



CYCLING MOVES THE WORLD FORWARD

FY 2020 RESULTS

Ton Anbeek, CEO

Ruben Baldew, CFO

5 MARCH 2021

***ACCELL
GROUP***



Ton Anbeek - CEO

KEY MESSAGES 2020

**ACCELL
GROUP**

1.

Further progression on strategy made despite very disruptive year.

2.

Broad based top line growth 17% driven by strong post lock-down recovery from May onwards.

3.

Added value % under pressure (-284 bps) as result of discounts and disruptions in supply chain.

4.

Opex reduced (€ -7 mln) as result of focus on costs, as % of net sales down 430 bps to 22.1%.



KEY MESSAGES 2020

**ACCELL
GROUP**

5.

EBIT reported up 25% to € 74.7 mln (5.8%). Underlying EBIT up 45% to € 79.7 mln (6.1%), an increase of 121 bps vs PY.

6.

TWC at 19.4% as result of focus on cash in combination with strong demand in constrained supply situation.

7.

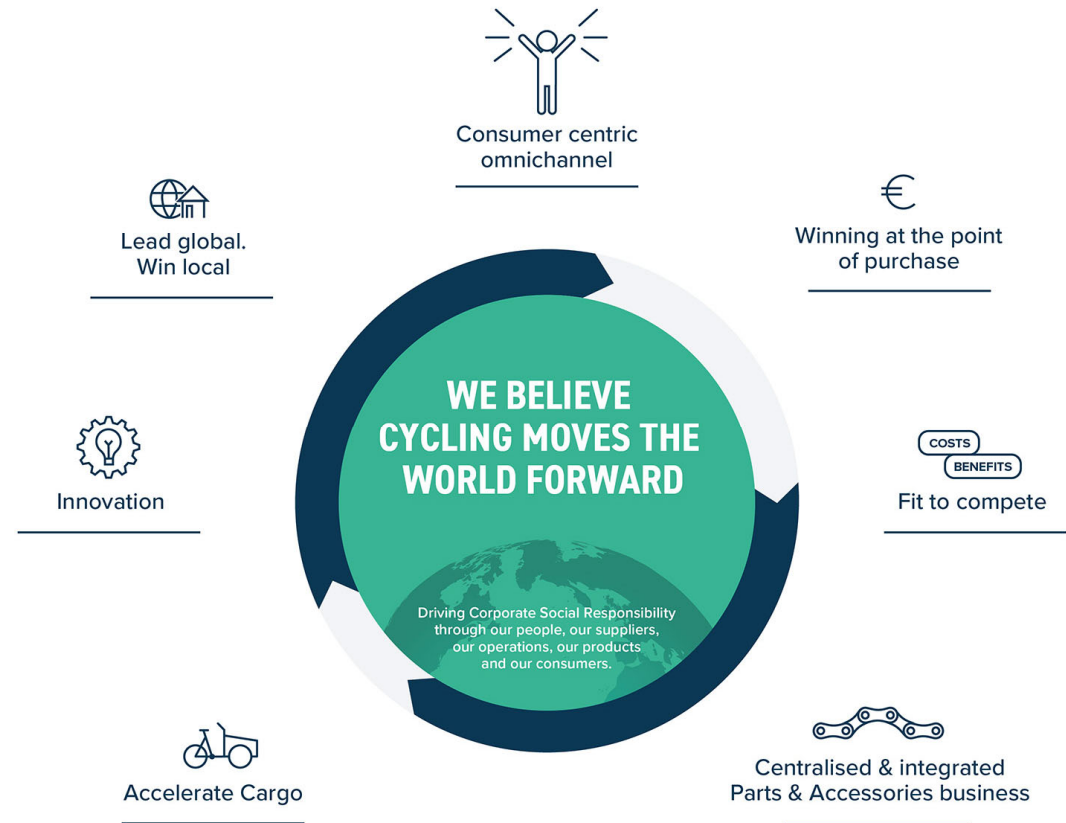
As a result of improved underlying EBIT and lower TWC, free cash flow at + € 195.4 mln.



OUR STRATEGY 'LEAD GLOBAL. WIN LOCAL' DRIVEN BY OUR PURPOSE

FINANCIAL TARGETS FOR 2022

- Turnover: € 1.4 - € 1.5 bn
- Added value / Turnover: > 31%
- EBIT / Turnover: 8.0%
- Trade working capital / Turnover: < 25%
- Return on capital employed: > 15%



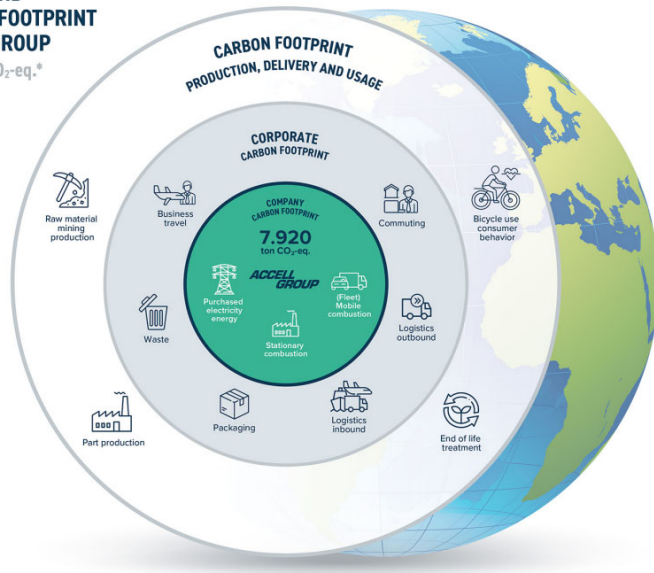
7 GOALS OF OUR SUSTAINABLE STRATEGY in 2025



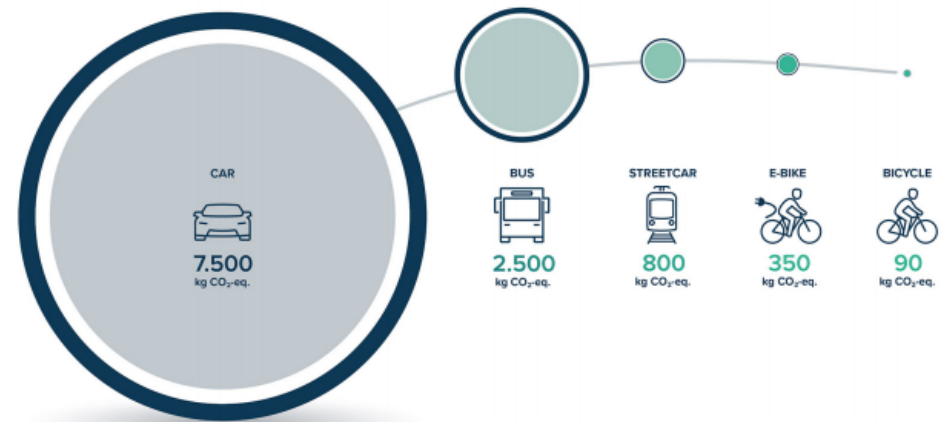
1. 60% of our energy consumption of all Accell Group owned premises will come from renewable sources in 2025 (100% by 2035).
2. Accell Group end-to-end carbon footprint is reduced by 30% (base-year 2018 relative to turnover) in 2025.
3. Accell Group outbound brand & transport packaging is single-use (fossil based) plastics free.
4. Single-use (fossil based) plastics are banned out of the internal organization.
5. The use of single-use (fossil based) plastics in inbound transport of parts packaging from suppliers to our production hubs is reduced by > 50%.
6. Our 2021 Cradle-to-Cradle target is to create a clear roadmap towards 2035, including intermedium targets for 2025 and 2030.
7. As part of our Diversity & Inclusion policy, > 30% of the Accell Leadership Forum will be female in 2025.

