



# ORDINARY GENERAL MEETING

26 May 2016

# PROGRAMME

3.00 pm

## **Opening**

*Speaker* – Roland D'leteren, Chairman of the Board of Directors

3.15 pm

## **Summary of 2015 – activity, results & strategy**

*Speaker* – Axel Miller, Group CEO

3.50 pm

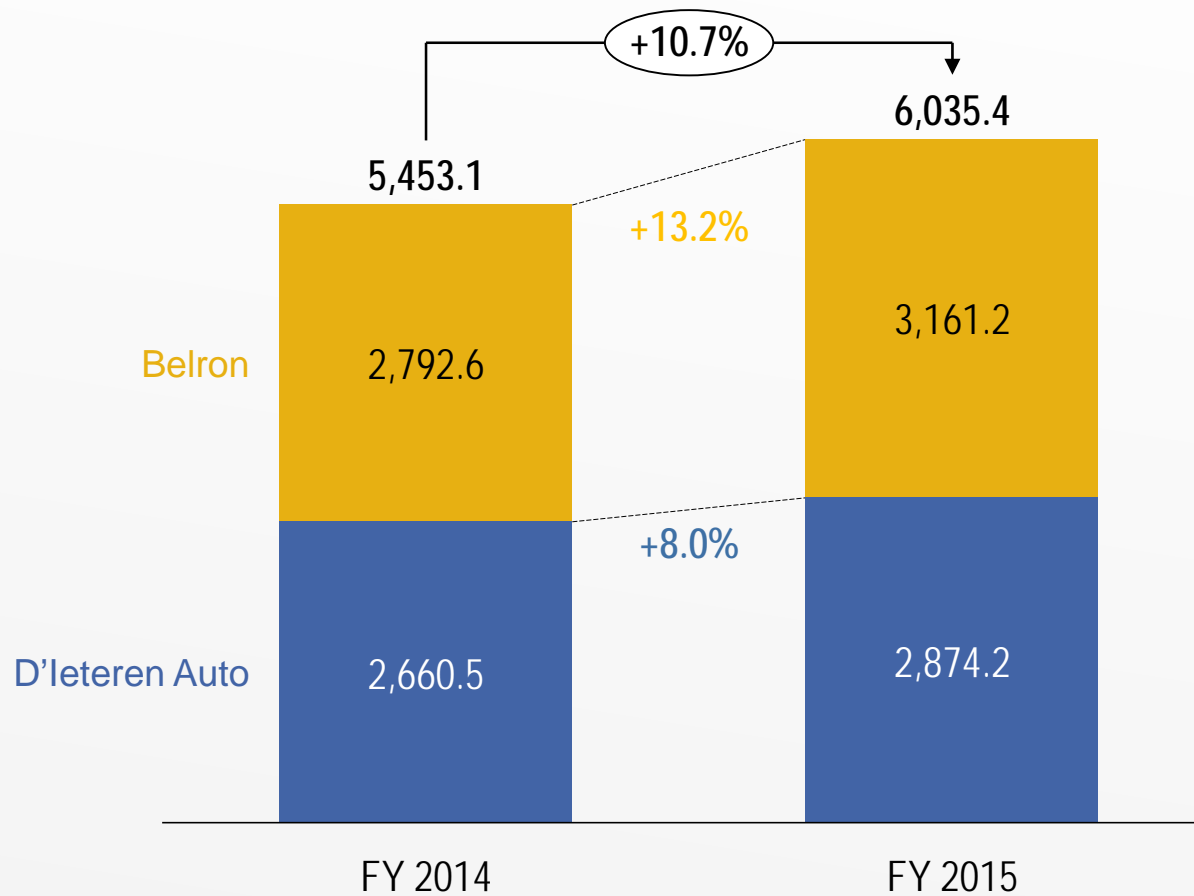
## **Agenda of the Ordinary General Meeting**

# IN A NUTSHELL

- Both activities contributed to the **significant improvement in sales & results**, despite a challenging environment
- Relentless **focus on customer experience**:
  - *Belron*: highest ever Net Promoter Score (customer recommendation rate) in November 2015 – 84.3%
  - *D'leteren Auto*: transparent communication and focus on customers during the 'Emissiongate'
- **Change management**: getting ready for the future
- Our strength: '**People Powered**'

