



## Belron

Making a difference by solving people's problems with real care



#### WHAT WE DO

Belron **makes a difference** by solving people’s problems with real care. It is the worldwide leader in vehicle glass repair and replacement with **more than ten major brands** – including Carglass®, Safelite® AutoGlass and Autoglass®. Building on its existing capability and expertise, Belron is **expanding its services** to focus on solving problems for people who need assistance with repairs to their vehicles and their home. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers.

In 2018, Belron served 17.8 million consumers in 35 countries on six continents.

	2016	2017	2018
Consumers (in millions)	15.2	16.5	<b>17.8</b>
NPS <sup>1</sup>	82.6%	83.1%	<b>82.8%</b>

<sup>1</sup> Net Promoter Score





# MESSAGE FROM

# GARY LUBNER

## CEO OF BELRON

We will continue to focus on delivering an outstanding service to our customers, a great place to work for our people, strong returns for our shareholders and a positive impact on the societies in which we work.

2018 has been another good year for Belron with positive developments on many fronts. We started the year by welcoming Clayton, Dubilier & Rice as new minority shareholders and associated Board members, and have worked closely with the Board throughout the year to enhance the performance of the business in all areas. I would like to thank all of the Board members, both old and new, for their input in helping to make Belron an even stronger business.

We continue to put our purpose at the heart of everything we do. 'Making a difference by solving people's problems with real care' touches every part of our business, and means delivering an outstanding service to our customers, a great place to work for our people, strong returns for our shareholders and a positive impact on the societies in which we work. We pursued this purpose in our vehicle glass repair and replacement (VGRR) business and also in our new automotive damage repair and replacement (ADRR) and home damage repair and replacement (HDRR) businesses, as well as our claims management activities.

In VGRR, the strong winter, both in Europe and North America, brought high levels of demand during the first half of the year. We also continued to focus on growing market share through our marketing and sales activities. Our frontline teams worked extremely hard to serve customers to our normal high standards and as a result we ended up serving a record 13.2 million VGRR customers with an NPS in excess of 80%. We made great progress in improving our ability to calibrate Advanced Driver Assistance Systems (ADAS) after a windscreen replacement. Thanks to our significant investment in ADAS tools and training over the past few years, we completed more than 400,000 calibrations in 2018.

In September, we reorganised the business into three regions - North America, Europe and Rest of World, enabling us to leverage cross border opportunities more efficiently and effectively. I am pleased with the initial progress in the new regions and am encouraged by the opportunities identified. We also reviewed our portfolio of countries and decided that four of our businesses would be able to compete more effectively as franchisees or affiliates rather than corporate subsidiaries. We have successfully sold these businesses to entrepreneurial local owners as franchisees or affiliates and, although we have incurred a substantial book loss, we have the opportunity to generate greater cash returns in the future through franchise fees. I would like to thank all of our employees who work in the VGRR side of the business for their continued dedication and commitment.

We continued to develop our new service extension businesses. In ADRR, we rebranded the acquired Belgium and Italian businesses using the Carglass® brand within this new business sector and tested advertising campaigns in both of these markets with encouraging results.

In HDRR, we progressed in both France and Australasia with a positive integration of the acquired businesses. We made good advances in building relationships with our insurance and corporate partners in HDRR and are working on new plans to expand our services for them. I am delighted that we managed to serve 513,000 customers in our service extension areas, 159% up on 2017, and would like to welcome all of our new employees and franchisees and look forward to an even more exciting 2019.

Our financial results were strong with record sales of EUR 3.8 billion and our *adjusted* operating profit improved by 19% reflecting our continued progress in VGRR, plus the benefits of our service extension. We will continue to focus on delivering strong returns for our shareholders.

Our reputation for being a trusted and respected company in the eyes of our people, customers and partners is integral to us. We remain committed to being a sustainable business and continue to be a signatory of the United Nations Global Compact. We are making good headway towards our goal of having our Corporate Social responsibility (CSR) activities gold rated across the Group by 2020, with 11 of our business units already gold rated (having been scored 62 or more by Ecovadis) with a further seven within four points of achieving gold.

