D'Ieteren

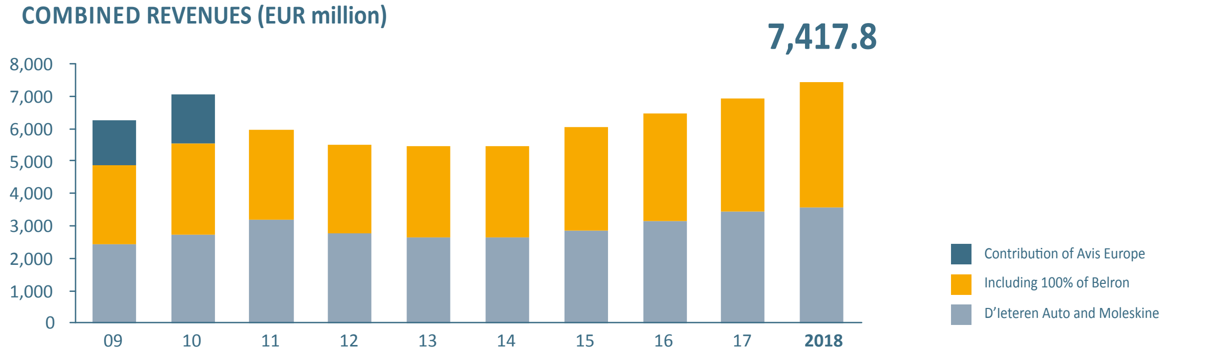
ACTIVITY REPORT 2018

KEY INDICATORS

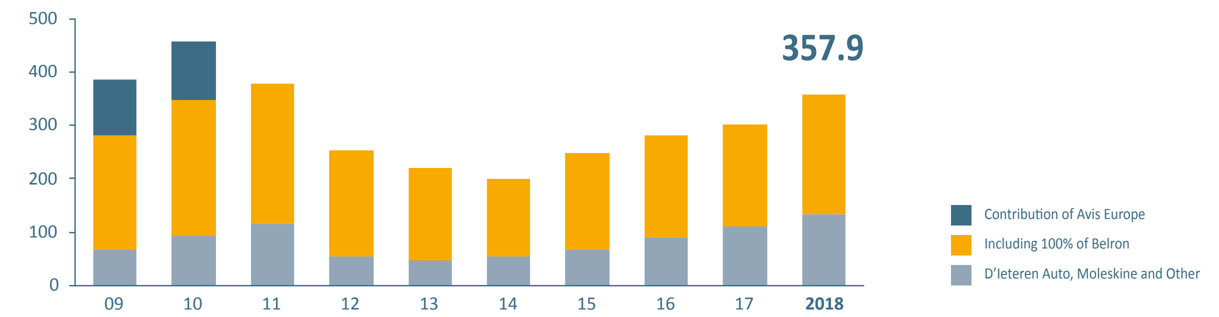
Consolidated results (EUR million)	2009	2010	2011	2012	2013	2014	2015	2016[1]	2017	2018
Revenues (IFRS)[3]	6,269.7	7,053.6	5,977.3	5,514.5	5,470.5	5,453.1	6,035.4	6,471.7	3,455.1[2]	3,578.1[2]
Combined revenues[3,5]	6,269.7	7,053.6	5,977.3	5,514.5	5,470.5	5,453.1	6,035.4	6,471.7	6,941.3	7,417.8
Adjusted operating result[4,5]	384.7	456.4	377.2	252.6	220.2	198.6	248.5	281.1	300.9	357.9
Adjusted result, group's share:										
- before tax[4,6]	214.2	305.4	305.8	203.0	177.6	157.2	212.1	241.6	247.9	226.1
- after tax[4]	182.8	234.2	312.0	159.4	136.1	144.0	186.5	215.3	194.8	182.2
Group's share in the net result for the period[7]	158.5	218.8	312.6	190.1	114.0	-11.1	130.7	49.9	112.6	1,048.0
Financial structure (EUR million)										
Equity of which:	1,154.6	1,464.7	1,532.1	1,679.2	1,725.2	1,644.8	1,735.1	1,683.5	1,760.5	2,655.4
- Capital and reserves attributable to equity holders	1,028.5	1,250.6	1,530.5	1,677.4	1,723.6	1,644.2	1,733.3	1,683.0	1,764.3	2,655.1
- Minority interest	126.1	214.1	1.6	1.8	1.6	0.6	1.8	0.5	-3.8	0.3
Net debt group's share[11]	1,434.3	1,554.8	793.6	453.1	467.6	559.9	534.5	952.7	946.3	87.3
Data per share[8] (EUR)										
Group's share in the net *adjusted* result for the period[4,7,9]	3.33	4.26	5.65	2.89	2.47	2.29	3.32	3.92	3.55	3.32
Group's share in the net result for the period[7,9]	2.89	3.97	5.66	3.45	2.07	-0.20	2.38	0.91	2.05	19.12
Gross dividend per ordinary share	0.325	0.425	0.800	0.800	0.800	0.800	0.900	0.950	3.800[10]	1.000
Capital and reserves attributable to equity holders	18.60	22.61	27.67	30.33	31.17	29.73	31.34	30.43	31.90	48.01
Share Information[8,9] (EUR)										
Highest share price	29.92	47.20	49.85	40.64	37.36	37.68	37.59	45.16	45.88	40.08
Lowest share price	7.56	28.85	32.73	28.95	29.21	27.66	27.36	26.08	35.84	32.36
Share price as at 31/12	27.91	47.20	34.07	30.44	36.20	29.30	34.42	42.00	37.54	32.92
Average share price	17.43	36.99	43.22	34.98	34.39	31.95	32.74	37.84	40.90	36.11
Average daily volume (in number of shares)	72,195	75,896	79,230	55,659	46,024	40,302	43,418	47,723	39,457	42,142
Market capitalisation as at 31/12 (EUR million)	1,543.5	2,610.3	1,884.2	1,683.4	2,002.0	1,620.1	1,903.2	2,322.7	2,035.4	1,782.2
Total number of shares issued	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620
Average workforce[5] (average full time equivalents)	29,283	26,374	26,884	25,787	27,246	26,810	27,970	28,348	31,222	32,951

1. Includes Moleskine as from 1 October 2016.
2. Belron is classified under discontinued operations between 1 January 2017 and February 2018. Equity accounting from 7 February 2018 onwards.
3. Includes 100% of Avis Europe until 2010.
4. Excluding *adjusting* items.
5. Including Belron at 100%.
6. Following the creation of Volkswagen D'Ieteren Finance, whose results are accounted for using the equity method (and therefore excluded from revenue and from operating result), and in order to reflect all the group's activities, the *adjusted* result before tax, group's share, includes from 2012 onwards the group's share in the *adjusted* result before tax of the entities accounted for using the equity method.
7. Result attributable to equity holders of D'Ieteren, as defined by IAS 1.
8. Restated following the 10-to-1 share split in 2010.
9. Calculated in accordance with IAS 33.
10. Includes an extraordinary dividend of EUR 2.85.
11. APM - see glossary page 72.

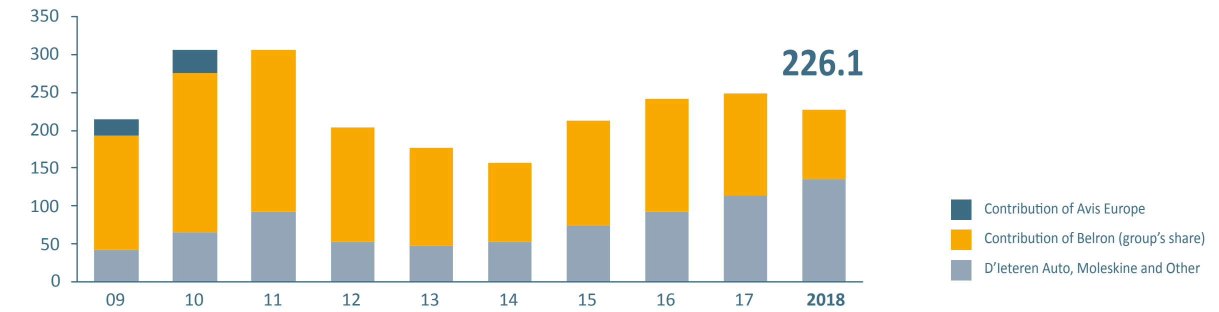
COMBINED REVENUES (EUR million)



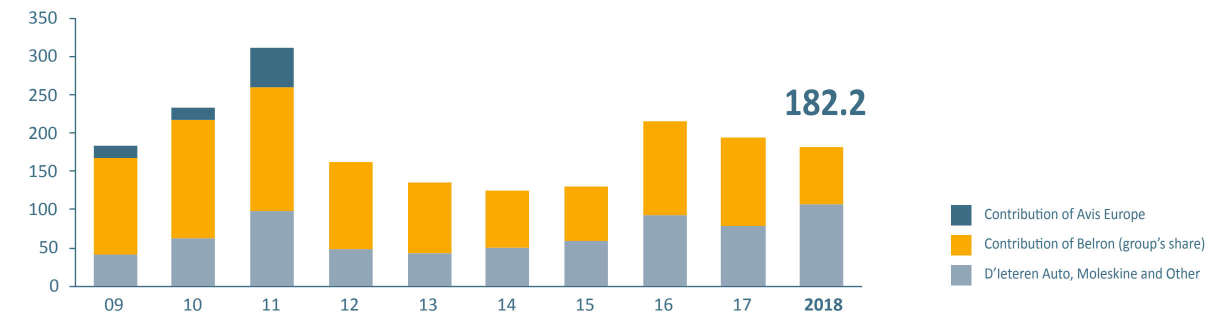
ADJUSTED OPERATING RESULT (EUR million)



ADJUSTED RESULT BEFORE TAX, GROUP'S SHARE, (EUR million)



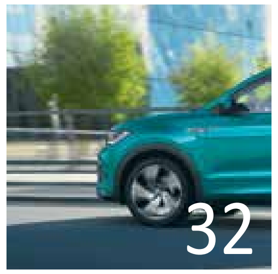
GROUP'S SHARE IN THE *ADJUSTED* NET RESULT FOR THE PERIOD (EUR million)



D'IETEREN'S SHARE PRICE SINCE 2009 (EUR)

Content

THE GROUP



D'IETEREN AUTO 20

BELRON 36

MOLESKINE 48

D'IETEREN IMMO 60

This Activity Report does not constitute the annual financial information. This information is entirely comprised in the 2018 Financial and Directors' Report. The definition of the Alternative Performance Measures (APMs) used in this Activity Report,which are non-GAAP measures (i.e. their definition is not addressed by IFRS), can be found in the glossary on page 72 of this report. For further information on the APMs used by D'Ieteren, see page 12 of the Financial and Directors' Report.

D'Ieteren at a glance

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.

D'Ieteren Family
57.50%[1,2]
Capital share

Own shares[2]:
2.11%

Free Float
Euronext Brussels
40.40%[2]
Capital share

>> Represented in more than
115 countries

- > Supporting managers with patient capital, strategic insight and operational sounding board
- > Investing in a selected number of platforms which are leaders in their markets and benefit from concrete opportunities to generate value over long periods of time
- > Higher-purpose led approach and vision

OUR ROLE AND INPUT

[1] *In voting rights: 61.02%*
[2] *At 31 december 2018*

OUR BUSINESSES

> D'IETEREN AUTO

DESCRIPTION

D'Ieteren Auto (100% owned) 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 2018. In addition to Belgian vehicle distribution, it provides after sales services through its Corporate-owned dealerships. D'Ieteren Auto's business model is currently evolving towards providing citizens with a responsible and innovative mobility. This includes building a comprehensive electric offer, and developing new mobility solutions, such as shared mobility and intermodality, via the company's subsidiary Lab Box.

FINANCIALS

2018 sales: EUR 3.4 billion
2018 *adjusted* operating result: EUR 113.0 million

WORKFORCE (AVERAGE FTEs)

1,848

> BELRON

DESCRIPTION

Belron (54.10% owned) is the world leader in vehicle glass repair and replacement, with more than ten major brands, including Carglass®, Safelite® AutoGlass and Autoglass®. It also 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. In 2018, Belron served 17.8 million consumers in 35 countries on six continents.

FINANCIALS

2018 sales: EUR 3.8 billion
2018 *adjusted* operating result: EUR 225.7 million

WORKFORCE (AVERAGE FTEs)

30,567

All in all, we aim to create value for all our stakeholders, while considering the UN Sustainable Development Agenda
(For Key Performance Indicators and details on the way we contribute to the UN sustainable Goals please refer to the Index on p.70-71)

> ON OUR CUSTOMERS

We believe that customer satisfaction is the core objective of our businesses.

> ON OUR PEOPLE

We believe that engagement, motivation and well-being of our people is key and we strive to create meaningful and purposeful environments in which they can operate.

> ON OUR SHAREHOLDERS

We believe that satisfied customers and engaged people create superior value, including superior financial returns, for shareholders.

> ON OUR PLANET

We take care of our environment including through responsible use of natural resources, production and consumption of renewable energy and sustainable waste management.

> ON OUR COMMUNITY

We look for opportunities to bring our businesses closer to their communities, through good and ethical conduct, volunteering, donations and long-term commitments.

OUR IMPACT

- > Customer satisfaction
- > Employee well-being and development
- > Innovation for society
- > Economic growth and value creation
- > Respect of the environment
- > Community engagement
- > Ethics

OUR FOCUS AREAS

> MOLESKINE

DESCRIPTION

Moleskine (100% owned) is a premium aspirational lifestyle brand that develops and sells iconic branded notebooks, bags, writing instruments and reading accessories through a multichannel distribution network in more than 115 countries. Moleskine is innovating along the analogue-digital continuum, in particular with its Smart Writing Ecosystem, which enables users to develop their projects and ideas on paper without abandoning the convenience of digital technology.

FINANCIALS

2018 sales: EUR 174.1 million
2018 *adjusted* operating result: EUR 28.6 million

WORKFORCE (AVERAGE FTEs)

479

> D'IETEREN IMMO

DESCRIPTION

D'Ieteren Immo (100% owned) D'Ieteren Immo groups together the Belgian property interests of the D'Ieteren Group. 2018 was its second full year of activity. It pursues investment projects and carries out studies into possible site renovations. In addition to managing its own property assets, the company offers property consulting services to the tenants of the approximately 30 properties in the portfolio.

FINANCIALS

2018 Net Rental Income: EUR 18.7 million
2018 Portfolio Book Value: EUR 186.7 million

WORKFORCE (AVERAGE FTEs):

37

Thomas de Dorlodot, adventurer, professional paraglider and world traveller, has been sponsored by Volkswagen Commercial Vehicles for 10 years. ©John Stapels

MESSAGE FROM THE CHAIRMAN

Dear shareholders,

2018 was an excellent year for the D'Ieteren Group. The efforts of our teams over the last few years are bearing fruit, enabling us to create value and strengthen the foundations on which the Group will continue to grow in the future.

I would like to take this opportunity to salute and thank them on behalf of all the members of the Board of Directors.

At Belron, the partnership with Clayton, Dubilier & Rice helped us to transform the company in readiness for the next phase of development. We believe it is now better equipped to improve profitability and pursue its expansion into areas outside the core business of car windscreen repair and replacement.

D'Ieteren Auto also enjoyed a successful 2018, without losing sight of the challenges that lie ahead. The company's leadership on Belgium's new vehicle market still leaves numerous growth opportunities for its other activities. Though the sector is undergoing significant changes, we are confident of a bright future ahead.

Moleskine joined the group in 2016 with a healthy appetite for growth. After a year of investment in human resources and the systems that will support further development, the company reported double-digit revenue and earnings growth in 2018. Moleskine continues to expand and ensure that it can maintain the same growth momentum in the future.

We also remain on the look-out for acquisition possibilities across the group. Given the fiercely competitive nature of the market, in which assets are often highly priced, we take the time to find targets that correspond to our family company profile. Our 200-year history of family entrepreneurship is a strength that we will continue to promote with diligence and pride in 2019.

The quality and solidity of our results, the healthy net cash position and the bright growth outlook have prompted the Board to propose an ordinary dividend per share of EUR 1 to the General Meeting, up from EUR 0.95 in 2017. This is consistent with our policy to increase the dividend on a regular basis when the results allow it.

I wish to thank all our shareholders for their continued confidence and support.

Nicolas D'Ieteren
Chairman of the Board

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The financial results carry their name for good reason: they are the quantitative outcome of something else.

If we were to make them our ultimate objective, we would lose sight of what makes them possible and, ironically, make attaining or even surpassing them more difficult.

I never cease to be amazed at the capacity of human beings to bring out the best and I am conscious that the context in which they work, and sometimes a relapse in their consciousness, are challenges on the path leading to what is meaningful, right and good.

We have to accept the context in which our businesses find themselves: sometimes conditions are favourable, at other times, less so. There's not much we can do about that. But we can work on ourselves.

If I had to sum up 2018, I would say that the greatest source of satisfaction, pride and inspiration to the Executive Committee was to see our teams put the reasons for their commitment and motivation at the centre of their daily activity to build a working environment in which the qualities of each and every one can be expressed and appreciated. To empower people, providing them the tools with which to express their creativity. To respect both oneselves and others, while encouraging meaningful dialogue and exchanges that serve the collective interest. To choose from a range of possible options the one that best corresponds to the path we want to follow, as a company. To make a difference for all our stakeholders: our customers of course, our partners too, but also the community in the wider sense – society, the environment, government authorities – and our shareholders.

Like most companies, the environment that we find ourselves in is sometimes uncertain, often volatile and always complex. However, I am convinced that this attention to business purposes creates the conditions for stronger commitment and motivation of our teams, improved customer satisfaction and for a more responsible impact on our broader environment. These changes are also a response to the wishes of our society and I tend to believe that the most important task of senior management is to create a context (or to allow one to be created) in which this evolution can be turned into reality.

It is therefore with a deep sense of gratitude for the achievements of our people that we have been able to announce solid 2018 results that exceeded expectations, and the development of organisations that should be able to continue along this path in 2019. Belron, D'Ieteren Auto and Moleskine all posted sales growth and double-digit growth in their *adjusted* operating result. Overall, the combined sales of the Group rose by 7% while our key indicator for financial performance and guidance, *adjusted* consolidated result before tax, Group's share, increased by 15.8%.

All of our businesses are on course to meet their medium-term targets and for certain indicators they are ahead of schedule. This is what enabled us to propose to the Shareholders General Meeting an ordinary dividend payout of EUR 1 per share, up 5.26% compared to the ordinary dividend of 2017.

D'Ieteren Auto saw significant sales volumes at the start of the year, while the roll-out of new European vehicle testing procedures (which can cause the cancellation of certain models or delivery delays) had a negative impact on the second half. Overall, on a market that remained buoyant in terms of units sold, sales rose by 3.2% under the effect of a positive mix change that was partially offset by a reduction in the number of vehicles sold. The *adjusted* operating result gained almost 19%, thanks in part to a mix effect, control of operating costs and other more specific factors. Overall, our brands gained market share (excluding registrations of less than 30 days) to reach 21.45%, thanks in particular to Volkswagen (which strengthened its leadership position on the Belgian market), Škoda and Seat. SUVs and new energy engines (electric, hybrid, natural gas) increased their share of our sales portfolio.

Belron enjoyed another year of growth with increases of 10.1% in sales and 10.3% in *adjusted* consolidated result before tax, Group's share, after larger payments from the last two tranches of the long-term incentive program that were still active. A new Management Reward Program has now been created to align employees with shareholders by sharing with them the value created by the company. Free cash flow increased significantly to EUR 164 million. This positive development allowed the payment of an additional amount of EUR 400 million to Berlon's shareholders through the issue of additional term loans that lifted the debt-to-EBITDA ratio to 4.23 at year-end. Belron expects another year of double-digit growth for its results in 2019.

Moleskine reported very solid progress, consistent with its status as a growth company. Sales rose sharply by close to 15% at constant exchange rates across all distribution channels and regions, lifted by the successful launch of new ranges of bags and accessories that complement the notebook offer. The 2018 operating result increased by 13.5% with the prospect of more double-digit growth for sales and operating result in 2019. Moleskine continues to innovate in new product ranges, both in the analogue and digital universes.

The **Group's real estate division** pursued its mission to support the Belgian automobile activities with the building of a new bodywork centre and used vehicle sales outlet in Drogenbos and the ongoing projects to build a new Porsche centre in Wallonia, a Seat dealership in Malines and a new multi-brand dealership in Anderlecht. D'Ieteren Immo is also managing renovation projects on various important sites in the Brussels region (a logistics facility in Kortenberg, old dealerships close to the Midi station and the site of the company's headquarters in Ixelles).

These activities and the accompanying results unfolded in varying contexts, but never without challenges.

It is no coincidence that all of our organisational structures, and this includes senior management, dedicated time and energy in 2018 to reassessing their modus operandi and questioning past choices in order to be able to consciously decide whether to maintain or adapt them. This desire to avoid unconscious, automatic thought patterns, which waste energy and lack sense, forms the basis of the vitality seen in all our activities in 2018.

Belron began 2018 with a desire to ensure that its financial results reflect the same level of excellence that is already seen in the commitment and motivation of its employees, the satisfaction of its customers and partners and its actions towards society. With this objective in mind, it began a large-scale project to expand the offer of services and enhance efficiency in its core regions. Belron tests with determination its ambition to apply the disruptive, value-adding models that it has developed over the years to new areas (automobile, the home) to obtain the uncontested leader status it already enjoys in automobile windshields. In short, to focus on providing the best possible service to the greatest number of people, and always with a real care.

The world of mobility is evolving rapidly, with the arrival of new modes of propulsion, a growing aversion to traditional, fossil-fuel powered engines and demands for a new kind of mobility from customers, who want to be recognised and offered services that combine excellence, flexibility and speed with the latest technologies. **D'Ieteren Auto** fully understands these challenges and has embarked on an in-depth process of reflection across all activities to create the conditions that will enable its staff to respond to them. In a world of complex interactions, the company will undertake a detailed review of its working methods to create an environment that encourages initiative-taking, responsibility, recognition and collective effort, so it can offer the best possible service to its customers.

In 2018, **Moleskine** initiated a steady movement of regionalisation of its organisational and decision-making structure, shifting the centre of gravity away from Milan and towards the regions (America, Europe and the Asia-Pacific). This involved first putting in place the support tools that enable better access to the data that can improve dialogue within the company and second, the pursuit of multi-product, multi-channel, multi-region growth. Significant efforts were made to ensure that teams were aligned with the changes, that they will apply them to reinforce future strategies and are committed to ensuring that their future efforts bear the stamp of the company's raison d'être: to promote creativity, innovation and individual and collective progress.

Finally, the **Group's teams** have been working hard to provide encouragement, support and guidance to our activities, in order to fulfil the two missions that are essential to us as a listed investment Group: (i) to help our businesses build their respective futures in a spirit of generosity while providing our expertise and (ii) to identify new activities the Group might invest in where there is potential to have a positive impact and to create value. High valuations, combined with the scarcity of attractive targets and our desire for discipline, led us to ignore certain opportunities that arose over the course of 2018. We will continue looking however, with the same philosophy, and our contacts make us confident that we will be able to reinvest available cash in talented people and high-quality assets. My colleagues on the Executive Committee and myself would like to thank our colleagues across the Group for their involvement, their goodwill and their support. These results also belong to the teams that are active across all our activities.

For this year, we decided to adopt an **integrated reporting** approach to our annual report. The objective is to explain how D'Ieteren and its businesses envisage value creation, at the human, societal and financial levels, and the principles they intend to apply that will favour responsible management for all our stakeholders. This is a strategic priority for the Group and we hope to maintain and develop further the tools that enable us to measure our objectives and our performance. The integrated approach is gradually taking shape between the teams of the different activities to improve the gathering and sharing of the necessary information. Through a virtuous spiral this will lead to reflections, analyses and discussions on what matters should be sustained and deepened further. We also wanted to give a voice to some of our stakeholders, who we thank for their participation. A company only lives through the positive interactions that it creates within the framework of interdependence that links it with others.

Axel Miller
Chief Executive Officer

©John Stapels

A word from our stakeholders

Interview with Claire Berthier, Fund Manager at Trusteam

Claire Berthier is a member of the Gestion Trusteam Finance team, in which she manages the Trusteam ROC and Trusteam ROC EUROPE funds.

As an asset management company, customer satisfaction is at the heart of your investment strategy. Why this choice?

At Trusteam Finance, we share the same strong conviction: a company's most precious asset is its customers. For the last ten or so years, the balance of power between client and company has been reversed. The customer now holds the power. This is a new era in which the digital revolution is accelerating the pace of change and it is from this perspective that we analyse companies and build our investment case.

For more than 40 years, the link between customer satisfaction and financial performance has been demonstrated by numerous academic studies. In recent years, new research has also underlined the way in which customer satisfaction acts as a 'mediator' between financial and extra-financial performance, by helping to determine which CSR strategy will be best suited to creating financial value. An analysis of the best customer strategies confirms this thesis: there is a correlation between customer satisfaction and a company's ESG performance.

Our management strategy is based on our ROC – or Return on Customer – process, from international stocks to rate-based instruments. We have also created a Customer Excellence prize that rewards companies who succeed while also looking after their customers, their staff and the environment.

What criteria do you use to measure customer satisfaction?

With the Trusteam Finance ROC investment approach, we ensure that our investment strategy is based on an analysis of the customer asset based on two dimensions.

First, we measure customer satisfaction, based on the belief that nobody should judge on behalf of the customer. We collect and compare past and present results from surveys carried out worldwide by around 40 respected institutes. This process along with further cross-comparison with other surveys enable us to draw conclusions for our asset management. In order to gather as much data as possible, we carry out our own satisfaction surveys, in collaboration with high-quality partners like IPSOS, Toluna or Synomia.

Then we analyse the customer strategy. Trusteam Finance verifies whether companies listen to and respond to the expectations of their customers. Companies also have to engage their employees, who serve as a channel for the customer experience, by showing them that their work has meaning. To achieve this, customer-focused companies have a purpose that goes far beyond the achievement of mere economic objectives. This aligns the interests of the companies with those of their staff and their customers, and ultimately benefits society as a whole.

To date, we have built a proprietary data base that contains the ROC 'ratings' of more than 5,000 companies.

In a world undergoing constant change, where do you see the main challenges for customer-focused companies like your own, both now and in the near future?

In 2018, clients are looking for meaning, value and coherence. One of the biggest challenges that companies need to prepare for is therefore the need for responsibility. As the digital revolution gathers pace, customers become activists who are aware of the contribution that companies make to the world. They want to see companies share their values and contribute to what they see as the common good (protection of the environment and health, transparency, governance, respect for human rights, etc). Companies are not always ready to answer customer demands in these respects, which can lead to disappointment and inconsistencies.

In order to rebuild confidence, these companies must rally their teams around a strongly-held shared vision. Clients in search of meaning expect them to be at one with their own values and to help them create a better world.

Norwegian landscape by Lilla Schuch, member of myMoleskine Community.
lilla.schuch.watercolors


Bergen 2018

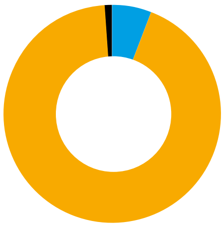
A technician of Safelite, Belron's business in the United States.

Key figures by activity

AVERAGE WORKFORCE

32,951

average full time equivalents in 2018



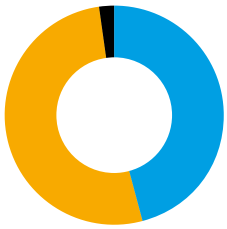
6%
93%
1%

(average full time equivalents)	2017	2018	Change
D'Ieteren Auto	1,740	**1,848**	+6.2%
Belron	28,994	**30,567**	+5.4%
Moleskine	434	**479**	+10.5%
Other	55	**57**	+4.4%
Total	31,222	**32,951**	**+5.5%**

COMBINED REVENUES[3]

7,417.8

EUR million in 2018



46%
52%
2%

(EUR million)	2017	2018	Change
D'Ieteren Auto	3,299.7	**3,404.0**	+3.2%
Belron	3,486.2	**3,839.7**	+10.1%
Moleskine	155.4	**174.1**	+12.0%
Total	6,941.3	**7,417.8**	**+6.9%**

ADJUSTED OPERATING RESULT[1,3]

357.9

EUR million in 2018

(EUR million)	2017	2018	Change
D'Ieteren Auto	95.2	**113.0**	+18.7%
Belron	189.8	**225.7**	+18.9%
Moleskine	25.2	**28.6**	+13.5%
Other	-9.3	**-9.4**	+1.1%
Total	300.9	**357.9**	**+18.9%**

ADJUSTED RESULT BEFORE TAX[1,2], GROUP'S SHARE (KPI)

226.1

EUR million in 2018

(EUR million)	2017	2018	Change
D'Ieteren Auto	102.5	**121.7**	+18.7%
Belron	81.9	**90.3**	+10.3%
Moleskine	15.2	**18.9**	+24.3%
Other	-4.3	**-4.8**	+11.6%
Total	195.3	**226.1**	**+15.8%**

1 Excluding *adjusting* items (APMs - see glossary on page 72).
2 57.78% stake in Belron in 2018 and 2017 (restated).
3 Including 100% of Belron.

Highlights 2018

CUSTOMER SATISFACTION

D'Ieteren Auto D'Ieteren Immo

Launch of Wondercar bodywork

A large Wondercar workshop opened in June, along with a used car sales center, on the new Zen Park site in Drogenbos, near Brussels. Wondercar, as an auto body repair specialist, offers customers the full range of body repairs: smart repair, day repair and classic repair. Its use of advanced techniques and processes guarantees a high quality of service.

BELRON

Maintaining high level of customer satisfaction

Despite the significant peak in VGRR demand due to weather conditions - Belron served a record 13.2 million consumers in VGRR[1] in 2018 - service levels remained high, enabling Belron to maintain its global customer satisfaction score (Net Promoter Score) over 80.

1 Vehicle Glass Repair and Replacement

ECONOMIC GROWTH AND VALUE CREATION

D'Ieteren Immo

Foundation stone of Auto and housing projects

2018 saw the setting of different construction projects' first stone. The TenBosch housing site in Brussels will contain 36 modern and energy-efficient apartments to be rented. New building sites aimed to support D'Ieteren Auto's activity include a Porsche Garage in Mont-St-Guibert and a SEAT showroom in Mechelen.

D'Ieteren Auto

Beyond automobile distribution

In view of the current revolution in mobility in which the car is no longer the central element, D'Ieteren Auto has issued a new vision, beyond automobile distribution, to position itself in the wider mobility market. It launched the Magellan project in September to determine a global strategy and a set of priorities to lead this vision to fruition by 2025.

Volkswagen

D'Ieteren Auto

New distribution contracts with Volkswagen

D'Ieteren Auto signed new import agreements with the Volkswagen Group and new dealership contracts with the dealers who lead the different market areas. These contracts, which anticipate the car industry of tomorrow, create new growth opportunities, particularly for online equipment sales.

MOLESKINE

Thinking globally, acting locally

Moleskine strengthened its regional operations, convinced that knowledge of local customers and localized execution are crucial to developing the brand's competitive edge in each market. As part of this strategy, the US team was strengthened and direct distribution was initiated in Japan through a new local subsidiary.

MOLESKINE

Bags and accessories sales growth

Pursuing its multi-product strategy, Moleskine recorded a significant non-paper sales growth. Building on this breakthrough, the company extended its classical Backpack Collection with a wider selection of colours and materials.

BELRON®

Pursuing service extension strategy

In HDRR[1], Belron progressed in both France and Australasia with good advances in building relationships with insurance and corporate partners and is working on new plans to expand its services for them. In ADRR[2], the acquired businesses in Belgium and Italy were rebranded using the Carglass® brand. Overall, 500,000 customers were served in service extension areas, 159% up on 2017.

BELRON®

Fit for Growth

Belron initiated a major business transformation project, the Fit for Growth programme, aimed at boosting its financial performance. The programme covers different fields of actions, including pricing, ADAS[3], Value Added Products, productivity and procurement.

1 Home Damage Repair and Replacement (HDRR)
2 Automotive Damage Repair and Replacement (ADRR)
3 Advanced Driver Assistance Systems (ADAS)

INNOVATION FOR SOCIETY

Pursuing digital innovation

Actions, a successful app aimed at increasing personal productivity, registered approximately 600,000 downloads since its launch in April. It complements the existing Timepage app.

New mobility services

To remain at the forefront of tomorrow's Belgian mobility market, D'Ieteren Auto continued to develop innovative services related to mobility through its subsidiary Lab Box. In September, Lab Box launched Pikaway, a Maas ("Mobility as a Service") platform, which allows routing, booking and payment for intermodal mobility solutions.

EMPLOYEE WELL-BEING AND DEVELOPMENT

10th Best of Belron edition

Carglass Germany hosted the 10th Best of Belron edition in Frankfurt. Encompassing a client conference, exhibition and unique competition, the 2018 Best of Belron recognized the 30 best technicians across the business, while showcasing their technical expertise. The winner, Rick Beasley from the United States, has been working for Safelite® for 17 years.

People in the driving seat of their own development

D'Ieteren Auto launched MySkillCamp, a personal development platform that helps employees to manage their own training and encourages them to train regularly and autonomously, using e-Learning methods, webinars or by taking advantage of the easy access to a library of around 10,000 books.

COMMUNITY ENGAGEMENT

BELRON®

Spirit of Belron challenge 2018

In September, 2,200 Belron people, their families and friends, and business partners swam, cycled and ran, thereby raising EUR 1.2 million for Belron's global charity partner Afrika Tikkun.

D'Ieteren Auto

Supporting socially-responsible mobility

Through the 2018 Give and Gain mobility challenge, employees walked, ran and pedaled about 80,000 km overall in support of projects related to socially-responsible mobility. The km were converted in Euros via a dedicated app. The final amount was used to buy bicycles for children in need, as well as prosthetic sporting limbs for disabled children.

MOLESKINE

Inspiring a new generation of thinkers

In September, the "I had a Dream" exhibition, curated by the Moleskine Foundation and supported by Moleskine, was held at La Rinascente in Rome, showcasing a selection of 54 notebooks created by students who took part in one of the AtWork workshops organised by the Foundation. AtWork is an itinerant educational format that uses the creative process to stimulate critical thinking.

RESPECT OF THE ENVIRONMENT

BELRON®

A new state-of-the-art European Distribution Centre

Reducing Belron's environmental impact is at the heart of the new 43,000 m²-wide European Distribution Centre which opened in July 2018 in Bilzen, Belgium. The building is equipped with 14,000 m² of solar panels and 422 light catchers installed to provide natural light and energy. Every piece of broken glass (19,000 tonnes) from Belgium, the Netherlands, UK and Switzerland was gathered to Bilzen, along with all wood and plastic, in order to be recycled.

D'Ieteren Auto

A global electric solution

In response to the growing demand for rechargeable electric and hybrid vehicles, D'Ieteren Auto has developed Electric D'Ieteren Solutions (EDI), a complete pack of smart solutions to the problems of energy storage faced by private individuals and professionals. The EDI pack contains charging points for the home or the workplace, but also a recharging card that can be used while travelling, giving access to more than 100,000 charging stations in 25 countries across Europe.

D'Ieteren Immo

Preserving biodiversity

D'Ieteren Immo has signed the "Green Deal", an agreement with the Flemish Region in Belgium, in which the company committed to take actions in favour of biodiversity. Biodiverse zones now exist at three of the company's sites, where suitable vegetation has been planted. A plan to extend this programme is currently underway.

D'Ieteren Auto

Improving the lives of citizens with fluid,
accessible and sustainable mobility

D'Ieteren Auto

WHAT WE DO

As part of its 70-year old relationship with the Volkswagen Group, D'Ieteren Auto imports and distributes the vehicles of Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti and Porsche across Belgium, along with spare parts and accessories.

It is the country's number one vehicle distributor, with a market share of around 21% and 1.2 million vehicles on the road. D'Ieteren Auto manages a strong network of independent dealers across the country and owns its own dealerships mainly on the Brussels-Mechelen-Antwerp axis.

Besides distributing vehicles in Belgium, D'Ieteren Auto provides after sales services through its corporate-owned operations. These include bodywork, maintenance and repair, and tyre replacement. It also sells used vehicles through My Way centres and My Way Authorized Distributors. In addition, D'Ieteren Auto provides car financing and long-term car rental services through a joint venture between D'Ieteren and Volkswagen Financial Services. Finally, it distributes the products of Yamaha in Belgium and the Grand Duchy of Luxembourg through D'Ieteren Sport.

D'Ieteren Auto's business model is currently evolving towards supporting citizens' social life through a more fluid, accessible and sustainable mobility. The company focuses on supporting responsible mobility, in particular through the initiatives of its subsidiary Lab Box.

Volkswagen

Commercial Vehicles

SEAT

ŠKODA

BENTLEY

LAMBORGHINI

BUGATTI

PORSCHE

YAMAHA Revs Your Heart

MESSAGE FROM

DENIS GORTEMAN

CEO OF D'IETEREN AUTO

D'Ieteren Auto will expand its range of activities beyond automobile distribution to position itself on the wider mobility market.

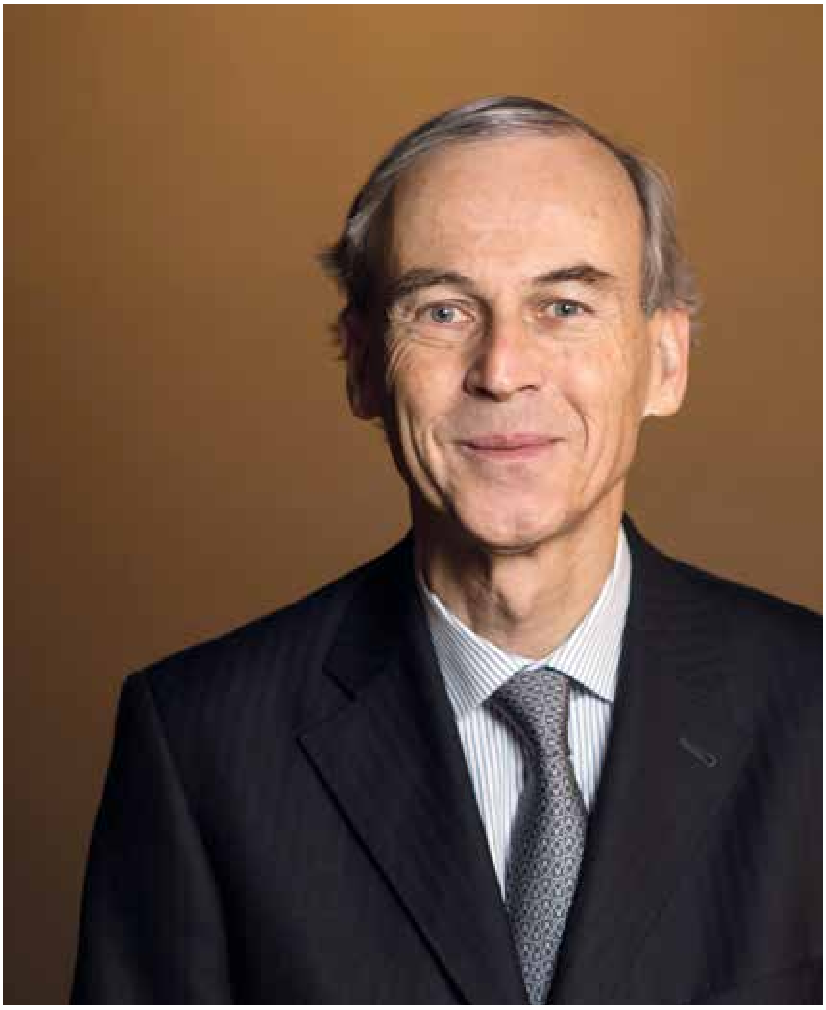
Electric cars, smart cars, self-driving cars and car-sharing are going to fundamentally transform the way in which human beings move from place to place. We are witnessing a genuine revolution in mobility in which the car is no longer the central element but rather, just one component in an overall offer. This revolution brings with it numerous challenges, but also opens up exciting new prospects for sector players. D'Ieteren Auto has therefore decided to expand its range of activities beyond automobile distribution to position itself on the wider mobility market. Our vision as we look ahead to 2025 is simple: to improve the lives of our fellow citizens by offering mobility that is fluid, accessible and sustainable. We now need to solidify this vision and transform it into a clear strategy that will guarantee our company the sustainable, profitable future it deserves. This is no easy task, given the growing complexity and size of the competitive landscape and the rapid progress of our rivals.

Launched in September 2018, the Magellan project aims to achieve meaningful progress in this direction by determining a global strategy and a set of priorities to be pursued by each of our activities by 2025.

In order to maximize our chance of success, we have placed the project in the hands of those with the best knowledge of the terrain and the best solutions. Magellan is therefore being steered by different teams from across D'Ieteren Auto that have been chosen based on their experience and their connections with our core operational businesses.

Putting our own teams at the heart of the Magellan project offers an undeniable advantage. It means that the project is at the forefront of our thoughts in the medium and long term, enabling us to capitalise on our know-how and pursue strategies that are both practical and realistic. By moving forward in this way, we are mobilised around a shared vision of the future and better positioned to bring that vision to life. This process and the resulting exchange of ideas enriches all of us.

2018 was a year rich in new initiatives, both in our core business and in the development of new mobility offers. In this context of change and innovation, we are seeking to strengthen our values. For this reason, we embarked on a wide-ranging mission to review the values that guide our teams every day. Some of these values have their roots in our past, while others are necessary for our future progress. Supportive, perseverance, honourable, enthusiasm and bold curiousity: these are values that the Board wants to see brought to life within our company, convinced that the success of D'Ieteren Auto is not only dependent on our own savoir-faire but also on the way we behave towards our customers, our staff and the company as a whole.



A word from our stakeholders

Philippe Dehennin is the President of FEBIAC, the Belgian Federation of the Automotive and Two-wheeler Industries.
He was appointed in June 2017.

How do you see the future of mobility?

The mobility of tomorrow will be considered as a service. I see a multimodal, sustainable system that reduces congestion while combining different modes of transport, including the car. We can see four unstoppable trends in the automobile industry today: digitisation, with the emergence of a digital ecosystem that offers a wide range of innovative solutions; an energy transition that is creating cleaner, less-polluting technology; a transfer of populations towards urban centres, which will become hubs of economic and social activity; and finally, the emergence of the sharing economy.

In your view, what role should a company like D'Ieteren Auto play in the mobility of tomorrow?

These different trends will require car dealers to adapt so that they too can benefit from the new technologies and opportunities created by the "new mobility" revolution.

The fact that mobility will be considered as a service does not mean that the car will not remain the preferred mode of transport for many users. No concept of sustainable mobility can ignore the role of individual mobility, because each generation has its own need, its own expectations and its own culture of mobility, depending on the period during which that culture emerged. I am convinced that a mobility solutions provider like D'Ieteren will continue to deploy an ever-expanding range of products and services, from private cars to digital applications, capable of connecting all of our transport and parking needs in an offer that is at once transparent and tailor-made.

Brussels Motor Show 2018

Overview of 2018

A buoyant but evolving market

With close to 550,000 new car registrations, the automobile market enjoyed an outstanding year in 2018, slightly below the record set in 2011. The roll-out on 1 September 2018 of WLTP (Worldwide Harmonised Light Vehicle Test Procedure) disrupted the year's seasonal patterns, with periods of massive deliveries caused by the sale of stocks of vehicles certified under the old NEDC standard and quieter delivery periods due to a backlog of vehicles waiting to be certified under the new standard. The utility vehicle market also grew, up 2.2% compared to 2017, with a record-breaking 78,459 registrations, reflecting solid economic health overall and a growing need to deliver goods rapidly as on-line commerce continues to expand.

Two major trends: the dominance of SUVs in sales and the growth of petrol-driven cars to the detriment of diesel

SUVs are as popular with the Belgian public as ever, representing close to 38% of new car sales, up from around 31% in 2017. Mid-sized SUVs account for more than 21% of new registrations.

In terms of type of engine, petrol cars took 10% more of the market than last year, representing more than half of new registrations (59%) at end-2018. This trend occurred to the detriment of diesel vehicles, while the market share of other vehicle types (hybrid and electric) remained stable. Though the general trend was visible across the board, there nevertheless exist disparities between private buyers and companies, with 78% of the former opting for petrol cars, while 52% of the latter remained faithful to diesel.

D'Ieteren Auto once again stands out from the competition

Brands distributed by D'Ieteren Auto have increased their market share by year-end, with the exception of Audi, which suffered delivery delays caused by the implementation of WLTP, and Porsche, whose timetable for new model launches was unfavourable. Volkswagen was once again the market leader with a share of 9.6%. The Volkswagen Golf was elected "Bestselling car of the year" and "Bestselling fleet car of the year". ŠKODA achieved record market share of 3.6%. SEAT pursued its growth path with market share of 1.7%. Total new registrations stood at 114,309, a similar level to 2017, bringing D'Ieteren Auto's share of the total market to 20.8%. Volkswagen Commercial Vehicles saw a record number of 8,286 Light Utility Vehicles sold. Yamaha regained the top spot in the motorbike and scooter market.

D'Ieteren Auto's order book at end-2018 showed a healthy increase of 28% compared to end-2017, thanks primarily to the success of Volkswagen, Volkswagen Commercial Vehicles and SEAT. In terms of billing, D'Ieteren Auto reached 122,240 units, 2.6% less than 2017.

On the second-hand vehicle market, MyWay and Audi Approved Plus sold 16,526 vehicles, up 5% on 2017.

In spare parts and accessories, D'Ieteren Auto realised record sales of EUR 186.4 million, while maintaining a high-level quality of service.

For Volkswagen D'Ieteren Finance (VDFin), 2018 was a vintage year. The company achieved a penetration rate of 34.2% in 2018, up from 31.8% in 2017, for the sale of new vehicles by D'Ieteren Auto. VDFin now has around 119,000 vehicles in its portfolio. If we include service contracts not linked to financing, the number of contracts under management passes the 232,000 mark.

Leadership & operational excellence

Following the example of the Zaventem Auto Center in north-east Brussels, the vehicle sales and after-sales activities of the south-west Brussels region will be moved to two Car Centers situated in Drogenbos and Anderlecht. The aim is to be able to propose a global offer by 2022 that is adapted to the mobility needs of our customers and to the latest technological advances. This infrastructure investment of around EUR 12 million is being accompanied by an ambitious staff training programme that reflects the more advanced technology now found in cars, particularly in terms of electrification. D'Ieteren Auto thereby confirms its determination to ensure profitable growth for its retail activities, which form an essential component of customer relations.

An De Pauw, Electric & Low Emission Manager

The multi-brand multi-service dealership, Auto Center Zaventem in the region of Brussels, illustrates the consolidation of selling points and service providers realised as part of the Market Area strategy.

At the same time, D'Ieteren Auto held talks with an independent dealer to acquire dealerships for Volkswagen, Volkswagen Commercial Vehicles and Audi, situated respectively in Anderlecht and Dilbeek. A deal has been agreed pending regulatory approval. However D'Ieteren Auto's distribution strategy remains unchanged: it consists of working with a network of independent dealers and enabling them to achieve profitable long-term growth. This operation forms part of the Market Area strategy pursued by D'Ieteren Auto since 2014 across the entire distribution network, including in the Brussels region. This allows a more coherent strategy for the brands distributed in each zone and aims to safeguard the network's leadership and continued operational excellence.

2018 was also marked by the signing of new import agreements with the Volkswagen Group and new dealership contracts with the Market Area Leaders. These contracts, which anticipate the car industry of tomorrow, create new growth opportunities, particularly for online equipment sales, and require a more customer-centric commercial approach that will create a sales and after-sales experience that adds genuine value, thereby guaranteeing customer loyalty.

From selling cars to selling mobility services

D'Ieteren Auto's economic model is evolving to include the offer of mobility solutions that are fluid, accessible and sustainable and to thereby improve the lives of our fellow Belgians. Last year saw significant progress in bringing this vision closer, and some of these advances will be deployed in 2019.

- In response to the growing demand for electric and plug-in hybrid vehicles, D'Ieteren Auto has developed Electric D'Ieteren Solutions (EDI), an extensive ecosystem of intelligent charging and energy solutions. The EDI offer consists of charging stations, service and energy solutions for both private and professional customers but also gives its users access to a network of 100,000 public charging points in 25 countries across Europe. The offer also includes a split billing solution for fleet users wanting to split the cost of electric vehicle charging from the cost of their household electricity use. Financing solutions for EDI are available at Volkswagen D'Ieteren Finance.

Electric D'Ieteren Solutions (EDI) is a smart solution pack enabling private and professional clients to charge and store energy.

Magellan is a key transformational journey led by the people of D'Ieteren Auto to enable the company to keep its leadership position in tomorrow's mobility market.

Arthur de Fauconval, Strategic Planning Associate

- Volkswagen D'Ieteren Finance has launched Bike-Moby, a financial leasing plan for bicycles. The company is responding to the growing demand for alternative mobility solutions that match the level of service and assistance that exists for company cars. Bike-Moby offers full ranges of bikes from the top brands at 168 sales outlets across Belgium. This new formula comes in addition to existing offers like Flex-Moby (the multi-vehicle package), e-Moby (a shared billing system for electric vehicles) and Olympus Mobility (a multimodal application).

- Since January 2018, Poppy has been managing 350 'free-floating' cars in Anvers. The fleet consists of 100%-electric Volkswagen e-Golfs and the CNG-powered Audi A3 g-tron. In August 2018, Poppy also launched 25 shared electric scooters. One year after launch, Poppy is posting good results, with 2 million kilometres travelled and around 20,000 registered users. The scheme has also reduced CO_2 emissions by around 232 tonnes. Poppy was developed by Lab Box, the D'Ieteren Auto start-up incubator dedicated to the future of mobility.

- Pikaway is a new application developed by Lab Box that offers tailor-made mobility solutions based on real-time information. Its appeal lies primarily in the ability to combine a route-planner with payment/reservation options for different suppliers, all on a single platform. The application is compatible with a range of mobility players like the SNCB, De Lijn, Poppy (shared cars and scooters), taxi companies, etc. With Pikaway, Lab Box also has its eye on the B2B market. Companies can choose to integrate the application in the mobility package of their employees and thus meet their evolving travel needs. Staff can use the application not only for their daily journey to work but also for their professional travel. The B2B offer makes Pikaway an attractive solution for corporates seeking to manage their mobility budgets by encouraging intelligent and sustainable home-to-work travel.

- Services linked to vehicle sales and after-sales are also evolving based on customer expectations. Examples include the modernisation of the MyWay brand and the expansion of product offers and financial services for second-hand vehicles with Lizy, a 100%-digital platform dedicated to the operational leasing of nearly-new used vehicles. There is also the roll-out of the Wondercar auto body repair specialist in the Market Areas, offering customers the full range of body repairs: smart repair, day repair and classic repair. A large Wondercar workshop opened in June 2018 in the Brussels area. Wondercar's use of advanced techniques and processes guarantees high-quality service and will enable the company to exploit the region's business potential.

Nurturing talent to meet the challenges of tomorrow

In a rapidly-evolving sector, it is important to federate and motivate all of our talent so that we can meet the challenges that face us and successfully transform the D'Ieteren Auto business model. To achieve this, the 2025 vision for mobility placed importance on facilitating in-house job changes and the professional growth of employees. Clear and consistent governance policies focused on respect for equality, improved transparency and the promotion of dialogue have been implemented. The CaReer Model maps out existing functions and clarifies the position of each one according to the activity and the role in question, thereby making it possible to determine the level of expertise required in a given job. Based on the same principles of governance, the remuneration policy has undergone a review with the aim of harmonising in-house practices and ensuring a better compromise between competitiveness and making the company attractive to existing and future employees.

In September 2018, Lab Box initiated a MaaS platform called Pikaway, which allows routing, booking and payment for intermodal mobility solutions.

Bike-Moby is the new financial leasing plan for bicycles offered by Volkswagen D'Ieteren Finance (VDFin)

Lab Box is currently developing Lizy, a fully digital leasing platform of second-hand vehicles for SMEs.

D'Ieteren Auto also places great importance on the training and qualifications of its staff and future recruits. Working in the automobile industry is demanding and requires a range of advanced technical qualifications. In 2018, D'Ieteren Auto staff benefitted from 41,916 hours of technical or behavioural training, equivalent to almost 3.2 days per employee. A personal development platform called MySkillCamp helps employees to manage their own training and encourages them to train regularly and autonomously, using e-Learning methods, webinars or by taking advantage of the easy access to a library of around 10,000 books.

Another major priority for the company is to offer a working environment that is safe and enriching, where well-being isn't just a slogan. In addition to its commitment to enhance the workplace, home working is also being encouraged. A communication campaign christened "Ho.ffice, another way to be @ work" was launched in the Spring of 2018 in order to determine the ideal conditions for home working and facilitate access to the greatest possible number of employees.

Working together for socially-responsible mobility

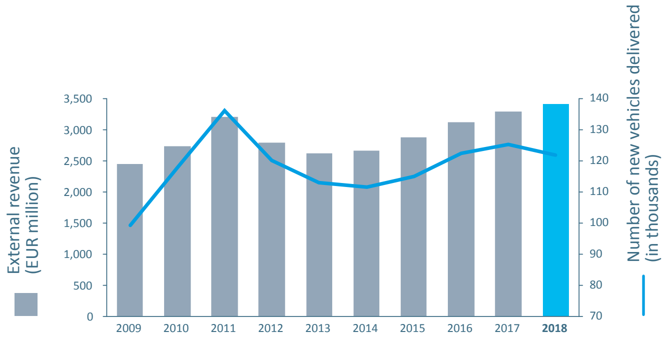
D'Ieteren Auto's Give & Gain patronage programme reflects not only the company's full commitment to causes that are close to its businesses – which is precisely where it can offer genuine value added – but also the commitment of its employees.

In 2018, more than 300 employees walked, cycled and ran a combined total of around 80,000 km to raise money for mobility schemes for deprived neighbourhoods. Once converted into euros using a dedicated application, these kilometres financed the purchase of bicycles for children from deprived backgrounds and of prosthetic limbs for sport for disabled children. The enthusiasm of our staff meant that these fundraising events, known as Give & Gain Challenges, took place in the space of barely four months.

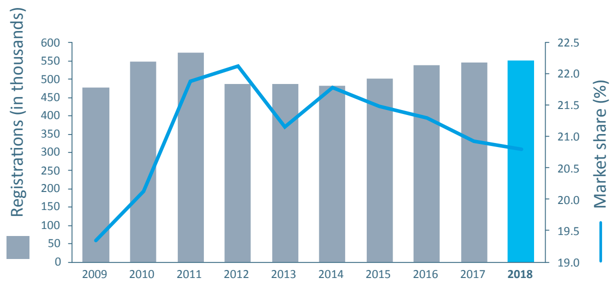
D'Ieteren Auto[2] | Key Figures

(EUR million)	2017	2018
New vehicles delivered (in units)	125,229	**121,855**
External revenue	3,299.7	**3,404.0**
Adjusted operating result[1]	95.2	**113.0**
Adjusted operating margin	2.9%	**3.3%**
***Adjusted* result, group's share**		
before tax[1,3]	102.5	**121.7**
after tax[1]	68.8	**77.3**
Average workforce *(average full time equivalents)*	1,740	**1,848**

REVENUE AND NUMBER OF VEHICLES DELIVERED



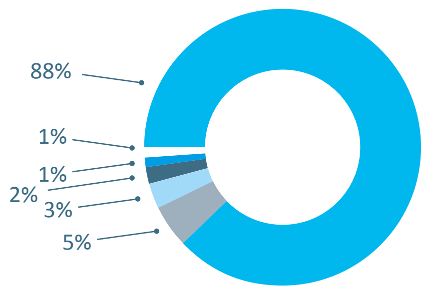
NEW CAR REGISTRATIONS IN BELGIUM AND MARKET SHARE OF D'IETEREN AUTO



REVENUE EVOLUTION BY ACTIVITY

(EUR million)	2017	2018	Change
New vehicles	2,905.1	2,990.3	+2.9%
Spare parts and accessories	183.8	186.4	+1.4%
After sales activities	82.3	105.5	+28.2%
Used vehicles	66.3	68.2	+2.9%
D'Ieteren Sport	28.1	29.6	+5.3%
Other	34.1	24.0	-29.6%
D'IETEREN AUTO	**3,299.7**	**3,404.0**	**+3.2%**

REVENUE BREAKDOWN BY ACTIVITY



1. Excluding *adjusting* items. *(APMs - see glossary on page 72).*
2. The D'Ieteren Auto segment excludes the Group's corporate and real estate activities.
3. The *adjusted* result before tax, Group's share, includes the Group's share in the *adjusted* result before tax of the entities accounted for using the equity method.

New Models

Volkswagen

Volkswagen T-Cross

“I am more” is the tagline of the new T-cross SUV, illustrating a philosophy of offering more, while staying competitive. The T-Cross further extends Volkswagen’s range of SUVs with a new entry-level model, featuring a stylish design, front-wheel drive in all versions, practical functions throughout and a host of individual configuration options.

Audi e-tron

Built in the carbon-neutral factory in Brussels, the e-tron is Audi’s first 100% electric car, with an autonomy of more than 400km according to the WLTP cycle. The e-tron is driven by two powerful electric motors generating maximum output of 300 KW. The virtual side mirrors exploit cutting-edge technology and offer numerous practical advantages in terms of comfort and safety.

SEAT TARRACO

The new Tarraco is SEAT's top-of-the-range SUV. With seven seats, it is the big brother of the Ateca and the Arona, offering advanced technology, dynamic, agile handling and a range of practical features wrapped in an elegant, modern design package.

ŠKODA SCALA

A new character, new technology and a new name: with the ŠKODA SCALA, the Czech brand extends its offering in the popular compact car segment. Combining an emotive design with strong functionality and state-of-the-art connectivity, the SCALA is the first series production car to adopt the striking design language of the VISION RS.

Bentley Continental GT

Designed and built by hand in the UK, the 3rd generation of the Bentley Continental GT combines dynamic, uncompromising performance, hand-crafted luxury and cutting-edge technology to create the most exquisite grand tourer ever produced.

Lamborghini URUS

Automobili Lamborghini launches the Lamborghini Urus, its 3rd model and the first Super Sport Utility Vehicle. The Urus creates a unique niche in the luxury segment, setting new benchmarks in terms of power, performance and dynamism, with unequalled design characteristics, luxury and ease of use.

PORSCHE

Porsche 911

The iconic Porsche 911 enters its 8th generation: more power, more speed and resolutely digital, it remains a benchmark for exclusive sports cars. Bearing the unmistakeable ADN of Porsche design and equipped with a more muscular exterior and an interior equipped with a 10.9-inch touchscreen, the new 911 is both timeless and modern.

YAMAHA
Revs Your Heart

Yamaha Ténéré 700

The new Ténéré 700, combining low weight with high performance, once again highlights Yamaha's mastery of off-road design. Equipped with the CP2 689cc parallel-twin engine, an entirely new double-cradle tubular steel frame and adjustable suspension, the Ténéré 700 offers handling and versatility that make it perfect for long distances. Tested under extreme conditions, the Ténéré 700 has the DNA of a desert rally bike but performs extremely well in a range of different riding conditions.

Belron

Making a difference by solving people’s problems with real care

WHAT WE DO

Belron **makes a difference** by solving people's problems with real care. It is the worldwide leader in vehicle glass repair and replacement with **more than ten major brands** – including Carglass®, Safelite® AutoGlass and Autoglass®. Building on its existing capability and expertise, Belron is **expanding its services** to focus on solving problems for people who need assistance with repairs to their vehicles and their home. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers.

In 2018, Belron served 17.8 million consumers in 35 countries on six continents.

	2016	2017	2018
Consumers (in millions)	15.2	16.5	**17.8**
NPS[1]	82.6%	83.1%	**82.8%**

1 Net Promoter Score

MESSAGE FROM

GARY LUBNER

CEO OF BELRON

We will continue to focus on delivering an outstanding service to our customers, a great place to work for our people, strong returns for our shareholders and a positive impact on the societies in which we work.

2018 has been another good year for Belron with positive developments on many fronts. We started the year by welcoming Clayton, Dubilier & Rice as new minority shareholders and associated Board members, and have worked closely with the Board throughout the year to enhance the performance of the business in all areas. I would like to thank all of the Board members, both old and new, for their input in helping to make Belron an even stronger business.

We continue to put our purpose at the heart of everything we do. 'Making a difference by solving people's problems with real care' touches every part of our business, and means delivering an outstanding service to our customers, a great place to work for our people, strong returns for our shareholders and a positive impact on the societies in which we work. We pursued this purpose in our vehicle glass repair and replacement (VGRR) business and also in our new automotive damage repair and replacement (ADRR) and home damage repair and replacement (HDRR) businesses, as well as our claims management activities.

