Number of pages: 13

PRESS RELEASE

Accell Group first-half net profit up 13%

Heerenveen (the Netherlands), 25 July 2014 - Accell Group N.V. recorded net profit of € 27.5 million in the first half of 2014, a rise of 13% compared with the € 24.5 million reported in the year earlier period. The higher profit was largely due to the improved sales mix, realised costs-savings and a book profit on Hercules (Germany), which Accell Group divested early this year. Accell Group booked an organic increase in turnover of 4%, taking total turnover to € 506.2 million, compared with € 503.8 million in the first half of 2013. The operating profit rose by 7% to € 38.2 million, from € 35.6 million in the year-earlier period.

René Takens, Chairman and CEO of the Board of Directors of Accell Group: "*We enjoyed a good first half in terms of turnover and sales, partly due to favourable weather conditions in Western Europe, where we book more than half of our turnover. The growth in demand for electric bikes and high-end sports bikes was particularly strong. We improved our profitability as a result of a better product mix and cost reduction, due to the previously announced reorganisations in the Netherlands and North America. We were also able to make a substantial reduction in our working capital utilisation, which in turn reduced our financing costs. In Germany, our second home market, we further sharpened the focus of our brand portfolio through the divestment of Hercules, which will enable us to concentrate even more clearly on the differentiating potential of our other German brands Winora, Ghost and Haibike. Partly due to the loss of the Hercules turnover, the total rise in turnover was limited in the first half 2014, but organically turnover increased by 4%.*

Turnover in electric bikes once again increased significantly in the Netherlands and Germany. In the course of the current bicycle season we also launched new electric bikes in France, the United Kingdom, Italy and the United States. We will be adding even more models to our ranges in these countries in the new 2014-2015 bicycle season.

As we announced earlier this week, we have reached agreement on the divestment of our fitness activities. For the second half of 2014, we expect an organic increase of turnover and result, barring unforeseen circumstances."

Highlights first half 2014

In the first half of 2014, turnover rose organically by 4%. The total turnover rise was limited due to the disposal of Hercules (Germany), currency exchange effects and as a result of the decision to no longer serve the mass market in North America. The restructuring of the organisation in the Netherlands and the combination of the production of bikes for Batavus and Sparta in Heerenveen is on schedule, whilst Accell Group has realised costs savings and efficiency improvements. The integration of the production activities will be completed after the summer holiday period. Accell Group will start the relocation of Juncker to Apeldoorn in the second half of this year and expects to complete the move early 2015.

In the Netherlands, Accell Group's plans to open a Bicycle Experience Centre in Ede are well advanced. Accell Group plans to make 'De Fietser' (the cyclist), as the centre will be called, the largest in the Netherlands, and it will include the country's longest bicycle test track (500 metres).

As Accell Group announced earlier this week, the company has reached agreement with investors on the divestment of the fitness activities of Tunturi Fitness BV. Accell Group expects the transaction to have a limited impact on its 2014 results.

Turnover breakdown
(amounts x € million)

Geographical			Per product group		
The Netherlands	140	(+11%)	Bicycles	387	(+1%)
Germany[1]	116	(-7%)	Parts & accessories	110	(+1%)
North America	65	(-14%)	Fitness	9	(-8%)
Rest of Europe	165	(+9%)			
Other Countries	20	(-22%)			
Total	**506**		**Total**	**506**	

[1] Organic increase in turnover: +3%

Bicycle segment / bicycle parts & accessories
In the bicycles/bicycle parts & accessories segment, turnover rose slightly in the first half of 2014 to € 497.4 million, from € 494.6 million in the first half of 2013. The number of bicycles sold came in at 1,018,000 in the first half of 2014, compared with 1,115,000 bicycles sold in the first half of 2013. The number of bicycles sold fell organically by 6%. The average sales price rose by 10% and came in at € 380, up from € 345 in the year-earlier period, thanks to the greater share of electric bikes and higher-end sports bikes in total turnover. On an organic basis, the average price of the bikes sold came in 12% higher. The segment profit rose to € 45.4 million, from € 43.2 million in the first half of 2013.

Sales of electric bikes were 14% higher, largely due to strong growth in the Netherlands and Germany. Turnover from electric bikes also benefitted from the launch of electric bikes in the United States, the United Kingdom, Italy and France. The growth in the sales of electric bikes partly offset the sales of traditional and sports bikes, which fell. Sales of traditional bikes fell 1%, while organically turnover in this segment came in 4% higher. Sales of sports bikes were down 14%, partly due to the sale of Hercules and the decision to no longer serve the mass market in North America.

