



THE DUTCH
INVESTORS

TDI WATCHLIST

DISCOVER COMPANIES MOST
INVESTORS OVERLOOK

Version 1.3

Last updated on: Nov. 1st, 2024

What should our favorite companies comply with?

1

Circle of competence

The companies should have simple business models that are easy to understand. This simplicity promotes accurate analysis and reduces the likelihood of unexpected risks.

With tens of thousands of companies to choose from, we specifically focus on those we understand well and where our expertise lies.

2

Competitive Advantage

Companies with a strong competitive advantage or "moat" are better able to withstand competition and generate sustainable profits.

A higher return on invested capital (ROIC) indicates a solid moat because it reflects the company's ability to generate above-average returns on investments.

3

Good management

Capable and honest leadership is of the utmost importance, with leaders focused on achieving results.

Preferably, companies with management having a significant stake in the company are favored, aligning the interests of management with those of shareholders. They call this 'skin in the game'. Effective capital allocation is a key characteristic of successful management.

4

Excellent financials

We are interested in companies that experience annual revenue growth, as it contributes to value creation. Additionally, we prefer to see increasing free cash flows, earnings per share, and expanding profit margins.

It is crucial for us that companies maintain healthy finances, meaning they have enough funds to invest and withstand challenging times without accumulating excessive debt.

1 EssilorLuxottica



Business model

EssilorLuxottica's revenue model leverages a vertically integrated approach, controlling the entire value chain from design to retail. The company generates income through direct-to-consumer sales in retail stores and online, and through professional solutions, supplying opticians and other distributors. By holding licenses for luxury brands like Ray-Ban and Oakley, EssilorLuxottica refines, produces, and sells high-margin eyewear products globally, solidifying its near-monopolistic position in the market.

Management



Francesco Milleri
CEO



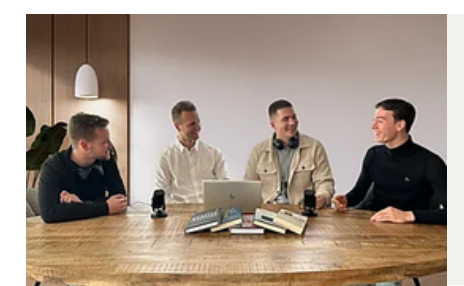
Paul du Saillant
Co-CEO

Competitive Advantage

EssilorLuxottica's competitive advantage lies in its strong brand portfolio and extensive economies of scale. The company's dominance in both eyewear production and retail, combined with its control over the entire value chain, enables it to position products as premium and command higher prices. Its iconic brands like Ray-Ban and Oakley, coupled with a vertically integrated business model, create significant barriers for competitors, establishing EssilorLuxottica as a near-monopoly in the global optics market.

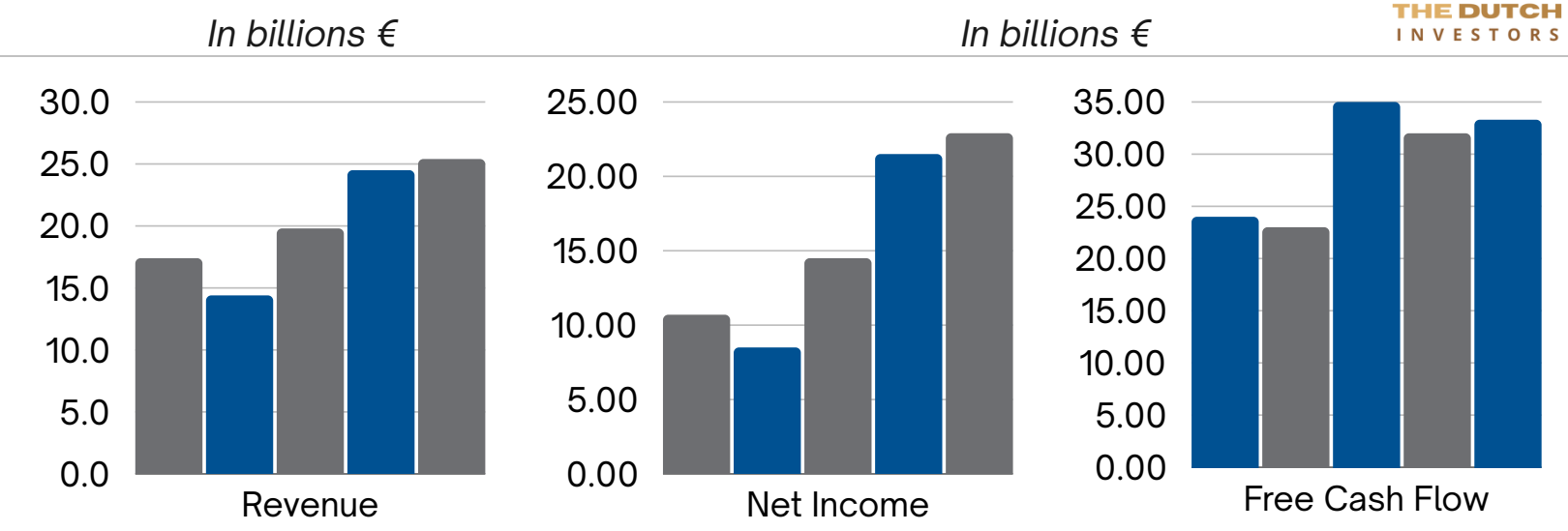
History & Skin in the game

- Base salary of €2.1 million
 - Owns 450,000+ shares worth €95 million.
 - Holds shares equivalent to 45 times his base salary.
-
- Base salary of €1.35 million
 - Owns 368,000 shares worth €78 million.
 - Holds 58 times his base salary in shares.



We're excited to help you become a well-informed investor that knows the ins and outs of companies most investors overlook (like EssilorLuxottica) - The Dutch Investors

Analyzed for premium:



Valuation (5Y average)

P/E	42.5
EV/EBIT	32
P/FCF	25

Margins (5Y average)

Gross Margin	61%
Net Margin	9%
FCF-Margin	14%

Returns (5Y average)

ROA	2.5%
ROE	4%
ROIC	3.3%

WE OFFER:

- Buffett-style analyses
- 52 analyses per year

Key Performance Indicators (KPI's)

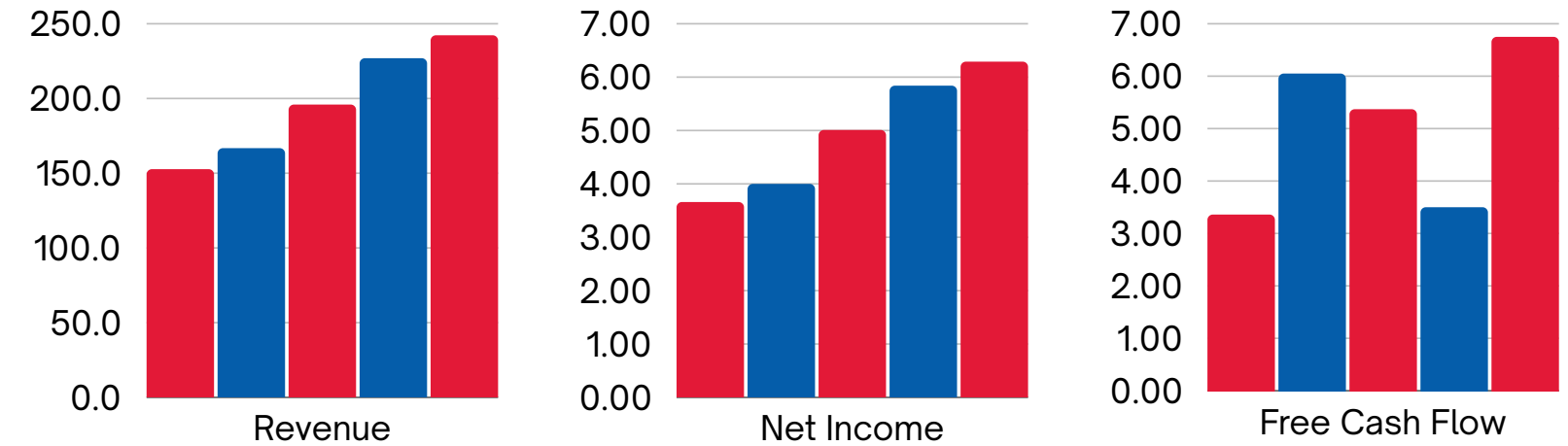
- 1. Revenue growth.** EssilorLuxottica should demonstrate consistent overall revenue growth, particularly by raising prices and volumes rather than relying solely on acquisitions.
- 2. Increasing ROIC.** As EssilorLuxottica's ROIC is currently below average, investors should watch for a gradual increase, which would indicate better capital efficiency and improved financial performance.
- 3. Operating margin.** The company has achieved higher EBIT margins in the past, and with its scale and influence, this should still be attainable.

2 Costco Wholesale Corp.



Analyzed for premium: not yet

In billions \$



Business model

Costco is a membership-based supermarket that offers customers exclusive access to the best deals. The company aims for low prices and maximum value by operating based on the concept of membership stores and e-commerce websites. With over eight hundred stores worldwide and more than 275 thousand employees, Costco is one of the world's largest and most successful retailers. A membership fee of \$60 in the US is required to shop at Costco.

Competitive Advantage

Costco's business model is based on offering a limited selection of nationally known and private-label products across various categories at low prices, resulting in high sales volumes and rapid inventory turnover. This approach, combined with operational efficiency through volume savings, effective distribution, by reducing the amount of products handling in basic services, self-service warehouses, enables Costco to operate profitably with significantly lower gross margins. This provides Costco with a tremendous, almost unbeatable competitive advantage.