In VGRR, the strong winter, both in Europe and North America, brought high levels of demand during the first half of the year. We also continued to focus on growing market share through our marketing and sales activities. Our frontline teams worked extremely hard to serve customers to our normal high standards and as a result we ended up serving a record 13.2 million VGRR customers with an NPS in excess of 80%. We made great progress in improving our ability to calibrate Advanced Driver Assistance Systems (ADAS) after a windscreen replacement. Thanks to our significant investment in ADAS tools and training over the past few years, we completed more than 400,000 calibrations in 2018.

In September, we reorganised the business into three regions - North America, Europe and Rest of World, enabling us to leverage cross border opportunities more efficiently and effectively. I am pleased with the initial progress in the new regions and am encouraged by the opportunities identified. We also reviewed our portfolio of countries and decided that four of our businesses would be able to compete more effectively as franchisees or affiliates rather than corporate subsidiaries. We have successfully sold these businesses to entrepreneurial local owners as franchisees or affiliates and, although we have incurred a substantial book loss, we have the opportunity to generate greater cash returns in the future through franchise fees. I would like to thank all of our employees who work in the VGRR side of the business for their continued dedication and commitment.

We continued to develop our new service extension businesses. In ADRR, we rebranded the acquired Belgium and Italian businesses using the Carglass® brand within this new business sector and tested advertising campaigns in both of these markets with encouraging results.

In HDRR, we progressed in both France and Australasia with a positive integration of the acquired businesses. We made good advances in building relationships with our insurance and corporate partners in HDRR and are working on new plans to expand our services for them. I am delighted that we managed to serve 513,000 customers in our service extension areas, 159% up on 2017, and would like to welcome all of our new employees and franchisees and look forward to an even more exciting 2019.

Our financial results were strong with record sales of EUR 3.8 billion and our *adjusted* operating profit improved by 19% reflecting our continued progress in VGRR, plus the benefits of our service extension. We will continue to focus on delivering strong returns for our shareholders.

Our reputation for being a trusted and respected company in the eyes of our people, customers and partners is integral to us. We remain committed to being a sustainable business and continue to be a signatory of the United Nations Global Compact. We are making good headway towards our goal of having our Corporate Social responsibility (CSR) activities gold rated across the Group by 2020, with 11 of our business units already gold rated (having been scored 62 or more by Ecovadis) with a further seven within four points of achieving gold.

Belron and its people raised EUR 4.65 million for charities across the world including our continued commitment to Afrika Tikkun in South Africa, a cause close to my heart and where I see our support truly saving lives. I would like to thank all of our employees and business partners who generously support our fundraising activities.

Looking forward, we will continue to focus on our purpose and thereby make a bigger difference to more customers, more people, our shareholders and to more of the societies in which we live and work. It is an exciting journey and one which we will travel on in the Belron spirit by being caring, genuine, collaborative and driven.

A word from our stakeholders

Brian Moore,
Head of Aviva UK Claims Procurement

Aviva is the UK's largest insurance company, with 15 million customers and a 320-year history. It has worked with Belron for over 15 years operating across five markets. Belron and Aviva entered into a global relationship just two years ago to look for opportunities in and across markets. It was Aviva's first ever global supplier deal.

What challenges and opportunities is the VGRR market currently facing?

Despite the extraordinary uncertainty in the global economy, I feel there are also some clear certainties facing the VGRR market.

Digitisation will continue to dominate the customer journey as companies invest in technology to stay ahead and meet customer demand for simplicity and immediacy. I believe our industry will focus on getting more and more customers to adopt digital self-service.

Advanced Driver Assistance Systems (ADAS) will continue to experience rapid growth as car safety technology becomes more sophisticated. With this comes a need to educate customers. There's a lot of confusion around ADAS, with customers not being aware of the need to recalibrate a vehicle's ADAS after a windscreen replacement, or not understanding the consequences of failing to recalibrate a vehicle. This gives companies the opportunity to educate the customer on ADAS and the importance of recalibration.

The step change in how consumers view the world is having an impact on our environmental responsibilities. It's becoming so important for businesses to adapt and change how they do things in order to be more sustainable.

And what of the future?

Shifts in consumer behaviour as well as new technologies will drive and shape the services we offer and companies will need to be forward-thinking and customer-centric if they want to stay ahead of the market.

I still expect there to be a healthy market in VGRR. Windscreens will become more and more complex and companies must respond by continuing to innovate – in their operations, their customer service and in their people.

We made great progress in improving our ability to calibrate Advanced Driver Assistance Systems.

Overview of 2018 – a good year

In 2018, Belron continued to focus on its stated purpose to 'Make a difference by solving people's problems with real care', an objective that targets customers, employees, shareholders and the communities in which it operates. Belron's strategy includes plans to further increase the market share of its existing VGRR business and to continue expanding into new services alongside VGRR. In order to make these outcomes possible, it has defined several priorities: to ensure that Belron becomes the natural choice by building exceptional brands; to ensure its ability to build outstanding key account partnerships; to maintain its focus on being people- and customer-driven through a nationally-led, globally-supported operating model; and to maintain its strong commitment to leadership and corporate culture – living the core values that define the Spirit of Belron.

Vehicle glass repair and replacement

VGRR markets grew strongly in 2018 both in North America and Europe, primarily due to the favourable winter weather in the first half of the year. In addition, the business continued to focus on growing market share through its various sales and marketing initiatives together with targeted acquisitions. As a result, the VGRR business served a record 13.2 million customers worldwide, generating EUR 3.5 billion in sales. Service levels remained high, despite the significant peaks in demand driven by the weather, with an overall annual net promoter score (NPS) of 83%.

The focus on ADAS calibrations continued to grow as the penetration of vehicles with ADAS increased. The number of calibrations more than doubled from 165,000 in 2017 to 404,000 in 2018. In addition, Belron did more for its customers by selling additional products and services, notably wipers and rain repellent, to 1.7 million of them, up 30% on last year.

In the United Kingdom, Autoglass® offers both body repair and glass repair and replacement services.

New services

After entering the ADRR and HDRR markets in 2017, Belron made progress in building these businesses in 2018 with important lessons learned along the way. In the ADRR market, a total of 171,000 customers were served. The Belgian operation now has 23 service locations in place to help customers with car bodywork damage. In Italy, Belron established a franchise network comprising 210 bodyshops and is also operating directly from several company-owned sites. Over the course of the year, both the Belgian and Italian businesses were rebranded using the Carglass® brand, with good progress being made with key account partners. Advertising campaigns were tested in the second half of the year in both countries.

Belron made progress in home damage repair and replacement. It welcomed 250 franchise members and more than 2,300 new team members into the O'Brien® (Australia) and Smith&Smith® (New Zealand) service networks, after completing the acquisition of Laser Plumbing and Electrical in March. Since then, Belron has worked closely with the acquired business teams to develop plans that leverage the combined strengths of the two businesses. The Australian business began a rebrand into O'Brien® just after year-end. A major transformation programme was initiated in Maisoning in France to implement new governance procedures and a new performance culture aimed at lifting earnings into positive territory in the future.

Customer driven

Belron remained focused on delivering an outstanding service to its customers. Developments in technology and innovation continued to play a key role in improving customer interaction and, ultimately, in improving conversion rates across the business. One significant breakthrough was the ability to recognise customers much further upstream on their individual service journeys and then track them as they move between channels. This provided visibility of millions more customers online and the capability to identify and address pain points that were not previously understood, thereby putting Belron in a better place to convert more jobs than ever before and to do this more efficiently.

Alongside operational and innovational development, Belron continued to strengthen key account relationships with insurance, fleet and lease partners, and enhance the overall customer experience. In particular, significant growth was realised with international key accounts. A record number of joint projects helped to enhance the value of international key account partnerships in areas including digital, administration and efficiency, and the customer journey. Belron ran a successful joint conference with EURAPCO members, while the Allianz partnership, Belron's oldest international agreement, experienced its highest number of jobs and sales since the partnership began in 2007.

In Belgium, the CARe business acquired in 2017 was rebranded "Carglass® Carrosserie"

Maisoning has been integrated into Carglass ® France, enabling Belron to expand into the home market.

Belron made progress in building its automotive damage and home damage repair and replacement businesses in 2018 with important lessons learned along the way.

Belron completed the acquisition of Laser Plumbing and Electrical in Australia and New Zealand in March 2018.

Our reputation for being a trusted and respected company in the eyes of our people, customers and partners is integral to us.

Gary Lubner

Robert Sterke, Head of Sales at Belron welcomes Dr. Christoph Lauterwasser, Managing Director of the Allianz Center of Technology, at the Best of Belron 2018.

Many of the key account partners attended the 10th Best of Belron event hosted by Carglass® Germany in Frankfurt. Encompassing a client conference, exhibition and unique competition, recognising Belron's 30 best technicians across the business, the 2018 Best of Belron showcased their technical expertise. Delegates were engaged throughout, providing positive feedback: "A fantastic inspirational event", "Tremendous company spirit" and "Meeting people is what makes this event so great."

For the host nation, Jean-Pierre Filipinni, General Manager of Carglass® Germany commented: "In addition to an excellent customer service as well as an outstanding brand, the trust capital with our business partners in the insurance and lease-fleet-rental industries is one of the most important pillars for our business. The Best of Belron in Frankfurt has significantly helped to leverage the relationship so that we can make an even greater difference for our partners and therefore for our consumers."

On the supply chain side of the business, Belron opened its new European Distribution Centre in Bilzen, Belgium in July 2018. Consolidating five facilities into one, this new state-of-the-art facility serves the majority of our European network, stocking 300,000 windscreens and six million accessories, plus 29,000 different article numbers. The centre covers 43,000m² and has a 240-strong workforce operating 24 hours a day, five days a week to keep our branches and mobile technicians across Europe supplied with the right glass, accessories and tools to serve our customers. Reducing our environmental impact is at the heart of the building with 14,000m² of solar panels and 422 light catchers installed to provide natural light and energy. Every piece of broken glass (19,000 tonnes) from Belgium, the Netherlands, UK and Switzerland is recycled, along with all wood and plastic.

"This centre makes Belron fit for the future creating more efficiencies and reducing the environmental impact of our operations," explained Tim Berx, Supply Chain Director. "We are delighted that 97% of our staff moved across to the new facility meaning we retained the expertise of our people who are now all working under one roof together."

The roll out of a new Advanced Repair Technology (ART) improved the technical capability across the business. The most advanced windscreen repair tool developed by Belron, ART helps to optimise the quality of repair work and in doing so provides an even better service to customers worldwide.

Reducing environmental impact is at the heart of Belron's new European Distribution Centre in Bilzen, Belgium.

The bi-annual Best of Belron event showcases the global expertise of Belron's best technicians across the business.

People driven

Belron continued to strive to be the best place to work for its people, wherever they are in the world and digital tools helped to achieve this. The employee engagement tool that is now used by 26 Business Units provides a clear insight into how our people are feeling across the business on a monthly basis. During the first half of the year, Belron was able to act swiftly when high workloads caused the engagement levels of technicians to dip.

Safelite® launched a new technician assessment tool to simplify the management recruitment process. The new tool, developed by Thrivemap, winner of Belron's 2017 startup accelerator programme, offers a single assessment for prospective technicians to measure their cultural fit, capability and organisational commitment. Safelite® hopes the tool can improve efficiencies during the selection process and, over the long term, improve retention.

Finally, the annual global recognition scheme – the Belron Exceptional People Awards – celebrated 63 outstanding people across the business with individual countries recognising far more people across their operations.

Inspiring leadership

Belron remained committed to developing its leaders across the business. Using the 'Executive Winning Behaviours' and 'Styles and Climate' frameworks, Belron leaders continued to score significantly higher (>20% point) than leaders in other organisations. Belron also pursued its purposeful leadership training which enhances leaders' abilities to perform in challenging situations.

Towards the end of the year, Belron revamped its induction process for new executive leaders. Agile and blended, this induction programme integrates the various new leadership development tools introduced in recent years and responds to the current business and leadership challenges. Amongst other things, the new programme has strengthened the focus on promoting the Belron culture – the Spirit of Belron. This is achieved through training and is measured as part of the regular leadership evaluation process. The 'Spirit' score (measuring how driven, collaborative, caring and genuine the leaders are) remains high for senior leaders.

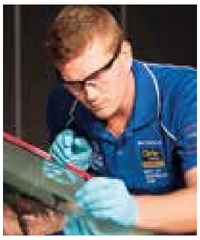
'One of the most amazing moments of my life'

Rick Beasley from the US won this year's Best of Belron 2018 in Frankfurt.

Rick, who works for Kenosha Service Centre in Wisconsin, has been with Safelite® for 17 years. He beat 29 technicians from across the world in two days of tough competition to take the top title.

"Winning Best of Belron was one of the most amazing moments of my life!" exclaimed Rick. "I am so grateful to be part of a company that recognises and rewards what I bring to the team. I truly appreciate the opportunities and the appreciation that have come my way."

Since winning Best of Belron, Rick has had the opportunity to travel, build relationships across the country and at the home office, and help others progress in their careers. "I'm really enjoying helping other technicians to learn new things that will help them perform their work even better," added Rick.



Going above and beyond...

Australia's Bundaberg Branch was one of the proud recipients of the Belron Exceptional People Award, which celebrates the remarkable Belron people across the globe. Bundaberg is a close-knit community, and the Branch team there were recognised for offering a truly personal service to their customers. Graham Hines, Samuel Cartwright, Neale McLellan and Leonard Thompson, who between them have accumulated 51 years' service, are committed to doing whatever it takes to look after their customers, from adopting flexible working hours to providing unforgettable experiences and customer journeys. The team treats the business as their own and prides themselves on service reputation. All are active members of their community and great ambassadors for the O'Brien business.

Four young Afrika Tikkun ambassadors joined the Spirit of Belron Challenge 2018.

Impacting society

Belron continued to make a meaningful impact on the communities in which the business operates and beyond. The Spirit of Belron Challenge took place in September. Over 2,200 Belron employees, their families, friends and business partners swam, ran and cycled in the torrential rain – truly embracing the Belron 'spirit'. Four young Afrika Tikkun ambassadors joined us: Vincent, Simphiwe and Lebohang from Johannesburg, and Onike from Cape Town. These exceptional young people not only took part in the Spirit of Belron Challenge, but also spent time with people at Belron International to gain valuable career advice.

In November, members of the Belron International team who organise the Spirit of Belron Challenge visited Afrika Tikkun's Community Centres of Excellence in Johannesburg and Cape Town to see the impact of our fundraising efforts. They met the Afrika Tikkun staff who deliver the programmes and chatted with many of the young beneficiaries. A highlight was visiting the Belron Training Centre which opened in 2017 and offers professional skills and life skills training for young people as they transition from school to employment.

Raising funds, reducing carbon footprint

This year, six adventurous colleagues from Carglass® France not only took part in the Spirit of Belron Challenge, but cycled to the event too in an effort to reduce their carbon footprint.

Kicking off their journey from their HQ in Paris, the team cycled an astonishing 270km over two days. Despite wind, rain, tiredness and punctures, they reached Windsor in the UK still smiling and were greeted by huge cheers from their 'Belron family'.

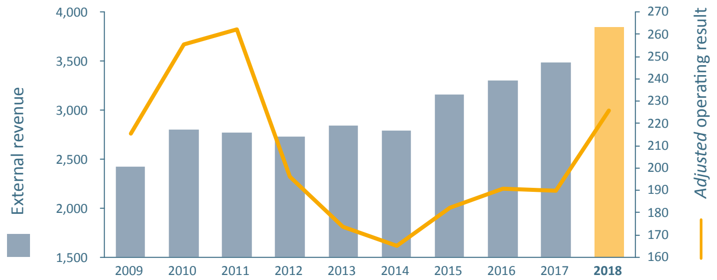
"We were so happy to see our colleagues and to get their positive energy after two days of tiring cycling. I think at that moment, we all realised what the Spirit of Belron really is!"

The team then went on to compete in the Spirit of Belron Challenge the next day, raising a total of EUR 79,900.

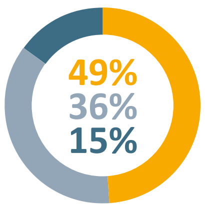
Belron | Key figures

(EUR million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
External revenue	2,423.2	2,800.9	2,769.0	2,727.2	2,843.1	2,792.6	3,161.2	3,305.4	3,486.2	**3,839.7**
Adjusted operating result[1]	215.5	255.6	262.3	196.0	173.5	165.1	182.0	190.7	189.8	**225.7**
Adjusted operating margin[1]	8.9%	9.1%	9.5%	7.2%	6.1%	5.9%	5.8%	5.8%	5.4%	**5.9%**
Adjusted result, group's share										
before tax[1,2]	150.4	211.3	213.1	147.7	130.5	123.4	137.6	148.4	134.5	**90.3**
after tax[1,2]	126.1	155.5	162.3	110.9	93.1	94.3	112.2	122.6	116.0	**74.9**
Average workforce *(average full time equivalents)*	22,399	24,790	25,199	24,200	25,645	25,204	26,390	26,340	28,994	**30,567**

REVENUE AND *ADJUSTED* OPERATING RESULT[1]
(EUR million)

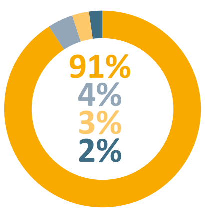


REVENUE BREAKDOWN BY REGION



EUR million	2017	2018	Change
North America	1,713.5	**1,896.5**	+10.7%
Europe[3]	1,244.5	**1,365.2**	+9.7%
Rest of the World[3]	528.2	**578.0**	+9.4%
Total	**3,486.2**	**3,839.7**	**10.1%**

REVENUE BREAKDOWN BY TYPE OF SERVICE



EUR million	2017	2018	Change
Vehicle Glass Repair and Replacement (VGRR)	3,224.2	**3,491.4**	+8.3%
Claims management	139.9	**163.7**	+17.0%
Automotive Damage Repair and Replacement (ADRR)	78.4	**102.3**	+30.5%
Home Damage Repair and Replacement (HDRR)	43.7	**82.3**	+88.3%
Total	**3,486.2**	**3,839.7**	**+10.1%**

1 Excluding *adjusting* items (APMs - see glossary on page 72).
2 Average stake in Belron: 94.85% in 2017 and 57.78% in 2018.
3 See page 7 of the Financial and Direcors' Report.

Moleskine

Contributing to the development and sharing of human knowledge and culture

WHAT WE DO

Moleskine is an aspirational, global brand, synonymous with the lifestyle-of-the-creative-class, with core values rooted in culture, travel, memory, creativity and personal identity. A symbol of contemporary nomadism, Moleskine connects with contemporary creativity and is present across a network of websites, blogs, online groups and virtual archives, not least within the brand's own online community, myMoleskine, which has circa 140,000 members.

With headquarters in Milan and offices in Cologne, New York, Hong Kong, Shanghai and Tokyo, the company sells its products through a multichannel distribution platform (Wholesale, Retail, E-commerce and B2B) in more than 115 countries and more than 29,000 outlets. The portfolio goes beyond the iconic paper-based product categories (notebooks, diaries and journals) to encompass bags, writing instruments, reading accessories, digital apps and hybrid products such as the Smart Writing System, which can migrate content from paper to digital devices and vice versa.

The company also runs freestanding Moleskine Cafés in Milan and Beijing and in two additional locations inside Geneva airport and at the Thalia bookstore in Hamburg. This innovative format provides a contemporary take on the "Café Littéraire" concept, adding Moleskine brand values and products to a unique café experience.

MESSAGE FROM

LORENZO VIGLIONE

CEO OF MOLESKINE

Given the scale of our ambition for the brand, we are making good progress on the execution of our strategy and our teams are energized by the opportunities that lie ahead.

The last year has been another one of growth, development and evolution for Moleskine.

The financial results were solid – with revenue increasing by 15% at constant exchange rates to more than EUR 174 million. This growth was fuelled by product innovation and strengthened distribution across all our main geographies.

Moleskine is a global brand characterized by a distinctive cultural positioning. To nurture this positioning, we have continued to innovate across existing core product ranges while still extending the brand beyond paper into adjacent categories. An important focus point was the bags category, where innovation was best exemplified by the launch of our iconic new backpack range. Leveraging the success of the Moleskine Classic Backpack, especially across direct-to-consumer channels, we decided to extend its single design into an entire collection with a wider selection of colours and materials.

Coherent with travel being one of our core values, we also launched a line of luggage to be distributed in the course of 2019.

We also pursued a multi-channel approach to distribution in 2018.

We held productive conversations with our wholesale partners and our major retailers on the evolution of our brand presence at their points of sale, while setting up a direct presence in Japan through our own subsidiary to better cover and develop that market.

B2B played a key role in delivering results thanks to the continued development of large projects mainly in EMEA and APAC. There was strong growth also in the Americas, where the market potential is beginning to open up.

After a few years of network expansion, store openings were a less important growth driver in 2018. We chose to focus on optimizing like-for-like sales growth by upgrading store interiors (in Milan we launched a new store format) and the in-store service proposition. Special focus was devoted to travel retail locations as the best-performing format where Moleskine's typical target audience is most likely to be found.

Our brand strategy remains focused on driving brand awareness: there is a clear opportunity to attract new consumers and to ensure our existing customers are aware both of the breadth of our heritage product range and our new products.

To deliver a consistent brand proposition remains key. We will continue to pursue consistency by applying best practices in each market and leveraging our global capabilities across all channels in merchandising and range selection. Removing points of friction and making it easy for our customers to interact with the Moleskine brand across all channels will remain a priority in 2019.

Looking at less penetrated markets, the brand's strategy for China remains in line with our long-term plan. China is a promising market. Consumer tastes are evolving from luxury brands to those influenced by pop culture and we believe that Moleskine is well positioned for success. Furthermore, today's consumers are more connected to brands than ever before and use digital devices as their primary source of research. Future customer engagement and conversion therefore remains highly dependent on digital capabilities and innovation, hence our commitment to also upgrading the brand presence in this space.

Throughout the year, we continued to build the team to develop and deliver our strategy. This has included promoting internal talents and bringing in fresh expertise from outside.

We have continued to enrich the way we communicate with our customers, with several exciting initiatives like the Moleskine Café. We have refreshed our digital platforms, with more curated and editorialized content (The Fold), generating increased customer engagement.

Moleskine's purpose is clear: to contribute to the development and sharing of human knowledge and culture. Looking ahead to 2019, we will focus on embedding our vision into the organisation because I truly believe that corporate values should also define the way we do business.

We enter 2019 with considerable momentum, and our teams are focused on delivering on our strategic pillars, including:

- innovation - our product pipeline is strong, both in paper and non-paper product categories;
- continued expansion of our global footprint– focusing on key under-penetrated markets in APAC (particularly Japan and China);
- digital relevance – our digital ecosystem is just beginning to be fully exploited;
- people development – because when our people thrive, our business thrives;
- operational excellence – focusing on every part of our operations, seeking to increase efficiency, particularly in the supply chain and inventory management .

Given the scale of our ambition for the brand, we are making good progress on the execution of our strategy and our teams are energized by the opportunities that lie ahead. We are building on strong foundations and are fully focused on delivering our multi-year strategic plan successfully.

A word from our stakeholders

Manfredi Ricca,
Chief Strategy Officer of Interbrand

Manfredi Ricca is in charge of building and valuing highly influential brands across diverse industries worldwide. He is an influencer and thought leader in his field, contributing to Interbrand's Best Global Brand Studies. Moleskine and Interbrand have been working together for a few years on several projects, mainly related to Moleskine's brand development.

In today's ever-evolving business environment, what is driving consumer choices?

We live in an age of immediacy where, in markets where basic needs are broadly met, people not only expect more, better and different on a near daily basis, but also face an increasing abundance of choice. So while short-term business success still derives from getting the fundamentals right – product, distribution, cost structure, and so forth – sustainable competitive advantage depends on forming strong customer relationships.

This idea is not new - relationships are a prerequisite to loyalty and, therefore, to achieving enduring results. However, their very nature has changed in two fundamental ways. Firstly, relationships are no longer just an emotional bond - they are a deep, fact-based connection, founded on mutual understanding between businesses and individuals, fuelled by an ongoing exchange of data and experience. Today's customers expect businesses to know their desires and needs intimately and to deliver on them seamlessly.

Secondly, customer relationships increasingly orbit around a common sense of purpose - brands that thrive today are able to add meaning to customers' lives, capturing their imaginations and taking a clear stance on the societal issues of our times.

How can brands drive business growth today?

A fundamental trait of some of the world's most successful businesses is that they no longer create a promise around their capabilities, but rather build those capabilities around an overarching promise - from Google's 'relevant information' to Airbnb's 'belong anywhere'. Anchored to these promises, these brands cross and combine categories, building seamless ecosystems of products, services, experiences and partnerships that appear diverse, but are, in fact, all connected by that single promise. Similarly, Moleskine is a pure demand-side business, driven by people's desires, rather than limited by the company's capabilities. The Moleskine Café is a case in point, bringing the 'Inspiring Journeys' promise to life in an entirely different category. This concept makes the brand consistently relevant and meaningful and therefore more likely to achieve sustained growth.

How should the brand address the challenges created by the touchpoint clutter?

The key challenges for Moleskine are also its greatest opportunities. Three spring to mind. The first challenge for consumer-facing businesses today is to tear down the wall between digital and physical experiences – a divide that is no longer relevant to most individuals today, but that many businesses struggle to get behind their backs. Moleskine has demonstrated a certain agnosticism vis-à-vis this divide, a good example being its Smart Writing Set, which opens up opportunities in terms of new products, experiences and activations. A second challenge for many global brands will be their relevance at a local level – being meaningful in the here and now, capturing the 'zeitgeist' of a specific time and place. To this end, Moleskine has proved to be a powerful platform, for example by using limited editions to forge strong customer relationships. Finally, and perhaps most importantly, the future of brand experience is not about thinking in terms of touchpoints, but building the experience from the outside in, by starting from a deep understanding of the customer's world. What can Moleskine add to this world? What are the places, interfaces and moments where it can create meaningful experiences? The choice and configuration of touchpoints must be based on a deep understanding of the customer. Moleskine's in-depth analysis of its customers over the past few years provides a perfect springboard for a brand that can engage ever more strongly both with its core community and legions of new customers.

Moleskine developed a new retail format to improve shopping experience (Milan store)

Overview of 2018

Building a multi-channel platform

In 2018 the company grew consolidated revenues by 15% vs 2017 at constant exchange rates, leveraging a multi-channel distribution platform and building on its brand strength and unique cultural positioning to attract global consumers. Connecting with customers through multiple meaningful touchpoints is a crucial pillar for achieving sustainable long-term growth. This is why the company has continued to strengthen its distribution capabilities across all channels.

In **Wholesale** (+7% vs 2017), the company continued to develop direct relationships with key retailers to strengthen brand experience at their stores through dedicated visual merchandising. In Japan, it established a subsidiary to improve coverage and to further capture that market's potential through increased customer proximity. The company also opened up new specialized distribution channels for non-paper products, with the bags and consumer electronics channels adding relevant touchpoints. In the US, in addition to the main large retailers such as Target, Barnes & Noble and Amazon, the company has continued to nurture brand visibility at leading independent booksellers, which have always been a historical pillar of our US distribution network, especially in the early stages of our presence there. This strategy is now raising awareness of our brand among US consumers.

Thanks to its capillarity and reach, Wholesale is an ideal channel to expose the company's corporate values and commitments. In September 2018, the "I had a Dream" exhibition, curated by the Moleskine Foundation and supported by Moleskine, was held at La Rinascente in Rome, showcasing a selection of 54 notebooks created by students who took part in one of the AtWork workshops organised by the Foundation. The event was aimed at strengthening the relationship with one of the key retailers in Italy, promoting the activities of the Moleskine Foundation and supporting the positioning of the brand as an enabler of art, culture and education.

B2B (+42% vs 2017) registered significant growth, leveraging our proven distribution capabilities. An excellent driver of brand awareness, B2B confirmed its business relevance, driven by the development of major projects with global corporations such as Starbucks in Korea. B2B is the company's second most important channel in terms of sales and is expected to make a significant contribution to future growth. In addition to representing an important and growing component of our sales, B2B is an effective strategic tool to raise awareness of the Moleskine brand as clients often offer customized products to employees and/or partners for marketing purposes (e.g. product launches, opening of sales outlets, internal communication campaigns, artistic and cultural exhibitions).

Direct Retail (+3% vs 2017) was confirmed as a strategic channel that increases customer proximity and awareness. 2018 was marked by moderate perimeter expansion (9 new store openings), network rationalization (16 closures) and a focus on performance. Revenues were driven by improved in-store execution. The optimized merchandising strategy led to an overall increase of the average value of transactions as the bags category continued to gain traction. In addition, store personnel development through ad-hoc training as well as in-store initiatives (e.g. embossing machines for product personalization) contributed positively to the increased conversion rate. Travel retail locations were again the most successful format, which is why all new openings in 2018 took place in the travel retail environment (London's Liverpool street station, Paris Montparnasse station, Naples airport, Paris Roissy airport, Naples railway station).

Finally, in September, **a new retail format** was launched at one of the Milanese stores. The aim is to deliver an improved shopping experience and forge closer links with the brand. Results were very positive during the end-of-year period.

Moleskine café (Beijing)

In E-commerce (+12% vs 2017), the company focused on fine-tuning its strategy by improving governance. 2018 also saw the foundations laid for a digital strategy to be deployed in 2019 aimed at delivering a more meaningful user experience. A special focus was placed on China leveraging continued growth on the main local platforms (e.g. JD, TMall).

The Moleskine Café confirmed its status as an innovative format that exposes consumers to the brand and to the creative content it generates, either directly or through its community of passionate followers. Priority was given to defining a replicable and scalable format to leverage the experiences of Milan and Beijing. The Moleskine Café confirms itself as a key pillar of the Moleskine Creative Hub, a project aimed at encouraging and sustaining creativity among its target audience. In 2018 ten cultural events were organized in our Moleskine Cafés in Milan, Hamburg and Beijing. Of these, we mention the Design of Words, a journey through the timeless art of calligraphy. The event included the presentation of the book The Design of Words, edited by Moleskine, a talk with world famous calligraphers Milen Balbuzanov and Viktor Kamswill, followed by a live performance and an exhibition of original notebooks donated by some of the world's greatest calligraphers. A number of other events were held in partnership with Calligraphy Masters, the global community of calligraphers.

Expanding product portfolio and offer of services

In 2018, Moleskine registered healthy growth in both paper and non-paper (40% of total sales increase) collections, the latter mainly driven by bags, where the company is steadily building a reputation as the category increases its market penetration.

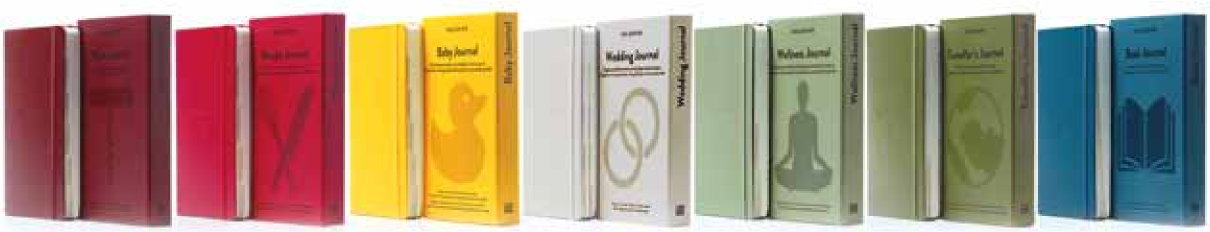
Within the paper collection, the company maintained its premium positioning thanks to the success of the Limited Edition collections. Key launches in 2018 included the celebration of iconic characters such as SuperMario, Barbie, James Bond, Astroboy and Looney Tunes and more regional projects like Sakura, which celebrates the beginning of the Japanese spring time with the cherry blossom. Sakura leaves are symbolic in Japan, representing a period of renewal and often referred to as an expression of life and death.

Other product launches in the paper space included the Passion Journals (thematic notebooks dedicated to popular subjects such as babies, travel, cooking, books, wellness, wine and weddings) and the Art collection, a rich selection of sketchbooks, notepads and manuscript notebooks dedicated to the core artistic segment of Moleskine's clientele.

In the M+ category, which aims to bridge the analogue-digital gap experienced in our everyday lives, the Company rolled-out the new 'Ellipse' Smart Pen, designed to be used in conjunction with the Smart Notebooks and Planners to combine the natural immediacy of writing on the pages of a notebook with all the advantages of borderless digital creativity. The Smart Writing ecosystem (Paper Tablet notebook, Smart Pen+ and Moleskine Notes companion app) targets today's digitally-connected professionals, knowledge workers and students, who prefer to create their plans and develop their ideas on paper first, without abandoning the convenience of digital technology.

In 2018 Moleskine returned to the Pitti trade fair with three new bag collections, each conceived to simply and effortlessly synch with productive, dynamic lifestyles on the move: the Moleskine Backpack Collection took an iconic Moleskine product – the Classic Backpack, with its simple, essential design and rigid shell-like case – and re-visited it with innovative materials that add a new dimension and ethos; the Classic Match Collection is designed for professionals on the move; while the Metro Bag Collection is designed for contemporary urban lifestyles, as its name suggests.

Adopting a local approach remains crucial to gaining a better understanding of consumer preferences and other local-specific requirements.



The new Passion Journals collection

The "Sakura" notebook is a limited edition developed for the Japanese market.

Iconicity beyond paper: The Backpack

The Classic Backpack has become one of Moleskine's most-loved bags, which is why the company decided to extend the single design created by Italian industrial designer and Moleskine Creative Director Giulio Iacchetti into an entire collection with a wider selection of colours and materials that each speak to a different facet of our personalities. Conceived as roaming containers of identity and amplifiers of contemporary lifestyles and beings, the new Backpack collection is available in four new fabrics and with a sophisticated, subtle colour palette that embraces earthy tones. Wherever their journeys may take them, the Backpacks in this collection become perfect inspirational carriers of life's essentials, not unlike Moleskine notebooks, which are a receptacle for ideas and inspiration. The expanded Backpack Collection seals Moleskine's reputation for creating iconic non-paper products.

The Ellipse Smart Pen is the last-born of Moleskine's Smart Writing products

Pursuing digital Innovation

In 2018 Moleskine launched Actions, another successful application aimed at increasing personal productivity, with approximately 600,000 downloads since its launch in April.

Moleskine has always innovated along the analogue-digital continuum. In 2017 it launched the Moleskine Open Innovation Programme, a call for innovative ideas to add to the growing Moleskine+ ecosystem of smart objects and services. The project invited talented start-ups to submit concepts, projects and proposals in return for the chance to work closely with Moleskine – sharing expertise, building know-how and turning inspiring ideas into business reality. The twelve most successful applicants from all over the world were invited to the Moleskine headquarters in Milan to present their projects. In 2018, three finalists were selected to work with a group of Moleskine mentors, facilitators and entrepreneurs as part of a 6-month incubator programme to bring their proposals to life and to market. Moleskine is currently exploring routes for long-term collaboration with one of the three start-ups that has launched an innovative application in the area of personal productivity.

Actions, the latest Moleskine app, is aimed at fostering personal productivity.

Thinking globally, acting locally

In 2018 the company continued to grow. At year-end, Moleskine had 491 FTEs, up 23 on 2017. In particular, 2018 was marked by the strengthening of regional operations in an effort to find the most effective balance between centralized and local functions, as knowledge of local customers and localized execution are deemed as crucial to developing the brand's competitive edge in each market. In essence, the guiding principle behind the organisational overhaul was 'think globally and execute locally', with each region holding full responsibility for profits and losses.

Adopting a local approach remains crucial to gaining a better understanding of consumer preferences and other local-specific requirements. It is only with this understanding that we can adapt the marketing mix and other business strategies so as to respond fully to consumer desires.

For Moleskine, a strong corporate culture is the most powerful way to create a purpose-driven organisation.

Focusing on organisation and people to deliver the brand promise

In 2018, starting from the belief that a strong corporate culture is the most powerful way to create a purpose-driven organisation, the company launched the "Culture Project" with the aim of defining a set of corporate values that will enable Moleskine to grow. These values and their ability to benefit the company in its day-to-day operations were identified in 2018. In 2019, the project will be rolled-out across the organisation.

Moleskine also implemented an integrated plan christened the "Total Rewards System", with the aim of nurturing employee engagement and increasing staff retention. The latter implies that investing in people is not only linked to monetary reward (the base salary and variable incentive bonuses), but is also related to a more general investment in the corporate well-being of employees (workplace, learning, engagement). Following this approach, Moleskine dedicated 600+ hours to initiatives related to training and development over the year, involving about 200 people across the group. In addition, about 300 hours were devoted to training for senior management.

AtWork is an itinerant educational format and is a key tool of the Quality Education Programme of the Moleskine Foundation.

Engaging with communities

In 2018 the company maintained its commitment to strengthening the relationship with the Moleskine Foundation in a joint mission to promote creativity as an engine for positive social change. The Moleskine Foundation is a non-profit organisation that believes that quality education is key to producing positive change in society and driving our collective future. Its mission is to provide young people with unconventional educational tools and experiences that help foster critical thinking, creativity and life-long learning, with a focus on communities affected by cultural and social deprivation. In 2018 the Moleskine Foundation ran four AtWork Workshops (in Rome, Ndjamena, Harare and Kampala) involving 100 students from 19 countries. AtWork is an itinerant educational format that uses the creative process to stimulate critical thinking and debate among participants. It aims to encourage the emergence of a new generation of thinkers.

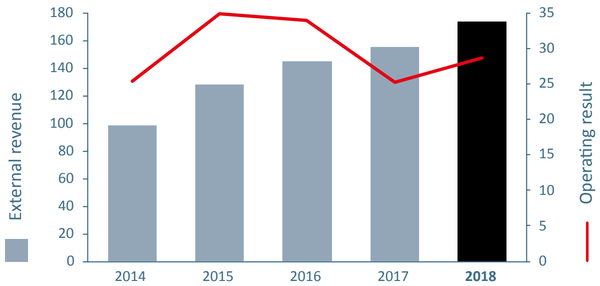
The core component of each AtWork event is a workshop conducted by an artist or a curator on a specific topic. The topic stimulates collective discussion and personal self-reflection on issues such as identity, culture and community. To conclude the workshop each student produces a personalized notebook – each with its own unique character – that illustrates the process of self-reflection triggered by the event. The resulting notebooks are then displayed in an exhibition co-curated by the students themselves.

Moleskine | Key Figures

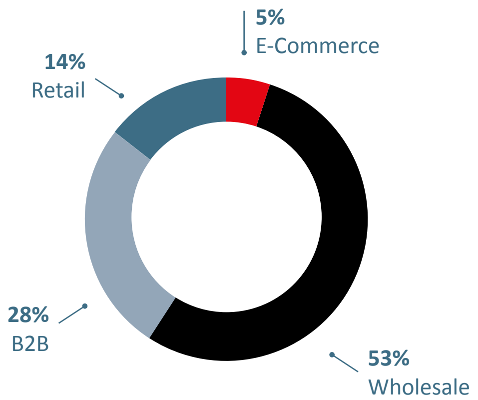
(EUR million)	**2014**	**2015**	**2016**	**2017**	**2018**
External revenue	98.8	128.2	145.2	155.4	**174.1**
Operating result	25.3	34.8	34.0	25.2	**28.6**
Operating margin	25.6%	27.2%	23.4%	16.2%	**16.4%**
Result before tax	24.1	34.6	32.9	15.2	**18.9**
Result after tax	16.5	27.1	23.3	10.1	**22.8**
Number of stores	41	58	79	87	**80**
Number of employees *(year-end)*	278	359	401	468	**491**

Note: Moleskine's results are fully consolidated in D'Ieteren's accounts as from 1 October 2016.

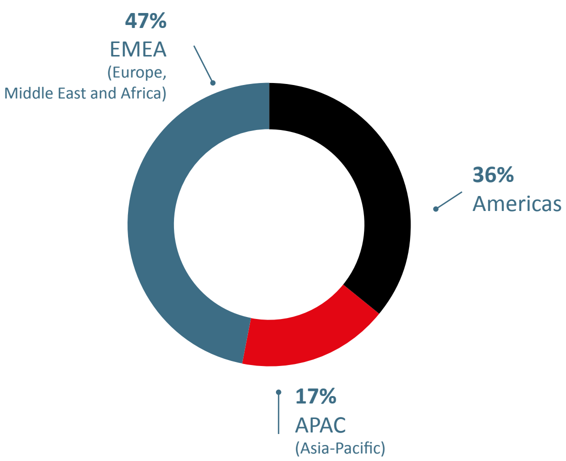
REVENUE AND OPERATING RESULT (EUR million)



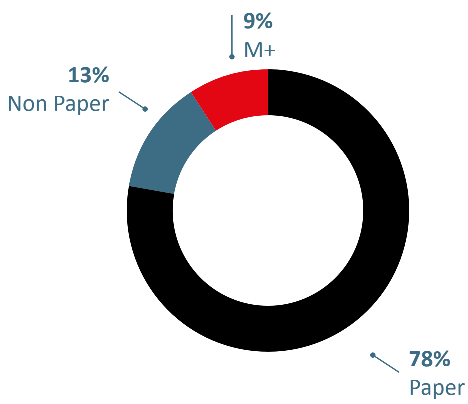
REVENUE BREAKDOWN BY CHANNEL



REVENUE BREAKDOWN BY GEOGRAPHY



REVENUE BREAKDOWN BY PRODUCT RANGE



D’Ieteren Immo

Creating living and working spaces adapted to the evolving needs of people and society

D'Ieteren Immo

WHAT WE DO

D'Ieteren Immo groups together the Belgian property interests of the D'Ieteren Group that are largely used for the needs of D'Ieteren Auto. 2018 was its second full year of activity. Our team pursues investment projects and carries out studies into possible site renovations, while undergoing constant training that enables it to identify and develop potential sources of innovation and creativity. In addition to managing its own property assets, the company offers property consulting services to the tenants of the more than 30 properties in the portfolio.

MESSAGE FROM

PAUL MONVILLE

CEO OF D'IETEREN IMMO

Our prime objective is to create living spaces, offices and commercial outlets that are adapted to the evolving needs of their tenants.

2018 enabled us to refocus on our core activity by exploring new ways to add value to the company's property assets. Among the projects launched last year, there was the now-completed Zen-Park bodywork project in Drogenbos, the TenBosch residential housing project and the Porsche garage in Mont-Saint-Guibert.

I would like to thank all our staff for their remarkable contributions and their confidence in the creation of the Group's new property arm. I congratulate them for their unwavering commitment to the development of an activity whose prime objective is to create living spaces, offices and commercial outlets that are adapted to the evolving needs of their tenants while always considering the societal and environemantal impact of their projects.

Top of the TenBosch Housing building site

A word from our stakeholders

Olivier Carrette,
CEO of the UPSI

The Professional Association of the Real Estate Sector in Belgium

I strongly believe that real estate is a sector with a future. It influences the way we live, the way we work and the way we move from place to place. And it is evolving in parallel with the sweeping changes we are seeing in society today. I identify three new trends in this area: diversity, flexibility and the offer of services. Diversity, because in the context of modern urban planning, buildings must now be multi-functional, where a single environment can host diverse activities, from offices, to living spaces to commercial outlets. Single-function buildings are a thing of the past. Flexibility, because we can no longer afford to imagine, let alone design buildings with only one use over time. From now on, buildings will take a long-term view, with the ability to be transformed, later on, from an office space to housing units or shops, without the need for demolition. Finally, in the same way as mobility, real estate is evolving in parallel with the changes we are seeing in our lifestyles and can now be considered more as a service. Buildings need to provide value-added to an ever-more mobile and demanding population. They must for instance be future-proof in terms of technology and connectivity. With the number of smart devices used by families and companies growing rapidly, soon only fibre-optic connections will be capable of handling data transfer speeds. This is the kind of high-value-added service that property developers can already offer to their clients.

Overview of 2018 - Investment projects and adding value to the portfolio

Since June 2018, the Zen-Park site in Drogenbos has one of the largest state-of-the-art body-work centres in Europe. The site includes a used car sales centre that is popular with both employees and the clients.

The first foundation stones were also laid at:

- Mont-Saint-Guibert for the construction of a new Porsche garage;
- Malines for the construction of a Seat showroom;
- Ixelles for the construction of the TenBosch Housing project, which will contain 36 apartments.

And at D'Ieteren Immo's other large-scale sites:

- The company is considering the possible challenges and potential of redeveloping the strategic Kortenberg site;
- The plan to redevelop the D'Ieteren headquarters on the Mail site is moving ahead, the next step being to select an international architect for this project;
- An ambitious architectural competition, Mobilis, was launched to find a design for the redeployment of the strategically-important Anderlecht Industrie site, located in the Plan Canal area;
- Finally, the long- and short-term renovation potential of the Anderlecht Heyvaert site, which is also located in the Plan Canal area, has been studied in collaboration with urban planners. The joint reflection led to the creation of an urbanistic study highlighting the potential of redeveloping this site.

The construction of a Porsche garage started in Mont-Saint-Guibert.

The plan for the redevelopment of the D'Ieteren headquarters in Brussels is moving ahead.

D'Ieteren Immo is considering the potential of redeveloping its 412.000 m² Kortenberg site.

The TenBosch Housing project includes 36 modern and energy efficient apartments to be rented.

Developing an axis of sustainability

As part of the company's commitment to the United Nations 2030 Agenda development targets, which marry sustainability and profitability, a range of different initiatives have been launched with the aim of safeguarding the long-term viability of D'Ieteren Immo's property assets.

On the energy front, D'Ieteren Immo is aiming at a rational use of resources and the integration of alternative energies within the company's infrastructures. The most recent investments concern the production of renewable energy-generating techniques like cogeneration, solar panels (integrated or not), geothermal technology and the complete renewal of existing building cladding. The objective of such installations is to increase the level of renewable energy output from the current 41.5% and to reduce energy bills both for the company and its tenants.

Investments in the company's own sites have already reduced energy bills, for example by replacing old lighting with automated LED systems or by giving users access to tools that allow them to manage their own consumption. In collaboration with two universities, D'Ieteren Immo has launched a project baptised H2O that aims to optimise the use of the company's self-generated energy.

Fully convinced that sustainability is not an option but a necessity, D'Ieteren Immo has drawn up a plan to increase its capacity of soil infiltration in its facilities, which are often highly impermeable areas due to the nature of the activities. The use of recycled materials is encouraged in all projects, as is the flexible construction of buildings over time.

Convinced also of the need to 'think sustainable' in all its actions, D'Ieteren Immo has considered the need for biodiversity on its sites. Biodiverse zones now exist at three of the company's sites, where suitable vegetation has been planted. A plan to extend this programme is currently underway.

A biodiverse zone has been set up on the site of Drogenbos.

As part of the company's commitment to the UN 2030 Agenda development targets, which marry sustainability and profitability, a range of initiatives have been launched to safeguard the long-term viability of D'Ieteren Immo's property assets.

Finally, for the well-being of its employees and active tenants on different sites, D'Ieteren Immo has created a bike-to-work scheme to encourage cycling. Workspaces have been redesigned and reorganised to make them more modern and circular, while also improving user comfort in terms of acoustics, air quality and light.

Today, in order to structure this sustainability-based approach and ensure its longevity, D'Ieteren Immo is defining a global strategy that meets the needs of today's generation without compromising the ability of future generations to meet their own.

Building on our talent

D'Ieteren Immo invests constantly to strengthen the expertise of its staff, providing an average of 4.5 days of training per employee in 2018. The company regularly welcomes students and trainees, thereby forging strong links with Belgium's schools and universities.

"Bike-to-work" facilities were installed on different sites to encourage cycling as an alternative mode of commuting to work.

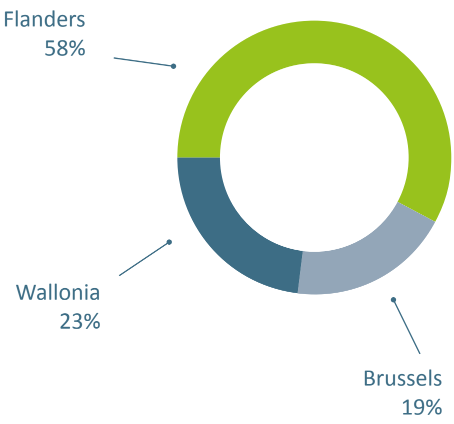
The "digital garage" at the D'Ieteren headquarters exemplifies a new office format aimed to increase employees' comfort and flexibility.

D'Ieteren headquarters' cogeneration system.

Photovoltaic carports have been installed in the new Wondercar bodywork building in Drogenbos.
The produced electricity reaches 301 MWh per year, allowing to recharge between 50 and 100 VW e-Golf or almost 150 Audi Q7 e-tron a day.

D'Ieteren Immo | Key Figures

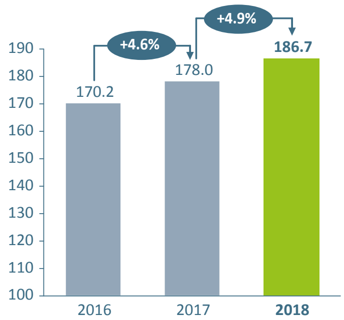
31 SITES



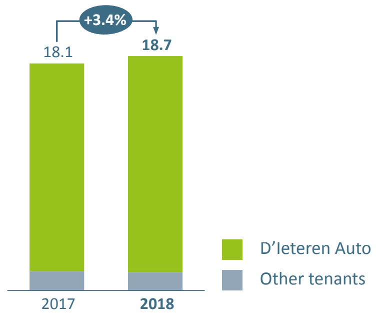
REAL ESTATE PORTFOLIO (m²)

	m²
Car parks	436,546
Work shops	65,272
Showrooms	39,330
Storage	74,006
Offices	29,625
Technical/utility	13,250
Other	172,042
TOTAL	**830,071**
of which covered	*259,666*
TOTAL LAND AREA	**759,782**

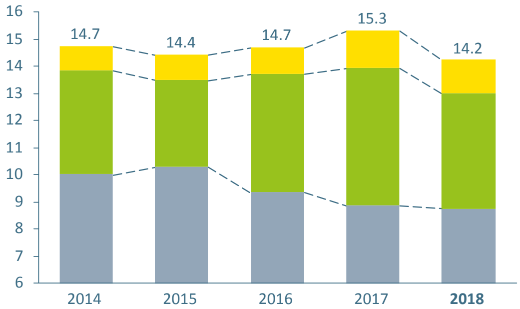
BOOK VALUE OF THE REAL ESTATE PORTFOLIO (EUR million)



NET RENTAL INCOME (EUR million)



CONSUMPTION AND SOURCE OF ELECTRICITY[1] (millions of kWh)



1 At identical perimeter

Reference Index - Non financial information

Non-financial dimensions	Associated material topics	Activity it concerns	Main related indicators	Reference to GRI SRS indicators	Related SDG's targets	References where the material topic is addressed in the report(s) (AR: Activity Report - FDR: Financial and Directors' Report)
Social responsibility and treatment of employees	> Employee well-being and development	D'Ieteren Auto	Total training hours	404-1	SDG 8.5	AR: 18 - 29 - 30 FDR: 110 - 129
		Belron	Employee Satisfaction (BPM: Belron People Measure)			AR: 18 - 45 FDR: 115 - 139
		Moleskine	Total training hours			AR: 57 FDR: 119 - 147
	> Employee health and safety	D'Ieteren Auto	- Work related accidents - Lost work days	403-9	SDG 8.8	FDR: 110 - 130
		Belron	Ecovadis assessment on Labour practice and human rights (incl. Health and safety)			FDR: 116 - 140
	> Community engagement	D'Ieteren Auto	Total donations	413-1, 203-1	SDG 17.16	AR: 19 - 30 FDR: 130
		Belron				AR: 19 - 39 - 46 FDR: 141
		Moleskine				AR: 19 - 58 FDR: 148
	> Innovation	D'Ieteren Auto	Total investments in Innovation, Research and Development	203-1	SDG 8.2/8.3	AR: 18 - 23 - 27 - 29 FRD: 11 - 109 - 127
		Belron				AR: 42 FDR: 11 - 114 - 136
		Moleskine				AR: 18 - 57 FDR: 11 - 117 - 147
	> Customer welfare and satisfaction	D'Ieteren Auto	Net Promoter Score (NPS)	n/a	SDG 8.2	AR: 16 - 21 - 23 - 25 - 27 - 29 FDR: 109 - 110 - 128
		Belron			SDG 3.6	AR: 16 - 39 - 41 - 42 FDR: 115 - 116 - 138
Environmental protection	> Climate impact	D'Ieteren Auto/Immo	Tonnes CO_2 emissions scope 1 & 2	305-1, 305-2	SDG 13.2 SDG 7.2	AR: 19 - 25 - 27 - 29 FDR: 111 - 112 - 125
		Belron				AR: 19 - 44 FDR: 134
		Moleskine	Total renewable energy production	302-1		FDR: 146
	> Waste management	D'Ieteren Auto	Percentage recycled waste	306-2	SDG 12.5	FDR: 111 - 126
		Belron				AR: 19 - 44 FDR: 135
	> Environmental impact of products and packaging	Moleskine	Percentage paper products with re-usable packaging	n/a	SDG 12.2	FDR: 119 - 145
	> Sourcing of material and natural resources	Moleskine	Percentage paper products from certified materials	301-1	SDG 15.2 SDG 12.4	FDR: 118 - 119 - 145
Business ethics	> Respect for human rights	D'Ieteren Auto	Renewal of Code of Ethics	406-1	SDG 16.B	FDR: 108 - 131
		Belron	Number of registered unethical behaviour			FDR: 113 - 142
		Moleskine				FDR: 148
	> Inclusion and diversity	D'Ieteren Auto	- Percentage of women (incl. in top and middle management) - Number of nationalities	405-1	SDG 16.B	FDR: 108 - 131
		Moleskine				FDR: 149
	> Sustainable procurement	D'Ieteren Auto	Percentage of suppliers screened on environmental and/or social aspects	308-1 414-1	SDG 16.B/8.5 /12.7	FDR: 128
		Belron				FDR: 116 - 137
		Moleskine				FDR: 118 - 145 - 146
Anti-corruption and bribery	> No tolerance for bribery and corruption	D'Ieteren Auto	Number of registered incidents related to corruption and bribery	205-3	SDG 16.5	FDR: 108 - 131
		Belron				FDR: 113 - 143
		Moleskine				FDR: 149

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Glossary of alternative performance measures (APMs) used in this activity report

In order to better reflect its underlying performance and assist investors, securities analysts and other interested parties in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures (APMs). These alternative performance metrics are used internally for analysing the Group's results as well as its business units. These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. 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, and each subtotal of the segment statement of profit or loss, 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 and 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/IFRS 9 (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.

***Adjusted* result after tax** consists of the reported result from continuing operations (or the result for the period when no discontinued operation is reported), excluding *adjusting* items, and excluding their tax impact.

***Adjusted* result before tax** consists of the reported result before tax excluding *adjusting* items as defined above.

Adjusted result after tax, Group's share, and *adjusted* result before tax, Group's share, exclude the share of minority shareholders in *adjusted* result before/after tax.

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.

Earnings per share are based on the result for the period attributable to equity holders of the Parent, 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). *Adjusted* earnings per share, which do not include *adjusting* items, are presented to highlight underlying performance.

FINANCIAL CALENDAR

General Meeting & Trading update .... 6 June 2019
Dividend ex date .... 12 June 2019
Dividend payment date .... 14 June 2019
2019 Half-Year Results .... 28 August 2019

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Information about the group (press releases, annual reports, financial calendar, share price, financial information, social documents…) is available, mostly in three languages (French, Dutch and English), on www.dieteren.com or on request.

Ce rapport est également disponible en français. Dit verslag is ook beschikbaar in het Nederlands.

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PHOTOGRAPHY
John Stapels, François de Ribaucourt, and Volkswagen, Audi, Škoda, SEAT, Bentley, Lamborghini, Porsche, Yamaha, Belron and Moleskine photo libraries.

FORWARD-LOOKING STATEMENTS

This Annual Report 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 materialize, 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.

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FINANCIAL AND DIRECTORS' REPORT 2018

Financial and Directors' Report 2018

Contents

Contents of the Consolidated Directors' Report *

* The topics of Article 119 of the company code, defining the content of the management report, that are not applicable for D'Ieteren, have not been included in this summary.

Declaration by Responsible Persons

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

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

2018 FULL-YEAR RESULTS

In the past, the D'Ieteren Auto reportable operating segment included the automobile distribution activities combined with the Group's corporate and real estate activities. From 2018 onwards, the results of the D'Ieteren Auto segment only comprise the automobile distribution activities; the results of the corporate and real estate activities being presented together in the new separate operating segment "Other". The segment statement of profit or loss for 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 the 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) in 2017 and between 1 January and 7 February 2018.

D'Ieteren's average stake in Belron equalled 57.78% in 2018. D'Ieteren'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 (MRP) which led to a reduction of D'Ieteren's stake to 54.11%. The stake equalled 54.10% at the end of 2018, following the entry of new MRP participants on 6 November 2018.

2018 was a positive year for D'Ieteren: its activities realised healthy sales and profit growth and D'Ieteren's key performance indicator (KPI) – the *adjusted* consolidated result before tax, Group's share[1], increased by 15.8% to EUR 226.1 million, against a 10-15% growth guidance.

- **D'Ieteren Auto's**[2] sales growth (+3.2%) was underpinned by a positive price and model mix effect. Its market share[3] reached 21.45% (+14bps). The *adjusted* result before tax, group's share[1,2] improved by 18.7% reflecting a positive model mix effect and cost control.
- **Belron** reported strong organic sales growth[6] (+10.3%). On a comparable basis[7], the *adjusted* operating result[1] improved by 20.1%. The 10.3% rise in the *adjusted* result before tax, Group's share[1] reflects higher operating results and increased financial costs following refinancing linked to cash distribution to the shareholders in Q4 2017 and Q4 2018.
- **Moleskine**'s sales rose by 14.8% at constant exchange rates. Each region delivered double digit growth. B2B was the fastest growing channel. The *adjusted* result before tax[1] rose by 24.3% to EUR 18.9 million.
- **Other** (including corporate and real estate activities) reported an adjusted result before tax, Group's share[1] of EUR -4.8 million in 2018 compared to EUR -4.3 million in 2017.
- The Board of Directors proposes a **gross ordinary dividend of EUR 1.00 per share**.

On a comparable basis, D'Ieteren is aiming for a double-digit improvement for its FY 2019 *adjusted* consolidated result before tax, Group's share[1]. The guidance assumes a 54.10% stake in Belron in 2018 (rebased) and 2019 and average foreign exchange rates in 2019 that are in line with the exchange rates that prevailed at the end of 2018.

1. GROUP SUMMARY

A. SALES

Consolidated sales under IFRS amounted to **EUR 3,578.1 million (+3.6%)**. This figure excludes Belron. **Combined sales** (including 100% of Belron) amounted to **EUR 7,417.8 million (+6.9%)**.

Combined sales are broken down as follows:

- **D'Ieteren Auto**: EUR 3,404.0 million, **+3.2%** mainly on the back of a positive price and model mix (more SUV's) effect. Excluding registrations of less than 30 days[3], Belgian new car registrations dropped marginally (-0.9%) and D'Ieteren Auto's market share[3] reached 21.45% (+14bps). The total number of vehicles, including commercial vehicles, delivered by D'Ieteren Auto reached 121,855 (-2.7%). As expected, the introduction of WLTP (Worldwide Harmonised Light Vehicle Test Procedure) led to significant delivery delays during the last 4 months of 2018.
- **Belron**: EUR 3,839.7 million, **+10.1%** comprising a 10.3% organic increase[6] and 2.0% growth from acquisitions, partially offset by a negative currency translation impact of 2.1%. The sales momentum was strong across the three regions (North America, Europe, Rest of the World).
- **Moleskine:** EUR 174.1 million, **+12.0%** or by 14.8% at constant exchange rates. Each region contributed to the solid sales evolution. The B2B channel was the main driver of the sales growth followed by Wholesale. E-Commerce revenues improved significantly in H2 2018.

B. RESULTS

- The **consolidated result before tax under IFRS** reached EUR 67.5 million (EUR 99.8 million in 2017).
- Our key performance indicator – the ***adjusted* consolidated result before tax, Group's share**[1] – amounted to EUR 226.1 million, up 15.8% on a comparable basis (57.78% stake in Belron). It breaks down as follows:
  - **D'Ieteren Auto**[2]: EUR 121.7 million, +18.7%, reflecting a positive price and model mix effect and cost control (including lower marketing costs).
  - **Belron**: EUR 90.3 million, up 10.3% reflecting strong *adjusted* operating profit[1] growth partially offset by higher net financial charges following Belron's refinancing linked to the cash distribution to the shareholders in Q4 2017 and Q4 2018.
  - **Moleskine**: EUR 18.9 million, +24.3% year-on-year, due to solid sales across all the regions and the positive impact from strategic initiatives.
  - **Other (including corporate and real estate activities)**: EUR -4.8 million (EUR -4.3 million in 2017).
- The **Group's share in the net result for the period** equalled EUR 1,048.0 million (EUR 112.6 million in 2017). The 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 share[1], reached EUR 182.2 million compared to EUR 194.8 million in 2017. The decline is due to the lower stake in Belron.

