



Half year results Accell Group 2016

Amsterdam, 22 July 2016

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Agenda

1. Accell Group in H1 2016

2. Accell Group share

3. Financials

4. Outlook

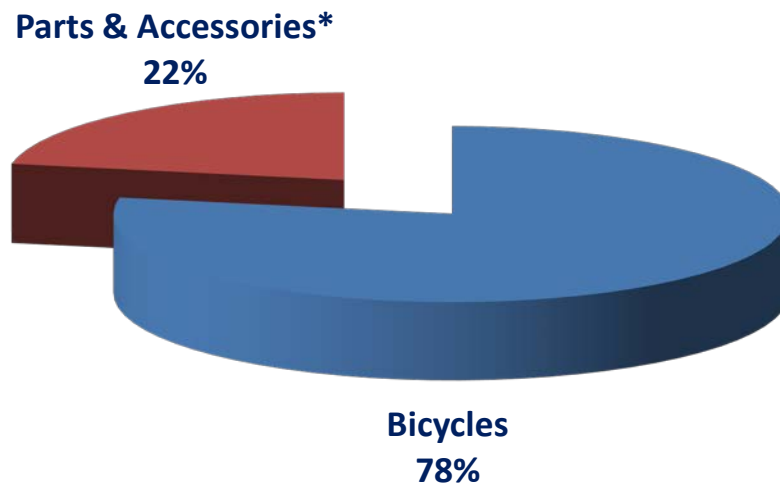
Key developments in H1 2016

- Turnover increases with 10%
 - Higher electric bicycles sales
 - Strong turnover development in E-performance bikes
 - Challenging market conditions in specialist bicycle retail channel
 - Turnover development varies widely per country
- Operating profit and net profit increase with 7%
- Inventories strongly reduced compared to December

Summary of results

(x € mln.)	30-6-2015	30-6-2016	Δ HY
Turnover	573.8	629.7	10%
Operating profit	49.1	52.4	7%
Net profit	31.9	34.0	7%
Earnings per share	1.28	1.34	5%
Solvency	45.3%	45.1%	
Balance sheet total	681.6	725.0	6%
Share price	16.65	20.43	23%

Turnover per segment

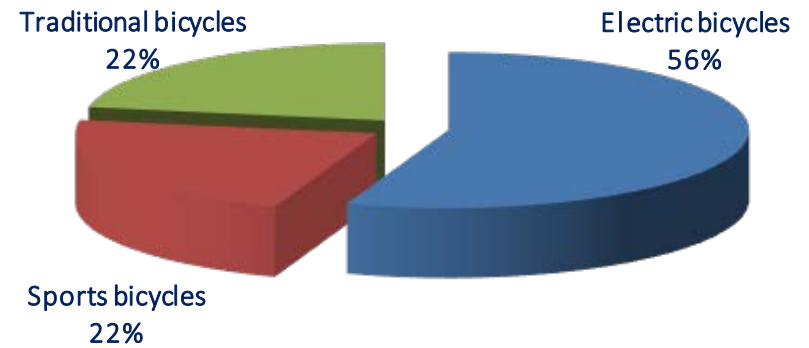


(x € mln.)

	Turnover		
	HY 2015	HY 2016	<i>difference</i>
Bicycles	432.7	490.3	13%
Parts & Accessories*	141.1	139.4	(1%)
	<u>573.8</u>	<u>629.7</u>	10%

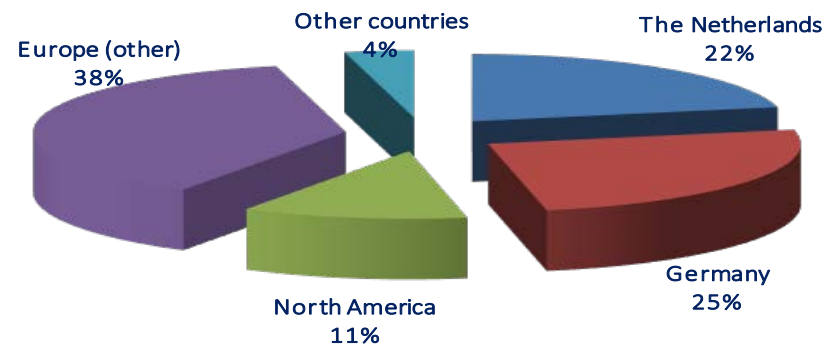
* Turnover Parts & Accessories including Fitness

