

D'Ieteren at a glance

In existence since 1805, and across family generations, D'Ieteren 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.

D'Ieteren Family
57.50%^{1,2}
Capital share

Own shares²:
2.11%

Free Float
Euronext Brussels
40.40%²
Capital share

- > Supporting managers with patient capital, strategic insight and operational sounding board
- > Investing in a selected number of platforms which are leaders in their markets and benefit from concrete opportunities to generate value over long periods of time
- > Higher-purpose led approach and vision



>> Represented in more than **115 countries**

¹ In voting rights: 61.02%
² At 31 december 2018

OUR ROLE AND INPUT

OUR BUSINESSES

> D'IETEREN AUTO



DESCRIPTION

D'Ieteren Auto (100% owned) distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti, Porsche and Yamaha vehicles in Belgium. It is the country's number one car distributor, with a market share of around 21% and 1.2 million vehicles on the road at the end of 2018. In addition to Belgian vehicle distribution, it provides after sales services through its Corporate-owned dealerships. D'Ieteren Auto's business model is currently evolving towards providing citizens with a responsible and innovative mobility. This includes building a comprehensive electric offer, and developing new mobility solutions, such as shared mobility and intermodality, via the company's subsidiary Lab Box.

FINANCIALS

2018 sales: EUR 3.4 billion
2018 adjusted operating result: EUR 113.0 million

WORKFORCE (AVERAGE FTEs)

1,848

> BELRON



DESCRIPTION

Belron (54.10% owned) is the world leader in vehicle glass repair and replacement, with more than ten major brands, including Carglass®, Safelite® AutoGlass and Autoglass®. It also manages vehicle glass and other insurance claims on behalf of insurance customers. Belron is also expanding its services to focus on solving problems for people who need assistance with repairs to their vehicles and homes. In 2018, Belron served 17.8 million consumers in 35 countries on six continents.

FINANCIALS

2018 sales: EUR 3.8 billion
2018 adjusted operating result: EUR 225.7 million

WORKFORCE (AVERAGE FTEs)

30,567

All in all, we aim to create value for all our stakeholders, while considering the UN Sustainable Development Agenda (For Key Performance Indicators and details on the way we contribute to the UN sustainable Goals please refer to the Index on p.70-71)



> ON OUR CUSTOMERS

We believe that customer satisfaction is the core objective of our businesses.

> ON OUR PEOPLE

We believe that engagement, motivation and well-being of our people is key and we strive to create meaningful and purposeful environments in which they can operate.

> ON OUR SHAREHOLDERS

We believe that satisfied customers and engaged people create superior value, including superior financial returns, for shareholders.

> ON OUR PLANET

We take care of our environment including through responsible use of natural resources, production and consumption of renewable energy and sustainable waste management.

> ON OUR COMMUNITY

We look for opportunities to bring our businesses closer to their communities, through good and ethical conduct, volunteering, donations and long-term commitments.

OUR IMPACT

> Customer satisfaction



> Employee well-being and development



> Innovation for society



> Economic growth and value creation



> Respect of the environment



> Community engagement



> Ethics



OUR FOCUS AREAS

> MOLESKINE



DESCRIPTION

Moleskine (100% owned) is a premium aspirational lifestyle brand that develops and sells iconic branded notebooks, bags, writing instruments and reading accessories through a multichannel distribution network in more than 115 countries. Moleskine is innovating along the analogue-digital continuum, in particular with its Smart Writing Ecosystem, which enables users to develop their projects and ideas on paper without abandoning the convenience of digital technology.

FINANCIALS

2018 sales: EUR 174.1 million

2018 *adjusted* operating result: EUR 28.6 million

WORKFORCE (AVERAGE FTEs)

479

> D'IETEREN IMMO



DESCRIPTION

D'Ieteren Immo (100% owned) D'Ieteren Immo groups together the Belgian property interests of the D'Ieteren Group. 2018 was its second full year of activity. It pursues investment projects and carries out studies into possible site renovations. In addition to managing its own property assets, the company offers property consulting services to the tenants of the approximately 30 properties in the portfolio.

