

## 2017 FULL-YEAR RESULTS

*In November 2017, D'Ieteren and Clayton, Dubilier & Rice (CD&R) signed a definitive agreement regarding a partnership investment by CD&R in Belron. As a result, Belron's assets and liabilities are included under "assets/liabilities as held for sale" on the consolidated balance sheet of 31 December 2017 and D'Ieteren's share in Belron's FY 2017 (and restated 2016) net results are included under "discontinued operations". The transaction whereby CD&R acquired a 40% stake in Belron closed on 7 February 2018. Belron's results will be included under equity accounting method from 2018 onwards following the loss of exclusive control (according to IFRS rules). Belron's detailed financial statements can be found in the Appendix of this press release and the Financial Report. Note that Moleskine's results have been fully consolidated in D'Ieteren's accounts as from 1 October 2016.*

**2017 was a positive year for D'Ieteren: its three activities realised healthy sales growth and D'Ieteren group's key performance indicator (KPI) – the *adjusted* consolidated result before tax, group's share<sup>1</sup> – increased by 2.6% to EUR 247.9 million, in line with the latest guidance.**

- **D'Ieteren Auto's** sales growth (+6.0%) reflected higher volumes and a positive price/mix effect. The total number of new vehicles delivered rose by 2.2% driven by a slightly higher new car market and continued market share gains in a buoyant light commercial vehicle market. The *adjusted* result before tax, group's share<sup>1</sup> of D'Ieteren Auto including Corporate activities rose by 16.6%.
- **Belron** realized 6.0% organic sales growth<sup>5</sup> reflecting a solid performance both in the US and Europe. The *adjusted* result before tax, group's share<sup>1</sup>, declined by 9.4% due to higher charges related to the long-term management incentive programme, additional costs related to the service extension programme and foreign exchange headwinds.
- **Moleskine's** sales improved by 6.7% and its contribution to D'Ieteren's *adjusted* result before tax, group's share<sup>1</sup>, reached EUR 15.2 million. Following the acquisition by D'Ieteren, 2017 was a transition year for Moleskine marked by the launch of strategic initiatives and organizational developments.
- The Board of Directors proposes a stable **gross ordinary dividend of EUR 0.95 per share and a gross extraordinary dividend of EUR 2.85 per share, totalling EUR 3.80 per share**. The proposal to pay an exceptional dividend has been made following the sale of 40% of the shares held by D'Ieteren SA in Belron (after refinancing), which constitutes a one-off transaction, in order to allow shareholders to benefit in a tangible way from the value thus created.

**On a comparable basis, D'Ieteren is aiming for a mid-to-high single digit improvement for its *adjusted* consolidated result before tax, group's share<sup>1</sup>.** Following the sale of 40% of its shares in Belron to CD&R, D'Ieteren's stake in Belron is 54.85% as from February 2018. The guidance assumes a 58.18% stake (a weighted average of 94.85% for one month and 54.85% over 11 months) in 2017 and 2018. If Belron had been consolidated according to this ratio (58.18%) in 2017, the *adjusted* consolidated result before tax, group's share<sup>1</sup>, would have been EUR 195.9 million. This guidance assumes average foreign exchange rates in 2018 that are in line with the exchange rates that prevailed at the end of 2017.

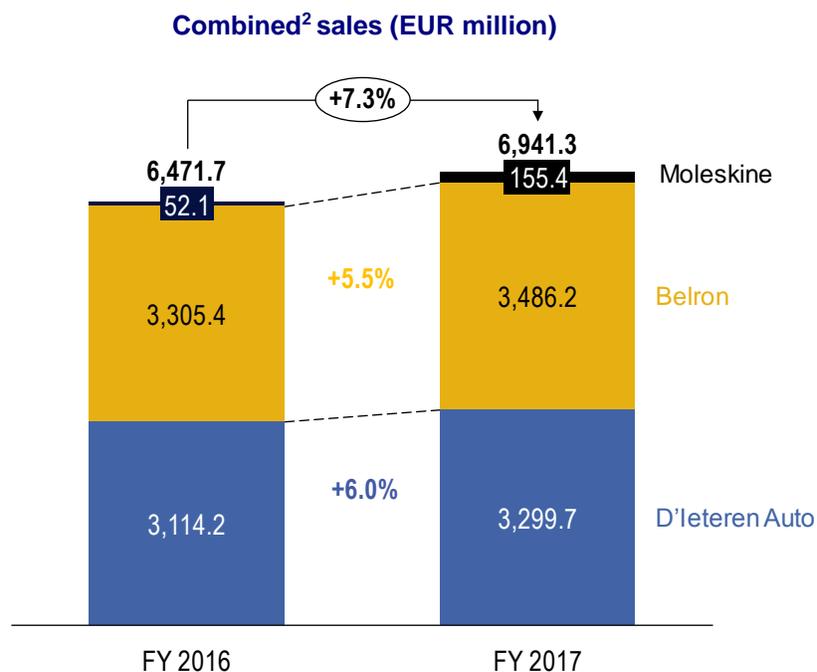
**GROUP SUMMARY**

**A. SALES**

**Consolidated sales under IFRS** amounted to **EUR 3,455.1 million (+9.1%** compared to restated 2016 sales). This figure excludes Belron. **Combined<sup>2</sup> sales** (including 100% of Belron) amounted to **EUR 6,941.3 million, +7.3%** compared to 2016. Moleskine contributed 12 months of sales in 2017 compared to only 3 in 2016.

**Combined<sup>2</sup> sales** are broken down as follows:

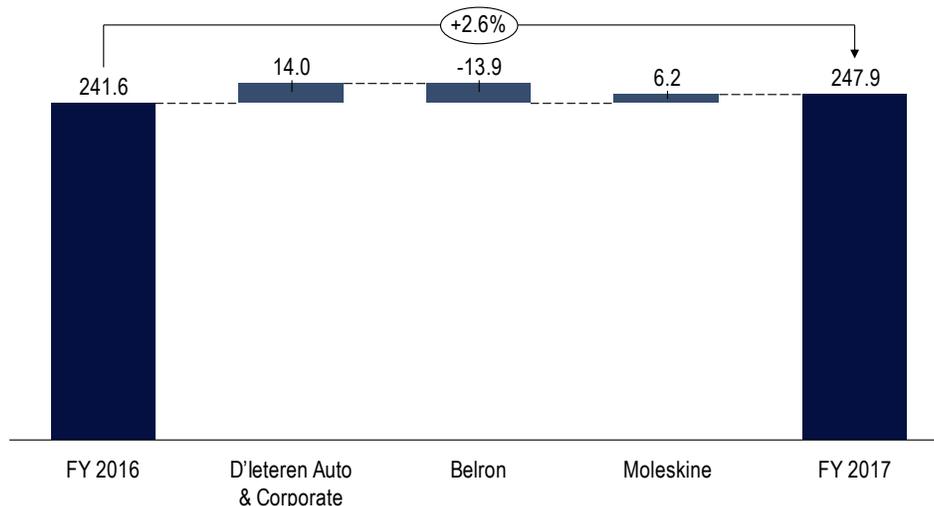
- **D'Ieteren Auto:** EUR 3,299.7 million, **+6.0%** year-on-year on the back of higher volumes and a positive price mix effect. Excluding registrations of less than 30 days<sup>3</sup>, Belgian new car registrations rose by 2.7% year-on-year and D'Ieteren Auto's market share<sup>2</sup> reached 21.29% (21.83% in 2016). The total number of vehicles, including commercial vehicles, delivered by D'Ieteren Auto rose by 2.2% to 125,229 units in 2017.
- **Belron's** sales momentum was strong. Revenues amounted to EUR 3,486.2 million, **+5.5%** year-on-year, comprising a 6.0% organic increase, 1.8% from acquisitions and a negative currency translation effect of 2.3%. The sales momentum was strong both in Europe and outside Europe.
- **Moleskine's** contribution to D'Ieteren's consolidated sales amounted to EUR 155.4 million (12 months) in 2017, up from EUR 52.1 million (3 months) in 2016. Sales were up 6.7% compared to the full year 2016.



