# Annual Report
2017

# Profile

Stern Groep N.V. is one of the largest automotive groups in the Netherlands, and the market leader in automotive mobility. Stern is a listed company, financially solid and generates with more than 2,200 employees annual revenue of over € 1,100 million. The shares of Stern Group N.V. are listed on Euronext Amsterdam.

With Dealergroup Stern, Stern represents 21 leading car brands and is also increasingly active in the field of financial and other mobility services. For those preferring a means of transport other than a car, Stern now offers electric transport solutions with speeds of up to 45 kilometres an hour. Stern has near-nationwide coverage in the Netherlands, with a focus on the provinces of Noord-Holland, Zuid-Holland, Utrecht, Noord-Brabant, Groningen and Drenthe.

## 25 years of Stern, 25 times Car of the Year

This 2017 annual report features all the Cars of the Year as part of the 25th anniversary of Stern, both summarised on the cover and on various other pages.

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## General



## Management Report



## Report of the Supervisory Board



## Corporate Social Responsibility



## Financial statements

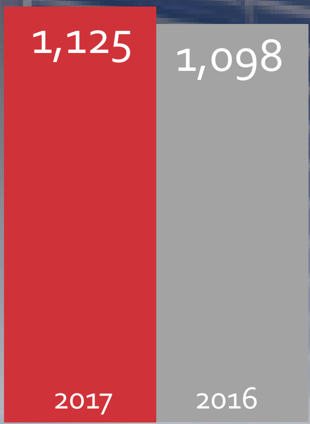


## Other information



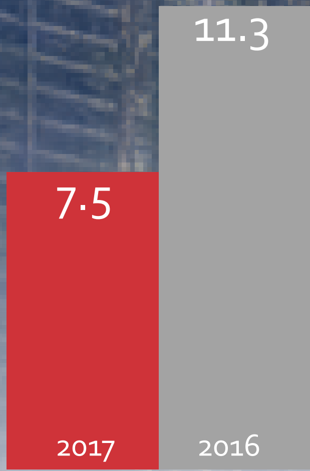
*This annual report covers the period from 1 January to 31 December 2017.*
*Stern Groep N.V. has a formal annual reporting cycle.*
*The 2017 annual report was published on 20 March 2018.*

# Key figures

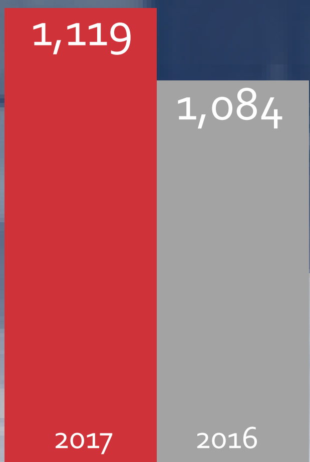



*Net revenue*
*x € 1 million*

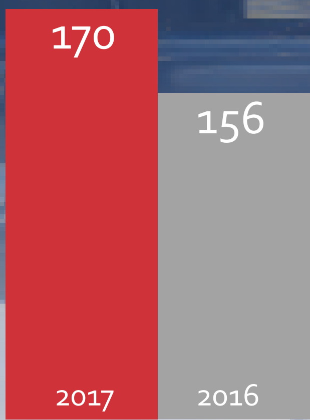

*Gross EBITDA*
*x € 1 million*



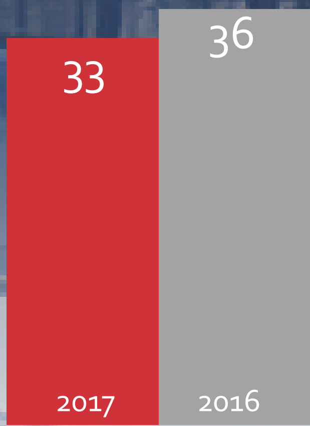

*Profit after tax*
*x € 1 million*




*Dealergroup Stern revenue**
*x € 1 million*




*Stern Mobility Solutions revenue**
*x € 1 million*




*Stern Car Services revenue**
*x € 1 million*

** Revenue before elimination of intercompany and internal revenue.*

# Number of employees (FTEs)

Men
**1,883**
*2016: 1.,830*

Women
**223**
*2016: 221*

*89%* *11%*

Total
**2,106**
*2016: 2,051*

# Sales

Total sales
**53,078**
*2016: 52,282*

New passenger cars
**24,257**
*2016: 21,632*

Used passenger cars and light commercial vehicles
**23,211**
*2016: 24,951*

New light commercial vehicles
**5,610**
*2016: 5,699*

## mobility solutions

Fleet under management
**14,217**
*2016: 12,920*

Rental days sold
**670,059**
*2016: 570,897*

Mobility contracts
**69,201**
*2016: 67,103*

E-mobility products
**3,424**
*2016: 3,306*

## car services

Damage cases settled
**24,987**
*2016: 22,937*

Number of delivery destinations
**1,940**
*2016: 1,600*

Interiors sold
**899**
*2016: 826*

Number of packages carried
**166,010**
*2016: 161,075*

# Preface

After two relatively good years, 2017 closed with a lesser but once again clearly positive result. There were much higher expectations for 2017, given the economic developments in the Netherlands. Although the car market recovered to virtually the traditional replacement level in 2017, margins were subject to heavy pressure, especially for Dealergroup Stern. This was due among other things to the strong increase in private lease, which has increased the market strength of lease companies, and intense competition in the used-car market. These developments clearly show that our strategy of increasing our focus on financial mobility products and car services is the right choice.

Stern has now been on the road for 25 years. From a single Opel dealership in Amsterdam, we have grown into one of the largest automotive groups in the Netherlands. We are proud of this achievement. However, we have further ambitions. Improvement and renewal projects have been initiated to give a strong boost to our transformation from a large car dealer holding into a modern mobility group. The Fast Forward plan has a horizon of three years, and among other things is designed to increase the efficiency and effectiveness of the core processes of Dealergroup Stern. The aim is to realize significant further growth at Stern Mobility Solutions, and at Stern Car Services there is huge potential to be realised. The strategic plan also includes the digital transformation of the company as a priority. We expect the first results of this to become visible in the course of 2018.

Henk van der Kwast
**Chief Executive Officer**



# Details of the Management Board

***A.A. Swijter (1965, Chief Financial Officer)***
has been a director of Stern Group under the articles of association in the position of chief financial officer since 1 June 2016. Mr Swijter was previously employed as financial director at Alliance Healthcare Nederland. Until 2010, Mr Swijter worked at Philips in various financial management positions in the Netherlands and abroad. Mr Swijter studied business economics at the Fontys Hogescholen in Eindhoven.

Mr Swijter is a Dutch citizen.

***H.H. van der Kwast (1954, Chief Executive Officer)***
has been associated with Stern and its legal predecessors since 1993, and has been a director under the articles of association and Chief Executive Officer of Stern Group since June 2000. Mr der Kwast is also a major shareholder via Merel Investments B.V. After a period of initially 2 years as a supervisory director and 13 years as chair of the Supervisory Board, Mr Van der Kwast was also a supervisory director of Bovemij Verzekeringsgroep N.V. until April 2017. Mr Van der Kwast invested in the RIVA businesses in Amsterdam in 1993, which were making significant losses at the time, and over the past 24 years has built Stern into the market leader in automotive retail and services in the Netherlands.

Mr van der Kwast is a Dutch citizen.

# 5-year overview

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Revenue details** | | | | | |
| Net revenue | **1,124,677** | 1,097,630 | 1,095,181 | 898,299 | 917,590 |
| Operating profit | **12,690** | 18,737 | 18,809 | 3,750 | 8,234 |
| Profit after tax | **7,499** | 11,348 | 11,067 | 3,622 | 3,058 |
| Return on equity (profit after tax/equity) (in %) | **4.9** | 7.4 | 7.3 | 2.6 | 2.2 |
| **Balance sheet details** | | | | | |
| Intangible assets | **30,502** | 30,011 | 30,070 | 30,066 | 30,283 |
| Property, plant and equipment | **297,056** | 280,294 | 269,264 | 285,936 | 271,067 |
| Financial non-current assets | **34,902** | 34,652 | 37,971 | 40,479 | 34,956 |
| Equity | **159,348** | 156,994 | 150,779 | 140,568 | 138,323 |
| Non-current liabilities | **209,194** | 9,011 | 147,772 | 217,298 | 40,194 |
| Balance sheet total | **625,113** | 623,853 | 585,695 | 567,607 | 524,374 |
| Solvency of car leasing operations (in %)[1] | **12.5** | 12.5 | 12.5 | 12.5 | 12.5 |
| Solvency of car rental operations (in %)[1] | **20.0** | 20.0 | 20.0 | 20.0 | 17.5 |
| Solvency of other activities (in %)[1] | **34.0** | 32.6 | 33.7 | 31.1 | 31.9 |

*(Amounts in euros)*

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Per share of € 0.01** | | | | | |
| Equity[2] | **28.08** | 27.66 | 26.57 | 24.79 | 24.50 |
| Profit after tax[3] | **1.32** | 2.00 | 1.95 | 0.64 | 0.57 |
| Dividend | **1.0** | 1.00 | 1.00 | – | 0.71 |
| Highest price | **25.15** | 19.89 | 18.24 | 16.99 | 15.50 |
| Lowest price | **17.64** | 16.20 | 10.99 | 11.55 | 10.00 |
| Price at year-end | **20.00** | 17.72 | 18.12 | 13.00 | 14.82 |
| **Number of shares** | | | | | |
| Entitled to profit | **5,925,000** | 5,925,000 | 5,925,000 | 5,925,000 | 5,925,000 |
| Outstanding at end of financial year[4] | **5,675,000** | 5,675,000 | 5,675,000 | 5,669,740 | 5,646,667 |
| Average outstanding[2] | **5,675,000** | 5,675,000 | 5,673,560 | 5,659,809 | 5,393,943 |
| **Total market capitalisation at year-end** | **113,500** | 100,561 | 102,831 | 73,707 | 79,880 |
| **Number of employees at year-end** | **2,323** | 2,262 | 2,177 | 2,133 | 2,134 |
| **Number of FTEs at year-end** | **2,106** | 2,051 | 1,979 | 1,950 | 1,941 |

[1] *Based on normative solvency.*
[2] *Based on number of outstanding shares.*
[3] *Weighted proportionally over time.*
[4] *Adjusted for stock dividend in 2014.*

## Vision

Stern believes that mobility is a primary necessity for life, and that people prefer individual mobility. Nothing provides a sense of freedom like deciding the time and location of departure and planning your own route.

## Mission

Stern wants to give people more freedom.

## Ambition

Stern has set itself the goal of becoming the most valued and recommended partner in the Netherlands for individual mobility solutions.

## Core values

**Engaged**
We are sincerely interested in our customers and their mobility needs.
**Inventive**
We adopt a pragmatic approach and like to help customers with non-traditional solutions.
**Loyal**
We value our relationships and look to maintain them over the long term.

# Portfolio of car brands

| | | |
|---|---|---|
| Ford | Dacia | Renault Passion for life |
| *Ardea Auto* | *Arend Auto* | *Arend Auto* |
| Nissan | Kia | Opel |
| *Arend Auto Nissan* | *Durmi Auto / Havik Auto* | *Havik Auto* |
| Audi | Seat | Škoda |
| *Heron Auto* | *Heron Auto* | *Heron Auto* |
| Volkswagen | Jaguar | Land Rover |
| *Heron Auto* | *Jager Auto* | *Jager Auto* |
| Mercedes-Benz | smart | Volvo |
| *Stern Auto* | *Stern Auto* | *Svala Auto* |
| Abarth | Fiat | Jeep |
| *Vireo Auto* | *Vireo Auto* | *Vireo Auto* |
| Mitsubishi Motors | Subaru | Alfa Romeo |
| *Vireo Auto / Havik Auto* | *Vireo Auto* | *Vireo Auto* |

# Mobility services

Leasing

**Car leasing** In addition to the usual forms of commercial leasing such as full operating and financial lease, Stern also provides short-term leasing and private leasing solutions, as well as the option to lease used cars.

Verhuur

**Car rental** With a fleet of approximately 2,200 cars, Stern meets the needs of consumers and businesses for temporary mobility in the form of car rental. Additionally, the company provides replacement transport and service rental for the customers of the group companies.

Schadeherstel

**Car body repair** The network of Stern branches includes a large number of locations specialising in car body repair services. Repairs are carried out according to factory guidelines and Stern only uses original parts in its repairs. A large number of Dutch insurers have selected Stern as their preferred car body repair business.

Verzekeringen

**Insurance** Stern offers car insurance for private persons and businesses with extensive coverage, maximum security and clear terms and conditions. Customers have a choice between third-party, third-party, fire and theft or comprehensive insurance. Various forms of comprehensive insurance are offered. Additional car-related insurance products are also available.

Wagenparkbeheer

**Fleet management** Stern provides unique, customised mobility solutions for companies with fleets from around 50 cars. By detailing the shared interest for each individual customer, customers voluntarily commit to the car brands and vehicle services of Stern and are offered a high degree of flexibility and influence on rates, based on full transparency.

Financieringen

**Financing** Stern offers car-related consumer and business financial products, such as loans, hire purchase, financial lease and personal loans. These products are exclusively available to customers who purchase or have previously purchased a car from a Stern company.

Bedrijfswagen-inrichting

**Light commercial vehicle interiors** Stern provides installation services for special light commercial vehicle interiors. Stern provides both standard and customised light commercial vehicle interiors. Dealergroup Stern makes extensive use of these services.

Onderhoudscontract

**Maintenance contract** Consumers and businesses looking for certainty with regard to their vehicle maintenance expenses can enter into a Stern maintenance contract. For a competitive fixed monthly fee, motorists are guaranteed professional maintenance services by one of the Stern companies during the term of the contract.

Occasiongarantie

**Used car warranty** Unlike its competitors in the used-car market, Stern provides a 2-year warranty on selected used vehicles. Maintenance is subsequently carried out during the term of the warranty by one of the Stern companies. Special high-quality used cars acquired through exchanges or specially purchased cars are available from the website www.sternexclusief.nl.

e-Mobility

**E-Mobility** Stern focuses on the market for electric transport (EV) of up to 45 km per hour under the name of Mango Mobility. The product line includes electric bicycles, e-scooters, e-cars and mobility scooters. Mango Mobility closely follows the latest developments in the field of battery technology and strives to ensure that all its products feature the latest EV technology.

# Stern Management Team

***Henk van der Kwast***
*Chief Executive Officer*

***Loes van Dalen***
*Director Stern HRM*

***Finus Porsius***
*Group controller*

***Rob Visser***
*Director SCS*

**Arnoud Zuijdendorp**
*Director Dealergroup Stern*

**Arthur Swijter**
*Chief Financial Officer*

**Bastiaan Geurts**
*Director Stern CRM*

# Shareholder information

*At 7 March 2018*

Stern Group only issues ordinary shares. The shares are either in bearer form or registered, at the option of the holder. The authorised share capital is € 900,000, divided into 9,000,000 ordinary shares of € 0.10. The issued capital amounts to € 592,500, consisting of 5,925,000 ordinary shares.

There are no shares with special controlling rights attached. Each share entitles the holder to cast one vote. There are no limitations on the exercise of the voting rights attached to shares. No depositary receipts for shares are issued.

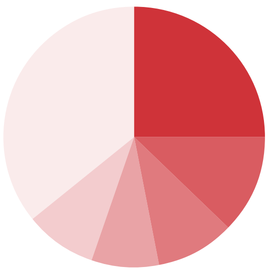
The shares are listed on NYSE Euronext Amsterdam, where they are freely tradable.

### Shares

| | |
|---|---|
| Number issued | 5,925,000 |
| Number outstanding | 5,675,000 |
| Free float | 50% |

### Shareholders

Stern Group is aware of the following shareholdings of 5% or more on the basis of the number of shares outstanding on 7 March 2018:



| | |
|---|---|
| NPM Capital N.V. | 25.0% |
| Merel Investments B.V. | 12.3% |
| Bibiana Beheer B.V. | 9.9% |
| Teslin Participaties Coöperatief U.A. | 8.2% |
| Otus Capital Management Ltd. | 8.9% |
| Shareholding <5% | 35.7% |

### Share ownership by the Management Board

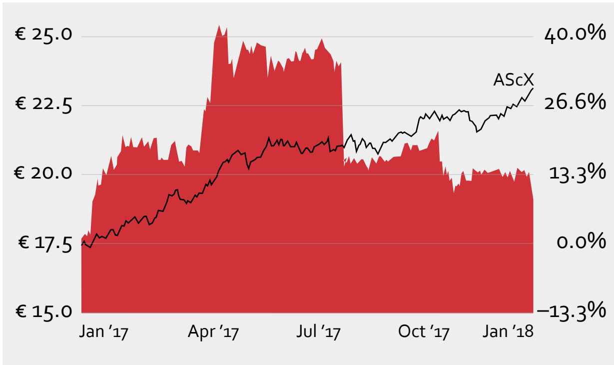
| | |
|---|---|
| H.H. van der Kwast (via Merel Investments B.V.) | 700,000 |

### Share ownership by the Supervisory Board

| | |
|---|---|
| D.R. Goeminne | 25,000 |

**Policy on bilateral contacts** Stern Group considers good relationships with each of its shareholders to be important and devotes much attention in this respect to careful communication with shareholders. Stern Group also considers it important that its shareholders – large or small – have equal access to information and Stern Group ensures this in various ways. Stern Group regularly issues press releases (with both financial and strategic information) and information provided during analyst meetings is published simultaneously on its website.

### Price development




### Shareholder meetings and analyst meetings in 2017

| | |
|---|---|
| General Meeting | 10 May |
| Extraordinary General Meeting | 21 December |
| Analyst meetings | 9 March and 18 August |

### Key dates in 2018 and 2019

| | |
|---|---|
| General Meeting | 9 May 2018 |
| Publication of first half-year results 2018 | 22 August 2018 |
| Publication of annual figures 2018 | 7 March 2019 |
| General Meeting | 9 May 2019 |

## Dividend

**Dividend policy** Shareholders need a solid dividend return. The current dividend policy was approved by the General Meeting of 24 May 2012.

Due to the volatility of some of its business activities, Stern Group uses a generous solvency ratio of 15% for its leasing operations and 30% for its other businesses. The excess solvency represents the maximum dividend that can be distributed by Stern Group in the coming years.

**Distribution** In line with the dividend policy approved by the General Meeting of 24 May 2012, a total cash dividend will be proposed of € 1.00 per share. An interim dividend of € 0.25 per share for the 2017 financial year was already distributed on 22 December 2017. The final dividend will be based on the excess solvency at 31 March 2018. The dividend will be paid after deduction of the interim dividend of € 0.25 per share paid on 22 December 2017.

Interview

Dirk Mulder, automotive specialist at ING



# Ultimate experience at flagship stores

# The future of automotive

**Dirk Mulder of ING believes strongly in the development of flagship stores, where customers can 'smell and taste' the car brands, as part of a personal experience. Mulder: "Top of the bill, so with an Apple-like experience. These flagship stores will feature new technology such as virtual reality. Customer contact will be combined with physical and digital experience. With 15 of these flagship stores you will have nationwide coverage in the Netherlands."**

"This means fewer showrooms in the near future. This will also solve the problem of expensive real estate for dealers, since the dozens of branches we have today are recognised in the balance sheet, and that costs money. What is needed is a combination of efficiency, convenience, a fantastic brand experience, expertise and price."

## Share of wallet

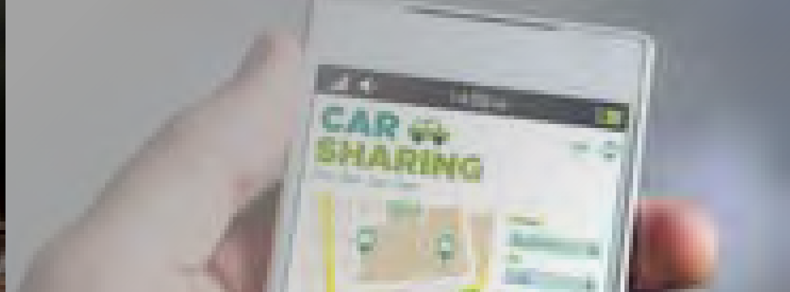
Mulder also sees another important development, of less emotion and more engagement. "A car is becoming simply another device, less associated with status and experience, especially if it is connected to the Internet. Certainly for young people living in a city. Housing is becoming too expensive, so there will be less money available for a car. We are moving to a new economy, with shared car ownership. Business models like Greenwheels or Car2Go are doing well. You share a car with other people and pay according to the amount of use; quick and convenient. I see a battle for share of wallet, or how much a family wants to spend on a car in relation to housing costs, holidays, entertainment, eating out, etc. You can only spend your money once, so what will consumers prioritise?"


**Ford Mondeo**
*Car of the Year 1994*

# Trends

## Cost shift in the chain

Without exception, car importers are estimating their market share each year at a higher level than is realistic. This has led to the Netherlands being flooded year after year with a supply of cars that far exceeds market demand. On the other hand, the importers are carrying hardly any inventory in comparison to past levels. Too often, unrealistic targets are being imposed on dealers, and, with the help of support and special offers, dealers are being tempted and to some extent forced to take unsold cars onto their books, thus putting dealer margins under further pressure. The car manufacturers are shifting the costs of distribution in the value chain and are focusing on fewer dealer branches, but at the same time are demanding heavy investment in premises, systems and working practices.




## Alternative transport solutions

The process of urbanisation is increasing pressure on infrastructure in urban areas. Traffic jams, lack of parking space and emissions are forcing local authorities to take measures to improve living conditions in urban areas. Although the effect is so far negligible, consumer interest in alternative transport solutions such as electric bicycles, scooters and small electric light commercial vehicles is growing. But public transport or a taxi may also be a better alternative than a car for some transport needs. Outside the urban areas, the car continues to fulfil an important role, certainly when public transport providers are rationalising their networks.

## Car technology is strengthening the position of the brand channel

The development of car technology means that new cars require less maintenance, but at the same time this is so brand-specific that car drivers are increasingly bound to the brand channel for maintenance, repairs and car body repairs. So while the total after-sales market is contracting slightly, the market share of brand dealers in after-sales is increasing as a result of this development. Brand-certified car body repair businesses are also benefiting from this development.

## From ownership to use

More and more consumers are becoming aware of the total cost of their mobility. This explains the rapidly growing share of private lease, whereby car drivers pay all their relevant costs by means of a monthly payment. Consumer focus is thus shifting from only the purchase transaction to service throughout the term of the lease agreement. These private lease solutions are being offered by lease companies that use their purchasing power to be able to offer a competitive lease price and also to demand favourable conditions from importers and dealers.

## The battle for customer contact and data

Traditionally, the dealer has been the last link in the distribution chain and could therefore rely on direct customer contact. Technological developments are now allowing car manufacturers to build relationships with the end users. Dealers are thus being forced to continually breathe new life into their customer relationships. Dealer branches are becoming experience centres and the collection, storage, monitoring and analysis of customer data has now become strategically important for retaining added value in the chain.

## Self-driving cars

In the longer term, cars will be able to complete large parts of a journey without the intervention of a driver. While the technological developments in this field seem to be proceeding rapidly, conventional cars will continue to be driven for decades to come. In the long term, the success of self-driving cars may lead to smaller fleets, as long as consumers are generally willing to share transport with each other.

## Digitalisation

The first place people turn to meet their mobility needs is online. Information that previously was only available from a dealer is now easily available online. Visiting a showroom is only still necessary for people wishing to experience the car in question before making a purchase decision. The number of people that complete purchase or lease transactions entirely online without viewing the car at a location is growing. Car companies are developing new competences and attracting the right people to adequately respond to this development.

## Electrification of the fleet

The number of models that are fully powered by electricity is increasing, however the proportion of these vehicles in the total fleet in the Netherlands is still very small. 100% electric cars have significantly fewer parts subject to wear and tear than cars powered by a combustion engine. While the technological developments in this field seem to be proceeding rapidly, conventional cars will continue to dominate our streets for many years to come. Over time, the electrification of the fleet will also become visible in the workshops of the car companies.

# SWOT

## Strengths

- Direct customer relationship of Dealergroup Stern with car drivers
- Dealergroup Stern has an extensive portfolio of strong brands
- Technical knowledge of many brands
- Relationships with car manufacturers
- Data on customers, products, processes, etc.
- Portfolio of lease, rental and management contracts with stable growth
- Good margins at Stern Mobility Solutions
- Nationwide network of SternPoint
- Ultimately stable margins at Stern Car Services
- Broad mobility proposition

## Weaknesses

- Largest dealer group, but still with a relatively small market share
- Market share per brand still small in some cases
- Organisational maturity
- Transaction-oriented culture
- Many different ICT systems
- Still too large a proportion of revenue, gross margin and costs from dealerships

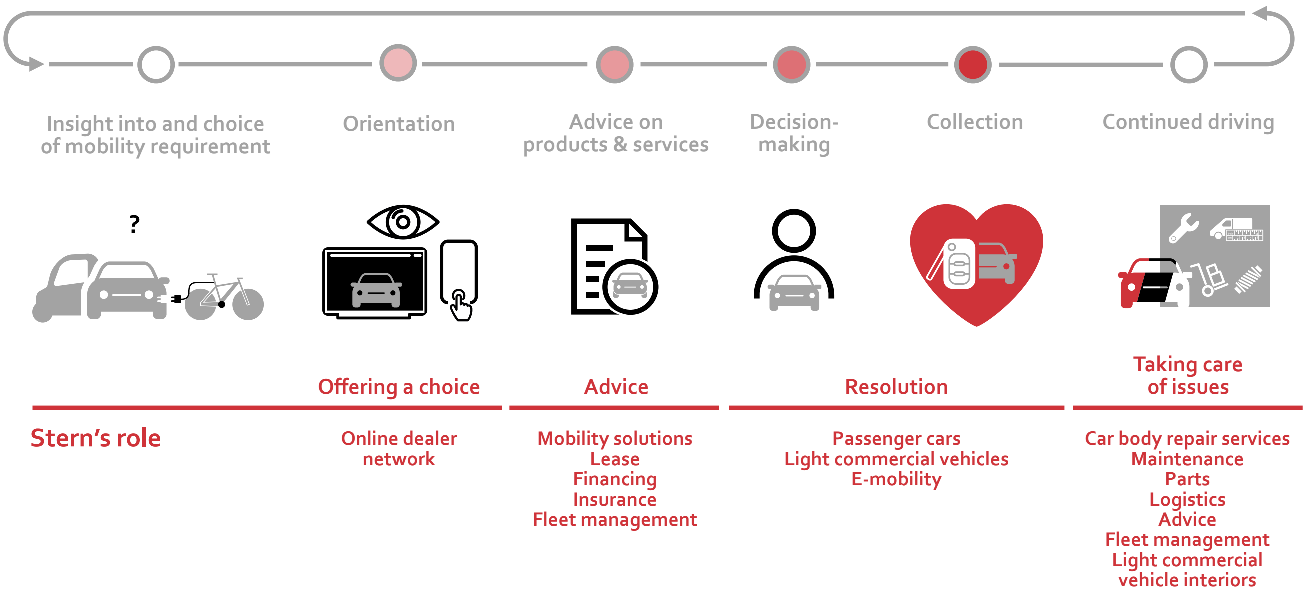
## Opportunities

- Improve direct customer contact by Dealergroup Stern for sale solutions and services
- Create balance sheet value by careful accumulation and enrichment of data
- Increase efficiency and conversion through data analysis
- Increase efficiency by exploiting scale benefits
- Entering into partnerships
- Private lease
- Further rationalisation of the branches network while retaining market share
- Accelerate growth of volume of OEM (Original Equipment Manufacturer) parts sales
- Popularity of brand-certified car body repairs

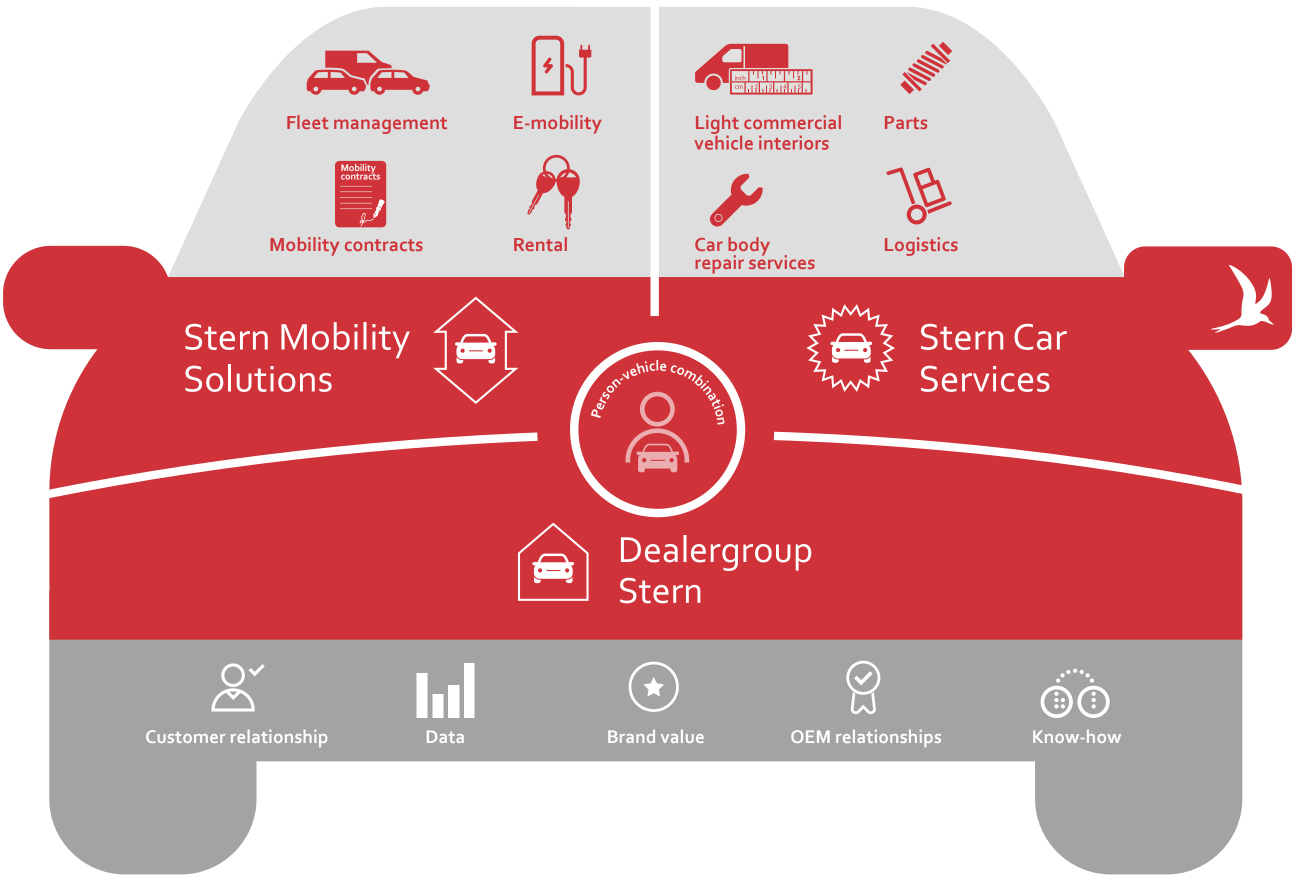
## Threats

- Employee expenses increasing faster than efficiency improvements
- Cyclical nature of car sales
- Investment pressure from importers
- Potential for car manufacturers to build direct relationships with car drivers
- Success private lease attracts new providers
- Continuing margin pressure
- Declining need for maintenance of cars
- Alternative transport solutions lead to decline in demand for cars

# Customer journey




# Business model



Interview

Kevin Rijpert, automotive specialist at Rabobank



# Digitalisation of the customer journey

## The future of automotive

**When asked what the major development is, Kevin Rijpert of Rabobank replies that it is the digitalisation of the customer journey. Rijpert: "20 or 30 years ago, customers would visit the showroom around 10 times before buying a car. Today, they come once or twice, not more."**

"Customers choose and configure their cars in advance through the Internet, followed by a test drive at the dealership, a discussion of the sale and off they go. The physical contact for the purchase has been substantially reduced. This is why it is good that the customer experience in relation to maintenance, servicing and repairs can be intensified by use of social media and digital contact, and thus becomes more customer-friendly. Make the maintenance and service contact transparent and personal, for instance by sending digital photos of worn-out parts to customers. Or having the mechanics themselves explain exactly what they have done."

### Exceeding customer expectations

Rijpert: "Digitalisation affects brand loyalty and experience. Customers know exactly what they want, and this requires different skills of the sales staff. Another aspect is that retailers in the automotive sector could make much better use of the possibilities offered by big data. Not only in the form of predictable maintenance works, replacement times or winter tyres, but also for driving holidays, family outings, hobbies, etc. Social media enables digital contact and presents opportunities for the sector. Retailers can exceed customer expectations more often. Briefly, digitalisation is important but ultimately it always come down to people."


**Fiat Punto**
*Car of the Year 1995*

# Report of the Management Board

For some years now, Stern has been pursuing an integrated strategy in which the activities of its divisions reinforce each other. The car is the factor linking the activities of the Stern companies. Customers can buy, finance, lease, maintain and repair, hire, convert, apply vehicle graphics to, restore, value and re-sell new and used cars (and in the last few years, other individual mobility products as well). Our added value lies in our ability to understand, analyse and follow the mobility needs of our customers and then respond to these needs simply, quickly and satisfactorily. The customer requirement as a whole can only be fulfilled properly if there is very close cooperation between the divisions.

Stern wishes to bring the relationship between the activities of the divisions more in balance. Not least because the dealer operations of Dealergroup Stern are cyclical, while the market size is fairly stable and margins have been under pressure in recent years. On the other hand, the markets for financial mobility products and services (including the supply of car parts) are growing, are less cyclical and offer good margins.

Stern has been focusing on the growth of solutions and services for some time. This strategic choice was analysed, validated and reconfirmed by an external consultant in 2017. A practical programme has been developed in close cooperation with the aim of accelerating the transition to a profitable and integrated mobility services provider. To accelerate the transformation in 2018 from a large car dealer holding into a balanced, modern and integrated mobility group, the implementation of the new strategic plan has been initiated with much energy and decisiveness under the title of Fast Forward.

The number of contacts between dealers and customers is economical and occurs increasingly by telephone or online. Customers visit dealer branches only a few times a year. We therefore have to further improve our service provision to customers by harmonising our processes and finding integrated solutions for the transportation issues of our customers, including solutions and services. The sale of more solutions and services also leads to more contact. The margin pressure at Dealergroup Stern forces us to strive more than ever to significantly improve our efficiency and effectiveness. Research has shown that sizeable savings are possible by redesigning the business processes at Dealergroup Stern.


**Fiat Bravo / Brava**
*Car of the Year 1996*

The dealer operations form an important basis on which the services of Stern Mobility Solutions and Stern Car Services can be sold. Dealergroup Stern indeed has a direct relationship with an impressive number of retail and business customers. The growth of the lease, rental and insurance fleets managed by Stern Mobility Solutions increases Stern's grip on internal revenue flows, firstly to Dealergroup Stern for, among other things, purchases and maintenance of cars and secondly to Stern Car Services, for instance for car body repair services. Stern Mobility Solutions accordingly aims to have a fleet under management of 20,000 units by the end of 2020. Stern Car Services in turn sources car parts from Dealergroup Stern for repair works carried out by SternPoint and external sales via SternParts. Stern Car Services is working on a nationwide network of car body repair facilities.

To expedite the growth of Stern Mobility Solutions and Stern Car Services, besides accelerating organic growth we are also studying whether partnerships with parties of the same mind could be possible in order to realise additional value. Dealergroup Stern would also benefit from this.

The strategic plan can only be achieved with well-equipped, healthy and motivated employees. In view of the tightness in the labour market, finding, attracting and retaining employees is of strategic importance for the realisation of Stern's integrated strategy. They should be the best in their profession and be able to work with colleagues from other business divisions in order to adequately meet the mobility needs of customers. Stern encourages professional training and collaboration by employees in integrated Stern-wide projects.

People have a strong preference for customised work, also with respect to meeting their transport needs. People want to be able to choose the most suitable transport solution at all times. To be able to meet this expectation, Stern has to be continually and accurately aware of what motivates people. We maintain this by keeping in contact with them: physically in our showrooms and stores, but mainly via websites, by telephone, through social media and many other traditional and modern communication channels. At both macro and individual level, the collection, storage and analysis of customer and other data are an essential part of our business activities. This is the only way that Stern can deliver the service its customers and prospects expect and continue to exceed their expectations. Stern possesses a wealth of data that in itself represents a significant value. Stern hopes to capitalise on its raising of data collection, refinement and analysis to the level of a strategic objective in the near future.

>>

## Stern Group Strategy 2017 – 2020: Fast Forward


Stern is an organisation in transition with a view to the long term. Significant investment was made in connection with strategic development in 2017 that will have an effect in the longer term and is necessary to realise the targeted improvement in EBITDA in 2020. In addition to direct costs of consultancy of € 0.8 million, much time was invested in developing plans for the change projects that are currently being implemented.

The Fast Forward plan has a horizon of three years, and among other things is designed to increase the efficiency and effectiveness of the core processes of Dealergroup Stern. To achieve this, a training programme for employees has been developed that focuses on the uniform approach to core processes. This more centralised and uniform approach also requires more professional management. Investment has accordingly been made in formulating a management development programme for a group of talented managers. The programme started at the end of 2017. Partly due to the Fast Forward plan, a reorganisation expense of € 0.9 million is recognised for the redundancy of a number of employees.

Significant investment has been made at Stern Car Services in expanding the network from 12 branches to 18, with the ultimate aim of achieving a nationwide network. The processes have also been changed due to a new and more energy-efficient paint procedure on the basis of a new paint contract. The integration of the new branches and the implementation of the new paint contract both led to start-up losses.

>> Corporate social responsibility is an essential part of Stern's strategy. Stern looks beyond its profit and loss figures and consciously focuses on the consequences of its business operations for people and the environment in both the short and the long term. We look primarily for sustainable solutions that deliver a social and/or environmental benefit in combination with a direct or indirect financial gain. Our sustainability policy goes further than what is required under legislation and regulation.

## Financial situation

The Management Board takes the view that use of the going concern assumption is appropriate with respect to the financial reporting of Stern Groep N.V.

**Profit after tax** The profit after tax in 2017 came to € 7.5 million. This is € 3.8 million lower than in 2016. The profit before tax in 2017 came to € 9.4 million.

As in 2016, certain non-recurring items were recognised in the result for 2017. The balance of non-recurring items in 2016 was a gain of € 2.2 million before tax. In 2017, there was a positive balance amounting to € 1.3 million before tax.

The main non-recurring items in the result for 2017 are:

- the book gain on the sale of two premises of € 2.2 million;
- the costs of reorganisation of the operating companies of € 0.9 million.

After adjustment for the balance of non-recurring items in 2016 and 2017, there is a decline in the normalised profit before tax of € 2.8 million. This decline was largely due to the lower result at Dealergroup Stern, where sales margins significantly declined due to continuing volume and price pressure.


**Renault Scénic**
*Car of the Year 1997*

The Management Board uses alternative performance indicators that are not defined in IFRS. These are used because they provide additional insight into the company's performance. EBIT is defined in the financial statements. The EBIT and EBITDA thus derived used in the management report are therefore traceable.

**Revenue** The development of revenue broken down by segment was as follows:

*Revenue per segment*
*(x € 1,000)*

| | 2017 | 2016 | Index |
|---|---|---|---|
| Dealergroup Stern | **1,119,041** | 1,083,522 | 103.3 |
| Stern Mobility Solutions | **170,070** | 156,450 | 108.7 |
| Stern Car Services | **32,707** | 36,047 | 90.7 |
| Other | **135** | 743 | 18.2 |
| Gross sales | **1,321,953** | 1,276,762 | 103.5 |
| Elimination IC and internal revenue | **(197,276)** | (179,132) | 110.1 |
| **Net revenue** | **1,124,677** | 1,097,630 | 102.5 |

Revenue at Dealergroup Stern increased on balance by € 35.5 million (3.3%) to € 1,119.0 million. Revenue from new passenger cars was up 10.3%, mainly due to delayed demand from 2016. Revenue from new light commercial vehicles remained more or less unchanged. Revenue from used cars declined by 4.8% compared to 2016. A note on the revenue of Dealergroup Stern can be found on page 27.