C. DIVIDEND

The Board of Directors proposes a gross ordinary dividend of EUR 1.00 per share. If this dividend is approved by the General Meeting of Shareholders on 6 June 2019, it will be paid on 14 June 2019 (ex date 12 June and record date 13 June).

D. FINANCING OF THE ACTIVITIES

The combined net financial debt[4] including 100% of Belron totalled EUR 839.4 million at the end of 2018 compared to EUR 1,011.8 million at the end of 2017. The net cash position of "Other", which includes Corporate, amounted to EUR 1,142.2 million at the end of 2018 compared to EUR 550.6 million at the end of 2017.

2. D'IETEREN AUTO

- **Excluding registrations of less than 30 days[3], the Belgian market declined by 0.9% and D'Ieteren Auto's share improved from 21.31% in 2017 to 21.45% in 2018.**
- **New vehicle sales rose by 2.9% to EUR 2,990.3 million reflecting a positive price and model mix effect. Total sales rose by 3.2% to EUR 3,404.0 million.**
- **The operating result of D'Ieteren Auto[2] reached EUR 106.8 million (EUR 88.0 million in 2017):**
  - o **The *adjusted* operating result[1,2] increased by 18.7% to EUR 113.0 million. The strong performance mainly reflects a positive price and model mix effect, cost control and the reversal of a provision.**
  - o **The *adjusting* items[1,2] comprised in the operating result (EUR -6.2 million) relate to the implementation of the Market Area strategy.**
- **The result before tax[2] rose by 25.4% to EUR 115.4 million.**
- **The *adjusted* result before tax, Group's share[1,2], reached EUR 121.7 million (EUR 102.5 million in 2017), up 18.7%.**
- **2019 outlook: D'Ieteren Auto aims at a higher share in a market that is expected to be slightly lower. The *adjusted* result before tax, Group's share[1,2], is expected to improve slightly.**

2.1. ACTIVITIES AND RESULTS

Market and deliveries

The Belgian new car market continued to be buoyant until the introduction of WLTP (Worldwide Harmonised Light Vehicle Test Procedure) on 1 September. As expected, WLTP led to significant delivery delays during the remainder of the year. Excluding registrations of less than 30 days[3], the number of new car registrations in Belgium reached 528,174 units (-0.9%). Including de-registrations within 30 days, the Belgian market totalled 549,632 new car registrations, up 0.6% year-on-year. This is only slightly below the record high of 2011. The share of diesel cars continued to decline (35.5% in 2018 compared to 46.4% in 2017) and the share of new energy engines (electric, hybrid, CNG and LPG) rose from 5.4% in 2017 to 5.9% in 2018. SUV's continued to gain in popularity with a share of 37.6% in 2018 versus 31.2% in 2017.

Excluding registrations of less than 30 days[3], the market share of the brands distributed by D'Ieteren Auto reached 21.45% in 2018 (vs 21.31% in 2017). Including these registrations, the market share equalled 20.80% (vs 20.93% in 2017).

Volkswagen reinforced its leadership position with a market share[3] of 9.91% (+48bps) mainly thanks to higher demand for the T-Roc, the Tiguan (6th most popular car in Belgium) and the Arteon. The Volkswagen Golf remained the most popular car on the Belgian market. The evolution of Audi's market share[3] (5.38% or -85bps) reflects the timing of new model launches and the introduction of WLTP. SEAT's share[3] improved by 39bps to 1.79% thanks to the success of the Arona. Škoda's share[3] reached 3.74% (+14bps) with good volumes in its popular SUV models (Karoq and Kodiaq). The Octavia remains Škoda's most popular model. Porsche's market share[3] (0.60%) was roughly stable with higher registrations of the Cayenne and 911.

Registrations of new light commercial vehicles (0 to 6 tonnes) rose by 2.2% to 78,459 units. The marginal decline in D'Ieteren Auto's market share (10.56% or-13bps) is due to a temporary suspension of deliveries of T6 passenger vans at the beginning of 2018.

The total number of new vehicles, including commercial vehicles, delivered by D'Ieteren Auto in 2018 reached 121,855 units (-2.7% compared to 2017).

Sales

D'Ieteren Auto's sales increased by 3.2% to EUR 3,404.0 million in 2018 reflecting a positive price and model mix (more SUV's) effect. The acquisition of dealerships contributed EUR 84.2 million in sales. New vehicle sales increased by 2.9% to EUR 2,990.3 million. The sale of spare parts and accessories reached EUR 186.4 million (+1.4% year-on-year). Revenues from after-sales activities of the corporately-owned dealerships increased by 28.1% to EUR 105.5 million. This strong rise is largely due to the acquisition of dealerships. Used vehicle sales amounted to EUR 68.2 million (+2.9%). D'Ieteren Sport's sales, which are mainly comprised of Yamaha motorbikes, quads and scooters, increased by 5.3% to EUR 29.6 million.

Results[2]

The operating result[2] reached EUR 106.8 million (EUR 88.0 million in 2017). The *adjusted* operating result[1,2] increased by 18.7% to EUR 113.0 million mainly reflecting:

- A positive price and model mix effect.
- Cost control including lower marketing costs.
- Lower inventory write-downs due to the transfer of 70% of the buy-back agreements with rental car companies to VDFin.
- The reversal of a provision (EUR 4.5 million).
- Lower contribution from corporately owned dealerships (retail activities).
- Partially offset by a higher loss related to innovative mobility projects at Lab Box.

The *adjusting* items[1] (EUR -6.2 million) are mainly related to the implementation of the Market Area strategy.

Net financial expenses equalled EUR 1.3 million in 2018 (EUR 2.0 million in 2017). *Adjusted* net financial expenses[1] reached EUR 1.9 million (EUR 2.0 million in 2017).

The result before tax[2] reached EUR 115.4 million (+25.4%) or EUR 118.0 million (+18.8%) excluding *adjusting* items[1]. The *adjusted* result before tax, Group's share[1,2], rose by 18.7% to EUR 121.7 million. The contribution of the equity accounted entities to the *adjusted* result before tax, Group's share[1], amounted to EUR 10.6 million (EUR 9.3 million in 2017).

Income tax expenses reached EUR 38.6 million (EUR 29.3 million in 2017). *Adjusted* tax expenses[1] equalled EUR 40.7 million (compared to EUR 30.5 million in 2017). The rise in tax expenses is due to higher profits and a lower level of tax credits.

The result after tax, Group's share[2], amounted to EUR 76.8 million (EUR 62.7 million in 2017). The *adjusted* result after tax, Group's share[1,2], rose by EUR 8.5 million to EUR 77.3 million.

2.2. NET DEBT AND CASH FLOW

D'Ieteren Auto's net debt position reached EUR 60.8 million at the end 2018. This figure excludes the net cash balance of the Group's treasury activities.

The free cash flow (after tax) reached EUR -44 million in 2018 (EUR 68 million in 2017). The rise in *adjusted* EBITDA[1,5] (EUR 115 million in 2018 versus EUR 95 million in 2017) was more than offset by higher working capital (EUR -114 million versus EUR -5 million impact), higher net capex (EUR -18 million versus EUR -10 million) which was mainly related to IT/software and higher taxes paid (EUR -25 million versus EUR -11 million). The EUR 79 million y/y increase in inventories reflects the temporary WLTP impact.

2.3. KEY DEVELOPMENTS

D'Ieteren Auto signed new import contracts with Volkswagen Group as well as contracts with the dealers who lead the Market Areas. The new contracts reflect the vision of tomorrow's automotive sector and create new opportunities including a commercial approach that will become increasingly customer centric.

Project Magellan was launched in September 2018 with the goal to develop a strategy that will prepare D'Ieteren Auto for the changes in the mobility sector.

D'Ieteren Auto announced the next phase of Pole Position, the plan that was launched in 2014 to rationalize the footprint and to improve the profitability of the D'Ieteren Car Centers in Brussels. Since the launch of the plan, the number of sites was reduced from 12 to 6, sales volumes have increased and losses have been reduced. The next phase ("Leading the Race") will consist in reinforcing D'Ieteren Auto's presence in the southwest of Brussels. The existing Seat dealership in Anderlecht will be transformed into a state-of-the-art multi-brand site which will offer sales and after-sales services for Volkswagen (including commercial vehicles), Seat and Škoda as from 2022. The sales and after-sales activities of Rue du Mail (Ixelles) and D'Ieteren Centre will be moved to the Anderlecht site. The Drogenbos and Zaventem sites will offer services for Audi.

D'Ieteren Auto has acquired the following dealers:

- Clissen (10/2018): Audi, Volkswagen and Volkswagen Commercial Vehicles dealerships north of Antwerp
- Bruynseels (11/2018): Audi, Volkswagen and Volkswagen Commercial Vehicles dealerships west of Brussels
- Dielis (01/2019): an Audi dealership in the Market Area of Mechelen

These transactions are 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 Area Leader in Brussels, Antwerp and Mechelen.

D'Ieteren Auto launched EDI (Electric D'Ieteren Solutions) in January 2019. EDI offers a complete solution for drivers of electric cars and fleet managers including charging stations at home or at work and a charging card with access to more than 100,000 charging stations in 25 European countries. VDFin offers financing for EDI-solutions.

2.4. OUTLOOK 2019

D'Ieteren Auto aims at a higher market share in a Belgian new car market that is expected to be slightly down in 2019. D'Ieteren Auto's sales should by underpinned by new model introductions and replacements, especially at Audi. Following the recent replacement of the Q3 and A1 Sportback and the launch of the e-tron and Q8, Audi's pipeline for this year includes a facelift of the Q7 and A4, the introduction of the A1 City Carver, the Q3 Sportback and the e-tron Sportback and the replacement of the A3 Sportback. Volkswagen is enlarging its SUV offering with the introduction of the T-Cross, the Passat will receive a facelift and the new Golf will be launched in Q4 2019. Seat has recently launched a large SUV (Tarraco). Škoda introduced the Scala to extend its offering in the compact car segment. The Octavia Combi will be replaced and a new SUV (Kamiq) will be introduced. Porsche has recently replaced the 911 and will introduce the Cayenne Coupé (Q1 2019) and the fully electric Taycan (December 2019).

Taking into account high comparables, the *adjusted* result before tax, Group's share[1,2], is expected to improve slightly in FY 2019 thanks to higher volumes, improved profitability of the retail activities and the contribution of recently announced acquisitions.

3. BELRON

At Belron's level (at 100%):

- **External sales (EUR 3,839.7 million) increased by 10.1%, comprising a 10.3% organic[6] increase and 2.0% growth from acquisitions, partially offset by a negative currency translation effect of 2.1%.**
- **The operating result totalled EUR 103.6 million (EUR 148.5 million in 2017):**
  - **The *adjusted* operating result[1] reached EUR 225.7 million (+18.9%).**
  - ***Adjusting* items[1] amounted to EUR -122.1 million.**

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

- **The result before tax totalled EUR 1,010.9 million (EUR 62.4 million in 2017). The 2018 figure includes the consolidated gain on the disposal of the 40% stake in Belron.**
- **The *adjusted* result before tax, Group's share[1], reached EUR 90.3 million compared to EUR 81.9 million (restated 2017 figure to reflect the same average stake of 57.78% as in 2018). The EUR 8.4 million rise reflects a strong improvement in the underlying operating performance and higher financial charges following the refinancing of Q4 2017 and Q4 2018.**

Outlook for 2019:

- **Moderate single digit organic[6] sales growth**
- **The *adjusted* result before tax, D'Ieteren's share[1] should improve double digit. This guidance assumes average exchange rates that are in line with the rates that prevailed at the end of 2018 and a 54.10% stake in Belron in 2018 (rebased) and 2019.**

3.1. SALES AND RESULTS

Belron's sales were EUR 3,839.7 million in 2018, an increase of 10.1% comprised of 10.3% organic growth[6] and 2.0% growth from acquisitions, partially offset by a negative currency translation impact of 2.1%.

Whereas in the past Belron's geographic footprint was subdivided into two regions (Europe and Outside Europe), it includes the following regions from 2018 onwards:

- North America: US and Canada.
- Europe: France, Germany, Belgium, Spain, Italy, Netherlands, Switzerland, Portugal, Greece, Austria and Hungary.
- Rest of the World: UK, Australia, Norway, New Zealand, Sweden, Denmark, Ireland and Finland.

North American sales increased by 10.7%, consisting of a 13.4% organic[6] growth and 0.3% from acquisitions, partially offset by an adverse currency translation effect of 3.1%. The organic[6] sales improvement reflects a higher share in a growing market, increased prices due in part to increased windscreen complexity and higher revenues from ancillary products. Increased windscreen complexity is due to the rising penetration of ADAS. Acquired growth mainly relates to the acquisition of Richardson's Auto Glass in the United States of America which completed in June 2018. The negative currency impact is primarily due to the weakening of the US dollar.

European sales increased by 9.7%, consisting of a 5.8% organic[6] increase and 4.3% from acquisitions, partially offset by an adverse currency translation effect of 0.4%. The organic[6] sales improvement was primarily in France and Spain reflecting a combination of higher volumes and higher prices due in part to increased windscreen complexity. Acquired growth mainly relates to the 2017 service extension acquisitions in France (Home Damage) and Belgium (Automotive Damage) which completed in March 2017 and October 2017 respectively. The negative currency impact is primarily due to the weaker Turkish lira.

Rest of the World sales increased by 9.4%, consisting of a 10.7% organic[6] increase and 1.9% from acquisitions, partially offset by an adverse currency translation effect of 3.2%. The organic[6] sales improvement was primarily in the United Kingdom reflecting a combination of increased volumes, increased prices due in part to increased windscreen complexity, and higher revenues from ancillary products. The acquired growth primarily relates the Home Damage Repair and Replacement (HDRR) acquisition in Australia and New Zealand which completed in March 2018. The translation impact is mainly due to the weakening of the Australian dollar.

Total consumers served were a record 17.8 million (+7.8% y/y) of which 17.3 million (+5.9%) in Vehicle Glass Repair and Replacement (VGRR) and Claims Management.

Results

The operating result totalled EUR 103.6 million in 2018 (2017: EUR 148.5 million).

The *adjusted* operating result[1] improved by 18.9% to EUR 225.7 million. Note that according to IFRS 5, Belron's assets and liabilities were classified under 'Non-current assets/liabilities classified as held for sale' between 28 November 2017 when D'Ieteren and CD&R signed a definitive agreement regarding CD&R's acquisition of a 40% stake in Belron and 7 February 2018 when the closing took place. Under IFRS 5, tangible and intangible fixed assets were not depreciated during that period, which had a positive impact of EUR 10.3 million (at 100%) on Belron's (*adjusted*[1]) operating result in 2018 (EUR 10.5 million in 2017). If one takes into account the depreciation charge between 28 November 2017 and 7 February 2018, the *adjusted* operating result[1] increased by EUR 36.1 million to EUR 215.4 million. The US was the main contributor of this improvement, followed by France, the UK, Spain and Germany.

Charges related to the legacy long-term management incentive programme (3-year rolling plans launched in 2016 and 2017) equalled EUR 34.1 million (2017: EUR 20.2 million). The increase reflects solid results in 2018 and a stronger outlook for 2019. The programme has been replaced by an equity-based reward plan or Management Reward Plan (MRP) in June 2018.

Adjusting items[1] at the level of the operating result totalling EUR -122.1 million include the transaction bonus and fees related to the disposal of a 40% stake in Belron (booked in H1 2018), impairment charges in the Netherlands, New Zealand, Hungary and Greece, disposal losses (Russia and Turkey), amortisation of customer contracts and brands, provisions, restructuring costs and re-measurement of financial assets.

Net financial income (EUR 907.3 million) included the consolidated gain (EUR 987.7 million booked in H1 2018) on the disposal of the 40% stake in Belron. The *adjusted* net financial expenses[1] rose from EUR 37.5 million in 2017 to EUR 59.1 million in 2018 as a result of the issue of Term Loans B and the payment of a dividends in Q4 2017 and Q4 2018.

The result before tax reached EUR 1,010.9 million in 2018 (EUR 62.4 million in 2017). The *adjusted* result before tax, Group's share[1] increased by 10.3% to EUR 90.3 million on a comparable basis (assuming 57.78% stake in 2017 and 2018). *Adjusted* income tax expenses[1] equalled EUR 39.1 million (EUR 30.0 million in 2017).

The result after tax, Group's share, rose from EUR 41.3 million in 2017 to EUR 991.6 million in 2018. The *adjusted* result after tax[1], Group's share, declined from EUR 116.0 million to EUR 74.9 million reflecting D'Ieteren's lower stake (57.78% in 2018 versus 94.85% in 2017) in Belron. On a comparable basis (57.78% stake in Belron in 2017 and 2018), the a*djusted* result after tax[1], Group's share, improved from EUR 70.7 million to EUR 74.9 million.

3.2. NET DEBT AND CASH FLOW

Belron's net financial debt[4] reached EUR 1,638.6 million (100%) at the end 2018 compared to EUR 1,271.9 million at the end of 2017. A new term loan was issued on 13 November 2018 for USD 455 million (EUR 400 million equivalent). The proceeds were used to pay dividends (EUR 400 million). Belron's net financial debt[4]/EBITDA[5] multiple reached 4.23x at the end of 2018.

The free cash flow (after tax) amounted to EUR 164 million in 2018 compared to EUR 70 million in 2017. The increase is mainly due to a higher *adjusted* EBITDA1,5, (EUR 55 million improvement), lower capex (EUR 112 million compared to EUR 174 million in 2017) partly offset by higher income tax and interest payments.

3.3. KEY DEVELOPMENTS

Belron initiated a major business transformation project (the Fit for Growth programme) in Q4 2018 aimed at boosting its financial performance.

In December, Belron sold its operations in Russia and Turkey to the local management teams. As part of the transactions, Belron entered into franchise agreements with the new owners to continue to provide a trade mark license for the Carglass® brand as well as operational, sales and marketing expertise. The loss on disposal and franchising of EUR 19.8 million is included in *adjusting* items[1].

At the end of December, Belron entered into negotiations with third parties for the sale and franchising of its operations in Greece and Hungary. Included in *adjusting* items[1] is EUR 10.0 million of costs relating to the planned disposal and franchising of these operations.

3.4. MANAGEMENT REWARD PLAN

The 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 21.8 million. As a reminder, part of the issued equity under the MRP consists of "ratchet shares" which will allow management to enjoy additional returns if certain performance hurdles (IRR and Cash on Cash) are satisfied at exit, which will result in additional dilution for existing shareholders. The MRP does not impact D'Ieteren's voting rights (54.85%).

	% SHARE CAPITAL	% VOTING RIGHTS
D'Ieteren	54.10%	54.85%
CD&R	39.45%	40.00%
Family holding company of Belron's CEO	5.08%	5.15%
MRP participants	1.37%	0.00%
Total	**100%**	**100%**

3.5. OUTLOOK 2019

Belron anticipates "moderate single digit" organic sales growth[6] and a double-digit improvement of the *adjusted* result before tax, D'Ieteren's share[1]. This guidance assumes average exchange rates that are in line with the rates that prevailed at the end of 2018 and a 54.10% stake in Belron in 2018 (rebased) and 2019.

The improvement will reflect sales growth and efficiency initiatives in all countries, together with lower charges related to the long-term management incentive programme. In 2019, the charges will be limited to the programme that started in 2017.

4. MOLESKINE

- **Revenues rose by 12.0% to EUR 174.1 million in 2018 or by 14.8% at constant exchange rates with a particularly strong performance in December (+28.8% at constant exchange rates). Each region delivered double digit growth. B2B was the fastest growing channel. The non-paper product category, which mainly consists of bags and small leather goods, contributed 40% of Moleskine's sales growth in 2018.**
- **The operating result reached EUR 28.6 million (+13.5%) reflecting profitable growth.**
- **The result before tax and the *adjusted* result before tax, Group's share[1] totalled EUR 18.9 million (+24.3%).**
- **FY 2019 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, channels and product categories.**

4.1. SALES

Moleskine's sales increased by 12.0% to EUR 174.1 million in 2018 or by 14.8% at constant exchange rates. December sales were particularly strong (+28.8% at constant exchange rates). Each region realized double digit sales growth. The weight of non-paper products increased as turnover from bags and small leather goods more than doubled. The negative currency effect mainly reflects the weaker USD and HKD.

Sales growth at constant exchange rates:

- **EMEA** (47% of total): up 13.8% with growth across all the channels.
- **Americas** (36% of total): 13.4% growth with a particularly strong performance in the B2B channel.
- **APAC** (17% of total): up 19.6% with strong B2B and e-commerce sales growth. Stable sales in the Wholesale channel over the full year reflects a pick-up in H2. Store network optimization including closings led to lower Retail sales. The E-Commerce sales momentum improved significantly in H2 2018 mainly thanks to new marketplace activations in China.

Each distribution channel realized healthy sales growth at constant exchange rates:

- **Wholesale** revenues rose by 6.9% reflecting growth in EMEA and the Americas and stable sales in APAC. Moleskine continued to develop direct relationships with key retailers. In Japan, a subsidiary was established to improve coverage and to further capture the market potential through increased customer proximity. The development of client relationships in specialized channels for non-paper (e.g. bags and consumer electronics) also contributed to sales growth.
- **B2B** realized 41.5% growth, leveraging proven distribution capabilities. An excellent driver of brand awareness, B2B confirmed its business relevance, driven by the development of major projects with global corporations and promotional product suppliers.
- **Retail** sales were up 3.2%. 2018 was marked by network rationalization with 16 store closures and 9 openings. The year-end store count equalled 80 compared to 87 at the end of 2017. The store openings took place at the high traffic travel locations including London Liverpool street station, Paris Montparnasse station, Naples airport, Paris Roissy airport and Naples railway station. The implementation of retail excellence initiatives across the network continued to be a priority, with particular focus on in-store conversion. Optimized merchandising and the growing weight of bags in the sales mix led to an overall increase of the average value per transaction. Training of in-store personnel also had a positive impact on the conversion rate.
- **E-Commerce** revenues rose by 12.0% thanks to a strong performance in Q4 (+19% y/y) Marketplace launches in China contributed to the strong performance in H2 2018.

4.2. RESULTS

The operating result reached EUR 28.6 million in 2018 compared to EUR 25.2 million in 2017 as strategic initiatives are bearing fruit. The non-cash charge related to the long-term incentive program of 2016-2021 amounted to EUR 1.7 million in 2018 versus EUR 2.5 million in 2017.

Net financial charges equalled EUR 9.7 million (EUR 10.1 million in 2017). The result before tax amounted to EUR 18.9 million (EUR 15.2 million in 2017). Income tax revenues equalled EUR 3.9 million (EUR 5.1 million tax expenses in 2017). The 2018 figure includes 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 31 December 2018 includes a tax receivable of EUR 6.5 million related to the period 2015-2017.

The result after tax more than doubled (EUR 22.8 million or +126%) on the back of higher operating results and the Patent Box benefit.

4.3. NET DEBT AND FREE CASH FLOW

Moleskine's net debt reached EUR 282.2 million (of which EUR 155.9 million intra-Group borrowing) at the end of 2018 compared to EUR 289.4 million at December 2017.

Free cash flow after tax amounted to EUR 13 million in 2018 compared to EUR 0 million in 2017. The EUR 13 million increase comprises EBITDA growth (EUR 40 million versus EUR 38 million) and lower tax payments (EUR -1 million versus EUR -12 million) partly offset by higher working capital needs (EUR -14 million versus EUR -8 million impact). The decrease in tax payments in mainly explained by the Patent Box benefit. Inventories rose by EUR 9.5 million to EUR 41.7 million due to higher US duties, purchases ahead of 2019 product innovation and a stock buyback in Japan following the change in distribution model.

4.4. KEY DEVELOPMENTS

Moleskine continued to strengthen its regional organizations as knowledge of local customer preferences is deemed crucial to develop the brand's competitive edge in each market. The number of FTE's reached 491 at the end of 2018 (+23 y/y).

Moleskine has always innovated along the analogue-digital continuum. In 2017, it launched the Moleskine Open Innovation Program, a call for innovative ideas to add to the growing Moleskine+ ecosystem of smart objects and services. The project invited talented start-ups to submit concepts, projects and proposals in return for the chance to work closely with Moleskine – sharing expertise, building know-how and turning inspiring ideas into business reality. The twelve most successful applicants were invited from all over the world to the Moleskine headquarters in Milan to present their projects. In 2018, three finalists were selected to work with a group of mentors, facilitators and entrepreneurs from Moleskine as part of a 6-month incubator program to bring their proposals to life and to market. Moleskine is currently exploring routes for long term collaboration with one of the three start-ups that has launched an innovative application in the area of personal productivity.

Actions, a successful app aimed at increasing personal productivity, registered approximately 600,000 downloads since its launch in April 2018. It complements the existing Timepage app.

4.5. OUTLOOK 2019

Moleskine aims at double-digit growth at constant exchange rates for its sales and *adjusted* profit before tax[1], underpinned by continued sales growth across the regions, channels and product categories. Wholesale revenues growth will leverage its proven distribution capabilities through space management, network expansion, growth of key accounts and further development of key markets such as Japan. B2B is expected to consolidate 2018's outstanding performance while unlocking further potential through a multicategory product strategy. Retail growth will be driven by strong focus on KPI improvement and limited new store openings. E-Commerce will benefit from improved business governance and user experience and the activation of new countries.

5. OTHER

5.1. RESULTS

The reportable operating segment "Other" mainly includes the corporate and real estate activities (D'Ieteren Immo S.A.). The *adjusted* operating result was almost stable at EUR -9.4 million in 2018. The EUR -11.3 million *adjusting* item[1] is related to the remaining professional fees and other expenses in the framework of the finalisation of the disposal of a 40% stake in Belron.

The net financial costs which amounted to EUR 36.3 million (EUR 10.1 million net financial income in 2017) included *adjusting* items[1] totalling EUR 40.9 million related to the loss on the fair value of a contingent liability and other financial expenses relating to the disposal of the 40% stake in Belron to CD&R. *Adjusted* result before tax, Group's share[1] reached EUR -4.8 million (EUR -4.3 million in 2017).

5.2. NET CASH

The significant increase in the net cash position (from EUR 550.6 million at the end of 2017 to EUR 1,142.2 million at the end of 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 dividend (EUR 217.4 million) received from Belron in Q4 2018, partially offset by the payment in June 2018 of the aggregate dividend to D'Ieteren's shareholders (EUR 208.4 million). The loan to Moleskine amounted to EUR 155.9 million at the end of 2018.

5.3. D'IETEREN IMMO

D'Ieteren Immo S.A. groups all of D'Ieteren's Belgian property interests. Capex was stable at EUR 13 million. The Zen Park project in Drogenbos was completed in June 2018. The site welcomes a state-of-the-art multi-brand bodywork centre and a My Way (second hand cars) centre. Ongoing construction projects include a new Porsche Centre in Wallonia, a Seat dealership in Mechelen and an apartment building (TenBosch Housing) in Brussels. D'Ieteren Immo is preparing plans for the development of the distribution centre site (Kortenberg), the renovation of D'Ieteren's headquarters and the Anderlecht site.

6. RESEARCH AND DEVELOPMENT

Research and development costs incurred by the group totalled EUR 9.7 million in 2018:

- Through its Lab Box subsidiary, D'Ieteren Auto explores, analyses and develops flexible and innovative mobility services including intermodality and MaaS (Mobility as a Service). For example, Pikaway was developed to enable routing, booking and payment for intermodal mobility solutions. Investments in Lab Box reached EUR 6.5 million in 2018 compared to EUR 2.3 million in 2017.
- Belron has its own dedicated research and development division, Belron Technical. It develops technical standards and innovations that break new ground in vehicle glass repair and replacement. In 2018 significant steps forward were made in Belron's ability to offer ADAS (Advanced Driver Assistance System) calibration services to all its customers. Belron's R&D budget amounted to EUR 2.7 million in 2018 versus EUR 1.9 million in 2017.
- The Digital Development and R&D department of Moleskine worked on solutions to bridge the analogue-digital continuum, creating a connection between digital and paper products. The Digital Innovation cell spent circa EUR 500,000 on R&D.

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

2 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 H1 2018 results onwards, the results of the D'Ieteren Auto segment 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'Ieteren uses this Alternative Performance Measure to reflect its indebtedness. This non-GAAP indicator is defined as the sum of the borrowings minus cash, cash equivalents and investments in non-current and current financial assets..

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' between 28 November 2017 when D'Ieteren and CD&R signed a definitive agreement regarding CD&R's acquisition of a 40% stake in Belron and 7 February 2018 when the closing took place. Under IFRS 5, tangible and intangible fixed assets were not depreciated during that period, which had a positive impact of EUR 10.3 million (at 100%) on Belron's (*adjusted*) operating result in 2018 (EUR 10.5 million in 2017).

Appendix

Alternative performance measurement (apm) – non-gaap measurement

Framework and definitions

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

These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. They are derived from the audited IFRS accounts. The APMs may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's performance or liquidity under IFRS. The Group does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures.

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

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

(a) Recognised fair value gains and losses on financial instruments (i.e. change in fair value between the opening and the end of the period, excluding the accrued cash flows of the derivatives that occurred during the period), where hedge accounting may not be applied under IAS 39/IFRS 9 (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 year ended 31 December

EUR million	**2018**			**2017**		
	Total	*Of which Adjusted result*	*Of which Adjusting items*	**Total**	*Of which Adjusted result*	*Of which Adjusting items*
Revenue	**3,578.1**	*3,578.1*	-	**3,455.1**	*3,455.1*	-
Cost of sales	-3,090.4	*-3,090.4*	-	-2,985.2	*-2,978.0*	*-7.2*
Gross margin	**487.7**	*487.7*	-	**469.9**	*477.1*	*-7.2*
Commercial and administrative expenses	-376.9	*-359.4*	*-17.5*	-374.3	*-366.7*	*-7.6*
Other operating income	10.1	*10.1*	-	5.8	*5.8*	-
Other operating expenses	-6.2	*-6.2*	-	-5.1	*-5.1*	*-0.0*
Operating result	**114.7**	*132.2*	*-17.5*	**96.3**	*111.1*	*-14.8*
Net finance costs	-47.3	*-7.0*	*-40.3*	-1.9	*-6.5*	*4.6*
Finance income	1.8	*1.3*	*0.5*	3.6	*0.7*	*2.9*
Finance costs	-49.1	*-8.3*	*-40.8*	-5.5	*-7.2*	*1.7*
Share of result of equity-accounted investees, net of income tax	0.1	*68.1*	*-68.0*	5.4	*5.6*	*-0.2*
Result before tax	**67.5**	*193.3*	*-125.8*	**99.8**	*110.2*	*-10.4*
Income tax expense	-20.9	*-24.8*	*3.9*	-28.5	*-31.4*	*2.9*
Result from continuing operations	**46.6**	*168.5*	*-121.9*	**71.3**	*78.8*	*-7.5*
Discontinued operations	1,002.1	*14.4*	*987.7*	43.6	*122.3*	*-78.7*
RESULT FOR THE PERIOD	**1,048.7**	*182.9*	*865.8*	**114.9**	*201.1*	*-86.2*
Result attributable to:						
Equity holders of the Company	**1,048.0**	*182.2*	*865.8*	**112.6**	*194.8*	*-82.2*
Non-controlling interests	0.7	*0.7*	-	2.3	*6.3*	*-4.0*
Earnings per share						
Basic (EUR)	19.12	*3.32*	*15.80*	2.05	*3.55*	*-1.50*
Diluted (EUR)	19.08	*3.32*	*15.76*	2.05	*3.54*	*-1.49*
Earnings per share -Continuing operations						
Basic (EUR)	0.85	*3.08*	*-2.23*	1.30	*1.44*	*-0.14*
Diluted (EUR)	0.85	*3.07*	*-2.22*	1.30	*1.43*	*-0.13*

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

The Group's reportable operating segments are D'Ieteren 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'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 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 12-month period ended 31 December 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 consolidated financial statements for more explanation), Belron remains a reportable operating segment, reflecting the Group's internal reporting structure.

EUR million	**2018**					
	D'Ieteren Auto	**Belron**	**Mole-skine**	**Other**	**Elimi-nations**	**Group**
External revenue	3,404.0	3,839.7	174.1	-	-3,839.7	3,578.1
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**3,404.0**	**3,839.7**	**174.1**	**-**	**-3,839.7**	**3,578.1**
Operating result (being segment result)	**106.8**	**103.6**	**28.6**	**-20.7**	**-103.6**	**114.7**
Of which Adjusted result	*113.0*	*225.7*	*28.6*	*-9.4*	*-225.7*	*132.2*
Adjusting items	*-6.2*	*-122.1*	*-*	*-11.3*	*122.1*	*-17.5*
Net finance costs	-1.3	907.3	-9.7	-36.3	-907.3	-47.3
Finance income	0.9	988.6	0.7	0.2	-988.6	1.8
Finance costs	-2.2	-81.3	-5.8	-41.1	81.3	-49.1
Inter-segment financing interest	-	-	-4.6	4.6	-	-
Share of result of equity-accounted investees, net of income tax	9.9	-	-	-	-9.8	0.1
Result before tax	**115.4**	**1,010.9**	**18.9**	**-57.0**	**-1,020.7**	**67.5**
Of which Adjusted result	*118.0*	*166.6*	*18.9*	*-4.8*	*-105.4*	*193.3*
Adjusting items	*-2.6*	*844.3*	*-*	*-52.2*	*-915.3*	*-125.8*
Income tax expense	-38.6	-26.8	3.9	13.8	26.8	-20.9
Result from continuing operations	**76.8**	**984.1**	**22.8**	**-43.2**	**-993.9**	**46.6**
Of which Adjusted result	*77.3*	*127.5*	*22.8*	*7.2*	*-66.3*	*168.5*
Adjusting items	*-0.5*	*856.6*	*-*	*-50.4*	*-927.6*	*-121.9*
Discontinued operations	-	-	-	-	1,002.1	1,002.1
RESULT FOR THE PERIOD	**76.8**	**984.1**	**22.8**	**-43.2**	**8.2**	**1,048.7**

Attributable to:	**D'Ieteren Auto**	**Belron**	**Mole-skine**	**Other**	**Group**
Equity holders of the Company	**76.8**	**991.6**	**22.8**	**-43.2**	**1,048.0**
Of which Adjusted result	*77.3*	*74.9*	*22.8*	*7.2*	*182.2*
Adjusting items	*-0.5*	*916.7*	*-*	*-50.4*	*865.8*
Non-controlling interests	-	0.7	-	-	0.7
RESULT FOR THE PERIOD	**76.8**	**992.3**	**22.8**	**-43.2**	**1,048.7**

In the period, the column "Eliminations" reconciles the segment statement of profit or loss (with the 12-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 consolidated financial statements), and in the line "share of result of equity-accounted investees, net of income tax" for the remaining of the year). See note 2 of the 2018 consolidated financial statements for more information.

EUR million	2017 (1)					
	D'Ieteren Auto	Belron	Mole-skine	Other	Elimi-nations	Group
External revenue	3,299.7	3,486.2	155.4	-	-3,486.2	3,455.1
Inter-segment revenue	8.3	-	-	-	-8.3	-
Segment revenue	**3,308.0**	**3,486.2**	**155.4**	**-**	**-3,494.5**	**3,455.1**
Operating result (being segment result)	**88.0**	**148.5**	**25.2**	**-16.9**	**-148.5**	**96.3**
Of which Adjusted result	*95.2*	*189.8*	*25.2*	*-9.3*	*-189.8*	*111.1*
Adjusting items	*-7.2*	*-41.3*	-	*-7.6*	*41.3*	*-14.8*
Net finance costs	-2.0	-86.1	-10.0	10.1	86.1	-1.9
Finance income	0.3	0.3	0.2	3.1	-0.3	3.6
Finance costs	-2.3	-85.5	-5.7	1.6	86.4	-5.5
Inter-segment financing interest	-	-0.9	-4.5	5.4	-	-
Share of result of equity-accounted investees, net of income tax	6.0	-	-	-0.6	-	5.4
Result before tax	**92.0**	**62.4**	**15.2**	**-7.4**	**-62.4**	**99.8**
Of which Adjusted result	*99.3*	*152.3*	*15.2*	*-4.3*	*-152.3*	*110.2*
Adjusting items	*-7.3*	*-89.9*	-	*-3.1*	*89.9*	*-10.4*
Income tax expense	-29.3	-18.8	-5.1	5.9	18.8	-28.5
Result from continuing operations	**62.7**	**43.6**	**10.1**	**-1.5**	**-43.6**	**71.3**
Of which Adjusted result	*68.8*	*122.3*	*10.1*	*-0.1*	*-122.3*	*78.8*
Adjusting items	*-6.1*	*-78.7*	-	*-1.4*	*78.7*	*-7.5*
Discontinued operations	-	-	-	-	43.6	43.6
RESULT FOR THE PERIOD	**62.7**	**43.6**	**10.1**	**-1.5**	**-**	**114.9**

Attributable to:	D'Ieteren Auto	Belron	Mole-skine	Other	Group
Equity holders of the Company	**62.7**	**41.3**	**10.1**	**-1.5**	**112.6**
Of which Adjusted result	*68.8*	*116.0*	*10.1*	*-0.1*	*194.8*
Adjusting items	*-6.1*	*-74.7*	-	*-1.4*	*-82.2*
Non-controlling interests	-	2.3	-	-	2.3
RESULT FOR THE PERIOD	**62.7**	**43.6**	**10.1**	**-1.5**	**114.9**

(1) As restated to present the four operating segments of the Group - See notes 1 and 2 of the 2018 consolidated financial statements 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) with the IFRS Group consolidated statement of profit or loss (with Belron presented as a discontinued operation).

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

In 2018 and 2017, the Group identified the following items as *adjusting* items throughout the four operating segments (none for Moleskine):

EUR million	2018						
	D'Ieteren Auto		Belron		Other		Total (segment)*
***Adjusting* items**							
Included in operating result	**-6.2**		**-122.1**		**-11.3**		**-139.6**
Re-measurements of financial instruments	-		-6.9	(d)	-		-6.9
Amortisation of customer contracts	-		-5.5	(e)	-		-5.5
Amortisation of brands with finite useful life	-		-0.5	(f)	-		-0.5
Impairment of goodwill and of non-current assets	-		-50.3	(g)	-		-50.3
Other adjusting items	-6.2	(a)	-58.9	(h)	-11.3	(j)	-76.4
Included in net finance costs	**0.6**		**966.4**		**-40.9**		**926.1**
Re-measurements of financial instruments	-		-		-20.2	(k)	-20.2
Other adjusting items	0.6	(b)	966.4	(i)	-20.7	(m)	946.3
Included in equity accounted result	**3.0**	(c)	**-**		**-**		**3.0**
Included in segment result before taxes (PBT)	**-2.6**		**844.3**		**-52.2**		**789.5**

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

EUR million	2017 (1)						
	D'Ieteren Auto		Belron		Other		Total (segment)*
***Adjusting* items**							
Included in operating result	**-7.2**		**-41.3**		**-7.6**		**-56.1**
Re-measurements of financial instruments	-		1.6	(d)	-		1.6
Amortisation of customer contracts	-		-4.5	(e)	-		-4.5
Amortisation of brands with finite useful life	-		-0.8	(f)	-		-0.8
Impairment of goodwill and of non-current assets	-		-19.5	(g)	-		-19.5
Other adjusting items	-7.2	(a)	-18.1	(h)	-7.6	(j)	-32.9
Included in net finance costs	**-**		**-48.6**		**4.6**		**-44.0**
Re-measurements of put options granted to non-controlling interests	-		-		1.7	(l)	1.7
Other adjusting items	-		-48.6	(i)	2.9	(m)	-45.7
Included in equity accounted result	**-0.1**		**-**		**-0.1**		**-0.2**
Included in segment result before taxes (PBT)	**-7.3**		**-89.9**		**-3.1**		**-100.3**

(1) As restated to present the four operating segments of the Group - See notes 1 and 2 of the 2018 consolidated financial statements for more information on the restatement of comparative information and explanations on the reportable segments.

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

D'Ieteren Auto

(a) In the period, other *adjusting* items in operating result include a charge of EUR 6.2 million (EUR 7.2 million in the prior period) in the framework of the "Market Area" project (optimization of the independent dealer network).

(b) In the period, other *adjusting* items in net finance costs include the consolidated gain on disposal of a dealership.

(c) 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.

Belron

(d) Fair value of fuel hedge instruments amounts to EUR -6.9 million (EUR 1.6 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.

(e) In the framework of the recent acquisitions (especially Maisoning in France), certain customer contracts were recognised as intangible assets with a finite useful life. The amortisation amounts to EUR 5.5 million (EUR 4.5 million in the prior period).

(f) The amortisation of brands with finite useful lives (certain brands are no longer considered to be intangibles with indefinite useful lives since there is now a limit to the period over which these assets are expected to generate cash inflows) amounts to EUR 0.5 million (EUR 0.8 million in the prior period).

(g) In the period, a total impairment charge of EUR 50.3 million is recognized and comprises:

- An impairment charge of EUR 40 million in the Netherlands, allocated to the goodwill (EUR 13.1 million), brands (EUR 25.1 million) and other intangible assets (EUR 1.8 million);
- An impairment charge of EUR 6.0 million in New Zealand, fully allocated to the goodwill;
- Impairment charges of EUR 4.3 million in Hungary (EUR 0.9 million) and Greece (EUR 3.4 million).

These impairment charges are recognized following the formal impairment calculation performed on each of the cash-generating units (being the countries where Belron operates).

In the prior period, a total impairment charge of EUR 19.5 million was recognized and comprised an impairment charge of EUR 16 million in Italy (fully allocated to the goodwill) and 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 -58.9 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 16 of the 2018 consolidated financial statements), professional fees related to the above-mentioned transaction and to the set-up of a new management reward plan (EUR -2.8 million), provision costs related to the closure of Canada's claims management business (EUR -5.5 million), restructuring costs regarding the United States field sales teams (EUR -4.5 million), provision costs for on-going (United States) legal disputes (EUR -4.1 million), costs related to an ongoing business transformation programme (EUR -2.7 million), and provision costs relating to the planned disposal and franchising of Greece (EUR -4.2 million) and Hungary (EUR -1.6 million).

In the prior period, other *adjusting* items of EUR -18.1 million mainly comprised professional fees (EUR -8.1 million) related to the project to bring a minority partner in the business and provision costs (EUR -11.4 million) for two settled (Brazil and United Kingdom) and one on-going (United States) legal disputes.

(i) In the period, other *adjusting* items in net finance costs include the consolidated gain (EUR 987.7 million) on the disposal of the 40% stake in Belron to CD&R (refer to notes 1 and 16 of the 2018 consolidated financial statements for more information and detail on the calculation), the loss (EUR -20.2 million) relating to the disposal of operations in Russia, Turkey and a business in the United Kingdom and costs (EUR -1.1 million) incurred in relation to additional financing undertaken in November 2018 (Belron issued a new 7-year Term Loan B of USD 455 million and proceeds were used to pay a dividend to shareholders). In the prior period, other *adjusting* items (EUR -48.6 million) were accelerated interest, fees and transaction costs incurred in relation to the refinancing undertaken in Q4 2017.

Other

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

(k) In the period, the re-measurements of financial instruments represent the loss on the fair value of a contingent liability relating to the disposal of the 40% stake of Belron to CD&R.

(l) In the prior period, net finance costs included a re-measurement income (EUR 1.7 million) of put options granted to certain non-controlling interests (family holding company of Belron's CEO).

(m) In the period, other *adjusting* items in net finance costs include other financial expenses in the framework of the finalisation of the disposal of the 40% stake of Belron to CD&R. In the prior period, other *adjusting* items in net finance costs included the gain on sale realized following the sale of the 50% stake in OTA Keys s.a. to Continental AG.

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

EUR million	2018					2017 (1)				
	D'Ieteren Auto	Belron (57.78%)	Mole-skine	Other	Total (segment)	D'Ieteren Auto	Belron (94.85%)	Mole-skine	Other	Total (segment)
Segment reported PBT	**115.4**	**1,010.9**	**18.9**	**-57.0**	**1,088.2**	**92.0**	**62.4**	**15.2**	**-7.4**	**162.2**
Less: *Adjusting* items in PBT	2.6	-844.3	-	52.2	-789.5	7.3	89.9	-	3.1	100.3
Segment *adjusted* PBT	**118.0**	**166.6**	**18.9**	**-4.8**	**298.7**	**99.3**	**152.3**	**15.2**	**-4.3**	**262.5**
Less: Share of the group in tax on *adjusted* results of equity-accounted investees	3.7	-	-	-	3.7	3.2	-	-	-	3.2
Share of non-controlling interests in *adjusted* PBT	-	-70.3	-	-	-70.3	-	-7.8	-	-	-7.8
Segment a*djusted* PBT, Group's share	**121.7**	**96.3**	**18.9**	**-4.8**	**232.1**	**102.5**	**144.5**	**15.2**	**-4.3**	**257.9**

(1) As restated to present the four operating segments of the Group - See notes 1 and 2 of the 2018 consolidated financial statements for more information on the restatement of comparative information and explanations on the reportable segments.

In the period, the weighted average percentage used for computing the segment adjusted PBT, Group's share of Belron amounts to 57.78% (94.85% in the prior period).

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

EUR million	2018					2017 (1)				
	D'Ieteren Auto	Belron (57.78%)	Mole-skine	Other	Total (segment)	D'Ieteren Auto	Belron (57.78%)	Mole-skine	Other	Total (segment)
Segment a*djusted* PBT, Group's share	**121.7**	**96.3**	**18.9**	**-4.8**	**232.1**	**102.5**	**144.5**	**15.2**	**-4.3**	**257.9**
Excluding:										
Depreciation of non-currents assets (Group's Share)	-	-6.0	-	-	-6.0	-	-10.0	-	-	-10.0
Reduction of the share of the Group (comparable basis with 2018)	-	-	-	-	-	-	-52.6	-	-	-52.6
***Adjusted* PBT, Group's share (key performance indicator)**	**121.7**	**90.3**	**18.9**	**-4.8**	**226.1**	**102.5**	**81.9**	**15.2**	**-4.3**	**195.3**

(1) As restated to present the four operating segments of the Group - See notes 1 and 2 of the 2018 consolidated financial statements for more information on the restatement of comparative information and explanations on the reportable segments.

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 16 of the 2018 consolidated financial statements for more information). The impact in the consolidated income statement of the period is EUR 10.3 million (EUR 6.0 million for the share of the Group, using the 57.78% average stake of ownership) and should be excluded when calculating the FY2018 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/IFRS9) are translated at the contractual foreign exchange rates of the related cross currency swaps. The other loans and borrowings are translated at closing foreign exchange rates.

EUR million	**31 December 2018**					**31 December 2017 (1)**				
	D'Ieteren Auto	**Belron (100%)**	**Mole-skine**	**Other**	**Total (segment)**	**D'Ieteren Auto**	**Belron (100%)**	**Mole-skine**	**Other**	**Total (segment)**
Non-current loans and borrowings	0.7	1,709.8	114.8	0.8	1,826.1	0.7	1,307.1	130.5	0.8	1,439.1
Current loans and borrowings	2.2	47.6	37.1	0.1	87.0	0.5	41.2	31.9	0.1	73.7
Inter-segment financing	-	-	155.9	-155.9	-	-	-	152.0	-152.0	-
Adjustment for hedged borrowings	-	6.2	-	-	6.2	-	-	-	-	-
Gross debt	**2.9**	**1,763.6**	**307.8**	**-155.0**	**1,919.3**	**1.2**	**1,348.3**	**314.4**	**-151.1**	**1,512.8**
Less: Cash and cash equivalents	57.9	-124.2	-23.8	-967.1	-1,057.2	-0.1	-76.4	-25.0	-272.3	-373.8
Less: Cash included in assets held for sale	-	-0.8	-	-	-0.8	-	-	-	-	-
Less: Current financial assets	-	-	-1.8	-	-1.8	-	-	-	-107.1	-107.1
Less: Other non-current receivables	-	-	-	-20.1	-20.1	-	-	-	-20.1	-20.1
Total net debt	**60.8**	**1,638.6**	**282.2**	**-1,142.2**	**839.4**	**1.1**	**1,271.9**	**289.4**	**-550.6**	**1,011.8**

(1) As restated to present the four operating segments of the Group - See notes 1 and 2 of the 2018 consolidated financial statements for more information on the restatement of comparative information and explanations on the reportable segments.

In both periods, 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.

Belron's net financial debt rose from EUR 1,271.9 million at the end of December 2017 to EUR 1,638.6 million at the end of December 2018. In November 2018 Belron issued a new 7-year Term Loan B facility of USD 455 million (cross currency interest rate swaps were used to swap USD 390 million into EUR 346 million of Euro denominated borrowings). Proceeds were used to pay a dividend (EUR 400 million) to its shareholders.

The increase in the net cash position of the segment "Other" (from EUR 550.6 million at 31 December 2017 to EUR 1,142.2 million at the end of December 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 dividend (EUR 217.4 million) received from Belron in Q4 2018 following the issue of a new term loan (see above), partially offset by the payment in June 2018 of the aggregate dividend to shareholders (EUR 208.4 million).

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Consolidated Statement of Profit or Loss

Year ended 31 December

EUR million	Notes	2018	2017
Revenue	3	**3,578.1**	**3,455.1**
Cost of sales		-3,090.4	-2,985.2
Gross margin		**487.7**	**469.9**
Commercial and administrative expenses		-376.9	-374.3
Other operating income		10.1	5.8
Other operating expenses		-6.2	-5.1
Operating result	4	**114.7**	**96.3**
Net finance costs	5	-47.3	-1.9
Finance income		1.8	3.6
Finance costs		-49.1	-5.5
Share of result of equity-accounted investees, net of income tax	15	0.1	5.4
Result before tax		**67.5**	**99.8**
Income tax expense	9	-20.9	-28.5
Result from continuing operations		**46.6**	**71.3**
Discontinued operations	16	1,002.1	43.6
RESULT FOR THE PERIOD		**1,048.7**	**114.9**
Result attributable to:			
Equity holders of the Company		**1,048.0**	**112.6**
Non-controlling interests ("NCI")		0.7	2.3
Earnings per share			
Basic (EUR)	6	19.12	2.05
Diluted (EUR)	6	19.08	2.05
Earnings per share - Continuing operations			
Basic (EUR)	6	0.85	1.30
Diluted (EUR)	6	0.85	1.30

The notes on pages 21 to 83 are an integral part of these consolidated financial statements.
The Group uses Alternative Performance Measures (non-GAAP measures) to reflect its financial performance – See consolidated management report and press release.

Consolidated Statement of Comprehensive Income

Year ended 31 December

EUR million	**Notes**	**2018**	**2017**
Result for the period		1,048.7	114.9
Other comprehensive income			
Items that will never be reclassified to profit or loss:		19.9	41.2
Re-measurements of defined benefit liabilities/assets	*8*	*1.2*	*60.1*
Related tax		*-0.4*	*-18.0*
Equity-accounted investees - share of OCI (net of tax)	*15*	*19.1*	*-0.9*
of which items from discontinued operations		*-*	*40.8*
Items that may be reclassified subsequently to profit or loss:		32.5	-20.1
Translation differences		*10.7*	*-20.7*
Reclassification of foreign currency difference on loss of exclusive control	*16*	*32.0*	*-*
Cash flow hedges: fair value gains (losses) in equity		*-0.6*	*0.3*
Reclassification of cash flow hedges on loss of exclusive control	*16*	*-0.4*	*-*
Tax relating to cash flow hedges		*-*	*0.3*
Equity-accounted investees - share of OCI (net of tax)	*15*	*-9.2*	*-*
of which items from discontinued operations		*43.5*	*-20.4*
Other comprehensive income, net of tax		52.4	21.1
Total comprehensive income for the period		**1,101.1**	**136.0**
being: attributable to equity holders of the Company		***1,100.4***	***131.9***
of which continuing operations		*55.5*	*72.0*
of which discontinued operations		*1,044.9*	*59.9*
attributable to non-controlling interests ("NCI")		***0.7***	***4.1***

The notes on pages 21 to 83 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December

EUR million	Notes	2018	2017 (1)
Goodwill	10	190.3	184.2
Intangible assets	11	433.1	422.6
Property, plant & equipment	12	222.0	211.3
Investment property	13	13.9	9.0
Equity-accounted investees	15	721.4	69.2
Deferred tax assets	9	26.3	19.9
Other receivables	19	24.7	25.6
Non-current assets		**1,631.7**	**941.8**
Inventories	14	455.7	367.7
Investments		-	107.1
Current tax assets	9	10.0	7.6
Trade and other receivables	19	394.3	309.9
Cash & cash equivalents	18	933.0	297.3
Assets classified as held for sale	16	0.9	2,528.2
Current assets		**1,793.9**	**3,617.8**
TOTAL ASSETS		**3,425.6**	**4,559.6**
Capital & reserves attributable to equity holders		2,655.1	1,764.3
Non-controlling interests ("NCI")		0.3	-3.8
Equity		**2,655.4**	**1,760.5**
Employee benefits	8	23.9	24.4
Provisions	21	14.9	18.9
Loans & borrowings	22	116.3	132.0
Other financial liabilities	17	20.2	-
Put options granted to non-controlling interests		0.3	-
Other payables	23	1.6	1.5
Deferred tax liabilities	9	131.4	135.0
Non-current liabilities		**308.6**	**311.8**
Provisions	21	2.2	1.8
Loans & borrowings	22	39.4	32.5
Derivative hedging instruments	17	0.4	-
Put options granted to non-controlling interests	25	-	80.9
Current tax liabilities	9	5.8	1.8
Trade & other payables	23	413.8	376.0
Liabilities directly associated with the assets held for sale	16	-	1,994.3
Current liabilities		**461.6**	**2,487.3**
TOTAL EQUITY AND LIABILITIES		**3,425.6**	**4,559.6**

(1) As restated – refer to note 1 for additional information on the restatement of comparative information.
The notes on pages 21 to 83 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

At 31 December

EUR million	Capital and reserves attributable to equity holders						Total	Non-	Equity
	Share capital	Share premium	Treasury shares	Hedging reserve	Retained earnings	Cumu-lative translation differences	Group's share	controlling interests	
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	-	-	-	-	112.6	-	112.6	2.3	114.9
Other comprehensive income	-	-	-	0.3	39.4	-20.4	19.3	1.8	21.1
Total comprehensive income for the period	**-**	**-**	**-**	**0.3**	**152.0**	**-20.4**	**131.9**	**4.1**	**136.0**
Treasury shares	-	-	-0.3	-	-	-	-0.3	-	-0.3
Dividends	-	-	-	-	-52.1	-	-52.1	-26.2	-78.3
Put options - movements of the period	-	-	-	-	-	-	-	17.8	17.8
Other movements	-	-	-	-	1.8	-	1.8	-	1.8
Total contribution and distribution	**-**	**-**	**-0.3**	**-**	**-50.3**	**-**	**-50.6**	**-8.4**	**-59.0**
Total change in ownership interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2017	**160.0**	**24.4**	**-34.6**	**0.4**	**1,658.0**	**-43.9**	**1,764.3**	**-3.8**	**1,760.5**
At 1 January 2018 (before restatement)	**160.0**	**24.4**	**-34.6**	**0.4**	**1,658.0**	**-43.9**	**1,764.3**	**-3.8**	**1,760.5**
Opening IFRS 9 restatement (see note 34)	-	-	-	-	-1.1	-	-1.1	-	-1.1
At 1 January 2018 (restated)	**160.0**	**24.4**	**-34.6**	**0.4**	**1,656.9**	**-43.9**	**1,763.2**	**-3.8**	**1,759.4**
Profit for the period	-	-	-	-	1,048.0	-	1,048.0	0.7	1,048.7
Other comprehensive income	-	-	-	2.2	21.1	29.1	52.4	-	52.4
Total comprehensive income for the period	**-**	**-**	**-**	**2.2**	**1,069.1**	**29.1**	**1,100.4**	**0.7**	**1,101.1**
Treasury shares	-	-	-3.7	-	-	-	-3.7	-	-3.7
Dividends (see note 20)	-	-	-	-	-208.4	-	-208.4	-	-208.4
Other movements	-	-	-	-	3.6	-	3.6	-0.4	3.2
Total contribution and distribution	**-**	**-**	**-3.7**	**-**	**-204.8**	**-**	**-208.5**	**-0.4**	**-208.9**
Disposal of subsidiary with change in control (see note 16)	-	-	-	-	-	-	-	3.8	3.8
Total change in ownership interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.8**	**3.8**
At 31 December 2018	**160.0**	**24.4**	**-38.3**	**2.6**	**2,521.2**	**-14.8**	**2,655.1**	**0.3**	**2,655.4**

The notes on pages 21 to 83 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December

EUR million	Notes	2018	2017
Cash flows from operating activities - Continuing			
Result for the period		46.6	71.3
Income tax expense	9	20.9	28.5
Share of result of equity-accounted investees, net of income tax	15	-0.1	-5.4
Net finance costs	5	47.3	1.9
Operating result from continuing operations		**114.7**	**96.3**
Depreciation	4/12	18.8	17.8
Amortisation of intangible assets	4/11	4.7	4.1
Other non cash items		-1.7	5.6
Employee benefits		-4.0	-4.5
Change in net working capital		-130.9	-10.8
Cash generated from operations		**1.6**	**108.5**
Income tax paid		-29.0	-23.1
Net cash from operating activities		**-27.4**	**85.4**
Cash flows from investing activities - Continuing			
Purchase of property, plant and equipment and intangible assets		-45.0	-35.9
Sale of property, plant and equipment and intangible assets		6.5	2.7
Net capital expenditure		**-38.5**	**-33.2**
Acquisition of subsidiaries (net of cash acquired)	24	-15.0	-16.5
Disposal of subsidiaries and equity-accounted investees (net of cash disposed of)		4.9	2.5
Contribution of cash from / (to) joint ventures		22.4	2.2
Proceeds from the sale of/(investments in) financial assets		107.1	-107.1
Interest received		0.3	0.1
Dividends and proceeds from capital reduction received from equity-accounted investees	18	217.4	-
Net investment in other financial assets		-0.3	4.5
Net cash from investing activities		**298.3**	**-147.5**
Cash flows from financing activities - Continuing			
Acquisition (-)/Disposal (+) of non-controlling interests		0.3	-
Net disposal/(acquisition) of treasury shares		-3.7	-0.3
Repayment of finance lease liabilities	22	-0.1	-0.1
Net change in other loans and borrowings	22	-25.6	-116.7
Interest paid		-7.0	-5.1
Dividends paid by Company	20	-208.4	-52.1
Dividends received from subsidiaries		-	482.5
Net cash from financing activities		**-244.5**	**308.2**
Cash flows from continuing operations		**26.4**	**246.1**
Cash flows from discontinued operations	16	**532.3**	**37.2**
TOTAL CASH FLOW FOR THE PERIOD		**558.7**	**283.3**
Reconciliation with statement of financial position			
Cash at beginning of period	18	295.7	96.7
Cash included in non-current assets classified as held for sale		76.4	-
Cash equivalents at beginning of period		1.6	1.5
Cash and cash equivalents at beginning of period		**373.7**	**98.2**
Total cash flow for the period		558.7	283.3
Translation differences		0.6	-7.8
Cash and cash equivalents at end of period		**933.0**	**373.7**
Included within "Cash and cash equivalents"	*18*	*933.0*	*297.3*
Included within "Non-current assets classified as held for sale"	*16*	*-*	*76.4*

The notes on pages 21 to 83 are an integral part of these consolidated financial statements.

Notes to the Consolidated 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 20. 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;
- Belron 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 35 countries, through wholly owned businesses and franchises, with market leading brands – including Carglass®, Safelite® AutoGlass and Autoglass®. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers. Belron has also expanded its services into the automotive damage and home damage repair and replacement markets;
- 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 consolidated financial statements have been authorized for issue by the Board of Directors on 28 February 2019.

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 (54.10% stake – see note 15; 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 year ended 31 December 2017) are presented under discontinued operations (94.85% stake). Refer to note 16 for additional information on the Transaction.

