# PRESS RELEASE

**Full-year results 2016**

**Number of pages: 17**

# ACCELL GROUP RESULTS IN LINE WITH EXPECTATIONS; TURNOVER MORE THAN € 1 BILLION

**HEERENVEEN (THE NETHERLANDS), 10 MARCH 2017** – Accell Group N.V. (Accell Group) today announces its full-year results for the 2016 financial year, and discloses its refined strategy.

**HIGHLIGHTS**

- net turnover up by 6% at € 1.05 billion, on the back of strong growth in e-bikes and e-MTBs for sports and recreation in particular;
- operating result excluding exceptional income and expenses came in 5% higher at € 65.9 million;
- net profit, at € 32.3 million, was at the same level as in 2015; earnings and proposed dividend[1] per share came in at € 1.26 and € 0.72 respectively. This represents a pay-out ratio of 57%;
- working capital decreases to 29.2% of turnover;
- the ROCE increases to 12.2%;
- refined strategy, with new objectives for the medium term; with a clear focus on consumers and profitable growth in e-mobility, (e-)bike sports and recreation;
- the group financing arrangement was extended and expanded with a renewed five-year facility of € 375 million in total. This provides continuity of the financing at improved terms.

**KEY FIGURES**

| *(in € million unless otherwise stated)* | **2016** | **2015** | **Δ** |
|---|---|---|---|
| Net turnover | 1,048 | 986 | +6.3% |
| Added value | 30.0% | 31.7% | |
| Operating result excluding one-off gains and charges | 65.9 | 62.5 | +5.4% |
| EBIT-margin | 6.3% | 6.3% | |
| **Net profit** | **32.3** | **32.3** | **+0.0%** |
| Working capital | 29.2% | 34.2% | |
| Free cash flow | 61.3 | (31.2) | |
| ROCE | 12.2% | 11.0% | |

[1] Optional dividend subject to the approval of the General Meeting of Shareholders to be held on 25 April 2017

**René Takens, CEO Accell Group**: "We reached a milestone in *2016. For the first time in its history, Accell Group realised turnover in excess of € 1 billion. One of the main drivers of this turnover record was the constantly growing contribution from e-bikes and bikes in the higher segment of the market in particular. We are clearly benefitting from our leading position in the field of e-bikes, which recorded turnover growth of 33% and now represents 41% of our total turnover. Turnover in e-performance bikes increased by 70% in the year under review. Germany is the biggest driver behind the turnover growth. We are also seeing an increase in turnover from e-bikes in North America. There too we are market leader with our brands, including Haibike, in what is still a limited market with a large number of suppliers. The position of the Raleigh brand among specialist retailers in North America continued to decline in 2016, and we have therefore decided to distribute the brand via multiple channels. Consumers can now buy our products both via specialist retailers and online. Turnover in bicycle parts and accessories in Europe remains stable, and our own XLC brand is constantly gaining ground.*

*Our profit was impacted by lower margins on the sales of older bicycle collections, the fact that we did not charge on higher currency exchange rates and two major bankruptcies of multi-sports chains in North America. We see these bankruptcies as confirmation of changes in how consumers are choosing to shop. This change in behaviour played a key role in our decision to refine our strategy, in which we are focussing firmly on consumers. We will use an omni-channel approach to market our products and services in a way that forms the best possible fit with the purchasing preferences of individual consumers.*

*Working capital decreased significantly and we are seeing the benefits of a more centrally-managed supply chain on this front. We expect to be able to further reduce our working capital in the coming years.*

*Cycling will continue to be popular for mobility purposes, recreational and sports use in the years ahead. We expect to be able to maintain our lead thanks to our high-quality products, plus we expect to be able to add innovations to make cycling for various purposes even more attractive. Based on these trends, we expect to see a continued increase in turnover and operational results in 2017, barring unforeseen circumstances."*

**GROUP PERFORMANCE**

| *(in € million unless otherwise stated)* | **2016** | **2015** | **Δ** |
|---|---|---|---|
| Net turnover | 1,048 | 986 | +6.3% |
| Added value | 314.8 | 313.0 | +0.6% |
| As a % of turnover | 30.0% | 31.7% | |

**Net turnover** increased with 6.3%. This turnover growth was largely due to higher sales of (sports) e-bikes and advanced sports bicycles, while demand for regular (non-e) bikes and simple sports bikes declined. Corrected for the sale of the parts & accessories activities in North America in the first half of the year, growth came in at 7.4% in 2016.

