

Testing Market Share

Methods to Verify a Company's True Market Position



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Maiden Financial is a boutique equity research firm focused on providing investors with an owner-like understanding of under-analyzed, poorly-analyzed, and out-of-favor companies and industries.

ABOUT MAIDEN FINANCIAL

What we do:

Produce long-form equity research reports in keeping with high standards of analysis

Build comprehensive datasets on covered companies and industries

Connect members with one another

What we don't do:

Provide advisory, brokerage, or asset management services

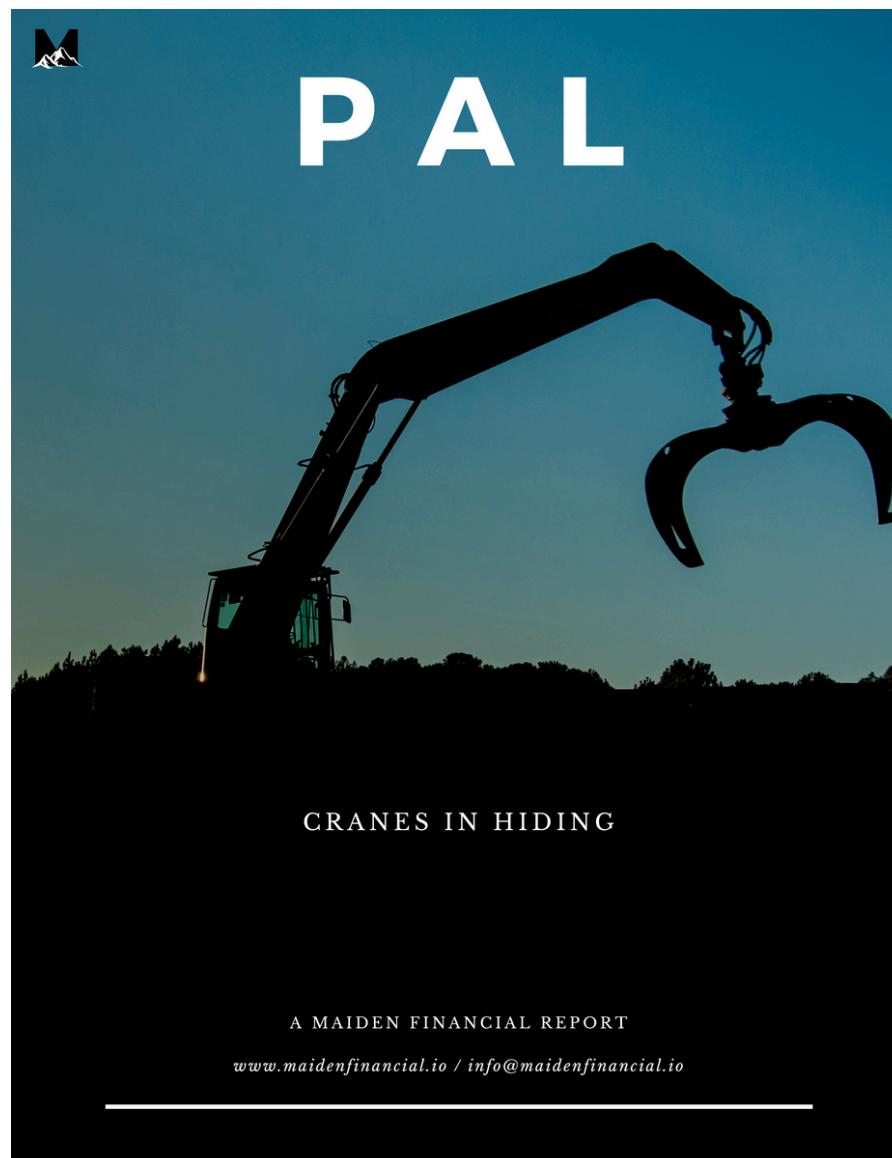
Analyze popular companies and industries simply to drive sales

Waste time on performative communication

YTD REPORTS

Palfinger AG
Published January 18, 2025

Up +72.5% since publication



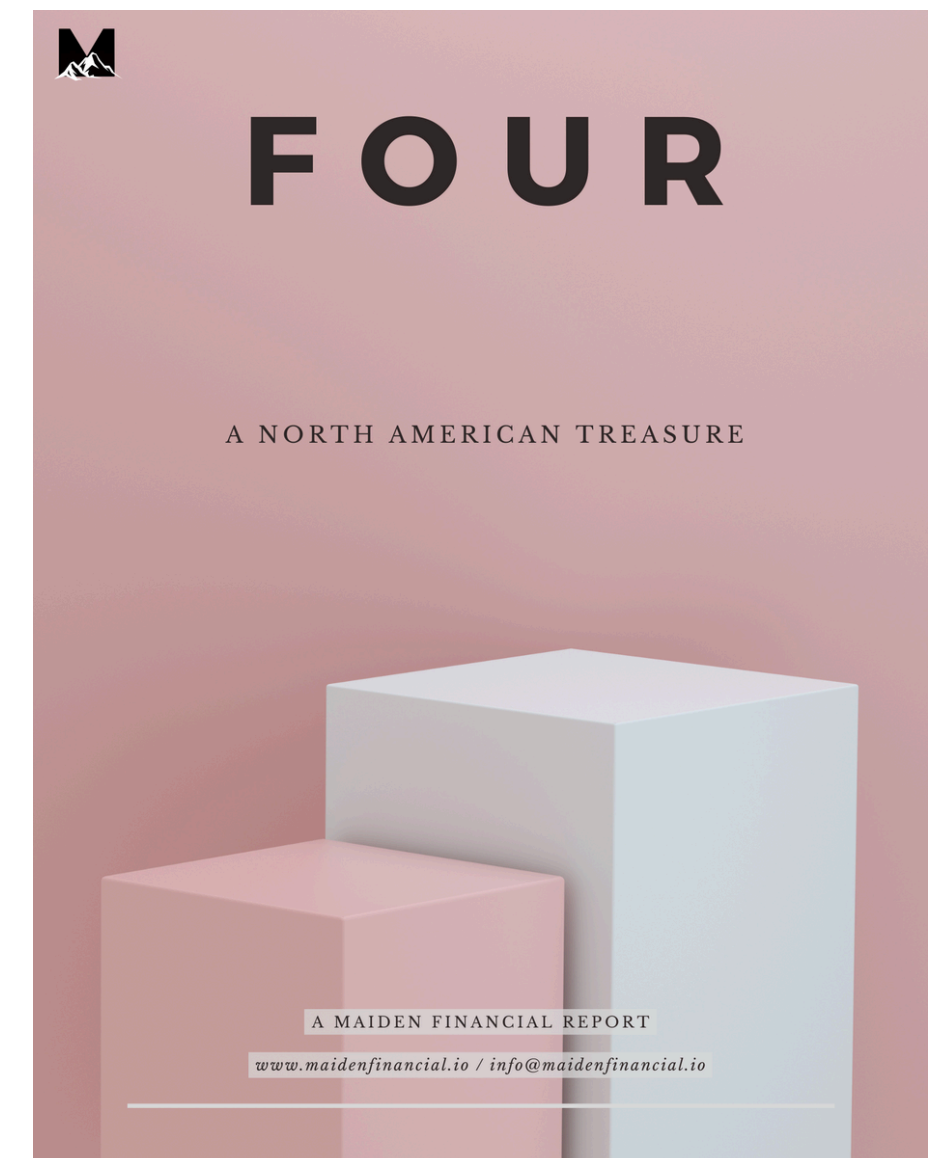
Melexis NV
Published April 24, 2025

Up +35.4% since publication



4Imprint Group PLC
Published May 21, 2025

Up +7.3% since publication



PRESENTATION OUTLINE

1. Definitions
2. Methods
3. Purpose
4. Review of Case Studies
5. Q&A

WHAT IS MARKET SHARE?

Oxford Dictionary:

“The amount that a company sells of its products or services compared with other companies selling the same things.”

Cambridge Dictionary:

“The number of things that a company sells compared with the number of things of the same type that other companies sell.”

Merriam-Webster:

“The percentage of **the market** for a product or service that a company supplies.”

WHAT IS MARKET SHARE?

Total Addressable Market Share (Corporate Finance Institute):

“The overall revenue opportunity for a product or service, given a 100% market share”

Serviceable Addressable Market Share (Klipfolio):

“A Serviceable Addressable Market (SAM), also termed Serviceable Available Market, refers to the section of the Total Addressable Market (TAM) a business can reach with its business model.”

ISSUES WITH MARKET SHARE DISCLOSURE

Variation in definition, paired with external and internal estimates of market share, increases the risk of unclear disclosure related to a company's market position:

1. The discretionary nature of market share may incentivize the misrepresentation of it to make a company appear more competitive than it actually is
2. Given the frequently time consuming nature of verifying a company's share of a specific product or service market, broad citations of market share may inaccurately represent the competitive nuances of an industry

“We have XYZ market share” should be followed up with, **“What do you mean by that?”**

METHODS TO VERIFY MARKET SHARE

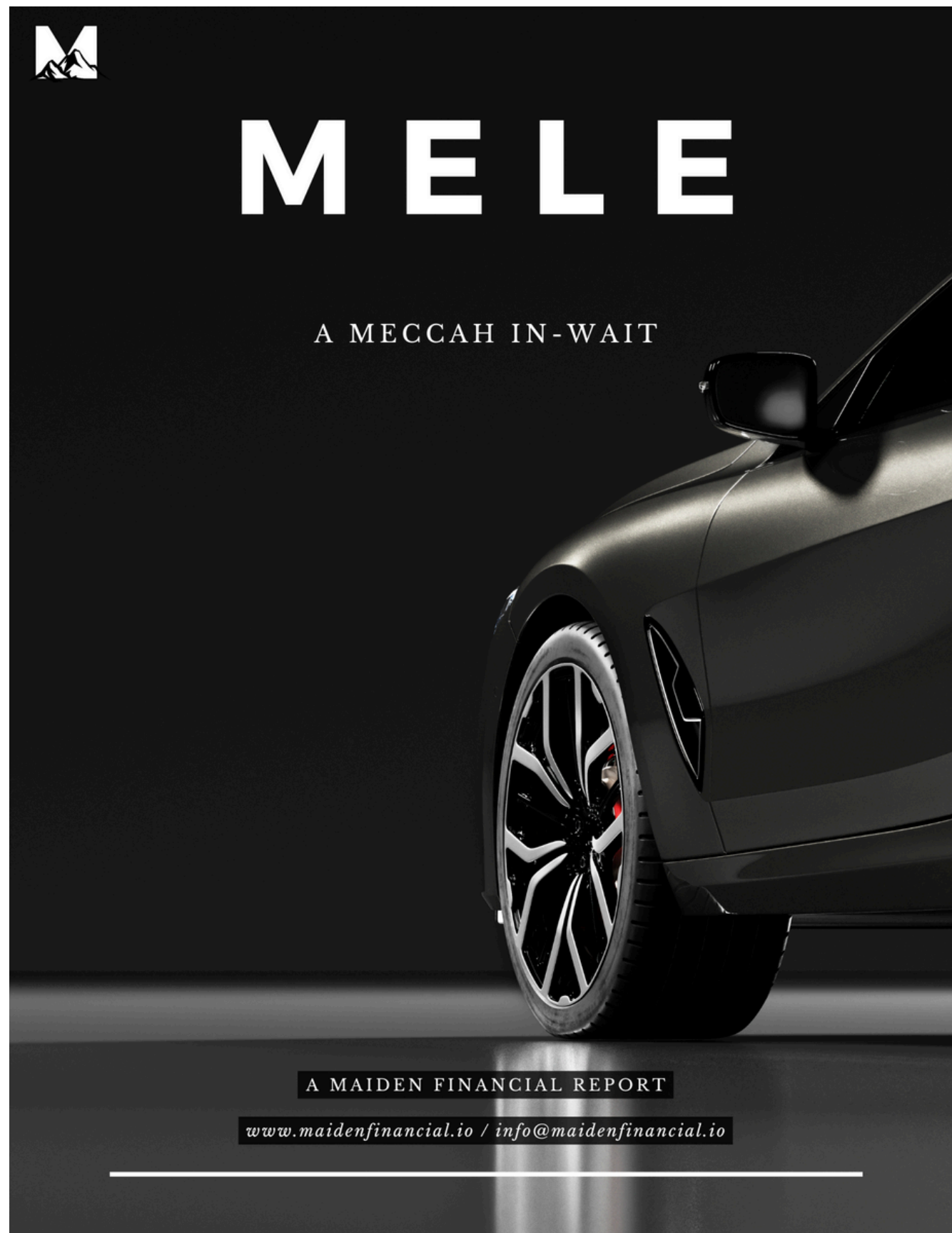
1. **Product Analysis:** Analyzing and comparing the specific characteristics of a company's products to competing products
2. **Market/Geospatial Analysis:** Focusing on differences in sales and/or competitive characteristics related to specific regions or locales
3. **Platform Analysis:** Analyzing and comparing the characteristics of a company's platform to competing platforms

THE PURPOSE

The Purpose: To acquire, at the closest approximation possible, an owner-like understanding of the competitive characteristics of a company.

