

# Desautels Capital Management

Honours in Investment Management

## Industry Overview

## Industrials

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# Executive Summary

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## DCM's opinions

### Main Outlooks

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#### **Industrials Mixed Performance**— *Diverging Category Drivers*

- Industrials encompasses many subsectors, some of which might be undervalued

#### **Industrials Valuations Are Full** – *Importance of fishing in the right ponds*

- Market is looking past the PMI trough and valuing industrials richly

#### **Overweight Capital Goods**— *No exposure to Capital Goods*

- *This category seems the most undervalued in terms of relative valuation*
- *Capital goods sector driven by HVAC overhype*

#### **Underweight Transportation** – *Difficulties in economic and regulatory uncertainties*

- *Regulatory pressures from government to reduce gas emissions, increased strikes*

## What's Next?

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#### **Reevaluate Current Holdings** – *Timing and target Volkswagen's stock purchase was miscalculated*

- Purchase was made after target price was attained and price was underestimated
- Length of stock hold and quality post-earnings needs to be a focus for the next holdings



#### **New Investment Opportunities** – *RGP and a company in Capital Goods?*

- Tight skilled labour market and possible recession creates an opportunity for consulting and HR services
- Building products and more specifically HVAC might continue to outperform

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# Desautels Capital Management

Honours in Investment Management

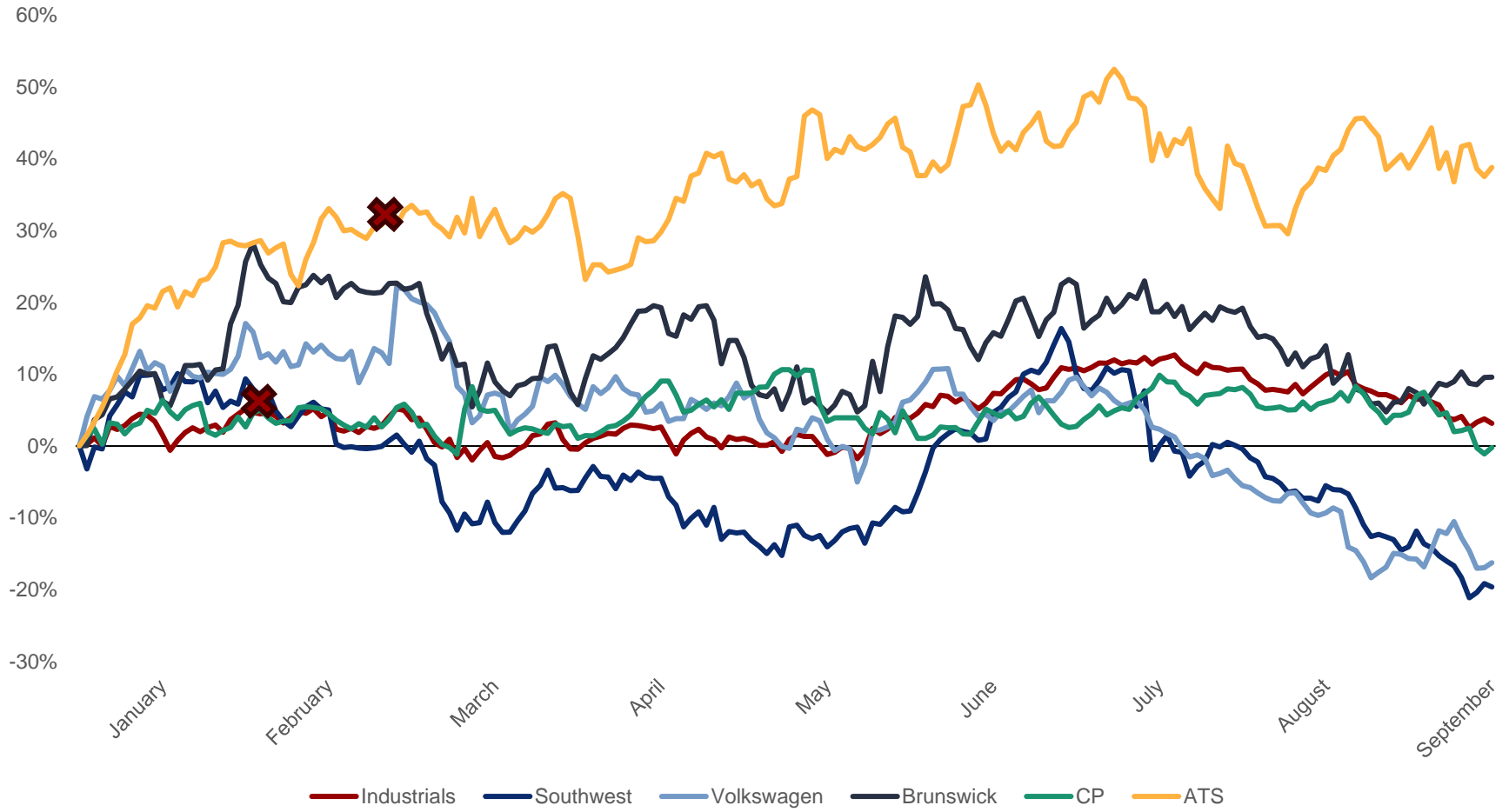
## Holdings Overview

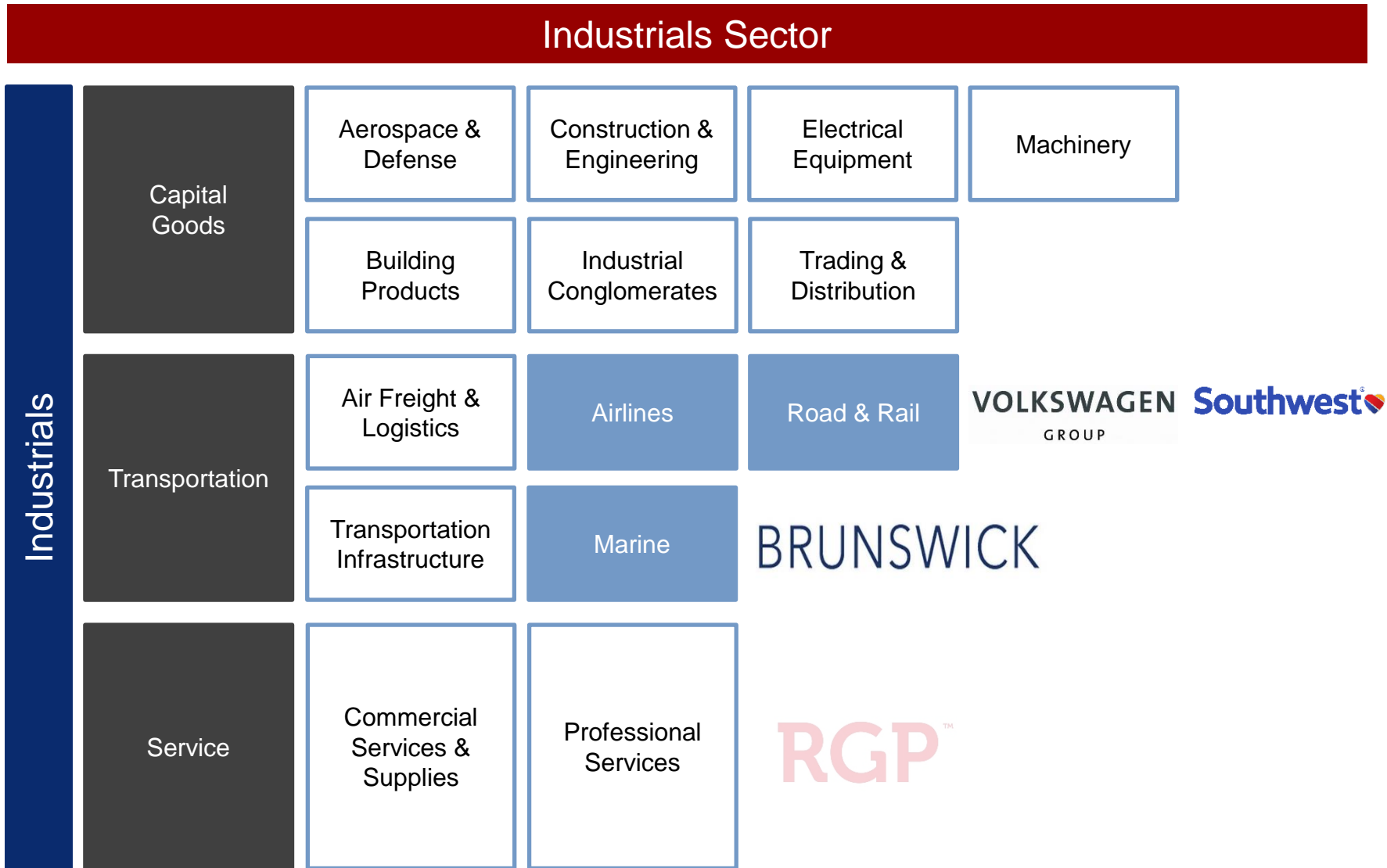


# Holdings YTD Performance

ATS and CP Were Sold at the Beginning of the Year

## Holdings Performance

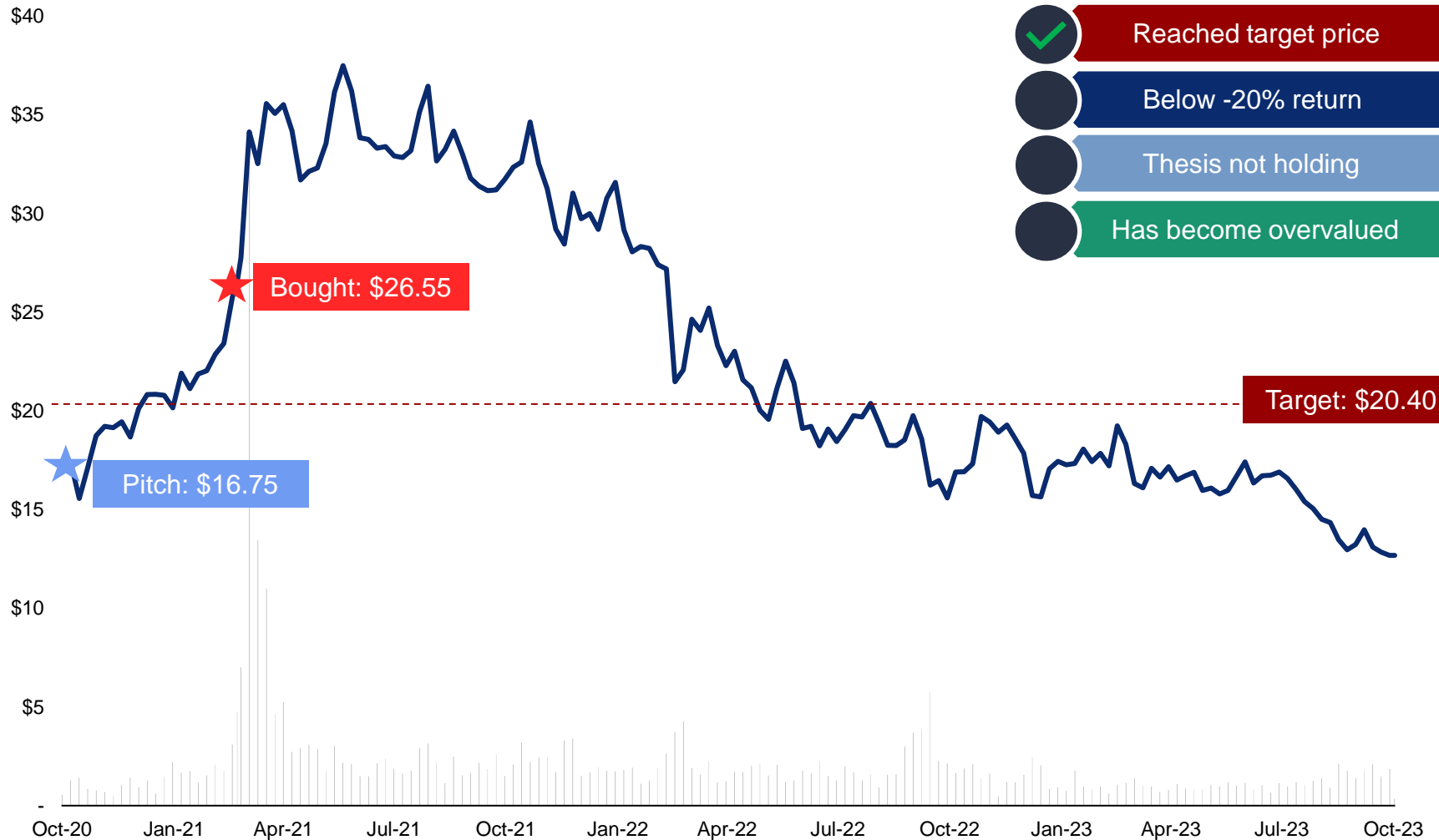




Source: DCM

# Volkswagen's Stock Purchase Timing

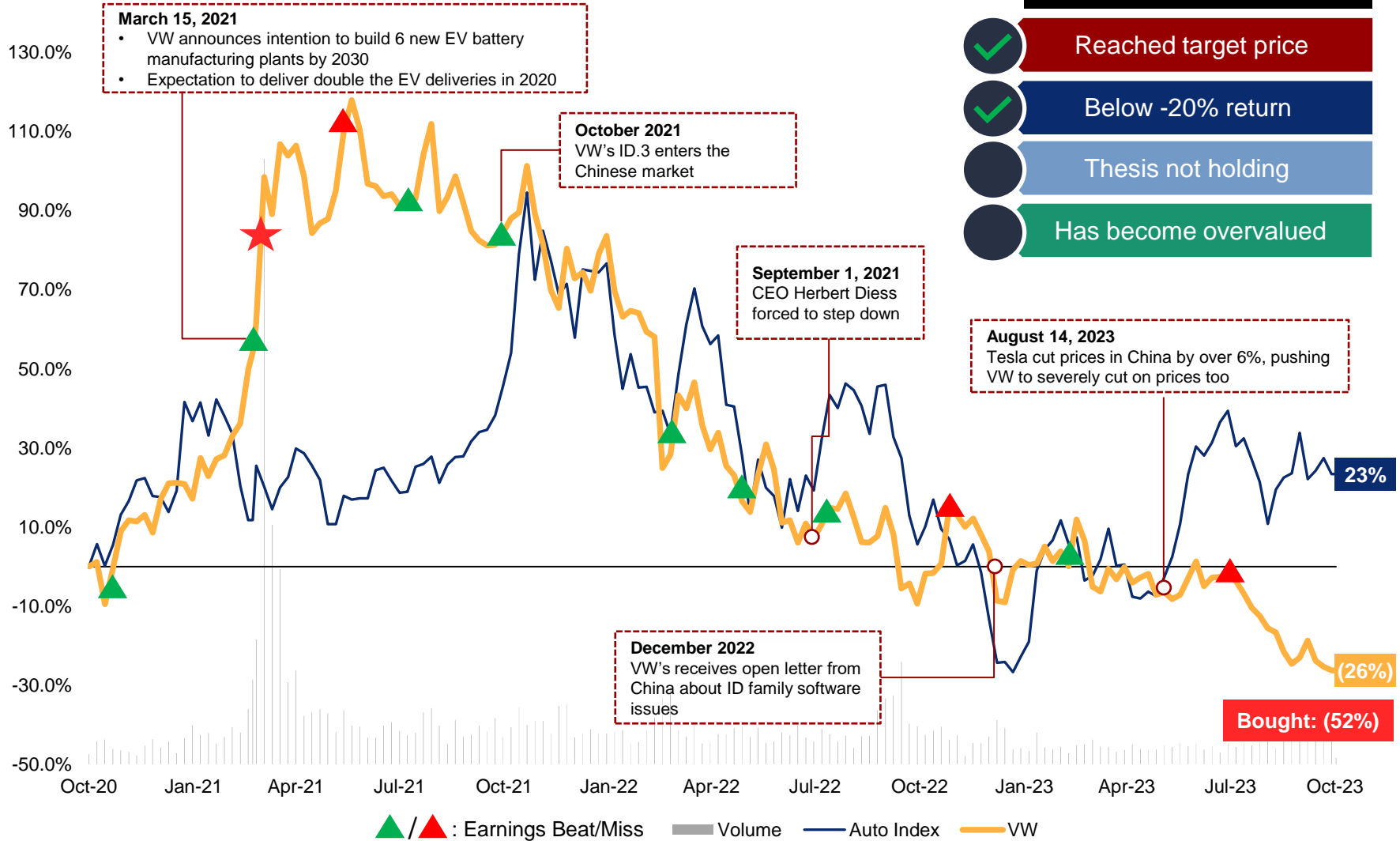
Timing and evaluation of VW's stock purchase needs to be reevaluated



VW's should not have been bought at a price higher than its target price

# Volkswagen Stock Performance

VW's stock fell as the industry was facing difficulties



VW's EV strategic was exciting investors but supply chain disruptions caught up

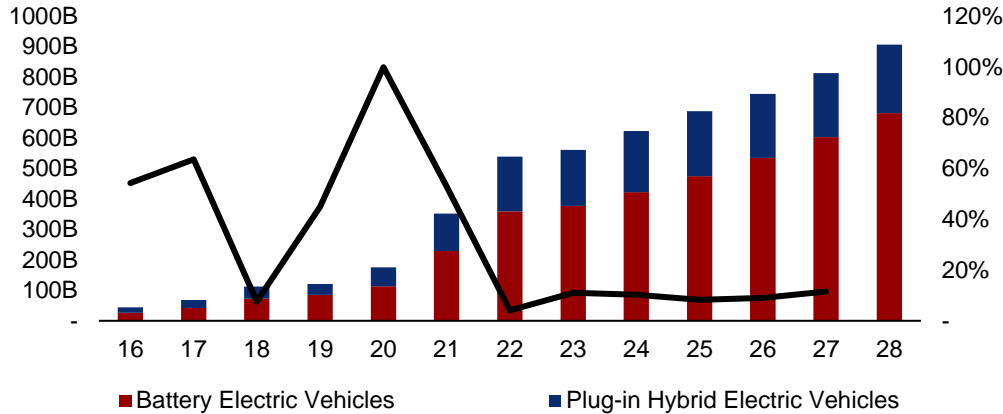
Source: Capital IQ, Google News, Yahoo Finance



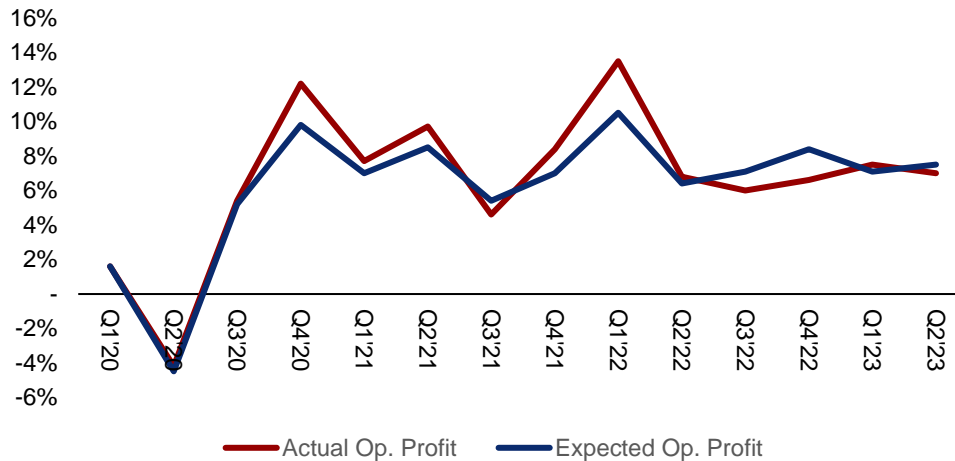
# Was It Just An EV Hype?

It's not a hype, it's a new mindset

## EV Revenue



## VW Operating Profit Margin

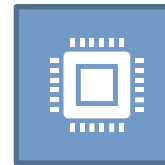


### Stock Exit Checklist

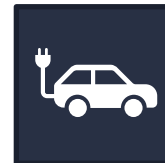
- Reached target price
- Below -20% return
- Thesis not holding
- Has become overvalued



**Policy Support 2020 Driver**  
The surge in EV revenue was due to new purchase incentives and regulations



**Disruptions in Supply Chain**  
Microchip shortage caused car inventories to plummet, not matching demand



**Still a Strong Demand for EV**  
Global EV demand is expected to increase by 35% this year



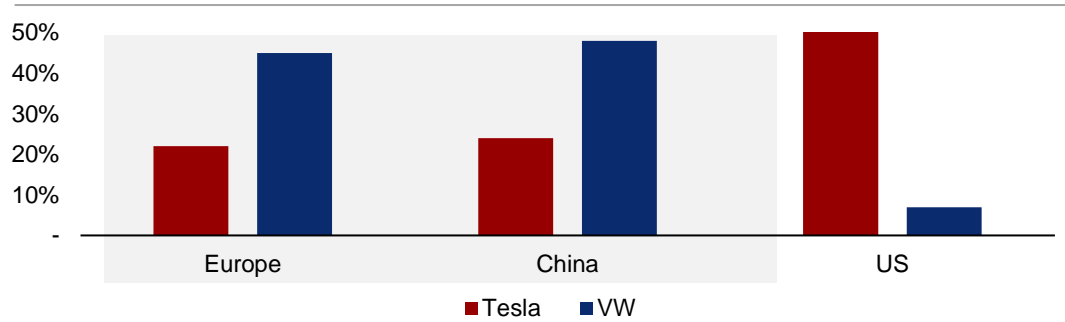
**VW Suffered with the Industry**  
VW's profits decreased as the market estimated, but its starting to miss estimates

VW's fall isn't because of a decrease in demand for EV

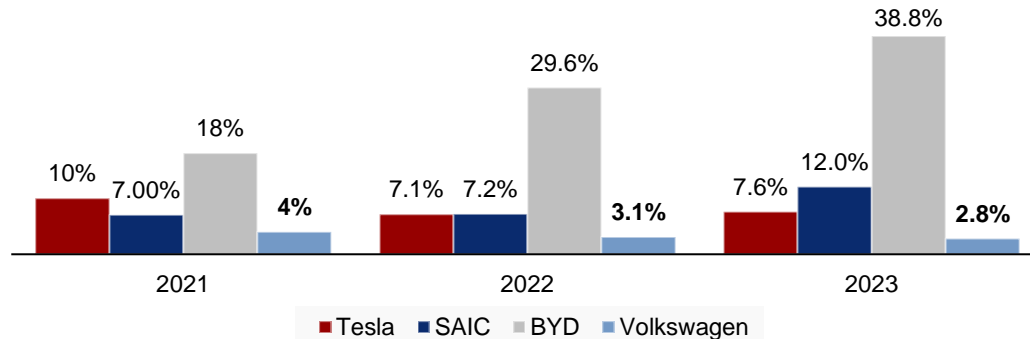
# Volkswagen's Strategy in China

## Thesis 1 – Ideal brand positioning to penetrate the EV market in Europe and China

### VW and Tesla: Sales by Region in 2020



### China EV Market Share by Group



### Why Didn't China Work?

- Completely different brand perception between EVs and OEMs
- China is no longer willing to pay premium costs vehicles
- Looking for more smart features
- Less policy support for EVs
- VW unable to compete in terms of price or innovation

### Stock Exit Checklist

- ✓ Reached target price
- ✓ Below -20% return
- ✓ Thesis not holding
- Has become overvalued

### What About Europe?

- Leading EV group in Europe
- **Profits low** because of **price cuts**
- Europe market threatened by entrance of Chinese EV companies
- Price cutting anticipated to continue

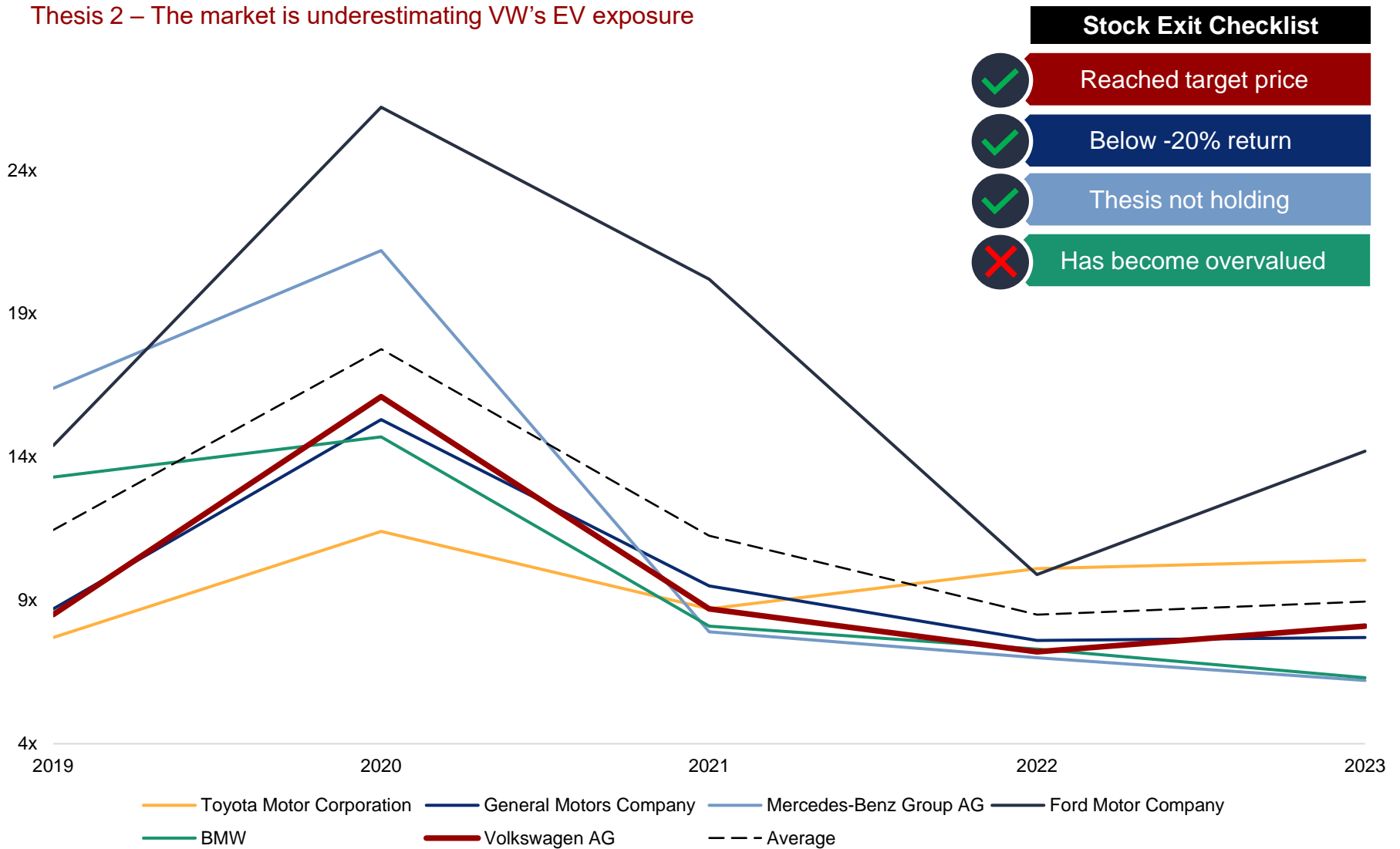
### VW's New Strategy

- Value over volume
- **Problem:**
  - Needs to be price competitiveness to maintain market share leadership
  - Needs to increase EV sales

VW was not ideally positioned for Chinese market; It may risk losing market leadership with new strategy

# Valuation Relative to Peers

Thesis 2 – The market is underestimating VW's EV exposure



VW is trading at a slight discount to peers, so we believe that VW's EV exposure has been recognized