Bicycles



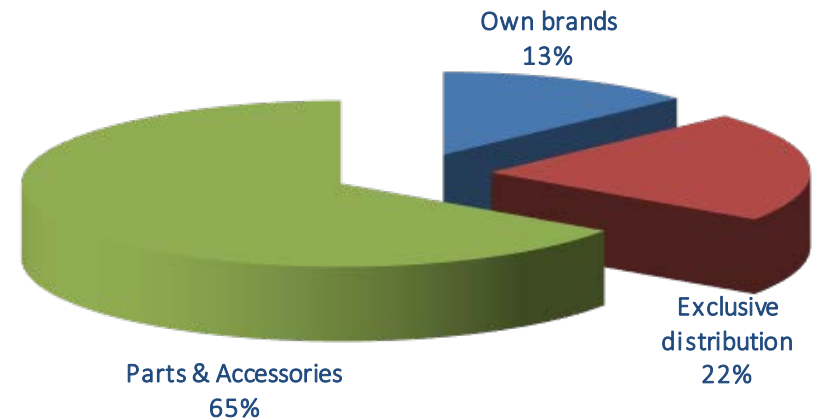
- Turnover bicycles increases in the first half year with 13% to € 490 mln. (2015: € 433 mln.)
- Strong growth in sales electric bicycles. Turnover share electric bicycles is 43% of the total turnover
- Number of total bicycles sold in H1 2016 is 908,000 (2015: 985,000)
- Average price per bicycles rises with 23% to € 541 (2015: € 439) as electric bicycles and high end sports bicycles accounted for a larger proportion in overall turnover
- Segment result increases with 7% to € 49.6 mln. (2015: € 46.3 mln.)

Bicycles per country



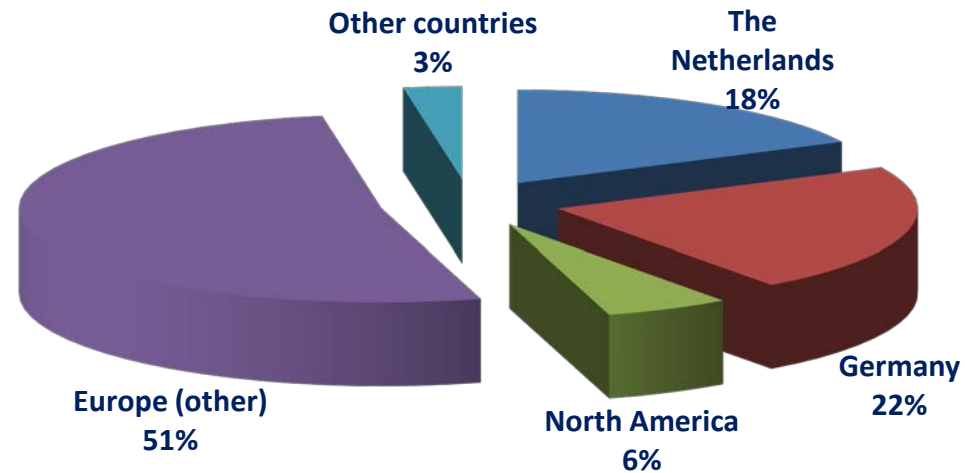
- **The Netherlands:** Turnover remains stable as a result of increased E-bike sales. Sales of city bikes and touring bikes decreased
- **Germany:** Turnover increases with 26% mainly due to increased sales in performance E-bikes and growth in high end sports bikes
- **North America: Turnover decreases with 3%.** Turnover increase for the Ghost brand. Turnover decrease for Diamondback (bankruptcies of two multisport chains) and Raleigh (strong competition and challenging conditions in the specialist bicycle retail channel)
- **Europe (other): Turnover grows by 24%.** Especially the Haibike, Ghost and Lapierre brands increase sales of sports E-bikes in particular
- **Other countries:** Turnover increases with 8%. Approximately half of the turnover in other countries is realised in Turkey. The rest of the turnover is realised mainly in the Asian countries and Australia

