**H1:27 Results Note**
**10 November 2026**

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# Santova Ltd

## Seabourne *and* Organic Growth Lift HEPS

**Share Code: SNV – Market Cap: R995m – PE: 6.1x – P/B: 0.7x**

| | |
|---|---|
| **12m Target Price** | **1248cps** |
| **Share Price** | **790cps** |
| **Implied Return** | **58%** |

**Logistics | South Africa**

### H1:27 Results: Seabourne lifts earnings, Core Growing, & cautionary

- Revenue rose +40% to R682m (H1:26: R486m) on a full six months of Seabourne. Importantly, excluding Seabourne's impact, the Group's existing comparable revenue still would have grown +4.9% despite a c.8% stronger Rand (i.e. the Group achieved an excellent double-digit constant currency organic growth during an incredibly tough and volatile trading period).
- From this top-line performance, the Group's HEPS jumped +57% to 56.2cps (H1:26: 35.7cps), c.43% of our previous FY 27E forecast and in line with the Group's usual second-half weighting (i.e. these results were in line with our expectations, though note minor forecast tweaks in this note for FY 27E).
- Working capital absorbed R105m as higher freight rates swelled debtors (this should unwind as Free Cash Flow once freight rates normalise), though the Group's balance sheet remains net cash (R120m after the remaining Seabourne liability), offering capacity for management's asserted acquisitive growth.
- On that note, Santova also issued a cautionary announcement stating that it has *"…entered into negotiations with parties relating to potential strategic acquisitions, which if successfully concluded may have a material effect on the price of the Company's securities."*

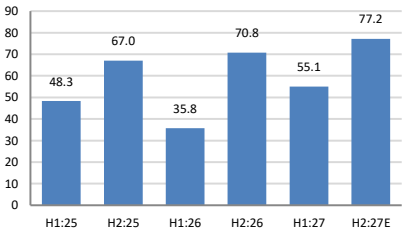
### Thoughts: Diversification doing its job, USA moving to break-even

- Santova UK, Hong Kong and Singapore more than offset a Hormuz-hit Tradeway, a softer South Africa and a restructured Germany, once again, proving the Group's growing geographic and trade route diversification.
- The US loss narrowed to R3.1m (H1:26: R4.5m), or c.R1.5m before an impairment on exited warehouse space, as it heads towards break-even.
- The above-noted cautionary announcement flags potential strategic acquisitions; we have not modelled any deal(s), but the Seabourne integration supports management's acquisitive track record for upside optionality.

### Valuation & Implied Return: Fair value c.1.0x NAV; share still below book

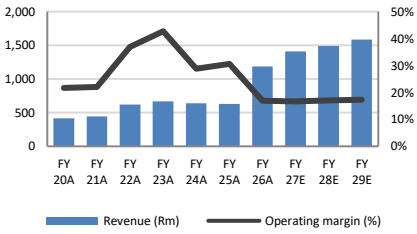
- Our DCF fair value rises to 1077cps (previously: 1032cps), or c.1.0x August 2026 NAV and c.8.1x FY 27E HEPS of 133cps (previously: 131cps) as we have now modelled in a gentle weakness in the Rand and firm margins going forward (reversing these assumptions our fair value would be closer to c.1000cps).
- Rolling forward at our Cost of Equity of 15.9%, we arrive at a 12m TP of 1248cps (previously: 1148cps), implying a c.58% return from 790cps.
- Refer to our Initiation of Coverage for more background.

**Santova – H1 vs H2 Earnings History**




*Sources: Santova reports & Blue Gem Research forecasts*

**Santova – Revenue (Rm) & Operating Margin (%)**




*Sources: Santova reports & Blue Gem Research forecasts*

**Santova- Price-to-Book (x)**




*Source: Koyfin (06/11/2026) & Blue Gem Research workings*

| Key Forecast (Rm) | FY 24A | FY 25A | FY 26A | % y/y | H1:27A | % y/y | FY 27E | % y/y | FY 28E | % y/y | FY 29E | % y/y |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (Rm)** | **638** | **630** | **1187** | ***88%*** | **682** | ***40%*** | **1408** | ***19%*** | **1490** | ***6%*** | **1584** | ***6%*** |
| EBITDA (Rm) | 228 | 224 | 281 | *25%* | 140 | *44%* | 319 | *13%* | 337 | *6%* | 360 | *7%* |
| Operating profit (Rm) | 184 | 193 | 200 | *4%* | 97 | *47%* | 235 | *17%* | 253 | *8%* | 274 | *8%* |
| Profit after tax (Rm) | 147 | 148 | 138 | *(7%)* | 71 | *54%* | 168 | *22%* | 181 | *7%* | 197 | *9%* |
| **HEPS (cps)** | **123.8cps** | **115.3cps** | **108.1cps** | ***(6%)*** | **56.2cps** | ***57%*** | **133.2cps** | ***23%*** | **143.2cps** | ***8%*** | **156.2cps** | ***9%*** |
| *EBITDA margin (%)* | *36%* | *36%* | *24%* | - | *20%* | - | *23%* | - | *23%* | - | *23%* | - |
| ***Operating margin (%)*** | ***29%*** | ***31%*** | ***17%*** | - | ***14%*** | - | ***17%*** | - | ***17%*** | - | ***17%*** | - |
| ***Return on equity (%)*** | ***14%*** | ***12%*** | ***11%*** | - | ***11%*** | - | ***12%*** | - | ***12%*** | - | ***11%*** | - |
| *Price-to-Book (x)* | *0.8x* | *0.8x* | *0.7x* | - | *0.7x* | - | - | - | - | - | - | - |
| *P/E (x)* | *5.8x* | *6.6x* | *6.6x* | - | *6.1x* | - | - | - | - | - | - | - |

*Sources: Various Santova financial reports, Koyfin, & Blue Gem Research workings and assumptions. H1:27 ROE annualised.*

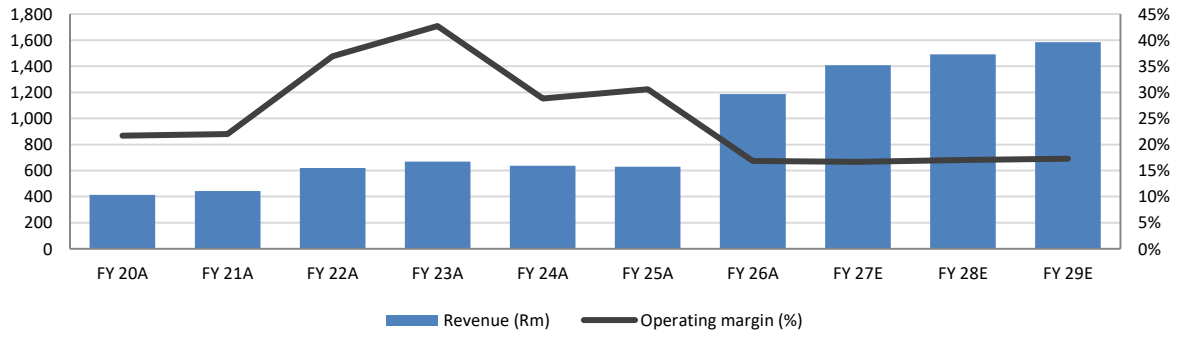
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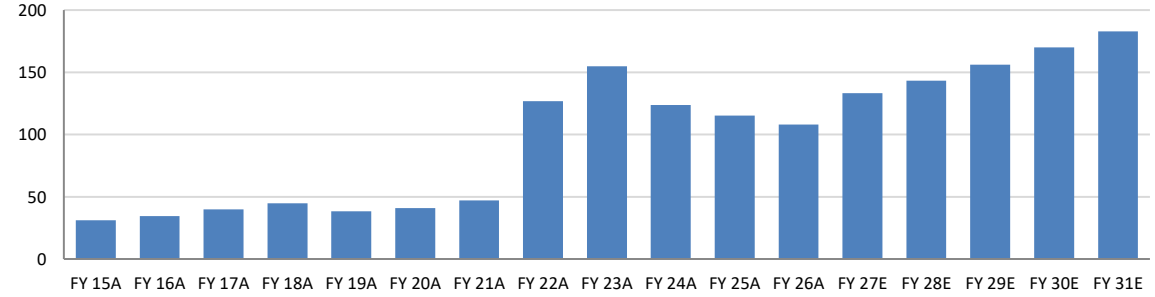
**Table 1: Detailed Forecasts**

