

# BELRON

## CHALLENGING MARKETS, INNOVATIVE RESPONSES



### SMILE ON TOUR

Making unforgettable customer service experience an ongoing reality.

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### RESULTS

In 2012 sales decreased by 1.5% and current result before tax, group's share, declined by

**29.4%**

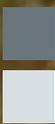
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### MOBILE SERVICE

Mobile is seen as innovative and will continue to accelerate growth.

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## TECHNICAL DEVELOPMENT

A constant search for trailblazing technologies.  
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## BEST OF BELRON

Best of Belron has become a truly momentous event in the Belron calendar.  
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## MOBILE BOOKINGS

Over **20%** of all the visitors to the Belron websites come from a smartphone.  
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## BUSINESS PROFILE

Belron is the worldwide leader in vehicle glass repair and replacement. With more than **ten major brands** – including Carglass®, Autoglass® and Safelite® AutoGlass – and a network of subsidiaries and franchisees in 34 countries on five continents, the company covers about 75% of the world's total vehicle parc. 2,199 branches and 8,863 mobile units, **available 24/7**, enable its glass repair and replacement service teams to meet customer demand anywhere, any time. This focus on **service quality** generates a very high level of customer satisfaction. Belron has also forged long-term partnerships with many large insurance, lease and fleet companies, enabling it to handle claims from start to finish and greatly simplifying the administration process.

	2012	2011
Mobile Units	8,863	9,193
Branches	2,199	2,027



**CARGLASS**



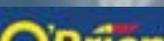
**Safelite**  
AutoGlass



**AUTOGLASS**



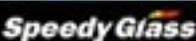
**Lebeau**  
Vitrines d'autoles



**O'Brien**  
Glass with care



**Smith & Smith**



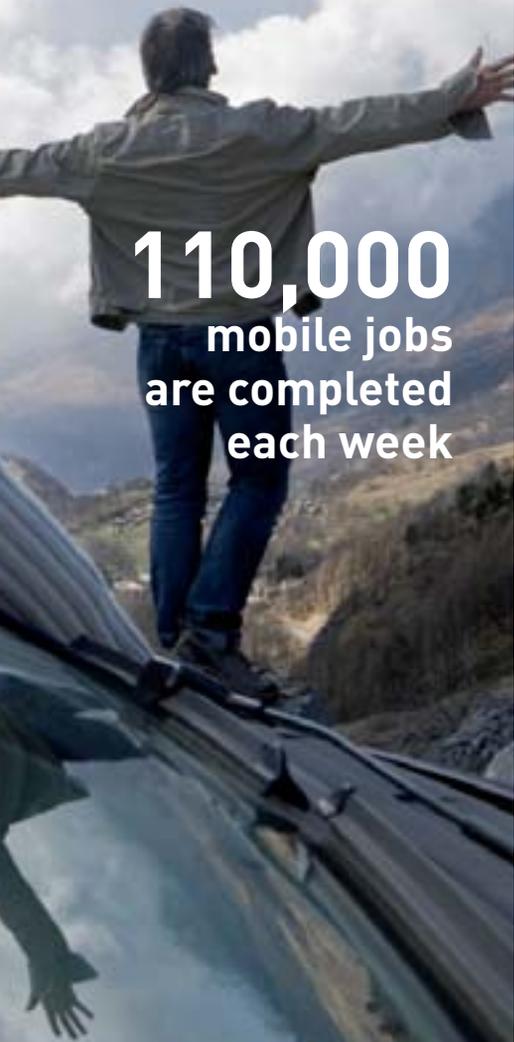
**Speedy Glass**



A job is completed every 3 seconds

On average, 8,000 windscreens are repaired each day

110,000 mobile jobs are completed each week



# 2012 RESULTS

2012 has proved to be an extremely challenging year for Belron. The extraordinarily mild winter weather in North America and a milder than average winter in Northern Europe severely impacted sales. In addition, most markets were affected throughout the year by the weak economic environment and high fuel prices which had a negative impact on both levels of damage and the propensity of motorists to get that damage fixed. In response, exceptional actions have been taken to both protect and gain market share as well as adjusting the cost base. The business has undertaken a strategic restructuring at the corporate centre to reduce the level of centralised activities and focus more on governance and support. There were also restructuring actions in the UK, the Netherlands and Germany. The restructure in the UK comprised the closure of branches and of the second call centre. In the Netherlands, the field operations were reorganized from a branch based structure to a cluster based approach.

