

Presentation half year results 2014

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Agenda

1. Accell Group in H1 2014

2. Accell Group share

3. Financials

4. Outlook



Key developments H1 2014

- Net profit increases 13% to €27.5 mln.
 - Improved sales mix
 - Realised cost savings
 - Book profit on divestment of Hercules
- Organic increase in turnover of 4%
 - Sales of electric bikes were 14% higher, largely due to strong growth in the Netherlands and Germany
 - Sales of traditional bikes fell 1%
 - Sales of sports bikes were down 14%, partly due to the sale of Hercules and the decision to no longer serve the mass market in North America
 - Turnover from parts & accessories increases with 1%
- Reorganisation of the companies in the Netherlands are on schedule

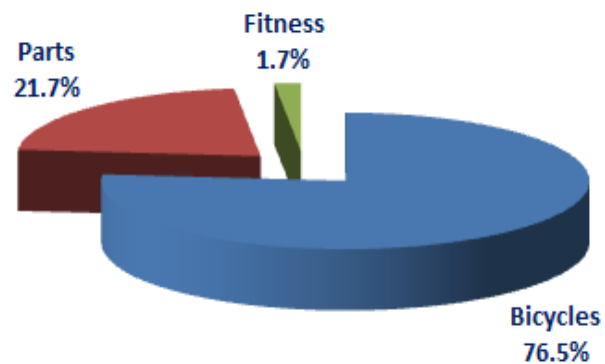


Summary results

(x € mln.)	30-6-2013	31-12-2013	30-6-2014
Turnover	503.8	849.0	506.2
Operating profit	35.6	36.9	38.2
Net profit	24.5	19.0	27.5
Earnings per share	1.02	0.79	1.12
Solvency	40.5%	41.4%	44.3%
Balance sheet total	630.2	579.6	602.8
Share price	14.85	13.40	14.07



Turnover breakdown per product group



(x € mln.)	H1 2013	H1 2014	<i>difference</i>
Bicycles	385.1	387.3	1%
Parts	109.1	110.0	1%
Fitness	9.6	8.8	(8%)
	<u>503.8</u>	<u>506.2</u>	0%

Bicycles / bicycle parts & accessoires

- Segment turnover increased slightly to €497.4 mln. (2013: €494.6 mln.); organic turnover increased by 4%
- In the first half year over 1.0 mln. bikes were sold (2013: 1.1 mln.); organic sales decreases with 6%
- Average sales price rose by 10% and came in at €380 (2013: €345), thanks to the greater share of electric bikes and high-end sports bikes
- Bicycle parts & accessories turnover increased 1%, strong growth in Europe and decrease in North America
- Segment result amounted to €45.4 mln. (2013: €43.2 mln.)
- Inventories decrease largely due to the fact that as of at the end of June, there were significantly fewer bicycles in stock

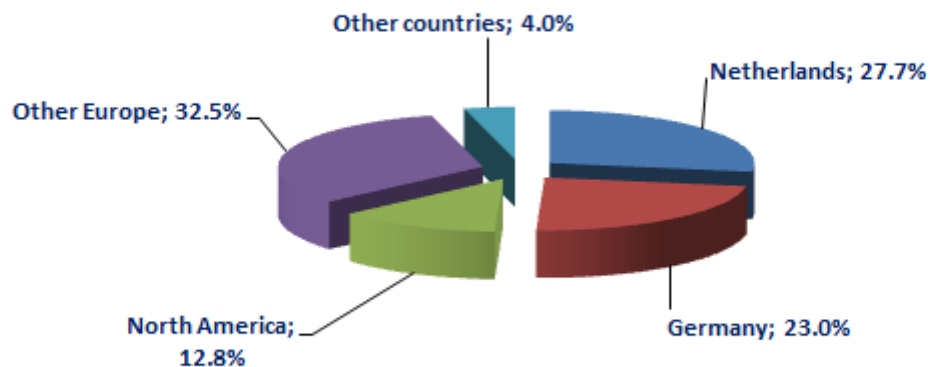


Fitness

- Turnover amounts to €8.7 mln., largely unchanged from the first half of 2013
- Segment result is -€0.4 mln. (2013: -€0.8 mln.)
- The fitness activities of Tunturi Fitness B.V. are sold , transaction of activities will start per 1-8-2014. The transaction will have a limited effect on the group results for 2014:
 - Redemption of contract operating liabilities
 - No positive contribution to operating result in the second half of 2014
 - Total effect no more than €1 mln.