Brexit

The pending exit of the UK from the European Union (Brexit) could affect estimations or judgements made in the preparation of the financial statements, mostly for the entities with operations in the UK or Europe. Due to the uncertainty about developments of the negotiations and the exit scenario, the Group is currently not in a position to provide meaningful estimates of the impact of the Brexit on the financial performance. Risks and potential exposures to the Brexit are however assessed as reasonable due to the limited exposure of the Group to the UK economic environment and to the measures taken by local management to mitigate the risks. Examples of mitigating actions for Belron are negotiations with suppliers guaranteeing volumes and agreed prices for 2019 and the fact the purchases in foreign currencies in the UK have been hedged for 2019.

Restatement of comparative information

The consolidated statement of financial position and the segment information have been restated to account for the following elements:

- 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;
- 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 results onwards, the results of the D'Ieteren Auto segment only comprise the automobile distribution activities, hereby improving the transparency of the financial reporting. See note 2 for more details and explanation about the Group's reportable segments.

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.

NOTE 2: SEGMENT INFORMATION

Note 2.1: Basis of Segmentation

The Group's reportable operating segments are D'Ieteren 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'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 results onwards, the results of the D'Ieteren 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 year ended 31 December 2017, the segment statement of cash flows and the segment statement of financial position as at 31 December 2017 have been restated accordingly to reflect this new presentation.

Belron comprises Belron Group s.a. and its subsidiaries. Despite its classification as an equity-accounted investee as from the closing of the Transaction (see notes 1 and 16), Belron remains a reportable operating segment, reflecting the Group's internal reporting structure.

Moleskine comprises Moleskine S.p.a. and its subsidiaries.

These operating segments are consistent with the Group's organisational and internal reporting structure.

Note 2.2: Segment Statement of Profit or Loss - Operating Segments (Year ended 31 December)

EUR million	Notes	2018					
		D'Ieteren Auto	Belron	Mole-skine	Other	Elimi-nations	Group
External revenue	3	3,404.0	3,839.7	174.1	-	-3,839.7	3,578.1
Inter-segment revenue		-	-	-	-	-	-
Segment revenue		**3,404.0**	**3,839.7**	**174.1**	**-**	**-3,839.7**	**3,578.1**
Operating result (being segment result)	4	**106.8**	**103.6**	**28.6**	**-20.7**	**-103.6**	**114.7**
Net finance costs	5	-1.3	907.3	-9.7	-36.3	-907.3	-47.3
Finance income		0.9	988.6	0.7	0.2	-988.6	1.8
Finance costs		-2.2	-81.3	-5.8	-41.1	81.3	-49.1
Inter-segment financing interest		-	-	-4.6	4.6	-	-
Share of result of equity-accounted investees, net of income tax	15	9.9	-	-	-	-9.8	0.1
Result before tax		**115.4**	**1,010.9**	**18.9**	**-57.0**	**-1,020.7**	**67.5**
Income tax expense	9	-38.6	-26.8	3.9	13.8	26.8	-20.9
Result from continuing operations		**76.8**	**984.1**	**22.8**	**-43.2**	**-993.9**	**46.6**
Discontinued operations	1/16	-	-	-	-	1,002.1	1,002.1
RESULT FOR THE PERIOD		**76.8**	**984.1**	**22.8**	**-43.2**	**8.2**	**1,048.7**

Attributable to:	D'Ieteren Auto	Belron	Moles-kine	Other	Group
Equity holders of the Company	**76.8**	**991.6**	**22.8**	**-43.2**	**1,048.0**
Non-controlling interests	-	0.7	-	-	0.7
RESULT FOR THE PERIOD	**76.8**	**992.3**	**22.8**	**-43.2**	**1,048.7**

In 2018, the column "Eliminations" reconciles the segment statement of profit or loss (with the 12-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 notes 1 and 16).

In 2018, 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 16 for more information.

NOTE 2: SEGMENT INFORMATION (continued)

Note 2.2: Segment Statement of Profit or Loss - Operating Segments (Year ended 31 December)

EUR million	**2017 (1)**					
	D'Ieteren Auto	**Belron**	**Mole-skine**	**Other**	**Elimi-nations**	**Group**
External revenue	3,299.7	3,486.2	155.4	-	-3,486.2	3,455.1
Inter-segment revenue	8.3	-	-	-	-8.3	-
Segment revenue	**3,308.0**	**3,486.2**	**155.4**	**-**	**-3,494.5**	**3,455.1**
Operating result (being segment result)	**88.0**	**148.5**	**25.2**	**-16.9**	**-148.5**	**96.3**
Net finance costs	-2.0	-86.1	-10.0	10.1	86.1	-1.9
Finance income	0.3	0.3	0.2	3.1	-0.3	3.6
Finance costs	-2.3	-85.5	-5.7	1.6	86.4	-5.5
Inter-segment financing interest	-	-0.9	-4.5	5.4	-	-
Share of result of equity-accounted investees, net of income tax	6.0	-	-	-0.6	-	5.4
Result before tax	**92.0**	**62.4**	**15.2**	**-7.4**	**-62.4**	**99.8**
Income tax expense	-29.3	-18.8	-5.1	5.9	18.8	-28.5
Result from continuing operations	**62.7**	**43.6**	**10.1**	**-1.5**	**-43.6**	**71.3**
Discontinued operations	-	-	-	-	43.6	43.6
RESULT FOR THE PERIOD	**62.7**	**43.6**	**10.1**	**-1.5**	**-**	**114.9**

Attributable to:	**D'Ieteren Auto**	**Belron**	**Moles-kine**	**Other**	**Group**
Equity holders of the Company	**62.7**	**41.3**	**10.1**	**-1.5**	**112.6**
Non-controlling interests	-	2.3	-	-	2.3
RESULT FOR THE PERIOD	**62.7**	**43.6**	**10.1**	**-1.5**	**114.9**

(1) As restated to reflect the four operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments

In 2017, 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).

NOTE 2: SEGMENT INFORMATION (continued)

Note 2.3: Segment Statement of Financial Position - Operating Segment

EUR million	Notes	31 December 2018					
		D'Ieteren Auto	Belron	Moleskine	Other	Elimi-nations	Group
Goodwill	10	18.4	544.4	171.9	-	-544.4	190.3
Intangible assets	11	20.5	447.6	412.5	0.1	-447.6	433.1
Property, plant & equipment	12	31.1	355.6	10.1	180.8	-355.6	222.0
Investment property	13	0.1	-	-	13.8	-	13.9
Equity-accounted investees	15	76.6	-	-	-	644.8	721.4
Financial assets		-	9.4	-	-	-9.4	-
Employee benefits		-	91.8	-	-	-91.8	-
Deferred tax assets	9	6.3	18.4	11.2	8.8	-18.4	26.3
Other receivables	19	2.5	2.2	1.3	20.9	-2.2	24.7
Non-current assets		**155.5**	**1,469.4**	**607.0**	**224.4**	**-824.6**	**1,631.7**
Inventories	14	414.0	320.1	41.7	-	-320.1	455.7
Derivative financial instruments		-	2.6	-	-	-2.6	-
Current tax assets	9	1.1	7.7	8.9	-	-7.7	10.0
Trade and other receivables	19	352.3	315.7	40.4	1.6	-315.7	394.3
Cash & cash equivalents	18	-57.9	124.2	23.8	967.1	-124.2	933.0
Assets classified as held for sale	16	-	3.1	-	0.9	-3.1	0.9
Current assets		**709.5**	**773.4**	**114.8**	**969.6**	**-773.4**	**1,793.9**
TOTAL ASSETS		**865.0**	**2,242.8**	**721.8**	**1,194.0**	**-2,242.8**	**3,425.6**
Equity		**-**	**-**	**-**	**2,655.4**	**-**	**2,655.4**
Employee benefits	8	21.1	6.7	2.0	0.8	-6.7	23.9
Provisions	21	10.4	54.9	4.1	0.4	-54.9	14.9
Loans & borrowings	22	0.7	1,709.8	114.8	0.8	-1,709.8	116.3
Inter-segment loan	22	-	-	155.9	-155.9	-	-
Derivative hedging instruments		-	10.1	-	-	-10.1	-
Derivatives held for trading		-	0.5	-	-	-0.5	-
Other financial liabilities	17	-	-	-	20.2	-	20.2
Put options granted to non-controlling interests		0.3	-	-	-	-	0.3
Other payables	23	-	3.1	1.6	-	-3.1	1.6
Deferred tax liabilities	9	1.5	12.3	110.8	19.1	-12.3	131.4
Non-current liabilities		**34.0**	**1,797.4**	**389.2**	**-114.6**	**-1,797.4**	**308.6**
Provisions	21	-	59.1	2.2	-	-59.1	2.2
Loans & borrowings	22	2.2	47.6	37.1	0.1	-47.6	39.4
Inter-segment loan		-	-	-	-	-	-
Derivative hedging instruments		-	0.3	0.4	-	-0.3	0.4
Derivatives held for trading		-	3.0	-	-	-3.0	-
Current tax liabilities	9	10.7	13.9	0.5	-5.4	-13.9	5.8
Trade & other payables	23	367.8	524.0	42.0	4.0	-524.0	413.8
Liabilities directly associated with the assets held for sale	16	-	8.1	-	-	-8.1	-
Current liabilities		**380.7**	**656.0**	**82.2**	**-1.3**	**-656.0**	**461.6**
TOTAL EQUITY AND LIABILITIES		**414.7**	**2,453.4**	**471.4**	**2,539.5**	**-2,453.4**	**3,425.6**

In 2018, the column “Eliminations” 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 2: SEGMENT INFORMATION (continued)

Note 2.3: Segment Statement of Financial Position - Operating Segments

EUR million	31 December 2017 (1)					
	D'Ieteren Auto	Belron	Moleskine	Other	Elimi-nations	Group
Goodwill	12.3	898.2	171.9	-	-898.2	184.2
Intangible assets	11.4	463.3	411.1	0.1	-463.3	422.6
Property, plant & equipment	23.4	369.9	10.6	177.3	-369.9	211.3
Investment property	0.2	-	-	8.8	-	9.0
Equity-accounted investees	69.2	-	-	-	-	69.2
Available-for-sale financial assets	-	0.5	-	-	-0.5	-
Derivative hedging instruments	-	2.0	-	-	-2.0	-
Derivatives held for trading	-	0.3	-	-	-0.3	-
Employee benefits	-	39.4	-	-	-39.4	-
Deferred tax assets	9.2	45.3	7.8	2.9	-45.3	19.9
Other receivables	2.3	2.2	2.4	20.9	-2.2	25.6
Non-current assets	**128.0**	**1,821.1**	**603.8**	**210.0**	**-1,821.1**	**941.8**
Inventories	335.5	300.8	32.2	-	-300.8	367.7
Investments	-	-	-	107.1	-	107.1
Derivative hedging instruments	-	0.3	-	-	-0.3	-
Derivatives held for trading	-	2.8	-	-	-2.8	-
Current tax assets	0.4	4.7	7.2	-	-4.7	7.6
Trade and other receivables	281.1	309.9	28.4	0.4	-309.9	309.9
Cash & cash equivalents	0.1	76.4	24.9	272.3	-76.4	297.3
Assets classified as held for sale	6.7	-	-	5.5	2,516.0	2,528.2
Current assets	**623.8**	**694.9**	**92.7**	**385.3**	**1,821.1**	**3,617.8**
TOTAL ASSETS	**751.8**	**2,516.0**	**696.5**	**595.3**	**-**	**4,559.6**
Equity	**-**	**-**	**-**	**1,760.5**	**-**	**1,760.5**
Employee benefits	21.8	9.3	1.8	0.8	-9.3	24.4
Provisions	15.8	37.9	2.5	0.6	-37.9	18.9
Loans & borrowings	0.7	1,307.0	130.5	0.8	-1,307.0	132.0
Inter-segment loan	-	-	152.0	-152.0	-	-
Other payables	-	5.4	1.5	-	-5.4	1.5
Deferred tax liabilities	1.8	10.6	110.6	22.6	-10.6	135.0
Non-current liabilities	**40.1**	**1,370.2**	**398.9**	**-127.2**	**-1,370.2**	**311.8**
Provisions	-	50.5	1.8	-	-50.5	1.8
Loans & borrowings	0.5	41.2	31.9	0.1	-41.2	32.5
Derivative hedging instruments	-	2.6	-	-	-2.6	-
Derivatives held for trading	-	0.6	-	-	-0.6	-
Put options granted to non-controlling interests	-	-	-	80.9	-	80.9
Current tax liabilities	1.1	26.5	0.7	-	-26.5	1.8
Trade & other payables	337.0	501.3	34.3	4.7	-501.3	376.0
Liabilities directly associated with the assets held for sale	1.4	-	-	-	1,992.9	1,994.3
Current liabilities	**340.0**	**622.7**	**68.7**	**85.7**	**1,370.2**	**2,487.3**
TOTAL EQUITY AND LIABILITIES	**380.1**	**1,992.9**	**467.6**	**1,719.0**	**-**	**4,559.6**

(1) As restated to reflect the four operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments

In 2017, the column "Eliminations" reconciles the segment statement of financial position (with the assets and liabilities of Belron presented in each relevant line item) to the IFRS Group consolidated statement of financial position (with Belron classified as held for sale).

NOTE 2: SEGMENT INFORMATION (continued)

Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

EUR million	Notes	2018					
		D'Ieteren Auto	Belron	Mole-skine	Other	Elimi-nations	Group
Cash flows from operating activities - Continuing							
Result for the period		76.8	984.1	22.8	-43.2	-993.9	46.6
Income tax expense	9	38.6	26.8	-3.9	-13.8	-26.8	20.9
Share of result of equity-accounted investees, net of income tax	15	-9.9	-	-	-	9.8	-0.1
Net finance costs	5	1.3	-907.3	9.7	36.3	907.3	47.3
Operating result from continuing operations		**106.8**	**103.6**	**28.6**	**-20.7**	**-103.6**	**114.7**
Depreciation	4/12	5.5	79.0	4.7	8.6	-79.0	18.8
Amortisation of intangible assets	4/11	2.2	42.2	2.5	-	-42.2	4.7
Impairment losses on goodwill and other non-current assets	15	-	50.3	-	-	-50.3	-
Other non-cash items		-6.1	41.0	4.4	-	-41.0	-1.7
Employee benefits		-3.6	-	-0.4	-	-	-4.0
Change in net working capital		-113.9	-12.9	-14.8	-2.2	12.9	-130.9
Cash generated from operations		**-9.1**	**303.2**	**25.0**	**-14.3**	**-303.2**	**1.6**
Income tax paid		-24.6	-35.2	-1.1	-3.3	35.2	-29.0
Net cash from operating activities		**-33.7**	**268.0**	**23.9**	**-17.6**	**-268.0**	**-27.4**
Cash flows from investing activities - Continuing							
Purchase of property, plant and equipment and intangible assets		-19.0	-95.1	-10.4	-15.6	95.1	-45.0
Sale of property, plant and equipment and intangible assets		0.7	3.6	2.6	3.2	-3.6	6.5
Net capital expenditure		**-18.3**	**-91.5**	**-7.8**	**-12.4**	**91.5**	**-38.5**
Acquisition of subsidiaries (net of cash acquired)	24	-15.0	-37.5	-	-	37.5	-15.0
Disposal of subsidiaries and equity-accounted investees (net of cash disposed of)		4.9	-4.7	-	-	4.7	4.9
Contribution of cash from joint ventures		22.4	-	-	-	-	22.4
Investments in/(proceeds from the sale of) financial assets		-	-	-	107.1	-	107.1
Interest received		-	0.8	-	0.3	-0.8	0.3
Dividends and proceeds from capital reduction received from / (paid by) equity-accounted investees	18	-	-400.2	-	217.4	400.2	217.4
Net investment in other financial assets		-0.3	-	-	-	-	-0.3
Net cash from investing activities		**-6.3**	**-533.1**	**-7.8**	**312.5**	**533.1**	**298.3**
Cash flows from financing activities - Continuing							
Acquisition (-)/Disposal (+) of non-controlling interests		-	-	0.3	-	-	0.3
Share capital increase	15	-	21.8	-	-	-21.8	-
Net disposal/(acquisition) of treasury shares		-3.7	-	-	-	-	-3.7
Repayment of finance lease liabilities	22	-0.1	-35.6	-	-	35.6	-0.1
Net change in other loans and borrowings	22	-11.9	386.7	-13.6	-0.1	-386.7	-25.6
Interest paid		-2.3	-59.2	-4.5	-0.2	59.2	-7.0
Dividends paid by the Company	20	-	-	-	-208.4	-	-208.4
Net cash from financing activities		**-18.0**	**313.3**	**-17.8**	**-208.7**	**-313.3**	**-244.5**
Cash flows from continuing operations		**-58.0**	**48.6**	**-1.7**	**86.1**	**-48.6**	**26.4**
Cash flows from discontinued operations	16	**-**	**-**	**-**	**608.7**	**-76.4**	**532.3**
TOTAL CASH FLOW FOR THE PERIOD		**-58.0**	**48.6**	**-1.7**	**694.8**	**-125.0**	**558.7**

NOTE 2: SEGMENT INFORMATION (continued)

Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

EUR million	Notes	2018					
		D'Ieteren Auto	Belron	Mole-skine	Other	Elimi-nations	Group
Reconciliation with statement of financial position							
Cash at beginning of period	18	-1.5	-	24.9	272.3	-	295.7
Cash included in non-current assets held for sale		-	76.4	-	-	-	76.4
Cash equivalents at the beginning of the period		1.6	-	-	-	-	1.6
Cash and cash equivalents at beginning of period		**0.1**	**76.4**	**24.9**	**272.3**	**-**	**373.7**
Total cash flow for the period		-58.0	48.6	-1.7	694.8	-125.0	558.7
Translation differences		-	-	0.6	-	-	0.6
Cash and cash equivalents at end of period		**-57.9**	**125.0**	**23.8**	**967.1**	**-125.0**	**933.0**
Included within "Cash and cash equivalents	*18*	*-57.9*	*124.2*	*23.8*	*967.1*	*-124.2*	*933.0*
Included within "Non-current assets held for sale"	*16*	*-*	*0.8*	*-*	*-*	*-0.8*	*-*

In the period, the column “Eliminations” reconciles the segment statement of cash flows (with Belron presented on all lines as a continuing operation) to the IFRS Group consolidated statement of cash flows (with Belron presented as a discontinued operation from the beginning of the period until the closing of the Transaction – see note 1).

In the D’Ieteren Auto segment, the line “Acquisition of subsidiaries” for the year ended 31 December 2018 includes the business combinations disclosed in note 24.

The line “Dividends paid by the Company” includes the distribution to shareholders of the ordinary (EUR 0.95 per share) and extraordinary (EUR 2.85 per share) dividend (see note 20).

The line “Dividends and proceeds from capital reduction received from/(paid by) equity-accounted investees” includes the share of the Group in the distribution of the dividend (EUR 64.3 million) and the share capital reduction (EUR 153.1 million) operated by the Belron segment in December 2018 (see note 22 for more information).

The line “Share capital increase” represents the new shares issued by the Belron segment in the context of the implementation of the management reward program (MRP). Refer to note 15 for additional information on the MRP.

In the Belron segment, the line “Other non-cash items” includes, among other amounts, the provision for long-term management incentive program.

In the D’Ieteren Auto segment, the line “disposal of subsidiaries and equity-accounted investees (net of cash disposed of)” includes the proceeds from the disposal of a dealership.

NOTE 2: SEGMENT INFORMATION (continued)

Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

EUR million	2017 (1)					
	D'Ieteren Auto	Belron	Mole-skine	Other	Elimi-nations	Group
Cash flows from operating activities - Continuing						
Result for the period	66.6	43.6	10.1	-5.4	-43.6	71.3
Income tax expense	29.3	18.8	5.1	-5.9	-18.8	28.5
Share of result of equity-accounted investees, net of income tax	-5.4	-	-	-	-	-5.4
Net finance costs	-0.9	86.1	10.0	-7.2	-86.1	1.9
Operating result from continuing operations	**89.6**	**148.5**	**25.2**	**-18.5**	**-148.5**	**96.3**
Depreciation	4.1	83.2	4.8	8.9	-83.2	17.8
Amortisation of intangible assets	2.1	33.3	2.0	-	-33.3	4.1
Impairment losses on goodwill and other non-current assets	-	16.0	-	-	-16.0	-
Other non-cash items	-1.2	27.7	6.7	0.1	-27.7	5.6
Employee benefits	-3.8	-0.4	-0.7	-	0.4	-4.5
Other cash items	-	-25.6	-	-	25.6	-
Change in net working capital	-1.1	-9.7	-7.7	-2.0	9.7	-10.8
Cash generated from operations	**89.7**	**273.0**	**30.3**	**-11.5**	**-273.0**	**108.5**
Income tax paid	-10.8	-28.8	-12.3	-	28.8	-23.1
Net cash from operating activities	**78.9**	**244.2**	**18.0**	**-11.5**	**-244.2**	**85.4**
Cash flows from investing activities - Continuing						
Purchase of property, plant and equipment and intangible assets	-7.9	-139.7	-12.2	-15.8	139.7	-35.9
Sale of property, plant and equipment and intangible assets	0.9	5.0	1.8	-	-5.0	2.7
Net capital expenditure	**-7.0**	**-134.7**	**-10.4**	**-15.8**	**134.7**	**-33.2**
Acquisition of subsidiaries (net of cash acquired)	-0.6	-50.2	-15.9	-	50.2	-16.5
Disposal of subsidiaries and equity-accounted investees (net of cash disposed of)	-	-	-	2.5	-	2.5
Contribution of cash from/(to) joint venture	-	-	-	2.2	-	2.2
Investments in/(proceeds from the sale of) held-to-maturity financial assets	-	-	-	-107.1	-	-107.1
Interest received	-	0.3	-	0.1	-0.3	0.1
Net investment in other financial assets	-0.6	0.1	5.1	-	-0.1	4.5
Net cash from investing activities	**-8.2**	**-184.5**	**-21.2**	**-118.1**	**184.5**	**-147.5**
Cash flows from financing activities - Continuing						
Net disposal/(acquisition) of treasury shares	-0.3	-	-	-	-	-0.3
Repayment of finance lease liabilities	-0.1	-37.4	-	-	37.4	-0.1
Net change in other loans and borrowings	-146.5	651.7	-11.7	-	-610.2	-116.7
Inter-segment loans	-	-41.5	-3.8	45.3	-	-
Interest paid	-1.5	-86.6	-3.6	-	86.6	-5.1
Dividends paid by the Company	-	-	-	-52.1	-	-52.1
Dividends received from/(paid by) subsidiaries	-	-508.7	-	482.5	508.7	482.5
Net cash from financing activities	**-148.4**	**-22.5**	**-19.1**	**475.7**	**22.5**	**308.2**
Cash flows from continuing operations	**-77.7**	**37.2**	**-22.3**	**346.1**	**-37.2**	**246.1**
Cash flows from discontinued operations	**-**	**-**	**-**	**-**	**37.2**	**37.2**
TOTAL CASH FLOW FOR THE PERIOD	**-77.7**	**37.2**	**-22.3**	**346.1**	**-**	**283.3**

(1) As restated to reflect the four operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments

NOTE 2: SEGMENT INFORMATION (continued)

Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

EUR million	2017 (1)					
	D'Ieteren Auto	**Belron**	**Mole-skine**	**Other**	**Elimi-nations**	**Group**
Reconciliation with statement of financial position						
Cash at beginning of period	2.5	45.9	48.3	-	-	96.7
Cash included in non-current assets held for sale	-	-	-	-	-	-
Cash equivalents at the beginning of the period	1.5	-	-	-	-	1.5
Cash and cash equivalents at beginning of period	**4.0**	**45.9**	**48.3**	**-**	**-**	**98.2**
Total cash flow for the period	-77.7	37.2	-22.3	346.1	-	283.3
Translation differences	-	-6.7	-1.1	-	-	-7.8
Transfer between operating segments	73.8	-	-	-73.8	-	-
Cash and cash equivalents at end of period	**0.1**	**76.4**	**24.9**	**272.3**	**-**	**373.7**
Included within "Cash and cash equivalents	*0.1*	*-*	*24.9*	*272.3*	*-*	*297.3*
Included within "Non-current assets held for sale"	*-*	*76.4*	*-*	*-*	*-*	*76.4*

(1) As restated to reflect the four operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments

In the prior period, the column "Eliminations" reconciles the segment statement of cash flows (with Belron presented on all lines as a continuing operation) to the IFRS Group consolidated statement of cash flows (with Belron presented as a discontinued operation for the entire period).

The line "Transfer between operating segments" is related to the arbitrary initial allocation of cash and cash equivalents between D'Ieteren Auto and the segment "Other" following the decision to separate the corporate and real estate activities of the Group from the D'Ieteren Auto segment (see notes 1 and 2 for more information on the restatement of comparative information and explanation of the reportable segment).

In the Moleskine segment, the EUR 15.9 million in the prior period represented the acquisition of the remaining non-controlling interests in January 2017 (squeeze-out procedure – see note 11 of the 2016 consolidated financial statements for more information).

In the Moleskine segment, the line "Net investments in other financial assets" included the proceeds from the sale of a life insurance product started end of 2015.

The inter-segment loans represent amounts lent by the Corporate department to the Belron and Moleskine segments, at arm's length conditions.

The line "Dividends and proceeds from capital reduction received from/(paid by) subsidiaries" includes the extraordinary dividend paid by Belron to its shareholders in the framework of its refinancing (see note 22 of the 2017 consolidated financial statements), despite the fully elimination of this intragroup transaction in accordance with IFRS 10.

Note 2.6: Geographical Segment Information (Year ended 31 December)

The Group's three operating segments (under continuing operations, being D'Ieteren Auto, Moleskine and Other) operate in three main geographical areas, being Belgium (main market for the D'Ieteren Auto segment), the rest of Europe and the rest of the world.

EUR million	2018				2017			
	Belgium	**Rest of Europe**	**Rest of the world**	**Group**	**Belgium**	**Rest of Europe**	**Rest of the world**	**Group**
Segment revenue from external customers (1)	3,349.7	132.0	96.4	3,578.1	3,106.9	250.4	97.8	3,455.1
Non-current assets (2)	288.2	590.1	5.7	884.0	248.9	597.0	6.8	852.7
Capital additions (3)	46.8	7.8	2.6	57.2	23.3	9.2	3.1	35.6

(1) Based on the geographical location of the customers.
(2) Non-current assets, as defined by IFRS 8, consists of goodwill, intangible assets, property, plant and equipment, investment property and non-current other receivables.
(3) Capital additions include both additions and acquisitions through business combinations including goodwill.

NOTE 3: REVENUE

Effect of initially applying IFRS 15 "Revenue from contracts with customers"

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers, and information about performance obligations among the Group's operating segments are described below. 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. January 1, 2018). Accordingly, the information presented for 2017 has not been restated – i.e. is it presented, as previously reported, under IAS 18, IAS 11 and related interpretations. The transition to IFRS 15 has had no impact on the recognition of revenue (timing and measurement), hence there is no impact to the opening balance in retained earnings

D'Ieteren Auto

In the D'Ieteren Auto segment, the Group generates revenue primarily from the sale of new vehicles to independent dealers and to final customers, the sale of used vehicles to final customers, the sale of spare parts and accessories and the rendering of after-sale services.

Upon selling vehicles or spare parts to independent dealers or final customers, the Group satisfies its performance obligations and recognizes revenue at a point in time, when control of the goods transfers to the customers. Since the Group issues invoices to customers upon satisfying its performance obligations, rights to financial consideration immediately become unconditional and are therefore recognized as receivables. A legal warranty of 2 years applies to the sale of new vehicles to customers, which in turn corresponds to the legal warranty that the factory grants to the D'Ieteren Auto segment. This warranty does therefore not represent a separate performance obligation.

The Group offers to customers the possibility to purchase maintenance contracts together with the sale of a new vehicle. The duration of these contracts ranges from 3 to 12 years. This type of contract represents a separate performance obligation and should not be combined with the sale of a new vehicle. Under such arrangements, the Group transfers the benefit of the maintenance services to the customers as it performs and therefore satisfies its performance obligation over time. The Group recognizes revenue over time by estimating the occurrence of performance obligations using historical data and projected revenue. Revenue recognized according to the percentage of completion method is therefore reasonably estimated using cost curves and historical data.

The difference between the consideration received from the final customers and the costs incurred over time to satisfy the performance obligation represent contract liabilities under IFRS 15. Contract liabilities as of 31 December 2017 amounts to EUR 28.6 million. During the period, an amount of EUR 8.6 million has been recognized in revenue, as a deduction of the opening balance of contract liabilities. In addition, EUR 7.1 million have been accrued in contract liabilities during the period, hereby increasing the contract liability. As of the end of the reporting period, contract liability amounts to EUR 27.1 million. Since these amounts are not considered significant to the Group compared to total revenue, they have not been presented in a separate line item in the consolidated statement of financial position.

When rendering other repair or maintenance services to final customers, the Group recognizes revenue at a point in time as soon as the services are rendered because the impact of revenue recognition over time is not significant.

The adoption of IFRS 15 in the D'Ieteren Auto segment has also had the following implication: 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. The financing operation and the sale of the vehicle should be looked at together from an economic point of view (as required by IFRS 15.70 and BC92). Instead of recognizing these sales incentives granted as operating charges (under IAS 18), the Group now recognizes the entire amount in deduction of revenue. The amount recorded in 2018 as a deduction of the transaction price amounts to EUR 7.4 million.

Moleskine

Across all sales channels of the Moleskine segment, revenue is recognized at a point in time, as soon as control of the goods transfers to the customers (i.e. when the good is physically delivered to the final customer). The Group concluded that the initial application of IFRS 15 in the Moleskine segment has had no material impact on the timing of revenue recognition compared to previous accounting policies (under IAS 18). The rights of return have been assessed in accordance with a probability-weighted approach stemming from an accurate review of the agreements in place with the customers. The Group also concluded that "Free-on-board" shipping agreements do not represent distinct performance obligations under the existing arrangements with customers. Finally, there have been no bill-and-hold arrangements in 2018.

Disaggregation of revenue from contracts with customers

In selecting the categories to use to disaggregate revenue from contracts with customers, management considered how the information about the Group's revenue is presented for other purpose, including press releases and information presented to the chief operating decision maker, as well as how the nature, amount, timing and uncertainties of revenue and cash flows are affected by economic factors.

In the following table, revenue from contracts with customers is disaggregated by major product categories (for the D'Ieteren Auto segment) and by primary geographical market (for the Moleskine segment). Although not explicitly required by IFRS 15, the Group has also disclosed comparative information related to the disaggregation of revenue.

NOTE 3: REVENUE (continued)

EUR million	2018	2017
D'Ieteren Auto		
New vehicles	2,990.3	2,905.1
Used cars	68.2	66.3
Spare parts and accessories	186.4	183.8
After-sales activities by D'Ieteren Car Centers	105.5	82.3
D'Ieteren Sport	29.6	28.1
Other revenue	24.0	34.1
Subtotal D'Ieteren Auto	**3,404.0**	**3,299.7**
Moleskine		
Europe, Middle-East and Africa (EMEA)	81.9	71.8
America	62.2	57.4
Asia-Pacific (APAC)	30.0	26.2
Subtotal Moleskine	**174.1**	**155.4**
Total Revenue	**3,578.1**	**3,455.1**

NOTE 4: OPERATING RESULT

Operating result is stated after charging:

EUR million	2018				2017 (1)			
	D'Ieteren Auto	Moleskine	Other	Group	D'Ieteren Auto	Moleskine	Other	Group
Purchases and changes in inventories	-2,913.8	-35.1	-3.5	-2,952.4	-2,829.0	-29.1	-0.3	-2,858.4
Depreciation	-5.5	-4.7	-8.6	-18.8	-4.1	-4.8	-8.9	-17.8
Amortisation	-2.2	-2.5	-	-4.7	-2.1	-2.0	-	-4.1
Other operating lease rentals	-	-0.2	-	-0.2	-0.1	-0.2	-	-0.3
Write-down on inventories	4.1	-0.3	-	3.8	1.7	-2.2	-	-0.5
Write down on receivables	2.4	-0.1	-	2.3	2.2	-0.1	-	2.1
Employee benefit expenses (see note 8)	-167.7	-29.1	-14.1	-210.9	-154.0	-28.1	-19.1	-201.2
Gain on sale of property, plant and equipment	0.1	-	-	0.1	0.4	-	-	0.4
Rental income from investment property (2)	-	-	2.3	2.3	-	-	1.5	1.5
Sundry (3)	-214.6	-73.5	3.2	-284.9	-226.7	-63.7	9.9	-280.5
NET OPERATING EXPENSES	**-3,297.2**	**-145.5**	**-20.7**	**-3,463.4**	**-3,211.7**	**-130.2**	**-16.9**	**-3,358.8**

(1) As restated – see notes 1 and 2 for more information on the restatement of comparative information.
(2) The full amount is related to investment property that generated rental income.
(3) Mainly relates to marketing and IT costs, legal and consultancy fees and inter-segment rental income and expenses between the segment "Other" and D'Ieteren Auto.

NOTE 5: NET FINANCE COSTS

Net finance costs are broken down as follows:

EUR million	2018				2017 (1)			
	D'Ieteren Auto	Moleskine	Other	Group	D'Ieteren Auto	Moleskine	Other	Group
Finance costs:								
Interest expense	-1.1	-4.1	-	-5.2	-1.5	-3.5	-	-5.0
Interest costs on pension	-0.1	-	-	-0.1	-0.2	-	-	-0.2
Other financial charges	-1.0	-1.7	-20.3	-23.0	-0.6	-2.2	0.8	-2.0
Subtotal finance costs	-2.2	-5.8	-20.3	-28.3	-2.3	-5.7	0.8	-7.2
Re-measurements of put options granted to non-controlling interests (see note 25)	-	-	-	-	-	-	1.7	1.7
Re-measurements of financial instruments:								
Recognised at fair value upon initial recognition	-	-	-20.8	-20.8	-	-	-	-
Finance income	0.9	0.7	0.2	1.8	0.3	0.2	3.1	3.6
Inter-segment financing interest	-	-4.6	4.6	-	-	-4.5	4.5	-
NET FINANCE COSTS	**-1.3**	**-9.7**	**-36.3**	**-47.3**	**-2.0**	**-10.0**	**10.1**	**-1.9**

(1) As restated – see notes 1 and 2 for more information on the restatement of comparative information.

In 2017, in the segment “Other”, the line “Other financial charges” include the inter-segment financing interests (EUR 0.9 million) on the loans granted by the segment “Other” to the Belron segment, to allow the Belron segment to be presented as a discontinued operation in the consolidated statement of profit or loss. These loans, at arm’s length conditions, were fully reimbursed in November 2017 in the framework of the refinancing of Belron (see note 16).

In 2017, in the segment “Other”, finance income includes the consolidated gain on the sale of the joint venture OTA Keys s.a. for EUR 2.9 million (see note 15).

In 2018, the EUR -20.8 million of re-measurement of financial instruments in the segment “Other” includes, among other amounts, the loss on the fair value of a financial contingent liability relating to the disposal of the 40% stake of Belron to CD&R.

NOTE 6: EARNINGS PER SHARE

Earnings per share (“EPS”) and earnings per share from continuing operations (“Continuing EPS”) are shown 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 16 for more information).

The weighted average number of ordinary shares in issue for the period is shown in the table below.

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 options over ordinary shares of the Company increased the weighted average number of shares of the Company in 2017 and 2018 as some option exercise prices were below the average market share price.

NOTE 6: EARNINGS PER SHARE (continued)

The computation of basic and diluted EPS is set out below:

		2018	2017
Result for the period attributable to equity holders		1,048.0	112.6
Adjustment for participating shares		-11.9	-1.3
Numerator for EPS (EUR million)	(a)	1,036.1	111.3
Result from continuing operations		46.6	71.3
Share of non-controlling interests in result from continuing operations		-	-
Result from continuing operations attributable to equity holders		46.6	71.3
Adjustment for participating shares		-0.5	-0.8
Numerator for continuing EPS (EUR million)	(b)	46.1	70.5
Weighted average number of ordinary shares outstanding during the period	(c)	54,177,545	54,209,166
Adjustment for stock option plans		113,915	216,168
Weighted average number of ordinary shares taken into account for diluted EPS	(d)	54,291,460	54,425,334
Result for the period attributable to equity holders			
Basic EPS (EUR)	**(a)/(c)**	**19.12**	**2.05**
Diluted EPS (EUR)	**(a)/(d)**	**19.08**	**2.05**
Result from continuing operations attributable to equity holders			
Basic continuing EPS (EUR)	(b)/(c)	0.85	1.30
Diluted continuing EPS (EUR)	(b)/(d)	0.85	1.30

NOTE 7: 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'Ieteren Auto and Other segments, in the framework of the Belgian law of 26 March 1999. The underlying share is the ordinary share of s.a. D'Ieteren 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.

Options outstanding are as follows:

Date of grant	Number of options (in units)		Exercise price	Exercise period	
	2018	2017	(EUR)	From	To
2018	187,000	-	33.32	1/01/2022	5/06/2028
2017	160,000	160,000	41.80	1/01/2021	13/03/2027
2016	10,000	10,000	38.09	1/01/2020	16/11/2026
2016	135,000	135,000	31.71	1/01/2020	13/03/2026
2016	79,000	79,000	31.71	1/01/2020	13/03/2026
2016	98,000	98,000	28.92	1/01/2020	21/01/2026
2015	95,000	95,000	32.10	1/01/2019	12/03/2025
2015	63,352	63,352	32.10	1/01/2019	12/03/2025
2014	39,807	122,091	33.08	1/01/2018	10/03/2024
2013	37,150	37,450	34.99	1/01/2017	24/11/2023
2013	14,626	23,036	34.23	1/01/2017	18/03/2023
2012	38,000	39,100	36.45	1/01/2016	14/10/2022
2011	73,375	74,275	35.00	1/01/2015	22/12/2021
2010	43,630	43,630	39.60	1/01/2014	3/10/2020
2009	18,250	20,350	24.00	1/01/2013	27/10/2019
2008	-	15,855	12.10	1/01/2012	5/11/2018
2007	14,400	16,350	26.40	1/01/2011	2/12/2022
2006	9,300	9,900	26.60	1/01/2010	27/11/2021
2005	8,350	10,050	20.90	1/01/2009	6/11/2020
2004	3,150	3,150	14.20	1/01/2008	28/11/2019
2003	-	3,300	16.34	1/01/2007	16/11/2018
Total	**1,127,390**	**1,058,889**			

All outstanding options are covered by treasury shares (see note 20).

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

	Number (in units)		Weighted average exercise price (EUR)	
	2018	2017	2018	2017
Outstanding options at the beginning of the period	1,058,889	1,101,692	33.4	32.2
Granted during the period	187,000	160,000	33.3	41.8
Exercised during the period	-112,164	-202,803	30.4	33.7
Other movements during the period	-6,335	-	12.9	-
Outstanding options at the end of the period	**1,127,390**	**1,058,889**	**33.8**	**33.4**
of which: exercisable at the end of the period	*300,038*	*296,446*	*33.6*	*32.2*

In 2018, a large part of the options was exercised during the second quarter of the period. The average share price during the period was EUR 36.11 (2017: EUR 40.90). In 2018, the CEO exercised 10,000 options relating to the 2013 plan. Other movements during the period relate to options that expired in 2018 and were not exercised. The treasury shares underlying to these expired options are being kept for future plans.

NOTE 7: SHARE-BASED PAYMENTS (continued)

For share options outstanding at the end of the period, the weighted average remaining contractual life is as follows:

	Number of years
31 December 2018	**6.5**
31 December 2017	6.7

IFRS 2 "Share-Based Payments" requires that the fair value of all share options issued after 7 November 2002 is charged to the income statement (EUR 2.1 million during the period). The fair value of the options must be assessed on the date of each issue. A simple Cox valuation model was used at each issue date re-assessing the input assumptions on each occasion. The assumptions for the 2018 and 2017 issues were as follows:

	2018	2017
Number of employees	10	8
Spot share price (EUR)	35.9	43.0
Option exercise price (EUR)	33.3	41.8
Vesting period (in years)	3.0	3.0
Expected life (in years)	6.5	6.5
Expected volatility (in %)	24%	34%
Risk free rate of return (in %)	0.78%	0.72%
Expected dividend (EUR)	0.5	0.8
Probability of ceasing employment before vesting (in %)	0%	0%
Weighted average fair value per option (EUR)	8.7	14.4

Expected volatility and expected dividends were provided by an independent expert. The risk-free rate of return is based upon EUR zero-coupon rates with an equivalent term to the options granted.

NOTE 8: EMPLOYEE BENEFITS

Note 8.1: Employee benefit expense

The employee benefit expense is analysed below:

EUR million	2018				2017 (1)			
	D'Ieteren Auto	Moleskine	Other	Group	D'Ieteren Auto	Moleskine	Other	Group
Retirement benefit charges under Belgian defined contribution schemes considered as defined benefit schemes	*-3.4*	*-*	*-0.2*	*-3.6*	*-4.4*	*-*	*-*	*-4.4*
Retirement benefit charges under defined benefit schemes	*-*	*-0.6*	*-*	*-0.6*	*0.7*	*-0.7*	*-*	*-*
Total retirement benefit charge (see note 8.2)	-3.4	-0.6	-0.2	-4.2	-3.7	-0.7	-	-4.4
Wages, salaries and social security costs	-162.2	-28.5	-13.9	-204.6	-148.4	-27.4	-19.1	-194.9
Share-based payments: equity-settled	-2.1	-	-	-2.1	-1.9	-	-	-1.9
Total employee benefit expense	**-167.7**	**-29.1**	**-14.1**	**-210.9**	**-154.0**	**-28.1**	**-19.1**	**-201.2**

(1) As restated – see notes 1 and 2 for more information on the restatement of comparative information.

The staff numbers are set out below (average full-time equivalents):

	2018	2017
D'Ieteren Auto	1,848	1,740
Moleskine	479	434
Other	57	55
Group	**2,384**	**2,228**

NOTE 8: EMPLOYEE BENEFITS (continued)

Note 8.2: Post-employment and long-term employee benefits

Long-term employee benefits include post-employment employee benefits and other long-term employee benefits. Post-employment employee benefits are analysed below. Other long-term employee benefits are presented among non-current provisions or non-current other payables, and, if material, separately disclosed in the relevant note.

Post-employment benefits are limited to retirement benefit schemes. Where applicable, Group entities contribute to the relevant state pension schemes. Certain Group entities operate schemes which provide retirement benefits, including those of the defined benefit type, which are in most cases funded by investments held outside the Group.

The Group has established pension schemes for its employees in various locations. The major schemes are located in Belgium and in Italy. Since Belron is an equity-accounted investee, the schemes in place in the Belron segment are not separately disclosed. The schemes in Belgium relate to the D'Ieteren Auto and Other segments and are funded and unfunded. The main scheme in Italy relates to the Moleskine segment. Independent actuarial valuations for the plans in these countries are performed as required. The Group is and has always been fully compliant with all local governance and funding requirements.

The overall investment policy and strategy for the Group's defined benefit schemes is guided by the objective of achieving an investment return, which together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The investment strategies for the plans are managed under local laws and regulations in each jurisdiction. The actual asset allocation is determined by the current and expected economic and market conditions and in consideration of specific asset class risk and risk profile. In addition, consideration is given to the maturity profile of scheme liabilities. There are no asset-liability matched assets at 31 December 2018.

The Group operates one defined benefit scheme in Belgium that was closed to new members in 2005. The retirement capital plan accrues a percentage of annual salary inflated to the point of retirement with an annual average of 2,5% (and a maximum of 4,0%). A full actuarial valuation of the plan was carried out in December 2016 by a qualified independent actuary. Full IAS19 measurements are carried out every three years and roll-forwards are performed in the meantime. The Group also operates defined contribution plans with a minimal interest guarantee borne by the employer under the Belgian Legislation.

The Group recognises all actuarial gains and losses directly in the Consolidated Statement of Comprehensive Income.

The main actuarial assumptions are as follows (ranges are provided given the plurality of schemes operated throughout the Group in 2017, with Belron consolidated under global integration):

	Funded schemes				Unfunded schemes			
	2018		2017		2018		2017	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Inflation rate	1.5%	2.0%	1.5%	3.4%	n.s.	n.s.	n.s.	n.s.
Discount rate	1.5%	1.6%	1.3%	3.2%	n.s.	n.s.	n.s.	n.s.
Rate of salary increases	2.8%	3.5%	2.0%	5.3%	2.0%	2.0%	2.0%	2.0%
Rate of pension increases	1.9%	3.4%	1.9%	3.4%	2.0%	2.0%	2.0%	2.0%
Life expectancy of male pensioner	22.5	22.5	18.6	44.7				
Life expectancy of female pensioner	26.3	26.3	22.0	46.4				
Life expectancy of male non-pensioner	22.5	22.5	18.6	22.6				
Life expectancy of female non-pensioner	26.3	26.3	22.0	24.1				

The weighted average duration of the liabilities across the plans ranges from 10 to 12 years.

The amounts recognised in the statement of financial position are summarised as follows, depending on the net position of each pension scheme:

EUR million	2018	2017
Long-term employee benefit assets	-	-
Long-term employee benefit obligations	-23.9	-24.4
Recognized net deficit (-) / surplus (+) in the schemes	**-23.9**	**-24.4**
of which: amount expected to be settled within 12 months	*-0.3*	*-0.3*
amount expected to be settled in more than 12 months	*-22.8*	*-24.1*

NOTE 8: EMPLOYEE BENEFITS (continued)

Note 8.2: Post-employment and long-term employee benefits (continued)

For all schemes, the amounts recognised in the statement of financial position are analysed as follows:

EUR million	2018			2017		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-91.2	-3.1	-94.3	-91.4	-3.3	-94.7
Fair value of scheme assets	70.4	-	70.4	70.3	-	70.3
Net deficit (-) / surplus (+) in the schemes	**-20.8**	**-3.1**	**-23.9**	**-21.1**	**-3.3**	**-24.4**

The amounts recognised through the statement of comprehensive income are as follows. They do not include the Belron segment in 2018, Belron being an equity-accounted investee.

EUR million	2018			2017		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Actual return less interest return on pension assets net of asset management charges	1.4	-	1.4	52.3	-	52.3
Experience gain (+) / loss (-) on liabilities	-	-	-	20.7	-	20.7
Gain (+) / Loss (-) on change of financial assumptions	-0.5	0.3	-0.2	-26.8	-	-26.8
Gain (+) / Loss (-) on change of demographic assumptions	-	-	-	13.9	-	13.9
Actuarial gains (+) / losses (-)	**0.9**	**0.3**	**1.2**	**60.1**	**-**	**60.1**

In 2017, an actuarial gain of EUR 40.8 million (included in the EUR 60.1 million reported) related to the Belron segment (presented as a discontinued operation).

Changes to financial assumptions during 2018, all of which were prepared on a consistent basis to prior period, impacted the total actuarial gains (+) / losses (-) by EUR -0.2 million (2017: EUR -26.8 million, including the contribution of Belron).

The cumulative amount of actuarial gains and losses (group’s share) recognised in the consolidated statement of comprehensive income is a loss of EUR 29 million (in 2017 a loss of EUR 57 million).

The fair value of scheme assets includes the following items:

EUR million	2018			2017		
	Quoted in an active market	Other	Total	Quoted in an active market	Other	Total
Other assets	70.4	-	70.4	70.3	-	70.3
Fair value of scheme assets	**70.4**	**-**	**70.4**	**70.3**	**-**	**70.3**

The fair value of scheme assets does not comprise any property or other assets used by the Group, nor any financial instruments of the Group. All equity and debt instruments have quoted prices in active markets and are of high investment quality. Other assets are mainly composed of cash.

NOTE 8: EMPLOYEE BENEFITS (continued)

Note 8.2: Post-employment and long-term employee benefits (continued)

The movements in the fair value of plan assets are as follows:

EUR million	2018			2017		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Scheme assets at 1 January	**70.3**	**-**	**70.3**	**567.5**	**-**	**567.5**
Employer contribution	3.6	-	3.6	5.2	-	5.2
Interest on pension assets	1.0	-	1.0	14.2	-	14.2
Contributions paid by employees	1.6	-	1.6	1.6	-	1.6
Benefits paid	-7.5	-	-7.5	-20.5	-	-20.5
Actual return less interest return on pension assets	1.4	-	1.4	53.6	-	53.6
Costs of managing the pension assets	-	-	-	-1.3	-	-1.3
Administrative costs	-	-	-	-1.5	-	-1.5
Group changes	-	-	-	-0.5	-	-0.5
Translation differences	-	-	-	-22.2	-	-22.2
Reclassification to non-current assets held for sale	-	-	-	-525.8	-	-
Scheme assets at 31 December	**70.4**	**-**	**70.4**	**70.3**	**-**	**70.3**

The actual return on scheme assets is as follows:

EUR million	2018	2017
Interest return on pension assets	1.0	14.2
Actual return less interest return on pension assets	1.4	53.6
Costs of managing the pension assets	-	-1.3
Actual net return on pension assets	**2.4**	**66.5**

The movements in the present value of defined benefit obligations are as follows:

EUR million	2018			2017		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Defined benefit obligations at 1 January	**-91.4**	**-3.3**	**-94.7**	**-613.0**	**-7.7**	**-620.7**
Current service cost	-4.1	-0.1	-4.2	-6.4	0.9	-5.5
Interest payable on pension liabilities	-1.0	-0.1	-1.1	-15.1	-	-15.1
Benefits paid	7.4	0.1	7.5	21.1	-	21.1
Contribution paid by employees	-1.6	-	-1.6	-1.6	-	-1.6
Experience gain (+) / loss (-) on liabilities	-	-	-	20.7	-	20.7
Gain (+) / Loss (-) arising from changes to financial assumptions	-0.5	0.3	-0.2	-26.8	-	-26.8
Gain (+) / Loss (-) arising from changes to demographic assumptions	-	-	-	13.9	-	13.9
Group change	-	-	-	0.7	-	0.7
Administrative costs	-	-	-	0.6	-	0.6
Translation differences	-	-	-	22.3	-	22.3
Reclassification to liabilities associated with non-current assets held for sale	-	-	-	492.2	3.5	-
Defined benefit obligations at 31 December	**-91.2**	**-3.1**	**-94.3**	**-91.4**	**-3.3**	**-94.7**

NOTE 8: EMPLOYEE BENEFITS (continued)

Note 8.2: Post-employment and long-term employee benefits (continued)

The amounts recognised in the statement of profit or loss are as follows:

EUR million	2018			2017		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Current service cost	-4.1	-0.1	-4.2	-5.2	0.9	-4.3
Administrative costs	-	-	-	-0.1	-	-0.1
Pension costs within the operating result	**-4.1**	**-0.1**	**-4.2**	**-5.3**	**0.9**	**-4.4**
Interest payable on pension liabilities	-1.0	-0.1	-1.1	-1.1	-	-1.1
Interest return on pension assets	1.0	-	1.0	0.9	-	0.9
Net pension interest cost	**-**	**-0.1**	**-0.1**	**-0.2**	**-**	**-0.2**
Expenses classified as discontinued operations (Belron)	-	-	-	-2.7	-	-2.7
Expense recognised in the statement of profit or loss	**-4.1**	**-0.2**	**-4.3**	**-8.2**	**0.9**	**-7.3**

The best estimate of normal contributions expected to be paid to the schemes during the 2019 annual period is EUR 3.2 million.

The obligation of defined benefit schemes is calculated on the basis of a set of actuarial assumptions (including among others: mortality, discount rate of future payments, salary increases, personnel turnover, etc.). Should these assumptions change in the future, the obligation may increase. The defined benefit scheme assets are invested in a diversified portfolio, with a return that is likely to experience volatility in the future. Should the return of these assets be insufficient, the deficit might increase (the surplus might decrease).

In 2018, the net deficit (EUR 23.9 million) recognised in the consolidated statement of financial position does not include Belron's net surplus since Belron is now an equity-accounted investee.

The results of the sensitivity analysis performed (for each significant actuarial assumption showing how the defined benefit obligation at 31 December 2018 would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date) are not considered material to the Group and accordingly are not disclosed separately. The 2017 sensitivity analyses included the Belron segment for the situation at 31 December 2017 and are disclosed in note 8 of the 2017 consolidated financial statements.

There is a pension plan in Belgium legally structured as defined contribution plan. Because of the Belgian social legislation applicable, all Belgian defined contribution plans are considered under IFRS as defined benefit plan because the employer must guarantee a minimum return on employee and employer contributions. The Group is therefore exposed to a financial risk (legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits).

The plan is insured at an insurance company. The insurance company guarantees a minimum rate of return on the contributions paid. However, the minimum guaranteed rates have dropped significantly the last years and are currently below the social minimum return borne by the employer on the contributions (according to article 24 of the Law of 28 April 2003 on occupational pensions, the Group has to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions paid up to 31 December 2015). The financial risk has therefore increased. The Belgian law of 18 December 2015 entered into effect on 1 January 2016 and amended, inter alia, the calculation of the minimum return guaranteed by law (minimum of 1.75% and maximum of 3.75%).

The IFRS valuation and accounting of this kind of plan with contribution-based promises are not envisaged by IAS 19. Taking into account the change in the pension law and the current consensus on this specific matter, and after analysis of the pension plan, the Group now considers that a method based on the IAS 19 methodology ("Projected unit credit" method used for defined benefit plan) is appropriate to measure the liability in the Belgian context as from 2016 onwards. The present value of the defined benefit obligation amounts to EUR 80 million (2017: EUR 82 million). The calculation is based on the "Projected unit credit" method with projection of the future contributions and services pro-rate for the employer contract and without projection of the future contributions for the employee contract. The fair value of the scheme assets amounts to EUR 66.0 million (2017: EUR 66.0 million) and is set equal to the contractual assets held by the insurance company (no application of paragraph 115 of IAS 19). The net deficit amounts to EUR 14.0 million (2017: EUR 16.0 million), recognized in the consolidated statement of financial position.

NOTE 9: CURRENT AND DEFERRED INCOME TAXES

Note 9.1: Income tax expenses

Income tax expense is broken down as follows:

EUR million	2018	2017
Current year income tax	-37.5	-16.6
Prior year income tax	6.7	-0.1
Movement in deferred taxes	9.9	-11.8
Income tax expense	**-20.9**	**-28.5**

The relationship between income tax expense and accounting profit is explained below:

EUR million	2018	2017
Result before taxes	67.5	99.8
Tax at the Belgian corporation tax rate of 29.58% (33.99% in 2017)	-19.9	-34.0
Reconciling items (see below)	-1.0	5.5
Actual tax on result before taxes	**-20.9**	**-28.5**

The reconciling items are provided below:

EUR million	2018	2017
Result before taxes	67.5	99.8
Tax at the Belgian corporation tax rate of 29.58% (33.99% in 2017)	-19.9	-34.0
Rate differential	3.3	-0.4
Permanent differences	-11.0	1.3
Utilisation of tax credits previously unrecognised	-	19.5
Other temporary differences	-5.3	-3.1
Adjustments in respect of prior years	6.8	-0.1
Deferred tax assets not recognised	-4.1	-1.2
Recognition of previously unrecognised deferred tax assets	8.7	-
Impact of dividends	-	-12.4
Joint venture and associate	-	1.8
Other	0.6	0.1
Actual income tax on PBT	**-20.9**	**-28.5**

The Group's consolidated effective tax rate for the twelve months ended 31 December 2018 is 31.0% (twelve months ended 31 December 2017: 28.6%). The increase in effective tax rate is primarily the result of the increase in current year income tax (increase during the period of charges for which no tax reliefs are available, together with the reduction of available tax reliefs compared to prior year and partially offset by the reduction in 2018 of the Belgium corporate tax rate), partially offset by the recognition of (prior year) tax credits in the Moleskine segment (see note 2 segment information) and by the movement in deferred taxes. The prior year effective tax rate was impacted by the utilisation of previously unrecognized tax losses and credits in the D'Ieteren Auto and Other segments.

The Group is subject to several factors which may affect future tax charges, principally the levels and mix of profitability in different jurisdictions and tax rates imposed.

NOTE 9: CURRENT AND DEFERRED INCOME TAXES (continued)

Note 9.2: Current tax assets and liabilities

Current tax assets (liabilities) are largely expected to be recovered (settled) within 12 months.

Note 9.3: Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred tax assets and liabilities during the period and the prior period is as follows:

EUR million	Revaluations	Depreciation amortisation write-downs	Provisions	Dividends	Tax losses available for offset	Financial instruments	Other	Total
Deferred tax liabilities (negative amounts)								
At 1 January 2017	-111.7	-35.7	6.4	-	2.2	-2.6	-3.7	-145.1
Credited (charged) to income statement	-	-11.0	-2.1	-	0.4	0.9	1.1	-10.7
Other variations	-	-	-	-	-	-	0.7	0.7
Exchange differences	-	12.6	-2.9	-	-	-	-0.2	-
Reclassification to liabilities held for sale	-	12.6	-0.8	-	-1.4	-	0.2	10.6
At 31 December 2017	-111.7	-21.5	0.6	-	1.2	-1.7	-1.9	-135.0
Credited (charged) to income statement	-	1.9	0.7	-	-1.2	0.2	1.4	3.0
Other variation	-	-	-	-	-	-	0.6	0.6
At 31 December 2018	**-111.7**	**-19.6**	**1.3**	**-**	**-0.0**	**-1.5**	**0.1**	**-131.4**
Deferred tax assets (positive amounts)								
At 1 January 2017	-	-109.8	65.5	-0.9	117.7	-	13.8	86.3
Credited (charged) to income statement	-	81.1	-31.5	1.0	-42.7	0.2	4.9	13.0
Credited (charged) to equity	-	-	-17.9	-	-	0.2	-	-17.7
Other variations	-	-	-	-	-	-	-1.2	-1.2
Exchange differences	-	-0.2	-6.4	-	-8.8	-	0.2	-
Reclassification to assets held for sale	-	27.3	-3.0	-	-60.3	-0.4	-8.9	-45.3
At 31 December 2017	-	-1.6	6.7	0.1	5.9	-	8.8	19.9
Credited (charged) to income statement	-	-0.6	0.3	-0.1	3.3	-	4.0	6.9
Credited (charged) to equity	-	-	-0.4	-	-	-	-	-0.4
Exchange differences	-	-	-	-	-	-	-0.1	-0.1
At 31 December 2018	**-**	**-2.2**	**6.6**	**-**	**9.2**	**-**	**12.7**	**26.3**
Net deferred tax assets (liabilities) after offsetting recognised in the consolidated statement of financial position:								
31 December 2017	-111.7	-23.1	7.3	0.1	7.1	-1.7	6.9	-115.1
31 December 2018	**-111.7**	**-21.8**	**7.9**	**-**	**9.2**	**-1.5**	**12.8**	**-105.1**

NOTE 9: CURRENT AND DEFERRED INCOME TAXES (continued)

Note 9.3: Deferred income taxes (continued)

The net deferred tax balance includes net deferred tax assets amounting to EUR 9.2 million (2017: EUR 26.8 million, including those from the Belron segment) that are expected to be reversed in the following year. However, given the low predictability of deferred tax movements, this net amount might not be reversed as originally foreseen.

At the balance sheet date, the Group has unused tax losses and credits of EUR 71.6 million (2017: EUR 186.6 million, including those from the Belron segment) available for offset against future profits, for which no deferred tax asset has been recognised, due to the unpredictability of future profit streams. This includes unused tax losses of EUR 2.2 million (2017: EUR 26.8 million, including those from the Belron segment) that will expire in the period 2019-2028 (2017: 2018-2027). Other losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with the investments in subsidiaries, branches, associates and interests in joint ventures (being mainly the accumulated positive consolidated reserves of these entities) for which deferred tax liabilities have not been recognised is EUR 1,909 million (2017: EUR 1,151 million). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. It should also be noted that the reversal of these temporary differences, for example by way of distribution of dividends by the subsidiaries to the Company, would generate no (or a marginal) current tax effect.

Deferred tax assets are recognised provided that there is a sufficient probability that they will be recovered in the foreseeable future. Recoverability has been conservatively assessed. However, should the conditions for this recovery not be met in the future, the current carrying amount of the deferred tax assets may be reduced.

NOTE 10: GOODWILL

EUR million	2018	2017
Gross amount at 1 January	184.2	1,327.1
Accumulated impairment losses at 1 January	-	-235.9
Carrying amount at 1 January	**184.2**	**1,091.2**
Additions (see note 24)	6.3	38.6
Increase/(Decrease) arising from put options granted to non-controlling interests	-	10.6
Impairment losses	-	-16.0
Adjustments	-	-1.2
Scope exit	-0.2	-
Translation differences	-	-40.8
Reclassification to non-current assets classified as held for sale	-	-898.2
Carrying amount at 31 December	**190.3**	**184.2**
of which: gross amount	*190.3*	*184.2*
accumulated impairment losses	-	-

In the period, the additions comprise the goodwill arising from business combinations performed in the D'Ieteren Auto segment.

