

PRESS RELEASE

Number of pages: 4

ACCELL GROUP PROVIDES STRATEGIC AND FINANCIAL UPDATE

COMPANY TAKES MAJOR STEPS IN ACCELERATED EXECUTION OF ON-TRACK GROWTH STRATEGY AND US BUSINESS WILL BE RUN AS A SEPARATE AND NON-CORE BUSINESS

HEERENVEEN (THE NETHERLANDS), 18 DECEMBER 2018 – In an update on its recently sharpened ‘Lead Global, Win Local’-strategy, Accell Group N.V. today announces new steps to create a more performance focused, consumer centric bicycle and bicycle parts company. The most important decision is to focus on our European business and to run our US activities as a separate and non-core business. The main reason for this is to focus on elimination of profit dilution as well as to focus on the core business. Also other steps have been taken to roll out the strategic plan.

The company provides guidance on its financial performance 2018, reporting a net sales growth YTD November in its, as of today, core business (excluding US), of 6%¹ vs the same period last year. Group EBIT-performance for the core business will be around EUR 51 mio and EUR 57 mio excluding extraordinary expenses. Group EBIT-performance for the full year including US activities (EUR - 20 mio) and extraordinary expenses (EUR - 6 mio) will be around EUR 31 mio. All numbers refer to the midpoint of the guided range as represented below.

HIGHLIGHTS

- Accell Group has decided to run the US business (around 6% of total Group turnover) as a separate and focused entity and therefore defined the US business as non-core. A review will be conducted with the aim to eliminate the profit dilution. In this review Accell Group will explore all possible future options for the US business, a sale being one of the options next to rightsizing to a standalone profitable business. The review will be conducted in the next 6 to 9 months.
 - 2018 EBIT Accell US will be around EUR - 20 mio.
 - Potential write off and costs related to the review are excluded in above number.
- Performance core business, excluding US business:
 - Growth has increased from 5% YTD Nov 2017 to 6% YTD Nov 2018, despite various delayed innovations.
 - FY EBIT core business (excluding US) will be around EUR 51 mio and around EUR 57 mio excluding extraordinary expenses.
 - This number includes a 7 mio Euro higher expenditure vs previous year in e-commerce, digital and IT upgrades.
 - Extraordinary expenses are:
 - EUR 2 mio extra pension costs in the UK as a result of landmark judgement of UK High Court (Lloyds bank UK; 26th of October 2018) requiring equalisation of guaranteed minimum pension for men and women.
 - EUR 1 mio related to footprint optimisation through the closure of 2 sites.
 - EUR 2.5 mio as communicated with H1 results (related to consultancy, recruitment and restructuring costs).

¹ All 2018 numbers are unaudited

- Expected 2018 EBIT summary:

<i>EBIT (EUR MIO)</i>	Core non US	US	Total
Expected	50 to 52	-21 to -19	29 to 33
Excl extraordinary exp.	56 to 58	-21 to -19	35 to 39

Excludes potential write off's and other costs related to US review

All numbers are unaudited

- Execution of our strategy 'Lead Global, Win Local' is on track:
 - Strategic brand portfolio per region established through 10 sharpened brand positionings providing clarity and guidance for innovation, communication and distribution.
 - 10% higher order portfolio in The Netherland based on signed dealer contracts versus ultimo 2017.
 - 3-pillar omnichannel strategy with ecommerce platforms and experience centres currently being rolled-out.
 - Centralisation of Parts & Accessories business fully in place in order to capture growth opportunities also driven by own brand XLC.
 - Customer Relationship management implementation started, enabled by Salesforce.
 - ERP vendor selection finalised and master data program and ERP roll out kicked off in Q3 2018.
 - Standardized product platforms established; complexity reduction target by sku and model set at minus 40% by end of 2019.
 - Central procurement team fully in place; 75% of all components now sourced centrally.

