



BELRON



Gary Lubner – CEO of Belron

BELRON AT A GLANCE

- **#1 VGRR company in the world**
- **7 market leading brands**
- **79% brand awareness in top-10 countries**
- **New service lines: ADRR & HDRR**
- **15.4m consumers served in 2016**
- **€3.3bn Revenues 2016**
- **34 countries**
- **26k people employed**
- **1 VGRR consumer served every 3 seconds**
- **4th largest automotive glass buyer**
- **83% NPS**
- **€191m *Adjusted* Operating Result 2016**

WHAT WE PROMISED TWO YEARS AGO

STRATEGIC PRIORITIES

	Planned	Realised	
VGRR			
- US	• Continue to grow	• High single-digit consumer growth	✓
- Europe	• Market share gains • Efficiency improvements	• Share gains and improving margins in most EU countries	✓
- UK / Brazil	• Fix	• UK: significant loss reduction • Brazil: majority stake sold to Advisia	✓
- Geographic expansion	• No further corporate expansion	• Finland: conversion of franchise • SA, Morocco, UAE: franchises	✓
New services	• Explore	• ADRR and HDRR • M&A / pilot tests in mature VGRR countries	✓

FINANCIAL TARGETS

	MT targets	FY 2015	FY 2016	
Sales growth	+4%	+13.2%	+4.6%	✓
of which organic	+3%	+4.7%	+4.6%	✓
Adj. Operating Result growth	« rising »	+10.2%	+4.8%	✓



NEW STRATEGIC FRAMEWORK



MAKING A DIFFERENCE BY SOLVING PEOPLE'S PROBLEMS WITH REAL CARE

Making a difference...

- To the **consumers** Belron serves
- To **the people who work** in the business
- To the **insurers** and **other partners** Belron works with
- To the **shareholders** who own the company
- To **society as a whole**



... by solving people's problems...



Belron's scope of operations is defined with a clear focus on distressed services to individual consumers. Belron views itself as a **distressed consumer service business**



...with real care

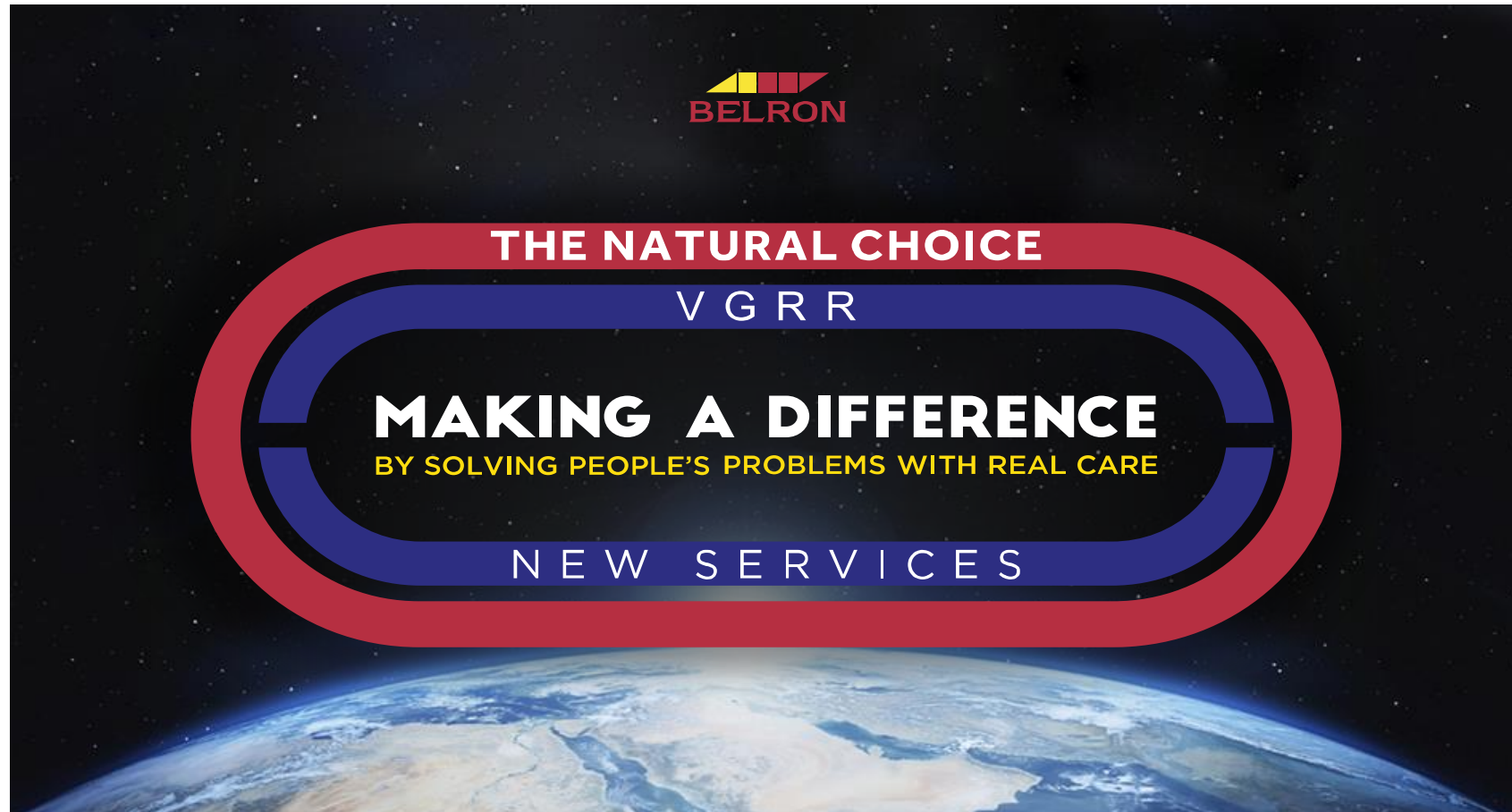
The most important element of Belron's **culture** is the fact that we **act with care**, no matter who we are serving and what activity we are undertaking





