

Today's topic:

Successful Traits of Programmatic Acquirers

Upcoming FOFs:

Thursday, February 19, 2026

Thursday, March 12, 2026

Thursday, April 23, 2026

All archives available at:

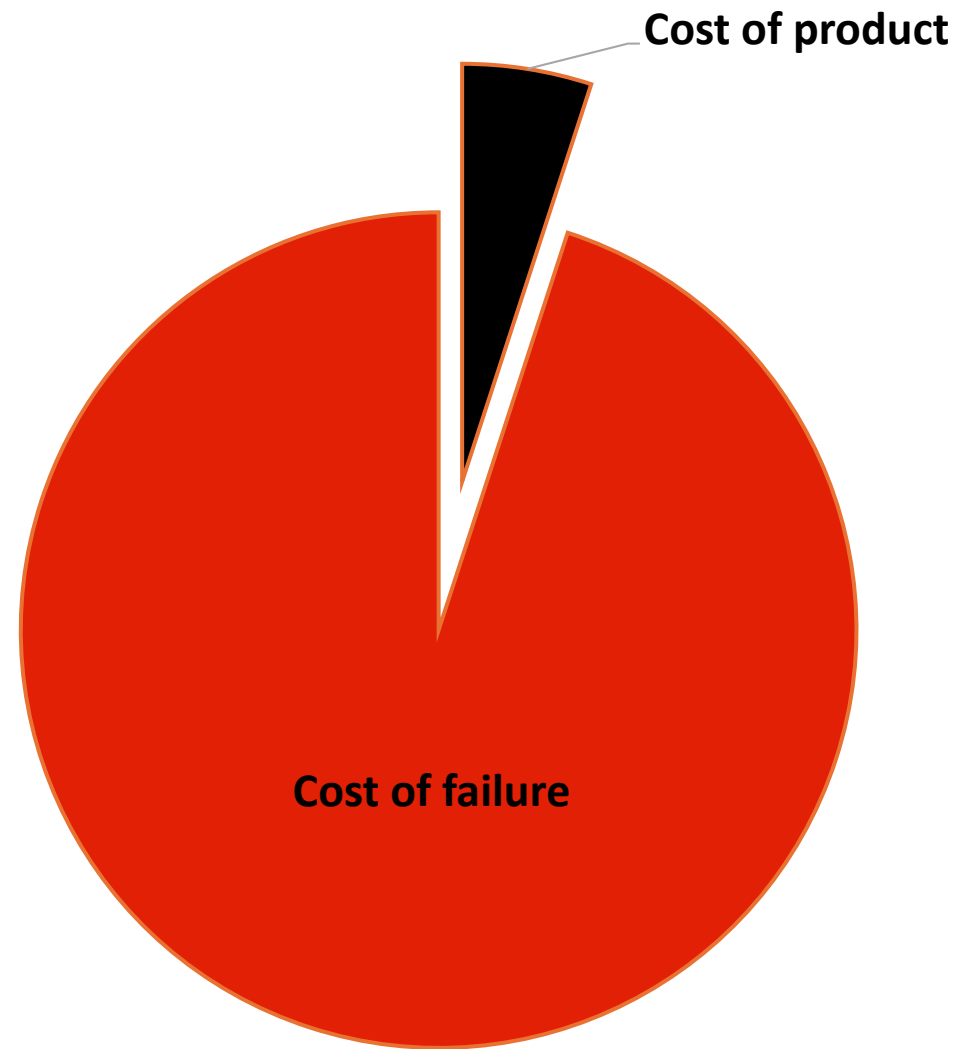


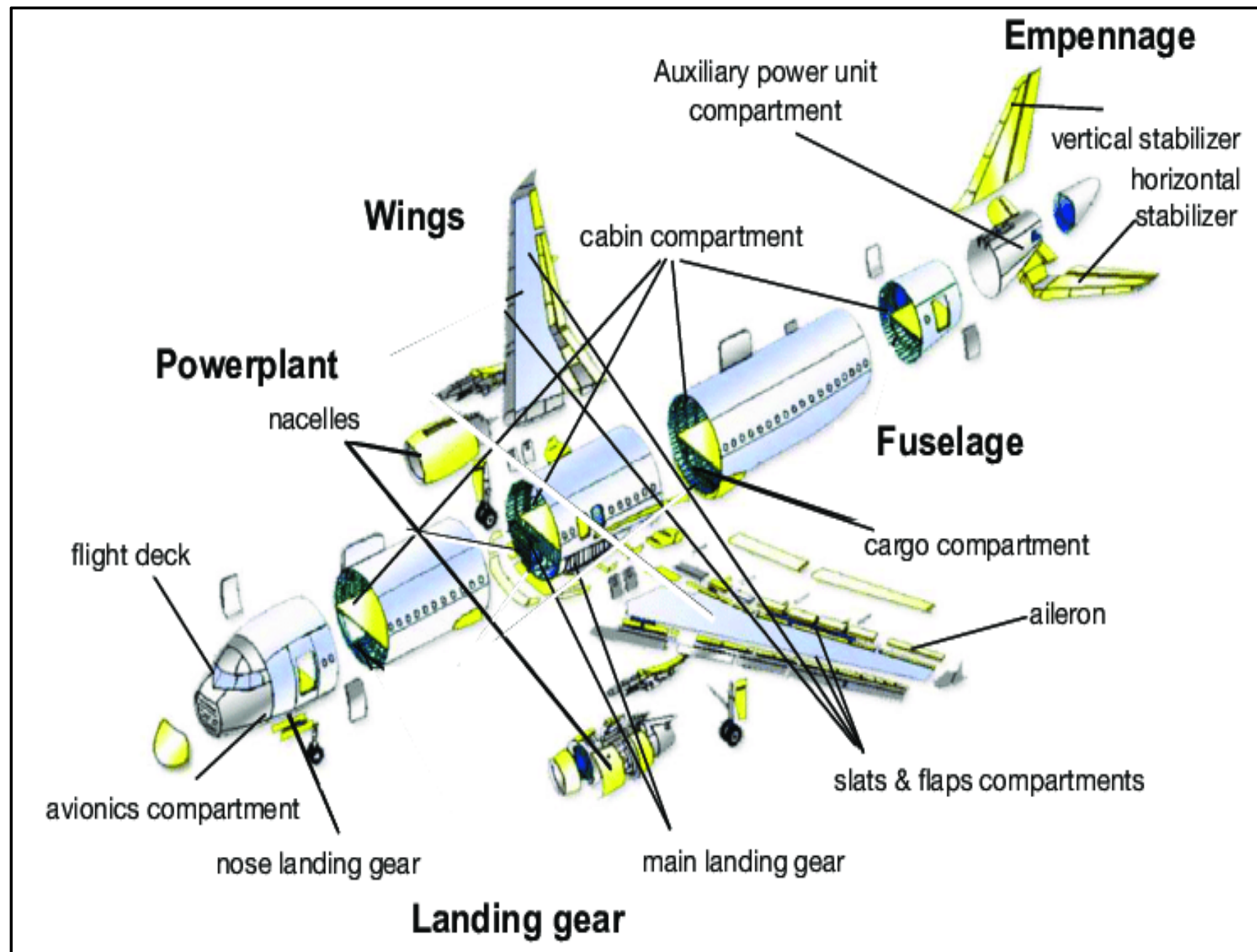
ppfasfof.com



Mr S Prawin Visesh

Senior Manager - Research
PPFAS Asset Management Pvt Ltd







Commercial Jets → Space Missions



TWO ?? SUBSIDIARIES SUPPLY MISSION-CRITICAL PARTS ON INDIA'S CHANDRAYAAN SPACECRAFT

Posted on August 24, 2023

3D PLUS AND Exxelia Design and Made Components

HOLLYWOOD, FL and BUC, FRANCE – I

today reported that two of its subsidiaries, 3D PLUS and Exxelia, supplied mission-critical electronic components on India's Chandrayaan-3 spacecraft, which successfully executed a soft landing on the Moon's South Pole yesterday.

Different customers. Same Requirements : Zero Failure

Failure = Catastrophe

Meet HEICO



Market Cap = \$50 Bn

Largest provider of **generic** spare parts in
commercial aerospace



Air or the absence of it



Vacuum

Air-Free & Particle-Free Environment



Compressed Air

Packaged using compressed Air

Invisible Machines Behind Both



Vacuum Pump

Removes Air completely



Air Compressor

Delivers clean, reliable air

Different customers. Same Requirements : Zero Failure

Failure = Shutdown

Meet Atlas Copco



Market Cap - \$97 Bn

32% Market Share in Industrial air compressors

>20% Market Share in Semi-conductor Vacuums

\$100 Invested in 2000...