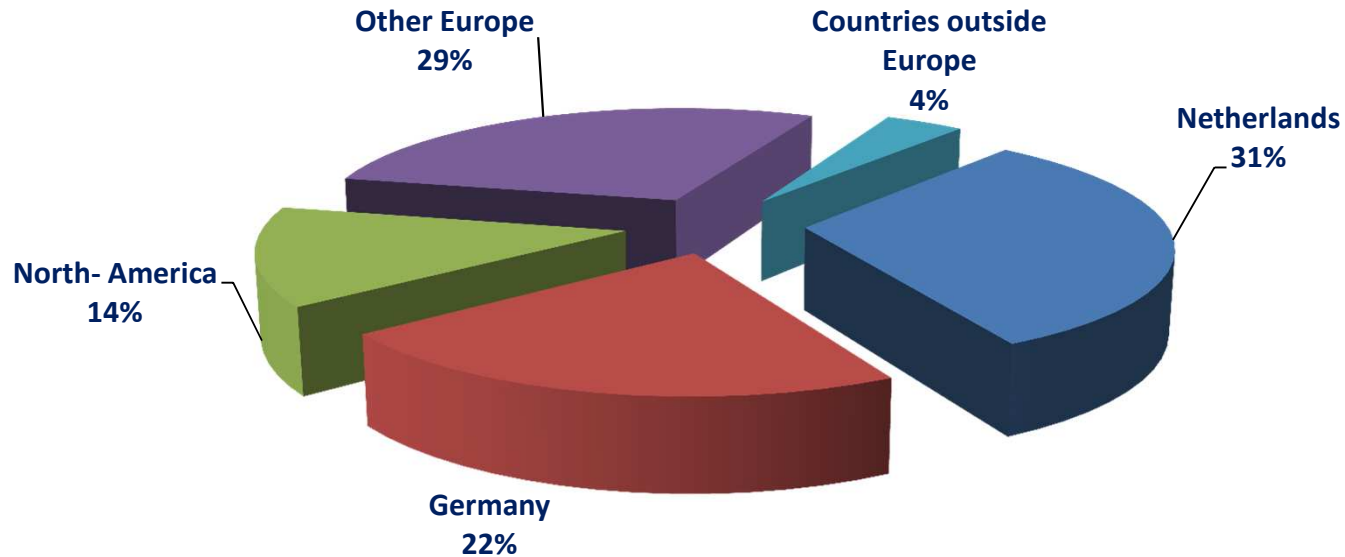


Geographical breakdown



(x € mln.)	Turnover			
	H1 2013	H1 2014	<i>difference</i>	<i>organic</i>
The Netherlands	126.2	140.0	11%	12%
Germany	125.0	116.1	(7%)	3%
North America	75.4	65.0	(14%)	(14%)
Other Europe	151.0	164.7	9%	12%
Other countries	26.1	20.4	(22%)	(22%)
	503.8	506.2	0%	4%