While facing all of the market challenges, the business has continued to focus on delivering an outstanding service to all of its customers and many of the Belron businesses have achieved new records in customer service levels. In addition to focussing on delivering an outstanding service to its custom-



ers, Belron continued to work closely with its insurance and fleet partners in every country by focussing on the total value delivered to these partners through the combination of service and cost. Many new initiatives were undertaken in order to add additional value to customers such as wiper promotions and additional claims management offerings.

In addition, Belron continued to pursue its goal of targeted geographic expansion. There were acquisitions in Guangzhou and Wuhan in China and there was also the purchase of the Hungarian business from our former franchising partner. Elsewhere Belron completed several fill in acquisitions and signed a franchise agreement in Ukraine bring-

ing the total number of countries in which Belron operates to 34. In Canada, more acquisitions of former franchisees were undertaken as part of the transformation project. Negotiations are on-going with a number of other franchisees with a view to further acquisitions during 2013.

### Adjusting the cost base whilst protecting and gaining market share

In 2012 sales decreased by 1.5% to EUR 2,727.2 million consisting of an organic decline of 6.4% partially offset by 1.0% growth from acquisitions and a 3.9% favourable currency impact. Total repair and replacement jobs declined by 9.6% in the first half and continued to decline at a slow-

er rate in the second half, to reach 10.4 million at year end, a 8.6% decrease compared to 2011.

European sales declined by 7% comprising a reduction in organic sales of 9% partially offset by acquired growth of 1% and a positive currency impact of 1% due to the strong GB pound. The acquisition growth was due to acquisitions in Italy and Spain during 2012 and in Russia in 2011 when Belron acquired the Mobiscar wholesale business.

Outside of Europe, sales increased by 4% comprising an organic sales reduction of 4% offset by a 1% impact due to acquisitions in Canada, Australia and China, and a positive currency impact of 7% due to the



stronger US dollar. Belron is continuing to increase its market share in almost all countries however not sufficiently to offset the market declines.

The current operating result was EUR 198.5 million (2011: EUR 262.3 million). This directly reflects the decline in sales volume. A series of cost reduction initiatives, both in the business units and at the corporate centre, were implemented during the first half of the year which had a positive impact on the results, most notably during the second half. Costs were further reduced by the release of the previously charged long term executive incentive scheme accrual reflecting the lower operating profit.

Current result before tax, group's share, declined by 29.4% to EUR 150.5 million.

### An eye on the future

The outlook for 2013 is for moderate organic sales growth due to the expected continuing adverse economic trends partially offset by a more favourable winter. In order to improve its operational and financial results, the business will continue to be innovative in all areas, increase the flexibility of its operations and look for further efficiency initiatives. In addition, the release of the long term incentive plan accrual will not recur. While focussing on its results, Belron remains committed to delivering an outstanding service to its customers, its insurance and fleet partners, and improving its operational efficiency.



“2012 has proved to be a another very challenging year for Belron with various economic factors adversely impacting the vehicle glass repair and replacement markets in all developed economies and another mild winter, in both North America and Northern Europe. In response, we have had to take some exceptional actions both to protect and gain market share and also to adjust our cost base. I am delighted by the way our people have adapted to these changes whilst continuing to set new records in terms of customer service. The financial results of course reflect these factors but I am confident that our actions position the business well for continued future growth. None of this would have been possible without the hard work, dedication and professionalism of our people across the world and I am once again extremely grateful for all of their contributions.”

Gary Lubner, CEO of Belron

# TESTIMONIALS

## RISE OF MOBILE BOOKINGS



Clients increasingly use their mobile phone to engage with one of the Belron businesses and to book service with them. By mid-2012, over 20% of all the visitors to the Belron websites came from a smartphone (such as an

iPhone or Android phone), and in some countries it is over one third! The company has also had over 60,000 downloads of its iPhone and Android apps around the world, and it continues to find new ways of making it easier for customers to do business with Belron, while giving them a better experience.

