

# D'leteren Group presentation

September 2021



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## Financial Calendar 2022

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MARCH

8

FY-21 results

JUNE

02

General Assembly

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Contact info

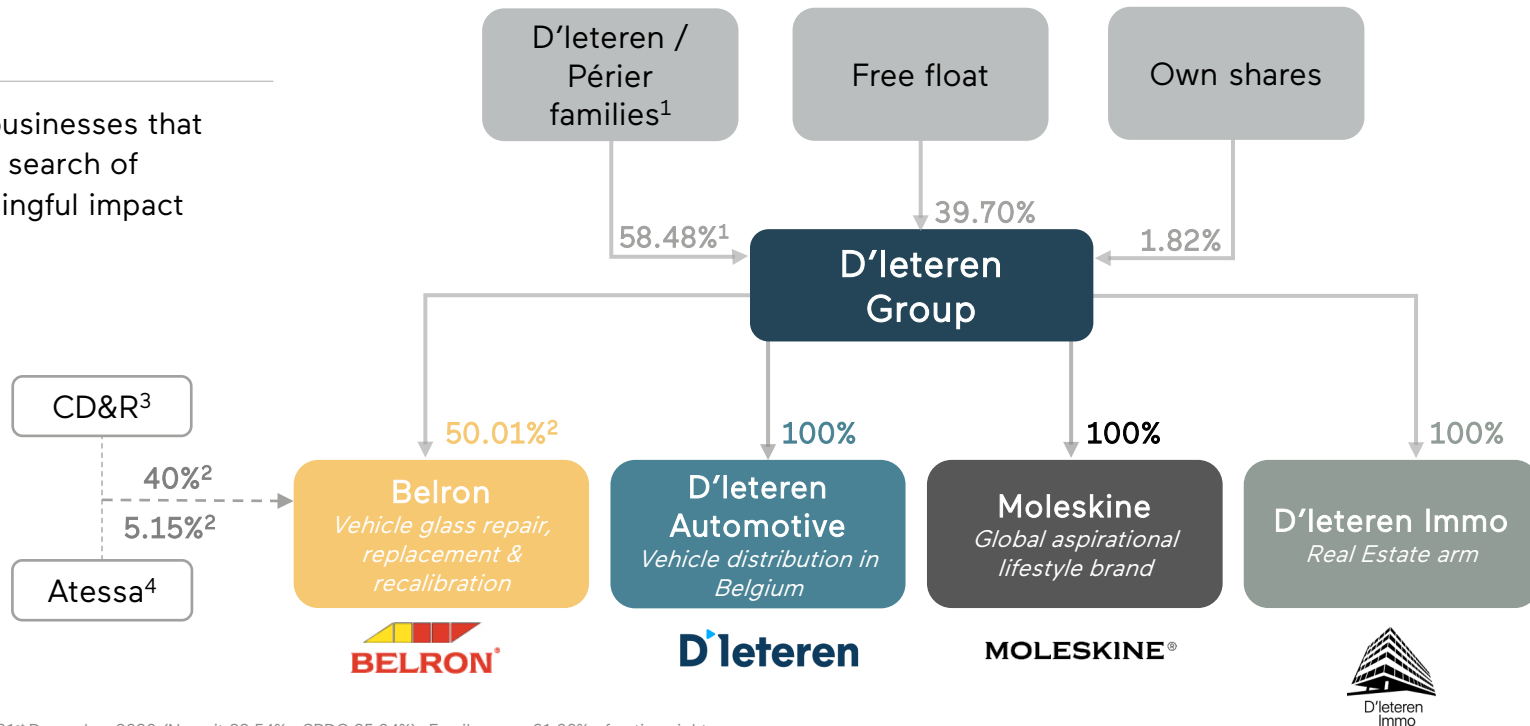
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# D'leteren Group in a nutshell

## A family-controlled listed investment firm

### Purpose

To build a family of businesses that reinvent industries in search of excellence and meaningful impact



<sup>1</sup> Economic rights as at 31<sup>st</sup> December 2020 (Nayarit 32.54% - SPDG 25.94%). Family owns 61.98% of voting rights.

<sup>2</sup> In economic rights.

<sup>3</sup> Clayton, Dubilier & Rice, an American private equity fund.

<sup>4</sup> Atessa, holding company of Gary Lubner, CEO of Belron.

# D'leteren Group in a nutshell - current portfolio

## Belron

"Making a difference with real care"



- Worldwide leader in vehicle glass repair, replacement & recalibration ("VGRRR")
- 14.9 million customers served across 40 countries
- Very high levels of brand awareness and customer satisfaction
- Also manages vehicle glass and other insurance claims on behalf of insurance companies



## D'leteren Automotive

"Building seamless and sustainable mobility for everyone"



- Exclusive distributor of VW brands in Belgium (70-year relationship)
- #1 car distributor in Belgium with a market share of about 23%
- Manages own retail & aftersales network (c.20% of distributed volumes)
- Vehicle financing and long-term car rental through Volkswagen D'leteren Finance (VDFin)
- Lab Box: start-up incubator for new mobility solutions

## Moleskine

"Unleash the human genius through hands on paper"



- Iconic, inspirational brand born from the heritage of a legendary notebook
- Based in Italy, Milano and present globally through a multi-channel distribution platform
- Notebooks, diaries, journals, bags, writing instruments, reading accessories and hybrid products migrating content from paper to digital devices and vice versa

## D'leteren Immo

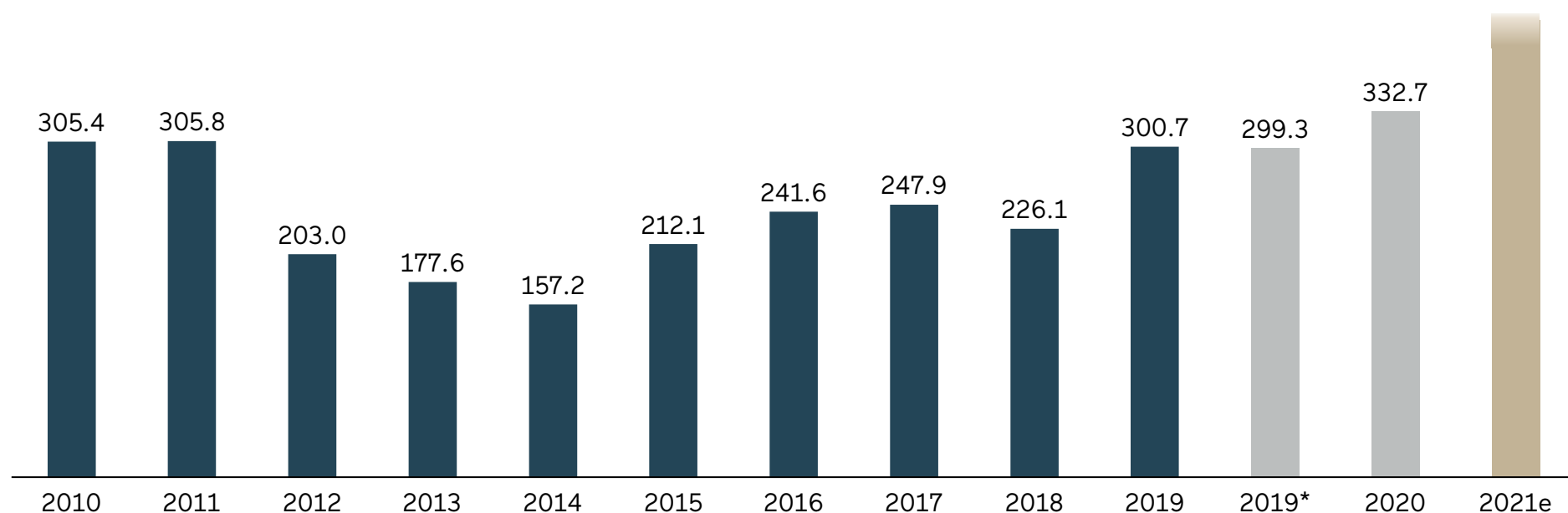
"Ensuring the prosperity of D'leteren Group's real estate portfolio"