At Stern Mobility Solutions, revenue was up € 13.6 million (8.7%) to € 170.1 million as a result of the further organic growth of the lease and rental activities. A note on the revenue of Stern Mobility Solutions can be found on page 32.

Revenue at Stern Car Services declined by € 3.3 million (9.3%) to € 32.7 million, This was due to the termination of the old-style SternPoint branches in 2016, at which only universal maintenance was offered. Revenue from car body repair activities and light commercial vehicle interiors increased in 2017. A note on the revenue of Stern Car Services can be found on page 37. Revenue from the Other segment declined to € 0.1 million as a result of the settlement of the operations of SternPixel.

**Operating profit (EBIT)** The breakdown of the operating profit into segments was as follows:

*Operating profit (EBIT)*
*(x € 1,000)*

| | 2017 | 2016 | Index |
|---|---|---|---|
| Dealergroep Stern | **4,918** | 13,957 | 35.2 |
| Stern Mobility Solutions | **10,344** | 7,732 | 133.8 |
| Stern Car Services | **(1,001)** | (981) | 102.0 |
| Overige | **(1,571)** | (1,971) | 79.7 |
| | **12,690** | 18,737 | 67.7 |

**The operating profit of Dealergroup Stern** fell by € 9.0 million to € 4.9 million (0.4% of revenue). The margin on sales of new and used cars declined by € 7.1 million (14.3%). The margin on sales of new passenger cars was down sharply, partly due to a higher proportion of sales to lease companies and changed bonus policies at several importers. Margins on the sale of new light commercial vehicles remained more or less unchanged. Margins on sales of used cars declined. At the end of 2016, the ACM decided that the advertised sale price of cars must be an all-in price, including delivery costs and any warranty conditions. This led to price competition and ultimately to lower margins on used passenger cars. Revenue and margins at the workshops of Dealergroup Stern increased in 2017.

Employee expenses at Dealergroup Stern slightly increased, mainly due to the effects of collective labour agreements and an increase in the number of mechanics due to higher workload at the workshops. Dealergroup Stern also recognised a reorganisation expense of € 0.9 million for the redundancy of a number of employees in 2017. The other operating expenses of Dealergroup Stern increased slightly due to a higher workload.

**The operating profit of Stern Mobility Solutions** came to € 10.3 million, an increase of € 2.6 million on 2016. The higher operating profit was due to the 9.1% increase in size of the lease fleet in 2017, as well as a lower interest expense due to the refinancing at the end of Q3 2017.

The operating profit at SternRent improved on the previous year, due to an on average larger fleet in 2017. The utilisation rate of the fleet also increased, from 75.1% in 2016 to 76.2% in 2017.

The operating profit of Mango Mobility improved on 2016, among other things due to a more efficient organisational structure. The operating profit of Mango Mobility was still negative in 2017. A small negative operating profit is also expected in 2018, but this will continue to improve as a result of further integration with Stern Mobility Solutions.

**The operating profit of Stern Car Services** came to € 1.0 million negative. The operating profit of SternPoint decreased slightly in 2017 compared to 2016 as a result of start-up losses in relation to the new branches. Revenue in 2016 was still positively affected by additional car body repair services resulting from a serious hail storm in the south of the Netherlands.

The operating profit of SternTec increased in 2017 compared to 2016 due to strong revenue growth.

**The operating profit of the Other segment** was € 1.6 million negative in 2017 compared to € 2.0 million negative in 2016. A significant portion of the negative result concerns holding costs that were not recharged. Stern has intentionally decided not to recharge all the holding costs to the segments, meaning that the Other segment will realise a negative operating profit by definition.

The costs associated with the development of the new strategy and the management of the company are for instance not included in the management fee charged to the segments.

A sale and leaseback transaction (SLB) for two dealer premises was concluded in December 2017, realising proceeds of € 16.5 million and a book gain of € 2.2 million. After repayment of mortgages amounting to € 7.0 million, there was a remaining net increase in liquidity of € 9.5 million.

A book gain of € 5.3 million on the SLB of the head office and the sale of one premises was recognised in the operating profit in 2016. Rental expenses have increased as a result of the SLB transactions. This is offset by lower depreciation expenses and lower interest expense as a result of the sale proceeds, all of which were used to pay down interest-bearing borrowed capital.


**Alfa Romeo 156**
*Car of the Year 1998*

The interest in Bovemij Verzekeringsgroep N.V. is measured by Stern at fair value. Changes in value, as well as dividends received, are recognised under other operating income. This led to income of € 2.1 million in 2017, while in 2016 it showed a loss of € 0.1 million.

**Operating profit before depreciation and amortisation (EBITDA)** The profit before interest, tax and depreciation and amortisation on property, plant and equipment and intangible assets (EBITDA) is as follows:

*Operating profit before depreciation and amortisation (EBITDA)*
*(x € 1,000)*

| | 2017 | 2016 | Index |
|---|---|---|---|
| Dealergroup Stern | **8,093** | 16,937 | 47.8 |
| Stern Mobility Solutions | **59,572** | 56,355 | 105.7 |
| Stern Car Services | **(522)** | (546) | 95.6 |
| Other | **2,379** | 2,307 | 103.1 |
| **EBITDA (gross)** | **69,522** | 75,053 | 92.6 |
| **By cost of sales** | | | |
| Depreciation and interest lease and rental | **(49,017)** | (48,398) | 101.3 |
| **EBITDA (net)** | **20,451** | 26,655 | 76.7 |

In accordance with the provisions of IFRS, interest and depreciation expenses for the lease and rental operations are recognised under cost of sales. Taking account of these items, the gross EBITDA came to € 69.5 million in 2017, a decrease of 7.4% compared to 2016.

The net debt/EBITDA (gross) ratio of Stern Mobility Solutions was 3.38 at year-end 2017 (year-end 2016: 3.51). For Stern as a whole, this ratio was 4.24 at year-end 2017, compared to 4.00 at year-end 2016.


**Result from participating interests** The result from participating interests consists of Stern' s share in the minority holdings in a number of cooperatives for fleets managed by Stern.

**Financial income and expenses** The financial expenses of € 3.3 million were € 0.1 million lower than in 2016. Working capital remained at a high level in 2017 due to inventory pressure from the industry.

**Tax** The profit before tax in 2017 came to € 9.4 million. The related tax liability is € 1.9 million. Only € 0.4 million of this liability is actually due in the short term. The remaining tax liability is set off against the deferred tax assets due to tax losses carried forward.

**Balance sheet** The balance sheet total at year-end 2017 amounted to € 625.1 million compared to € 623.9 million at year-end 2016. The increase of € 1.3 million was the result of an increase of € 16.1 million due to the growth of the lease and rental portfolio and a € 4.4 million increase in the inventory, offset by a € 23.0 million decline in trade receivables. This was due to a shift of the delivery pattern from the end of the year to January of the following year. In past years, many cars were delivered in the final month of the year in order to lock in favourable addition rules. Now that there are no longer adjustments in the addition rates, the traditional pattern of many deliveries in January is returning.

The item deferred tax assets declined by € 2.1 million due to the application of the tax liability on the result in 2017.

Equity increased in the year by € 2.4 million to € 159.3 million at year-end 2017. The increase is due to the profit after tax in 2017 of € 7.5 million, the positive change in value of the interest-rate swaps of € 0.5 million and a decline of € 5.7 million due to the final dividend for 2016 distributed in 2017 and the interim dividend for 2017.

**Solvency** Stern Group's overall solvency at year-end 2017 was 25.5%, compared to 25.2% at year-end 2016. Based on a standard solvency ratio for the leasing operations of 12.5% and for rental operations of 20.0%, the solvency of the other activities at year-end 2017 came to 34.0%, compared to 32.6% at year-end 2016. At year-end 2017, the solvency of the other activities (after deduction of goodwill) that is relevant for the bank covenants was 27.5% (year-end 2016: 26.5%).
The minimum solvency level agreed with the banks is 25.0%.

The current dividend policy was established by the General Meeting in May 2012. The principle is that dividend may only be distributed if there is excess solvency. Excess solvency is calculated on the basis of a solvency ratio of 15.0% for the lease operations and 30.0% for the other operations. The excess solvency amounted to € 4.3 million at year-end 2017.

**Shares and earnings per share** The number of issued shares remained unchanged in the reporting year at 5,925,000. At year-end 2017, the company had 250,000 of its own – not cancelled – shares in portfolio. This is the same as in 2016.

The weighted average number of outstanding shares in 2017 was 5,675,000 (2016: 5,675,000). Based on the weighted average number of outstanding shares, earnings per share in 2017 amounted to € 1.32 (2016: € 2.00).

**Equity per share** Equity per share, calculated on the basis of the number of outstanding shares, increased from € 27.66 at year-end 2016 to € 28.08 at year-end 2017.

## Financing

The process of refinancing the lease and retail operations was completed in 2017. The organic growth of SternLease together with the expiration of the facilities in mid-2017 were reason to realise appropriate finance for the lease portfolio in view of the growth strategy by structuring a securitisation facility. Facility A, for the retail activities, has been increased by € 10.0 million to € 80.0 million. The facility for SternLease is € 20.0 million higher at € 180.0 million and thus amply reflects the current size of the car portfolio and the growth ambitions of SternLease. These facilities run for three years until 30 June 2020. Facility A is provided on the basis of a borrowing base and is used to finance all activities apart from the lease activities. € 150 million of the facility for SternLease is based on securitisation of the lease portfolio. There is also a facility B available of € 30.0 million for vehicles not meeting the criteria for securitisation. Facility B is also provided on the basis of a borrowing base.

A minimum solvency ratio and a minimum interest cover ratio have been agreed with the banks. Stern has continued to comply with its bank covenants at all times. The interest expense is significantly more favourable than the previous conditions, especially for the lease finance. The banks providing the finance (ING, ABN AMRO and Rabobank) are each providing an equal amount of the total funding. The new financing structure will enable Stern to realise its growth ambitions in the coming years.

In addition to the captive finance company of Stern Auto, Mercedes-Benz Financial Services is also an important partner for the financing of the entire inventory of used passenger cars and light commercial vehicles of Dealergroup Stern and the rental fleet of SternRent. Based on a borrowing base, Stern has a credit facility with a limit of € 61.0 million for the financing of its entire used inventory and a limit of € 45.0 million for the financing of its rental fleet. Both these facilities have an unlimited term and a notice period of 13 months.

Volkswagen Pon Financial Services (DFM) is the partner of Heron Auto for the financing of the inventory of used passenger cars and light commercial vehicles and for the financing of working capital. The facility is based on a borrowing base and has a limit of € 11.0 million. The agreement is for an indefinite term.

Dealergroup Stern uses various credit lines at the financing companies of the car manufacturers (captives) for the financing of the inventory of newly registered and unregistered passenger cars, light commercial vehicles and demonstration cars. The financing costs and terms and conditions of the captive financing companies vary, and are increasingly related to the performance of car dealerships with respect to sales of financial mobility products of the captive or the car brand in question. Apart from its agreements with Mercedes-Benz Financial Services, this is not a desirable development for Stern from a strategic point of view. This means that Stern's use of credit from the captive financing companies, not only due to financing costs but also due to the financing terms and conditions, will be optimised by applying Stern's credit with its banks where possible.


**Toyota Yaris**
*Car of the Year 2000*

# Dealergroup Stern

## Preparation year for Fast Forward with declining dealer returns

Dealer returns were under pressure in the year in which we prepared for the implementation of our new strategy. Margins on sales particularly declined due to changes in variable bonuses and the increase of the share of fleet and lease (also private). We are also seeing a continuing shift of costs from the manufacturer to the dealer network: investments in professionalism and increasing inventory and franchise costs.

### Number of new passenger cars

*Numbers in 2017*

**24,257**

*2016: 21,632*

*Market share in 2017*

**5.9%**

*2016: 5.7%*

### Number of new light commercial vehicles

*Numbers in 2017*

**5,610**

*2016: 5,699*

*Market share in 2017*

**7.6%**

*2016: 8.1%*

### Used passenger cars and light commercial vehicles

*Numbers in 2017*

**23,211**

*2016: 24,951*

### Branches

*Numbers in 2017*

**77**

*2016: 79*

### Employees

*Numbers in 2017*

**1,590**

*2016: 1,602*

# Passenger cars

Mercedes-Benz

*Stern Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **2,672** | **16.9%** |
| *2016: 2,570* | *2016: 16.7%* |

RENAULT
Passion for life

*Arend Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **5,382** | **13.2%** |
| *2016: 3,829* | *2016: 10.9%* |

*Ardea Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **5,485** | **23.0%** |
| *2016: 4,842* | *2016: 22.7%* |

*Svala Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **1,084** | **7.6%** |
| *2016: 1,253* | *2016: 8.7%* |

*Jager Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **110** | **5.8%** |
| *2016: 113* | *2016: 7.0%* |

*Vireo Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **743** | **7.5%** |
| *2016: 929* | *2016: 8.6%* |

Volkswagen

*Heron Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **1,744** | **4.1%** |
| *2016: 1,534* | *2016: 3.5%* |

*Heron Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **528** | **3.6%** |
| *2016: 496* | *2016: 3.4%* |

*Havik Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **1,860** | **5.3%** |
| *2016: 2,035* | *2016: 6.3%* |

*Durmi Auto / Havik Auto*

| *Numbers in 2017* | *Market share in 2017* |
|---|---|
| **2,119** | **9.1%** |
| *2016: 1,670* | *2016: 8.9%* |

## Other brands

Smart, Dacia, Nissan, Jaguar, Alfa Romeo, Lancia, Jeep, Mitsubishi, Subaru, Seat en Škoda

*Numbers in 2017*

**2,530**

*2016: 2,361*

# Light commercial vehicles

**Mercedes-Benz**

*Stern Auto*

| Numbers in 2017 | Market share in 2017 |
|---|---|
| **2,018** | **17.7%** |
| 2016: 2,007 | 2016: 18.3% |

**Renault**

*Arend Auto*

| Numbers in 2017 | Market share in 2017 |
|---|---|
| **1,038** | **11.2%** |
| 2016: 941 | 2016: 10.9% |

**Nissan**

*Arend Auto Nissan*

| Numbers in 2017 | Market share in 2017 |
|---|---|
| **24** | **2.4%** |
| 2016: 0 | 2016: 0% |

**Ford**

*Ardea Auto*

| Numbers in 2017 | Market share in 2017 |
|---|---|
| **1,740** | **18.2%** |
| 2016: 1,828 | 2016: 19.2% |

**Fiat**

*Vireo Auto*

| Numbers in 2017 | Market share in 2017 |
|---|---|
| **95** | **2.6%** |
| 2016: 123 | 2016: 3.9% |

**Volkswagen**

*Heron Auto*

| Numbers in 2017 | Market share in 2017 |
|---|---|
| **435** | **2.8%** |
| 2016: 530 | 2016: 3.3% |

**Opel**

*Havik Auto*

| Numbers in 2017 | Market share in 2017 |
|---|---|
| **260** | **3.9%** |
| 2016: 270 | 2016: 4.3% |

## Fast Forward

The strategic reorientation has led to the combination of car retail activities into a single Dealergroup Stern, while preserving what is known as brand dedication. A number of sizeable projects will be carried out as part of the Fast Forward programme that should lead to organic growth and increasing profitability of the dealer activities at Stern. We are working on further increasing our customer focus and uniform working methods based on best practices in more than 80 companies.

Uniform processes, dashboards and KPIs will be implemented in the workshops. The aim here is to achieve a higher level of service for our customers and higher profitability of the workshops. Regarding sales, the first priority is the effort to improve our Internet presentation (inventory) and the lead process. Our aim is to achieve a modern sales experience for customers and improve our lead conversion. In addition, a central but brand-dedicated customer service centre will be set up for all the dealerships. The aim here is to make Stern more accessible and intensify our sales effort.

## Growth of market share

For new passenger cars, we saw strong growth in our market share in almost all brands (from 5.7% to 5.9%). On the other hand, light commercial vehicles and used cars declined slightly in both market share and number (from 8.1% to 7.6% and from 24,951 to 23,211, respectively). Sales of used cars were under pressure as a result of the focus on new cars.

## Note on revenue at Dealergroup Stern

**Revenue at Dealergroup Stern** The revenue of Dealergroup Stern before elimination of intercompany and internal revenue from sales of new and used passenger cars and light commercial vehicles was as follows:

*Revenue Dealergroup Stern before elimination of intercompany and internal revenue*
*(x € 1,000)*

| | 2017 | 2016 | Index |
|---|---|---|---|
| New passenger cars | **492,662** | 446,680 | 110.3 |
| New light commercial vehicles | **150,924** | 150,639 | 100.2 |
| Used passenger cars and light commercial vehicles | **277,122** | 291,096 | 95.2 |
| | **920,708** | 888,415 | 103.6 |

414,538 new passenger cars were registered in the Netherlands in 2017, an increase of 32,015 compared to 2016, when the lowest figure for 20 years was recorded. The main cause of this large market fluctuation lies in government tax policy with respect to cars and in particular the changes in the addition rules in past years.

41.9% of the total number of registrations of new passenger cars in 2017 concerned lease cars (2016: 36.8%; 2015: 41.2%). The increase in registrations by lease companies came to 33,176 units (23.6%) and thus accounts for the majority of the increase in the total number of registrations in 2017. This is largely due to delayed demand in 2016 for cars with 25% additional tax liability rate as a result of the changes to the additional tax liability rules. With effect from 1 January 2017, the additional tax liability rate for all cars that are not fully electric has been harmonised at 22%.

At national level, 30.7% of registrations in 2017 (127,221 units) concerned consumers. In 2016, this figure was 129,844 units or 33.9%. The number of new passenger cars purchased by consumers declined by 2.0% in 2017. Part of this decline was because consumers are increasingly choosing a form of private lease or a nearly new car.

Dealergroup Stern sold a total of 24,257 new passenger cars in 2017, an increase of 12.1% compared to 2016. This represents a clear outperformance of the national market, where an increase of 8.4% compared to 2016 was realised. The market share of new passenger cars came to 5.9% in 2017, compared to 5.7% in 2016.

The average sale price for passenger cars excluding VAT and luxury tax (BPM) realised by Dealergroup Stern in 2017 was approximately € 20,000, which is fractionally lower than in 2016, partly due to lower sales of (expensive) plug-in hybrids.

The used car market stagnated in 2017, with intense price competition. At national level, the number of used passenger cars sold (B2C) was virtually unchanged on 2016. The number of imported used cars rose by 17.5% at national level. Dealergroup Stern also imported attractive nearly new used cars from other EU countries in 2017 for sale to end users in the Netherlands. On balance, Dealergroup Stern's sales of used passenger cars and light commercial vehicles were down 7%.

Dealergroup Stern

Stern has a strong focus on the sale of used cars to consumers. All used cars sold to consumers come with SternGarant as standard. This offers the consumer an extensive two-year warranty, as long as the car is maintained by a Stern company.

The number of new light commercial vehicles sold by Dealergroup Stern remained more or less unchanged on 2016 at 5,610 units. Stern's market share in this segment came to 7.6% in 2017. This is slightly lower than in 2016 (8.1%), mainly due to a relatively larger market volume by brands not represented by Stern. Part of Stern's strategy is to grow to a market share of at least 10% of the national market for light commercial vehicles over time.

**Revenue after-sales Dealergroup Stern** The revenue at Dealergroup Stern from workshops and warehouses before elimination of intercompany and internal revenue was as follows:

*Revenue from after-sales at workshops and warehouses before elimination of intercompany and internal revenue*
*(x € 1,000)*

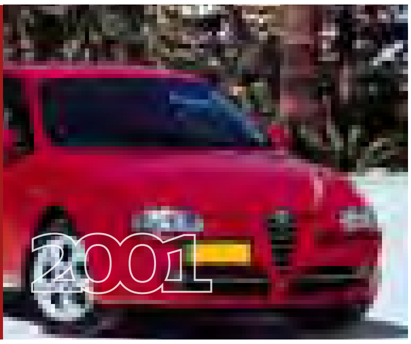
| | 2017 | 2016 | Index |
|---|---|---|---|
| Workshops | **86,084** | 83,160 | 103.5 |
| Warehouses | **112,249** | 111,947 | 100.3 |
| | **198,333** | 195,107 | 101.7 |

Revenue from workshops (including preparation costs for road use for new and used passenger cars and light commercial vehicles) increased by 3.5% in 2017 to € 86.1 million. According to the BOVAG industry barometer, revenue from workshops at national level until the end of the third quarter of 2017 rose 0.3%. Dealergroup Stern thus clearly outperformed the market in 2017, as it did in 2016. Dealergroup Stern actively employs customer contact centres whereby customers are actively approached for workshop bookings.

Revenue from warehouses at Dealergroup Stern consists of supplies of parts via the internal workshops, delivery of parts to large customers, such as multibrand garages and large car body repair chains (known as preliminary sales revenue). Revenue from parts via the workshops was up 3.1% in 2017, mainly due to higher workload at the workshops. Preliminary sales revenue was down 4.8% in 2017, due to the loss of revenue from the car body repair chain CARe as a result of its bankruptcy in January 2017. This was partly offset by increased business at SternLogistics.

SternLogistics has a route service with national coverage that delivers parts for all the 21 car brands represented by Stern to its own car body repair businesses and also to multibrand garages and external car body repair businesses. SternLogistics also provides logistics services for non-Stern brands.

**Alfa Romeo 147**
*Car of the Year 2001*





***Arnoud Zuijdendorp***
*Director Dealergroup Stern*
*Director Stern 1*

***Huub van den Brule***
*Director Stern 2*

***Gerrit Klock***
*Director Stern 3*

***Matthieu Snel***
*Director Stern 4*

***Rob Visser***
*Director Stern 5*

***Finus Porsius***
*Group controller*

# Stern Mobility Solutions

## Innovative, complete and adaptable

In addition to operating leases, car rental and fleet management, Stern Mobility Solutions also manages the portfolios of SternGarant, SternPolis and SternCredit. The recent integration of Mango Mobility has added a complete e-Mobility proposition to the division.

*Numbers in 2017*

**14,217**

*2016: 13,149*

Fleet under management

*Numbers in 2017*

**670,059**

*2016: 570,897*

Rental days sold

*Numbers in 2017*

**3,424**

*2016: 3,306*

E-mobility products

*Numbers in 2017*

**69,201**

*2016: 67,103*

Mobility contracts

*Numbers in 2017*

**172**

*2016: 175*

Employees




With its complete offering of mobility services and financial mobility products, Stern Mobility Solutions is now optimally positioned and has everything it needs to present new integrated propositions to the market. An adaptable and customer-oriented organisation is being built. The development from a classic lease and rental business into a leading total provider of mobility services is thus on track. The close cooperation with Dealergroup Stern here clearly adds value for customers.

Stern Mobily Solutions

## Good results and strong growth

Stern Mobility Solutions performed well in 2017, with another excellent financial result. The total portfolio of vehicles under management has now exceeded the target of 14,000 contracts set for 2017. We aim to achieve further significant growth in the lease, rental and management portfolios in 2018 as well. Developments such as the rise of private lease, car-sharing concepts and further electrification of the fleet present opportunities. Part of this growth will have to come from new and innovative mobility services. Sales in this field lead to long-term customer relationships and are valuable in the mutual cooperation with Dealergroup Stern.

# Note on revenue at Stern Mobility Solutions

**Revenue Stern Mobility Solutions** Revenue before elimination of intercompany and internal revenue in 2017 amounted to € 170.1 million compared to € 156.5 million in 2016, an increase of 8.7%.

*Revenue Stern Mobility Solutions before elimination of intercompany and internal revenue*
*(x € 1,000)*

| | 2017 | 2016 | Index |
|---|---|---|---|
| Leasing | **114,304** | 107,942 | 105.9 |
| E-Mobility | **8,776** | 8,443 | 103.9 |
| Rental | **46,990** | 40,065 | 117.3 |
| | **170,070** | 156,450 | 108.7 |

As part of the new strategy, the Mango activities are included in the Stern Mobility Solutions segment with effect from 2017. In the previous year, this entity was included in the Other segment. The comparative figures have been adjusted due to this change of segment.

The features of the lease fleet and the rental fleet are as follows:

| | 2017 | 2016 | Index |
|---|---|---|---|
| **Leasing** | | | |
| Revenue from leasing | **114,304** | 107,942 | 105.9 |
| Carrying amount of lease fleet at year-end (x € 1,000) | **181,693** | 170,805 | 106.4 |
| Number of contracts at year-end | **11,022** | 10,099 | 109.1 |
| Carrying amount per contract (x € 1) | **16,485** | 16,913 | 97.5 |
| **Rental** | | | |
| Revenue from rental | **46,990** | 40,065 | 117.3 |
| Carrying amount of rental fleet at year-end (x € 1,000) | **42,184** | 36,977 | 114.1 |
| Number of contracts at year-end | **2,417** | 2,213 | 109.2 |
| Carrying amount per contract (x € 1) | **17,453** | 16,709 | 104.5 |

The national lease fleet increased by 8.7% in 2017 to approximately 860,000 vehicles at year-end 2017. The lease fleet of SternLease increased by 9.1% due to organic growth in 2017 to 11,022 vehicles. The lease products of SternLease are offered through the showrooms of Dealergroup Stern. The Stern dealers receive an incentive in line with the market for lease contracts concluded through this channel. Contracts introduced in this way are known as 'dealer lease' contracts. This sales channel is part of the strength of SternLease compared to other lease companies. SternLease thus has at its disposal a very extensive point-of-sale network in the Netherlands.

In addition to sales through Dealergroup Stern, SternLease itself has sales departments in various regions. This sales channel is known internally as "region lease". The strong increase in the lease fleet of SternLease in 2017 was due to both dealer lease and region lease contracts.

In addition to the lease fleet Stern Mobility Solutions also manages contracts in relation to financial leases, fleet management, car rental and warranties and maintenance. With a total of 30,087 contracts (2016: 28,445 contracts) Stern Mobility Solutions is one of the top ten Dutch lease companies.

The fleet management provided by Stern Mobility Solutions for the account and risk of its customers is incorporated in independent cooperatives for each customer. Stern's interest in these cooperatives is held by SternPartners. The SternPartners fleet declined from 837 vehicles at year-end 2016 to 726 vehicles at year-end 2017.

Revenue at SternRent increased by € 6.9 million (17.3%) in 2017 compared to 2016. The rental fleet at year-end 2017 consisted of 2,417 vehicles, compared to 2,213 at year-end 2016, an increase of 9.2%. This growth was accompanied by a higher utilisation ratio and solid daily rates. Services to businesses increased in 2017, partly due to the application of short lease vehicles. In addition, revenue from consumers continues to grow.

Mango Mobility was affected by a serious fire in October 2017, that brought the experience centre in Amsterdam to a complete standstill. The activities were transferred to the existing Mango location in Weesp. Despite the loss of the location in Amsterdam, revenue at Mango Mobility was up 3.9% in 2017 to € 8.8 million. The plan is to renovate the location for a branch of Dealergroup Stern.

***Marco Vlaar***

*Director Stern Mobility Solutions*

***Arnout Veld***

*Controller Stern Mobility Solutions*

# Stern Car Services

Numbers in 2017

**24,987**

2016: 22,937

Damage cases settled

Numbers in 2017

**18**

2016: 12

Car body repair facilities

## SternPoint

The expansion from 12 to 18 branches was achieved in 2017 according to the strategic plan. A start has been made with five former branches of CARe and we acquired the car body repair business Been Autoschade in Groningen. The name of SternSchade was changed to SternPoint on 1 July 2017 to clearly show our decision to expand the activities. Car body repairs will continue to form the basis for this segment. Certain other activities have however been added, such as windscreen repair and replacement, changing of winter and summer tyres, vehicle graphics, car wrapping, light commercial vehicle interiors and the fitting of tow hooks.

Numbers in 2017

**899**

2016: 826

Interiors sold

Numbers in 2017

**166,010**

2016: 161,075

Number of packages transported

Numbers in 2017

**276**

2016: 211

Employees



Halfway through the year, the branches were the first repair chain to be certified as meeting the new guidelines under both ISO 9.001 and 14.001-2015. The management team was also strengthened. Obtaining brand certifications was the priority, as this is part of our plan to continue to offer repair services that are becoming increasingly complex in future.

Stern Car Services

**Investing in expertise**

As more driver assistance systems such as adaptive cruise control and pedestrian detection collision avoidance become available, especially in combination with high-voltage hybrid cars, fewer car body repair businesses will be able to repair these cars competently. This requires investment both now and in the future in both equipment and highly qualified personnel, which has led to pressure on profits at SternPoint. Despite this, the SternPoint management is convinced that this is a necessary precondition for a sound future. There was also a change in the mix of customers during the year. Strategic cooperative agreements were entered into with various customers, which led to significant growth in referred repairs.

## Parts

SternParts showed very good revenue growth, despite the bankruptcy of CARe. Logistics services were further optimised during the year and all sales agents fully focused on the sale of parts for all brands. We have also now added a number of other brands to our logistics division that are not carried by Dealergroup Stern.

## Light commercial vehicle interiors

SternTec showed a good increase in revenue compared to 2016. Various tenders were successful and this raises the prospect of further growth in 2018. SternTec is expanding its range in anticipation of market demand.

## Note on revenue at Stern Car Services

**Revenue Stern Car Services** Revenue at Stern Car Services before elimination of intercompany and internal revenue was divided between the various operations as follows:

*Revenue Stern Car Services before elimination of intercompany and internal revenue*
***(x € 1,000)***

| | 2017 | 2016 | Index |
|---|---|---|---|
| Car body repair services | **28,618** | 26,393 | 108.4 |
| Light commercial vehicle interiors | **4,089** | 3,411 | 119.9 |
| Multibrand garage activities | **0** | 6,243 | 0.0 |
| | **32,707** | 36,047 | 90.7 |

As part of the new strategy, the SternTec activities are included in the Stern Car Services segment with effect from 2017. In the previous year, these entities were still included in the Other segment. The comparative figures have been adjusted due to this change of segment.

Revenue in the Stern Car Services segment declined by € 3.3 million (9.3%) to € 32.7 million in 2017. The decline was due to the transfer of the revenue from the multibrand garage activities and the associated employees from four old-style SternPoint branches to Dealergroup Stern on 1 September 2016. The results of these transferred activities are recognised under the Dealergroup Stern segment with effect from that date.

The new strategic plan provides for a greater focus on services and solutions. As part of this, the car body repair facilities have expanded their existing services with the addition of simple maintenance, windscreen repairs, tyre changes, battery replacement and the fitting of tow hooks. These activities will be operated under the name of SternPoint. The rebranding was effected in the first half of the year, and the signage has been changed at all locations.

The network was significantly expanded from 12 to 18 branches in 2017. The aim is to achieve national coverage with a network of approximately 25 branches.

Due to the network expansion, revenue from the car body repair activities increased on balance by € 2.2 million or 8.4% in 2017 compared to 2016, against an estimated national decline in revenue of 4.3%. An increase in brand-certified car body repair services for insurers was another significant growth factor in addition to the increase in the number of branches. Revenue in 2016 was still positively affected by additional car body repair services resulting from a serious hail storm in the south of the Netherlands. The number of car repairs (assignments) carried out by SternPoint was up 8.9%, with the average repair bill remaining more or less unchanged.

Revenue from light commercial vehicle interiors, part of SternTec, increased by € 0.7 million or 19.9% in 2017 compared to 2016, partly due to good sales of interior modules for light commercial vehicles.

***Rob Visser***
*Director Stern Car Services*

***Olivier Hoffmann***
*Controller Stern Car Services*

***Guus Baris***
*Director SternPoint*

## Number of employees (in numbers)

**2,323**

*2016: 2,262*

## Number of employees (in FTE)

**2,106**

*2016: 2,051*

## Employees with permanent contracts

**1,617**

*2016: 1,629*

## Employees with fixed-term contracts

**489**

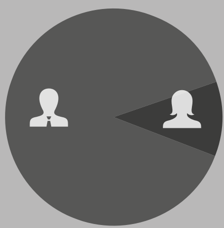
*2016: 422*

## Diversity at Stern Group

**1,883** **223**

*2016: 1.830* *2016: 221*

*Men: 89%* *Women: 11%*

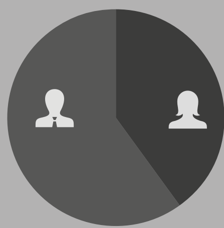


## Diversity of the Management

(% women)

*Supervisory Board: 40%*

*Management team: 17%*



## Average age

**43.1**

*2016: 42.2*

## Absenteeism

**4.8%**

*2016: 4.2%*

## Trainees

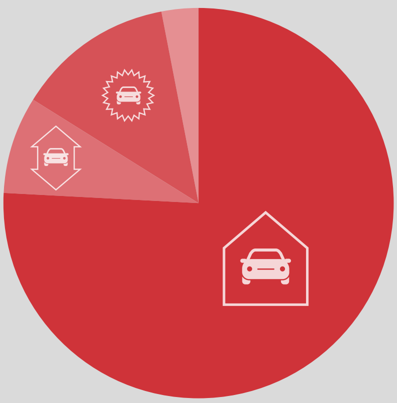
**120** *trainees*

*Professional practical skills course (Beroeps Begeleidende Leerweg)*

**60** *interns*

*Vocational training diploma (Beroeps Opleidende Leerweg)*

## Employees per division



| | |
|---|---|
| Dealergroup Stern | 76% |
| Stern Mobility Solutions | 8% |
| Stern Car Services | 13% |
| Other | 3% |

# Personnel

## Stern and its employees

The car world is changing rapidly as a result of developments in the Internet, technology, sustainability, mobility, finance and closer customer relationships. To reflect this, Stern encourages creativity and innovative ways of thinking, also by getting people with different backgrounds to work together. Stern strives to provide a stimulating working environment for talented men and women. In this context, Stern wants to make a difference, with the ambition of being the most valued and recommended mobility partner in the Netherlands.

Based on Stern's formulated ambition, external developments and our internal plans, we have arrived at the essence of what we have: a proud, professional and customer-oriented workforce that knows how to retain our customers and encourage them to make more use of our product offering. By keeping our employees interested and retaining them, we reinforce Stern's position. Our HRM department has an important contribution to make here.

Working with more than 2,300 employees involves many obligations. Firstly, to keep things manageable and secondly to properly fulfil our formal role as an employer. To bring this in line with Stern's ambition, the HRM organisation was changed at the beginning of 2017 from a decentralised to a centralised organisation and the role of HRM was raised to Management Board level. The entire staff administration has been centralised (HR Service Centre) and an HR Business Partner has been appointed for each cluster. The crucial issues here are a 'to measure is to know' attitude, a proactive approach and speed of delivery.

The HRM team has developed in 2017 to a strong, enthusiastic and professional team that supports Stern and the clusters in the realisation of their objectives. These are:

- Stern has to be a strong and attractive employer.
- We want the best professionals in our industry to choose to work for Stern.
- Our employees make the difference, both for our customers and internally for Stern.
- Our employees enjoy working for Stern and are proud to do so.

The group had 2,106 employees (FTE) on 31 December 2017, compared to 2,051 (FTE) at the end of 2016. The increase was due to the expansion of the activities of Stern Car Services.

## Vitality

Employees have to be able to feel healthy and safe at their workplace, both physically and mentally. Stern is committed to providing safe working conditions for its employees. For some employees, following safety regulations is mandatory (such as wearing safety glasses or footwear). In case of disasters, company emergency response team members organise evacuation, first aid and communication with the emergency services. We regret to report that three serious workplace accidents occurred in 2017 (2016: nil).

The absenteeism rate is a measure of the health of the organisation. Absenteeism can never be completely eradicated, as anyone can become ill. A relatively high absenteeism rate is however an indication of employee commitment, the state of the organisation with respect to sick leave and the corporate culture. From this perspective, Stern Car Services conducted a pilot study in 2017 with an innovative online programme focusing on long-term employability. In essence, this concerns a future-oriented dialogue between employees and their managers, in which the employee takes responsibility for healthy behaviour and improving performance by continually adjusting to what is necessary, both now and for the future. It has been decided to apply this method to another cluster in 2018.

Unfortunately, absenteeism at Stern as a whole rose in 2017, despite our aim to reduce it. The major occupational hazard in our industry continues to be physical injury. Absenteeism came to 4.8% in 2017 (2016: 4.2%). The average in the Netherlands in our sector was 3.8% in 2016. In 2017, there was in particular a rise in long-term sickness. The number of sickness reports increased by 1.8%.

In 2018 we have transferred to a single health and safety service that operates in an innovative and productive way and has access to all institutions and moreover provides guidance for absenteeism, reintegration and case management. Employees reporting sick are contacted directly. The health and safety service advises managers as to how to maintain the employability of employees as far as possible despite their


**Peugeot 307**
*Car of the Year 2002*

condition. Attention is also devoted to preventing absenteeism in order to promote the employability and fitness for work of employees in the long term. We hope that this quick response and different approach will positively affect absenteeism in 2018.

## Diversity

Like other companies in the automotive industry, Stern has a high proportion of male employees (89%). We are pleased to note that the number of women in managerial positions has increased in recent years. The Management Team of Stern Group consists of six men and one woman, which reflects the ratio of men to women in the industry and at Stern. The Management Team features a broad diversity in terms of age, education and professional background. The Supervisory Board consists of three men and two women of various ages and with various professional backgrounds. Further details of the members of the Supervisory Board are given on page 52.

Stern has classified its workforce in four main groups: Dealergroup Stern, Stern Car Services, Stern Mobility Solutions and Stern Facility Services. A list of FTEs and the number of employees per division and the breakdown of employees by type of contract, gender and age is provided on page 42.

## Employment benefits

The general employment benefits at Stern reflect the industry collective labour agreements (CLA) and have been declared generally binding. Medium-sized and large companies can conclude their own company-specific CLAs. The benefits from the flexibility of having a Stern CLA do not appear to outweigh the disadvantages of having to negotiate with the trade unions on our own behalf. The negotiation at industry level for the industry CLA is fine, and such a CLA offers transparency for our employees. The following CLAs apply at Stern: the CLA for the motor vehicles industry and the CLA Auto Body Shops. There are also five Stern companies not subject to a CLA.

**Renault Mégane**
*Car of the Year 2003*


We strive to set the same employment benefits that we can determine ourselves for all employees, and these secondary employment benefits are established in the Stern Employee Manual.

For most employees, the remuneration policy is set by the CLAs. Stern has a bonus system for a number of employees, mainly in sales positions. Stern will implement a job-salary structure for its non-CLA companies with effect from 2018.

## Learning and development

Learning and development is an important HRM tool for motivating every layer in the organisation to cooperate in building Stern for the future. We need the best professionals on board to achieve this. Once an employee joins us, it is just as important to ensure that we continue to engage and retain employees and that they continue to develop for the organisation. The craftsmanship of our employees is the central focus of all training activities. All our mechanics have taken an additional training programme at the car importers. This prepares them for the future and gives them specialist skills in new techniques. Our sales advisers are also regularly trained in product knowledge and with respect to conduct. Employees are also given the opportunity to follow individual courses and training where needed. Employees spent a total of 21,068 hours on training during working hours in 2017.

Stern is in transition, and its focus is on more solutions and services. For this reason, a leadership programme was initiated in 2017 with the aim of involving talented managers in the transition and assisting their personal development in the field of senior management. 14 managers were selected for the programme who are also actively participating in the Fast Forward projects as part of the programme. The leadership programme will continue until the end of 2018. Another leadership programme is planned for 2019.

## Engaged employees

Preparations for an Employee Engagement Survey (EES) were started in the fourth quarter of 2017. Stern hopes this will provide insight into the working experience of employees and measure their satisfaction, engagement, enthusiasm, loyalty, motivation and customer orientation. In addition to this clear objective, it is important that the survey is widely supported within the organisation. The survey will commence at the end of May 2018 to ensure that there is ample time to conduct it properly.

## Working at Stern

The labour market is changing, the population is ageing and good personnel are hard to find. It is important that Stern is visible and attractive as an employer to ensure that the best people come to work at Stern. The economic prospects mean that it will become more and more difficult to attract motivated technical personnel in future. There is visible tightness in the labour market at the dealerships and car body repair businesses and it is difficult to fill vacancies. Various priorities have been set by HRM in its recruitment policy.

Uniformity contributes to a professional image in the labour market and the image of Stern. The website werkenbijstern.nl will be renewed in 2018 and standardisation of the administrative application procedure should support the management in the efficient recruitment and selection of the right employees. The building of a strong Stern brand is also essential to stay ahead of the competition and attract applicants to Stern.