In 2017, the increase arising from put options comprised the movement of goodwill recognised at year end to reflect the change in the exercise price of the remaining options granted to non-controlling interests and the carrying value of non-controlling interest to which they relate (see note 25 for more information).

In the prior period, following the annual impairment test performed by the Belron segment (its goodwill being classified as assets held for sale in 2017), an impairment loss was recognized in Italy for an amount of EUR 16.0 million (classified as discontinued operation).

In the prior period, the adjustments resulted from subsequent changes in the fair value of the net assets in relation to the acquisitions performed in 2016 by the Belron segment.

All the goodwill related to the Belron segment (EUR 898.2 million as at 31 December 2017) has been classified as held for sale at 31 December 2017 and has been derecognised from the consolidated statement of financial position in 2018 at the date of the Transaction (see notes 1 and 16).

NOTE 10: GOODWILL (continued)

The allocation of goodwill to cash-generating units is set out below (the allocation of intangible assets with indefinite useful lives is set out in note 11):

EUR million	2018	2017
D'Ieteren Auto	18.4	12.3
Moleskine	171.9	171.9
GROUP	**190.3**	**184.2**

Goodwill is monitored at the operating segment level for business combinations and transactions performed by the Company.

In accordance with the requirements of IAS 36 "Impairment of Assets", the Group completed a review of the carrying value of goodwill and of the intangible assets with indefinite useful lives (see note 11) as at each year end. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

The Board of Directors of the Company also reviewed the carrying amount of its investment in Moleskine. In determining the value in use, the Company calculated the present value of the estimated future cash flows expected to arise, based on Moleskine's latest five-year plan reviewed by the Board of Directors, with extrapolation thereafter (terminal growth rate of 2%). The discount rate applied (pre-tax rate of 6.6%; 7.4% in 2017) is based upon the weighted average cost of capital of the Moleskine segment. The Board of Directors of the Company is satisfied that the carrying amount of the Moleskine cash-generating unit is stated at no more than its value in use.

Key assumptions of the financial projections in supporting the value of goodwill and intangible assets with indefinite useful lives include revenue growth rates, operating margins, discount rates, long-term growth rates and segment share. A set of financial projections were prepared, starting with the budget numbers for 2019. Margins are based on historical values achieved and global market trends. Operating expenses are based on historical levels suitably adjusted for increases in activity levels over the term of the cash projections. The assumptions on revenue growth are consistent with historical long-term trends. Long-term growth rates are based upon industry analysis and consistent with historical trends.

Future cash flows are estimates that may be revised in future periods as underlying assumptions change. Should the assumptions vary adversely in the future, the value in use of goodwill and intangible assets with indefinite useful lives may reduce below their carrying amounts. Sensitivities were also calculated on each of the key assumptions as follows: reduction in the long-term growth rate of 1%, decrease in margins of 0.5% and increase in the discount rate of 1%. When applying the sensitivities as of 31 December 2018, headroom appears to be sufficient for all the cash-generating units.

NOTE 11: INTANGIBLE ASSETS

Goodwill is analysed in note 10. All intangible assets have finite useful lives, unless otherwise specified.

EUR million	Other licenses and similar rights	Brands (finite and indefinite useful lives)	Customer contracts	Computer software	Intan-gibles under develop-ment	Other	Total
Gross amount at 1 January 2018	12.8	402.8	-	26.7	1.1	5.3	448.7
Accumulated amortisation and impairment losses at 1 January 2018	-7.3	-	-	-14.8	-	-4.0	-26.1
Carrying amount at 1 January 2018	**5.5**	**402.8**	**-**	**11.9**	**1.1**	**1.3**	**422.6**
Additions:							
Internal development	-	-	-	-	-	0.5	0.5
Items separately acquired	1.5	-	-	0.7	1.4	11.2	14.8
Disposals	-0.1	-	-	-	-	-0.2	-0.3
Amortisation	-1.5	-	-	-0.7	-	-2.5	-4.7
Transfer from (to) another caption	0.1	-	-	0.7	-1.0	0.2	-
Translation differences	-	-	-	-	-	0.2	0.2
Carrying amount at 31 December 2018	**5.5**	**402.8**	**-**	**12.6**	**1.5**	**10.7**	**433.1**
of which: gross amount	*14.3*	*402.8*	-	*28.1*	*1.5*	*17.2*	*463.9*
accumulated amortisation and impairment losses	*-8.8*	-	-	*-15.5*	-	*-6.5*	*-30.8*
Gross amount at 1 January 2017	0.4	786.8	100.1	317.4	2.9	5.3	1,212.9
Accumulated amortisation and impairment losses at 1 January 2017	-0.4	-46.1	-88.8	-196.8	-0.0	-4.0	-336.1
Carrying amount at 1 January 2017	**-**	**740.7**	**11.3**	**120.6**	**2.9**	**1.3**	**876.8**
Additions:							
Items separately acquired	-	4.3	1.4	63.3	0.8	-	69.8
Disposals	-	-	-	-3.7	-	-	-3.7
Amortisation	-1.9	-0.8	-4.5	-30.2	-	-	-37.4
Transfer from (to) another caption	7.4	-4.2	1.2	-0.6	-2.6	-	1.2
Items acquired through business combinations	-	0.6	3.8	0.6	-	-	5.0
Translation differences	-	-17.2	-1.0	-7.6	-	-	-
Reclassification to assets held for sale	-	-320.6	-12.2	-130.5	-	-	-463.3
Carrying amount at 31 December 2017	**5.5**	**402.8**	**-**	**11.9**	**1.1**	**1.3**	**422.6**
of which: gross amount	*12.8*	*402.8*	-	*26.7*	*1.1*	*5.3*	*448.7*
accumulated amortisation and impairment losses	*-7.3*	-	-	*-14.8*	*-0.0*	*-4.0*	*-26.1*

All the Intangible assets in the Belron segment have been classified as held for sale at 31 December 2017 and have been derecognised in 2018 at the date of the Transaction (see notes 1 and 16).

The Moleskine brand (EUR 402.8 million; acquired in November 2016) has an indefinite useful life, since, given the absence of factors that could cause its obsolescence and in light of the life cycles of the products to which the trademark relates, there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Group.

The carrying value of the brands with a finite useful life amounted to nil at 31 December 2017 and 2018, whilst the carrying amount of brands with indefinite useful life amounted to EUR 402.8 million (2017: EUR 402.8 million), fully allocated to the Moleskine cash-generating unit.

The other disclosures required by IAS 36 for intangible assets with indefinite useful lives are provided in note 10.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

EUR million	Property	Plant and equipment	Assets under construction	Total
Gross amount at 1 January 2018	312.2	116.9	16.5	445.6
Accumulated depreciation and impairment losses at 1 January 2018	-149.6	-84.7	-	-234.3
Carrying amount at 1 January 2018	**162.6**	**32.2**	**16.5**	**211.3**
Additions	4.3	12.4	12.9	29.6
Disposals	-0.1	-2.9	-3.2	-6.2
Depreciation	-8.6	-9.9	-	-18.5
Transfer from (to) another caption	12.7	1.8	-14.5	-
Items acquired through business combinations (see note 24)	3.6	2.2	-	5.8
Carrying amount at 31 December 2018	**174.5**	**35.8**	**11.7**	**222.0**
of which: gross amount	*332.7*	*130.4*	*11.7*	*474.8*
accumulated depreciation and impairment losses	*-158.2*	*-94.6*	*-*	*-252.8*
Gross amount at 1 January 2017	518.9	875.0	9.3	1,403.2
Accumulated depreciation and impairment losses at 1 January 2017	-256.1	-572.7	-0.0	-828.8
Carrying amount at 1 January 2017	**262.8**	**302.3**	**9.3**	**574.4**
Additions	22.4	113.0	7.9	143.3
Disposals	-3.1	-8.1	-	-11.2
Depreciation	-21.5	-78.9	-	-100.4
Transfer from (to) another caption	-0.4	0.2	-0.7	-0.9
Items acquired through business combinations	5.3	3.4	-	8.7
Translation differences	-8.0	-23.9	-	-
Reclassification to assets held for sale	-94.9	-275.8	-	-370.7
Carrying amount at 31 December 2017	**162.6**	**32.2**	**16.5**	**211.3**
of which: gross amount	*312.2*	*116.9*	*16.5*	*445.6*
accumulated depreciation and impairment losses	*-149.6*	*-84.7*	*-0.0*	*-234.3*

Property, plant and equipment in the Belron segment have been classified as held for sale at 31 December 2017 and have been derecognised from the consolidated statement of financial position in 2018 at the date of the Transaction (see notes 1 and 16).

At 31 December 2018 and at 31 December 2017, assets under construction mainly included property under construction in the segment "Other", as part of the real estate activities of the Group.

Assets held under finance leases are included in the above at the following amounts:

EUR million	Property	Plant and equipment	Assets under construction	Total
31 December 2018	**-**	**4.6**	**-**	**4.6**
31 December 2017	-	5.3	-	5.3

NOTE 13: INVESTMENT PROPERTY

EUR million	2018	2017
Gross amount at 1 January	16.6	10.8
Accumulated depreciation at 1 January	-7.6	-7.0
Carrying amount at 1 January	**9.0**	**3.8**
Additions	0.6	4.9
Depreciation	-0.3	-0.6
Transfer from (to) another caption	4.6	0.9
Carrying amount at 31 December	**13.9**	**9.0**
of which: gross amount	*21.8*	*16.6*
accumulated depreciation	*-7.9*	*-7.6*
Fair value	18.0	10.0

The fair value is supported by market evidence and is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification, and who has recent experience in the location and category of the investment property held by the Group. The latest valuations were performed in March 2014 and May 2016.

All items of investment property are located in Belgium and are held by the segment “Other”. The line “transfer from (to) another caption” in 2018 relates to the transfer of an asset previously classified as held for sale (see note 16 of the 2017 consolidated financial statements) for which the disposal did not occur in 2018.

See also note 27 for other disclosures on investment property.

NOTE 14: INVENTORIES

EUR million	2018	2017
D'Ieteren Auto		
Vehicles	384.6	309.6
Spare parts and accessories	29.2	25.5
Other	0.2	0.4
Subtotal	**414.0**	**335.5**
Moleskine	**41.7**	**32.2**
GROUP	**455.7**	**367.7**

The accumulated write-down on inventories amounts to EUR 9.4 million (2017: EUR 13.2 million). The decrease is mainly explained by the reversal of write down on inventories in the D’Ieteren Auto segment. The amount of write down of inventories recognised in the cost of sales (see note 4) is an income of EUR 3.8 million (2017: charge of EUR -0.5 million).

The inventories are expected to be recovered within 12 months and are mainly composed of merchandises.

NOTE 15: EQUITY ACCOUNTED INVESTEES

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

EUR million	2018			2017 (1)		
	D'Ieteren Auto	Belron	Group	D'Ieteren Auto	Other	Group
Interests in joint ventures	76.6	644.8	721.4	67.8	-	67.8
Interests in associate	-	-	-	1.4	-	1.4
Total of equity-accounted investees	**76.6**	**644.8**	**721.4**	**69.2**	**-**	**69.2**
Share of profit in joint ventures	9.9	-9.8	0.1	5.7	-0.6	5.1
Share of profit in associate	-	-	-	0.3	-	0.3
Total of share of result after tax of equity-accounted investees	**9.9**	**-9.8**	**0.1**	**6.0**	**-0.6**	**5.4**

(1) As restated to reflect the operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments

Joint ventures

In 2018 and 2017, two joint ventures are accounted for using the equity method.

In 2018, the largest equity-accounted investee is Belron Group s.a. ("BGSA" being the new joint venture holding the Belron activities – see notes 1 and 16) owned 54.10% (after implementation of the Management Reward Plan – "MRP" – see below) by the Group and 39.45% (after MRP) by Clayton, Dubilier and Rice (CD&R), both sharing joint control over the company. The remaining 6.45% 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 21.8 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 (IRR and Cash on Cash) are satisfied at exit, which will result in additional dilution for existing shareholders. Note that the MRP does not impact the Group's percentage voting rights (54.85%).

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	2018
Non-current assets (including goodwill arising from the Transaction)	2,871.6
Current assets (excluding cash and cash equivalents)	649.2
Cash and cash equivalents	124.2
Non-current liabilities (excluding financial liabilities)	-87.6
Non-current financial liabilities	-1,709.8
Current liabilities (excluding financial liabilities)	-608.4
Current financial liabilities	-47.6
Net assets (100%)	1,191.6
Group's share of net assets (54.10%) and carrying amount of interest in joint venture	**644.8**

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 goodwill is included in the carrying amount of the equity-accounted investee and is not shown separately.

A new term loan was issued in November 2018 for USD 455 million (EUR 400 million equivalent). The proceeds were used to pay dividends (EUR 400 million; EUR 217.4 million group's share).

The detailed statement of financial position of Belron as included in its own financial statements (not adjusted for consolidated adjustments) is disclosed in note 2.3 segment information.

NOTE 15: EQUITY ACCOUNTED INVESTEES (continued)

In accordance with the requirements of IAS 36 “Impairment of Assets”, Belron completed a review of the carrying value of goodwill and of the intangible assets with indefinite useful lives as at each year end. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the Belron’s assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

In 2018, this review led to a total impairment charge of EUR 50.3 million, of which EUR 40.0 million in relation to the Netherlands (allocated to the goodwill, brands and other intangible assets), EUR 6.0 million in relation to New Zealand (fully allocated to the goodwill), EUR 3.4 million in Greece and EUR 0.9 million in Hungary. This impairment charge in the Belron segment however has no impact on the Group operating result, since Belron is an equity-accounted investee.

At year-end, based on IAS28, the Board of Directors of the Company did not identify any indication of possible impairment (a triggering event) on its investments in Belron (equity-accounted investee) and therefore did not perform an impairment test.

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 value of this derivative amounts approximatively to nil as at 31 December 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).

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 mainly due to an increase in the discount rate following economic uncertainties related to the Brexit), 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 31 December 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 54.10%. 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 16).

EUR million	**2018**
Revenue	3,528.1
Profit before tax	6.9
Result for the period (100%)	-18.1
Other comprehensive income (100%)	18.4
Profit (or loss) and total comprehensive income (100%)	0.3
Group's share of profit (or loss) and comprehensive income	**0.2**

NOTE 15: EQUITY ACCOUNTED INVESTEES (continued)

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	2018	2017
Non-current assets	1,353.6	1,171.7
Current assets (excluding cash and cash equivalents)	759.9	667.8
Cash and cash equivalents	170.6	50.2
Non-current liabilities (excluding financial liabilities)	-9.3	-9.4
Non-current financial liabilities	-1,005.0	-625.0
Current liabilities (excluding financial liabilities)	-121.5	-96.8
Current financial liabilities	-995.0	-1,022.9
Net assets (100%)	153.3	135.6
Group's share of net assets (49,99%) and carrying amount of interest in joint venture	**76.6**	**67.8**
Revenue	537.6	342.6
Net finance costs	25.2	18.8
Profit before tax	29.5	17.5
Tax expense	-9.8	-6.1
Result for the period (100%)	19.7	11.4
Other comprehensive income (100%)	-	-1.8
Profit (or loss) and total comprehensive income (100%)	19.7	9.6
Group's share of profit (or loss) and comprehensive income (49,99%)	**9.9**	**4.8**

Share of net assets represents the share of the Group in the equity of VDFin as at 31 December 2018.

On 1 July 2017, the Company sold its 50% stake in OTA Keys s.a. to Continental AG. OTA Keys was set up by the Company and Continental in 2014 to develop virtual key solutions. OTA Keys was included in the Group's consolidated accounts via the equity method. In H1 2017, the share of the Group in OTA Keys' result amounted to EUR -0.6 million. The consolidated gain on the disposal of the joint venture was recorded among the net finance costs in the segment "Other" (see note 5).

Associate

As from June 2012, new finance lease services to customers of the D'Ieteren Auto segment are provided by the joint venture VDFin. Services related to previous finance lease contracts were still provided by D'Ieteren Vehicle Trading (DVT) s.a., a 49%-owned associate. All the lease contracts managed at the level of DVT arrived at their term in the second half of 2018. The Group therefore decided to liquidate the associate.

The following table summarises the financial information of DVT as included in its own financial statements and also reconciles this summarised financial information to the carrying amount of the Group's interest in DVT (for 2017 only).

EUR million	2018	2017
Non-current assets	-	-
Current assets	-	3.2
Non-current liabilities	-	-
Current liabilities	-	-0.3
Net assets (100%)	-	2.9
Group's share of net assets (49%) and carrying amount of interest in associate	**-**	**1.4**
Revenue	-	0.5
Profit before tax	0.1	0.7
Result for the period (100%)	0.1	0.6
Group's share of profit (or loss) and comprehensive income (49%)	**-**	**0.3**

NOTE 16: NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The table below summarizes the assets and liabilities classified as held for sale:

EUR million	2018		2017 (1)			
	Other	Group	D'Ieteren Auto	Belron	Other	Group
Goodwill	-	-	-	898.2	-	898.2
Other intangible assets	-	-	-	463.3	-	463.3
Property, plant & equipment	-	-	0.8	369.9	-	370.7
Investment property	0.9	0.9	-	-	5.5	5.5
Available-for-sale financial assets	-	-	-	0.5	-	0.5
Derivative hedging instruments	-	-	-	2.0	-	2.0
Derivatives held for trading	-	-	-	0.3	-	0.3
Employee benefits	-	-	-	39.4	-	39.4
Deferred tax assets	-	-	-	45.3	-	45.3
Other receivables	-	-	-	2.2	-	2.2
Inventories	-	-	4.2	300.8	-	305.0
Derivative hedging instruments	-	-	-	0.3	-	0.3
Derivatives held for trading	-	-	-	2.8	-	2.8
Current tax assets	-	-	-	4.7	-	4.7
Trade and other receivables	-	-	1.7	309.9	-	311.6
Cash & cash equivalents	-	-	-	76.4	-	76.4
Non-current assets classified as held for sale	**0.9**	**0.9**	**6.7**	**2,516.0**	**5.5**	**2,528.2**

EUR million	2018		2017 (1)			
	Other	Group	D'Ieteren Auto	Belron	Other	Group
Employee benefits	-	-	-	9.3	-	9.3
Provisions	-	-	-	37.9	-	37.9
Loans & borrowings (long-term)	-	-	-	1,307.0	-	1,307.0
Other payables	-	-	-	5.4	-	5.4
Deferred tax liabilities	-	-	-	10.6	-	10.6
Provisions	-	-	-	50.5	-	50.5
Loans & borrowings (short-term)	-	-	-	41.2	-	41.2
Derivative hedging instruments	-	-	-	2.6	-	2.6
Derivatives held for trading	-	-	-	0.6	-	0.6
Current tax liabilities	-	-	0.1	26.5	-	26.6
Trade & other payables	-	-	1.3	501.3	-	502.6
Liabilities associated with non-current assets held for sale	**-**	**-**	**1.4**	**1,992.9**	**-**	**1,994.3**
Net assets group's share	0.9	**0.9**	5.3	523.1	5.5	**533.9**

(1) As restated to reflect the operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments.

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. In accordance with the requirements of IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”, the assets and liabilities of Belron have been classified as held for sale in the statement of financial position at 31 December 2017.

On the Transaction date (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 (54.10% stake after MRP – see note 15). The disposal proceeds (cash consideration of EUR 628.7 million) was received in February 2018.

NOTE 16: NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

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) in 2018 (12-month result in 2017).

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.

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	**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.

Result from discontinued operation

The result from discontinued operation in the Belron segment is presented below. In 2018, it includes the result of Belron from the beginning of the period until the closing of the Transaction (7 February 2018). In 2017, it includes the 12-month result of Belron. 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. The impact on the consolidated income statement as of 31 December 2018 is EUR 10.3 million (2017: EUR 10.5 million)

EUR million	**2018**	**2017**
Sales	**311.6**	**3,486.2**
Operating result	**21.1**	**148.5**
Net finance costs	-4.8	-86.1
Result before tax	**16.3**	**62.4**
Tax expense	-1.9	-18.8
Result after tax of discontinued operations	**14.4**	**43.6**
Consolidated gain on disposal of subsidiary with change of control	987.7	-
Result after tax from discontinued operations	**1,002.1**	**43.6**
Basic earnings (loss) per share from discontinued operations (EUR)	**18.27**	**0.75**
Diluted earnings (loss) per share from discontinued operations (EUR)	**18.23**	**0.75**

In 2018, 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.

NOTE 16: NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Cash flows from discontinued operation

EUR million - Year ended 31 December	2018	2017
Net cash generated from operating activities	-16.8	244.2
Net cash from investing activities	531.0	-184.5
Net cash from financing activities	18.1	-22.5
Effect on cash flows	**532.3**	**37.2**

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 533.3 million and is composed of the fair value of the consideration received from CD&R less cash and cash equivalents of Belron at the date of the Transaction.

NOTE 17: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The Group adopted IFRS 9 on 1 January 2018 using the cumulative effect method. Under this method, the comparative information is not restated (it is therefore presented according to previous guidance of IAS 39 - see note 34 for more information on the accounting policies related to financial instruments). The initial application of IFRS 9 has had no significant impact on the Group’s recognition and measurement of financial instruments.

Financial instruments – measurement

Financial assets held by the Group at 31 December 2018 are limited to trade and other receivables (see note 19) and cash and cash equivalents (see note 18). Trade and other receivables and cash and cash equivalents are measured at amortised costs under IFRS 9 (loans and receivables under IAS 39). Their carrying amount remain unchanged as a consequence of IFRS 9 adoption.

Financial liabilities held by the Group at 31 December 2018 consist in loans and borrowings (see note 22) and trade and other payables (see note 23), both classified as liabilities at amortised costs under IAS 39 and IFRS 9. Their carrying amount remain unchanged as a consequence of IFRS 9 adoption. The financial contingent liability relating to the disposal of the 40% stake of Belron is measured at FVTPL and amounts to EUR 20.2 million.

In the current period (see note 2.3 segment information), the financial instruments held in the Belron segment (equity-accounted investee) consist in cross-currency interest rate swaps to hedge against changes in market interest rates, forward exchange contracts used to hedge the cost of future payable where those payables are denominated in a currency other than the currency of the purchasing company (both measured as hedging instruments), and fuel derivatives used to hedge the price of fuel purchase (measured at FVTPL). All derivative instruments in the Belron segment have been classified as held for sale in the consolidated statement of financial position at 31 December 2017 and have been derecognized in 2018 at the date of the Transaction (see notes 1 and 16).

In the Moleskine segment, the EUR 0.4m derivative hedging instrument relates to interest rates swaps used to hedge future loan reimbursements against fluctuation in interest rates.

For more information on the impact of IFRS 9 on the trade and other receivables, refer to note 19.

In the prior period, held to maturity financial assets comprised investments in a portfolio of marketable securities (mainly sovereign and corporate bonds in Europe with maturity of 1 to 3 years). The carrying amount is equal to its fair value and is classified in level 1 of the fair value hierarchy as specified below. This portfolio has been sold in 2018.

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).

In 2018 and 2017, all Group’s financial assets and liabilities measured at fair value in the consolidated statement of financial position are classified in level 2, except the money-market assets (EUR 258.5 million; see note 18) classified in level 1 and the financial contingent liability (EUR 20.2 million; see above) classified in level 3.

NOTE 17: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)

Valuation techniques

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.

The main risks managed by the Group under policies approved by the Board of Directors, are liquidity and re-financing risk, market risk, credit risk, counterparty risk and price risk. The Board periodically reviews the Group's treasury activities, policies and procedures. Treasury policies aim to ensure permanent access to sufficient liquidity, and to monitor and limit interest and currency exchange risks. These are summarised below.

Liquidity and re-financing risk

Liquidity risk is associated with the Group's ability to meet its obligations. Each business unit of the Group manages liquidity risk by maintaining sufficient cash and funding available through an adequate amount of committed credit facilities to cover its anticipated medium-term commitments at all times. To minimise liquidity risk, the Group ensures, on the basis of its long-term financial projections, that it has a core level of committed long-term funding in place, with maturities spread over a wide range of dates, supplemented by various shorter-term facilities, and various funding sources.

Cash pooling schemes are sought and implemented each time when appropriate in order to minimise gross financing needs and costs of liquidity.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities.

EUR million	Due within one year		Due between one and five years		Due after five years		Total	
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
At 31 December 2018								
Loans and borrowings								
Obligations under finance leases	0.1	-	0.3	0.1	0.3	0.1	0.7	0.2
Other borrowings and private bonds	39.6	2.3	115.3	2.6	0.3	-	155.2	4.9
Total	39.7	2.3	115.6	2.7	0.6	0.1	155.9	5.1
Trade and other payables	413.8	-	-	-	-	-	413.8	-
Total	**453.5**	**2.3**	**115.6**	**2.7**	**0.6**	**0.1**	**569.7**	**5.1**
At 31 December 2017								
Loans and borrowings								
Obligations under finance leases	0.1	-	0.7	-	-	-	0.8	-
Other borrowings and private bonds	32.5	1.6	133.6	5.8	-	-	166.1	7.4
Total	32.6	1.6	134.3	5.8	-	-	166.9	7.4
Trade and other payables	376.0	-	-	-	-	-	376.0	-
Total	**408.6**	**1.6**	**134.3**	**5.8**	**-**	**-**	**542.9**	**7.4**

The settlement of the financial contingent liability of EUR 20.2 million is expected between one and five years.

NOTE 17: FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (continued)

Interest Rate Risk

The Group's interest rate risk arises from changes in interest rates on interest-bearing assets and from loans and borrowings.

The Group seeks to cap the impact of adverse interest rates movements on its financial results, particularly in relation to the next 12 months. To manage its interest rate exposures, the Group primarily uses forward rate agreements, interest rate swaps, caps and floors. Each business unit determines its own minimum hedge percentages, which, for the period up to 12 months, are comprised between 50% and 100%, and thereafter sets them gradually lower over time. The overall hedge horizon is typically 3 years. Hedges, or fixed rate indebtedness, beyond 5 years are unusual.

The interest rate and currency profiles of loans and borrowings are disclosed in note 22.

A change of 100 basis points in interest rate at the reporting date would have increased/decreased the result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR million	Result from continuing operations	
	1% increase	1% decrease
31 December 2018	**-2.4**	**2.4**
31 December 2017	-1.4	1.4

Currency Risk

The Group's objective is to protect its cash flows, commercial transactions and net investments in foreign operations from the potentially high volatility of the foreign exchange markets by hedging any material net foreign currency exposure.

The Group has certain investments in foreign operations whose net assets and related goodwill are exposed to foreign currency translation risk. Group policy is to hedge the economic value of material foreign currency investments (limited to the net book value of the asset) in a particular currency with financial instruments including debt in the currency of the investment. The proportion to which an investment is hedged is individually determined having regard to the economic and accounting exposures and the currency of the investment. To complement these natural hedges, the Group uses instruments such as forwards, swaps, plain-vanilla foreign exchange options and, when appropriate, cross currency swaps. The hedging levels are reviewed periodically, in light of the market conditions and each time a material asset is added or removed.

The significant exchange rates applied in 2018 and in 2017 are disclosed in note 30.

A 10 percent strengthening/weakening of the euro against the following currencies at 31 December would have increased/decreased result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR million	Result from continuing operations	
	10% strenghtening	10% weakening
31 December 2018		
EUR vs GBP	-0.3	0.4
EUR vs USD	-2.3	3.7
31 December 2017		
EUR vs GBP	-0.2	0.2
EUR vs USD	-1.8	2.2

Price Risk

Price risk is related to oscillations in the prices of raw materials, semi-finished and finished goods purchased. Specifically, the price risk mainly arises from the presence of a limited number of supplier of goods and the need to guarantee procurement volumes. The Group limits price risk through its procurement policy.

Counterparty risk

Exposure limits to financial counterparties in respect of both amount and duration are set in respect of derivatives and cash deposits. Such transactions are entered into with a limited number of pre-designated banks on the basis of their publicly available credit ratings, which are checked at least once a year. Limits on length of exposure per category of transaction are in place to protect liquidity and mitigate counterparty default risks. The instruments and their documentation must be authorized before entering the contemplated transactions.

NOTE 18: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed below:

EUR million	2018				2017 (1)			
	D'Ieteren Auto	Moleskine	Other	Group	D'Ieteren Auto	Moleskine	Other	Group
Cash at bank and in hand	-128.5	23.8	408.6	303.9	-1.6	24.9	272.3	295.6
Short-term deposits	69.5	-	300.0	369.5	-	-	-	-
Money Market Assets	1.1	-	258.5	259.6	1.7	-	-	1.7
Cash and cash equivalents	**-57.9**	**23.8**	**967.1**	**933.0**	**0.1**	**24.9**	**272.3**	**297.3**

(1) As restated to reflect the operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments.

In the segment "Other", the increase during the period is explained by the aggregate cash flow (EUR 628.7 million) received from CD&R following the Transaction (see notes 1 and 16), the dividend (EUR 217.4 million) received from the Belron segment following the issue of a new 7-year Term Loan B in Q4 2018 (USD 455 million), partially offset by the payment in June 2018 of the aggregate dividend to shareholders (EUR 208.4 million).

Cash and cash equivalents are mainly floating rate assets which earn interest at various rates set with reference to the prevailing EONIA, LIBID or equivalent. Their carrying amount is equal to their fair value. In 2018, in the segment "Other" Money Market Assets represents the fair value of investment funds. They are measured at fair value through P&L.

NOTE 19: TRADE AND OTHER RECEIVABLES

EUR million	2018				2017 (1)			
	D'Ieteren Auto	Moleskine	Other	Group	D'Ieteren Auto	Moleskine	Other	Group
Non-current receivables	**2.5**	**1.3**	**20.9**	**24.7**	**2.3**	**2.4**	**20.9**	**25.6**
Trade receivables	320.1	35.6	0.3	356.0	266.6	24.1	0.2	290.9
Current receivables from equity-accounted investees	12.6	-	-	12.6	6.1	-	-	6.1
Other current receivables	19.6	4.8	1.3	25.7	8.4	4.3	0.2	12.9
Trade and other receivables	**352.3**	**40.4**	**1.6**	**394.3**	**281.1**	**28.4**	**0.4**	**309.9**

(1) As restated to reflect the operating segments of the Group and to present the trade receivables in the D'Ieteren Auto segment gross from trade credit notes to be received – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments.

The non-current receivables are composed of guarantee deposits against rental properties and of a loan granted to a minority shareholder of Belron (family holding company of Belron's CEO). The loan granted to this minority shareholder is fully guaranteed by a pledge. Their carrying amount approximates their fair value. The loan granted to a minority shareholder of Belron earns interest at a rate set with reference to the prevailing EURIBOR and the other non-current receivables generally generate no interest income. They are expected to be recovered after more than 12 months.

The trade and other receivables are expected to be recovered within 12 months. Their carrying amount approximates their fair value, and they generate no interest income.

The Group is exposed to credit risk arising from its operating activities (potential losses arising from the non-fulfilment of obligations assumed by trade and financial counterparties). Such risks are mitigated by selecting clients and other business partners on the basis of their credit quality and by avoiding as far as possible concentration on a few large counterparties. Credit quality of large counterparties is assessed systematically, and credit limits are set prior to taking exposure. Payment terms are on average less than one month except where local practices are otherwise. Receivables from sales involving credit are closely tracked and collected mostly centrally in the D'Ieteren Auto segment, and at the country level in the Belron segment (equity-accounted investee). In the Moleskine segment, the risk of insolvency is monitored centrally with review of the credit exposure. The credit risk is differentiated by sales channel and the acceptance of new customers is monitored by conducting qualitative and quantitative corporate rating services.

NOTE 19: TRADE AND OTHER RECEIVABLES (continued)

In the D'Ieteren Auto segment, concentration on top ten customers, based on the gross receivables, is 31.9% (2017: 33.7%) and no customer is above 9% (2017: 8%). Certain receivables are also credit insured. In the Belron segment (equity-accounted investee), concentrations of risk with respect to receivables are limited due to the diversity of Belron's customer base. In the Moleskine segment, trade receivables are concentrated due to the distribution model. However, there were no specific concentration risks since the counterparties do not present solvency risk and in any event could be replaced, if required, which would not entail operational difficulties. The credit position of certain customers is also partly guaranteed by letters of credit.

Statement of financial position amounts are stated net of provisions for doubtful debts, and accordingly, the maximum credit risk exposure is the carrying amount of the receivables in the statement of financial position.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables (refer to note 34 for additional information on the adoption of IFRS 9). To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historic payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted where relevant to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at 31 December 2018, the provisions for bad and doubtful debt amount to EUR 7.5 million (2017: EUR 9.8 million).

The ageing analysis of trade and other receivables past due but not impaired is as follows:

EUR million	2018	2017
Up to three months past due	37.3	37.4
Three to six months past due	3.2	3.2
Over six months past due	3.3	4.3
Total	**43.8**	**44.9**

The income in 2018 for bad and doubtful debts amounts to EUR 2.3 million (2017: income of EUR 2.1 million). See note 4.

NOTE 20: CAPITAL AND RESERVES

A reconciliation of share capital and reserves are set out in the consolidated statement of changes in equity.

Share capital

The change in ordinary share capital is set out below:

EUR million, except number of shares stated in units	Number of ordinary shares	Ordinary share capital
At 1 January 2017	**55,302,620**	**160.0**
Change	-	-
At 31 December 2017	**55,302,620**	**160.0**
Change	-	-
At 31 December 2018	**55,302,620**	**160.0**

The 5,000,000 nominative participating shares do not represent share capital. Each participating share confers one voting right and gives the right to a dividend equal to one eighth of the dividend of an ordinary share.

Treasury shares

Treasury shares are held by the Company and by subsidiaries as set out below:

EUR million, except number of shares stated in units	31 December 2018		31 December 2017	
	Number	Amount	Number	Amount
Treasury shares held by the Parent	1,164,933	38.3	1,085,217	34.6
Treasury shares held by subsidiaries	-	-	-	-
Treasury shares held	**1,164,933**	**38.3**	**1,085,217**	**34.6**

NOTE 20: CAPITAL AND RESERVES (continued)

Treasury shares are held to cover the stock option plans set up by the Company since 1999 (see note 7).

Share-based payment reserve

The share-based payment reserve relates to the employee stock option plans (equity-settled) granted to officers and managers of the D'Ieteren Auto and Other segments (see note 7).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

In 2018, following the disposal in February 2018 of the 40% stake of Belron to CD&R, the cumulative amount of hedging reserve has been recycled to profit or loss (non-cash income of EUR 0.4 million – see note 16).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Group's net investment in a foreign subsidiary.

In 2018, following the disposal in February 2018 of the 40% stake of Belron to CD&R, the cumulative amount of foreign exchange difference held in translation reserve has been recycled to profit or loss (non-cash charge of EUR -32.0 million – see note 16).

Registered shares not fully paid-up may not be transferred except by virtue of a special authorisation from the Board of Directors for each assignment and in favour of an assignee appointed by the Board (art. 7 of the Articles). Participating shares may not be transferred except by the agreement of a majority of members of the Board of Directors, in which case they must be transferred to an assignee appointed by said members (art. 8 of the Articles).

The Group's objectives when managing capital are to safeguard each of its activities ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors the capital adequacy at the level of each of its activities through a set of ratios relevant to their specific business. In order to maintain or adjust the capital structure, each activity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, taking into account the existence of non-controlling shareholders.

The controlling shareholders are listed here 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 24 July 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'Ieteren	-	-	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'Ieteren	466,190	0.84%	3,750,000	75.00%	4,216,190	6.99%
Mr Nicolas D'Ieteren	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.						

The Board of Directors proposed the distribution of a gross dividend amounting to EUR 1.00 per share (2018: an ordinary dividend of EUR 1.00 per share; 2017: an ordinary dividend of EUR 0.95 per share and an extraordinary dividend of EUR 2.85 per share), or EUR 54.7 million in aggregate (2017: EUR 208.4 million).

NOTE 21: PROVISIONS

Liabilities for post-retirement benefit schemes are analysed in note 8. The other provisions, either current or non-current, are analysed below.

The major classes of provisions are the following ones:

EUR million	2018				2017 (1)			
	D'Ieteren Auto	Moleskine	Other	Group	D'Ieteren Auto	Moleskine	Other	Group
Non-current provisions								
Dealer-related	3.8	-	-	3.8	5.2	-	-	5.2
Warranty	-	-	-	-	4.5	-	-	4.5
Other non-current items	6.6	4.1	0.4	11.1	6.1	2.5	0.6	9.2
Subtotal	**10.4**	**4.1**	**0.4**	**14.9**	**15.8**	**2.5**	**0.6**	**18.9**
Current provisions								
Other current items	-	2.2	-	2.2	-	1.8	-	1.8
Subtotal	**-**	**2.2**	**-**	**2.2**	**-**	**1.8**	**-**	**1.8**
Total provisions	**10.4**	**6.3**	**0.4**	**17.1**	**15.8**	**4.3**	**0.6**	**20.7**

(1) As restated to reflect the operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments

The changes in provisions are set out below for the year ended 31 December 2018:

EUR million	Dealer-related	Warranty	Other non-current items	Other current items	Total
At 1 January 2018	**5.2**	**4.5**	**9.2**	**1.8**	**20.7**
Charged in the year	0.4	0.2	2.4	-	3.0
Utilised in the year	-1.5	-	-0.4	-	-1.9
Reversed in the year	-0.3	-4.7	-	-	-5.0
Transferred during the year	-	-	-0.4	0.4	-
Items acquired through business combination	-	-	0.2	-	0.2
Translation differences	-	-	0.1	-	0.1
At 31 December 2018	**3.8**	**-**	**11.1**	**2.2**	**17.1**

The timing of the outflows being largely uncertain, most of the provisions are considered as non-current items. The non-current provisions are not discounted since the impact is not considered material to the Group. Current provisions are expected to be settled within 12 months.

In the D'Ieteren Auto segment, the dealer-related provisions arise from the ongoing improvement of the distribution networks.

Other non-current provisions also comprise:

- Dilapidation and environmental provisions to cover the costs of the remediation of certain properties held under operating leases;
- Provisions for vacant properties;
- Provision against legal claims that arise in the normal course of business, that are expected to crystallise in the next couple of years. After taking appropriate legal advice, the outcome of these legal claims should not give rise to any significant loss beyond amounts provided at 31 December 2018.

NOTE 22: LOANS AND BORROWINGS

Loans and borrowings are presented as follows:

EUR million	2018				2017 (1)			
	D'Ieteren Auto	Moleskine	Other	Group	D'Ieteren Auto	Moleskine	Other	Group
Non-current loans and borrowings								
Obligations under finance leases	0.6	-	-	0.6	0.7	-	-	0.7
Bank and other loans	0.1	114.8	0.8	115.7	-	130.5	0.8	131.3
Inter-segment loan	-	155.9	-155.9	-	-	152.0	-152.0	-
Subtotal non-current loans and borrowings	**0.7**	**270.7**	**-155.1**	**116.3**	**0.7**	**282.5**	**-151.2**	**132.0**
Current loans and borrowings								
Obligations under finance leases	0.1	-	-	0.1	0.1	-	-	0.1
Bank and other loans	2.1	37.1	0.1	39.3	0.4	31.9	0.1	32.4
Subtotal current loans and borrowings	**2.2**	**37.1**	**0.1**	**39.4**	**0.5**	**31.9**	**0.1**	**32.5**
TOTAL LOANS AND BORROWINGS	**2.9**	**307.8**	**-155.0**	**155.7**	**1.2**	**314.4**	**-151.1**	**164.5**

(1) As restated to reflect the operating segments of the Group – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments.

Obligations under finance leases are analysed below:

EUR million	2018		2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	0.1	0.1	0.1	0.1
Between one and five years	0.6	0.6	0.7	0.7
Subtotal	0.7	0.7	0.8	0.8
Present value of finance lease obligations	**0.7**	**-**	**0.8**	**-**

In 2018, in the D'Ieteren Auto segment, bank and other loans include bank overdrafts of EUR 2.0 million.

In both periods, the non-current inter-segment loans comprise amounts lent by the segment "Other" to the Moleskine segment (non-recourse loan in the framework of the acquisition), at arm's length conditions.

Non-current loans and borrowings are due for settlement after more than one year, in accordance with the maturity profile set out below:

EUR million	2018	2017
Between one and five years	115.8	132.0
After more than five years	0.5	-
Non-current loans and borrowings	**116.3**	**132.0**

The exposure of the Group's loans and borrowings to interest rate changes and the repricing dates (before the effect of the debt derivatives) at the balance sheet date is as follows:

EUR million	2018	2017
Less than one year	39.4	32.5
Between one and five years	115.8	132.0
After more than five years	0.5	-
Loans and borrowings	**155.7**	**164.5**

NOTE 22: LOANS AND BORROWINGS (continued)

The interest rate and currency profiles of loans and borrowings are as follows (including the effects of debt derivatives):

EUR million	2018			2017		
Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
EUR	3.8	150.2	154.0	2.1	162.4	164.5
HKD	-	1.7	1.7	-	-	-
Total	**3.8**	**151.9**	**155.7**	**2.1**	**162.4**	**164.5**

EUR borrowings are stated after deduction of deferred financing costs of EUR 1.1 million (2017: EUR 2.1 million).

The floating rate borrowings bear interest at various rates set with reference to the prevailing EURIBOR or equivalent. The range of interest rates applicable for fixed rate borrowings outstanding is as follows:

	2018		2017	
Currency	Min.	Max.	Min.	Max.
EUR	0.6%	3.0%	0.6%	3.0%
HKD	1.5%	3.6%	-	-

The fair value of loans and borrowings (both current and non-current) approximates their carrying amount. Certain of the borrowings in the Group have covenants attached. At year-end, there is no breach of covenants.

The table below provides information about the changes in liabilities arising from financing activities:

EUR million	At 1 January 2018	Cash flows	Non-cash movements: Acquisition	Non-cash movements: Conversion difference	Non-cash movements: Tansfer	Non-cash movements: Other	Sub-total	Reclassification to held-for-sale	At 31 December 2018
Long-term loans and borrowings	131.3	-0.1	-	-	-16.5	1.0	115.7	-	115.7
Short-term loans and borrowings	32.4	-25.5	-	-	16.5	15.9	39.3	-	39.3
Lease liabilities	0.8	-0.1	-	-	-	-	0.7	-	0.7
Total liabilities arising from financing activities	**164.5**	**-25.7**	**-**	**-**	**-**	**16.9**	**155.7**	**-**	**155.7**

EUR million	At 1 January 2017	Cash flows	Non-cash movements: Acquisition	Non-cash movements: Conversion difference	Non-cash movements: Tansfer	Non-cash movements: Other	Sub-total	Reclassification to held-for-sale	At 31 December 2017
Long-term loans and borrowings	717.3	817.9	-	-78.3	-45.9	-10.1	1,400.9	**-1,269.6**	131.3
Short-term loans and borrowings	327.1	-324.4	-	-5.9	45.9	-	42.7	-10.3	32.4
Lease liabilities	74.5	-37.5	40.8	-8.8	-	-	69.0	-68.2	0.8
Total liabilities arising from financing activities	**1,118.9**	**456.0**	**40.8**	**-93.0**	**-**	**-10.1**	**1,512.6**	**-1,348.1**	**164.5**

In both periods, other movements include, among other amounts, the amortization of deferred financing costs and impacts of business combinations performed by the D'Ieteren Auto segment

In the prior period, the acquisitions included the new finance leases assumed by the Belron segment.

NOTE 23: TRADE AND OTHER PAYABLES

Other non-current payables are other creditors (2018: EUR 1.6 million; 2017: EUR 1.5 million), payable after more than 12 months. The carrying value of other non-current payables approximates their fair value.

Trade and other payables are described below:

EUR million	2018				2017 (1)			
	D'Ieteren Auto	**Moleskine**	**Other**	**Group**	**D'Ieteren Auto**	**Moleskine**	**Other**	**Group**
Trade payables	242.4	34.8	2.1	279.3	238.8	28.8	2.2	269.8
Accrued charges and deferred income	34.1	0.8	0.8	35.7	34.2	0.3	1.2	35.7
Non-income taxes	0.7	1.2	-	1.9	-2.7	0.8	-	-1.9
Other current creditors	90.6	5.2	1.1	96.9	66.7	4.4	1.3	72.4
Trade and other payables	**367.8**	**42.0**	**4.0**	**413.8**	**337.0**	**34.3**	**4.7**	**376.0**

(1) As restated to reflect the operating segments of the Group and to present the trade payables in the D'Ieteren Auto segment gross from trade credit notes to be issued – see notes 1 and 2 for more information on the restatement of comparative information and explanations of the reportable segments.

Trade and other current payables are expected to be settled within 12 months. The carrying value of trade and other current payables approximates their fair value.

NOTE 24: BUSINESS COMBINATIONS

During the period, the D'Ieteren Auto segment made the following acquisitions:

- In January 2018, D'Ieteren Auto acquired 100% of the shares of Garage Rietje n.v., Carrosserie Rietje n.v. and Rietje Waasland n.v., two dealerships and a multi-brand body shop in the northern Antwerp region.
- In October 2018, D'Ieteren Auto acquired 100% of the shares of Bruynseels Robert n.v. and Ets. Bruynseels-De Smet n.v., a dealership and a body shop active in the automobile distribution and services activities in Belgium.
- In November 2018, D'Ieteren Auto acquired 100% of the shares of Garage Clissen n.v., a dealership active in the automobile distribution activities in Belgium.

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

NOTE 24: BUSINESS COMBINATIONS (continued)

The details of the net assets acquired, goodwill and consideration of the acquisitions performed by the D'Ieteren Auto segment are set out below:

EUR million	Total provisional fair value (1)
Property, plant & equipment	5.8
Inventories	14.9
Current tax assets	0.1
Trade and other receivables	7.9
Cash & cash equivalents	4.3
Provisions	-0.2
Loans & borrowings	-2.6
Loans & borrowings ST	-13.0
Current tax liabilities	-0.1
Trade & other payables	-4.1
Net assets acquired	**13.0**
Non-controlling interests	
Goodwill (see note 10)	6.3
TOTAL IDENTIFIABLE NET ASSETS ACQUIRED AND LIABILITIES ASSUMED, INCLUDING GOODWILL	**19.3**
Consideration satisfied by:	
Cash payment	19.3
TOTAL CONSIDERATION	**19.3**

(1) The fair values have been measured on a provisional basis (for some acquisitions). If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

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

NOTE 25: RELATIONS WITH NON-CONTROLLING INTERESTS

Put options granted to non-controlling interests

Until the closing of the Transaction (see note 1), the Group was committed to acquiring the non-controlling interests owned by third parties in Belron (5.15%), should these third parties have wished to exercise their put options. The exercise price of such options granted to non-controlling interests was reflected as a financial liability in the consolidated statement of financial position.

At 31 December 2017, the exercise price of all options granted to non-controlling interests (put options with related call options, exercisable until 2024) amounted to its fair value of EUR 80.9 million, based on the transaction price agreed between the Company and Clayton, Dubilier & Rice ("CD&R") regarding the acquisition by CD&R of a 40% stake in Belron (see notes 1 and 16). This amount has been derecognised in 2018 at the date of the Transaction (see notes 1 and 16).

For put options granted to non-controlling interests (4.15%) prior to 1 January 2010, the difference between the exercise price of the options and the carrying value of the non-controlling interest (EUR 7.0 million at 31 December 2017) was presented as additional goodwill (EUR 58.2 million at 31 December 2017). For put options granted to non-controlling interests (1.0%) as from 1 January 2010, the re-measurement at 31 December 2017 of the financial liability resulting from these options amounted to EUR 1.7 million and was recognised in the consolidated statement of profit or loss (net finance costs - see note 5).

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 value of this derivative amounts approximatively to nil as at 31 December 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).

NOTE 26: LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The full list of companies concerned by articles 114 and 165 of the Royal Decree of 30 January 2001 implementing the Company Code will be lodged with the Central Balance Sheet department of the National Bank of Belgium. It is also available on request from the Company head office (see note 1). The main subsidiaries, associates and joint ventures of the Company are listed below:

Name	Country of incorporation	% of share capital owned at 31 December 2018	% of share capital owned at 31 December 2017
D'Ieteren Auto			
s.a. D'Ieteren Sport n.v.	Belgium	100%	100%
s.a. D'Ieteren Services n.v.	Belgium	100%	100%
s.a. D'Ieteren Treasury n.v.	Belgium	100%	100%
Dicobel s.a.	Belgium	100%	100%
PC Paal - Beringen n.v.	Belgium	100%	100%
Kronos Automobiles s.a.	Belgium	100%	100%
PC Liège s.a.	Belgium	100%	100%
s.a. Wondercar n.v.	Belgium	100%	100%
Auto Center Kontich b.v.b.a.	Belgium	100%	100%
Auto Center Mechelen 2 b.v.b.a.	Belgium	100%	100%
PC Mechelen n.v.	Belgium	100%	100%
Automobiel Center Puurs n.v.	Belgium	100%	100%
Autonatie n.v.	Belgium	100%	100%
Geel Automotive n.v.	Belgium	-	100%
Overijse Automotive n.v.	Belgium	100%	100%
Y&N Claessens b.v.b.a.	Belgium	100%	100%
Garage Rietje n.v.	Belgium	100%	-
Rietje Waasland n.v.	Belgium	100%	-
Carrosserie Rietje n.v.	Belgium	100%	-
Garage Clissen n.v.	Belgium	100%	-
Garage Bruynseels n.v.	Belgium	100%	-
Carrosserie Bruynseels n.v.	Belgium	100%	-
Sopadis Knokke n.v.	Belgium	100%	100%
Lab Box s.a.	Belgium	100%	100%
Poppy Mobility n.v.	Belgium	100%	-
Volkswagen D'Ieteren Finance n.v.	Belgium	50%	50%
D'Ieteren Vehicle Trading b.v.	Belgium	-	49%
Belron			
Belron Group s.a.	Luxemburg	54.10%	94.85%
Moleskine			
Moleskine SpA	Italy	100%	100%
Other			
s.a. D'Ieteren Immo n.v.	Belgium	100%	100%
D'IM s.a.	Luxemburg	100%	100%
s.a. Immobilière Dumont n.v.	Belgium	100%	-
D'Ieteren Vehicle Glass s.a.	Luxemburg	100%	100%

The Group’s average stake (used for the income statement) in Belron equalled 57.78% in 2018. This 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 (MRP) which led to a reduction of group’s stake to 54.11%. The stake equalled 54.10% at the end of 2018, following the entry of new MRP participants on 6 November 2018.

The main entities accounted for using the equity method are the joint venture Belron Group s.a. and Volkswagen D’Ieteren Finance s.a. See note 15 for adequate disclosures.

NOTE 27: CONTINGENCIES AND COMMITMENTS

EUR million	2018	2017
Commitments to acquisition of non-current assets	8.6	1.2
Other important commitments:		
Commitments given	6.5	23.6
Commitments received	24.2	24.2

In 2018 and in 2017, the commitments to acquisition of non-current assets mainly concern intangible assets and property, plant and equipment in the segment "Other".

The Group is a lessee in a number of operating leases (mainly buildings, stores, non-fleet vehicles and items of property, plant and equipment). The related future minimum lease payments under non-cancellable operating leases, per maturity, are as follows:

EUR million	2018	2017
Within one year	9.2	9.1
Later than one year and less than five years	25.0	25.1
After five years	6.0	7.8
Total	**40.2**	**42.0**

The Group also acts as a lessor in a number of operating leases, normally when the Group has been unable to extricate itself from a head lease when the use of that head lease is no longer required. The related future minimum lease payments under non-cancellable operating leases, per maturity, are as follows:

EUR million	2018			2017		
	Investment property	Other property, plant and equipment	Total	Investment property	Other property, plant and equipment	Total
Within one year	0.9	-	0.9	1.1	-	1.1
Later than one year and less than five years	2.8	-	2.8	3.7	-	3.7
After five years	0.8	-	0.8	1.5	-	1.5
Total	**4.5**	**-**	**4.5**	**6.3**	**-**	**6.3**

At each year end, the Group also has various other prepaid operating lease commitments in relation to vehicles sold under buy-back agreements, included in deferred income in note 23.

The revenue, expenses, rights and obligations arising from leasing arrangements regarding investment property are not considered material to the Group, and accordingly a general description of these leasing arrangements is not disclosed.

NOTE 28: RELATED PARTY TRANSACTIONS

EUR million	2018	2017
With entities with joint control or significant influence over the Group:		
Amount of the transactions entered into during the period	0.7	0.5
Outstanding creditor balance at 31 December	-	-
With joint ventures in which the Group is a venturer:		
Sales	303.9	142.6
Purchases	-22.5	-85.1
Trade receivables outstanding at 31 December	14.6	6.1
With key management personnel:		
Compensation:		
Short-term employee benefits	4.2	7.7
Post-employment benefits	0.3	0.3
Termination benefits	-	-
Total compensation	4.5	8.0
Amount of the other transactions entered into during the period	-	-
Outstanding creditor balance at 31 December	0.9	0.6
With other related parties:		
Amount of the transactions entered into during the period	0.2	0.3

Shareholders and other related parties

The Nayarit group (Nayarit Participations S.c.a., Roland D'Ieteren and Nicolas D'Ieteren) and the SPDG group (s.a. de Participations et de Gestion, Reptid Commercial Corporation, Catheline D'Ieteren and Olivier Périer), acting in concert following an agreement pertaining to the exercise of their voting rights with a view to leading a sustainable joint strategy, together hold 61.02% of the voting rights of the Company (see note 20).

In 2018, some of these shareholders and/or entities related to them carried out commercial transactions with the Company. These transactions (total of EUR 0.9 million) can be outlined as follows:
- Automobile repair and supply of spare parts carried out by the Company and invoiced to these parties for a total amount of EUR 0.7 million;
- Property maintenance carried out by the Company and invoiced to one of these parties for a total amount of EUR 0.03 million;
- Architecture fees invoiced by one of these parties to the Company for a total amount of EUR 0.2 million.
- The rental by one of these parties of a property belonging to a subsidiary of the Company which led to the payment of a rent for a total amount of 0.05 million.

Joint Ventures

In 2018, the Group was venturer in two joint ventures, the main one being Belron Group s.a. (BGSA). The second one is Volkswagen D'Ieteren Finance (VDFin). The Company's shareholding (50%) in OTA keys SA was sold in July 2017. See note 15 for more information related to the joint ventures.

In 2018, sales of EUR 303.9 million to joint ventures mainly consist in sales of new vehicles by the D'Ieteren Auto segment to VDFin. Purchases of EUR 22.5 million mainly relate to used cars purchased by the D'Ieteren Auto segment from VDFin (former fleet vehicles). The outstanding trade receivables (EUR 14.6 million) are mainly related to VDFin.

Key management personnel

The key managers comprise the members of the Company's Board of Directors and its Executive Committee (see the Corporate Governance Statement).

In 2018, a total of 187,000 options were issued to key managers (at an exercise price of EUR 33.32 per option). For more information on the remuneration of key managers, reference is made to the remuneration report that can be found in the Corporate Governance Statement.

In 2018, loans granted by a subsidiary of the Company to the members of the Executive Committee were outstanding for a total amount of EUR 0.9 million. These loans were granted in the context of the stock option plans in order to enable those concerned to pay the taxes due at the moment the options were accepted. The loans were granted for periods of 10, 7 or 5 years with interest rates of respectively 2.6%, 2.35% and 1.9%. Article 523 of the Company Code was applied to the CEO who is also a board member.

NOTE 29: EXCHANGE RATES

Monthly income statements of foreign operations are translated at the relevant rate of exchange for that month. Except for the statement of financial position which is translated at the closing rate, each line item in these consolidated financial statements represents a weighted average rate.

The main exchange rates used for the translations were as follows:

Number of euros for one unit of foreign currency	2018	2017
Closing rate		
AUD	-	0.65
BRL	-	0.25
CAD	0.64	0.66
GBP	1.12	1.13
USD	0.87	0.83
HKD	0.11	0.11
CNY	0.13	0.13
JPY	0.01	0.01
SGD	0.64	0.62
Average rate (1)		
AUD	-	0.68
BRL	-	0.27
CAD	0.65	0.68
GBP	1.13	1.14
USD	0.85	0.88
HKD	0.11	0.11
CNY	0.13	0.13
JPY	0.01	0.01
SGD	0.63	0.64

(1) Effective average rate for the profit or loss attributable to equity holders.

NOTE 30: SERVICES PROVIDED BY THE STATUTORY AUDITOR

The external audit is conducted by KPMG Réviseurs d'Entreprises, represented by Alexis Palm, whose audit mandate expires at the General Meeting of 2020.

EUR million	2018	2017
Audit services	**3.0**	**3.0**
KPMG Belgium	0.6	0.5
Other offices in the KPMG network	2.4	2.5
Non-audit services	**1.2**	**1.3**
KPMG Belgium	0.2	0.3
Other offices in the KPMG network	1.0	1.0
Services provided by the Statutory Auditor	**4.2**	**4.3**

Based on total audit fees of EUR 3.0 million, fees for non-audit services as a percentage of total fees amount to 40%, which is less than 70%.

NOTE 31: SUBSEQUENT EVENTS

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

NOTE 32: ACCOUNTING POLICIES

Note 32.1: Basis of Preparation

These 2018 consolidated financial statements are for the 12 months ended 31 December 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 the International Financial Reporting Standards ("IFRS") and the related International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued which have been adopted by the European Union ("EU") as at 31 December 2018 and are effective for the period ending 31 December 2018.

These consolidated financial statements have been prepared under the historical cost convention, except for money market assets (short-term securities of monetary instruments) classified within cash and cash equivalents, employee benefits, non-current assets and liabilities held for sale, business combination and financial assets and financial liabilities (including derivative instruments) that have been measured at fair value.

These consolidated financial statements are prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change or prospectively. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are mainly the measurement of defined benefit obligations (key actuarial assumptions), the recognition of deferred tax assets (availability of future taxable profit against which carryforward tax losses can be used), goodwill and brands with indefinite useful lives, the impairment test (key assumptions underlying recoverable amounts), the recognition and measurement of provisions and contingencies (key assumptions about the likelihood and magnitude of an outflow of resources) the allowance for doubtful trade receivables (management's best estimate of losses on trade receivables), provision for inventory obsolescence and the acquisition of subsidiary (fair value of the consideration transferred and of the assets acquired and liabilities assumed). They are also disclosed in the relevant notes.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Further information is included in the relevant notes. The main areas are share-based payments (see note 7), investment properties (see note 13), financial instruments (see note 17) and business combinations (see note 24). When measuring the fair value of an asset or a liability, the Group used observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Note 32.2: Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The 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.

- IFRIC 22 "Foreign currency transactions and advance consideration (effective 1 January 2018 – endorsed by the EU);
- Annual improvements to IFRS 2014-2016 cycle (effective 1 January 2018 –endorsed by the EU);
- Amendments to IAS 40 "Investment Property" (effective 1 January 2018 – endorsed by the EU);
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" (effective 1 January 2018 – endorsed by the EU);
- IFRS 9 "Financial Instruments: Classification and Measurement" (effective 1 January 2018 – endorsed by the EU). IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standards replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Group adopted IFRS 9 using the cumulative effect method. Accordingly, comparative information is not restated – i.e. it is presented, as previously reported, under IAS 39. The Group has determined that the initial application of IFRS 9 at 1 January 2018 results in an additional loss allowance for trade receivables of EUR 1.1 million, recognized as an adjustment to opening balance of retained earnings.
- IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018 – endorsed by the EU). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. The Group adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standards 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, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in note 3.

NOTE 32: 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.

- Amendments to IAS 28 "Long Term Interests in Associates and Joint Ventures" (effective 1 January 2019 – endorsed by the EU);
- Amendments to IAS 19 "Plan amendment, Curtailment or Settlement" (effective 1 January 2019 – subject to endorsement by the EU);
- Annual improvements to IFRS 2015-2017 cycle (effective 1 January 2019 – subject to endorsement by the EU);
- Amendments to IFRS 3 "Definition of a Business" (effective 1 January 2020 – subject to endorsement by the EU);
- IFRIC 23 "Uncertainty over income tax treatments" (effective 1 January 2019 - endorsed by the EU);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020 – subject to endorsement by the EU);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020 – subject to endorsement by the EU);
- IFRS 16 "Leases" (effective 1 January 2019 – subject to endorsement 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.

Except from IFRS 16 "Leases", the above standards, amendments and interpretations have no significant impact on the Group's consolidated financial statements.

