



**Houlihan  
Lokey**



# Bike Market Insights

November 2024

# Bike Market **News**



## “SURVIVE TO 25”

### A Cycling Industry Mantra

Now that revenue data for 2023 is publicly available, we can see that both 2022 and 2023 were brutal for many cycling brands. On average, 2021 was the peak in terms of revenue, with 2022 and 2023 dropping around 20% each year. This puts most brands' revenue around 2019 volumes. 2024 is not looking much better.



**Insolvenz trifft renommierten Fahrradproduzenten: E-Bikes zum Schnäppchenpreis**

**Accell Group entlässt weiteres Personal**

Die Ratingagentur Fitch hat die Kreditwürdigkeit der Accell Group Ende 2023 abgewertet. Das Unternehmen vollzieht darum einschneidende Sparmaßnahmen, die auch den Hauptsitz in den Niederlanden treffen.

**155 Mitarbeiter betroffen: Fahrradhersteller Simplon rutscht in die Insolvenz**

**Giant sales fall by 20% as bike industry woes continue**

Inventory issues in North America and Europe to blame, says leading bike manufacturer

**E-Bike-Anbieter Stella Fietsen meldet Insolvenz nach Chapter 11 an**

Shimano's sales are down again: Another post-pandemic slump or signs of a bigger issue?

By Josh Croxton published October 30, 2024

Läden von fahrrad.de weiter offen, Retouren-Stop, Arbeitsagentur zahlt Löhne

**Stuttgart: Was passiert nach Insolvenz mit Online-Händler Internetstores?**

**‘The market is in chaos’ - Trek set to make cuts amid high industry stock levels**

**Bike industry turmoil: Shimano says global cycling market remains “weak” as segment sales fall by a quarter – and worse to come?**

**Tomi Viiala verlässt Stromer**

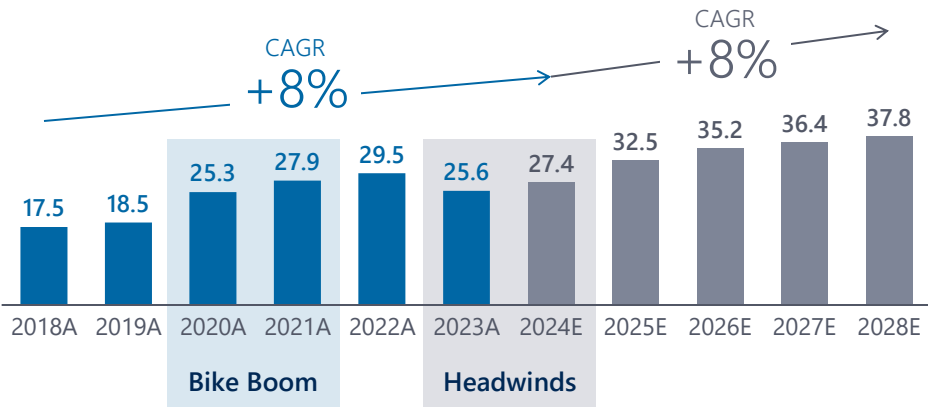
Die My Stromer AG gibt den Rücktritt von Co-CEO Tomi Viiala bekannt, der nach elf Jahren erfolgreicher Tätigkeit das Unternehmen verlässt, um mehr Zeit mit seiner in Finnland lebenden Familie zu verbringen.

# Bike Market Overview

The bike industry has been on a roller coaster ride over the past few years, going from unprecedented highs to staggering lows.

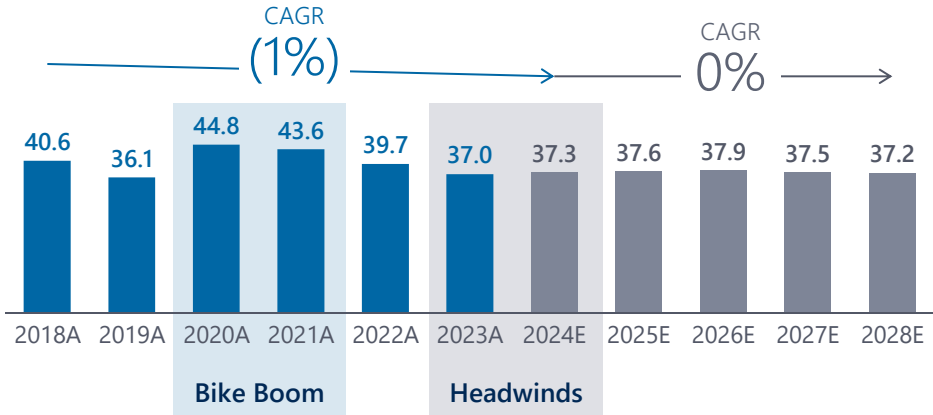
Bike Market Value  
(After Discounts)