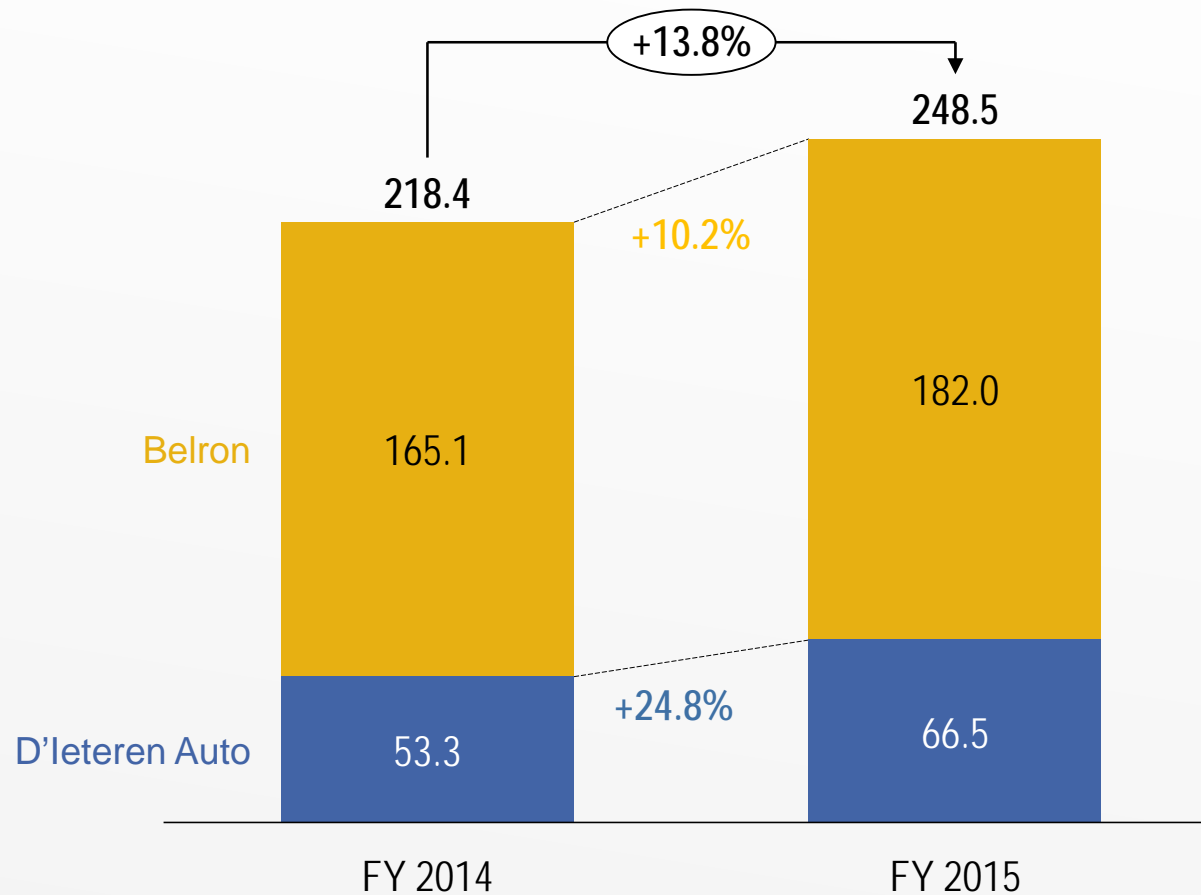
# SALES: +10.7% TO 6.0 BILLION €

External sales (€m)



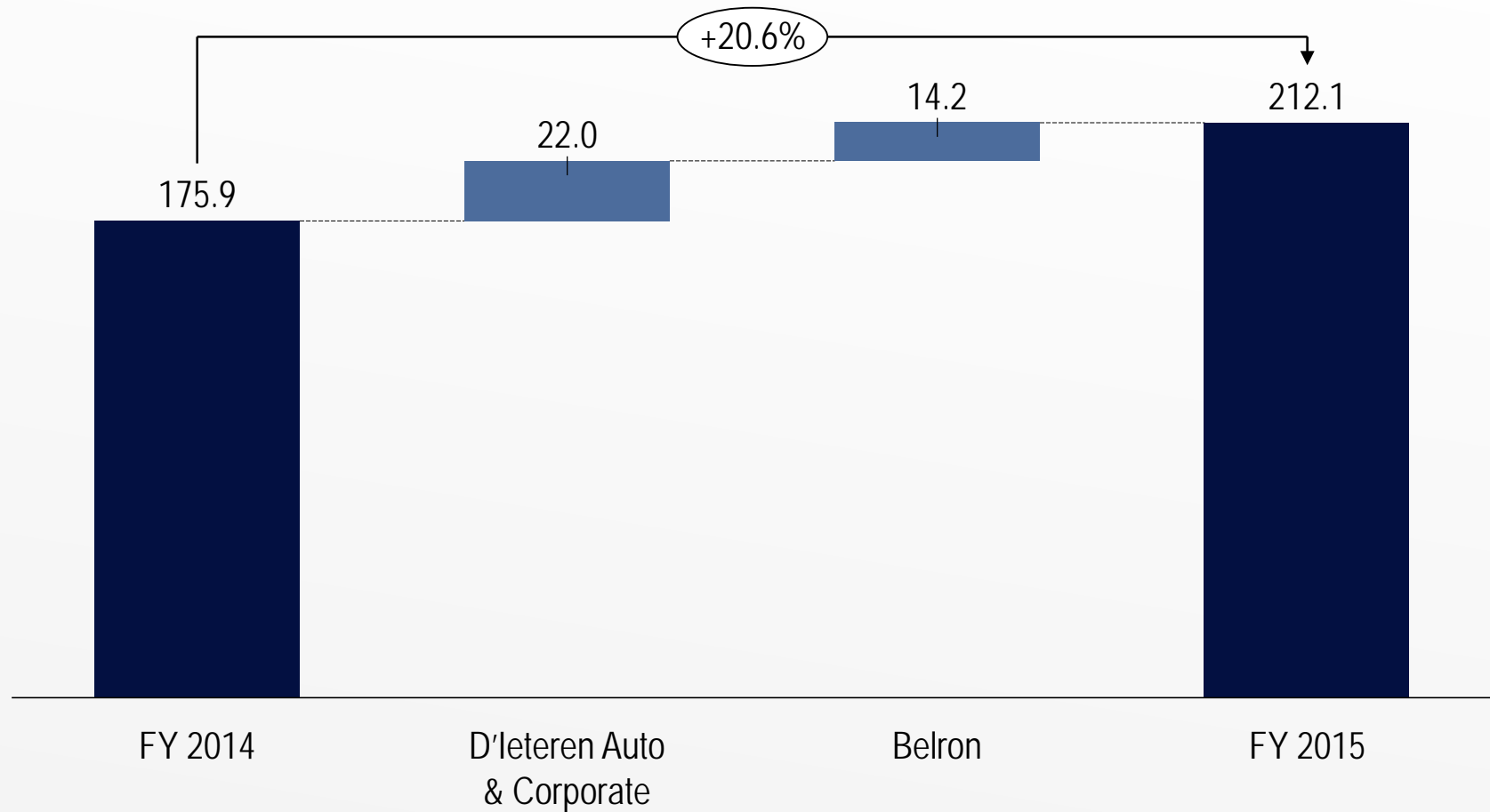
# CURRENT OPERATING RESULT: +13.8% AT 248.5 MILLION

