

bateleur capital



BCI Global Investment Conference 2024

- 1.** Company founded as a **hedge fund management company** in 2004
- 2.** Focus on **capital preservation equity funds**
- 3.** Apply a **consistent investment process** across all investment funds
- 4.** **Not constrained** to any specific investment style
- 5.** Independent, **100% owner managed** with an entrepreneurial culture
- 6.** Smaller size enables us to **actively participate in the mid-cap space**

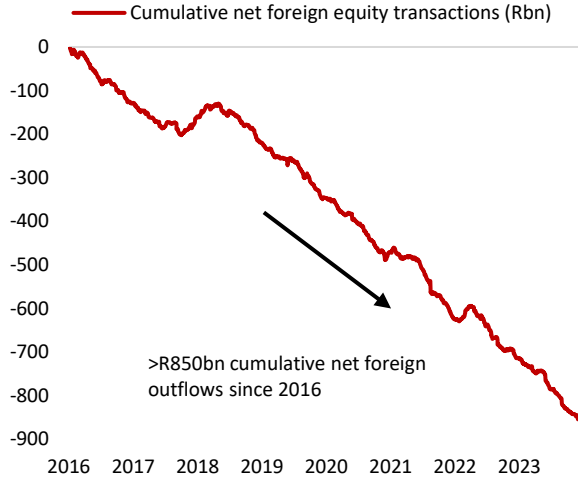
Challenging domestic environment

“The bullish case for South Africa is : **Eventually, there is a rock bottom”**

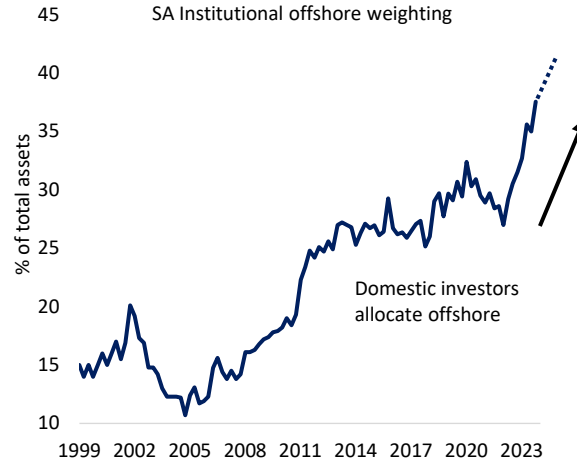
Columbian observer, The bullish case for South Africa (Financial Times, 11th March 2024)

Challenging domestic environment

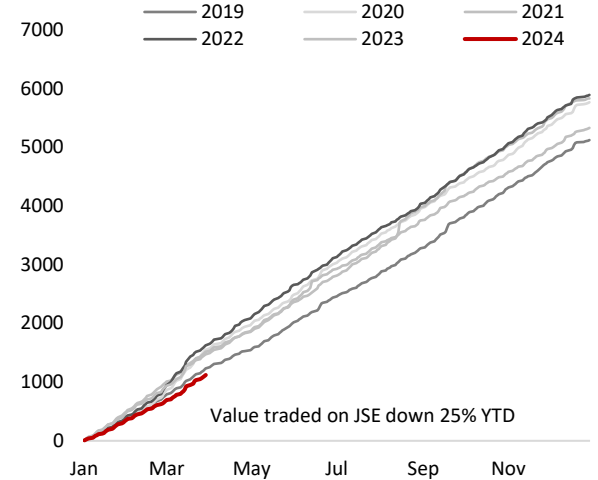
JSE foreign flows – equities (Rbn)



Local investors moving offshore



JSE value traded (Rbn)



- Net **foreign outflows** continue – >R850bn in net foreign equity outflows since 2016
- Domestic investors **allocate offshore** – estimate SA institutional offshore weightings now close to 45% limit
- Domestic market liquidity **under pressure** – JSE value traded down 25% YTD

How do you generate returns in this environment ?