BIGGEST CARBON FOOTPRINT IS AT SUPPLIERS AND CONSUMERS. CYCLING MOST SUSTAINABLE MEANS OF TRANSPORT

END TO END
CARBON FOOTPRINT
ACCELL GROUP
200,000 CO₂-eq.*



GREENHOUSE GAS EMISSIONS FROM COMMUTER TRAFFIC



(Source: Life Cycle Analysis - conducted on behalf of Accell Group, 2018)

- Our biggest end to end impact on greenhouse gas emissions is to push our products as alternative means for transport.
- An electric bike has a 20 times lower CO₂ impact than a car
- E-cargo bike B2C and B2B last mile delivery big CO₂ reduction driver (substitution of diesel delivery vans)

PROGRESS STRATEGY FULL YEAR 2020



Lead global.
Win local

- Group coordinates brand development and e-commerce. IT, supply chain and innovation report directly into group
- Regions lead brand development, marketing, sales, ecommerce and give input to brand innovation teams
- The innovation process is governed by the central innovation board
- In 2020 further progress in simplifying organization with move to four key regions.



Winning at the point
of purchase

- Focus on a winning portfolio of brands per region
- Focus on (omnichannel) e-bike opportunities
- Focus on launching of big global and local innovations
- Develop global/local consumer insights and exploit local business opportunities (eg leasing)
- Service and availability are key to win at point of purchase:
 - Service organised through key regions
 - Availability driven by strong Sales and Operational Planning (S&OP). Drivers to improve are for example:
 - Bike data harmonisation across Europe
 - Complexity reduction and introduction of product/component platforms
- COVID-19 has led to disruptions in supply chain and this will continue in 2021.

PROGRESS STRATEGY FULL YEAR 2020



Consumer centric
omnichannel

- Develop and implement digital platforms for all Accell brands and roll out CRM and order entry systems.
 - Implementation of Service and Sales CRM across countries in 2020 (Salesforce)
 - Dealer tool Accentry further rolled out (data analytics & usage)
 - Roll out Single Brands being implemented (Raleigh, Haibike):
 - D2C Raleigh 2020 85% growth
- Develop experience centers with dealers
- Grow the omnichannel bike opportunity
- Develop new business models.



Innovation

- Focus on e-bike innovation, smart technology (IoT) and urban mobility solutions
- 3 global innovation centres for Sport, Lifestyle and Cargo
- New Innovation calendar established and embedded in Sales and Operational planning
- Regional brand innovation teams established governed by central innovation board to make sure we improve the on time in full delivery of our innovations
- Continue to win awards such as the Design & Innovation Award on Haibike AllMtn 7 and on Lapierre Overvolt.

PROGRESS STRATEGY FULL YEAR 2020



Centralised & integrated
Parts & Accessories
business

- Lead and organize centrally to win locally
- Where possible utilize synergies with the bicycle business
- Aggressively grow our brand XLC (2020 growth: 42 %)
- Drive growth (2020: 36%) and market share through:
 - logistical excellence as competitive advantage through:
 - Data and systems, optimised cut off times, value adding service
 - Drive the longtail of SKU's and brands
 - Drive the on-line opportunity by partnering with on-line players.



Fit to compete

- Develop an efficient demand-driven and responsive supply chain
- Rationalise, standardise and reduce complexity of product range and supply chain footprint
 - We are on target to reduce the number of model and SKU's by ca 40% (Model Year 2022 vs ultimo 2017).
 - Standardization of product and component platforms. The first standard product platform has been introduced in 2019 and were followed by more platform introductions in 2020.
 - Rationalisation of our footprint; Two closures announced in 2020.

PROGRESS STRATEGY FULL YEAR 2020



Accelerate Cargo

- Capture the urban mobility through both business to consumers (B2C) and business to business (B2B) opportunities
- Historical growth track continues with 2020 at 43% net sales growth
- Drive innovative cargo platforms across brands in all countries
- Drive premium cargo offering through Carqon
- Launching of business-to-business (B2B) concepts to capture the last mile delivery opportunities in cities (“Babboe Pro”)
- Cost competitive through synergies with our bike assembly and frame production

SUMMARY OF OUR PROGRESS

ON TRACK

- Underlying continued strong demand for our products and brands as seen in recovery from May onwards
- Simplified and integrated our innovation process
- Simplification of our regional structure
- Growth of Cargo continued across Europe
- P&A continuing strong growth record driven by competitive drivers (eg logistics) and strong demand
- Fixed costs decrease and with leverage opex as % of net sales coming down
- Increase of (underlying) EBIT
- Working capital reduction
- Improved balance sheet with additional financial flexibility

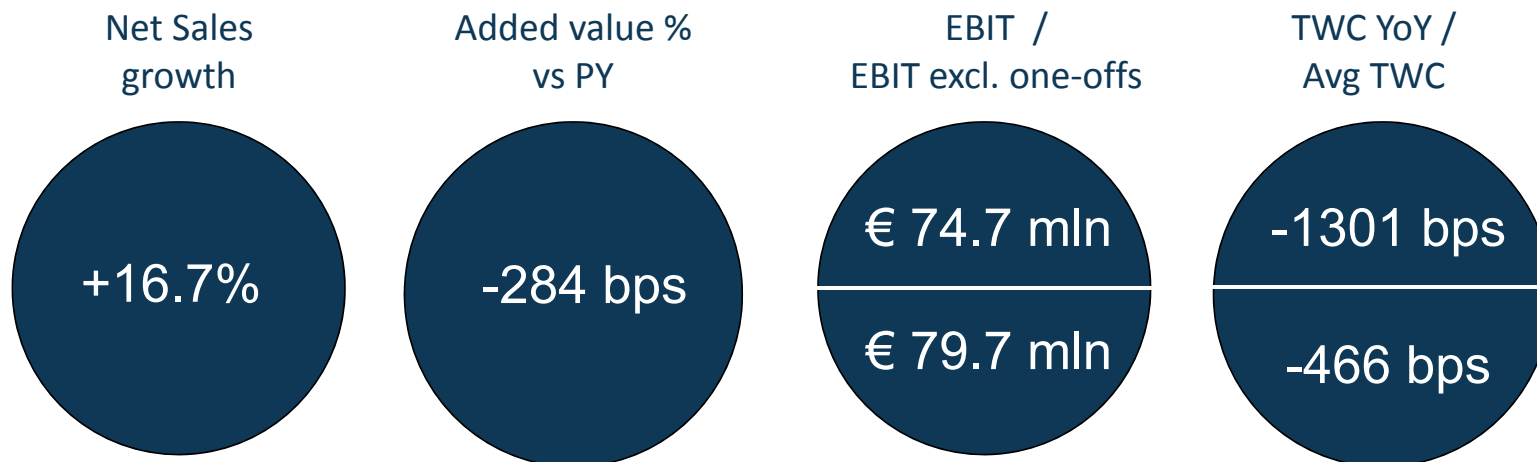
IMPROVEMENT NEEDED

- Supply chain disruptions hampering availability and costs
- Lower margin due to costs, discounts and negative mix



