



2018 ANNUAL REPORT



MESSAGE FROM THE PRESIDENT

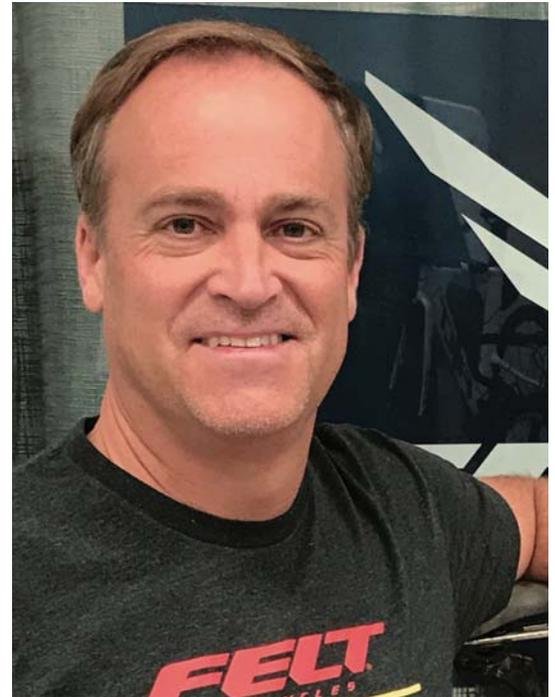
Welcome to the BPSA's 2018 Annual Report. We're pleased and proud to update you on all the progress we've made. Here are some highlights to look forward to:

- Our four core programs and how they're helping members
- New initiatives that broaden our appeal to more companies
- Our push-back on tariffs in partnership with PeopleForBikes
- Our impressive national and local progress on e-bikes
- Our detailed and updated financial report to members
- Our expanded Board of Directors and Member lists

I'm humbled to be a link in the chain of BPSA leadership that stretches back over a century. Let us know how the BPSA can serve you better in the coming year!



Adam Micklin
Felt Bicycles



The BPSA's century-long mission is to create a stronger, more sustainable business environment for North American bicycle, component and accessory suppliers, their retailers and the end consumer. By focusing on four key areas: Legal/Legislative monitoring, Statistics, Safety and Education, the BPSA creates programs and progress that benefit its members and the entire bicycle ecosystem.

LEGAL/LEGISLATIVE UPDATES



China Tariffs

In July and August 2018, the bicycle and e-bike segments were ensnared in Trump administration efforts to penalize China for their alleged unfair trade practices. A 25% tariff increase on Chinese-made electric bikes went into effect on August 23rd despite the best efforts of BPSA, PeopleForBikes and industry executives who testified in opposition to the tariffs in Washington. Following closely behind was a similar proposed 25% tariff increase on bicycles, components, helmets, tires and tubes. According to



our DC experts, there was no intent to specifically penalize our products. They were just drawn into the \$200 billion tariff package by an algorithm. After the algorithm selects tariff codes that will be affected, the final decision-making is at the discretion of the 301 committee based on the industry's testimony.

The BPSA and PeopleForBikes pushback consisted of three strategies: 1. Testimony to the 301 committee from BPSA's Matt Moore and Bob Margevicius, Arnold Kamler from Kent, Pat Cunnane from ASI, Bob Burns from Trek, Bill Smith from Huffy, Jennifer Harned from Bell/Giro and Patrick Seidler from WTB. 2. Written comments from suppliers and retailers 3. Outreach to key members of Congress and members of the Congressional bike caucus. We've built the groundwork for our influence with BPSA fly-ins over the past four years. While outcomes are difficult to predict or influence, our industry is well-represented and we do our best to represent the interests of suppliers, retailers and end users.

Proposition 65

This stringent California-specific labeling requirement went into effect on August 31, 2018. Suppliers need to consider the implications of Prop 65 for their products when they're shipped into California and also how they're portrayed on their websites. Watch your inbox for updates from BPSA, or BPSA members can connect with Matt Moore at QBP for more information, mmoore@qbp.com.

Oregon Bike Tax

In July 2017, Oregon passed a \$15 tax on bicycles that cost more than \$200 retail. Collections are under performing compared to expectations, raising the question of whether the projected volume of bike sales accurately captured the Oregon market. A lawmaker in Colorado proposed a similar tax, but backed off. No other states seem to be considering it as of September 2018.



