

# s.a. D'leteren n.v.

## Consolidated Financial Statements 2018

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Financial report, excluding the Directors' Report, as authorized for issue by the Board of Directors on 28 February 2019, for presentation to the Annual General Meeting of 6 June 2019.

# Consolidated Statement of Profit or Loss

Year ended 31 December

| EUR million  | Notes | 2018           | 2017           |
|--|-------|----------------|----------------|
| <b>Revenue</b>   | 3     | <b>3,578.1</b> | <b>3,455.1</b> |
| Cost of sales  |       | -3,090.4       | -2,985.2       |
| <b>Gross margin</b>  |       | <b>487.7</b>   | <b>469.9</b>   |
| Commercial and administrative expenses                           |       | -376.9         | -374.3         |
| Other operating income   |       | 10.1           | 5.8            |
| Other operating expenses   |       | -6.2           | -5.1           |
| <b>Operating result</b>  | 4     | <b>114.7</b>   | <b>96.3</b>    |
| Net finance costs  | 5     | -47.3          | -1.9           |
| Finance income   |       | 1.8            | 3.6            |
| Finance costs  |       | -29.1          | -5.5           |
| Share of result of equity-accounted investees, net of income tax | 15    | 0.1            | 5.4            |
| <b>Result before tax</b>   |       | <b>67.5</b>    | <b>99.8</b>    |
| Income tax expense   | 9     | -20.9          | -28.5          |
| <b>Result from continuing operations</b>                         |       | <b>46.6</b>    | <b>71.3</b>    |
| Discontinued operations  | 16    | 1,002.1        | 43.6           |
| <b>RESULT FOR THE PERIOD</b>                                     |       | <b>1,048.7</b> | <b>114.9</b>   |
| <b>Result attributable to:</b>                                   |       |                |                |
| <b>Equity holders of the Company</b>                             |       | <b>1,048.0</b> | <b>112.6</b>   |
| 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 6 to 63 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         |
| <i>Re-measurements of defined benefit liabilities/assets</i>                        | 8     | 1.2            | 60.1         |
| <i>Related tax</i>  |       | -0.4           | -18.0        |
| <i>Equity-accounted investees - share of OCI (net of tax)</i>                       | 15    | 19.1           | -0.9         |
| <i>of which items from discontinued operations</i>                                  |       | -              | 40.8         |
| Items that may be reclassified subsequently to profit or loss:                      |       | 32.5           | -20.1        |
| <i>Translation differences</i>  |       | 10.7           | -20.7        |
| <i>Reclassification of foreign currency difference on loss of exclusive control</i> | 16    | 32.0           | -            |
| <i>Cash flow hedges: fair value gains (losses) in equity</i>                        |       | -0.6           | 0.3          |
| <i>Reclassification of cash flow hedges on loss of exclusive control</i>            | 16    | -0.4           | -            |
| <i>Tax relating to cash flow hedges</i>   |       | -              | 0.3          |
| <i>Equity-accounted investees - share of OCI (net of tax)</i>                       | 15    | -9.2           | -            |
| <i>of which items from discontinued operations</i>                                  |       | 43.5           | -20.4        |
| Other comprehensive income, net of tax  |       | 52.4           | 21.1         |
| <b>Total comprehensive income for the period</b>                                    |       | <b>1,101.1</b> | <b>136.0</b> |
| <b>being: attributable to equity holders of the Company</b>                         |       | <b>1,100.4</b> | <b>131.9</b> |
| <i>of which continuing operations</i>   |       | 55.5           | 72.0         |
| <i>of which discontinued operations</i>   |       | 1,044.9        | 59.9         |
| <b>attributable to non-controlling interests ("NCI")</b>                            |       | <b>0.7</b>     | <b>4.1</b>   |

The notes on pages 6 to 63 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

At 31 December

| EUR million   | Notes | 2018           | 2017 <sup>(1)</sup> |
|---|-------|----------------|---------------------|
| 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                |
| <b>Non-current assets</b>                                     |       | <b>1,631.7</b> | <b>941.8</b>        |
| 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             |
| <b>Current assets</b>   |       | <b>1,793.9</b> | <b>3,617.8</b>      |
| <b>TOTAL ASSETS</b>   |       | <b>3,425.6</b> | <b>4,559.6</b>      |
| Capital & reserves attributable to equity holders             |       | 2,655.1        | 1,764.3             |
| Non-controlling interests ("NCI")                             |       | 0.3            | -3.8                |
| <b>Equity</b>   |       | <b>2,655.4</b> | <b>1,760.5</b>      |
| 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               |
| <b>Non-current liabilities</b>                                |       | <b>308.6</b>   | <b>311.8</b>        |
| 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             |
| <b>Current liabilities</b>                                    |       | <b>461.6</b>   | <b>2,487.3</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           |       | <b>3,425.6</b> | <b>4,559.6</b>      |

(1) As restated – refer to note 1 for additional information on the restatement of comparative information. The notes on pages 6 to 63 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<br>Group's<br>share | Non-<br>controlling<br>interests | Equity         |
|---|---|------------------|--------------------|--------------------|----------------------|---|---------------------------|----------------------------------|----------------|
|   | Share<br>capital                                    | Share<br>premium | Treasury<br>shares | Hedging<br>reserve | Retained<br>earnings | Cumu-<br>lative<br>translation<br>differences |                           |                                  |                |
| <b>At 1 January 2017</b>                                    | <b>160.0</b>  | <b>24.4</b>      | <b>-34.3</b>       | <b>0.1</b>         | <b>1,556.3</b>       | <b>-23.5</b>                                  | <b>1,683.0</b>            | <b>0.5</b>                       | <b>1,683.5</b> |
| 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           |
| <b>Total comprehensive income for the period</b>            | -   | -                | -                  | <b>0.3</b>         | <b>152.0</b>         | <b>-20.4</b>                                  | <b>131.9</b>              | <b>4.1</b>                       | <b>136.0</b>   |
| 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            |
| <b>Total contribution and distribution</b>                  | -   | -                | <b>-0.3</b>        | -                  | <b>-50.3</b>         | -   | <b>-50.6</b>              | <b>-8.4</b>                      | <b>-59.0</b>   |
| <b>Total change in ownership interests</b>                  | -   | -                | -                  | -                  | -                    | -   | -                         | -                                | -              |
| <b>At 31 December 2017</b>                                  | <b>160.0</b>  | <b>24.4</b>      | <b>-34.6</b>       | <b>0.4</b>         | <b>1,658.0</b>       | <b>-43.9</b>                                  | <b>1,764.3</b>            | <b>-3.8</b>                      | <b>1,760.5</b> |
| <b>At 1 January 2018 (before restatement)</b>               | <b>160.0</b>  | <b>24.4</b>      | <b>-34.6</b>       | <b>0.4</b>         | <b>1,658.0</b>       | <b>-43.9</b>                                  | <b>1,764.3</b>            | <b>-3.8</b>                      | <b>1,760.5</b> |
| Opening IFRS 9 restatement (see note 34)                    | -   | -                | -                  | -                  | -1.1                 | -   | -1.1                      | -                                | -1.1           |
| <b>At 1 January 2018 (restated)</b>                         | <b>160.0</b>  | <b>24.4</b>      | <b>-34.6</b>       | <b>0.4</b>         | <b>1,656.9</b>       | <b>-43.9</b>                                  | <b>1,763.2</b>            | <b>-3.8</b>                      | <b>1,759.4</b> |
| 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           |
| <b>Total comprehensive income for the period</b>            | -   | -                | -                  | <b>2.2</b>         | <b>1,069.1</b>       | <b>29.1</b>                                   | <b>1,100.4</b>            | <b>0.7</b>                       | <b>1,101.1</b> |
| 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            |
| <b>Total contribution and distribution</b>                  | -   | -                | <b>-3.7</b>        | -                  | <b>-204.8</b>        | -   | <b>-208.5</b>             | <b>-0.4</b>                      | <b>-208.9</b>  |
| Disposal of subsidiary with change in control (see note 16) | -   | -                | -                  | -                  | -                    | -   | -                         | 3.8                              | 3.8            |
| <b>Total change in ownership interests</b>                  | -   | -                | -                  | -                  | -                    | -   | -                         | <b>3.8</b>                       | <b>3.8</b>     |
| <b>At 31 December 2018</b>                                  | <b>160.0</b>  | <b>24.4</b>      | <b>-38.3</b>       | <b>2.6</b>         | <b>2,521.2</b>       | <b>-14.8</b>                                  | <b>2,655.1</b>            | <b>0.3</b>                       | <b>2,655.4</b> |