Ruben Baldew - CFO

IMPROVEMENTS ON NET SALES, EBIT AND TWC



NET SALES AND PROFIT

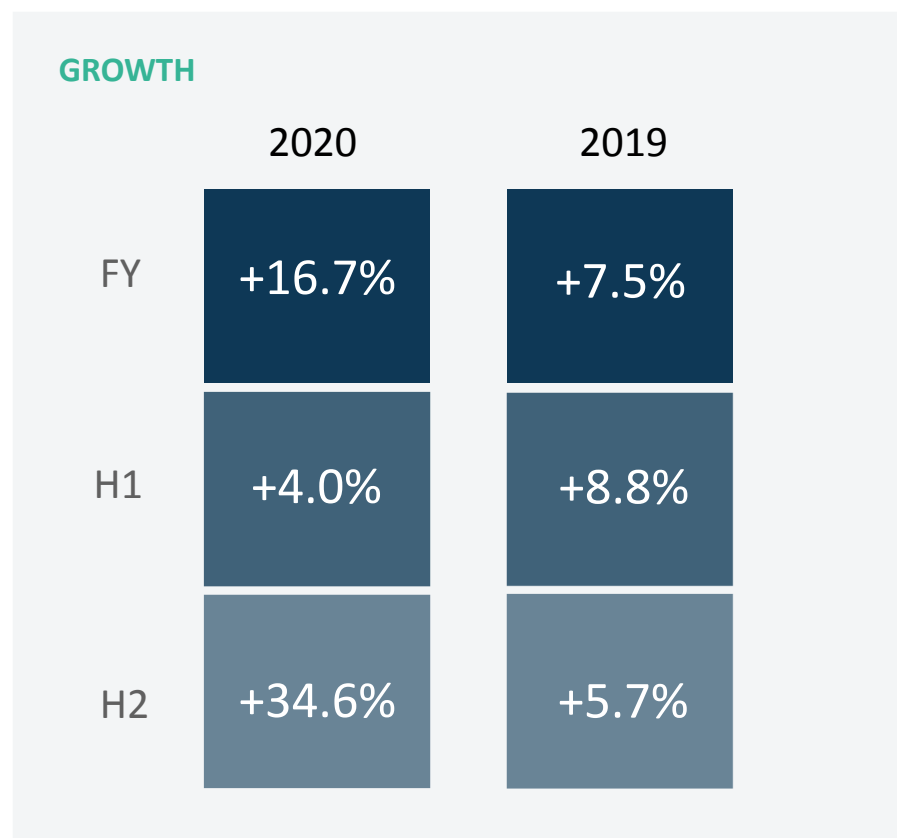
NET SALES

	% Growth
FY	+16.7%
PY	+7.5%

PROFIT 2020

	% Added value Y-o-Y	EBIT	EBIT excl one-offs
FY	-284 bps	€ 75 mln	€ 80 mln
PY	+53 bps	€ 60 mln	€ 55 mln

GROWTH ACCELERATES FROM 7.5% TO 16.7%



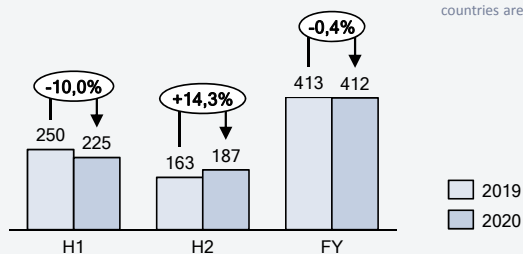
Comments

- Growth from 7.5% to 16.7% on FY
 - Season has shifted backwards as result of lock downs across Europe mainly in March and April
 - Hence H1 at 4.0%
 - H2 at 35%
 - Overall consumer demand was higher, availability has hampered further uplift
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PERFORMANCE PER REGION

CENTRAL

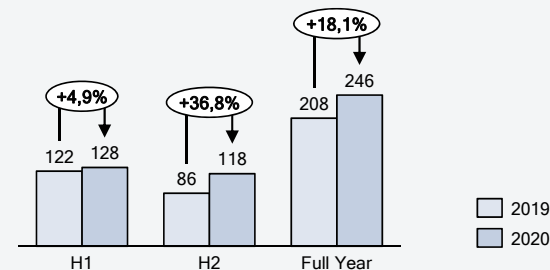
DACH renamed into Central as Eastern European countries are also included.



- March & April lockdowns affected sales H1
- Stock of German brands have been sold in Nordics and UK during lockdown
- Strong post lock down recovery albeit FY still slightly negative
- Customer demand was higher than availability, impacting sales negatively



BENELUX

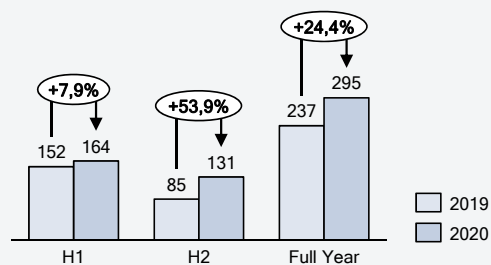


- COVID-19 impact was only limited as shops remained open throughout the year
- Growth driven by Batavus thanks to strong portfolio and activation



PERFORMANCE PER REGION

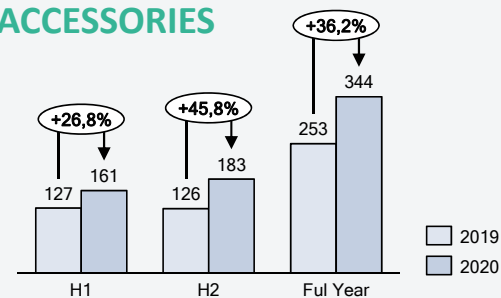
OTHER BIKE REGIONS



- Growth in Southern Europe, Nordics and UK very strong driven across brands thanks to growth bike market
- Southern Europe sales recovered well in H2 after lockdown issues from March into 2nd week of May



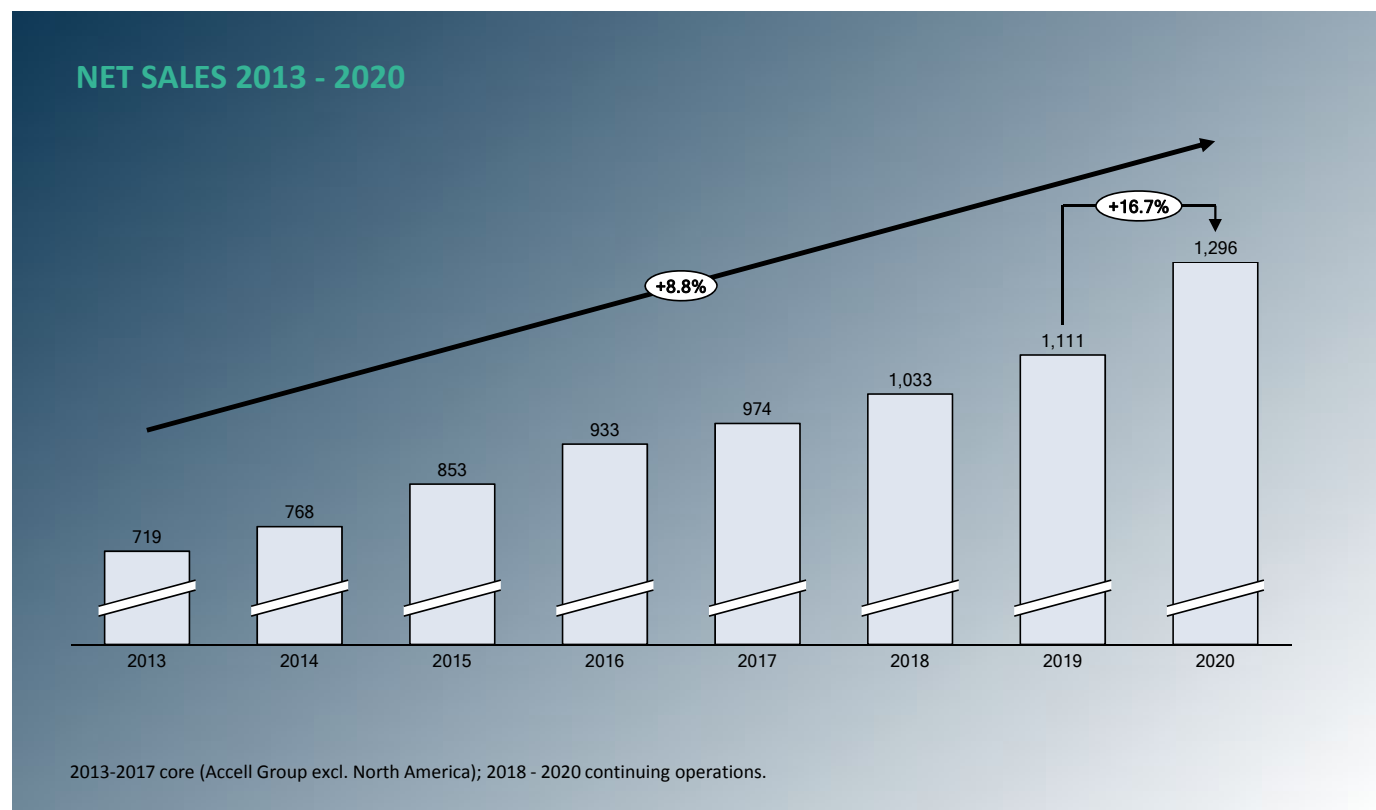
PARTS & ACCESSORIES



- Excellent growth of P&A driven by:
 - Strong growth of replacement market
 - Additional business through (new) online customers
- XLC brand growth of 42%