81x

HEICO

\$8100

8x

S&P 500

\$765

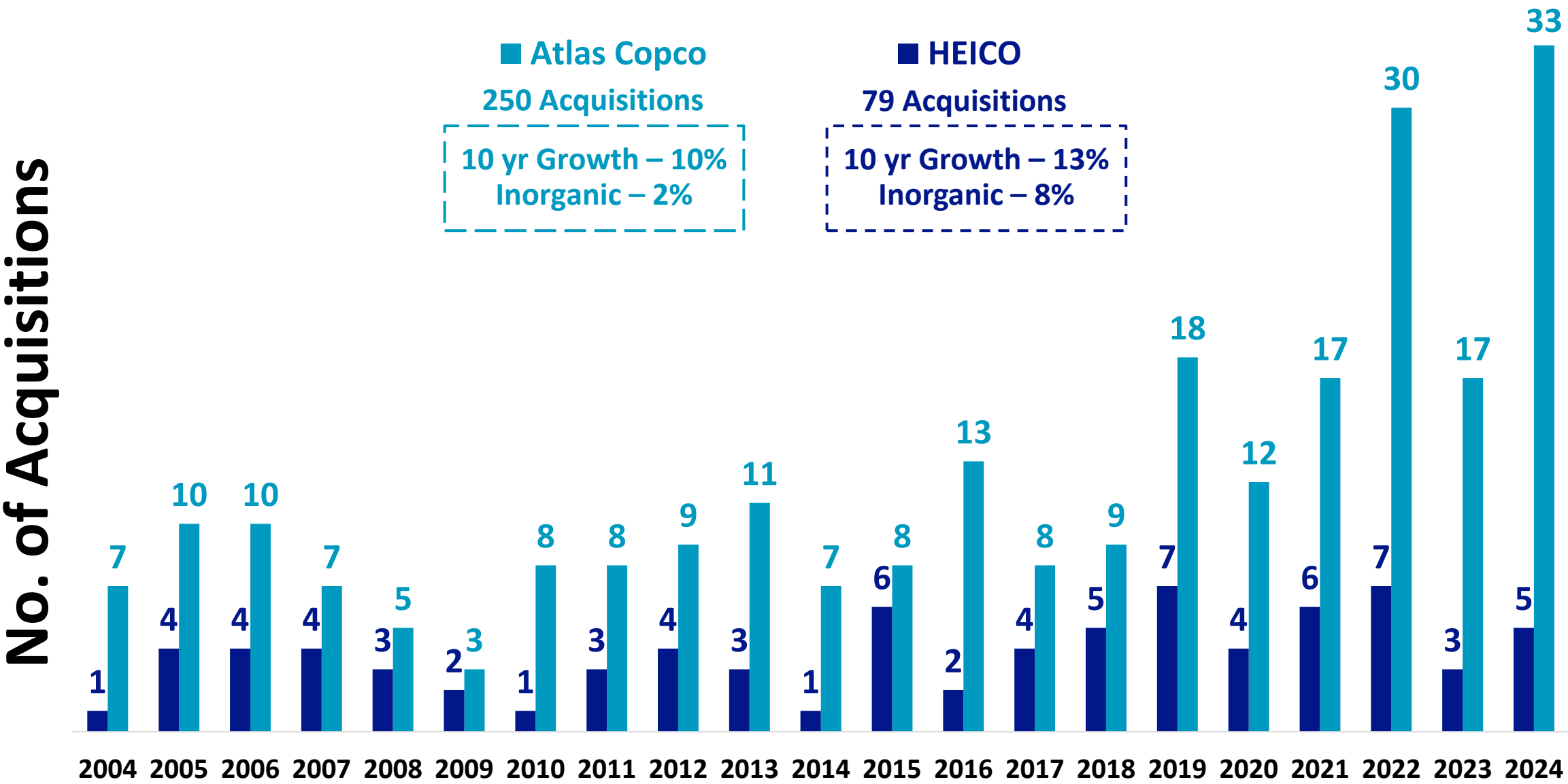
49x

Atlas Copco

\$4889

Acquisitions

Acquisitions – Last 20 years





“If a company must acquire something, I’d prefer it to be a related business, but **acquisitions in general make me nervous**. There’s a strong tendency for companies that are flush with cash and feeling powerful to **overpay** for acquisitions, **expect too much** from them, and then **mismanage** them.”

- Peter Lynch

BUSINESS

AT&T Reaches Deal to Buy Time Warner for \$85.4 Billion

Wireless carrier agrees to pay \$107.50 a share in half-cash, half-stock deal

By [Thomas Gryta](#) [Follow](#), [Keach Hagey](#) [Follow](#)

Updated Oct. 22, 2016 11:06 pm ET

SHAPING A GLOBAL GIANT: THE OVERVIEW

SHAPING A GLOBAL GIANT: THE OVERVIEW; DAIMLER-BENZ WILL ACQUIRE CHRYSLER IN \$36 BILLION DEAL THAT WILL RESHAPE INDUSTRY



Share full article



By [Edmund L. Andrews](#) and [Laura M. Holson](#)

May 7, 1998

TECH

AT&T battled the DOJ to buy Time Warner, only to spin it out again three years later

PUBLISHED MON, MAY 17 2021•11:40 AM EDT | UPDATED MON, MAY 17 2021•1:30 PM EDT



Lauren Feiner
@LAUREN_FEINER

SHARE



Daimler sheds Chrysler to private equity firm

By Reuters

August 10, 2007 2:40 AM GMT+5:30 · Updated August 10, 2007

Aa



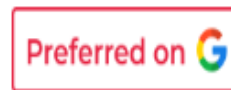
Tata Steel completes £6.2bn acquisition of Corus Group plc

Mumbai/ London, April 02, 2007

Tata Steel ("the Company") is happy to announce that the Company has completed its £6.2 billion (US\$12 billion) acquisition of Corus Group plc (Corus) at a price of 608 pence per ordinary share in cash. The enlarged company will have a pro forma crude steel production of 27 million tonnes in 2007 and will be the world's fifth largest steel producer with 84,000 employees across four continents.

Corus acquisition was an aspirational mistake: J J Irani

PTI • Last Updated: Apr 21, 2017, 09:57:00 PM IST



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FONT SIZE



SAVE



PRINT



COMMENT

1

Playbook

Self-financed acquisition engine

- Funded through **internal cashflows**
- Controlled Leverage

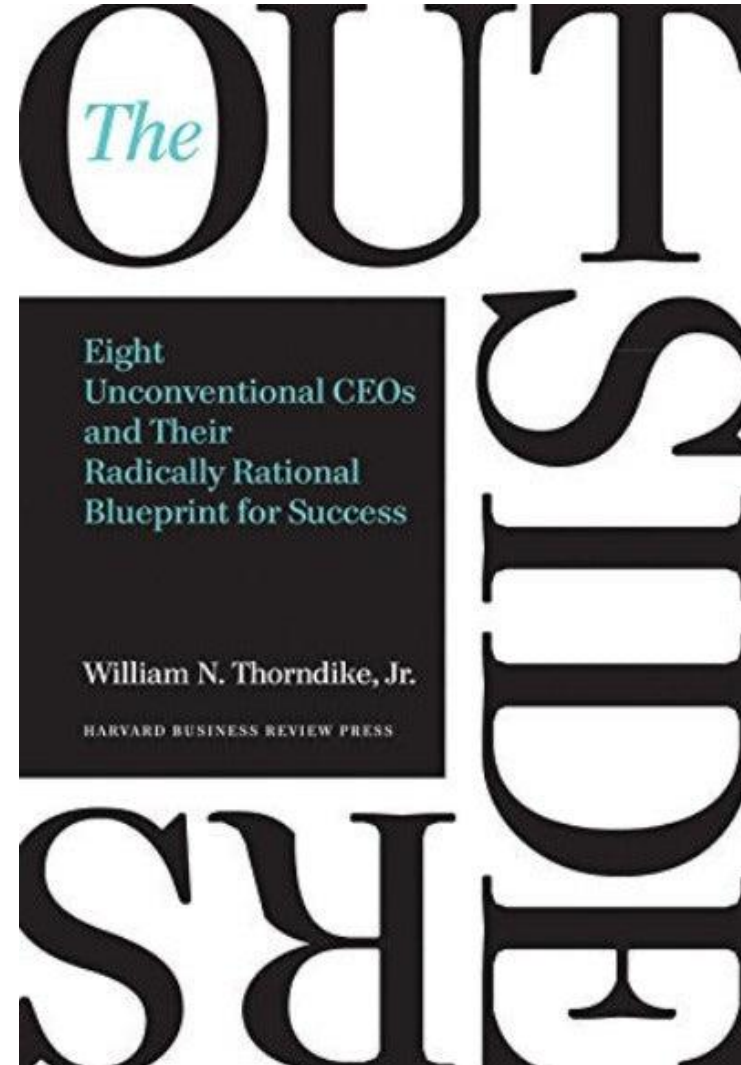
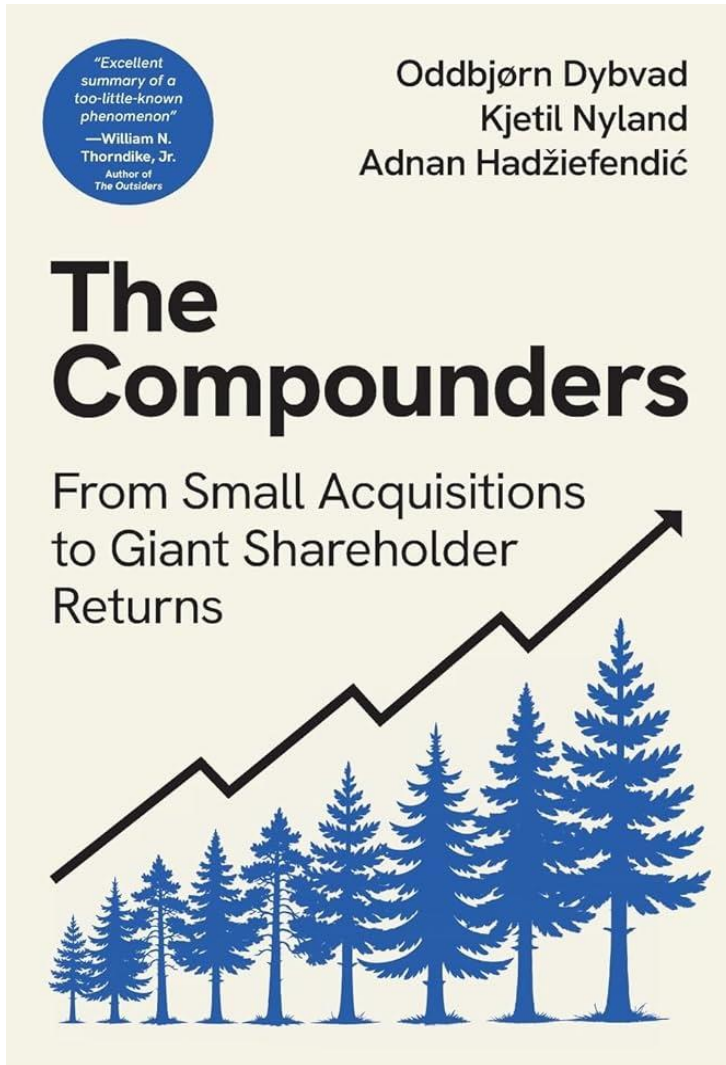
Acquire companies in related businesses

- Buy **multiple small, profitable, privately owned businesses**
- Often **family owned/owner operated**
- Pay **low/fair** multiples
- Let the acquired businesses run **independently**

