

21.09.2011 - 13:44 Uhr

EANS-News: Derby Cycle AG announces Business Combination Agreement and planned public takeover offer by Pon Holdings B.V.

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Mergers - Acquisitions - Takeovers

Subtitle: Cash offer of EUR 28.00 per Derby Cycle share agreed upon in Business Combination Agreement / Derby Cycle Management Board and Supervisory Board support the soon to be made offer as specified in the Business Combination Agreement / Pon supports Derby Cycles growth strategy / Guarantee for site location in Cloppenburg

Cloppenburg (euro adhoc) - September 21, 2011 - Derby Cycle AG (ISIN DE000A1H6HN1) and Pon Holdings B.V. ("Pon") today reached a Business Combination Agreement ("BCA") and have thus entered into a strategic cooperation. In addition, Pon commits itself to make a voluntary public takeover offer to all shareholders of Derby Cycle AG via its subsidiary Pon Holding Germany GmbH. The agreement was also published via an ad hoc release today. The Management Board and Supervisory Board of Derby Cycle support the offer as specified in the BCA. Pon, one of the largest family-owned businesses in the Netherlands, is an international trading and service company, engaged in a wide range of activities surrounding mobility.

Mathias Seidler, CEO of Derby Cycle, comments on the new developments as follows: "With Pon, we have found a long term strategic partner that both fully supports our growth strategy and lets us act independently. At the same time, with Pon we can boost our internationalization and use its expertise and resources to finance both organic growth and future acquisitions." Uwe Bögershausen, CFO of Derby Cycle, adds: "Next to the benefits to the company's future development, it was very important for us to find a partner that will honor our company's culture and our employees. Through the BCA, we have secured a long-term commitment to our site location in Cloppenburg. Also, Pon does not intend to make any changes to the composition of the Management Board of Derby Cycle and stands behind Derby Cycle's independence."

Pon is active in amongst others the automotive and bicycle market. Its experience in the bicycle market goes back many years as the company began as a bicycle dealer in Amersfoort at the end of the 19th century and at one time made its own 'Pon' bicycles there. The company has also been importing products such as Continental cycle tyres for decades. Earlier this year, Pon acquired Koninklijke Gazelle NV ("Gazelle"), one of the leaders in the Dutch bicycle market, to expand its bicycle-related activities. According to Pon, the strategic cooperation with Derby Cycle and the accompanying proposed takeover fits in with the growth strategy of Pon as the trendsetting provider of mobility.

Pon has announced to financially support Derby Cycle in its future aspired growth, in particular in the case that Derby Cycle should realize a currently considered acquisition. Derby Cycle and Pon will also further investigate a possible cooperation between Derby Cycle and Gazelle, a subsidiary of Pon. The two partners will consider all possible forms of cooperation in this respect. On the basis of a first assessment, the corporate cultures of Derby Cycle and Gazelle are still very similar. This results also from the fact that Gazelle once belonged to the Derby Cycle group from 1987 to 2001. The two companies'

product portfolios are also well aligned and both have prominent positions in their domestic markets.

Details of the offer

The Business Combination Agreement between Derby Cycle and Pon specifies that Pon will offer EUR 28.00 per share in cash for all issued and outstanding shares in Derby valuing the equity of the company at EUR 210.0 million. This offer price represents:

- A 28% premium to the latest closing price of EUR 21.91 (XETRA) on 16 September 2011, the trading day before Derby Cycle announced advanced negotiations regarding a business agreement.
- A 45% premium to the volume weighted average share price of the last three months of EUR 19.30.
- A 124% premium to the IPO price of Derby Cycle in February 2011 of EUR 12.50.

The offer will be subject to an offer acceptance level of at least 50% of the share capital of Derby Cycle plus one share as well as other customary conditions to be outlined in the offer document, including merger clearance. Derby Cycle expects the offer documents to be published by Pon Holding Germany GmbH and the acceptance period to commence in the course of the next weeks. Further details will then be available on www.pon.com.

According to Pon, the offer will be fully funded from Pon's available cash and bank resources.

About Pon:

Pon, one of the largest family-owned businesses in the Netherlands, is an international trading and service company, engaged in a wide range of activities. Pon constantly strives to achieve the highest possible added value in the relationship between customer and manufacturer. This is based on high-quality products supplied by leading manufacturers, including Volkswagen, Caterpillar, MAN and Continental. Pon also offers complementary services, such as maintenance, repair, leasing, rental and insurance. Pon employs almost 11,000 people at over 250 branches across 12 countries.

About Derby Cycle:

Derby Cycle is 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 around 550 employees, Derby Cycle achieved revenue of EUR 173 million in the 2009/2010 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 the German e-bike market 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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language: English

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