

A close-up photograph of a blue car's roof rack carrying a blue kayak. The kayak is covered in water droplets, suggesting it has been in the rain. The car's roof and the rack are also wet. The background shows a cloudy sky and a blurred landscape.

ARGONAS

Automotive Racks & Carriers Market Insight

January 2020



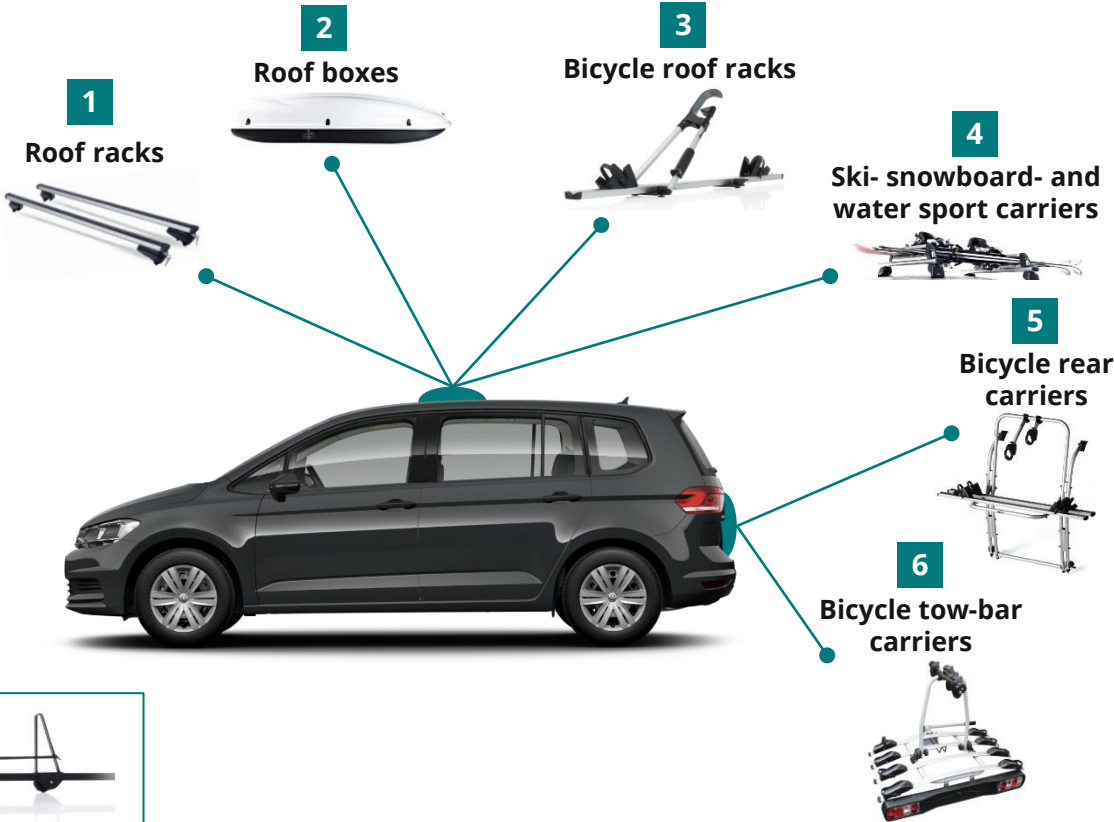
AGENDA

1_Automotive Racks & Carriers: Market Overview

Exemplary car rack products and carrier systems

SAMPLE CAR RACK PRODUCTS

Overview

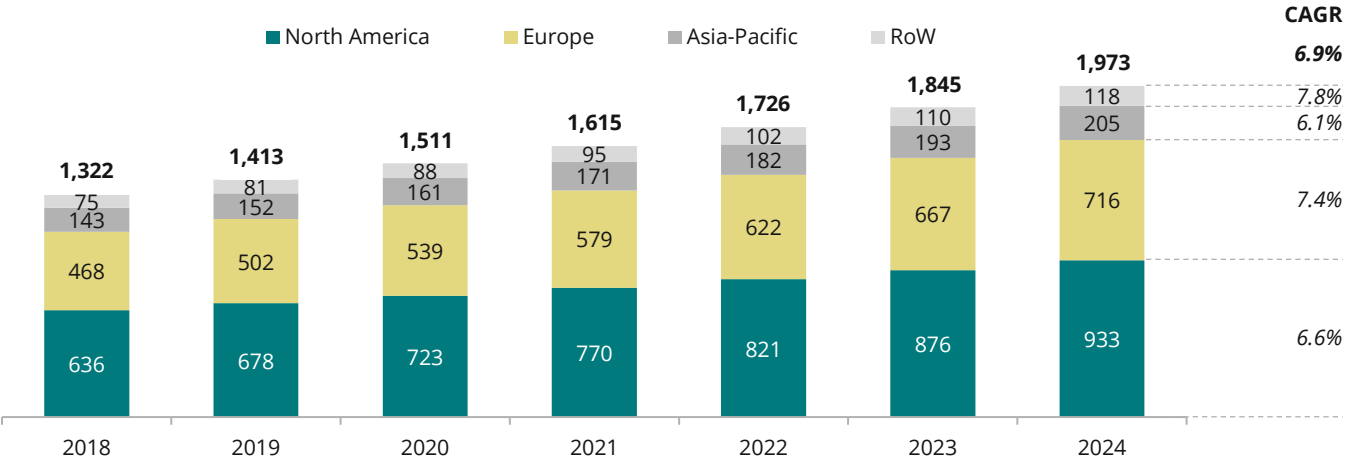


The global car rack market is valued at USD 1.3bn and is expected to grow at a CAGR of 6.9% until 2024