# Desautels Capital Management

Honours in Investment Management

## Industrials Sector Overview



# Industrials Fundamentals

## General Movers



### Macro Trends

#### Economic Indicators:

- Interest Rate
- Consumer Confidence
- Manufacturing Index

#### Geopolitics:

- Exchange rate
- Trade Policies
- War



### Cost Structures

#### Operating Cost :

- Raw materials
- Labor Force

#### Non-Operating Cost:

- Financing
- Tax

#### Operating Leverage



### CapEx Cycles

#### Corporate Spending:

- Efficiency Improvement
- Capacity Expansion
- R & D

#### Government spending :

- Subsidization
- Contract



### Commodity Prices

#### For Losers:

- Increase in raw materials costs
- Higher electricity/heating bills

#### For Winners:

- More Volume
- Examples: Shipping, Agricultural machineries

Industrials being so diverse, a subsector fundamentals analysis is more useful

# The four Industrial Revolutions

From Steam Power to AI



1

Mechanization, Steam Power, Water Power



2

Mass Production, Assembly lines, Electricity



3

Computer and Automation



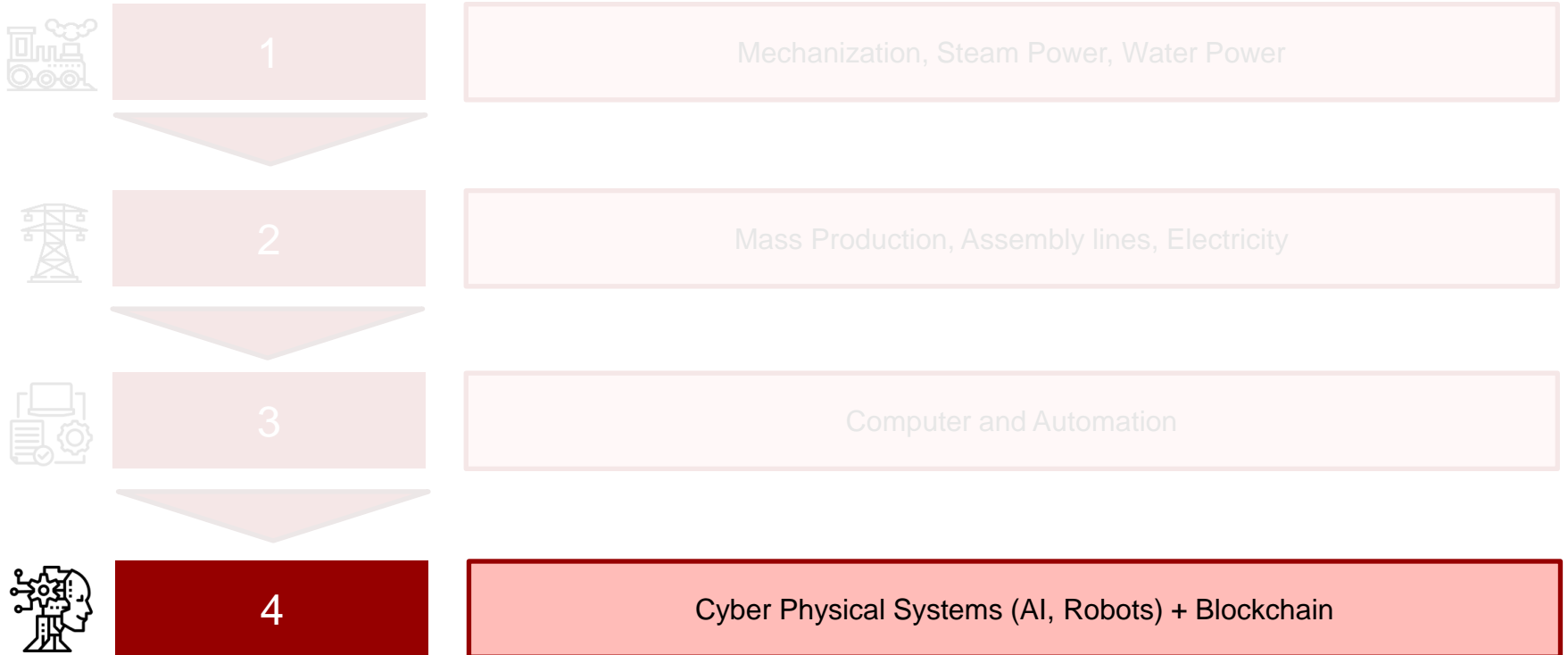
4

Cyber Physical Systems (AI, Robots) + Blockchain

AI, Blockchain, Cloud and Robots are the main drivers of this present Revolution

# The four Industrial Revolutions

## From Steam Power to AI



AI, Blockchain, Cloud and Robots are the main drivers of this present Revolution

# Fourth Revolution

## Challenges and Catalysts from this Revolution



### Challenges

1

More cybersecurity risks which requires higher investment in this space

2

The human-machine collaboration might be difficult

3

Higher demand for personalization and customization



### Catalysts

1

Increased efficiency and productivity

2

Supply chain optimization with AI and blockchain

3

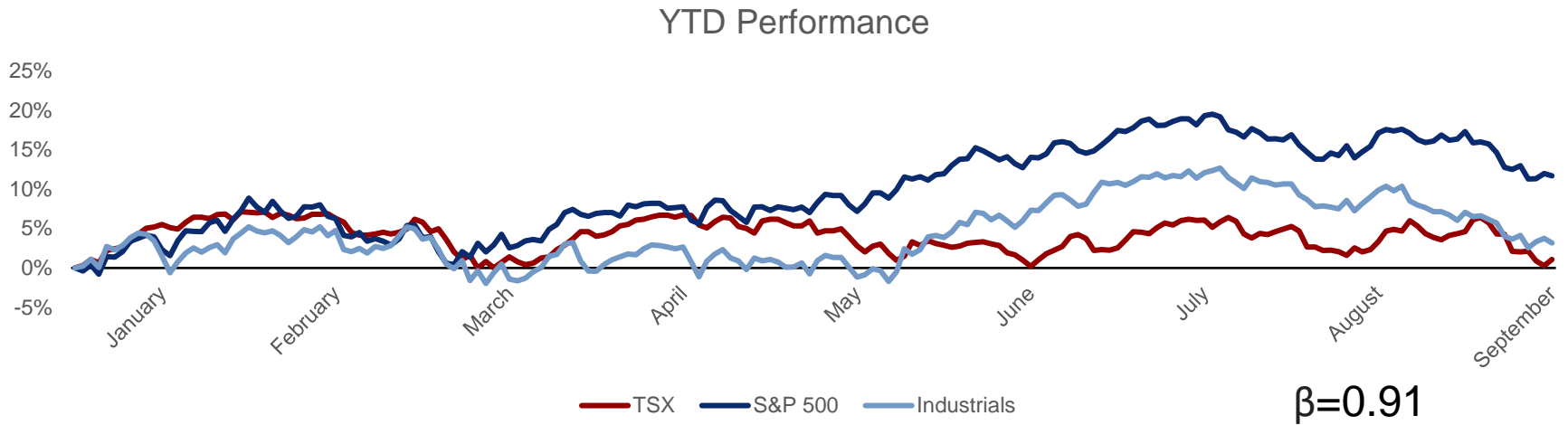
Predictive maintenance which will reduce costs

The fourth revolution should bring lower costs and higher productivity if the companies implement it well



# YTD Performance and Weights

## Industrials Underperformed the S&P 500



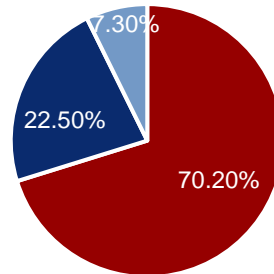
## Weights

Weight in S&P 500



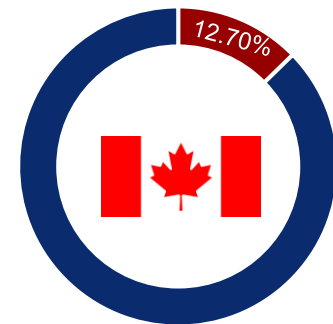
■ Industrials ■ Others

Subsector Group Weights



■ Capital Goods ■ Transportation ■ Professional Services

Weight in TSX



■ Industrials ■ Others

Source: Bloomberg

# S&P Sector Performance Comparisons

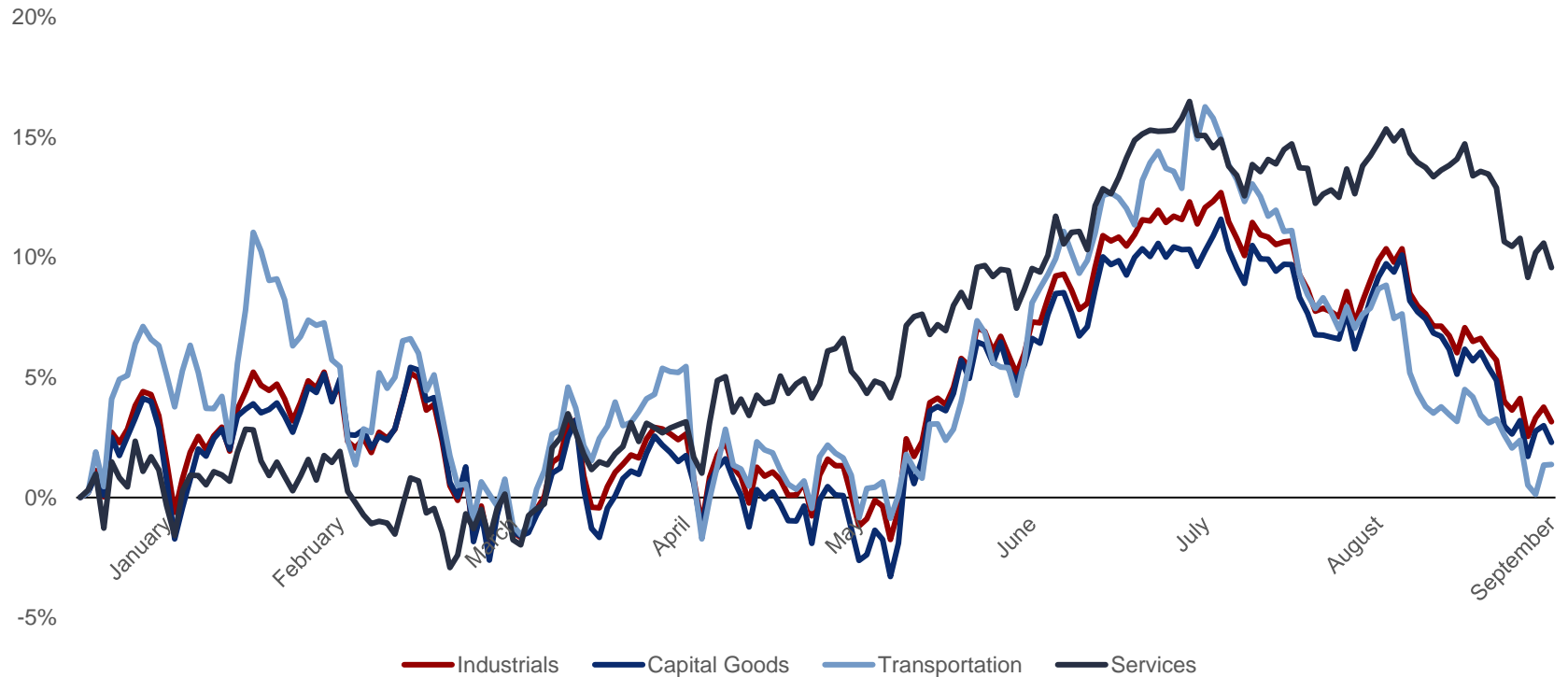
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
CONS -15.4%	INFT 61.7%	REAL 32.3%	UTIL 19.9%	FINL 28.8%	COND 43.1%	REAL 30.2%	COND 10.1%	ENRS 27.4%	INFT 38.8%	HLTH 6.5%	INFT 50.3%	INFT 43.9%	ENRS 54.6%	ENRS 65.7%	TELS 40.4%
HLTH -22.8%	MATR 48.6%	COND 27.7%	CONS 14.0%	COND 23.9%	HLTH 41.5%	UTIL 29.0%	HLTH 6.9%	TELS 23.5%	MATR 23.8%	UTIL 4.1%	TELS 32.7%	COND 33.3%	REAL 46.2%	UTIL 1.6%	INFT 34.7%
UTIL -29.0%	COND 41.3%	INDU 26.7%	HLTH 12.7%	REAL 19.7%	INDU 40.7%	HLTH 25.3%	CONS 6.6%	FINL 22.8%	COND 23.0%	COND 0.8%	FINL 32.1%	TELS 23.6%	FINL 35.0%	CONS -0.6%	COND 26.7%
TELS -30.5%	REAL 27.1%	MATR 22.2%	REAL 11.4%	TELS 18.3%	FINL 35.6%	INFT 20.1%	INFT 5.9%	INDU 18.9%	FINL 22.2%	INFT -0.3%	S&P 31.5%	MATR 20.7%	INFT 34.5%	HLTH -2.0%	S&P 13.1%
COND -33.5%	S&P 26.5%	ENRS 20.5%	TELS 6.3%	HLTH 17.9%	S&P 32.4%	CONS 16.0%	REAL 4.7%	MATR 16.7%	HLTH 22.1%	REAL -2.2%	INDU 29.4%	S&P 18.4%	S&P 28.7%	INDU -5.5%	ENRS 6.0%
ENRS -34.9%	INDU 20.9%	TELS 19.0%	COND 6.1%	S&P 16.0%	INFT 28.4%	FINL 15.2%	TELS 3.4%	UTIL 16.3%	S&P 21.8%	S&P -4.4%	REAL 29.0%	HLTH 13.5%	MATR 27.3%	FINL -10.5%	INDU 4.5%
S&P -37.0%	HLTH 19.7%	S&P 15.1%	ENRS 4.7%	INDU 15.4%	CONS 26.1%	S&P 13.7%	S&P 1.4%	INFT 13.9%	INDU 21.0%	CONS -8.4%	COND 27.9%	INDU 11.1%	HLTH 26.1%	MATR -12.3%	MATR 2.6%
INDU -39.9%	FINL 17.2%	CONS 14.1%	INFT 2.4%	MATR 15.0%	MATR 25.6%	INDU 9.8%	FINL -1.5%	S&P 12.0%	CONS 13.5%	TELS -12.5%	CONS 27.6%	CONS 10.8%	COND 24.4%	S&P -18.1%	FINL -1.7%
REAL -42.3%	CONS 14.9%	FINL 12.1%	S&P 2.1%	INFT 14.8%	ENRS 25.1%	COND 9.7%	INDU -2.5%	COND 6.0%	UTIL 12.1%	FINL -13.0%	UTIL 26.4%	UTIL 0.5%	TELS 21.6%	REAL -26.1%	HLTH -4.1%
INFT -43.1%	ENRS 13.8%	INFT 10.2%	INDU -0.6%	CONS 10.8%	UTIL 13.2%	MATR 6.9%	UTIL -4.8%	CONS 5.4%	REAL 10.9%	INDU -13.3%	MATR 24.6%	FINL -1.7%	INDU 21.1%	INFT -28.2%	CONS -4.8%
MATR -45.7%	UTIL 11.9%	UTIL 5.5%	MATR -9.6%	ENRS 4.6%	TELS 11.5%	TELS 3.0%	MATR -8.4%	REAL 3.4%	ENRS -1.0%	MATR -14.7%	HLTH 20.8%	REAL -2.2%	CONS 18.6%	COND -37.0%	REAL -5.5%
FINL -55.3%	TELS 8.9%	HLTH 2.9%	FINL -17.1%	UTIL 1.3%	REAL 1.6%	ENRS -7.8%	ENRS -21.1%	HLTH -2.7%	TELS -1.3%	ENRS -18.1%	ENRS 11.8%	ENRS -33.7%	UTIL 17.7%	TELS -39.9%	UTIL -14.4%

Industrials Returns are less volatile

<https://novelinvestor.com/sector-performance/>

# Industry & Industry Group Returns Analysis

## Subsector Group Performance YTD



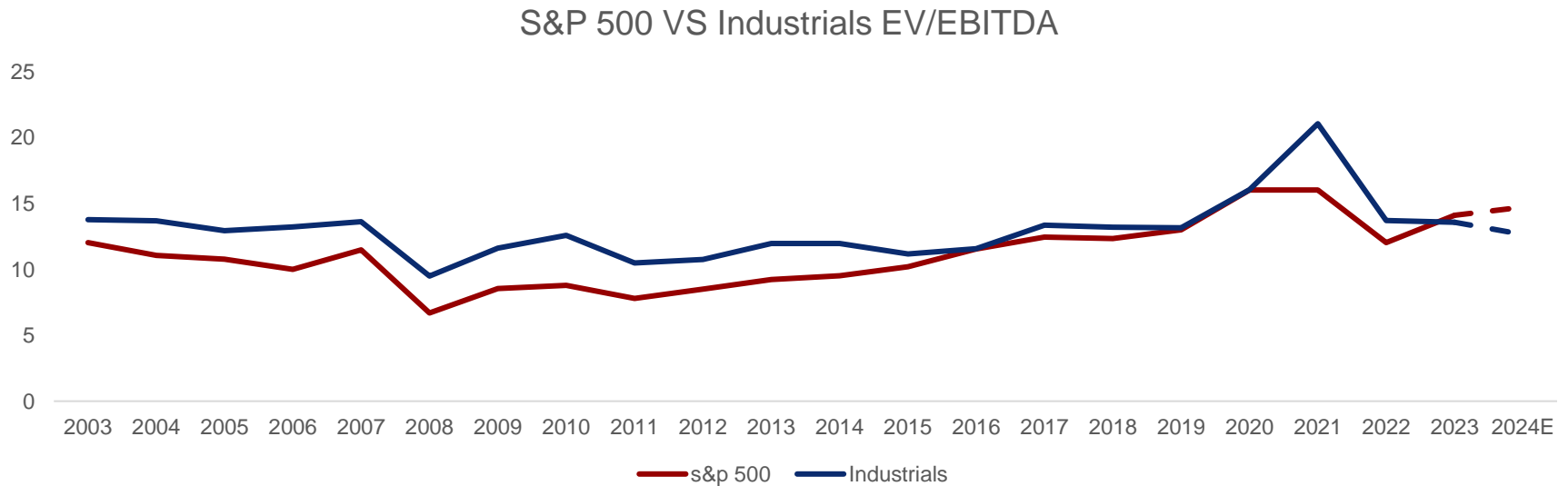
S&P500 Industrials	S&P500 Cap. Goods	S&P500 C&P.S.	S&P500 Transp.
YTD: 3.15% 1-Year: 22.41% 5-Year: 45.97% Annualized Return: 7.91%	YTD: 2.29% 1-Year: 25.99% 5-Year: 27.28% Annualized Return: 7.1%	YTD: 9.58% 1-Year: 16.66% 5-Year: +89.09% Annualized Return: 11.55%	YTD: 1.34% 1-Year: 10.24% 5-Year: 13.98% Annualized Return :7.42%

Source: Bloomberg

# Industrials Valuation

More Downside?

## S&P 500 VS Industrials EV/EBITDA



### Valuation Timeline

Before 2015: S&P Tech Weight Lower + Higher Valuation for Capital Goods

2015-19: Tech increase S&P Valuation, Conglomerates lower Industrials'

2020-21: Pandemic = EV/EBITDA exploded in Transportation

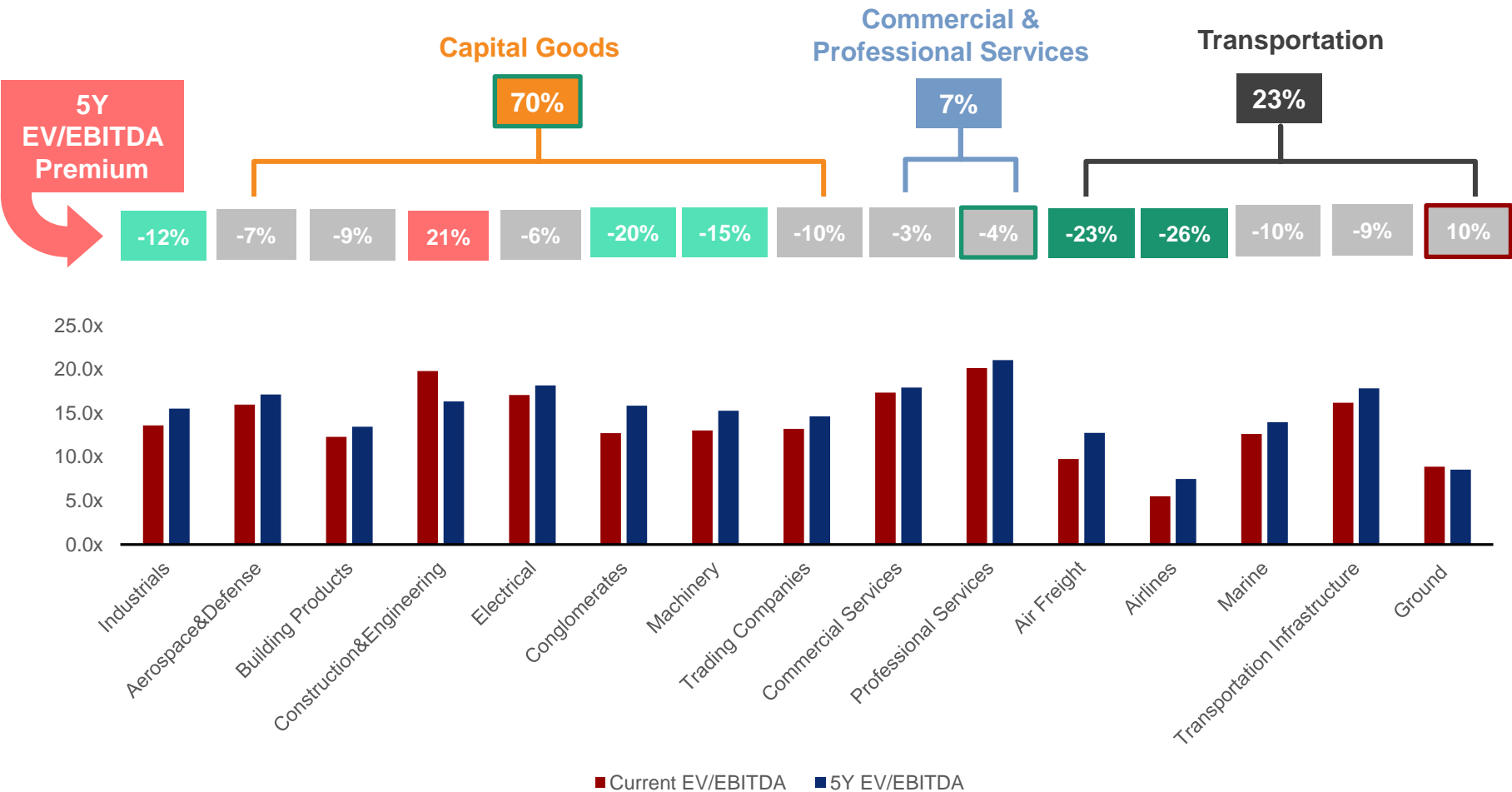
2022-23: Strong Tech Performance vs Fear for Services and Capital Goods

Industrials seems to currently be out of favor due to its defensive nature but not necessarily undervalued

Source: Bloomberg

# 2023 Industrials Sector in Review

## Our Heat Index Approach to Sub-Sector Valuation



Industrials seems to currently be out of favor due to its defensive nature

Source: Bloomberg

# Desautels Capital Management

Honours in Investment Management

## DCM Views and Industrials Outlook



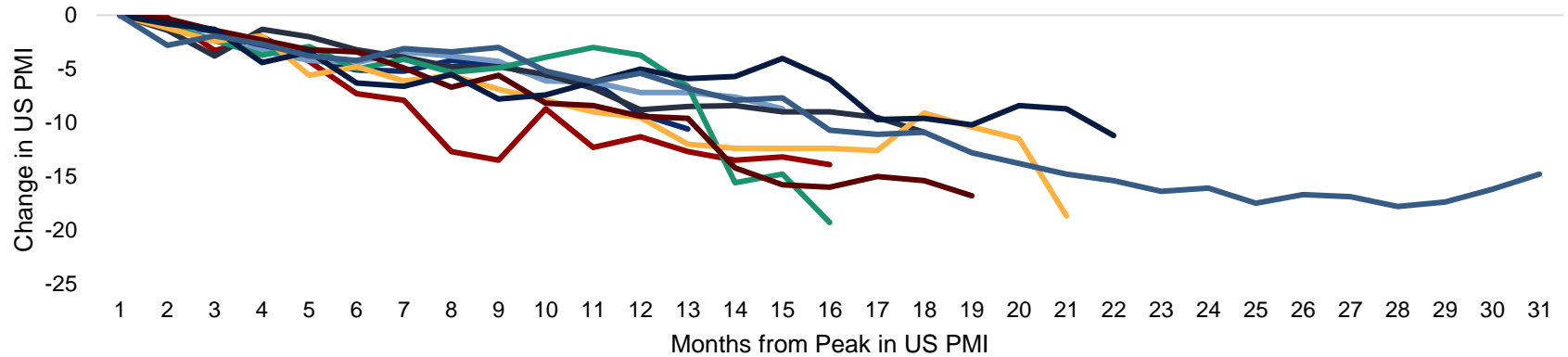
**1** Consensus pricing in recovery and PMI expansion too soon, valuation are full

**2** Our views: Industrials broadly  $\neq$  best place to be in terms of valuation and fundamentals outlook

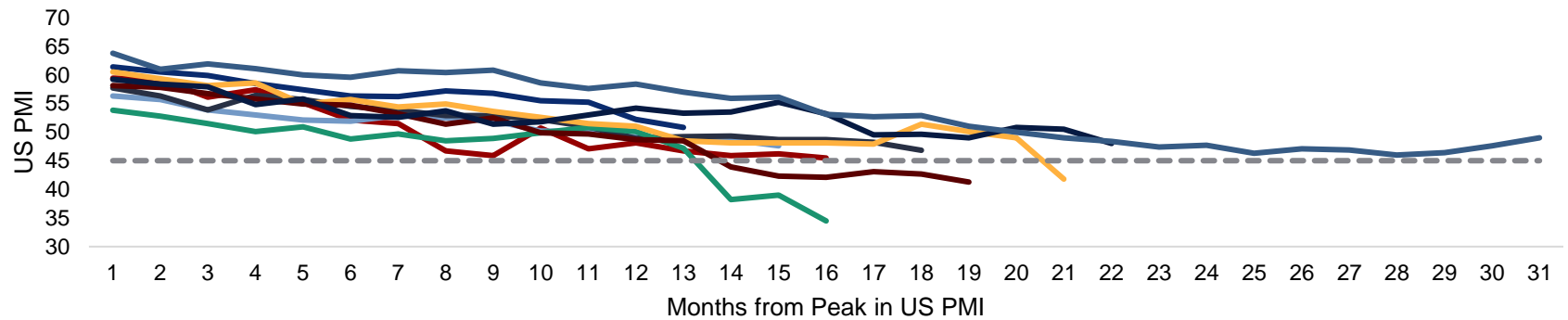
**3** Implication: Overweight capital goods, underweight transportation

# Longer Peak-to-Trough PMI Cycle vs History

Consensus expects PMI to trough around 45, current cycle coming up ~32 months



— Oct-1994 to Jan-1996   
 — May-2004 to May-2005   
 — Nov-2014 to Jan-2016   
 — Jul-1997 to Dec-1998   
 — Sep-2007 to Dec-2008  
— Aug-2018 to Apr-2020   
— Nov-1999 to May-2001   
— Feb-2011 to Nov-2012   
— March-2021 to Present



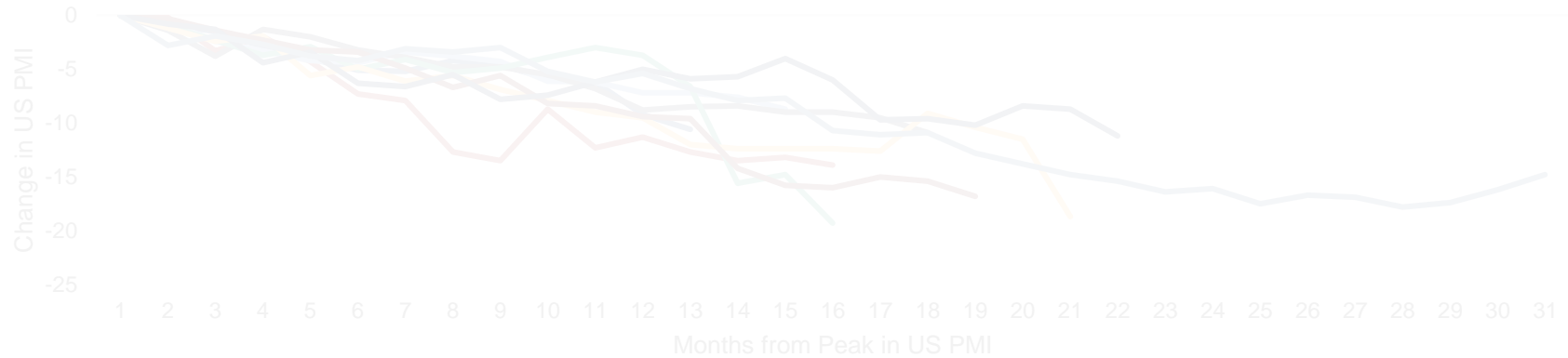
— Oct-1994 to Jan-1996   
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 — Nov-2014 to Jan-2016   
 — Jul-1997 to Dec-1998  
— Sep-2007 to Dec-2008   
— Aug-2018 to Apr-2020   
— Nov-1999 to May-2001   
— Feb-2011 to Nov-2012  
— March-2021 to Present   
- - - Average Trough