## Bribery and corruption

The Code of Conduct of Stern Group sets out a policy to prevent bribery and corruption.
The Code of Conduct has been available on www.sterngroep.nl for several years. The Stern Employee Manual that new employees receive on entering employment also devotes attention to the policy we pursue with respect to the prevention of bribery and corruption. The risk of corruption is limited because the prices for the most important category on the procurement side (new cars) are set by the importers. On the sales side, the most important transactions (car sales) are fully evaluated with separation of functions. Both the Code of Conduct and the Employee Manual will be revised in 2018.

## Human rights

As a Dutch retailer with activities exclusively within national borders, Stern naturally respects all national legislation and regulation, also with respect to human rights. Emphasising this would appear to be unnecessary, however we are required to make this statement under European regulation regarding the publication of non-financial information.

Stern does not have an active policy with respect to human rights, since it operates exclusively in the Netherlands where these risks do not apply. The risks apply more at second-tier suppliers, over which Stern has only minimal influence.

**Our branches**


**Fiat Panda**
*Car of the Year 2004*

## Employee numbers

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| **Employees at year-end in FTE** | | | | | | |
| Dealergroup Stern | **1,432** | **158** | **1,590** | 1,449 | 153 | 1,602 |
| Stern Mobility Solutions | **138** | **34** | **172** | 137 | 38 | 175 |
| Stern Car Services | **269** | **7** | **276** | 202 | 9 | 211 |
| Other | **44** | **24** | **68** | 42 | 21 | 63 |
| **Total** | **1,883** | **223** | **2,106** | 1,830 | 221 | 2,051 |
| **Employees at year-end in numbers** | | | | | | |
| Dealergroup Stern | **1,551** | **214** | **1,765** | 1,560 | 212 | 1,772 |
| Stern Mobility Solutions | **145** | **44** | **189** | 143 | 47 | 190 |
| Stern Car Services | **279** | **13** | **292** | 210 | 14 | 224 |
| Other | **47** | **30** | **77** | 47 | 29 | 76 |
| **Total** | **2,022** | **301** | **2,323** | 1,960 | 302 | 2,262 |

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Permanent contract | Fixed-term contract | Total | Permanent contract | Fixed-term contract | Total |
| **Employees at year-end in FTE** | | | | | | |
| Dealergroup Stern | **1,255** | **335** | **1,590** | 1,278 | 324 | 1,602 |
| Stern Mobility Solutions | **137** | **35** | **172** | 138 | 37 | 175 |
| Stern Car Services | **169** | **107** | **276** | 162 | 49 | 211 |
| Other | **56** | **12** | **68** | 51 | 12 | 63 |
| **Total** | **1,617** | **489** | **2,106** | 1,629 | 422 | 2,051 |
| **Employees at Dealergroup Stern at year-end in FTE** | | | | | | |
| Stern 1 | **306** | **106** | **412** | 313 | 79 | 392 |
| Stern 2 | **192** | **54** | **246** | 189 | 53 | 242 |
| Stern 3 | **301** | **38** | **339** | 314 | 45 | 359 |
| Stern 4 | **200** | **52** | **252** | 199 | 64 | 263 |
| Stern 5 | **256** | **85** | **341** | 263 | 83 | 346 |
| **Total** | **1,255** | **335** | **1,590** | 1,278 | 324 | 1,602 |
| **Employees at Stern Mobility Solutions at year-end in FTE** | | | | | | |
| SternLease | **38** | **10** | **48** | 39 | 9 | 48 |
| SternRent | **76** | **8** | **84** | 78 | 5 | 83 |
| Mango Mobility Services | **23** | **17** | **40** | 21 | 23 | 44 |
| **Total** | **137** | **35** | **172** | 138 | 37 | 175 |
| **Employees at Stern Car Services at year-end in FTE** | | | | | | |
| SternPoint | **155** | **100** | **255** | 150 | 42 | 192 |
| SternTec | **14** | **7** | **21** | 12 | 7 | 19 |
| **Total** | **169** | **107** | **276** | 162 | 49 | 211 |
| **Other employees** | | | | | | |
| Other | **56** | **12** | **68** | 51 | 12 | 63 |
| **Total** | **56** | **12** | **68** | 51 | 12 | 63 |

Interview

Henk Hofstede, automotive specialist at ABN AMRO



# MAAS is the new watchword
# The future of automotive

**Henk Hofstede points out that government policy has a huge influence on the sector, mainly through tax regulation. Hofstede: "The unpredictability of this means that the industry has to be flexible. Take for instance the current oversupply of diesel cars in the second-hand market that has arisen as a result of this policy. Or the spike in sales in the hybrid market in 2015 that was driven largely by tax breaks."**

"Local authorities are also making their own policy. The impact on the car landscape due to the introduction of environmental zones is increasing, and this is only the beginning. $CO_2$ emissions will be the major differentiator."

## Fewer lease cars

Hofstede: "$CO_2$ emissions are also important in business. There will be fewer lease cars and choice will be limited to models with the lowest emissions, that will also be shared internally. We are seeing employers giving their employees a mobility budget they can use for their own personal combination of electric or hybrid cars, e-bikes, public transport and even taxis. The lease fleet is declining, and car-sharing reserved through apps is on the rise. There are also companies that set a $CO_2$ budget for each employee, who would have foreseen that a few years ago? Mobility as a Service, or MAAS, is the new watchword."

## Teasing customers

Hofstede: "The automotive sector has to actively reflect the desire for customised mobility, for example private lease in the form of sharing concepts, possibly in combination with trendy electric bicycles or a flexible pool with larger comfortable cars for holidays and smaller efficient cars for daily use. Stern could be a centre for customised mobility solutions, especially if you have a strong regional position and also have a position in e-bikes and e-scooters with Mango Mobility. You need to tease your customers, and make the customer experience entertaining!"

# Risks

Strategic risk management enables the Management Board of Stern to deal transparently with the risks that threaten the realisation of the organisation's objective. The realisation of this objective leads to long-term value creation for Stern's shareholders. Risk management is not a guarantee that the objective will actually be achieved, but it provides insight into the risks and opportunities associated with the objective and the control measures to be implemented. Risk management focuses on the management of strategic, operational and financial risks and opportunities.

Strategic risks are external events or circumstances that negatively affect the feasibility of Stern's objective and thereby prevent value creation and threaten existing values. Operational risks are internal events or circumstances that hinder the implementation of the strategy and therefore the realisation of the objective. This includes risks arising from failure to comply with legislation and regulation (compliance risks) and the provision of adequate management information. Financial risks concern the meeting of financial targets, financial obligations and ratio levels set by the banks.

The process of identifying and managing the risks associated with our business operation has become increasingly professional in recent years. A structured process is used at Management Board level to evaluate the major risks that could affect Stern.

Since 2017, Stern uses a risk register that describes the risks, their financial and other effects, their likelihood of occurrence, the control measures and the actions taken. The risk register is updated twice a year and discussed at the meeting with the Supervisory Board.

A number of specific risks to which Stern is exposed are explained in note 31 to the financial statements on page 119 and following, providing information on matters including credit, liquidity and market risk. Stern does not consider these risks to be unusual for its business, either in nature or scale. To the extent relevant, Stern takes out insurance for a number of normal risks whereby the financial consequences of a disaster can be compensated as far as possible.


**Toyota Prius**
*Car of the Year 2005*

We consider the following risks as material to our business operation.

## Strategic risks

**Dependency on suppliers** Stern retails more than 20 car brands in the Netherlands. Due to European regulations, the dealer contracts and their size, the manufacturers and importers have a significant influence on price setting, the product offering, the rates, investment and the business operation. With a monopoly position and the concentration of contract partners, the importers have a strong grip on the automotive market in the Netherlands. The allocation of dealer regions by importers limits Stern in its growth towards national coverage and name recognition in order to become the mobility partner in the Netherlands. While the number of dealers in the Netherlands has declined as a result of consolidation, there are doubts as to whether the current number of dealerships is future-proof. The number of transactions at each branch needs to increase for dealer returns to improve, but it is doubtful whether the importers recognise the need for rigorous further reduction of the number of dealer branches. Or for instance, the splitting of the sales and the after-sales network so that the number of sales branches can be reduced and (smaller) service points can be retained.

The car manufacturers also have a strong need for direct contact with the end customer, which puts increasing pressure on the manufacturer-importer-dealer-customer chain. This is vastly increasing the level of dependency on manufacturers and importers. One example is the connected car, whereby manufacturers and importers maintain a hold on the car and the customer even after the sale. The influence of the importers is difficult to predict and limits Stern's options for rolling out an independent strategy. On the other hand, the importers are at the same time strategic partners because the exclusive dealer contracts give Stern a unique position in the Dutch car market and are necessary for the continuity of the dealers.

The car manufacturers have been engaged in cutting their costs of distribution in order to boost their own profits for several years. The car importers, which formerly were wholesalers with large inventories, are increasingly becoming local marketing offices that have to work according to the instructions of the car manufacturers. The consequence is that Stern's dealers have to absorb increasing amounts of car inventory. This increases price risk, reduces residual margin, increases balance sheet volume and reduces solvency.

**Technology** Cars have improved technically to the point that the number of garage visits needed has fallen over the past decades. The car manufacturers are investing heavily in the development of (fully) electric cars and car connectivity. The connected car will in future also be able to receive updates "Over The Air" (OTA). The speed at which these technological developments are being realised and widely applied is difficult to predict.

**European and national regulation** Stern's business is affected by a multitude of legislation and regulation, at both European and national level. The government can impose measures that significantly affect the automotive market. This may pose a threat to some business operations in the short term, which could have a material negative effect on operating profit. Measures designed to protect the environment, such as (additional) taxation of the ownership and use of cars will also have a negative effect on customer behaviour with respect to purchasing and driving.

## Operational risks

**Automation and data security** Efficiently operating ICT systems in combination with the quality of the data used are of great importance to Stern. This entails much more than simply continuity of the data processing. It also concerns the integrity of the data and programming and the associated decision-making process. The number of customers, products, locations, suppliers and their mutual interdependence make this a complex system.

Failing or inadequate ICT systems could pose a threat to the continuity of the business as a whole within a relatively short period. We are accordingly putting ever more measures in place to minimise the chance of this occurring. Data and data quality are of great importance for sound business operation, and for the information we exchange with our customers and suppliers. In addition, strict legal requirements apply with respect to data and privacy, so that data protection requires increasing attention.

Each year, Stern invests much time and money in the further optimisation and security of its centrally integrated ICT environment, focusing on continuity and stability. This applies to both the standard applications of the importers that we use and the customised applications that we use for our own purposes. Security from outside to within and security from inside outwards continue to be current themes in an increasingly digitalised world featuring numerous forms of cyber criminality.
Our back-up data centre can take over most of our activities and ensure continuity in the event of a disaster. This is also actually tested on a regular basis. We have a firewall structure that maintains our security from outside to within at a high level.

**Availability and retention of employees** The quality of Stern's service provision depends heavily on the quality and commitment of its employees. Its policies with respect to the recruitment, remuneration, training and evaluation of employees, together with good and challenging working conditions, are therefore essential. To attract and retain talent and the best professionals from the automotive sector, Stern needs to be a strong employer brand with competitive employment benefits.

**Environment** The operation of car businesses, car body repair businesses and fuel stations entails risks for the environment. Mitigating these risks is an important item of attention for Stern. The operating companies also have to be continuously aware of environmental aspects that are relevant to their business. This not only concerns compliance or non-compliance with environmental legislation, sometimes preventive measures also have to be taken. The effectiveness of the measures taken is continually monitored in order to mitigate risks as far as possible. The various measures and reports are recorded in a control system. Stern is supported in this by an external engineering consultancy agency.

The acquisition of companies also involves risks associated with the environment. Focused environmental surveys are carried out for every acquisition. Any risks are contractually covered in order to ensure as far as possible that Stern will not be affected. After a company is acquired, the procedures that apply at Stern are implemented with immediate effect.

**Renault Clio**
*Car of the Year 2006*

## Financial risks

**Deferred tax asset due to tax losses carried forward** Based on IFRS, Stern measures its tax loss carry forward balances at € 1.6 million. The valuation of the tax loss carry forward balance is determined on the basis of projections of the future development of Stern's result, including its result for tax purposes. Should the outlook worsen at any time in the future in such a way that the results will materially and negatively differ from the most recent projections, the possibility that all or part of the deferred tax asset will have to be written off cannot be excluded.

**Financing** Stern requires large amounts of financing, especially in relation to the lease operations. It is essential for Stern to obtain sufficient funding to achieve its growth targets for the lease operations. Stern will therefore of course have to meet the requirements set by the banks at all times.

The agreement with the banks is that the solvency of the lease operations must amount to at least 12.5%. The minimum percentage applying to the car rental business is 20%. A minimum solvency ratio of 25% applies to the remaining activities after deduction of goodwill. In addition, Stern has to have an ICR of at least 2.50 and at least 3.00 with effect from 2018 on a 12-month rolling basis, (see note 25 on page 114 of the financial statements).

The conditions on which bank financing is provided may be adjusted to the company's disadvantage in relation to previous contractual agreements due to external and internal causes and influences.

**Goodwill** In the context of the mandatory impairment calculations, Stern has made projections regarding the future development of the result of its cash-generating units. Based on the calculations recently made, the cash-generating units identified have sufficient headroom to avoid impairment. Should the outlook worsen at any time in the future in relation to these projections, a write-off of the acquisition goodwill cannot be ruled out.


**Ford S-Max**
*Car of the Year 2007*

**Interest rates for lease finance** Most lease contracts are entered into for a term of three to five years. These contracts establish an interest rate that applies to the entire lease term. This constitutes a risk for Stern in relation to the development of interest rates in the capital markets. This risk is managed as far as possible with the use of financial instruments (interest-rate swaps). A similar risk applies to longer-term lease contracts. Financial instruments may fluctuate significantly in price, so it cannot be ruled out that limiting this risk will involve high costs. Stern applies hedge accounting in its treatment of interest-rate swaps.

**Residual value** SternLease, and also Dealergroup Stern on occasion, concludes multi-year contracts which include a previously established residual value for the cars in question. This residual value is based on estimates made at the beginning of the contract. The actual residual value is affected by numerous factors over which the company concerned has no control. Similar risks apply to part of the SternRent rental fleet. Stern has formed a residual value committee which continually evaluates residual values for its lease and rental fleets and reports monthly on developments in the car market and the consequences thereof for current estimates of residual values and for the rates applying to new lease and rental contracts.

**Risk management and control systems** Stern takes the view that risk management has to be part of the daily attitude and working practices of all employees at Stern. Not because this is compulsory, but because it promotes transparency and improves the operation of the business. Being actually in control is the priority at Stern. Being in control on paper is not an objective in itself. Stern consists of 36 companies with a total of 136 business branches. It is essential that full insight into the state of affairs at all these companies and branches is available at all times. Stern accordingly depends on having a good administrative organisation, so that well-considered decisions can be made as to whether tasks should be carried out on a centralised or a local basis. The administrative organisation requires good and consistently implemented reporting and control systems. Stern works continually on further improving these systems. It is also important that these systems are designed so that firstly the commercial activities are not hindered and secondly that the management is continually aware of the current financial and operational status of the business. The continuing changes to and expansion of the administrative systems require changes to the working practices of the employees concerned.

The Management Board has prepared an Accounting Manual that is validated each year which sets out the guidelines for management reporting and external financial reporting in detail. The Accounting Manual is discussed and evaluated in consultation with the Audit Committee. Besides the Accounting Manual, Stern has detailed authorisation schedules in which the persons responsible and their authorisations are established. The cluster directors and controllers submit a detailed statement each year. Among other things, this statement ensures that the financial information gives a true and fair picture and in prepared in accordance with the Accounting Manual.

The risk identification and risk management process is formalised under the title of Stern in Control (SIC). Within Stern Group, the Controlling, Analysis and Reporting department (Stern CAR) is responsible for monitoring the administrative organisation and the internal controls at the Stern operating companies. The functional departments at the operating companies naturally remain responsible for ensuring the adequacy of their own administrative organisations and internal controls.

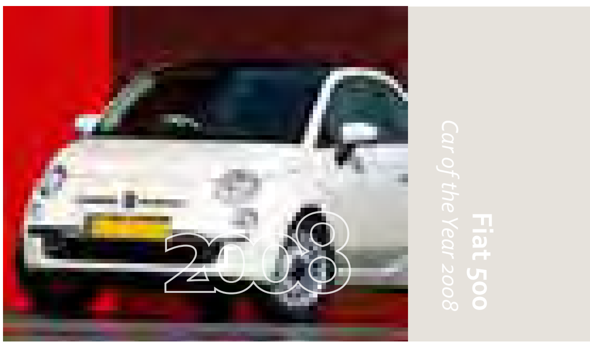
Specifically designed risk analyses are carried out for the various business operations of Stern. Key controls are identified for all major identified process risks and adjusted in cases where they are not yet adequate. The key controls at all Stern entities are tested on a quarterly basis. These tests are assessed by Stern CAR. The results are reported by the Management Board and discussed with the Audit Committee on a quarterly basis. The external auditor (EY) is also informed and evaluates the findings of the activities carried out by SIC. Other than internal testing, parts of the administrative organisation and internal controls are also tested by the external auditor as part of the audit of the financial statements.

Since Stern has many locations, internal benchmarking is extensively used. The management information from the IBM Cognos consolidation application also supports the internal controls and vice versa. Total controls address potential gaps in the internal controls if these are associated with the informal and entrepreneurial business culture.

Due to its centralised approach and very direct management and monitoring of the business operations by the Management Board and the central staff, the administrative processes at the operating companies are supervised centrally. Based on years of experience, it can be stated that the regular reporting gives a true and fair picture of the development of the business operations. There is no need for significant changes. Improving the quality of management information is a continuous process.

The Audit Committee devotes particular attention to reporting and the administrative organisation on a quarterly basis. There is also close contact with the external auditor. The management letter is discussed extensively by the external auditor with the Audit Committee and the Supervisory Board.

We consider that the internal risk management and control systems give a reasonable degree of certainty that the financial reporting does not contain any material misstatements and that these systems have functioned properly in the year under review. We also refer to the statement of directors' responsibilities on page 51 of this report.



# Corporate governance

## Corporate Governance Code 2016

The 2008 Dutch Corporate Governance Code was revised in December 2016. The revised 2016 Corporate Governance Code 2016 (the "Code") came into effect with the 2017 financial year. Pursuant to Section 2:391 of the Dutch Civil Code, this Code is established as the code of conduct which listed companies have to refer to in their annual reports and for which these companies have to disclose the extent to which they comply with its provisions. Stern uses the Code as a guide in the process designed to further improve its corporate governance.

Stern Group will update the Management Board Regulations, the Supervisory Board Regulations and associated appendices and bring these into line with the Code during the course of 2018.

## Structure and shareholders' meeting

Stern Groep N.V. is a two-tier board company. Stern does not have any protective measures in place.

Stern endorses the importance of full and active participation by shareholders in decision-making at the General Meeting. A General Meeting is held at least once a year. Extraordinary General Meetings may be held at the request of the Management Board or the Supervisory Board. Shareholders representing at least 1% of the issued share capital may submit agenda items up to 60 days before the meeting. The Management Board has the possibility of using a registration date with respect to the exercise of voting rights. Resolutions are passed by an absolute majority of the votes, unless a larger majority is required by law or the articles of association.

The General Meeting adopts the financial statements and discharges the members of the Management Board from liability for its policy and the members of the Supervisory Board from liability for its supervision in the previous financial year.


In addition, resolutions by the Management Board regarding a material change to the identity of Stern are submitted to the General Meeting for approval. The company's articles of association may be amended by resolution of the General Meeting, on condition that the resolution is passed with a majority of at least two thirds of the votes cast and at least half the company's issued share capital is represented. If a proposal for a resolution originates from the Management Board acting with the approval of the Supervisory Board, the resolution can then be passed with an absolute majority of the votes, regardless of the capital represented.

## Management Board

The Management Board manages the company and is responsible for achieving the targets, the policy and the strategy of the company and the associated development of the result.

The members of the Management Board are appointed by the Supervisory Board. The Supervisory Board notifies the General Meeting of a proposal to appoint a member of the Management Board. The Supervisory Board may at all times suspend or dismiss a member of the Management Board. The Supervisory Board shall not dismiss a member of the Management Board without taking advice from the General Meeting regarding the proposed dismissal.

The Supervisory Board determines the number of members of the Management Board. There are two members of the Management Board: Mr H.H. van der Kwast (Chief Executive Officer) and Mr A.A. Swijter (Chief Financial Officer). Neither of the members of the Management Board is a supervisory director of a listed company. Mr Van der Kwast was appointed as a director under the articles of association on 21 June 2000. After a period of initially two years as a supervisory director and 13 years as chair of the Supervisory Board, Mr Van der Kwast is also a supervisory director of Bovemij Verzekerings-groep N.V. Mr Swijter was appointed as a director under the articles of association on 11 May 2016. Mr Swijter has no additional positions.

The remuneration of the members of the Management Board is established by the Supervisory Board in accordance with the remuneration policy, further details of which are provided in the Report of the Supervisory Board (page 54). The application of the Stern remuneration policy in the 2017 financial year is disclosed in notes to the financial statements. A specification of the remuneration as referred to in Section 2:383 (c) to (e) of the Civil Code (the "Claw back" Act) is included on page 122 of this annual report (note 34 to the financial statements).
The Management Board meets once a month. Resolutions are passed on the basis of unanimity. Certain resolutions

stated in the articles of association are subject to approval by the Supervisory Board and the General Meeting.

The General Meeting resolves to issue shares subject to the approval of the Supervisory Board. The Management Board is authorised to issue shares if and to the extent that the Management Board has been designated as a competent body for this purpose by the General Meeting. The Management Board must obtain the approval of the Supervisory Board for such a decision. On 10 May 2017, the General Meeting resolved to authorise the Management Board to issue shares for a period of 18 months. The extension of this authorisation for a period of 18 months will be resubmitted for approval by the General Meeting to be held on 9 May 2018.

Repurchase of shares may only be effected if the General Meeting has authorised the Management Board to do so. On 10 May 2017, the General Meeting resolved to authorise the Management Board to repurchase shares for a period of 18 months. The extension of this authorisation to the Management Board for a period of 18 months will be resubmitted for approval by the General Meeting to be held on 9 May 2018. The General Meeting will also be requested to grant authorisation for a period of 18 months to the Management Board to dispose of shares acquired by the company in its own capital, subject to approval by the Supervisory Board.

Decisions to enter into transactions involving conflicts of interest for directors that are of material significance for the company and/or the director concerned must be approved by the Supervisory Board. For information on transactions involving or potentially involving a conflict of interest, see the disclosure on page 122 of this annual report ("Information on related parties").

## Supervisory Board

The Supervisory Board is charged with the supervision of the conduct of policy by the Management Board and the general state of affairs at Stern, and advises the Management Board. Supervisory directors are appointed by the General Meeting after nomination by the Supervisory Board. The General Meeting has a right of recommendation with regard to the supervisory director to be nominated. The General Meeting may dismiss the entire Supervisory Board by an absolute majority of votes, subject to this majority representing at least one third of the issued capital. A supervisory director is appointed for a term of four years and steps down, unless reappointed, on the date specified in the relevant rotation schedule. The General Meeting may allocate a fixed remuneration for the supervisory directors.

The Supervisory Board consists of at least three members and appoints a chair and a vice-chair from among its number. The Supervisory Board currently has five members. All its members meet the independence criteria established in the Corporate Governance Code. The Supervisory Board has formed an Audit Committee consisting of two members. In addition, a Remuneration Committee was appointed on 7 March 2018 consisting of two members.

Regulations have been formulated regarding the duties and working practices of the Supervisory Board which are published on the website of Stern Group. A profile description for the members of the Supervisory Board has been added to these regulations, as well as to the regulations for the Audit Committee.

For further information on the members of the Supervisory Board and the working practices of the Board, see the Report of the Supervisory Board on page 54 and following of this annual report. Regarding the remuneration of the Supervisory Board, see the Report of the Supervisory Board (page 54 and following) and the notes to the consolidated financial statements (section on Remuneration of the Management Board and the Supervisory Board) on page 122 of this annual report.

Decisions to enter into transactions involving conflicts of interest for supervisory directors that are of material significance for the company and/or the supervisory director concerned must be approved by the Supervisory Board. No conflicts of interest were reported in 2017.


**Volkswagen Polo**
*Car of the Year 2010*

## Deviations from the Corporate Governance Code

While highly appreciating the Code, Stern notes that a number of the practices stated in the Code are less relevant to smaller listed companies such as Stern. This has led to Stern deviating to a limited extent from the Code, also over the longer term. The points on which Stern deviates from the Code are stated below, with reference to the relevant provision in the Code.

**Governance (Best practices 2.2.1 and 3.2.3)**
The Management Board of Stern Group consists of two members. Mr Van der Kwast (CEO of Stern Group) is appointed for an indefinite term. At the time of his appointment, Stern Group considered that this would be more appropriate in view of its size than an appointment for a term of up to four years. Mr Van der Kwast's employment agreement contains no provisions regarding severance payments. The agreement between Stern Group and Mr Swijter (CFO of Stern Group) does however follow the stated practices (a term of up to four years and limitation of severance pay).

**Internal audit function (Principle 1.4)** Stern Group has decided not to appoint an internal auditor, but has adequate alternative measures in place to evaluate the operation of the internal risk management and control systems. Further details are provided in the section on Risks on page 44 and following of this annual report. In accordance with the provision of Best Practice 1.3.6 of the Code, the Supervisory Board evaluates, with advice from the Audit Committee, whether the measures implemented are still adequate and whether the institution of an internal audit function would be desirable.

**Meetings and presentations (Best practice 4.2.3)** Analyst meetings and presentations are announced in advance by Stern Group on its website. Meetings and presentations are not available for simultaneous following by shareholders by means of webcasting or by telephone for reasons of cost. The facilitation of these services would place disproportionate demands on the organisation in view of its size. Stern Group naturally endorses the importance of the principle that shareholders should be informed simultaneously and proportionately, and presentations that are given during analyst meetings are made available simultaneously on its website.

**Appointment of committees (Best practice 2.3.2)**
A Remuneration Committee was appointed on 7 March 2018. This new committee will be responsible for producing a remuneration report. In view of the size of the company, the tasks of the selection and appointments committee are performed by the Supervisory Board as a whole.

**Nissan Leaf**
*Car of the Year 2011*

## Outlook

The new strategic plan builds on the previous course of investing more money, attention and energy in financial mobility products and car services, such as brand-certified car body repairs and supply of original car parts. This will increase the company's purchasing power and make its return stronger and more stable. The potential for improving the organisation was studied with the help of an external consultant last year. The conclusion of this study, which is endorsed by both the Management Board and the Supervisory Board, is that significant savings can be made by changing the structure of the business processes at Dealergroup Stern, that the earnings potential of Stern Mobility Solutions is very much related to further growth of the portfolio and that there is significant potential to be realised at Stern Car Services with SternPoint and SternParts.
With respect to the current financial year, the Management Board expects the margin decline at Dealergroup Stern in 2017 will be reversed to some extent in 2018. The return at Stern Mobility Solutions can be further improved by further growth of the lease portfolio, better results from SternRent and much lower losses at Mango Mobility. The results from Stern Car Services will be much better than those realised in 2017 due to further growth at SternParts and the new SternPoints coming up to speed on the basis of healthy growth in brand-certified car body repairs, mainly for insurers.
The Management Board expects the results to improve strongly in the coming years, based on positive economic developments, a recovery of margins at Dealergroup Stern and the implementation of the new strategic plan.

## Statement of directors' responsibilities

The key risks identified by the Management Board of Stern are listed on page 44 and following of this annual report. Stern actively strives to mitigate the risks to which it is exposed. As an integral part of the business operation, specific measures and procedures have and will be implemented that will increasingly involve the use of control systems. The Management Board gives account to the Supervisory Board on the effectiveness of these measures, procedures and systems. The core of the control systems concerns the periodic reporting and control cycle. The centrally prescribed reporting with notes is submitted from all segments within Stern on a regular basis. This reporting is structurally evaluated and analysed. Business risks are identified, documented and evaluated on a quarterly basis ("Stern in Control"). An important element here is the check to ensure timely delivery of all relevant information. Stern has designed its internal control systems in accordance with the recommendations of the "Committee of Sponsoring Organisations" (COSO) of the Tradeway Commission.

Based on its findings, the Management Board confirms that the internal control of the financial reporting provides a reasonable degree of certainty that the financial reporting contains no material misstatements and that the internal control systems have functioned satisfactorily in 2017. It should be noted that this does not mean that measures, procedures and systems provide certainty that the operational and financial targets will be realised, nor does it provide certainty that inaccuracies, misstatements, errors, fraud and failure to comply with legislation and/or regulation can be fully prevented.

In accordance with the implementation of the Transparency Directive (Section 5:25(c) at (2) (c) of the Financial Supervision Act), the Management Board certifies, to the best of its knowledge, that:

- the 2017 financial statements as included on pages 83 to 128 of this 2017 annual report provide a true and fair view of the assets, liabilities, financial position and result of Stern Groep N.V. and the associates included in the consolidation in the 2017 financial year;
- the Report of the Management Board as included on pages 18 to 42 of this 2017 annual report provides a true and fair view of the status at 31 December 2017 and of developments during the 2017 financial year relating to Stern Groep N.V. and its associates, the details of which are contained in the 2017 financial statements. This 2017 annual report describes the material risks to which Stern Groep N.V. is exposed.

Amsterdam, 7 March 2018

**The Management Board**

Ir. H.H. van der Kwast, Chief Executive Officer
A.A. Swijter, Chief Financial Officer

# Details of the Supervisory Board

## D.R. Goeminne
(1953, chair)

### Date of appointment
Mr Goeminne was appointed as a member of the Stern Group Supervisory Board in October 2008.

### Committees
Mr Goeminne was a member of the Stern Group Audit Committee until 7 March 2018. From that date, he is a member of the Stern Group Remuneration Committee.

### Career
Until 2007, he served as chair of the Group Management Board of V&D and was a member of the Board of Directors of Maxeda (Vendex/KBB).

### Other supervisory directorships
Mr Goeminne chairs and is a member of the Audit Committee of Beter Bed Holding N.V. and a member of the Supervisory Board of Wielco B.V. He is also a non-executive board member in Belgium of Van de Velde N.V., Wereldhave N.V. (chair) and JBC NV. He has been the CEO of Ter Beke N.V. since June 2013.

### Nationality
Mr Goeminne is a Belgian citizen.

### Retirement rota
2020.

## M.E.P. Sanders
(1953, vice-chair)

### Date of appointment
Ms Sanders was appointed as a member of the Stern Group Supervisory Board in October 2012.

### Committees
Ms Sanders is the chair of the Stern Group Audit Committee.

### Career
Ms Sanders has been previously employed among others at ABN AMRO, Atlas, the Dutch Railways and Greenfield Capital Partners. She was also involved in the establishment of Dutch telecommunications company Telfort.

### Other supervisory directorships
Ms Sanders holds various supervisory positions, including chair of the Advisory Board of DifraxBeheer B.V., member of the Supervisory Board of Hoens Broadcast Facilities B.V., member of the Supervisory Board of Hydratec Industries N.V. and chair of the Investment Committee of the SI² Fund in Brussels.

### Nationality
Ms Sanders is a Dutch citizen.

### Retirement rota
2021.

## A. Roggeveen MSc
(1946)

### Date of appointment
Mr Roggeveen was appointed as a member of the Stern Group Supervisory Board in March 2012.

### Career
In June 2011, Mr Roggeveen stepped down as CEO – after a 27-year tenure – of Sator Holding, an importer and distributor of car parts. Under Mr Roggeveen's leadership, Van Heck and subsequently Sator expanded to become the market leader in the brand-independent vehicle sales channel. Mr Roggeveen returned to Sator as acting CEO on 15 October 2012. From May 2013 to the end of 2016, he was a non-executive board member at Sator Holding B.V.

### Other supervisory directorships
Mr Roggeveen has been a non-executive board member at Brink Group B.V. since December 2015.

### Nationality
Mr Roggeveen is a Dutch citizen.

### Retirement rota
2019.

## S.G. Brummelhuis
(1965)

### Date of appointment
Ms Brummelhuis was appointed as a member of the Stern Group Supervisory Board in May 2016.

### Committees
Ms Brummelhuis has been the chair of the Stern Group Remuneration Committee since 7 March 2018.

### Career
Ms Brummelhuis studied law at the University of Amsterdam and Columbia University and has held various positions, including at Astia (Vice President Europe), IENS (director/ supervisory director) and the legal firms Loeff Claeys Verbeke and Skadden, Arps, Slate Meagher & Flom (New York).
Ms Brummelhuis is a director of The Next Women and the investment fund of the same name.

### Other supervisory directorships
Her main supervisory directorships and additional activities are: member of the Supervisory Board of de Telegraaf Media Group, member of the Supervisory Board of Rabobank Amsterdam and non-executive director of Annona Investment Fund. She is also an innovation knowledge partner at Hemingway Board Programme.

### Nationality
Ms Brummelhuis is a Dutch citizen.

### Retirement rota
2020.

## Mr P.P.M. Nielen
(1964)

### Date of appointment
Mr Nielen was appointed as a member of the Stern Group Supervisory Board in December 2017.

### Committees
Mr Nielen has been a member of the Stern Group Audit Committee since 7 March 2018.

### Career
Mr Nielen studied Business Economics and Dutch Law at the Free University in Amsterdam. Mr Nielen has held various commercial management positions in corporate banking and corporate finance, including at MeesPierson and NIBC.
Until the end of 2016, Mr Nielen was a partner and co-founder at NielenSchuman. In this capacity, Mr Nielen provided guidance for various advisory engagements with several automotive holdings, including Stern Group. Mr Nielen is currently a partner at Scheybeeck Investments.

### Other supervisory directorships
Mr Nielen is currently the chair of the Happy Watoto Foundation.

### Nationality
Mr Nielen is a Dutch citizen.

### Retirement rota
2021.

# Report of the Supervisory Board

**General** For many years, Stern Group has pursued a corporate governance policy that is appropriate to its status as a smaller listed company. Stern Group has accordingly accepted the Dutch Corporate Governance Code (which was revised in 2016) as a guideline. For further details, please refer to page 48 and following of this annual report or visit www.sterngroep.nl.

**Financial statements and distribution of profit** This annual report includes the financial statements for Stern for the 2017 financial year prepared by the Management Board. The financial statements have been audited and an unqualified audit opinion has been issued by Ernst & Young Accountants LLP. Please refer to page 129 and following of this annual report. If the excess solvency as at 31 March 2018 is sufficient, a total dividend of € 1.00 in cash per share will be proposed in line with the dividend policy set out on page 12 of this annual report. The final dividend will be payable on 7 June 2018 and will be paid after deduction of the interim dividend of € 0.25 per share paid on 22 December 2017.
The Supervisory Board recommends that the shareholders adopt the 2017 financial statements at the General Meeting to be held on 9 May 2018, and that they discharge the Management Board from liability for its management and the Supervisory Board from liability for its supervision during the 2017 financial year.

**Meetings** The Supervisory Board met on a total of nine occasions (five of which concerned regular meetings), on seven occasions in the presence of the Management Board. All members of the Supervisory Board were present at eight of these meetings (100%). At one meeting, the attendance rate was 75%. There was also regular informal consultation between the members of the Supervisory Board and the Management Board. The Supervisory Board moreover visited several operating companies. The Supervisory Board met on one occasion with the external auditor to discuss the results in 2016 and the findings of the audit.


Matters discussed at the meetings included the implementation and progress of the Stern's (new) strategic plan until year-end 2020 and the related further expansion of Stern Mobility Solutions and Stern Car Services (including SternPoint) and the proposed significant shift of focus of the activities of Stern Group into more profitable activities that involve less onerous requirements with respect to working capital and are less exposed to economic developments. Stern's strategic plan has already been extensively discussed and explained at an Extraordinary General Meeting held on 21 December 2017.

The Supervisory Board is closely involved in the formulation and implementation of the strategic plan: in addition to this item being discussed at every meeting, there was also 2-day strategic consultation held attended by the members of the Supervisory Board and the Management Board. In addition, Mr A. Roggeveen (a member of the Supervisory Board) was (and still is) a member of a steering group formed by Stern with respect to the new strategic plan. This steering group meets on a monthly basis.

Various potential acquisitions and divestments were also discussed at the Supervisory Board meetings, the purchase and sale of various premises and the new-build in Purmerend (Heron Auto) realised in 2017. Progress in relation to the operational performance of the operating companies was another item of discussion on several occasions.

As in previous years, other recurring items of discussion concerned the organisational structure, HR policy, the risks associated with the business, the financial structure, the internal control systems for the various core activities and corporate governance at Stern. The implementation of the new HR policy plan formulated in 2016 required extensive attention in 2017. This included a formal start on Management Development and succession planning and an employee satisfaction survey was carried out. As usual, any financial information to be published such as the quarterly and annual figures and other press releases was submitted to the Supervisory Board for inspection prior to publication.

**Audit Committee** An Audit Committee has been in place at Stern Group since 1 January 2003. This committee consists of Ms M.E.P. Sanders (chair) and Mr D.R. Goeminne. The Audit Committee convened on five occasions during the reporting year, with the Chief Financial Officer and the group controller in attendance. Three of these meetings were also attended by the external auditor. Matters discussed at these meetings included the processing of acquisitions and divestments, the measurement of goodwill and badwill in relation to acquisitions, the internal control systems, loss-making operations, compliance with legislation and regulation, the tax situation, automated data processing, the administrative organisation, the Group financing, presentations by controllers of operating companies, the relationship with the external auditor and compliance with and follow-up of the auditor's recommendations. Stern in Control was also a fixed agenda item (for an explanation of Stern in Control, see page 47 of this annual report). The financial statements included in the 2016 annual report were evaluated during the reporting year.

**Internal audit function** In view of its size, Stern Group has decided not to appoint an internal auditor, but has adequate alternative measures in place to evaluate the operation of the internal risk management and control systems. Further details are provided in the section on Risks on page 44 and following of this annual report. The Supervisory Board believes these alternative measures are adequate and currently does not consider the appointment of an internal audit function to be necessary.

**Remuneration of the Supervisory Board** The remuneration for Supervisory Board members established by the shareholders in May 2014 and described on page 122 of this annual report did not change during the reporting year. No amendments are proposed to this remuneration for 2018. In connection with the proposed formation of a Remuneration Committee, a proposal will however be submitted with respect to the remuneration of members of the Supervisory Board who are members of this new committee at the General Meeting to be held on 9 May 2018.

**Remuneration of the Management Board** The remuneration policy with respect to the Management Board discussed at the General Meeting of 12 May 2005 was also implemented in 2017. The remuneration of the members of the Management Board consists of a fixed gross annual salary with pension contribution, plus a variable component of up to a third of the fixed gross annual salary, subject to predefined criteria being met. The quantitative information and the criteria for 2017 and 2018 are stated on page 122 of this annual report (note 34 to the financial statements).

**Evaluation of the Management Board and the Supervisory Board** Issues discussed without the presence of the Management Board included the Supervisory Board's own operation, mutual interaction, the relationship with the Management Board, the performance of the Management Board and its members and the remuneration of the Management Board. Various issues were raised in the evaluation of the Supervisory Board's own performance, such as the available time and attention of all supervisory directors, the conduct of the supervisory function, the allocation of roles and the interrelationship between the Supervisory Board and the Management Board and the composition of the Supervisory Board in terms of independence, expertise, competencies and experience. The Management Board also evaluates its own performance, both collectively and individually.

**Appointments and departures** According to the rota, Ms M.E.P. Sanders was due to step down in 2017. Ms Sanders declared herself available for reappointment and was reappointed for a term of four years at the General Meeting of 10 May 2017.

In connection with the transition and related development and implementation of Stern's new strategic plan, there was a need for appointment of a fifth member of the Supervisory Board with particular qualities in the field of company repositioning and long-term value creation. In this connection, Mr P.P.M. Nielen was a appointed as a member of the Supervisory Board for a term of four years at the Extraordinary General Meeting held on 21 December 2017.

According to the rota, the next occasion when a member of the Supervisory Board will step down will fall in 2019.

**Diversity** Although Stern has not yet developed a diversity policy, it considers this issue to be important in various respects. Stern strives to achieve a balanced ratio between male and female members of both the Management and the Supervisory Board. According to the law, a balanced ratio between men and women is achieved if at least 30% of the seats are occupied by women and at least 30% are occupied by men. Stern did not meet this statutory target with respect to the composition of the Management Board in 2017. This target was however achieved with respect to the composition of the Supervisory Board in 2017. Stern will strive to achieve a balanced composition on its Management Board when future changes occur.


