OAKLEY CAPITAL INVESTMENTS LTD

Evolution of the high-growth drivers in 2023

In this note, we explore the factors that have driven the market-beating 22% YTD 2022 NAV growth, the 15% growth we expect in 2023 and the 35% NAV discount. In addition to fuelling returns, further exits with uplifts to carrying value (long-run average 50%) should reinforce confidence that portfolio valuations are conservative. Cash realisations from the portfolio give additional comfort – as do the £302m of liquidity and £474m of investments held for more than three years – that investment commitments will be delivered. We highlight the resilience of the portfolio in the past, and note the incremental value added in downturns, with Oakley backing resilient, profitable businesses with sticky revenues.

- **Robust valuation:** *Inter alia*, this report reviews why investors can trust the current valuation. Putting aside independent checks and balances, the bottom line is that other investors pay more for the assets than the level at which Oakley values them (uplifts on exit), and there is no incentive for Oakley to inflate the valuation.
- **Resilient growth:** (see chart, page 12) is driven by a high-conviction investment strategy, backing founder-led, digitally disruptive and profitable business models in three key areas of structural trends. In a downturn, the advantages of this focus are more evident, with recurring revenue streams. Also, Oakley's operational, strategic and financial support, investee company low leverage and strong customer demand are more valuable.
- **Long-term outperformance and opportunity:** OCI's five-year share total return to 25 November 2022 was 2.9x, despite the discount. OCI trades at a 35% discount against the latest NAV, despite its absolute and relative performance. Any closing of the discount is the "icing on the cake". NAV growth (20%+ CAGR over five years) is driven by underlying company EBITDA growth.
- **Risks:** While OCI's costs are slightly above-average, post-expense returns are still market-beating. Sentiment towards the global economic cycle is likely to be adverse, even though outperformance has been delivered in downturns. OCI's portfolio is concentrated, and we believe its permanent capital is right for private assets.
- **Investment summary:** OCI provides investors with liquid access to the attractive PE market, enhanced by Oakley's incremental origination and active management skills. Oakley Funds focuses on mid-market, tech-enabled European companies that operate in the technology, consumer and education sectors. This space provides structural growth, as well as opportunities for Oakley Capital to add operational, strategic and financial value to the business acquired. Accounting and governance appear conservative, with an average 52% uplift to carrying value on exit since inception. There are risks – primarily sentiment-driven – around costs and cyclicality, as well the liquidity and valuation of the underlying private assets.

Financial summary and valuation

Year-end Dec (£000)	2018	2019	2020	2021	2022E	2023E
Interest income	6,629	9,218	10,466	10,073	15,147	14,079
Realised gains	102,314	17,840	208,536	56,593	70,040	30,212
Unrealised gains	(23,877)	127,741	(133,086)	191,335	200,000	151,060
Total income	88,432	153,157	100,006	252,485	286,180	195,652
Costs	(6,434)	(17,888)	(7,620)	(3,751)	(5,000)	(5,000)
EPS (p)	40.0	66.3	47.9	138	161	110
NAV per share (£)	2.81	3.45	4.03	5.38	7.00	8.05
S/P disc. to NAV*	38%	22%	29%	22%	39%	47%
Investments (£m)	470	661	505	799	1,129	1,369
DPS (p)	4.5	4.5	4.5	4.5	4.5	4.5

**2018-21 year-end actual, 2022-23 forecast NAV on current s/p, Source: Hardman & Co Research*

Inv. banking & brokerage services

Source: Refinitiv

Market data

EPIC/TKR	**OCI**
Price (p)	**429**
12m high (p)	454
12m low (p)	355
Shares (m)	176.4
Mkt cap (£m)	757
NAV p/sh (Sep'22, p)	655p
Disc. to NAV	35%
Country/CCY	UK/GBP
Market	Main Market SFS

Description

Oakley Capital Investments (OCI) has generated market-beating returns from its concentrated, three-sector-focused portfolio of private equity (PE) investments via Oakley Capital (Oakley) PE funds. Oakley has a proven model for sourcing investments, and an excellent track record of identifying resilient value opportunities and delivering superior returns.