- More than 30 sites including offices, workshops, showrooms, car parks and warehousing
- Book value of ~€200m
- €20m net rental income

# D'leteren Group in a nutshell – performance

Adjusted PBT, group's share (€ m)



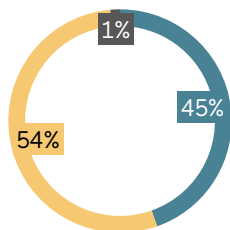
Note: consolidation scope not fully comparable across period (Avis Europe included until 2011; Moleskine included from 2017; Belron at 100% before 2018)

\* Post- IFRS 16, including 53.75% of Belron

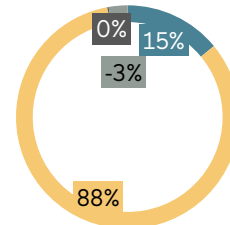
# D'leteren Group in a nutshell – key metrics

## Contribution to the Group's key metrics (FY 2020)

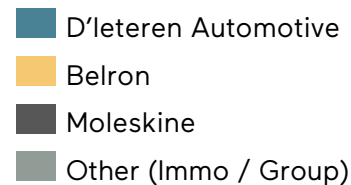
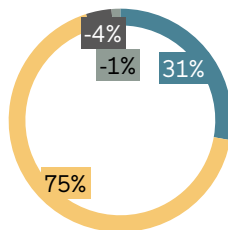
Combined revenues<sup>1</sup>  
€7.2bn



Combined *Adjusted* operating result<sup>1</sup>  
€662m



*Adjusted* result before tax, group share  
€332.7m



# D'leteren Group in a nutshell – structure & governance

## Board of Directors

11 Directors - All non-executive - 4 independent

Strategic Committee  
Nomination & Remuneration Committee  
Audit Committee

## Executive Committee



Francis Deprez  
CEO



Arnaud Laviolette  
CFO

Investment Committee  
Portfolio Management Committee

## Investment team

7 Investment Professionals  
*Private Equity, Investment Banking & Management  
Consulting backgrounds*

## Experts team

Legal, Tax, Consolidation, Financial &  
Non-financial Communication, ESG

Boards of Directors  
Monthly Business Review Meetings



# D'leteren Group's strategy – investment strategy

## Investment strategy

€2.1bn cash position at corporate level at end H1-21

### Investment philosophy

“Ambition to invest in a selected number of platform companies which are or have the potential to become leaders in their markets and benefit from multiple opportunities to generate value over the long term for employees, customers, society and shareholders”

### Investment criteria

#### Sectorial focus

- 4 investment pillars:
- Business Services
  - Industrials
  - Mobility, Data & Services
  - Lifestyle Goods & Services

#### Market

- Large market
- Long-term sustainable growth trends
- Preference for fragmented market with consolidation potential

#### Business model

- Proven and scalable business model with global reach potential
- Sustainable competitive advantages
- Ability to generate superior returns for employee, customers, society and shareholders

#### Management

- Strong, ambitious and purposeful management teams
- Cultural proximity and shared values

#### Deal structure

- Preference to be lead shareholder in private or public companies
- Equity ticket of € 100m - € 700m, with ability to reinvest follow-on capital
- Moderate use of leverage, tailored to each business' specificity



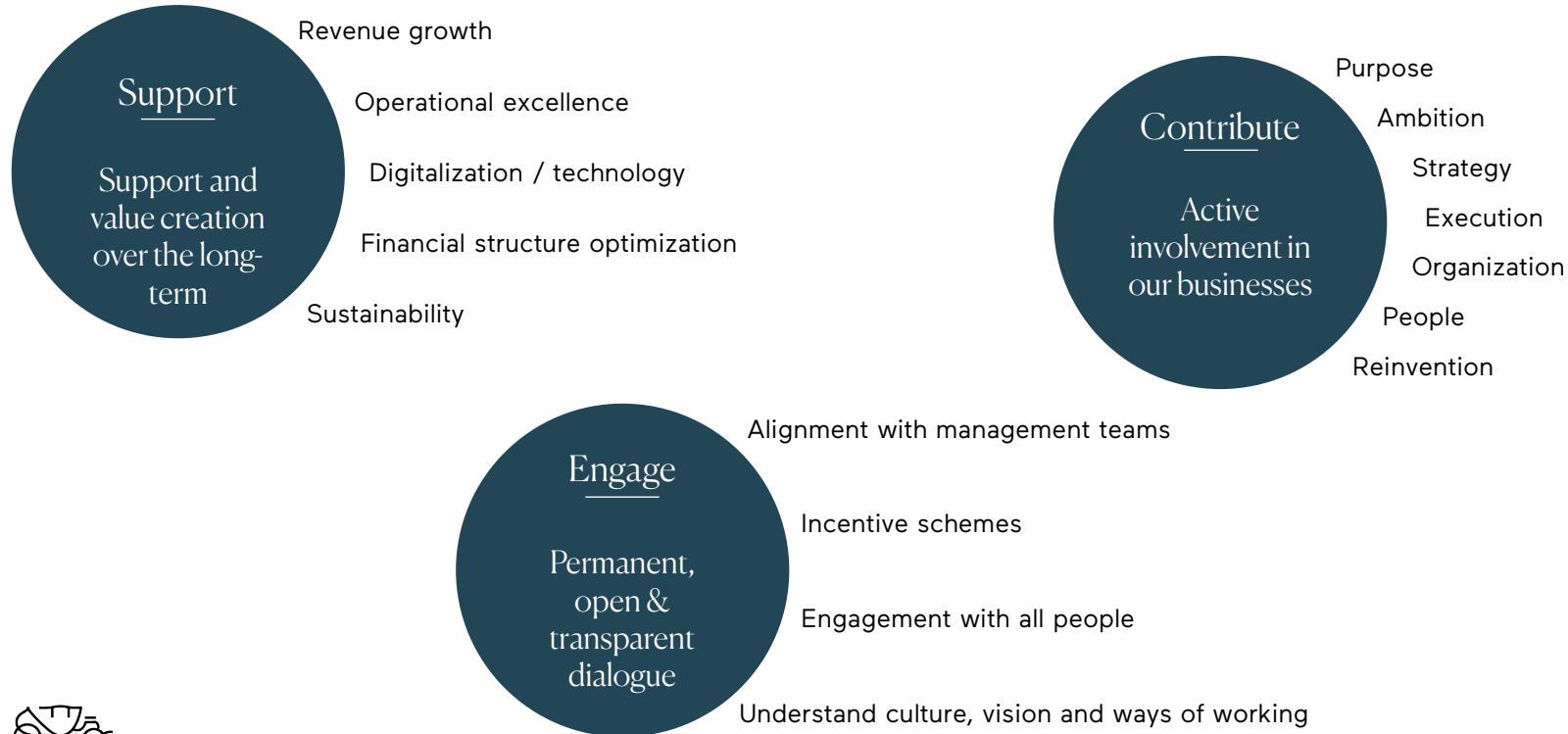
# D'leteren Group's strategy – TVH Parts

