D'Ieteren Auto

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

1805
D'Ieteren Auto

WHAT WE DO

As part of its 70-year old 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 vehicle distributor, with a market share of around 21% and 1.2 million vehicles on the road. D'Ieteren Auto manages a strong network of independent dealers across the country and owns its own dealerships mainly on the Brussels-Mechelen-Antwerp axis.

Besides distributing vehicles in Belgium, D'Ieteren Auto provides after sales services through its corporate-owned operations. These include bodywork, maintenance and repair, and tyre replacement. It also sells used vehicles through My Way centres and My Way Authorized Distributors. 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 in Belgium and the Grand Duchy of Luxembourg through D'Ieteren Sport.

D'Ieteren Auto's business model is currently evolving towards supporting citizens' social life through a more fluid, accessible and sustainable mobility. The company focuses on supporting responsible mobility, in particular through the initiatives of its subsidiary Lab Box.

Volkswagen

Commercial Vehicles

SEAT

ŠKODA

BENTLEY

LAMBORGHINI

BUGATTI

PORSCHE

YAMAHA
Revs Your Heart

We the People

MESSAGE FROM

DENIS GORTEMAN

CEO OF D'IETEREN AUTO

D'Ieteren Auto will expand its range of activities beyond automobile distribution to position itself on the wider mobility market.

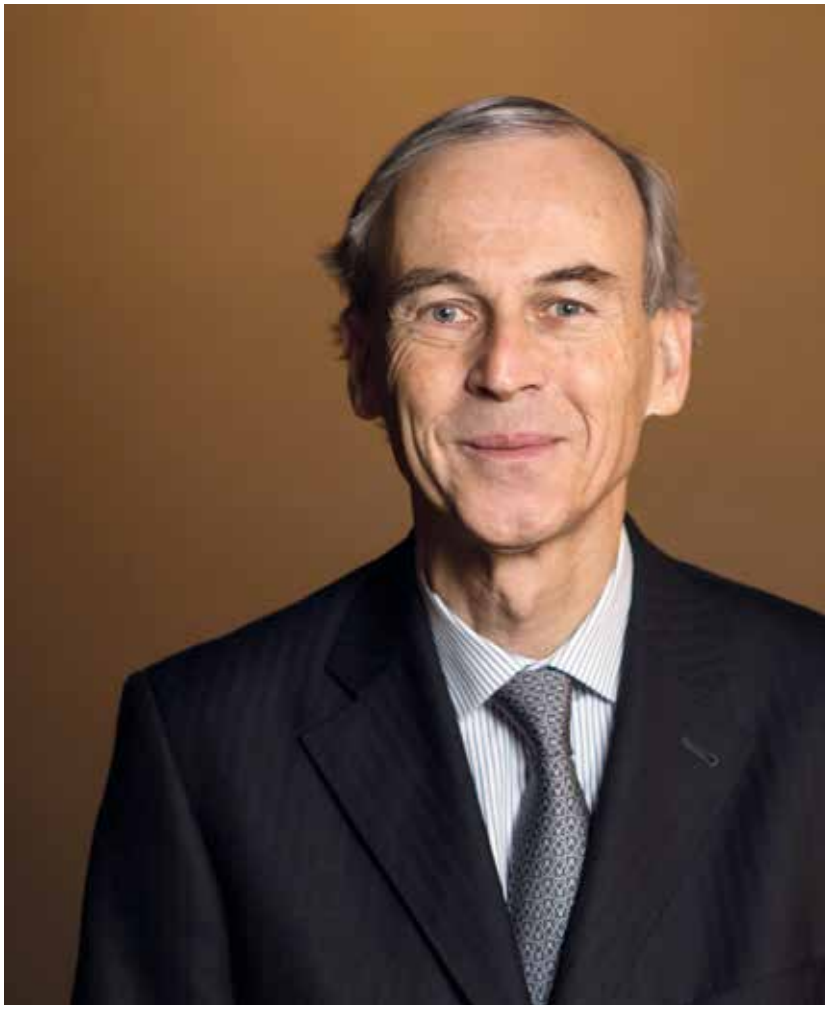
Electric cars, smart cars, self-driving cars and car-sharing are going to fundamentally transform the way in which human beings move from place to place. We are witnessing a genuine revolution in mobility in which the car is no longer the central element but rather, just one component in an overall offer. This revolution brings with it numerous challenges, but also opens up exciting new prospects for sector players. D'Ieteren Auto has therefore decided to expand its range of activities beyond automobile distribution to position itself on the wider mobility market. Our vision as we look ahead to 2025 is simple: to improve the lives of our fellow citizens by offering mobility that is fluid, accessible and sustainable. We now need to solidify this vision and transform it into a clear strategy that will guarantee our company the sustainable, profitable future it deserves. This is no easy task, given the growing complexity and size of the competitive landscape and the rapid progress of our rivals.

