Global Bike & Bike Accessories Market
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<td>45</td>
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<tr>
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<td>47</td>
</tr>
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<td>MTB Footwear</td>
<td>50</td>
</tr>
<tr>
<td>MTB Pedals Players</td>
<td>53</td>
</tr>
</tbody>
</table>
Market Assessment

**Bicycle Market**
9

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“Mainstream” view of future trend of Bike Industry is a **New Normal**; **Demand surged** during the Pandemic and is expected to **persist at a higher level with respect to “pre-COVID-19” situation.**

**Short Term**

- **New Normal**
  - Demand surges during lockdown then persists after but at lower rate

- **Sugar Rush**
  - Demand surges during lockdown, then reverts thereafter

- **Rebound**
  - Demand falls during lockdown then spikes during recovery period following lockdown

- **Gradual Recovery**
  - Demand falls during lockdown and slowly grows back over time

**Mid Term**

- **New Normal**
- **Sugar Rush**
- **Rebound**
- **Gradual Recovery**
“New Normal” 6 new trends for the Bike Industry.

1. Investments/ Capex made in Bicycle & Accessories
2. Open-Air Leisure
3. Dedicated Cycling Lane Investments
4. Preference for Endurance Sports
5. “Bike is Trending”
6. Bike Sharing

High Retention Rate of new participants/joiners

Illustrative

Demand

Time

Lockdown Ends

New Normal

Rebound

Sugar Rush

Gradual Recovery
The market was worth ca. **85 €Bn in 2019** (CAGR '16-'19: +6.8%); During the Pandemic the market grew to ca. **95 €Bn** (2021E**) with a YoY '20-'21 growth of +4.6%; “new normal” growth higher than Pre-COVID-19 (CAGR '21-'25: +7.6%).

**Global Bicycles and Bicycles Components & Accessories Market * (RSP) (€B, percentage)**

<table>
<thead>
<tr>
<th></th>
<th>Bicycle</th>
<th>Accessories</th>
<th>Other Components</th>
<th>Total Bicycle Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>46</td>
<td>3.3</td>
<td>5.0</td>
<td>-70</td>
</tr>
<tr>
<td>2017</td>
<td>49</td>
<td>3.7</td>
<td>5.0</td>
<td>-75</td>
</tr>
<tr>
<td>2018</td>
<td>58</td>
<td>3.9</td>
<td>5.4</td>
<td>-85</td>
</tr>
<tr>
<td>2019</td>
<td>60</td>
<td>4.0</td>
<td>5.5</td>
<td>-90</td>
</tr>
<tr>
<td>2020</td>
<td>63</td>
<td>4.2</td>
<td>5.6</td>
<td>-95</td>
</tr>
<tr>
<td>2021E</td>
<td>71</td>
<td>4.8</td>
<td>6.2</td>
<td>-105</td>
</tr>
<tr>
<td>2023F</td>
<td>85</td>
<td>5.4</td>
<td>7.5</td>
<td>-125</td>
</tr>
<tr>
<td>2025F</td>
<td>109</td>
<td>7.5</td>
<td>10.0</td>
<td>-160</td>
</tr>
</tbody>
</table>

Persistence data assume a conservative growth rate in the New Normal period mainly due to the high uncertainty in the bicycle supply side (unavailability of bike/components that will have an effect of normalization on the industry demand in 2021 and in the new normal period).

Sources: PwC Analysis on Persistence data
Note (*): Components include: Pedals & Saddles; Accessories include: Shoes, Bags & Backpacks & Apparel; Other components include: Brakes, Frames & Wheels
(**) 2021E Normalized refers to 5 months 2021 Actual + 7M Forecast
Persistence market forecasts assume a conservative growth of +5.3% (YoY ‘20-’21) due to a normalization of the curve linked to the uncertainty of the supply side; PwC "market likely" estimates forecast a double-digit +10%.

Global Bicycles and Bicycles Components & Accessories Market – Persistence conservative forecasts vs. PwC “market likely” (€B, percentage)
The bicycle market growth during the Pandemic was driven by 6 key trends that are expected to persist in the New Normal phase.

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Investments made in Bicycle &amp; Accessories</strong></td>
</tr>
<tr>
<td>• During COVID-19 people avoided public transportation in fear of contracting the virus;</td>
</tr>
<tr>
<td>• New purchases were encouraged by government programs providing incentives for buying healthier, greener, and less traffic inducing vehicles;</td>
</tr>
<tr>
<td>• Consumers are expected to keep using their bikes &amp; accessories as a result of the investment they made in purchasing them.</td>
</tr>
</tbody>
</table>

| **2. Open-Air Leisure** |
| • Outdoor activities such as cycling, hiking, fishing, and paddling have seen explosive growth as a result of social distancing; |
| • Even as gyms reopen, the outdoor trend is expected to last with several consumers continuing to practice "open air" sports. |

| **3. Dedicated Cycling Lane Investments** |
| • In Europe, additional funding allocated for cycling saw a sizeable increase, led by Finland, Italy, France, the UK, and Lithuania. |
| • Italy and Finland increased their funding by more than 5€/capita (as of 09/2020) (Statista, WEF); |
| • Overall, more than €1 billion (over 1,000 km) has been spent on cycling infrastructure across Europe since the COVID-19 crisis (Statista, WEF). |

| **4. Preference for Endurance Sports** |
| • Endurance sports such as cycling, hiking, and running were the sports which saw the highest increase in participation during and after the COVID-19 pandemic; |
| • Urban residents found ways to exercise and reduce screen-time fatigue. Strava, an endurance sports platform, recorded 1.1 billion post-pandemic activities, which far exceeded the previous year total of 0.8 billion (+34%) (BiciTech). |

