

# **Annual Results 2003**

## **Accell Group N.V.**

Amsterdam

25 February 2004



# Agenda

## Summary results

Accell Group in 2003

Accell Group share

Financial

Outlook



# Summary results

(x EUR million)

	<b>31-12-2001</b>	<b>31-12-2002</b>	<b>31-12-2003</b>	
<b>Turnover</b>	205.6	259.4	<b>289.6</b>	12%
<b>Net profit</b>	5.1	6.8	<b>9.2</b>	35%
<b>Profit per share</b>	1.69	2.06	<b>2.76</b>	34%
<b>Solvency excl. NIB loan</b>	31.9%	37.6%	<b>35.6%</b>	
<b>Solvency incl. NIB loan</b>	31.9%	44.3%	<b>40.4%</b>	
<b>Balance sheet total</b>	117.5	112.5	<b>134.9</b>	
<b>Stock rate</b>	11.50	12.70	<b>20.25</b>	59%



# Profit growth

- Demand for quality products
- Consistent brand strategy
  - Focussed use of marketing tools
  - Continuing focus on innovations and quality
- Good sales mix in middle and higher price segments
- Improved added value
- Favourable weather conditions 2003



# Netherlands

- Unchanged picture compared to HY1 2003
  - Strengthened market position Accell Group
- Good results
- Improvements in middle and higher segments
  - Active marketing
  - Good mix, improving margins
  - Increasing market shares
- Successful introductions, e.g:
  - Sparta ION
  - Logic light
  - Dynamo shifter



# Germany

- Continuing bad economic climate
  - Bicycle market under pressure
- Mixed picture Accell Group
  - Rising demand in bike parts
  - Bike sales remained under desired level
- More sales efforts necessary to realize targets
- Price pressure through discounters at retail specialist
- Waiting for economic recovery and effective margin management



# France

- Strong year
  - Especially with respect to bicycle retail specialist through continuing professionalisation
- Successful growth Lapierre
  - Topsegment
  - Co-branding
  - Export
  - Sponsoring FDJeux.com team
- Favourable effect Mercier/Poulidor by focus on brand, design and marketing in hypermarché's
  - Capricious purchasing patterns unchanged



## Other countries

- No significant changes in existing markets
- Acquisition of Tunturi in Finland new, important bicycle market
  - Tunturi #1 in Finland
- Widened geographical spread of turnover in fitness (Tunturi)





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# Developments

- Intended bid on Cannondale
  - Not enforced due to business economical motives
- Acquisition Tunturi
  - Market leader Finnish bicycle market
  - Important position European fitness market
- Mutations brand portfolio
  - License for Kronan Benelux and Germany received
  - License Be One awarded to management



# NM<sup>a</sup>

- Since September 2000!
- Files released in June 2003
- In August Accell Group submitted its views; NM<sup>a</sup> allegations are strongly rejected
- Accell Group awaiting ruling
  - Much attention press with regard to NM<sup>a</sup> policy
  - Hearings in Parliament
- Mix of interests
  - Researcher
  - Plaintiff
  - Judge
  
- Accell Group is innocent until proven guilty



# Claim Accell Group against NM<sup>a</sup>

- Claim against NM<sup>a</sup>, possible ruling end of March
  - Harmful PR policy
  - Uncarefulness
  - No reasonable preparation time with regard to press inquiries
  - No ‘hoor en wederhoor’ regarding accusations
- Demands:
  - Declaration of unlawfulness press release (litigation)
  - Claim for reputational damage
    - Ex aequo et bono to be drawn up



# Increase number of directors in 2004

- C.E.O.
  - Strategy
  - Marketing & Sales
  - Product Development
- C.F.O.
  - Finance & administration
  - IT
  - HRM
- C.O.O.
  - Production
  - Purchase
  - Logistics



# Corporate Governance

- Accell Group already complies with many aspects
- In 2004 further implementation
  - As far as possible and meaningful with respect to the size of the company
- Developments in The Netherlands will be watched closely
  - No frontrunner, but also not a laggard



