

# REQ

Investing with Insight



### **REQ Group Structure**

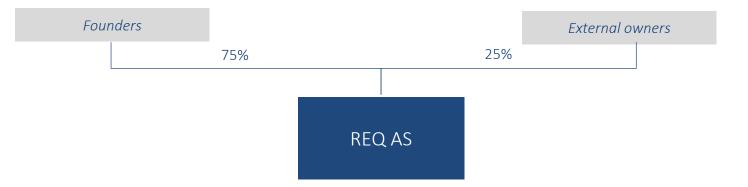
Company structure

- REQ Capital: Boutique asset management firm
- Based in Oslo and Stockholm



- Structure: UCITS Long Only
- Single strategy: Listed Acquisition-driven Compounders
- Two funds, one strategy:

REQ Global Compounders
REQ Nordic Compounders



Signatory of:





### **REQ Capital**

#### The Team



#### Nina Hammerstad

More than 20 years of experience from the financial and real estate industry, including Global Head of Real Estate Asset Management in NBIM



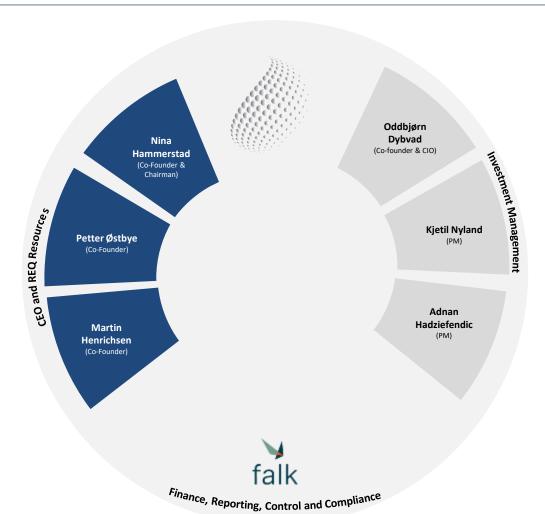
#### Petter Østbye

More than 10 years of experience from the financial industry and has extensive experience within capital raising and analysis.



#### Martin Henrichsen

More than 20 years of professional leadership experience in various roles from asset management and the financial industry.





#### Oddbjørn Dybvad

More than 13 years as portfolio manager managing a global equity fund. Prior to becoming a portfolio manager, he worked as an equity analyst and a fund analyst.



#### Kjetil Nyland

More than 10 years of experience within the financial industry, both as an equity portfolio manager and as an equity and credit analyst on the buy-side. Previously managed the Borea Global Equities fund.



#### Adnan Hadziefendic

Over 10 years of experience within the financial industry as an analyst at Danske Bank and Swedbank. Author of Sweden's most extensive study on Acquisition-driven compounders, engaging with over 100 companies' Executives and Directors.



### **REQ Global Compounders**

Studying and investing in current and future "Superinvestors"

#### Total shareholder return:

Addtech: 190 bagger - a 25% CAGR since IPO in 2001.

Lagercrantz: 100 bagger - 22% CAGR since IPO in 2001.

Indutrade: 55 bagger – 23% CAGR since IPO in 2005.

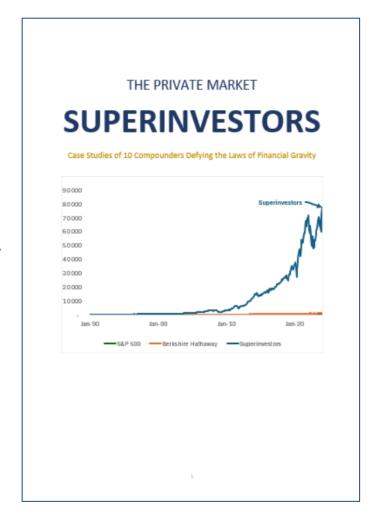
Lifco: 14 bagger – 31% CAGR since IPO in 2014.

Constellation: 370 bagger- 36% CAGR since IPO in 2006.

Ametek: 160 bagger - 16% CAGR since 1990.

Heico: 990 bagger - 22% CAGR since 1990.

Judges: 100 bagger - 22% CAGR since IPO 2003.



# The Superinvestors of Graham-and-Doddsville

By Warren E. Buffett

"Superinvestor" Warren E. Buffett, who got an A+ from Ben Graham at Columbia in 1951, never stopped making the grade. He made his fortune using the principles of Graham & Dodd's Security Analysis. Here, in celebration of the fiftieth anniversary of that classic text, he tracks the records of investors who stick to the "value approach" and have gotten rich going by the book.



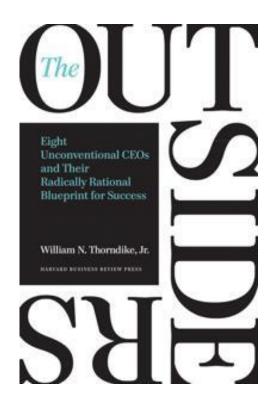
Compounding = f(Reinvestment rate, ROIC, duration)

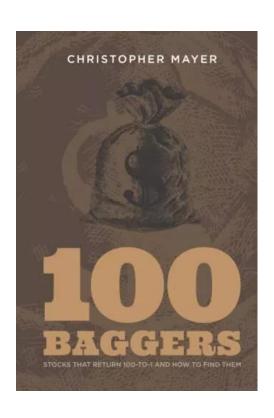
90%
20%
20 years

20 x return



# **Background for studying Superinvestors**

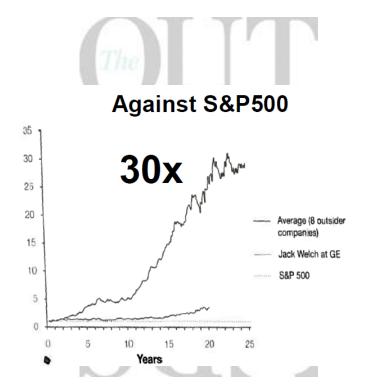






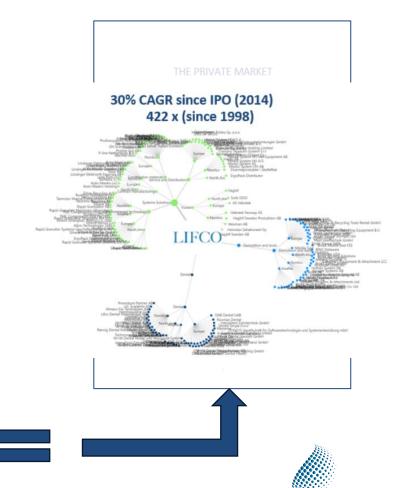


### Takeaway









REQ CAPITAL INVESTING WITH INSIGHT





### The "model" of High performing acquisition-driven compounders

A flywheel of compounding

### Strong cash flow

Permanent homes & ownership

• "Cash cultures": Acquire with cash

 Management: Capital allocation mindset Asset light, working capital focus "Business systems" Decentralized organizations Reporting & autonomy & incentives

### **Private market acquisitions**

- From founders & families
- Often "off market" transactions
- Highly attractive multiples (5-7x)



