

Thursday 28 May 2020 – 8:00 am CEST

## Trading update

**Following a strong start to the year (+11.2% in January and +9.4% in February), D'Ieteren Group's combined<sup>1</sup> sales declined by 4.3% in Q1 2020 due to COVID-19 related shutdowns.**

- **D'Ieteren Auto's** market share improved by 217bps in a Belgian new car market that declined by 18.3% in Q1 2020. Sales dropped by 6.9% with higher Retail sales more than offset by a lower contribution from the Import activities.
- **Belron's** sales were marginally down (-1.4%) with lower revenues in the Eurozone and the Rest of the World largely offset by higher revenues in North America. Lower volumes were partially mitigated by a positive price/mix effect, ADAS calibrations and value-added products and services (VAPS).
- **Moleskine's** sales dropped by 22.1% in Q1 2020 with Wholesale in EMEA and the Americas representing 55% of the decline as Moleskine's clients were impacted by the lockdowns.

At this stage it is impossible to quantify the negative impact COVID-19 will have on D'Ieteren's FY 2020 results. The activities are however progressively resuming. D'Ieteren Auto partially restarted as from 4 May, Belron's sales are sequentially improving on a weekly basis since mid-April and Moleskine is progressively exiting from various lockdowns.

The safety and well-being of all the employees, customers, suppliers and other stakeholders remain a top priority for D'Ieteren Group and its activities. The Group has also undertaken multiple initiatives to support its communities during the lockdown period and beyond.

At the level of D'Ieteren Group, the Board of Directors will propose to the General Meeting (starting today at 3pm) a gross dividend per share that is stable compared to last year's and to allocate the initially planned increase of EUR 0.15 per share to a solidarity program that will help employees of D'Ieteren Group who may suffer hardship as a consequence of the COVID-19 crisis (see press release dated 27 April).

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## D'IETEREN AUTO

### Belgian market and D'Ieteren Auto's performance in Q1 2020

Following a modest decline (-2.4%) in Jan-Feb, Belgian new car registrations plummeted by 47.5% y/y in March as the effect of the COVID-19 lockdown, which started on 18 March, kicked in. On a cumulative basis, the market was down 18.3% during Q1.

Registrations declined by 18.9% in the business segment and by 17.5% in the private segment. SUV's continued to gain in popularity with a share of 40.0% in Q1 2020 versus 38.6% in Q1 2019. The share of new energy cars rose from 6.6% in Q1 2019 to 12.8% in Q1 2020 on the back of a 67% rise in hybrids.

The market share of the brands distributed by D'Ieteren Auto reached 22.30% (+217bps) in Q1 2020 with share gains at Audi (+102bps), Škoda (+79bps), Seat (+28bps) and Porsche (+10bps). Volkswagen remains the leader on the Belgian market with a broadly flat share of 9.77%. Excluding registrations of less than 30 days, D'Ieteren Auto's market share improved by 198bps to 22.56%.

Belgian registrations of new light commercial vehicles (0-6 tonnes) reached 19,364 units in Q1 2020, down 13.4% year-on-year. D'Ieteren Auto market share reached 8.56% in Q1 2020 versus 10.82% in Q1 2019.

D'Ieteren Auto had a strong start to the year with sales up 14.2% during the first 2 months. March sales (-40.4%) were impacted however by the COVID-19 lockdown as dealerships and showrooms closed down as from 18 March. Q1 sales fell by 6.9% (-7.3% at constant perimeter) with higher Retail sales more than offset by lower revenues at the Import division. The total number of new vehicles, including commercial vehicles, delivered by D'Ieteren Auto decreased by 11.6% to 30,732 in Q1 2020.

### Evolution in April and May 2020

Belgian new car registrations dropped by 90% (-91% at the level of D'Ieteren Auto) in April or by 37% year-to-date due to the lockdown. B2B and B2C (Retail) activities restarted respectively on 4 May and 11 May. The current focus is to organize new vehicle deliveries to fulfil client orders and to reduce the high stock levels.

### Outlook for the Belgian new car market

The FY 2020 outlook remains very uncertain. Febiac currently banks on a 35% decline in Belgian new car registrations.

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**BELRON****Q1 2020 performance**

Belron reported a strong start to the year with 8.3% sales growth (actual exchange rates) from continued operations during the first two months of the year. It comprised organic growth<sup>2</sup> of 4.3%, a 2.6% positive contribution from acquisitions and a positive currency translation impact of 1.4%. This growth was driven by higher average job prices, largely due to mix, and increased revenues from recalibrations and value-added products and services (VAPS).

March saw sales from continued operations decline by 18.2% as the COVID-19 crisis developed.

Q1 2020 sales fell by 1.4%, comprising an organic decline<sup>2</sup> of 4.2%, a 2.8% positive contribution from acquisitions partially offset by a 0.6% adverse impact from disposals, and a positive currency translation impact of 0.6%. The COVID-19 situation has had a significant impact on operations although there are different trading conditions in each country. In many markets the business has been deemed an essential service and therefore continued to operate, albeit at a much lower level of demand.

The number of consumers served in the quarter reached 4.0 million of which 3.9 million were in vehicle Glass Repair and Replacement (VGRR) and Claims Management.