Management



Ron M. Vachris
CEO



W. Craig Jelinek
Former CEO now director



Richard A. Galanti
CFO

History & Skin in the game

- Has been working at Costco since 1996
 - Owns 27.6K shares, valued at \$20.4 million.
 - Holds 22 times his base salary in shares.
-
- Has been working at Costco since 2004
 - Owns 391.5K shares, valued at \$289 million.
 - 251 times the base salary.
-
- Has been working at Costco since 1993.
 - Owns 33K shares, valued at \$24.5 million.
 - Holds 28 times his base salary in shares.

Valuation (5Y average)

P/E	39
EV/EBITDA	29
P/FCF	41

Margins (5Y average)

Gross Margin	12.7%
Net Margin	2.6%
FCF-Margin	2.6%

Returns (5Y average)

ROA	9%
ROE	27.6%
ROIC	14.7%

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50+ DEDICATED INVESTORS DID ALREADY

Key Performance Indicators (KPI's)

- Revenue growth.** By increasing (comparable) sales through both the store frequency and increasing the average purchase amount per visit, revenue should consistently grow.
- Opening new warehouses.** Increasing the number of opened warehouses is crucial for Costco to expand market reach and thereby boost revenue.
- Membership members & fee.** The membership ensures profitability and loyal, returning customers.

Analyzed for premium:

Business model

Amazon's revenue model is based on a diverse range of activities, including e-commerce, cloud computing (AWS), advertising, subscriptions (Prime), and logistics. While the e-commerce platform serves as the core, Amazon maintains low margins in this segment while simultaneously building other segments with higher margins. The company has invested in tools for third-party sellers, an Amazon Subscription business, and expanding advertising services.

Competitive Advantage

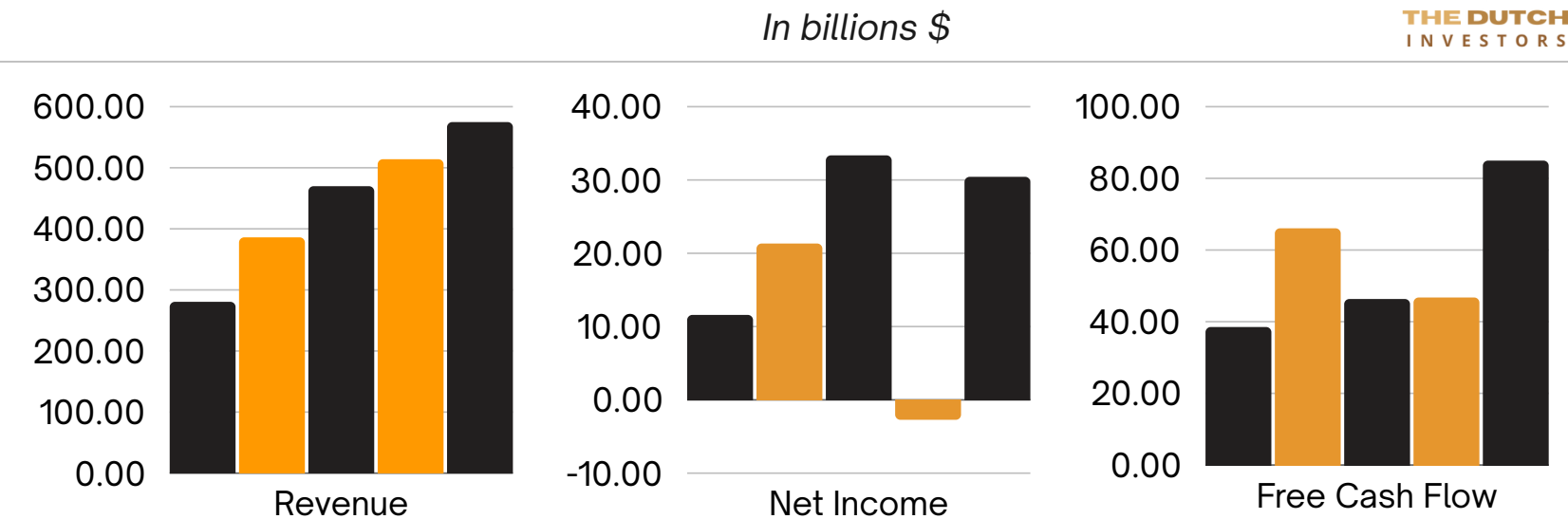
Amazon's moat is colossal. It is one of the few companies globally that successfully leverages shared economies of scale. The details of what shared scale advantages are and why it's so successful are covered in the exclusive analysis. Additionally, Amazon employs network effects in various ways, the barrier to entry for competitors is enormous, and the switching costs for AWS are enormous. In other words, even with an amphibious vehicle, you wouldn't penetrate Amazon's moat.

Free access to the Amazon (audio) analysis:

You'll discover:

- Why Amazon has the strongest moat in the world
- Why Amazon's incentives program is their secret
- If we own Amazon stock in our portfolios

[>> Bring me to the Amazon analysis](#)



Valuation (5Y average)

P/E	68
EV/EBITDA	70
P/FCF	10

Margins (5Y average)

Gross Margin	43.6%
Net Margin	4.8%
FCF-Margin	3.6%

Returns (5Y average)

ROA	6.2%
ROE	19.3%
ROIC	8.3%

PRICING

- Only \$100 a year!
- Yearly plan even cheaper

Key Performance Indicators (KPI's)

1. Amazon.com's success depends on customer spending, essential for the network effect to flourish. Without customers, Amazon's E-commerce, Ads, & Prime performance falters.
2. Revenue growth and (increasing) profitability of AWS. Extremely important. This segment offers the most profit potential with very high switching costs, and huge margins.
3. Revenue growth in the advertising sector. A new source of income with decent margins, allowing them to keep costs low elsewhere.

4 Hermès International



Business model

Hermès can be seen as the Rolls-Royce of the fashion industry. Hermès has a strong brand name, built through centuries of dedication to quality and craftsmanship. This results in a highly loyal (affluent) customer base. This also distinguishes Hermès from competitors like Gucci and Moncler, which are more susceptible to economic downturns when consumers become more cautious about their spending.

Management



Axel Dumas
CEO



Florian Craen
VP Sales and Distribution



Eric du Halgouët
CFO

Competitive Advantage

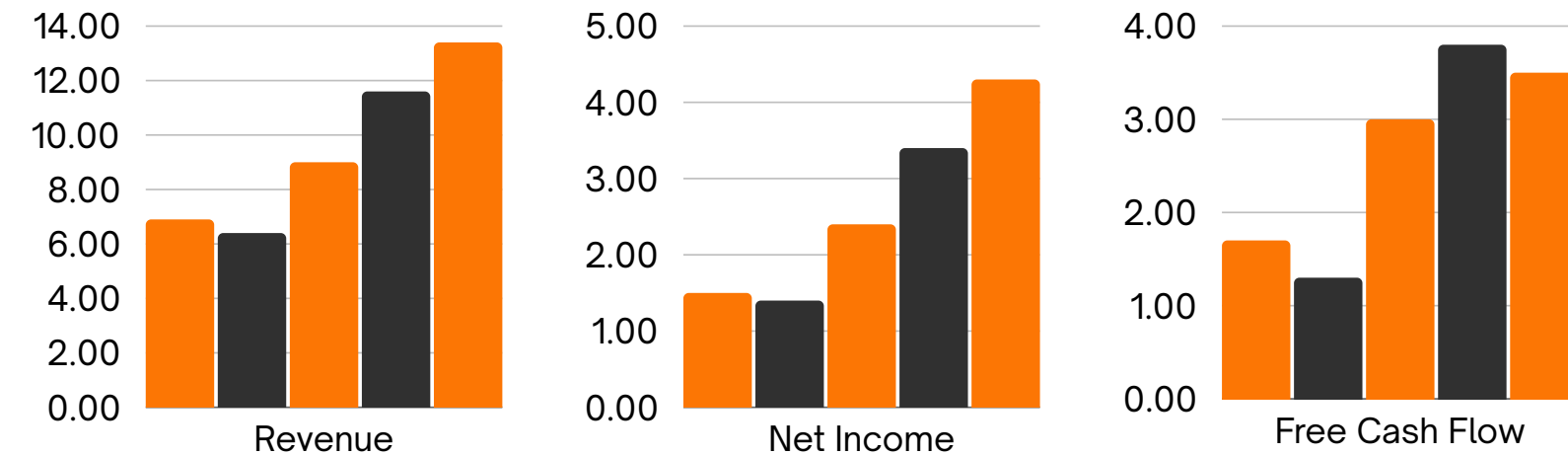
With a 187-year history, Hermès is one-of-a-kind. Hermès distinguishes itself with a uniquely strong brand image synonymous with exceptional luxury. With a profound focus on craftsmanship and handmade products, supported by a powerful distribution network, Hermès provides an experience that goes beyond merely selling products. In the luxury world, Hermès is not just a brand; it represents an unparalleled commitment to quality and exclusivity.

History & Skin in the game

- Works at Hermès since 2003.
 - Owns 12k shares, valued at €26.8 million.
 - Owns 15x his base salary in shares.
-
- Works at Hermès since 1997.
 - Owns nearly 5k shares, valued at €11.7 million.
-
- Works at Hermès since 2006.
 - Owns nearly 3k shares, valued at €7 million.

