

PRESS RELEASE

Accell Group full year net profit up 37% in 2014

Heerenveen (the Netherlands), 6 March 2015 – Accell Group N.V. recorded net profit of € 26.1 million in 2014, a rise of 37% from the € 19.0 million reported in 2013. The operating result (excluding exceptional items) came in at € 44.3 million in 2014, compared with € 36.9 million in 2013. Turnover came in 4% higher at € 882.4 million, compared with € 849.0 million in 2013. Turnover increased by 8% organically, largely driven by higher electric bike sales.

René Takens, Chairman of the Accell Group Board of Directors: *"Accell Group had a good year in 2014, with favourable weather conditions and a slight improvement in the overall economic climate. The Dutch and German brands performed particularly well. While most markets remained stable or improved slightly, we were able to improve our turnover in virtually all the countries in which we are active, partly thanks to the popularity of our electric and sports bikes and the expansion of our parts & accessories business. North America was the only region in which turnover and profit lagged expectations. The group booked organic turnover growth of 8%, and this was the main driver of the improvement in operating result and net profit by 20% and 37% respectively.*

In the past year, we have focused on consolidation, integration and improved use of scale and efficiency benefits. The reorganisations in North America and the Netherlands are progressing as planned and will be completed in 2015. In addition, last year we also increased the emphasis on further development of our parts & accessories business. Our initial goal on this front is to create a comprehensive European network within the foreseeable future. The acquisition of Comet in Spain and the acquisition of Cycle Service Nordic (CSN) in Denmark, which we completed in early 2015, are very much in line with this strategy.

Many long-term trends indicate that bicycles will remain highly popular in the years ahead, for mobility, recreational and sports purposes. We expect to remain a leader in this market thanks to our high-quality products and additional innovations to make cycling even more attractive for a range of purposes. On the basis of the underlying positive trends combined with the slightly improved macro-economic indicators driving consumer spending, and barring unforeseen circumstances, we expect a continued increase in turnover and result in 2015."

Turnover per country / region (amounts x € million)			Turnover per segment		
		organic			organic
Netherlands	237	+15%	Bicycles	658	+10%
Germany	198	+9%	Parts & accessories	211	+3%
North America	117	-9%	Fitness*	13	-
Rest of Europe	298	+13%			
Other countries	32	-11%			
Total	882	8%	Total	882	8%

*Fitness activities sold as of 1 August 2014



Following the sale of the fitness activities in mid-2014 and in accordance with IFRS, Accell Group has adjusted its primary segmentation. As from the 2014 annual results, Accell Group will report annual and interim results for the segment bicycles and the segment parts & accessories. The 2014 results also include the fitness segment. The new segmentation is entirely in line with Accell Group's strategic priorities and provides insight into the company's underlying performance.

Bicycles

Turnover in the bicycles segment was up 5% at € 658.1 million in 2014 (2013: € 626.0 million). Organic turnover growth in the segment amounted to 10%. The largest increase was seen in the Netherlands (+12%). The average price per bicycle increased to € 377 (2013: € 336) due to the fact that electric bike sales accounted for a greater proportion of overall turnover. Sales of electric bikes came in 23% higher and these now account for 41% (2013: 35%) of Accell Group's overall turnover in the bicycle segment. Turnover in sports bikes declined by 6%, due to the termination of deliveries to the mass market in the United States. Turnover in traditional bikes remained stable. The number of bicycles sold amounted to 1,725,000 (2013: 1,835,000). The segment result was up 16% at € 46.0 million (2013: € 39.8 million).

Accell Group recorded a 12% rise in turnover bicycle sales in **the Netherlands** in 2014, on the back of a 6% increase in sales volume. Market sales volume increased by around 7% in the same period. The increase in turnover from the Accell Group brands was largely due to the increase in electric bike sales up 14% as a result of which the Accell Group's brands (Batavus, Sparta and Koga) increased their market share. Turnover was also boosted by the sale of so-called company bicycles in the fourth quarter. As from 1 January 2015, the government changed the tax benefits on bicycles purchased for commuter traffic as a result of which company bicycles fall under the general expense allowance scheme as of this year. Many people decided to buy a bicycle under the old scheme before the end of the year.