**B. RESULTS**

- The **consolidated result before tax (under IFRS)** reached EUR 99.8 million in 2017 compared to EUR 94.3 million in 2016 (restated). These figures exclude Belron.
  - If we include Belron, our key performance indicator, the **adjusted consolidated result before tax, group's share<sup>1</sup>**, reached EUR 247.9 million, up 2.6% compared to 2016. It breaks down as follows:
    - o **D'Ieteren Auto and Corporate activities:** EUR 98.2 million, +16.6% year-on-year, reflecting improved results at D'Ieteren Auto and lower costs at the Corporate level.
    - o **Belron:** EUR 134.5 million, -9.4% year-on-year, mainly due to higher charges related to the long-term management incentive programme, additional costs related to the service extension strategy and foreign exchange headwinds.
    - o **Moleskine:** EUR 15.2 million in 2017 compared to EUR 9.0 million in 2016 (3 months). The result was impacted by a slowdown in growth particularly in the US, financing costs related to the acquisition by D'Ieteren, costs to reinforce the regions and the capabilities of the corporate centre functions in order to support future growth and provisions for a new management incentive program. Moleskine was fully consolidated (100%) as from 1 January 2017, whilst the weighted average stake used for the three months period ending 31 December 2016 was 71.52%.

**Evolution of the *adjusted consolidated result before tax, group's share<sup>1</sup>* (EUR m)**



- The **group's share in the net result for the period** rose to EUR 112.6 million (EUR 49.9 million in 2016). The *adjusted* net profit, group's share<sup>1</sup> reached EUR 194.8 million (EUR 215.3 million in 2016).

### **C. DIVIDEND**

The Board of Directors proposes a stable gross ordinary dividend of EUR 0.95 per share and a gross extraordinary dividend of EUR 2.85 per share, totalling EUR 3.80 per share. The proposal to pay an exceptional dividend has been made following the sale of 40% of the shares held by D'Ieteren SA in Belron (after refinancing), which constitutes a one-off transaction, in order to allow shareholders to benefit in a tangible way from the value thus created. If these dividends are approved by the General Meeting of Shareholders on 31 May 2018, it will be paid on 7 June 2018 (ex date 5 June and record date 6 June).

### **D. FINANCING OF THE ACTIVITIES**

Between December 2016 and December 2017, the group's combined<sup>2</sup> financial net debt<sup>4</sup> increased from EUR 993.5 million to EUR 1,011.8 million.

The net cash position<sup>4</sup> of the D'Ieteren Auto/Corporate segment rose by EUR 477.8 million to EUR 549.5 million on 31 December 2017. This increase is mainly due to the extraordinary dividend (EUR 429 million) that was received from Belron following the issue of new term loans (see below). Note that the proceeds (about EUR 620 million) related to the disposal of a 40% stake in Belron were received in February 2018.

Belron's net financial debt<sup>4</sup> rose from EUR 793.1 million at the end of 2016 to EUR 1,271.9 million at the end of 2017. Belron refinancing was completed on 7 November 2017 with the launch of a 7-year Term Loan B facility of USD 1,025 million and EUR 425 million. A 6-year revolving credit facility of EUR 280 million was also put in place. The proceeds of the Term Loan B were used to refinance the US Private Placement (USPP) instruments, reimburse the shareholder loans, pay an extraordinary dividend (EUR 453 million) to its shareholders and cover fees and transaction costs related to the refinancing. Net debt<sup>4</sup>/EBITDA<sup>6</sup> reached 3.87 at the end of 2017.

The net debt<sup>4</sup> of the Moleskine segment rose from EUR 272.1 million at the end of 2016 to EUR 289.4 million at the end of 2017. The increase mainly reflects the cash outflow (EUR 15.9 million) related to the squeeze-out procedure in January 2017.

### **E. OUTLOOK FOR FY 2018 ADJUSTED RESULT BEFORE TAX, GROUP'S SHARE<sup>1</sup>**

On a comparable basis, D'Ieteren aims for a 'mid-to-high single digit improvement' in its *adjusted* consolidated result before tax, group's share<sup>1</sup>. This guidance is based on average foreign exchange rates in 2018 that are in line with the exchange rates that prevailed at the end of 2017. Following the sale of 40% of its shares in Belron to CD&R, D'Ieteren's stake in Belron is 54.85% as from February 2018. The guidance assumes a 58.18% stake (weighted average of 94.85% for one month and 54.85% over 11 months) in 2017 and 2018. If Belron had been consolidated according to this ratio (58.18%) in 2017, the *adjusted* consolidated result before tax, group's share<sup>1</sup> would have been EUR 195.9 million.

In a market that is expected to contract slightly, D'Ieteren Auto aims at flat volumes thanks to commercial initiatives and new model launches. The *adjusted* result before tax, group's share<sup>1</sup>, of D'Ieteren Auto and Corporate is expected to improve slightly.

Belron aims at moderate organic sales growth. Its contribution to D'Ieteren's *adjusted* result before tax, group's share<sup>1</sup>, is set to rise 'high single digit' on a comparable basis (assuming an average stake of 58.18% for 2017 and 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 expects double-digit growth for revenues and *adjusted*<sup>1</sup> result before tax thanks to its strengthened organization and strategic initiatives.

## AUTOMOBILE DISTRIBUTION (D'IETEREN AUTO) AND CORPORATE ACTIVITIES

- Excluding new car registrations of less than 30 days<sup>3</sup>, the Belgian market increased by 2.7% year-on-year and D'Ieteren Auto's share reached 21.29% in 2017 (21.83% in 2016).
- New vehicle sales rose by 6.3% to EUR 2,905.1 million in 2017. Total sales rose 6% to EUR 3,299.7 million (EUR 3,114.2 million in 2016).
- The operating result reached EUR 71.1 million (EUR 77.5 million in 2016):
  - The *adjusted* operating result<sup>1</sup> rose by 13.3% to EUR 85.9 million
  - *Adjusting*<sup>1</sup> items included in the operating result reached EUR -14.8 million
- The result before tax totalled EUR 84.6 million (EUR 81.1 million in 2016), up 4.3%.
- The *adjusted* result before tax, group's share<sup>1</sup>, reached EUR 98.2 million (EUR 84.2 million in 2016), up 16.6%.
- 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. The *adjusted* result before tax, group's share<sup>1</sup>, should see a moderate improvement.

€m	FY 2016			FY 2017			% change adjusted items	Total IFRS	% change total
	APM (non-GAAP measures) <sup>1</sup>			APM (non-GAAP measures) <sup>1</sup>					
	Total IFRS	Adjusting items	Adjusted items	Adjusted items	Adjusting items	Total IFRS			
New vehicles delivered (in units)	122,489	-	-	-	-	125,229	-	2.2%	
External sales	3,114.2	-	3,114.2	3,299.7	-	3,299.7	6.0%	6.0%	
Operating result	77.5	1.7	75.8	85.9	-14.8	71.1	13.3%	-8.3%	
Net finance costs	-1.0	-0.9	-0.1	3.5	4.6	8.1	-	-	
Result before tax	81.1	0.0	81.1	95.0	-10.4	84.6	17.1%	4.3%	
<i>Adjusted</i> result before tax, group's share <sup>1</sup>	-	-	84.2	98.2	-	-	16.6%	-	

### 1.1. Activities and results

D'Ieteren Auto's sales rose by 6.0% to EUR 3,299.7 million in 2017 thanks to higher volumes in a solid market and a positive price/mix effect (more SUVs).

#### New vehicles

Excluding registrations of less than 30 days<sup>3</sup>, Belgian new car registrations rose by 2.7% year-on-year to 533,385 units. Including these registrations, the Belgian market totalled 546,558 new car registrations, up 1.3% year-on-year. The shift from diesel engines to petrol and cleaner engines continued with the share of diesel falling from 51.8% in 2016 to 46.4% in 2017. The share of alternative energy engines (electric, hybrid, CNG) rose from 3.8% to 5.4%.