Analyzed for premium: not yet

In billions €



Valuation (5y average)

P/E	46
EV/EBITDA	30
P/FCF	44.5

Margins (5y average)

Gross Margin	69.5%
Net Margin	24.7%
FCF-Margin	25.5%

Returns (5Y average)

ROA	19.4%
ROE	27.4%
ROIC	37.8%

OUR VALUES:

- ✓ Quality over Quantity
- ✓ Risk Averse

Key Performance Indicators (KPI's)

- Revenue Growth:** Through price increases and potentially expanding sales (as long as demand significantly exceeds supply), Hermès should aim to achieve annual revenue growth.
- Net Income Margin:** Maintaining high profit margins is crucial. A decrease in margins could indicate a weakened competitive advantage, as Hermès ideally should be able to pass on rising costs to customers.
- Brand image.** They must always consider their history, values, and brand. No compromises. If damaged, it could be game over.

5 Duolingo, Inc.



Analyzed for premium:

Business model

Duolingo earns money through a "freemium" model, where users have free access to basic content and can unlock additional features with the paid subscription "Super Duolingo." Approximately 8% of users pay for this premium version. Additionally, Duolingo offers the Duolingo English Test for online assessment of English proficiency. With the launch of products like Duolingo ABC and Duolingo Math, the company is considering expansion into other educational subjects.

Competitive Advantage

Duolingo's moat is based on two flywheels: the "learning" flywheel and the "investment" flywheel (network effect). The learning flywheel means that more users lead to better data, improving the engagement and effectiveness of the products. The investment flywheel is fueled by the size of the user base. Paying subscribers enable Duolingo to invest in an even more enjoyable, engaging, and effective learning experience, expanding popularity and user base, further strengthening the competitive advantage.

Management



Luis von Ahn
Co-founder and CEO



Severin Hacker
Co-founder, CTO



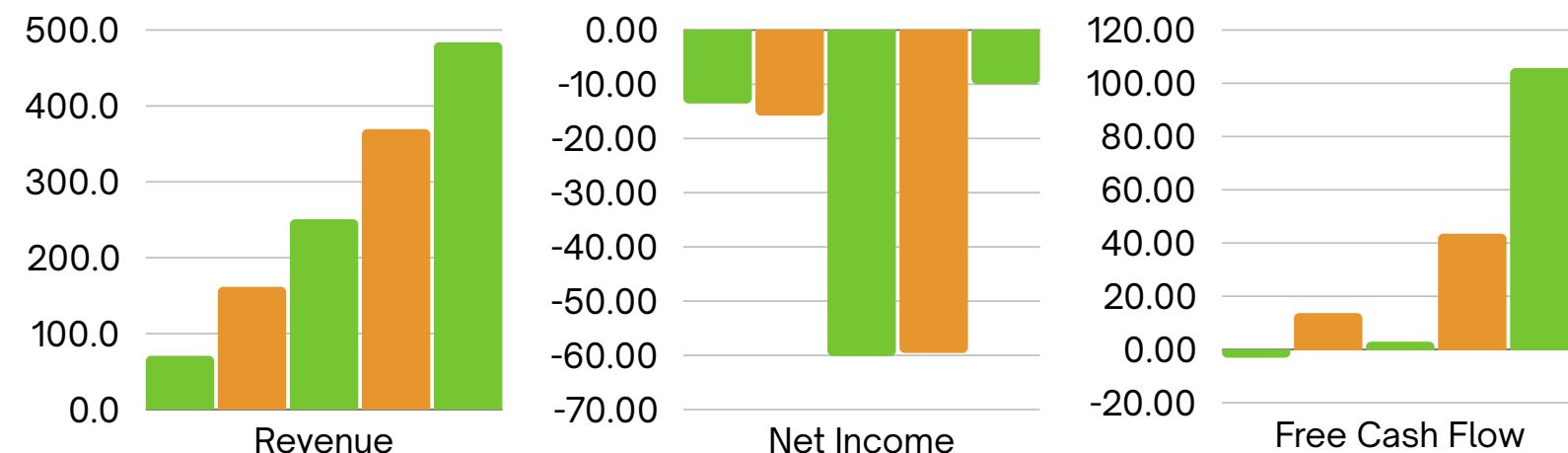
Matthew Skaruppa
CFO

History & Skin in the game

- Founded Duolingo in 2011.
- Holds 38.7% of the voting rights.
- Owns 860 times his base salary in shares.

- Founded Duolingo in 2011.
- Holds 39.7% of the voting rights.
- Owns 873 times his base salary in shares.

- Works at Duolingo since 2020.
- Base salary of \$600k per year.
- Owns 44 times his base salary in shares.



Valuation (TTM)

P/E 143
EV/EBITDA 224
P/FCF 40

Margins (TTM)

Gross Margin 73.3%
Net Margin 10.4%
FCF-Margin 35.3%

Returns (TTM)

ROA 6.7%
ROE 9.7%
ROIC 10.1%

WE PROMISE:

- ✓ 30+ hours of research
- ✓ 4 eyes principle

Key Performance Indicators (KPI's)

- 1. Monthly Active Users (MAUs).** Provides an indication of the size and reach of their user base.
- 2. Daily Active Users (DAUs).** DAU offers insights into user engagement, indicating how effective the platform is at retaining active and returning users.
- 3. Paid subscribers.** Very important. Growing paying members means more cash flow, which can lead to reinvestment, a better platform, more marketing, restarting the flywheel



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GET FREE ACCESS TO THE AMAZON ANALYSIS AUDIO ANALYSIS + RESEARCH REPORT



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- ✓ Why Amazon's incentives program is their secret
- ✓ If we own Amazon stock in our portfolios

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6 Evolution AB



Analyzed for premium:

Business model

Evolution (founded in 2006) generates revenue by providing services to online casinos (operators) such as Holland Casino Online or DraftKings. Evolution creates games, trains dealers, builds studios, and handles regulatory matters. For delivering these services, it receives a commission (10-20% of the profits) from the operator. In addition to this commission, Evolution also charges a setup fee (around \$50,000) for creating the customer's digital environment/table. The company primarily earns its revenue from the Live segment (85%), with only 15% coming from the RNG segment.

Management



Martin Carlesund
CEO



Jacob Kaplan
CFO



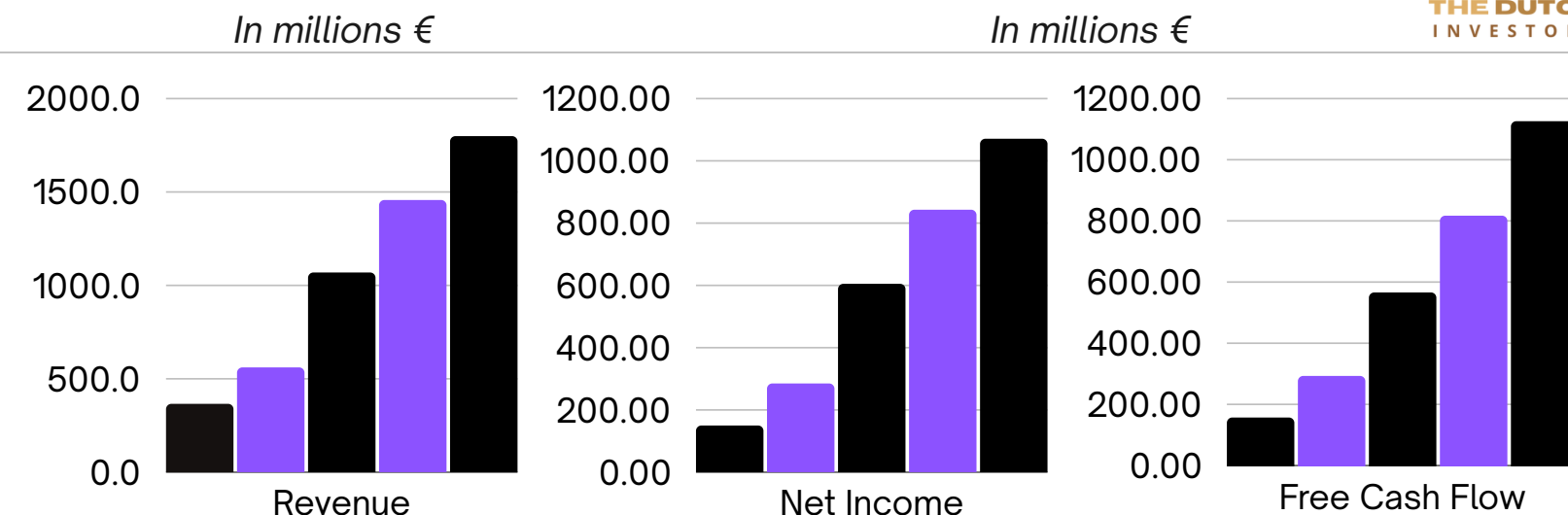
Todd Haushalter
CPO

Competitive Advantage

Evolution has a moat made up of several layers. First, it has intellectual property protection, as its original games are safeguarded by patents. Additionally, the company benefits from an exceptional Chief Product Officer (Haushalter), who consistently introduces innovative new games. Operators have little incentive to switch providers because they lack the expertise in game development and don't possess the same advanced digital infrastructure that Evolution has. Evolution's intense focus on this aspect of the product is something operators simply cannot match. Furthermore, there are also switching costs to some extent.

