MOI GLOBAL

zooplus

The Quest for "Compounders" + Zooplus (ETR: ZO1)

MOI Global | Best Ideas 2018

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HAYDEN CAPITAL

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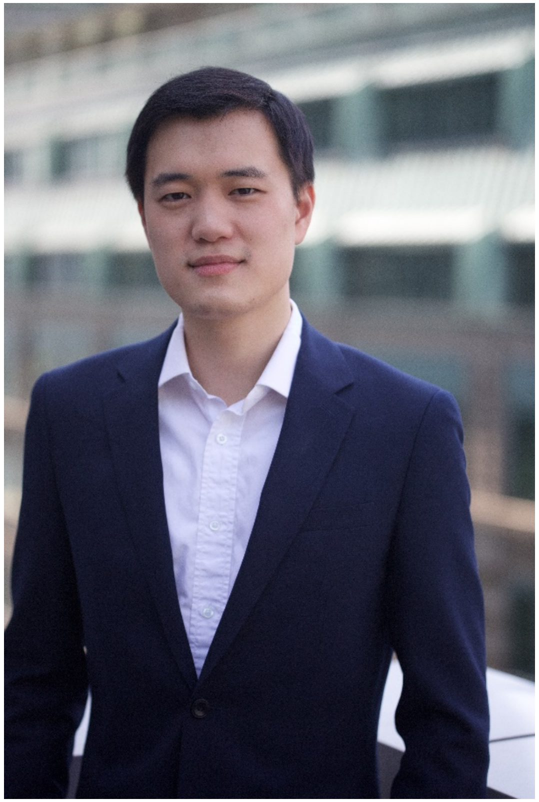
About Me

Fred Liu, CFA
Managing Partner

Fred Liu is Hayden Capital's founder and portfolio manager. He holds a B.S. in finance and international business from the Leonard N. Stern School of Business at New York University. He also holds the Chartered Financial Analyst (CFA) designation.

Prior to founding Hayden Capital, Fred was a research analyst at New Street Research responsible for covering the cable and satellite industries. Before this, he was the industrials analyst on J.P. Morgan's Small Cap Equity fund, a five-star Morningstar ranked strategy that invested in securities under $2 Billion in market cap.

Fred purchased his first stock at the age of 11, and has been an avid value investor ever since. He currently resides in New York City.



Who Is Hayden Capital?

Investment Strategy: We invest primarily via a long-only, low-turnover, global equity strategy. Investments are under-written with a 10+ year view. The goal is to compound our capital in-line with these businesses' growth in earnings power.

- We focus on underlying business unit economics, as opposed to market factors like sentiment or multiple expansion, as the source of our returns.
- Our typical portfolio comprises of 6 – 15 high-quality companies, that we have studied for an extensive period.
- We don't aim to "beta-hedge" our positions, as this typically results in sacrificing long-term gains for reducing short-term volatility. As long-term investors, we would rather have a superior (although lumpy) annual return, than a steady (but mediocre) return.
- In fact, we embrace volatility in most cases as it allows us to purchase companies we like for cheaper.

Investment Objective: Achieve returns exceeding the broader Global Equity Markets (measured by the S&P 500 and MSCI World), over a full market cycle. Hayden Capital seeks to achieve these returns primarily through publicly traded, marketable securities of U.S. and non-U.S. companies.

- No complex derivatives, "pair-trades", or significant use of leverage.
- All accounts are Separately Managed Accounts ("SMAs"), as opposed to a pooled structure. We think this is in the best interests of our clients, as it provides clients full ownership of their investments, daily liquidity, and transparency.

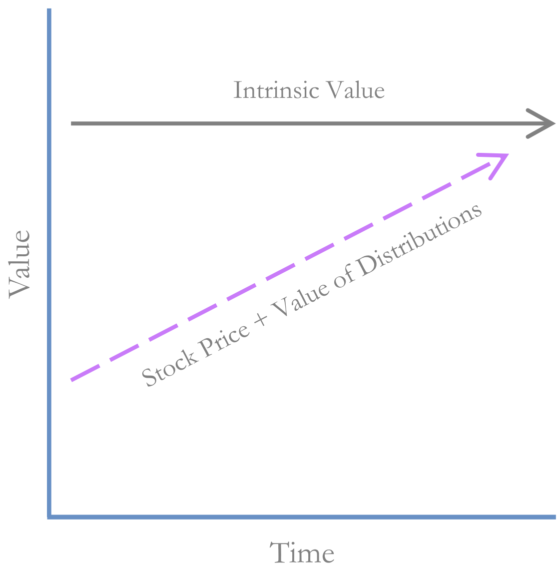
Our Process

Its more valuable to talk about *how* we fish, rather than show one we've already caught… but don't worry, there's still a fish at the end.

Broadly, There Are Three Types of Investors…

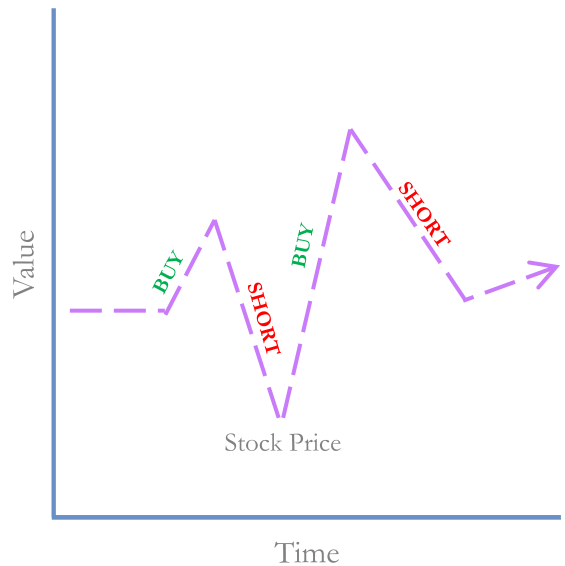
- This is how I see the investing landscape, with investors largely broken down into three types. It's possible to make money with each method, but the skill set and questions to answer for success in each are different.

Distressed / Deep-value / Sum of Parts Investors



"How do we unlock value / liquidate / milk this company's cash flows as quickly as possible?"

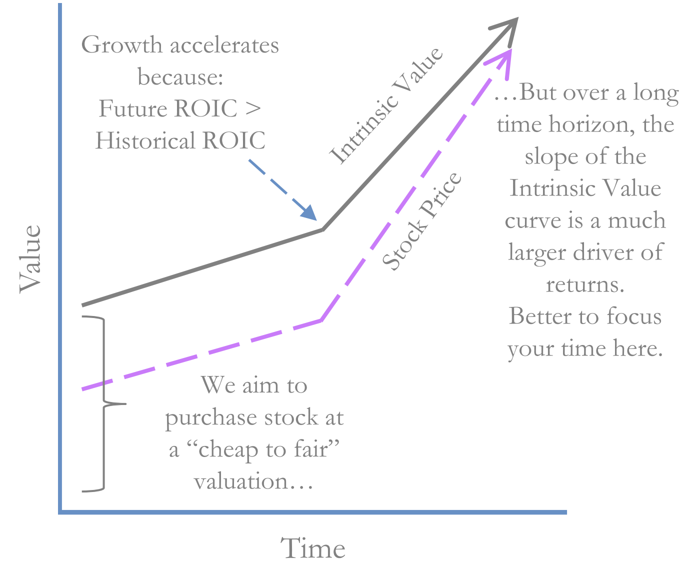
Event-Driven Funds / Market Neutral / "Traders"



"What's the intrinsic value? Who cares? I'm out in 6 months anyways…

What will cause other traders to change their perception / sentiment / multiple?"