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Accell Group in 2003

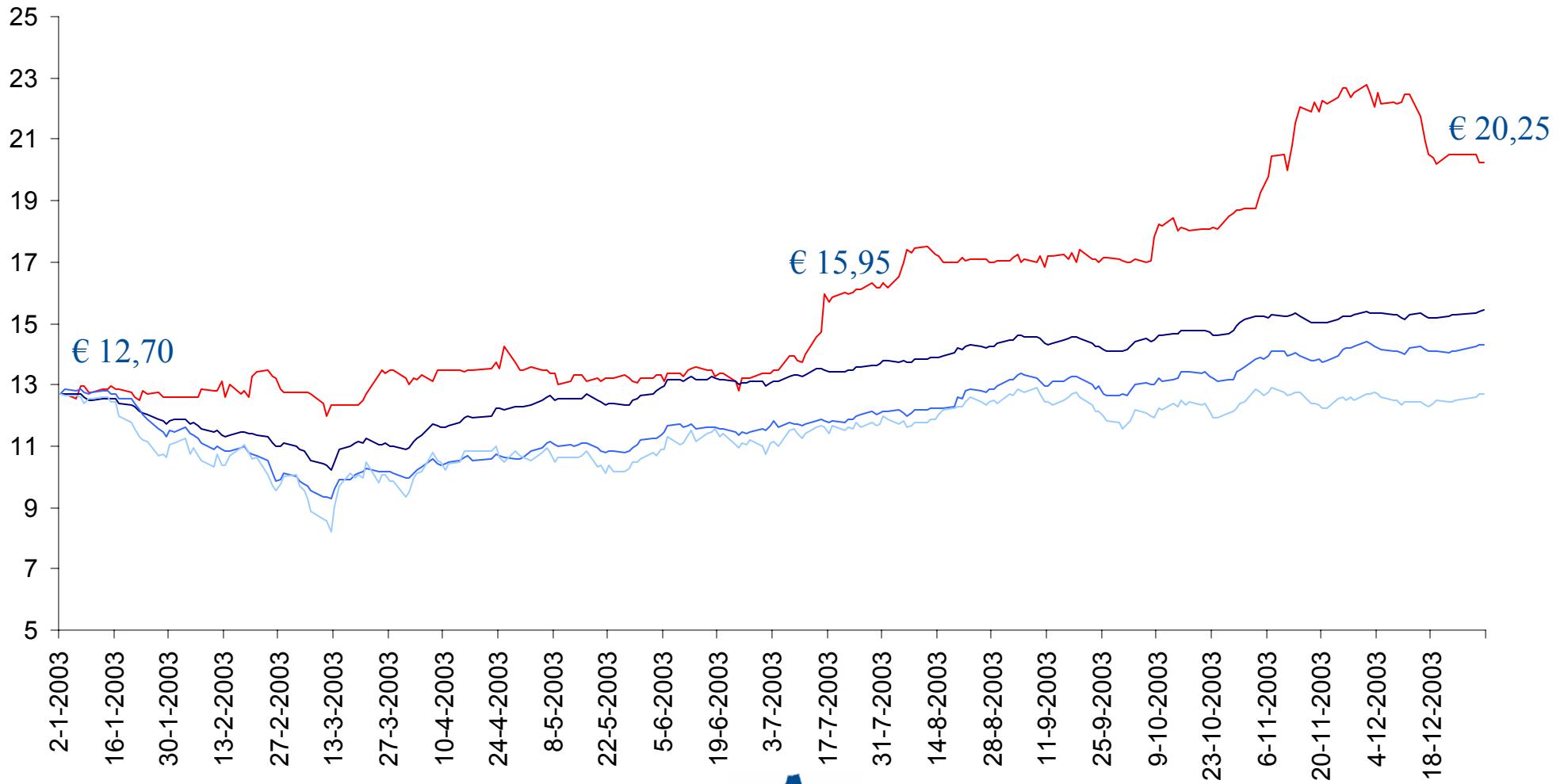
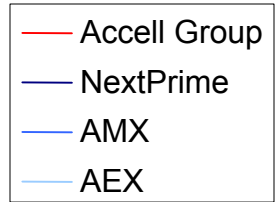
**Accell Group share**

Financial

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# Share price development





# Good performance Accell Group share

## TOP-10

Onderneming	Rendement 1999-2003	
	Gemiddeld	Totaal
1 ASMI	30,1%	272,7%
2 Nedlloyd	26,2%	220,3%
3 Kuhne + Heitz	21,1%	160,3%
4 Fugro	19,0%	138,7%
5 Naeff	17,0%	119,5%
6 Accell	16,6%	115,5%
7 Bam Groep	16,4%	113,6%
8 Kas Bank	14,2%	94,1%
9 Boskalis	13,8%	90,8%
10 Acomo	12,8%	82,5%

Source: Effect



# Dividend proposal

- Optional dividend:
  - Strengthening of balance sheet for possible acquisitions
  - At 50% choice, solvency increases by 2%
  
- Dividend proposal: € 1.30 (2002: € 0.95)
  - Payout 2003: 47% (2002: 46%)
  - Dividend yield: 6.4% (2002: 7.5%)\*