Dockless Bike Share

BPSA and PeopleForBikes are working closely with the North American Bike Share Association (NABSA) to ensure sensible local regulatory requirements for what bike share bikes and scooters come in and how they're regulated. Efforts to deregulate dockless bike share in Florida and Oklahoma were recently defeated by a joint effort of our three groups.

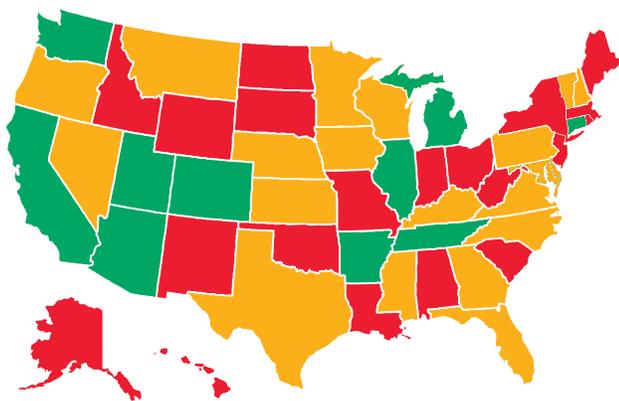
E-BIKE PROGRESS

In 2015, PeopleForBikes and BPSA mobilized manufacturers and suppliers to establish e-bike classifications that control e-bike manufacturing standards, and international regulations that control products in markets across the globe. E-bikes were defined into three classes:

- Class 1 is a pedal-assist e-bike with a top motor-assisted speed of 20 mph
- Class 2 is a throttle-assist e-bike with a top motor-assisted speed of 20 mph
- Class 3 is a pedal-assist e-bike with a top motor-assisted speed of 28 mph

The class system separated low-speed e-bikes from higher-powered vehicles and simplified the process of establishing regulations around the use of each class. When the partnership began in 2015, e-bike regulations were confusing for retailers, consumers and agencies. The goal of the partnership is to ultimately create a better retail and riding environment for e-bikes.

Now in 2018, the BPSA and PeopleForBikes led the passage of model legislation that increases access for e-bikes on streets and bike paths in ten states (Arizona, Arkansas, California, Colorado, Connecticut, Illinois, Michigan, Tennessee, Utah, and Washington), with eyes on many more in 2019.



E-BIKE REGULATIONS



The BPSA is launching a “19 in 2019” campaign to introduce e-bike laws in 19 states in the coming year: Alaska, Florida, Georgia, Idaho, Indiana, Kentucky, Maine, Maryland, Massachusetts, Missouri, New Hampshire, Oklahoma, Oregon, New York, Oklahoma, Texas, Virginia, and Wisconsin. This list was developed based on the existing e-bike law in that state, size of the market and existing opportunities with lawmakers and advocates.



eMTBs

The BPSA and PeopleForBikes continue to advocate for sensible land management policies for off-road electric mountain bike use and have seen a number of successes and new partnerships as a result. The National Park Service, U.S. Forest Service and Bureau of Land Management are reviewing their policies that define e-bikes as motorized vehicles and there are a few instances of Class 1 eMTBs being allowed on non-motorized trails.

Mammoth Mountain Ski Area in central California recently received authorization from the U.S. Forest Service to allow Class 1 eMTBs on its lift-served trails and other trails within its ski area boundary. We also entered into a contract with the Forest Service to prepare an environmental review of e-bike access on certain non-motorized trails in the Lake Tahoe Basin Management Unit. The goal is to study and potentially open e-bike access on connector trails so that the network of legal eMTB trails is larger and easier to access.

Our strategy is to educate land managers and trail advocates about eMTBs through workshops, demos and outreach, and ensure that when decisions are being made, the right information is used.

The partnership also continues to result in the development of many new resources for consumers to find eMTB rides across the country, with three new eMTB ride guides for Big Bear, Moab and Lake Tahoe; Where to Ride handouts for LA, SF, Denver and Boston; and updated data on the eMTB map with 45,000 miles of eMTB-friendly routes catalogued.

This partnership is generously funded by major e-bike and systems manufacturers, who we thank for their commitment. Read more about our work at peopleforbikes.org/e-bikes.

EDUCATION

The newest of BPSA's four cornerstone programs, the Education pillar started with over two decades of success with the Bicycle Leadership Conference and grew from there as the need for a coordinated program of education for suppliers and retailers became clear.