Company information

Chairman	Caroline Foulger
Ind. NED	R Lightowler, F Beck
NEDs	P Dubens, S Porter
Inv. Mgrs.	Oakley Capital
Contact	Steven Tredget

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Key shareholders (Aug'22)

Peter Dubens/Directors	11%
Asset Value Investors	9%
Lombard Odier	7%
City of London IM, HL	6%
Sarasin,	5%
Jon Wood & family, Fidelity, II	4%
Hawksmoor	3%

Diary

Trading update	End-Jan'23
FY results	Mar'23

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Shares in OCI are traded on the Specialist Fund Segment of the main market of the London Stock Exchange and are intended for institutional, professional, professionally advised and knowledgeable investors primarily seeking exposure to private mid-market UK and Western European businesses through investment in the Oakley Capital Private Equity Funds (or successor Funds) and: (a) who understand and are willing to assume the potential risks of capital loss associated with investments in such companies, (b) who understand the illiquid nature of private equity compared to other asset classes, (c) for whom an investment in OCI's shares would be of a long-term nature constituting part of a diversified portfolio, and (d) who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment.

OCI is not subject to the UK City Code on Takeover and Mergers.

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Theme 1: how can we trust the valuations?

Key point: Oakley's average 52% premium on exits

Issues

Valuation concerns arisen because of timing issues, some high-profile falls in value, and the almost "too good to be true" resilience of PE portfolios

We believe that, across the PE market, investors' concerns about the validity of portfolio valuations were heightened in 2022 by a number of factors. First, sharp volatility (especially falls) in listed markets reminded investors of the timing difference in reporting by PE vehicles. There are lags in such companies reporting falls (or rises) in the value of their investments. Secondly, some high-profile, high-value private names, such as Klarna, reported some eye-watering drops in valuation (down 85% to July 2022), leading to some questions on the value of other holdings. This name clearly had no direct impact on OCI but, rather, a read-across concern on private holding generally. Thirdly, in our view, the emphasis by some PE vehicles on being technology, rather than tech-enabling, businesses meant that they were associated with the falls in value in early-stage venture businesses, rather than being seen as investors in profitable, growth, cash-generative businesses. Again, there is no direct OCI read-across here. Finally, the modest drops in value, if any, reported across the PE market appeared almost "too good to be true".

Our fundamental analysis is that these concerns are generally mis-placed

In our view, the entire UK-listed PE market, including OCI, has suffered from adverse sentiment and read-across from these factors. We have, in multiple notes, highlighted why, in our opinion, such a view is flawed when looking at the fundamental valuation approaches of the companies involved, and we reiterate the specific reasons for OCI once again below.

Mitigation

Our most recent note went into detailed review as to why

In our note, *1H'22: results prove NAV real, resilient and growing,* published on 20 September 2022, we explained why we thought the current NAV for OCI was real. We do not propose to repeat the detailed analysis, but, in summary, the key factors are:

In summary, i) exits at uplifts show other investors value investments above level Oakley does, ii) value driven by EBITDA growth, not rating, iii) low PEG ratio, iv) low, stable price earnings ratio, v) uplift in price earnings ratio ratings only significant at exit, vi) growth sectors, but not in ratings, vii) no incentive to inflate rating, and viii) independent checks

- realisations are consistently at above carrying value, with an average 52% uplift since inception, which shows that others are willing to pay more than book value;
- valuations are driven by investee company EBITDA growth;
- the PEG ratio is consistently well below 1x;
- ratings are conservative (13.7x EV/EBITDA) in spite of consistent, double-digit earnings growth, and have been broadly stable over the medium term;
- there has been a limited uplift in ratings until an exit is visible;
- Oakley Funds invests in growth sectors, but this not reflected in ratings;
- there is no incentive to inflate valuations; and
- there are a range of independent checks and reviews of the valuations.