In **Germany**, Accell Group sold Hercules in early 2014, which led to lower turnover in the year under review. Organically, bicycle turnover was up 12%, on the back of a 5% increase in sales volumes, largely driven by the increase in sales of electric bikes, which are highly popular in the German market. The overall German market grew by around 4% in terms of numbers of bicycles sold. This means Accell Group outperformed the market in Germany. The number of electric bikes sold in the overall German market is estimated to have increased to around 450,000 a year in 2014 (2013: around 410,000).

Accell Group's turnover from bicycles in **North America** increased in the multi-sports channel, which is an important segment for the company. Sales via traditional bicycle retailers (IBD) lagged expectations and declined. Total bicycle turnover was up 4%. Turnover from electric bikes only saw a modest increase, because the market for electric bikes in North America remains fairly small. A positive impulse came from Haibike E-mountain bike, winning the E-Bike of the Year Award at the Interbike international bicycle trade fair, held in September 2014 in the United States. In the United States the full integration of the Accell brands will be completed in 2015. In Canada, Accell Group completed the closure of the production facility, but the sell-off of the existing old inventory in the warehouse proved more expensive than expected. As from 2014, the operations in Canada are focused on sales of Raleigh and Lapierre bicycles to bicycle retailers (IBD).

In the **Rest of Europe**, Accell Group's main markets are France, Great Britain, Belgium, Scandinavia and Switzerland. Turnover in this region was up 11% last year. In France, bicycle turnover was up at



both Lapierre and through exports by the German and Dutch companies. In Belgium, Accell Group is primarily active via its Dutch bicycle brands. Turnover in Belgium declined due to a drop in bicycle turnover at Basseur, which is increasingly focused on the sale of parts & accessories. In the United Kingdom, bicycle turnover was up 10% largely due to Raleigh. Accell Group also booked higher turnover in Switzerland, largely due to higher sales of electric bikes under the German and French bicycle brands, both via traditional dealers and in the multi sports channel. Accell Group's German and French brands are also well positioned in Austria, especially in the sports bike segment, and turnover was also higher there. The group's own organisations in Finland, Sweden and Denmark sell the Finnish brands Tunturi and Nishiki (Finland only), as well as the Dutch, German and French brands right across Scandinavia. Bicycle turnover was up in all Scandinavian countries. In southern Europe, sales to Spain were also higher, which mainly concerned sales of Lapierre, Ghost and Haibike sports bikes. In Italy, Accell Group is active via Atala (not consolidated), as well as with the French and German brands.

In **Other Countries**, Turkey and the Far East are the group's key markets. In Turkey, Accell Bisiklet is the main seller in the market. Turnover is still relatively limited in the other Asian countries and in 2014 was roughly the same as in 2013 in these countries. The licensing income from the Raleigh and Diamondback brands increased slightly worldwide, in line with expectations.

Parts & accessories

Turnover in the parts & accessories segment rose by 5% to € 211.5 million in 2014 (2013: € 201.5 million), with turnover in Accell Group's own brands (largely XLC) recording an increase of 17%. XLC is growing rapidly and is sold worldwide via the existing dealer network of bicycle and sports shops in more than 45 countries. In particular, Accell Group has strong markets positions in parts & accessories in the Netherlands, Belgium, Germany, France, Spain, Italy, the United Kingdom and Scandinavia. Accell Group booked higher turnover in virtually all the European countries in which it operates. The company is now a step closer to achieving its ambition of a comprehensive European network, following the recent acquisition of Comet and the acquisition of CSN, completed in early 2015. The segment result came in 11% higher at € 11.3 million (2013: € 10.2 million).