**Peugeot 308**
*Car of the Year 2014*

For further information on the issue of diversity at Stern and the targets, please refer to page 40 and following of this annual report.

**Independence** The Supervisory Board takes the view that with its current composition and the composition of the Audit Committee, the criteria in relation to independence in best practice provisions 2.1.7 and 2.1.8 have been met.

**Corporate Social Responsibility** Stern strives to achieve a culture in which attention is paid to Corporate Social Responsibility. In its policy decisions, Stern is increasingly guided by commercial and social considerations for the longer term. Corporate Social Responsibility is a regularly recurring item of discussion. The limitation of environmental risks and acting with care to ensure the sustainability of the environment are important items of attention for Stern and its operating companies. The operating companies also have to be continuously aware of environmental aspects that are relevant to their business operations.

Further details of all the activities in relation to Corporate Social Responsibility are provided on page 63 and following of this annual report.

The Supervisory Board wishes to express its appreciation for the efforts of the Management Board and the employees during the past year. The Fast Forward plan should lead to greater independence, a sustainable increase in return and improved predictability of the results.

Amsterdam, 7 March 2018

D.R. Goeminne
M. E.P. Sanders
A. Roggeveen MSc
S. G. Brummelhuis
P. P. M. Nielen

**Volkswagen Passat**
*Car of the Year 2015*

# Fuel

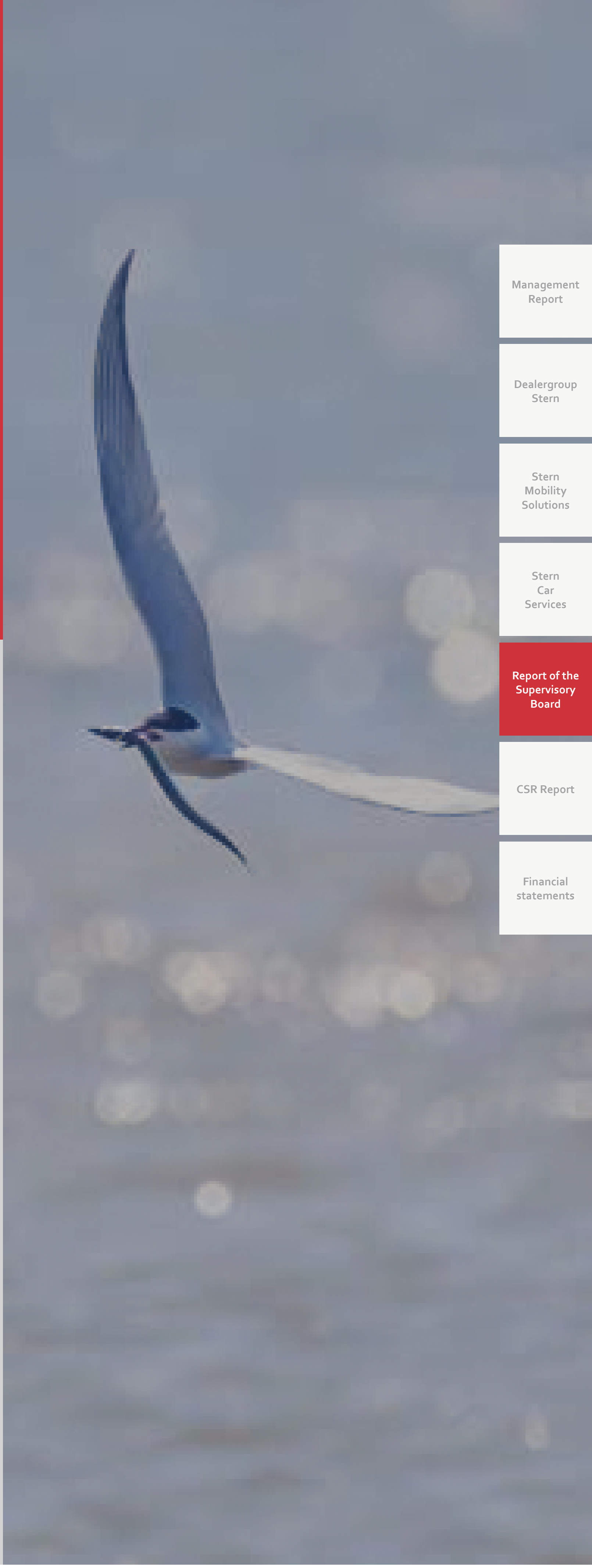
**Vogelbescherming Nederland (the Dutch Society for the Protection of Birds) and Stern: a strong partnership providing support to common terns and other terns.**

Terns without food are like cars without fuel: they don't go anywhere. Birds fly by burning fat. And their fat comes from the food that they eat. Birds also need fuel for all their other bodily functions: maintaining their temperature, producing eggs in the breeding season, feeding chicks... basically, fuel is life.

The supply of food for common terns in the IJsselmeer has apparently been faltering. Their main food source – smelt – was too scarce. In some years therefore, there were too few young birds growing up big and strong to maintain or improve the various tern colonies. A worrying situation. And a shame, considering all the good work that Vogelbescherming Nederland was able to do with Stern's support, such as the creation or repair of countless breeding locations for terns in the IJsselmeer.

These suspicions were confirmed by Wageningen Marine Research in 2017. Its research clearly shows that the smelt population in the IJsselmeer has been too low for years. Fishing of spawning smelt has thus been halted. This is good news for the terns. And there is more good news. In 2017, as many as 175 breeding pairs established themselves on the breeding islands in the Eemmeer that were repaired in 2016, which was funded by Stern. Terns also nested on an artificial breeding island in the Oesterput in Zeeland in 2017, as well as on the new islands in the Kroons polders on Vlieland. These projects were also financially supported by Stern.

Vogelbescherming
NEDERLAND



# 25 years of Stern

**Stern Group celebrates its 25th anniversary on 15 March 2018. Stern has developed into an organisation with nearly 100 branches, representing 21 car brands and a complete range of its own automotive services.**

The combination of strong brands, smart services and ambitious people has made Stern a unique company with a great future. These anniversary pages give a brief look at the past 25 years at Stern, in which the common theme has been the development of the group and the people involved, and nature as well.

1993

## Acquisition of RIVA Amsterdam from Athlon Holding

Together with a group of private persons, Henk van der Kwast and Leen Hollander acquire RIVA Amsterdam. A radical reorganisation is effected because the company is suffering heavy losses.

| € | € | |
|---|---|---|
| 35,340 | 182 | 184 |
| *Net revenue* | *Net profit* | *Number of employees* |
| *x € 1,000* | *x € 1,000* | |

1994

## RIVA's new name: Merel

As the reorganisation of RIVA nears completion in 1994, people want to mark this with a new name. The name chosen is Merel ('blackbird' in English), a friendly bird name with five letters.

1995

## Acquisition of the Blok group

In November 1995, a second acquisition candidate presents itself in Amsterdam: the struggling Blok group with two Renault dealerships, a fuel station and a car body repair business.

| € | € | |
|---|---|---|
| 64,327 | -406 | 220 |
| *Net revenue* | *Net profit* | *Number of employees* |
| *x € 1,000* | *x € 1,000* | |

1996

## Three years of Merel

To mark Merel's three-year anniversary, Henk van der Kwast is presented with a real blackbird by the employees.

| € | € | |
|---|---|---|
| 76,200 | 202 | 224 |
| *Net revenue* | *Net profit* | *Number of employees* |
| *x € 1,000* | *x € 1,000* | |

1997

# Further as Stern

Due to the group's already considerable size at the end of 1996, Merel, Arend and Stergam were combined into one holding company which naturally was given a five-letter bird name: Stern ('tern' in English).

1998

# Acquisition of ENTAM

Entam in the Amsterdam region is acquired from Reaal in 1998. This company has not been performing well for a long time, and consists of a car body repair business, four Shell fuel stations and a Ford dealership.

€ **163,286**
*Net revenue*
*x € 1,000*

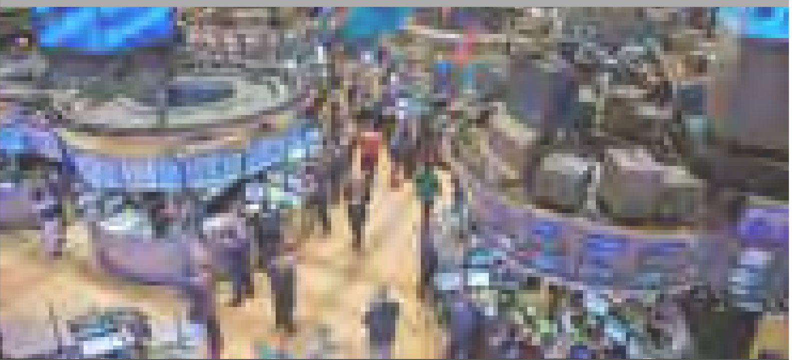
€ **2.772**
*Net profit*
*x € 1,000*

**549**
*Number of employees*

1999

# Shareholder

Stern has its first external shareholder, when NPM Capital takes a large non-controlling interest.



2000

# To the stock market

The merger of Stern with the market-listed AIR Holdings in Rotterdam on 21 June 2000 is an important event.

€ **402,002**
*Net revenue*
*x € 1,000*

€ **5,965**
*Net profit*
*x € 1,000*

**853**
*Number of employees*

2001

# Own new-build

The first of Stern's own new-build premises are constructed for SternTec in Wateringen in 2001.

€ **391,698**
*Net revenue*
*x € 1,000*

€ **7,030**
*Net profit*
*x € 1,000*

**936**
*Number of employees*

2002

# A great leap forward

Stern makes a leap forward with the acquisition of all the dealerships, dealer lease companies and a car body repair business from Athlon. With this acquisition, Stern's revenue increases by 60%. This is followed by another important acquisition of Fassam in Brabant, including five Renault dealerships among other businesses.

€ **667,456**
*Net revenue*
*x € 1,000*

€ **10,096**
*Net profit*
*x € 1,000*

**1,749**
*Number of employees*

2003

# Acquisition of Pordon

The acquisitions of Pordon Group and Pouwels Group were successfully completed on 1 January 2003. The acquisition of Pordon Group represents another great leap forward for Stern in the Mercedes-Benz light commercial vehicle segment.

2005

# Van Kalmthout

The acquisition of Van Kalmthout & Van Niel, a large and successful Ford dealer in the Hoofddorp region gives Stern a strong position in a large and continuous car-intensive area in which Stern has only limited representation.

All the activities at Stern relating to insurance and finance are combined in Stern Finance and new Stern products are launched (SternDirect and SternPolis).

€ 707,363 *Net revenue* x € 1,000

€ 10,499 *Net profit* x € 1,000

2,035 *Number of employees*

2006

# Acquisition of Ford dealerships

Stern acquires five Ford dealerships in the Rotterdam region trading under the name of Ford Rotterdam in 2006.

€ 756,194 *Net revenue* x € 1,000

€ 12,607 *Net profit* x € 1,000

2,230 *Number of employees*

2008

# Sponsorship agreement

The sponsorship agreement with Vogelbescherming Nederland is extended for the period from 2008 to 2012, focusing on protection of the black tern and the breeding areas for terns on the coast.

Vogelbescherming NEDERLAND

€ 932,654 *Net revenue* x € 1,000

€ 4,422 *Net profit* x € 1,000

2,825 *Number of employees*

2010

# Stern through the crisis

Operation Stormvogel ('fulmar' in English) proceeds according to plan, whereby Stern survives the crisis in good shape.

€ 938,619 *Net revenue* x € 1,000

€ 6,035 *Net profit* x € 1,000

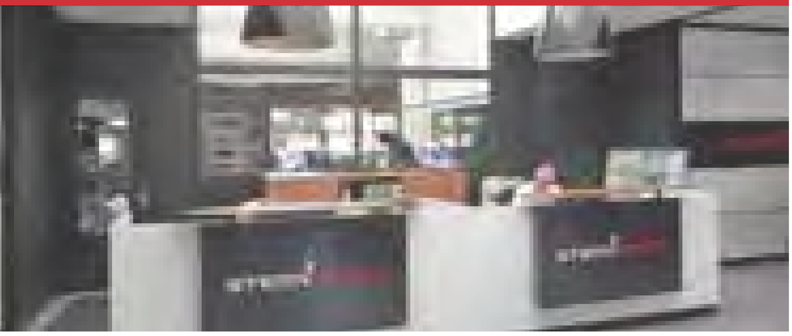
2,379 *Number of employees*

2012

# First SternPoint branch

Stern opens its first SternPoint branch in Naarden in May 2012. SternLease passes the 5,000 lease contracts milestone.

| € | € | |
|---|---|---|
| **935,991** | **-6,886** | **2,252** |
| *Net revenue* | *Net profit* | *Number of employees* |
| *x € 1,000* | *x € 1,000* | |



2014

# Further expansion

Mango Mobility was acquired at the end of December 2014, and Stern Group focuses on the growth market in electric transport with speeds of up to 45 km per hour.

| € | € | |
|---|---|---|
| **898,299** | **3,622** | **2,133** |
| *Net revenue* | *Net profit* | *Number of employees* |
| *x € 1,000* | *x € 1,000* | |


2015

# Stronger Together!

Stern develops a new multi-year plan named Stronger Together!

| € | € | |
|---|---|---|
| **1,095,181** | **11,067** | **2,177** |
| *Net revenue* | *Net profit* | *Number of employees* |
| *x € 1,000* | *x € 1,000* | |

2016

# Leap Forward →

With its new three-year plan Leap Forward →, Stern is aiming to achieve the transition from a large car dealer holding into a first-class and highly profitable mobility group.

| € | € | |
|---|---|---|
| **1,097,600** | **11,348** | **2,262** |
| *Net revenue* | *Net profit* | *Number of employees* |
| *x € 1,000* | *x € 1,000* | |

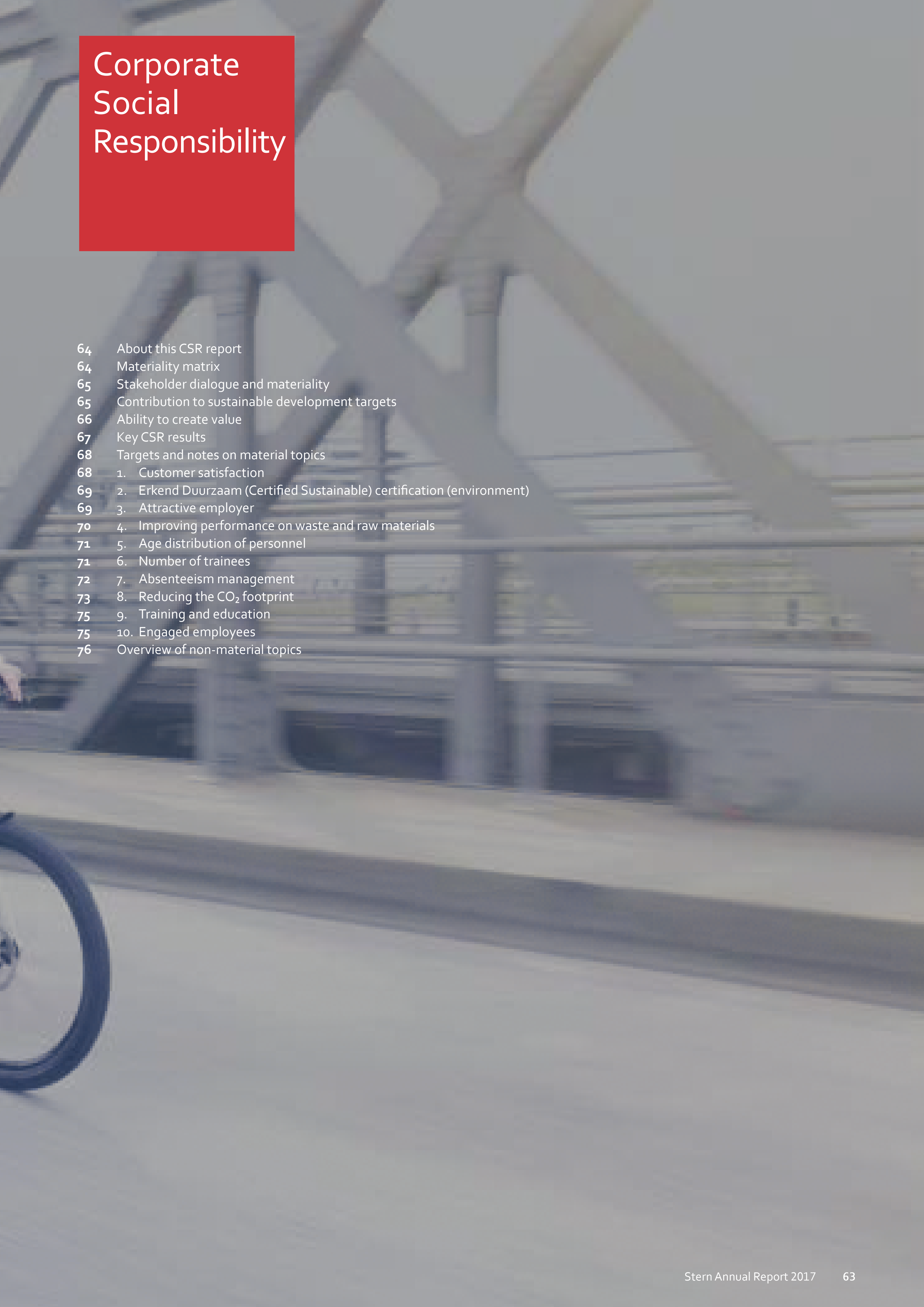
2017

# More Solutions and Services

Since March 2016, Stern has been working on a new and clearly formulated strategic plan that builds on the direction we took several years ago of transformation from a large car dealer holding to an integrated and highly profitable mobility group with an increasing range of our own products and services.

The Stern Financial Services division will be known as Stern Mobility Solutions from now on, consisting of SternRent and SternLease among others, including Stern's financial products.

SternSchade will expand its car body repair business with the addition of simple maintenance, car windows, tyre changes, batteries, towing hooks etc. under the name of SternPoint. Together with SternTec and SternLogistiek, SternPoint forms the Stern Car Services division.



# Corporate Social Responsibility

## About this CSR report

Corporate Social Responsibility is an essential part of Stern's strategy. Stern is looking beyond its profit and loss figures and is consciously focusing on the consequences of its business operations for people and the environment in both the short and the longer term. Stern looks for sustainable solutions that deliver a social and/or environmental benefit in combination with a direct or indirect financial gain. Our sustainability policy goes further than what is required under legislation and regulation.
This report describes the efforts made in 2017 with respect to sustainability in general and the ten material topics established in 2016 on the basis of a number of stakeholder dialogues. The materiality matrix is presented below.
The material topics are shown in the red section. Stern reports according to the "Core" option of the G4 guidelines for sustainability reporting of the Global Reporting Initiative (GRI). The related GRI index is included on page 78 and following of this report.
This report includes the data and information on all the companies of Stern. In case of deviations, this is stated in the text. A list of our companies, locations and participating interests is provided on page 90 of this annual report.
All the base data have been checked and validated internally.

## Materiality matrix

## Stakeholder dialogue and materiality

Stern involves its stakeholders closely in the formation and further development of its CSR policy at all times. Stern's major stakeholders are its customers, car importers, suppliers, shareholders, financiers and employees, as well as umbrella industry organisations, local and national government and social organisations. There were frequent consultations with stakeholders during the year in addition to the more or less institutionalised communication. The following issues were discussed:

| Stakeholder group | Items discussed |
|---|---|
| Importers | Development of new models, innovation, $CO_2$ emissions, introduction of new hybrid and electric cars, education and training |
| Customers | Reduced $CO_2$ emissions, cost savings, fleet management, framework contracts, sustainability policy |
| Educational institutions | Education and training, training policy, effect analysis, costs, requirements set by the market, making the automotive industry and its trades and professions more attractive |
| Government and industry institutions | Making the fleet greener, reducing $CO_2$ emissions, subsidy arrangements, innovation, mobility effects of driverless cars, sustainability policy |
| Employees | Employee satisfaction surveys, training, collective employment agreement, absenteeism management, safety, health of employees, social return |
| Suppliers | CSR in procurement, Code of Conduct, supplier audits, energy saving, circular economy, waste policy |
| Social organisations | Projects, involvement, application of financial contribution, communication, sustainability policy, sharing knowledge and experience |
| Financiers | Return, strategy, sustainability policy, trends, financial position, solvency, investment |

## Contribution to sustainable development targets

The Sustainable Development Goals (or "SDGs") are a series of targets for future international development. The SDGs were formulated in 2015 by the 193 countries of the United Nations (UN) as global targets for sustainable development for the period until 2030. Stern is also making its modest contribution.

The following SDGs are relevant for Stern:

8 The promotion of sustainable, inclusive economic growth, full and productive employment and meaningful work for everyone.

9 The realisation of a resilient infrastructure, the promotion of inclusive and sustainable industrialisation and innovation.

11 The creation of cities and human settlements that are inclusive, safe, resilient and sustainable.

12 Responsible use of resources, ensuring sustainable patterns of consumption and production.

13 Taking urgent measures to combat climate change and its effects.

# Ability to create value

Stern creates value through input from various types of capital (financial, human, physical and natural) by adding value through its business model. The results of this are visible in the form of both actual output (business continuity, customer satisfaction, environmental impact and actual sales results) and the more socially relevant outcome. Besides contributing to the SDGs, Stern also contributes to road safety, innovation in the chain and continuity in mobility and employment.

**Contribution to $CO_2$ reduction** · **Road safety** · **Innovation in the chain** · **Continuity in mobility** · **Employment**

## Outcome

*Stern's contribution to the Sustainable Development Goals (SDGs)*

## Output

### Business continuity

| | |
|---|---|
| Net revenue (x 1,000) | € 1,125 mln. |
| Operating profit | € 12.7 mln. |
| Solvency | 25.5% |

### Customer satisfaction score

| | |
|---|---|
| Minimum | 7.7 |
| Maximum | 9.2 |

### Environmental impact

| | |
|---|---|
| $CO_2$ emissions (scope 1 and 2) | -15% |
| % recycling car body repairs | 69% |
| % recycling dealerships | 81% |

### Sales of light commercial and other vehicles

| | |
|---|---|
| New passenger cars | 24,257 |
| New light commercial vehicles | 5,610 |
| Used passenger cars and light commercial vehicles | 23,211 |

### Mobilty Solutions

| | |
|---|---|
| Fleet under management | 14,217 |
| Rental days sold | 670,059 |

### Car Services

| | |
|---|---|
| Damage cases settled | 24,987 |
| Mobility contracts | 69,201 |
| Sales of light commercial vehicle interiors | 899 |
| Number of packages carried | 166,010 |
| Number of delivery destinations | 1,940 |

## Added value


## Input

### Financial capital

| | |
|---|---|
| Equity per share | € 28.08 |

### Human capital

| | |
|---|---|
| FTEs | 2,106 |

### Physical capital

| | |
|---|---|
| Branch network | 84 |
| Of which car body repair facilities (SternPoint) | 18 |

### Natural capital

| | |
|---|---|
| Electricity use | |
| High | 11,062 kWh |
| Low | 4,775 kWh |
| Gas use | 2,279 $m^3$ |

# Key CSR results

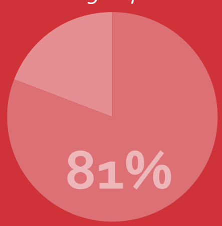
## Customer satisfaction


## Erkend Duurzaam (Certified Sustainable) certification

**30 June 2017 to 30 June 2019**

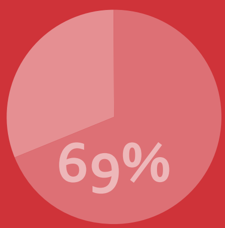
## % waste separation

*Dealergroup Stern*




*2016: 81%*

*SternPoint*




*2016: 74%*

## Total residual waste

**681 tonnes**
**+3.8%***

**Target: -1%**

** Increase due to growth of after-sales revenue of 3.6%.*

## Absenteeism

**4.8%**

*2016: 4.2%*

## $CO_2$ emissions (scope 1 and 2)

**17,564 tonnes (-15%)**

*2016: 20,675*

## Electricity use

**Total use: -1.8%**

*2016: -6.0%*

## Gas use

**-2.8%***

*2016: +6.2%*

** Adjusted for higher average temperature in 2017: -1.1%.*

# Targets and notes on material topics

## Customer satisfaction

Economic

### Management approach

For many years, customer satisfaction has been measured by surveys conducted for importers and/or our own surveys, and increasingly by external independent specialists. Reporting on customer satisfaction is discussed with the management and is used to further improve the services. A critical review or a report figure of 7 or less is immediately investigated by the business unit in question, with the aim of identifying how we can improve the satisfaction of the customer concerned.

### Description

The extent to which customers are satisfied with the services provided by Stern companies.

### Boundary

Management Board, Group Council, branch management, importers and customers.

### Target, KPI or description

Customers are requested to express their general satisfaction with a score from 1 (very dissatisfied) to 10 (very satisfied). Stern companies strive to achieve a score of 8.5 or higher. The measuring of general satisfaction is made by surveys the companies send out or on the basis of reviews written by customers.

### Materiality

Both Stern and its stakeholders consider customer satisfaction to be an important measure of the company's sustainable success.

### Result

Due to the various brands carried by Dealergroup Stern and the variety of products and services, the methods used to measure customer satisfaction varied in 2017. Stern accordingly reports the results for each company for 2017.

### Results

| Company name | Report score 2016 | Report score 2017 | Type (number) | Measured by independent third party |
|---|---|---|---|---|
| SternRent | 9.0 | 9.0 | Review (1,356) | ✓ |
| SternPoint | 8.9 | 8.4 | Review (866) | ✓ |
| SternLease[1] | – | 7.7 | Review (57) | ✓ |
| Stern Auto | 9.0 | 8.8 | Review (1,068) | ✓ |
| Arend Auto | 8.8 | 8.1 | Review (4,097) | ✓ |
| Ardea Auto[2] | ★★★★☆ | ★★★★☆ | Review (1,341) | |
| Heron Auto | 9.1 | 8.7 | Survey (79) | CaRe-Mail |
| Havik Auto | 9.2 | 9.2 | Survey (307) | CaRe-Mail |
| Durmi Auto | 9.3 | 9.2 | Survey (462) | CaRe-Mail |
| Svala Auto[3] | – | – | | |
| Vireo Auto | 8.5 | 8.6 | Survey (5,597) | ✓ |
| Jager Auto[3] | – | – | | |

**Opel Astra**
*Car of the Year 2016*


[1] *SternLease is based on feedback published on www.autolease.tevreden.nl.*
[2] *Ardea Auto asks customers visiting its website to express their general satisfaction on a 5-point scale.*
[3] *Google reviews: Svala Auto has a score of 4.6 with 123 reviews. Jager Auto has a score of 4.5 with 18 reviews (both based on a 5-point scale).*

# Certified Sustainable certification

Environment

### Description
The organisation responsible for Erkend Duurzaam certification is the Instituut voor Duurzame Mobiliteit (Institute for Sustainable Mobility), or IvDM, which operates the scheme on behalf of the stakeholders BOVAG, RAI Vereniging, FOCWA Schadeherstel and STIBA. The audits are carried out by ARN, the independent Dutch expertise centre for recycling in the mobility industry. Over the years, the Erkend Duurzaam certificate has become the main sustainability quality mark for the industry.

### Boundary
Management Board, Group Council, sustainability ambassadors and branch management.

### Target, KPI or description
Every Stern branch has a Certified Sustainable certificate.

### Management approach
The Erkend Duurzaam (Certified Sustainable) certification and the recommendations from the audits are coordinated and followed centrally by Stern Facility Services. Improvement plans are formulated and implemented where necessary. A sustainability ambassador has been appointed for each business unit who guides the audits and implements improvement plans. The results, recommendations, improvement plans and actions are discussed with the management.

### Materiality
External and independent testing of the degree to which Stern has demonstrably embedded sustainability and CSR in its business operations.

### Result
All Stern facilities achieved the Erkend Duurzaam Plus certificate in 2017, meaning that Stern meets the requirements of the European Energy Directive. The certification runs until 30 June 2019. The Erkend Duurzaam Basic scan assesses six themes: business conduct, communication, procurement, personnel, finance and sales. Erkend Duurzaam Plus focuses additionally on the reduction of energy and waste flows in order to reduce the company's environmental impact and at the same time control and save costs.

# Attractive employer

Social

### Description
The extent to which Stern is seen as an attractive employer in the labour market.

### Boundary
Management Board, Group Council, Stern HRM and line managers.

### Target, KPI or description
The proposed review of Stern's image as an employer did not take place and will now be carried out in 2018. The tightness in the labour market led to our decision to appoint a corporate recruiter.

### Management approach
Stern is in transition from a traditional car dealer holding to a modern business. This has led to the integration of the decentralised HR departments under the leadership of an HRM director. This has led to the further harmonisation and professionalisation of the HRM policy. A corporate recruiter was also appointed at the end of 2017 to assist all the Stern companies in filling outstanding vacancies in good time and finding new motivated colleagues.

### Materiality
The labour market is changing, the population is ageing and good quality personnel are hard to find. It is important that Stern is visible and seen as an attractive employer to ensure that the best people come to work at Stern. The economic prospects mean that it will become more and more difficult to attract motivated technical personnel in future. There is visible tightness in the labour market at the dealerships and car body repair businesses and it is difficult to fill vacancies. Uniformity contributes to a professional image in the labour market and the image of Stern.

### Result
Various priorities have been set by HRM in its recruitment policy. The website werkenbijstern.nl will be renewed in 2018 and standardisation of the administrative application procedure should support the management in the efficient recruitment and selection of the right employees. The building of a strong Stern brand is also essential to stay ahead of the competition and attract applicants to Stern.

# Improving performance on waste and raw materials

Environment

### Description

Minimising non-recyclable waste by facilitating and encouraging waste separation and preventing waste flows where possible. The waste policy also contributes to Stern's ambition to move towards a circular economy: from consumption to the use of raw materials.

### Boundary

Management Board, Group Council, sustainability ambassadors, branch management and the waste management partner.

### Target, KPI or description

- ✓ Reducing the amount of residual waste to 655 tonnes and the total amount of waste (given comparable workshop revenue)
- ✓ Recycling percentage Dealergroup Stern to 81%
- ✓ Recycling percentage SternPoint to 74%

### Management approach

A sustainability meeting led by an external waste management partner is held on a quarterly basis in which sustainability ambassadors from each business unit share their experiences and knowledge and formulate and follow practical business cases. Continuous adjustments are made, also due to changing internal and external factors, to ensure that we treat our environment with care and control waste costs. With our waste policy, our environmental performance is improving and the costs of waste are manageable and visible. These meetings contribute to a continuous focus on waste management and result in improvements being implemented quickly. The management receives quarterly reports. An integrated report is discussed with the Management Board every six months. In 2018, suppliers will be asked to look for possibilities for reducing waste flows directly associated with their deliveries to Stern companies.

### Materiality

Waste harms the environment. Stern accordingly wishes to avoid this where possible.

### Result

The percentage of waste separation at Dealergroup Stern is unchanged at a high level of 81%. This percentage shows that we remain at the forefront of sustainable waste management in our sector. The workshops generate large quantities of specific waste flows, and waste separation is of great importance. Initiatives to further reduce the amount of waste transport were introduced in 2017, including small and hazardous waste, and a project to set up packaging return logistics in the chain was initiated.

The total amount of residual waste in 2017 was 681 tonnes. In addition to residual waste, other flows increased in volume compared to 2016. Total volume was up 3.8% in 2017, corresponding to the growth of after-sales revenue (+3.6%).

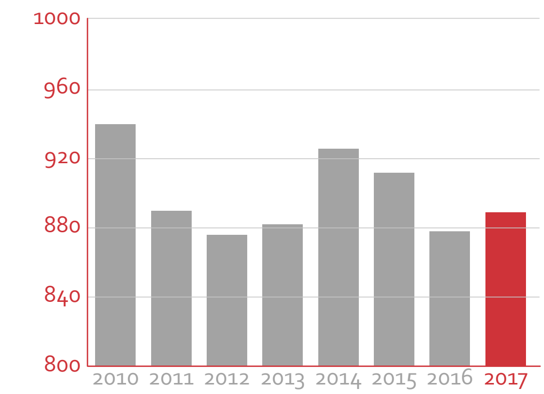
The waste separation percentage at SternPoint declined by 5% compared to the previous year to 69%. The target of 74% was therefore not achieved. The main reason for this was the connection of six newly acquired facilities, which were not yet fully operationally efficient in 2017.

### Results

| Waste performance indicators 2017 | 2016 Target | 2016 Actual | 2017 Target | 2017 Actual | 2018 Target |
|---|---|---|---|---|---|
| Total residual waste | -1% | 1.8% | -1% | 3.8% | -1% |
| Residual waste in kg per mechanic Dealergroup Stern | 890 | 878 | 860 | 889 | 850 |
| Residual waste in kg per mechanic SternPoint | 650 | 655 | 650 | 712 | 650 |
| Waste separation percentage Dealergroup Stern | 80% | 81% | 81% | 81% | 82% |
| Waste separation percentage SternPoint | 72% | 74% | 74% | 69% | 75% |

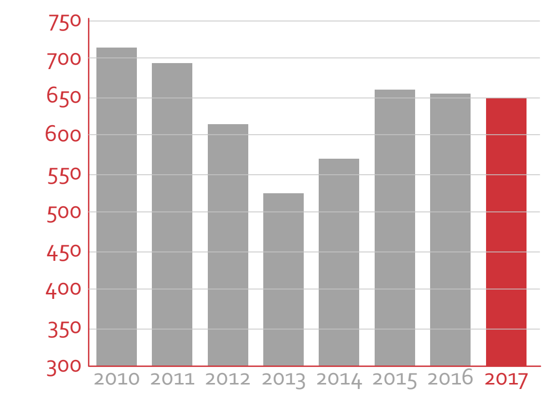
*Residual waste per mechanic Dealergroup Stern*

*In kilograms*




*Residual waste per mechanic SternPoint*

*In kilograms*



# Age distribution of personnel

Social

## Management approach

Stern employs people in all age categories. Each category is well represented. 3% of the total workforce is aged over 66 years (2016: 2.5%). These are mostly on-call workers who return to work after retirement. The apprenticeship policy will bear fruit in the coming years, meaning that the average age will be lower. Stern encourages employees to take full or partial early retirement, however this is made more difficult by the poor quality of early retirement schemes that discourages employees from making use of them.

## Description

Stern strives to achieve a balanced age distribution of its personnel.

## Boundary

Management Team, Cluster management, Stern HRM and line managers.

## Target, KPI or description

Reducing the average age by one year each year.

## Materiality

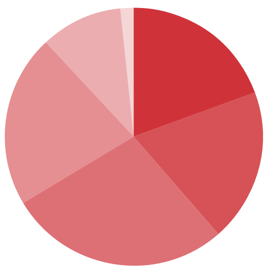
The auto industry has to cope with rapidly changing technologies, which places demands on the level of education, knowledge and background of personnel at Stern companies. To achieve the right mix of employees with knowledge of traditional auto techniques and new technologies (for instance, electric power), ongoing training of employees and intake of sufficient school leavers with the right education are very important. An adequate intake also means that existing employees have to move on to other jobs within or outside the business.

## Result

The number of employees aged less than 30 years rose by more than 11% in 2017 compared to a year before, while the number of employees aged between 30 and 49 years again declined slightly. The number of employees over 50 years of age on the other hand increased by just over 8%. This results in an average age of 43.1 years in 2017, a slight increase on 2016 (42.2 years). Stern is however maintaining its target and hopes to achieve a decline in the average age of its workforce of one year in 2018.

## Results

*2017*



| | | |
|---|---|---|
| < 30 years: | 491 | 21.1% |
| 30-39 years: | 409 | 17.6% |
| 40-49 years: | 606 | 26.1% |
| 50-59 years: | 536 | 23.1% |
| 60-69 years: | 243 | 10.5% |
| > 70 years: | 38 | 1.6% |

*Total: 2,323*
*Average age: 43.1*

*2016*

| | | |
|---|---|---|
| < 30 years: | 440 | 19.4% |
| 30-39 years: | 434 | 19.2% |
| 40-49 years: | 628 | 27.8% |
| 50-59 years: | 493 | 21.8% |
| 60-69 years: | 231 | 10.2% |
| > 70 years: | 36 | 1.6% |

*Total: 2,262*
*Average age: 42.2*

# Number of trainees

Social

## Management approach

The current level of trainees and interns will form the basis for a baseline measurement to be organised with the aim of further reducing the average age of the workforce. The target for 2018 is at least the same number of trainees, with further focus on the various desired competences in each cluster.

## Description

The number of trainees in training at Stern companies.

## Boundary

Management Team, Cluster management, Stern HRM and line managers.

## Target, KPI or description

At 31 December 2017, there were 120 trainees in employment who are taking a Beroeps Begeleidende Leerweg (BBL) (vocational) training. There were also 60 interns in employment as part of a Beroeps Opleidende Leerweg (BOL) (prevocational) training pathway.

## Materiality

Reducing the average age of employees is essential for Stern. The sector has seen an ageing of the workforce for several years. Many Stern branches are recognised as training companies and the trainers at Stern have been transferring knowledge and craftsmanship to young mechanics and repairers for many years. Stern offers apprenticeships to trainees following a BBL or a BOL training pathway. BBL trainees have a paid job with Stern as a recognised training company, learn on the job and go to school one day per week. BOL interns go to school four days per week and work as interns one day per week.

## Result

With a large number of branches in the Amsterdam region, for several years Stern has been a member of NexTechnician, a regional training initiative in which schools, industry and the Municipality of Amsterdam work on a permanently improved connection between education and the labour market in the automotive sector. Stern has investigated whether similar initiatives can be started in the region of Utrecht/The Hague/Rotterdam in 2017. This has however not yet led to practical plans being formulated. We also looked for cooperation with the IVA Business School to attract young middle or higher educated people for sales positions. Stern wants to pursue an active policy of attracting young people to the automotive industry and retaining the best talent through providing information at schools.

# Absenteeism management

Social

### Description
The management, prevention and reduction of short, medium and long-term absenteeism due to sickness.

### Boundary
Management Board, Cluster management, Stern HRM and line managers.

### Target, KPI or description
Stern strives to achieve an average absenteeism percentage that is lower than the average absenteeism percentage in the industry, but is investigating whether other (more comparable) benchmarks are available. Special attention is devoted to long-term sick leave.

### Management approach

Stern strives to keep its organisation vital and healthy, offering its employees pleasant and healthy working conditions. As a result of the Eligibility for Permanent Disability Benefit (Restrictions) Act (Wet verbetering Poortwachter), Stern has devoted additional attention to its absenteeism policy, with the aim of reducing sick leave by looking for and implementing preventive measures, appropriate options for reintegration and intervention. Line managers play an active role in managing sick leave during the initial period (up to six weeks). After six weeks, the HR Business Partner takes the lead in monitoring the sick leave and complying with all the obligations under this Act. Sick leave is discussed on a quarterly basis at the meetings of the Management Board.

### Materiality

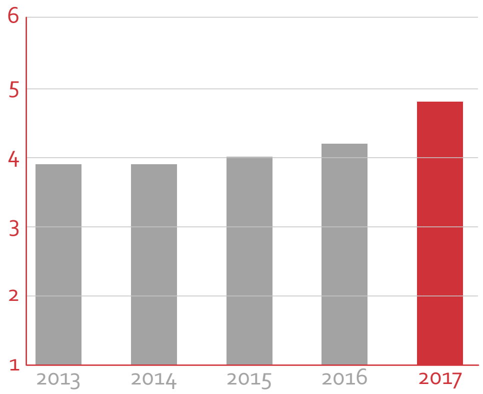
We take the health, involvement and development of our employees seriously. This will lead to more pleasant working conditions, less sick leave and higher labour productivity.

### Result
Unfortunately, absenteeism at Stern as a whole increased during 2017. The major occupational hazard in our industry continues to be physical injury. It is also well known that absenteeism rises when the economy picks up. Absenteeism came to 4.8% in 2017 (2016: 4.2%). The BOVAG industry average in 2016 was 3.8%. These absenteeism figures are prepared by ArboNed on the basis of the customer base affiliated to ArboNed. 84% of these customers have only 0-10 employees; 65% of these employees work for employers with not more than 50 employees. The national absenteeism figure in 2016 (all industries) is 4.1%. We are investigating whether there are other (more comparable) benchmarks for Stern available.

