



General Meeting of Shareholders

26 April 2016



01. Opening and announcements



26 April 2016

Accell Group - General Meeting of Shareholders



02. Presentation and discussion of the 2015 Annual Report

1. Accell Group in 2015

2. Incident Taiwan

3. Financials and outlook

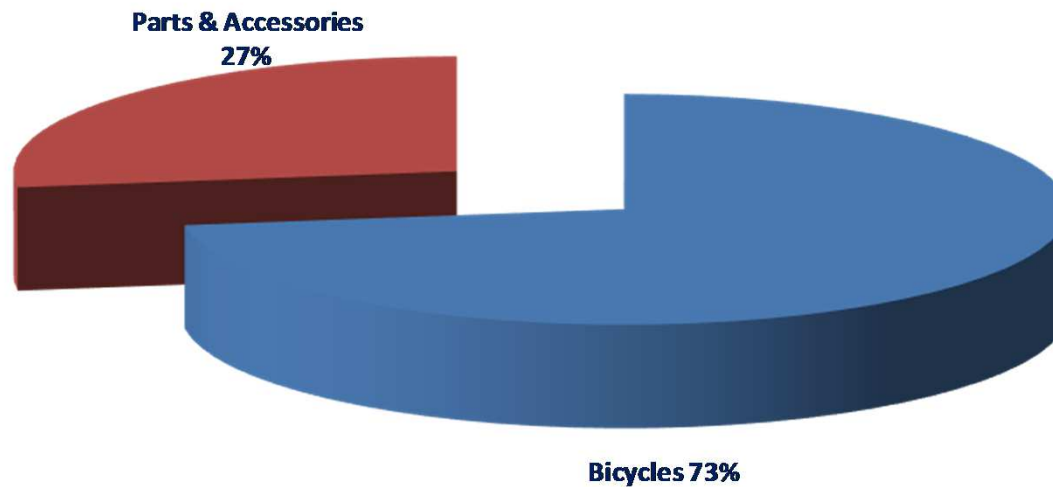
4. Supply chain

Main developments 2015

- Net turnover rises 12% to € 986.4 mln. influenced by:
 - Increase in sales electric bikes
 - Strong growing P&A turnover in Europe and growth of own brand
 - Acquisition Comet and CSN
- Operating profit rises 33% to € 58.5 mln.
- Net profit rises 22% to € 32.3 mln.
- Results are influenced by incident Taiwan



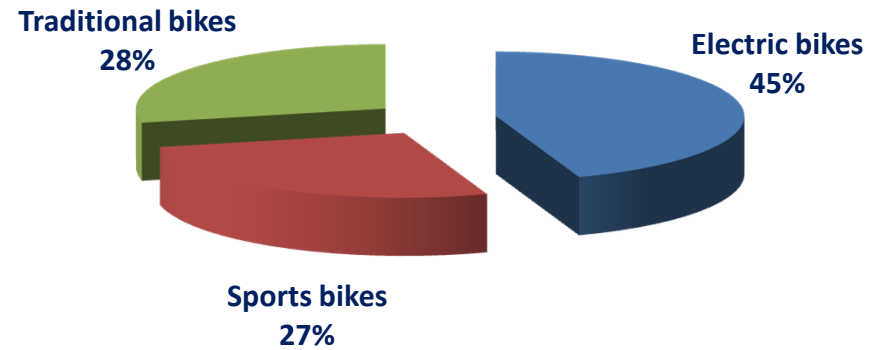
Turnover per segment



(x € mln.)	Turnover			
	FY 2014	FY2015	<i>difference</i>	<i>organically</i>
Bicycles	658.1	719.0	9%	10%
Parts & Accessories*	224.3	267.4	19%	7%
	<u>882.4</u>	<u>986.4</u>	12%	9%

* Turnover Parts & Accessories including fitness equipment

Bicycles

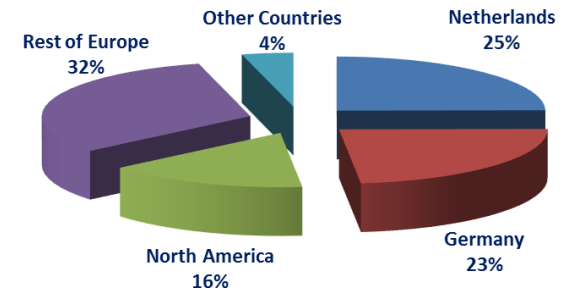


- Turnover bicycles rises 9% to € 719 mln. (2014: € 658 mln.)
- Strong growth sales electric bikes, especially in Germany. Electric bike sales accounts for 45% of overall turnover in bicycle segment (2014: 41%)
- In 2015, over 1.6 mln. bicycles sold (2014: 1.7 mln.)
- Average price per bicycle rises 16% to € 437 (2014: € 377) as electric bike sales accounted for a greater proportion of overall turnover
- Segment result up 22% to € 56.3 mln. (2014: € 46.3 mln.)





