

Presentation annual results 2012

Okura Hotel, Amsterdam

22 February 2013

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Agenda

- 1. Accell Group in 2012**
2. The Accell Group share
3. Financials
4. Outlook



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Increase of turnover, net operating result in line with expectations

- Turnover increased 23% to €772.5 mln. annually compared with 2011
 - More than 3% autonomous growth; with more than 5% in the second half of the year
 - Sales electric bikes increased 23% on annual basis; sales sports bikes and traditional bikes increased 21% and 14% respectively
 - Sales bicycle parts increased 40% of which 8% autonomously
 - As a result of the acquisitions of Raleigh, Currie and Van Nicholas sales increased 20% on annual basis
- The net operating result is 17% lower than in 2011; this is mainly caused due to lower sales in the Netherlands and additional discounts and currency effects in the first half of the year



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Key developments in 2012

- Bicycles turnover growth 19%; of which 2% autonomously
- Bicycle parts & accessories sales increased 40%; of which 8% autonomously
- Turnover fitness stable
- Turnover increase following acquisitions Raleigh, Currie and Van Nicholas
- Turnover growth in the second half of the year, of which 5% autonomously

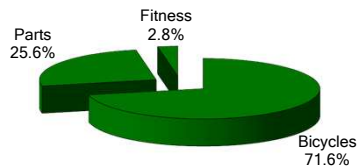


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Turnover segmentation per product group



(x € mln.)	Turnover		11 ->'12
	2011	2012	
Bicycles	465.6	553.1	19%
Parts	141.3	198.0	40%
Fitness	21.6	21.4	-1%
	628.5	772.5	23%



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Bicycles / bicycle parts & accessoires

- Turnover segment increased 24% to €751.4 mln.
- Over 1.6 million bicycles were sold in total, which is an increase of 40% compared with 2011. Autonomously, sales dropped 5% particularly due to lower sales in the first half of the year.
- Electric bicycle sales as a percentage of total bicycle sales stood at 32% (2011: 31%). Autonomously this was 36%.
- The average price dropped to € 345 (2011: € 417) due to the acquisition of Raleigh. The autonomous price increased on average compared with 2011.
- Sales bicycle parts increased 40%; segment result € 48.8 mln. (2011: € 52.8 mln.)



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Fitness

- Turnover on annual basis stable (€ 21.4 mln.)
- Increase in turnover in the Netherlands and Germany, while turnover in Scandinavia was in line with last year.
- Segment result improved to break-even (2011: € -1.4 mln.)
- 2012: product development and brand reinforcement

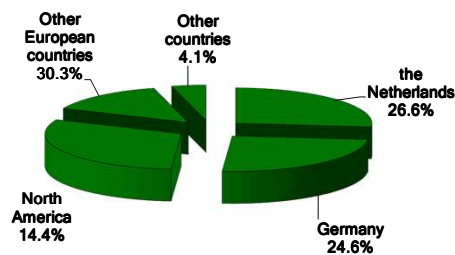


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Geographical distribution of turnover



(x € mln.)	Turnover		11 ->'12
	2011	2012	
the Netherlands	216.4	205.6	(5%)
Germany	176.3	189.8	8%
Other Europe	181.4	234.3	29%
North America	31.0	111.3	259%
Other countries	23.4	31.5	35%
	<u>628.5</u>	<u>772.5</u>	23%

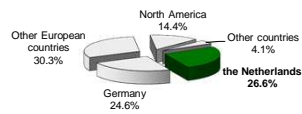


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the Netherlands



- Accell Group's turnover dropped 5% in the Netherlands and amounted to € 205.6 mln.
 - In the second half of the year turnover increased both in total (+4%) as autonomously (+2%) in a declining market
 - Bicycle sales dropped 12%, turnover decline remains limited at 7% compared to a market decline of 13%
 - Turnover of electric bicycles is nearly stable, turnover of traditional and sports bikes dropped
 - Sales bicycle parts & accessories increased 3%
 - The Netherlands makes up for 27% of total turnover (2011: 34%).