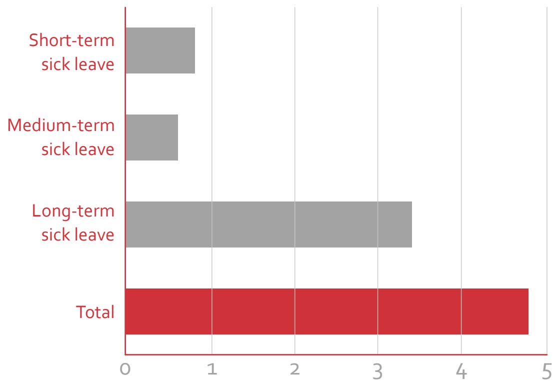
In 2017, there was in particular a rise in long-term sickness. The number of sickness reports increased by 1.8%. In 2018 we have transferred to a single health and safety service that operates in an innovative and productive way and has access to all institutions. It also provides guidance for absenteeism, reintegration and case management. Attention is also devoted to preventing absenteeism in order to promote the employability and fitness for work of employees in the long term. We hope that this quick response and different approach will positively affect absenteeism in 2018.

### Results

*Absenteeism*
*In %*




*Absenteeism in 2017 by type*
*In %*



# Reduction of $CO_2$ footprint

Environment

## Management approach

Improving insight into energy use and improving the energy-efficiency of various production and other processes. All facilities receive a monthly energy report in which their energy use is compared to a target and their energy performance is measured.



## Description

Minimising energy use by encouraging energy-saving measures. Continuous adjustments are made, also due to changing internal and external factors, to ensure that we treat our environment with care and control waste costs.

## Materiality

The use of energy from fossil fuels harms the environment and Stern wishes to reduce and avoid this where possible.

## Boundary

Management Board, Group Council, sustainability ambassadors and the energy management partner.

## Target, KPI or description

The energy use of all facilities in 2020 to match the best-performing branch in 2014. The emission of greenhouse gases (scope 1 & 2) is also reported on the basis of the G4 guidelines. Stern has set itself the target of reducing its $CO_2$ emissions by 1% a year.

## Result

Stern reduced its $CO_2$ emissions by 15% in 2017, as a result of 42% of the total volume of electricity being environmentally friendly by means of compensation with Guarantees of Origin (GoO) from European wind energy. Stern thus avoided emissions of 4,283 tonnes of $CO_2$. Stern will continue to increase its use of green electricity in the years to come. The target is to compensate for 100% of our total electricity volume.

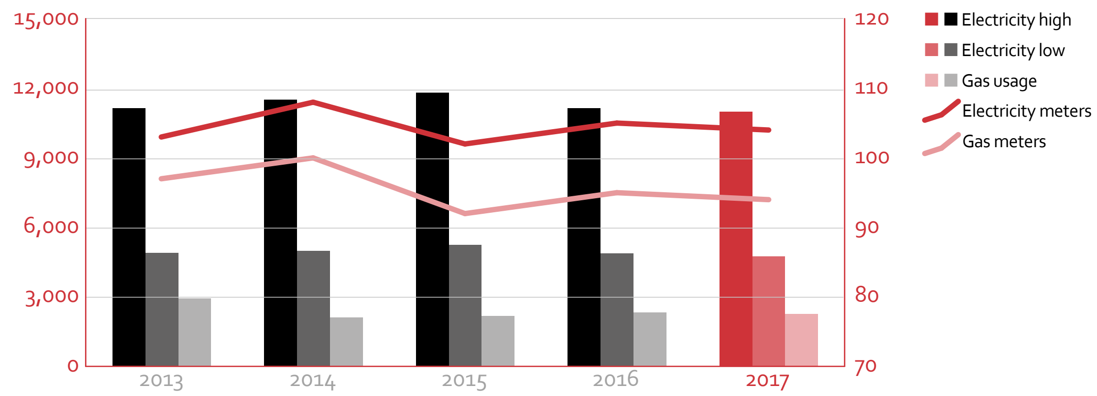
Our absolute energy consumption was also lower in 2017. Total electricity consumption declined by 1.8%, with consumption of low-tariff electricity declining by more (-2.8%) than in the high-tariff segment (-1.3%). The measured gas consumption was down by 2.8%. Since 2017 was relatively warmer than 2016, the adjusted gas consumption was higher, but there was still a decline in gas consumption over 2017 (-1.1%).

Stern again intensified its efforts to save energy in 2017, and has more control over energy consumption by means of focused energy monitoring and usage studies. A large-scale assessment was also carried out on the basis of the new Recognised Measures List (Erkende Maatregelen Lijst, or EML) for the mobility industry. The roll-out of specific energy-saving measures based on this assessment will begin in 2018.

## Results

*Energy consumption at Stern*

*kWh and m³ x 1,000 (l.h. axis), number of gas and electricity meters (r.h. axis)*

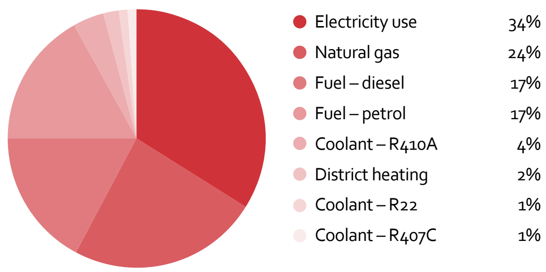


## Scope 1 & 2

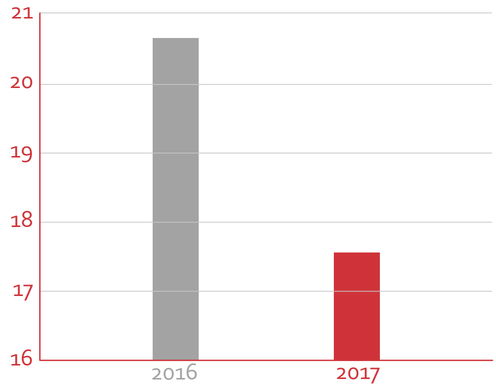
| | Scope | Type | Unit | Number | Emission factor | Unit | $CO_2$ emissions (tonnes) |
|---|---|---|---|---|---|---|---|
| Electricity – green* | 2 | | kWh | 6,600,000 | 0.000 | kg $CO_2$ /kWh | 0 |
| Electricity – grey | 2 | | kWh | 9,237,220 | 0.649 | kg $CO_2$ /kWh | 5,995 |
| **Electricity** | **2** | | **kWh** | **15,837,220** | | | **5,995** |
| Natural gas | 1 | | nM³ | 2,278,518 | 1.890 | kg $CO_2$/nm³ | 4,306 |
| District heating | 2 | | GJ | 8,753 | 35.970 | kg $CO_2$ /GJ | 315 |
| Fuel – Diesel | 1 | Diesel | Litres | 900,995 | 3.230 | kg $CO_2$ /litre | 2,910 |
| Fuel – Petrol | 1 | Petrol | Litres | 1,097,785 | 2.740 | kg $CO_2$ /litre | 3,008 |
| Fuel – LPG | 1 | LPG | Litres | 2,274 | 1.806 | kg $CO_2$ /litre | 4 |
| Business travel personal cars | 2 | | Vehicle km | 249,168 | 0.220 | kg $CO_2$ /km | 55 |
| Air travel | 2 | | Travel km | 79,105 | 0.200 | kg $CO_2$ /km | 16 |
| Coolant – R22 | 1 | R22 | Kg | 63 | 1,810 | kg $CO_2$ /kg | 115 |
| Coolant – R407C | 1 | R407C | Kg | 83 | 1,774 | kg $CO_2$ /kg | 147 |
| Coolant – R410A | 1 | R410A | Kg | 329 | 2,088 | kg $CO_2$ /kg | 686 |
| Coolant – R470C | 1 | R470C | Kg | 3 | 2,473 | kg $CO_2$ /kg | 7 |
| **Total** | | | | | | | **17,564** |

** Electricity compensated with GoO from 100% European wind power.*

*$CO_2$ footprint*
*Scope 1 & 2*
***2017***




*$CO_2$ emissions*
*In 1,000 tonnes*




# Training and education

Social

### Description
The extent to which Stern invests in its personnel.

### Boundary
Management Team, Cluster management, Stern HRM and line managers.

### Target, KPI or description
Stern has set itself the target of measuring the investment it makes in the training and education of its employees, as well as the number of days spent by employees on this. A baseline measurement needs to be established, on the basis of which a specific KPI can be established.

### Management approach
Whether organisations survive or not depends on the extent to which they are able to adapt to continually changing external and internal circumstances. Stern applies the 70:20:10 model (70% learning on the job, 20% cooperation and interaction and 10% training and education). Training courses intended to raise, maintain or deepen product knowledge are initiated by the importers and followed at set times by employees of Dealergroup Stern. E-learning modules are also used to train sales advisers. Courses for the personal development of employees are also offered.

### Materiality
Market and product developments require Stern employees to continually learn. Customer expectations and behaviour change rapidly. The products carried by Stern are also developing at a rapid pace. Training and education aims to ensure that employees have the right knowledge and skills to continue to be successful despite these changes. Stern assigns a high priority to the development of its employees.

### Result
Unfortunately this assessment could not be carried out in 2017 due to the lack of good connections and/or registration with the financial departments. Stern has set itself the target in 2018 of measuring the investment it makes in the training and education of its employees, as well as the number of days spent by employees on this. We will make a distinction here between professional training, leadership courses and the personal development of employees. There will be additional training to increase the customer orientation of employees in 2018 as this is part of the basis for the transformation of Stern from a car dealer holding into a service-oriented mobility partner.

# Engaged employees

Social

### Description
The extent to which employees say they are happy and content with their work and their working environment.

### Boundary
Management Board, Cluster management, Stern HRM and line managers.

### Target, KPI or description
Preparations were made for a survey of employee engagement was in 2017. This baseline measurement will be established by an independent external agency at all the Stern businesses in the course of 2018.

### Management approach
Stern is in transition from a traditional car dealer holding to a modern business. This has led to the integration of the decentralised HR departments under the leadership of an HRM director. The HR policy was further harmonised and made more professional in 2017. Stern expects to be able to test the success of this policy by means of an employee satisfaction survey and make any changes that are necessary.

### Materiality
A satisfied employee will be less inclined to leave Stern of their own accord. Employee involvement and the extent to which employees are committed to their work and Stern are also important. Enthusiastic and loyal employees drive our organisation. Their enthusiasm is experienced by our customers. This not only benefits customer relations, it demonstrably increases customer loyalty. Measuring employee satisfaction and loyalty ensures that Stern has a detailed understanding of how its employees feel. This is a starting point for further improvement.

### Result
Stern wishes to obtain insight into the working experience of employees and measure their satisfaction, engagement, enthusiasm, loyalty, motivation and customer orientation. In addition to these clear objectives, it is important that the employee satisfaction survey is widely supported within the organisation.

| Non-material topics | Policy objectives and actions |
|---|---|
| Reducing environmental impact | SternRent managed to improve the environmental impact of its rental fleet again in 2017. The average $CO_2$ emissions from passenger cars in the rental fleet declined further to 109 grams per kilometre. Only 14% of the total SternRent fleet produced $CO_2$ emissions of more than 131 grams per kilometre in 2017 (-1% compared to 2016).<br><br>Since 2014, the distribution of brand parts has been combined by SternLogistiek, which has led to an environmental benefit and an indirect financial benefit. Before this integration, each company arranged its own logistics for parts. This involved 33 light commercial vehicles that collectively travelled 8,100 km per day to 550 destinations. In 2017 SternLogistiek used 23 vehicles for deliveries to 1,940 destinations (2015: 1,600), travelling approximately 6,300 kilometres (unchanged on 2016). |
| Length of average employment | On average, the length of employment at Stern was 11.4 years during 2017 and is thus virtually unchanged in comparison to 2016 (11.7 years). Mobility of labour is usually most apparent in the category of employees aged less than 35 years. In order to achieve our target of reducing the average age, Stern also strives to encourage mobility in the higher age category. |
| Reducing the number of accidents at work: IF (Incident Frequency) and LTI (Lost Time Injury) | Stern has a statutory duty of care and has to design its workplace for optimal safety at work and instruct its employees regarding safety at work. Despite this, accidents at work may happen. Stern classifies accidents at work as serious if the case involves admission to hospital for more than 24 hours, permanent injury or bone fracture. These accidents for which reporting is mandatory are notified immediately to the Labour Inspectorate. There were three serious accidents at work (involving Stern employees and third parties) in 2017. |
| Data protection | At both macro and individual level, the collection, storage and analysis of customer and other data are an essential part of our business activities. This is the only way that Stern can deliver the service its customers and prospects expect and continue to exceed their expectations. Stern possesses a wealth of data that in itself represents a significant value. Stern hopes to capitalise on its raising of data collection, refinement and analysis to the level of a strategic objective in the near future. We consider proper data protection to be an essential precondition for this. Policy regarding the protection of the data of customers and employees was defined in cooperation with an external partner in 2017. With effect from 2018, Stern is maintaining what is known as an Article 30 register in which data leaks can be recorded. A campaign to raise awareness of data protection among all employees has also been initiated. An external data protection officer has been appointed at the beginning of 2018. |
| Engaged suppliers | Stern strives to maintain long-term relationships with its suppliers. This is essential for processes to be aligned in such a way that efficiency benefits are achieved in addition to scale benefits. This requires close cooperation in which progress is regularly and critically monitored. This is based on amicable conduct of business and open communication. A meeting with representatives of the top 50 suppliers of Stern was held in 2017 at which Stern's sustainability policy was explained. It was also emphasised that Stern depends to some extent on its suppliers for the realisation of its sustainability targets. Suppliers were accordingly requested to come up with ideas and suggestions for improving sustainability. A recognisable CSR policy is an important element in the decision as to whether to extend contracts with suppliers. Sustainability and cost (or cost savings) will continue to be the main considerations in supplier selection for Stern. |

| Non-material topics | Policy objectives and actions |
|---|---|
| Sustainable employability of employees | Sustainable employability is needed in light of the contracting labour market, necessity of labour participation and flexible demand for labour. Long-term and extensive sick leave is expensive. Much of this can be avoided if we are aware of what is going on. The dialogue with our people is the first priority in relation to sustainable employability. If we identify problems in good time, we can discuss the situation with the employee and find an appropriate solution together. Part of sustainable employability is also making use of the talent available at Stern. Sustainable employability moreover increases the flexibility of our organisation. |
| Promoting integrity | Stern considers it important to provide the fullest and most transparent account of its organisation and how it conducts its day-to-day business as possible. Stern accordingly provides much information in its annual report on its policy and certain themes in addition to its annual figures. In addition to the information published in this annual report Stern publishes the following documents on its website in the section on Corporate Governance: the articles of association, the regulations for the Supervisory Board, the regulations for the Audit Committee, the regulations of the Management Board, the Code of Conduct and the whistle-blower scheme. Stern has had a general Code of Conduct since 2005. The whistle-blower scheme makes it possible for all employees and others to report violations of the Code of Conduct in confidence. Once again, no violations of the Code of Conduct were reported in 2017. |
| Social contribution | Stern made a further donation of € 40,000 to the Dutch Society for the Protection of Birds (Vogelbescherming Nederland) for specific projects that contribute to the habitat for terns in the Netherlands. Following a successful pilot in 2015, bird tours were organised for customers of six branches during the National Bird Week in May 2017. |
| Social return: employees that are distanced from the labour market | In 2017, Stern made a detailed survey of the number of employees that are distanced from the labour market that included their activities and the conditions in which they do their work. Based on this survey, vacancies have been identified for which, given equal suitability, Stern will give preference to persons who are distanced from the labour market. |
| Male/female ratio | Due to the nature of the mainly garage-related activities and the fact that men are more likely to want to work in the automotive industry than women, the male/female ratio at Stern does not correspond to the society in which we live. At year-end 2017, the male/female ratio was 11% female compared to 89% male employees, unchanged on 2016. The number of women in staff positions increased in 2017. |
| Inflow and outflow | Employee turnover (outflow in FTEs compared to the workforce in FTEs) was 1.6% per month in 2017, compared to 1.2% in 2016. The increase was due to the tightness in the labour market, which has made it easier for employees to move to another employer. Further attention will be devoted to possibilities for mobility in 2018. Stern wishes to safeguard the knowledge and professionalism within the company by retaining and developing its employees. |

# GRI index

For this report, we have used the G4 guidelines for sustainability reporting of the Global Reporting Initiative (GRI). We report according to the "Core" option.

| GRI indicator | Description | Explanation/reference | Page in the report |
|---|---|---|---|
| **Strategie** | | | |
| G4-1 | Statement of the CEO | Foreword<br>Report of the Management Board | 5<br>18-42 |
| G4-2 | Important consequences, risks and possibilities | Report of the Management Board | 18-42 |
| **Organisational profile** | | | |
| G4-3 | Name of organisation | Stern Groep N.V. | Cover, inside cover |
| G4-4 | Brands, products and/or services | Portfolio of car brands<br>Mobility services | 8<br>9 |
| G4-5 | Head office location | Pieter Braaijweg 6<br>1114 AJ Amsterdam-Duivendrecht | 138 |
| G4-6 | Countries in which the organisation operates | The Netherlands only | Cover, inside cover |
| G4-7 | Ownership structure and legal form | Shareholder information | 12 |
| G4-8 | Sales markets | Sales<br>Report of the Management Board | 3<br>18-42 |
| G4-9 | Company size | Profile<br><br>Key figures<br>5-year overview | Cover, inside cover<br>2-3<br>6 |
| G4-10 | Composition of workforce | Personnel<br>CSR report | 39-42<br>63-77 |
| G4-11 | Employees with a collective labour agreement (CLA) | CLA for the motor vehicles industry: 1,714 FTEs<br>CLA Auto Body Shops: 276 FTEs | 39-42 |
| G4-12 | Description of the organisation's supply chain<br>Description of value chain | Report of the Management Board<br>CSR report<br>Value creation | 18-42<br>63-77<br>66 |
| G4-13 | Significant organisational changes during the reporting period | Report of the Management Board | 18-42 |
| G4-14 | Disclosure of application of the precautionary principle | Risks | 44-47 |
| G4-15 | Externally developed initiatives endorsed by the organisation | Corporate Social Responsibility | 63-77 |

| GRI indicator | Description | Explanation/reference | Page in the report |
|---|---|---|---|
| **Material aspects** | | | |
| G4-16 | Membership of associations and interest organisations | BOVAG, ARN, IvDM, FOCWA, VNA and OCDM | 63 |
| G4-17 | Operational structure of the organisation<br>Entities included in the consolidated financial statements | Business model<br>Report of the Management Board<br>Annual accounts<br>Structure | 16<br>18-42<br>90<br>136 |
| G4-18 | Process for defining report content and aspect boundaries | About this CSR report<br>Stakeholders and materiality<br>Materiality matrix | 64<br>65<br>64 |
| G4-19 | List of material aspects for defining report content | Stakeholders and materiality<br>Materiality matrix<br>Value creation | 65<br>64<br>66 |
| G4-20 | Boundary for each material aspect within the organisation | Targets and notes on material topics<br>Overview of non-material topics | 68-75<br>76-77 |
| G4-21 | Boundary for each material aspect outside the organisation | Targets and notes on material topics<br>Overview of non-material topics | 68-75<br>76-77 |
| G4-22 | Restatements | Stakeholder dialogue and materiality | 65 |
| G4-23 | Changes in scope and aspect boundaries in the reporting | Stakeholder dialogue and materiality | 65 |
| **Stakeholder engagement** | | | |
| G4-24 | Stakeholder groups engaged by the organisation | Stakeholder dialogue<br>Stakeholder dialogue and materiality<br>Corporate governance | 65<br>65<br>48-50 |
| G4-25 | Basis for selection of stakeholders | Stakeholder dialogue and materiality | 65 |
| G4-26 | Approach to stakeholder engagement | About this CSR report<br>Stakeholder dialogue and materiality | 64<br>65 |
| G4-27 | Reaction of the organisation to aspects raised in stakeholder contacts | Stakeholder dialogue<br>About this CSR report<br>Stakeholder dialogue and materiality | 65<br>64<br>65 |
| **Report profile** | | | |
| G4-28 | Reporting period | 1 January to 31 December 2017 | 1 |
| G4-29 | Date of previous report | 17 March 2017 | 1 |
| G4-30 | Reporting cycle | Annual | 1 |
| G4-31 | Contact information | jaarrapport@stern.nl | Colophon |
| G4-32 | GRI reference table | About this CSR report<br>GRI 4 “Core” | 64<br>64 |

| GRI indicator | Description | Explanation/reference | Page in the report |
|---|---|---|---|
| **Governance** | | | |
| G4-34 | Governance structure of the organisation | Corporate governance | 48-50 |
| G4-35 | Process for delegation of responsibility for economic aspects, environmental aspects and social issues from the highest governance body to senior managers | Corporate governance<br>About this CSR report | 48-50<br>64 |
| G4-36 | Managers with responsibility for economic aspects, environmental aspects and social issues and whether they report to the highest governance body | Corporate governance<br>About this CSR report | 48-50<br>64 |
| G4-38 | Composition of highest governance body | Details of the Supervisory Board<br>Report of the Supervisory Board<br>Corporate governance | 52<br>54-56<br>48-50 |
| G4-SO11 | Number of formal complaints | Code of conduct | 77 |
| **Ethics and integrity** | | | |
| G4-56 | Values, principles, standards and norms of behaviour in the organisation | Core values of Stern<br>Personnel<br>Materiality matrix<br>Engaged suppliers<br>CSR report | 7<br>39-42<br>64<br>76<br>63-77 |
| **Financial solidity** | | | |
| G4-DMA | Economic aspects | Report of the Management Board<br>Annual accounts<br>Value creation | 18-42<br>83<br>66 |
| G4-EC1 | Direct economic values generated and distributed | Report of the Management Board<br>Annual accounts<br>Value creation | 18-42<br>83<br>66 |
| G4-EC7 | Development and impact of investments | Report of the Management Board | 18-42 |
| G4-EC8 | Indirect economic impact | Report of the Management Board<br>Annual accounts<br>Value creation | 18-42<br>83<br>66 |

| GRI indicator | Description | Explanation/reference | Page in the report |
|---|---|---|---|
| **Reducing the $CO_2$ footprint** | | | |
| *Terugdringen $CO_2$-footprint* | | | |
| G4-EN3 | | Energy consumption within the organisation | 73-74 |
| G4-EN5 | | Energy intensity | 73-74 |
| G4- EN6 | | Energy saving $CO_2$ emissions | 73-74 |
| G4-DMA | | Reducing the $CO_2$ footprint | 73-74 |
| *Waste and raw materials management* | | | |
| G4-EN15 | | Greenhouse gas emissions – scope 1<br>$CO_2$ emissions | 74 |
| G4-EN16 | | Greenhouse gas emissions – scope 2<br>$CO_2$ emissions | 74 |
| G4-EN18 | | Waste performance indicators | 70 |
| G4-EN33 | | Improving the supply chain:<br>Engaged suppliers<br>Improving the supply chain:<br>Reducing waste flows | 76<br><br>70 |
| G4-DMA | | Waste and raw materials management | 70 |
| *Employees (satisfaction)* | | | |
| G4-LA1 | | Composition of employees | 39-42, 64-77 |
| G4-LA4 | | Health & Safety | 76 |
| G4-LA6 | | Health & Safety | 76 |
| *Training and education* | | | |
| G4-LA9/<br>LA-10 | | Training and education | 75 |
| *Customer satisfaction* | | | |
| G4-PR5 | Results of customer satisfaction | Customer satisfaction | 68 |

# Financial statements 2017

*(amounts x € 1,000)*

# Consolidated statement of income

| | Note | 2017 | 2016 |
|---|---|---|---|
| Net revenue | 4 | **1,124,677** | 1,097,630 |
| Cost of sales | 5 | **(935,053)** | (907,850) |
| **Gross profit** | | **189,624** | 189,780 |
| Other income | 6 | **8,942** | 9,359 |
| Employee expenses | 7 | **(118,334)** | (112,574) |
| Amortisation of intangible assets | 13 | **(59)** | (59) |
| Amortisation | 14/15 | **(7,704)** | (7,859) |
| Other operating expenses | 8 | **(59,779)** | (59,910) |
| **Operating profit (EBIT)** | | **12,690** | 18,737 |
| Result from associates | 9 | **72** | 46 |
| Financial income and expenses | 10 | **(3,326)** | (3,404) |
| **Profit/(loss) before tax** | | **9,436** | 15,379 |
| Income taxes | 11 | **(1,937)** | (4,031) |
| **Profit/(loss) after tax (attributable to Shareholders of Stern Groep N.V.)** | | **7,499** | 11,348 |
| **Earnings per share** | 12 | | |
| Weighted average number of outstanding shares | | **5,675,000** | 5,675,000 |
| Earnings per share based on profit after tax | | **€ 1.32** | € 2.00 |
| Earnings per share – diluted – after tax | | **€ 1.32** | € 2.00 |

# Consolidated statement of comprehensive income

| | Note | 2017 | 2016 |
|---|---|---|---|
| **Profit after tax** (attributable to Shareholders of Stern Groep N.V.) | | **7,499** | 11,348 |
| **Other comprehensive income** | | | |
| *Other comprehensive income to be transferred to the statement of income in the following periods* | | | |
| Effective portion of changes to the cash flow hedge | *31* | **707** | 723 |
| Income taxes | | **(177)** | (181) |
| Income and expenses not recognised in the statement of income | | **530** | 542 |
| **Total comprehensive income after tax** (attributable to the shareholders of Stern Groep N.V.) | | **8,029** | 11,890 |

(amounts x € 1,000)

# Consolidated statement of financial position at 31 December

| | Note | 31 December 2017 | 31 December 2016 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 13 | **30,502** | 30,011 |
| Property, plant and equipment | 14 | **297,056** | 280,294 |
| Investment property | 15 | **–** | – |
| Investments in associates | 16 | **976** | 991 |
| Other financial assets | 17 | **13,638** | 11,233 |
| Deferred tax assets | 11 | **20,288** | 22,428 |
| | | **362,460** | 344,957 |
| **Current assets** | | | |
| Inventory | 18 | **227,208** | 222,797 |
| Trade receivables | 19 | **24,568** | 47,576 |
| Other receivables, accrued income and prepaid expenses | 20 | **9,661** | 7,530 |
| Cash and cash equivalents | 21 | **1,216** | 993 |
| | | **262,653** | 278,896 |
| **Total assets** | | **625,113** | 623,853 |

*(amounts x € 1,000)*

| | Note | 31 December 2017 | 31 December 2016 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity (attributable to the shareholders of Stern Groep N.V.)** | *22* | | |
| Issued capital | | **593** | 593 |
| Share premium | | **114,734** | 114,734 |
| Other reserves | | **33,740** | 27,772 |
| Revaluation reserve | | **4,688** | 2,252 |
| Unallocated result | | **5,593** | 11,643 |
| | | **159,348** | 156,994 |
| **Non-current liabilities** | | | |
| Interest-bearing loans | *25* | **206,444** | 6,292 |
| Provisions | *24* | **1,447** | 1,414 |
| Advance receipts from lease and warranties | *29* | **1,303** | 1,305 |
| | | **209,194** | 9,011 |
| **Current liabilities** | | | |
| Interest-bearing loans | *25* | **97,688** | 292,565 |
| Provisions | *24* | **640** | 988 |
| Trade and other payables | *27* | **134,362** | 133,050 |
| Derivatives | *26* | **285** | 992 |
| Tax and social security contributions | *28* | **4,068** | 4,615 |
| Other payables, accrued liabilities and deferred income | *29* | **19,528** | 25,638 |
| | | **256,571** | 457,848 |
| **Total equity and liabilities** | | **625,113** | 623,853 |

# Statement of changes in equity

| | Issued capital | Share premium reserve | Other reserves | Revaluation reserve | Unallocated result | Total |
|---|---|---|---|---|---|---|
| Balance at 1 January 2017 | 593 | 114,734 | 27,772 | 2,252 | 11,643 | 156,994 |
| Profit after tax | – | – | – | 1,906 | 5,593 | 7,499 |
| Other comprehensive income after tax | – | – | – | 530 | – | 530 |
| Total comprehensive income for 2017 (attributable to the shareholders of Stern Groep N.V.) | – | – | – | 2,436 | 5,593 | 8,029 |
| Result appropriation | – | – | 11,643 | – | (11,643) | – |
| Cash dividend | – | – | (5,675) | – | – | (5,675) |
| **Balance at 31 December 2017** | **593** | **114,734** | **33,740** | **4,688** | **5,593** | **159,348** |

| | Issued capital | Share premium reserve | Other reserves | Revaluation reserve | Unallocated result | Total |
|---|---|---|---|---|---|---|
| Balance at 1 January 2016 | 593 | 114,734 | 22,774 | 2,005 | 10,673 | 150,779 |
| Profit after tax | – | – | – | (295) | 11,643 | 11,348 |
| Other comprehensive income after tax | – | – | – | 542 | – | 542 |
| Total comprehensive income for 2016 (attributable to the shareholders of Stern Groep N.V.) | – | – | – | 247 | 11,643 | 11,890 |
| Result appropriation | – | – | 10,673 | – | (10,673) | – |
| Cash dividend | – | – | (5,675) | – | – | (5,675) |
| **Balance at 31 December 2016** | **593** | **114,734** | **27,772** | **2,252** | **11,643** | **156,994** |

# Consolidated statement of cash flow

| | Note | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|---|
| **Profit/(loss) before tax** | | **9,436** | | 15,379 | |
| **Adjustments for:** | | | | | |
| Result from associates | *9/16* | **(72)** | | (46) | |
| Result Bovemij Verzekeringsgroep N.V. | *26* | **(1,906)** | | 295 | |
| Interest expense in result | *10* | **3,326** | | 3,404 | |
| Amortisation of intangible assets | *13* | **59** | | 59 | |
| Depreciation of property, plant and equipment and investment property | *14/15* | **51,232** | | 50,511 | |
| Result on sale of business segments | *3* | **–** | | (311) | |
| Result on sale of property, plant and equipment | | **(5,394)** | | (8,672) | |
| Contribution to (withdrawal from) provisions | *25* | **(315)** | | (1,730) | |
| Advance receipts from lease and warranties | | **(2)** | | 83 | |
| Movements in working capital: | | | | | |
| • movement in inventory | | **(4,289)** | | (33,598) | |
| • movement in accounts receivable | | **20,965** | | 682 | |
| • movement in accounts payable | | **(5,390)** | | 31,554 | |
| **Cash flow from business operations** | | | **67,650** | | 57,610 |
| Dividend received from associates | | **–** | | 11 | |
| Tax paid | | **(401)** | | (605) | |
| Interest paid | | **(2,882)** | | (3,434) | |
| | | | **(3,283)** | | (4,028) |
| **Cash flow from operating activities** | | | **64,367** | | 53,582 |
| Investments in property, plant and equipment | *14* | **(138,608)** | | (113,787) | |
| Acquisitions, excluding cash receive | *3* | **(949)** | | (314) | |
| Investments in financial assets | *13* | **(500)** | | – | |
| Divestments of property, plant and equipment | *14/15* | **76,313** | | 63,688 | |
| Received from sale of business divisions | *3* | **–** | | 490 | |
| **Cash flow from investment activities** | | | **(63,744)** | | (49,923) |
| Dividends paid | | **(5,675)** | | (5,675) | |
| Change in interest-bearing loans | *25* | **5,275** | | 2,401 | |
| **Cash flow from financing activities** | | | **(400)** | | (3,274) |
| **Movement in cash** | | | **223** | | 385 |
| Cash and cash equivalents at opening date | *21* | **993** | | 608 | |
| Cash and cash equivalents at closing date | *21* | **1,216** | | 993 | |
| **Movement in cash** | | | **223** | | 385 |

# Notes to the consolidated financial statements

## 1 Accounting principles

### General

Stern Groep N.V. has its registered office in Amsterdam and is active in car mobility in the Netherlands.
Stern Groep N.V. is registered in the trade register of the Chamber of Commerce under number 24064937.
The shares of Stern Group N.V. are listed on Euronext Amsterdam. The company's core business consists of:

- Dealergroup Stern is engaged in the sale of new and used passenger cars and light commercial vehicles, as well as the provision of maintenance and repair of passenger cars and light commercial vehicles.
- Stern Mobility Solutions is engaged in dealer leasing, regional leasing, fleet management and the sale of financial and other mobility products.
- Stern Car Services focuses on car body repair services and basic maintenance of passenger cars.

The core businesses are mainly concentrated in the provinces of Noord- and Zuid-Holland, Utrecht and Noord-Brabant.

The Management Board prepared the financial statements on 7 March 2018. The annual financial statements will be submitted for adoption to the General Meeting on 9 May 2018.

### General policies for preparation of the consolidated financial statements

The consolidated financial statements have been prepared according to the accounting policies of Stern Groep N.V. and according to the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union.
The financial statements are denominated in euros.
All transactions in the financial year were in euros.

The valuation and the determination of the result are made on the basis of historical cost. Unless otherwise stated under the item concerned, the assets and liabilities are included at historical cost. Income and expenses are allocated to the year to which they relate. Profits are only recognised to the extent that they have been realised on the closing date. Losses and risks originating before the end of the reporting year are included if they are known prior to the preparation of the financial statements. All balances, transactions, income and expenses within the group and profits and losses arising from transactions within the group that are included in the assets have been fully eliminated.

### Principles for consolidation and group relationships

The consolidated financial statements include the figures for the company financial statements of Stern Groep N.V., its group companies and the special purpose entity Zwaanlease B.V., over which Stern Group N.V. exercises control. Control is defined as the power to direct financial and operational policy in order to obtain benefits from operations. The companies included in the consolidation are shown in the list below, which is prepared according to the organisational structure. The organisational structure differs from the legal structure.

SternFacilitair B.V., Amsterdam
- SternPixel B.V., Hoofddorp
- SternFacilitair MN B.V., Amsterdam
- SternFacilitair SLB B.V., Amsterdam
- Stern Customer Services B.V., Amsterdam
- Falco Auto B.V., Wormerveer

Dealergroep Stern B.V., Amsterdam
- Stern 1 B.V., Utrecht
  Stern Auto B.V., Utrecht
  Stern Auto II B.V., Utrecht
- Stern 2 B.V., Eindhoven
  Arend Auto B.V., Eindhoven
  Arend Motors B.V., Eindhoven
- Stern 3 B.V., Rotterdam
  Ardea Auto B.V., Hoofddorp
- Stern 4 B.V., Amsterdam
  Svala Auto B.V., Haarlem
  Jager Auto B.V., Purmerend
  Vireo Auto B.V., Purmerend
  SternExclusief B.V., Purmerend
- Stern 5 B.V., Purmerend
  Heron Auto B.V., Purmerend
  Heron Auto Agenten B.V., Purmerend
  Durmi Auto B.V., Purmerend
  Havik Auto B.V., Wormerveer

Stern Mobility Solutions B.V., Purmerend
- Stern Leasing N.V., Purmerend
- SternLease B.V., Purmerend
- SternRent B.V., Purmerend
- SternPartners B.V., Purmerend
- Mango Mobility Services B.V., Amsterdam

Stern Car Services B.V. Purmerend
- SternPoint B.V., Amsterdam
- SternTec B.V., Wateringen
- Flexmo B.V., Wateringen
- Stern 8 B.V., Amsterdam

Special purpose entity in which Stern Groep N.V. is not a shareholder:
- Zwaanlease B.V., Amsterdam

This list shows the situation at 31 December 2017. The financial data of the group companies are fully recognised in the consolidated financial statements after elimination of intragroup debt relationships and transactions.

Stern Groep N.V. has accepted joint and several liability for the obligations arising from legal actions taken by the companies appearing in the list above (all 100%-owned), in accordance with Section 403 of Part 9 of Book 2 of the Dutch Civil Code, with the exception of Zwaanlease B.V. Stern Groep N.V. is a fiscal unity for corporate income tax purposes which includes its subsidiaries, with the exception of Stern Leasing N.V. and SternLease B.V., which together form part of a separate fiscal unity. Under the standard conditions applying to fiscal unities, the participating companies are jointly and severally liable for corporate income tax due. Zwaanlease B.V. is independently liable for tax.

Group companies are consolidated from the date on which decisive control can be exercised. The results of group companies that have been divested are included in the consolidation until the date on which decisive control is no longer exercised.

Zwaanlease B.V. is incorporated for the securitisation of the lease portfolio for the purpose of financing the leasing operations, and it shares are not held by Stern. The financial data of Zwaanlease B.V. are fully consolidated in the consolidated financial statements because on the basis of contractual agreements Stern Groep N.V. has control over the relevant activities of Zwaanlease B.V. that materially affect the variable returns of Stern Groep N.V. and have the potential to affect the size of the return.

## Significant accounting judgements and estimates

The most significant assumptions for the future and other key sources of estimation uncertainty at closing date that have a substantial risk of causing a material adjustment to the carrying amount of assets and liabilities in the following financial year are:

**Impairment tests** Stern Groep N.V. determines at least once a year whether goodwill has been subject to impairment. In addition, Stern Groep N.V. determines whether there are indications of impairment or there are onerous activities that could require recognition of an impairment of assets. This involves estimating the value in use of the cash-generating units to which the goodwill is attributed and the onerous activities. To estimate the value in use, Stern Groep N.V. has to estimate the expected future cash flows of the cash-generating unit and determine a suitable discount rate to calculate the present value of these cash flows. Estimates of future cash flows are based on assumptions with respect to gross margins and developments in operating expenses. These estimates are inherently uncertain, meaning that actual cash flows may vary from the management estimates. The carrying amount of the goodwill at 31 December 2017 was € 30.0 million (2016: € 29.5 million). For further information, see note 13 Intangible assets.

**Deferred tax** To the extent that it is likely that there will be taxable profit against which the losses can be set off, deferred tax assets are recognised for the unused tax loss carry-forwards and temporary differences between valuations for commercial and tax purposes. A significant degree of estimation of the probable timing and level of future taxable profits is required by the management to determine the amount of deferred tax assets that can be recognised. The actual taxable profits against which tax loss carry-forwards can be set off may vary from these management estimates. The carrying amount of the deferred tax asset recognised at 31 December 2017 was € 20.3 million (2016: € 22.4 million). For further information, see note 11 Income taxes.

**Residual value analysis** The residual values of the cars made available to customers under operating lease contracts are estimated once a year by the residual value committee. This committee includes employees possessing specific expertise, extensive knowledge of the market and years of experience in the valuation of residual values of cars. Apart from their own knowledge and experience, these employees also use independent information in their estimation of residual values, such as Autotelex.

**Off-balance sheet inventory** For the inventory of new passenger cars and light commercial vehicles, an assessment is made to establish whether all the key rights to economic benefits and all major risks have been transferred by the importers to Stern Groep N.V. If these rights and risks have been transferred as of the closing date, Stern Groep N.V. has power of disposal and the passenger cars and light commercial vehicles concerned are recognised in the statement of financial position under Inventory (note 18). While the major rights and risks have not yet been transferred to Stern Groep N.V., the passenger cars and light commercial vehicles are not recognised in the statement of financial position and are disclosed as contingent liabilities (note 32).

**Sale and leaseback** In December 2017, Stern Groep N.V. sold two premises and leased them back (sale and leaseback, note 14). The assessment of whether this transaction constitutes an operating lease or a financial lease involved an evaluation of all the contractual conditions. The key estimates by the management relate to the economic life of the premises and the present value of the minimum lease payments in comparison to the fair value of the premises. Based on this assessment, the sale and leaseback transaction qualifies as an operating lease, meaning that not all the major risks and benefits of ownership are retained by Stern Groep N.V. The difference between the carrying amount and the sale price is recognised as a gain under Other income in the statement of income for 2017.

## Summary of the main principles for financial reporting

### INTANGIBLE ASSETS

**Goodwill** Business combinations are recognised using the acquisition method. The cost of an acquisition is determined as the total of the payment transferred (the fair value as at the acquisition date) and the amount of any minority interest in the acquired party. For each business combination, Stern Groep N.V. values the minority interest in the acquired party at either fair value or a proportion of the net assets of the acquired party. Costs relating to the acquisition are charged directly to the statement of income.
If Stern Groep N.V. acquires a company, it assesses the financial assets and liabilities acquired for the purpose of correct classification and identification of mainly intangible assets, in accordance with the contractual conditions, the economic circumstances and other relevant circumstances. This also concerns, if necessary, the separation of derivatives contractually entered into by the acquired party.