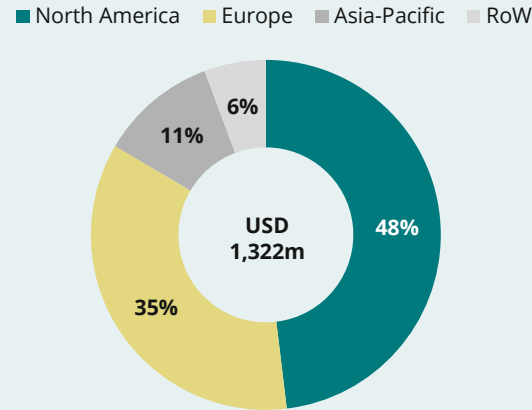
GLOBAL CAR RACK MARKET BY GEOGRAPHY

Global revenue by main regions

in USD m

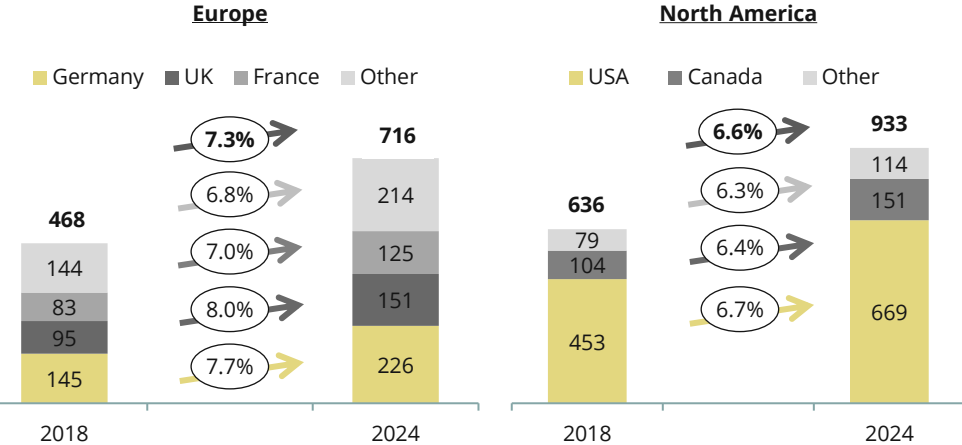


Revenue share by region 2018



Revenue by key markets in Europe and North America

in USD m



- Roof racks are a combination of bars that are attached to the roof of the car for carrying luggage or sports equipment
- North America & Europe are the largest car rack markets mainly driven by increasing vehicle sales and growing travel & tourism sector (e.g. leisure road & day trips) as well as outdoor & sports sector (e.g. bicycles, water activities)



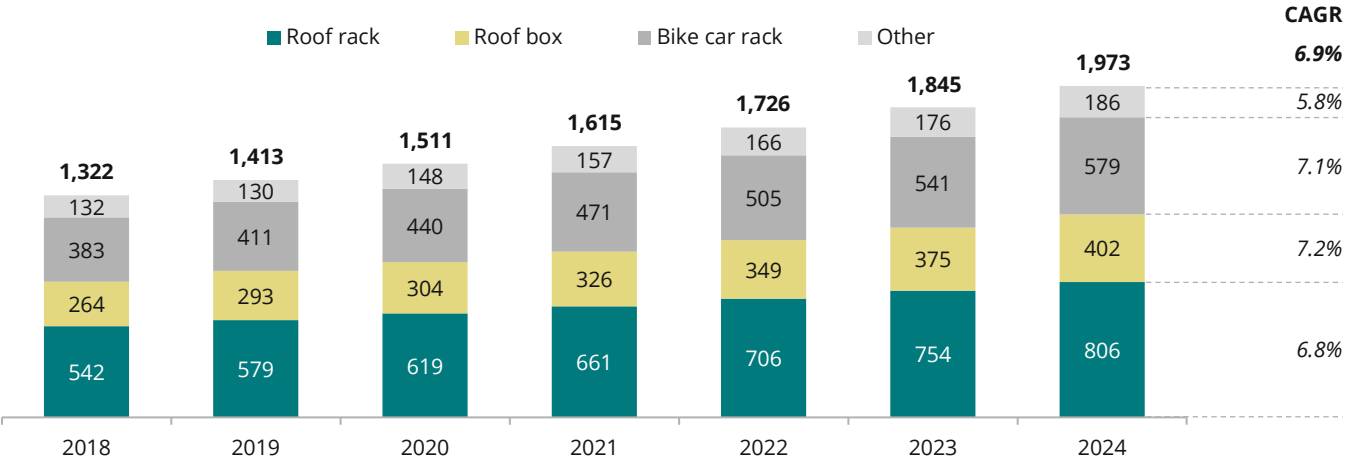
Source: Morder Intelligence, ACF research

Bicycle carriers and roof boxes with growth potential above car rack market average growth

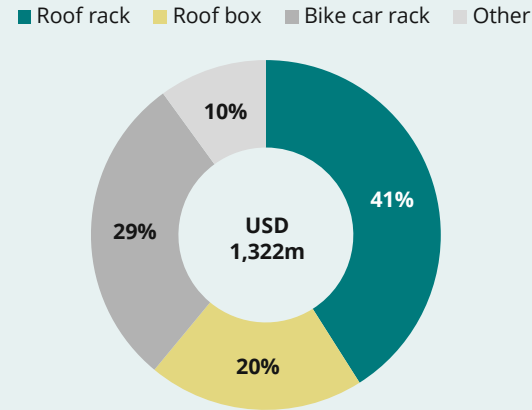
GLOBAL CAR RACK MARKET BY APPLICATION

Global revenue by main regions




in USD m



Revenue share by application 2018



Average price for main applications in North America

Roof rack		USD 75
Roof box		USD > 300
Bicycle car rack		USD 50 - 550

- Roof rack segment is estimated to reach USD 806m by 2024
- Currently, raised rails are the most common type of vehicle roofs especially for wagons, minivans and SUVs in the US – this requires special roof racks
- Two types of roof “boxes” in the market:
 - Soft cover roof cargo bags (USD 50 – 250; less important)
 - Hardcover roof boxes (USD > 300)
- Growing bicycle market across all ages & regions (EU and North America)

Source: Morder Intelligence, ACF research

Increasing vehicle sales, demand for compact cars and mobile homes are main vehicle trends

RELEVANT AUTOMOTIVE MARKET TRENDS & GOWTH DRIVERS

Relevant market trends in the automotive & vehicle industry



Increasing vehicle sales in Europe and North America



In Europe, strong demand for small & compact cars (usually with limited boot capacity) for daily use – at the same time increasing demand for extra luggage space for family & weekend trips



Increasing importance of SUVs segment as one of the most dynamic growing vehicle segments in North America and Europe (stronger outdoor activities focus)



