

# Presentation Annual Results 2007

Okura Hotel, Amsterdam  
29 February 2008

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## Agenda

1. Accell Group in 2007

2. The Accell Group share

3. Financial

4. Outlook

5. Innovation & design





## Again growth in turnover and profit

- Turnover was up 10% at €476.1 million.
  - 7% autonomous growth
  - 3% growth by acquisitions.
- Operating profit\* + 31% at €39.6 million.
- Net profit\* + 33% at €24.4 million.
- Earnings per share\* + 30% at €2.60.
- Growth in bicycles / bicycle parts & accessories segment.
- No turnover growth in fitness segment.

\* Operating profit, net profit and earnings per share based on profit from ordinary operations.



## Bicycles and bicycle parts segment

- Turnover increase + 12% at €431.5 million.
- Bicycles sold in 2007: 943,000 (2006: 917,000).
- Average price of bicycles sold in 2007: €367 (2006: €339).
- Further increase in electric bike sales.
- Further expansion 'custom-made' programmes.
- Acquisition of Ghost as per 1 March 2008.



## Fitness segment

- Turnover 2007 €45.0 million (2006: €45.7 million).
- First-half less sales in Europe due to exceptional weather in 2007, third quarter also proved weak.
- Turnover improved in the fourth quarter through the introduction of new and innovative products. Collection well received and good order intake for the new collection.
- Webena's activities were fully integrated in the fitness division.
- Further streamlining and reinforcement of the organisation of the fitness division (headquarters Almere, the Netherlands).
- Relocation of the Tunturi fitness equipment production in Finland to Estonia (joint venture with a local partner) completed.

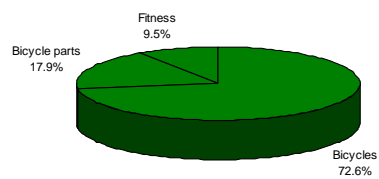


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## Turnover per product group



(x € million)	Turnover		
	2006	2007	Increase
Bicycles	311.3	345.9	11%
Bicycle parts	74.9	85.0	14%
Fitness	45.6	45.1	-1%
	<u>431.7</u>	<u>476.1</u>	10%

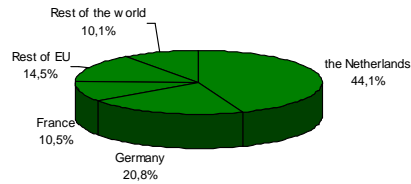


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## Geographical distribution turnover



(x € million)	Turnover		Increase
	2006	2007	
the Netherlands	195.2	210.1	8%
Germany	91.9	99.2	8%
France	41.0	49.8	22%
Rest of EU	58.7	69.0	17%
Rest of the world	44.9	47.9	7%
	<u>431.7</u>	<u>476.1</u>	10%

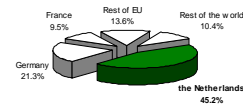


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## The Netherlands



• Total turnover in the Netherlands rose by 8% to €210.1 million due to:

- good sales of electric bikes
- good weather in first-half 2007
- again growth in turnover and profit bicycle parts & accessories, partly due to a wider product range.

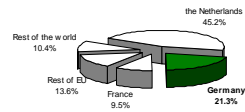


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## Germany



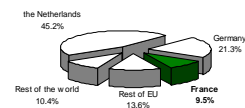
- Turnover in Germany rose by 8% to €99.2 million as a result of an increase in bicycle turnover due to:

- sound market developments
- turnover increase in bicycle parts at Winora Group.

- Combining Hercules and Winora on one location: sales organisations continue to work independently and all back-office activities will be integrated.



## France



- Turnover in France increases 22% to €49.8 million.

- Turnover Lapierre grows again due to strong brand positioning and innovations.

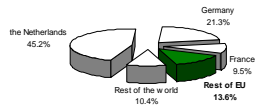
- Production activities at Mercier integrated with Lapierre; assembly for Lapierre and JC Decaux projects\*.

- Project for Paris is produced entirely in Hungary; other JC Decaux projects are produced at Mercier. The Vélip' project in Paris generated a lot of publicity.

\* JC Decaux delivers bicycle projects to cities.

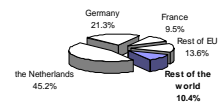


## Other EU countries



- Turnover in other EU countries increases 17% to €69.0 million.
- Acquisition Brasseur, Belgium.
- Bicycle sales increase in:
  - Austria
  - Spain
  - Scandinavia.