If the business combination is realised in various phases, the fair value of the interest previously held by Stern Groep N.V. in the acquired party is recalculated as at the acquisition date with changes in value recognised in the statement of income. Any contingent payments transferred by Stern Groep N.V. are recognised at fair value as at the acquisition date. Subsequent changes in the fair value of the contingent payment classified as an asset or a liability are, in accordance with IAS 39, recognised either in the statement of income or as a change in other comprehensive income. If the contingent payment is classified as equity, revaluation is only effected on definitive settlement in equity.

Goodwill is initially measured at cost, that is the amount by which the payment transferred exceeds the net value of the assets and liabilities acquired. If this payment is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the statement of income. After initial recognition goodwill is measured at cost, less any accumulated impairments. For the purpose of impairment testing, from the acquisition date the goodwill arising from a business combination is attributed to the cash-generating units that are expected to benefit from the business combination, regardless of whether assets or liabilities of the acquired entity are attributed to these units.
If goodwill is part of a cash-generating unit and a part of the business operation within this unit is divested, the goodwill relating to the divested operation is included in the carrying amount of this operation for the purpose of establishing the result arising from the divestment. Goodwill divested in such circumstances is calculated on the basis of the relative proportion of the value of the divested operation and the part of the cash-generating unit that is retained.

**Licences** Licences for the operation of fuel sales points, with the associated entitlement to the operating results, that are acquired separately are initially recognised at cost. Licences acquired with a business combination are recognised as such and carried at fair value as of the acquisition date.
Subsequently, licences are carried at cost less cumulative amortisation and any cumulative impairments. Licences are determined as having either a limited or an indefinite useful life. Licences with a limited useful life are amortised over the period of use, taking account of residual value, and tested for impairment annually.
The amortisation period and method for a licence with a limited useful life is assessed at least at the end of each financial year. Changes in the expected useful life or in the expected pattern of the future economic benefits from the asset are recognised by means of a change to the amortisation period or method and treated as a changed estimate. The amortisation expense on intangible assets with a limited useful life is recognised in the statement of income in the cost category appropriate to the intangible asset. Licences with an indefinite useful life are not amortised, and are tested annually for impairment.

### PROPERTY, PLANT AND EQUIPMENT

**Property, plant and equipment** Property, plant and equipment is carried at cost, excluding the costs of daily maintenance, after deduction of cumulative depreciation and cumulative impairments.
This cost also includes the costs of replacing parts of property, plant or equipment if these costs meet the criteria for recognition in the statement of financial position.
Depreciation is applied on a straight-line basis based on the useful life of the asset in question.
The carrying amounts of property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
Any impairments are charged to the statement of income.
A reversal of an impairment is credited to the statement of income up to the carrying amount that would have been determined if no impairment of the asset had been recognised in previous years.
An item of property, plant and equipment is derecognised in the statement of financial position in case of divestment or if no future economic benefits are expected to be realised from its use. Any gain or loss arising from the derecognition of the asset in the statement of financial position is recognised in the statement of income during the year in which the asset is derecognised in the statement of financial position. The residual value of the asset and its useful life are assessed annually and adjusted if necessary at year-end.
Reclassification to investment property is only effected if there is a change in use as evidenced by termination of own use, the commencement of an operating lease with another party or completion of construction or redevelopment activities.

**Assets in production** Assets in production for own use are measured at the direct costs incurred as at closing date, plus directly related financing costs and less any impairment. The financing costs are attributed to the carrying amount of the asset in production until the asset in question is ready for use. The interest rate is determined as the interest rate the company pays on its short-term finance (Euribor plus a spread).

**Operating lease cars** This item concerns cars leased under operating lease contracts. Operating lease cars are leased under contracts whereby virtually all the risks and benefits of ownership remain with Stern Groep N.V.
Depending on their nature, the assets in question are recognised by Stern Groep N.V. as operating lease cars under property, plant and equipment in the statement of financial position.
Operating lease cars are carried at cost after deduction of cumulative depreciation and any cumulative impairments. The assets are depreciated over the useful life to the expected residual value. The depreciation expenses are recognised in the statement of income under cost of sales. The residual value of the asset is assessed annually and adjusted if necessary at year-end.

The cost of operating lease cars consists of the purchase price and any directly attributable expenses in connection with preparation of the asset in question for the intended use. Any trade discounts are deducted when calculating the purchase price.

Losses arising from impairments are usually due to a negative development in the estimated residual value of the lease cars. An assessment is made at the closing date to establish whether there are indications of impairment. If such indications exist, the asset's recoverable value is estimated. Impairments are recognised if the carrying amount of the operating lease asset exceeds the recoverable value.
The recoverable value is defined as the fair value less the costs of sale or the value in use of the asset, whichever is higher. The value in use is the expected result on sale on disposal of the item and other estimated future cash flows that can be attributed to the item. Impairments are recognised directly in the statement of income under cost of sales.

**Rental cars** The cost of cars held for rental consists of the purchase price plus any directly attributable costs for bringing the rental cars in question up to the desired level of operation. Trade discounts are deducted in the calculation of the cost of acquisition. Volume discounts are depreciated over the useful life of the asset. Rental cars are recognised at cost after deduction of cumulative depreciation and any cumulative impairments. Depreciation is applied to rental cars on a straight-line basis over the useful life to the expected residual value. The depreciation expenses are recognised under cost of sales. Losses arising from impairments are usually due to a negative development in the residual value of the rental cars. An assessment is made at the closing date to establish whether there are indications of impairment. If such indications exist, the asset's recoverable value is estimated. Impairments are recognised in the statement of income under cost of sales at such time and to the extent that the carrying amount of the rental cars exceeds their recoverable value.

**Investment property** On initial recognition, investment property is measured at cost, including transaction costs. After initial recognition, investment property is measured at cost after deduction of cumulative depreciation and impairments. The carrying amount consists of the costs of replacing a part of the existing property as soon as these costs are incurred and the conditions for recognition are met, and excludes the costs of the daily maintenance of the property. Rental income is recognised under Other income. Depreciation expenses are recognised in the result under depreciation of property, plant and equipment.
Investment property is derecognised in the statement of financial position if it is divested or if it is permanently taken out of use and no future economic benefits are expected to accrue from the divestment. Gains or losses arising from taking out of use or divestment of investment property are recognised in the statement of income in the year in which they occur.
Reclassification from investment property is only effected if there is a change of use as evidenced by commencement of own use, or the start of development for the purpose of a later sale.

## FINANCIAL NON-CURRENT ASSETS

**Investments in associates** Investments in associates are recognised according to the equity method. An associate is an entity over which Stern Groep N.V. has material influence, but is not a subsidiary or is not part of a collective agreement. Under the equity method, investments in associates are recognised in the statement of financial position at cost plus changes in the share of Stern Groep N.V. in the net assets of the associate after acquisition. After application of the equity method, Stern Groep N.V. determines whether an impairment needs to be recognised for its net investment in the associate. The share in the operating result of the associate is recognised in the statement of income. If a change is recognised directly in the equity of the associate, Stern Groep N.V. recognises its share in the change and includes this in the statement of changes in equity. The reporting dates of the associates and Stern Groep N.V. are the same and their accounting policies are in accordance with those applied by Stern Groep N.V. for similar transactions and events in similar circumstances. The share of Stern Groep N.V. in the results from transactions between Stern Groep N.V. and its associates is eliminated. Once there is no longer material influence over an associate, Stern Groep N.V. changes the measurement of its remaining investment in the fair value. Any difference between the carrying amount of the associate at the time of loss of material influence and the fair value of the remaining investment plus the proceeds of the divestment is recognised in the statement of income.

**Other financial assets** Investments in equity instruments are measured at fair value. The resulting changes in value are recognised in the statement of income. Investments in participating interests over which Stern Groep N.V. has no material influence are measured at fair value, with changes in value recognised in the statement of income.

## IMPAIRMENT OF ASSETS

**Impairment of assets** Stern Groep N.V. assesses whether there are indications that an asset has been subject to impairment as at the reporting date. If such indications exist, or if the annual test for impairment of an asset is required, Stern Groep N.V. estimates the recoverable value of the asset.
An asset's recoverable value is the fair value of the asset or cash-generating unit after deduction of costs of sale or the value in use, whichever is higher. If the carrying amount of an asset is higher than its recoverable value, the asset is considered to be subject to impairment and will be written down to its recoverable value. The determination of the value in use consists of calculating the present value of the estimated future cash flows, with application of a discount rate after tax that takes account of the current market assessments of the time value of money and the specific risks of the asset. Impairments of continued business operations are recognised in the statement of income in the cost category corresponding to the asset in question.
At each reporting date, there is an assessment of whether there are indications that a previously recognised impairment loss no longer exists or has been reduced. If such indication exists, the recoverable value is estimated. A previously recognised loss due to impairment is only reversed if a change has occurred in the estimate that was used to determine the asset's recoverable value since the recognition of the most recent impairment. If this is the case, the carrying amount of the asset is increased to its recoverable value. This increased amount may not be higher than the carrying amount that would have been determined (after deduction of depreciation) if no impairment of the asset had been recognised in previous years. Such reversals are recognised in the result. After such a reversal, the depreciation expense is adjusted in order that the revised carrying amount of the asset (after deduction of any residual value) is systematically attributed to future periods over the remaining useful life. Impairments in relation to goodwill are not reversed.

## CURRENT ASSETS

**Inventory** Inventory is carried at the cost of acquisition or the recoverable value if lower. The market value of the inventory of used passenger cars and light commercial vehicles is the directly realisable proceeds on sale. The acquisition price of the inventory of used and new passenger cars that are subject to purchase tax on private motor vehicles and motorcycles also referred to as luxury tax (Belasting Personenauto's en Motorrijwielen, or "BPM"), excludes BPM for passenger cars without vehicle registration certificates and includes BPM for passenger cars with vehicle registration certificates.

Margin cars are used cars for which the value-added tax (VAT) can no longer be reclaimed on purchase by Stern Groep N.V. For sales of margin cars, VAT is due only on the realised margin. The measurement of the inventory of margin cars takes account of the associated deferred VAT liability. This means that the deferred VAT liability is deducted from the carrying amount of the inventory of used passenger cars, taking account of the sale margin included in the inventory.

**Trade receivables, other receivables, prepayments and accrued income** Trade and other receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest method and after deduction of the provision for uncollectible debt. A provision for uncollectible debt is formed at such time as a receivable cannot be collected in full. The contribution to the provision is recognised in the statement of income.

**Cash and cash equivalents** Cash and cash equivalents concern freely available credits at banks and cash in hand.

## LIABILITIES

**Provisions** A provision is recognised if (i) Stern Groep N.V. has a present obligation (contractual or actual) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. If Stern Groep N.V. expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when reimbursement is virtually certain, for instance as a result of an insurance contract. The expense relating to any provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted at a rate before tax that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.
Under IAS 19, a provision for future jubilee payments has to be included. This provision is formed during the course of the employment of an employee. The provision is included at present value using the projected unit credit method, with actuarial results being recognised directly in the statement of income.

**Pensions and other arrangements for severance payments** The pensions of virtually all the employees of Stern Groep N.V. are placed with the Occupational Pension Fund for the Metal and Technology Industry (*Pensioenfonds Metaal en Techniek, or PMT*). This pension scheme qualifies as a defined benefit pension scheme, in which the pension benefit is based on the length of service and the average salary of the employee during their service. The balance of the assets and liabilities relating to the scheme must be recognised in the statement of financial position as a receivable or an obligation. The PMT has stated that it is not able to provide the information to participating companies that is required for defined benefit pension schemes under IAS 19. There is moreover no contractual agreement between the PMT and Stern Groep N.V. stating that shortfalls have to be made up by Stern Groep N.V. For this reason, the scheme is treated as a defined contribution scheme and the pension contributions due over the financial year are recognised as pension expense in the result.
The employees who do not have their pension scheme with the PMT have their pensions with Nationale Nederlanden N.V. This pension scheme is a defined contribution scheme.

**Advance receipts from lease and warranties** Advance receipts from lease and warranties relating to repairs, maintenance and tyres concern payments received for services to be rendered after the closing date chiefly in relation to maintenance, repairs and the replacement of tyres. The part of these advance receipts that relates to the next subsequent financial year is recognised under current liabilities.

**Interest-bearing loans** All loans are carried on initial recognition at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently carried at amortised cost calculated using the effective interest method. Gains and losses are recognised in the result once the loans and receivables on the statement of financial position are derecognised or impaired.

**Tax payable and available for set-off** This item concerns tax payable and tax receivable and income tax available for set-off that can be settled for current and prior years, carried at the amount expected to be claimed from or paid to the Dutch Tax Authorities. The tax amount is computed on the basis of applicable tax law.

**Deferred tax** A provision is formed for deferred tax liabilities based on the temporary differences at closing date between the tax base of assets and liabilities and their carrying amounts in these financial statements. Deferred tax assets are recognised for all deductible temporary differences, unused tax facilities and unused tax loss carry-forwards to the extent that it is probable that taxable profits will be available against which the deferred tax asset can be utilised, enabling the deductible temporary differences, unused tax facilities and unused tax loss carry-forwards to be used.

The carrying amount of the deferred tax assets is assessed at the closing date and reduced to the extent that it is not probable that sufficient taxable profits will be available against which some or all of the deferred tax asset can be utilised. Unrecognised deferred tax assets are assessed at the closing date and recognised to the extent that it is probable that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deferred tax assets and liabilities are carried at amounts measured at the tax rates expected to be applicable to the period in which the asset is realised or the liability is settled, based on applicable tax law. The tax on items recognised directly in equity is accounted for directly in equity. Deferred tax assets and liabilities are presented as a net amount if there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and the deferred tax is related to the same taxable entity and the same tax authority.

**Trade and other payables and other liabilities** Trade and other payables and other liabilities are initially recognised in the statement of financial position at fair value and are subsequently carried at amortised cost. Given their usually short term to maturity, the fair value and amortised cost of these items are generally more or less equal to their nominal value.

## Financial instruments

**Financial assets** Under IAS 39, financial instruments are recognised as financial assets at fair value with changes in value recognised in the statement of income as loans and receivables, as investments held to maturity, or as financial assets available for sale. On initial recognition, financial assets are measured at fair value. In the event that a financial asset is not recognised at fair value with changes in value recognised in the statement of income, the fair value is increased by the directly attributable transaction costs.

For a description of the subsequent measurement of financial assets, see the accounting policies for the individual assets.

Stern Groep N.V. makes an assessment at the time it becomes a party to the contract whether a contract includes an embedded derivative. A derivative embedded in a contract is separated from the contract and is not measured at fair value (with changes in value recognised in the statement of income) if on the basis of the analysis of economic factors and risks the embedded derivative is not intrinsically related to the contract.
Stern Groep N.V. determines the classification of its financial assets on initial recognition. All purchases and sales of financial assets are recognised on the transaction date, being the date on which Stern Groep N.V. enters into the obligation to purchase the asset.

**Financial liabilities** Stern Groep N.V. uses derivative financial instruments (interest rate swaps) to hedge its interest rate risk. On initial recognition, these financial instruments are included at fair value as of the date on which the contract is entered into and subsequently the fair value is recalculated as of the closing date. Any gains or losses arising from changes in the fair value of the derivatives that are not part of a hedge relationship are recognised directly in the result.

For a description of the subsequent measurement of financial liabilities, see the accounting policies for the individual liabilities.

**Derivatives and hedge accounting** Hedging is applied to cover the risk of possible variability of cash flows in connection with interest payments, with hedge accounting applied where possible. Stern Groep N.V. formally designates and documents the hedge relationship on conclusion of a hedging transaction, as well as the purpose and policy of Stern Groep N.V. with respect to the management of financial risks when entering into the hedge relationship. Cash flow hedges that comply with the strict conditions for hedge accounting are recognised as follows:
The part of the gain or loss on the hedge instrument for which it has been established that an effective hedge exists is recognised taking account of the tax effect outside the statement of income in other comprehensive income. The non-effective part is recognised in the statement of income. The amounts recognised in equity are transferred to the statement of income in the same period in which the hedged income or expense is recognised or the expected sale or

purchase is effected. Recognition is made under financial income and expenses. If the expected transaction is subsequently not expected to take place, the amounts that were first included in equity are transferred to the result. If the hedge instrument expires, is sold, terminated, exercised (without replacement or roll-over) or if the classification as a hedge is withdrawn, the amounts initially recognised in equity remain in equity until the expected transaction is effected. If the transaction in question is not expected to occur, the amount is charged to the statement of income.

## Principles for determination of the result

**Net revenue** The item net revenue includes the income from goods and services supplied in the reporting year (excluding BPM and VAT) after deduction of discounts and payments for service costs. Income from the sale of goods is recognised in the statement of income if all major rights to economic benefits as well as all major risks with respect to these goods are transferred to the purchaser. Income from services (maintenance, car lease, car rental, financial products, fleet management, car body repair services and light commercial vehicle interiors) is recognised on the date the services are provided.
Income from car rental is recognised on a linear basis over the rental period. Income from leasing is recognised on a linear basis over the agreed lease period. For fleet management, the income is recognised on a linear basis over the contract term, taking account of historical statistical and projected maintenance costs. In the case of car body repair services and light commercial vehicle interiors, revenue is recognised on the date the repaired car is delivered to the customer. Income from the operation of fuel stations is recognised on the date that the goods are supplied to third parties.

In the case of cars sold with a repurchase commitment, virtually all risks and benefits are transferred to the purchaser. The revenue is recognised on that date. The costs of damage to or loss of the car in the period between the sale and the repurchase are borne by the buyer. After the agreed contract term, the buyer has the right to sell the car back to Stern Groep N.V. at a variable price approximating the fair value on the resale date.

**Cost of sales** The item cost of sales consists of the costs directly associated with the delivery of goods and services (excluding BPM), other than employee expenses, interest expenses and the depreciation expenses relating to the lease and rental activities.

**Other income** Other income is recognised in the statement of income as soon as the services in question are provided or the rights to the economic benefits and all major risks in relation to the non-current assets are transferred to the purchaser. The commission income for the finance is recognised on the date that the loan is provided. Regarding the insurance activities, the commission income is recognised on the date that the premium is paid by the end customer. Income from sales of subsidiaries or interests in subsidiaries is recognised when ownership is transferred.

**Operating lease contracts** Lease payments relating to operating leases are expensed by Stern Groep N.V. on a linear basis during the lease term.

**Sale and leaseback** For sale and leaseback transactions that qualify as operating leases, meaning that all major risks and benefits of ownership are transferred to the purchaser, the difference between the carrying amount and the sale price of the asset is recognised directly in the statement of income under other income.

**Result from participating interests** The share in the result of non-consolidated participating interests attributable to Stern Groep N.V. is recognised under result from participating interests. This result is determined on the basis of the principles applied by Stern Groep N.V. for valuation and result determination. The result from participating interests also includes the difference between the proceeds realised from the sale of a participating interest and the carrying amount at the time of the sale.

**Income taxes** Income taxes consist of current and deferred tax. Current tax concerns the expected tax payable on the taxable profit in the financial year on the basis of prevailing tax rates. Deferred tax is recognised for temporary differences between the valuation of assets, liabilities and deductible losses for commercial purposes and their valuation for tax purposes and for tax loss carry-forwards. Deferred tax is calculated on the basis of established tax rates and regulation that are expected to apply at the time the deferred tax asset or liability is realised. Deferred tax assets are only recognised if it is expected that sufficient future profit for tax purposes will be available against which the temporary differences and tax loss carry-forwards can be realised.

## Principles for the preparation of the consolidated statement of cash flow

The statement of cash flow is prepared using the indirect method. Receipts and payments arising from interest and corporate income tax and dividends received from non-consolidated participating interests are included under cash flow from operating activities. Dividends paid are recognised under cash flow from financing activities. The price paid to acquire participating interests is recognised under cash flow from investment activities. The repayment of interest-bearing loans concerns the net position. Transactions not involving an exchange of cash are not included in the statement of cash flow.

## Changes to IFRS

The IASB regularly publishes new accounting standards, changes to existing standards and interpretations. These new accounting standards, changes to existing standards and interpretations subsequently have to be adopted by the European Union.

The following standards and changes to existing standards came into effect at the beginning of the 2017 financial year:
- Changes to IAS 12 Income taxes provide further clarification regarding the recognition of a deferred tax asset for unrealised losses on debt paper carried at fair value. Effective as of 1 January 2017
- Changes to IAS 7 Statement of cash flow prescribe more extensive provision of information on changes to financing, enabling financiers to better assess these changes. Effective as of 1 January 2017 and applied in these financial statements (see note 25).

None of the above standards and changes have a material effect on the consolidated financial statements of Stern Groep N.V.

## Recent publications (IFRS)

The following relevant standards and interpretations were issued on the date of publication of the financial statements of Stern Groep N.V. but have not yet come into effect for entities applying EU-IFRS:

### New standards
- **IFRS 9 Financial instruments** is the new standard for financial instruments that will replace IAS 39 Financial instruments. IFRS 9 is not expected to have a material effect on the recognition of financial instruments. Effective as of 1 January 2018
- **IFRS 15 Revenue from contracts with customers** is the new standard for revenue recognition. Effective as of 1 January 2018. For Stern Group, the main effect of the changes to IFRS 15 concerns the recognition of sales of cars for which a simultaneous repurchase obligation is entered into. Based on the specific provisions of IFRS 15 regarding repurchase agreements, the full revenue for these sale transactions will no longer be recognised and there will no longer be repurchase obligations that are not recognised in the statement of financial position (see note 32). Under IFRS 15, these transactions will be recognised as operating leases. This is expected to increase the total balance sheet by approximately € 10.0 million due to the capitalisation of these cars and the recognition of the associated repurchase obligation. The statement of income thus includes a lower revenue from the sale of cars and the costs of these sales and a higher revenue from leasing and depreciation expenses. This is expected to lead to a slightly lower solvency and a higher interest coverage ratio (ICR).
  The transition to IFRS 15 will be effected according to what is known as the adjusted retrospective method: the system change will be effected on 1 January 2018, but the comparative figures will not be adjusted. The definitive financial effects will be disclosed with the semi-annual figures for 2018.
- **IFRS 16 Leases** is the new standard for leases and replaces the current IAS 17 Leases. The most important change is that this new standard prescribes that lessees recognise a user right and a lease obligation for most lease contracts in their statement of financial position. IFRS 16 Leases is expected to have a material effect on the consolidated statement of financial position of Stern Groep N.V. The user right for leased business premises and other operating assets will be recognised in the statement of financial position along with the present value of the lease obligation, the net effect of which will be a higher balance sheet total and lower solvency. Under IFRS 16 Leases, the rental costs on the statement of income will be divided between amortisation on the user right and the interest expense, as a result of which the ICR will rise. Effective as of 1 January 2019

## 2 Segmental analysis

The segments within Stern Groep N.V. are distinguished chiefly according to the different products and services they provide. The segments are separately organised and managed according to the nature of their products and services, whereby each segment represents a strategic business unit that supplies different products and serves different markets. This classification corresponds to the internal reporting structure of Stern Groep N.V. Stern generates all its revenue in the Netherlands.

Internal settlement prices between the operating segments are set on a commercial basis in a manner that is similar to that used for transactions with third parties. The revenue per segment also consists of the mutual transactions between the operating segments that are eliminated on consolidation.
The reported segments of Stern Groep N.V. are Dealergroup Stern, Stern Mobility Solutions and Stern Car Services. Dealergroup Stern focuses on the sale of new and used passenger cars and light commercial vehicles, and the maintenance and repair of passenger cars and light commercial vehicles. Stern Mobility Solutions focuses on the provision of dealer lease, region lease, car rental, fleet management, E-Mobility and the sale of financial and other mobility products. Stern Car Services focuses on car body repair services, light commercial vehicle interiors and basic maintenance of passenger cars. The Other segment concerns the holding companies and other activities.

In these financial statements, Mango Mobility Services is recognised under the Stern Mobility Solutions segment (formerly Other) and SternTec is recognised under the Stern Car Services segment (formerly Other). These changes bring the segmental analysis better into line with the changed organisational structure in 2017 and internal reporting lines at Stern Groep N.V. The comparative figures have been adjusted, and there is no reallocation of goodwill.

| 2017 financial year | Dealergroup Stern | Stern Mobility Solutions | Stern Car Services | Other | Eliminations | Total |
|---|---|---|---|---|---|---|
| Statement of financial position | | | | | | |
| Total assets according to the statement of financial position | 280,667 | 265,169 | 8,320 | 70,957 | – | 625,113 |
| Total associates | – | 976 | – | – | – | 976 |
| Total liabilities according to the statement of financial position | 198,012 | 203,230 | 7,808 | 56,715 | – | 465,765 |
| Investments in property, plant and equipment | 4,442 | 115,016 | 1,754 | 17,396 | – | 138,608 |
| Statement of income | | | | | | |
| Net revenue | 964,297 | 136,412 | 23,833 | 135 | – | 1,124,677 |
| Revenue to segments | 85,048 | 33,145 | 8,316 | – | (126,509) | – |
| | 1,049,345 | 169,557 | 32,149 | 135 | (126,509) | 1,124,677 |
| Depreciation of property, plant and equipment | (3,121) | (43,741) | (479) | (3,893) | – | (51,234) |
| Amortisation of intangible assets | – | – | – | (59) | – | – |
| **Operating profit (EBIT)** | **4,918** | **10,344** | **(1,001)** | **(1,571)** | **–** | **12,690** |
| Result from associates | | | | | | 72 |
| Financial income and expense | | | | | | (3,326) |
| Profit before tax | | | | | | 9,436 |
| Income taxes | | | | | | (1,937) |
| **Profit after tax** | | | | | | **7,499** |

| 2016 financial year | Dealergroup Stern | Stern Mobility Solutions | Stern Car Services | Other | Eliminations | Total |
|---|---|---|---|---|---|---|
| Statement of financial position | | | | | | |
| Total assets according to the statement of financial position | 299,117 | 255,808 | 4,787 | 64,141 | – | 623,853 |
| Total associates | – | 991 | – | – | – | 991 |
| Total liabilities according to the statement of financial position | 210,522 | 199,880 | 3,931 | 52,526 | – | 466,859 |
| Investments in property, plant and equipment | 3,975 | 101,180 | 497 | 8,135 | – | 113,787 |
| Statement of income | | | | | | |
| Net revenue | 950,241 | 118,261 | 28,385 | 743 | – | 1,097,630 |
| Revenue to segments | 76,750 | 37,629 | 7,340 | – | (121,719) | – |
| | 1,026,991 | 155,890 | 35,725 | 743 | (121,719) | 1,097,630 |
| Depreciation of property, plant and equipment | (2,980) | (42,877) | (435) | (4,219) | – | (50,511) |
| Amortisation of intangible assets | – | – | – | (59) | – | (59) |
| **Operating profit (EBIT)** | **13,957** | **7,732** | **(981)** | **(1,971)** | **–** | **18,737** |
| Result from associates | | | | | | 46 |
| Financial income and expense | | | | | | (3,404) |
| Profit before tax | | | | | | 15,379 |
| Income taxes | | | | | | (4,031) |
| **Profit after tax** | | | | | | **11,348** |

# 3 Business combinations and divestments

The following activities were acquired in 2017:

| | | Number of branches |
|---|---|---|
| Autobedrijf T.H. Schipper v.o.f., Zwaag | Acquired on 10/1/2017 | 1 |
| Nic. Been en Zn. Groningen B.V. | Acquired on 7/7/2017 | 1 |
| | | **2** |

**Acquisitions in 2017** The fair values as at the acquisition dates of the assets and liabilities of activities acquired in 2017 are as follows:

| | Fair value recognised on acquisition |
|---|---|
| Property, plant and equipment | 305 |
| Inventory | 122 |
| Other liabilities | (28) |
| Net identified assets and liabilities | 399 |
| Goodwill | 550 |
| Acquisition price | (949) |
| Less: cash and cash equivalents obtained | – |
| **Net cash flow** | **(949)** |

The profit before tax of the activities acquired is, from the date of acquisition in 2017, € 0.3 million and the revenue amounts to € 3.2 million.

The following activities were acquired in 2016:

| | | Number of branches |
|---|---|---|
| Middelbeek, Alkmaar | Acquired on 1/3/2016 | 1 |
| Jager Auto, Den Haag | Sold on 3/6/2016 | (1) |
| | | **–** |

**Acquisitions in 2016** The fair values as at the acquisition dates of the assets and liabilities of activities acquired in 2016 are as follows:

| | Fair value recognised on acquisition |
|---|---|
| Property, plant and equipment: | 104 |
| Inventory | 203 |
| Prepayments and accrued income | 7 |
| Net identified assets and liabilities | 314 |
| Goodwill | – |
| Acquisition price | (314) |
| Less: cash and cash equivalents obtained | – |
| **Net cash flow** | **(314)** |

The profit before tax of the activities acquired is, from the date of acquisition in 2016, € 9,000 and the revenue amounts to € 5.6 million.

**Divestments in 2016** The assets and liabilities involved in the divestments and the amounts received are shown below:

| | Carrying amount on sale |
|---|---|
| Property, plant and equipment | 127 |
| Inventory | 52 |
| Net identified assets and liabilities | 179 |
| Result on sales | 311 |
| Sale proceeds | 490 |
| Less: cash and cash equivalents divested | – |
| **Net cash flow** | **490** |

## 4 Net revenue

| | 2017 | 2016 |
|---|---|---|
| New passenger cars | **492,662** | 446,680 |
| New light commercial vehicles | **150,924** | 150,639 |
| Used passenger cars and light commercial vehicles | **277,122** | 291,096 |
| Workshops | **86,084** | 83,160 |
| Warehouses | **112,249** | 111,947 |
| **Revenue Dealergroup Stern** | **1,119,041** | 1,083,522 |
| Leasing | **114,304** | 107,942 |
| Rental | **46,990** | 40,065 |
| E-Mobility | **8,776** | 8,443 |
| **Revenue Stern Mobility Solutions** | **170,070** | 156,450 |
| Car body repair services | **28,618** | 26,393 |
| Light commercial vehicle interiors | **4,089** | 3,411 |
| Universal garage activities | **–** | 6,243 |
| **Revenue Stern Car Services** | **32,707** | 36,047 |
| Other | **135** | 742 |
| **Gross sales** | **1,321,953** | 1,276,761 |
| Elimination of internal revenue* | **(70,767)** | (57,412) |
| Revenue before IC elimination | **1,251,186** | 1,219,349 |
| Elimination of IC revenue | **(126,509)** | (121,719) |
| **Net revenue** | **1,124,677** | 1,097,630 |

** The elimination of internal revenue concerns mainly the recharging of internal revenue by the workshops to the sales departments for new and used cars.*

In these financial statements, the revenue of Mango Mobility Services is recognised under the Stern Mobility Solutions segment (formerly Other) and the revenue of SternTec is recognised under the Stern Car Services segment (formerly Other). See note 2: Segmental analysis. The comparative figures have been adjusted to enable comparison.

## 5 Cost of sales

| | 2017 | 2016 |
|---|---|---|
| Costs of trade goods, raw materials and consumables | **(878,760)** | (853,168) |
| Costs of work outsourced to third parties | **(7,276)** | (6,284) |
| Interest expense for financing of lease and rental cars | **(5,487)** | (5,746) |
| Depreciation expense for lease and rental cars | **(43,530)** | (42,652) |
| **Cost of sales** | **(935,053)** | (907,850) |

## 6 Other income

Other income in 2017 includes rental income, dividend received and the revaluation of the interest in Bovemij Verzekeringsgroep N.V. of € 1.9 million and a book gain of € 2.2 million on the sale of two premises, with one of these premises being leased back for a term of 15 years and the other for a term of 20 years (sale and leaseback). Other income in 2017 also includes an insurance payment effected for the loss suffered due to a fire at a premises of Mango Mobility Services in Amsterdam in relation to fire and consequential loss. The carrying amount of the assets lost in the fire has been deducted from the insurance payment. The amount recognised under other income is € 0.9 million.
In 2016 other income included a book gain of € 5.3 million on the sale of two premises, with one of these premises being leased back for a term of 12 years (sale and leaseback).

## 7 Employee expenses

| | 2017 | 2016 |
|---|---|---|
| Salaries | **(84,340)** | (81,958) |
| Social security contributions | **(13,649)** | (13,028) |
| Pension costs | **(8,894)** | (6,559) |
| Restructuring costs | **(906)** | (795) |
| Other employee expenses | **(10,545)** | (10,234) |
| **Total** | **(118,334)** | (112,574) |

Other employee expenses include the hiring of temporary personnel and car costs.

| | | 2017 | | 2016 |
|---|---|---|---|---|
| | Number | in FTE | Number | in FTE |
| Dealergroup Stern | **1,765** | **1,590** | 1,772 | 1,602 |
| Stern Mobility Solutions | **189** | **172** | 190 | 175 |
| Stern Car Services | **292** | **276** | 224 | 211 |
| Other | **77** | **68** | 76 | 64 |
| | **2,323** | **2,106** | 2,262 | 2,051 |

In these financial statements, the FTEs of Mango Mobility Services are recognised under the Stern Mobility Solutions segment (formerly Other) and the FTEs of SternTec are recognised under the Stern Car Services segment (formerly Other). See note 2: Segmental analysis. The comparative figures have been adjusted to enable comparison.

## 8 Other operating expenses

| | 2017 | 2016 |
|---|---|---|
| General expenses | **(23,548)** | (22,848) |
| ICT costs | **(3,783)** | (3,769) |
| Accommodation costs | **(26,173)** | (26,172) |
| Selling expenses | **(6,275)** | (7,121) |
| **Total** | **(59,779)** | (59,910) |

The auditor's fee is recognised under General expenses. The auditor's fee is as follows:

| | 2017 | 2016 |
|---|---|---|
| Audit of the financial statements | **(540)** | (465) |
| Other audit procedures | **–** | – |
| Other services | **(40)** | (15) |
| **Total** | **(580)** | (480) |

These expenses concern the expenses estimated for the financial year, as well as the additional work in previous years.

## 9 Result from associates

| | 2017 | 2016 |
|---|---|---|
| **Share in results** | **72** | 46 |

## 10 Financial income and expenses

| | 2017 | 2016 |
|---|---|---|
| Interest expense on loans | **(3,326)** | (3,404) |
| **Total** | **(3,326)** | (3,404) |

## 11 Income taxes

| | 2017 | 2016 |
|---|---|---|
| Profit/(loss) before tax | **9,436** | 15,379 |
| Less: Result from participating interests | **(2,178)** | (76) |
| Deductible costs subject to limitation | **300** | 300 |
| **Derived commercial profit** | **7,558** | 15,603 |
| Change in deferred tax | **(1,110)** | (1,470) |
| Tax at 25% | **(746)** | (2,431) |
| Adjustment to previous years | **(81)** | (130) |
| **Tax according to the consolidated statement of income** | **(1,937)** | (4,031) |
| Effective tax rate (in % of the profit before tax) | **21%** | 26% |
| Standard tax rate | **25%** | 25% |

The presentation of the deferred tax assets is based on the development of each relevant item in the financial statements as follows. The development of the deferred tax assets is as follows:

| | Intangible assets | Property, plant and equipment | Provision and liabilities | Tax loss carry-forwards | Total |
|---|---|---|---|---|---|
| Balance at 1 January 2016 | 19,067 | 582 | 2,389 | 3,524 | 25,562 |
| Income taxes in result | (1,067) | (67) | (1,233) | (1,664) | (4,031) |
| Other changes | – | – | 897 | – | 897 |
| Movements in 2016 financial year | (1,067) | (67) | (336) | (1,664) | (3,134) |
| Balance at 31 December 2016 | 18,000 | 515 | 2,053 | 1,860 | 22,428 |
| Income taxes in result | (154) | (128) | (1,565) | (90) | (1,937) |
| Other changes | – | – | – | (203) | (203) |
| Movements in 2017 financial year | (154) | (128) | (1,565) | (293) | (2,140) |
| **Balance at 31 December 2017** | **17,846** | **387** | **488** | **1,567** | **20,288** |

Stern Groep N.V. is a fiscal unity for corporate income tax purposes which includes its subsidiaries, with the exception of Stern Leasing N.V. and SternLease B.V., which together form part of a separate fiscal unity.
Zwaanlease B.V., which is included in the consolidation with effect from 2017, is independently liable for tax.
A ruling has been agreed with the Dutch Tax Authorities regarding Zwaanlease B.V. that the annual taxable result will be € 2,000.
In the fiscal unity for the lease activities, there is a difference between the goodwill for tax purposes and the commercial goodwill.
At 31 December 2017, this difference was € 71.4 million (2016: € 76.0 million). A deferred item is recognised for this temporary difference at 25%. At 31 December 2017, this deferred item was € 17.8 million (2016: € 18.0 million). Agreements have been made with the Dutch Tax Authorities regarding the realisation of this difference, the amortisation of goodwill for tax purposes. These agreements are established in an advance tax ruling. The most important agreement is that the amortisation for tax will be capped if the minimum results to be realised

for tax purposes agreed with the Dutch Tax Authorities are not realised. The part not amortised will then be moved to the subsequent year. Projections for the tax results from the operations of Stern Leasing N.V. show that recognition of this deferred tax for a term of 17 years on the basis of IAS 12 is justified.

The total tax loss carry-forwards that are fully taken into account in the measurement of the deferred tax asset at 31 December 2017 are € 6.3 million (2016: € 7.4 million) and are deductible from profits of the fiscal unity until year-end 2021. The corresponding deferred tax asset at 31 December 2017 amounts to € 1.6 million (2016: € 1.9 million). No tax planning is expected to be needed for the realisation of these tax loss carry-forwards.

Of the deferred tax asset recognised at 31 December 2017 due to losses carried forward, approximately € 1.6 million has a term to maturity of less than one year (2016: € 1.9 million). In addition to the possibility of losses carried forward, at 31 December 2017 Stern Groep N.V. had temporary differences between commercial valuations and valuations for tax purposes of assets and liabilities amounting to € 3.5 million negative (2016: € 10.2 million negative). € 0.9 million of these differences weas valued and recognised (after netting) at 31 December 2017 under the deferred tax asset (2016: € 2.6 million).

## 12 Earnings per share

Earnings per share is calculated by dividing the profit after tax attributable to the shareholders in Stern Groep N.V. by the weighted average number of outstanding shares during the year.

Diluted earnings per share is calculated by dividing the profit after tax attributable to the shareholders in Stern Groep N.V. by the sum of the weighted average number of outstanding shares during the year and the weighted average number of potential shares that could lead to dilution.

The data relating to the result and shares used in the calculation of the ordinary and diluted earnings per share are presented in the following overview:

| | 2017 | 2016 |
|---|---|---|
| Profit after tax attributable to shareholders in Stern Groep N.V. | **7,499** | 11,348 |
| Weighted average number of outstanding shares | **5,675,000** | 5,675,000 |
| Weighted average number of outstanding shares given full dilution | **5,675,000** | 5,675,000 |
| Earnings per share based on profit after tax | **€ 1.32** | € 2.00 |
| Earnings per share – diluted – after tax | **€ 1.32** | € 2.00 |

## 13 Intangible assets

| | Goodwill | Licences | Total |
|---|---|---|---|
| Acquisition cost | | | |
| Balance at 31 December 2015 | 36,104 | 1,354 | 37,458 |
| Acquisition | – | – | – |
| Divestment | – | – | – |
| Balance at 31 December 2016 | 36,104 | 1,354 | 37,458 |
| Acquisition | 550 | – | 550 |
| Divestments | – | – | – |
| **Balance at 31 December 2017** | **36,654** | **1,354** | **38,008** |
| Cumulative amortisation and impairments | | | |
| Balance at 31 December 2015 | 6,610 | 778 | 7,388 |
| Amortisation | – | 59 | 59 |
| Divestments | – | – | – |
| Balance at 31 December 2016 | 6,610 | 837 | 7,447 |
| Amortisation | – | 59 | 59 |
| Divestments | – | – | – |
| **Balance at 31 December 2017** | **6,610** | **896** | **7,506** |
| **Carrying amount at 31 December 2017** | **30,044** | **458** | **30,502** |
| Carrying amount at 31 December 2016 | 29,494 | 517 | 30,011 |

**Test of goodwill for impairment** For the purpose of impairment testing, goodwill acquired as a result of business combinations is allocated to the individual cash-generating units (which are also reporting segments) as follows:

- Dealergroup Stern
- Stern Mobility Solutions

**Cash-generating unit Dealergroup Stern** The recoverable value of the unit Dealergroup Stern is determined on the basis of a value in use calculated using cash-flow projections based on the 5-year financial forecasts approved by the Management Board. The weighted average cost of capital (WACC) applied to the cash-flow projections is 6.9% after tax (2016: 6.4% after tax). The cash flows after the 5-year term are extrapolated without taking account of growth.