FINANCIALS

2018 Net Rental Income: EUR 18.7 million

2018 Portfolio Book Value: EUR 186.7 million

WORKFORCE (AVERAGE FTEs):

37



Thomas de Dorlodot, adventurer, professional paraglider and world traveller, has been sponsored by Volkswagen Commercial Vehicles for 10 years. ©John Stapels

MESSAGE FROM THE CHAIRMAN

Dear shareholders,

2018 was an excellent year for the D'leteren Group. The efforts of our teams over the last few years are bearing fruit, enabling us to create value and strengthen the foundations on which the Group will continue to grow in the future.

I would like to take this opportunity to salute and thank them on behalf of all the members of the Board of Directors.

At Belron, the partnership with Clayton, Dubilier & Rice helped us to transform the company in readiness for the next phase of development. We believe it is now better equipped to improve profitability and pursue its expansion into areas outside the core business of car windscreen repair and replacement.

D'leteren Auto also enjoyed a successful 2018, without losing sight of the challenges that lie ahead. The company's leadership on Belgium's new vehicle market still leaves numerous growth opportunities for its other activities. Though the sector is undergoing significant changes, we are confident of a bright future ahead.

Moleskine joined the group in 2016 with a healthy appetite for growth. After a year of investment in human resources and the systems that will support further development, the company reported double-digit revenue and earnings growth in 2018. Moleskine continues to expand and ensure that it can maintain the same growth momentum in the future.

We also remain on the look-out for acquisition possibilities across the group. Given the fiercely competitive nature of the market, in which assets are often highly priced, we take the time to find targets that correspond to our family company profile. Our 200-year history of family entrepreneurship is a strength that we will continue to promote with diligence and pride in 2019.

The quality and solidity of our results, the healthy net cash position and the bright growth outlook have prompted the Board to propose an ordinary dividend per share of EUR 1 to the General Meeting, up from EUR 0.95 in 2017. This is consistent with our policy to increase the dividend on a regular basis when the results allow it.

I wish to thank all our shareholders for their continued confidence and support.

Nicolas D'leteren
Chairman of the Board

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The financial results carry their name for good reason: they are the quantitative outcome of something else.

If we were to make them our ultimate objective, we would lose sight of what makes them possible and, ironically, make attaining or even surpassing them more difficult.

I never cease to be amazed at the capacity of human beings to bring out the best and I am conscious that the context in which they work, and sometimes a relapse in their consciousness, are challenges on the path leading to what is meaningful, right and good.

We have to accept the context in which our businesses find themselves: sometimes conditions are favourable, at other times, less so. There's not much we can do about that. But we can work on ourselves.

If I had to sum up 2018, I would say that the greatest source of satisfaction, pride and inspiration to the Executive Committee was to see our teams put the reasons for their commitment and motivation at the centre of their daily activity to build a working environment in which the qualities of each and every one can be expressed and appreciated. To empower people, providing them the tools with which to express their creativity. To respect both oneself and others, while encouraging meaningful dialogue and exchanges that serve the collective interest. To choose from a range of possible options the one that best corresponds to the path we want to follow, as a company. To make a difference for all our stakeholders: our customers of course, our partners too, but also the community in the wider sense – society, the environment, government authorities – and our shareholders.

Like most companies, the environment that we find ourselves in is sometimes uncertain, often volatile and always complex. However, I am convinced that this attention to business purposes creates the conditions for stronger commitment and motivation of our teams, improved customer satisfaction and for a more responsible impact on our broader environment. These changes are also a response to the wishes of our society and I tend to believe that the most important task of senior management is to create a context (or to allow one to be created) in which this evolution can be turned into reality.

It is therefore with a deep sense of gratitude for the achievements of our people that we have been able to announce solid 2018 results that exceeded expectations, and the development of organisations that should be able to continue along this path in 2019. Belron, D'Ieteren Auto and Moleskine all posted sales growth and double-digit growth in their *adjusted* operating result. Overall, the combined sales of the Group rose by 7% while our key indicator for financial performance and guidance, *adjusted* consolidated result before tax, Group's share, increased by 15.8%.

All of our businesses are on course to meet their medium-term targets and for certain indicators they are ahead of schedule. This is what enabled us to propose to the Shareholders General Meeting an ordinary dividend payout of EUR 1 per share, up 5.26% compared to the ordinary dividend of 2017.