Source: Bloomberg, Capital IQ, Barclays Research



# Longer Peak-to-Trough PMI Cycle vs History

Consensus expects PMI to trough around 45, current cycle coming up ~32 months



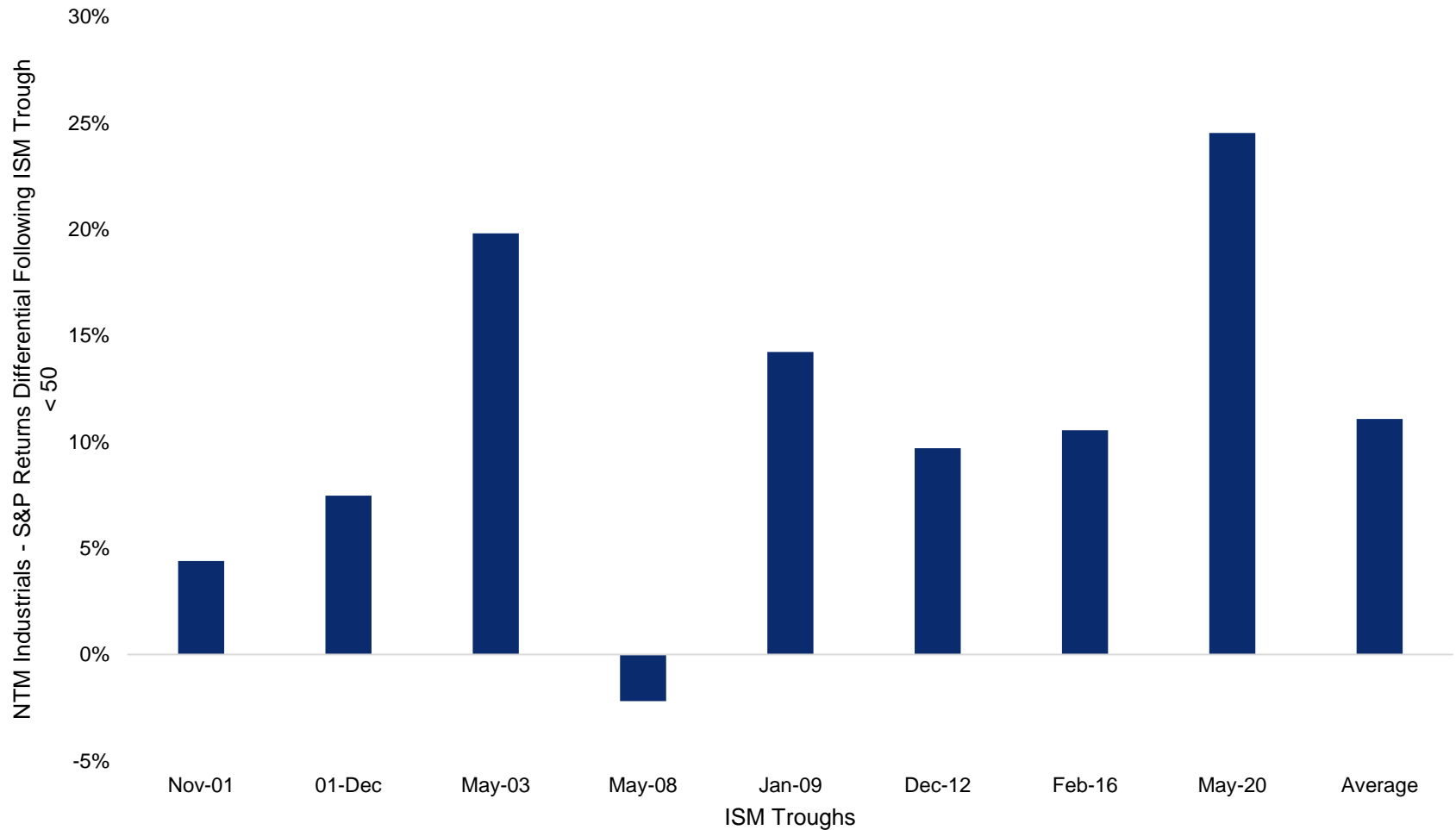
As we're coming up ~32 months of peak-to-trough PMI cycle, investors are growing impatient. Many market participants are looking past the trough and are pricing industrials higher vs where it should be when PMI < 50. In other words, **the recovery is already priced in.**



Source: Bloomberg, Capital IQ, Barclays Research

# Market Anticipates a PMI Recovery

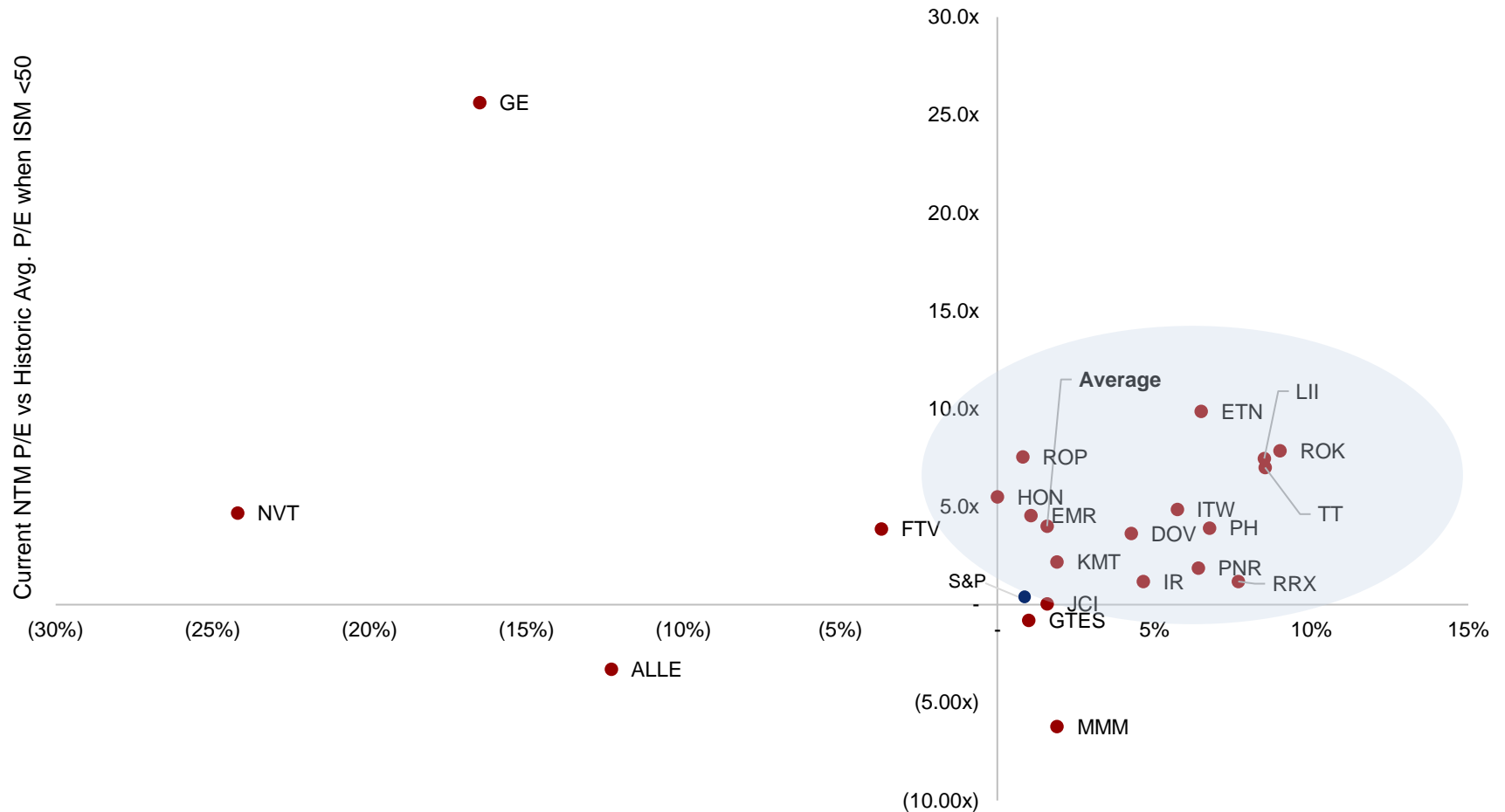
## Industrials outperform the S&P following PMI troughs



Industrials very likely to outperform once PMI rebounds. This time around, the market seems to have already priced in a recovery. However, the trough could come later than expected, leaving us with asymmetric downside in industrials

# Multiples and Performance vs History

Industrials are trading at higher multiples and outperforming prior periods when ISM < 50



NTM Relative Share Price Performance Following ISM Readings Between 45-50

Data points in quadrant one:

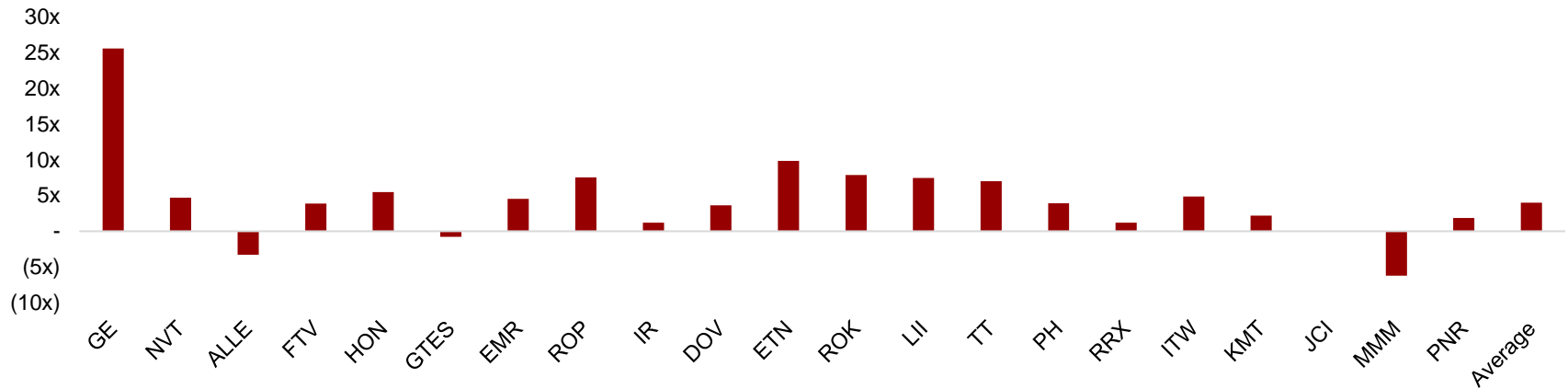
- 1) Current multiples above historical averages (across periods with similar macro conditions)
- 2) Twelve month share price performance above historical averages (across periods with similar macro conditions)

Source: Bloomberg, Capital IQ, Barclays Research

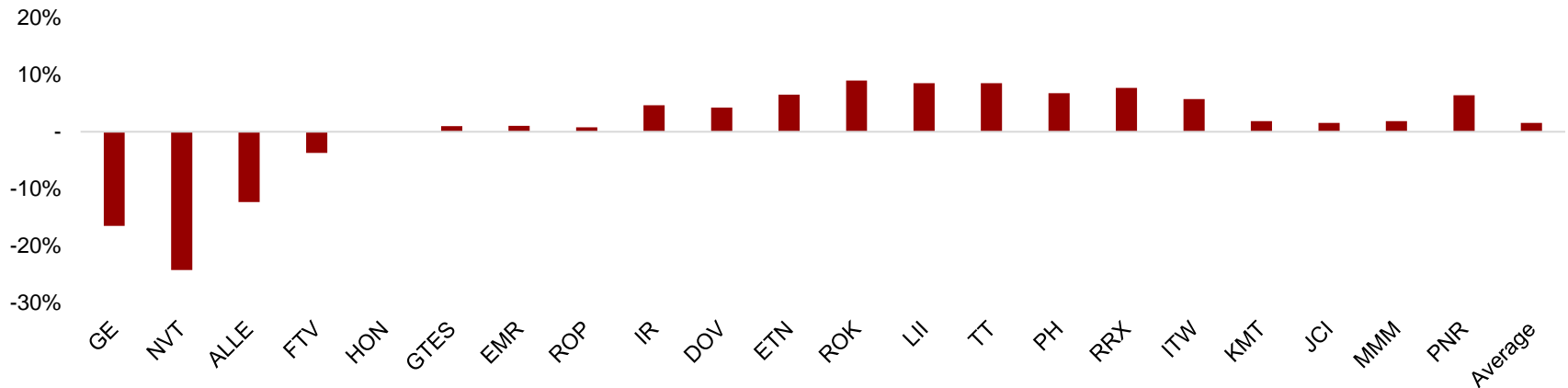
# Multiples and Performance vs History

Industrials are trading at higher multiples and outperforming prior periods when ISM < 50

## Current NTM P/E vs Historic Avg. P/E when ISM <50 (y-Axis)



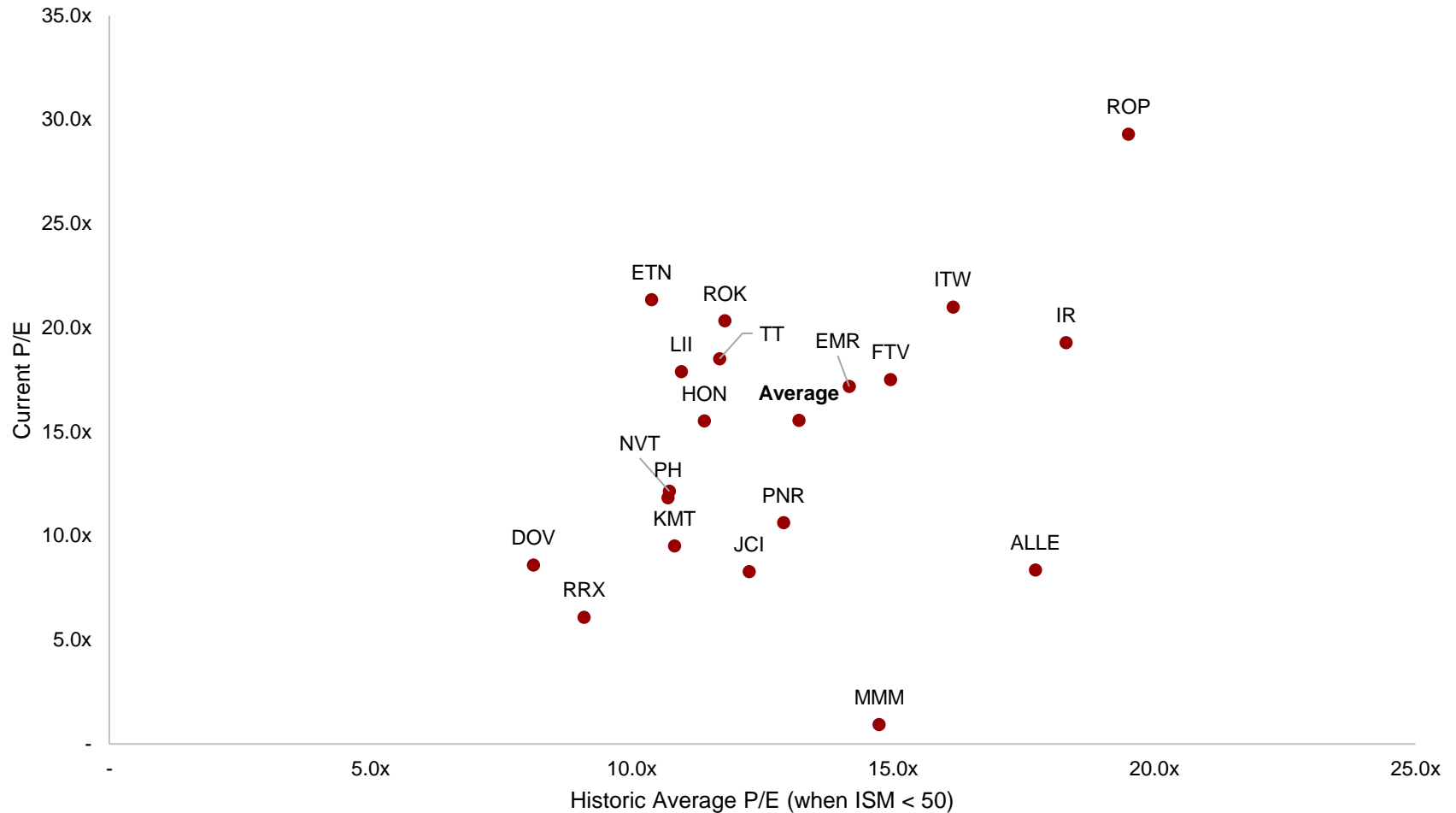
## NTM Relative Share Price Performance Following ISM Readings Between 45-50 (y-Axis)



Source: Bloomberg, Capital IQ, Barclays Research

# Multiples and Performance vs History

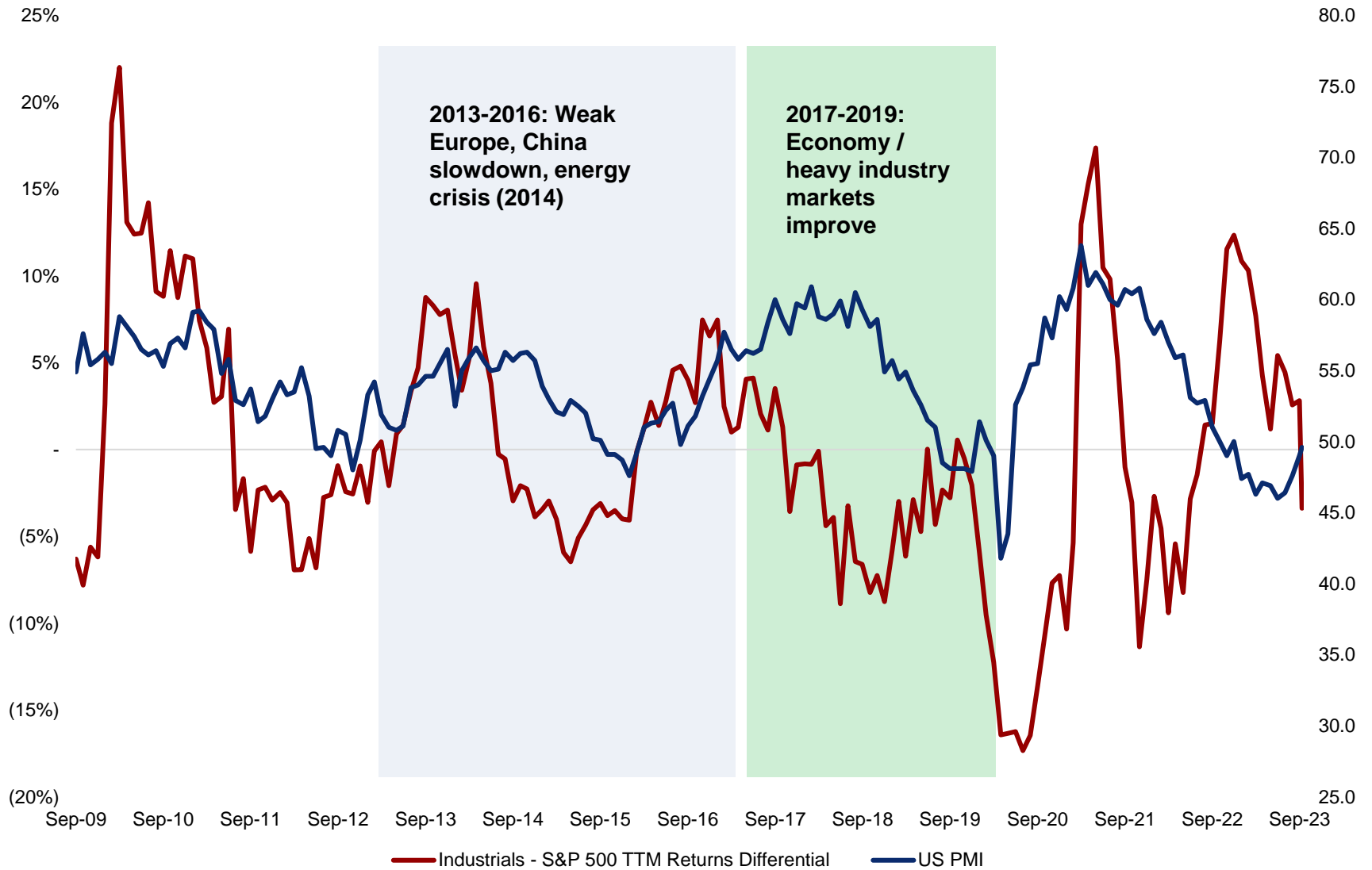
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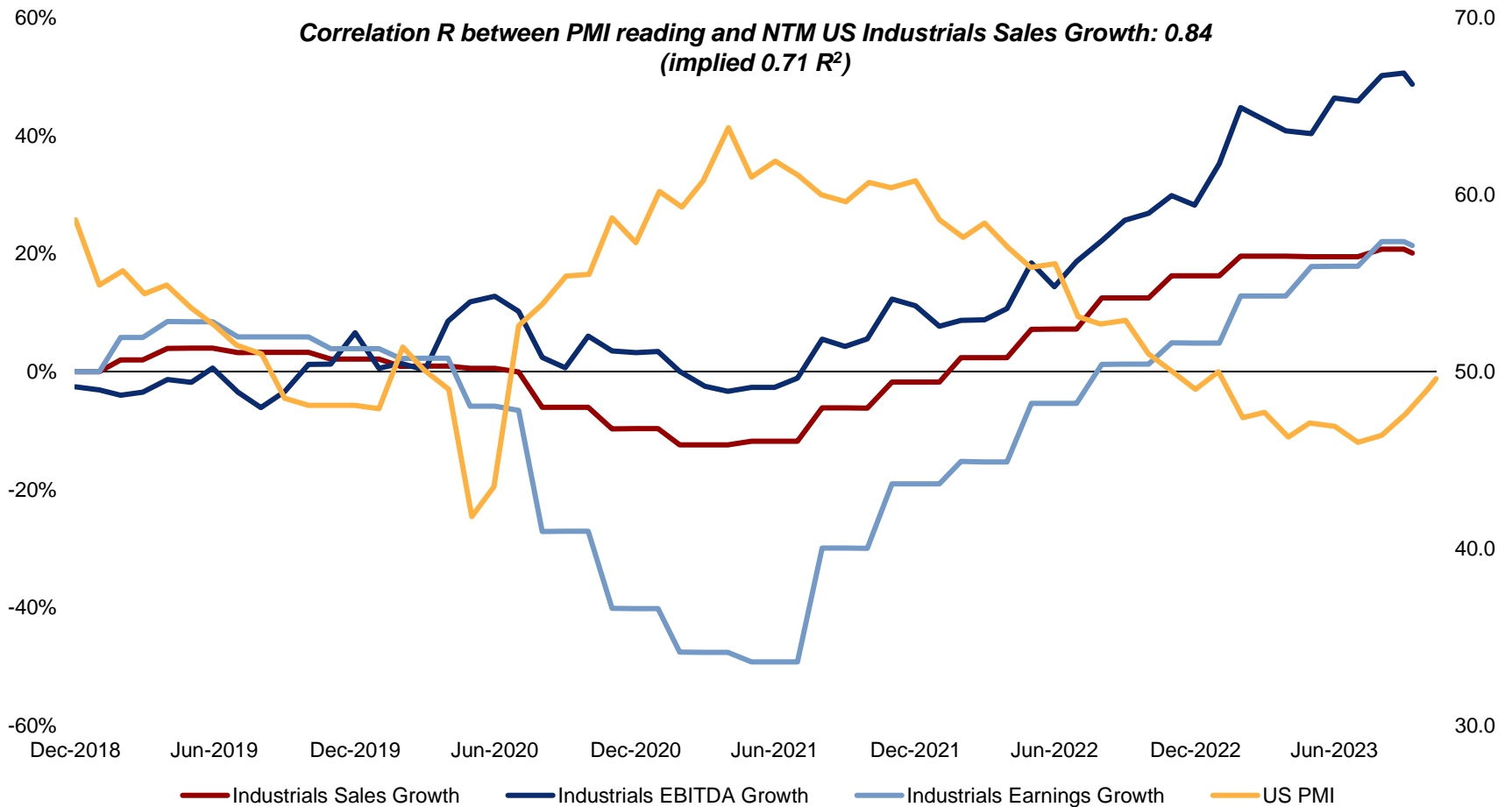
Current average P/E multiples of ~15.5x, above historic average of ~13.2x across periods when ISM < 50

Source: Bloomberg, Capital IQ, Barclays Research

# PMI's Predictive Power



# PMI's Predictive Power



**PMI trough could suggest sustained softening demand in the next twelve months, with implications on orders, backlog, sales, inventories, and Capex**

# Finding Some Pockets of Upside

Peer Group (in US\$ M, except ratios)	EV / Sales					EBITDA Margin					Revenue CAGR
	FY19A	FY20A	FY21A	FY22A	LTM	FY19A	FY20A	FY21A	FY22A	LTM	19A - '22
<b>Capital Goods Subsectors</b>											
Aerospace and Defense	2.2x	1.8x	2.3x	2.6x	2.1x	15%	12%	12%	13%	13%	-2%
Building Products	1.8x	2.1x	2.4x	1.7x	2.0x	13%	14%	16%	16%	16%	14%
Construction and Engineering	0.9x	1.1x	1.5x	1.5x	1.6x	7%	8%	8%	8%	8%	15%
Electrical Components and Equipment	2.9x	3.7x	4.6x	3.8x	3.7x	20%	19%	20%	21%	22%	1%
Industrial Conglomerates	2.4x	3.2x	3.1x	2.4x	2.1x	17%	16%	18%	16%	17%	-4%
Machinery	2.3x	3.0x	3.1x	2.8x	2.6x	17%	17%	19%	19%	20%	4%
Trading Companies and Distributors	2.7x	3.2x	3.8x	3.0x	3.1x	22%	20%	20%	22%	24%	10%
<b>Capital Goods</b>	<b>2.2x</b>	<b>2.6x</b>	<b>3.0x</b>	<b>2.5x</b>	<b>2.5x</b>	<b>16%</b>	<b>15%</b>	<b>16%</b>	<b>17%</b>	<b>17%</b>	<b>6%</b>
<b>Services Subsectors</b>											
Commercial Services and Supplies	4.4x	5.1x	5.9x	4.9x	4.9x	27%	28%	29%	28%	28%	9%
Professional Services	4.7x	5.6x	3.9x	2.9x	3.9x	23%	23%	18%	16%	19%	25%
<b>Services</b>	<b>4.5x</b>	<b>5.4x</b>	<b>4.9x</b>	<b>3.9x</b>	<b>4.4x</b>	<b>25%</b>	<b>25%</b>	<b>23%</b>	<b>22%</b>	<b>24%</b>	<b>17%</b>
<b>Transportation Subsectors</b>											
Air Freight & Logistics	1.3x	1.6x	1.5x	1.1x	1.3x	8%	10%	11%	12%	13%	13%
Passenger Airlines	1.1x	1.6x	1.8x	0.9x	0.7x	16%	-11%	-16%	8%	13%	-3%
Marine Transportation	2.4x	2.0x	2.3x	1.9x	2.0x	18%	15%	14%	14%	16%	-3%
Transportation Infrastructure	7.4x	9.5x	9.9x	9.2x	8.0x	54%	46%	47%	51%	51%	-17%
Ground Transportation	1.6x	1.6x	1.6x	1.0x	1.5x	18%	15%	17%	18%	17%	27%
<b>Transportation</b>	<b>2.7x</b>	<b>3.3x</b>	<b>3.4x</b>	<b>2.8x</b>	<b>2.7x</b>	<b>23%</b>	<b>15%</b>	<b>15%</b>	<b>21%</b>	<b>22%</b>	<b>3%</b>



# Subsector Overviews

LTM EV / Sales    Revenue CAGR    EBITDA Margin    Implied Multiple    % Over (+) /Undervalued (-)

## Capital Goods (Regression R<sup>2</sup>: 76%)

	LTM EV / Sales	Revenue CAGR	EBITDA Margin	Implied Multiple	% Over (+) /Undervalued (-)
Aerospace and Defense	2.1x	-2%	13%	2.0x	3%
Building Products	2.0x	14%	16%	2.3x	-14%
Construction and Engineering	1.6x	15%	8%	1.3x	19%
Electrical Components and Equipment	3.7x	1%	22%	3.1x	21%
Industrial Conglomerates	2.1x	-4%	17%	2.5x	-14%
Machinery	2.6x	4%	20%	2.8x	-8%
Trading Companies and Distributors	3.1x	10%	24%	3.2x	-2%

## Transportation Regression R<sup>2</sup>: 99%)

Air Freight & Logistics	1.3x	13%	13%	1.0x	23%
Passenger Airlines	0.7x	-3%	13%	1.1x	-37%
Marine Transportation	2.0x	-3%	16%	1.7x	19%
Transportation Infrastructure	8.0x	-17%	51%	8.0x	0%
Ground Transportation	1.5x	27%	17%	1.6x	-8%



**Sector Overweight**



**Sector Underweight**

## **True Pricing Power** – *Ability to defend or expand margins*

- Ability to drive pricing without inflation as support

## **Strong Aftermarket Presence** – *Defensible moat in capital goods*

- High share of aftermarket = ability to drive organic growth and margins

## **Closer to the End-Market** – *Avoid inventory uncertainties*

- Impact of change in demand is magnified at each stage of the value chain, bullwhip effect from retailers to distributor to wholesaler to OEM

## A Closer Look at Industry Unit Economics

	Assumptions		Revenue	Operating Profit	Margin
	Growth	Incremental Margin			
Start			<b>10,000</b>	<b>1,500</b>	<b>15%</b>
Volume/Mix	5%	30%	500	150	
Price	2%	100%	200	200	
Materials				(200)	
<b>End</b>			<b>10,700</b>	<b>1,650</b>	<b>15%</b>
% Change			7%	10%	

	Assumptions		Revenue	Operating Profit	Margin
	Growth	Incremental Margin			
Start			<b>10,000</b>	<b>1,500</b>	<b>15%</b>
Volume/Mix	2%	30%	200	60	
Price	5%	100%	500	500	
Materials				(500)	
<b>End</b>			<b>10,700</b>	<b>1,560</b>	<b>15%</b>
% Change			7%	4%	

## A Closer Look at Industry Unit Economics

	Assumptions		Revenue	Operating Profit	Margin
	Growth	Incremental Margin			
Start			10,000	1,500	15%
Volume/Mix	5%	30%	500	150	
Price	2%	100%	200	200	
Materials				(200)	
End			10,700	1,650	15%
% Change			7%	10%	

Distinction between positive pricing and true pricing power becomes apparent during periods of high inflation. While much of the focus is on passing on costs (positive pricing), pricing simply to offset inflation has a negative impact on operating profit growth.