Launched in September 2018, the Magellan project aims to achieve meaningful progress in this direction by determining a global strategy and a set of priorities to be pursued by each of our activities by 2025.

In order to maximize our chance of success, we have placed the project in the hands of those with the best knowledge of the terrain and the best solutions. Magellan is therefore being steered by different teams from across D'Ieteren Auto that have been chosen based on their experience and their connections with our core operational businesses.

Putting our own teams at the heart of the Magellan project offers an undeniable advantage. It means that the project is at the forefront of our thoughts in the medium and long term, enabling us to capitalise on our know-how and pursue strategies that are both practical and realistic. By moving forward in this way, we are mobilised around a shared vision of the future and better positioned to bring that vision to life. This process and the resulting exchange of ideas enriches all of us.

2018 was a year rich in new initiatives, both in our core business and in the development of new mobility offers. In this context of change and innovation, we are seeking to strengthen our values. For this reason, we embarked on a wide-ranging mission to review the values that guide our teams every day. Some of these values have their roots in our past, while others are necessary for our future progress. Supportive, perseverance, honourable, enthusiasm and bold curiousity: these are values that the Board wants to see brought to life within our company, convinced that the success of D'Ieteren Auto is not only dependent on our own savoir-faire but also on the way we behave towards our customers, our staff and the company as a whole.



A word from our stakeholders

Philippe Dehennin is the President of FEBIAC, the Belgian Federation of the Automotive and Two-wheeler Industries.
He was appointed in June 2017.

How do you see the future of mobility?

The mobility of tomorrow will be considered as a service. I see a multimodal, sustainable system that reduces congestion while combining different modes of transport, including the car. We can see four unstoppable trends in the automobile industry today: digitisation, with the emergence of a digital ecosystem that offers a wide range of innovative solutions; an energy transition that is creating cleaner, less-polluting technology; a transfer of populations towards urban centres, which will become hubs of economic and social activity; and finally, the emergence of the sharing economy.

In your view, what role should a company like D'Ieteren Auto play in the mobility of tomorrow?

These different trends will require car dealers to adapt so that they too can benefit from the new technologies and opportunities created by the "new mobility" revolution.

The fact that mobility will be considered as a service does not mean that the car will not remain the preferred mode of transport for many users. No concept of sustainable mobility can ignore the role of individual mobility, because each generation has its own need, its own expectations and its own culture of mobility, depending on the period during which that culture emerged. I am convinced that a mobility solutions provider like D'Ieteren will continue to deploy an ever-expanding range of products and services, from private cars to digital applications, capable of connecting all of our transport and parking needs in an offer that is at once transparent and tailor-made.

Brussels Motor Show 2018

Overview of 2018

A buoyant but evolving market

With close to 550,000 new car registrations, the automobile market enjoyed an outstanding year in 2018, slightly below the record set in 2011. The roll-out on 1 September 2018 of WLTP (Worldwide Harmonised Light Vehicle Test Procedure) disrupted the year's seasonal patterns, with periods of massive deliveries caused by the sale of stocks of vehicles certified under the old NEDC standard and quieter delivery periods due to a backlog of vehicles waiting to be certified under the new standard. The utility vehicle market also grew, up 2.2% compared to 2017, with a record-breaking 78,459 registrations, reflecting solid economic health overall and a growing need to deliver goods rapidly as on-line commerce continues to expand.