The **added value** (net turnover less material costs and inbound transport costs) came in at 30.0%. The absolute value was 0.6% higher at € 314.8 million. The changed sales mix and a different geographical distribution of turnover had an impact on the added value. The added value was also negatively impacted by higher dealer discounts and the fact that we did not fully charge on higher materials prices (due among other things to unfavourable currency exchange rates) to customers.

| *(in € million unless otherwise stated)* | **2016** | **2015** | **Δ** |
|---|---|---|---|
| Staff costs | 121.8 | 122.9 | -0.9% |
| As a % of turnover | 11.6% | 12.5% | |
| Other operating costs | 122.3 | 122.8 | -0.4% |
| As a % of turnover | 11.7% | 12.5% | |

The decline in the number of bicycles sold and the effects of reorganisations resulted in a drop in staff costs. Staff costs as a percentage of turnover declined to 11.6%, from 12.5%. The operating costs also dropped; as a percentage of turnover, other operating costs fell to 11.7%, from 12.5%. The decline in other operating costs was partly due to a lower sales volume and was realised despite higher marketing and consultancy costs. The higher consultancy costs were largely related to organisational changes in the supply chain and external support for the refinement of the group strategy. In 2016, Accell Group invested in a more integrated management approach. As part of that drive, Accell Group strengthened the competencies at group level in areas such as Supply Chain, Marketing, HR and Finance.

The increase in turnover and (relative) decline in costs led to an increase in **operating result** (excluding one-off charges) of 5% to € 65.9 million. One-off charges in 2016 related to North America and resulted from the bankruptcies of two major sports chain and the effects of the sale of our parts & accessories activities, including the associated reorganisation and the buy-out of pension obligations. The combined one-off charges came in at € 5.5 million in 2016 (2015: € 4.0 million, as a result of the Taiwan incident).

| *(in € million unless otherwise stated)* | **2016** | **2015** | **Δ** |
|---|---|---|---|
| Financial expenses (net) | 8.3 | 9.1 | -8.8% |
| Taxes | 20.4 | 16.2 | +25.6% |
| Tax rate | 38.7% | 33.5% | |
| Net profit | 32.3 | 32.3 | 0.0% |

**Financial expenses** came in on balance at € 8.3 million, a decline of 9%. The lower expenses were due to smaller exchange rate differences on positions in foreign currencies, a lower credit uptake in the second half of the year and slightly lower interest rates. **Taxes** came in 26% higher at € 20.4 million, due to a strong improvement of the results in Germany and the non-capitalisation of carry-forward losses in North America. As a result, the average **tax rate** increased to 38.7%, from 33.5%. **Net profit** came in at € 32.3 million in 2016, the same as in 2015.

## PERFORMANCE PER SEGMENT

### Bicycles

| *(in € million unless otherwise stated)* | **2016** | **2015** | **Δ** |
|---|---|---|---|
| Net turnover | 785.5 | 719.0 | +9.3% |
| Segment result | 56.4 | 56.5 | -0.3% |

**Net turnover** in the bicycle segment came in 9.3% higher on the back of increased e-bike sales. Sales and turnover of sports e-MTBs of our brands Haibike, Ghost and Lapierre recorded particularly strong growth. Turnover in e-bikes was up 33%, while turnover in regular bicycles declined by 11%. Growing numbers of consumers are choosing an e-bike to replace non-electric bikes. The turnover contribution from e-bikes increased to 55% in 2016, from 45% in 2015. The average price per bicycle increased by 23% to € 536, from € 437 in 2015, on the back of the changing product mix. Due to the strong focus on sales of more expensive and high-quality bicycles, the total number of bicycles sold declined to 1,457,000 in 2016, from 1,642,000 in 2015.

The changed sales mix and a change in the geographical distribution, as well as more cut-price sales and the one-off charges in North America all had a negative impact on the **segment result**.