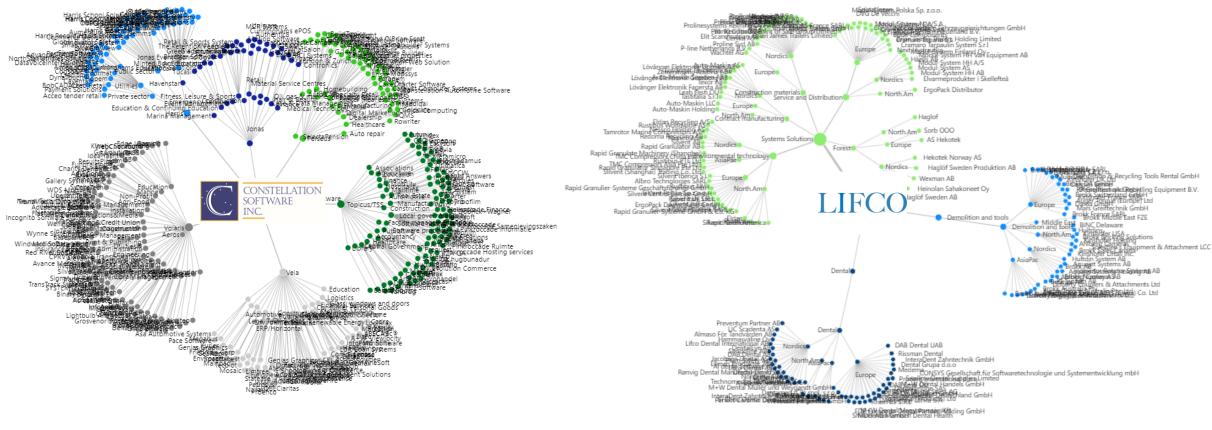
### Offers us the best of two worlds





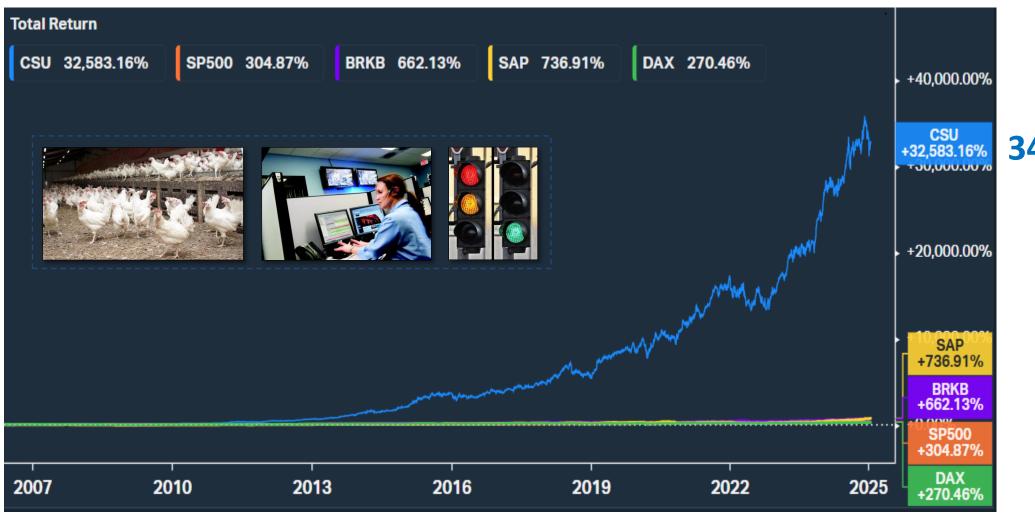
# Creating Great risk-mitigating characteristics

Constellation Software and Lifco





### Constellation Software since IPO in 2006



**34% CAGR** 



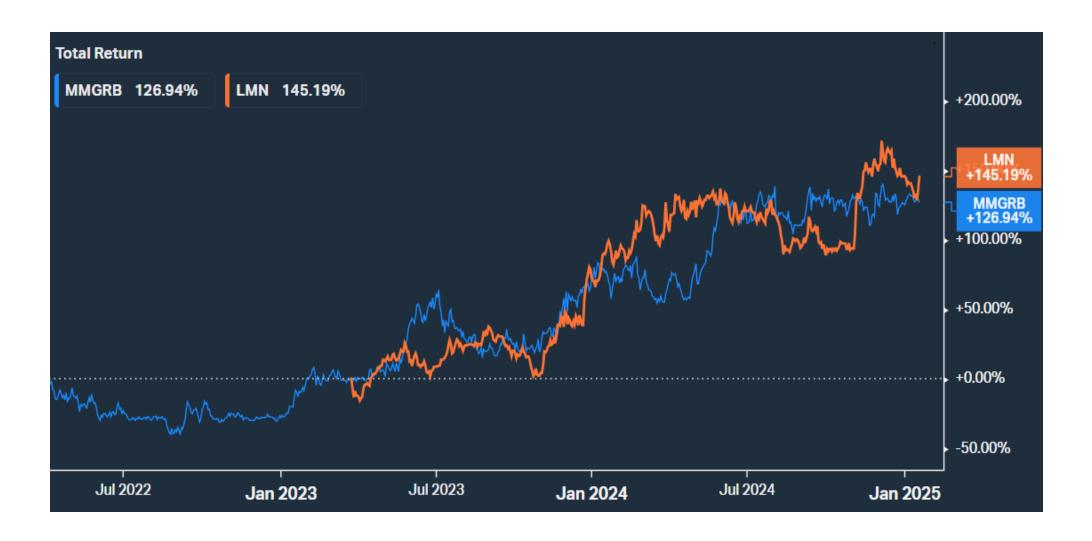
# Meeting "The GOAT": CEO Mark Leonard, Constellation Software



- Not a software company. A capital allocation vehicle
- Learning organization: "Physics lab"
- Deep awareness around tools in the capital allocation toolkit
- Scaling M&A
- Spin-offs (Bergman&Beving sphere) => Topicus, Lumine and more to come



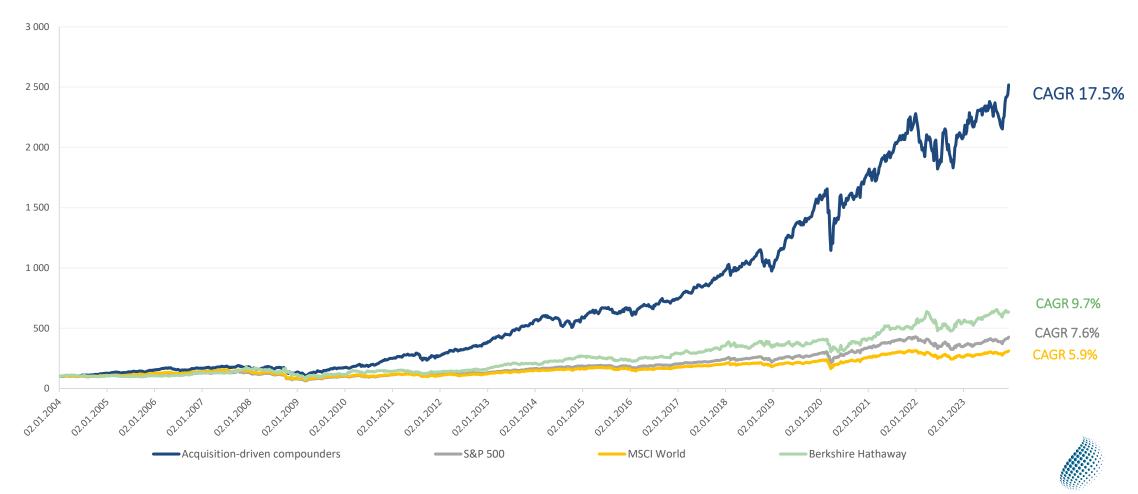
# The next Constellation Software? Examples from REQ Global Compounders





