



REQ Capital

Investing with Insight



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REQ Group Structure

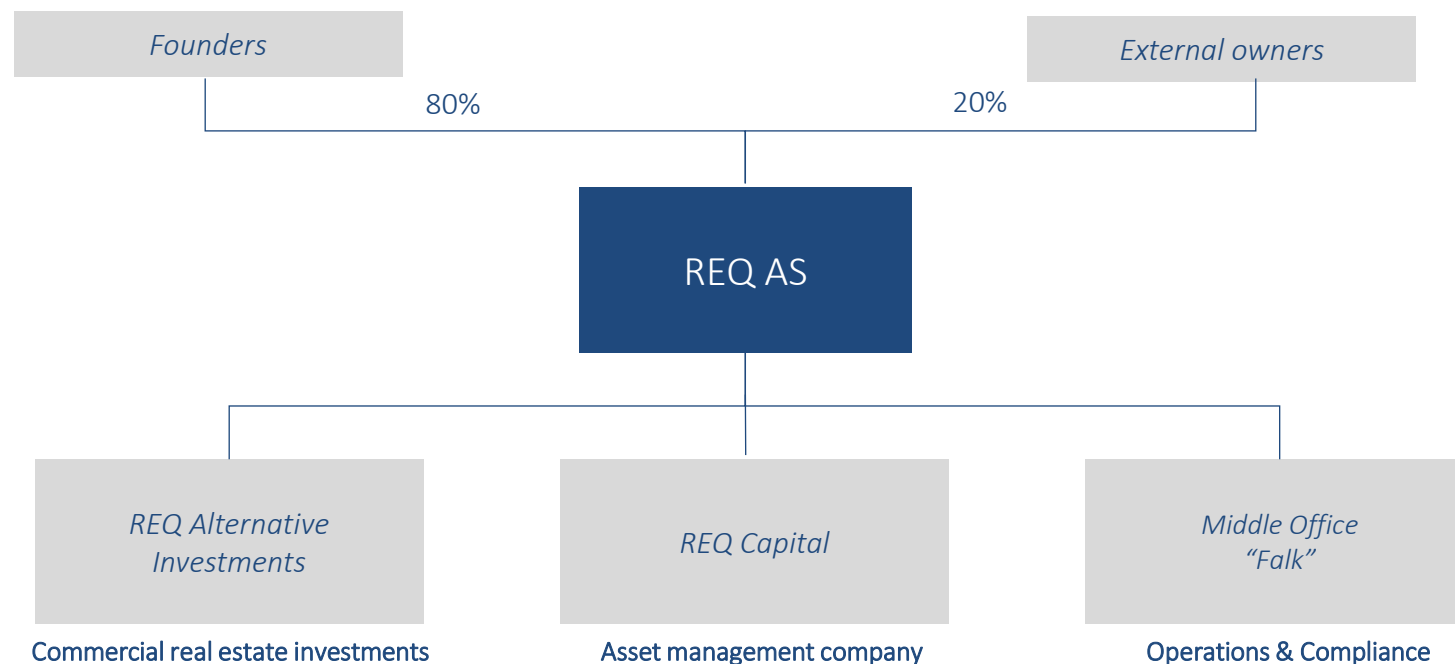


Company structure

[Introduction to REQ Capital and Investment Strategy](#)

- 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 and REQ Nordic Compounders




Signatory of:



*Rest owned by employees


The Team



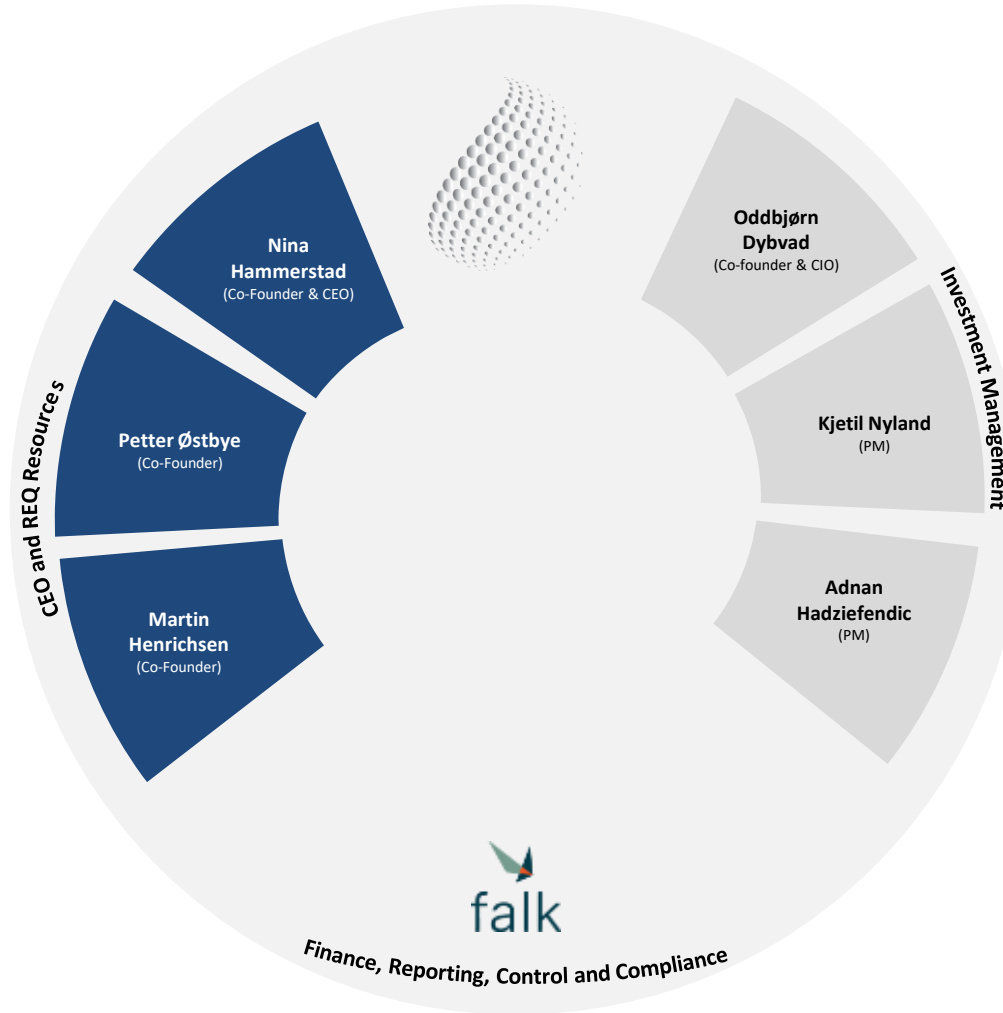
Nina Hammerstad
More than 20 years of experience from the financial and real estate industry, including Global Head of Real Estate Asset Management in NBIM




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.



Introduction to REQ Capital and Investment Strategy



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
More than 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 Board of Directors.



Investment strategy



Strategy in Brief

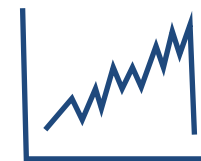
- We invest in **high-performing acquisition-driven compounders**
- These companies are **excellent at sourcing and closing acquisitions in the private market at highly attractive multiples**
- **Strong cash flow generation**, which in turn is reinvested at **high returns on capital**
- Management teams are **excellent capital allocators**, and often **own a significant part** of these companies
- We invest in **decentralized business models**.
- Underlying exposure to **numerous small private companies**.
- **Dual engines of profitable growth** (organic and through acquisitions)
- Highly **diversified business models** that reduce risk.