Start				1,500	15%
Volume/Mix	2%	30%	200	60	
Price	5%	100%	500	500	
Materials				(500)	
End			10,700	1,560	15%
% Change			7%	4%	

## A Closer Look at Industry Unit Economics

	Assumptions		Revenue	Operating Profit	Margin
	Growth	Incremental Margin			
Start			<b>10,000</b>	<b>1,500</b>	<b>15%</b>
Volume/Mix	-10%	30%	(1,000)	(300)	
Price	1%	100%	100	100	
Materials				100	
<b>End</b>			<b>9,100</b>	<b>1,400</b>	<b>15%</b>
% Change			-9%	-7%	

	Assumptions		Revenue	Operating Profit	Margin
	Growth	Incremental Margin			
Start			<b>10,000</b>	<b>1,500</b>	<b>15%</b>
Volume/Mix	-10%	30%	(1,000)	(300)	
Price	-3%	100%	(250)	(250)	
Materials				100	
<b>End</b>			<b>8,750</b>	<b>1,050</b>	<b>12%</b>
% Change			-13%	-30%	

## A Closer Look at Industry Unit Economics

	Assumptions		Revenue	Operating Profit	Margin
	Growth	Incremental Margin			
Start			10,000	1,500	15%
Volume/Mix	-10%	30%	(1,000)	(300)	
Price	1%	100%	100	100	
Materials				100	
End			9,100	1,400	15%
% Change			-9%	-7%	

In a more 'normal' environment without historically high inflation, pricing becomes more differentiated. As cost bases and macro conditions fluctuate, )  
**the ability to maintain or increase prices, without inflation as a support, becomes more important.**

	Assumptions		Revenue	Operating Profit	Margin
	Growth	Incremental Margin			
Start			10,000	1,500	15%
Volume/Mix	-10%	30%	(1,000)	(300)	
Price	-3%	100%	(250)	(250)	
Materials				100	
End			8,750	1,050	12%
% Change			-13%	-30%	

# Desautels Capital Management

Honours in Investment Management

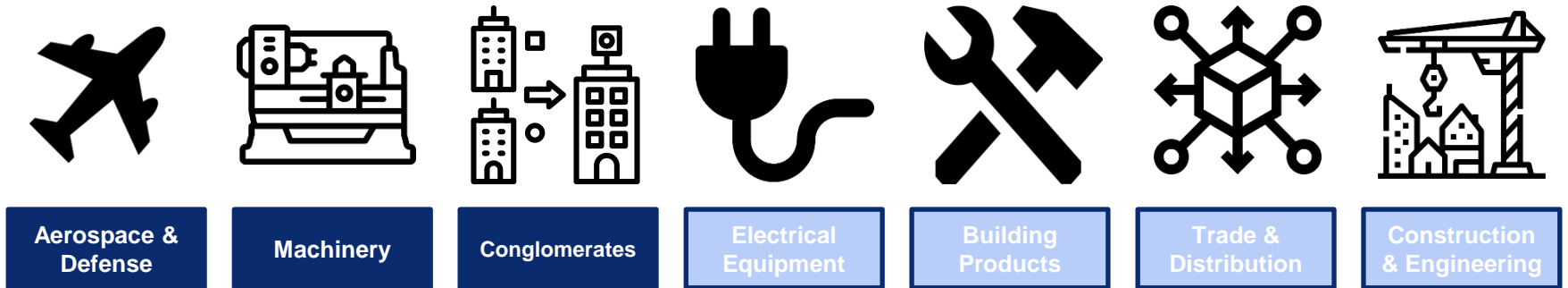
## Subsector Overview - I

Capital Goods

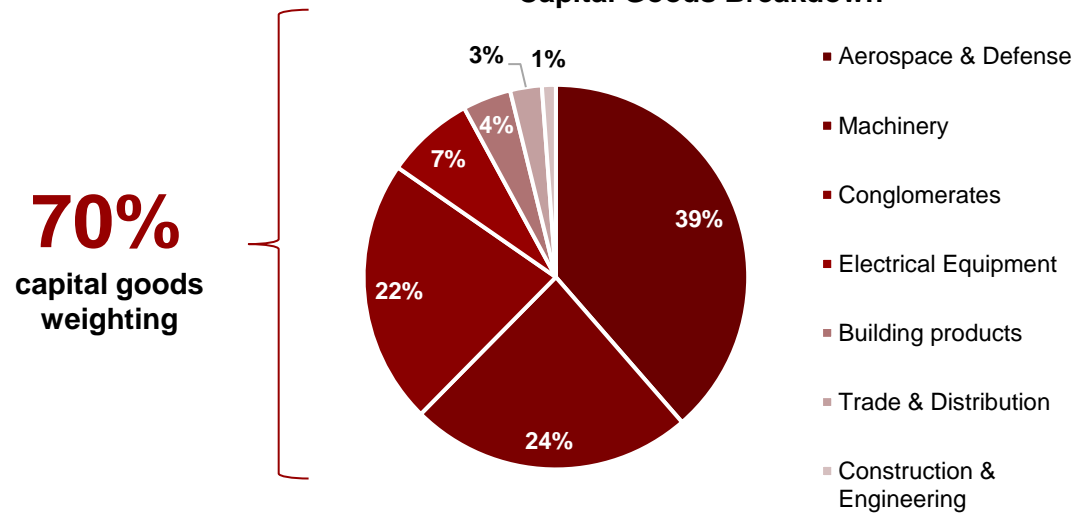


# Capital Goods Sector Overview

## Subsectors



Capital Goods Breakdown

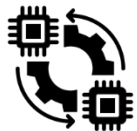


Capital goods is the largest subsector of Industrials

Source: Industrials primer, S&P Global



## Key Drivers



### CAPEX cycles

- Earnings linked to end markets' CAPEX spending
- Customer activity linked to economic cycle and whether CAPEX generate NPV positive projects



### New equipment & aftermarket

- Maintenance, repairs, replacement of equipment
- Some companies sell new equipment at low margins, and charge fat service margins



### Input costs

- Raw material costs
- Companies with strong pricing power pass on prices to customers



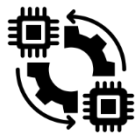
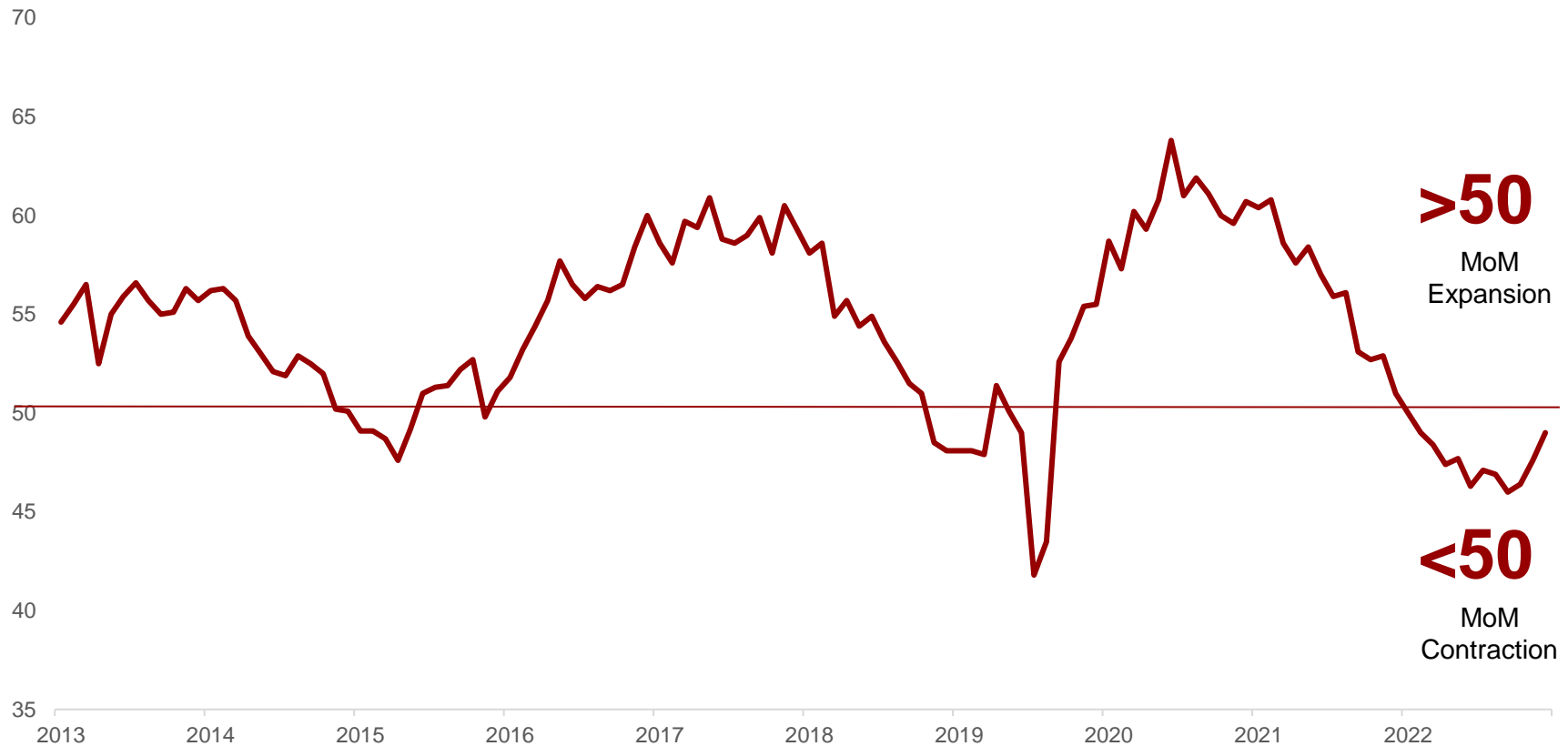
### Government spending

- Infrastructure investments and jobs act, Inflation reduction act, CHIPS act, defense spending... etc

$$\beta = 0.94$$

$$\sigma = 0.146$$

# Macroeconomic headwinds



## PMI index as an indicator of current CAPEX cycles

- PMI index measures performance by manufacturing and services on a monthly basis
- 5 major survey areas: new orders, inventory levels, production, supplier deliveries, employment

Manufacturers have been facing record-high backlogs and destocking

Source: Bloomberg

# Government Spending



## Government spending

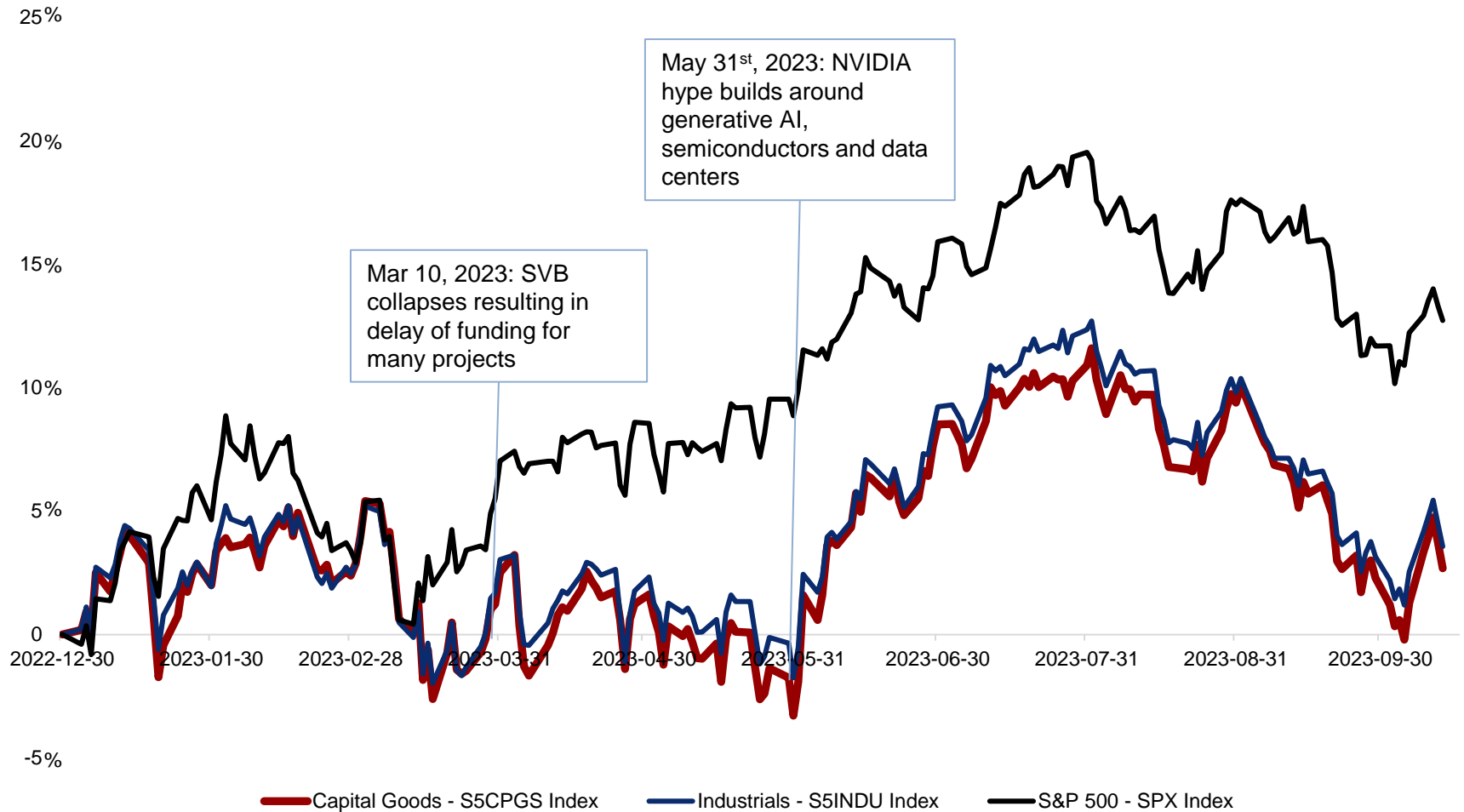
- Infrastructure investments and jobs act, Inflation reduction act, CHIPS act, defense spending... etc

	Infrastructure Investment and Jobs Act	Inflation Reduction Act	CHIPS Act
Funding	\$550 Bn	\$369 Bn	\$258 Bn
Timeline	5 years	10 years	5-10 years
Impact on capital goods	Commodity building and construction materials and other parts of the infrastructure supply chain will likely be clear beneficiaries	Driving companies to improve energy efficiency translating to demand for energy efficient equipment and building products	Law aims to catalyze investments in domestic semiconductor manufacturing capacity

Government spending stimulating need for manufacturing

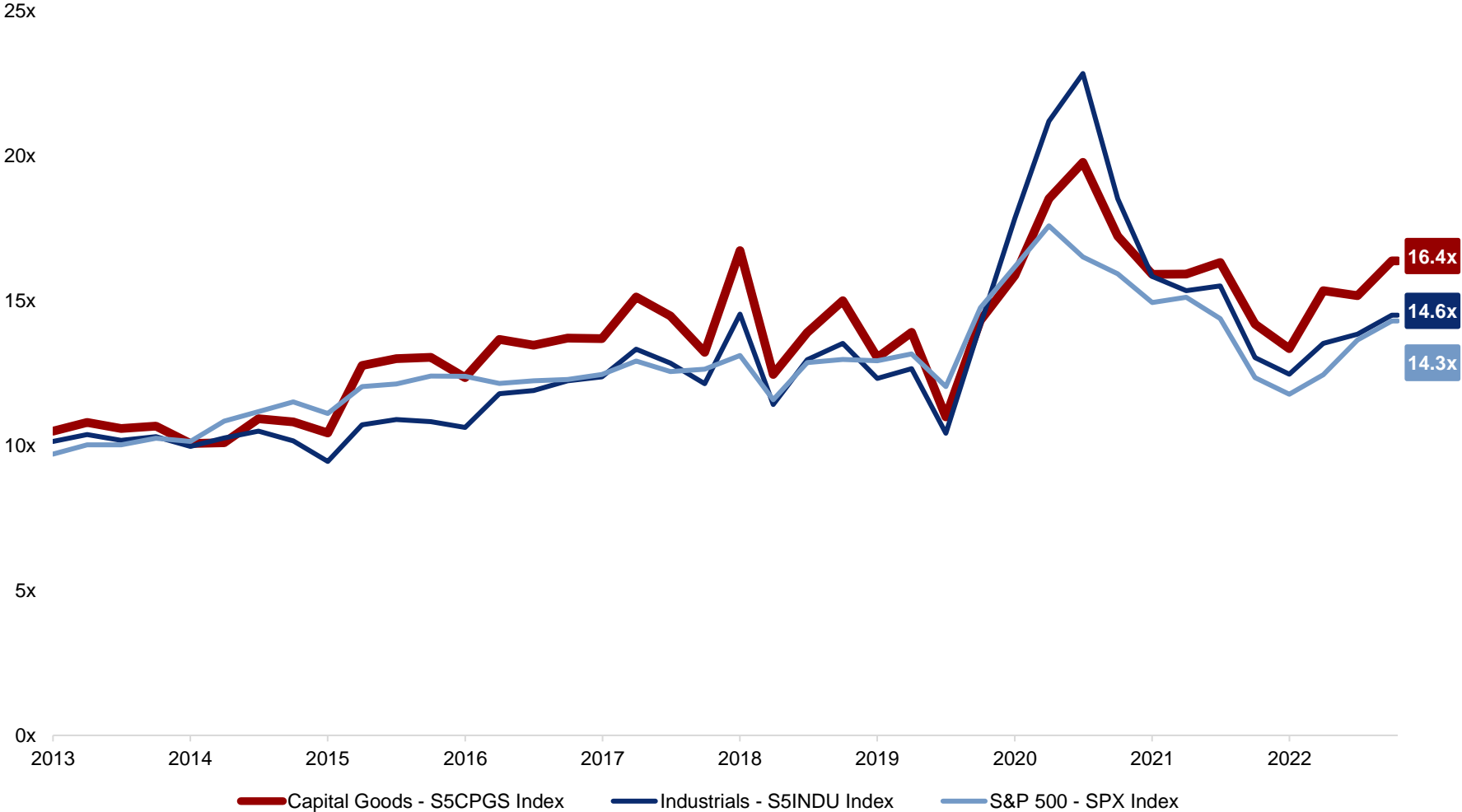
Source: Bloomberg, S&P Global

# YTD Performance



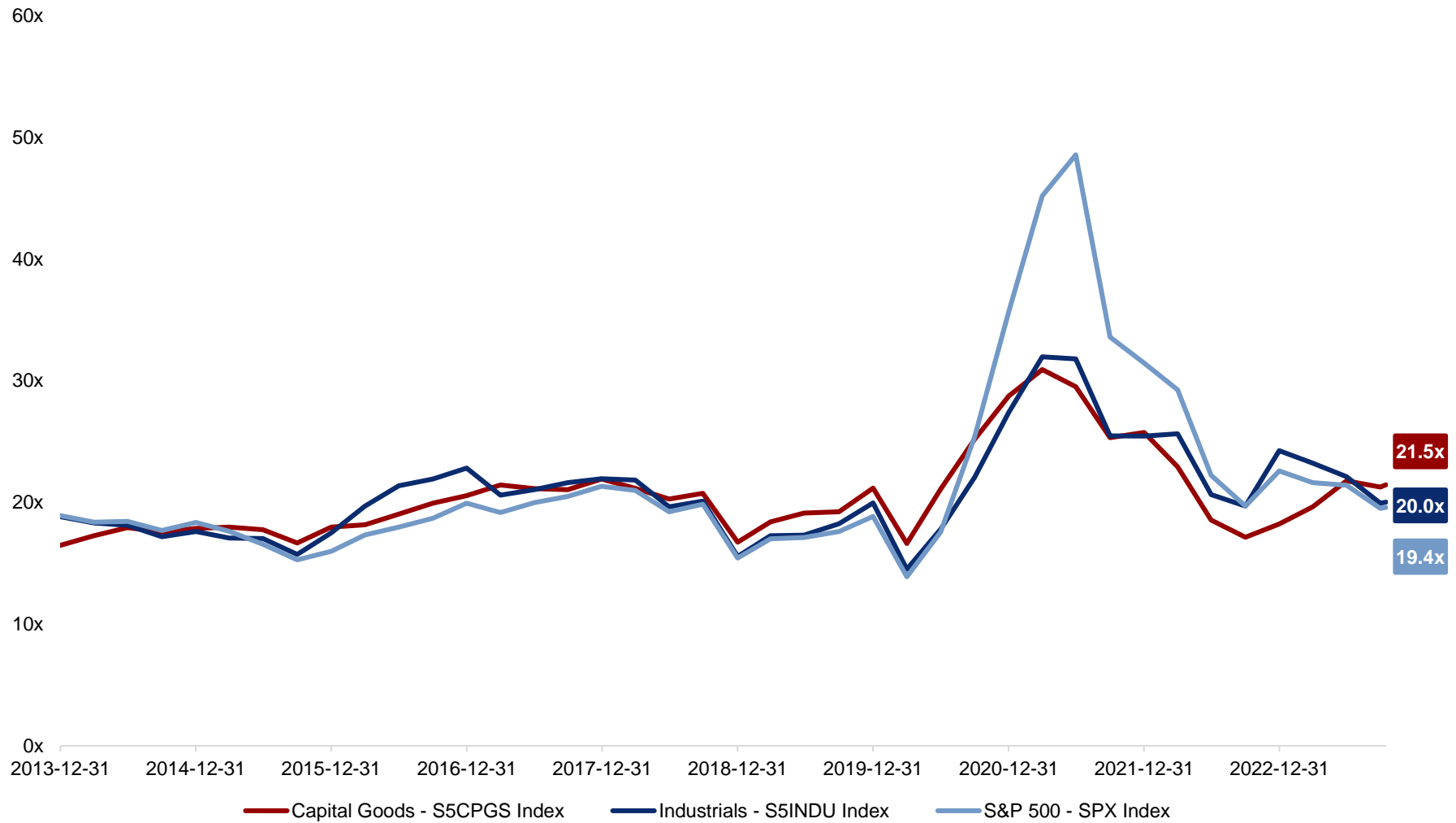
Capital goods returns follow closely with industrials, underperforming S&P

# 10 year Historical performance: EV/EBITDA



EV/EBITDA trading higher compared to industrials sector

# P/E ratios



Capital goods P/E trading inline with Industrials sector and S&P

# Comparables

Peer Group (in US\$ M, except ratios)	Ticker	EV / Sales					EV / EBITDA					EBITDA Margin					EBITDA CAGR	Revenue CAGR
		FY2019	FY2020	FY2021	FY2022	LTM	FY2019	FY2020	FY2021	FY2022	LTM	FY2019	FY2020	FY2021	FY2022	LTM	19A - '22	19A - '22
<b>Capital Goods Subsectors</b>																		
S&P 500 Aerospace & Defense (Industry)	^SP500-201010	2.2x	1.8x	2.3x	2.6x	2.1x	15.4x	15.8x	18.7x	19.9x	15.9x	15%	12%	12%	13%	13%	-6%	-2%
S&P Composite 1500 Building Products (Industry)	^SP1500-201020	1.8x	2.1x	2.4x	1.7x	2.0x	14.0x	14.6x	15.7x	10.5x	12.2x	13%	14%	16%	16%	16%	23%	14%
S&P 500 Construction & Engineering (Industry)	^SP500-201030	0.9x	1.1x	1.5x	1.5x	1.6x	11.8x	14.3x	17.9x	18.2x	19.4x	7%	8%	8%	8%	8%	20%	15%
S&P 500 Electrical Components & Equipment (Sub Ind)	^SP500-20104010	2.9x	3.7x	4.6x	3.8x	3.7x	14.3x	19.6x	22.5x	17.7x	16.8x	20%	19%	20%	21%	22%	3%	1%
S&P 500 Industrial Conglomerates (Sub Ind)	^SP500-20105010	2.4x	3.2x	3.1x	2.4x	2.1x	14.6x	19.4x	17.1x	15.3x	12.6x	17%	16%	18%	16%	17%	-6%	-4%
S&P 500 Machinery (Industry)	^SP500-201060	2.3x	3.0x	3.1x	2.8x	2.6x	13.4x	18.4x	16.4x	15.3x	12.9x	17%	17%	19%	19%	20%	6%	4%
S&P 500 Trading Companies & Distributors (Industry)	^SP500-201070	2.7x	3.2x	3.8x	3.0x	3.1x	12.6x	15.4x	18.7x	13.2x	13.2x	22%	20%	20%	22%	24%	12%	10%
<b>S&amp;P 500 Capital Goods (Industry Group)</b>	<b>^SP500-2010</b>	<b>2.3x</b>	<b>2.5x</b>	<b>2.9x</b>	<b>2.7x</b>	<b>2.4x</b>	<b>14.4x</b>	<b>17.4x</b>	<b>17.9x</b>	<b>16.7x</b>	<b>14.2x</b>	<b>16%</b>	<b>15%</b>	<b>16%</b>	<b>16%</b>	<b>17%</b>	<b>0%</b>	<b>0%</b>

Building products may be an interesting subsector may be undervalued

1. Building products returns are **outperforming** capital goods and industrials sectors mainly due to performance of HVACs
2. However EV/EBITDA multiples & P/E ratios trade at a **higher** compared to industrials and capital goods sector as a whole
3. DCM view of HVAC: Market's priced in HVAC's













# Overview of Building Products Subsectors

Building products are used for residential and non-residential construction



## Building Products Subsector

Building products consist of a wide range of specialty products used for residential and non-residential construction. Important building products used in the construction process consist of roofing materials, windows and doors, heating, ventilation and air-conditioning (HVAC), and plumbing products.