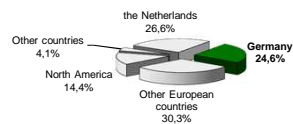


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Germany



Turnover growth in Germany (+8%) is entirely autonomous

- Strong growth of electric bicycles. Total market 350,000 - 400,000 per year
- Increase average price as a result of larger share electric bikes and expensive sports bikes
- Biking is strongly promoted by the government

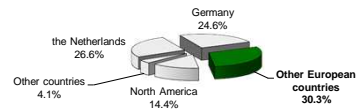


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Other European countries



- Turnover in other European countries increased to 30% (2011: 29%).
 - Turnover in France increases 4% due to increase of the bicycle parts sales of 22% on annual basis. Bicycle sales dropped 7%.
 - The export of Accell Group's brands to Austria, Switzerland, Belgium and Denmark increases; in Italy turnover increases due to export of Accell Group brands to Italy and the traditional brand Atala
 - The acquisition of Raleigh (part UK) has a positive impact on the bicycle sales as well as the turnover of bicycle parts & accessories

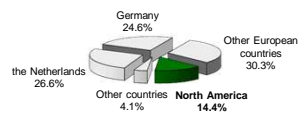


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North America



- Turnover Accell in North America increases 14% (2011: 5%).
 - The acquisition of Raleigh attributed to growth; the impact on the bicycle sales as well as the turnover of bicycle parts & accessories is positive
 - With the brands Raleigh and Diamondback Accell Group acquires a position in the specialist trade and sports chains respectively
 - Acquisition of Currie offers the opportunity to further expand the electric mobility
 - Autonomous turnover is practically stable

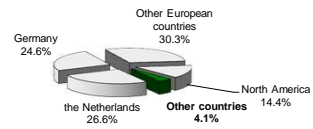


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Other countries

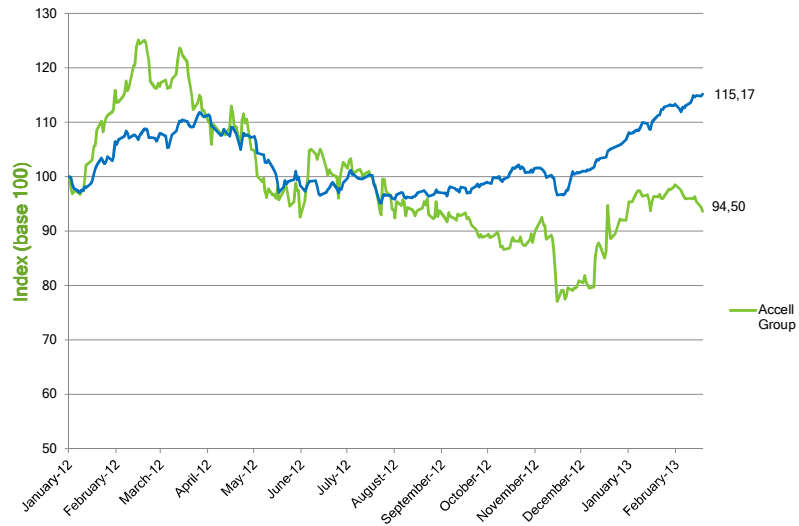


- Turnover increase (+35%) in the other countries shows good progress.
 - Autonomous growth comes for a large part at the account of Accell Bisiklet in Turkey due to a sales increase and a higher average price
 - The export of Lapierre and Ghost in Asia, South-Korea and Australia increases

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Share price development in 2012



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Profit & loss statement

(x € mln.)

