

Origo Builds Major Long Position in Lindab, Takes on Active Role

Origo Capital, through its long/short equity activist fund Quest 1 managed by Stefan Roos (*pictured*), have built up a substantial long position in Swedish Lindab, a producer of ventilation systems and building products. In its monthly commentary for May, Origo writes that the company has been out-of-favor with the investment community for a long time but that they see great value looking ahead.

“We have taken an active role, and we see great value going forward with several moving parts driving our investment case”, Origo writes, continuing:

“First, the company has announced a strategic focus towards ventilation and subsequently looking to divest its non-core businesses representing 30% of total sales. In addition, with a new management in place this year we see several efficiency improvements (procurement, production and distribution) which should generate an EBIT-margin >10% in the mid-term. Lastly, with stringent regulatory pressure from the EU regarding energy efficiency measures, consolidation in the HVAC industry is bound to take place.”

By the end of the month, the Lindab position had a portfolio weight of 10.2 percent, making it the second biggest position in the portfolio.

Origo Quest 1 has struggled during the year, and was down 0.81 percent for the month of May. Year-to-date, the fund is down 7.91 percent, leaving it on track for its worst yearly performance since inception in 2013.