NEW SERVICES: PRIORITY GIVEN TO MATURE VGRR COUNTRIES

Mature in VGRR	Opportunities in VGRR	New Services Priorities
 France	 USA	 Belgium
 UK	 Germany	 UK
 Canada	 Spain	 France
 Australia	 Norway	 Canada
 Italy	 Switzerland	 Italy
 Belgium	 Sweden	 Netherlands
 Netherlands	 Denmark	 Australia/New Zealand
 New Zealand	 Portugal	
 Greece	 Russia	
 Ireland	 Turkey	
	 Austria	
	 Hungary	
	 Finland	



COMMERCIAL SUCCESS DRIVEN BY BECOMING THE NATURAL CHOICE

Brand



“Pull”

Customer Service



NPS 83%

“Moment of Truth”

Key Account Partnerships

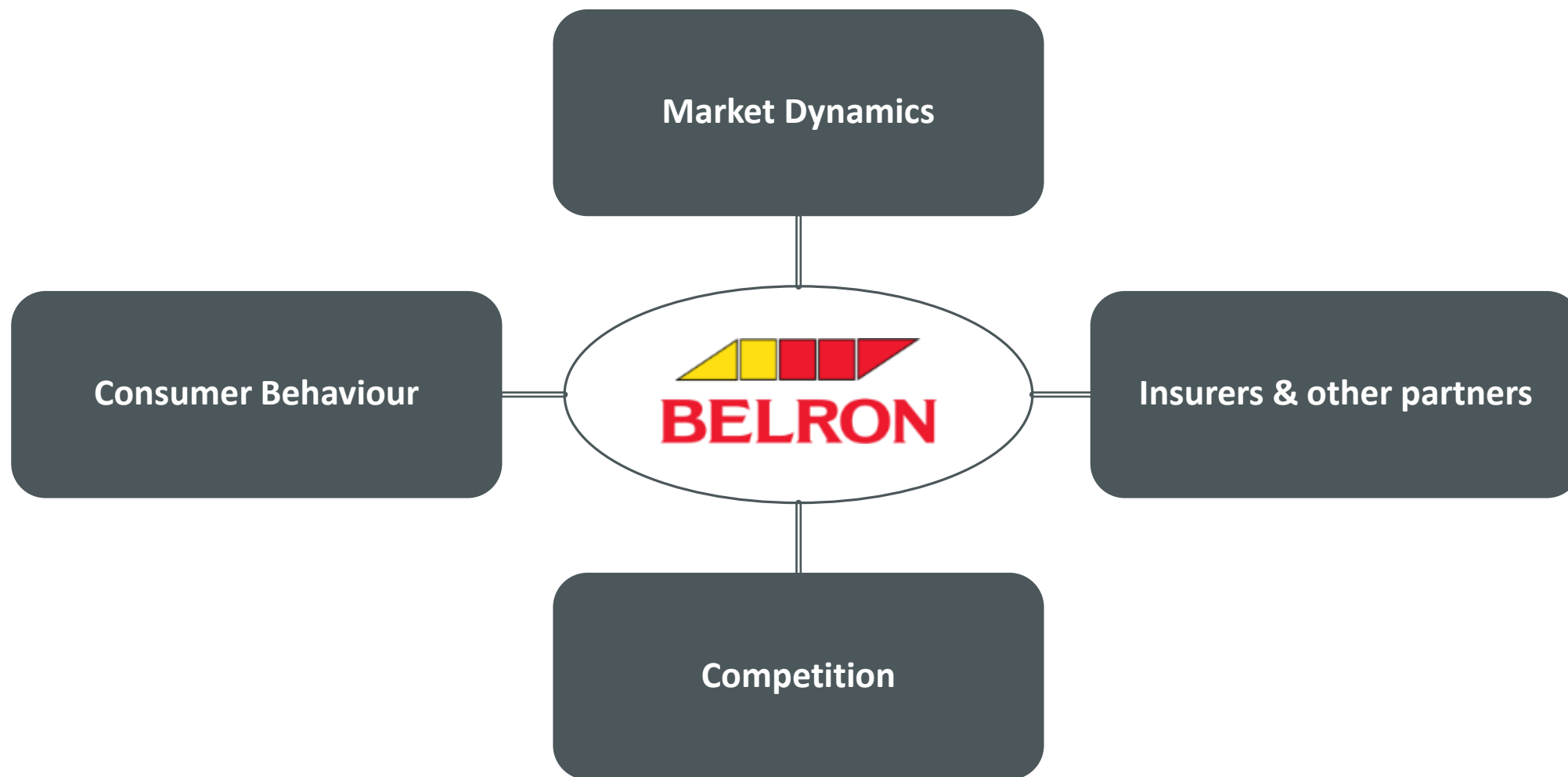


“Push”