Two major trends: the dominance of SUVs in sales and the growth of petrol-driven cars to the detriment of diesel

SUVs are as popular with the Belgian public as ever, representing close to 38% of new car sales, up from around 31% in 2017. Mid-sized SUVs account for more than 21% of new registrations.

In terms of type of engine, petrol cars took 10% more of the market than last year, representing more than half of new registrations (59%) at end-2018. This trend occurred to the detriment of diesel vehicles, while the market share of other vehicle types (hybrid and electric) remained stable. Though the general trend was visible across the board, there nevertheless exist disparities between private buyers and companies, with 78% of the former opting for petrol cars, while 52% of the latter remained faithful to diesel.

D'Ieteren Auto once again stands out from the competition

Brands distributed by D'Ieteren Auto have increased their market share by year-end, with the exception of Audi, which suffered delivery delays caused by the implementation of WLTP, and Porsche, whose timetable for new model launches was unfavourable. Volkswagen was once again the market leader with a share of 9.6%. The Volkswagen Golf was elected "Bestselling car of the year" and "Bestselling fleet car of the year". ŠKODA achieved record market share of 3.6%. SEAT pursued its growth path with market share of 1.7%. Total new registrations stood at 114,309, a similar level to 2017, bringing D'Ieteren Auto's share of the total market to 20.8%. Volkswagen Commercial Vehicles saw a record number of 8,286 Light Utility Vehicles sold. Yamaha regained the top spot in the motorbike and scooter market.

D'Ieteren Auto's order book at end-2018 showed a healthy increase of 28% compared to end-2017, thanks primarily to the success of Volkswagen, Volkswagen Commercial Vehicles and SEAT. In terms of billing, D'Ieteren Auto reached 122,240 units, 2.6% less than 2017.

On the second-hand vehicle market, MyWay and Audi Approved Plus sold 16,526 vehicles, up 5% on 2017.

In spare parts and accessories, D'Ieteren Auto realised record sales of EUR 186.4 million, while maintaining a high-level quality of service.

For Volkswagen D'Ieteren Finance (VDFin), 2018 was a vintage year. The company achieved a penetration rate of 34.2% in 2018, up from 31.8% in 2017, for the sale of new vehicles by D'Ieteren Auto. VDFin now has around 119,000 vehicles in its portfolio. If we include service contracts not linked to financing, the number of contracts under management passes the 232,000 mark.

Leadership & operational excellence

Following the example of the Zaventem Auto Center in north-east Brussels, the vehicle sales and after-sales activities of the south-west Brussels region will be moved to two Car Centers situated in Drogenbos and Anderlecht. The aim is to be able to propose a global offer by 2022 that is adapted to the mobility needs of our customers and to the latest technological advances. This infrastructure investment of around EUR 12 million is being accompanied by an ambitious staff training programme that reflects the more advanced technology now found in cars, particularly in terms of electrification. D'Ieteren Auto thereby confirms its determination to ensure profitable growth for its retail activities, which form an essential component of customer relations.

An De Pauw, Electric & Low Emission Manager

The multi-brand multi-service dealership, Auto Center Zaventem in the region of Brussels, illustrates the consolidation of selling points and service providers realised as part of the Market Area strategy.

At the same time, D'Ieteren Auto held talks with an independent dealer to acquire dealerships for Volkswagen, Volkswagen Commercial Vehicles and Audi, situated respectively in Anderlecht and Dilbeek. A deal has been agreed pending regulatory approval. However D'Ieteren Auto's distribution strategy remains unchanged: it consists of working with a network of independent dealers and enabling them to achieve profitable long-term growth. This operation forms part of the Market Area strategy pursued by D'Ieteren Auto since 2014 across the entire distribution network, including in the Brussels region. This allows a more coherent strategy for the brands distributed in each zone and aims to safeguard the network's leadership and continued operational excellence.