Hayden Capital / "Compounders" / Long-Term Investors



"How quickly is the intrinsic value growing? Where is the company investing?

Do the future projects have higher returns vs. historically, and thus cause the a change / inflection in the slope of the intrinsic value curve?"

How Quickly Will Intrinsic Value Grow?

Distressed / Deep-value / Sum of Parts Investors	Hayden Capital / "Compounders" / Long-Term Investors	Event-Driven Funds / Market Neutral / "Traders"

Stock Return = [Dividend / Stock Buyback] + [Earnings Growth] + [Multiple Expansion / Contraction]

Earnings Growth = Return on Invested Capital x Reinvestment Rate

Theory vs. Reality

- **That's great in theory… but how do you do it in practice? How do you get the data-points necessary to do this type of analysis?**

- **Managers should evaluate companies by going to the project level.**
  - The best way to evaluate if someone is a good investor, is to test their decision making process. You need to evaluate the next "layer" down.
  - But to know if they made the right decision and am thinking about it properly, you need to have your own opinion also.
    - It's impossible to judge if it's a smart choice (in your opinion), if you haven't worked the problem out yourself.

- Note, this process only matters for long-term investments. Just like how investment managers take years to prove if they have an edge, companies can take years for projects to realize their full potential. This won't matter if you're holding a stock for <1 year.
- For some reason, managers usually don't do this type of "layer skipping", instead relying upon historical KPIs.
  - My theory, is perhaps because time horizons are getting shorter, investors are increasingly seeking returns are based on re-ratings (sentiment changes).
  - They don't have the time to wait for improving company economics to show up in financial results.
  - Also it's hard to do this type of analysis on a portfolio of 50+ companies.
  - So for many market participants, this type of analysis doesn't matter.

Everyone's Investing In Something…

Allocator
(Endowment, Family Office, HNWI, etc.)

Investment Manager
(Fixed Income vs. Equities vs. Commodities, Microcap vs. Arbitrage vs. Activist)

Company A
(Realllyyyy Bad Management)

- Project A — 20% IRR (Great Management's Choice)
- Project B — 15% IRR (Decent Management's Choice)
- Project C — 5% IRR + Prestige + Higher Salary (Bad Management's Choice)

Company B
(World-Class Management)

- Project A — 12% IRR (Great Management's Choice)
- Project B — 5% IRR (Decent Management's Choice)
- Project C — 2% IRR + Prestige + Higher Salary (Bad Management's Choice)

Allocator's Questions:

- Which asset class has the highest opportunities for excess returns?
- Who among the asset class' managers is most likely to capture this alpha?

Investment Manager's Questions:

- Which companies have the best reinvestment opportunities?
- Which management teams are smart enough and have the right incentives to pick the projects with the highest returns?

Notice, even though Company A has better overall opportunities for reinvestment (perhaps due to a better industry or better competitive position), its bad management will choose Project C, and thus make this an unattractive investment.

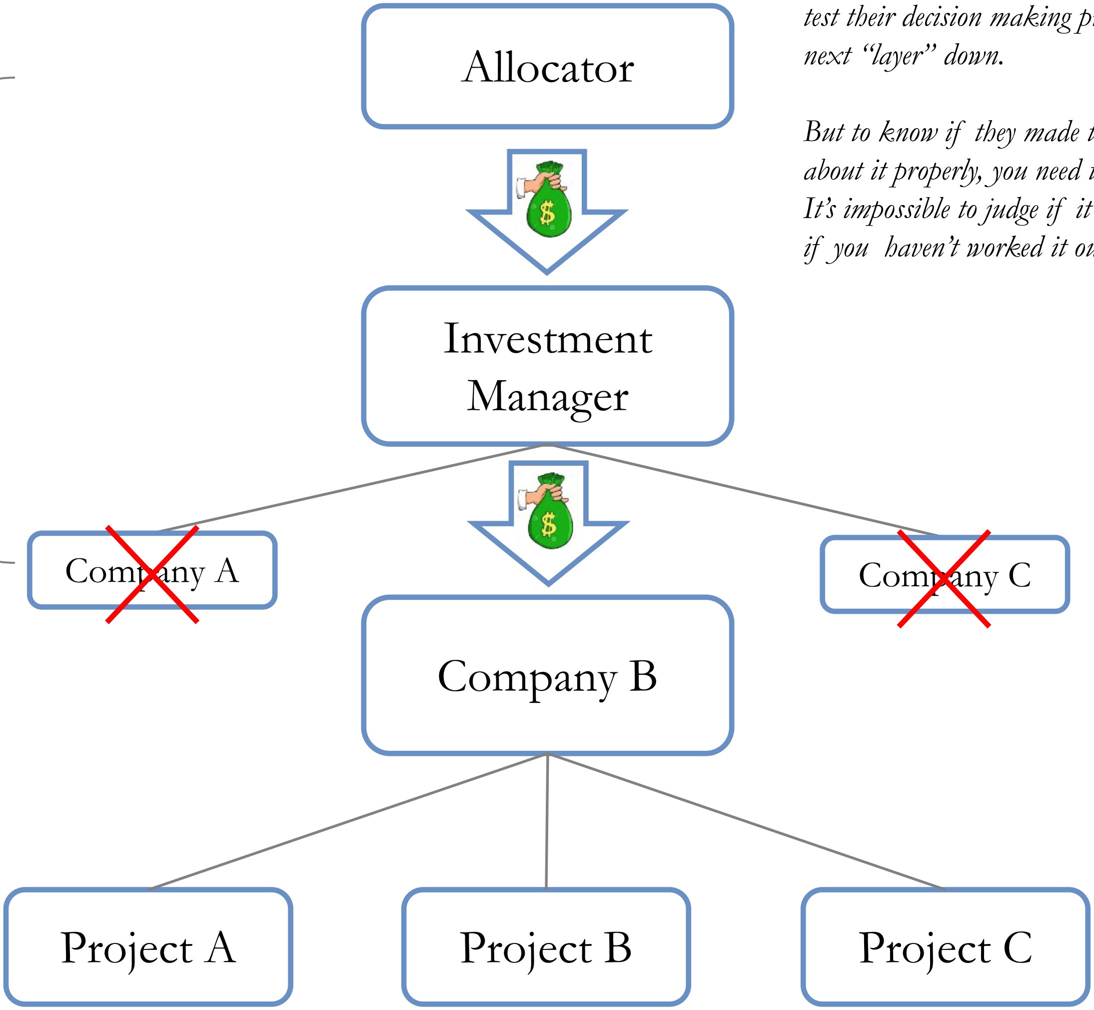
In this scenario, Company B is a better choice (12% IRR vs. 5% IRR), due to smarter management, despite its worse opportunity set. This is why good management matters.

