



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

Postbus 94949
1090 GX Amsterdam
www.stern.nl

Press release

11 November 2020

Stern trading update Q3-2020

Stern Groep N.V., the listed Dutch mobility group in automotive retail and services, announces its results for the period from January to September 2020.

Highlights

- Net revenue in Q3-2020 alone was € 197.9 million, 5.0% lower than in Q3-2019
- Net revenue for the year to the end of Q3-2020 was € 686.5 million, 10.1% lower than in the same period in 2019
- The negative effects of COVID-19 were still clearly visible in the workshops and the car body repair business in Q3-2020
- Profit after tax from continued operations to the end of Q3-2020 (before the write-down of the goodwill for Dealergroup Stern in H1-2020) was € 1.0 million negative (2019: € 0.3 million positive).
- The market share of Dealergroup Stern in passenger cars was up slightly at 4.3% through the end of Q3-2020 (Q3-2019: 4.1%), while the market share in light commercial vehicles declined to 6.3% due to a one-off large deal in 2019 (Q3-2019: 7.2%).
- The solvency ratio at 30 September 2020 stood at 30.4% (year-end 2019: 26.6%)
- The group has ample liquidity, with limited use of the available finance facility at the credit institutions of € 57 million
- Net asset value per share at 30 September 2020 was € 23.21 (year-end 2019: € 26.90)
- Stern has not made use of the NOW-2 scheme, nor has the Group made use of the option to defer tax payments offered by the government
- Successful implementation of One Stern and launch of a new digital platform

Henk van der Kwast, Chief Executive Officer:

"Half-way through the year, we achieved the rebranding of all our dealer businesses ahead of schedule and launched a modern digital platform for our customers. These were two crucial steps in a year in which consumers definitively embraced online shopping. As One Stern, we are working further on the transformation into a modern and customer-oriented provider of mobility solutions. The financial effects of the crisis on businesses and their employees will only become clear during the course of 2021. Despite revenue that was well below budget, Stern's financial position continues to be sound and we are in a position to withstand even significant setbacks."

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.

Progress in Q3-2020

Net revenue declined slightly by 5.0% compared to Q3-2019 to € 197.9 million. Sales of new passenger cars in the Netherlands fell by 13.9% compared to Q3-2019, partly as a result of COVID-19. Sales of new light commercial vehicles were down 9.2%. The figures for Q3-2020 do not take account of any income from the NOW-2 scheme.

The **gross revenue result** was markedly lower than in Q3-2019, mainly due to declining revenue from workshops and car body repairs.

Employee expenses were down 3.8% on Q3-2019, despite the CLA increases 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 90 (in organic terms) compared to year-end 2019.

Operating expenses were 8.4% lower than in Q3-2019, due to the cost-saving programmes introduced in 2019 and the closure of branches of Dealergroup Stern. Operating expenses include one-off costs for the implementation of a new CRM package and the costs of rebranding to One Stern.

Interest expense was considerably lower due to the much lower working capital requirement.



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Profit after tax from continued operations to the end of Q3-2020 (before the write-down of the goodwill for Dealergroup Stern in H1-2020) was € 1.0 million negative (2019: € 0.3 million positive). The negative effect on profit of IFRS-16 in 2020 amounted to € 0.7 million.

Statement of financial position and solvency

The balance sheet total at the end of September 2020 stood at € 433.2 million, a decline of € 140.2 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 write-down of the goodwill for Dealergroup Stern of € 20.0 million;
- A decrease of € 57.0 million due to lower inventory;
- A decrease of € 21.0 million due to lower trade receivables.

Shareholders' equity declined by € 21.0 million compared to year-end 2019 to € 131.7 million at the end of September 2020. The solvency ratio of Stern Group at the end of September 2020 stood at 30.4% (year-end 2019: 26.6%). Stern comfortably met the ratios agreed with the banks at the end of September 2020.

Stern has a **financing facility** of € 57 million with the credit institutions. € 18 million of this facility was in use at the end of September 2020, after large repayments of captive finance. We estimate that this facility is more than adequate to cope with the effects of COVID-19.

Status of negotiations with Hedin

The negotiations with Hedin Automotive have not progressed as quickly as would have been the case without the difficulties resulting from COVID-19. In particular, restrictions on travel have caused further delays.

Outlook

We expect to see a gradual recovery in our sales markets in the coming months, however it would not be sensible to issue detailed forecasts for the annual results in 2020 due to the uncertainties relating to COVID-19 and the more restrictive measures recently announced. Cost-saving measures will continue, as we expect the negative effects of COVID-19 on operating profit to continue for some time. We have not yet submitted an application for the NOW-3 scheme, but we will make a decision on this by the end of November 2020.

As a result of the divestments in 2019 and early 2020 and the considerable cost savings realised, and despite the writedown of goodwill in H1-2020, Stern has a strong solvency position and sufficient liquidity to cope with even very significant setbacks.

KEY DATES

Publication of annual figures 2020	4 March 2021
General Meeting	6 May 2021

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.