CHAMPION CYCLES

BUSINESS STRATEGY REPORT

2018 – 2023

Who are **WE?**


Kimberly Falleiro
CEO


Yi Zhu
CFO


Jinyuan Li
Research & Development Manager


Anqi Liu
Operations Manager


Peiqi Zheng
Human Resources Manager


Yunyoung Kim
Marketing Manager

How are we **performing?**

Achievements in consistently rising SHU at $45.97

Highest Market Share in North America by 2023:

- Adventure 21.8%
- Commuters 19.8%
- Kids 25.2%
- Leisure 27%

Highest Retail sales in North America by 2023

$119,513,715

Executive Summary

Mission Statment

We at Champion Cycles aim to provide the best quality bicycle that encourages consumers to take a leap into improving their quality of life!

Value

At Champion Cycles we are continously improving as our company grows to ensure quality and reliabilty for our bicycles. We are commited to our customers, employees, suppliers and our shareholders, by which we hold ourselves honest and truthful.
We aim to build strong and lasting relationships with our consumers and suppliers, by ensuring their needs are met and loyalty is earned. We provide constant training and develop our employees building trust and empowering them.

Executive Summary

This report will provide an in-depth analysis of Champion Cycles' performance within the North American market. Showing promising and steady growth, we have established ourselves in all five segments (Adventure, Commuters, Leisure, Kids and Racer) and progressing with a stronger market share. Adopting a continuous improvement approach, we aim to improve and maintain quality and price of our products all while innovating our cycles. With our SHV moving upwards, our goal is to improve profitability and build capital so we can compete with the strong competitors in our market and capture more of the market as we continually grow.

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Financial Reports

Champion Cycles saw steady increase in SHV with 235% cumulative improvement.

Figure 1. SHV movement

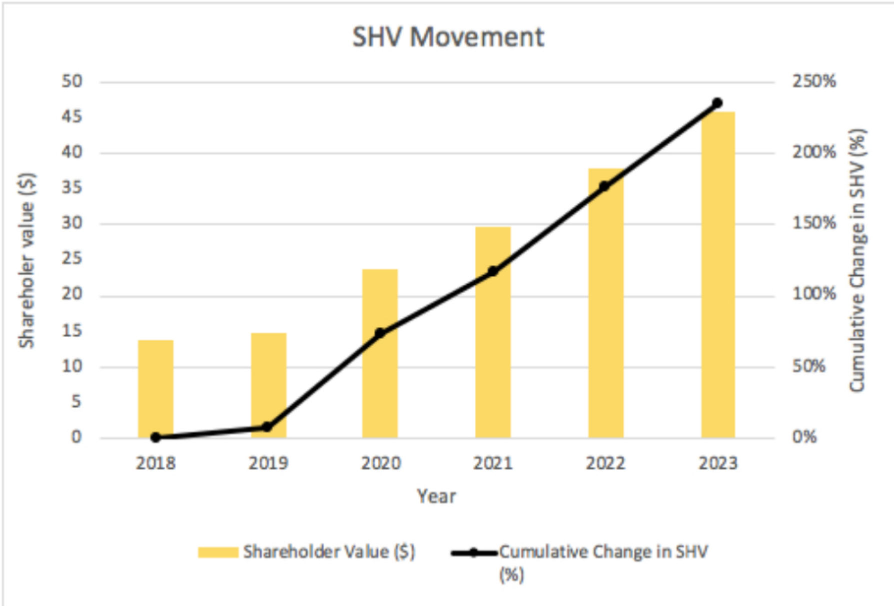
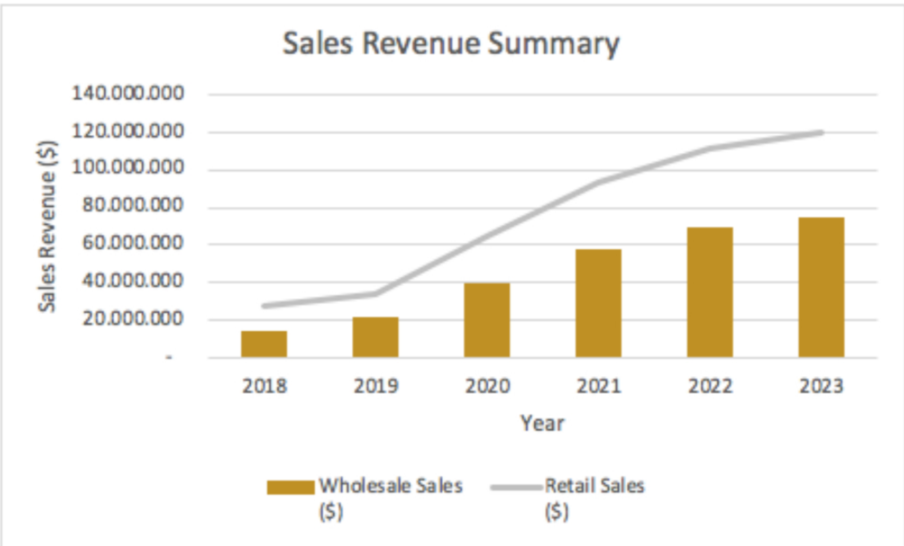