Look Below The Surface…

The best way to evaluate if someone is a good investor, is to test their decision making process. You need to evaluate the next "layer" down.

But to know if they made the right decision and am thinking about it properly, you need to have your own opinion also. It's impossible to judge if it's a smart choice (in your opinion), if you haven't worked it out yourself.

Allocator's Process:
"Investment Manager: How are you thinking about Company A vs. B vs. C? Why did you choose Company B?"



Investment Manager's Process:
"Company B: How are you thinking about Projects A vs. B vs. C? Which will you choose and why?"

Reinvestment Rate

Reinvestment Rate: How Much Is The Company Investing In Itself?

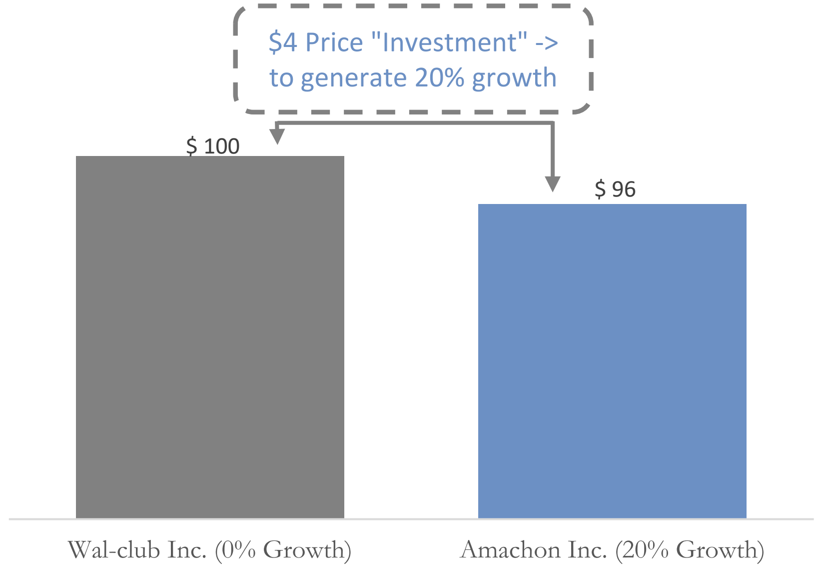
Reinvested Earnings = Sustainable Earnings Power – Reported Earnings

Reinvestment Rate = Reinvested Earnings / Sustainable Earnings Power

- Sustainable Earnings Power is what the business would theoretically earn if it stopped growing.
- There no set "formula" for calculating this. It's going to be industry & business model dependent.
  - For example, a commodity business may structurally only earn it's cost structure difference vs the next most efficient competitor.
  - Alternatively, a one-of-kind, mission-critical software provider (think Microsoft in 90's) has enormous pricing power.
    - They could raise prices up to the point where new customers = lost customers.
    - For the last marginal customer in this scenario, the Price = Customer's Marginal Utility

Commodity Retail Businesses

$ Earned



Sustainable Earnings =
$4 (Reinvested Earnings) + $1 (Reported Earnings) = **$5**

Reinvestment Rate =
$4 (Reinvested Earnings) / $5 (Sustainable Earnings) = **80%**

Reinvestment Rate: How Much Is The Company Investing In Itself?

- **The better the reinvestment opportunities, the higher the reinvestment rate should be.**
  - If a company has unlimited opportunities to earn 50% returns, management better be plowing every cent back into the company, and reporting $0 EPS (assuming investments are expensed).
  - Note: Some companies have a high return project, but limited capacity.
    - A new factory may cost $5M, with 50% returns. But the business generates $20M a year… what do you do with the other 15M?
    - Assuming the other 75% is returned, that's only 12.5% growth.
  - Lots of opportunities to deploy capital are just as important as the Return on Invested Capital.

Earnings Growth Drivers

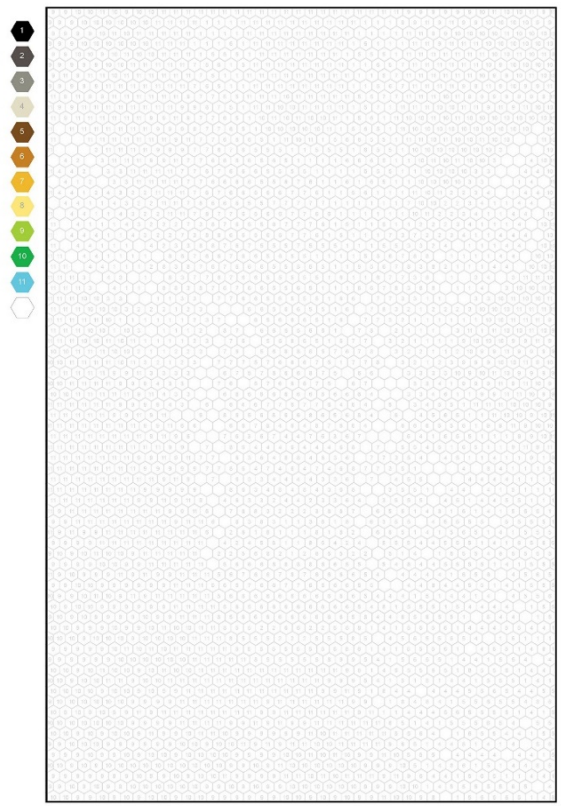
Illustrative Example

	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Reinvested					
Prior Year Earnings		$ 20	$ 23	$ 27	$ 32
x Reinvestment Rate		80%	80%	100%	100%
= Addl Capital Reinvested		**$ 16**	**$ 19**	**$ 27**	**$ 32**
Earnings Growth					
Existing Capital		$ 100	$ 116	$ 135	$ 161
+ Reinvested Earnings		16	19	27	32
= Total Capital Investment	$ 100	$ 116	$ 135	$ 161	$ 194
x Return on Inv. Capital	20%	20%	20%	20%	20%
= Earnings	**$ 20**	**$ 23**	**$ 27**	**$ 32**	**$ 39**
memo: Growth Y/Y - Earnings		*16.0%*	*16.0%*	*20.0%*	*20.0%*