BELRON'S NEW STRATEGIC FRAMEWORK



THE BELRON APPROACH: NATIONALLY LED DUE TO SUBSTANTIAL NATIONAL DIFFERENCES



BELRON'S NEW STRATEGIC FRAMEWORK



UNDERPINNED BY INSPIRING LEADERSHIP AND CULTURE

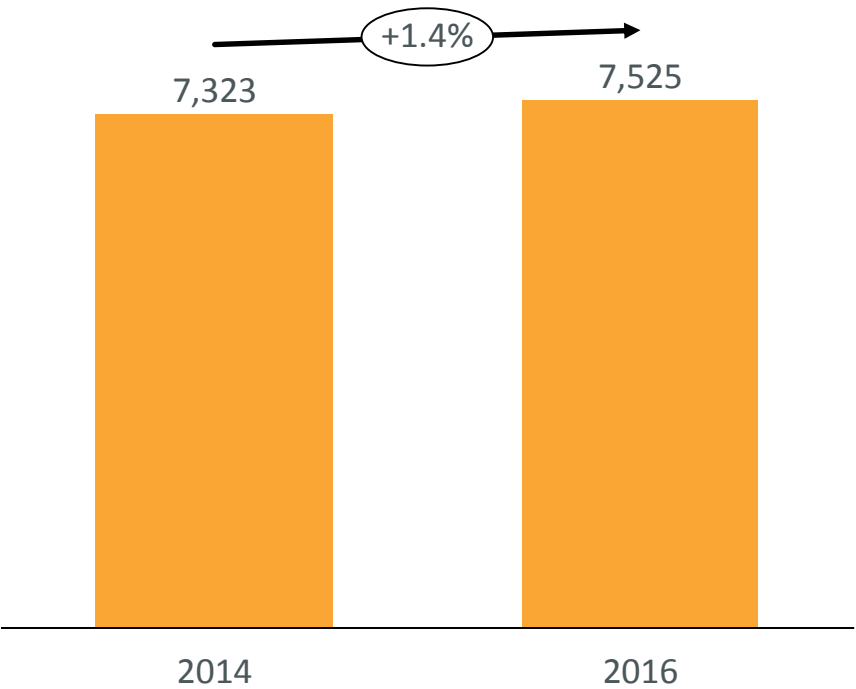




VEHICLE GLASS REPAIR & REPLACEMENT

MARKET GROWTH IN VALUE TERMS DRIVEN BY MODEL MIX AND ADAS PENETRATION

MARKET EVOLUTION IN VALUE (2014-16, €M)¹



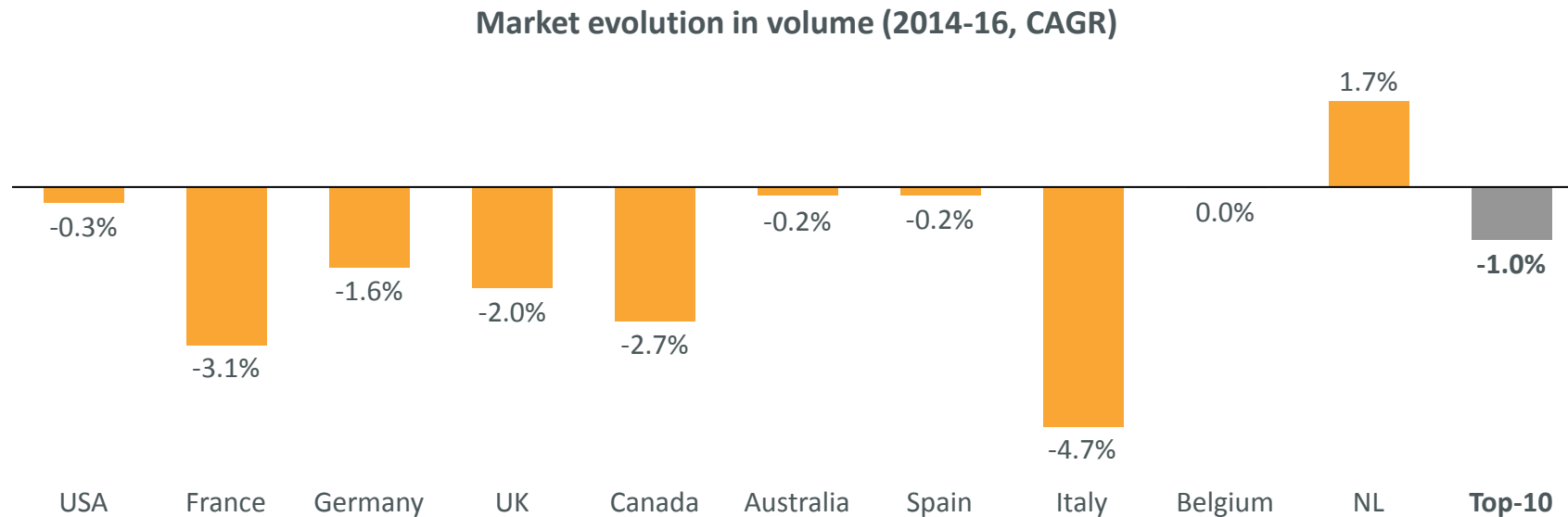
VALUE DRIVERS

Model Mix	Windshield complexity	<ul style="list-style-type: none">Accentuated curvatureLarger windcreensAttachments (e.g. rain sensors)	
	Car park premiumisation	<ul style="list-style-type: none">Premium brandsOptions requiring different glass variants	
ADAS Penetration		<ul style="list-style-type: none">Requires re-calibrationFailure to do so may expose the insurer to a liability in the event of a subsequent accidentExpected to rise to 40-60% of new vehicles in next five years	

