

## Sabvest Capital Ltd Wonderful Performance

Share Code: SBP - Market Cap: R3.5bn - Dividend Yield: 1.1%

12m Target Price	14017cps
Share Price	9060cps
Implied Return	55%

Financials | [South Africa](#)

### FY 24 Results: Excellent Results

- Sabvest's Net Asset Value (NAV) increased to R5bn, up 18% from R4.3bn and, amplified by share buy-backs at below-NAV prices, the Group's Net Asset Value per share (NAV ps) increased by 21% to 13213cps (FY 23: 10936cps).
- Major contributors to the NAV increase include strong performance from almost all investees, particularly ITL, which experienced a material fair value gain as the labelling group (finally) recovered strongly following the draw-out apparel sector post-COVID recovery.
- Major realizations during the period include Metrofile, Rolfes, WeBuyCars, and (a partial exit of) Sunspray.
- Share buybacks amounted to R59.9m (2023: R11.8 million) for 850 000 SBP shares (VWAP was c.7047cps).

### Thoughts: Positive Momentum Going Forward

- Growing investee profitability, central degearing annualizing and, possibly, further opportunistic share buy-backs are all promising for per share NAV growth in the coming period.
- Furthermore, we expect good NAV growth to be particularly driven by positive performances in Apex Partners (DRA Global's unlock) and the ITL Holdings Group (recovery shifting to growth).
- It is worth note that the consistent execution of profitable exits at or *above* book value further supports our view of the sturdiness of the Group's NAV.

### Valuation, 12m TP & Implied Return: Discounted

- We estimate that the share is currently trading at a c.31% discount to its current 13108cps NAV and—after including a HoldCo c.10% *discount* against this NAV of 10% (unchanged)—we believe that the share's fair value is around 11798cps (previously: 10754cps).
- Rolling our post-discount fair value forward, we see the Group's 12m TP as 14017cps (previously: 12616cps) with an implied return of +55% from these levels.
- Refer to our [Initiation of Coverage](#) for more background.

Financial Summary	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Now
Net Asset Value (cps)	6648cps	7444cps	9371cps	11017cps	10936cps	13213cps	13108cps
Growth (% y/y)	14%	12%	26%	18%	-1%	21%	20%
HEPS (cps)	917cps	709cps	1690cps	1722cps	(11)cps	2324cps	-
Growth (% y/y)	73%	-23%	>100%	2%	-101%	>100%	-
DPS (cps)	75cps	25cps	75cps	90cps	90cps	105cps	-
Growth (% y/y)	10%	-67%	200%	20%	0%	17%	-

Sources: Sabvest various reports & Blue Gem Research assumptions & workings; \*Closing prices on 20 March 2025



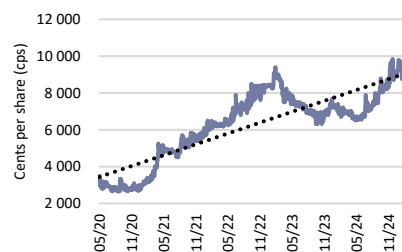
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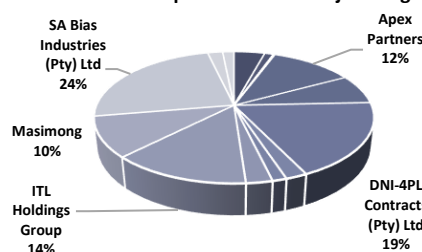
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### Sabvest Capital: Share Price



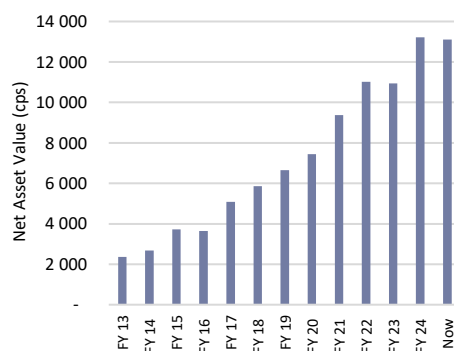
Source: Profile Media

### Sabvest Capital: Portfolio Major Weightings



Sources: Sabvest & Blue Gem Research workings

### Sabvest Capital: NAV History – Long & Impressive



Sources: Sabvest & Blue Gem Research workings



BLUE GEM RESEARCH

Table 1: Sabvest: Sum-of-the-Parts (SOTP)	Short Description	# / %	Valuation Methodology	Valuation (Rm)	% of NAV
<b>Listed Investments</b>	-	-	-	<b>R301.8m</b>	6%
Corero Network Security Plc	LSE-listed DDOS-focussed cyber security group.	57.5m	Market price of shares (GBP16.65ps)	R225.5m	4%
Metrofile Holdings Ltd	JSE-listed document & IT services group. See more details here: <a href="https://bluegemresearch.co.za/?cat=132">https://bluegemresearch.co.za/?cat=132</a>	21m	Put/call option price (301cps)	R63.2m	1%
Nutun Ltd	JSE-listed group offering taxi financing & credit services. Has/will unbundle WeBuyCars.	6m	Market price of shares (218cps)	R13.1m	0%
<b>Unlisted Investments</b>	-	-	-	<b>R5021m</b>	100%
Apex Partners	An industrial group with a portfolio of controlling interests in distribution, engineering and manufacturing businesses in South Africa.	40.6%	Normalized EBITDA x 5.5x (Previously: 5.5x)	R607.2m	12%
ARB Holdings (Pty) Ltd	A distributor of electrical, lighting and related products to the mining, industrial, construction, parastatal, retail and domestic markets in Southern Africa. See our previous coverage on ARB for more details here: <a href="https://www.bluegemresearch.co.za/?cat=50">https://www.bluegemresearch.co.za/?cat=50</a> .	18.5%	Normalized EBITDA x 6.5x (Previously: 6.5x)	R385.1m	8%
DNI-4PL Contracts (Pty) Ltd	A telcos-orientated group offering technology, logistics and distribution services to the telecoms and related industries and to all network operators in RSA, including sim card starter packs, airtime and handset distribution and technology platforms.	19.4%	Normalized EBITDA x 7.0x (Previously: 6.5x)	R984.3m	20%
Amicus (Pty) Ltd (Previously - Flexo)	A manufacturer of high-quality injection moulded plastic products primarily for the spice and food industries globally.	20.2%	(Normalized EBITDA x 5.5x) - Net Debt (Previously: 4.5x)	R112.5m	2%
EWA Global Ltd (Previously part of DNI-4PL)	Software-as-a-service (SaaS) that integrates with payroll systems to allow employees to access a portion of their earned wages before payday.	13.2%	(Normalized EBITDA x 10.0x) - Net Debt	R73.9m	1%
Halewood Int. SA (Pty) Ltd	A manufacturer of a wide range of premium award-winning alcoholic, non-alcoholic and RTD (Ready-To-Drink) beverages including brands such as Belgravia, Whitley Neill, Red Square, Caribbean Twist and Buffelsfontein.	19.0%	Normalized EBITDA x 7.25x (Previously: 7.25x)	R136.5m	3%
ITL Holdings Group	Intelligent Labelling Solutions (ITL) is an international designer, manufacturer & distributor of apparel labelling & identification products, & supply chain management solutions including RFID. It has factories around the world and supplies to the clothing industry world-wide through multiple international retail group accreditations.	34.4%	(Normalized EBITDA x 9.0x) - Net Debt (Previously: 9.0x)	R722.1m	14%
Masimong Group Holdings (Pty) Ltd	An empowered investment company holding investments in Seriti Power, Seriti Coal and Lephalale Coal, Mouton Citrus, Carmien Tea, Southern Cross Investment Holdings, Winfield United SA, amongst other investments (e.g. ARB).	9.0%	NAV based on Masimong internal valuation (Previously: NAV)	R527.8m	10%
SA Bias Industries (Pty) Ltd	A Group that holds Flowmax & Narrowtex. In the UK and Europe, Flowmax manufactures, imports, services & distributes medium technology fluid handling equipment & systems, and solutions for heat control. Narrowtex is a South African manufacturer and exporter of narrow fabric products.	85.8%	(Normalized EBITDA x Multiple) - Net Debt with Floxmax & Narrowtex on 6.0x & 5.0x (Previously: 6.0x & 4.5x)	R1278.6m	25%
Sunspray Food Ingredients (Pty) Ltd	Offers food ingredient solutions to South African manufacturers by supplying spray dried & blended powdered food & drink products & services.	11.1%	Latest Transaction Price (Previously: LTR)	R109.6m	2%
Valemount Trading (Pty) Ltd	Valemount is the largest manufacturer and distributor of bird seed and related feeder products in the country while offering outsourced logistical services to independent pet product suppliers through their distribution centers.	39.3%	Normalized EBITDA x 6.0x (Previously: 6.0x)	R83.7m	2%
<b>Other Items</b>	-	-	-	<b>(R293.3)</b>	-6%
Finance advances (current & non-current)	-	-	Per "Investment Holdings" disclosure	-	0%
Deferred Tax Liabilities	CGT raised on Sabvest's own balance sheet to offset the implied taxable gains on its investments (where applicable & not provided for by the individual investments themselves).	-	Per "Investment Holdings" disclosure	(R178.2)	-4%
HoldCo Net Debt	-	-	Per "Investment Holdings" disclosure	(R115.1m)	-2%
<b>Net Asset Value</b>	-	-	-	<b>R5023m</b>	100%
Less: "Investment Holding Discount"	The cost of maintaining & running Sabvest Capital Ltd	-	Net Present Value of estimated HoldCo costs	(R503m)	-10%
<b>Sum-of-the-Parts (SOTP)</b>	-	-	-	<b>R4526.7m</b>	
<i>Ordinary shares</i>	-	-	<i>Net of shares bought back</i>	<i>38.37m</i>	
<b>Fair Value per share (cps)</b>	-	-	<b>SOTP divided by the issued shares</b>	<b>11798cps</b>	
<b>Discount to share price (%)</b>	-	-	-	<b>30%</b>	
<b>12m Target Price (cps)</b>	-	-	<b>SOTP rolled-forward by Cost of Equity</b>	<b>14017cps</b>	
<b>12m Implied Return (%)</b>	-	-	-	<b>55%</b>	