2018 was also marked by the signing of new import agreements with the Volkswagen Group and new dealership contracts with the Market Area Leaders. These contracts, which anticipate the car industry of tomorrow, create new growth opportunities, particularly for online equipment sales, and require a more customer-centric commercial approach that will create a sales and after-sales experience that adds genuine value, thereby guaranteeing customer loyalty.

From selling cars to selling mobility services

D'Ieteren Auto's economic model is evolving to include the offer of mobility solutions that are fluid, accessible and sustainable and to thereby improve the lives of our fellow Belgians. Last year saw significant progress in bringing this vision closer, and some of these advances will be deployed in 2019.

- In response to the growing demand for electric and plug-in hybrid vehicles, D'Ieteren Auto has developed Electric D'Ieteren Solutions (EDI), an extensive ecosystem of intelligent charging and energy solutions. The EDI offer consists of charging stations, service and energy solutions for both private and professional customers but also gives its users access to a network of 100,000 public charging points in 25 countries across Europe. The offer also includes a split billing solution for fleet users wanting to split the cost of electric vehicle charging from the cost of their household electricity use. Financing solutions for EDI are available at Volkswagen D'Ieteren Finance.

Electric D'Ieteren Solutions (EDI) is a smart solution pack enabling private and professional clients to charge and store energy.

Magellan is a key transformational journey led by the people of D'Ieteren Auto to enable the company to keep its leadership position in tomorrow's mobility market.

Arthur de Fauconval, Strategic Planning Associate

- Volkswagen D'Ieteren Finance has launched Bike-Moby, a financial leasing plan for bicycles. The company is responding to the growing demand for alternative mobility solutions that match the level of service and assistance that exists for company cars. Bike-Moby offers full ranges of bikes from the top brands at 168 sales outlets across Belgium. This new formula comes in addition to existing offers like Flex-Moby (the multi-vehicle package), e-Moby (a shared billing system for electric vehicles) and Olympus Mobility (a multimodal application).

- Since January 2018, Poppy has been managing 350 'free-floating' cars in Anvers. The fleet consists of 100%-electric Volkswagen e-Golfs and the CNG-powered Audi A3 g-tron. In August 2018, Poppy also launched 25 shared electric scooters. One year after launch, Poppy is posting good results, with 2 million kilometres travelled and around 20,000 registered users. The scheme has also reduced CO_2 emissions by around 232 tonnes. Poppy was developed by Lab Box, the D'Ieteren Auto start-up incubator dedicated to the future of mobility.

- Pikaway is a new application developed by Lab Box that offers tailor-made mobility solutions based on real-time information. Its appeal lies primarily in the ability to combine a route-planner with payment/reservation options for different suppliers, all on a single platform. The application is compatible with a range of mobility players like the SNCB, De Lijn, Poppy (shared cars and scooters), taxi companies, etc. With Pikaway, Lab Box also has its eye on the B2B market. Companies can choose to integrate the application in the mobility package of their employees and thus meet their evolving travel needs. Staff can use the application not only for their daily journey to work but also for their professional travel. The B2B offer makes Pikaway an attractive solution for corporates seeking to manage their mobility budgets by encouraging intelligent and sustainable home-to-work travel.

- Services linked to vehicle sales and after-sales are also evolving based on customer expectations. Examples include the modernisation of the MyWay brand and the expansion of product offers and financial services for second-hand vehicles with Lizy, a 100%-digital platform dedicated to the operational leasing of nearly-new used vehicles. There is also the roll-out of the Wondercar auto body repair specialist in the Market Areas, offering customers the full range of body repairs: smart repair, day repair and classic repair. A large Wondercar workshop opened in June 2018 in the Brussels area. Wondercar's use of advanced techniques and processes guarantees high-quality service and will enable the company to exploit the region's business potential.