Excluding registrations of less than 30 days<sup>3</sup>, the market share of the brands distributed by D'Ieteren Auto reached 21.29% in 2017 (vs 21.83% the previous year).

<i>Net figures</i> <sup>3</sup>	FY2016	FY 2017
New car market (in units)	519,140	533,385
% change yoy	10.4%	2.7%
Total market share new cars	21.83%	21.29%
Volkswagen	10.16%	9.42%
Audi	6.26%	6.22%
Škoda	3.56%	3.60%
Seat	1.24%	1.40%
Porsche	0.59%	0.64%
Bentley/Lamborghini/Bugatti	0.02%	0.02%
Market share commercial vehicles	10.00%	10.69%

Volkswagen remained the leading brand in Belgium with a market share<sup>3</sup> of 9.42% in 2017. Note that demand for the Tiguan was boosted in 2016 by the successful run-out campaign of the old version and the launch of the new Tiguan. Audi continues to face fierce competition in the premium segment. Audi's market share<sup>3</sup> was almost flat thanks to the success of the Q2, the A5 and the Q5. The share of Škoda improved slightly mainly thanks to the Kodiaq and Superb. SEAT's improved market share reflects the success of the Ateca SUV and initial registrations of the new Arona. Porsche's share gain was mainly underpinned by higher demand for the Panamera which was replaced at the end of 2016.

Registrations of new light commercial vehicles in Belgium totalled 76,786 units, up 12.0% year-on-year. The strong rise is explained by macro-economic tailwinds, rising e-commerce related parcel deliveries and a kilometre based toll on heavy commercial vehicle traffic. D'Ieteren Auto's market share in the light commercial vehicle segment rose to 10.7% in 2017 (10.0% in 2016 and 9.2% in 2015) thanks to the success of the new Crafter and the Amarok.

The total number of new vehicles, including commercial vehicles, delivered by D'Ieteren Auto in 2017 reached 125,229 units (+2.2% compared to 2016). Higher deliveries combined with a positive price and mix effect led to new vehicle sales of EUR 2,905.1 million (+6.3% compared to 2016). The success of the newly launched SUVs explains the positive model mix effect.

The Volkswagen group accelerated its product innovation efforts last year, especially in the SUV segment, which continues to gain share on the Belgian new car market. The following new SUV models were launched in 2017: 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.

### **Other activities**

The sales of spare parts and accessories reached EUR 183.8 million (-0.9% year-on-year). The after-sales activities of the corporately-owned dealerships amounted to EUR 82.3 million (-1.2% year-on-year) and used-vehicle sales equalled EUR 66.3 million (+23.0% year-on-year).

D'Ieteren Sport's sales, which are mainly comprised of Yamaha motorbikes, quads and scooters, rose by 0.7% to EUR 28.1 million.

### **Results**

The operating result reached EUR 71.1 million (EUR 77.5 million in 2016). The *adjusted* operating result<sup>1</sup> climbed 13.3% to EUR 85.9 million. The result reflects higher volumes and a positive price/mix effect, increased commercial incentives, improved performance of the Retail activities and lower Corporate costs. Note that the FY 2016 result was impacted by a EUR 7.8 million charge related to the "Wecare 24 months for free" campaign and EUR 5.7 million costs related to the acquisition of Moleskine.

*Adjusting* items<sup>1</sup> at the level of the operating result amounted to EUR -14.8 million. They mainly include a EUR 7.2 million charge related to the implementation of the Market Area strategy and EUR 7.6 million professional fees and a transaction bonus related to the disposal a 40% stake in Belron.

Net financial income amounted to EUR 8.1 million (EUR -1.0 million in 2016). *Adjusted* net financial income<sup>1</sup>, which reached EUR 3.5 million (EUR -0.1 million in 2016), includes interest on inter-segment loans partially offset by commissions on unused credit lines. The 5-year loan to Moleskine, with a fixed rate of 3%, amounted to EUR 152 million at the end of 2017.

The result before tax rose 4.3% to EUR 84.6 million (from EUR 81.1 million in 2016).

The *adjusted* result before tax, group's share<sup>1</sup>, of D'Ieteren Auto & Corporate equalled EUR 98.2 million (compared to EUR 84.2 million in 2016, +16.6%). The contribution of the equity accounted entities (VDFin and D'Ieteren Lease) to the *adjusted* result before tax, group's share<sup>1</sup>, improved from EUR 8.5 million in 2016 to EUR 8.8 million reflecting a 9% rise in the number of asset-based contracts.

Income tax expenses reached EUR 23.4 million compared to an income tax revenue of EUR 2.7 million in 2016. *Adjusted*<sup>1</sup> tax expenses equalled EUR 26.3 million (compared to EUR 5.6 million *adjusted*<sup>1</sup> tax income in 2016). The reduction in the notional interest rate from 1.131% to 0.237% and movements in deferred tax assets related to the deductibility of certain provisions and tax credits explain the swing between 2016 and 2017.

The result after tax, group's share, amounted to EUR 61.2 million (EUR 83.8 million in 2016). The *adjusted* result after tax, group's share<sup>1</sup>, reached 68.7 million (EUR 86.7 million in 2016). The year-on-year evolution is mainly due to the above-mentioned tax effect.

## 1.2. Latest developments

The acquisition of Rietje closed in January 2018. It includes Volkswagen (cars and commercial vehicles), Audi and Škoda dealerships and a multi-brand body shop in the northern Antwerp region. The transaction is in line with D'Ieteren Auto's strategy to reinforce its retail presence on the Antwerp-Brussels axis.

D'Ieteren Auto aims to play a role in the mobility of the future which is bound to be revolutionized by car sharing, the growing success of electric vehicles, digitization and the arrival of autonomous cars. The goal of Lab Box, which was established as an independent legal entity in 2017, is to analyse and develop innovative mobility solutions. Poppy, a car-sharing venture in Antwerp, is one of Lab Box's first initiatives. After a test phase, Poppy was officially launched in January 2018 with a fleet of 350 'clean' cars (Volkswagen e-Golfs and Audi A3 g-trons).

Giovanni Palmieri will join D'Ieteren Auto on 1 April 2018 as Chief Information Officer and member of D'Ieteren Auto's management committee. Mr Palmieri has held several management and IT positions with SNCB (Belgian railways). His technical knowhow combined with his experience in business and change management will help D'Ieteren Auto to be successful in an increasingly digital environment.

### **1.3. Activity outlook 2018**

The Belgian new car market is expected to shrink slightly in 2018. D'Ieteren Auto aims at flat volumes thanks to commercial initiatives and new model launches. The product pipeline for 2018 includes the replacement of the Volkswagen Touareg. Audi will launch the new Q8 and the electric e-Tron and replace the Audi A7, Q3, A6 and A1. Porsche will replace the 911 and Lamborghini will introduce the Urus (SUV).

The 96<sup>th</sup> edition of the Brussels Motor Show that took place between 12 and 21 January 2018 was a great success for D'Ieteren Auto. The number of client contracts signed during January reached a record high (+18% compared to January 2017 and +29% versus January 2016). Note that 2016 and 2018 are “major” Brussels Motor Show edition years. At the end of January 2018, D'Ieteren Auto's order book was 17% and 26% higher compared to the end of January 2017 and the end of January 2016.

The Belgian new car market is expected to contract slightly in 2018 following four years of growth. D'Ieteren Auto aims at flat volumes thanks to commercial initiatives and new model launches. The *adjusted* result before tax, group's share<sup>1</sup>, is set to improve slightly.