Cash vs Accounting earnings



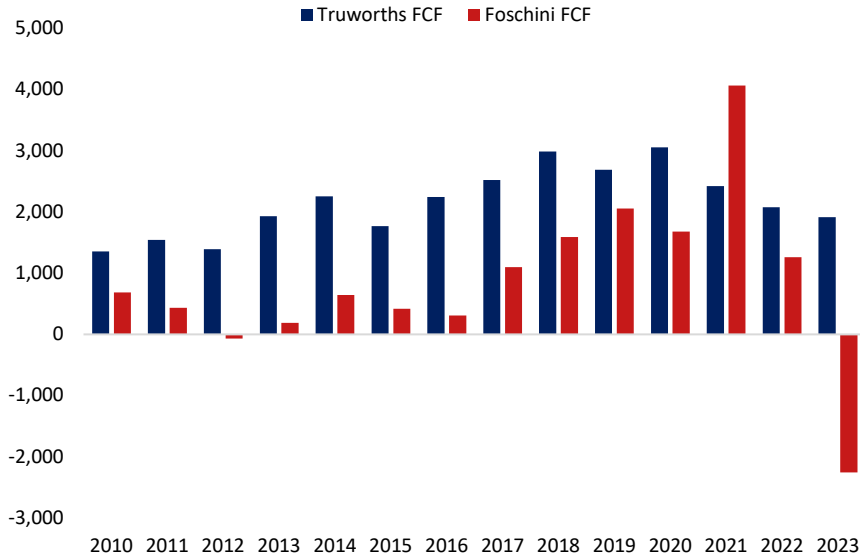
Special opportunities



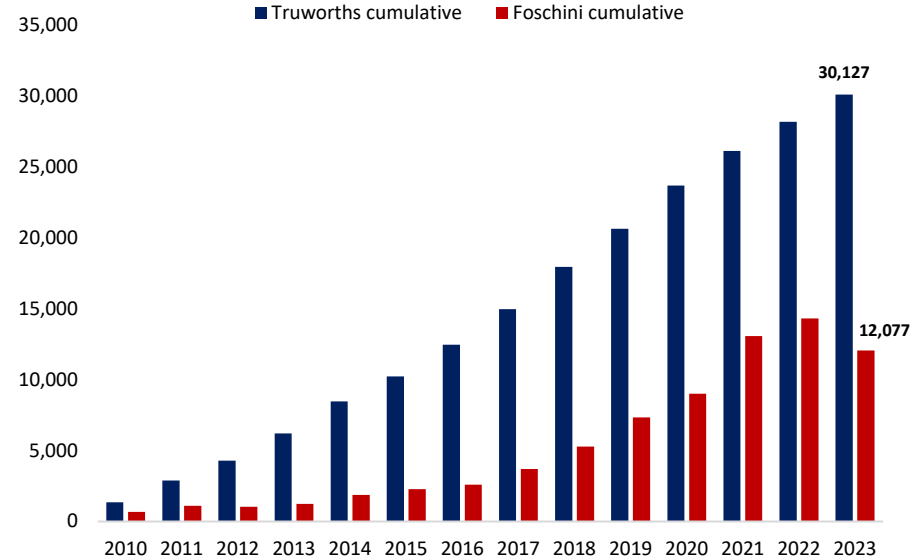
Corporate action

Cash vs Accounting earnings – Truworths vs. Foschini

Free cash flow history



Cumulative FCF

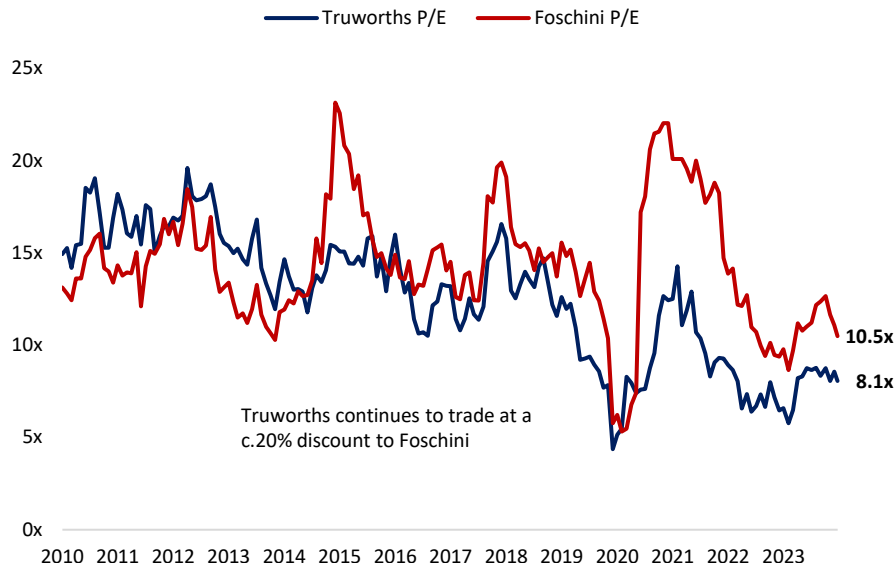


- Truworths has a **consistent** track record of cash generation
- Strict margin & working capital management, capital discipline