Figure 2. Sales Revenue Summary



Our retail sales grew gradually with a 36% CAGR (Compound Annual Growth Rate). Due to good control over distributors, our wholesale revenue also jumped.

Financial Reports

Figure 3. Revenue and Profitability

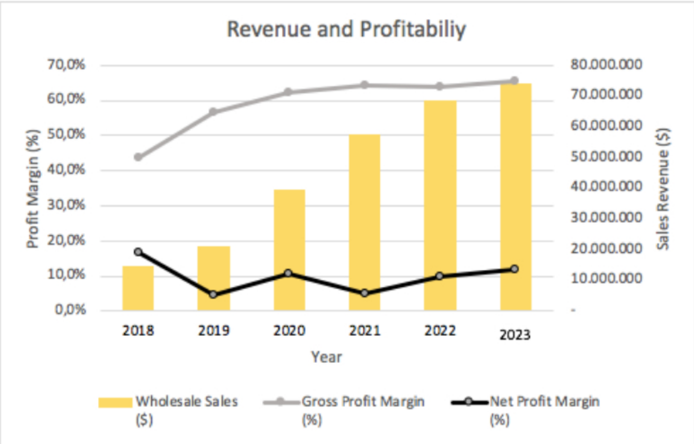
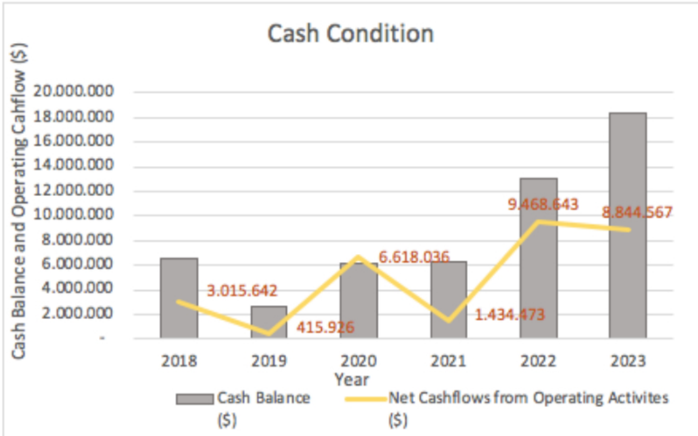


Figure 4. Cash Condition



Champion Cycles' Gross Profit Margin ('GPM') remained above 60% from 2020 to 2023. Our Net Profit Margin ('NPM') experinced fluctations due to fierce market competition. In addition, we are always paying attention to cash management and positive net operating cashflows were seen over the period.