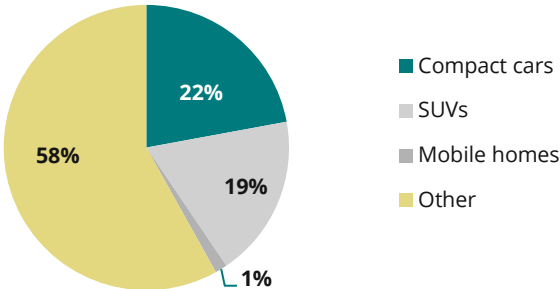
Dynamically growing mobile home market in Germany / Europe, US and Canada in the last 5 years (with growing demand for bicycle rear carriers)

Key market facts

- The increase in vehicle production and sales in North America and Europe will lead to increase in the use of roof racks in cars
- Additionally, several car manufacturers have introduced compact cars that come with a limited boot capacity. The increase in fuel prices has led to the downsizing of vehicles, and therefore, people prefer for daily use and in inner cities smaller compact cars over large premium cars as they are light, compact, and run at lower cost
- Compact car owners need to install extra overhead luggage boxes to increase the luggage carrying capacity of the vehicles
- SUVs are the most preferred cars for long road trips and are mostly equipped with roof racks and car bicycle racks
- Increasing demand for individual & flexible outdoor and camping tourism drives strong demand for mobile homes / motorhomes in North America and Europe, which are increasingly equipped with bicycle, water sport equipment or luggage carriers

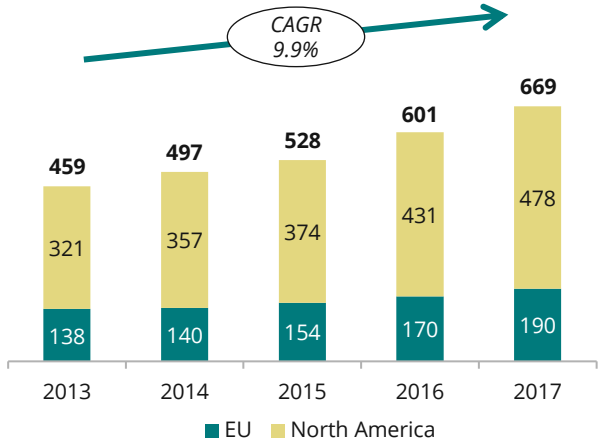
Vehicle registration in Germany (2018)

in %



Mobile home registrations

in k



Source: Statista, 2018 ADFC-Travelbike Bicycle Travel Analysis, ACF research

More free time, increasing income and emergence of new sports are main growth drivers

RELEVANT LEISURE & SPORTS MARKET TRENDS & GROWTH DRIVERS

Specific sports & leisure trends and key growth drivers



Rising income and stronger focus on work-life balance as well as holiday time (increase in leisure & holiday spending)



Active and healthy lifestyle becomes more important for consumers (increasing number cycling day trips)



Consumers stay longer active due to new equipment like electric bikes (e-bike)

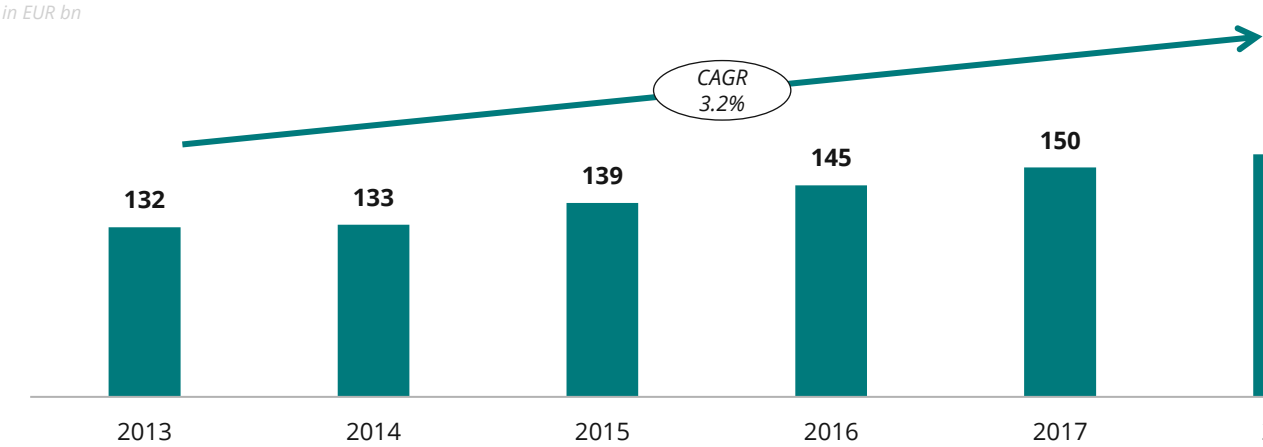


Consumers increasingly engage in sports that require (heavy) equipment

Key market facts

- The market for sport and outdoor products is forecasted to continue to develop positively in the coming years (consumers focus on sports and outdoor activities)
- Consumer spending on leisure activities in Germany has been growing with a CAGR of 3.2% since 2013
- Due to the rise in consumer spending for outdoor activities, the use of roof racks to carry the luggage and equipment has widely increased
- In particular, due to the current trend towards e-bikes, the bicycle market and bicycle carriers are increasingly gaining importance for carrier manufacturers