D'Ieteren Auto saw significant sales volumes at the start of the year, while the roll-out of new European vehicle testing procedures (which can cause the cancellation of certain models or delivery delays) had a negative impact on the second half. Overall, on a market that remained buoyant in terms of units sold, sales rose by 3.2% under the effect of a positive mix change that was partially offset by a reduction in the number of vehicles sold. The *adjusted* operating result gained almost 19%, thanks in part to a mix effect, control of operating costs and other more specific factors. Overall, our brands gained market share (excluding registrations of less than 30 days) to reach 21.45%, thanks in particular to Volkswagen (which strengthened its leadership position on the Belgian market), Škoda and Seat. SUVs and new energy engines (electric, hybrid, natural gas) increased their share of our sales portfolio.

Belron enjoyed another year of growth with increases of 10.1% in sales and 10.3% in *adjusted* consolidated result before tax, Group's share, after larger payments from the last two tranches of the long-term incentive program that were still active. A new Management Reward Program has now been created to align employees with shareholders by sharing with them the value created by the company. Free cash flow increased significantly to EUR 164 million. This positive development allowed the payment of an additional amount of EUR 400 million to Berlon's shareholders through the issue of additional term loans that lifted the debt-to-EBITDA ratio to 4.23 at year-end. Belron expects another year of double-digit growth for its results in 2019.

Moleskine reported very solid progress, consistent with its status as a growth company. Sales rose sharply by close to 15% at constant exchange rates across all distribution channels and regions, lifted by the successful launch of new ranges of bags and accessories that complement the notebook offer. The 2018 operating result increased by 13.5% with the prospect of more double-digit growth for sales and operating result in 2019. Moleskine continues to innovate in new product ranges, both in the analogue and digital universes.

The **Group's real estate division** pursued its mission to support the Belgian automobile activities with the building of a new bodywork centre and used vehicle sales outlet in Drogenbos and the ongoing projects to build a new Porsche centre in Wallonia, a Seat dealership in Malines and a new multi-brand dealership in Anderlecht. D'Ieteren Immo is also managing renovation projects on various important sites in the Brussels region (a logistics facility in Kortenberg, old dealerships close to the Midi station and the site of the company's headquarters in Ixelles).

These activities and the accompanying results unfolded in varying contexts, but never without challenges.

It is no coincidence that all of our organisational structures, and this includes senior management, dedicated time and energy in 2018 to reassessing their *modus operandi* and questioning past choices in order to be able to consciously decide whether to maintain or adapt them. This desire to avoid unconscious, automatic thought patterns, which waste energy and lack sense, forms the basis of the vitality seen in all our activities in 2018.

Belron began 2018 with a desire to ensure that its financial results reflect the same level of excellence that is already seen in the commitment and motivation of its employees, the satisfaction of its customers and partners and its actions towards society. With this objective in mind, it began a large-scale project to expand the offer of services and enhance efficiency in its core regions. Belron tests with determination its ambition to apply the disruptive, value-adding models that it has developed over the years to new areas (automobile, the home) to obtain the uncontested leader status it already enjoys in automobile windshields. In short, to focus on providing the best possible service to the greatest number of people, and always with a real care.

The world of mobility is evolving rapidly, with the arrival of new modes of propulsion, a growing aversion to traditional, fossil-fuel powered engines and demands for a new kind of mobility from customers, who want to be recognised and offered services that combine excellence, flexibility and speed with the latest technologies. **D'Ieteren Auto** fully understands these challenges and has embarked on an in-depth process of reflection across all activities to create the conditions that will enable its staff to respond to them. In a world of complex interactions, the company will undertake a detailed review of its working methods to create an environment that encourages initiative-taking, responsibility, recognition and collective effort, so it can offer the best possible service to its customers.

In 2018, **Moleskine** initiated a steady movement of regionalisation of its organisational and decision-making structure, shifting the centre of gravity away from Milan and towards the regions (America, Europe and the Asia-Pacific). This involved first putting in place the support tools that enable better access to the data that can improve dialogue within the company and second, the pursuit of multi-product, multi-channel, multi-region growth. Significant efforts were made to ensure that teams were aligned with the changes, that they will apply them to reinforce future strategies and are committed to ensuring that their future efforts bear the stamp of the company's *raison d'être*: to promote creativity, innovation and individual and collective progress.

