D'Ieteren Group H1-2022 results

5 September 2022

Main messages

- We delivered a strong performance over the first half of 2022, with a 33.5% YoY increase in our *adj.* PBT Group's share, thanks to the excellent performance at D'leteren Auto, the contribution of very solid results from TVH over the full period and continued good results at Belron and Moleskine.

- We closed the PHE acquisition on August 4th, adding a new growth pillar to our family of businesses.

- We revise our guidance upwards from >25% to "at least 35% *adj.* PBT Group's share growth" for 2022 (without PHE). The contribution from PHE (last 5 months) is expected to add about 5% to the *adj.* PBT Group's share, which brings our overall guidance for the full year to >40% of *adj.* PBT gs growth.

Note: H1-21 figures have been restated to reflect the IFRIC decisions on cloud computing arrangements

Key highlights on H1-22 results

Strong results…

- **Profit increased by 33.5%** - as measured by *adjusted* consolidated result before tax, group's share - reaching €363.1m in H1-22, reflecting notably the impact of positive top-line developments and good fall-through to profits. Excluding TVH, profit is up by 13.1% YoY.
- Our **free cash-flow Group's share** remains strong, staying at €208m primarily driven by strong operational figures offset by increased working capital investments at TVH.
- The Group's **net cash position** at the Corporate level stood at €1,001.0 (€690.9m excluding inter-segment loans) at the end of June.

…driven by a strong performance of all our businesses and the contribution from TVH Parts:

- D'leteren Automotive has **delivered an excellent performance** in a market still heavily disrupted by component shortages and production delays (market registrations declined by 15.9%). Despite nearly 10,000 less vehicles delivered compared to H1-21, sales were kept flat, and the *adjusted* operating result grew by 19.5%. This was driven by an attractive price / mix, a positive contribution from other mobility services and by cost control. Free cash-flow generation also remained strong at €123m, with a positive working capital inflow.
- Belron has grown its *adjusted* operating profit by 8% with an 18.0% ***adjusted* operating margin in H1-22** despite additional costs related to the transformation programme and some time lag in cost inflation pass through, mainly thanks to a 7% volume increase and a growing contribution from recalibration and VAPS.
- TVH reported a solid YoY sales growth (+23.6%) and contributed for €55.3m to the *adjusted* PBT g.s.
- Moleskine continued on its recovery path, with sales growth of 30.2% and nearly doubling *adjusted* operating result.

For FY-22, given these positive trends and some accounting impact at Belron related to the transformation programme, the Group now expects further growth of its *adjusted* profit before tax, group's share of **at least 35%** (from 25%) excluding PHE, and **at least 40%** including PHE as the 5 months consolidation in 2022 of PHE is expected **to add 5%** to the PBT gs.

Note: H1-21 figures have been restated to reflect the IFRIC decisions on cloud computing arrangements

2022 outlook upgrade

We increase our guidance for the full-year, mainly driven by Auto and TVH

Group 2022 outlook[1]

Assuming no major deterioration in general geopolitical and economic conditions, *adjusted* profit before tax, group's share now expected to grow by **at least 35%**[2] (previously: at least 25%) excluding PHE's contribution, driven by a continued solid performance from all the businesses and the full-year contribution of TVH.

PHE

5-month contribution of **PHE** to add **5% additional** to the Group's PBTgs.

Belron

- Mid-teens organic sales growth YoY (previous guidance: low double digit)
- *Adj.* operating result margin to slightly increase YoY
- c.€115m transformation costs, of which c.€50m from fees to system integrators classified as *adjusting* items
- High FCF, comparable to 2021.

Automotive

- *Adj.* operating result is now expected to grow by around 25% (previously 15%) driven by some volume recovery and despite rising costs.
- Free cash flow expected to remain at least stable vs. 2021 (previously: to decline but to remain positive).

Moleskine

- Sales expected to grow by at least 25% YoY
- *Adjusted* operating result to more than double compared to the €12.3m achieved in 2021

TVH

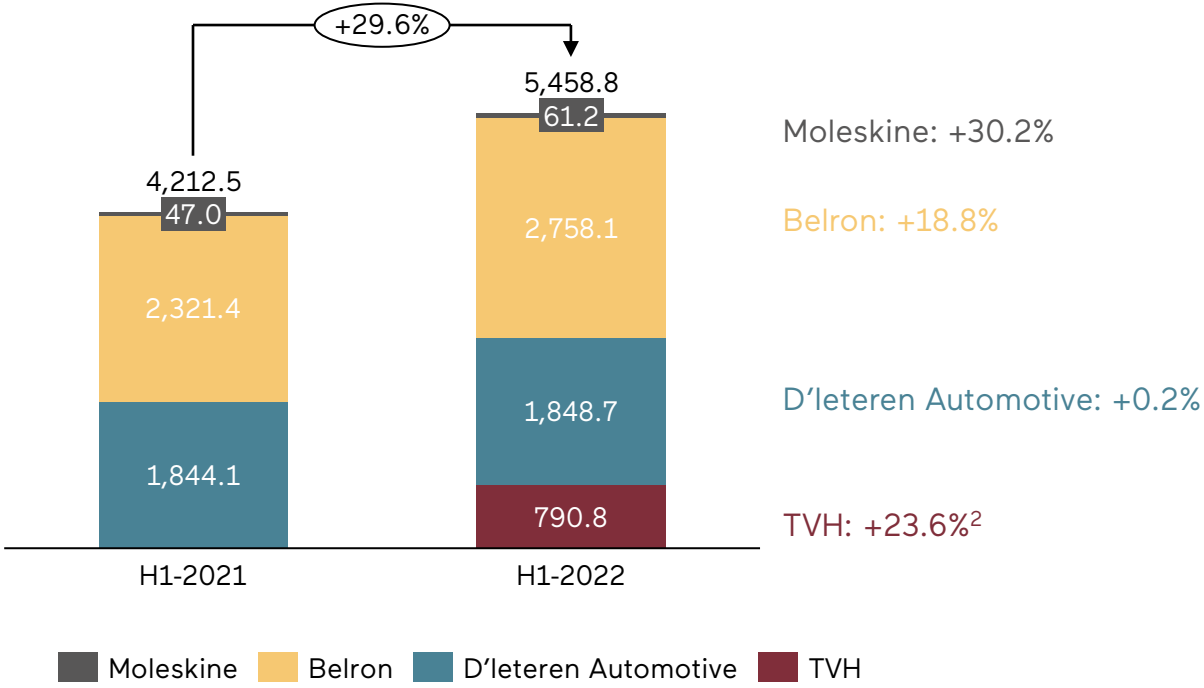
- Top-line growth expected to be above 20% (previously: to remain double digit)
- *Adjusted* operating result to land above €250m (initial guidance: €230m)

[1] Based on average exchange rates in line with those that prevailed at the end of H1-22
[2] Belron at 50.01% for 2021 and 2022 (base: €484m, taking into account the classification of fees to system integrators related to Belron's transformation programme as *adjusting* items)

Group

H1-2022 combined[1] sales: +29.6% (+10.8% on a comparable basis)

