

s.a. D'leteren n.v.

2018 Half-Yearly Financial Report

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Declaration by Responsible Persons

Statement on the true and fair view of the condensed consolidated interim financial statements and the fair overview of the management report

Nicolas D'leteren, Chairman of the Board, and Axel Miller, Managing Director, certify, on behalf and for the account of s.a. D'leteren n.v., that, to the best of their knowledge, these condensed consolidated interim financial statements which have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of s.a. D'leteren n.v. and the entities included in the consolidation as a whole, and the interim management report includes a fair overview of the development and performance of the business and the position of s.a. D'leteren n.v., and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

Interim management report

In the past, the D'leteren Auto reportable operating segment included the automobile distribution activities combined with the Group's corporate and real estate activities. From the publication of the 2018 half-year results onwards, the results of the D'leteren Auto segment only comprise the automobile distribution activities; the results of the corporate and real estate activities being presented together in a new separate operating segment "Other". The segment statement of profit or loss for the 6-month period ended 30 June 2017 has been restated accordingly to reflect this new presentation.

The transaction whereby CD&R has acquired a 40% stake in Belron closed on 7 February 2018. As from that date, Belron's results are included under equity-accounting method, following the loss of exclusive control. In accordance with the requirements of IFRS 5 "Non-Current Assets Classified as Held for Sale and Discontinued Operations", Belron's results are presented under discontinued operations (94.85% stake) between 1 January 2018 and 7 February 2018 and during H1 2017.

D'leteren's average stake in Belron equalled 64.68% in H1 2018. D'leteren's stake equalled 94.85% between 1 January and 7 February and declined to 54.85% following the transaction with CD&R on 7 February. On 15 June, Belron implemented an equity-based Management Reward Plan which led to a further reduction of D'leteren's stake to 54.11% from that date onwards.

H1 2018 was a very positive semester for D'leteren. Its three activities realised solid sales growth and D'leteren group's key performance indicator (KPI) – the *adjusted* consolidated result before tax, group's share¹ – of EUR 154.9 million increased by 17.8% assuming a 64.68% stake in Belron in H1 2017.

- **D'leteren Auto**²'s solid sales evolution (+9.4%) was underpinned by a positive model mix effect and an increasing share in a rising market. The *adjusted* result before tax, group's share^{1,2} improved by 31.1% reflecting the strong sales growth and operating leverage.
- **Belron's** activities posted strong organic sales growth⁶ (+11.2%) both in Europe and outside Europe. On a comparable basis⁷, the *adjusted* operating result¹ improved by 17.9%. The 5.7% rise in the *adjusted* result before tax, group's share¹ reflects improved operating results in the majority of countries partly offset by higher financial costs following the refinancing of Belron in Q4 2017.
- **Moleskine's** sales rose by 18.7% at constant exchange rates. This organic growth⁶ was supported in particular by strong sales in EMEA and the Americas, the B2B segment, and the Bags and Moleskine+ categories. EBITDA⁵ improved, reflecting profitable growth. After taking into account a EUR 1.5 million charge related to the long-term incentive program, costs related to the change of business model in Japan and strategic development initiatives, the operating result reached EUR 5.2 million (EUR 6.1 million in H1 2017). The *adjusted* result before tax, group's share¹ reached EUR 0.4 million (EUR 1.0 million in H1 2017).
- **Other** (including corporate and real estate activities) reported an *adjusted* result before tax, group's share¹ of EUR -3.6 million in H1 2018 compared to EUR -2.2 million in H1 2017.

D'leteren has previously communicated that it aims for a mid-to-high single digit improvement for its *adjusted* consolidated result before tax, group's share¹ in FY 2018. Following the encouraging H1 2018 results, D'leteren now anticipates 10-15% growth. This guidance assumes an average USD/EUR rate of 1.18 and a rebase of the weighted average stake in Belron in FY 2017 as it is expected to be in FY 2018 at 57.78%.

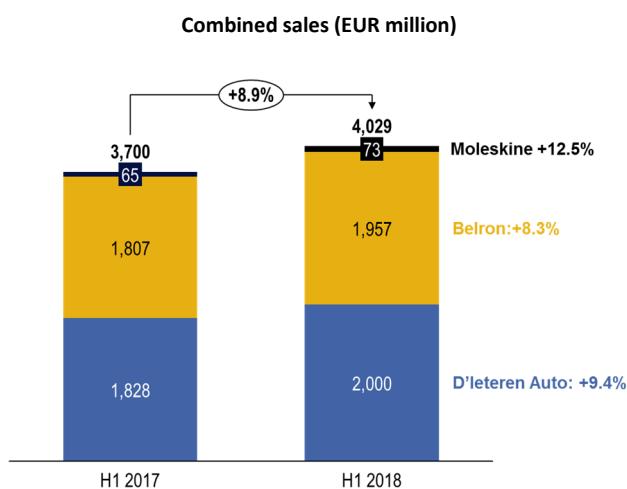
Group Summary

A. SALES

Consolidated sales under IFRS amounted to **EUR 2,072.2 million (+9.5%)**. This figure excludes Belron. **Combined sales** (including 100% of Belron) amounted to **EUR 4,029.4 million (+8.9% compared to H1 2017)**.

Combined sales are broken down as follows:

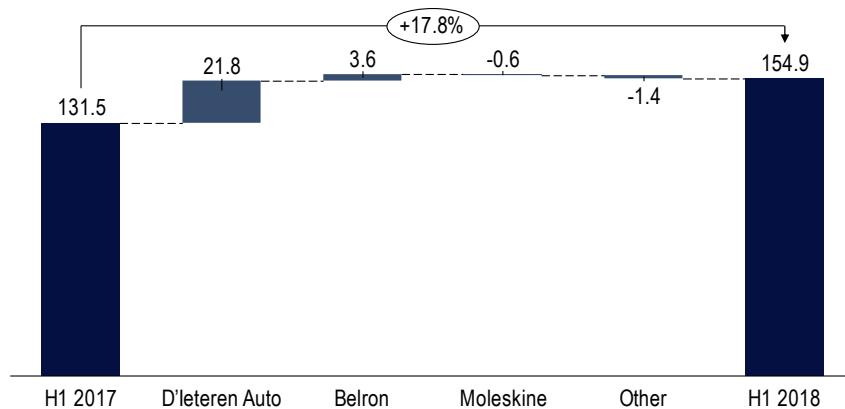
- **D'leteren Auto**: EUR 1,999.5 million, **+9.4%** year-on-year on the back of a higher market share in a growing market and a positive model mix effect. Excluding registrations of less than 30 days³, Belgian new car registrations rose by 2.6% year-on-year and D'leteren Auto's market share² reached 21.95% (+91bps). The total number of vehicles, including commercial vehicles, delivered by D'leteren Auto rose by 1.7% to 73,178 units in H1 2018.
- **Belron**: EUR 1,957.2 million, **+8.3%** comprising an 11.2% organic increase⁶ and 2.2% growth from acquisitions partially offset by a negative currency translation impact of 5.1%. The sales momentum was strong both in Europe and outside Europe.
- **Moleskine**: EUR 72.7 million, **+12.5%** or by 18.7% at constant exchange rates. This organic growth⁶ was supported in particular by strong sales in EMEA and the Americas, the B2B segment, and the Bags and Moleskine+ categories.



B. RESULTS

- The **consolidated result before tax (under IFRS)** reached EUR 96.8 million (EUR 62.7 million in H1 2017) (see page 15 of this press release for further details).
- Our key performance indicator – the **adjusted consolidated result before tax, group's share¹** – amounted to EUR 154.9 million, up 17.8% on a comparable basis (64.68% stake in Belron). It breaks down as follows:
 - **D'leteren Auto²**: EUR 91.8 million, +31.1% year-on-year, reflecting the combined effect of solid sales growth, a positive model mix effect and operating leverage.
 - **Belron**: EUR 66.3 million, up 5.7% year-on-year reflecting strong *adjusted* operating profit¹ growth partially offset by higher net financial charges following Belron's refinancing in Q4 2017.
 - **Moleskine**: after taking into account a EUR 1.5m charge related to the quarterly provisioning of the long-term incentive program, costs related to the change of business model in Japan and strategic development initiatives, the operating result reached EUR 5.2 million in H1 2018 (EUR 6.1 million in H1 2017). The *adjusted* result before tax¹ equalled EUR 0.4 million (EUR 1.0 million in H1 2017).
 - **Other (including corporate and real estate activities)**: EUR -3.6 million compared to EUR -2.2 million in H1 2017.

Segment contribution to the increase in *adjusted PBT, g.s.*¹ (EUR million)



- The group's share in the net result for the period equalled EUR 1,082.4 million (EUR 77.0 million in H1 2017). The H1 2018 figure includes the consolidation gain associated with the loss of control on the sale of a 40% stake in Belron to CD&R. The *adjusted* net profit, group's share¹, reached EUR 121.9 million, down 6.4% year-on-year. The decline is due to a higher net tax charge at D'leteren Auto and Belron and the lower stake in Belron.

1. D'leteren Auto

- Excluding registrations of less than 30 days³, the Belgian market increased by 2.6% year-on-year and D'leteren Auto's share reached 21.95% in H1 2018 (21.04% in H1 2017).
- New vehicle sales rose by 10.0% to EUR 1,781.7 million reflecting a higher market share in a growing market and a positive model mix effect. Total sales rose by 9.4% to EUR 1,999.5 million.
- The operating result of D'leteren Auto² reached EUR 83.7 million (EUR 64.6 million in H1 2017):
 - The *adjusted* operating result^{1,2} increased by 29.4% to EUR 88.1 million. The strong performance mainly reflects higher volumes, a positive model mix effect and operating leverage.
 - The *adjusting* items^{1,2} comprised in the operating result (EUR -4.4 million) relate to the implementation of the Market Area strategy.
- The result before tax² rose by 36.8% to EUR 89.2 million.
- The *adjusted* result before tax, group's share^{1,2}, reached EUR 91.8 million (EUR 70.0 million in H1 2017), up 31.1%.
- The Belgian car market is expected to decline slightly in H2 2018 due to longer delivery lead times following the introduction of WLTP as from 1 September 2018.
- The *adjusted* result before tax, group's share^{1,2}, is expected to improve by about 15% (previous guidance: "improve slightly") in FY 2018.

€m	H1 2017			H1 2018		
	Total IFRS	APM (non-GAAP measures) ¹		Total IFRS	APM (non-GAAP measures) ¹	
		Adjusting items	Adjusted items		Adjusted items	Adjusting items
New vehicles delivered (in units)	71,987	-	-	-	-	-
External sales	1,828.1	-	1,828.1	73,178	-	1.7%
Operating result	64.6	-3.5	68.1	1,999.5	-	9.4%
Net finance costs	-1.1	-	-1.1	88.1	-4.4	29.6%
Result before tax (PBT)	65.2	-3.6	68.8	-0.9	0.5	-0.4
Adjusted PBT, group's share ¹	-	-	70.0	90.1	-0.9	36.8%
				91.8	-	-

1.1. Activities, sales and results

Market, share and deliveries

Excluding registrations of less than 30 days³, the number of new car registrations in Belgium increased by 2.6% year-on-year to 323,025 units. Including these registrations, the Belgian market totalled 331,369 new car registrations, up 2.8% year-on-year. The share of diesel cars continued to decline (36% in H1 2018 compared to 47% in H1 2017). The share of new energy engines (electric, hybrid, CNG and LPG) rose from 5% in H1 2017 to 6% in H1 2018. Growth in new car registrations was mainly driven by the individual customer market. Demand was stable in the business segment. SUV's remained popular. Their share rose from 30% in H1 2017 to 37% in H1 2018 on the back of strong demand for small and medium sized SUV models.

The successful Brussels Motor Show that took place in January resulted in a well-filled orderbook for D'leteren. Excluding registrations of less than 30 days³, the market share of the brands distributed by D'leteren Auto reached 21.95% in H1 2018 (vs 21.04% in H1 2017). Including these registrations, the market share equalled 21.51% (vs 20.70% in H1 2017).

Volkswagen reinforced its leadership position with a market share³ of 10.30% (+92 bps year-on-year) thanks to higher demand for the Tiguan (5th most popular car in Belgium), the T-Roc and the Arteon. The Volkswagen Golf remained the most popular car on the Belgian market. Audi's market share³ reached 5.66% (-38bps) supported by higher A5 and Q5 volumes. SEAT's share³ improved by 59bps to 1.95% thanks to the success of the Arona and Ateca. Škoda's share³ declined slightly (-23bps to 3.41%) with good volumes in its popular SUV models (Karoq and Kodiaq). Škoda's lower market share reflects production delays and lower demand for the Octavia and Superb models. Porsche's stable market share³ (0.62%) reflects higher registrations of the 911 and Panamera.

Net figures ³	HY 2017	FY 2017	HY 2018
New car market (in units)	314,890	533,385	323,025
% change yoy	5.1%	2.7%	2.6%
Total market share new cars	21.04%	21.29%	21.95%
Volkswagen	9.38%	9.42%	10.30%
Audi	6.04%	6.22%	5.66%
Škoda	3.64%	3.60%	3.41%
Seat	1.36%	1.40%	1.95%
Porsche	0.61%	0.64%	0.62%
Bentley/Lamborghini	0.02%	0.02%	0.01%
Market share light commercial vehicles (gross figures)	11.02%	10.69%	10.35%

Registrations of new light commercial vehicles (0 to 6 tonnes) fell marginally (-1.1%) to 42,902 units. D'leteren Auto's market share declined by 67bps to 10.35% due to a temporary suspension of deliveries of T6 passenger vans at the beginning of the year.

