ACCELL GROUP

THE PREMIER CYCLE GROUP

Full Year 2018 Results

Ton Anbeek – CEO
Ruben Baldew – CFO

March 8, 2019

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 press release have not been audited.

Ton Anbeek - CEO

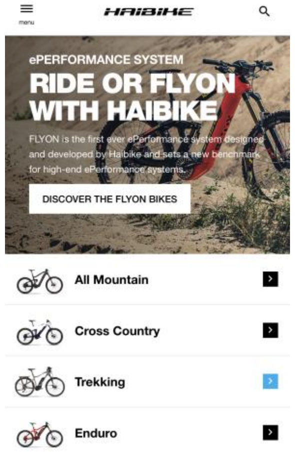
THE PREMIER CYCLE GROUP
ACCELL GROUP

Recap of our Strategy ‘Lead Global. Win Local’

Lead Global. Win Local

Leading at the point of purchase

Consumer centric Omnichannel



Innovation

Centralised & integrated P&A business

Fit to compete

Recap of our Strategy ‘Lead Global. Win Local’

Lead Global. Win Local

- Central commercial, supply chain matrix organization structure in place
- Key senior management appointed

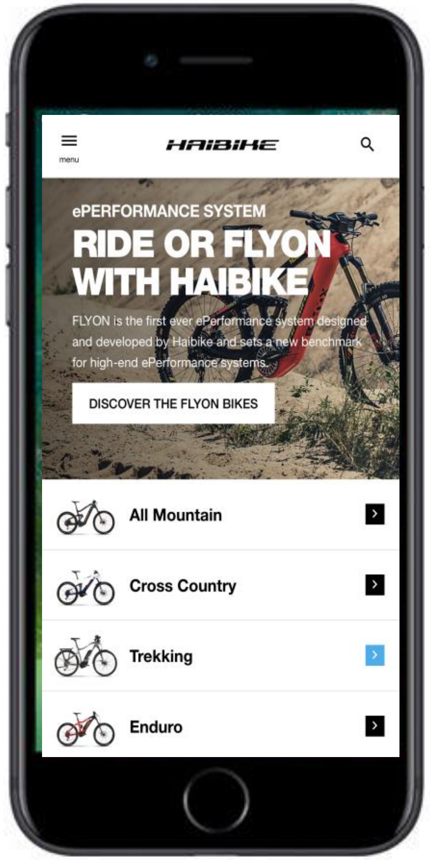
Recap of our Strategy ‘Lead Global. Win Local’

Winning at the Point of Purchase

- Regional structure established
- Brand positioning sharpened
- Strategic brand portfolio rolled out per region
- All regions have access to ‘Accell Bike Supermarket’

Recap of our Strategy 'Lead Global. Win Local'

Consumer centric Omnichannel



- Develop digital e-commerce platforms
- Experience centers
- Mobile bike service

Recap of our Strategy ‘Lead Global. Win Local’

Innovation

- Starting with consumer insight
- Global innovation centers
- Smart technology
- Focus on e-bike
- Innovation in urban mobility enabled by Velosophy (Babboe)


PACE B10
iF
DESIGN
AWARD
2019
THE PREMIER CYCLE GROUP
ACCELL GROUP


lapierre
lapierre
ULTEGRA
DT SWISS
CONTINENTAL

Recap of our Strategy ‘Lead Global. Win Local’

Centralised & Integrated P&A Business

- Central organisation established
- P&A integrated into local sales team
- Driving brand XLC

Recap of our Strategy ‘Lead Global. Win Local’

Fit to compete

- Central procurement team fully in place
- Footprint reduction of factories started
- 30% complexity reduction model year 2019
- Nearly € 12 million savings delivered in 2018 of which half contributing directly to bottom line

Our 2018 progress

On track

- ✓ Team in place
- ✓ Velosophy and urban mobility options
- ✓ Centralised P&A business
- ✓ Contract internet player Netherlands ended
- ✓ Central SC delivery (savings & working cap)
- ✓ Improved added value %
- ✓ Value growth core business

Further improvement needed

- ✓ Innovation delivery delayed
- ✓ Renewed IT infrastructure
- ✓ Competitiveness Netherlands
- X US business

First results of our strategy are coming through

Growth core	EBIT core / EBIT core excl. one-off	Added value % core vs PY	Total Supply Chain savings	Total TWC YoY
6.1%	€ 54 mio / € 59 mio	+76 bps	appr. € 12 mio	-305 bps

Update non core North America

2018 FY results

-36%
net sales

- € 21 mio
EBIT

Update on study

- Result EUR -21 million EBIT and -36% sales decline
    - North America 6% of total
    - EUR 2.5 million corporate allocated charges in North America EBIT
- All options to eliminate profit dilution are explored; sale being one of the options
- Study has started. Outcome will be communicated Q3 2019 latest

Strategic objectives and financial long term target

Strategic objectives

- Increasing dealer and consumer satisfaction
- Increasing market share
- Increasing net profit
- Strong and healthy balance sheet
- Corporate Social Responsibility
- Increase diversity