Consumer spending for leisure activities in Germany 2013 to 2018

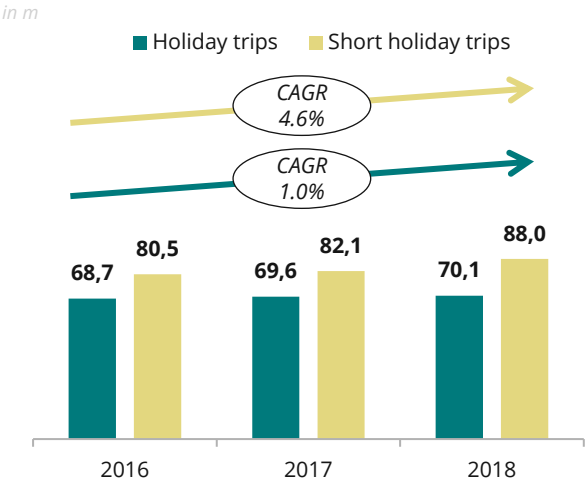


Source: Statista, 2018 ADFC-Travelbike Bicycle Travel Analysis, ACF research

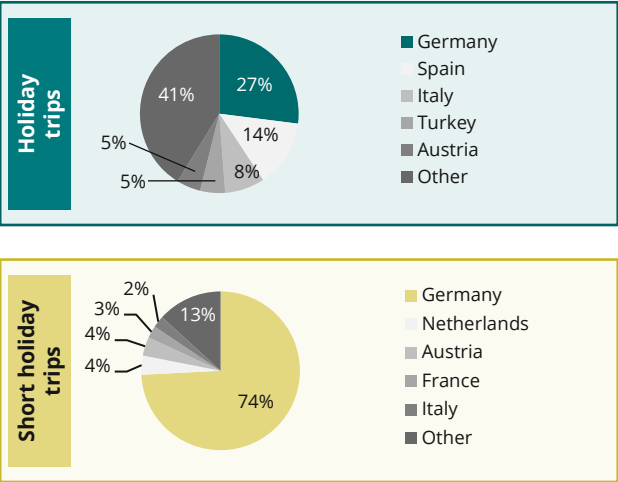
Changing vacation and activity behavior are key trends for a growing product demand in Germany

CURRENT LEISURE & SPORTS MARKET TRENDS IN GERMANY (1/3)

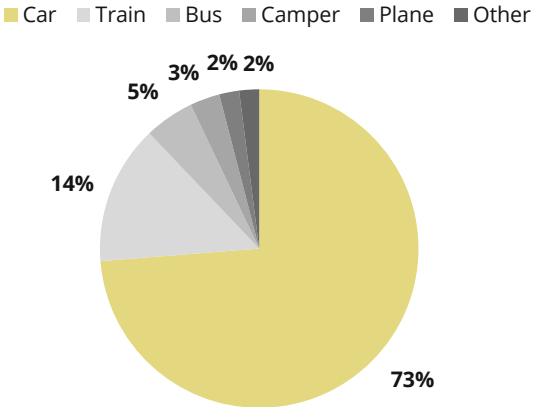
Number of holiday trips



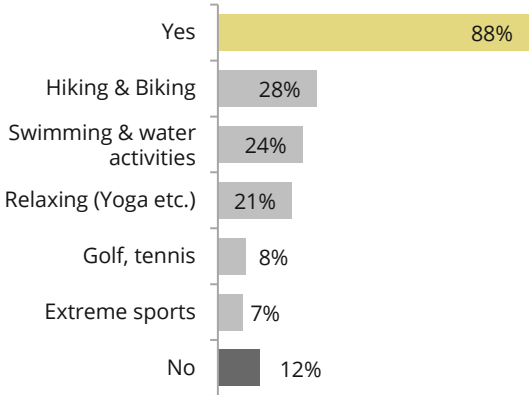
Holiday travel destinations



Mode of transport for short holiday trips



Sport activities during holidays



Key market facts

- General trend towards increased focus for holidays in the home country – change in holiday focus and behaviour
- In addition to the main holiday trip, increasing importance of short holiday trips over the last years
- Since 2016 the number of short trips has increased more than four times faster compared to main holiday trip
- Germany is the main destination of German tourists, especially for short trips:
 - 74% of all short trips and 27% of main holiday trips travel within Germany

Modes of transport & activity profile

- 73% of all tourists travel by car in case of short trips
- Due to the dynamic growth of short trips and the high proportion of arrivals by car, overall increasing share of arrivals by car for the entire holiday travel market in Germany
- Growing percentage of German tourists intend to do sports activities on holiday trips, with cycling (28%) and water activities (24%) being the most popular activities on holiday trips

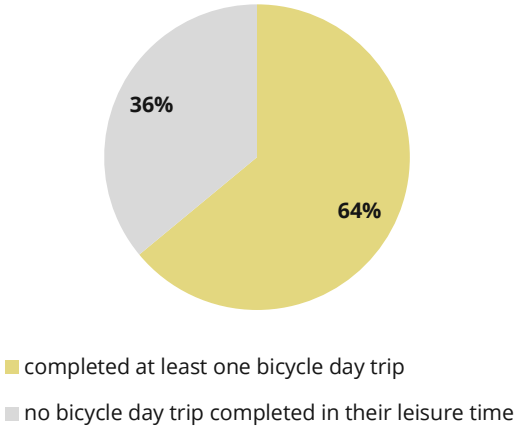
Source: DTV, ACF research
Notes: Holiday trips: > 5 days, Short holiday trips: < 5 days

Increasing importance of bicycle trips – vast majority of people using their own bicycle

CURRENT LEISURE & SPORTS MARKET TRENDS IN GERMANY (2/3)

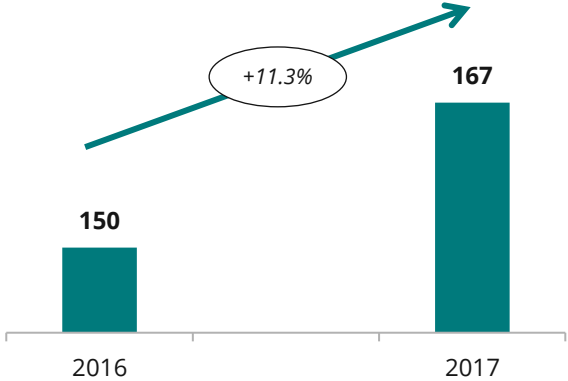
% of cycling population completed at least one day trip in 2017

in %



Number of cycling day trips

in m



Key market facts

- 76% of Germans cycle occasionally to regularly. Of these, 51% use their bicycle for cycling trips and tours
- In 2017, 64% of the cycling population completed at least one bicycle day trip in their leisure time. This corresponds to 167m day trips during leisure time in Germany - increase of 11.3% compared to 2016 with 150m bicycle day trips