The notes on pages 6 to 63 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

Year ended 31 December

| EUR million  | Notes | 2018          | 2017          |
|--|-------|---------------|---------------|
| <b>Cash flows from operating activities - Continuing</b>                               |       |               |               |
| 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           |
| <b>Operating result from continuing operations</b>                                     |       | <b>114.7</b>  | <b>96.3</b>   |
| 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         |
| <b>Cash generated from operations</b>  |       | <b>1.6</b>    | <b>108.5</b>  |
| Income tax paid  |       | -29.0         | -23.1         |
| <b>Net cash from operating activities</b>  |       | <b>-27.4</b>  | <b>85.4</b>   |
| <b>Cash flows from investing activities - Continuing</b>                               |       |               |               |
| 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           |
| <b>Net capital expenditure</b>   |       | <b>-38.5</b>  | <b>-33.2</b>  |
| 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           |
| <b>Net cash from investing activities</b>  |       | <b>298.3</b>  | <b>-147.5</b> |
| <b>Cash flows from financing activities - Continuing</b>                               |       |               |               |
| 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         |
| <b>Net cash from financing activities</b>  |       | <b>-244.5</b> | <b>308.2</b>  |
| <b>Cash flows from continuing operations</b>   |       | <b>26.4</b>   | <b>246.1</b>  |
| <b>Cash flows from discontinued operations</b>   | 16    | <b>532.3</b>  | <b>37.2</b>   |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>  |       | <b>558.7</b>  | <b>283.3</b>  |
| <b>Reconciliation with statement of financial position</b>                             |       |               |               |
| 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           |
| <b>Cash and cash equivalents at beginning of period</b>                                |       | <b>373.7</b>  | <b>98.2</b>   |
| Total cash flow for the period   |       | 558.7         | 283.3         |
| Translation differences  |       | 0.6           | -7.8          |
| <b>Cash and cash equivalents at end of period</b>                                      |       | <b>933.0</b>  | <b>373.7</b>  |
| <i>Included within "Cash and cash equivalents"</i>                                     | 18    | 933.0         | 297.3         |
| <i>Included within "Non-current assets classified as held for sale"</i>                | 16    | -             | 76.4          |

The notes on pages 6 to 63 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'leteren 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'leteren 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'leteren 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                  |                |                  |              |                 | Group          |
|--|-------|-----------------------|----------------|------------------|--------------|-----------------|----------------|
|  |       | D'leteren Auto        | Belron         | Mole-skine       | Other        | Eliminations    |                |
| External revenue   | 3     | 3,404.0               | 3,839.7        | 174.1            | -            | -3,839.7        | 3,578.1        |
| Inter-segment revenue  |       | -                     | -              | -                | -            | -               | -              |
| <b>Segment revenue</b>   |       | <b>3,404.0</b>        | <b>3,839.7</b> | <b>174.1</b>     | <b>-</b>     | <b>-3,839.7</b> | <b>3,578.1</b> |
| <b>Operating result (being segment result)</b>                   | 4     | <b>106.8</b>          | <b>103.6</b>   | <b>28.6</b>      | <b>-20.7</b> | <b>-103.6</b>   | <b>114.7</b>   |
| 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            |
| <b>Result before tax</b>   |       | <b>115.4</b>          | <b>1,010.9</b> | <b>18.9</b>      | <b>-57.0</b> | <b>-1,020.7</b> | <b>67.5</b>    |
| Income tax expense   | 9     | -38.6                 | -26.8          | 3.9              | 13.8         | 26.8            | -20.9          |
| <b>Result from continuing operations</b>                         |       | <b>76.8</b>           | <b>984.1</b>   | <b>22.8</b>      | <b>-43.2</b> | <b>-993.9</b>   | <b>46.6</b>    |
| Discontinued operations  | 1/16  | -                     | -              | -                | -            | 1,002.1         | 1,002.1        |
| <b>RESULT FOR THE PERIOD</b>                                     |       | <b>76.8</b>           | <b>984.1</b>   | <b>22.8</b>      | <b>-43.2</b> | <b>8.2</b>      | <b>1,048.7</b> |
| <b>Attributable to:</b>  |       | <b>D'leteren Auto</b> | <b>Belron</b>  | <b>Moleskine</b> | <b>Other</b> |                 | <b>Group</b>   |
| <b>Equity holders of the Company</b>                             |       | <b>76.8</b>           | <b>991.6</b>   | <b>22.8</b>      | <b>-43.2</b> |                 | <b>1,048.0</b> |
| Non-controlling interests  |       | -                     | 0.7            | -                | -            |                 | 0.7            |
| <b>RESULT FOR THE PERIOD</b>                                     |       | <b>76.8</b>           | <b>992.3</b>   | <b>22.8</b>      | <b>-43.2</b> |                 | <b>1,048.7</b> |

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 <sup>(1)</sup>       |                |                        |              |                   | Group          |
|---|---------------------------|----------------|------------------------|--------------|-------------------|----------------|
|   | D'leteren<br>Auto         | Belron         | Mole-<br>skine         | Other        | Elimi-<br>nations |                |
| External revenue  | 3,299.7                   | 3,486.2        | 155.4                  | -            | -3,486.2          | 3,455.1        |
| Inter-segment revenue   | 8.3                       | -              | -                      | -            | -8.3              | -              |
| <b>Segment revenue</b>  | <b>3,308.0</b>            | <b>3,486.2</b> | <b>155.4</b>           | <b>-</b>     | <b>-3,494.5</b>   | <b>3,455.1</b> |
| <b>Operating result (being segment result)</b>                      | <b>88.0</b>               | <b>148.5</b>   | <b>25.2</b>            | <b>-16.9</b> | <b>-148.5</b>     | <b>96.3</b>    |
| 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,<br>net of income tax | 6.0                       | -              | -                      | -0.6         | -                 | 5.4            |
| <b>Result before tax</b>  | <b>92.0</b>               | <b>62.4</b>    | <b>15.2</b>            | <b>-7.4</b>  | <b>-62.4</b>      | <b>99.8</b>    |
| Income tax expense  | -29.3                     | -18.8          | -5.1                   | 5.9          | 18.8              | -28.5          |
| <b>Result from continuing operations</b>                            | <b>62.7</b>               | <b>43.6</b>    | <b>10.1</b>            | <b>-1.5</b>  | <b>-43.6</b>      | <b>71.3</b>    |
| Discontinued operations   | -                         | -              | -                      | -            | 43.6              | 43.6           |
| <b>RESULT FOR THE PERIOD</b>  | <b>62.7</b>               | <b>43.6</b>    | <b>10.1</b>            | <b>-1.5</b>  | <b>-</b>          | <b>114.9</b>   |
| <b>Attributable to:</b>   | <b>D'leteren<br/>Auto</b> | <b>Belron</b>  | <b>Moles-<br/>kine</b> | <b>Other</b> |                   | <b>Group</b>   |
| <b>Equity holders of the Company</b>                                | <b>62.7</b>               | <b>41.3</b>    | <b>10.1</b>            | <b>-1.5</b>  |                   | <b>112.6</b>   |
| Non-controlling interests   | -                         | 2.3            | -                      | -            |                   | 2.3            |
| <b>RESULT FOR THE PERIOD</b>  | <b>62.7</b>               | <b>43.6</b>    | <b>10.1</b>            | <b>-1.5</b>  |                   | <b>114.9</b>   |

