



Half year results Accell Group 2017

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Agenda



1. Key results H1 2017

2. Strategy

3. Outlook

Main developments 2017

- Net turnover growth due to increasing sales of e-performance bikes (+3% on an adjusted basis ¹⁾)
- Lower sales in USA, Netherlands and Turkey
- Operating costs were lower despite € 5 million extra costs for group organization and implementing new strategy
- Underlying operating result slightly higher
- Net result impacted by impairment of a tax asset in North America of € 3.8 million
- Trade working capital further improved

1) Adjusted for 2016 sold P&A activities in North America and calculated against constant foreign currency rates)

(Amounts in millions of euro)	H1 2017	H1 2016	Δ
Total net turnover	634.0	629.7	+0.7%
<i>Added value</i>	28.9%	30.3%	
Underlying operating result	59.3	57.9	+2.4%
Non allocated operating expenses	-11.8	-5.5	
Earnings before interest & taxes (EBIT)	47.5	54.4*	-12.6%
EBIT margin	7.5%	8.3%	
Net result	26.3	34.0	-22.7%
Trade working capital	30.2%	32.9%	
Free cashflow	35.8	48.9	
ROCE	11.8%	12.0%	

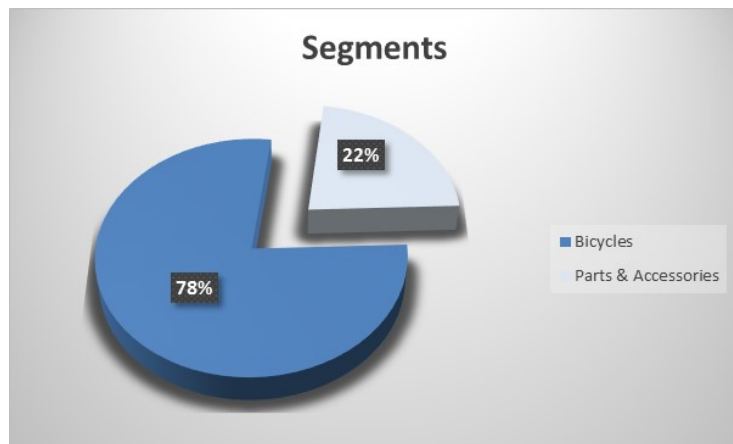
*) Adjusted for incidental negative results of €2 mln. in 2016

Segment bicycles

Bicycles

<i>(Amounts in millions of euro)</i>	H1 2017	H1 2016	Δ
Net turnover	491.4	490.3	+0.2%
Segment result	48.3	49.6	-2.6%

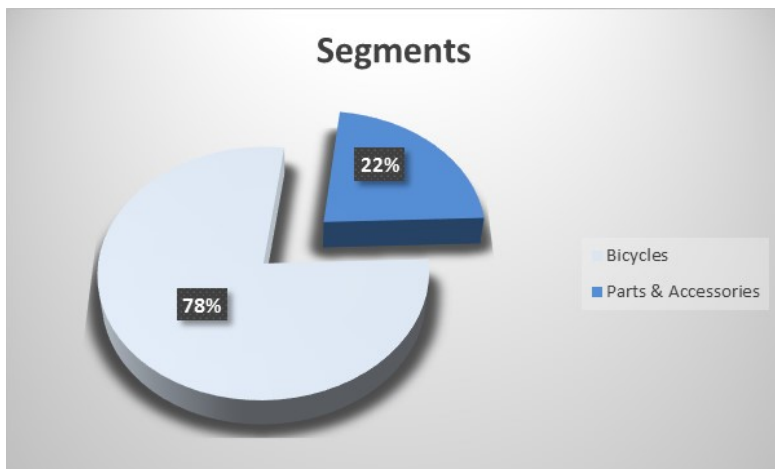
- Net turnover slightly higher on the back of increased e-bike sales
- Stronger focus on sales of more expensive and high-quality bicycles led to a total number of 753,000 bicycles sold
- The segment result was impacted by sales mix and lower margins on regular bicycles