Repeat

- Use free cash flow to fund the next deal

Programmatic Acquirers



Programmatic Acquirers

\$50 Bn



\$20 Bn



\$97 Bn



\$50 Bn



\$189 Bn



\$40 Bn



\$75 Bn



...and many more



Atlas Copco

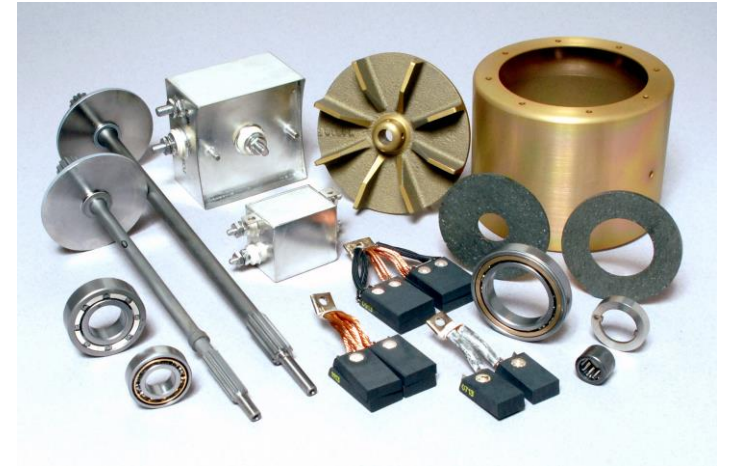


HEICO

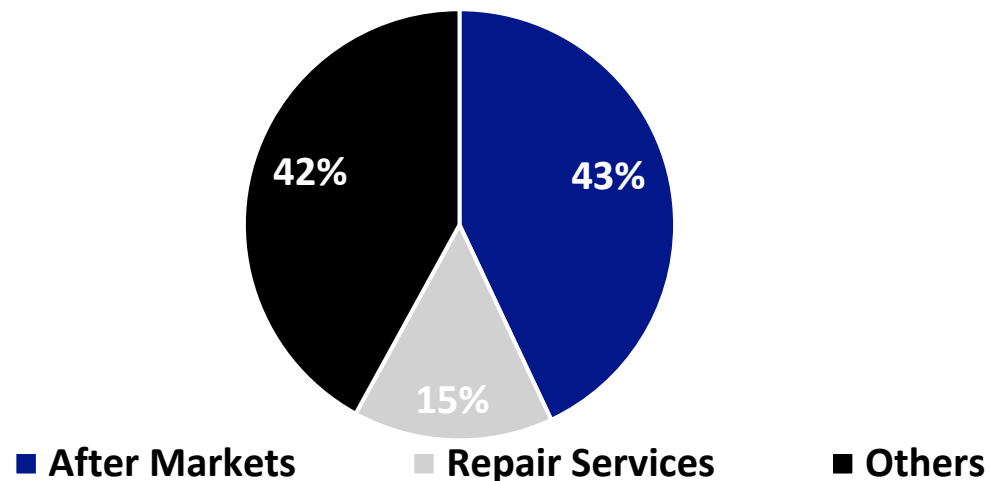
Self-Financed M&A Engine

HEICO

- Mission **Critical** aircraft components
- Consumable nature of the product → Recurring demand
- Negligible failure rate → increases customer retention
- Diversified catalogue – 20000+ Parts, 500-600 parts developed each year
- Asset light manufacturing (50% outsourced) → **Reducing capital requirements**



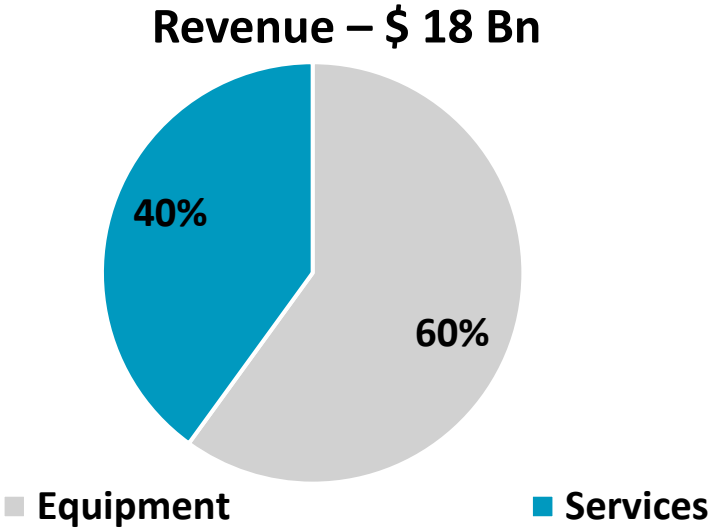
Revenue – \$ 3.9 Bn



Metric	Last 10 yrs
EBITDA to OCF	75%
PAT to Free Cash	111%
M&A to Free cash	118%

Atlas Copco

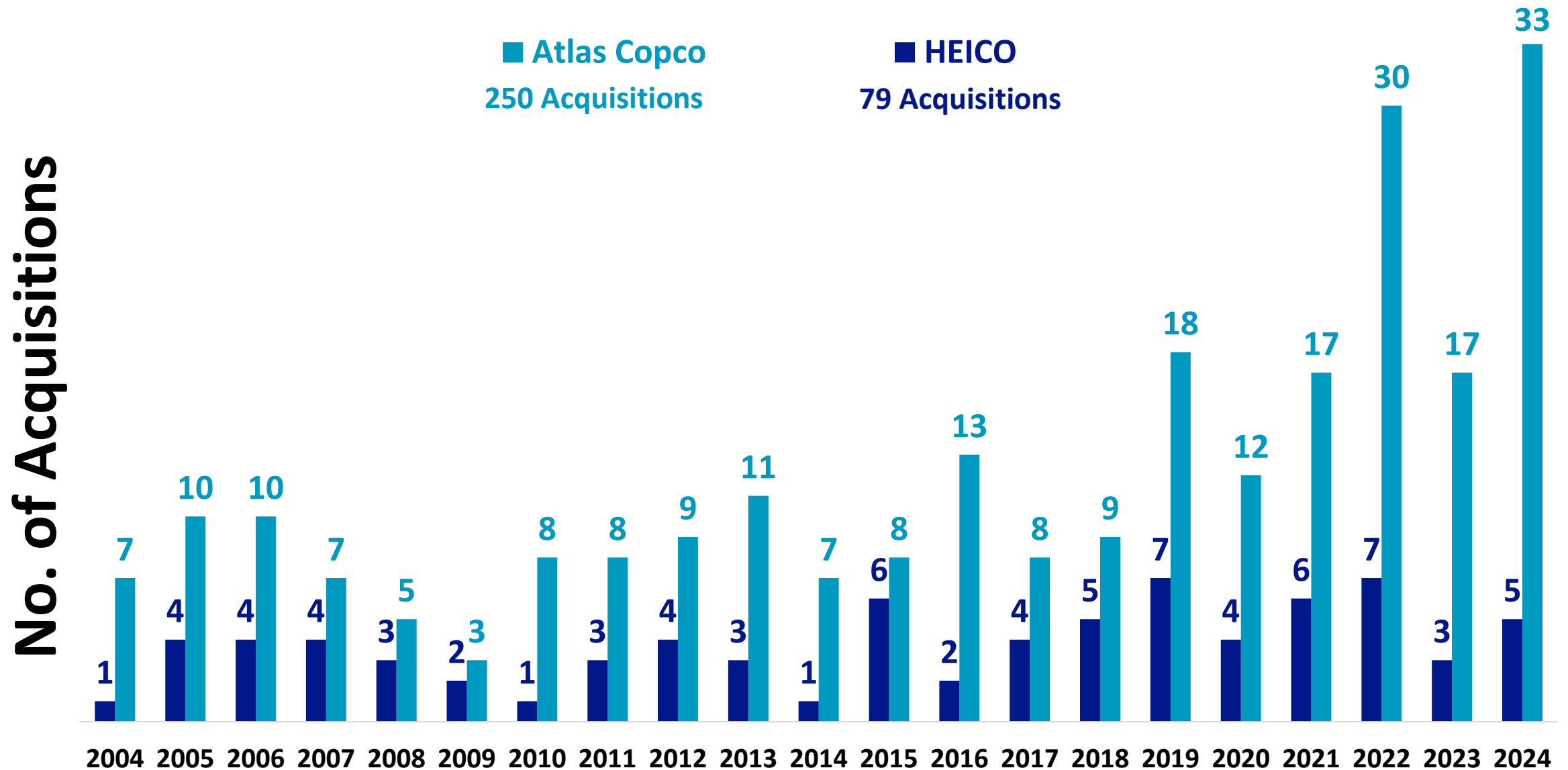
- Specialized **Critical** Machinery
- Razer (equipment) & Blade (consumables & services) Model
- Lower Failure & Efficient Servicing → increases customer retention
- Diversified Product Portfolio – Reducing sector specific risk
- Asset light manufacturing (75% outsourced) → **Reducing capital requirements**



Metric	Last 10 yrs
EBITDA to OCF	72%
PAT to Free Cash	96%
M&A to Free cash	32%

M&A

When M&A stops being an event



When M&A stops being an event

Raises multiple questions

- Integration Risk ?
- Mismatch in operating style ?
- Management bandwidth ?
- Capital Misallocation ?
- **Repeatable ??**