| Detailed Forecasts (Rm) | FY 25A | FY 26A | FY 27E | FY 28E | FY 29E | FY 30E | FY 31E |
|---|---|---|---|---|---|---|---|
| **Revenue & net interest income** | **630** | **1187** | **1408** | **1490** | **1584** | **1685** | **1783** |
| ***growth y/y (%)*** | ***(1%)*** | ***88%*** | ***19%*** | ***6%*** | ***6%*** | ***6%*** | ***6%*** |
| **EBITDA** | **224** | **281** | **319** | **337** | **360** | **384** | **408** |
| Depreciation, amortisation & impairment | 32 | 81 | 84 | 83 | 86 | 88 | 90 |
| **Operating profit** | **193** | **200** | **235** | **253** | **274** | **296** | **317** |
| Net finance income/(costs) | 8 | (7) | (5) | (6) | (4) | (3) | (1) |
| Profit before tax | 201 | 193 | 229 | 247 | 270 | 294 | 316 |
| Taxation | (53) | (55) | (61) | (67) | (73) | (79) | (85) |
| **Profit after tax** | **148** | **138** | **168** | **181** | **197** | **214** | **231** |
| **Headline earnings** | **148** | **139** | **169** | **180** | **197** | **214** | **230** |
| *Weighted average shares (m)* | *128.4* | *129.0* | *127.1* | *125.9* | *125.9* | *125.9* | *125.9* |
| **HEPS (cps)** | **115.3cps** | **108.1cps** | **133.2cps** | **143.2cps** | **156.2cps** | **170.0cps** | **183.0cps** |
| DPS (cps) | - | - | - | - | - | - | - |
| *EBITDA margin (%)* | *36%* | *24%* | *23%* | *23%* | *23%* | *23%* | *23%* |
| ***Operating margin (%)*** | ***31%*** | ***17%*** | ***17%*** | ***17%*** | ***17%*** | ***18%*** | ***18%*** |
| *Effective tax rate (%)* | *26%* | *29%* | *27%* | *27%* | *27%* | *27%* | *27%* |
| Cash generated from operations | 128 | 302 | 209 | 306 | 324 | 346 | 370 |
| Net working capital | | 436 | 535 | 566 | 602 | 640 | 677 |
| Net cash ex-leases | 348 | 226 | 259 | 374 | 545 | 730 | 933 |
| Contingent consideration | | (70) | (44) | – | – | – | – |
| Total equity | 1256 | 1300 | 1456 | 1636 | 1833 | 2048 | 2279 |
| **NAV per share (cps)** | **981cps** | **1012cps** | **1156cps** | **1300cps** | **1456cps** | **1626cps** | **1809cps** |
| *Return on equity (%)* | *12%* | *11%* | *12%* | *12%* | *11%* | *11%* | *11%* |
| *Net cash / equity (%)* | *28%* | *17%* | *18%* | *23%* | *30%* | *36%* | *41%* |

**Santova: Revenue (Rm) & Operating Margin (%)**




**Santova: Headline Earnings per Share (cps) – FY 15A~FY 31E**




*Sources: Various Santova financial reports, Sharedata, Koyfin, Iress, & Blue Gem Research workings and assumptions*

## Introduction & Context for Santova H1:27

- For Group and sector background, we refer you to our Initiation of Coverage (23 February 2026) and our FY 26 Results Note (29 June 2026). Key assumptions and insights across these foundational notes will not be repeated in this note.
- Rather, this note focuses on Santova's H1:27 results (with a full six months of Seabourne), how the regions traded, the effects of a strong Rand exchange rate, our revised forecasts and an updated valuation.

## Summary of H1:27 Results

- Santova Ltd (code: SNV) reported H1:27 results in which the first full half of Seabourne and solid organic growth outside South Africa lifted HEPS +57%, even as the Rand strengthened against the Group's trading currencies.
- Excluding Seabourne, the Group's existing comparable revenue *still* would have grown +4.9% despite this c.8% stronger Rand, implying that the Group achieved an excellent double-digit constant currency organic growth during an incredibly tough and volatile trading period.
- Higher freight rates, however, pulled cash into debtors (should unwind in future periods), and the Group has since issued a cautionary announcement on potential strategic acquisitions:

**Table 2: Santova H1:27 Income Statement Summary**

| R million | H1:26A* | H1:27A | % y/y | H2:26A | FY 26A |
|---|---|---|---|---|---|
| Revenue & net interest income | 486.2 | 681.8 | 40% | 700.8 | 1,187.0 |
| EBITDA | 97.1 | 139.5 | 44% | 184.4 | 281.5 |
| **Operating profit** | **65.6** | **96.7** | **47%** | **134.6** | **200.2** |
| *Operating margin (%)* | *13.5* | *14.2* | | *19.2* | *16.9* |
| Net finance income/(costs) | -0.9 | -0.9 | | -6.4 | -7.4 |
| Profit before tax | 64.7 | 95.8 | 48% | 128.2 | 192.9 |
| *Effective tax rate (%)* | *29.0* | *26.1* | | *28.5* | *28.7* |
| Profit after tax | 45.9 | 70.8 | 54% | 91.7 | 137.6 |
| Headline earnings | 45.8 | 72.0 | 57% | 93.6 | 139.4 |
| EPS (cps) | 35.8 | 55.1 | 54% | 70.8 | 106.6 |
| **HEPS (cps)** | **35.7** | **56.2** | **57%** | **72.4** | **108.1** |
| NAV per share (cps) | 1,021.0 | 1,078.8 | 6% | | 1,011.9 |

*Sources: Santova interim results (27 October 2026) & Blue Gem Research. *H1:26 restated for the Seabourne purchase price allocation; H2 = FY – H1.*

- **Revenue:** Revenue & net interest income rose +40.2% to R681.8m (H1:26: R486.2m), largely on a full six months of Seabourne and good core organic growth across the Group:
  - Seabourne contributed R361.0m (H1:26: R180.2m for three months) and now makes up c.53% of Group revenue; its annualised revenue run-rate is broadly flat (c.R722m versus c.R721m).
  - 87.5% of the Group's revenue now originates outside of South Africa, further solidifying Santova's position as a *global* logistics group (while we have not done so in this note, it is worth considering whether investors should start applying a *global* Cost of Capital to Santova's cash flows).
  - As noted above, comparable revenue (excluding Seabourne) grew +4.9%, led by higher UK & Netherlands volumes and firmer freight rates, despite the Rand averaging 7.3%, 8.3% and 9.0% stronger against the Euro, Pound and US Dollar respectively.
  - Importantly, client numbers rose +8.3% to 5,406 and transactions +8.7% to 38,432, which points to volume (not just price) growth, though note that smaller, unprofitable clients were strategically shed in some regions like the USA (thus, the like-for-like number for volumes is likely higher than these figures).
- **Profitability:** Operating profit rose +47.3% to R96.7m (H1:26: R65.6m), lifting the operating margin to 14.2% (H1:26: 13.5%) despite the full inclusion of lower-margin fulfilment & courier revenue:
  - Comparable staff costs rose +6.9%, comparable IT costs were flat, and administrative costs fell on a stronger Rand, lower acquisition costs (H1:26: R6.3m) and a R1.0m FX gain (H1:26: R8.5m loss).
  - Management lifted impairments of trade receivables to R5.9m (H1:26: R0.9m), strengthening the expected credit loss allowance on higher debtors and Middle East exposure.
- **Earnings:** HEPS rose +57.4% to 56.2cps (H1:26: 35.7cps) and EPS +53.9% to 55.1cps (H1:26: 35.8cps):
  - The effective tax rate fell to 26.1% (H1:26: 29.0%) on a larger Hong Kong contribution, smaller US & Singapore losses and lower non-deductible acquisition costs.