History & Skin in the game

- He has been with Evolution since 2005
- Holds 23 times his base salary in Evolution shares.
- He has been Evolution's CFP since 2016
- Holds approximately 60,000 Evolution shares
- CPO since 2015
- Holds about 100,000 Evolution shares



Valuation (5Y average)

P/E	30.3
EV/EBIT	21.7
P/FCF	30

Margins (5Y average)

Gross Margin	100%
Net Margin	50%
FCF-Margin	60%

Returns (5Y average)

ROA	40.6%
ROE	59.5%
ROIC	57.3%

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DISCOVER UNKNOWN STOCKS

Key Performance Indicators (KPI's)

- 1. Net profit margin.** If the net profit margin declines in the coming years, it would indicate that economies of scale are diminishing. The main factor that could cause this is regulation.
- 2. Number of active gaming tables.** The number of gaming tables is an indicator of how many customers Evolution is serving. To grow (and remain highly profitable), Evolution first needs to invest in studios that house these gaming tables.

7 Ryanair



Business model

Ryanair is an Irish airline that primarily operates flights within the European continent. The company conducts more than 3,500 flights daily and is market leader in Europe. Ryanair is known for extreme cost efficiency, with (excluding fuel) nearly 40% lower costs than Wizz Air. This is due to requiring passengers to check in themselves and because Ryanair only flies to second- and third-tier airports. The company has the highest load factor in aircraft compared to all European competitors.

Management



Michael O'Leary
CEO



Neil Sorahan
CFO



Stan McCarthy
Chairman of the board

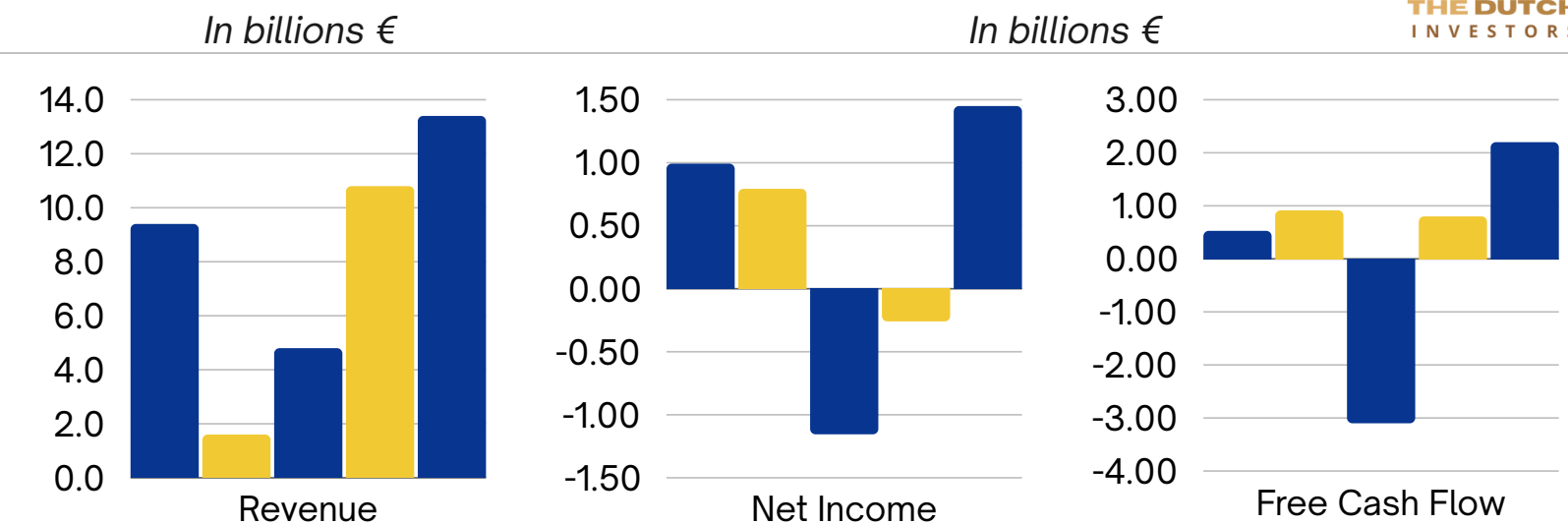
Competitive Advantage

Ryanair is the airline with the lowest cost per passenger. As a result, Ryanair is logically also able to offer the lowest prices for passengers. The company is run by accountants rather than pilots, and it has an extremely strong balance sheet, enabling it to act counter-cyclically. A great example is that Ryanair is able to buy airplanes in bulk during times of crisis, when their bargaining position is the best.

History & Skin in the game

- Has been working at Ryanair since 1988.
- Owns 550x (yes really) his base salary of 2023 in Ryanair stock
- Ryanair CFO since 2014
- Ryanair Group CFO since 2019
- No reported share ownership
- Appointed as Ryanair director in 2017
- Chairman of the board since 2020
- Owns 10.000 Ryanair shares

Analyzed for premium:



Valuation (5Y average, ex 2021)

P/E	6.3
EV/EBITDA	7.3
P/FCF	8.9

Margins (5y average, ex 2021)

Gross Margin	21.8%
Net Margin	7.7%
FCF-Margin	12.2%

Returns (5Y average, ex 2021)

ROA	4.5%
ROE	12.5%
ROIC	6.4%

WE OFFER:

- Buffett-style analyses
- 52 analyses per year

Key Performance Indicators (KPI's)

- Net profit margin.** I would like to see Ryanair maintain its strong net profit margin. This indicates that it can raise ticket prices as operational costs increase. This would be a strong signal to me.
- Market share.** Ryanair is still focused on significant growth within the European continent. In the coming years, you would want to see Ryanair's percentage increase in passengers exceed that of the overall market.



THE DUTCH
INVESTORS

WANT TO SAVE TIME ON RESEARCH? JOIN 50+ INVESTORS WHO DO ALREADY

- The TDI Database with 25+ in-depth analyses
- A new audio and written analysis every Friday (52 a year)
- A to Z analyses by Buffett's principles
- Full access to our personal portfolios

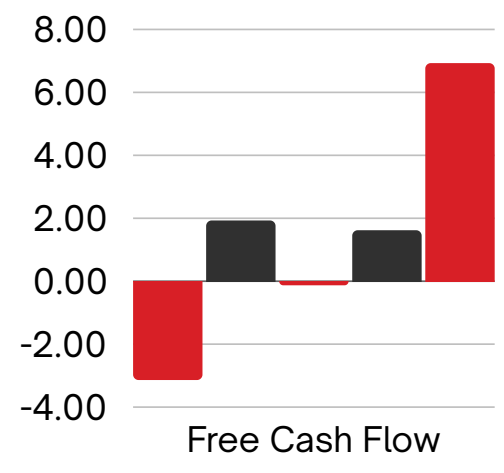
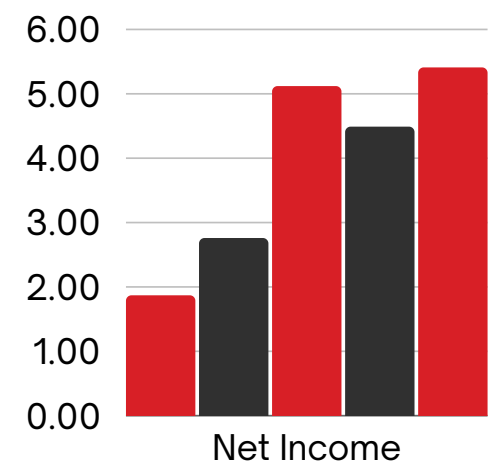
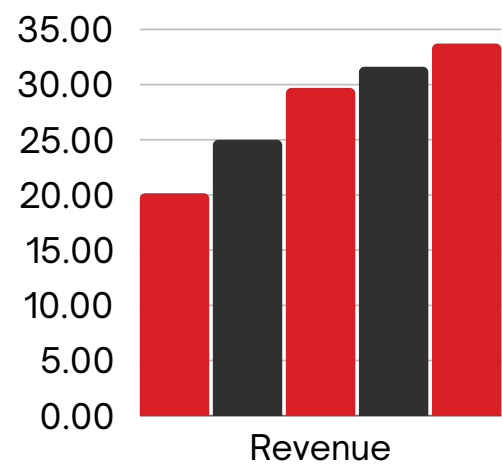
I WANT TO JOIN

NETFLIX



Analyzed for premium:

In billions \$



Business model

Netflix is a streaming service that earns money on a subscription basis with four different plans: ad-tier, basic, standard, and premium, providing access to stream series, movies, and shows. Nowadays, they also have an ad-supported subscription that is cheaper than the others. Netflix is also venturing into live sports events and games. The future will determine if this becomes a new growth driver. A very simple business model: the more subscribers, the more profit.

Competitive Advantage

Over the past decades, Netflix has built a powerful brand, demonstrated by a low churn rate, emphasizing the brand's appeal. While economies of scale are typically associated with manufacturing companies, Netflix has effectively leveraged them. By serving a massive global audience, Netflix benefits from cost efficiencies in content production, distribution, and technological infrastructure. The extensive subscriber base allows the company to spread fixed costs across more users, enhancing profitability.

Management



Reed Hastings
Former CEO



Ted Sarandos
Chief Content Officer



Spencer Neumann
CFO

History & Skin in the game

- Co-founder of Netflix since 1997.
- Owns 7.8 million shares, valued at \$4.6 billion.
- Holds 9200 times his base salary in shares.

- Owns 734k shares, valued at \$428 million.
- Holds 142 times his base salary in shares.

- Works at Netflix since 2019.
- Owns 170k shares, valued at \$100 million.
- Holds 14 times his base salary in shares.