The total number of new vehicles, including commercial vehicles, delivered by D'leteren Auto in H1 2018 reached 73,178 units (+1.7% compared to H1 2017).

Sales

D'leteren Auto's sales increased by 9.4% to EUR 1,999.5 million in H1 2018 reflecting higher volumes and a positive model mix (more SUV's) effect. New vehicle sales increased by 10.0% to EUR 1,781.7 million. The sale of spare parts and accessories reached EUR 98.5 million (+4.0% year-on-year). Revenues from after-sales activities of the corporately-owned dealerships increased by 20.1% to EUR 52.0 million. This strong rise is partly due to a perimeter effect following the inclusion of Rietje. At constant perimeter, these revenues increased by 13.4%. Used vehicle sales amounted to EUR 36.7 million (+2.8%). D'leteren Sport's sales, which are mainly comprised of Yamaha motorbikes, quads and scooters, increased by 7.7% to EUR 19.5 million.

Rietje, the latest acquisition on the Antwerp-Brussels axis, was included in D'leteren Auto's accounts as from 1 January 2018. The acquisition, which included Volkswagen (cars and commercial vehicles), Audi and Škoda dealerships and a multi-brand body shop in the northern Antwerp region, had a positive impact of EUR 9.1 million on consolidated sales (after elimination of intracompany sales) in H1 2018.

Results (excluding Corporate, D'leteren Immo and Gallery)

The operating result² reached EUR 83.7 million (EUR 64.6 million in H1 2017). The *adjusted* operating result^{1,2} increased by 29.4% to EUR 88.1 million due to higher volumes and the positive model mix effect. Inventory write-downs declined due to the transfer of buy-back agreements with rental car companies mostly to VDFin. Overhead costs were under control following the implementation of efficiency programs. The *adjusting* items¹ (EUR -4.4 million) are related to the implementation of the Market Area strategy.

Net financial expenses equalled EUR 0.4 million in H1 2018 (EUR 1.1 million in H1 2017). Note that D'leteren group's treasury activities are no longer included under the D'leteren Auto reporting segment. Excluding *adjusting* items¹, *adjusted* net financial expenses¹ reached EUR 0.9 million in H1 2018.

The result before tax² reached EUR 89.2 million (+36.8%) or EUR 90.1 million (+31.0%) excluding *adjusting* items¹. The *adjusted* result before tax, group's share^{1,2}, rose by 31.1% to EUR 91.8 million. The contribution of the equity accounted entities to the *adjusted* result before tax, group's share^{1,2}, amounted to EUR 4.6 million (EUR 3.0 million in H1 2017).

Income tax expenses reached EUR 28.9 million (EUR 7.5 million in H1 2017). *Adjusted* tax expenses¹ equalled EUR 30.4 million (compared to EUR 9.3 million in H1 2017). The rise in tax expenses is due to higher profits and a lower level of tax credits. Note: the Belgian corporate tax rate which fell from 33.99% in 2017 to 29.58% in 2018 will decrease to 25% from 2020 onwards.

The result after tax, group's share, amounted to EUR 60.3 million (EUR 57.7 million in H1 2017). The *adjusted* result after tax, group's share^{1,2}, was almost flat at EUR 59.7 million reflecting a significantly higher result before tax that was offset by higher tax expenses.

1.2. Net cash and cash flow

D'Ieteren Auto's net cash position reached EUR 3.5 million at the end of June 2018. This figure excludes the net cash balance of the group's treasury activities (see page 19 of this press release for more details).

The free cash flow (after tax) reached EUR 24.9 million in H1 2018 compared to EUR 102.0 million in H1 2017. The improved *adjusted* EBITDA^{1,5} (EUR 91.7 million in H1 2018 versus EUR 71.3 million in H1 2017) was more than offset by higher working capital needs, higher capex and higher taxes paid.

1.3. Key developments

D'Ieteren Auto launched Wondercar, a bodywork franchise network. A new state-of-the-art body shop was opened in Drogenbos (Brussels region). It will replace the existing body shops of Ixelles and Brussels Centre.

A new visual identity was launched for My Way, the used vehicle network. This is in line with D'Ieteren Auto's strategy to increase its market share and brand awareness in the used vehicle market.

D'Ieteren Auto is conducting negotiations related to the acquisition of dealerships in the Brussels region. This is in line with the Market Area strategy which aims at a coherent approach, leadership and operational excellence in each of the 25 Market Areas. D'Ieteren plays the role of Market Leader in Brussels, Antwerp and Mechelen.

D'Ieteren Auto acquired the Audi and Bentley dealership in Knokke in order to fully develop these premium and luxury brands in a town with exclusive standing.

D'Ieteren Auto is accelerating its digital transformation and adapting its marketing approach accordingly. It is investing in digital and mobile platforms and reinforcing its internal organisation. The goal is to develop an in-depth knowhow in digital processes and data management in order to personalize and optimize the customer experience.

1.4. Activity outlook 2018

The Belgian new car market, excluding registrations of less than 30 days³, should be slightly down (y/y) in H2 2018 because of the introduction of WLTP as from 1 September 2018. All car model variants need to be tested and certified in accordance with this new method. This will likely slow down the sales of the model variations for which the new homologation is not yet completed. We also expect longer delivery lead times for several popular models, and it may reduce the number of model variations in production in the short term.

At the end of July, D'Ieteren Auto's order book was 20% and 24% higher compared to the end of July 2017 and to the end of July 2016. Note that 2016 and 2018 were both "major" Brussels Motor Show edition years. The orderbook reflects the success of the new SUV's and delivery delays.

The attractive pipeline of H2 2018 includes the launch of the Audi Q8 and e-tron. The following models will be replaced: Audi Q3, A6 and A1, the Porsche 911 and the SEAT Ibiza. The Audi TT, Škoda Fabia and Porsche Macan will receive a facelift.

The *adjusted* result before tax, group's share^{1,2}, is expected to improve by about 15% (previous guidance: "improve slightly") in FY 2018.

2. Belron

At Belron's level (at 100%):

- External sales (EUR 1,957.2 million) rose by 8.3% in H1 2018, comprising 11.2% organic growth⁶, 2.2% growth from acquisitions partially offset by a negative currency translation effect of 5.1%. Belron served 9.25 million consumers (of which 6.84 million in Vehicle Glass Repair and Replacement), an increase of 11% compared to H1 2017.
- The operating result reached EUR 106.9 million (EUR 72.6 million in H1 2017):
 - The *adjusted* operating result¹ rose by 26.8% to EUR 146.0 million or by 17.9% on a comparable basis (after having applied a EUR 10.3 million depreciation charge in H1 2018) (see details on the following page).
 - Adjusting items* amounted to EUR -39.1 million compared to EUR -42.5 million in H1 2017.

At the level of the reporting segment of Belron in D'Ieteren's consolidated accounts:

- The result before tax totalled EUR 1,066.2 million (EUR 54.5 million in H1 2017). The H1 2018 figure includes the consolidated gain on the disposal of the 40% stake in Belron.
- The *adjusted* result before tax, group's share¹, reached EUR 66.3 million compared to EUR 62.7 million (restated to reflect the same weighted average stake of 64.68% as in H1 2018). The EUR 3.6 million rise reflects a strong improvement in the underlying operating performance that was partly offset by significantly higher financial charges following the refinancing of Q4 2017.
- Whereas previously Belron aimed at moderate organic sales growth in FY 2018, it now expects close to 10% growth. The *adjusted* result before tax, group share¹ should improve by about 15% (previous guidance: 'high single digits') in FY 2018. The revised guidance assumes an average USD/EUR rate of 1.18. The guidance is based on the same stake (57.78%) in Belron in FY 2017 as in FY 2018.

€m	H1 2017			H1 2018		
	Total IFRS	APM (non-GAAP measures) ¹		Total IFRS	APM (non-GAAP measures) ¹	
		Adjusting items	Adjusted items		Adjusted items	Adjusting items
Number of consumers (million)	8.3	-	-	-	-	-
External sales	1,806.8	-	1,806.8	9.2	-	11.3%
Operating result	72.6	-42.5	115.1	1,957.2	-	8.3%
Net finance costs	-18.1	-	-18.1	146.0	-39.1	47.2%
Result before tax (PBT)	54.5	-42.5	97.0	-28.4	987.7	-
				117.6	948.6	1,066.2
Adjusted PBT, group's share ¹ (@ 64.68%)	-	-	62.7	66.3	-	1856.3%

2.1. Sales and results

Sales

Belron's sales reached EUR 1,957.2 million during H1 2018, a year-on-year increase of 8.3%, comprising a 11.2% organic increase⁶ and 2.2% growth from acquisitions offset by a negative currency translation impact of 5.1%.

The total number of consumers served reached 9.25 million, an increase of 11% compared to H1 2017. The core VGRR business showed strong growth with 6.84 million consumers served compared to 6.34 million in H1 2017. This positive trend was partially due to favourable winter conditions in both Europe and North America but also reflects share gains on both continents. Belron continued to expand its claims management activities with 2.16 million consumers served in H1 2018 (1.89 million in H1 2017). The rise in ADRR and HDRR consumers reflects acquisitions which are in line with Belron's service extension strategy.

Consumers (million)	HY 2017	HY 2018
Vehicle Glass Repair and Replacement (VGRR)	6.34	6.84
Claims Management	1.89	2.16
Automotive Damage Repair and Replacement (ADRR)	0.05	0.08
Home Damage Repair and Replacement (HDRR)	0.03	0.17
Total	8.31	9.25

In Europe (48 % of total), sales increased by 13.7%, consisting of 10.2% organic growth⁶ and 4.4% from acquisitions partially offset by a negative currency translation effect of 0.9%. The European organic sales growth⁶ was particularly strong in France, Spain and the UK. The acquired growth mainly relates to the acquisitions of CARé Carrosserie (ADRR) in Belgium and Maisoning (HDDR) in France which were completed in March 2017 and October 2017 respectively. The translation impact is primarily due to the weaker GBP.

Outside of Europe, sales increased by 3.6% consisting of 11.8% organic growth⁶ and 0.4% from acquisitions offset by a negative currency impact of 8.6%. The USA continues to increase its market share and delivered record sales in H1 2018. The acquired growth primarily relates to the completion of the Laser Group (HDDR) acquisition in Australia and New Zealand in March 2018. The translation impact is due to the weakening of the USD.

Results

The operating result rose by 47.2% to EUR 106.9 million. The *adjusted* operating result¹ improved by +26.8% to EUR 146.0 million reflecting solid improvements both in Europe and outside Europe. Note that 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 1 January 2018 and 7 February 2018, which had a positive impact of EUR 10.3 million (at 100%) on Belron's (*adjusted*¹) operating result in H1 2018. If one takes into account the EUR 10.3 million depreciation charge, the *adjusted* operating result¹ increased by 17.9% or by EUR 20.6 million to EUR 135.7 million. The US was the main contributor to this improvement, followed by the UK, France, Germany and Spain.

Charges related to the legacy long-term management incentive programme (3-year rolling plans launched in 2016 and 2017) are included in the operating result and equalled EUR 14.2 million (H1 2017: EUR 13.3 million). The programme has been replaced by an equity-based reward plan or Management Reward Plan (MRP) in June 2018.

Adjusting items¹ at the level of the operating result totalling EUR -39.1 million comprise:

- A transaction bonus related to the disposal of a 40% stake in Belron to CD&R (EUR -33.1 million);
- Remaining professional fees related to the above-mentioned transaction and MRP (EUR -1.8 million);
- Amortisation of brands (EUR -1.2 million) and customer contracts (EUR -2.7 million);
- Gains on US fuel hedges (EUR 0.6 million);
- Other (EUR -0.9 million).

Net financial income (EUR 959.3 million) included the consolidated gain (EUR 987.7 million) on the disposal of the 40% stake in Belron. The *adjusted* net financial expenses¹ rose from EUR 18.1 million in H1 2017 to EUR 28.4 million in H1 2018. The increase is due to the refinancing of Belron in Q4 2017.

The result before tax reached EUR 1,066.2 million in H1 2018 (EUR 54.5 million in H1 2017). *Adjusted* income tax expenses¹ equalled EUR 28.7 million (EUR 23.2 million in H1 2017).

The *adjusted* result before tax, group's share¹ increased by 5.7% to EUR 66.3 million on a comparable basis (assuming 64.68% stake in H1 2017 and in H1 2018).

The result after tax, group's share, rose from EUR 19.8 million in H1 2017 to EUR 1,023.6 million in H1 2018. The *adjusted* result after tax¹, group's share, declined from EUR 70.0 million to EUR 54.0 million (-22.9%). These results are based on a weighted average stake of 64.68% in H1 2018 versus 94.85% in H1 2017. On a comparable basis (64.68% stake in Belron in H1 2017 and H1 2018), the *adjusted* result after tax¹, group's share, improved from EUR 47.7 million to EUR 54.0 million.