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- D'leteren Group has announced on July 9<sup>th</sup>, 2021, the signature of an agreement to acquire a 40% stake in TVH Parts from the Vanhalst family. Closing is subject to customary merger control filings and regulatory approvals and expected in the course of Q4-21.
- D'leteren Group is thus joining the Thermote family, one of the two founding families of TVH Parts, as a long-term partner to help develop and grow further the company. The values of the two Belgian-based families and their new partnership are fully aligned.
- This acquisition represents an important step for D'leteren Group, consistent with the ambition of adding several growth pillars to its family of businesses, focusing on leading companies reinventing their industries in search of excellence and meaningful impact.
- TVH Parts, founded in 1969, is the world's leading independent one-stop-shop for aftermarket parts related to material handling, industrial, construction and agriculture equipment. The group benefits from unmatched scale and density, and is active in end-markets that are sizeable, resilient and growing. TVH Parts is known for its customer and people centricity.
- The company has grown by 8% per year on average over the last 15 years and has strong prospects for further growth, taking advantage of key trends in the market and building on strong foundations.
- The acquisition values the company at an EV of €3,650m and D'leteren Group's equity contribution of €1,172m will be financed by its excess liquidity.

# D'leteren Group's strategy – value creation

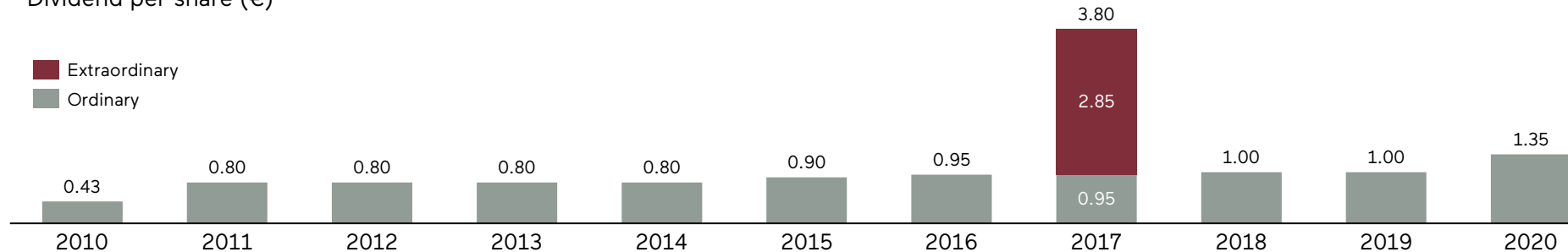
## Strategy



# D'leteren Group's strategy – returns to shareholders

## Shareholder returns

### Dividend per share (€)



### Dividend policy

- To distribute at least the same absolute level as prior year's dividend
- To grow dividend if results allow

### Share buyback programme (on hold)

- Announcement on 28 Aug 2019 to buy back own shares up to a maximum value of € 150m
- Rationale: cash position > € 900m & strong FCF prospect
- Shares bought back to be cancelled
- Launched early September 2019 – expected term: 12-18 months
- Put on hold in April 20 due to the COVID crisis
- 934,962 shares repurchased and cancelled so far (€ 43.4m or 1.7% of shares)

# D'leteren Group's strategy - ESG

## Responsible investment

- D'leteren Group published a Responsible Investment Charter stating its responsible investment commitments, processes and governance. The Charter is available on the Group's website.
- In August 2021, D'leteren Group received an ESG Rating of 11.6 from Sustainalytics<sup>1</sup> and was assessed to be at low level risk of experiencing material financial impacts from ESG factors. D'leteren Group's ESG Rating places it 2nd percentile in the Diversified Financials industry assessed by Sustainalytics.
- D'leteren Group performed its first reporting on a voluntary basis as a signatory of the UN Principles of Responsible Investment (PRI) in April 2021.



## Active ownership

- All activities have launched their business-specific ESG strategy, which were developed in 2020 based on the results of the materiality assessments led in 2019-20.
- All activities have defined carbon reduction ambitions. While D'leteren Automotive has started implementing its plan to cut emissions by 50% by 2025, Belron and Moleskine have planned to set a carbon emission reduction target in line with SBT.

## Solidarity with the victims of the flooding in Belgium

- D'leteren Group donated €100,000 from its solidarity fund (initiated to support employees stricken by the Covid crisis or any other sorts of natural disasters) to help D'leteren automotive people facing serious consequences from the flooding that arose in July. D'leteren Group helped other non-profit organisations impacted by the flooding in the region of Liège/Verviers as part of its philanthropic initiatives.



