

PRESS RELEASE

ACCELL GROUP OPERATING PROFIT UP 33%

Heerenveen (the Netherlands), 26 February 2016 – Accell Group N.V. (Accell Group) booked an operating profit of € 58.5 million in 2015, 33% higher than the € 44.1 million reported in 2014. Net profit was 22% higher at € 32.3 million in 2015 (2014: € 26.5 million). Turnover increased by 12% to € 986.4 million (2014: € 882.4 million). Turnover rose organically by 9%, largely on the back of higher electric bike sales.

René Takens, Chairman of the Board of Directors of Accell Group: *"We recorded a solid increase in turnover and profit in 2015. The continuing growth in the sales of electric sports bikes (e-MTBs) in various European countries made a particularly strong contribution to this increase in the results. The largest growth was noted in Germany, where turnover now accounts for 23% of the total turnover. In North America, the brands performed well among multi-sports clients, but the position with independent bike dealers (IBD members) has still not improved. The improvement in Accell Group's operating profit and net profit was largely due to the 9% organic increase in turnover growth. The margin improved, partly as a result of the greater contribution from E-bikes in the turnover.*

The theft of money in Taiwan had an impact on the results. The investigation into this incident has yielded no new conclusions with respect to the estimated damage and we have included a one-off item of € 4 million in the 2015 figures, as stated in our press release of 27 January 2016.

Cycling will continue to be highly popular for mobility, recreational and sports purposes in the years ahead. We expect to continue to be a frontrunner thanks to our high-quality products and we also expect to add new innovations to make cycling even more attractive for various purposes. Based on the positive underlying trends we expect a further growth of the turnover and results for 2016, barring unforeseen circumstances."

Turnover per country/region
(amounts x € million)

		organic
Netherlands	222	-5%
Germany	227	+16%
North America	138	+16%
Rest of Europe	368	+14%
Other countries	31	+2%
Total	986	9%

Turnover per segment

		organic
Bicycles	719	+10%
Parts & accessories	267	+7%
Total	986	9%



Bicycles

In the bicycle segment, turnover increased by more than 9% to € 719.0 million in 2015 (2014: € 658.1 million). The largest increase was in Germany (+ 16%). The average price per bicycle rose to € 437 (2014: € 377) on the back of the increase in the turnover contribution from electric bikes. Sales of electric bikes increased by 20% and now account for 45% of total bicycle turnover (2014: 41%). Turnover in sports bikes was up 5% due to higher sales of the more expensive sports bikes of the German and French brands. Turnover in traditional bicycles came in 2% higher. The total number of bicycles sold stood at 1,642,000 (2014: 1,725,000). The segment result was 22% higher at € 56.3 million (2014: € 46.3 million). Haibike is now the largest Accell bicycle brand based on turnover of Accell Group. It is market leader in e-MTBs and also has an extensive collection of mountain bikes. Half of the Haibike turnover is realised in Germany, with the other half coming from all the other countries in Europe and even beyond.

Turnover of the total Dutch specialist retail sector remained stable, yet Accell Group's bicycle turnover in **the Netherlands** was down by 7%. The decline in the turnover was largely the result of the strong competition from e-bikes and the growth in popularity of other sales channels. Sales in the specialist retail sector were down partly due to the impact of the termination of the corporate bicycle scheme in 2014. This sparked a considerable increase in sales at the end of 2014, with the end of the scheme in sight. Accell Group sales in the Netherlands were down 10%.

In **Germany**, turnover from bike sales was up 16%. Sales increased by 21%. This increase was largely due to the strong growth in sports e-bikes at Haibike, Winora and Ghost. Sales of e-bikes produced by Accell Group brands were up 38% in Germany. This means Accell Group once again outperformed the market average in Germany. According to market estimates, the number of electric bikes sold each year in the overall German market increased to 520,000 bikes in 2015 (2014: around 450,000).