Turnover in **the Netherlands and Germany** was up 28% and 1% respectively, and these increases were entirely organic. In the Netherlands, Accell Group invested in a new automated distribution centre for parts & accessories in the course of 2014. The organisation is moving from Veenendaal to Apeldoorn, where space has fallen vacant following the relocation of the Sparta production activities to Heerenveen and the integration of the Sparta and Batavus production activities. In **North America**, turnover in parts & accessories dropped by 40%. The market declined slightly and a larger number of parts suppliers are now distributing their products directly to dealers. The integration of SBS and Raleigh in the country organisation Accell North America has also led to delivery problems and has not yet resulted in the envisioned improvements. In the **Rest of Europe and Other countries**, turnover was up 11% and 94% respectively. Comet has been consolidated in the **Rest of Europe** as of 1 November 2014. CSN in Denmark will be consolidated as of 1 January 2015.

Fitness

Accell Group sold its fitness activities as of 1 August 2014. Turnover to the moment of sale was at a comparable level to the previous year's figures. On balance, the sale of the activities resulted in a one-off charge of around € 1.0 million related to the buy-out from several operational commitments.



Group turnover and profit

In 2014, group turnover came in 4% higher at € 882.4 million. Turnover increased by 8% organically. Currency exchange effects had a negative impact of € 7.6 million in 2014, mainly due to currency translation effects of the Turkish Lira.

Added value (net turnover less material costs and inbound transport costs) as a percentage of turnover came in at 30.4% (2013: 30.6%). Absolute added value rose by more than 3% to € 268.3 million (2013: € 259.5 million). In 2014, the sales mix is more favourable due to the increase in sales of electric bikes and substantial lower discounts in the second half of the year compared to 2013. Guarantee costs are higher than previous year.

Operating costs relative to turnover fell by 1%-point. Staff costs fell to 12.2% of turnover (2013: 12.6%), partly due to the reorganisations in the Netherlands and North America. Other operating costs decreased to 12.2% of turnover (2013: 12.6%), mainly due to lower selling costs. Total operating costs came in at € 224.0 million in 2014, which amounted to 25.4% of turnover (2013: 26.2%).

The operating result (excluding exceptional income and expenses) rose to € 44.3 million in 2014 (2013: € 36.9 million). The result from minority interests came in at € 0.4 million in 2014 (2013: € 0.5 million).

The balance of financial income and expenses amounted to € 8.8 million negative in 2014 (2013: € 11.7 million negative). The lower financial expenses compared with 2013 were due to a lower credit take-up as a result of lower working capital. In addition, Accell Group did not make any use of factoring in 2014.

The tax rate rose to 26.0% in the year under review (2013: 16.4%). The favourable effects on the rate as a result of the legal restructuring of the German activities in 2009 have been fully utilized, which leads to an increase of the effective tax rate in Germany. The tax rate was negatively impacted by no longer recognised capitalised tax assets related to the integration of Currie Tech in Accell North America and not capitalised tax assets as a result of reorganisation losses in Canada.

On balance, exceptional income and expenses came in at € 0.7 million negative in 2014. In addition to the book profit on the disposal of Hercules (€ 2.3 million), Accell group incurred extra reorganisation expenses in the Netherlands and North America (€ 1.6 million), one-off costs for the sale of Tunturi Fitness (€ 1.0 million) and the acquisition costs related to Comet (€ 0.3 million).

Net profit for the 2014 financial year came in at € 26.1 million (2013: € 19.0 million).

Financial position

Accell Group's balance sheet total stood at € 622.6 million at year-end 2014 (2013: € 579.6 million). Total working capital amounted to € 269.2 million in 2014 (2013: € 284.1 million); working capital as a percentage of turnover came in at 30.5% (2013: 33.5%). The inventories component of working capital was lower in 2014, while finished products bicycles accounted for the largest drop in inventories. At year-end 2014, the number of bicycles in stock was significantly lower than at year-end 2013, due to the optimisation of the logistics planning. The average cost price of bicycles



increased due to a larger share of electric bikes. The total value of inventories stood at € 244.5 million at year-end 2014 (2013: € 251.2 million).

