



Stern Groep N.V.
Pieter Braaijweg 6
Amsterdam - Duivendrecht

Postbus 94949
1090 GX Amsterdam
www.stern.nl

Press release

6 May 2020

Stern: Q1-2020 trading update

Stern Groep N.V., listed Dutch mobility group in automotive retail and services, announces its results for Q1-2020.

Due to the sale of Heron Auto B.V. on 2 January 2020, the comparative figures for Heron Auto B.V. (the figures for 2019) are presented as discontinued operations. The figures and numbers for 2019 in this press release have been adjusted for the purpose of comparison.

Key points

- Net revenue in Q1-2020 of € 232.8 million is up 1.9% (Q1-2019: € 228.4 million)
- Other operating income rose sharply as a result of the net gain on the interest in Bovemij
- The impact of Covid-19 on profit was mainly visible in the workshops and in car body repair in Q1-2020, due to a sharp increase in sickness absence from the second week of March
- Profit after tax of in Q1-2020 of € 4.2 million (Q1-2019: € 2.9 million)
- The number of new passenger cars registered in the Netherlands of 103,000 units in Q1-2020 was 10.6% lower than in Q1-2019. Registration of new light commercial vehicles amounted to 19,000, which also represents a decline of -18.1%
- The market share of Dealergroup Stern in passenger cars improved slightly to 4.6% (Q1-2019: 4.5%), while the market share in light commercial vehicles declined to 6.5% (Q1-2019: 7.3%)
- The solvency ratio at 31 March 2020 stood at 31.0% (year-end 2019: 26.6%)
- The group has ample liquidity, with only limited use of the available finance facility at the credit institutions of € 60 million
- Net asset value per share at 31 March 2020 was € 27.64 (year-end 2019: € 26.90)
- The final dividend for 2019 will be set at € 3.50, which has already been distributed in full as interim dividend in 2019
- Our focus remains fully on the safety of our employees and customers

Henk van der Kwast, Chief Executive Officer:

"The current situation is unprecedented and is making everyone uncertain. In this context, we are pleased with the profit in Q1-2020 and our strong financial position as a result of our divestments and significant cost savings in 2019. The current situation is also placing high demands on our employees. We are making every effort to provide a safe working environment for our people. We have furthermore initiated several actions to safeguard the health of our customers when visiting our companies so that we can continue to provide an optimal service. The measures taken comply strictly with the guidelines issued by the Dutch National Institute for Public Health and the Environment (the RIVM). In addition to the RIVM guidelines, we have installed plexiglass screens at all service desks and issued face masks for all employees who wish to make use of them."



Stern Groep N.V.
Pieter Braaijweg 6
Amsterdam - Duivendrecht

Postbus 94949
1090 GX Amsterdam
www.stern.nl

Situation Q1-2020

Net revenue increased marginally compared to Q1-2019 by 1.9% to € 232.8 million, while sales of new cars in the Netherlands declined. The increase of the net revenue was partly the result of the sale of SternLease in May 2019. Until then, sales of cars to SternLease were eliminated from the consolidated revenue under the reporting rules. Now that SternLease has been sold to an external party (ALD), sales to SternLease since June 2019 are no longer eliminated (effect in Q1-2020: approximately € 20 million).

The **gross profit** was slightly lower than in Q1-2019. Sickness absence was approximately 10% higher than under normal circumstances as a result of Covid-19 from the second week of March, mostly affecting engineers. This had a sharply negative effect on revenue and the after-sales margin in Q1-2020. Sickness absence has since returned to more acceptable levels.

Other operating income was sharply higher than in Q1-2019, mainly due to the recognition of a net gain on the interest in Bovermij due to revaluation and dividend. The profit on the interest in Bovermij was recognised in the second quarter last year, since this information was not available at the time of preparing the figures for Q1-2019.

Employee expenses were down 3.4% on Q1-2019, despite the CLA increase of 3.2% with effect from 1 February 2020. The decline in employee expenses was mainly due to the reduction of the number of (mostly indirect) FTEs by 139 (in organic terms), including 35 in Q1-2020. **Operating expenses** were down 11.3% on Q1-2019, due to the cost-saving programmes started in 2019 and the closure of branches of Dealergroup Stern.

Profit after tax came to € 4.2 million (Q1-2019: € 2.9 million).

