

Presentation annual results 2013

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Agenda

1. Accell Group in 2013

2. The Accell Group share

3. Financials

4. Outlook

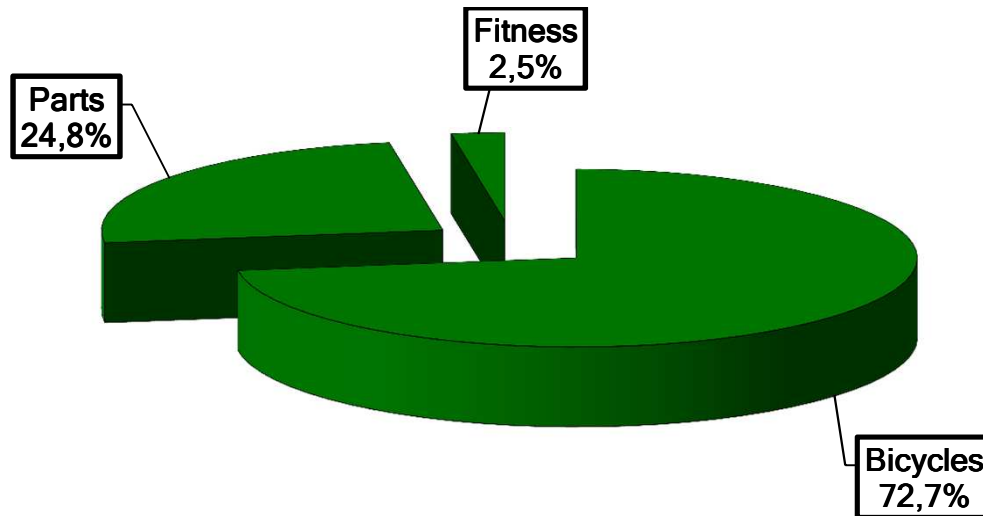


Increase of turnover and operating result

- Turnover increased 10% to €849.0 mln. compared with 2012
 - Sales of electric bikes increased 23% annually; sales of sports bikes and traditional bikes increased 6% and 7% respectively
 - Sales bicycle parts increased 6%
- The operating result is 2% higher than in 2012
- The net result is 18% lower than in 2012 due to:
 - Reorganisation costs in the Netherlands and North-America
 - Higher financial expenses as a consequence of higher credit requirements, amortisation charges as a result of refinancing, factoring and currency effects
 - Relatively higher tax payments as the legal restructuring is no longer effective as of the second half year



Turnover segmentation per product group



(x € mln.)	Turnover		
	2012	2013	12 ->'13
Bicycles	553,1	617,5	12%
Parts	198,0	210,1	6%
Fitness	21,4	21,4	0
	<u>772,5</u>	<u>849,0</u>	<u>10%</u>



Bicycles / bicycle parts & accessories

- Turnover segment increased 10% to €827.6 mln.
- Over 1.8 million bicycles were sold in total, which is an increase of 14% compared with 2012. Organically, sales increased 2%
- Electric bicycle sales as a percentage of total bicycle sales stood at 35% (2012: 32%)
- The average price dropped to €336 (2012: €345), due to the acquisition of Raleigh relatively more bicycles were sold in the mid-segment
- Sales bicycle parts increased 6% as a result of acquisitions and good sales in Europe
- Segment result came in at €50.0 mln. (2012: €48.8 mln.)