Incremental Return on Invested Capital

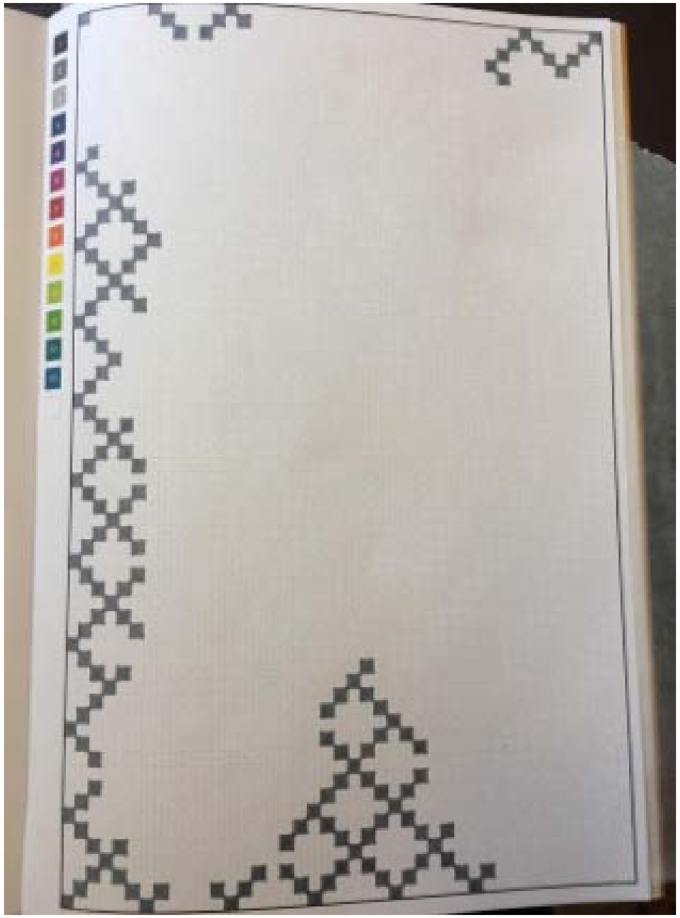
Start with a Framework / Thesis (i.e.. a blank sheet of paper)

- Investing and "data-point" analysis is similar to coloring. You're simply trying to fill in the dots (i.e. piece together knowledge) to see the end picture.
- For example, you think it *could* be a "wolf" (it's what the directions say), but you're skeptical… There's no way to find out, until you start coloring.
- *("Wolf" in this case = an attractive business)*



Find Data-points that Confirm or Deny the Thesis (i.e. Fill In The Dots)

- The picture's starting to come together… there's some sort of shape, but it's still not clear.
- Some dots are outside the framework, but the majority seem to fit the outline.
- *Why's that look like a Giraffe though??*



Hey, There It Is! You Were Right! It's a "Wolf".

- Turns out it's a "Wolf" after-all!… It just took some work to fill in the dots and test the thesis.
- *Note: In investing, it's often too late to wait till the picture is complete. It will be obvious to everyone else by that point too.*
- *To get an edge, start coloring earlier than other people, collect more "dots" than other people, and invest when the picture is 80% filled in and you're confident in the final outcome.*

**Astute readers will notice the last three pictures aren't the same… just checking that you're paying attention.*

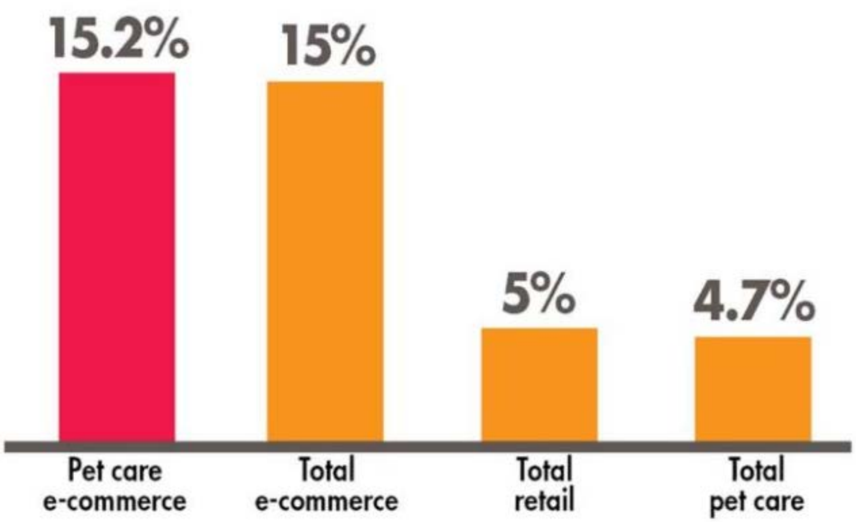
A Case Study: Zooplus (ZO1)

Europeans Love Their Pets… But Not As Much As Americans (Yet)

- Europeans are increasingly shopping online for pet supplies, with online pet sales growing ~15% y/y.
  - E-commerce is rapidly taking share from brick & mortar, due to the convenience and lower prices of online retailers.
  - This is with an industry growing overall at 2-3% a year.
- Pet care spending per household is still less than the US.
  - Estimated to reach ~€200 per household vs. ~$380 in the US, in five years.
  - Zooplus customers already spend more than average, at ~€190 per customer per year (vs. ~€150 for Western Europe today). It seems Zooplus' customer experience promotes new product discovery, and drives sales.
- If Europeans increase their spending to match Americans, this will be a major driver for the industry (but it's not something we're counting on yet).