1. Strengthens an investor's ability to behaviorally regulate during periods of uncertainty: that a strong understanding of a company's competitive position enhances one's ability to separate volatility from fundamental considerations
2. Increases self-reliance and heightens analytical prowess
3. Pushes an investor towards acquiring expertise

CASE STUDY: MELEXIS



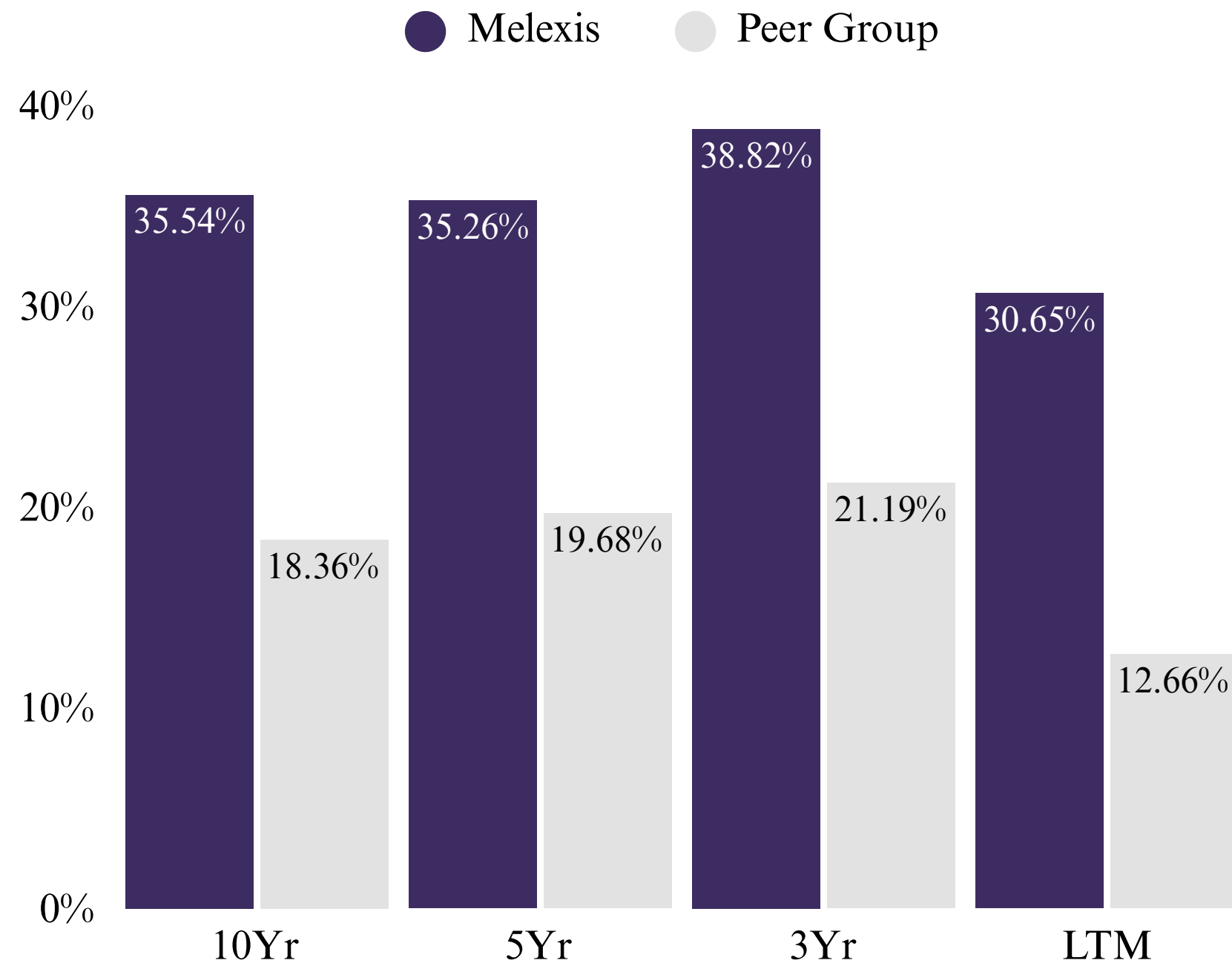
Melexis (EBR:MELE)

- Belgian producer of analog and digital sensors, mostly for automotive applications (90%~)
- Consistently ranked 4th or 5th in automotive sensors by revenue
- Product analysis comparing 871 of Melexis' 991 products to 3,234 competing products
- The analysis revealed Melexis to be the largest producer of automotive magnetic position sensors in its markets, and the company likely leads in automotive magnetic latch & switch sensors as well

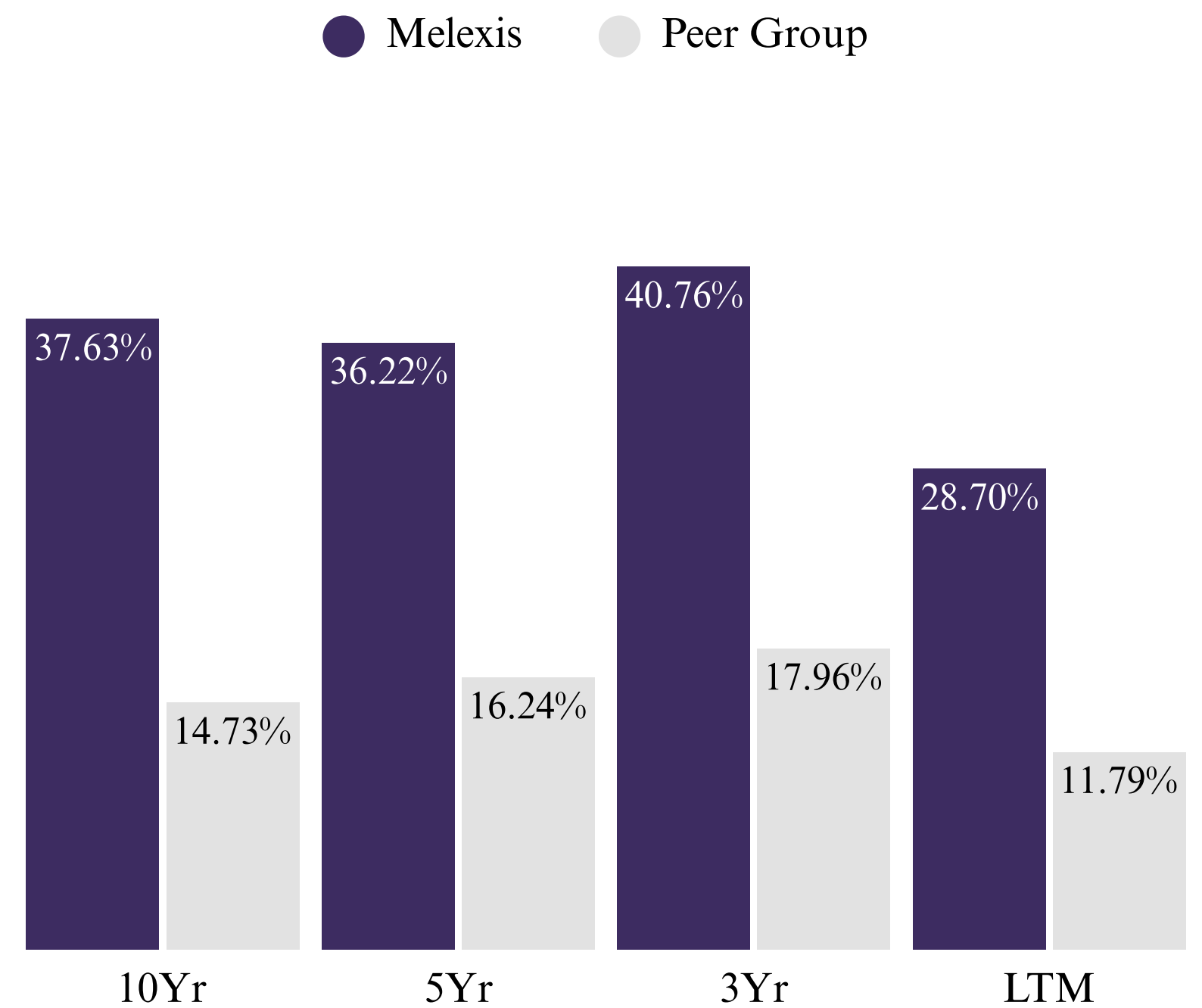


HISTORICAL PROFITABILITY PIQUES INTEREST

Historical Average ROE

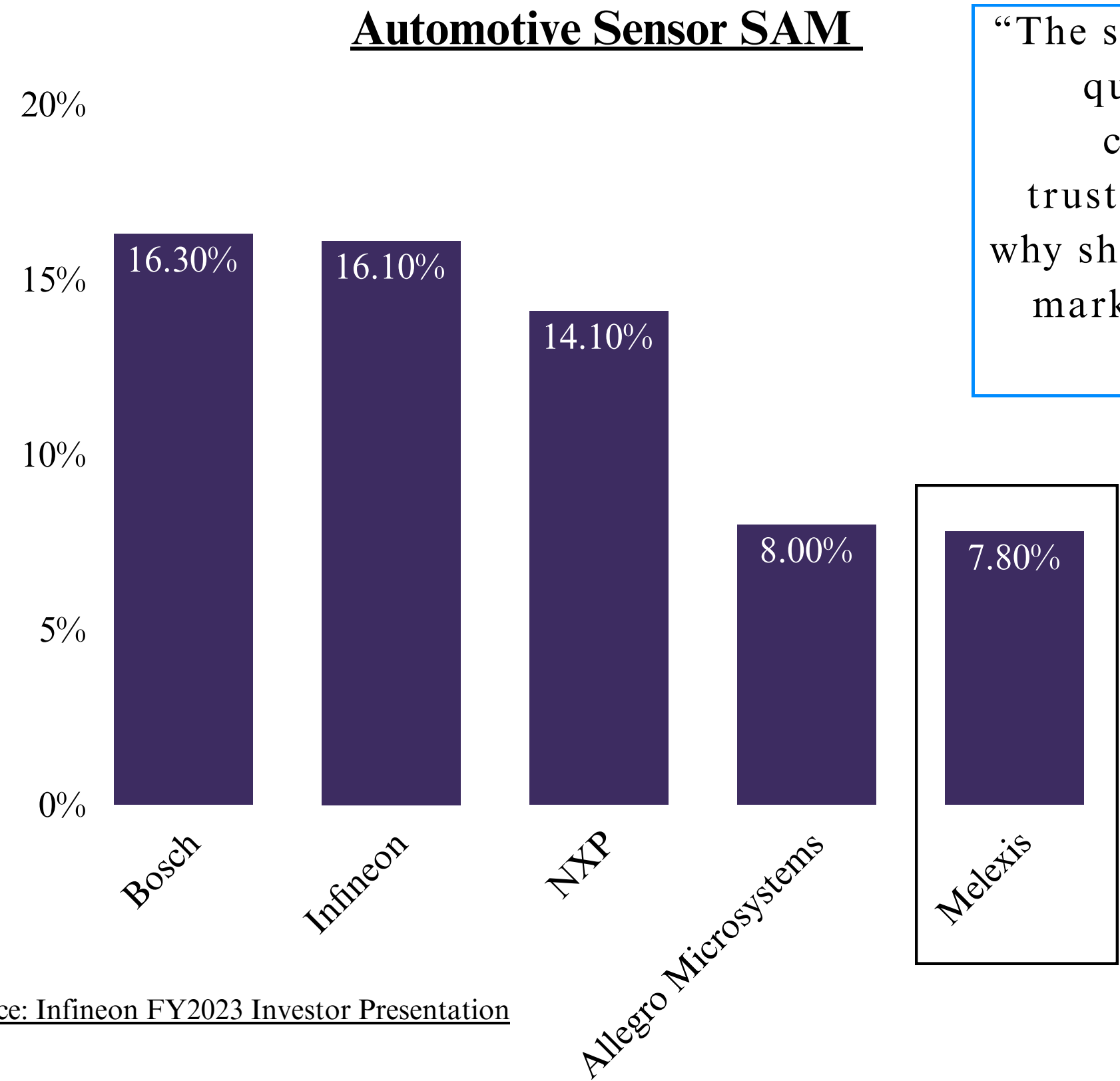


Historical Average ROCE





EXAMPLE: ESTIMATE OF MELEXIS' SHARE



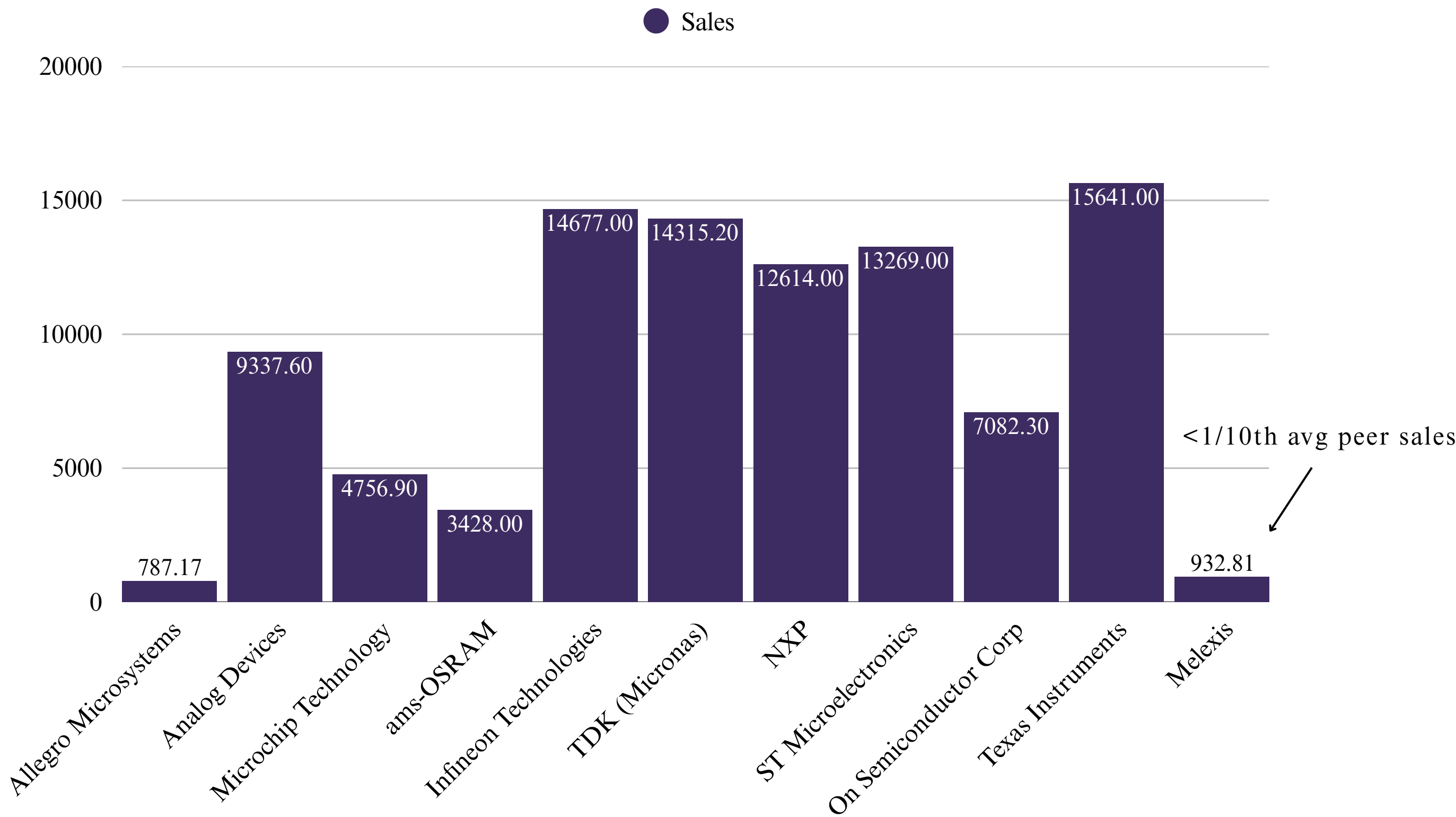
“The standard of modern finance is to quote disclosed company and competitor market share as trustworthy comparables. After all, why should investors distrust disclosed market information that should be verifiable?”

