

Presentation half year results 2013

Okura Hotel, Amsterdam

26 July 2013

René J. Takens, CEO

Hielke H. Sybesma, CFO

Jeroen M. Snijders Blok, COO



Agenda

1. Accell Group in H1 2013

2. Accell Group share

3. Financials

4. Outlook

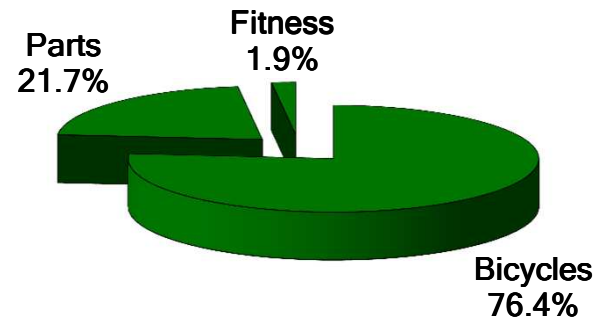
Key developments in H1 2013

- Turnover increased 13% to €503.8 mln.
 - Organic growth of 7% which, mainly due to growth in Germany
 - 28% turnover growth of electrical bikes compared to 2012; increasing part of total bicycle turnover
 - Turnover of traditional and sports bikes increased by 10% in total; organic turnover dropped 2%
 - Turnover bicycle parts & accessories increased 5%; organic growth came in at 8%
- Net operating result increased 19% to €35.5 mln.
- The reorganisations in the Netherlands and Canada are on schedule

Summary H1 2013

(x € mln.)	30-6-2012	31-12-2012	30-6-2013
Turnover	445.6	772.5	503.8
Operating profit	29.8	35.9	35.5
Net operating profit	23.2	26.6	24.5
Net profit	20.5	23.2	24.5
Earnings per share	0.93	1.01	1.02
Solvancy	42.5%	40.9%	40.7%
Balance sheet total	588.5	602.1	642.5
Share price	14.85	13.31	11.93

Turnover breakdown per product group



(x € mln.)	Turnover		<i>change</i>
	H1 2012	H1 2013	
Bicycles	331.5	385.1	16%
Parts	103.8	109.1	5%
Fitness	10.3	9.6	(6%)
	<u>445.6</u>	<u>503.8</u>	13%

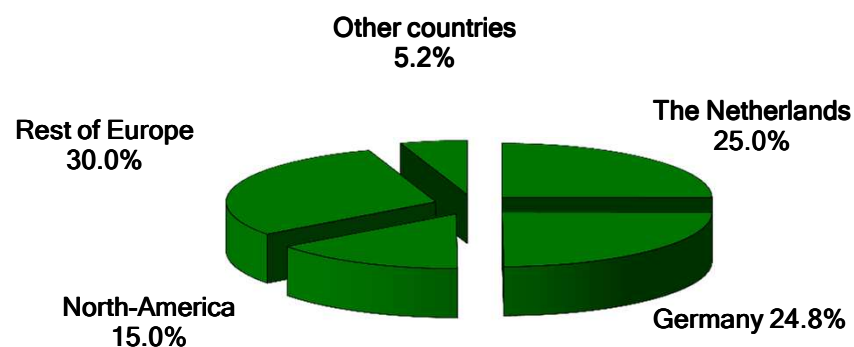
Bicycles / bicycle parts & accessories

- Segment turnover increased 14% to €494.6 mln.; organic turnover increased more than 7%
- In total, over 1.1 million bicycles were sold (2012: 942,000); organic turnover growth of electrical of bikes 28% and a turnover decrease of traditional and sports bikes
- Average selling price was €345 (2012: €352); organic price development + 11%
- Bicycle parts & accessories turnover increased 5% to €109.1 mln.
- Segment result amounted to €43.1 mln. (2012: €37.0 mln.)
- Stock increased due to a combination of the higher average cost price and an increase of the number of bicycles in stock