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# Belron

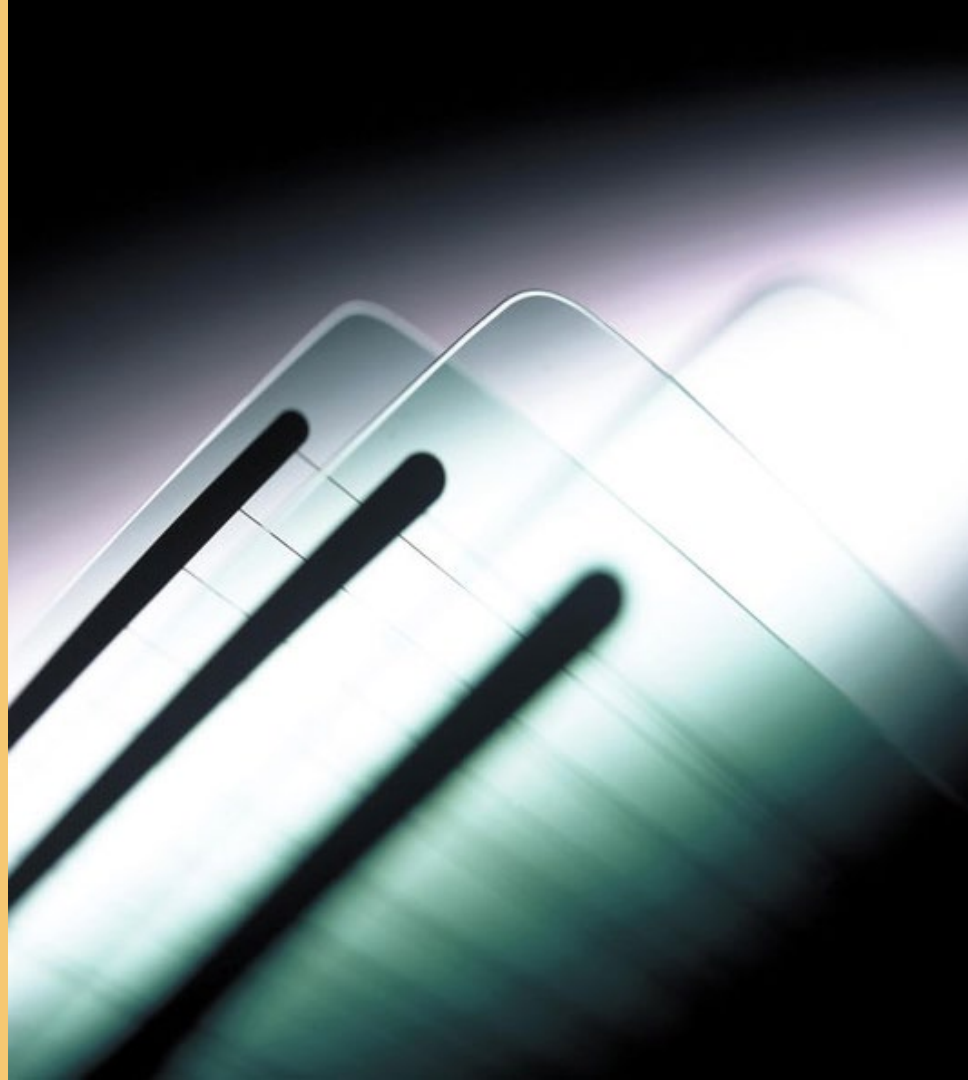
Making a difference with real care

2020

€3,899m revenues

€583m *adjusted* operating result

€2,413m net debt



# Belron at a glance

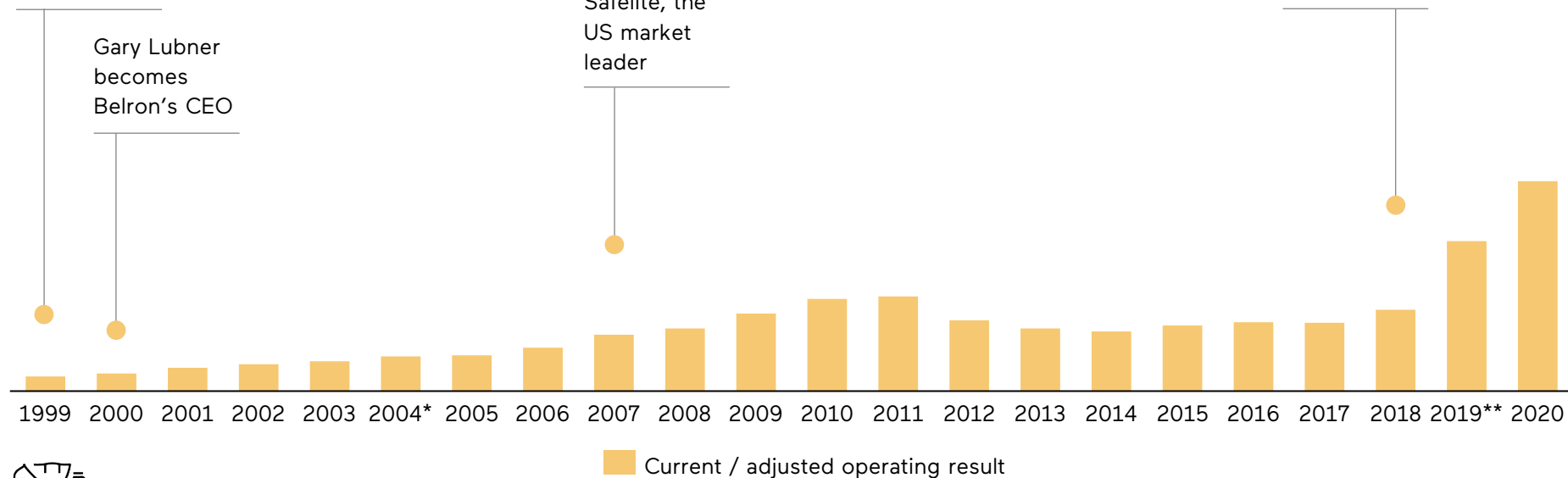
## A 20-year successful partnership

D'Ieteren  
Group  
acquires a  
majority stake  
in Belron

Gary Lubner  
becomes  
Belron's CEO

Belron  
acquires  
Safelite, the  
US market  
leader

CD&R  
acquires 40%  
stake in  
Belron



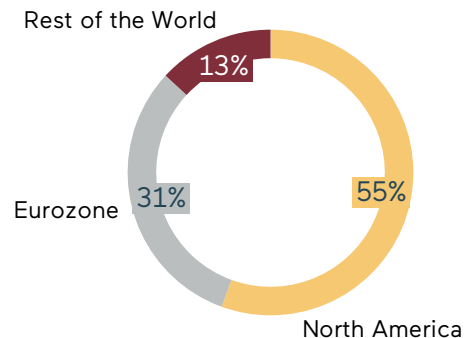
\* IFRS (before: BGAAP)

\*\* As from 2019: post-IFRS 16

# Belron at a glance

## Products and value drivers

Global presence  
Revenue breakdown by region  
FY 2020



VGRR  
Vehicle Glass Repair &  
Replacement

Recalibration

VAPS  
Value-added Products  
and Services

Claims management  
(US)

General volume trend  
drivers

- › Miles driven (car park / miles per car)
- › Winter conditions
- › Road infrastructure
- › Average speed
- › More distancing due to camera penetration
- › Market share

Windshield complexity

- › Accentuated curvature
- › Larger windscreens
- › Technological content (e.g. rain sensors, ADAS)

Car park premiumisation

- › Premium brands
- › Options requiring different glass variants

Increasing penetration

- › ADAS (Advance Driver-Assistance Systems) require recalibration
- › Expected to rise to 40-60% of car park in next 5 years (varying across countries)

Increasing attachment  
rate<sup>1</sup>

- › Meet customers' needs

Insurance companies  
covered



<sup>1</sup> % of customers cross-purchasing retail products together with a VGRRR job.

