

Summary Annual Report 2000
Accell Group N.V.





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Accell Group profile

Accell Group is an international group of companies, active in design, production, marketing and sales of bicycles. With national and international brands, Accell Group occupies a strong position in the middle and higher segments of the market. The bicycles developed and produced by Accell Group are mainly sold through the bicycle retail specialists channel.

Accell Group has production locations in the Netherlands, Germany and France. Sales of bicycles of the brands Batavus, Be One, Cool!/Loekie, Hercules, Koga-Miyata, Lapierre, Mercier and Sparta take place in the Netherlands (53%), Germany (25%), France (15%), and other countries including Belgium, Scandinavia, Switzerland and Austria.

In the geographically differentiated bicycle market, Accell Group is active with traditionally strong national brands and products. In addition to this, Accell Group is internationally active with new brands (Be One mountain bikes) as well as new products (electric bicycles and folding bicycles). With sales of € 203.7 million (€ 150.3 million in 2000), Accell Group is Europe's third- largest producer of bicycles.

General state of affairs

The Western European bicycle market experienced slight volume growth in the past year. Switches remain visible to products of better quality, at the expense of cheaper products of lower quality, mostly imported products.

At the start of 2000, prices were raised at all the brands in order to try to compensate for the effect on margins of the strong value increase of the dollar and yen. The effects of the logistic disruptions that took place during the second half of 1999 were still felt in the first half of 2000.

The reorganisation of Sparta, acquired in November 1999, was completed. The closing of the paint shop, reduction of (in)direct personnel and the implementation of our own ERP system resulted in Sparta being able to make a positive contribution to the results from as early as the first half of the year.

At the publication of the half-year results, we reported sales growth of 32.5% to € 119.8 million, and a profit of € 1.8 million. The sales increase was 17% autonomous, realised by price changes and volume growth.

In the second half of the year, both sales and result were improved further. In addition to increased volumes and the integration of Sparta, the sales increase in the second half-year was the result of price changes at the introduction of the new collections. These collections were enthusiastically received at the dealer shows, and advance sales were substantial. Higher prices were also the result of higher purchase prices of parts partly paid for in dollars or yens.

Accell Group continuously invests in the market positions of strong group brands by introducing innovative new products

that contribute to pleasure in cycling and cycling mobility. In doing so, we concentrate on:

- Handling improvement,
- Increasing comfort,
- More safety by introducing new lighting systems, and
- Theft prevention by installing chips in the bicycles

Development and production of electrical bicycles, folding bicycles and racing bicycles are centralised within one of the production facilities of the group.

Development of markets

Accell Group is active in the middle and higher segments of the bicycle market with strong national and international brands. In these segments, the focus is more on strong brands, quality and service. As a result of its strategic focus on these segments and the earlier mentioned criteria, Accell Group is one of the most successful bicycle producers in Europe.

The bicycle market is characterised by a seasonal pattern. The biking season runs from September to September, and is divided into four periods.

September	October / January	February / June	July / September
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- 1 In September, the new collection is shown to the dealers, and the advance sales are booked. Production of the new collection is started.
- 2 During the months October to January, the stocks are delivered to the retailers.
- 3 In the months February to June, the retailers sell the bicycles to the consumers. This is the actual sales period from dealer to consumer.
- 4 Finally, the months July to September see the start of the production of the show and photo models of the new collection to be shown, while the last orders of the current collection are produced and delivered. This means that in one calendar year, approximately 60% of sales is realised in the January to June period.