Ton Anbeek, CEO of Accell Group: "Now that our management board is complete, we are stepping up the pace in executing our growth strategy. We've invested time and money in our move towards an even more focused and more consumer centric company. This allows us to bring our innovations more in line with consumer trends and demand. In addition, it allows us to reach consumers in a more effective way through more effective distribution. We need to be where the demand is, with the propositions that consumers are looking for. We can see that for our core business we are effective in the majority of the markets where we operate, resulting in growth and good margins. We have decided to run our US activities as a separate and non-core entity. This means that we need to reconsider and decide on our US activities in the next 6 to 9 months, apart from improving the results of the US business. While considering future options for the US will require our attention, we expect these measures to free up management time, allowing us to focus more on the further execution of our growth strategy. Looking at the underlying results of the company, we are confident that we are taking the rights steps. It gives us comfort and confidence to reconfirm our 2022 strategic and financial objectives."

PROGRESS TRANSITION AND STRATEGY IMPLEMENTATION

The sharpened strategy 'Lead Global, Win Local' has been announced on 9 March 2018. The group's transition has since then been progressing in line with plan. The company has launched various initiatives within each of its strategic thrusts. Management has implemented a new structure since July 2018, with a centralised commercial-, supply chain- and IT function and the establishment of 6 regions focussing on execution of commercial plans. A clear strategic brand portfolio has been established with 10 core brands, based on competitively researched and sharpened brand positionings. This provides maximum clarity and guidance to innovation, communication and distribution strategies.

The company is winning business at the point of purchase through strong brands like Winora, Ghost & Haibike, with also the recently acquired cargo bike Babboe driving strong profitable growth. With focus on the consumer and the e-bike segment, the Group has prepared a 3-pillar omnichannel strategy, which is being implemented at this very moment. The Parts & Accessories (P&A) business has been centralised under one leadership to create the right synergies and conditions ensuring further profitable growth. This division has optimized its logistics and is rolling out its XLC brand further. The targeted savings for 2019-2022 have been identified and all projects have started.

OBJECTIVES 2022 RECONFIRMED

The successful execution of Accell's strategy is the base for its 2022 objectives. Based on our performance in sales and profitability in the core business (excluding US business) management is confident to reconfirm its 2022 strategic objectives:

- Turnover : €1.4 to €1.5 billion, through organic-, ecommerce growth and acquisitions
- Added value / Turnover: > 31%
- EBIT / Turnover: 8.0%
- Trade Working Capital / Turnover: < 25%
- ROCE: > 15%

MANAGEMENT AGENDA

On 8 March 2019 the company will host an analyst meeting, where a concrete status update will be given on all strategic initiatives.

8 March 2019	Publication annual results 2018 and analyst meeting
24 April 2019	General Meeting of Shareholders

***** END *****

ABOUT ACCELL GROUP

Accell Group N.V. focuses internationally on the mid-range and higher segments of the market for bicycles and bicycle parts and 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 measured in turnover. Accell Group's best known brands are Haibike (Germany), Winora (Germany), Batavus (Netherlands), Sparta (Netherlands), Koga (Netherlands), Lapierre (France), Ghost (Germany), Raleigh and Diamondback (UK, US, Canada), Tunturi (Finland), Atala (Italy), Redline (US), Loekie (Netherlands) and XLC (international). Accell Group and its subsidiaries employ approximately 3,000 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 company's head office is located in Heerenveen (the Netherlands). Accell Group shares are traded on the official market of Euronext Amsterdam and are included in the Amsterdam Small Cap index (AScX). In 2017, Accell Group sold around 1.3 million bicycles and recorded turnover of over € 1 billion. www.accell-group.com



Not for publication

CONTACT

Ton Anbeek, CEO

tel: (+31) (0)513-638702

Ruben Baldew, CFO

tel: (+31) (0)513-638702

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.

This is a public announcement of Accell Group N.V. pursuant to article 17, section 1 of the European Market Abuse Regulation (596/2014).