# Belron at a glance

Belron's main competitive advantage is to be the natural choice

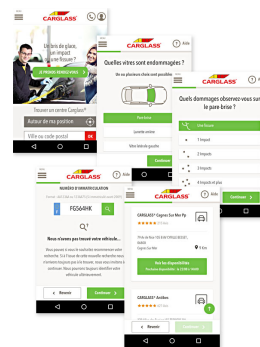
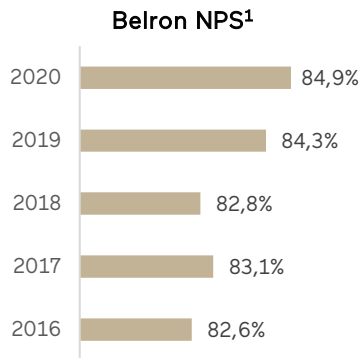
Brand awareness

Employee engagement & Customer satisfaction

Key account relationship  
*(Repair vs Replace promise)*

Digital channel

Technical capabilities

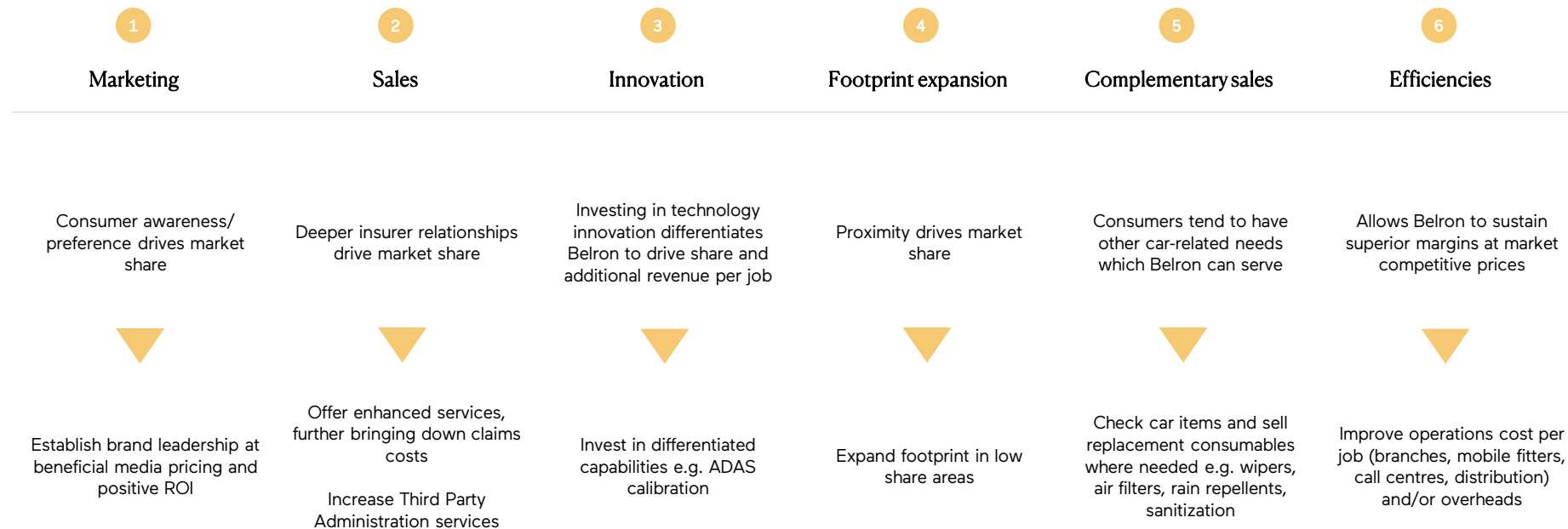


<sup>1</sup> Weighted average across Belron operating countries.



# Belron at a glance

## Belron's strategy rests on 6 value creation pillars



## Fit for Growth – Ambitious Transformation programme under way

### Acceleration workstreams (2018-to be continued)

- Recalibration
- VAPS
- Value
- Productivity
- Procurement

Focus on growth, efficiency and standardisation

Value delivered by fast 'best practices' adoptions

Common business priority focus in key areas

- Investment programme behind, now focused on continuous improvement
- That programme delivered and will continue to deliver solid improvements in Belron's financial performance

### Transformation workstreams (2021-2025)

- Supply chain optimization
- Data-driven decisions
- Technology
- People
- Customer experience
- Finance

Focus on process improvement through leveraging modern technology

Leverages internal process experts for each workstream

- ~€230-250m additional operational costs over 2021-2025, notably on IT infrastructure and system integration
- SaaS implementation and running costs considered as expenses as recommended by IFRIC
- FY-21 costs to be skewed towards H2-21
- Positive net P&L and FCF impacts starting as from 2023
- Ambition to modernize and enhance *adjusted* EBIT margin by 2p.p. by 2025
- Update on the project to be provided regularly

# D'leteren Automotive

Building seamless and sustainable  
mobility for everyone

2020

€3,216m revenues

€99m *adjusted* operating result

€168m net debt



# D'leteren Automotive at a glance

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**#1** importer and retailer of vehicles in Belgium  
Largest car park with 1.2m vehicles on the road

**70** years of partnership with VW Group  
Largest independent importer of VW Group brands

**25** Market Areas  
Of which 3 controlled by D'leteren along the Brussels –  
Mechelen – Antwerp axis

**~1m** jobs annually in mechanic aftersales

**€ 3.2bn** sales in 2020  
11.5% decline vs. 2019

**24%** market share in 2020  
104,710 new vehicles delivered in 2020

**#1** brand in Belgium (VW)  
and other leading brands

## Value-adding services

We provide financing, maintenance contracts and insurance contracts

## Labbox

Start-up incubator in new mobility

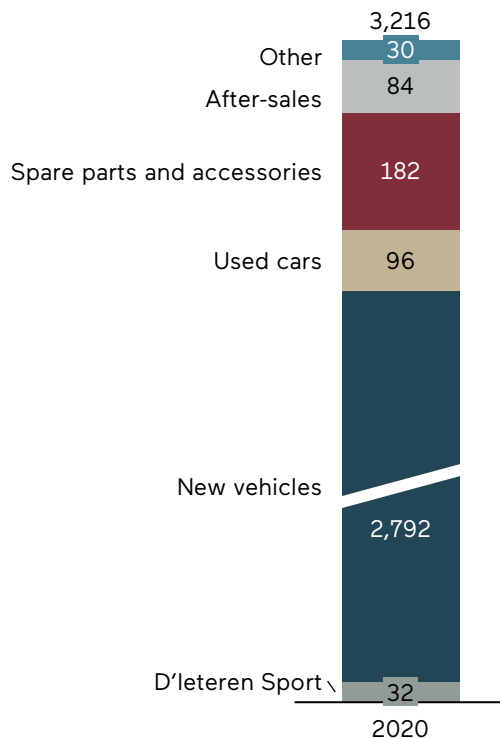
**2,187** employees (average FTEs 2020)