## Countries outside the EU



- Turnover in countries outside the EU increases 7% to €47.9 million.
- Switzerland.
- Turnover increase at SBS:
  - turnover bicycles and bicycle parts grows in USA/Canada
  - distribution Lapierre and Batavus in USA
  - sponsoring cyclists Team Redline (BMX).



## Acquisitions after balance sheet date

- Acquisition Ghost:
  - top brand in mountain bikes and racing bikes
  - based in Waldsassen (Germany)
  - turnover 2007 around €25 million with 78 employees
  - extensive dealer network in home market Germany
  - export to various countries in Europe
  - expected immediate contribution to EPS.



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## Production and sourcing

- Extension of bicycle production in Hungary completed.
- New production facility for fitness equipment in Estonia functions satisfactorily.
- Delivery problems (second half-year) almost resolved.



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## E-commerce

- New ordering system Accentry developed for bicycles and bicycle parts as a start in supply chain digitalisation.
- Special configurator developed for custom-made bicycles.



## NMa fine

- Court ruling on appeal by the Rotterdam court on 18 July 2007:
  - fine lowered to €4.6 million from €11.5 million.
  - part of accusation declared unfounded.
- Court is of the opinion that competition-sensitive information on bicycle prices was exchanged (contrary to the opinion of Accell) in the 2001 bicycle season but judges these as less serious than the NMa does.
- A provision of €4.6 million taken in the 2007 annual figures.
- On 8 February 2008 Accell Group has lodged a written statement in the appeal with the 'College van Beroep voor het bedrijfsleven' –CBb (corporate appeals board).
- No impact on operational results; therefore key figures are based on operational results.



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## Share price in 2007



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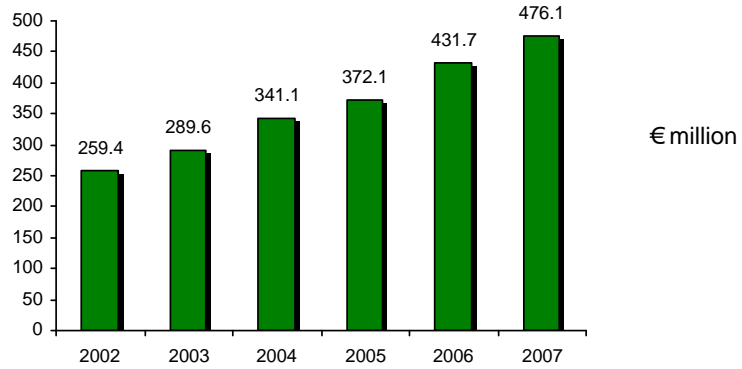
## Profit & loss statement

(x €million)	2006	2007
Net turnover	431.7	476.1
Materials costs	272.6	296.5
Other expenditure	129.0	140.0
Operating result (EBIT)	30.1	39.6
Result of participations	0.0	0.1
Interest charges	3.9	5.6
Taxes	7.9	9.6
Net profit from ordinary operations <sup>1)</sup>	18.4	24.4

1) Net profit from ordinary operations concerns the net profit without the provision for the NMa fine.



## Turnover development last 5 years

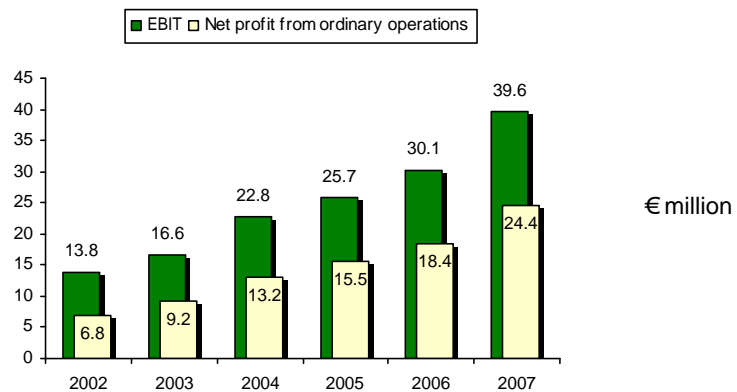


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## Results development last 5 years



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## Segment information

(x € million)	Bicycles & Bicycle parts	Fitness	Total
<b>2007</b>			
Net turnover	431.5	45.0	476.1
Segment result <sup>1)</sup>	48.6	0.8	49.4
Result / net turnover	11.3%	1.8%	10.4%
<b>2006</b>			
Net turnover	386.9	45.7	431.7
Segment result <sup>1)</sup>	36.9	2.0	38.9
Result / net turnover	9.5%	4.3%	9.0%

<sup>1)</sup> Result from ordinary operations, before non-allocated costs.