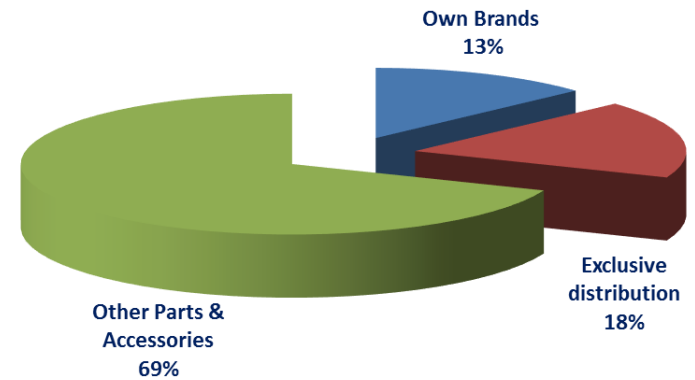
Bicycles per country



- **The Netherlands:** Turnover decreases by 7% largely due to strong competition in E-bikes, rise of other channels and disappearance of company bicycle scheme. Sales fall by 10%
- **Germany:** Increase of turnover by 16% due to strong growth in E-bikes by Haibike, Winora and Ghost. Sales rise by 12%
- **North America:** Growth in multi-sports channel due to introduction of Ghost. Turnover in the traditional bicycle retailers channel (IBD) decreases by 10%. Turnover growth in euro's influenced by exchange rate EUR/USD
- **Rest of Europe:** Turnover growth of 22% in nearly all countries in which Accell Group is active
- **Other countries:** Turnover in Turkey increased and turnover in the Far East remained stable



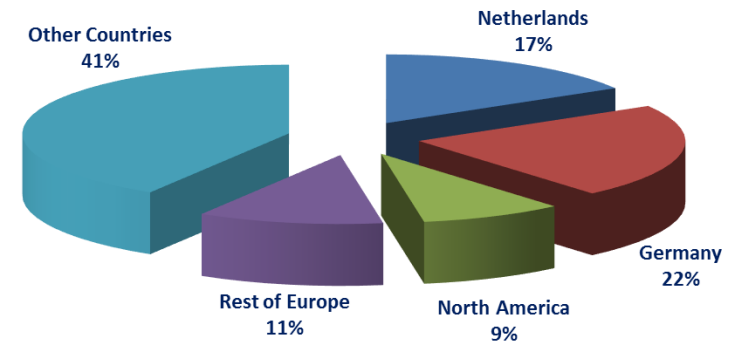
Parts & Accessories



- Turnover of the segment increases 19% to € 267 mln. (2014: € 224 mln.) especially due to the acquisition of Comet and CSN. The organic growth in turnover is 7%
- Strong turnover growth of own brands of 10%. The biggest proportion comes from XLC which is distributed in over 45 countries
- Accell Group has strong positions in especially the Netherlands, Germany, France, Spain, Italy, United Kingdom and Scandinavia
- Segment result rises 46% to € 16.8 mln. (2014: € 11.5 mln.)

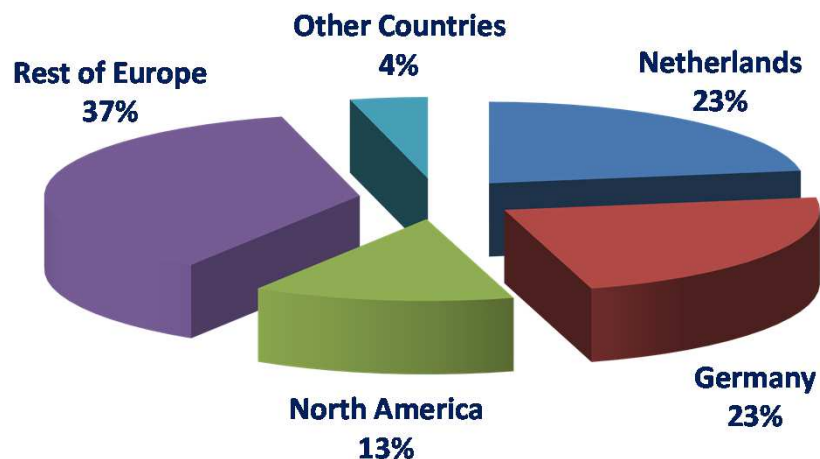


Parts & Accessories per country



- **The Netherlands:** Higher turnover (7%) party due to rising sales for E-bike parts such as batteries
- **Germany:** Turnover rises 11% compared to last year
- **North America:** Turnover decreases partly as a result of several suppliers who decided to supply to dealers directly
- **Rest of Europe:** Turnover up 34% due to acquisition of Comet and CSN
- **Other countries:** Turnover grows 30% due to P&A sales in Turkey