Belron and its people raised EUR 4.65 million for charities across the world including our continued commitment to Afrika Tikkun in South Africa, a cause close to my heart and where I see our support truly saving lives. I would like to thank all of our employees and business partners who generously support our fundraising activities.

Looking forward, we will continue to focus on our purpose and thereby make a bigger difference to more customers, more people, our shareholders and to more of the societies in which we live and work. It is an exciting journey and one which we will travel on in the Belron spirit by being caring, genuine, collaborative and driven.



## A word from our stakeholders

*Brian Moore,  
Head of Aviva UK Claims Procurement*

*Aviva is the UK's largest insurance company, with 15 million customers and a 320-year history. It has worked with Belron for over 15 years operating across five markets. Belron and Aviva entered into a global relationship just two years ago to look for opportunities in and across markets. It was Aviva's first ever global supplier deal.*

### **What challenges and opportunities is the VGRR market currently facing?**

*Despite the extraordinary uncertainty in the global economy, I feel there are also some clear certainties facing the VGRR market.*

*Digitisation will continue to dominate the customer journey as companies invest in technology to stay ahead and meet customer demand for simplicity and immediacy. I believe our industry will focus on getting more and more customers to adopt digital self-service.*

*Advanced Driver Assistance Systems (ADAS) will continue to experience rapid growth as car safety technology becomes more sophisticated. With this comes a need to educate customers. There's a lot of confusion around ADAS, with customers not being aware of the need to recalibrate a vehicle's ADAS after a windscreen replacement, or not understanding the consequences of failing to recalibrate a vehicle. This gives companies the opportunity to educate the customer on ADAS and the importance of recalibration.*

*The step change in how consumers view the world is having an impact on our environmental responsibilities. It's becoming so important for businesses to adapt and change how they do things in order to be more sustainable.*

### **And what of the future?**

*Shifts in consumer behaviour as well as new technologies will drive and shape the services we offer and companies will need to be forward-thinking and customer-centric if they want to stay ahead of the market.*

*I still expect there to be a healthy market in VGRR. Windscreens will become more and more complex and companies must respond by continuing to innovate – in their operations, their customer service and in their people.*

We made great progress in improving our ability to calibrate Advanced Driver Assistance Systems.



## Overview of 2018 – a good year

In 2018, Belron continued to focus on its stated purpose to ‘Make a difference by solving people’s problems with real care’, an objective that targets customers, employees, shareholders and the communities in which it operates. Belron’s strategy includes plans to further increase the market share of its existing VGRR business and to continue expanding into new services alongside VGRR. In order to make these outcomes possible, it has defined several priorities: to ensure that Belron becomes the natural choice by building exceptional brands; to ensure its ability to build outstanding key account partnerships; to maintain its focus on being people- and customer-driven through a nationally-led, globally-supported operating model; and to maintain its strong commitment to leadership and corporate culture – living the core values that define the Spirit of Belron.

## Vehicle glass repair and replacement

VGRR markets grew strongly in 2018 both in North America and Europe, primarily due to the favourable winter weather in the first half of the year. In addition, the business continued to focus on growing market share through its various sales and marketing initiatives together with targeted acquisitions. As a result, the VGRR business served a record 13.2 million customers worldwide, generating EUR 3.5 billion in sales. Service levels remained high, despite the significant peaks in demand driven by the weather, with an overall annual net promoter score (NPS) of 83%.

The focus on ADAS calibrations continued to grow as the penetration of vehicles with ADAS increased. The number of calibrations more than doubled from 165,000 in 2017 to 404,000 in 2018. In addition, Belron did more for its customers by selling additional products and services, notably wipers and rain repellent, to 1.7 million of them, up 30% on last year.





*In the United Kingdom, Autoglass® offers both body repair and glass repair and replacement services.*

## New services

After entering the ADRR and HDRR markets in 2017, Belron made progress in building these businesses in 2018 with important lessons learned along the way. In the ADRR market, a total of 171,000 customers were served. The Belgian operation now has 23 service locations in place to help customers with car bodywork damage. In Italy, Belron established a franchise network comprising 210 bodyshops and is also operating directly from several company-owned sites. Over the course of the year, both the Belgian and Italian businesses were rebranded using the Carglass® brand, with good progress being made with key account partners. Advertising campaigns were tested in the second half of the year in both countries.