Valuation (TTM)

P/E 44
EV/EBITDA 36
P/FCF 44

Margins (TTM)

Gross Margin 43.8%
Net Margin 19.5%
FCF-Margin 18.5%

Returns (TTM)

ROA 14.2%
ROE 31.6%
ROIC 16%

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JUST \$100 A YEAR

Key Performance Indicators (KPI's)

- 1. Growing number of subscribers.** Perhaps the most crucial KPI for Netflix. More paying members mean increased revenue and more profit.
- 2. Churn rate.** Important for Netflix, as it reflects the level of customer retention. The lower the churn, the better.
- 3. ARPU (Annual Revenue Per User).** It shows whether Netflix can increase revenue per user without losing customers. Therefore, it's essential to analyze and understand both ARPU and churn rate.

Analyzed for premium:

Business model

Greggs is a British fast food bakery chain that makes its money by selling sandwiches, sweet snacks and drinks. The star of Greggs' menu is the (vegan) Sausage Roll. Greggs' motto is "convenient and cheap," which is reflected in their average transaction price of just £2.70.

Recently, Greggs achieved the milestone of 2,500 stores. Greggs aims to double its revenue by 2026 compared to 2021. To achieve this goal, Greggs is focusing on longer opening hours and home delivery.

Management



Roisin Currie
CEO



Richard Hutton
CFO

Competitive Advantage

Greggs benefits from two moats:

- 1. Cost leadership:** Greggs is the cheapest fast food chain in the UK, making it more resilient to inflation and economic crises compared to its competitors.
- 2. Strong Brand:** Greggs has the strongest brand in the UK. According to research by Statista, Greggs is the most popular fast food chain in the UK with a score of 79%, while the next highest chain scores only 58%.

It is quite unique for a fast food chain to have two moats as only one can be the most popular and the cheapest. Greggs is both.

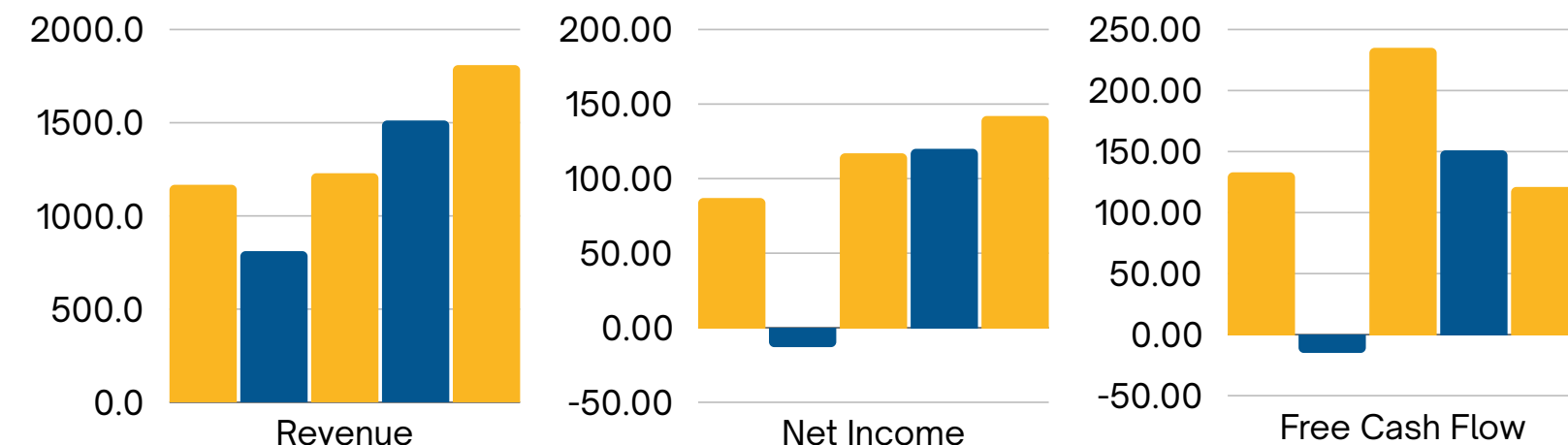
History & Skin in the game

- At Greggs since 2010
- CEO since 2022
- If stock options are awarded she owns approximately 129k shares worth around £3.5 m

- He has been with Greggs since 1998
- Holds approximately 260k shares worth more than £7 m

Incentives:

- 50%: Net profit
- 20%: Like-for-like sales
- 30%: Strategic goals



Valuation (3Y average)

P/E 22.7

EV/EBIT 18.9

P/FCF 16.9

Margins (5Y average)

Gross Margin 62.8%

Net Margin: 6.3%

FCF-Margin: 9.1%

Returns (5Y average)

ROA 10.6%

ROE 22%

ROIC 13.2%

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BE A WELL-INFORMED INVESTOR

Key Performance Indicators (KPI's)

- 1. Revenue growth.** The biggest risk for Greggs is the limited options for growth. That's why revenue is a key metric to watch closely.
- 2. Store openings.** While store expansion is another way to grow, it's less critical than revenue growth since there are multiple ways to increase sales beyond just opening new stores.
- 3. Free Cash margin.** Greggs has invested heavily in capital expenditures over the past two years. These investments should start paying off and not become the norm. To track this, monitoring the free cash flow margin is essential.

10 Texas Roadhouse



Analyzed for premium:

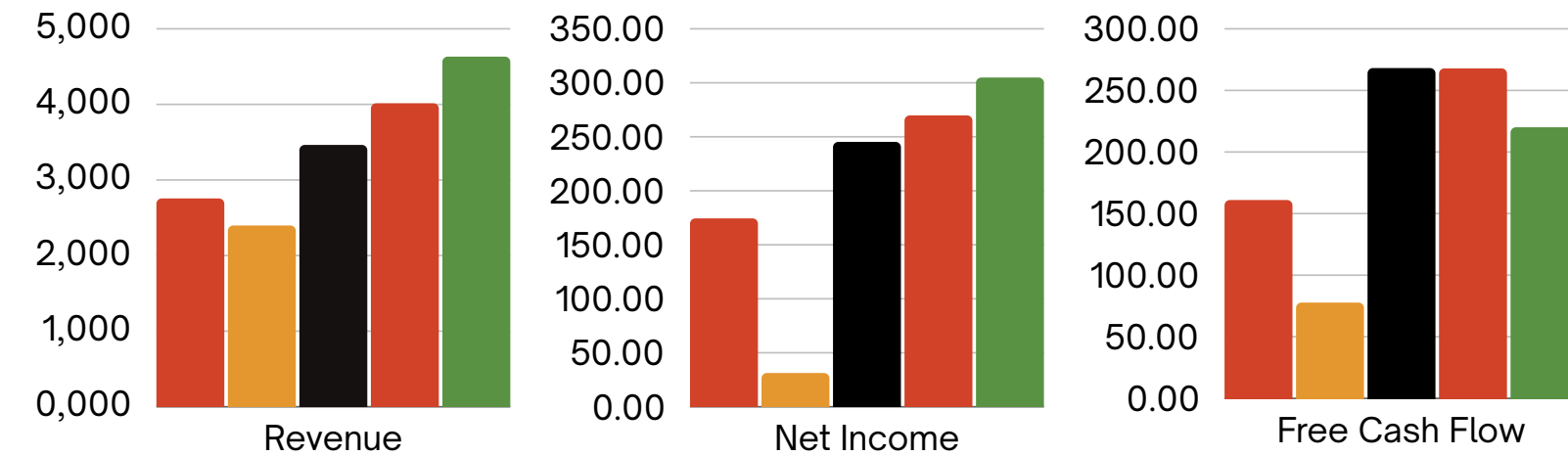
In millions \$

Business model

Texas Roadhouse offers affordable, full-service dining experiences with freshly cut steaks and a variety of dishes. The strategy focuses on customer experience with high-quality food, a pleasant atmosphere, and attractive pricing. In FY23, TXRH owns 741 restaurants in 49 states and ten countries. The revenue model is supported by performance-based rewards for managers and a focus on dining. Currently, there are three restaurant concepts: Texas Roadhouse (635), Bubba's 33 (45), and Jagers (8).

Competitive Advantage

Texas Roadhouse operates in the highly competitive "fast-casual" segment. The company has an extremely strong brand name and is known for its excellent value for money and great service. TXRH is also adept at using commodity hedging and menu pricing strategies, protecting the company during times of rising food prices. Finally, the company has a fantastic employee culture with high wages, a fun environment, and rewards. This virtuous cycle strengthens the brand and ensures more repeat customers.



Valuation (5Y average)

P/E	35
EV/EBITDA	31
P/FCF	36

Margins (5Y average)

Gross Margin	18%
Net Margin	6%
FCF-Margin	5.4%

Returns (5Y average)

ROA	10%
ROE	19.6%
ROIC	11%

BECOME PREMIUM!

BECOME A BETTER INVESTOR TODAY!

Management



Gerald L. Morgan
CEO

History & Skin in the game

- Works at Texas Roadhouse since 1997.
- Immense experience within Texas Roadhouse.
- Owns 92k shares, worth \$14 million.



Travis Doster
COO

- Works at Texas Roadhouse since 2012.
- Owns 27k shares, worth +/- \$4.5 million
- Base salary of \$550k



D. Christopher Monroe
CFO

- Works at Texas Roadhouse since 2023.
- Owns 1218 shares, worth around \$200k.
- Base salary of \$550k.

Key Performance Indicators (KPI's)

- 1. Same-store-sales growth:** Higher growth indicates successful attraction of new customers and retention of existing ones.
- 2. Operating costs as a percentage of revenue:** Shows indication of operational efficiency. The lower, the more efficient the operations are. A rising percentage indicates less efficiency or higher costs.
- 3. New restaurant openings:** A high number of new restaurant openings suggests that the company is investing, expanding, and exploring new markets, potentially leading to additional revenue growth and profit.