Source: Infineon FY2023 Investor Presentation



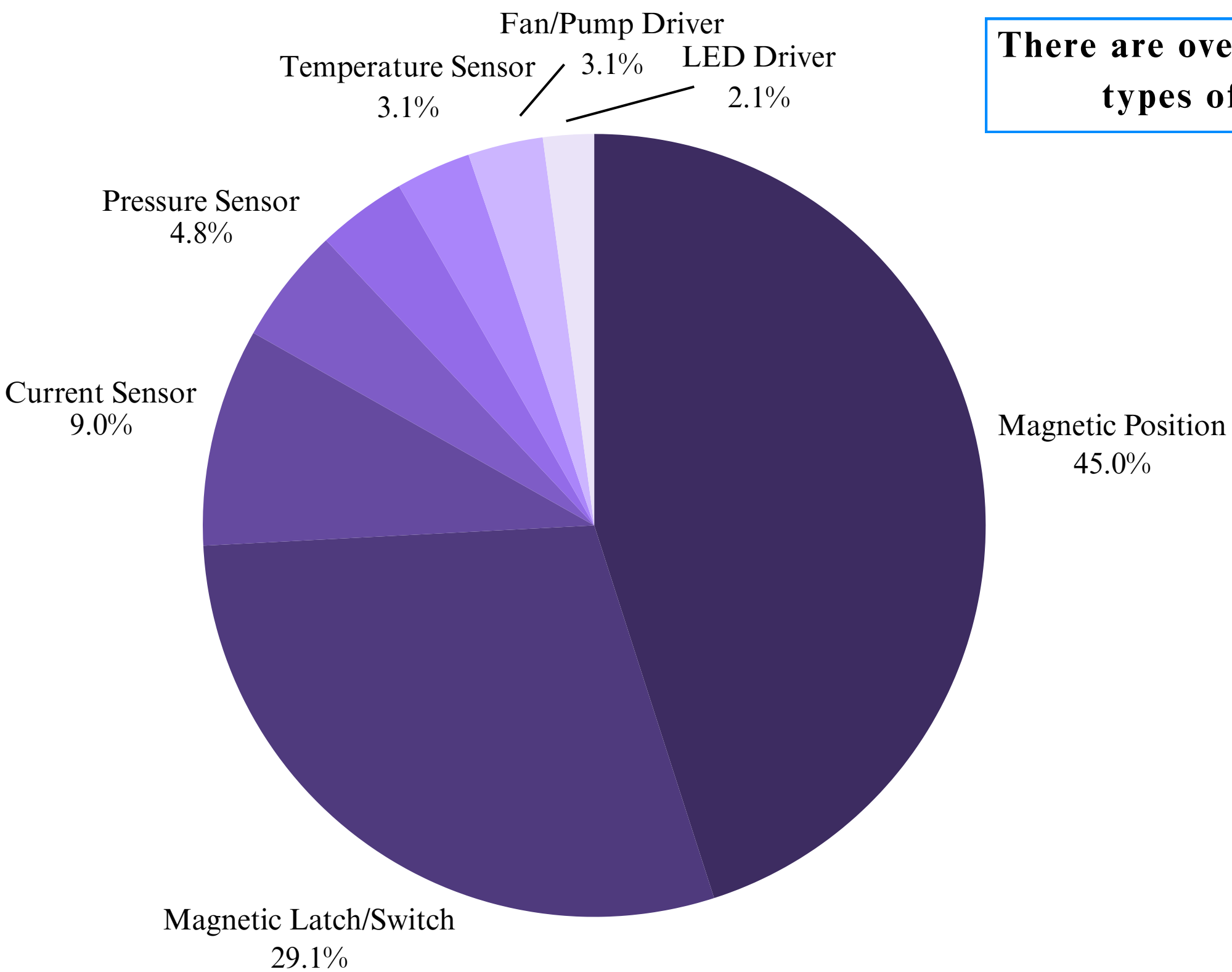
QUESTIONS EMERGE

LTM Sales: In MM Reported Currency



STEP ONE: WHAT *IS* THE COMPANY SELLING?

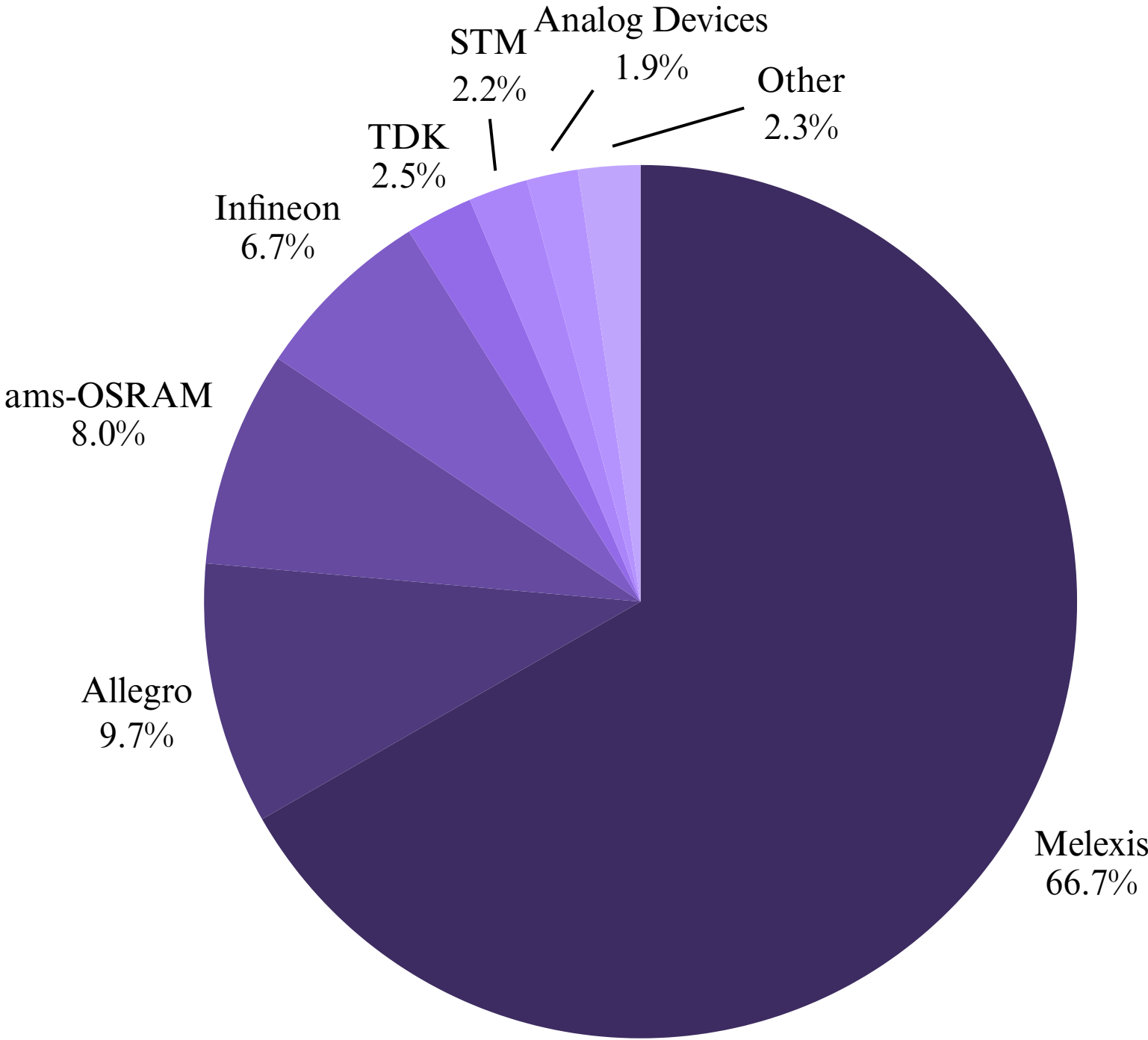
Melexis Product Line % of Total



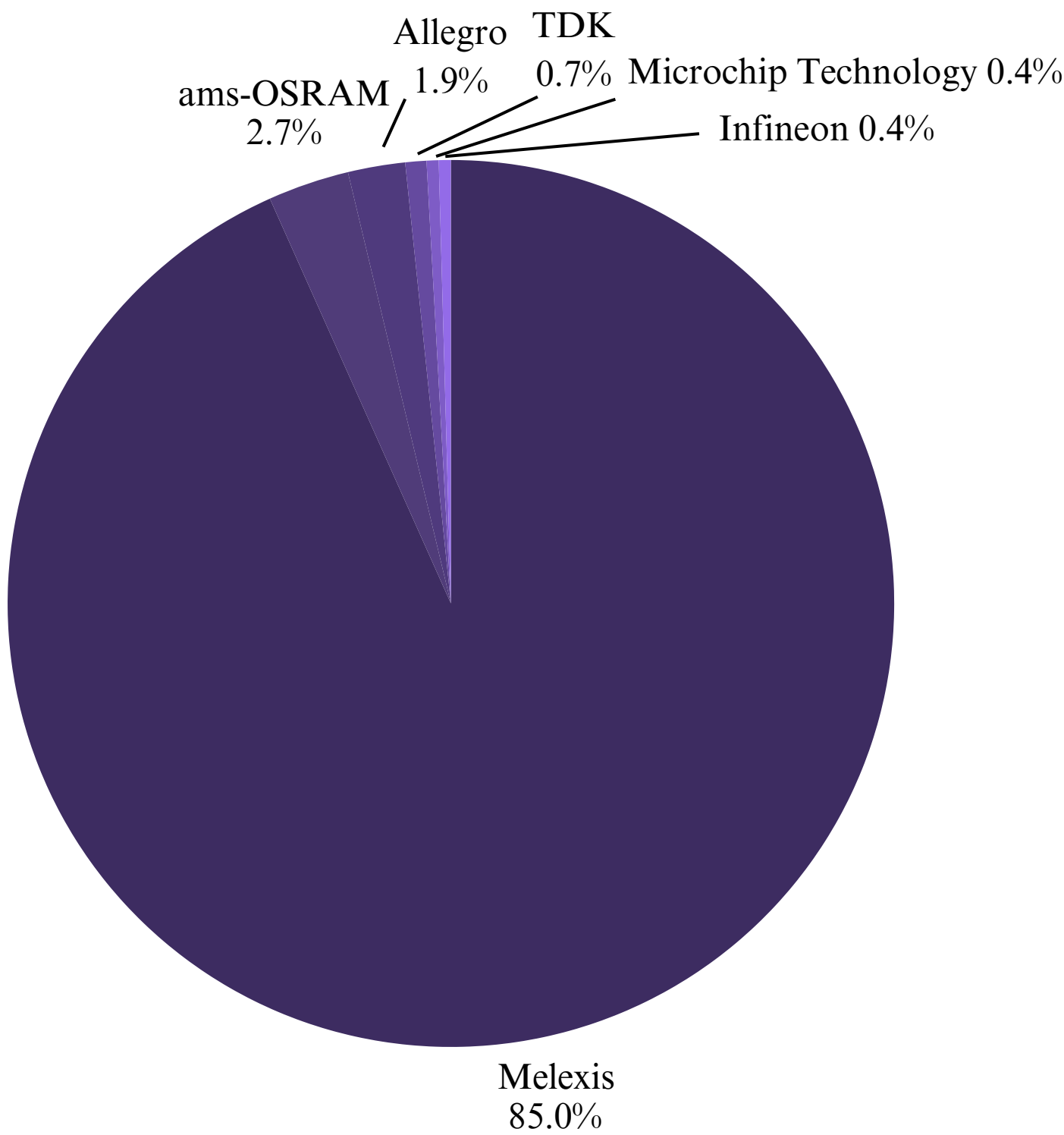
There are over *two dozen* different types of analog sensor

STEP TWO: WHAT ARE ITS COMPETITORS SELLING?