(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  |                |              |                |                   | Group          |
|---|-------|-------------------|----------------|--------------|----------------|-------------------|----------------|
|   |       | D'Ieteren<br>Auto | Belron         | Moleskine    | Other          | Elimi-<br>nations |                |
| 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           |
| <b>Non-current assets</b>                                     |       | <b>155.5</b>      | <b>1,469.4</b> | <b>607.0</b> | <b>224.4</b>   | <b>-824.6</b>     | <b>1,631.7</b> |
| 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            |
| <b>Current assets</b>   |       | <b>709.5</b>      | <b>773.4</b>   | <b>114.8</b> | <b>969.6</b>   | <b>-773.4</b>     | <b>1,793.9</b> |
| <b>TOTAL ASSETS</b>   |       | <b>865.0</b>      | <b>2,242.8</b> | <b>721.8</b> | <b>1,194.0</b> | <b>-2,242.8</b>   | <b>3,425.6</b> |
| <b>Equity</b>   |       | <b>-</b>          | <b>-</b>       | <b>-</b>     | <b>2,655.4</b> | <b>-</b>          | <b>2,655.4</b> |
| 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          |
| <b>Non-current liabilities</b>                                |       | <b>34.0</b>       | <b>1,797.4</b> | <b>389.2</b> | <b>-114.6</b>  | <b>-1,797.4</b>   | <b>308.6</b>   |
| 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              | -              |
| <b>Current liabilities</b>                                    |       | <b>380.7</b>      | <b>656.0</b>   | <b>82.2</b>  | <b>-1.3</b>    | <b>-656.0</b>     | <b>461.6</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           |       | <b>414.7</b>      | <b>2,453.4</b> | <b>471.4</b> | <b>2,539.5</b> | <b>-2,453.4</b>   | <b>3,425.6</b> |

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 <sup>(1)</sup> |                |              |                |                   |                |
|---|---------------------------------|----------------|--------------|----------------|-------------------|----------------|
|   | D'leteren<br>Auto               | Belron         | Moleskine    | Other          | Elimi-<br>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           |
| <b>Non-current assets</b>                                     | <b>128.0</b>                    | <b>1,821.1</b> | <b>603.8</b> | <b>210.0</b>   | <b>-1,821.1</b>   | <b>941.8</b>   |
| 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        |
| <b>Current assets</b>   | <b>623.8</b>                    | <b>694.9</b>   | <b>92.7</b>  | <b>385.3</b>   | <b>1,821.1</b>    | <b>3,617.8</b> |
| <b>TOTAL ASSETS</b>   | <b>751.8</b>                    | <b>2,516.0</b> | <b>696.5</b> | <b>595.3</b>   | <b>-</b>          | <b>4,559.6</b> |
| <b>Equity</b>   | <b>-</b>                        | <b>-</b>       | <b>-</b>     | <b>1,760.5</b> | <b>-</b>          | <b>1,760.5</b> |
| 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          |
| <b>Non-current liabilities</b>                                | <b>40.1</b>                     | <b>1,370.2</b> | <b>398.9</b> | <b>-127.2</b>  | <b>-1,370.2</b>   | <b>311.8</b>   |
| 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        |
| <b>Current liabilities</b>                                    | <b>340.0</b>                    | <b>622.7</b>   | <b>68.7</b>  | <b>85.7</b>    | <b>1,370.2</b>    | <b>2,487.3</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           | <b>380.1</b>                    | <b>1,992.9</b> | <b>467.6</b> | <b>1,719.0</b> | <b>-</b>          | <b>4,559.6</b> |

(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'leteren<br>Auto | Belron        | Mole-<br>skine | Other         | Elimi-<br>nations | Group         |
| <b>Cash flows from operating activities - Continuing</b>   |       |                   |               |                |               |                   |               |
| 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          |
| <b>Operating result from continuing operations</b>   |       | <b>106.8</b>      | <b>103.6</b>  | <b>28.6</b>    | <b>-20.7</b>  | <b>-103.6</b>     | <b>114.7</b>  |
| 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        |
| <b>Cash generated from operations</b>  |       | <b>-9.1</b>       | <b>303.2</b>  | <b>25.0</b>    | <b>-14.3</b>  | <b>-303.2</b>     | <b>1.6</b>    |
| Income tax paid  |       | -24.6             | -35.2         | -1.1           | -3.3          | 35.2              | -29.0         |
| <b>Net cash from operating activities</b>  |       | <b>-33.7</b>      | <b>268.0</b>  | <b>23.9</b>    | <b>-17.6</b>  | <b>-268.0</b>     | <b>-27.4</b>  |
| <b>Cash flows from investing activities - Continuing</b>   |       |                   |               |                |               |                   |               |
| 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           |
| <b>Net capital expenditure</b>   |       | <b>-18.3</b>      | <b>-91.5</b>  | <b>-7.8</b>    | <b>-12.4</b>  | <b>91.5</b>       | <b>-38.5</b>  |
| 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          |
| <b>Net cash from investing activities</b>  |       | <b>-6.3</b>       | <b>-533.1</b> | <b>-7.8</b>    | <b>312.5</b>  | <b>533.1</b>      | <b>298.3</b>  |
| <b>Cash flows from financing activities - Continuing</b>   |       |                   |               |                |               |                   |               |
| 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        |
| <b>Net cash from financing activities</b>  |       | <b>-18.0</b>      | <b>313.3</b>  | <b>-17.8</b>   | <b>-208.7</b> | <b>-313.3</b>     | <b>-244.5</b> |
| <b>Cash flows from continuing operations</b>   |       | <b>-58.0</b>      | <b>48.6</b>   | <b>-1.7</b>    | <b>86.1</b>   | <b>-48.6</b>      | <b>26.4</b>   |
| <b>Cash flows from discontinued operations</b>   | 16    | -                 | -             | -              | 608.7         | -76.4             | 532.3         |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>  |       | <b>-58.0</b>      | <b>48.6</b>   | <b>-1.7</b>    | <b>694.8</b>  | <b>-125.0</b>     | <b>558.7</b>  |