**€99m** *adjusted* EBIT in 2020  
3.1% EBIT margin



# D'leteren Automotive at a glance - activities

Sales (2020; €m)



## Import

- Import and distribution of vehicles of VW Group brands
- Management of independent dealer network
- Import and distribution of spare parts and accessories
- Management of maintenance and warranty contracts

## Retail

- 20% of imported vehicles are sold through own dealerships in Brussels (D'leteren Car Centers), Mechelen and Antwerp
- Sale of new vehicles, after-sales activities (mechanic and body repair) and sale of used vehicles

## D'leteren Sport (discontinued)

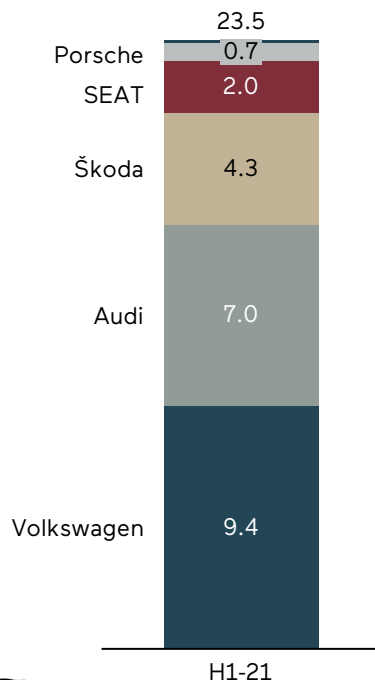
- Distribution of Yamaha products in Belgium and Luxemburg

## VDFin

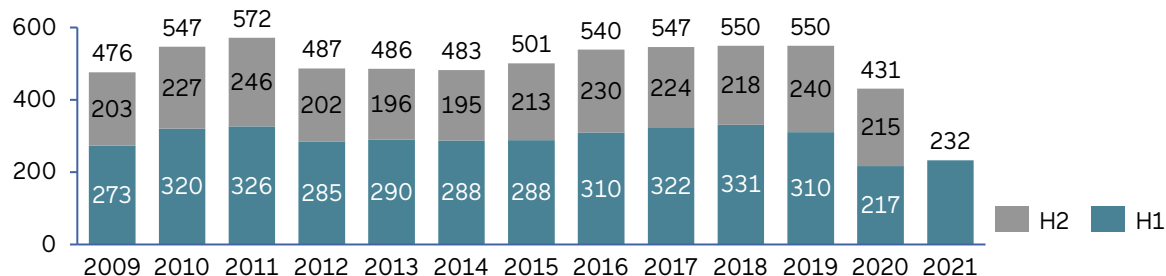
- 50/50 joint venture between D'leteren and VW Financial Services: financing services and long-term car rental

# D'leteren Automotive at a glance - activities

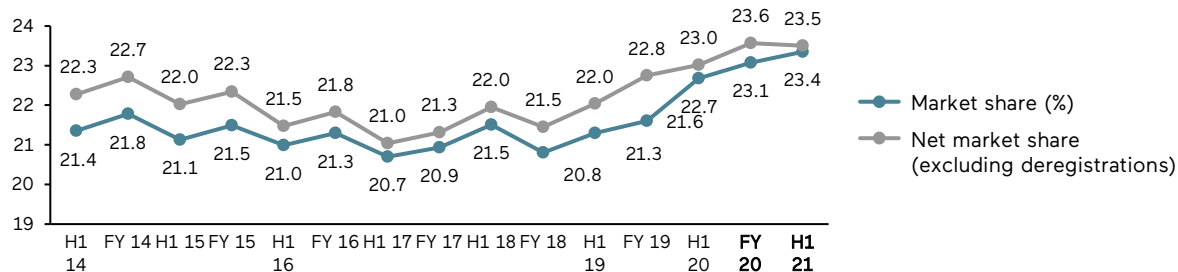
Net market share per brand  
H1-21 (%)



New car registrations<sup>1</sup> (k units)



D'leteren Automotive's market share (%)



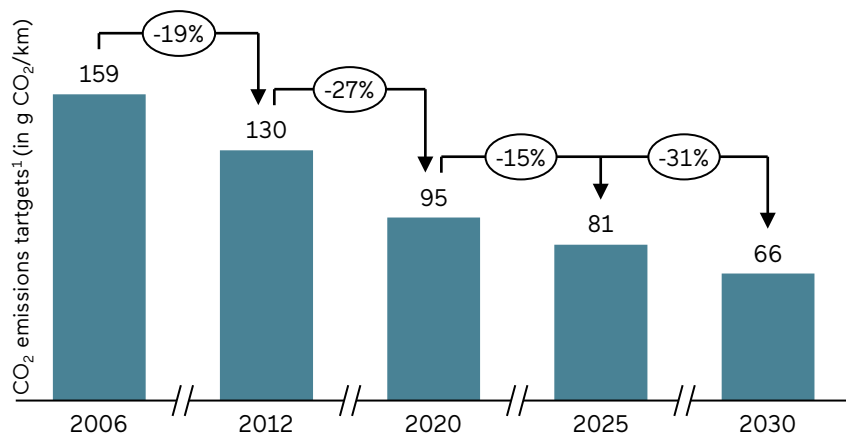
<sup>1</sup> The historical graph above contains gross figures only. In order to provide an accurate picture of the car market, Febiac publishes since mid-2013 market figures excluding registrations that have been cancelled within 30 days.