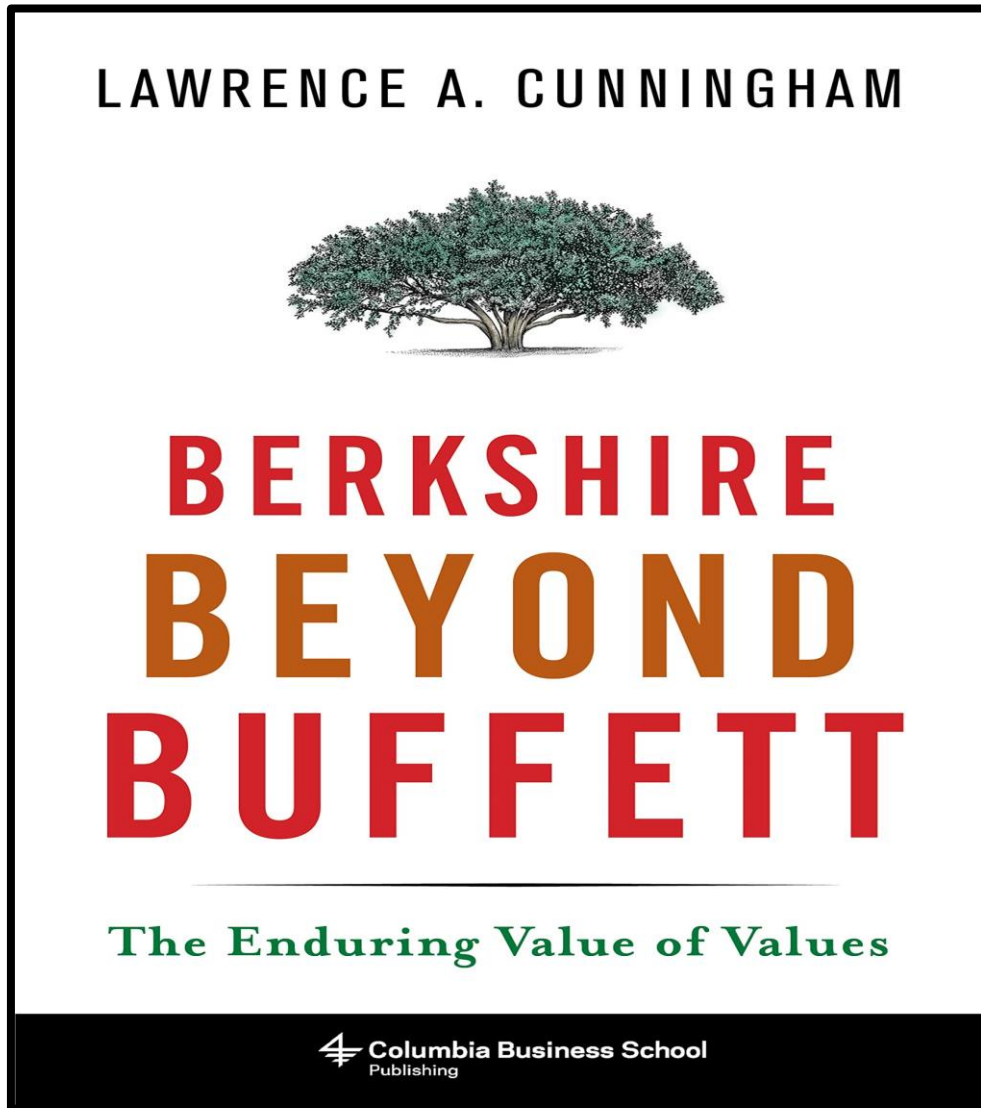
When M&A stops being an event

Raises multiple questions

- Integration Risk ?
- Mismatch in operating style ?
- Management bandwidth ?
- Capital Misallocation ?
- Repeatable ??

Operating Culture

Culture as an operating system



Cultural Values

Hands off

Kinship

Eternal

Investor Savvy

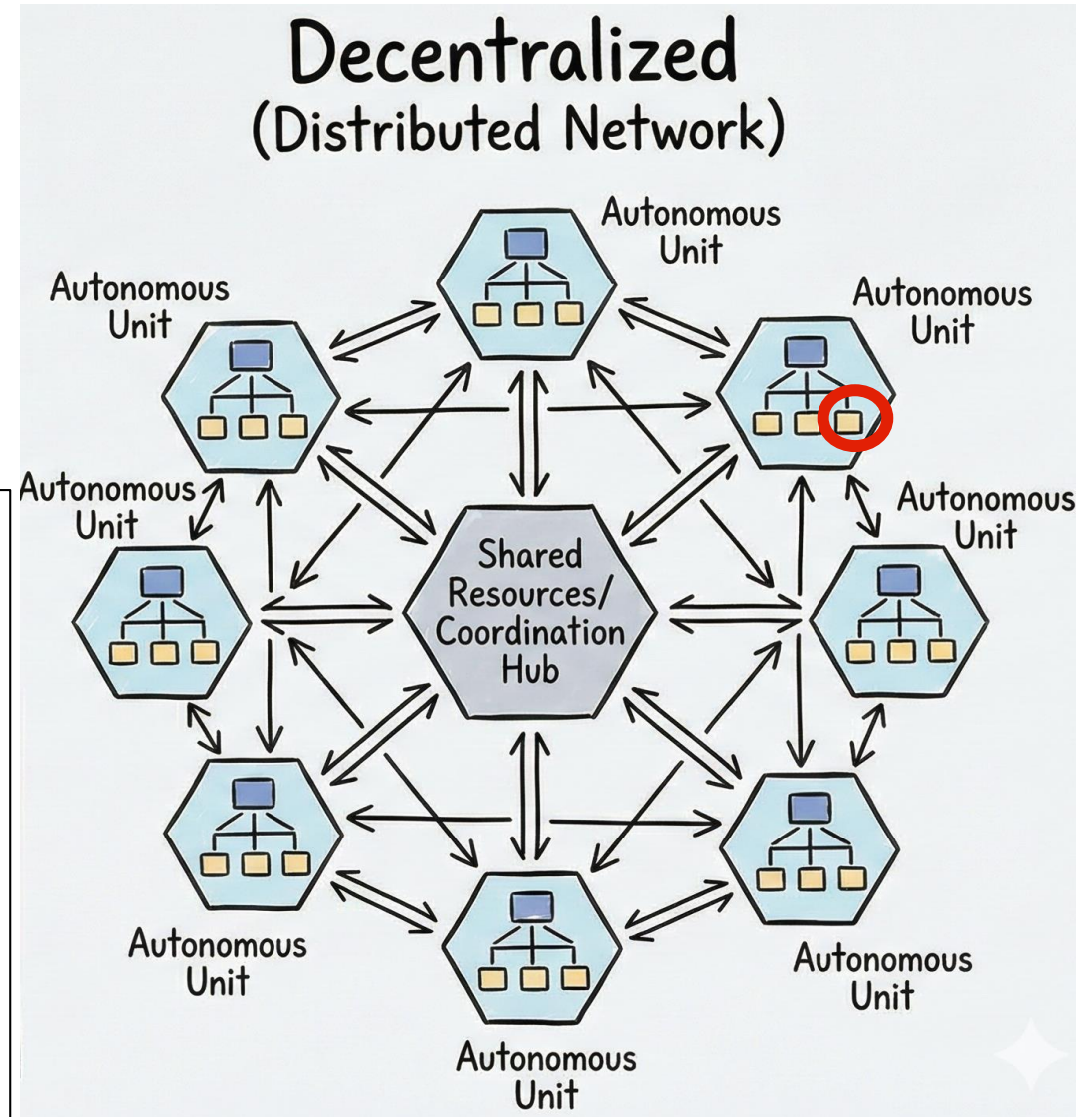
Hands off

Decentralized Structure

- Decision making responsibility pushed down to the operating units
- **HQ allocates capital — it doesn't run operations**
- Each segment runs as an independent business
- **Business heads akin to mini-CEOs**

*"The basic culture of HEICO is one of a decentralized organization, where we give tremendous authority to the operating level... We believe that the person running the -- his organization knows more about his team members, his labor force, his customers, his manufacturer, everything else **than somebody in a corporate office, 1,000 or 2,000 miles away.**"*

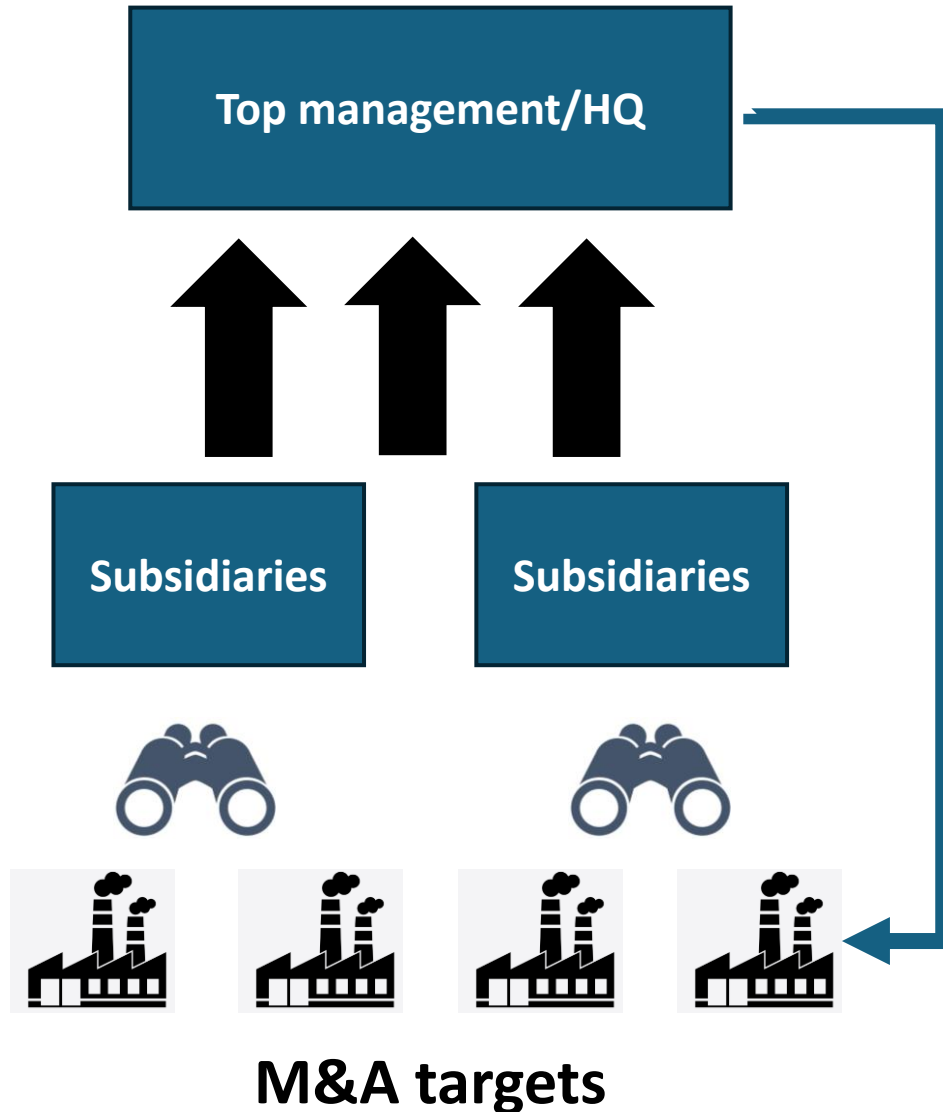
- Laurans. A. Mendelson, Founder & Long-time CEO, HEICO Corporation



Why does this matter for M&A ?