2.2. Net debt and cash flow

Belron's net financial debt⁴ reached EUR 1,264.1 million (100%) at the end of June 2018. This compares with EUR 853.4 million at the end of June 2017 and EUR 1,271.9 million at the end of 2017. See page 19 for more details. The senior secured net leverage ratio reached 3.57.

The free cash flow (after tax) amounted to EUR 103.5 million in H1 2018 compared to EUR -15.0 million in H1 2017. The swing is mainly due to a higher *adjusted* EBITDA^{1,5}, (EUR 22.1 million improvement), lower capex (EUR 57.5 million compared to EUR 106.9 million) and a positive cash inflow impact from working capital changes (EUR 2.6 million) in H1 2018 compared to a cash outflow of EUR 61.3 million in H1 2017. These positive factors were partially offset by higher net interest and tax payments.

2.3. Key developments

The new European distribution centre in Bilzen (Belgium) which opened in June 2018 is already fully operational. It consolidates the three sites previously used in Belgium to become Belron's largest distribution centre.

Belron continued to make good progress on its service extension ambition and integrated the businesses that were acquired in 2017. They include:

- CARe Carrosserie, a specialist in automotive damage repair in Belgium;
- Eurocar Point, a franchise network of 250 body shops in Italy;
- Maisoning, a home repair business in France.

In March 2018, Belron completed the acquisition of the Laser Group, a HDRR franchise operation, in Australia and New Zealand.

A new Management Reward Plan (MRP) involving about 250 key employees was put in place on 15 June 2018. The participants of the MRP acquired equity instruments in Belron Group SA for a total amount of EUR 21.5 million. Part of the issued equity consists of "ratchet shares" which will allow management to enjoy additional returns if certain performance hurdles are satisfied at exit.

2.4. Activity outlook 2018

Whereas previously Belron aimed at moderate organic sales growth in FY 2018, it now expects close to 10% growth.

Belron's contribution to D'leteren's *adjusted* result before tax, group's share¹, will reflect D'leteren's 94.85% ownership interest between 1 January and 7 February, 54.85% between 7 February and 15 June and 54.11% from 15 June onwards. The evolution in D'leteren's stake reflects the disposal of a 40% stake to CD&R and the implementation of Belron's MRP (see above). The revised guidance assumes an average ownership interest of 57.78% in FY 2018.

On a comparable basis (57.78% in 2018 and 2017), Belron's *adjusted* result before tax, group's share¹ is expected to rise by about 15% (previous guidance: "high single digit growth") in FY 2018. The revised guidance assumes an average USD/EUR rate of 1.18 in 2018. The guidance is based on the same stake (57.78%) in Belron in FY 2017 as in FY 2018. Note that in H2 2018, there will still be charges related to the long-term management incentive programmes which were launched in 2016 and 2017. In 2019 these charges will be limited to the programme that started in 2017.

3. Moleskine

- **Revenues rose by 12.5% to EUR 72.7 million in H1 2018 or by 18.7% at constant exchange rates. This organic growth was supported in particular by strong sales in EMEA and the Americas, the B2B segment, and the Bags and Moleskine+ categories.**
- **EBITDA improved, reflecting profitable growth. After taking into account a EUR 1.5m charge related to the quarterly provisioning of the long-term incentive program, costs related to the change of business model in Japan and strategic development initiatives, the operating result reached EUR 5.2 million in H1 2018 (EUR 6.1 million in H1 2017).**
- **The result before tax reached EUR 0.3 million (EUR 1.0 million in H1 2017).**
- **Adjusted result before tax, group's share¹ reached EUR 0.4 million (EUR 1.0 million in H1 2017)**
- **Unchanged FY 2018 outlook: Moleskine aims at double-digit growth at constant exchange rates for its sales and *adjusted*¹ profit before tax, underpinned by continued sales growth across the regions and improved profit fall-through.**

€m	H1 2017		H1 2018		% change total	
	Total IFRS	APM (non-GAAP measures) ¹	Adjusted items	Adjusted items		
		Adjusting items				
External sales	64.6	-	64.6		12.5%	
Operating result	6.1	-	6.1		-14.8%	
Net finance costs	-5.1	-	-5.1		-5.9%	
Result before tax (PBT)	1.0	-	1.0		-60.0%	
Adjusted PBT, group's share ¹	-	-	1.0		-60.0%	
					-	
					-	

3.1. Sales and results

Sales

Moleskine's sales increased by 12.5% to EUR 72.7 million in H1 2018 or by 18.7% at constant exchange rates. The negative currency effect mainly reflects the weaker USD and HKD. Sales growth, entirely organic⁶, reflects in particular strong sales in EMEA and the Americas, the B2B segment, the Moleskine+ and the bags and small leather goods categories.

Sales growth at constant exchange rates:

- **EMEA:** up 26% with growth across the main channels
- **Americas:** 19% growth (in B2B, Wholesale and Retail)
- **APAC:** -1% with strong B2B and e-commerce sales growth and lighter Wholesale performance driven by the change in business model in Japan and differences in phasing in Australia, China and the Philippines.

Moleskine realized sales growth at constant exchange rates in most of its distribution channels:

- **Wholesale** revenues rose by 6.0% reflecting solid growth in EMEA and the Americas partially offset by lower revenues in APAC.
- **B2B** revenues rose by 82.8% with large projects contributing to the strong performance across all geographies and benefitting from delayed 2017 leads and projects.
- **Retail** sales were up 8.5% driven by moderate network expansion (80 directly operated stores at the end of H1 2018 compared to 78 at the end of H1 2017) and positive like-for-like store sales growth (+3%). 10 stores were closed and 3 were opened during H1 2018. The implementation of retail excellence initiatives across the network continued to be a focus.
- **E-Commerce's** stable revenues reflect growth in Q2 following a drop in Q1 when sales were impacted by some logistics issues linked to the migration to a new platform. The recent launch of the Pen+ Ellipse is expected to contribute to growth in H2 2018.

Results

The operating result reached EUR 5.2 million in H1 2018 compared to EUR 6.1 million in H1 2017 reflecting:

- A EUR 1.5 million charge related to the long-term incentive program. Note: the charge for the full year 2017 (EUR 2.5 million) was booked in Q4 2017. Going forward, charges related to the long-term incentive program will be booked (accrued or reversed) on a quarterly basis.
- Termination and hiring costs related to the change of distribution model in Japan.
- Strategic initiatives for future growth (e.g. digital innovation, HR development initiatives).
- The headcount increased from 459 FTE at the end of H1 2017 and 468 at the end of 2017 to 480 at the end of H1 2018 as the company strengthened its organization.

Net financial charges decreased from EUR 5.1 million to EUR 4.9 million. The result before tax amounted to EUR 0.3 million (EUR 1.0 million in H1 2017) and the *adjusted* result before tax, group's share¹ reached EUR 0.4 million (EUR 1.0 million in H1 2017). The *adjusting* item¹ (EUR -0.1million) relates to a fair value loss on derivatives.

Income tax revenues rose from EUR 0.6 million to EUR 6.6 million due to the Patent Box benefit. On 22 June 2018, the Italian Fiscal Authority and Moleskine signed an agreement in which they defined the calculation methodology to determine the taxation benefit under the Patent Box regime which allows reduced taxation on income derived from the use of intellectual property. The balance sheet as per 30 June 2018 includes a tax receivable of EUR 6.5 million related to the period 2015-2017.

The result after tax reached EUR 6.9 million (EUR 1.6 million in H1 2017).

3.2. Net debt and free cash flow

Moleskine's net debt reached EUR 296.5 million (of which EUR 153.6 million intra-group borrowing) at the end of June 2018 compared to EUR 301.4 million at the end of June 2017 and EUR 289.4 million at December 2017.

Free cash flow after tax amounted to EUR -4.2 million in H1 2018 compared to EUR -11.1 million in H1 2017. The evolution is mainly due to a higher EBITDA, a lower cash outflow related to working capital needs (EUR -10.0 million in H1 2018 compared to EUR -13.8 million in H1 2017) and less capex.

3.3. Key developments

Over the last two years, Moleskine has developed the Smart Writing System and in February 2018 Moleskine launched a new Smart pen called Pen+ Ellipse which instantly transfers all hand-written content such as drawings, ideas and appointments to a compatible digital device of choice.

In June Moleskine presented three bag collections at the Pitti trade fair: a revisit of the Classic backpack with innovative materials, a leather collection (Classic Match) targeting professionals on the move and a feather-light collection (Metro) designed for contemporary urban life.

3.4. Outlook for 2018

Unchanged guidance for FY 2018: Moleskine aims at double-digit growth at constant exchange rates for its sales and *adjusted*¹ profit before tax, underpinned by continued sales growth across the regions and improved profit fall through. Sales should continue to benefit from a solid pipeline of B2B projects. Note that Moleskine's sales are concentrated in Q4 ahead of the Christmas period.

4. Other

The reportable operating segment "Other" mainly includes the corporate and real estate activities. The following table summarizes the contribution of this segment to the group's consolidated results. The *adjusted* operating loss reached EUR -5.7 million in H1 2018 compared to EUR -5.0 million in H1 2017. The EUR -0.7 million change reflects a reversal of accruals in H1 2017 and no invoicing of management fees in H1 2018.

The EUR -11.3 million *adjusting* item¹ is related to the remaining professional fees in the framework of the finalisation of the disposal of a 40% stake in Belron.

Adjusted result before tax, group's share¹ reached EUR -3.6 million (EUR -2.2 million in H1 2017). The H1 2017 result included interest income of EUR 0.5 million related to a loan to Belron. This loan was reimbursed by Belron following the refinancing in Q4 2017. In H1 2018 "Other" included costs related to the search for new board members.

The significant increase in the net cash position (from EUR 171.1 million at 30 June 2017 to EUR 953.9 million at the end of June 2018) is primarily the result of the consideration received from CD&R following the disposal of the 40% stake in Belron (EUR 628.7 million), the extraordinary dividend (EUR 429 million) received from Belron in H2 2017 partially offset by the payment in June 2018 of the aggregate dividend to shareholders (EUR 208.4 million). The loan to Moleskine amounted to EUR 153.6 million at the end of H1 2018.

€m	H1 2017			H1 2018			% change total	
	Total IFRS	APM (non-GAAP measures) ¹		Total IFRS	APM (non-GAAP measures) ¹			
		Adjusting items	Adjusted items		Adjusted items	Adjusting items		
External sales	-	-	-	-	-	-	-	
Operating result	-5.0	-	-5.0	-5.7	-11.3	-17.0	240.0%	
Net finance costs	1.5	-1.3	2.8	2.1	-	2.1	40.0%	
Result before tax (PBT)	-3.5	-1.3	-2.2	-3.6	-11.3	-14.9	325.7%	
Adjusted PBT, group's share ¹		-	-2.2	-3.6	-	-	-	

Notes

¹ In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, D'leteren uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definitions are not addressed by IFRS. D'leteren 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 13 for the definition of these performance indicators.

² In the past, the D'leteren Auto reportable operating segment included the automobile distribution activities as well as the Group's corporate and real estate activities. From the publication of the H1 2018 results onwards, the results of the D'leteren Auto segment will only comprise the automobile distribution activities, hereby improving the transparency of the financial reporting.

³ 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.

⁴ The net financial debt is not an IFRS indicator. D'leteren 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 19.

⁵ EBITDA is not an IFRS indicator. This APM (non-GAAP indicator) is defined as earnings before interest, taxes, depreciation and amortization. Since the method for calculating the EBITDA is not governed by IFRSs, the method applied by the Group may not be the same as that adopted by others and therefore may not be comparable.

⁶ "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.

⁷ 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'leteren 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 1 January 2018 and 7 February 2018, which had a positive impact of EUR 10.3 million (at 100%) on Belron's adjusted operating result in H1 2018. If one takes into account the EUR 10.3 million depreciation charge, the adjusted operating result increased by 17.9% or by EUR 20.6 million to EUR 135.7 million.

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 are 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) Impairment of goodwill and other non-current assets;
- (d) 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;
- (e) 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 6-month period ended 30 June

EUR million	2018			2017 ⁽¹⁾		
	Total	Of which		Total	Of which	
	Adjusted result	Adjusting items		Adjusted result	Adjusting items	
Revenue	2,072.2	2,072.2	-	1,892.7	1,892.7	-
Cost of sales	-1,798.5	-1,798.5	-	-1,652.7	-1,649.2	-3.5
Gross margin	273.7	273.7	-	240.0	243.5	-3.5
Commercial and administrative expenses	-201.2	-185.5	-15.7	-174.2	-174.2	-
Other operating income	3.2	3.2	-	2.7	2.7	-
Other operating expenses	-3.8	-3.8	-	-2.8	-2.8	-
Operating result	71.9	87.6	-15.7	65.7	69.2	-3.5
Net finance costs	-3.2	-3.6	0.4	-4.7	-3.4	-1.3
Finance income	1.1	0.6	0.5	0.4	0.4	-
Finance costs	-4.3	-4.2	-0.1	-5.1	-3.8	-1.3
Share of result of equity-accounted investees, net of income tax	28.1	43.2	-15.1	1.7	1.8	-0.1
Result before tax	96.8	127.2	-30.4	62.7	67.6	-4.9
Income tax expense	-15.8	-19.0	3.2	-5.5	-7.3	1.8
Result from continuing operations	81.0	108.2	-27.2	57.2	60.3	-3.1
Discontinued operations	1,002.1	14.4	987.7	20.9	73.8	-52.9
RESULT FOR THE PERIOD	1,083.1	122.6	960.5	78.1	134.1	-56.0
Result attributable to:						
Equity holders of the Company	1,082.4	121.9	960.5	77.0	130.3	-53.3
Non-controlling interests	0.7	0.7	-	1.1	3.8	-2.7
Earnings per share						
Basic (EUR)	19.75	2.22	17.53	1.40	2.38	-0.98
Diluted (EUR)	19.71	2.22	17.49	1.40	2.38	-0.98
Earnings per share -Continuing operations						
Basic (EUR)	1.48	1.98	-0.50	1.04	1.10	-0.06
Diluted (EUR)	1.48	1.97	-0.49	1.04	1.10	-0.06

(1) As restated to present the Belron segment as a discontinued operation – See notes 1 and 12 of the 2018 half-yearly financial report for more information.