Segment Parts & Accessories

Parts & Accessories

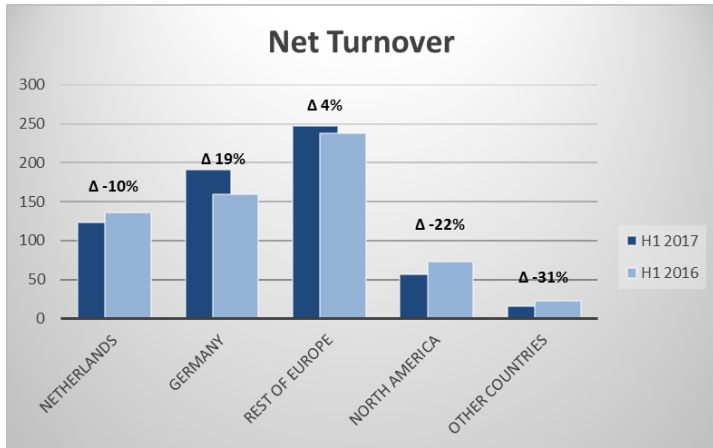
(Amounts in millions of euro)	H1 2017	H1 2016	Δ
Net turnover	142.6	139.4	+2.2%
Segment result	11.0	8.3	+33.3%



- Net turnover increased due to strong sales in Europe
- Turnover share from Accell Group's own XLC brand increased in Europe
- Segment result increased due to improved results in the European markets and a bigger share of XLC

Developments per region

Net turnover <i>(Amounts in millions of euro)</i>	H1 2017	H1 2016	Δ
Netherlands	123	136	-10%
Germany	191	160	+19%
Rest of Europe	248	238	+4%
North America	57	73	-22%
Other Countries	16	23	-31%



- Change in purchase behaviour of consumers in the **Netherlands**. With the implementation of our new strategy, we're working together with the IBD's towards a sustainable solution
- In **Germany** growth of turnover, largely due to increased sales of e-MTBs from Haibike and Ghost
- In the **rest of Europe**, higher sales of e-MTBs is the main driver
- Turnover in **North America** partly down because of sale of P&A activity in 2016. Lower sales in Brick & Mortar not compensated by higher sales in E-retail and other sales channels
- Turnover in **other countries** decreased, largely due to lower sales in Turkey caused by difficult economic circumstances

Group performance

(Amounts in millions of euro)	H1 2017	H1 2016	Δ
Net turnover	634.0	629.7	+0.7%
Added value	183.2	191.0	-4.1%
% of net turnover	28.9%	30.3%	
Personnel costs	-65.7	-65.2	+0.8%
% of net turnover	10.4%	10.3%	
Depreciation	-5.1	-5.6	-8.4%
% of net turnover	0.8%	0.9%	
Other operating expenses	-64.9	-67.9	-4.4%
% of net turnover	10.2%	10.8%	

(Amounts in millions of euro)	H1 2017	H1 2016	Δ
Earnings before interest & taxes (EBIT)	47.5	52.4	-9.3%
% of net turnover	7.5%	8.3%	

(Amounts in millions of euro)	H1 2017	H1 2016	Δ
Financial income and expenses	-5.2	-4.0	+30.1%
Income tax expense	-16.0	-14.4	+11.5%
Tax rate	37.9%	29.8%	
Net profit	26.3	34.0	-22.7%

- Organic growth is 2%
- Added value impacted by growing revenue-share of e-bikes and lower margins for regular bicycles
- Operating expenses are lower due to sales volume
- Additional operating expenditures (€5 million) for implementing strategy and growth of group organization
- Higher financial costs
 - *revaluation of positions in foreign currencies*
 - *lower interest costs because of a lower net debt position and better conditions in the renewed group financing*
 - *Impairment of amortized financing costs of old agreement*
- Income taxes higher due to tax asset impairment in US; tax rate excluding impairment 28.8%

Capital efficiency

<i>(Amounts in millions of euro)</i>	H1 2017	H1 2016	Δ
Inventories	309.9	295.2	+5.0%
Trade receivables	177.4	177.0	+0.2%
Trade payables	-169.7	-129.7	+30.9%
Trade working capital	317.6	342.5	-7.3%
<i>% of net turnover</i>	30.2%	32.9%	
Free cash flows	35.8	48.9	-26.8%
Capital employed	466.0	508.7	-8.4%
ROCE	11.8%	12.0%	

- Working capital at € 318 million. Working capital further improved as a result of the organizational development of the supply chain
- Positive free cash flows
- Capital employed improved due to lower working capital
- Return on capital employed (ROCE) stable

Financing

<i>(Amounts in millions of euro)</i>	H1 2017	H1 2016	Δ
Net debt	120.0	158.7	-24.4%
Net debt / rolling EBITDA	1.8	2.2	
Interest coverage ratio	9.2	9.7	
Solvency	42.0%	45.1%	