Financial LT targets

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

Ruben Baldew- CFO

THE PREMIER CYCLE GROUP
ACCELL GROUP

H2 Accelerates in net sales growth

Growth 2018

	Total	Core
FY	+2.4%	+6.1%
H1	+0.3%	+3.2%
H2	+5.5%	+10.4%

H2 Accelerates in net sales growth, strong margin progress

Growth 2018

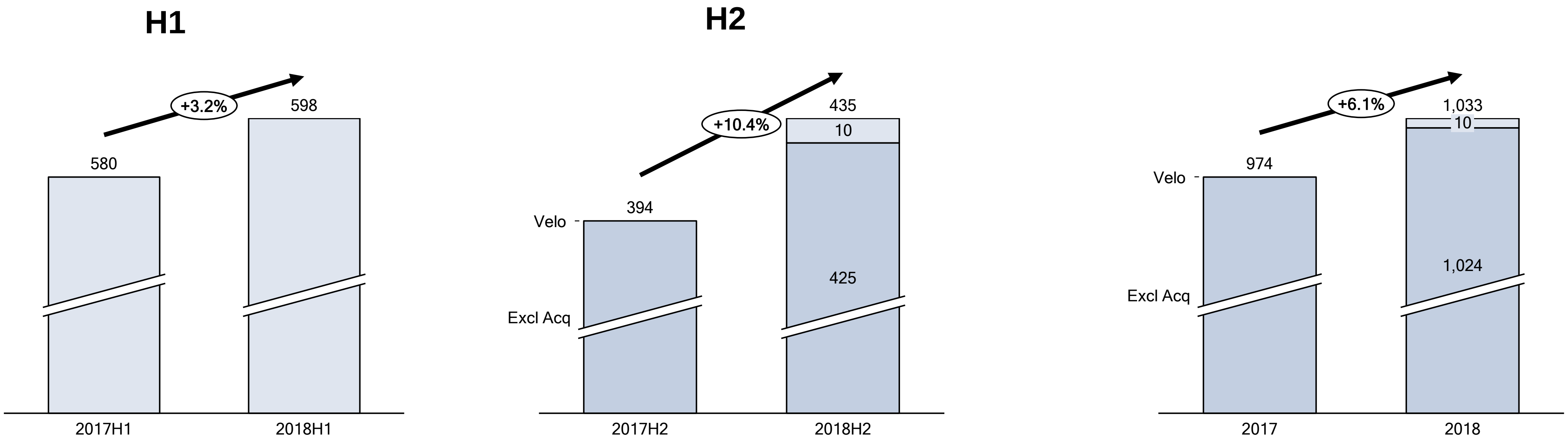
	Total	Core
FY	+2.4%	+6.1%
H1	+0.3%	+3.2%
H2	+5.5%	+10.4%

Profit 2018

	AV% YoY	EBIT (mio)
Total	+139 bps	€ 33 mio
Core	+ 76 bps	€ 54 mio
US	+328 bps	- € 21 mio

