



**Stern Groep N.V.**  
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## Press release

5 May 2021

# Stern trading update Q1-2021

**Stern Groep N.V., listed Dutch mobility group in automotive retail and services, announces its results for the first quarter of 2021.**

### Highlights

- Net revenue in Q1-2021 of € 217.2 million down 6.8% on Q1-2020
- Profit after tax was € 3.3 million (Q1-2020: € 4.2 million)
- Negative effect of COVID-19 still material in Q1-2021
- Much lower other operating income due to lower income from Bovemij compared to previous year
- Dealergroup Stern's market share for passenger cars comes to 4.4% (Q1-2020: 4.6%), market share for light commercial vehicles is 7.1% (Q1-2020: 6.5%)
- Again much improved cash flow from operating activities of € 15.5 million in Q1-2021 (Q1-2020: (€ 0.7 million))
- The solvency ratio at 31 March 2021 stood at 31.2% (year-end 2020: 28.9%)
- Net asset value per share at 31 March 2021 was € 22.69 (year-end 2020: € 22.09)
- Business is improving gradually, but it is still not appropriate to issue detailed forecasts for the annual profit in 2021

### Henk van der Kwast, Chief Executive Officer:

*"Due to the pandemic saving unnecessary and avoidable costs is and will continue to be a current theme, along with optimising efficiency in our most important business processes. That is not the case for our investments in digital solutions. Those were accelerated and intensified. That's how we recently sold used cars for the first time on our digital platform, where one can now also find end-of-contract lease cars from our strategic partner ALD Automotive. The services offered on our digital platform are constantly expanding and becoming more important for customers and business partners. Both the number of leads and the number of maintenance agreements booked online have increased sharply. We will again be launching additional services in the coming months that will enable us to provide an even better and more convenient service to consumers."*

### Progress in Q1-2021

**Net revenue** declined slightly by 6.8% to € 217.2 million. Sales of new passenger cars in the Netherlands were down 21.6% on Q1-2020, partly due to COVID-19. On the other hand, sales of new light commercial vehicles were up 7.8%. Dealergroup Stern's market share for new passenger cars was 4.4% (Q1-2020: 4.6%) and 7.1% for light commercial vehicles (Q1-2020: 6.5%). The average sale price for passenger cars sold by Dealergroup Stern was actually 23.3% higher than in Q1-2020, mainly due to the increased proportion of sales of electric cars and SUVs.

The **gross revenue result** was lower than in Q1-2020, mainly due to declining revenue from car body repairs, workshops and car rental that was 7.7% down on Q1-2020. There was a significant improvement in the relative margins realised on sales of passenger cars.



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**Other operating income** was much lower than in Q1-2020, mainly due to the markedly lower income from revaluation and dividend from the stake in Bovemij. The positive revaluation was much lower than in the previous year. The Bovemij dividend on the other hand was higher than in the previous year.

**Employee expenses** were 15.1% lower than in Q1-2020. Employee expenses were down mainly because of the reduction of 127 (mainly indirect) FTEs compared to the end of Q1-2020 and receipts from the NOW scheme for Q1-2021, which have been deducted from this item.

**Operating expenses** were 15.1% lower than in Q1-2020, as a result of the cost-saving programmes introduced in 2019 and the closure of branches of Dealergroup Stern, as well as the government reimbursement for fixed costs (the TVL scheme) applied for by some business units for Q1-2021, which have been deducted from this item.

**Interest expense** was considerably lower, partly due to the much lower working capital requirement. Profit after tax in Q1-2021 came to € 3.3 million (Q1-2020: € 4.2 million).

#### **Statement of financial position and solvency**

The balance sheet total at the end of March 2021 stood at € 413.3 million, a decline of € 20.1 million compared to year-end 2020. Adjusted for the effects of IFRS 15 and 16, the balance sheet total is € 304.7 million. The main changes concerned:

- A decrease of € 33.9 million due to lower inventory;
- An increase of € 9.5 million due to higher trade receivables.

**Group equity** rose by € 3.3 million compared to year-end 2020 to € 128.7 million at the end of March 2021. The solvency ratio of Stern Group at the end of March 2020 stood at 31.2% (year-end 2020: 28.9%). Adjusted for goodwill and IFRS 15 and 16, the solvency ratio for the bank covenants came to 43.7%. The over-solvency amounted to more than € 29.5 million at the end of 2020 and increased further to almost € 39.5 million at the end of Q1-2021.

Stern has a **financing facility** of € 57 million with its credit institutions. At the end of March 2021, € 17 million of this facility was drawn down, even after significant repayments of interest-bearing captive finance. We estimate that this facility is more than adequate to cope with the further effects of COVID-19.

#### **Outlook**

We expect to see further recovery in our sales markets in the coming months, however the negative effects of COVID-19 on our operating profit will continue for some time yet. In addition, it is very possible that the gradually increasing demand for new cars will not yet lead to a significant increase in revenue from new vehicles, due to strong signals from the car manufacturers that certain parts (computer chips) are less available than previously expected. This could mean that there will be further improvement in the margins on new and used cars due to rising scarcity of components. This expected further improvement in margins, the increasing demand for maintenance and car body repairs and the effects of previously initiated cost savings could compensate for the effects of less availability of new vehicles.



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The rest of this year will feature the Focus on Service & Brand Value, with a continuation of our already initiated focus on strong car brands, first-class used-car offers and strengthening our own brand. Our decisions will continue to be driven by the delivery of added value.

Due to the continuing uncertainty regarding COVID-19 and the limited availability of new vehicles, it is still not appropriate to issue detailed forecasts for the annual profit in 2021.

#### **KEY DATES**

General Meeting	6 May 2021
Publication of half year figures for 2021	19 August 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 64 branches with approximately 1,550 employees (FTEs) in the car-intensive regions of the Netherlands.