In €B



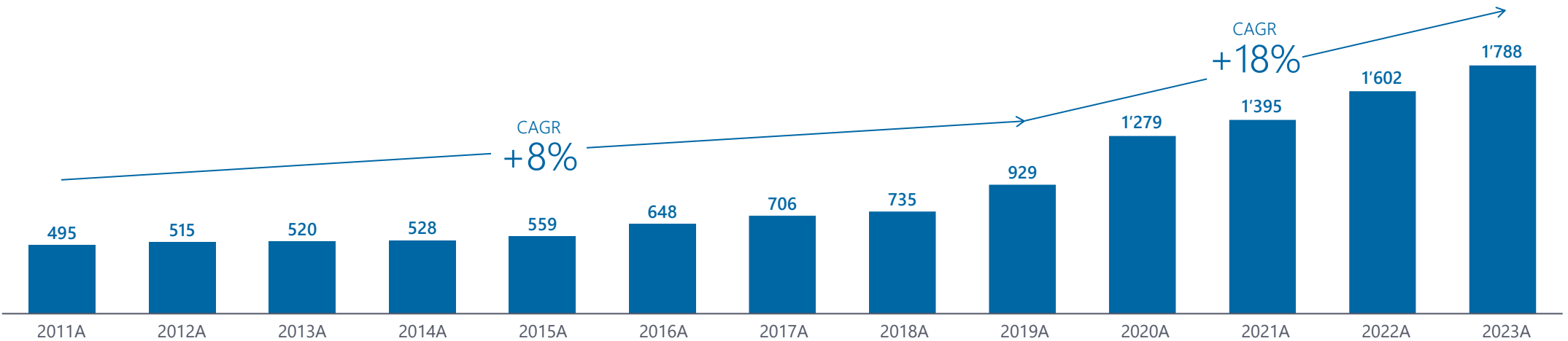
Bike Market Volume

In M units



Average Bike Selling Price in Germany

In €





# Bike Market Headwinds

MACRO HEADWINDS		Macroeconomic Softening	The global economy experienced a slowdown, marked by lower growth rates in key markets. This economic softening reduced consumers' purchasing power and spending on discretionary items, including bikes and e-bikes.
		High Inflation	Persistent inflation led to increased prices for everyday goods, leaving consumers with less disposable income for nonessential purchases. This put pressure on the bike market as consumers prioritised basic needs over new bike purchases.
		Supply Chain Disruptions	Ongoing challenges from the pandemic and geopolitical events (e.g. the war in Ukraine) disrupted global supply chains, resulting in delayed shipments, shortages of components, and increased costs for bike manufacturers.
BIKE HEADWINDS		Excess Inventory	During the pandemic-induced demand surge, many bike retailers placed large orders and are now left with excessive inventory. The previously disrupted supply chains have started to recover, resulting in retailers receiving their outstanding orders from all suppliers simultaneously.
		Overcapacity	The surge in production during the pandemic has left manufacturers and retailers with more capacity than needed in the current market conditions, further straining profit margins.
		Price Pressure	Persistently high inventory levels are increasing price pressure on both manufacturers and retailers, who are using significant discounts to attract customers. Given the current market conditions, manufacturers will need to continue their discount strategies in the short term.

The bike market has faced unprecedented challenges in recent years, from overstock issues to decreased demand and persistent supply chain disruptions.



Source: Roland Berger.