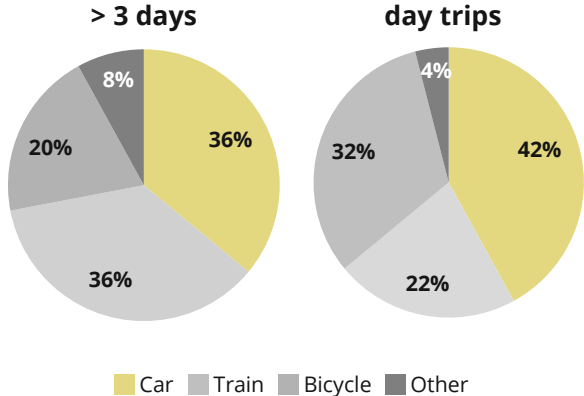
Modes of arrival

- Cycle tourists on short trips are most likely to travel to their destination by car then those completing longer cycling trips (42% vs. 36%)
- Bicycle ownership vs. rental – more than 90% of cycling tourists use their own bicycle rather than renting a bicycle
- Focus on specific performance requirement, individualized set-ups & features and general prestige of an own bicycle support this trend

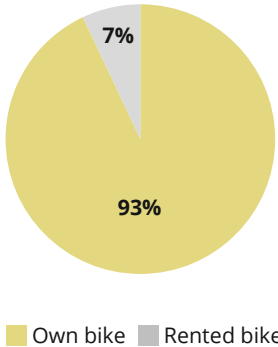
Overview of mode of transportation

in %

Mode of transportation to starting destination of cycling holidays



Own bicycles vs. Rented bicycles used for cycling holidays



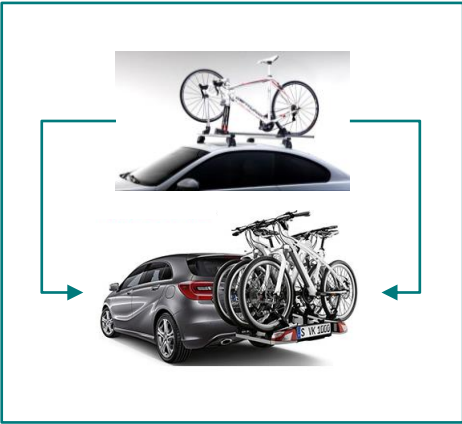
Growing number of E-bikes are key driver for positive market tailwinds

CURRENT LEISURE & SPORTS MARKET TRENDS IN GERMANY (3/3)

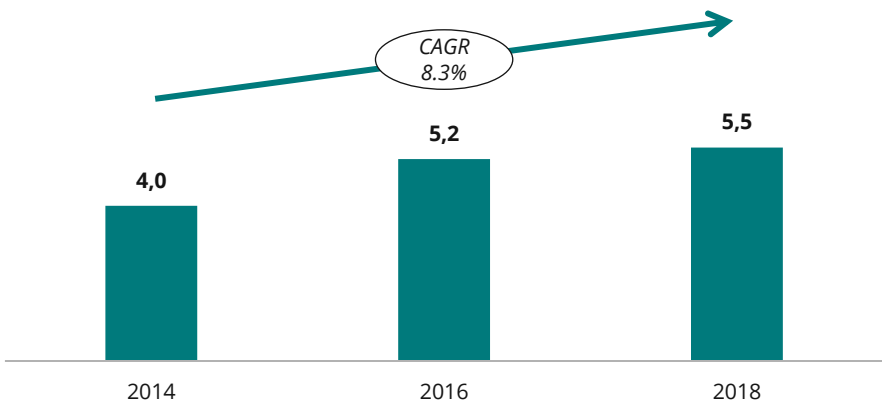
Market trends and key growth drivers

in m

Trend from roof to rear



Number of bike travelers in Germany



Key market facts

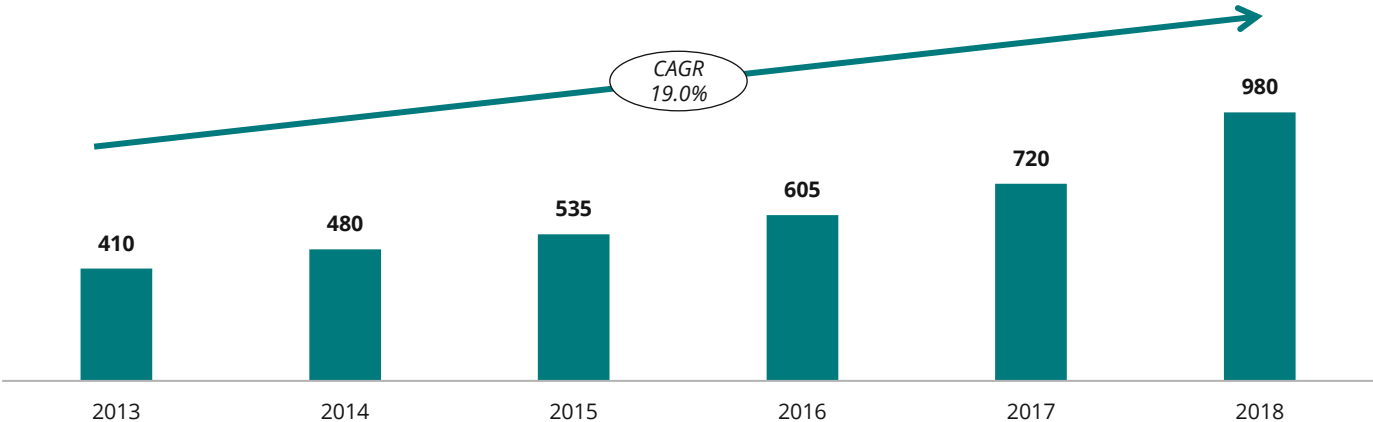
- The number of bicycle travellers in Germany has been increasing at a CAGR of 8.3% since 2014
- Most of them travel by car (36%) followed by train (35%) and directly with bicycle (20%)
- 92% of cycle tourists use their own bicycle during their travel

E-bikes market in Germany

- E-bike sales in Germany have been growing at 19.0% CAGR since 2013 to 980,000 sold e-bikes in 2018 accounting for 23.5% market share in the bicycle market
- Because e-bikes are heavier than most traditional bicycles, the load capacity of 20 kg on car roofs is not enough making the rear carrier more practical for e-bikes
- Additionally, due to easier handling and less drag while driving the rear carrier became more popular in the last years

