

Stern Groep

Hedin to acquire Stern's activities ex Bovemij

Acquisition update

Automobiles & parts

14 December 2021

Price €16.60
Market cap €95m

Net cash/debt at date 92.8
 Shares in issue 5.7m
 Free float 29.5%
 Code STRN
 Primary exchange Euronext
 Secondary exchange N/A

Share price performance



Business description

Stern Groep is one of the largest automotive groups in the Netherlands. With around 60 dealer and Stern Point car repair locations and revenues of over €800m it is the fifth car retailer group in the Netherlands. The company had 1,674 full- and part-time employees at year end 2020.

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Stern has announced that it is in negotiations with Swedish mobility group Hedin, which has offered €83m in cash to acquire all of Stern's activities, except its participation in car insurer Bovemij. After the sale, Stern will look at strategic options for its Bovemij stake, which has a book value of €19.3m. Stern believes the actual value of Bovemij is much higher and is committed to realising the full value. The potential deal values Stern at >€103m, which represents a premium of at least 33% compared to the pre-announcement market cap of €77m.

Year end	Revenue (€m)	EBIT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/19	876.8	5.1	0.29	3.50	57.2	21.1
12/20	751.1	6.3	(0.85)	0.00	N/A	N/A
12/21e	801.2	16.0	1.97	0.00	8.4	N/A
12/22e	863.1	16.0	1.96	0.79	8.5	4.8

Note: EBIT and EPS are normalised, excluding amortisation and exceptional items

Transaction expected to complete in Q122

Last week, Stern announced that it is in negotiations with Hedin regarding the sale of all of its activities except the 5% participation in car insurer Bovemij for €83m in cash. Stern intends to pay a cash super dividend of €14.75 per share (€83m) from the proceeds. After the sale and the payment of the dividend, the debt free Stern will only hold the 5% stake in Bovemij with a book value of €3.41 per share (€19.3m). The management and supervisory boards have accepted the most important parts of the proposed structure and expect the negotiations to be finished this year and the transaction completed in Q122. The offer by Hedin and the cash held by Stern suggests a combined value for Stern of at least €103m, or €18.16 per share. Compared to the market cap of €77m pre-announcement (€13.65 per share), this represents a premium of at least 33%.

Deal fits in a consolidating European market

Talks with Hedin, which have been on and off since the end of January 2020, were slowed down by the pandemic. The acquisition of Stern fits with Hedin's ambition to become a pan-European mobility supplier. For Stern, Hedin brings scale and financial resources in a further consolidating European market. In contrast to earlier plans, Hedin does not want to use Stern's Euronext listing as a platform for growth.

Bovemij stake will remain listed

Stern will look at its strategic options for the Bovemij stake and Stern's CEO and major shareholder (14%), Henk van der Kwast, will remain committed to realising one of these options. Bovemij is 83% owned by the car dealer association BOVAG and 17% by BOVAG network members, of which Stern is the largest. The insurer pays out dividends (€11m over 2020) and had equity of €242m at H121. Bovemij has indicated several times that it is working on a way to increase the liquidity of its shares, which could imply a liquidity event like a sale or IPO. Stern believes the stake has a considerably higher value than suggested by the current book value and it intends to realise this value.

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