Finally, the **Group's teams** have been working hard to provide encouragement, support and guidance to our activities, in order to fulfil the two missions that are essential to us as a listed investment Group: (i) to help our businesses build their respective futures in a spirit of generosity while providing our expertise and (ii) to identify new activities the Group might invest in where there is potential to have a positive impact and to create value. High valuations, combined with the scarcity of attractive targets and our desire for discipline, led us to ignore certain opportunities that arose over the course of 2018. We will continue looking however, with the same philosophy, and our contacts make us confident that we will be able to reinvest available cash in talented people and high-quality assets. My colleagues on the Executive Committee and myself would like to thank our colleagues across the Group for their involvement, their goodwill and their support. These results also belong to the teams that are active across all our activities.

For this year, we decided to adopt an **integrated reporting** approach to our annual report. The objective is to explain how D'leteren and its businesses envisage value creation, at the human, societal and financial levels, and the principles they intend to apply that will favour responsible management for all our stakeholders. This is a strategic priority for the Group and we hope to maintain and develop further the tools that enable us to measure our objectives and our performance. The integrated approach is gradually taking shape between the teams of the different activities to improve the gathering and sharing of the necessary information. Through a virtuous spiral this will lead to reflections, analyses and discussions on what matters should be sustained and deepened further. We also wanted to give a voice to some of our stakeholders, who we thank for their participation. A company only lives through the positive interactions that it creates within the framework of interdependence that links it with others.

Axel Miller
Chief Executive Officer





A word from our stakeholders

*Interview with Claire Berthier,
Fund Manager at Trusteam*

Claire Berthier is a member of the Gestion Trusteam Finance team, in which she manages the Trusteam ROC and Trusteam ROC EUROPE funds.

As an asset management company, customer satisfaction is at the heart of your investment strategy. Why this choice?

At Trusteam Finance, we share the same strong conviction: a company's most precious asset is its customers. For the last ten or so years, the balance of power between client and company has been reversed. The customer now holds the power. This is a new era in which the digital revolution is accelerating the pace of change and it is from this perspective that we analyse companies and build our investment case.

For more than 40 years, the link between customer satisfaction and financial performance has been demonstrated by numerous academic studies. In recent years, new research has also underlined the way in which customer satisfaction acts as a 'mediator' between financial and extra-financial performance, by helping to determine which CSR strategy will be best suited to creating financial value. An analysis of the best customer strategies confirms this thesis: there is a correlation between customer satisfaction and a company's ESG performance.

Our management strategy is based on our ROC – or Return on Customer – process, from international stocks to rate-based instruments. We have also created a Customer Excellence prize that rewards companies who succeed while also looking after their customers, their staff and the environment.

What criteria do you use to measure customer satisfaction?

With the Trusteam Finance ROC investment approach, we ensure that our investment strategy is based on an analysis of the customer asset based on two dimensions.

First, we measure customer satisfaction, based on the belief that nobody should judge on behalf of the customer. We collect and compare past and present results from surveys carried out worldwide by around 40 respected institutes. This process along with further cross-comparison with other surveys enable us to draw conclusions for our asset management. In order to gather as much data as possible, we carry out our own satisfaction surveys, in collaboration with high-quality partners like IPSOS, Toluna or Synomia.

Then we analyse the customer strategy. Trusteam Finance verifies whether companies listen to and respond to the expectations of their customers. Companies also have to engage their employees, who serve as a channel for the customer experience, by showing them that their work has meaning. To achieve this, customer-focused companies have a purpose that goes far beyond the achievement of mere economic objectives. This aligns the interests of the companies with those of their staff and their customers, and ultimately benefits society as a whole.

To date, we have built a proprietary data base that contains the ROC 'ratings' of more than 5,000 companies.

In a world undergoing constant change, where do you see the main challenges for customer-focused companies like your own, both now and in the near future?

In 2018, clients are looking for meaning, value and coherence. One of the biggest challenges that companies need to prepare for is therefore the need for responsibility. As the digital revolution gathers pace, customers become activists who are aware of the contribution that companies make to the world. They want to see companies share their values and contribute to what they see as the common good (protection of the environment and health, transparency, governance, respect for human rights, etc). Companies are not always ready to answer customer demands in these respects, which can lead to disappointment and inconsistencies.

In order to rebuild confidence, these companies must rally their teams around a strongly-held shared vision. Clients in search of meaning expect them to be at one with their own values and to help them create a better world.