¹ Belron Top 10 markets

POSITIVE VALUE DRIVERS MORE THAN OFFSET CONTINUED VOLUME DECLINES

- **Market volumes decreased by 1.0% p.a. during 2014-16**, with diverging trends across countries:
 - US, Australia, Spain and Belgium: stable or slightly declining
 - Netherlands: positive trend after steep declines in prior years
 - Italy: largest decline due to structural factors
- Evolution of **underlying drivers**:
 - Positive : car park, miles driven
 - Negative : speed, weather, accident rate, crime rate

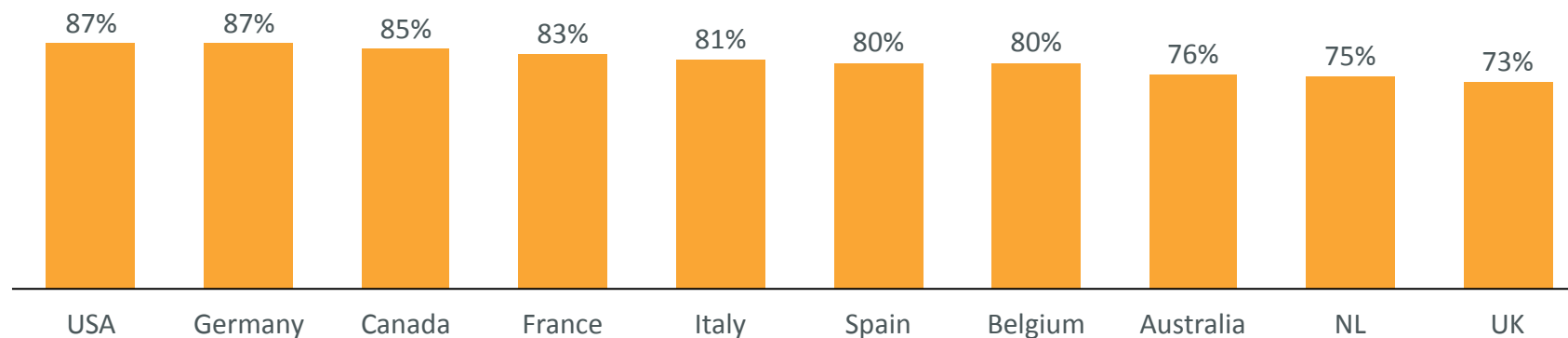


BELRON'S STRATEGY FOR VGRR RESTS ON SIX KEY VALUE CREATION LEVERS

	 1	 2	 3	 4	 5	 6
	Marketing	Sales	Innovation	Footprint expansion	Complementary sales	Efficiencies
Rationale	<ul style="list-style-type: none"> Consumer awareness/preference drives market share 	<ul style="list-style-type: none"> Deeper insurer relationships drive market share 	<ul style="list-style-type: none"> Investing in technology innovation differentiates Belron to drive share and additional revenue per job 	<ul style="list-style-type: none"> Proximity drives market share 	<ul style="list-style-type: none"> Consumers tend to have other car-related needs which Belron can serve 	<ul style="list-style-type: none"> Allows Belron to sustain superior margins at market competitive prices
Approach	<ul style="list-style-type: none"> Establish brand leadership at beneficial media pricing and positive ROI 	<ul style="list-style-type: none"> Offer enhanced services, further bringing down claims costs Increase Third Party Administration services 	<ul style="list-style-type: none"> Invest in differentiated capabilities e.g. ADAS calibration 	<ul style="list-style-type: none"> Expand footprint in low share areas 	<ul style="list-style-type: none"> Check car items and sell replacement consumables where needed e.g. wipers, air filters, rain repellents 	<ul style="list-style-type: none"> Improve operations cost per job (branches, mobile fitters, call centres, distribution) and/or overheads

- The **needs of insurers** are largely consistent around the world with a desire to achieve the following:
 - Customer centricity
 - Cost control
 - Increased digitalization
- Belron is **uniquely positioned** to answer those needs through:
 - High customer satisfaction
 - Repair first strategy (26% repair rate in 2016)
 - Integrated, customer facing digital solutions
 - Joint innovative projects such as VGRR claims management in US / Canada, non-VGRR FNOL in US, ADAS category leadership and policy holder safety programs, co-branding

2017 NPS



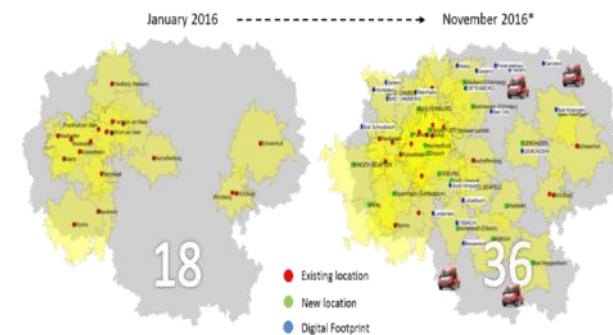
4 FOOTPRINT EXPANSION LED VGRR GROWTH

- Customer surveys show that **branch location is key for customers' choice**, proving the significant additional potential for expansion
- Footprint expansion strategy focuses on **3 levers**:
 - Covering areas with low or no presence today
 - Identifying areas that can be served through lower cost models (e.g. containers, partnerships)
 - Expanding the digital footprint