Presentation of APMs in the segment statement of profit or loss for the 6-month period ended 30 June

The Group's reportable operating segments are D'leteren Auto, Belron, Moleskine and Other. These operating segments are consistent with the Group's organisational and internal reporting structure, and with the requirements of IFRS 8 "Operating Segments".

In the past, the D'leteren Auto reportable operating segment included the automobile distribution activities as well as the Group's corporate and real estate activities. From the publication of the 2018 half-year results onwards, the results of the D'leteren Auto segment only comprises the automobile distribution activities; the results of the corporate and real estate activities being presented together in a new separate operating segment "Other". The segment statement of profit or loss for the 6-month period ended 30 June 2017 has been restated accordingly to reflect this new presentation.

Despite its classification as an equity-accounted investee as from the closing of the transaction with CD&R (see note 1 of the 2018 half-yearly financial report for more explanation), Belron remains a reportable operating segment, reflecting the Group's internal reporting structure.

EUR million	2018					
	D'leteren Auto	Belron	Mole- skine	Other	Elimi- nations	Group
External revenue	1,999.5	1,957.2	72.7	-	-1,957.2	2,072.2
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	1,999.5	1,957.2	72.7	-	-1,957.2	2,072.2
Operating result (being segment result)	83.7	106.9	5.2	-17.0	-106.9	71.9
<i>Of which</i>						
<i>Adjusted result</i>	88.1	146.0	5.2	-5.7	-146.0	87.6
<i>Adjusting items</i>	-4.4	-39.1	-	-11.3	39.1	-15.7
Net finance costs	-0.4	959.3	-4.9	2.1	-959.3	-3.2
Finance income	0.6	987.9	0.4	0.1	-987.9	1.1
Finance costs	-1.0	-28.6	-3.0	-0.3	28.6	-4.3
Inter-segment financing interest	-	-	-2.3	2.3	-	-
Share of result of equity-accounted investees, net of income tax	5.9	-	-	-	22.2	28.1
Result before tax	89.2	1,066.2	0.3	-14.9	-1,044.0	96.8
<i>Of which</i>						
<i>Adjusted result</i>	90.1	117.6	0.4	-3.6	-77.3	127.2
<i>Adjusting items</i>	-0.9	948.6	-0.1	-11.3	-966.7	-30.4
Income tax expense	-28.9	-23.0	6.6	6.5	23.0	-15.8
Result from continuing operations	60.3	1,043.2	6.9	-8.4	-1,021.0	81.0
<i>Of which</i>						
<i>Adjusted result</i>	59.7	88.9	7.0	1.2	-48.6	108.2
<i>Adjusting items</i>	0.6	954.3	-0.1	-9.6	-972.4	-27.2
Discontinued operations	-	-	-	-	1,002.1	1,002.1
RESULT FOR THE PERIOD	60.3	1,043.2	6.9	-8.4	-18.9	1,083.1

Attributable to:	D'leteren Auto	Belron	Mole- skine	Other	Group
Equity holders of the Company	60.3	1,023.6	6.9	-8.4	1,082.4
<i>Of which</i>					
<i>Adjusted result</i>	59.7	54.0	7.0	1.2	121.9
<i>Adjusting items</i>	0.6	969.6	-0.1	-9.6	960.5
Non-controlling interests	-	0.7	-	-	0.7
RESULT FOR THE PERIOD	60.3	1,024.3	6.9	-8.4	1,083.1

In the period, the column "Eliminations" reconciles the segment statement of profit or loss (with the 6-month result of Belron presented on all lines as a continuing operation) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented as a discontinued operation from the beginning of the period until the closing of the Transaction (see note 1 of the 2018 half-yearly financial report), and in the line "share of result of equity-accounted investees, net of income tax" for the remaining of the period). See note 3 of the 2018 half-yearly financial report for more information.

EUR million		2017 ⁽¹⁾					
		D'leteren	Belron	Mole-skine	Other	Elimi-nations	Group
		Auto					
External revenue		1,828.1	1,806.8	64.6	-	-1,806.8	1,892.7
Inter-segment revenue		4.3	-	-	-	-4.3	-
Segment revenue		1,832.4	1,806.8	64.6	-	-1,811.1	1,892.7
Operating result (being segment result)		64.6	72.6	6.1	-5.0	-72.6	65.7
<i>Of which</i>	<i>Adjusted result</i>	68.1	115.1	6.1	-5.0	-115.1	69.2
	<i>Adjusting items</i>	-3.5	-42.5	-	-	42.5	-3.5
Net finance costs		-1.1	-18.1	-5.1	1.5	18.1	-4.7
Finance income		0.2	0.2	0.1	0.1	-0.2	0.4
Finance costs		-1.3	-17.8	-3.0	-1.3	18.3	-5.1
Inter-segment financing interest		-	-0.5	-2.2	2.7	-	-
Share of result of equity-accounted investees, net of income tax		1.7	-	-	-	-	1.7
Result before tax		65.2	54.5	1.0	-3.5	-54.5	62.7
<i>Of which</i>	<i>Adjusted result</i>	68.8	97.0	1.0	-2.2	-97.0	67.6
	<i>Adjusting items</i>	-3.6	-42.5	-	-1.3	42.5	-4.9
Income tax expense		-7.5	-33.6	0.6	1.4	33.6	-5.5
Result from continuing operations		57.7	20.9	1.6	-2.1	-20.9	57.2
<i>Of which</i>	<i>Adjusted result</i>	59.5	73.8	1.6	-0.8	-73.8	60.3
	<i>Adjusting items</i>	-1.8	-52.9	-	-1.3	52.9	-3.1
Discontinued operations		-	-	-	-	20.9	20.9
RESULT FOR THE PERIOD		57.7	20.9	1.6	-2.1	-	78.1

Attributable to:	D'leteren	Belron	Moles-kine	Other	Group
	Auto				
Equity holders of the Company	57.7	19.8	1.6	-2.1	77.0
<i>Of which</i>	<i>Adjusted result</i>	59.5	70.0	1.6	-0.8
	<i>Adjusting items</i>	-1.8	-50.2	-	-1.3
Non-controlling interests	-	1.1	-	-	1.1
RESULT FOR THE PERIOD	57.7	20.9	1.6	-2.1	78.1

(1) As restated to present the Belron segment as a discontinued operation and to present the four operating segments of the Group - See notes 1, 3 and 12 of the 2018 half-yearly financial report for more information on the restatement of comparative information and explanations on the reportable segments.

The column "Eliminations" reconciles the segment statement of profit or loss (with Belron presented on all lines as a continuing operation) to 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 2018 and 2017, the Group identified the following items as *adjusting* items throughout the four operating segments:

EUR million	2018				
	D'leteren Auto	Belron	Moleskine	Other	Total (segment)*
Adjusting items					
Included in operating result	-4,4	-39,1	-	-11,3	-54,8
Re-measurements of financial instruments	-	0,6 (d)	-	-	0,6
Amortisation of customer contracts	-	-2,7 (e)	-	-	-2,7
Amortisation of brands with finite useful life	-	-1,2 (f)	-	-	-1,2
Other adjusting items	-4,4 (a)	-35,8 (h)	-	-11,3 (k)	-51,5
Included in net finance costs	0,5	987,7	-0,1	-	988,1
Other adjusting items	0,5 (b)	987,7 (i)	-0,1 (j)	-	988,1
Included in equity accounted result	3,0 (c)	-	-	-	3,0
Included in segment result before taxes (PBT)	-0,9	948,6	-0,1	-11,3	936,3

* 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 to the Group figures reported in the segment statement of profit or loss.

EUR million	2017				
	D'leteren Auto	Belron	Other	Total (segment)*	
Adjusting items					
Included in operating result	-3,5	-42,5	-	-	-46,0
Re-measurements of financial instruments	-	-2,8 (d)	-	-	-2,8
Amortisation of customer contracts	-	-3,3 (e)	-	-	-3,3
Amortisation of brands with finite useful life	-	-0,4 (f)	-	-	-0,4
Impairment of goodwill and of non-current assets	-	-20,0 (g)	-	-	-20,0
Other adjusting items	-3,5 (a)	-16,0 (h)	-	-	-19,5
Included in net finance costs	-	-	-	-1,3	-1,3
Re-measurements of put options granted to non-controlling interests	-	-	-	-1,3 (l)	-1,3
Included in equity accounted result	-0,1 (c)	-	-	-	-0,1
Included in segment result before taxes (PBT)	-3,6	-42,5	-1,3	-	-47,4

* 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 to the Group figures reported in the segment statement of profit or loss.

D'leteren Auto

- In the period, other *adjusting* items in operating result include a charge of EUR 4.4 million (EUR 3.5 million in the prior period) in the framework of the “Market Area” project (optimization of the independent dealer network).
- In the period, other *adjusting* items in net finance costs include the consolidated gain on disposal of a dealership.
- In the period, the share of the Group in the *adjusting* items of entities accounted for using the equity method amounts to EUR 3.0 million and is related to the additional revenue recognised following a change in accounting estimates. In the prior period, the EUR -0.1 million was related to the amortisation of intangible assets with a finite useful life (intangible IT assets recognised in the framework of the contribution of OTA Keys s.a. to development activities around virtual key solutions).

Belron

- Fair value of fuel hedge instruments amounts to EUR 0.6 million (EUR -2.8 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.
- In the framework of the recent acquisitions (especially Maisonne in France), certain customer contracts were recognised as intangible assets with a finite useful life. The amortisation amounts to EUR 2.7 million (EUR 3.3 million in the prior period).
- 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 1.2 million (EUR 0.4 million in the prior period) and is primarily due to the recognition of brand following the recent acquisition of Maisonne in France.

(g) In the prior period, a total impairment charge of EUR 20 million was recognized and comprised:

- An impairment charge of EUR 16 million on the Italian cash-generating unit, fully allocated to the goodwill, following the formal impairment calculation performed on Italy.
- An impairment charge of EUR 4.0 million on capitalised IT software costs in the United States following a decision to terminate a project to develop a new supply chain system.

(h) In the period, other *adjusting* items of EUR -35.8 million mainly comprises a transaction bonus (EUR -33.1 million) related to the disposal of a 40% stake of Belron to CD&R (see notes 1 and 12 of the 2018 half-yearly financial report) and remaining professional fees related to the above-mentioned transaction and to the set-up of a new management reward plan (EUR -1.8 million). In the prior period, other *adjusting* items of EUR -16.0 million comprised professional fees (EUR -4.7 million) related to the project to bring a minority partner in the business and provision costs (EUR -11.3 million) for one settled (Brazil) and two on-going (United States and United Kingdom) legal disputes.

(i) In the period, other *adjusting* items in net finance costs include the consolidated gain on the disposal of the 40% stake in Belron to CD&R. Refer to notes 1 and 12 of the 2018 half-yearly financial report for more information and detail on the calculation.

Moleskine

(j) In the period, the EUR -0.1 million of other *adjusting* item relates to the fair value loss recognized on hedging derivative (forward foreign exchange rate contract concluded to mitigate the risk of exchange rate fluctuation on short term cash flows labelled in USD).

Other

(k) In the period, other *adjusting* items in operating result (EUR -11.3 million) relate to the remaining professional fees in the framework of the finalisation of the disposal of the 40% stake of Belron to CD&R.

(l) In the prior period, net finance costs included a re-measurement charge of put options granted to certain non-controlling interests (family holding company of Belron's CEO) amounting to EUR -1.3 million.

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

EUR million	2018					2017				
	D'leteren	Belron	Mole-	Other	Total	D'leteren	Belron	Mole-	Other	Total
	Auto	(64.68%)	skine	(segment)		Auto	(94.85%)	skine	(segment)	
Segment reported PBT	89.2	1,066.2	0.3	-14.9	1,140.8	63.9	54.5	1.0	-2.2	117.2
Less: Adjusting items in PBT	0.9	-948.6	0.1	11.3	-936.3	4.9	42.5	-	-	47.4
Segment adjusted PBT	90.1	117.6	0.4	-3.6	204.5	68.8	97.0	1.0	-2.2	164.6
Less: Share of the group in tax on <i>adjusted</i> results of equity-accounted investees	1.7	-	-	-	1.7	1.2	-	-	-	1.2
Share of non-controlling interests in <i>adjusted</i> PBT	-	-41.5	-	-	-41.5	-	-5.0	-	-	-5.0
Segment adjusted PBT, Group's share	91.8	76.1	0.4	-3.6	164.7	70.0	92.0	1.0	-2.2	160.8

In the period, the weighted average percentage used for computing the segment adjusted PBT, Group's share of Belron amounts to 64.68% (94.85% in the prior period).

