

**Astoria Investments Ltd**  
**Wider Discount & (Still) Under Cautionary**

Share Code: ARA – Market Cap: R504m – Discount to NAV: 34%

<b>12m Target Price</b>	<b>1365cps</b>
<b>Share Price</b>	<b>900cps</b>
<b>Implied Return</b>	<b>52%</b>

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**Q3:23 Results: Softer Quarter**

- In Q3:23, Astoria reported a flat ZAR-NAV of 1408cps (FY 22: 1406cps), though a weaker ZAR (11% weaker against the USD from FY 22 close to Q3:23 reporting date) pushed the USD-valuation slightly lower to \$0.74 per share (FY 22: \$0.83ps).
- Astoria typically only fairly values its *unlisted* investments with its Q2 (i.e. H1) & Q4 (i.e. Full-year) results &, thus, this result involves only updated share prices & exchange rates.

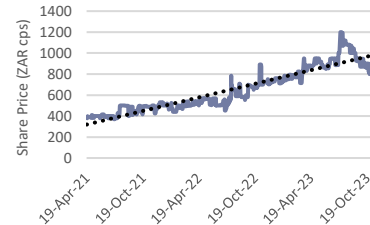
**Commentary: Loadshedding Impacted Goldrush**

- RECM & Calibre Preferences Shares' (code: RACP) lower share price shaved c.39cps from Astoria's SOTPs, & this appears driven by pressure at Goldrush from loadshedding (i.e. lost trading hours, higher costs from generators & consumer pressure). It is encouraging to see that Goldrush's average revenue per (active) machine grew +5% y/y & that the Sports Betting & Online Gaming divisions grew strongly (+18% & +51% respectively). Cash flow was strong at Goldrush & we expect its operations to stabilize as it solves for power & optimises for the environment, thus we remain optimistic on RACP's prospects.
- As noted above, the other significant drag on Astoria's USD-NAV has been the 11% weaker ZAR/USD exchange rate.

**Valuation, 12m TP & Implied Return: (Still) Under Cautionary...**

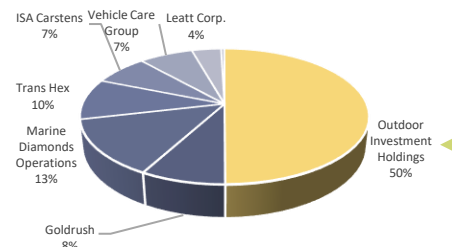
- Updating Astoria's NAV to current prices, the share price is trading at a c.34% discount to current NAV (Previously: 24%).
- If we take out our calculated "HoldCo discount" of c.15.0% (Previously: 14.5%) from this NAV, we arrive at a fair value for Astoria's shares of c.1152cps (Previously: 1213cps) or c.22% *higher* than the current share price.
- Rolling this fair value forward at our Cost of Equity, we arrive at a 12m TP of c.1365cps (Previously: 1440cps) that implies a potential return of c.52% from the current share price.
- **Note: The share is (still) trading under a cautionary announcement due to a potential acquisition.**

**Astoria Investments – JSE-listed Share Price**



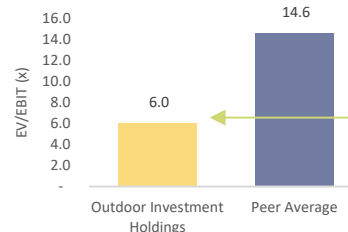
Source: Profile Media

**Astoria – Portfolio Major Weightings**



Sources: Astoria & Blue Gem Research workings

**Outdoor Retailers' EV/EBIT Multiples (x)**



Sources: Refinitiv, Various company reports & Blue Gem Research workings & assumptions

Financial Summary (Year-end December):	FY 19*	FY 20*	FY 21	FY 22	Q3:23**	Current Estimate***
Net Asset Value (USD cps)	\$0.169	\$0.466	\$0.622	\$0.827	\$0.744**	\$0.745***
Growth in NAV (%)	-84%	176%	34%	33%	-10%**	-10%***
Net Asset Value (ZAR cps)	235.7cps	682.8cps	992.0cps	1,406.0cps	1,408cps**	1,360.1cps***
Growth in NAV (%)	-	190%	45%	42%	0%**	-3%***
Share Price (ZAR cps)	237cps	1,259cps	500cps	760cps	900cps**	900cps***
Discount to NAV (%)	-1%	-84%	50%	46%	36%**	34%***

Sources: Astoria reports & Blue Gem Research assumptions & workings; \*Current management only took active control of portfolio from 1 December 2020; \*\* USD/ZAR of R18.91 as at closing 30 September 2023; \*\*\* USD/ZAR of R18.26 as at closing 3 November 2023