| **5. Bike is Trending** |
| • Cycling was among the most positively impacted sports after the COVID-19 outbreak. During the period April 2020 - June 2020, bicycle sales saw a 63% YoY increase compared to the same time in 2019 in the US (Mordor Intelligence); |
| • Google Maps has seen an increase as high as 250-300% in certain countries for cycling directions, particularly in Finland, Poland, Canada, and Norway (ECF). |

| **6. Bike Sharing** |
| • Bike-sharing saw an increase in activity as cities advertised avoidance of public transport while searching for sustainable & safe transport solutions; |
| • The continuous growth of the e-bikes trend also facilitated bike sharing as a transport solution to cover longer distances. |

Sources: Statista, WEF, Mordor Intelligence, Specialised Press, PwC Analysis
Bicycle Market may be segmented according to the appeal and purpose demonstrated by bikers: (i) **Highly Engaged** & (ii) **Engaged** towards the premium segment; (iii) **Leisure** & (iv) **Travel** more than 80% of the market.

### Biker Segmentation

- **Highly Engaged**
  - Sport
  - Segment of sport bikers with a high engagement in terms of bikes bought, features requirements and sport intensity
  - Biker associate to a **biker community** or cub
  - **Price Range**: High
  - **Bikers WW (2019, #, percentage)**: 68 M, 5%

- **Engaged**
  - Passion
  - Segment of sport bikers with a lower level of engagement or **passionate bikers**
  - **Price Range**: Medium - High
  - **Bikers WW (2019, #, percentage)**: 153 M, 12%

- **Leisure**
  - Recreational
  - Bikers who do not cycle for commuting but mainly as leisure activities and do not ride bikes for sport
  - Peoples cycling for hobby or occasion specific bikers (e.g. on holiday, spring and summer)
  - **Price Range**: Medium - Low
  - **Bikers WW (2019, #, percentage)**: 692 M, 53%

- **Travel**
  - Transport
  - Bikers who cycle mainly for commuting purposes
  - Bicycle specifics aren't too demanding and price points are generally medium-low
  - This type of cycling lends itself to areas with relatively flat terrain and arrangements to keep riders
  - **Price Range**: Medium - Low
  - **Bikers WW (2019, #, percentage)**: 385 M, 30%

Sources: PwC Analysis, Market Expert Interviews
WW Bikers is estimated to be approximately 1.3B, with China having the largest fleet (>30%) and “Leisure bikers” representing the largest segment in most geographies.

Number of Bikers (excluding Kids) by segment (2019, M of individuals)

The Bicycle industry during the Covid Pandemic has showed a significant growth/boost.

The number of Bikers increased greatly, with many “new joiners” joining the industry.

The retention rate of these new joiners is seen as pretty high, in relation to the investment they made and the time they had to become engaged and passionate.
There are distinctive features/KBFs characterizing Top Range bicycles which demonstrate to be crucial in order to be adequately positioned to address the HE and E bikers.

<table>
<thead>
<tr>
<th>Key Success Factor</th>
<th>“Premium” Bike</th>
<th>“Mid/Mass” Bike</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OEM Brand</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Components brand</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Customization</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td><strong>Marketing &amp; Go-to-Market</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>Selective</td>
<td>Intensive</td>
</tr>
<tr>
<td></td>
<td>Distribution</td>
<td>Distribution</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>(e.g. World Tour, Grand Fondo)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Testimonials</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Bikers Engagement</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>(e.g. Story telling, Digital appeal, Events)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Marketing</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>(e.g. Promoters)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

“[…] although nowadays customers are better informed on what they want through the use of internet, keen bikers strongly value their dealers selected range, which in some cases can raise the perception of a brand more than a sponsorship […] buying from certain dealers is cool and keen bikers like to apply the sticker of that dealer on their bike”

– Industry Expert

“[…] customization is huge amongst biker in the premium segment, customers go crazy for bespoke paint or components even if this requires waiting extra 10 weeks for delivery”

– Industry Expert

“[…] sponsoring a winning team in professional competitions brings outstanding results to OEM […] some large players have seen huge drop in revenue stopped their sponsorships… BMC for instance”

– Industry Expert

Sources: Market Experts Interviews, PwC Analysis

HE (5%, or 68M) Bikers
E (12% or 153M) Bikers
Leisure + Travel Bikers (ca. 1,1B)
Global Bicycle Market counted approximately **165 M units in 2020** with the road and electric segment accounting for more than **45% of WW**, while MTB alone ca. **20%**.

**Global Bicycle Market Consumption by Segment (2020, M units)**

- **Youth**: 10 M
- **Mountain bike**: 33 M (20%)
- **Road**: 38 M (23%)
- **Hybri/Cross**: 29 M
- **Comfort**: 9 M
- **Cruiser**: 5 M
- **Electric**: 41 M (25%)
- **Total**: 165 M

**Description**

- Bicycles designed for **kids**
- Most of the youth bikes do not utilize derailleurs and gears
- Mountain bikes or MTBs are the **most versatile** bikes
- Designed for off-road cycling
- Designed to **enhance durability** and performance in rough terrain
- Bicycles built for **traveling on paved roads** mainly used in urban districts
- **Racing bicycles** are included in the segment
- Possess characteristics from different bike types
- Bikes can **tolerate a wide range of riding conditions** and applications
- More **comfortable** variation of a mountain bike
- Built **mainly for leisurely**, recreational riding, and short distance jaunts on bike paths or paved roads with flat terrain
- Designed for **casual riding**, and have a very comfortable, upright riding position
- Designed with integrated **electric motor** as a propulsion unit
- e-Bikes use **rechargeable batteries** and the lighter ones can travel up to 25 to 32 km/h depending on local laws

Sources: PwC Analysis on Persistence data, Market Expert Interviews
**Urban Road** bike segment appears among the largest due to the significant use of bikes as a mean of transport, especially in the **Asian market**, while **Racing Road** market represents a smaller niche (ca. 3%).