Growth on core increasing from 3.2% H1 to 10.4% in H2

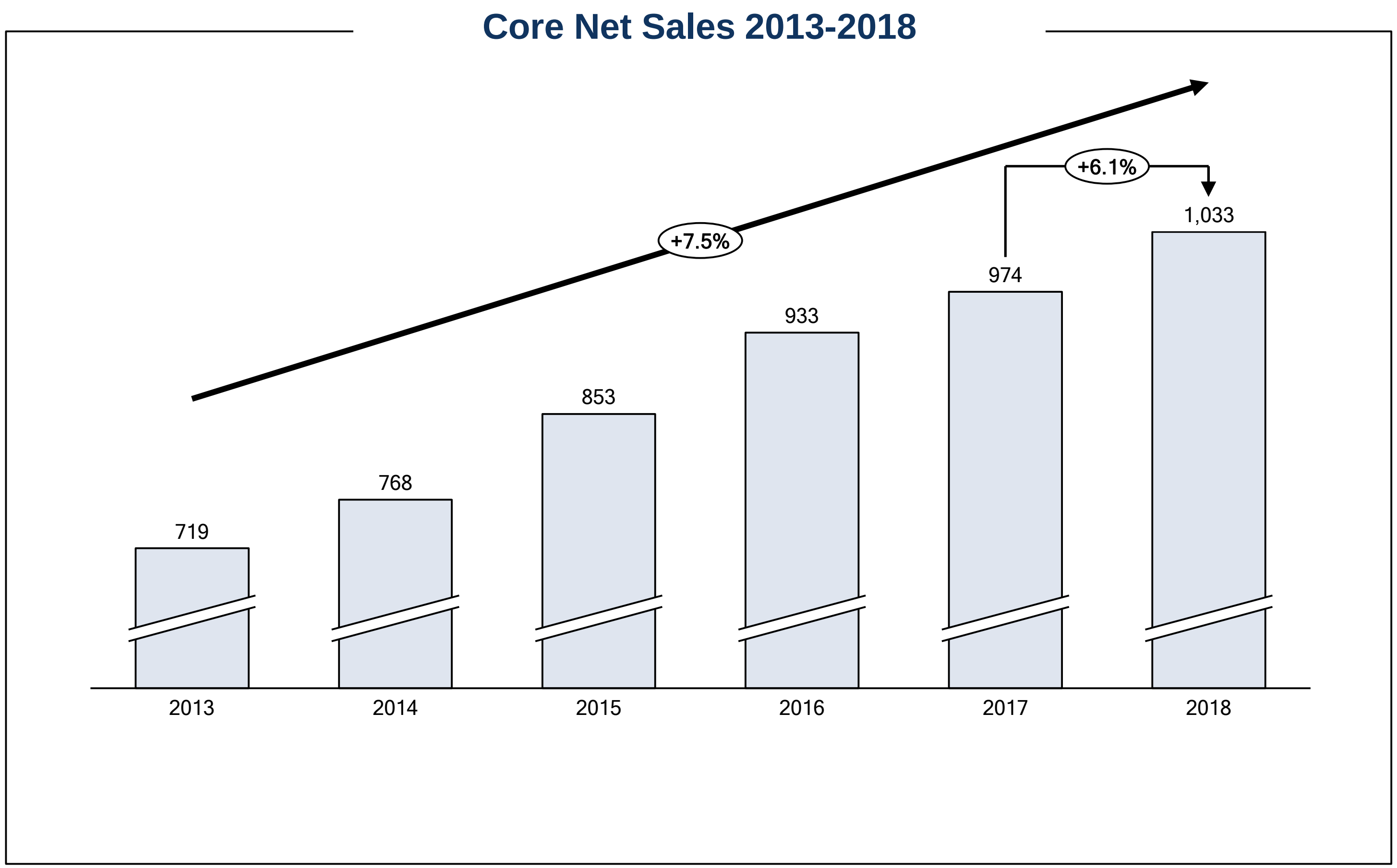
Development net sales H1 and H2



Excl. Velosophy (Babboe)+ 8%

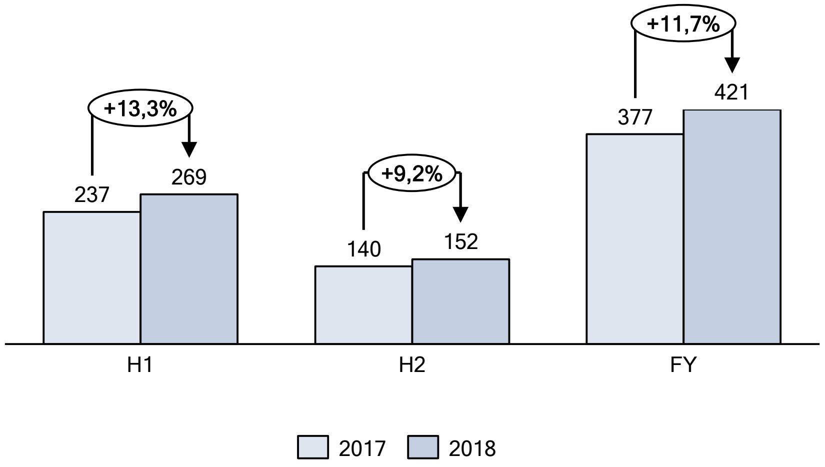
Excl. Velosophy (Babboe) + 5%

Historical Growth at 7.5% on Core



Performance 2018 bikes DACH

Net Sales 2017-2018



- Strong performance both sport brands
  - Ghost
  - Haibike

WINORA

"At home in every family"

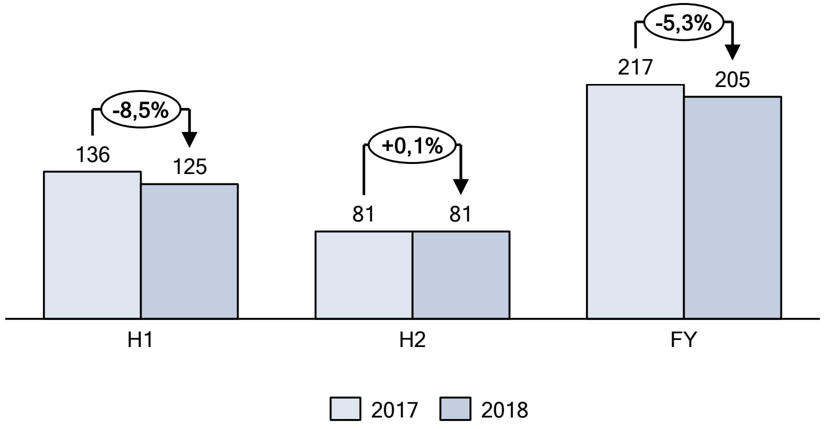
HAIBIKE

Awarded Best e-MTB Brand of 2018

Net sales numbers based on geographical location of entity. P&A excluded

Performance bikes Benelux

Net Sales 2017-2018



- Contract with one internet player ended
- Second half stabilized

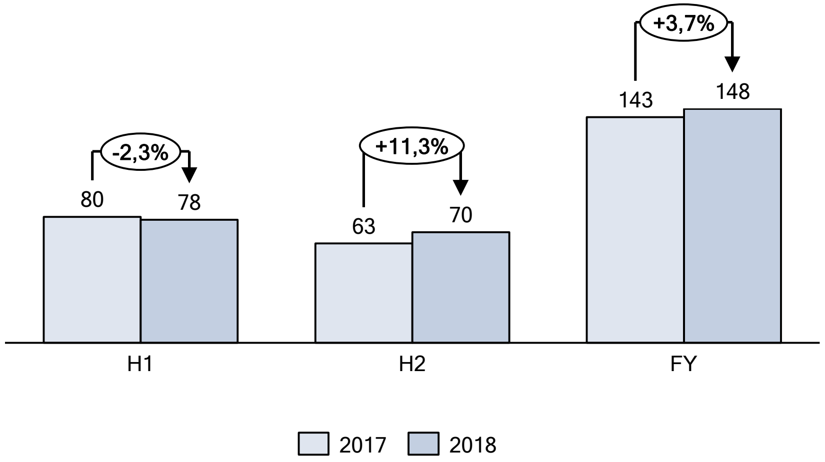
- Winning e-bike of the year with Sparta R5Te and again with M8B
- Launching Koga Pace as the urban e-bike

- Introducing selective distribution contracts to drive a qualitative dealer network

Net sales numbers based on geographical location of entity. P&A excluded. Velosophy excluded

Performance 2018 other core bikes

Net Sales 2017-2018



- Lapierre performing strongly in H2
- Raleigh UK stabilized in H2, focusing on key assortment

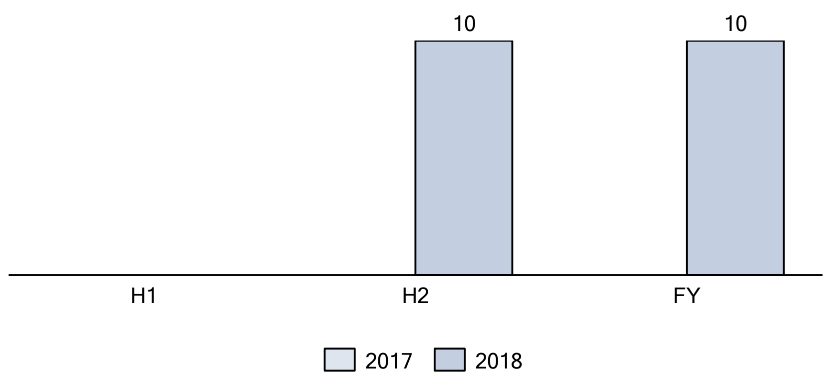
Reconnect Raleigh to consumer as UK's best known, best loved bicycle brand

Leverage pro-tour partner ship

Net sales numbers based on geographical location of entity. P&A excluded. Velosophy excluded.

