

# Sample investment: Le Bélier

Leading global manufacturer of aluminium automotive parts



## COMPANY PROFILE

**Global foundry company** based in France

**Specialized in the production of automotive vehicle parts** which are critical to (especially braking systems)

**World leader** in the production of aluminium **brake parts** (35 - 45% global market share). Structural tailwind for aluminium as it helps to reduce weight and thus also CO2-emissions

**Global presence** in manufacturing (France, Central Europe, China and North America)

**Majority owned by the Galland family** (~58% of outstanding shares and ~72% of voting rights) - **no existing succession plan**

Highly **experienced and crisis-tested management** is also invested in the company (~10% of outstanding shares)

## LEADING EXPERTISE



BRAKING SYSTEMS



AIR INTAKE



CHASSIS/STRUCTURE

## ATTRACTIVE CLIENT PORTFOLIO



RENAULT

Source: Le Bélier.

Presentation suitable for professional investors and eligible counterparties.

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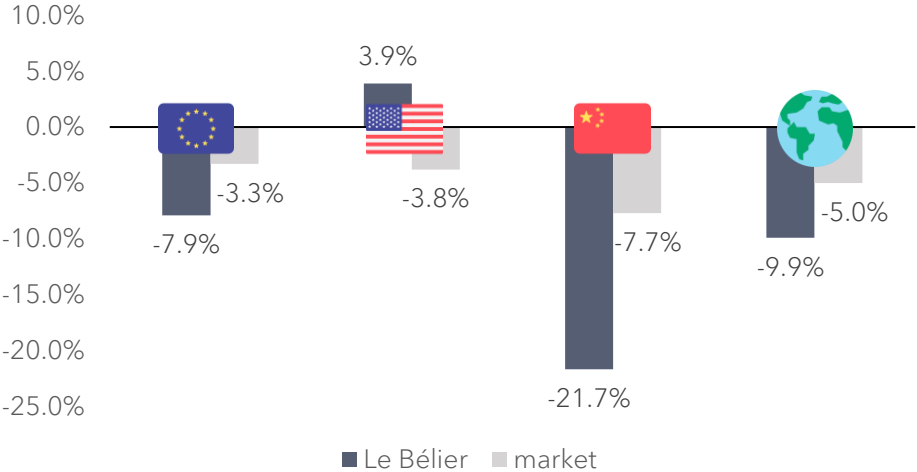
## Challenges in the passenger car market from mid-2018



### CHALLENGES

#### Declining sales figures in important markets

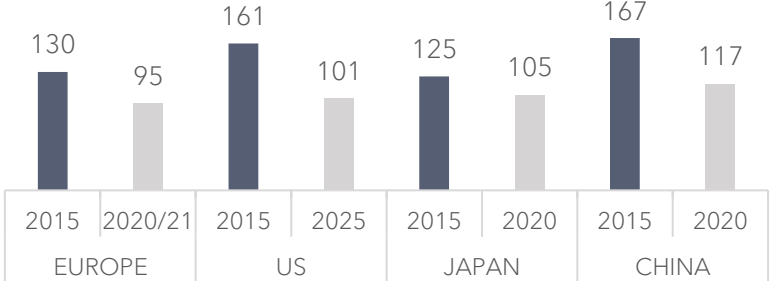
Evolution of automotive production volumes and tonnages sold by Le Bélier vs 2018



### MITIGATING FACTORS

#### Stricter emission targets demand lighter vehicles

Overview of the main CO2 objectives



New opportunities in the field of **braking systems** through electromobility

**Share** of electric and hybrid vehicles in total sales growing at **18.3%** annually according to forecasts

➔ As a result, **the use of aluminium** will increase by **3%** annually until **2025**

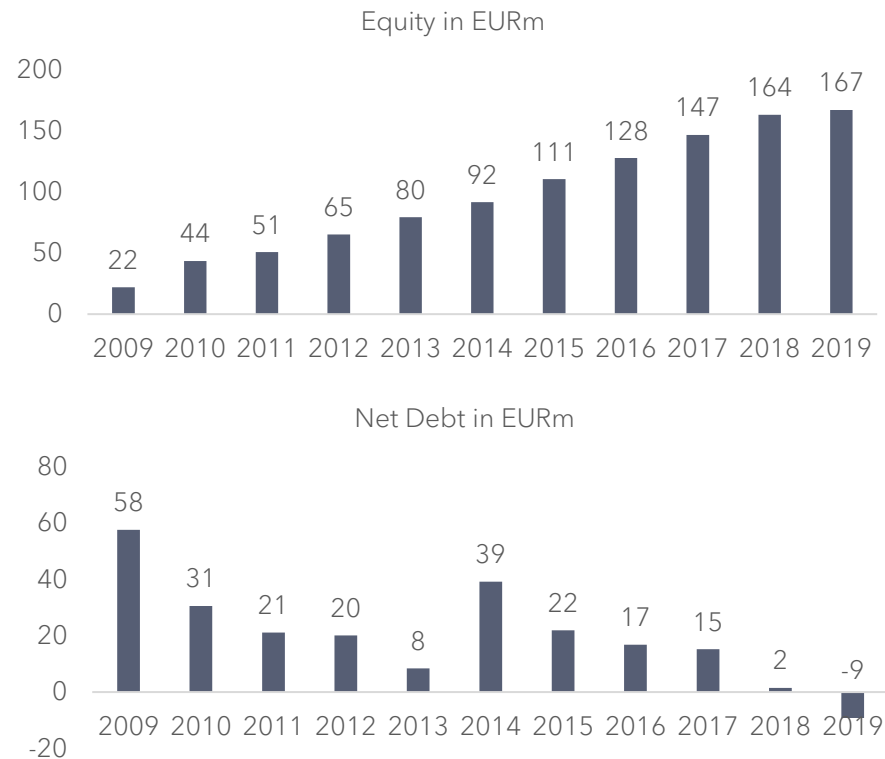
Source: Le Bélier; Ducker; LMC Automotive; Boston Consulting Group.