**Global Bicycle Market Consumption by Segment** (2020, M units, percentage)

- **MTB**
  - Youth ~6%
  - Cruiser ~3%
  - Comfort ~6%
  - Performance MTB ~3%
  - Trekking ~17%

- **Road**
  - Hybrid / Cross ~18%
  - Racing Road ~3%
  - Urban Road ~21%
  - Electric ~25%

- **Electric** ~25%

**Key Notes**

- The **Asian market accounts for ca. 50%** of the market and it is mainly dominated by the Urban and Hybrid mass segment. This is supported by the common use of bicycles as the main means of transport.
- The **Urban Road bike segment** (ca. 21%) **includes the road** bikes designed **mainly for inner-city riding**, perfect for shorter-distance commuting and often featuring racks to carry luggage.
- The **E-urban segment** is expected to **increasingly gain market share** as people consider cycling as an environmentally friendly means of transport.
- The premium **Racing bicycle** segment accounts for **ca. 3% of the market** representing a smaller niche dedicated to engaged cyclists. **Gravel bikes account for ca. 10-15% of the racing** segment, being a relatively new product with significant growth potential.
- Within the Racing and MTB segment approximately **10-15% of market share is considered high end performance** with avg. price greater than €2.5K.

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Sources: PwC Analysis on Persistence data, Market Expert Interviews

Note (*) The Electric segment includes various sub-categories (e.g. e-Road, e-MTB, E-Urban)

[...] In the Mao era bicycles were regarded as one of “three bigs” along with a sewing machine and wristwatch. They are peoples main mean of transport replacing scooters or even cars [...] they are mainly urban low quality bikes, even they e-Bikes sold are very basic models.

– Industry Expert

“[...] Racing bikes are a very small portion of the market mainly covered by sport addicts and passionate cyclists [...] Gravel bikes are a new concept which falls within this segment and are gaining significant interest from cyclists”

– Industry Expert
**East Asia** and **Europe** represent the main markets in terms of size; the **Electric** segment leading the market in **East Asia**, the **MTB** segment in Europe and **Road** for the other geographies.

**Global Bicycle Market by Geography and by Type** (2020, M units, percentage)

<table>
<thead>
<tr>
<th>Region</th>
<th>Electric</th>
<th>Road</th>
<th>Mountain Bike</th>
<th>Hybrid/Cross</th>
<th>Youth</th>
<th>Comfort</th>
<th>Cruiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia</td>
<td>78.7%</td>
<td>17%</td>
<td>4%</td>
<td>15%</td>
<td>1%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Europe</td>
<td>23.6%</td>
<td>25%</td>
<td>34%</td>
<td>18%</td>
<td>10%</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>South Asia &amp; Pacific</td>
<td>23.2%</td>
<td>25%</td>
<td>33%</td>
<td>18%</td>
<td>9%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>North America</td>
<td>21.2%</td>
<td>20%</td>
<td>25%</td>
<td>20%</td>
<td>12%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>16.4%</td>
<td>20%</td>
<td>49%</td>
<td>2%</td>
<td>1%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>MEA</td>
<td>2.4%</td>
<td>29%</td>
<td>34%</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Notes (*) "East Asia" = China, Japan, South Korea; "North America" = USA and Canada; "Latin America" = Brazil, Mexico, Rest of Latin America; "MEA" = Turkey, Israel, South Africa, Rest of MEA; "South Asia & Pacific" = India, Asean (e.g. Indonesia, Singapore, Vietnam, Thailand, Philippines), Oceania and Rest of South Asia & Pacific; "Hybrid/Cross" is a “hybrid” of a road bike, a touring bike and a mountain bike; “Road” includes bicycles for traveling at speed on paved roads (e.g. racing bicycles); “Comfort” bikes are built mainly for leisurely, recreational riding, and short distance jaunts on bike paths or paved roads with flat terrain; “Cruiser” Bicycles are similar to hybrid, as they are designed for casual riding and have a comfortable, upright riding position, and a large comfortable seat; “Youth” includes bicycles for kids.
In terms of Bike type, **e-Bikes segment** is expected to register the **highest growth** supported by significant improvements in the motors’ performance and bike design.

Global Bicycle Market by Geography and by Type* (M units, percentage)

[Diagram showing market growth and segment shares for different years and types of bicycles]

Sources: PwC Analysis on Persistence data

…”e-Bikes are attracting new consumers to the market, those that were unwilling to cycle traditionally and older generations than aren’t fit enough for unassisted pedalling”

— Industry Expert
The bicycle market growth will be mainly driven by the Electric category with a projected increase of +7.4% (CAGR ’21-’25) and showing the highest ASP; other key growing segments are Road and Mountain Bike.

Global Bicycle Market by Geography and by Type* (€Bn, %)

Sources: PwC Analysis on Persistence data
Between 2019 and 2020, the **global bicycle market**’s volume has grown at a CAGR of **+3.5%**, and it is expected to reach ca. **210M units in 2025** (CAGR ’21-’25 **+5.1%**), with **South Asia & Pacific** leading the growth.

