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EANS-News: Derby Cycle AG: Joint venture agreement with Daum Forschung & Entwicklung GmbH

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Joint Ventures/Cooperation/Collaboration

Cloppenburg (euro adhoc) - - Partnership as a basis to further strengthen the technological leadership in the e-bike segment - Common track record: Innovative and unique "Impulse Drive" resulting from the development partnership with Daum

Cloppenburg - Derby Cycle AG (ISIN DE000A1H6HN1, WKN A1H6HN), Germany's largest manufacturer of bicycles in terms of sales, has today acquired an interest in Daum Forschung & Entwicklung GmbH ("Daum Research & Development"), thereby underpinning its technological leadership in the high-growth e-bikes segment.

The interest amounts to 50%, as a consequence of which the company will be managed as a joint venture in the future. Confidentiality has been agreed initially concerning the purchase price. The "Impulse Drive" has already been developed jointly with Daum. This globally unique drive concept was presented to the specialist public for the first time in March at the VELOBerlin bicycle trade fair.

The "Impulse Drive" combines a high-performance mid-engine with the conventional, accustomed backpedal brake. Consumers have been confronted with only a compromise to date: either to enjoy a particularly comfortable mid-engine due to its low centre of gravity, but without a backpedal brake - or to deploy backpedal braking as accustomed, although to then derive the electro-drive's much-loved "tailwind effect" from a technically inferior front-engine.

Mathias Seidler, CEO of Derby Cycle AG, commented on the company's entry into the joint venture as follows: "The e-bike market is growing. This close cooperation with Daum will enable us to make even faster progress than previously with the further development of e-bike technology. Competition is determined primarily by innovative strength - we regard ourselves as excellently positioned with our partner Daum."

Uwe Bögershausen, CFO of Derby Cycle AG, went on to add: "This stake in Daum Forschung & Entwicklung GmbH allows us to successfully implement a building block in the corporate strategy that we set out as part of the IPO: the expansion of development activity for e-bikes. We will also drive further ahead with Derby Cycle's international expansion over the coming months."

About Daum Forschung & Entwicklung GmbH:

Daum Forschung & Entwicklung GmbH was founded by Wilhelm Daum in 2003. The company currently employs eight staff members who are exclusively engaged in the development of electronic hardware and software. Managing Director Wilhelm Daum is also the founder of daum electronic gmbh, which is based at Fürth in Bavaria, Germany. This company operates internationally as a manufacturer of technologically unique cycle, elliptical, and running ergometers in functional and ergonomic designs. With more than 500,000 machines sold worldwide, daum electronic is a leading manufacturer in this area today. Daum Forschung & Entwicklung GmbH develops high-quality machines to the highest technical standard in close cooperation with sports and occupational doctors, and ergo-therapists. The hardware and software that is deployed in this equipment also derives from the company's own development and production. The products undergo continuous further development, thereby being adapted to the constant growth in the market's requirements and wishes.

Company profile:

Derby Cycle is a Germany's largest bicycle manufacturer in terms of revenues, and one of the leading manufacturers in Europe. In particular, global demand growth for high-quality electric and sports bicycles, as well as the company's advancing internationalisation in all European volume markets, are reflected in the company's dynamic growth. Derby Cycle's product range comprises electric bicycles, sports bicycles for leisure and competition purposes, as well as comfort bikes for everyday and travel use. These bicycles are sold through the established Kalkhoff, Focus, Raleigh, Univega and Rixe brands. All models are developed and assembled at the

company's base in Cloppenburg, Germany. These high-quality products are distributed through specialist retailers who provide their customers with professional advice and extensive service.

With an around 550 employees, Derby Cycle achieved revenue of EUR 173 million in the 2009/2010 and financial year, 72.6 percent of which was generated in Germany, and 27.4 percent abroad. Earnings before interest and tax (EBIT) amounted to approximately EUR 12 million. Derby Cycle sold a total of around 430,000 bicycles, of which 44,000 comprised e-bikes. As a consequence, Derby Cycle has asserted a position of clear market leadership in 2010 with a 20 percent market share. The company forecasts revenues of EUR 220 million to 240 million, and an EBIT margin of 8 to 9 percent (2009/10: 7.0 percent) for the 2010/11 financial year that ends on September 30, 2011.

Further information is available at: www.derby-cycle.com

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