Geographical distribution of turnover



(x € mln.)	Turnover			
	FY 2014	FY2015	<i>difference</i>	<i>organically</i>
The Netherlands	236.7	222.4	(6%)	(5%)
Germany	198.4	227.0	14%	16%
North America	117.5	132.1	12%	16%
Rest of Europe	298.2	365.6	23%	14%
Other countries	31.6	39.3	24%	2%
	882.4	986.4	12%	9%



02. Presentation and discussion of the 2015 Annual Report

1. Accell Group in 2015

2. Incident Taiwan

3. Financials and outlook

4. Supply chain



Incident Taiwan

- Facts
- Investigation
- Cause
- Measures
- Conclusion



Facts

- An employee of one of Accell Group's own Asian agent organisations (Accell Asia Taiwan) stole money from the company's bank account
- The damage to Accell Group is estimated at a maximum of € 4 million
- The employee involved has been fired immediately
- Accell Group has immediately requested legal support in Taiwan and made contact with the local authorities to report the theft
- Immediate actions have been taken to prevent further damage. The conclusions of the investigation have been incorporated in a recovery plan to further tighten the internal control. The plan is discussed with the external auditor



Investigation

- Accell Group subsequently initiated an investigation into the nature, cause and impact of this theft
- The Supervisory Board assigned an international forensic audit firm for this investigation. There has been almost daily contact during the investigation between the Supervisory Board, Board of Directors and the auditors
- After careful analysis, the investigation resulted in the conclusion that this was an isolated incident with one employee involved.
- In cooperation with the external auditor it has been assumed that no similar incidents have occurred in other "small" entities



Cause

- In recent years, Accell Group paid a lot of attention to the quality of the finance function (a.o. One Finance program) and the internal control system in particular (a.o. use of Internal Audit)
- Also for smaller entities there is a system of internal controls
- The Audit Committee and Board of management strongly emphasized on the quality of the internal control
- The theft could occur because of an unfortunate combination of events, in which the employee involved has been able to circumvent and misuse the availability of certain payment facilities by misappropriation of systems, processes and trust.
- **Conclusion:** despite the emphasis on internal controls, the internal control measures proved not effective to prevent this incident



Measures

- A recovery plan has been drawn up by the Board of Directors, focusing on tightening the internal controls
- The implementation of this plan, which involves further strengthening of internal controls, is closely monitored by the Supervisory Board
- The Internal Audit organization will be extended so that deeper investigation can take place, not only to the existence of internal controls but also to check the proper execution



Conclusion

- In general, the following applies for the internal controls of Accell Group:
 - The character of the business allows it to easily follow goods and cash flows
 - There is a structured system of internal control with frequent insight into the figures of subsidiaries, focusing on tracking the actual flow of goods, a layered structure of control systems, including an Internal Auditor
 - In recent years the control systems are further tightened, but in response to the incident in Taiwan, these systems will be further tightened.
- Unfortunately, all these controls have not been sufficient for the involved company in Taiwan