**Global Bicycles Market by Geography (M units, percentage)**

<table>
<thead>
<tr>
<th>Year</th>
<th>MEA</th>
<th>Latin America</th>
<th>South Asia &amp; Pacific</th>
<th>North America &amp; Bike</th>
<th>Europe</th>
<th>East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>76.0</td>
<td>22.8</td>
<td>78.7</td>
<td>48%</td>
<td></td>
<td>14%</td>
</tr>
<tr>
<td>2020</td>
<td>159.3</td>
<td>20.8</td>
<td>23.6</td>
<td>14%</td>
<td></td>
<td>23.2</td>
</tr>
<tr>
<td>2021E</td>
<td>164.9</td>
<td>22.4</td>
<td>24.5</td>
<td>16.4</td>
<td>21.1</td>
<td>23.6</td>
</tr>
<tr>
<td>2023F</td>
<td>172.4</td>
<td>20.8</td>
<td>21.7</td>
<td>24.8</td>
<td>24.5</td>
<td>21.1</td>
</tr>
<tr>
<td>2025F</td>
<td>189.5</td>
<td>15.9</td>
<td>21.1</td>
<td>24.8</td>
<td>21.7</td>
<td>14%</td>
</tr>
</tbody>
</table>

**YoY ’19-’20**
- 2.7%
- 6.6%
- 3.5%
- 3.2%
- 3.6%
- 3.5%

**YoY ’20-’21E**
- 3.3%
- 3.0%
- 5.6%
- 4.9%
- 4.9%
- 4.9%

**CAGR ’21E-’25F**
- 3.5%
- 3.9%
- 6.1%
- 5.0%
- 5.5%
- 5.5%

**ASP 2020 (€/unit)**
- 270-290
- 290-300
- 340-350
- 520-530
- 350-360

Sources: PwC Analysis on Persistence data
In 2020, the global bicycle market is worth ca. **60€Bn** and it is expected to reach ca. **80€Bn** in 2025 with **South Asia & Pacific** and **Europe** leading the growth with a CAGR '21-'25 ranging between **+6.2%** and **+6.9%**.

Global Bicycles Market by Geography (RSP) (€Bn, percentage)

Sources: PwC Analysis on Persistence data
MTB & e-Bike Focus
The MTB market accounts for ca. 33M units in 2020 and it is expected to reach ca. 42M units (CAGR '21-'25: +4.8%), with South Asia & Pacific and East Asia being the most attractive and fastest growing geographies.

**MTB Market by Geography (M units, percentage)**

<table>
<thead>
<tr>
<th>Year</th>
<th>South Asia &amp; Pacific</th>
<th>East Asia</th>
<th>Latin America</th>
<th>North America</th>
<th>MEA</th>
<th>Europe</th>
<th>Total Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>32.0</td>
<td>0.5</td>
<td>0.5</td>
<td>16%</td>
<td>24%</td>
<td>35%</td>
<td>100%</td>
</tr>
<tr>
<td>2020</td>
<td>33.0</td>
<td>0.5</td>
<td>0.5</td>
<td>16%</td>
<td>24%</td>
<td>35%</td>
<td>100%</td>
</tr>
</tbody>
</table>

YoY '19-'20: +2.8%

YoY '20-'21E: +4.4%

CAGR '21E-'25F: +4.8%

% share of total market:
- South Asia & Pacific: 33%
- East Asia: 46%
- Latin America: 3%
- North America: 15%
- MEA: 24%
- Europe: 36%

Sources: PwC Analysis on Persistence data
In 2020, the **global MTB market** is worth ca. **10€Bn** in 2020 and it is forecasted to grow at a CAGR '21-'25 of **+5.5%** mainly driven by **East Asia** and **South Asia & Pacific**

**MTB Market by Geography (RSP) (€Bn, percentage)**

<table>
<thead>
<tr>
<th>Year</th>
<th>East Asia</th>
<th>North America</th>
<th>Europe</th>
<th>MEA</th>
<th>Latin America</th>
<th>South Asia &amp; Pacific</th>
<th>Total Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1.7</td>
<td>3.6</td>
<td>2.6</td>
<td>35%</td>
<td>2.7</td>
<td>35%</td>
<td>10.9</td>
</tr>
<tr>
<td>2020</td>
<td>2.9</td>
<td>3.2</td>
<td>2.7</td>
<td>26%</td>
<td>2.2</td>
<td>17%</td>
<td>10.2</td>
</tr>
<tr>
<td>2021E</td>
<td>4.5</td>
<td>4.1</td>
<td>4.1</td>
<td>35%</td>
<td>3.5</td>
<td>17%</td>
<td>10.7</td>
</tr>
<tr>
<td>2023F</td>
<td>14.1</td>
<td>12.2</td>
<td>12.1</td>
<td>35%</td>
<td>10.2</td>
<td>17%</td>
<td>11.7</td>
</tr>
<tr>
<td>2025F</td>
<td>22.1</td>
<td>18.2</td>
<td>18.1</td>
<td>35%</td>
<td>13.0</td>
<td>17%</td>
<td>13.0</td>
</tr>
</tbody>
</table>

% share on total market:
- **East Asia**: 27%
- **North America**: 18%
- **Europe**: 35%
- **South Asia & Pacific**: 17%
- **Latin America**: 17%
- **MEA**: 35%