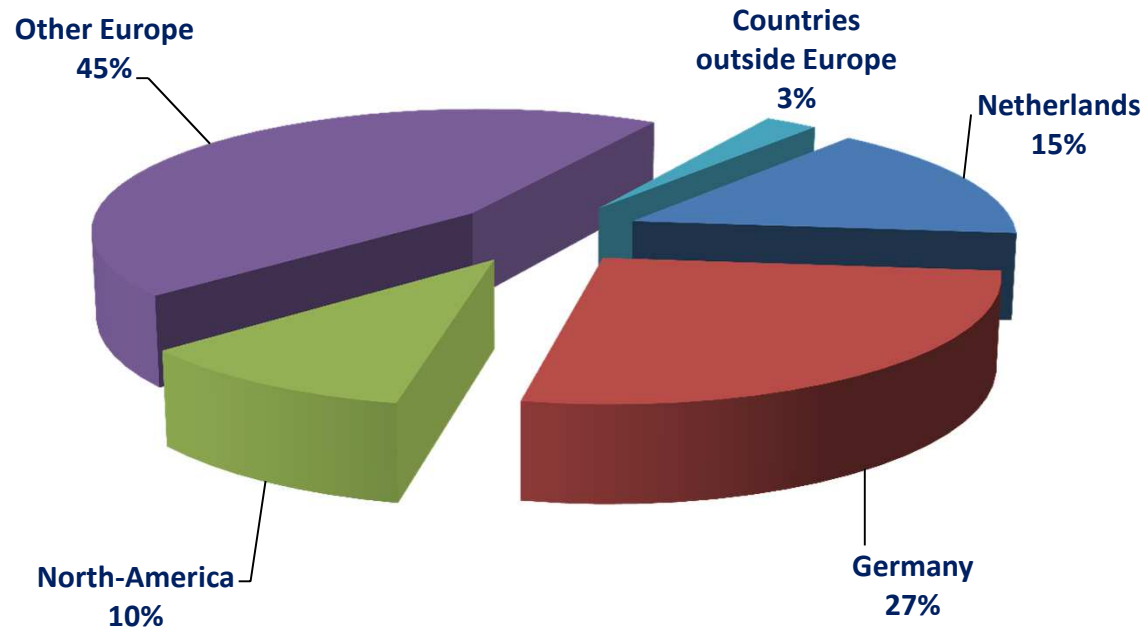
Overview turnover bicycles per country



- Known brands with good positions in the countries
- In 'Other Europe' important positions in France, UK and Scandinavia
- Dutch and German brands also deliver in Belgium, Swiss and Austria



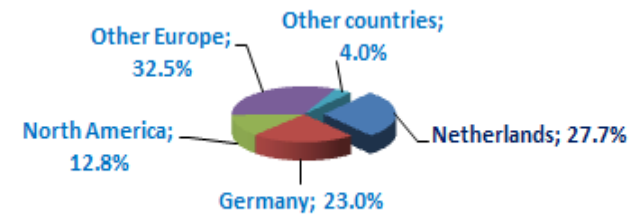
Overview turnover parts per country



- Broad geographic distribution is important for parts strategy
- In 'Other Europe', UK, France, Belgium and Scandinavia are the main countries



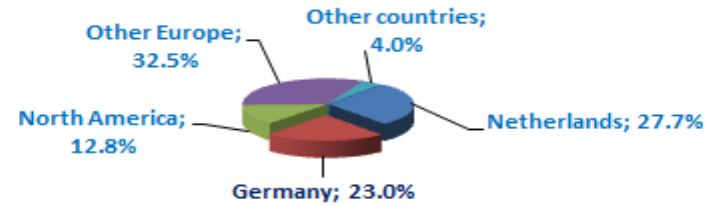
The Netherlands



- Turnover increased 11% to €140.0 mln.
 - According to the provisional market figures turnover increased 3%; Accell's turnover grows faster
 - The popularity of electric bikes continues to increase as a result of which turnover in this category shows strong growth
 - Traditional bikes sales are stable
 - Higher turnover from bicycle parts & accessories



Germany



- Turnover in Germany came in 3% higher organically and amounted to €116 mln.
 - In total turnover dropped 7% due to the sale of the Hercules brand
 - Turnover from electric bikes increased particularly due to the high-performance electric bikes of Haibike, as a result of which Accell Group is market leader
 - Turnover bicycle parts & accessories increased 6%



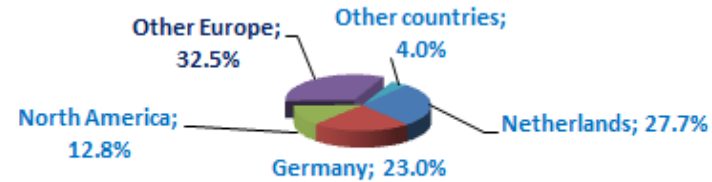
North America



- Turnover fell 14% and amounts to € 65 mln.
 - Deliveries to the mass market have largely been terminated
 - Sales of the Diamondback brand bicycles, via the multi-sports sales channel, increased well
 - Turnover of the Raleigh brand, via specialist stores, fell partly due to the long severe winter on the east coast of the US
 - Turnover in the bicycle parts and accessories dropped as a result of the decline of the market and the termination of a part of the distribution of Shimano products.