## VEHICLE GLASS REPAIR AND REPLACEMENT – BELRON

- In 2017 Belron served 16.5 million consumers (of which 12.4 million in Vehicle Glass Repair and Replacement), an increase of 7.1% compared to 2016.
- The Net Promotor Score improved 50 bps to a record of 83.1%.
- Belron's sales momentum was strong: external sales (EUR 3,486.2 million) rose by 5.5%, comprising a 6.0% organic<sup>5</sup> increase, 1.8% from acquisitions, partially offset by a negative currency translation effect of 2.3%.
- The operating result reached EUR 148.5 million (EUR 41.6 million in 2016):
  - The *adjusted* operating result<sup>1</sup> totalled EUR 189.8 million (-0.5%).
  - *Adjusting* items<sup>1</sup> totalled EUR 41.3 million (see details on the following page).
- The result before tax was EUR 62.4 million (EUR 5.3 million in 2016).
- The *adjusted* result before tax, group's share<sup>1</sup>, reached EUR 134.5 million (EUR 148.4 million in 2016).
- Outlook for 2018: Belron expects moderate organic sales growth. On a comparable basis, Belron's *adjusted* result before tax<sup>1</sup> is expected to show a 'high single digit' rise.

€m	FY 2016			% change adjusted items	FY 2017			% change total
	Total IFRS	APM (non-GAAP measures) <sup>1</sup>			APM (non-GAAP measures) <sup>1</sup>		Total IFRS	
		Adjusting items	Adjusted items		Adjusted items	Adjusting items		
Number of consumers (million)	15.4	-	-	-	-	-	16.5	7.1%
External sales	3,305.4	-	3,305.4	5.5%	3,486.2	-	3,486.2	5.5%
Operating result	41.6	-149.1	190.7	-0.5%	189.8	-41.3	148.5	257.0%
Net finance costs	-35.5	-1.4	-34.1	10.0%	-37.5	-48.6	-86.1	142.5%
Result before tax	5.3	-151.3	156.6	-2.7%	152.3	-89.9	62.4	1077.4%
<i>Adjusted</i> result before tax, group's share <sup>1</sup>	-	-	148.4	-9.4%	134.5	-	-	-

### 2.1. Activities and results

#### Sales

Belron's sales reached EUR 3,486.2 million in 2017, a year-on-year increase of 5.5%, comprising a 6.0% organic increase<sup>5</sup>, 1.8% growth from acquisitions, partly offset by a negative currency translation impact of 2.3%. The total number of Vehicle Glass Repair and Replacement (VGRR) consumers increased by 5.1% to EUR 12.4 million, despite the backdrop of market declines across most markets. The currency translation impact is primarily due to the weaker US dollar and British pound.

Consumers (million)	2016	2017	% Change
Vehicle Glass Repair and Replacement (VGRR)	11.8	12.4	5%
Claims Management	3.5	4.0	12%
Automotive Damage Repair and Replacement (ADRR)	0.1	0.1	72%
Home Damage Repair and Replacement (HARR)	0.1	0.1	-4%
<b>Total</b>	<b>15.4</b>	<b>16.5</b>	<b>7%</b>

European sales increased by 7.6%, consisting of a 5.2% organic<sup>5</sup> increase and 3.7% from acquisitions, partially offset by adverse currency translation effect of 1.3%. The organic<sup>5</sup> sales improvement was primarily realized in the largest countries (France, Germany and the UK). It was underpinned by market share gains, a positive price/mix effect and higher revenues from complementary products. Growth from acquisitions mainly

relates to the inclusion of CARe Carrosserie (Belgium) from 31 March 2017. The negative currency impact is primarily due to the weaker British pound.

Outside of Europe, sales increased by 3.4%, comprising an organic sales<sup>5</sup> increase of 6.3% and growth from acquisitions of 0.2%, partly offset by a negative currency effect of 3.1%. Safelite (USA) delivered strong growth despite a slow start to the year following mild winter conditions in the Northeast. Sales growth was achieved through continued market share gains.

### **Results**

The operating result reached EUR 148.5 million in 2017 (2016: EUR 41.6 million). The *adjusted* operating result<sup>1</sup>, was almost flat at EUR 189.8 million (2016: EUR 190.7 million). Two offsetting factors impacted the result:

- A EUR 10.7 million rise in the charges for the long-term management incentive plan, reflecting a better-than-expected outcome for 2017 combined with a stronger outlook for 2018 and 2019.
- According to IFRS 5, Belron's assets and liabilities were classified under 'Non-current assets/liabilities classified as held for sale' as from 28 November 2017 when D'Ieteren and CD&R signed a definitive agreement regarding CD&R's acquisition of a 40% stake in Belron. Under IFRS 5, these tangible and intangible fixed assets were not depreciated between 28 November 2017 and 31 December 2017, which had a positive impact of EUR 10.5 million on Belron's (*adjusted*<sup>1</sup>) operating result.

Belron saw profitability improve in the UK, Germany, Spain and France. The loss in the UK was significantly reduced. Many of the smaller countries also delivered encouraging results. The small drop in US profitability resulted from the weaker US dollar and the market decline due to mild winter conditions in the Northeast in Q1 2017. The weaker US dollar had a negative impact of about EUR 5 million on the *adjusted*<sup>1</sup> operating result. Belron's result was also impacted by start-up and acquisition costs (EUR 10.6 million) related to service extension.

*Adjusting items*<sup>1</sup> of EUR -41.3 million in the operating result comprise:

- Goodwill impairment related to Italy (EUR -16.0 million)
- An impairment on capitalised IT software costs in the US (EUR -3.5 million)
- Amortisation of brands and customer contracts (EUR -5.3 million)
- Gains on US fuel hedges (EUR 1.6 million)
- Fees (EUR -8.1 million) related to the project to bring a minority partner into Belron
- Provisions for legal disputes (EUR -11.4 million)
- Other (EUR 1.4 million)

The net finance costs amounted to EUR 86.1 million (2016: EUR 35.5 million). Belron launched new term loans in 4Q 2017 for a total of about EUR 1.3 billion (USD 1,025 million and EUR 425 million). The proceeds were used to refinance the existing US Private Placement (USPP) instruments, reimburse the existing shareholder loans, pay an extraordinary dividend and cover fees and transaction costs related to the refinancing. The *adjusting items*<sup>1</sup> (EUR 48.6 million) included in the net finance costs relate to refinancing fees and make whole costs for the early reimbursement of the USPPs.

The result before tax reached EUR 62.4 million (up from EUR 5.3 million in 2016). The *adjusted* result before tax, group's share<sup>1</sup>, reached EUR 134.5 million (compared to EUR 148.4 million in 2016). This figure was adjusted to reflect the EUR 10.0 million depreciation (group's share) of Belron's tangible and intangible fixed assets (see Appendix on page 22).

The tax expense reached EUR 18.8 million (EUR 21.6 million in 2016). The *adjusted*<sup>1</sup> tax expense amounted to EUR 30.0 million implying a tax rate of 19.7% (17.4% in 2016).

The result after tax, group's share, equalled EUR 41.3 million (EUR -39.9 million in 2016). The *adjusted* result after tax, group's share<sup>1</sup>, reached EUR 116.0 million (EUR 122.6 million in 2016).

## 2.2. Recent developments

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. The closing of the transaction took place on 7 February 2018. D'Ieteren retains an ownership interest of 54.85% in Belron.

Belron continued to implement its service extension strategy. SMART repair (ADRR) pilots were launched in several countries (e.g. Netherlands, Italy, Belgium). In October, Belron acquired Maisoning Group, a French company providing home repair services (renovation and emergency repairs) to both B2C and B2B customers. At the end of December, Belron entered an agreement to acquire the assets and operations of Laser Group which, through its members, provides services to home owners in plumbing and electrical services in Australia and New Zealand. Both acquisitions are perfectly in line with its purpose of Making a Difference by Solving People's Problems with Real Care.