**NOTE 2: SEGMENT INFORMATION (continued)****Note 2.4: Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)**

| EUR million  | Notes | 2018              |              |                |              |                   | Group        |
|--|-------|-------------------|--------------|----------------|--------------|-------------------|--------------|
|  |       | D'Ieteren<br>Auto | Belron       | Mole-<br>skine | Other        | Elimi-<br>nations |              |
| <b>Reconciliation with statement of financial position</b> |       |                   |              |                |              |                   |              |
| 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          |
| <b>Cash and cash equivalents at beginning of period</b>    |       | <b>0.1</b>        | <b>76.4</b>  | <b>24.9</b>    | <b>272.3</b> | <b>-</b>          | <b>373.7</b> |
| Total cash flow for the period                             |       | -58.0             | 48.6         | -1.7           | 694.8        | -125.0            | 558.7        |
| Translation differences                                    |       | -                 | -            | 0.6            | -            | -                 | 0.6          |
| <b>Cash and cash equivalents at end of period</b>          |       | <b>-57.9</b>      | <b>125.0</b> | <b>23.8</b>    | <b>967.1</b> | <b>-125.0</b>     | <b>933.0</b> |
| <i>Included within "Cash and cash equivalents"</i>         | 18    | -57.9             | 124.2        | 23.8           | 967.1        | -124.2            | 933.0        |
| <i>Included within "Non-current assets held for sale"</i>  | 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 <sup>(1)</sup> |               |                |               |                   |               |
|---|---------------------|---------------|----------------|---------------|-------------------|---------------|
|   | D'leteren<br>Auto   | Belron        | Mole-<br>skine | Other         | Elimi-<br>nations | Group         |
| <b>Cash flows from operating activities - Continuing</b>                          |                     |               |                |               |                   |               |
| 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           |
| <b>Operating result from continuing operations</b>                                | <b>89.6</b>         | <b>148.5</b>  | <b>25.2</b>    | <b>-18.5</b>  | <b>-148.5</b>     | <b>96.3</b>   |
| 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         |
| <b>Cash generated from operations</b>   | <b>89.7</b>         | <b>273.0</b>  | <b>30.3</b>    | <b>-11.5</b>  | <b>-273.0</b>     | <b>108.5</b>  |
| Income tax paid   | -10.8               | -28.8         | -12.3          | -             | 28.8              | -23.1         |
| <b>Net cash from operating activities</b>   | <b>78.9</b>         | <b>244.2</b>  | <b>18.0</b>    | <b>-11.5</b>  | <b>-244.2</b>     | <b>85.4</b>   |
| <b>Cash flows from investing activities - Continuing</b>                          |                     |               |                |               |                   |               |
| 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           |
| <b>Net capital expenditure</b>  | <b>-7.0</b>         | <b>-134.7</b> | <b>-10.4</b>   | <b>-15.8</b>  | <b>134.7</b>      | <b>-33.2</b>  |
| 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           |
| <b>Net cash from investing activities</b>   | <b>-8.2</b>         | <b>-184.5</b> | <b>-21.2</b>   | <b>-118.1</b> | <b>184.5</b>      | <b>-147.5</b> |
| <b>Cash flows from financing activities - Continuing</b>                          |                     |               |                |               |                   |               |
| 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         |
| <b>Net cash from financing activities</b>   | <b>-148.4</b>       | <b>-22.5</b>  | <b>-19.1</b>   | <b>475.7</b>  | <b>22.5</b>       | <b>308.2</b>  |
| <b>Cash flows from continuing operations</b>                                      | <b>-77.7</b>        | <b>37.2</b>   | <b>-22.3</b>   | <b>346.1</b>  | <b>-37.2</b>      | <b>246.1</b>  |
| <b>Cash flows from discontinued operations</b>                                    | <b>-</b>            | <b>-</b>      | <b>-</b>       | <b>-</b>      | <b>37.2</b>       | <b>37.2</b>   |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>   | <b>-77.7</b>        | <b>37.2</b>   | <b>-22.3</b>   | <b>346.1</b>  | <b>-</b>          | <b>283.3</b>  |

(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 <sup>(1)</sup> |             |                |              |                   | Group        |
|--|---------------------|-------------|----------------|--------------|-------------------|--------------|
|  | D'Ieteren<br>Auto   | Belron      | Mole-<br>skine | Other        | Elimi-<br>nations |              |
| <b>Reconciliation with statement of financial position</b> |                     |             |                |              |                   |              |
| 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          |
| <b>Cash and cash equivalents at beginning of period</b>    | <b>4.0</b>          | <b>45.9</b> | <b>48.3</b>    | -            | -                 | <b>98.2</b>  |
| 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        | -                 | -            |
| <b>Cash and cash equivalents at end of period</b>          | <b>0.1</b>          | <b>76.4</b> | <b>24.9</b>    | <b>272.3</b> | -                 | <b>373.7</b> |
| <i>Included within "Cash and cash equivalents"</i>         | <i>0.1</i>          | <i>-</i>    | <i>24.9</i>    | <i>272.3</i> | <i>-</i>          | <i>297.3</i> |
| <i>Included within "Non-current assets held for sale"</i>  | <i>-</i>            | <i>76.4</i> | <i>-</i>       | <i>-</i>     | <i>-</i>          | <i>76.4</i>  |

(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<br>Europe | Rest of<br>the world | Group   | Belgium | Rest of<br>Europe | Rest of<br>the world | Group   |
| Segment revenue from external customers <sup>(1)</sup> | 3,349.7 | 132.0             | 96.4                 | 3,578.1 | 3,106.9 | 250.4             | 97.8                 | 3,455.1 |
| Non-current assets <sup>(2)</sup>                      | 288.2   | 590.1             | 5.7                  | 884.0   | 248.9   | 597.0             | 6.8                  | 852.7   |
| Capital additions <sup>(3)</sup>                       | 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           |
|---|----------------|----------------|
| <b>D'leteren Auto</b>                           |                |                |
| 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'leteren Car Centers | 105.5          | 82.3           |
| D'leteren Sport                                 | 29.6           | 28.1           |
| Other revenue                                   | 24.0           | 34.1           |
| <b>Subtotal D'leteren Auto</b>                  | <b>3,404.0</b> | <b>3,299.7</b> |
| <b>Moleskine</b>                                |                |                |
| Europe, Middle-East and Africa (EMEA)           | 81.9           | 71.8           |
| America   | 62.2           | 57.4           |
| Asia-Pacific (APAC)                             | 30.0           | 26.2           |
| <b>Subtotal Moleskine</b>                       | <b>174.1</b>   | <b>155.4</b>   |
| <b>Total Revenue</b>                            | <b>3,578.1</b> | <b>3,455.1</b> |

### NOTE 4: OPERATING RESULT

Operating result is stated after charging:

| EUR million   | 2018            |               |              |                 | 2017 <sup>(1)</sup> |               |              |                 |
|---|-----------------|---------------|--------------|-----------------|---------------------|---------------|--------------|-----------------|
|   | D'leteren Auto  | Moleskine     | Other        | Group           | D'leteren 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 <sup>(2)</sup> | -               | -             | 2.3          | 2.3             | -                   | -             | 1.5          | 1.5             |
| Sundry <sup>(3)</sup>                                 | -214.6          | -73.5         | 3.2          | -284.9          | -226.7              | -63.7         | 9.9          | -280.5          |
| <b>NET OPERATING EXPENSES</b>                         | <b>-3,297.2</b> | <b>-145.5</b> | <b>-20.7</b> | <b>-3,463.4</b> | <b>-3,211.7</b>     | <b>-130.2</b> | <b>-16.9</b> | <b>-3,358.8</b> |

(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'leteren Auto.

## NOTE 5: NET FINANCE COSTS

Net finance costs are broken down as follows:

| EUR million   | 2018              |             |              |              | 2017 <sup>(1)</sup> |              |             |             |
|---|-------------------|-------------|--------------|--------------|---------------------|--------------|-------------|-------------|
|   | D'Ieteren<br>Auto | Moleskine   | Other        | Group        | D'Ieteren<br>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         | -           |
| <b>NET FINANCE COSTS</b>  | <b>-1.3</b>       | <b>-9.7</b> | <b>-36.3</b> | <b>-47.3</b> | <b>-2.0</b>         | <b>-10.0</b> | <b>10.1</b> | <b>-1.9</b> |

(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  |
| <b>Result for the period attributable to equity holders</b>                   |                |              |             |
| <b>Basic EPS (EUR)</b>  | <b>(a)/(c)</b> | <b>19.12</b> | <b>2.05</b> |
| <b>Diluted EPS (EUR)</b>  | <b>(a)/(d)</b> | <b>19.08</b> | <b>2.05</b> |
| 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'leteren 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'leteren 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<br>(in units) |                  | Exercise price<br>(EUR) | Exercise period |            |
|---------------|---------------------------------|------------------|-------------------------|-----------------|------------|
|               | 2018                            | 2017             |                         | 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       | 2/12/2021  |
| 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 |
| <b>Total</b>  | <b>1,127,390</b>                | <b>1,058,889</b> |                         |                 |            |

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<br>(in units) |                  | Weighted average<br>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                                     | -           |
| <b>Outstanding options at the end of the period</b>   | <b>1,127,390</b>     | <b>1,058,889</b> | <b>33.8</b>                              | <b>33.4</b> |
| <i>of which: exercisable at the end of the period</i> | <i>300,038</i>       | <i>296,446</i>   | <i>33.6</i>                              | <i>32.2</i> |