Subsector	Overview	Financials	Players
 <b>Construction</b>	<ul style="list-style-type: none"> <li>These companies engage in the construction of residential &amp; non-residential buildings. They use building products provided by the other subsectors</li> </ul>	<ul style="list-style-type: none"> <li>Direct relationship with demand for housing; high margins due to ease of differentiation</li> </ul>	
 <b>Building Components</b>	<ul style="list-style-type: none"> <li>Manufacturers of products used in the construction of houses; includes windows, roofs, doors, insulation, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Direct relationship with demand for housing, below-average margins due to very competitive environment</li> </ul>	
 <b>Home Improvement Products</b>	<ul style="list-style-type: none"> <li>Manufacturers of products to upgrade an existing home interior or upgrades such as outdoor living spaces</li> </ul>	<ul style="list-style-type: none"> <li>Direct relationship with the economy; low margins – high competition and little differentiation</li> </ul>	
 <b>Equipment</b>	<ul style="list-style-type: none"> <li>Providers of equipment used in homes; includes security equipment, appliances, etc.</li> </ul>	<ul style="list-style-type: none"> <li>More resilient due to nature of product, average margins</li> </ul>	
 <b>Distributors</b>	<ul style="list-style-type: none"> <li>Distribute building products that are either manufactured in house or by other firms</li> </ul>	<ul style="list-style-type: none"> <li>Direct relationship with demand for housing; average margins</li> </ul>	

Source: JPMorgan, Roland Berger

# Building Products End Market Activity

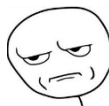
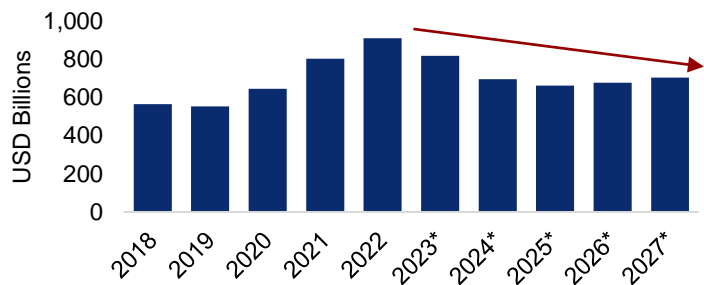
Is 2023 the year for HVACs?

**Key Drivers: Construction activity in end markets**

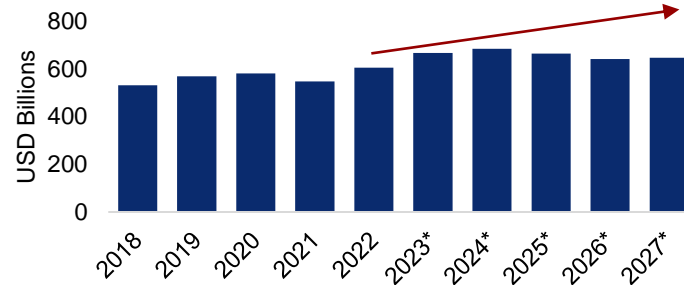
## Residential

## Non-residential

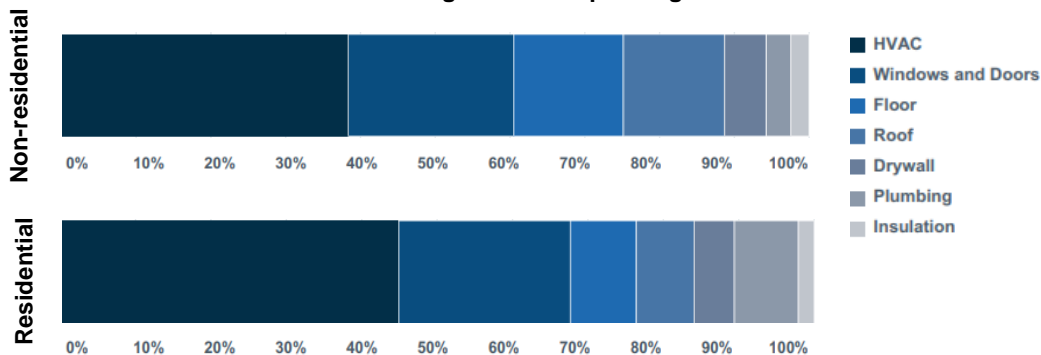
US Residential Construction Spending



Non-residential Construction Spending



Distribution of Building Products Spending



HVAC's are anticipated to represent the largest volume of spending in both the residential and nonresidential sectors



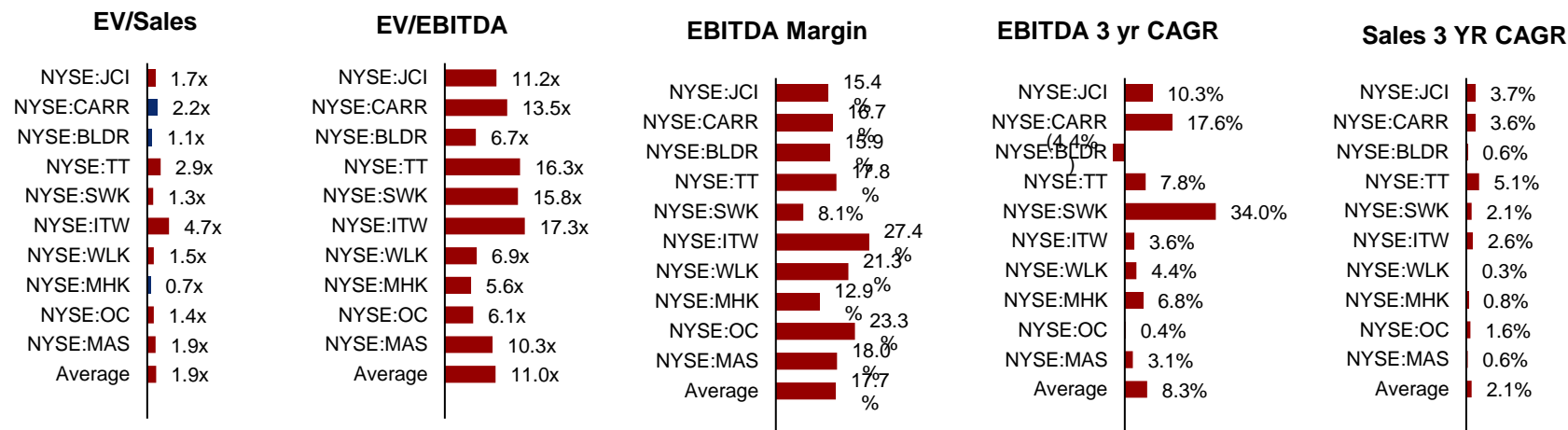
Weak residential end markets, stronger non-residential end markets

Source: FMI research

# Building products: Comparables

Peer Group (in US\$ M, except ratios)	Ticker	Share Price	Market Cap.	Enterprise Value	EV / Sales				EV / EBITDA				EBITDA Margin				EBITDA CAGR	Revenue CAGR	Net Debt /
					LTM	2023E	2024E	2025E	LTM	2023E	2024E	2025E	LTM	2023E	2024E	2025E	19A - '22E	19A - '22E	LTM
<b>Tier 1 Comparables:</b>																			
Johnson Controls International plc	NYSE:JCI	52.36	35,622	46,900	1.8x	1.7x	1.7x	1.6x	13.0x	11.3x	10.5x	9.7x	13.5%	15.4%	15.8%	16.3%	10.3%	3.7%	2.8x
Carrier Global Corporation	NYSE:CARR	54.48	45,634	52,018	2.4x	2.3x	2.2x	2.1x	19.8x	13.9x	13.1x	12.2x	12.0%	16.7%	17.1%	17.6%	17.6%	3.6%	2.3x
Builders FirstSource, Inc.	NYSE:BLDR	116.43	14,558	18,652	1.0x	1.1x	1.0x	1.0x	6.0x	6.7x	7.2x	6.8x	16.9%	15.9%	14.1%	14.5%	(4.4%)	0.6%	1.3x
Trane Technologies plc	NYSE:TT	206.86	47,246	51,628	3.1x	2.9x	2.8x	2.6x	18.0x	16.4x	15.4x	14.4x	17.1%	17.8%	18.1%	18.4%	7.8%	5.1%	1.5x
Stanley Black & Decker, Inc.	NYSE:SWK	82.80	12,687	20,703	1.3x	1.3x	1.2x	1.2x	21.4x	16.0x	10.6x	8.9x	6.0%	8.1%	11.8%	13.5%	34.0%	2.1%	8.3x
Illinois Tool Works Inc.	NYSE:ITW	233.73	70,678	77,979	4.9x	4.8x	4.6x	4.5x	17.8x	17.5x	16.7x	16.0x	27.3%	27.4%	27.8%	28.0%	3.6%	2.6%	1.7x
Westlake Corporation	NYSE:WLK	121.89	15,564	18,963	1.4x	1.5x	1.4x	1.4x	6.7x	6.9x	6.5x	5.9x	20.3%	21.3%	21.7%	22.9%	4.4%	0.3%	1.0x
Mohawk Industries, Inc.	NYSE:MHK	79.55	5,066	7,969	0.7x	0.7x	0.7x	0.7x	5.8x	5.6x	5.1x	4.8x	12.2%	12.9%	13.9%	14.4%	6.8%	0.8%	2.1x
Owens Corning	NYSE:OC	129.22	11,608	13,944	1.4x	1.4x	1.4x	1.4x	6.1x	6.2x	6.1x	6.1x	23.4%	23.3%	23.0%	22.6%	0.4%	1.6%	1.0x
Masco Corporation	NYSE:MAS	51.62	11,611	14,728	1.8x	1.9x	1.8x	1.8x	10.2x	10.4x	9.8x	9.3x	17.6%	18.0%	18.5%	18.8%	3.1%	0.6%	2.0x
<b>Median</b>			<b>11,608</b>	<b>13,944</b>	<b>1.4x</b>	<b>1.4x</b>	<b>1.4x</b>	<b>1.4x</b>	<b>6.1x</b>	<b>6.2x</b>	<b>6.1x</b>	<b>6.1x</b>	<b>17.6%</b>	<b>18.0%</b>	<b>18.5%</b>	<b>18.8%</b>	<b>3.1%</b>	<b>0.8%</b>	<b>2.0x</b>
<b>Mean</b>			<b>9,428</b>	<b>12,214</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>7.4x</b>	<b>7.4x</b>	<b>7.0x</b>	<b>6.7x</b>	<b>17.7%</b>	<b>18.0%</b>	<b>18.5%</b>	<b>18.6%</b>	<b>3.4%</b>	<b>1.0%</b>	<b>1.7x</b>

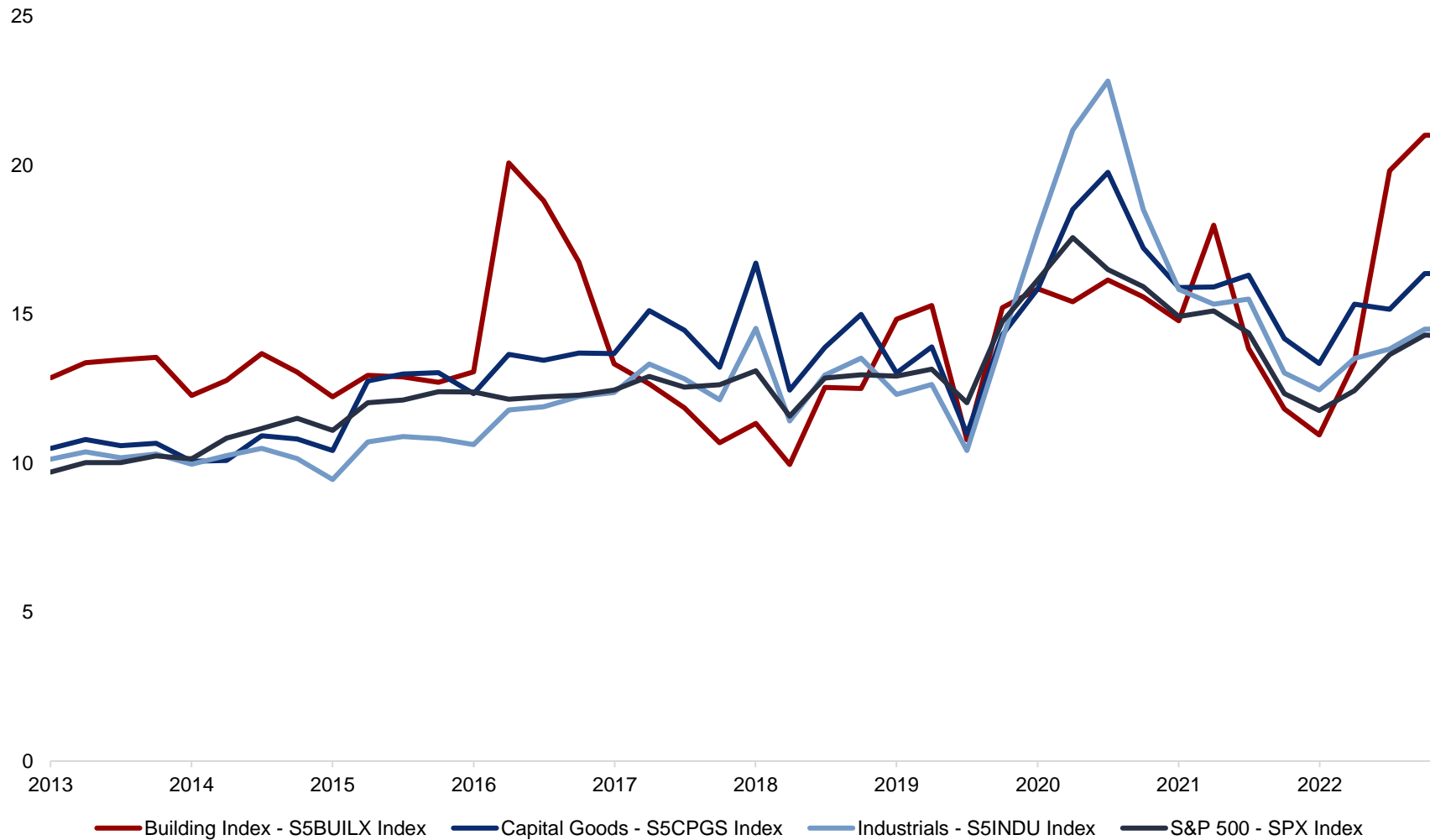
Peer Group (in US\$ M, except ratios)	Ticker	EV / Sales					EV / EBITDA					EBITDA Margin					EBITDA CAGR	Revenue CAGR
		FY2019	FY2020	FY2021	FY2022	LTM	FY2019	FY2020	FY2021	FY2022	LTM	FY2019	FY2020	FY2021	FY2022	LTM	19A - '22	19A - '22
<b>S&amp;P 500 Capital Goods (Industry Group)</b>	<b>^SP500-2010</b>	<b>2.3x</b>	<b>2.5x</b>	<b>2.9x</b>	<b>2.7x</b>	<b>2.4x</b>	<b>14.4x</b>	<b>17.4x</b>	<b>17.9x</b>	<b>16.7x</b>	<b>14.2x</b>	<b>16%</b>	<b>15%</b>	<b>16%</b>	<b>16%</b>	<b>17%</b>	<b>0%</b>	<b>0%</b>



Top 10 building products players on average are trading at lower multiples of EV/EBITDA than capital goods industry

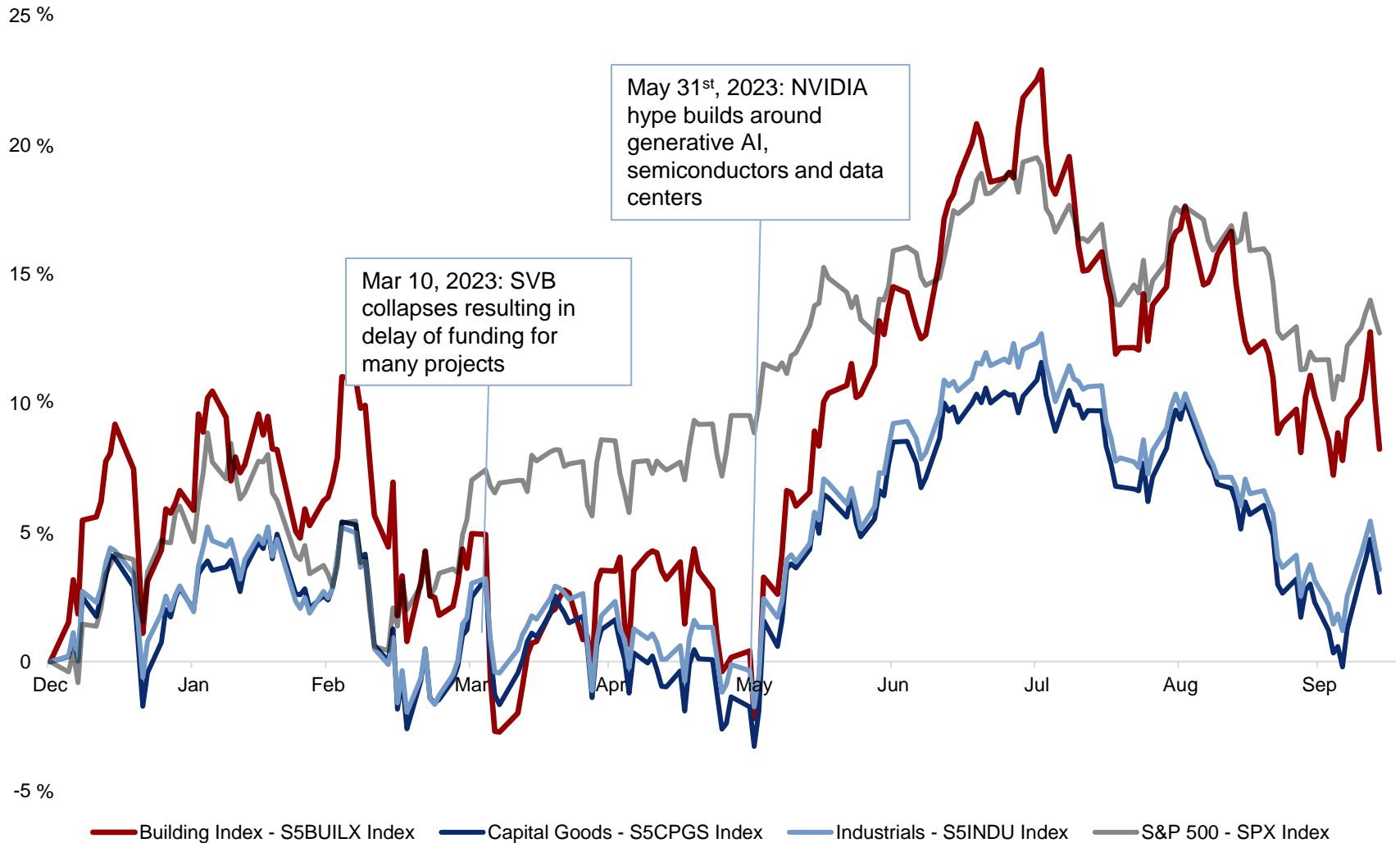
Source: CapIQ

# Building Products: EV/EBITDA



Building products multiples trading at a premium right now

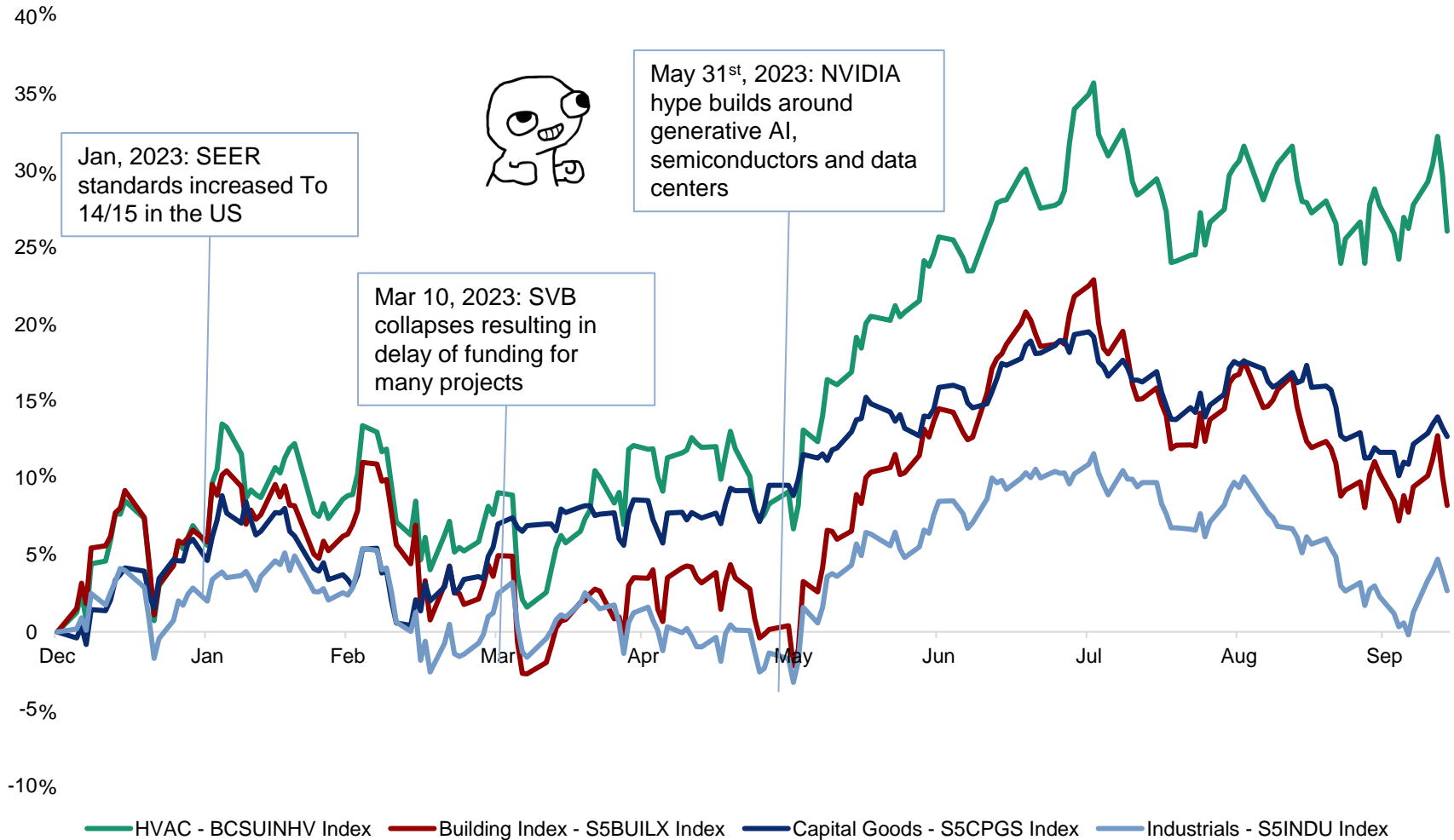
# Building Products: YTD Performance



Building products returns outperforming capital goods returns since May

# HVACs YTD performance

What's all the hype about HVACs anyways?



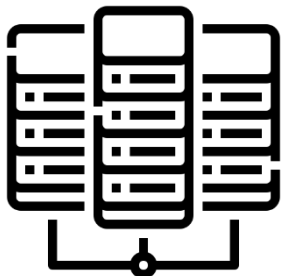
HVAC's driving building products outperformance due to recent hype

**2022 Market Size**  
**\$159Bn USD**

**43% CAGR**



**2027 Market Size**  
**\$227Bn USD**



## What is driving the hype?

**Infrastructure Job Act:** Increased government spending in infrastructure

### Stricter regulations for energy efficiency

- AC refrigerant regulations and seasonal energy efficiency ratios (SEER)
- Inflation Reduction Act providing tax credits to install efficient HVAC systems

### Data centres increasing requirement for energy efficiencies

- Heat recovery market opportunity in the US



## Concerns

### Softening pricing power

- Volume contracts due to channel destocking and weak residential demand
- Record backlogs persist

### Pressures from housing market

### Labour shortage

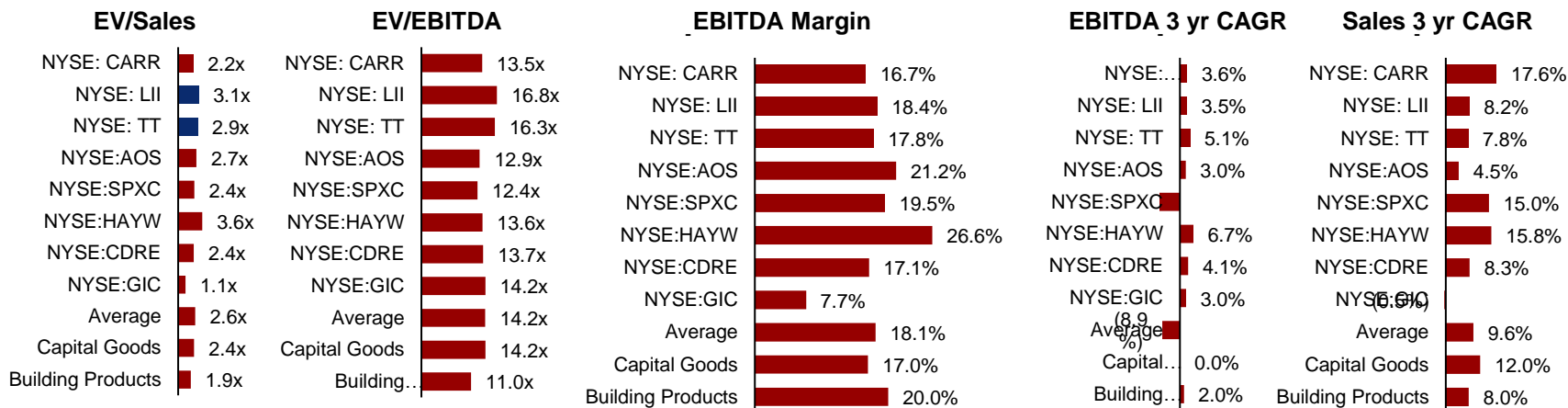
# HVAC: Comparables



Seems like the hype has been priced in...