Nurturing talent to meet the challenges of tomorrow

In a rapidly-evolving sector, it is important to federate and motivate all of our talent so that we can meet the challenges that face us and successfully transform the D'Ieteren Auto business model. To achieve this, the 2025 vision for mobility placed importance on facilitating in-house job changes and the professional growth of employees. Clear and consistent governance policies focused on respect for equality, improved transparency and the promotion of dialogue have been implemented. The CaReer Model maps out existing functions and clarifies the position of each one according to the activity and the role in question, thereby making it possible to determine the level of expertise required in a given job. Based on the same principles of governance, the remuneration policy has undergone a review with the aim of harmonising in-house practices and ensuring a better compromise between competitiveness and making the company attractive to existing and future employees.

In September 2018, Lab Box initiated a MaaS platform called Pikaway, which allows routing, booking and payment for intermodal mobility solutions.

Bike-Moby is the new financial leasing plan for bicycles offered by Volkswagen D'Ieteren Finance (VDFin)

Lab Box is currently developing Lizy, a fully digital leasing platform of second-hand vehicles for SMEs.

D'Ieteren Auto also places great importance on the training and qualifications of its staff and future recruits. Working in the automobile industry is demanding and requires a range of advanced technical qualifications. In 2018, D'Ieteren Auto staff benefitted from 41,916 hours of technical or behavioural training, equivalent to almost 3.2 days per employee. A personal development platform called MySkillCamp 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.

Another major priority for the company is to offer a working environment that is safe and enriching, where well-being isn't just a slogan. In addition to its commitment to enhance the workplace, home working is also being encouraged. A communication campaign christened "Ho.ffice, another way to be @ work" was launched in the Spring of 2018 in order to determine the ideal conditions for home working and facilitate access to the greatest possible number of employees.

Working together for socially-responsible mobility

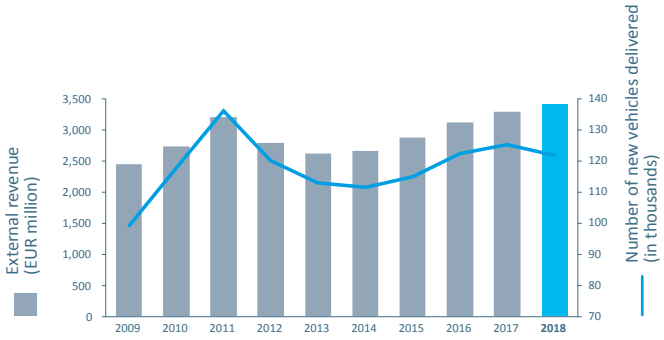
D'Ieteren Auto's Give & Gain patronage programme reflects not only the company's full commitment to causes that are close to its businesses – which is precisely where it can offer genuine value added – but also the commitment of its employees.

In 2018, more than 300 employees walked, cycled and ran a combined total of around 80,000 km to raise money for mobility schemes for deprived neighbourhoods. Once converted into euros using a dedicated application, these kilometres financed the purchase of bicycles for children from deprived backgrounds and of prosthetic limbs for sport for disabled children. The enthusiasm of our staff meant that these fundraising events, known as Give & Gain Challenges, took place in the space of barely four months.

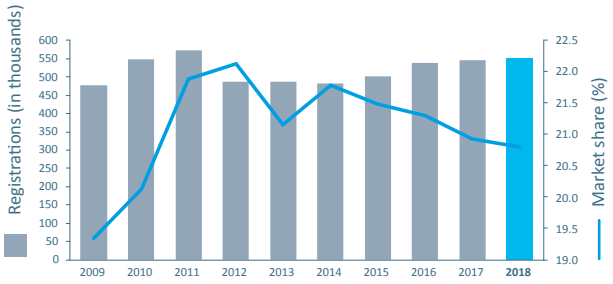
D'Ieteren Auto[2] | Key Figures

(EUR million)	2017	2018
New vehicles delivered (in units)	125,229	**121,855**
External revenue	3,299.7	**3,404.0**
Adjusted operating result[1]	95.2	**113.0**
Adjusted operating margin	2.9%	**3.3%**
***Adjusted* result, group's share**		
before tax[1,3]	102.5	**121.7**
after tax[1]	68.8	**77.3**
Average workforce *(average full time equivalents)*	1,740	**1,848**