Timing issue genuine, but small, and can be positive or negative, and use of acquisition multiple (which is part of lag effect) is conservative accounting

Oakley conducts full revaluation every quarter, but, as with all listed PE vehicles, we believe there is a genuine investor concern about timing, which can be either positive or negative. It is usually very modest (only a few percentage points), but, by reporting results quarterly, OCI does not immediately reflect market movements. Other PE vehicles report quarterly, and some monthly, and face the same issue. Additionally, many PE investment valuations are significantly based off the acquisition deal rating, rather than the current market rating (as there may not be a direct market comparison). It is worth noting that the acquisition multiple is generally below that of the current market and, so, such an approach is conservative, not aggressive, accounting. In the venture space, valuations, typically, are based off the intermittent rounds of financing, rather than current market multiples. All of these factors mean that P/E multiples typically lag market multiple changes, both up and down.

Portfolio considerations

Portfolio risk low, and growth not reflected in ratings

It is also worth bearing in mind that OCI is not in the early-stage/VC unprofitable businesses, which have seen the largest deratings in public markets, and so the derating issues facing such companies are not relevant to its book. As we noted above, OCI's investments are in growth sectors and in profitable companies, but the ratings do not reflect this, with a conservative PEG ratio and low and stable P/Es.

What we expect for OCI in 2023

Putting aside any market evolution – and, obviously, if the market, through 2023, starts to anticipate an end to rising rates, it is likely to be a very different environment from now – the key factors for confidence in the valuation will be:

We expect more exits, with £474m by value more than three years old at June 2022. More uplifts on exits probable.

- In 1H'22, 93% of the multiple exits came from the result of signed exits and, in 2023, we expect further OCI exits at uplifts to carrying value to see a broadly similar effect (although the precise effect, of course, will be deal-specific). Delivery of uplifts in challenging market conditions, as well as good ones, will be especially important. In its 1H'22 presentation, management highlighted that the average hold period for the portfolio was 3.5 years and that £474m by value had been held for more than three years. Of particular note are the investments in Fund III in education (Schülerhilfe – £53m 2017) and IU Group (£198m 2018), the (partial) realisation from either of which could see material uplifts. We note the October 2022 partial sale of Wishcard from Fund IV at a 37% uplift to the March carrying value; so the opportunity from more recent investments should also not be ignored.

We also expect more uplifts to continue across PE market, which should reinforce message and help sentiment

- Continued PE market-wide exits at premium, which could give confidence in the whole PE model. We note, for example, the 14 November €39.5m partial sale by CT Private Equity Trust of San Siro, where the stake had been valued at €13.2m. This single exit gave an uplift of 4.8% to the trust's NAV.

Theme 2: can OCI meet its £979m commitments?

Key point: £302m of liquidity and £474m of investments held for over three years

Issues

Commitments expected to be drawn over several years

Outstanding commitments, at September 2022, were £979m, against £404m at end-2021, with the increase due to the outstanding commitment to Fund V. Of this amount, ca.£250m is not expected to be drawn, and just ca.£150m is expected to be called within the next year. At the end of September, OCI had £49m of existing cash and expected ca.£153m of proceeds from signed transactions, and had an unused credit line of £100m (i.e. £302m of liquidity). The commitment level reflected the launch of new funds, while cash will be realised on exits. Like most PE vehicles, OCI is faced with the issue of making commitments, typically, over five years (some of which will never be drawn), and it is balancing this against current cash, assets being realised, current facilities and credit lines. Some investors are concerned, though, when they see headline numbers showing commitments that appear to be significantly more than currently available resources.

Mitigation

At the recent investor day (see our note, *Capital Markets Day 2022 – let the sun shine,* published on 16 May 2022), Oakley detailed its liquidity management strategy and how fund calls and cashflows from Oakley Funds evolved over time. In particular, the age profile of investments was important in terms of realisations and, with £474m of investments held for more than three years (at end-June), they could be considered as being in the harvesting stage, with cash realisations probable in the near term. Given the historical uplift at exit, this could reasonably be expected to be at a higher value than the recorded book amount.

