

Investor Day & Trading Update

INVESTOR DAY AND WEBCAST

Tomorrow (13 December), D'Ieteren will host an Investor Day in London. The speakers will include:

- Axel Miller (CEO of D'Ieteren)
- Arnaud Laviolette (CFO of D'Ieteren)
- Gary Lubner (CEO of Belron)
- Denis Gorteman (CEO of D'Ieteren Auto)
- Lorenzo Viglione (CEO of Moleskine)

The main topics that management will address include the recent evolution of D'Ieteren's activities (D'Ieteren Auto, Belron and Moleskine), their medium-term strategy and D'Ieteren's purpose and value creation strategy.

A live webcast of the presentations will be available as from 10:00am (GMT) through the following link:

https://pgi.webcasts.com/viewer/event.jsp?ei=1170652&tp_key=bd5b8b5584

The programme of the event is available in attachment.

The presentations will be available in PDF format in the morning on www.dieteren.com.

TRADING UPDATE FOR THE PERIOD ENDING 31 OCTOBER 2017

D'IETEREN AUTO

Year-to-date sales at the end of October were up 5.9% versus the same period last year.

Excluding registrations of less than 30 days¹, the number of new car registrations in Belgium rose by 3.4% to 467,041 units during the first ten months of 2017. The shift from diesel engines to petrol and clean engines continued with the share of diesel falling from 51.8% in FY 2016 to 46.9% during the first 10 months of 2017. The share of alternative energy engines (electric, hybrid, CNG) rose from 3.8% to 5.2%.

Excluding new car registrations of less than 30 days¹, the market share of the makes distributed by D'Ieteren Auto reached 21.2% (21.5% year-to-date in October 2016 and 21.8% for the FY 2016).

Registrations of new light commercial vehicles in Belgium totalled 66,367 units, up 13.5% year-on-year. The strong rise is explained by macro-economic tailwinds, rising e-commerce related parcel deliveries and kilometre based toll on heavy commercial vehicle traffic. D'Ieteren Auto's market share in the light commercial vehicle segment reached 10.9% during the first 10 months of 2017 compared to 10.1% during the same period last year.

The total number of new vehicles, including light commercial vehicles, delivered by D'Ieteren Auto was up 3.4% to 105,965 units. Higher deliveries combined with a positive price and model mix effect led to a 6.1% rise in new vehicle sales. The success of the newly launched SUV's explains the positive model mix effect. Used vehicle sales increased by 23.9%.

Volkswagen group accelerated its product innovation efforts this year, especially in the SUV segment which continues to gain share on the Belgian new car market. The following new SUV models were launched this year: the Volkswagen Tiguan Allspace and T-Roc, the SEAT Arona and the Škoda Karoq. Innovation in other segments included the following: Volkswagen launched the new Arteon and replaced the Polo, Audi replaced the A5 convertible and A8, SEAT replaced the Ibiza and the Škoda Citigo and Rapid received a facelift. The Porsche Cayenne and the Bentley Continental were replaced.

BELRON

Sales were up by 5.7% during the first 10 months of 2017 compared to the same period last year, comprising a 5.9% organic increase, 1.5% from acquisitions, a negative 0.4% trading day impact and a 1.3% negative currency translation effect. The business has served 14.2 million consumers, an increase of 7.1% compared to 2016.

In Europe, sales were up by 7.0%, consisting of a 6.0% organic increase, a 3.0% increase from acquisitions, a 0.7% negative trading day impact and a 1.3% decline due to a negative currency translation effect. The organic sales increase was widespread. The trading day impact mainly reflects public holidays falling on weekdays in 2017 compared to 2016. External growth mainly relates to the automotive damage business acquired in Belgium earlier in the year. The translation impact is primarily due to the weaker GBP.

Outside Europe, sales grew by 4.5% comprising a 5.7% organic increase, a 0.2% growth from acquisitions, offset by a 1.3% negative currency impact and a 0.1% decrease due to trading days. The organic growth primarily relates to the USA. The translation impact is primarily due to the weaker US dollar.

Belron continues to implement its service extension strategy. In October, it acquired 80% of the shares of Maisoning Group, a French company providing home repair services (renovation and emergency repairs) to both B2C and B2B customers.

Belron launched new Term Loans B of EUR 1.3 billion equivalent in October. The proceeds were used to refinance the existing US Private Placement (USPP) instruments issued by Belron, reimburse the existing shareholder loans, pay an extraordinary dividend (EUR 453 million) to the current shareholders of Belron, and cover fees and transaction costs related to the refinancing.

On 28 November 2017, D'Ieteren and CD&R signed a definitive agreement regarding the acquisition by CD&R of a 40% ownership interest in the Belron group. D'Ieteren and management will retain the remaining 60% ownership interest in the company. The proposed transaction values Belron at EUR 3 billion (enterprise value) which, after deduction of debt-like items (including a dividend payment of EUR 453 million), translates into an equity value of about EUR 1,550 million. The transaction remains subject to the approval of the relevant regulatory and competition authorities.