Belron made progress in home damage repair and replacement. It welcomed 250 franchise members and more than 2,300 new team members into the O'Brien® (Australia) and Smith&Smith® (New Zealand) service networks, after completing the acquisition of Laser Plumbing and Electrical in March. Since then, Belron has worked closely with the acquired business teams to develop plans that leverage the combined strengths of the two businesses. The Australian business began a rebrand into O'Brien® just after year-end. A major transformation programme was initiated in Maisoning in France to implement new governance procedures and a new performance culture aimed at lifting earnings into positive territory in the future.

## Customer driven

Belron remained focused on delivering an outstanding service to its customers. Developments in technology and innovation continued to play a key role in improving customer interaction and, ultimately, in improving conversion rates across the business. One significant breakthrough was the ability to recognise customers much further upstream on their individual service journeys and then track them as they move between channels. This provided visibility of millions more customers online and the capability to identify and address pain points that were not previously understood, thereby putting Belron in a better place to convert more jobs than ever before and to do this more efficiently.

Alongside operational and innovational development, Belron continued to strengthen key account relationships with insurance, fleet and lease partners, and enhance the overall customer experience. In particular, significant growth was realised with international key accounts. A record number of joint projects helped to enhance the value of international key account partnerships in areas including digital, administration and efficiency, and the customer journey. Belron ran a successful joint conference with EURAPCO members, while the Allianz partnership, Belron's oldest international agreement, experienced its highest number of jobs and sales since the partnership began in 2007.





Belron made progress in building its automotive damage and home damage repair and replacement businesses in 2018 with important lessons learned along the way.

*Masonry has been integrated into Carglass® France, enabling Belron to expand into the home market.*



*Belron completed the acquisition of Laser Plumbing and Electrical in Australia and New Zealand in March 2018.*



*Robert Sterke, Head of Sales at Belron welcomes Dr. Christoph Lauterwasser, Managing Director of the Allianz Center of Technology, at the Best of Belron 2018.*

Our reputation for being a trusted and respected company in the eyes of our people, customers and partners is integral to us.

Gary Lubner

Many of the key account partners attended the 10th Best of Belron event hosted by Carglass® Germany in Frankfurt. Encompassing a client conference, exhibition and unique competition, recognising Belron's 30 best technicians across the business, the 2018 Best of Belron showcased their technical expertise. Delegates were engaged throughout, providing positive feedback: "A fantastic inspirational event", "Tremendous company spirit" and "Meeting people is what makes this event so great."

For the host nation, Jean-Pierre Filipinni, General Manager of Carglass® Germany commented: "In addition to an excellent customer service as well as an outstanding brand, the trust capital with our business partners in the insurance and lease-fleet-rental industries is one of the most important pillars for our business. The Best of Belron in Frankfurt has significantly helped to leverage the relationship so that we can make an even greater difference for our partners and therefore for our consumers."

On the supply chain side of the business, Belron opened its new European Distribution Centre in Bilzen, Belgium in July 2018. Consolidating five facilities into one, this new state-of-the-art facility serves the majority of our European network, stocking 300,000 windscreens and six million accessories, plus 29,000 different article numbers. The centre covers 43,000m<sup>2</sup>

and has a 240-strong workforce operating 24 hours a day, five days a week to keep our branches and mobile technicians across Europe supplied with the right glass, accessories and tools to serve our customers. Reducing our environmental impact is at the heart of the building with 14,000m<sup>2</sup> 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 is recycled, along with all wood and plastic.

"This centre makes Belron fit for the future creating more efficiencies and reducing the environmental impact of our operations," explained Tim Berx, Supply Chain Director. "We are delighted that 97% of our staff moved across to the new facility meaning we retained the expertise of our people who are now all working under one roof together."

The roll out of a new Advanced Repair Technology (ART) improved the technical capability across the business. The most advanced windscreen repair tool developed by Belron, ART helps to optimise the quality of repair work and in doing so provides an even better service to customers worldwide.