Fund debt is normal course of business, and reflects deployment of capital at optimal time

It gears returns for OCI shareholders, and will reduce perceived cash drag

When the Oakley Capital Fund makes the call on OCI, it will reduce both cash and outstanding commitments. From our perspective, the key points are as follows: i) historically, capital deployed immediately after a crisis has generated some of the best-performing PE cohorts, and so the deployment of funds made in 2020/21, as reflected by the higher fund gearing, was likely to be a good thing; ii) borrowing at the fund level increases the long-term returns for OCI's investors; iii) some borrowing is always likely to be present at the fund level; iv) Oakley Capital controls the calls from the funds, and it would be improbable that it would do anything to stretch OCI's financial position; and v) the cash at the OCI level will be perceived as a drag on performance until it is deployed (as Oakley Funds makes the calls on OCI, and so reduces cash levels, this perceived drag will reduce).

What we expect for OCI in 2023

Existing companies in harvesting phase, plus new ones, should give investors comfort

As noted above, we expect a steady flow of realisations through 2023 to generate cash. Given the total investments of more than three years' maturity (£474m), the potential uplift on exit for equity holdings (excluding the listed Time Out) and the flow of companies into the pot in the harvesting phase, we expect investors to take comfort in management comments that commitments will be covered.

Theme 3: how will the underlying portfolio companies cope with recession?

Key point: Oakley backs resilient, profitable business with sticky revenues

Issues

Investors worried about PE in downturn

We believe a growing consideration for investors through 2022 has been the macroeconomic risk of a recession with the rising inflationary and interest rate risk, staff and energy costs, as well as supply chain risks, all making the trading environment more challenging. While the starting position may have been a very low rate of defaults by historical standards, there are a number of very visible challenges and vulnerable sectors, such as consumer discretionary/property. While many listed PE vehicles say their exposures in sectors at risk are in subsectors that are growing (e.g. low-cost comparison websites, which should gain share as consumers save money), it is unclear whether this has convinced investors that their portfolios will be resilient, with some worried about the perceived level of financial gearing in the sector.

Mitigation

Detailed review of resilience in our most recent note.

Again, this was a key theme in our note, *1H'22: results prove NAV real, resilient and growing,* published on 20 September 2022, in which we focused on the resilience of OCI's NAV. This, in effect, is the outcome of the model, with the key factors being:

In summary, Oakley focused on structural growth with scalable models where operational value is added

- Oakley Capital has focused on areas with structural growth prospects, such as business migration to cloud, the consumer shift online and the growing demand for quality, accessible learning. The market is continually evolving, and Oakley Capital continuously researches and taps new niche markets, such as business outsourcing and tech-enabled services, as demonstrated by its recent acquisition of TICC platform Phenna Group.
- It has tech-enabled businesses, often with highly predictable, recurring subscription revenues, accessing superior growth with scalable models and downside resilience.
- Oakley Capital provides active operational, strategic and financial support to its investee companies. In particular, Oakley Capital sees value added in improving the quality of earnings, enhancing digitalisation capacity, leadership development, and facilitating and executing buy-and-build strategies.
- OCI's entrepreneurial network platform continues to grow, and its entrepreneurial ethos helps to attract new deals and to assist existing companies with expertise and finding key staff.

M&A opportunities increase, and gearing has been stable for many years and is relatively low

- Net debt/EBITDA has remained stable over the past five years (1H'22 3.9x).

The inherent value created by Oakley Capital in its companies is then recognised by other (usually blue-chip, international, institutional investors) buyers who pay significant premiums above carrying values when Oakley Capital chooses to exit. These effects are about micro opportunities in specific companies, not the macro outlook. These investors also tend to value highly attractive companies on longer-term profit projections versus the short-term timeframes of public market investors, who may be more focused on the current macro environment.