Accell Group's bicycle turnover in **North America** increased in the multi-sports channel, which is important to Accell Group. This increase was partly driven by the introduction of the German Ghost brand. Sales at traditional bicycle dealers (IBD) lagged expectations and declined by some 10% in US dollars. Thanks to the strength of the US dollar, North American turnover increased when translated into euros. Our French brand, Lapierre, halted sales in the USA because of the too low returns. Since the market for electric bicycles in North America remains limited, the increase in turnover in that segment was also limited. The average price did increase. In 2016, Accell Group will take additional measures to strengthen the position of our own Raleigh brand in the market.

In the **Other European countries**, the main markets are France, the United Kingdom, Belgium, Scandinavia, Austria and Switzerland. Turnover in the region increased by 22% last year. In France, bike sales were up, both at Lapierre and in exports from the German and Dutch companies. In Belgium, sales of Dutch and German bikes recorded particularly strong growth. In the United Kingdom, turnover of the Raleigh brand increased by 20%. Turnover in Switzerland was higher, primarily due to a rise in sales of the electric bikes produced by our German and French brands, both via traditional dealers and multi-sports channels. Haibike, Ghost and Lapierre also have a solid position in Austria and France, largely on the back of sports bikes, and turnover also increased in those countries. Our own organisations in Finland, Sweden and Denmark are active across the whole of Scandinavia, with sales of the Finnish brands Tunturi and Nishiki (Finland only), as well as our Dutch, German and French brands. Bicycle turnover in Scandinavia increased last year. In southern Europe, sales to Spain and Italy were up, mainly in sports bikes of the Lapierre, Ghost and Haibike brands. In Italy, we are active via



Atala (non-consolidated), as well as our French and German brands.

In **Other countries**, Turkey and the Far East in particular are important markets. The turnover in Turkey increased, Accell Bisiklet is the most important bike supplier. In other Asian countries, turnover is relatively modest and was comparable to 2014 in the year under review. Bicycle turnover in Japan increased, while turnover in Australia declined. Licensing income from the Raleigh and Diamondback brands worldwide was higher last year.

Parts & accessories

Turnover in the parts & accessories segment came in almost 20% higher at € 267.4 million last year (2014: € 224.3 million), largely on the back of the acquisitions of Comet and CSN. Organic turnover growth was 7%. The turnover of Accell Group's own brands (mainly XLC) was up by 10%. XLC is growing rapidly and the company's products are sold in more than 45 countries across the world via the existing dealer network of bicycle and sports stores. Accell Group has strong positions, especially in the Netherlands, Belgium, Germany, France, Spain, Italy, the United Kingdom, Turkey and Scandinavia. Sales were up in virtually all European countries where Accell Group is active. The segment result came in 46% higher at € 16.8 million last year (2014: € 11.5 million).

In **the Netherlands** and **Germany**, turnover increased by 7% and 11% respectively, with all of this growth organic. Germany, which accounts for around 22% of turnover, is Accell Group's largest market for accessories, followed by the Netherlands with around 17%. In the Netherlands, turnover was up on the back of an increase in turnover in e-bike parts, such as batteries. In **North America**, turnover in parts & accessories declined in US dollars. Various parts suppliers have decided distribute their products to dealers directly and that has resulted in lower turnover and a strong reduction of the number of national brands on offer. A warehouse for parts has been closed down and the parts are now distributed from two warehouses to improve cost efficiency and working capital.

In **Other European countries**, turnover was 34% higher last year. This includes the consolidated full-year turnover from the acquisitions Comet and CSN. Turnover in France increased and Accell is active in that country via both Comet and Wiener Bike Parts. Parts turnover in the United Kingdom declined due to competition from online sales channels. In Spain, Comet managed to bolster its position in the market.

Sales of parts in **other countries**, mostly in Asia, are limited.

Incident Taiwan

It recently emerged that an employee of one of Accell Group's own Asian organisations (Accell Asia Taiwan) stole money from the company's bank account. Accell Group subsequently initiated an investigation into the nature, cause and impact of this theft. Accell Group hired an international forensic accountancy firm for this investigation and has immediately requested legal support in Taiwan and made contact with the local authorities to report the theft. After careful analysis, the investigation resulted in the conclusion that this was an isolated incident at the AAT branch in Taiwan. The damage to Accell Group is estimated at a maximum of € 4 million.

