

## Higher revenue and profit at Stern

Stern Groep N.V., a Dutch listed automotive group, announces its results for the first half of 2015:

- Net revenue up 14.8% to € 516.0 million. Stern Dealers grew by 15.3% (organic growth of 11.3%) and SternLease by 9.8% (organic growth of 9.8%);
- Operating result rises to € 6.5 million (H1-2014: € 2.4 million);
- Result after tax of € 3.4 million (H1-2014: € 0.6 million);
- Earnings per share € 0.60 (H1 2014: € 0.11);
- Solvency of 25.8% at the end of June 2015 (year-end 2014: 24.8%), with net asset value per share of € 25.45 (year-end 2014: € 24.76);
- Stern Dealers further increased its market share. For passenger cars 5.71% (H1-2014: 4.68%) and for light commercial vehicles 7.96% (H1-2014: 7.38%);
- The outlook for the whole of 2015 has clearly improved in comparison to the expectations stated in the 2014 annual report and the press release announcing the figures for the first quarter of 2015.

### Market share continues to grow

The market for registered **new passenger cars** showed a small increase of 1.3% to 201,582 units in the first half of 2015 (H1 2014: 198,959 units). The strongest brands were Volkswagen, with an increase of 4,406 units (21.0%) and Renault, with an increase of 990 units (6.0%). Weaker performers were Fiat, with a decline of 1,488 units (19.9%) and Mitsubishi, with a decline of 3,450 units (36.3%).

Against this national background, Stern Dealers realised sales of 11,504 new passenger cars, an increase of 23.6% compared to H1-2014, thus clearly outperforming the national market. Among the Stern marques, Mercedes-Benz (up 29%), Fiat (up 137%), Kia (up 124%) and Volkswagen (up 24%) did well. The market share of Stern Dealers for new passenger cars thus came to 5.71% in H1-2015 (H1-2014: 4.68%).

The market for **new light commercial vehicles** showed a clear increase of 11.5% to 32,226 units in H1-2015 (H1-2014: 28,910 units). Mercedes-Benz (up 19%), Ford (up 30%), Opel (up 22.5%) and Renault (up 22%) outperformed the market as a whole.

Against this national background, Stern Dealers sold 20.2% more new commercial vehicles, a much better performance than the national market. The market share of Stern Dealers for new commercial vehicles thus came to 7.96% in the first half of 2015 (first half of 2014: 7.38%).

### Progress in H1-2015

Net revenue increased by 14.8% compared to H1-2014 to € 516.0 million. The increase can be attributed to Stern Dealers (up 15.3%) and at SternLease (up 9.8%). In organic terms, Stern Dealers increased its revenue by € 50.4 million (11.3%).

As a result of the relatively larger increase in sales (+19.1%) compared to after-sales (+7.4%), the gross revenue result declined from 18.4% in H1-2014 to 17.5% in H1-2015. Other operating income was down by € 0.9 million due to lower income from the equity interest in Bovemij and the goodwill recognised in the previous year in relation to the acquisition of Wander (Opel/Kia in Assen and Groningen).

Total employee expenses increased by € 0.7 million (1.2%). In organic terms however, employee expenses were down by € 1.6 million (2.9%). The increased costs resulting from the most recent collective labour agreement adjustment (which concerned an increase of 1.5% with effect from 1 August 2014) was more than offset by the reduction in the number of FTEs. The non-recurring costs relating to the departure of the CFO and the expenses for the search for a new CFO/COO amounting to € 0.6 million are recognised in H1-2015 under employee expenses. Employee expenses in H1-2014 included € 1.1 million in reorganisation costs as a result of the business closure of three Ford dealerships of Ardea Auto. Another Ardea Auto dealership at Capelle a/d IJssel was closed in H1-2015 which involved only limited reorganisation expenses.

Operating expenses were up slightly by € 1.7 million (6.8%) to € 26.2 million. In organic terms however, operating expenses declined by € 0.7 million (3.0%). The operating result (EBIT) in H1-2015 came to € 6.5 million compared to € 2.4 million a year earlier.