## Bike Market Tailwinds

MACRO AND MOBILITY TAILWINDS	01	Outdoor Boom	Rising interest in outdoor sports, as part of increasing health awareness, sees an ever-increasing number of people spending their leisure time outdoors, creating demand for high-quality products.
	02	Sustainability	Increasing consciousness for sustainability drives demand for an ecofriendly workout, with cycling/biking being one of Europe's most popular and common sports activities.
	03	Urban Mobility	Enhanced cycling infrastructure (supported by municipalities) and a growing preference for micro-mobility solutions favour the cycling trend and accommodate the needs of cycling commuters.
	04	Government Measures	National and local governments are introducing new regulations and adapting existing ones to promote more sustainable, healthier, and safer commuting alternatives.
	05	Premiumisation and Individualisation	Consumers increasingly value high-quality products and are willing to pay a premium for individualised products and products with a long durability (evermore important in the context of sustainability).
	06	D2C E-Commerce	On-demand mentality gives rise to increasing adoption of e-commerce across industries and continues to drive consumers to online sales channels and D2C business models.
BIKE TAILWINDS	07	E-Bikes	E-bike sales demonstrate high growth rates and lead to raising average bike prices by attracting commuters and athletes alike, as they enable cyclists to reach their destinations effortlessly.
	08	Smart Bikes	Consumers demand the possibility to monitor their activity and increasingly prefer bikes that collect, process, and analyse data for various daily applications.
	09	Segmentation	Continuous segmentation and the establishment of new bike categories drive product innovation and conquer new target groups (niche builds).
	10	Parts, Accessories, and Components (PAC)	Increasing health and safety awareness/regulations combined with the awareness for complete styles (i.e. matching product sets) drive adoption rates of helmets, lights, and other accessories.

Despite the challenges, the industry remains hopeful for a recovery, seeing the current downturn as a temporary market correction driven by long-term trends such as sustainable and CO2-free mobility in urban areas.

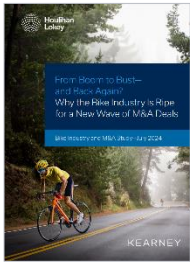
Source: Roland Berger.