€m

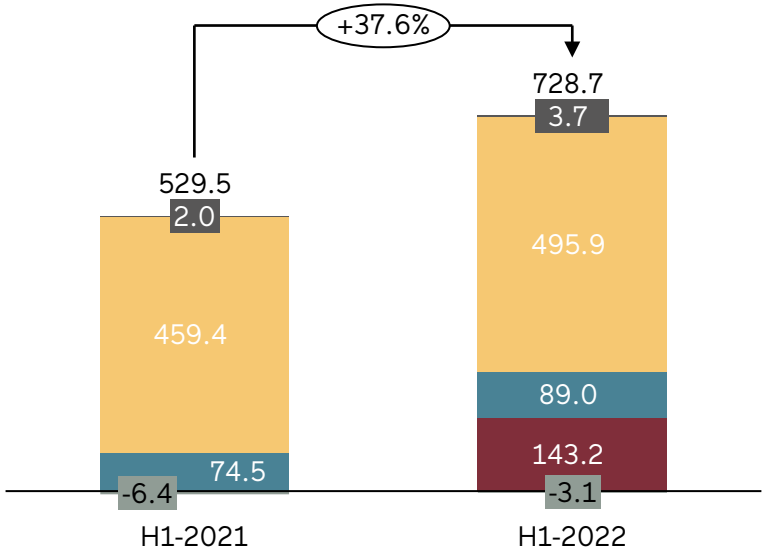


[1] Including 100% of Belron and of TVH
[2] YoY comparison based on BEGAAP figures

Group

H1-2022 combined[1] *adjusted* operating result: +37.6%

€m



Moleskine: +85.0%

Belron: +8.0%

D'leteren Automotive: +19.5%

TVH: +8.8%[2]

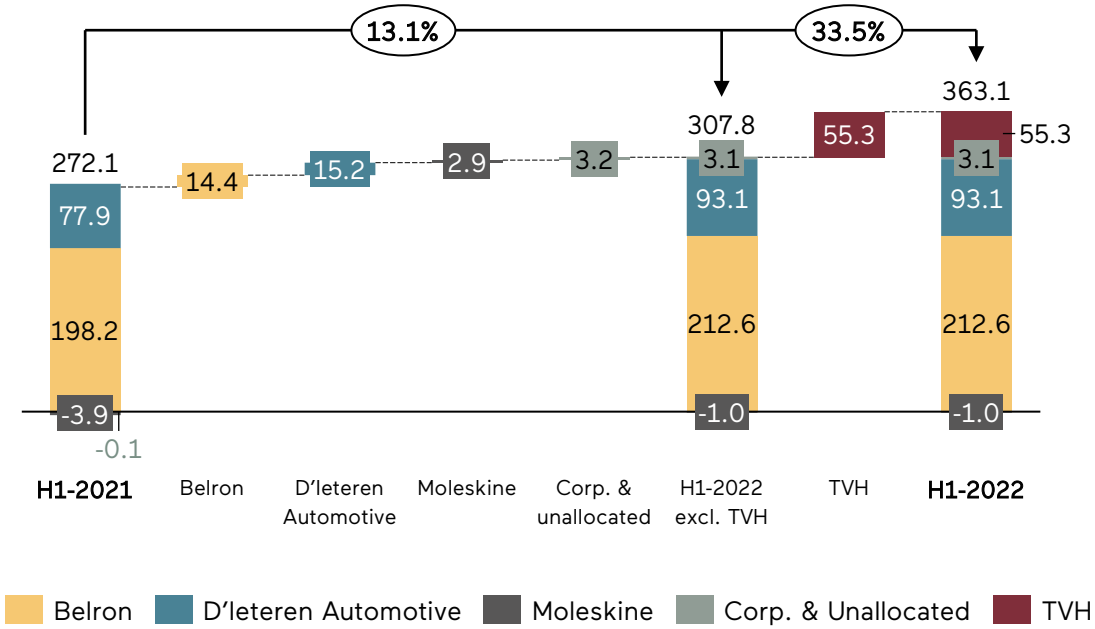
Moleskine | Belron | D'leteren Automotive | TVH | Corp. & unallocated

[1] Including 100% of Belron and of TVH
[2] YoY comparison based on a BEGAAP figures

Group

H1-2022 *adjusted* PBT g.s.: +33.5% (+13.1% excluding TVH)

€m

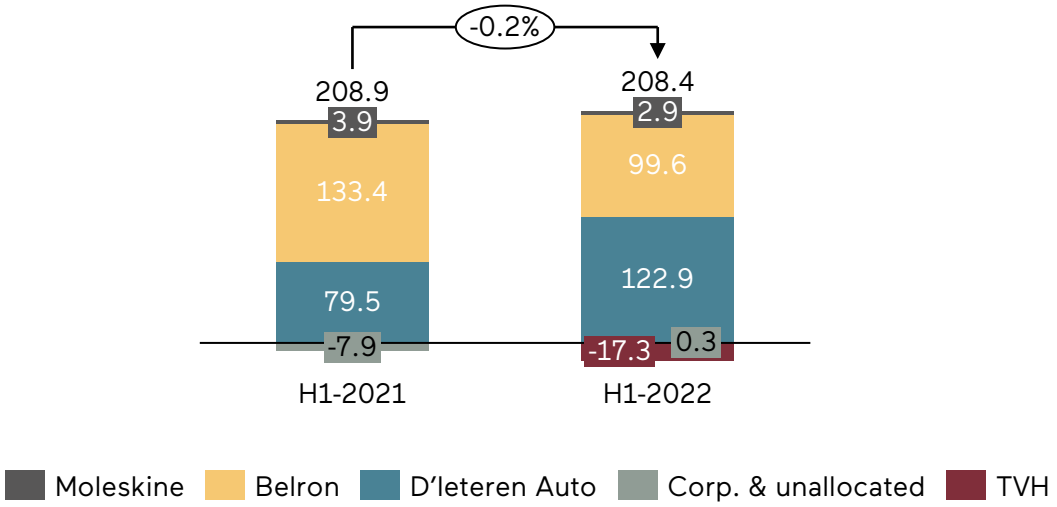


Group

H1-2022 free cash-flow[1] generation

€ m

- D'leteren Group's FCF generation Group's share remained stable thanks to strong operational results offset by working capital investments at TVH



[1] Free Cash Flow = [*Adjusted* EBITDA - other non-cash items – change in working capital – capital expenditures – capital paid on lease liabilities – taxes paid – interest paid – acquisitions + disposals – cash-out related to employee share plans – cash-flow from *adjusting* items + other cash items]

D'leteren Group's debt structure

€m	June 30th 2022				
	D'leteren Automotive	100% Belron	Moleskine	100% TVH	Corp & Unallocated
Loans & Borrowings	155.5	4,229.0	39.2	982.2	5.5
Inter-segment	-	-	269.5	40.6	-310.1
Gross debt	155.5	4,229.0	308.7	1,022.8	-304.6
Cash & cash equivalents	-164.5	-428.7	-20.1	-140.0	-98.2
Current financial assets	-	-	-	-	-593.2
Other receivables	-3.7	-	-	-	-5.0
Total net debt	**-12.7**	**3,800.3**	**288.6**	**882.8**	**-1,001.0**
Excluding inter-segment loans					**-690.9**

- The net cash position of "Corporate & Unallocated" declined from €1,087.5m at 31st December 2021 to €1,001.0m (or **€690.9m** excluding €310.1m of inter-segment loan) as a result of:
  - The dividend (€113.6m) paid out to the shareholders of D'leteren Group in June 2022,
  - The repurchase of own shares (€30.0m),
  - Partially offset by the dividends (€51.6m) received from D'leteren Automotive
- Subsequent to 30th June:
  - D'leteren Group has announced the closing of the acquisition of 100% of Parts Holding Europe (PHE), for an EV of €1.7bn, resulting in an equity consideration paid of €571m (€540m equity as previously announced plus cash generated by the company since January 1st, 2022)
  - Belron has distributed an interim ordinary dividend of €411m to its shareholders (€212m to D'leteren Group)

ESG developments

- D'leteren Group committed to the **Science Based Targets initiative** in April 2022 with the goal of having 100% of its portfolio covered by a validated SBT by the end of 2025. All businesses are currently preparing to submit their own target.