### Parts & accessories

| *(in € million unless otherwise stated)* | **2016** | **2015** | **Δ** |
|---|---|---|---|
| Net turnover | 262.6 | 267.4 | -1.8% |
| Segment result | 17.5 | 15.6 | +12.0% |

**Net turnover** in parts & accessories declined by around 2% in 2016, due entirely to the sale of the bicycle parts and accessories activities in North America. Corrected for this sale, turnover was higher, in 2016, with an increased proportion of turnover from Accell's own XLC brand in Europe compared to 2015.

The **segment result** of these trading activities increased by 12% to €17.5 million on the back of good results in all European countries where we are active. The greater contribution from our own XLC brand (in Europe) to overall turnover also had a positive impact on the higher segment result, thanks to the more effective utilisation of procurement benefits.

## DEVELOPMENTS PER REGION

| **Net turnover** *(in € million unless otherwise stated)* | **2016** | **2015** | **Δ** |
|---|---|---|---|
| The Netherlands | 224 | 222 | +1% |
| Germany | 266 | 227 | +17% |
| Rest of Europe | 405 | 368 | +10% |
| North America | 119 | 138 | -14% |
| Other countries | 35 | 31 | +15% |

Turnover in **the Netherlands** was slightly higher. Turnover in e-bikes, with the brands Koga, Batavus and Sparta, was up 5%. Turnover in parts and accessories was up 14% on the back of higher (replacement) demand for parts for e-bikes, such as batteries, displays and chargers. The demand for regular bicycles declined both in terms of numbers and in turnover. At this point, more than 90 e-bike brands are being marketed in the Netherlands via various channels. In the autumn of last year, we opened De Fietser (The Cyclist), the largest bicycle experience centre in Europe, in the Dutch town of Ede. The centre provides consumers with the opportunity to see and test all our bicycle brands and models. The centre also regularly organises activities to showcase the various uses of bicycles and enhance the bicycle experience.

In **Germany,** turnover was up 17% largely due to increased sales of Haibike's e-MTBs and Ghost's regular e-bikes. Turnover in parts was slightly higher than in 2015.

The North American market was stable, around 15% of bikes are now sold online. Adjusted for the sale of the activities in the field of parts & accessories, Accell turnover in **North America** came in 6% lower than in 2015. Turnover in sports bikes and e-bikes was higher, but this increase was not enough to fully compensate for the loss of two major sports chains as a result of bankruptcies. E-bikes are gaining in popularity in this market, too, and Accell Group is in a solid position for continued growth with its brands Haibike, Raleigh Electric, and IZIP. In the year under review, we initiated the implementation of omni-channel sales in the North American market. All brands are now available via specialist retailers and online.

In the **rest of Europe,** higher sales of e-MTBs was the main the driver of a 10% rise in turnover, compared with 2015. The popularity of the e-MTBs of our international brands Haibike, Lapierre and Ghost is growing in almost all European countries. Turnover in parts and accessories also increased in virtually all other countries in Europe.

Turnover in **other countries** outside Europe was limited and increased by around 15%, largely due to continued growth in Turkey. Turnover in other Asian countries and in Australia was roughly the same as in 2015.

## FINANCIAL STRENGTH AND CAPITAL EFFICIENCY

| | Ultimo 2016 | Ultimo 2015 |
|---|---|---|
| Net debt / EBITDA | 2.1 | 2.8 |
| Interest cover | 8.7 | 8.3 |
| Solvency[2] | 45.4% | 41.8% |

The net debt stood at € 147.3 million at year-end 2016; this is a decline of 26% compared to a year earlier, largely due to the lower working capital. EBITDA was 3% higher at € 70.7 million. This resulted in a **net debt / EBITDA** ratio of 2.1, a clear improvement compared to year-end 2015. The **interest cover** also improved as a result of the lower credit uptake in the second half of 2016 and slightly lower interest rates. Due to the increase in shareholders' equity **solvency** had increased to 45.4% at year-end, from 41.8% a year earlier.

| *(in € million unless otherwise stated)* | 2016 | 2015 | Δ |
|---|---|---|---|
| Working capital | 306.2 | 337.7 | -9.3% |
| % of turnover | 29.2% | 34.2% | |
| Investments in fixed assets | 11.6 | 10.8 | +7.2% |
| Free cash flow | 61.3 | (31.2) | |
| ROCE | 12.2% | 11.0% | |

Net **working capital** came in at € 306 million, a decline of 9%. Working capital as a percentage of turnover improved to 29.2%, from 34.2% in 2015. Inventories were down by 5% and came in at € 322 million. Accounts receivable were higher at € 138 million, compared with € 135 million at year-end 2015. Accounts payables came in at € 153 million, up 13% compared to the previous year. The positive development of the working capital was the result of the first effects of the more centralised supply chain management.