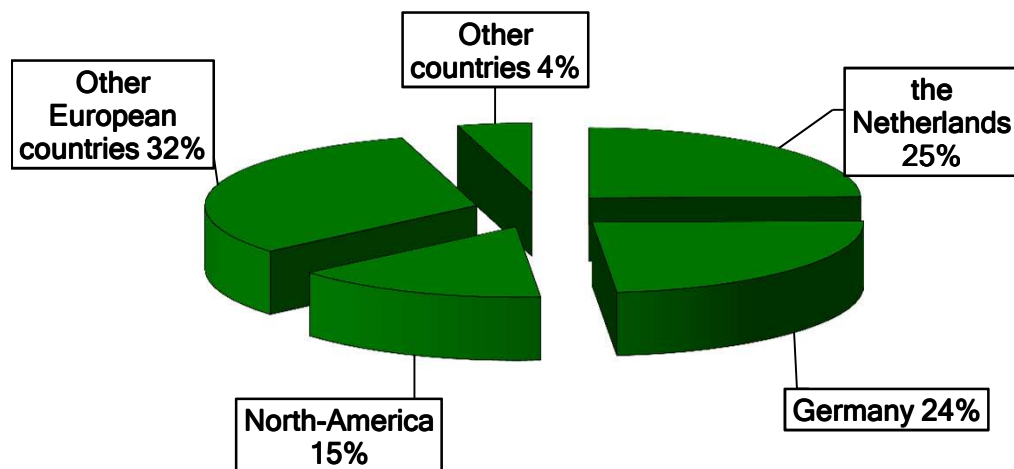


Fitness

- Turnover on annual basis stable (€21.4 mln.) which is below expectations:
 - The market for fitness equipment for home use remains weak in West-European countries due to reserved consumers
 - The product line introduced in 2012 appeared to be too expensive and has been adjusted
- Segment result is cam in at -€0.3mln. (2012: nil)
- 2014: Focus on the Tunturi brand
- All options for the future remain open

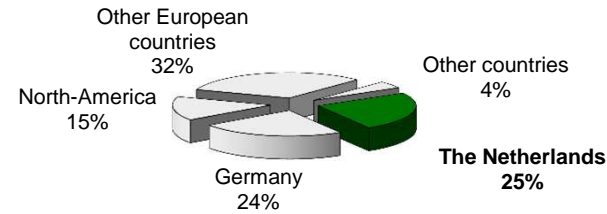


Geographical distribution of turnover



(x € mln.)	Turnover		
	2012	2013	12 ->'13
the Netherlands	206	210	2%
Germany	190	202	6%
North-America	112	129	16%
Other European countries	234	270	16%
Other countries	31	38	19%
	773	849	10%

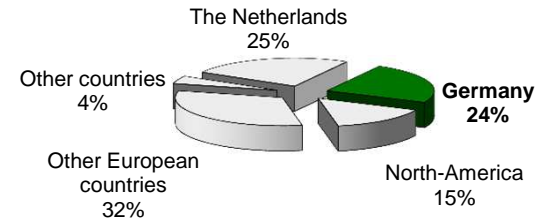
The Netherlands



- Accell Group's turnover increased 2% in the Netherlands and amounted to €210 mln.
 - Bicycle turnover increased 3% due to electric bikes sales growth. This is in line with market development.
 - Bicycle volumes dropped 3% as a result of declining sales of traditional bikes
 - Annual sales of bicycle parts & accessories are virtually in line with last year
 - The merger of the bike production of Batavus and Sparta in Heerenveen has been started and will be completed in the course of 2014



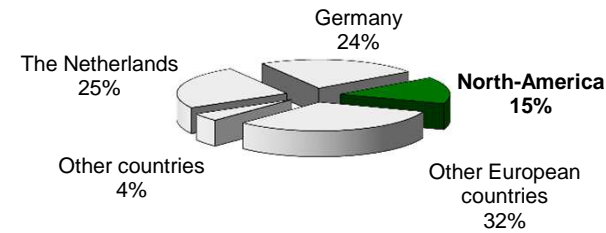
Germany



- Turnover growth in Germany (+6%)
 - The electric bicycle remains popular in Germany, expected market size is approximately 430,000 bicycles per year
 - Average price increase of 9% due to strong sales growth of E-bikes
 - The volume of bicycles dropped 2% due to disappointing sales of sports bikes as a result of bad weather
 - Turnover of bicycle parts and accessories also increases
 - The Hercules brand is sold to focus more on the other Accell brands in Germany