- Net debt at € 120 million, due to improved working capital position
- Rolling EBITDA 9% lower. This resulted in a net debt/rolling EBITDA ratio of 1.8
- The interest cover ratio decreased because of EBIT development
- Solvency decreased due to other changes in equity

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Strategy

TRENDS

CONSUMER

- Change in purchasing behavior
 - Purchasing trajectory starts online
 - Excellent products and services
- Brands are important for trust
- In cities and recreation from ownership to use
- Accessories more and more purchased online

DISTRIBUTION

- Multiple distribution forms driven by consumer demand
- Role of the dealer remains important for consumer services

INNOVATION

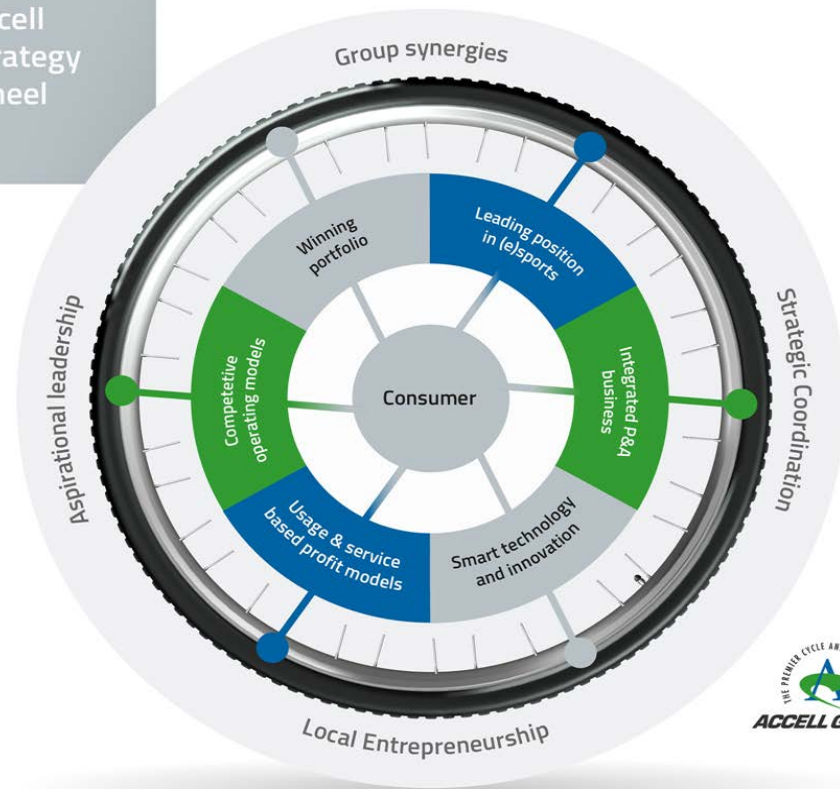
- E-bikes leader in all product groups
- Connectivity provides new opportunities

ACCELL GROUP

- Organization led by consumer demand
- Omni-channel
- Services with multiple income streams
- Multi-brand strategy with intensive collaboration
- System partner for mobility solution
- Integrated parts supplier towards both specialists (B2B) as well as consumers (B2C)

Strategy

Accell strategy wheel



Strategy - progress



- Implementation started with extensive transition plan on all “spokes”
- Supply Chain Target Operating Model (Phase 1) implemented with focus on control of processes
- Several strategic IT projects launched
- Cooperation in P&A-activities intensified and project started for creating integrated organization

Opening Experience Center Lapierre, Dijon (France)



- Opening second Experience Center next to the Netherlands ('De Fietser' in 2016)
- Focusing on consumer experiences and displaying brand image

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Outlook



- Cycling will remain popular for mobility, recreational and sports purposes
 - Realization of further efficiency and synergy potential by integrated management in supply chain, human resources, marketing and IT
 - We will continue to search for acquisitions with a proper strategic fit
- ➔ Barring unforeseen circumstances, we expect an increase in turnover for H2 2017 and the underlying operating result to come in around the same level as in H2 2016



Disclaimer



- ▶ This presentation may contain forward-looking statements. These are based on our current plans, expectations and projections about future events

- ▶ Any forward looking statements are subject to risks, uncertainties and assumptions and speak only as of the date they are made. Our results could differ materially from those anticipated in any forward-looking statements