The cash flow from operating activities was € 75.5 million in 2016 (2015: negative cash flow of € 19.2 million). The improved cash flow was primarily due to more efficient working capital management. **Investments in fixed assets** were up € 0.8 million, which was largely due to investments in the experience centres in Ede (NL) and Dijon (FR). The **free cash flow** improved considerably and came in at € 61.3 million in 2016, largely as a result of the reduced working capital requirements.

The **capital employed** declined by 7% to € 494.1 million (2015: € 532.3 million). The return on capital employed (ROCE) stood at 12.2% at year-end 2016, compared with 11.0% a year earlier.

[2] Solvency is determined after netting the amounts in the 'notional cash pool arrangement'

## STRATEGY

Accell Group is at the start of the next phase in its development. A phase that is marked by changes in the lifestyle and purchasing behaviour of consumers and driven by new technological possibilities. These developments are changing the demand for bicycles and how they are distributed. At the same time, they are also leading to sharp increases in the number of functionalities and a broadening of the uses for bicycles.

The continued development of the e-bike continues to open new doors for consumers when it comes to the use of the bicycle for commuting or home-school traffic and for sports and recreational purposes. Growing numbers of people, young and old, are discovering the benefits of the e-bike; they enable users to cover longer distances in an environment-friendly manner or open up hilly areas to cyclists. Cyclists can also opt to go off-road, giving them the opportunity to challenge themselves physically and work on their condition. In addition to this, the connected bike offers numerous new opportunities in terms of measuring performance and health, navigation, maintenance, theft prevention and safety. These are developments that boost the positive image of bicycles and extend the bicycle experience to new areas. This creates numerous opportunities for Accell Group in the years ahead, and we have revised our strategy to take advantage of these opportunities.

The refined strategy places a clear focus on (e-)mobility and recreation, with the bicycle as a product and a service for the upper echelons of the market. We have made consumers even more of a priority and we will increasingly supply our products and services using an omni-channel approach, in cooperation with specialist retailers. This is how Accell Group is looking to respond as effectively as possible to the purchasing and use preferences of individual consumers.

The renewed strategy includes the following building blocks:

- **Winning portfolio of brands.** Modern consumers want a broad product range and plenty of choice. Accell Group will continue to develop its multi-brand strategy and innovations to continue to strengthen the competitive position of its brands in the company’s main countries and its leading position in e-bikes. We will expand our position in the middle and higher segments of the market with products that we develop continuously in response to consumer preferences. Where necessary, we will also increase our marketing efforts.

- **Expanding leading position in (e-)bike sport.** Accell Group will continue to expand its strong position in the (e-)bike sports segment using sophisticated brand positioning and continuous development of innovative products. Sports brands such as Haibike, Ghost, Lapierre and Diamondback offer considerable growth potential on an international scale at the higher end of the market.

- **Increase added value parts & accessories.** Accell Group will provide greater added value as a supplier to specialist retailers and webshops. We will develop new distribution channels for smart cross fertilisation between online and offline and in combination with bicycles. We will strengthen the position of our own XLC brand and make use of the synergy potential within our European organisation of local distributors by intensifying the cooperation between the Accell companies and by integrating activities.

- **More efficient operating processes.** There is considerable room for improvement in the supply chain (procurement, planning, production), which will be designed to respond more effectively to shifts in consumer demand and to facilitate the quicker delivery of the products consumers want. Based on our scale and more centralised management, we will increase the agility of the organisation and realise structural cost savings that will further boost our competitive position.

- **Development new revenue models based on use and service.** Together with commercial partners and public bodies, we are working on new “mobility-as-a-service” solutions on a number of fronts. This will enable us to create new revenue models with recurring income streams.

- **Application of smart technology.** Our innovative strengths are focused primarily on e-bikes, connected bikes and sports bikes. Accell Group will develop new technological applications in the fields of lighter and more sustainable materials, more compact, stronger components and connectivity. We will benefit from our scale and we will use the strength and expertise of our organisations and suppliers to make the right choices, pass on best practices and deploy new applications effectively.