    - A R4.3m fair-value gain on the Seabourne contingent consideration (a profit-warranty shortfall) sits in finance income, while a customs settlement of a similar amount sits in Seabourne's costs, so the two broadly net out.
    - H1:27 HEPS represents c.43% of our previous full-year FY 27E forecast of 131cps, in line with FY 25 (c.42% of EPS earned in H1) and the Group's second-half weighting (**front-page chart**).
- **Dividend:** Management declared no interim dividend (H1:26: nil), retaining cash for acquisitions and buybacks (of which the Group's balance sheet certainly has plenty of capacity for such actions).
- **Cash Flow & Debt:** Cash generated from operations fell to R35.5m (H1:26: R140.4m) as working capital absorbed R104.9m, though the balance sheet remains net cash:
    - Trade receivables rose to R1,018.9m (February 2026: R872.9m) on higher freight rates & surcharges, longer sailing times and client payment extensions (debtor days of 41.6 versus 36.5) – we expect this to reverse as abnormally high freight rates likely normalise to a higher average base (though lower than the current average rate).
    - Net cash ex-leases fell to R161.9m (February 2026: R226.3m) as the working-capital build was compounded by R26.1m paid to Seabourne's sellers and R22.5m of buybacks (the R6.2m medium-term loan repayment reduced cash and debt equally); after the remaining R42.4m Seabourne liability, net cash is R119.6m (February 2026: R156.6m), offering capacity for the acquisition(s) under negotiation (as per the Group's noted cautionary announcement).
- **Major Events:**
    - Santova paid the first Seabourne warranty instalment of R26.1m; the cumulative two-year profit warranty runs to May 2027, and the R42.4m balance is carried as a current liability (we have modelled it being paid in full in terms of our forecasts and forward cash flows).
    - The Group repurchased c.2.8m shares at c.R8.00 (R22.5m) and cancelled them on 27 August 2026, reducing shares in issue to 125.9m (February 2026: 128.5m).
    - Santova launched 9aligned, a separately branded, Europe-registered supply-chain advisory & managed-services business (see '**Our Thoughts**' later in this note).
    - On 27 October 2026, the Group published a cautionary announcement advising that it is in negotiations regarding potential strategic acquisitions which, if concluded, may have a material effect on the price of its shares.
- **Outlook:** Management describes the six months to February 2027 as uncertain, but expects freight rates to stay above 2025 levels and the Group's footprint, technology platform and Seabourne's added scale to provide resilience (we tend to agree and our forecasts reflect this as well as a small, gentle weakening of the Rand exchange rate over time from the currently strong levels).
- **Bottom line:** A good half in which a full contribution from Seabourne and organic growth outweighed a strong Rand; cash conversion should improve once freight rates normalise (which we do *not* yet explicitly model), and the balance sheet retains the capacity for the deals now under negotiation.

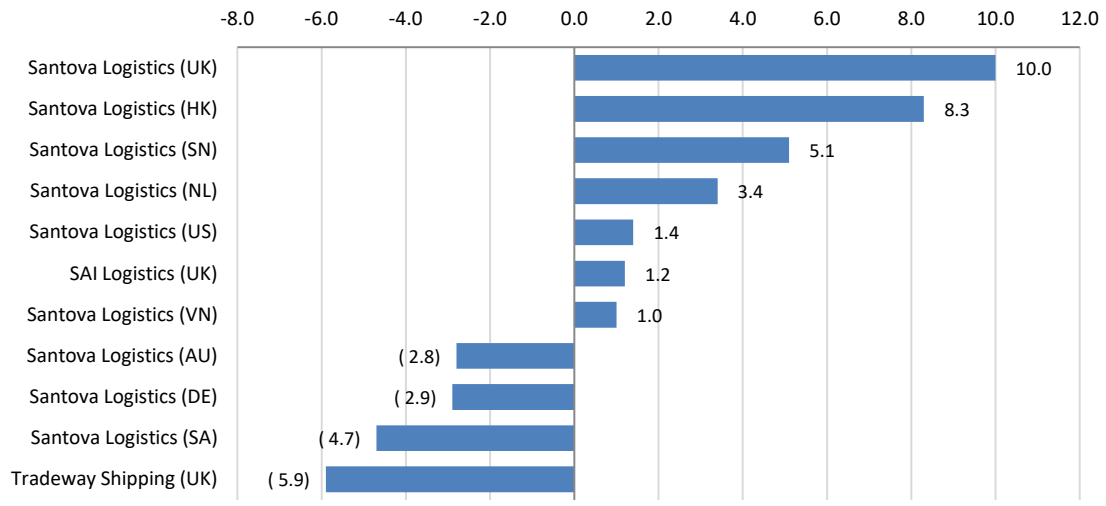
## Our Thoughts

**Diversification is doing its job**

Management's entity-level bridge (**Figure 1**) shows how sharply profit pools moved within the Group, and how little of this was visible at a Group level as the Group in total delivered a good performance:

- Santova Logistics UK (+R10.0m), Hong Kong (+R8.3m) and the smaller Asian offices more than offset Tradeway (-R5.9m), South Africa (-R4.7m), Germany (-R2.9m) and Australia (-R2.8m).
- Within the UK, Tradeway's revenue fell -8.9% in GBP (and its profit by R5.9m) after operational disruption following the closure of the Strait of Hormuz, while Santova Logistics UK grew revenue +73.5% in GBP and more than filled the gap.
- A recovery at Tradeway once the route normalises would be un-modelled upside and, if/when there is peace in the Middle East, management expects this trade route to pick up back to historical volumes and profitability.
- Individual regional volatility that creates Group-wide stability is not a "bug", but a *feature* of Santova's diversified design, and H1:27 is a textbook example of the benefit of diversification.

**Figure 1: Santova Year-on-Year Profit Movers by Operating Entity, H1:27 (Rm)**




*Sources: Santova Investor Analyst Presentation (6 November 2026; figures "simplified for presentation purposes", entity labels as per management) & Blue Gem Research workings*

**Freight rates cut both ways**

- The Drewry World Container Index more than doubled over the half (from c.US$2,200 to over US$4,500 per 40-foot container) and stood at US$4,429 on 29 October 2026. Higher rates lift Seabourne's principal-basis revenue and Hong Kong's buying-hub income, and management held the revenue-to-billings margin at 10.8% (H1:26: 10.7%).
- The flip side is working capital: Santova funds duties and freight on clients' behalf, so higher rates and longer sailing times inflate debtors (R146.1m increase) and credit risk (the R5.9m impairment charge).
- Management's results presentation flags some softening into the winter slow season and a gradual return of Suez routings (Alphaliner, via Freightos, estimates c.two-thirds of Asia-Europe capacity is back on the Suez route), which should release working capital while, perhaps, creating some revenue drag.
- We conservatively hold working capital at 38% of revenue throughout our forecasts, though note this is likely unmodelled free cash flow upside for the Group and its shareholders.