MOLESKINE

Moleskine's revenues increased by 8.2% during the first 10 months of 2017 or by 9.3% at constant exchange rates.

At actual exchange rates, Wholesale revenues increased by 3.9% with double digit growth in APAC driven by Japan and Australia while revenues in EMEA and the Americas were broadly stable versus the same period last year. B2B revenues increased by 18.5% driven by some large projects in EMEA and continued positive results in the US. E-Commerce revenues decreased by 2.9% as a result of the migration to a new platform executed in the second and third quarters aimed at improving the online shopping experience. Retail revenues grew by 16.6% reflecting moderate network expansion (82 directly operated stores at the end of October 2017 or +7 y/y).

Moleskine continued to innovate while broadening and strengthening the depth of its product offering during H2 2017. Some major highlights:

- The launch of the Smart Planner, a new way to instantly digitize appointments written on paper, while syncing them with online calendars and devices both on Android and iOS;
- The Open Innovation Program in partnership with incubator Digital Magics: an international call for start-ups and scale-ups to submit project proposals to be further developed with Moleskine to add to the growing Moleskine+ category.

Finally, in November, the Moleskine Foundation was launched. The purpose of this non-profit organization is based on the belief that quality education is key to producing a positive change in society and driving our collective future. Focused on communities affected by cultural and social deprivation, the Foundation is committed to providing youth with unconventional educational tools and experiences that help foster critical thinking, creativity and life-long learning. The Foundation is completely independent of the company from an organizational and operational standpoint. Moleskine will sustain the Foundation through a financial contribution.

OUTLOOK

Since August 2017, the following elements have occurred which will have an impact on the expected *adjusted* result before tax, group's share², for 2017:

- Sales at D'Ieteren Auto have grown more than anticipated;
- FY 2017 ELTIP provisions at Belron are lower than anticipated due to lower USD;
- Service extensions costs at Belron are higher than anticipated (EUR ~11 million), reflecting a higher level of investment to sustain future growth and profit (Netherlands, France, Italy, Belgium and others);
- ELTIP charge at Moleskine (EUR ~2.5 million) was decided after the previous guidance;
- About 10% sales growth at Moleskine, whilst higher than ~6% sales growth during H1 2017, remains below expected double-digit sales growth for FY 2017 (in particular given lower than anticipated US wholesale revenues);
- Full year effect of weaker USD and GBP for Belron and Moleskine.

As a result, D'Ieteren now anticipates that the *adjusted* result before tax, group's share², should increase by a low single-digit number compared to EUR 241.6 million in 2016 (previous guidance: 'about 10%').

D'IETEREN AUTO

The Belgian new car market, excluding registrations of less than 30 days¹, should be up slightly in 2017. D'Ieteren Auto anticipates a marginal decline in market share. The *adjusted* result before tax, group's share², of D'Ieteren Auto including Corporate is expected to improve by more than 10% (previous guidance: slight improvement) this year reflecting a mid-single digit improvement at D'Ieteren Auto and lower costs at the Corporate level.

At the end of November, D'Ieteren Auto's order book was 29% and 50% higher compared to the end of November 2016 and to the end of November 2015. This significant rise in orderbook reflects the success of newly launched models and increased delivery times.

The product pipeline for 2018 includes the replacement of the Volkswagen Touareg. Audi will launch the new Q8 and the electric Q6 e-tron. The A7, Q3, A6 and A1 will be replaced. Porsche will replace the 911 and Lamborghini will introduce the Urus (SUV).

The Belgian new car market is expected to decrease slightly in 2018 following four years of growth. D'Ieteren Auto aims at flat volumes thanks to commercial initiatives and new model launches.

BELRON

For FY 2017, Belron expects solid organic sales growth (previous guidance: moderate sales growth). The full year *adjusted* result before tax, group share², is expected to be about 10% lower year-on-year due to 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), additional costs related to the service extension programme (EUR 11 million) and foreign exchange headwinds.

Belron anticipates *adjusting*² items in its operating result in the order of EUR 128 million in 2017 comprising circa EUR 43 million identified in H1 2017 together with a further EUR 85 million relating primarily to:

- the refinancing of the business (EUR 45 million);
- the entry of CD&R (EUR 40 million) including a transaction bonus for management;
- other items (circa EUR 1 million) relating to amortisation of brands and gains on fuel hedges.

Belron aims at a higher *adjusted* operating result² in 2018. The improvement will mainly be driven by Safelite (USA) and lower charges related to the long-term management incentive programme as the current 3 year rolling programme will end in 2019 and will be replaced by a direct equity investment by the management.

MOLESKINE

Excluding financing costs related to the acquisition by D'Ieteren, Moleskine's *adjusted* consolidated result before tax, group share², is expected to decline (previous guidance: growth in excess of 10%) in 2017. The new forecast reflects weaker than expected sales growth (only high single digit instead of double digit) particularly in the US, costs related to its future growth and provisions for a new management incentive program.