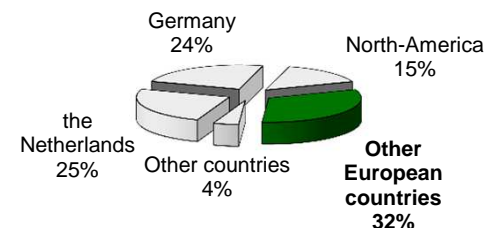
North-America



- Turnover growth in total (+16%) as a result of the acquisition of Raleigh
 - Sales growth in the second half year was affected by discounts to lower inventories
 - Electric bike sales increased in a still small market
 - Bicycle parts sales dropped due to:
 - The decision to phase out the sales of electric mini scooters
 - Lower sales bicycle parts
 - Results of US companies came in lower than expected
 - The closure of the production facility in Canada has been completed



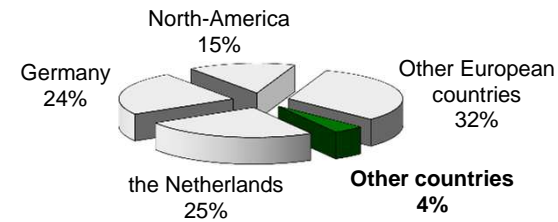
Other European countries



- Turnover in other European countries increased to 32% (2012: 30%).
 - Turnover in France particularly increased as a result of the sale of bicycle parts from Germany. Turnover of Lapierre also increased.
 - In the United Kingdom turnover increased as a result of good sales of bicycle parts & accessories. Raleigh UK turnover increased.
 - In Belgium turnover increased, mainly due to the Dutch brands.
 - Turnover in the Scandinavian countries increased due to growth in Sweden (Vartex), while in Finland turnover declined as a result of difficult market circumstances.
 - In southern Europe sales in Spain rose, which includes mainly sports bikes of Lapierre, Ghost and Haibike; in Italy turnover increased as a result of the export of Accell brands



Other countries



- Turnover as a percentage of total turnover is stable (4%)
 - Turnover growth in Turkey increased as a result of sales of on average more expensive bicycles
 - The exports of Lapierre, Haibike and Ghost in China, South-Korea and Australia increased
 - License income on the Raleigh brand increased



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Share price development in 2013



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Profit & loss statement

(x € mln.)

	2012	2013	12 ->'13
Net turnover	772,5	849,0	10%
Cost of materials	(526,2)	(589,4)	12%
Added value	246,4	259,5	5%
Depreciation and amortization	(8,2)	(8,7)	7%
Staff costs	(101,6)	(106,6)	5%
Other operating costs	(100,6)	(107,3)	7%
Operating costs	(210,3)	(222,6)	6%
Operating result before non-recurring profits/losses	36,1	36,9	2%
Non-recurring profits/losses *	(3,4)	(3,0)	(13%)
Operating result (EBIT)	32,7	33,9	4%
Result of participations	0,2	0,5	160%
Financial profits and losses	(6,9)	(11,7)	68%
Taxes	(2,6)	(3,7)	43%
Net profit	23,3	19,0	(18%)

* Non-recurring loss in 2012 acquisition costs and other effects;
in 2013 reorganisation costs in the Netherlands and North-America



Costs of materials

(x € mln.)	2012	% omzet	2013	% omzet
Turnover	772,5	100%	849,0	100%
Materials	(526,2)	68,1%	(589,4)	69,4%
Added value	246,4	31,9%	259,5	30,6%

- In absolute terms the added value increased 5% as a result of turnover growth
- In relation to turnover the margin dropped by over 1%-point as a result of:
 - High discounts in particularly in the second half year
 - Changed sales mix in bicycle turnover



Operating expenses

(x € mln.)	2012	% omzet	2013	% omzet
Staffing costs	(101,6)	13,1%	(106,6)	12,6%
Depreciation & amortization	(8,2)	1,1%	(8,7)	1,0%
Other operating costs	(100,6)	13,0%	(107,3)	12,6%
Total	(210,3)	27,2%	(222,6)	26,2%

- The costs in relation to turnover declined by 1%
- Staffing costs increased in absolute terms as a result of an increase of the activities, the relative drop is partly the effect of the reorganisations in the Netherlands and North-America.
- Other operating costs dropped in relation to turnover



Financial profits and losses

	31-12-2012	31-12-2013
Interest	(6,2)	(8,3)
Other financial profits and losses	(0,7)	(3,3)
Financial profits and losses	(6,9)	(11,7)

- The increase in interest costs is due to:
 - The effect of acquisitions
 - An on average higher credit use
 - Slight increase in tariff as a result of the refinancing
- The other financial profits and losses are affected by the costs of factoring, currency effects and amortisation expenses of the completed refinancing.