E-bike Training Videos

At an E-Bike Committee meeting in 2017, a need was identified to create brand-neutral training for retail staffs. Not only education about how to sell electric bikes, also inspiration to help staffers see the category through a customer's eyes.

BPSA Executive Director Ray Keener's experience creating video staff training meant a plan was quickly launched and a budget approved. The videos were shot in six Boulder bike shops in January 2018, and the Charged Up training program of 10 two-minute videos went live on March 1, 2018.

While the Charged Up series is on the Myagi training site for free viewing by shop staff, several brands incorporated it into their online training platforms. Giant and Shimano translated them into several languages. About 20% of US bike shops have had employees do the training.

Based on this success, another series of five more Charged Up videos is in production for launch in December 2018. Further amplification of the three-class system and how to present it to customers is the main focus. E-mail ray@bpsa.org to get connected to the videos on the Myagi site.

Supplier Seminar Series

In its third year at 2018 Interbike Marketweek in Reno, the Supplier Seminar Series is the first trade show program ever to educate mid-level supply staff. With BPSA as the sole sponsor and organizer, four seminars covered popular topics such as Tariffs, E-Bikes, Getting Kids Riding and Industry Statistics. The success of these seminars means a healthy future for the program.

NBDA and Barnett's Partnership

While the BPSA Charged Up e-bike training series does a great job of helping shop staff perform on the sales floor, there's also help needed behind the counter. To get the repair shop ready to build and service e-bikes, BPSA is partnering with the NBDA and Barnett Bicycle Institute to create a video series for repair shops.

Jeff Donaldson from BBI is working with the BPSA production team on the script and will be the spokesperson in the five two-minute videos. Shooting will commence in January 2019 with the videos available on Myagi and brand platforms in March 2019.

Education Committee

Chaired by Andrew Kempe of Shimano, the BPSA Education committee directs the activities of each of the programs and oversees the development of content for the Bicycle Leadership Conference. Thanks to these dedicated industry citizens for their work:

- Mike Gann, Look
- Justin Gottlieb, Interbike
- Jason McGibbon, Yakima
- Jane Pearson, CSG
- Megan Tompkins, Athena Consulting



Bicycle Leadership Conference

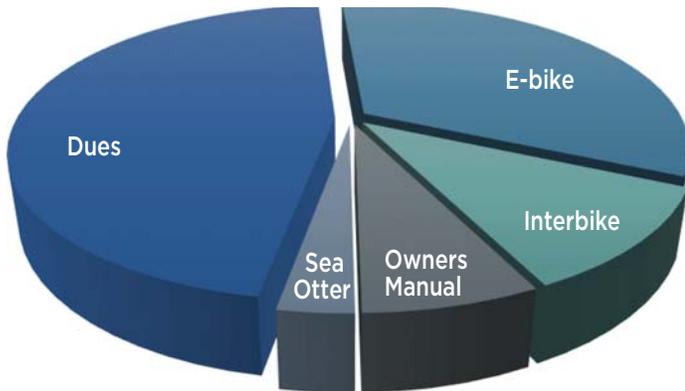
The annual mid-April Bicycle Leadership Conference, held in conjunction with the Sea Otter Classic, is the global bike industry's premier education, visioning and networking event. Owned and directed by BPSA, the BLC brings together 250 leaders from the supply, media, advocacy, association and retailer communities.

Combined with stimulating panels, a wonderful venue in the Monterey Plaza Hotel and Spa, dinners at the Monterey Bay Aquarium, and awesome 17 Mile Drive bike rides, the BLC belongs on every industry executives' schedule. BPSA Marketing Chair Pat Hus leads the 2019 content team. The event (April 10-12, 2019) will sell out for the fourth straight year, so sign up soon at bicycleconference.com!