### Superior Long-Term Share Price Performance – Global 20 years

20-year indexed share price performance Global acquisition-driven compounders up 24x, Berkshire Hathaway up 6.4x



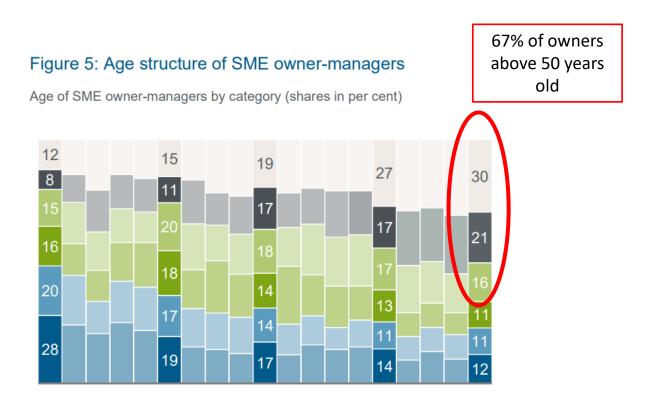
Source: Factset as of 2004-01-01 to 2023-12-15

Note: Average for companies by REQ identified as acquisition-driven compounders listed during the full period:
Heico, Diploma, Halma, Judges Scientific, Roper Technologies, Illinois Tool Works, Dassault Systems, Brown&Brown, DCC, Ametek, Nordson, Teledyne

REQ CAPITAL

INVESTING WITH INSIGHT

### Small- and medium sized companies in Germany





- 3.1 million SME companies in Germany (less than EUR 50m in sales)
- 99,4% of all German firms



# Examples of German acquisitions in the portfolio

Buyer	▼ Company	▼ Country
Lifco	Heins Schuller KG	Germany
Halma	WEETECH Holding GmbH	Germany
DCC	Medi-Globe Technologies GmbH	Germany
Topicus	V-D-V GmbH	Germany
Topicus	TTE-Europe GmbH/Dresden Informat	ik Germany
Constellation Software	AixConcept GmbH	Germany
Indutrade	Bech Sensortechnik GmbH	Germany
AddLife	BioCat GmbH	Germany
Indutrade	Stabalux	Germanv
Addtech	Fey Elektronik GmbH	Germany
IMCD	Polychem Handelsges .m.b.H.	Germany
Lifco	Truck-line GmbH	Germany
Constellation Software	Purpleview	Germany
Addtech	ABH Stromschiene GmbH	Germany
Topicus	isp-insoft	Germany
Constellation Software	CRP	Germany
Addtech	Systema Computer GmbH	Germany
Constellation Software	WM-Data Deustchland GmbH	Germany
DCC	DCC Healthcare bolt-on	Germany
Lifco	Bode Components GmbH	Germany
Halma	Orca GmbH	Germany
AddLife	Vision Ophtalmology	Germany
DCC	Worner Medisinprodukte Holding	Germany
Indutrade	Tecno Plast	Germany
Lifco	Kentsler Kaschner Dental	Germany
Constellation Software	Facton	Germany
Topicus	easySoft GmbH	Germany
Indutrade	X-Ray WorX	Germany
Lifco	Rissman Dental	Germany
Diploma	HSP	Germany
Lifco	Kaniedenta	Germany
Topicus	IQDoQ GmbH	Germany
Lifco	Consys	Germany
Topicus	DOBRICK + WAGNER	Germany
Addtech	DMC Digital Motor Control GmbH	Germany
Indutrade	Stein Automation	Germany



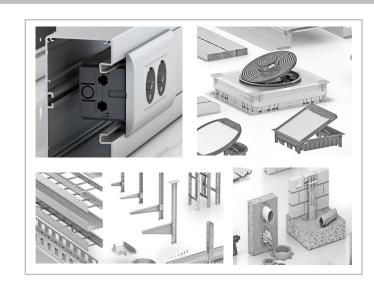
### Case example: Lifco acquires Heinz Schuller KG

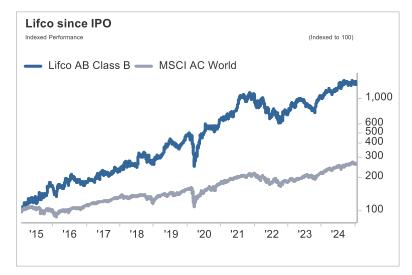
### Transaction details

#### **Products**

### **Share price**

- German distributor of niche cable support system and products for lightning protection
- Established in 1982, 45 employees, based in Bindlach, Germany
- Annual sales: EUR 22 million, 1,1% of Lifco's total sales
- CEO M. Thiem continues to run the business as he has done since 2015







# Case example: Addtech acquires Fey Elektronik GmbH

#### **Transaction details**

#### **Products**

### **Share price**

- German provider of customized battery solutions.
- Established in 1991, based in Seevetal, Germany
- Annual sales: EUR 55 million, 3,4% of Addtech's total sales
- CEO Michael Witte continues in his role with 10% ownership
- Full autonomy and financial support







# REQ Global Compounders – look through statistics

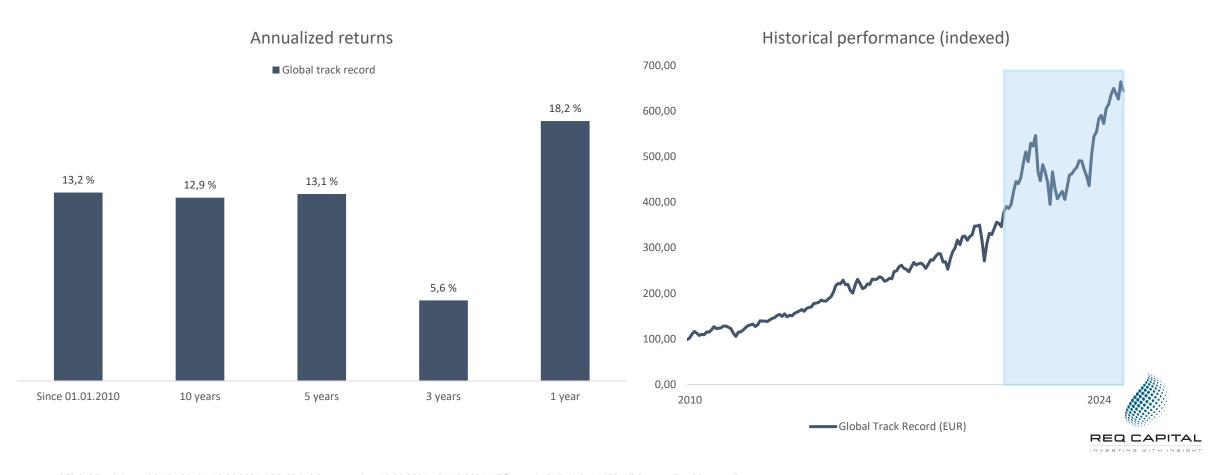
REQ Global Compounders	Portfolio - WA	Average	Median
Market Cap USD (bn USD)	23.0	19.6	8.3
Enterprise value USD (bn USD)	23.1	19.7	8.3
Reinvestment rate 3Y	70 %	79 %	79 %
Reinvestment rate 5Y	70 %	77 %	78 %
Reinvestment rate 10Y	69 %	76 %	77 %
ROE	21 %	21 %	19 %
ROIC (Net income / ND+EQ)	17 %	17 %	17 %
ND/EBITDA	1.2x	1.2x	1.3x
EPS CAGR 1Y	30 %	31 %	19 %
EPS CAGR 3Y	19 %	21 %	17 %
EPS CAGR 5Y	13 %	15 %	15 %
EPS CAGR 10Y	13 %	17 %	15 %
FCF yield	3.3%	4.4%	4.3%
Sales (mUSD)	5 155	5 215	2 784
EBIT (mUSD)	701	719	467
Net income (USDm)	515	513	323
Earnings yield 2024	2.5%	3.0%	2.7%
P/E 2024	40.3	32.8	37.2
Dividend yield (%)	0.9%	1.1%	0.9%
Sales CAGR 1Y	12 %	14 %	16 %
Sales CAGR 3Y	15 %	18 %	16 %
Sales CAGR 5Y	10 %	12 %	11 %
Sales CAGR 10Y	9 %	11 %	11 %
Organic growth 3Y	5 %	7 %	6 %
Organic growth 5Y	4 %	4 %	4 %
EBIT CAGR 1Y	18 %	21 %	20 %
EBIT CAGR 3Y	17 %	21 %	18 %
EBIT CAGR 5Y	13 %	15 %	16 %
EBIT CAGR 10Y	11 %	13 %	13 %
Shares outstanding 3Y CAGR	0.1 %	0.4 %	0.2 %
EBIT-margin	13.6%	13.8%	16.8%
Cash conversion 3Y (FCF/net income)	79 %	99 %	104 %
Cash conversion 5Y (FCF/net income)	83 %	105 %	112 %
Cash conversion 10Y (FCF/net income)	89 %	112 %	118 %