Sources: Sabvest various reports, Iress, Profile Media, & Blue Gem Research workings & assumptions (20 March 2025 Closing Prices)

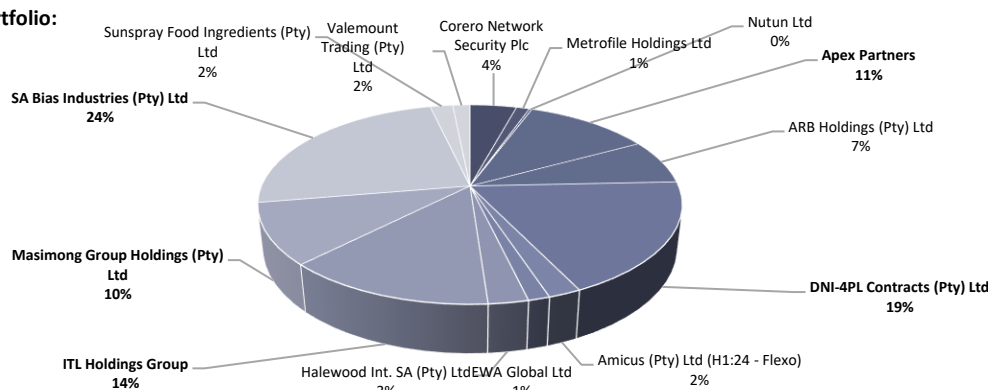
## Sabvest Capital FY 24 Results

Sabvest Capital (code: SBP) published its FY 24 results, comfortably outperforming our expectations:

- Net Asset Value (NAV) increased to R5,069.7m at 31 December 2024, up 18.2% from R4,289.3m at 31 December 2023 with Net Asset Value per share (NAV ps) increased by 20.8% to 13213cps (FY 23: 10936cps), bolstered by accretive share buybacks (see below) at below NAV.
- Major contributors to the NAV increase include strong performance from investees, particularly ITL, which experienced a material fair value gain as the labelling group (finally) recovered strongly. Also notable, Corero's share price more than doubled due to strong trading performance.
- Major disinvestments include Metrofile (partial exit with the balance held and valued at a put/call strike price of 301cps – note the recent cautionary and potential delisting here), Rolfes and WeBuyCars. Sabvest received R80.6m initially from the exit of Sunspray at an above-book price. The exit from Rolfes was also expected to be at a premium to its previous value in the Group's NAV. Sabvest sold its We Buy Cars shares for R45.1m. These exits were at prices above their previously stated fair values, indicating conservative unlisted valuations.

**Figure 1: Sabvest Portfolio – Updated Listed Prices (23 August 2024) & Unlisted Valuations (on 30 June 2024)**

### Sabvest Portfolio:



Unlisted Investment	Valuation Multiple (predominantly EV/Sustainable EBITDA)					
	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Amicus (H1:24 – Flexo Line)	4.0x	4.5x	4.5x	4.5x	4.5x	5.5x
Apex Partners	4.5x	4.5x	4.5x	5.5x	5.5x	5.5x
ARB Holdings	-	-	-	6.5x	6.5x	6.5x
DNI-4PL Contracts	6.5x	6.5x	6.5x	6.5x	6.5x	7.0x
EWA Global	-	-	-	-	-	10.0x
Halewood South Africa	-	-	-	7.25x	7.25x	7.25x
ITL Holdings Group	9.3x	9.0x	9.0x	9.0x	9.0x	9.0x
Masimong Group*	*	*	*	*	*	*
SA Bias Industries**	6.5x	5.3x	5.3x	5.3x	5.5x**	5.5x**
Sunspray Food	5.0x	5.0x	5.0x	5.0x	Latest transaction price	Latest transaction price
Valemount Trading	-	-	-	-	6.0x	6.0x

Sources: Sabvest, Iress, Profile Media, various company reports, & Blue Gem Research workings & assumptions; \*Valuation performed by Masimong management predominantly based on Discounted Free Cash Flow methodology. \*\*Average between subsidiaries' multiples (5.0x & 6.0x in FY 24).

- Share buybacks amounted to R59.9m during 2024 (2023: R11.8m), or 850 000 SBP shares at a VWAP of c.7047cps (well below NAV and wonderfully accretive).
- Management expects satisfactory performance from most investees in the coming year. They project further growth in NAV per share in 2025, and we see no reason why this should not materialize from both a combination of growing investee profitability, central degearing annualizing and, possibly, further opportunistic share buy-backs. Indeed, we do expect good NAV growth in the coming period to be driven, particularly, by positive performances in Apex Partners (watch the DRA Global unlock and revaluation post-consolidation) and the ITL Holdings Group (shifting to growth).
- Finally, the consistent execution of profitable exits at the same-or-above book value further supports this positive outlook and confirms our view of the sturdiness of the Group's NAV.

## Investee Company Updates & Analysis

**Amicus (previously, 'Flexo Line Products')**: A manufacturer of high-quality injection moulded plastic products primarily for the spice and food industries locally and internationally.

Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	20.2%	47.5%	47.5%	47.5%	47.5%
Equity investment	R33.9m	-	-	R29.9m	R29.8m
EBITDA Multiple	5.5x	4.5x	4.5x	4.5x	4.5x
Investment loans	R75.6m	R30.5m	R7.0m	R79.8m	R65.2m
<b>Total Investment</b>	<b>R112.5m</b>	<b>R30.5m</b>	<b>R7.0m</b>	<b>R109.6m</b>	<b>R95.0m</b>

- Operational Update:**
  - Amicus (previously Flexo) experienced an increased scale of operations, significantly reduced concentration risk, and optimisations and synergies following a share swap and refinance agreements.
  - This share swap and resulting refinance agreements during the period involved exchanging Sabvest's 47.5% holding in Flexo for a 23.75% holding in Amicus Investments (now part of a larger whole). Sabvest's look-through economic interest in Amicus is 20.2%.
  - The valuation multiple applied to Amicus increased to 5.5x at 31 December 2024, up from 4.5x for Flexo in the prior period reflecting the shift from (before) a smaller producer to (now) an international producer of 75m grinder per annum to 41 different countries. This makes Amicus the 4<sup>th</sup> largest player in this sector in the world and is reasonable grounds for a small re-rating of the valuation upwards.
- Valuation:**
  - The fair value of Sabvest's investment in Amicus was R112.5m at FY 24, compared to R30.5m for Flexo at FY 23. This represents a significant increase, which can be attributed to both the operational performed noted above and the re-rating of the valuation.
  - The valuation multiple changed from 4.5x (for Flexo) to 5.5x (for Amicus). This increased multiple, along with the increased scale of Amicus, drove the significant increase in fair value.
  - Given its mid-single-digit multiple (5.5x is not a high multiple) and the significantly larger scale of Amicus versus Flexo, we think that this likely a reasonable valuation for the investment and we will closely watch operating performance at this larger scale.

### Apex Partners – [Website](#)

Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	40.6%	45.3%	44.8%	44.8%	44.8%
Equity investment	R607.2m	R584.6m	R504.0m	R303.7m	R88.5m
EBITDA Multiple / Valuation Method	5.5x	5.5x	4.5x	4.5x	At Net Asset Value
Debt & Preference share investment	-	-	-	-	R40m
<b>Total Investment</b>	<b>R607.2m</b>	<b>R584.6m</b>	<b>R504.0m</b>	<b>R303.8m</b>	<b>R128.5m</b>
Ordinary dividends received	R32.5m	R27.2m	R17.9	-	-
Annualized Dividend Yield (DY %)	c.5.4%	4.7%	3.6%	-	-
JSE-listed Industrial Groups	Code	Dividend Yield (%)*	EV/EBITDA (x)*	Market Capitalisation*	52-week stock movement (%)**
Barloworld Ltd	BAW	4.8%	4.9x	R20bn	+79%
The Bidvest Group Ltd	BVT	3.7%	7.6x	R83.5bn	+0%
Hudaco Industries	HDC	5.3%	5.7x	R5.5bn	+20%
Invicta Holdings	IVT	3.1%	4.4x	R3.3bn	+28%
KAP Industrial Holdings	KAP	-	4.8x	R6.5bn	+2%
Reunert Ltd	RLO	5.9%	5.3x	R9.7bn	-5%

\*As of close 20 March 2025 on the JSE Stock Exchange & sources being Profile Media, Iress and Koyfin; \*\*As of close 20 March 2025 (Google Finance)

## Business:

Apex is an industrial group with controlling interests in distribution, engineering and construction businesses in South Africa. The distribution segment comprises Letaba Pumps, TGS, Elephant Lifting and ELB Equipment. The construction and engineering segment comprises ETX Projects and CBZ Solutions. More recently, the Group has been increasing its stake in DRA Global Ltd (JSE: DRA) to 32% (Previously: 22%) – [see their corporate website here](#).

- **Operational update:**
  - A capital restructure and management shareholding realignment occurred in Apex, leading to a reduction in Sabvest's stake and an increase in management's stake. Sabvest's subsidiary received R140.5 million in cash arising from this restructure.
  - Much like Hudaco's recent results reflected a stronger H2 period ([link](#)), Apex's businesses all performed reasonably over the period. If Hudaco's positive outlook statement is representative of the local sector that Apex's businesses operate in, we expect a positive performance in this Group as well.
  - It is worth noting that Apex holds a 32% stake in DRA Global but has now made a bid for all its outstanding shares at R30/share for the Group ([see here](#)). Following the delisting of DRA, it is probable that DRA will also be valued on a maintainable earnings basis within Apex from the next reporting period, which we expect to create a material uplift for Apex and, thus, also lift Sabvest's investment fair value here.
- **Valuation:**
  - The fair value of Sabvest's investment in Apex increased from R584.6m at FY 23 to R607.2m at FY 24, or an increase of approximately 4%, albeit this does not take into account the change in percentage held as per the restructure noted above.
  - But—including the R32.5m dividend that received by Sabvest during the period—the Group's Total Return in Sabvest's NAV over this period was closer to c.10~15% or approximately in line with returns generated by Hudaco and Invicta over similar periods (see above table).
  - The EBITDA multiple remained unchanged at 5.5x.

**ARB Holdings:** ARB is a distributor of electrical, lighting and related products to the mining, industrial, construction, parastatal, retail and domestic markets in Southern Africa. ARB Electrical Wholesalers is one of Southern Africa's largest distributors of electrical products in three main categories: power and instrumentation cable; overhead line equipment and conductors; and general low-voltage and solar power products. Eurolux and Radiant are leading distributors of energy-saving; LED; halogen and fluorescent lamps; light fittings; electrical accessories; cut cable and ancillary products, including fans and lighting components.

We covered ARB while it was listed and encourage you to read our detailed body of research on the Group ([LINK](#)). We consider it a well-run, high-quality business with stable, good management and see no indication that this has changed since delisting.

Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	18.5%	18.5%	18.5%	-	-
Equity investment	R194.8m	R228.0m	R13.9m	-	-
EBITDA Multiple	6.5x	6.5x	6.5x	-	-
Investment loans	R190.4m	R129.3m	R236.3m	-	-
<b>Total Investment</b>	<b>R385.1m</b>	<b>R357.4m</b>	<b>R250.2m</b>	-	-
<b>Dividends</b>	<b>R11.7m</b>	<b>R5.2m</b>	-	-	-

- **Operational Update:**
  - ARB Holdings acquired a 67% interest in Cable Feeder Systems.
  - Loan funding in Masimong Electrical Holdings (through which Sabvest holds part of its ARB stake) was increased to repay third-party debt.

- Coming off a high base for solar PV sales following intense loadshedding, ARB Holding’s trading appears to have tracked from this year’s interim period and remained reasonable.
- **Valuation:**
  - The fair value of Sabvest's investment in ARB Holdings increased from R357.4m at FY 23 to R385.1m at FY 24, or an increase of approximately 8%. Including Sabvest’s R11.7m dividend received during the period, the Total Return from ARB was closer to c.10~13%.
  - The EBITDA multiple used for valuation remained unchanged at 6.5x, which we consider reasonable.

**Corero Network Security Plc:** LSE-listed DDOS-focussed cybersecurity group.

Valuation Summary	At date of this report	FY 24	FY 23	FY 22	FY 21
Shares held	57,500,000	57,500,000	51,000,000	50,000,000	47,000,000
Corero share price (GBP)	16.65	19.70	8.25	9.25	12.5
Fair value (GBP)	GBP11.1m	GBP11.3m	GBP4.2m	GBP4.6m	GBP5.8m
<b>Fair value (ZAR)</b>	<b>R225.5m</b>	<b>R266.7m</b>	<b>R99.0m</b>	<b>R94.5m</b>	<b>R126.1m</b>