**The Rand is masking organic momentum**

- With c.87.5% of revenue earned offshore, the Rand's c.8% weighted average appreciation (management's calculation) took a large bite out of reported growth; the +4.9% comparable revenue growth would be comfortably higher in constant currency.
- At current spot rates, H2:27E faces a further c.3% translation headwind against H2:26 averages, which we have included.
- Beyond FY 27E, we now assume the Rand weakens a modest c.2% p.a. against the Group's basket from FY 28E, a tailwind that, in the long term, is increasingly likely to materialise given inflation differentials against the Group's major trade-weighted currency basket.

**Acquisitive growth is likely & unmodelled upside**

- Acquisitions remain one of management's stated focus areas: extending Santova's footprint, gaining access to talent and intellectual property needed to enter new industries or geographies, and realising synergies through "active structured post-merger engagements" rather than assuming they materialise automatically.
- Seabourne (R400m is more than twice the Group's cumulative acquisitions of the prior decade) is tracking close to its warranty: the R4.3m shortfall is small and broadly matched by a customs settlement in Seabourne's costs. We consider this a strong endorsement of management's acquisitive track record.
- We have not modelled any deal(s) under the cautionary, and will update our forecasts only once terms are announced. With R120m of net cash after the Seabourne liability and c.R230m of annual operating cash flow in FY 26, the Group has plenty of room to transact without stretching the balance sheet.
- 9aligned takes the Group's existing supply-chain management capability "to a higher level" (business intelligence, digital transformation & AI, process engineering), housed separately to avoid conflicts with

Santova's forwarding clients. We have not modelled it, but we are excited about the margin-accretive advisory and the enhanced, major (potential) client visibility that its optionality may add.

## Regional Updates

Santova's Logistics segment reports five regions alongside Financial Services and Group costs. **Table 3** and **Figures 2 & 3** summarise the half; for regional history, we refer you to our FY 26 Results Note.

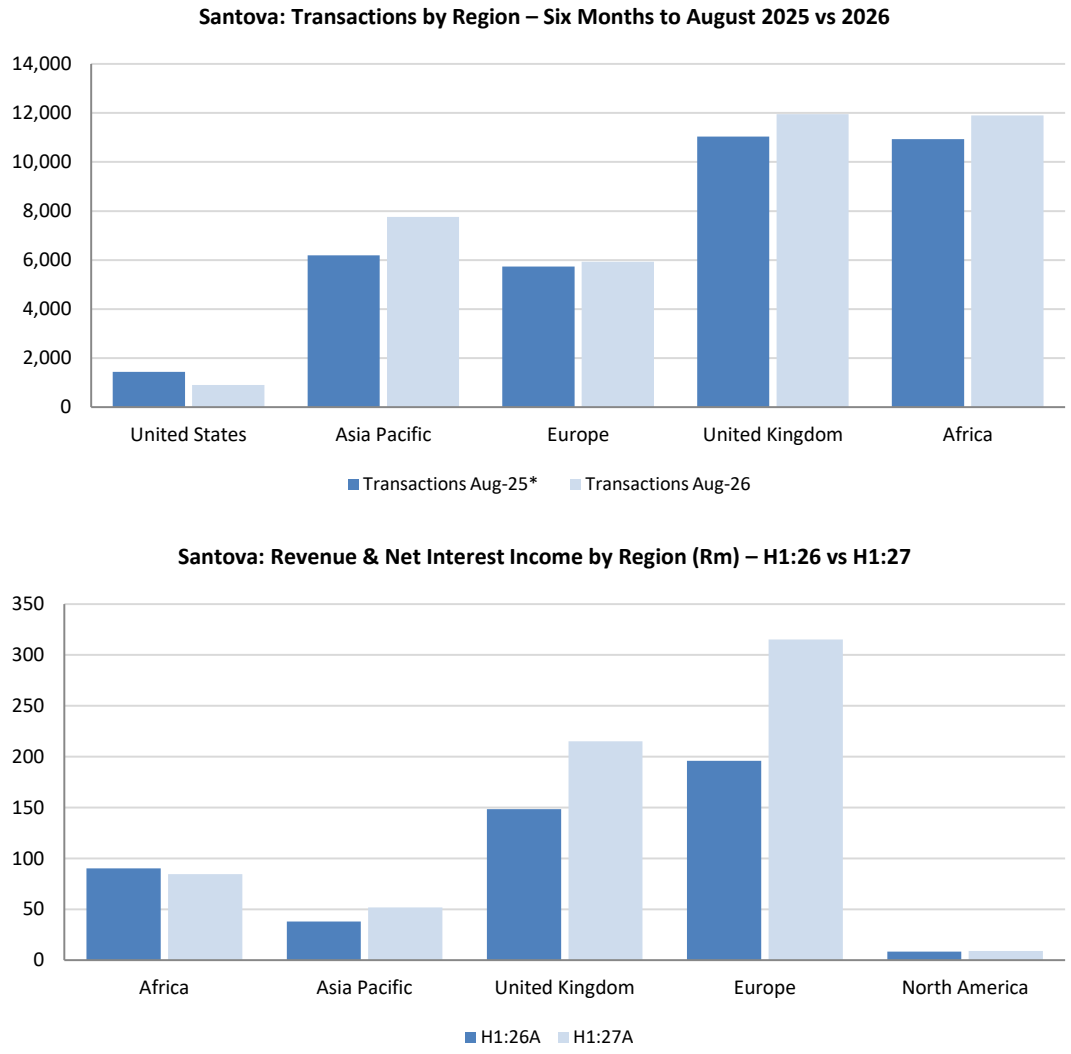
**Table 3: Santova Regional Performance, H1:26 vs H1:27**

| R million | Revenue H1:26 | Revenue H1:27 | % y/y | Op. profit H1:26 | Op. profit H1:27 | Margin H1:26 | Margin H1:27 |
|---|---|---|---|---|---|---|---|
| Africa | 90.4 | 84.5 | -6% | 35.0 | 26.2 | 39% | 31% |
| Asia Pacific | 37.8 | 52.0 | 37% | 3.5 | 15.1 | 9% | 29% |
| United Kingdom | 148.6 | 215.3 | 45% | 28.2 | 48.5 | 19% | 23% |
| Europe | 195.9 | 315.2 | 61% | 14.3 | 19.5 | 7% | 6% |
| North America | 8.4 | 9.0 | 7% | (4.1) | (2.7) | -49% | -30% |
| **Total logistics** | **481.1** | **675.9** | **41%** | **77.1** | **106.7** | **16%** | **16%** |
| Financial services | 5.1 | 5.9 | 14% | 2.4 | 2.5 | | |
| Group costs (incl. PPA amortisation) | | | | (13.8) | (12.6) | | |
| **Group** | **486.2** | **681.8** | **40%** | **65.6** | **96.7** | **13%** | **14%** |

*Sources: Santova interim results (condensed segment analysis) & Blue Gem Research. UK & Europe include Seabourne (three months in H1:26, six months in H1:27).*