**Sources**: PwC Analysis on Persistence data
PwC “market likely” estimates predict a 2020 MTB market of ca. 14€Bn, and forecasted at ca. 21 €Bn by 2025 (CAGR ’20-’25: 9%)

Global MTB Market – PwC “market likely” (€B, percentage)

PwC view – «Market Likely»

- Persistence data do not include the E-MTB segment when estimating the MTB market;

- E-MTB global: the market was worth ca. 20% of the global MTB segment in 2020 (vs. 75% share of the muscle-powered city urban and 5% of cargo E-Bike) for a value of ca. 4 €Bn. Global projection of the E-MTB forecast that the market will reach ca. 8 €Bn by 2025;

- E-MTB Europe: E-MTB segment makes up ca. 30% of the total MTB 2020 market for a total value of 1.5€Bn and forecasted to reach ca. 3€Bn by 2025;

- A more correct view of the market should include the E-MTB segment: to the 2020 Persistence value of 10 €Bn it should be added the 4 €Bn value of the global E-MTB market. The 2020 market should be worth ca. 14€Bn and forecasted at ca. 21 €Bn by 2025 (CAGR ’20-’25: 9%).

Sources: PwC Analysis on Persistence data, Mordor Intelligence Reports, Industry experts
Europe and East Asia are the key regions of the MTB market, with Europe leading the market in terms of value and East Asia showing the highest volume across all regions.

Global MTB Market – PwC “market likely” (EB, percentage)

In 2020 EU market was the most relevant geography in terms of MTB market value. This is mainly due to:

- Nascent market in its fast-growing phase (the reverse with respect to USA market);
- “New customer” category created by the pandemic: the mainstream leisure cyclists, rather than ‘hardcore’ (the contrary of USA);
- Enhanced construction of purpose-built trail centres.
In 2020, the electric bicycle market accounts for ca. **41M units** in 2020 and it is projected to increase up to ca. **57M units** in 2025 (CAGR ’21-’25 **+6.8%**) with Europe leading the growth in terms of CAGR ’21-’25 (**+10.5%**)

**E-Bike Market by Geography** (M units, percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>MEA</th>
<th>Latin America</th>
<th>South Asia &amp; Pacific</th>
<th>North America/Bike</th>
<th>Europe</th>
<th>East Asia</th>
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<tr>
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<td>32.9</td>
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<tr>
<td>2020</td>
<td>34.3</td>
<td></td>
<td></td>
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<tr>
<td>2021E</td>
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<td></td>
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<td></td>
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<tr>
<td>2023F</td>
<td>40.8</td>
<td></td>
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<tr>
<td>2025F</td>
<td>46.3</td>
<td></td>
<td></td>
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</tbody>
</table>

Sources: PwC Analysis on Persistence data
In 2020, the electric bicycles market is worth ca. 24€Bn, and it is expected to reach ca. 33€Bn in 2025; Europe is expected to reach the highest growth with a CAGR '21-'25 of +10.8%.

E-Bike Market by Geography (RSP) (€Bn, percentage)

Sources: PwC Analysis on Persistence data
PwC “market likely” estimates, considering CONEBI data and industry experts interviews, highlight a 2020 EU E-Bike market worth ca. 5 M units and €11 Bn, growing with a CAGR ‘21-’25 of ca. 11%.

### EU E-Bike Market – PwC “market likely” (M units, percentage)

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<tr>
<th>Year</th>
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<th>2021E</th>
<th>2025</th>
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<tr>
<td>M units</td>
<td>5</td>
<td>7</td>
<td>10</td>
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<tr>
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<td>CAGR ‘21E-’25F</td>
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### EU E-Bike Market – PwC “market likely” (€B, percentage)

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<th>2025</th>
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<tr>
<td>YoY ’20-’21E</td>
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<tr>
<td>CAGR ‘21E-’25F</td>
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</table>

Sources: PwC Analysis on Persistence data, CONEBI, Mordor Intelligence Reports, Industry experts

### PwC view – «Market Likely»

East Asia and Europe in 2020 account for ca. 90% of the global e-bike market. The relevant share for East-Asia is mainly linked to:

- **Avg. price** (in China is €250/bike vs. €990/bike in USA and €2,600/bike in Germany) and the cost is expected to continue to slow down in the forecast years.
- **Good environment** (incentives, infrastructure) created by the governments for e-bikes in the Asia-Pacific region (especially in China, India, and Singapore).
- **The rising Bike-sharing trend**.

PwC estimates, in light of additional consideration on latest CONEBI data, research on industry market reports and industry expert analysis, assume that:

- In the 2020 EU E-Bike market there were sold ca. 5 M units, projected at ca. 10 M units by 2025.
- The EU market is worth ca. 11€Bn in 2020 projected at ca. 24€Bn in 2025 (CAGR ‘21-’25: +11%).
- **2020 ASP (€/unit) of ca. 2,300.**
In 2020, the global bicycle components market is worth ca. 4€Bn and it is forecasted to reach ca. 5.4€Bn in 2025 with pedals representing the main product segment in terms of size, accounting for ca. 56% of the market.

Global Bicycle Components Market by Product Category (RSP) (€Bn, percentage)
Key Findings from Industry Experts
Bicycle industry was **positively affected by COVID-19**, reflecting in **growing participation** and **attraction of “new joiners”**, which have pulled **increasing demand**...

1. The **Bicycle industry** in 2020 has showed a significant growth/boost, mainly thanks to the increasing interest for **outdoor activities** influenced by COVID-19 restrictions ...

2. **“New joiners” of the Bicycle industry**, who contributed to enlarge the market, are not seen as a **“temporary peak”**.