According to provisional market figures, the Dutch bicycle market increased by 3% in the first months of 2014, compared with the same period in 2013. Boosted by the healthy sales of electrical bikes, Accell Group's turnover in **the Netherlands** came in 11% higher. Sales of traditional bikes remained virtually unchanged and were in line with market developments. Turnover from parts & accessories was also higher.

Turnover in **Germany** came in 3% higher organically than in the first half of 2013, due to the healthy sales of particularly high-performance electric bikes of Haibike. Accell Group has started a new trend in the market with these high-performance electric bikes and as a result is market leader in Europe. Turnover from parts & accessories increased by 6% in the first half of 2014. The 7% drop in turnover was due to the sale of the Hercules brand.

In **North America,** turnover fell by 14%. The main reason for this was the termination of deliveries to the mass market in Canada and the USA. Sales of the Diamondback brand bicycles increased due to deliveries to the multi-sports sales channel. Turnover in the Raleigh brand to specialist stores fell partly due to the long severe winter on the east coast of the United States. Turnover in parts and accessories dropped as a result of the decline in the market in the first half and the termination of a part of the distribution of Shimano products.

In the **other European countries,** turnover was up 9%. The key countries are France, Belgium and the United Kingdom. The turnover increase in these countries comes from both bicycle and parts & accessories. Turnover also increased in Scandinavia and Italy mainly as a result of an increase in turnover from electric bicycles. In France, the United Kingdom and Italy, Accell Group introduced electric bikes in the current season. Accell Group plans to increase the number of models next season.

Turnover in **countries outside Europe** accounts for 4% of total turnover. Around half of this is realised in Turkey, where turnover declined due to political unrest, while in euro terms turnover declined due to the lower value of the Turkish lira. The remaining turnover outside Europe comes largely from Asian countries and Australia.

Fitness segment
Turnover in this segment, at € 8.7 million, was largely unchanged from the first half of 2013. The segment result came in at -/- € 0.4 million, compared with -/- € 0.8 million in the first half of 2013. Accell Group announced earlier this week that it had reached agreement with investors on the sale of the fitness activities, Tunturi Fitness B.V. Accell Group expects the transaction to have a limited effect on the group results for 2014.

Financial highlights in the first half of 2014
Turnover in the first half of 2014 came in at € 506.2 million, up slightly from the € 503.8 million reported in the first half of 2013. The effect of exchange rates on the turnover of foreign subsidiaries, in North America and Turkey in particular, was € 7.3 million negative, compared with -/- € 2.6 million in the first half of 2013.

The absolute **added value** dropped by 3% to € 155 million, from €159 million in the first half of 2013. The added value (net turnover less cost of raw materials and inbound transport costs) as a percentage of turnover came in at 30.6%, compared with 31.6% in the first half of 2013. Higher discounts on the higher sales of last seasons' bicycles, reduced benefits from currency hedging, as well as an improvement in the sales mix all had an impact on the added value in the first half of the year.

Operating expenses fell € 7.0 million to € 116.5 million, and as a percentage of turnover came in at 23.0%, down from 24.5% in the first half of 2013. The decline in costs was partly due to lower personnel costs following the reorganisations in the Netherlands and North America. The operating result came in at € 38.2 million in the first half of 2014, from € 35.6 million in the year-earlier period, which translates into an operating margin (EBIT) of 7.5%, compared to 7.1% in the first half of 2013.

Financing costs declined due to a reduced utilisation of the credit lines as a result of a decrease in working capital. Furthermore, as a result of the new financing agreement, Accell Group no longer uses factoring, so these costs are eliminated.

Taxes came in at € 6.8 million, compared to € 4.5 million in the first half of 2013. The beneficial effects on the tax rate of the legal restructuring of the German activities in 2009 have now been fully utilised, which means the effective rate in Germany is increasing. The average tax burden rose to 21%, from 15% in the first half of 2013.

Non-recurring income and expenses were positive on balance in the first half of the year, at € 1.2 million net. The first half of 2014 includes the book profit on the sale of Hercules. This was € 2.0 million net, after deduction of costs and taxes. The costs and additional provision taken for the reorganisation of the Dutch activities amounting to € 0.8 million have been charged to the results for the first half of 2014. **Net profit** in the first half of 2014 came in at € 27.5 million, compared with € 24.5 million in the first half of 2013. Net earnings per share in the first half were € 1.12, up from € 1.02 in the first half of 2013.