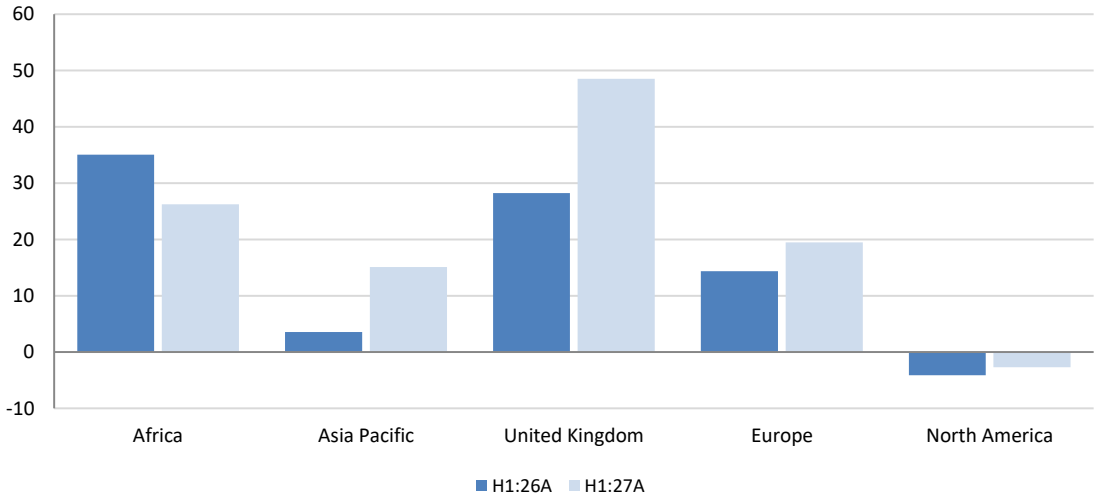
- **Africa:** Revenue fell -6.5% to R84.5m and operating profit to R26.2m (H1:26: R35.0m), a margin of 31% (H1:26: 39%):
  - South Africa declined -5.4% to R79.6m on subdued retail demand, compounded by operational disruption at the Port of Durban that cost billings at the end of August; Mauritius fell -22.2% to R4.9m on fewer project shipments.
  - Clients fell -18.2% to 579 while transactions rose +8.9%, so activity is holding up better than revenue suggests, and some of the client shedding was due to a strategy of shedding unprofitable accounts.
- **Asia Pacific:** Revenue rose +37.3% to R52.0m and operating profit more than quadrupled to R15.1m (H1:26: R3.5m):
  - Hong Kong, the Group's strategic buying hub, grew +51.3% on higher freight rates and UK & Netherlands volumes; Singapore grew +61.7% on intercompany trade and Vietnam +400% to R1.5m on UK trade, while Australia edged up +1.3% as several key customers traded down.
- **United Kingdom:** Revenue rose +44.9% to R215.3m and operating profit +72% to R48.5m (H1:26: R28.2m), the Group's largest profit contributor:
  - Santova Logistics UK grew +73.5% and SAI Logistics +19.8% (in GBP), while Tradeway fell -8.9%.
  - Seabourne's UK operations contributed R107.2m (H1:26: R49.0m).
- **Europe:** Revenue rose +60.9% to R315.2m and operating profit to R19.5m (H1:26: R14.3m), at a 6% margin (H1:26: 7%), reflecting Seabourne's lower-margin fulfilment & courier mix and a loss-making Germany:
  - The Netherlands grew +12.3% in local currency on re-acquired clients, higher volumes and freight rates; Seabourne's EU operations contributed R253.8m (H1:26: R131.2m).
  - Germany fell -34.9% in local currency after a management restructure and lower volumes of dangerous goods and explosives (reciprocal duties of 10~20% on imported EU ammunition & components). The wider backdrop is soft, with management's presentation citing French growth of only c.0.4% (somewhat impacted by unrest in that country).
- **North America:** Revenue rose +7.3% to R9.0m and the loss for the period narrowed to R3.1m (H1:26: R4.5m), or c.R1.5m before a R1.6m impairment on exited warehouse space:
  - Clients fell -15.6% and transactions -37.1% while the loss narrowed, so the business is trading more profitably on a smaller base (small, unprofitable clients were shed).
  - Management describes the region as heading in the right direction.

**Figure 2: Santova Transactions, Revenue & Net Interest Income by Region (Rm), H1:26 vs H1:27**




*Sources: Santova interim results & Blue Gem Research*

**Figure 3: Santova Operating Profit by Region (Rm), H1:26 vs H1:27**




*Sources: Santova interim results & Blue Gem Research*

## Global & Domestic Environment

- **Global Environment:** Trade remains volatile but supportive of a well-diversified 4PL:
  - The Iran conflict and the Strait of Hormuz closure, Red Sea re-routing around the Cape of Good Hope (which management estimates cut effective freight capacity on key lanes by c.15~20%), port congestion and blank sailings pushed container rates sharply higher during H1:27.
  - Economic momentum is mixed: Eurozone growth of c.1.1% (Germany c.1.3%, France c.0.4%), the UK c.1.3%, the US c.2.3% and Vietnam c.8.4% revealing a clear regional divergence that we expect to remain, though the *mix* may change.
  - Tariff policy (US Section 301 investigations, reciprocal duties in Europe) continues to reshape trade lanes, which tends to favour flexible, asset-light intermediaries. The Blue Wave in the USA mid-term elections should do little to reduce this uncertainty, given President Trump's extensive use of executive order powers that bypass the House and Senate.
- **Domestic Environment:** South African activity remains muted:
  - The SARB raised the repo rate by 25bp to 7.25% in September 2026 (prime 10.75%), with headline CPI at 4.5% in September; the SA 10-year bond yield is 8.46% (previously: 8.45%).
  - For Santova, the domestic economy matters less each year (South Africa is c.12% of revenue), while the Rand's strength has been a translation headwind that we expect to ease over time – see our prior comments about when/if Santova should start to have its Cost of Capital modelled on *global* discount rates as opposed to the elevated South African rates.

## Forecasts: Commentary & Assumptions

As before, we forecast at a Group level (regional profit pools are too volatile to forecast individually), but our (rebuilt) model now builds FY 27E from the reported first half plus an explicit H2:27E forecast, and extends the forecast horizon out to FY 36E.

Specifically, we have:

- Forecast H2:27E revenue & net interest income off H2:26 (R701m) with +7.0% organic (constant-currency) growth and a c.3.2% translation headwind at current spot rates, giving R726m (+3.6% y/y).
- Held the H2:27E operating margin at 19.0% (H2:26: 19.2%, or c.18.6% excluding a R4.2m credit-loss reversal), with a smaller US loss offsetting a weaker Germany; this gives FY 27E operating profit of R235m (previously: R231m). Were H1:27's R5.9m expected credit loss (ECL) charge to repeat in H2:27E, FY 27E HEPS would be c.3.4cps lower.
- From FY 28E, assumed organic growth of 4.0~4.5% p.a. fading to c.1% by FY 36E, plus a c.1.75% p.a. FX translation tailwind (2% p.a. Rand depreciation on c.87.5% offshore revenue); revenue growth therefore runs at c.5~6% p.a. before converging on 3% in our Terminal Year.
- Let the operating margin drift up c.0.3pp p.a. from 17.0% in FY 28E to 18.0% by FY 32E, as scale and efficiency gains come through (leaving any further expansion as optionality).
- Held net working capital at 38% of revenue, assumed capex equal to depreciation (i.e. current assets are maintained), lease costs rising 3% p.a., tax at 27% and a modest 1.0% yield on net cash.
- Deliberately we have not modelled any acquisition(s), share buybacks (R22.5m executed in H1:27), dividends, 9aligned or a Tradeway recovery. We will incorporate these corporate actions when and if they occur (all, admittedly, simplifying assumptions that will be inaccurate, as the future is not inherently static and these are stated parts of management's growth strategy).