Parts & Accessories



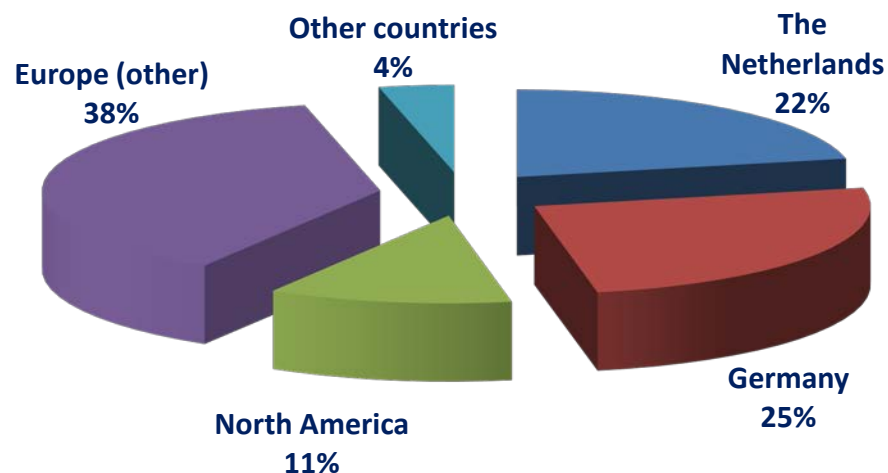
- Turnover in the segment Parts & Accessories is with 139 mln. slightly lower than last year (€ 141 mln.)
- Adjusted for the transfer of the P&A activities in North America as of 1 April, the turnover of P&A increases
- Growing demand for E-bike components
- Segment result decreases with 19% to € 8.3 mln. (2015: € 10.3 mln.) due to margin pressure in Europe and the transfer of activities in North America

Parts & Accessories per country



- **The Netherlands:** Higher turnover mainly due to the own brand XLC and growing sales of E-bike parts
- **Germany:** Turnover of parts remains stable
- **North America:** Lower turnover caused by sale of P&A activities
- **Europe (other):** Turnover growth in most important countries for Accell Group: United Kingdom, Spain and France
- **Other countries:** Limited turnover in other countries outside Europe

Geographic turnover



Turnover

(x € mln.)

	HY 2015	HY 2016	difference
The Netherlands	135.3	136.2	1%
Germany	133.8	159.9	20%
North America	80.5	73.4	(9%)
Europe (other)	204.4	237.6	16%
Other countries	19.8	22.6	14%
	573.8	629.7	10%