Performance 2018 Velosophy

Net Sales 2017-2018



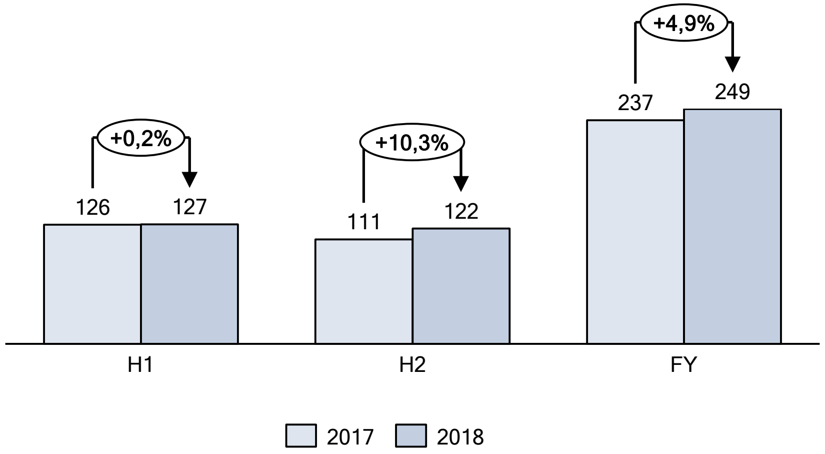
- 5 months of sales in 2018
- Strong sales in line with expectations

Exponential growth of Babboe in Europe continues

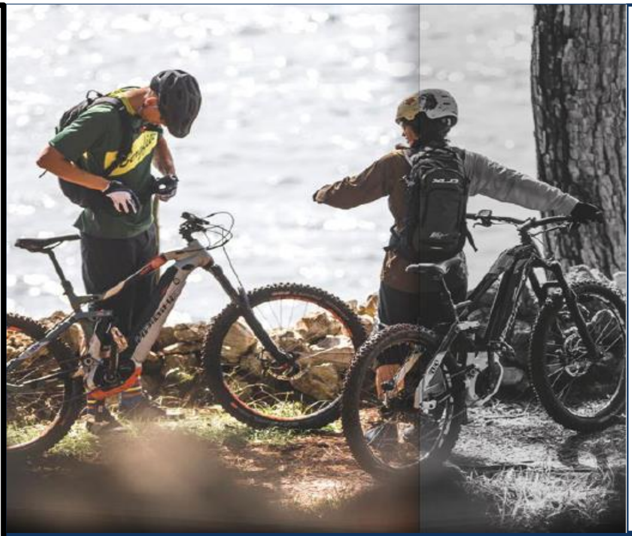
Further roll out of cargo strategy

Performance 2018 Parts & Accessories

Net Sales 2017-2018



- More aligned and centralized organization set in H1
- Focusing on XLC brand and strong execution



Lead and organise **centrally** to win **locally** doubling the business in 7 years

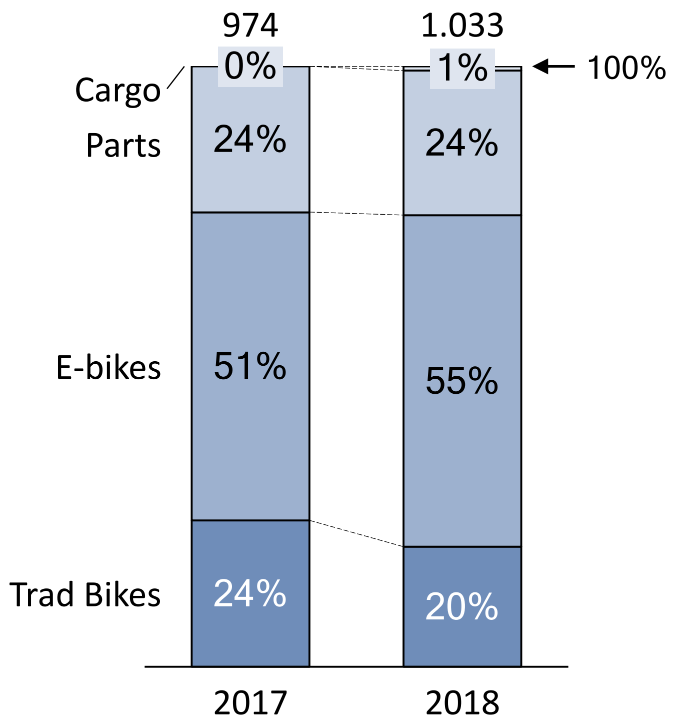
Expand into **new channels**

Grow the **XLC** brand into a winning international dealer & consumer preferred brand

