

Accell Group NV

Annual results 2005

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Agenda

- **Accell Group in 2005**

- Share price
- Financials
- Outlook

Further growth...

- Turnover + 8%, organic turnover growth 5%
- Accell exceeded the “top year” 2004
- “Power in branding and distribution”
- Innovation, flexibility and making use of synergies

- **Net result + 18%**
- **Profit per share + 14%**
- **EBIT from 6,7% to 7,0% of turnover**

Summary results

(x EUR million)

| | 31-12-2003 | 31-12-2004 | 31-12-2005 | |
|----------------------------|------------|------------|--------------|-----|
| Turnover | 289,6 | 341,1 | 369,3 | 8% |
| Net profit | 9,2 | 13,2 | 15,5 | 18% |
| Profit per share | 1,10 | 1,54 | 1,75 | 14% |
| Solvability | 35,2% | 34,9% | 42,9% | |
| Balance sheet total | 141,6 | 173,6 | 180,3 | |
| Share price | 8,10* | 15,70 | 20,40 | 30% |

* Re-accounted after split

▪ 2004 and 2005 figures in accordance with IFRS

Bicycles: The Netherlands

- Campaign bicycles Batavus very successful
- Cooperation Koga and Spyker
- Sparta expands success e-bike
- E-bike now also produced by Batavus, Koga and Hercules
- Koga produces 'custom-made' bicycles
- New collection for children bikes Loekie
- Juncker Bike Parts extends range offered to bicycle dealers

Joint promotion:



Synergy:



Following in the footsteps of Sparta: electric bicycles by Koga and Batavus

Bicycles: Germany

- Increase of market demand for bicycles
- Increase of turnover and volumes
- More focus on fitness activities
- Winora has successful 'custom made' program
- Winora improved its position with acquisition of Julius Holz

Bicycles: France

- Lapierre:
 - Stable growth, improved market position
 - Strong positioning of the Lapierre trademark, (extension of international reputation).
- Mercier:
 - Market position of mega stores is weakening: results Mercier under pressure

Bicycles: Other countries

- Tunturi confirmed its position as market leader in Finland
- Bicycle sales are fairly stable
- Further increase of export activities by Koga and Lapierre (including US and Canada)

Fitness

- Western Europe is catching up with US in respect of fitness activities
- Extension of distribution network: acquisition of sales organizations in UK, North America and Austria
- Increase of sales in numbers and turnover
- Restructuring of Tunturi in Finland: replacement of production to Baltic States
- Fitness Head Quarters now based in The Netherlands

Acquisition Strategy

- Growth: both organic and by acquisitions
- Expansion in both bicycles and fitness
- Accell Group searches the market actively, within and outside Europe
- Candidates must fit into group culture
- Brands in middle and top segment
- Stand-alone profitability, making use of synergies

Acquisitions in 2005

- Julius Holz GmbH & Co Kg: trading company in bicycles, bicycle parts and accessories
- Accell Fitness North America Inc., distribution of fitness activities in Canada
- Lacasdail Holdings Ltd; distribution fitness activities U.K. from 50% participation to 100%
- Dowi Fitness und Sportgeräte GmbH, distribution fitness activities in Austria

Announced in 2005, consolidated per 1/1/2006:

- Antec B.V.: production and development of bicycles driven by an electric motor

Expansion to the US (acquisition 2006)

- Seattle Bike Supply: highly trusted supplier of bicycles, bicycle parts and accessories
- Turnover of around USD 36 mln on a annual basis
- Strong distribution network
- World market leader in BMX segment: introduction of BMX-races as Olympic sport in Beijing '08
- Introduction of Accell Group to a second large market for high end bicycles

Appeal against NMa decision

- In April 2004 penalty of EUR 12,8 mln imposed in connection with alleged pricing agreements
- Result of objection procedure with NMa: penalty reduced by 10%, but still is far beyond all reasonable proportions
- Allegations are incorrect, no single penalty has ever been imposed in NL or Europe based on one-off unilateral statement
- Appeal lodged with independent judge: early March Accell's statement of appeal is due
- Extensive file which has many leads to lodge an appeal
- No provision included in financial accounts