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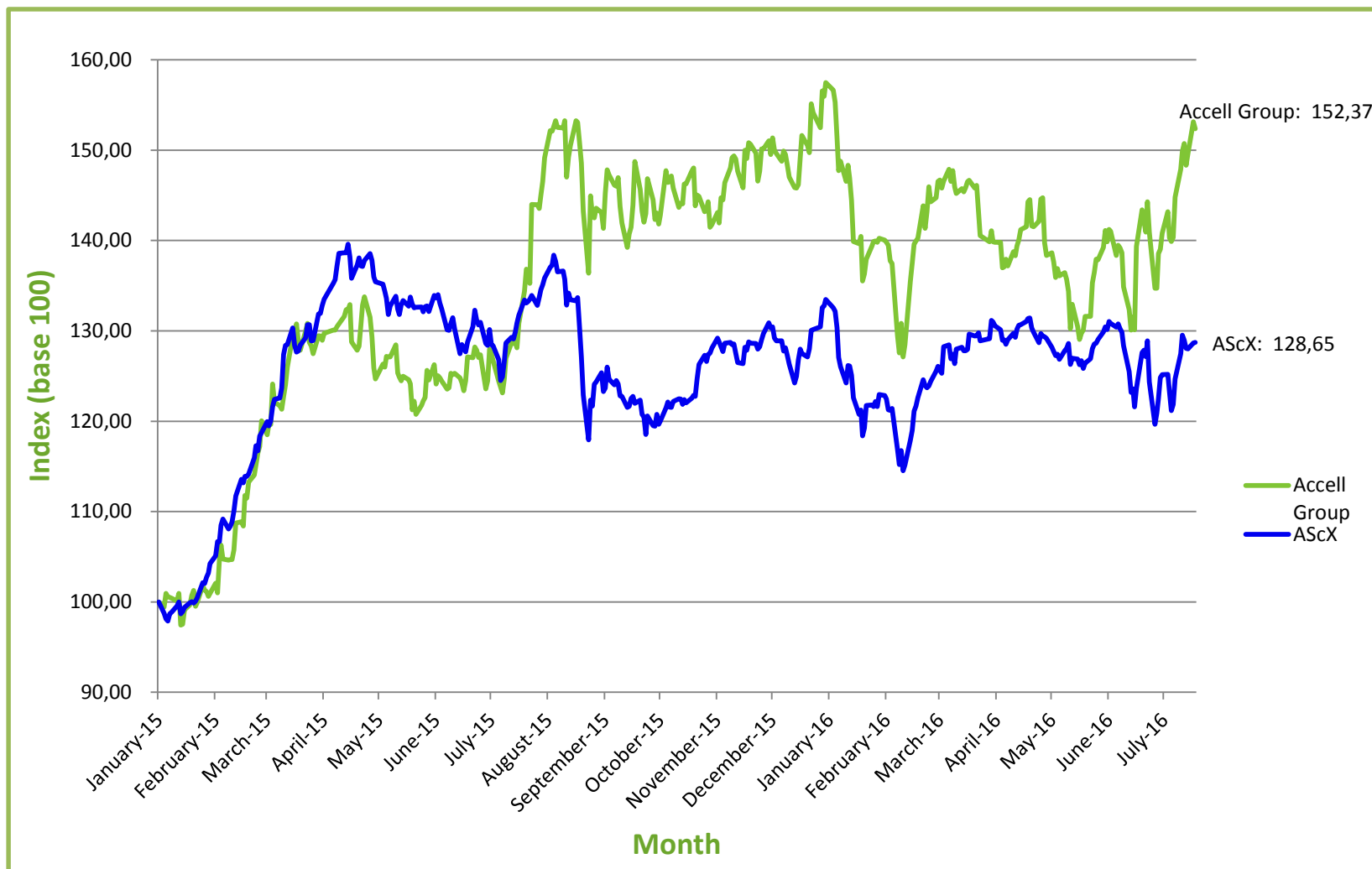
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2. The Accell Group share

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Share price development Accell Group





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Income statement

(x € mln.)	HY 2015	HY 2016	Δ HY
Net turnover	573.8	629.7	10%
Material costs	(393.8)	(437.4)	11%
Other costs	(130.9)	(139.9)	7%
Operating profit (EBIT)	49.1	52.4	7%
Income from non-consolidated companies	0.0	0.5	
Financial income and expenses	(5.6)	(4.5)	(20%)
Taxes	(11.7)	(14.4)	23%
Net profit	31.9	34.0	7%

Added value

(x € mln.)	HY 2015	HY 2016	Δ HY
Net turnover	573.8	629.7	10%
Material costs	(393.8)	(437.4)	11%
Added value	180.0	192.3	7%
	31.4%	30.5%	

- Relative added value decreases with almost 1%
 - Lower underlying margins
 - More sales discounts, mainly caused by relatively higher sales of older models

Operational expenses

(x € mln.)	HY 2015	% turnover	HY 2016	% turnover	Δ HY
Personnel costs	(62.0)	10.8%	(62.8)	10.0%	1%
Depreciation	(5.2)	0.9%	(5.6)	0.9%	7%
Other operating expenses	(63.7)	11.1%	(71.5)	11.4%	12%
Operating expenses	(130.9)	22.8%	(139.9)	22.2%	7%

- Operating expenses increases by 7% due to:
 - Increased sales related costs
 - Increase in consultancy fees related to organisational changes in the supply chain and support in sharpening growth strategy
 - Bankruptcies of 2 multisport chains in North America
- Relative operational expenses decrease by 0,6% point due to relatively lower personnel costs

Net profit

(x € mln.)	HY 2015	HY 2016	Δ HY
Operating result (EBIT)	49.1	52.4	7%
Income from non-consolidated companies	0.0	0.5	
Financial income and expenses	(5.6)	(4.5)	(20%)
Taxes	(11.7)	(14.4)	23%
Net operating result	31.9	34.0	7%

- Financial income and expenses decrease due to less conversion differences in foreign currency positions
- Total tax expenses rises to 29.8% (2015: 26.8%) due to:
 - Higher results in Germany
 - Limiting of capitalised tax losses in North America

Balance sheet, assets

(x € mln.)