02. Presentation and discussion of the 2015 Annual Report

1. Accell Group in 2015

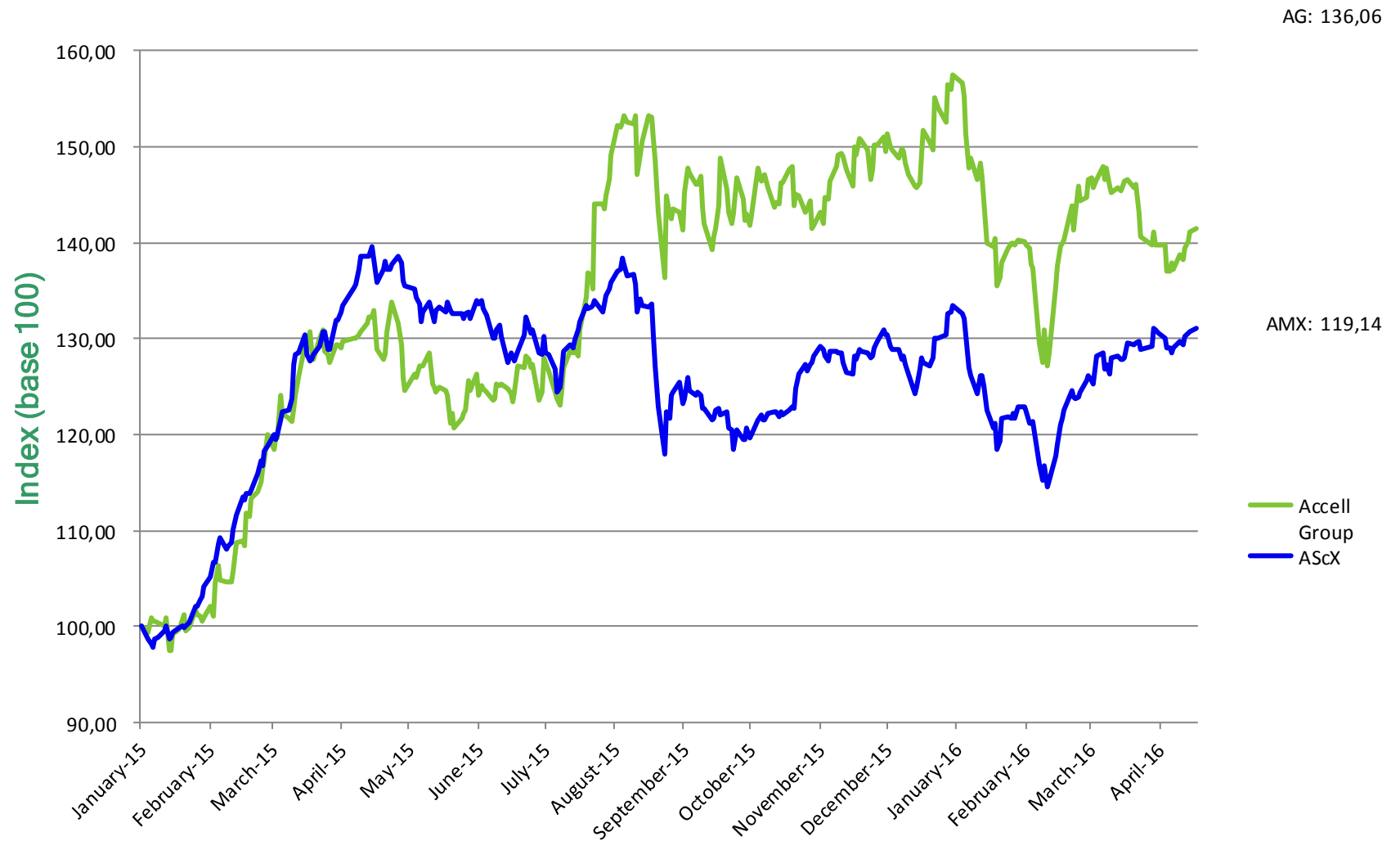
2. Incident Taiwan

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Share price development Accell Group



Profit & loss statement

(x € mln.)	FY 2014	FY2015	Δ
Net turnover	882.4	986.4	12%
Costs of materials	(614.1)	(673.4)	10%
Other costs	(223.5)	(250.5)	12%
Operating profit (EBIT)	44.8	62.5	40%
Non-recurring income & expenses	(0.7)	(4.0)	
Result of participations	0.4	(0.9)	
Financial income & expenses	(8.8)	(9.1)	4%
Taxes	(9.3)	(16.2)	74%
Net profit	26.5	32.3	22%



Added value

(x € mln.)	FY 2014	FY 2015	Δ FY
Net turnover	882.4	986.4	12%
Cost of materials	(614.1)	(673.4)	10%
Added value	268.3	313.0	17%
	30.4%	31.7%	

- In relative terms, added value rises 1.3% points:
 - Improved underlying margins and fewer discounts
 - Improved sales mix due to more electric bikes
 - Positive contribution acquisition Comet and CSN

Operational costs

(x € mln.)	FY 2014	% turnover	FY2015	% turnover	Δ
Staffing costs	(107.4)	12.2%	(119.3)	12.1%	11%
Depreciation & amortization	(8.9)	1.0%	(10.1)	1.0%	13%
Other operating costs	(107.2)	12.1%	(121.1)	12.3%	13%
Operating costs	(223.5)	25.3%	(250.5)	25.4%	12%

- In relative terms operational costs rise by 0.1% point:
 - Staffing costs decrease to 12.1% of turnover (2014: 12.2%)
 - Other operating costs increase to 12.3% of turnover (2014: 12.1%)
 - Total operating costs increase to 25.4% of turnover (2014: 25.3%)

Net profit

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- Non-recurring loss 2015: incident in Taiwan (€ 4 mln.)
- Financial costs € 0.3 mln. higher
- Taxes rise to 33.5% (2014: 25.9%) due to:
 - Incident in Taiwan
 - Increase of results in Germany
 - Not capitalizing unused tax losses in North America

Balance sheet, assets

(x € mln.)	31/12/2014	31/12/2015
<i>Fixed assets</i>		
Intangible fixed assets	98.5	103.2
Tangible fixed assets	68.1	69.8
Financial fixed assets	34.3	31.8
	200.9	204.8
<i>Current assets</i>		
Inventories	244.5	338.7
Receivables	172.9	172.0
Cash and cash equivalents	13.5	14.2
	430.9	524.9
Total assets	631.8	729.7



Working capital

(x € mln.)