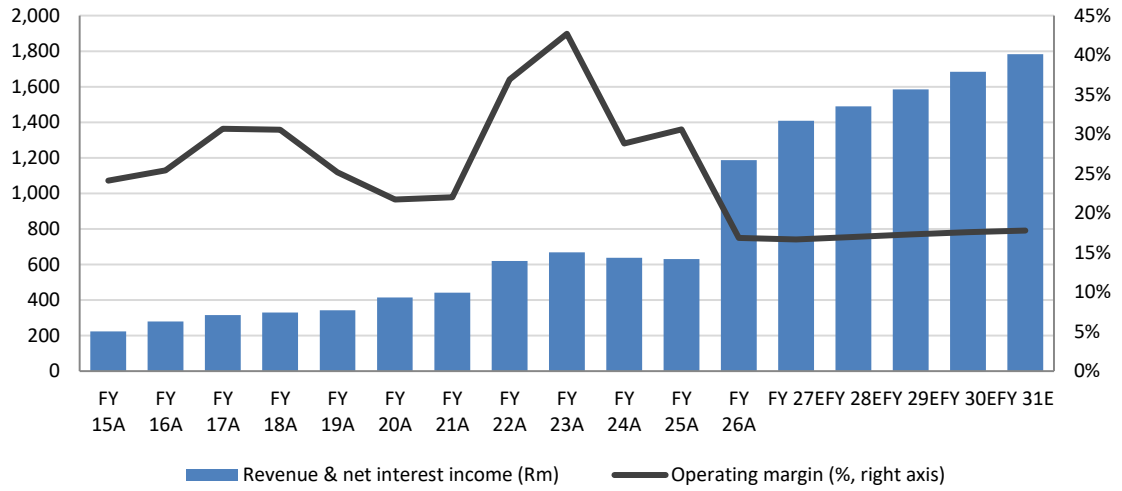
**Table 4: Santova Estimate Changes**

| R million | FY 27E prev. | FY 27E new | *% chg* | FY 28E prev. | FY 28E new | *% chg* | FY 29E prev. | FY 29E new | *% chg* |
|---|---|---|---|---|---|---|---|---|---|
| Revenue & net interest income | 1,418 | 1,408 | *-1%* | 1,460 | 1,490 | *2%* | 1,504 | 1,584 | *5%* |
| EBITDA | 322 | 319 | *-1%* | 332 | 337 | *1%* | 342 | 360 | *5%* |
| Operating profit | 231 | 235 | *1%* | 238 | 253 | *6%* | 245 | 274 | *12%* |
| Profit after tax | 169 | 168 | *0%* | 176 | 181 | *3%* | 185 | 197 | *6%* |
| **HEPS (cps)** | **131.4** | **133.2** | ***1%*** | **137.1** | **143.2** | ***4%*** | **144.3** | **156.2** | ***8%*** |
| Net cash ex-leases | 331 | 259 | *-22%* | 515 | 374 | *-27%* | 710 | 545 | *-23%* |
| Total equity | 1,469 | 1,456 | *-1%* | 1,645 | 1,636 | *-1%* | 1,830 | 1,833 | *0%* |

*Sources: Blue Gem Research FY 26 model (previous) & Blue Gem Research workings and assumptions. Previous FY 27E HEPS used 128.5m shares; lower net cash reflects H1:27 working capital, buybacks & the Seabourne payment.*

In short, H1:27 nudges our FY 27E HEPS *up* to 133cps (previously: 131cps) as better organic growth, a lower share count and tax rate offset a stronger Rand, while FY 28E HEPS of 143cps (previously: 137cps) and FY 29E HEPS of 156cps (previously: 144cps) rise further on (our now assumed) FX tailwind and improving margin.

**Figure 4: Santova Revenue (Rm) & Operating Margin (%), FY 15A~FY 31E**




*Sources: Santova financial reports, Sharedata & Blue Gem Research forecasts*

## Valuation and 12m TP

### Valuation

Our (primary) valuation approach remains a Discounted Free Cash Flow (DCF) of Santova's pre-IFRS 16 cash flows (lease payments deducted from operating cash flow), bridged to equity via net cash, less the Seabourne liability, and a 10% Discount for Lack of Control (DLOC) and 5% Discount for Lack of Marketability (DLOM).

Our Cost of Equity of 15.9% (previously: 16.0%) keeps our base assumptions (6.0% equity risk premium, 3.6% small-stock and 1.0% key-person premiums), with only the risk-free rate updated to 8.46% (previously: 8.45%); due to the Group's net cash position, the Cost of Equity is our discount rate.

We have also refined some of the DCF mechanics as per below:

- The explicit forecast now runs from H2:27E to FY 36E (previously: FY 27E~FY 29E), with terminal growth derived from forecast revenue growth and capped at 3% (previously: 3%).
- The terminal value is now c.35% of Enterprise Value (previously: c.70% - i.e. our valuation becomes less sensitive to academic assumptions around exit velocity).
- Free cash flow now deducts the investment in working capital explicitly, cash flows are discounted from the *6 November 2026* valuation date using exact timing (previously: whole years), and the share count is the post-cancellation 125.9m (previously: 128.5m).

**Table 5: Santova DCF Valuation & Bridge to Fair Value**

| R million | Current | Previously |
|---|---|---|
| PV of free cash flow, H2:27E~FY 36E | 947 | 415 |
| PV of terminal value (g = 3%) | 520 | 978 |
| **Enterprise value** | **R1,467m** | **R1,394m** |
| Net cash ex-leases (31 August 2026) | 162 | - |
| Less: Seabourne contingent consideration | (42) | - |
| Surplus cash after Seabourne liability | 120 | 158 |
| **Equity value – control** | **1,586** | **1,551** |
| Less: DLOC (10%) | (159) | (155) |
| Less: DLOM (5%) | (71) | (70) |
| **JSE-level equity value** | **R1,356m** | **R1,326m** |
| *Shares in issue (m)* | *125.9m* | *128.5m* |
| **Fair value per share (cps)** | **1,077cps** | **1,032cps** |
| *Cost of Equity (%)* | *15.9%* | *16.0%* |
| **12m Target Price (cps)** | **1,248cps** | **1,148cps** |
| Share price (cps) | 790cps | 770cps |
| ***12m Implied Price Return (%)*** | ***58%*** | ***49%*** |
| Implied P/E on FY 27E HEPS at fair value (x; previous restated on FY 27E HEPS) | 8.1x | 7.9x |
| Implied Price-to-Book at fair value (x) | 1.0x | 1.0x |
| *Memo: 12m TP on previous basis (1.0x forecast February 2027 NAV, cps)* | *1,156cps* | *1,148cps* |

*Sources: Blue Gem Research workings and assumptions; previous figures from our FY 26 Results Note (29 June 2026). DLOC = discount for lack of control; DLOM = discount for lack of marketability. Santova pays no dividend, so the price return is the total return.*

Our DCF arrives at a fair value of 1077cps (previously: 1032cps):

- The uplift comes from two new, refined long-term assumptions, a c.2% p.a. weaker Rand from FY 28E and an operating margin improvement from 17.0% to 18.0%, which each add c.48cps (**Table 6**).

- Without these refined, long-term assumptions, fair value would be c.987cps, as lower surplus cash and the explicit working-capital investment outweigh the lower share count and the higher near-term forecasts.
- Our fair value places the share on c.8.1x FY 27E HEPS and c.1.0x August 2026 NAV, in line with the 1.0x Price-to-Book we argued for in our Initiation of Coverage.