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

EUR million	2018					2017				
	D'leteren	Belron	Mole-	Other	Total	D'leteren	Belron	Mole-	Other	Total
	Auto	(64.68%)	skine	(segment)		Auto	(64.68%)	skine	(segment)	
Segment adjusted PBT, Group's share	91.8	76.1	0.4	-3.6	164.7	70.0	92.0	1.0	-2.2	160.8
Excluding:										
Depreciation of non-currents assets (Group's Share)	-	-9.8	-	-	-9.8	-	-	-	-	-
Reduction of the share of the Group (comparable basis with 2018)	-	-	-	-	-	-	-29.3	-	-	-29.3
Adjusted PBT, Group's share (key performance indicator)	91.8	66.3	0.4	-3.6	154.9	70.0	62.7	1.0	-2.2	131.5

In accordance with the requirements of IFRS 5, the Group did not depreciate the Belron's non-current assets as from the date (28 November 2017) of its classification as held for sale until the date of effective disposal (7 February 2018 – see notes 1 and 12 of the 2018 half-yearly financial report for more information). The impact in the consolidated income statement of the period is EUR 10.3 million (EUR 9.8 million for the share of the Group, using the 94.85% stake of ownership of January 2018) and should be excluded when calculating the HY2018 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	30 June 2018					30 June 2017 ⁽¹⁾				
	D'leteren Auto	Belron (100%)	Mole- skine	Other	Total (segment)	D'leteren Auto	Belron (100%)	Mole- skine	Other	Total (segment)
Non-current loans and borrowings	0.6	1,315.8	122.8	0.9	1,440.1	1.3	607.4	138.3	0.9	747.9
Current loans and borrowings	11.3	56.5	34.0	0.1	101.9	7.1	101.4	51.3	180.6	340.4
Inter-segment financing	-	-	153.6	-153.6	-	-	180.5	149.7	-330.2	-
Gross debt	11.9	1,372.3	310.4	-152.6	1,542.0	8.4	889.3	339.3	-148.7	1,088.3
Less: Cash and cash equivalents	-15.4	-108.2	-13.9	-781.2	-918.7	-5.3	-35.9	-37.9	-	-79.1
Less: Other non-current receivables	-	-	-	-20.1	-20.1	-	-	-	-20.0	-20.0
Less: Other current receivables	-	-	-	-	-	-	-	-	-2.4	-2.4
Total net debt	-3.5	1,264.1	296.5	-953.9	603.2	3.1	853.4	301.4	-171.1	986.8

(1) As restated to present the four operating segments of the Group – Refer to notes 1 and 3 of the 2018 half-yearly financial report for more information on the restatement of comparative information and explanations on the reportable segments.

In the period, the inter-segment loans comprise amounts lent by the Corporate department to the Moleskine segment (non-recourse loan in the framework of the acquisition), at arm's length conditions. In the prior period, the inter-segment loans also comprised amounts lent by the Corporate department to the Belron segment (entirely reimbursed in the second half of 2017).

Belron's net financial debt rose from EUR 853.4 million at the end of June 2017 to EUR 1,264.1 million at the end of June 2018. Belron's 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 loan, pay an extraordinary dividend (approximately EUR 453 million) to its shareholders and cover fees and transaction costs related to the refinancing.

The significant increase in the net cash position of the segment "Other" (from EUR 171.1 million at 30 June 2017 to EUR 953.9 million at the end of June 2018) is primarily the result of the consideration received from CD&R following the disposal of the 40% stake in Belron (EUR 628.7 million), the extraordinary dividend (EUR 429 million) received from Belron in the second half of 2017 following the issue of new term loans (see above), partially offset by the payment in June 2018 of the aggregate dividend to shareholders (EUR 208.4 million).

MAJOR RISK FACTORS

To the best of our knowledge, there are no other major risks influencing the remaining six months of the financial year than those disclosed on pages 58-60 and 95-99 of our 2017 financial and directors' report.

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Profit or Loss

6-month period ended 30 June

EUR million	Notes	2018	2017 ⁽¹⁾
Revenue		2,072.2	1,892.7
Cost of sales		-1,798.5	-1,652.7
Gross margin		273.7	240.0
Commercial and administrative expenses		-201.2	-174.2
Other operating income		3.2	2.7
Other operating expenses		-3.8	-2.8
Operating result		71.9	65.7
Net finance costs		-3.2	-4.7
Finance income		1.1	0.4
Finance costs		-4.3	-5.1
Share of result of equity-accounted investees, net of income tax	8	28.1	1.7
Result before tax		96.8	62.7
Income tax expense	6	-15.8	-5.5
Result from continuing operations		81.0	57.2
Discontinued operations	12	1,002.1	20.9
RESULT FOR THE PERIOD		1,083.1	78.1
Result attributable to:			
Equity holders of the Company		1,082.4	77.0
Non-controlling interests ("NCI")		0.7	1.1
 Earnings per share			
Basic (EUR)	4	19.75	1.40
Diluted (EUR)	4	19.71	1.40
 Earnings per share - Continuing operations			
Basic (EUR)	4	1.48	1.04
Diluted (EUR)	4	1.48	1.04

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 12 for more information.

The notes on pages 25 to 37 are an integral part of these condensed consolidated interim financial statements.

The Group uses Alternative Performance Measures (non-GAAP measures) to reflect its financial performance – See interim management report and press release.

Consolidated Statement of Comprehensive Income

6-month period ended 30 June

EUR million	Notes	2018	2017 ⁽¹⁾
Result for the period		1,083.1	78.1
Other comprehensive income			
Items that will never be reclassified to profit or loss:		13.1	23.8
<i>Re-measurements of defined benefit liabilities/assets</i>		-	30.1
<i>Related tax</i>		-	-5.4
<i>Equity-accounted investees - share of OCI</i>	8	13.1	-0.9
<i>of which items from discontinued operations</i>		-	24.8
Items that may be reclassified subsequently to profit or loss:		35.7	-19.9
<i>Translation differences</i>		11.3	-19.1
<i>Reclassification of foreign currency difference on loss of exclusive control</i>	12	32.0	-
<i>Cash flow hedges: fair value gains (losses) in equity</i>		-0.3	-0.7
<i>Reclassification of cash flow hedges on loss of exclusive control</i>	12	-0.4	-
<i>Tax relating to cash flow hedges</i>		-	-0.1
<i>Equity-accounted investees - share of OCI</i>	8	-6.9	-
<i>of which items from discontinued operations</i>		43.5	-20.1
Other comprehensive income, net of tax		48.8	3.9
Total comprehensive income for the period		1,131.9	82.0
being: <i>attributable to equity holders of the Company</i>		1,131.2	80.3
<i>of which continuing operations</i>		86.3	56.0
<i>of which discontinued operations</i>		1,044.9	24.3
attributable to non-controlling interests ("NCI")		0.7	1.7

(1) As restated to reflect discontinued operations in the Belron segment – see notes 1 and 12 for more information
The notes on pages 25 to 37 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Financial Position

EUR million	Notes	30 June 2018	31 Dec. 2017 ⁽¹⁾	30 June 2017 ⁽¹⁾
Goodwill	7	188.3	184.2	1,072.1
Intangible assets		426.4	422.6	884.1
Property, plant & equipment		220.5	211.3	585.3
Investment property		8.8	9.0	9.2
Equity-accounted investees	8	965.5	69.2	64.6
Employee benefits		-	-	11.7
Deferred tax assets		15.8	19.9	75.9
Other receivables		25.5	25.6	27.6
Non-current assets		1,850.8	941.8	2,730.5
Inventories		423.6	367.7	667.6
Investments		-	107.1	-
Derivative hedging instruments		-	-	0.4
Derivatives held for trading		-	-	0.9
Current tax assets		14.2	7.6	5.4
Trade and other receivables		466.6	309.9	743.0
Cash & cash equivalents	12	810.5	297.3	79.1
Assets classified as held for sale	12	0.9	2,528.2	5.5
Current assets		1,715.8	3,617.8	1,501.9
TOTAL ASSETS		3,566.6	4,559.6	4,232.4
Capital & reserves attributable to equity holders		2,685.1	1,764.3	1,711.5
Non-controlling interests ("NCI")		0.3	-3.8	0.1
Equity		2,685.4	1,760.5	1,711.6
Employee benefits		24.8	24.4	35.3
Provisions		17.8	18.9	65.6
Loans & borrowings		124.3	132.0	747.9
Put options granted to non-controlling interests		0.3	-	96.6
Other payables		1.6	1.5	3.0
Deferred tax liabilities		131.5	135.0	155.5
Non-current liabilities		300.3	311.8	1,103.9
Provisions		2.0	1.8	39.0
Loans & borrowings		45.4	32.5	340.4
Derivative hedging instruments		0.1	-	0.9
Derivatives held for trading		-	-	1.6
Put options granted to non-controlling interests		-	80.9	-
Current tax liabilities		8.0	1.8	34.7
Trade & other payables		525.4	376.0	1,000.3
Liabilities directly associated with the assets held for sale	12	-	1,994.3	-
Current liabilities		580.9	2,487.3	1,416.9
TOTAL EQUITY AND LIABILITIES		3,566.6	4,559.6	4,232.4

(1) As restated – See note 1 for more information.

The notes on pages 25 to 37 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity

EUR million	Capital and reserves attributable to equity holders						Total	Non-	Equity
	Share capital	Share premium	Treasury shares	Hedging reserve	Retained earnings	Cumulative translation differences			
At 1 January 2017	160.0	24.4	-34.3	0.1	1,556.3	-23.5	1,683.0	0.5	1,683.5
Profit for the period	-	-	-	-	77.0	-	77.0	1.1	78.1
Other comprehensive income	-	-	-	-0.7	22.5	-18.5	3.3	0.6	3.9
Total comprehensive income for the period	-	-	-	-0.7	99.5	-18.5	80.3	1.7	82.0
Treasury shares	-	-	-0.5	-	-	-	-0.5	-	-0.5
Dividends	-	-	-	-	-52.1	-	-52.1	-2.9	-55.0
Put options - movements of the period	-	-	-	-	-	-	-	0.8	0.8
Transfer within reserve	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	0.8	-	0.8	-	0.8
Total contribution and distribution	-	-	-0.5	-	-51.3	-	-51.8	-2.1	-53.9
Total change in ownership interests	-	-	-	-	-	-	-	-	-
At 30 June 2017	160.0	24.4	-34.8	-0.6	1,604.5	-42.0	1,711.5	0.1	1,711.6
At 1 January 2018	160.0	24.4	-34.6	0.4	1,658.0	-43.9	1,764.3	-3.8	1,760.5
Profit for the period	-	-	-	-	1,082.4	-	1,082.4	0.7	1,083.1
Other comprehensive income	-	-	-	7.3	13.7	27.8	48.8	-	48.8
Total comprehensive income for the period	-	-	-	7.3	1,096.1	27.8	1,131.2	0.7	1,131.9
Treasury shares	-	-	-3.5	-	-	-	-3.5	-	-3.5
Dividends (see note 9)	-	-	-	-	-208.4	-	-208.4	-	-208.4
Put options - movements of the period	-	-	-	-	-0.3	-	-0.3	-	-0.3
Transfer within reserve	-	-	-	-	-2.2	2.2	-	-	-
Other movements	-	-	-	-	1.8	-	1.8	-0.4	1.4
Total contribution and distribution	-	-	-3.5	-	-209.1	2.2	-210.4	-0.4	-210.8
Disposal of subsidiary with change in control (see note 12)	-	-	-	-	-	-	-	3.8	-
Total change in ownership interests	-	-	-	-	-	-	-	3.8	3.8
At 30 June 2018	160.0	24.4	-38.1	7.7	2,545.0	-13.9	2,685.1	0.3	2,685.4

The notes on pages 25 to 37 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

6-month period ended 30 June

EUR million	Notes	2018	2017 ⁽¹⁾
Cash flows from operating activities - Continuing			
Result for the period		81.0	57.2
Income tax expense		15.8	5.5
Share of result of equity-accounted investees, net of income tax	8	-28.1	-1.7
Net finance costs		3.2	4.7
Operating result from continuing operations		71.9	65.7
Depreciation and amortisation		11.1	10.4
Other non cash items		0.7	4.4
Employee benefits		-1.9	-2.6
Change in net working capital		-53.5	24.1
Cash generated from operations		28.3	102.0
Income tax paid		-15.2	-3.5
Net cash from operating activities		13.1	98.5
Cash flows from investing activities - Continuing			
Purchase of property, plant and equipment and intangible assets		-17.7	-14.3
Sale of property, plant and equipment and intangible assets		0.6	0.2
Net capital expenditure		-17.1	-14.1
Acquisition of subsidiaries (net of cash acquired)	11	-12.9	-15.9
Disposal of subsidiaries and equity-accounted investees (net of cash disposed of)		4.9	0.4
Contribution of cash to joint ventures		-	-0.2
Proceeds from the sale of financial assets		107.1	-
Interest received		0.9	0.7
Net investment in other financial assets		-	4.9
Net cash from investing activities		82.9	-24.2
Cash flows from financing activities - Continuing			
Acquisition (-)/Disposal (+) of non-controlling interests		0.3	-
Net disposal/(acquisition) of treasury shares		-3.6	-0.5
Repayment of finance lease liabilities		-	-0.1
Net change in other loans and borrowings		3.9	-80.9
Interest paid		-3.6	-2.2
Dividends paid by Company	9	-208.4	-52.1
Dividends received from/(paid by) subsidiaries		-	52.9
Net cash from financing activities		-211.4	-82.9
Cash flows from continuing operations		-115.4	-8.6
Cash flows from discontinued operations	12	552.3	-5.4
TOTAL CASH FLOW FOR THE PERIOD		436.9	-14.0
Reconciliation with statement of financial position			
Cash at beginning of period		297.3	98.2
Cash included in non-current assets classified as held for sale		76.4	-
Cash and cash equivalents at beginning of period		373.7	98.2
Total cash flow for the period		436.9	-14.0
Translation differences		-0.1	-5.1
Cash and cash equivalents at end of period		810.5	79.1
<i>Included within "Cash and cash equivalents"</i>		<i>810.5</i>	<i>79.1</i>

(1) As restated to reflect discontinued operations in the Belron segment – See notes 1 and 12 for more information.
The notes on pages 25 to 37 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1: GENERAL INFORMATION

s.a. D'Ieteren n.v. (the Company) is a public company incorporated and domiciled in Belgium, whose controlling shareholders are listed in note 9 of this report. The address of the Company's registered office is:
Rue du Mail 50
B-1050 Brussels

In existence since 1805, and across family generations, the Company 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 Company, its subsidiaries and its interests in associates and joint ventures (together the Group) form an international group, currently active in 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;
- Belron 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;
- Moleskine is a premium 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.