Number of sold E-bikes in Germany from 2013 to 2018

in k



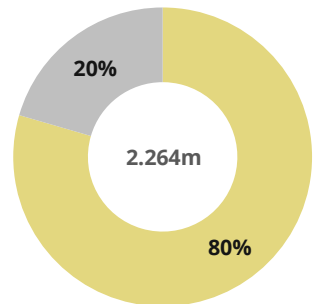
Source: Statista, Zweirad-Industrie-Verband (ZIV), 2018 ADFC-Travelbike Bicycle Travel Analysis, ACF research

US citizen prefer local trips within the US or neighbouring countries – vast majority travels by car

TRAVEL HABITS OF US AMERICANS

Domestic person-trips¹ in the US

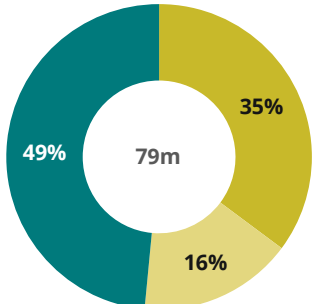
in %



Leisure Business

Non-domestic trips by US citizens

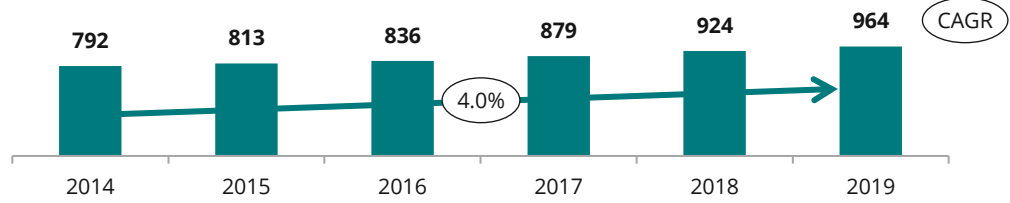
in %



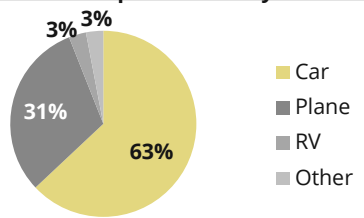
Mexico Canada Overseas

Domestic travel expenses of US citizens

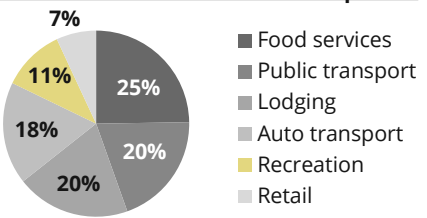
in USD bn



Mode of transport for family vacation



Distribution of domestic travel expenses



Key market facts

- The overwhelming majority of all person-trips undertaken by US citizens are within the borders of the United States (97%)
- Of the non-domestic trips of US citizens about half are to the neighboring countries Mexico and Canada and the other half to destinations further away such as Europe or East Asia
- 4 out of 5 person trips of US citizens are for leisure, for which the most often cited activities are visiting relatives and friends, shopping, visiting theme parks and outdoor recreation

Modes of transport & activity profile

- Travel expenses of US citizens have continually increased over the last 5 years
- The own car remains the most important and most accessible mode of transport for American family vacation

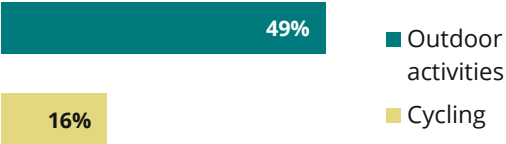
Source: US Travel Association, Bureau of Transportation Statistics, Statista, ACF research
 1) Person-trip: Overnight in paid accommodations or a day trip to places 50 miles or more away from home (one-direction)

Growing expenditure for bicycles driven by the preference for outdoor activities within a range of 10 miles

OUTDOOR AND RECREATION ACTIVITIES OF US CITIZENS

Participation rate in outdoor activity

in %

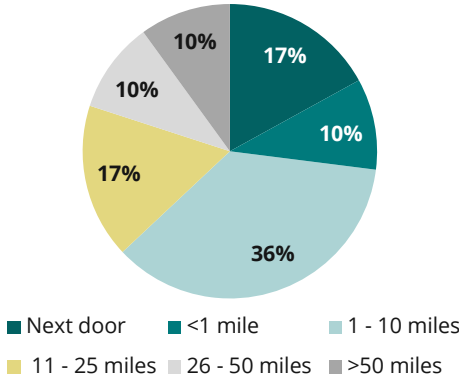


Number of yearly outdoor activities (per person)



Traveling distance for outdoor activities

in %



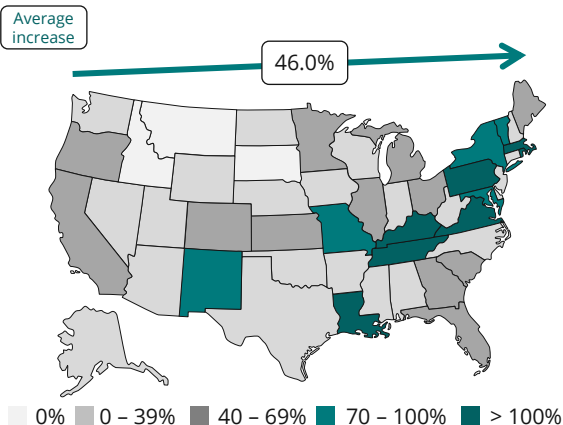
Key market facts

- The participation rate of US citizens in outdoor activities has remained around 50% for the last decade, while participation in cycling activities has slightly increased from 15% in 2007 to 16% in 2017
- On average, a US citizen participating in outdoor activities does so 74 times a year, which brings the total number of outdoor activities to 10.9 billion
- More than 60% of all outdoor activities are within a range of 10 miles from home and therefore easily accessible by car

