

24.02.2011 - 08:00 Uhr

EANS-News: Derby Cycle reports strong growth in Q1 2010/2011

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3-month report

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- Revenue grows 30.5% to EUR 37.8 million - EBIT up 52.3% to EUR 1.9 million - Export share of revenue rises to 32.6% - Around 11,000 electric bicycles sold in Germany (+139% y-o-y)

Cloppenburg, February 24, 2011 - Derby Cycle AG (ISIN DE000A1H6HN1, WKN A1H6HN), Germany's largest manufacturer of bicycles in terms of sales, has today published its financial report for the first quarter of the 2010/2011 financial year, ending December 31, 2010.

Revenue increased to EUR 37.8 million during the period under review, representing 30.5% growth compared with the corresponding prior-year period (EUR 29.0 million). Earnings before interest and taxes (EBIT) were up by 52.3%, thereby outstripping the rate of revenue growth. EBIT amounted to EUR 1.9 million in the first quarter (comparable prior-year period: EUR 1.2 million). As a consequence, the EBIT margin improved from 4.3% in the first quarter of the 2009/10 financial year to 5.0% in the first quarter of the 2010/11 financial year. Consolidated net income was up by 28.4% from EUR 0.8 million in the first quarter of the 2009/10 financial year to EUR 1.0 million in the first quarter of the 2010/11 financial year. Due to pre-ordering, the October to December months in the bicycle sector traditionally comprise a weaker quarter in terms of sales, and consequently earnings, compared to the January to June months, in other words, the second and third quarters of Derby Cycle's financial year.

Through its five brands, Kalkhoff, Raleigh, Rixe, Focus and Univega, Derby Cycle sold a total of 80,500 bicycles in the 2010/2011 first quarter (+5.8% compared to the prior-year period). Around 11,000 electric bicycles were sold in Germany between October and December 2010 (+139% compared to the previous-year period). A total of 1,700 electric bicycles were sold outside Germany (+91.4% compared with the prior-year period).

Sales abroad continued to rise at a disproportionately fast rate. Revenue generated outside Germany was up by 53.1%, from EUR 8.1 million to EUR 12.3 million. As a consequence, the foreign share of revenue climbed from 27.8% in the first quarter of the 2009/10 financial year to 32.6% in the first quarter of the 2010/11 financial year.

"We are on track - as shown by the first-quarter figures," commented Mathias Seidler, CEO of Derby Cycle AG. "We continue to report strong growth - and also profitable growth. This should continue over the course of the full year, especially where electric and sports bikes are concerned. The strategy we have adopted of focusing our sales through specialist wholesalers and retailers, the expansion of our good positioning in the electric bikes area, and our continued internationalisation, continues to bear fruit."

Due to orders that are already on hand or that have been notified, Derby Cycle anticipates that the positive trend will continue over the full 2010/11 financial year with respect to both consolidated revenue, and consolidated earnings before any effects arising from the IPO. The company will publish a more specific forecast over the further course of the current financial year.

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Company profile: In terms of revenues, the company is the largest bicycle manufacturer in Germany and one of the leading manufacturers in Europe. The Derby Cycle Group's top-quality product range includes e-bikes, sport bikes for leisure cycling and competition, and comfort bikes for every day and travel use. These are sold using the well-established brands of Kalkhoff, Focus, Raleigh, Univega and Rixe. Derby Cycle sells models under each of its brands that are tailored to different target groups. All of the models are developed in Germany, the frames are made by contract manufacturers in Asia, the further components, such as forks, rechargeable batteries and gears are bought in and assembled in Cloppenburg. Derby Cycle attaches great value to the high quality of its bicycles and a differentiated brand presence. This allows Derby Cycle to sell its products via specialist retailers, who offer their customers professional advice and extensive service. They are thus the most important sales channel for normal bicycles and e-bikes.

In fiscal year 2009/2010 Derby Cycle recorded revenues of EUR 173 million with an average of approx. 550 employees. Of this figure, it recorded 72.6% in Germany and 27.4% abroad. Derby Cycle sold a total of around 430,000 bicycles last fiscal year, including around 44,000 e-bikes.

On the Internet at: www.derby-cycle.de

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Branche: Consumer Goods
ISIN: DE000A1H6HN1
WKN: A1H6HN
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