Investment experience

Lessons learned



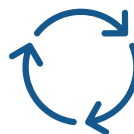
Finding rockets



Avoiding meltdowns



Financials



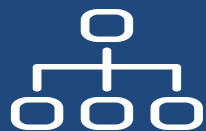
People

Sources of extraordinary performance

Three key ingredients



Capital allocation



Decentralization



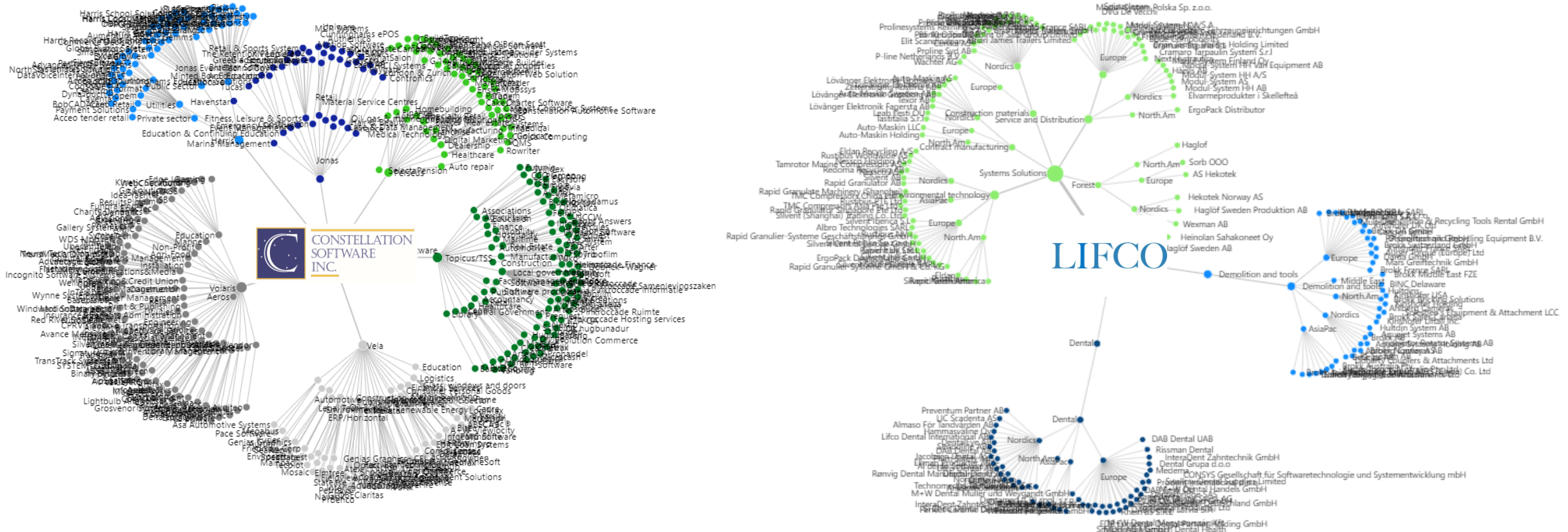
People

The best of two worlds



Great risk-mitigating characteristics

Constellation Software and Lifco

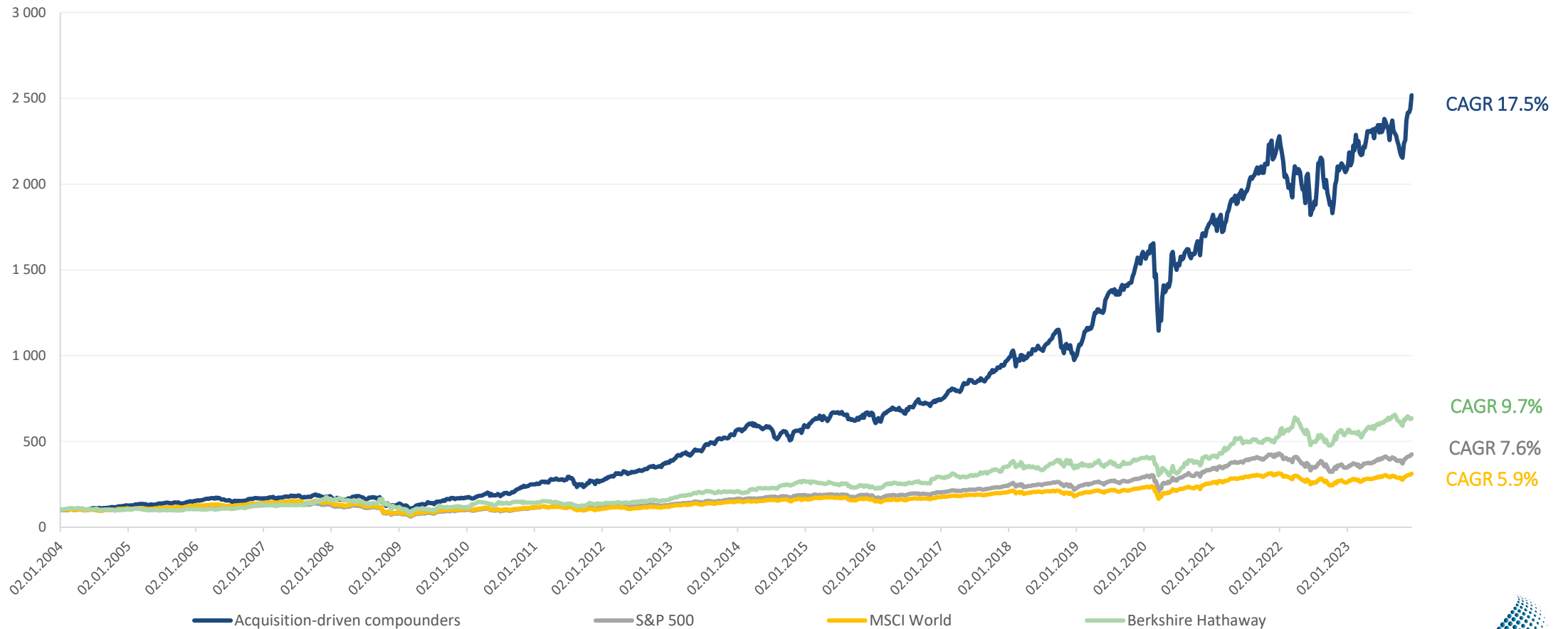


Source: Constellation Software annual report

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

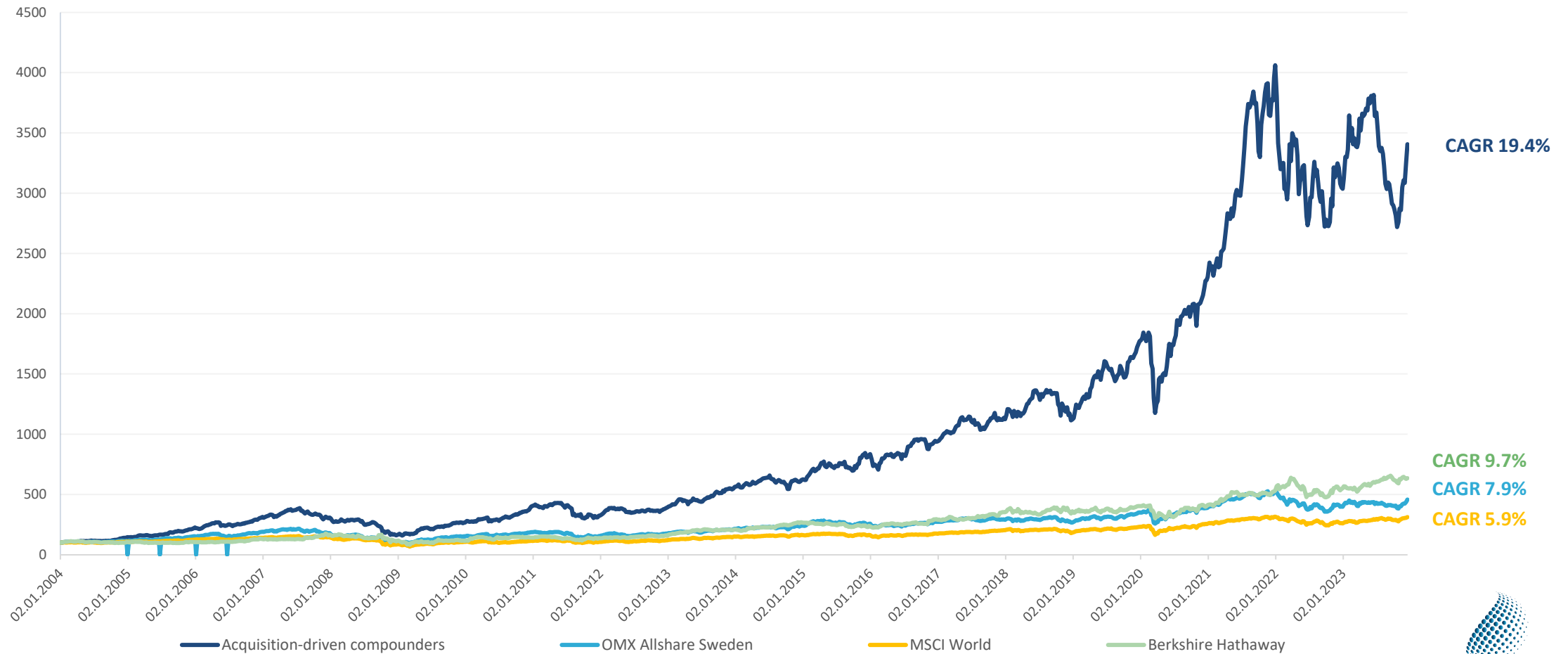
Note: Average for companies by REQ identified as acquisition-driven compounders listed during the full period:

Heico, Diploma, Halma, Judges Scientific, Roper Technologies, Illinois Tool Works, Dassault Systems, Brown&Brown, DCC, Ametek, Nordson, Teledyne

Superior Long-Term Share Price Performance – Nordic 20 years

20-year indexed share price performance

Nordic acquisition-driven compounders up 34x, 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. We have not adjusted for spin-offs of Hexpol, Addlife, Momentum Group and Epiroc, which would increase the overall performance.

Assa Abloy, Addtech, Beijer Ref, Lagerecrantz, Addnode, Bergman&Beving, Ependion, OEM, Xano, Beijer Alma, Hexagon, Atlas Copco, Nibe, AQ Group