Current EBIT (€m)



# CURRENT CONSOLIDATED RESULT BEFORE TAX, GROUP'S SHARE: +20.6% TO 212.1 MILLION €

Current consolidated PBT, group's share (€m)





# AUTOMOBILE DISTRIBUTION

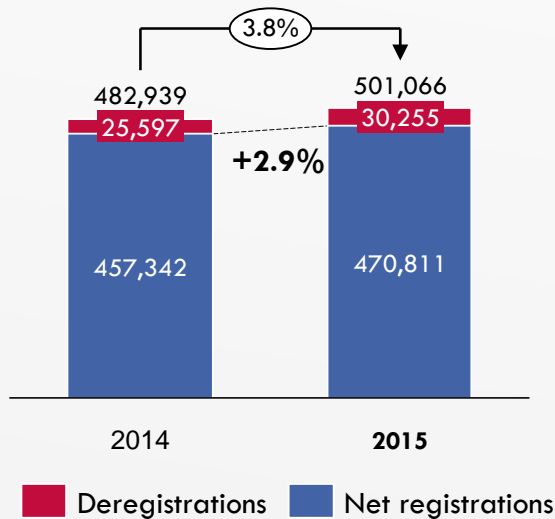
26 May 2016



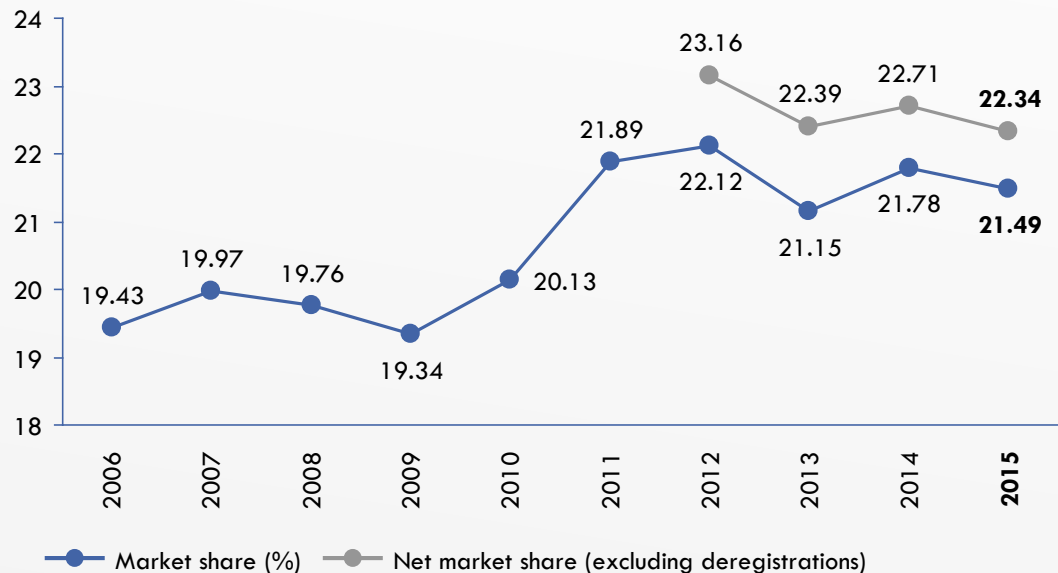
# BELGIAN NEW CAR MARKET PICKED UP IN 2015 / MARKET SHARE UNDER PRESSURE DUE TO “EMISSIONGATE”

- Excluding deregistrations of less than 30 days, the **Belgian new car market** was up 2.9% to 470,811 units
- Market share** excluding deregistrations down 37bps to 22.34%

New car registrations  
(000s units)