Segment overview

(x € mln.)

	2012	2013	12 ->'13
Turnover per segment			
Bicycles and bicycle parts	751,4	827,6	10%
Fitness	21,1	21,4	1%
Total	772,5	849,0	10%
Result per segment			
Bicycles and bicycle parts	48,9	50,0	2%
Fitness	0,0	(0,3)	
Total	48,8	49,7	2%

Bicycle and bicycle parts:

- The growth of the segment result was obtained in the first half year
- In the second half year the segment result was under pressure by discounts
- On an annual basis the segment result increased slightly

Fitness:

- The segment result of fitness is nearly in line with last year



Results per half year

(x € mln.)

	H1 2012	H1 2013	H2 2012	H2 2013	FY 2012	FY 2013
Net turnover	445,6	503,8	326,9	345,2	772,5	849,0
Material costs	(305,9)	(344,7)	(220,3)	(244,8)	(526,2)	(589,4)
	68,6%	68,4%	67,4%	70,9%	68,1%	69,4%
Depreciation and amortisation	(4,2)	(4,6)	(3,9)	(4,1)	(8,2)	(8,7)
Staffing costs	(52,6)	(59,4)	(49,0)	(47,2)	(101,6)	(106,6)
Other operating costs	(53,1)	(59,6)	(47,5)	(47,7)	(100,6)	(107,3)
Operating costs	(109,9)	(123,6)	(100,4)	(99,0)	(210,3)	(222,6)
Operating result before non-recurring profits/losses	29,8	35,5	6,3	1,4	36,1	36,9
	6,7%	7,0%	1,9%	0,4%	4,7%	4,4%
Non-recurring profits/losses	(2,8)	0	(0,7)	(3,0)	(3,4)	(3,0)
Operating result (EBIT)	27,1	35,5	5,6	(1,6)	32,7	33,9
	6,1%	7,0%	1,7%	(0,5%)	4,2%	4,0%
Result of participation	0,1	-	0,1	0,5	0,2	0,5
Interest costs	(3,8)	(6,6)	(3,1)	(5,1)	(6,9)	(11,7)
Taxes	(2,8)	(4,4)	0,2	0,7	(2,6)	(3,7)
Net profit	20,5	24,5	2,8	(5,4)	23,3	19,0
	4,6%	4,9%	0,9%	(1,6%)	3,0%	2,2%



Amended principles of valuation and determination of results

	31-12-2012 reported	31-12-2012 revised	<i>effect</i>
Tangible fixed assets 1)	77,0	71,2	(5,8)
Intangible fixed assets 2)	98,3	91,9	(6,4)
Financial fixed assets 3)	18,7	18,4	(0,2)
Provisions 4)	33,3	28,9	(4,4)
Equity 5)	247,7	239,8	(7,9)

- 1) Property, plant and equipment are valued at historical cost
- 2) Reduced goodwill Raleigh following IAS 19R and IFRIC 14 standards
- 3) Reclassification pension receivables minus effect latent taxes
- 4) Abolition corridor (IAS 19R), correction English pension liability, discount provisions at Cost of Debt, effect latent taxes
- 5) Lowering (system) amendments and currency translation differences in equity of € 7.9 mln.
- 6) The lowered balance sheet total is €12,4 mln.



Balance sheet, assets

(x € mln.)