Case example: Lifco acquires Trevi Benne Spa

May 2022

Transaction details

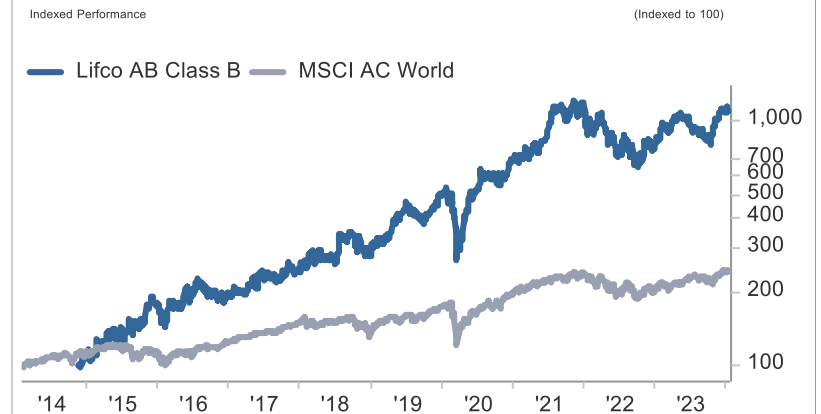
- Italian manufacturer of excavator tools and attachments used within demolition, scrap handling, earthmoving and forestry.
- Established in 1992 and present in over 50 countries.
- 105 employees and sales of EUR 37m, 1,8% of Lifco's total sales
- Based in Noventa Vicentina
- EV/EBITA of 6,8*

Products



Share price

Lifco since IPO



*Source: Own estimate based on aggregate transaction multiples for Lifco



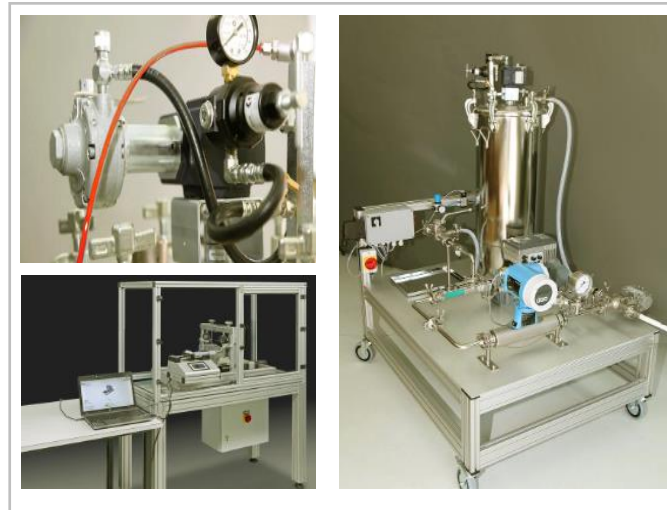
Case example: Indutrade acquires TSE Troller

October 2023

Transaction details

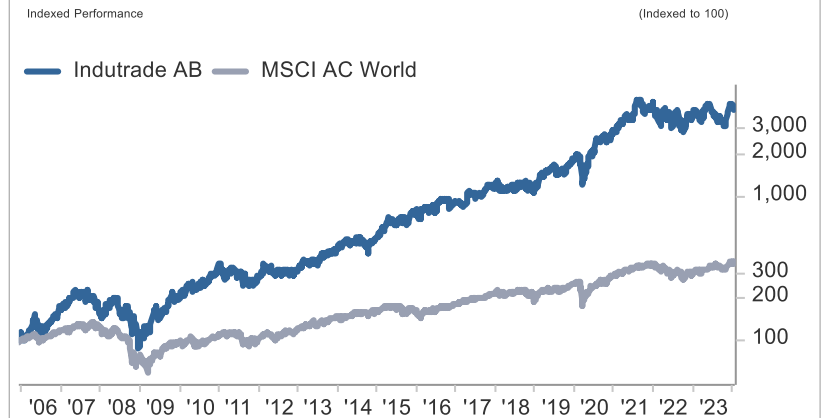
- Swiss company that develops, manufactures and distributes high-quality coating dies for high-precision coating in various industries.
- Exposure to sectors like electronics, packaging, paper&board, and food.
- Based in Murgenthal, Switzerland
- Established in 1961. Currently 30 employees
- Sales of CHF 8m, 0,3% of Indutrade's total sales.