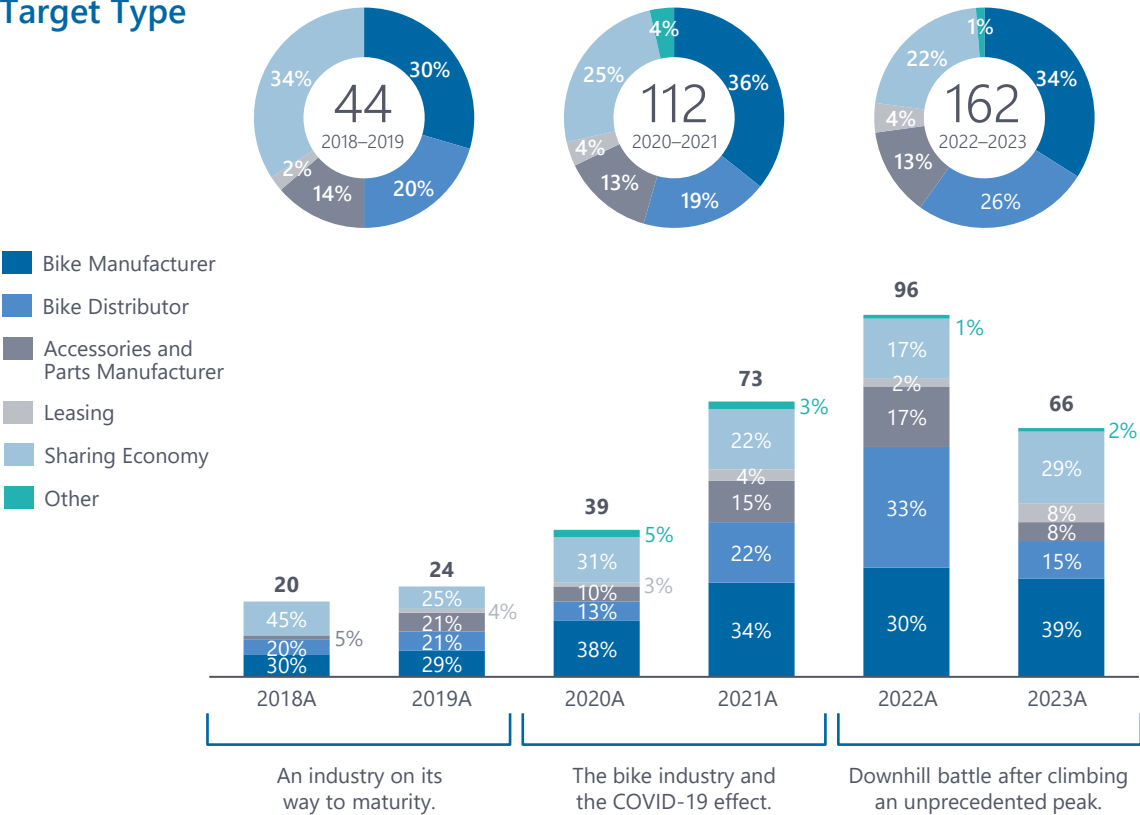
# M&A in the Bike Market

In 2023, the global bike M&A market saw the announcement of 66 deals, a drop of almost a third from the previous year's all-time high of 96 transactions.

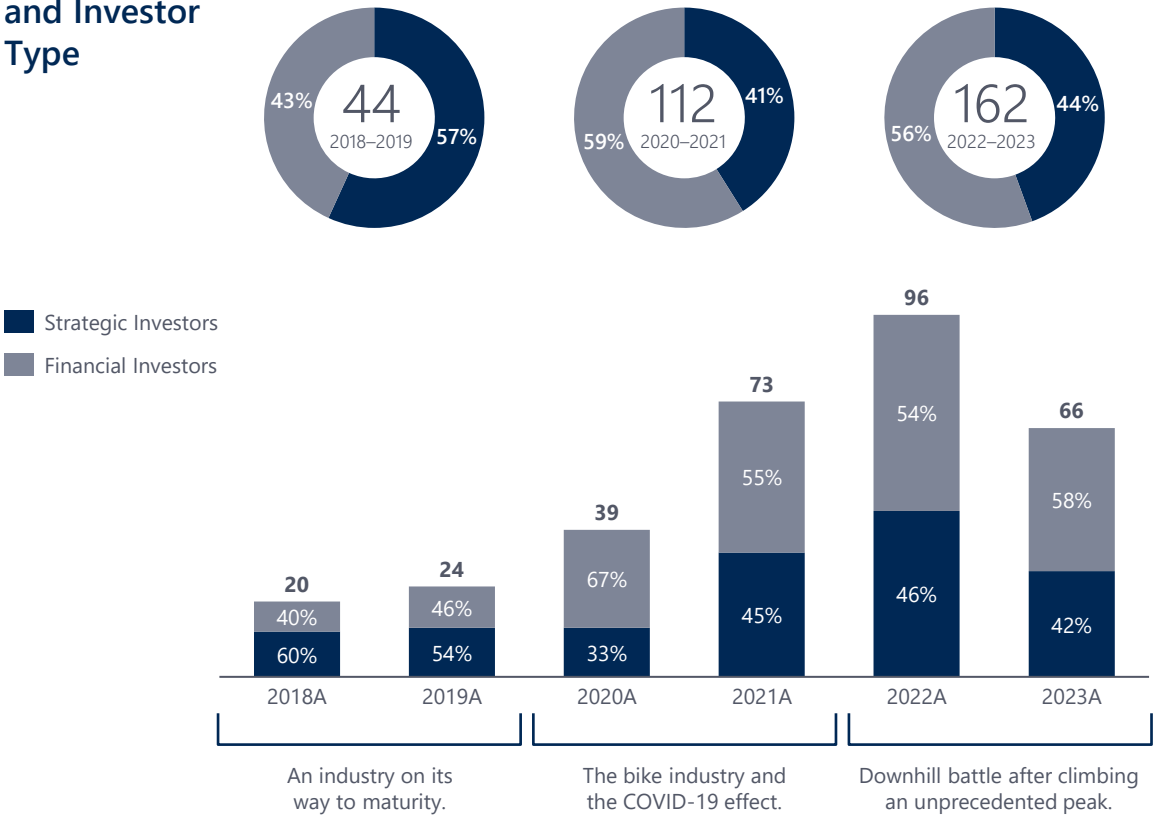
Click here to view the July 2024 Bike Industry and M&A Study conducted by Houlihan Lokey and Kearney.