\* Based on share price ultimo 2002



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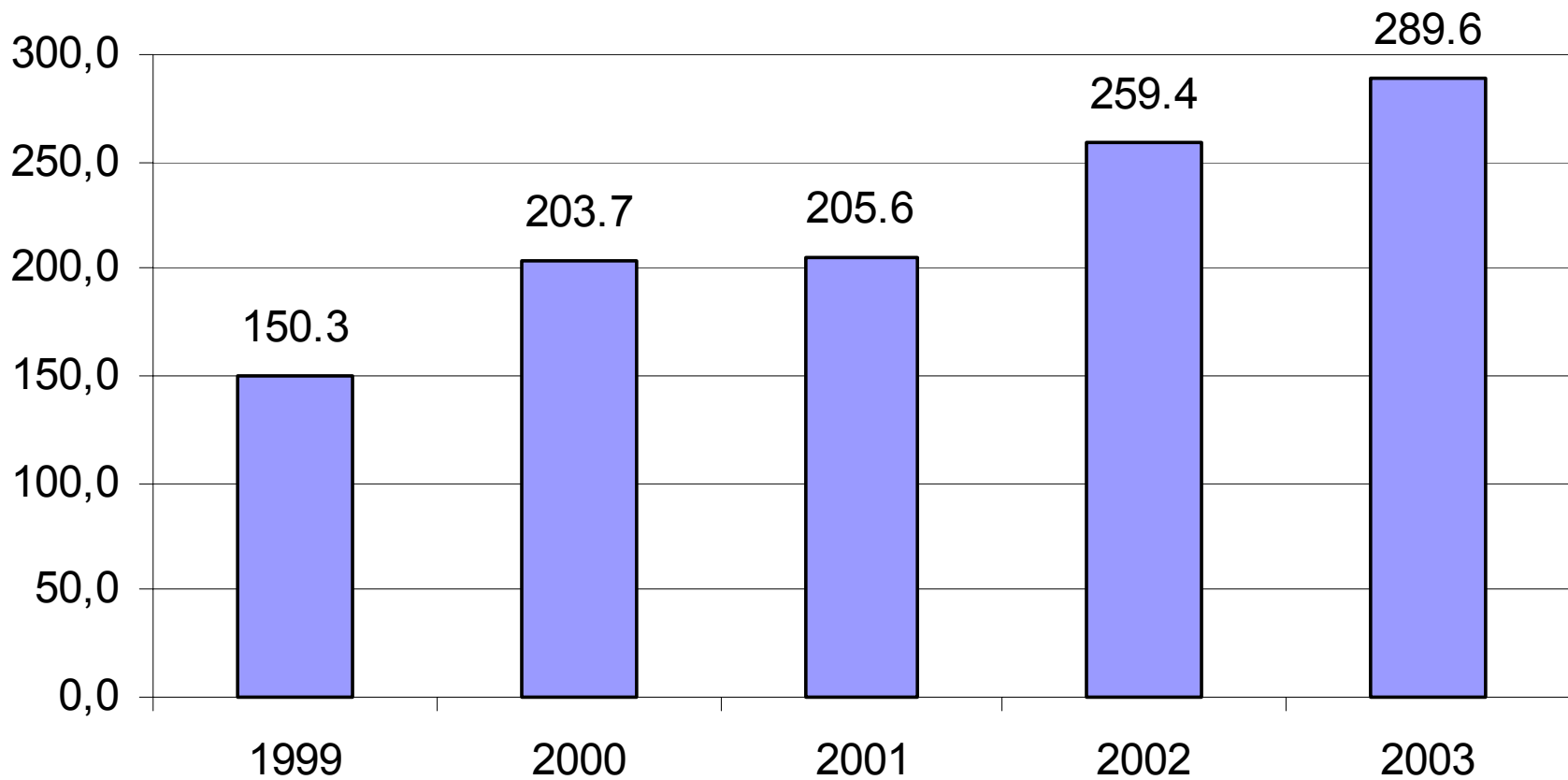


# Profit & Loss (1)

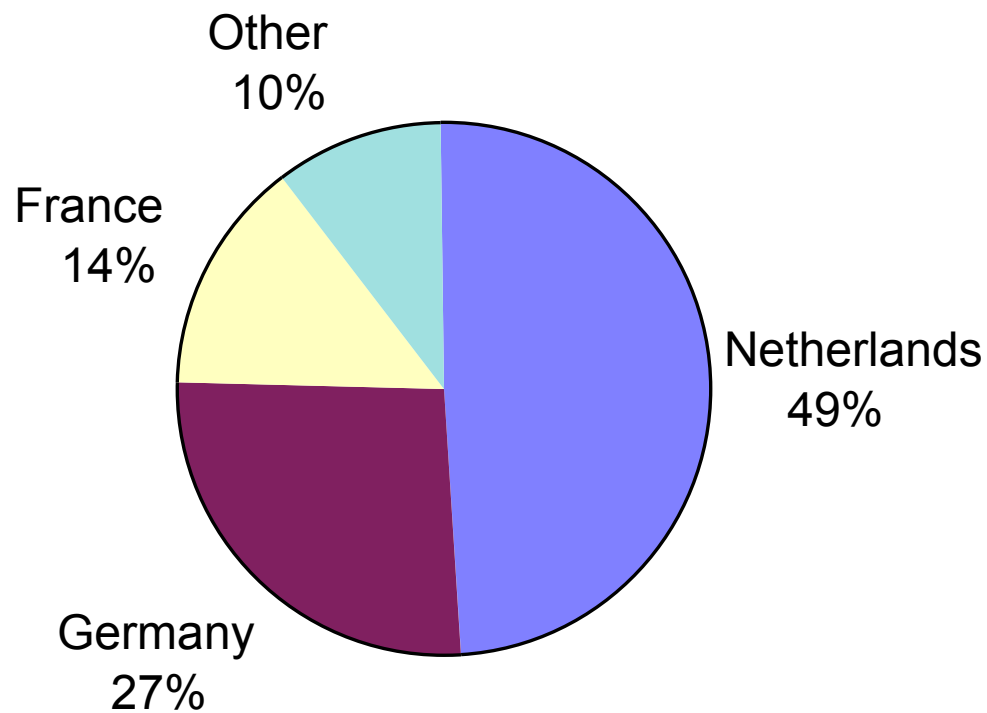
(x € million)	2002		2003	
<b>Net turnover</b>	259.4		<b>289.6</b>	
Cost of materials	173.3	66.8%	184.8	63.8%
Other expenses	72.3		88.2	
<b>EBIT</b>	13.8	5.3%	16.6	5.7%
Result of participations	0.0		0.1	
Interest	(3.2)		(2.6)	
Taxes	(-3.8)		(4.9)	
<b>Net profit</b>	6.8	2.6%	9.2	3.2%



