Invicta

HOLDINGS LIMITED

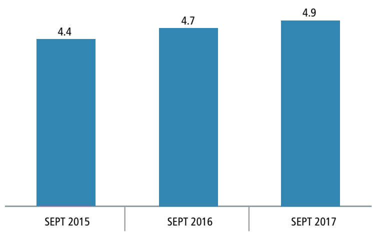
Registration number 1966/002182/06
(Incorporated in the Republic of South Africa)
Share code: IVT | ISIN: ZAE000029773
Preference share code: IVTP | ISIN: ZAE000173399
("Invicta" or "the Group" or "the Company")

UNAUDITED CONDENSED CONSOLIDATED RESULTS

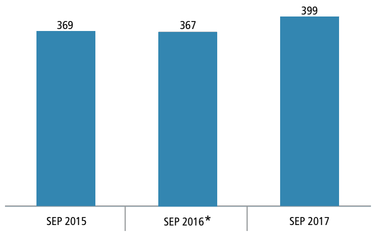
FOR THE SIX MONTHS ENDED 30 SEPTEMBER

2017

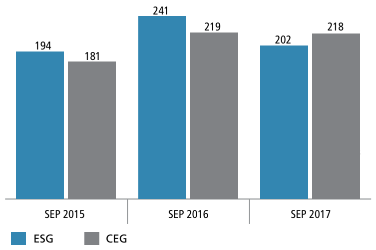
Revenue
(R billion)



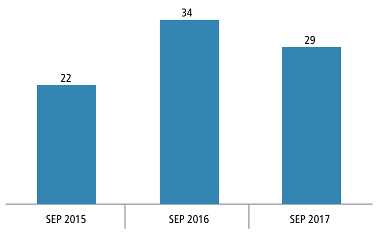
Profit before taxation
(R million)



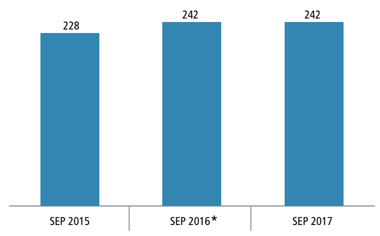
Segment operating profit before foreign exchange movements
(R million)



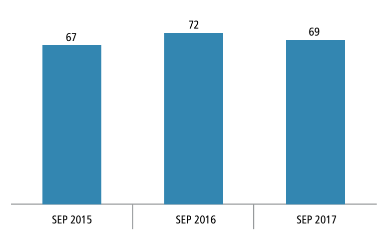
Operating net debt: equity
(%)



Earnings per share
(cents)



Ordinary dividends paid
(cents)



* Restated

REVENUE ↑ 2.7% TO R4.86 BILLION

PROFIT FROM CONTINUING OPERATIONS ↑ 6.4% TO R314 MILLION

PROFIT BEFORE TAXATION ↑ 8.7% TO R399 MILLION

EARNINGS PER SHARE FROM CONTINUING OPERATIONS ↔ 0% FLAT AT 242 CENTS CONSISTENT DIVIDEND COVER

The results as disclosed above and below represent the continuing operations.

EPS	242c	↔ 0%
HEPS	225c	↓ 7.4%
DPS	69c	↓ 4.2%
NAV PER SHARE	4 924c	↑ 8.0%

OVERVIEW OF THE PERIOD

The Invicta Group has managed to hold its own in a very challenging environment.

In South Africa, low economic growth, low business confidence, political uncertainty and a troubled mining sector (following the announcement by government of a controversial mining charter) weighed heavily on the Group, which derives about 80% of its revenue from within South Africa. Contrasting this, global trading conditions have improved and this growth looks set to continue, which should help to carry the Group until conditions in South Africa normalise.

The sale of the Building Supplies Group ("BSG") became unconditional on 30 September 2017, and shareholders are referred to a separate SENS announcement in this regard dated 10 October 2017.

GROUP PERFORMANCE

CONTINUING OPERATIONS

The continuing operations comprise:

- ESG ("Engineering Solutions Group") – African distributor of engineering products, technical services and solutions including bearings, tools, electric motors and hydraulics.
- CEG ("Capital Equipment Group") – agricultural machinery, construction machinery, forklifts and related parts in southern Africa and earthmoving machinery parts in South East Asia via Kian Ann Engineering, which is based in Singapore.