Net sales numbers based on geographical location of entity. P&A excluded

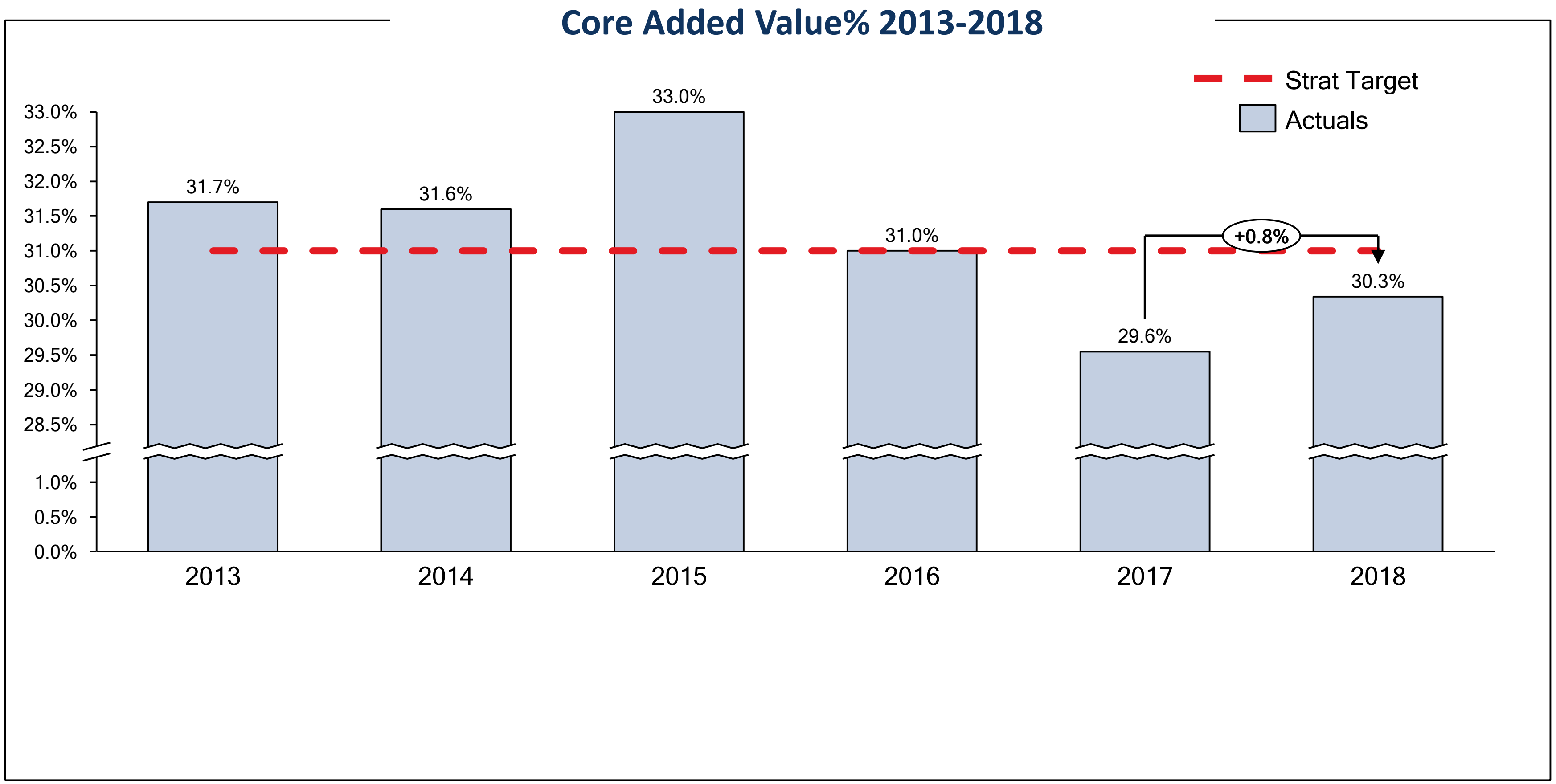
On core we continue to shift our portfolio to e-bikes and cargo

Categories as % value of total core



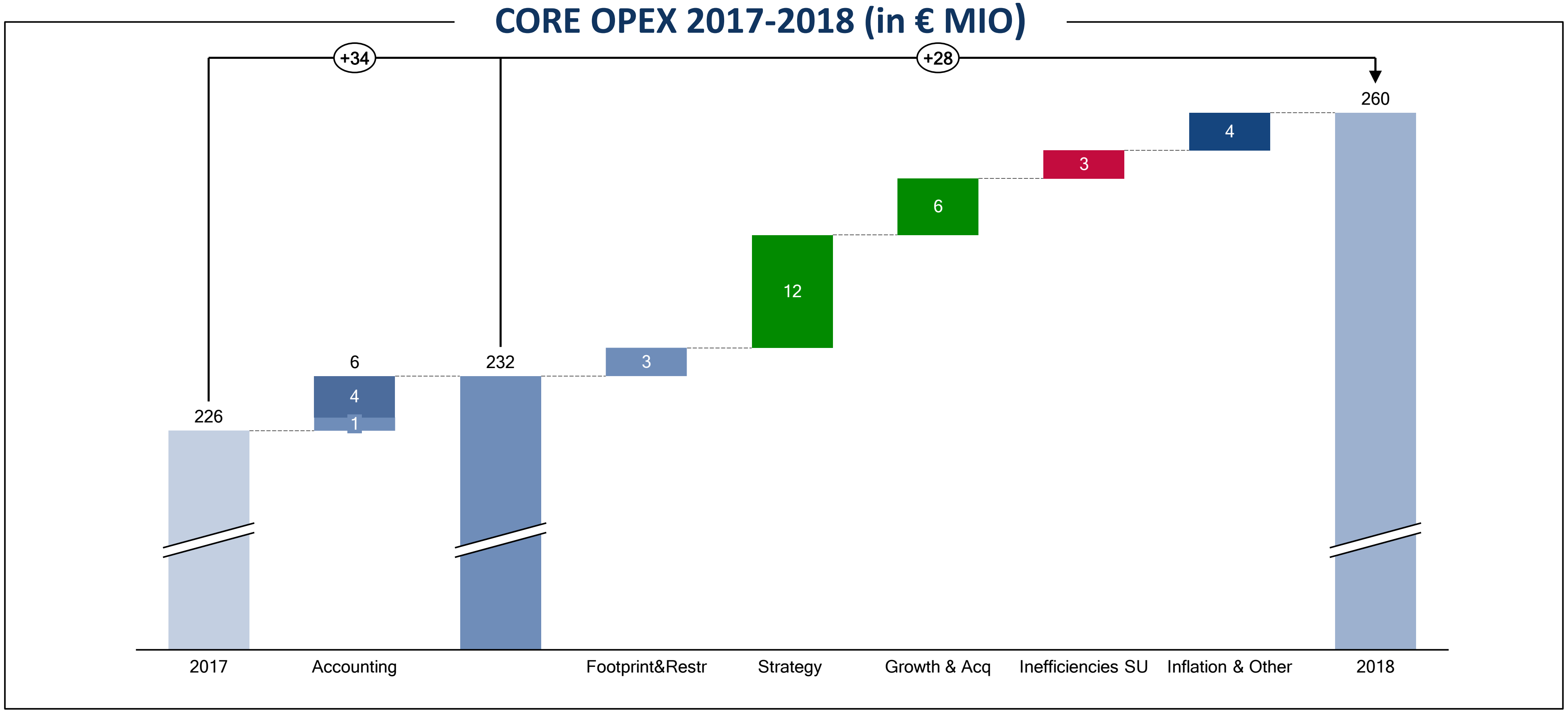
- Contribution Cargo in H2 was 2%
    - Ambition and potential to become 5%+ of portfolio
- E-bikes are expected to move above 60% of portfolio