Products



Share price

Indutrade since IPO





Case example: Lagercrantz acquires Libra Plast AS

May 2021

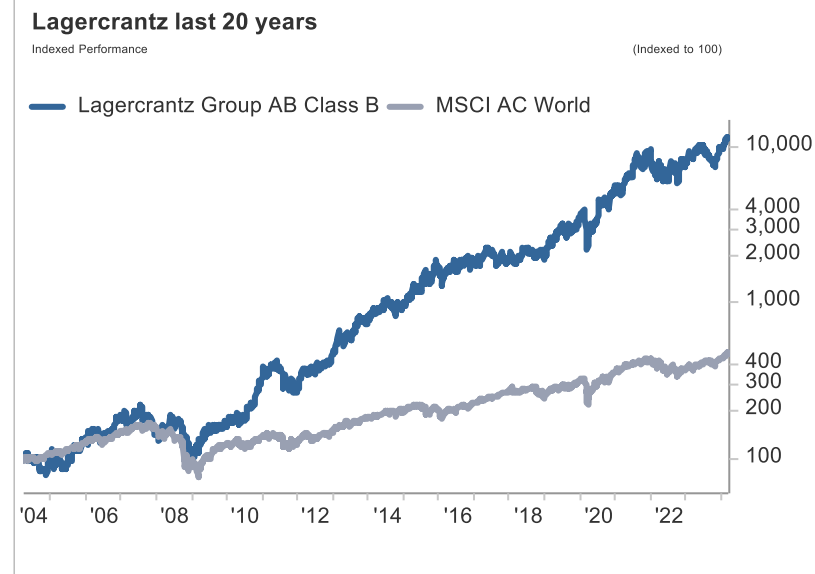
Transaction details

- Norwegian manufacturer of premium doors and hatches for the marine industry
- Based in Hareid, Norway
- Established in 1988. Currently 36 employees
- Sales of NOK 177m, 3,2% of Lagercrantz's total sales. 16% operating margins
- The Lillebø-family continues to own 25%
- CEO Einar Pieroth continues in his role as CEO
- EV/EBITA of 6,2x*

Products



Share price



*Source: Own estimate based on aggregate transaction multiples for Lagercrantz

REQ Nordic Compounders - look-through

REQ Nordic Compounders - MSEK	Portfolio - WA	Average	Median
Market Cap	64,067	66,535	14,094
Enterprise value	67,212	69,880	14,671
Reinvestment rate 3Y	72%	76%	77%
Reinvestment rate 5Y	74%	77%	78%
Reinvestment rate 10Y	70%	74%	77%
ROE (Net income / EQ)	23%	22%	20%
ROIC (Net income / ND + EQ)	16%	17%	14%
ND/EBITDA	1.4x	1.5x	1.4x
EPS CAGR 1Y	13%	12%	16%
EPS CAGR 3Y	23%	26%	24%
EPS CAGR 5Y	14%	18%	20%
FCF yield	3.5%	2.7%	
FCF yield excl NWC	3.5%	3.2%	
Sales	17,492	18,521	6,240
EBIT	2,931	3,104	784
Net income	2,103	2,238	542
EV/EBIT	24.0x	22.5x	24.4x
P/E	32.6x	29.7x	
Earnings yield	3.1%	3.4%	
EV/EBIT 2024e	21.4x	21.8x	22.3x
P/E 2024e	29.4x	30.7x	
Dividend yield (%)	1.0%	1.1%	1.0%
Sales CAGR 1Y	18%	19%	19%
Sales CAGR 3Y	19%	22%	22%
Sales CAGR 5Y	13%	17%	17%
EBIT CAGR 1Y	22%	23%	22%
EBIT CAGR 3Y	28%	31%	29%
EBIT CAGR 5Y	22%	30%	22%
EBIT-margin	13.1%	13.5%	12.8%
Shares outstanding 3Y CAGR	3%	4%	
Cash conversion 1Y (FCF/Net income)	108%	110%	112%
Cash conversion 3Y	84%	83%	81%
Cash conversion 5Y	91%	90%	88%

REQ Nordic Compounders - MSEK	Portfolio - WA	Average	Median
Insider Ownership Board (%)	11.1%	13.4%	
Insider Ownership families/other insiders (%)	6.6%	8.2%	
Insider Ownership CEO (%)	1.5%	1.8%	
CEO Ownership (times base salary)	72.0x	87.4x	10.3x
CEO Tenure (Years)	8.0	8.7	6.0
CEO Base Salary	6.3	6.3	4.4
Average # of acquisitions / year - LY	7	7	5
Average # of acquisitions / year - L 3Y	7	7	5
Average # of acquisitions / year - L 5Y	6	6	5
Average # of acquisitions / year - L 10Y	6	5	4
Average deal size - LY	160	185	111
Average deal size - L3Y	169	190	130
Average deal size - L5Y	143	158	97
Average deal size - L10Y	120	133	87
Cash % of transaction value 5Y	76%	79%	82%
Earn-outs % of transaction value 5Y	18%	20%	16%
Own shares % of transaction value 5Y	1%	1%	0%
Other % of transaction value 5Y	0%	0%	0%
Nordics % of sales	53%	54%	
Europe (excl. Nordics) % of sales	26%	27%	
North America % of sales	6%	7%	
Asia % of sales	4%	4%	
RoW % of sales	8%	8%	
Years listed	18	19	21
Organic growth 1Y	3%	4%	3%
Organic growth 3Y	10%	10%	11%
Organic growth 5Y	6%	6%	6%
Total shareholder return 1Y		22%	29%
Total shareholder return 3Y		61%	68%
Total shareholder return 5Y		263%	245%
Total shareholder return 10Y		989%	772%
# of holdings	22		

