

Presentation half-year results 2012

Okura Hotel, Amsterdam

26 July 2012
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Agenda

1. Accell Group in H1 2012
2. Accell Group share
3. Financials
4. Outlook



Key developments in H1 2012

- Turnover increased 19% to € 446 mln. compared to H1 2011
 - Turnover increased 18% due to acquisitions (particularly Raleigh); organic turnover growth 2%, despite lower consumer spending and very poor spring weather conditions
 - Total bicycle turnover increased 14%; turnover on organic basis remained stable compared to last year
 - Increased organic growth of electrical and sports bikes; decreased turnover of traditional bicycles
 - Turnover bicycle parts & accessories increased 42% to € 104 mln.; organic growth came in at 8%
 - Turnover fitness increased 8% compared to last year
- Net operating result decreased 15% to € 23.2 mln. as a result of lower turnover in The Netherlands, exchange rate effects and extra discounts
- Net profit after deduction came in at € 2.8 mln.



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Summary H1 2012 results

(x € mln.)	30-6-2011	31-12-2011	30-6-2012
Turnover	373.0	628.5	445.6
Net profit	27.3	40.3	20.5
Earnings per share	1.32	1.93	0.93
Solvancy	44.4%	49.5%	42.6%
Balance sheet total	440.7	434.0	588.5
Share price	19.85	14.1	14.85

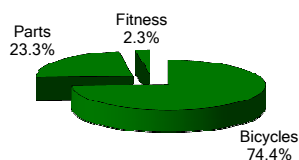


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Turnover breakdown per product group



(x € mln.)	Turnover		change
	H1 2011	H1 2012	
Bicycles	290.5	331.5	14%
Parts	73.0	103.8	42%
Fitness	9.5	10.3	8%
	<u>373.0</u>	<u>445.6</u>	19%



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Bicycles / bicycle parts & accessories

- Turnover increased 20% to € 436 mln.; organic growth 2%
- Number of bicycles sold increased to 942,000 (H1 2011: 709.000)
- Average selling price decreased to € 352 (2011: € 410); organic price development +9%
- Turnover growth in all product categories; organic growth electrical (+15%) and sports bikes (+5%); and decreased turnover traditional bicycles (-/-16%)
- Segment result decreased 18% to € 37 mln. (2011: € 45 mln.), in particular due to exchange rate effects, extra discounts, lack of turnover growth as a result of lower consumer spending and the weather in the second quarter of 2012



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Fitness

- Turnover remains stable at € 10 mln. compared to H1 2011
- Segment result improved to € -/- 0.9 mln. (H1 2011: € -/- 1.8 mln.) due to a higher margin and cost-saving measures

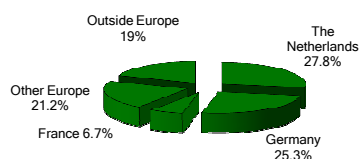


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Geographical breakdown of turnover



(x € mln.)	Turnover		change
	H1 2011	H1 2012	
The Netherlands	138	124	<i>(10%)</i>
Germany	104	113	<i>9%</i>
France	30	30	<i>(1%)</i>
Other Europe	69	94	<i>36%</i>
Outside Europe	32	85	<i>163%</i>
	373	446	<i>19%</i>

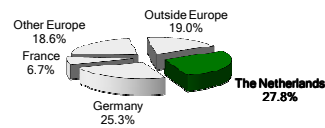


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Netherlands



- Turnover in The Netherlands under pressure, -/-10% to € 124 mln. in total
 - Decreased demand and bad weather had a negative influence, overall market is down more than 20%
 - Bicycle turnover Accell decreased by almost 13%
 - Turnover growth 6% for bicycle parts & accessories
 - Decrease of electrical bikes remains limited; continued decrease of turnover traditional bicycles
 - Fitness turnover higher than last year
 - Market share Accell in The Netherlands decreased to 28% from 37% as a result of a decrease in turnover and acquisitions