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 <sup>(1)</sup> |              |              |               |
|---|-------------------|--------------|--------------|---------------|---------------------|--------------|--------------|---------------|
|   | D'leteren<br>Auto | Moleskine    | Other        | Group         | D'leteren<br>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          |
| <b>Total employee benefit expense</b>   | <b>-167.7</b>     | <b>-29.1</b> | <b>-14.1</b> | <b>-210.9</b> | <b>-154.0</b>       | <b>-28.1</b> | <b>-19.1</b> | <b>-201.2</b> |

(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'leteren Auto | 1,848        | 1,740        |
| Moleskine      | 479          | 434          |
| Other          | 57           | 55           |
| <b>Group</b>   | <b>2,384</b> | <b>2,228</b> |

## 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        |
| <b>Recognized net deficit (-) / surplus (+) in the schemes</b>  | <b>-23.9</b> | <b>-24.4</b> |
| <i>of which: amount expected to be settled within 12 months</i> | <i>-0.3</i>  | <i>-0.3</i>  |
| <i>amount expected to be settled in more than 12 months</i>     | <i>-22.8</i> | <i>-24.1</i> |

**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         |
| <b>Net deficit (-) / surplus (+) in the schemes</b> | <b>-20.8</b>   | <b>-3.1</b>      | <b>-23.9</b> | <b>-21.1</b>   | <b>-3.3</b>      | <b>-24.4</b> |

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        |
| <b>Actuarial gains (+) / losses (-)</b>  | <b>0.9</b>     | <b>0.3</b>       | <b>1.2</b> | <b>60.1</b>    | <b>-</b>         | <b>60.1</b> |

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        |
| <b>Fair value of scheme assets</b> | <b>70.4</b>                | <b>-</b> | <b>70.4</b> | <b>70.3</b>                | <b>-</b> | <b>70.3</b> |

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        |
| <b>Scheme assets at 1 January</b>                    | <b>70.3</b>    | -                | <b>70.3</b> | <b>567.5</b>   | -                | <b>567.5</b> |
| 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         | -                | -            |
| <b>Scheme assets at 31 December</b>                  | <b>70.4</b>    | -                | <b>70.4</b> | <b>70.3</b>    | -                | <b>70.3</b>  |

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        |
| <b>Actual net return on pension assets</b>           | <b>2.4</b> | <b>66.5</b> |

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         |
| <b>Defined benefit obligations at 1 January</b>                                  | <b>-91.4</b>   | <b>-3.3</b>      | <b>-94.7</b> | <b>-613.0</b>  | <b>-7.7</b>      | <b>-620.7</b> |
| 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              | -             |
| <b>Defined benefit obligations at 31 December</b>                                | <b>-91.2</b>   | <b>-3.1</b>      | <b>-94.3</b> | <b>-91.4</b>   | <b>-3.3</b>      | <b>-94.7</b>  |



## 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        |
| <b>Pension costs within the operating result</b>             | <b>-4.1</b>    | <b>-0.1</b>      | <b>-4.2</b> | <b>-5.3</b>    | <b>0.9</b>       | <b>-4.4</b> |
| 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         |
| <b>Net pension interest cost</b>                             | <b>-</b>       | <b>-0.1</b>      | <b>-0.1</b> | <b>-0.2</b>    | <b>-</b>         | <b>-0.2</b> |
| Expenses classified as discontinued operations (Belron)      | -              | -                | -           | -2.7           | -                | -2.7        |
| <b>Expense recognised in the statement of profit or loss</b> | <b>-4.1</b>    | <b>-0.2</b>      | <b>-4.3</b> | <b>-8.2</b>    | <b>0.9</b>       | <b>-7.3</b> |

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        |
| <b>Income tax expense</b>  | <b>-20.9</b> | <b>-28.5</b> |

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          |
| <b>Actual tax on result before taxes</b>                           | <b>-20.9</b> | <b>-28.5</b> |

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          |
| <b>Actual income tax on PBT</b>                                    | <b>-20.9</b> | <b>-28.5</b> |

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   | Revalua-<br>tions | Depreciation<br>amortisation<br>write-downs | Provisions | Dividends | Tax<br>losses<br>available<br>for offset | Financial<br>instru-<br>ments | Other       | Total         |
|---|-------------------|---|------------|-----------|--|-------------------------------|-------------|---------------|
| <b>Deferred tax liabilities (negative amounts)</b>  |                   |   |            |           |  |                               |             |               |
| 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           |
| <b>At 31 December 2018</b>  | <b>-111.7</b>     | <b>-19.6</b>                                | <b>1.3</b> | <b>-</b>  | <b>-0.0</b>                              | <b>-1.5</b>                   | <b>0.1</b>  | <b>-131.4</b> |
| <b>Deferred tax assets (positive amounts)</b>   |                   |   |            |           |  |                               |             |               |
| 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          |
| <b>At 31 December 2018</b>  | <b>-</b>          | <b>-2.2</b>                                 | <b>6.6</b> | <b>-</b>  | <b>9.2</b>                               | <b>-</b>                      | <b>12.7</b> | <b>26.3</b>   |
| <b>Net deferred tax assets (liabilities)<br/>after offsetting recognised in the<br/>consolidated statement of financial position:</b> |                   |   |            |           |  |                               |             |               |
| 31 December 2017  | -111.7            | -23.1                                       | 7.3        | 0.1       | 7.1                                      | -1.7                          | 6.9         | -115.1        |
| <b>31 December 2018</b>   | <b>-111.7</b>     | <b>-21.8</b>                                | <b>7.9</b> | <b>-</b>  | <b>9.2</b>                               | <b>-1.5</b>                   | <b>12.8</b> | <b>-105.1</b> |

## 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         |
| <b>Carrying amount at 1 January</b>   | <b>184.2</b> | <b>1,091.2</b> |
| 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         |
| <b>Carrying amount at 31 December</b>   | <b>190.3</b> | <b>184.2</b>   |
| <i>of which: gross amount</i>   | <i>190.3</i> | <i>184.2</i>   |
| <i>accumulated impairment losses</i>  | <i>-</i>     | <i>-</i>       |

In the period, the additions comprise the goodwill arising from business combinations performed in the D'leteren 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'leteren Auto | 18.4         | 12.3         |
| Moleskine      | 171.9        | 171.9        |
| <b>GROUP</b>   | <b>190.3</b> | <b>184.2</b> |

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 | Intangibles under development | 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        |
| <b>Carrying amount at 1 January 2018</b>                         | <b>5.5</b>                        | <b>402.8</b>                                | <b>-</b>           | <b>11.9</b>       | <b>1.1</b>                    | <b>1.3</b>  | <b>422.6</b> |
| 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          |
| <b>Carrying amount at 31 December 2018</b>                       | <b>5.5</b>                        | <b>402.8</b>                                | <b>-</b>           | <b>12.6</b>       | <b>1.5</b>                    | <b>10.7</b> | <b>433.1</b> |
| <i>of which: gross amount</i>                                    | <i>14.3</i>                       | <i>402.8</i>                                | <i>-</i>           | <i>28.1</i>       | <i>1.5</i>                    | <i>17.2</i> | <i>463.9</i> |
| <i>accumulated amortisation and impairment losses</i>            | <i>-8.8</i>                       | <i>-</i>                                    | <i>-</i>           | <i>-15.5</i>      | <i>-</i>                      | <i>-6.5</i> | <i>-30.8</i> |
| 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       |
| <b>Carrying amount at 1 January 2017</b>                         | <b>-</b>                          | <b>740.7</b>                                | <b>11.3</b>        | <b>120.6</b>      | <b>2.9</b>                    | <b>1.3</b>  | <b>876.8</b> |
| 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       |
| <b>Carrying amount at 31 December 2017</b>                       | <b>5.5</b>                        | <b>402.8</b>                                | <b>-</b>           | <b>11.9</b>       | <b>1.1</b>                    | <b>1.3</b>  | <b>422.6</b> |
| <i>of which: gross amount</i>                                    | <i>12.8</i>                       | <i>402.8</i>                                | <i>-</i>           | <i>26.7</i>       | <i>1.1</i>                    | <i>5.3</i>  | <i>448.7</i> |
| <i>accumulated amortisation and impairment losses</i>            | <i>-7.3</i>                       | <i>-</i>                                    | <i>-</i>           | <i>-14.8</i>      | <i>-0.0</i>                   | <i>-4.0</i> | <i>-26.1</i> |