Figure 5. Investor Relation

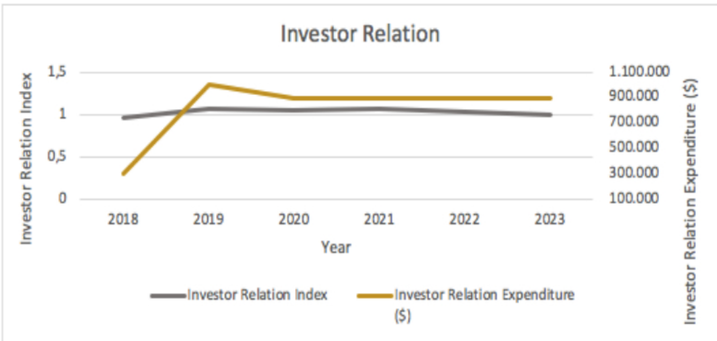
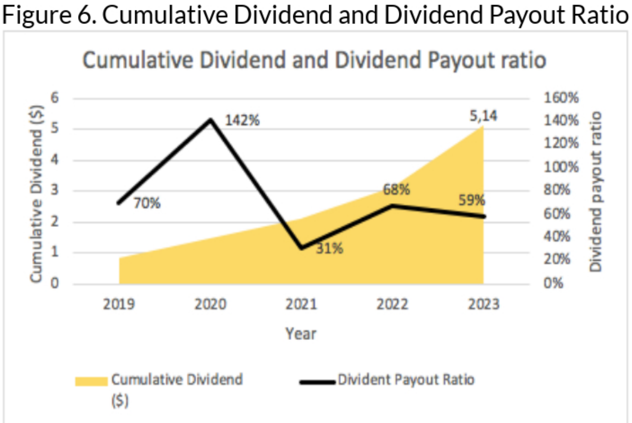


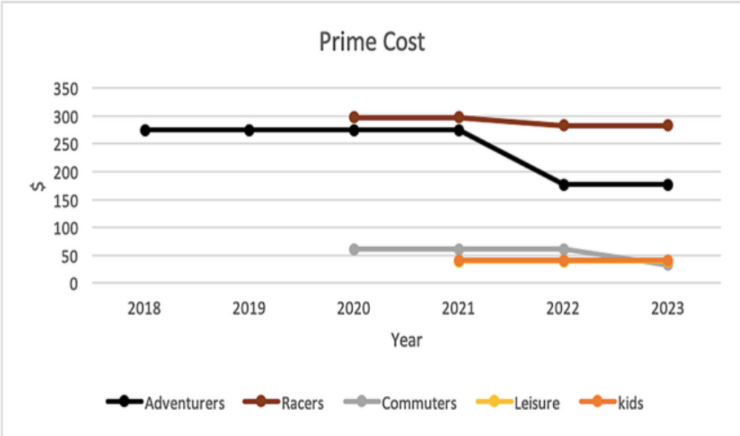
Figure 6. Cumulative Dividend and Dividend Payout Ratio



Total dividends of $5.14/ share has been dispatached to our shareholders. In addition, we also invest significant in our investor relation and investor PR Index maintained above 1 except for 2018.

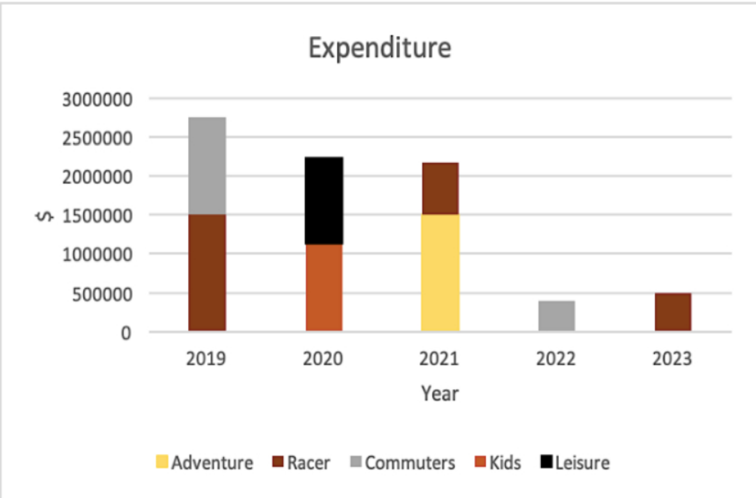
Research & Development Reports

Figure 7. Prime Cost



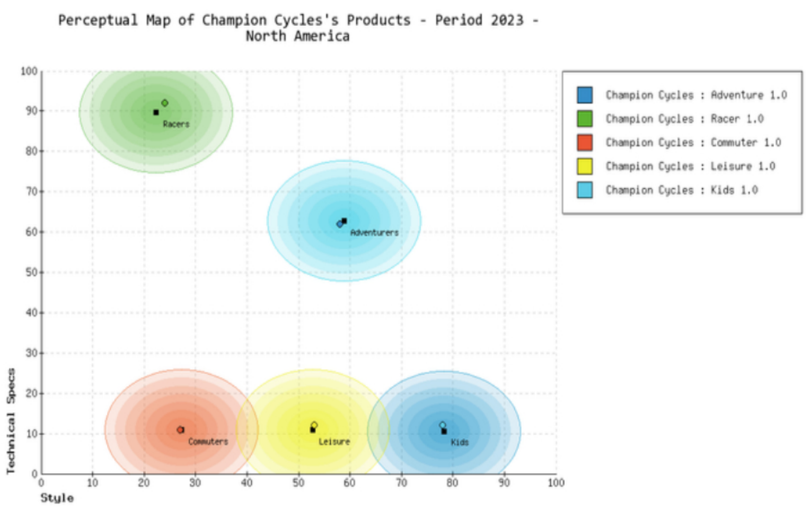
This graph shows the Prime Cost of different style of bikes between 2018 and 2023. Our aim is to reduce each prime cost of products to help to achieve maxmium profit.