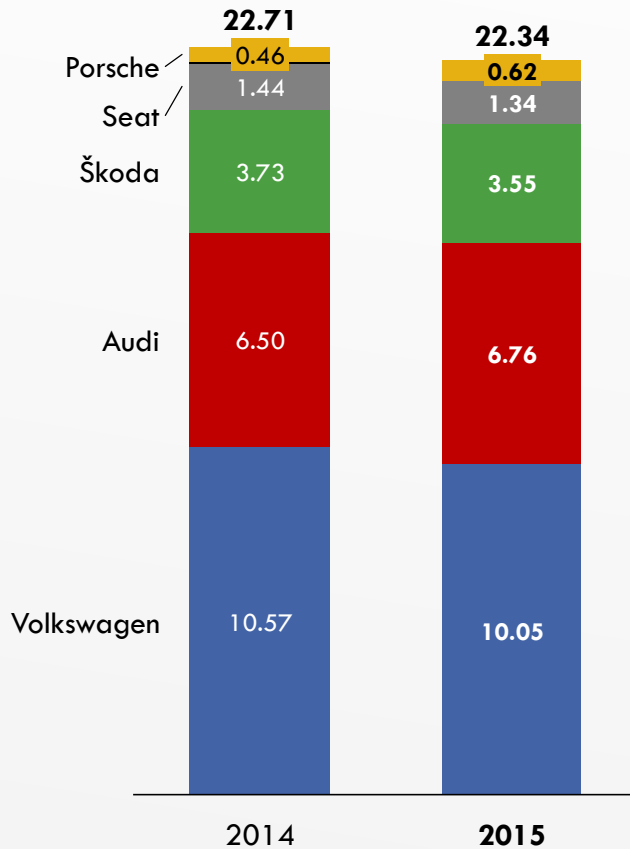
D'leteren Auto's market share (%)





# RECORD MARKET SHARE LEVELS FOR AUDI AND PORSCHE

## Breakdown of D'leteren Auto's market share per brand (%)



The combined market share of Bentley and Lamborghini totals 0.01% both in 2014 and 2015.

- **VW** remains the market leader with a share in excess of 10% despite the “Emissiongate”. Success of Passat underpinned demand.
- Record market share at **Audi** with all models gaining share with the exception of the A1 and A5.
- Marginal decline at **Škoda** despite success of the Octavia and new Superb.
- **SEAT**'s share is slightly down.
- New highs for **Porsche** on the back of the success of the Macan and the hybrid Cayenne



# SUMMARY – D'IETEREN AUTO

- **Sales:** EUR 2.9 billion, **+8.0%**
  - **New vehicle sales:** EUR 2.5 billion, **+8.5%** thanks to higher deliveries combined with a positive price/mix effect
  - Other activities performed well, challenging year for D'Ieteren Sport
- **Current operating result:** EUR 66.5 million, **+24.8%**
- **Current result before tax, group's share:** EUR 74.5 million, **+41.9%**
- **Total cost of 'Emissiongate'** included in operating result: **EUR 13.8 million**



# VEHICLE GLASS REPAIR & REPLACEMENT

26 May 2016



## CONTINUED FOCUS ON INNOVATION, EFFICIENCY AND FLEXIBILITY

- **New advertising approaches** (e.g. highlighting ADAS, digital marketing)
- **OPTISmart (Our People's Time Index)** to reduce excess time taken per job
- **Expanding footprint in a flexible and low cost way**
- **Self-service solutions for customers** (reduce incoming calls)
- **IT investments** (e.g. new ERP in NL & B, fully integrated web-booking systems in the UK)
- **2015 Global Net Promoter Score** reached **80.3%**

# MAIN ACQUISITIONS DURING 2015

- **Netherlands:** on 3<sup>rd</sup> of June Belron acquired **Autotaalglas**. The deal comprises the acquisition of the franchisor, 1 owned branch and a franchise network of 54 branches. On 9<sup>th</sup> of November, **GlasGarage** was acquired including the franchisor, 1 owned branch and a franchise network of 126 branches.
- **Germany:** on 24<sup>th</sup> of September, Belron announced the acquisition of **juned Autoglas**, a German franchise network comprising 232 branches.



**juned<sup>®</sup> AUTOGLAS**



Autotaalglas, GlasGarage and juned Autoglas will keep their brand, identity and operating model. The businesses will be run separately and customers will be able to choose between **different value propositions**

# MAJOR DECISIONS TAKEN IN TOUGH MARKETS

- **UK: challenging transformation** of the operating model (towards a fully mobile service). Major adverse impact on employee engagement and customer service, yet substantial recovery in H2.
- Restructuring measures in **Italy & the Netherlands** announced in 2014 are delivering the expected benefits although both businesses continue to suffer from market declines and significant competitive price pressure. Further restructuring was announced in Italy in H2.
- Decision to exit **China** due to excessive compliance costs and lack of sophistication and control in the insurance segment.
- **Brazil:** early January 2016, Belron entered into an agreement with Advisia Investimentos to form a joint venture. Belron sold 60% of its investment in Carglass Brazil to Advisia for 4.8 million reais (circa EUR 1 million). The local expertise of the Advisia team combined with the global expertise of Belron is expected to provide Carglass Brazil with a greater opportunity to enhance its position in the Brazilian vehicle glass repair and replacement market.