The **balance sheet total** as at 30 June 2014 fell to € 602.8 million (30 June 2013: € 630.2 million) primarily due to a drop in inventories. The working capital (inventories and receivables less payables) stood at € 274.2 million (30 June 2013: € 327.0 million). As a percentage of turnover, the working capital came in at 33%, down from 39% in 2013.

Inventories were down € 44.7 million at 30 June 2013. At the end of June, there were significantly fewer bicycles in stock as a result of the optimisation of the logistics planning. This effect was offset slightly by the increase in the average price as a result of the product mix and country mix. Also there are more goods in transit than last year. Corrected for the effect of factoring in 2013 (€ 26 million), **trade receivables** were € 9.5 million lower than in the previous year. An improvement in accounts outstanding as a result of targeted action in receivables management and the deconsolidation of Hercules were the main contributors to this reduction. **Trade payables** increased due to the utilization of longer payment terms and an increase of goods in transit.

Total net bank debt stood at € 134.4 million at 30 June 2014, compared with € 200.6 million a year earlier. Total equity came in at € 267.0 million as at 30 June 2014. The cash component of the dividend charged to the equity in May was € 7.2 million, compared with € 10.8 million in the same period of 2013. The **solvency ratio** stood at 44% at end-June 2014, compared with 40% at 30 June 2013.

The operating **cash flows** before working capital came in at € 32.0 million, compared with € 29.2 million in the year-earlier period. Cash flow from working capital excluding acquisitions came in at € 4.6 million, compared with -/- € 68.5 million a year earlier. Cash flows from operating activities increased to € 36.6 million, compared with -/- € 39.3 million in the first half of 2013. The consolidation of participations amounted to € 21.0 million, compared with -/- € 2.1 million for acquisitions in the first half of 2013.

There have been no material changes with respect to the risks and uncertainties described in the 2013 annual report.

<u>Outlook</u>
Also for the second half of the year a strong collection of innovative bicycles and a strong position in electric bicycles will make further turnover growth possible.

Macro-economic developments, consumer confidence and weather conditions all impact Accell Group’s financial results and these are difficult to predict. Accell Group expects the positive underlying trends and outlook to continue in the second half of the year. Also less discounts are expected to be granted for the sale of bicycles of the previous season. This means that, barring unforeseen circumstances, Accell Group expects an organic increase of turnover and result for the second half of the year 2014.

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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, bicycle parts and accessories and fitness equipment. 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 (NL), Sparta (NL), Koga (NL), Loekie (NL), Ghost (Ger), Haibike (Ger), Winora (Ger), Raleigh and Diamondback (UK, US, Canada), Lapierre (Fr), Tunturi (Fi), Atala (IT), 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 Heerenveen (the Netherlands). The Accell Group shares are traded on the official market of Euronext Amsterdam and included in the Amsterdam Midcap index (AMX). In 2013 Accell Group realized a profitable revenue of € 849.0 million.

Financial agenda 2014
- Publication trading update 18 November 2014

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Press conference
Today, 25 July 2014 - Okura Hotel, Amsterdam (Otter Esperance room), **reception: 9.30 am; start 10.00 am**

Analysts meeting
Today, 25 July 2014 - Okura Hotel, Amsterdam (Otter Esperance room), **reception: 12.00 noon; start 12.30 pm**

Annexes
- Condensed consolidated profit and loss statement as per 30-06-2014 and data per share
- Condensed consolidated balance sheet as per 30-06-2014
- Condensed consolidated cash flow statement as per 30-06-2014
- Condensed consolidated statement of changes in equity as per 30-06-2014
- Condensed consolidated statement of comprehensive income as per 30-06-2014
- Explanatory notes

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT [1)]

(amounts in € 1,000)

	H1 2014	H1 2013 [2)] revised
Net turnover	**506,168**	**503,754**
Cost of raw materials and components	(351,442)	(344,651)
Personnel costs	(55,863)	(59,425)
Depreciation	(4,324)	(4,564)
Other operating expenses	(56,353)	(59,553)
	(467,982)	(468,193)
Operating profit	**38,186**	**35,561**
Income from non-consolidated subsidiaries	0	0
Financial income and expenses	(5,105)	(6,635)
Profit before taxes	**33,081**	**28,926**
Taxes	(6,782)	(4,458)
Net operating result	**26,299**	**24,468**
Non-recurring income and expenses	1,247	0
Net profit	**27,546**	**24,468**

Earnings per share [3)]

(amounts in €)

Earnings per share	1.12	1.02
Weighted average number of outstanding shares	24,503,435	23,984,648
Number of outstanding shares as per 30 June	24,864,956	24,402,849

[1)] The figures mentioned in this half-year report have not been audited.
[2)] Revised for comparison purposes in connection with changes in accounting policies (see explanatory notes, page 11).
[3)] Earnings per share are calculated based upon weighted average number of outstanding shares.