# D'leteren Automotive at a glance - regulation

## Regulatory framework: stringent EU/BE regulation will impact the fuel mix, in favour of EVs

### EU regulation

- 95g of CO<sub>2</sub>/km from 2020 onward (in Europe, average of 120g/km in 2019)
- In 2025, 15% additional reductions, and 37.5% by 2030
- Heavy fines threat for carmakers



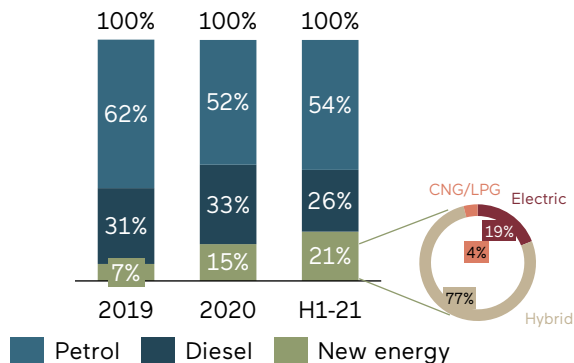
### Belgian regulation

- Use of company car in Belgium fiscally favourable for employer / employee (fiscally deductible, up to a level varying with CO<sub>2</sub> emissions/km)
  - Younger car park (9 vs. 11 years for EU average)
- 2019: government introduced the (i) mobility budget whereby employee can choose a (greener) company car that can be completed by other transport means (ii) cash for car (so far, < 2% of workers)
- 2020: new government's coalition agreement foresees that 100% of new company cars will be CO<sub>2</sub> neutral by 2026

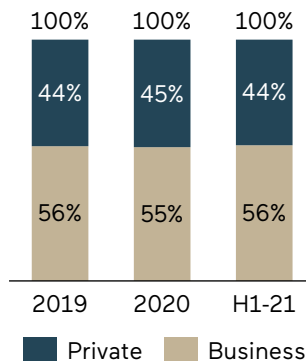
# D'leteren Automotive at a glance

## The Belgian car market

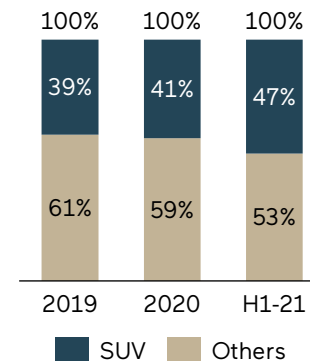
### Fuel mix



### Buyer mix



### Share of SUV<sup>1</sup>

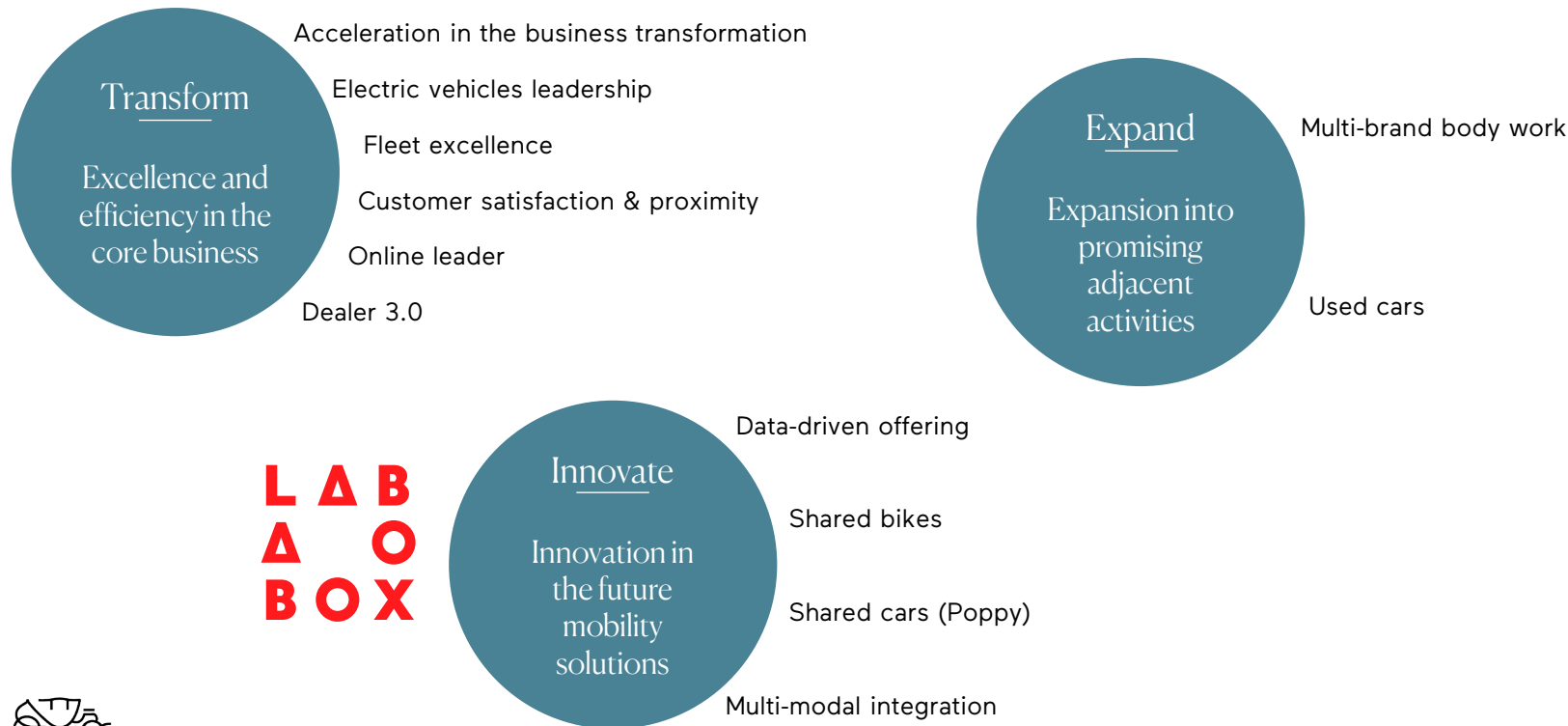


- Increasing demand for both greener cars and SUVs
- Market dominated by company cars due to fiscal treatment
- VW has a strong SUV offering and a significant electric vehicles pipeline



# D'leteren Automotive at a glance

## Strategy




**L A B**  
**Δ O**  
**B O X**



## D'leteren Automotive has conducted a survey on mobility in Belgium

- A large qualitative and quantitative market survey was conducted with 3,800+ B2C and ~300 B2B participants
- As part of its societal responsibility and its purpose to build seamless and sustainable mobility for everyone, D'leteren Automotive has decided to share its results for free, available as from September 8<sup>th</sup> on [www.dieteren.be/survey](http://www.dieteren.be/survey)
- The conclusions are the following:
  - Post-Covid economic conditions will affect the mobility market in two major areas: the surge of e-commerce and the structural integration of tele/homeworking in people's lives. Reduced commuting will induce a 6% decrease in the total number of trips to commute to work, to shop or for recreational purposes.
  - Cars will remain central to people's mobility, both in B2C and B2B markets and will still represent 56% of total trips by 2030. Bike mobility is booming and will represent 15% of trips while multimodality will partially benefit from new incentives and will represent up to 12% of trips.
  - B2B customers will drive the change towards electrification and multimodal mobility services in order to address costs, sustainability and talent attractiveness challenges
  - EV cars will represent 2/3 of new car sales by 2030 in the Belgian market.