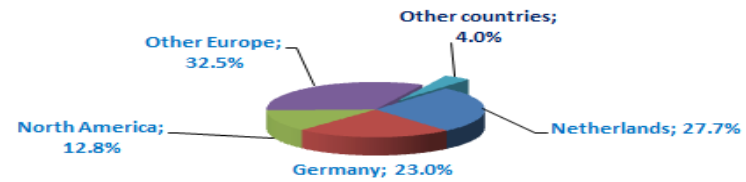
Other European countries



- In virtually all key countries turnover increased 9% to €164.7 mln.
 - In France, UK and Belgium increase in turnover comes from both bicycle and parts & accessories
 - In Scandinavia and Italy turnover also increased mainly as a result of an increase in turnover from electric bikes
 - In France, UK and Italy turnover growth was realised partly due to the introduction of new electric bike models; in the season 2015 the number of models will be further increased



Countries outside Europe



- Turnover dropped to €20.4 mln.
 - The drop of turnover in Turkey is a consequence of the political unrest and currency effect of the (lower value of the) Turkish Lira
 - The remaining turnover outside Europe comes largely from Asian countries and Australia



Agenda

1. Accell Group in H1 2014

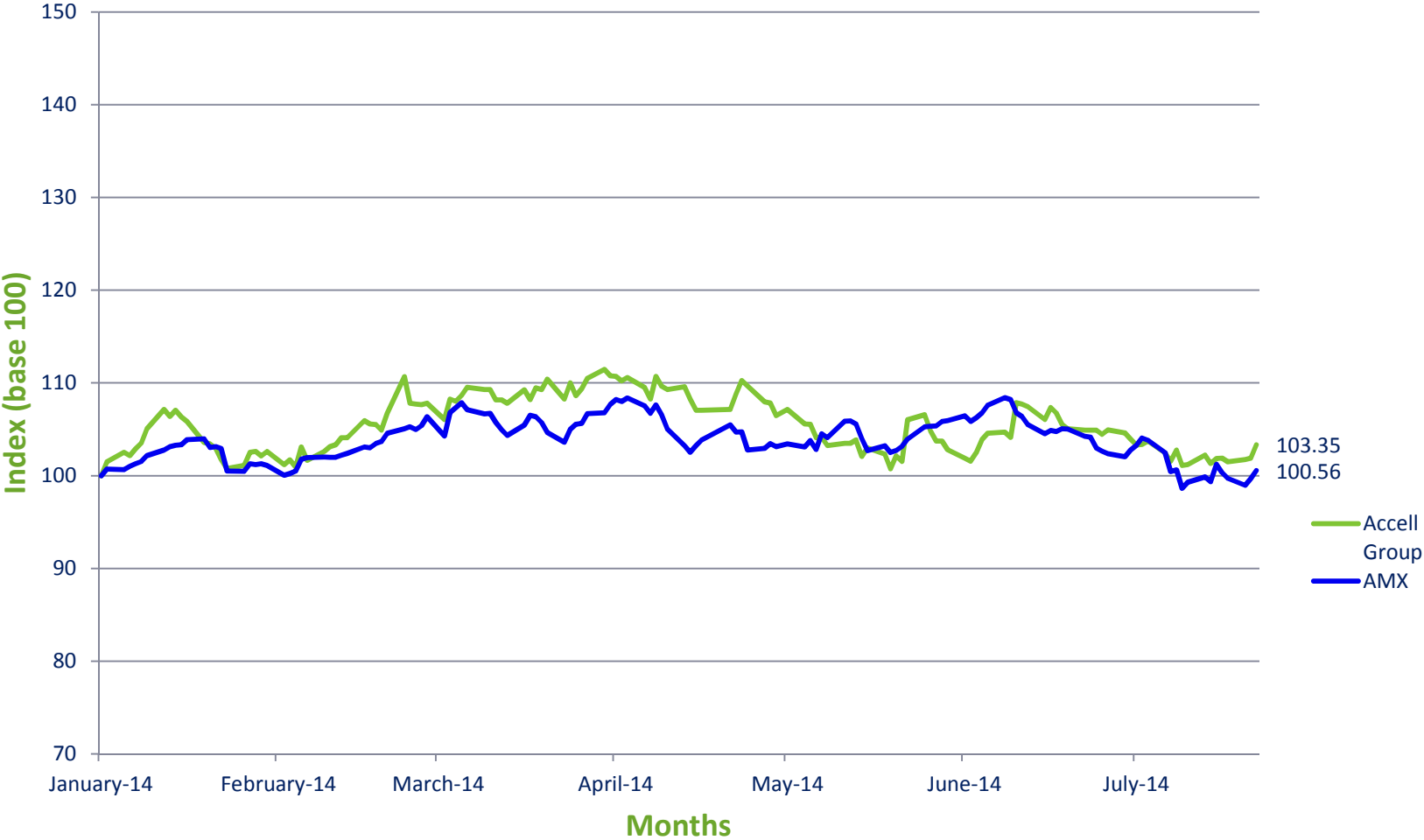
2. Accell Group share

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Share price development Accell Group



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Results

(x € mln.)	H1 2013	2013	H1 2014	Δ H1
Net turnover	503.8	849.0	506.2	0%
Material costs	(344.7)	(589.4)	(351.4)	2%
Other costs	(123.5)	(222.6)	(116.5)	(6%)
Operating profit (EBIT)	35.6	36.9	38.2	7%
Result of participation	0.0	0.5	0.0	
Interest costs	(6.6)	(11.7)	(5.1)	(23%)
Taxes	(4.5)	(4.5)	(6.8)	52%
Non-recurring profits/losses	0.0	(2.2)	1.2	
Net profit	24.5	19.0	27.5	13%



Added value

(x € mln.)	H1 2013	2013	H1 2014	Δ H1
Net turnover	503.8	849.0	506.2	0%
Material costs	(344.7)	(589.4)	(351.4)	2%
Added value	159.1	259.5	154.7	(3%)
	31.6%	30.6%	30.6%	

- Development of added value is influenced by:
 - Higher discounts as a result of higher bicycle sales compared to last year