Furthermore, on the basis of the investigation, it can be concluded that the theft was made possible by a combination of circumstances, which enabled the employee in question to abuse systems,

processes and trust to circumvent the existing internal control measures around this company and to make us of the available liquidity. The conclusions of the investigation have been incorporated in a plan of measures to further tighten the internal control systems.

Financial results

Group turnover and profit

Group turnover came in 12% higher at € 986.4 million in 2015. Turnover increased by 9% organically. Currency exchange effects had a positive impact of € 34.4 million in 2015, largely due to the exchange rates for the US dollar, Pound sterling and the Taiwanese dollar.

Added value (net turnover less material costs and inbound transport costs) as a percentage of turnover came in at 31.7% (2014: 30.4%). Absolute added value rose by more than 17% to € 313.0 million (2014: € 268.3 million). The added value in 2015 was influenced by improved underlying margins, less discounts and sales mix. The sales mix was more favourable in 2015, due to an increase in the sales of electric bikes. On top of this, the acquisition of Comet and CSN made a positive contribution to the higher added value.

Staff costs fell to 12.1% of turnover (2014: 12.2%). The other costs (excluding incidental costs) increased to 12.3% of the turnover (2014: 12.1%). Total operating costs (excluding exceptional costs) came in at € 250.5 million in 2015, or 25.4% of turnover (2014: 25.3%).

The operating profit (excluding exceptional income and expenses) rose to € 62.5 million in 2015 (2014: € 44.8 million). Currency exchange effects had a minimal impact on the operating profit. The result from minority interests came in at € 0.9 million in 2015 (2014: € 0.4 million), due to a provision on a loan to a minority interest.

The balance of financial income and expenses amounted to € 9.1 million negative in 2015 (2014: € 8.8 million negative). The higher financial expenses compared with 2014 were due to higher average positions on bank accounts.

The effective tax rate rose to 33.5% in the year under review (2014: 25.9%) and the incident in Taiwan had a negative impact on this rate. Excluding the incident in Taiwan, the effective tax rate was 32.0% and was influenced by the higher results in Germany and non-capitalisation of compensable losses in North America.

Net profit for the financial year 2015 came in at € 32.3 million (2014: € 26.5 million). Net profit excluding the impact of the incident in Taiwan came in at € 36.3 million, 37% higher than in 2014.

Financial position

Accell Group's balance sheet total stood at € 729.7 million at year-end 2015 (2014: € 631.8 million). Total working capital amounted to € 337.7 million in 2015 (2014: € 269.2 million); working capital as a percentage of turnover came in at 34.2% (2014: 30.5%).

The value of inventories increased due to the higher cost prices in general and due to the increase in the number of more expensive bikes, which are subject to a longer than average turnover time. The value of the parts in stock was up in 2015, due to higher costs prices and accelerated production planning to ensure improved availability for the market. The total value of inventories stood at € 338.7



million at year-end 2015 (2014: 244.5 million). Accell Group is planning to take measures to reduce inventory levels.

Accounts receivable stood at € 134.6 million at year-end 2015 (2014: € 133.3 million). With the influence of higher cost price of the goods in transit and higher inventories of goods the total trade accounts payable increased to € 135.6 million at year-end 2015 (2014: € 108.5 million).

Capital employed rose to € 530.3 million in 2015 (2014: € 461.2 million). The return on capital employed stood at 11.0% at the end of the financial year (2014: 9.6%).

Shareholders' equity amounted to € 306.0 million at year-end 2015 (2014: € 281.1 million). In addition to the net profit recorded in 2015, the shareholders' equity was also impacted by the payment of a cash dividend of € 8.7 million (2014: € 7.2 million).

Due to the rise in the balance sheet total, the solvency rate had fallen to 41.9% at year-end 2015, (2014: 44.5%). Net debt (the total in loans, bank credits and cash positions) rose to € 200.0 million at year-end 2015 (2014: € 152.3 million).