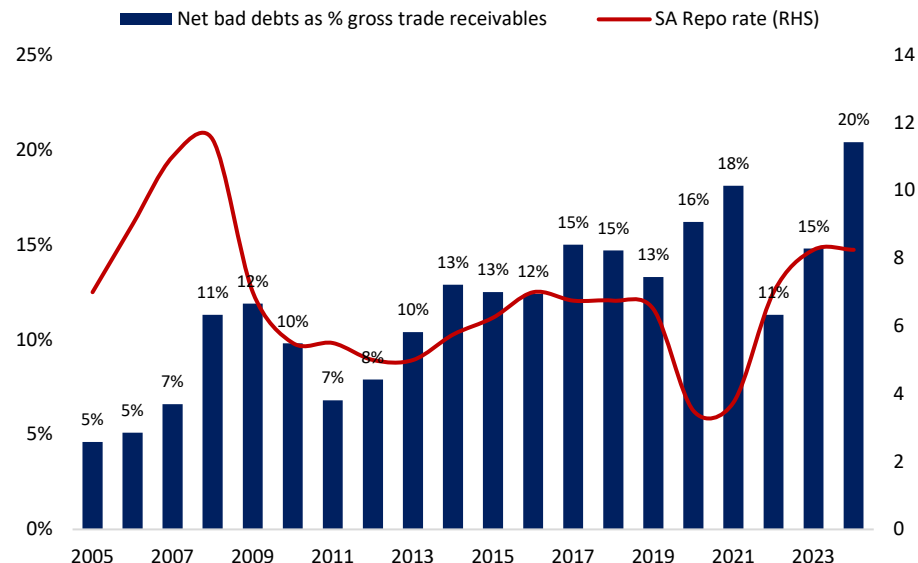
- R30bn in cumulative cash flow generated since 2010
- Truworths net cash on B/S while buying back **12% of company**

Cash vs Accounting earnings – Truworths vs. Foschini

Relative valuation



Credit cycle

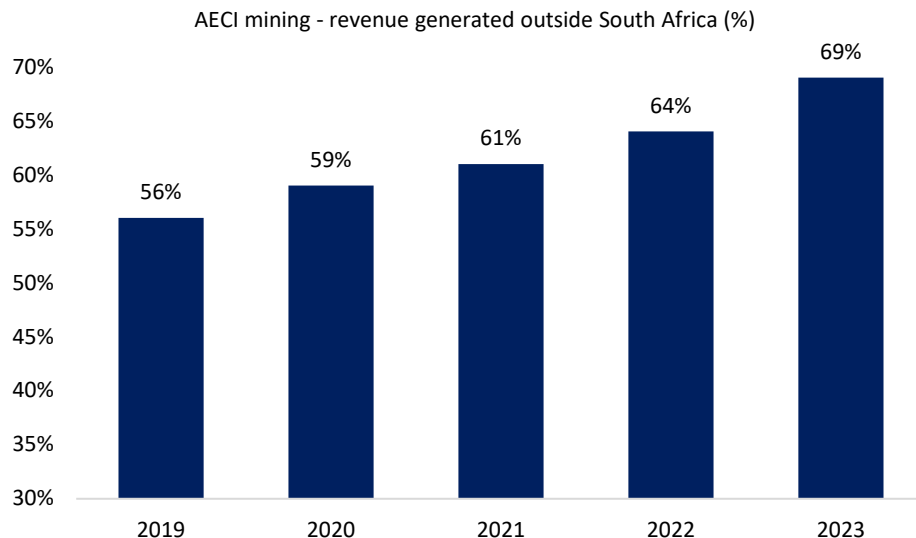


- Truworths continues to trade at a **relative discount**
- Expect **continued** earnings and free cash flow growth

“The credit environment is **improving, and we are well positioned** for the next cycle when interest rates decline” Michael Marks