Norwegian landscape by Lilla Schuch, member of myMoleskine Community.
© lilla.schuch.watercolors





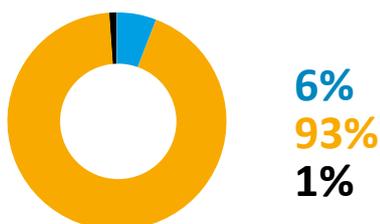
A technician of Safelite, Belron's business in the United States.

Key figures by activity

AVERAGE WORKFORCE

32,951

average full time equivalents in 2018

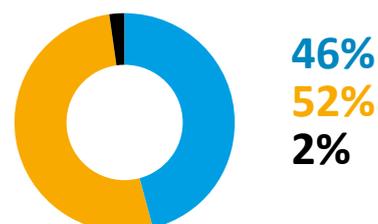


(average full time equivalents)	2017	2018	Change
D'Ieteren Auto	1,740	1,848	+6.2%
Belron	28,994	30,567	+5.4%
Moleskine	434	479	+10.5%
Other	55	57	+4.4%
Total	31,222	32,951	+5.5%

COMBINED REVENUES³

7,417.8

EUR million in 2018



(EUR million)	2017	2018	Change
D'Ieteren Auto	3,299.7	3,404.0	+3.2%
Belron	3,486.2	3,839.7	+10.1%
Moleskine	155.4	174.1	+12.0%
Total	6,941.3	7,417.8	+6.9%

ADJUSTED OPERATING RESULT^{1,3}

357.9

EUR million in 2018

(EUR million)	2017	2018	Change
D'Ieteren Auto	95.2	113.0	+18.7%
Belron	189.8	225.7	+18.9%
Moleskine	25.2	28.6	+13.5%
Other	-9.3	-9.4	+1.1%
Total	300.9	357.9	+18.9%

ADJUSTED RESULT BEFORE TAX^{1,2}, GROUP'S SHARE (KPI)

226.1

EUR million in 2018

(EUR million)	2017	2018	Change
D'Ieteren Auto	102.5	121.7	+18.7%
Belron	81.9	90.3	+10.3%
Moleskine	15.2	18.9	+24.3%
Other	-4.3	-4.8	+11.6%
Total	195.3	226.1	+15.8%

1 Excluding *adjusting* items (APMs - see glossary on page 72).

2 57.78% stake in Belron in 2018 and 2017 (restated).

3 Including 100% of Belron.

Highlights 2018



CUSTOMER SATISFACTION



Launch of Wondercar bodywork

A large Wondercar workshop opened in June, along with a used car sales center, on the new Zen Park site in Drogenbos, near Brussels. Wondercar, as an auto body repair specialist, offers customers the full range of body repairs: smart repair, day repair and classic repair. Its use of advanced techniques and processes guarantees a high quality of service.



Maintaining high level of customer satisfaction

Despite the significant peak in VGRR demand due to weather conditions - Belron served a record 13.2 million consumers in VGRR¹ in 2018 - service levels remained high, enabling Belron to maintain its global customer satisfaction score (Net Promoter Score) over 80.

1 Vehicle Glass Repair and Replacement



ECONOMIC GROWTH AND VALUE CREATION



Foundation stone of Auto and housing projects

2018 saw the setting of different construction projects' first stone. The TenBosch housing site in Brussels will contain 36 modern and energy-efficient apartments to be rented. New building sites aimed to support D'leteren Auto's activity include a Porsche Garage in Mont-St-Guibert and a SEAT showroom in Mechelen.



Beyond automobile distribution

In view of the current revolution in mobility in which the car is no longer the central element, D'leteren Auto has issued a new vision, beyond automobile distribution, to position itself in the wider mobility market. It launched the Magellan project in September to determine a global strategy and a set of priorities to lead this vision to fruition by 2025.





Volkswagen



New distribution contracts with Volkswagen

D'leteren Auto signed new import agreements with the Volkswagen Group and new dealership contracts with the dealers who lead the different market areas. These contracts, which anticipate the car industry of tomorrow, create new growth opportunities, particularly for online equipment sales.



Thinking globally, acting locally

Moleskine strengthened its regional operations, convinced that knowledge of local customers and localized execution are crucial to developing the brand's competitive edge in each market. As part of this strategy, the US team was strengthened and direct distribution was initiated in Japan through a new local subsidiary.