## Materials costs

(x € million)	2006		2007	
Turnover	431.7	100.0%	476.1	100.0%
Materials	272.6	63.1%	296.5	62.3%
Added value	<u>159.1</u>	36.9%	<u>179.5</u>	37.7%

Increase in added value as a result of an improvement in product mix (e.g. E-bikes).



## Operational expenses

(x €million)	2006		2007	
Personnel costs	66.1	15.3%	67.5	14.2%
Depreciations	4.9	1.1%	5.8	1.2%
Other operating costs	58.0	13.4%	66.7	14.0%
<b>Total</b>	<u>129.0</u>	29.9%	<u>140.0</u>	29.4%

- Relatively lower personnel expenses.
- Other operating expenses increased to 14.0% of turnover.
- Just as in 2006, marketing expenses remained at a stable level between 3 - 4% of turnover.



## Results per half-year

(x €million)	H1 2006	H1 2007	H2 2006	H2 2007
Net turnover	242.0	275.5	189.7	200.6
Materials costs	152.1 62.8%	170.2 61.8%	120.5 63.5%	126.4 63.0%
Other expenditure	72.4	79.8	56.6	60.1
Operating result (EBIT)	<u>17.5</u> 7.3%	<u>25.5</u> 9.2%	<u>12.6</u> 6.6%	<u>14.1</u> 7.0%
Result of participations	0.0	0.0	0.0	0.1
Interest charges	2.2	3.2	1.7	2.4
Taxes	4.8	6.2	3.1	3.4
Net profit from ordinary operations 1)	<u>10.6</u> 4.4%	<u>16.1</u> 5.8%	<u>7.8</u> 4.1%	<u>8.4</u> 4.2%

- Turnover increases 6% in the second-half, of which 3% autonomously
- Operational result increases 12% in second-half.
- Net profit from ordinary operations increased 7% in the second-half.



## Balance sheets, assets

(x €million)	31/12/2006	31/12/2007
<b>Fixed Assets</b>		
Intangible fixed assets	12.4	13.3
Tangible fixed assets	48.7	54.9
Financial fixed assets	10.0	9.8
	<u>71.2</u>	<u>78.0</u>
<b>Current assets</b>		
Inventories	106.6	119.2
Receivables	67.7	80.2
Cash	0.1	0.2
	<u>174.4</u>	<u>199.6</u>
<b>Total assets</b>	<u>245.6</u>	<u>277.6</u>



## Working capital

(x € million)	31/12/2006	31/12/2007	Increase '06 -> '07
Inventories	106.6	119.2	12%
Accounts receivable	59.3	69.9	18%
Accounts payable	39.3-	36.6-	-7%
<b>Total</b>	<u>126.6</u>	<u>152.5</u>	20%

- Effect of acquisition of Brasseur €3.0 million.
- Autonomous working capital growth (18%) influenced by:
  - Inventories: in line with autonomous turnover growth
  - Accounts payable: turnover growth and more credit; little default
  - Accounts receivable: less use of supplier credit.
- The height of the working capital is strongly influenced by the seasonal pattern and the type of customer / suppliers.



## Balance sheet, liabilities

(x €million)	31/12/2006	31/12/2007
Group equity	91.9	107.1
Subordinated debt	2.5	1.5
Provisions	11.6	16.9
Long-term debts	36.5	48.4
Bank credit	48.2	49.9
Short-term debts	54.8	53.8
<b>Total liabilities</b>	<b><u>245.6</u></b>	<b><u>277.6</u></b>

- Increase in liabilities primarily caused by provision for the NMa fine.
- Increase in bank credit and loans (€ 13.5 million) mainly for financing autonomous growth.