Value of PE increases in downturns

We have highlighted, repeatedly, across a number of notes, the resilience of the PE market, in general, to downturns. The fundamental reason for this is because the economic value added by the strategic, operational and financial support increases in such markets. PE-backed businesses can focus on the running and growth of the business, rather than firefighting and acquiring finance.

Some case studies as examples

We highlight the following case studies:

- Facile, Italy's number 1 price comparison website, with low digital penetration, has lots of runway for growth. In the current environment, there is a lot of appeal for switching by consumers looking to save money on energy, broadband and mortgages, etc.
- Ocean provides mission-critical, non-discretionary SAAS for the maritime industry, and so has highly recurring revenues. Additionally, it has successful buy-and-build and diversification strategies, providing opportunities for cross-sales and upselling.
- IU Group is providing digitally enabled higher education to 100k students; these are students and professionals looking to upskill and retrain during a recession.
- Phenna is accessing a market for non-discretionary spend across vast swathes of critical industries, including industrials, built environment and pharma.

How many OCI-backed entrepreneurs will be looking for help?

Management highlighted impact of interest rates limited and gearing modest

Where demand could be affected, products offered should see structural growth offsets

In the *June 2022 results call* and *presentation* (slide 12), management outlined how the more challenging economic environment was likely to have an impact on the underlying investee companies. Specifically, it noted that, with relatively conservative leverage (net debt to EBITDA 3.9x) and with OCI's treasury expertise in support, rising interest rates should have only a modest direct impact. There is likely to be near-term demand on mortgages and loans for the price comparison businesses, but they will still benefit from structural growth from increased adoption, due to low internet penetration in their markets.

Inflation risk could affect 40% of portfolio, but offsets include market share gains, ability to pass on cost increases and mission-critical services

Rising inflation could affect up to 40% of the portfolio, with wage inflation/energy bills and falling consumer demand. Offsetting factors include i) many portfolio companies provide low-cost products, which may see market share gains, ii) technologies and applications can provide cost savings to customers, such as price comparison sites, iii) many companies can pass on cost increases, and iv) many companies are proving to be mission-critical services, with low input costs.

How OCI can assist

Most important issue is ability to add value

However, the most important issue to management was the ability to directly manage value creation. Many entrepreneurs and management teams will be facing challenges that some may never have seen amid inflationary, interest rate and supply chain issues. The Oakley central resource means that lessons learnt by one team can be quickly transferred to another, and that there is a scale of resource that is simply unavailable to the businesses as a standalone entity. As evidence of this theoretical support, we highlight the tangible backing given to investee companies through COVID-19, where, again, investee companies faced challenges they had not faced before.

Business transformation

One tangible area of support is shifting the business model to SAAS/recurring revenues streams, thus generating more predictable revenues, earnings visibility and higher valuations. This is a core part of the Oakley model and, typically, at any given time, ca.70% of investee company revenue is recurring,

Performance improvement

Oakley can provide help in building reporting infrastructure, processes and KPIs, as well as data analysis, so that management has better, more timely knowledge to inform decision-making. The digitalisation of analogue models is again an area where experience from one company transfers to others. Having used the playbook in one company means that expensive lessons do not need to be re-learnt, but that best practices can simply be adopted.

Talent acquisition

Oakley helps its companies find and retain suitable talent, including supporting founders who need a professional team around them and/or want to step back. It recently hired new partner, Jan Woods, who brings a 30+ year track record in human resources to further support this function.

Increased M&A opportunity

A key part of the PE toolkit is the build-and-buy option. In a downturn, this becomes more valuable, as:

- weaker standalone entities look for stronger backers, and non-core businesses are more likely to be sold to strengthen the balance sheets of core franchises;
- the prices of acquisitions are likely to be lower;
- the certainty of finance from the PE backer has a value to sellers, and means that investee companies can proceed with confidence with deals; and
- investee managements can look for deals, rather than having to focus on finding finance for their own businesses.