Peer Group (in US\$ M, except ratios)	Ticker	Share Price	Market Cap.	Enterprise Value	EV / Sales				EV / EBITDA				EBITDA Margin				EBITDA CAGR	Revenue CAGR	Net Debt /
					LTM	2023E	2024E	2025E	LTM	2023E	2024E	2025E	LTM	2023E	2024E	2025E	19A - '22E	19A - '22E	LTM
<b>Tier 1 Comparables:</b>																			
Carrier Global Corporation	NYSE: CARR	52.56	44,026	50,410	2.3x	2.2x	2.2x	2.1x	19.2x	13.5x	12.6x	11.8x	12.0%	16.7%	17.1%	17.6%	17.6%	3.6%	2.3x
Lennox International Inc.	NYSE: LII	369.74	13,131	14,874	3.1x	3.1x	3.0x	2.8x	18.4x	16.8x	15.6x	14.5x	16.8%	18.4%	18.9%	19.2%	8.2%	3.5%	2.2x
Trane Technologies plc	NYSE: TT	204.69	46,751	51,132	3.0x	2.9x	2.8x	2.6x	17.8x	16.3x	15.3x	14.2x	17.1%	17.8%	18.1%	18.4%	7.8%	5.1%	1.5x
A. O. Smith Corporation	NYSE:AOS	70.26	10,573	10,405	2.8x	2.7x	2.7x	2.6x	13.4x	12.9x	12.3x	11.7x	20.8%	21.2%	21.5%	21.7%	4.5%	3.0%	(0.2x)
SPX Technologies, Inc.	NYSE:SPXC	79.91	3,643	4,223	2.6x	2.4x	2.3x	NM	16.5x	12.4x	11.4x	10.8x	15.8%	19.5%	19.9%	-	15.0%	(100.0%)	2.3x
Hayward Holdings, Inc.	NYSE:HAYW	12.76	2,719	3,685	3.7x	3.6x	3.3x	3.0x	16.6x	13.6x	11.9x	10.7x	22.3%	26.6%	27.5%	28.5%	15.8%	6.7%	4.3x
Cadre Holdings, Inc.	NYSE:CDRE	27.66	1,040	1,129	2.4x	2.4x	2.2x	2.1x	15.1x	13.7x	12.6x	11.9x	16.0%	17.1%	17.7%	18.0%	8.3%	4.1%	1.2x
Global Industrial Company	NYSE:GIC	33.63	1,279	1,376	1.2x	1.1x	1.1x	1.1x	14.1x	14.2x	13.8x	14.3x	8.4%	7.7%	7.7%	7.6%	(0.5%)	3.0%	1.0x
Median			1,279	1,376	2.7x	2.6x	2.5x	2.6x	16.5x	13.6x	12.6x	11.8x	16.4%	18.1%	18.5%	18.2%	8.2%	3.6%	1.8x
Mean			1,279	1,376	2.6x	2.6x	2.4x	2.3x	16.4x	14.2x	13.2x	12.5x	16.2%	18.1%	18.5%	16.4%	9.6%	(8.9%)	1.8x

Peer Group (in US\$ M, except ratios)	Ticker	EV / Sales					EV / EBITDA					EBITDA Margin					EBITDA CAGR	Revenue CAGR
		FY2019	FY2020	FY2021	FY2022	LTM	FY2019	FY2020	FY2021	FY2022	LTM	FY2019	FY2020	FY2021	FY2022	LTM	19A - '22	19A - '22
S&P 500 Capital Goods (Industry Group)	^SP500-2010	2.3x	2.5x	2.9x	2.7x	2.4x	14.4x	17.4x	17.9x	16.7x	14.2x	16%	15%	16%	16%	17%	0%	0%



HVAC companies EV/EBITDA trade in par with capital goods, but at a premium compared to building products



**DCM View: Overweight Capital Goods**— *No exposure to Capital Goods*

- *This category seems the most undervalued in terms of relative valuation*
- *HVAC overvalued in terms of relative valuation*

# Desautels Capital Management

Honours in Investment Management

## Subsector Overview - II

Services



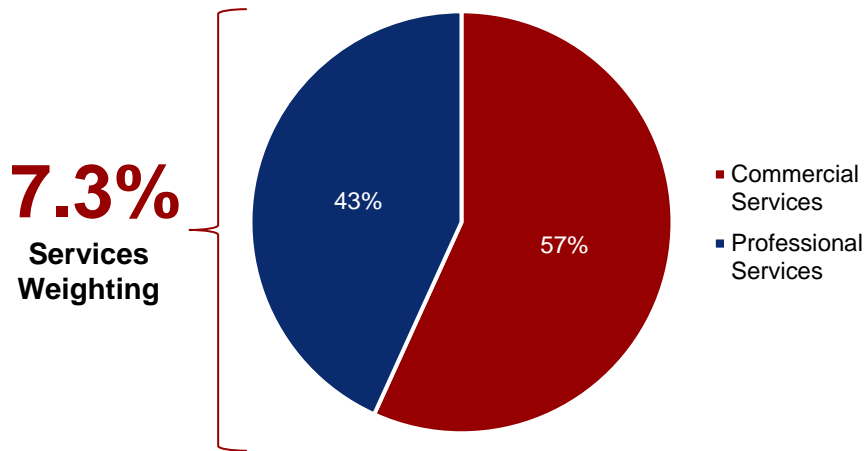
# Services Sector Overview

From waste management to car reselling to consulting

## Subsectors



## Subsector Weights



## Fundamentals

### Labour Market

- Labour shortages are the main factor that affects services as they rely on their workers

### CapEx Cycles

- Earnings growth linked to markets' CAPEX spending

### Digital Transformation

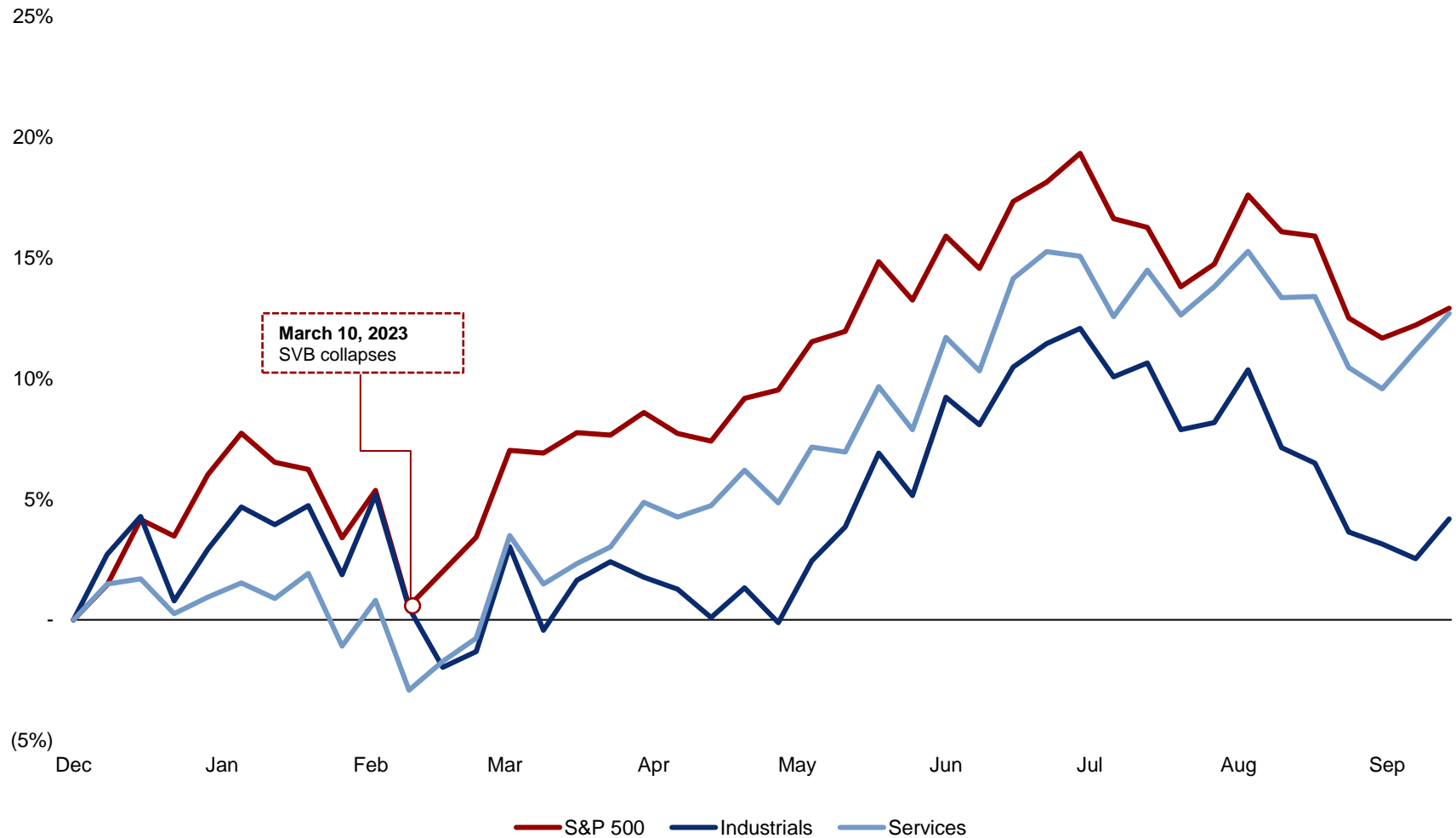
- An oncoming digitalization is expected to develop the subsector

Services is the smallest subsector of Industrials with the most diversified companies

Source: Industrials primer, S&P Global

# YTD Subsector Performance

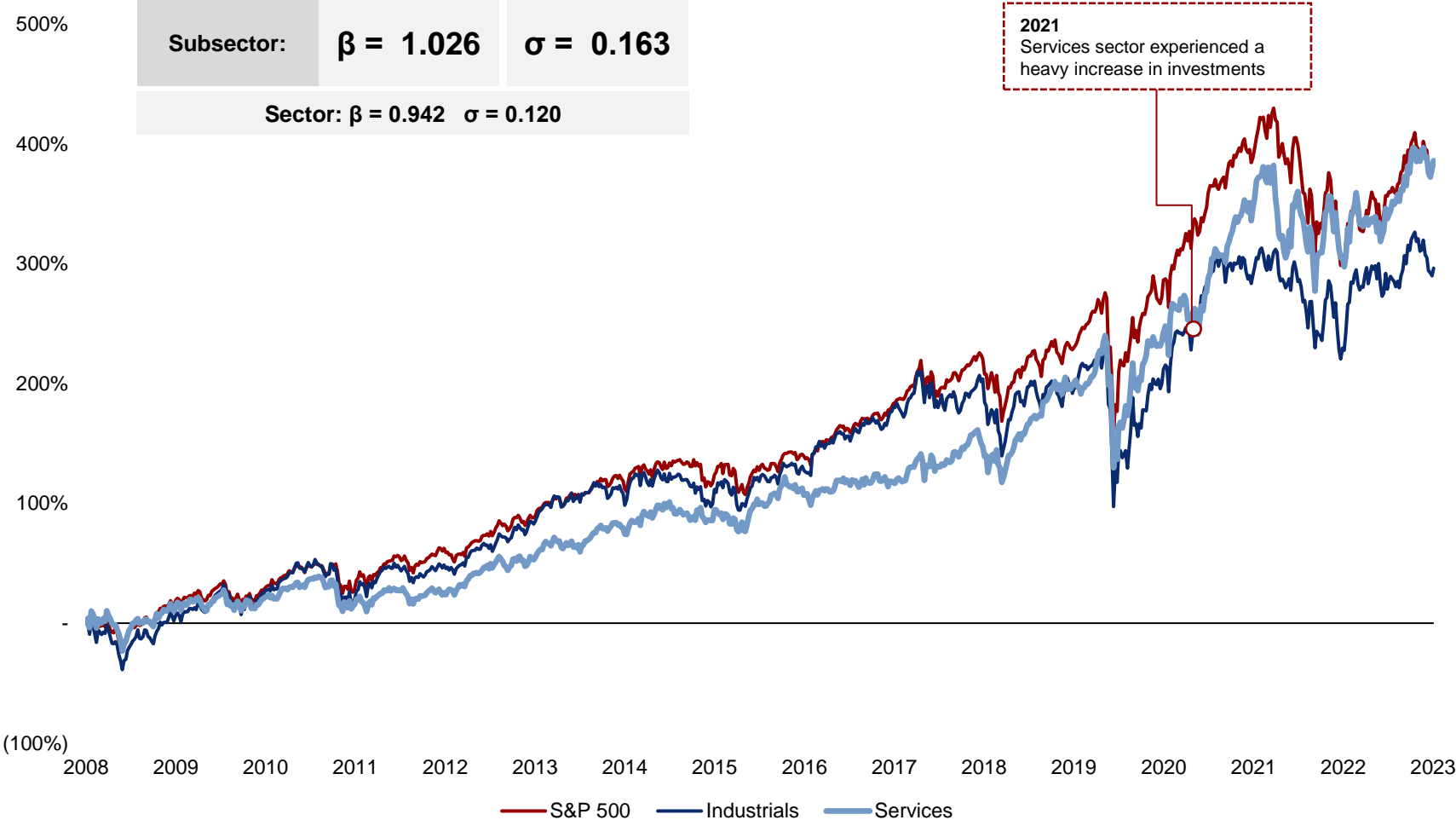
Services is outperforming the sector and reaching the S&P 500



Services was able to recover better than the sector after SVB's collapse

# 15Y Subsector Performance

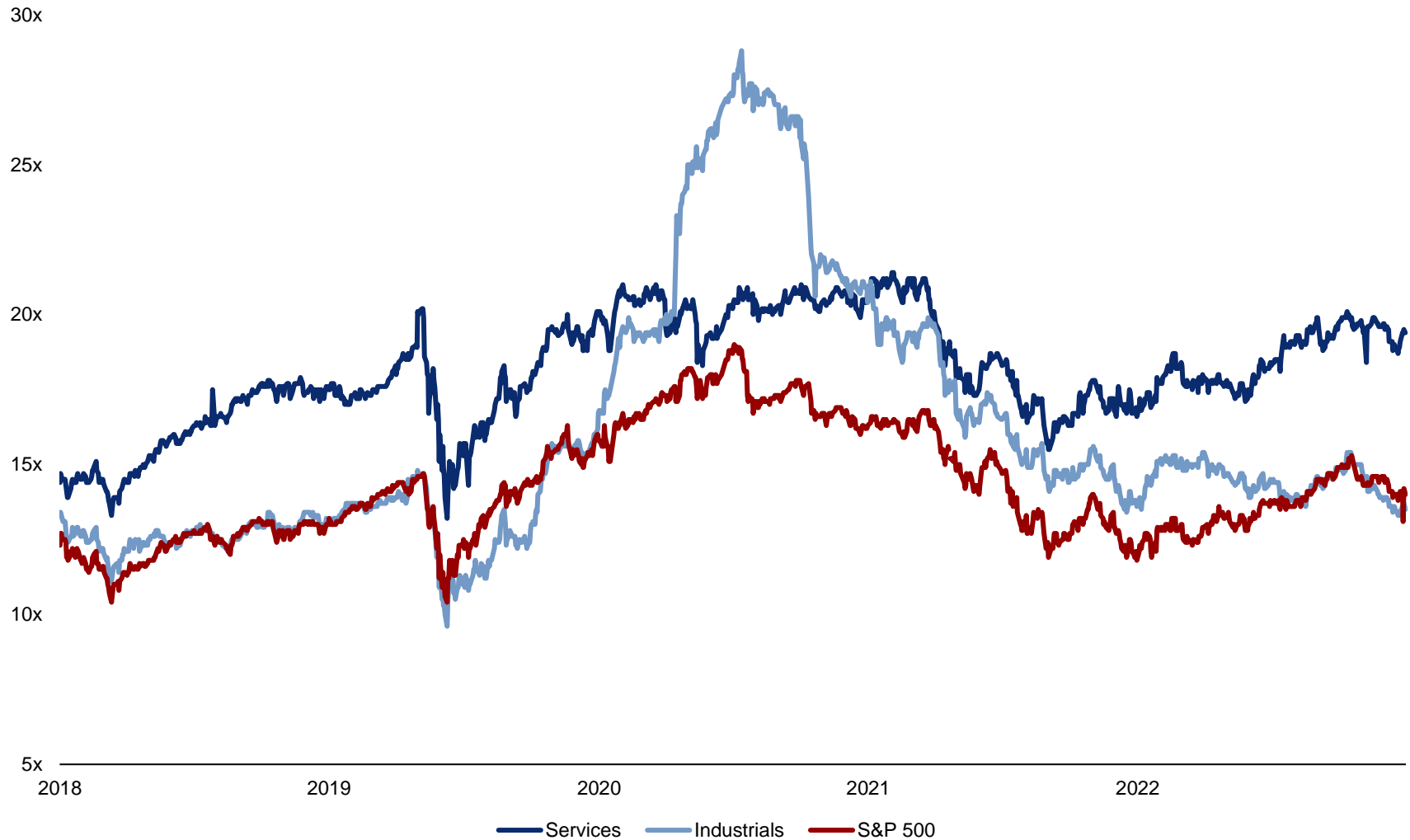
Services is a bit more volatile and riskier than the sector



Services category has been outperforming industrials sector since 2021

# 5Y Services Valuation

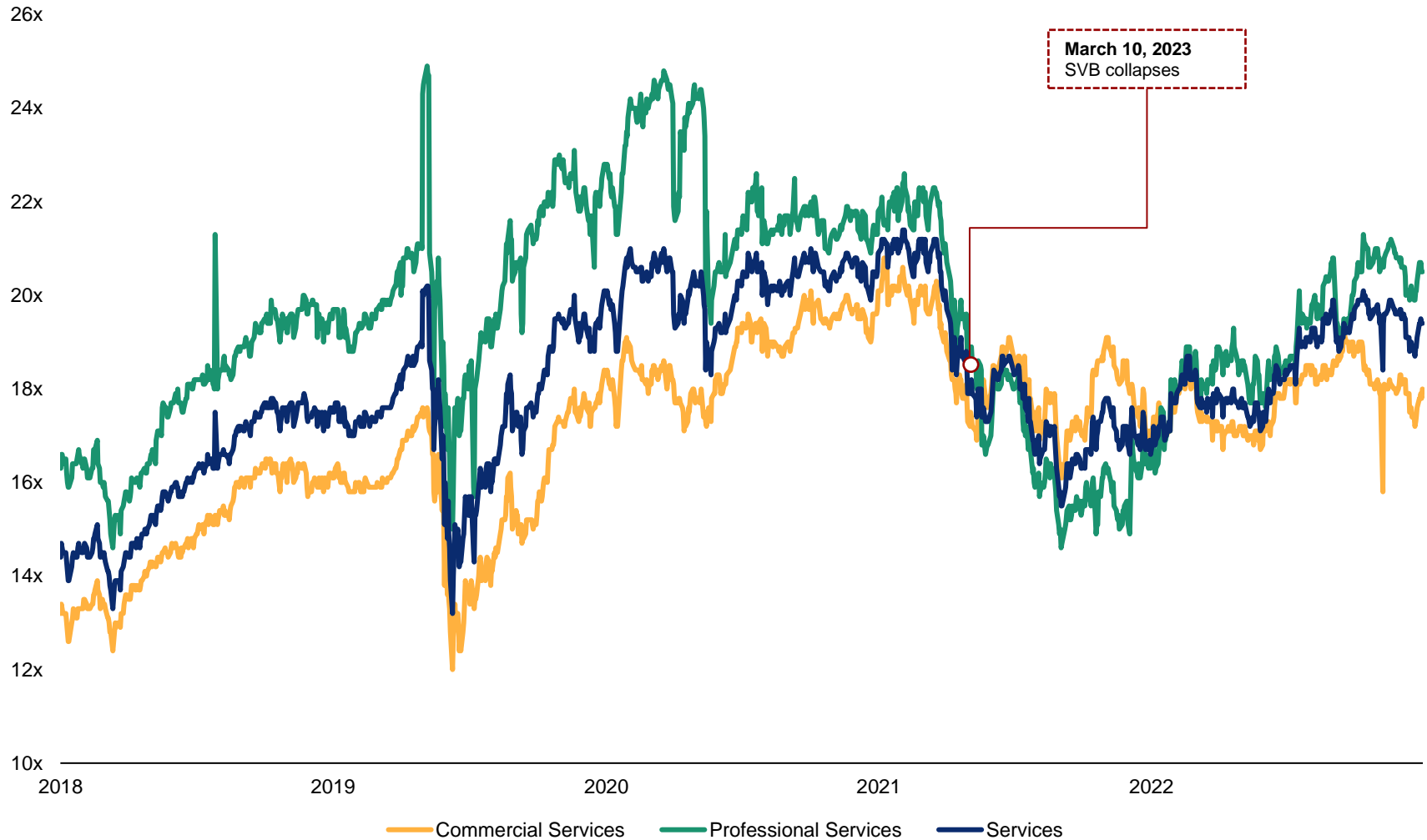
## EV/EBITDA



Services has generally been valued higher than the sector and the S&P 500

# 5Y Services Subsectors Valuation

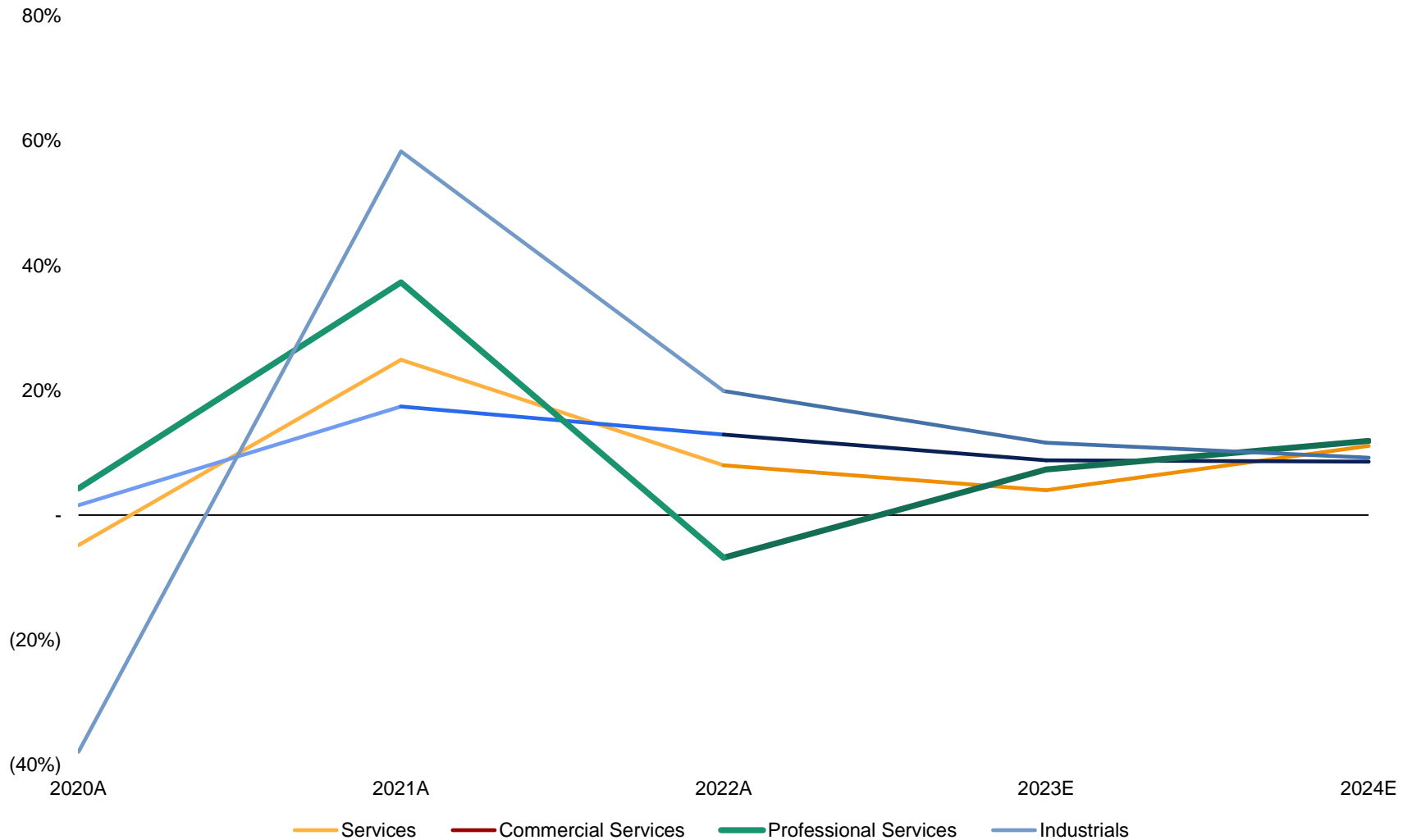
## EV/EBITDA



Professional services has generally been valued higher than Commercial services

# Services Earnings Growth

Services sector is poised to experience growth in the coming years



Professional services is estimated to growth more than the commercial services in 2023



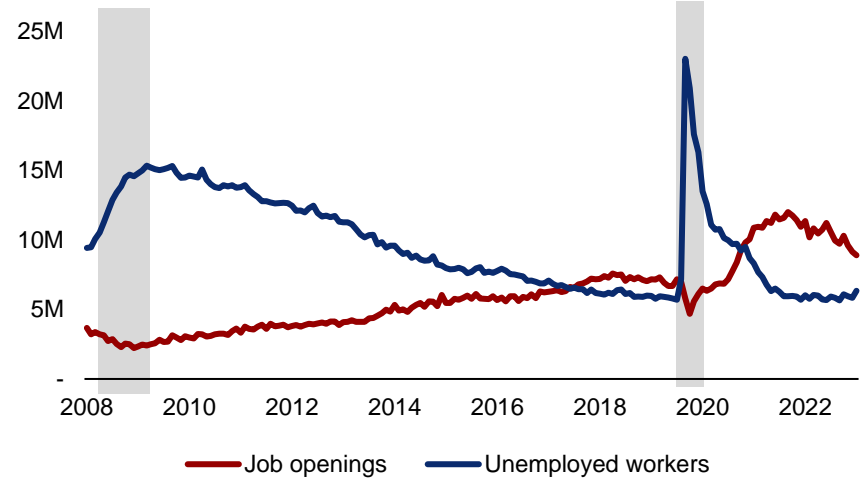
# Tight Skilled Labor Market Will Continue

Labour market projected to remain tight

## Forecasted US Unemployment

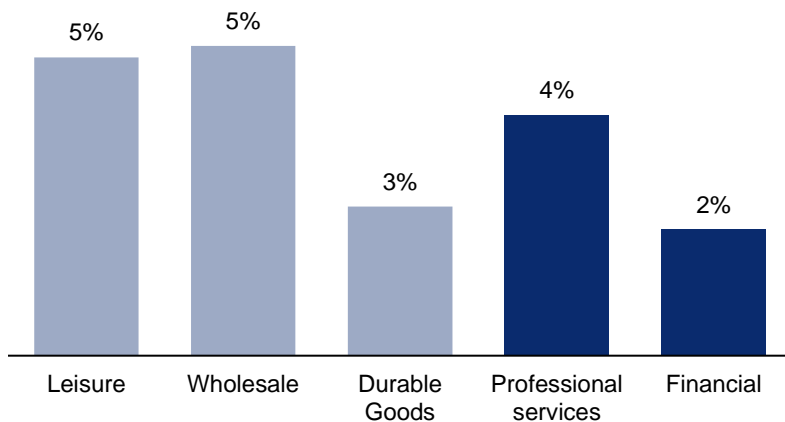


## Labour Market Expected to Soften

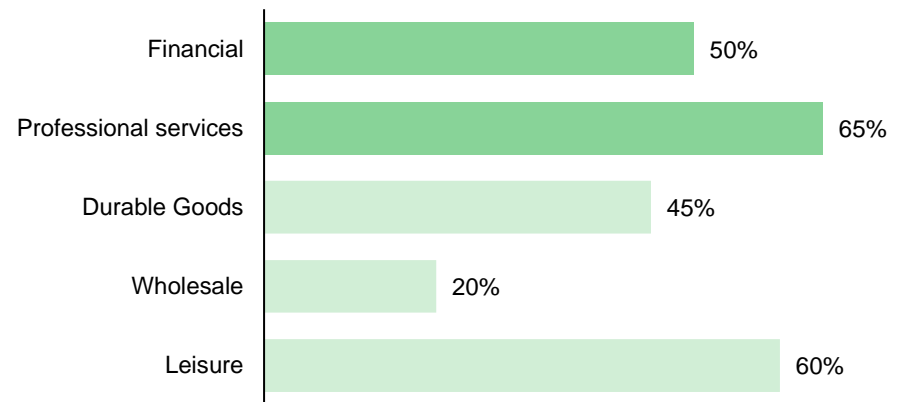


## Tight SKILLED Labour Market

Unemployment By Segment



Unfilled Job Openings by Segment

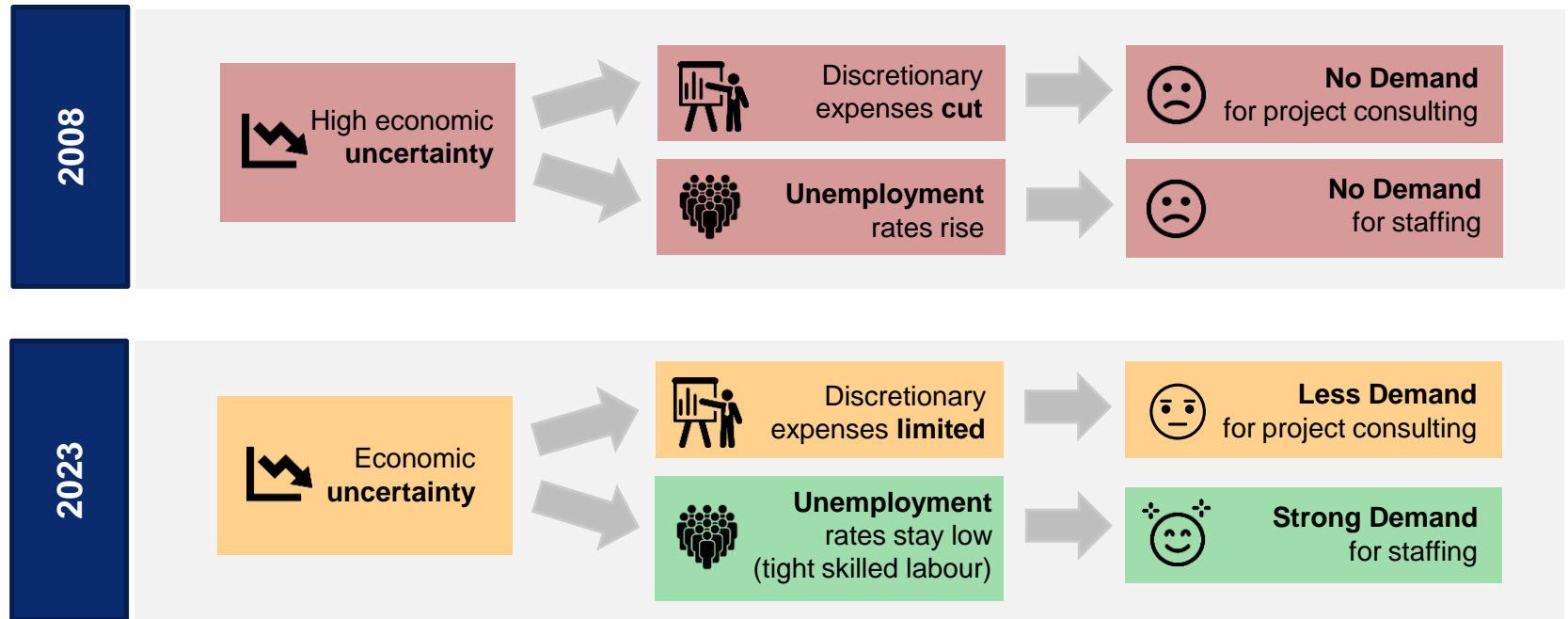


We believe that the skilled labour market will stay tight as worker mentality has changed