Business model

ASML is the largest lithography machine producer in the world with a total market share of more than 90%. For the most advanced (EUV) machines, ASML can even be considered as a monopolist. In the chip manufacturing process, ASML plays a crucial role and is irreplaceable. About 80% of ASML's revenue comes from machine sales, while the remaining 20% comes from service contracts and options. Its biggest customers are TSMC from Taiwan and Samsung from South Korea.

Management

Christophe Fouquet
CEO

Rogier Dassen
CFO

Martin van den Brink
External advisor

Competitive Advantage

ASML benefits from multiple moats, such as the 'process moat'. This means that every component of an ASML machine must be custom-made and software-wise seen as a one-off. In other, to form a moat, you need to invest in an ASML machine and to copy it takes 5 years. ASML has a high barrier to entry, its machines are sold on an exclusive supply basis internationally, and its knowledge cannot be easily replicated.

Incentives

- Working at ASML for 30 years
- CEO since 2013
- Owns 7x his own shares
- CFO at ASML since 2013
- Owns 17x his own shares
- Worked at ASML from 1984-2024
- Last part as CTO/Co-CEO
- Still functions as an external advisor

No longer miss out on quality stocks

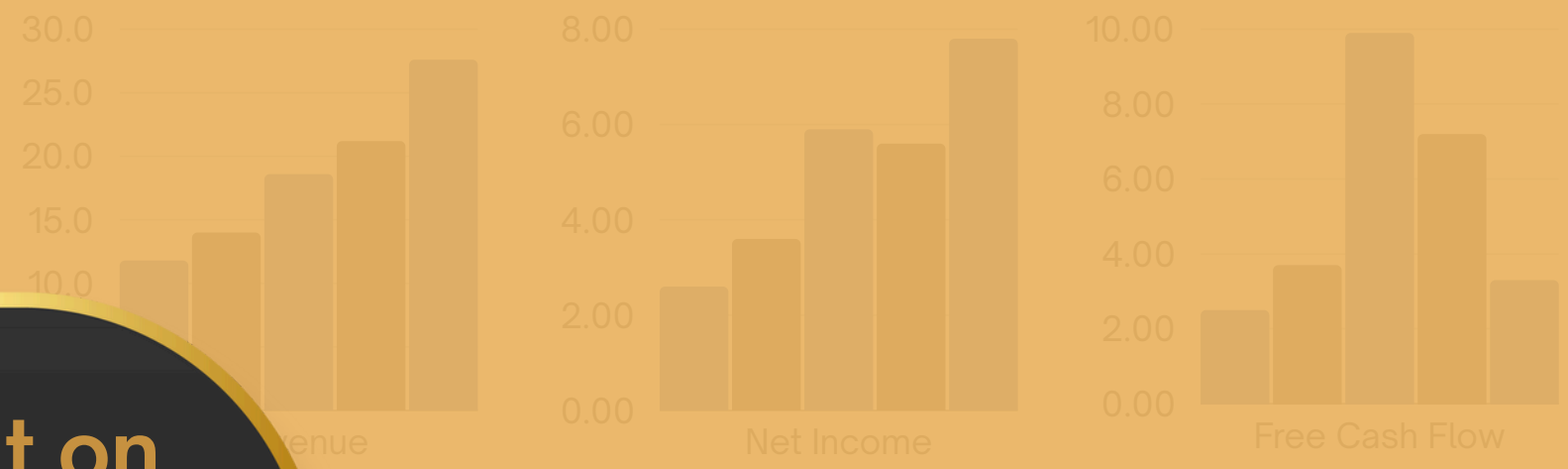
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Valuation (5Y average)

P/E	41.2
P/B	33.3
P/CF	45.2

Margins (5Y average)

Gross Margin	49.6%
Net Margin	26.8%
FCF-Margin	29.3%

Debt (5Y average)

DA	18.7%
DE	52.5%
DC	23.1%

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Performance Indicators (KPI's)

1. **Return on Invested Capital:** To control for efficient capital allocation at ASML, you want to keep track of the ROIC. This number should not decline over time.
2. **Market share:** ASML has a 90% market share in lithography systems. To maintain pricing power and market leadership, it's important to monitor this.
3. **Revenue growth:** ASML needs to grow with a 8% CAGR in the next 6 years to be a good investment and reach its bottom-line targets.



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Business model

Heico is a company engaged in the sale of components for the aviation, defense, and space industries. The products have a long life cycle, and there are high entry costs for new competitors due to strict regulations and high switching costs for customers. Heico grows both organically and through acquisitions of companies in niche markets. Over the past 30 years, shareholders have experienced an average annual growth of 23% in the value of their shares.

Competitive Advantage

Heico's key strength lies in its application of reverse engineering. It examines newly released components from competitors and replicates them. Royce, replicating R&D costs. The customers, mostly in the aviation industry, trust, quickly products.

Management

 **Laurans A. Mendelson**
CEO

 **Carlos Macau**
CFO

History

- Employed 25
- Owns 4
- Owns 60
- Employed 25
- Owns 1.9k shares
- Owns 0.4 times market cap

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Valuation (5y average)

- P/E 55
- DA 33
- CF 43

Margins (5y average)

- Gross Margin 38.9%
- Net Margin 15.9%
- FCF-Margin 19.3%

Capital Structure (5Y average)

- DA 9.4%
- DE 14.5%
- DC 12.1%

WHAT DESCRIBES US?

- ✓ Experienced & patient
- ✓ Integrity & passionate

Performance Indicators (KPI's)

1. **Return on Investment (ROI):** Given Heico's frequent acquisitions and in-house production of components, monitoring the development of ROIC is crucial to assess the profitability of these investments.
2. **Revenue:** To maintain its status as a sound investment, Heico must consistently grow, particularly considering the high valuation currently paid.
3. **Gross Profit Margin:** A declining gross profit margin may indicate increasing price competition from other market players.






Analyzed for premium:



Business model

Hilton Food Group processes and packages meat for major supermarket chains in the Netherlands, Portugal, and England, among others. The company buys meat, adds ingredients, packages it, and sells it in large quantities to retailers. Besides meat processing and packaging, it also operates in the fish and vegetarian markets. The company also offers services, which have attractive margins. Hilton Food Group believes that the services division is likely to have a significant positive impact on the company.

Management

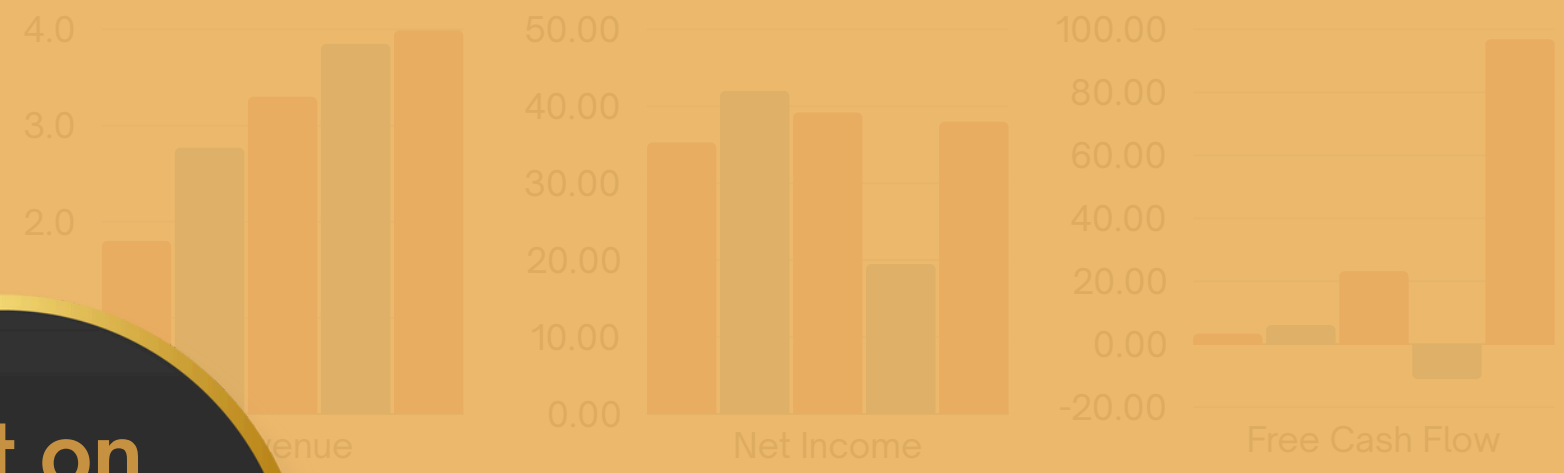
-  **Steve Murrells**
CEO
-  **Matt Osborne**
CFO
-  **Robert Watson**
Chairman

Competitive Advantage

Hilton Food Group claims to be the lowest-cost provider. The company operates with very thin margins and requires high efficiency. Compared to its competitors, Hilton Food Group has extensive knowledge and experience in meat processing and packaging, even adjacent to retail centers and e-commerce retailers. This provides a competitive advantage for competing in the market.

History

- Has been working at Hilton Food Group since 2023.
- Owns 28 million shares worth approximately £19 million.
- Compensation: £100 million
- Has been working at Hilton Food Group since 2002 (22 years).
- Owns 2.04 million shares worth approximately £19 million.