Revenue from continuing operations increased by 3% from R4.73 billion to R4.86 billion. Gross margins declined due to increased pricing pressures from competitors, whilst operating profit increased by 1% from R429 million to R432 million, assisted by improved foreign exchange movement.

Profit on the sale of investments of R24 million helped to augment profit from continuing operations, which after tax increased by 6% from R295 million to R314 million. Earnings per share from continuing operations were flat at 242 cents per share, whilst headline earnings per share decreased by 7% from 243 cents to 225 cents per share, which reflects the true economic reality of what is happening in South Africa.

The ordinary dividend for the six months is 69 cents per share, down 4% on the comparative period, maintaining a dividend cover of 3.5 times.

Cash generated by all operations of R111 million was reduced by the strategic increase of working capital and the receivable on disposal of BSG, which was largely received in October 2017.

DISCONTINUED OPERATIONS

Last year, the decision was taken to dispose of BSG (consisting of the MacNeil and Tiletoria group of companies), in order to focus the group on its core competency of industrial consumable products, capital equipment and parts. BSG is therefore shown as a Discontinued Operation in the Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income in the prior year and comparative period and as Assets Held for Sale in the Condensed Consolidated Statement of Financial Position in the prior year.

The transaction became unconditional on 30 September 2017, as announced in a SENS announcement on 10 October 2017, and proceeds arising from the sale commenced flowing into the group after this date.

ESG

The Engineering Solutions Group felt the headwinds of the slowdown in industrial and mining South Africa.

Revenue declined by 3% to R2.27 billion for the period under review. As conditions became more difficult and industry sales slowed down, competitors reduced prices in order to liquidate stock, which resulted in gross margins declining. Project work in the mining sector dried up virtually completely and only essential maintenance purchases were made by customers. The threat of labour unrest in the industry in July further added to the uncertainty in the market. Action taken by ESG management to mitigate the decline in activity in the market, including the cancellation of a number of outsourced contracts, automation of processes and consolidation of branches/distribution hubs, helped to limit the decline in operating profit to 16%, from R241 million to R202 million. The benefits of these measures will only fully take effect in the second half of the financial year.

A highlight of the period was the very successful opening in September 2017 of the BMG World facility in Johannesburg, which has been refurbished over the past few years. The 10 hectare site is a world-class logistics facility and is now fully operational. The benefits of the facility will be felt in the future and it positions the BMG Group perfectly to take advantage of any upturn in the economy.

New branches in Tanzania, DRC and Ghana complement the African operations already in place in Zambia, Mozambique, Swaziland, Namibia and Botswana.

CEG

The Capital Equipment Group continues to focus on increasing the number of units in the market to secure original manufactured and aftermarket parts.

CEG had a relatively strong performance for the six months – in very competitive and challenging market conditions. The agricultural sector in South Africa emerged from the worst drought in over 100 years in late calendar 2016, although the Western Cape is still suffering from a severe drought. Construction machinery sales in the country during the period were still subdued, although certain segments within the market have improved, although marginally.

As announced previously, with effect from 1 May 2017 the group relinquished the right to import and distribute the New Holland brand agricultural products into southern Africa to CNH, the manufacturer of the product. As expected, the impact on the Invicta Group results so far has not been material. The remaining distribution rights for other CNH branded products (CASEIH & CASE Construction) are not affected by this agreement. CEG continues to support the New Holland agricultural products in the aftermarket.

Contrasting the conditions in South Africa, South East Asia and the world as a whole have picked up, which has benefited Kian Ann. Its volumes have steadily increased and profits have improved strongly compared with the prior period.

CEG increased its revenue by 7% from R2.38 billion to R2.56 billion. Gross margin pressure within South Africa contributed to the South African business producing lower operating profit than the prior period, whilst Kian Ann improved its operating profit resulting in CEG's operating profit remaining virtually flat at R218 million compared to the prior period. Good operational cash generation also resulted in healthy interest income further assisting in the overall performance of CEG.