LCSC: Position Sensor ICs

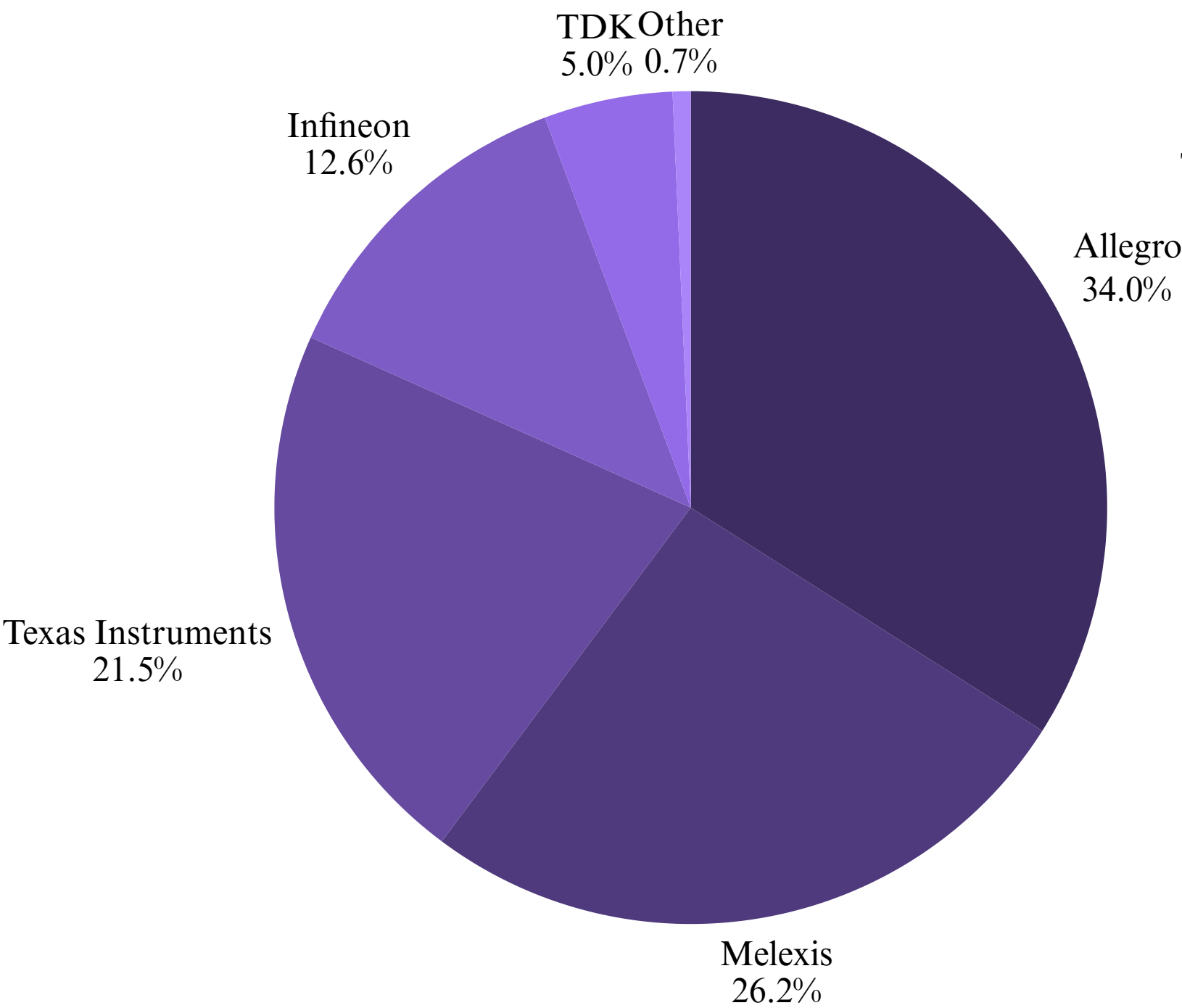


Mouser Europe: Position Sensor ICs

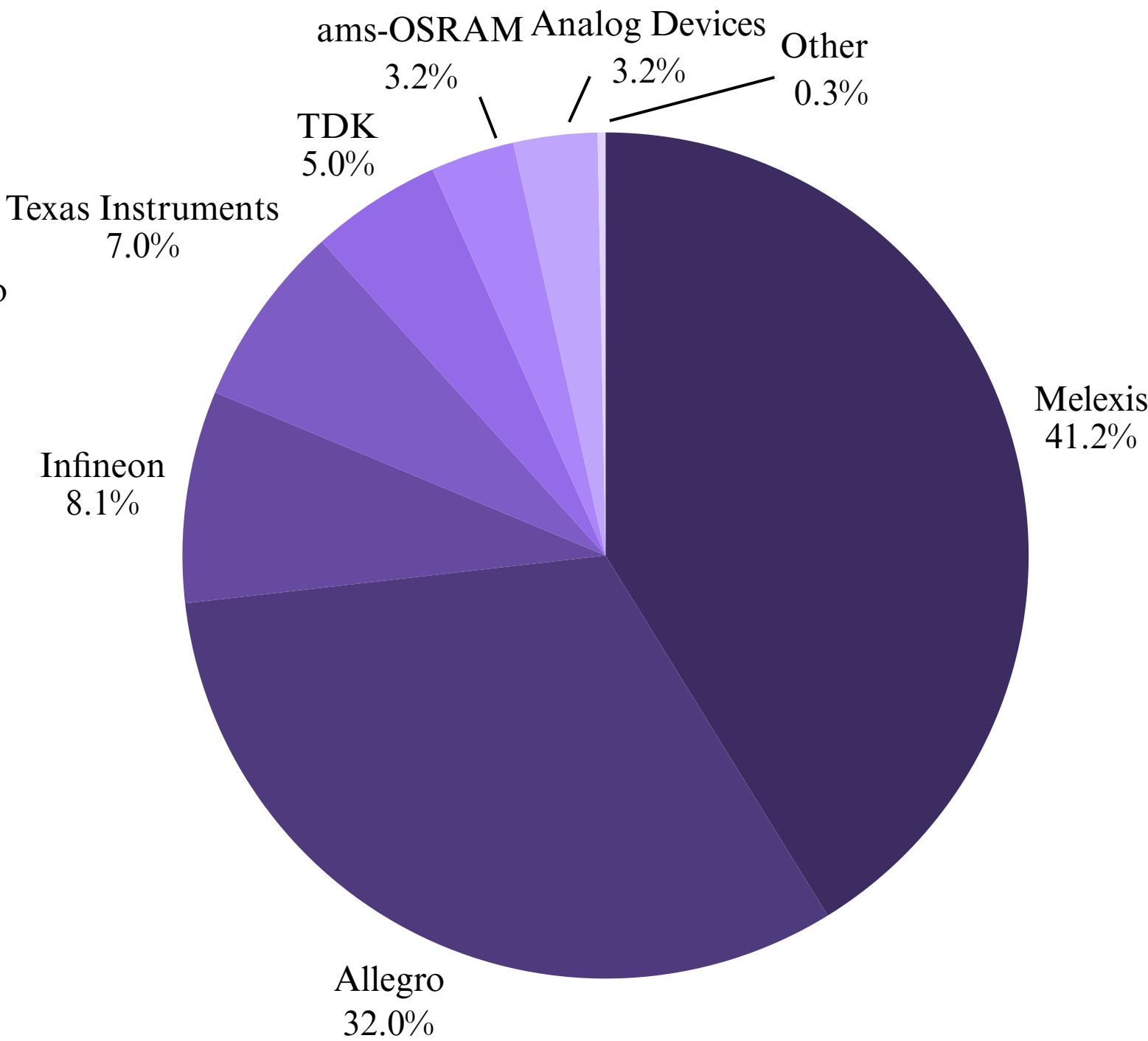


STEP TWO: WHAT ARE ITS COMPETITORS SELLING?

LCSC: Latch & Switch Sensor ICs

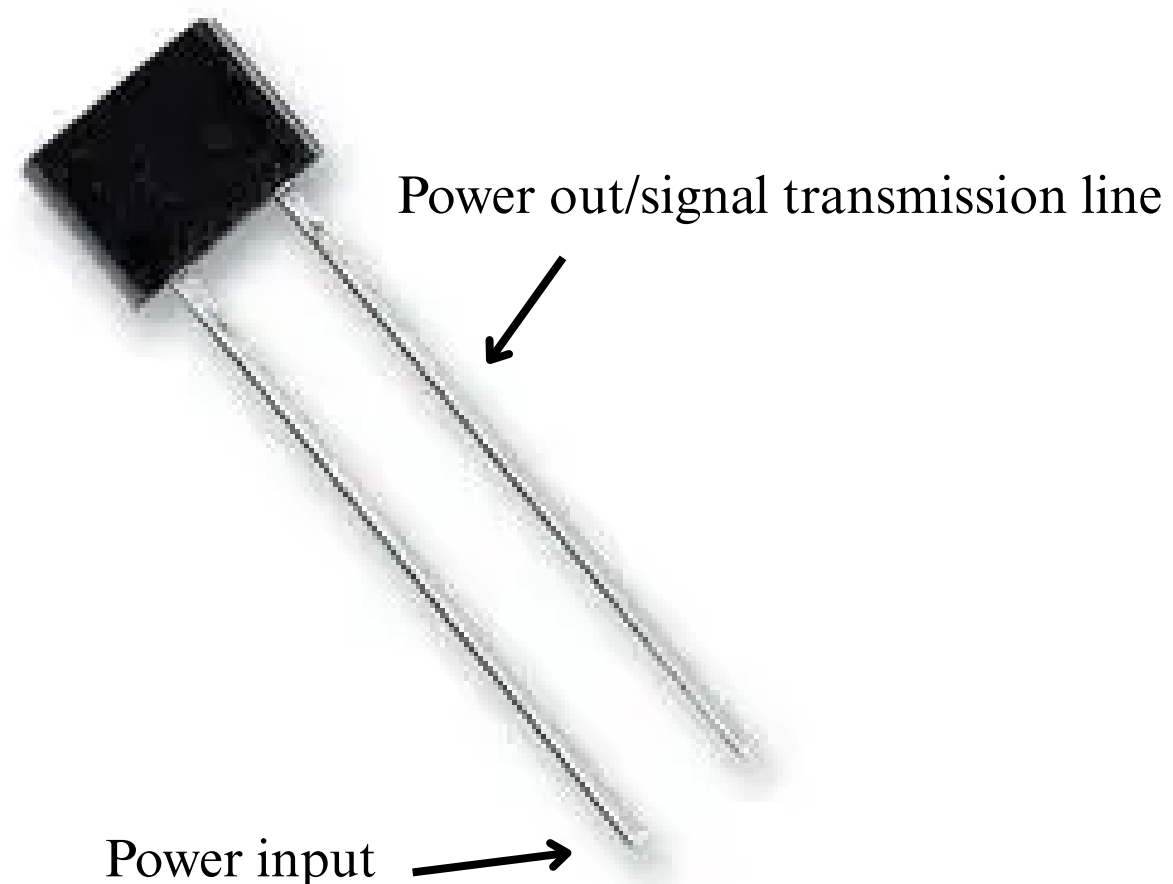


Mouser Europe: Latch & Switch Sensor ICs



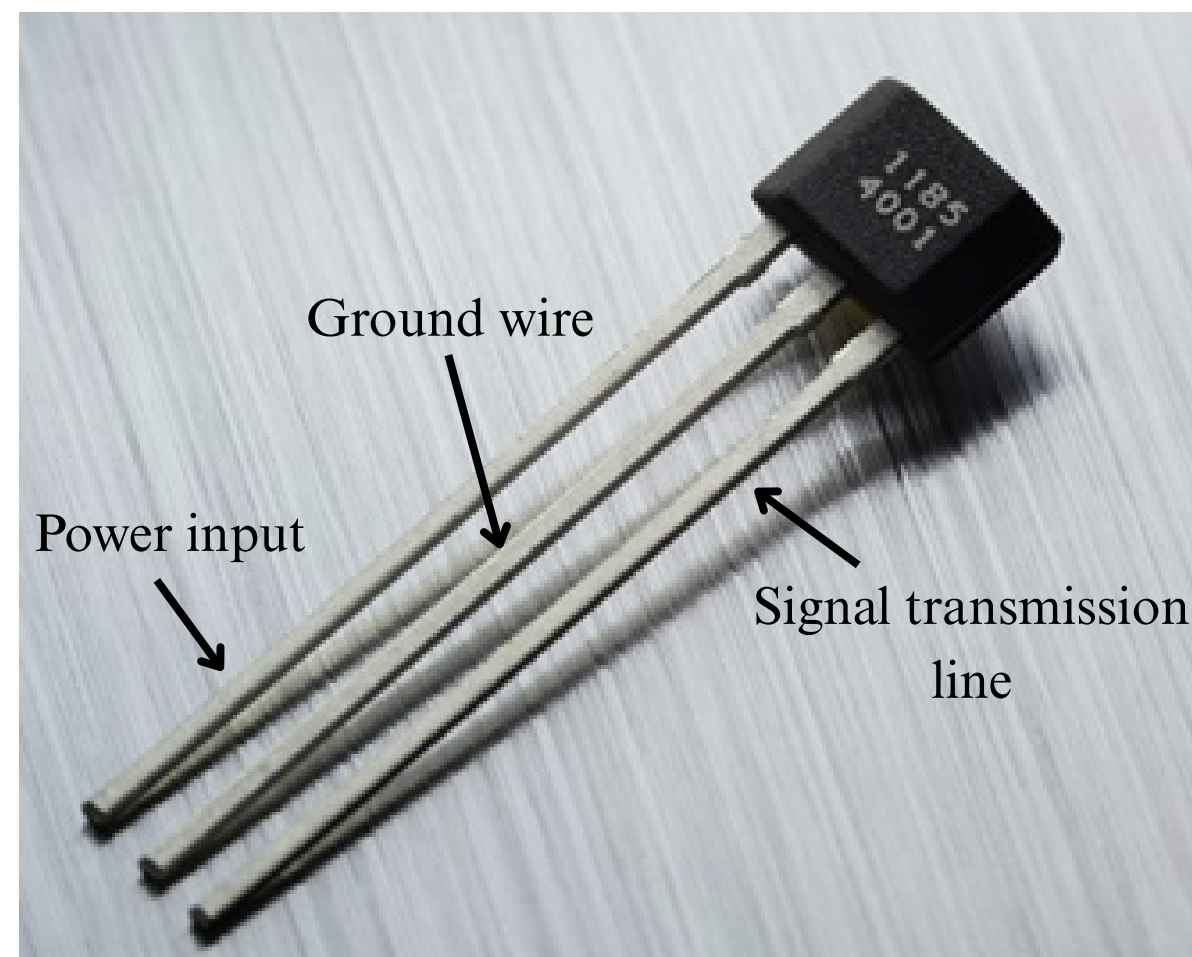
STEP THREE: HOW ARE ITS PRODUCTS DIFFERENT?