Fitness

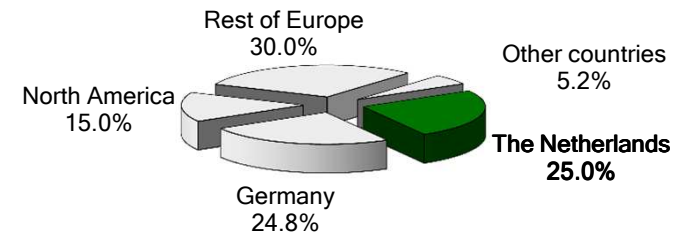
- Turnover amounted to €9.2 mln. (2012: €10.1 mln.)
- Turnover lags behind in Asian countries
- In the Netherlands, Germany and Scandinavia turnover is more or less equal to 2012
- New product line Tunturi Pure does not yet perform as expected
- Segment result is stable at € -0.8 mln. compared to last year

Geographical breakdown of turnover



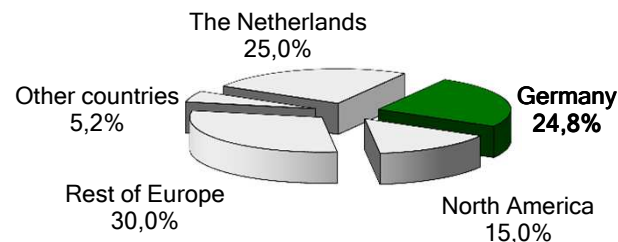
(x € mln.)	Turnover		<i>change</i>
	H1 2012	H1 2013	
The Netherlands	124.0	126.2	2%
Germany	112.9	125.0	11%
North America	56.0	75.5	35%
Rest of Europe	124.1	151.0	22%
Other countries	28.6	26.1	(9%)
	<u>445.6</u>	<u>503.8</u>	13%

The Netherlands



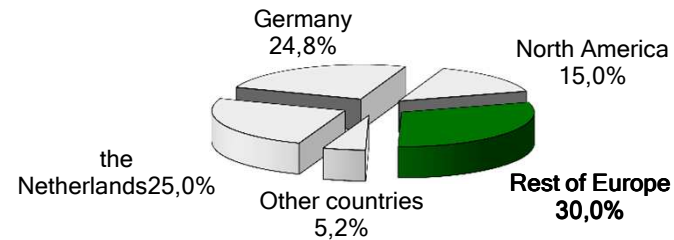
- Accell's turnover increased 2% to €126.2 mln. in the Netherlands
 - The preliminary GFK figures show a stable development of market turnover in the first half year; Accell's turnover increased 2%
 - Turnover growth is due to a strong development of the electric bikes turnover; sales as well as the average price are higher than last year
 - Traditional and sports bikes sales dropped
 - Turnover bicycle parts & accessories grows strongly in a competitive market
 - The Netherlands makes up for 25% of total turnover (2012: 28%)

Germany



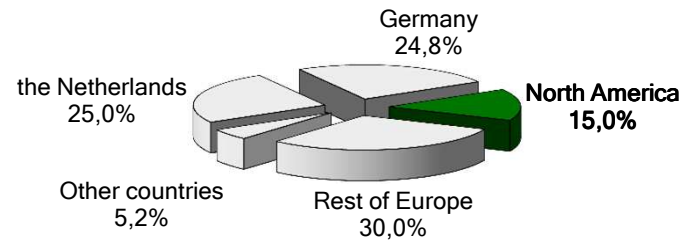
- Turnover in Germany develops positively and came it at €125.0 mln. (2012: €112.9 mln.)
 - The German market decreases slightly, the brands of Accell Group show growth of 12%
 - The popularity of electric bikes is still high in Germany and explains for a great deal the growth in bicycle turnover
 - The average price increases due to the increase of the number of electric bikes
 - Turnover of bicycle parts develops positively in Germany and increases with 8% in the first half year

Rest of Europe



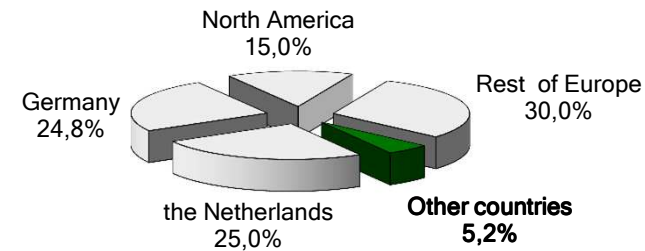
- Turnover in Rest of Europe increased 22% to €151.0 mln.
 - In the UK turnover increases due to the acquisition of Raleigh, in which the bicycle parts turnover forms an important part of the growth; the bicycle turnover is almost stable in which a lower sales is compensated by a higher average price
 - In France both the bicycle turnover as well as the turnover in parts grows
 - In Scandinavia and Belgium turnover rises
 - The export of Accell brands increases in almost all countries, whereby Switzerland, Austria and Italy stand out in a positive way

