



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

Postbus 94949
1090 GX Amsterdam
www.stern.nl

Press release

10 November 2021

Stern trading update Q3-2021

Stern Groep N.V., the listed Dutch mobility group in automotive retail and services, announces its results for Q3-2021 and the period to the end of September 2021.

Highlights

- Net revenue in Q3-2021 alone was € 200.5 million, 1.4% higher than in Q3-2020
- Net revenue for the year to the end of Q3-2021 was € 620.0 million, 7.0% higher than in the same period in 2020
- Profit after tax from continued operations in Q3-2020 alone was € 2.9 million (in Q3-2020 alone: € 3.2 million negative), an improvement of € 6.1 million on Q3-2020
- Profit after tax from continued operations for the year to the end of Q3-2021 was € 8.0 million (year to date in Q3-2020: € 1.0 million negative)
- Dealergroup Stern's market share in passenger cars in Q3-2021 alone of 4.3% showed a marked improvement (Q3-2020 alone: 4.0%), with the market share in light commercial vehicles also increasing to 6.3% (Q3-2020 alone: 6.1%)
- The solvency ratio at 30 September 2021 stood at 33.5% (year-end 2020: 28.9%). Net asset value per share at 30 September 2021 was € 23.53 (year-end 2020: € 22.09)
- Agreement has recently been reached with the banks regarding an extension of the existing facilities until the end of May 2023
- Agreement has been reached with Van der Linden van Sprankhuizen regarding the acquisition of 2 Opel branches in Noord-Holland. This acquisition will be effected at the beginning of 2022. The FCA (now Stellantis) operations in Amersfoort will be transferred to Henri & Herman at the beginning of 2022.

Henk van der Kwast, Chief Executive Officer:

"The strategic decision to bring the balance between the network of physical locations and our digital services more in proportion is working out according to our expectations. We have been able to maintain our market share with far fewer physical locations. Streamlining our network of branches continues to be crucial, with the resources thus freed up being used to make the digital customer journey future-proof and enhance our brand."

State of affairs in Q3-2021

Net revenue rose slightly by 1.4% on Q3-2020 to € 200.5 million. Sales of new passenger cars in the Netherlands in Q3-2021 were down 19.0% on Q3-2020. Sales of new light commercial vehicles in the Netherlands declined by 11.0%. The declines are not due to less demand for cars, they are mainly caused by the limited availability of certain parts (computer chips). The order book at the end of Q3-2021 was accordingly much larger than in Q3-2020. Dealergroup Stern's market share in passenger cars in Q3-2021 alone was higher at 4.3% (Q3-2020 alone: 4.0%), with the market share in light commercial vehicles also increasing to 6.3% (Q3-2020 alone: 6.1%).



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The **gross revenue result** was markedly higher than in Q3-2020, mainly due to higher margins on sales of new and used cars.

Employee expenses were 10.9% lower than in Q3-2020. The decline in employee expenses was due to the reduction in the number of (mainly indirect) FTEs, as well as the subsidy for salary costs under the NOW scheme that is recognised in employee expenses. The decline in the number of FTEs compared to the end of September 2020 amounted to 115 FTEs (a decline of 7.1%).

Operating expenses were 5.6% lower than in Q3-2020, due to the cost-saving programmes and the closure of some branches of Dealergroup Stern. Interest expense was considerably lower, partly due to the much lower working capital requirement and the realised profit.

Profit after tax in Q3-2021 came to € 2.9 million, a marked improvement of € 6.1 million compared to the negative result of € 3.2 million in Q3-2020.

Profit after tax from continued operations for the year to the end of Q3-2020 was € 8.0 million (year to date in Q3-2020: € 1.0 million negative).

Statement of financial position and solvency

The balance sheet total at the end of September 2021 stood at € 398.3 million, a decline of € 35.0 million compared to year-end 2020. The main changes concerned:

- A decrease of € 55.0 million due to lower inventory;
- An increase of € 17.0 million due to higher trade receivables;
- An increase of € 12.2 million due to a higher carrying amount for the rental fleet.

Group equity rose by € 8.2 million compared to year-end 2020 to € 133.6 million at the end of September 2021. The solvency ratio of Stern Group stood at 33.5% (year-end 2020: 28.9%). Excluding IFRS 15 and 16, the solvency ratio was 47.0%. On this basis, excess solvency at the end of September 2021 stood at € 49.5 million. Stern is thus comfortably meeting the ratios agreed with the banks.

Extension of bank credit facilities

Agreement has recently been reached with the banks regarding an extension of the existing credit facilities. With this extension, the credit facilities will continue until the end of May 2023, and the documentation for this will be completed shortly. The total credit facilities amount to € 54 million, and will be reduced to € 51 million at the end of May 2022 in accordance with a previous agreement. Only a limited amount of this facility was used at the end of September 2021.

Acquisitions

Agreement has been reached with Van der Linden van Sprankhuizen regarding the acquisition of its Opel operations. This concerns 2 Opel locations in Noord Holland (in Purmerend and Hoorn) and 2 Opel agencies (in Enkhuizen and Schagen). This acquisition will be effected at the beginning of 2022 by means of an asset deal. The acquisition is part of the strategy of Stellantis, whereby Stern will become the sole Opel representative in the part of Noord-Holland north of the North Sea Canal. Stern will then have Opel branches in Alkmaar, Amsterdam-Noord, Wormerveer, Purmerend and Hoorn and 2 agencies in Enkhuizen and Schagen.



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Agreement was also recently reached with Henri & Herman regarding the transfer of the FCA (now Stellantis) operations in Amersfoort, which will also be effected at the beginning of 2022. Subsequently, the sales operations of the Stellantis brands at the Houten branch will also be transferred to Henri & Herman in mid-2022. The after-sales operations of Houten will be retained, as this company specialises in the sale, repair, maintenance and restoration of Italian Young and Old Timers. This Stern company will also specialise in the sale, repair, maintenance and restoration of Young and Old Timers of other brands.

In line with the Stellantis strategy, Stern will expand its operations in the provinces of Groningen and Drenthe in the course of 2022. This means that the other Stellantis brands will be carried in these provinces, in addition to Opel.

Outlook

The rest of this year we will continue our focus on strong and large car brands, top quality used cars, our own brand and our retention of a strong financial position. Streamlining our network branches continues to be crucial, with the resources thus freed up being used to make the digital customer journey future-proof. Our decisions will continue to be driven by the delivery of added value.

In view of our substantial order book, the recovery of our after-sales business and demand for flexible mobility, we expect to see a further recovery in our sales markets in the coming months. However, the negative effect on revenue and operating profit of the recent upturn in COVID-19 infections will continue for some time. In addition, it is likely that our still growing order book will not lead to a significant increase in sales of new vehicles in Q4-2021, due to strong signals from the car manufacturers that the availability of certain parts (computer chips) is still problematic. Our estimate is that we will not be able to deliver a large proportion of our growing order book until sometime in 2022.

This limited availability of new cars will mean that the margins on new and used cars will continue to be relatively high due to increasing scarcity. These healthy margins, the recovery in demand for maintenance and car body repairs and the effects of previously initiated cost savings could to a large extent compensate for the effects of reduced availability of (new) vehicles. We accordingly expect to see a further improvement in our profit in Q4-2021.

KEY DATES

Publication of annual figures 2021	11 March 2022
General Meeting	12 May 2022

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 64 branches with approximately 1,550 employees (FTEs) in the car-intensive regions of the Netherlands.