Corporate Governance

- Policy consistent with 2004
- Accell Group complies with regulation
- No new deviations from Dutch Corporate Governance Code (Code Tabaksblat) compared to 2004
- Provision of information to shareholders:
 - Code Tabaksblat: all information on corporate web site
 - AFM: all information in press release

Dutch Security and Exchange Commission (AFM)/IFRS

- Financial Rules Regulations/IFRS are extensive for smaller listed companies
- Provision of information to shareholders, means also information for:
 - Customers
 - Suppliers
 - Competitors

Agenda

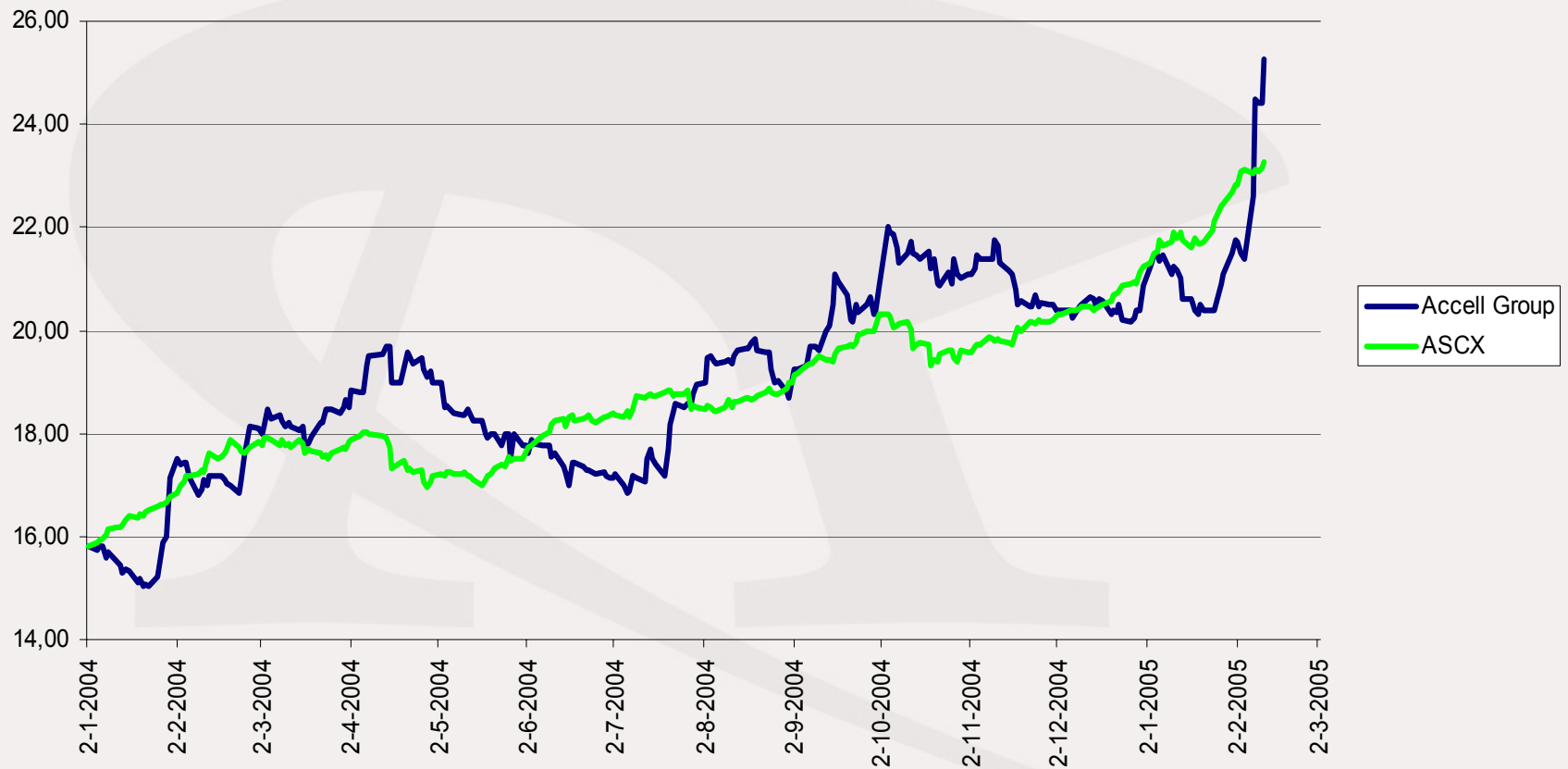
- Accell Group in 2005

- **Share price**

- Financials

- Outlook

Share price development



Agenda

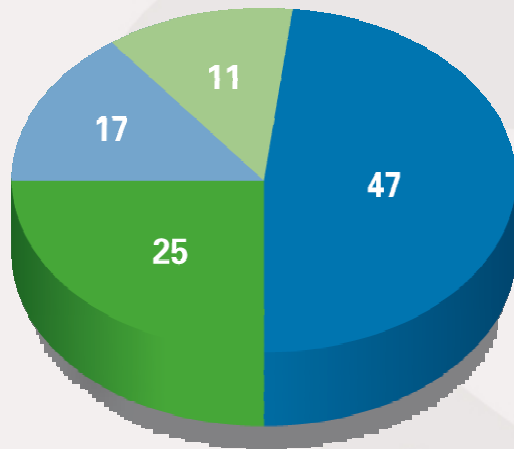
- Accell Group in 2005
- Share price
- **Financials**
- Outlook

P&L

| (x EUR million) | 2004 | | 2005 | |