Two-Wire Sensor



Source: Farnell

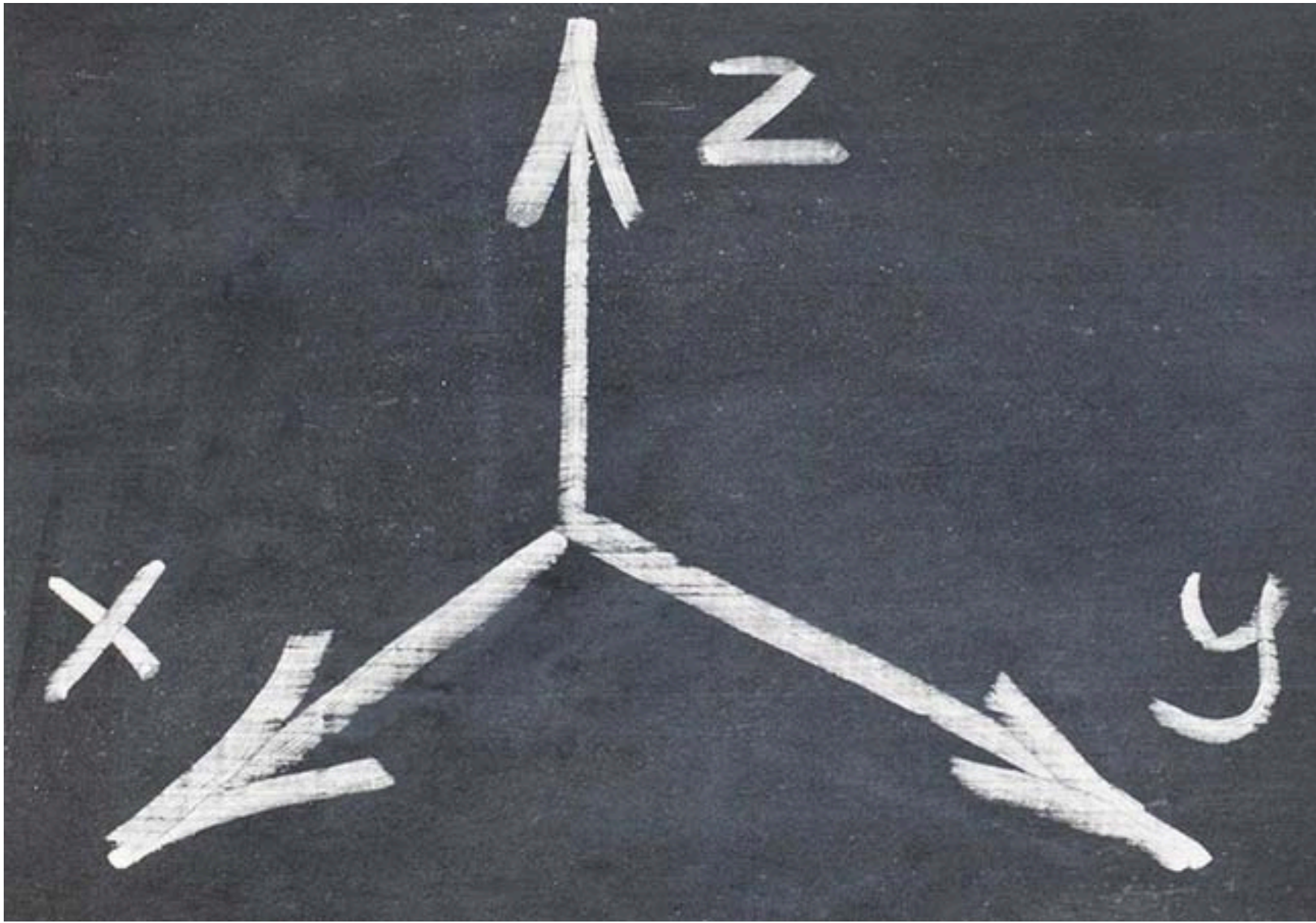
Three-Wire Sensor



Source: Melexis

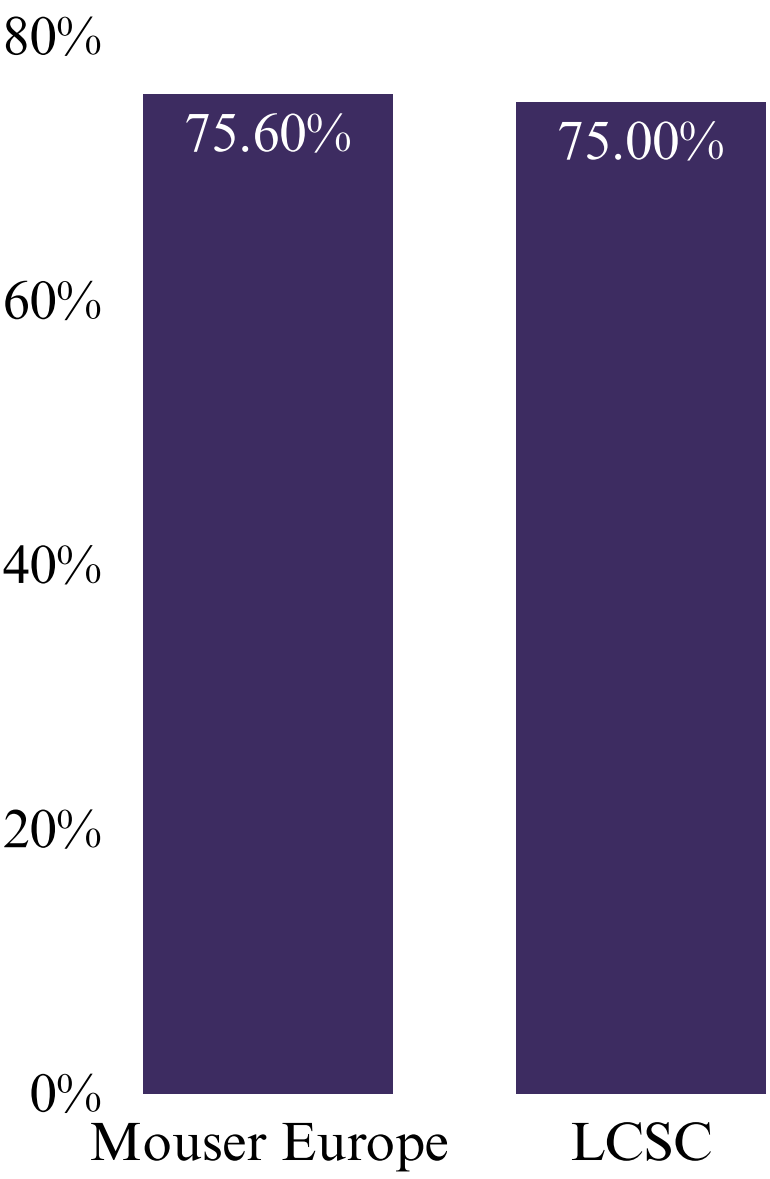
- Melexis is the go-to for three-wire automotive magnetic latch & switch sensors, with 93% of listed three-wire latch & switch sensors on Mouser Europe
- Different from Allegro

STEP THREE: HOW ARE ITS PRODUCTS DIFFERENT?



Source: AKM

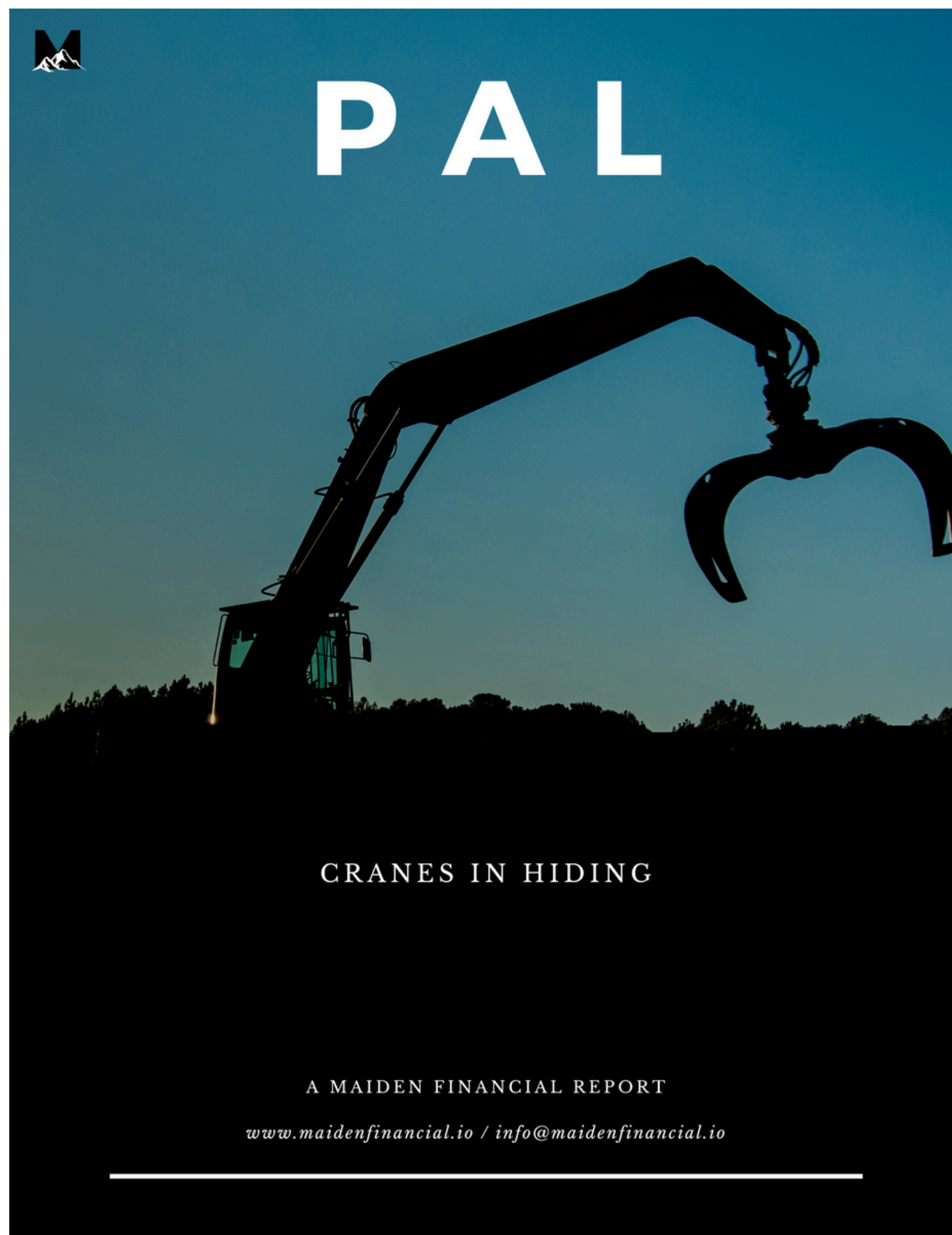
Melexis Share of 3-Axis on
LCSC & Mouser EU



STEP FOUR: COMPARE FINDINGS TO ESTIMATES

- Transparency Market Research cited automotive magnetic position sensor market at \$955MM in 2023 (Global Growth Insights estimated the automotive magnetic latch & switch sensor market at \$679.4MM in 2024)
- **Taking into consideration** a) Melexis' LFY consolidated revenue of €932.8MM, and b) the number of magnetic position and latch & switch sensors that Melexis offers, and the estimations provided by Transparency and Global Growth Insights are more likely accurate than not.
- **I.e., Melexis likely has a majority position in the automotive magnetic position sensor market, and leads in 3-wire and 3-axis magnetic latch & switch sensors**
- **I.e., I.e., The *relevancy* Infineon's chart is low due to minimal overlap with Melexis' core products (likely a low priority market for Infineon)**

CASE STUDY: PALFINGER



Palfinger (VIE:PAL)

- World's largest producer of knuckle boom cranes (30-35% share)
- Conducted a product analysis spanning 647 products across Palfinger, Hiab, and Fassi (>70% global share)
- The study revealed Palfinger to be the clear leader in heavy-duty knuckle boom cranes
- Also revealed meaningful market participant rationality

EXAMPLE OF PALFINGER'S CRANES



Source: Palfinger

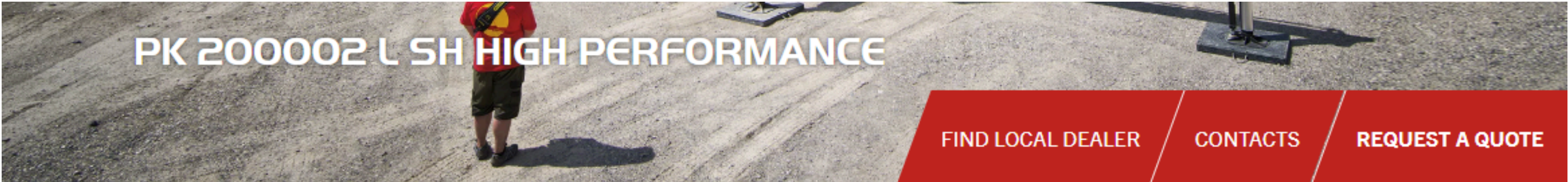


Source: Palfinger

RESEARCH QUESTION: IS PALFINGER FOCUSED?

- **Hypothesis:** Through analyzing the products offered by top-three global producers on their respective platforms, we believe that we will be able to identify differences in product focus and participant rationality

REQUIRED MANUAL ANALYSIS



[< Go back](#) | [Home](#) > [Products](#) > [Knuckle Boom Cranes](#) > [Models](#) > [PK 200002 L SH High Performance](#)

PK 200002 L SH HIGH PERFORMANCE

KNUCKLE BOOM CRANE

Imperial ☒ Metric

Max Lifting Moment 1,090,030 ft lbs	Max Lifting Capacity 88200 lbs	Max Hydraulic Outreach 83' 12"	Technical Data
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Source: Palfinger



REQUIRED MANUAL ANALYSIS

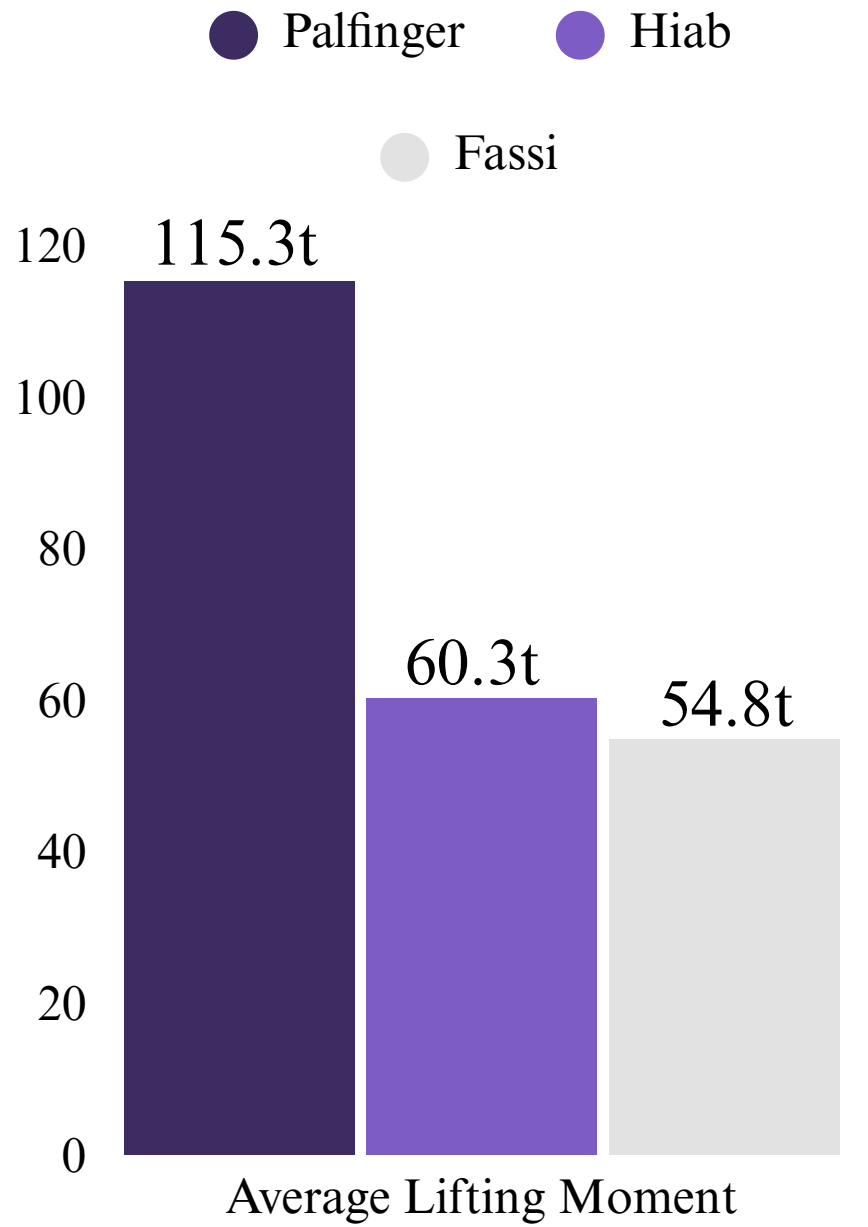
	Downloads	Features	<u>Specifications</u>	Load Diagrams
Model specifications				
	X-CLX 128 B-1	X-CLX 128 B-2	X-CLX 128 E	
Control System	CLX	CLX	CLX	
Hydraulic Extension Outreach (Ft)	2	3	3	
Hydraulic Extension Outreach (M)	6.3	8.4	10.6	
Lifting capacity class (kNm)	120	113	110	
Manual Extension Outreach (Ft)	2	3	4	
Manual Extension Outreach (M)	8.1	10.3	12.5	
Weight (Kg)	1290	1400	1520	
Weight (Lbs)	585	635	689	