CONDENSED CONSOLIDATED BALANCE SHEET
(amounts in € 1,000)

	30 June 2014	31 December 2013	30 June 2013
ASSETS			revised
Non-current assets			
Property, plant and equipment	65,510	65,797	69,494
Intangible assets	92,996	93,042	94,717
Non-current financial assets	17,831	19,838	16,532
Current assets			
Inventories	227,377	238,308	272,078
Receivables	183,077	146,692	160,438
Cash and cash equivalents	15,985	15,907	16,902
TOTAL	**602,776**	**579,584**	**630,161**
EQUITY AND LIABILITIES			
Equity	266,983	239,983	254,945
Provisions [1)]	28,724	30,264	28,594
Long-term debts	80,329	103,313	110,224
Credit institutions	70,041	96,087	107,279
Other current liabilities	156,699	109,937	129,119
TOTAL	**602,776**	**579,584**	**630,161**

[1)] Provisions include both non-current and current part of the provisions.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(amounts in € * 1,000)

	H1 2014	H1 2013 revised
Cash flows from operating activities		
Net profit	27,546	24,468
Depreciation	4,324	4,564
Share-based payments	141	134
Operating cash flows before working capital and provisions	**32,011**	**29,166**
Changes in working capital and provisions	4,617	(68,497)
Net cash flows from operating activities	**36,628**	**(39,331)**
Cash flows from investing activities		
Changes in property, plant and equipment	(3,558)	(5,104)
Disposal of assets held for sale	21,041	0
Business combinations	0	(2,059)
Net cash flows from investment activities	**17,483**	**(7,163)**
Free cash flows [1)]	**54,111**	**(46,494)**
Cash flows from financing activities		
Changes in bank loans and bank overdrafts	(46,814)	68,081
Stock and option plans	(53)	(248)
Cash dividend	(7,238)	(10,836)
Net cash flows from financing activities	**(54,105)**	**56,997**
Net cash flows	6	10,503
Cash and cash equivalents at 1 January	15,907	6,552
Effects of exchange rate changes on cash and cash equivalents	72	(153)
Cash and cash equivalents at 30 June	15,985	16,902

[1)] Free cash flows is defined as the balance of net cash flows from operations and investment activities.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in € 1,000)

	2014	2013 revised
Balance as at 31 December prior year	**239,983**	**239,785**
Dividends	(7,233)	(10,831)
Share-based payments	141	134
Other movements	6,546	1,389
Net profit current year	27,546	24,468
Balance as at 30 June current year	**266,983**	**254,945**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(amounts in € 1,000)

	H1 2014	H1 2013 revised
Net profit for the year	**27,546**	**24,468**
Fair value adjustments financial instruments	6,459	6,721
Exchange differences foreign activities	1,669	(3,397)
Movements in deferred taxes	(1,524)	(1,681)
Total comprehensive income for the year	**34,150**	**26,111**

EXPLANATORY NOTES

Principles of valuation and determination of results

This interim financial information pertaining to the period ending on 30 June 2014 has been drawn up in accordance with IAS 34 Interim Financial Reporting. We refer to the financial statements of financial year 2013 for the principles of valuation and the determination of results (see the Accell Group N.V. 2013 annual report or www.accell-group.com). These principles are applied to the financial report in this interim report.

This interim report does not contain all the information that is required for full financial statements and should therefore be read in conjunction with the Accell Group N.V. consolidated financial statements 2013. This interim report has not been audited.

Changes in accounting policies

In 2013 changes in accounting policies were made, which are explained in the financial statements 2013. This led to the following adjustments in the condensed consolidated balance sheet as per 30 June 2013.

(amounts in € 1,000)	**30 June 2013** revised	**30 June 2013**
Property, plant and equipment	69,494	75,203
Intangible assets	94,717	101,094
Non-current financial assets [1)]	16,532	16,746
Equity	254,945	261,241
Provisions [1)]	28,594	34,598

[1)] Including the effect of deferred taxes.

In addition this led to the following adjustments in the condensed consolidated profit and loss statement as per 30 June 2013.