**North America** sales increased by 4.9% of which organic sales<sup>2</sup> fell by 2.5% due to the impact of the pandemic in March. Regional acquisitions, the largest being TruRoad in August 2019, contributed 5.3% of growth together with 2.1% from favourable currency translation. Prior to the pandemic there were increases in both volumes and value, including product mix, and higher revenues from ancillary services.

The **Eurozone** saw the greatest impact from COVID-19 with network closures in France, Italy, Spain and Belgium as a result of Government restrictions. Sales fell by 8.6%, comprising an 8.7% decrease on an organic basis<sup>2</sup> and a 0.1% positive contribution from currency translation. Prior to the pandemic there were improvements in sales value, including product mix, and higher revenues from ancillary services.

**Rest of World** sales fell by 3.2% with 0.1% organic sales growth<sup>2</sup> and 0.3% from acquisitions offset by an adverse currency translation effect of 3.6%. In this region the UK has been most impacted while sales in Australia and the Nordics holding up relatively well. Prior to the pandemic there were improvements in sales value, including product mix and higher revenues from ancillary services.

The extent of the period of disruption is uncertain and swift mitigating actions have been taken to preserve cash and offset lower revenues.

**Evolution in April and May 2020**

Early indications of improved activity have been seen in many countries with weekly sales improving sequentially as from mid-April.

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## MOLESKINE

### Q1 2020 performance

Moleskine's activities in China were impacted by COVID-19 from the end of January. The Chinese suppliers stopped their production at the end of January but resumed in March. Stores in Europe and US closed in March but they reopened in APAC with shorter opening times.

Revenues (at actual exchange rates) were broadly stable in January but dropped by 23.7% in February and 38.2% in March, resulting in a 22.1% drop in Q1 2020. Wholesale EMEA and Americas represented respectively 34% and 21% of the quarterly sales decline as Moleskine's clients were impacted by lockdowns.

Sales evolution in Q1 2020 at actual exchange rates:

- **Wholesale** revenues (56% of total) decreased by 22.0%, mainly reflecting lower sales in EMEA and the Americas. Revenues in APAC were down low single digits.
- **B2B** revenues (19% of total) fell by 17.0%. The high single digit improvement in APAC was more than offset by a decline elsewhere.
- **Retail** (16% of total) revenues dropped by 31.4%. In EMEA stores started to close as from 12 March due to COVID-19. In the Americas all stores closed as of 17 March. The number of directly-operated stores reached 72 at the end of Q1 2020 compared to 75 at the end of Q1 2019.
- **E-Commerce** (6% of total) revenues fell by 19.9%.

Moleskine has put in place multiple cost containment and cash protection measures. The Italian government provided temporary unemployment support. At the beginning of April, Daniela Riccardi joined Moleskine as the new CEO. She focuses on simplifying the organization, fixing the basics and making the company fit for renewed growth.

### Notes

<sup>1</sup> Combined figures include Belron at 100%.

<sup>2</sup> "Organic growth" is an Alternative Performance Measure used by the Group to measure the year-on-year evolution of revenue at constant currency and excluding the impact of changes to the perimeter of consolidation or business acquisitions.

### Forward looking statements

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

**End of press release**

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## GROUP PROFILE

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

- *D'Ieteren Auto distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti, Porsche and Yamaha vehicles in Belgium. It has a market share of around 22% and 1.2 million vehicles on the road. Its business model is evolving towards improving the lives of citizens with fluid, accessible and sustainable mobility. Sales and adjusted operating result reached respectively EUR 3.6 billion and EUR 119.0 million in FY 2019.*
- *Belron (54.85% of the voting rights) has a clear purpose: "making a difference by solving people's problems with real care". It is the worldwide leader in vehicle glass repair and replacement and operates in 39 countries, through wholly owned businesses and franchises, with market leading brands - including Carglass®, Safelite® and Autoglass®. In addition, Belron manages vehicle glass and other insurance claims on behalf of insurance customers. Sales and adjusted operating result reached respectively EUR 4.2 billion and EUR 400.5 million in FY 2019.*
- *Moleskine (100% owned) is a premium and aspirational lifestyle brand which develops and sells iconic branded notebooks and writing, travel and reading accessories through a multichannel distribution strategy across 114 countries. Sales and adjusted operating result reached respectively EUR 163.9 million and EUR 18.6 million in FY 2019.*
- *D'Ieteren Immo (100%) groups together the Belgian real estate interests of D'Ieteren Group. It owns and manages approximately 30 properties which generated EUR 19.7 million net rental income in FY 2019. It also pursues investment projects and carries out studies into possible site renovations.*

## FINANCIAL CALENDAR

Last five press releases <i>(with the exception of press releases related to the repurchase or sale of own shares)</i>		Next events	
28 April 2020	Publication of the annual report and organisation of the AGM and EGM	28 May 2020	General Assembly
27 April 2020	Proposal to allocate the dividend increase to a solidarity program	27 August 2020	2020 Half-Year Results
6 April 2020	COVID-19: impact and measures		
16 March 2020	Daniela Riccardi appointed as CEO of Moleskine		
5 March 2020	2019 Full-year Results		

## CONTACTS

Francis Deprez, *Chief Executive Officer*  
Arnaud Laviolette, *Chief Financial Officer*

Pascale Weber, *Investor Relations* - Tel: + 32 (0)2 536.54.39  
E-mail: [financial.communication@dieteren.be](mailto:financial.communication@dieteren.be) – Website: [www.dieteren.com](http://www.dieteren.com)