The Group will adopt IFRS 16 "Leases" from 1 January 2019. The Group has assessed the estimated impact that the initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard may change, because the Group has not finalized the testing and assessment of control over its new IT systems, and because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application. In addition, the assessment relies on the use of discount rates (either the rate implicit in the contract, if easily determinable, or the incremental borrowing rate that would have been made available for the financing of similar items) which are likely to be revised.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items (which have not been applied by the Group). Lessor accounting remains similar to the current standard – lessors continue to classify leases as finance or operating leases.

The most significant impact identified in relation to the adoption of IFRS 16 is that the Group will recognize new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Group's finance leases.

In the Moleskine segment, the Group will recognize new assets and liabilities for its operating leases of retail stores and offices. The Group has further analysed the impact linked to IFRS 16 adoption. The additional right-of-use assets and related liabilities that would have been recognized as of 1 January 2019 amounts to ca. EUR 36 million. Depreciation costs and interest costs that would have been recorded in the statement of profit or loss of the year 2018 amounts to ca. EUR 6.7 million and EUR 0.6 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 that would have been recognised as of 1 January 2019 is estimated at EUR 648 million, with corresponding lease liabilities of EUR 665 million. The current operating costs of ca. EUR 176 million would be splitted between depreciation costs for ca. EUR 150 million and interest costs for ca. EUR 26 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 Group does not expect the adoption of IFRS 16 to impact its ability to comply with the terms of the loan facilities currently in place, as the covenants over these facilities require reporting under IAS 17.

NOTE 32: ACCOUNTING POLICIES (continued)

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. The existing contracts in which the Group is a lessee consist in a limited number of lease agreements whereby the Group rents lands and buildings to exercise its activity. Based on the information available and existing assessment, the Group anticipates that the additional right-of-use assets and lease liabilities that would be recognized as of 1 January 2019 under IFRS 16 amounts to ca. EUR 7 million, whereas the impact on depreciation and interest expense in the income statement is not significant to the Group.

No significant impact is expected in the D'Ieteren Auto segment.

The Group will adopt IFRS 16 as of 1 January 2019 using the modified retrospective approach across all its operating segments. The cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The magnitude of the adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at 1 January 2019 is currently estimated at ca. EUR 19 million expense (considering Belron at 100%). The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. No other practical expedient is likely to be applied.

Principles of Consolidation

Subsidiaries

Subsidiaries, which are those entities in which the Group has, directly or indirectly, an interest of more than half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date that control is transferred to the Group, and are no longer consolidated from the date that control ceases. All inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated upon consolidation.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired in their interests in the subsidiary's equity is recorded in equity. Gains or losses on disposals to non-controlling interest (that do not result in loss of control) are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date where control is lost, with the change in carrying amount recognised in profit or loss as part of the gain or loss recognized upon loss of control. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income are reclassified to profit or loss if required by IFRS standards.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method. The investment is initially recognised at cost (including transaction costs), and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition, until the date on which significant influence or joint control ceases. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of profit from the associate represents the Group's share of the associate's profit after tax. Profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised gains on transactions between the Group and its associate are also eliminated based on the same principle; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Interests in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are recognised using the equity method. The above principles regarding associates are also applicable to joint ventures.

Impairment of associates and joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity-accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount adjacent to "share of result of equity-accounted investees, net of income tax" in the income statement.

NOTE 32: ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The Group consolidation is prepared in euro. Income statements of foreign operations are translated into euro at the weighted average exchange rates for the period and statements of financial positions are translated into euro at the exchange rate at the reporting date (except for each component of equity, translated once at the exchange rates at the dates of the relevant transactions). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate. The translation reserve, which is recorded in other comprehensive income (except to the extent that the translation difference is allocated to NCI) includes both the difference generated by translating income statement items at a different exchange rate from the period-end rate and the differences generated by translating opening shareholders' equity amounts at a different exchange rate from the period-end rate.

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised within the income statement. Exchange movements arising from the retranslation at closing rates of the Group's net investment in subsidiaries, joint ventures and associates are taken to the translation reserve component in other comprehensive income. The Group's net investment includes the Group's share of net assets of subsidiaries, joint ventures and associates, and certain inter-company loans. The net investment definition includes loans between "sister" companies and certain inter-company items denominated in any currency. Other exchange movements are taken to the income statement.

Where the Group hedges net investments in foreign operations, the gains and losses relating to the effective portion of the hedging instrument are recognised in the translation reserve in other comprehensive income. The gain or loss relating to any ineffective portion is recognised in the income statement. Gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of.

Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed constitutes goodwill, and is recognised as an asset. In case this excess is negative, it is recognised immediately in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Acquisition-related costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's or groups of CGU's that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level for business combinations and transactions performed by the Company.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible Assets

An item of intangible assets is valued at its cost less any accumulated amortisation and any accumulated impairment losses. Customer contracts and brands acquired in a business combination are recognised at fair value at the acquisition date. Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group which have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets.

The amortisation method used reflects the pattern in which the assets' future economic benefits are expected to be consumed. Intangible assets with a finite useful life are generally amortised over their useful life on a straight-line basis. The estimated useful lives are between 2 and 10 years.

NOTE 32: ACCOUNTING POLICIES (continued)

Brands for which there is a limit to the period over which these assets are expected to generate cash inflows will be amortised on a straight-line basis over their remaining useful lives which are estimated to be up to 5 years. Amortisation periods are reassessed annually.

Brands that have indefinite useful lives are those, thanks to the marketing spend, the advertising made and the absence of factors that could cause their obsolescence, where there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group. They are therefore not amortised but tested for impairment annually.

For any intangible asset with a finite or indefinite useful life, where an indication of impairment exists, its carrying amount is assessed and written down immediately to its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Expenditure on internally generated intangible assets which does not meet the capitalization conditions under IFRS is recognised in the consolidated income statement as an expense as incurred. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit, on a pro rata basis.

Research and Development

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the Group has the intention to complete the intangible asset and use or sell it;
(c) the Group has ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
(f) the Group has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Property, Plant and Equipment

An item of property, plant and equipment is initially measured at cost. This cost comprises its purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. If applicable, the initial estimate of the cost of dismantling and removing the item and restoring the site is also included in the cost of the item. After initial recognition, the item is carried at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The depreciable amount of the item is allocated according to the straight-line method over its useful life. Land is not depreciated. The main depreciation periods are the following:

- Buildings: 40 to 50 years;
- Plant and equipment: 3 to 15 years;
- IT equipment: 2 to 7 years;
- Leased assets: depending on the length of the lease.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTE 32: ACCOUNTING POLICIES (continued)

Leases

Operating leases for which the Group is the lessor

Assets leased out under operating leases in which a significant portion of the risks and rewards of ownership are retained by the lessor (other than vehicles sold under buy-back agreements) are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives. Rental income is recognised on a straight-line basis over the lease term.

Operating leases for which the Group is the lessee

Lease payments under operating leases are recognised as expenses in the income statement on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Finance leases for which the Group is the lessee

Leases of property, plant and equipment for which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charge so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The leased assets are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

If there is no reasonable certainty that ownership will be acquired by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Vehicles sold under buy-back agreements

Vehicles sold under buy-back agreements are accounted for as operating leases (lessor accounting), and are presented in the statement of financial position under inventories. The difference between the sale price and the repurchase price (buy-back obligation) is considered as deferred income, while buy-back obligations are recognised in trade payables. The deferred income is recognised as revenue on a straight-line basis over the relevant vehicle holding period.

Investment Properties

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. These items are amortised over their useful life on a straight-line basis method. The estimated useful lives are between 40 and 50 years.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Items that are not interchangeable, like new vehicles and second-hand vehicles, are valued using specific identification of their individual costs. Other items are valued using the first in, first out or weighted average cost formula. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. Losses and write-downs of inventories are recognised in the period in which they occur. Reversal of a write-down is recognised as a credit to cost of sales in the period in which the reversal occurs.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect(s).

Where the Company (or its subsidiaries) reacquires its own equity instruments, those instruments are deducted from equity as treasury shares. Where such equity instruments are subsequently sold, any consideration received is recognised in equity.

Dividends to holders of equity instruments proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date; it is presented in equity.

Provisions

A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognised. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

NOTE 32: ACCOUNTING POLICIES (continued)

Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group has various defined benefit pension plans and defined contribution pension plans. Most of these plans are funded schemes, i.e. they are financed through a pension fund or an external insurance policy. The minimum funding level of these schemes is defined by national rules (see note 8).

Obligations for contributions to *defined contribution pension plans* are charged as an expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's commitments under *defined benefit pension plans*, and the related costs, are valued using the "projected unit credit method", with independent actuaries carrying out the valuations at least on a yearly basis. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in other comprehensive income. Past service cost is recognised as an expense at the earlier of the following dates: a) when the plan amendment or curtailment occurs; b) and when the entity recognizes related restructuring costs or termination benefits.

The long-term employee benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of any refunds and reductions in future contributions to the plan.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Other long-term incentives

The group recognises a provision for long-term incentives where they are contractually obliged or where there is a past practice that has created a constructive obligation. This provision is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Financial Instruments Excluding Derivatives

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and liabilities are initially recognised when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Policies applicable before 1 January 2018:

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Held-to-maturity investments

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

NOTE 32: ACCOUNTING POLICIES (continued)

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and 'other financial assets' in the statement of financial position.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Measurement of financial instruments:

(a) Available-for-sale financial assets are measured at fair value through other comprehensive income. Impairment losses are recorded in the income statement.
(b) The cost of treasury shares is deducted from equity.
(c) Trade and other receivables are measured at their amortised cost using the effective interest rate method, as reduced by appropriate allowances for irrecoverable amounts.
(d) Financial assets held for trading are measured at fair value.
(e) Trade and other payables, as well as borrowings, are measured at amortised cost using the effective interest rate method.

Policies applicable from 1 January 2018

The Group classifies its financial assets in the following categories on initial recognition: at amortised cost; at fair value through other comprehensive income (FVOCI) – debt; at FVOCI – equity investment; or fair value through profit or loss (FVTPL). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model assessment:

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

Assessment whether contractual cash flows are solely payments of principal and interest:

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs, as well as profit margin.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL, including all derivative financial assets.

NOTE 32: ACCOUNTING POLICIES (continued)

Subsequent measurement of financial assets:

- Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivatives designated as hedging instruments.
- Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investment at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits, excluding any blocked or restricted cash held by the Group. Cash equivalents are short-term (maximum 3 months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified and measured at amortised cost.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derivative financial instruments

Derivatives are used as hedges in the financing and financial risk management of the Group.

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and options to hedge these exposures. The Group does not use derivatives for speculative purposes. However, certain financial derivative transactions, while constituting effective economic hedges, do not qualify for hedge accounting under the specific rules in IAS 39.

Derivatives are recorded initially and subsequently at fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent changes in fair value are generally recognised in profit or loss.

Cash flow hedge

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge is a firm commitment or the forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Fair value hedge

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with a corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In the case of a cash flow hedge, any cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss when profit or loss is impacted by the hedged item. If the forecast transaction is no longer expected to occur, the cumulative gain or loss is reclassified in the profit or loss immediately.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in income statement.

NOTE 32: ACCOUNTING POLICIES (continued)

Put Options Granted to Non-Controlling Interests

Until the loss of exclusive control of Belron as at 7 February 2018, the Group was committed to acquiring the non-controlling interests owned by third parties in Belron, should these third parties have wished to exercise their put options. The exercise price of such options granted to non-controlling interests was reflected as a financial liability in the consolidated statement of financial position per 31 December 2017. For put options granted to non-controlling interests prior to 1 January 2010, the goodwill was adjusted at period end to reflect the change in the exercise price of the options and the carrying value of non-controlling interest to which they relate.

Due to the introduction of the revised version of IFRS 3 (effective date 1 January 2010), for put options granted to non-controlling interests as from 1 January 2010, at inception, the difference between the consideration received and the exercise price of the options granted was recognised against the group's share of equity. At each period end, the re-measurement of the financial liability resulting from these options were recognised in the consolidated income statement (net finance costs).

Non-Current Assets (or Disposal Groups) Held for Sale and Discontinued Operations

Non-current assets (or disposal groups comprising assets and liabilities) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of the business or geographical area of operations that either has been disposed of, or is classified as held for sale and is disclosed as a single line item in the income statement. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Revenue from contracts with customers

The Group has initially applied IFRS 15 from 1 January 2018. The effect of initially applying IFRS 15 is described in note 3.

Information about the Group's accounting policies relating to contracts with customers is provided in note 3.

Finance income and finance costs

Finance income and finance costs include interest income, interest expenses, dividend income ,and net gains and losses on financial assets measured at fair value through profit or loss. Interest income and expenses are recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

Share-Based Payments

Share-based payments are exclusively made in connection with employee stock option plans ("ESOP").

Equity-settled ESOP granted after 7 November 2002 are accounted for in accordance with IFRS 2, such that their cost is recognised in the income statement, with a corresponding increase in equity, over the vesting period of the awards.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Government Grants

Government grants related to assets are presented in liabilities as deferred income, and amortised over the useful life of the related assets.

Income Taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

NOTE 32: ACCOUNTING POLICIES (continued)

Current taxes relating to current and prior periods are, to the extent unpaid, recognised as a liability. Current taxes are measured using tax rates enacted or substantially enacted at the reporting date. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Current tax assets and liabilities are offset only if the following criteria are met:

- the entity has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred taxes are provided using the balance sheet liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (such as unused tax losses carried forward). Deferred taxes are not calculated on the following temporary differences: (i) the initial recognition of goodwill and (ii) the initial recognition of assets and liabilities that affects neither accounting nor taxable profit in a transaction that is not a business combination. The amount of deferred tax recognized is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2018

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN FRENCH

In the context of the statutory audit of the consolidated financial statements of D'Ieteren SA ("the company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2018, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 1 June 2017, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the consolidated financial statements of D'Ieteren SA for 5 consecutive financial years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 3,425.6 million and the consolidated statement of profit or loss shows a profit for the year of EUR 1,048.7 million.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss of exclusive control of Belron and subsidiaries

We refer to note 2 "Segment Information", note 15 "Equity-accounted Investees" and note 16 "Non-current Assets and Disposal Group Classified as Held for Sale and Discontinued Operations" of the consolidated financial statements.

— Description

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 Belron and its subsidiaries at this effective date and shares joint control over the investee with CD&R since then.

The presentation of Belron and subsidiaries and the accounting impacts of the loss of exclusive control are a Key Audit Matter due to:

- the unusual character and the complexity of the transaction;
- the significance of the consolidated gain on disposal;
- the magnitude of the impacts on the Group's consolidated financial statements, in particular the presentation and measurement of the assets, liabilities, results and cash flows of Belron and subsidiaries in the Group's financial statements and the potential effects of the transactions connected to the partnership agreement, as well as the significance to the users of the consolidated financial statements of the information to be disclosed in the notes thereof.

— Our audit procedures

With the involvement of our specialists, our procedures included, amongst others:

- reading the agreements with the new investor and other relevant supporting documentation to gain an understanding of the transaction and its accounting implications, in particular as it relates to risks retained by the Group;
- assessing whether the transaction leads to a loss of exclusive control in accordance with the relevant accounting standards (IFRS 10 – Consolidated Financial Statements), determining when the exclusive control is effectively lost and validating the appropriateness of the accounting treatment and entries based on the relevant accounting standards;
- evaluating whether the risks retained as a result of the transaction are adequately reflected in the Group's consolidated financial statements;
- assessing the adequacy of the relevant disclosures in the consolidated financial statements.

Valuation of goodwill and intangible assets with indefinite useful lives of the cash-generating unit Moleskine

We refer to note 10 “Goodwill” and note 11 “Intangible Assets” of the consolidated financial statements.

— Description

In accordance with the requirements of IAS 36 “Impairment of Assets”, the Group completed an impairment test of its cash-generating unit Moleskine (the “CGU”), which includes goodwill and intangible assets with indefinite useful lives. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the CGU’s assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

We identified the valuation of the cash-generating unit “Moleskine” as a Key Audit Matter due to the significance of the carrying amount of the goodwill and intangible assets with indefinite useful lives (EUR 171.9 and EUR 402.8 million respectively) and also because of the significant management judgement and estimation required in assessing potential impairment which could be subject to error and potential management bias. In addition, changes in the key assumptions may have a significant financial impact.

— Our audit procedures

With the involvement of our valuation specialists, our procedures included, amongst others:

- inquiring with management about the key assumptions used for the impairment test (future cash flow projections, discount rate and perpetual growth rate) and assessing the reasonableness of these assumptions;
- comparing the future cash flow forecasts used by management for the impairment test with the budget approved by the Board of Directors;
- assessing management’s previous ability to forecast cash flows accurately and challenging the reasonableness of current forecasts by comparing key assumptions and parameters (in particular the discount rate, forecasted period growth rate and inflation rate) to historical results, economic and industry forecasts and internal planning data;
- evaluating the methodology adopted by management in its impairment test, with reference to the requirements of the prevailing accounting standard (IAS 36 Impairment of Assets);
- testing the mathematical accuracy of the discounted cash flow model;
- performing a sensitivity analysis to both the discount rate and forecasted cash flows used by the Group to assess what change thereto would result in a different conclusion being reached, and assessing whether there were any indications of management bias in the selection of these assumptions;
- assessing the adequacy of the disclosures in the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;

— Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the Board of Directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements and the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

— "Key Figures" and "Key Indicators" included in the section "Activity Report"; and

— "2018 Full-Year Results" included in the section "Financial and Directors' Report 2018"

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 119 §2 of the Companies' Code has been included in the board of directors' annual report on the consolidated financial statements, which is part of section "Financial and Directors' Report 2018" of the annual report. The company has prepared this non-financial information based on the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) frameworks. In accordance with art 148 §1,5° of the Belgian Companies' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 134 of the Companies' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 29 March 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Alexis Palm
Réviseur d'Entreprises / Bedrijfsrevisor

s.a. D'Ieteren n.v. Summarised Statutory Financial Statements 2018

CONTENTS

The statutory financial statements of s.a. D'Ieteren n.v. are summarised below in accordance with article 105 of the company Code. The unabridged version of the statutory financial statements of s.a. D'Ieteren n.v., the related management report and Statutory Auditor's report shall be deposited at the National Bank of Belgium within the legal deadline and may be obtained free of charge from the internet site www.dieteren.com or on request from:

s.a. D'Ieteren n.v.
Rue du Mail 50
B-1050 Brussels

The Statutory Auditor has issued an unqualified opinion on the statutory financial statements of s.a. D'Ieteren n.v.

Summarised Balance Sheet

At 31 December

EUR million		2018	2017
ASSETS			
Fixed assets		**2,881.2**	**2,140.0**
II.	Intangible assets	18.7	10.4
III.	Tangible assets	22.0	20.3
IV.	Financial assets	2,840.5	2,109.3
Current assets		**749.5**	**1,506.3**
V.	Non-current receivables	20.0	20.1
VI.	Stocks	350.2	291.2
VII.	Amounts receivable within one year	334.8	1,150.7
VIII.	Investments	37.8	36.6
IX.	Cash at bank and in hand	-	0.4
X.	Deferred charges and accrued income	6.7	7.3
TOTAL ASSETS		**3,630.7**	**3,646.3**

EUR million		2018	2017
LIABILITIES			
Capital and reserves		**1,540.1**	**1,493.9**
I.A.	Issued capital	160.0	160.0
II.	Share premium account	24.4	24.4
IV.	Reserves	1,341.2	1,295.0
V.	Accumulated profits	14.5	14.5
Provisions and deferred taxes		**33.5**	**20.4**
Creditors		**2,057.1**	**2,132.0**
VIII.	Amounts payable after one year	553.2	953.2
IX.	Amounts payable within one year	1,466.6	1,137.7
X.	Accrued charges and deferred income	37.3	41.1
TOTAL LIABILITIES		**3,630.7**	**3,646.3**

Summarised Income Statement

Year ended 31 December

EUR million		2018	2017
I.	Operating income	3,280.3	3,209.0
II.	Operating charges	3,218.4	3,153.4
III.	Operating profit	61.9	55.6
IV.	Financial income	82.4	789.7
V.	Financial charges	27.6	30.8
IX.	Result for the period before taxes	116.7	814.5
IXbis.	Deferred taxes	0.3	0.4
X.	Income taxes	-16.3	-0.5
XI.	Result for the period	100.7	814.4
XII.	Variation of untaxed reserves (1)	0.6	0.2
XIII.	Result for the period available for appropriation	101.3	814.6

(1) Transfers from untaxed reserves (+) / Transfers to untaxed reserves (-).

Summarised Appropriation

Year ended 31 December

EUR million	2018	2017
APPROPRIATION ACCOUNT		
Profit (loss) to be appropriated	115.8	829.1
Gain (loss) of the period available for appropriation	101.3	814.6
Profit (loss) brought forward	14.5	14.5
Withdrawals from capital and reserves	4.1	1.0
from capital and share premium account		
from reserves	4.1	1.0
Transfer to capital and reserves	50.7	607.2
to capital and share premium account		
to legal reserve		
to other reserves	50.7	607.2
Profit (loss) to be carried forward	14.5	14.5
Profit to be distributed	54.7	208.4
Dividends	54.7	208.4

This proposed appropriation is subject to approval by the Annual General Meeting of 6 June 2019.

Summary of Accounting Policies

The **capitalised costs for the development of information technology projects (intangible assets)** are amortised on a straight-line basis over their useful life. The amortisation period cannot be less than 2 years nor higher than 7 years.

Tangible Fixed Assets are recognised at their acquisition value; this value does not include borrowing costs. Assets held by virtue of long-term leases (“emphytéose”), finance leases or similar rights are entered at their capital reconstitution cost. The rates of depreciation for fixed assets depend on the probable economic lifetime for the assets concerned. As from 1 January 2003, tangible fixed assets acquired or constructed after this date shall be depreciated pro rata temporis and the ancillary costs shall be depreciated at the same rate as the tangible fixed assets to which they relate.

The main depreciation rates are the following:

	Rate	Method
Buildings	5%	L/D
Building improvements	10%	L/D
Warehouse and garage	15%	L/D
Network identification equipment	20%	L/D
Furniture	10%	L/D
Office equipment	20%	L/D
Rolling stock	25%	L
Heating system	10%	L/D
EDP hardware	20%-33%	L/D

L: straight line.
D: declining balance (at a rate twice as high as the equivalent straight-line rate).

Tangible fixed assets are revalued if they represent a definite, long-term capital gain. Depreciation of any revaluation surplus is calculated linearly over the remaining lifetime in terms of the depreciation period of the asset concerned.

Financial Fixed Assets are entered either at their acquisition price, after deduction of the uncalled amounts (in the case of shareholdings), or at their nominal value (amounts receivable). They can be revalued, and are written down if they suffer a capital loss or a justifiable long-term loss in value. The ancillary costs are charged to the income statement during the financial year.

Amounts Receivable within one year and those receivable after one year are recorded at their nominal value. Write-downs are applied if repayment by the due date is uncertain or compromised in whole or in part, or if the repayment value at the closing date is less than the book value.

Stocks of new vehicles are valued at their individual acquisition price. Other categories of stocks are valued at their acquisition price according to the fifo method, the weighted average price or the individual acquisition price. Write-downs are applied as appropriate, according to the selling price or the market value.

Treasury Investments and Cash at Bank and in Hand are recorded at their acquisition value. They are written down if their realisation value on the closing date of the financial year is less than their acquisition value.

When these treasury investments consist of own shares held for hedging share options, additional write-downs are applied if the exercise price is less than the book value resulting from the above paragraph.

Provisions for Liabilities and Charges are subject to individual valuation, taking into account any foreseeable risks. They are written back by the appropriate amount at the end of the financial year if they exceed the current assessment of the risks which they were set aside to cover.

Amounts Payables are recorded at their nominal value.

Valuation of assets and liabilities in foreign currencies

Financial fixed assets are valued in accordance with recommendation 152/4 by the Accounting Standards Commission. Stocks are valued at their historical cost. However, the market value (as defined by the average rate on the closing date of the balance sheet) is applied if this is less than the historical cost. Monetary items and commitments are valued at the official rate on the closing date, or at the contractual rate in the case of specific hedging operations. Only negative differences for each currency are entered in the income statement.

Corporate Governance statement

The company adheres to the corporate governance principles set out in the 2009 Belgian Code of Corporate Governance published on the website www.corporategovernancecommittee.be. It has published its Corporate Governance Charter on its website (www.dieteren.com) since 1 January 2006. For the implementation of the principles of the Code, the company took into consideration the particular structure of its share capital, with a majority family shareholder ensuring the stability of the company since 1805. Exceptions to the Code are set out on page 99.

1. Composition and Functioning of the Board and Executive Management Bodies

1.1. BOARD OF DIRECTORS

1.1.1. Composition

The Board of Directors consists of:

- six non-executive Directors, appointed upon proposal of the family shareholders;
- five non-executive Directors, four of whom are independent, chosen on the basis of their experience;
- the managing director (Group CEO).

The Chairman and Deputy Chairmen of the Board are selected among the Directors appointed upon proposal of the family shareholders. Four female directors are members of the Board.

1.1.2. Roles and activities

Without prejudice to its legal and statutory attributions and those of the General Meeting, the role of the Board of Directors is to:

- determine the company’s strategy and values;
- approve its plans and budgets;
- decide on major financial transactions, acquisitions and divestments;
- ensure that appropriate organization structures, processes and controls are in place to achieve the company’s objectives and properly manage its risks;
- appoint and revoke the CEO and, based on a proposal by said CEO, the other members of the Executive Committee and the CEOs of the Group’s activities, and determine their remuneration;
- monitor and review day-to-day management performance;
- supervise communication with the company’s shareholders and the other interested parties;
- approve the company’s statutory and consolidated financial statements, as well as set the dividend which will be proposed to the General Meeting. In that framework, the Board of Directors intends to maintain its ongoing policy of providing the largest possible self-financing, which has supported the group’s development, with a view to strengthen its equity capital and to maintain qualitative financial ratios. Absent major unforeseen events, the Board will ensure a stable and, results permitting, steadily growing dividend.

Composition of the Board of Directors on 31 December 2018		Joined Board in	End of mandate
Nicolas D'Ieteren (43)[1]	**Chairman of the Board** BSc Finance & Management (University of London); Asia Int'l Executive Program and Human Resources Management in Asia Program (INSEAD). Led projects at Bentley Germany and Porsche Austria. From 2003 to 2005, finance director of a division of Total UK. Since 2005, managing director of a private equity fund investing in young companies.	2005	June 2019
Olivier Périer (47)[1]	**Deputy Chairman of the Board and Chairman of the Strategic Committee** Degree in architecture and urban planning (ULB). Executive Program for the Automotive Industry (Solvay Business School). International Executive, Business Strategy Asia Pacific and International Director Programs; Certificate in Global Management (INSEAD). Founding partner of architectural firm Urban Platform. Managing director of SPDG, a private holding company, since 2010. Chairman, member of the advisory board or of the supervisory board of various venture capital companies.	2005	June 2019
Christine Blondel (60)	**Independent Director** Ecole Polytechnique (France), MBA (INSEAD). Management Consultant at Procter & Gamble from 1981 to 1984, first female Director at the Wendel International Centre for Family Enterprise at INSEAD (until 2007), where she is still an Adjunct professor. Founder of FamilyGovernance, advising family businesses.	2009	June 2021
CB Management	**Independent Director– Permanent representative: Cécile Bonnefond (63)** MBA European Business School & Senior Executive Program IMD Lausanne. 20 years in various marketing and sales positions and executive positions in international agri-food sector: Danone (1979-1984), Kellogg (1984-1994), Diageo-Foods/Sara Lee (1995-2001). 15 years in Wine & Champagne /luxury sector: CEO of Veuve Clicquot (LVMH, 2001-2008) followed by Bon Marché (2009-2010). Chairman and co-investor at Piper & Charles Heidsieck champagnes (family-owned EPI group) and Group Deputy Managing Director (2011-2015). Directorships in listed and family-owned companies. Consultant for BPI France. Various non-profit organisations (since 2011).	2018	June 2022
Sophie Gasperment (54)	**Independent Director** Graduate of ESSEC and INSEAD. Joined L'Oréal in 1986 and became General Manager in the UK in 2000, notably as Chairman and CEO of The Body Shop International. From 2014 to 2018 she was Group General Manager leading Financial Communication & Strategic Prospective for the L'Oréal Group. Appointed Foreign French Trade Advisor in 2005. Directorship at AccorHotels since 2010. Member of the Supervisory Board of Cimpress N.V.	2018	June 2022
GEMA sprl[1]	**Non-executive Director – Permanent representative: Michel Allé (68)** Civil engineer and economist (ULB). Joined Cobepa in 1987, member of its Executive Committee (1995-2000). CFO of Brussels Airport (2001-2005). CFO of SNCB Holding (2005-2013). CFO of SNCB (2013-2015). Director of Elia and Chairman of the Boards of EPICS Therapeutics and DIM3. Professor at ULB.	2014	June 2022
Axel Miller (53)	**Chief Executive Officer** Law degree (ULB). Partner at Stibbe Simont, then at Clifford Chance (1996-2001). After holding several executive positions within the Dexia Group, became Chairman of the executive committee of Dexia Bank Belgium (2002-2006) and CEO of Dexia s.a. (2006-2008). Managing Partner at Petercam from 2009 to March 2012. Chairman of the Board of Directors of Belron and Director of Moleskine. Directorships: Carmeuse (Chairman), Spadel, Duvel Moortgat.	2010	June 2022
Pascal Minne (68)	**Non-executive Director** Law degree (ULB), Masters in Economics (Oxford). Former partner and Chairman of PwC Belgium (until 2001). Former Director of the Petercam group (until 2015). Chairman Wealth Structuring Committee Banque Degroof Petercam. Various Directorships. Emeritus Professor at ULB.	2001	June 2022
Nayarit Participations s.c.a.[1]	**Non-executive Director – Permanent representative: Frédéric de Vuyst (45)** Bachelor of Law (Université de Namur), BA Business & BSc Finance (London Metropolitan, School of Business). Managing Director Corporate & Investment Banking at BNP Paribas Belgium until 2008. Head of Business Development Investment Banking et Management Board Corporate Banking at BNP Paribas Fortis until 2012. Since then, CEO at Nayarit Participations and various directorships.	2001	June 2022
Pierre-Olivier Beckers sprl	**Independent Director – Permanent representative: Pierre-Olivier Beckers (58)** Master in Management Sciences (LSM), Louvain-la-Neuve. MBA Harvard Business School. Career at Delhaize Group (1983-2013). Chairman of the Executive Committee and managing director of Delhaize Group (1999-2013). Chairman of the Belgian Olympic and Interfederal Committee since 2004. Member of the International Olympic Committee (IOC) and Chairman of its Audit Committee. Chairman of the Coordinating Committee for the 2024 Paris Olympics. Various directorships. Advisor to and investor in various recently-formed companies.	2014	June 2022
s.a. de Participation et de Gestion (SPDG)[1]	**Non-executive Director – Permanent representative: Denis Pettiaux (50)** Civil engineer in physics and Executive Masters in Management (ULB). Member of SPDG executive committee, in charge of finance and a non-executive member of various Boards of Directors, advisory boards and investment committees. Joined Coopers & Lybrand in 1997. Until 2008, Director of Pricewaterhouse-Coopers Advisory in Belgium. Until 2011, Director of PricewaterhouseCoopers Corporate Finance in Paris.	2001	June 2022
Michèle Sioen (53)[1]	**Non-executive Director** Degree in economics. CEO of Sioen Industries, a listed company specialised in technical textiles. Honorary Chairman of the FEB. Various Directorshipsof Belgian companies, notably Immobel, Sofina, Fedustria and Guberna.	2011	June 2019

1 Director appointed upon proposal of family shareholders.

The Board of Directors meets at least six times a year. Additional meetings are held if necessary. The Board of Directors' decisions are taken by a majority of the votes, the Chairman having a casting vote in case of a tie. In 2018, the Board met 6 times. All of the Directors attended all of the meetings, except for Mrs Sophie Gasperment, who was excused for 1 meeting.

1.1.3. Tenure of Directors

Sophie Gasperment and CB Management, s.a., whose permanent representative is Cécile Bonnefond, were appointed on 31 May 2018 as Independent Directors for a period of 4 years. The tenures of several Directors were also renewed at the AGM of 31 May 2018 for a period of 4 years: Pierre-Olivier Beckers sprl, whose permanent representative is Mr Pierre-Olivier Beckers, as an independent director; GEMA sprl, whose permanent representative is Michel Allé, as a non-Executive Director; Participation et de Gestion s.a., whose permanent representative is Denis Pettiaux, as a non-Executive Director; Nayarit Participations s.c.a., whose permanent representative is Frédéric de Vuyst, as a non-Executive Director; Pascal Minne, as a non-Executive Director; and Axel Miller, as Managing Director.

1.1.4. Committees of the Board of Directors

Composition (at 31/12/2018)	Audit Committee[1]	Nomination and Remuneration Committee [1]
Chairman	Pascal Minne	Nicolas D'Ieteren
Members	Christine Blondel[2]	Pierre-Olivier Beckers[3]
	Frédéric de Vuyst[4]	Christine Blondel[2]
	Denis Pettiaux[5]	Sophie Gasperment[2]
		Olivier Périer

(1) Given their respective education and management experience in industrial and financial companies, the members of the Audit Committee and the members of the Nomination and Remuneration Committee, possess the expertise required by law in accounting and audit for the former and in remuneration policy for the latter.
(2) Independent Director
(3) Permanent representative of Pierre-Olivier Beckers sprl. Independent Director
(4) Permanent representative of Nayarit Participations s.c.a.
(5) Permanent representative of SPDG s.a.

The Audit Committee met 4 times in 2018. These meetings were held in the presence of the Auditor. All of its members attended all of the meetings.

The Nomination and Remuneration Committee met three times in 2018. All of its members attended all of the meetings.

Each Committee reported on its activities to the Board.

1.1.5. Functioning of the Committees

Audit Committee

On 31 December 2018, the Audit Committee was comprised of four non-executive Directors, of which one independent Director. The Audit Committee's primary role is to monitor the company's financial information and supervise the risk management and internal controls systems of the company and the main entities of the group. The Committee reviews the auditor's reports on the half-year and annual financial statements of the company, of Belron and of Moleskine. The Audit Committee meets at least four times a year, including at least once every six months in the presence of the Auditor, and reports on its activities to the Board of Directors. At least one specific meeting is dedicated to the supervision of the risk management and internal controls systems. The Auditor KPMG, appointed by the Ordinary General Meeting of 1 June 2017, has outlined the methodology for auditing the statutory and consolidated statements as well as the applicable materiality and reporting thresholds. The Committee's charter adopted by the Board is set out in Appendix I of the Charter published on the company's website.

Nomination and Remuneration Committee

On 31 December 2018, the Nomination and Remuneration Committee was comprised of five Directors, including the Chairman of the Board, who chairs the committee meetings, the Deputy Chairman and three independent Directors.

The missions of the NRC are as follows:

- To make proposals to the Board concerning appointments of non-executive Directors, the CEO, and based on a proposal by the latter, the other members of the Executive Committee and the CEOs of the main entities of the group, and ensure that the company has official, rigorous and transparent procedures to support these decisions.
- To make proposals to the Board regarding the remuneration of the non-executive Directors, the CEO, and, based on a proposal by the latter, the other members of the Executive Committee and the CEOs of the main entities of the group, and ensure that the company has official, rigorous and transparent procedures to support these decisions.
- To regularly review the procedures, principles and policies relating to the appointment and remuneration of managers in the Group's main activities and the Corporate team, and to coordinate with the existing Nomination and/or Remuneration Committees of the main entities of the group.
- To prepare the remuneration report and comment on it during the Annual General Meeting.

The Committee meets at least four times a year and reports on its work to the Board of Directors. The Committee's Charter adopted by the Board is set out in Appendix II of the Corporate Governance Charter available on the company's website.

Strategic Committee

The Strategic Committee, which was formed as a Board Committee on 28 February 2019, meets at least once a month and brings together the Chairman and Deputy Chairman of the Board, two Directors representing the family shareholders and the CEO. The other members of the Executive Committee are permanent observers. The Committee's mission is to, at the level of the Group and its subsidiaries, consider the development axes of the Group, to analyse the long-term strategies and objectives of the Group, to examine the progress of strategic projects, to analyse investment and divestment projects, to follow-up on the group's businesses, and to prepare strategic points for discussion at Board meetings. The Committee's Charter, adopted by the Board, is set out in Appendix III of the company Governance Charter available on the company's website.

Policy for transactions and other contractual relationships not covered by the legal provisions on conflicts of interest

Directors and managers are not authorised to provide paid services or to purchase or sell goods, directly or indirectly, to or from the company or its group companies within the framework of transactions not covered by their mandates or duties, without the specific consent of the Board of Directors, except for transactions realised in the normal course of business of the company. They are to consult the Chairman or CEO, who shall decide whether an application for derogation can be submitted to the Board of Directors. If so, they will notify the details of the transaction to the company secretary, who will ensure that the applicable rules are complied with. Such transactions shall only be authorised if carried out at market conditions.

Evaluation of the Board and its Committees

The Board and its Committees assess on a regular basis, and at least once every three years, their size, composition, procedures, performance and their relationships with the management, as well as the individual contribution of each Director to overall functioning, in order to constantly improve the effectiveness of their actions and the contribution of said actions to the group's proper governance.

The Board and its Committees will undergo a new evaluation during the first quarter of 2019. This process will be conducted with the help of an outside professional who will interview all Directors and members of the Executive Committee. A summary of the interviews will be presented to the Board along with clear recommendations for the Board's consideration.

1.2. GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for the day-to-day management of the company and is assisted by the Executive Committee. On 31 December 2018, the Group Executive Committee was comprised of the Group CEO (Chairman of the Group Executive Committee), the Group CFO and the member responsible for business support and development to the group's existing and new activities.

Composition of the Executive Committee on 31 December 2018		Start of mandate
Axel Miller (53)	Chairman of the Executive Committee – Chief Executive Officer (Cfr profile above)	2013
Arnaud Laviolette (57)	Member of the Executive Committee – Chief Financial Officer Master in Economic Sciences (UCL). Worked in banking for almost 25 years, head of Corporate Finance, Corporate Clients and Board member at ING Belgique until 2013. Investment manager at GBL from 2013 to June 2015. Directorships at Belron and Moleskine. External Director at Rossel.	2015
Francis Deprez (53)	Member of the Executive Committee Diploma in Applied Economic Sciences (UFSIA Anvers) and Master's in Business Administration (Harvard Business School). Associate (1991-1998) and Partner (1998-2006) at McKinsey & company Belgium. In the Deutsche Telekom Group, served as Managing Director of the Center for Strategic Projects (2006-2011), Chief Strategy and Policy Officer of Deutsche Telekom AG (2007–2011), member of the Supervisory Boards of T-Mobile International (2007-2009) and of T-Systems International (2008-2011), Chief Executive Officer of Detecon International Gmbh (2011-2016). Directorships at Belron and Moleskine.	2016

Together the members of the Group Executive Committee act collegially and are responsible, at the Group level for, amongst others, the monitoring and development of the Group's businesses, strategy, human resources, finance, financial communication, investor relations, account consolidation, management information systems, treasury, M&A, legal and tax functions.

1.3. EXECUTIVE MANAGEMENT OF THE THREE BUSINESSES

The D'Ieteren Group owns three businesses which each have their own executive management structure: D'Ieteren Auto, Belron and Moleskine.

D'Ieteren Auto, which is an operational department of D'Ieteren SA/NV without separate legal status – is managed by the CEO of D'Ieteren Auto, reporting to the Group CEO. The CEO of D'Ieteren Auto chairs a management committee comprising six other members responsible for Retail, Finance, Operations, Research, Marketing & Training, Brands & Network Management as well as Human Resources.

Belron, of which D'Ieteren owned 54.10% on 31 December 2018, is governed by a Board of Directors consisting of 6 members: the 3 members of the Group Executive Committee, 2 members appointed by CD&R (minority 39.45% shareholder in Belron) and the CEO of Belron. The Board of Belron is chaired by the Group CEO.

Moleskine, a fully-owned subsidiary of D'Ieteren, is governed by a Board of Directors consisting of 6 members: the three members of the Group Executive Committee, the former CEO of Moleskine (who presides over the meetings) and the current CEO and CFO of Moleskine.

1.4. EXTERNAL AUDIT

The external audit is conducted by KPMG Bedrijfsrevisoren–Réviseurs d'Entreprises, represented by Alexis Palm, whose term to audit the statutory and consolidated accounts for 2017, 2018 and 2019 was renewed at the General Meeting of 1 June 2017.

The total fees charged by the Statutory Auditor and linked companies for the work carried out in 2017 on behalf of D'Ieteren SA/NV and linked companies amounted to EUR 4.2 million, excluding VAT. Details of the fees are included in the annexe of the 2018 Consolidated Financial Statements (page 72).

DEROGATIONS TO THE 2009 BELGIAN CORPORATE GOVERNANCE CODE

The company derogates from the Code on the following principles:

DEROGATION TO PRINCIPLE 2.2.

The group of Directors appointed upon proposal of the family shareholders is in a position to dominate decisions taken by the Board of Directors. In companies where family shareholders hold a majority of the share capital, the family shareholders do not have, as do other shareholders, the opportunity to sell their shares if they do not agree with the orientations defined by the Board. Their joint or majority representation on the Board enables them to influence these orientations, thereby ensuring the shareholding stability necessary to the profitable and sustainable growth of the company. The potential risks for corporate governance resulting from the existence of a high degree of control by the majority shareholder on the activities of the Board can be mitigated, on the one hand, by the appropriate use of this power by the Directors concerned in respect of the legitimate interests of the company and of its minority shareholders and, on the other hand, by the long-term presence of several non-executive Directors not representative of the family shareholding, which ensure a genuine dialogue at Board level.

DEROGATION TO PRINCIPLES 5.2./4 AND 5.3./1

The composition of the Audit Committee, which includes at least one independent Director, derogates from the Belgian Corporate Governance Code, which recommends the presence of a majority of independent Directors. This is because the Board believes that an in-depth knowledge of the company is at least as important as independent status.

2. Diversity Policy

The company aims to have a diverse Board of Directors and Executive Committee. This is achieved when including amongst its members differences in background, age, gender, independence, experience and professional skills. The company believes that teams consisting of individuals with different experiences and backgrounds will lead to diversity of thought, which is to key to well-performing governance bodies. Such diversity will provide a range of perspectives, insights and challenges necessary to support good decision making. Enhancing diversity at the board and management level also increases the pool of potential candidates, and helps to attract and retain talent.

The Nomination and Remuneration Committee reviews and assesses the composition of the Board of Directors and the Executive Committee, and recommends to the Board the appointment of new directors or Executive Committee members, as well as the renewal of any existing mandates. When carrying out these reviews and recommendations, the Nomination Committee will consider the candidates on merit, having due regard to the benefits of diversity (including criteria such as background, age, gender, independence (for board members), professional skills, length of service and differences both in professional and personal experiences).

On gender diversity, the Board of Directors had a specific objective, in accordance with legal requirements, to have a minimum of one third of the underrepresented gender on the Board[1]. This target was achieved on 31 May 2018 with the nomination of two new female administrators. The Board is currently composed of 12 members, including four female board members.

Reference is made to section 1 of the Corporate Governance Statement (available in the Financial and Director's report) regarding other diversity criteria (age, length of service, educational and professional experience) in relation to the members of the Board of directors and the Executive Committee as of 31 December 2018.

[1] The required minimum number will be rounded off to the nearest whole number.

3. Remuneration Report

3.1. DETERMINATION OF REMUNERATION POLICY AND INDIVIDUAL AMOUNTS FOR MANAGERS

The policy and the individual remuneration of the non-executive directors and executive management of the company are determined by the group's Board of Directors based on the recommendations of the Nomination and Remuneration Committee.

D'Ieteren's Nomination and Remuneration Committee, which relies on the proposals of the CEO when it concerns the other members of the Executive Committee, reviews the following elements at the end of each year and submits the following to the Board for approval:

- the remuneration of the non-executive Directors for the following year;
- the variable remuneration of the members of the Executive Committee for the past year, taking into account any annual or multi-annual criteria related to the performance of the company and/or that of the beneficiaries;
- any changes to the fixed remuneration of the members of the Executive Committee and their targeted variable remuneration for the following year, and associated performance criteria.

The Board intends to maintain this procedure for the next two years.

3.2. REMUNERATION OF NON-EXECUTIVE DIRECTORS

The company implements a remuneration policy designed to attract and retain on the Board non-executive Directors with a wide variety of expertise in the various areas necessary for the profitable growth of the company's activities. These Directors receive an identical fixed annual remuneration, unrelated to their effective presence at Board meetings. Some Directors are entitled to a fixed remuneration for rendering specific services such as Chairman or Deputy Chairman of the Board, for participating in one or more Board committees and, as the case may be, for the use of company cars. The total amount of these remunerations is shown in the following table. The non-executive Directors do not receive any remuneration related to the company's performance. The CEO does not receive any specific remuneration for his participation on the Board of Directors.

For the year ended 31 December 2018, a total of EUR 1,280,000 was paid to the non-executive Directors by the company, broken down as illustrated in the table below. No other benefit or remuneration, loan or guarantee was granted to them by D'Ieteren or its subsidiaries.

2018 (in EUR)	Base remuneration	Board Committees	Total remuneration
D'Ieteren N.	250,000	All in	250,000
Périer O.	200,000	All in	200,000
P.-O. Beckers sprl	70,000	35,000	105,000
Bonnefond C.	40,833		40,833
Blondel C.	70,000	70,000	140,000
Gasperment S.	40,833	23,333	64,166
Gema (M. Allé)	70,000		70,000
Minne P.	70,000	60,000	130,000
Nayarit (de Vuyst)	70,000	35,000	105,000
Sioen M.	70,000		70,000
SPDG (D. Pettiaux)	70,000	35,000	105,000
Total	**1,021,667**	**258,333**	**1,280,000**

3.3. REMUNERATION OF THE EXECUTIVE MANAGERS

General principles

At 31 December 2018, the executive management team, defined as the members of the Executive Committee, was comprised of Axel Miller (President of the Executive Committee), Arnaud Laviolette and Francis Deprez. The group has its own remuneration policy for attracting and retaining managers with the appropriate background and motivating them by means of appropriate incentives. This policy is based on external fairness criteria, measured in terms of comparable positions outside the group, and on internal fairness criteria between colleagues within the company.

The policy aims to position total individual remuneration of the members of the Executive Committee around the median remuneration for positions of similar responsibility in comparable Belgian or foreign companies, as benchmarked by independent experts. The most recent benchmarking dates from January 2016.

Description of the various components

Axel Miller's managing director's contract comprises the following remuneration components:

- an 'all-in' annual fixed base remuneration of EUR 750,000, which includes benefits of all kinds related to the provision of company cars, a mobile phone and a remuneration for the exercise of Directorships in group subsidiaries;
- a variable remuneration comprising:
  - an annual variable remuneration, with a target set at approximately 50% of the fixed remuneration;
  - and a long-term incentive plan in the form of share options.

The company also covers the contributions to disability, life insurance and pension schemes for the benefit of the managing director for an annual amount of EUR 115,000.

The remuneration of the other members of the Executive Committee comprises:

- a fixed annual all-in base remuneration, which includes benefits of all kinds related to the provision of company cars and mobile phones, and the remuneration for the exercise of directorships of the subsidiaries of the group.
- a variable remuneration comprising:
  - an annual variable remuneration, with a target at about 60% of the fixed short-term remuneration;
  - a long-term incentive plan in the form of share options.

The company also covers the contributions to disability, life insurance and pension schemes for the benefit of the members of the Executive Committee.

As regards the phasing of the payment of the components of this variable remuneration over time, the company complies with the legal requirements in terms of relative proportions relating to:

- the targeted annual variable remuneration, which shall not exceed 50% of the total variable remuneration and which, adjusted according to whether performance criteria have been met, is paid at the beginning of the year following that in which the services were provided;
- the long-term variable remuneration in the form of share options, which can be exercised at the earliest from the fourth year following the year in which they were allocated.

The allocation of the variable remuneration depends on the compliance with collective quantitative performance criteria (consolidated result compared with the budget, which includes all the objectives and missions approved by the Board of Directors with a view to creating long-term value) and qualitative individual (related to the job description) and collective (related to the development and execution of the group's strategy, to the development of its human and financial resources, and to the conduct of specific key projects) criteria.

The annual bonus breaks down as 50% for achieving the annual quantitative objectives, and 50% for achieving the qualitative objectives. It can vary from 0% to 150% of the target in EUR, according to the result of the annual performance appraisal.

The performance of the interested parties is assessed at the start of the year following that for which the remuneration is being allocated, by the CEO for the members of the Executive Committee, and by the Board for the CEO, upon recommendation of the Nomination and Remuneration Committee, and in accordance with the agreed performance criteria.

The long-term incentive plan for the members of the Executive Committee consists of D'Ieteren stock options. The amount granted is decided by the Board of Directors upon proposal of the Nomination and Remuneration Committee and fixed with regard to the long-term median of remunerations for positions of similar responsibilities in comparable Belgian or foreign companies, as benchmarked by independent experts. The most recent benchmarking dates from January 2016.

The features of the D'Ieteren share option schemes are those approved by the Ordinary General Meeting of 26 May 2005. These options give the right to acquire existing shares of the company at an exercise price that corresponds, for each plan, either to the average price over the 30 calendar days preceding the offer date, or to the closing price on the working day preceding the offer date, as decided by the Chairman of the Board of Directors on the working day preceding the launch of the plan.

These options may be exercised from 1 January of the 4th year following the date they were granted and up until the end of the tenth year following their granting, with the exception of approximately 1-month periods preceding the release of the full-year and half-year financial results. The actual exercise of the options depends on the evolution of the share price, which may allow them to be exercised after the 3-year vesting period. Additional details on the share option plans are provided in note 7 of the consolidated financial statements

Remuneration allocated to the Executive Committee for 2018

The following table summarises the various categories of Executive Committee remuneration allocated for 2018.

2018 (in EUR)	CEO [1]	Other members of Executive Committee [1]	Total
Fixed remuneration	750,000	1,080,000	1,830,000
Short-term variable remuneration [2]	400.000	703.000	1.103.000
Contribution to disability, pension and life insurance	115,000	241,000	356,000

1 With an independent contract
2 For a breakdown of the variable remuneration, see previous page "Description of the various components"

Moreover, 130,000 share options were granted to the members of the Executive Committee for the fiscal year 2018, at a strike price of EUR 33.32 per option, allocated as follows:

2018	Granted options
Axel Miller (CEO)	50,000
Arnaud Laviolette (CFO)	40,000
Francis Deprez	40,000

Details of the share options belonging to members of the Executive Committee that were exercised or which expired during the year 2018 can be found in note 7 of the consolidated financial statements.

Main contractual conditions concerning the departure of executive management and the right to claim reimbursement for all or part of the variable remuneration

Except for cases of unprofessional conduct, incapacity or gross negligence, the contracts of the Executive Committee members allow for 12 months of severance pay.

The contracts of the Executive Committee members do not contain claw-back clauses that are applicable if the variable remuneration has been allocated on the basis of false information.

4. Internal Controls And Risk Management Systems

D'Ieteren and its activities operate in a constantly changing environment that exposes them to multiple risks.

In order to protect their reputation while ensuring sustainable success and the achievement of corporate targets, D'Ieteren and its activities have in place comprehensive risk management and internal control systems which:

- Identify risks at an early stage;
- Assess the probability of these risks and their potential impact;
- Implement mitigating measures.

There are three lines of defence:

- At the operational level of each activity;
- Risk management, compliance & legal;
- Internal Audit.

4.1. RISK MANAGEMENT GOVERNANCE STRUCTURE AND RESPONSIBILITIES

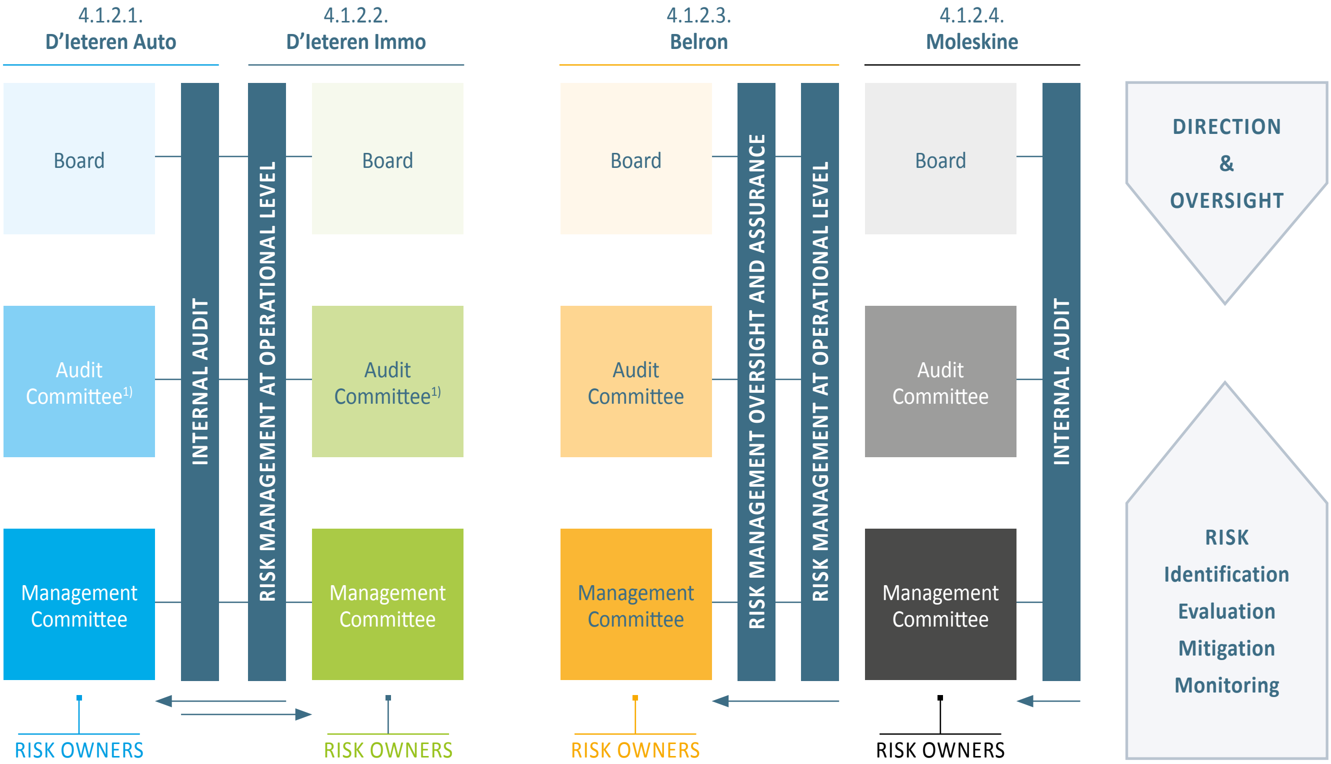
The organizational structure at the level of D'Ieteren and the activities ensures the appropriate delegation of authorities to management and a separation of duties.

4.1. D'Ieteren Group

4.1.1.1. Board of Directors

4.1.1.2. Audit Committee [1]

4.1.1.3. Executive Committee



1 D'Ieteren Group, D'Ieteren Auto and D'Ieteren Immo have the same Audit Committee.

4.1.1. D'Ieteren

4.1.1.1. Board of Directors

The Board's control duties include (i) ensuring that D'Ieteren's activities correctly perform their own control duties and that Committees entrusted with special survey and control tasks (such as the Audit and Remuneration Committees) are put in place and function properly and (ii) ensuring that reporting procedures are implemented to allow the Board to review the entities' activities at regular intervals, notably regarding the risks they face.

4.1.1.2. Audit Committee

The Board of Directors is assisted by the Audit Committee in the exercise of its control responsibilities for the company's entities, in particular with respect to the financial information distributed to shareholders and to third parties and the monitoring of the different risk management and internal control mechanisms.

The Group Audit Committee receives regular reports on the work carried out by the Audit Committees of each activity before itself reporting to the Board.

The independence of the head of Internal Audit is ensured by direct reporting to the Audit Committee and CEO.

4.1.1.3. Executive Committee

The members of the Executive Committee act collegially and are responsible for, amongst others, monitoring of the Group's businesses, strategy, human resources, financial communication, investor relations, account consolidation, management information systems, treasury, M&A, legal and tax matters.

4.1.2. At the level of each activity

Each activity has its own Board of Directors, Audit Committee and Management Committee. The Heads of Internal Audit or Internal Control and Risk Management report directly to the Audit Committees and to the CFO or CEO.

4.1.2.1. D'Ieteren Auto

D'Ieteren SA is the legal entity of D'Ieteren and D'Ieteren Auto. D'Ieteren Auto's Board of Directors meets at least quarterly. The Audit Committee, which is the same for D'Ieteren and D'Ieteren Auto convenes every quarter.

Divisional directors are responsible for risk management on a day-to-day operational level. D'Ieteren Auto's import operations are certified by ISO 9001:2015.

4.1.2.2. D'Ieteren Immo

The real estate assets and operations of D'Ieteren Auto are grouped under a single legal entity (D'Ieteren Immo SA). It has its own Board of Directors and Management Committee. The Audit Committee is the same as those of D'Ieteren and D'Ieteren Auto.

4.1.2.3. Belron

Belron uses the '3-Lines of Defence' model to manage business and financial risk:

- 1st Line - Business Units performing regular internal control activities;
- 2nd Line - Oversight and standard setting functions at Belron level;
- 3rd Line - Independent Assurers, including external auditors.

The 3-Line model, which provides the framework for risk management activities throughout Belron, is supported by Risk Management Programmes which are used by each Business Unit to assess and benchmark the management of the main risks.

4.1.2.4. Moleskine

Moleskine's Internal Control and Risk Management system includes rules, procedures and organizational structures aimed at ensuring adequate identification, measurement, management and monitoring of the main risks.

The owners of the Internal Control and Risk Management process are:

- Process and risk owners;
- The Audit Committee;
- Internal Audit;
- Supervisory Body.

Moleskine's CEO and the Department Heads are the process and risk owners. They are responsible for identifying and assessing risks.

The Internal Audit Manager monitors the activities based on the Internal Audit plan which is approved on an annual basis by the Audit Committee. The results of the monitoring activities are contained in the Audit reports to the Audit Committee. The Internal Audit Manager reports hierarchically to Moleskine's CFO, who is a member of Moleskine's Audit Committee.

Moleskine's Audit Committee is composed of Moleskine's CFO and D'Ieteren's CFO. Moleskine's Internal Audit Manager is a permanent observer. They meet twice a year.

The Supervisory Body of Moleskine oversees the functioning of and the compliance with the "Organizational, Management and Control Model" adopted to prevent crimes provided for in the Legislative Decree no. 231/2001. The goal is to ensure regularity and transparency in carrying out business activities, while protecting Moleskine's position and image, shareholders expectations and employees.

The outcome of the Supervisory Body's activities is summarized every six months in a report sent to Moleskine's Board of Directors. The Supervisory Body is composed of three members, two externals and Moleskine's Internal Audit Manager.

4.2. RISK MANAGEMENT PROCESS

4.2.1. Risk identification/mapping

Each activity identifies its key business and financial risks by assessing factors that could have an adverse impact on the future operations and financial returns of the business. External and operational risk factors are assessed in terms of the scale of their impact and the probability of their occurrence, with particular attention given to the most important ones. Risks are categorised as Governance/Compliance, Strategic, Operational or Financial.

Each activity conducts an annual risk review and updates its risk register to reflect the impact of each risk and the measures proposed to mitigate them. This approach forms the cornerstone of D'Ieteren's risk management activities, which aims to ensure that the major risks faced by the Group have been identified and assessed, and that there are controls either in place or planned to manage them.

The process includes the review of internal and external Audit plans (including IT Audit missions and fraud risks), strategic plans, annual budgets and monthly financial results and key performance indicators. The adoption of accounting procedures ensures the consistency, integrity and accuracy of the company's financial records.

4.2.2. Review and execution of mitigating plans

Following the annual risk review process, measures are implemented to mitigate the identified risks and control missions are prioritized based on the risk profile. The execution of the plans is supervised by Internal Audit teams.

Mitigating actions include for instance the regular reporting and review of all significant treasury transactions and financing activities, procedures for the authorisation of capital expenditure, country visits and discussions with local management.

4.2.3. Reporting

The Internal Audit Managers of Moleskine and D'Ieteren Auto/Immo report regularly to their respective Audit Committees. At Belron, the outcome of the work carried out to assess the effectiveness and efficiency of risk management practices across the company is reported to both local and regional management and to the Belron Audit Committee, which meet regularly during the year.

Reporting includes an assessment of the mitigating actions and recommendations. The Chairmen of the Audit Committees present the risk management report to their Board. Control issues that arise from internal and external audits together with any additional matters are brought to the attention of the Audit Committees.