	2011	2012	11 -> '12
Net turnover	628.5	772.5	23%
Cost of materials	(420.2)	(526.2)	25%
Added value	208.2	246.4	18%
Depreciation and amortization	(7.4)	(8.3)	13%
Staff costs	(80.6)	(100.8)	25%
Other operating costs	(79.6)	(101.2)	27%
Operating costs	(167.6)	(210.3)	25%
Operating result before non-rec. profits/losses	40.7	36.1	(11%)
Non-recurring profits/losses *	(5.9)	(3.6)	(39%)
Operating result (EBIT)	34.8	32.5	(7%)
Result of participations	16.1	0.0	(100%)
Result of associates	0.4	0.2	(47%)
Interest costs (incl. interest NMa-fine)	(7.8)	(7.0)	(11%)
Taxes	(3.1)	(2.6)	(17%)
Net profit	40.3	23.2	(42%)

* Non-recurring loss 2011: fitness € 3.6 mln. and NMa-fine € 2.3 mln.; Non-recurring loss 2012: one-off acquisition costs and other effects.



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Net operating result

(x € mln.)

	2011	2012	11 -> '12
Net profit	40.3	23.2	(42%)
Innovation box	0.8	0.5	(33%)
Book profit participation	16.1		
NMa-fine/interest (after tax)	(4.2)		
Non-recurring loss Fitness *	(4.0)	(0.4)	(90%)
Acquisition costs		(3.4)	
Other effects		0.2	
Net operating result	31.7	26.3	(17%)

* Of which € 0.4 mln. tax deferral in 2011

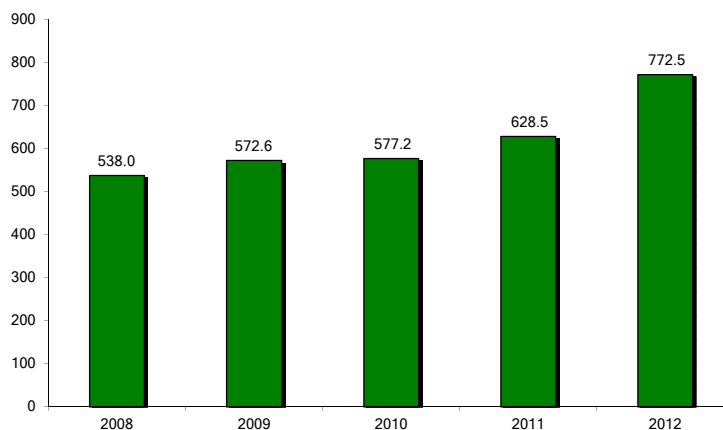


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Turnover development last 5 years



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Cost of materials

(x € mln.)	2011	% turnover	2012	% turnover
Turnover	628.5	100%	772.5	100%
Materials	<u>(420.2)</u>	66.9%	<u>(526.2)</u>	68.1%
Added value	<u>208.2</u>	33.1%	<u>246.4</u>	31.9%

- Margin decline in the first half of the year is entirely the result of additional discounts and currency effects
- Impact of acquisitions causes lower added value (effect of 0.3 percentage point)
- In the second half of the year a combination of lower discounts and inability to fully charge on cost price increases had a positive effect on the relative added value.



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Operating expenses (excl. non-recurring profits/losses)

(x € mln.)	2011	% turnover	2012	% turnover
Staffing costs	(80.6)	12.8%	(100.8)	13.0%
Depreciation & amortisation	(7.4)	1.2%	(8.3)	1.1%
Other operating costs	(79.6)	12.7%	(101.2)	13.1%
Total	<u>(167.6)</u>	26.7%	<u>(210.3)</u>	27.2%

- Staffing costs increased due to acquisitions and growth of the organisation. Autonomously staffing costs increased to 13.2% of turnover.
- Other operating costs increased in relation to turnover as well as in total, due to the addition of acquisitions. Autonomously the other operating costs remained stable (12.7% of turnover).