EXAMPLE 1: PARTNERSHIPS



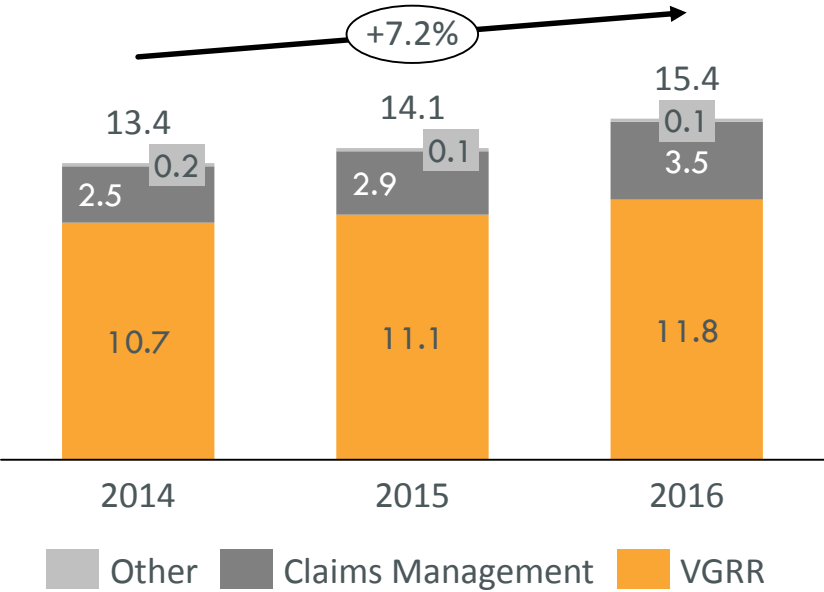
EXAMPLE 2: GO50 PILOT PROJECT FRANKFURT GERMANY



- Belron is achieving **cost and efficiency improvements in a large number of areas** through continued results measurement and review of operations:
 - Procurement initiatives
 - Supply chain – optimization of distribution model across borders
 - Technology led initiatives, e.g. online booking
 - Operational efficiencies including new fitting processes and tools & equipment
 - Operational management (e.g. clusters, regional management etc.)
 - Labor productivity
 - Optimization of infrastructure (mobile branch, super center, etc.)
 - SG&A costs, including IT

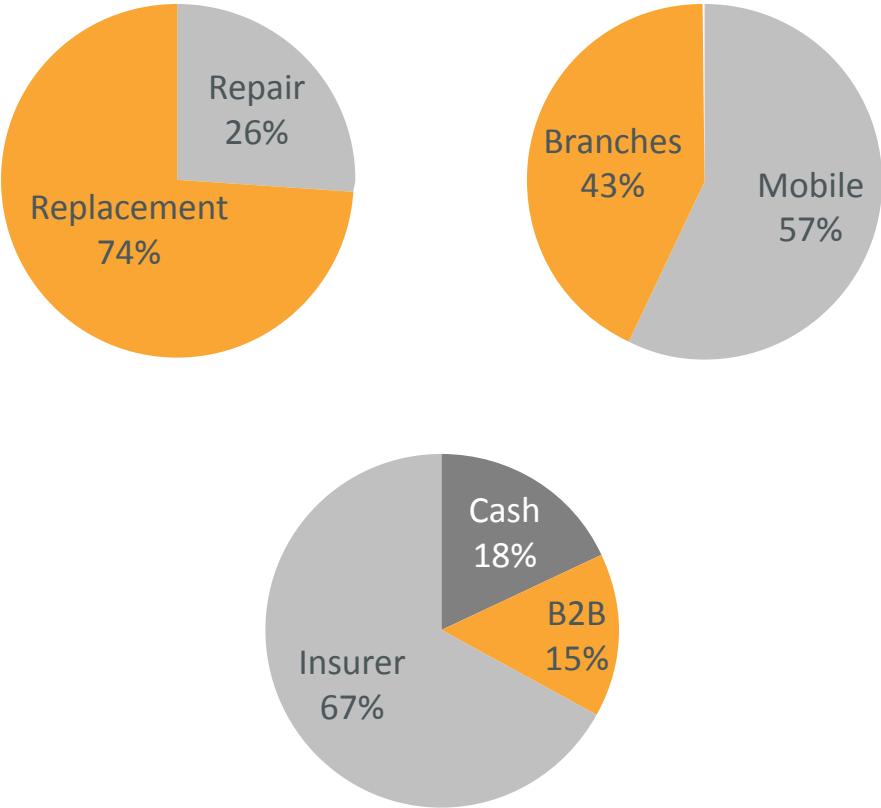
SIGNIFICANT CONSUMER GROWTH SINCE 2014

CONSUMER EVOLUTION (MILLIONS)