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Valuation (5Y average)

- P/E 24
- P/B 16
- P/CF -

Margins (5Y average)

- Gross Margin 11.7%
- Net Margin: 1.5%
- FCF-Margin: 0.8%

Debt (5Y average)

- P/DA 5.2%
- P/DE 18.6%
- P/DC 13.7%

WE OFFER:

- Buffett-style analyses
- 52 analyses per year

Performance Indicators (KPI's)

1. **Revenue growth.** Selling tons of food. This is HFG's main product and the most important KPI.

2. **Dividend payout as a portion of profit.** HFG has been increasing its dividend for years, but it's important to monitor its sustainability. If the dividend payout exceeds the profit for an extended period, the company will eventually need to borrow or deplete its cash reserves.

3. **The services division.** This segment has higher margins, which HFG will need to benefit from over time.



Analyzed for premium:



Business model

Dino Polska is a Polish supermarket chain founded in 1999. Nearly all Dino supermarkets are 400 square meters in size and have the same layout. Dino also operates almost exclusively in rural areas. This standardization enables Dino to operate efficiently. For 500 products, Dino guarantees the lowest price, and the company is vertically integrated. In addition, every store has a fresh meat department, which is something highly valued by Polish consumers. Currently, Dino has 2,504 supermarkets in Poland.

Management



Tomasz Biernacki
Chairman and founder



Izabela Biadala
Director of Operations & Administration



Michal Krauze
CFO

Competitive Advantage

At The Dutch Investors, we always look for companies with a clear moat. In my view, Dino does not have a sustainable competitive advantage, but it does have several advantages compared to its competitors. First, Dino is vertically integrated, and this standardization enables it to operate efficiently. Second, for many products, Dino is growing rapidly, and this is also rising in effect, as supermarkets say.

Incentives

- Founder
- Owns more than 10% of shares
- Not sure if he is a shareholder
- Works at Dino since 2002
- In board since 2014
- Owns 30.000 shares of Dino Polska

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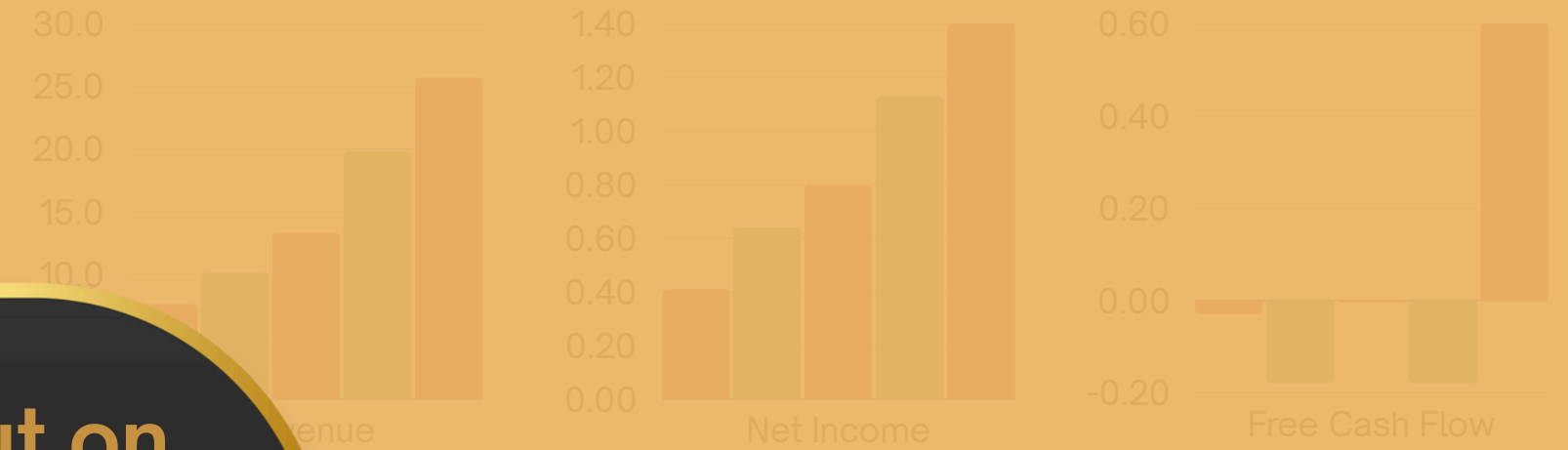
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Valuation (5Y average)

- P/E 37.4
- P/B 23.7
- P/CF negative

Margins (5Y average)

- Gross Margin 24.4%
- Net Margin 5.8%
- FCF-Margin: (0.2%)

Performance Indicators (5Y average)

- ROA 14.0%
- ROE 30.6%
- ROIC 18.3%

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Performance Indicators (KPI's)

1. **Number of store count:** You want to see Dino opening stores rapidly and this is a sign of high ROIC to make Dino a good investment.

2. **Revenue per store:** You want to see that Dino increases its revenue per store each year, ideally by more than the rate of inflation. Dino nicely illustrates this in its quarterly reports.

3. **Net profit and net profit margin:** Simply to continue monitoring Dino's profitability and competitive edge, it's important to look at how much money is left over.



Analyzed for premium:



Business model

Couche-Tard generates its revenue by operating 16,740 convenience stores and gas stations worldwide. Half of the gross profit comes from the convenience stores, while the other half is derived from fuel sales. Based on our assumptions 23% to 33% of net profit comes from fuel sales.

The U.S. convenience store market is highly fragmented. The three largest players hold less than 15% market share.

Management



Alain Bouchard
Founder & Board of Directors



Alex Miller
CEO

Competitive Advantage

In low-margin industries, economies of scale are crucial, which is why Couche-Tard pursues an acquisition-driven strategy.

There is considerable consolidation in the convenience store industry. Couche-Tard made a \$38 billion acquisition of a competitor.

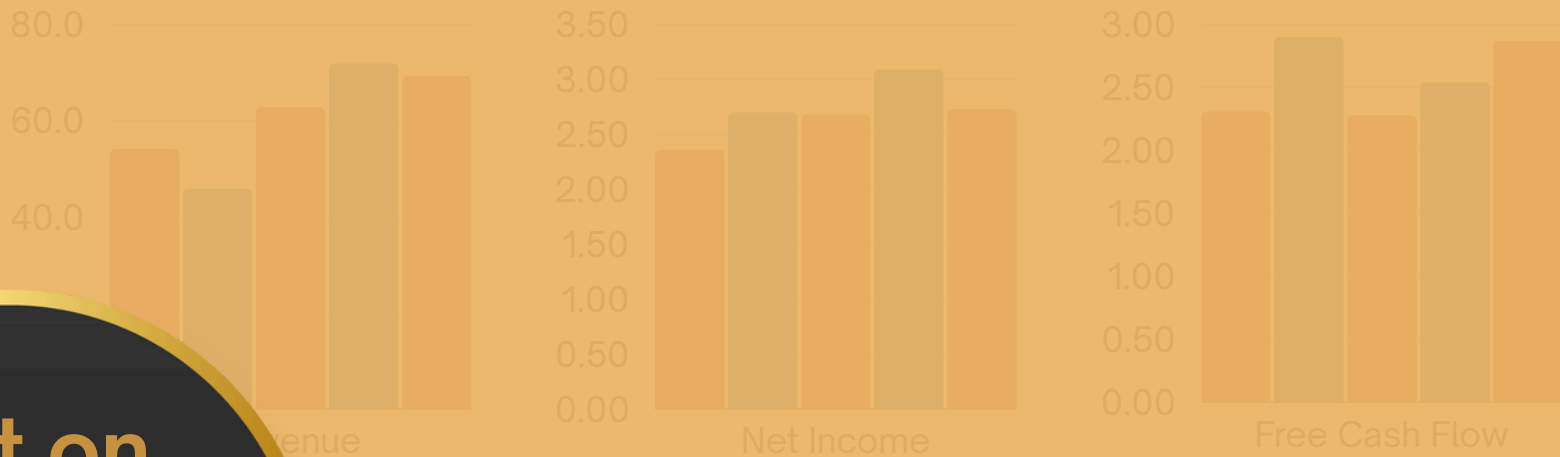
But what is a competitive advantage in fossil fuels and convenience stores?

History

- Self-made entrepreneur focused on convenience stores
- Hates competition
- Own over 16,000 stores
- Has worked in the convenience store industry since 1980
- CEO since 2010

Incentives:

- Return on capital employed
- Like-for-like sales in convenience stores
- Margins on products sold in convenience stores
- Store fuel volume compared to industry demand
- Employee engagement



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Valuation (5Y average)

- P/E 16.4
- P/B 10.2
- P/CF 17

Margins (5Y average)

- Gross Margin 18.3%
- Net Margin: 4.5%
- FCF-Margin: 4.4%

Profitability (5Y average)

- ROA 9.6%
- ROCE 16%
- ROIC 12.5%

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Performance Indicators (KPI's)

1. **Like-for-like sales in convenience stores.** To assess the performance of convenience stores, tracking LFL convenience store sales is key. Couche-Tard also tracks like-for-like fuel sales. Monitoring LFL fuel sales gives insight into how fuel sales are developing over time. Important because of the transition toward renewable energies.

2. **Return on Capital Employed (ROCE).** ROCE is crucial for understanding how efficiently CT is using its capital. Since management views this as a key performance indicator (KPI), it's an important metric to watch closely.

Business model

The company has transformed over the past 20 years from a publisher to a provider of professional information, services, and software solutions. This transformation is reflected in the profit margins, which have significantly increased over the last 10 years. The female CEO, who has been in place for 20 years, initiated this transformation. 82% of Wolters Kluwer's revenue is recurring, indicating a high level of dependence on the information it provides. For example, a bank runs the risk of non-compliance with laws and regulations without Wolters Kluwer.