Total Number of Deals by Year and Target Type



Total Number of Deals by Year and Investor Type



# Factors That Are Needed to Trigger a New M&A Wave

We expect six factors to drive more M&A activity and increase consolidation across the bike industry in the medium to long term, pointing the way to a new wave of M&A deals.

## 01 A CLEAR PATH TO MARKET RECOVERY

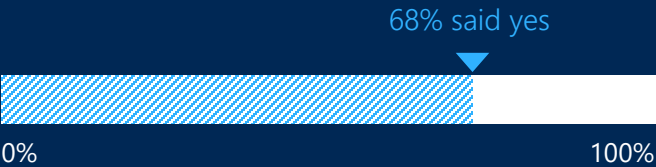
“The global economy experienced a slowdown, marked by lower growth rates in key markets. This economic softening reduced consumers’ purchasing power and spending on discretionary items, including bikes and e-bikes.”  
ANONYMOUS

## 02 SHIFT TO ELECTRIFICATION AND SPEED PEDELECS

“During the pandemic-induced demand surge, many bike retailers placed large orders and are now left with excessive inventory. The previously disrupted supply chains have started to recover, resulting in retailers receiving their outstanding orders from all suppliers simultaneously.”  
ADVANCED BIKES



Do you have positive profitability expectations in the medium term?



Do you believe that a compelling e-bike portfolio will be paramount to remain competitive?



Note: The responses on pages 7–9 are taken from the July 2024 Bike Industry and M&A Study conducted by Houlihan Lokey and Kearney of more than 30 industry executives and over 10 industry-relevant financial investors.



# Factors That Are Needed to Trigger a New M&A Wave (cont.)

We expect six factors to drive more M&A activity and increase consolidation across the bike industry in the medium to long term, pointing the way to a new wave of M&A deals.

03

GROWING  
IMPORTANCE OF  
BRAND STRENGTH

“

Growth-driven private equity funds invest in brands.

STROMER

”

04

INTEGRATION ACROSS  
THE SUPPLY CHAIN

“

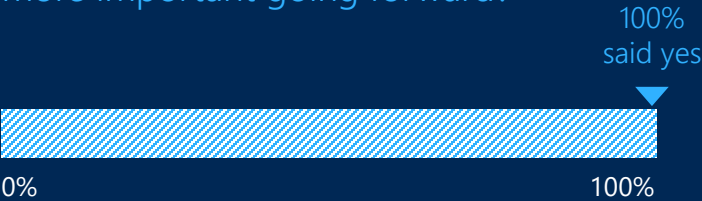
There is a lot of margin potential in reducing the bill of materials [...].  
In many cases, the consumer does not care; it just needs to be a good component.

STROMER

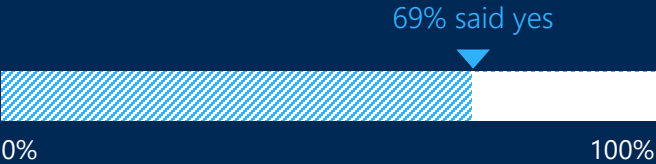
”



Does brand strength become more important going forward?



Will expanding your company's role in the supply chain be a key focus in the coming years?





# Factors That Are Needed to Trigger a New M&A Wave (cont.)

We expect six factors to drive more M&A activity and increase consolidation across the bike industry in the medium to long term, pointing the way to a new wave of M&A deals.

## 05 PROFESSIONALISATION OF THE BIKE INDUSTRY

“

We are preparing to be ready for direct-to-consumer as a sales channel. There is nobody who does not prepare for it.

ANONYMOUS

”

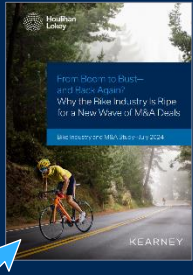
## 06 THE SHIFT TO NEAR-SHORING

“

The new standard will be that the product is produced where it will be used.

ADVANCED BIKES

”



Do traditional bike brands need to establish D2C/click-and-collect channels to remain competitive?

80% said yes



Examples of European manufacturers that have production facilities in Europe:



# The Perfect Target

Beyond an EBITDA margin exceeding 10%, the ideal target possesses the following characteristics:



## Strong Brand Equity

Building strong brands is essential as the industry consolidates, influencing consumer and retailer decisions. A perfect target should have solid brand equity appealing to both groups.