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        |
| <b>Carrying amount at 1 January 2018</b>                         | <b>162.6</b>  | <b>32.2</b>         | <b>16.5</b>               | <b>211.3</b>  |
| 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           |
| <b>Carrying amount at 31 December 2018</b>                       | <b>174.5</b>  | <b>35.8</b>         | <b>11.7</b>               | <b>222.0</b>  |
| <i>of which: gross amount</i>                                    | <i>332.7</i>  | <i>130.4</i>        | <i>11.7</i>               | <i>474.8</i>  |
| <i>accumulated depreciation and impairment losses</i>            | <i>-158.2</i> | <i>-94.6</i>        | <i>-</i>                  | <i>-252.8</i> |
| 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        |
| <b>Carrying amount at 1 January 2017</b>                         | <b>262.8</b>  | <b>302.3</b>        | <b>9.3</b>                | <b>574.4</b>  |
| 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        |
| <b>Carrying amount at 31 December 2017</b>                       | <b>162.6</b>  | <b>32.2</b>         | <b>16.5</b>               | <b>211.3</b>  |
| <i>of which: gross amount</i>                                    | <i>312.2</i>  | <i>116.9</i>        | <i>16.5</i>               | <i>445.6</i>  |
| <i>accumulated depreciation and impairment losses</i>            | <i>-149.6</i> | <i>-84.7</i>        | <i>-0.0</i>               | <i>-234.3</i> |

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      |
|-------------------------|----------|---------------------|---------------------------|------------|
| <b>31 December 2018</b> | -        | <b>4.6</b>          | -                         | <b>4.6</b> |
| 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        |
| <b>Carrying amount at 1 January</b>   | <b>9.0</b>  | <b>3.8</b>  |
| Additions                             | 0.6         | 4.9         |
| Depreciation                          | -0.3        | -0.6        |
| Transfer from (to) another caption    | 4.6         | 0.9         |
| <b>Carrying amount at 31 December</b> | <b>13.9</b> | <b>9.0</b>  |
| <i>of which: gross amount</i>         | <i>21.8</i> | <i>16.6</i> |
| <i>accumulated depreciation</i>       | <i>-7.9</i> | <i>-7.6</i> |
| 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         |
|-----------------------------|--------------|--------------|
| <b>D'leteren Auto</b>       |              |              |
| Vehicles                    | 384.6        | 309.6        |
| Spare parts and accessories | 29.2         | 25.5         |
| Other                       | 0.2          | 0.4          |
| <b>Subtotal</b>             | <b>414.0</b> | <b>335.5</b> |
| <b>Moleskine</b>            | <b>41.7</b>  | <b>32.2</b>  |
| <b>GROUP</b>                | <b>455.7</b> | <b>367.7</b> |

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'leteren 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 INVESTEEES

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

| EUR million   | 2018              |              |              | 2017 <sup>(1)</sup> |             |             |
|---|-------------------|--------------|--------------|---------------------|-------------|-------------|
|   | D'leteren<br>Auto | Belron       | Group        | D'leteren<br>Auto   | Other       | Group       |
| Interests in joint ventures   | 76.6              | 644.8        | 721.4        | 67.8                | -           | 67.8        |
| Interests in associate  | -                 | -            | -            | 1.4                 | -           | 1.4         |
| <b>Total of equity-accounted investees</b>                              | <b>76.6</b>       | <b>644.8</b> | <b>721.4</b> | <b>69.2</b>         | <b>-</b>    | <b>69.2</b> |
| 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         |
| <b>Total of share of result after tax of equity-accounted investees</b> | <b>9.9</b>        | <b>-9.8</b>  | <b>0.1</b>   | <b>6.0</b>          | <b>-0.6</b> | <b>5.4</b>  |

(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)                         | 2,870.4      |
| 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      |
| <b>Group's share of net assets (54,10%) and carrying amount of interest in joint venture</b> | <b>644.8</b> |

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 approximately 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        |
| <b>Group's share of profit (or loss) and comprehensive income</b> | <b>0.2</b> |

## 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       |
| <b>Group's share of net assets (49,99%) and carrying amount of interest in joint venture</b> | <b>76.6</b> | <b>67.8</b> |
| 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         |
| <b>Group's share of profit (or loss) and comprehensive income (49,99%)</b>                   | <b>9.9</b>  | <b>4.8</b>  |

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        |
| <b>Group's share of net assets (49%) and carrying amount of interest in associate</b> | <b>-</b> | <b>1.4</b> |
| Revenue   | -        | 0.5        |
| Profit before tax   | 0.1      | 0.7        |
| Result for the period (100%)  | 0.1      | 0.6        |
| <b>Group's share of profit (or loss) and comprehensive income (49%)</b>               | <b>-</b> | <b>0.3</b> |

## 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 <sup>(1)</sup> |                |            |                |
|---|------------|------------|---------------------|----------------|------------|----------------|
|   | Other      | Group      | D'leteren<br>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           |
| <b>Non-current assets classified as held for sale</b> | <b>0.9</b> | <b>0.9</b> | <b>6.7</b>          | <b>2,516.0</b> | <b>5.5</b> | <b>2,528.2</b> |

| EUR million   | 2018     |          | 2017 <sup>(1)</sup> |                |          |                |
|---|----------|----------|---------------------|----------------|----------|----------------|
|   | Other    | Group    | D'leteren<br>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          |
| <b>Liabilities associated with non-current assets held for sale</b> | <b>-</b> | <b>-</b> | <b>1.4</b>          | <b>1,992.9</b> | <b>-</b> | <b>1,994.3</b> |

|                                 |            |            |            |              |            |              |
|---------------------------------|------------|------------|------------|--------------|------------|--------------|
| <b>Net assets group's share</b> | <b>0.9</b> | <b>0.9</b> | <b>5.3</b> | <b>523.1</b> | <b>5.5</b> | <b>533.9</b> |
|---------------------------------|------------|------------|------------|--------------|------------|--------------|

(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       |
| <b>Consolidated gain on disposal</b>  | <b>987.7</b> |

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

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       |
| <b>Effect on cash flows</b>                  | <b>532.3</b> | <b>37.2</b> |

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<br>one year |            | Due between<br>one and five years |            | Due after<br>five years |            | Total        |            |
|------------------------------------|------------------------|------------|-----------------------------------|------------|-------------------------|------------|--------------|------------|
|                                    | Capital                | Interest   | Capital                           | Interest   | Capital                 | Interest   | Capital      | Interest   |
| <b>At 31 December 2018</b>         |                        |            |                                   |            |                         |            |              |            |
| 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        | -          |
| <b>Total</b>                       | <b>453.5</b>           | <b>2.3</b> | <b>115.6</b>                      | <b>2.7</b> | <b>0.6</b>              | <b>0.1</b> | <b>569.7</b> | <b>5.1</b> |
| <b>At 31 December 2017</b>         |                        |            |                                   |            |                         |            |              |            |
| 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        | -          |
| <b>Total</b>                       | <b>408.6</b>           | <b>1.6</b> | <b>134.3</b>                      | <b>5.8</b> | <b>-</b>                | <b>-</b>   | <b>542.9</b> | <b>7.4</b> |