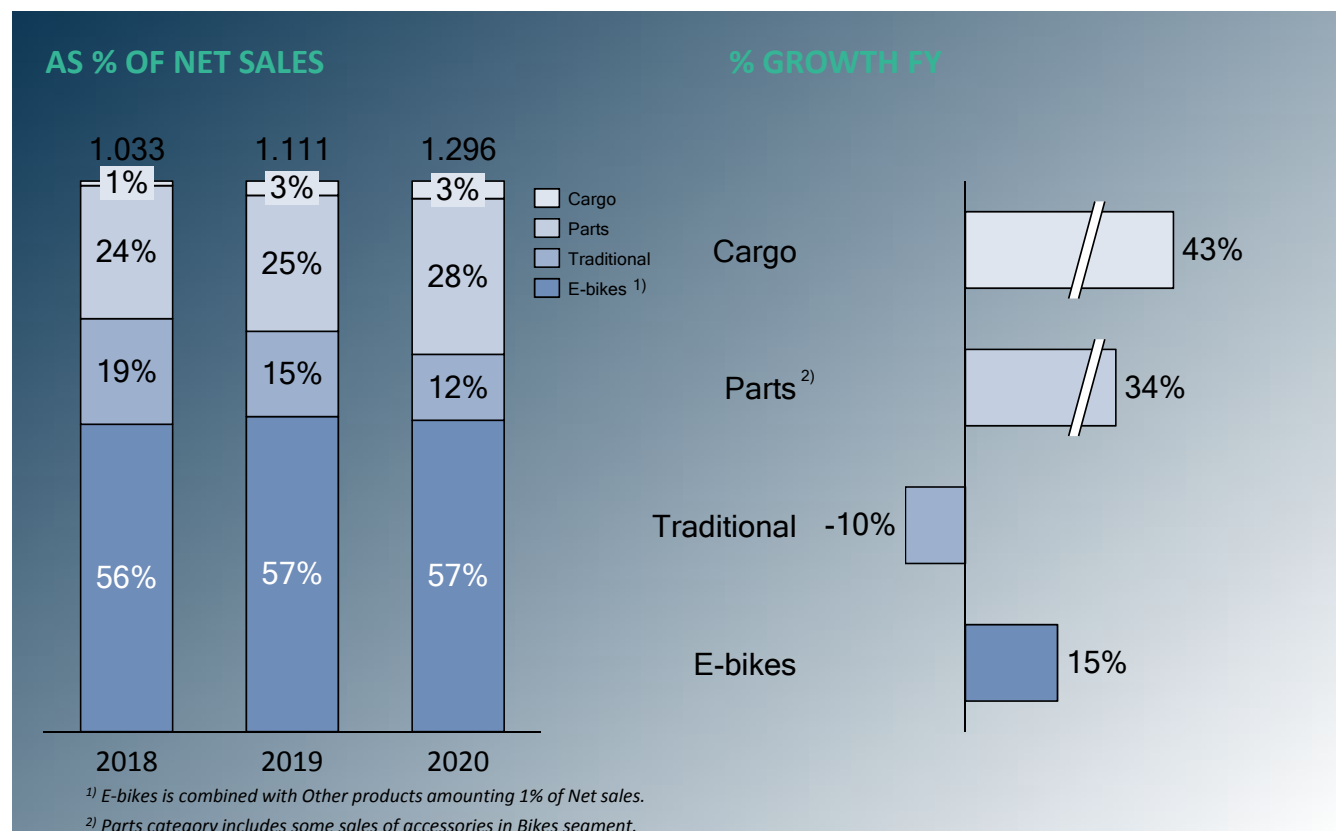
GROWTH TRACK CONTINUES



Comments

- Growth of 17% in 2020 fully organic
- Average growth over last 8 years 8.8%

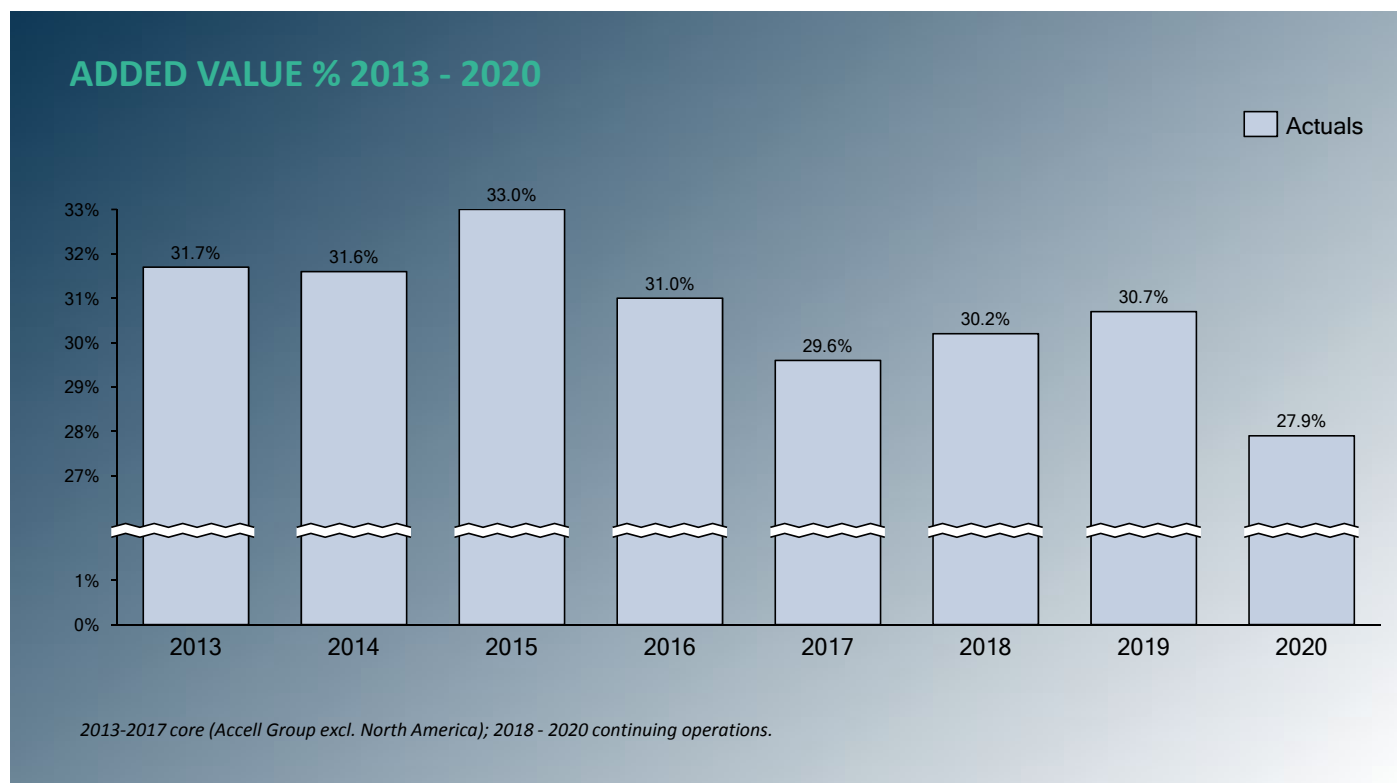
PRODUCT PERFORMANCE



Comments

- Strong growth in Cargo bikes of 43%. Now at 3% of business; majority of cargo (95%) are e-bikes. We expect cargo to grow to 5-7% of our business
- Parts now 28% of total thanks to very strong growth in 2020
- Traditional bikes down 10% following historical trend. We expect traditional bikes to become 8-10% of our business
- E-bikes continued double digit growth. We expect e-bikes to become 60% of portfolio