**Table 6: Santova Fair Value, 12m TP & Implied Return Under Alternative Long-Term Assumptions**

| Scenario | Fair value (cps) | 12m TP (cps) | *Implied return (%)* |
|---|---|---|---|
| **Base case (c.2% p.a. weaker Rand from FY 28E; margin drift to 18.0%)** | **1,077cps** | **1,248cps** | ***58%*** |
| Flat Rand from FY 28E | 1,029cps | 1,193cps | *51%* |
| Operating margin held at 17.0% | 1,029cps | 1,193cps | *51%* |
| Flat Rand & margin held at 17.0% | 987cps | 1,144cps | *45%* |

*Sources: Blue Gem Research workings and assumptions (scenario switches in the Dynamics sheet of our model)*

**Table 7: Santova Fair Value Sensitivity (cps) to the Discount Rate & Terminal Growth**

| Discount rate / growth rate | 2.0% | 2.5% | 3.0% | 3.5% | 4.0% |
|---|---|---|---|---|---|
| 13.9% | 1,221 | 1,243 | 1,267 | 1,293 | 1,322 |
| 14.9% | 1,128 | 1,145 | 1,164 | 1,184 | 1,206 |
| 15.9% | 1,049 | 1,062 | **1,077cps** | 1,093 | 1,111 |
| 16.9% | 980 | 991 | 1,003 | 1,016 | 1,030 |
| 17.9% | 921 | 930 | 939 | 950 | 961 |

*Sources: Blue Gem Research. A one percentage point move in the SA 10-year bond yield moves our discount rate by the same amount, shifting fair value to c.1164cps (-1pp) or c.1003cps (+1pp).*

### Cross-checks: peers & history

As a reasonableness test, we consider the DCF's fair value relative to Santova's own trading history and its global fourth-party logistics (4PL) peer set (**Table 8**):

- **Own history:** Santova's FY 17A~FY 26A average Price-to-Book of c.0.9x on August 2026 NAV implies c.983cps (-9% versus our DCF but still well above the current share price at a 0.7x P/B). The average P/E of c.6.1x on FY 27E HEPS gives a lower c.817cps, though that average is depressed by the supply-chain boom years (FY 22~FY 23), when peak earnings pushed the P/E down to c.4.5~5.2x; thus, we would disregard this as more misleading than helpful.
- **Peer EV/EBITDA:** The global peer median of c.13.3x (**Table 9** & **Figure 6**), less itemised discounts for size (40%), liquidity (20%) and SA listing & country risk (20%), gives c.5.1x (extending this, if we look at Logwin AG, as the closest size & business-model peer, Logwin currently trades at c.5.0x EV/EBITDA). Applied to FY 27E pre-IFRS 16 EBITDA (the closer basis, as six of the eight peers report under US GAAP), this gives c.1108cps, or c.1225cps on IFRS 16 EBITDA after deducting lease liabilities.
- **Quality versus price:** Peers' Return on Equity (ROE) explains much of their Price-to-Book ratings (**Figure 5**; R-squared of 0.85), and Santova sits well below the line-of-best-fit (i.e. linear regression). We treat this as a ceiling indicator only (footnote to **Table 8**).
- **What the price implies:** At 790cps, after deducting R120m of surplus cash, the market pays only c.3.5x FY 27E pre-IFRS 16 EBITDA for Santova's operations (c.5.2x FY 27E earnings).

Overall, these methods cluster around our DCF (c.817~1225cps), with the like-for-like peer value (c.1108cps) close to our fair value of 1077cps.

This reasonableness check provides comfort to us that our DCF-driven fair value for Santova is not unrealistic.

**Table 8: Santova Valuation Methods Compared (cps)**

| Method | Value (cps) | vs DCF |
|---|---|---|
| **DCF fair value (anchor)** | **1,077cps** | **–** |
| Own FY 17A~FY 26A average Price-to-Book (c.0.9x) | 983cps | *-9%* |
| Own FY 17A~FY 26A average P/E (c.6.1x) | 817cps | *-24%* |
| Peer EV/EBITDA, itemised discounts (c.5.1x), pre-IFRS 16 | 1,108cps | *+3%* |
| Peer EV/EBITDA, itemised discounts (c.5.1x), IFRS 16 less leases | 1,225cps | *+14%* |

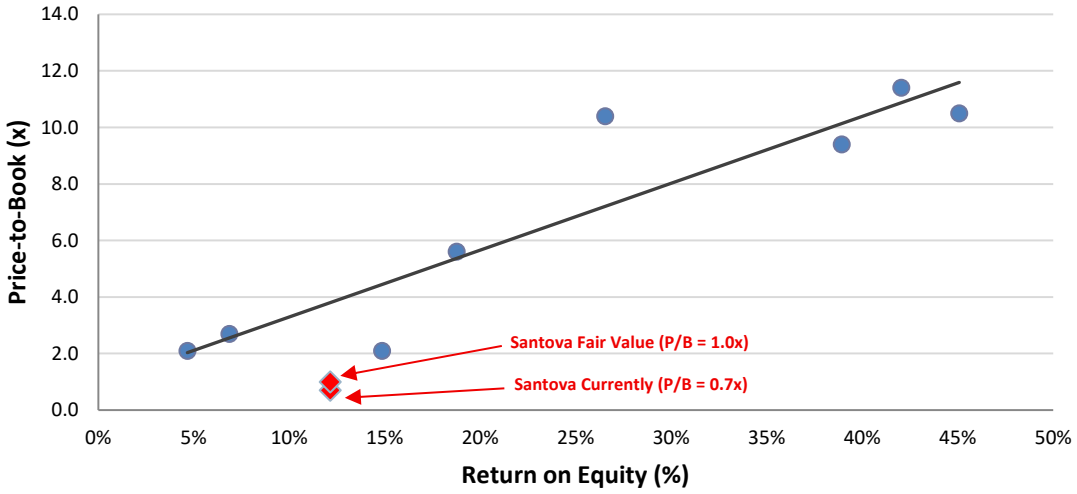
*Sources: Koyfin (6 November 2026), StockAnalysis (Logwin), Sharedata & Blue Gem Research workings and assumptions. Peer data are third-party estimates and are not load-bearing for our fair value. The peer ROE vs Price-to-Book line (Figure 5) implies c.3.8x for Santova's c.12% ROE (c.4109cps), which we treat as a ceiling only.*

**Table 9: Global 4PL Peer Valuation Multiples (6 November 2026)**

| Company | Code | Mkt cap (US$bn) | P/E (x) | EV/EBITDA (x) | P/B (x) | ROE (%) |
|---|---|---|---|---|---|---|
| C.H. Robinson | CHRW | 14.9 | 23.1x | 15.4x | 9.4x | *39%* |
| XPO | XPO | 20.6 | 41.6x | 13.8x | 10.4x | *27%* |
| FedEx | FDX | 74.2 | 17.1x | 5.4x | 2.1x | *15%* |
| GXO Logistics | GXO | 6.2 | 46.8x | 5.1x | 2.1x | *5%* |
| DSV | DSV | 52.2 | 42.9x | 12.7x | 2.7x | *7%* |
| Expeditors International | EXPD | 24.4 | 24.0x | 14.1x | 10.5x | *45%* |
| J.B. Hunt | JBHT | 20.4 | 30.8x | 8.0x | 5.6x | *19%* |
| Kuehne + Nagel | KNIN | 35.6 | 30.6x | 14.6x | 11.4x | *42%* |
| **Peer median** | | **c.22.5** | **c.30.7x** | **c.13.3x** | **c.7.5x** | ***c.23%*** |
| **Santova Ltd** | **SNV** | **0.06** | **6.2x** | **3.1x** | **0.7x** | ***12%*** |