REQ Global Compounders - look-through

REQ Global Compounders	Portfolio - WA	Average	Median
Market Cap USD (bn USD)	17,4	16,6	7,2
Enterprise value USD (bn USD)	17,6	16,7	7,2
Reinvestment rate 3Y	72 %	82 %	81 %
Reinvestment rate 5Y	72 %	81 %	79 %
Reinvestment rate 10Y	71 %	80 %	79 %
ROE	20 %	22 %	20 %
ROIC (Net income / ND+EQ)	17 %	18 %	16 %
ND/EBITDA	1,3x	1,4x	1,5x
EPS CAGR 1Y	35 %	37 %	30 %
EPS CAGR 3Y	22 %	26 %	25 %
EPS CAGR 5Y	14 %	17 %	19 %
EPS CAGR 10Y	13 %	17 %	15 %
FCF yield	3,0%	3,8%	3,8%
Sales (mUSD)	4 448	4 635	2 873
EBIT (mUSD)	673	666	454
Net income 2024 (USDm)	503	489	273
Net income 2025 (USDm)	562	545	302
Net income 2026 (USDm)	590	574	336
Earnings yield 2024	3,4%	3,5%	3,2%
P/E 2024	29,8	29,0	31,0
Dividend yield (%)	1,0%	1,2%	1,0%
Sales CAGR 1Y	17 %	18 %	19 %
Sales CAGR 3Y	15 %	19 %	18 %
Sales CAGR 5Y	11 %	13 %	14 %
Sales CAGR 10Y	9 %	12 %	12 %
Organic growth 3Y	4 %	12 %	11 %
Organic growth 5Y	2 %	4 %	5 %
EBIT CAGR 1Y	26 %	30 %	28 %
EBIT CAGR 3Y	21 %	27 %	26 %
EBIT CAGR 5Y	15 %	18 %	18 %
EBIT CAGR 10Y	12 %	16 %	16 %
Shares outstanding 3Y CAGR	0,7 %	1,2 %	0,3 %
EBIT-margin	15,1%	14,4%	15,8%
EBIT-margin delta 1Y	0,1%	0,1%	0,0%
EBIT-margin delta 3Y	1,7%	2,1%	1,6%
EBIT-margin delta 5Y	1,9%	2,3%	1,6%
EBIT-margin min.	3,2%		
EBIT-margin max.	29,3%		
Cash conversion 3Y (FCF/net income)	106 %	115 %	107 %
Cash conversion 5Y (FCF/net income)	111 %	123 %	117 %
Cash conversion 10Y (FCF/net income)	111 %	122 %	121 %

REQ Global Compounders	Portfolio - WA	Average	Median
Insider Ownership Board (%)	14,5%	11,6%	2,9%
Insider Ownership families/other insiders (%)	2,3%	2,9%	0,0%
Insider Ownership CEO (%)	1,7%	1,5%	0,2%
CEO Base Salary (USDm)	1,0	0,9	0,7
CEO Ownership (times base salary)	358,7x	245,0x	18,9x
Company foundation (Years)	38	42	35
CEO Tenure (Years)	13	12	7
Average # of acquisitions / year - LY	4	8	8
Average # of acquisitions / year - L 3Y	4	9	7
Average # of acquisitions / year - L 5Y	3	8	7
Average # of acquisitions / year - L 10Y	3	7	7
Average deal size - LY (USDm)	4	14	13
Average deal size L 3Y (USDm)	5	13	13
Average deal size L 5Y (USDm)	4	11	10
Average deal size L 10Y (USDm)	3	9	8
Europe % of sales	51 %	53 %	42 %
North America % of sales	34 %	38 %	33 %
Asia % of sales	10 %	12 %	9 %
RoW % of sales	4 %	4 %	3 %
Total shareholder return 1Y	27 %	27 %	29 %
Total shareholder return 3Y	59 %	68 %	50 %
Total shareholder return 5Y	180 %	222 %	191 %
Total shareholder return 10Y	593 %	869 %	644 %
Active share	99 %		
Number of stocks	23		