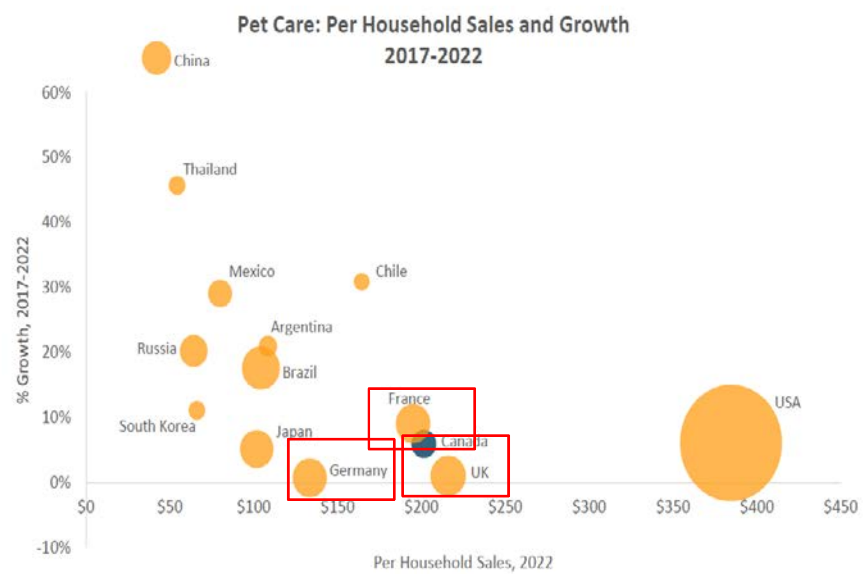
Global Pet Care Spending

Annual growth, from 2010-14



Pet Care Spending, Per Household

2022 estimates from Euromonitor



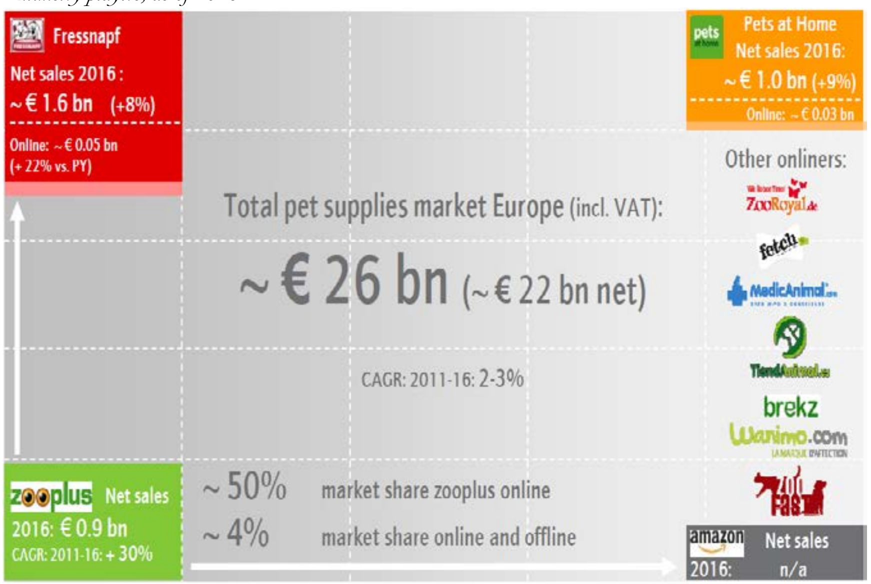
Source: Fung Global Retail & Technology, Euromonitor State of Global Pet Care 2017

Zooplus Taking A Larger Piece

- E-commerce is taking share in the overall industry, and Zooplus is taking share within E-commerce.
  - Over the last five years Zooplus has grown at 28% y/y. This surpasses Pet Care E-Commerce's growth of 15% y/y, and the overall industry growth rate of 2-3%.
- Zooplus is already the largest *online* pet supplies retailer in Europe, at 50% market share.
  - It's going to surpass Pets at Home's this year, making it the 2nd largest retailer *overall*.
  - We estimate Zooplus will surpass Fressnapf within the next 3 years, making it the largest retailer in Europe.

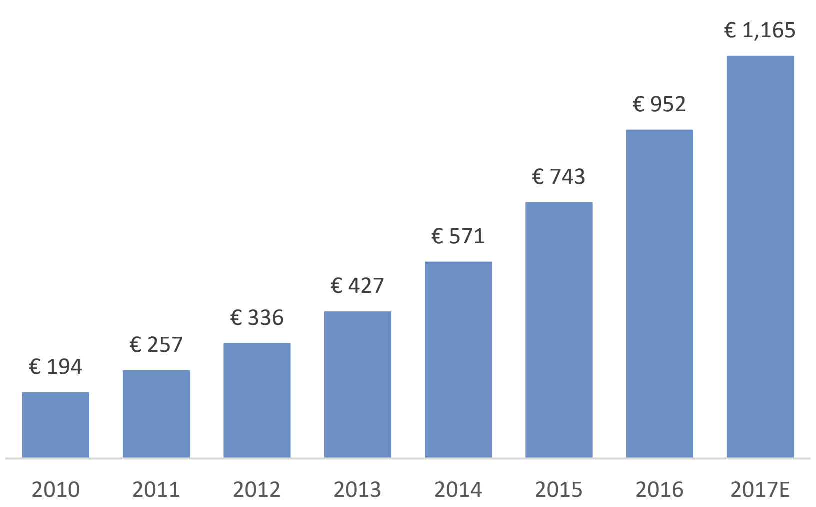
Zooplus Market Position vs. Competitors

Industry players, as of 2016



Zooplus Revenues

€ in millions



The Big, Bad, Amazon

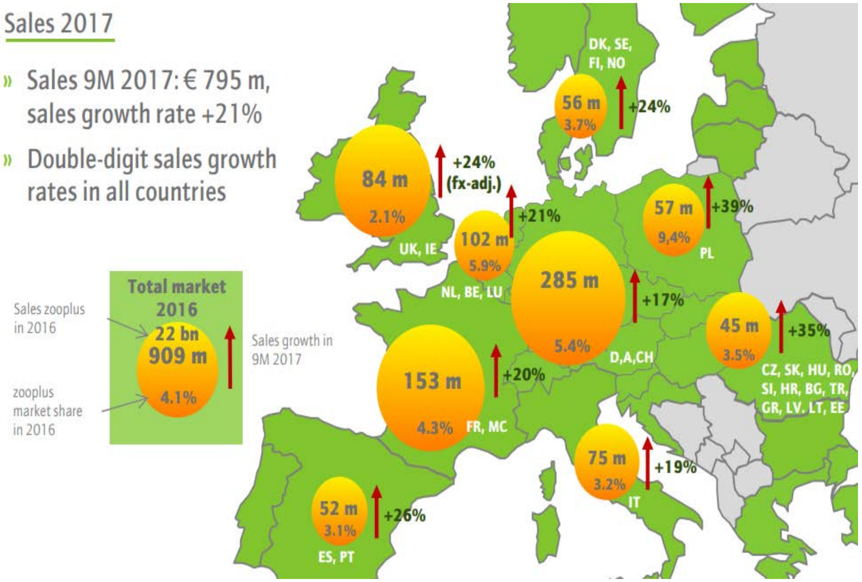
- It would be very naïve to ignore Amazon, when investing in an e-commerce company.
  - However, Amazon so far hasn't been able to gain significant share in the pets space.
  - Chewy.com in the US is the best example of this.
    - Both Chewy and Amazon entered the pets space around the same time (2011), and Chewy has gained 50% share in the US, and is set to grow 100% this year. We believe Amazon will likely target the US market first, and Chewy is a good "canary in the coal mine", which we're watching closely.
- Meanwhile, Amazon only has ~€350M in pets sales in its European markets or ~30% the size of Zooplus.
  - This is the same relative scale as 2014, when Amazon did ~€200M and Zooplus did €570M.
- We believe there's scale advantages to being the biggest, with an logistics system optimized for "heavy & bulky" packages.

Amazon's International Sales - Pet Products

Revenues for Q3 2016 – Q3 2017, from One Click Retail

Zooplus Sales By Country (2016)