## Group equity

(x €million)	
As per 1 January 2007	91.9
Net profit	19.8
Payment dividend 2006	3.7-
Other movements	<u>0.9-</u>
Increase in 2007	15.2
<b>As per 31 December 2007</b>	<b><u>107.1</u></b>

- Solvency of 38.6% (2006: 37.4%).
- Group equity per average share € 11.38 (2006: € 10.02).



## Cash flow from operational activities

(x €million)	2006	2007
<b>Cash flow from operational activities</b>		
Net profit from ordinary operations	18.4	24.4
Provision NMa fine	-	4.6-
Depreciations	4.9	5.8
Share-based payments	0.1	0.1
Movement in provisions	0.6	4.9
Cash flow from operations before working capital	24.0	30.6
Movement in working capital	29.8-	24.7-
<b>Net cash flow from operational activities</b>	<b>5.8-</b>	<b>5.9</b>



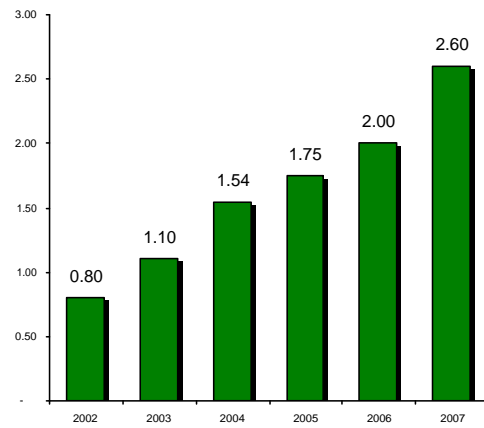
## Cash flow from investment- and financing activities

(x € million)	2006	2007
<b>Cash flow from investment activities</b>		
Investments in tangible fixed assets	10.2-	9.9-
Investments in intangible fixed assets	-	0.3
Investments in financial fixed assets	3.9-	0.2
Acquisitions subsidiary companies	12.9-	4.6-
<b>Net cash flow from investment activities</b>	<b>27.1-</b>	<b>14.0-</b>
<b>Cash flow from financing activities</b>		
Movement in bank loans and bank credits	35.2	12.7
Dividends	2.0-	3.7-
Other movements	0.3-	0.7-
<b>Net cash flow from financing activities</b>	<b>32.9</b>	<b>8.3</b>





## Earnings per share



Based on net profit from ordinary operations



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## Ratios

	2006	2007
ROCE	15.7%	17.7%
ROE	20.0%	22.8%
Operating result <sup>1)</sup> / turnover	7.0%	8.3%
Solvency	37.4%	38.6%
Average number of employees (fte's)	1,671	1,713

<sup>1)</sup> Based on result from ordinary operations



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## Dividend proposal for 2007

- Optional dividend

	2006	2007
• Dividend proposal	€0.95	€1.25
• Pay-out ratio	47.4%	48.1%
• Dividend return <sup>1)</sup>	3.7%	5.0%

<sup>1)</sup> Based on share price as per 31-12-2007.



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## Strategy Accell Group

- Offering added value to consumers with high-quality and recognisable products.
- Expand brand portfolio, targeted marketing and intensive cooperation with specialist shops.
- Expansion of activities in electric bikes and the fitness segment.
- Constant cost control, inventory management, portfolio management, realisation of additional synergy benefits.
- Actively looking for suitable acquisitions.



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## Outlook 2008

- Good market circumstances for mobility solutions and contribution to physical health.
- Electric bicycles allow more people to go back to cycling.
- Further increase in turnover and net profit from ordinary operations in 2008; further details at the presentation of the half-year figures.



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## Innovation and design

- Theme annual report 2007: "Sustainable innovation in mobility".
- Accell Group aims for the middle- and higher segment of the market.
- Innovation and design are therefore "key" within the strategy of Accell Group.
- Subsidiaries take the lead in innovation.
- Other subsidiaries benefit through "adaptations".
  - Example: Sparta ION technology is used by Batavus, Koga, and Hercules with their own style.
- Accell Group benefits from sustainable trends: more and healthier exercise and mobility vs. the environment.



Innovation and design

Batavus Weekend



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Innovation and design

Batavus Mambo

Incl. Theft prevention chip



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Innovation and design

Koga Tesla S



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Innovation and design

Sparta Ion Style



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Innovation en design

Lapierre X-Lite HM Tour de France Replica



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Innovation and design

Vélib'



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Innovation and design

Tunturi Treadmill T 50



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