# Turnover development: 5-year overview



# Turnover per country

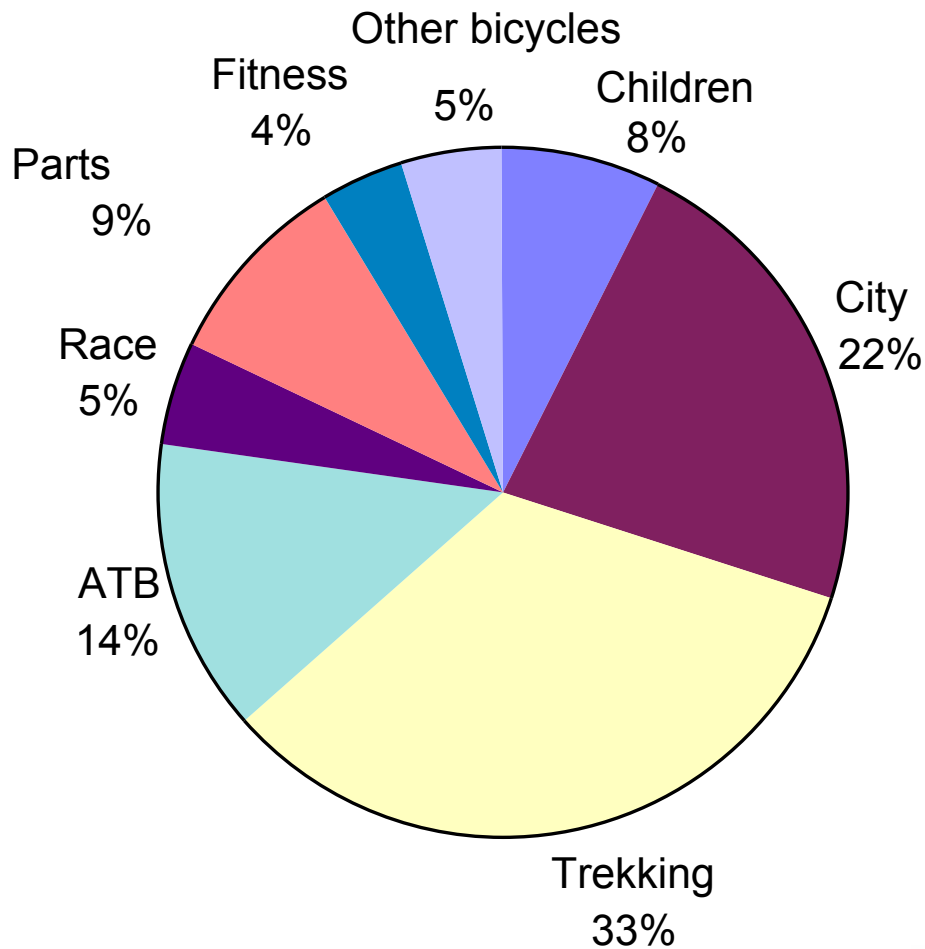


(\* EUR mil.)

	2002	2003
Netherlands	126.1	141.2
Germany	79.0	77.1
France	37.9	41.9
Other	16.4	29.4
<b>Total</b>	<b>259.4</b>	<b>289.6</b>



# Turnover per segment



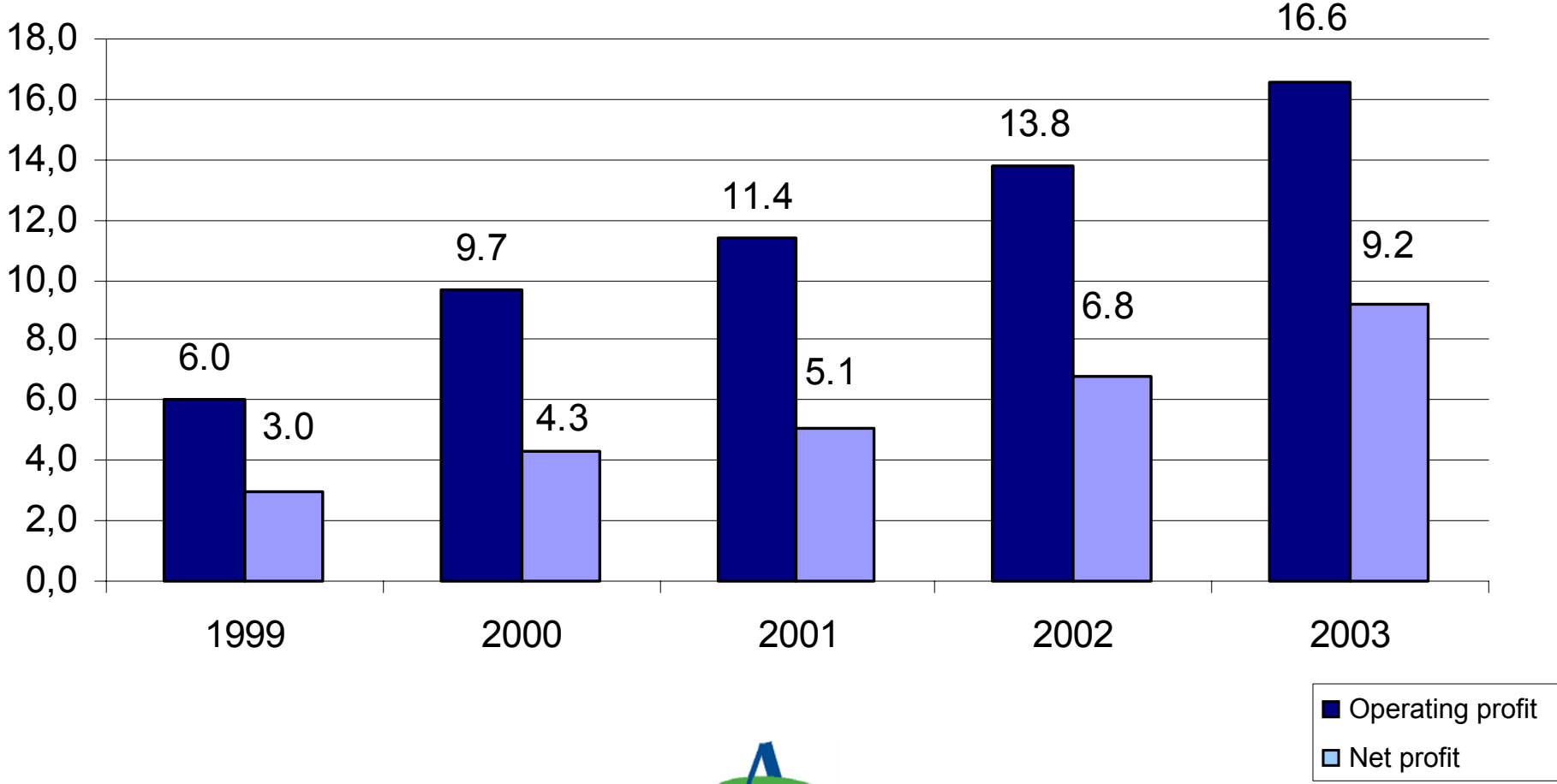
(\* EUR mil.)