	31-12-2014	31-12-2015	Δ
Inventories	244.5	338.7	39%
Accounts receivable	133.3	134.6	1%
Accounts payable	(108.5)	(135.6)	25%
Total	269.2	337.7	25%
<i>Working capital as % of net turnover</i>	<i>30.5%</i>	<i>34.2%</i>	

- Inventories are increasing, both in number and value:
 - Higher cost price per bicycle due to growing E-bike proportion
 - More bikes in stock due to expected turnover growth in the coming season
 - Higher stock components by bringing forward production
- Higher accounts receivable balance due to higher sales:
 - Accounts receivable decrease by 1.4% as percentage of turnover
- Accounts payable increase due to higher inventories and increase in cost prices of goods in transit

Balance sheet, liabilities

(x € mln.)	31-12-2014	31-12-2015
Group equity	281.1	305.9
Provisions	34.0	31.2
Long-term debts	70.8	59.0
Credit institutions	95.0	155.2
Short term debts	151.0	178.4
Total liabilities	631.8	729.7



Group equity

(x € mln)

Total equity on January 1, 2015	281.1
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Net profit	32.3
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Paid dividend 2014	(8.7)
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Other changes	1.2
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Growth	24.8
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Total equity on December 31, 2015	305.9
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- Other changes include:
 - Processing of financial instruments due to hedging activities
 - Currency effects of foreign activities

Cash flow

(x € mln.)	31-12-2014	31-12-2015
Cash flow from operating activities		
Operating Profit	44,1	58,5
Depreciation	8,9	10,1
Share-based payments	0,3	0,4
Operating cash flow for working capital and facilities	53,3	68,9
Changes in working capital and provisions	2,8	(68,3)
Cash flow from operating activities	56,1	0,7
Interest paid and banking costs	(9,2)	(10,0)
Income taxes paid	(8,7)	(9,8)
Net cash flow from operating activities	38,2	(19,0)
Cash flow from investment activities		
	0,3	0,7
Changes in fixed assets	(9,6)	(10,9)
Sale of business activities	23,4	0,0
Business combinations	(14,0)	(1,8)
Net cash flow from investment activities	0,1	(12,0)
Free cash flow	38,3	(31,1)
Cash flow from financing activities		
Changes in bank loans and bank overdrafts	(34,2)	39,7
Cash dividend	(7,2)	(8,7)
Stock and option plans	(0,1)	(0,1)
Net cash flow from financing activities	(41,5)	31,0
Net cash flow	(3,2)	(0,1)

Ratios

	FY 2014	FY2015
EPS	€ 1.06	€ 1.29
ROCE	9.6%	11.0%
Operating profit* / Turnover	5.1%	6.3%
Solvency	44.5%	41.9%
Net debt / EBITDA	2.9	2.9
Average number of employees (FTE)	2,796	3,037

* Excluding non-recurring profits and losses

Proposed dividend

	FY 2014	FY2015
Reported EPS	€ 1.06	€ 1.29
Incident Taiwan	-	€ 0.16
Total	€ 1.06	€ 1.44
Pay out ratio	58%	50%
Proposed dividend	€ 0.61	€ 0.72
Share price (years end)	€ 13.60	€ 21.07
Dividend yield	4.5%	3.4%





Trading update 26 April 2016

Accell Group recorded higher turnover and profit in the first quarter of 2016, due to:

- Higher demand for electric bikes (especially in Germany) and sports bikes
- Turnover in parts & accessories came in at the same level as last year.
- Weather conditions favorable