	30-6-2015 ¹⁾	31-12-2015	30-6-2016
<i>Non-current assets</i>			
Intangible assets	104.4	103.2	102.9
Property, plant & equipment	67.5	69.8	70.2
Financial fixed assets	36.7	31.8	29.9
	208.6	204.8	203.1
<i>Current assets</i>			
Inventories	251.8	338.7	295.2
Receivables	203.0	172.0	204.9
Cash and cash equivalents	18.2	14.2	21.9
	473.0	524.9	521.9
Total assets	681.6	729.7	725.0

¹⁾ Comparative information has been adjusted due to the retrospective application of an accounting change in respect of the UK pension asset

Working capital

(x € mln.)	30-6-2015	31-12-2015	30-6-2016	Δ HY
Inventories	251.8	338.7	295.2	17%
Trade receivables	172.7	134.6	177.0	2%
Trade payables	(110.9)	(135.6)	(129.7)	17%
Total	313.7	337.7	342.5	9%
<i>Working capital in % of net turnover</i>	32.9%	34.2%	32.9%	

- Reduction of inventories compared to year-end 2015 has been faster than in previous years
 - Inventories still higher than June 2015 due to higher average cost prices of components and bicycles and lower sales in June
- Higher trade receivables due to turnover growth
- Trade payables increase due to longer payment terms and introduction of a Supplier Finance programme

Balance sheet, liabilities

(x € mln.)	30-6-2015 ¹⁾	31-12-2015	30-6-2016
Equity	308.5	305.9	327.2
Provisions	33.1	30.3	29.1
Long-term debts	64.9	59.0	53.8
Credit institutions	112.9	155.2	126.8
Other current liabilities	162.4	179.3	188.1
Total liabilities	681.6	729.7	725.0

¹⁾ Comparative information has been adjusted due to the retrospective application of an accounting change in respect of the UK pension asset

Group equity

(x € mln.)

Balance on 1 January 2016	305.9
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Net profit	34.0
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Dividend payment 2015	(8.8)
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Other movements	(3.9)
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Increase	21.3
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Balance on 30 June 2016	327.2
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- Stock dividend payment 52%
- Other mutations mainly concerned effects of currency conversions i.a. English pension claim

Cash flow

(x € mln.)

Cash flows from operating activities

	30-6-2015	30-6-2016
Net profit	49.1	52.4
Depreciation	5.2	5.6
Share-based payments	0.2	0.2

Operating cash flows before working capital and provisions

Changes in working capital and provisions	(30.3)	16.1
Paid interest and income taxes	(8.7)	(18.2)

Net cash flows from operating activities

15.5 **56.1**

Cash flows from investing activities

Changes in fixed assets	(4.0)	(6.5)
Business combinations	(1.8)	(0.2)

Net cash flows from investing activities

(5.8) **(6.7)**

Free cash flows

9.7 **49.4**

Cash flows from financing activities

Changes in term loans and bank overdrafts	2.9	(32.7)
Stock and option plans	(0.0)	(0.5)
Dividends paid	(8.7)	(8.8)

Net cash flows from financing activities

(5.8) **(42.0)**

Net cash flows

4.0 **7.4**

Ratios

	HY 2015	HY 2016
WPA	€ 1.28	€ 1.34
ROCE	11.1%	12.0%
Operating result / turnover	8.6%	8.3%
Solvency	45.3%	45.1%
Net debt / EBITDA	2.9	2.7
Average number of employees (FTE)	3,070	3,037



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Strategy Accell Group

- Creating innovative, high-quality and distinctive products with strong brands
- Positioning, promoting and further developing the brand portfolio, targeted marketing to consumers and introduction of omni-channel strategy in cooperation with the expert dealer
- Changes in the management of purchasing and planning by strengthening the group organization
- Consistently managing costs, inventory management, portfolio management and further exploitation of synergies
- Actively seeking possible acquisitions

Outlook 2016

- New collections with many innovations in technology and design
 - Possible influence of discounts
 - Further growth of electric bikes
 - Continuation of positive underlying trends
- Increase of turnover and net result in second half 2016, barring any unforeseen circumstances



Disclaimer

- ▶ This presentation may contain forward-looking statements. These are based on our current plans, expectations and projections about future events
- ▶ Any forward looking statements are subject to risks, uncertainties and assumptions and speak only as of the date they are made. Our results could differ materially from those anticipated in any forward-looking statements