Special opportunities - AECl

AECl mining is a global business



Group restructuring targets

	EBITDA (Rbn)	EBITDA Margin
2022	3.1	11%
2026	5.6 to 6.3	13% to 15%

	ROIC	Gearing
2022	12%	45%
2026	17% to 21%	20% to 40%

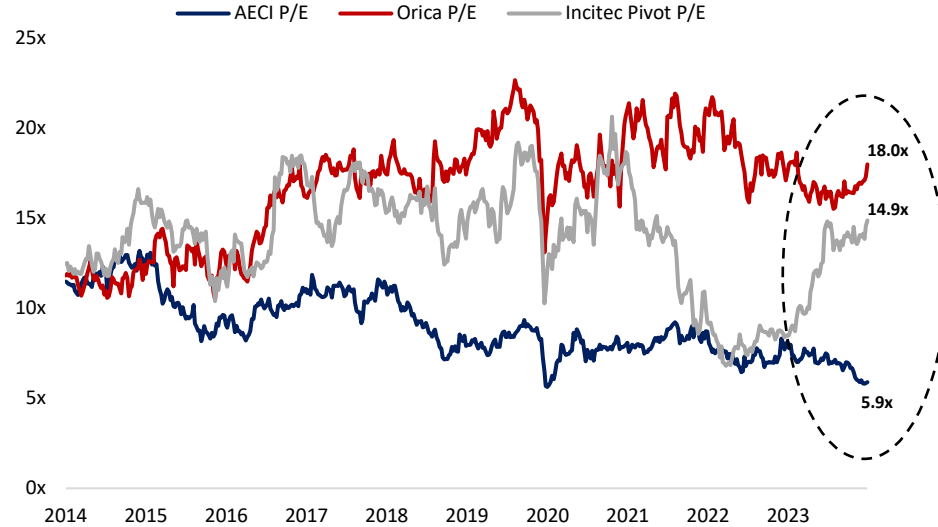
- Growing **global explosives business (>50% of group profits from offshore markets)** - ambition to become a top 3 global player by 2030
- **New strategic priorities announced November 2023** – materially higher profitability targets not captured in the current share price

Special opportunities – AECl

AECl mining is a global business



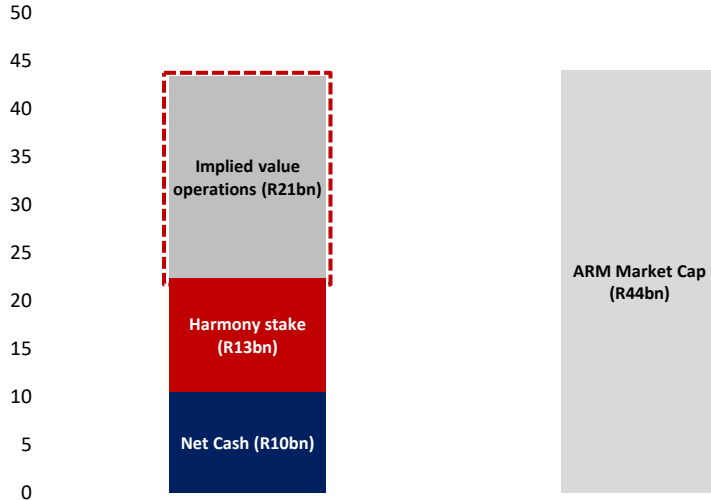
AECl peer group P/E multiples



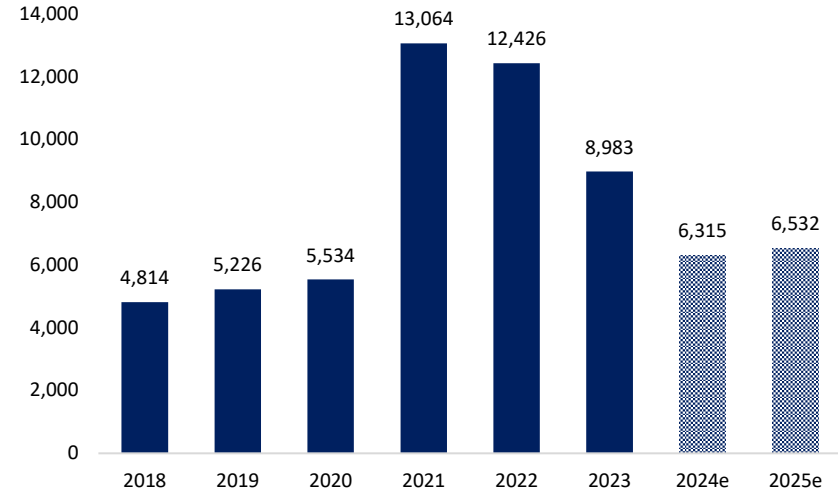
- AECl's share price declined 15% since November 2023 capital markets day – **limited investor interest**
- Trades at a large discount to global peers (5.9x vs 14.9x/18.0x forward P/E) – corporate action potential ?
- Expect this discount to narrow as **strategic execution** becomes evident