- In May 2022, the Group resumed its share buyback programme, under the form of a **solidarity-base share buyback**. This means that half of the outperformance realised by Kepler Cheuvreux will be allocated to projects supported as part of D'leteren Group's philanthropic approach and 5% to the Kepler Cheuvreux Foundation.

- D'leteren Group published its new **code of conduct** (at corporate level).

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ESG Ratings

Sustainalytics:

From 14.3 (Low risk) in 2020 to 11.6 (Low risk) in 2021
(new ratings expected in November 2022)

SUSTAINALYTICS
ESG REGIONAL TOP RATED 2022

SUSTAINALYTICS
ESG INDUSTRY TOP RATED 2022

MSCI:

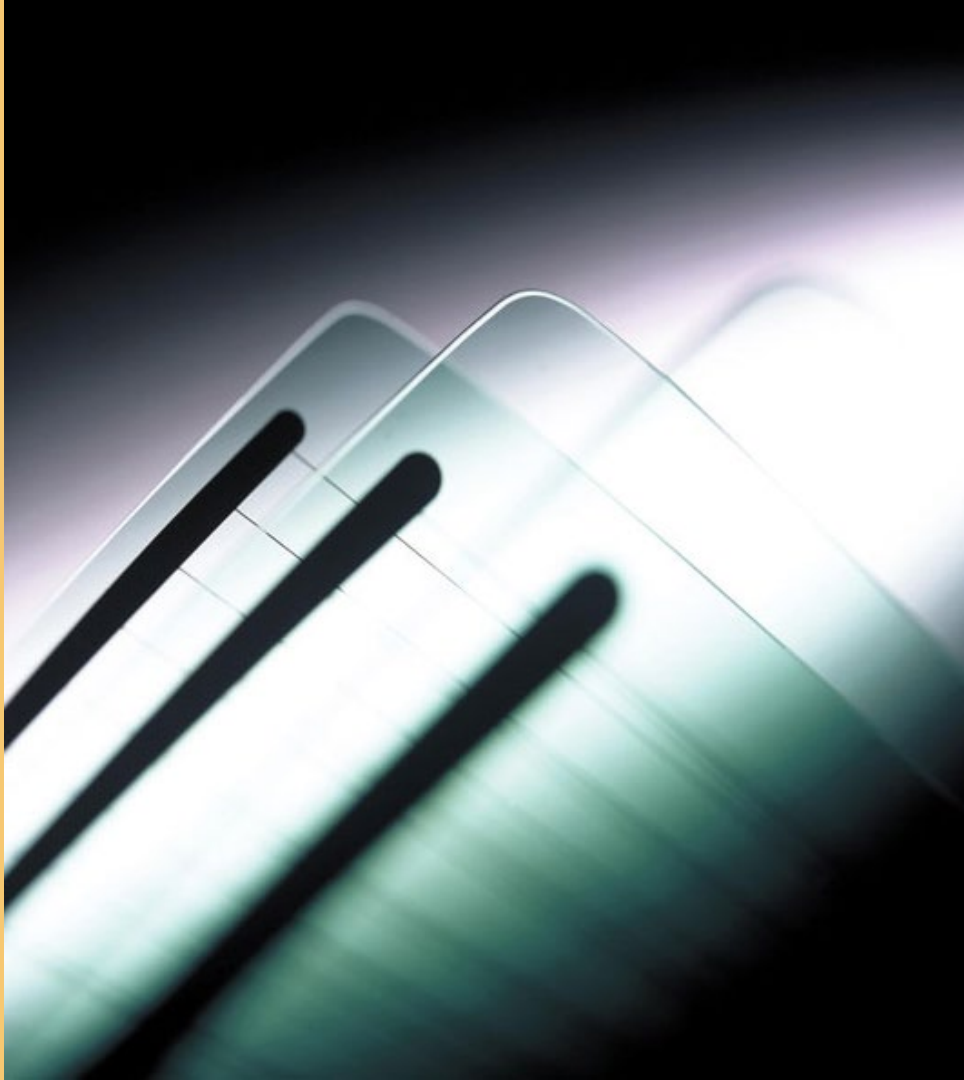
Stable AA score

MSCI ESG RATINGS AA

CCC | B | BB | BBB | A | AA | AAA

Belron

Making a difference with real care



H1-22 highlights

- +18.8% sales growth versus H1-21 (+13.3% organic at constant FX) underpinned by 7.1% higher volumes in VGRR (prime jobs) driven by a continued recovery since the pandemic and further market share gains, value growth from positive model and product mix as well as growth in ADAS[1] recalibrations and VAPS[1].
- *Adjusted* operating result grew by almost 8% versus H1-21 to €495.9m despite €23m of additional YoY *adjusted* operating costs related to the Group-wide transformation programme.
- In accordance with APM definition, part of the transformation costs are now being classified as *adjusting* items (fees to system integrators). Transformation costs were at €13.5m in H1-21 and €56.7m in H1-22, of which €20.2m classified as *adjusting* items.
- *Adjusted* operating margin of 18.0% in H1-22 compares to 18.0% in FY-21 and to 19.8% in H1-21 due to the strong comparison base (high productivity levels, sanitization fees and lower transformation costs in H1-21) as well as the tight labour market and cost inflation not yet fully reflected in pricing given the time lag in passing these through to customers.
- *Adjusted* PBT, group's share increased by 7.3% on a comparable basis[2] in H1-22.
- Free cash flow reached €199.2m, declining versus H1-21 (€266.7m), due to increased working capital requirements, higher capital expenditures and a more negative cash flow from *adjusting* items, partly compensated by a stronger operational performance.
- Solid liquidity position with €429m of cash (before a dividend distribution in August 2022), undrawn RCF (€665m) and a Senior Secured Net Leverage ratio[3] of 3.11x.

[1] Advanced Driver Assistance Systems ('ADAS'); Value Added Products and Services ('VAPS')
[2] Assuming 50.01% stake in Belron in H1-21 and H1-22
[3] Senior secured indebtedness/pro forma EBITDA post-IFRS 16, as defined in Belron's Credit Agreement and Compliance Certificate for debt lenders

Sales evolution and growth drivers

- Sales improved by 18.8% YoY to €2,758.1m, or 20.4% from continuing operations, comprised of an organic growth of 13.3%, a contribution from acquisitions of 1.1% and an positive currency effect of 6.0%.
- Positive FX impact relates mainly to the USD appreciation (EUR/USD 1.087 average vs. 1.199 in H1-21).
- Geographic split:
  - North America (59% of sales): +17.1% organic
  - Eurozone (28% of sales): +8.4% organic
  - ROW (13% of sales): +8.8% organic
- Volumes (+7.1%), continued to recover from the pandemic, also driven by continuous market share gains. H1-22 volumes 4% above H1-19 level.
- VGRR jobs increased in value due to pricing and the continuously higher windscreen complexity.
- ADAS recalibrations volume and value growth with increased penetration (28.6% of windscreen replacement jobs vs. 22.0% in H1-21) and higher sales from value added products (VAPS attachment rate of 22.8%).