North America



- In the North American market Accell's turnover grows with 35% to €75.5 mln.
 - In total bicycle turnover increases with more than 50% due to the acquisition of Raleigh
 - Raleigh's turnover in the first half year is more than 8% lower compared to the same period last year due to the winter weather
 - The market for electric bikes is still small
 - Bicycle parts turnover increases with 12% due to the acquisition of Raleigh

Other countries



- Turnover in the other countries is €26.1 mln. (2012: €28.6 mln.), turnover increases organically
 - The decrease of the turnover is caused by the fact that the turnover of Raleigh in Taiwan is no longer accounted for on the value of the goods, but based on the service fee
 - The activities of the Asian organization (Asia and Australia) have visibly increased in the first half year
 - Turnover in Turkey increases among others due to a higher average price

Agenda

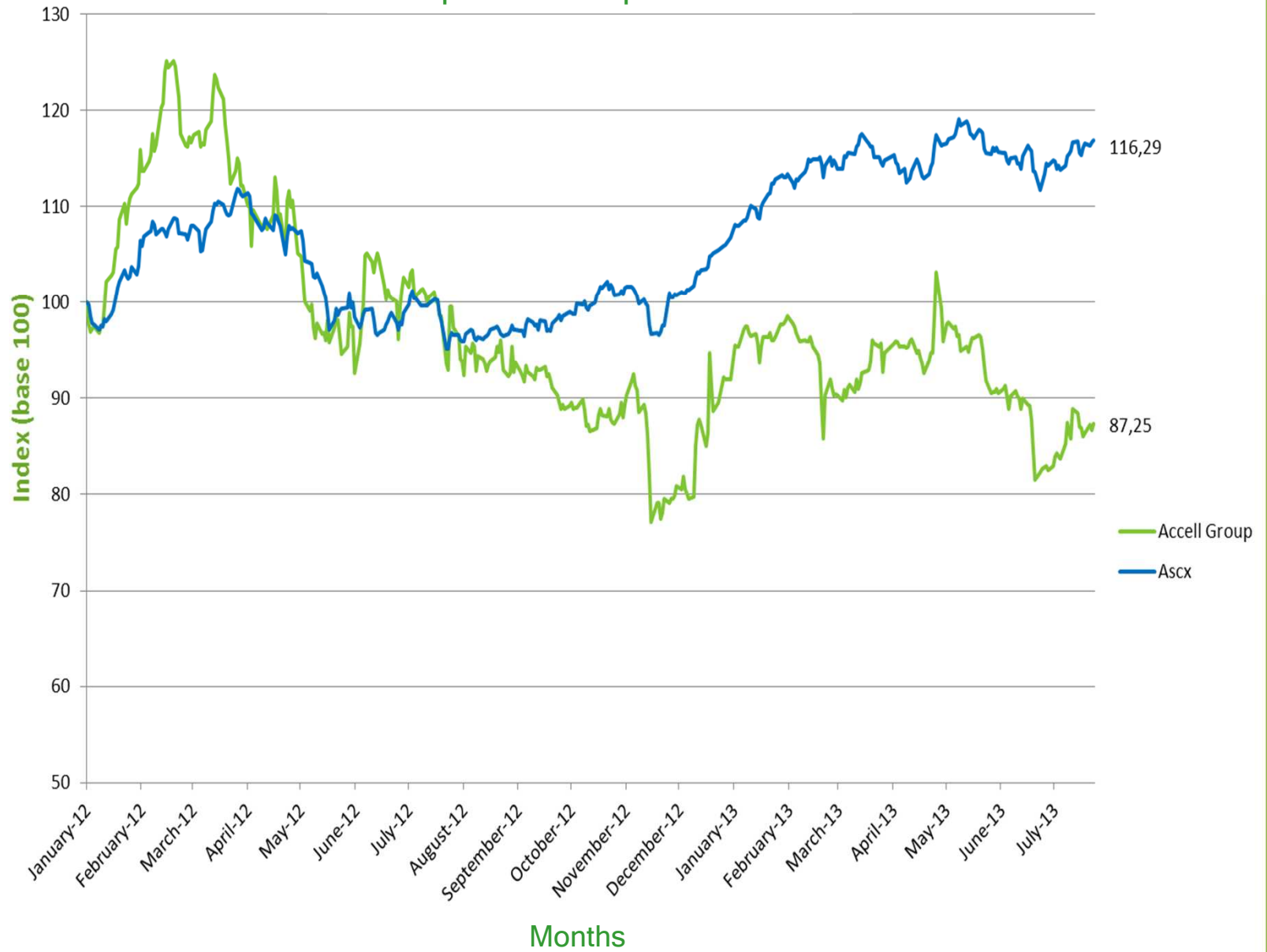
1. Accell Group in H1 2013

2. The Accell Group share

3. Financials

4. Outlook

Share price development Accell



Agenda

1. Accell Group in H1 2013

2. The Accell Group share

3. Financials

4. Outlook

Results

(x € mln.)	H1 2012	2012	H1 2013	
Net turnover	445.6	772.5	503.8	13%
Material costs	(305.9)	(526.2)	(334.7)	13%
Other costs	(109.9)	(210.4)	(123.6)	13%
Operating result (EBIT)	29.8	35.9	35.5	19%
Result of participation	0.1	0.2	0.0	
Interest costs	(3.8)	(7.0)	(6.6)	71%
Taxes	(2.8)	(2.6)	(4.4)	56%
Net operating result	23.2	26.6	24.5	5%
Non-recurring profits/losses	(2.8)	(3.4)	-	
Net profit	20.5	23.2	24.5	20%

Added value

(x € mln.)	H1 2012	2012	H1 2013	Δ H1
Net turnover	445.6	772.5	503.8	13%
Material costs	(305.9)	(526.2)	(334.7)	13%