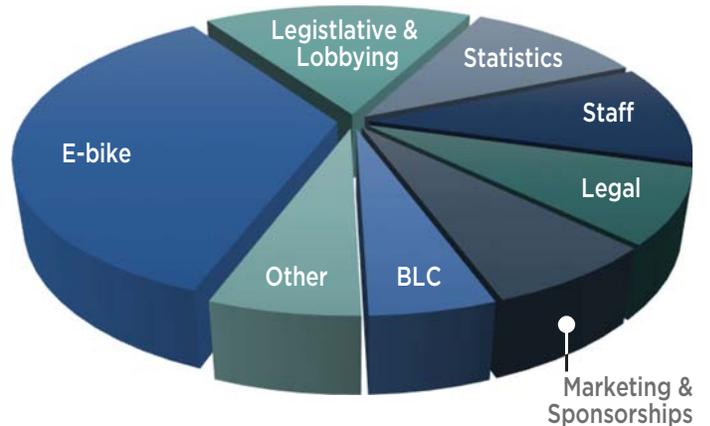
FINANCIAL REPORT

To summarize 2018: The BPSA is fiscally healthy. Our total revenue of just under \$1 million for our 2017-18 fiscal year is more than double that of four years ago. We have six months' operating expenses on hand. And, with your help, we will continue to grow our programs and solidify our position.

INCOME



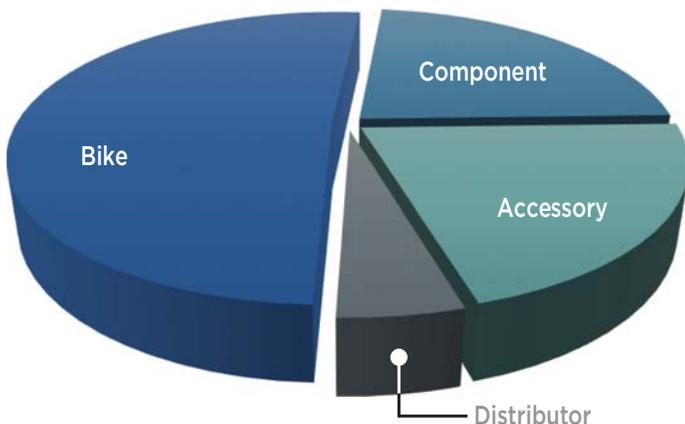
EXPENSES



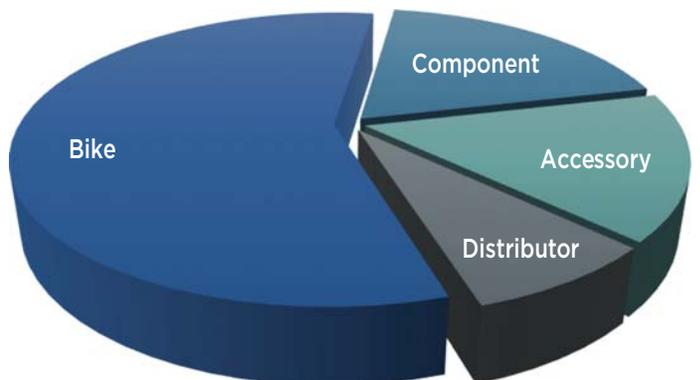
Our steady revenue increase is due to three factors: 1. Ebike programs. 2. A dues increase two years ago. 3. More Owners Manual revenue. We also benefit from Interbike's contribution in exchange for BPSA's endorsement of their events; Sea Otter funds come from licensing the rights to run the Bicycle Leadership Conference.

While e-bike expenditures are more than twice the next highest spend, 90% of those funds come from a special assessment on e-bike and drive system companies. Most of our Legislative/Lobbying dollars go toward our partnership with PeopleForBikes. Our staffing costs are the lowest of any industry non-profit.

MEMBER NUMBERS



MEMBER DOLLARS



While both the majority of members and dues dollars come from bike companies, there are more at the \$1000 dues level than at the \$15-20,000 level. Our major opportunity to grow membership is in the Accessory and Apparel side of the business. Distributor income is high because of QBP and J&B's contributions.

OFFICERS



Adam Micklin
Felt Bicycles
President



Larry Pizzi
Accell NA
Vice President



Brian Benzer
SRAM
Treasurer



Jeff Young
Niner Bicycles
Secretary

BOARD MEMBERS

Fifteen industry leaders from companies large and small comprise BPSA's volunteer Board of Directors. Board members serve two-year terms, as do the Officers and committee Chairs. Board members attend three annual in-person Board meetings and numerous conference calls. We appreciate the employers of BPSA Board members for allowing these dedicated industry citizens to serve on behalf of all our members.