Sales growth	Organic	Acquisitions	Forex	Total
North America	17.1%	0.5%	10.2%	**27.9%**
Eurozone	8.4%	2.3%	0.1%	**10.8%**
ROW	8.8%	1.0%	1.6%	**11.4%**
TOTAL (continuing operations)	**13.3%**	**1.1%**	**6.0%**	**20.4%**
TOTAL				**18.8%**

Summary of H1-22 results – Continued growth in *adjusted* operating profit

€m	H1-21	H1-22	*% change*
VGRR prime jobs[1] (in million)	6.1	6.6	*7.1%*
External sales	2,321.4	2,758.1	*18.8%*
***Adjusted* operating result**	**459.4**	**495.9**	***7.9%***
Adjusted operating margin	*19.8%*	*18.0%*	
Adjusted net finance costs	-63.2	-71.0	*12.3%*
Adjusted PBT	396.4	425.1	*7.3%*
***Adjusted* PBT, group's share[2]**	**198.2**	**212.6**	***7.3%***

- *Adjusted* operating result continued to grow versus last year (+7.9%).
- *Adjusted* operating margin of 18.0% in H1-22 compares to 18.0% in FY-21 and is lower than the 19.8% reported in H1-21. This evolution is due to:
  - the strong comparison base (high productivity, sanitization fees and lower transformation costs in H1-21); and
  - the tight labour market and cost inflation not yet fully reflected in pricing given that there is a time lag in passing these through to customers.
- *Adjusted* PBT, group's share grew by 7.3% YoY.

[1] VGRR jobs on passenger cars
[2] Assuming the same stake in Belron in H1-2021 as in H1-2022 (50.01%)

Adjusting items

€m	H1-22
At the operating result level	
Re-measurements of financial instruments	2.7
Amortisation of customer contracts	-15.5
Amortisation of brands with finite useful life	-1.8
Other *adjusting* items	-38.0
Total	**-52.6**
At the net finance costs level	
Foreign exchange losses on net debt	-127.3
Other *adjusting* items	1.8
Total	**-125.5**

- Amortisation of brands and customer contracts relates mainly to recent acquisitions (mainly TruRoad acquired in August 2019 in the US).
- Other *adjusting* items of -€38.0m mainly correspond to:
  - -€20.2m fees from system integrators in relation to the business transformation programme
  - -€19.3m of employee costs mainly in relation to the restricted share units ('RSUs') awarded by Belron's BoD in December 2021 to c.24,000 employees
- *Adjusting* items in net finance costs are related to the refinancing operated in April 2021. In H1-22, it includes -€127.3m of non-cash foreign exchange losses (arising upon the translation of a USD Term Loan at the closing rate).

Free cash flow[1] and net debt

- Free cash flow[1] (after capital lease repayments) declined from €266.7m in H1-21 to €199.2m in H1-22 reflecting the following developments:
  - €40.4m higher *adjusted* EBITDA
  - -€21.7m negative impact from working capital
  - -€23.3m higher capex
  - -€48.9m higher cash flow from *adjusting* items
  - -€14.3m higher acquisition spend
- Belron's net financial debt reached €3,800.3m (100%) at the end of H1-22 compared to €3,592.1m at the end of H1-21 and is broadly unchanged compared to €3,794.9m at the end of December 2021.
- The Senior Secured Net Leverage ratio post-IFRS 16[2] reached 3.11x on 30 June 2022.

€m	H1-21	H1-22
***Adjusted* EBITDA**	**577.3**	**617.7**
Change in WCR	-37.3	-59.0
Net capex	-11.4	-34.7
Capital paid on lease liabilities	-86.4	-90.3
Other non-cash items	-1.0	-0.6
Trading cash-flow	441.2	433.1
CF from *adjusting* items	-21.8	-70.7
Acquisitions	-13.1	-27.4
Taxes paid	-61.8	-67.7
Net interest paid	-77.8	-69.1
Other cash items	-	1.1
Free cash-flow[1]	**266.7**	**199.2**
Net debt (June 30th)	**3,592.1**	**3,800.3**

[1] Free Cash Flow = [*Adjusted* EBITDA - other non-cash items – change in working capital – capital expenditures – capital paid on lease liabilities – taxes paid – interest paid – acquisitions + disposals – cash-out related to employee share plans – cash-flow from *adjusting* items + other cash items]
[2] As defined in Belron's Credit Agreement and Compliance Certificate for debt lenders.

Belron

Latest developments

- In March 2022, Moody's has upgraded Belron's credit rating to Ba2 (outlook stable) from Ba3. This upgrade reflects Moody's expectation of continued strong performance alongside strong cash flow generation.
- Mid-July 2022, H&F and GIC have slightly increased their participation in Belron, buying shares back mostly from natural leavers at the same financial consideration as their previous transaction closed in December 2021. Belron's shareholding structure is now as follows: 50.01% D'leteren Group, 20.3% CD&R, 11.2% H&F, 4.0% GIC, 2.7% BlackRock Private Equity Partners, and 11.8% management, employees and founding family.
- Belron had franchise activities in Russia which have been suspended and in Ukraine, where operations paused at the start of the war, but were resumed in June. The contribution of the franchise activities in these two countries were not financially meaningful. However, Belron sourced some glass (less than 5% of the total) from Russia and has therefore found alternative sources of supply.
- Fit for Growth 'Transformation' workstreams make good progress and €56.7m of costs were allocated to it in H1-22, of which €20.2m classified as *adjusting* items, compared to €13.5m in H1-21 (no *adjusting* items).
- After the reporting period, at the beginning of August, Belron has distributed €411m of interim ordinary dividends to its shareholders (€212m for D'leteren Group) with cash on balance sheet.

FY-2022 outlook

- Mid-teens organic sales growth is expected due to growing volumes, a positive price / mix and the increase of ADAS recalibration penetration and VAPS contribution.
- *Adjusted* operating result margin should slightly increase YoY driven by top-line development despite the expected impact of c.€115m from costs related to the transformation plan (of which €50m to be classified as *adjusting* items).
- Free cash-flow is expected to remain high, comparable to 2021, with better operational results being offset by increased capital expenditures, namely in ADAS equipment and in the footprint, and a slightly negative working capital outflow.

ESG developments

Belron continues to make progress across all elements of its Responsible Business Roadmap which was launched in 2021.

- Under the Sustainable Products & Services pillar the company has improved **glass waste recycling** from 72% in 2021 to above 80% in the 6 months to June 2022 and is progressing in collecting and analysing general (non-glass) waste data.
- Belron continued work to assess its total **carbon footprint**, with a particular focus on scope 3 emissions, prior to submitting a greenhouse gas reduction target to the Science Based Targets initiative (SBTi) for validation.
- Belron has strengthened the **sustainable procurement** team dedicated to driving sustainability improvements with its suppliers. It has also completed 22 supplier site sustainability audits in the first half of 2022.
- Within the Investing in People and Society pillar, the company has developed the monitoring and reporting of **Health and Safety** related information, at local and global levels.

D'Ieteren Automotive

Building seamless and sustainable mobility for everyone

D'Ieteren Automotive

H1-22 highlights

- New car registrations market[1] decreased by 13.9% to 192,210 units due to delivery delays related to components shortage.
- D'Ieteren Automotive's share[1] of the new car market declined by 129bps to 22.2%.
- Number of new vehicles delivered by D'Ieteren Automotive: 46,902 (-9,741 or -17.2% vs. H1-21).
- Despite these adverse volume conditions, D'Ieteren Automotive managed to keep net sales stable (+0.2% YoY) and to grow *adjusted* operating result by 19.5% thanks to a fabourable price / mix (premiumization), the positive development of 'other' mobility services and cost control, leading to a 4.8% *adjusted* operating profit margin (4.0% in H1-21).
- Free cash-flow increased by more than 50% to €122.9m thanks to the better operational performance and a significant working capital inflow.
- D'Ieteren Automotive ends the first semester 2022 with a net cash position of €12.7m.
- Record order book of more than 97,000 vehicles at end of H1-22.