The Company is listed on Euronext Brussels.

These condensed consolidated interim financial statements have been authorized for issue by the Board of Directors on 30 August 2018.

Significant transaction

On 28 November 2017, the Company announced the signing of a definitive agreement with Clayton, Dubilier and Rice (CD&R) regarding a partnership investment in Belron. The transaction whereby CD&R acquired a 40% stake in Belron closed on 7 February 2018 (the "Transaction"). As from the closing of the Transaction, Belron's results are included under equity-accounting method (54.11% stake – see note 8; joint control with CD&R), following the loss of exclusive control (some reserved matters being shared with CD&R). In accordance with the requirements of IFRS 5 "Non-Current Assets Classified as Held for Sale and Discontinued Operations", the results of Belron (from 1 January 2018 to 7 February 2018 and for the 6-month period ended 30 June 2017) are presented under discontinued operations (94.85% stake). The consolidated statement of profit or loss, consolidated statement of comprehensive income and condensed consolidated statement of cash flows for the 6-month period ended 30 June 2017 have been restated accordingly. Refer to note 12 for more information on the Transaction.

Restatement of comparative information

The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, and condensed consolidated statement of cash flows have been restated to account for the following elements:

- As a result of the Transaction (refer to "Significant transaction" above), the results of Belron are presented under discontinued operations ;
- In the D'Ieteren Auto segment, trade and other receivables are now presented gross of trade credit notes to be received (previously presented in deduction of the trade payables) and trade and other payables are now presented gross of trade credit notes to be issued (previously presented in deduction of the trade receivables). The net impact of these two reclassifications on the trade and other receivables and payables amounts to EUR 264 million at 31 December 2017 and EUR 271 million at 30 June 2017 ;
- In the past, the D'Ieteren Auto reportable operating segment included the automobile distribution activities as well as the Group's corporate and real estate activities. From the publication of the 2018 half-year results onwards, the results of the D'Ieteren Auto segment only comprises the automobile distribution activities, hereby improving the transparency of the financial reporting. See note 3 for more details.

Alternative Performance Measurement – Non-GAAP measurement

In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definition is not addressed by 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.

Taking into account ESMA guidelines on APMs published in October 2015, the Board of Directors has decided that, as from 31 December 2016, the APMs are presented in the consolidated management reports and press releases.

NOTE 2: SEASONALITY

D'leteren Auto

The automobile distribution activities experience a higher demand for new vehicles (sales of new vehicles represent about 80% of total external revenue of the segment) in the first half of the year. This phenomenon is further increased every two years by the impact of the Brussels' Car and Motorcycle Show (the last one took place in January 2018).

Belron

Belron experiences some natural increases in business in the early part of the year corresponding with cold weather in Europe and in North America, and in mid-summer prior to the start of the continental European holiday season.

Moleskine

The Moleskine segment experiences some natural increases in business during the course of the year. The sales are highly concentrated over the last quarter, as the Christmas period approaches.

NOTE 3: SEGMENT INFORMATION

The Group's reportable operating segments are D'leteren Auto, Belron, Moleskine and Other. These operating segments are consistent with the Group's organisational and internal reporting structure, and with the requirements of IFRS 8 "Operating Segments".

In the past, the D'leteren Auto reportable operating segment included the automobile distribution activities as well as the Group's corporate and real estate activities. From the publication of the 2018 half-year results onwards, the results of the D'leteren Auto segment only comprises the automobile distribution activities; the results of the corporate and real estate activities being presented together in a new separate operating segment "Other". The segment statement of profit or loss for the 6-month period ended 30 June 2017 and the segment statement of financial position as at 30 June 2017 have been restated accordingly to reflect this new presentation.

Despite its classification as an equity-accounted investee as from the closing of the Transaction (see note 1), Belron remains a reportable operating segment, reflecting the Group's internal reporting structure.

Segment Statement of Profit or Loss - Operating Segments (6-month period ended 30 June)

EUR million	Notes	2018					
		D'leteren Auto	Belron	Moleskine	Other	Eliminations	Group
External revenue		1,999.5	1,957.2	72.7	-	-1,957.2	2,072.2
Inter-segment revenue		-	-	-	-	-	-
Segment revenue		1,999.5	1,957.2	72.7	-	-1,957.2	2,072.2
Operating result (being segment result)		83.7	106.9	5.2	-17.0	-106.9	71.9
Net finance costs		-0.4	959.3	-4.9	2.1	-959.3	-3.2
Finance income	12	0.6	987.9	0.4	0.1	-987.9	1.1
Finance costs		-1.0	-28.6	-3.0	-0.3	28.6	-4.3
Inter-segment financing interest		-	-	-2.3	2.3	-	-
Share of result of equity-accounted investees, net of income tax	8	5.9	-	-	-	22.2	28.1
Result before tax		89.2	1,066.2	0.3	-14.9	-1,044.0	96.8
Income tax expense	6	-28.9	-23.0	6.6	6.5	23.0	-15.8
Result from continuing operations		60.3	1,043.2	6.9	-8.4	-1,021.0	81.0
Discontinued operations	12	-	-	-	-	1,002.1	1,002.1
RESULT FOR THE PERIOD		60.3	1,043.2	6.9	-8.4	-18.9	1,083.1

Attributable to:	D'leteren Auto	Belron	Moleskine	Other	Group
Equity holders of the Company	60.3	1,023.6	6.9	-8.4	1,082.4
Non-controlling interests	-	0.7	-	-	0.7
RESULT FOR THE PERIOD	60.3	1,024.3	6.9	-8.4	1,083.1

NOTE 3: SEGMENT INFORMATION (continued)

Segment Statement of Profit or Loss - Operating Segments (6-month period ended 30 June)

EUR million	2017 ⁽¹⁾					
	D'Ieteren Auto	Belron	Mole- skine	Other	Elimi- nations	Group
External revenue	1,828.1	1,806.8	64.6	-	-1,806.8	1,892.7
Inter-segment revenue	4.3	-	-	-	-4.3	-
Segment revenue	1,832.4	1,806.8	64.6	-	-1,811.1	1,892.7
Operating result (being segment result)	64.6	72.6	6.1	-5.0	-72.6	65.7
Net finance costs	-1.1	-18.1	-5.1	1.5	18.1	-4.7
Finance income	0.2	0.2	0.1	0.1	-0.2	0.4
Finance costs	-1.3	-17.8	-3.0	-1.3	18.3	-5.1
Inter-segment financing interest	-	-0.5	-2.2	2.7	-	-
Share of result of equity-accounted investees, net of income tax	1.7	-	-	-	-	1.7
Result before tax	65.2	54.5	1.0	-3.5	-54.5	62.7
Income tax expense	-7.5	-33.6	0.6	1.4	33.6	-5.5
Result from continuing operations	57.7	20.9	1.6	-2.1	-20.9	57.2
Discontinued operations	-	-	-	-	20.9	20.9
RESULT FOR THE PERIOD	57.7	20.9	1.6	-2.1	-	78.1

Attributable to:	D'Ieteren Auto	Belron	Mole- skine	Other	Group
Equity holders of the Company	57.7	19.8	1.6	-2.1	77.0
Non-controlling interests	-	1.1	-	-	1.1
RESULT FOR THE PERIOD	57.7	20.9	1.6	-2.1	78.1

(1) As restated – See notes 1 and 3 for more information.

In 2018, the column “Elimination” reconciles the segment statement of profit or loss (with the 6-month result of Belron presented on all lines as a continuing operation) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented as a discontinued operation from the beginning of the period until the closing of the Transaction – see note 1, and in the line “share of result of equity-accounted investees, net of income tax” for the remaining of the period).

In 2018, in the Belron segment, the result for the period attributable to non-controlling interests (EUR 0.7 million) represents the share of non-controlling interests in Belron’s net result from the beginning of the period until the closing of the Transaction (see note 1).

In 2018, in the Belron segment, the line “discontinued operations” includes the consolidated gain associated with the loss of exclusive control on the sale of a 40% stake in Belron to CD&R. Refer to notes 1 and 12 for more information.

In 2017, the column “Elimination” reconciles the segment statement of profit or loss (with the 6-month result of Belron presented on all lines as a continuing operation) to the IFRS Group consolidated statement of profit or loss (with the 6-month net result of Belron presented as a discontinued operation).

NOTE 3: SEGMENT INFORMATION (continued)

Segment Statement of Financial Position - Operating Segments

EUR million	Notes	30 June 2018					
		D'Ieteren Auto	Belron	Moleskine	Other	Elimi- nations	Group
Goodwill	7	16.4	563.7	171.9	-	-563.7	188.3
Intangible assets		14.7	468.7	411.6	0.1	-468.7	426.4
Property, plant & equipment		25.4	363.8	10.3	184.8	-363.8	220.5
Investment property		-	-	-	8.8	-	8.8
Equity-accounted investees	8	74.0	-	-	-	891.5	965.5
Available-for-sale financial assets		-	0.7	-	-	-0.7	-
Derivative hedging instruments		-	15.9	-	-	-15.9	-
Derivatives held for trading		-	0.2	-	-	-0.2	-
Employee benefits		-	80.4	-	-	-80.4	-
Deferred tax assets		6.2	20.6	9.6	-	-20.6	15.8
Other receivables		2.4	2.3	2.2	20.9	-2.3	25.5
Non-current assets		139.1	1,516.3	605.6	214.6	-624.8	1,850.8
Inventories		382.3	297.9	41.3	-	-297.9	423.6
Derivative hedging instruments		-	1.0	-	-	-1.0	-
Derivatives held for trading		-	3.8	-	-	-3.8	-
Current tax assets		1.5	1.6	12.7	-	-1.6	14.2
Trade and other receivables		432.6	399.7	32.5	1.5	-399.7	466.6
Cash & cash equivalents		15.4	108.2	13.9	781.2	-108.2	810.5
Assets classified as held for sale		-	-	-	0.9	-	0.9
Current assets		831.8	812.2	100.4	783.6	-812.2	1,715.8
TOTAL ASSETS		970.9	2,328.5	706.0	998.2	-1,437.0	3,566.6
Equity		-	-	-	2,685.4	-	2,685.4
Employee benefits		22.9	6.2	1.9	-	-6.2	24.8
Provisions		13.4	54.6	4.0	0.4	-54.6	17.8
Loans & borrowings		0.6	1,315.8	122.8	0.9	-1,315.8	124.3
Inter-segment loan		-	-	153.6	-153.6	-	-
Derivative hedging instruments		-	0.6	-	-	-0.6	-
Derivatives held for trading		-	-	-	-	-	-
Put options granted to non-controlling interests		0.3	-	-	-	-	0.3
Other payables		-	5.3	1.6	-	-5.3	1.6
Deferred tax liabilities		1.8	10.1	110.6	19.1	-10.1	131.5
Non-current liabilities		39.0	1,392.6	394.5	-133.2	-1,392.6	300.3
Provisions		-	28.5	2.0	-	-28.5	2.0
Loans & borrowings		11.3	56.5	34.0	0.1	-56.5	45.4
Inter-segment loan		-	-	-	-	-	-
Derivative hedging instruments		-	1.3	0.1	-	-1.3	0.1
Derivatives held for trading		-	0.7	-	-	-0.7	-
Current tax liabilities		10.8	12.9	0.2	-3.0	-12.9	8.0
Trade & other payables		478.2	591.3	39.9	7.3	-591.3	525.4
Current liabilities		500.3	691.2	76.2	4.4	-691.2	580.9
TOTAL EQUITY AND LIABILITIES		539.3	2,083.8	470.7	2,556.6	-2,083.8	3,566.6

For segment statement of financial position as per 31 December 2017, see note 2.3 of the 2017 annual consolidated financial statements.