Figure 8. Expenditure



The bar chart shows the expenditure on different style of bikes from 2019 to 2023.

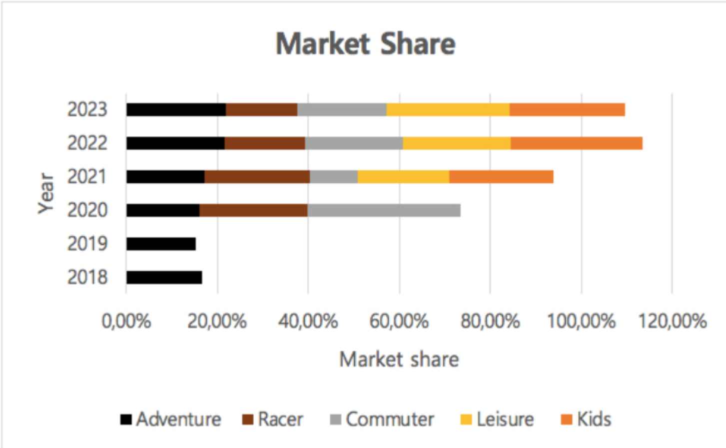
Figure 9. Perceptual Map



Overall, the figure above shows the design of the product to match the current product specification in 2023.

Marketing Reports

Figure 10. Market Share



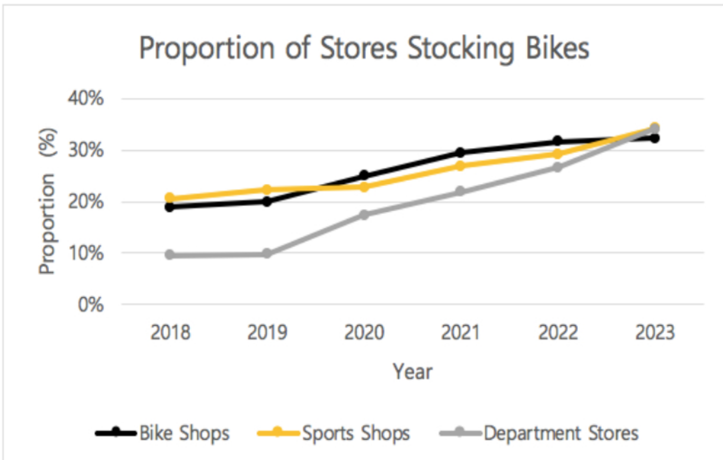
Our market share shows promising growth in all market segments

Figure 11. Retail Price Strategy

	2023	2022	2021	2020	2019	2018
Adventure	2000	2000	1950	1950	1850	1600
Racer	4400	4400	4350	4250		
Commuter	329	329	330	340		
Leisure	429	430	420			
Kids	321	325	325			

Competitive pricing strategies to capture the price sensitive market segments resulting in improved retail sales