Corporate action – African Rainbow Minerals

Valuation underpin

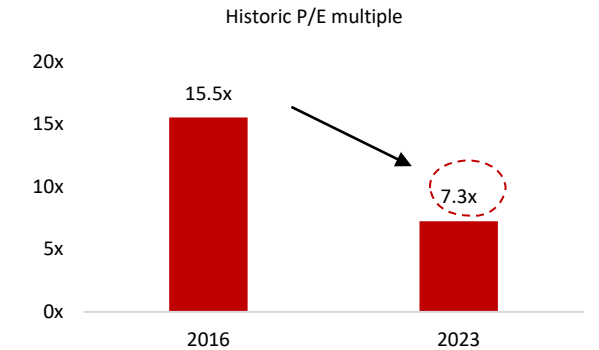
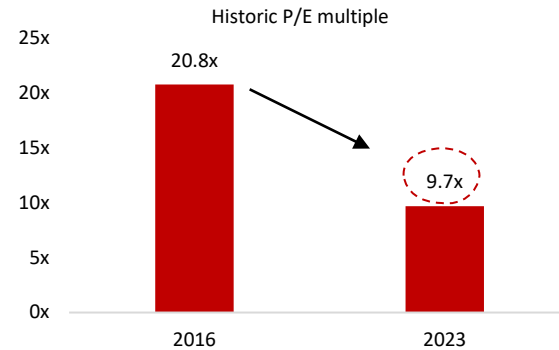
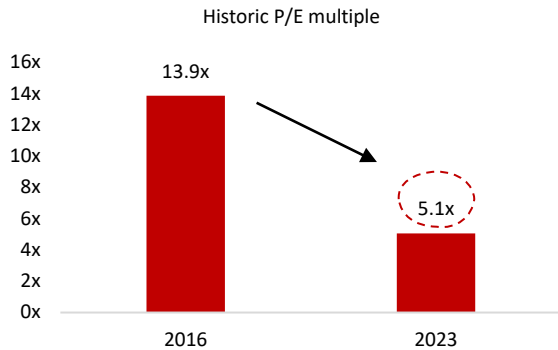
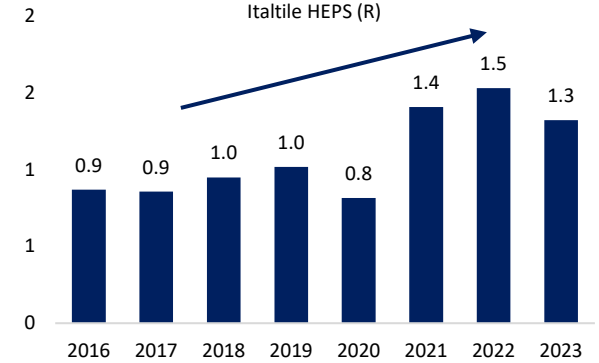
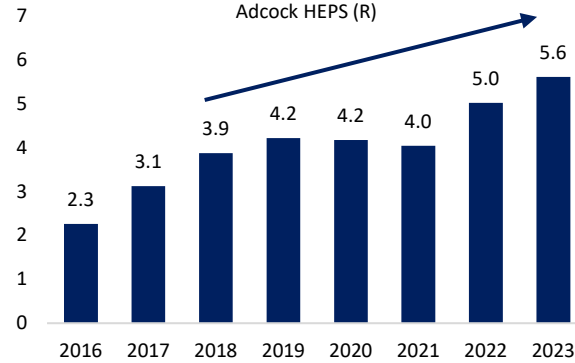
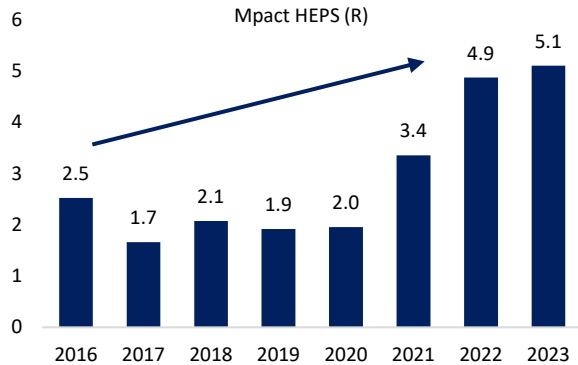