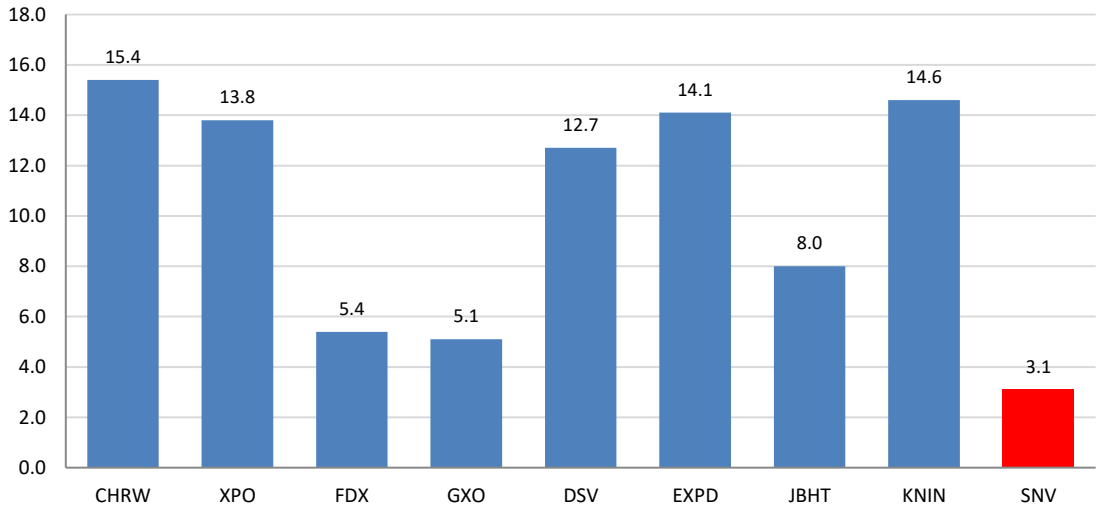
*Sources: Koyfin (6 November 2026, 15:15) & Blue Gem Research. Multiples are on a last-twelve-months (LTM) basis; Koyfin's Santova P/E uses LTM diluted EPS, so it differs slightly from our front-page HEPS-based P/E.*

**Figure 5: Global 4PL Peers with Santova (current & Blue Gem Fair Value) in Red – Return on Equity (%) vs Price-to-Book (x)**




*Sources: Koyfin (6 November 2026) & Blue Gem Research workings and graphing of data. Santova shown at the current price (lower) and at our fair value (upper).*

**Figure 6: Global 4PL Peers vs Santova – EV/EBITDA (x)**



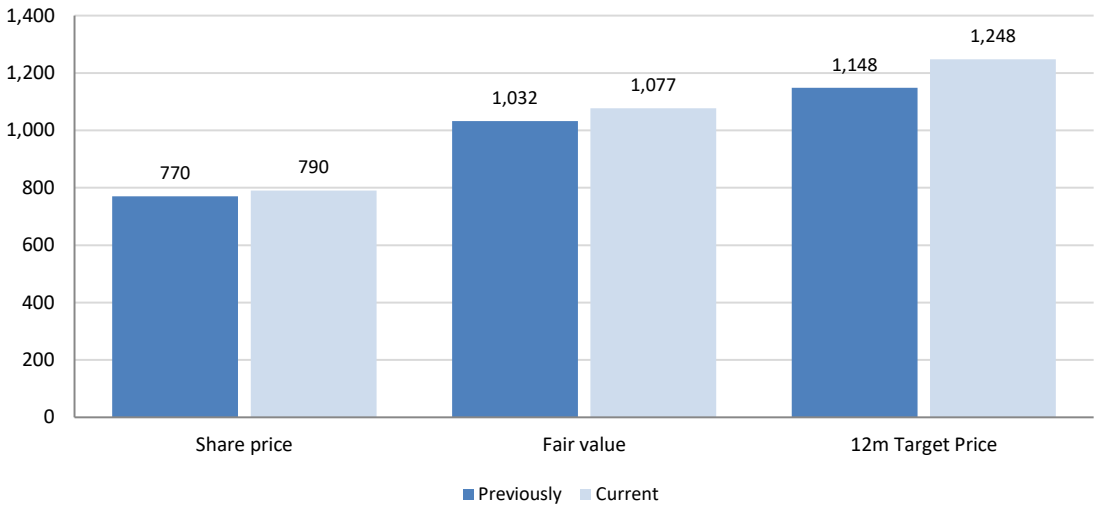

*Sources: Koyfin (6 November 2026) & Blue Gem Research*

## 12m TP and Implied Return

Rolling our fair value for Santova forward at our Cost of Equity, we arrive at a 12m TP of 1248cps (previously: 1148cps), implying a c.58% return from these levels (Santova pays no dividend).

- Part of the uplift is methodological: our FY 26 note set its TP at forecast February 2027 NAV per share (1.0x NAV), whereas we now roll fair value forward 12 months at our Cost of Equity.
- On the previous basis, our TP would be c.1156cps (a c.46% implied return).

**Figure 7: Santova Share Price, Fair Value & 12m Target Price (cps) – Previous vs Current**




*Sources: Blue Gem Research; previous figures from our FY 26 Results Note (when the share price was quoted at 22 June 2026)*

## Key Risks to our Forecast & Valuation

We urge you to read our Initiation of Coverage for more details on Santova, its management and our baseline analysis. The key risks to our above valuation methodologies are:

- **Freight rates & working capital (two-sided):** A sharp fall in rates would trim revenue but release cash from debtors; prolonged high rates do the opposite – management and us are reticent to forecast or guide on volatile freight rates, but we think it is likely that elevated freight rates do trend down but likely do not average historically low prior years as we remain in a more volatile and risky world.
- **The Rand (two-sided):** Our FY 28E onwards forecasts assume c.2% p.a. Rand depreciation; a Rand that holds its 2026 strength would remove this tailwind and lower our fair value to c.1029cps (**Table 6**; downside risk), while faster depreciation would add to earnings (upside risk).
- **Margin & Efficiencies (two-sided):** We assume the operating margin edges up from 17.0% in FY 28E to 18.0% by FY 32E; holding it at 17.0% would lower our fair value to c.1029cps (**Table 6**), while further efficiency gains would add to it. Given benefits of scale combined with increasing technological efficiencies, this should not be unrealistic, but we do note it here as a risk.
- **Geopolitics & trade policy (unknown):** The Strait of Hormuz, Red Sea routings, US tariffs and European reciprocal duties; a Hormuz re-opening should help Tradeway (upside risk).
- **Acquisitions (unknown):** The deal(s) under cautionary could be value-accretive or dilutive depending on price, funding and integration.
- **Seabourne warranty (unknown, small):** The final payment due around May 2027 may differ from the R42.4m carried.
- **Credit risk (downside risk):** Higher debtor balances and Middle East exposure lifted impairments to R5.9m in H1:27.
- **Discount rate (two-sided):** each one percentage point move in the SA 10-year bond yield shifts our fair value by c.74~87cps (**Table 7**). Likewise, we note our comments around how Santova's c.87.5% global revenue base could drive investors to value the Group based on *global* Cost of Capital (as opposed to our *South African* Cost of Capital).

On balance, we believe we have taken a conservative approach. However, many variables may make Santova's short-term performance differ from our expectations, and we suggest investors keep a long-term view of the Group's performance.

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