Due to a higher turnover in the fourth quarter, accounts receivable stood at € 133.3 million at year-end 2014 (2013: € 104.7 million). At year-end 2013, € 10.7 million in accounts receivable had been submitted for factoring. Total trade accounts payable stood at € 108.5 million at year-end 2014 (2013: € 71.8 million). The higher balance of accounts payable was due to the use of longer payment terms for suppliers and higher inventories of goods in transit at year-end 2014.

Capital employed rose to € 452.1 million in 2014 (2013: € 446.6 million). The return on capital employed stood at 9.8% as per the end of the financial year (2013: 8.3%), based on the operating result corrected for incidental items.

Shareholders' equity amounted to € 275.9 million at year-end 2014 (2013: € 240.0 million). In addition to the net profit realised, the shareholders' equity was also impacted by the payment of a cash dividend of € 7.2 million (2013: € 10.8 million). On top of this, the shareholders' equity includes the impact of the conversion of foreign operations (€ + 6.5 million) and the impact of changes in the value of financial instruments (€ + 11.4 million).

The solvency rate had risen to 44.3% at year-end 2014 (2013: 41.4%). Net debt (total of loans, bank credit and cash positions) had dropped to € 152.3 million at year-end 2014 (2013: € 183.6 million).

Net cash flow from operating activities came in at a positive € 38.2 million (2013: € 23.2 million negative). The operating cash flow before working capital and provisions came in 23% higher at € 52.8 million in 2014 (2013: € 42.9 million). The cash flow from working capital amounted to € 3.4 million positive (2013: € 53.7 million negative), due to higher accounts receivable and on the other hand higher accounts payable and lower inventories. The free cash flow stood at € 38.3 million positive (2013: € 30.9 million negative).

Earnings per share and dividend

Earnings per share on the basis of the weighted average number of outstanding shares (year-end 24,685,681 shares) came in 34% higher at € 1.06 in 2014 (2013: € 0.79). Due to the issuance of 454,596 shares for the payment of stock dividend for the 2013 financial year, the correction factor for the earnings per share from previous years is 0.9817.

For the 2014 financial year, Accell Group shareholders will be asked to approve the payment of a dividend of € 0.61 per share (2013: € 0.55), to be paid out in cash or shares. This implies that the payout ratio amounts to 58%. Based on the closing price at year-end 2014 (€ 13.60), the dividend return amounts to 4.5%.

Outlook

Accell Group's products are extremely popular with consumers, while more and more young people in particular see the bicycle as a lifestyle product. Cycling is fun, easy and healthy. Cycling is also relatively inexpensive. Numerous national and regional government authorities in Europe and elsewhere are now promoting the use of bicycles as an alternative mode of transport, for environmental, mobility and health reasons. Accell Group firmly believes that cycling will only become more popular in the years ahead.



This will have a positive impact on the demand for parts & accessories. Accell Group brands are in a position to present new collections of products every season, with numerous innovations on the design and technology fronts.

Accell Group's continuous market research guarantees that the group develops the right products. And thanks to ongoing product development, which in turn leads to new (alternative) uses, plus the entry into new markets, sales of electric bikes will continue to grow in the future. Not only are Accell Group's brands market leaders in the electric bike segment, they are also major players in the market for high-grade sports bikes. Accell Group will expand those market positions in the years ahead, as the current positioning in the middle and higher segments of the market gives the company a solid basis for growth. At the same time, the expansion of complementary activities in the field of parts & accessories will reinforce the Accell Group proposition. This will involve the continued development of a comprehensive European network and growth that will focus primarily on Accell Group's own international brand XLC. These structural market trends and differentiating factors will together form a strong basis for Accell Group's revenue model and profit potential in the years ahead.

Further increases in scale and the use of synergy and efficiency benefits in the fields of purchasing, production, development and marketing will also enhance the group's profit potential. In 2015, Accell Group will also be actively looking for ways to increase its scale, both organically and via acquisitions that fit in the group's profile and (brand) portfolio. These acquisitions will also have to be complementary and add value to the group in terms of returns and synergies in the short term. At the same time, Accell Group will also be looking to further optimise the cooperation between its country organisations and its brands in 2015.