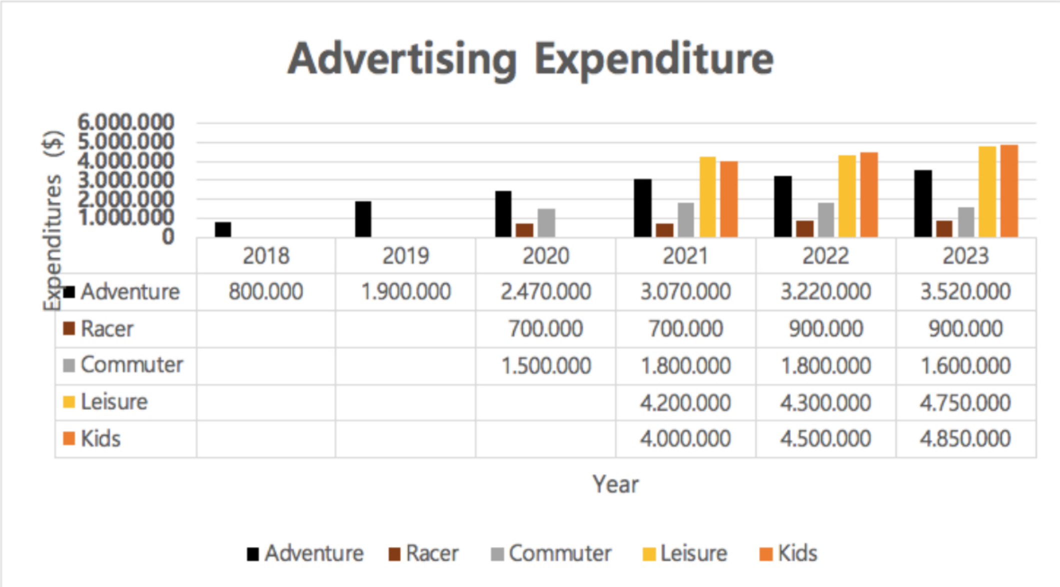
Figure 12. Distribution Stores



Enhanced supplier relations and profit margins have improved our cycles store representation

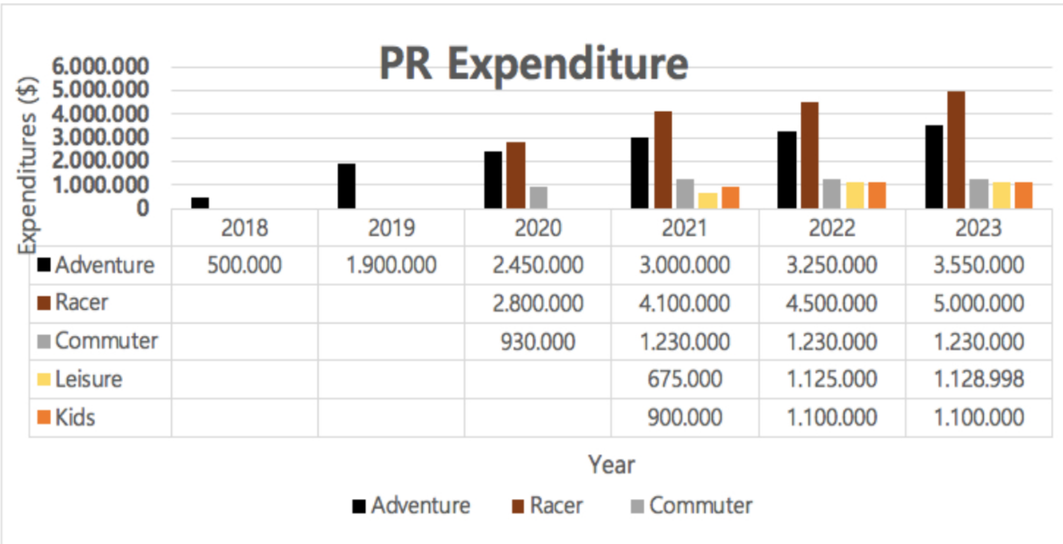
Marketing Reports

Figure 13. Advertising Expenditure



As the North American market is becoming more competitive, expenditure on advertising and PR has increased to compete with in order to dominate the market