What we expect for OCI in 2023

Unclear if inorganic growth opportunities will more than offset slower organic growth

As was the case through the pandemic, we expect the level of operational, strategic and financial support that Oakley Capital provides to its investee companies to rise in the downturn. For the reasons outlined above, this is partially to address the incremental challenges they face, but also because the market conditions provide a range of opportunities for new investments at above-average returns. We have highlighted, in our notes on other PE clients, that we expect investments to exceed distributions, and we expect OCI, through 2023, to announce a number of deals. It is unclear whether the net effect of slower organic growth will be more than offset by the growth opportunities from inorganic growth.

Theme 4: won't higher interest rates hurt future returns?

Key point: Oakley investee companies use low leverage, and there is strong demand for Oakley's businesses

Issues

Concern that higher debt costs/limited finance availability could affect not only underlying business but also PE market, and so returns

One final area for investor concern is whether the overall PE returns will fall because of the higher cost of debt and the limited availability of finance. This could have an impact on operating companies seeing lower returns and demand (largely covered in the previous section), and also less PE activity. If PE funds are less able to gear up their own deals, some investors are concerned that there will be fewer deals at lower prices, and thus exit opportunities will be fewer. Oakley Funds has typically exited to other PE funds, not via IPOs, and so could be affected in this way.

MitigationOakley a very small player in a very large market…

We have covered the resilience of the underlying companies to economic downturns in the section above, and many of the points in that section also apply to the impact on PE returns of the debt markets. It is worth noting that:

…and has a proven track record of identifying cheap assets, improving them and selling them at higher ratings than levels at which it bought them

- Oakley's investment strategy and returns are not overly dependent on financial engineering/use of leverage. Leverage levels across the portfolio are comparatively low compared with other PE investors, and they have capacity to take on considerably higher levels of debt because of their high growth – but choose not to do so.

We do not expect the change in debt markets to change this model

- Oakley investee companies are in areas of structural growth, which are likely to remain attractive to PE buyers. In our note, *Educating on education,* published on 9 February 2022, we highlighted how Oakley was in the vanguard of this sector. Oakley's first-mover advantages mean its assets are more likely to be attractive to the large number of large PE investors following it into this market.
- Oakley investments are small/mid-market, while the dry powder accumulated through 2020/21 fundraises is concentrated in large PE funds. Relative to the funds raised, the scale of OCI investments is immaterial. Consequently, debt financing is also immaterial.
- The proportion of equity in PE deals has, for many years, been materially higher than in the past, with debt being less important to financing.
- To date, pricing in Oakley's sector has remained resilient.
- As we noted above, the key driver to Oakley's returns (75% in recent years) has been EBITDA growth. Additionally, the quality of earnings (digitalised businesses, not analogue, improved management quality, improved management teams, etc.) is also reflected in the ratings.
- The PE returns from disruptive businesses (such as price comparison sites) or ones where Oakley has built market-leading businesses (such as IU in education) are again unaffected by debt markets.

What we expect for OCI in 2023

OCI driven by micro opportunities

For some time, 75% of NAV growth driven by EBITDA growth, which we expect to continue

We expect further exits with uplifts to carry value

At the sector level, we are expecting the PE market to show a slower rate of realisation and a higher degree of investment, with fewer IPO exits. The pricing of high-quality assets/sectors (such as the ones in which OCI operates) has remained relatively robust. Looking to 2023, OCI, specifically, is driven by the micro opportunities presented by its own assets. For some time, around 75% of OCI's NAV growth has come from EBITDA growth, and we expect this to continue. Of the ratings improvements, most come on exit, and this will be deal-specific, but we are expecting realisations. We believe specific deals will be driven by the opportunities for the companies, not the availability/cost of debt in the market.