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Segment overview

(x € mln.)	2011	2012	11 -> '12
Turnover per segment			
Bicycles and bicycle parts	607.6	751.4	24%
Fitness	21.0	21.7	4%
Elimination	(0.1)	(0.6)	
Total	<u>628.5</u>	<u>772.5</u>	23%
Result per segment			
Bicycles and bicycle parts	52.8	48.8	(8%)
Fitness	(1.4)	0.0	102%
Total	<u>51.3</u>	<u>48.8</u>	(5%)

- The segment result of bicycles and bicycle parts drops by 8% due to the disappointing first half year; in the second half year the result is higher than last year
- The segment result of fitness is break-even due to further cost-savings and higher margins



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Results per half year

(x € mln.)	H1 2011	H1 2012	H2 2011	H2 2012	FY 2011	FY 2012
Net turnover	373.0	445.6	255.5	326.9	628.5	772.5
Material costs	(243.0)	(305.9)	(177.3)	(220.3)	(420.2)	(526.2)
	65.1%	68.6%	69.4%	67.4%	66.9%	68.1%
Depreciation and amortisation	(3.9)	(4.2)	(3.4)	(4.1)	(7.4)	(8.3)
Staffing costs	(44.6)	(52.6)	(36.1)	(48.2)	(80.6)	(100.8)
Other operating costs	(45.0)	(53.1)	(34.5)	(48.1)	(79.6)	(101.2)
Operating costs	(93.5)	(109.9)	(74.0)	(100.4)	(167.6)	(210.3)
Operating result before non-rec. profits/losses	36.5	29.8	4.1	6.3	40.7	36.1
	9.8%	6.7%	1.6%	1.9%	6.5%	4.7%
Non-recurring profits/losses *	-	(2.8)	(5.9)	(0.8)	(5.9)	(3.6)
Operating result (EBIT)	36.5	27.1	(1.7)	5.4	34.8	32.5
	9.8%	6.1%	-0.7%	1.7%	5.5%	4.2%
Result of participation	0.0	0.0	16.1	0.0	16.1	0.0
Result of associates	0.3	0.1	0.1	0.1	0.4	0.2
Interest costs (incl. interest NMa fine)	(2.9)	(3.8)	(5.0)	(3.1)	(7.8)	(7.0)
Taxes	(6.7)	(2.8)	3.5	0.3	(3.1)	(2.6)
Net profit	27.3	20.5	13.0	2.7	40.3	23.2
	7.3%	4.6%	5.1%	0.8%	6.4%	3.0%



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Balance sheet, assets

(x € mln.)	31-12-2011	31-12-2012
Fixed assets		
Intangible fixed assets	50.0	98.3
Tangible fixed assets	64.1	77.0
Financial fixed assets	11.9	18.7
	126.1	193.9
Current assets		
Inventories	189.1	269.1
Receivables	114.6	132.5
Liquid assets	4.3	6.6
	307.9	408.1
Total assets	434.0	602.1

- An increase of intangible fixed assets of € 48.9 mln due to acquisitions.
- Revaluation real estate has an effect of -€ 2.5 mln.
- Increase of fixed assets due to investment in the logistics system and company premises.



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Working capital

(x € mln.)	31-12-2011	31-12-2012	11 -> '12
Inventories	189.1	269.1	42%
Accounts receivable	85.6	104.5	22%
Accounts payable	(52.7)	(132.8)	152%
Total	222.0	240.8	9%

Inventories:

- Acquisition effect € 44 mln.
- Higher cost price parts and bicycles
- Increase in inventories in transit € 10 mln.

Accounts receivable:

- Acquisition effect € 39 mln.
- Factoring € 21 mln. (non-recourse)

Accounts payable:

- Acquisition effect € 46 mln.
- Financing inventories in transit and higher cost price components
- Longer payment term towards suppliers



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Balance sheet, liabilities

(x € mln.)	31-12-2011	31-12-2012
Group equity	214.6	247.7
Provisions	22.5	33.3
Long-term debts	48.0	15.8
Credit institutions	71.9	134.6
Short term debts	76.9	170.6
Total liabilities	434.0	602.1

- Provisions increase due to provisions for acquisitions.
- Loan of € 32 million for financing of Raleigh is short term at the end of 2012.
- Refinancing causes shift of debt to short term.