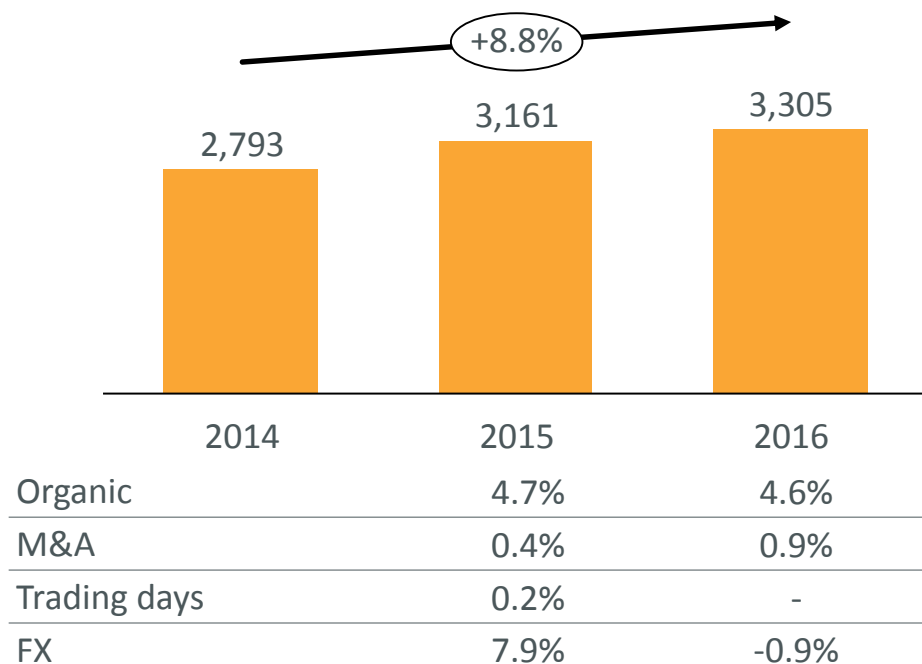
- Consumer growth primarily driven by US (VGR and claims management), Germany and Spain

JOB SPLIT 2016



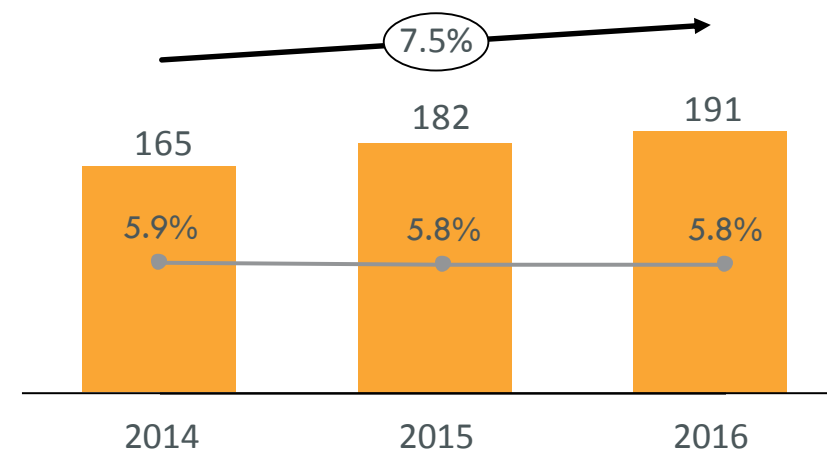
SOLID SALES AND ADJ. OPERATING PROFIT GROWTH SINCE 2014

SALES EVOLUTION (€M)



- Organic revenue growth mainly driven by US (market share mainly), France, UK, Germany and Spain
- External revenue growth includes franchise acquisitions in NL and Germany as well as bolt-on acquisitions in US

ADJUSTED OPERATING RESULT EVOLUTION (€M AND %)



- Profit growth mainly driven by US, Germany and recovery in UK
- Some countries continue to face difficult market environments:
 - Italy
 - Netherlands



SERVICE EXTENSIONS

AMBITION: BECOMING THE NATURAL CHOICE IN OTHER SERVICE MARKETS BY APPLYING BELRON'S DISRUPTIVE MODEL

Brand



“Pull”

Customer Service



NPS 83%

“Moment of Truth”