Portfolio

Broad balance across sectors at 1H'22 (most recent detailed valuation)

The details of the portfolio are given below. In considering movements between June and December, there is a range of moving parts, including new investments (such as bolt-on deals), refinancing, partial disposals, currency moves, etc. The key message is the broad balance between sectors and the potential realisation from the direct holdings. Oakley advises that the restructuring within North Sails may be expected within the next year, when a debt refinancing looks likely. As a listed entity, the issue for Time Out is that the market price needs to approach a level that Oakley considers reflects the value it ascribes to the business (which, unsurprisingly, it does not disclose).

Key metrics for portfolio companies, as at June 2022 (£m)

Company	Dec'21 valuation	Jun'22 valuation
Technology		
WebPros	61.6	63.6
Grupo Primavera	43.2	62.2
Contabo	13.7	60.1
TechInsights	58.4	37.2
Seedtag	8.7	10.9
Daisy Group	7.5	8.8
ECOMMERCE ONE	5.9	6.1
Total	**199**	**249**
Consumer		
Idealista	58.3	60.3
Facile	43.2	53.2
Wishcard Technologies Grp	38.7	49.6
North Sails	35.5	41.8
Windstar Medical	31.4	33.3
Dexters	29.2	29.2
Time Out	33.1	28.0
Iconic BrandCo	20.3	20.2
Vice Golf	n/a	11.0
7NXT	9.7	10.8
atHome	7.9	8.3
Total	**307**	**346**
Education		
IU Group	131.2	198.1
Schülerhilfe	46.1	53.0
Ocean Technologies	38.5	43.1
Bright Stars	27.0	33.8
ACE Education	9.5	11.0
Affinitas Education	n/a	8.3
Total	**252**	**347**
Direct		
Time Out Equity	39.4	33.4
North Sails direct debt	69.3	74.3
North Sails Apparel Direct debt	54.3	65.1
Total	**163**	**180**

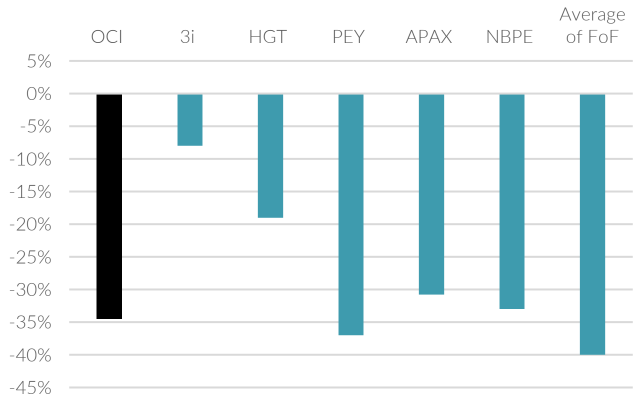
Source: OCI, Hardman and Co Research

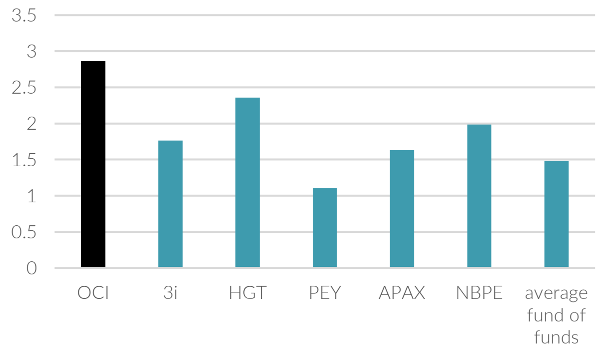
Valuation

OCI's discount appears anomalous with its market- and peer-beating, long-term performance

The charts below show the discounts of OCI's closest competitors, together with their five-year total share price returns. Despite having a better five-year return than all its peers, OCI is trading at one of the highest discounts. There are, of course, differences in business models (although it may be argued that the five-year total return would reflect this). Taking an absolute rating perspective, it also appears anomalous that a company with a strong track record of growth and value-added should trade at any discount to NAV at all.

Discount to NAV and five-year total share return indexed to 100 for OCI and peers (%)





Source: LSE, Refinitiv, Hardman & Co Research; priced at 25 November 2022

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