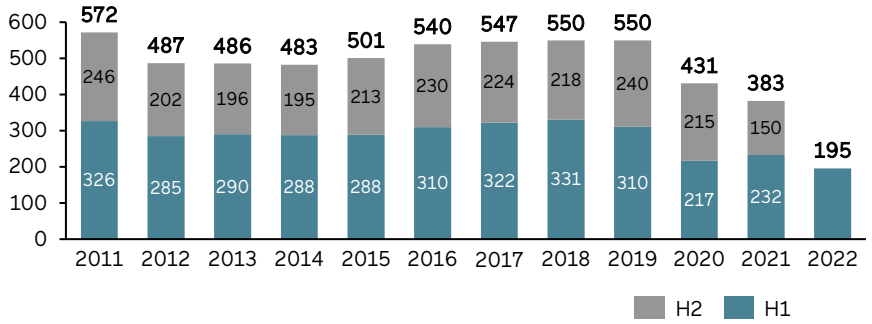
[1] Net of registrations that have been cancelled within 30 days

D'Ieteren Automotive

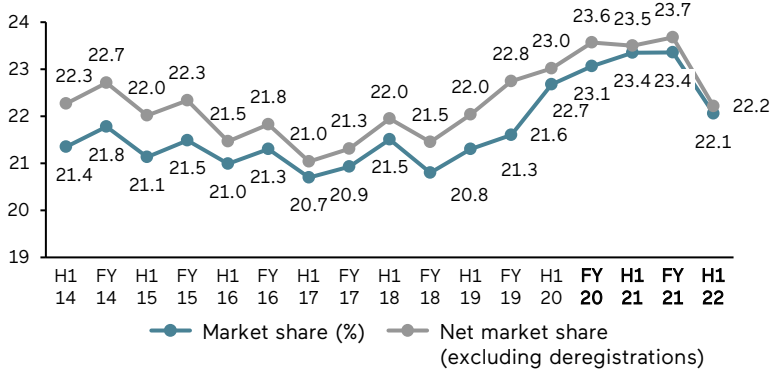
Belgian new car market[1] impacted by supply chain issues

- The Belgian new car market dropped by 13.9% (15.9% before deregistrations within 30 days) due to the shortage of components that led to delivery delays.
- D'Ieteren Automotive's net market share declined by 129bps to 22.2%.
- For commercial vehicles, registrations declined by 29.7% compared to H1-21. D'Ieteren Automotive's market share declined due to the production prioritizing premium models and to the end of the Amarok model.

New car registrations[2] (k units)



D'Ieteren Automotive's market share (%)



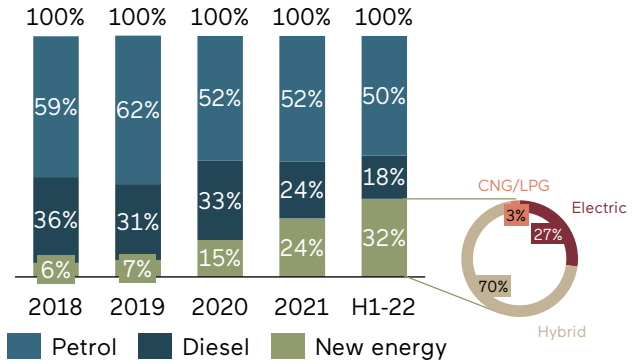
[1] Market figures are those published by Febiac
[2] The historical graph above contains gross figures only. In order to provide an accurate picture of the car market, Febiac publishes since mid-2013 market figures excluding registrations that have been cancelled within 30 days.

D'Ieteren Automotive

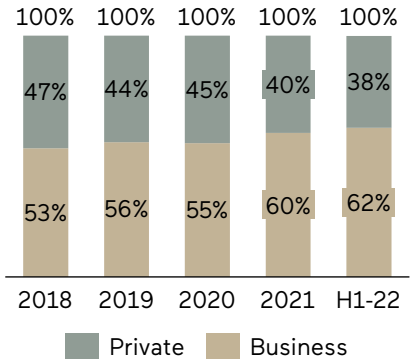
Belgian market: success of the new energy and SUV segments

- Belgian new car gross registrations[1]:
  - The number of new vehicles sold powered by new energies (fully electric, hybrid, CNG, LPG) reached a 32.4% market share, largely at the expense of diesel engines
  - 61.8% of new registrations came from the business segment
  - The success of SUVs continued, with penetration rate reaching 50.8%

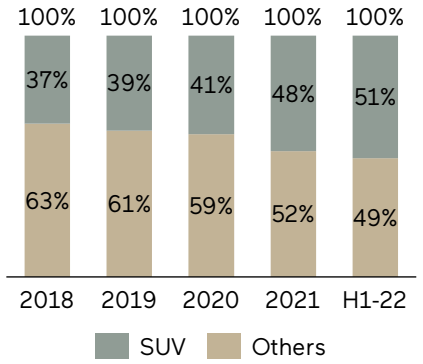
Fuel mix



Buyer mix



SUV mix[2]

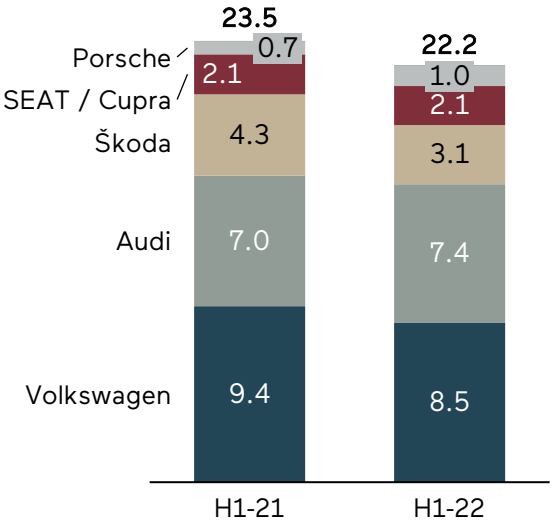


[1] Gross figures (including registrations that have been cancelled within 30 days)
[2] Aligned with Febiac's segmentation (excludes Audi Q2)

D'Ieteren Automotive

Market shares reflect the prioritization of higher-end models

Breakdown of D'Ieteren Automotive's net market share per brand (%)



Brands

- VW (8.52%, -87bps) lost share primarily due to the Golf, Tiguan and Passat, while there were some gains in Multivan, ID.4 and Arteon.
- Audi's market share (7.36%, +41bps) gained on the whole SUV and electric product range, as well as the A4.
- Škoda (3.14% or -118bps) lost share except for the Kodiaq and Enyaq models.
- SEAT & Cupra's share (2.08%) remained broadly stable.
- Porsche's share increased further (1.05%, +37bps) throughout the range, in particular Taycan and Macan models as it benefitted from factory prioritization of higher-end models.

Mix

- SUVs represent 51.7% of D'Ieteren Automotive's mix. Market share in the segment is 21.5%.
- New Energy: D'Ieteren Automotive's share stands at 25.5% in H1-22 on full electric vehicles, and remains market leader by far, with Audi the leading brand in the market.