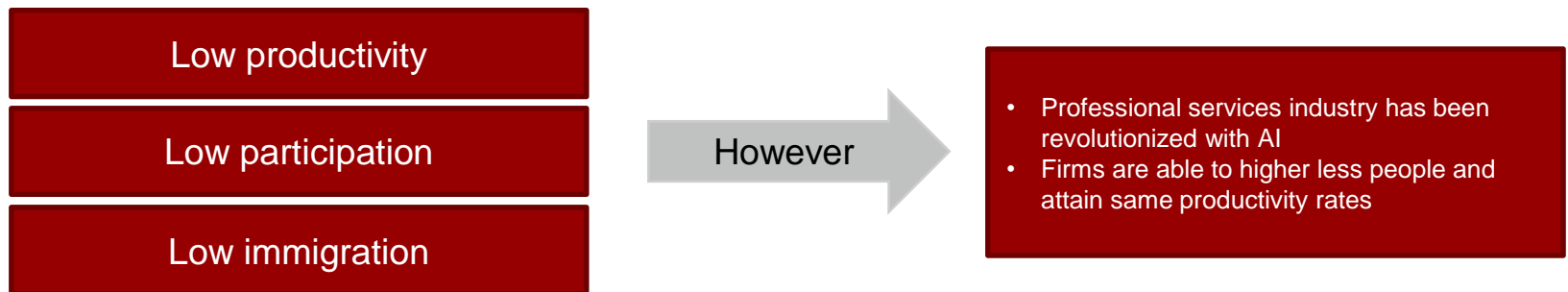
Source: Statista, US Chamber of Commerce

# What If There's a Recession?

Initial Perspective: 2023 is not 2008



## BUT: The Productivity Rate Issue



The rise of AI and the digital transformation may loosen the tight skilled labour market

# Desautels Capital Management

Honours in Investment Management

## Subsector Overview - III

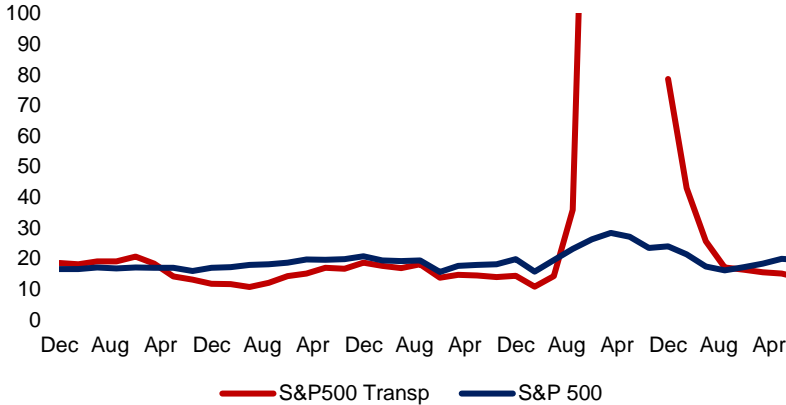
Transportation



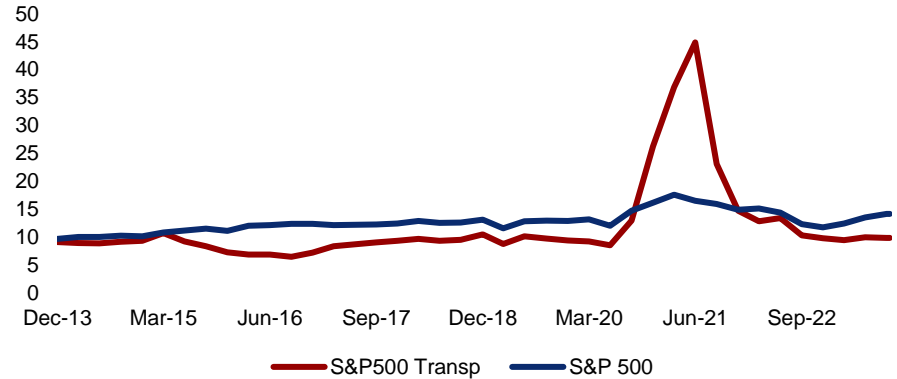
# Subsector Overview

## Transportation Sector

P/E Multiple (Last 5 years)



EV/EBITDA Multiple (Last 5 years)



### Macro Trends

#### Economic Factors:

- Fuel prices (Russian sanctions)
- Trade value
- Retail sales
- Consumer spending

#### Technology:

- E-commerce
- Innovation (Regulations, automation)

#### Geopolitical Relations

- Trade Policies
- Exchange Rates

### Raw Beta

### Adjusted Beta

### Stand. Dev.

#### Industrials

0.91x

0.94x

0.05x

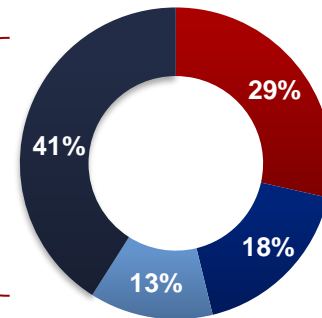
#### Transportation

0.94x

0.96x

0.07x

**23%**  
Transportation  
weighting



- Ground Transportation
- Air Freight & Logistics
- Airlines
- Industrial conglomerates

Transportation sector faces a lot of uncertainty despite COVID recovery

# Subsector Overviews

LTM EV / Sales    Revenue CAGR    EBITDA Margin    Implied Multiple    % Over (+) /Undervalued (-)

## Capital Goods (Regression R<sup>2</sup>: 76%)

	LTM EV / Sales	Revenue CAGR	EBITDA Margin	Implied Multiple	% Over (+) /Undervalued (-)
Aerospace and Defense	2.1x	-2%	13%	2.0x	3%
Building Products	2.0x	14%	16%	2.3x	-14%
Construction and Engineering	1.6x	15%	8%	1.3x	19%
Electrical Components and Equipment	3.7x	1%	22%	3.1x	21%
Industrial Conglomerates	2.1x	-4%	17%	2.5x	-14%
Machinery	2.6x	4%	20%	2.8x	-8%
Trading Companies and Distributors	3.1x	10%	24%	3.2x	-2%

## Transportation Regression R<sup>2</sup>: 99%)

Air Freight & Logistics	1.3x	13%	13%	1.0x	23%
Passenger Airlines	0.7x	-3%	13%	1.1x	-37%
Marine Transportation	2.0x	-3%	16%	1.7x	19%
Transportation Infrastructure	8.0x	-17%	51%	8.0x	0%
Ground Transportation	1.5x	27%	17%	1.6x	-8%













**Sector Overweight**



**Sector Underweight**

# Ground Transportation

## Top Players by Revenue

Company Name	Type of transport	Key Geographies	Description	EV/EBIDTDA
		US (23 States)	North America's premier railroad franchise	13.06x
		Canada, mid-America (only railroad connecting Atlantic, Gulf and the Pacific)	Canadian Class I freight railway headquartered in Montreal, Quebec	11.87x
		Primarily Eastern US (22 States)	North American Class I freight railway, headquartered in Norfolk, Virginia	10.0x
		US	A worldwide logistics and transportation (3 segments: Fleet Management (FMS), Supply Chain (SCS), and Dedicated Transportation (DTS))	3.96x
		North America	Provider of asset-based less-than-truckload (LTL) for freight transportation	16.02x

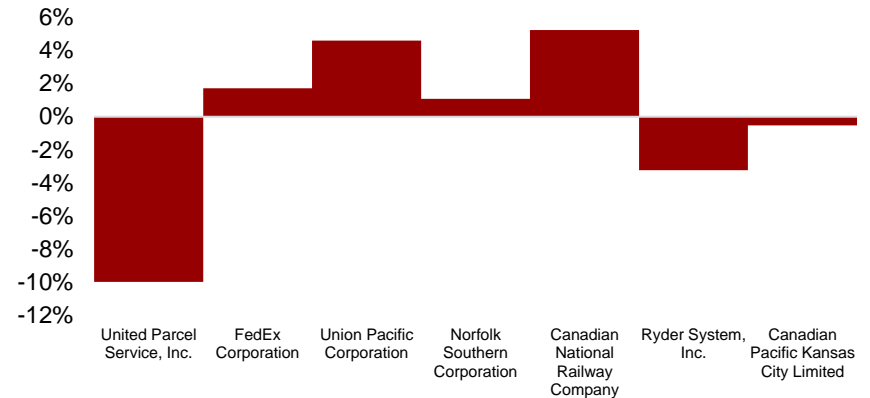
# Ground Transportation

## Ground Transportation Evolution since 2013

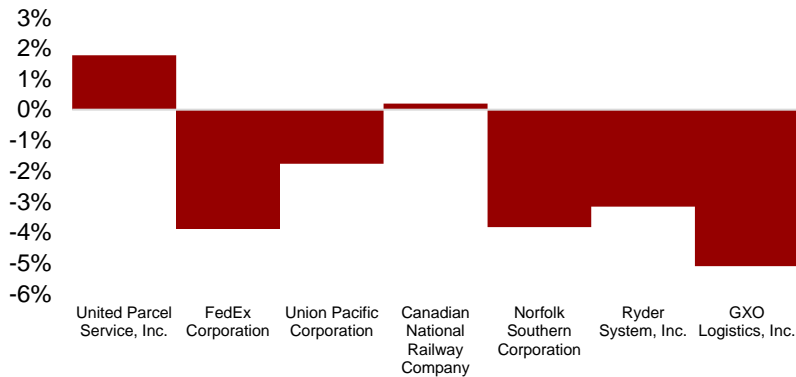
### What's the story?

- CPI much lower in 2013-18
- Regulations increase in 2013 (Driver Logs, Hours-of-Service, Compliance Safety Accountability, Electronic On-Board Recorders)
- Oil Prices higher in 2013-23
- Rising inventory-to-retail sales ratio (2013)
- Tailwinds from ELD's, driver squeeze and economic factors (2018)

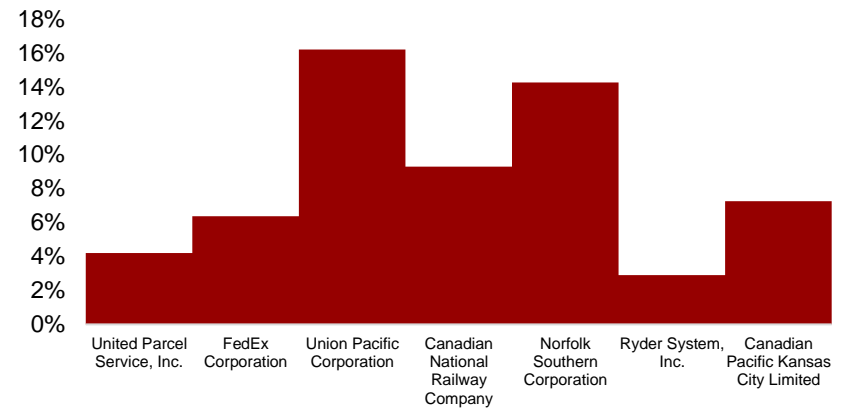
### Profit pools for top players 2013



### Profit pools for top players 2023



### Profit pools for top players 2018

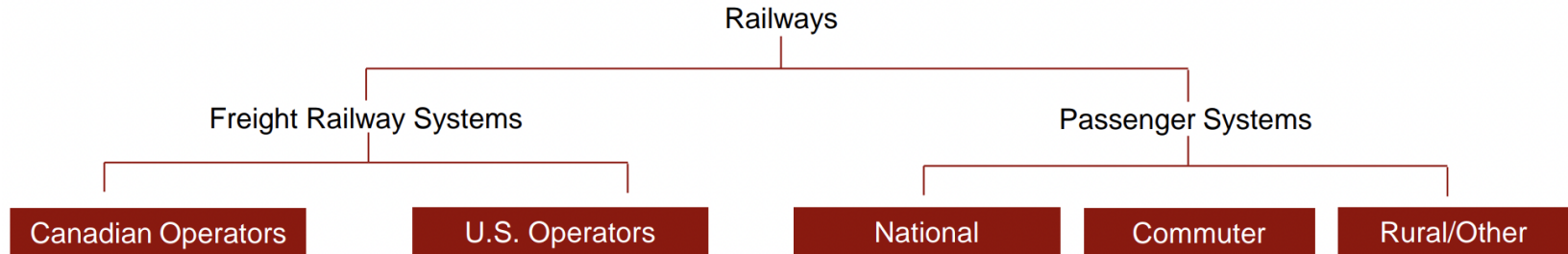


2023, far from transportation's 2018 record year...

Bloomberg, Global News, Statista

# Ground Transportation

## Railways Operations Breakdown



## Industry Characteristics



Large, capital-intensive Networks



Natural Monopolies



Heavily Regulated

## Risks

- The Association of American Railroads reports a 46% drop in freight rail traffic entering the U.S. from Canada
- CN Rails received a strike notice from signal workers
- Union Pacific under investigation for safety breaches
- Enhanced regulations imposed by Canada's Government (Railway Training and Qualifications, Enhanced Train control regulations, Fatigue Management System regulations)

Significant headwinds bare too much uncertainty to enter this sub-sector



# Desautels Capital Management

Honours in Investment Management

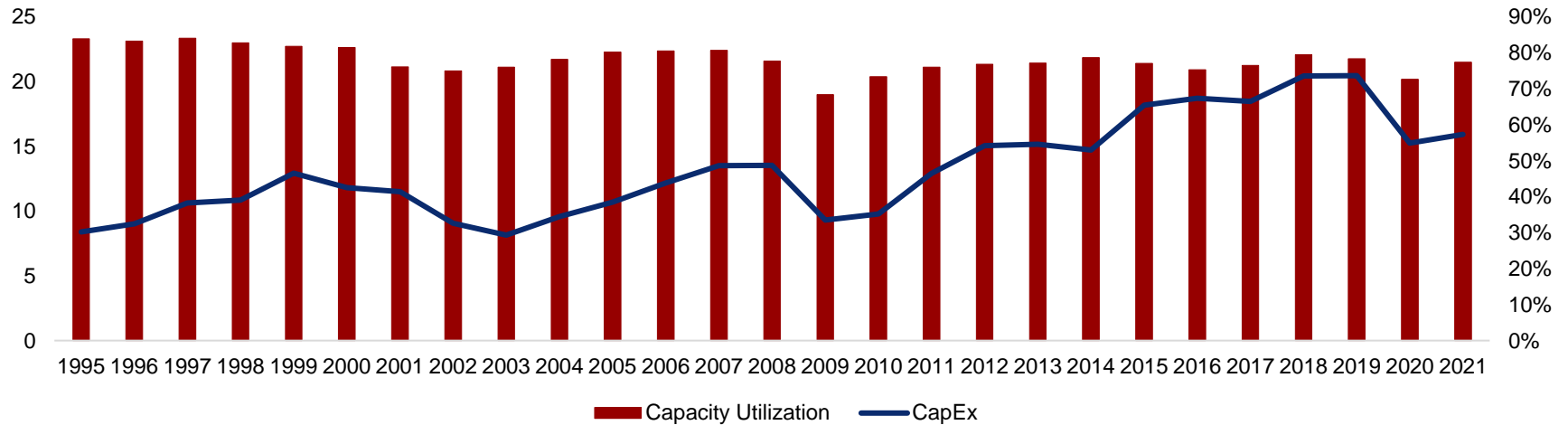
## Appendix



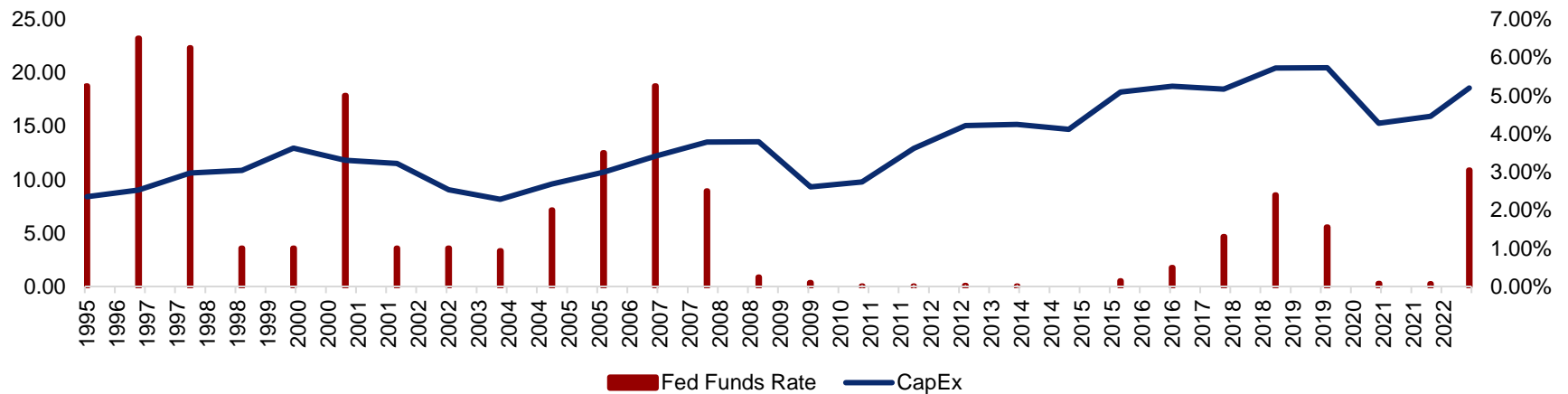
# Corporate Spending – The Carrot and The Stick

One of the biggest drivers of the industrials sector

## Corporate Spending – Greater Spending When Capacity Utilization > 80%



## Corporate Spending – Ease of Access To Capital

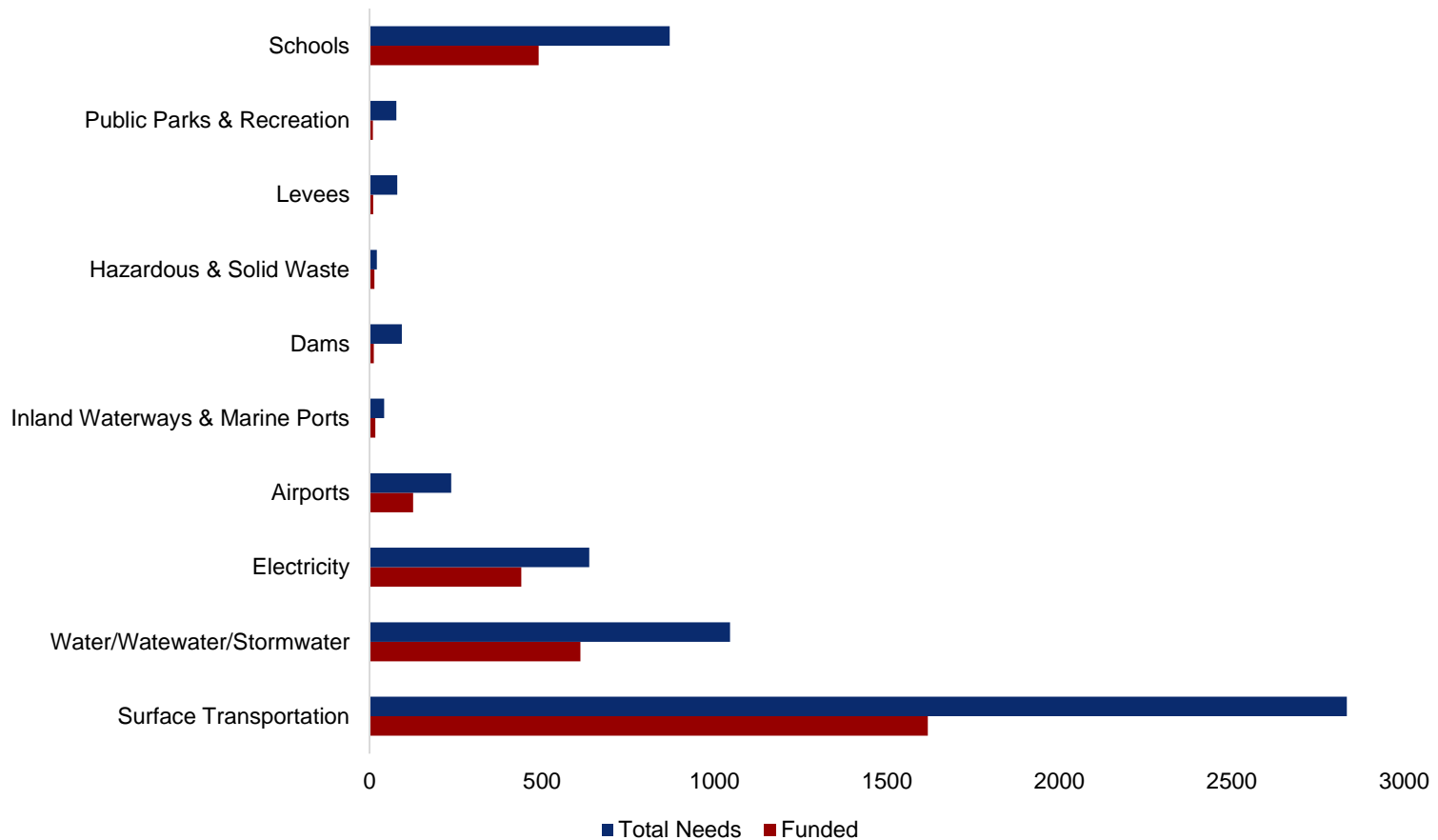


Source: Bloomberg

# Government Spending

One of the biggest drivers of the industrials sector

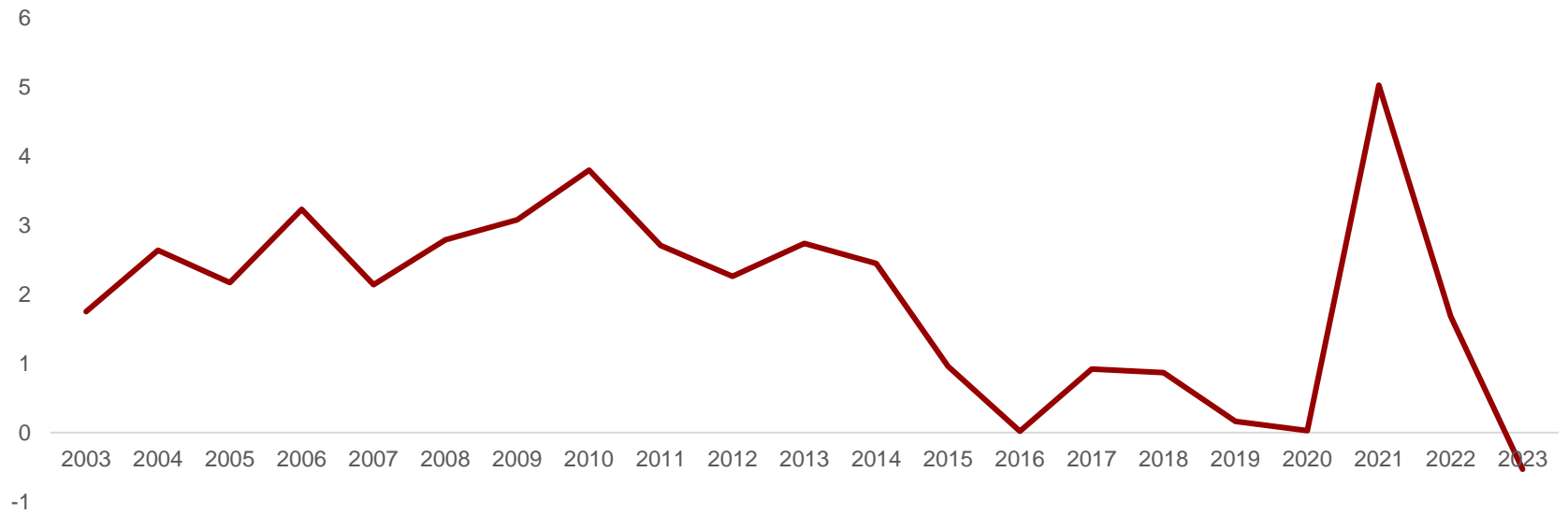
## Cumulative Infrastructure Needs by System Based on Current Trends Extended to 2029 (billions)



Source: 2021 Infrastructure Report Card

# S&P 500 VS Industrials spread

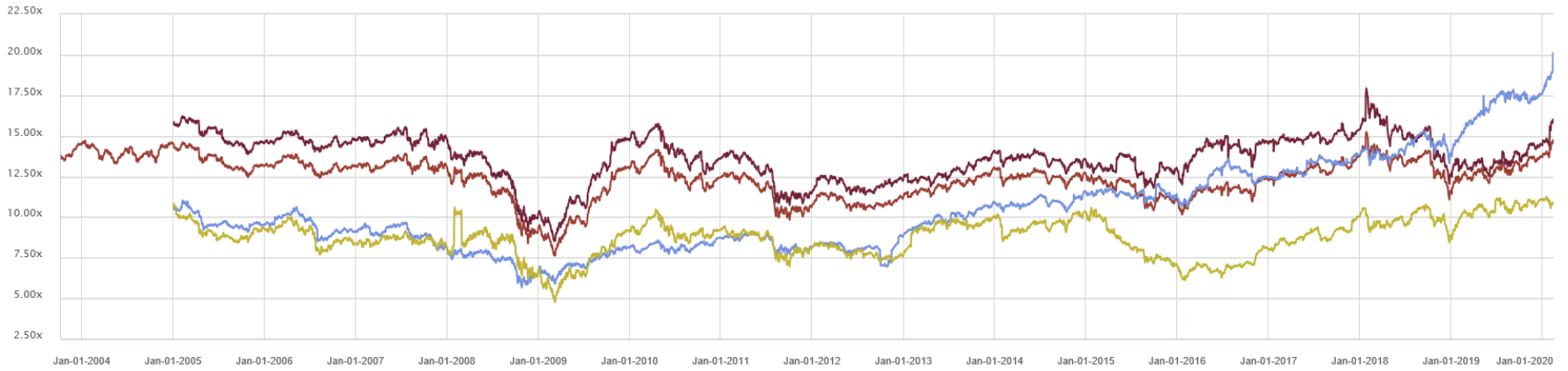
S&P 500 Valuation has grown overtime



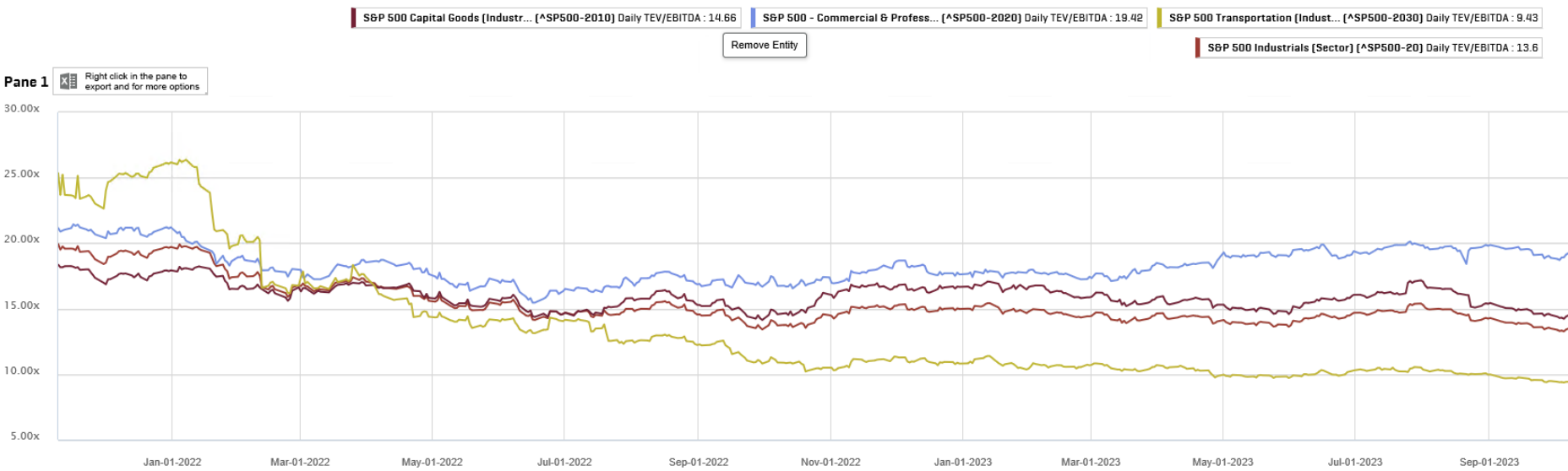
# EV/EBITDA By Sub-Sector (pre pandemic)