**Cash-generating unit Stern Mobility Solutions** The recoverable value of the unit Stern Mobility Solutions is determined on the basis of a value in use calculated on the basis of future distributable dividends, assuming a normative solvency of 12.5% and the 5-year financial forecasts approved by the Management Board. The discount rate applied to the distributable dividends is 10.5% (2016: 10.6%). The distributable dividends after the 5-year term are extrapolated, taking account of growth.

The allocation of the carrying amounts of goodwill and the other intangible assets to the cash-generating units is as follows:

| | Dealergroup Stern | | Stern Mobility Solutions | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Carrying amount of goodwill | **19.894** | 19.344 | **10.150** | 10.150 | **–** | – | **30.044** | 29.494 |
| Carrying amount of licences | **–** | – | **–** | – | **458** | 517 | **458** | 517 |

The difference between the value in use and the carrying value of the cash-generating unit Dealergroup Stern at year-end 2017 was € 43.6 million (2016: € 40.9 million). For the cash-generating unit Stern Mobility Solutions, this difference was € 43.7 million (2016: € 41.0 million).

The impairment test shows that significant changes to the assumptions used for the segments Dealergroup Stern and Stern Mobility Solutions will not lead to an impairment of the goodwill.
The headroom at the segment Dealergroup Stern would be nil with a WACC of 8.7% (currently calculated at 6.9%). The headroom at the segment Dealergroup Stern would be nil with a decline in the relative margin on sales (revenue from new and used cars) of 58 basis points compared to the margin development projected by the Management Board in the coming years. For the segment Stern Mobility Solutions, the headroom would be nil given a discount rate on distributable dividends of 18.5% (currently calculated at 10.5%).

**Key assumptions for the calculation of the value in use of the cash-generating units Dealergroup Stern and Stern Mobility Solutions** The following describes the key assumptions used in the cash-flow projections specified by the Management Board for the assessment of potential or necessary impairment of goodwill.

**Estimated gross margins** The estimated gross margins are based on the average gross margins realised in the year directly preceding the estimation year.

**Inflation of other operating expenses** The determination of inflation of other operating expenses is based on forecasts for price index figures during the estimation year. The values of these key assumptions are consistent with external information sources.

**Fuel licences** The economic life of the fuel licences was assessed as at 31 December 2017 and it was established that the values can be maintained. The remaining term of amortisation of the fuel licences is up to 10 years.

# 14 Property, plant and equipment:

| | Buildings and land | Machinery and equipment | Other non-current assets | Construc-tion in progress | Subtotaal | Lease and rental cars | Total property, plant and equipment |
|---|---|---|---|---|---|---|---|
| Acquisition cost | | | | | | | |
| Balance at 31 December 2015 | 69,370 | 20,883 | 23,695 | 1,174 | 115,122 | 229,596 | 344,718 |
| Addition due to acquisition | – | – | 104 | – | 104 | – | 104 |
| Investments/in use | 7,375 | 2,059 | 3,314 | 492 | 13,240 | 100,547 | 113,787 |
| Divestments | (5,224) | (577) | (2,388) | – | (8,189) | (82,202) | (90,391) |
| Balance at 31 December 2016 | 71,521 | 22,365 | 24,725 | 1,666 | 120,277 | 247,941 | 368,218 |
| Addition due to acquisition | 4 | 178 | 123 | – | 305 | – | 305 |
| Investments/in use | 16,156 | 2,363 | 3,782 | 1,421 | 23,722, | 114,886 | 138,608 |
| Divestments | (15,510) | (160) | (1,969) | – | (17,639) | (90,734) | (108,373) |
| **Balance at 31 December 2017** | **72,171** | **24,746** | **26,661** | **3,087** | **126,665** | **272,093** | **398,758** |
| Cumulative depreciation | | | | | | | |
| Balance at 31 December 2015 | 17,736 | 15,087 | 9,701 | – | 42,524 | 32,930 | 75,454 |
| Depreciation | 2,902 | 1,723 | 3,197 | – | 7,822 | 42,652 | 50,474 |
| Divestments | (178) | (495) | (1,908) | – | (2,581) | (35,423) | (38,004) |
| Balance at 31 December 2016 | 20,460 | 16,315 | 10,990 | – | 47,765 | 40,159 | 87,924 |
| Depreciation | 2,805 | 1,509 | 3,390 | – | 7,704 | 43,530 | 51,234 |
| Divestments | (885) | (127) | (971) | – | (1,983) | (35,473) | (37,456) |
| **Balance at 31 December 2017** | **22,380** | **17,697** | **13,409** | **–** | **53,486** | **48,216** | **101,702** |
| **Carrying amount at 31 December 2017** | **49,791** | **7,049** | **13,252** | **3,087** | **73,179** | **223,877** | **297,056** |
| Carrying amount at 31 December 2016 | 51,061 | 6,050 | 13,735 | 1,666 | 72,512 | 207,782 | 280,294 |
| Estimated economic life in years | 20–30* | 5–20 | 3–10 | | | 3–4 | |

** No depreciation is applied to land in ownership.*

In 2017, Stern Groep N.V. sold and leased back 2 premises (sale and leaseback). This transaction generated proceeds of € 16.5 million and a book gain of € 2.2 million. The book gain is recognised under Other income. The lease agreements are on market terms and have a term of 10-15 years. For the future lease obligations, see note 32: Contingent assets and liabilities.

Depreciation of lease and rental cars is recognised under Cost of sales.
Lease and rental cars are passenger cars and light commercial vehicles provided under operating lease and rental contracts. The majority of the lease contracts have a term of up to 48 months.

The minimum contractual lease receipts amount to:
- within 12 months: € 62.7 million (2016: € 59.9 million)
- 1 to 5 years: € 89.2 million (2016: € 93.0 million)
- after 5 years: € 0.3 million (2016: € 0.5 million)

See note 25 for information on the assets placed as collateral for finance.

## 15 Investment property

| | 2017 | 2016 |
|---|---|---|
| Balance at 1 January | – | 2,666 |
| Depreciation | (–) | (37) |
| Divestments | (–) | (2,629) |
| **Balance at 31 December** | **–** | – |

## 16 Investments in associates

The reporting dates and the accounting policies for the associates are the same as those used by Stern Groep N.V. SternPartners B.V. (100% subsidiary of Stern Groep N.V.) is engaged in fleet management and together with third parties participates in a number of cooperative associations with liability limited to the amount invested. The interests of SternPartners B.V. vary and are recognised under Associates.

SternPartners B.V. held the following interests at 31 December 2017, all of which are located in Purmerend:

| | Share in Stern Groep N.V. | |
|---|---|---|
| **Cooperative** | **2017** | **2016** |
| Coöperatieve Contractpartners I U.A. | **45%** | 45% |
| Coöperatieve Contractpartners VIII U.A. | **45%** | 45% |
| Coöperatie Ballast Nedam Infra Materieel Lease U.A. | **45%** | 45% |
| Coöperatieve Contractpartners XIV U.A. | **20%** | 20% |
| Coöperatieve Contractpartners XXXII U.A. | **20%** | 20% |
| Coöperatieve Contractpartners XXXIV U.A. | **20%** | 20% |
| Coöperatieve Contractpartners LI U.A. | **20%** | 20% |
| Coöperatieve Contractpartners LIII U.A. | **20%** | 20% |
| Coöperatieve Contractpartners LIV U.A. | **20%** | 20% |
| Coöperatieve Contractpartners LVII U.A. | **20%** | 20% |
| Coöperatieve Vereniging Internal Fleet Service U.A. | **20%** | 20% |
| Coöperatieve Contractpartners XIX U.A. | **20%** | 20% |
| Coöperatieve Contractpartners XLV U.A. | **20%** | 20% |

The following table shows the combined financial details of the interests of Stern Groep N.V. in all its associates.

| | 2017 | 2016 |
|---|---|---|
| Share in the assets of associates | | |
| Non-current assets | **1,779** | 2,273 |
| Current assets | **572** | 599 |
| Current liabilities | **(278)** | (329) |
| Non-current liabilities | **(1,097)** | (1,552) |
| **Equity (and carrying amount of the investment) at 31 December** | **976** | 991 |
| Share in the revenue and result of associates | | |
| Revenue | **1,846** | 2,101 |
| Result | **72** | 46 |

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## 17 Other financial assets

| | 2017 | 2016 |
|---|---|---|
| Interests of SternPartners B.V. (less than 20%) | **252** | 253 |
| Interest in Bovemij Verzekeringsgroep N.V. (5.06%) | **13,237** | 10,831 |
| Other | **149** | 149 |
| **Total** | **13,638** | 11,233 |

The interest in Bovemij Verzekeringsgroep N.V. is measured on the basis of a valuation of Bovemij Verzekeringsgroep N.V. carried out by PwC Consulting. This valuation was based on an unweighted average of the value based on a dividend discount method (DDM) and a price/earnings multiple method based on European listed companies considered to be comparable. Since these methods are based on liquid shares in large listed companies, a discount of 20% has been applied to reflect the limited tradability of the depositary receipts for shares (2016: 25%). The parties have concluded that the extra discount of 5% applied in the previous year is no longer necessary. The valuation led to an increase in value of € 1.9 million.

## 18 Inventory

| | 2017 | 2016 |
|---|---|---|
| New passenger cars and light commercial vehicles | **157,129** | 157,229 |
| Used passenger cars and light commercial vehicles | **55,061** | 49,449 |
| Parts | **10,440** | 10,073 |
| Other | **4,578** | 6,046 |
| **Total** | **227,208** | 222,797 |

The provision for inventory at 31 December 2017 amounted to € 5.5 million (2016: € 4.6 million). The provision for inventory increased by a net € 0.9 million in 2017 (2016: € 0.1 million increase).

## 19 Trade receivables

Trade receivables are not interest-bearing and generally are subject to a payment term of 30 days. Payments not made within this period are considered to be overdue. The analysis of trade receivables overdue but not subject to impairment at year-end is as follows:

### Age of trade receivables

| | Not overdue | Days < 30 | Days 31-60 | Days 61-90 | Days 91-180 | Days 181-365 | Days > 365 | Carrying amount |
|---|---|---|---|---|---|---|---|---|
| **31 December 2017** | **13,514** | **8,389** | **1,781** | **676** | **19** | **125** | **64** | **24,568** |
| 31 December 2016 | 35,427 | 9,232 | 2,084 | 153 | 461 | 111 | 108 | 47,576 |

A provision is recognised for the full amount of trade receivables for which collection is doubtful, excluding value-added tax. This applies also to receivables for which collection agencies have been engaged.

**Movement in provision for trade receivables**

| | 2017 | 2016 |
|---|---|---|
| Balance at 1 January | **1,551** | 1,044 |
| Contribution charged to statement of income | **406** | 867 |
| Release to statement of income | **(67)** | (6) |
| Receivables written off in financial year | **(699)** | (354) |
| **Balance at 31 December** | **1,191** | 1,551 |

## 20 Other receivables, accrued income and prepaid expenses

The items included below have a term to maturity of up to one year. Accrued income and prepaid expenses consist mainly of prepaid costs as at closing date.

Other receivables include a receivable of € 0.4 million in relation to the ESF subsidy for the period March 2009 through July 2011. The total subsidy for this period is € 0.7 million, € 0.3 million of which was received in 2014. At the end of July 2016, the Inspectorate SZW notified Stern that the subsidy claimed by Stern would be investigated due to alleged irregularities. The initial procedure documentation was received at the end of April 2017. The Public Prosecutor's Office stated in December 2017 that the case required more time and attention in order to reach a valid settlement decision. If the investigation findings are unfavourable for Stern and lead to a conviction, the maximum risk is estimated at the loss of the subsidy claims of € 0.7 million, excluding any fines that may be imposed. Stern is fully cooperating with the investigation. Stern believes that all its obligations have been met and is maintaining its position.

Other receivables includes a receivable of € 0.9 million regarding a payment from an insurer in 2017. This payment relates to the loss of a premise of Mango Mobility Services in Amsterdam in 2017 due to a fire. The payment of € 0.9 million will be made by the insurer at the start of the new construction of an Automotive-related premise by Stern in 2018 or 2019.

## 21 Cash and cash equivalents

Cash and cash equivalents are entirely at the disposal of Stern Groep N.V. and concern cash in hand and at banks. Interest is paid on credit balances at banks at variable rates based on daily interest rates.

## 22 Equity

**Issued capital** The company's authorised share capital stands at € 900,000, divided into 9,000,000 ordinary shares with a nominal value of € 0.10. The issued capital amounts to € 592,500 (2016: € 592,500) and consists of 5,925,000 shares (2016: 5,925,000 shares). No changes occurred during the year.

**Share premium** This item changes if shares are issued at an issue price higher than the nominal value. Stock dividend distributed in shares is also charged to this item.

**Revaluation reserve** The revaluation reserve consists of the unrealised part of the revaluation of financial non-current assets to fair value with a balance at 31 December 2017 of € 4.9 million (2016: € 2.9 million) and a cash flow hedge reserve. The cash flow hedge reserve amounted to € 0.2 million negative at 31 December 2017 (2016: € 0.7 million negative) and consists of the effective part of the cumulative changes to the net value of the financial instruments to which cash flow hedge accounting is applied.
The statutory reserve for these two items amounted to € 4.9 million at 31 December 2017 (2016: € 2.9 million).

**Other reserves** The shares in the company temporarily repurchased by Stern Groep N.V. are deducted from the other reserves. At 31 December 2017, Stern Groep N.V. held 250,000 of its own shares (2016: 250,000 shares).

Dividend At the General Meeting of 9 May 2018, consistent with the prior year and in line with the dividend policy, a total dividend per share will be proposed of € 1.00 (2016: € 1.00) in cash based on the excess solvency at 31 March 2018. The dividend will be payable on 7 June 2018 and will be paid after deduction of the interim dividend of € 0.25 per share paid on 22 December 2017. The excess solvency at 31 March 2018 is expected to be more than adequate.

## 23 Pension liabilities

**The PMT pension fund** The pensions of virtually all the employees of Stern Groep N.V. are placed with the PMT pension fund. This pension scheme qualifies as a defined benefit scheme, under which the pension benefit is based on the length of service and the average salary of the employee during that service.

IAS 19 requires that certain information on defined benefit schemes is disclosed in the financial statements. In particular, the balance of the assets and liabilities relating to the scheme must be recognised in the statement of financial position as a receivable or a liability. The PMT has stated that it is not able to provide the information to participating companies that is required for defined benefit pension schemes under IAS 19. The PMT has not included any prospective elements in its administration for the valuation of the pension liabilities. It also does not have an objective formula for attribution of a proportionate share in the provision for pension liabilities, fund investments and the costs of the pension scheme for the individual members. There is moreover no contractual agreement between the PMT and Stern Groep N.V. stating that shortfalls have to be made up by Stern Groep N.V. For this reason, the scheme is treated as a defined contribution scheme and the pension contributions due over the financial year are recognised as pension expense in the result.

A statement from the PMT shows that the coverage ratio at 31 December 2017 stood at 102.1% (2016: 97.2%). PMT has stated that a coverage ratio of 104.3 is necessary by year-end 2019 in order to avoid curtailment of pensions.

## 24 Provisions

| | Jubilee provision | Warranty provision | Restructuring provision | Other | Total |
|---|---|---|---|---|---|
| Balance at 31 December 2015 | 1,187 | 607 | – | 2,338 | 4,132 |
| Usage | (85) | (1,950) | – | (2,338) | (4,373) |
| Contribution from statement of income | 377 | 1,794 | 403 | 69 | 2,643 |
| Balance at 31 December 2016 | 1,479 | 451 | 403 | 69 | 2,402 |
| Usage | (100) | (1,400) | (403) | (69) | (2,572) |
| Contribution from statement of income | 102 | 1,431 | – | 124 | 2,257 |
| **Balance at 31 December 2017** | **1,481** | **482** | **–** | **124** | **2,087** |
| Non-current part | 1,318 | 129 | – | – | 1,447 |
| Current part | 163 | 353 | – | 124 | 640 |
| **Balance at 31 December 2017** | **1,481** | **482** | **–** | **124** | **2,087** |

If the effect of the time value of money is material, provisions are measured at the present value of the expected cash flows necessary to meet the liabilities. The discount rate used at 31 December 2017 is 2.0% (2016: 2.0%).

**Jubilee provision** This concerns the estimated costs of payments on the occasion of jubilees of personnel, taking account of mortality probabilities, personnel leaving employment and salary developments during the time until the jubilee in question.

**Warranty provision** This provision concerns the estimated costs arising from warranties on products and services provided by Stern Groep N.V. and is mainly short-term in nature. With respect to warranties on passenger cars and light commercial vehicles, account is taken of payments from the car manufacturers.

**Restructuring provision** This provision concerns the estimated costs relating to approved and communicated restructuring plans.

**Other** This provision concerns a provision for vacancy of a leased premises. The provision is formed for ongoing rental costs until the (expected) end of the lease contract.

## 25 Interest-bearing loans

| | Effective interest rate | Maturity date | 2017 | 2016 |
|---|---|---|---|---|
| Non-current | | | | |
| Mortgage loans | 1.87% | 2019/2022 | **7,219** | 6,292 |
| Financing of lease cars (securitisation facility) | 1.36% | 2020 | **136,125** | – |
| Financing of lease cars (credit facility) | 2.25% | 2020 | **17,520** | – |
| Credit institutions | 2.00% | 2020 | **45,580** | – |
| **Total 31 December** | | | **206,444** | 6,292 |
| Current | | | | |
| Mortgage loans | 1.87% | 2018 | **2,353** | 5,549 |
| Financing of lease cars | | | **–** | 148,230 |
| Credit institutions | | | **–** | 59,653 |
| Financing of used passenger cars | 0.98% | 2018 | **50,912** | 42,170 |
| Financing of rental fleet | 1.78% | 2018 | **36,098** | 31,080 |
| Other financing | 2.30% | 2018 | **8,325** | 5,883 |
| **Total 31 December** | | | **97,688** | 292,565 |

**Mortgage loans** The mortgage loans recognised under interest-bearing loans have a weighted average interest rate of 1.87% (2016: 2.21%). These loans are secured by mortgages on business premises with a carrying amount of € 25.5 million (2016: € 26.2 million). A sum of € 8.0 million has an interest rate based on 1- to 3-month Euribor (2016: € 8.8 million). There are no mortgages with a term of more than 5 years (2016: € 0.7 million).

**Financing of lease cars (securitisation facility)** Stern Lease B.V. (100%-owned by Stern Groep N.V.) transferred the securitised part of the lease portfolio to Zwaanlease B.V. in 2017. This transaction involved the sale of the economic ownership of the lease objects and the future lease receivables and the residual value of the vehicles to Zwaanlease B.V., an independent company fully consolidated in these financial statements. 83.5% of the purchase price was actually paid by Zwaanlease to SternLease B.V., with the remainder owed by SternLease B.V. to Zwaanlease B.V. in the form of a subordinated loan. At 31 December 2017 this subordinated loan amounted to € 25.1 million.
The securitisation facility amounts to € 150.0 million, and equates to the present value of the future lease instalments and the residual value of the lease vehicles. € 136.1 million of this facility was used at 31 December 2017. Security has been provided for this in the form of a pledge of the lease receivables and the lease vehicles. Stern Groep N.V. has issued a guarantee for the residual value risk of Zwaanlease B.V. The securitisation facility runs until 30 June 2020 and the interest is based on the financing costs of the special purpose vehicle Zwaanlease B.V. plus a spread.

The carrying amount of the lease vehicles provided as security for the financing recognised at year-end 2017 under the securitisation facility is € 159.2 million.

**Financing of lease cars (credit facility)** Stern Groep N.V. has facilities at credit institutions amounting to € 30.0 million for lease activities not financed as part of the securitisation facility, € 17.5 million of which was used at 31 December 2017 (2016: € 148.2 million). This facility is secured by a pledge on the lease portfolio in question, the rights associated with the concluded lease contracts and a mortgage has been established on business premises with a carrying amount of € 5.9 million. The facility runs until 30 June 2020 and the interest rate is 1-month Euribor plus a spread.

**Credit institutions** Stern Groep N.V. has financing facilities with credit institutions for its retail business amounting to € 80.0 million (2016: € 70.0 million), of which € 45.6 million was drawn down at 31 December 2017 (2016: € 59.7 million). This facility is secured by a pledge on the trade receivables, the inventory of new passenger cars and light commercial vehicles paid for and the business inventory. The facility runs until 30 June 2020 and the interest rate is 3-month Euribor plus a spread.

**Financing of used passenger cars** A credit facility is provided by a finance company affiliated to a car manufacturer for the financing of used passenger cars of € 61.0 million (2016: € 61.0 million), of which € 50.9 million was drawn down at 31 December 2017 (2016: € 42.2 million). A pledge is provided for these facilities on the passenger cars financed. The interest rate is 1-month Euribor plus a spread. The credit limit is reviewed each year in June, and the facility is expected to be extended again in June 2018.

**Financing of rental fleet** A credit facility is provided by a finance company affiliated to a car manufacturer for the financing of the rental fleet of SternRent of € 45.0 million (2016: € 37.0 million), of which € 36.1 million was drawn down at 31 December 2017 (2016: € 31.1 million). A pledge is provided for these facilities on the rental cars financed. The interest rate is 1-month Euribor plus a spread. The credit limit is reviewed each year in June, and the facility is expected to be extended again in June 2018.

**Other finance** A credit facility is provided by a finance company affiliated to a car manufacturer for the financing of used passenger cars of € 8.0 million (2016: € 7.3 million) and for the financing of working capital of € 3.0 million (2016: € 3.0 million), of which € 8.3 million was in use at 31 December 2017 (2016: € 5.8 million). A pledge is provided for this facility on the used passenger cars financed, the property, plant and equipment and the trade receivables. The interest rate is a variable base interest rate (similar to Euribor) plus a spread. The credit agreement is entered into for an indefinite period.

**Bank covenants** Regarding the securitisation facility, the financing of lease cars and the facilities at credit institutions, agreements have been made with respect to minimum ratios to be achieved. The agreed ratios relate to the solvency and the interest coverage ratio (ICR). Additionally, specific agreements have been made for the securitisation regarding the maximum number of bankruptcies and defaults by lessees and the development of the residual value of the lease fleet.

Solvency is calculated on the basis of adjusted equity (excluding goodwill). The bank covenants state a standard solvency ratio of 12.5% for the leasing operations, a standard solvency ratio of 20% for the rental operations and a minimum solvency ratio of 25% for the remaining activities.

The solvency ratio for the leasing operations at 31 December 2017 was 12.5% and 20% for the rental operations. The solvency ratio for the other activities stood at 27.5% (the minimum is 25.0%).

The bank covenants stipulate a minimum ICR of 2.50 for 2017 and 3.00 with effect from 2018. This concerns a 12-month ICR that is calculated quarterly on the basis of EBITDA and the net interest expense over the past 12 months. Up to € 2.5 million in restructuring expenses on a 12-month basis may be omitted from the calculation of the ICR. Stern expects to continue to be able to operate within its covenants during the current year. Meeting the covenants, also as at mid-2018, depends partly on realising EBITDA in line with the 2018 budget and the size of the working capital.

The ICR is the result of EBITDA divided by net interest expense, with up to € 2.5 million in reorganisation expenses on a 12-month basis allowed to be omitted from this calculation. The ICR at 31 December 2017 stood at 3.23 (minimum is 2.50). From 2018, the ICR has to be at least 3.00, however this may be not less than 2.50 on one occasion without a waiver from the banks being required (known as a 'Mulligan').

If the ratios stated in the bank covenants are breached, account has to be taken of an additional interest spread of 150 basis points, and in such case the credit institutions also have the option of reviewing the agreements in the covenants. If the company fails to operate within the covenants, the facilities may in principle be payable on demand. The Management Board actively monitors that the company operates within the covenants.

Stern Groep N.V. operated within the agreed ratios during 2017.

Regarding the distribution of dividend, it has been agreed with the credit institutions that this may not lead to a breach of the bank covenants.

The table below provides an overview of the maturity dates of the financial obligations of Stern Groep N.V. at 31 December 2017 on the basis of contractual and not discounted payments of interest and repayments, without taking account of hedge transactions entered into (see note 31).

| | **Carrying amount year-end** | **Within 12 months** | **1 to 5 years** | **> 5 years** |
|---|---|---|---|---|
| **31/12/2017** | | | | |
| Mortgage loans | 9,572 | 2,510 | 7,493 | – |
| Financing of lease cars (securitisation facility) | 136,125 | 1,851 | 138,902 | – |
| Financing of lease cars (credit facility) | 17,520 | 394 | 18,111 | – |
| Credit institutions | 45,580 | 912 | 46,947 | – |
| Financing of used passenger cars | 50,912 | 51,161 | – | – |
| Financing of rental fleet | 36,098 | 36,419 | – | – |
| Other financing | 8,325 | 8,421 | – | – |
| Derivatives | 285 | 127 | 158 | – |
| | **304,417** | **101,795** | **211,611** | **–** |
| **31/12/2016** | | | | |
| Mortgage loans | 11,841 | 5,750 | 5,801 | 744 |
| Financing of lease cars | 148,230 | 149,712 | – | – |
| Credit institutions | 59,653 | 60,264 | – | – |
| Financing of used passenger cars | 42,170 | 42,419 | – | – |
| Financing of rental fleet | 31,080 | 31,349 | – | – |
| Other financing | 5,883 | 5,951 | – | – |
| Derivatives | 992 | 331 | 661 | – |
| | 299,849 | 295,776 | 6,462 | 744 |

The following overview shows the changes in interest-bearing loans divided into cash flows and other changes. The cash flow in the following overview corresponds to the change in interest-bearing loans shown in the statement of cash flow.

| | Mortgages | Securitisation facility | Credit institutions and other finance | Derivatives | Total |
|---|---|---|---|---|---|
| Balance at 1 January 2017 | 11,841 | – | 287,016 | 992 | 299,849 |
| Cash flow from financing activities | (2,269) | 136,125 | (128,581) | – | 5,275 |
| Other changes | – | – | – | (707) | (707) |
| **Balance at 31 December 2017** | **9,572** | **136,125** | **158,435** | **285** | **304,417** |

## 26 Financial instruments

**Fair value** The following overview presents a comparison between the carrying amounts and the fair values of all the financial assets and liabilities of Stern Groep N.V. recognised in the financial statements, including assets and liabilities classified as held for sale:

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Financial assets | | | | |
| Cash and cash equivalents | **1,216** | 993 | **1,216** | 993 |
| Investments in associates | **976** | 991 | **976** | 991 |
| Interests of SternPartners B.V. (less than 20%) | **252** | 253 | **252** | 253 |
| Interest in Bovemij Verzekeringsgroep N.V. | **13,237** | 10,831 | **13,237** | 10,831 |
| Other | **149** | 149 | **149** | 149 |
| Financial liabilities | | | | |
| Mortgage loans | **9,572** | 11,841 | **9,572** | 11,841 |
| Financing of lease cars (securitisation facility) | **136,125** | – | **136,125** | – |
| Financing of lease cars | **17,520** | 148,230 | **17,520** | 148,230 |
| Credit institutions | **45,580** | 59,653 | **45,580** | 59,653 |
| Financing of used passenger cars | **50,912** | 42,170 | **50,912** | 42,170 |
| Financing of rental fleet | **36,098** | 31,080 | **36,098** | 31,080 |
| Other financing | **8,325** | 5,883 | **8,325** | 5,883 |
| Derivatives | **285** | 992 | **285** | 992 |

The participating interests of SternPartners B.V. over which Stern Groep N.V. has no material influence are valued in the same way as the associates, using the equity method.

The fair value of the interest in Bovemij Verzekeringsgroep N.V. is based on an external valuation report as at 31 December of the previous year, taking account of particular developments during the current year. The fair value of the loans under the other financial assets is calculated with the application of the market interest rate. The fair value of the derivatives and drawn down loans is calculated as the present value of the expected cash flows at prevailing market rates. Financing is effected mainly on the basis of a short-term interest rate so that the carrying amount approximates the fair value of the financial liabilities.

Stern Groep N.V. uses the following three levels for the classification and disclosure of financial instruments measured at fair value:

- Level 1: price quotations in active markets;
- Level 2: valuation techniques for which input can be derived from observable market data;
- Level 3: valuation techniques for which input cannot be derived from observable market data.

The following analysis shows the financial instruments measured at fair value classified according to measurement level:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **31/12/2017** | | | | |
| Interest in Bovemij Verzekeringsgroep N.V. | **–** | | **13,237** | **13,237** |
| Derivatives | | **(285)** | **–** | **(285)** |
| **31/12/2016** | | | | |
| Interest in Bovemij Verzekeringsgroep N.V. | | | 10,831 | 10,831 |
| Derivatives | – | (992) | – | (992) |

The development of financial instruments in level 3 in the financial year was as follows:

| **Level 3** | 2017 | **2016** |
|---|---|---|
| Balance at 1 January | **10,831** | 11,126 |
| Purchase of depositary receipts in Bovemij Verzekeringsgroep N.V. | **500** | – |
| Changes in fair value | **1,906** | (295) |
| **Balance at 31 December** | **13,237** | 10,831 |

## 27 Trade and other payables

This item includes the credit facilities provided by car manufacturers for the performance of the underlying dealer contracts. A pledge is provided for this facility on the passenger cars and light commercial vehicles financed, including parts and accessories. The interest rates are based on Euribor plus a spread.

## 28 Tax and social security contributions

The payroll tax and social security contributions due under this item amounted to € 3.1 million at 31 December 2017 (2016: € 2.7 million), value-added tax due of € 0.6 million (2016: € 1.1 million) and corporate income tax due of € 0.4 million (2016: € 0.8 million).

## 29 Other payables, accrued liabilities and deferred income

The other payables include € 5.9 million in payments to personnel (2016: € 6.1 million). This also includes the advanced receipts from lease and rental activities of € 1.2 million (2016: € 1.0 million). The item accrued liabilities and deferred income consists mainly of advanced receipts from customers and importers received as at the closing date.

# 30 Note to the statement of cash flow

The statement of cash flow shows the movements in cash and cash equivalents. The preparation of this statement is based on a comparison between the opening balance and the closing balance. Changes that have not led to cash flow, such as acquisitions and impairments, are then eliminated. Changes in the working capital can mostly be derived from the overview of changes in the relevant items in the statement of financial position, taking account of changes arising from companies acquired and divested (see note 3). Note 25 provides the connection between the changes in interest-bearing loans and the statement of cash flow.

# 31 Objectives and policy regarding the management of financial risks

**Financial instruments and risk policy** The interest rate profile of the financial liabilities, after taking account of the hedge transactions entered into, is as follows:

| | 2017 | 2016 |
|---|---|---|
| Liabilities at variable interest rates | **40,026** | 63,607 |
| Liabilities with fixed interest rates | **264,106** | 235,250 |
| | **304,132** | 298,857 |
| Liabilities with fixed interest rates | | |
| Weighted average interest rate (%) | **1.8** | 2.0 |
| Weighted average maturity (years) | **2.6** | 3.3 |

The interest rates for the financial liabilities are mainly based on Euribor (note 23).
At 31 December 2017, Stern Groep N.V. had a number of outstanding contracts for interest rate swaps for a total amount of € 264.1 million (2016: € 235.3 million). The interest rate swaps are concluded in order to convert liabilities at variable interest rates into liabilities with fixed interest rates. The average remaining maturity of the interest rate swaps is 31 months (2016: 40 months), with a weighted average interest rate, including the spread for the liability in question, of 1.8% (2016: 2.0%).

The most important financial instruments (other than derivatives) held by Stern Groep N.V. are bank loans and overdrafts, financial lease and lease/purchase agreements, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the business operations. Stern Groep N.V. has various other financial assets and liabilities, such as trade receivables and payables, that arise directly as a result of its business operations. Stern Groep N.V. also enters into transactions with interest rate swaps. The purpose of the interest rate swaps is to limit the interest rate risk to which Stern Groep N.V. is exposed as a result of its business operations and its sources of funding. In principle, Stern Groep N.V. does not trade in financial instruments, nor did it do so during the financial year.

The main risks arising from the financial instruments held by Stern Groep N.V. are interest rate risk and credit risk. The Management Board evaluates and approves the policy with respect to the mitigation of these risks.

**Interest rate risk** Stern Groep N.V. strives to mitigate the risks arising from its operational activities and the funding thereof. The interest rate risk regarding the implicit interest rate in operating lease contracts (interest income) and the interest payments on the corresponding lease financing is hedged by means of interest rate swaps. After initial recognition, these instruments are carried at market value (at 31 December 2017 this amounted to € 0.3 million negative and at 31 December 2016 € 1.0 million negative). The following overview shows the carrying amounts of the interest rate swaps to which hedge accounting is applied at 31 December 2017.

| | | | 2017 | | | 2016 |
|---|---|---|---|---|---|---|
| Regarding | Nominal value | Carrying amount | Market value | Nominal value | Carrying amount | Market value |
| Mortgage loans | 12,000 | 50 | 50 | 12,000 | (62) | (62) |
| Financing of lease cars | 156,106 | 150 | 150 | 127,250 | (152) | (152) |
| Credit institutions | 60,000 | (1) | (1) | 60,000 | 34 | 34 |
| Financing of used passenger cars | 36,000 | (483) | (483) | 36,000 | (812) | (812) |
| **Total 31 December** | **264,106** | **(284)** | **(284)** | 235,250 | (992) | (992) |

The fair value of the interest rate swaps is determined on the basis of market interest rates as at 31 December 2017 and 2016 respectively. Cash flow hedge accounting is applied to these hedges. The hedges of the future cash flows are considered to be effective with an unrealised positive result of € 0.7 million (2016: € 0.7 million positive) with a deferred tax item of € 0.2 million (2016: € 0.2 million).
The result on the hedging instrument is applied to the statement of comprehensive income in 2017 and 2016.
The ineffective part of the swaps was nil (2016: nil).
There are no margin obligations as a result of the swap contracts.

Besides the interest rate swaps mentioned here, the company has concluded interest rate swaps with a principal amount of € 3.1 million that mature in mid-2018. Hedge accounting is not applied to these interest rate swaps. The carrying amount of these swaps at 31 December 2017 was € 0.1 million negative (2016: € 0.1 million negative). This amount is recognised under other liabilities.

**Credit risk** Stern Groep N.V. deals only with creditworthy third parties. The policy at Stern Groep N.V. is that all customers wishing to trade with deferred payment must be subjected to credit verification procedures. Furthermore, open balances are continuously monitored so that Stern Groep N.V. is not exposed to material risk as a result of doubtful debtors. Credit risk is incurred on the other financial assets of Stern Groep N.V., which consist of cash and cash equivalents, financial assets available for sale and certain derivatives, to the extent that the counterparty may default on an amount not exceeding the carrying amounts of these instruments.

Since Stern Groep N.V. deals only with creditworthy third parties, no security is required.

**Liquidity risk** Stern Groep N.V. has concentrated the management of its cash and cash equivalents and direct credit facilities with a limited number of banking institutions. As part of this management, the accounts of operating companies are included in cash pooling arrangements and the maximum credit limit of each operating company is monitored centrally.

**Interest rate risk** The following table shows the exposure of the profit before tax of Stern Groep N.V. (due to the effect of loans at variable interest rates) and the equity (due to the effect of the valuation of the interest rate swaps) to a potential change in Euribor with all other variables remaining constant.

| | Increase or decrease in interest rates in basis points | Effect on the profit before tax | Effect on equity |
|---|---|---|---|
| **2017 financial year** | **+100** | **(400)** | **4,817** |
| | **–100** | **400** | **(4,817)** |
| 2016 financial year | +100 | (636) | 3,052 |
| | –100 | 636 | (3,052) |

**Capital management** The primary objective of capital management at Stern Groep N.V. is to maintain good creditworthiness and sound solvency to support the operations of Stern Groep N.V. and to optimise shareholder value. Stern Groep N.V. manages its capital structure and adjusts this according to changes in economic conditions. In order to maintain or adjust its capital structure, Stern Groep N.V. may change its payment of dividend to shareholders, repay capital to shareholders or issue new shares. No changes were made to the objectives, policy or processes in 2017 or 2016.

Stern Groep N.V. monitors its capital using a solvency ratio, which is the consolidated equity divided by the total assets. Regarding the securitisation facility, the financing of lease cars and the facilities at credit institutions, agreements have been made with respect to minimum ratios to be achieved. The agreed ratios relate to the solvency and the interest coverage ratio (ICR) (see note 25).

## 32 Contingent assets and liabilities

**Long-term lease commitments** Stern Groep N.V. has concluded long-term lease agreements with third parties for terms ranging from one year to sixteen years. Based on these agreements, Stern Groep N.V. has the following lease commitments:

| | 2017 | 2016 |
|---|---|---|
| < 1 year | **18,500** | 19,200 |
| 1-5 years | **59,600** | 61,200 |
| > 5 years | **75,000** | 74,600 |
| | **153,100** | 155,000 |

Stern Groep N.V. has provided a bank guarantee for the lessors of € 3.7 million (2016: € 4.0 million).

**Economic inventory position** At the closing date, Stern Groep N.V. had repurchase commitments for 687 cars outstanding in an amount of € 10.9 million (2016: 661 cars and € 11.4 million). These commitments will expire within two years. Based on estimated losses on repurchase commitments and the settlement thereof, an amount of € 0.2 million is recognised under current liabilities (2016: € 0.3 million).

If importers have not yet transferred all the major rights to economic benefits and all major risks with respect to new passenger cars and light commercial vehicles to Stern Groep N.V., the vehicles in question are not yet recognised in the statement of financial position. The economic inventory position of vehicles delivered or to be delivered by importers at 31 December 2017 amounted to € 59.1 million (2016: € 56.9 million).

# 33 Related party disclosures

H.H. van der Kwast, Chair of the Management Board of Stern Groep N.V., owns an interest of 12.3% in Stern Groep N.V. through his personal holding company Merel Investments B.V. (2016: 17.6%).

H.H. van der Kwast, Chair of the Management Board of Stern Groep N.V., is a related party to Kluut Vastgoed B.V. (indirect interest of 50%). Stern Groep N.V. leases one premises from Kluut Vastgoed B.V. The total rent paid for 2017 was € 114,000 (2016: € 112,000).

H.H. van der Kwast, Chair of the Management Board of Stern Groep N.V., was a member of the Supervisory Board of Bovemij Verzekeringsgroep N.V. until 21 April 2017 (www.bovemij.nl). Stern Groep N.V. has an interest of 5.06% in Bovemij Verzekeringsgroep N.V. (2016: 5.03%).

Bovemij Verzekeringsgroep N.V. provided a loan of € 0.4 million to Coöperatie Mango Mobility Services in 2012. The interest rate is 4%. The remainder of this loan was repaid in full in 2017 (2016: € 0.1 million).

# 34 Remuneration of the Management Board and the Supervisory Board

The remuneration of the members of the Management Board consists of a fixed gross annual salary with pension contribution, plus a variable component of up to 33% of the fixed gross annual salary, subject to previously set criteria being met.

**Individual remuneration of the Management Board**
(amounts x € 1)

| | Regular remuneration payable | Profit-sharing and bonus payments | Pensions | Total |
|---|---|---|---|---|
| **2017** | | | | |
| H.H. van der Kwast | 606,000 | 56,700 | 20,878 | 683,578 |
| A.A. Swijter | 327,432 | 35,000 | 13,624 | 376,056 |
| **Total** | **933,432** | **91,700** | **34,502** | **1,059,634** |
| **2016** | | | | |
| H.H. van der Kwast | 606,000 | 232,650 | 25,781 | 864,431 |
| A.A. Swijter (from 1/6/2016) | 191,000 | 52,500 | 8,681 | 252,181 |
| **Total** | **797,000** | **285,150** | **34,462** | **1,116,612** |

The reserve for the bonus for 2017 payable in 2018 is recognised in 2017. The bonus payment for 2015 and the reserve for the bonus for 2016 payable in 2017 are recognised in 2016. The regular remuneration payable to the Management Board includes a compensation of € 147,000 (2016: € 136,000) for the reduction in pension accrual with effect from 1 January 2015.