- **Financial Performance vs. History:**
  - Corero's H1:24 revenue increased by 16% to \$12.2m (H1:23 - \$10.5m). This reflects good progress in their go-to-market strategy and is also demonstrated by their order intake increasing by 10% to \$14.2m (H1:23 - \$13.0m).
  - Annual Recurring Revenue (“ARR”) increased by 12% to \$17.2m (H1:23 - \$15.3m). This is attributed to enhanced software subscriptions, revamped pricing, and a strong DDPaaS offering.
  - EBITDA profit was \$0.7m (H1:23 - loss of \$0.2m).
  - Gross margins remained consistent at a high of 91% (H1:23 - 91%).
- **Operational summary:**
  - Corero experienced significant contract momentum in H1:24.
  - They secured new sales partnership agreements, broadening their sales footprint in Latin America, Europe, and the US.
  - New services were launched, including the SmartWall ONE Service Portal and the Corero DDoS Intelligence Service.
  - Corero secured contracts in eight countries across four continents, adding ten new direct customer wins, with five being replacements of competitors.
  - Management is confident that FY24E results will be in line with market expectations and believes Corero is well-placed for further growth.
- **Major Events or Developments during the Latest Financial Period:**
  - Corero launched SmartWall ONE Service Portal and Corero DDoS Intelligence Service, and expanded its of geographical sales and customer footprint.
  - Sabvest increased its holding in Corero by 6.5m shares to 57.5m shares, representing 10.6% of Corero, for GBP1.3m (R28.6m at the time).
- **Valuation:**
  - As Corero is a listed investment, its valuation in Sabvest's NAV is based on its market price.
  - The increase in fair value reflects the more than doubling of Corero's share price during the period, which reflects the strong fundamental story described above.



Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	19.4%	19.7%	19.9%	19.1%	19.4%
Equity investment	R984.3m	R990.5m	R1,028m	R907.7m	R839.4m
EBITDA Multiple	7.0x	6.5x	6.5x	6.5x	6.5x
Debt investment	-	-	-	-	-
<b>Total Investment</b>	<b>R984.3m</b>	<b>R990.5m</b>	<b>R1,028m</b>	<b>R907.7m</b>	<b>R839.4m</b>
Ordinary dividends received	R91.4m	R64.2m	R52.2m	R45m	-*
Special dividends received	-	-	R50.2m	R5.5m	-*
<b>Total dividend received</b>	<b>R91.4m</b>	<b>R64.2m</b>	<b>R102.4m</b>	<b>R50.5m</b>	<b>-*</b>
Annualized Dividend Yield (%)	c.9.3%	6.5%	10.0% (or 5.1% ex. special div.)	5.6%	-*
<b>JSE-listed comparatives**:</b>	<b>Dividend Yield</b>	<b>EV/EBITDA (x)</b>			
Blue Label Telecoms (JSE: BLU)	—	10.7x	-	-	-
Vodacom Group (JSE: VOD)	4.9%	4.9x	-	-	-
MTN Group (JSE: MTN)	2.9%	4.0x	-	-	-
Pepkor Holdings (JSE: PPH)***	1.9%	8.1x	-	-	-

\* Not disclosed; \*\* As of Close 20 March 2025 on the JSE Stock Exchange via Profile Media & Koyfin; \*\*\* While the majority of Pepkor's group is retail, it owns FLASH which is amongst the largest telcos domestic distributors and, thus, imperfectly does offer us a glimpse at a comparative EV/EBITDA.

### Business:

DNI provides technology, logistics and distribution services to the telecoms and related industries in emerging markets (though, currently predominantly South Africa), including sim card starter packs, airtime and handset distribution and technology and value-added platforms and services.

The Group has four main segments (spread across a range of subsidiaries):

1. **Mobile Distribution:** Wholesaler and retailer of airtime, primarily through the Sim Group (4.5m subscribers and 18,000 points of presence).
2. **Hardware Distribution:** Imports, warehouses, distributes, and can preload with apps a range of name phones (e.g. Apple, Samsung & Nokia) and white label cellphones (e.g. built for Pepkor and other retailers); predominantly operating through 3G Mobile and Evercomm.
3. **Technology (Digico):** A range of technology-enabled mobile and app businesses with back-end platforms.
4. **Value-added Services:** A range of telcos-enabled valued-added services.

### FY 24 Financial Results:

Firstly—to provide context for the South African telcos sector—the below summarizes the two largest telcos' latest results and a listed telcos distributor with a specific focus on each of their South African segments:

- **Vodacom (Quarter ended 31 December 2024):** South Africa service revenue growth improved to 3.2%, supported by prepaid performance. Prepaid subscribers increased by 10.6% year-on-year, contributing to an overall subscriber growth of 9.3%. Service revenue from beyond mobile services also grew strongly by 11.3%. Vodacom is attempting to implement price increases, which we are uncertain about how inelastic they will find their subscribers (i.e. churn may rise from this).
- **MTN (Quarter ended 31 March 2024):** MTN South Africa's service revenue grew by 3.0% year-on-year, and subscribers increased by 3.3% to 37.1 million. MTN acknowledged challenges from inflation and loadshedding impacting the sector and consumers. Following Vodacom, we suspect MTN is trying to start to push price increases into an increasingly saturated market.
- **Blue Label Telecoms (H1:25):** For the six months ended 30 November 2024, Group revenue amounted to R7.2 billion. Gross profit increased by 2% to R1.63 billion. Gross profit margin increased

from 21.08% to 22.44%. This increase is partially attributed to growth in "PINless top-ups", prepaid electricity, ticketing and universal vouchers, where only the gross profit is recognised as revenue. We believe that Blue Label Telecoms' share price may be more reflective of its investment in Cell C than its mobile distribution business, albeit the mobile distribution segment is good context for DNI-4PL operations in South Africa.

Now, shifting to DNI-4PL's FY 24 performance:

- **Operational Update:**
  - DNI's traditional businesses were affected by softer demand in the telecoms industry, temporarily negatively impacting profit growth.
  - Segments had mixed results, though Hardware appears to keep gaining traction. International continues to grow, albeit remains small relatively speaking in the Group's life.
  - Despite this, DNI remained highly cash generative and maintained dividend levels.
  - During the period, DNI sold PayMeNow to subsidiaries of EWA Group Ltd in what was described as more of a "restructure" than a divestiture, intended to repackage PayMeNow for a larger global play.
  - Dr Ryan Noach was appointed Group CEO, and Andrew Dunn became Executive Chairman.
  - Following some restructuring, Sabvest's effective interest in DNI is now 19.36% (previously 19.65%).
- **Valuation:**
  - The fair value of Sabvest's investment in DNI increased from R990.4m at FY 23 to R984.3m at FY 24; while this is a decrease of approximately 0.6%, it doesn't consider the change in interest in the Group *and*, more importantly, it excludes the value crystallized by externalizing the EWA Global investment.
  - The EBITDA valuation multiple applied to DNI was increased to 7.0x at FY 24, up from 6.5x in the prior year. While this multiple appears reasonable when compared to the telcos (4~5x), Blue Label Telecoms' (10x), and Pepkors (8x), the driver of the multiple expansion is a combination of things including minority shareholder transaction at higher multiples and decreasing revenue concentration risk that has materially lowered the investment's risk profile.

## EWA Global – Website

Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
<i>%-held</i>	13.2%	-	-	-	-
Equity investment	R46.8m	-	-	-	-
<i>EBITDA Multiple</i>	10.0x	-	-	-	-
Debt & Preference share investment	R27.1m	-	-	-	-
<b>Total Investment</b>	<b>R73.9m</b>	-	-	-	-

- **Operational Update:**
  - EWA Global is a technology business offering software-as-a-service (SaaS). Its service integrates with a client's payroll to allow employees to access a portion of their already earned wages/salary, known as earned wage access (EWA). In partnership with other investors, EWA Global acquired 71.49% of the PayMeNow Group ("PMN"), effectively externalizing it from DNI-4PL.
  - Sabvest acquired an indirect interest of 13.19% in EWA Global Limited (Jersey). This was done through a 32.39% interest in EWA Investments 1 (Pty) Ltd, which owns 40.72% of EWA Global Limited (Jersey). Sabvest also provided initial loan funding of R27m to this investment. EWA Global then acquired a majority stake in PayMeNow from a subsidiary of DNI and other investors.