- Decentralized structure – attractive for the target
- Top Management bandwidth is preserved for **M&A**
- **Cut out the middlemen** - In-house due-diligence & deal sourcing expertise

Why does this matter for M&A ?



*"Now many of our **acquisitions** are as a result of our **subsidiary operations**, getting to know either a supplier, a competitor or somebody in the industry **over a long period of time developing strong relationships**"*

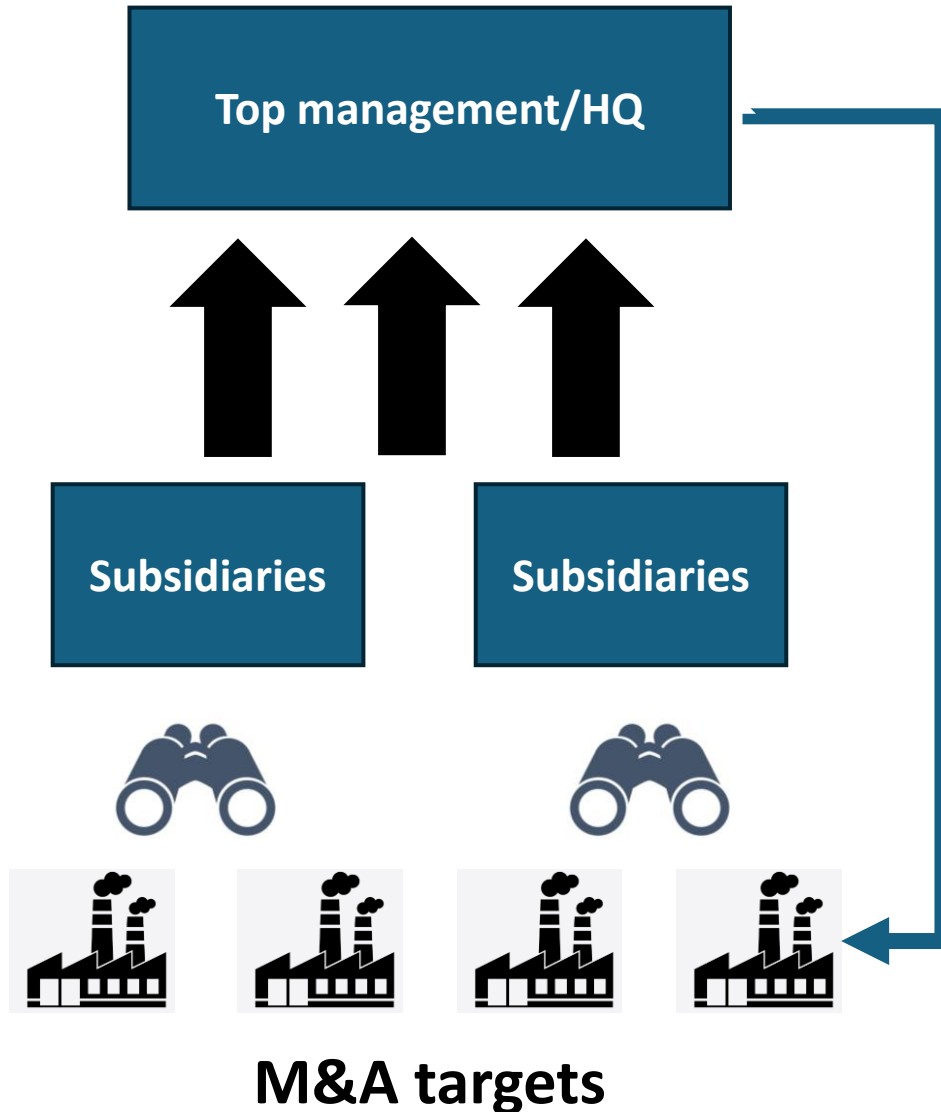
- Laurans Mendelson, Founder & Long-time CEO, HEICO

*Relationship based
introductions*

*"...I would say that **we have spent time with the companies that we then acquire, could be 5, 6 years many times**. So we like to be **the first call for them** -- and then we take them to acquisitions that we have done in the past. They can see how we will handle the people, the brand"*

- Mats Rahmström, Former CEO, Atlas Copco

Why does this matter for M&A ?



*"HEICO is a very educated buyer. When we go in and do due diligence, we understand this business extremely well. We understand their **supply chains, their customers, the products that they are on**, whereas I think **other buyers may not be as sophisticated and knowledgeable and frankly can be fooled.**"*

- Eric Mendelson , Co-CEO, HEICO

*Relationship based
introductions*

- Qualitative insights
- Avoid bidding wars
- **Cultural alignment**

Kinship

Imagine you own this business

Owner-Operator/Family run business

- Niche industrial business
- Profitable, cash generating
- Built over decades, strong customer relationships

Concerns

- Growth constrained by capital or scale
- **Or** Excess cash hard to redeploy
- **Or** Founder nearing retirement
- Employees & legacy to be taken care of
- Prefer autonomy

Option 1: Sell to a Financial Buyer

- Exit timelines
- Integration, roll-ups
- Leverage
- Eventual sale or IPO

Buy → Optimise/Transform → Exit

Option 2: Sell to a Permanent Owner

“Today, we buy many family-owned businesses, often when the owner is about to retire. It’s normally a moment **when Atlas Copco’s size and strong corporate culture speak in our favor**. We can credibly tell the owners that we will **build further on what they already created and that their life’s work** will be incorporated into a well-thought-out structure.”

- *Ivano di Bari, VP of Acquisitions - Compressor Segment, **Atlas Copco***

“We do not believe that merely because we are the buyer, we can do their jobs better than they can.”

“Companies that want to **sell to us normally want to sell because of our culture**...we tell people at the outset we’re not going to be the highest price...**we intend to keep the company essentially forever and build it**....what we are looking for is a management that wants to be in it for the longer term, that wants to continue running the company with **minimal interference** and pressure to get immediate profits today and tomorrow”

- *Laurans Mendelson, Founder & Long-time CEO, **HEICO***

Who would you sell to ?

Seller concern	Financial buyer	Permanent Owner
Scale/Capital	Offered	Offered
Legacy	Uncertain	Preserved
Employees	At risk	Retained
Autonomy	Reduced	Maintained
Ownership horizon	Fixed	Permanent

- Founder-led or family-owned businesses
- Niche, specialized industrials
- Strong cash generation
- Limited need for integration
- **Selling incentive extends beyond price**



Natural Targets

Atlas Copco

Date	Acquisitions	Revenues (USD mn)	No. of Employees
2025 Dec 8	Centro do Ar Comprimido do Recife Ltda	—	28
2025 Nov 10	Anglian Compressors and Equipment Limited	—	28
2025 Nov 5	Engineering Automation Systems GmbH	2.9	18
2025 Nov 4	MKG Equipamentos Ltda.	8.6	30
2025 Oct 14	Northern Compressed Air Ltd.	—	15
2025 Oct 8	RM Boggs Inc.	—	3
2025 Mar 11	Neadvance Machine Vision, S.A.	2.8	41
2025 Mar 4	Masterfilter NV (“Masterfilter”)	2.9	3
2025 Feb 5	IMOCOM S.A.	4.5	36
2025 Feb 5	Maquinarias y Tecnologías S.A.S.	1.3	13

Decentralized Collection of Businesses

Atlas Copco

Year	Acquisition	Revenues (USD mn)	No. of Employees	Pre-Acquisition Ownership
2024	Kracht GmbH	73	446	Family Owned
2014	Henrob	162	400	Owner Operated
2020	ISRA Vision	176	800	Owner Operated
2025	Arizaga Bastarrica y Cía. S.A.	98	319	Family Owned
2025	Kyungwon Machinery Industry Co., Ltd	47	126	Owner Operated
2020	Scheugenpflug AG	93	600	Owner Operated
2020	Dekker Vacuum Technologies, Inc	24	70	Owner Operated
2012	Ekomak Group	30	160	Owner Operated
2025	SUTO iTEC	18	136	Owner Operated

Decentralized Collection of Businesses

HEICO

Year of acquisition	Company	% acquired	EV (\$ Mn)
2024	SVM	70%	60
2022	Accurate Metal Machining	96%	70
2022	Ironwood Electronics, Inc.	80%	-
2022	Pioneer Industries, LLC	74%	-
2021	RH Laboratories	80%	30
2021	Camtronics	80%	9
2021	Ridge/ Bechdon	89%	70
2020	Connect Tech Inc.	90%	-
2019	Quell Corporation	80%	-
2019	Research Electronics International (REI)	75%	-
2019	Solid Sealing Technology, Inc. (SST)	85%	-
2018	Sensor Technology Engineering, Inc.	85%	-
2017	Air Cost Control (A2C)	80%	80

Decentralized Collection of Businesses

Exceptions

- PE-backed businesses
- Carve-outs from larger industrial groups
- Occasionally, listed businesses

Exceptions

- **PE-backed businesses**
- Carve-outs from larger industrial groups
- Occasionally, listed businesses



Industrial Distribution

<https://www.inddist.com> › mergers-acquisitions › news

HEICO to Acquire Wencor for More than \$2B

19 May 2023 — **HEICO Corporation** announced that it has entered into an agreement to acquire Wencor Group from affiliates of Warburg Pincus LLC and Wencor's management for \$1. ... [Read more](#)



Exceptions

- PE-backed businesses
- **Carve-outs from larger industrial groups**
- Occasionally, listed businesses

HEICO SUBSIDIARY ACQUIRES EXCLUSIVE LICENSE AND KEY RELATED ASSETS FOR SELECT HONEYWELL DISPLAY PRODUCT LINES

Posted on January 29, 2024

MIRAMAR, FL and HOLLYWOOD, FL – HEICO Corporation (NYSE: HEI.A and HEI) today announced its Sunshine Avionics subsidiary entered into an exclusive license and acquired key assets from Honeywell International (“Honeywell”) that will provide the capability to support the Boeing 737NG/777 Cockpit Displays and Legacy Displays product lines. The transaction was structured as an exclusive perpetual license and asset purchase. Sunshine Avionics is part of HEICO’s Flight Support Group. Transaction terms and financial details were not disclosed.