REQ Global Compounders	Portfolio - WA	Average	Median
Insider Ow nership Board (%)	14.7%	13.9%	1.5%
Insider Ow nership families/other insiders (%)	0.7%	1.1%	0.0%
Insider Ow nership CEO (%)	1.5%	1.5%	0.2%
Total insider ow nership	16.9 %	16.5 %	1.7 %
CEO Base Salary (USDm)	1.0	0.9	0.7
CEO Ow nership (times base salary)	447.9x	269.7x	19.7x
Company foundation (Years)	46	51	32
CEO Tenure (Years)	14	14	8
Average # of acquisitions / year - LY	12	10	8
Average # of acquisitions / year - L 3Y	13	11	6
Average # of acquisitions / year - L 5Y	12	10	7
Average # of acquisitions / year - L 10Y	9	8	5
Europe % of sales	45 %	48 %	35 %
North America % of sales	37 %	39 %	41 %
Asia % of sales	11 %	12 %	9 %
RoW % of sales	4 %	4 %	3 %
Total shareholder return 1Y	46 %	43 %	42 %
Total shareholder return 3Y	38 %	40 %	30 %
Total shareholder return 5Y	162 %	194 %	148 %
Total shareholder return 10Y	571 %	688 %	672 %
Active share	99 %		
Number of stocks	22		



# Global track record (EUR)

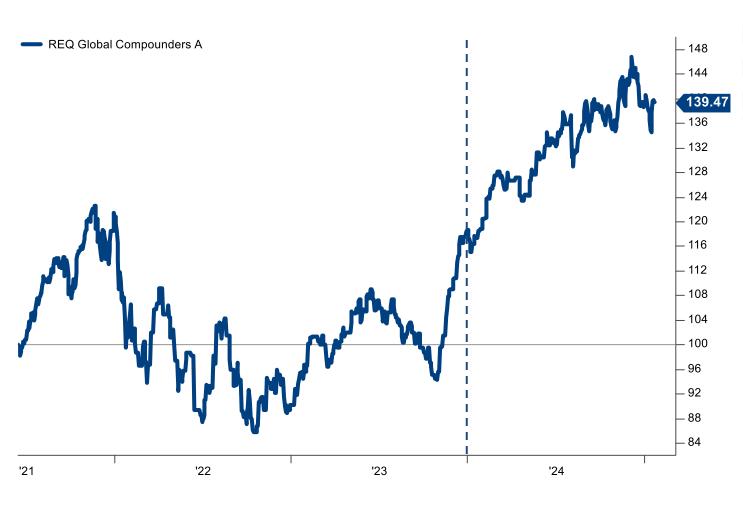
Historical figures



<sup>\*</sup>Global Track Record 01.01.2010 – 15.06.2021. REQ Global Compounders 15.06.2021 – 31.12.2024. All figures in EUR. Index: MSCI All Country Total Return. Gross returns

# Performance since launch (EUR)

Launch date 15th of June 2021

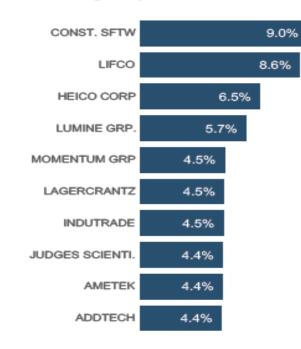


### Performance contribution to fund performance since launch\*

TOP 5	BOTTOM 5	
CONST. SFTW	7.5% HALMA PLC	0.6%
LIFCO	7.5% AMETEK	0.3%
LUMINE GRP.	5.4% BUNZL	(0.0%)
MOMENTUM GRP	3.8% COMPUTER MODELLING	(0.1%)
HEICO CORP	4.3% ADDNODE GRP	(0.1%)

\* 15th June 2021

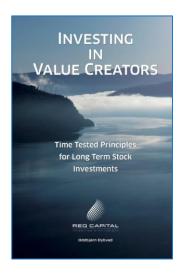
### Largest positions



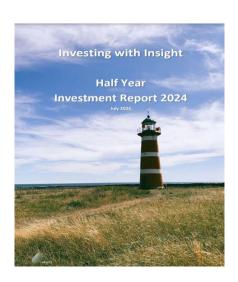
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### Content

