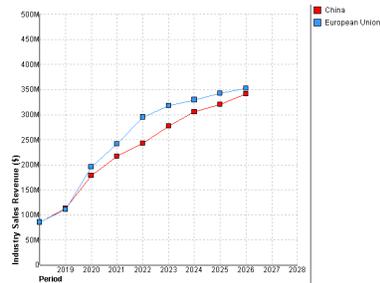


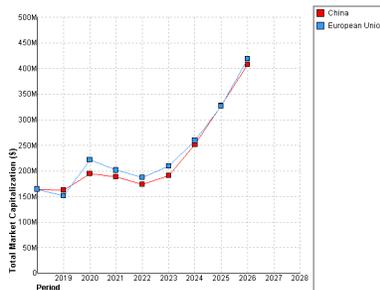
# Penultimate perturbations

Looking at the comments from the industry analysts, so much has changed since the new management teams took over their firms. Most notably, with two exceptions, every firm is rated as BUY or HOLD; one firm is rated as SELL (and it's not who you might think), and one firm is bankrupt. That's a huge change from those early days when most of the firms were rated as SELL or even DUMP.

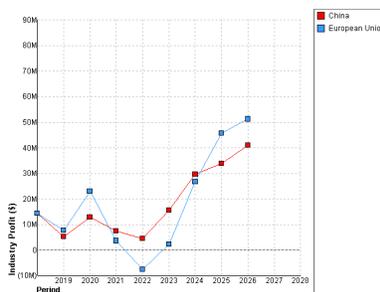
There have been other levelling effects too. First, the sales revenue for both regions is converging, with total sales of around \$350m



As a result the actual worth of each of the regions (the total capitalization of firms in each region) is pretty much the same. Unlike sales revenue, that has steadily tracked upwards, the capitalization journey (the thing that really underpins everyone's SHV) has had a more erratic path.



The consequences of this (well more like the cause) has been the wild swings in the profitability of each of the regions (and that of the firms in each region). It's interesting to me how the 'micro-level' effects have propagated upwards into industry capitalizations that are so close.

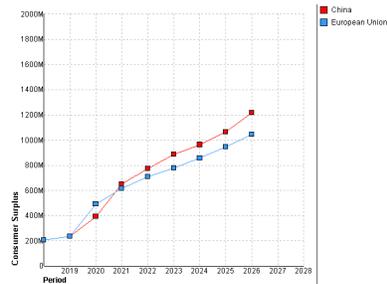


In detail the profit looks like this:

Firm	Profit	Revenue	Margin
Sugma	\$21,153,606	\$91,865,531	23%
Jack It Up	\$12,794,859	\$64,476,051	20%
PeakPerformanceBros	\$16,150,355	\$91,125,913	18%
Rackk City Bikes	\$14,539,566	\$91,547,179	16%
Wheelin N Dealin	\$7,705,237	\$62,690,473	12%
Sigma	\$8,200,852	\$72,815,690	11%
PsiclePath	\$4,825,685	\$46,409,799	10%

Pedal	\$2,341,528	\$23,407,272	10%
E.N.T.E.R.T.A.I.N	\$4,786,178	\$59,098,893	8%
RHO Inc.	\$1,866,719	\$45,381,076	4%
Munchy Bikes	\$604,316	\$35,620,824	2%
Wheelie Cool Bikes	-\$2,652,228	\$9,026,915	-29%

That said, there is a material difference in the consumer surplus of China and the EU. This strongly suggests that China has a more opportunities for growth than the EU. But can they take advantage of that ... the trends would suggest not, but a lot can happen in a MikesBikes year.



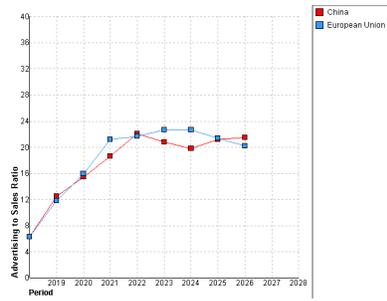
This is particularly evidence when I look at the change in SHV of each of the firms. When I look at how much change is possible—especially vis-a-vis Rackk City Bikes—the top position is not a forgone conclusion.

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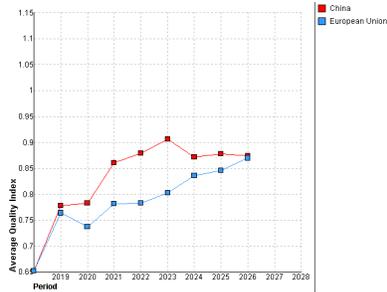
Firm	Change In SHV
Wheelin N Dealin	97%
Rackk City Bikes	71%
Pedal	48%
Sugma	33%
Jack It Up	27%
E.N.T.E.R.T.A.I.N	25%
PsiclePath	19%
RHO Inc.	19%
PeakPerformanceBros	16%
Sigma	13%
Munchy Bikes	-13%
Wheelie Cool Bikes	-98%

We'll see more about the SHVs when we get to the leaderboard.