Exceptions

- PE-backed businesses
- Carve-outs from larger industrial groups
- Occasionally, listed businesses

Atlas Copco of Sweden to Buy Edwards Group

BY MARK SCOTT AUGUST 19, 2013 5:17 AM [Comment](#)

LONDON – The Swedish engineering company Atlas Copco agreed on Monday to buy the British industrial company Edwards Group for up to \$1.2 billion.

Under the terms of the deal, Atlas Copco said it had offered Edwards investors up to \$10.50 a share, depending on the British company's financial performance this year.

Atlas Copco in \$1.19 billion bid for German company Isra Vision

By Johannes Hellstrom

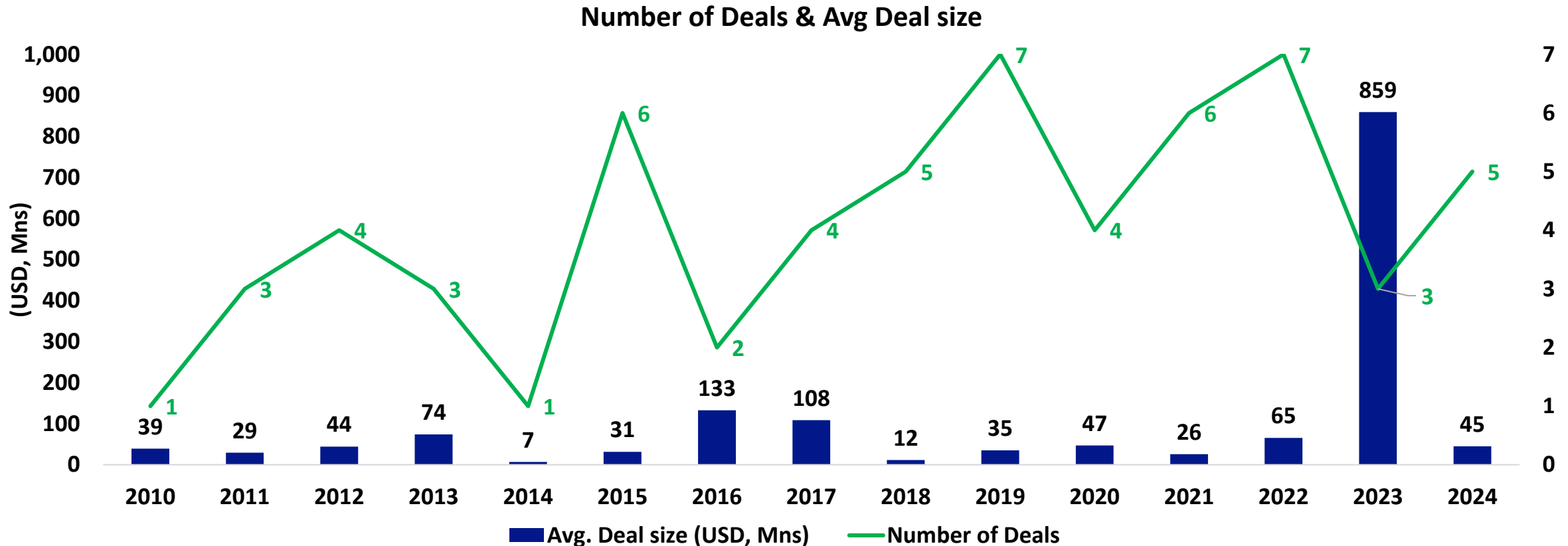
February 10, 2020 3:34 PM GMT+5:30 · Updated February 10, 2020

Aa



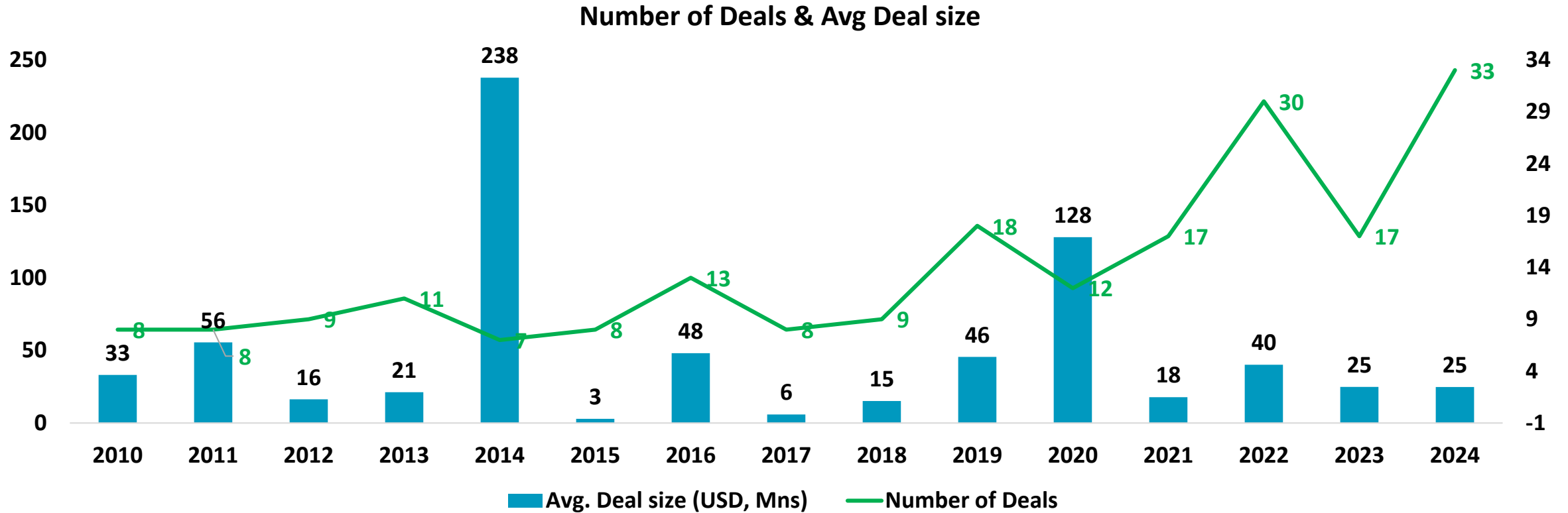
Investor Savvy

HEICO – Repeatable, bolt-on Deals



- 2-7 deals per year
- Avg Deal size : \$40 to 60 Mn
- Avg Deal < 4% of capital employed

Atlas Copco – Repeatable, bolt-on Deals



- Deal volumes have increased
- Avg Deal size : \$25 to 45 Mn
- Avg Deal < 1% of capital employed

Acquirer of Choice

Atlas Copco

Year	Company Acquired	Deal EV (USD, Mn)	Deal Valuation EV/EBITDA	Atlas EV/EBITDA	Peer EV/EBITDA
2022	LEWA GmbH	709	8x	19x	12 to 15x
2020	ISRA VISION	1,208	21x	22x	25 – 35x
2019	Brooks Automation	662	15x	18x	14x
2016	Leybold	527	14x	15x	10 – 15x
2014	Edwards Group	1433	8x	14x	10 to 11x

- 4-5x EBITDA for smaller deals
- Multiples in teens for larger deals

HEICO

Year	Company Acquired	EV (USD, Mn)	Deal Valuation EV/EBITDA	Heico Ev/EBITDA
2023	Wencor	2,050	13x	32x
2023	Exxelia	504	11.5x	32x
2021	RH Laboratories	30	11.5x	34x
2021	Ridge Electronics/Bechdon	70	6x	34x
2021	Camtronics	9	6x	34x
2021	Pyramid	20	13x	34x
2017	Air Cost Control (A2C)	80	6x	16x

- Target 5x to 8x EBITDA for most deals
- Larger deals – 10 to 13x EBITDA

Acquirer of Choice

- Earnouts
- Timely divestments

Acquirer of Choice

- Earnouts
- Timely divestments

Atlas Copco

Company	EV (\$ Mn)	Contingent Consideration (\$ Mn)
Henrob	459	133
National Vacuum	-	15
HHV Inc		14
Montana Equipment		8.1



HEICO

Company	% acquired	EV (\$ Mn)	Contingent Consideration (\$ Mn)
Accurate Metal Machining	96%	70	21
Ironwood Electronics,	80%	-	6
Pioneer Industries	74%	-	14
Ridge/ Bechdon	89%	70	8