Retailers and market experts expect that a **low portion of “new joiners” will abandon** the market since they made an **investment** and they had the time to **become highly engaged and passionate**

It is crazy how many different people are taking on bicycle and are enthusiastic about it […] that’s why I’m so sure that a few of them will drop out and many people stay. Cycling is a “fit all” sport, especially when thinking about the benefits

- Biker

With the pandemic, people have improvised themselves as professional cyclists […] cyclists on the road have doubled since the Pandemic started

- Biker

In 2020, our orders of bicycle and bicycle equipment have been three times the size, compared to previous years

- Retailer

... The busiest times are at weekends, suggesting the rise is mainly down to recreational use […] the lockdown is drawing new people into cycling – especially families trying to keep restless children entertained

- Biker

Cycling has become a symbol of freedom in the pandemic – an opportunity for mental as well as physical release from the confines of lockdown life...

- Biker

**Sources:** CONEBI*, Industry Experts, PwC Analysis
The pandemic-related boost to the Bike industry is generating some difficulties for manufacturers who are not able to keep up with orders.

...but the positive increase in orders is also generating some difficulties for Bike manufacturers due to the lack of components and supplies from Far-East.

...How is it going? Well, maybe too good. We can’t keep up with orders. After a 2020 growing at around 25%, this year we could almost double. We could but we cannot, because there is a lack of supplies of components...

- Stefano Agostini, Head of e-bikes Italy of Fantic Motor

...Shimano, the world leader in the production of groupsets, currently has a delivery time of 18 months...

- Bottecchia Sales Department

...We have a doubled demand, but the production capacity has grown by 20%: the problems lies with the components, delivery times have expanded from 40 days before the pandemic to the current eight months...

Andrea Gastaldello – Wilier Triestina

Sources: Industry Experts, PwC Analysis
Key “post-COVID-19” trends in the market include **E-Bike**, **Bicycle leasing programs** and **reshoring**

1. **E-Bike**
   
   “...E-bikes are becoming consumers’ preferred choice [...] European citizens are selecting greener e-mobility options over buying cars or using public transport, which resulted in e-bikes enjoying a staggering 52% increase in sales. E-bike sales leapt to €10.6 billion in 2020...”
   - Manuel Marsilio, CONEBI General Manager

   “...Companies need to be prepared to this trend with a correct product offer and strategy. Now I can see that most players’ offer in this segment is still not satisfying all the consumers. For example e-trekking, e-city and e-MTB are well-developed sectors and instead e-road and e-gravel are not because they are for amateurs, people who want to have fun and go high-speed. In EU there are standard limits for speed, while in the USA there are few restrictions and these models are booming...”
   - Manuel Marsilio, CONEBI General Manager

2. **Bicycle Leasing programs**
   
   “...The model of leasing bikes via income tax reductions with the government/company is on the rise and having a high effect across the country. Many companies are also incentivizing their employees to use bikes...”
   - Industry Expert

   “...Rental schemes are becoming the most common approach in most sectors offering significant benefit to both the consumer and the manufactures [...] Spending $5-10k on a bicycle is an extravagant whim [...] this type of consumer is willing to pay a monthly rental fee if this allows them to always replace their bike with the latest model available...”
   - Industry Expert

3. **Reshoring**
   
   “...The current situation in the global supply chain is an important signal: we need to invest more in production in Europe. Based on current projections, we expect the value of parts and accessories produced in Europe to double to €6 billion by 2025...”
   - Erhard Büchel, CONEBI President

   “...With Covid-19 Pandemic we had problems with the majority of our clients who import their components from the Far-East but also with clients who produce in Eastern EU (i.e. Campagnolo in Romania). I see as a trend the re-shoring of local production for some key parts to minimise crisis-induced shortages...”
   - Industry Expert

Sources: CONEBI, Industry Experts, PwC Analysis
BikeFun increased its e-bike production, forecasting a FY21 where e-bike sales will be higher than traditional bikes & Taizo Shimano stresses that concerns about the environment are intensify E-Bikes' sales

E-Bike trend – BFI Quotes

“...Everybody knows there will be many more e-bikes in the next years. We have to secure our supply chain more together with our partners from all over the world. The lead-times in our industry are very long in general and the season, especially in some countries, very short. Better information from the dealers should help us produce the right (e-)bikes in spring every year...

For 2021 we have a very ambitious plan. We have a new co-operation with Bosch and many nice e-bikes to be produced soon. Our customers appreciate these e-bikes a lot and have placed big orders but the most important thing will be the market reaction of European consumers, if they buy our new Bosch e-bikes in big numbers FY2021 will be the first year when revenues from e-bikes will be higher compared to revenues from bikes...

Petr Sazovský - Finance Director Bike Fun International

E-Bike trend – Shimano Quotes

“...Expanding our presence in the electric bike segment is an important part of our growth plans. E-bikes generate about 10% of Shimano’s revenue but the company lags behind rivals such as Bosch. Shimano also faces fierce competition from new players. [...] there are many players from the automobile industry and the way the automobile industry thinks about ideas such as scale is completely different from us...

Taizo Shimano – CEO Shimano Group

“...I think e-bikes will become part of the social infrastructure [...] electrified pedal power will become a common means of transportation amid rising global concern over the environment. Once the market gains momentum, it will spread rapidly and steadily.