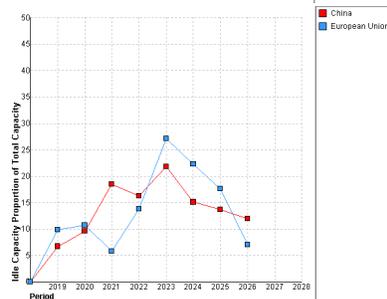
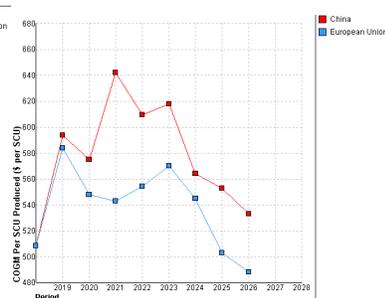
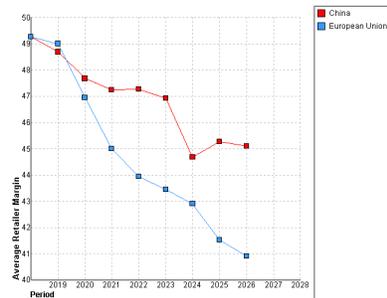
Another area where there is convergence is around advertising. With an average of about 22%, the regions have not succumbed to advertising wars (which are often ruinous).



Likewise, overall, quality seems to be much more regulated.



But there are differences between the regions. Retailer margins and COGs per SCU remain quite different between the regions, as does Idle Capacity (but not as much).



Another area of difference is Lost Sales. In China only **E.N.T.E.R.A.I.N** had lost sales. In the EU, the story is quite different with **Munchy Bikes**, **PeakPerformanceBros** and **Jack It Up** all having material lost sales (over \$1m).

Most firms have their production under control, with typically 2-4 weeks of stock on the shelves.

And so to the big board.

Firm	SHV	Profit	Revenue	Capacity	Shares	EPS	Capitalization	TotalSHV	EVA	Cash	Owner
Sugma	\$137.22	\$21,153,606	\$91,865,531	82,873	2,000,000	\$10.58	\$232,560,988	\$274,443,962	\$16,318,585	\$25,625,910	
Rackk City Bikes	\$82.34	\$14,539,566	\$91,547,179	63,869	1,648,508	\$8.82	\$128,773,631	\$135,966,492	\$13,817,870	\$20,975,744	
PsiclePath	\$60.86	\$4,825,685	\$46,409,799	56,081	2,000,000	\$2.41	\$107,804,602	\$121,715,759	\$12,842,415	\$10,782,224	
Jack It Up	\$53.72	\$12,794,859	\$64,476,051	43,193	2,000,000	\$6.40	\$88,207,208	\$107,437,919	\$10,523,296	\$38,916,944	

PeakPerformanceBros	\$48.57	\$16,150,355	\$91,125,913	72,869	2,000,000	\$8.08	\$83,804,200	\$97,147,201	\$12,921,513	\$56,133,051	PsiclePath
Sigma	\$39.33	\$8,200,852	\$72,815,690	68,912	1,968,255	\$4.17	\$74,142,977	\$77,415,753	\$4,258,306	\$32,620,662	
E.N.T.E.R.T.A.I.N	\$28.35	\$4,786,178	\$59,098,893	58,792	2,000,000	\$2.39	\$51,564,732	\$56,696,933	\$3,099,549	\$20,155,168	Sugma
Wheelin N Dealin	\$21.48	\$7,705,237	\$62,690,473	65,664	1,696,614	\$4.54	\$36,069,444	\$36,463,236	\$6,512,873	\$15,992,690	
RHO Inc.	\$7.32	\$1,866,719	\$45,381,076	46,499	2,000,000	\$0.93	\$13,368,378	\$14,630,222	\$725,930	\$11,931,505	Sigma
Munchy Bikes	\$3.40	\$604,316	\$35,620,824	39,184	2,400,000	\$0.25	\$6,312,065	\$7,849,369	-\$213,252	\$9,589,013	Rackk City Bikes
Pedal	\$1.90	\$2,341,528	\$23,407,272	30,453	2,000,000	\$1.17	\$3,790,648	\$3,790,648	\$1,902,284	\$7,626,520	Rackk City Bikes
Wheelie Cool Bikes	\$0.01	-\$2,652,228	\$9,026,915	15,309	2,800,000	-\$0.95	\$28,000	\$28,000	-\$13,762,074	\$1,531,674	

Oh, in case you didn't know, after the next rollover, the results won't be available until after my report.