Statement of financial position and solvency

The balance sheet total at the end of March 2020 stood at € 505.5 million, a decline of € 67.9 million compared to year-end 2019. The main changes concerned:

- A decrease of € 40 million due to the sale of Heron Auto B.V. on 2 January 2020
- A decrease of € 26.0 million due to lower inventory

The sale of Heron Auto B.V. was completed in Q1-2020. No book profit is recognised as a result of this sale in Q1-2020. € 1.0 million of the difference between the sale proceeds and the carrying amount has been deducted from the goodwill of Dealergroup Stern. The remainder has been reserved in the statement of financial position at the end of March 2020 for potential setbacks with respect to warranties issued for reasons of prudence.

Group equity rose on year-end 2019 due to the addition of the profit of € 4.2 million to € 156.9 million at the end of March 2020. The solvency ratio of Stern Group at the end of March 2020 stood at 31.0% (year-end 2019: 26.6%). At the end of March 2020 Stern amply meets the ratio's agreed with the banks.

Agreement has been reached with the financier of the used cars and the rental fleet regarding changes to the limits. The limit for the financing of the rental cars has been reduced, and the limit for financing of used cars has been increased by the same amount. We estimate that these limits are adequate to cope with the effects of Covid-19.

Stern has a **financing facility** of € 60 million with the credit institutions. Only limited use was made of this facility at the end of March, with the remaining facility amounting to approximately € 30 million. This remaining facility has increased further since that time to approximately € 55 million. We estimate that this facility will also be adequate to cope with the effects of Covid-19.



Stern Groep N.V.
Pieter Braaijweg 6
Amsterdam - Duivendrecht

Postbus 94949
1090 GX Amsterdam
www.stern.nl

Measures in relation to Covid-19

The effects of Covid-19 in Q1-2020 were felt mainly in workshop revenue and the related margin, due to exceptionally high sickness absence. Demand for rental cars has fallen sharply as a result of the measures introduced by the government. The size of the rental fleet was accordingly reduced by 500 vehicles during March 2020 to 2,100 at the end of the month in order to keep the utilisation ratio at the desired level. There was also a fall in demand at the car body repair shops (SternPoint) in the second half of March 2020. The overall distance travelled by car in the Netherlands has declined since the government measures came into force on 17 March, leading to fewer accidents.

We introduced several measures at the beginning of March 2020. Investments have been temporarily put on hold, apart from where absolutely necessary. Agreements have been made with various landlords regarding rent reductions for 2020.

The effect of Covid-19 on profit for the whole of 2020 has been estimated. It is however difficult to assess when and to what extent demand will recover and when a sufficient number of new cars will be available. All the car manufacturers were closed for shorter or longer periods. This is also visible in the number of national registrations. The number of new passenger cars registered in April 2020 in the Netherlands was 53% lower than in April 2019, and the decline in registrations of light commercial vehicles was 37%. Production in a number of plants is now gradually resuming. The large lease companies are and continue to be cautious for now with respect to the purchase of previously ordered cars.

Since we estimate that the effects of Covid-19 will lead to a decline in revenue of more than 20% in the coming months, we submitted an application for a Temporary Emergency Bridging Measure to Preserve Employment (or 'NOW' application) at the end of April 2020 for the period 1 April to 30 June 2020.

Outlook

We believe it to be irresponsible to issue any specific forecast for the whole of 2020 due to the uncertainties surrounding Covid-19. As a result of the divestments and considerable cost savings realised in 2019 and early 2020, Stern has a strong solvency position and has created a liquidity position that will be sufficient to offset even very significant setbacks.

Note to editorial staff, not for publication: For further information, please contact H.H. van der Kwast (Stern Group), T +31(0)20 613 60 28

About Stern

Stern is a large Dutch automotive retailer that has been listed on Euronext Amsterdam since 2000. Stern offers a wide variety of leading car brands and additional mobility services. Dealergroup Stern represents several leading brands such as Mercedes-Benz, Renault, Nissan, Ford, Volvo, Land Rover, Kia and Opel. Stern also offers additional services such as leasing, rental, insurance, finance, extended warranty, (brand-certified) car body repairs and light commercial vehicle interiors. The Stern network consists of 75 branches with approximately 1,700 employees (FTEs) in the car-intensive regions of the Netherlands.