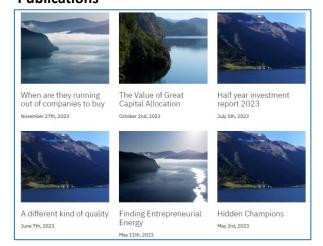








#### **Publications**

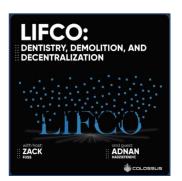


#### **Podcasts**















# REQ Global Compounders: Top 10 Positions

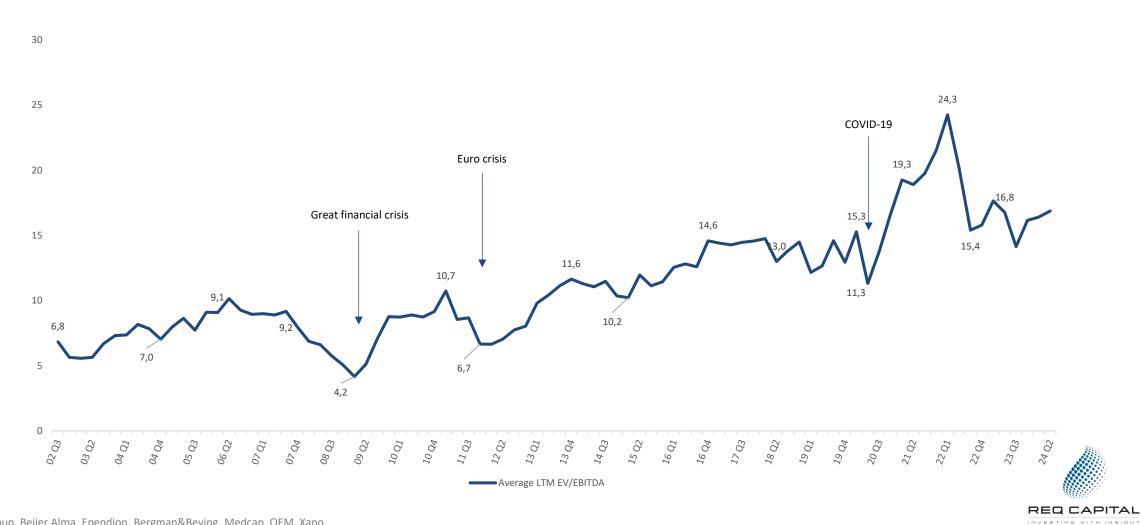
Lifco N Constellation Software C HEICO N Lumine Group C Indutrade N Addtech H Lagercrantxz Group N			Cap	oital allocation			
Company	Business	Portfolio weight	ROCE last 10y	Avg. reinvestment rate last 10y	EPS CAGR last 10y*	Avg. acqusitions per year last 10 years	Insider ownership (votes)
Lifco	Niche companies within dental, demolition/tools and systems solutions	9.0 %	22 %	78 %	19 %	11	51 %
Constellation Software	Customized and mission-critical software solutions across multiple sectors	9.0 %	43 %	90 %	22 %	43	6 %
HEICO	Niche aerospace parts and control systems	6.5 %	17 %	95 %	14 %	4	23 %
Lumine Group	Customized software solutions within media and telecom	5.6 %	15 %	100 %	N/A	2	77 %
Indutrade	Niche companies with high-tech components	4.7 %	23 %	76 %	14 %	12	27 %
Addtech	High-tech products and solutions in the manufacturing and infrastructure sectors	4.6 %	28 %	66 %	16 %	11	5 %
Lagercrantxz Group	Niche technology group offering value-creating technical solutions and products	4.6 %	26 %	68 %	16 %	6	7 %
Diploma	Small, niche acquistions within life sciences, seals and controls	4.6 %	18 %	57 %	13 %	2	0 %
Momentum Group	Specialized industrial companies concentrating on aftermarket components	4.5 %	30 %	100 %	19 %	8	3 %
Brown & Brown	Diversified insurance broker	4.5 %	14 %	84 %	18 %	16	17 %

<sup>\*</sup>For companies with <10 years of history, only available historical data has been used

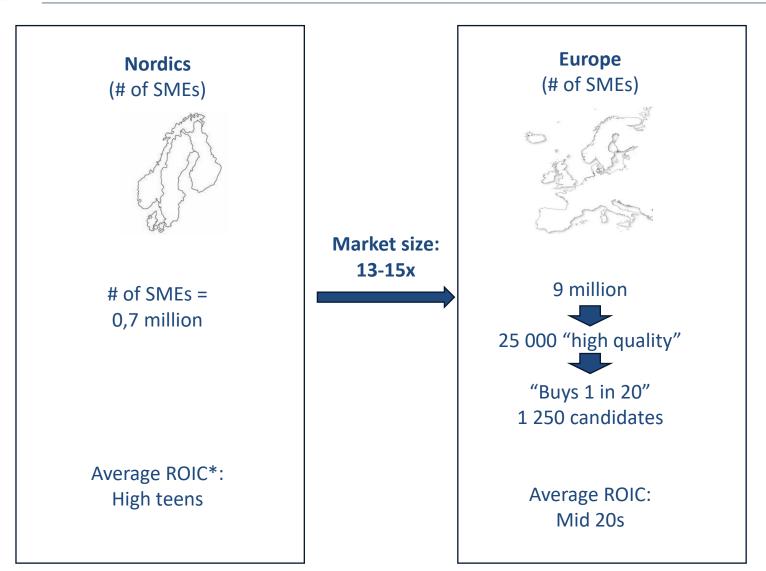


### Pricing From a Historical Perspective

LTM EV/EBITDA - unweighted average for selected\* companies (2002-06-30 -> 2024-05-07)



### Early innings of growth in Europe



#### 1 250 candidates:

Implies 10 % annual M&A growth until 2037 (13 years)

Implied today @ 25x: 5 years implied growth

With 13 years runway = 42x (70% multiple uplift from today)