The criteria regarding profit-sharing and bonus payments for 2017 were:

- achievement of revenue, net profit, return on equity and cash flow in line with the budget for 2017;
- further expansion of Stern Mobility Solutions, the expansion and integration of Stern Car Services and further reduction of costs;
- achievement of targets in relation to corporate social responsibility, management development and the workforce.

The criteria for profit-sharing and bonus payments for the 2017 financial year were only partially met. This will be formally ratified by the Supervisory Board after adoption of the 2017 financial statements on 9 May 2018.

The criteria for profit-sharing and bonus payments for 2018 are:
- achievement of revenue, net profit, return on equity and cash flow in line with the budget for 2018;
- achievement of the targets set in the Fast Forward strategic plan;
- achievement of targets with respect to organisational development.

The Supervisory Board makes use of scenario analyses in the formulation and establishment of the remuneration of the Management Board, as stated in best practice provision II.2.1. of the Corporate Governance Code.

**Individual remuneration of the Supervisory Board**
(amounts x € 1)

| | Regular remuneration payable | Remuneration of the Audit Committee | Total 2017 | Total 2016 |
|---|---|---|---|---|
| D.R. Goeminne | 40,000 | 10,000 | **50,000** | 50,000 |
| M.E.P. Sanders | 32,000 | 10,000 | **42,000** | 42,000 |
| A. Roggeveen | 32,000 | – | **32,000** | 32,000 |
| S.G. Brummelhuis | 32,000 | – | **32,000** | 20,400 |
| P.P.M. Nielen (from 21/12/2017) | – | – | **–** | – |
| **Total** | **136,000** | **20,000** | **156,000** | 144,400 |

**Share ownership by the Management Board**

| | 2017 | 2016 |
|---|---|---|
| H.H. van der Kwast (via Merel Investments B.V.) | **700,000** | 1,000,000 |
| A.A. Swijter | **–** | – |

**Share ownership by the Supervisory Board**

| | 2017 | 2016 |
|---|---|---|
| D.R. Goeminne | **25,000** | 25,000 |
| M.E.P. Sanders | **–** | – |
| A. Roggeveen | **–** | – |
| S.G. Brummelhuis | **–** | |
| P.P.M. Nielen (from 21/12/2017) | **–** | – |

No option rights, loans, advances or guarantees are provided to the members of the Management Board of Stern Groep N.V. and/or to members of the Supervisory Board.

## 35 Subsequent events

No noteworthy events occurred after the closing date that affect the financial statements for 2017.

*(amounts x € 1,000)*

# Company statement of income

| | 2017 | 2016 |
|---|---|---|
| Net revenue | – | – |
| Cost of sales | – | – |
| **Gross profit** | – | – |
| | | |
| Other income | – | – |
| Employee expenses | (3,459) | (3,330) |
| Amortisation of intangible assets | (6) | (7) |
| Other operating expenses | (413) | (335) |
| **Operating profit** | (3,878) | (3,672) |
| | | |
| Result from participating interests | 10,894 | 14,315 |
| Financial income and expenses | (644) | (331) |
| **Profit before tax** | 6,372 | 10,312 |
| | | |
| Income taxes | 1,127 | 1,036 |
| | | |
| **Profit after tax** | 7,499 | 11,348 |

*(amounts x € 1,000)*

# Company statement of financial position at 31 December

| | *Note* | 31 December 2017 | 31 December 2016 |
|---|---|---|---|
| **Non-current assets** | | | |
| **Property, plant and equipment** | *2* | | |
| Other assets | | **5** | 12 |
| **Financial non-current assets** | *3* | | |
| Investments in group companies | | **200,208** | 189,314 |
| Other investments | | **149** | 149 |
| | | **200,357** | 189,463 |
| **Non-current assets** | | **200,362** | 189,475 |
| **Current assets** | | | |
| Other receivables, accrued income and prepaid expenses | | **29** | 36 |
| Cash and cash equivalents | | **5** | 5 |
| | | **34** | 41 |
| **Total assets** | | **200,396** | 189,516 |
| **Equity** | *4* | | |
| Issued capital | | **593** | 593 |
| Share premium | | **114,734** | 114,734 |
| Other reserves | | **33,740** | 27,772 |
| Revaluation reserve | | **4,688** | 2,252 |
| Unallocated result | | **5,593** | 11,643 |
| | | **159,348** | 156,994 |
| **Current liabilities** | | | |
| Interest-bearing loans | | **34,936** | 23,802 |
| Liabilities to group companies | | **3,871** | 6,197 |
| Tax and social security contributions | | **100** | 102 |
| Other payables, accrued liabilities and deferred income | | **935** | 1,392 |
| Deferred tax liability | | **1,206** | 1,029 |
| | | **41,048** | 32,522 |
| **Total equity and liabilities** | | **200,396** | 189,516 |

# Notes to the company financial statements

Management Report
Dealergroup Stern
Stern Mobility Solutions
Stern Car Services
Report of the Supervisory Board
CSR report
Financial statements

## 1 Accounting principles

The company financial statements are prepared on the basis of Part 9 of Book 2 of the Dutch Civil Code with use of the option provided under Section 2:362 (8) to apply the IFRS accounting policies that are used for the consolidated financial statements.

**Principles for measurement and determination of the result** Details of the principles for measurement and determination of the result can be found in the notes to the consolidated financial statements and, unless otherwise stated, apply equally to the company financial statements.

**Participating interests** The participating interests in group companies are recognised at net asset value. The reporting dates of the group companies are the same as those of Stern Groep N.V. The principles for financial reporting are, for similar transactions and events in comparable circumstances, the same as those of Stern Groep N.V.

## 2 Property, plant and equipment

| | **Other non-current assets** |
|---|---|
| Acquisition cost | |
| Balance at 1 January 2016 | 103 |
| Investments in 2016 | – |
| Balance at 1 January 2017 | 103 |
| Investments in 2017 | – |
| **Balance at 31 December 2017** | **103** |
| Cumulative amortisation | |
| Balance at 1 January 2016 | 84 |
| Depreciation in 2016 | 7 |
| Balance at 1 January 2017 | 91 |
| Depreciation in 2017 | 7 |
| **Balance at 31 December 2017** | **98** |
| **Carrying amount at 31 December 2017** | **5** |
| Carrying amount at 31 December 2016 | 12 |
| Estimated economic life | 5 years |

## 3 Financial non-current assets

| | Participating interests in group companies | Other | Total |
|---|---|---|---|
| Carrying amount at 1 January 2017 | 189,314 | 149 | 189,463 |
| Result financial year | 10,894 | – | 10,894 |
| **Carrying amount at 31 December 2017** | **200,208** | **149** | **200,357** |

The participating interests in group companies includes the 100% interest in Stern Facilitair B.V. of Purmerend, the holding company for all other group companies.

## 4 Equity

For the development of equity, see the consolidated financial statements.

The entire share premium qualifies as a recognised paid-up reserve for tax purposes.

## 5 Other notes

**Contingent assets and liabilities** Stern Groep N.V. has accepted joint and several liability for the debts of the group companies listed on page 90, including tax, arising from legal actions by the group companies in accordance with Section 403 of Part 9 of Book 2 of the Dutch Civil Code.

**Remuneration of the Management Board and Supervisory Directors** For the remuneration of the Management Board and Supervisory Directors, see note 34 to the 2017 consolidated financial statements.

**Audit fees** For the audit fees, see note 8 to the 2017 consolidated financial statements.

**Number of employees** The number of employees, including the Management Board, at 31 December 2017 was: 9 (2016: 10).

Amsterdam, 7 March 2018

The Management Board
H.H. van der Kwast
A.A. Swijter

The Supervisory Board
D.R. Goeminne
M.E.P. Sanders
A. Roggeveen MSc
S.G. Brummelhuis
P.P.M. Nielen

# Other information

## Profit appropriation according to the articles of association

Article 38

1. Subject to the approval of the Supervisory Board, the Management Board transfers as much of the remaining profit to reserves as it deems necessary. Insofar as the profit is not transferred to reserves subject to the provisions of the previous sentence, it is available to the General Meeting in whole or in part for distribution to the shareholders in proportion to the number of ordinary shares that they own.

   The company may only pay the shareholders and other persons entitled to the profits available for distribution to the extent that its equity exceeds the amount of the paid-up and called-up capital plus the reserves that must be held pursuant to statute.

Article 39

1. Distributions of profit shall be payable four weeks after adoption, unless the General Meeting sets a different date as proposed by the Management Board.

2. Distributions of profit that have not been received within five years of being made available for payment shall lapse to the company.

3. Resolutions of the General Meeting to grant full or partial cancellation of reserves shall require the approval of the Management Board and the Supervisory Board, without prejudice to the provision in paragraph 6.

4. With the prior approval of the Supervisory Board, the Management Board may make an interim distribution of profit, subject to the provision of Section 105, Book 2 of the Civil Code.

5. The General Meeting may, if so proposed by the Management Board and with the prior approval of the Supervisory Board, resolve that distributions of profit should be made entirely or partially in the form of shares in the company's capital.

6. A shortfall may only be made up from the reserves held pursuant to statute to the extent permitted by law.

## Dividend

At the General Meeting of 9 May 2018, consistent with the prior year and in line with the dividend policy, a total dividend per share will be proposed of € 1.00 (2016: € 1.00) in cash based on the excess solvency at 31 March 2018. The dividend will be payable on 7 June 2018 and will be paid after deduction of the interim dividend of € 0.25 per share paid on 22 December 2017. The excess solvency at 31 March 2018 is expected to be more than adequate.

# Independent auditor's report

To: the shareholders and the Supervisory Board of Stern Groep N.V.

## Report on the audit of the 2017 financial statements included in the annual report

**Our opinion** We have audited the financial statements 2017 of Stern Groep N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Stern Groep N.V.
- as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Stern Groep N.V. as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- The consolidated statement of financial position as at 31 December 2017;
- The following statements for 2017: the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows;
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:
- The company statement of financial position as at 31 December 2017;
- The company statement of income for 2017;
- The notes comprising a summary of the accounting policies and other explanatory information.

**Basis for our opinion** We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Stern Groep N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Materiality

| Materiality | € 1,800,000 (2016: € 1,880,000) |
|---|---|
| Benchmark applied | Materiality is determined as 1% of the gross profit. |
| Explanation | Both the result before tax and the operating profit of Stern Groep N.V. have been highly volatile in recent years. For this reason, we do not consider this to be an appropriate benchmark for materiality.<br><br>We consider that gross profit is the most appropriate materiality benchmark for Stern Groep N.V. In addition, we have identified the following relevant aspects:<br>• Important performance indicator for Stern Groep N.V. and its stakeholders<br>• More stable development without large fluctuations |

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users f the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 90.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds

**Scope of the group audit** Stern Groep N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Stern Groep N.V.
The factors determining the scope are the fact that Stern's operations take place in the Netherlands, the organizational structure of Stern's operations into units including lease and dealer businesses, the size and/or risk profile of the other group elements and operations and the fact that the business processes and internal control measures are generally carried out in the same way at the various dealerships. This means that there is no scoping for separate dealerships. We considered the dealerships as one component for our audit next to the leasing and other operations. If certain entities carry out their internal controls in a non-standard manner, we have taken account of this in our audit. In total, the abovementioned audit procedures represent 100% of the total assets, the gross profit and the revenue of the group.

All procedures at the group elements and at group level were performed by the same audit team.

As a result of these procedures at (group) elements, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence in relation to the financial information of the group to issue an opinion regarding the consolidated financial statements.

**Our key audit matters** Key audit matters are those matters that, in our professional judgment, were of most significance i n our audit of the financial statements. We have communicated the key audit matters to the supervisory board and the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Risk | Our audit approach | Key observations |
|---|---|---|
| **Valuation of goodwill**<br>We refer to note 1 in the financial statements "Accounting policies" and note 13 "Intangible assets". | | |
| The assessment of whether goodwill is subject to impairment is considered to be a key audit matter, since this entails significant uncertainties with regard to the estimation of future cash flows and the determination of the discount rate. Assumptions are made in this respect regarding the future development of margin, revenue and the market in general.<br><br>As stated in the financial statements, the composition of the cash-generating units has changed in 2016. This has not led to a reallocation of the goodwill. | The audit procedures we performed included an assessment of the reasonableness of the assumptions underlying the estimation of future cash flows and whether these are consistent with the internal budget for 2018 and the outlooks for 2019 and 2020 as approved by the Management Board and the Supervisory Board.<br><br>We used the services of a valuation expert at our firm to evaluate the discount rate applied and valuation methodology used.<br><br>We also carried out procedures with respect to the disclosures in the financial statements on the impairment test, in particular the assumptions that mostly impact the determination of the recoverable value of the goodwill, such as the growth rate of the various revenue flows and the weighted average cost of capital (WACC; discount rate) applied. We also assessed whether these disclosures were adequate, provided sufficient information regarding the assumptions applied and the sensitivity of the valuation to the assumptions. | We consider the key management assumptions underlying the estimation of future cash flows and the discount rate to be reasonable.<br><br>We consider the disclosure in the financial statements regarding the impairment test to be sufficient. The disclosure provides sufficient insight into the assumptions made and the sensitivities of the assumptions used for the valuation. |

| Risk | Our audit approach | Key observations |
|---|---|---|
| **Valuation of deferred tax asset**<br>We refer to note 1 in the financial statements "Accounting policies" and note 11 "Income taxes". | | |
| The valuation of the deferred tax asset arising from tax loss carry forward balances is based on the expected future taxable profits.<br><br>It has been agreed with the Dutch Tax Authorities that the goodwill for tax purposes arising from the temporary difference with respect to the fiscal unity Stern Leasing  is amortised over a period of 20 years (with 17 years remaining at year end 2017), whereby the amortisation is dependent on previously defined minimum taxable profits.<br><br>We considered the valuation of the deferred tax asset as a key audit matter for our audit since the estimation process is complex and subjective and based on assumptions. These assumptions are strongly influenced by expectations of future market and economic conditions. | We took note of the agreements made with the Dutch Tax Authorities regarding the minimum required taxable profit regarding the fiscal unity Stern Leasing before any tax amortisation of goodwill can take place.<br><br>We also assessed the recoverability of the deferred tax asset arising from tax losses carried forward and tax amortization related to temporary differences.<br><br>Our audit approach included amongst others an assessment of the assumptions underlying the estimated future taxable profits. We assessed whether these assumptions are reasonable and consistent with the 2018 budget and the outlooks for 2019 and 2020.<br><br>We used the services of tax experts at EY in our procedures. | We consider the key management assumptions underlying the estimation of future taxable profits and thus the valuation of the deferred tax asset to be reasonable.<br><br>In addition, we consider the disclosures in the financial statements with respect to the recoverability of the deferred tax asset arising from tax loss carry-forwards and the temporary difference to be sufficient, and that it provides sufficient insight into the assumptions made. |

| Risk | Our audit approach | Key observations |
|---|---|---|
| Financing, covenants and securitisation facility<br>We refer to note 25 "Interest-bearing loans" in the financial statements. . | | |
| The availability of sufficient financing and assessing whether the company can continue to meet the minimum ratios in its financing covenants are significant for our audit. This test and assessment is largely based on expectations and estimations by the management.<br><br>These assumptions are affected by subjective elements such as the estimation of future cash flows, projections for sales, results and margins from business operations.<br><br>The estimations are based on assumptions including expectations of future economic and market developments.<br><br>The lease portfolio was refinanced in 2017 by means of a securitisation facility. This led to consolidation by Stern of the special purpose vehicle (SPV) Zwaanlease B.V. In addition, the refinancing has consequences for the allocation of risk between Stern and the parties involved. | The audit procedures we performed include establishing the extent to which the company is meeting the financial ratios as included in the financing agreements.<br><br>Our audit approach included an assessment of the assumptions underlying the estimated future cash flows. We assessed whether these assumptions are reasonable and consistent with the budget and outlooks.<br><br>We specifically assessed whether there are indications that the banks are not willing to continue to provide their financing and/or finance the growth in the lease fleet.<br><br>We have taken note of the documentation in relation to the refinancing and assessed the justification for consolidation . We also established that the allocation of risk and the changed financing are disclosed in the financial statements. | We consider the key management assumptions underlying the estimation of future cash flows to be reasonable.<br><br>We also consider that the disclosures in the financial statements regarding compliance with the ratios established in the financing agreements are adequate. The disclosures provide sufficient insight into the assumptions made.<br><br>We consider the disclosure and considerations regarding the consolidation of Zwaanlease B.V. to be adequate. This also applies to the disclosure of the changed financing and the risks. |

| Risk | Our audit approach | Key observations |
|---|---|---|
| Sale and leaseback transaction of premises<br>We refer to note 1 in the financial statements "Accounting policies", note 6 "Other income" and note 14 "Property, plant and equipment". | | |
| The company sold two premises to a third party through a sale and leaseback transaction during the financial year. As of then, Stern is leasing the premises for terms of 15 and 20 years respectively. The company classified this transaction as an operating lease.<br><br>The main estimations with respect to classification of these leases as an operating or a financial lease concern the estimation of the economic life of the premises and the assumptions made in determining the present value of the minimum lease payments in relation to the fair value of the leased item.<br><br>We considered this item as a key audit matter given the effect of this transaction on the result. | In the conduct of our audit, we carried out procedures designed to assess the reasonableness of the assumptions for the principal estimations and the background of the gain on this transaction within the financial year.<br><br>Our main audit procedures concerned the assessment of the entirety of the contractual conditions on the basis of the applicable reporting standards, the assessment of the correctness of the implied discount rate used, the evaluation of the reasonableness of the residual value of the buildings used, assessing whether the rent is established on an arm's length basis, evaluating the reasonableness of the expected maintenance costs and the background of the gain on this transaction within one year. | We consider the key management assumptions underlying the principal estimations and the background of the ain arising from the sale and leaseback transaction to be reasonable. |

## Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- The general report;
- The management board's report;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- The corporate social responsibility report.

OpBased on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements

**Engagement** We were appointed as the auditor of Stern Groep N.V. by the supervisory board with effect from the audit for the 2003 financial year, and since that date until the present we have been the external auditor.

## Description of responsibilities for the financial statements

**Responsibilities of management and the supervisory board for the financial statements** Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

**OOur responsibilities for the audit of the financial statements** Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

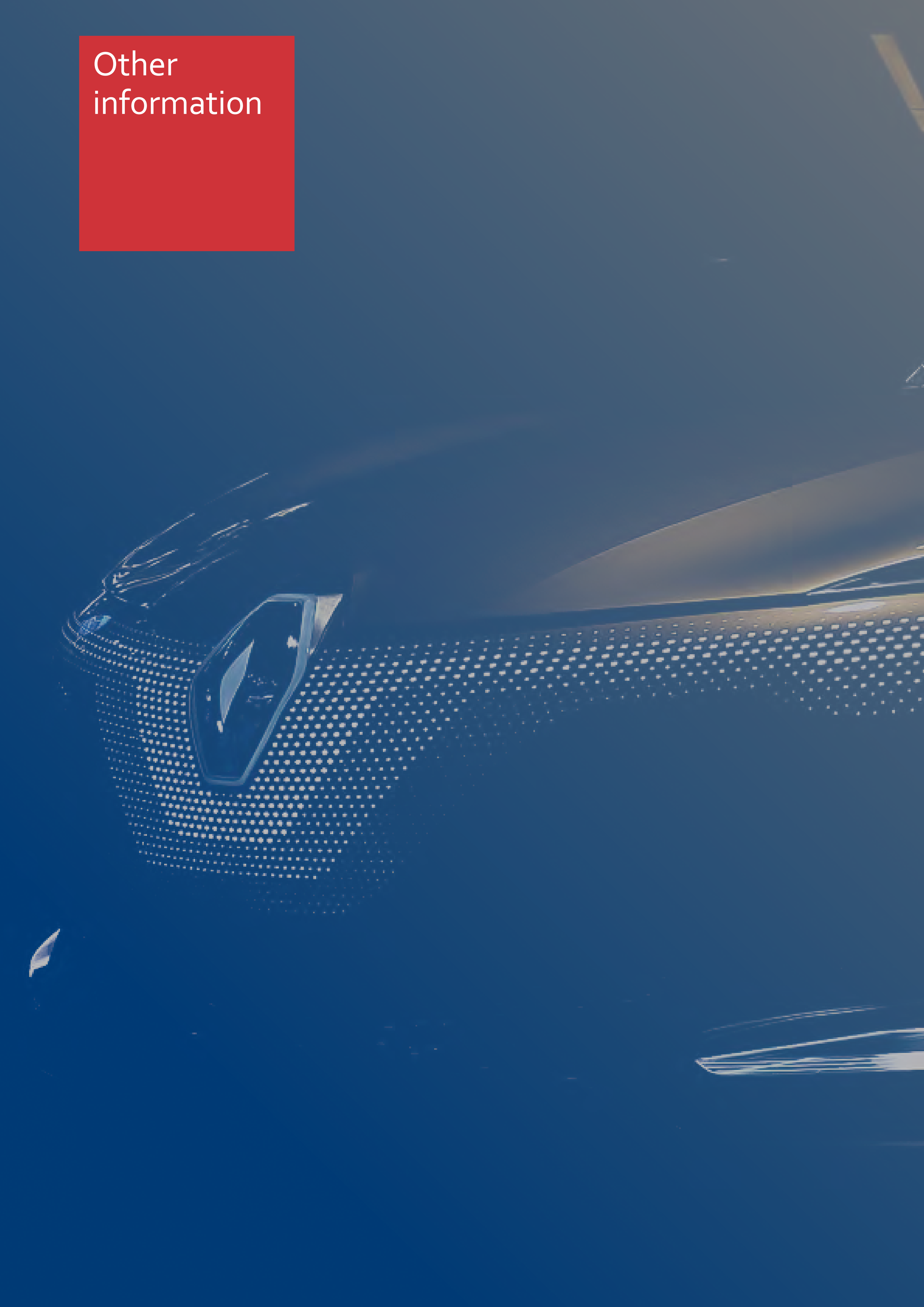
We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

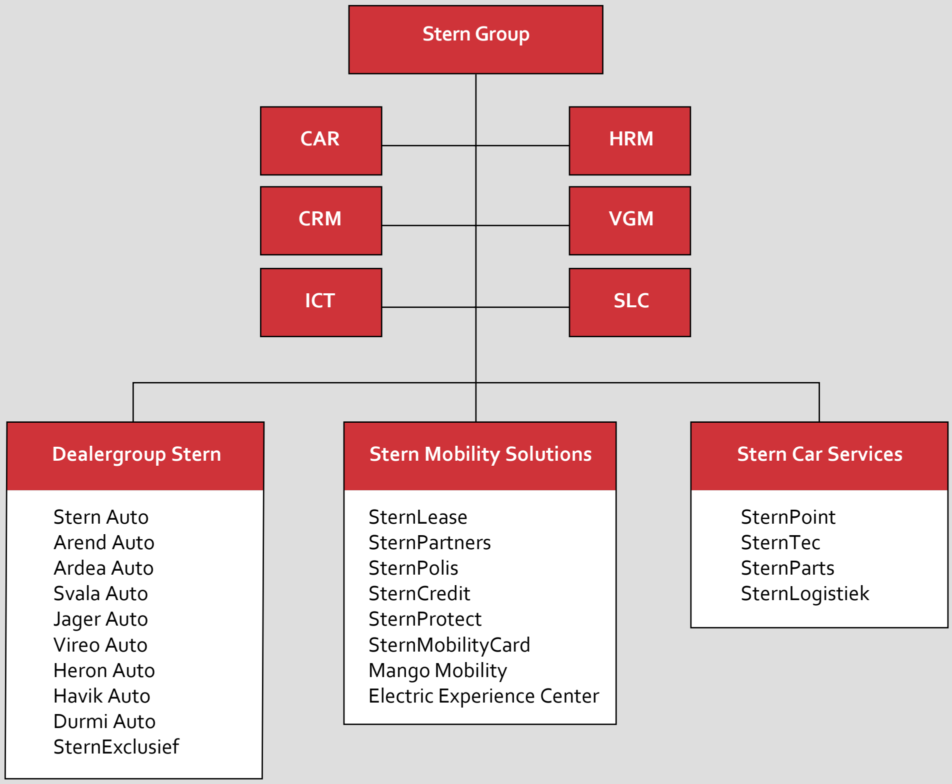
Amsterdam, 7 March 2018

Ernst & Young Accountants LLP
J.J. Kooistra RA

# Other information



# Organisational structure




**Stern Group** is led by the Management Board, which consists of Henk van der Kwast and Arthur Swijter. The Management Board is responsible for general policy, finance and group strategy. The Management and Supervisory Boards are supported by Marie-Julie Talens, who is the Company Secretary.
The Management Team consists of the Management Board and Loes van Dalen, Bastiaan Geurts, Finus Porsius, Rob Visser and Arnoud Zuijdendorp.

**Stern CAR** stands for controlling, analysis and reporting. Stern CAR provides the group's monthly, quarterly and annual reporting, coordinates the annual audit with the auditor, acts as the initial point of contact for financial and tax matters and coordinates the group's cash management. Stern CAR also provides guidance for improvements to processes and controls, including programmes for improving workplace productivity and optimising the use of working capital. Stern CAR is also responsible for due diligence investigations when opportunities for acquisitions arise. Stern CAR is led by Finus Porsius (Group Controller).

**Stern CRM** is involved in the major corporates market with all Stern's products and services and forms the link between the large lease companies and the group companies of Stern. Stern CRM stands for communication, relationship management and marketing and is also responsible for the organisation and coordination of the marketing and communication of the entire group. Stern CRM is led by Bastiaan Geurts (director).

**Stern HRM** develops and formulates HRM strategies, policy and procedures, coordinates and leads the implementation of HRM policy and procedures for the entire group. Stern HRM also has a supervisory role, particularly in relation to compliance with established procedures and quality standards, and is responsible for the optimal functioning of HRM systems and processes. Stern HRM supports, advises and facilitates the primary process in relation to HRM at the decentralised HR departments of the group. Stern HRM is led by Loes van Dalen (director).

**Stern ICT** ensures that the ICT environment and ICT service provision are functional, consistent and reliable and that the costs of ICT are actively monitored. ICT here refers to the computer and communication hardware and infrastructure of Stern. Stern ICT is also engaged in the further professionalisation of the group's ICT, including security, cloud solutions and data continuity. Stern ICT is led by Richard Moeliker (ICT manager).

**Stern SLC** stands for secretarial, legal & compliance. Stern SLC has an advisory, coordinating and supporting role in relation to various legal issues for both the Management Board and the operating companies of Stern. Stern SLC is also the contact point for all compliance-related issues within the group and oversees compliance with regulations. Lastly, Stern SLC provides the secretarial services for the company. Stern SLC is led by Marie-Julie Talens (corporate lawyer/company secretary).

**Stern VGM** manages the property portfolio owned and leased by Stern. Its activities range from regular maintenance to the preparation of multi-year plans, from coordinating renovations to guidance for complete new-build projects. Stern VGM supports and coordinates all issues relating to premises and construction for the group and maintains contacts with the relevant external suppliers. Stern VGM is led by Paul Snelting (property manager).

Dealergroup Stern represents 21 leading brands and currently consists of around 85 points of sale and service. The management team consists of Arnoud Zuijdendorp (director), Huub van den Brule, Gerrit Klock, Matthieu Snel, Rob Visser and Finus Porsius.

**Stern Mobility Solutions** focuses exclusively on financial and other mobility products and services not associated with car brands to small and medium-sized enterprises and the private market, and also manages the car-related services of SternLease, SternPartners, SternRent, SternGarant and the SternMobility Card. Mango Mobility is part of Stern Mobility Solutions with effect from 1 January 2018. The management team consists of Marco Vlaar and Arnout Veld.

**Stern Car Services** aims to achieve national coverage for car body repair services with approximately 25 branches under the name of SternPoint. SternPoint also includes the activities of SternTec with respect to light commercial vehicle interiors. SternLogistiek and SternParts are also part of Stern Car Services. The management consists of Rob Visser (director), Guus Baris and Olivier Hoffmann.

# Addresses

*At 7 March 2018*

## Stern Group

| | | |
|---|---|---|
| Stern Group | Pieter Braaijweg 6 | Amsterdam |

## Stern Facility Services

| | | |
|---|---|---|
| Stern Facilitair | Pieter Braaijweg 6 | Amsterdam |

**Operation of fuel stations by third parties**

| | | |
|---|---|---|
| Lukoil | Schermerhoek 523 | Capelle a/d IJssel |
| TinQ | Vulcanusweg 281 | Delft |
| Lukoil | Newtonweg 20/A | Gorinchem |
| Lukoil | Zeverijnstraat 18 | Hilversum |
| BP | Rijksweg A20 | Nieuwerkerk a/d IJssel |
| Esso | Abr. Van Rijckevorselweg 75 | Rotterdam |
| Lukoil | Deltalaan 217 | Sliedrecht |
| Gulf | C. van Abkoudestraat 2 | Volendam |
| TinQ | Hogeweyselaan 151 | Weesp |
| Lukoil | Provincialeweg 47 | Zaandam |

**Premises owned**

| | |
|---|---|
| Helderseweg 52 | Alkmaar |
| Bouwterrein Nijverheidsweg-Noord 98 | Amersfoort |
| Baionen 6 | Amsterdam |
| Bolstoen 12 | Amsterdam |
| Rumpsterweg 27 | Bunnik |
| Vulcanusweg 281-293 | Delft |
| Rietveldenweg 34-36 | Den Bosch |
| Jadelaan 14-20 | Hoofddorp |
| Jadelaan 46 | Hoofddorp |
| Sydneystraat 5 | Lijnden |
| Warmoezenierstraat 17 | Naaldwijk |
| Turbinestraat 2-4 | Veenendaal |
| C. van Abkoudestraat 2 | Volendam |
| Maaslandseweg 4 | Wateringen |
| Hogeweyselaan 151 | Weesp |
| Hogeweg 8 | Wormerveer |
| Oost-Indische Kade 7-9 | Wormerveer |
| Provincialeweg 43 | Zaanstad |

**Investments**

| | | |
|---|---|---|
| Bovemij | Takenhofplein 2 | Nijmegen |


SternPoint Harderwijk

# Dealergroup Stern

## Stern 1

**Mercedes-Benz/smart**

| | | |
|---|---|---|
| Stern Auto | De Huchtstraat 10 | Almere |
| Stern Auto | Ruimtevaart 30 | Amersfoort |
| Stern Auto | Ouderkerkerlaan 150 | Amstelveen |
| Stern Auto | Donauweg 11 | Amsterdam |
| Stern Auto | Burg. Stramanweg 110 | Amsterdam |
| Stern Auto | Zeverijnstraat 16 | Hilversum |
| Stern Auto | Ringwade 2 | Nieuwegein |
| Stern Auto | Ambachtsstraat 21 | Nijkerk |
| Stern Auto | Galileistraat 15 | Veenendaal |
| Stern Trucks | De Huchtstraat 10 | Almere |
| Stern Trucks | Donauweg 11 | Amsterdam |
| Stern Trucks | Ambachtstraat 21 | Nijkerk |
| Stern Trucks | Eendrachtlaan 300 | Utrecht |
| Stern Trucks | Turbinestraat 2-4 | Veenendaal |

## Stern 2

**Renault/Dacia/Nissan**

| | | |
|---|---|---|
| Arend Auto | Nijverheidsweg-Noord 54 | Amersfoort |
| Arend Auto | Donauweg 11 | Amsterdam |
| Arend Auto | Joan Muyskenweg 14 | Amsterdam |
| Arend Auto | Rietveldenweg 36 | Den Bosch |
| Arend Auto | Europalaan 2 | Eindhoven |
| Arend Auto | Nobelstraat 5b | Goirle |
| Arend Auto | Sprendlingenstraat 12 | Oisterwijk |
| Arend Auto | Griekenweg 29 | Oss |
| Arend Auto | Ampèrestraat 51 | Purmerend |
| Arend Auto | Franciscusdreef 74 | Utrecht |
| Arend Auto | Dragonder 4 | Valkenswaard |
| Arend Auto | Mountbattenweg 6 | Veghel |
| Arend Auto | Pieter Ghijsenlaan 5 | Zaandam |

## Stern 3

**Ford**

| | | |
|---|---|---|
| Ardea Auto | Klokkenbergweg 3-5 | Amsterdam |
| Ardea Auto | Binderij 1 | Amstelveen |
| Ardea Auto | Mercuriusweg 9 | Den Haag |
| Ardea Auto | Mijlweg 73 | Dordrecht |
| Ardea Auto | Newtonweg 20 | Gorinchem |
| Ardea Auto | Eysinkweg 71 | Haarlem |
| Ardea Auto | Smaragdlaan 5-15 | Hoofddorp |
| Ardea Auto | Prinses Carolinalaan 2 | Leidschendam |
| Ardea Auto | Sydneystraat 11 | Lijnden |
| Ardea Auto | Meer en Duin 72a | Lisse |
| Ardea Auto | Warmoezenierstraat 21 | Naaldwijk |
| Ardea Auto | Keyserswey 1 | Noordwijk |
| Ardea Auto | Graafstroomstraat 25 | Rotterdam |
| Ardea Auto | Koperstraat 15 | Rotterdam |
| Ardea Auto | Laagjes 4 | Rotterdam |
| Ardea Auto | Deltalaan 217 | Sliedrecht |
| Ardea Auto | Zwaardslootseweg 3 | Zoetermeer |

## Stern 4

**Volvo**

| | | |
|---|---|---|
| Svala Auto | De Strubbenweg 8 | Almere |
| Svala Auto | Leidsevaart 576 | Haarlem |
| Svala Auto | Arnoudstraat 3 | Hillegom |
| Svala Auto | Heerenweg 2 | Katwijk |
| Svala Auto | Rietschans 70 | Leiderdorp |
| Svala Auto | Sydneystraat 9 | Lijnden |
| Svala Auto | Nijverheidslaan 1 | Weesp |
| Svala Auto | Pieter Ghijsenlaan 5 | Zaandam |

**Land Rover/Jaguar**

| | | |
|---|---|---|
| Jager Auto | De Trompet 2999 | Heemskerk |
| Jager Auto | Ampèrestraat 59 | Purmerend |

**Alfa Romeo/Fiat/Abarth/Lancia/Jeep/Subaru/Mitsubishi**

| | | |
|---|---|---|
| Vireo Auto | Koraalstraat 3 | Alkmaar |
| Vireo Auto | Nijverheidsweg-Noord 65 | Amersfoort |
| Vireo Auto | Leidsevaart 592 | Haarlem |
| Vireo Auto | Ringveste 4 | Houten |
| Vireo Auto | Ampèrestraat 57 | Purmerend |

## Stern 5

**Volkswagen/Audi/Seat/Škoda**

| | | |
|---|---|---|
| Heron Auto | Aambeeldstraat 7 | Amsterdam |
| Heron Auto | De Dolfijn 1 | Enkhuizen |
| Heron Auto | Kaarsenmakerstraat 1 | Koog aan de Zaan |
| Heron Auto | Binnenzeestraat 5-7 | Purmerend |
| Heron Auto | C. van Abkoudestraat 2 | Volendam |
| Heron Auto | De Marowijne 53 | Zwaag |

**Kia**

| | | |
|---|---|---|
| Durmi Auto | Aambeeldstraat 5 | Amsterdam |
| Durmi Auto | Robbekoog 8 | Alkmaar |
| Durmi Auto | De Dolfijn 1 | Enkhuizen |
| Durmi Auto | Van IJsendijkstraat 411 | Purmerend |
| Durmi Auto | Provinciale weg 43 | Zaandam |
| Durmi Auto | De Factorij 5 | Zwaag |
| Havik Auto | Fazantenstraat 71p | Den Helder |
| Havik Auto | Balkengracht 2 | Assen |
| Havik Auto | Rostockweg 12 | Groningen |

**Opel/Mitsubishi**

| | | |
|---|---|---|
| Havik Auto | Helderseweg 52 | Alkmaar |
| Havik Auto | Gedempt Hamerkanaal 43 | Amsterdam |
| Havik Auto | Balkengracht 2 | Assen |
| Havik Auto | Fazantenstraat 71p | Den Helder |
| Havik Auto | Rostockweg 12 | Groningen |
| Havik Auto | Hogeweg 8 | Wormerveer |

**Stern occasion outlets**

| | | |
|---|---|---|
| SternPlaza | De Strubbenweg 8 | Almere |
| SternPlaza | Rietveldenweg 36 | Den Bosch |
| SternPlaza | Europalaan 2 | Eindhoven |
| SternPlaza | Pieter Ghijsenlaan 5 | Zaandam |

## Stern Mobility Solutions

### Autoleasing

| | | |
|---|---|---|
| SternLease | Helderseweg 52 | Alkmaar |
| SternLease | Klokkenbergweg 3-5 | Amsterdam |
| SternLease | Balkengracht 2 | Assen |
| SternLease | Mercuriusweg 9 | Den Haag |
| SternLease | Europalaan 2 | Eindhoven |
| SternLease | Jadelaan 14-20 | Hoofddorp |
| SternLease | Ampèrestraat 71 | Purmerend |

### Fleet management

| | | |
|---|---|---|
| SternPartners | Ampèrestraat 73 | Purmerend |

### Car rental

| | | |
|---|---|---|
| SternRent | De Huchtstraat 10 | Almere |
| SternRent | Ruimtevaart 30 | Amersfoort |
| SternRent | Klokkenbergweg 3-5 | Amsterdam |
| SternRent | Donauweg 11 | Amsterdam |
| SternRent | Blankenweg 22 | Arnhem |
| SternRent | Balkengracht 2 | Assen |
| SternRent | Belcrumweg 5-7 | Breda |
| SternRent | Rietveldenweg 36 | Den Bosch |
| SternRent | Mercuriusweg 9 | Den Haag |
| SternRent | Fazantenstraat 71p | Den Helder |
| SternRent | Mijlweg 73 | Dordrecht |
| SternRent | Europalaan 2 | Eindhoven |
| SternRent | Rostockweg 12 | Groningen |
| SternRent | Jadelaan 46 | Hoofddorp |
| SternRent | Ampèrestraat 65 | Purmerend |
| SternRent | Abraham van Stolkweg 130 | Rotterdam |
| SternRent | Laagjes 4 | Rotterdam |
| SternRent | Eendrachtlaan 300 | Utrecht |
| SternRent | Provincialeweg 43 | Zaandam |
| SternRent | Simon Stevinweg 20 | Zwolle |

### E-Mobility

| | | |
|---|---|---|
| Mango | Einsteinstraat 8A | Almelo |
| Mango | Goeman Borgesiuslaan 19 | Baarn |
| Mango | Seggelant-Oost 8 | Brielle |
| Mango | Rietveldenweg 36 | Den Bosch |
| Mango | Newtonweg 20 | Gorinchem |
| Mango | it Molelân 8 | Grou |
| Mango | Eysinkweg 71 | Haarlem |
| Mango | Emmalaan 31 | Haren |
| Mango | Laagjes 4 | Rotterdam |
| Mango | Franciscusdreef 74 | Utrecht |
| Mango | De Lierseweg 13 | Wateringen |
| Mango | Hogeweyselaan 151 | Weesp |

## Stern Car Services

### Car body repair services

| | | |
|---|---|---|
| SternPoint | Langs de Werf 1 | Amstelveen |
| SternPoint | Bolstoen 12 | Amsterdam |
| SternPoint | Joan Muyskenweg 14 | Amsterdam |
| SternPoint | Schaafstraat 18a | Amsterdam |
| SternPoint | Rumpsterweg 27 | Bunnik |
| SternPoint | Moeskampweg 18 | Den Bosch |
| SternPoint | Vlier 16 | Geldrop |
| SternPoint | Wismarweg 34 | Groningen |
| SternPoint | Nobelstraat 4 | Harderwijk |
| SternPoint | Nijverheidsweg 2 | Heemstede |
| SternPoint | Ringveste 2 | Houten |
| SternPoint | Schoepenweg 29 | Lelystad |
| SternPoint | Ambachtsstraat 23 | Nijkerk |
| SternPoint | Netwerk 135 | Purmerend |
| SternPoint | Aristotelesstraat 36 | Rotterdam |
| SternPoint | De Lierseweg 13 | Wateringen |
| SternPoint | Vrijheidsweg 2 | Wormerveer |
| SternPoint | De Corantijn 61 | Zwaag |

### Light commercial vehicle interiors

| | | |
|---|---|---|
| SternTec | Maaslandseweg 4 | Wateringen |

### Car parts

| | | |
|---|---|---|
| SternLogistiek | Donauweg 11 | Amsterdam |

### Signage

| | | |
|---|---|---|
| SternSigning | Balkengracht 2 | Assen |

# Colophon

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