|-----------------------|--------------------|-------|---------------------------|--------------|
| Net turnover | 341,1 | | 369,3 | |
| Cost of materials | 210,8 | 61,8% | 230,6 | 62,4% |
| Other costs | 107,5 | | 113,0 | |
| EBIT | <u>22,8</u> | 6,7% | <u>25,7</u> | 7,0% |
| Result minority share | 0,3 | | 0,0 | |
| Cost of interest | (2,8) | | (3,0) | |
| Taxes | (7,1) | | (7,2) | |
| Net profit | <u><u>13,2</u></u> | 3,9% | <u><u>15,5</u></u> | 4,2% |

2004/2005 according to IFRS

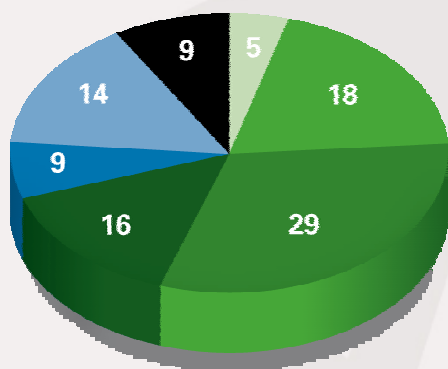
Geographical turnover



- **Netherlands** (47%) (* EUR mill)
- **Germany** (25%)
- **France** (11%)
- **Other** (17%)

| | 2004 | 2005 |
|--------------|--------------|--------------|
| Netherlands | 170,8 | 171,6 |
| Germany | 77,9 | 92,7 |
| France | 42,8 | 42,4 |
| Other | 49,6 | 62,6 |
| Total | 341,1 | 369,3 |

