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The following investment case, excerpted from Letter to Partners #29, exemplifies my approach to identifying and evaluating opportunities:

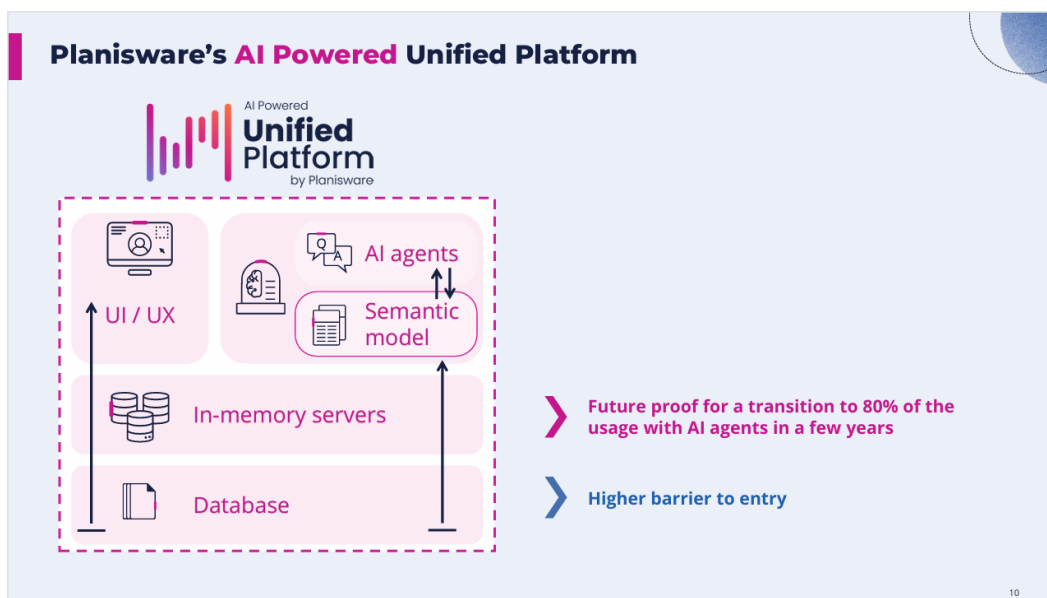
Planisware SAS (PLNW; FR)

PLNW is a leading global provider of enterprise software, offering innovative project management software and related solutions. The company was originally spun out of French defence conglomerate Thales in 1996, where the founding team – still actively involved today – first met while working in the company’s AI lab.

The founders have remained at the forefront of AI innovation ever since and now offer multiple agentic AI applications to customers. In 2003, French private equity firm Ardian acquired a minority stake and began its exit via the company’s IPO in 2024. Today, the founders and employees collectively hold close to 70% of the shares, which we view as a strong signal of long-term alignment and incentive to value creation.

The economics of PLNW’s business are comparable to AOF, with strong margins and high free cash flow conversion. Its software is deeply embedded in customer workflows and is unquestionably mission-critical – reflected in churn rates consistently in the 2% range. What sets PLNW apart from its direct competitors, besides other factors, is its long-standing use of a unified data platform, which has proven to be a key enabler for leveraging customer data in AI applications.

Building on this foundation, the company introduced an upgraded user interface – similar in design to ChatGPT – which allows customers like Pfizer to interact dynamically with complex datasets, such as their R&D pipeline spanning hundreds of drug candidates. This level of integration and usability underscores PLNW’s technological edge and its potential to drive meaningful value for enterprise clients today and in the future. (For more on Planisware’s agentic AI, click [here](#).)



During the due diligence phase, I consulted not only with the company but also with industry experts, research analysts, and other market participants. It became clear that PLNW is a very well-run, high-quality asset with substantial growth potential. However, it also became apparent that the sales and margin guidance at IPO was quite ambitious – likely influenced by Ardian’s desire to exit its position. Unfortunately, this is a pattern I’ve observed repeatedly in European IPOs.

The IPO took place in April 2024, and it appears that elevated inflation levels were baked into the company’s forecasts. Since then, inflation has eased. Due to inflation clauses in contracts, PLNW was

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ir@hertford.capital. hertford.capital

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unable to adjust prices by 7-8% per annum, which weighed on growth. As a result, PLNW has missed guidance twice since the IPO, disappointing investors and raising questions about management's ability to guide the market effectively. These missteps triggered selloffs, which I viewed as opportunities for long-term investors and took advantage of on both occasions.

I advised the fund to begin building a position in PLNW this year at an average entry price of EUR 22.58 - we have since received EUR 0.31 in dividends. Following the Q2 results in the summer, the shares declined to the EUR 18 range due to a minor revenue miss, some delays in the pipeline caused by macroeconomic uncertainty, and FX headwinds. Shortly thereafter, the company announced a share buyback programme - a move I view as a strong signal to investors, especially given the stock's even deeper discount to intrinsic value. Currently, shares trade closer to EUR 20.

The company maintains a significant net cash position and has a proven track record in executing M&A, which provides a solid foundation for further inorganic growth. Organically, I expect PLNW to grow at least 10% per annum over the foreseeable future, driven by upsells through its land-and-expand model, price increases, and new customer wins - all underpinned by exceptionally low churn rates. A free cash flow yield of around 5% expected for 2026, with substantial room to expand over the coming decade, paired with upside from M&A and capital distributions, offers what I believe is a very attractive starting point.

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