## 2.3. Activity outlook 2018

Belron aims at moderate organic sales growth<sup>5</sup> and a higher *adjusted*<sup>1</sup> operating result in 2018. Its contribution to D'Ieteren's *adjusted* result before tax, group's share<sup>1</sup>, will reflect D'Ieteren's 94.85% ownership interest in January 2018 and 54.85% from February 2018 onwards. On a comparable basis, Belron's *adjusted* result before tax, group's share<sup>1</sup> is expected to rise 'high single digit'. This guidance assumes average foreign exchange rates in 2018 that are in line with the exchange rates that prevailed at the end of 2017. The improvement will reflect sales growth and efficiency initiatives together with lower charges related to the long-term management incentive programme. The 3-year rolling programme will be replaced by a direct equity investment opportunity that will be offered to the management. In 2018, there will still be charges related to the programmes that were launched in 2016 and 2017. In 2019, the charges will be limited to the programme that started in 2017.

Based on the transaction price agreed between D'Ieteren and CD&R (EUR 3 billion of enterprise value which, after deduction of debt-like items, translates into an equity value of about EUR 1.55 billion), the total consolidated gain on disposal (recognised on 100% of Belron in accordance with the requirements of IFRS 10) amounts to ca. EUR 1 billion, of which ca. EUR 0.6 billion is cash. This gain will be shown under *adjusting items* in 2018.

## MOLESKINE

- Following the acquisition by D'Ieteren, 2017 represented a transition year for Moleskine marked by the launch of strategic initiatives and organizational developments.
- Moleskine's results were fully consolidated in D'Ieteren's accounts as from 1 October 2016. It contributed EUR 155.4 million (EUR 52.1 million in 2016) to D'Ieteren's consolidated sales in 2017. If we include 12 months in 2016, sales rose by 6.7% year-on-year or by 8.5% at constant exchange rates thanks to favourable developments in all products, all regions and almost all channels.
- The contribution to D'Ieteren's consolidated operating result amounted to EUR 25.2 million. This compares with EUR 34.0 million on a full-year basis in 2016. The evolution mainly reflects 'fit-for-growth' costs to sustain future development, integration costs and a more challenging distribution environment, especially in the US.
- Net financial charges including financing costs related to the acquisition by D'Ieteren amounted to EUR 10.0 million. The result before tax and the *adjusted* consolidated result before tax, group's share<sup>1</sup>, reached EUR 15.2 million in 2017.
- For 2018, Moleskine aims at double-digit growth for its sales and *adjusted* profit before tax.

€m	FY 2016 (as from 1 Oct)			% change adjusted items	FY 2017			% change total
	Total IFRS	APM (non-GAAP measures) <sup>1</sup>			Total IFRS	APM (non-GAAP measures) <sup>1</sup>		
		A adjusting items	Adjusted items			A adjusted items	Adjusted items	
External sales	52.1	-	52.1	198.3%	155.4	-	155.4	198.3%
Operating result	14.6	-	14.6	72.6%	25.2	-	25.2	72.6%
Net finance costs	-1.4	-	-1.4	-	-10.0	-	-10.0	-
Result before tax	13.2	-	13.2	15.2%	15.2	-	15.2	15.2%
Adjusted result before tax, group's share <sup>1</sup>		-	9.0	68.9%	15.2	-	-	-

### 3.1. Activities and results

#### Sales

Sales increased by 6.7% (compared to 12 months in 2016) or by 8.5% at constant exchange rates.

All regions realized growth at constant exchange rates:

- EMEA (46% of total): +13.9% across all channels with the exception of e-commerce
- Americas (37% of total): +4.1% reflecting more challenging off-line distribution
- APAC (17% of total): +4.5% driven by Wholesale and China e-commerce

Moleskine realized sales growth at constant exchange rates in each distribution channel with the exception of E-Commerce:

- Wholesale (57% of total): +7.0% driven by EMEA and APAC
- B2B (23% of total): +9.9% despite an unfavourable base of comparison related to a large loyalty program in 2016 which was not repeated in 2017
- Retail (15% of total): +16.6% mainly reflecting the full-year contribution of the stores opened in 2016
- E-Commerce (5% of total): -3.7% due to migration in 2017 to a new platform

The Wholesale channel benefited from dedicated visual merchandising projects with key retailers across all geographies and expansion into new channels. For example, bags were introduced in stores specialized in travel and leather goods and M+ products were sold in consumer electronic chains. B2B continued to grow thanks to increased focus on key markets and large deals including cross country contracts. The number of Retail stores increased from 79 at the end of 2016 to 87 at the end of 2017. E-Commerce sales were impacted by logistic issues following the migration to a new platform. The sales evolution of the two direct channels was impacted by an unfavourable base of comparison mainly linked to the launch of the Smart Writing Set in 2016.

### **Results**

The operating result reached EUR 25.2 million in 2017 (12-months 2016: EUR 34.0 million) and the margin declined from 23.4% to 16.2% reflecting:

- Costs related to strategic projects for future growth (e.g. strengthening of the regional corporate structures, digital innovation projects, the Moleskine Foundation, move to new headquarters...)
- Increase in the number of FTEs from 401 at the end of 2016 to 468 at the end of 2017
- Strengthening of the IT infrastructure (SAP was launched across the company on 1<sup>st</sup> January 2017)
- A EUR 2.5 million charge related to the new long-term incentive program
- Consultancy fees for the development of a new 5-year business plan
- Merger costs (Moleskine SpA merged with its parent company DM Invest Srl)
- A negative channel mix effect: higher weight of the loss-making Retail channel
- A negative currency impact of EUR 1.3 million mainly linked to the weakening of the USD

Net financial charges increased from EUR 1.0 million to EUR 10.0 million due to the financing cost related to the acquisition by D'Ieteren.

The full-year result before tax reached EUR 15.2 million (compared to EUR 32.9 million in 2016) and net profits declined from EUR 23.3 million to EUR 10.1 million.

### **3.2. Key developments**

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.

The Moleskine Foundation was launched in November. 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 that are culturally and socially deprived, 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 supports the Foundation through a financial contribution.

### **3.3. Activity outlook for 2018**

For 2018, Moleskine aims at double digit growth for its sales and *adjusted* profit before tax underpinned by its strengthened organization and strategic initiatives.

The share of non-paper products and M+ as a % of total sales is expected to increase further.

Profitability of the Retail channel is a strategic priority which will be driven by the ongoing pursuit of operational excellence aimed at delivering an improved customer experience. Additional 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).

**Notes**

<sup>1</sup> 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 17 for the definition of these performance indicators.

<sup>2</sup> Combined figures include Belron at 100%. Note that under IFRS Belron is included under discontinued operations in 2017. The figures for 2016 were restated accordingly.

<sup>3</sup> 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.

<sup>4</sup> The net financial debt is not an IFRS indicator. D'Ieteren uses this Alternative Performance Measure to reflect its indebtedness. This non-GAAP indicator is defined as the sum of the borrowings minus cash, cash equivalents and investments in non-current and current financial assets. See page 22.

<sup>5</sup> "Organic growth" is an Alternative Performance Measure used by the Group to measure the evolution of revenue between two consecutive periods, at constant currency and excluding the impact of change in perimeter of consolidation or business acquisitions.

<sup>6</sup> EBITDA is not an IFRS indicator. This APM (non-GAAP indicator) is defined as earnings before interest, taxes, depreciation and amortization.

**CONFERENCE CALL**

**D'Ieteren's management will organise a conference call for analysts and investors starting today at 06:00 pm CET. The conference call can be attended by calling the number +32 2 403 58 16. PIN code: 78900921#. The presentation slides will be made available online simultaneously to the publication of this press release at the following address: <http://www.dieteren.com/en/newsroom/press-releases> (then select the FY 2017 results event).**

## Appendix

### **ALTERNATIVE PERFORMANCE MEASUREMENT (APM) – NON-GAAP MEASUREMENT**

#### **Framework and definitions**

In order to better reflect its underlying performance and assist investors, securities analysts and other interested parties in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures (“APMs”). These alternative performance metrics are used internally for analysing the Group’s results as well as its business units.

These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. They are derived from the audited IFRS accounts. The APMs may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group’s performance or liquidity under IFRS. The Group 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.

Each line of the statement of profit or loss (see below), and each subtotal of the segment statement of profit or loss (see below), is broken down in order to provide information on the *adjusted* result and on the *adjusting* items.