Core: AV% up 76 bps and now 70 bps below strategic target

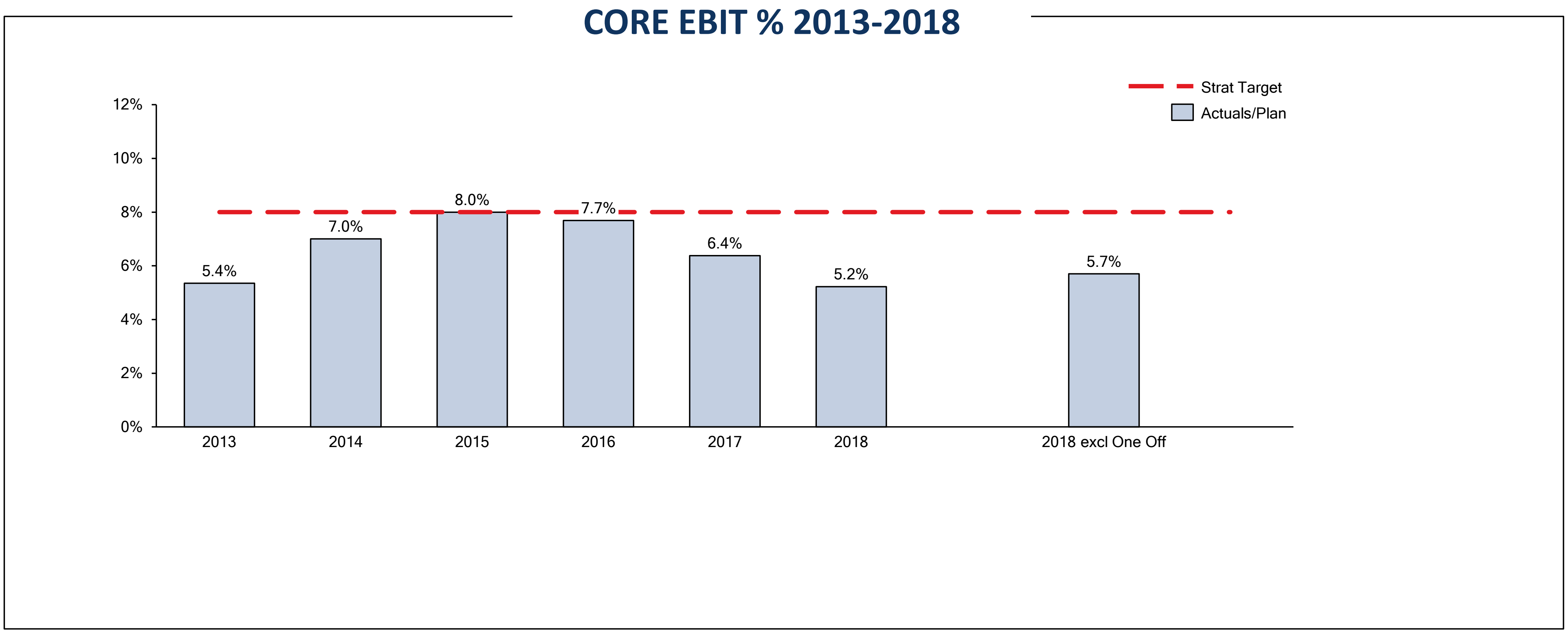


- Main drivers increase AV% 2018 vs 2017:
  - Supply Chain savings
  - Forex
  - Accounting (move to OPEX)

Core: Opex increase driven by accounting, one off and strategy related costs



Core: EBIT% at 5.2% and at 5.7% excl. one-off



Full P&L Total Group and Core

(Amounts in millions of euro)	Accell Group				Core			
	H1 2018	H2 2018	FY 2018	FY 2017	H1 2018	H2 2018	FY 2018	FY 2017
Net turnover	**635.9**	**458.4**	**1,094.3**	**1,068.5**	**598.1**	**435.2**	**1,033.3**	**973.7**
Net sales growth% (compared to PY)	*0.3%*	*5.5%*	*2.4%*	*1.9%*	*3.2%*	*10.4%*	*6.1%*	*4.3%*
Added Value	191.6	132.9	324.5	302.0	184.4	129.1	313.5	288.0
Added value%	30.1%	29.0%	29.7%	28.3%	30.8%	29.7%	30.3%	29.6%
Added value bps vs py	*124*	*159*	*139*	*-177*	*126*	*2*	*76*	*-142*
OPEX	-148.9	-142.7	-291.6	-264.0	-133.2	-126.4	-259.6	-225.6
EBIT	**42.7**	**-9.8**	**33.0**	**38.0**	**51.2**	**2.8**	**54.0**	**62.4**
EBIT%	6.7%	-2.1%	3.0%	3.6%	8.6%	0.6%	5.2%	6.4%
Net Finance costs	-3.6	-4.0	-7.6	-8.2				
Income from equity-accounted investees, net of tax	0.4	10.1	10.5	0.4				
Tax Expense	-14.0	-1.6	-15.6	-19.7				
Net Profit	**25.5**	**-5.2**	**20.3**	**10.5**				