Children  
City  
Trekking  
ATB  
Race  
Other bikes  
Parts  
Fitness  
**Total**

	2002	2003
Children	18.8	21.9
City	66.5	65.0
Trekking	93.2	96.9
ATB	38.7	39.5
Race	13.2	14.4
Other bikes	6.5	14.0
Parts	22.5	26.6
Fitness	0.0	11.3
<b>Total</b>	<b>259.4</b>	<b>289.6</b>



# Results development: 5-year overview





## Profit & Loss (2)

- Increased turnover despite weak economic situation
  - Autonomous(6%)
  - Tunturi as of August (6%)
- Good sales mix
  - Continuing demand for quality products
- Improved added value (Net turnover – cost of raw materials)
  - 2003: 36.2% (2002: 33.2%)
  - Improved margins as a result of continuous weak US dollar



# Operational costs

- Cost of materials 2003: 64% of turnover (2002: 67%)
  - First half      64%      (2002: 66%)
  - Second half    64%      (2002: 68%)
- Operational costs (excl. cost of materials) relatively decreased

(x € million)	2001	2002	2003
Staff costs	33.7	38.7	45.2
Depreciations	2.3	2.8	3.9
Other expenses	24.1	30.9	39.1
<b>Total</b>	<u><u>60.1</u></u>	<u><u>72.4</u></u>	<u><u>88.2</u></u>

- Cost of staff from 14.9% to 15.6% of turnover
- Other expenses from 11.9% to 13.5% of turnover

➤ More added value, higher costs, but better results



# Results per half year

(x € million)	H1 2002	H1 2003	H2 2002	H2 2003
Net turnover	<b>159.2</b>	<b>165.3</b>	<b>100.2</b>	<b>124.3</b>
	66.4%	63.6%	67.5%	64.1%
Cost of raw materials and auxiliaries	(105.7)	(105.1)	(67.6)	(79.7)
Other expenses	(46.3)	(50.7)	(26.4)	(37.5)
	<b>(152.0)</b>	<b>(155.8)</b>	<b>(94.0)</b>	<b>(117.2)</b>
<b>EBIT</b>	<b>7.2</b>	<b>9.5</b>	<b>6.2</b>	<b>7.1</b>
	4.5%	5.7%	6.2%	5.7%
Result of participations				0.1
Financial income and expenses	(1.9)	(1.8)	(1.3)	(0.8)
Taxes	(1.9)	(2.7)	(1.9)	(2.2)
<b>Net profit</b>	<b>3.4</b>	<b>5.0</b>	<b>3.0</b>	<b>4.2</b>



# Balance sheet, assets

## Assets (x € million)

	2001	2002	2003
<i>Fixed assets</i>			
Intangible fixed assets	0.6	0.8	0.6
Tangible fixed assets	21.4	23.8	28.9
Financial assets	3.7	2.7	5.6
	<u>25.7</u>	<u>27.3</u>	<u>35.1</u>
<i>Current assets</i>			
Inventories	58.0	50.9	54.1
Receivables	33.8	34.2	45.6
Cash	0.0	0.1	0.1
	<u>91.8</u>	<u>85.2</u>	<u>99.8</u>
<b>Total assets</b>	<u><u>117.5</u></u>	<u><u>112.5</u></u>	<u><u>134.9</u></u>



# Balance sheet, assets

- Attention to inventories :
  - Including acquisition Tunturi € 3.2 mln increase in stock (excl. Tunturi € 1.8 mln decrease)
  - Increase of components in stock, decrease of number of finished products

(x € mln)	<b>2001</b>	<b>2002</b>	<b>2003</b>
Components	24.7	20.9	26.9
Finished product	33.3	30.0	27.2
	<u>58.0</u>	<u>50.9</u>	<u>54.1</u>

- Increase of receivables through acquisition of Tunturi and higher turnover Q4
- Acquisition of Tunturi leads to increase of working capital from € 71.6 mln to € 78.9 mln (excl. Tunturi decrease to € 68.8 mln)



# Capital employed

(x € million)	2001	2002	2003
Balance sheet total	117.5	112.5	134.9
Other short term debts	14.6	15.2	25.7
Capital employed	<u>102.9</u>	<u>97.3</u>	<u>109.2</u>