Figure 14. PR Expenditure



Operations Reports

Figure 15. Manufacturing Capacity

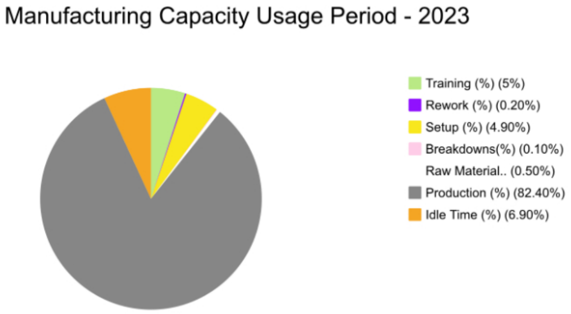
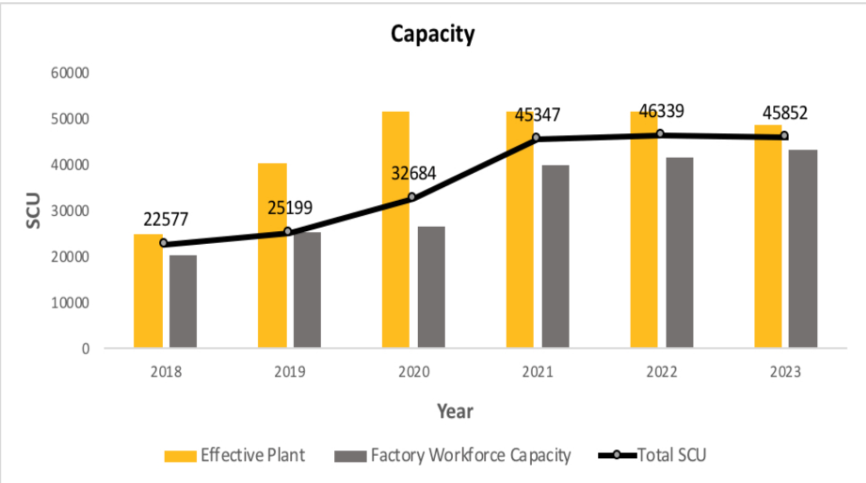
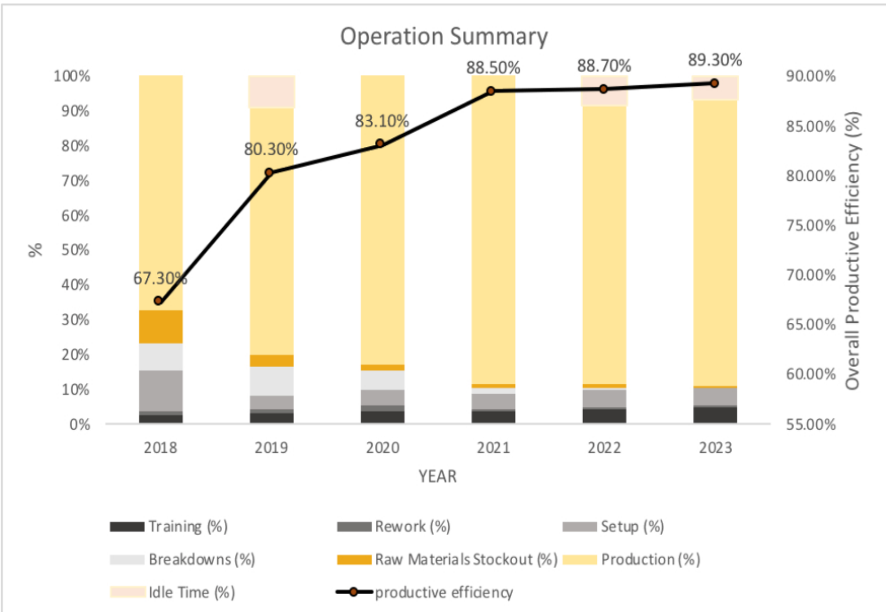


Figure 16. Manufacturing Capacity



As seen on the chart, Total SCU increases as our production capacity expands. As productivity becomes more efficient we have reduce plant in 2022.

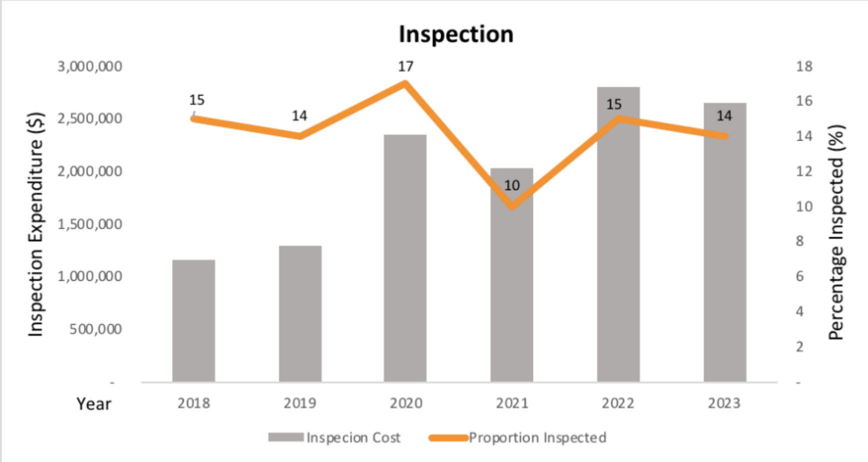
Figure 17. Operation Summary



Production Efficiency has seen constant rise throughout 6 years. With idle time in recent years due to the more motivated and efficient workforce .

