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**GEHLEN
BRÄUTIGAM**
CAPITAL

GEHLEN BRAEUTIGAM VALUE HI | EUROPEAN EQUITY FUND FOCUSED ON DEEPLY UNDERVALUED SMALL & MICRO CAPS

Marketing information suitable for private as well as professional investors or eligible counterparties.

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Case study: Sureserve (UK)



Current portfolio company (weighting: ~4.5%)

INVESTMENT CASE & MOAT

Sureserve Group Plc (Sureserve) is a **leading energy services provider primarily to social housing** in the UK. It specialises in the provision of **inspection, compliance, installation and maintenance services** in the areas of heating, insulation and renewable energy

Defensive business model with **very good momentum and visibility on future revenues** due to **long-term contracts** (avg. length of six years) and **non-discretionary nature of services**

Mixed history after the IPO, the company struggled with losses and balance sheet problems in 2015. A new chairman joined the company in July 2016. He **sold the troubled divisions while retaining the attractive businesses**. The new management team followed up on this basis

Cap10, a French private equity firm, made a public offer on 21st April 2023 to take the company private in a transaction that would **value the company at GBP ~200m** (GBP 1.25 per share)

IDEA GENERATION & VALUATION⁽¹⁾

We screened for potential multibaggers and Sureserve appeared on our list for Europe and UK

Small and unknown company: market capitalisation of GBP ~135m, listed on the London Stock Exchange's "AIM" entry segment

Solid balance sheet with net cash and legacy assets up for sale; 2023e EV/EBITA of ~6.0-6.5x, peer-group valued at >10x despite lower growth

CATALYSTS

Strong organic growth and continuous growth through acquisitions of smaller competitors

Strong tailwinds, e.g. from upgrading houses with more energy efficient solutions and services

Multiple uplift over time due to larger size and higher margins

RETURN OF ~45% WITHIN ~4 MONTHS SINCE INITIAL INVESTMENT IN DECEMBER 2022.⁽²⁾

Source: Gehlen Braeutigam Capital; Sureserve Group plc; as of 21 April 2023. 1. At the time of the first purchase in December 2022. 2. Return on weighted entry price.
Note: The past return of this investment example is not a reliable indicator of future returns.