Fixed assets

Intangible fixed assets

91,9

93,0

Tangible fixed assets

71,2

67,4

Financial fixed assets

18,4

19,5

181,6

179,9

Current assets

Inventories

269,1

251,2

Receivables

132,5

132,2

Liquid assets

6,6

15,9

408,1

399,3

Total assets

589,7

579,2



Working capital

(x € mln.)	31-12-2012	31-12-2013	12 ->'13
Inventories	269,1	251,2	(7%)
Accounts receivable	104,5	104,7	0%
Accounts payable	(132,8)	(71,8)	(46%)
Total	240,8	284,1	18%

- Inventories dropped €18 mln. As a result of:
 - Adjustments in the production planning and the extra focus on inventory management
 - The sale of inventories led to a smaller than expected increase in the number of older model bicycles
 - The average price of bicycles increased as a result of more electric bikes
- Accounts receivable were in line with last year:
 - The effect of factoring is approximately €11 mln. (2012: €21 mln.)
- The drop in payables is due to reduced purchasing in the final months of 2013 and the use of shorter payment terms to make greater use of early payment discounts



Balance sheet, liabilities

(x € mln.)	31-12-2012	31-12-2013
Group equity	239,8	240,0
Provisions	28,9	29,9
Long-term debts	15,8	103,3
Credit institutions	134,6	96,2
Short term debts	170,6	109,8
Total liabilities	589,7	579,2

- Long-term debts increased as a result of the refinancing
- Net debt increased as a result of an increase of the working capital
- Besides net profit, equity is affected by dividend payments (-€10.8 mln.) and currency effects of foreign activities (-€8.4 mln.)



Cash flow from operating activities

(x € mln.)

Cash flow from operating activities

Operating result

Depreciation and amortisation

Share-based payments

Operating cash flow before working capital and provisions

Changes in working capital and provisions

Interest paid and taxes

Net cash flow from operating activities

2012	2013
32,7	33,9
8,2	8,7
0,3	0,3
41,1	42,9
18,2	(56,4)
(5,2)	(12,5)
54,1	(26,0)



Cash flow from investment and financing activities

(x € mln.)

Cash flow from investment activities

Interest received

Changes in fixed assets

Business combinations

Net cash flow from investment activities

Free cash flow

Cash flow from financing activities

Movements in bank loans and bank credits

Dividend payments

Share issue

Share and option plans

Net cash flow from financing activities

Net cash flow

	2012	2013
	0,6	0,6
	(14,9)	(6,9)
	(59,7)	(1,4)
	(74,0)	(7,7)
	(19,9)	(33,7)
	2,9	54,6
	(11,0)	(10,8)
	30,8	0,0
	(0,5)	(0,4)
	22,2	43,4
	2,3	9,8



Ratios

	2012	2013
EPS	€ 1,02	€ 0,79
ROCE*	8,9%	8,3%
Operating result*	4,7%	4,4%
Net debt/EBITDA*	3,3	4,0
Solvency	40,7%	41,4%
Interest coverage**	7,2	5,5
Average number of employees (fte's)	2.776	2.926

* based on operating results excl. one-off items

** Interest coverage based upon EBITDA excl. one-ff items



Dividend proposal

	2012	2013
EPS	€ 1,02	€ 0,79
Dividend proposal	€ 0,75	€ 0,55
Pay-out ratio	74%	70%
Year end share price	€ 13,31	€ 13,40
Dividend yield	5,6%	4,1%



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Trends and expectations

- Social and demographic trends do not change
 - Mobility
 - Environment
 - Ageing
 - Health
 - Sustainability
 - Governments stimulate health, recreation and the increasing use of the bicycle as an alternative form of transport



Strategy Accell Group

- Creating innovative, high-quality and recognisable products with strong brands
- Positioning, promoting and expanding the brand portfolio, targeted marketing and intensive cooperation with and the support for the specialist trade
- Continuous cost control, inventory management, portfolio management , and further exploitation of synergies
- Active search for possible acquisitions



Outlook 2014

Based on the positive underlying long term trends in combination with the more favourable macro-economic indicators for consumer expenditure we, barring unforeseen circumstances, expect a further turnover growth and a higher result in 2014.



THE PREMIER CYCLE AND FITNESS GROUP



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Accell Group N.V. - Presentation annual results 2013

