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PARTNERS

PORTFOLIO STORY: DO & CO

HOW CURIOSITY, PERSISTENCE, AND PATIENCE FIND SMALL-CAP STARS MOST INVESTORS MISS



Formula One has been a roaring success since Liberty Media took the wheel in 2017. Netflix's gripping Drive to Survive docuseries, spectacular new races in Miami and Las Vegas, and on-the-pulse digital marketing have attracted a global fan base of 826.5 million. Investors who bought Liberty Media's Formula One Group shares following the 2017 acquisition have earned annualized total returns of around 17%.

Langdon Equity Partners went behind the scenes at Formula One and discovered DO & CO: an Austrian small cap it believes is even better.

Greg Dean, Founder and Lead Investor at Langdon Equity Partners, explains how curiosity, persistence, and patience led his team to add this potential compounder to the firm's Global Smaller Companies Portfolio. To learn more about Langdon's distinct investment approach and perspective on DO & CO, watch Greg Dean's presentation at an investment conference.

A LONG-SHOT EMAIL LEADS TO A SMALL-CAP COMPOUNDER

It was René Berger, the business partner of Mercedes Formula One boss Toto Wolff, who started me on the trail. Early in 2020, on my way to an investment conference in Bad Ragaz, Switzerland, I discovered that René and Toto were investing in Swiss small caps. As a small-cap enthusiast, I wanted to know more. I also had another motive. I'd been tracking Formula One since the Liberty Media investment, and I thought I might pick up some scuttlebutt.

So instead of flying from Munich to Zurich for the conference, I changed my ticket and flew to Vienna. From the hotel, I sent René a cold email. It was a long shot, but he replied. I extended my stay and met him at his office a few days later.

During our meeting, René mentioned that one of their investments was a small-cap broker in Vienna and suggested we connect. I was hooked. I extended my stay again and met the firm's head for lunch. Their top recommendation: DO & CO.

I'd never heard of the company. Shocking, because DO & CO are the caterers for Formula One. They've been serving gourmet food to drivers, teams and VIPs since Niki Lauda recommended them to motorsport kingpin Bernie Ecclestone in 1992.

So my 700-kilometre detour, several extensions to my trip, a hunch about small caps, and curiosity about what goes on behind the scenes at Formula One delivered an opportunity. But it wasn't love at first sight.

Back in Toronto, I did some digging. DO & CO IPO'd in Vienna in 1998 with a market cap of around €100 million. By 2020, they were generating close to €1 billion in revenue. EBITDA margins were around 12%, but free cash flow was almost nonexistent. They were investing heavily in rolling out infrastructure.

Formula One wasn't DO & CO's main business. That was prestigious, yes. But about 80% of revenue came from airline catering. The company provides premium meals to more than 60 airlines, including Delta, Emirates, Cathay Pacific, Singapore, British, and Turkish Airlines. Niki Lauda knew all about DO & CO because they'd been feeding his passengers on Lauda Air for years.

THE BUSINESS MODEL OFFERS MEANINGFUL RETURN ON CAPITAL

When I looked at DO & CO's business model, I realized how smart it was. They underwrite a kitchen investment for an anchor airline and initially target a 3- to 4-year payback. As they add clients, such as other airlines, local restaurants, and event venues, the returns from that kitchen can increase meaningfully.

But 2020 was the worst year in airline history. COVID-19 pulled the plug on international travel. Airlines lost more than $126 billion. When I pitched DO & CO to the team, we judged the downside risk too high and held off.

Over the next five years, we continued to meet with DO & CO and followed the business closely. Our interest in undertaking further work on the company was catalyzed by a meeting in London, where our key takeaway was that free cash flow generation had the potential to unlock value for the first time in decades.

Many fund managers will tell you they do this kind of research. And some do. But we dug deep. We didn't just track the CEO and CFO. We studied the top 20 managers and looked at their performance, tenure, and rotation through the business. That tells you about commitment and depth of management. Attila Doğudan, the founder and CEO of DO & CO, still owns 30% of the company, and most of his managers have been around him for a long time.

Over those five years, we met management more than 25 times, at their offices, on kitchen tours, and at an AGM. We got to know Attila and his sons, who are also involved in the business.

Throughout this period, we continued to watch for a dislocation between DO & CO's value and its share price. We stayed patient. It's one thing to identify a great company; if the price isn't right, it's not a great investment.

THE DECISION TO INCREASE OUR POSITION

In 2025, we were already shareholders in DO & CO when broader equity markets sold off amid rising concerns around U.S. tariffs. As anxiety gripped markets, airline-related stocks were hit particularly hard due to worsening sentiment around North American travel demand. Despite having limited direct exposure to the disruption, Do & Co's share price declined by approximately 20%, which we viewed as an opportunity to increase our position.

This decision reaffirmed our conviction in a business we had originally invested in at an implied 8%–9% free cash flow yield (equivalent to roughly 11–12× free cash flow). At the time, the company carried no debt, capital was well deployed, and growth remained intact. DO & CO has since delivered a five-year CAGR of over 20%, accelerating to more than 36% in 2024. We believe the company has the potential to deliver strong compound returns for many years to come.

Formula One is a great business and it has attracted a lot of interest from investors. But by the time everyone agrees something is a strong compounder, much of the opportunity has passed.

Finding DO & CO required something different. Curiosity to reroute a conference trip by 700 kilometers on a hunch. Persistence to meet management 25 times over five years while the stock traded too high. Patience to wait for a market dislocation that had nothing to do with the business but gave us the right entry point.

Most investors won't do that work. They'll screen for companies that already generate strong free cash flow, have clear competitive advantages, and trade at a premium because everyone can see what they are.

At Langdon, we look for businesses worth knowing before they become consensus picks. We do the hard work to understand them well, and we wait, sometimes for years, until the market offers them at the right price. That's how we build a portfolio of smaller companies that can compound value for our investors over time. We don't follow the crowd. We go behind the scenes to find businesses others overlook or misjudge.

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