**ORGANISATION**

Accell Group initiated drastic changes in the field of supply chain management in 2016 to improve its performance in terms of meeting customer demand, logistics and procurement. We have strengthened the group organisation and made a start on the introduction of improvements in the management of procurement and planning across the group. The effects are already clearly visible in various aspects of the supply chain.

In addition, in 2016 we further professionalised our human resources management, which will help shape the future centralised development of leadership, talent recruitment and development across the entire organisation.

The group’s own centralised ICT team is responsible for the maintenance and development of the group’s ICT systems. In 2016, we launched a process aimed at the refinement of the ICT policy, increasing the focus on consumer services and the analysis of consumer data. The development of the supply chain organisation also includes a substantial ICT component.

## MEDIUM-TERM GOALS

Cycling continues to attract a lot of interest, both for mobility, environmental awareness and health reasons. And bicycles are also popular among young people as a lifestyle product. The introduction and continued development of the e-bikes provides users with a serious alternative in terms of mobility. Many national and regional authorities in Europe and beyond continue to encourage the use of bicycles as an alternative mode of transport. These developments will have a positive impact on the demand for bicycles and parts & accessories.

Accell Group's strategy targets profitable growth and value creation for all our stakeholders. To that end, we will continue to expand our positions. The company's existing position in the middle and higher segments of the market provides a strong basis and will generate synergy benefits in the short and longer term. As an extension of this strategy, the expansion of the parts & accessories activities will further improve our group's proposition.

The refinement of the strategy is aimed at increasing our return on capital. We are targeting the following medium-term (five-year) goals as part of this drive:

- Net turnover up to € 1.5 billion;
- EBIT-margin at a level of 8%;
- Working capital of no more than 25% of net turnover;
- ROCE of more than 15%.

The roll-out of the refined strategy will result in extra costs of € 20 - € 30 million in the next two to three years. This is primarily due to extra investments in the supply chain, human resources, innovations and IT. In addition, we will increase our commercial and (online) marketing efforts, which we expect to result in an increase in marketing costs to around 3% - 4% of turnover (2016: 2.5%).

The revised strategy will have no impact on Accell Group's financial position or strength, which provide us with the flexibility we need to bear the required additional costs. We have extended and expanded our financing facility with a view to the implementation of our group strategy. In addition, we are able to release extra funds by reducing our working capital requirements.

## EARNINGS PER SHARE AND DIVIDEND

Earnings per share based on the weighted average number of outstanding shares (year-end 25,834,236 shares) came in at € 1.26 in 2016, unchanged from 2015. Due to the issuance of 536,296 shares for the payment of the stock dividend for the 2015 financial year, the correction factor for the earnings per share from previous years is 0.9788.

For the 2016 financial year, Accell Group shareholders will be asked to approve the payment of an optional dividend of € 0.72 per share, to be paid out in cash or shares. This is equivalent to a pay-out ratio of 57%. Based on the closing price at year-end 2016 (€ 21.91), the dividend return amounts to 3.3%.

**EVENTS AFTER THE BALANCE SHEET DATE**

Departure CEO

On 9 February, Accell Group announced that René Takens will step down as CEO and statutory member of the Board of Directors after the General Meeting of Shareholders (AGM) of 25 April 2017. Together with the other members of the Board of Directors, Hielke Sybesma (CFO) will take charge of the implementation of the refined strategy until the new CEO takes office. Mr. Takens will remain active at Accell Group in an advisory role after his departure as CEO, which will help facilitate a smooth transition. The process to select and recruit a new CEO to succeed Mr. Takens is currently underway.

Refinancing

Accell Group reached agreement with a syndicate of six (international) banks on a renewed group financing facility to replace / extend the existing facility. The new financing for a total of € 375 million (with an option for an additional sum of € 150 million for future acquisitions) offers greater flexibility at better terms and has a term of maximum five years with a possible extension of two years. The financing facility comprises a term loan and revolving credit facility, part of which is structured as a seasonal facility. The covenants are based on results (term loan/EBITDA), working capital (borrowing reference) and solvency. The banks in the syndicate are ABN AMRO Bank, Deutsche Bank, ING Bank, Rabobank, BNP Paribas and HSBC. This improved and extended group facility creates a solid basis for the implementation of the refined strategy and continued growth.