### **Stern Dealers**

The increased volume of sold new passenger cars and light commercial vehicles, combined with an average 1% higher sale price for passenger cars and an average 6% higher sale price for light commercial vehicles, resulted in an increase in revenue from sales of new vehicles of € 23.5 million. The margin realised on sales was € 5.2 million higher than in H1-2014. The relative margin on sales rose to 4.9% (H1-2014: 4.6%).

Revenue from after-sales increased by € 3.8 million (8.8%), among other things due to higher revenue from parts (+6%). Revenue from workshops was up 3%, however in organic terms this was unchanged on H1-2014 (in a contracting market). Maintaining the level of revenue from workshops was achieved by the application of customer-contact centres (CCCs) and greater use of Internet in approaching prospects.

The relative margin on after-sales was more or less unchanged on H1-2014. This led to a higher gross profit and, in combination with lower operating costs, led to Stern Dealers achieving an operating profit of € 5.6 million (up € 5.8 million compared to H1-2014).

### **Stern Financial Services**

The number of lease contracts at SternLease rose by 9.8% in H1-2015 to 7,993 (year-end 2014: 7,295 contracts).

The rental fleet was substantially expanded, mainly in the second quarter, with the addition of 527 vehicles (+27%), due to increasing demand. The utilisation ratio of the rental fleet was slightly higher than in H1-2014.

The operating profit of Stern Financial Services was indeed lower in H1-2015 than in H1-2014 but was once again very satisfactory.

### **Stern Mobility Services**

While the car body repair market in the Netherlands contracted by 9.6% in H1-2015, revenue at SternSchade remained more or less at the same level as in the previous year. Despite additional sales and marketing efforts in H1-2015, the result of SternPoint was virtually unchanged compared to H1-2014 and is still negative. Partly as a result of additional measures recently introduced, we expect the result of SternPoint to show a clear improvement in H2-2015 over H2-2014. SternTec (interiors for light commercial vehicles) realised a strong improvement in its result, helped by a new product line introduced at the end of 2014.

The operating profit of Stern Mobility Services in H1-2015 was on balance slightly below the level in H1-2014.

### **Solvency**

The balance sheet total at 30 June 2015 stood at € 560.2 million, slightly lower than at year-end 2014, despite the € 19.4 million increase to the lease and rental fleet in H1-2015. This net decline was mainly due to the reduction of the inventory of new passenger cars and light commercial vehicles of € 33.5 million. Group equity rose to € 144.5 million (year-end 2014: € 140.6 million).

The solvency ratio of Stern at 30 June 2015 was 25.8% (year-end 2014: 24.8%). Based on a standard solvency ratio for the car leasing operations of 12.5% and for car rental operations of 20.0%, the solvency of the other activities at the end of June 2015 came to 33.6%, compared to 31.1% at year-end 2014.

There was no excess solvency at year-end 2014, meaning that there was no room for distribution of dividend at that time. There was however excess solvency at the end of June 2015, amounting to € 3.1 million.

### **Outlook definitely more favourable**

Compared to our expectations as stated in the 2014 annual report and the press release of 12 May announcing the figures for the first quarter of 2015, the results are clearly more positive. The result after tax for the first half of 2015 is already better than estimated and the development of the order book for several leading car brands and the continuing growth of SternLease indicate that the result will continue to steadily improve.

For Stern Dealers, it is increasingly clear that certain car brands that successfully anticipated the new CO<sub>2</sub> limits will have an excellent year. For certain other brands, the car market continues to be difficult. One notable exception is Ardea Auto (Ford), which, after a difficult year in 2014 that featured business closures and operating losses, has shown a strong recovery. In addition, the contribution from after-sales and the margin on used passenger cars are developing more positively than previously expected.

At Stern Financial Services, SternLease continues to show strong organic growth. Among the other financial mobility products, SternPolis is generating good growth.

At Stern Mobility Services, the situation at SternPoint is improving, SternRent and SternSchade are developing according to plan and SternTec has produced a significant turn-around. Mango Mobility is growing strongly and passed its break-even point in the second quarter.