REVENUE AND NUMBER OF VEHICLES DELIVERED



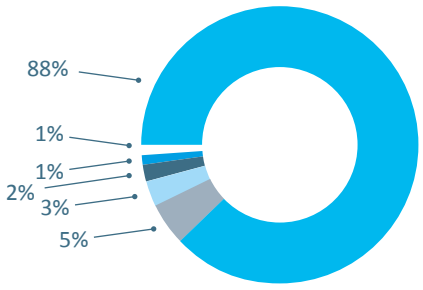
NEW CAR REGISTRATIONS IN BELGIUM AND MARKET SHARE OF D'IETEREN AUTO



REVENUE EVOLUTION BY ACTIVITY

(EUR million)	2017	2018	Change
New vehicles	**2,905.1**	**2,990.3**	+2.9%
Spare parts and accessories	**183.8**	**186.4**	+1.4%
After sales activities	**82.3**	**105.5**	+28.2%
Used vehicles	**66.3**	**68.2**	+2.9%
D'Ieteren Sport	**28.1**	**29.6**	+5.3%
Other	**34.1**	**24.0**	-29.6%
D'IETEREN AUTO	**3,299.7**	**3,404.0**	**+3.2%**

REVENUE BREAKDOWN BY ACTIVITY



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

New Models

Volkswagen

Volkswagen T-Cross

"I am more" is the tagline of the new T-cross SUV, illustrating a philosophy of offering more, while staying competitive. The T-Cross further extends Volkswagen's range of SUVs with a new entry-level model, featuring a stylish design, front-wheel drive in all versions, practical functions throughout and a host of individual configuration options.

Audi e-tron

Built in the carbon-neutral factory in Brussels, the e-tron is Audi's first 100% electric car, with an autonomy of more than 400km according to the WLTP cycle. The e-tron is driven by two powerful electric motors generating maximum output of 300 KW. The virtual side mirrors exploit cutting-edge technology and offer numerous practical advantages in terms of comfort and safety.

SEAT TARRACO

The new Tarraco is SEAT's top-of-the-range SUV. With seven seats, it is the big brother of the Ateca and the Arona, offering advanced technology, dynamic, agile handling and a range of practical features wrapped in an elegant, modern design package.

ŠKODA SCALA

A new character, new technology and a new name: with the ŠKODA SCALA, the Czech brand extends its offering in the popular compact car segment. Combining an emotive design with strong functionality and state-of-the-art connectivity, the SCALA is the first series production car to adopt the striking design language of the VISION RS.

Bentley Continental GT

Designed and built by hand in the UK, the 3rd generation of the Bentley Continental GT combines dynamic, uncompromising performance, hand-crafted luxury and cutting-edge technology to create the most exquisite grand tourer ever produced.

Lamborghini URUS

Automobili Lamborghini launches the Lamborghini Urus, its 3rd model and the first Super Sport Utility Vehicle. The Urus creates a unique niche in the luxury segment, setting new benchmarks in terms of power, performance and dynamism, with unequalled design characteristics, luxury and ease of use.

Porsche 911

The iconic Porsche 911 enters its 8th generation: more power, more speed and resolutely digital, it remains a benchmark for exclusive sports cars. Bearing the unmistakeable ADN of Porsche design and equipped with a more muscular exterior and an interior equipped with a 10.9-inch touchscreen, the new 911 is both timeless and modern.

Yamaha Ténéré 700

The new Ténéré 700, combining low weight with high performance, once again highlights Yamaha's mastery of off-road design. Equipped with the CP2 689cc parallel-twin engine, an entirely new double-cradle tubular steel frame and adjustable suspension, the Ténéré 700 offers handling and versatility that make it perfect for long distances. Tested under extreme conditions, the Ténéré 700 has the DNA of a desert rally bike but performs extremely well in a range of different riding conditions.