# SUMMARY – BELRON

- **Number of jobs:** 10.9 million, +3.2% yoy
- **Sales:** EUR 3.2 billion, +13.2% (of which 4.7% organic growth)
- **Current operating result:** EUR 182.0 million, +10.2%
- **Current PBT, group's share:** EUR 137.6 million, +11.5%
- **Second harsh winter in a row and strong market share gains** resulted in record sales & operating result in the **US**
- **Several major European countries delivered profit growth** despite market declines



# ENCOURAGING START TO THE YEAR...

- **Consolidated sales** rose by 4.6% in 1 Q 2016.
- **D'leteren Auto:**
  - Sales: +1.0%
  - Market share: 19.94% (vs 20.71% in Q1 2015). Should pick up during the remainder of the year (order book: +26% yoy at end-March).
  - Limited impact of 'Emissiongate' on order book and order intake
- **Belron:**
  - Sales from continuing operations: +8.5%
  - Organic sales: +6.0% mostly due to market growth on the back of more miles driven, and share gains in the US.

## ... AND UNCHANGED GUIDANCE FOR THE FULL YEAR

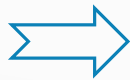
D'leteren maintains its full year guidance: assuming an average USD/EUR rate of 1.11 and an average GBP/EUR rate of 0.77, D'leteren aims at a **stable or slightly lower current consolidated result before tax, group's share**, compared to EUR 212.1 million in 2015.

# Q1 2016: D'IETEREN AUTO & CORPORATE ACTIVITIES

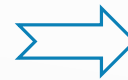
- Belgian **new car registrations**: +4.0% to 145,837 units
- D'Ieteren Auto's **net market share**: 19.94%
  - **Volkswagen** still number 1 thanks to Tiguan & Touran models
  - **Audi** remains number 2 in the premium segment
  - Most of **Škoda**'s models contributed to the brand's success
  - **SEAT** and **Porsche** are stable (considering an historically high comparative for Porsche)
- **Sales**: +1.0%
- Total **deliveries**: -0.7% but new vehicle sales +1.1% due to a positive mix effect and higher list prices
- **Recalls** related to the 'Emissiongate' have started ( $\pm 320,000$  vehicles in total). **Easy fix**: update of non-compliant software on 2.0 l and 1.2 l engines. On 1.6 l engines, an air flow transformer will be installed as well

# 'EMISSIONGATE' – TWO-PRONGED

**NO<sub>x</sub>**  
Non-compliant  
software



11 million  
EA189 diesel engines  
1.2 / 1.6 / 2.0 L  
VW / VW CVI / Audi /  
Škoda / SEAT



8.5 million



~320,000

**RECALL**

**CO<sub>2</sub>**  
Suspicion of  
emissions  
irregularities



~36,000  
only VW  
7 models concerned  
(of which 5 imported in Belgium)



~400

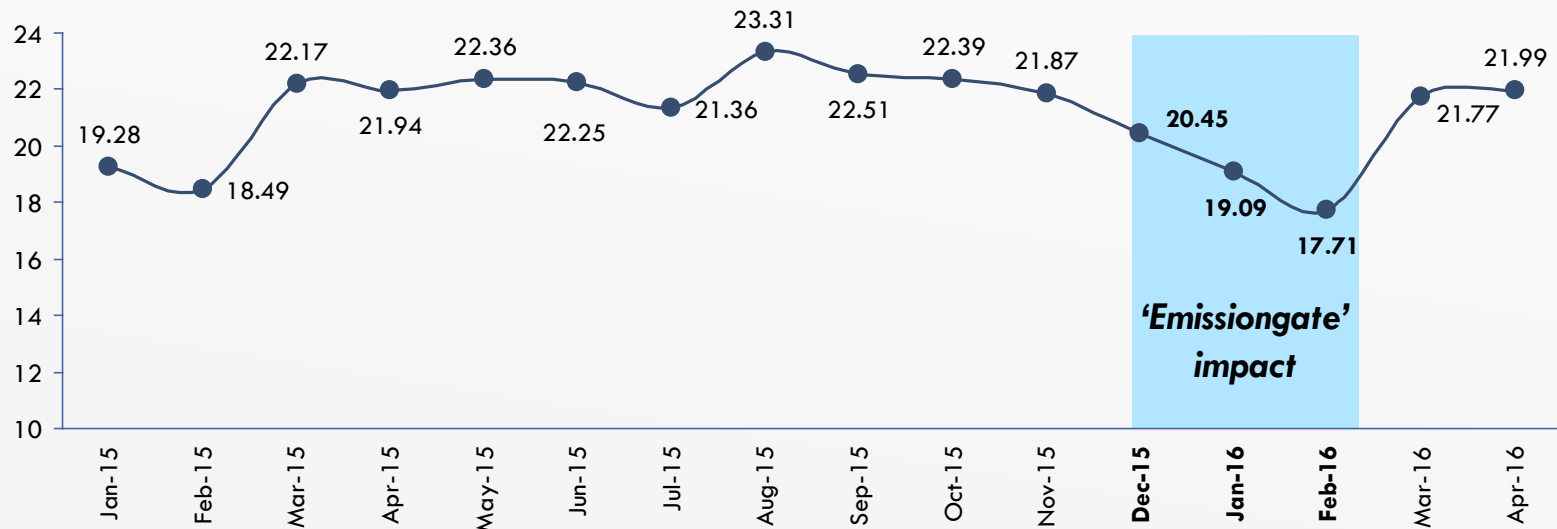
**NO ILLEGAL  
DISCREPANCIES**

**NO RECALL**

# IMPACT OF 'EMISSIONGATE' ON MARKET SHARE HAS BEEN LIMITED

- 'Emissiongate' broke out at the end of September 2015
- Significant impact on D'leteren Auto's market share from December 2015 to February 2016, mostly due to the decision to temporarily suspend the commercialization of vehicles potentially concerned by the 'Emissiongate'
- **As from March 2016, market share back to a normal level**