Sales and market share, for 2016

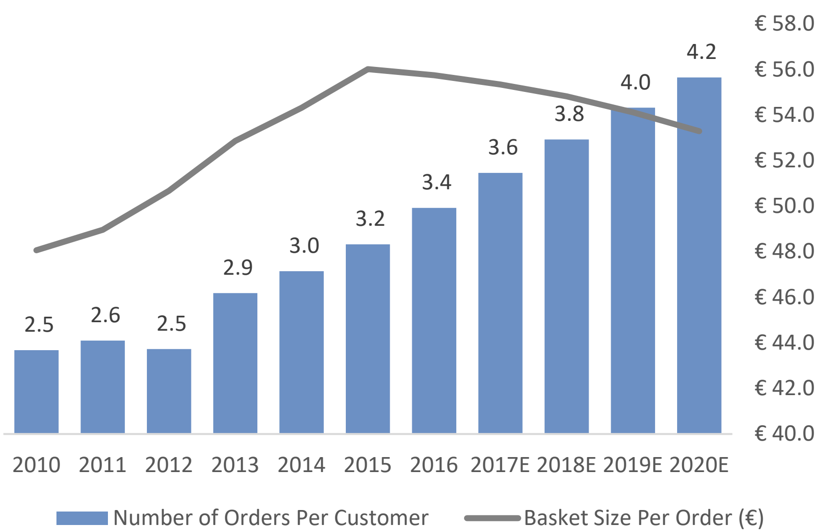


Winning Customers' ♡

- For a commoditized, repeat purchase like Pet Food (80% of sales), what matters is low prices and convenience (i.e. quick shipping).
  - This isn't fashion, where you'll spend hours joyfully browsing for that new handbag, and want a good "discovery" experience (like shopping for entertainment in a mall).
  - For pet food, customers want to go from product page to check out as quick as possible.
- We scraped the prices of 50 leading products on Zooplus, vs. competitors. Zooplus is 3% - 15% cheaper than competitors.
  - Even 3% - 8% cheaper on average than it's most formidable competitor, Amazon.
  - This doesn't even include Zooplus' Savings Plan (pay €3 to get an extra 3% off for a year).
- We can see evidence of customer satisfaction by teasing out the company's order metrics.
  - Customers are ordering more frequently per year, from 2.5x in 2012 to 3.6x in 2017 (44% increase).
  - This will likely go up further, as subscription takes off (discussed later).

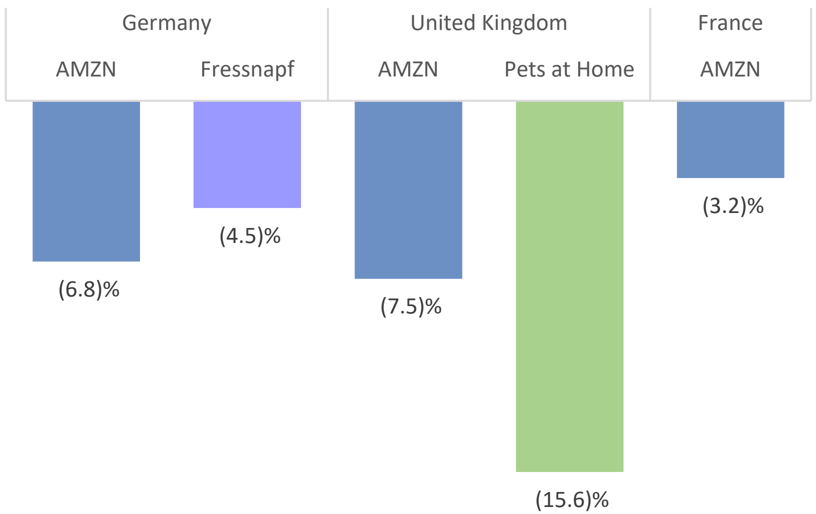
Customer Order Metrics

# of orders per customer per year



Zooplus Prices vs. Competitors

Prices as of Sept. 30, 2017; GR-UK-FR are AMZN's top 3 markets



Customer Acquisition ROIC

- One of the best uses of capital is acquiring customers (marketing, new customer promos, etc.)
- We estimate it costs ~€5.20 to acquire a new customer. If they turn into a repeat customer, Zooplus makes its customer acquisition cost ("CAC") back after 1.5 years.
  - Blended, we estimate Zooplus makes a 30% IRR on customer acquisition spend.
- Note: We have heard Chewy.com also has a 1.5 year payback on new customers. This implies the industry dynamics, and consumer spending habits are similar across geographies.
  - However, since Americans spend 2x as much on their pets, Chewy can afford to spend more (in absolute terms) on acquiring customers vs. Zooplus.

Returning Customer Value

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Retention Rate	100.0%	79.0%	81.0%	89.1%	91.2%	92.3%	91.8%	92.2%	92.5%	95.8%
Sales per Active Account	€ 166	€ 254	€ 264	€ 262	€ 268	€ 283	€ 308	€ 321	€ 334	€ 358
x EBT Margin	(2.5)%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
= Op Income per Active Acct	(€ 4.2)	€ 8.9	€ 9.2	€ 9.2	€ 9.4	€ 9.9	€ 10.8	€ 11.2	€ 11.7	€ 12.5
x Tax Rate	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%
= Profit per Active Acct	(€ 2.6)	€ 5.7	€ 5.9	€ 5.8	€ 6.0	€ 6.3	€ 6.9	€ 7.2	€ 7.4	€ 8.0
memo: Remaining Accounts	*100.0%*	*79.0%*	*64.0%*	*57.0%*	*52.0%*	*48.0%*	*44.0%*	*40.6%*	*37.6%*	*36.0%*
memo: Wgt. Yearly Sales per Acct Created	*€ 166*	*€ 201*	*€ 169*	*€ 149*	*€ 139*	*€ 136*	*€ 135*	*€ 130*	*€ 125*	*€ 129*
memo: Wgt. Yearly Op Income per Acct Created	*(€ 4.15)*	*€ 7.02*	*€ 5.91*	*€ 5.23*	*€ 4.88*	*€ 4.75*	*€ 4.74*	*€ 4.56*	*€ 4.39*	*€ 4.51*
memo: Wgt. Yearly Profit per Acct Created	*(€ 2.65)*	*€ 4.48*	*€ 3.77*	*€ 3.33*	*€ 3.11*	*€ 3.03*	*€ 3.02*	*€ 2.91*	*€ 2.80*	*€ 2.88*
memo: Cummulative Sales Per Acct Created	*€ 166*	*€ 367*	*€ 536*	*€ 685*	*€ 824*	*€ 960*	*€ 1,096*	*€ 1,226*	*€ 1,351*	*€ 1,480*
memo: Cummulative Op. Income Per Acct Created	*(€ 4.15)*	*€ 2.87*	*€ 8.79*	*€ 14.01*	*€ 18.89*	*€ 23.65*	*€ 28.39*	*€ 32.94*	*€ 37.33*	*€ 41.84*
memo: Cummulative Profit Per Acct Created	*(€ 2.65)*	*€ 1.83*	*€ 5.60*	*€ 8.94*	*€ 12.05*	*€ 15.08*	*€ 18.10*	*€ 21.01*	*€ 23.81*	*€ 26.68*

Blended Customer IRR

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Operating Income										
One-time Customer (Exp Value)	(€ 5.19)	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
+ Returning Customer (Exp Value)	(€ 1.70)	€ 2.88	€ 2.42	€ 2.14	€ 2.00	€ 1.95	€ 1.94	€ 1.87	€ 1.80	€ 1.85
= Wgt. Operating Income	(€ 6.89)	€ 2.88	€ 2.42	€ 2.14	€ 2.00	€ 1.95	€ 1.94	€ 1.87	€ 1.80	€ 1.85
Net Profit										
One-time Customer (Exp Value)	(€ 3.31)	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
+ Returning Customer (Exp Value)	*(€ 1.09)*	*€ 1.84*	*€ 1.55*	*€ 1.37*	*€ 1.28*	*€ 1.24*	*€ 1.24*	*€ 1.19*	*€ 1.15*	*€ 1.18*
= Wgt. Net Profit	*(€ 4.40)*	*€ 1.84*	*€ 1.55*	*€ 1.37*	*€ 1.28*	*€ 1.24*	*€ 1.24*	*€ 1.19*	*€ 1.15*	*€ 1.18*