The *adjusting* items are identified by the Group in order to present comparable figures, giving to the investors a better view on the way the Group is measuring and managing its financial performance. They comprise the following items, but are not limited to:

- (a) Recognised fair value gains and losses on financial instruments (i.e. change in fair value between the opening and the end of the period, excluding the accrued cash flows of the derivatives that occurred during the period), where hedge accounting may not be applied under IAS 39 (in this case recognised fair value gains and losses being directly accounted for in the Consolidated Statement of Comprehensive Income);
- (b) Exchange gains and losses arising upon the translation of foreign currency loans and borrowings at the closing rate;
- (c) Re-measurement of financial liabilities resulting from put options granted to non-controlling interests as from 1 January 2010;
- (d) Impairment of goodwill and other non-current assets;
- (e) Amortisation of intangible assets with finite useful lives recognised in the framework of the allocation as defined by IFRS 3 of the cost of a business combination;
- (f) Other material items that derive from events or transactions that fall within the ordinary activities of the Group, and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

*Adjusted* result consists of the IFRS reported result, excluding *adjusting* items as listed above.

The Group uses as key performance indicator the *adjusted* consolidated result before tax, Group’s share (*Adjusted* PBT, Group’s share). This APM consists of the segment reported result before tax (PBT), taking into account the result before tax of the discontinued operations, and excluding *adjusting* items and the share of minority shareholders.

**Presentation of APMs in the consolidated statement of profit or loss for the year ended 31 December**

EUR million	2017			2016 <sup>(1)</sup>		
	Total	Of which Adjusted result	Adjusting items	Total	Of which Adjusted result	Adjusting items
<b>Revenue</b>	<b>3,455.1</b>	<b>3,455.1</b>	<b>-</b>	<b>3,166.3</b>	<b>3,166.3</b>	<b>-</b>
Cost of sales	-2,985.2	-2,978.0	-7.2	-2,796.5	-2,789.3	-7.2
<b>Gross margin</b>	<b>469.9</b>	<b>477.1</b>	<b>-7.2</b>	<b>369.8</b>	<b>377.0</b>	<b>-7.2</b>
Commercial and administrative expenses	-374.3	-366.7	-7.6	-289.9	-292.5	2.6
Other operating income	5.8	5.8	-	10.5	4.2	6.3
Other operating expenses	-5.1	-5.1	-	1.7	1.7	-
<b>Operating result</b>	<b>96.3</b>	<b>111.1</b>	<b>-14.8</b>	<b>92.1</b>	<b>90.4</b>	<b>1.7</b>
Net finance costs	-1.9	-6.5	4.6	-2.4	-1.5	-0.9
Finance income	3.6	0.7	2.9	1.2	1.2	-
Finance costs	-5.5	-7.2	1.7	-3.6	-2.7	-0.9
Share of result of equity-accounted investees, net of income tax	5.4	5.6	-0.2	4.6	5.4	-0.8
<b>Result before tax</b>	<b>99.8</b>	<b>110.2</b>	<b>-10.4</b>	<b>94.3</b>	<b>94.3</b>	<b>-</b>
Income tax expense	-28.5	-31.4	2.9	-1.4	1.5	-2.9
<b>Result from continuing operations</b>	<b>71.3</b>	<b>78.8</b>	<b>-7.5</b>	<b>92.9</b>	<b>95.8</b>	<b>-2.9</b>
Discontinued operations	43.6	122.3	-78.7	-41.2	129.3	-170.5
<b>RESULT FOR THE PERIOD</b>	<b>114.9</b>	<b>201.1</b>	<b>-86.2</b>	<b>51.7</b>	<b>225.1</b>	<b>-173.4</b>
<b>Result attributable to:</b>						
<b>Equity holders of the Company</b>	<b>112.6</b>	<b>194.8</b>	<b>-82.2</b>	<b>49.9</b>	<b>215.3</b>	<b>-165.4</b>
Non-controlling interests	2.3	6.3	-4.0	1.8	9.8	-8.0
<b>Earnings per share</b>						
Basic (EUR)	2.05	3.55	-1.50	0.91	3.92	-3.01
Diluted (EUR)	2.05	3.54	-1.49	0.91	3.92	-3.01
<b>Earnings per share -Continuing operations</b>						
Basic (EUR)	1.30	1.44	-0.14	1.65	1.70	-0.05
Diluted (EUR)	1.30	1.43	-0.13	1.64	1.69	-0.05

(1) As restated to present the Belron segment as a discontinued operation – See notes 1, 16 and 28 of the 2017 consolidated financial statements for more information.

**Presentation of APMs in the segment statement of profit or loss for the year ended 31 December**

EUR million	2017					2016 <sup>(1)</sup>				
	D'Ieteren Auto	Belron	Mole- skine	Elimi- nations	Group	D'Ieteren Auto	Belron	Mole- skine	Elimi- nations	Group
External revenue	3,299.7	3,486.2	155.4	-3,486.2	3,455.1	3,114.2	3,305.4	52.1	-3,305.4	3,166.3
Inter-segment revenue	8.3	-	-	-8.3	-	7.7	-	-	-7.7	-
<b>Segment revenue</b>	<b>3,308.0</b>	<b>3,486.2</b>	<b>155.4</b>	<b>-3,494.5</b>	<b>3,455.1</b>	<b>3,121.9</b>	<b>3,305.4</b>	<b>52.1</b>	<b>-3,313.1</b>	<b>3,166.3</b>
<b>Operating result (being segment result)</b>	<b>71.1</b>	<b>148.5</b>	<b>25.2</b>	<b>-148.5</b>	<b>96.3</b>	<b>77.5</b>	<b>41.6</b>	<b>14.6</b>	<b>-41.6</b>	<b>92.1</b>
<i>Of which Adjusted result</i>	<i>85.9</i>	<i>189.8</i>	<i>25.2</i>	<i>-189.8</i>	<i>111.1</i>	<i>75.8</i>	<i>190.7</i>	<i>14.6</i>	<i>-190.7</i>	<i>90.4</i>
<i>Adjusting items</i>	<i>-14.8</i>	<i>-41.3</i>	<i>-</i>	<i>41.3</i>	<i>-14.8</i>	<i>1.7</i>	<i>-149.1</i>	<i>-</i>	<i>149.1</i>	<i>1.7</i>
Net finance costs	8.1	-86.1	-10.0	86.1	-1.9	-1.0	-35.5	-1.4	35.5	-2.4
Finance income	3.4	0.3	0.2	-0.3	3.6	1.1	0.4	0.1	-0.4	1.2
Finance costs	-0.7	-85.5	-5.7	86.4	-5.5	-3.1	-35.5	-0.9	35.9	-3.6
Inter-segment financing interest	5.4	-0.9	-4.5	-	-	1.0	-0.4	-0.6	-	-
Share of result of equity-accounted investees, net of income tax	5.4	-	-	-	5.4	4.6	-0.8	-	0.8	4.6
<b>Result before tax</b>	<b>84.6</b>	<b>62.4</b>	<b>15.2</b>	<b>-62.4</b>	<b>99.8</b>	<b>81.1</b>	<b>5.3</b>	<b>13.2</b>	<b>-5.3</b>	<b>94.3</b>
<i>Of which Adjusted result</i>	<i>95.0</i>	<i>152.3</i>	<i>15.2</i>	<i>-152.3</i>	<i>110.2</i>	<i>81.1</i>	<i>156.6</i>	<i>13.2</i>	<i>-156.6</i>	<i>94.3</i>
<i>Adjusting items</i>	<i>-10.4</i>	<i>-89.9</i>	<i>-</i>	<i>89.9</i>	<i>-10.4</i>	<i>-</i>	<i>-151.3</i>	<i>-</i>	<i>151.3</i>	<i>-</i>
Income tax expense	-23.4	-18.8	-5.1	18.8	-28.5	2.7	-21.6	-4.1	21.6	-1.4
<b>Result from continuing operations</b>	<b>61.2</b>	<b>43.6</b>	<b>10.1</b>	<b>-43.6</b>	<b>71.3</b>	<b>83.8</b>	<b>-16.3</b>	<b>9.1</b>	<b>16.3</b>	<b>92.9</b>
<i>Of which Adjusted result</i>	<i>68.7</i>	<i>122.3</i>	<i>10.1</i>	<i>-122.3</i>	<i>78.8</i>	<i>86.7</i>	<i>129.3</i>	<i>9.1</i>	<i>-129.3</i>	<i>95.8</i>
<i>Adjusting items</i>	<i>-7.5</i>	<i>-78.7</i>	<i>-</i>	<i>78.7</i>	<i>-7.5</i>	<i>-2.9</i>	<i>-145.6</i>	<i>-</i>	<i>145.6</i>	<i>-2.9</i>
Discontinued operations	-	-	-	43.6	43.6	-	-24.9	-	-16.3	-41.2
<b>RESULT FOR THE PERIOD</b>	<b>61.2</b>	<b>43.6</b>	<b>10.1</b>	<b>-</b>	<b>114.9</b>	<b>83.8</b>	<b>-41.2</b>	<b>9.1</b>	<b>-</b>	<b>51.7</b>