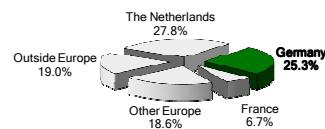


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Germany



- Turnover Germany +9% to € 113 mln.
 - German bicycle market expanded approximately 5%; bicycle turnover Accell brands increased 11% in first half-year
 - Increased sale of electrical bikes from Accell brands by approximately 50%
 - Increased sale of sports bikes from Ghost, Haibike and Winora
 - Turnover bicycle parts & accessories remained stable

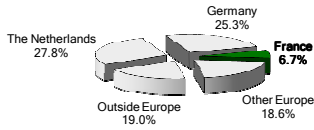


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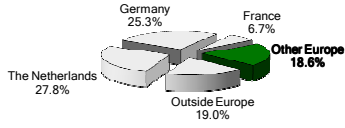
France



- Turnover France € 30 mln., almost on same level as last year
 - Turnover bicycles decreased 11% as a result of lower consumer spending and delayed deliveries by suppliers
 - Increased turnover bicycle parts & accessories by 16%

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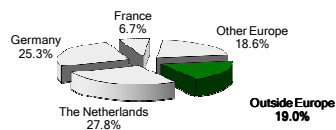
Other Europe



- Turnover other European countries +36% to € 94 mln.
 - Organic growth in Switzerland, Austria and the United Kingdom
 - Increase in UK due to acquisition of Raleigh
 - Turnover in Italy remained stable
 - Increased turnover in Scandinavia, organically as well as a result of the acquisition of Vortex

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Outside Europe



- Turnover Outside Europe increased to € 85 mln. (2011: € 32 mln.)
 - Addition of Raleigh and Currie delivered turnover growth in USA and Canada
 - Turnover growth in Asia due to sales by brands Lapierre and Ghost; addition of Raleigh provided further increase
 - Increased turnover in Turkey of 14% in first half-year



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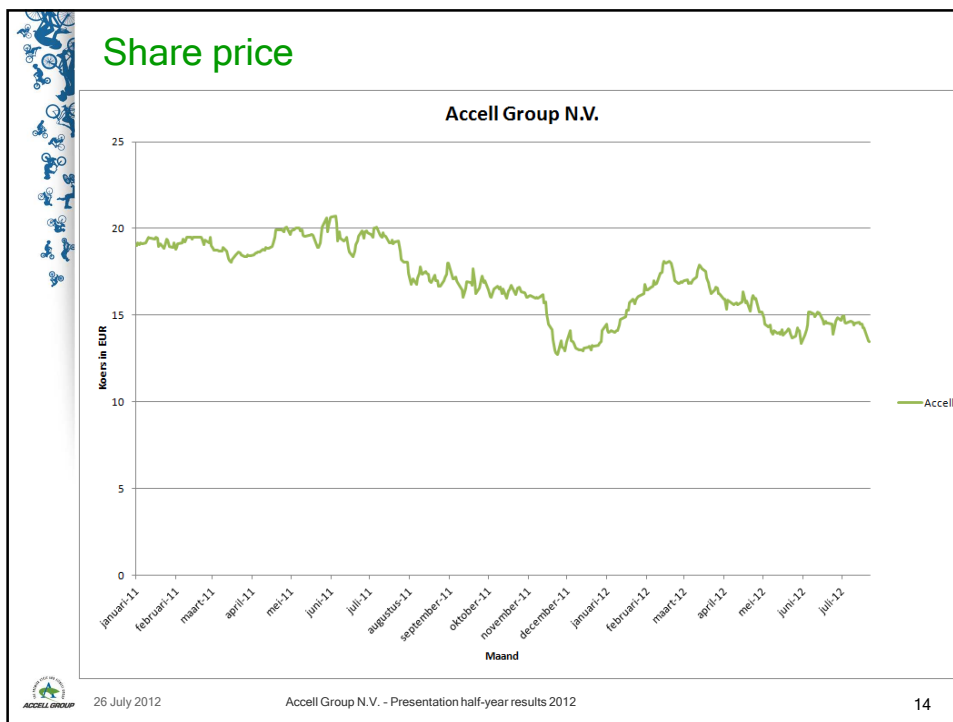
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Results