On the basis of the favourable underlying trends, combined with the slightly better macro-economic indicators driving consumer spending, and barring unforeseen circumstances, Accell Group expects to record a further increase in both turnover and result in 2015.

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About Accell Group

Accell Group N.V. ("Accell Group") focuses internationally on the mid-range and higher segments of the market for bicycles and parts & accessories. The company has leading positions in the Netherlands, Belgium, Germany, Italy, France, Finland, Turkey, the United Kingdom and the United States. In Europe, Accell Group is market leader in the bicycle market in terms of revenue. Accell Group's best known brands are Batavus (Netherlands), Sparta (Netherlands), Koga (Netherlands), Loekie (Netherlands), Ghost (Germany), Haibike (Germany), Winora (Germany), Raleigh and Diamondback (UK, US, Canada), Lapierre (France), Tunturi (Finland), Atala (Italy), Redline (US) and XLC (international).

Accell Group and its subsidiaries employ approximately 2,800 people worldwide in eighteen countries. The company has production facilities in the Netherlands, Germany, France, Hungary, Turkey and China. Products of Accell Group are sold in more than seventy countries. The headquarters of the company are located in Heerenvveen (the Netherlands). The Accell Group shares are traded on the official market of Euronext Amsterdam and included in the Amsterdam Small Cap index (AScX). In 2014, Accell Group realized a profitable revenue of € 882 million.



Press conference

Today, 6 March 2015 – Okura Hotel, Amsterdam, **reception: 9.30 am; start 10.00 am**

Analyst meeting

Today, 6 March 2015 – Okura Hotel, Amsterdam, **reception: 11.00 am; start 11.30 am**

For further information

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Financial agenda 2015

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|-------------------------------------------------|------------------|
| • Publication annual report 2014 | 12 March 2015 |
| • Publication trading update | 23 April 2015 |
| • Annual General Meeting of Shareholders | 23 April 2015 |
| • Ex-dividend | 27 April 2015 |
| • Determination of stock dividend exchange rate | 28 April 2015 |
| • Payment of dividend | 20 May 2015 |
| • Publication of first-half results 2015 | 24 July 2015 |
| • Publication trading update | 17 November 2015 |

Annexes

- Condensed consolidated profit and loss statement as at 31-12-2014 and data per share
- Condensed consolidated balance sheet as at 31-12-2014
- Condensed consolidated cash flow statement as at 31-12-2014
- Condensed consolidated statement of changes in equity as at 31-12-2014
- Condensed consolidated statement of comprehensive income as at 31-12-2014
- Explanatory notes



CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT

(amounts in € * 1,000)

	2014	2013
Net turnover	882,404	848,971
Cost of raw materials and components	(614,105)	(589,431)
Personnel costs	(107,413)	(106,615)
Depreciation	(8,903)	(8,692)
Other operating expenses	<u>(107,701)</u>	<u>(107,296)</u>
	(838,122)	(812,034)
Reorganization costs	(1,616)	(3,004)
Sale of business activities and acquisition costs	951	0
Operating profit	43,617	33,933
Income from non-consolidated subsidiaries	387	489
Financial income and expenses	(8,759)	(11,680)
Profit before taxes	35,245	22,742
Taxes	(9,162)	(3,722)
Net profit	26,083	19,020
Earnings per share ¹⁾		
(amounts in €)		
Reported earnings per share	1.06	0.79
Weighted average number of outstanding shares	24,685,681	24,195,467
Number of outstanding shares at year-end	24,864,956	24,402,849

¹⁾ Earnings per share is calculated based upon the weighted average number of outstanding shares.