D'Ieteren Automotive

Strong financial performance in a difficult environment

€m	H1-21	H1-22	% change
New vehicles delivered *(in units)*	56,643	46,902	*-17.2%*
Sales	**1,844.1**	**1,848.7**	*0.2%*
***Adjusted* operating result**	**74.5**	**89.0**	***19.5%***
Adjusted operating margin (in %)	*4.0%*	*4.8%*	
Adjusted net finance (costs)/income	-2.2	-1.2	-
Share in *adjusted* net profits of JV and associates	3.7	3.2	*-13.5%*
***Adjusted* PBT**	**76.0**	**91.0**	***19.7%***
Adjusted income taxes	-20.1	-23.7	*17.9%*
***Adjusted* Net profit**	**55.9**	**67.3**	***20.4%***
Adjusting items in net profit	-	10.2	
Reported net profit group's share	**56.8**	**77.7**	***36.8%***
***Adjusted* PBT g.s. (incl g.s. in VDFin's adj PBT)**	**77.9**	**93.1**	***19.5%***

- The number of new vehicles delivered decreased by -17.2% to 46,902 (Passenger Vehicles: -16.7%; Light Commercial Vehicles: -21.5%) impacted mainly by supply chain issues.
- Net sales increased by 0.2% YoY, mainly driven by a positive price / mix thanks to the continued premiumization of the car park and by a positive contribution from 'other' mobility services.
- *Adjusted* operating profit gained 19.5% reflecting the top-line price / mix impact, cost control and an improved performance from historically loss-making activities.
- *Adjusted* operating profit margin stood at 4.8% for H1-22 versus 4.0% in H1-21.
- There are no *adjusting* items in H1-22 at the operating level, and there are €10.2m *adjusting* items included in net finance costs relating to the gain recognized on the loss of exclusive control of Lizy and MyMove.

D'Ieteren Automotive

Free cash flow[1] and net debt

- Trading cash flow increased by €40.3m, reflecting mainly:
  - The increase in EBITDA (+€15.2m)
  - A significant (and higher than in H1-21) cash inflow from working capital driven by receivables (+€24.5m)
- Net financial position went from a €93.2m net debt at the end of June 2021 and €55.7m at the end of December 2021 to a net cash surplus of €12.7m at the end of H1-22 as a result of the strong free cash flow generation and despite the distribution of a €51.6m dividend.

€m	H1-21	H1-22
***Adjusted* EBITDA**	**87.3**	**102.5**
Change in WCR	47.3	71.8
Net capex	-10.5	-14.6
Capital paid on lease liabilities	-6.1	-7.1
Other non-cash items	1.1	6.8
Trading cash-flow	119.1	159.4
CF from adjusting items	-35.1	-17.5
Acquisitions	-	-6.0
Taxes paid	-4.0	-11.9
Net interest paid	-0.5	-1.1
Other cash items	-	-
Free cash-flow[1]	**79.5**	**122.9**
Net debt (June 30th)	**93.2**	**-12.7**

[1] Free Cash Flow = [*Adjusted* EBITDA - other non-cash items – change in working capital – capital expenditures – capital paid on lease liabilities – taxes paid – interest paid – acquisitions + disposals – cash-out related to employee share plans – cash-flow from *adjusting* items + other cash items]

D'Ieteren Automotive

Latest developments

- Visibility on supply chain issues remains low.
- The order book remains significant (nearly doubling versus last year) at 97,000 vehicles, which should lead to market share improvement.
- D'Ieteren Automotive has made progress in its strategic and sustainable journey (see next slide).

FY-2022 outlook

- Strong order backlog to be translated into deliveries over time once supply chain issues are solved, with volume and market share improvements expected in H2-22.
- Taking this and rising costs into account, *adjusted* operating result is expected to grow by around 25%.
- Free cash-flow is expected to land above initial expectations and to remain at least stable vs. 2021.
- Product pipeline expected for H2-2022:

ESG developments

D'Ieteren Automotive pursued its mission of building seamless and sustainable mobility for everyone, with new developments :

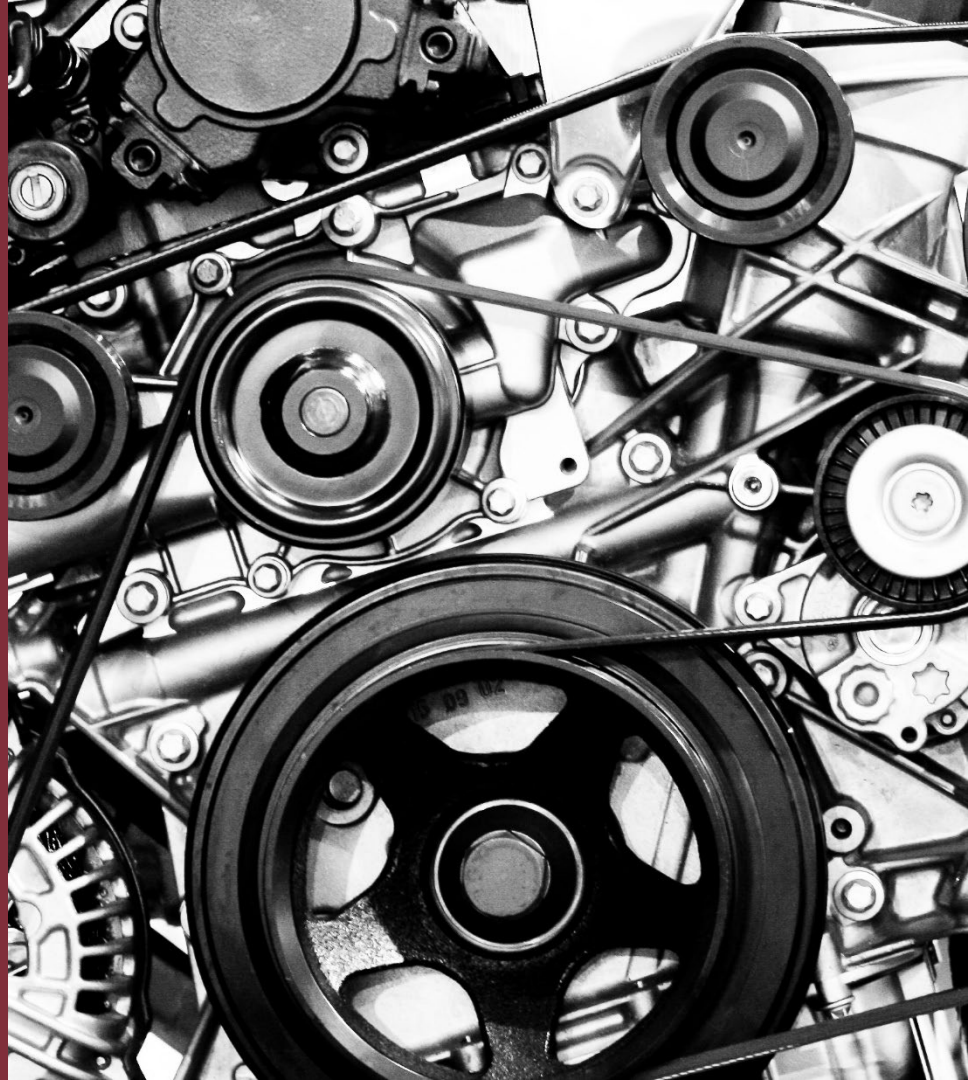
- A 60% YoY increase in the volume of charge points installed by **EDI**, with 3,000 charge points installed
- The expansion of the shared mobility solutions of **Poppy fleet**, including with electric vehicles
- The acquisition of the taxi dispatch company **Taxis Verts**, with the intention of supporting taxi owners in switching to electric mobility
- The acquisition of **Go Solar**, an installer of photovoltaic panels and domestic batteries, which will enable customers to charge their electric vehicle with renewable energy
- The expansion of the **Lucien** bike retail network to 9 stores in Belgium
- The acquisition of **Joule**, a company specialising in the supply of bicycles to corporate and public sector organisations.