(x € mln.)	H1 2011	2011	H1 2012	
Net turnover	373.0	628.5	445.6	19%
Material costs	(243.0)	(420.2)	(305.9)	26%
Other costs	(93.5)	(167.6)	(109.9)	17%
Operating result (EBIT)	36.5	40.7	29.8	(18%)
Result of participation	0.3	0.4	0.1	
Interest costs	(2.9)	(5.3)	(3.8)	33%
Taxes	(6.7)	(4.1)	(2.8)	(57%)
Net operating result	27.3	31.7	23.2	(15%)
Non-recurring profits/losses	-	8.6	(2.8)	
Net profit	27.3	40.3	20.5	



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Results development

- Turnover increased 19% in the first half, of which 2% autonomous growth
- Added value amounts to 31.4% of total turnover (H1 2011: 34.9%); currency effects, discounts and acquisitions are the cause of this decrease
- Operating costs as a percentage of turnover were down at 24.7% (H1 2011: 25.1%); the relative drop is linked to the purchase of Raleigh
- Operating result amounts to € 29.8 mln. (H1 2011: € 36.5 mln.)
- Interest costs increase due to acquisitions and the ensuing increased use of credit facilities
- Tax burden is 12% (H1 2011: 20%) as a result of fiscal facilities
- Acquisition costs have a non-recurring effect of € -/-2.8 mln.



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Added value

(x € mln.)	H1 2011	2011	H1 2012	Δ H1
Net turnover	373.0	628.5	445.6	19%
Material costs	(243.0)	(420.2)	(305.9)	26%
Added value	<u>130.0</u> 34.9%	<u>208.2</u> 33.1%	<u>139.7</u> 31.4%	7%

- Added value relatively lower due to:
 - Developments foreign currency (effect € 5 mln.)
 - Increased discounts in the first months
 - Increased guarantee costs
 - Effect acquisitions



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Operating costs

(x € mln.)	H1 2011	%	2011	%	H1 2012	%
Staffing costs	(44.6)	12%	(80.6)	13%	(52.6)	12%
Depreciation	(3.9)	1%	(7.4)	1%	(4.2)	1%
Other operating costs	(45.0)	12%	(79.6)	13%	(53.1)	12%
Other costs	<u>(93.5)</u>	25%	<u>167.6</u>	27%	<u>(109.9)</u>	25%

- Absolute increase as a result of acquisitions
- In relation to turnover the costs, both total and autonomous, are below last year's level



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Balance sheet, assets

(x € mln.)	30-6-2011	31-12-2011	30-6-2012
Fixed assets			
Intangible fixed assets	48.6	50.0	96.3
Tangible fixed assets	61.9	64.1	75.2
Financial fixed assets	18.9	11.9	13.4
	<u>129.4</u>	<u>126.1</u>	<u>185.0</u>
Currents assets			
Inventories	182.3	189.1	220.2
Receivables	127.9	114.6	177.2
Liquid assets	1.1	4.3	6.2
	<u>311.3</u>	<u>307.9</u>	<u>403.6</u>
Total assets	<u>440.7</u>	<u>434.0</u>	<u>588.5</u>

- Acquisitions cause an increase of the fixed assets due to valuation of new brands and goodwill (together € 45 mln.)
- Investments in Germany and Turkey also play a role



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Working capital

(x € mln.)	30-6-2011	31-12-2011	30-6-2012	Δ H1
Inventories	182.3	189.1	220.2	21%
Accounts receivable	113.2	85.6	156.2	38%
Accounts payable	(38.9)	(52.7)	(81.4)	109%
Total	<u>256.6</u>	<u>222.0</u>	<u>295.1</u>	15%