Cash, capital and debt on total and core

TWC% Core & Total

TWC% YoY

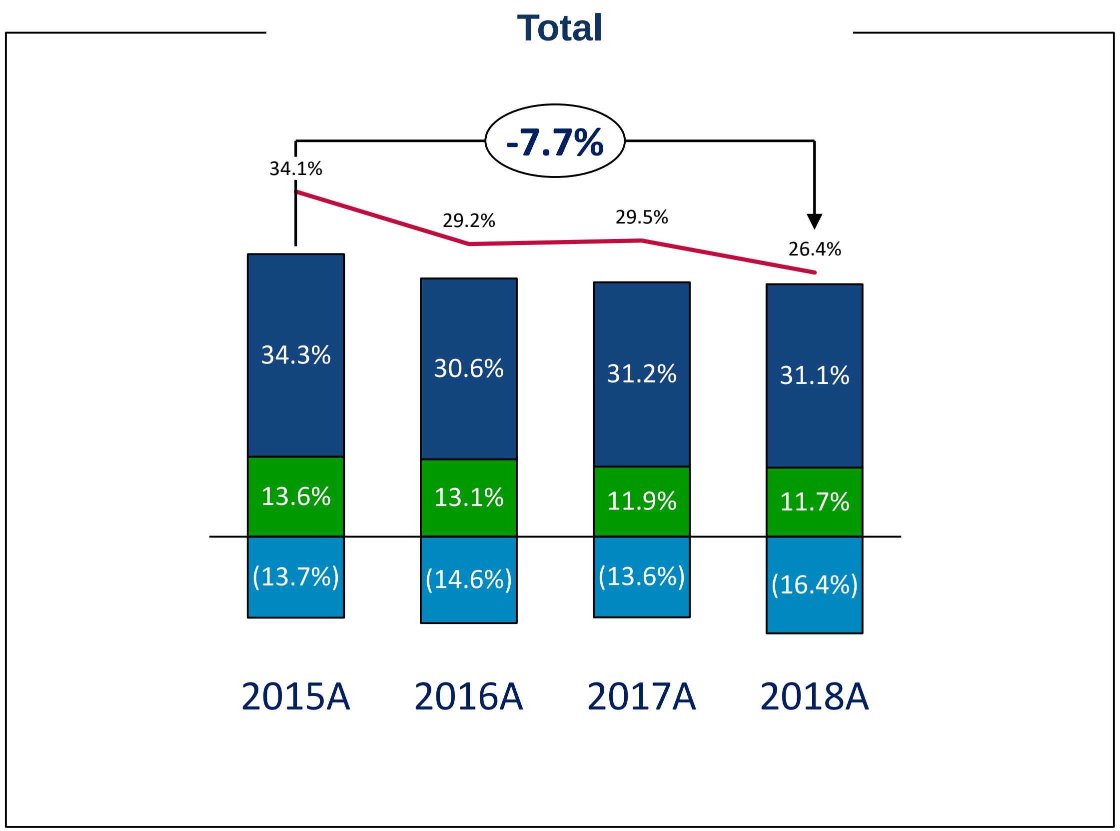
Core -310 bps

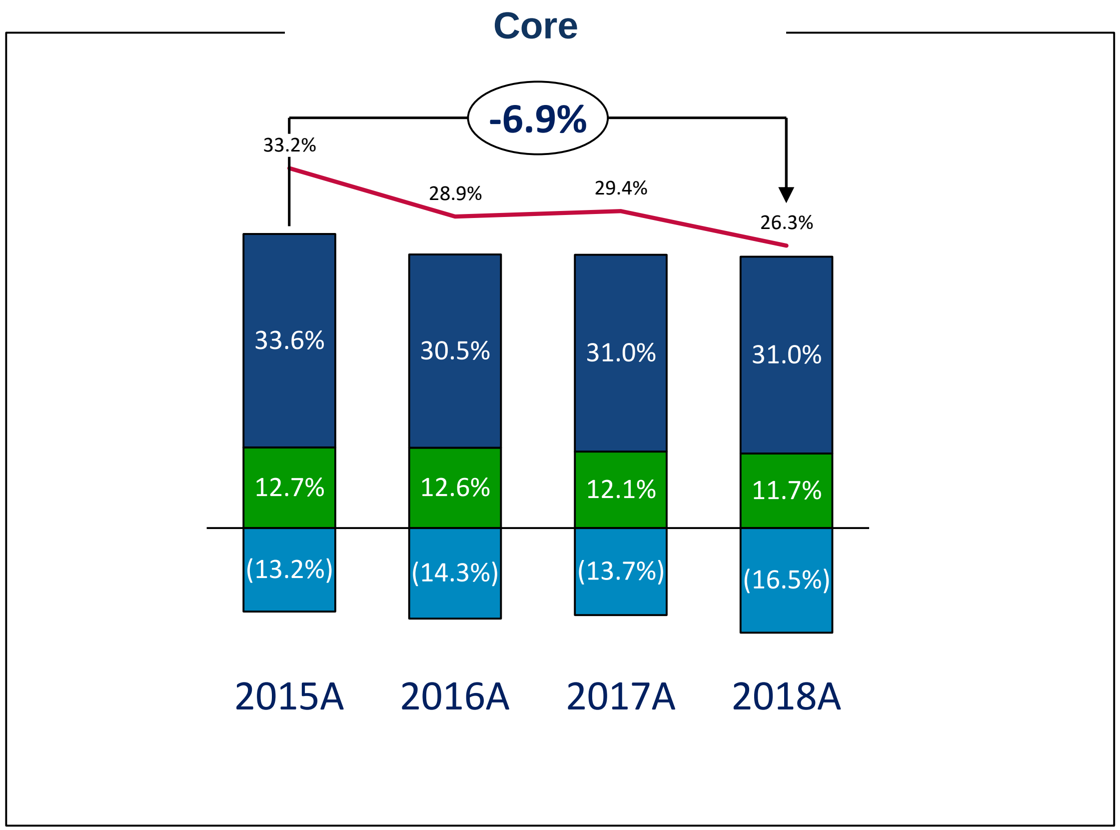
Total -305 bps

Total Group Return on Capital and Debt

ROCE	Net Debt /Ebitda excl. one-off	Term Loan/ Ebitda excl. one-off
6.4%	2.9 X € 152 mio	2.2 X
2017: 7.8%	*2017: 2.7*	*2017:1.7X*

Trade Working Capital; Strong reduction in 2018





Cash flow on total group improved thanks to working capital

(Amounts in millions of euro)	Accell Group	
	2018	2017
Operating profit (EBIT)	**33.0**	**38.0**
Depreciation and amortisation	12.3	11.1
Share based payments	-0.6	-0.1
Operating cash flow before changes in working capital	**44.7**	**49.0**
Movement in working capital	19.4	-10.3
Movement in provisions and deferred revenue	2.8	-0.9
Interest paid	-8.0	-6.8
Income taxes paid/received	-16.3	-23.4
Net cash flows from operating activities	**42.7**	**7.5**
Interest received	1.7	0.6
Dividend received	0.2	0.1
Movements in PP&E	-6.2	-8.3
Movements in intangible assets	-4.2	-0.8
Movements in financial assets	-0.7	-4.1
Business combinations	-17.6	-
Net cash flows from investing activities	**-26.8**	**-12.5**
Free cash flow	**15.9**	**-4.9**

Accell Group Financial ratio's of Covenants

Definitions

Accell Group has a financing agreement with a syndicate of six (international) banks for a total group financing.