**MANAGEMENT AGENDA AND OUTLOOK**

Cycling will remain highly popular in the years to come for mobility, recreational and sports purposes. Accell Group expects to maintain its lead with its high-quality products and expects to be able to continue to add innovations to make cycling for various purposes even more attractive.

In line with the refined strategy, in 2017 Accell Group will continue to shape and implement integrated management in fields such as supply chain, human resources, marketing and ICT, and ensure that operational processes are structured more efficiently and that the company makes more effective use of synergy potential. We will also work on new initiatives in the context of our consumer-centric approach, the introduction of "mobility-as-a-service" concepts in cooperation with partners and the continued improvement of the sustainability of our operations. In 2017, Accell Group will also continue to actively seek potential increases in scale through acquisitions that are a good fit with the strategy and the (brand) portfolio of the group, that are complementary and add value to the group in the near term on the return and synergy fronts.

Based on the above and barring unforeseen circumstances, Accell Group expects to see a rise in turnover and operational results in 2017.

***** END *****

**ABOUT ACCELL GROUP**

Accell Group N.V. focuses internationally on the mid-range and higher segments of the market for bicycles and bicycle parts and accessories. 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 measured in turnover. Accell Group's best known brands are Haibike (Germany), Winora (Germany), Batavus (Netherlands), Sparta (Netherlands), Koga (Netherlands), Lapierre (France), Ghost (Germany), Raleigh and Diamondback (UK, US, Canada), Tunturi (Finland), Atala (Italy), Redline (US), Loekie (Netherlands) and XLC (international). Accell Group and its subsidiaries employ approximately 3,000 people in eighteen countries worldwide. The company has production facilities in the Netherlands, Germany, France, Hungary, Turkey and China. Accell Group products are sold in more than seventy countries. The company's head office is located in Heerenveen (the Netherlands). Accell Group shares are traded on the official market of Euronext Amsterdam and are included in the Amsterdam Small Cap index (AScX). In 2016, Accell Group sold around 1.5 million bicycles and recorded profitable turnover of over € 1 billion. www.accell-group.com

Not for publication

**CONTACT**

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**MEDIA**

Press conference: Today, 10 March 2017 - Okura Hotel, Amsterdam; reception 9.30 am; start 10.00 am.

**ANALYSTS**

Analysts meeting: Today, 10 March 2017 - Okura Hotel, Amsterdam; reception 11.00 am; start 11.30 am

**ANNUAL REPORT**

The annual report will be available from 14 March 2017 on www.accell-group.com

**AGENDA**

| | |
|---|---|
| 14 March 2017 | Publication annual report |
| 25 April 2017 | General Meeting of Shareholders |
| 27 April 1017 | Ex-dividend |
| 28 April 2017 | Registration dividend rights holders |
| 18 May 2017 | Dividend payable |
| 21 July 2017 | Publication interim results |



In case of any inconsistencies the Dutch version of this press release is leading.

**TRADING UPDATES**

With effect from 2017, Accell Group will no longer publish regular trading updates at the end of the first and third quarters. From now on, Accell Group will publish trading updates when there is a specific reason for doing so.

**TRANSPARENCY DIRECTIVE**

For the purposes of the Transparency Directive of the European Union (Directive 2004/109/EC, revised), Accell Group N.V.'s home member state is the Netherlands.

**FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements regarding Accell Group's results, capital and liquidity positions. In addition, forward-looking statements may include, but are not limited to, phrases such as "intends", "expects", "is taking into account", "targets", "plans", "estimates" and words with a similar meaning. These statements pertain to or may have an effect on future events, such as Accell Group's future financial results, company plans and strategies. Forward-looking statements are subject to certain risks and uncertainties, which may lead to material differences between the actual results and performances, and the expected future results or performances implicitly or explicitly contained in said forward-looking statements. Factors that may cause actual results to differ from current expectations include but are not limited to developments in legislation, technology, taxes, jurisprudence and regulations, stock exchange fluctuations, legal procedures, investigations by regulatory bodies, competition and general economic conditions. These and other factors, risks and uncertainties, which may have an effect on any forward-looking statement or the actual results of Accell Group, are discussed in Accell Group' annual report. The forward-looking statements contained in this document refer exclusively to statement from the date of this document and Accell Group does not accept any liability for or obligation to amend the forward-looking statements contained in this document, regardless of whether these pertain to new information, future events or otherwise, unless Accell Group is under a legal obligation to do so.