ANALYSIS REVEALED MARKET RATIONALITY

Model	Max Lifting Moment (t)	Max Hydraulic Outreach (ft)
PK 3400	11.2	32.2
PK 4200	14.1	32.2
PK 5.501 SLD 5	18.4	36.4
PK 7.501 SLD 5	24.7	36.8
PK 14002 EH	47.8	55.8
PK 18002 EH	61.9	55.8
PK 21.501 SLD 1	75.7	48.9
PK 21.501 SLD 3	75.7	48.9
PK 22002 EH	75.6	56.8
PK 24.001	83.5	48.9
PK 26002 EH	90.0	69.9
PK 30002	101.4	69.9
PK 33002 EH	112.5	69.9
PK 370 TEC	126.6	71.4
PK 46002	156.2	68.9
PK 480 TEC	165.3	69.6
PK 580 TEC	200.9	69.6

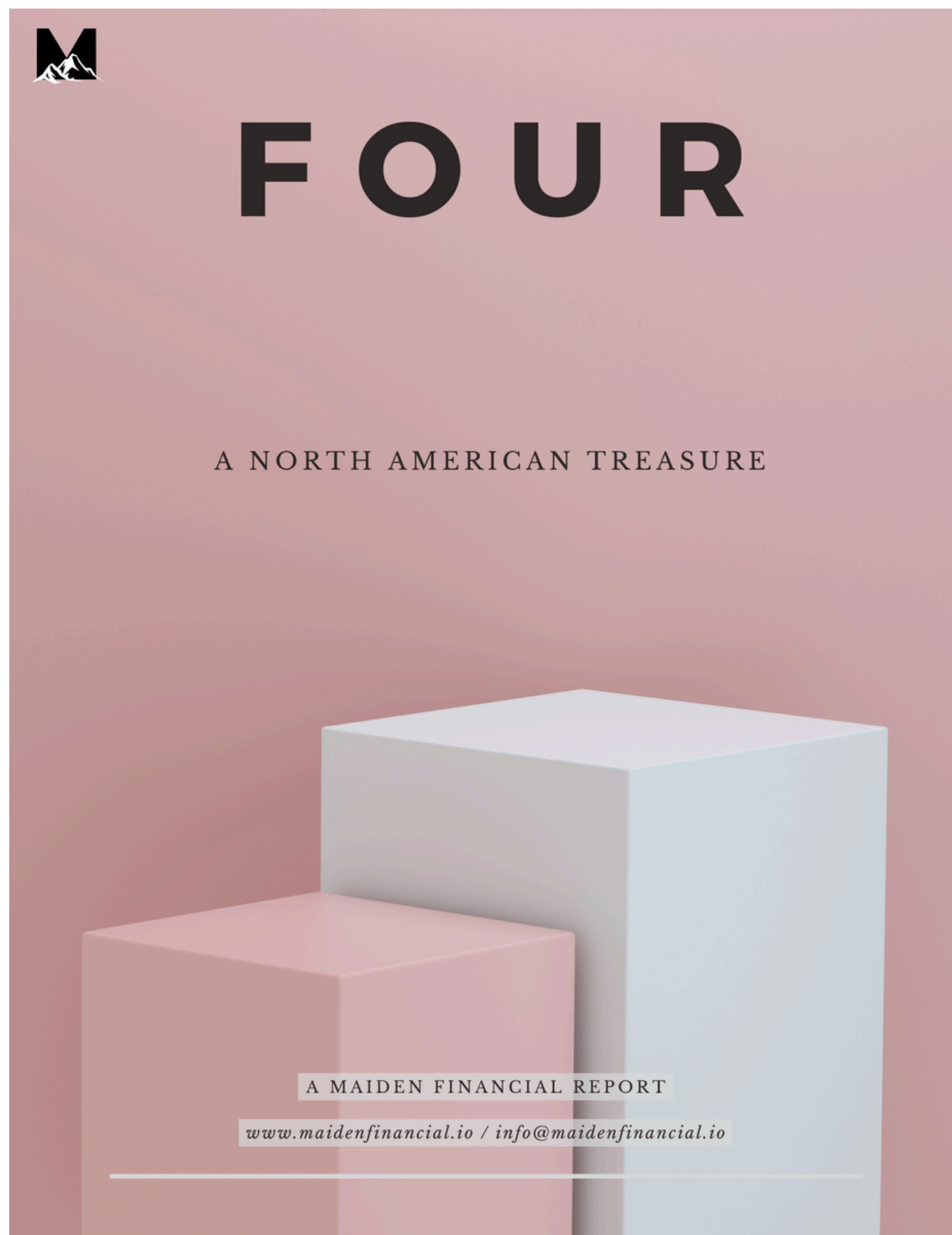
Palfinger Vs Hiab Vs Fassi
Average Max Lifting Moment



CORE FINDINGS

- The differences observed in weight class revealed meaningful participant rationality
 - Palfinger focused on heavy-duty, Hiab on medium-duty, and Fassi on light-duty
- Provided an answer for why Palfinger's cranes had experienced stable pricing over the previous 18 months (OBO 1%~ moderation), despite significant construction market weakness in core European markets
- **Provided context for the relevance of Palfinger's market share disclosure**
 - 30-35% global share is excellent, but the evidence suggests that Palfinger likely has a majority position in the heavy-duty market specifically
 - Thinking about Palfinger's competitiveness in terms of its *specialization*

CASE STUDY: 4IMPRINT GROUP



4Imprint Group (LSE:FOUR)

- Largest direct marketer of promotional products in North America (5.1% share)
- High returns on invested capital speaks to an asset-light, laser-focused business model
- Platform analysis across top nine e-commerce platforms, inclusive of 10 product categories, 78 product subcategories, and 76,642 products
- Revealed 4Imprint to hold the #1 position in every core product category by listing size, and in 84.6% of all 78 product subcategories



EXAMPLES OF PROMOTIONAL PRODUCTS



Source: Vistaprint

Source: eatthis

Source: instantimprints

HOW MEANINGFUL IS 4IMPRINT'S MARKET SHARE?

- 26,000 promotional products companies in North America
- less than 1,000 generate annual sales of \$2.5MM or more
- 4Imprint receives >\$16MM in annual rebates
 - Matches or bests the revenue generated by *99.7% of all industry participants*
 - Are equal to 50-100% of the annual sales generated by 43% of the industry's top 100
- **The question then is: How competitive is the company within its product categories compared to larger peers?**

PLATFORM ANALYSIS: 4IMPRINT GROUP

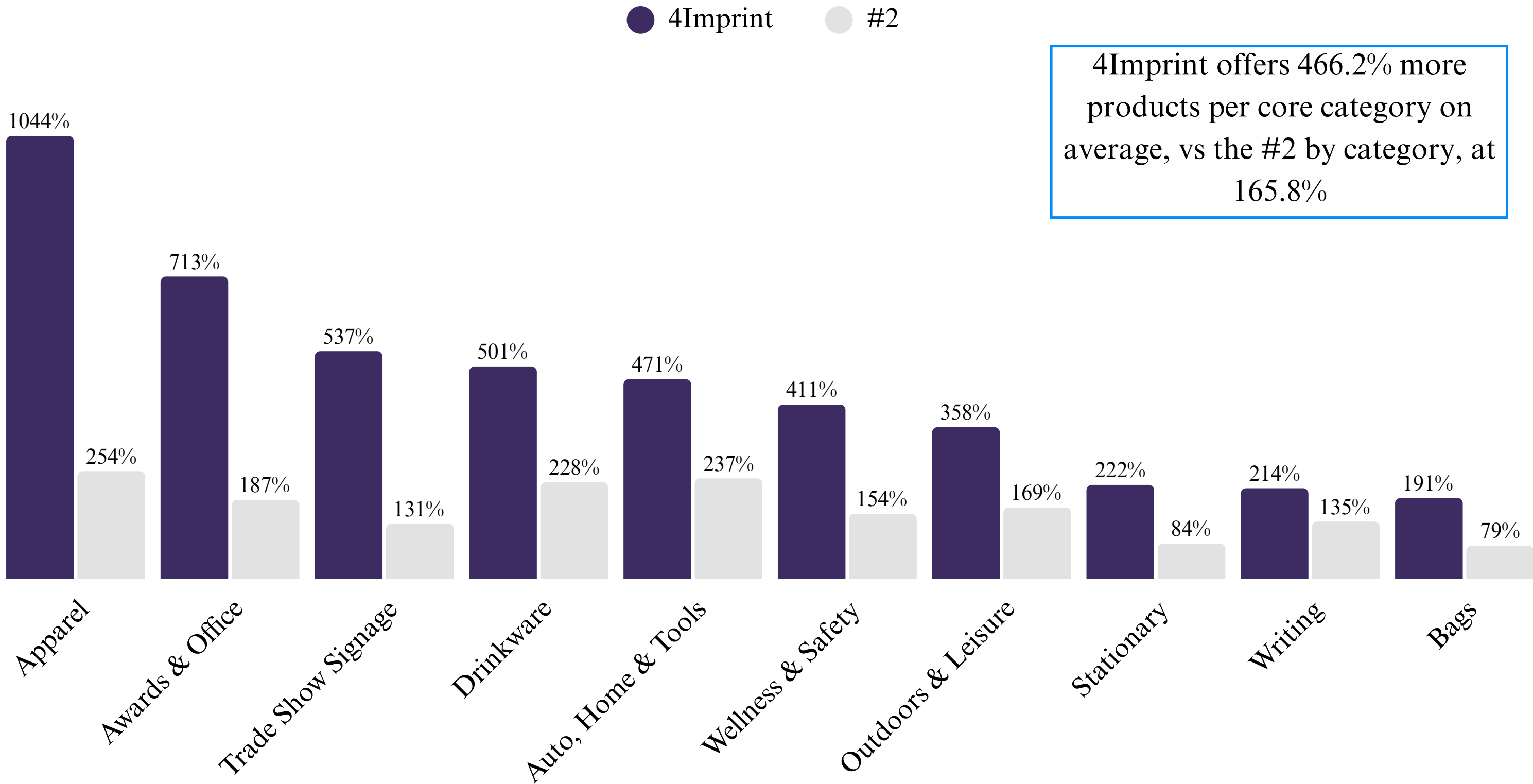
The assessed companies, by order of revenue:

- 1. 4Imprint Group:** \$1,367.9MM LFY sales
- 2. Halo Promotional Products:** \$937.7MM LFY sales
- 3. Staples Promotional Products:** \$914.4MM LFY sales
- 4. Custom Ink:** \$665.6MM LFY sales
- 5. Geiger:** \$330.3MM LFY sales
- 6. Taylor:** \$290MM LFY sales
- 7. DiscountMugs:** \$195MM LFY sales
- 8. National Pen:** \$183.1MM LFY sales
- 9. Vistaprint:** \$181.8MM LFY sales