D'leteren Auto's monthly gross market share (%)



# D'IETEREN AUTO – OUTLOOK FOR FY 2016

- Robust order book (+26% yoy) should result in an **improved market share**. Stable market share vs 2015 expected for the FY 2016
- Stable or slightly lower **current operating result** still anticipated
- **Promising pipeline:**
  - *Volkswagen:* Tiguan
  - *Audi:* Q2 & A4 Allroad
  - *SEAT:* Ateca
  - *Porsche:* Panamera, 718 Boxster & Cayman



- **Sales** from continuing operations: **+8.5%**, of which **+6.0% organic**
  - In **Europe**, sales rose by 3.8% (of which a 3.6% favourable trading day impact). The organic sales decrease (-0.9%) is primarily due to market declines and competitor challenges in Italy and the disposal of Autorestore's fixed site operations in the UK last year. These factors were partially offset by improving sales trends in the UK following last year's restructuring efforts
  - **Outside Europe**, sales grew by 12.7%. The 12.2% organic growth primarily reflects market growth on the back of higher miles driven and share gains in the USA. Moreover, Safelite was well positioned to benefit from the harsh winter conditions and additional marketing in the early part of the year by ensuring the staffing levels and product availability were in place



# BELRON – OUTLOOK FOR THE FY 2016

- Belron still expects moderate organic sales growth despite continuing adverse underlying market trends in Europe and a stable to slightly lower current operating result from continuing operations
- The positive impact from higher sales in the US is currently partially offset by higher costs in order to gain market share
- Higher charges related to the long term management incentive programme are anticipated
- The business will continue to be innovative in all areas, increase the flexibility of its operations and look for further efficiency initiatives



# A THREE-WINGED STRATEGY



# **“THINK OUT OF THE ROAD”, A THREE-WINGED STRATEGY LAUNCHED IN 2014**

**REORGANISING THE DEALERS NETWORK (MARKET AREA)**

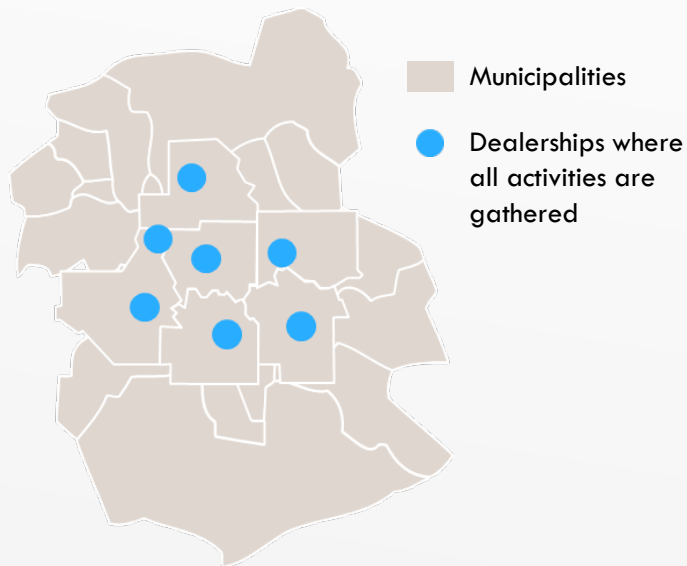
**IMPROVING THE PERFORMANCE OF THE D'ITEREN CAR CENTERS (POLE POSITION)**

**STREAMLINING THE IMPORT STRUCTURE**

# MARKET AREA – CHANGING OUR MODEL

## HISTORICAL VISION

From a model where undifferentiated dealerships compete in a given area...

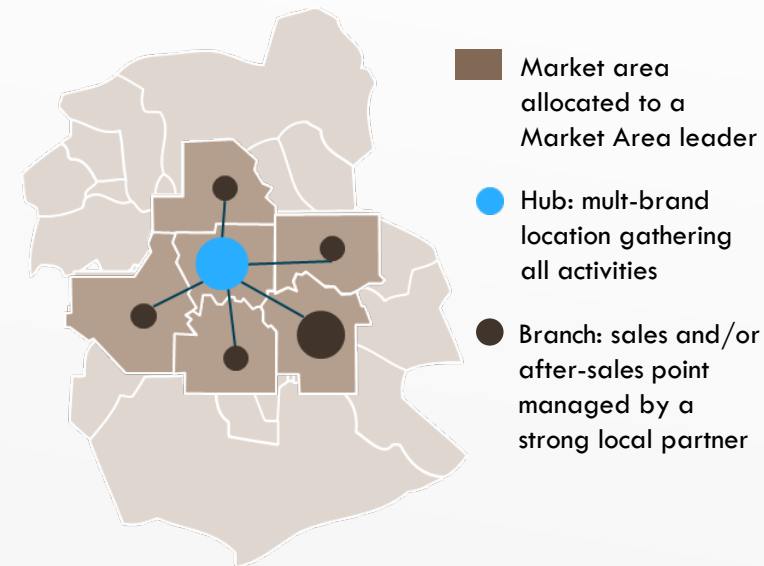


Several dealers...