 - Lower income from exchange rate hedging
 - Improvement of the sales-mix



Operating expenses

(x € mln.)	H1 2013	% turnover	2013	% turnover	H1 2014	% turnover	Δ H1
Staffing costs	(59.4)	12%	(106.6)	13%	(55.9)	11%	(6%)
Depreciation & amortization	(4.6)	1%	(8.7)	1%	(4.3)	1%	(5%)
Other operating costs	(59.6)	12%	(107.3)	13%	(56.4)	11%	(5%)
Total	(123.5)	25%	(222.6)	26%	(116.5)	23%	(6%)

- The operating expenses are €7.0 mln. lower as a result of:
 - Costs reductions through reorganisations (Netherlands and North America)
 - Lower variable costs due to lower sales
 - Divestment of Hercules



Net profit

(x € mln.)	H1 2013	2013	H1 2014	Δ H1
Operational result (EBIT)	35.6	36.9	38.2	7%
Result of participations	0.0	0.5	0.0	
Financial profits and losses	(6.6)	(11.7)	(5.1)	(23%)
Taxes	(4.5)	(4.5)	(6.8)	52%
Incidentals	0.0	(2.2)	1.2	
Net profit	24.5	19.0	27.5	13%

- Financing costs decreased due to reduced utilisation of the credit lines as a result of a decrease in working capital and due to the fact that Accell no longer uses factoring
- Tax burden increases to 21% (2013: 15%) due to the full utilisation of the German tax facilities
- The book profit (after costs and taxes) on the sale of Hercules is €2,0 mln.; additional costs for the reorganisation in NL amounts to €0.8 mln. on a net basis



Balance sheet, assets

(x € mln.)	30-6-2013	31-12-2013	30-6-2014
Fixed assets			
Intangible fixed assets *	94.7	93.0	93.0
Tangible fixed assets *	69.5	65.8	65.5
Financial fixed assets *	16.5	19.8	17.8
	180.7	178.7	176.3
Current assets			
Inventories	272.1	238.3	227.4
Receivables	160.4	146.7	183.1
Cash and cash equivalents	16.9	15.9	16.0
	449.4	400.9	426.4
Total assets	630.2	579.6	602.8