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 |
| <b>31 December 2018</b> | <b>-2.4</b>                       | <b>2.4</b>  |
| 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% strengthening                 | 10% weakening |
| <b>31 December 2018</b> |                                   |               |
| EUR vs GBP              | -0.3                              | 0.4           |
| EUR vs USD              | -2.3                              | 3.7           |
| <b>31 December 2017</b> |                                   |               |
| 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 <sup>(1)</sup> |             |              |              |
|----------------------------------|-------------------|-------------|--------------|--------------|---------------------|-------------|--------------|--------------|
|                                  | D'leteren<br>Auto | Moleskine   | Other        | Group        | D'leteren<br>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          |
| <b>Cash and cash equivalents</b> | <b>-57.9</b>      | <b>23.8</b> | <b>967.1</b> | <b>933.0</b> | <b>0.1</b>          | <b>24.9</b> | <b>272.3</b> | <b>297.3</b> |

(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 <sup>(1)</sup> |             |             |              |
|---|-------------------|-------------|-------------|--------------|---------------------|-------------|-------------|--------------|
|   | D'leteren<br>Auto | Moleskine   | Other       | Group        | D'leteren<br>Auto   | Moleskine   | Other       | Group        |
| <b>Non-current receivables</b>                      | <b>2.5</b>        | <b>1.3</b>  | <b>20.9</b> | <b>24.7</b>  | <b>2.3</b>          | <b>2.4</b>  | <b>20.9</b> | <b>25.6</b>  |
| 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         |
| <b>Trade and other receivables</b>                  | <b>352.3</b>      | <b>40.4</b> | <b>1.6</b>  | <b>394.3</b> | <b>281.1</b>        | <b>28.4</b> | <b>0.4</b>  | <b>309.9</b> |

(1) As restated to reflect the operating segments of the Group and to present the trade receivables in the D'leteren 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'leteren 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'leteren 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         |
| <b>Total</b>                 | <b>43.8</b> | <b>44.9</b> |

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 |
|--|---------------------------|------------------------|
| <b>At 1 January 2017</b>                             | <b>55,302,620</b>         | <b>160.0</b>           |
| Change   | -                         | -                      |
| <b>At 31 December 2017</b>                           | <b>55,302,620</b>         | <b>160.0</b>           |
| Change   | -                         | -                      |
| <b>At 31 December 2018</b>                           | <b>55,302,620</b>         | <b>160.0</b>           |

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                 | -                | -           | -                | -           |
| <b>Treasury shares held</b>                          | <b>1,164,933</b> | <b>38.3</b> | <b>1,085,217</b> | <b>34.6</b> |

## 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'leteren 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'leteren   | -                 | -             | 1,250,000            | 25.00%        | 1,250,000           | 2.07%         |
| Mr Olivier Périer  | 10,000            | 0.02%         | -                    | -             | 10,000              | 0.02%         |
| <b>The four abovementioned shareholders (collectively "SPDG Group") are associated.</b>  | <b>14,102,454</b> | <b>25.50%</b> | <b>1,250,000</b>     | <b>25.00%</b> | <b>15,352,454</b>   | <b>25.46%</b> |
| Nayarit Participations s.c.a., Brussels  | 17,217,830        | 31.13%        | -                    | -             | 17,217,830          | 28.55%        |
| Mr Roland D'leteren  | 466,190           | 0.84%         | 3,750,000            | 75.00%        | 4,216,190           | 6.99%         |
| Mr Nicolas D'leteren   | 10,000            | 0.02%         | -                    | -             | 10,000              | 0.02%         |
| <b>The three abovementioned shareholders (collectively "Nayarit Group") are associated.</b>  | <b>17,694,020</b> | <b>31.99%</b> | <b>3,750,000</b>     | <b>75.00%</b> | <b>21,444,020</b>   | <b>35.56%</b> |
| <b>The shareholders referred to as SPDG Group and Nayarit Group act in concert.</b>  |                   |               |                      |               |                     |               |

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 <sup>(1)</sup> |            |            |             |
|-------------------------------|----------------|------------|------------|-------------|---------------------|------------|------------|-------------|
|                               | D'leteren Auto | Moleskine  | Other      | Group       | D'leteren Auto      | Moleskine  | Other      | Group       |
| <b>Non-current provisions</b> |                |            |            |             |                     |            |            |             |
| 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         |
| <b>Subtotal</b>               | <b>10.4</b>    | <b>4.1</b> | <b>0.4</b> | <b>14.9</b> | <b>15.8</b>         | <b>2.5</b> | <b>0.6</b> | <b>18.9</b> |
| <b>Current provisions</b>     |                |            |            |             |                     |            |            |             |
| Other current items           | -              | 2.2        | -          | 2.2         | -                   | 1.8        | -          | 1.8         |
| <b>Subtotal</b>               | <b>-</b>       | <b>2.2</b> | <b>-</b>   | <b>2.2</b>  | <b>-</b>            | <b>1.8</b> | <b>-</b>   | <b>1.8</b>  |
| <b>Total provisions</b>       | <b>10.4</b>    | <b>6.3</b> | <b>0.4</b> | <b>17.1</b> | <b>15.8</b>         | <b>4.3</b> | <b>0.6</b> | <b>20.7</b> |

(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       |
|---|----------------|------------|-------------------------|---------------------|-------------|
| <b>At 1 January 2018</b>                    | <b>5.2</b>     | <b>4.5</b> | <b>9.2</b>              | <b>1.8</b>          | <b>20.7</b> |
| 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         |
| <b>At 31 December 2018</b>                  | <b>3.8</b>     | <b>-</b>   | <b>11.1</b>             | <b>2.2</b>          | <b>17.1</b> |

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'leteren 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 <sup>(1)</sup> |              |               |              |
|--|----------------|--------------|---------------|--------------|---------------------|--------------|---------------|--------------|
|  | D'leteren Auto | Moleskine    | Other         | Group        | D'leteren Auto      | Moleskine    | Other         | Group        |
| <b>Non-current loans and borrowings</b>          |                |              |               |              |                     |              |               |              |
| 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        | -            |
| <b>Subtotal non-current loans and borrowings</b> | <b>0.7</b>     | <b>270.7</b> | <b>-155.1</b> | <b>116.3</b> | <b>0.7</b>          | <b>282.5</b> | <b>-151.2</b> | <b>132.0</b> |
| <b>Current loans and borrowings</b>              |                |              |               |              |                     |              |               |              |
| 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         |
| <b>Subtotal current loans and borrowings</b>     | <b>2.2</b>     | <b>37.1</b>  | <b>0.1</b>    | <b>39.4</b>  | <b>0.5</b>          | <b>31.9</b>  | <b>0.1</b>    | <b>32.5</b>  |
| <b>TOTAL LOANS AND BORROWINGS</b>                | <b>2.9</b>     | <b>307.8</b> | <b>-155.0</b> | <b>155.7</b> | <b>1.2</b>          | <b>314.4</b> | <b>-151.1</b> | <b>164.5</b> |

(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                                     |
| <b>Present value of finance lease obligations</b> | <b>0.7</b>             | <b>-</b>                                | <b>0.8</b>             | <b>-</b>                                |

In 2018, in the D'leteren 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          | -            |
| <b>Non-current loans and borrowings</b> | <b>116.3</b> | <b>132.0</b> |

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          | -            |
| <b>Loans and borrowings</b> | <b>155.7</b> | <b>164.5</b> |

**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       |               |              |
|--------------|------------|---------------|--------------|------------|---------------|--------------|
|              | 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          | -          | -             | -            |
| <b>Total</b> | <b>3.8</b> | <b>151.9</b>  | <b>155.7</b> | <b>2.1</b> | <b>162.4</b>  | <b>164.5</b> |