CONDENSED CONSOLIDATED BALANCE SHEET

(amounts in € * 1,000)

31 December 2014 31 December 2013

ASSETS

Non-current assets

Property, plant and equipment	68,071	66,754
Intangible assets	106,611	93,718
Non-current financial assets	17,105	19,838

Current assets

Inventories	244,457	251,169
Receivables	172,872	132,198
Cash and cash equivalents	13,529	15,907

TOTAL 622,645 579,584

EQUITY AND LIABILITIES

Equity	275,911	239,983
Provisions ¹⁾	30,090	30,264
Long-term debts	70,865	103,313
Credit institutions	94,971	96,234
Other current liabilities	150,808	109,790

TOTAL 622,645 579,584

¹⁾ The current part of the provisions in the above balance sheet amounts to € 6,245 en € 7,285 respectively.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(amounts in € * 1,000)

	2014	2013
Cash flows from operating activities		
Operating profit	43,617	33,933
Depreciation	8,915	8,695
Share-based payments	266	267
Operating cash flows before working capital and provisions	<u>52,798</u>	<u>42,895</u>
Changes in working capital and provisions	3,365	(53,669)
Cash flows from operating activities	56,163	(10,774)
Interest paid, banking charges and factoring costs	(9,183)	(9,931)
Income taxes paid	<u>(8,754)</u>	<u>(2,542)</u>
Net cash flows from operating activities	38,226	(23,247)
Cash flows from investing activities		
Interest received	270	634
Changes in property, plant and equipment	(9,623)	(6,900)
Sale of business activities	23,397	0
Business Combinations	<u>(13,970)</u>	<u>(1,392)</u>
Net cash flows from investing activities	74	(7,658)
Free cash flow ¹⁾	38,300	(30,905)
Cash flows from financing activities		
Changes in bank loans and bank overdrafts	(34,226)	51,858
Cash dividend	(7,238)	(10,836)
Stock and option plans	<u>(53)</u>	<u>(352)</u>
Net cash flows from financing activities	(41,517)	40,670
Net cash flow	(3,217)	9,765
Cash and cash equivalents at 1 January	15,907	6,552
Effects of exchange rate changes on cash and cash equivalents	839	(410)
Cash and cash equivalents at 31 December	13,529	15,907

¹⁾ Free cash flow is defined as the balance of net cash flows from operating and investing activities.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in € * 1,000)

	2014	2013
Balance as at 31 December prior year	239,983	239,785
Dividends	(7,238)	(10,836)
Share-based payments	266	267
Other movements	16,817	(8,253)
Net profit current year	26,083	19,020
Balance as at 31 December current year	275,911	239,983

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(amounts in € * 1,000)

	2014	2013
Net profit for the year	26,083	19,020
Fair value adjustment financial instruments	14,997	(707)
Remeasurement of defined benefit obligations	(1,406)	1,177
Exchange differences foreign activities	6,550	(8,425)
Movements in deferred taxes	(3,265)	56
Total comprehensive income for the year	42,959	11,121



EXPLANATORY NOTES

Principles of valuation and determination of results

Accell Group N.V.'s annual accounts for the financial year 2014 contain an overview of the applied accounting policies for financial reporting. The principles laid out in this overview are in accordance with the standards laid down by the International Accounting Standards Board (IASB) and approved by the European Commission, as applicable on 31 December 2014. The accounting policies have been applied consistently to the periods presented in this press release.

Application of new and amended IFRS

Accell Group N.V. has applied all the new and amended standards and interpretations applicable to the year under review, which have been laid down by the IASB and approved by the European Commission and which were in force for the period beginning 1 January 2014. None of these standards had a material effect on the Group's financial statements.

Accell Group N.V. has decided not to apply any new or amended standards which came into force after 31 December 2014 prior to that date.

Other

The condensed financial statements presented in this press release have not been audited. For the insight required to arrive at a responsible opinion concerning the financial position and the results of Accell Group N.V., this press release should be read in combination with the annual accounts on which it is based.

Accell Group N.V. will publish its annual report 2014 no later than 12 March 2015. The annual accounts 2014 will be submitted to the General Meeting of Shareholders for adoption on 23 April 2015.

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