Attributable to:	D'Ieteren Auto	Belron	Mole- skine	Elimi- nations	Group	D'Ieteren Auto	Belron	Mole- skine	Elimi- nations	Group
<b>Equity holders of the Company</b>	<b>61.2</b>	<b>41.3</b>	<b>10.1</b>	<b>-</b>	<b>112.6</b>	<b>83.8</b>	<b>-39.9</b>	<b>6.0</b>	<b>-</b>	<b>49.9</b>
<i>Of which Adjusted result</i>	<i>68.7</i>	<i>116.0</i>	<i>10.1</i>	<i>-</i>	<i>194.8</i>	<i>86.7</i>	<i>122.6</i>	<i>6.0</i>	<i>-</i>	<i>215.3</i>
<i>Adjusting items</i>	<i>-7.5</i>	<i>-74.7</i>	<i>-</i>	<i>-</i>	<i>-82.2</i>	<i>-2.9</i>	<i>-162.5</i>	<i>-</i>	<i>-</i>	<i>-165.4</i>
Non-controlling interests	-	2.3	-	-	2.3	-	-1.3	3.1	-	1.8
<b>RESULT FOR THE PERIOD</b>	<b>61.2</b>	<b>43.6</b>	<b>10.1</b>	<b>-</b>	<b>114.9</b>	<b>83.8</b>	<b>-41.2</b>	<b>9.1</b>	<b>-</b>	<b>51.7</b>

(1) As restated to present the Belron segment as a discontinued operation – See notes 1, 16 and 28 of the 2017 consolidated financial statements for more information.

The column “Eliminations” reconciles the segment statement of profit or loss (with Belron presented on all lines as a continuing operation) with the IFRS Group consolidated statement of profit or loss (with Belron presented as a discontinued operation).

**Explanations and details of the figures presented as *adjusting* items**

In 2017 and 2016, the Group identified the following items as *adjusting* items throughout the three segments:

EUR million	2017			2016		
	D'Ieteren Auto	Belron	Total (segment)*	D'Ieteren Auto	Belron	Total (segment)*
<b>Adjusting items</b>						
<b>Included in operating result</b>	<b>-14.8</b>	<b>-41.3</b>	<b>-56.1</b>	<b>1.7</b>	<b>-149.1</b>	<b>-147.4</b>
<i>Re-measurements of financial instruments</i>	-	1.6 (e)	1.6	-	5.9 (e)	5.9
<i>Amortisation of customer contracts</i>	-	-4.5 (f)	-4.5	-	-9.6 (f)	-9.6
<i>Amortisation of brands with finite useful life</i>	-	-0.8 (g)	-0.8	-	-1.0 (g)	-1.0
<i>Impairment of goodwill and of non-current assets</i>	-	-19.5 (h)	-19.5	-	-133.2 (h)	-133.2
<i>Other adjusting items</i>	-14.8 (a)	-18.1 (i)	-32.9	1.7 (a)	-11.2 (i)	-9.5
<b>Included in net finance costs</b>	<b>4.6</b>	<b>-48.6</b>	<b>-44.0</b>	<b>-0.9</b>	<b>-1.4</b>	<b>-2.3</b>
<i>Impairment of financial assets</i>	-	-	-	-	-1.4	-1.4
<i>Re-measurements of put options granted to non-controlling interests</i>	1.7 (b)	-	1.7	-0.9 (b)	-	-0.9
<i>Other adjusting items</i>	2.9 (c)	-48.6 (j)	-45.7	-	-	-
<b>Included in equity accounted result</b>	<b>-0.2 (d)</b>	<b>-</b>	<b>-0.2</b>	<b>-0.8 (d)</b>	<b>-0.8</b>	<b>-1.6</b>
<b>Included in segment result before taxes (PBT)</b>	<b>-10.4</b>	<b>-89.9</b>	<b>-100.3</b>	<b>-</b>	<b>-151.3</b>	<b>-151.3</b>

\* Total of the *adjusting* items at the level of each segment, despite the classification as continuing or discontinued operations. The *adjusting* items presented in the Belron segment should be deducted from this total to reconcile with the Group figures reported in the segment statement of profit or loss.

D'Ieteren Auto

- (a) In the period, other adjusting items in operating result include a charge of EUR 7.2 million in the framework of the “Market Area” project (optimization of the independent dealer network) and EUR 7.6 million of professional fees and transaction bonus related to the project to bring a minority partner in the business (see press releases dated 2 May 2017, 19 November 2017, 28 November 2017 and 7 February 2018). In the prior period, other adjusting items in operating result included a gain of EUR 6.3 million on the sale of buildings previously used for activities, a gain of EUR 3.1 million on the partial release of provisions recognised in December 2015 in relation to the “Emissiongate”, and a charge of EUR 7.7 million in the framework of the “Market Area” project.
- (b) Net finance costs include the re-measurement charge of put options granted to certain non-controlling interests (family holding company of Belron’s CEO) amounting to EUR 1.7 million (EUR -0.9 million in the prior period).
- (c) In the period, other adjusting items in net finance costs include the gain on sale realized following the sale in July 2017 of D'Ieteren Auto's 50% stake in OTA Keys s.a. to Continental AG.
- (d) In the period, the share of the Group in the adjusting items of entities accounted for using the equity method amounts to EUR -0.2 million (EUR -0.8 million in the prior period) and is related to the amortisation of intangible assets with a finite useful life (intangible IT assets recognised in the framework of the contribution to OTA Keys s.a. of development activities around virtual key solutions – amortisation recognized in H1-2017 before the sale) and, in 2016, was also related to the amortisation of intangible assets with a finite useful life (customer contracts recognised in the framework of the contribution of D'Ieteren Lease's operating leases activities to Volkswagen D'Ieteren Finance – fully amortised as at 31 December 2016).

Belron

- (e) Fair value of fuel hedge instruments amounts to EUR 1.6 million (EUR 5.9 million in the prior period) and arises from changes in the “clean” fair value of derivatives. Change in “clean” fair value of derivatives corresponds to the change of “dirty” fair value (i.e. the change of value between the opening and the end of the period) excluding the accrued cash flows of the derivatives that occurred during the period.
- (f) In the framework of recent acquisitions, certain customer contracts were recognised as intangible assets with a finite useful life. In the period, the amortisation amounts to EUR 4.5 million (EUR 9.6 million in the prior period). EUR 2.2 million relates to the US, of which the largest component dates back to the original Safelite acquisition ten years ago and this has now been fully amortized.