ARM Headline earnings (Rm)



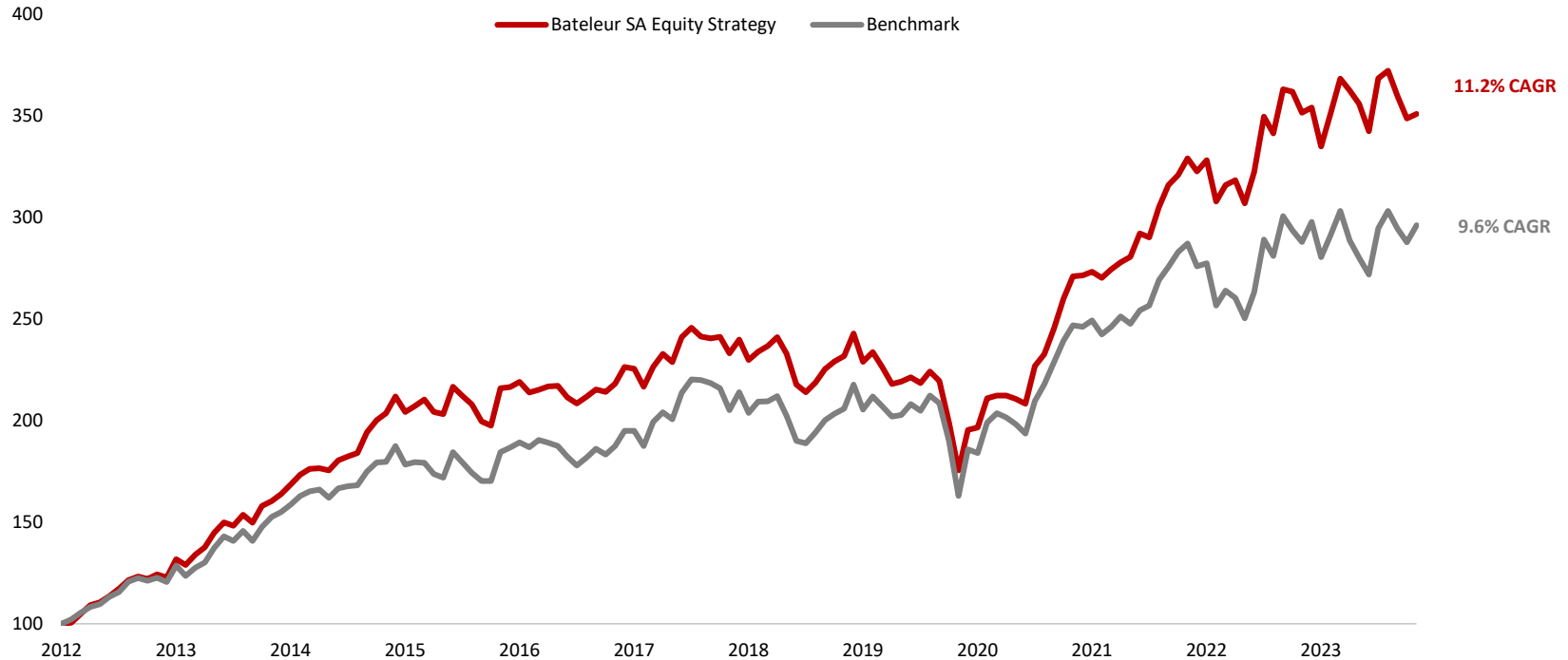
- Strong valuation underpin – net cash on balance sheet & Harmony Gold stake = **52% of current market cap**
- Group is profitable and cash generative (despite low manganese & PGM prices) – rump at 3.3x earnings
- **Assore delisted at R44bn valuation during March 2020** – see similar M&A optionality

Midcaps have continued to derate while delivering credible financial results



Bateleur SA Equity Strategy - performance

Track record of Bateleur SA Equity Strategy



• Inception Dates: SA Equity Strategy 1 June 2012

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