Growing use of bicycles in the US

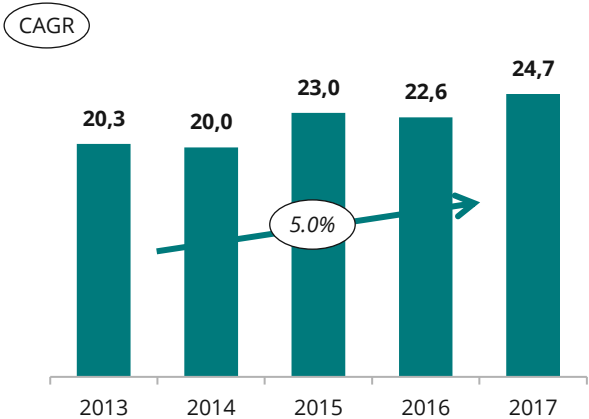
- Commuting and everyday bicycle use has increased significantly in the US, albeit very unevenly distributed across the country
- In conjunction, average annual expenditures for bicycles per consumer have also continually increased

Bicycle commuting growth by state from 2005 - 2013



Average annual expenditure on bicycles per person

in USD

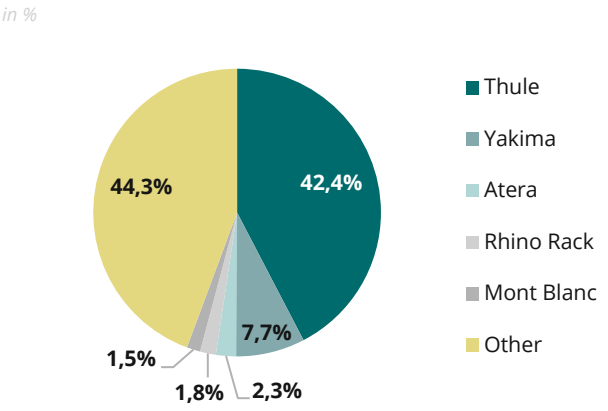


Source: US Travel Association, The league of American Bicyclists, Statista; Notes: * For 146.1m US citizens = participation rate of 49%

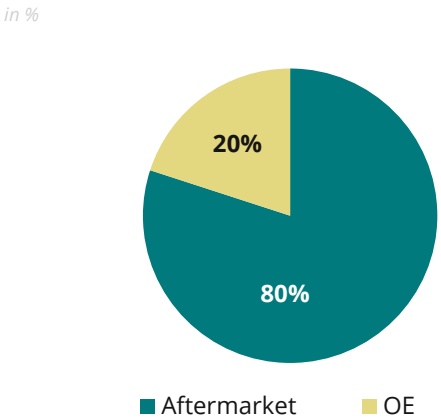
Continuing market growth expected for carrier systems

OVERVIEW OF COMPETITIVE LANDSCAPE

Global car rack suppliers (Top 5)



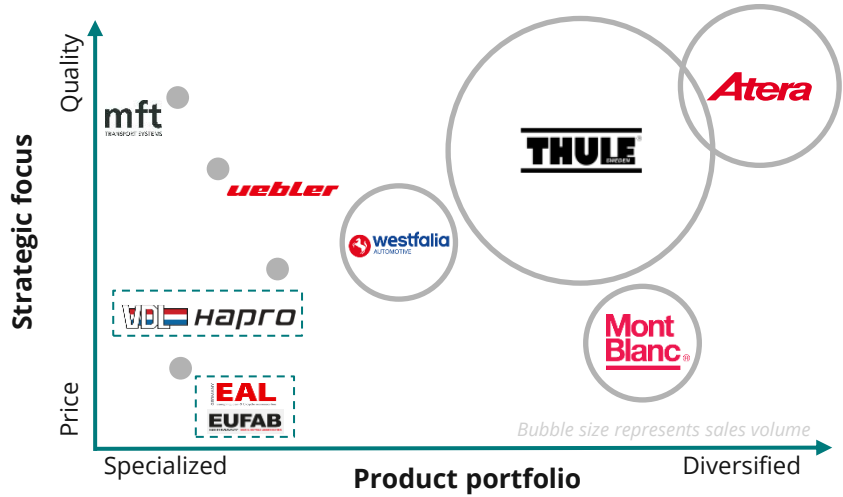
Relevant end-market segments



Key market facts

- Fragmented market with only one dominant market player Thule, accounting for approx. 42% of the global car rack market
- Internationally, further relevant players are ATERA, Yakima & Rhino Sports
- The market is divided into quality leaders and price leaders with low investments in R&D and brand building
- Quality leaders are high-end premium manufacturers with a strong brand and ongoing investments in development of design & functionality (strong brand and IP protection)
- Only premium suppliers are therefore able to be active in both markets – OEM (high demands on product quality, design & functionality) and aftermarket

