

Trading update

Automobile distribution in Belgium - D'leteren Auto

In a Belgian new vehicle market in decline for the third year in a row, D'leteren Auto has, in 2003, contained its revenue decline to about 1% vs 2002, thanks to the mix of vehicles sold and a good performance overall of its other activities.

New vehicles

In the new car market, registrations were up 11.9% in the second half compared to 2002. This increase did however not offset the 10.2% decline in the first half of 2003: for the full year, 458,796 cars were registered, 1.9% less than prior year. The makes distributed by D'leteren Auto achieved a share of 2003 registrations of 17.8% (18.0% in 2002), and reached 18.6% in H2, an improvement compared to 17.1% in H1 2003 and 18.4% in H2 2002. The new models introduced during the first half – in particular VW Touran, Touareg and Audi A3 – contributed to this performance. Audi reached the leading position in 2003 in the Belgian luxury segment, with 20,019 registrations. Porsche had a record year, while Seat and Skoda registered a share decrease. Since May 2003, the VW Golf family (with Touran, Golf and Bora) has been again the leader of its segment. The new Golf, introduced at the end of November, should strengthen this position in 2004.

The commercial vehicle market was up 4.1% with 50,606 new registrations in 2003. The share of the makes distributed by D'leteren Auto declined to 8.5% (11.3% in 2002) awaiting the introduction of the new VW Caddy.

Total new vehicles, including commercial vehicles, billed by D'leteren Auto in 2003, are expected to amount to 90,000 units for the year, 6% lower than prior year.

D'leteren Auto's new vehicles revenue is down by about 1% over prior year, the impact of the volume reduction being partly offset by the mix effect of a higher average value per vehicle sold.

Other activities

Revenues from D'leteren Sport, D'leteren Lease and My Way increased, while B2B used vehicles revenue declined, and revenue from parts and accessories remained stable.

Furthermore, in the context of the new European regulation and the specialised distribution policy of the Volkswagen Group makes, D'leteren Auto finalised new contracts with the approved members of its distribution and service networks.

The competitiveness improvement program of D'leteren's owned Volkswagen and Audi agencies in the Brussels region is ongoing : headcount reductions in agencies have been agreed with personnel representatives ; the official opening in December of the Zaventem Audi Center is the first step in the investment programme for these makes.

Car rental - Avis Europe plc

See Avis Europe plc's full trading update, issued on 11 December 2003, for further details.

Avis Europe expects full year revenue, excluding Budget, to be around 3% lower than prior year.

Volumes, in terms of billed days, have continued to improve in the second half and for the full year are now expected to be some 4% ahead of prior year. Yield initiatives have generated revenue improvements in corporate and leisure segments during the second half of 2003, but overall pricing remains below prior year levels.

Avis Europe has decided to exit from a non-core business, Centrus, an accident management company specialising in the supply of replacement vehicles to non-fault accident insurance claimants in the U.K. Furthermore, Avis Europe makes a goodwill impairment provision related to earlier acquisitions of licensees in Holland and in Münster, Germany, and an amortisation charge in respect of IT developments. As a result, exceptional charges for 2003 should amount to approximately EUR 100m before taxes.

The estimated impact of these exceptional charges on D'leteren's consolidated net earnings, group share, should amount to approximately EUR 54m.

Vehicle glass repair and replacement - Belron

Belron's annual revenue broke the EUR 1 billion mark in 2003. The reported growth of 8% on 2002 reflects 8% like-for-like growth at constant exchange rates, 3% growth from the new markets and a 3% adverse currency translation effect due primarily to the strength of the euro against Sterling.

Revenue growth in Europe, after both currency translation and acquisitions, was up 10% on 2002. At constant exchange rates, Belron experienced double-digit growth in its two largest markets - UK and France - where the strategic focus on customer service, key account relationships and brand development has continued to be successful, and above 25% growth in Spain and Portugal. The Netherlands and Belgium reported flat revenues and observed a decline in the body glass market associated with reductions in car crime.

Outside Europe, revenue for 2003 was up 2% after currency translation and consolidation of Brazil where Belron concluded in August a new agreement with its historical partners and has had since encouraging initial returns from this sizeable market. A strategic review has been undertaken of the Australian business and, as a result, a series of actions to deliver substantial savings in both supply and operating costs was initiated in the fourth quarter. In Canada, while the strategy embarked on in 2002 is proving successful in terms of market share, the overall market has been depressed and a cost reduction programme has been undertaken in the second half of the year.

The new subsidiaries acquired in Italy and Sweden in the first half of 2002 contributed favourably to the overall performance of Belron. Pursuing its geographic expansion, the group concluded a new franchise agreement in Poland in February 2003. In July, the largest specialist operator in the Norwegian vehicle glass repair and replacement market was acquired, enabling the group to leverage its key account relationships in Scandinavia. Belron ended the year operating in 27 markets following the successful signing of a further franchisee in December in Serbia-Montenegro.

Consolidated results D'leteren 2003

Expectations for D'leteren's consolidated current result after taxes and before amortisation of consolidation differences, group's share, remain as recently communicated (i.e. «a decrease slightly greater than 25% compared to 2002 »).

Management evolutions

On 18 December 2003, Avis Europe plc announced the appointment of Murray Hennessy as its new Chief Executive Officer. Murray, 42, has worked with Bain and Co., Pepsico, Tricon, and The John Lewis Partnership, and brings extensive international top management experience to the company.

Alun Cathcart will continue in his Interim Chief Executive role of Avis Europe plc until Murray joins in March 2004, and will remain as an active support to Murray and the company thereafter in order to ensure a smooth and orderly transition. In order to enable Alun to devote sufficient time to these roles, Roland D'leteren, chairman of D'leteren s.a., has accepted Alun's request to be relieved of his function as Executive Vice President International, member of D'leteren's Group Executive Committee. These responsibilities will be taken over by Jean-Pierre Bizet. The change is effective as of 1 January 2004.

D'leteren will issue its annual results for FY 2003 on Friday, 27 February 2004.

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