- Working capital increased as result of acquisition Tunturi (excl. Tunturi there would be a decrease)
- More use of suppliers credit
- Return on capital employed improved:
  - From 14.1% to 15.2%



## Group equity

Group Equity per 31-12-2002:	€ 42.3 mln
Profit increase	€ 9.2 mln
Dividend payout 2002	(€ 3.2 mln)
Other mutations	<u>(€ 0.4 mln)</u>
Increase	€ <b>5.6 mln</b>
Shareholder's Equity as per 31-12-2003:	€ 47.9 mln
Share of third parties as per 31-12-2003:	<u>€ 0.2 mln</u>
Group Equity as per 31-12-2003:	€ 48.1 mln

- Including consolidation of Tunturi, solvency stood at 40% (2002: 44%)
- Per weighted average share Group Equity increases from € 12.86 to € 14,44



# Balance, liabilities

Passiva (x € million)	2001	2002	2003
Group Equity	37.4	42.3	48.1
Eq. Account for inv. Grants	0.2	0	0
Provisions	8.5	5.9	7.0
Long term debt	15.3	30.0	28.5
Banks	41.5	19.1	25.7
Suppliers	9.4	11.7	18.3
Short term debt	5.2	3.5	7.3
	<u>117.5</u>	<u>112.5</u>	<u>0</u>

- Banks increased due to acquisition of Tunturi
- Focus on suppliers credit pays off





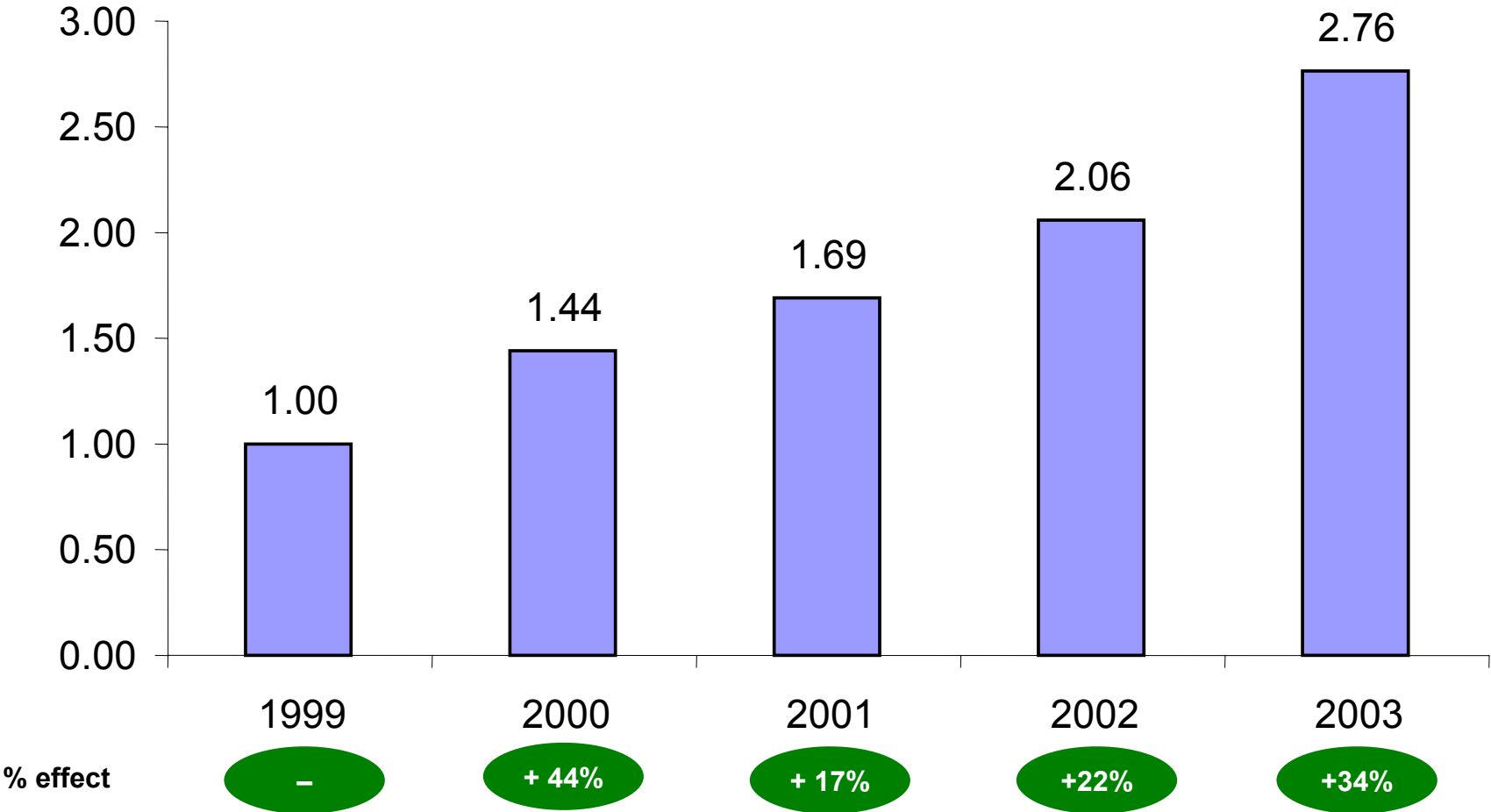
# Cash flow

	2002	2003
Net profit	6.8	9.2
Depreciation	2.8	3.9
Movement in financial fixed assets*	1.0	1.6
	<u>10.6</u>	<u>14.7</u>
Working capital	7.3	5.2
Investment working cap. Tunturi	0.0	(9.5)
Cash flow from operations	<u>17.9</u>	<u>10.4</u>
Investments	<u>(5.7)</u>	<u>(7.8)</u>
<b>Free cash flow</b>	12.2	2.6