## Attractive Bike Portfolio

An attractive e-bike portfolio is crucial for future success, with growth also expected in leisure/city and mountain bikes due to electrification. Gravel and cargo bikes also show growth potential but will remain smaller segments.



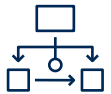
## Premium Price Positioning

Premium price positioning is key, as high-end segments like road bikes have shown resilience during downturns because the spending within these target groups has been less affected by the reduction of disposable income.



## Leader in Attractive Geographies

A leading presence in major markets like the DACH region or growing markets like Southern Europe and North America is ideal. These areas have strong cycling cultures and improving infrastructure supporting growth.



## Clear Distribution Strategy

A clear distribution strategy should combine a comprehensive dealer network and D2C capabilities. Dealer satisfaction depends on a collaborative culture, ensuring the ideal target prioritises the wellbeing of its retail network.



## High Share of the Value Chain

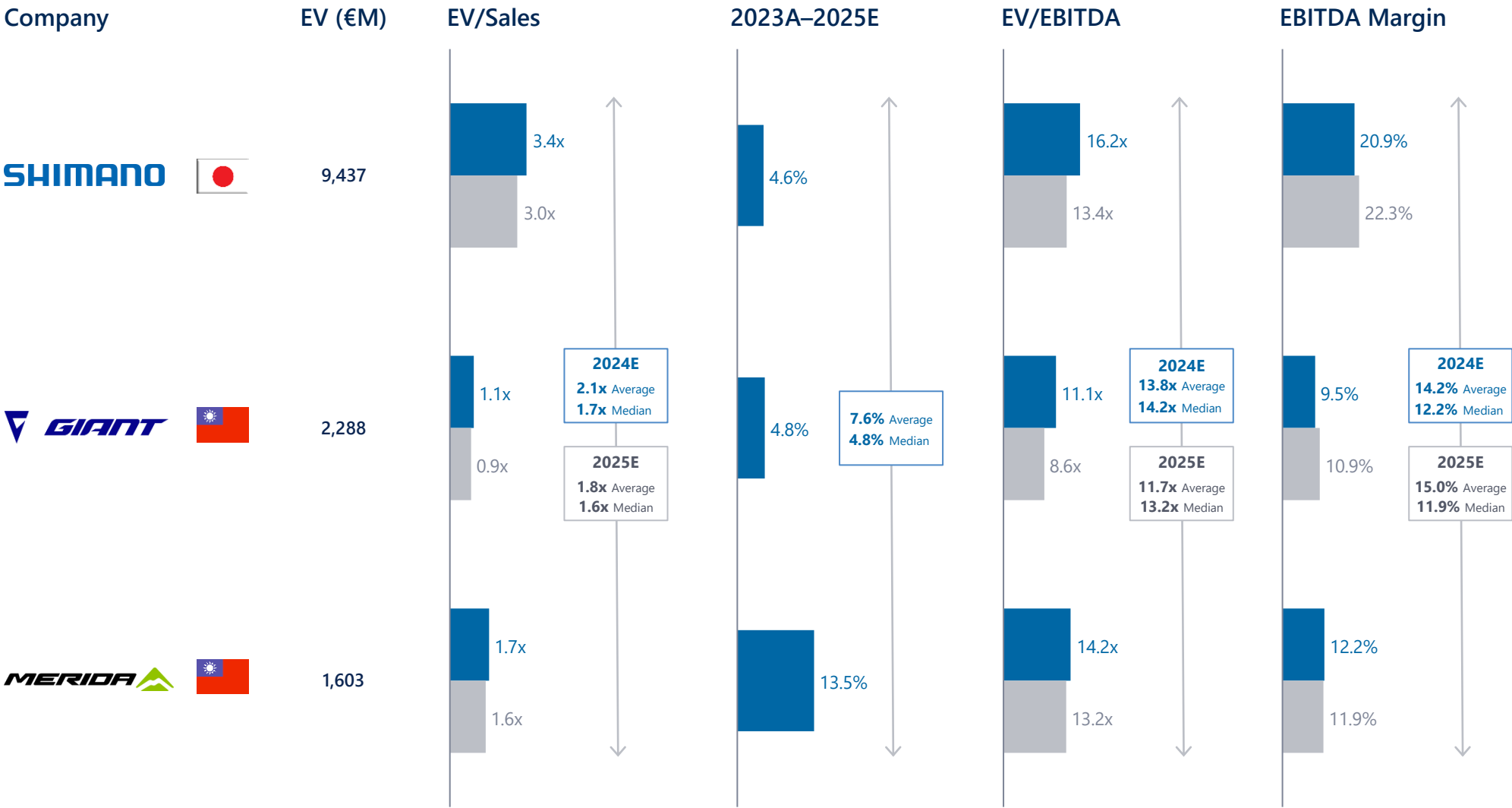
Integrating more functions into the value chain maximises margins and reduces supply risks. A perfect target, for example, produces its own frames, like Giant or Bianchi, or manufactures components, such as Stromer or Specialized.



