



**Increase of  
the sales by 33%  
mainly due to the Safelite  
acquisition**

# Key events in Vehicle Glass Repair and Replacement

## January 2007

The launch in the UK of the new Belron customer website which allows customers to book an appointment online for the repair or replacement of vehicle glass.

## March 2007

Belron acquires Safelite Group, Inc., the leader in the US vehicle glass repair and replacement market, expanding its operations in North America.

## May 2007

The centralised ERP system is launched in France.

## August 2007

Belron employees compete in London Triathlon, raising close to 500,000 euro to support disadvantaged people in South Africa.

"Best of Belron 2008" launched with the selection of the first national champions in Australia and New Zealand. The competition brings together national champions from across the world who compete to be selected as the best technician in the business.

## September 2007

Building on its success throughout Europe, the Belron radio advertising campaign is broadcast for the first time in the United States.

Belron raises its ownership of the Nucleus Comercio Exterior S.A. business in Brazil from 51% to 100%.

Integration of Safelite and Belron Inc. is successfully completed.

## December 2007

On 31 December 2007, Belron reaches two billion euro annual sales for the first time.

## Financial key events

**+33%**

**Sales** up 33 % comprising 6% organic growth and 27% acquired growth with a small adverse currency translation impact.

**+31%**

**Current operating result** up 31%.

**+35.6%**

**Current result before tax, group's share**, up 35.6% to EUR 97.6 million.

**03-2007**

**Acquisition of Safelite Group, Inc.**, the leader in the US VGRR market.

| <b>Financial highlights</b><br><b>(EUR million)</b> | <b>2007</b> | <b>2006</b> | <b>%<br/>CHANGE</b> |
|---|-------------|-------------|---------------------|
| Total jobs<br>(in million units)                    | 8.4         | 6.1         | +37.4%              |
| External sales                                      | 2,000.0     | 1,507.3     | +32.7%              |
| Current operating result                            | 156.5       | 119.9       | +30.5%              |
| <i>Current operating margin</i>                     | 7.8%        | 8.0%        |                     |
| Current net finance costs                           | -32.2       | -19.4       | +66.0%              |
| Current result before tax                           | 124.3       | 100.5       | +23.7%              |
| Unusual items and re-measurements,<br>before tax    | -23.4       | -16.5       | -                   |
| Current result before tax,<br>group's share         | 97.6        | 72.0        | +35.6%              |

Note: The average shareholding used for consolidation of the result of Belron in 2007 is 76.9% (73.7% in 2006).

## Activities and results

Belron delivered another strong performance in 2007. Sales grew by 32.7% to EUR 2,000.0 million consisting of 6.3% organic growth and 27.0% acquired growth with a small adverse currency translation impact. Total repair and replacement jobs grew by 37% to 8.4 million.

In Europe, after both acquisitions and currency translation, sales growth amounted to 7%. Organic sales growth was delivered, despite milder weather and lower vehicle glass breakage, through additional investments in effective radio advertising and further progress with insurers and fleet partners. In France, the implementation of the central ERP system adversely impacted sales growth in the middle of the year as the business adapted to the changes in process and procedures. The business returned to growth during the closing months of the year.

Outside Europe, after both acquisitions and currency translation, sales growth amounted to 101%. This was primarily due to the acquisition of Safelite Group, Inc., the leader in the US VGRR market which was effective from the beginning of March.

The current operating result amounted to EUR 156.5 million against EUR 119.9 million in 2006. The increase in operating result can be attributed approximately one third to organic growth and two thirds to acquisitions. Organic profit growth was due to sales increases in existing markets together with operational efficiency gains and despite additional investments in marketing costs, particularly radio,



and branch expansion in order to drive sales following year-on-year market declines. The acquired profit growth, primarily due to the acquisition of Safelite, is ahead of plan due to the business' ability to capture the benefits of favourable market conditions during the peak spring season as well as synergies resulting from the combination of Belron's existing U.S. businesses with the Safelite operations.

Unusual costs before tax amounted to EUR 15.4 million and comprised EUR 2.2 million of accelerated amortisation of deferred financing costs following the re-financing required for the Safelite purchase as well as restructuring costs of EUR 10.4 million to capture the significant synergies arising from this acquisition. An additional provision of EUR 2.8 million was also made at the year-end in relation to a vacant UK property. As part of the finalisation of the opening balance sheet on the Safelite acquisition, an intangible asset has been recognised in relation to the value of customer contracts, both legal and implied. The amortisation cost of EUR 4.1 million (EUR 5.0 million on a full-year basis) is presented as a re-measurement item.

