



A PLATFORM THAT REALLY COUNTS

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**To Our Investors,**

It's been all unicorns and skittles in the core operations of one of our **Superinvestor Wealth Compounders**.

The base business within Platform Specialty Products, MacDermid — the performance solutions segment of the company — had a market value of \$8 million when Daniel Leever began running it decades ago. MacDermid was worth \$1.8 billion in a market transaction with Platform just a couple years ago, representing a *25+% annualized* return over decades.

That is nothing short of amazing.

Platform Specialty is the holding company for MacDermid, and it is likely worth more today as their moat has grown BIG-TIME recently (more on this in moment!). Simultaneously, the company is undervalued, *with a near term catalyst to spur the company higher*.

Along with the company becoming more competitively advantaged and currently undervalued, the intrinsic value of the enterprise is nearly certain to keep growing over time as well, which could very well lead to many more years of big fat juicy returns.

Recall that *a growing intrinsic value that we can get at undervalued prices* is a powerful combination that we certainly relish at FMT Investment Advisory, as it provides two returns: the proverbial discount to intrinsic value converging to fair value and the growth in intrinsic value.

We are also ridiculously confident that the intrinsic value of the company should grow, as Platform Specialty Products has demonstrated extreme durability over the years. No business is around as long as their base business (MacDermid) has been – with wealth compounding at such breathtaking levels – if it didn't have competitive and sustainable advantages.

For over 40 years, MacDermid has enjoyed stable and growing earnings, with a leading market position in most of its respective end markets within the performance solutions sector.

It's indeed a very good horse to ride: the performance solutions segment of Platform Specialty is a very low capital-intensive business (asset-light) with long-term organic growth in front of it – which should continue to result in high profit margins and free cash flow gushing in for years to come.

The chemical coatings Platform provides to their customers are an essential product at a small cost to them across a wide variety of applications in electronics end markets such as industrial, medical, aerospace, automotive, consumer, TV, computer/communications infrastructure, mobile phones, and PCs.

The business just keeps getting more relevant over time in a rapidly changing world, which is an attribute we relish in any business.

### **Stronger Than Ever and the Moat Just Got Bigger**

MacDermid competed for decades against Alent in various end markets, and both companies were highly successful on their own. MacDermid tried to buy Alent a couple decades ago but was unsuccessful in its attempt because Alent wanted a higher offering price and didn't want to give up control of the business.

In 2015, Platform Specialty Products successfully acquired Alent and have started to integrate them with MacDermid. While there are terrific business savings and lower costs getting realized in the combination, there is an even more important attribute.

As a combined entity under Platform Specialty Products, MacDermid and Alent is a more competitively entrenched company than ever before and their unification morphs them well beyond a world-class business operation that has solidified itself as the *crème de la crème* in their space. As a combination, they will produce prodigious amounts of cash for the great capital operators of the business to invest at high rates of return for years to come.

Indeed, this wealth compounding journey is just getting started and has many great years ahead of it our estimation.

These are some of the big reasons why we began buying more and more of the business as we became larger fractional owners of the company over the last year, and we have been buying into it far more cheaply than anyone reading this can get it for today.

### **\$100 Million Reasons and a Short-Term Catalyst**

Okay, perhaps you've heard me mention Martin Franklin before (insert smiley face here). Ah... yes, Franklin, the guy who has been literally more successful than Warrant Buffett at compounding shareholder dollars for almost two decades now, and he is only 52.

Franklin has \$100 million of his own money riding on Platform Specialty Products, and he controls the capital allocation decisions while the highly successful Rakesh Sachdev runs the business operations. With such a *successful* and *aligned* capital allocator at the top of this enterprise, you can bet this company is being run for all stakeholders, which we are more than thrilled to count ourselves as such.

To unlock hidden value, the company's other business line, agricultural solutions, has been put up for sale with some formidable bids for these assets. The company's assets are undervalued in the publicly-traded markets (we'll spare you the math), so Franklin is doing what he does best as an aligned partner: unlocking and creating value for shareholders.

While it's not paramount to our investment case, should Platform sell its agricultural division, not only can we be confident that a fair price will be realized to unlock value, but it will also allow the company significant leeway to use the proceeds to turbocharge its short-term and mid-term vision while turbocharging itself forward.

At the same time, they will be nimbler, and the company will be solely focused on where the real growth is: the performance solutions segment, where the base of MacDermid and Alent will be nearly unstoppable as the cash flows are invested at ever higher rates of return in growing markets.

This is simply a great horse with great jockeys that has a long runway for growth.

### **A Conglomerate in the Making**

Some people just can't figure out what team they want to be on and who they really should be siding with as they latch on to this or that or become *obsessed* with the trickery of new things endlessly, while truly going nowhere and showing no real loyalty in the process.

That is a recipe for failure, and that is simply not for me or you, my dear investor.

We know with 100% certainty we want to be on the Platform Specialty Products and Nomad Foods team with Martin Franklin. And unless the businesses become vastly overvalued in the market, we will be sticking to the magical synergies that Franklin, his team, and his businesses manifest.

Those looking beyond this kind of magical synergy and best-of-breed management to somewhere else aren't our kind of people. We strive to be the best for you, and we attach ourselves to real winners that truly know how to get the job done.

With Martin Franklin behind the capital allocation decisions of the combined \$500 million in free cash flow of Platform and Nomad on a combined equity value just north of \$5 billion, one can and should sit easy, as both holdings together form a beautiful mini conglomerate—one that should continue to flog Buffett's vehicle over the years for Franklin and us as stakeholders.

And they have been making it easy to sit very tight on the shares (pull up the year-to-date charts on both companies!).

You'd be hard pressed to find something better elsewhere. Very few put in the *real* work with the *real* know-how that we do.

Sincerely,

Nicholas Green  
Chief Investment Officer