Key Account Partnerships

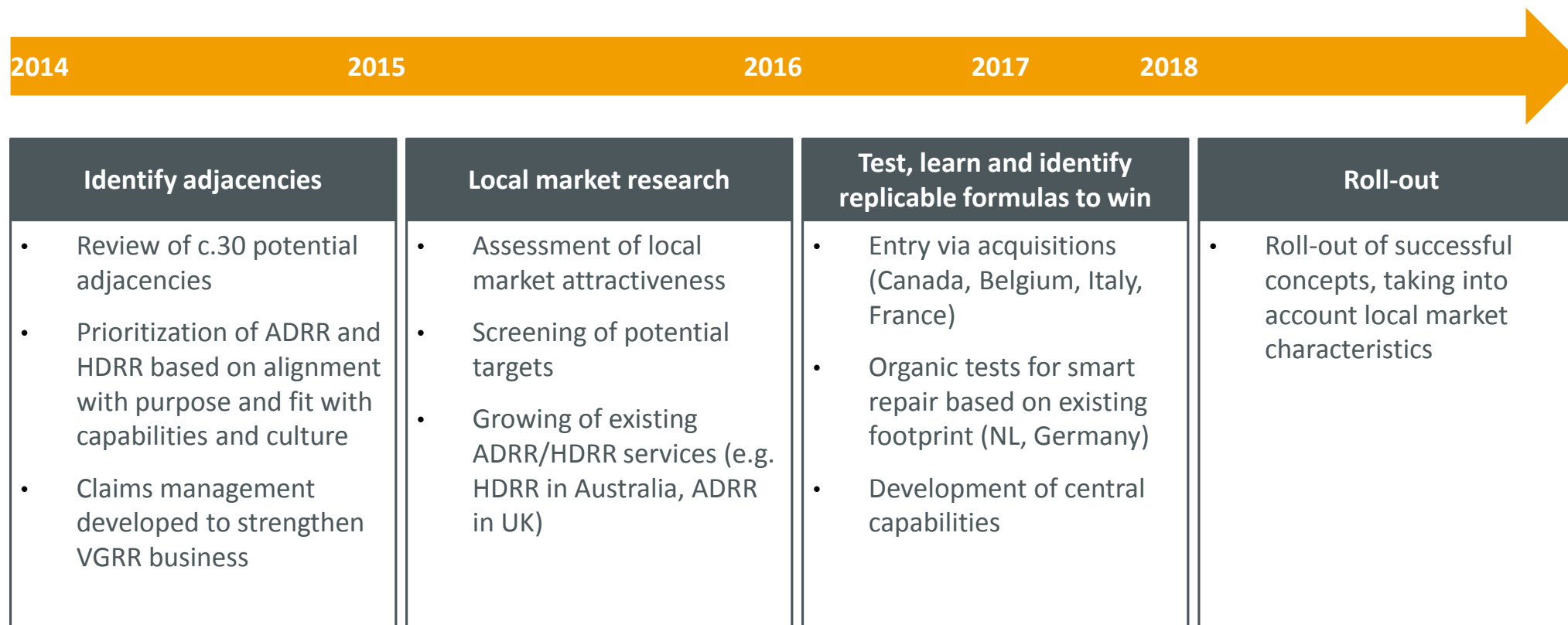


“Push”

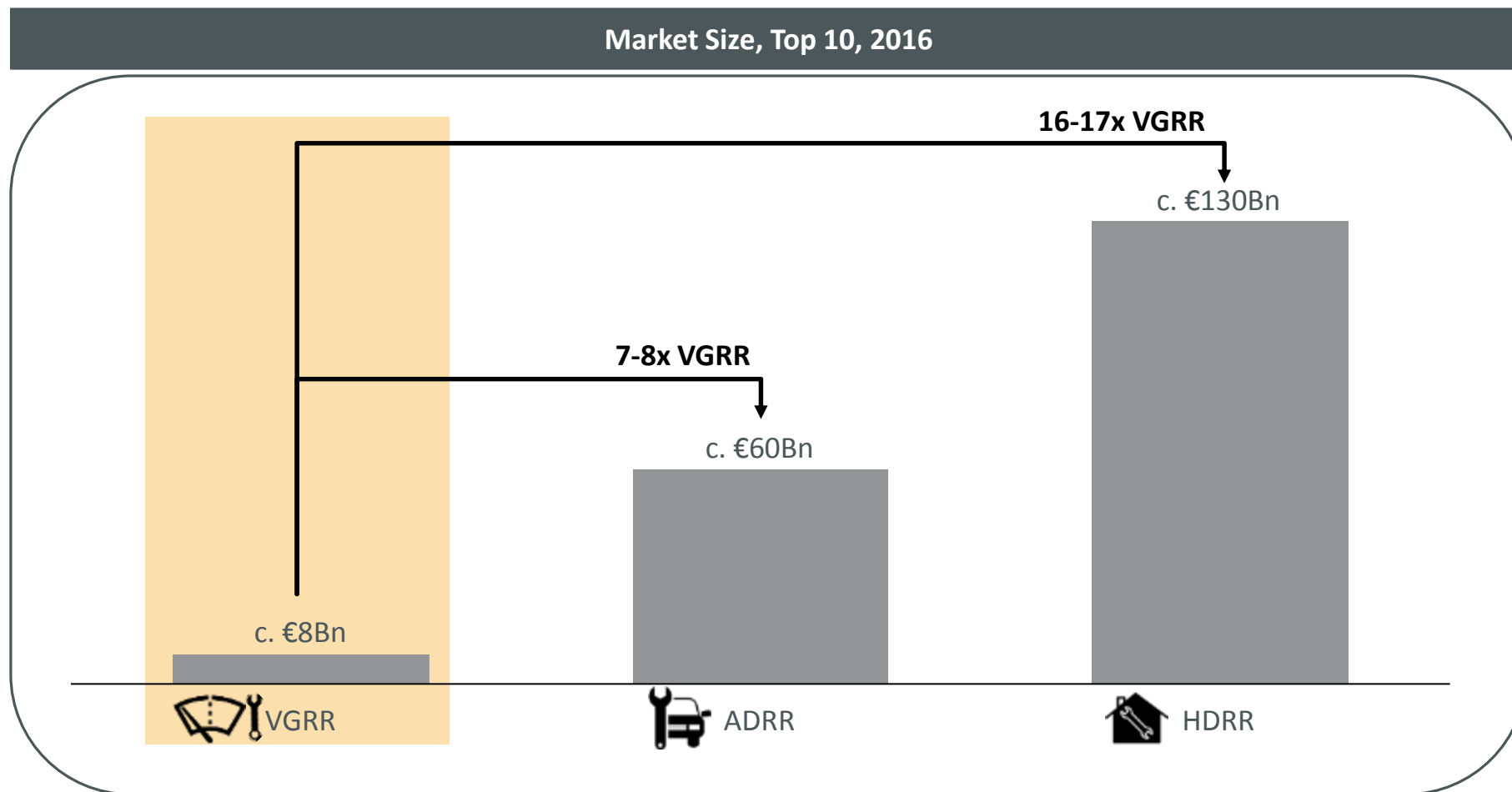
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	 Austria	
	 Hungary	
	 Finland	