Brian Benzer
SRAM LLC

Bernie Doering
Stages Cycling

Roger Gierhart
Trek Bicycle

Pat Hus
Bravo Sports

Andrew Kempe
Shimano America Corporation

Bob Margevicius
Specialized Bicycle Components

Matt Moore
Quality Bicycle Products

John Munhall
Giant Bicycle

Steve Reeds
Cannondale

Megan Tompkins
Athena Consulting

Claudia Wasco
Bosch E-bike Systems

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Advanced Sports
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Bicycle Retailer and Industry News
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BMC Switzerland
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Cervelo
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Coros Wearables, Inc
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Cycling Sports Group, Inc.
Darfon America Corp.
Detroit Bikes
DT Swiss
Duro Tire
Feedback Sports
Felt Racing
Focus Bicycles/Kalkoff Electric Bikes
Frog Bikes Inc.
Full Speed Ahead
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Gates Carbon Drive
Giant
Hans Johnsen
Haro Bicycles
Huffy
INNO Car Racks
Interbike Emerald Expo
Islabikes
J&B Importers
Jones Bikes
Kenda USA
Kent International
KHS Inc.
Kona USA Inc.
Magura USA
Mirrycle Corp
Montague Corporation
Niner Bikes
Nite Ize
Norco
NPD Group
Odyssey (Bear Corp.)
OHM Cycles Ltd.
Orbea USA
Ortlieb USA
Osprey Packs
Outdoor Gear Canada
Outdoor Industry Association
Park Tool Company
Parlee Cycles, Inc.
Pedego
Pioneer USA
Primal Wear
Priority Bicycles
Professional Bicycle Mechanics Association
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Propain Bicycles GmbH
Pure Cycles
Quality Bicycle Products
REI
Scott Sports SA
Shimano American Corporation
SKS USA
Specialized Bicycle Components
SRAM, LLC
Sta Tru Wheels
Stages Cycling
Stan's No Tubes
Tern Bicycles
The Bike Cooperative
Trek Bicycle
TRP
Underground Bike Works
Vista Action Sports
Wahoo Fitness
We Make Things
Workman
Yakima Products
Yamaha Motor Corporation
Yuba Bicycles

PROTECTING YOUR INTERESTS

Looking out for your interests on a variety of legal and legislative fronts, from Washington, DC to state capitols

"Currently, our working group is focusing on tariff issues for bicycles, components, helmets, accessories and e-bikes"

Matt Moore

*Quality Bicycle Products
BPSA Legal/Legislative chair*

Through the Bicycle Leadership Conference, the BPSA has been involved in Education for over two decades

"New video training content includes an extension of the successful Charged Up series and a partnership with NBDA and Barnett's to help repair shops gear up for e-bikes"

Andrew Kempe

*Shimano America Corporation
BPSA Education chair*

The E-Bike Committee works to modernize laws which regulate the use of e-bikes across the U.S.

"I am proud of the work the committee has done to date and very pleased that we have been successful at bringing the bicycle industry together to speak with a unified 'electric bicycle' voice"

Larry Pizzi

*Accell NA
BPSA E-Bike chair*

The BPSA has always taken the lead in tracking sales and inventory levels for the IBD channel

"This data from NPD Group is the best we've ever had to look back and to look forward, no other global cycling market has this quality of information"

Bernie Doering

*Stages Cycling
BPSA Statistics chair*

The BPSA Owners Manual shows how working together can save money and create an umbrella of protection

"The newest version of the Owners Manual is thoroughly peer-reviewed and covers both Adult and Juvenile bicycles"

Bob Margevicius

*Specialized Bicycle Components
BPSA Safety chair*

JOIN THE BPSA

The BPSA has earned the financial support of the industry's leading companies through effective action. To continue the important work that benefits us all, we need a broad-based membership of large companies and small, established firms and new ones as well.

The BPSA is your trade association. We are a stronger industry when we all pull together with common goals and broad-based programs. The cost is reasonable and the benefits are impressive. Please join us!

To become a member of the BPSA, e-mail Ray Keener or join us directly at bpsa.org. Dues are based on North American sales volume:

Under	\$1.5 million:	\$1,000
\$1.5	~ \$5 million:	\$2,750
\$5	~ \$10 million:	\$4,500
\$10	~ \$50 million:	\$7,000
\$50	~ \$100 million:	\$12,000
\$100	~ \$500 million:	\$15,000
Over	\$500 million:	\$20,000



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