

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

PROPOSED CATEGORY 1 DISPOSAL OF BUSINESSES AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Proposed disposal

Invicta stakeholders are hereby advised that the Company and its wholly owned subsidiary, Humulani Marketing Proprietary Limited, which forms part of the Capital Equipment Group ("CEG") reporting segment, (or the "Seller") has entered into an agreement ("Agreement") dated 17 July 2020 ("Signature Date") with CNH Industrial SA Proprietary Limited (the "Purchaser" or "CNHi"), to dispose of four businesses within CEG, for a cash consideration equal to the tangible net asset value ("NAV") of the operations on the effective date, being approximately R507 million excluding interest bearing debt as at 31 March 2020 ("NAV Consideration"), plus an additional US\$6 million goodwill (together the "Disposal Consideration") (the "Disposal"). The Disposal will become effective on the later of 1 January 2021 or once the necessary regulatory approvals and outstanding suspensive conditions have been met ("Effective Date").

2. Rationale

The rationale for the Disposal is for CNHi to continue with its strategy of having a direct operational footprint and infrastructure in South Africa for the selling of world class products in both South Africa and the southern African market. The rationale for Invicta is to apply the Disposal Consideration in the short-term, to reduce the most expensive debt of the Group, hereby realigning its funding and enabling the Company to focus on other strategic initiatives and its core operations.

3. Description of businesses

The four businesses that are the subject matter of the Disposal comprise the following:

- Landboupert – a distributor of replacement spare parts for the agricultural and industrial markets for brands such as Massey Ferguson, Landini, John Deere, Perkins, IH (Melrose) and Carraro. Landboupert supplies a wide range of quality agricultural spare parts ranging from tractor parts, engine parts, filters and drivetrains, to planters parts.
- Northmec – a supplier of farming equipment in South Africa, distributing a full range of agricultural machinery, implements and related original equipment manufacturers ("OEM") spare parts for brands such as Case IH, and many other quality internationally known brands. Northmec's product range includes tractors, mowers, combine harvesters, windrowers, cultivators, grain/corn headers, balers, ploughs and sprayers.

- CSE – engaged in the distribution of Case earthmoving and construction equipment, turf-grooming machinery, utility vehicles and related OEM spare parts. CSE specialises in distributing, inter alia, Case and Dynapac branded equipment, including tractor loader backhoes, skid steer loaders, tele-handlers, crawler excavators, front end loaders and graders.
- NHSA - NHSA is a supplier of OEM and Non-OEM spare parts for brands such as Fiat, Ford, Braud, Carraro and NewPart. NHSA's product range includes tractor parts, combine harvester parts, baler parts, grape harvester parts and axle parts.

4. Disposal consideration

The NAV Consideration is based on the NAV of the target businesses is payable as follows:

1. 1/3 of the proceeds on completion of the closing accounts;
2. 1/3 of the proceeds within 60 days of completion of the closing accounts; and
3. 1/3 of the proceeds within 90 days of completion of the closing accounts.

The additional consideration of US\$6 million will become due and payable as follows:

1. US\$1 million on the Effective Date;
2. US\$2 million within two years of the Effective Date; and
3. US\$3 million within three years of the Effective Date.

The Disposal Consideration will be interest bearing, other than the additional US\$6 million, and will be guaranteed by way of a corporate guarantee issued by CNHi NV in favour of Invicta. Further to this, the Purchaser has the right to settle the full NAV Consideration immediately on the Effective Date, and as a consequence no interest will be applicable.

5. Suspensive conditions

Suspensive conditions to be fulfilled within 6 months of signature date include:

1. Competition Commission and any other regulatory approval;
2. Shareholder and board approval of both the Purchaser and Invicta; and
3. Approval to transfer operational contracts and leases to the Purchaser.

6. Financial information

The unaudited estimated earnings before interest, tax, depreciation and amortisation ("EBITDA") of the Seller forgone by the Disposal equates to approximately R104 million for the year ended 31 March 2020 and the Disposal Consideration will be used in the short term to reduce the most expensive debt of the Group.

The unaudited profit after tax of the subject matter of the Disposal for the year ended 31 March 2020 is approximately R83 million, prepared on an International Financial Reporting Standards ("IFRS") basis.

The unaudited NAV of the subject matter of the Disposal as at 31 March 2020 is approximately R507 million, prepared on an IFRS basis.

The Directors are satisfied with the quality of the management accounts which are used in this paragraph.

The Agreement provides for a material adverse change, which allows CNHi to terminate the Agreement if –

- a. the NAV is less than R433 million or greater than R633 million at the closing accounts date; or
- b. if agreed sales targets are not achieved in the interim period.

Normal warranties for a transaction of this nature will be provided by Invicta.

7. Classification

The Disposal is a Category 1 transaction in terms of the JSE Limited (“JSE”) Listings Requirements, and is subject to Invicta’s shareholder approval. A circular, containing the full details of the proposed Disposal, incorporating a notice convening a shareholders meeting to shareholders will be issued in compliance with paragraph 9.20 (b) of the JSE Listings Requirements in due course. The salient dates and times of the proposed Disposal, including the date of the shareholders meeting, will also be announced on SENS at the time of distributing the circular.

8. Withdrawal of cautionary announcement

Shareholders are referred to the Cautionary Announcement released on SENS on 4 February 2020, last renewed on 15 June 2020, and are advised that the Company is not pursuing any further asset disposals at this time. Shareholders are therefore no longer advised to exercise caution when dealing in the Company’s securities.

Johannesburg
20 July 2020

Company Secretary: Lize Dubery

Sponsor: Deloitte & Touche Sponsor Services (Pty) Ltd

Attorneys: Bernadt Vukic Potash and Getz Attorneys