Net cash flow from operating activities came in at a negative € 19.0 million in 2015 (2014: € 38.2 million positive). The operating cash flow before working capital and provisions was 29% higher at € 68.9 million in 2015 (2014: € 53.3 million). The cash flow from working capital amounted to € 68.3 million negative (2014: € 2.8 million positive), due to higher inventories and accounts receivable. Accounts payable were also higher than the previous year. The free cash flow came in at € 31.1 million negative (2014: € 38.3 million positive).

Earnings per share and dividend

Earnings per share on the basis of the weighted average number of outstanding shares (year-end 25,116,249 shares) came in 22% higher at € 1.29 in 2015 (2014: € 1.06). Due to the issuance of 398,702 shares for the payment of the stock dividend for the 2014 financial year, the correction factor for the earnings per share from previous years is 0.9842.

For the 2015 financial year, Accell Group shareholders will be asked to approve the payment of an optional dividend of € 0.72 per share (2014: € 0.61), to be paid out in cash or shares. This results in a pay-out ratio of 56%. Based on the closing price at year-end 2015 (€ 21.07), the dividend return amounts to 3.4%.

In proposing to pay out this dividend, Accell has taken into account that the incidental cost will not result in a lower dividend.

Outlook

Cycling is highly popular, for mobility, environmental awareness and health reasons. Bicycles are now lifestyle products and popular among young people. Thanks to the introduction and continued development of electric bikes, users now have a serious alternative for mobility. Numerous national and regional governments in Europe and elsewhere continue to promote the use of bicycles as an alternative mode of transport. These developments will have a positive impact on the demand for bikes, bike parts and accessories.



Accell Group will continue to expand its market positions. The company's current position in the middle and higher segment provides a strong basis for growth and will generate synergy benefits in the short and long term. As an extension of this strategy, the expansion of its bicycle parts and accessories business will further strengthen Accell Group's proposition. In addition to this, Accell Group will continue to actively look for potential ways to increase its scale in 2016, both organically and via acquisitions that fit the group's profile and (brand) portfolio. These acquisitions will also have to be complementary and add value to the group in terms of returns and synergies in the short term. Accell group expects the favourable underlying trends, combined with the improved macro-economic conditions and higher consumer confidence to have a positive impact on its results. Further increases in scale and the utilisation of synergy and efficiency benefits on fronts such as purchasing, production, development and marketing will boost the group's competitive strength and its profit potential.

In line with these expectations and barring unforeseen circumstances, Accell Group expects to record a further increase in turnover and results in 2016.

Transparency Directive

For the purposes of the Transparency Directive of the European Union (Directive 2004/109/EC, revised), Accell Group N.V.'s home member state is the Netherlands.

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About Accell Group

Accell Group N.V. focuses internationally on the mid-range and higher segments of the market for bicycles and bicycle parts & accessories. The company has leading positions in the Netherlands, Belgium, Germany, Italy, France, Finland, Turkey, the United Kingdom and the United States. In Europe, Accell Group is market leader in the bicycle market in terms of revenue. Accell Group's best known brands are Batavus (Netherlands), Sparta (Netherlands), Koga (Netherlands), Loekie (Netherlands), Ghost (Germany), Haibike (Germany), Winora (Germany), Raleigh and Diamondback (UK, US, Canada), Lapierre (France), Tunturi (Finland), Atala (Italy), Redline (US) and XLC (international).

Accell Group and its subsidiaries employ approximately 2,800 people in eighteen countries worldwide. The company has production facilities in the Netherlands, Germany, France, Hungary, Turkey and China. Accell Group products are sold in more than seventy countries. The headquarters of the company are located in Heerenveen (the Netherlands). Accell Group shares are traded on the official market of Euronext Amsterdam and included in the Amsterdam Small Cap index (AScX). In 2015, Accell Group recorded profitable turnover of € 986 million.