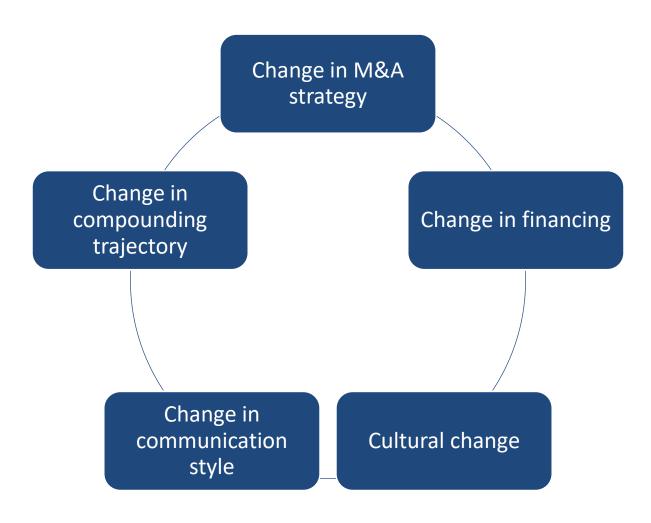
### **Conclusion:**

15% EPS CAGR can be sustained longer than the market expects today



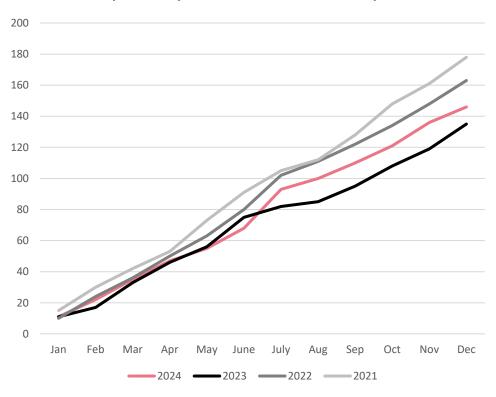
# Recognizing Common Red Flags

In our framework: Often related to M&A strategy and management

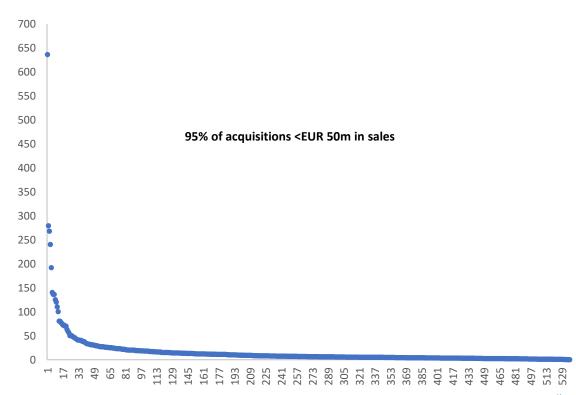


# Programmatic acquirers

#### Number of acquisitions year to date: REQ Nordic Compounders

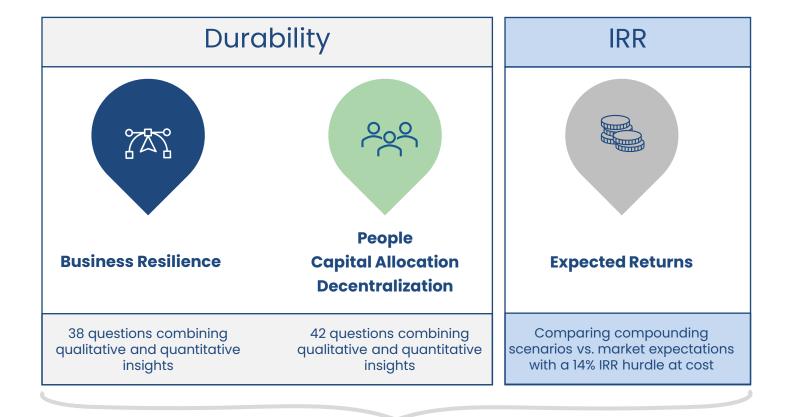


#### Sales per acquired company in EURm





### **Underwriting Considerations**



### Score weighted for durability and IRR

- · Informs decisions around position sizing
- Reassessing thesis changes
- Evaluating new ideas in the portfolio
- Reducing bias, improving rational decision making



# The Underwriting Process

	Business resilience												
				Diversifie	ation &	Durability (score 1-5)							
	•	Diversification: Products, End-markets, N	umber of Opcos, Customers, Suppliers and		Business Cycle Resilience and mission-criticalness/renature/retention rates	curring	🧒 Regulato	ry, Competition and Binomial Risk Factors	🗘 Financial Risk Factors				
	Products/end-markets & significant subsidiaries (in % of sales/ebita)	Customers	Suppliers	Geographies	Score		Score	Regulatory risk	Competition (including M&A competition)	Score	Financial risk considerations	Return on capital	Scor
									In Government software typical competitors are				+
Amphenol	Very diversified.No-end mrk > 25%. > 100k products. 8 verticals: 25% industrial, 21% automotive, 11% mobile devices, 21% (T Datacon, 5% Mobile networks, 5% Broadband,	the rest split between >2000 smaller players	Diversified production facility exposure geographically (250+ in total). China diversified.	33% US, 26% China, 20% Europe, 18% Other Asia, 3% RoW	5	Diversification and different business cycle across verticals does smooth overall cyclicality. Sales down 13% in 2009 with margins only down a couple of pct.	4	No known regulatory risks.Diversified exposure.	Company is #2 biggest in global interconnect market (a ~usd11b market holding 14% mshare). In the global sensor market company holds ~1 mshare (usd ~2b). Biggest competitor is Te	4	Net debt/EBIDTA < 1 and significant cash return to shareholders in addition to self-funded acqusitions.	ROCE/ROE > 20% avg historically last 5/10y and healthy rates incrementally	5.0
Lumine Group	Primarily two verticals: communication which houses >22 deals since 2014 as part of Volaris, and media (which houses the WideOrbit acquisition done in connection with the spin)		Not relevant since each individual business unit do their own sourcing across a diversified base of product niches in the group.	Some businesses are locally focused in a region such as Scandinavia or the UK, and others are truly global with customers on many continents.	3	Often tailored software solutions (not just off-the-shelf) with high mission criticality and low total wallet share. Saw one report that stated that the average company acquired by Lumine had operated for 21 years pre deal (26 years now	4	Diversified exposure across subsegments in communication and media.	Competition has to be analyzed in the context of each individual company in the group but enterprise customers imply fewer customers versus SMBs and some of the competitors for	4	Almost no net debt, especially in relation to earnings capacity.	Same hurdle rates as CSU (minimum 25% ROIC)	3.0
ludges Scientific	Scientific instruments where end markets are typically universities/academic/research	Customer concentration is low with no major and client.	Diversified supplier base with limited risk	US: 24%, UK: 12%, China: 12%, rest of Europe: 40%	5	Highly engineered products that are critical in the client's research processes. Recurring in nature. Cut in academic research budgets might affect the company.	5	Very little regulatory risk. On the contrary regulations and more testing requirements could be a postive driver.		4	Modest leverage of 1,5x ND/EBITDA	ROTIC typically varies between 20% and 30% depending on timing of acquisitions	
Heico	55% commerical aerospace, 35% in defense and space and 10% in other niche products. Two main segments: electronic tehcnologies group (ETG = 1/3 of sales) and the flight support	Sells products across 115 countries and to all major airlines globally. A highly diversified client base, but many clients operating in the same airline industry.	Diversified supplier base with limited risk	66% US, 8% China and 10% Europe	4	Highly engineered products with lots of maintainance revenues.	5	The Federal Aviation Administration (FAA) approves all PMA parts. Over the long-run this could be a	Heico is the largest supplier of PMA aerospace parts. The biggest competitors are the OEMs (GE, Pratt&Witney etc) and another large PMA parts player: Teledyne	3	Leverage above normal levels at 2,7x ND/EBITDA due to recent large acquisition of Wencor Group. Average over last 10 years is 0,8x	Average ROCE, including GW last 10 years of 16%	3.0
Halma	Well diversified across different end-markets and niches. In 2023, Halma's revenue breakdown by sector was as follows: the Safety sector contributed approximately 40%	from public and commercial areas to industrial and logistics setups, healthcare		Operates in more than 100 countries. In 2023, Halma's revenue distribution by region was as follows: the USA contributed 42% with £781 million, Mainland Europe 20% with £376	4	Steady gross and operating margins through periods like GFC and Covid although a growth pocket in 2021 during Covid. High exposure to long-term growth drivers like demographic trends, infrastructure demands, resource constraints, and	4	Diversified exposure across subsegments and number of companies and in many of the markets they are solving the	competation for acqusitions. Provide more data	5	2023: net debt/EBIDTA of 1.4 and a self- financed approach to growth with very halthy cash conversion levels.	Average ROCE, including GW last 10 years of 15% (slithly lower ROTIC), last 5Y average is 13%. Halma targets markets with relatively low capital intensity and	3.0
DCC	Highly diversified through energy distribution, health care and technology.	Low customer concentration with no client more than 1% of total profits.	Diversified supplier base with limited risk	UK: 34% of sales, US: 10% of Sales, Asia: 10% of Sales. Rest of sales: Europe	5	DCC is a distribution business. We think DCC is highly integrated into client's production processes with a recurring nature in many of the services offered by DCC. We think the group as a whole is less sensitive to economic	4	The fossil fules distirbution business could face regulatory risks in a political push to move from more	A combination of small bolt-on deals and large transactions. We think the scale of DCC is an advantage in negotiations with sellers. Competition is highly fragmented.	4	Modest leverage of 1,2x ND/EBITDA	The ROIC of DCC is in the low to mid teens	3.0
Boyd Group	services. The end market is the automaotive	Customers includes individual vehicle owners, insurance companies, fleet owners like rental car companies, transportation companies and corporate fleets and car dealerships (under	Automotive Parts Suppliers, Glass	A broad geographical footprint across United States and Canada. 92% of sales from US and 8% from Canada.	3	Non-cyclical demand and less sensitive to economic downturns. Insurance coverage also little exposed to economic fluctuations. General increased safety regulations where government ensure the fleet meet safety standars is	4	Risks might include Environmental Regulations, certification of technicians, insurance regulations.	Largest competitors are Caliber Collision and Service King. The industry is highly fragmented with lots of small private repair shops.	4	Modest leverage of 1,0x ND/EBITDA	The ROIC is in the low teens.	3.0
dex corp	Three segments: Fluid&Metering Technologies, Health&Science and Fire&Safety/Diversity Products. Product applications across a range of end-markets	Clients includes OEM manufacturers who integrate IDEX components into their own products for resale. Pumps to oil&gas sector, fluid handling to food&beverage are other	Diversified set of suppliers of raw materials. No single supplier constitute a significant risk to the company	50% USA, 4% Canada, 4% China and rest is split between Europe (25%) and rest of Asia	4	Diverse industries and not too much exposure to a single sector. Essential products in critical industries providing a degree of inculation from cyclical end markets. Decentralized operating model makes the company more	4	in the healthcare business (FDA and OSHA). Water	Competition from key players like Flowserce in Matering technology, Graco in pumps, Thermo Fisher Scientific in Health&Science and Honeywell witin the Fire&Safety segment	4	Modest leverage of 1.1x EBITDA	The ROIC is in the mid to high teens. Disciplined capital deployment. Dividends 30-35% of net income and opportunistic share repurchases.	4.0