- ... operate in **contiguous regions**
- ... **compete** with each other
- ... to sell the **same brands** and **services**

## MARKET AREA STRATEGY

...to a model where dealerships are tailored to customers' needs and collaborate within a given area



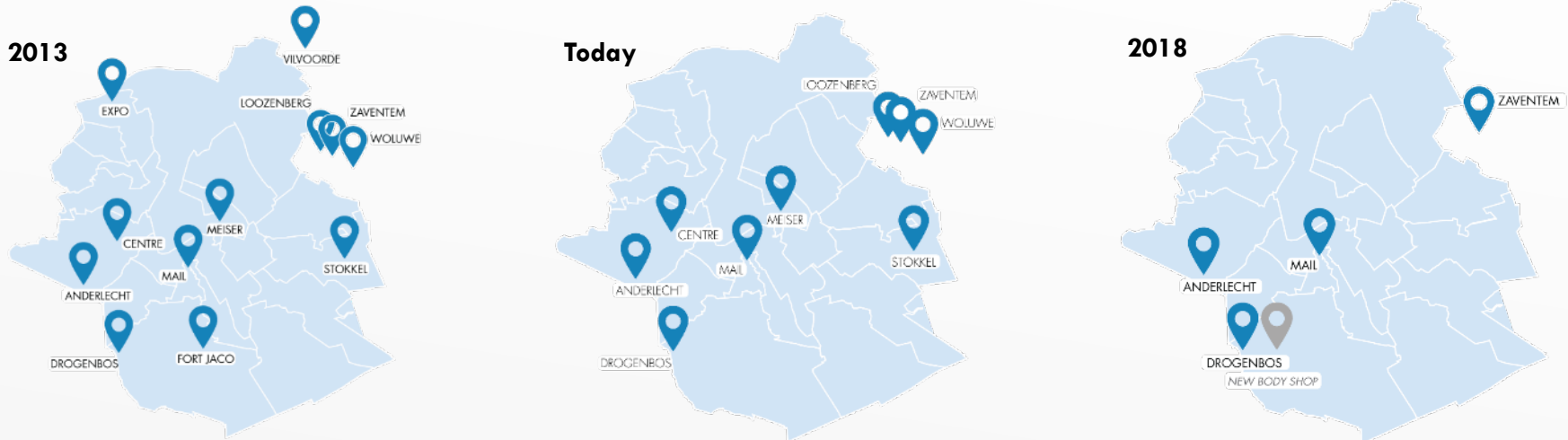
A coherent customer catchment area is allocated to a leading dealer (or group of dealers)...

- ... exploiting **all brands and activities**
- ... relying on **strong local partners**

# POLE POSITION – OUR STRATEGY

## RATIONALISE OUR FOOTPRINT

From 12 to 5 more functional sites



## IMPROVE OUR OPERATIONAL PERFORMANCE

Optimised sales & after-sales workflows will increase productivity and promote synergies

## OPTIMISE OUR COMMERCIAL APPROACH

Creation of the Brussels market area & integration of the area's independent dealerships

# VOLKSWAGEN GROUP: ACCELERATING THE TRANSFORMATION

- D'leteren and the VW group: **successful partnership since 1948**
- **Exciting prospects** (the following are excerpts of Volkswagen's press release of April 28<sup>th</sup>, 2016):

**“We aim to play a key role in designing the mobility world of tomorrow.”  
(M. Müller)**

**“Our goal is to make the Volkswagen Group more efficient and faster,  
more entrepreneurial and courageous, more sustainable and  
technologically more progressive.” (M. Müller)**

**“We plan to make electric cars one of Volkswagen's new hallmarks.”  
(M. Müller)**

**“[...] the Volkswagen Group is planning to launch over 20 additional  
models by 2020.”**





MAKING A DIFFERENCE





# BELRON'S STRATEGY

- **Purpose:**
  - Making a difference by solving people's problems with real care
  - Being the 'natural choice'
- **Driven by People & Customers**
- **Spirit of Belron: inspiring leadership**
- **Evolving in VGRR and new services**

# STILL ROOM FOR PROGRESS IN VGRR

- In an environment where underlying market conditions remain unfavourable, **investment is required in order to gain share and deliver additional value**
- While the detailed strategy will be country specific, in broad terms we will seek to **develop the group** in the medium term by:
  - Targeted growth actions: investing in areas such as technology, footprint and advertising to grow share
  - Continuous innovation to drive additional cost efficiencies in all areas of our operations
- Scope to **increase market share** in a number of countries (especially in the US)
- Developing **additional claims management services**