Payments contingent to achievement of Revenue & EBITDA targets post acquisition

Acquirer of Choice

- Earnouts
- **Timely divestments**

Atlas Copco

Last 10 yrs

172 Acquisitions

7 Divestments

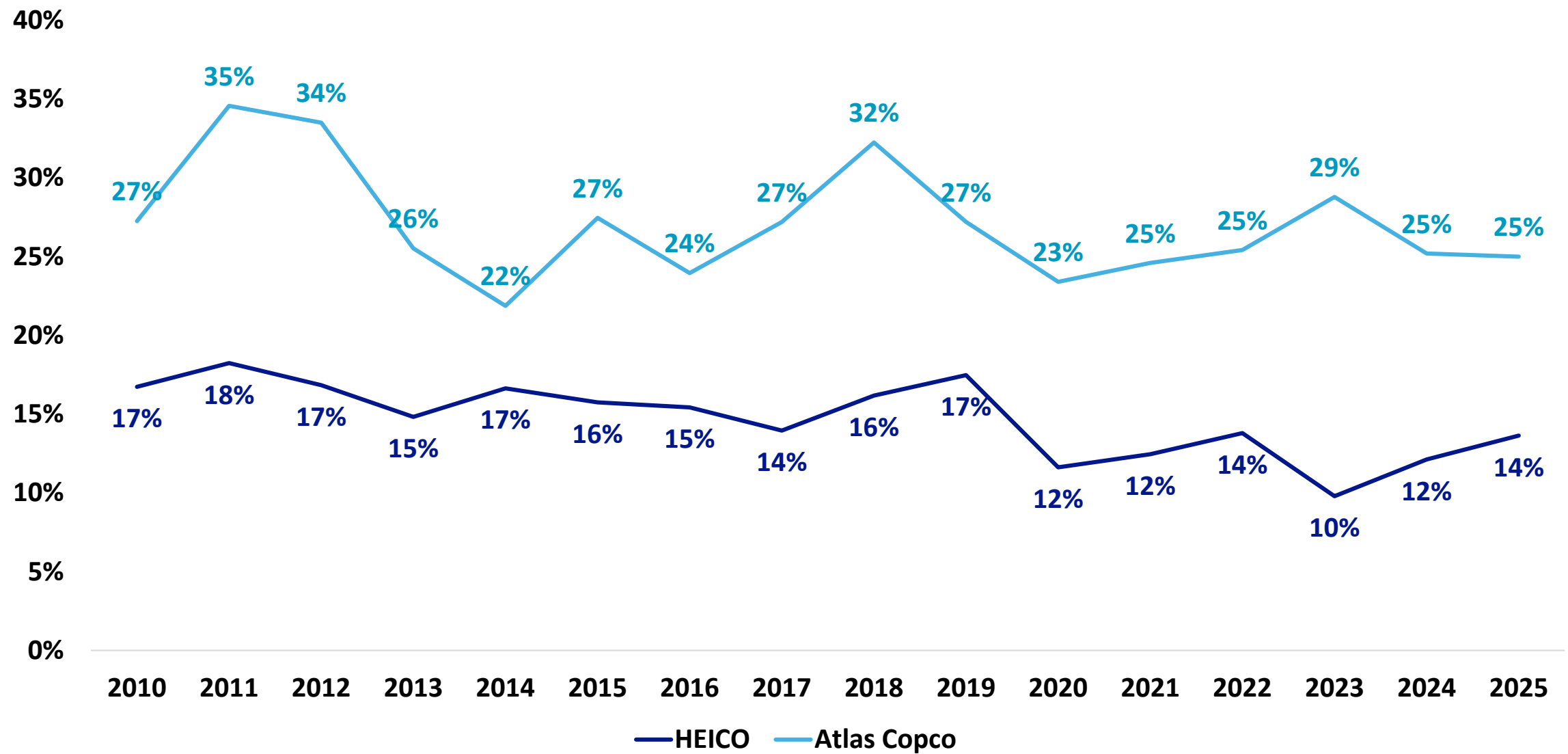
HEICO

Last 10 yrs

50 Acquisitions

0 Divestments

ROCE



Source – Company filings, PPFAS Research

Eternal

Eternal – Permanence & Continuity

- No fixed holding period for acquisitions
- Programmatic acquirers think in decades
- Permanent home for acquired businesses to ensure continuity

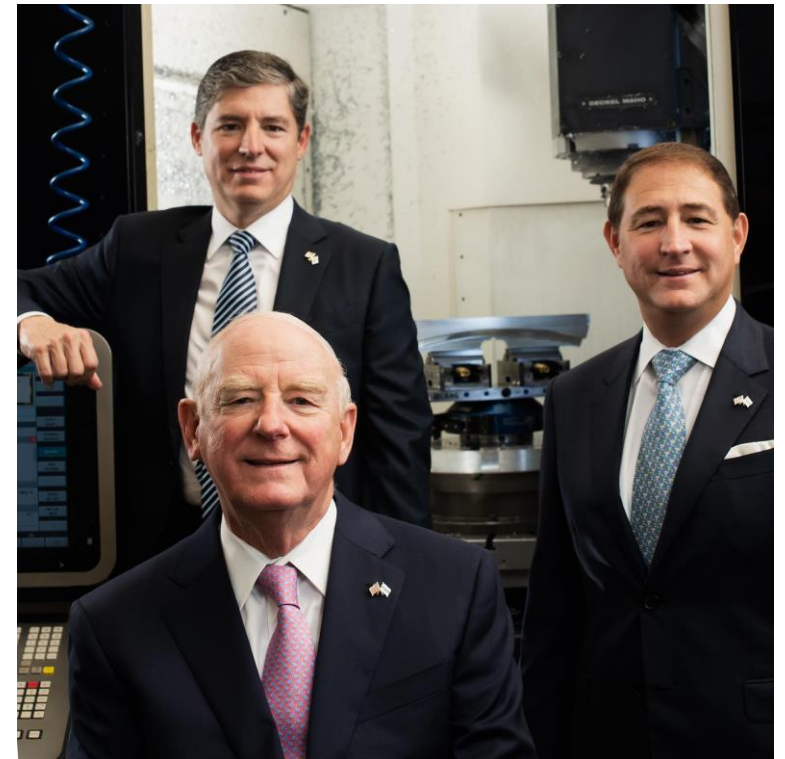
Eternal – Permanence & Continuity

- No fixed holding period for acquisitions
- Programmatic acquirers think in decades
- Permanent home for acquired businesses to ensure continuity
- **Continuity of the acquirer ??**

HEICO: Continuity through ownership

- Mendelson family involved since 1990
- Family ownership - 15%
- Leadership transitioned within the family
- Victor & Eric Mendelson serve as Co-chairmen and Co-CEOs

HEICO



Atlas Copco: Continuity through culture

- Founded in 1873 by the Wallenberg Family
- Family Ownership - 22%
- **Professionally operated since inception**
- **Leadership developed internally**

The logo for Atlas Copco, featuring the company name in a blue, italicized serif font. The text is centered between two solid blue horizontal bars of equal length.

Atlas Copco





Atlas Copco: Continuity through culture

- Decentralisation creates many P&L owners
- Managers gain CEO-like experience early on
- 13 CEOs in ~152 years
- Only 2 external CEO hires

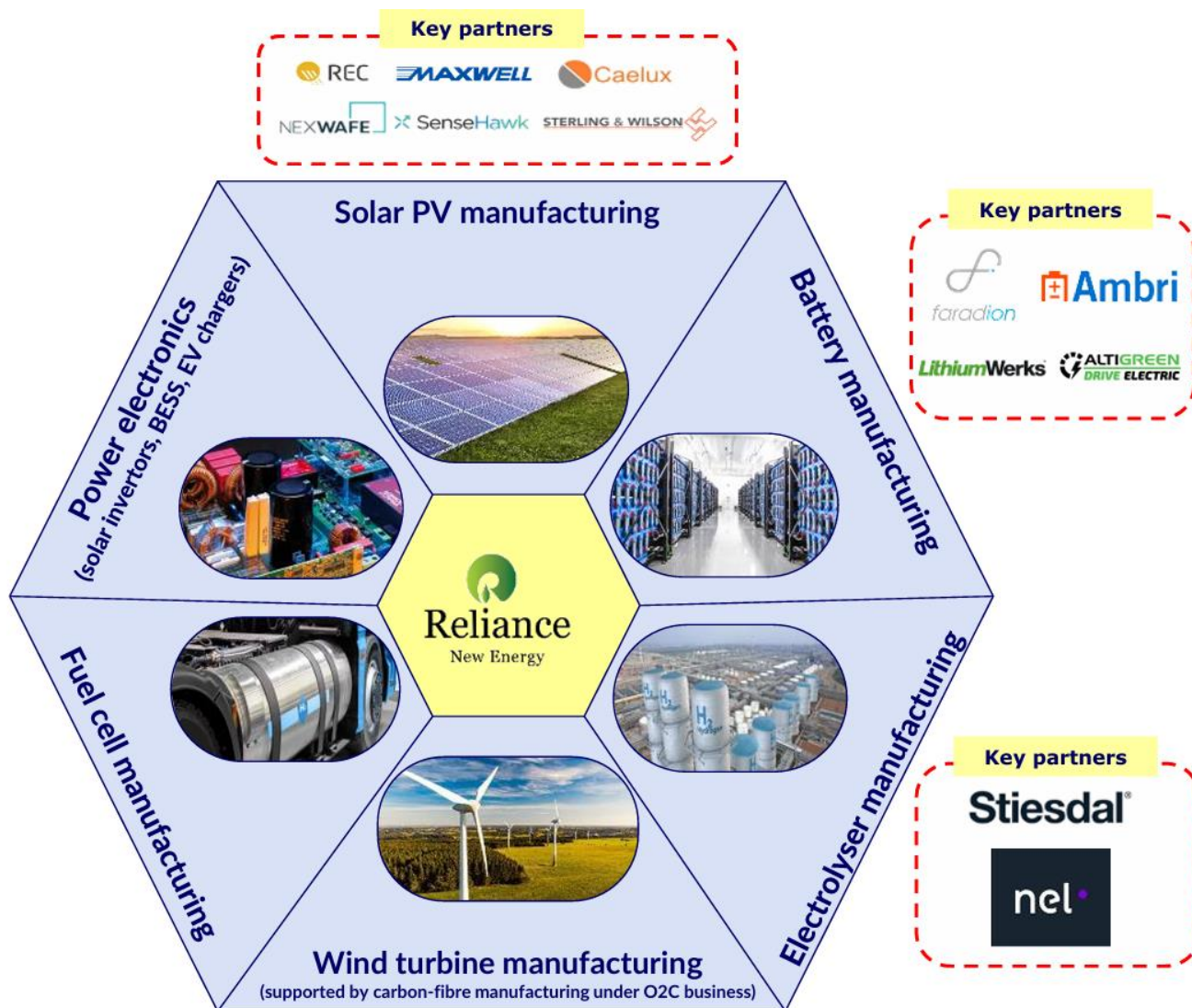
CEO	Tenure	Internal/External Hire
Tom Wachtmeister	1975-1991	Internal
Michael Treschow	1991-1997	Internal
Giulio Mazzalupi	1997-2002	Internal
Gunnar Brock	2002-2009	External
Ronnie Leten	2009-2017	Internal
Mats Rahmström	2017-2024	Internal
Vagner Rego	2024-Present	Internal

India

Bolt-on Deals : ITC

Year	Acquisition	% Acquired	Investment amount (INR, crs)
2020		100%	2,150 + 150 crs contingent
2023		47.5% Acquired + 52.5% Pending	255
2025		44% Acquired + 56% Pending	131
2025		100%	400 + 75 cr contingent