At the Group level, the Head of Internal Audit reports on a quarterly basis to the Audit Committee.

4.3. MAIN RISKS

Governance/compliance

4.3.1. D'IETEREN

GOVERNANCE

Risk of deficient governance (management, functioning of the committees, decision-making process and/or risk management).

POTENTIAL IMPACT

Failure to achieve long-term strategic objectives. Failure to comply with applicable laws and regulations. Adverse financial and reputational impact, claims and fines.

MITIGATING ACTIONS

D'Ieteren adheres to the Belgian Code of Corporate Governance while taking into account the unique structure of its share capital, with family shareholders owning the majority of the shares. The Corporate Governance Charter provides clear guidelines for the decision-making process and delegation of authority.

Governance/compliance

LISTING AND COMMUNICATION

Risk that laws and regulations governing listed companies are breached. D'Ieteren is subject to regulations related to communication, financial reporting, transparency, insider trading and corporate governance (see previous risk).

Risk related to volatility on the equity markets.

POTENTIAL IMPACT

Drop in D'Ieteren share price and market capitalization.

Significant fines if laws or regulations are breached. Loss of confidence on the part of investors and analysts.

MITIGATING ACTIONS

The consolidation process is based on a centralized accounting software to ensure consistency across the participations. D'Ieteren's Consolidation team checks that the financial figures of its activities present a complete, accurate and reliable reflection of their financial performance and position. The financial reports and press releases related to the full year and half-year results are reviewed by Executive Committee members, the Audit Committee, the external auditor and the Board of Directors prior to publication.

Strategic

CAPITAL ALLOCATION

Risk related to capital allocation decisions (investments in existing operations, acquisitions/disposals, dividend policy, share buybacks). Risks related to the timing of those decisions. The availability of investment/divestment opportunities is subject to macroeconomic and market conditions.

POTENTIAL IMPACT

Disappointing shareholder value creation and share price underperformance. Loss of confidence on the part of investors and analysts.

Write-downs and impairment losses in the income statement.

MITIGATING ACTIONS

D'Ieteren is an investment company with a long-term focus. D'Ieteren aims at full control, a majority stake or the option to gain a majority stake in its participations. Every material investment is subject to an in-depth due diligence and is reviewed by an Investment Committee, the Strategic Committee and the Board. D'Ieteren's Executive Committee members are board members at the level of the participations.

The meaning of the icons used throughout this chapter can be found in the Reference Index of Non-Financial Information (page 70-71 of the Activity Report).

Financial

LIQUIDITY AND TAXES

Risks arising from a lack of financial resources.
Risks related to fiscal regulations.

POTENTIAL IMPACT

Insufficient financial resources may hamper the implementation of D'Ieteren's investment strategy.

MITIGATING ACTIONS

D'Ieteren invests in participations while maintaining a solid financial structure. D'Ieteren's participations are financed independently through non-recourse debt. In other words, D'Ieteren does not provide guarantees for the benefit of its participations. At the end of 2018, D'Ieteren's (excluding Belron, D'Ieteren Auto and Moleskine) net cash position amounted EUR 1,142.2 million. Financial flexibility is ensured through a prudent cash management policy. Control processes for tax regulation compliance include internal reviews and external audits.

Governance/compliance

4.3.2. D'IETEREN AUTO

ORGANIZATION

Risks related to deficient governance (e.g. corporate organization, functioning of the committees, decision-making process and risk management). Deficient governance could lead to inadequate decisions and failure to comply with applicable laws and regulations.

POTENTIAL IMPACT

Adverse reputational and financial impact including claims and fines. Failure to achieve targets when major decisions are taken without being adequately challenged/authorized.

MITIGATING ACTIONS

Governance policies are widely communicated, and their application is audited. Clear allocation of responsibilities and decision-making power (e.g. at the level of D'Ieteren Auto versus D'Ieteren).

Governance/compliance

ETHICS

Risk that unethical behaviour (inside or outside the company) may harm the company and/or third parties.

POTENTIAL IMPACT

A breach of legal provisions and unethical behaviour (e.g. disrespect for human rights, discrimination, corruption, fraud and conflicts of interest) could seriously damage D'Ieteren Auto's reputation and results. Disrespectful and inappropriate behaviour may also have a negative impact on the working atmosphere.

MITIGATING ACTIONS

A new version of the Code of Ethics, "The Way We Work" was released in 2018. New employees receive the Code of Ethics when joining the company. Preventive measures are in place including psychosocial risk detection and reporting. A new project ('Living our values') has been launched to redefine D'Ieteren Auto's internal values.

Governance/compliance

COMPETITION LAW

Risks related to breaches of European and Belgian competition laws that prohibit anti-competitive practices (e.g. agreements between two or more independent market operators which restrict competition) and the abuse of dominance. Anti-competitive practices include vertical agreements (factories-importer-dealer) and horizontal agreements (between competitors).

POTENTIAL IMPACT

An infringement of competition law could result in legal proceedings, fines up to 10% of consolidated revenues and damages to affected competitors. It may also severely harm D'Ieteren Auto's reputation and result in the loss of distribution contracts.

MITIGATING ACTIONS

The Legal Department informs, advises and monitors. A document with guidelines lists the potential risks and appropriate behaviour to mitigate them.

Strategic

SECTOR TRENDS, REGULATIONS AND POLICIES

Risks related to changes in regulation, the fiscal regime and policies related to the automotive sector and vehicle ownership and usage. Risks related to changing customer preferences and growing popularity of car sharing.

Risks related to new technological advances (e.g. electric, connected and autonomous vehicles).

POTENTIAL IMPACT

Changes in taxes and policies and car sharing may impact the volume of vehicles sold on the Belgian market. Negative impact on margins. Growing penetration of electric vehicles and advanced driver assistance systems has a negative impact on the sale of spare parts and revenues from bodywork jobs and maintenance.

MITIGATING ACTIONS

D'Ieteren Auto's business model is evolving towards enabling more fluid, accessible and sustainable mobility to create a better quality of life for all citizens. Lab Box, a subsidiary of D'Ieteren, explores and tests new mobility solutions (e.g. Poppy, a green car-sharing service in Antwerp, and Pikaway, a MaaS solution). The rising penetration of electric vehicles and new digital products create new opportunities (e.g. offering of integrated systems including solar panels and home batteries, functions on demand and mobility services).

Strategic

RELATIONSHIP WITH VOLKSWAGEN GROUP AND YAMAHA

Risks related to the loss of one or more distribution contracts with Volkswagen Group and Yamaha. Risk that Volkswagen Group or Yamaha might take strategic decisions (e.g. pricing, design, type of engines) that are detrimental to D'Ieteren Auto's competitive position. Risk that Volkswagen will bypass D'Ieteren.

POTENTIAL IMPACT

Negative financial impact, redundancies and reputational damage.

MITIGATING ACTIONS

The relationship with key suppliers is based on D'Ieteren Auto's ability to demonstrate its added value through state-of-the-art logistics, the professionalization of the Belgian dealer network and in-depth knowledge of the Belgian market. A trust-based relationship allows D'Ieteren Auto to be informed at an early stage of Volkswagen Group's or Yamaha's decisions at an early stage.

Operational

TALENT & LEADERSHIP

Risk that D'Ieteren Auto fails to attract, motivate and retain skilled people.

POTENTIAL IMPACT

The loss of know-how due to the departure of key personnel could lead to a loss of revenues and costs. D'Ieteren Auto's competitive position may suffer if it fails to attract and retain talents that are needed to prepare itself for the sweeping changes in the mobility sector.

MITIGATING ACTIONS

An attractive employer brand to attract new talent. Personal and professional development through appraisals and coaching. The CaReer Model increases transparency in terms of expectations, skills and results, while offering career opportunities across the business. A Succession Plan is also in place for key positions. Employee satisfaction surveys. MySkillCamp, the Learning & Content Management platform allows employees to learn autonomously. Create a learning mindset to prepare D'Ieteren Auto for the future.

Operational

IT INFRASTRUCTURE, DATA, DIGITAL AND CYBER SECURITY

Risks related to failure or interruption of critical IT services and applications. Cyber-attacks (e.g. phishing, malware). Loss of confidentiality and integrity (e.g. customer, employee and cost price data). Data leaks (e.g. customer data). Non-compliance with GDPR or other regulatory obligations. Unintentional internal user actions. Risks related to implementation of new software/IT systems.

POTENTIAL IMPACT

Business disruption. Negative impact on sales and financial results. Reputational damage. Loss of trust of customers, factories and employees.Fines (up to 4% of the annual turnover) for non- GDPR compliance.

MITIGATING ACTIONS

Technical/software controls (e.g. firewalls, antivirus). Physical controls (e.g. security doors for computer rooms, badge readers). Appointment of a Data Protection Officer and a Chief Information Security Officer. Communication to improve employee awareness. Training for high risk profile employees who have access to personal data. Actions to protect data and ensure compliance with GDPR including assessment, an implementation program and data cartography. A roadmap to enforce controls that protect against cyber threats and prevent compliance breaches.

Operational

HEALTH AND SAFETY

Health and safety risks related to the use of potentially dangerous machinery and chemicals, the work environment, the handling of goods and psychological issues (burn-out and stress). Fire risks related to infrastructure and activities.

POTENTIAL IMPACT

Non-compliance with safety regulations and internal policies. Injuries, penalties, fines, reputational damage and disruption of the activities. Health & safety issues could result in an increase in absenteeism.

MITIGATING ACTIONS

Zero-tolerance policy regarding breaches of safety standards. The safety department carries out risk assessments, monitors protection measures (e.g. the use of safe tools and machinery and protective equipment) and organises workshops on fire prevention and health and safety issues such as ergonomics, first aid, the safe use of chemicals and electrical risks. Employees can count on help from an internal person of trust or an external prevention advisor in the case of psychological issues.

1 EU General Data Protection Regulation

Operational

ENVIRONMENT

Risks related to the distribution of polluting combustion vehicles, transportation, the handling of chemicals and waste. See Non-Financial Declaration (page 125) for the environmental impact related to the buildings.

POTENTIAL IMPACT

Breach of environmental laws, fines and reputational impact.

MITIGATING ACTIONS

D'Ieteren Auto's clean vehicle offer is set to expand significantly as Volkswagen Group aims to launch more than 50 new electric vehicles by 2025.

Working from home and environmentally friendly mobility solutions are offered to employees.

Lab Box, a 100% subsidiary, explores innovative mobility services.

Employees are trained to correctly sort and collect waste. Periodic site visits by a project coordinator of the main waste collector (Suez) for the optimization of the on-site waste management. Waste container parks on several sites.

Financial

FINANCIAL INFORMATION

Risks related to the preparation of financial information. Risks related to incorrect financial information and/or non-compliance with relevant standards.

POTENTIAL IMPACT

Misrepresentation of D'Ieteren Auto's financial performance to investors and other stakeholders. Regulatory scrutiny. Reputational damage.

MITIGATING ACTIONS

The financial statements are prepared by D'Ieteren Auto's accounting department in accordance with the International Financial Reporting Standards (IFRS). The consolidation is performed on a centralized accounting IT system to ensure consistency and adequacy of accounting policies with those of D'Ieteren. The financial information processes are covered by specific procedures, follow-up checks and rules of validation. The application of IFRS is discussed with the Statutory Auditor and in the Audit Committee.

Financial

RESIDUAL VALUES (D'IETEREN LEASE)

Risks related to the residual value of leasing vehicles at D'Ieteren Lease (100% owned by VDFin). D'Ieteren Lease is exposed to fluctuations in selling prices at the end of the leasing contracts. Residual values reflect changes in demand (e.g. shift away from diesel engines, rising popularity of SUVs), regulations, taxation and macro-economic factors.

POTENTIAL IMPACT

Negative financial impact: leasing contracts may turn out to be unprofitable if residual values drop.

MITIGATING ACTIONS

D'Ieteren Lease continuously monitors the second-hand vehicle market. Residual values are analysed on a quarterly basis to take into account recent sales results and new model launches. Provisions are also reviewed and if necessary adjusted on a quarterly basis.

Financial

LIQUIDITY AND INTEREST RATES (VDFIN)

Risks related to the financing of Volkswagen D'Ieteren Finance (VDFin), a provider of retail finance, operating leases and financial leases. VDFin also provides financing to the dealer network.

POTENTIAL IMPACT

Insufficient financing at competitive interest rates would be detrimental to VDFin's competitive position and financial performance.

MITIGATING ACTIONS

VW Financial Services, a subsidiary of Volkswagen group, has diversified sources of financing and provides financing to VDFin at attractive market conditions while ensuring permanent access to liquidity. Standard & Poor's gives VW Financial Services AG a credit rating of A-2 on commercial paper and a BBB+ rating on senior unsecured loans. The Controlling & Treasury department of VDFin closely monitors the cost of financing in order to minimize the risk related to market conditions and the asset and liability management (ALM) policy ensures that the interest rate is well managed.

Governance/Compliance

4.3.3. D'IETEREN IMMO

ENVIRONMENT

Risks related to increasingly stringent environmental regulations. Risks related to environmental permits.

POTENTIAL IMPACT

Reputational damage. Higher costs to satisfy regulatory requirements.

MITIGATING ACTIONS

D'Ieteren Immo is committed to reducing its environmental footprint. Over recent years, various measures have been implemented aimed at using energy more efficiently while integrating alternative energy sources such as solar panels and co-generation units that produce not only electricity but also heat for buildings.

Operational

CONSTRUCTION PROJECTS

Risks related to the financial health of the builders and contractors. Risks related to safety on the building sites.

Risks related to cost overruns.

POTENTIAL IMPACT

Bankruptcy of a builder or contractor may result in stoppage or interruption of the construction process, delayed rental income, lawsuits and additional costs. It is difficult to find contractors who are willing to take over a project from an insolvent peer. Reputational damage if an accident occurs on a building site. Cost overruns have a negative impact on a project's return on investment.

MITIGATING ACTIONS

Thorough screening of the contractors. For example, Graydon reports are consulted when large projects are undertaken. Insurance coverage. A safety coordinator is assigned by D'Ieteren Immo. During site meetings contractors are repeatedly reminded of safety requirements. Projects are carefully scrutinized before approval. D'Ieteren Immo has developed expertise in dealership real estate.

2 D'Ieteren Auto has a stake of 50% minus one share in VDFin. Volkswagen Group owns 50% plus one share.

Operational

OCCUPANCY RATE

Risks related to occupancy rates. D'Ieteren Auto is by far the main tenant (92% of total rental income) of D'Ieteren Immo's real estate.

POTENTIAL IMPACT

Loss of revenues and extra costs if the occupancy rate declines.

MITIGATING ACTIONS

Diversification of the real estate assets (e.g. residential, commercial, workshops, offices). Focus on multifunctional sites that can be developed for various purposes. Unoccupied space is rented out to tenants other than D'Ieteren Auto. Some dealership sites that are no longer used by D'Ieteren Auto are sold.

Governance/Compliance

4.3.4. BELRON

LEGAL AND REGULATORY

Risks related to breaches of legislation and regulation. The key legislative risks faced by Belron relate to competition law, GDPR, anti-bribery, health & safety, social law and tax compliance.

POTENTIAL IMPACT

The reputation of Belron, its operating businesses and brands may be adversely affected by a breach of legislation or regulation.

MITIGATING ACTIONS

Established policies, procedures and guidance related to legislation and regulation are regularly updated and promoted through on-site workshops. The legal department reviews contracts and business activities and performs legal audits. Outcomes arising from their assurance work are separately reported to the Audit Committee and/or the Board. Advice and opinions are also sought from external counsel as and where thought appropriate.

Governance/Compliance

ETHICS

Risks related to unethical behaviour from within and/or external to the company which may harm the business and/or third parties.

POTENTIAL IMPACT

Reputation or (intangible) assets may be affected were employees, customers, suppliers or agents to commit unethical or fraudulent acts for personal gain, or were Belron to be considered jointly responsible for any such act perpetrated by a third party. Unethical behaviour may negatively impact working atmospheres and further damage business performance.

MITIGATING ACTIONS

A 'Genuine' Guiding Principles initiative, led by the Belron Group People & Leadership function, was published in 2018 which set out the way things are done at Belron. This helps underpin the genuine approach to 'the way we work', guided by its ethical principles of integrity, respect and trust.

Strategic

MAJOR PROJECTS

Risks related to major projects, including the service extension strategy to expand into other consumer services, notably Automotive and Home Damage Repair and Replacement.

POTENTIAL IMPACT

Diversification beyond Vehicle Glass Repair and Replacement entails acquisitions, integration, financial and reputational related risks. Other major projects, such as IT implementations and digitalization, could impair Belron's ability to maintain established customer service levels were such projects to not run as planned.

MITIGATING ACTIONS

Belron is well placed to offer high quality service to large, fragmented Automotive and Home Repair markets, whilst building upon its existing brands and its strong relationships with key accounts. In addition to leveraging local knowledge and research activities into the industry group and specific business targets, due-diligence and project management activities, drawing in subject matter experts, and legal and consultancy services engaged on an 'as needs' basis.

Strategic

TECHNOLOGY

Risks related to new and emerging technologies. The technological complexity of vehicles (and vehicle glass) continues to gather pace, typified by the growing popularity of Advanced Driver Assistance Systems (ADAS).

POTENTIAL IMPACT

Failure to adapt to technological advancements and developments may have an adverse impact on the leadership position held by Belron.

MITIGATING ACTIONS

In addition to its broad geographical spread and its cross-national operating platforms, Belron is a world leader in assessing and understanding the ever-changing technology advancements in vehicles and vehicle glass.

Strategic

MARKETS

Risks related to the Vehicle Glass, Automotive and Home repair and replacement market including industry, macro-economic and technological factors.

As with any business, Belron may be impacted by external factors, including general economic conditions, climate, changes in government policy and consumer behaviour.

POTENTIAL IMPACT

Negative impact on growth, sales and financial results.

MITIGATING ACTIONS

Global and local country developments are actively monitored and fed in to a planning process. This process allows early anticipation of these trends or swift reactions to sudden events, for example climatic conditions, providing management with a base for making decisions regarding the range of products and services offered, their pricing and the optimum size of the operational platform. The workforce at Belron is highly skilled and competent and, through its inspiring leadership, the business is well positioned to recognise change and adapt to optimise the resulting opportunities.

Operational

TALENT AND LEADERSHIP

Risks related to employee hiring, engagement, development and staff-turnover.

POTENTIAL IMPACT

The inability to continue to identify, attract and retain the best people could have a negative impact on the continued success of the Belron business, its reputation, its service levels and its financial performance.

MITIGATING ACTIONS

The business regularly monitors the levels of Employee Engagement and responds effectively to the results. Employee performance is regularly reviewed, with continuing specific initiatives related to succession planning, leadership potential and ongoing development.

Belron measures and improves the performance of its leaders through its Executive Winning Behaviours programmes. Employee retention is managed through the offer of a competitive compensation package that is regularly benchmarked against market practices, good career prospects, regular feedback and employee satisfaction surveys.

Operational

IT INFRASTRUCTURE, DATA, DIGITAL AND CYBER SECURITY

Risks related to information security (including payment card processing, data purge and data discovery, VPN and firewalls and legislative compliance). An evolving threat of cyber-crime including attacks on systems and infrastructure, or those of key third parties. Risk related to IT implementation.

POTENTIAL IMPACT

Failure or protracted loss of IT functionality, denial of service, or an inability to access data could significantly impair customer service levels, adversely impact financial results and damage reputation.

MITIGATING ACTIONS

Business units implement general IT controls, which include measures to help to prevent unauthorised access and inappropriate use of systems. Disaster recovery plans are developed and tested. An annual review (drawn from internationally recognised IT governance, practice and service management frameworks) is undertaken at all business units to assess the design and operation of IT controls. Any actions arising are then addressed by management.

Operating businesses address any identified vulnerabilities from (external and internal) penetration tests which are performed independently.

Operational

KEY ACCOUNTS

Risks related to the loss of major accounts. The Belron business model depends on constantly achieving high customer satisfaction levels which also reflect very positively on Key Account partners.

POTENTIAL IMPACT

Loss of Key Account partners, including insurers and fleets, could adversely impact sales and performance and impair the ability of the business to acquire new accounts.

MITIGATING ACTIONS

Belron maintains a close relationship with its insurance, fleet and lease Key Accounts and is committed to being open and honest in all its dealings. Belron constantly and extensively monitors customer satisfaction through 'Net Promoter Score' assessments over its service levels. Each key account has a Sales team 'owner' who executes plans with clear objectives to strengthen relationships. These plans are overseen by Sales Directors within each country and for the largest Key Accounts, these plans are overseen by the Belron Sales & Marketing team. Key Accounts perform their own audits in some countries.

Operational

HEALTH AND SAFETY

Risks related to safety and health of the employees and members of the public in the established, day-to-day business operations (including glass repair and replacement through its service centres or mobile fleets, its supply chain sites, or driving at work).

POTENTIAL IMPACT

Non-compliance with safety regulations and internal policies, processes and procedures could lead to serious injury to our employees or to third parties.

MITIGATING ACTIONS

The key fitting steps are codified within the Belron 'Way of Fitting' processes. Safety standards are embedded in this 'Way of Fitting' through its 'Quality starts with Safety' procedures. These methods, specialist tools, training courses and assessments are developed and implemented across all locations. Each business is responsible for implementing measures to comply with national safety requirements and standards and many of them are supported by dedicated Health & Safety personnel. Extensive training programmes for all its technicians are delivered through locally based technical teams. Any customer complaints are thoroughly followed-up. Actions to rectify any issues are captured and are fed-back into the content of global training programmes.

Operational

SUPPLY CHAIN AND SERVICE DELIVERY

Risks related to the sourcing of vehicle glass, polyurethane, repair resin and other products through a strategic (primary) supplier. Risks in the operational supply chain to deliver consistent capability from any of the Belron distribution centers or responses to customers' contacts through its call centres.

POTENTIAL IMPACT

A temporary loss of one of the distribution centers or call centers or the loss of a key supplier, for example as a result of a fire or other natural hazard, could result in business disruption. This could damage established customer service levels and impact financial performance.

MITIGATING ACTIONS

The Supplier Code of Conduct sets out the underlying principles on which supply chain relationships at Belron are based. A strategy to diversify sourcing from glass, repair resin and accessory manufacturers and suppliers. As part of the service delivery, Business Continuity Plans are designed to ensure continuity of operations should a significant adverse event occur. Belron has property damage/business interruption insurance to cover the maximum potential loss of any of its major distribution centres or call centres and its property insurers perform regular, routine inspections of all key sites.

Financial

PROCESSES AND CONTROLS

The risk of a breakdown of fundamental financial and treasury processes and controls.

POTENTIAL IMPACT

Negative on results, a lack of financial resources to execute the strategy and a detrimental impact upon the reputation of the business.

MITIGATING ACTIONS

Regular financial performance monitoring. Business units implement internal financial controls including segregation of duties and delegation of authorities over all key financial processes. Treasury policies are communicated, with the Belron Group Treasury overseeing activity on a regular basis. Internal financial controls protect business assets and ensure effective stewardship (including internal and external reporting). In addition to annual assessments of financial controls conducted by both Belron and its business units, the external auditors review the key financial controls.

Financial

FOREIGN EXCHANGE RATES, INTEREST RATES & LIQUIDITY

Risks related to fluctuations in foreign exchange rates. Risks related to funding, liquidity and changes in interest rates.

POTENTIAL IMPACT

Adverse foreign exchange rate fluctuations could have a negative impact on sales and results. Difficulty to renew funding in adverse financial markets. A lack of financial resources to execute the strategy, which in turn may have a detrimental impact on the reputation of the business.

MITIGATING ACTIONS

In each country where Belron has operations, revenues and costs incurred are primarily denominated in the relevant local currency, and principally in USD, EUR and GBP, thereby providing a natural currency hedge. Wherever possible, the policy is to hedge investments that are made in foreign currencies with debt in the same currency. Belron aims to generate a strong free cash flow and manages liquidity risk by maintaining sufficient cash and funding available. The exposure to variable interest rates arising on the Term Loan facilities are hedged through a series of interest rate swaps.

Strategy

4.3.5. MOLESKINE

TRADING CONDITIONS

Risks related to economic downturns.
Risk related to competitive pressure.
Risk related to brand recognition, positioning and customer perception.

POTENTIAL IMPACT

An economic downturn could have a negative impact on demand for discretionary consumer goods. Competitive pressure could result in lower sales and earnings.

MITIGATING ACTIONS

Moleskine is a premium and aspirational lifestyle brand. Teams continuously monitor emerging trends and mindstyle changes. Innovation mitigates competitive pressures and the impact from economic downturns. Macro-economic risks are also mitigated through geographic diversification given Moleskine's presence in more than 115 countries while competition is diverse and fragmented.

Moleskine partners with universities, consultants and creative companies to identify the needs of the creative class and to co-develop new applications.

Strategy

DIGITIZATION

Risks related to increasing digital penetration at the expense of paper.

POTENTIAL IMPACT

Negative impact on demand for analogue and paper products such as notebooks. Negative impact on revenues and results.

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MITIGATING ACTIONS

Moleskine is pursuing a multi-category strategy and the contribution of non-paper products (e.g. bags) is rising as a % of total sales. Moleskine has developed hybrid products that migrate content from paper to digital devices and vice versa. Analogue products are also subject to new developments to reinforce the customer experience. Moleskine is present across a network of websites, blogs, online groups and virtual archives, not least within the brand's own online community, myMoleskine.

Strategy

IMPLEMENTATION

Risks related to the implementation of the multi-category/multi-channel strategy.

POTENTIAL IMPACT

Poor execution of the strategy could lead to reputational damage and financial losses.

MITIGATING ACTIONS

Moleskine has put in place an action plan to make its retail activities profitable including a detailed store-by-store analysis, closure of underperforming stores, the launch of a new store format and the implementation of best practices. It is also improving the customer experience on its e-commerce site.

Operational

SOURCING

Risks related to the supply chain and outsourced production. Risks related to trade barriers and tariffs.

POTENTIAL IMPACT

Revenues, earnings and reputation could suffer if the manufacturers fail to fulfil the contractual obligations in terms of timing and quality or if Moleskine's Code of Ethics is breached. Trade barriers and tariffs could also have a negative impact on results.

MITIGATING ACTIONS

Moleskine has a procurement process in place for its diversified supplier base. For example, paper products are supplied by 6 manufacturers from 2 countries. Product quality is checked by external auditors. Moleskine's purchasing conditions require suppliers to guarantee that every stage of their chain of production complies with the SA8000 International Social Responsibility Standard. New suppliers are currently under evaluation to reduce the risk related to trade tariffs.

Operational

KEY ACCOUNTS

Risks related to key accounts. The Wholesale channel of Moleskine supplies 'bricks-and-mortar' retailers who are under pressure from online retailers and changing consumer behaviour.

POTENTIAL IMPACT

Lower revenues and earnings.

MITIGATING ACTIONS

In 2018, the top 5 customers represented 21% of total company sales. Risks related to customer concentration has diminished as Moleskine's business model evolved from a predominantly wholesale business to a direct-to-consumer model. Moleskine helps the 'bricks-and-mortar' retailers to improve the customer experience in the stores. Moleskine has strengthened its local presence and relationship with key clients through direct distribution in major markets like Germany, US and more recently Japan. Countries with a direct distribution model represent more than 60% of sales.

Operational

TALENT & LEADERSHIP

Risks related to Moleskine's capacity to attract, motivate and retain skilled people.

POTENTIAL IMPACT

Inability to execute Moleskine's strategy. Failure to achieve targets. Negative financial impact.

MITIGATING ACTIONS

In 2018, Moleskine focused on nurturing its corporate culture while engaging its employees. It included qualitative and quantitative surveys, an intense development activity for the executive team including team coaching and off-site leadership seminars, a total reward system (flexible benefits, smart working, working environment) and the initial set-up of the Moleskine Training Lab. Moleskine's 'hiring from within' and 'horizontal job rotation' approach continues to be encouraged. An attractive long-term incentive program has been set up for top and senior management to align their interests with shareholder value creation for in the next years.

Operational

ENVIRONMENT

Risks related to the environmental impact of Moleskine's operations and products.

POTENTIAL IMPACT

Breach of environmental laws, fines and reputational impact.

MITIGATING ACTIONS

Most of Moleskine's environmental impact is related to its supply chain. The company mitigates the impact through various measures. For example, the Moleskine notebooks are made of acid- and chlorine free paper and FSC[3] -certification ensures that 100% of Moleskine's paper products are made of paper that comes from responsibly-managed forests. Moleskine develops products that are designed to be reused and wasteful packaging is kept to a minimum.

Operational

DATA PRIVACY

Risks related to data leaks (e.g. customer data). Non-compliancy with GDPR or other regulatory obligations. Unintentional internal user actions.

POTENTIAL IMPACT

Loss of reputation. Loss of trust of customers, factories and employees. Fines for non GDPR compliancy.

MITIGATING ACTIONS

Actions to protect data and to ensure compliance with GDPR including GDPR Assessment and a GDPR implementation program. Appointment of an external Data Protection Officer.

3 Forest Stewardship Council

Financial

FOREIGN EXCHANGE RATES

Risks related to fluctuations in foreign exchange rates.

POTENTIAL IMPACT

Adverse foreign exchange rate fluctuations could have a negative impact on sales and earnings.

MITIGATING ACTIONS

Price lists are updated to reflect foreign exchange rate fluctuations. The procurement strategy aims to make purchases in the same currency as sales. Moleskine has adopted a system that makes it possible to monitor exposure to foreign exchange rate fluctuations with greater reliability, in particular with regards to trade receivables and payables. It strives to hedge major exposure through forward currency purchase and sale contracts.

Financial

FINANCIAL INFORMATION PROCESS

Risks related to the preparation of financial information. Risks related to incorrect financial information and/or non-compliance with relevant standards.

POTENTIAL IMPACT

Misrepresentation of Moleskine's financial performance to the company's stakeholders. Reputational damage.

MITIGATING ACTIONS

The financial statements are prepared by Moleskine's Finance department in accordance with the International Financial Reporting Standards (IFRS). Consolidation is performed on a centralized accounting IT system to ensure consistency and adequacy of accounting policies across the D'Ieteren Group. Financial information processes are covered by specific procedures, follow-up checks and rules of validation. The application of IFRS is discussed with the Statutory Auditor and in the Audit Committee.

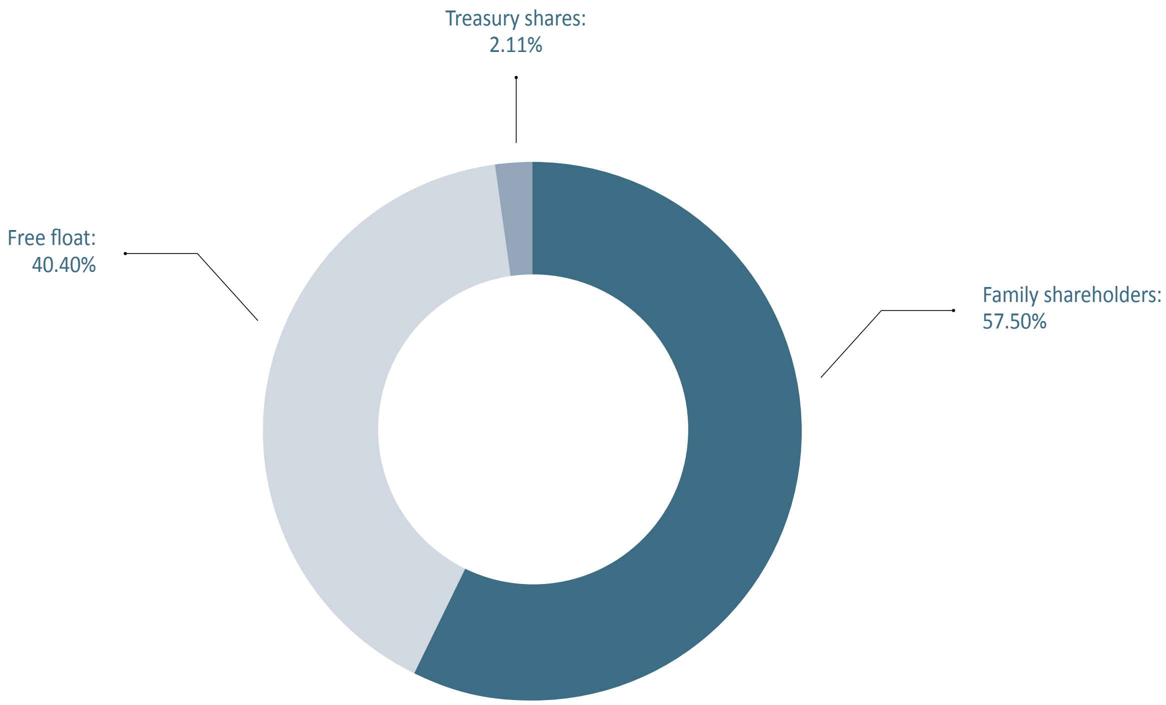
5. Capital Information

5.1. DENOMINATOR

At 31 December 2018	Number	Related voting rights
Ordinary shares	55,302,620	55,302,620
Participating shares	5,000,000	5,000,000
Total		**60,302,620**

5.2. SHAREHOLDING STRUCTURE

At 31 December 2018	In share capital	In voting rights
Family shareholders	**57.50%**	**61.02%**
of which Nayarit Group	*31.99%*	*35.56%*
of which SPDG Group	*25.50%*	*25.46%*
Treasury shares	**2.11%**	**1.93%**
Free float	**40.40%**	**37.05%**



5.3. DISCLOSURE OF SIGNIFICANT SHAREHOLDINGS (TRANSPARENCY LAW)

In compliance with Article 14 paragraph 4 of the law of 2 May 2007 on the disclosure of significant shareholdings, the shareholding structure such as it results from the latest notification received by the company (on 24 July 2018) is presented in Note 20 (see page 62).

The company is not aware of any subsequent notification modifying the information presented in this Note.

5.4. ELEMENTS THAT CAN HAVE AN INFLUENCE IN THE EVENT OF A TAKEOVER BID ON THE COMPANY'S SHARES

In accordance with Article 74 § 7 of the Law of 1 April 2007 on takeover bids, the company received on 20 February 2008 a notification from the Nayarit group (whose members are listed in Note 20 of the Consolidated Financial Statements, page 62), which mentions that, either separately or acting in concert with other people, this group held more than 30% of the voting shares issued by the company on 30 September 2007. This notification remains relevant at the date of this report.

The Extraordinary General Meeting of 5 June 2014 renewed the authorisation to the Board to:

- increase the share capital in one or several operations by a maximum of EUR 60 million. The capital increases to be decided upon within the framework of the authorised capital can be made either in cash or in kind within the limits defined by the company Code, or by incorporation of available and non-available reserves or a share premium account, with or without the creation of new shares, either preference or other shares, with or without voting rights and with or without subscription rights. The Board of Directors may limit or waive, in the company's best interest and in accordance with the conditions determined by the law, the preferential subscription right for the capital increases it decides upon, including in favour of one or more specified persons;
- decide, within the framework of the authorised capital, to issue convertible bonds, subscription rights or financial instruments that may over time grant a right to company shares, under the conditions set up by the company Code, up to a maximum amount, such that the capital increases that could result from the exercise of the above-mentioned rights and financial instruments do not exceed the limit of the remaining authorised capital, as the case may be without bondholder preferential subscription rights.

Without prejudice to the authorisations given to the Board of Directors described in the preceding paragraphs, the Extraordinary General Meeting of 1 June 2017 also renewed the authorisation of the Board of Directors, for a renewable 3-year period, to proceed – in the event of takeover bids on the company's shares and provided the required notification has been made by the FSMA within 3 years of the General Meeting's decision – with capital increases by contribution in kind or in cash, as the case may be without preferential subscription rights for shareholders;

The Extraordinary General Meeting of 31 May 2018 also approved the renewal of the 5-year authorization granted to the Board to purchase, transfer and cancel own shares under legal conditions, notably to cover stock option plans for managers of the company.

In the event of a risk of serious and imminent harm to the company, the Board of Directors has the authority to transfer treasury shares either on the market or through a sale under the same conditions to all shareholders in compliance with the applicable legal conditions. This authorisation applies, under the same conditions, to the purchase or transfer of shares held in the company by its subsidiaries as stated in articles 627, 628 and 631 of the company Code.

The rules governing the appointment and replacement of Board members and the amendment of the articles of association of the company are those provided for by the company Code.

The change of control clauses included in the credit agreements concluded in 2015 with financial institutions were approved by the General Meeting of shareholders of 26 May 2016, in accordance with article 556 of the company Code.

Disclosure of non-financial information

1. The D’Ieteren Group

As the parent company, the largest impact of D’Ieteren occurs as a result of where it chooses to invest. The D’Ieteren Group currently has three activities articulated around strong brands: - D’Ieteren Auto (100% owned), Belron (54.10% owned) and Moleskine (100% owned) and has recently welcomed D’Ieteren Immo as a new entity (100% owned). D’Ieteren seeks growth and value creation by pursuing a long term strategy for its businesses and actively encouraging and supporting them to strengthen their positions in their specific industries or regions. As a whole, it aims to create value for all its stakeholders.

This year, D’Ieteren has taken further steps to enhance its non-financial disclosure. Firstly, the communications professionals and sustainability experts of D’Ieteren, D’Ieteren Auto, Belron, Moleskine and D’Ieteren Immo gathered in Brussels in October 2018 to discuss how to align their sustainability reporting method and share best practices. Some common priorities were pinpointed in this context, including Customer Welfare and Satisfaction, Employee Well-being and Development, Innovation for Society, Respect for the Environment and Community Engagement.

These common themes arose from the materiality analysis that was carried out for each activity. The D’Ieteren Group and its activities reviewed the results of the materiality analyses made in 2018 with the aim of achieving more alignement with the standards of the Sustainability Accounting Standards Board (SASB). The SASB has developed a set of 77 standards that identify a range of material sustainability themes for specific industries. By assessing the SASB standards, the selection of material themes can be made more relevant to the industries in which D’Ieteren operates. As a result, the list of material themes for each activity has been tweaked compared to last year. These themes relate to significant environmental and social impacts that D’Ieteren’s activities have on stakeholders and society at large. External sustainability experts also supported D’Ieteren and its activities in this process and helped to ensure a consistent and accurate materiality assessment.

Moreover, D’Ieteren has aligned its material themes to the UN Sustainable Development Goals (SDGs). This 2030 Agenda for Sustainable Development, which consists of 17 Goals covering 169 targets, was adopted by all United Nations Member States in 2015. For each of the identified material themes, D’Ieteren identified the related SDG and SDG target and looked at the way its activities were contributing to this agenda.

D’Ieteren aims to integrate further its non-financial and financial information. This can be seen in the Activity report’s introduction (“D’Ieteren at a glance” on page 2-3) and Reference Index (page 70-71 of the Activity Report). The latter connects material topics of each of the activities with related information in both the Activity and Management reports.

Another D’Ieteren ambition is to further align its reporting to the GRI Standards in the coming years. This is why, in addition to the requirements of Belgian law on disclosure of non-financial and diversity information, additional details have been reported for each material theme.

As part of this approach, the D’Ieteren Group and each activity interviewed one of their key stakeholders to get a perspective on their actual and potential impact on their stakeholders’ ecosystems. A summary of each of these interviews can be found in the Activity report.

2. D'Ieteren Auto[1]

2.1. DESCRIPTION OF THE BUSINESS

As part of its 70-year old relationship with the Volkswagen Group, D'Ieteren Auto imports and distributes the vehicles of Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti and Porsche across Belgium, along with the brands' respective spare parts and accessories.

It is the country's number one vehicle distributor, with a market share of around 21%. D'Ieteren Auto manages a strong network of independent dealers across the country and corporately owns dealerships on the Brussels-Antwerp-Mechelen axis.

Besides distributing vehicles in Belgium, D'Ieteren Auto provides after-sales services through its Corporate-owned operations. These include bodywork, maintenance and repair, glass repair and tyre replacement. It also sells used vehicles through My Way centres and My Way Authorized Distributors. In addition, D'Ieteren Auto provides car financing and long-term car rental services through a joint venture between D'Ieteren and Volkswagen Financial Services. Finally, it distributes the products of Yamaha in Belgium and the Grand Duchy of Luxembourg through D'Ieteren Sport.

D'Ieteren Auto's business model is currently evolving towards the offer of more fluid, accessible and sustainable mobility solutions as a way of improving the day-to-day lives of citizens. The company is focussing strongly on promoting responsible mobility, mainly through the initiatives of its subsidiary Lab Box.

D'Ieteren Immo manages the real estate interests of the D'Ieteren Group in Belgium. 2018 was the second full year of activity, during which various investment projects were completed. Its trained teams have also been studying the viability of renovating certain sites in order to identify future sources of innovation and creativity. In addition to managing property assets, the company offers property consulting services to the tenants of the approximately 30 sites in the portfolio.

2.2. GENERAL APPROACH TO SUSTAINABILITY

Although it acts as a vector of prosperity and integration, mobility also faces challenges related to economic, environmental, social and security related issues. D'Ieteren Auto is aware of this and accepts its share of responsibility. To improve the lives of citizens through fluid, accessible and sustainable mobility is its primary commitment, and the one that is closest to the spirit of the core business. D'Ieteren Auto is therefore working to build a raft of mobility services that will enable citizens to travel easily and in a sustainable way. It will achieve this through the Lab Box subsidiary that is heavily involved in creating innovative and flexible mobility services, but also through its core business by developing a range of services linked to the use of electric cars.

D'Ieteren Auto also strives to reduce its environmental footprint by transforming its infrastructure and adapting its behaviour. Over recent years, D'Ieteren Immo has implemented various measures aimed at using energy more efficiently and integrating alternative energy sources.

Another priority for the company is to offer its people a working environment that is safe and enriching, where well-being isn't just a slogan. D'Ieteren Auto has launched multiple initiatives to improve staff welfare, enable their professional development and enhance their working environment and conditions.

Finally, through its Give & Gain patronage programme, D'Ieteren Auto is fully committed to causes that are related to socially-responsible mobility – where the company can bring real added value – while simultaneously encouraging its employees to get involved in such causes.

2.3. ALL MATERIAL ENVIRONMENTAL AND SOCIAL ASPECTS

1) Climate impact/CO_2 emissions
2) Waste management
3) Innovation
4) Sustainable procurement
5) Customer welfare and safety
6) Employee development and well-being
7) Employee safety
8) Community engagement
9) Ethical principles
    a. Respect for Human Rights
    b. No tolerance for corruption and bribery
    c. Inclusion and diversity

1 Though D'Ieteren Immo is a separate entity since 2016, its non-financial information has been integrated in the different sections of D'Ieteren Auto.

CLIMATE IMPACT/CO_2 EMISSIONS

Why it is material

D'Ieteren Auto's main impact on the environment concerns its activity of distributing polluting combustion vehicles. This has resulted in new challenges for D'Ieteren Auto's business continuity, e.g. stricter legislation, such as new forms of taxation on transportation and new car policies in companies. On the other hand, it creates great opportunities to develop innovative new mobility solutions.

In addition to the products it delivers, D'Ieteren Auto's own operations and processes also have an environmental impact. This is mainly managed by D'Ieteren Immo.

Management approach

D'Ieteren Auto is expanding its clean car offer. In particular, it provides a complete solution (infrastructure) to private electric car clients and specific solutions for companies.

The company also develops alternative mobility solutions, notably through its subsidiary Lab Box (Car sharing, Intermodality, Maas platforms, ...)

Internally, it raises awareness among employees: promoting working from home, environment-friendly driving habits, multimodal solutions such as combining public transport and company cars, cycling or car-pooling with guaranteed parking space.

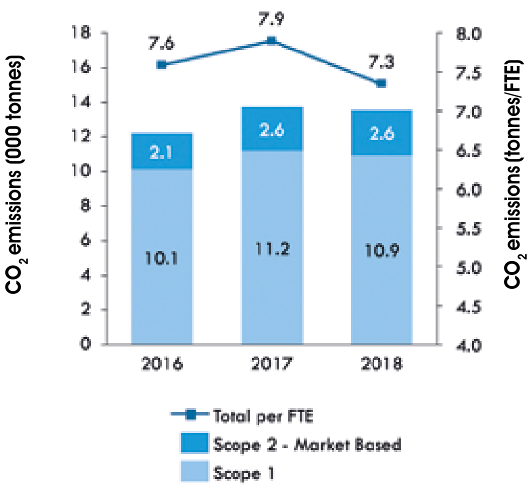
The company adopts D'Ieteren Immo's approach to (renewable) energy management, thereby lowering the energy consumption of its buildings while increasing the share of self-produced renewable energy.

Case study : a comprehensive electric solution

Electric D'Ieteren Solutions (EDI) is a smart solution pack for private and professional clients to load and store energy.

Key indicators

- 41.5% of D'Ieteren Immo's electricity is self-produced from renewable sources.
- Evolution of D'Ieteren Auto's carbon footprint since 2016:



What was achieved in 2018

The D'Ieteren subsidiary, Lab Box, worked hard to develop and expand its products and services related to intermodal mobility. In January 2018, Lab Box successfully launched Poppy in Antwerp, which now manages 350 shared cars (incl. 200 electric VW Golf) and 25 scooters. By the end of the year it had 20,000 registered clients.

20K
users subscribed

2M km
driven

232 tons
of CO_2 saved

Partly thanks to its solar panels, D'Ieteren Immo produced 41.5% of its own electricity needs. It also installed in several locations green corridors aimed at protecting biodiversity.

To promote clean mobility, D'Ieteren Immo created a new parking for bikes in the D'Ieteren Mail building, including a changing room for people wishing to commute by bike.

Way forward

- D'Ieteren Auto will continue to expand its offer of electric cars and related infrastructure, including by building on the Volkswagen Group's ambitious e-mobility offensive.
- D'Ieteren Immo aims to self-produce 50% of its electricity needs from renewable sources by 2020.
- Lab Box will continue innovating in the field of responsible mobility (see Innovation aspect P. 127).

UN sustainable development agenda

D'Ieteren Auto's distribution activities have a negative impact on the climate. However, the company is trying to reduce this impact by adapting its offer and developing alternative mobility solutions and by producing renewable energy.

WASTE MANAGEMENT

Why it is material

Used cars contain many valuable materials that should be reused upon disposal. As resources become scarcer, the recycling of components is a way of contributing to the circular economy.

Next to its products, D'Ieteren Auto further produces waste through its own after-sales activities and in its offices.

The company identified several risks related to the management of waste, including breaking of environmental laws, fines and reputational impact.

Management approach

D'Ieteren Auto has a waste management policy in place. Employees are trained to correctly sort and collect waste (including paper, residual waste, scrap iron, wood, tires and glass) in its offices, workshops, stores and garages, as well as to store harmful materials.

For the disposal and recycling of its waste D'Ieteren Auto works together with waste management firms like Suez, Oilco, Dechamps and RecupBat. A project coordinator of the main waste collector (Suez) performs periodic site visits for the follow-up and optimization of the on-site waste management.

D'Ieteren Auto also facilitates the recycling of used-vehicles, in particular by offering an extra allowance to clients and non-clients returning their vehicles for recycling. In this field, D'Ieteren Auto is working with Febelauto, whose mission is to organise and monitor the management of end-of-life vehicles, in accordance with the European Directive in force. Currently, Febelauto is able to recycle about 95% of the weight of these vehicles in an approved and inspected system, placing Belgium among the leaders in Europe.

Key indicator

In 2018, more than 76.5% of the company's waste was recycled (compared to more than 75% in 2017). The majority of this was paper/carboard, iron, wood, oil, tires and car batteries.

What was achieved in 2018

In 2018, D'Ieteren Auto started building a new workshop to repair/upgrade high voltage batteries (of electric/hybrid) cars. Given the safety hazard related to high voltage batteries, this is a highly technical facility with strict safety requirements. The workshop, which required an investment of EUR 1 million, should be ready in May 2019.

Way forward

By monitoring the waste arising from its day to day activities, D'Ieteren Auto is continuously looking for ways to reduce it.

UN sustainable development agenda

D'Ieteren Auto has a policy of environmentally sound management of vehicle waste and related chemicals throughout their lifecycle, in accordance with the regulatory framework in force.

INNOVATION

Why it is material

The car of the future is being shaped by technological advances, such as electrification, developments in connectivity and automation, and the introduction of smart, multi-use features. Societal and economic changes are also transforming the concept of mobility, amid tighter restrictions on cars, new forms of taxation and the shift towards a sharing economy. Through innovation, D'Ieteren Auto wants to be at the forefront of tomorrow's mobility markets and thereby ensure its business continuity.

Pikaway is the new MaaS platform launched by D'Ieteren Auto's subsidiary Lab Box.

Management approach

D'Ieteren Auto's business model is evolving towards the offer of more fluid, accessible and sustainable mobility solutions to improve the day-to-day lives of citizens. To support this new approach, D'Ieteren Auto has launched a new project called Magellan to set up a clear strategy and define action plans.

Through its Lab Box subsidiary, D'Ieteren Auto continues to explore, analyse and develop flexible and innovative services related to mobility. Lab Box develops new initiatives with a focus on intermodality and MaaS (Mobility as a Service).

What was achieved in 2018

In September 2018, Lab Box initiated a MaaS platform called Pikaway, which allows routing, booking and payment for intermodal mobility solutions. It was launched in January 2019 in Antwerp.

Key indicator

Budget invested in the Lab Box subsidiary:

2017: +/- EUR 2.3 million

2018: +/- EUR 6.5 million

Way forward

Lab Box is currently developing different initiatives aimed at improving mobility and making cities more liveable, including:

- Lizy, a fully digital leasing platform of second-hand vehicles for SMEs.
- MyMove, an app making it easy for employees to locate, select and unlock vehicles of the fleet and manage their budget.
- An autonomous vehicle operator, through which D'Ieteren will provide vehicle lease and support services for autonomous shuttle projects in cities, companies or organisations.

UN sustainable development agenda

D'Ieteren Auto contributes to sustainable cities by looking for solutions for sustainable mobility services.

SUSTAINABLE PROCUREMENT

Why is it material

As a vehicle distributor, D'Ieteren Auto's main purchase item is cars, making it highly dependent on its partnership with the car producers. Any problems with these direct suppliers might impact D'Ieteren Auto's own reputation. In addition to the car producers, D'Ieteren Auto has other (indirect) suppliers, which it ensures are run as responsible businesses.

Management approach

For cars, D'Ieteren Auto has built a solid partnership with the Volkswagen Group. Wholesale agreements have been formalized and are revised periodically.

For operational indirect spending, the policy is twofold:

1. Suppliers of D'Ieteren Auto must sign the procurement charter. In doing so, they commit to the Ten Principles of the UN Global Compact.
2. When selecting indirect operational products and services, on top of the usual quality/price criteria, social, environmental and ethical criteria are also considered. Preference is given to suppliers that are local, have been certified using environmental and social measurement and data management systems, have adopted an ethical charter, belong to a network of responsible businesses and demonstrate a proactive policy in terms of environmental and social engagement.

Key indicator

20 to 25% of the suppliers have signed the procurement charter to date.

What was achieved in 2018

The new distribution contracts signed at end 2018 with the factories of the Volkswagen Group and D'Ieteren Auto's authorised distributors contain a specific section relating to the general obligation for all members of the distribution network to comply with national and international standards and values – particularly those relating to sustainable development, labour protection and the environment. These standards and values form the foundation of the Volkswagen Group's own economic development and the contract allows it to verify that its partners are in compliance.

Way forward

D'Ieteren Auto aims for 100% of indirect suppliers to have signed the procurement charter.

UN sustainable development agenda

D'Ieteren Auto takes into account social, ethical and environmental criteria when selecting products and services.

CUSTOMER WELFARE AND SAFETY

Why is it material

Customer welfare and safety are highly important for D'Ieteren Auto, which aims to remain the provider of choice for all of its clients. Any failure could harm the image of the company and the brand in Belgium and lead to a loss of market share.

Case study: autonomous shuttles to decrease road accidents

Through its Lab Box subsidiary, D'Ieteren Auto is developing an autonomous vehicle operator. The latter will provide vehicle lease and support services to realise autonomous shuttle projects in cities, companies and organisations. According to the FPS mobility and transport, automated mobility could reduce road accidents by 90%.

Management approach

D'Ieteren Auto has opted for a customer-oriented approach, which implies that it constantly strives to understand clients' needs in order to answer them in an appropriate and timely manner. Its Market Area project launched in 2015 has been aimed at offering clients a complete range of services, including bodywork and sale of used vehicles, in the same area. D'Ieteren Auto also tries to adapt its product offer to clients' needs, including financial services through its VDFin joint subsidiary. An example is the "We cover" insurance plan, which is specifically designed for the needs of young drivers.

Today, the mission of D'Ieteren Auto has evolved to meet clients' mobility needs beyond the use of a car. This is reflected in the stated purpose to "improve people's lives through fluid, accessible and sustainable mobility." With this new approach, D'Ieteren Auto has evolved its offer to reflect new trends like decarbonisation, digitisation, shared mobility and automation. Finally, a customer care team is available to answer any questions clients may have concerning D'Ieteren Auto's products and services.

Key indicator

Customer Delight Index 2018:

- Sales: 90.7
- After-sales: 87.8

What was achieved in 2018

D'Ieteren Auto launched its Mobility 2025 vision and set up the Magellan project to implement the vision by determining a global strategy and defining action plans.

Way forward

D'Ieteren Auto will continue to implement its Mobility 2025 vision in several fields, including sustainable mobility, electric mobility, shared mobility, mobility as a service (MaaS), connected mobility and automated mobility.

UN sustainable development agenda

D'Ieteren Auto focuses on client welfare and satisfaction through tailored business solutions, thereby achieving high productivity.

EMPLOYEE DEVELOPMENT AND WELL-BEING

Why it is material

In an evolving sector, staff need to be ready to tackle new and future challenges. Preparing D'Ieteren Auto for these challenges begins with developing a learning mindset among staff and providing them with learning facilities. In addition to helping employees develop their skills, D'Ieteren Auto is committed to keeping them happy. The efficiency of the business relies on its employees and their commitment to improving both personal and collective performances.

Management approach

D'Ieteren Auto encourages people's personal and professional development through appraisals and coaching sessions. Jobs in the car sector rely on very specific technical skills, therefore the company promotes the participation in dedicated trainings and workshops.

The company also respects clear governance principles in terms of fairness, transparency and dialogue. In particular, the CaReer Model has been set up to increase transparency in terms of expectations, skills and results, while offering career opportunities across the business. A Succession Plan also exists to ensure a pipeline of potential successors for all key positions.

Employee welfare is also a priority. Among other advantages, homeworking is encouraged and was facilitated by a communication campaign called "Ho.ffice, another way to be @ work". The campaign was launched in September in order to determine the ideal homeworking conditions and facilitate access to all employees.

In terms of stress and burnout, employees can count on help from an internal person of trust or an external prevention advisor, as well as the offer of learning programmes (burnout prevention, time management, breathing and relaxation techniques, etc.) Individual coaching is provided to help employees cope with psycho-social issues.

What was achieved in 2018

MySkillCamp is a Learning Experience Platform aimed at putting the employees in the driving seat of their own personal development. It enables them to train in a continuous and autonomous way, including through e-learnings and webinars, and provides them with an access to a library containing 10,000 books. MySkillCamp was launched in a pilot phase in 2018 and will be rolled out in 2019 for all employees.

In terms of well-being, as from 2018 a medical check-up for the over-50s is offered 1x/3years (which 67 employees used in 2018).

Way forward

D'Ieteren Auto will launch a recruitment campaign for MySkillCamp and make sure that at least 95% of employees have an active account. The tool will evolve into a Learning Experience Platform, allowing other personal development initiatives like mentoring.

In terms of well-being, the training offer will be expanded to include workshops on digital detox and healthy food. A workshop on cardiopulmonary resuscitation techniques (CPR) will also be proposed, including how to use an external defibrillator.

Key indicator

Training hours:

- 2016: 38,664 hours or 2.95 day/employee
- 2017: 39,605 hours or 3 day/employee
- 2018: 41,916 hours or 3.15 day/employee

Each year, employees with 10 years of service in the company have the opportunity to visit the Volkswagen Group's factories and to celebrate together their collaboration decade.

UN sustainable development agenda

8 DECENT WORK AND ECONOMIC GROWTH

D'Ieteren Auto is committed to the personal and professional development of its employees and the creation of a decent working environment.

EMPLOYEE SAFETY

Why it is material

D'Ieteren Auto operates in the field of car & spare parts distribution and car maintenance, and the majority of the work takes place around potentially dangerous machinery and chemical products. Guaranteeing that employees are protected from all hazards in their daily work is one of D'Ieteren Auto's highest priorities. In addition, by promoting employee welfare, D'Ieteren Auto can prevent costs arising from staff injuries and absenteeism.

Management approach

There is a zero-tolerance policy towards non-respect for safety standards. Workers in maintenance workshops carry out risk assessments, make inventories of protection and intervention measures and conduct workshops on fire prevention and safety.

Key indicators

Number of work accidents

- 2016: 50
- 2017: 43
- 2018: 29

Number of lost workdays

- 2016: 2,085
- 2017: 776
- 2018: 742

Hours of safety training

- 2016: 667
- 2017: 530
- 2018: 1,724

What was achieved in 2018

Initiatives in 2018 included: first aid trainings, firefighting training, training on high-voltage batteries and a risk analysis on fire safety.

Way forward

D'Ieteren Auto aims to get as close as possible to zero incidents. While it recognizes the impossibility of eliminating all risk, the company aims to remain under the frequency rate and the global severity rate in the automobile sector. It also aims to reduce absenteeism as far as possible and to remain below the total private sector absenteeism rate (7% in 2017 in Belgium according to a Securex study).

UN sustainable development agenda

D'Ieteren Auto is committed to the safety of its employees and the creation of a decent working environment.

COMMUNITY ENGAGEMENT

Why it is material

D'Ieteren Auto's community engagement policy mainly relates to socially-responsible mobility. Connecting business and solidarity enables the company to maximise the impact of its philanthropic initiatives.

Management approach

With its 'Give & Gain' philanthropy policy D'Ieteren Auto aims to support charities connected to its work. The policy contains three types of activity:

1. Volunteering activities: employees can form a team and dedicate a work day to charitable projects.
2. Annual call for projects: D'Ieteren offers one-off financial assistance to non-profit organisations, in response to the requests from company employees who seek to finance a project.
3. Long-term programmes that invest in larger-scale social projects, with the potential to drive positive change closely linked to socially-responsible mobility.

The 2018 Give and Gain mobility challenge enabled the purchase of prosthetic sporting limbs for disabled children.

Key indicator

Outcome of the D'Ieteren Mobility challenge:

- More than 300 employees volunteered for the challenge
- Overall, EUR 40,000 was donated, enabling D'Ieteren Auto to support four different projects.

What was achieved in 2018

In 2018, more than 300 employees walked, ran and pedalled about 80,000 km overall in support of charity projects related to socially-responsible mobility. The kilometres were converted into Euros via a dedicated application. The final amount was used to buy bicycles for children in need, as well as prosthetic sporting limbs for disabled children.

Way forward

The Give & Gain Mobility Challenge will be held again in 2019 and will be associated with the annual call for projects. The money collected by staff, based on kms covered, will finance projects related to solidarity mobility set up after the call for projects from Belgian charities.

UN sustainable development agenda

As a sponsor of long-term programmes closely linked to socially-responsible mobility, D'Ieteren Auto contributes to more accessible transportation systems with special attention to those in vulnerable situations.

ETHICAL PRINCIPLES

D'Ieteren Auto has issued a Code of Ethics called "The Way We Work", which is personally handed to all new employees, and which remains easily accessible in its digital version on the company's Intranet site.

ETHICAL PRINCIPLES I RESPECT FOR HUMAN RIGHTS

Why it is material

D'Ieteren Auto operates only in Belgium and complies with a strict social/legal framework that addresses areas like working conditions, health and safety requirements and collective bargaining regulations.

Key indicator

The Code of Ethics was revised in 2018 and published on the company intranet.

Management approach and result of the policy

D'Ieteren Auto is committed to promoting a work environment in which people respect each other. Behaviour including harassment, intimidation, oppression, exploitation, discrimination, racism, sexism or homophobia is not tolerated. A speak-up policy has been put in place for people that have witnessed or been themselves the victim of inappropriate behaviour, discrimination or harassment.

The company also invests in employee safety, development and satisfaction (see Employee Well-being and Development aspect, p.129).

Furthermore, D'Ieteren Auto requires all of its new suppliers to adhere to its Procurement Charter, which implements the Ten Principles of the UN Global Compact (see Sustainable Procurement aspect p.128).

UN sustainable development agenda

D'Ieteren Auto makes sure that individual rights are respected throughout the organisation.