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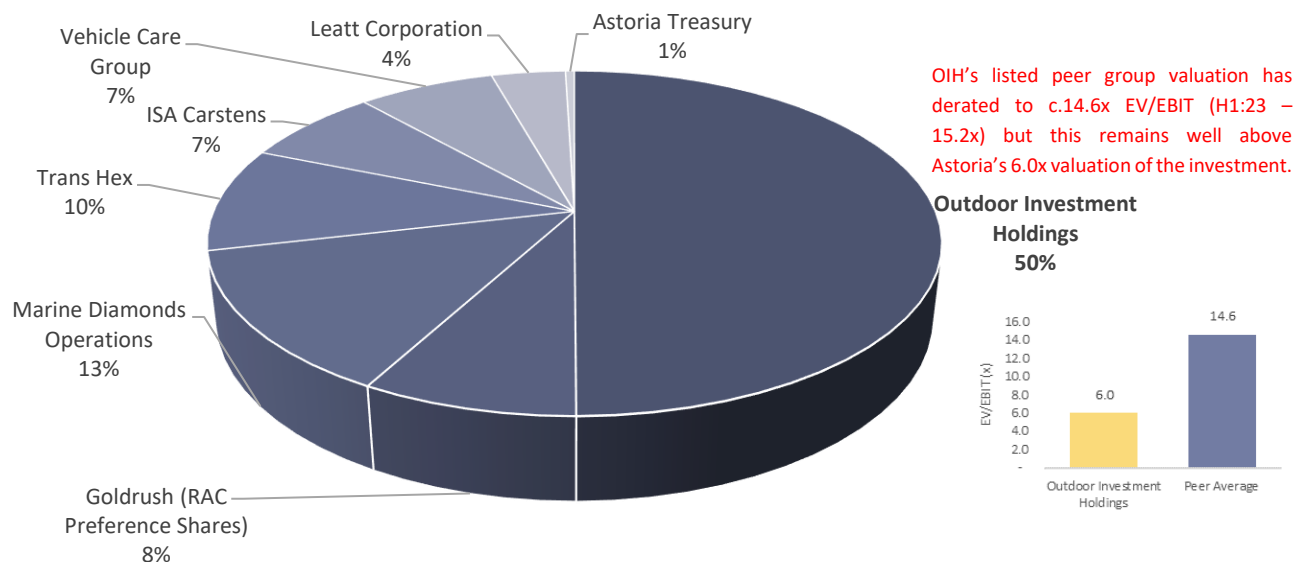
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**BLUE GEM RESEARCH**

Table 1: Investment	Description	Ownership or # shares	Valuation Methodology	Valuation (Rands)	Valuation (USD)	% of NAV
<b>USD/ZAR Exchange Rate Used</b>				<b>R18.26</b>	<b>\$1.00</b>	
Outdoor Investment Holdings	Integrated outdoor retailing group	40.0%	6.0x EBIT multiple	R374,032,742	\$20,483,721	50%
Goldrush (RAC Preference Shares)	Alternative gaming – see breakdown below:	7,510,225	Listed share price (which includes the below 35% discount to NAV)	R60,081,800	\$3,290,350	8%
	<b>RACP Share Price</b>	-	<b>Listed share price</b>	<b>800cps</b>		
	<b>Discount to NAV (%)</b>	-	-	-	35%	
	<b>Net Asset Value (1 + 2 + 3)/# RACP shares</b>	-	<b>Sum of below portfolio divided by issued shares</b>	<b>1,223cps</b>		
	(1) Goldrush Group	58.8%	7.0x EV/EBITDA	R891,400,000		
	(2) Other & cash	-	Taken from balance sheet	R24,500,000		
	(3) CGT & liabilities	-	Taken from balance sheet	-R307,900,000		
Marine Diamonds Operations	Marine diamond miner	25.1%	Cost	R100,430,000	\$5,500,000	13%
Trans Hex	Land diamond miner	25.1%	0.68x Price-to-Book	R73,360,244	\$4,017,538	10%
ISA Carstens	Domestic health & skincare educational group	49.0%	Equity: 6.0x Price Earnings Property: 9% Capitalisation Rate	R54,600,000	\$2,990,142	7%
Vehicle Care Group	Financier in the used car market	87.5%	Equity: Fully impaired; Debt: Book value less loss allowance	R53,900,000	\$2,951,807	7%
Leatt Corporation	Globally branded biking & outdoor protective clothing group	139,000	Listed share price	R29,188,610	\$1,598,500	4%
Astoria Treasury	Internal lending book	100.0%	Book value less 31% loss allowance	R3,500,000	\$191,676	0%
<b>Gross Investment Value</b>				<b>R749,093,396</b>	<b>\$41,023,735</b>	
Cash & equivalents, & other	-	-	Taken from balance sheet	R16,039,569	\$878,399	
Liabilities	-	-	Taken from balance sheet	-R3,497,700	-\$191,550	
<b>Other assets &amp; liabilities</b>				<b>R12,541,869</b>	<b>\$686,849</b>	
<b>Net Asset Value (Rands/\$'s)</b>				<b>R761,635,265</b>	<b>\$41,710,584</b>	
<b>Net Asset Value (Rand/USD)</b>				<b>R13.60</b>	<b>\$0.74</b>	
HoldCo Discount (c.15%)			Based on a perpetuity with HoldCo costs as a % of NAV	-R116,726,123	-\$6,392,449	
<b>Fair Value (Rands/\$'s)</b>				<b>R644,909,142</b>	<b>\$35,318,135</b>	
<i>Number of issued shares</i>				<i>56,000,000</i>	<i>56,000,000</i>	
<b>Fair value (ZAR cps / USD cps)</b>				<b>1,152cps</b>	<b>\$0.63</b>	
<b>Share price discount to fair value (%)</b>				<b>22%</b>	<b>22%</b>	
<b>12m TP (ZAR cps / USD cps)</b>				<b>1,365cps</b>	<b>\$0.75</b>	
<b>12m Implied Return (%)</b>				<b>52%</b>	<b>52%</b>	



OIH's listed peer group valuation has derated to c.14.6x EV/EBIT (H1:23 – 15.2x) but this remains well above Astoria's 6.0x valuation of the investment.

Sources: Astoria Investment's various reports, RECM & Calibre and [select Goldrush Group disclosure](#), Bloomberg, Profile Media, JSE & LSE share prices, & Blue Gem Research workings & assumptions (all spot and share prices based on 3 November 2023 Closing Price); \* USD/ZAR spot closing 3 November 2023; Refer to [Initiation of Coverage](#) for risks to our valuation, key assumptions & views on Astoria and its underlying (including comments on unlisted valuations & methodologies).

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*\* Except where noted otherwise, market prices in this report predominantly set to Closing Prices on 3 November 2023*

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