The column "Elimination" reconciles the segment statement of financial position (including the assets and liabilities of Belron) to the IFRS consolidated statement of financial position (with Belron presented as an equity-accounted investee).

NOTE 3: SEGMENT INFORMATION (continued)

Segment Statement of Financial Position - Operating Segments

EUR million	30 June 2017 ⁽¹⁾				
	D'Ieteren	Belron	Moleskine	Other	Group
	Auto				
Goodwill	12.3	887.9	171.9	-	1,072.1
Intangible assets	9.9	464.3	409.9	-	884.1
Property, plant & equipment	24.2	380.2	9.6	171.3	585.3
Investment property	-	-	-	9.2	9.2
Equity-accounted investees	64.6	-	-	-	64.6
Employee benefits	-	11.7	-	-	11.7
Deferred tax assets	4.4	36.8	11.8	22.9	75.9
Other receivables	2.4	2.0	2.4	20.8	27.6
Non-current assets	117.8	1,782.9	605.6	224.2	2,730.5
Inventories	336.5	298.5	32.6	-	667.6
Derivative hedging instruments	-	0.4	-	-	0.4
Derivatives held for trading	-	0.9	-	-	0.9
Current tax assets	-	4.3	1.1	-	5.4
Trade and other receivables	352.2	356.5	33.5	0.8	743.0
Cash & cash equivalents	5.3	35.9	37.9	-	79.1
Assets classified as held for sale	-	-	-	5.5	5.5
Current assets	694.0	696.5	105.1	6.3	1,501.9
TOTAL ASSETS	811.8	2,479.4	710.7	230.5	4,232.4
Equity	-	-	-	1,711.6	1,711.6
Employee benefits	24.6	8.8	1.9	-	35.3
Provisions	18.6	46.4	0.1	0.5	65.6
Loans & borrowings	1.3	607.4	138.3	0.9	747.9
Inter-segment loan	-	-	149.7	-149.7	-
Put options granted to non-controlling interests	-	-	-	96.6	96.6
Other payables	-	1.7	1.3	-	3.0
Deferred tax liabilities	2.3	16.9	111.9	24.4	155.5
Non-current liabilities	46.8	681.2	403.2	-27.3	1,103.9
Provisions	-	37.4	1.6	-	39.0
Loans & borrowings	7.1	101.4	51.3	180.6	340.4
Inter-segment loan	-	180.5	-	-180.5	-
Derivative hedging instruments	-	0.9	-	-	0.9
Derivatives held for trading	-	1.6	-	-	1.6
Current tax liabilities	3.4	28.6	2.6	0.1	34.7
Trade & other payables	450.3	513.0	31.8	5.2	1,000.3
Current liabilities	460.8	863.4	87.3	5.4	1,416.9
TOTAL EQUITY AND LIABILITIES	507.6	1,544.6	490.5	1,689.7	4,232.4

(1) As restated – See notes 1 and 3 for more information.

For segment statement of financial position as per 31 December 2017, see note 2.3 of the 2017 annual consolidated financial statements.

NOTE 4: EARNING PER SHARE

Earnings per share ("EPS") and earnings per share for continuing operations ("Continuing EPS") are shown above on the face of the consolidated statement of profit or loss. Basic and diluted EPS are based on the result for the period attributable to equity holders of the Company (based on the result from continuing operations attributable to equity holders of the Company for the continuing EPS), after adjustment for participating shares (each participating share confers one voting right and gives right to a dividend equal to one eighth of the dividend of an ordinary share). Continuing EPS is significantly lower than EPS as a result of the classification in discontinued operation of the consolidated gain on disposal of 40% stake in Belron to CD&R (see notes 1 and 12 for more information).

The Group has granted options to employees over ordinary shares of the Company. Such shares constitute the only category of potentially dilutive ordinary shares.

The weighted average number of ordinary shares outstanding during the period is 54,174,040 (54,205,477 in the prior period) and the weighted average number of ordinary shares taken into account for diluted EPS is 54,285,676 (54,461,694 in the prior period).

The options over ordinary shares of the Company increased the weighted average number of shares of the Company taken into account for diluted earnings per share in the first half of 2017 and 2018 as some option exercise prices were below the average market share price.

NOTE 5: SHARE-BASED PAYMENTS

There is in the Group an equity-settled share-based payment scheme. Since 1999, share option schemes have been granted to officers and managers of the D'leteren Auto and Corporate segments, in the framework of the Belgian law of 26 March 1999. The underlying share is the ordinary share of s.a. D'leteren n.v. Under these schemes, vesting conditions are three years' service from grant date and holders of vested options are entitled to purchase shares at the exercise price of the related scheme during the exercise period.

A reconciliation of the movements in the number of outstanding options during the period is as follows:

	Number (in units)	
	30 June 2018	30 June 2017
Outstanding options at the beginning of the period	1,058,889	1,101,692
Granted during the period	187,000	160,000
Exercised during the period	-84,394	-198,903
Outstanding options at the end of the period	1,161,495	1,062,789
<i>of which: exercisable at the end of the period</i>	<i>334,143</i>	<i>300,346</i>

All outstanding options are covered by treasury shares (see note 9).

During the period, one new plan totalling 187,000 options was granted at the exercise price of EUR 33.32 and with an exercise period starting 1 January 2022 and ending in June 2028.

NOTE 6: INCOME TAX EXPENSE

The Group's consolidated effective tax rate for the six months ended 30 June 2018 is 16% (six months ended 30 June 2017: 9% - as restated to account for Belron's net result under discontinued operations). The increase in effective tax rate is primarily the result of the increase in current year income tax (the result before tax being up, together with the reduction of available tax reliefs compared to prior period and partially offset by the reduction in 2018 of the Belgium corporate tax rate) and of the movement in deferred taxes (utilisation of deferred tax assets on unused tax losses and credits). The current year effective tax rate is impacted by the recognition of tax credits in the Moleskine segment (see note 3 segment information) and the prior year effective tax rate was impacted by the utilisation of previously unrecognized tax losses and credits in the D'leteren Auto segment.

NOTE 7: GOODWILL AND NON-CURRENT ASSETS

IAS 36 "Impairment of Assets" requires an impairment test to be performed annually and at each reporting date when there is an indication of possible impairment (a triggering event). The Board of Directors of the Company did not identify any indication of possible impairment on its investments in Belron (equity-accounted investee) nor on the assets of Moleskine for the period ended 30 June 2018.

The EUR 4.1 million increase in goodwill during the period primarily reflects the additions arising from business combinations that occurred in the D'leteren Auto segment – see note 11.

NOTE 8: EQUITY-ACCOUNTED INVESTEES

In 2018 and 2017, three group entities are accounted for using the equity method.

EUR million	30 June 2018			31 December 2017		
	D'Ieteren Auto	Belron	Group	D'Ieteren Auto	Belron	Group
Interests in joint ventures	72.6	891.5	964.4	67.8	-	67.8
Interests in associate	1.4	-	1.4	1.4	-	1.4
Total of equity-accounted investees	74.0	891.5	965.5	69.2	-	69.2

EUR million	30 June 2018			30 June 2017		
	D'Ieteren Auto	Belron	Group	D'Ieteren Auto	Belron	Group
Share of profit in joint ventures	5.9	22.2	28.1	1.6	-	1.6
Share of profit in associate	-	-	-	0.1	-	0.1
Total of share of result after tax of equity-accounted investees	5.9	22.2	28.1	1.7	-	1.7

In 2018, the largest equity-accounted investee is Belron Group s.a. (“BGSA” being the new joint venture holding the Belron activities – see note 1) owned 54.11% (after implementation of the Management Reward Plan – “MRP” – see below) by the Group and 39.46% (after MRP) by Clayton, Dubilier and Rice (CD&R), both sharing joint control over the company. The remaining 6.43% is held by the family holding company of Belron’s CEO and by the Belron’s management. Belron is accounted for using the equity method as from the closing of the Transaction (see note 1).

A new Management Reward Plan (MRP) involving about 250 key employees was put in place on 15 June 2018. The participants of the MRP acquired non-voting equity instruments in BGSA for a total amount of EUR 21 million (representing the fair value of various classes of equity instruments, being all treated as equity under IFRS). Part of the issued equity consists of “ratchet shares” which will allow management to enjoy additional returns if certain performance hurdles are satisfied at exit. Note that the MRP does not impact the Group’s percentage voting rights (54.85%). In light of the objectives in terms of value creation (based on IRR and Cash on Cash), the management’s share in the economic value creation will result in additional dilution for existing shareholders.

The following table summarises the financial information of BGSA as included in its own financial statements, adjusted for consolidated adjustments and differences in accounting policies, and also reconciles this summarised financial information to the carrying amount of the Group’s interest in BGSA.

EUR million	30 June 2018
Non-current assets (including goodwill arising from the Transaction)	2,919.2
Current assets (excluding cash and cash equivalents)	704.0
Cash and cash equivalents	108.2
Non-current liabilities (excluding financial liabilities)	-76.8
Non-current financial liabilities	-1,315.8
Current liabilities (excluding financial liabilities)	-634.7
Current financial liabilities	-56.5
Net assets (100%)	1,647.6
Group's share of net assets (54.11%) and carrying amount of interest in joint venture	891.5

The non-current assets include the positive difference between the fair value of the equity based on the transaction price and the book value of the net assets at the date of the transaction. This (provisional) goodwill is included in the carrying amount of the equity-accounted investee and is not shown separately. As permitted by IFRS 3 “Business Combinations” (maximum period of 12 months to finalize the acquisition accounting), the provisional allocation will be reviewed and if necessary reallocated to assets and liabilities.

A new shareholders’ agreement was signed in May 2018 between the Group and the family holding company of the Belron’s CEO, including put options (with related call options) related to the interest held by the family holding company of the Belron’s CEO. Based on IFRS requirements, the (financial) obligation to buy the equity instruments in an equity-accounted investee does not give rise to a financial liability in the consolidated statement of financial position (because equity-accounted investees are not part of the Group). This contract is a derivative that is in the scope of IFRS 9 “Financial Instruments”, measured at fair value through profit or loss and categorised within the fair value hierarchy as level 3. The fair

NOTE 8: EQUITY-ACCOUNTED INVESTEES (continued)

value of this derivative amounts approximatively to nil as at 30 June 2018; the value of the Belron's share based on the put formula being very close to the recent fair market value of Belron (based on the transaction with CD&R).

The Board of Directors of Belron did not identify any indicators of impairment at half year reflecting the strong trading performance across most of the cash-generating units. Based on this assessment, a full impairment test is not required at half year.

In the consolidated statement of comprehensive income, the lines "Equity-accounted investees – share of OCI" mainly relate to the re-measurements of defined benefit assets/liabilities (primarily due to the UK pension scheme due to the strong positive returns on investments during the period, as well as an increase in the discount rate), to the cash flow hedges and translation differences of Belron.

The table below presents the revenue, profit before tax, the net result, and the other comprehensive income for the period going from 7 February (the Transaction date) until 30 June 2018, period over which the result of BGSA is accounted for under equity-accounting method. The Group's share in net result is computed based on a weighted average percentage of 54.71%. The result from the beginning of the period until 7 February 2018 is accounted for under global integration method (94.85% stake), under discontinued operations (see note 12).

EUR million	30 June 2018
Revenue	1,645.6
Profit before tax	62.3
Result for the period (100%)	41.1
Other comprehensive income (100%)	13.5
Profit (or loss) and total comprehensive income (100%)	54.6
Group's share of profit (or loss) and comprehensive income	29.5

In 2018, the second largest equity-accounted investee (the largest in 2017) is the joint venture Volkswagen D'Ieteren Finance (VDFin), owned 50% minus one share by the Group and 50% plus one share by Volkswagen Financial Services (a subsidiary of the Volkswagen group), active in a full range of financial services related to the sale of the Volkswagen group vehicles on the Belgian market.

The following table summarises the financial information of VDFin as included in its own financial statements, adjusted for differences in accounting policies, and also reconciles this summarised financial information to the carrying amount of the Group's interest in VDFin.

EUR million	30 June 2018	31 December 2017
Non-current assets	1,358.4	1,171.7
Current assets (excluding cash and cash equivalents)	741.2	667.8
Cash and cash equivalents	64.8	50.2
Non-current liabilities (excluding financial liabilities)	-9.4	-9.4
Non-current financial liabilities	-777.0	-625.0
Current liabilities (excluding financial liabilities)	-156.1	-96.8
Current financial liabilities	-1,076.7	-1,022.9
Net assets (100%)	145.2	135.6
Group's share of net assets (49,99%) and carrying amount of interest in joint venture	72.6	67.8

EUR million	30 June 2018	30 June 2017
Revenue	251.5	169.1
Profit before tax	17.7	6.8
Result for the period (100%)	11.8	4.3
Other comprehensive income (100%)	-2.2	-1.8
Profit (or loss) and total comprehensive income (100%)	9.6	2.5
Group's share of profit (or loss) and comprehensive income (49,99%)	4.8	1.2

NOTE 9: CAPITAL AND RESERVES

The Ordinary General Meeting of 31 May 2018 decided to distribute a gross ordinary dividend of EUR 0.95 per share and an extraordinary dividend of EUR 2.85 per share for the year 2017. Payment of the dividend started on 6 June 2018. The aggregate dividend amounts to EUR 208.4 million.