Safelite® Mobile customer Zachary Henderson recently gave a glowing account of the service on his blog: *“Last weekend I suffered a crack in my windshield. My first thought? “How much is this going to cost me?” I Googled Safelite® AutoGlass (the first name I thought of) on my iPhone. At the time, I wasn’t sure I would hire Safelite®. I just wanted an estimate. But the mobile site completely sold me. I didn’t hesitate when a green button popped up that said “Schedule an appointment”. Within*

*five minutes, a Safelite® rep had called to schedule my appointment. She already knew where I was and offered to send a technician to my location. Kudos Safelite®, you saved my day!”*

## MOBILE SERVICE GROWTH

Mobile services in Germany continued to go from strength-to-strength in 2012, with double-digit growth in some rural areas. Aiming to provide a faster and more efficient service for customers, analysis shows that the introduction and development of mobile services in Germany has led to increased levels of customer satisfaction and even better employee engagement.



## BEST OF BELRON

### Raising standards around the world

The Best of Belron competition, held every two years, plays an important role in raising and promoting standards of excellence around the world. Helping to ensure the strictest of standards, judging criteria are based on the Belron Way of Fitting.

This guide is a constantly evolving reference book produced by the company's research and development team, Belron Technical. It tells technicians everything they need to know and helps ensure a consistently high quality of service across every country and region.

Since an internally-focused launch in 2000, Best of Belron has become a truly momentous event in the Belron calendar, becoming a real showcase for the company. By inviting its partners and the press inside 'the Belron world' the company demonstrates its focus on developing skilled technicians who deliver an exceptional level of quality and safety for each and every customer they serve.

In 2012 technicians from every corner of the globe competed for the title of 'Best of Belron' through a series of regional and country competitions that culminated with a two-day final in Barcelona on May 23rd-24th.

29 Belron finalists demonstrated their skills in front of over a thousand colleagues, suppliers and partners from across the insurance and fleet sectors. Technicians endeavoured to demonstrate key skills in all aspects of their job, including: windscreen repair and replacement, side window replacement, rear window removal



Steve Marelli et Gary Lubner

and refitting and customer communication. Finalists also completed detailed written tests covering every facet of their jobs.

The quality of work demonstrated at the 'Best of Belron' 2012 was once again of an incredibly high standard. This year's winner, Steve Marelli from the UK, went home with a cash prize equivalent to one year's annual salary.

### Winner of Best of Belron 2012

2012 winner, Steve Marelli, talks to us about winning this year's Best of Belron...

#### Do you feel that winning Best of Belron has changed your experience of being a Belron technician?

*It definitely has, in both a positive and a negative way. It puts a lot of pressure on me when fitting (people now expect me to never make mistakes, but I'm only human!). On the plus side, it gives me great confidence when helping/working with other technicians as they know I've won the competition and they trust my judgment and ability to do the job.*

#### Has winning the award changed your attitude and approach?

*My attitude hasn't changed. I always want to better myself and there's always room for improvement. Glass repair and replacement is forever changing so this keeps me keen and always learning.*

#### What effects do you think that winning Best of Belron has had on your team?

*My success is a reflection of their hard work and commitment so hats off to all that helped and supported me. It's been a long wait for the UK to win Best of Belron, so my team are very happy and proud. Anything is possible if you put your mind to it. Being recognised for my service and skills has made me realise that all the hard work, passion and commitment – and not cutting corners – has paid off.*

#### If you had to sum up your experience of winning Best of Belron in one sentence, what would it be?

*Best of Belron 2012 has been a highlight in my life. It's up there with the birth of my little girl and my wedding day, but I'm not going to tell you which order they come in!*

Back in 2010 there was widespread scepticism that German motorists would show enthusiasm for an alternative to the traditional workshop repair model. Mobile piloting, nevertheless, proved to be extremely successful.

Further testing through Mobile 40, a six-month project based in Hamburg that aimed to increase the share of mobile work carried out to 40%, also elicited extremely favourable results. Satisfaction levels rose, share was gained in participating rural areas, and the number of jobs increased. The German team are now working towards implementation across the whole country. The focus is on provid-

ing a fast and ever-improving service with resources distributed more effectively for increased efficiency.