Markets

No final Western European market figures are currently available for 2000. On the basis of the currently available information, the market is estimated as follows:

Number of bicycles X 1,000¹

	2000	1999	1998
The Netherlands²	1,510	1,450	1,350
Germany	4,800	4,710	4,500
France	2,500	2,300	2,100
Scandinavia	1,100	1,100	1,100
Belgium/Luxembourg	450	450	450
Italy	1,450	1,400	1,350
UK	2,150	2,150	2,150
Other countries	2,500	2,200	2,200
Total	16,460	15,760	15,200

¹ Numbers may deviate from other information as a result of varying definitions of children's bicycles

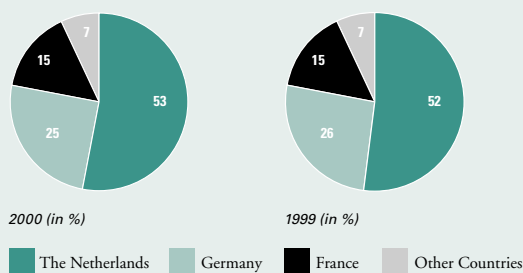
² Markets in which Accell Group is active, are bold

The Western European bicycle market experienced slight volume growth in the past year. Switches to products of better quality, at the expense of cheaper products of lower quality (imported) products, remain visible. The mountain bike segment in the whole of Western Europe is still under pressure, while in general, we see a favourable development of the trekking segment.

Within these markets and segments, Accell Group realised the following sales divisions:

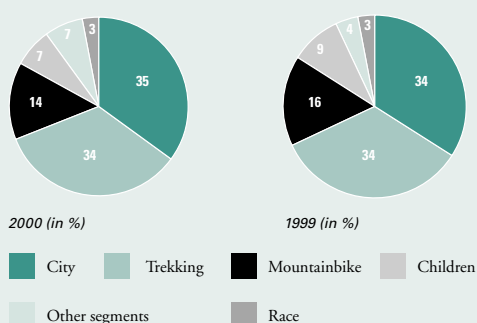
Sales Accell Group per country

In 2000, only very slight differences can be seen in the geographical sales breakdown, compared to 1999. These differences are both autonomous and caused by the consolidation of Sparta.



Sales Accell Group per segment

In 2000, sales in the other bicycles segment increased. As a result of the demand for mobility solutions, sales, including those of electrical bicycles and folding bicycles, increased. The demand for mountain bikes, however, fell slightly. As a result of the consolidation of Sparta, changes do take place within segments, leading to a decline of the segment children's bicycles, in terms of sales.



Accell Group organisation

The group is characterised by an organisational structure with independent subsidiaries, whereby Accell Group acts as a holding company. In addition to the members of the Executive Board, a limited number of managers at Accell Group are involved in product development, treasury, internal audits, investor relations and business development. In addition, all ICT activities are concentrated within the holding company. All companies work with a uniform computer system.

Synergy advantages are realised by integrating 'back-office' activities where this is possible. The in-house developed computer system enables the management to control the operating processes with a relatively limited indirect organisation.

Sales

With a balanced brand policy, aimed at a unique image and culture, the Accell Group brands are active in the geographically differentiated bicycle market. The traditionally strong national brands each have their own sales, marketing and service & warranty organisation. These provide the brand policy in the home markets. Control takes place through market shares per segment in the core market of the brand. The pan-European Be One brand carries an identical model range for all countries. Sales take place through both own sales organisations and distributors.

Production & Development

Accell Group has production facilities in the Netherlands, Germany and France. Development and production of electric bicycles and folding bicycles are concentrated within Sparta. The bicycles are sold under the Sparta brand and the Batavus, Hercules and Lapierre brands. Lapierre develops and produces the racing bicycles for the Lapierre, Batavus and Hercules brands. In addition to the development of the new collections by the various brands, some long-term projects are carried out under centralised control. Projects that will be broadly used by Accell Group.

This concerns the combination of development, design and production, leading to the development of specialised knowledge centres. In this way, synergy advantages may lead to further cost reductions and faster innovations.

In the production facilities, much attention is given to internal training programmes. This is necessary because of the increasing shortage of personnel. This makes flexible use of labour difficult. During the year, this enables the companies to spread production more evenly.

Dividend policy

At the introduction of the Accell Group N.V. shares on the Amsterdam Stock Exchange (Now Euronext Amsterdam, in October 1998) it was announced that the company aimed to pursue a stable dividend policy, aimed at payment of approximately 40% of the net profit. This shows investors that Accell Group aims to pay out more of the yearly net profit than many other listed companies. The Executive Board may choose to offer an optional dividend.