STRATEGIC FOCUS

The Group's strategic focus is to generate cash in its existing businesses and to invest this in sound acquisitions that diversify the Group's revenue streams both within its product groups and geographically.

PROSPECTS

The Group remains resolute in its efforts to produce results above market benchmarks and its competitors. Trading conditions in the period under review were much more challenging in South Africa than management had anticipated, largely due to factors beyond the control of the Group.

The businesses that make up the Invicta Group have strong fundamentals and enjoy significant competitive advantage. Management will continue to consolidate the strengths of the current businesses that make Invicta one of the leading suppliers of industrial consumable products, capital equipment and parts in southern Africa and South East Asia.

Any forward looking statement in this announcement has not been reviewed nor reported on by the Company's Auditors.

CHANGES TO THE BOARD AND BOARD COMMITTEES

Grace Miriam Chemaly resigned as Group company secretary and legal advisor, effective 27 September 2017. The Group is in the process of finding a replacement.

APPRECIATION

The board is once again highly appreciative to the executive managers, managers and staff for the excellent commitment and performance in what can only be described as difficult and uncertain political and economic times in South Africa.

The board is confident that, with the strengths the Group possesses and the strategic decisions that the board will take, the Group will continue to deliver sustainable value to all stakeholders.

Preference share cash dividend

Notice is hereby given that the board has declared a gross cash dividend on 6 November 2017 of 450.20 cents (31 October 2016: 419.60 cents) per preference share for the period from 13 June 2017 to 6 November 2017. Dividends are to be paid out of distributable reserves.

- Dividends tax (DT) of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from the DT.
- Accordingly, shareholders who are not exempt from DT will receive a net dividend of 366.632 cents per preference share.
- Invicta Holdings Limited has 7 500 000 preference shares in issue.
- Invicta Holdings Limited's income tax reference number is 9400/012/03/6.

The salient dates for the preference share cash dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 28 November 2017
Shares commence trading "ex" dividend	Wednesday, 29 November 2017
Record date	Friday, 1 December 2017
Payment date	Monday, 4 December 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 November 2017 and Friday, 1 December 2017, both days inclusive.

Ordinary share cash dividend

Notice is hereby given that the board has declared a gross cash dividend of 68.64 cents per ordinary share for the period ended 30 September 2017. Dividends are to be paid out of distributable reserves. Dividend tax (DT) of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from DT. In accordance with paragraphs 11.17(1)(i) and 11.17(c) of the Listings Requirements, the following additional information is disclosed:

- The gross local dividend amount is 68.64 cents per ordinary share for shareholders exempt from the Dividend Tax;
- The net local dividend amount is 54.912 cents per ordinary share for shareholders liable to pay the Dividend Tax;
- Invicta Holdings Limited has 108 494 738 ordinary shares in issue (which includes 1 541 823 treasury shares); and
- Invicta Holdings Limited's income tax reference number is 9400/012/03/06.

The salient dates for the ordinary share cash dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 12 December 2017
Shares commence trading "ex" dividend	Wednesday, 13 December 2017
Record date	Friday, 15 December 2017
Payment date	Monday, 18 December 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 December 2017 and Friday, 18 December 2017, both days inclusive.

Invicta Holdings Limited

Cape Town

23 November 2017

INVICTA HOLDINGS LIMITED

Registered office:
Invicta Holdings Limited, 3rd Floor, Pepkor House,
36 Stellenberg Road, Parow Industria, 7493
PO Box 6077, Parow East, 7501

Transfer secretaries:
Computershare Investor Services (Pty) Ltd,
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

Directors:
Dr CH Wiese* (Chairman), A Goldstone (Chief Executive Officer), C Barnard, R Naidoo^,
B Nichles*, GM Pelser, DI Samuels^, LR Sherrell*,
AM Sinclair, RA Wally^, Adv JD Wiese*

** Non-executive ^ Independent non-executive*

Sponsor: Deloitte & Touche Sponsor Services (Pty) Ltd

ESG
www.bmgworld.net

CEG
www.capitalequipment.co.za

www.invictaholdings.co.za