The financial covenants in this agreement are:

- **Term loan leverage** ratio, which is determined by dividing *outstandings* through *normalised EBITDA*. The term loan leverage ratio shall not exceed 2.5 (tested quarterly over the previous 12 months).
  - Outstandings are:
    - The amount of all terms loans (incl. Schuldschein)
    - The amount of the revolving credit facility used for permitted acquisitions excluding the amount used for financing of the working capital of acquired companies
    - When calculating the normalised EBITDA the impact of acquisitions and disposals is annualised and exceptional items are not taken into account.

- **Solvency** ratio, which is *net assets* as a percentage of *balance sheet total*, both adjusted for intangible fixed assets and the related deferred taxes. The solvency ratio shall be greater than 25% (tested semi-annually over the previous 12 months).

- Next to that Accell has a **Borrowing reference** covenant. The *aggregate outstandings* at the end of any financial quarter of the Company shall not exceed the *borrowing reference* as at the end of any such a financial quarter.

2018 - 2017

(Amounts in millions of euro)	Accell Group	
	2018	2017
Term loan	85.0	85.0
Schuldschein	15.0	15.0
Permitted acquisitions	15.8	-
Outstandings	**115.8**	**100.0**
EBITDA reported	45.3	49.1
Non-consolidated	1.3	0.4
EBITDA covenants	**46.6**	**49.5**
Exceptional items	4.9	10.0
Acquisitions	2.3	-
Disposals	-	-1.4
Normalised EBITDA	**53.8**	**58.1**
Outstandings / EBITDA	**2.2**	**1.7**

	2018	2017
Consolidated Tangible Net Worth	183.7	200.4
Balance Sheet Total (adjusted)	623.2	606.4
Solvency	**29%**	**33%**

At 31st December 2018 the borrowing reference headroom was EUR 117 mio (2017: EUR 112 mio).

Update Covenants (event after 31st Dec 2018)

- Positive cash flow (thanks to working cap improvement) will be used to repay term loan -25 million in Q1 2019
    - At 2018 normalized EBITDA this will give around 0.5 additional headroom

Full Balance Sheet Total Group

Total Accell Group

(Amounts in millions of euro)	Accell Group	
	2018	2017
Non-current assets	236.2	197.8
Inventory	340.0	333.6
Receivables	159.0	149.8
Bank balances and cash	26.7	24.1
Total assets	**761.9**	**705.3**
Total equity	**322.4**	**299.3**
Deferred tax liabilities	18.9	11.8
Provisions	17.0	12.8
Deferred revenue	1.2	1.2
Other Non-current liabilities	100.2	100.5
Current liabilities	302.2	279.6
Total equity and liabilities	**761.9**	**705.3**

Net debt	151.8	161.0
Capital Employed	513.7	486.2
ROCE	6.4%	7.8%

Non core Assets & Liabilities

- For Accell Non Core (North America) assets and liabilities at 31st of December 2018 were:
  - Total assets € 34 million:
    - Non current assets € 5.3 million
    - Inventory € 18.7 million
    - Receivables € 8.8 million
    - Bank balances and cash € 1.2 million
  - Total liabilities € 55.1 million:
    - Non current liabilities € 1.4 million
    - Current liabilities € 53.7 million

Financial Summary

1. US disappointing on top and bottom line, strategic study in progress
2. Core business strong growth of 6.1% with acceleration in H2 to 10.4% versus historical growth of 7.5%
3. Added value increase on core towards 30.3%, 70 bps below our strategic target
4. Accounting, one-off's and strategy & growth investments drive OPEX increase
5. EBIT core at € 54 million and € 59 million excl. one-off
6. Working Capital good progress in H2
7. Accell will repay € 25 million on term loan in Q1 2019

Ton Anbeek - CEO

ACCELL GROUP

THE PREMIER CYCLE GROUP

Overall Summary

1. As communicated earlier, 2018 was a transition year in which we have invested in our foundation

2. We have invested in consumers, customers, people and our systems

3. Team fully in place now

4. In this transition year, we are seeing first benefits of Strategy
    1. SC savings coming through
    2. Good second half on Working Capital
    3. Acceleration of growth on core business

5. Strategic Study to eliminate profit dilution US has started

2019 Priorities

1. Eliminate profit dilution US
2. Continue growth core, recover Netherlands
3. Improve availability
4. Continue SC savings delivery
5. Drive Cargo /urban mobility solutions
6. Continue reducing complexity
7. Go Live e-commerce platforms enabled by revamped IT infrastructure
8. Experience centers

2019 Outlook

1. We expect market momentum to continue

2. Another year of executing our strategy ‘Lead Global. Win local’ in which we will:
    1. Focus on key brands and businesses
    2. Continue to bring successful innovation on the market (E-zesty, Sparta M8B)
    3. Improve availability
    4. Continue driving parts and accessories also through our brand XLC
    5. Implement omnichannel distribution strategy
    6. Continue fit to compete program with savings delivery and strict cost control

3. On core we therefore expect continued growth and an improvement in EBIT

4. Update on non core US study Q3 latest

5. Potential consequences as a result of the outcome of strategic study non core US are excluded from above outlook