Buy & Build - Reliance New Energy



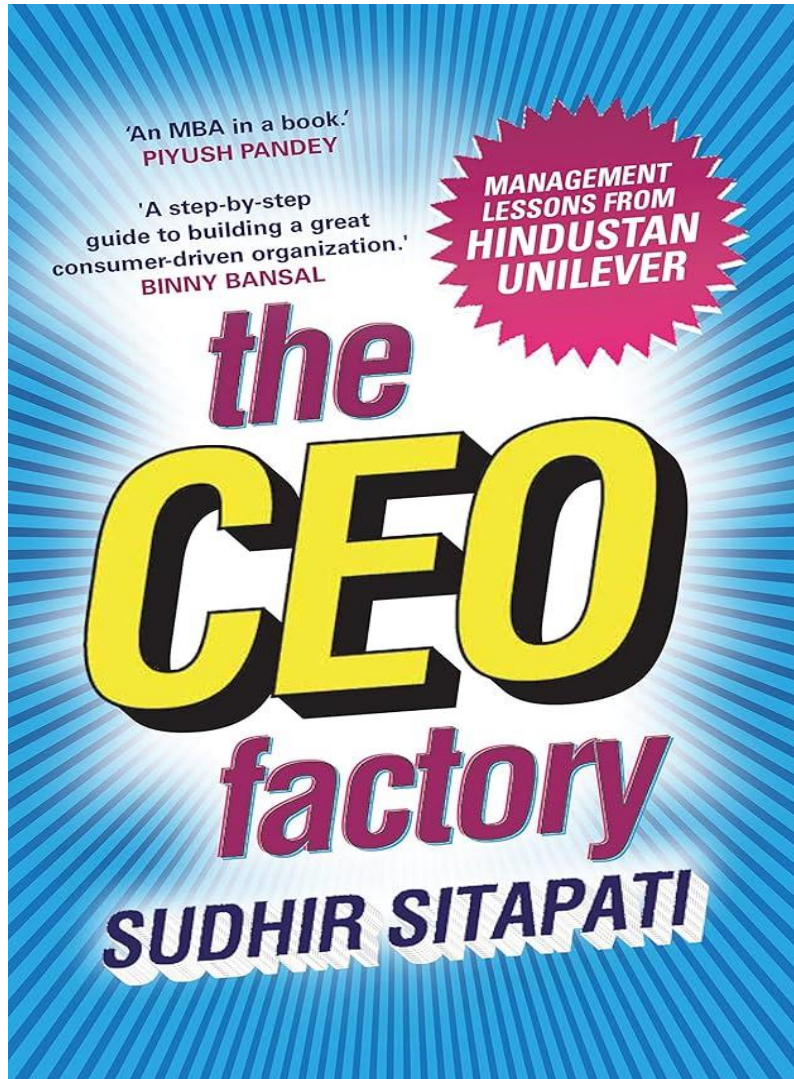
**US\$9bn
New Energy
Investment Plan**

Buy & Build - Reliance New Energy

Acquisition/Investment	Description	% Acquired	Investment (INR,crs)
Solar			
REC Solar	Leading solar cells and solar panels and polysilicon manufacturing company	100%	1,050
Nexwafe	Partnership for development of wafers	-	210
Sterling and Wilson	One of largest global solar EPC providers	40%	2,850
Caelux	Development of perovskite-based technology	20%	100
Sensehawk	Software-based management tools for solar generation	79.4%	260
Battery			
Faradion	Global battery technology company	-	1,170
Ambri	Global battery technology company	-	370
LithiumWerks	Global battery cell manufacturing company	100%	480
Altigreen	EV tech solutions – last mile transportation	-	50

Source – Company filings, PPFAS Research

Decentralisation – Hindustan Unilever



“Delegation to the end of the limbs.”
- Geoffery Heyworth, Chairman, Unilever (1950s)

Decentralisation – ABB Ltd

New ABB CEO Rosengren outlines decentralisation plan - NZZ

By Reuters

May 2, 2020 9:10 AM GMT+5:30 · Updated May 2, 2020



"What caused ABB problems was the complicated business model," he said, referring to the previous structure where head office was involved in most decisions.

"Such matrix organisations create high costs because the head office hinders business more than it creates added value," Rosengren said.

Sources – Reuters

Decentralisation – ABB India Ltd

ABB India - Annual Report, 2020

The ABB Way

The “glue” that unites our **decentralized** company

In June 2020, we introduced a new operating model, the ABB Way. Designed to further improve our performance in a rapidly changing, unpredictable world, the ABB Way represents an evolution from our previous operating system.

Under ABB Way, we discontinued our matrix structure and shifted greater responsibility and accountability to our businesses. The ABB Way builds on that progress by empowering our businesses, now called “Divisions”, with full ownership and accountability for their respective strategies, performance and resources.

Decentralized business model

With the ABB Way, we drive performance through a decentralized business model in which our Divisions create value with the clear aim of being no. 1 or 2 in their respective market segments. Their performance is managed through a scorecard system, which provides full transparency on **key metrics, including orders, operational EBITA, capital expenditures and return on capital employed**. Our Divisions operate under different strategic mandates: **they need to reach stability and profitability before investing into organic and acquisitive growth**.

Decentralisation – ABB India Ltd

ABB India - Q4 CY22 Con call



“So, this is in alignment with our global CEO’s strategy, he has announced that ABB will go for multiple bolt-on small and medium size investments and acquisitions, and this follows in our core portfolio. So, all our division managers globally as well as locally have been empowered to look for targets which makes sense from the global perspective as well as from the specific local or regional perspective”

Sanjeev Sharma, MD – ABB India Ltd

Thank You

For Your Attention and Participation.

Upcoming FOFs:

19 February 2026

12 March 2026

All archives available at:



ppfasfof.com

Atlas Copco

HEICO

- 4 Business areas
- **24** autonomous divisions with business heads and P/L responsibility
- Incentive structure based on profitability & ROCE
- No Cross subsidization of performance

- 2 Business areas
- **100** autonomous units with business heads and P/L responsibility
- Incentive structure based on profitability & cashflow
- No Cross subsidization of performance

Managers/Business Heads → Owners

*"The basic culture of HEICO is one of a decentralized organization, where we give tremendous authority to the operating level... We believe that the person running the -- his organization knows more about his team members, his labor force, his customers, his manufacturer, everything else **than somebody in a corporate office, 1,000 or 2,000 miles away.**"*

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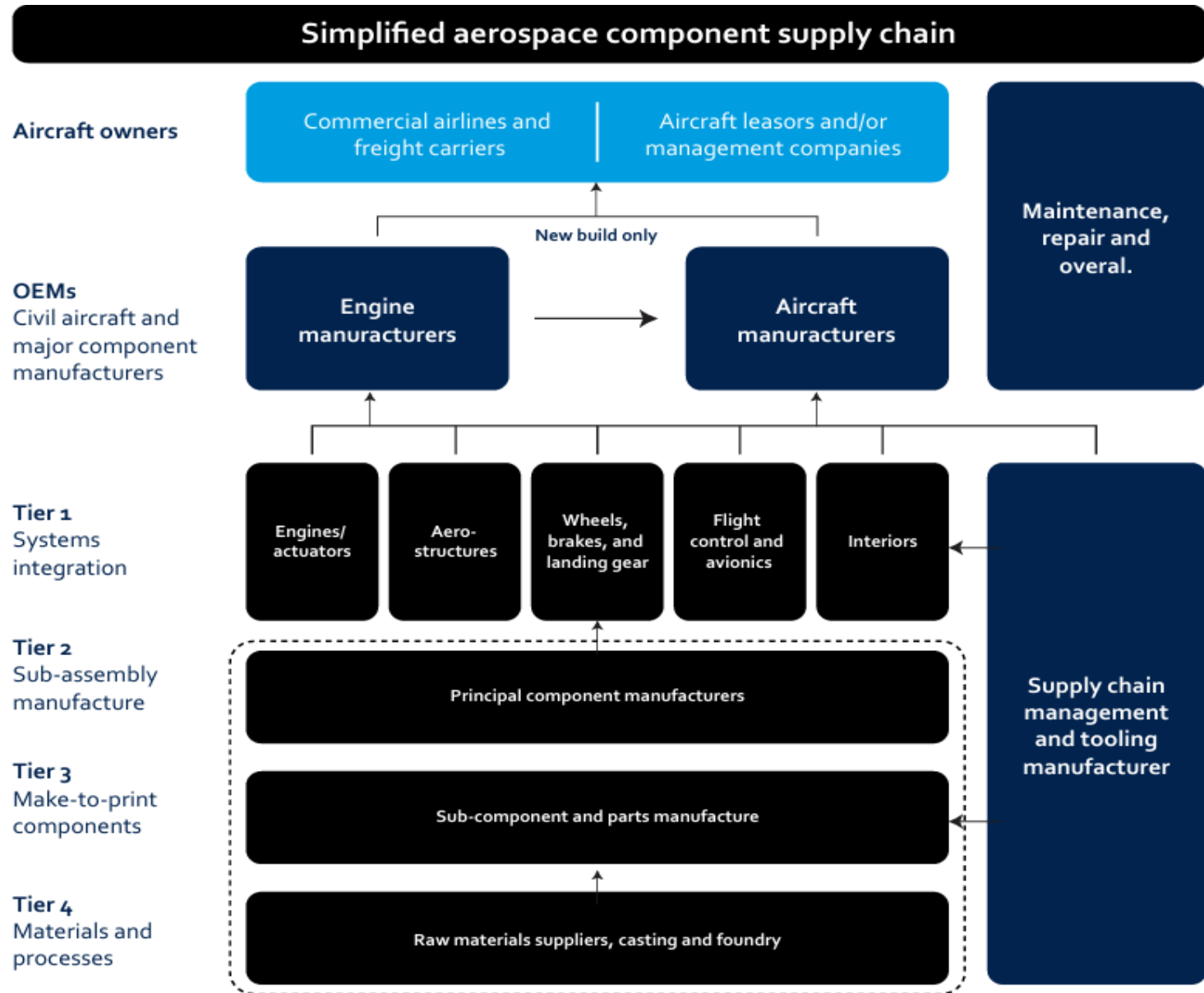


Exhibit 14:
The aerospace value chain (Source - ValueQuest internal research)



General Electric Co

NYSE: GE

299.81 USD

+292.43 (3,962.47%) ↑ all time

Closed: 12 Dec, 7:58 pm GMT-5 • [Disclaimer](#)

After hours 300.06 +0.25 (0.083%)

1D 5D 1M 6M YTD 1Y 5Y Max



The dismantling of GE, once America's iconic 'everything company,' is now complete



By [Chris Isidore](#) and [Matt Egan](#), CNN

🕒 3 min read · Updated 3:58 PM EDT, Tue April 2, 2024



GE Aerospace



GE HealthCare



GE VERNOVA