ADDED VALUE DOWN TO 27.9%

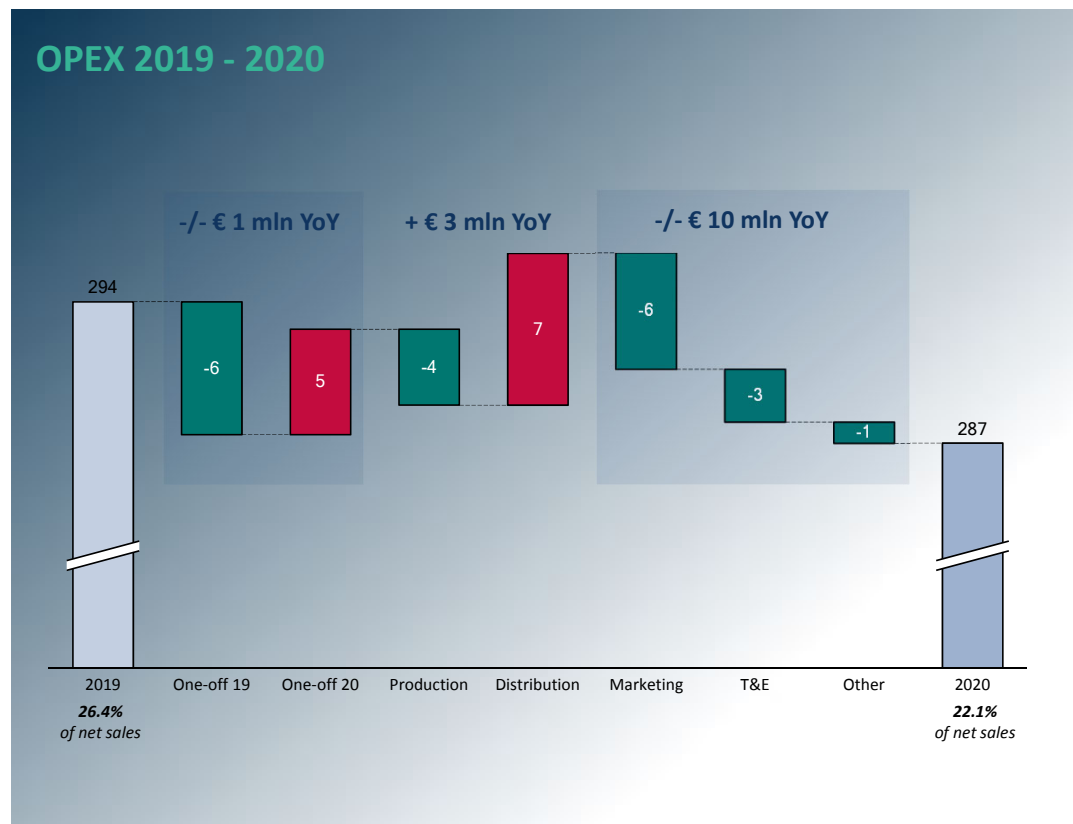


Comments

Margin down 284 bps due to:

- Higher discounts to transfer stock into cash (eg during lock down)
- Disruptions in supply chain leading to lower efficiencies
- Customer and product mix

OPEX REDUCED BY € 7 mln

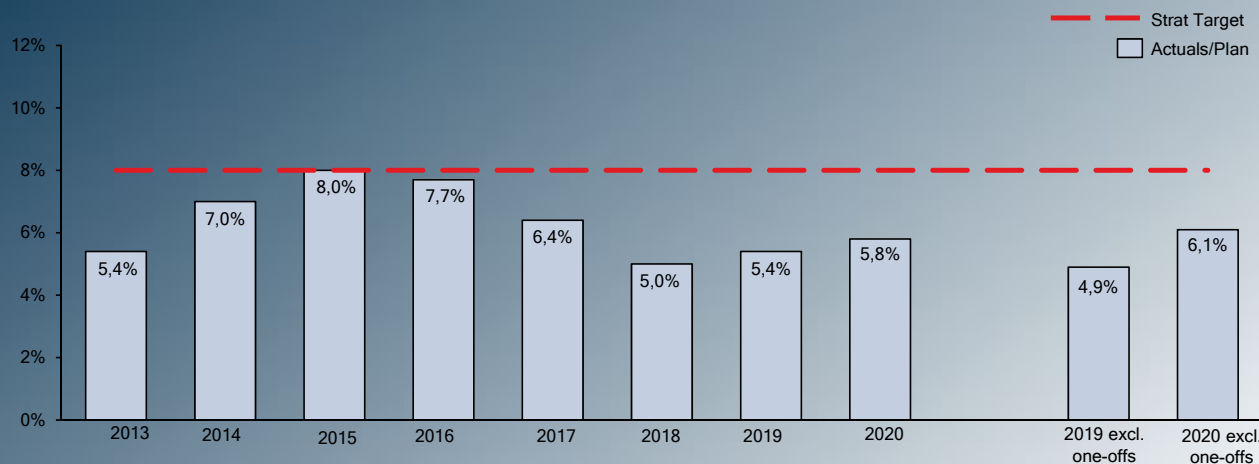


Comments

- **Opex** reduced by **€ 7 mln** to € 287 mln. As % of net sales, opex decreased with 430 bps to 22.1%.
- One-offs down **-/- € 1 mln**:
 - One off's 2019: approx. € 6 mln mainly write off US deal on Diamondback brand
 - One off's 2020: + € 5.0mln mainly
 - -/- € 2 mln debtor provision release (US)
 - + € 3 mln impairment IT
 - + € 3 mln restructuring provisions
 - + € 1 mln other
- Variable costs up **+ € 3 mln**:
 - Distribution increase of € 7 mln attributable in full to volume growth mainly in P&A
 - Lower spend of € 4 mln in production as result of lower output
- Other cost down **-/- € 10 mln**:
 - Marketing cuts -/- € 6 mln given shops closures and constrained supply context
 - Lower travel and expenses -/- 3 mln given COVID-19
 - Other -/- € 1 mln lower IT and advising cuts, partly offset by higher provisions

EBIT-MARGIN UP AT 5.8% DUE TO LOWER OPEX

EBIT% 2013 - 2020



2013-2017 core (Accell Group excl. North America); 2018 - 2020 continuing operations.

Comments

- EBIT 5.8% up € 14.8 mln and + 37 bps versus 2019
- Reported 37 bps increase driven by:
 - Opex cuts and leverage + 430 bps
 - Lower variable margin - 284 bps
 - Lower other income (mainly CTC deal PY) - 109 bps
- Excluding one-off's EBIT up € 24.9 mln and + 121 bps
- Underlying 121 bps up driven by:
 - Opex cuts and leverage + 405 bps
 - Lower variable margin - 284 bps

NET PROFIT INCREASES TO € 64.8 mln DUE TO TURNOVER INCREASE

Profit & Loss 2020 - 2019

in millions of euro	2020	2019
Net turnover	1,296.5	1,111.0
<i>Other income</i>	0.1	12.3
<i>Net sales growth% vs py</i>	16.7%	7.5%
Added value	361.8	341.5
Added value%	27.9%	30.7%
<i>Added value bps vs py</i>	-284	53
OPEX	-287.1	-293.9
EBIT	74.7	60.0
EBIT%	5.8%	5.4%
Net finance costs	-12.8	-9.3
<i>Income from equity-accounted investees, net of tax</i>	1.0	0.4
<i>Result from sale of subsidiaries</i>	-	-0.1
<i>Income tax benefit</i>	1.9	8.2
<i>Result from discontinued operations, net of tax</i>	-	-56.5
Net profit	64.8	2.8
Result after taxes from continuing operations	64.8	59.3
Result after taxes from discontinued operations	-	-56.5
Basic earnings per share from continuing operations (in €)	2.42	2.22
Basic earnings per share including discontinued operations (in €)	2.42	0.10