Turnover by product group



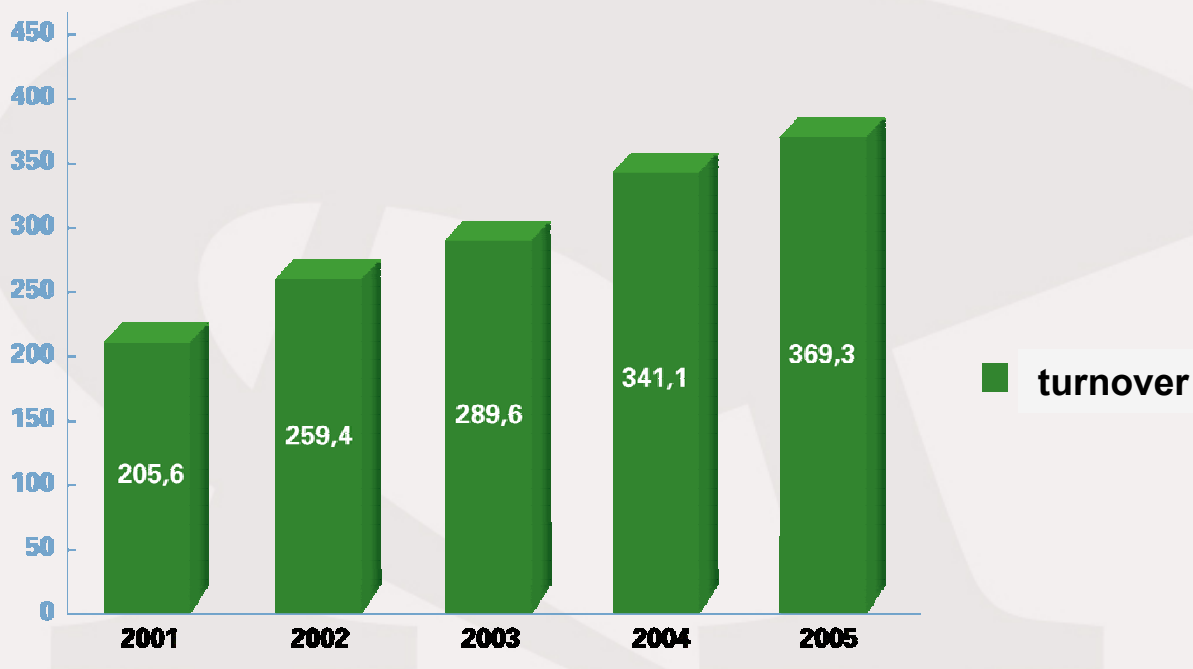
- **Childrens bicycles** (5%) Childrens bicyc
- **City bikes** (18%) City bikes
- **Trekking** (29%) Trekking
- **ATB/Race** (16%) ATB/Race
- **Other bicycles** (9%) Other bicycles
- **Bike parts** (14%) Bike parts
- **Fitness** (9%) Fitness

(* EUR million)

| | 2004 | 2005 | |
|--------------------|--------------|--------------|-----------|
| Childrens bicycles | 21,8 | 19,3 | -11% |
| City bikes | 72,2 | 66,4 | -8% |
| Trekking | 107,2 | 109,1 | 2% |
| ATB/Race | 52,8 | 57,7 | 9% |
| Other bicycles | 21,0 | 31,3 | 49% |
| Bike parts | 44,7 | 53,3 | 19% |
| Fitness | 21,4 | 32,2 | 50% |
| Total | 341,1 | 369,3 | 8% |