Rafael Apelian, Operations Director for Carglass® Germany, discusses what's next for mobile services: *"Growing our mobile service is a real priority as we strive for ever higher levels of customer satisfaction. Mobile is also an excellent way for us to differentiate ourselves from our competitors, who mostly offer services via the traditional method of workshop branches. This is generating market share growth, especially in rural areas. In 2012, mobile fitters delivered more than 20% of our total jobs. The trend is still rising. Mobile is seen*

*as innovative and will continue to accelerate growth, strengthening the position of Carglass® across Germany."*



Rafael Apelian



## DELIGHTS OF TECHNICAL DEVELOPMENT

The customer continues to be at the heart of everything that Belron does. With every job carried out in 2012, Belron has striven to deliver the highest quality of service and delight the customer.

This constant search for trailblazing technologies is what sets the Belron businesses apart from their competitors. From its dedicated research and development centre, Belron Technical, a team of innovators invest continuously in developing state-of-the-art technology with the customer experience in mind.

This approach allows technicians to deliver a consistently high-quality service – whether in branch, or at the customer's workplace or home. Examples of such innovation over the last 18 months include an enhanced repair solution comprising an innovative primer product that uses a brand new resin. It's an innovation that supports key 'stronger for longer' marketing claims. More recently, Vanbrella, an all-weather, van-mounted canopy fitting solution, has been developed to support year-round mobile service capabilities. The technology innovation programme has just been completed and installation has begun in January 2013.

Alongside such innovations, Belron Technical has also been responsible for

developing the 'Belron Way of Fitting' – a best practice approach to repairing and replacing vehicle glass. Belron Technical constantly searches for best practice approaches from around the Belron business, ensuring technicians can access high quality tools and produce world-class results.

The question is, what's next? *"Belron Technical are continuing to conduct cutting edge research into glass damage and developing an ever-deeper understanding of its causes and spread. Research is currently being undertaken in partnership with a range of credible external bodies. The innovation team will then draw upon findings as they work hard to create repair technologies that guarantee great results every time – for an ever-improving customer experience,"* says **Dr Chris Davies**, Head of Technical Research & Innovation at Belron Technical.



Dr Chris Davies

## PUTTING A SMILE ON CUSTOMERS' FACES

Smile on Tour is an intensive nine-week operational programme that's been designed by Carglass® Belgium to make unforgettable customer service experience an ongoing reality.

Led by internal specialists, the programme consists of on-the-job support and leadership improvement training. It supports branches across Belgium and Luxembourg. A key aim has been to bring about significant structural improvements to facilitate an enhanced customer experience.

*"The Smile on Tour programme features practical on-the-job coaching sessions. As a team we focus on developing all the required soft skills to make sure excellent customer service becomes ingrained in our DNA,"* says **Veerle Cuppens**, Branch Manager in Herentals, Belgium.

In fact, the depth and breadth of the programme guarantees long-term service improvements – especially when compared with the typically short-term focus of less intensive courses. It is structured to encourage the continuation of best practice once the course is over: more support is provided in the early stages, with branches given more autonomy to implement key learnings in the latter stages. Different training modules cover

everything from the importance of attitude in every customer interaction, to job coaching for the whole team.

Measures of customer satisfaction are clearly demonstrating the value of the programme, with increases in experience levels recorded for the second quarter of 2012. Other indicators of the Smile on Tour's success are the levels to which it has been adapted to meet specific local needs, and the extent of ownership demonstrated by branch staff.

*"The motto "go to every extreme for every customers" has been taken on board by each of us. The results are*

*motivating the entire team to continue with the good work," says Veerle Cuppens.*

Smile on Tour will have been followed by more than 60% of branches by the end of 2012. Other countries are already working with Carglass® Belgium to identify possibilities for adapting Smile to their respective regions. Some have already launched sister programmes.

Belron also implicitly acknowledged the importance of the programme by honouring one of its internal specialists with the prestigious and respected title of Belron Hero.