Added value	<u>139.7</u>	<u>246.4</u>	<u>159.1</u>	14%
	31.4%	31.9%	31.6%	

- Added value in relation to turnover is stable:
 - Shift in the margin mix (including more outsourcing) causes a decrease
 - Provided extra discounts are lower
 - Currency results are positive
 - Synergy advantages

Operating costs

(x € mln.)	H1 2012	% turnover	2012	% turnover	H1 2013	% turnover
Staffing costs	(52.6)	12%	(101.6)	13%	(59.4)	12%
Depreciation	(4.2)	1%	(8.3)	1%	(4.6)	1%
Other operating costs	(53.1)	12%	(100.6)	13%	(59.6)	12%
Other costs	<u>109.9</u>	25%	<u>(210.4)</u>	27%	<u>(123.6)</u>	25%

- The other operating costs in relation to the turnover are at last year's level. On an organic basis there is a slight decrease
- Staffing costs increase due to:
 - The acquisition of Raleigh
 - Growth of activities (production and sales)

Net result

(x € mln.)	H1 2012	2012	H1 2013
Operating profit (EBIT)	29.8	35.9	35.5
Result of participation	0.1	0.2	0.0
Interest costs	(3.8)	(7.0)	(6.6)
Taxes	(2.8)	(2.6)	(4.4)
Net operating result	23.2	26.6	24.5

- The financial costs increase as a result of an increased demand for credit facilities and factoring
- The effective tax rate increased to 15% (2012: 12%), the benefits from the German tax incentives ended in the first half year
- The net operating result is €24.5 mln (H1 2012: €23.2 mln.)

Balance sheet, assets

(x € mln.)	30-6-2012	31-12-2012	30-6-2013
<i>Fixed assets</i>			
Intangible fixed assets	96.3	98.3	101.1
Tangible fixed assets	75.2	77.0	75.2
Financial fixed assets	13.4	18.7	16.7
	185.0	193.9	193.0
<i>Currents assets</i>			
Inventories	220.2	269.1	272.1
Receivables	177.2	132.5	160.4
Liquid assets	6.2	6.6	16.9
	403.6	408.1	449.4
Total assets	588.5	602.1	642.5