PLATFORM ANALYSIS: 4IMPRINT GROUP

Number of Products Per Category: 4Imprint & #2 Competitors vs Broad Average

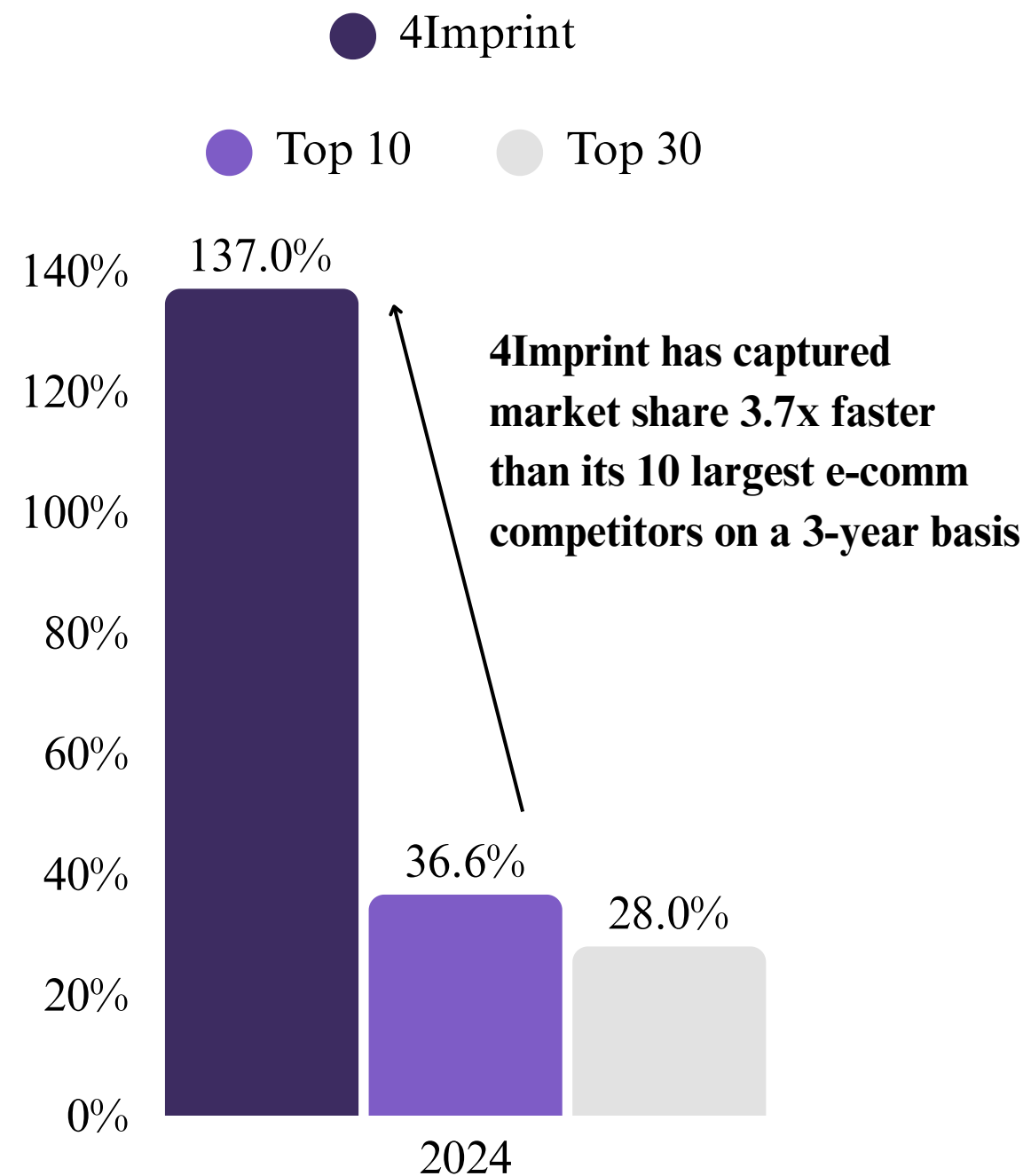




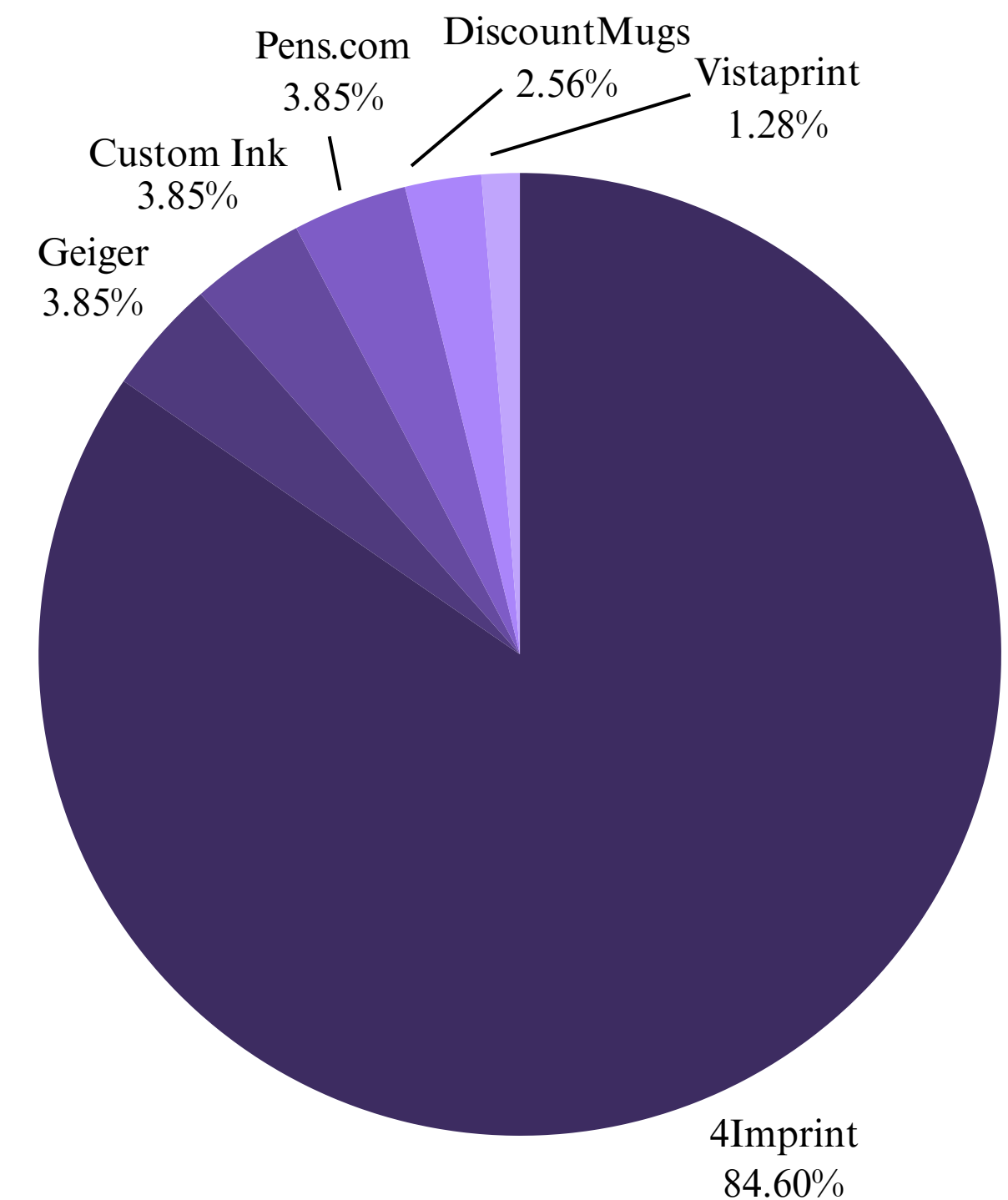
PLATFORM ANALYSIS: 4IMPRINT GROUP

- Despite ranking #2 on the PPAI 100, Halo Promotional Products failed to rank second in any subcategory
- Poor product curation on competing platforms reflects a lack of focus, which has translated to poor growth
- Competitor moral hazard re “overrun” policies
- Ingenuine return policies

3-Year Cumulative Sales Growth



Subcategory #1 by Catalog Size

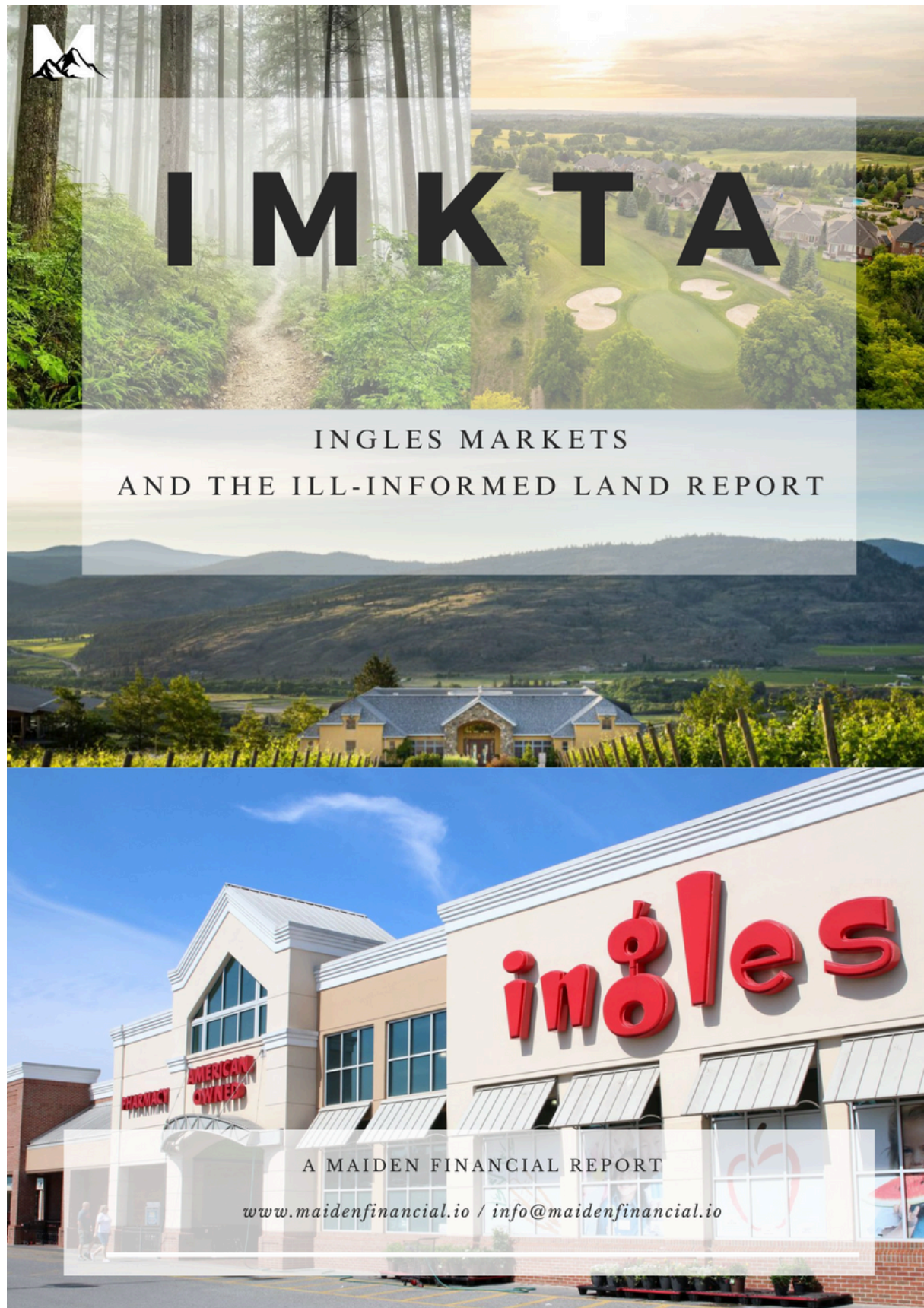




CORE FINDINGS

- Validated high three-year cumulative growth over PPAI 100 competitors
- Affirmed a commitment to quality observed across its platform, in terms of unmatched return policies and product curation
- Contextualized the significance of 4Imprint's lead compared to top competitors and the broader promotional products market
- A function of having a singular focus as an intermediary in its industry, versus having a multi-focus (intermediation, distribution, customized solutions, catered campaigns, etc)

CASE STUDY: INGLES MARKETS



Ingles Markets (NASDAQ:IMKTA)

- Owner and operator of supermarkets and shopping center properties, mostly in small cities and towns across North Carolina, Tennessee, and Georgia
- Claims that Aldi and Trader Joe's were actively competing to a concerning degree
- Used geospatial analysis to assess 95% of Ingles' markets to determine the validity of the claim
- Discredited the claim via unit-level market analysis
- Identified the competitive use of owned property and land to optimize store position



THE TASK: TO VERIFY COMPETITIVENESS

☆ 10	Paradox	3/04/21	Re: RE Capex
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mitc567 - Can you elaborate on your comments that Ingles is under attack from Trader Joe's and Aldi?

Stores

North Carolina

Ingles: 73

Trader Joe's: 7

Aldi: 2

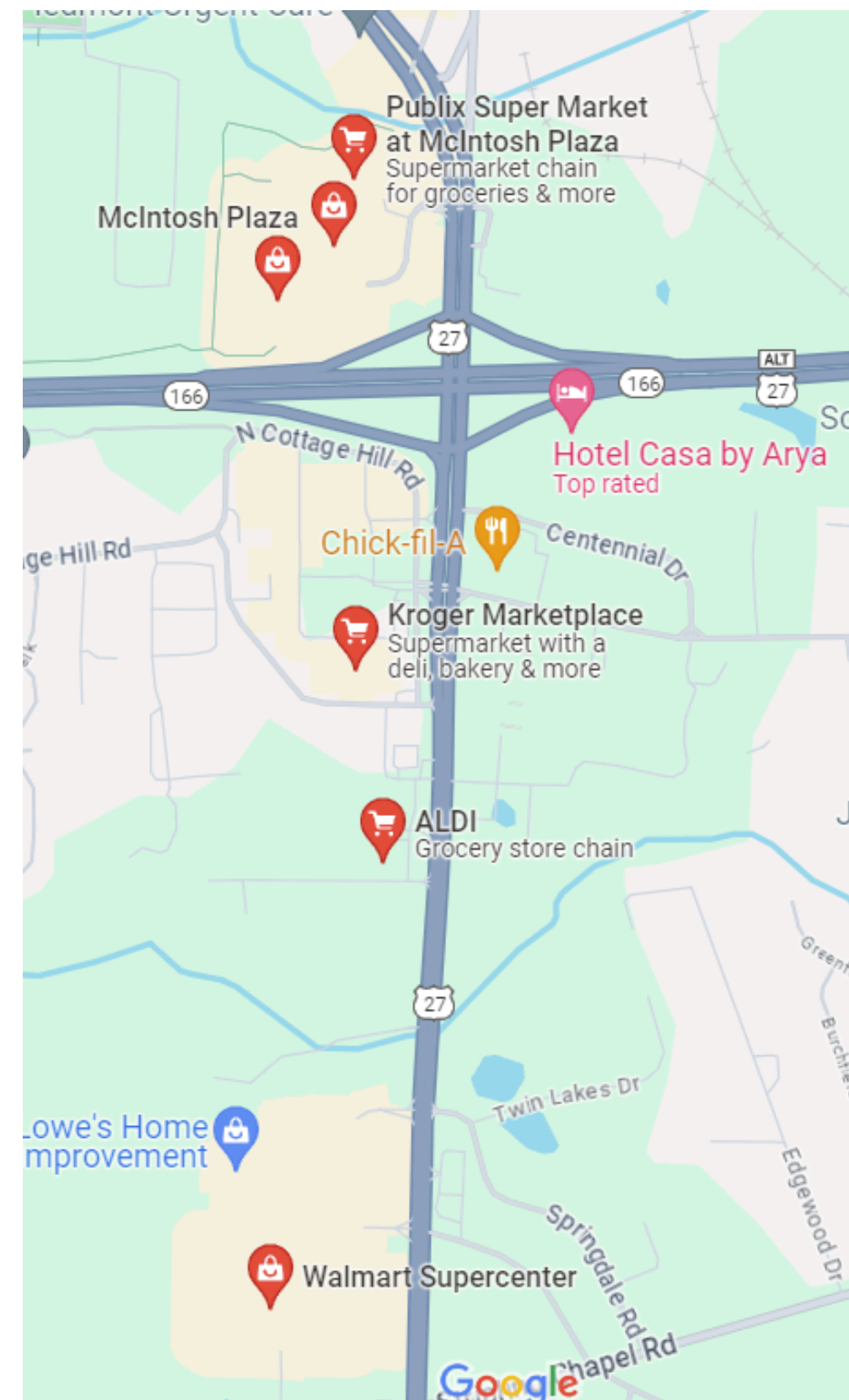
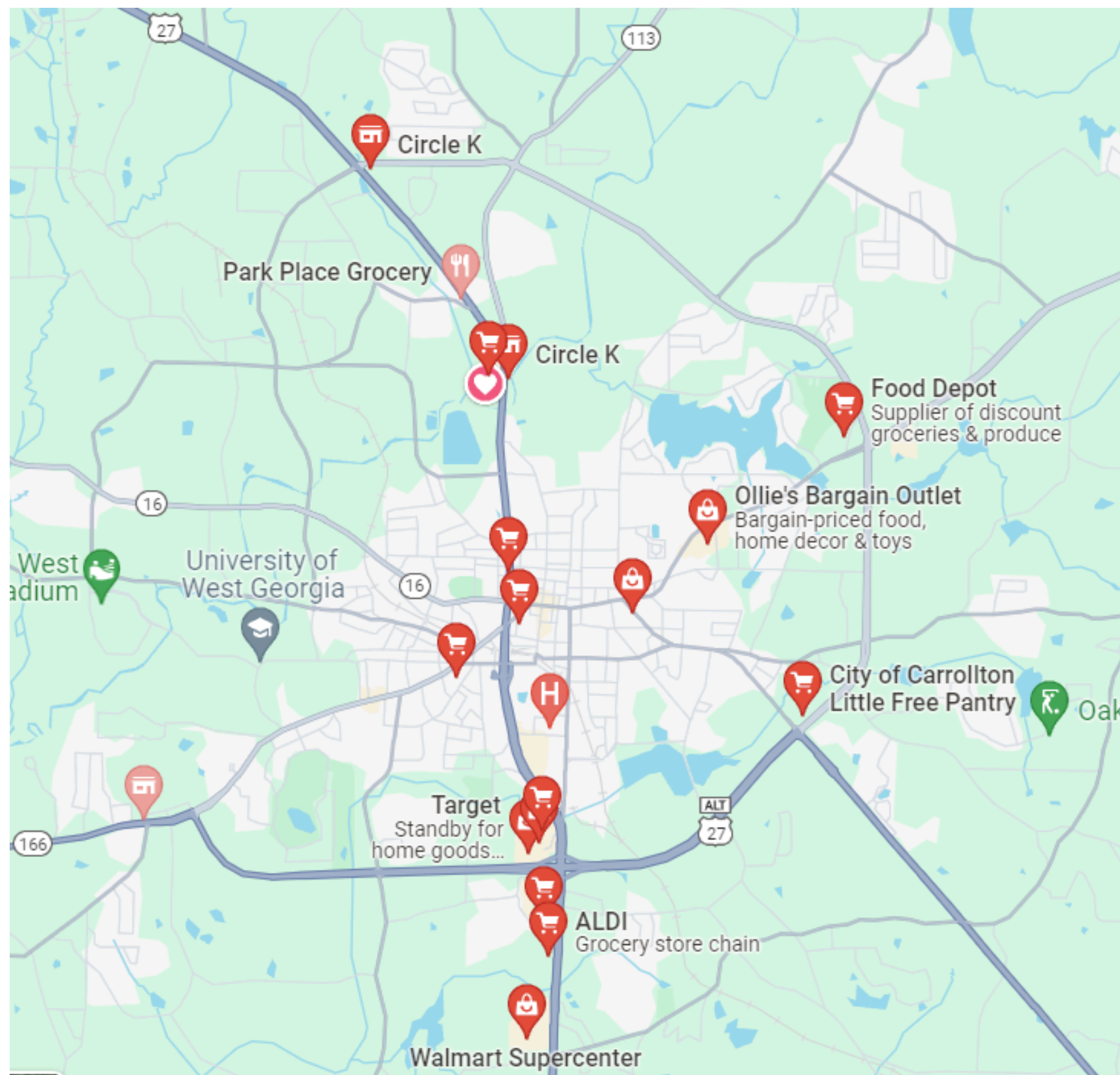
Georgia