Press conference

Today, 26 February 2016, Okura Hotel, Amsterdam, **reception 9.30 am; start 10.00 am**

Analyst meeting

Today, 26 February 2016, Okura Hotel, Amsterdam, **reception 11.00 am; start 11.30 am**

For further information

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Financial agenda 2016

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|--|------------------|
| • Publication trading update | 26 April 2016 |
| • Annual General Meeting of Shareholders | 26 April 2016 |
| • Ex-dividend | 28 April 2016 |
| • Payment of dividend | 20 May 2016 |
| • Publication of first-half results 2016 | 22 July 2016 |
| • Publication trading update | 15 November 2016 |

Annexes

- Condensed consolidated profit and loss statement as at 31-12-2015 and data per share
- Condensed consolidated balance sheet as at 31-12-2015
- Condensed consolidated cash flow statement as at 31-12-2015
- Condensed consolidated statement of changes in equity as at 31-12-2015
- Condensed consolidated statement of comprehensive income as at 31-12-2015
- Explanatory notes

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT

(amounts in € * 1,000)

	2015	2014 revised
Net turnover	986,402	882,404
Cost of raw materials and components	(673,412)	(614,105)
Personnel costs	(119,320)	(107,413)
Depreciation	(10,058)	(8,903)
Other operating expenses	<u>(121,078)</u>	<u>(107,180)</u>
	(927,868)	(837,601)
Non-recurring income and expenses	(4,000)	(665)
Operating profit	58,534	44,138
Income from non-consolidated subsidiaries	(930)	387
Financial income and expenses	(9,073)	(8,759)
Profit before taxes	48,531	35,766
Taxes	(16,245)	(9,266)
Net profit	32,286	26,500
Earnings per share ¹⁾ (amounts in €)		
Reported earnings per share	1.29	1.06
Weighted average number of outstanding shares	25,116,249	24,685,681
Number of outstanding shares at year-end	25,270,327	24,864,956

¹⁾ Earnings per share is calculated based upon the weighted average number of outstanding shares.

CONDENSED CONSOLIDATED BALANCE SHEET

(amounts in € * 1,000)

	31 December 2015	31 December 2014 revised	1 January 2014 revised
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	69,771	68,071	66,754
Intangible assets	103,245	98,518	86,571
Non-current financial assets	31,820	34,347	29,452
<u>Current assets</u>			
Inventories	338,684	244,457	251,169
Receivables	171,969	172,872	132,198
Cash and cash equivalents	14,236	13,529	15,907
TOTAL	729,725	631,794	582,051
EQUITY AND LIABILITIES			
Equity	305,941	281,107	240,023
Provisions ¹⁾	31,188	34,043	32,691
Long-term debts	58,963	70,865	103,313
Credit institutions	155,242	94,971	96,234
Other current liabilities	178,391	150,808	109,790
TOTAL	729,725	631,794	582,051

¹⁾ The current part of the provisions in the above balance sheet amounts to € 6,847, € 6,245 and € 7,285 respectively.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(amounts in € * 1,000)

	2015	2014 revised
Cash flows from operating activities		
Operating profit	58,534	44,138
Depreciation	10,058	8,915
Share-based payments	355	266
Operating cash flows before working capital and provisions	68,947	53,319
Changes in working capital and provisions	(68,265)	2,844
Cash flows from operating activities	682	56,163
Interest paid and banking costs	(9,976)	(9,183)
Income taxes paid	(9,750)	(8,754)
Net cash flows from operating activities	(19,044)	38,226
Cash flows from investing activities		
Interest received	707	270
Changes in property, plant and equipment	(10,934)	(9,623)
Sale of business activities	0	23,397
Business Combinations	(1,819)	(13,970)
Net cash flows from investing activities	(12,046)	74
Free cash flow ¹⁾	(31,090)	38,300
Cash flows from financing activities		
Changes in bank loans and bank overdrafts	39,731	(34,226)
Cash dividend	(8,654)	(7,238)
Stock and option plans	(116)	(53)
Net cash flows from financing activities	30,961	(41,517)
Net cash flows	(129)	(3,217)
Cash and cash equivalents at 1 January	13,529	15,907
Effects of exchange rate changes on cash and cash equivalents	836	839
Cash and cash equivalents at 31 December	14,236	13,529

¹⁾ Free cash flow is defined as the balance of net cash flows from operating and investing activities.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in € * 1,000)