**ANNEXES**

- Condensed consolidated income statement
- Condensed consolidated balance sheet
- Condensed consolidated statement of comprehensive income
- Condensed consolidated statement of changes in equity
- Condensed consolidated statement of cash flows
- Condensed information about reportable segments

## Condensed consolidated income statement

**(in thousands of euro)**

For the twelve months ending 31 December

| | 2016 | 2015 |
|---|---|---|
| | | |
| **Net turnover** | **1.048.152** | **986.402** |
| | | |
| Costs of raw materials and consumables | -733.347 | -672.102 |
| Personnel expenses[1] | -121.781 | -122.894 |
| Depreciation , amortization and impairments | -10.340 | -10.058 |
| Other operating expenses[1] | -122.287 | -122.814 |
| **Operating result** | **60.397** | **58.534** |
| Net finance cost | -8.273 | -9.073 |
| Income from non-consolidated companies | 571 | -930 |
| **Profit before taxes** | **52.695** | **48.531** |
| Income tax expense | -20.403 | -16.245 |
| | | |
| **Net profit** | **32.292** | **32.286** |
| **Earnings per share (in euro)** | | |
| Earnings per share[2] | 1,26 | 1,26 |
| Weighted average number of issued shares | 25.623.405 | 25.116.249 |
| Earnings per share (diluted)[2] | 1,25 | 1,25 |
| Weighted average number of issued shares (diluted) | 25.790.571 | 25.267.645 |

(1) The other expenses related to personnel are accounted for in personnel expenses as of 2016 (instead of other operating expenses); the comparative figures 2015 are adjusted for presentation purposes.

(2) Earnings per share is adjusted retrospectively in comparative figures 2015 in accordance with IAS 33.

## Condensed consolidated balance sheet

**(in thousands of euro)**

| | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant & equipment | 71.672 | 69.771 |
| Intangible assets | 103.959 | 103.245 |
| Net defined benefit asset | 14.489 | 20.186 |
| Deferred tax assets[1] | 7.142 | 8.669 |
| Financial fixed assets | 7.485 | 4.981 |
| | | |
| **Current assets** | | |
| Inventories | 321.553 | 338.684 |
| Receivables | 160.043 | 165.921 |
| Other financial instruments | 6.049 | 6.048 |
| Cash and cash equivalents[2] | 49.421 | 172.479 |
| | | |
| **Total assets** | **741.813** | **889.984** |

| | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **EQUITY & LIABILITIES** | | |
| **Equity** | **319.380** | **305.941** |
| | | |
| **Non-current liabilities** | | |
| Interest-bearing loans (non-current) | 47.173 | 58.963 |
| Net defined benefit liability and other long-term employee benefits | 8.861 | 8.647 |
| Deferred tax liabilities[1] | 13.334 | 11.576 |
| Provisions[3] | 8.870 | 10.066 |
| Other non-current liabilities | 1.201 | 2.005 |
| | | |
| **Current liabilities** | | |
| Interest-bearing loans (current) and revolving credit facility | 61.620 | 127.641 |
| Bank overdrafts[2] | 87.901 | 185.844 |
| Other financial instruments | 1.762 | 3.209 |
| Other current liabilities | 191.711 | 176.092 |
| | | |
| **Total equity & liabilities** | **741.813** | **889.984** |

(1) The presentation of the defered tax assets and the deferred tax liabilities is adjusted in the comparative figures 2015 for presentation purposes.

(2) As a result of a clarification of the IFRS Interpretation Committee (IFRIC) in April 2016 the balances in the notional cash pooling arrangements are presented gross as of 2016; this change in accounting policy is applied retrospectively. The impact (increase) on cash and cash equivalents, bank overdrafts, total assets and total liabilities is € 38.4 million in 2016 (€ 158.2 million in 2015).

(3) In provisions both the non-current and current part are accounted for.