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**Profile of Stern Groep N.V.**

Stern is a large Dutch automotive company that comprises both car dealerships and automotive services. Stern has been listed on Euronext Amsterdam since 2000. Since then, the intended significant growth has been realised in the major car-intensive regions of the country: North and South Holland, Utrecht and North Brabant. Net sales (excluding BPM) amount to more than € 900 million per year. Stern has over 100 branches and employs around 2,200 people. Stern will continue this growth strategy in the coming years.

Stern Dealers has five clusters representing several leading brands such as 1) Mercedes-Benz, 2) Renault and Nissan, 3) Ford, 4) Volvo, Land Rover, Alfa Romeo and Fiat, 5) Volkswagen, Audi, Kia and Opel. Stern Dealers has a total of more than 85 branches.

With Stern Financial Services, Stern is involved in car leasing (SternLease) and fleet management (SternPartners and SternRent) and sales of financial mobility products such as SternCredit, SternPolis and SternGarant.

The division Stern Mobility Services comprises car repair services (SternSchade), the interiors for light commercial vehicles (SternTec), the multibrand garage concept SternPoint, SternPlaza (used cars), car rental (SternRent) and now also Mango Mobility.

Appendix: Financial report IAS-34 (Interim Financial Reporting) for the period 1 January 2015 to 30 June 2015.

**1. Consolidated statement of income for the period 1 January 2015 to 30 June 2015**  
(amounts x € 1,000)

	<u>H1-2015</u>	<u>H1-2014</u>
<b>Net revenue</b>	516,043	449,596
Cost of sales	(425,547)	(366,685)
<b>Gross profit</b>	<u>90,496</u>	<u>82,911</u>
Other income	2,306	3,193
Employee expenses	(55,075)	(54,393)
Amortisation of intangible non-current assets	(137)	(137)
Depreciation of property, plant and equipment	(4,903)	(4,677)
Other operating expenses	(26,188)	(24,510)
<b>Operating profit</b>	<u>6,499</u>	<u>2,387</u>
Result from investments	24	22
Financial expenses (net)	(2,176)	(2,022)
<b>Profit before tax</b>	<u>4,347</u>	<u>387</u>
Tax on result	<u>(924)</u>	<u>244</u>
<b>Net profit for the period</b> (attributable to the shareholders of Stern Groep N.V.)	<u><u>3,423</u></u>	<u><u>631</u></u>
<b>Earnings per share</b>		
Weighted average number of outstanding shares	5,672,097	5,647,635
Basic earnings per share	€ 0.60	€ 0.11
Diluted earnings per share	€ 0.60	€ 0.11



**2. Consolidated statement of comprehensive income for the period 1 January to 30 June 2015**  
*(amounts x € 1,000)*

	<u>H1-2015</u>	<u>H1-2014</u>
<b>Result after tax</b> (attributable to the shareholders of Stern Groep N.V.)	3,423	631
<b>Other comprehensive income</b> <i>Other comprehensive income to be transferred to the statement of income in the following periods:</i>		
Effective portion of changes to the cash flow hedge	567	(608)
Effect of tax on result	<u>(142)</u>	<u>152</u>
Income and expenses not recognised in the statement of income	425	(456)
<b>Total comprehensive income after tax</b> (attributable to the shareholders of Stern Groep N.V.)	<u><u>3,848</u></u>	<u><u>175</u></u>



**3. Consolidated statement of financial position at 30 June 2015**  
*(amounts x € 1,000)*

	<u>As at 30 June 2015</u>	<u>As at 31 December 2014</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	29,929	30,066
Property, plant and equipment	303,468	285,936
Real estate investments	2,721	2,777
Investments in associates	702	674
Other financial assets	11,538	11,161
Deferred tax assets	27,577	28,644
	<u>375,935</u>	<u>359,258</u>
<b>Current assets</b>		
Inventories	136,430	170,664
Trade receivables	41,595	32,419
Prepayments and accrued income	5,417	3,630
Cash and cash equivalents	857	1,636
	<u>184,299</u>	<u>208,349</u>
<b>Total assets</b>	<u><u>560,234</u></u>	<u><u>567,607</u></u>