Moleskine aims at double digit sales growth in 2018. Performance improvement in all channels should result in a significant rise in Moleskine's EBITDA and EBITDA margin. The share of non-paper products and M+ as a % of total sales is expected to increase further. In addition to profitability in the Retail channel, strategic priorities include the further development of the new product categories (bags & digital products) and the reinforcement of the IT systems and tools (e.g. CRM).

MEDIUM TERM TARGETS

At the occasion of the previous Investor Day (December 2015), D'Ieteren set out several medium-term targets.

D'Ieteren Auto significantly exceeded its 2.0% sales growth target in 2015 (8.0%), 2016 (8.4%) and during the first 10 months of 2017 (5.9%). The activity now aims at an average of 2-3% sales growth for the next 5 years. The *adjusted* operating² margin target for D'Ieteren Auto including Corporate has been upped from 2.5% to >3% and the pre-tax ROCE³ target has been increased from 15% to 20%. The free cash flow⁵ target remains unchanged at EUR 70 million.

Belron outperformed the sales growth targets that were set out two years ago. Going forward, average (organic⁶) sales growth is expected to increase by "mid-single digit", while *adjusted* operating result² should rise by 'low double digit'. The target ROE⁴ based on Belron's implied equity value (EUR 1,550 million) of the agreement with CD&R amounts to 15%. Belron also aims at a free cash flow⁵ above EUR 200 million within the next 5 years.

Moleskine's medium targets include sales growth in excess of 10%, and an average EBITDA margin that exceeds 25%. The pre-tax ROCE³ based on the amount that was invested by D'Ieteren should reach 14% by 2022. Moleskine aims at a free cash flow⁵ above EUR 40 million within the next 5 years.

Notes

¹ In order to provide an accurate picture of the car market, Febiac publishes market figures excluding registrations that have been cancelled within 30 days. Most of them relate to vehicles that are unlikely to have been put into circulation in Belgium by the end customer.

² In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, D'Ieteren uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definitions are not addressed by IFRS. D'Ieteren does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures. See page 9 of the 2016 Financial and Directors' Report for the definition of these performance indicators.

³ ROCE = return on average capital employed = adjusted operating result/average non-impaired capital employed)

⁴ ROE = return on equity = net income/equity.

⁵ Free cash flow = adjusted EBITDA +/- changes in working capital - capex - net interest paid - taxes paid

⁶ Organic sales growth = sales growth at constant currency and excluding the impact of change in perimeter of consolidation or business acquisitions

Forward looking statements

This press release contains forward-looking information that involves risks and uncertainties, including statements about D'Ieteren's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of D'Ieteren. Should one or more of these risks, uncertainties or contingencies materialise, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, D'Ieteren does not assume any responsibility for the accuracy of these forward-looking statements.

End of press release

GROUP PROFILE

In existence since 1805, and across family generations, D'Ieteren seeks growth and value creation by pursuing a strategy on the long term for its businesses and actively encouraging and supporting them to develop their position in their industry or in their geographies. The group has currently three activities articulated around strong brands:

- **D'Ieteren Auto** distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti, Porsche and Yamaha vehicles in Belgium. It is the country's number one car distributor, with a market share of around 22% and 1.2 million vehicles on the road at the end of 2016. Sales and adjusted operating result reached respectively EUR 3.1 billion and EUR 75.8 million in FY 2016.
- **Belron** (94.85% owned) makes a difference by solving people's problems with real care. It is the worldwide leader in vehicle glass repair and replacement, trading under more than 10 major brands including Carglass®, Safelite® AutoGlass and Autoglass®. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers. Belron is also expanding its services to focus on solving problems for people who need assistance with repairs to their vehicles and homes. Sales and adjusted operating result reached respectively EUR 3.3 billion and EUR 190.7 million in FY 2016.
- **Moleskine** (100% owned) is a premium and aspirational lifestyle brand which develops and sells iconic branded notebooks and writing, travel and reading accessories through a multichannel distribution strategy across 102 countries. Sales and operating result reached respectively EUR 145.2 million and EUR 34.0 million on a stand-alone basis in FY 2016.

FINANCIAL CALENDAR

Last five press releases <i>(with the exception of press releases related to the repurchase or sale of own shares)</i>		Next events	
28 November 2017	D'Ieteren and CD&R have signed a definitive agreement regarding a partnership investment in Belron	13 December 2017	Investor Day in London
19 November 2017	D'Ieteren and Clayton, Dubilier & Rice Enter Exclusive Discussions Regarding Partnership Investment in Belron	28 February 2018	2017 Full-year results
27 October 2017	Belron has successfully allocated its new term loans	31 May 2018	General Meeting & trading update
19 October 2017	Belron enters the home repair market in Europe through the acquisition of Maisoning Group in France		
10 October 2017	Belron launches new term loans of EUR 1.3 billion equivalent		

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