HOW? METHODOLOGY REFLECTING NATIONALLY LED, GLOBALLY SUPPORTED OPERATING MODEL



ADRR AND HDRR ARE VERY LARGE MARKETS ACROSS BELRON'S FOOTPRINT



ADRR AND HDRR ARE READY FOR BELRON'S DISRUPTION



AUTO



HOME
REPAIR

A Fragmented markets

B Poor quality of service

C Sub-optimal value



Become the natural choice for vehicle damage repair & replacement



Smart Repair



Minor Accident Damage



Major Accident Damage

Acquisition of CARE

- CARE is the largest fully owned multi make repair chain in Belgium (c.5% market share)
- Key figures 2016: Sales of €44m (+3% pa since 2011) for c. 45k repairs
- National network (16 locations of which 14 repair centres)
- Strong reputation with lease & fleet companies
- High quality of service
- c. 380 employees

Belron's disruptive approach

- Combine footprint under Carglass brand to offer a one-stop shop solution for all types of car damage:
 - Smart / minor repair introduced in Carglass branches
 - CARE body shops rebranded to Carglass® Carrosserie
- Leverage existing insurer relationships (existing partners have expressed interest)
- Replicate qualitative service offering: convenient and trustworthy service to help distressed customers
- Exploit synergies with VGRR (sales, operations, back office) and share best practices



Become the natural choice for unplanned home repair & replacement



Plumbing



Electricity



Locksmith



HVAC



Painting and
Glasswork

Acquisition of Maisoning

- Maisoning is a multi-service company, providing home emergency repair and renovation services to both B2C and B2B customers.
- Key figures 2016: Sales of €38m (+9% pa since 2014) for 120k consumers served
- Coverage almost nationwide: 23 branches across France
- Strong corporate with many partners; leading player in In Kind Repair (IKR)
- c. 380 employees + network of c. 1,300 subcontractors

Belron's disruptive approach

- Leverage Carglass brand and trust capital with consumers
- Leverage existing relationships with insurers:
 - Willingness to increase IKR to enhance customer experience
 - Fragmented nature of the market today presents challenges in terms of consistency and quality
- Replicate qualitative service offering: convenient and trustworthy service to help distressed customers
- Exploit synergies with VGRR (sales, operations, back office) and use best practices



TRADING UPDATE AND MEDIUM TERM TARGETS

TRADING UPDATE YTD 10/2017

- Number of **consumers** served: +7.1% to 14.2 million
- **Sales:** +5.7%

<i>Sales</i>	Europe	RoW	Total
Total	+7.0%	+4.5%	+5.7%
<i>Organic</i>	+6.0%	+5.7%	+5.9%
<i>Acquisitions</i>	+3.0%	+0.2%	+1.5%
<i>Currency translation</i>	-1.3%	-1.3%	-1.3%
<i>Trading days</i>	-0.7%	-0.1%	-0.4%

- Europe: widespread organic sales growth; acquired growth mainly relates to ADRR business in Belgium; FX impact primarily due to the weaker GBP
- RoW: organic growth primarily relates to US, where H2 is particularly strong; FX impact primarily due to the weaker USD
- **Service extensions update**
 - Acquisition of Maisoning in France (October 2017): multi-service company providing home emergency repair and renovation services to B2C and B2B customers
 - Smart repair pilot tests in Germany and the Netherlands

OUTLOOK

- **FY 2017**

- Solid organic sales growth (previous guidance: “moderate”)
- Full year *adjusted* result before tax, group’s share, is expected to be about 10% lower than 2016 due to additional costs relating to the service extension strategy (about EUR 11 million), higher charges related to the long term management incentive programme (EUR 20.6 million expected for 2017 compared to EUR 9.5 million in 2016) and foreign exchange headwinds

- **FY 2018**

- Belron aims at a higher *adjusted* operating result. The improvement will mainly be driven by Safelite (US) and lower charges related to the long-term management incentive programme.
 - The US is well positioned to drive consumer, sales and profit growth in a market that is expected to remain stable versus 2017. Main levers will be the expansion of the FNOL business, continued share growth in VGRR, a favorable mix evolution as well as productivity improvements
 - Other markets are expected to contribute to consumer, sales and profit growth through a mix of top- and bottom-line initiatives. The UK is budgeting to return to profit after three tough years
 - On service extensions the focus will be on delivering on the plans in the start-up countries rather than significantly expanding in new countries
 - Opportunistic geographic expansion will be envisaged through the franchise model

MEDIUM TERM TARGETS

- **VGRR market outlook:** further volume declines (-1% p.a.)
- Belron's ambition: **double the number of consumers**, incl. a significant contribution from ADRR and HDRR
- **Financial targets** (excl. acquisitions):
 - Mid-single digit Revenue growth, driven by:
 - Market share gains driven by enhanced marketing, insurer partnerships and maintained customer satisfaction
 - Increasing average job prices, driven by higher product complexity, model mix and ADAS
 - Low-double digit *Adjusted* Operating Result growth, driven by:
 - Relentless focus on cost efficiencies, driven by (i) productivity gains and (ii) overheads cost control
 - Investment in market-leading technology to improve operational efficiency and customer offering / experience
- Continued **focus on people and leadership**

FORWARD LOOKING STATEMENTS

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