A dividend to be paid in cash at € 0.60 per share will be proposed.

Prospects

For 2001, Accell Group expects at least a stable situation in the relevant markets. The increase of the number of kilometres cycled for commuting and recreation, increasing demand for innovative, comfortable and safer products will have a positive effect on the strong brands of Accell Group.

By concentrating on these brands, further co-operation with the retail specialists channel and by targeted marketing towards points of sale, Accell Group anticipates these developments.

Internally, further synergy will be realised through logistic improvements, further optimisation of the in-house developed ERP system, and, where possible, reallocation of development and production.

Maintaining a sufficient size remains a necessity for the realisation of advantages in purchasing and production. We will therefore continue to actively search for takeover candidates.

Summarised, the strategy of Accell Group consists of:

- The creation of innovative products and services that appeal to consumers;
- The positioning and promotion of the strong brands to make sure that these remain the consumers' preferred choice;
- The autonomous growth of volume through increase of market shares of the brands and the realisation of sales growth through the introduction of new, high-quality products at the existing brands;
- The obtaining of complementary business, also through acquisitions, in order to realise further growth;
- Benefiting from internal synergy;
- The continuous managing of costs and sales prices in order to further improve operational margins.

On the basis of the favourable market prospects and the above-mentioned starting points, Accell Group expects an increase of sales and the net profit for 2001, barring unforeseen circumstances.

Heerenveen, 15 February 2001

R.J. Takens, Chairman

W.A. de Jong

Consolidated Profit and Loss Account for 2000

(in € thousands)

	2000	1999
Sales	203,670	150,279
Other operating income	1,501	29
Net sales	205,171	150,308
Costs of goods sold	131,083	95,199
Personnel costs	35,075	27,595
Depreciation	2,332	2,226
Other operating expenses	27,089	19,257
	195,579	144,277
Operating profit	9,592	6,031
Net financial income and expense	- 3,021	- 1,404
Profit on ordinary activities before taxes	6,571	4,627
Taxes	- 2,357	- 1,642
Net profit from ordinary activities	4,214	2,985
Extraordinary income	67	-
Taxes on extraordinary income	0	-
Extraordinary result after taxes	67	-
Net profit	4,281	2,985

Consolidated balance sheet per 31 december 2000

After appropriation of profits (in € thousands)

	2000	1999		2000	1999
ASSETS			LIABILITIES		
<i>Fixed assets</i>					
Tangible fixed assets	13,296	13,345	Group equity	26,486	23,304
Financial fixed assets	3,822	4,281	Deferred investment premiums	245	268
	17,118	17,626	Provisions	5,685	6,193
<i>Current assets</i>			Long-term liabilities	14,176	14,383
Stocks	50,422	34,668	Current liabilities	49,908	35,522
Receivables	28,953	27,366			
Cash	7	10			
	79,382	62,044			
Total assets	96,500	79,670	Total liabilities	96,500	79,670

Financial Overview

(in € millions, unless stated otherwise)