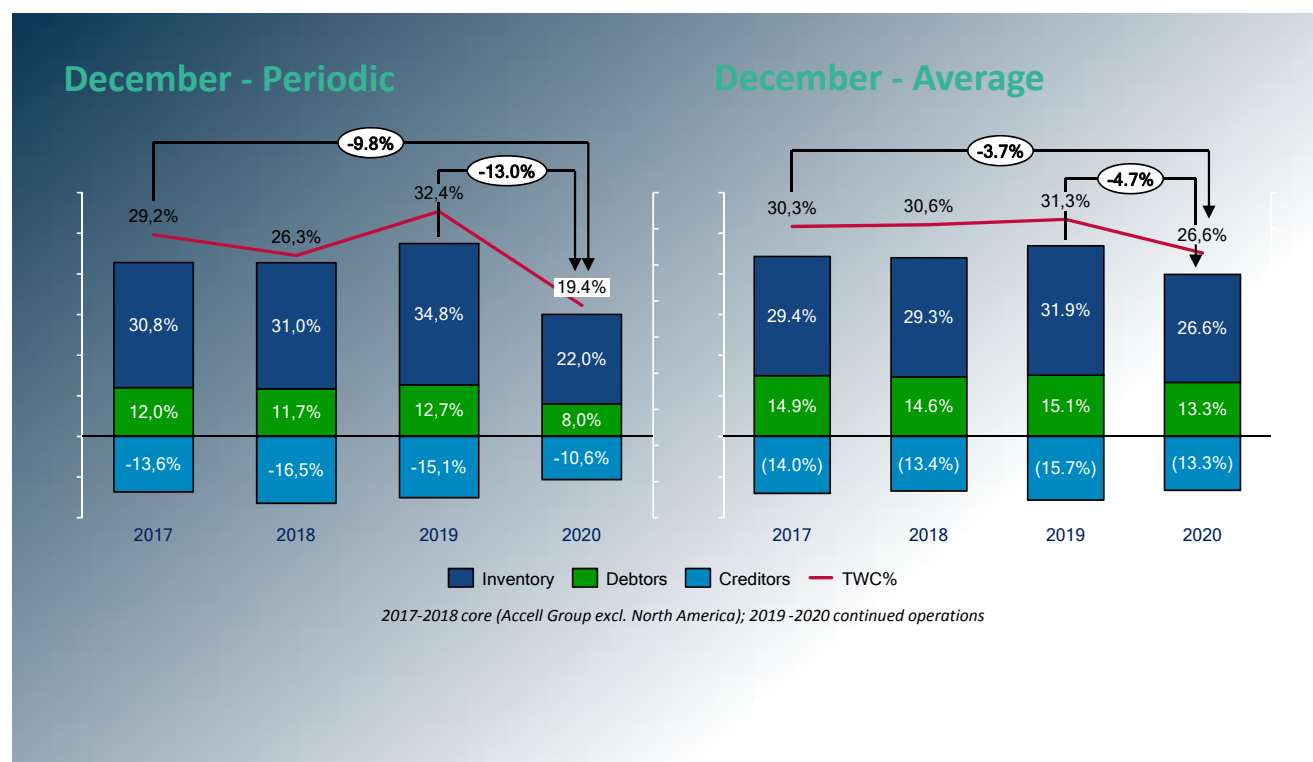
Normalised

in millions of euro	2020	2019
EBIT reported	74.7	60.0
<i>One-off [¶]</i>	5.0	-5.1
Underlying EBIT	79.7	54.8

Comments

- Top line 16.7% with EBIT reported € 74.7 mln
- Net finance costs up to € 12.8 mln as result of additional financing
- Tax expense at € 1.9 mln due to deferred tax asset (DTA) of € 16.2 mln (US)
- Net profit as result € 64.8 mln reported
- One off's € 5 mln on EBIT as indicated previously (Opex drivers)
- EBIT excluding one off's € 79.7 mln

TRADE WORKING CAPITAL IMPROVED DUE TO INVENTORY REDUCTIONS



Comments

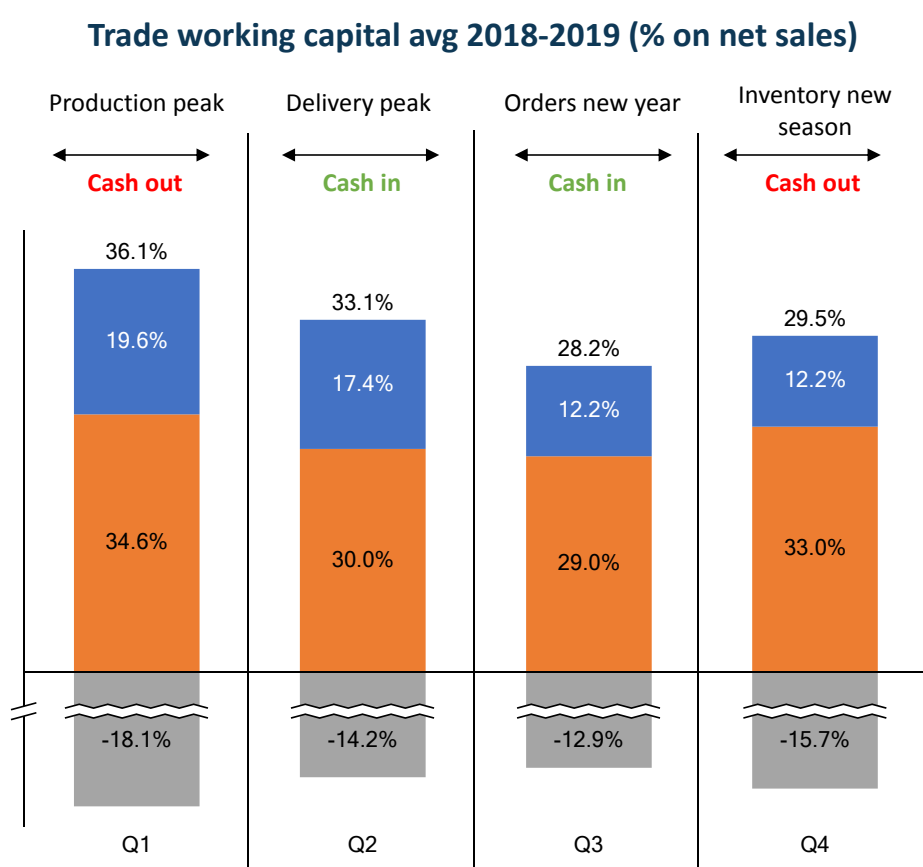
December Periodic

- Working capital at end of December down 1301 bps at 19.4% of net sales, driven by lower inventory (-1281 bps)
- Reduction driven by high demand, strict cash management and longer lead times at components suppliers