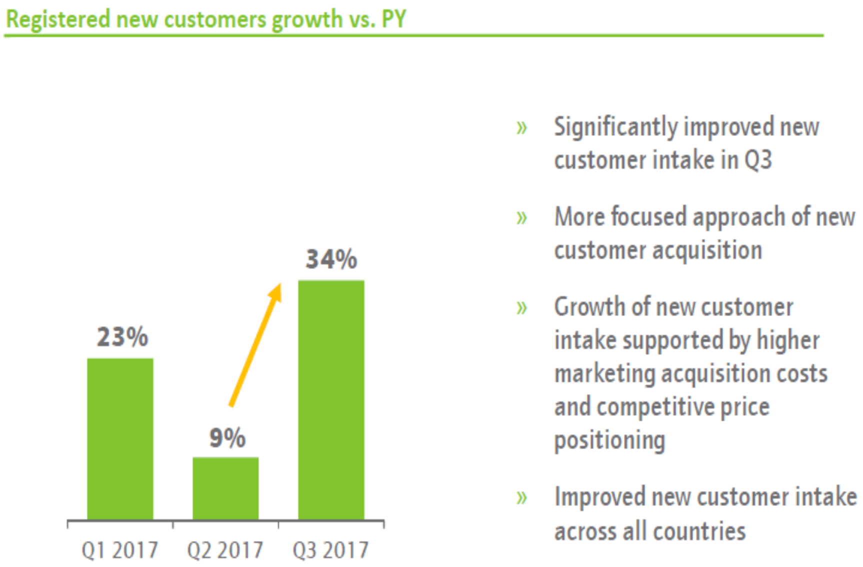
Customer Acquisition IRR Calc.	
Blended Customer IRR	***30.3%***
Returning Customer IRR	*155.6%*

Hiring More ~~Nerds~~, I Mean… Software Developers

- Zooplus announced it's hiring 60 more software developers, increasing the headcount from 90 to 150 (+67% increase).
  - If assume average of €150K per developer, this is €9M more in operating costs.
  - There are ~6M active customers today (vs. 4.83M in Q4 2016). At a 4% return customer margin, we just need each existing customer to spend €38 more per year (€1.50 in profit) to justify this cost.
    - But this doesn't include accelerating new customer growth, or raising the retention rate due to these new features / initiatives. These factors would make the return even better.
- New customer growth has already accelerated to 34% y/y last quarter, after increasing its CAC and lowering prices.
  - Launching new features and improving the customer experience will accelerate this further.

New Customer Growth

Q3 2017 Earnings Presentation



Meet Zooplus' New Hires

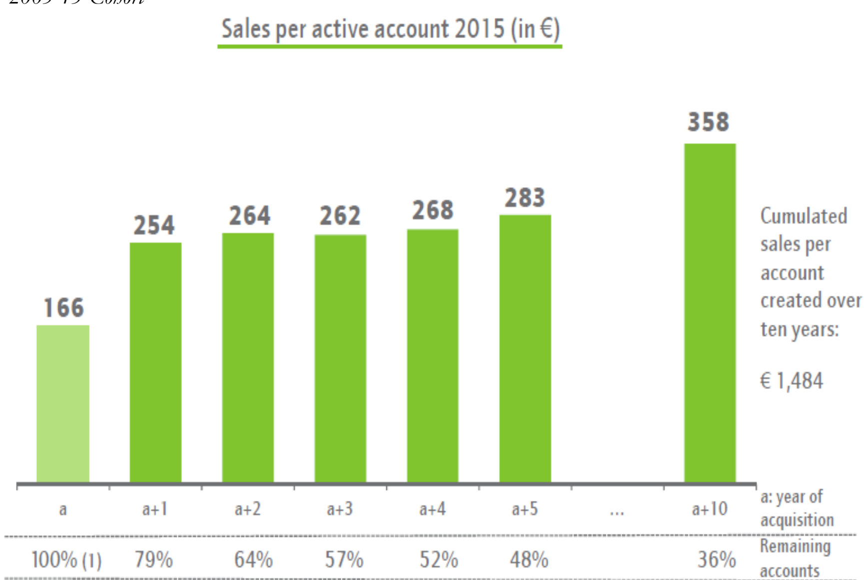
Team photo

Subscription Economics

- Subscription is a newly announced feature – to be rolled out in Germany first, and then across other European markets.
- For a product that's a "chore" to shop for (unlike the joy of shopping for a Chanel purse, for example), automating the purchase process adds a lot of value for customers.
  - Financially, increasing the retention rate and increasing the order frequency is very attractive.
  - For example, we estimate simply increasing the order frequency by 0.5x per customer per year will increase sales by €157 million (13% of 2017E sales). Currently, active customers only order ~3.5x per year.
  - At a 9.9% contribution margin (disclosed by the company last quarter), this would equate to roughly €16M in additional profits.
- For comparison, we've heard ~50% of Chewy's orders are from subscription. On top of this, their customer Lifetime Value is ~$1,200. Zooplus' customer LTV is ~€1,500, despite pet care spending being 50% lower than the US.

Customer Lifetime Value

2005-15 Cohort



New Subscription Feature

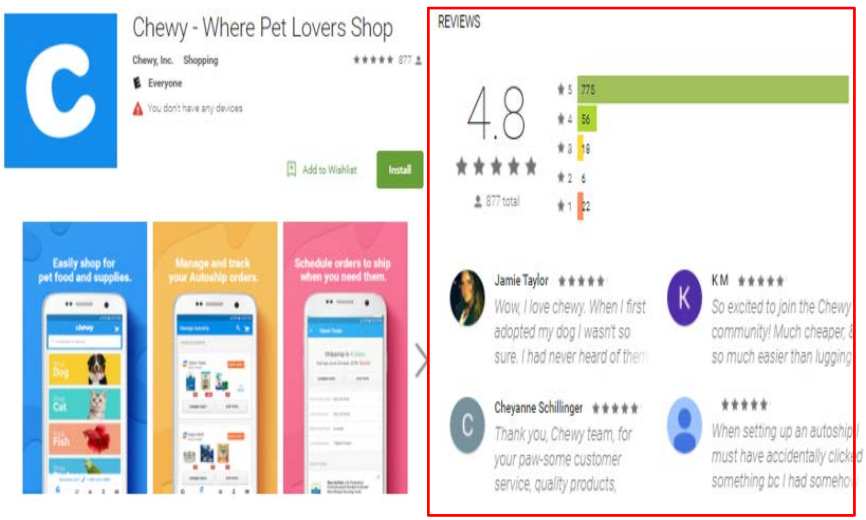
Currently in Germany only, with plans to roll-out to other countries soon

Improving The Mobile Experience

- Zooplus still has some work to do on the mobile-front, especially when compared to it's US-rival Chewy. This is crucial, as consumers increasingly move to a mobile-first experience.
    - Many complaints about the app crashing, incorrect translations / languages, etc.
- Today, most customers are women, between ages 30 – 40, shopping from a desktop, at work. In order to reach a broader (and younger) audience, Zooplus needs to improve it's mobile application.
- Doing so not only helps with attracting new customers, but also reducing churn.
    - It should also increase order frequency, since mobile shopping tends to be more impulsive and used as a "shopping list" (i.e. "We just ran out of dog treats – I'll add it to the cart now on my phone").
- Although we don't have hard metrics yet, simple sensitivity analyses show that even a slight improvements in retention, order frequency, or new customer growth will have great returns.
    - This is especially true given the relatively low cost of hiring more developers.