Fund information

REQ Capital fund information

Sub-fund	Class	Currency	ISIN	SEDOL	Bloomberg
REQ Global Compounders	A (Dist)	NOK	IE0007QGNF13		RGCADNK ID
REQ Global Compounders	A (Acc)	NOK	IE00BMWPZH81	BMWPZH8	RGCAANK ID
REQ Global Compounders	A (Acc)	EUR	IE00BMWPZJ06	BMWPZJ0	RGCAEAE ID
REQ Global Compounders	A (Acc)	USD	IE00BMWPZM35	BMWPZM3	RGCAUAD ID
REQ Global Compounders	Perf (Acc)	USD	IE000Y0XA359		RGCOMPU ID
REQ Global Compounders	A (Acc)	SEK	IE00BMWPZK11	BMWPZK1	
REQ Global Compounders	A (Acc)	GBP	IE00BMWPZL28	BMWPZL2	
REQ Global Compounders	Inst (Acc)	NOK	IE00BMWPZB20	BMWPZB2	RGCINAN ID
REQ Global Compounders	Inst (Acc)	EUR	IE00BMWPZC37	BMWPZC3	
REQ Global Compounders	Inst (Acc)	USD	IE00BMWPZG74	BMWPZG7	RGIUAD ID
REQ Global Compounders	Inst (Acc)	SEK	IE00BMWPZD44	BMWPZD4	RGCIASK ID
REQ Global Compounders	Inst (Acc)	GBP	IE00BMWPZF67	BMWPZF6	
REQ Global Compounders	Perf (Acc)	NOK	IE00BMWPZN42	BMWPZN4	RGCNAPN ID

Sub-fund	Class	Currency	ISIN	SEDOL	Bloomberg
REQ Nordic Compounders	A (Acc)	NOK	IE000KVLPU4	BRXGMG3	RNCNANK ID
REQ Nordic Compounders	A (Acc)	SEK	IE0002T403A4	BRXGMH4	
REQ Nordic Compounders	Inst (Acc)	NOK	IE000KSZPSG3	BRXGMJ6	RNCIANK ID
REQ Nordic Compounders	Inst (Acc)	SEK	IE0009MTA5P0	BRXGMK7	
REQ Nordic Compounders	Perf (Acc)	NOK	IE000ODUDU11	BRXGML8	
REQ Nordic Compounders	Perf (Acc)	SEK	IE0004N383F1	BRXGMM9	
REQ Nordic Compounders	A (Acc)	EUR	IE000DIJL5B8	BRXGMN0	RNCAEAG ID
REQ Nordic Compounders	Inst (Acc)	EUR	IE000UYT24Y8	BRXGMP2	RNCIEAZ ID
REQ Nordic Compounders	A (Acc)	USD	IE000FCQEEEN6	BRXGMQ3	RNCAUAY ID
REQ Nordic Compounders	Inst (Acc)	USD	IE000WR09HE6	BRXGMR4	RNCIUAL ID
REQ Nordic Compounders	Perf (Acc)	EUR	IE000BTXAED4	BRXGMS5	RNCIPAE ID
REQ Nordic Compounders	A (Acc)	GBP	IE000VQVY2L1	BRXGMT6	

Fund information

Fund structure: Irish UCITS ICAV global long only

Fund manager: Oddbjørn Dybvad, Kjetil Nyland & Adnan Hadziefendic

Currencies: NOK, SEK, USD, EUR, GBP

Launch date: 15th of June 2021

ESG classification: Article 8

Fund classes: Institutional (I) (0,6%), High Net Worth (A) (1,0%), and

Performance (P) (0,5% + 15% above 8% annually)

Daily pricing at noon

Fund administrator and depository: RBC (Royal Bank of Canada)

Auditor: Grant Thornton (Ire) and KPMG (Norway)

Regulators: Central Bank of Ireland (CBI) and Norwegian Financial Authority

Fund information

Fund structure: Irish UCITS ICAV Nordic long only

Fund manager: Oddbjørn Dybvad, Kjetil Nyland & Adnan Hadziefendic

Currencies: NOK, SEK, USD, EUR

Launch date: 25th of January 2022

ESG classification: Article 8

Fund classes: Institutional (I) (0,6%), High Net Worth (A) (1,0%), and

Performance (P) (0,5% + 15% above 8% annually)

Daily pricing at noon

Fund administrator and depository: RBC (Royal Bank of Canada)

Auditor: Grant Thornton (Ire) and KPMG (Norway)

Regulators: Central Bank of Ireland (CBI) and Norwegian Financial Authority

Risk and reward profile



Charges

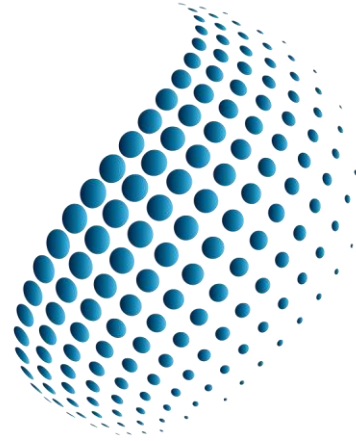
Entry Charge	None
Exit Charge	None
Ongoing Charges	See relevant fund class for information

Risk and reward profile



Charges

Entry Charge	None
Exit Charge	None
Ongoing Charges	See relevant fund class for information



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