Final Results Press Release

INVICTA's SUSTAINABLE PROFITS, BEFORE MAJOR IMPAIRMENTS AND ONCE-OFF ITEMS, HIGHER THAN PRIOR YEAR

- Revenue down 4% to R10.0 billion
- Major impairments and once-off items totaling R1.1 billion
- Sustainable* operating profit up 3% to R707 million
- Sustainable* profit for the year increased by 1% to R423 million
- Sustainable* headline earnings per share up 4% to 302 cents
- Net debt (excl IFRS 16) down 11% to R2.0 billion
- Net tangible asset value per share up 2% to R34.86

 ***** *The sustainable results exclude the impairments and once-off items*

27 July 2020: **Invicta Holdings Limited (Invicta)**, the investment holding and management company of the Engineering Solutions Group (ESG), Capital Equipment Group (CEG) and Kian Ann Group based in Singapore, today reported results for the year ended 31 March 2020.

"Although COVID-19 had a limited impact on these set of results with the Group only losing three trading days, the financial year was exceptionally challenging. Invicta was negatively impacted by, inter alia, load shedding, water restrictions due to drought in many parts of South Africa, massive currency volatility and hardly any growth across all sectors in which the Group trades," stated Steven Joffe, CEO of Invicta since January 2020.

Revenue was down 4% to R10.0 billion from R10.4 billion in the prior year mainly due to a significant drop in the demand for capital equipment in all sectors, various economic and infrastructure challenges faced by ESG and highly competitive trading conditions in South East Asia.

With the outbreak of COVID-19, the Group took a decision to seriously review its Balance Sheet, specifically goodwill, property values, inventory, debtors and deferred tax and to impair and make the appropriate adjustments taking into consideration the current market conditions. As a result, a total of R1 102 million of impairments and once-off items were made, including a goodwill impairment of R639 million, stock obsolescence write-off of R196 million, property impairment of R196 million and deferred tax assets written off of R71 million.

Remarkably, excluding the above impairments and once-off items, sustainable operating profit was 3% higher at R707 million than the prior year's R689 million.

Engineering Solutions Group's (ESG's) revenue would have been flat year-on-year if it were not for the introduction of the countrywide lock-down because of COVID-19 that reduced trading by four days. Revenue decreased by 1.1% to R5 180 million (2019: R5 238 million) due to various economic and infrastructure challenges resulting in less demand across all ESG's trading sectors. The drop in the South African market was countered by increased revenue in the African entities and the contribution by the European acquisitions late in the previous financial year.

The cost-cutting initiatives and savings programme reduced expenses which resulted in a decrease of only 3.6% in sustainable operating profit to R323 million (2019: R335 million) before a goodwill impairment of R543 million, super stock provision of R135 million, IFRS 9 increase due to COVID-19 of R15 million, IFRS 16 positive impact of R32 million and a property lease provision of nearly R5 million.

Capital Equipment Group (CEG) has performed above expectations. Revenue declined by 2.6% to R3 124 million (2019: R3 206 million) largely due to a significant drop in demand which led to a decline in market volume unit sales across all sectors owing to the lack of government spending on infrastructure; large construction companies going into liquidation or business rescue; reduced demand for hard commodities from the international markets; as well as the drought that had a major impact on the farmers in the western part of the country.

Sustainable operating profit decreased by 10.8% to R223 million (2019: R250 million), before a goodwill impairment of R75 million and an IFRS adjustment of R3 million.

On 20 July 2020, subsequent to year end, the Group announced that it has entered into an agreement whereby CEG will dispose of four businesses, namely Northmec, CSE, NHSA and Landboupart, to CNH Industrial. Subject to certain conditions precedent, the transaction will be effective on or about 1 January 2021 and the consideration will be equal to the unaudited tangible net asset value excluding interest-bearing debt (NAV) of the operations (the NAV Consideration), being approximately R507 million as at 31 March 2020, plus an additional US$6 million for goodwill. The NAV Consideration will be payable over a period of 90 days and the goodwill of US$6 million will be payable over three years.

The **Kian Ann Group** ("KAG") continues to find trading conditions in South East Asia highly competitive, particularly in Malaysia, Indonesia, and Singapore itself. This has been the primary reason for the revenue decrease of 19.8% from S$161.4 million (2019) to S$129.4 million (2020). KAG's strategy of diversifying its sales into other geographical locations has helped mitigate this decline. Sales to non-Asian regions now make up 27% of KAG's revenue.

Sustainable operating profit decreased by 50.3% to S$6.0 million (2019: S$12.0 million) mainly due to decreased sales, compounded by an additional provision for slow moving stocks of S$5.0 million arising from a refinement of the provisioning methodology during the year. Total overhead expenses decreased by 9% year-on-year.

Joffe commented: *"We are pleased to announce that we have been able to reduce our net interest-bearing debt by 11% or R261 million to R2.0 billion, excluding the impact of IFRS 16, and paid R100 million towards the SARS settlement. The outstanding SARS settlement balance of R200 million will be repaid over the next two years. In order to simplifying the Group's Balance Sheet, we redeemed the preference shares to the value of R450 million. In addition, we have confirmed our trading facilities and extended our term-facilities falling due in the short-term with our existing bankers and entered into a new banking relationship in a meaningful way."*

The Board has resolved not to declare an ordinary dividend. It is anticipated that the normal dividend policy will be resumed once cash flow and gearing permit.

"This next financial year our strategic objectives will include a focus on finalising the disposal to CNH Industrial, BMG's e-commerce platform, the oxygen helmet and ventilator project and right-sizing our business. We will also work on increasing the Return on Equity and lowering the Group's gearing by concentrating on cash generation, reducing inventories and selling non-core properties. While the impact of COVID-19 on the health of the nation as well as the economy is of grave concern, I hope we will emerge at the end of the storm with a more robust business," concluded Joffe.

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