

Rad Power Bikes raises \$150 million to grow its electric bike empire

Rad Power Bikes just announced a \$150 million investment to expand its retail footprint and improve its maintenance and repair services. It's one of the largest investments in an e-bike company to date and reflects the growing demand for electric-powered transportation.

Investors in this round include Morgan Stanley's mutual fund, Counterpoint Global; Fidelity Management and Research Company; The Rise Fund, the global impact investing platform managed by TPG; and funds and accounts advised by T. Rowe Price Associates, as well as existing investors like Durable Capital Partners LP and Vulcan Capital.

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"I think overall it's a really exciting moment for the direct-to-consumer e-bike space and for e-bikes just in general," Rad Power Bikes CEO Mike Radenbaugh told *The Verge* in a recent interview. "This amount of fundraising is normally reserved for – how should I say this – less cash-efficient businesses, like bike-share for example, and this amount of funding really allows us to invest in doubling down on serious infrastructure, both supply chain and after-sales support and services."

Rad Power Bikes plans on doubling its 325-person workforce by next year, Radenbaugh said, with a heavy focus on research and development. It will also allow the company to accelerate the expansion of its retail and service network, which is already

slated to cover 75 percent of US customers by the end of 2021.

Rad Power Bikes is the largest e-bike maker in the US, offering 11 different models, from the fat-tire Rad Rover to the new, slimmer RadMission. Radenbaugh founded the company in 2015, after several years of selling his custom-made e-bikes to customers on the West Coast.

Venture capital firms have been pouring money into electric bike and scooter companies over the past few years. But while investor interest in shared scooter companies in particular appears to have cooled off in recent months, e-bike makers continue to attract a lot of attention, especially as sales numbers spiked during the pandemic.

Bikes, both traditional and electrified, have been enormously popular over the past 12 months. A staggering \$4.1 billion worth of bikes (excluding e-bikes) were sold in the US between January and October 2020, a 62-percent increase over the same period in 2019, according to the NPD Group, which tracks retail trends. E-bikes showed even more momentum, with \$490.8 million in US sales for a 144 percent increase year over year.

Consulting firm Deloitte estimated in a report last year that the number of e-bikes in circulation worldwide should reach 300 million by 2023 – a 50-percent increase over 2019's 200 million.

Investors see a clear opportunity in continuing to fuel that growth. Rad Power Bikes closed on a \$25 million deal last February, while Dutch e-bike brand VanMoof landed \$40 million in September. European VCs poured \$165 million into e-bikes in 2019 and 2020, more than the previous four years combined, according to data from PitchBook.

Radenbaugh hinted the added capital will help grow Rad Power Bikes beyond the world of two-wheeled transportation. "We've got our sights set on something much bigger than an e-bike brand and that's what these investors saw as they started to

dig deeper into Rad,” he said.

<https://www.theverge.com/2021/2/4/22266143/rad-power-bikes-investment-electric-ebike>