S&P 500 Capital Goods (Industr... (^SP500-2010) Daily TEV/EBITDA : 15.87    S&P 500 - Commercial & Profess... (^SP500-2020) Daily TEV/EBITDA : 20.11    S&P 500 Transportation (Industr... (^SP500-2030) Daily TEV/EBITDA : 10.86  
S&P 500 Industrials (Sector) (^SP500-20) Daily TEV/EBITDA : 14.65

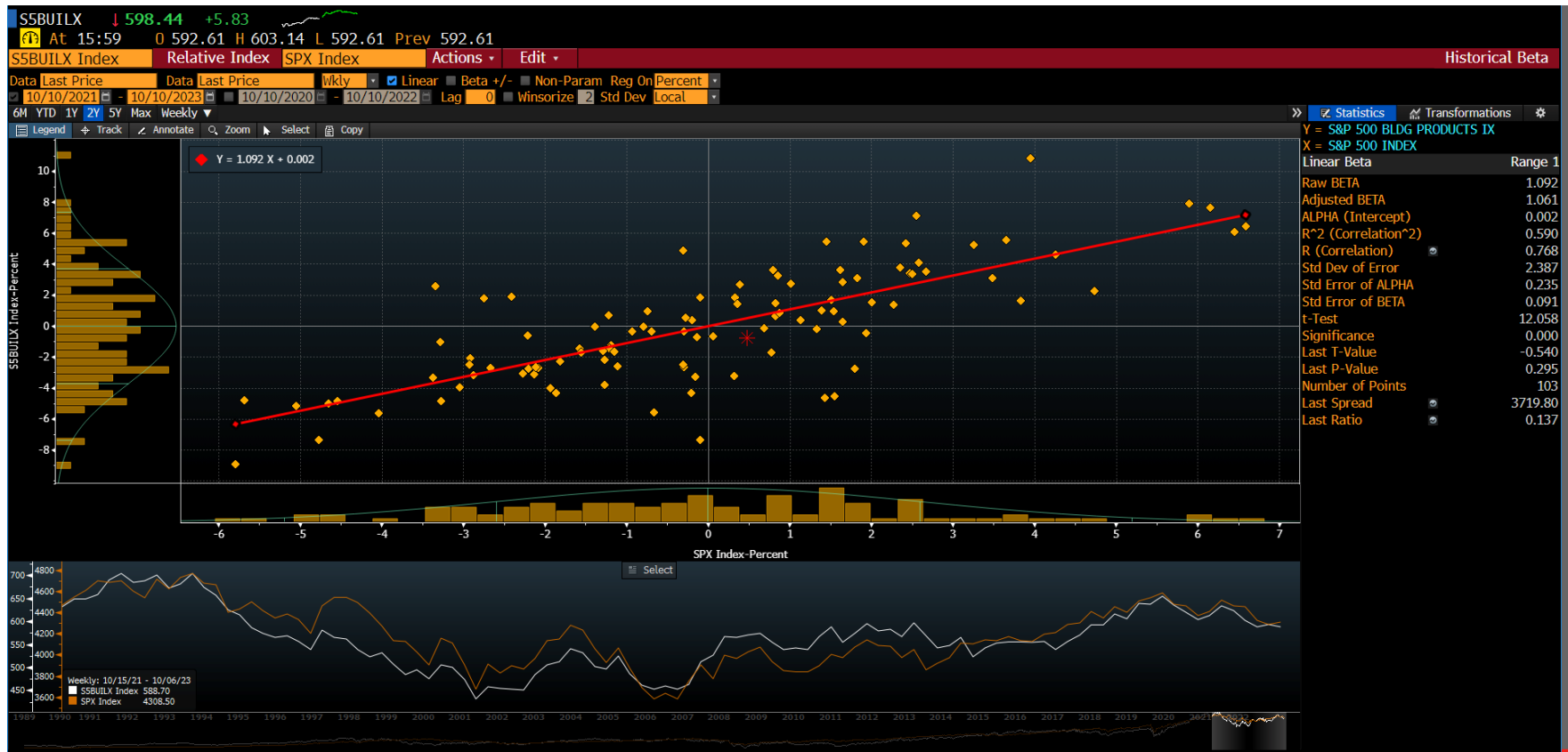
Pane 1  Right click in the pane to export and for more options



# EV/EBITDA By Sub-Sector (post pandemic)



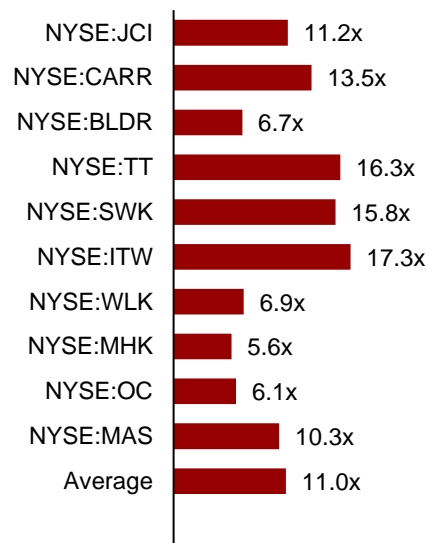
# Building Products: 5 year beta



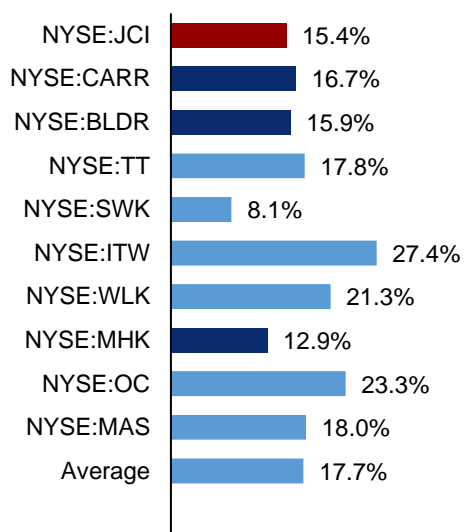
Adj. beta of 1.061 and standard deviation of 2.387, building products sector is higher risk

# Building products comparables

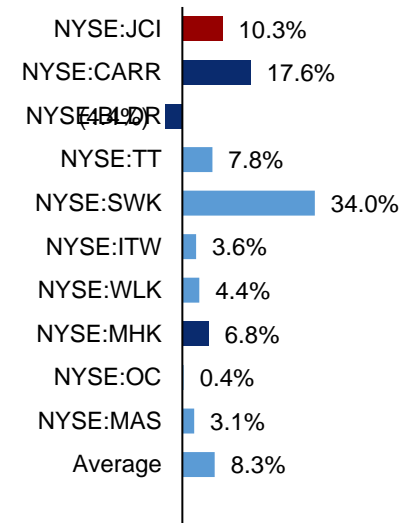
## EV/EBITDA



## EBITDA Margin



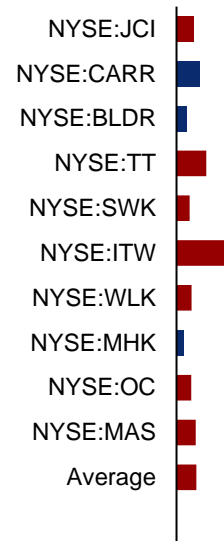
## EBITDA 3yr CAGR



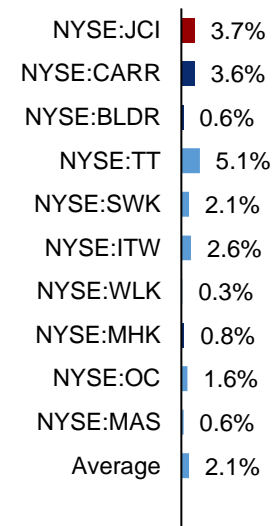


# Building products comparables

## EV/Revenue

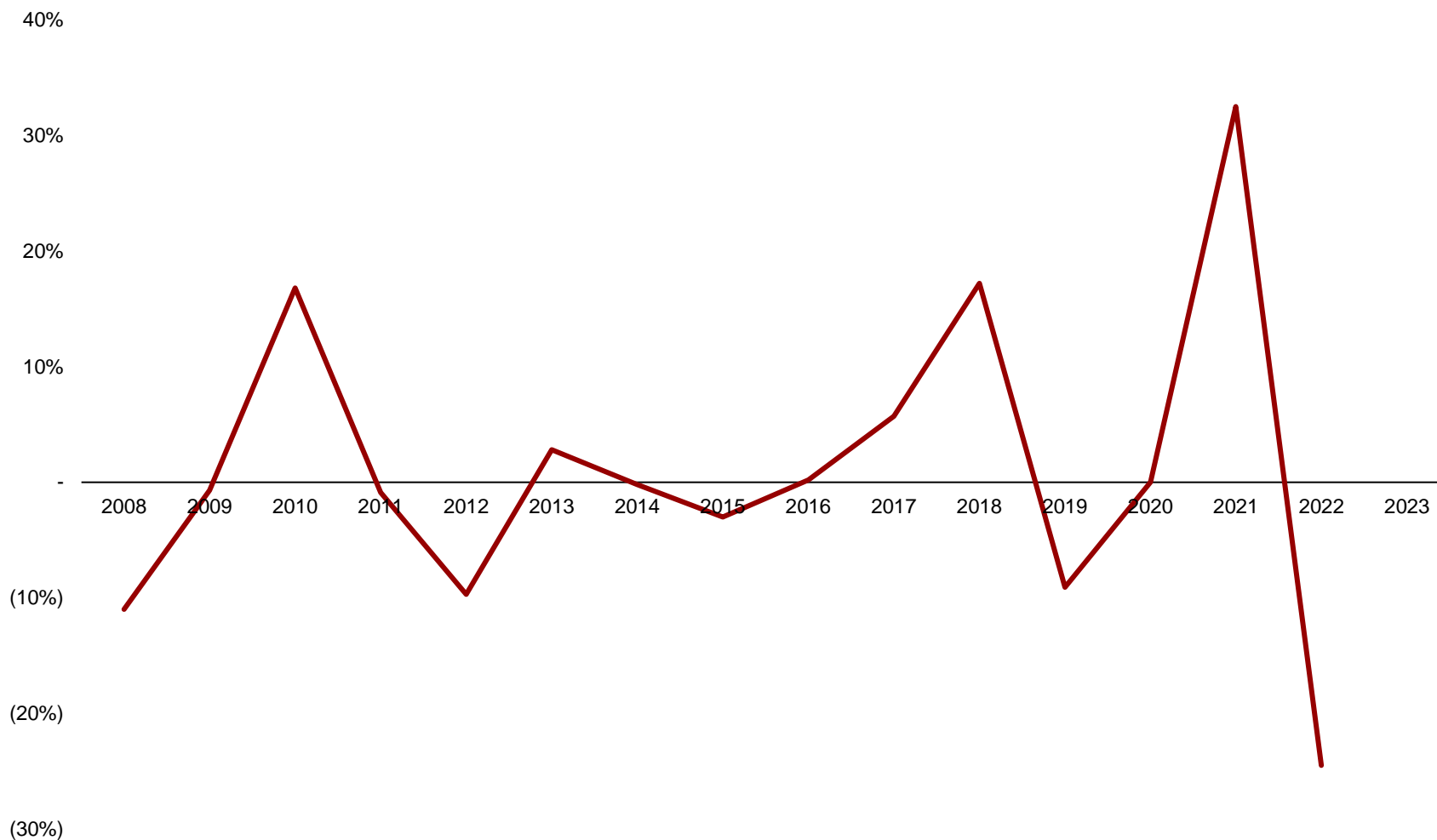


## Sales 3yr CAGR



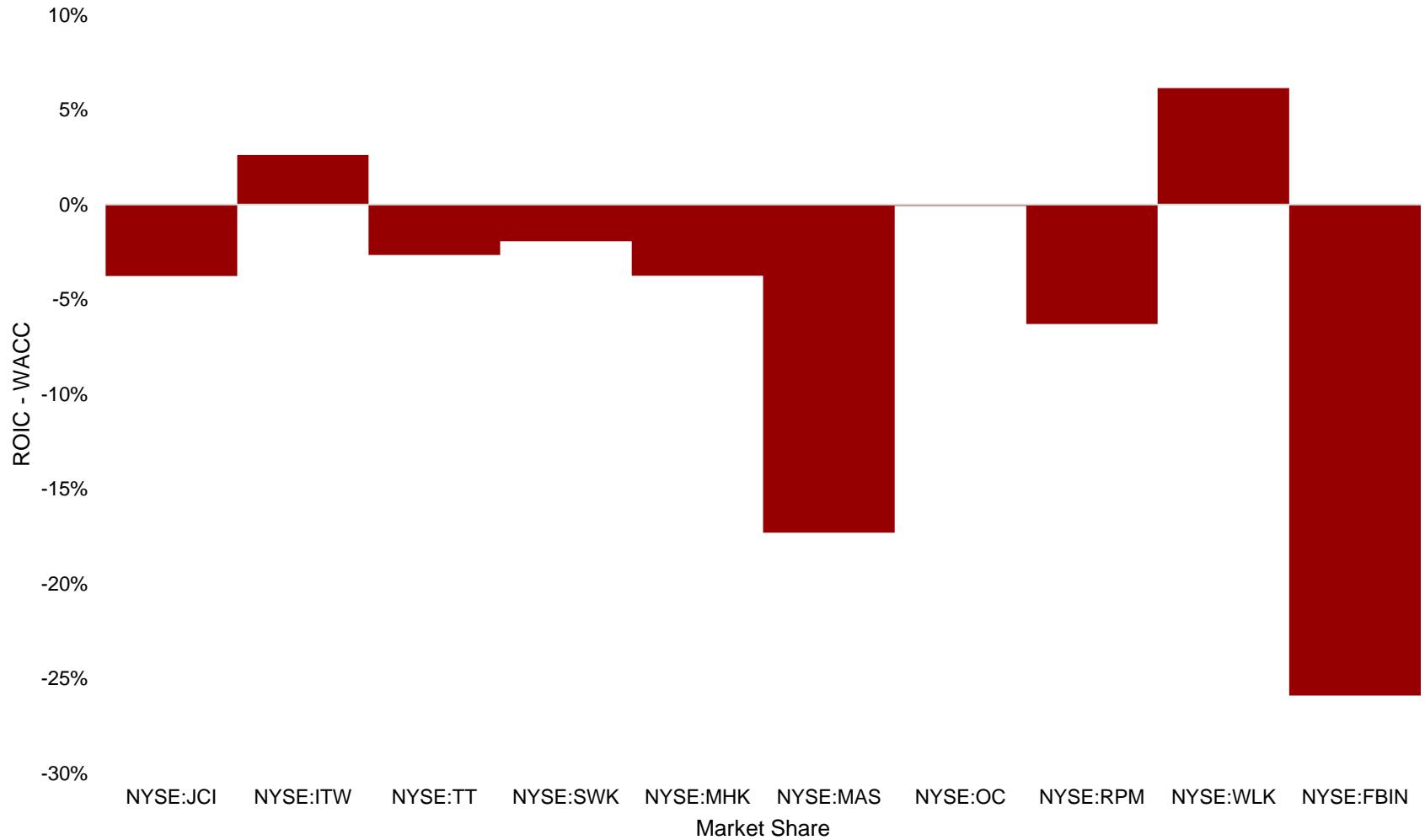
# Services CapEx %

CapEx cycles span about 4-5 years

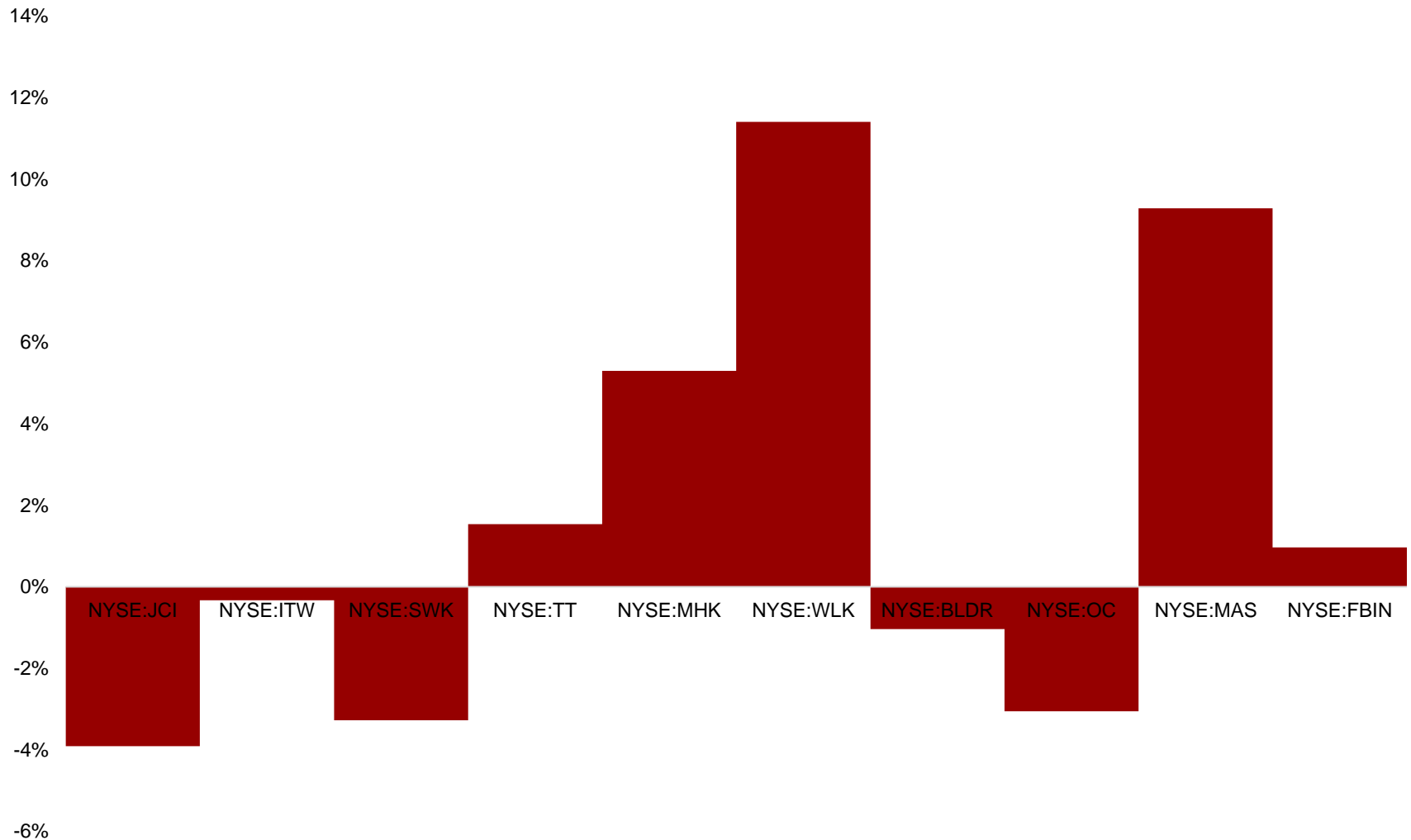


There was a significant investment in 2021

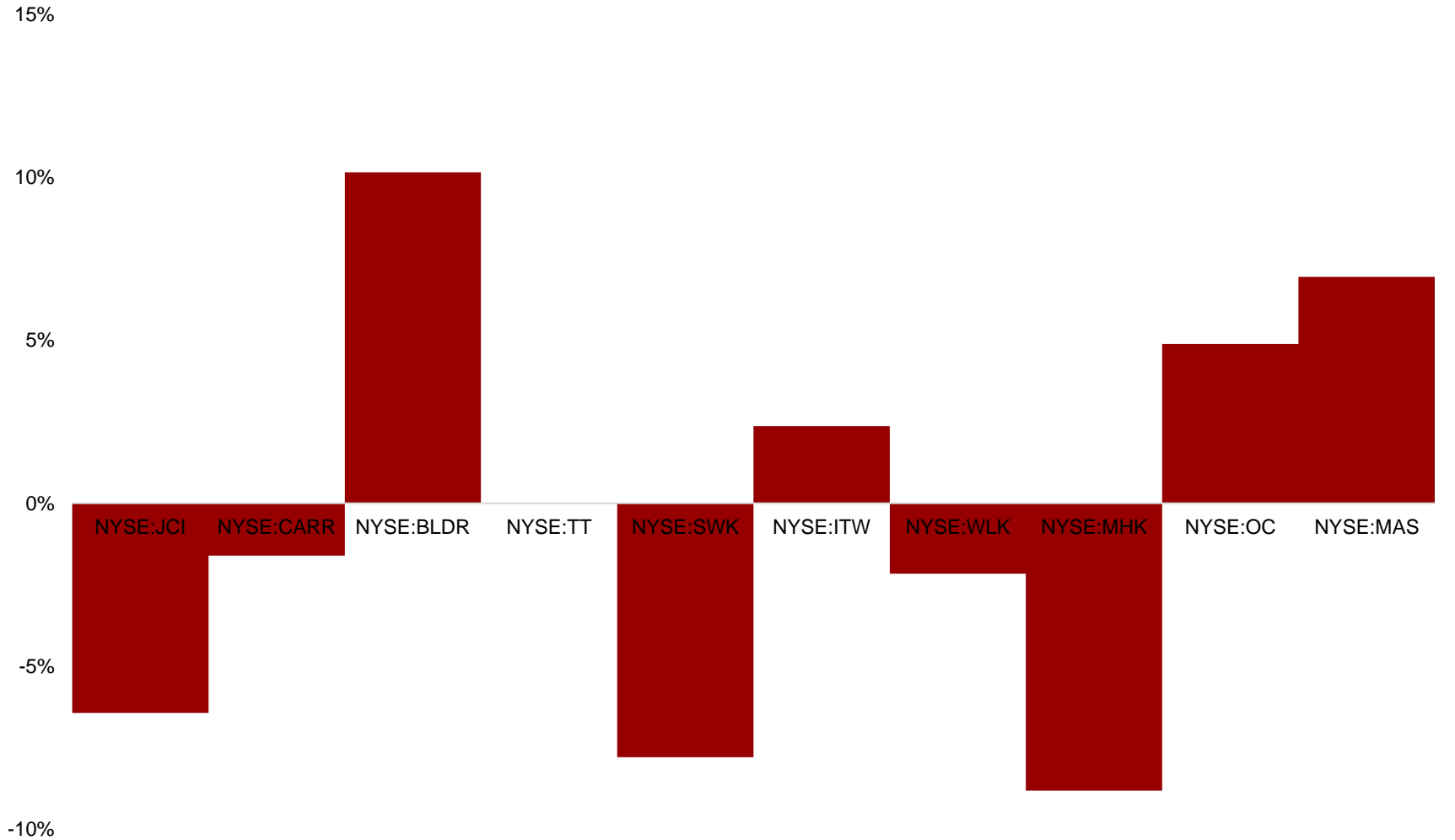
# Building Products Profit pools: 2013



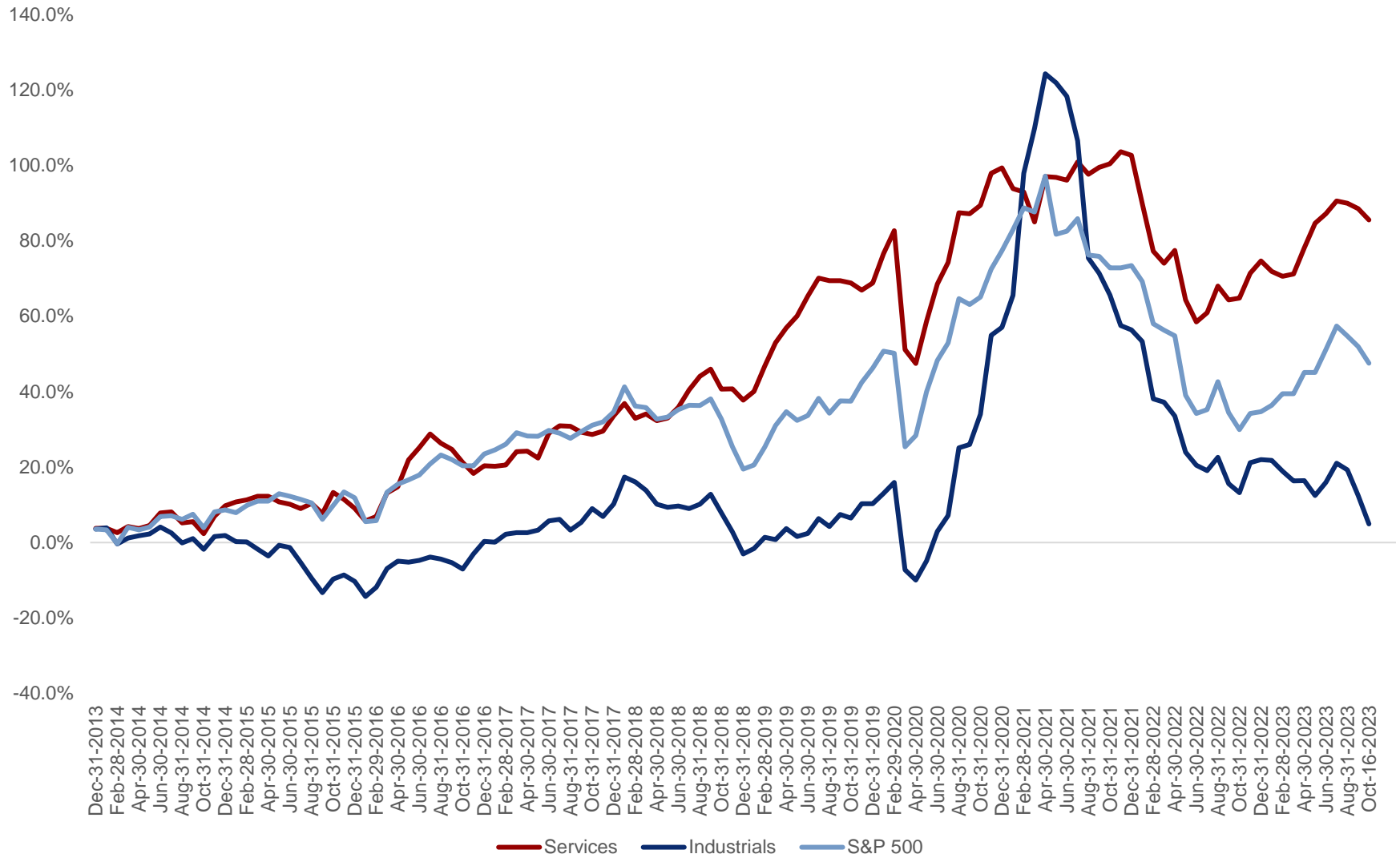
# Building Products Profit pools: 2018



# Building Products: Profit Pools LTM



# 10Y Valuation Spread



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171 – 194 – 221
199 – 214 – 232

64 – 64 – 64
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169 – 172 – 180

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136 – 212 – 152
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207 – 238 – 214

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255 – 193 – 101
255 – 208 – 140
255 – 224 – 178