- This potentially large and global business has continued to perform strongly and, while early days, management indicates steady compounding of its financial performance.
- **Valuation:** The fair value of Sabvest's investment in EWA Global is R73.9m at FY 24 based on a 10.0x EBITDA multiple. In discussion with management on the growth of the business and, tracking the value “unbundled” from DNI-4PL, this—for now—appears reasonable (see below\*). We will keep watching this business’s performance closely.
- **\*Klarna IPO:** A Buy Now Pay Later (BNPL) group that is expected to IPO shortly is expected to attract a c.\$15bn market cap at a *forward* EV/EBITDA multiple of c.83x. Even if *half* this IPO price is achieved and earnings are *half* what analysts expect them to be, this multiple would still be a premium to EWA’s multiple in Sabvest’s books (i.e.  $83 / 2 / 2 = 20.7x > 10x$  for EWA). While Klarna is quite different to EWA *and* valuations may be frothy around the fintech space, this does demonstrate that a 10.0x multiple in Sabvest’s book is actually quite reasonable for a fintech growth story that is delivering.

**Halewood South Africa:** Established in 1999, Halewood South Africa is a manufacturer of a wide range of premium award-winning alcoholic, non-alcoholic and RTD (Ready-To-Drink) beverages including brands such as Belgravia, Whitley Neill, Red Square, Caribbean Twist and Buffelsfontein. It is also an importer of finished goods brands from the UK, France, Italy and Mexico.

Valuation Summary	FY 24	FY 23	FY 22	H1:22
%-held	19.0%	19.0%	19.0%	19.0%
Equity investment	-	-	-	-
Valuation methodology	EBITDA valuation multiple: 7.25x	EBITDA valuation multiple: 7.25x	EBITDA valuation multiple: 7.25x	COST
Investment loans	R136.5m	R91.6m	R165.6m	R116.5m
<b>Total Investment</b>	<b>R136.5m</b>	<b>R91.6m</b>	<b>R165.6m</b>	<b>R116.5m</b>

- **Operational Update:**
  - Some stabilisation in macroeconomic factors in South Africa, sales volumes, and product mix led to improved trading during the period. This agrees with recent geographic updates out of Anheuser-Busch Inbev SA ([link](#)) that showed volume growth in South Africa, albeit Anheuser-Busch chalks this up to their products (predominantly beer, and not Halewood’s RTDs, gin and brandy) winning market share.
  - Management expect Halewood’s growth in revenues to remain depressed in FY25E due to the cyclical nature of the liquor industry, despite the product mix and business volumes having stabilised. While hard to judge, this may a bit more conservative than our view.
  - Masimong's acquisition of an interest in KWV may (yet) create interesting potential actions for Halewood and we will keep watching this closely.
- **Valuation:**
  - The fair value of Sabvest's investment in Halewood increased from R91.6m at FY 23 to R136.5m at FY 24, an increase of approximately 48% from the above stabilization we have noted.
  - When compared to FY 22, it is clear that this period was less about growth and more just about recovery to a normalized run-rate.
  - We have to admit that we are somewhat more bullish on near-term prospects in this business than management, but, either way, the next trading period should not see any deterioration.
  - Sabvest has kept Halewood’s multiple flat at 7.25x. If we consider larger, global branded alcoholic beverage multiples (EV/EBITDA Ratios: Diageo Plc 12.5x, Brown-Forman Corporation 13.3x, Heineken N.V. 12.0x & Anheuser-Busch InBev SA/NV 9.5x), we are comfortable for Halewood’s inclusion in Sabvest’s NAV at a 7.25x multiple.

ITL Holdings Group (Pty) Ltd – [Website](#)

Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	34.4%	34.4%	34.4%	34.0%	30.0%
Equity investment	R44m	-	R167.6m	R26.1m	R103.5m
EBITDA Multiple	9.0x	9.0x	9.0x	9.0x	9.0x
Debt & Preference share investment	R678m	R499m	R618.9m	R585.1m	R551.6m
<b>Total Investment</b>	<b>R722m</b>	<b>R499m</b>	<b>R786.5m</b>	<b>R611.2m</b>	<b>R655.0m</b>

**Business:**

ITL Group (Intelligent Labelling Solutions) is a market-leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions including [RFID](#).

The Group has factories and marketing offices in the United States, Canada, Mexico, United Kingdom, Germany, China, India, Vietnam, Sri Lanka, Bangladesh, Hong Kong, Turkey, Mauritius, Madagascar and South Africa for supply to the clothing industrial worldwide through multiple international retail group accreditations.

- **Operational Update:**
  - ITL performed satisfactorily, resulting in a material fair value gain for Sabvest Capital.
  - The Group saw significantly improved revenues due to improved macroeconomic variables, increased retail demand, and—importantly—the sales from a promising supplier deal struck in late FY23 for traditional labels and RFID that began to materialise in the latter part of FY24. This last point hints at a strong, fully-annualized FY 25E potential from this customer win.
  - Furthermore, management successfully implemented a comprehensive repositioning strategy including material cost cutting and margin and efficiency enhancements.
  - Management point to changing demand patterns, new customer wins (noted earlier) and materially increased RFID demand as drivers that they expect to result in higher revenues and profit levels going forward.
- **Other Notes:**
  - ITL has initiated an acquisition strategy to further enhance global positioning and growth. We will watch this closely and it will be interesting to see what, where and how large this acquisitive strategy takes shape as.
  - Management is not concerned by any imposition of tariffs as (1) labels only constitute less than 5% of apparel's end-cost, and (2) the Group is regionally diversified.
- **Valuation:**
  - The fair value of Sabvest's investment in ITL increased to R722m (FY 23: R499m). This is an increase of approximately 45%, but—with the EBITDA valuation multiple remaining constant at 9.0x—this shows quite how strong the operational recovery of the Group has been.
  - While **Table 2**'s comparisons are arguably weak for valuation purposes of ITL (who would, typically, supply *into* these businesses as opposed competing *with* them), this exercise does show the market multiples placed on the global apparel sectors and how ITL's 9.0x multiple remains at-to-below the broader average market multiples (c.12.5x is the average EBITDA multiple of this peer group).

**Table 2: Global Apparel Stock EV/EBITDA Multiples**

	EV/EBITDA
Levi Strauss & Co.	6.1x
Dr. Martens plc	6.3x
Ermenegildo Zegna N.V.	6.6x
Nextracker Inc.	7.8x
Burberry Group plc	8.4x
Kering SA	9.0x
<b>ITL Group (Sabvest's valuation)</b>	<b>9.0x</b>
Prada SpA	9.8x
Moncler SpA	12.7x
Brunello Cucinelli S.p.A.	21.9x
Hermes International	36.0x
<b>Average</b>	<b>12.5x (Previously: 11.7x)</b>
<b>Median</b>	<b>9.0x (Previously: 8.6x)</b>

Sources: Koyfin and Blue Gem Research workings

**Masimong Group Holdings:** An empowered investment group holding interests in (mining) Seriti Coal, Seriti Power and Lephalale Coal and Power, and (agricultural) Mouton Citrus, Carmien Tea, Southern Cross Investment Holdings (which owns grape and date farms) and Winfield United South Africa (which is a provider of specialist crop input products and services including crop protection, plant nutrition, soil conditioning, fumigation and seeds). It also holds diversified interests including ARB, Halewood South Africa, Anchor Capital and Chemfin. More recently, Masimong has acquired an interest in KWV (see **Halewood** commentary above referencing this).

Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	9.0%	9.0%	10.0%	10.0%	10.0%
Equity investment	R527.8m	R475.8m	R452.5m	R296.2m	R172.1m
Valuation Methodology	At Net Asset Value	At Net Asset Value	At Net Asset Value	At Net Asset Value	At Net Asset Value
<b>Total Investment</b>	<b>R527.8m</b>	<b>R475.8m</b>	<b>R452.5m</b>	<b>R296.2m</b>	<b>R172.1m</b>
Ordinary dividends received	R7.65m	-	R10.9m	-	-
Dividend Yield (%)	1.4%	-	2.4%	-	-

- **Operational Update:**
  - Massimong and, its largest subsidiary, Seriti, have materially degeared. This is evident in the dividend paid out during the year (Seriti has declared a good dividend up to Masimong, which has now declared to its own shareholders).
  - Sabvest has confirmed to us that Massimong's balance sheet remains strong and its underlyings are performing well. Particularly the "cost-plus" contracts signed in Seriti with Eskom underpin its earnings and have hedged it against the pressure in the global coal markets right now.
- **Valuation:** As mentioned earlier in this note, Masimong's portfolio is independently fairly valued (including minority & liquidity discounts, and deferred CGT tax) and, therefore, Sabvest accounts for this at NAV. We consider this independent valuation robust and arms-length and, thus, remain comfortable with its value in Sabvest's NAV.

**Metrofile Holdings Ltd:** JSE-listed group offering secure & digital storage, document solutions & related services. [See our research on the Group here.](#)

Valuation Summary	At date of this report	FY 24	FY 23	FY 22	FY 21
Number of shares held	21,000,000	21,000,000	57,000,000	56,000,000	55,000,000
MFL option/share price (cps)	301cps	301cps	300cps	350cps	345cps
<b>Fair value (ZAR)</b>	<b>R63.2m</b>	<b>R63.2m</b>	<b>R171m</b>	<b>R196.0m</b>	<b>R189.7m</b>

- **Performance & Commentary:** See [our recent results note on Metrofile here.](#)
- **Exit of Investment:** During FY 24, Sabvest sold 36m Metrofile shares for an aggregate consideration of R108,3m (before dealing costs) or c.301cps. As part of this transaction, Sabvest's subsidiary has

granted a call option to the holding company of the acquirer to acquire the remaining 21m Metrofile shares. Sabvest’s subsidiary has also been granted a put option by the holding company of the acquirer to sell the remaining 21m Metrofile shares to the holding company of the acquirer. Both the call option and put option are at 301cps, resulting in an aggregate cash consideration of R63,2m (increased by any Metrofile dividend relating to the six months prior to the period which the call option is exercised and which has not vested to Sabvest). Similar to Rolfes’ exit above, this exit from Metrofile is at a wonderful premium to the current market price of 170cps.

- **Note:** Last week, Metrofile issued a cautionary out on its shares as “...the Company is in discussions relating to the potential acquisition of the Company...”, implying that a potential delisting may further/quicker unlock Sabvest’s exist here.
- **Valuation:** Given the existence of a Put/Call on the shares with a defined price, it is logical to value Metrofile in Sabvest’s NAV at this exercisable price.

**Rolfes Holdings:** A specialist provider of agricultural, food, industrial and water chemical solutions and services. The Group sold its (direct and indirect) stake in Rolfes for R193.7m during the period, which compares favourably to the R160m that it had valued this stake at in its books in FY 23.

**SA Bias Industries (Pty) Ltd – [Website](#) – [History](#) – [Subsidiaries](#)**

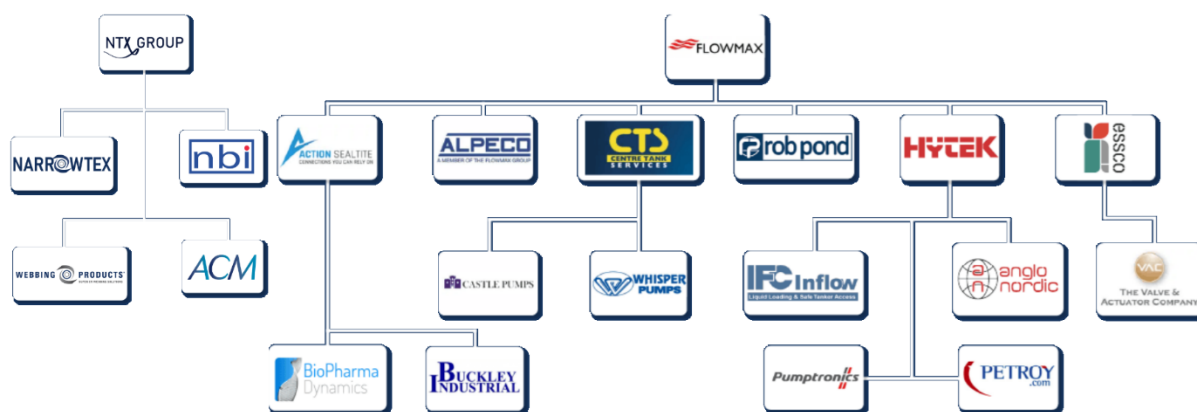


Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	85.8%	85.2%	85.2%	85.1%	59.9%
Equity investment	R1,279m	R1,270m	R1,018.9m	R906.3m	R768.6m
EBITDA Multiple	Flowmax at 6.0x, & Narrowtex at 5.0x	Flowmax at 6.0x, & Narrowtex at 5.0x	Flowmax at 6.0x, & Narrowtex at 4.5x	Flowmax at 6.0x, & Narrowtex at 4.5x	Flowmax at 6.0x, & Narrowtex at 4.5x
Debt & Preference share investment	-	-	-	-	-
<b>Total Investment</b>	<b>R1,279m</b>	<b>R1,270m</b>	<b>R1,018.9m</b>	<b>R906.3m</b>	<b>R768.6m</b>
Ordinary dividend received	R46.9m	R39.2m	R35.8m	R32.4m	-
Special dividend received	-	-	R8.5m	R88.2m	-
<b>Total dividends received</b>	<b>R46.9m</b>	<b>R39.2m</b>	<b>R44.3m</b>	<b>R120.6m</b>	-
Annualized Dividend Yield (%)	3.7%	3.1%	4.3% (3.5% ex-special dividend)	13.3% (3.6% ex-special dividend)	-

**Business:**

SA Bias is a holding company for the following two groups:

- **NTX Group (“Narrowtex”):** A South African-based manufacturer and exporter of a range of narrow fabric products including webbings, strapping, tapes and braids, and of lingerie components, elastics and accessories.
- **Flowmax Group:** Flowmax is a group of sixteen companies in the United Kingdom and Europe that manufacture, distribute and service fluid handling equipment, consumables and include heat management and control.



Source: SA Bias website

- **Operational Update:**

- Flowmax was impacted by poor macroeconomic factors in the UK, leading to weaker demand and depressed profitability. Improvement is expected in FY25E and, indeed, management note that trading has been positive in the first few months of the new financial year.
- Narrowtex saw a reduction in export demand due to a change in ownership of a major customer (private equity acquired them and switched their supply chain). These volumes are expected to return by sales initiatives to a more diversified customer base, albeit these should only start to make an annualized difference from FY 26E period onwards.
- The Group, SA Bias, retains a very liquid balance sheet with surplus funds in US Dollars and sterling, positioning it for further acquisitions, particularly in the UK and Europe.
- It is worth noting that Flowmax acquired 70% of B&D Plastics (UK) and 75% of Midatech (Poland) during the period.
- Sabvest's equity interest in SA Bias increased to 85.84% from 85.15% due to a share buyback despite an issue of shares to management.

- **Valuation:**

- The fair value of Sabvest's investment in SA Bias increased from R1,270m at FY 23 to R1,278.6m at FY 24, some Rand weakness likely helping to offset this softer operational performance.
- Flowmax is valued at 6.0x times and Narrowtex at 5.0x times maintainable earnings, both unchanged from the prior year.
- While SA Bias holds a complex and nuanced set of businesses, we simplistically compare its divisional valuations to what we believe are reasonable listed comparatives:

- **Flowmax:**

- Some listed peers show what relative valuation multiples are in this rather heterogenous part of the market:
  - IMI Plc (United Kingdom): EV/EBITDA of 11.7x (Previously: 10.9x)
  - Alfa Laval Corporate AB (Sweden): EV/EBITDA of 15.0x (Previously: 15.9x)
  - Flowserve Corporation (United States of America): EV/EBITDA of 11.3x (Previously: 11.8x).
- This peer set's average EV/EBITDA is 12.7x (Previously: 12.9x).
- Thus—despite some multiple compression in this peer set over the period—Flowmax's 6.0x multiple appears materially discounted to these listed valuations.