Year	2000	1999	1998	1997	1996
					<i>pro forma</i>
Sales	203.7	150.3	149.4	137.2	130.2
Personel costs	35.1	27.6	26.3	25.1	26.2
Operating profit	9.6	6.0	8.8	6.4	7.9
Interest	3.0	1.4	1.7	1.8	1.9
Taxes	2.4	1.6	2.6	1.6	2.7
Net profit *)	4.2	3.0	4.4	3.0	3.3
Depreciation	2.3	2.2	2.1	2.2	2.5
Cash flow	6.6	5.2	6.6	5.2	5.7
Investments	2.4	3.5	1.7	1.5	3.7
Balance sheet total	96.5	79.7	65.0	60.3	64.8
Tangible fixed assets	13.3	13.3	12.1	12.6	16.7
Capital employed	83.1	69.5	53.8	46.1	49.6
Group equity	26.5	23.3	19.9	17.2	14.9
Provisions	5.7	6.2	4.9	5.4	7.1
Employees (average)	998	768	785	758	842
Shares used at year-end	2,925,853	2,851,328	2,762,537	2,603,707	2,544,972
Weighted average number of outstanding shares	2,901,011	2,821,731	2,686,545	2,574,339	2,507,118
<i>Per share data **</i>					
Group equity	9.13	8.05	6.99	6.24	5.53
Cash flow	2.28	1.80	2.31	1.89	2.12
Net profit *)	1.45	1.03	1.56	1.10	1.21
Dividend	0.60	0.41	0.60	PM	PM
<i>Ratios (in %)</i>					
ROCE	11.55	8.68	16.29	13.96	15.81
ROE	15.85	12.84	22.39	17.63	21.95
Operating profit	4.71	4.02	5.86	4.70	6.00
Net profit *)/sales	2.06	1.99	2.98	2.22	2.51
Cash flow/sales	3.24	3.47	4.40	3.80	4.39
Balance sheet total/sales	47.37	53.02	43.50	43.96	49.74
Solvency	27.46	29.27	30.59	28.59	22.99
Pay-out ratio	41.38	38.46	40.03	PM	PM

*) Net profit from ordinary

**) On the basis of the weighted average number of outstanding shares



Modern cycling fun

Quality and reliability; cycling fun for everyone. Innovation in design and technology also contributes to the excellent reputation of Batavus bicycles. The broad and varied range of models is updated and improved every year. Batavus aims exclusively at the bicycle specialist retail trade, also outside The Netherlands.

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BE ONE BIKES

Pan-European success

Be One is a young, successful pan-European brand in the mountain bike segment. This is thanks to the strong price-quality ratio and a great look. The intensive promotional support, in which sponsoring plays an important role, is internationally appealing.

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internet: www.beone-bikes.com



Exclusivity and prestige

The scientific approach to the bicycle, the crème de la crème for the connoisseur. A trend-setter amongst the leading European bicycle brands. Right from the start, Koga-Miyata developed models for confident bicycle lovers with an eye for exclusivity and prestige. Koga-Miyata enjoys a great deal of interest in The Netherlands, Belgium, Germany, Austria and Switzerland.

Koga B.V.
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internet: www.koga.com



Contemporary and self-assured

Loekie, the undisputed number 1 in the Dutch children's bicycle market. A wide range of bicycles for children from three to twelve. Bright, modern colours, a contemporary design and special accessories help to make the brand very popular. The attractive price/quality ratio is also a major success factor.

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internet: www.cool-loekie.com



European appeal

A new line in European children's bicycles. Cool! has now been introduced in The Netherlands, Germany and France. A brand that once more confirms Accell Group's pioneering role.

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More than just a new bicycle....

In the Netherlands, Germany and Belgium, Sparta exclusively focuses on the specialist retail channel with a varied model range. With the Pharos, Sparta has introduced the most successful electric bicycle, which easily deals with headwind or slope. Comfort and convenience go hand in hand at Sparta.

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Extra boost

A strong brand in Germany, which has been given an extra boost within Accell Group. Hercules is synonymous for outstanding quality. With its impressive range of models and design geared to the current market, the brand sets the tone in Germany.

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internet: www.hercules-bikes.de



Top sporting image

A well-respected name in the French quality segment of the bicycle specialist retail trade. In recent years, Lapierre has strengthened its image as an ATB and racing bike specialist and has built an outstanding name for itself in competition cycling. With hybrid and children's bicycles, Lapierre is now also penetrating the French mobility and recreation market.

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Sporting successes

The unforgettable Raymond Poulidor achieved all his greatest successes with Mercier, to which the brand owes a great deal of its brand familiarity and popularity. Mercier has been active in the French market for more than thirty years. Distribution is mainly carried out through hypermarkets, which have obtained a substantial share of the market. Mercier is positioned in the higher segment.

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