Sale of the North American parts & accessories (P&A) business to Hawley-Lambert

- Growth of both turnover and results, barring unforeseen circumstances

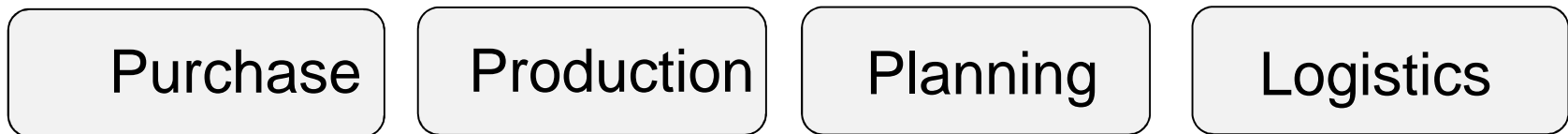
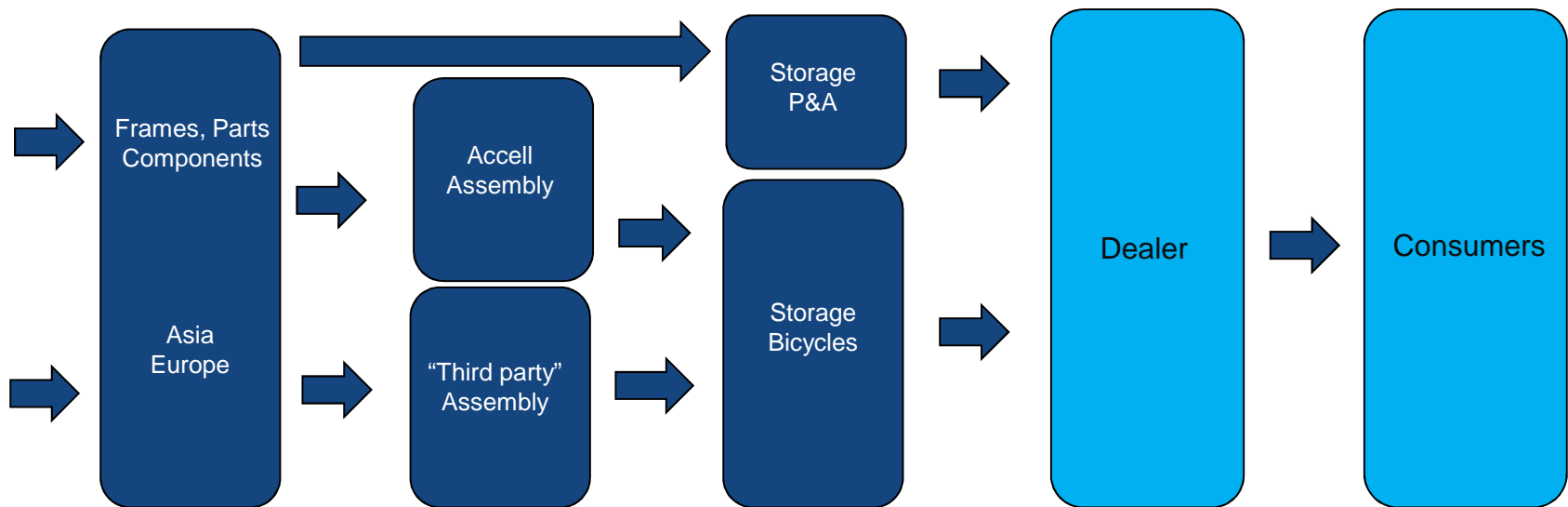


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4. Supply chain (included working capital)