* comparative figures have been adjusted to correct for changes in accounting principles



Working capital

(x € mln.)	30-6-2013	31-12-2013	30-6-2014	Δ H1
Inventories	272.1	238.3	227.4	(16%)
Accounts receivable	137.2	99.5	153.7	12%
Accounts payable	(82.2)	(71.2)	(106.8)	30%
Total	327.0	266.6	274.2	(16%)

- Inventories have declined mostly due to a significant lower stock in bicycles on the back of operational planning optimisation
- Corrected for factoring (€26 mln.) accounts receivable have declined due to targeted action in receivable management and the divestment of Hercules
- Through the employment of longer payment terms and more goods in transit the amount of accounts payable has increased



Inventories

(x € mln.)	30-6-2013	31-12-2013	30-6-2014	Δ H1
Goods in transit	17.1	34.3	25.5	49%
Components	60.3	64.5	58.6	(3%)
Semi-finished goods	4.1	2.8	4.0	(4%)
Finished goods	190.5	136.7	139.3	(27%)
Total	272.1	238.3	227.4	(16%)

- Inventories show a positive development compared to the same period last year
 - The change in operational planning results in an increase of goods in transit
 - The amount of bicycles in inventory decreases. The average cost price of bicycles in inventory increases



Balance sheet, liabilities

(x € mln.)	30-6-2013	31-12-2013	30-6-2014
Group equity *	254.9	240.0	267.0
Provisions *	28.6	30.3	28.7
Long term loans	110.2	103.3	80.3
Bank credit	107.3	96.1	70.0
Short term debts	129.1	109.9	156.7
Total liabilities	630.2	579.6	602.8

* comparative figures have been adjusted related to changes in accounting principles

- The net bank debt dropped due to the lower working capital and the divestment of Hercules



Group equity

(x € mln.)

Balance on 1 January 2014	240.0
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Net profit	27.5
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Dividend payment 2013	(7.2)
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Other movements	6.7
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Increase	27.0
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Balance on 30 June 2014	267.0
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- Other movements mainly due to:
 - Incorporation financial instruments as part of hedging
 - Currency effects



Cash flow

(x € mln.)	H1 2013	H1 2014
Cash flow from operating activities		
Net profit	24.5	27.5
Depreciations	4.6	4.3
Share-based payments	0.1	0.1
Operating cash flow for working capital and facilities	29.2	32.0
Changes in working capital and facilities	(68.5)	4.6
Net cash flow from operating activities	(39.3)	36.6
Cash flow from investment activities		
Changes in fixed assets	(5.1)	(3.6)
Disposal of assets held for sale	0.0	21.0
Acquisition subsidiary companies	(2.1)	0.0
Net cash flow from investment activities	(7.2)	17.5
Free cash flow	(46.5)	54.1
Cash flow from financing activities		
Changes in bank loans and banks overdrafts	68.1	(46.8)
Stock and option plans	(0.2)	(0.1)
Cash dividend	(10.8)	(7.2)
Net cash flows from financing activities	57.0	(54.1)



Ratios

	H1 2013	H1 2014
EPS	€ 1.02	€ 1.12
ROCE	8.4%	9.3%
Operating result /turnover	7.1%	7.5%
Solvency	40.5%	44.3%
Net debt / EBITDA	4.0	2.8
Average number of employees (FTE's)	3,179	2,803



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Strategy Accell Group

- Creating innovative, high-quality and distinctive products with strong brands
- Positioning, promoting and further developing the brand portfolio, targeted marketing on retailers and consumers and intensive cooperation with and support for the expert dealer
- Consistently managing costs, inventory management, portfolio management and further exploitation of synergies
- Actively seeking possible acquisitions



Outlook 2014

- Innovative bicycles and electric bikes make a strong collection
 - Continuation of favourable underlying trends
 - Less discounts in the second half of 2014
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- Organic increase of turnover and result in the second half of the year 2014, barring unforeseen circumstances





25 July 2014

AcCell Group N.V. - Presentation half year results 2014

Disclaimer

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

- ▶ Any forward looking statements are 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 statements