These evolutions will require business adaptability but also open new opportunities for a more sustainable, yet flexible approach to mobility needs, in line with D'leteren Automotive's strategy



D'leteren Automotive will continuously strive to reduce CO<sub>2</sub> impact by promoting electric vehicles through its large offer and supporting services

D'leteren Automotive will play a role in multi-modality initiatives, notably through LabBox entities

# Moleskine

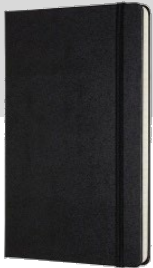
Unleash the human genius through  
hands on paper

2020  
€102m revenues  
-€1.5m adjusted operating result  
€301m net debt



# Moleskine at a glance

An iconic multi-category,  
multi channel brand, born  
from the legacy of the  
legendary “Moleskine”  
notebook



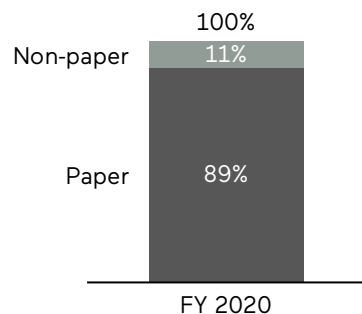
Moleskine became a brand that develops, markets  
and sells products and services which are open  
platforms to create, store and share

Moleskine is dedicated to  
support its users in  
expanding knowledge,  
creativity and individual  
expression

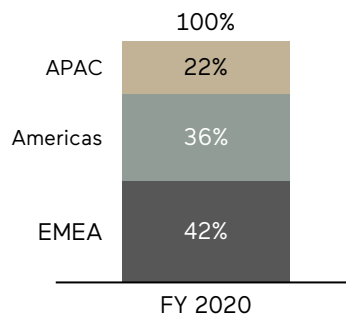


# Moleskine at a glance

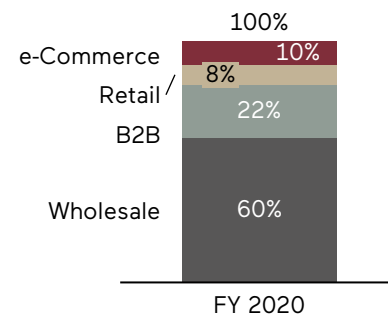
## Product breakdown



## Revenue breakdown by geography



## Distribution channels



- Moleskine sells its products in globally
  - indirectly through a network of distributors and wholesale doors including bookshops, department and stationary stores, online wholesalers, ...
  - through a B2B channel serving corporate clients
  - through its e-Commerce site
  - through its current retail network of ~55 stores spread over first tier cities in the world

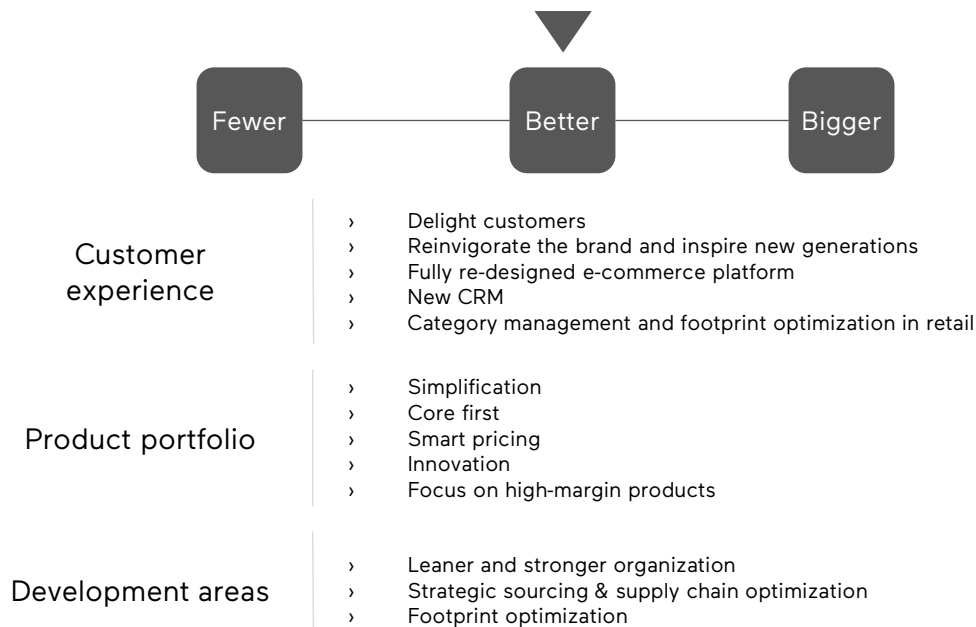
# Moleskine at a glance

## Investment thesis

### Acquisition rationale

- Aspirational lifestyle premium brand
- High margin business
- Asset-light business model, exploiting optimum position in its value chain
- Attractive growth prospects
  - o Growing end-market
  - o Strong brand awareness in key markets
  - o E-commerce development
  - o Demographics, education, travelling
- Barriers to entry
  - o Brand & values
  - o Distribution network
- Global reach, close to home (HQ in Milano)

### New CEO since April 1<sup>st</sup> 2020





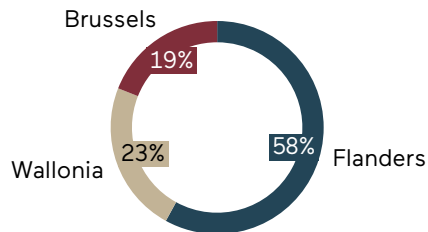
# D'leteren Immo

Ensuring the prosperity of D'leteren  
Group's real estate portfolio

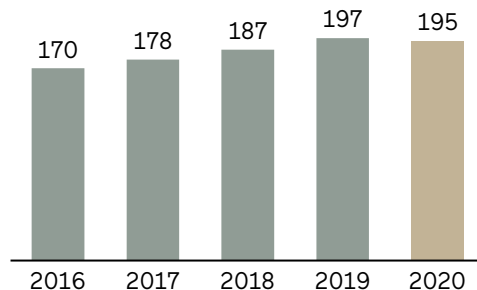


# D'leteren Immo & Other

## 31 sites in portfolio



## Book value of the real estate portfolio (€m)



## Immo strategy

- › Invest in new assets that fit within our strategy
- › Enhance our existing assets to maximize their value and make them futureproof
- › Hold-on to the assets that are core and strategic
- › Divest when non-core
- › Manage the portfolio in a sustainable way



Maximize value of the portfolio while taking into account the needs of all our stakeholders: people, customers, society and shareholders

## Other

- › In financial reporting, "Other" mainly includes the holding and real estate activities



# Forward-looking statement

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“To the extent that any statements made in this presentation contain information that is not historical, these statements are essentially forward-looking. The achievement of forward-looking statements contained in this presentation is subject to risks and uncertainties because of a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations; changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals; regulatory approval processes and other unusual items. Consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements can be identified by the use of words such as "expects", "plans", "will", "believes", "may", "could", "estimates", "intends", "targets", "objectives", "potential", and other words of similar meaning. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update any forward-looking statements.”

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