*Reducing environmental impact is at the heart of Belron's new European Distribution Centre in Bilzen, Belgium.*



The bi-annual Best of Belron event showcases the global expertise of Belron's best technicians across the business.

## People driven

Belron continued to strive to be the best place to work for its people, wherever they are in the world and digital tools helped to achieve this. The employee engagement tool that is now used by 26 Business Units provides a clear insight into how our people are feeling across the business on a monthly basis. During the first half of the year, Belron was able to act swiftly when high workloads caused the engagement levels of technicians to dip.

Safelite® launched a new technician assessment tool to simplify the management recruitment process. The new tool, developed by Thrivemap, winner of Belron's 2017 startup accelerator programme, offers a single assessment for prospective technicians to measure their cultural fit, capability and organisational commitment. Safelite® hopes the tool can improve efficiencies during the selection process and, over the long term, improve retention.

Finally, the annual global recognition scheme – the Belron Exceptional People Awards – celebrated 63 outstanding people across the business with individual countries recognising far more people across their operations.

## Inspiring leadership

Belron remained committed to developing its leaders across the business. Using the 'Executive Winning Behaviours' and 'Styles and Climate' frameworks, Belron leaders continued to score significantly higher (>20% point) than leaders in other organisations. Belron also pursued its purposeful leadership training which enhances leaders' abilities to perform in challenging situations.

Towards the end of the year, Belron revamped its induction process for new executive leaders. Agile and blended, this induction programme integrates the various new leadership development tools introduced in recent years and responds to the current business and leadership challenges. Amongst other things, the new programme has strengthened the focus on promoting the Belron culture – the Spirit of Belron. This is achieved through training and is measured as part of the regular leadership evaluation process. The 'Spirit' score (measuring how driven, collaborative, caring and genuine the leaders are) remains high for senior leaders.

### 'One of the most amazing moments of my life'

Rick Beasley from the US won this year's Best of Belron 2018 in Frankfurt.

Rick, who works for Kenosha Service Centre in Wisconsin, has been with Safelite® for 17 years. He beat 29 technicians from across the world in two days of tough competition to take the top title.

"Winning Best of Belron was one of the most amazing moments of my life!" exclaimed Rick. "I am so grateful to be part of a company that recognises and rewards what I bring to the team. I truly appreciate the opportunities and the appreciation that have come my way."

Since winning Best of Belron, Rick has had the opportunity to travel, build relationships across the country and at the home office, and help others progress in their careers. "I'm really enjoying helping other technicians to learn new things that will help them perform their work even better," added Rick.





## Going above and beyond...

Australia's Bundaberg Branch was one of the proud recipients of the Belron Exceptional People Award, which celebrates the remarkable Belron people across the globe. Bundaberg is a close-knit community, and the Branch team there were recognised for offering a truly personal service to their customers. Graham Hines, Samuel Cartwright, Neale McLellan and Leonard Thompson, who between them have accumulated 51 years' service, are committed to doing whatever it takes to look after their customers, from adopting flexible working hours to providing unforgettable experiences and customer journeys. The team treats the business as their own and prides themselves on service reputation. All are active members of their community and great ambassadors for the O'Brien business.



Four young Afrika Tikkun ambassadors joined the Spirit of Belron Challenge 2018.

## Impacting society

Belron continued to make a meaningful impact on the communities in which the business operates and beyond. The Spirit of Belron Challenge took place in September. Over 2,200 Belron employees, their families, friends and business partners swam, ran and cycled in the torrential rain – truly embracing the Belron 'spirit'. Four young Afrika Tikkun ambassadors joined us: Vincent, Simphiwe and Lebohang from Johannesburg, and Onike from Cape Town. These exceptional young people not only took part in the Spirit of Belron Challenge, but also spent time with people at Belron International to gain valuable career advice.

In November, members of the Belron International team who organise the Spirit of Belron Challenge visited Afrika Tikkun's Community Centres of Excellence in Johannesburg and Cape Town to see the impact of our fundraising efforts. They met the Afrika Tikkun staff who deliver the programmes and chatted with many of the young beneficiaries. A highlight was visiting the Belron Training Centre which opened in 2017 and offers professional skills and life skills training for young people as they transition from school to employment.