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Valuation does not adequately reflect high profitability and growth opportunities

## VERY SOLID BALANCE SHEET AFTER SUCCESSFUL RESTRUCTURING



## HIGHLY PROFITABLE BUSINESS MODEL AVAILABLE AT A DEEP DISCOUNT

Development of selected KPIs from 2011 to 2018

KPI	2011	2012	2013	2014	2015	2016	2017	2018
EBIT Margin	8.3%	8.7%	8.9%	9.3%	10.4%	9.1%	10.1%	9.3%
ROIC	19%	18%	18%	17%	20%	16%	18%	16%
ROE	27%	25%	20%	18%	24%	14%	15%	18%

Valuation at entry: **Traded at approx. book value (NTAV)** despite high profitability. **EV/EBIT ~6x. Single-digit P/E ratio. No net debt**

DCF analysis with sufficiently **high margin of safety** under conservative assumptions

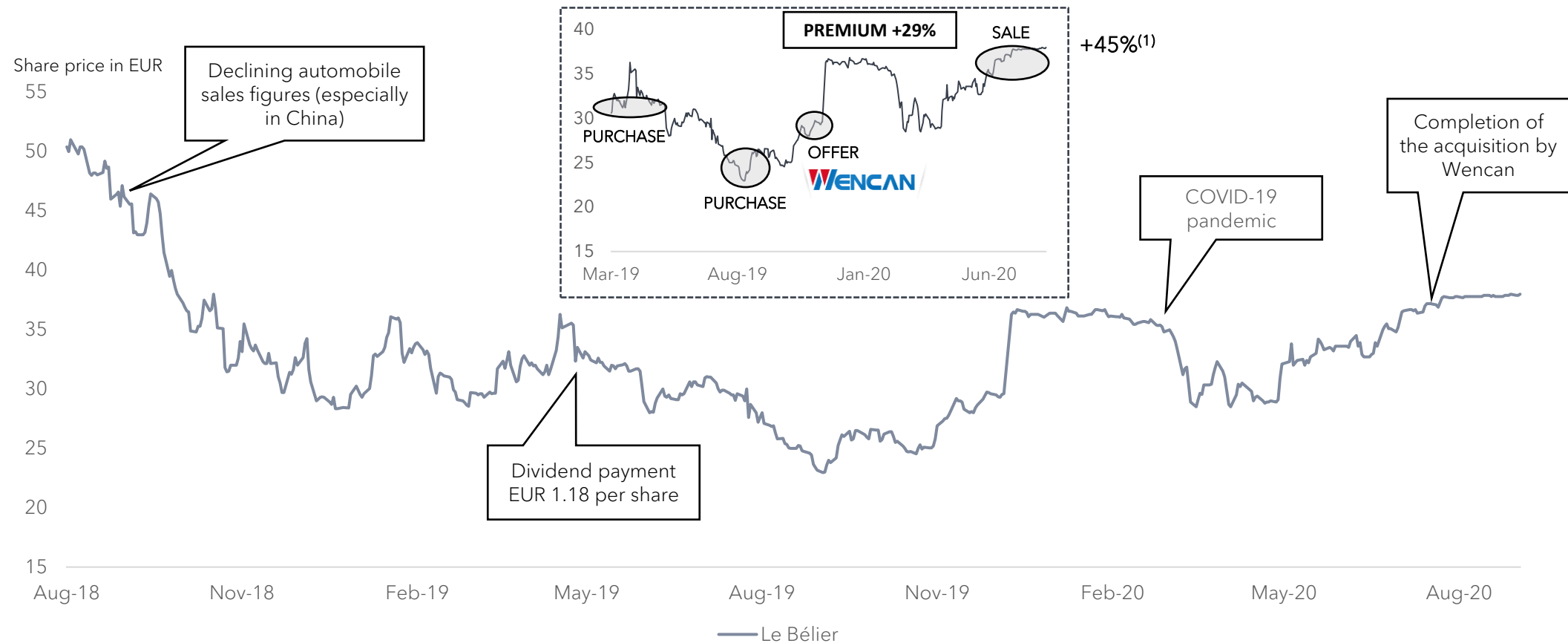
Source: Le Bélier; Gehlen Bräutigam Capital.  
 Note: EBIT Margin = EBIT / revenue. ROIC = NOPAT / Investing Capital. ROE = EAT / average equity.

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Takeover offer by Chinese competitor Wencan at a decent premium for shareholders

## DEVELOPMENT SINCE SEPTEMBER 2018 AND DURING THE HOLDING PERIOD



Source: Le Bélier; Yahoo Finance, as of 31/08/2020. 1. Price increase to the average purchase price, incl. dividend.

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