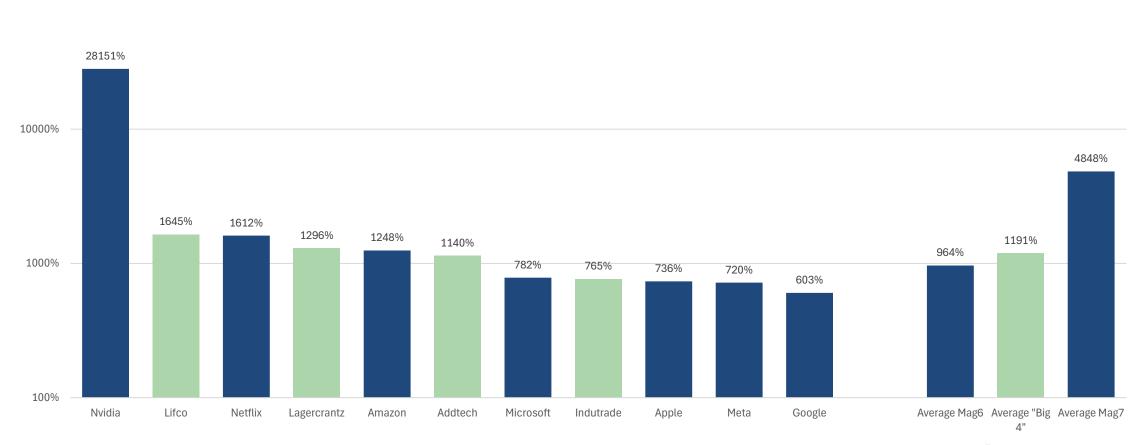
								People, Capital Allocation & Decent	ratization								
		The Reconstruction of the Control of					90	wners, Mgt Communication style, Hon	esty and Alignment	<b>₩</b> 04	panisational structure: Decentralize	ed Culture	☑ Cash culture, Businesi	systems & Organic Growth	Scaling considerations including current size and M&A process so		
	Self finances? Discussion about all 3 tools to raise & 5 ways of capital deployment	Track record/skillsett/Who's involved in M&A?		M&A deal (bolt-on/platforms/small/large etc?	TAM and potential size	Multiples paid	Score View on Senior Management a key long-term owners	Alignment/Incentives (senior mgt - business units compensated/incentivised?)	Communication (long-term/short- term, style & tone, cashflow/ROIC goals/targets, transparency, reporting structure, guiding etc)	De/centralization on a spectrum? Extreme form? Soft?	Company culture	# Business Areas / Opco's / # at HQ?	Score Business systems/cash culture	Track record and focus on organic growth (driving growth internally? Increasingly buying companies with higher organic growth?)	Current size and implications for scaling, deal volume/size, prices paid etc.	M&A process & Scaling	Sec
	for ecquisitions. Therefore, we recently			over the coming years.			Topicus since 2013. The company	s Sijkhulzen). Bonuses are paid 25% in	to management.	_	driven" culture of measurement.	:VNS companies so far			typically 1-2 acquisitions per year	to to very large deals. Over the	1
nenol	Yes-self-funded through internally cashflow.	supported by the business units who has a better local view of competetion and	Support from business units with leads.	annual revenue, mostly privately held. Lager acquaitions include TCS in 2005: usd380m	existing verticals and now market share			CEO owns equity worth usd150m or PH 106x his base salary. CFO owns more, gequity worth usd220m and a higher ratio of base salary.	Open and transparent.	Very strong decentralized culture. 130 Business units each with their own BU leader, P/L, capital allocation decisions (organic) with hurdles.		*130 business units in the group across 8 verticals.	No communicated business systems and operating systems but they have a demonstrated track record of post deal uplift in terms of growth and margins.	Clear focus on organic growth. Organic growth	Admits size and want to do a) bigger deald and b) more of the smaller ones. "Acquaition potential is as great as it has ever been"	No clear path communicated in terms of scaling internal resources, including decentralising MEA responsibility down the org. Has to	
e Group	Adopting the CSU model where acquisitions should be financed by internally generated cashflows.		through a vast network David Nyland has developed over the years and since 2014	out transactions, aiming to "provide an	Nyland, communication and media are huge verticals by themselves so no need	acquisitions prior to Wiztivi and	"A mover and a shaker". David Nyt is a deal maker and likes to talk to people	and Adopting the CSU playbook in terms of incentives and alignment	Somewhat more outspoken/visionary and bold in his communication style, especially compared to Mark Leonard. Might reflect his character as a deal	Centralized M&A, decentralized operations.	David Bytand built Lumine in Votaris from 2014. Somewhat too early to give a diffinitive answer but on the surface, it tooks similar to CSU		Adopting the CSU model, has been part of Volaris since 2014 so nursured inside of CSU family. Lumine applying the best templates, best pactice sharing around pricing etc.	that they have more focus on organic growth versus CSU. Have a yearly seminar called	Scaling MS.A people is not an issue a the moments and large care-out transactions require a more integrated MS.A team at HQ since	t At the current size and outlook, not a major issue but it's on the rader when these scaling issues become more important.	
s Scientific	Yes, fully selffunded through internally generated CF. The company has increased leverage a bit over the last few years.	involved. We observe a broadening of the senior team over the last few years		the last few years the company has done a few		Diciplined in terms of price paid. Last acquisitions of Nove Vision was 4xEBIT and the recent acquisition of Henniker was also 4x	_ 11% of the shares. Very positive vi	that senior management team owns 3% of	hide mistakes.		Open and transparent culture. Focus on cash generation and shareholder value creation.		No "business system" communicated, but strong internal focus on Return on Capital 5		We view the broadening of the serie management team with 2 people from Halma as positive as increased the M&A capabilities		
0	Fully self financed business model. Strong cash generation over time.		keeps management), but is also willing to do acquisitions where the company	businesses but has recently did a few large acquisitions like Wancor Group in June 2023	evaluate since Helco operates in large markets like Commerical Aviation,	Acquisition-multiples typically in the range of 5-8 times EBITDA and higher for eals like the Wencor Group acquired in 2023		y since the family is the majority owner	Very long term communication with less focus on short term guidance.	Highly decentralized operations. More centralized capital allocation.	Mendelsson spend a lot of sine talking about "team members". Low employer turnover compared to industrial peers Seems like a culture of ownership.		Strong cash flow culture which is communicated consistently over the years	Organic growth has supplemented the 98 acquisitions by the company since 1990. Organic growth has surpassed GDP growth by a mide margin over the last few years.	We have witnessed larger transactions over the last few years, with Wancor being the largest to date. We expect the company to	Heico is becoming larger and we have witnessed a larger higher amount of large acquisitions over the last few years. We continue to	
na		they state: Over 20 M&A people in Halma	deals through a combination of its dedicated M&A Directors and sector	5 deats a year, avg size has been around 20m gbp. Combination of bolt-ons and bigger deals.	share gain and structural growth drivers	Seems to be a trend of paying up for companies (average P/E for deals in 2023 was around 14y) and avg deal size in 2023 was app 39m ex Firepro Group (deal	Andrew Williams, who's been with company for 18 years (since 2005) retired in march 2023. Was responsible for more of a pletform	salary in shares (old ceo owned 5x his	and somewhat too early to judge his	Stuck between layers of middle management? No true decentraliation at the opco with full autonomy and F/L responsibility due to layers of middle	the culture set by David Barber era remains (founded in 1972 by Barber),	> 50 companies across > 15 aut-themes under thorse 3 troad umbrellas.				More than 20 M&A professionals and a pipeline of companies (per 2023) of over 600 companies. Likes to talk about relationship led sourcing and	
	Yas, fully self funded through internally generated CF. The company has used some equity on a couple of deals.	The whole management team is involved. In addition, there are multiples acquisitions sourced from the local companies themselves	Mostly internal sourcing and direct negotiations with sellers.	A combination of small bolt-on acquistions and large "platform" deals.	The TAM is very large since the company operates in three different areas across energy, health core and technology.		4 CFO and their skillset and communication style. CEO Donal	d We would ideally like to see a higher insider convership. CEO Donal Murphy owns GBP 12m of shares (0,17% of the y for company). ROTIC performance,	within 2030. Communication is direct	Highly decentralized structure.	Open and transparent culture. Focus on cash generation and shareholder value creation.		No "business sistem" communicated, but atrong internal focus on Return on Capital		Our impression is that sourcing of deals is done at the local business level with top management approva	industrial sellers. Deals have to be	
l Group	A self-financed model but has also spent shares on incentive programs for management.	involved. In addition, there are multiples		Mostly small bolt-on acquistions and also some portfolio acquisitions of several shops.	Collision repair industry in North America is 48bn USD in annual revenue. The company today has 942 locations across North America. Total market share: 6%. A	multiples paid. But the small transactions indicate that multiples are		CED Tim D Day owns shares of CAD 14: 0 (0,2% of the company). In total, 004. insiders own shares of CAD 35m.	n Clear goals of doubling the sales of the business from 2021 to 2025, based on 2019 sales	Highly decentralized structure but with centralize sourcing agreements 4		942 locations according to the company 2023 annual report. Several business areas through different brands/branches		Clear focus on growing organizally by opening new locations. Most of the growth comes from acquisitions.			
corp	A self-financed model. Strong cash generation that provides funds for acquisitions. No increase in shares outstanding. Some share buybacks over	acquisition targets. The team works	Deal sourcing through internal research and analysis. Also use industry relationships, and corporate brokers and some direct approaches through its	A combination of small bolt-on acquistions and large "placform" deals.	Difficult to get a specific number on TAM, but IDEX serves very large markets across its segments. There is very little limit to growth opportunities across its key	the average company in the portfolio since it sometimes do larger deals where	as group executive for the compar     Health segment. Senior guy with it	206 Eric owns USO 15m of shares. In total, y's insiders own about USO 36m of share ts of The shareholder structure is more idex. institutionally owned than what we	. focus on cash generation and return	A company that adheres to the "50/20" principle and adopts a highly decentralized management approach.	based on empowered teams and	Operates in more than 100+ locations globally. 3 segments and 11 business planforms		Organic growth typically 200bps above the markets in which the company operates. Target EBITDA margins around 25%.	Our impression is that sourcing of deals is done at the local business level with top management approva		*