The 'supply chain' of Accell Group

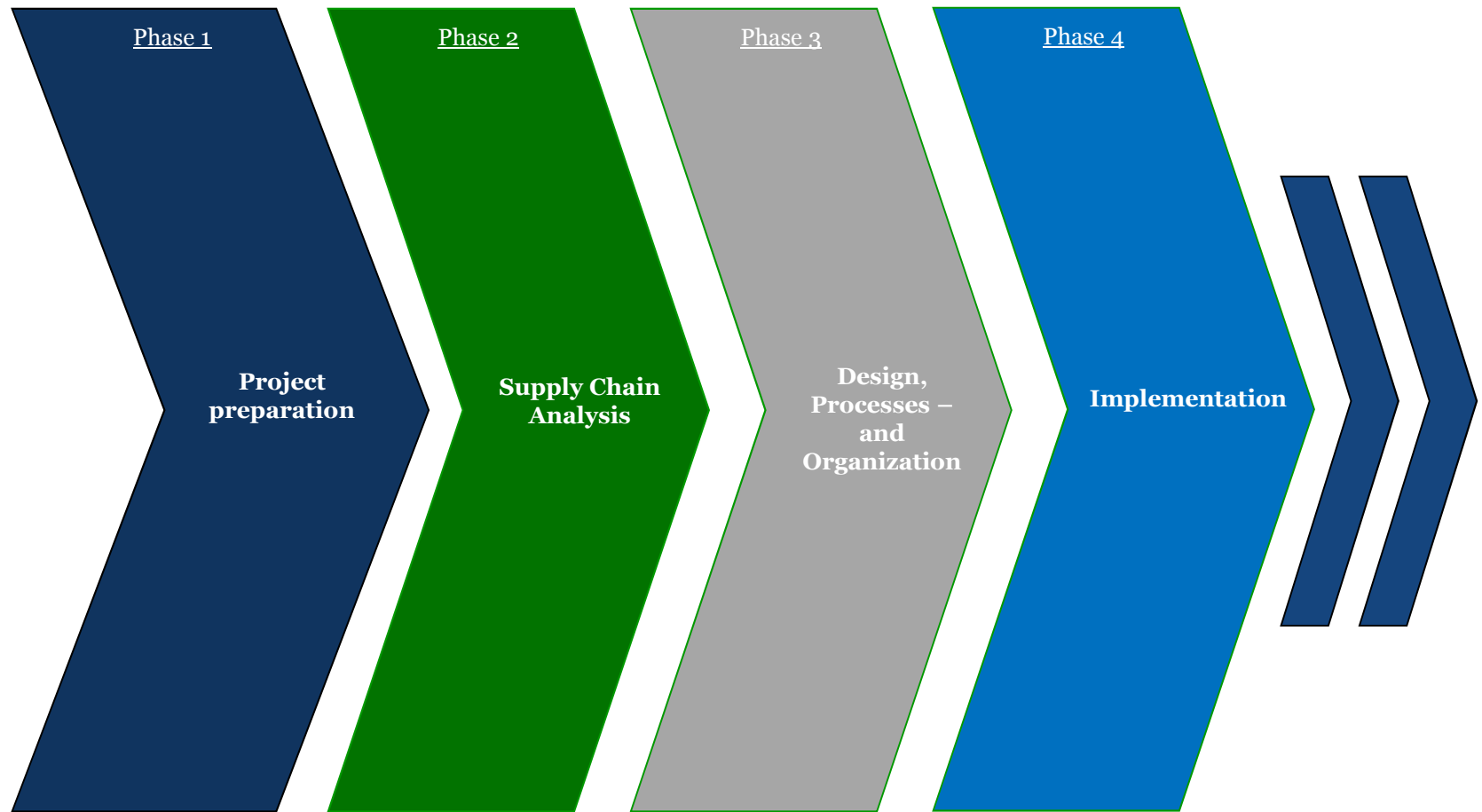


Accell “Supply Chain” works

But it could be better



Accell Supply Chain Project



‘Change process of "decentralized" to "group central model"’

The key supply chain priorities

Getting it right



Improve consumer and customer service - reliability



Focus on reducing working capital



Increase visibility and supply chain collaboration

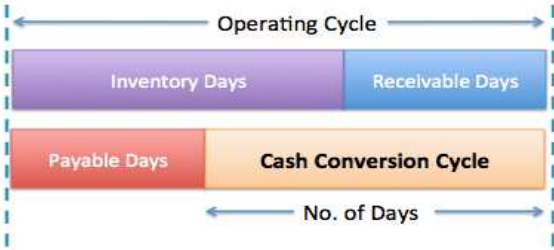


Integrate and empower supply chain organization



Ensure supply chain efficiencies

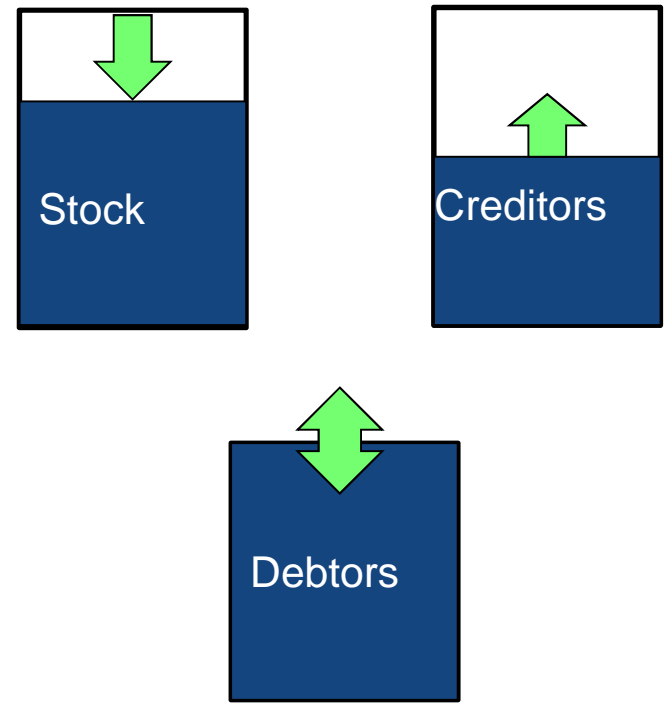
Integrated approach between commercial and supply planning –
leading our suppliers