- Taizo Shimano – CEO Shimano Group

In the FY2021 we focused on the production of more e-bikes and expensive bikes so our average sales price should rise. We introduced Bosch e-bikes so we can offer an alternative to Shimano STEPS and our e-bike system Sport Drive. I am sure we will sell more (e)-bikes on all European markets and we will be ready for this demand. We also expect an increase of our orders - OEM bikes but also our own brands Superior, Rock Machine and Frappé. We have had very positive feedback from the market on our new collection for 2021 and from September 2020 we should be able to deliver new bicycles to our customers.

- Martin Guráš - Sales Director - CEO Bike Fun International

Sources: Industry Experts, PwC Analysis
Key Players

Saddles Players
- Performance Saddles
  39
- Recreational Saddles
  42

Footwear Players
- Road Bicycle Footwear
  47
- MTB Footwear
  50

MTB Pedals Players
  53
Key players/brands in the **Bike Apparel & Accessories market** can be divided into **3 key categories**: **Saddles** (Performance & Recreational), **Footwear** (Road & MTB) and **MTB Pedals**

### Saddles
- Cairu
- Selle Royal
- Prologo
- Ergon
- XLC
- Selle SMP
- Specialized
- PRO
- Dofoho
- Bontrager
- SDG Components
- WTB
- Fabric
- Fizik
- Selle San Marco
- ISM
- Cionlli
- DDK
- Selle Bassano
- Velo
- Selle Italia
- SQLab
- Brooks

### Footwear
- DMT
- Specialized
- Sidi
- Gaerne
- Bontrager
- Lake
- Northwave
- Bont
- Suplest
- Giro
- Fizik
- Shimano

### MTB Pedals
- Wellgo
- Shimano
- Time
- Look Cycling
- HT Components
- DMR Bikes
- OneUP
- Crankbrothers
- Deity
- Nukeproof
- Raceface
The players in the **Performance** and **Recreational** segments of the bicycle saddle market, often operate in both segments (e.g. Specialized); other brands, such as Prologo, are present in a single segment.

Sources: PwC Analysis, Management
Performance Saddles
The performance saddle landscape is mainly divided into 4 strategic groups depending on the players’ internalization level and retail price.

Strategic Mapping of main Performance Saddles Players

Sources: Management, PwC Analysis
Note: (*) Consolidated data of Selle Italia + Selle San Marco
In the performance saddle segment, **Shimano** is the first Group with ca. **2.4€B sales** (with **Pro Bikegear** as one of the main brands) followed by **Trek**, which with **Bontrager** is the leader of the medium-high local brands.

**Sales of major Performance Saddles Players***(2020, €M)*

- **Shimano** total 2020 revenues were **2,988.7€M**
- **Trek** total 2020 revenues were **851€M**
- **Dorel Corporation** total 2020 revenues were **344€M**
- **Accell Group** total 2020 revenues were **130€M**
- **Selle Italia** total 2020 revenues were **17€M**
- **Cairu** total 2020 revenues were **6€M**
- **SQLab** total 2020 revenues were **5€M**
- **WTB (i)** total 2020 revenues were **4€M**
- **Velo Europe (i)** total 2020 revenues were **3€M**
- **Dorfo (i)** total 2020 revenues were **3€M**
- **Selle Bassano (i)** total 2020 revenues were **1€M**
- **Velo Saddles (ii)** total 2020 revenues were **1€M**
- **SDG Components** total 2020 revenues were **1€M**
- **Selle SMP** total 2020 revenues were **1€M**
- **Dofoho (ii)** total 2020 revenues were **1€M**
- **Selle Bassano (i)** total 2020 revenues were **1€M**
- **Velo Saddles (ii)** total 2020 revenues were **1€M**
- **SDG Components** total 2020 revenues were **1€M**
- **Selle SMP** total 2020 revenues were **1€M**

**Sources:** Company website, Cerved, Orbis, Persistence, Specialised Press, Annual Reports, Investor Presentations

**Notes:** (*) Sales for other Players not shown in the barchart are not available; (**) 33% fund owned. FY ending in June; (i) Considered Sales 2019; (ii) Considered Sales 2018.
Recreational Saddles
The recreational saddle landscape is mainly divided into 4 strategic groups depending on the players' internalization level and retail price.

**Strategic Mapping of main Recreational Saddles Players**

Sources: Management, PwC Analysis
Note: (*) Consolidated data of Selle Italia + Selle San Marco
**Key Players**

Trek (with the leading Bontrager Brand), Specialized and Accell (of which XLC Brand) Groups lead the segment with ca. **€2B Sales** and are followed by a long-tail of medium-small local brands.

**Sales of major Performance Saddles Players**

- **Bike Parts** account for ca. 27% of Accell revenues
- **Accell** total 2020 revenues were **1,296.5€M**
- **Selle Italia** financial figures from January ’20 to July ’20 (7 months) report **10 €M**
- **Selle Italia** expects sales to grow by +40% in 2021 thanks to the market growth driven by the pandemic
- **SQLab** is owned by Boards & More (87€M revenues; owned by Emeram Capital Partners), which also produces cycling products (e.g., ION brand)
- **Boards & More** is one of the world’s leading companies for Windsurfing, Kitesurfing and Paddleboarding equipment. Brands: SQLab, Fanatic, ION and Duotone
- **Selle SMP** sales increased by +20% in 2020 thanks to the new pandemic trends
- They expect this to continue in 2021

---

**Sources:** Company website, Cerved, Orbis, Persistence, Specialised Press, Annual Reports, Investor Presentations

**Notes:** (*) Sales for all the other Players selected not shown in the graph above are not available; (**) 33% fund owned. FY ending in June; (i) Considered Sales 2019, (ii) Considered Sales 2018
Footwear Players
The players in the MTB and Road segments of the bicycle footwear market, often operate in both segments; highly specialised Brands, such as Crankbrothers and Scott, concentrate their product offer to a single segment.