Net finance costs amounted to EUR 37.5 million compared to EUR 16.9 million in 2006. Before re-measurements resulting from changes in the fair value of derivatives, current net finance costs increased from EUR 19.4 million in 2006 to EUR 32.2 million primarily due to additional borrowings used to finance the Safelite purchase.

Current result before tax, group's share, rose from EUR 72.0 million to EUR 97.6 million in 2007, an increase of EUR 25.6 million, including the impact of D'Ieteren's increased interest in Belron in April 2007.



## Belron in the United States



The acquisition of Elite Auto Glass Inc. in Colorado in 2005 was the first milestone in the re-entry of Belron into the US market. It was followed by the acquisition of Auto Glass Specialists Inc. in Wisconsin later that year. In 2006, Belron acquired Maverick Glass, based in Phoenix, Arizona. In January 2007, Belron announced that an agreement had been signed to acquire Safelite Group, Inc., the US leader in the VGRR market. With about 5,700 employees, Safelite Group, Inc. is the only provider in the United States with a fully integrated business model that comprises vehicle glass repair and replacement operations, vehicle glass claims management, vehicle glass manufacturing and wholesale distribution services. This acquisition allows Belron to achieve national geographic coverage and strengthens its position in the world's largest vehicle glass repair and replacement market.

## Key developments

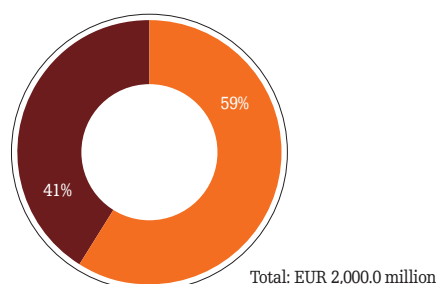
During 2007, Belron pursued its successful strategy delivering sales growth and increased profitability.

Belron continued to focus on delivering an outstanding and convenient service to its customers which it measures on a daily basis. Expansion of the call centre operations, a focus on serving customers quickly and continued promotion of a mobile service ensured that customer satisfaction remained high. The business developed further its strong strategic relationship with insurance and fleet partners. The group remains committed to actively promoting windscreen repair as a safe, cost effective and environmentally friendly alternative to replacement thereby generating substantial savings for its partners and the environment. In 2007 over 30% of all windscreen jobs were repairs.

During 2007, Belron implemented its central core IT system in France. This is a major step forward in the implementation of the group's centralised IT strategy which has already delivered substantial benefits through reduced IT costs across the businesses. The common platform is now fully operational in the UK, French and Irish businesses.

In March 2007 Belron acquired Safelite Group, Inc., the leader in the US VGR market. The acquisition of Safelite allowed Belron to achieve immediate national geographic coverage with an established 60 year old business that had already developed excellent long-term relationships with insurance and fleet customers. The combined U.S. business has performed well since acquisition. The combination of Belron's existing U.S. businesses with the Safelite operations is now largely complete. The business is now operating on a common IT platform and the previous Belron U.S. administrative locations have been closed and merged into the central Columbus, Ohio, administrative facility.

In Europe Belron completed incremental acquisitions in Spain, Italy and Germany which have been successfully integrated into the existing businesses. In addition Belron opened its first branch in Austria. In Brazil Belron achieved total ownership of the Nucleus Comercio Exterior S.A. business by purchasing the remaining 49% of minority shares.



| Geographical sales breakdown <sup>1</sup>   | % CHANGE |
|---|----------|
| <p>■ Europe:</p> <p>Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK</p> | +7%      |
| <p>■ Rest of the world:</p> <p>Australia, Brazil, Canada, New Zealand, United States</p>  | +101%    |

1. At actual exchange rates.



At the end of the year, Belron surpassed EUR 2 billion in sales for the first time in its history and finished the year operating in 28 countries.

## Outlook 2008

In 2008, organic sales growth is expected to continue as Belron remains committed to delivering an outstanding service to its customers, its key insurance and fleet partners, and improving its operational efficiency. External growth will reduce once the anniversary of the Safelite acquisition is passed in early March.



## Living best practice



The Belron testimonial style radio advertising campaign was initially developed and launched in Belgium and has now been successfully broadcast in 17 countries. In September 2007 it was trialled in four states in the United States with outstanding results. This is one of many examples of best practice being identified in a business and shared with others across Belron.

## Developing excellent executives

Belron places great importance on the continuous development of its people. All senior executives participate in a development programme focusing on a set of competencies which define 'leadership excellence' within Belron. The programme is continually being improved to ensure that senior executives are able to benefit from the latest thinking in business leadership.