Working capital

(x € mln.)	30-6-2012	31-12-2012	30-6-2013	Δ H1
Inventories	220.2	269.1	272.1	24%
Accounts receivable	156.2	104.5	137.2	(12%)
Accounts payable	(81.4)	(132.8)	(82.2)	1%
Total	295.1	240.8	327.0	11%

- Inventories increase with 24% in total, primarily due to higher inventory in finished goods
- Trade receivables decrease due to factoring (€26 mln.) and lagging sales in June
- Trade payables on the level of 2012 despite the increase in average cost price

Inventories

(x € mln.)	30-6-2012	31-12-2012	30-6-2013	Δ H1
Goods in transit	14.7	28.9	17.1	16%
Components	56.6	84.7	60.3	7%
Semi-finished goods	6.7	3.8	4.1	(38%)
Finished goods	142.2	151.7	190.5	34%
Total	220.2	269.1	272.1	24%

- The inventory of finished goods increases with 34% due to:
 - A higher bicycles inventory (lower sales traditional and sports) and parts (growth activities)
 - Increased average cost price per bicycle (+21%)

Balance sheet, liabilities

(x € mln.)	30-6-2012	31-12-2012	30-6-2013
Group equity ¹⁾	249.9	246.1	261.2
Provisions ¹⁾	36.7	34.9	34.6
Long term loans	73.0	15.8	110.2
Bank credit	103.3	134.6	107.3
Short term debts	125.7	170.6	129.1
Total liabilities	588.5	602.1	642.5

1) comparative figures have been adjusted related to system changes in pensions (IAS19R)

- The net bank debt amounted to € 201 million (2012: € 170 million), is almost entirely due to the increase in working capital

Group equity

(x € mln.)

Balance on 1 January, 2013	246.1
Net profit	24.5
Dividend payment 2012	(10.8)
Other movements	<u>1.5</u>
Increase in 2012	15.1
Balance on 30 June, 2013	261.2

- Other movements mainly due to:
 - Incorporation financial instruments
 - Currency effects

Cash flow

(x € mln.)

Cash flow from operating activities

Net profit

Depreciations

Share-based payments

Operating cash flow for working capital and facilities

Movements working capital and facilities

Net cash flow from operating activities

Cash flow from investment activities

Movements in fixed assets

Acquisition subsidiary companies

Net cash flow from investment activities

Free cash flow

Cash flow from financing activities

Movements in bank loans and bank credits

Share issue

Share- and option-based payments

Dividends

Net cash flow from financing activities

	H1 2012	H1 2013
	20.5	24.5
	4.2	4.6
	0.1	0.1
	24.8	29.2
	(5.3)	(68.6)
	19.4	(39.3)
	(6.1)	(5.1)
	(59.4)	(2.1)
	(65.6)	(7.2)
	(46.1)	(46.5)
	28.9	68.1
	30.8	0.0
	(0.4)	(0.2)
	(11.0)	(10.8)
	48.3	57.0

Number of outstanding shares

Number of outstanding shares 01-01-2013:	23,863,432
Arrangement share issue:	15,509
Optional dividend:	523,908
Number of outstanding shares 30-06-2013:	24,402,849
Weighted average outstanding shares 30-06-2013:	23,984,648

Ratios

	H1 2012	H1 2013
EPS	€ 0.93	€ 1.02
ROCE	7.4%	8.4%
Operating result / turnover	6.7%	7.0%
Solvency	42.5%	40.7%
Net debt / EBITDA	4.5	4.0
Average number of employees (FTE's)	2.943	3.179

Agenda

1. Accell Group in H1 2013

2. Accell Group share

3. Financials

4. Outlook

Strategy Accell Group

- Creating innovative, high-quality and recognisable products with strong brands
- Positioning, promoting and expanding the brand portfolio, targeted marketing on retailers and consumers and intensive cooperation with and support for the expert retail trade
- Consistently managing costs, inventory management, portfolio management and further exploitation of synergies especially after acquisition Raleigh
- Actively seeking possible acquisitions

Outlook 2013

- Based on the trends and strategy an increase in turnover and operating result is expected in 2013 compared to 2012*
- Net operating result for the full year 2013 is expected to be around the level of 2012*
- Financing costs and taxes will be higher than in 2012
- In the longer term, Accell Group expects a continued growth in turnover and profit

* Barring unforeseen circumstances