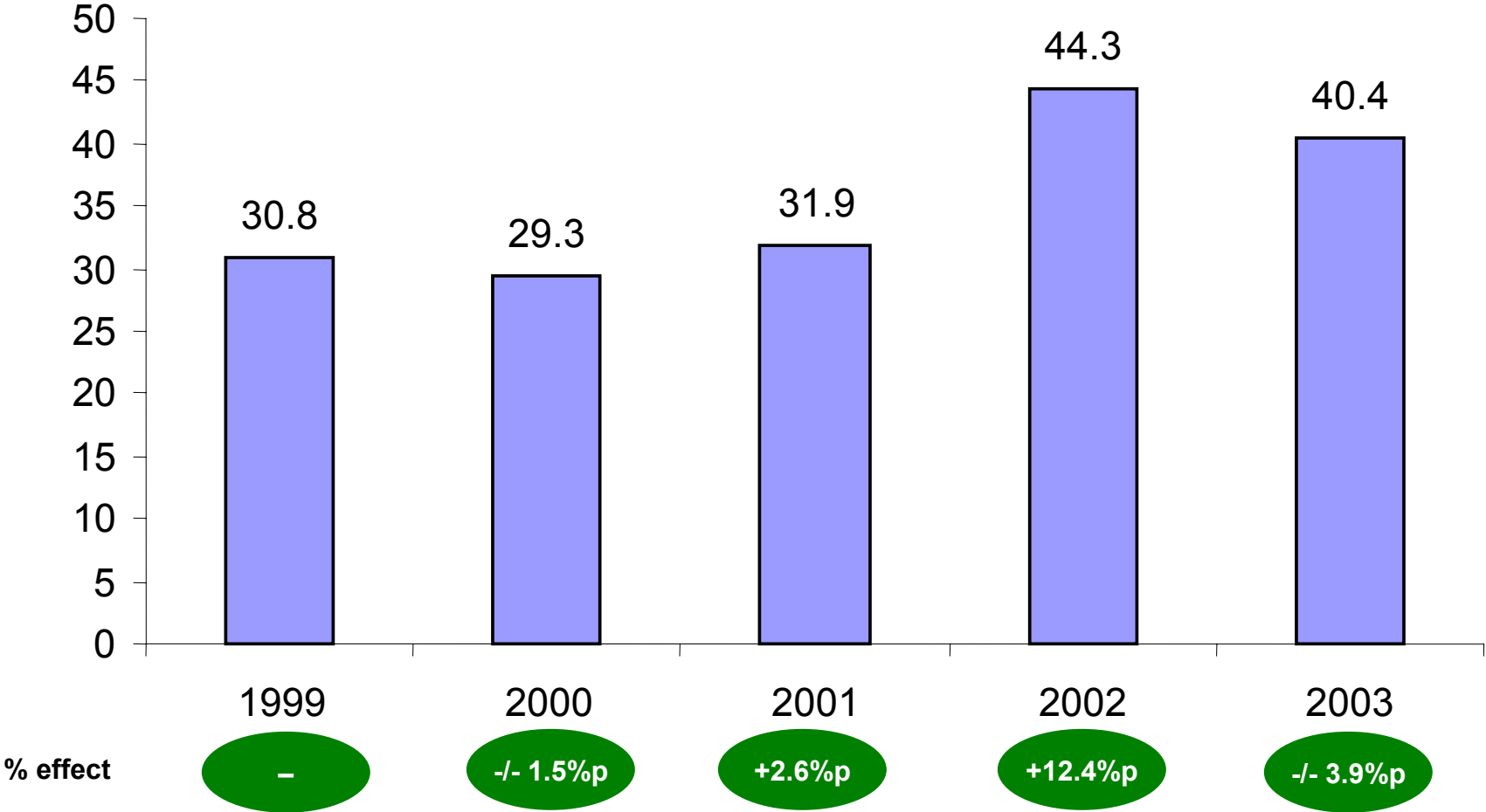
\* Excluding tax-loss Tunturi



# Ratios – EPS



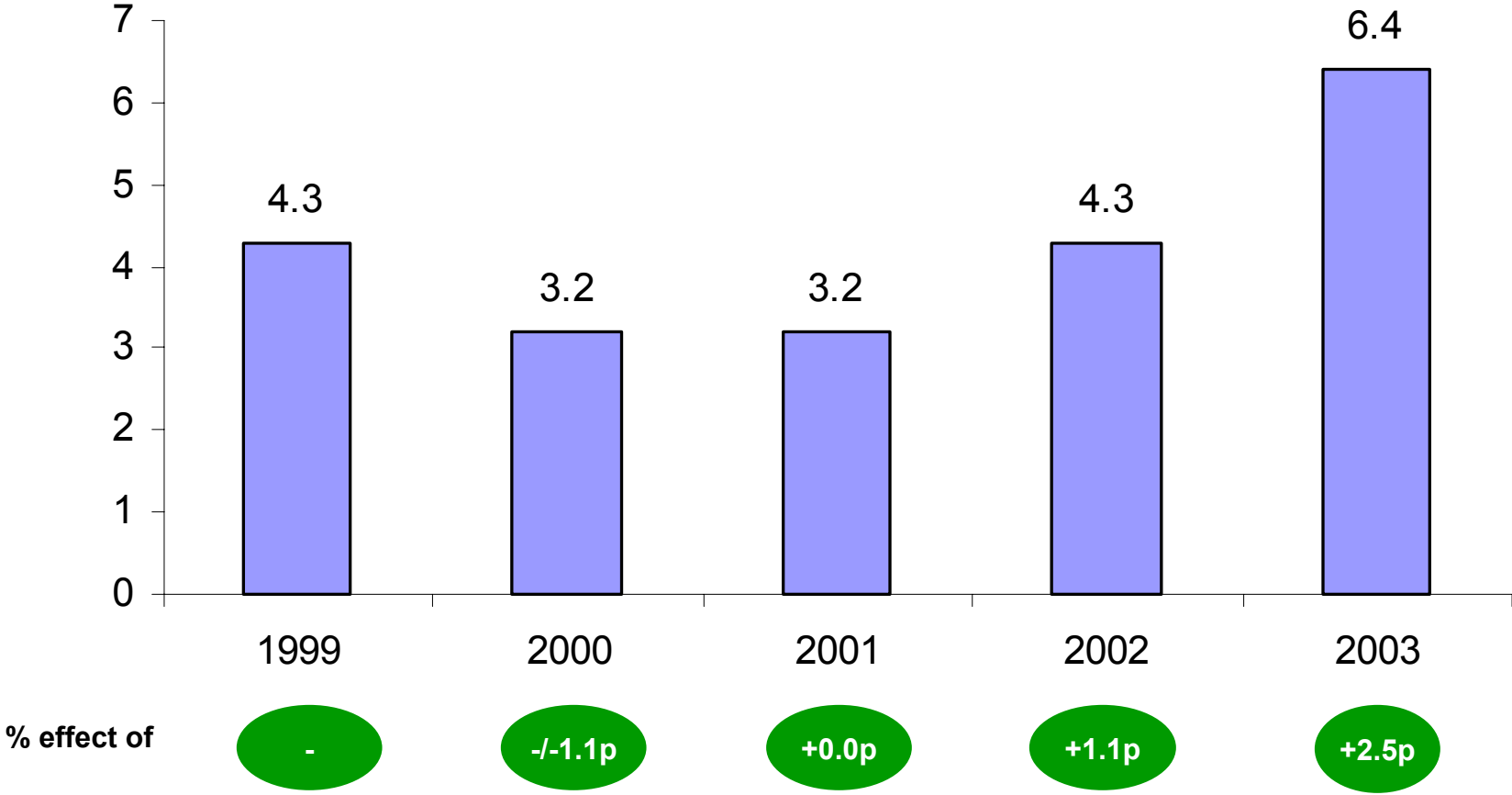
# Ratios – Solvency



\* Including AA-credit NIB Capital



# Ratios – ICR\*



\* Defined as EBITA/Net interest



# Ratios

	<b>2001</b>	<b>2002</b>	<b>2003</b>
ROCE	11.1%	14.1%	15.2%
ROE	13.6%	16.0%	19.1%
Operational result/turnover	5.5%	5.3%	5.7%
Solvency excl. subordinated loan	31.9%	37.6%	35.6%
Solvency incl. subordinated loan	31.9%	44.3%	44.3%
Average # employees	1,051	1,061	1,213



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# Strategy Accell Group

- Increase in turnover through existing distribution channels
- Increase in profitability existing activities
- Through ‘buy & build’ strategy Accell Group will be able to realize increase in turnover and profit



## Why bike parts?

- If consumers do not buy new bicycles, they will instead buy bike parts and choose to maintain or modify their existing bike
- Turnover bike parts becomes more important part of turnover for IBD's and retailers.





# Positioning bike parts

- Separate division with own management
- Maximizing synergy within the Group
- Increasing focus on these activities



# Benelux market bike parts

- Estimated annual turnover Benelux
  - $\pm$  € 200 - 250 million
  - Appr. 50 suppliers
    - Exclusive distributors / wholesale / manufacturers
    - National or regional coverage
- Mainly sales through specialist retail shops