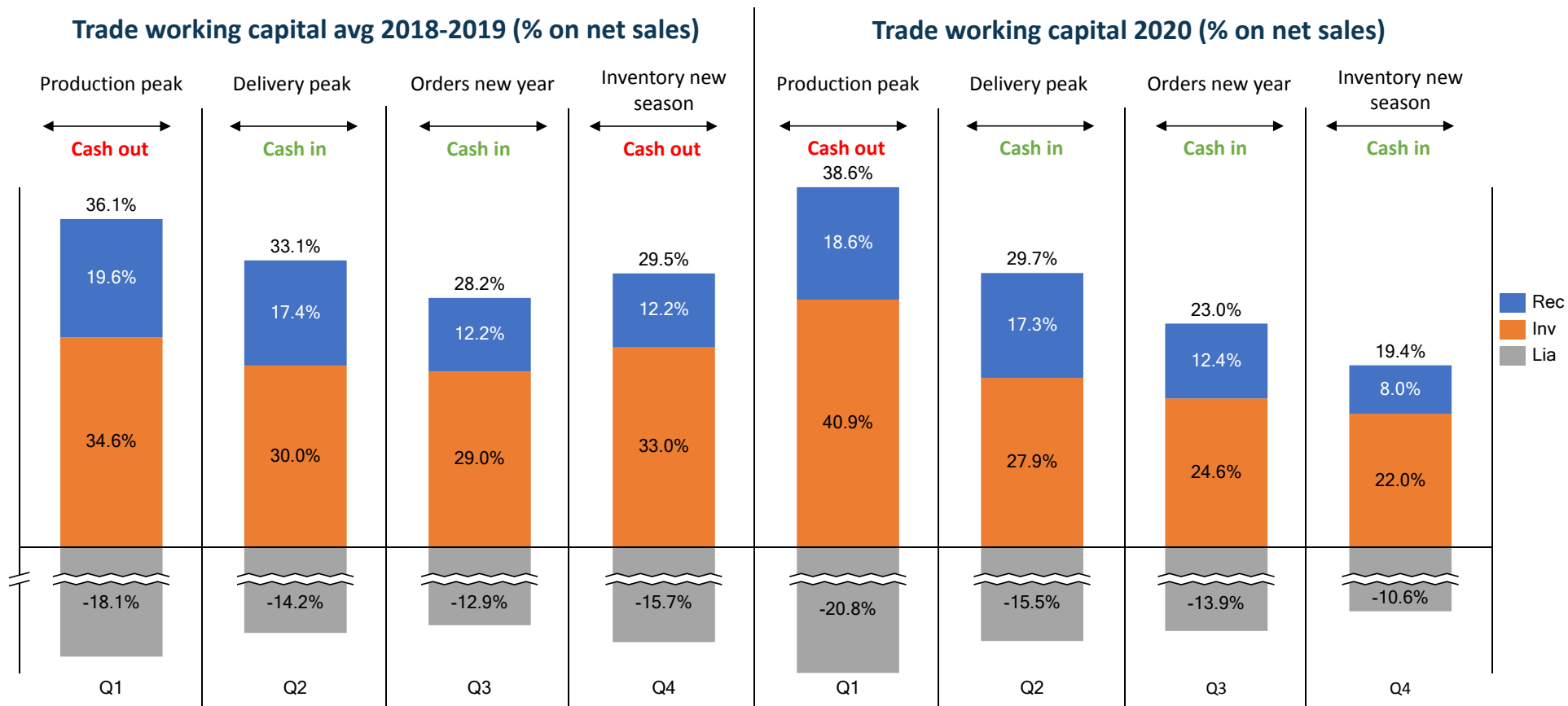
December Average

- Average at -466 bps driven by inventory -527 bps
- Low inventory positions in H2 2020 compared to 2019
- Strong H2 sales
- Lower component stocks by longer lead times at component suppliers

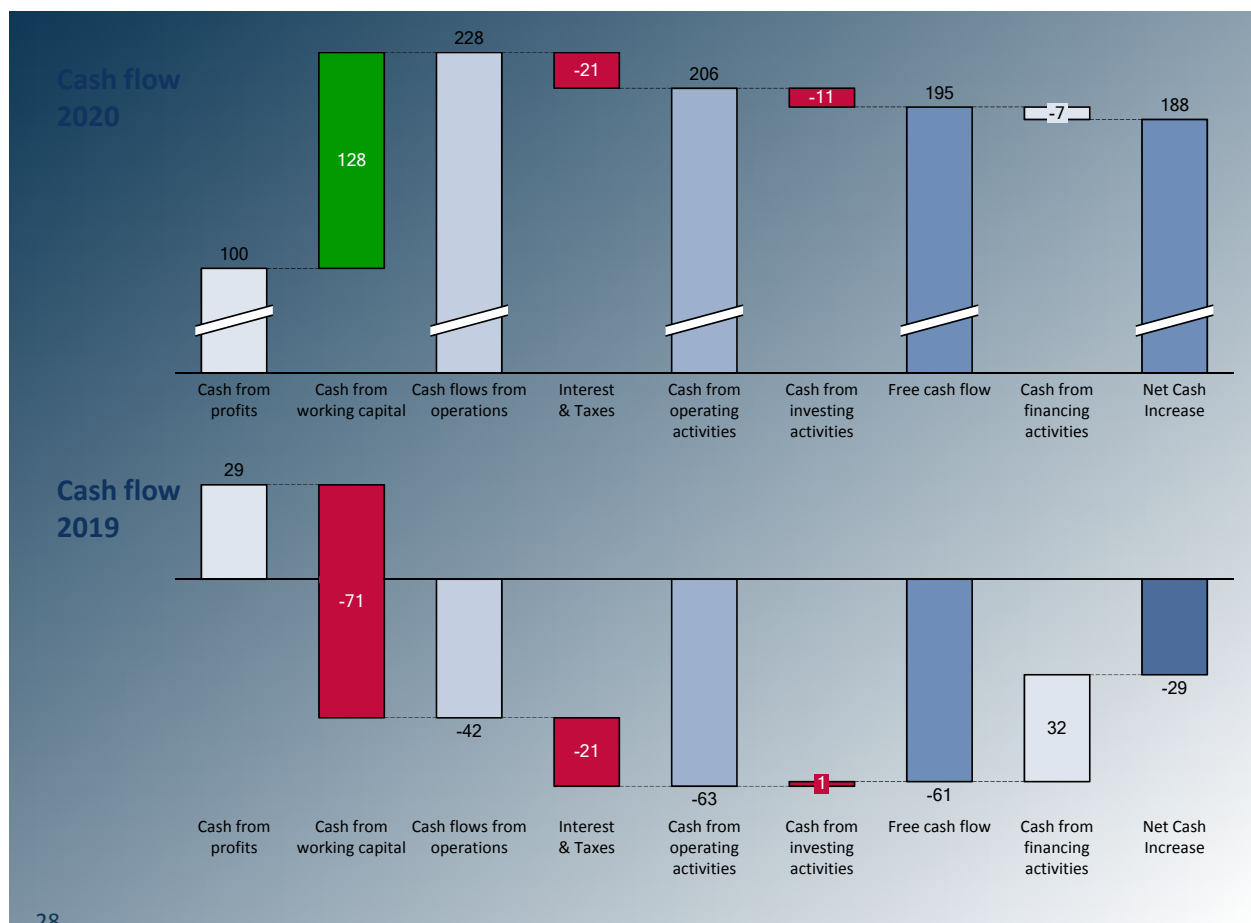
TWC REGULAR SEASONAL PATTERNS. CASH CONVERSION FROM Q2 TO Q3



2020 TWC DECREASE DRIVEN IN H2 DRIVEN BY INVENTORY AND DEBTOR DECREASE



STRONG CASH GENERATION OF € 188 mln DUE TO FOCUS ON CASH, COSTS AND TWC



Comments

Net cash increase 188 mln driven by:

- Operating cash flow € 228 mln:
 - Profit corrected for non-cash items € 100 mln
 - Change in working capital € 122 mln
 - Other € 6 mln
- Interest & Taxes € 21 mln roughly equally split between taxed and interest paid
- Investing activities mainly related to investments in plant and equipments
- Cash from financing mainly movements in borrowings and lease payments

Increase cash at bank € 188 mln driven by

- Free cash flow € +195 mln
- Financing activities € -7 mln
 - Accordion € +50 mln
 - GO-C financing € +60 mln
 - Facility A € -80 mln
 - Facility B € -30 mln
 - Other € -7 mln

ADDITIONAL HEADROOM SECURED AND ADJUSTED COVENANTS

Financing

Financing Q1:

1. Term Loan € 125 mln (incl. € 50 mln drawn in March under the Accordion)
2. Revolving Facility A € 175 mln
3. Revolving Facility B € 100 mln seasonal facility running from 1 December to 15 July

Additional financing Q2:

1. GO-C bank loan € 115 mln until 30 June 2022. Government backed loan (80%)
-> Drawings: € 60 mln H2 2020 and € 55 mln in Q1 2021 (if needed)
2. France government bank backed (90%) loan of € 5 mln

Other conditions during GO-C and back to original covenants:

- No dividend distribution
- Limitations on disposals and acquisitions; approval needed above certain thresholds
- Margin increase of 30bps (10bps permanently on seasonal facility)

Covenants 2020

1. Term loan leverage ratio:

Q4 2020 = 2,01

2. Solvency ratio:

Q4 2020 = 34,5%

3. LTM Adjusted EBITDA:

Q4 2020 = EUR 92.241k

Relevant Period ending	Outstandings/EBITDA
30-Sep-21	4.64:1
31-Dec-21	3.11:1
Each Relevant Period thereafter	2.50:1

Relevant Period ending	Solvency Ratio
30-Jun-20	15.0%
31-Dec-20	15.0%
30-Jun-21	16.2%
31-Dec-21	18.6%
Each Relevant Period thereafter	25.0%

Relevant Period ending	LTM EBITDA (EUR)
30-Jun-20	-30,000,000
31-Sep-20	-58,900,000
31-Dec-20	-70,600,000
31-Mar-21	-51,400,000
30-Jun-21	5,600,000

4. Minimum liquidity: € 491 mln (not less than € 25 mln)
5. Borrowing reference: headroom € 273 mln (remains unchanged)
6. Leverage: Q4 2020 = 0,6

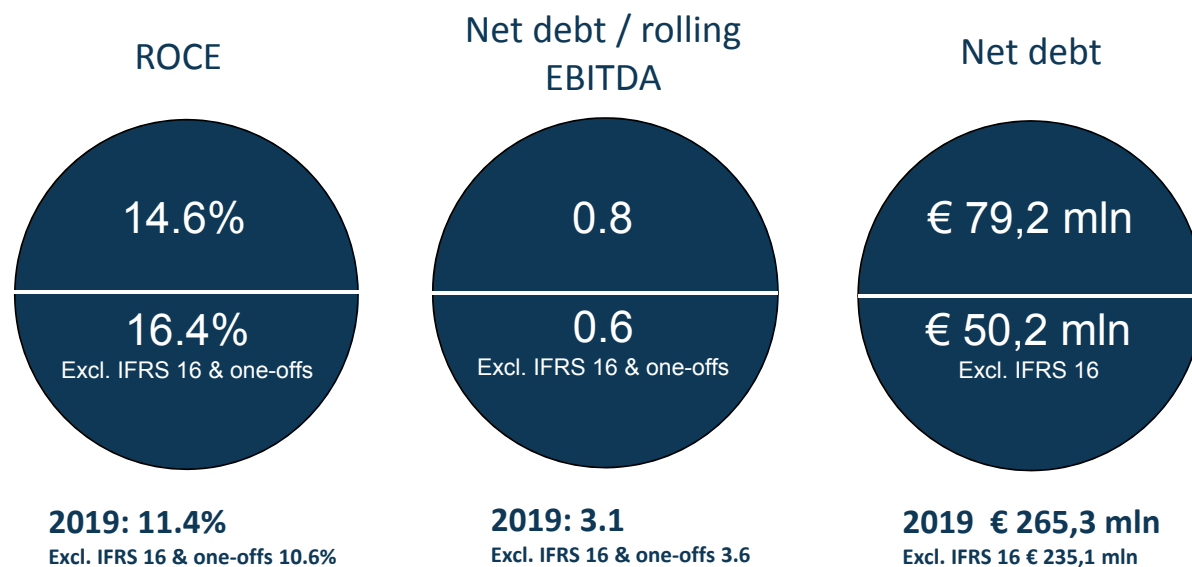
BALANCE SHEET

	31/12/20	31/12/19
ASSETS		
Property, plant and equipment	66,152	64,426
Right-of-use assets	28,058	29,796
Goodwill and other intangible assets	127,001	132,617
Equity-accounted investees	6,433	5,469
Net defined benefit asset	21,096	22,383
Deferred tax assets	38,450	25,848
Other financial assets	1,958	4,369
Non-current assets	289,148	284,907
Inventories	285,314	386,830
Trade and other receivables	128,505	171,649
Current tax assets	3,068	1
Other financial instruments	164	4,284
Cash and cash equivalents	173,376	11,482
Current assets	590,427	574,246
Total assets	879,575	859,154

	31/12/20	31/12/19
EQUITY		
Share capital	268	268
Share premium	42,314	42,314
Reserves	333,370	280,614
Total equity	375,953	323,196
LIABILITIES		
Provisions	4,507	5,041
Contingent liabilities	-	-
Borrowings	184,749	75,100
Lease liabilities	20,158	22,240
Net defined benefit obligation and other long-term employee benefits	8,657	8,718
Deferred tax liabilities	15,909	16,794
Deferred revenue	1,529	1,185
Non-current liabilities	235,509	129,078
Provisions	10,848	5,996
Contingent liabilities	-	2,889
Borrowings	19,822	126,868
Lease liabilities	8,799	7,983
Deferred revenue	2,226	486
Trade payables and other current liabilities	186,909	210,918
Current tax liabilities	4,620	3,842
Other financial instruments	15,843	3,296
Bank overdrafts	19,046	44,603
Current liabilities	268,113	406,880
Total liabilities	503,622	535,958
Total equity & liabilities	879,575	859,154

HIGHER PROFIT AND CASH GENERATION LEADING TO HIGHER ROCE AND LOWER NET DEBT

Total group return on capital and net debt 2020



Comments

- ROCE at 16.4%; increased versus previous year due to higher EBIT and lower working capital
- Net debt / rolling EBITDA at 0.8 (0.6 excl. one-offs and IFRS 16). Decrease thanks to operating profit increase and working capital reduction
- Net debt excl IFRS reduced by € 184.9 mln vs year-end 2019. Main driver increased operating profit and reduced working capital.

CONCLUSIONS

1. Strong recovery second half leading to 17% FY net sales growth
2. Growth broad based with especially cargo and P&A as strong drivers of growth
3. Added value margin under pressure (-284 bps) as result of discounts and disruptions in supply chain
4. Focus on costs in combination with higher net sales leads to 430 bps reduction of opex as % of net sales
5. Underlying EBIT up 45% to € 79.7 mln (6.1%), an increase of 121 bps vs PY
6. TWC at 19.4% as result of focus on cash in combination with strong demand in constrained supply situation
7. As result of improved underlying EBIT and lower TWC, free cash flow at + € 195.4 million
 1. Net debt at € 50.2 million with Net debt/EBITDA at 0.6
 2. ROCE at 14.6%, underlying ROCE at 16.4%
8. Sufficient headroom in covenants and liquidity to deal with uncertainty and volatility of COVID-19



Ton Anbeek - CEO

2021 OUTLOOK

- COVID-19 and EU commission's Green Deal have put cycling even more firmly on the political agenda as a solution to many societal and urban problems like obesity, pollution and congestion.
- Electrification, bicycle infrastructure investments, government fiscal stimulation and subsidies are considered strong and sustainable growth drivers for the years to come.
- The outlook for our bicycle and parts & accessories business is very positive. In the short term it still remains uncertain what the effects of the pandemic (for example new virus variants) will be on our facilities, shop openings and consumer behavior. We therefore remain confident that we are well on track to deliver 2022 targets
- While customer orders continued to be strong in 2021, the increase in lead times and delayed deliveries of component suppliers in combination with logistical disruptions (which impact the entire bike industry) will cause the main sales season (volume) to shift to H2 2021 like in 2020.



DISCLAIMER

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

Any forward-looking statement is 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 statement.

The financial statements and other reported data in this presentation have not been audited.