D'Ieteren Automotive has committed to the Science Based Target initiative, with the goal of submitting a **carbon emission reduction** target in 2022, and joined the Belgian Alliance for Climate Action. As part of its ambitious environmental program, it has offset 100% of its 2021 carbon emissions and is currently elaborating a new mobility policy for its employees.

The company pursued its efforts to increase **gender diversity** at the management level. In addition to the focus on recruitment, diversity-linked initiatives included specific management training and internal networking events.

TVH

We keep you going and growing



H1-22 highlights

- TVH is equity-accounted for in D'leteren Group's accounts as of October 1st, 2021 and has a full YoY impact in H1-22.
- Total sales of €790.8m are 23.6% above last year (YoY based on BEGAAP figures) driven by a strong organic growth, itself led by a healthy mix of volume and price across all regions and markets, and by inorganic growth.
- *Adjusted* operating result of €143.2m represents an *adjusted* operating result margin of 18.1%, primarily due to revenue mix, freight costs inflation and inventory write downs.
- *Adjusted* PBT, group's share amounted to €55.3m for the first 6 months of the year.
- Net debt (post IFRS 16) slightly increased to €882.8m (including €100m shareholder loan) reflecting the significant working capital investments impacting the free cash flow.

€m	**H1-22**
External sales	790.8
***Adjusted* operating result**	**143.2**
Adjusted operating margin	*18.1%*
Adjusted net finance costs	-4.9
Adjusted PBT	138.3
***Adjusted* PBT, group's share**	**55.3**

Free cash flow[1] and net debt

- TVH consumed €43.2m in free cash flow in the period.
- This development is mostly attributable to capital expenditures and significant working capital investments: increase in inventory and receivables, mainly reflecting the sales growth and an inventory buffer in order to cope with supply chain issues and allow for continued strong growth.
- These elements were partly compensated by a strong operating performance in the period, with an EBITDA of €161.5m, a 24% YoY growth (YoY based on BEGAAP figures)

€m	H1-22
***Adjusted* EBITDA**	**161.5**
Change in WCR	-128.0
Net capex	-36.7
Capital paid on lease liabilities	-6.1
Other non-cash items	4.9
Trading cash-flow	-4.5
CF from adjusting items	-
Acquisitions	-9.9
Taxes paid	-30.5
Net interest paid	-7.2
Other cash items	8.9
Free cash-flow[1]	**-43.2**
Net debt (June 30th)	**882.8**

[1] Free Cash Flow = [*Adjusted* EBITDA - other non-cash items – change in working capital – capital expenditures – capital paid on lease liabilities – taxes paid – interest paid – acquisitions + disposals – cash-out related to employee share plans – cash-flow from *adjusting* items + other cash items]

Latest developments

- In H1-22, TVH acquired Grupo Empilhapeças, a local Portuguese distributor focussed on MPA. Integration within the TVH group has started over the summer.
- Significant investments were made during H1-22 in various growth projects such as: (i) the finalization of the R7, the new palletizable high-bay warehouse in Waregem and (ii) the ongoing extension of the WB3 automated high-bay warehouse with additional shuttle blocks in Waregem.
- Innovatis, the global business process transformation program of TVH, has been fully kicked-off in H1-22. Regarding technological solutions, a vendor partner has been chosen for the new core ERP suite.
- The war in Ukraine has impacted the TVH activities in the region, as the group generated about €50m sales in Ukraine/Russia in 2021. In H1-22, TVH decided to stop operating in Russia in respect of the EU sanctions and is currently selling the activities in Russia to the local management.

FY-2022 outlook

- Organic top-line growth is expected to be above around 20%.
- Pipeline of further "bolt-on" acquisitions.
- *Adjusted* operating result is now expected to land above €250m (previously: €230m).

ESG developments

TVH has initiated a **comprehensive sustainability programme**, building on its existing social, environmental and governance processes. The new programme, which is based on the findings of a materiality assessment involving internal and external stakeholders, has been presented to TVH's Board of directors in the first half of 2022.

The company has appointed a sustainability manager whose mission is to develop, implement and monitor the programme.

More details on sustainability priority areas and key performance indicators will be communicated in 2023.

Moleskine

Unleash the human genius through hands on paper

Moleskine

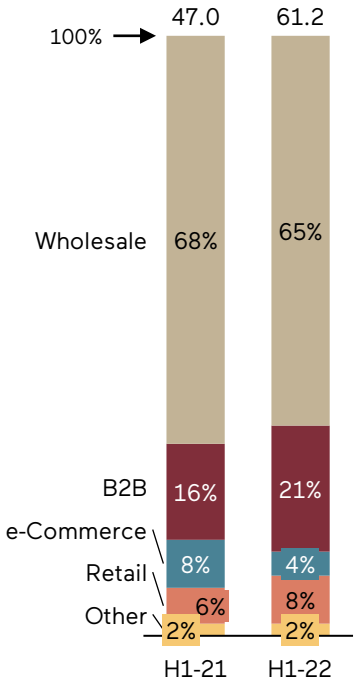
H1-22 highlights

- Sales growth continued to recover from the Covid-19 pandemic and increased by 30.2% YoY to €61.2m. The core paper category is leading the growth.
- There remained disruptions in H1-22, mainly in APAC with China lockdown at the beginning of the year and Japan prolonging the state of emergency.
- Sales overall characterized by the early success of the new "fewer, bigger, better" strategy, with top customers leading the growth in the wholesale and Strategic Partnership channels.
- Continued effort on costs and sales growth led to an *adjusted* operating result of €3.7m, up by 85% YoY.
- *Adjusted* PBT, group's share improved from -€3.9m in H1-21 to -€1.0m in H1-22.
- Slight decline in free cash flow[1] of -€1.0m to a still positive €2.9m mainly driven by the working capital development in order to prepare H2 sales growth.
- Net debt remained broadly stable versus the December 21 level. Net financial debt related to bank financing < 0.8x LTM EBITDA.

