

Savannah Resources



Sponsored Research

United Kingdom | Basic Resources

Analysar

11 August 2025

Company Profile

Corporate Events

Buy

Recommendation unchanged

Share price: GBp 3.35

closing price as of 08/08/2025

Target price: GBp 5.70

Target Price unchanged

Upside/Downside Potential 70.1%

Reuters/Bloomberg

SAVS.L/SAV LN

Market capitalisation (GBPm) 77

Current N° of shares (m) 2,309

Free float 52%

Daily avg. no. trad. sh. 12 mth (k) 2,499

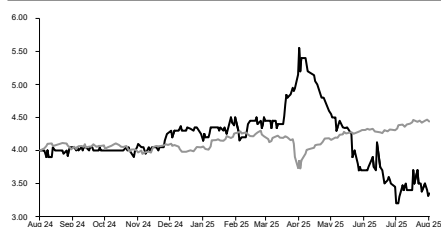
Daily avg. trad. vol. 12 mth (k) 5,311.75

Price high/low 12 months 5.55 / 3.20

Abs Perfs 1/3/12 mths (%) 4.69/-26.37/-16.25

Key financials (GBP)	12/24	12/25e	12/26e
Sales (m)	0	0	0
EBITDA (m)	(5)	(4)	(4)
EBITDA margin	nm	nm	nm
EBIT (m)	(5)	(4)	(4)
EBIT margin	nm	nm	nm
Net Profit (adj.)(m)	0	0	0
ROCE	-21.8%	-18.1%	-18.1%
Net debt/(cash) (m)	(17)	(16)	(12)
Net Debt/Equity	-0.4	-0.4	-0.3
Debt/EBITDA	3.7	3.7	2.7
Int. cover(EBITDA/Fin. int)	17.9	high	high
EV/Sales	nm	nm	nm
EV/EBITDA	nm	nm	nm
EV/EBITDA (adj.)	nm	nm	nm
EV/EBIT	nm	nm	nm
P/E (adj.)	nm	nm	nm
P/BV	nm	nm	nm
OpFCF yield	-4.3%	-8.0%	-5.5%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.00	0.00	0.00
BVPS	0.02	0.02	0.02
DPS	0.00	0.00	0.00

Shareholders

AMG Lithium 16%; Al Marjan LTD 12%; Grupo Lusiaves 10%;
Mário Ferreira 10%;

Source: FactSet

— SAVANNAH RESOURCES — FTSE All Share (Rebased)

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CATL shutdown lithium mine in China

The facts: CATL (Contemporary Amperex Technology Co., Limited), the largest battery manufacturer in the world, shutdown operations at a major lithium mine in China after weeks of speculation about the extension of its license.

Our analysis: The suspension should last at least three months and came after the company failed to extend a mining permit that expired on August 9. The Jianxiawo mine accounts for ~6% of global lithium production. It is in the Yichun lithium hub, where nearby mines contribute an additional ~5%. The decision is expected to have minimal operational impact on CATL and comes in parallel with the Chinese government's attempt to address overcapacity in key sectors of the economy that are leading to diminishing returns on producers. This anti-involution campaign (the word "involution" has a unique meaning in the Chinese social and economic discourse, describing excessive competition in a zero-sum environment) has the goal of stabilizing prices (in this case lithium), phase-out inefficient producers and, in some cases, encourage consolidation. In the recent past, lithium prices suffered from headwinds in the demand side and a context of oversupply (namely in China). Lithium prices jumped on the news, reinforcing the upward trend that began in early July. A more structural and enduring impact on prices should be visible if additional moves lead to a tighter supply context soon.

Conclusion & Action: The mine suspension presents a potentially positive short-to medium-term development for Savannah Resources, particularly if it signals a broader regulatory shift in China toward tightening lithium supply. A sustained recovery in lithium prices could enhance the competitiveness and valuation of non-Chinese producers. Immediate market reaction has been strong, with shares of Australian lithium producers such as Pilbara, Lontown, Mineral Resources, and Core Lithium rising between 12% and 25%.