Treasury shares (1,171,943 at the end of the period; 1,072,789 at 31 December 2017) are held to cover the stock option plans set up by the Company since 1999 (see note 5 of these condensed consolidated interim financial statements and note 7 of the 2017 annual consolidated financial statements).

The controlling shareholders are listed below :

Shareholders with controlling interest according to the declaration of transparency dated 2 November 2011, and to further communications to the Company (of which the latest on 4 June 2018).	Capital shares		Participating shares		Total voting rights	
	Number	%	Number	%	Number	%
s.a. de Participations et de Gestion, Brussels	12,117,954	21.91%	-	-	12,117,954	20.10%
Reptid Commercial Corporation, Dover, Delaware	1,974,500	3.57%	-	-	1,974,500	3.27%
Mrs Catheline Périer-D'leteren	-	0.00%	1,250,000	25.00%	1,250,000	2.07%
Mr Olivier Périer	10,000	0.02%	-	-	10,000	0.02%
The four abovementioned shareholders (collectively "SPDG Group") are associated.	14,102,454	25.50%	1,250,000	25.00%	15,352,454	25.46%
Nayarit Participations s.c.a., Brussels	17,217,830	31.13%	-	-	17,217,830	28.55%
Mr Roland D'leteren	466,190	0.84%	3,750,000	75.00%	4,216,190	6.99%
Mr Nicolas D'leteren	10,000	0.02%	-	-	10,000	0.02%
The three abovementioned shareholders (collectively "Nayarit Group") are associated.	17,694,020	31.99%	3,750,000	75.00%	21,444,020	35.56%
The shareholders referred to as SPDG Group and Nayarit Group act in concert.						

NOTE 10: FINANCIAL INSTRUMENTS

Financial instruments measured at fair value in the consolidated statement of financial position

All Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted market prices in an active market (that are unadjusted) for identical assets and liabilities;
- Level 2: valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable);
- Level 3: valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

At the end of June 2018 and of June 2017, all Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position (derivative hedging instruments and derivatives held for trading) are classified in level 2.

Fair value disclosed

For all Group's financial assets and liabilities not measured at fair value in the consolidated statement of financial position, their fair value approximates their carrying amount.

Valuation techniques

The fair value of the bonds is determined based on their market prices. The fair value of the other loans and borrowings is based on either tradable market values, or should such market values not be readily available is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The fair values of derivative hedging instruments and derivatives held for trading are determined using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions at the balance sheet date.

The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of future estimated cash flows. The fair value of interest rate caps and collars is valued using option valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. The fair value of fuel hedge instruments (combination of options, collars and swaps used in the Belron segment to hedge the price of fuel purchases) is determined using market valuations prepared by the respective banks that executed the initial transactions at the statement of financial position date based on the present value of the monthly futures forward curve for gasoline given the volume hedged and the contract period. The fair values of forward rate agreements are calculated as the present value of future estimated cash flows.

NOTE 11: ACQUISITION OF SUBSIDIARIES

During the period, the D'Ieteren Auto segment finalized the acquisition of two Rietje dealerships and a multi brand body shop in the northern Antwerp region. The deal closed on February 2018. This acquisition led to the recognition of a goodwill for EUR 4.4 million.

The goodwill recognised reflects the expected synergies and other benefits resulting from the combination of the acquired activities with those of D'Ieteren Auto. As permitted by IFRS 3 "Business Combinations" (maximum period of 12 months to finalize the acquisition accounting), the provisional allocation will be reviewed and if necessary reallocated to assets and liabilities.

The additional revenue and result arising subsequent to this acquisition are not considered material to the Group and accordingly are not disclosed separately.

NOTE 12: DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS

Framework and discontinued operation

On 28 November 2017, the Company announced the signing of a definitive agreement with Clayton, Dubilier and Rice (CD&R) regarding a partnership investment in Belron. The transaction whereby CD&R acquired a 40% stake in Belron closed on 7 February 2018. The Board of Directors of the Company concluded that the Group had lost exclusive control over its subsidiary at this effective date and share joint control over the entity with CD&R. As from this effective date, the result of Belron is consolidated under the equity-accounting method (54.11% stake after MRP – see note 8). The disposal proceeds (cash consideration of EUR 628.7 million, based on the transaction price agreed between the Company and CD&R of EUR 3 billion of enterprise value which, after deduction of debt-like items, translates into an equity value of about EUR 1.55 billion) was received in February 2018.

The Board of Directors of the Company also concluded that the recognition criteria defined in IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" were met and has therefore presented the 1-month (January) result of the Belron segment as a discontinued operation (94.85% stake). The consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the 6-month period ended 30 June 2017 have been restated accordingly (see note 1).

Measurement of the disposal group

In accordance with the requirements of IFRS 10 "Consolidated Financial Statements", the Group derecognized the assets and liabilities of Belron from the consolidated statement of financial position, and recognized the fair value of the investment retained at the moment control is lost (February 2018). The assets and liabilities of Belron were accounted for at the lower of carrying amount and fair value less costs of disposal and classified under assets and liabilities held for sale until the closing of the Transaction (see note 28 of the 2017 consolidated financial statements).

Based on the transaction price agreed between the Company 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 Transaction led to the recognition of a consolidated gain on disposal of EUR 987.7 million, as follows:

EUR million	30 june 2018
Fair value of consideration received from CD&R (satisfied by cash)	628.7
Recycling of currency translation reserve attributable to equity holders of the Company	-32.0
Recycling of cash flow hedges attributable to equity holders of the Company	0.4
Fair value of investment retained in Belron (at the Transaction date)	862.0
Net book value of non-controlling interests	-3.8
Net assets of the disposal group as of the date of the Transaction	-467.6
Consolidated gain on disposal	987.7

The consolidated gain on disposal has been recognized in discontinued operations in the consolidated statement of profit or loss (and in finance income in the segment statement of profit or loss). The share of the group in the recycling of currency translation reserve and cash flow hedges is accounted for in the statement of other comprehensive income.

NOTE 12: DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (continued)

Result from discontinued operation

The result from discontinued operation in the Belron segment is presented below. It includes the result of Belron from the beginning of the period until the closing of the Transaction (7 February 2018). In accordance with the requirements of IFRS 5, the Group did not depreciate Belron's non-current assets as from the date (28 November 2017) of its classification as held for sale (see note 28 of the 2017 consolidated financial statements for more information). The impact on the consolidated income statement as of June 2018 is EUR 10.3 million.

EUR million	30 june 2018	30 june 2017 ⁽¹⁾
Sales	311.6	1,806.8
Operating result	21.1	72.6
Net finance costs	-4.8	-18.1
Result before tax	16.3	54.5
Tax expense	-1.9	-33.6
Result after tax of discontinued operations	14.4	20.9
Consolidated gain on disposal of subsidiary with change of control	987.7	-
Result after tax from discontinued operations	1,002.1	20.9
Basic earnings (loss) per share from discontinued operations (EUR)	18.27	0.36
Diluted earnings (loss) per share from discontinued operations (EUR)	18.23	0.36

(1) As restated – see note 1 for more information

The EUR 987.7 million consolidated gain on disposal includes the recycling of currency translation reserve and hedging reserve for EUR -32.0 million and EUR 0.4 million respectively, recognized in the statement of other comprehensive income.

Cash flows from discontinued operation

EUR million	30 June 2018	30 June 2017 ⁽¹⁾
Net cash generated from operating activities	-16.8	93.6
Net cash from investing activities	551.0	-85.5
Net cash from financing activities	18.1	-13.5
Effect on cash flows	552.3	-5.4

(1) As restated – see note 1 for more information

The aggregate cash flow from losing control of the subsidiary - included in the line "Net cash from investing activities" in the above table - amounts to EUR 553.3 million and is composed of the fair value of the consideration received from CD&R (EUR 628.7 million) less EUR 75.4 million cash and cash equivalents of Belron at the date of the Transaction.

NOTE 13: SUBSEQUENT EVENTS

No significant transactions out of the ordinary course of business occurred between the closing date and the date these condensed consolidated interim financial statements were authorised for issue.

NOTE 14: ACCOUNTING POLICIES

Note 14.1: Basis of Preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2018. They are presented in euro, which is the Group's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated. They have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union ("EU"). They do not include all the information required for a complete set of IFRS financial statements. They have been prepared in a condensed format, with selected explanatory notes to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. Therefore, they should be read in conjunction with the 2017 annual consolidated financial statements.

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2017 annual consolidated financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are further described below.

Note 14.2: Significant Accounting Policies

The accounting policies applied are consistent with those summarized in note 34 of the 2017 annual consolidated financial statements, except for the adoption of new standards and amendments to standards effective as of 1 January 2018.

This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. The impact of the adoption of those standards on the Group's financial statements are described below.

IFRS 15 – Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18.

In the D'Ieteren Auto segment, the adoption of IFRS 15 has had the following implications: when selling a new vehicle to final customers, the Group sometimes grants special conditions to the final customers by participating in the financing of the vehicle with the credit institution. Instead of recognizing these expense as operating charges (under IAS 18), the Group now recognizes the entire amount in deduction of the revenue. The amount recorded on the 6-month period ended 30 June 2018 as a deduction of the transaction price amounts to ca. EUR 5.7 million.

The adoption of IFRS 15 in the Belron and Moleskine segment is not significant. The timing of revenue recognition remains largely unchanged and therefore no additional disclosures are presented.

The Board of Directors considers that no additional disclosures are required regarding the disaggregation of revenue in accordance with IFRS 15.B89 and refers to the segment reporting for the disaggregation of revenue per segment, being the most appropriate disaggregation.

IFRS 9 – Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement". The adoption of the new standard has had no significant impact on the Group's financial statements.

The other new standards and amendments to standards that are mandatory for the first time for the Group's accounting period beginning on 1 January 2018 are listed below and have no significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" (effective 1 January 2018 – endorsed by the EU);
- Amendments to IAS 40 "Investment Property" (effective 1 January 2018 – endorsed by the EU);
- IFRIC 22 "Foreign currency transactions and advance consideration" (effective 1 January 2018 – endorsed by the EU);
- Annual improvements to IFRSs 2014-2016 Cycle (effective 1 January 2018 – endorsed by the EU);
- Amendments to IFRS 9 "Financial Instruments" (effective 1 January 2018 – endorsed by the EU).

NOTE 14: ACCOUNTING POLICIES (continued)

The standards, amendments and interpretations to existing standards issued by the IASB but not yet effective in 2018 have not been early adopted by the Group. They are listed below.

- IFRIC 23 “Uncertainty over income tax treatments” (effective 1 January 2019 - subject to endorsement by the EU);
- Amendment to IAS 28 “Investments in Associates and Joint Ventures” (effective 1 January 2019 – subject to endorsement by the EU);
- Amendment to IAS 19 “Employee Benefits” (effective 1 January 2019 – subject to endorsement by the EU);
- Annual improvements to IFRSs 2015-2017 Cycle (effective 1 January 2019 – subject to endorsement by the EU);
- IFRS 16 “Leases” (effective 1 January 2019 – endorsed by the EU). This new standard will require the Group when operating as a lessee to bring most leases on-balance sheet. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard.

The Group plans to adopt IFRS 16 as of January 2019 using the modified retrospective approach across all its operating segments.

In the Moleskine segment, the Group will recognise new assets and liabilities for its operating leases of retail stores and offices. The Group refined the simulation of the impact linked to IFRS 16 adoption. Should IFRS 16 be applicable as of January 2018, the additional right-of-use assets and related liabilities that would have been recognized amounts to ca. EUR 41 million. Depreciation costs and interest costs that would have been recorded in the statement of profit or loss of the year amounts to ca. EUR 7.7 million and EUR 0.7 million, respectively, with a related favourable impact on EBITDA.

In the Belron segment, the new standard will primarily affect the accounting for the operating leases (mainly building rentals). Based on the latest simulation available, the additional right-of-use assets is estimated at EUR 555 million and the current operating costs of ca. EUR 150 million would be splitted between depreciation costs for ca. EUR 120 million and interest costs for ca. EUR 30 million, with a related favourable impact on EBITDA. The implementation of IFRS 16 at the level of Belron will however have limited impact on D’Ieteren Group’s statement of financial position since Belron is an equity accounted investee.

The Real Estate activity of the Group, included in the operating segment “Other”, mostly consists in renting buildings and office spaces to actors of the D’Ieteren Auto segment. As most of the buildings and office spaces are being held by the Group, the adoption of IFRS 16 won’t have a significant impact on both operating segments (D’Ieteren Auto and Other).

Auditor's Report

Statutory auditor's report to the Board of Directors of D'leteren SA on the review of the condensed consolidated interim financial information as at 30 June 2018 and for the 6-month period then ended.

Introduction

We have reviewed the accompanying consolidated statement of financial position of D'leteren SA as at 30 June 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and the condensed consolidated statement of cash flows for the 6 month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2018 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 30 August 2018

KPMG Réviseurs d'Entreprises
Statutory Auditor
Represented by

Alexis Palm
Réviseur d'Entreprises/Bedrijfsrevisor