Veerle Cuppens

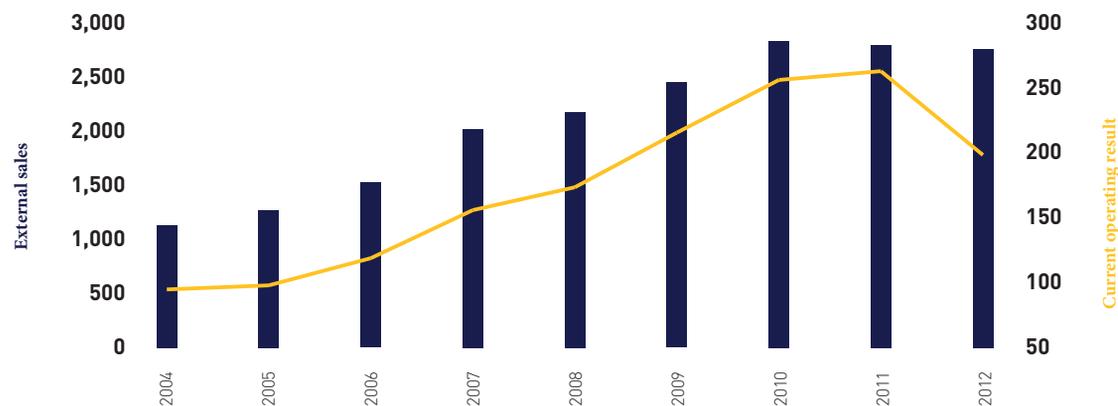


# KEY FIGURES BELRON

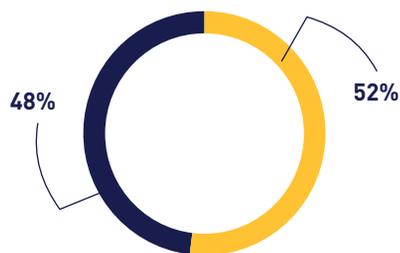
(EUR million)	IFRS								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total jobs (in million units)	10.4	11.3	11.7	10.7	9.4	8.4	6.1	5.3	4.9
External sales	2,727.2	2,769.0	2,800.9	2,423.2	2,156.1	2,000.0	1,507.3	1,253.7	1,118.4
Current operating result <sup>1,2</sup>	198.5	262.3	255.6	215.5	173.9	156.5	119.9	99.2	96.1
Current operating margin	7.3%	9.5%	9.1%	8.9%	8.1%	7.8%	8.0%	7.9%	8.6%
Current result, group's share									
<i>before tax</i> <sup>1</sup>	150.5	213.1	211.3	150.4	108.6	97.6	72.0	59.8	44.2
<i>after tax</i> <sup>1</sup>	113.1	162.3	155.5	126.1	86.7	83.4	62.7	45.8	31.4
Average workforce (average full time equivalents)	24,200	25,199	24,790	22,399	20,833	18,281	12,731	10,932	9,794

1 Under IFRS: before unusual items and re-measurements.  
2 Including, from 2005 on, a charge associated with the long-term incentive plan for management.

## EVOLUTION OF SALES AND CURRENT OPERATING RESULT OF BELRON SINCE 2004 (EUR MILLION)

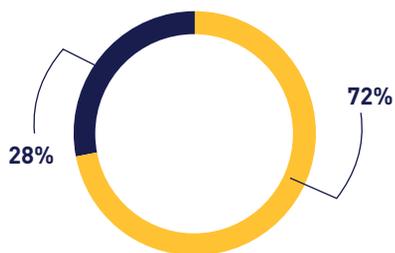


### SALES EVOLUTION BY REGION



(EUR million)	2012	2011	Change
Europe	1,419.5	1,516.3	-6.5%
Rest of the World	1,307.7	1,252.7	4.4%
<b>Total</b>	<b>2,727.2</b>	<b>2,769.0</b>	<b>-1.5%</b>

### JOBS BREAKDOWN BY TYPE



(in million units)	2012	2011	Change
Replacement	7.5	7.9	-6.7%
Repair	2.9	3.4	-13.1%
<b>Total</b>	<b>10.4</b>	<b>11.3</b>	<b>-8.6%</b>

### JOBS BREAKDOWN BY TYPE



(in million units)	2012	2011	Change
Mobile	5.7	6.3	-8.6%
Non-mobile	4.7	5.0	-8.5%
<b>Total</b>	<b>10.4</b>	<b>11.3</b>	<b>-8.6%</b>