# Nordic «Nuts and Bolts» vs. FAANG: A Return Comparison

Return since Lifco IPO in 2014

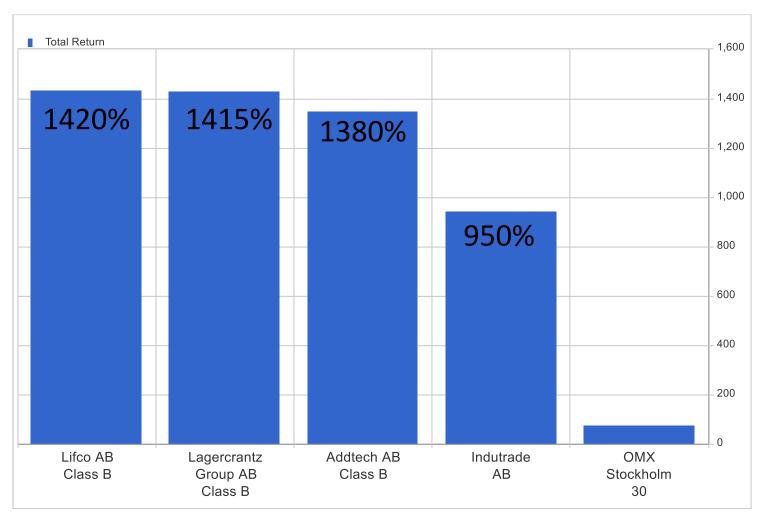
100000%

Return since Lifco IPO (at closing price on IPO-date)



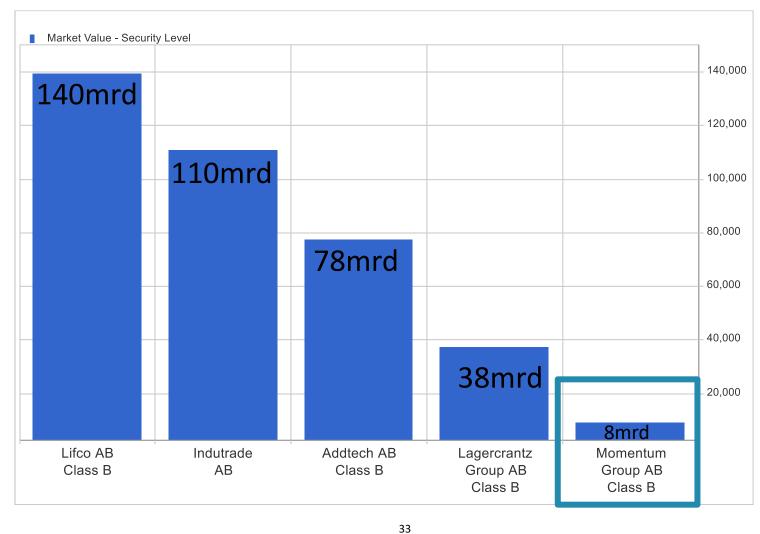


### «Big 4» total return (since Lifco IPO in 2014)





# Market cap





# Red flags: Permanent & Temporary Effects