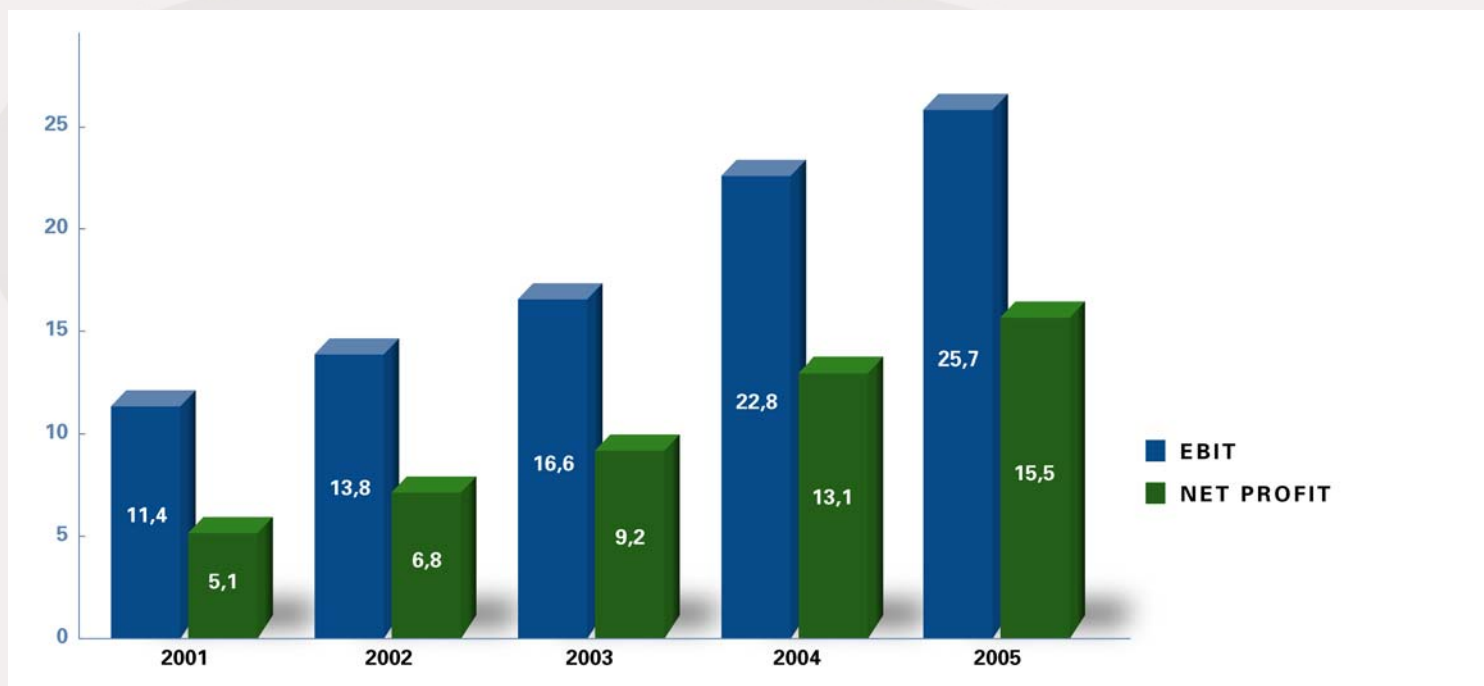
- Product mix changes structurally due to increase of bike parts and fitness activities
- Turnover of “other bicycles” increases, mainly due to electric bicycles

Development of turnover last 5 years



- Amount of bicycles sold in 2005: 858.000 units (2004: 865.000)
- Average price of bicycles sold increased 4% to around € 330

Development of results over last 5 yrs



- Figures 2004 and 2005 in accordance with IFRS

Segment information

| (x EUR million) | 2004 | | | 2005 | | |
|-------------------------------|------------------|---------|-------|------------------|---------|-------|
| | Bicycles & Parts | Fitness | Total | Bicycles & Parts | Fitness | Total |
| Net turnover third parties | 319,7 | 21,4 | 341,1 | 337,1 | 32,2 | 369,3 |
| Result per segment | 29,9 | 0,4 | 30,3 | 32,7 | 1,4 | 34,1 |
| Result / net turnover | 9,4% | 1,9% | | 9,7% | 4,3% | |
| Segmental costs not allocated | | | 0,7- | | | 0,8- |
| Corporate costs not allocated | | | 6,8- | | | 7,6- |
| Operational trading results | | | 22,8 | | | 25,7 |
| Result minority shares | | | 0,3 | | | 0,0 |
| Cost and benefit of interest | | | -2,8 | | | -3,0 |
| Earnings before taxes | | | 20,3 | | | 22,7 |
| Taxes | | | -7,1 | | | -7,2 |
| Net result after taxes | | | 13,2 | | | 15,5 |

Material costs

- Relative increase of material costs

| (x EUR million) | 2004 | % | 2005 | % omzet |
|-----------------|--------------|--------|---------------------|---------------|
| Turnover | 341,1 | 100,0% | 369,3 | 100,0% |
| Material | 210,8 | 61,8% | 230,6 | 62,4% |
| Added value | <u>130,3</u> | 38,2% | <u>138,7</u> | 37,6% |

- Reasons for minor decrease of added value:
 - Sharper pricing policy
 - Changing product mix
 - Increasing cost of material and outsourcing

Operational expenses

- Operational expenses, excl. cost of material, relatively decreased

| (x EUR million) | 2003 | 2004 | 2005 |
|-----------------------|-------------|--------------|---------------------|
| Cost of labor | 45,2 | 53,8 | 57,7 |
| Depreciations | 3,9 | 4,4 | 4,6 |
| Other expenses | 39,1 | 49,3 | 50,7 |
| Total | <u>88,2</u> | <u>107,5</u> | <u>113,0</u> |