## Raising funds, reducing carbon footprint

This year, six adventurous colleagues from Carglass® France not only took part in the Spirit of Belron Challenge, but cycled to the event too in an effort to reduce their carbon footprint.

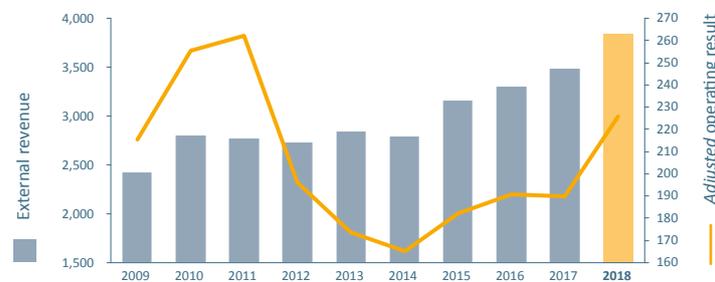
Kicking off their journey from their HQ in Paris, the team cycled an astonishing 270km over two days. Despite wind, rain, tiredness and punctures, they reached Windsor in the UK still smiling and were greeted by huge cheers from their 'Belron family'.

"We were so happy to see our colleagues and to get their positive energy after two days of tiring cycling. I think at that moment, we all realised what the Spirit of Belron really is!"

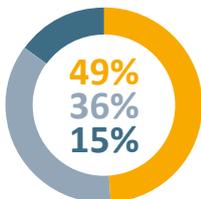
The team then went on to compete in the Spirit of Belron Challenge the next day, raising a total of EUR 79,900.

(EUR million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
External revenue	2,423.2	2,800.9	2,769.0	2,727.2	2,843.1	2,792.6	3,161.2	3,305.4	3,486.2	3,839.7
Adjusted operating result <sup>1</sup>	215.5	255.6	262.3	196.0	173.5	165.1	182.0	190.7	189.8	225.7
Adjusted operating margin <sup>1</sup>	8.9%	9.1%	9.5%	7.2%	6.1%	5.9%	5.8%	5.8%	5.4%	5.9%
Adjusted result, group's share										
before tax <sup>1,2</sup>	150.4	211.3	213.1	147.7	130.5	123.4	137.6	148.4	134.5	90.3
after tax <sup>1,2</sup>	126.1	155.5	162.3	110.9	93.1	94.3	112.2	122.6	116.0	74.9
Average workforce (average full time equivalents)	22,399	24,790	25,199	24,200	25,645	25,204	26,390	26,340	28,994	30,567

## REVENUE AND ADJUSTED OPERATING RESULT<sup>1</sup> (EUR million)

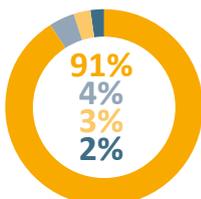


## REVENUE BREAKDOWN BY REGION



EUR million	2017	2018	Change
● North America	1,713.5	1,896.5	+10.7%
● Europe <sup>3</sup>	1,244.5	1,365.2	+9.7%
● Rest of the World <sup>3</sup>	528.2	578.0	+9.4%
<b>Total</b>	<b>3,486.2</b>	<b>3,839.7</b>	<b>10.1%</b>

## REVENUE BREAKDOWN BY TYPE OF SERVICE



EUR million	2017	2018	Change
● Vehicle Glass Repair and Replacement (VGRR)	3,224.2	3,491.4	+8.3%
● Claims management	139.9	163.7	+17.0%
● Automotive Damage Repair and Replacement (ADRR)	78.4	102.3	+30.5%
● Home Damage Repair and Replacement (HDRR)	43.7	82.3	+88.3%
<b>Total</b>	<b>3,486.2</b>	<b>3,839.7</b>	<b>+10.1%</b>

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

2 Average stake in Belron: 94.85% in 2017 and 57.78% in 2018.

3 See page 7 of the Financial and Directors' Report.