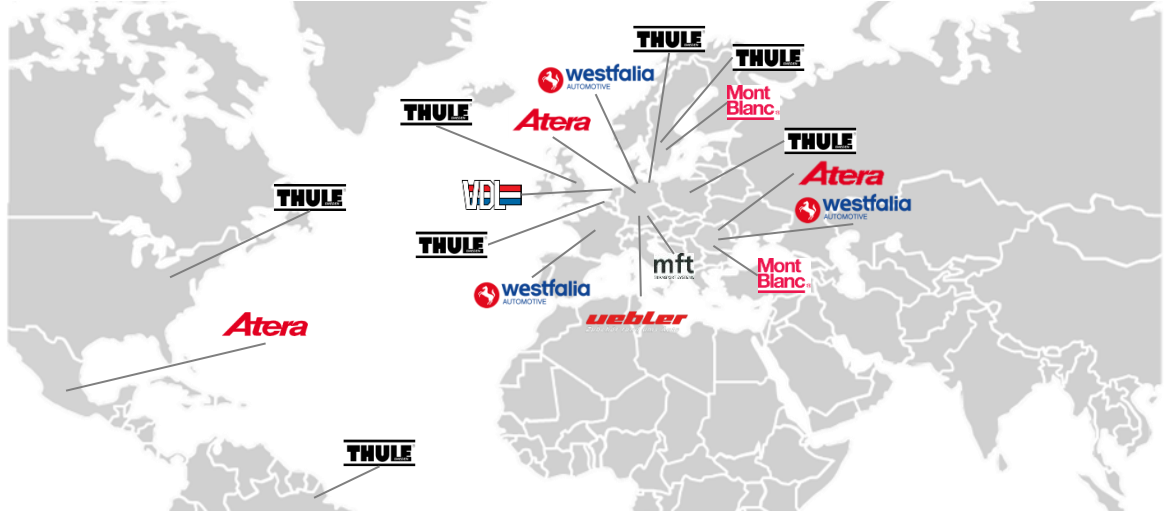
Competitive landscape in Europe



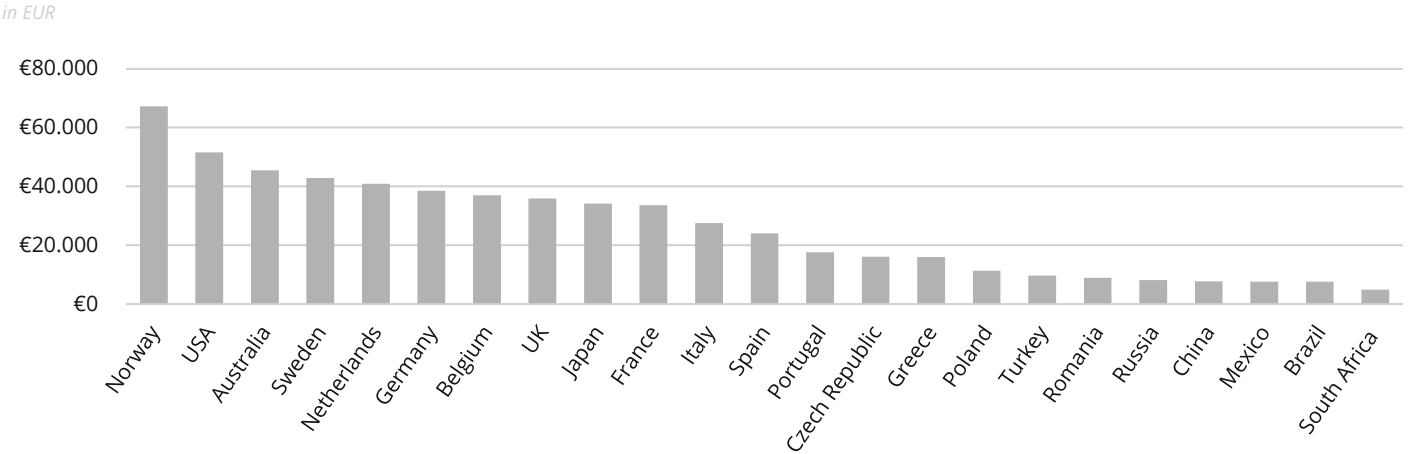
Low cost production as competitive advantage for European players

PRODUCTION HUBS AND THEIR PER CAPITA INCOME OF KEY EUROPEAN PLAYERS

Production hubs of key European players



Average income per capita in 2018



Thule, Atera and the Mont Blanc Group are the largest car rack companies by revenue in Europe

OVERVIEW OF KEY MARKET PLAYER

Positioning & product focus key market player

	Headquarter	Revenue (in EURm) ¹	Roof racks	Roof boxes	Bicycle roof racks	Roof baskets	Sport equipment carriers	Bicycle rear carriers	Bicycle tow-bar carriers	E-bike carrier	Indoor bicycle carriers	Hitch cargo boxes	Racks for comm. vehicles	Tow-bars	Trailers	System solutions for OEM	
Thule Group	SWE	560	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Key European car rack Players
Atera	GER	>20	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Key European car rack Players
Mont Blanc Group	SWE	<20	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Key European car rack Players
Westfalia-Automotive	GER	<20							✓	✓			✓				Key European car rack Players
Uebler	GER	<20						✓	✓	✓							Key European car rack Players
VDL Hapro	NED	<20	✓	✓				✓	✓	✓							Key European car rack Players
mft transport systems	GER	<15						✓	✓			✓					Key European car rack Players
EAL (Eufab)	GER	<15						✓	✓								Key European car rack Players
Bosal	NED	c. 10						✓	✓								Smaller European car rack competitors
ACPS Automot. (Oris)	GER	c. 10	✓		✓	✓	✓				✓	✓	✓				Smaller European car rack competitors
Kamei	GER	<10	✓	✓							✓	✓					Smaller European car rack competitors
Cruzber	SPA	<10	✓	✓	✓		✓				✓	✓					Smaller European car rack competitors
Modula	ITA	<10	✓	✓	✓			✓	✓	✓							Smaller European car rack competitors
I-RACKS	GER	<10						✓									Smaller European car rack competitors
Mobila	GER	<10		✓													Smaller European car rack competitors
Paulchen	GER	<10					✓	✓	✓	✓							Smaller European car rack competitors
Neumann	CZE	n/a	✓	✓			✓										Smaller European car rack competitors
Brink Group	NED	116 ¹			✓							✓	✓				European diversified player
Farad	ITA	40 ¹	✓	✓													European diversified player
F.Lli Menabo	ITA	<20 ¹	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				European diversified player
Cam	ITA	<20 ¹	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				European diversified player
JAC Products	USA	308 ¹	✓										✓				International diversified player
Car Mate Mfg (Inno)	JPN	160 ¹	✓	✓			✓			✓							International diversified player
Rhino Rack Australia	AUS	44 ¹	✓	✓	✓	✓	✓	✓	✓	✓			✓				International diversified player
Yakima	USA	43 ¹	✓	✓	✓	✓	✓	✓	✓	✓							International diversified player

Comments

- Despite the clear market leader Thule, the rest of the global market is highly fragmented
- More than 70% of the global market is occupied by the Americas and Europe
- The automotive roof rack market in the Asia-Pacific region is expected to show the highest growth figures in the coming years
- In Europe, Thule is the largest supplier of carrier equipment generating EUR 560mn revenue in this business unit
- A variety of roof racks are available in the market, thereby increasing the product differentiation, which can be attributed to the customers' particular requirements
- Quality, functionality and pricing of car racks are key differentiator in the market

Source: CapitalIQ, Mordor Intelligence, ARGONAS Research

¹ Revenue may include sales of products that are not related to roof racks or carrier systems



ARGONAS

Argonas Corporate Finance GmbH

Luisenstraße 41

10117 Berlin

T +49 (30) 92 27 13 39

F +49 (30) 94 04 73 25

www.argonas.de



Sascha Männel

Managing Director / Co-Founder

Head of Origination and Market Analysis

M +49 (173) 39 38 216

E s.maennel@argonas.de