	As at 30 June 2015	As at 31 December 2014
<b>LIABILITIES</b>		
<b>Equity (attributable to shareholders of Stern Groep N.V.)</b>		
Issued capital	593	593
Share premium reserve	114,734	114,734
Other reserves	24,199	21,544
Revaluation reserve	1,929	1,110
Unallocated result	3,029	2,588
	<b>144,484</b>	<b>140,569</b>
<b>Non-current liabilities</b>		
Interest-bearing loans	226,072	214,398
Provisions	1,157	1,163
Prepaid receipts from lease and warranties	1,199	1,737
	<b>228,428</b>	<b>217,298</b>
<b>Current liabilities</b>		
Interest-bearing loans	78,860	78,160
Provisions	535	1,008
Trade and other payables	77,958	103,443
Derivatives	1,813	2,381
Tax and social insurance contributions	7,923	2,728
Accruals and deferred income	20,233	22,020
	<b>187,322</b>	<b>209,740</b>
<b>Total equity and liabilities</b>	<b>560,234</b>	<b>567,607</b>

#### 4. Condensed statement of changes in equity for the period 1 January 2015 to 30 June 2015

(amounts x € 1,000)

Period 1 January to 30 June 2015	Issued capital	Share premium reserve	Other reserves	Revaluation reserve	Unallocated result	Total
Balance at 1 January 2015	593	118,877	21,544	1,110	2,588	140,569
Result after tax	-	-	-	394	3,029	3,423
Other comprehensive income after tax	-	-	-	425	-	425
Total comprehensive income for the period	-	-	-	819	3,029	3,848
Sale of shares	-	-	67	-	-	67
Result appropriation	-	-	2,588	-	(2,588)	-
<b>Balance at 30 June 2015</b>	<b>593</b>	<b>114,734</b>	<b>24,199</b>	<b>1,929</b>	<b>3,029</b>	<b>144,484</b>

Period 1 January to 30 June 2014	Issued capital	Share premium reserve	Other reserves	Revaluation reserve	Unallocated result	Total
Balance at 1 January 2014	593	118,877	15,962	473	2,418	138,323
Result after tax	-	-	-	1,034	(403)	631
Other comprehensive income after tax	-	-	-	(456)	-	(456)
Total comprehensive income for the period	-	-	-	578	(403)	175
Cash dividend	-	-	(1,132)	-	-	(1,132)
Stock dividend	-	(4,143)	4,143	-	-	-
Sale of shares	-	-	11	-	-	11
Result appropriation	-	-	2,418	-	(2,418)	-
<b>Balance at 30 June 2014</b>	<b>593</b>	<b>114,734</b>	<b>21,402</b>	<b>1,051</b>	<b>(403)</b>	<b>137,377</b>



**5. Condensed consolidated cash flow statement for the period 1 January to 30 June 2015**  
(amounts x € 1,000)

	<u>H1-2015</u>	<u>H1-2014</u>
Result before tax	4,347	387
<b>Adjustments for:</b>		
Result from non-consolidated participating interests	(24)	(22)
Net interest expense	10	(39)
Depreciation	23,267	22,033
Contribution to/ (withdrawal from) allowances	(479)	(423)
Other changes	(1,169)	1,521
<b>Cash flow from operating activities</b>	<b>25,952</b>	<b>23,457</b>
Net investment in property, plant and equipment and intangible non-current assets	(39,172)	(29,248)
Acquisition of group companies	-	(547)
<b>Cash flow from investing activities</b>	<b>(39,172)</b>	<b>(29,795)</b>
Dividends paid	-	(1,132)
Purchase and sale of shares	67	11
Credit institutions	12,374	7,530
<b>Cash flow from financing activities</b>	<b>12,441</b>	<b>6,409</b>
<b>Increase in cash and cash equivalents</b>	<b>(779)</b>	<b>71</b>
Cash and cash equivalents at beginning of period	1,636	683
Cash and cash equivalents at end of period	857	754
<b>Movement in cash and cash equivalents</b>	<b>(779)</b>	<b>71</b>