ETHICAL PRINCIPLES I NO TOLERANCE FOR CORRUPTION AND BRIBERY

Why it is material

Corruption, attempted corruption, fraud and money-laundering constitute a risk to both the employee and the company since they are a reason for legal pursuit and would affect the company's reputation.

Key indicator

No incidents linked to corruption or bribery were reported in 2018.

Management approach and result of the policy

The company's Code of Ethics – "The Way We Work" – makes it clear that all employees must respect anti-corruption and anti-bribery laws. Corruption, attempted corruption, fraud and money-laundering are not tolerated within the company. Gifts and invitations that employees receive from clients, suppliers or any other partners, or that employees offer to clients, must be in compliance with commercial practices and anti-bribery legislation.

UN sustainable development agenda

D'Ieteren Auto plays its part in collective efforts to prevent corruption and bribery in all their forms.

ETHICAL PRINCIPLES I INCLUSION AND DIVERSITY

Why it is material

D'Ieteren Auto is conscious of its responsibility to provide its employees with a fair workplace, in which everyone has the same opportunities, irrespective of factors like gender, age, culture or physical abilities.

Key indicator

Evolution of the ratio of female employees in managerial positions:

- 2016: 20.63%
- 2017: 23.12%
- 2018: 23.18%

Management approach and result of the policy

As clearly indicated in its Code of Ethics, D'Ieteren Auto guarantees equal opportunities in the workplace. Skills and performance are the only criteria that are considered when making decisions related to hiring, promotions or job rotations.

UN sustainable development agenda

D'Ieteren Auto contributes to SDG 16, which aims, among other targets, to promote and enforce non-discriminatory laws and policies for sustainable development.

3. Belron

3.1. DESCRIPTION OF THE BUSINESS

Belron is the worldwide leader in vehicle glass repair and replacement, operating in 35 countries, through wholly-owned businesses and franchises, with market leading brands including Carglass®, Safelite® Autoglass and Autoglass®. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers. With its corporate purpose to “make a difference by solving people’s problems with real care”, Belron focuses on high-quality services that generate a very high level of customer satisfaction. Belron International Limited, based in the UK, acts as the global support centre for all operations, which are each run and managed locally by an executive team. In 2018, the Belron group had 30,567 people, 2,674 service centres and 10,730 mobile units.

Over the course of 2018, Belron continued to expand its services into the automotive damage and home damage repair and replacement markets. It acquired targeted businesses carrying out auto damage repair and replacement (ADRR) and home damage repair and replacement (HDRR) in various countries.

3.2. THE GENERAL APPROACH TO SUSTAINABILITY

Belron has an active approach to corporate and social responsibility that is aligned to the United Nations Global Compact, to which it is a signatory. The basis for its implementation is left to the individual business units, which define their own strategy and objectives based on their local context. This is done with support and best practice guidance from Belron International.

The CSR strategy consists of programmes related to the environmental, social and ethical dimensions. The environmental programme focuses on a minimum, responsible use of resources, recycling where possible and reducing carbon emissions.

The social dimension is aimed at supporting numerous causes through its businesses’ local Giving Back programmes, in line with the commitment to the societies in which it operates. With regards to ethics, it was decided in 2018 for each business unit to define its own code of conduct based on the Belron Guiding Principles and the Ten Principles of Sustainable Business under the United Nations Global Compact. This approach enables the business units to customise and personalise their codes of conduct to better reflect local policies and legislation, thereby making them more relevant to their employees. In 2019, all business units will implement their own codes through awareness and training programmes. This will ensure that all Belron people have a clear set of behavioural guidelines while providing an ethical framework for the business as a whole.

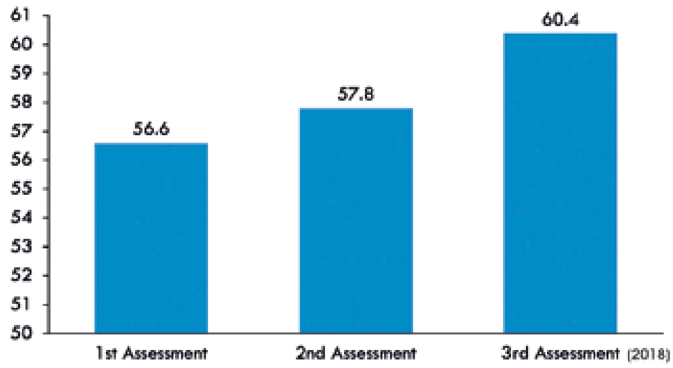
3.3. ASSESSING PROGRESS TOWARDS SUSTAINABILITY GOALS

Belron’s progress towards becoming a sustainable business is measured externally by Ecovadis using its sustainability platform. Ecovadis has been helping organisations assess and support their sustainability ambitions for over 10 years. The tool allows each of Belron’s businesses to be externally assessed on their progress in meeting the Belron CSR strategy and objectives. The assessment evaluates the gap between the commitments outlined in the principles of the United Nations Global Compact and the current status of actions taken in each Belron business. It provides a benchmark against over 45,000 other organisations who have been assessed by Ecovadis from over 90 countries, and a scorecard which identifies specific and prioritised opportunities for improvement. The assessment also uses questions from other internationally-recognised CSR frameworks; ISO:26000 and the Global Reporting Initiative (GRI).

Each business is evaluated on the policies in place, the steps taken to implement those policies and the overall results of those actions. The evaluation assesses the activities relating to four themes: minimising the impact on the environment, labour practices and human rights, customer relations and fair business practices, and sustainable procurement. Once Ecovadis completes the analysis, each business receives a full scorecard and a rating score between 1 and 100. If the business scores 37 or above they receive a recognition level of Bronze, Silver or Gold. The scorecard provides guidance on areas to prioritise in order to make improvements. Each business unit is then responsible for defining its own action plan for improvement, with support from Belron International.

At the end of 2018 Belron had 10 businesses rated Gold and 10 rated Silver, six of which are within five points of being Gold rated. Overall, the Belron group has made good progress towards its target of having all its corporate businesses Gold-rated by the end of 2020, with the average score increasing to 60.4 in 2018.

Overall Belron Group Average External CSR Assessment Score (Ecovadis)



While the average score places Belron in the top 15% of the 45,000+ companies assessed by Ecovadis, there are some outstanding performers, with Carglass in France, Belgium and Italy being ranked in the top 1000 companies assessed.

In May 2018, the annual CSR Workshop saw Ambassadors from 10 Belron countries review progress and share best practices. Stress was placed on how creating a responsible and sustainable business supports the purpose and ambition of that business, and the role of the Ambassadors in inspiring and influencing it. Representatives from Ecovadis presented on changes and improvements to the platform and answered questions from the Group on the analysis of the assessments, the evidence and the scoring process. During the workshop, praise went to the best-performing countries: France, Belgium and Italy were recognised as achieving the highest assessment scores, with Turkey, the USA and Portugal being recognised as best improvers.

4. MATERIAL ASPECTS

1. Climate Impact/$C0_2$ emissions
2. Waste Management
3. Innovation
4. Sustainable Procurement
5. Customer Welfare
6. Employee Well-Being and Development
7. Employee Safety
8. Community Engagment
9. Ethical Principles
    a. Respect for Human Rights
    b. No Tolerance for Bribery and Corruption

CLIMATE IMPACT / CO_2 EMISSIONS

Why it is material

As an international company with national businesses in six continents across the world, involving branches, warehouses and fleets, Belron has a direct and indirect impact on climate change.

Non-renewable energy sources, which contribute to climate change and air pollution, represent a risk for Belron due to volatility in pricing of fossil fuels and the ever-increasing burden of carbon and air pollution taxes. Stakeholders are also becoming increasingly concerned about climate change and expect demonstrable action from large companies such as Belron towards meeting the UN climate change target.

Efforts to reduce climate impact can also represent an opportunity as, in almost all its markets, Belron leads the way in offering a Repair First strategy, which on average reduces the carbon impact by 75% over replacement. Reducing energy consumption will also reduce the cost of doing business.

Case study: Carbon off-setting for our global events

Since 2017 Belron has begun evaluating the potential for carbon offsetting. In 2018 the annual triathlon event (Spirit of Belron Challenge) and the biannual Best of Belron event were offset, in partnership with the French company EcoAct.

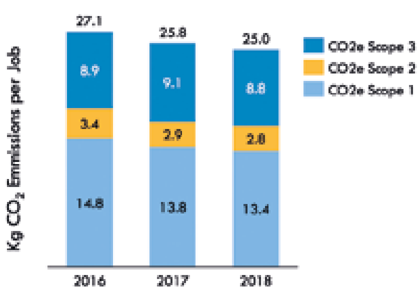
The purpose is to neutralise the environmental impact caused by gathering a large group of international guests together in a single location, by calculating the amount of CO_2 created by the events. The amount is then offset through investing in a positive initiative in another part of the world. In this case, the project involves distributing 5,753 water filters in rural Kenya - a project that has a positive social as well as environmental impact and will benefit over 54,000 local people.

©Lifestraw

Management approach

Belron works hard to understand, measure and manage its environmental impacts. It monitors the carbon emissions directly under its control, such as those related to the energy consumption of its branches and its fleet, as well as scope 3 emissions related to travel and subcontracted logistics. Belron has developed and shared a carbon footprint reporting tool across all the corporate business units and supports them in measuring, managing and reducing their own carbon footprints.

Belron Group CO_2 Intensity Over Time



Key indicators

In 2018 Belron saved 141,000 tonnes of CO_2 through its Repair First strategy.

Overall, Belron has made progress in reducing its carbon emissions per job from 27.1kg in 2016 to 25.0 in 2018, representing an overall reduction of 7.7%.

Belron has improved the environmental part of its Ecovadis assessment score from being in the top 19th percentile in 2017 to the top 14th percentile in 2018.

UN sustainable development agenda

Belron works hard to understand, measure and manage its impact on climate change, both locally and globally. In particular, it seeks to limit its emissions through its repair first strategy.

The UN Global Compact: Belron is committed to principles 7, 8 and 9 of the UN Global Compact, which address corporate responsibilities with regard to the environment.

What was achieved in 2018

In 2018 Belron opened its new European distribution centre in Bilzen, Belgium, bringing 5 sites into one building. Incorporating the latest environmental technology - including natural light collectors, solar panels, LED lighting and sophisticated HVAC building management controls - it will have a significant impact on reducing carbon emissions and energy use in 2019.

Belron launched a best practice environmental policy blueprint to help its different businesses to evaluate their environmental impact and the extent of their environmental risks such as noise, air or dust pollution, waste management, product safety and packaging. They can then assess what actions they should be taking to manage and minimise their impact.

Belron has also focused on monitoring and evaluating the potential for alternative fuel vehicles and has implemented the eNV200 all-electric van in high-job-density areas in France. There are major challenges with current technology development as commercially suitable hybrid or electric vans only have a real-world autonomy of around 100km, whereas Belron vans need on average 200km. The other major factor is how the vans are driven. A core project team was established in 2018 including France, Belgium, UK and the US to develop some group standards around driver behaviour based on best local practice, which will deliver recommendations for implementation in 2019. Evidence from work by Safelite shows that simple actions such as reducing idling time while the technician is serving customers and improving driver behaviour can have a big impact, and experience like this will be used to help create a best practice for the group.

Attendees at Belron's Fleet Manager Workshop, trialing recent electric vans models.

Way forward

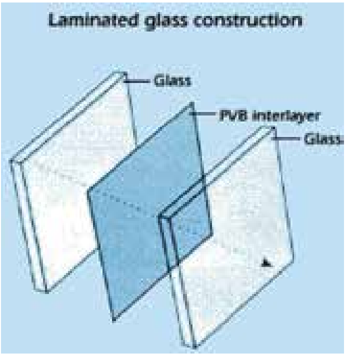
Belron will continue to apply its carbon offsetting programme to its global events planned for 2019 and implement group standards based on project team outcomes.

WASTE MANAGEMENT

Why it is material

Belron's biggest waste product by weight is the glass taken from the customers' vehicles. While it cannot be reused, there is an opportunity to recycle the glass into other products. Recycling the glass efficiently helps Belron to significantly reduce waste-related costs as well as to minimise its environmental impact.

Case study: the challenge of windscreens



There are only a small number of specialised laminated glass recycling centres across the world, which makes it more difficult to recycle windscreens than normal glass. However, where possible Belron uses its extensive distribution network to return waste glass from customer service centres to its central hubs. This reduces the costs and carbon emissions from local waste hauliers and allows Belron to partner with regional recycling centres close to their Distribution Centres. In Europe, glass is returned to Belron's European hub in Belgium where it is recycled by two partners, Maltha and GRL. In the US, Safelite has set up a partnership with Shark Solutions to establish two bespoke laminated glass recycling centres, the second of which was opened in 2018. Safelite now has the opportunity to increase its glass recycling to around 90% of its operation.

The glass separator used by Safelite's partner, Shark Solutions, to recycle windscreens.

Management approach

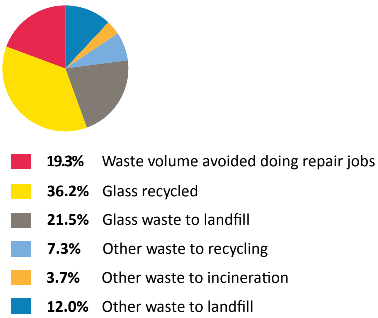
The 'Repair First' strategy plays a role in the company's continuous effort to reduce waste by avoiding the need to replace glass.

However, when repair is not possible, Belron aims to recycle the glass waste using innovative approaches and supplier partnerships.

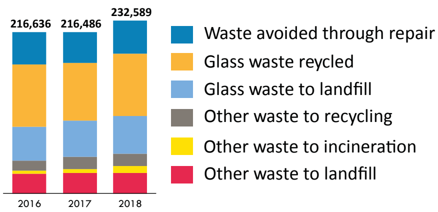
Where recycling in its operating countries is not in place or is inadequate, Belron has evaluated alternative options such as reverse logistics and partnering with local recycling companies to increase the percentage of products recycled.

With other waste streams Belron aims firstly to minimise use by setting technical standards for the amount of product needed during each job and secondly, to define clearly what to do with specific waste streams to maximise recycling.

Waste sources and treatment methods in 2018



Belron waste evolution over time

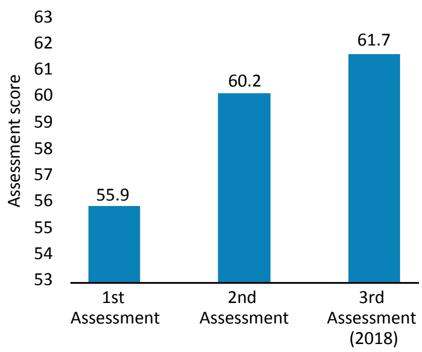


Waste increased due to an 8% increase in windscreen replacements.

Key indicators

- 3.1 million repairs saving 44,985 tonnes of glass waste
- In 2018 Belron's overall average external assessment score for its approach to managing its impact on the environment was 61.7, placing Belron in the top 14% of all companies assessed by Ecovadis.

Care for the Environment (Ecovadis)



What was achieved in 2018

In 2018 Safelite extended its glass recycling potential from 70% to 90% by opening a West Coast facility in addition to its East Coast facility.

Way forward

Belron's ambition is to recycle 100% of its glass waste and to work with its recycling partners and business units to extend its ability to recycle all glass.

UN sustainable development agenda

Belron aims to achieve environmentally-sound management of glass and other materials throughout their life cycle, in accordance with agreed international frameworks, in order to minimize their adverse impacts on human health and the environment. In addition, Belron works to substantially reduce waste generation through prevention, reduction, recycling and reuse.

The UN Global Compact: Belron is committed to principles 7,8, 9 of the UN Global Compact, which address corporate responsibilities with regard to the environment.

INNOVATION

Why it is material

Innovation is an important area for Belron, which invests heavily in ensuring that it is at the forefront of glass and vehicle technology in order to be well prepared for changes in the VGRR* and ADRR** markets. In addition, it focuses on developing new tools and techniques to support the business in operating efficiently and safely both for its customers and its people.

Amongst other examples, maintaining Belron's market leading Glass Medic repair system and HPX resin technology has been important to maximise repair potential, to offer customers high quality service and to lower the cost of fixing damaged vehicle glass.

Case study : safer windscreen cut

Belron has continually pioneered better and safer ways of cutting out windscreens. By replacing knives with the patented Eziwire, the cut-out process became much easier and safer for the technician. The metal wire used originally has now been replaced by an innovative fibre-line which removes the risk of damaging the car while allowing the line to be reused multiple times, rather than once, as was the case for the metal wire.

Management approach

Belron has its own dedicated research and development division, Belron Technical. This is a team of innovators and thinkers – all focused on driving technical standards and developing innovations that break new ground in vehicle glass repair and replacement.

Belron also invests in other central functional areas such as purchasing, distribution, operations support, customer insight, marketing, digital and people development.

All of these efforts help Belron maintain its market leadership position and offer cutting edge services to its customers.

Key indicator

R&D annual budget: EUR 2.7 million in 2018

What was achieved in 2018

In 2018 significant steps forward were made in Belron's ability to offer ADAS (Advanced Driver Assistance System) calibration services to all its customers. This was a combination of product development, tools and training, and partnerships with third party companies to extend the product offering towards 100% of all ADAS customers in a more seamless way.

This was underpinned by research at the Motor Industry Research Association into the impact of correctly and incorrectly calibrated vehicles to ensure a clear understanding of the standards and risks associated. Belron is now a leader in this technology through its in-house expertise and independent third-party testing.

Extending Belron's offering by adding centrally-tested and developed added-value products such as rain repellant and windscreen wipers has been another key addition that is driving both customer satisfaction and sales value.

* Vehicle Glass Repair and Replacement
** Automotive Damage Repair and Replacement

Way forward

One of Belron's key challenges with ADAS is to be able to calibrate newly-released models as it can take up to a year before the existing calibration tools are updated with the new software. In 2019 Belron is looking at innovative ways of utilising vehicle manufacturer tools and software to enable calibration of vehicles as soon as they come off the production line. While this will add additional costs, it will also allow all customers to have a seamless customer service experience when they bring their vehicles to Belron.

Belron has also been carrying out detailed customer research across different countries to validate what customers expect from Belron and how best to deliver it. These insights will be prioritised and developed into group-wide projects in the coming year.

UN sustainable development agenda

Belron aims to achieve higher levels of economic productivity through diversification, technological upgrading and innovation.

SUSTAINABLE PROCUREMENT

Why it is material

Almost 40% of Belron's turnover is spent on buying products and services from other companies. The majority by value is the glass but there are many other products, such as glue, repair resin, trims and mouldings, tools and uniforms. First and foremost, Belron needs to be sure that the suppliers' business ethics reflect its own, as they become part of the value chain delivered to the customer. While Belron has been doing this in the past, more and more legislation is being introduced that requires more diligence and clear evidence that companies like Belron are validating how suppliers manages their business and how it sources its products - for example on questions of modern slavery, anti-bribery and corruption and scope 3 emissions. In addition, suppliers with poor financial or operational management pose a risk to the continuity of the supply chain. From a brand perspective, if suppliers are using unethically sound practices or sub-suppliers this can reflect negatively on the reputation of Belron.

Belron's new distribution center in Bilzen, Belgium.

Management approach

Belron manages a number of suppliers through group wide purchasing agreements and performs various on-site audits, external assessment and contractual discussions to ensure that suppliers are fit for purpose and meet Belron's exacting standards.

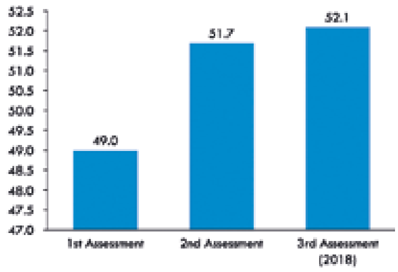
Each Belron business unit has its own process of managing the risk and sustainability criteria of its local suppliers. This is evaluated as part of the businesses' CSR assessment and benchmarking programme using the Ecovadis platform.

Key indicators

64% of all centrally-managed suppliers have been assessed, equivalent to 33% of the total group spend.

In 2018 Belron's overall average external assessment score was 52.1 (level 'Confirmed') for its Sustainable Procurement approach. This places Belron in the top 19% of all companies assessed by Ecovadis.

Care for our Supply Chain (Ecovadis)



What was achieved in 2018

In 2018 Belron implemented a new process for the approval of both new and existing centrally managed suppliers.

Every Group supplier now undergoes an assessment of their financial standing, legal compliance, risk management, and CSR performance. The latter is done through the Ecovadis platform, which ensures that all suppliers meet the latest standards across all areas.

Suppliers are required to pass all parts of the process to be officially approved for use, score at least a silver rating, and must demonstrate ongoing improvement in order to remain a Belron-approved supplier.

Way forward

Belron aims to have all suppliers (incl. local business unit suppliers) assessed and managed according to their risk profile. In the longer term the ambition is to have a gold-rated sustainable supply chain as assessed by Ecovadis. Belron International has also adopted a lead accountability for the procurement of indirect materials. This will lead to more consistency in the assessment of sustainable procurement approaches, especially with larger regional or global suppliers.

UN sustainable development agenda

Belron seeks to procure quality products from responsible and sustainable sources and to minimize the environmental and negative social impact of its value chain.

CUSTOMER WELFARE

Why it is material

The Belron customer sits at the heart of the business and the company's purpose to 'solve problems with real care'. To maintain its position in the market and to grow, Belron needs an experienced, highly trained technician team with the right piece of quality glass at the right time and place, for every job.

Failure to do this would impact the customer experience and run the risk of breaching fitting standards, which could in turn impact customer safety and the reputation of the Belron business.

Management approach

The company offers an omni-channel experience to customers; they can make contact by phone, online or by visiting a branch.

When a replacement is required, the work is performed by Belron's highly skilled technicians. The products and training are designed to deliver a service that is equivalent to the Original Equipment Manufacturer (OEM) standards. When applicable, technicians will also recalibrate the car's Advanced Driver Assistance Systems (ADAS), which is paramount to ensuring the safety of customers on the road. Furthermore, the Repair First strategy saves customers both time and money.

Belron works in partnership with the insurance companies to provide a seamless service for the motorist by making the vehicle insurance claim on the motorists' behalf.

It constantly reviews operational quality and monitors how customers feel about the service they receive, using this to drive an even better service. The company commits to responding positively and promptly to customer claims, enquiries and complaints made in good faith.

To regularly measure customer satisfaction across each of its businesses, Belron asks customers to rate on a scale of one to ten, "How likely are you to recommend us to a colleague or friend?" (Net Promoter Score). This regular feedback score and verbatim comments enables the company to maintain and improve its high standard of customer service.

Key indicators

Belron consistently achieves a global score of over 80 (an NPS score of over 70 is considered world class) despite the rise in the number of customers served:

2018: 17.8m consumers - NPS 82.8

2017: 16.5m consumers - NPS 83.1

2016: 15.4m consumers - NPS 82.6

What was achieved in 2018

A breakthrough during 2018 was the ability to recognise customers further upstream on their individual service journeys and then track them as they move between channels. This provides the capability to identify and address pain points not previously understood, thereby putting Belron in a better place to convert more jobs and to do so more effectively.

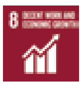
A new internal awareness programme was developed and began to be rolled out in the second half of 2018. The programme highlights the importance of ADAS and the need to identify and carry out calibration correctly and safely.

Way forward

Belron will continually look at ways of improving the customer journey, moving towards its ambition to be the world's best distress service provider.

UN sustainable development agenda

By the quality of its service, Belron contributes to reducing the number of global deaths and injuries from road traffic accidents.



Belron contributes to achieving higher levels of economic productivity through diversification, technological upgrading and innovation.

EMPLOYEE WELL-BEING AND DEVELOPMENT

Why it is material

Belron employees are at the very core of the business' quality of service. Therefore, their well-being and engagement are paramount, especially if we consider Belron's purpose to 'solve people's problems with real care'. Furthermore, fostering employees' well-being is increasingly relevant in attracting and retaining talent to the business.

Case study: celebrating people
Belron celebrated many of their people through the annual global recognition scheme - the Belron Exceptional People Awards - celebrating 63 outstanding people across the business, with individual countries recognising far more people across their own operations.

What was achieved in 2018

In October, the Group People team, which looks at ways to provide support and share best practice across the business, held an Engagement Forum, where representatives from 16 countries shared best practices and agreed on actions that would help to increase engagement. The team also introduced a Quarterly People Leader meeting for European countries to again share good practice and discuss areas where they can work together to make improvements.

Way forward
Belron will continue to use the BPM measure with the primary purpose to stimulate discussion and actions aimed at improving the engagement and well-being of Belron people.

UN sustainable development agenda
More than offering a decent work environment, Belron's aspiration is for all its employees to feel that it is "the best place they will ever work". Thereby, it also fosters productive behavior, customer orientation and strong performance.

The UN Global Compact: Belron is committed to principles 3, 4, 5, 6 of the UN Global Compact, which address corporate responsibilities towards labour.

Management approach

Belron aspires to providing its people with a working environment that is "the best place they will ever work".

Whilst each Belron business has its own policies and procedures in place with regards to people management, the core culture is maintained across the Group. The Spirit of Belron is described in four dimensions: Care, Driven, Collaborative and Genuine. The last attribute encompasses the business's Guiding Principles of Integrity, Respect and Trust.

With over 30,000 people across the business in different roles, Belron recognises the areas that contribute to an employee's overall wellbeing:

- feeling valued
- recognition of innovation
- recognition of excellent work
- a genuine commitment to training and development
- a strong 'giving back' ethos
- ethics and responsibility are fundamental to the business's operations.

For these areas to be meaningful for Belron people, the business units have many programmes in place that include training and career development, recognition programmes, flexible working, feedback and community involvement.

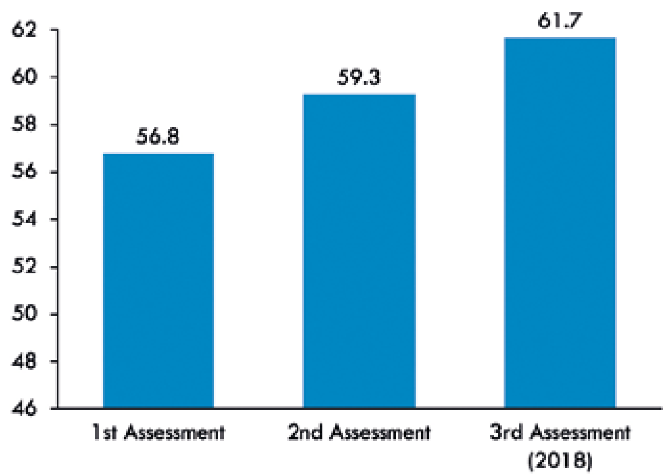
Key indicators
The Belron People Measure survey continues to have a consistent response rate of over 50%, which is important as the business wants to hear from as many people as possible. The average score (out of 10) across the business year on year is as follows:

- 2018: 7.5
- 2017: 7.8
- 2016: 7.5

There is no central Belron target in place, however each business does agree its own target score at the beginning of each year.

The Ecovadis CSR assessment tool rates Belron in the top 16% of businesses in the same industry, for the area of Labour Practices & Human Rights. This theme looks at the policies in place, actions to implement the policies and the results in the following areas: health & safety, development, training, social dialogue, benefits, percentage of women in top executive positions and integration of senior employees.

Care for our people (Ecovadis)



EMPLOYEE SAFETY

Why it is material

The 'Care' attribute is a key component of the Belron culture. By promoting health and safety training and overall employee well-being, injuries and absenteeism along with their associated costs and legal consequences can be avoided, as can distress to employees and their families.

Case study: the "Best of Belron"

Every two years, each Belron business holds a fitting competition to communicate, demonstrate and reinforce standards of safety, quality and customer service, as well as recognising and rewarding the best technicians. The top technician from each country then competes at an international final where the winner is crowned the 'Best of Belron'. In June 2018, 30 technicians competed for the title in Frankfurt, Germany with Rick Beasley of Safelite winning, making it a back-to-back win for the USA.

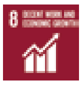
What was achieved in 2018

The Belron Technical team has been working to develop a group-wide external certification of the Belron training programmes by the Institute of the Motor Industry. This will start to be implemented in 2019, with the accreditation of the Belron Way of Fitting and of the central Belron Training Team. This will ensure that the internal training programmes retain their status as an industry benchmark for windscreen technicians.

Way forward

Safety training continues to be monitored and changes to equipment will be made where necessary.

UN sustainable development agenda



Through respecting standards and setting ambitious programmes aimed at increasing employee safety, Belron contributes to promoting labour rights and to ensuring a safe and secure working environment for all its staff.

Management approach

Belron believes in creating a safe working environment for its people and customers. The business commits to providing everyone with the correct training and skills to feel confident in their role, including stringent safety procedures for technicians so that they can deliver the highest technical standards.

Belron developed safety standards that are embedded in the Belron Way of Fitting. This is the method, tools, training and assessments developed and implemented across the group by Belron's technical team. This includes Quality Starts with Safety - an awareness training on the importance of following the correct process when replacing a windscreen and the consequences of not doing so; 1-2-3-Easy - a training programme on how technicians can avoid injury while doing their job; and the STOP programme - how technicians should look after Self, Tools, Organise their work and use the right Processes.

In addition, each business is responsible for implementing the necessary measures to comply with their national requirements and many businesses have dedicated Health and Safety and/or Internal Audit personnel to audit their procedures as well as highly-skilled trainers to monitor and update training as needed.

Key indicator

Each business is required to report on a monthly basis the number of registered occupational accidents according to their local legislations. As a whole, a decline in the work accidents has been observed in 2018 compared to 2017. The company is currently looking into ways to consolidate these figures per business into one company indicator.

COMMUNITY ENGAGEMENT

Why it is material

Belron believes it has a responsibility to give back to the communities where it operates and in South Africa, where the roots of the business lie.

'Giving Back' is a key aspect of Belron culture, demonstrating the 'Care' attribute of the Spirit of Belron.

By involving the passion and energy of its people, these activities have a positive impact not only on the communities where the business operates, but also on staff engagement.

Case study: visiting Afrika Tikkun

In November, members of the Belron International team who organise the Spirit of Belron Challenge visited Afrika Tikkun's Community Centres of Excellence in Johannesburg and Cape Town to see the impact of the fundraising efforts. They met the Afrika Tikkun staff who deliver the programmes and chatted with many of the young beneficiaries. They also assisted those with disabilities by doing gardening, cooking, reading stories and much more. A highlight was visiting the Belron Training Centre that opened in 2017, offering professional and life skills training for young people as they transition from school to employment.

Management approach

Belron is committed to making a meaningful impact on society, which is why its businesses and people across the world choose their own community initiatives and organisations to support. Each business sets its own 'Giving Back' agenda and through this approach, sees a greater sense of personal involvement and achievement amongst its employees Support is provided in many ways including financial donations, volunteering time, sharing resources or participating in sporting events, all of which help to improve staff well-being.

Key indicators

Total fundraising:

Afrika Tikkun

2018	EUR 1.2 million
2017	EUR 1.2 million

Local giving

2018	EUR 3.45 million
2017	EUR 3.25 million

What was achieved in 2018

The Spirit of Belron Challenge - which raises funds for Belron's global charity partner Afrika Tikkun - has been running for 17 years, during which time it raised over EUR 10 million. This has had a huge impact on the lives of thousands of young South Africans around Johannesburg and Cape Town who have been supported by the charity's 'cradle to career' model.

In 2018 over 2,200 Belron people, their families and friends, and business partners swam, cycled and ran in the torrential rain - truly embracing the Belron 'spirit'.

Way forward

Belron and its businesses will continue to look at how they can have a positive impact on the communities in which they operate as well as providing continued support for Afrika Tikkun.

UN sustainable development agenda

Through the Belron/Afrika Tikkun partnership the charity is able to support over 17,000 beneficiaries across many programmes in their 'cradle to career' model.

ETHICAL PRINCIPLES I RESPECT FOR HUMAN RIGHTS

Why it is material

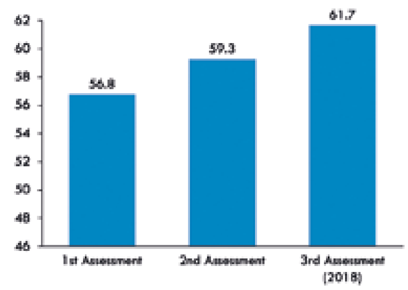
Human rights are a fundamental pillar of ethics and the Belron Guiding Principles support this. The company has established clear standards for itself and expects similar standards from its partners.

A breach of these standards not only impacts those involved but the adverse publicity could also have a detrimental impact on a brand or brands.

Key indicators

- Belron is in the top 16% of all businesses assessed by Ecovadis, with a score of 61.7 for labour practices and human rights, which cover respect for human rights within the workplace, employee well-being and employee health and safety.

Care for our people (Ecovadis)



- Belron registered 8 Original Incident Reports through its central Speak Up line.

Management approach

Human rights are addressed in Belron's ethics policy and Guiding Principles as well as through the programme in place to assess suppliers. Belron people treat each other with respect and ensure that their activities do not contribute directly or indirectly to human rights abuses. The business adheres to and promotes clear ethical standards for itself and expects similar standards from all third parties who work with Belron or on its behalf.

The company's Guiding Principles commit to promoting a culture of respect and equal opportunity in which individual success depends solely on a staff member's personal ability and contribution. It also commits to promoting an open and fair recruitment process, hiring and promoting people on the basis of their ability for a role and their appreciation, respect and alignment with the Belron culture.

Belron outlaws the use of child labour in any form. It does not employ anyone below the age of 16 or the local legal minimum employment age should this be different in a country it operates in. It will not use suppliers who use child labour in any manner. All of its employees, contractors and suppliers' working conditions are required to be compliant with national legislation and in cases where this is deemed insufficient, with the relevant International Labour Organisation Standards. In no instance will inhumane treatment of its people or those in its supply chain be acceptable, including any form of forced labour, physical punishment or other abuse.

In 2018, Belron International and Belron UK once again published their slavery and human trafficking statements in response to the UK Modern Slavery Act. These statements set out the approach to addressing the risk as well as the due diligence process.

Through its Guiding Principles and its CSR benchmarking programme, Belron has systems in place to ensure that the Articles of the United Nations Universal Declaration of Human Rights are assessed, prioritised and implemented as they apply to its sphere of influence.

Whilst the approach to the Code of Ethics was decentralised, Belron retains the centrally facilitated Speak Up line through a third-party provider, Expolink. The communication best practice shared with the businesses emphasized the importance of encouraging and supporting people to speak up with any ethical concerns they may have. While Belron encourages the raising of concerns within the local country, the Speak Up line is provided as an additional channel to raise concerns confidentially.

UN sustainable development agenda

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Belron makes sure that individual rights are respected throughout the organisation within its sphere of influence.

THE GLOBAL COMPACT — WE SUPPORT

Belron is committed to principles 1 and 2 of UN Global Compact, which address corporate responsibilities with regard to human rights.

ETHICAL PRINCIPLES I NO TOLERANCE FOR BRIBERY AND CORRUPTION

Why it is material

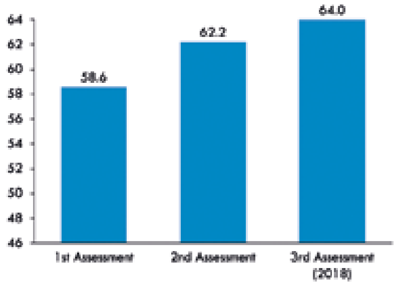
Belron's Guiding Principles are explicit: it will not tolerate any form or attempts of corruption or bribery either towards or by its people or partners regardless of local customs and business practices.

A breach of this could seriously damage the reputation of the business and result in legal consequences.

Key indicator

In the Fair Business Practices area, Belron's average benchmarking assessment results show that it is in the top 5% of all businesses assessed by Ecovadis. For this area of the assessment, the businesses need to provide information about their policies, actions and results in relation to anti-bribery and corruption, conflict of interest, fraud, money laundering, anti-competitive practices, truthfulness of marketing and advertising messages as well as data protection and privacy.

Care for our Business ethics (Ecovadis)



Management approach

The Belron Guiding Principles are in place and upheld to ensure that offences such as bribery and corruption are not tolerated within the business. Anti-bribery and corruption is one area of compliance that the Group Legal team promotes throughout the business. The approach is business-unit and market-specific and therefore the policies and procedures adopted depend on a number of factors, including the relevant risk and local rules in each business unit country. In higher-risk jurisdictions, more stringent measures are put in place to help prevent bribery and corruption.

The Legal team provides training and awareness sessions to all businesses on anti-corruption law and anti-corruption policies to ensure that each business continues to compete fairly and in compliance will all applicable anti-bribery laws.

UN sustainable development agenda

Belron contributes to reducing corruption and bribery in all their forms.

Belron is committed to principle 10 of the UN Global Compact, which addresses corporate responsibilities in the fight against corruption.

4. Moleskine

4.1. BUSINESS DESCRIPTION

Moleskine is a premium aspirational lifestyle brand with global reach. It is synonymous with culture, travel, memory, imagination and personal identity. A symbol of contemporary nomadism, its product range encompasses notebooks, diaries, journals, bags, writing instruments, reading accessories and hybrid products that migrate content from paper to digital devices and vice versa. Moleskine has its fingers on the pulse of contemporary creativity and is present across a network of websites, blogs, online groups and virtual archives, not least within the brand's own online community, myMoleskine.

Moleskine is a creative company enjoying steady growth. It has about 490 employees and a vast network of partners and consultants. Though headquartered in Milan, Italy, the Group also has Moleskine America, based in New York, and Moleskine Asia in Hong Kong.

The Group designs and sells its products through a multichannel distribution platform in more than 115 countries. The production itself is outsourced to partner suppliers.

4.2. OUR APPROACH TO SUSTAINABILITY

With a mission statement dedicated to *supporting our users in expanding knowledge, creativity and individual expression*, the question of sustainability has always been at the heart of Moleskine's concerns.

Moleskine's most valuable creative capital is of course its own people, for whom it aims to provide a fair and enriching work environment. In 2019, Moleskine's People Strategy will focus primarily on reconnecting and engaging staff with the company purpose. To pursue this objective, the Executive Team has identified the corporate culture as the prime motor for embracing and manifesting the company's purpose in everyday life. This year will therefore see numerous initiatives designed to enrol the entire Group into embodying the core cultural values that are essential to "leading the Moleskine way".

Consistent with this mission, the non-profit Moleskine Foundation was launched in 2017. The Foundation – which is fully aligned with the values and beliefs of the company – fosters creativity for social change through a number of educational initiatives, with a focus on communities affected by cultural and social deprivation.

The company is also aware that its products use natural resources. It therefore seeks to balance economic benefit and environmental protection in its activities, developing them with respect for current environmental regulations while bearing in mind the rights of future generations. As the company operates primarily as a distributor, most of its environmental footprint comes from the operations of its suppliers. It therefore ensures that its values are respected throughout the supply chain.

4.3. MATERIAL ASPECTS:

- Environmental impact of product design
- Sourcing of materials and natural resources
- Energy efficiency and CO_2 emissions
- Social and ethical supply chain
- Innovation
- Employee well-being and development
- Community engagement
- Ethical principles
    - Respect for human rights
    - Zero tolerance for corruption and bribery
    - Inclusion and Diversity

ENVIRONMENTAL IMPACT OF PRODUCT DESIGN AND PACKAGING

Why it is material

Moleskine's business model is based on the conception and creation of consumer goods. Therefore, a substantial part of the environmental impact stems from the design and manufacture of new products. Taking environmental criteria into account and considering the products' full lifecycle at the design stage is crucial to minimizing waste and increasing the recyclability of materials. This perspective goes beyond the product to include the packaging.

Failure to comply with environmental standards and regulations can lead to additional costs and potentially harm the company's reputation.

But adapting to the growing demand of clients to reduce the environmental footprint of the products they are using also creates a great business opportunity for Moleskine.

Snow White Limited Edition Notebooks Paperband B-side.

Management approach

Moleskine takes environmental criteria into account when designing new products. Finding the right balance between quality and minimizing the environmental impact is a significant challenge. In Moleskine's sustainable product development process, a significant area of focus is increasing the re-usability of packaging. Two examples are:

- The Notebook Paperbands carry B-side graphics that turn it from paper waste into an object or paper tool to be kept and used;
- The Cardboard boxes of notebook & pen bundles can be used as photo frames.

Key indicator
93% of paper products in the 2018 catalogue have a reusable paperband.

Way forward
In 2019 the company will continue working on re-usable packaging in order to reduce its environmental impact.

UN sustainable development agenda
Moleskine aims to contribute to reducing waste generation through prevention, reduction, recycling and reuse.

SOURCING OF MATERIALS AND NATURAL RESOURCES

Why it is material

Moleskine must exercise responsibility when choosing the materials it uses in its products, since such choices will inevitably impact the world's resources. Even though Moleskine does not produce its products, it designs them and initiates their production. It ensures the resources are sourced responsibly with respect for the environment.

The use of chemicals can also affect the health of end consumers. This can represent a risk for the brand's good reputation as well as costs associated with the non-compliance with standards and regulations.

FSC

Management approach and what was achieved in 2018

One of Moleskine's priorities is to find a balance between ensuring high product quality and using sustainable materials to make those products. Moleskine is aware of its responsibility to ensure the resources it uses are sourced with respect for the environment. The main material used is paper. Paper is a sustainable raw material when sourced responsibly. Given current deforestation concerns, Moleskine's policy is to ensure that the paper used comes from sustainably-managed sources. Hence, all of its paper products must meet the FSC standard. Moleskine also ensures that the chemicals used in the production process by its suppliers comply to regulations and do not impact health and the environment. To this end, all its paper is acid-free and ECF (elementary chlorine free). Also, all products and materials comply to major international regulations such as REACH and Proposition 65.

Key indicators
- 100% of Moleskine's paper products come from responsibly-managed forests that provide environmental, social and economic benefits.
- 100% of Moleskine's paper products are acid-free and ECF.
- All Moleskine products in the 2018 catalogue are compliant with active regulations on chemicals and do not contain any SVHCs (Substances of Very High Concern).

Way forward

Moleskine will continue applying the same high standards to all materials used to produce its products (paper, cardboard, polypropylene, polyurethane, polyester, nylon, fabrics and textiles, metals, ABS plastic, EVA rubber, real leather).

UN sustainable development agenda

By ensuring that all its paper products come from responsibly- managed forest, Moleskine contributes to SDG 15 which aims to promote the implementation of sustainable management of all types of forest, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

The company also contributes to SDG 12 as, by respecting the above-mentioned regulations, Moleskine aims to reduce the impact of the materials it uses on the environment and human health.

ENERGY EFFICIENCY AND CO_2 EMISSIONS

Why it is material

Climate change is one of the biggest challenge facing society. Moleskine has a direct and indirect environmental impact, which results respectively from its own operations (product design and distribution) and from the activities of its supply chain (product manufacturing).

Management approach

Moleskine takes steps to shrink its own – direct - environmental footprint by improving the energy efficiency of its offices and by promoting sustainable mobility for its employees. In 2019 the company has started to reflect on ways to assess Moleskine's global – indirect - environmental impact.

Key indicator
15,000 kWh annual estimated renewable electricity production starting from the activation of the solar panels in Milan.

What we achieved in 2018

In line with Moleskine's resolution to increase the use of renewable energy, 60 solar panels covering a total of 97,50 square meters were installed in 2018 on the roof of the Milan headquarters.

Moleskine also reached several agreements with Milan's public transport operator (ATM), including favourable conditions for Moleskine employees who buy season tickets.

Way forward
Solar panel in Milan HQ will be activated in 2019. Moleskine will also explore relevant and meaningful ways to assess Moleskine's global environmental impact.

UN sustainable development agenda
By implementing climate change measures, Moleskine contributes to SDG 13, which involves taking action to combat climate change and its effects.

SOCIAL AND ETHICAL SUPPLY CHAIN

Why it is material

Most of Moleskine's products are supplied by producers located in China, Vietnam, India, Pakistan and Europe.

Since Moleskine initiates the production process at its suppliers, it ensures these suppliers respect the existing social and ethical standards.

Failure by suppliers to comply with standards of ethical conduct could be reflected on Moleskine's reputation.

Key indicators
- In 2018, more than 99% of purchases (in value terms) were made from SA8000-certified vendors in China, India, Vietnam and Pakistan.
- 68% of Suppliers of goods having accepted the Code of Ethics

Management approach

Moleskine has processes in place to ensure their suppliers' commitment to social well-being.

Moleskine asks its vendors to comply with the company's Code of Ethics, which aims to reaffirm the Group's deep-seated commitment to meeting the highest standards of legal and ethical conduct in its commercial dealings.

Next to this, Moleskine's purchasing conditions require suppliers located in India, China, Vietnam and Pakistan to guarantee that every stage of their production chain complies with the SA8000 International Responsibility Standard. This standard applies to all working conditions and covers safety, hygiene, under-age workers and non-voluntary work (exploitation), the legitimacy of employment contracts and the environment. The company verifies whether suppliers are certified during the vendor selection process. Moleskine asks companies that are not certified to begin the certification process and monitors their progress.

Way forward
By the end of 2019 Moleskine wants to ensure that general purchase conditions are implemented by all main suppliers selected in 2018.

UN sustainable development agenda
Moleskine's procurement policy contributes to SDG 8, which aims to protect labour rights and to promote safe and secure working environments for all workers.

INNOVATION

Why it is material

Moleskine caters for creative consumers who are open to new ideas and ways of increasing productivity/self-expression. Among Moleskine's target audiences are digitally-connected professionals, knowledge workers and students who are used to the convenience of digital technology but who still enjoy creating plans and developing ideas on paper first.

By delivering meaningful and innovative products, services and business practices, Moleskine has the opportunity to answer an important need of an ever-growing audience.

The Pen+ Ellipse seamlessly combines the everyday experience of writing and creating by hand with the digital world.

Management approach

The company dedicates significant energy to identifying areas for innovation across every product category, while also seeking ways to innovate internal processes, the business model and overall corporate culture.

In particular, Moleskine's Digital Development and R&D departments actively seek to intercept emerging trends and mindstyle changes.

Key indicator
Digital Innovation cell spent circa EUR 500,000 in 2018.

What was achieved in 2018

In 2018, the Digital Development and R&D departments sought to identify solutions to bridge the *analogue-digital continuum*, creating a connection between digital and paper products. Examples of key projects are:

- *A start-up incubator which* forms part of the Open Innovation Program: Moleskine provides office and space onboard training to the two winners of its Open Innovation Programme.
- Moleskine+ Actions, an app providing checklists and schedules to help users to get things done.

Way forward
Moleskine will focus on consumers, deepening its understanding of how Moleskine can provide meaningful innovation.

UN sustainable development agenda
By constantly innovating with the launch of new original products (including its M+ collection), Moleskine contributes to SDG 8, which aims to achieve higher levels of economic productivity through diversification, technological upgrading and innovation.

EMPLOYEE WELL-BEING AND DEVELOPMENT

Why it is material

Strong employee engagement with the corporate culture and goals, and staff retention are crucial to the long-term success of the business.

Staff training at Moleskine

Management approach

Since 2018, Moleskine took an integrated approach under the "Total Rewards System". The TRS implies that investment in people is not only related to monetary status (basic salary and variable incentive bonus), but is also related to a more general investment in the corporate well-being of staff (workplace, learning, engagement). In terms of learning, Moleskine provides its employees with professional learning, personal development programmes and technical training. Moleskine is also committed to using internal job rotation before hiring external candidates.

In Q1 2018 Moleskine ran two world-wide climate surveys with its people, both qualitative and quantitative. The purpose of the surveys was to let people freely express on their satisfaction and trust toward the company and to receive key feedbacks on the improvement areas.

Key indicators

- In 2018 Moleskine dedicated more than 600 hours to staff training and development, involving about 200 people across the Group. In addition, about 300 hours were given to executive development initiatives.
- 80% of Moleskine people participated in the satisfaction survey giving a score above the average (>50%)

What was achieved in 2018

- In 2018, Moleskine launched a Smart Working policy on a global scale, which allows employees to work remotely, in accordance with corporate regulations, to improve work-life balance, individual performance and satisfaction.
- Moleskine also launched several learning & development initiatives:
  - an Executive Masters on Innovation and Design Management, with the MIP University in Milan;
  - Part-time collaboration and co-teaching with MBA International MIP;
  - Retail Experience Training Lab for EMEA Store Managers;
  - Individual coaching and external workshops on Leadership and Personal Development seminars;
  - Technical training to enhance basic skills in languages and IT systems/tools.

Way forward
In 2019, Moleskine will proceed with a group-wide roll-out of its corporate values – called "Pillars" – that were identified in 2018.

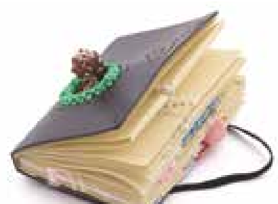
UN sustainable development agenda
Moleskine is committed to the development of its employees and wants to contribute to creating a decent working environment.

COMMUNITY ENGAGEMENT

Why it is material

It is part of Moleskine's DNA to sustain creativity and critical thinking in the community.

Moleskine believes that community engagement can create opportunities to engage creative people.



Management approach

Moleskine has a twofold approach to community engagement:

- sustaining creativity within the creative audience (Moleskine Hub)

A number of activities aim to nurture the brand's close relationship with its community. This involves curated events that take place in its physical and digital spaces. Through content platforms such as the Moleskine Café and FOLD Magazine, the company invites high-profile authors and emerging talents to share their stories, in turn inspiring the audience and elevating the brand.

- promoting education and critical thinking in communities affected by cultural and social deprivation (Moleskine Foundation).

The Moleskine Foundation is a non-profit organisation that provides young people with unconventional educational tools and experiences that help foster critical thinking, creativity and life-long learning, with a focus on communities affected by cultural and social deprivation.

The company has recently strengthened its relationship with the Moleskine Foundation in a joint mission to create co-curated cultural formats that leverage creativity as an engine for positive social change.

Key indicators

- 10 events organised in the Moleskine Cafés in Milan, Hamburg and Beijing.
- EUR 500,000 were contributed to the Moleskine Foundation in 2018.

What was achieved in 2018

Among initiatives in 2018 aimed at sustaining creativity within the creative audience, Moleskine partnered with a number of high-profile institutions around the world such as the National Geographic and the Hong Kong Film Festival.

In its triennial 2018-2020 business plan, Moleskine has approved the yearly designation of a sizeable contribution (1% of EBITDA each year, or EUR 500,000, whichever is higher) that will cover the structural costs of the Foundation and allow it to have a sustainable, long-term vision. Henceforth, 100% of the resources received by the Foundation can go directly to creating a positive social impact.

Way forward

The 10 years of shared value and expertise have allowed Moleskine and the Moleskine Foundation to develop a new innovative partnership model of social engagement that brings together a non-profit organisation and a business to create a more significant social impact on a larger scale. The Moleskine company is committed to collaborating with the Moleskine Foundation by putting its network, its people and its infrastructure at the disposal of the Foundation.

UN sustainable development agenda

Through the Moleskine Foundation, Moleskine contributes to SDG 4, which aims to increase the number of youth and adults with relevant skills, including technical and vocational skills, that will create decent employment opportunities and encourage entrepreneurship.

ETHICAL PRINCIPLES I RESPECT FOR HUMAN RIGHTS

Why it is material

Moleskine is committed to meeting the highest standards of legal and ethical conduct in its employee management and commercial dealings. Non-compliance with standards and regulations can bring costs and reputational damages.

Key indicators

- 92.1% value of goods purchased in 2018 come from suppliers that have signed the Code of ethics and agreed to carry out their operations accordingly.
- In 2018 no human right breaches were registered by the Supervisory Board.

Management approach and result of the policy

The legal and ethical standards that Moleskine adheres to are described in the company's Code of Ethics, adopted in 2013. All of Moleskine's employees must accept the Code when joining the company, as must all vendors who supply Moleskine with finished products.

The company considers unacceptable any type of violence, harassment or undesirable conduct that violates the dignity of a person. All those who observe or are the victim of any form of harassment (sexual or linked to personal, cultural or religious diversity) are asked to report this to the relevant managers or to the Supervisory Board.

The company aims to propagate and reinforce a safety culture by developing awareness of risks, and developing knowledge of, and compliance with, current prevention and protection legislation, promoting responsible behaviour on the part of all workers. No employee or contractor may expose others to risks and dangers that might cause harm to their health or physical safety, and each worker is responsible for and must act to ensure effective management of workplace health and safety.

As mentioned above, Moleskine requires its suppliers to guarantee that every stage of their chain of production complies with the SA8000 International Social Responsibility Standard (which covers, amongst other points, working conditions, under-age workers and non-voluntary work).

UN sustainable development agenda

Moleskine makes sure that individual rights are respected throughout the organisation.

ETHICAL PRINCIPLES I ZERO TOLERANCE FOR CORRUPTION AND BRIBERY

Why it is material

Contact with public authorities must only be handled by individuals expressly authorised for this task and are guided by the need for the utmost honesty and transparency. Any forms of attempted or actual corruption and bribes can represent a reputational risk and lead to legal fines.

Key indicator

In 2018 no cases of corruption or bribery were registered by the Supervisory Board.

Management approach and result of the policy

In 2013, Moleskine implemented the Italian Legislative Decree 231/2001 by adopting the Organizational and Control Model aimed at preventing bribery and the corruption of public authorities and private entities. It also complies with the Italian Entrepreneurial Association Guidelines (Confindustria Guidelines). A Supervisory Board oversees the efficiency of the Model and must be informed of any possible violation. The Supervisory Board brings together Moleskine's Internal Audit Manager and two external advisors appointed by the Board of Directors. It reports twice a year to the latter.

UN sustainable development agenda

Moleskine contributes to global efforts to counter corruption and bribery in the corporate sector.

ETHICAL PRINCIPLES I INCLUSION AND DIVERSITY

Why it is material

Moleskine promotes diversity, rejects all forms of discrimination and applies the same standard of treatment toward each employee regardless of their religion, nationality, origin, gender or beliefs. Any episode of discrimination would put Moleskine's reputation at risk. Furthermore, a lack of diversity within the organisation would reduce the benefit for the business of mixing different genders, mindsets, cultural and professional backgrounds.

Key indicator

In Moleskine's working environment 65.8% of employees are women, more than 25 nationalities are represented and 47.5% of the top and middle management are women.

Management approach and result of the policy

Moleskine recognises the importance of its employees as one of the fundamental factors in achieving corporate objectives, and adopts procedures and techniques for recruiting, development, evaluation and training aimed at providing equal opportunities without discrimination on the basis of gender, age, sexual orientation, religious beliefs or any other factor.

Staff are recruited on the basis of their experience, their attitudes and their skills. Recruitment and internal promotions are based exclusively on the correspondence between expected and required profiles.

UN sustainable development agenda

Moleskine contributes to SDG 16, which aims, among other targets, to promote and enforce non-discriminatory laws and policies for sustainable development

Share Information

D'Ieteren share

Minimum lot	1 share
ISIN code	BE0974259880
Reuters code	IETB.BR
Bloomberg code	DIE:BB

Stock market indices

On 31 December 2018, the D'Ieteren share had the following weighting in Euronext indices:

- BEL ALL-SHARE: 0.35%
- BEL CONS SERV: 4.21%
- BEL CONTINUOUS: 0.35%
- BEL MID: 3.57%
- NEXT 150: 0.84%

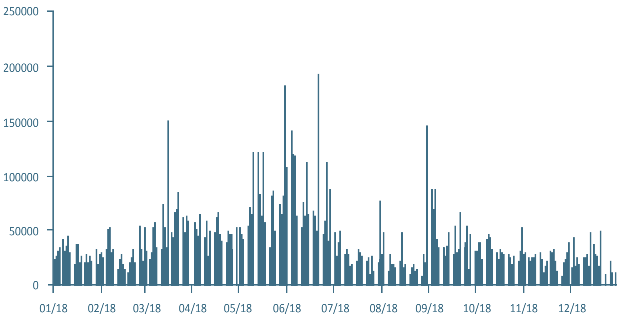
Evolution of the share price and traded volumes in 2018

	2018	
Performance	-12.3%	
Total shareholder return[1]	-6.8%	
Average price (EUR)	36.11	
Maximum price (EUR)	40.08	06/09/2018
Minimum price (EUR)	32.36	27/12/2018
Average volume (in units)	42,142	
Maximum volume (in units)	192,953	22/06/2018
Minimum volume (in units)	8,649	27/08/2018

1 Based on gross dividend

Share price

Nb. of shares traded



Evolution of the share price over 10 years

	01/01/2009 - 31/12/2018	
Performance	338.3%	
Total shareholder return [1]	470.2%	
Average price (EUR)	34.67	
Maximum price (EUR)	49.85	14/06/2011
Minimum price (EUR)	7.56	02/01/2009
Average volume (in units)	52,823	
Maximum volume (in units)	675,467	29/02/2012
Minimum volume (in units)	3,900	24/12/2009

Share price

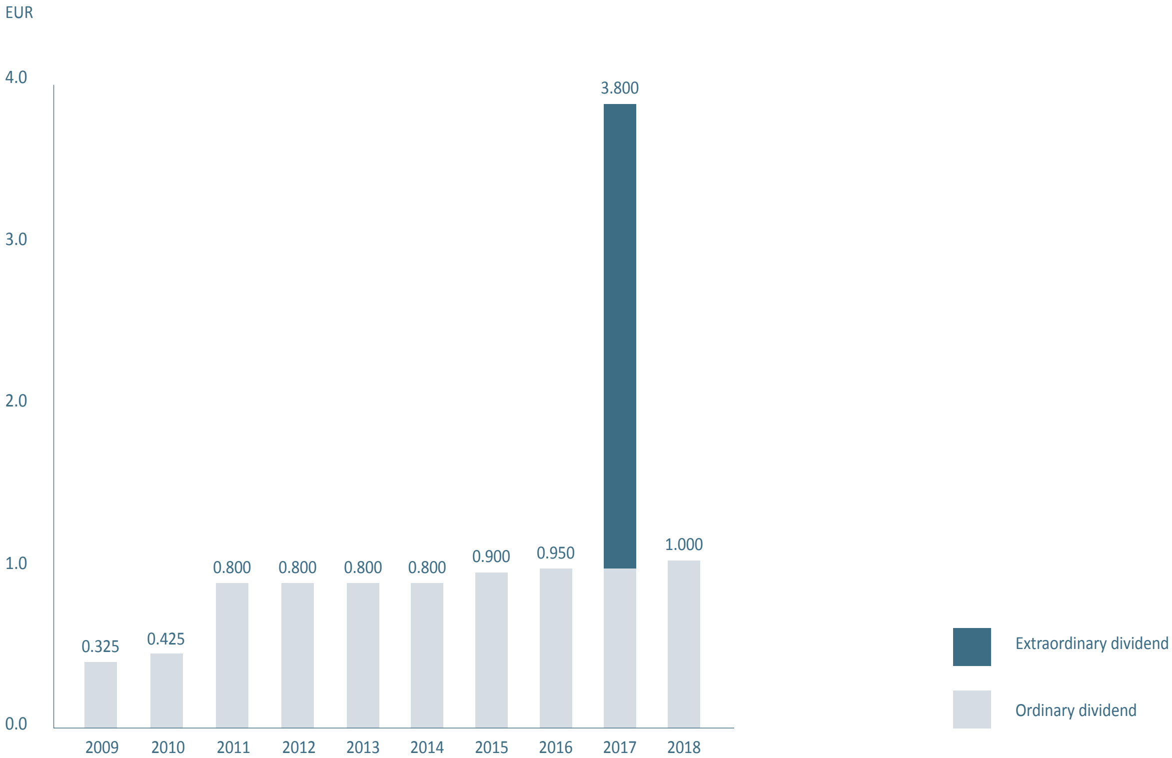
1 Based on gross dividends

Detailed and historic information on the share price and the traded volumes are available on the website of D'Ieteren (www.dieteren.com).

Dividend

If the allocation of results proposed in Note 20 of this report is approved by the Ordinary General Meeting of 6 June 2019, a gross ordinary dividend of EUR 1.00 per share will be distributed. The dividend will be paid starting on 14 June 2019.

Evolution of the gross dividend per share over 10 year



FINANCIAL CALENDAR

General Meeting & Trading update	6 June 2019
Dividend ex date	12 June 2019
Dividend payment date	14 June 2019
2019 Half-Year Results	28 August 2019

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Information about the group (press releases, annual reports, financial calendar, share price, financial information, social documents…) is available, mostly in three languages (French, Dutch and English), on www.dieteren.com or on request.

Ce rapport est également disponible en français. Dit verslag is ook beschikbaar in het Nederlands.

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FORWARD-LOOKING STATEMENTS

This Annual Report 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 materialize, 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.

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