# POTENTIAL SERVICE EXTENSION

- Exploring **opportunities to broaden Belron's service offering**
- Aiming to **deploy Belron's core skills into new areas:**
  - Strong values centered on people helping people
  - Strong employee engagement levels
  - Effective management
  - Trusted relationships with insurers
  - Effective marketing and focused brand building
- Prioritizing the **auto and home repair services**
- No decisions have been taken at this stage

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



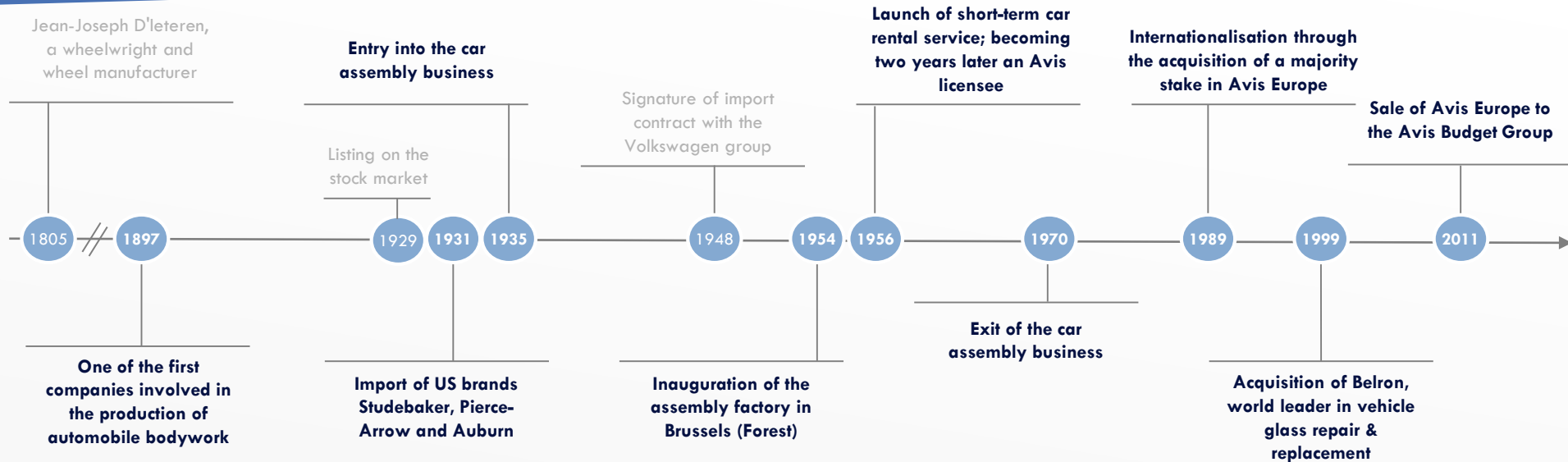
DARE TO ADAPT



# WRITING A NEW CHAPTER...



# DARE TO ADAPT



**ADAPTABILITY** – In its history, D'leteren has entered and exited many activities

**ENTREPRENEURSHIP** – Ability to develop different business models in different geographies

**EVOLUTION** – We must write the new chapter of our evolution

# SEARCH FOR NEW GROWTH DRIVERS

## CRITERIA

1. Solid fundamentals for long-term growth
2. World class management team
3. (Access to) majority control
4. Sector leader or opportunity to be one
5. Platform for international expansion
6. Limited regulatory and technological risks
7. Fit with D'leteren's culture
8. Not necessarily automotive-related

## SIZE

1. Net cash position (D'leteren Auto + Corporate): EUR 178 million at end-2015
2. Net debt / EBITDA including target to remain around 2.5x-3.5x (investment grade)
3. Potential size of the acquisition: EUR 400-600 million (enterprise value). Could be larger if
  - acquisition is made in partnership
  - progressive growth to full control



# AGENDA

- 1. Directors' and Auditor's reports on the annual and consolidated accounts for the financial year 2015. Communication of the consolidated financial statements for the year 2015.**
- 2. Approval of the annual financial statements and appropriation of the result as at December 31<sup>st</sup>, 2015.**
- 3. Remuneration Report 2015.**
- 4. Discharge to the Directors and to the statutory auditor.**
- 5. Approval of the change of control clauses included in the conditions of credit agreements entered into by the company.**

# POINT 1

**Directors' and Auditor's reports on the annual and consolidated accounts for the financial year 2015. Communication of the consolidated financial statements for the year 2015.**

## POINT 2

**Approval of the annual financial statements and appropriation of the result as at December 31<sup>st</sup>, 2015.**

# POINT 3

## **Remuneration Report 2015.**

# POINT 4

## **Discharge to the**

- **Directors**
- **Statutory auditor**

## POINT 5

**Approval of the change of control clauses included in the conditions of credit agreements entered into by the company.**

# FORWARD-LOOKING STATEMENTS

*“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

## Financial Communication & Investor Relations – D'leteren Group

**Pascale Weber**

[pascale.weber@dieteren.be](mailto:pascale.weber@dieteren.be)

+32 2 536 54 39

**Thierry Dossogne**

[thierry.dossogne@dieteren.be](mailto:thierry.dossogne@dieteren.be)

+32 2 536 55 65

or

[financial.communication@dieteren.be](mailto:financial.communication@dieteren.be)



**[www.dieteren.com](http://www.dieteren.com)**