Sources: PwC Analysis, Management Interviews
Road Bicycle Footwear
The road shoes landscape is mainly divided into 3 strategic groups depending on the players’ internalization level and retail price.

**Strategic Mapping of main Road Shoes Players**

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Sources: Management, PwC Analysis
Shimano, Trek, Specialised and Vista Outdoor (Sports Division - with Giro as key brand) are leading international brands followed by some specialised brands with premium positioning.

Sales of major Road Shoes Players* (2020, €M)

- The Cycling division accounts for ca. 80% of Shimano’s revenues
- Shimano total 2020 revenues were 2,988.7€M
- The Sports division accounts for ca. 32% of Vista Outdoor’s revenues
- Vista Outdoor total 2020 revenues were 1,814€M

Sources: Company website, Cerved, Orbis, Persistence, Specialised Press, Annual Reports, Investor Presentations

Notes: (*) Sales for all the other Players selected not shown in the graph above are not available; (**) 33% fund owned; FY ending in June; (i) Considered Sales 2019, (ii) Considered Sales 2018, (iii) Considered Sales 2016

EBITDA%

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Shimano</th>
<th>Trek (i)</th>
<th>Specialized (i)</th>
<th>Vista Outdoor</th>
<th>Selle Royal Group**</th>
<th>DMT (i)</th>
<th>Sidi (i)</th>
<th>Northwave</th>
<th>Garmont</th>
<th>Suplest (iii)</th>
</tr>
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<tbody>
<tr>
<td>Private</td>
<td>11.9%</td>
<td>11.8%</td>
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<td>3.2%</td>
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<td>Family Owned</td>
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MTB Footwear
The MTB shoes landscape is mainly divided into 3 strategic groups depending on the players' internalization level and retail price.

**Strategic Mapping of main MTB Shoes Players**

The diagram illustrates the strategic mapping of main MTB shoes players based on their internationalization level and retail price. The players are categorized into three groups:

1. **Premium/Performance/Technical**
   - Fizik
   - Crankbrothers

2. **Mass-oriented International Brands**
   - Scott
   - Bontrager
   - Five Ten
   - Specialized

3. **National/Local high price Brands**
   - Gaerne
   - ION
   - Northwave
   - Sidi

The diagram also includes notes on the internationalization levels of these brands, indicating their local/national or international/global presence. The retail price categories are indicated on the vertical axis, with low (≤ €80), medium (€80 - €130), and high (≥ €180) price points.

Sources: Management, PwC Analysis
Among the players in the MTB Shoes segment, **Shimano** leads the competition with ca. 2.4€B sales, followed by **Trek**, which is the leader among the **mass international brands**.

**Sales of major MTB Shoes Players* (2020, €M)**

- **Shimano**: 2.391
- **Trek**: -1.031
- **Scott**: 690
- **Specialized**: -655
- **Vista Outdoor**: 576
- **Selle Royal Group**: 130
- **Boards & More**: 87
- **Sidi**: 28
- **Northwave**: 24
- **Gaerne**: 17

**EBITDA%**
- **Shimano**: n.a.
- **Trek**: n.a.
- **Scott**: n.a.
- **Specialized**: n.a.
- **Vista Outdoor**: 11.9%
- **Selle Royal Group**: 5.3%
- **Boards & More**: 10.2%
- **Sidi**: 3.2%
- **Northwave**: 16.9%

**Ownership**
- **Shimano**: Listed
- **Trek**: Private
- **Scott**: Youngone Holdings
- **Specialized**: Private
- **Vista Outdoor**: Family Owned (66%)
- **Selle Royal Group**: Emeram Capital Partners
- **Boards & More**: Family Owned
- **Sidi**: Private
- **Northwave**: Family Owned
- **Gaerne**: Family Owned

**Notes:** (*) Sales for all the other Players selected not shown in the graph above are not available; (**) 33% fund owned. FY ending in June (i) Considered Sales 2018

Sources: Company website, Cerved, Orbis, Persistence, Specialised Press, Annual Reports, Investor Presentations
MTB Pedals Players
The MTB pedals landscape is mainly divided into 3 strategic groups depending on the players’ internalization level and retail price.
Shimano Cycling division registered total revenues of ca. €2.4 Bn; 2020 components production rose by 50% compared to 2019 and the Group is expanding its factories both in the domestic market and overseas.

Sales of major MTB Pedals Players* (2020, €M)

- Shimano
- DMR Bikes

* Cycling division accounts for ca. 80% of Shimano’s revenues.
Shimano total 2020 revenues were 2,988.7€M.

“[…] the cycling craze presents Shimano with a challenge: keeping up with the seemingly insatiable demand for its parts … […]

We deeply apologize [for the lack of supplies]. … We are reprimanded by bicycle makers,”. Demand “has grown explosively and we expect the trend to hold until at least next year […] We are cranking out components as fast as we can. 2020 production rose 50% compared with 2019 […].

We are investing 13 billion yen in domestic factories in Osaka and Yamaguchi Prefecture to increase capacity and improve efficiency. We are also expanding in Singapore, our first overseas production site, which it built almost five decades ago. A new 20 billion yen plant in the city-state will produce bicycle transmissions and other components. After delays to construction due to COVID-19 restrictions, the plant is scheduled to come online by the end of 2022. It was supposed to be completed in 2020”

- Taizo Shimano – President, March 2021