- Cost of labor from 15,7% to 15,6% of turnover
- Cost of marketing amounted to 3 tot 4% of turnover (same as 2004)
- Other costs from 14,4% to 13,7% of turnover
- Total costs from 31,5% to 30,6% of turnover

Results by half year

| | | | | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net turnover | 204,3 61,9% | 213,8 61,0% | 136,8 61,7% | 155,5 64,4% |
| Cost of goods | (126,4) | (130,5) | (84,4) | (100,1) |
| Other expenses | (64,5) | (67,2) | (43,0) | (45,8) |
| | (190,9) | (197,7) | (127,4) | (145,9) |
| EBIT | 13,4 6,6% | 16,1 7,5% | 9,4 6,9% | 9,6 6,2% |
| Minority share | 0,2 | 0 | 0,1 | 0,0 |
| Interest | (1,9) | (2,0) | (0,9) | (1,0) |
| Taxes | (4,1) | (4,5) | (3,0) | (2,7) |
| Net profit | 7,6 3,7% | 9,6 4,5% | 5,6 4,1% | 5,9 3,8% |

- Due to lower tax rate net-profit increases more than EBIT

Balance sheet, assets*

Assets (x EUR million)

| | 2004 | 2005 |
|------------------------|---------------------|---------------------|
| <i>Fixed assets</i> | | |
| Intangible assets | 3,2 | 3,9 |
| Tangible assets | 39,0 | 43,1 |
| Financial fixed assets | 5,7 | 4,8 |
| | <u>47,9</u> | <u>51,8</u> |
| <i>Other assets</i> | | |
| Stock | 76,6 | 76,6 |
| Debtors | 49,0 | 51,8 |
| Cash | 0,1 | 0,1 |
| | <u>125,7</u> | <u>128,5</u> |
| Total assets | <u><u>173,6</u></u> | <u><u>180,3</u></u> |

▪ All financial figures are in accordance with IFRS and with the general understandings thereof per 31 december 2005

Working capital

| (x EUR million) | 2004 | 2005 |
|-----------------|-------------|--------------------|
| Stock | 76,6 | 76,6 |
| Debtors | 43,3 | 47,3 |
| Creditors | 21,8- | 31,1- |
| | <u>98,1</u> | <u>92,8</u> |

- Much attention for stock management and production planning in 2005:
 - Effect of acquisitions on end-of-year stock position is € 7,1 mln
 - Decrease of organic stock
- Amount of debtors is equal in relation to turnover
- Increased use of suppliers credit end of year

Balance sheet, liabilities*

| Passiva (x EUR million) | 2004 | 2005 |
|-------------------------|--------------|--------------|
| Group equity | 60,7 | 77,4 |
| Provisions | 10,0 | 10,1 |
| Long term debt | 26,7 | 25,1 |
| Credit Institutions | 40,4 | 24,5 |
| Short term debt | 35,8 | 43,2 |
| | <u>173,6</u> | <u>180,3</u> |

- Decrease of bank credit due to positive operational cash flow
- Strong increase of suppliers credit

▪ All financial figures are in accordance with IFRS and in accordance with the general understandings thereof per 31 December 2005

Group equity

| | |
|---|---------------------|
| Equity per 31-12-2004: | EUR 60,7 mln |
| Increase due to profit | EUR 15,5 mln |
| Dividend pay out 2004 | -/- EUR 1,2 mln |
| Change in hedging reserve (financial instruments) | EUR 2,0 mln |
| Other changes | EUR <u>0,4 mln</u> |
| Increase in 2005 | EUR 16,7 mln |
| Equity per 31-12-2005: | EUR 77,4 mln |

- Solvency ratio ultimo 2005 is 43% (2004: 35%)
- Per average weighed share group equity increases 23% to a value of € 8,71 (2004: € 7,09)
- Hedging reserve depends on changes of price of currency prices and effectiveness of hedging activities