## 6. Notes to the financial report for the period 1 January 2015 to 30 June 2015

### General

Stern Groep N.V. has its registered office at Amsterdam, the Netherlands. This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting) as adopted in the European Union. This report does not contain all the information required for full financial statements and should be read in combination with the consolidated 2014 financial statements. The accounting policies applied by Stern Groep N.V. in this financial report are the same as those applied in the consolidated financial statements for 2014. The 2014 financial statements of Stern Groep N.V. are available at [www.sterngroep.nl](http://www.sterngroep.nl).

This financial report is prepared by the management on 18 August 2015. The figures have not been audited. All amounts are expressed in thousands of euros.

### Segmental analysis

The segmentation of revenue and the operating result is shown in the table below:

	Revenue		Operating result	
	H1-2015	H-2014	H1-2015	H1-2014
Stern Dealers	490,030	425,291	5,644	(201)
Stern Financial Services	63,667	60,210	3,151	3,588
Stern Mobility Services	21,114	17,506	(711)	(546)
Other	531	558	(1,585)	(454)
Revenue to segments	(59,299)	(53,969)	-	-
Total	<u>516,043</u>	<u>449,596</u>	<u>6,499</u>	<u>2,387</u>
Result from investments			24	22
Financial income and expenses			(2,176)	(2,022)
Profit before tax			<u>4,347</u>	<u>387</u>
Tax on result			(924)	244
Profit after tax			<u><u>3,423</u></u>	<u><u>631</u></u>

The segmentation of the assets and liabilities is shown in the table below:

	Assets		Liabilities	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Stern Dealers	207,823	232,862	132,143	158,699
Stern Financial Services	210,818	194,114	154,297	143,727
Stern Mobility Services	12,137	11,064	9,051	7,631
Other	129,456	129,567	120,269	116,981
Total	<u>560,234</u>	<u>567,607</u>	<u>415,760</u>	<u>427,038</u>

#### Goodwill

The goodwill consists mainly of goodwill acquired through business combinations. For the purpose of testing for impairment, goodwill acquired through business combinations has been allocated to the individual cash flow generating units Stern Dealers and Stern Financial Services. The impairment test as at 31 December 2014 showed that even material changes to the principles applied would not lead to an impairment of goodwill.

The Directors have concluded that the assumptions used remain appropriate and the value in use continues to support the carrying value of goodwill.

#### Related party disclosures

No material transactions took place with related parties in the first half of 2015.

All related party transactions arise during the ordinary course of business and are on an arm's length basis.

#### Judgements and estimates by the management

Preparation of the interim financial information requires that the management forms opinions and makes estimates and assumptions that affect the application of the accounting policies and the reported values of assets and liabilities, and the amounts of income and expenses. Actual results could differ from these estimates. Interim results do not necessarily provide a forecast of the year-end results.

In the preparation of this financial report, the usual material judgements formed by the management in the application of the accounting policies of Stern Groep N.V. and the material sources of estimates used are the same as those used in the preparation of the consolidated financial statements for 2014. We also refer to note 31 in the 2014 financial statements of Stern Groep N.V., which relates to financial risk management at Stern Groep N.V. No significant changes occurred in the first half of 2015.



**Statement of Directors' responsibilities**

Pursuant to statutory provisions, the management states that as far as it is aware:

1. The financial report is prepared on the basis of IAS 34 and gives a true and fair representation of the assets, liabilities, financial position and result for the period 1 January 2015 to 30 June 2015 of Stern Groep N.V. and the companies included in the consolidation;
2. The financial report presents a true and fair picture of important events occurring in the period 1 January 2015 to 30 June 2015 and the effects thereof on this financial report, together with a description of the principal risks and uncertainties for the remaining six months of the year and major transactions with related parties.