Working capital Management

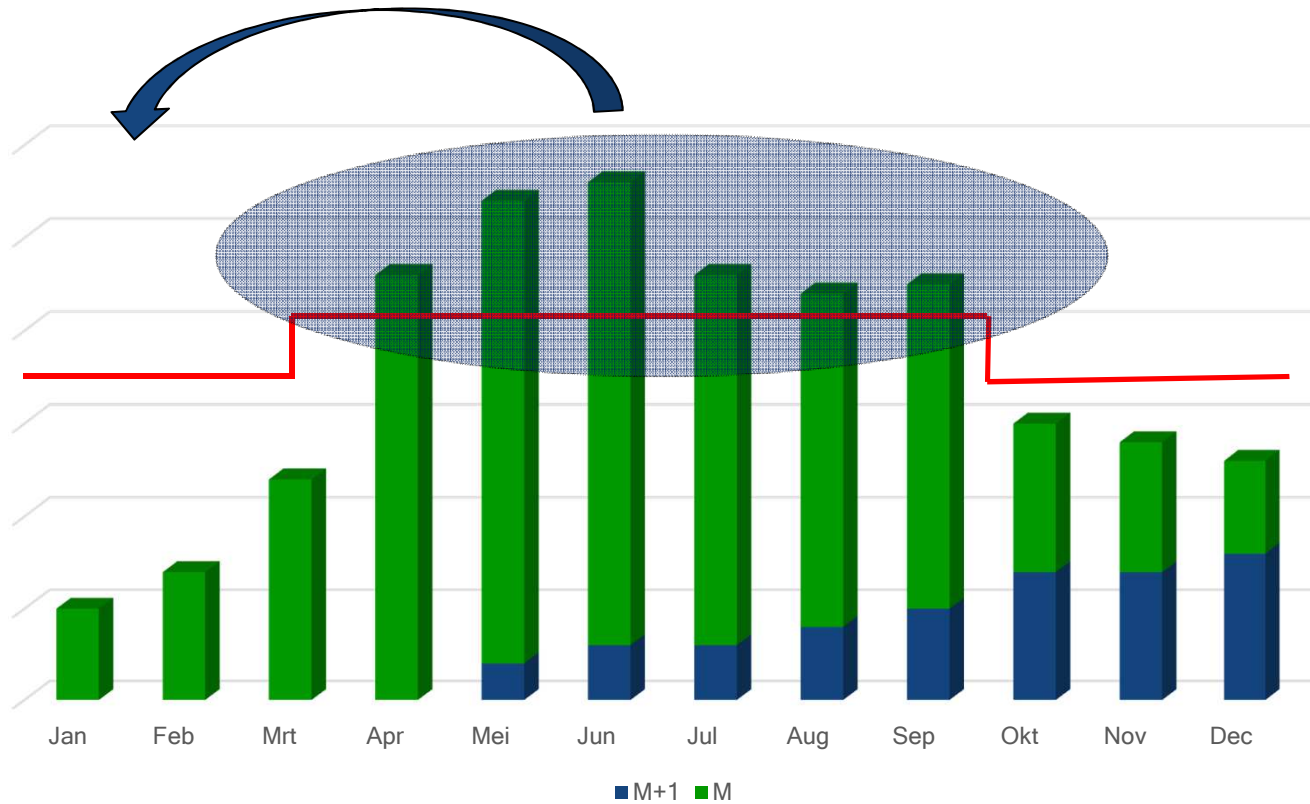
Supply Chain Management

Commercial Management





Cycling season has a major impact on the Supply Chain



Capacity balancing calls for pre-production

03. Discussion execution remuneration policy 2015



04. Adoption of the 2015 Financial Statements (resolution)





05. Adoption of the appropriation of profits in 2015

- a. Accounting for the reserve policy
- b. Adoption of dividend distribution (resolution)



06. Grant of discharge to the members of the Board of Directors for management duties performed during the 2015 financial year (resolution)



07. Grant of discharge to the members of the Supervisory Board for supervisory duties performed during the 2015 financial year (resolution)

08. Opportunity to recommend a person to be nominated as Supervisory Board member.





09. Appointment of external auditor (resolution)

KPMG Accountants N.V. is proposed to be appointed as auditor of the company in relation to the financial statements for the 2016 financial year



10. Authorisation of the Board of Directors to acquire shares in its own capital by the company (resolution)

- this authorization will be valid until 1 November 2017;
- the acquisition of shares in its own capital by the company requires the prior approval of the Supervisory Board;
- the number of shares to be acquired will be at most 10% of the issued share capital; and;
- the acquisition price will be at most 110% of the average share price over the previous five trading days.



11. Extension until 1 November 2017 of the period during which the Board of Directors is authorized to issue ordinary shares up to a maximum of 10% of the outstanding share capital after the prior approval of the Supervisory Board (resolution).



12. Extension until 1 November 2017 of the period during which the Board of Directors is authorized to limit or exclude the preemptive right after the prior approval of the Supervisory Board in respect of an issue of ordinary shares (resolution).

13. Any other business



14. Closure of the meeting





ACCELL GROUP



26 April 2016

AcCell Group - General Meeting of Shareholders

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