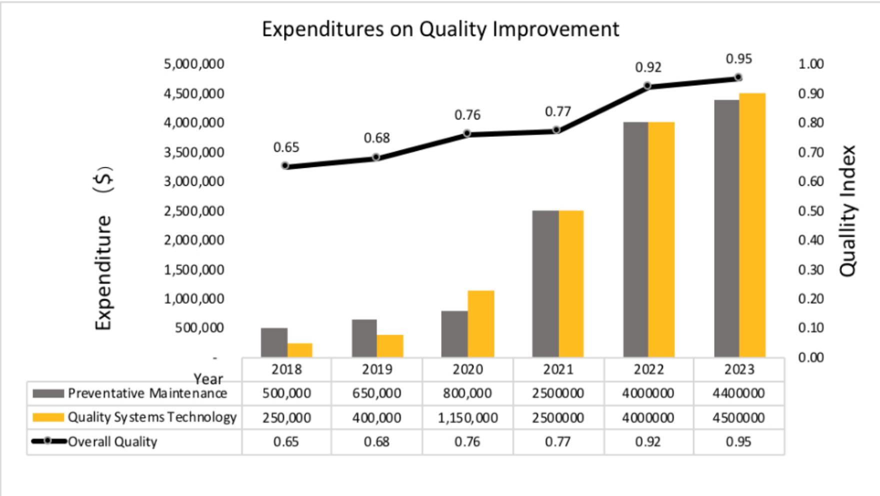
Operations Reports

Figure 18. Inspection



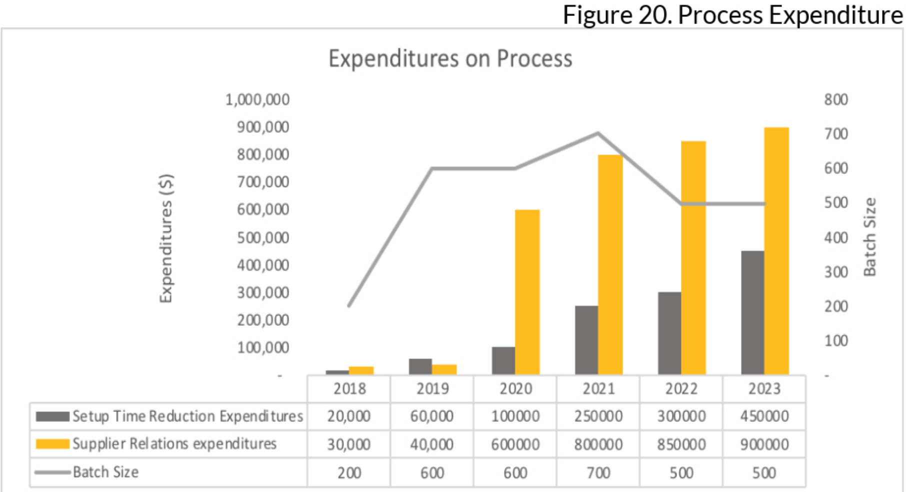
Seen on the graph, the percentage units inspected has fluctuated to improve quality.

Figure 19. Quality Expenditure



Overall quality index for all the segments has gradually increased from 2018 to 2023 Alongside an increase in expenditure on quality systems and maintenance.