Cash flow

| (x EUR million) | 2004 | 2005 |
|---------------------------------------|---------------|-------------|
| Net profit | 13,2 | 15,5 |
| Depreciations | 4,4 | 4,6 |
| Cash flow | <u>17,6</u> | <u>20,1</u> |
| Mutation working capital | 19,8- | 6,7 |
| Cash flow from operational activities | <u>(2,2)</u> | <u>26,8</u> |
| Cash flow resulting from investments | (5,2) | (7,3) |
| Cash flow resulting from acquisitions | (3,1) | (3,2) |
| Free cash flow | (10,5) | 16,3 |

Profit per share



- Figures 2004 and 2005 are in accordance with IFRS

Ratios

| | 2004* | 2005* |
|-------------------------------|-------|-------|
| ROCE | 17% | 19% |
| ROE | 22% | 20% |
| Operational result / turnover | 7% | 7% |
| Solvency | 35% | 43% |
| Average amount of employees | 1.405 | 1.430 |

- Ratios 2004 en 2005 in accordance with IFRS

Dividend proposal

- Optional dividend

- Dividend proposal: € 0,83 (2004: € 0,72)
 - Payout 2005: 47,4% (2004: 47,3%)
 - Dividend yield: 4,1%* (2004: 4,6%)*

* Based on end of year share price

Agenda

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- Share price
- Financials
- **Outlook**

“Power in branding and distribution”

- Enforcement and extension of brands
- Focus on comfort, design, safety and sustainability
- Distribution through independent bicycle dealers (IBD's): development towards bigger, more modern shops
- Intensive support and cooperation with IBD's: in-store and direct marketing, service, technique, warranty strategy

Production and outsourcing

- Consistent consideration of 'make or buy'-decision
- Outsourcing of large number of components to Asia
- Expansion of production facility in Hungary
- New production activity in Baltic states
- A lot of attention for education and multiple usage of personnel
- Considerable number of flexible labor contracts
- Continued attention for staff education and employee flexibility

Strategy Accell Group

- Continue to provide consumers with added value by supplying them with high quality and recognizable products
- Extension of brand portfolio, direct marketing and intensive cooperation with IBD's
- Extension of activities in fitness segment and custom-made bicycles
- Continuing strict control of costs, control of stock, portfolio management, further use of synergy advantages
- Active search for acquisition opportunities

Outlook 2006

- Continuation of recovery of consumer confidence
- Further attention for recreation, health and fitness
- Integration of Seattle Bike Supply and making use of synergy opportunities
- Intensive cooperation with IBD's
- Expected increase of turnover and operational results (barring unforeseen circumstances)

Batavus Weekend



Consumer price: EUR 799,-

- Very successful campaign bicycle
- 8 gear Nexus
- Roller brakes
- Hub dynamo with automatic lights
- Integrated computer

Batavus fitness equipment



Consumer price: EUR 799,-

- Batavus Ultimate Cross X4
- Synergy: Batavus line is based on Bremsey model
- Variety of functions on display
- Variety of training programs, training levels and user profiles
- Extra memory capacity through replaceable USB-sticks

Tunturi top home trainer E-80



Consumer price: EUR 1.999,-

- Revolutionary new cockpit
 - Scenery cycling
 - Integrated mp3 player
 - Easy touch menu
- Natural bicycle feeling due to narrow distance between pedals
- Soft touch pedal: training without sporting shoes is possible

Koga / Spyker Aeroblade



Consumer price: EUR 12.500,-

- Koga design in cooperation with Spyker, producer of exclusive high-tech sports cars
- Cooperation between two top trademarks
- Maximal sale of 50 pieces
- Titanium frame, carbon wheels and mudguards, special version Rohloff 14-gear hub

Sparta ION Bullit



Consumer price: EUR 899,-



Consumer price: EUR 2299,-

- Above: Silver Bullit, Sparta's "eye catcher, to be used to cruise or laze about the streets"
- Below: ION technique (invisible integrated pedal support)
- Sparta wants to develop bicycles conform specific wishes of customers
- Sparta opens "charging points" for ION in 2005



Winora: BMW Bike



Consumer price: EUR 799,-

- Ideal travel partner for larger and smaller distances
- BWM design with integrated logo
- Comfort focus: spring mounted fork, spring mounted saddle pen, hub dynamo, various light levels

Accell Group NV Annual Report 2005

QUESTIONS ???