

## ***A New Ice Age?***

I'll spend \$3 at the 7-11 for a bag of ice, and drop it in a cooler. I really like ice.

I know the ice will eventually melt, but it will keep my drinks cold for a few hours, and that's worth something to me.

In other words, melting ice cubes are worth something to me.

These companies that make the ice – and they've mostly been around for awhile – have access to water, and have hired people and purchased machines to turn that water into ice. They're pretty good at it.

They then sell ice to me at the price I will pay for it. This price is more than it costs them to produce and deliver it, and they make money.

Some newer companies have access to really cheap water, and they want to make ice too.

They want to make purer ice, ice that doesn't melt as quickly; but they want it to cool my drinks as well as the traditional ice does.

They want to displace the current ice makers.

Today, it costs these new-age producers a lot more to make ice than it costs the traditional vendors, and they sell it for \$12 a bag. I won't buy any ice from them.

And, at least today, they don't even make money selling it at \$12 a bag. They actually lose money. But many folks see a bright future for them, and keep providing the cheap water while these new-age vendors figure things out.

Meanwhile the traditional ice vendors are using their own profits from their traditional ice sales to also make the purer ice, the ice that doesn't melt as quickly. Technologically, at least in one aspect of ice production, they are further behind the new-age vendors. But, even after paying all their employees and producing profits for their owners, they have a great deal leftover. Over the next few years, they will spend *more* than the new-age vendors in R&D and CAPEX to build out their new-age ice producing capabilities. Much more.

And in other aspects, potentially more important ones, the traditional ice vendors are already years ahead. Not only have they become expert at mass production of ice, they make some pretty good drinks too. And they've built a worldwide distribution network that sells literally millions of their ice-cold drinks.



*A Yeti 110 Iced Down with Silver Bullets*

And people like to drop their ice in different types of drinks. Drinks that suit all tastes, like these:



In 2019, people bought about 75 million cars and light trucks around the world, with nearly 17 million of them in the USA. Of those, about 0.3 million were electric cars (including plug-in hybrids).

The rest, a vast, vast majority, were 100% ICEs.

In other words, battery-powered cars today are a rounding error.

Sure, the internal combustion engine's days are numbered. Whether it is 2035, or sometime sooner or later, the ice is probably going to melt, but we're still going to have drinks<sup>1</sup>. And someone is going to have to keep them cool.

So instead of it being a new ice age for the traditional vendors, is it possible they might actually end up being the ones selling most of the new-age ice?

Is it that far-fetched to consider? Is it as far-fetched as this table suggests?

	Price	USD Cap	Estimated Net Industrial Cash (Debt)	Enterprise Value	2022 Sales	2022 EV/Sales
Tesla	\$ 959.74	\$ 169,874	\$ 5,433	\$ 164,441	\$ 38,525	4.27x
Volkswagen	€ 133.32	\$ 74,980	\$ 17,726	\$ 57,254	\$ 267,538	0.21x
Daimler	€ 35.01	\$ 42,019	\$ 5,610	\$ 36,410	\$ 182,027	0.20x
BMW	€ 55.77	\$ 41,176	\$ 15,232	\$ 25,944	\$ 112,181	0.23x
GM	\$ 24.46	\$ 35,198	\$ (3,100)	\$ 38,298	\$ 129,009	0.30x
Ford	\$ 5.91	\$ 23,664	\$ 1,300	\$ 22,364	\$ 136,855	0.16x
Fiat Chrysler	€ 8.64	\$ 15,218	\$ (4,370)	\$ 19,588	\$ 109,856	0.18x
Peugeot	€ 13.85	\$ 14,632	\$ 6,289	\$ 8,343	\$ 76,794	0.11x
Renault	€ 20.97	\$ 6,435	\$ (1,981)	\$ 8,417	\$ 55,194	0.15x
<b>Tesla</b>		<b>\$ 169,874</b>	<b>Tesla</b>	<b>\$ 164,441</b>	<b>\$ 38,525</b>	<b>4.27x</b>
All Others		\$ 31,665	All Others	\$ 27,077	\$ 133,682	0.19x
Comparisons			Market Caps	Enterprise Values		
Tesla			\$ 169,874	\$ 164,441		
Volkswagen, Daimler, & BMW			\$ 158,176	\$ 119,608		
Volkswagen, Daimler, & GM			\$ 152,198	\$ 131,962		
(GM, Ford, & Fiat Chrysler) x 2			\$ 148,160	\$ 160,499		
BMW, GM, Ford, FCA, Peugeot & Renault			\$ 136,324	\$ 122,953		

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<sup>1</sup> Some folks believe we won't even have drinks, a notion we think is preposterous.  
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