## Condensed consolidated statement of comprehensive income

| (in thousands of euro) | | For the twelve months ending 31 December |
|---|---|---|
| | 2016 | 2015 |
| **Net profit** | **32.292** | **32.286** |
| **Items that will never be reclassified to profit or loss** | | |
| Remeasurement of the defined benefit liability (asset), net of tax | -5.473 | -1.236 |
| **Items that are or may be reclassified subsequently to profit or loss** | | |
| Foreign operations - foreign currency translation differences | -6.359 | 4.069 |
| Cash flow hedges, net of tax | 2.136 | -1.236 |
| **Total comprehensive income** | **22.596** | **33.883** |

## Condensed consolidated statement of changes in equity

**(in thousands of euro)**

| | 2016 | 2015 |
|---|---|---|
| **Balance at 1 January** | **305.941** | **281.107** |
| Net profit | 32.292 | 32.286 |
| Other comprehensive income | -9.696 | 1.597 |
| **Total comprehensive income** | **22.596** | **33.883** |
| Dividends | -8.793 | -8.654 |
| Other | -364 | -395 |
| **Balance at 31 December** | **319.380** | **305.941** |

## Condensed consolidated statement of cash flows

| **(in thousands of euro)** | For the twelve months ending 31 December | |
|---|---|---|
| | 2016 | 2015 |
| **Cash flow from operating activities** | | |
| Profit for the period | 32.292 | 32.286 |
| Adjustments for: | | |
| - Depreciation and amortisation and impairments | 10.340 | 10.058 |
| - Net finance cost | 8.273 | 9.073 |
| - Income from non-consolidated companies, net of tax | -571 | 930 |
| - Equity-settled share-based payment transactions | -61 | 239 |
| - Tax expense | 20.403 | 16.245 |
| | **70.676** | **68.831** |
| Change in: | | |
| - Working capital and provisions | 33.305 | -68.265 |
| **Cash generated from operating activities** | **103.981** | **566** |
| Interest paid | -9.342 | -9.976 |
| Taxes paid | -19.162 | -9.750 |
| **Net cash from operating activities** | **75.477** | **-19.160** |
| **Cash flow from investing activities** | | |
| Interest received | 556 | 707 |
| Dividends received | 218 | 292 |
| Acquisition of a subsidairy, net of cash acquired | -681 | -1.819 |
| Acquisition and disposal of fixed assets | -14.309 | -11.226 |
| **Net cash used in investing activities** | **-14.216** | **-12.046** |
| **Free cash flows[1]** | **61.261** | **-31.206** |
| **Cash flow from financing activities** | | |
| Repayment of interest-bearing loans and revolving credit facility | -78.582 | 36.075 |
| Dividends paid | -8.793 | -8.654 |
| **Net cash from (used in) financing activities** | **-87.375** | **27.421** |
| **Net increase (decrease) in cash and bank overdrafts** | **-26.114** | **-3.785** |
| Cash and bank overdrafts at 1 January | -13.365 | -10.416 |
| Effect of exchange rate fluctuations on cash and bank overdrafts held | 999 | 836 |
| **Cash and bank overdrafts at 31 December 2016** | **-38.480** | **-13.365** |

(1) Free cash flows is defined as the balance of net cash flows from operating activities and net net cash used in investment activities

## Condensed information about reportable segments

| **(in thousands of euro)** | | | | For the twelve months ending 31 December |
|---|---|---|---|---|
| | **Bicycles** | | **Parts & accessories** | |
| | **2016** | **2015** | **2016** | **2015** |
| External revenues | 785.536 | 719.021 | 262.616 | 267.381 |
| Segment profit (loss) before interest and tax | 56.385 | 56.537 | 17.493 | 15.622 |

### Reconciliation of reportable segment profit or loss

| **(in thousands of euro)** | | For the twelve months ending 31 December |
|---|---|---|
| | **2016** | **2015** |
| **Profit before tax** | | |
| Total profit before interest and tax of reportable segments | 73.878 | 72.159 |
| Unallocated amounts: | | |
| - Financial income | 679 | 616 |
| - Financial expense | -8.952 | -9.689 |
| - Other operating expenses | -12.910 | -14.555 |
| **Consolidated profit (loss) before tax** | **52.695** | **48.531** |