Management

- Nancy McKinstry**
CEO
- Kevin Entricken**
CFO
- Dennis M. Cahill**
CTO

Competitive advantage

Wolters Kluwer provides specialized software and subscriptions that constitute a small part of customers' revenue but software is unique there are switch costs. Wolters Kluwer has been in existence for one brand in professional book, and of the Netherlands. Commentary

History

- CEO since 2003
- Owns 37% of shares
- Holds 25% of shares
- Works at Kluwer since 2010
- Owns 40k shares
- Holds 5 times his own shares
- Works at Kluwer since 2010
- Unknown stock package (for now)
- Unknown base salary (for now)

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Profitability (5Y average)

EBITDA	29.4
EBITDA Margin	23
EBIT	21.4

Margins (5Y average)

Gross Margin	71.1%
Net Margin	16.7%
FCF-Margin	22%

Capital Structure (5Y average)

ROA	9.7%
ROE	40.9%
ROIC	10.3%

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Performance Indicators (KPI's)

Organic growth speaks volumes about the demand and quality of services provided by Wolters Kluwer. **Organic growth** is a key metric for measuring the demand and quality of existing services, despite Wolters Kluwer regularly engaging in acquisitions, which are not their core business.

3. Return on Invested Capital (ROIC) is a significant indicator of whether value is being created with the invested capital. Wolters Kluwer anticipates an ROIC of 17-18% in 2024.

Business model

Diageo is a company that was formed in 1997 through a merger between Guinness and Grand Metropolitan. It is the largest producer of spirits in the world with brands as Johnnie Walker, Guinness, Captain Morgan, Smirnoff, Baileys and Don Julio. Diageo's 200+ products are sold in over 180 countries worldwide. Diageo invests in organic growth as well as through the acquisition of brands that benefit from high gross margins and revenue growth.

Management



Debra Crew
CEO



Nik Jhangiani
CFO



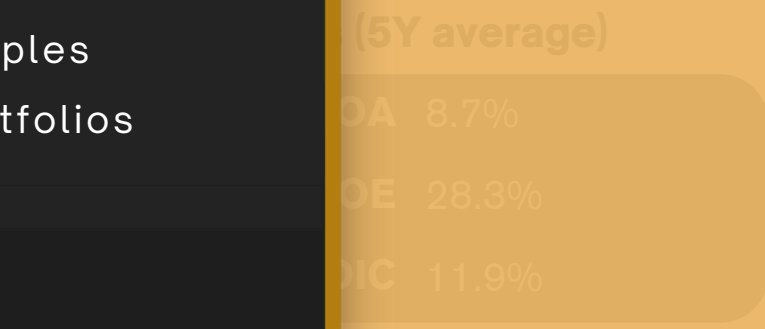
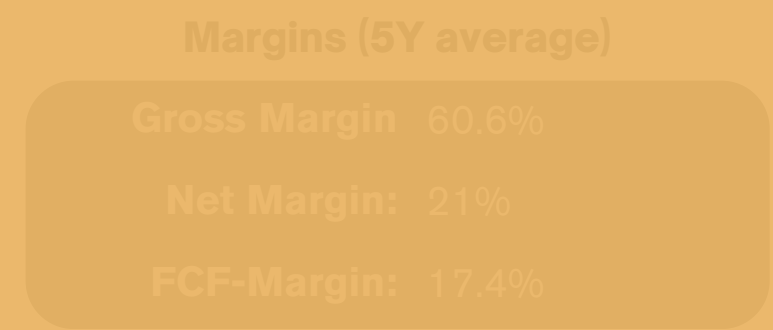
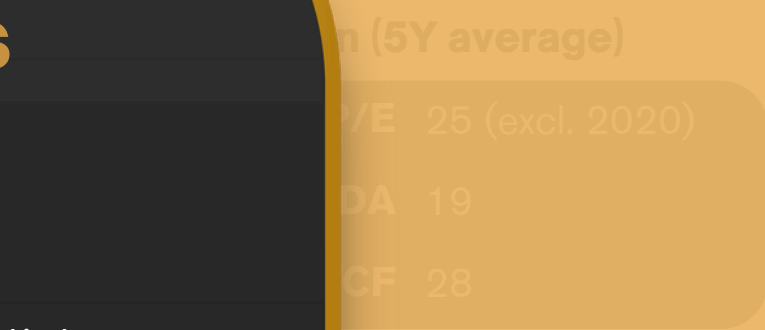
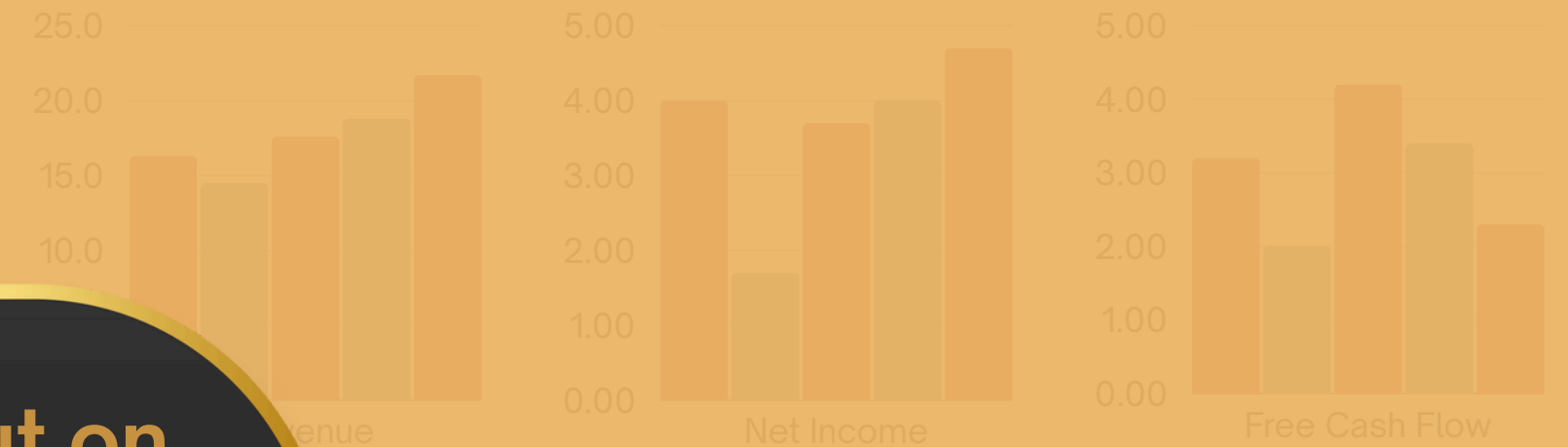
Javier Ferrán
Chairman of the board

Competitive advantage

At least seven out of the thirty most valuable spirit brands worldwide, are owned by Diageo. The brands benefit from a great competitive advantage built for decades. 1759 and Johnnie Walker's competitive advantage is that they have many other products than Pernod. The distribution of acquired companies from cost advantages.

Incentives

- Has been CEO of Diageo since 2015
- Owns 12% of Diageo
- Compensation: \$10.5 million (2020)
- Growth, performance
- Start of employment in 2015
- Previously worked for EuroPacific Partners
- Appointed as chairman in 2017
- Owns more than 300.000 Diageo shares



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Performance Indicators (KPI's)

1. **Organic growth.** To judge Diageo's growth excluding acquisitions, it's essential to monitor its organic growth. Minimal organic growth might suggest a declining brand appeal.

2. **Gross profit margin.** Diageo's gross profit margins have historically been around 60%. Monitoring for consistent declines is essential to ensure the company maintains its pricing power.

3. **Earnings per share.** Management is assessed on profit and cash conversion. Monitoring the growth in earnings per share is also vital, as it reflects actual earnings attributable to each share.



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CEO / CTO / COO / CFO

CEO (Chief Executive Officer): The highest-ranking executive in a company, responsible for overall leadership and decision-making.

CFO (Chief Financial Officer): The highest-ranking financial executive in a company, responsible for financial planning and reporting.

CTO (Chief Technology Officer): The highest-ranking technology executive in a company, responsible for technological strategy and innovation.

COO (Chief Operating Officer): The highest-ranking operational executive in a company, responsible for day-to-day business operations.

Net debt

The difference between a company's debts and its liquid assets and short-term assets. A positive number indicates more debts than liquid assets, while a negative number indicates that there are more liquid assets than debts.

Incentives

Financial incentives or rewards offered to achieve specific goals and stimulate performance.

ROA / ROE / ROIC

ROA (Return on Assets): A financial ratio that measures a company's profitability in relation to its total assets.

ROE (Return on Equity): A financial ratio that measures a company's profitability in relation to its equity.

ROIC (Return on Invested Capital): A financial ratio that measures a company's effectiveness in generating returns on invested capital.

EV / EBITDA

A financial ratio that measures a company's value in relation to its operating profit, often used for valuation. A low EV/EBITDA ratio is generally considered favorable and may indicate a potentially undervalued company, while a high ratio may suggest a potentially overvalued company.

KPI

(Key Performance Indicators): Measurable values that indicate a company's performance in specific areas and aid in assessing success.

Churn rate

Churn rate refers to the percentage of subscribers who cancel their subscription within a certain period. It provides insight into customer retention and the stability of the customer base.

ARPU

ARPU stands for "Average Revenue Per User" and represents the average income a company generates per user during a specific period. It is a key metric for measuring revenue generation per customer.



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