- Development of the CLIPS (Customer Logistics in Parts & Services) project which aims to optimise the distribution process of parts and accessories and achieve ever-higher satisfaction levels with dealers.
- Launch of online sales for in-stock vehicles is helping D'Ieteren Auto to gain expertise and to position itself as the precursor of this new commercial approach.
- New initiatives for Lab Box which, on top of its car-sharing activities and its multimodal application, has enlarged its service to include HUSK, a private chauffeur service platform, HUSH an autonomous mobility service and Lizy, which has been successful leasing recently used or stock cars online.
- Encouraging results for EDI, Electric by D'Ieteren, that has extended its offer of charging stations by facilitating the installation of solar panels.



## > Strategy for 2020 and beyond

D'leteren Auto has established its 2025 strategy, in line with its vision to "Improve the lives of citizens through fluid, accessible and sustainable mobility." Its ambition is to guarantee leadership on the mobility market in 2025 by focusing our actions on 3 tenets:

- Become best in class in the existing businesses and improve their performance in markets that are expected to decrease.
- Extend activities where it is most competent, to generate more value and become more resilient in a sector that is mutating.
- Prepare for the future by innovating its mobility services to capture new sources of revenue and claim a leading position in this market of the future.

To guarantee the efficient deployment of the 2025 strategy, a Transformation Office has been established to coordinate, plan, allocate necessary resources and evaluate projects. This is the interface between businesses and management; it facilitates the arrangements needed, in line with the established strategy.

### An organisation in support of our strategic ambitions

In terms of organisation, the legal procedures were launched to carve out, from the 1st of January 2021, D'leteren Auto and its key activities. This is to allow each business to focus on its own activity and optimise its development. D'leteren Auto, historically at the heart of D'leteren s.a., will become a 100% subsidiary. Its retail activities in Brussels — the D'leteren Car Centres, and the Porsche Centres in Brussels and Antwerp will become three new subsidiaries; they will sit alongside existing subsidiaries Lab Box, Sopadis, EDI, Wondercar, D'leteren Sport, as well as the joint-venture Volkswagen D'leteren Finance..

### "Leading the D'leteren Auto Way"

A substantial internal collaboration effort has been ongoing since 2018 to develop an innovative and engaging company culture. It is a true transformation lever on which D'leteren Auto wishes to rely to take on the big challenges in its sector and fulfil its 2025 ambition. A leadership forum has enabled internal values to be reviewed and brought to life across the entire organisation. Honourability, Curious boldness, Enthusiasm, Supportiveness, Perseverance are now the pillars on which D'leteren Auto stands for its decision-making process and its daily activities

### Customer first

The success of the 2025 strategy will certainly be linked to building high-quality client relationships. This is a key sustainability factor for D'leteren Auto, requiring to put the client at the heart of all reflections, decisions and actions. These are not empty words but a real philosophy that it wishes to see come alive at all levels of the company. This will be a key transformation lever which, in 2025, should place D'leteren Auto at the top of the mobility market in Belgium.

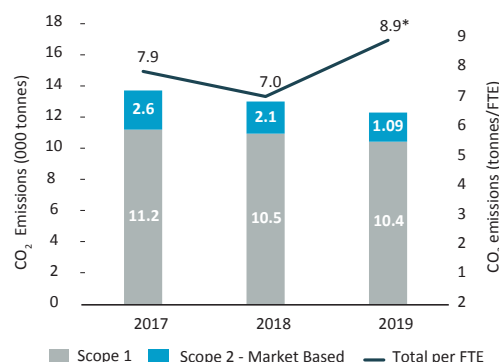
*"An engaging company culture is a true transformation lever"*

# D'Ieteren Auto<sup>2</sup>

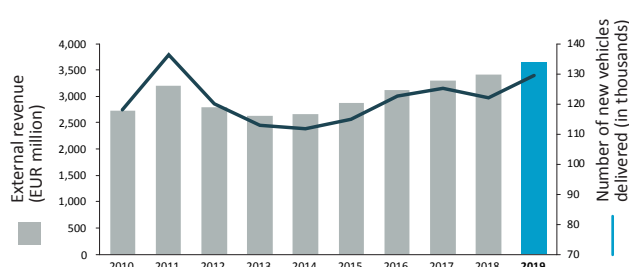
## Key Figures

(EUR million)	2018	2019
New vehicles delivered (in units)	122,164	129,575
External revenue	3,406.9	3,634.9
Adjusted operating result <sup>1</sup>	113.0	119.0
Adjusted operating margin	3.3%	3.3%
<b>Adjusted result, group's share</b>		
before tax <sup>1,3</sup>	121.0	128.4
after tax <sup>1</sup>	76.8	86.2
Average workforce (average full time equivalents)	1,848	2,011

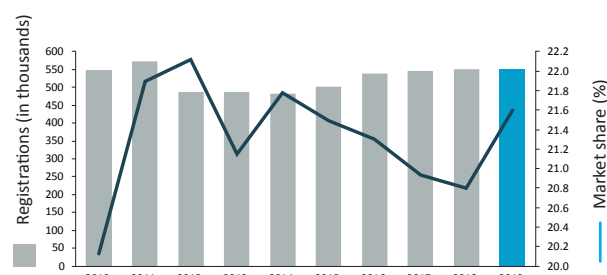
### CO<sub>2</sub> EMISSIONS FROM D'IETEREN AUTO ACTIVITIES IN 2019 (CO<sub>2</sub>LOGIC)



### REVENUE AND NUMBER OF VEHICLES DELIVERED



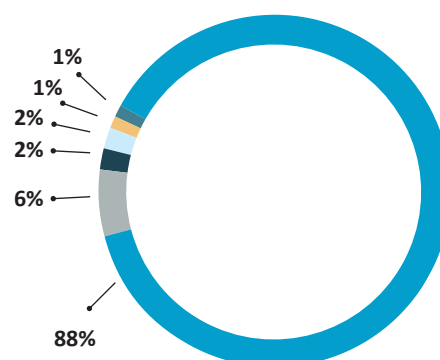
### NEW CAR REGISTRATIONS IN BELGIUM AND MARKET SHARE OF D'IETEREN AUTO



### REVENUE EVOLUTION BY ACTIVITY

(EUR million)	2018	2019	Change
New vehicles	2,991.1	3,188.3	+6.6%
Spare parts and accessories	206.2	215.7	+4.6%
After sales activities	90.9	94.5	+4.0%
Used vehicles	67.6	76.1	+12.6%
D'Ieteren Sport	29.6	36.5	+23.3%
Other	21.5	23.8	+10.7%
<b>D'IETEREN AUTO</b>	<b>3,406.8</b>	<b>3,634.9</b>	<b>+6.7%</b>

### REVENUE BREAKDOWN BY ACTIVITY



\* The 2019 relative KPI (tCO<sub>2</sub>e/FTE) increases significantly due to a correction in the boundary for calculating the number of FTEs. The Sopadis FTEs have been excluded as Sopadis is also excluded from the carbon footprint. In next year's report we will adjust the historical figures to provide a thorough basis for monitoring our climate performance.

**Scope 1 emissions** are direct emissions from owned or controlled sources.

**Scope 2 emissions** are indirect emissions from the generation of purchased energy.

**Scope 3 emissions** are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. (Source: GHG Protocol)

1. Excluding adjusting items. (APMs - see glossary on page 68).

2. The D'Ieteren Auto 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.