# German market bike parts

- Estimated annual turnover Germany
  - ± € 500 million
- Very fragmented market of suppliers, only few large suppliers
  - Suppliers (complete line of products / full package)
  - Wholesale
  - National or regional coverage
- Mainly sales through specialist retail shops



# Acquisition Juncker

- Opportunity Accell Group to grow further
- New geographical market for parts & accessories
  - Through acquisitions Accell Group wants to increase existing activities in Europe
  - Through acquisition of Juncker Accell Group acquires strong position on Dutch bike parts market
- Synergy effects
  - Accell Group wants to utilize the strengths of its companies
  - Synergy in portfolio management, logistics and purchasing



# Juncker is a nation-wide distributor of (motor)bike parts

- Founded in 1912
- Top 5 Netherlands
- Full package supplier
- € 13 million turnover
- 40 employees
- Distribution through bicycle specialists' retail channel



# Products

- Juncker has exclusive distribution contracts
- Approx. 16,000 different products and 20 different product lines
- Semi-automatic orderpicking
- 95% of orders delivered in 24 hours



# Outlook

- 2004

- Integration Tunturi and Juncker
- Centennial anniversary Batavus
- Focus on brands
- Focused marketing campaigns
- Cost control
- Growth through acquisitions, should there be suitable candidates

➤ Increase in turnover and earnings per share (barring unforeseen circumstances)





***ACCELL GROUP***