- **Narrowtex:**

- While we cannot find compelling comparatives for Narrowtex's valuation, an EV/EBITDA of 5.0x inverted provides an implied earnings yield of c.20% (=1/5).

This is sufficiently higher than the South African 10-year Government Bond (i.e., domestic risk-free rate; currently yielding 10.565%) that we are comfortable adequate margin of safety is built into the valuation.

- Given the degree of discount to relatives noted above, we remain comfortable with the multiples applied to SA Bias’ two segments and, thus, comfortable with SA Bias’ own valuation in Sabvest’s NAV.

**Sunspray Food Ingredients:** Offers food ingredient solutions to South African manufacturers by supplying spray-dried & blended powdered food & drink products & services.

Valuation Summary	FY 24	FY 23	FY 22	FY 21	FY 20
%-held	11.1%	11.1% & 16.6% held-for-sale	27.7%	27.7%	27.7%
Equity investment	R109.6m	R57.6m + R74.2m held-for-sale	R80.9m	R73.3m	R73.5m
EBITDA Multiple	Recent transaction price	Recent transaction price	5.0x	5.0x	5.0x
Investment loans	-	R6.4m held-for-sale	5.7m	R5.2m	R4.9m
<b>Total Investment</b>	<b>R109.6m</b>	<b>R138.2m</b>	<b>R86.6m</b>	<b>R78.5</b>	<b>R78.4m</b>

- Valuation:** Sabvest received R80.6m relating to this investment’s partial exit, and has valued the remaining stake here at recent transaction price (based on rights and formulate in the new shareholders agreement). Once again, similar to Rofles and Metrofile, Sabvest’s realization of this investment has been at a premium to the pre-transaction valuation and further evidences our confidence in Sabvest’s unlisted investments values and the firmness of its underlying NAV.

**Nutun Ltd (previously ‘Transaction Capital Ltd’):** JSE-listed group Nutun’s CX and CE businesses. Note the corporate activity whereby We Buy Cars Holdings (JSE: WBC) has been unbundled from the Group into a separate JSE listing, the (effective) exit of SA Taxi and the Group renamed itself Nutun Ltd (JSE code: NTU).

Valuation Summary	At date of this report	FY 24	FY 23	FY 22	FY 21
Number of shares held	6,000,000	6,000,000	6,000,000	5,000,000	6,000,000
TCP share price (cps)	218cps	244cps	798cps	3310cps	4503cps
<b>Fair value (ZAR)</b>	<b>R13m</b>	<b>R14.6m</b>	<b>R47.8m</b>	<b>R165.5m</b>	<b>R270.1m</b>

- Financial Performance vs. History:**
  - Nutun’s H1:24 results indicate core earnings from continuing operations decreased by 14%.
  - Revenue from CX services grew by 19%, while revenue from CE services decreased by 10% due to lower Non-performing Loan (“NPL”) portfolio acquisitions.
  - SA Taxi's impairment charges continue to impact the overall results. The business is prioritising cash generation over profit.
- Operational summary:**
  - The Group is focusing on cost-cutting and cash generation.
  - Nutun Australia has been sold, and Nutun Transact is in the sales process.
  - Nutun is being restructured into two businesses: BPO (CX and recoveries) and CE services.
  - The CE business has adopted a more conservative approach to NPL portfolio acquisitions due to the deteriorating consumer environment.
  - SA Taxi is being managed with a priority on preserving and generating cash.
- Major Events or Developments during the Latest Financial Period:**
  - Sabvest sold its We Buy Cars shares but retained its Nutun shares.
- Valuation:**
  - The fair value of Sabvest's investment in Nutun quite simply followed Nutun’s share price and, thus, we remain comfortable with its arms-length representation in Sabvest’s NAV.

Valemount Trading: [Website](#) – [History](#)



Valuation Summary	FY 24	FY 22	FY 22	FY 21
%-held	39.3%	39.3%	39.3%	-
Equity investment	R58.7m	R30.5m	R19.5	-
Valuation methodology	EBITDA Multiple: 6.0x	EBITDA Multiple: 6.0x	At cost	-
Investment loans	R25.0m	R25.0m	R25.2m	-
<b>Total Investment</b>	<b>R83.7m</b>	<b>R55.5m</b>	<b>R44.7m</b>	-

- Operational Update:**
  - Valemount Trading performed satisfactorily during the period with strong organic growth.
  - It is expanding its product range for the wider pet market with international partners.
  - Its distribution centres provide outsourced logistical services and, interestingly, offer some forward consolidation opportunities.
  - Acquisitions are being considered to augment organic growth and widen the product range.
- Valuation:**
  - The fair value of Sabvest's investment in Valemount Trading increased from R55.5m at FY 23 to R83.7m at FY 24, boosted by the above noted organic growth.
  - The EBITDA valuation multiple remained unchanged at 6.0x. (NYSE-listed Chewy Inc's EV/EBITDA of c.48.9x offers a much larger, though admittedly weak comparative for this).

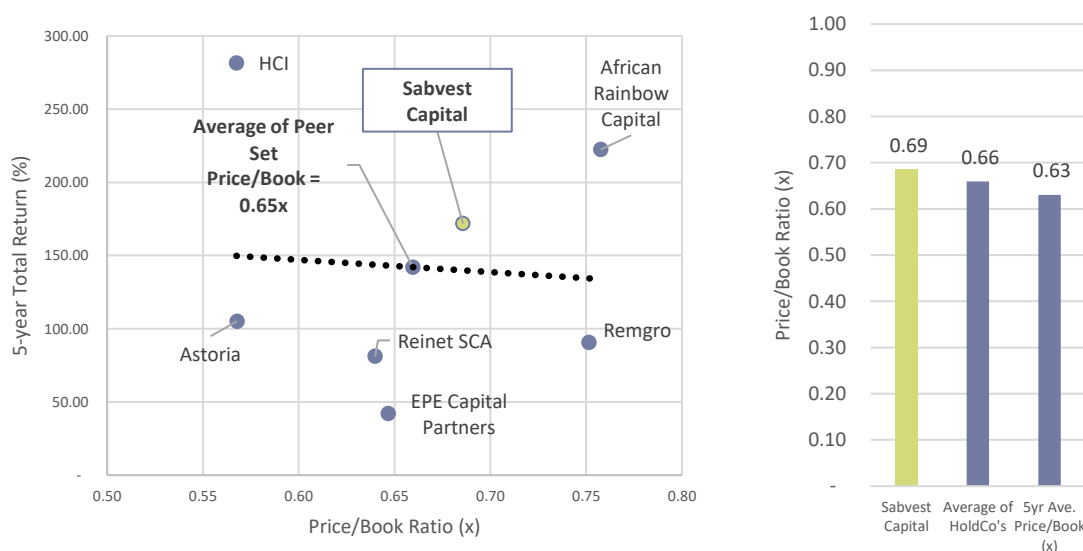
**Versofy & Altify:** Both are considered start-ups and carried at zero. Versofy operates in the solar/PV space for large homes and SMEs while Altify is offers an investment platform for cryptocurrency. Given their tenuous prospects and unproven track record, we consider a nil value in Sabvest’s NAV as appropriate.

**JSE-listed HoldCo Sector Snapshot**

We encourage you to read our previous Sabvest reports for more background on the JSE-listed HoldCo sector: [LINK](#).