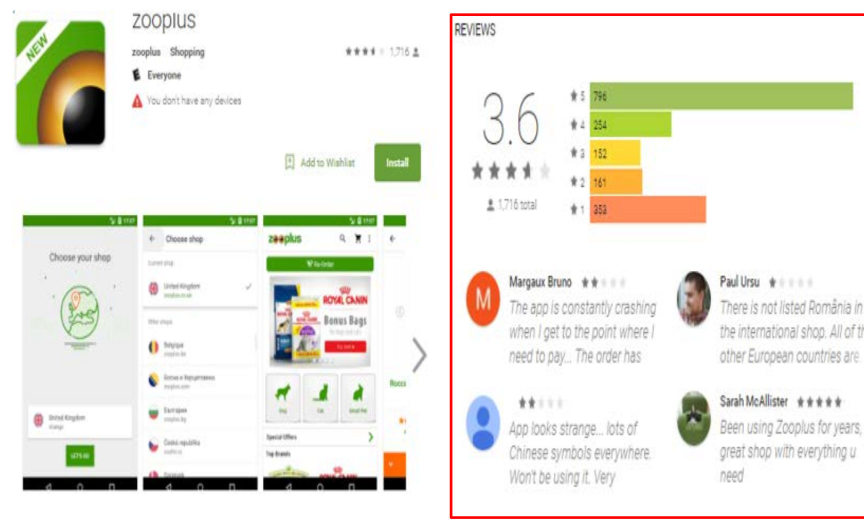
Chewy's App (4.8 Rating)

Google Play Store



Zooplus' App (3.6 Rating)

Google Play Store



Proof of The Market's Short-term Nature

Our Take:

- On September 15, 2017, the company announced it was lowering the full year earnings guidance by ~€10M - €20M, to invest more into the aforementioned projects.
- Although we're still gathering hard data / KPIs around these recent projects, it's hard to see them as value-destructive.
- Investors simply need to ask "Is this project a waste of money? Or is it adding value to customers, and will encourage them to spend more (than the project costs)?"
- However the market had different thoughts…

Market's Reaction:

- The stock was down ~22% the day of the announcement, and ended down 20% over the subsequent month (indicating the market hadn't digested the news / believe the projects were value-adding even a month later).
- Obviously, we think they're misunderstanding it. There's an informational + analytical advantage here over the next 6 – 12 months, before the benefits from these initiatives start showing up in the financials.

Zooplus Stock Price After Announcement

August 15, 2017 – October 15, 2017

So What's It Worth?

Intrinsic Value Growth:

- Over the next five years, we're expecting revenues & earnings power to grow at 19% y/y (driven by the aforementioned projects, price investments, logistics, etc.) and the stock price to compound at a similar rate. Over time, the company should be able to achieve operating margins in the mid-to-high single digits (in-line with other global e-commerce companies). At a multiple of 0.9x sales or 13x normalized EBIT, we think this is a cheap-to-fair price to pay for such a company, with this growth potential.
  - For comparison, many traditional Brick & Mortar companies are still trading at 0.5x sales, with similar or lower margins, and only GDP+ type growth.
  - At the current growth rate, we only need to get the next three years right, while getting growth in the subsequent years for "free". The tailwind / shift to online is alone very strong, and it's very likely growth will last much longer than 3 years.
- For example, if the subscription feature can achieve my (admittedly rough) estimates, the company would make €16M on a €9M cost (developer salaries), for a 78% return on investment.
  - Even if the order frequency is lower than expected, it's still a very attractive investment.

Public Comps:

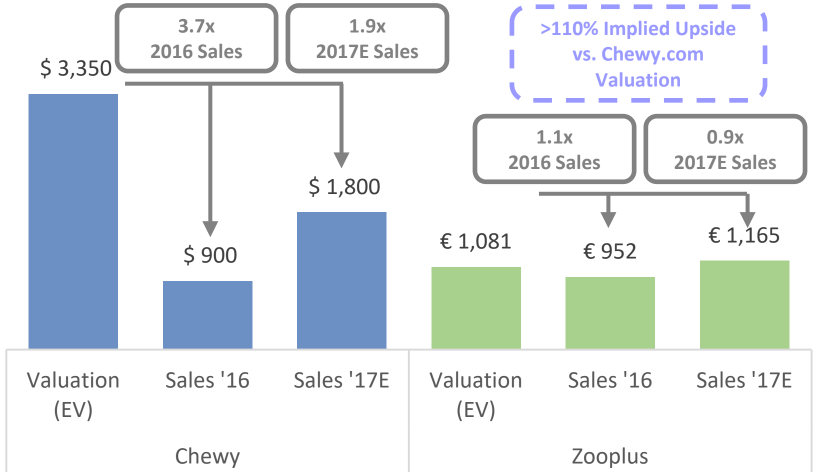
- Chewy.com was recently bought at a $3.35BN valuation.
- Admittedly, the company is growing faster than Zooplus, but faces a more imminent Amazon threat.
- Even adjusting for growth, the purchase price was still 2x that of Zooplus' current valuation.

For The Full Thesis, Please See Our Zooplus Write-up Online:

- http://www.haydencapital.com/investor-letters

Zooplus vs. Chewy Valuation

Chewy estimates from Recode.com & private conversations with those familiar



Remember… Trust, BUT Verify

- **Everyone's allocating capital.**
  - Clients give money to fund managers.
  - Fund managers give capital to Companies & the management teams.
  - Management teams invest capital into new projects with (hopefully) high returns.

- **We're not going to calculate the exact ROIC or earning growth % the company will achieve next year.**
  - Even if the information were knowable and public, there's not enough time in the day to calculate every single project a company embarks on (think Amazon).

- **We're simply trying to get 80% of the way there. For the most part, this is a "sanity-check".**
  - The goal is to evaluate if management is someone we want to partner with & that the strategy makes sense.
  - Out of 100 different projects, we may evaluate the top 5 - 10 of them.
  - If these 5 - 10 projects are all proven to be attractive, 25% ROIC projects, then that gives us more confidence that management is smart, and thinking about capital allocation in the right way.
  - On the other hand, if our analysis starts showing all these projects to be 2% earners, RUN AWAY!

Contact Information

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