Ingles: 66

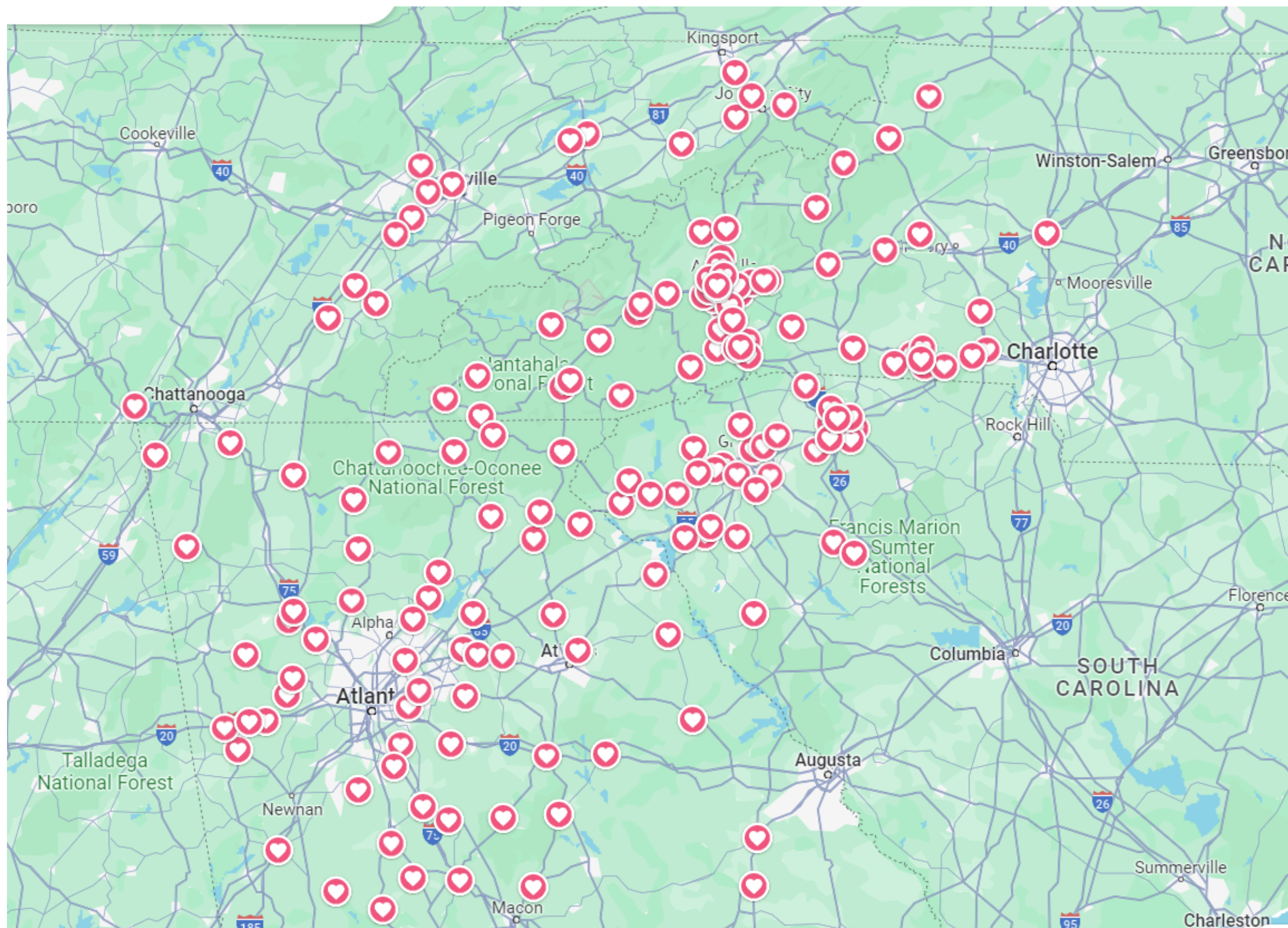
Trader Joe's: 6

Aldi: 4

MARKET/GEOSPATIAL ANALYSIS RE COMPETITIVENESS



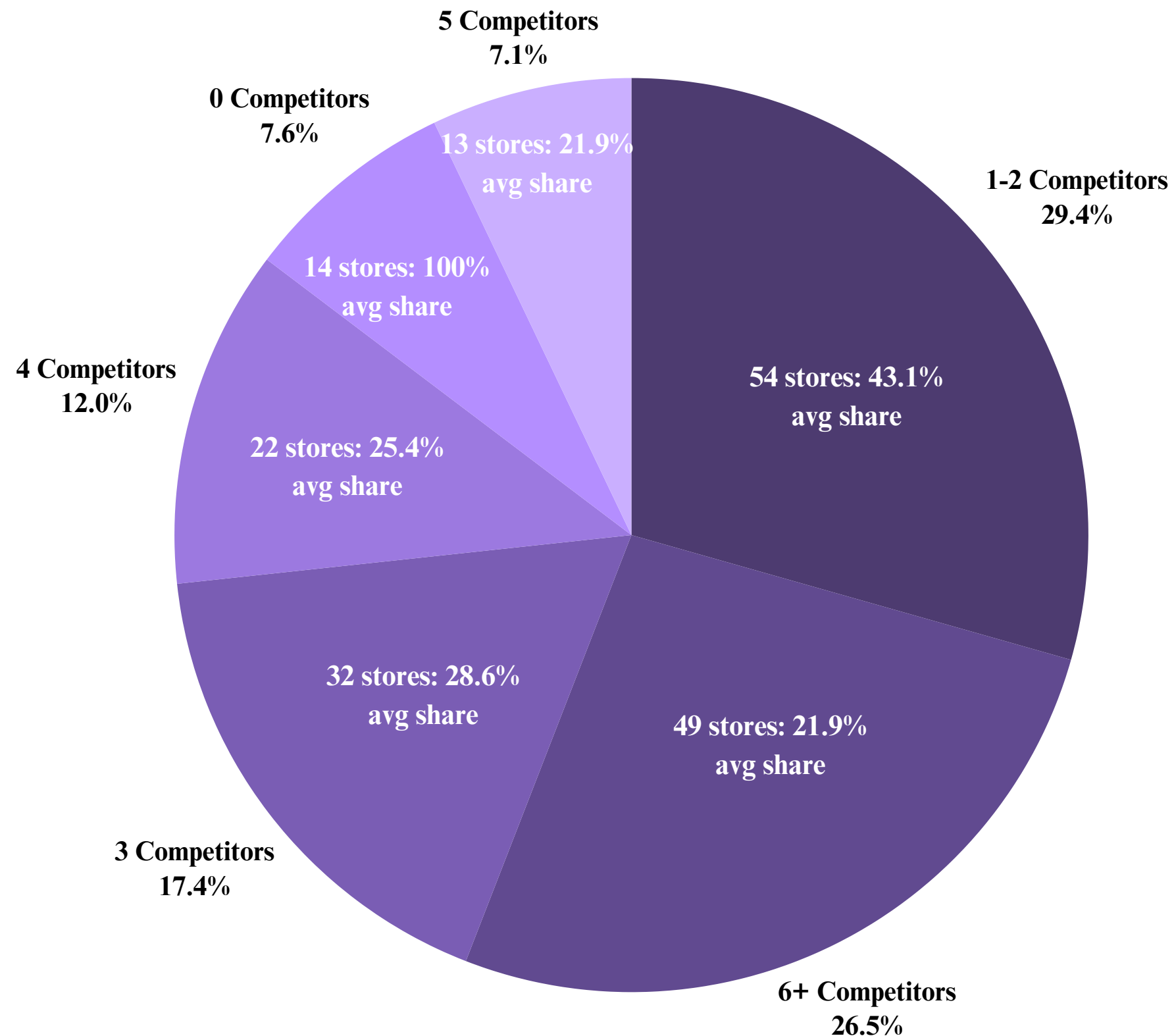
95% OF STORE MARKETS IDENTIFIED





FINDINGS

Ingles Supermarkets: 41.8% Average Store Count Share Across 119 Locales

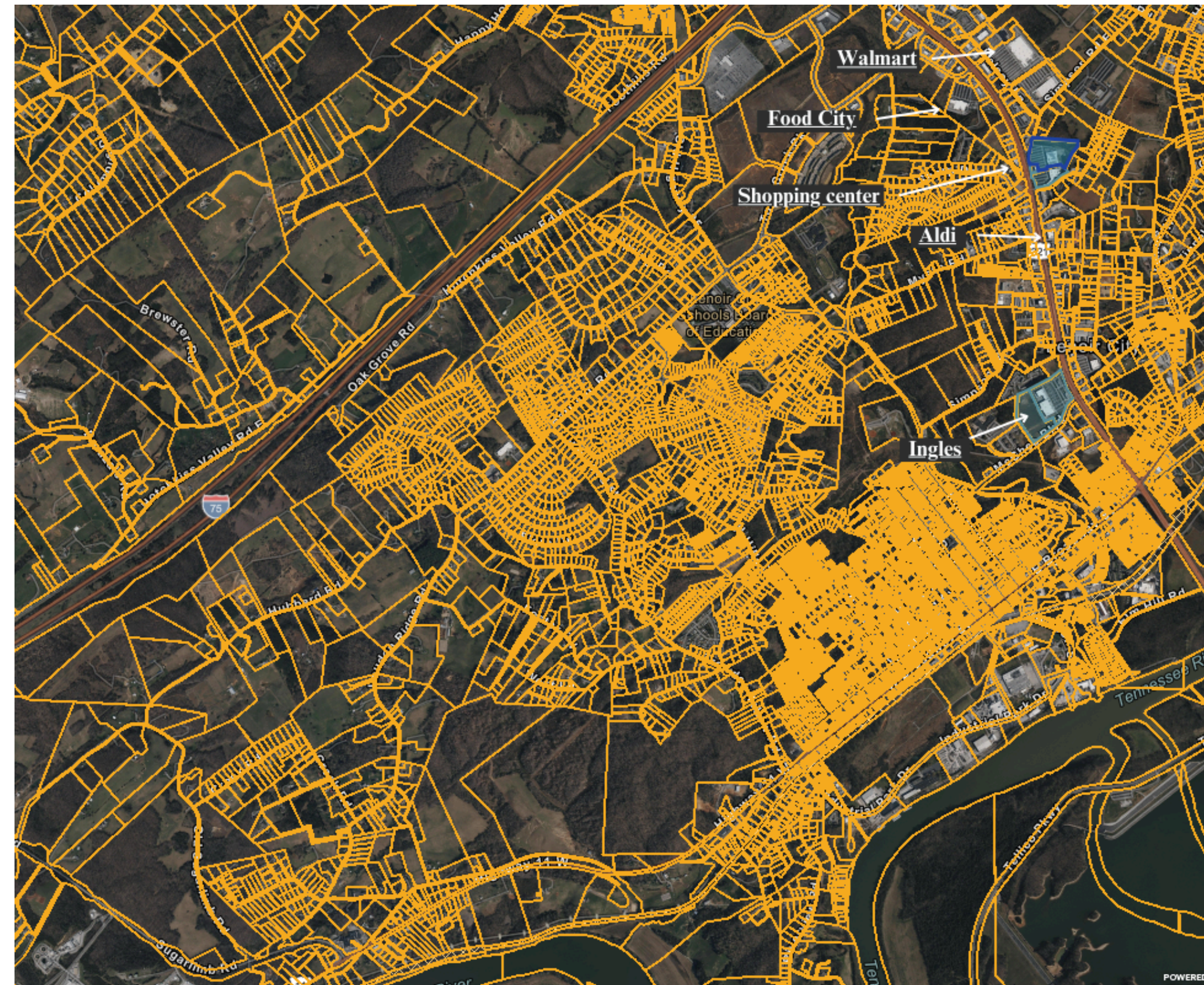


- The exercise revealed that, three years after Paradox's comment, only four Trader Joe's locations compete in the same town as an Ingles supermarket
- Aldi is Ingles' third largest competitor by store count. Yet, across 43 markets, Aldi's store count surpasses Ingles' in only one: Knoxville, TN. Being a larger city, Knoxville is an ancillary market for Ingles, where the chain operates only one store location.



GIS DATA REVEALS COMPETITIVE NUANCE

LENOIR CITY, TN





CONCLUSION: KEY LESSONS

- To acquire an owner-like understanding, an investor must verify the meaning and significance of market share whenever it is cited
 - **“What does that mean?”**
- We can test its validity through product analysis, platform analysis, and geospatial/market analysis
- To acquire an owner-like understanding of the competitiveness of companies for present or prospective investment
- To be self-sufficient in our understanding and resolute in our fundamental conviction
- *To acquire the closest approximation of truth possible*



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