	2015	2014 revised
Balance as at 31 December prior year	281,107	240,023
Dividends	(8,654)	(7,238)
Share-based payments	355	266
Other movements	847	21,556
Net profit current year	32,286	26,500
Balance as at 31 December current year	305,941	281,107

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(amounts in € * 1,000)

	2015	2014 revised
Net profit for the year	32,286	26,500
Fair value adjustment financial instruments	(1,616)	14,997
Remeasurement of defined benefit obligations	(1,858)	5,111
Exchange differences foreign activities	4,069	6,193
Movements in deferred taxes	1,002	(4,686)
Total comprehensive income for the year	33,883	48,115

EXPLANATORY NOTES

Principles of valuation and determination of results

Accell Group N.V.'s annual accounts for the financial year 2015 contain an overview of the applied accounting policies for financial reporting. The principles laid out in this overview are in accordance with the standards laid down by the International Accounting Standards Board (IASB) and approved by the European Commission, as applicable on 31 December 2015. The accounting policies have been applied consistently to the periods presented in this press release.

Application of new and amended IFRS

Accell Group N.V. has applied all the new and amended standards and interpretations applicable to the year under review, which have been laid down by the IASB and approved by the European Commission and which were in force for the period beginning 1 January 2015. None of these standards had a material effect on the Group's financial statements.

Accell Group N.V. has decided not to apply any new or amended standards which came into force after 31 December 2015 prior to that date.

Changes in accounting policies

The valuation of the UK pension scheme has been adjusted on the balance sheet pursuant to a recommendation from the Dutch Financial Markets Authority AFM with respect to the application of reporting standards to pensions. In previous financial statements, Accell Group exercised a level of caution in the valuation of the UK pension scheme. In view of the long-term character of the uncertainties in the valuation of such schemes, Accell Group restricted the capitalised economic benefit to the total of the company's annual deposits into the UK pension fund. However, the AFM stipulates that the maximum economic benefit, as calculated in accordance with IAS 19 and IFRIC 14, must be included in the balance and states it is not sufficient to note the surplus value by means of an explanatory note. Accell Group has adjusted the valuation of the pension receivables related to the UK pension scheme in the 2015 financial statements, including an adjustment of the financial information for 2014. Pursuant to IAS 8 (correction of errors) and IFRS 3.50, the correction of the valuation of the UK pension scheme must be executed from the Raleigh acquisition balance sheet 2012; the adjustment therefore results in a reduction of goodwill. Pursuant to IAS 19.123 and IAS 19.124, this adjustment also results in pension interest income in the statement of income. The adjustment is also subject to a deferred tax liability. The following adjustments have been made:

In the consolidated balance sheet on the lines: (EUR x 1.000)	31 Dec 2014 revised	31 Dec 2014	1 Jan 2014 revised	1 Jan 2014
Intangible assets	98,518	106,611	86,571	93,718
Non-current financial assets	34,347	17,105	29,452	19,838
Total assets	631,794	622,645	582,051	579,584
Equity	281,107	275,911	240,023	239,983
Provisions	34,043	30,090	32,691	30,264
Total liabilities	631,794	622,645	582,051	579,584

In the consolidated profit and loss statement on the lines:

	2014 revised	2014
Other operating expenses	107,180	107,701
Taxes	(9,266)	(9,162)
Net profit	26,500	26,083

In the consolidated statement of comprehensive income on the lines:

	2014 revised	2014
Net profit	26,500	26,083
Remeasurement of defined benefit obligations	5,111	(1,406)
Movements in deferred taxes	(4,686)	(3,265)
Exchange differences foreign activities	6,193	6,550
Total comprehensive income	48,115	42,959

Other

The condensed financial statements presented in this press release have not been audited. For the insight required to arrive at a responsible opinion concerning the financial position and the results of Accell Group N.V., this press release should be read in combination with the annual accounts on which it is based.

Accell Group N.V. will publish its annual report 2015 no later than 15 March 2016. The annual accounts 2015 will be submitted to the General Meeting of Shareholders for adoption on 26 April 2016.