As in prior reports, we still believe that comparing the actual underlying investments across the JSE-listed HoldCo sector would add little to this report. Thus, we have decided to rather focus on the market’s pricing of these HoldCo stocks. An interestingly heterogeneous mix of discounts and returns appears if we compare HoldCo’s across the sector (**Figure 2**).

**Figure 2: JSE-listed HoldCo Sector – Price-to-Book versus Total Return with a Line-of-Best-Fit (Linear Regression)**



Sources: Various company reports, Iress, Profile Media and Blue Gem Research workings and assumptions (as of 20 March 2025)

You will note that we have excluded certain HoldCo's on the JSE from the above comparison. This is because we consider them to be distortions to the "clean" peer group set average we are trying to generate: namely, we consider **Brait Plc (code: BAT)** an outlier given that it is in the process of being wound-up; **Goldrush Holdings Ltd (code: GRSP)** holds predominantly a single asset (Goldrush Group) which makes its valuation less NAV-orientated and more operationally focussed on how the Goldrush Group is performing; **Naspers (code: NPN)** and **Prosus (code: PRX)** are just a convoluted vehicle that holds a significant stake in **Tencent (code: 0700)** through a risky "VIE" structure that distort their discounts; finally, **Universal Partners (code: UPL)** stock lacks liquidity and makes its share price deeply inefficient and hard to separate the liquidity discount from the HoldCo discount. We have left **African Rainbow Capital (code: AIL)** in the comparison, though note that the currently delisting offer on the table may artificially lift this HoldCo's P/B ratio.

Thus—via a process of elimination—**Reinet Investments SCA (code: RNI)**, **Hosken Consolidated (code: HCI)**, **Remgro (code: REM)**, **EPE Capital Partners (code: EPE)** and **Astoria Investments (code: ARA)** may be the more comparable HoldCo's for purposes of comparing to **Sabvest Capital (code: SBP)**.

This peer set's average Total Return of 142% over the last 5 years is less than Sabvest Capital's Total Return (c.172%) and yet its current Price/Book is in line the peer group average (0.69x versus 0.66x). This may appear marginal, but with Sabvest's superior Total Return/NAV growth and great track record, we do think there may be an argument for it to demand a *premium* valuation to the sector (i.e. move its P/B right towards the linear regression that implies a much higher P/B ratio or much lower discount to NAV for Sabvest).

Also, (scattered across portions in this and our earlier reports) where Sabvest has exited investments, the Group's various exits have all been at *premiums* to their stated fair value in its NAV, thus implying that even its NAV may be somewhat understated (or, at least, the valuations embedded in NAV can be considered reliable).

Thus, against this peer set, with Sabvest's higher Total Return attributes *and* with the fact that Sabvest's unlisted investments' fair values may hold upside, it does appear that the market has somewhat overly discounted the Group against its stated NAV.

## Valuation and 12m TP

### Methodology

Our selected valuation methodology remains unchanged and is to build up an appropriate and fairly valued Sum-of-the-Parts (SOTP) for Sabvest Capital.

The starting point of this is to update any listed investments to their current (Rand-based) market price, and then to understand and assess the reasonableness of the unlisted investments and their respective valuations.

Finally, we aim to carve out the Group's central net debt, accumulated deferred tax on its investments and then calculate an appropriate discount (for the added HoldCo costs) to arrive at our view of *fair value* (i.e. not just NAV).

### Net Asset Value of Sabvest

Refer to **Table 1** earlier in this report for a detailed breakdown of the Group's NAV, updated for current spot prices.

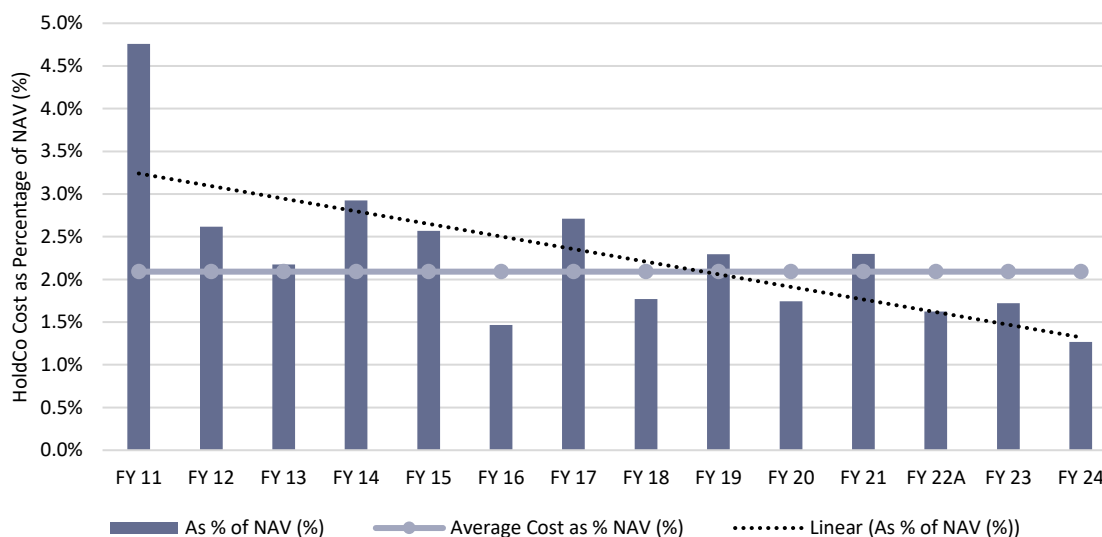
We estimate Sabvest Capital's current NAV to be R5.0bn (Previously: R4.6bn) or 13108cps (Previously: 11948cps), implying a current discount in the share price of c.31% (Previously: 37%).



## Appropriate “HoldCo Discount”

Figure 3 shows Sabvest Capital’s estimated central costs over time as a percentage of its NAV (we have annualized FY 24’s period for this comparison). Importantly, note how this ratio is trending downwards over time as the Group’s NAV growth outstrips any HoldCo central-cost inflation.

Figure 3: Sabvest Estimated Central Costs as % of NAV



Sources: Sabvest (various reports) and Blue Gem Research workings and assumptions

While some incentives (KPI’s are Profit After Tax and NAV per share growth) can create some short-term distortions, the Group’s average HoldCo costs are c.2.1% of its NAV (Previously: 2.1%). Over a shorter period, Sabvest’s HoldCo costs average closer to c.2.0% (5~7-year average), which agrees with management’s target of 1.5% to 2.0% per annum of gross assets over a rolling three-year period and forms a key basis for our HoldCo discount calculation below.

We have taken our estimate of central costs and present valued it at a reasonable listed small cap Cost of Equity (18.8%: Rf = 10.57%, Equity Risk Premium = 5.5%, & Beta 1.5x) on a perpetuity basis. This NPV comes to a cost of R503m (previously: R449m) or c.10% (previously: 10%) of the Group’s NAV.

## Fairly Valued Sum-of-the-Parts (NAV less HoldCo Discount)

Sabvest Capital’s (updated) NAV less our discount implies that the share is worth 11798cps (previously: 10754cps) or that it should be trading +30% *higher* than its current 9060cps share price.

## 12m TP and Implied Return

Using our assumed Cost of Equity and applying it to the post-discounted fair value, we arrive at a 12m TP of 14017cps (previously: 12616cps) for Sabvest Capital. This implies an attractive +55% return.

## Key Risks to our Valuation

The key risks to our above valuation methodologies are:

- We urge you to read our [Initiation of Coverage](#) for more detail on Sabvest Capital, its management, target mandate and our baseline analysis of the company.
- The accuracy, reasonableness and ongoing performance of the Group’s unlisted investments,
- The performance of the Group’s investments and their own underlying businesses, &

- Any corporate actions across the Group’s portfolio (buying, selling or restructuring underlying investments &/or any share buy-backs).

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*\* Unless otherwise noted, market prices in this report are predominantly set to closing prices on 20 March 2025.*

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