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:

| Currency | 2018 |      | 2017 |      |
|----------|------|------|------|------|
|          | 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         | Cash flows   | Non-cash movements |            |          |             | Sub-total    | Reclassification to held-for-sale | At 31        |
|--|--------------|--------------|--------------------|------------|----------|-------------|--------------|-----------------------------------|--------------|
|  | January      |              | Acqui-             | Conversion | Tans-    | Other       |              |                                   | December     |
|  | 2018         | sition       | difference         | fer        |          | 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          |
| <b>Total liabilities arising from financing activities</b> | <b>164.5</b> | <b>-25.7</b> | <b>-</b>           | <b>-</b>   | <b>-</b> | <b>16.9</b> | <b>155.7</b> | <b>-</b>                          | <b>155.7</b> |

| EUR million  | At 1           | Cash flows   | Non-cash movements |              |          |              | Sub-total      | Reclassification to held-for-sale | At 31        |
|--|----------------|--------------|--------------------|--------------|----------|--------------|----------------|-----------------------------------|--------------|
|  | January        |              | Acqui-             | Conversion   | Tans-    | Other        |                |                                   | December     |
|  | 2017           | sition       | difference         | fer          |          | 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          |
| <b>Total liabilities arising from financing activities</b> | <b>1,118.9</b> | <b>456.0</b> | <b>40.8</b>        | <b>-93.0</b> | <b>-</b> | <b>-10.1</b> | <b>1,512.6</b> | <b>-1,348.1</b>                   | <b>164.5</b> |

In both periods, other movements include, among other amounts, the amortization of deferred financing costs and impacts of business combinations performed by the D'leteren 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 <sup>(1)</sup> |             |            |              |
|-------------------------------------|----------------|-------------|------------|--------------|---------------------|-------------|------------|--------------|
|                                     | D'leteren Auto | Moleskine   | Other      | Group        | D'leteren 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         |
| <b>Trade and other payables</b>     | <b>367.8</b>   | <b>42.0</b> | <b>4.0</b> | <b>413.8</b> | <b>337.0</b>        | <b>34.3</b> | <b>4.7</b> | <b>376.0</b> |

(1) As restated to reflect the operating segments of the Group and to present the trade payables in the D'leteren 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'leteren Auto segment made the following acquisitions:

- In January 2018, D'leteren 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'leteren 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'leteren 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 <sup>(1)</sup> |
|---|---|
| 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  |
| <b>Net assets acquired</b>  | <b>13.0</b>                                 |
| Non-controlling interests   |   |
| Goodwill (see note 10)  | 6.3   |
| <b>TOTAL IDENTIFIABLE NET ASSETS ACQUIRED AND LIABILITIES ASSUMED, INCLUDING GOODWILL</b> | <b>19.3</b>                                 |
| <i>Consideration satisfied by:</i>  |   |
| Cash payment  | 19.3  |
| <b>TOTAL CONSIDERATION</b>  | <b>19.3</b>                                 |

(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 approximately 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 |
|-----------------------------------|--------------------------|--|--|
| <b>D'leteren Auto</b>             |                          |  |  |
| s.a. D'leteren Sport n.v.         | Belgium                  | 100%   | 100%   |
| s.a. D'leteren Services n.v.      | Belgium                  | 100%   | 100%   |
| s.a. D'leteren 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'leteren Finance n.v. | Belgium                  | 50%  | 50%  |
| D'leteren Vehicle Trading b.v.    | Belgium                  | -  | 49%  |
| <b>Belron</b>                     |                          |  |  |
| Belron Group s.a.                 | Luxemburg                | 54.10%                                       | 94.85%                                       |
| <b>Moleskine</b>                  |                          |  |  |
| Moleskine SpA                     | Italy                    | 100%   | 100%   |
| <b>Other</b>                      |                          |  |  |
| s.a. D'leteren Immo n.v.          | Belgium                  | 100%   | 100%   |
| D'IM s.a.                         | Luxemburg                | 100%   | 100%   |
| s.a. Immobilière Dumont n.v.      | Belgium                  | 100%   | -  |
| D'leteren 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'leteren 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         |
| <b>Total</b>                                 | <b>40.2</b> | <b>42.0</b> |

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        |
| <b>Total</b>                                 | <b>4.5</b>          | <b>-</b>                            | <b>4.5</b> | <b>6.3</b>          | <b>-</b>                            | <b>6.3</b> |

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  |
|--|-------|-------|
| <b>With entities with joint control or significant influence over the Group:</b> |       |       |
| Amount of the transactions entered into during the period                        | 0.7   | 0.5   |
| Outstanding creditor balance at 31 December                                      | -     | -     |
| <b>With joint ventures in which the Group is a venturer:</b>                     |       |       |
| Sales  | 303.9 | 142.6 |
| Purchases  | -22.5 | -85.1 |
| Trade receivables outstanding at 31 December                                     | 14.6  | 6.1   |
| <b>With key management personnel:</b>  |       |       |
| Compensation:  |       |       |
| Short-term employee benefits   | 5.5   | 7.7   |
| Post-employment benefits   | 0.3   | 0.3   |
| Termination benefits   | -     | -     |
| Total compensation   | 5.8   | 8.0   |
| Amount of the other transactions entered into during the period                  | -     | -     |
| Outstanding creditor balance at 31 December                                      | 0.9   | 0.6   |
| <b>With other related parties:</b>   |       |       |
| 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'leteren and Nicolas D'leteren) and the SPDG group (s.a. de Participations et de Gestion, Reptid Commercial Corporation, Catheline D'leteren 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'leteren 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'leteren Auto segment to VDFin. Purchases of EUR 22.5 million mainly relate to used cars purchased by the D'leteren 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 |
|--|------|------|
| <b>Closing rate</b>                              |      |      |
| 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 |
| <b>Average rate <sup>(1)</sup></b>               |      |      |
| 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       |
|---|------------|------------|
| <b>Audit services</b>                             | <b>3.0</b> | <b>3.0</b> |
| KPMG Belgium                                      | 0.6        | 0.5        |
| Other offices in the KPMG network                 | 2.4        | 2.5        |
| <b>Non-audit services</b>                         | <b>1.2</b> | <b>1.3</b> |
| KPMG Belgium                                      | 0.2        | 0.3        |
| Other offices in the KPMG network                 | 1.0        | 1.0        |
| <b>Services provided by the Statutory Auditor</b> | <b>4.2</b> | <b>4.3</b> |

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’leteren 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’leteren 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.



# s.a. D'leteren n.v.

## Summarised Statutory Financial Statements 2018

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The statutory financial statements of s.a. D'leteren 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'leteren 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](http://www.dieteren.com) or on request from:

s.a. D'leteren n.v.  
Rue du Mail 50  
B-1050 Brussels

# Summarised Balance Sheet

At 31 December

| EUR million                             | 2018           | 2017           |
|---|----------------|----------------|
| <b>ASSETS</b>                           |                |                |
| <b>Fixed assets</b>                     | <b>2,881.2</b> | <b>2,140.0</b> |
| II. Intangible assets                   | 18.7           | 10.4           |
| III. Tangible assets                    | 22.0           | 20.3           |
| IV. Financial assets                    | 2,840.5        | 2,109.3        |
| <b>Current assets</b>                   | <b>749.5</b>   | <b>1,506.3</b> |
| 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            |
| <b>TOTAL ASSETS</b>                     | <b>3,630.7</b> | <b>3,646.3</b> |

| EUR million                            | 2018           | 2017           |
|--|----------------|----------------|
| <b>LIABILITIES</b>                     |                |                |
| <b>Capital and reserves</b>            | <b>1,540.1</b> | <b>1,493.9</b> |
| 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           |
| <b>Provisions and deferred taxes</b>   | <b>33.5</b>    | <b>20.4</b>    |
| <b>Creditors</b>                       | <b>2,057.1</b> | <b>2,132.0</b> |
| 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           |
| <b>TOTAL LIABILITIES</b>               | <b>3,630.7</b> | <b>3,646.3</b> |

# 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 <sup>(1)</sup>       | 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  |
|---|-------|-------|
| <b>APPROPRIATION ACCOUNT</b>                          |       |       |
| 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.