Bags and accessories sales growth

Pursuing its multi-product strategy, Moleskine recorded a significant non-paper sales growth. Building on this breakthrough, the company extended its classical Backpack Collection with a wider selection of colours and materials.



Pursuing service extension strategy

In HDRR¹, Belron progressed in both France and Australasia with good advances in building relationships with insurance and corporate partners and is working on new plans to expand its services for them. In ADRR², the acquired businesses in Belgium and Italy were rebranded using the Carglass[®] brand. Overall, 500,000 customers were served in service extension areas, 159% up on 2017.



Fit for Growth

Belron initiated a major business transformation project, the Fit for Growth programme, aimed at boosting its financial performance. The programme covers different fields of actions, including pricing, ADAS³, Value Added Products, productivity and procurement.

¹ Home Damage Repair and Replacement (HDRR)
² Automotive Damage Repair and Replacement (ADRR)
³ Advanced Driver Assistance Systems (ADAS)



INNOVATION FOR SOCIETY



Pursuing digital innovation

Actions, a successful app aimed at increasing personal productivity, registered approximately 600,000 downloads since its launch in April. It complements the existing Timepage app.



New mobility services

To remain at the forefront of tomorrow's Belgian mobility market, D'leteren Auto continued to develop innovative services related to mobility through its subsidiary Lab Box. In September, Lab Box launched Pikaway, a Maas ("Mobility as a Service") platform, which allows routing, booking and payment for intermodal mobility solutions.



EMPLOYEE WELL-BEING AND DEVELOPMENT



Carglass Germany hosted the 10th Best of Belron edition in Frankfurt. Encompassing a client conference, exhibition and unique competition, the 2018 Best of Belron recognized the 30 best technicians across the business, while showcasing their technical expertise. The winner, Rick Beasley from the United States, has been working for Safelite® for 17 years.



People in the driving seat of their own development

D'leteren Auto launched MySkillCamp, a personal development platform that helps employees to manage their own training and encourages them to train regularly and autonomously, using e-Learning methods, webinars or by taking advantage of the easy access to a library of around 10,000 books.





COMMUNITY ENGAGEMENT



Spirit of Belron challenge 2018

In September, 2,200 Belron people, their families and friends, and business partners swam, cycled and ran, thereby raising EUR 1.2 million for Belron's global charity partner Afrika Tikkun.



Supporting socially-responsible mobility

Through the 2018 Give and Gain mobility challenge, employees walked, ran and pedaled about 80,000 km overall in support of projects related to socially-responsible mobility. The km were converted in Euros via a dedicated app. The final amount was used to buy bicycles for children in need, as well as prosthetic sporting limbs for disabled children.



Inspiring a new generation of thinkers

In September, the "I had a Dream" exhibition, curated by the Moleskine Foundation and supported by Moleskine, was held at La Rinascente in Rome, showcasing a selection of 54 notebooks created by students who took part in one of the AtWork workshops organised by the Foundation. AtWork is an itinerant educational format that uses the creative process to stimulate critical thinking.



RESPECT OF THE ENVIRONMENT



A new state-of-the-art European Distribution Centre

Reducing Belron's environmental impact is at the heart of the new 43,000 m²-wide European Distribution Centre which opened in July 2018 in Bilzen, Belgium. The building is equipped with 14,000 m² of solar panels and 422 light catchers installed to provide natural light and energy. Every piece of broken glass (19,000 tonnes) from Belgium, the Netherlands, UK and Switzerland was gathered to Bilzen, along with all wood and plastic, in order to be recycled.



A global electric solution

In response to the growing demand for rechargeable electric and hybrid vehicles, D'Ieteren Auto has developed Electric D'Ieteren Solutions (EDI), a complete pack of smart solutions to the problems of energy storage faced by private individuals and professionals. The EDI pack contains charging points for the home or the workplace, but also a recharging card that can be used while travelling, giving access to more than 100,000 charging stations in 25 countries across Europe.



Preserving biodiversity

D'Ieteren Immo has signed the "Green Deal", an agreement with the Flemish Region in Belgium, in which the company committed to take actions in favour of biodiversity. Biodiverse zones now exist at three of the company's sites, where suitable vegetation has been planted. A plan to extend this programme is currently underway.

