

# Tandem Group plc

(the "Group")

## TRADING UPDATE

Tandem Group plc (AIM: TND), designers, developers and distributors of sports, leisure and mobility equipment, announces a trading update ahead of its annual results for the year ended 31 December 2014 which are due to be announced in April 2015.

### Trading

Revenue for the year ended 31 December 2014 was over 10% ahead of the prior year at approximately £31.3 million. The acquisition of Pro Rider, completed on 1 August 2014, delivered revenue of £1.4m which is included in this figure. On a like for like basis, Group revenue for the year ended 31 December 2014 was approximately 6% ahead of last year. Operating profit is expected to be significantly up on last year.

As previously reported, the finance cost of £516,000 in respect of the fair value adjustment on derivatives recorded in the year ended 31 December 2013 was fully reversed during the year. In addition, a fair value credit of £142,000 was recorded for the year ended 31 December 2014 which will reverse in 2015.

#### *Bicycles, Bicycle Accessories and Mobility*

Revenue and profitability were ahead of last year. Dawes and the corporate bicycles division performed ahead of expectation. There is intense competition at entry level price points where heavy discounting is prevalent and a continuing lack of general market demand for BMX product.

Pro Rider has been integrated within the Group and we are pleased to report that mobility products, in particular mobility scooters, made a solid contribution to profitability for the year.

#### *Sports, Leisure and Toys*

Revenue increased by approximately 16%. In licensed categories it was a very strong year for One Direction and Peppa Pig with both properties showing significant growth against the previous year. In own brand categories, Hedstrom made a very positive contribution together with our Stunted scooter range. Kickmaster was also well ahead of the prior year.

In golf, although Bioflow sales grew and Pro Rider electric golf trolleys helped to increase turnover, Ben Sayers was slightly behind the prior year reflecting the tough golf market.

### Outlook

Many new products within our bicycle ranges have been developed for 2015 to meet customer expectations offering quality and value for money. In Claud Butler we are pleased with the development of the new range including our 'Cape Wrath' mountain bikes and 'Cambridge Plush' heritage cycles. In Dawes we are particularly encouraged by the reaction to the new 'Galaxy' touring range and the extension of our lightweight junior 'Academy' bicycles.

We are pleased to announce that we have increased our portfolio of Disney licences considerably for 2015 and beyond. These include the highly successful Disney Princess and Cars along with the eagerly anticipated Avengers and new Star Wars movies. Other new licences include The Clangers, Teletubbies, Thunderbirds and World of Warriors.

Our plans to develop the Pro Rider mobility and leisure product ranges are underway and we will implement this strategy throughout the forthcoming year. We will shortly be relocating to substantially larger premises in Northampton to facilitate this growth.

We continue to be mindful of the recent movements in the US dollar which have the potential to increase buying prices. We continue to mitigate this risk where possible by the use of various foreign exchange derivative contracts.

Notwithstanding the adverse movements in our defined benefit pension scheme liabilities, we continue to steadily improve our balance sheet by delivering profitability and shareholder return.

Revenue for the first six weeks of 2015 was ahead of last year with a particularly strong start for the Sports, Leisure and Toys businesses. Bicycles, Bicycle Accessories and Mobility revenues were slightly down on a like for like basis but ahead including the Pro Rider acquisition.

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