# Most Relevant Comparable Public Peers

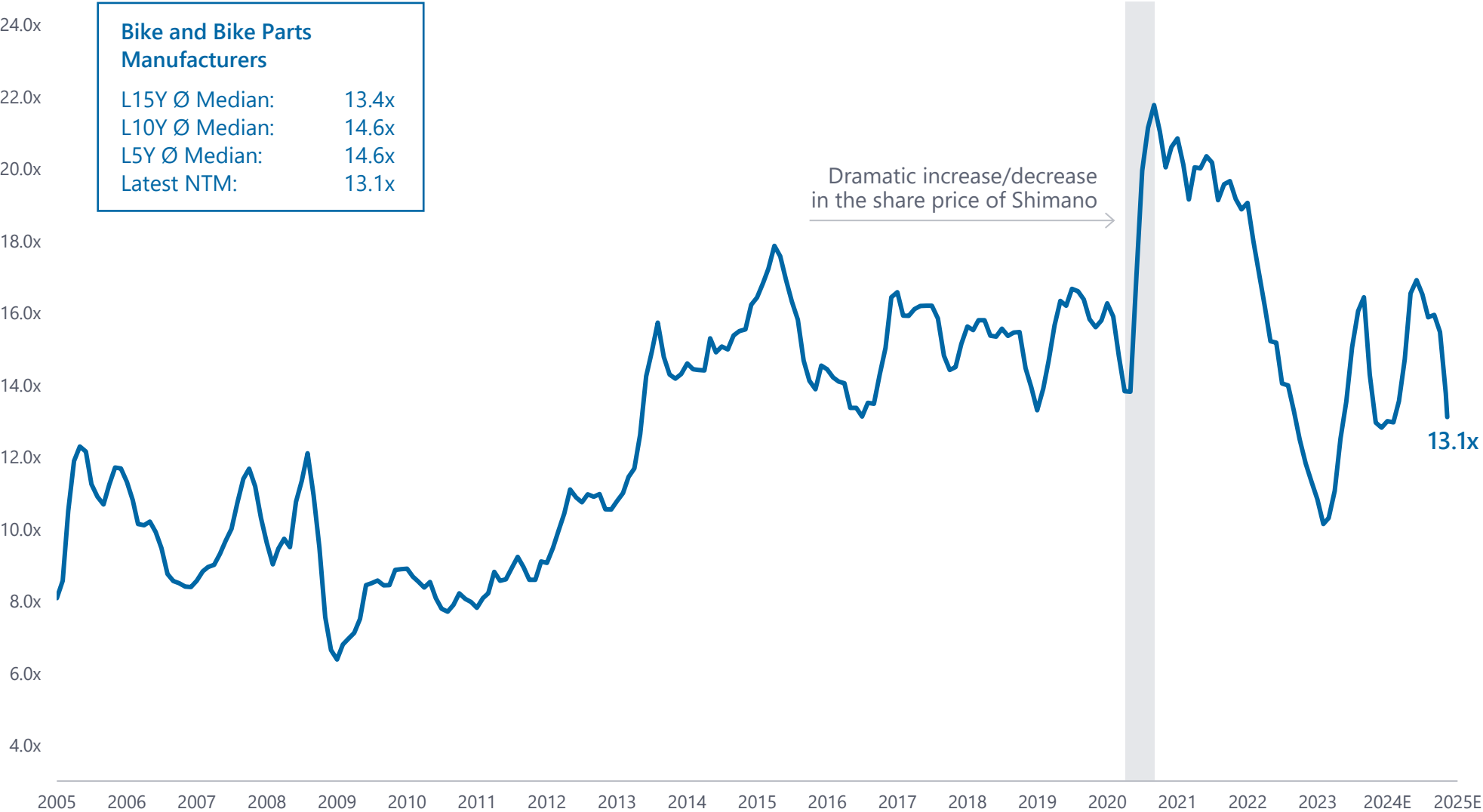
Bike and Bike Parts  
Manufacturers

2024E  
2025E



# Most Relevant Comparable Public Peers Over Time

Smoothed<sup>(1)</sup> EV/EBITDA  
NTM Valuation Levels  
for Bike and Bike Parts  
Manufacturers



Source: S&P Capital IQ as of 8 November 2024.  
(1) Three-month moving average.

# Most Relevant Comparable Transactions

Premium Bike  
Manufacturers  
and Retailers

January 2022 EV/Sales: 1.2x EV/EBITDA: 13.3x		June 2021 EV/Sales: 1.2x EV/EBITDA: 12.8x	
December 2020 EV/Sales: 2.0x EV/EBITDA: 14.8x		February 2019 EV/Sales: 3.0x EV/EBITDA: 13.6x	
November 2018 EV/Sales: 0.5x EV/EBITDA: 11.2x		February 2016 EV/Sales: 0.5x EV/EBITDA: 30.8x	
May 2015 EV/Sales: 0.6x EV/EBITDA: 11.1x		February 2015 EV/Sales: 1.6x EV/EBITDA: 11.8x	
December 2014 EV/Sales: 2.0x EV/EBITDA: 11.9x		March 2014 EV/Sales: 0.8x EV/EBITDA: 8.3x	
EV/Sales <sup>(1)</sup> 1.7x EV/EBITDA <sup>(1)</sup> 13.5x–15.1x	Undisclosed Transaction Multiples	          	

(1) Average median range of 12 transactions.





# Industry Experience

Houlihan Lokey as  
Leading M&A Advisor  
in the Bike Industry

**PINARELLO**

a portfolio company of

**L CATTERTON**

has been acquired by a private family office

Sellside Advisor

**woom**  
pedal your planet

has received a growth investment from

**JEBSEN CAPITAL** **Bregal**  
Unternehmerkapital

Financial Advisor

**3T**

has been acquired by

**UTURN**

Sellside Advisor

**bike club**

has received growth financing from