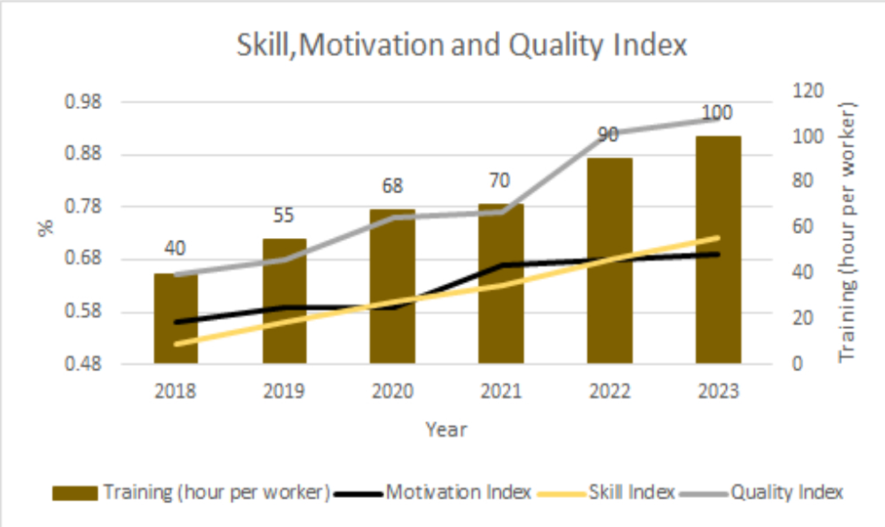
Figure 20. Process Expenditure



From the graph, supplier relations and setup time reduction expenditures were increased over the years. The batch size first rises and then decreases after 3 years as a higher batch size led to poor delivery performance.

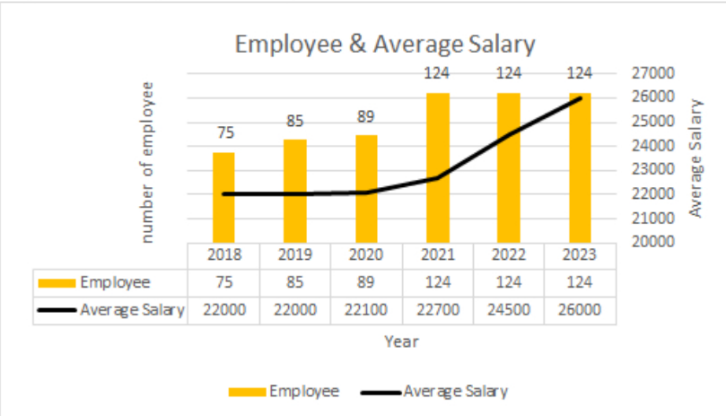
Human Resources Reports

Figure 21. Skill, Motivation and Quality System



The percentage of motivation index and quality index has increased over 6 years.

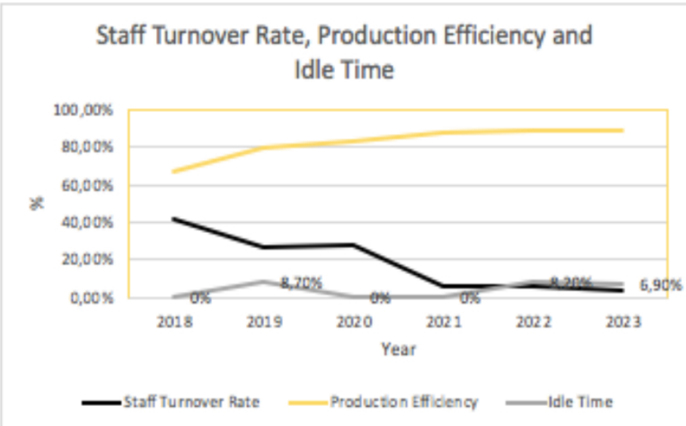
Figure 22. Employee Salary



	2018	2019	2020	2021	2022	2023
Employee	75	85	89	124	124	124
Average Salary	22000	22000	22100	22700	24500	26000

As we hire more employees, we ensure an increment in our salaries to improve their motivation index

Figure 23. Turnover, Production Efficiency and Idle Time



Our staff turnover rate gradually decreases, we ensure our staff turnover is under 10%. Our employees are more skilled and our capacity to produce cycles has decreased with competition creating idle time.

What are Champion Cycles'

Future Plans?

Departmental Breakup:

Financial

- Optimise Capital Structure by repaying outstanding long-term debt and continually payout dividends.
- We will continue to build our shareholders confidence by maximising market capitalisation to increase our return to shareholders

Research and Development

- Focus on improving Racer bikes
- Continually improve prime costs and product specifications

Operations

- Maintain Quality levels
- Improve Capital Efficiency between Plant and Workforce

Human Resources

- Further improve idle time
- Increase Employee motivation and maintain lower staff turnover

Marketing

- Establish our presence in all market segments and continue to compete in building awareness
- Maintain market lead

Thank you! Let's talk and discuss any concerns!