- (g) The amortisation of brands with finite useful lives (certain brands are no longer considered to be intangibles with indefinite useful lives since there is now a limit to the period over which these assets are expected to generate cash inflows) amounts to EUR 0.8 million (EUR 1.0 million in the prior period).
- (h) In the period, a total impairment charge of EUR 19.5 million is recognized and comprises:
- An impairment charge of EUR 16 million on the Italian cash-generating unit, fully allocated to the goodwill, following the annual impairment calculation performed on every cash-generating unit.
  - An impairment charge of EUR 3.5 million on capitalised IT software costs in the United States following a decision to terminate a project to develop a new supply chain system.
- (i) In the period, other *adjusting* items of EUR -18.1 million mainly comprise professional fees (EUR -8.1 million) related to the project to bring a minority partner in the business (see press releases dated 2 May 2017, 19 November 2017, 28 November 2017 and 7 February 2018) and provision costs (EUR -11.4 million) for two settled (Brazil and United Kingdom) and one on-going (United States) legal disputes. In the prior period, other *adjusting* items of EUR -11.2 million mainly comprised EUR -11.8 million related to the closure of the Enfield plant in the United States.
- (j) In the period, other *adjusting* items in net finance costs of EUR -48.6 million are accelerated interest, fees and transaction costs related to the refinancing. Belron launched new term loans in Q4 2017 for a total amount of about EUR 1.3 billion. The proceeds were used to refinance the existing US Private Placement (USPP) instruments, reimburse the existing shareholder loans, pay an extraordinary dividend and cover fees and transaction costs.

**Adjusted result before tax, Group's share (adjusted PBT, Group's share)**

EUR million	2017				2016			
	D'Ieteren Auto	Belron	Mole- skine	Total (segment)	D'Ieteren Auto	Belron	Mole- skine	Total (segment)
<b>Segment reported PBT</b>	<b>84.6</b>	<b>62.4</b>	<b>15.2</b>	<b>162.2</b>	<b>81.1</b>	<b>5.3</b>	<b>13.2</b>	<b>99.6</b>
Less: <i>Adjusting</i> items in PBT	10.4	89.9	-	100.3	-	151.3	-	151.3
<b>Segment adjusted PBT</b>	<b>95.0</b>	<b>152.3</b>	<b>15.2</b>	<b>262.5</b>	<b>81.1</b>	<b>156.6</b>	<b>13.2</b>	<b>250.9</b>
Less: Share of the group in tax on <i>adjusted</i> results of equity-accounted investees	3.2	-	-	3.2	3.1	-	-	3.1
Share of non-controlling interests in <i>adjusted</i> PBT	-	-7.8	-	-7.8	-	-8.2	-4.2	-12.4
<b>Segment adjusted PBT, Group's share</b>	<b>98.2</b>	<b>144.5</b>	<b>15.2</b>	<b>257.9</b>	<b>84.2</b>	<b>148.4</b>	<b>9.0</b>	<b>241.6</b>

**Key Performance Indicator (based on *adjusted* PBT, Group's share)**

EUR million	2017				2016			
	D'Ieteren Auto	Belron	Mole- skine	Total (segment)	D'Ieteren Auto	Belron	Mole- skine	Total (segment)
<b>Segment <i>adjusted</i> PBT, Group's share</b>	<b>98.2</b>	<b>144.5</b>	<b>15.2</b>	<b>257.9</b>	<b>84.2</b>	<b>148.4</b>	<b>9.0</b>	<b>241.6</b>
Excluding:								
Depreciation of non-currents assets (Group's Share)	-	-10.0	-	-10.0	-	-	-	-
<b><i>Adjusted</i> PBT, Group's share (key performance indicator)</b>	<b>98.2</b>	<b>134.5</b>	<b>15.2</b>	<b>247.9</b>	<b>84.2</b>	<b>148.4</b>	<b>9.0</b>	<b>241.6</b>

In accordance with the requirements of IFRS 5, the Group has decided not to depreciate the Belron's non-current assets as from the date (28 November 2017) of its classification as held for sale (see press release and consolidated financial statements for more information). The impact in the consolidated income statement is EUR 10.5 million (EUR 10.0 million for the share of the Group) and should be excluded when calculating the FY2017 Key Performance Indicator.

**Net debt**

In order to better reflect its indebtedness, the Group uses the concept of net debt. This non-GAAP measure, i.e. its definition is not addressed by IFRS, is an Alternative Performance Measure ("APM") and is not presented as an alternative to financial measures determined in accordance with IFRS. Net debt is based on loans and borrowings less cash, cash equivalents and non-current and current asset investments. It excludes the fair value of derivative debt instruments. The hedged loans and borrowings (i.e. those that are accounted for in accordance with the hedge accounting rules of IAS 39) are translated at the contractual foreign exchange rates of the related cross currency swaps. The other loans and borrowings are translated at closing foreign exchange rates.

EUR million	31 December 2017				31 December 2016			
	D'Ieteren Auto	Belron	Mole- skine	Total (segment)	D'Ieteren Auto	Belron	Mole- skine	Total (segment)
Non-current loans and borrowings	1.5	1,307.1	130.5	1,439.1	27.5	606.2	126.9	760.6
Current loans and borrowings	0.6	41.2	31.9	73.7	119.8	191.3	47.2	358.3
Inter-segment financing	-152.0	-	152.0	-	-192.8	41.5	151.3	-
<b>Gross debt</b>	<b>-149.9</b>	<b>1,348.3</b>	<b>314.4</b>	<b>1,512.8</b>	<b>-45.5</b>	<b>839.0</b>	<b>325.4</b>	<b>1,118.9</b>
Less: Cash and cash equivalents	-272.4	-76.4	-25.0	-373.8	-4.0	-45.9	-48.3	-98.2
Less: Held-to-maturity investments	-107.1	-	-	-107.1	-	-	-	-
Less: Other non-current receivables	-20.1	-	-	-20.1	-20.0	-	-	-20.0
Less: Other current receivables	-	-	-	-	-2.2	-	-5.0	-7.2
<b>Total net debt</b>	<b>-549.5</b>	<b>1,271.9</b>	<b>289.4</b>	<b>1,011.8</b>	<b>-71.7</b>	<b>793.1</b>	<b>272.1</b>	<b>993.5</b>

The inter-segment loans comprise amounts lent by D'Ieteren Auto segment to the Moleskine segment (non-recourse loan in the framework of the acquisition), at arm's length conditions.

The net cash position of the D'Ieteren Auto segment rose by EUR 477.8 million to EUR 549.5 million. This increase is mainly due to the extraordinary dividend (EUR 429 million) that was received from Belron following the issue of new term loans (see below).

Belron's net financial debt rose from EUR 793.1 million at the end of 2016 to EUR 1,271.9 million at the end of 2017. Belron refinancing was completed in November 2017 with the launch of a 7-year Term Loan B facility of USD 1,025 million and EUR 425 million with a 6-year revolving credit facility of EUR 280 million in place. The proceeds of the Term Loan B were used to refinance the US Private Placement (USPP) instruments, reimburse the shareholder loans, pay an extraordinary dividend (approximately EUR453 million) to its shareholders and cover fees and transaction costs related to the refinancing.

**Auditor's Report**

*“The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d’Entreprises, represented by Alexis Palm, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company’s annual announcement.”*

**Forward looking statements**

*This document 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 21% and 1.2 million vehicles on the road at the end of 2017. Sales and adjusted operating result reached respectively EUR 3.3 billion and EUR 85.9 million in FY 2017.
- **Belron** (54.85% 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 3.5 billion and EUR 189.8 million in FY 2017.
- **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 more than 115 countries. Sales and operating result reached respectively EUR 155 million and EUR 25 million in FY 2017.

## 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	
7 February 2018	Closing of CD&R's partnership investment in Belron	31 May 2018	General Meeting & trading update
21 December 2017	Belron enters an agreement to acquire Laser Group	30 August 2018	H1 2018 results
12 December 2017	Investor Day and Trading Update		
28 November 2017	D'Ieteren and CD&R have signed a definitive agreement regarding a partnership investment in Belron		
19 November 2017	D'Ieteren and Clayton, Dubilier & Rice Enter Exclusive Discussions Regarding Partnership Investment in Belron		

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The D'Ieteren app is available on:



App Store



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