(amounts in € 1,000)	**30 June 2013** revised	**30 June 2013**
Depreciation	(4,564)	(4,636)
Financial income and expenses	(6,635)	(6,597)
Taxes	(4,458)	(4,441)
Net profit	24,468	24,451

Seasonal influences

The operations of Accell Group N.V. are subject to seasonal influences. In general, more turnover is generated in the first half of the calendar year than in the second half of the calendar year. The seasonal pattern is a result of the weather influence on the sale of products delivered by Accell Group N.V.

Segment information

The bicycles and bicycle parts segment has booked a net turnover of € 497.4 million in the first half-year of 2014 (2013: € 494.6 million). Up to and including June 2014, the segment result of bicycles and bicycle parts was € 45.4 million (2013: € 43.2 million). In the first half-year of 2014, the fitness segment has booked a net turnover of € 8.7 million (2013: € 9.2 million). The segment result of fitness was € -/- 0.4 million for the first half-year of 2014 (2013: € -/- 0.8 million). Non-allocated costs and financial income and expenses have been deducted for the purpose of aligning the total of the segment results with the result before taxes of Accell Group N.V. The non-allocated costs amount to € 6.9 million (2013: € 6.8 million) and the financial income and expenses amount to € -/- 5.1 million (2013: € -/- 6.6 million).
During the second half of 2014 the method of segment information will be reassessed, following the recently announced sale of activities of Tunturi Fitness B.V.

Taxes

In the interim financial information, taxes have been included in the profit and loss account on the basis of the estimated weighted average applicable nominal corporate tax rate.

Outstanding shares

The number of outstanding shares as of 31 December 2013 was 24,402,849. In connection with the granting of provisionally assigned shares to the Board of Directors and a number of directors, the number of outstanding shares increased by 7,511 shares. Mid-May 2014 the dividend for the financial year 2013 was paid, for which 454,596 shares were issued and added to the outstanding share capital. As per 30 June 2014, the number of outstanding shares amounted to 24,864,956; the weighted average number of outstanding shares amounted to 24,503,435 over the first half-year of 2014. The company has a long-term bonus plan for the Board of Directors and a number of directors. The full exercise and respective appropriation of the share and option rights granted to date would increase the number of issued shares by 0.6%.

Dividend

At the Annual General Meeting of shareholders held on 24 April 2014, the dividend for the financial year 2013 was determined at € 0.55 per share, or a stock dividend. Following the expiration of the option period, it appeared that 46% of the shareholders had opted for a stock dividend. As per 22 May 2014, € 7,238,000 in cash dividend was paid and 454,596 shares were issued and added to the outstanding share capital.

Related party transactions

Intercompany transactions and balances between Accell Group N.V. and its subsidiaries are eliminated in the consolidation. The sum of the transactions with related non-consolidated companies was approximately € 2.0 million.

Off-balance obligations

The off-balance obligations, as included in the financial statements 2013, have not significantly changed during the first half-year of 2014.

Events after balance sheet date

On 22 July 2014 Accell Group N.V. announced that it has reached agreement with investors regarding the sale of its fitness activities of Tunturi Fitness B.V. The transfer of assets and personnel to the acquiring party is expected to take place on 1 August 2014. The transaction is expected to have a limited impact on Accell Group's result in 2014.

Statement of the Board of Directors

The Board of Directors is responsible for setting up and monitoring the efficiency of the internal risk management and internal control system. The Board of Directors note at this point that the internal risk management and internal control system is intended to identify and control significant risks the company is exposed to, with due consideration for the nature and scope of the organisation. Such a system cannot offer absolute certainty for achieving the objectives. Similarly, it is not possible to completely prevent cases from occurring that involve material errors, damage, fraud or the violation of legal regulations. Actual effectiveness can only be assessed on the results achieved over a longer period.

With reference to article 5.25d paragraph 2c of the Dutch Financial Supervision Act ("Wft") and with due observance of the above notes regarding the set-up and operation of the internal risk management and internal control system, as well as based on the audit of the financial statements by the auditor, the Board of Directors state that as far as they are aware, the financial report as included on pages 7 up to 10 of this report provide a true representation of the assets, liabilities and the financial position on the balance sheet date as well as the profit for the first half-year of Accell Group N.V. and the companies included jointly in the consolidation, and the report as included on the pages 1 to 5 of this report provide a true representation of the information as required under article 5.25d paragraph 8 and 9 of the Financial Supervision Act ("Wft").

R.J. Takens, CEO
H.H. Sybesma, CFO
J.M. Snijders Blok, COO

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