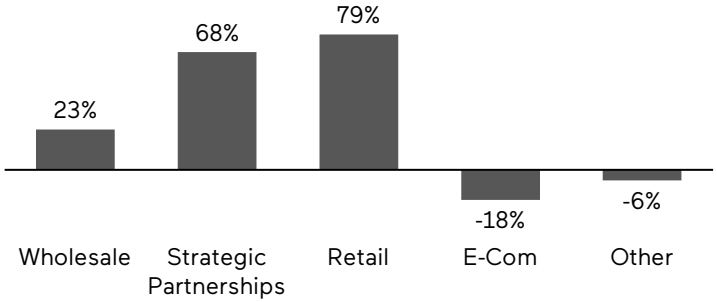
[1] Free Cash Flow = [*Adjusted* EBITDA - other non-cash items – change in working capital – capital expenditures – capital paid on lease liabilities – taxes paid – interest paid – acquisitions + disposals – cash-out related to employee share plans – cash-flow from *adjusting* items + other cash items]

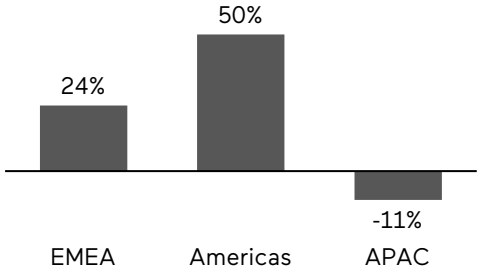
Moleskine

Top-line evolution



- **Wholesale** (65% of total): strong sales improvement driven by top accounts, with a few top customers being in line or above 2019 levels.
- **Strategic Partnerships** (21% of total): +68.3% growth, led by top customers in US and EMEA
- **Retail** (8% of total): +78.6% pursuing its acceleration in both EMEA and US driven by strong physical stores consumption and the new store experience strategy.
- **E-Commerce** (4% of total): channel continued to suffer from a post-Covid decrease in online channels consumption in Europe.
- **Geographies**: Americas posted strong performance driven mostly by Wholesale and Strategic Partnership channels, also partly by FX. APAC declined, still impacted by Covid restrictions.





Higher *adjusted* operating result

€m	H1-21	H1-22	% change
Sales	**47.0**	**61.2**	*30.2%*
***Adjusted* operating result**	**2.0**	**3.7**	***85.0%***
Adjusted operating margin (in %)	*4.3%*	*6.0%*	-
Adjusted net finance (costs)/income	-5.7	-4.7	-
***Adjusted* PBT**	**-3.7**	**-1.0**	**-**
Adjusted income taxes	-0.8	-	-
***Adjusted* Net profit**	**-4.5**	**-1.0**	**-**
Adjusting items in net profit	-0.4	-	-
Reported net profit, group's share	**-5.0**	**-1.0**	**-**
***Adjusted* PBT g.s.**	**-3.9**	**-1.0**	**-**

- *Adjusted* EBIT margin of 6.0% versus 4.3% in H1-21
- *Adjusted* operating result up by 85.0% YoY to €3.7m, thanks to the positive top-line development and continued significant cost efforts
- There are no *adjusting* items in the net profit in H1-22 versus -€0.4m in H1-21 related to a forward FX hedging contract.

Moleskine

Free cash flow[1] and net debt

- FCF marginally declined by €1.0m mainly as a result of a working capital investments.
- CapEx decreased to €1.8m (2.9% of sales).
- Net debt declined versus H1-21 to €288.6m and remained broadly stable vs. December 21. It includes €269.5m intra-group loan.

€m	H1-21	H1-22
***Adjusted* EBITDA**	**7.9**	**8.8**
Change in WCR	0.6	-1.0
Net capex	-2.2	-1.8
Capital paid on lease liabilities	-2.5	-2.6
Other	1.9	1.6
Trading cash-flow	5.7	5.0
CF from adjusting items	-	-
Taxes paid	-0.8	-1.3
Net interest paid	-1.0	-0.8
Free cash-flow[1]	**3.9**	**2.9**
Net debt (June 30th)	**297.5**	**288.6**

[1] Free Cash Flow = [*Adjusted* EBITDA - other non-cash items – change in working capital – capital expenditures – capital paid on lease liabilities – taxes paid – interest paid – acquisitions + disposals – cash-out related to employee share plans – cash-flow from *adjusting* items + other cash items]

Moleskine

Latest developments

- Pursued successful roll-out of the strategic policy of "fewer, bigger, better", involving rationalization of the product offering, simplification of the structures & organization, and adherence to smart spending.
- Sustained investments in brand positioning as premium gifting brand, keeping strong focus on innovation and product range appeal, and reflected in positive ASP trends.
- The omni-channel strategy has yielded strong results in both wholesale top accounts ('win with winners' policy) and strategic partnerships, together with a clear retail channel acceleration thanks to the new store format and consumer experience. The physical channels have largely compensated the slow down seen in online consumption and channel after the pandemic.

FY-2022 outlook

- Geopolitical tensions are not expected to have a significant impact on Moleskine.
- Sales are expected to get closer to pre-Covid levels, hence to grow by at least 25% YoY.
- *Adjusted* operating result should more than double compared to the level achieved in 2021.

Moleskine

ESG Developments

- Moleskine pursued its strategy aimed to develop and implement a strong and tailored circular economy approach by 2025. Pilot recycling projects were launched in EU, US and APAC enabling the company to recycle 37t of paper products in H1-22 (vs 45t in FY 2021).
- In terms of climate change mitigation, Moleskine progressed on its CO_2 emission reduction plan prior to the submission of its reduction target to the Science Based Targets initiative (SBTi) later this year.

Corporate & Unallocated

Corporate & Unallocated

€m	H1-21	H1-22	% change
***Adjusted* operating result**	**-6.4**	**-3.1**	**-**
Adjusted net finance (costs)/income	6.3	6.2	*-1.6%*
***Adjusted* PBT**	**-0.1**	**3.1**	**-**
Adjusting items in PBT	-	-1.4	-
Reported net profit	**-0.5**	**0.4**	**-**
***Adjusted* PBT g.s.**	**-0.1**	**3.1**	**-**

- "Corporate & Unallocated" mainly includes the corporate and real estate activities.
- The evolution in the *adjusted* operating result is driven by the positive impact from royalty and management fees invoiced to the businesses and a higher result from D'leteren Immo.

PHE

Support affordable and sustainable mobility

PHE (not yet consolidated)

- D'leteren Group closed the acquisition of PHE in August 2022 and will consolidate the company as from August 2022 (5 months in 2022).
- In H1-22, PHE recorded sales of €1,130.1m, up by 13.8% YoY (+8.3% organic) driven by increased volumes and prices and excellent product availability thanks to inventory build up.
- EBITDA grew by 19.3% YoY to €143.0m thanks to sales development and operating leverage, despite some inflationary pressure on costs (energy, gasoil, insurance, staff, IT, marketing).
- The strong operating results drove the high free cash flow generation despite the negative impact on working capital development stemming from inventory build up.
- Net debt at the end of June 2022 stood at €1.2bn, corresponding to 4.6x EBITDA.
- PHE has refinanced and upsized its RCF to €180m.
- The 5 months of consolidation of PHE in 2022 should bring an additional 5% to D'leteren Group's *adjusted* PBT, Group's share.

H1-22 closing remarks

- D'leteren Group continued on its growth path with a 33.5% growth in *adjusted* PBT, Group's share in H1-22.
- These results show once again the strength of our portfolio companies, which hold customer-centric leadership positions in their respective markets. In the current inflationary environment, this positioning is key.
- D'leteren Group and its portfolio companies have further strengthened their ESG strategies, notably with progress towards the goal of having SBT validated targets by 2025.
- PHE acquisition has been closed, and the company's performance highlight attractive growth prospects.
- For 2022, we upgrade our guidance and now expect D'leteren Group's *adjusted* PBT group's share to grow by at least 35%, driven by a better expected performance at D'leteren Automotive and TVH.
- PHE, to be consolidated for 5 months in 2022, is expected to add an additional 5% to our *adjusted* PBT gs, leading to a total expected growth of at least 40%.

Forward-looking statement

"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."

Contact information

Investors

Stéphanie Voisin
stephanie.voisin@dieterengroup.com
T. +32 2 536 54 39
M. +32 478 48 58 71

Press

Anne-Catherine Zoller
anne-catherine.zoller@dieterengroup.com
T. +32 2 536 55 65

www.dieterengroup.com