**CIRCULARITY CAPITAL** **CODEX**

Financial Advisor

**REBIKE**  
MOBILITY

has received a growth financing of EUR 24.0m from

**CIRCULARITY CAPITAL** **Tengelmann Ventures**  
Parkshore Holding & existing investors

Financial Advisor

**wiggle** **ORIGIN**

a portfolio company of

**Bridgepoint**

has been acquired and concurrently combined into a SPAC with

**SPORTS UNITED**

Sellside Advisor

**VT INDUSTRIES**

has entered into a partnership with

**ARDIAN**

Sellside Advisor\*

**BIKE24**

EUR 662m IPO on the Frankfurt Stock Exchange

Financial Advisor\*

**+STROMER-**

has been acquired by

**naxicap**  
PARTNERS

Sellside Advisor\*

**Bregal**  
Unternehmerkapital

has acquired a minority stake in

**woom**

Buyside Advisor\*

**wattbike**

has received investment from

**PIPER**

Sellside Advisor

**BIKE24**

has been acquired by

**Riverside**

Sellside Advisor\*

**INTERNETSTORES**

**fahrrad.de** **fitness.de**

has sold 20% to

**EUROPEANFOUNDERS**  
THE FOUNDERS AMONG THE FOUNDERS

Sellside Advisor\*

**Riverside**

has sold

**BIKE24**

to

**wiggle** **ORIGIN**

a portfolio company of

**Bridgepoint**

Sellside Advisor\*

**MIGROS**

has sold

**Probikeshop**

to

**INTERNETSTORES**

Sellside Advisor\*

**eci** building successful businesses

has acquired

**EVANS CYCLES**

Buyside & Financial Advisor\*

\*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.  
Notes: Tombstones included herein represent transactions closed from 2008 forward. The slide shows only featured transactions.

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