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Refinancing

- New financing amounts to € 300 mln. and is arranged for three years (with an option to extend to 5 years).
 - Term loans
 - Working capital financing facility (revolving credit facility), part of this is a seasonal facility
- Syndicated loan with 6 banks: Rabobank, ABN AMRO, Deutsche Bank, ING, BNP and HSBC
- New financing largely substitutes the current uncommitted, diversified loans - and credits portfolio. Accell Group completed the refinancing
- Covenants are partly based on results and partly on working capital (borrowing reference)



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Group equity

(x € mln.)

Balance on 1 January 2012 214.6

Net profit 23.2

Dividend payment 2012 (11.0)

Other movements 20.9

Increase in 2012 33.1

Balance on 31 December 2012 247.7

- Issue of 2 million shares (€ 30.8 mln.) has influence on equity
- Other movements mainly contain change in value of the financial instruments (€- 8.3 mln.) and revaluation real estate (€- 2.1 mln.)



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Cash flow from operating activities

(x € mln.)

Cash flow from operating activities

	2011	2012
Operating result	34.8	32.5
Result of participation	16.1	0.0
Depreciation and amortisation	7.4	8.3
Share-based payments	0.4	0.3
Operating cash flow before working capital and provisions	58.6	41.1
Movement in working capital and provisions	(6.5)	18.2
Paid interest and taxes	(12.8)	(5.2)
Net cash flow from operating activities	39.4	54.1



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Cash flow from investment and financing activities

(x € mln.)

Cash flow from investment activities

	2011	2012
Received interest	0.3	0.6
Movement in fixed assets	(8.1)	(14.9)
Acquisitions subsidiary companies	(14.7)	(59.7)
Net cash flow from investment activities	(22.5)	(74.0)

Free cash flow

	16.9	(19.9)
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Cash flow from financing activities

	2011	2012
Movements in bank loans and bank credits	(4.0)	2.9
Dividends	(9.9)	(11.0)
Share issue	0.0	30.8
Share- and option-based payments	(0.1)	(0.5)
Net cash flow from financing activities	(14.0)	22.2

Net cash flow

	2.9	2.3
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Ratios

	2011	2012
EPS	€ 1.93	€ 1.01
ROCE*	11.5%	8.5%
Operating result	6.5%	4.7%
Net debt/EBITDA*	2.4	3.2
Solvency	49.5%	41.1%
Interest coverage *	7.7	5.2
Average number of employees (FTE's)	2,234	2,776

* based on adjusted operating results excl. non-recurring profits and losses



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Dividend proposal

	2011	2012
EPS	€ 1.93	€ 1.01
Dividend proposal	€ 0.92	€ 0.75
Pay-out ratio	48%	74%
Year end share price	€ 14.10	€ 13.31
Dividend yield	6.5%	5.6%



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Trends and expectations

- Social and demographic trends do not change
 - Mobility
 - Environment
 - Ageing
 - Health
 - Sustainability
 - Governments stimulate health, recreation and the increasing use of the bicycle as an alternative form of transport
- So...



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Trends and expectations

- Increase in bicycle use
 - More exercise, healthier lifestyle
 - As a replacement for the car or public transport
 - Health and diversion
 - Active recreation and sports
- Because cycling is:
 - Fun
 - Cheap
 - Trendy



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Strategy Accell Group

- Creating innovative, high-quality and recognisable products with strong brands
- Positioning, promoting and expanding the brand portfolio, targeted marketing and intensive cooperation with and support for the specialist trade
- Continuous cost control, inventory management, portfolio management, and further exploitation of synergies particularly after acquisition Raleigh
- Active search for possible acquisitions



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Adjustments organisation

- The announced discontinuation in January of assembly activities in Canada at the end of the upcoming cycling season
- Looking into further cooperation Dutch companies and possible merging of activities; outcome and consequences for employment are expected before the end of the first quarter



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Outlook 2013

Based on the trends and strategy an increase of turnover and net operating result is expected for 2013 compared to 2012*.

* Barring unforeseen circumstances



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