- Autonomous decline of the working capital, acquisition effect of € 44 mln.
 - Decline in inventories due to lower bicycle stocks (-30%), the average price is slightly higher
 - Accounts receivable on autonomous basis lower than last year due to lagging turnover in the last few months
 - In total the accounts payable doubles as a result of the addition/acquisition of Raleigh



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Balance sheet, liabilities

(x € mln.)	30-6-2011	31-12-2011	30-6-2012
Group equity	195.6	214.6	250.7
Provisions	25.0	22.5	36.0
Long term loans	48.9	48.0	73.0
Bank credit	95.3	71.9	103.3
Short term debts	76.0	76.9	125.7
Total liabilities	<u>440.7</u>	<u>434.0</u>	<u>588.5</u>

- Total bank debt amounts to € 176 mln. (H1 2011: € 144 mln.), of which € 55 mln. is attributable to the purchase of participations
- Autonomously the bank debt drops by approximately € 22 mln., partly as a result of the autonomous improvement of the working capital



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Group equity

(x € mln.)	
Balance on 1 January, 2012	214.6
Net profit	20.5
Dividend payment 2011	(11.0)
Other movements	<u>26.5</u>
Increase in 2012	36.0
Balance on 30 June, 2012	<u>250.7</u>

- Other movements mainly due to:
 - Share issue at the end of April
 - Incorporation financial instruments
 - Currency effects
- The group's equity per share amounts to € 11.44 (2011: € 9.43) at the end of June 2012



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Cash flow		H1 2011	H1 2012
(x € mln.)			
Cash flow from operating activities			
Net profit		27.3	20.5
Depreciations		3.9	4.2
Share-based payments		0.4	0.1
Operating cash flow for working capital and facilities		<u>31.6</u>	<u>24.8</u>
Movements working capital and facilities		(16.9)	(5.3)
Net cash flow from operating activities		<u>14.7</u>	<u>19.4</u>
Cash flow from investment activities			
Movements in fixed assets		(9.0)	(6.1)
Acquisition subsidiary companies		(14.5)	(59.4)
Net cash flow from investment activities		<u>(23.5)</u>	<u>(65.6)</u>
Free cash flow		(8.8)	(46.1)
Cash flow from financing activities			
Movements in bank loans and bank credits		18.5	28.9
Share issue		-	30.8
Share- and option-based payments		-	(0.4)
Dividends		(9.9)	(11.0)
Net cash flow from financing activities		<u>8.6</u>	<u>48.3</u>



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Number of outstanding shares	
Number of outstanding shares 01-01-2012:	21,094,760
Arrangement share issue:	22,968
Share issue:	2,000,000
Optional dividend (44% paid out as stock):	745,704
Number of outstanding shares 30-06-2012:	23,863,432
Weighted average outstanding shares 30-06-2012:	21,915,500



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Ratios

	H1 2011	H1 2012
EPS	1.32	0.93
ROCE	14.0%	7.4%
Operating result / turnover	9.8%	6.7%
Turnover rate	1.8	1.7
Solvency	44.4%	42.6%
Average number of employees (FTE's)	2.267	2.943



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Strategy Accell Group

- Creating innovative, high-quality and recognisable products
- Anticipating with strong brands on the consistent demand for high added value products, with distinctive ability in innovation and modern design
- Positioning, promoting and expanding the brand portfolio, targeted marketing and intensive cooperation with and support for the expert retail trade
- Consistently managing costs, inventory management, portfolio management and further exploitation of synergies
- Actively seeking possible acquisitions



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Outlook 2012

Based on the current market outlook, Accell Group expects an increase in net operating result in the second half of the year when compared to the second half of 2011. Whether this will be sufficient to offset the lagging results in the first half will depend among others on economic developments and the weather this autumn. Based on the current state of affairs, the company anticipates that net operating result for the full year 2012 will not exceed that of 2011. In the longer term, Accell Group expects a continuation of growth in turnover and net operating result.



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