



2022

FINANCIAL RESULTS
FOR THE YEAR ENDED 31 MARCH

Firmly **rooted** in South Africa and
strategically **geared** for **growth**

To Our Shareholders

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Introduction

Welcome to our Financial Results Presentation



Introduction
**The Year
at a Glance**

Notwithstanding the challenging operating environment, we are extremely proud of how our businesses performed during the year

Closed the Kian Ann transaction

Disposed the Samrand property

Concluded the KMP acquisition in January 2022

Concluded R1.5 billion in committed bank facilities

We increased sustainable headline earnings by 34% compared to the prior year

We generated R978m cash from operations



Introduction

Reassessment of Reportable Operating Segments

Due to the corporate actions over the past two years, we have re-assessed our reportable operating segments

Our new segments are as follows:

Replacement parts, services and solutions: earth-moving equipment (“RPE”)



Replacement parts, services and solutions: industrial (“RPI”)



Replacement parts, services and solutions: auto-agri (“RPA”)



Capital Equipment and related parts and services (“CE”)



While we manage our businesses as four segments and while Kian Ann forms part of segment one, we will report separately on the Kian Ann Group due to its relative size and contribution

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GROUP FINANCIAL OVERVIEW



Group Sustainable Operating Profit

2022 vs 2021



	2022	2021
	R'000	R'000
Operating profit before net finance income on financing transactions and forex as reported	670 648	585 175
Add back: Retrenchment costs related to continuing operations	-	31 972
Add back: Goodwill impairment	-	21 456
Deduct: Loan impairment reversal	(5 178)	(8 643)
Add back: Amortisation of Purchase Price Allocation intangible assets ("PPA assets") KMP	695	-
Deduct: Net profit on disposal of business/investments	(63 054)	(96 555)
Sustainable operating profit before net finance income on financing transactions and forex	603 111	533 405

Kian Ann Group Contribution to Sustainable Headline Earnings 2022 vs 2021



	2022	2021
	R'000	R'000
Profit/(loss) from discontinued operations	385 330	(12 357)
Add: Equity accounted earnings	101 887	-
Add back: IFRS 5 impairment of disposal group	-	76 864
Add back: Net loss on disposal of investment	-	222
Deduct: Net profit on disposal of property, plant and equipment	-	(751)
Deduct: Fair value gain on re-measurement of joint ventures	(399 919)	-
Add back: Fair value loss on call and put options	17 235	14 853
Add back: Amortisation of Purchase Price Allocation intangible assets ("PPA assets")	7 792	-
Sustainable headline earnings	112 325	78 831

Group Sustainable Headline Earnings

2022 vs 2021

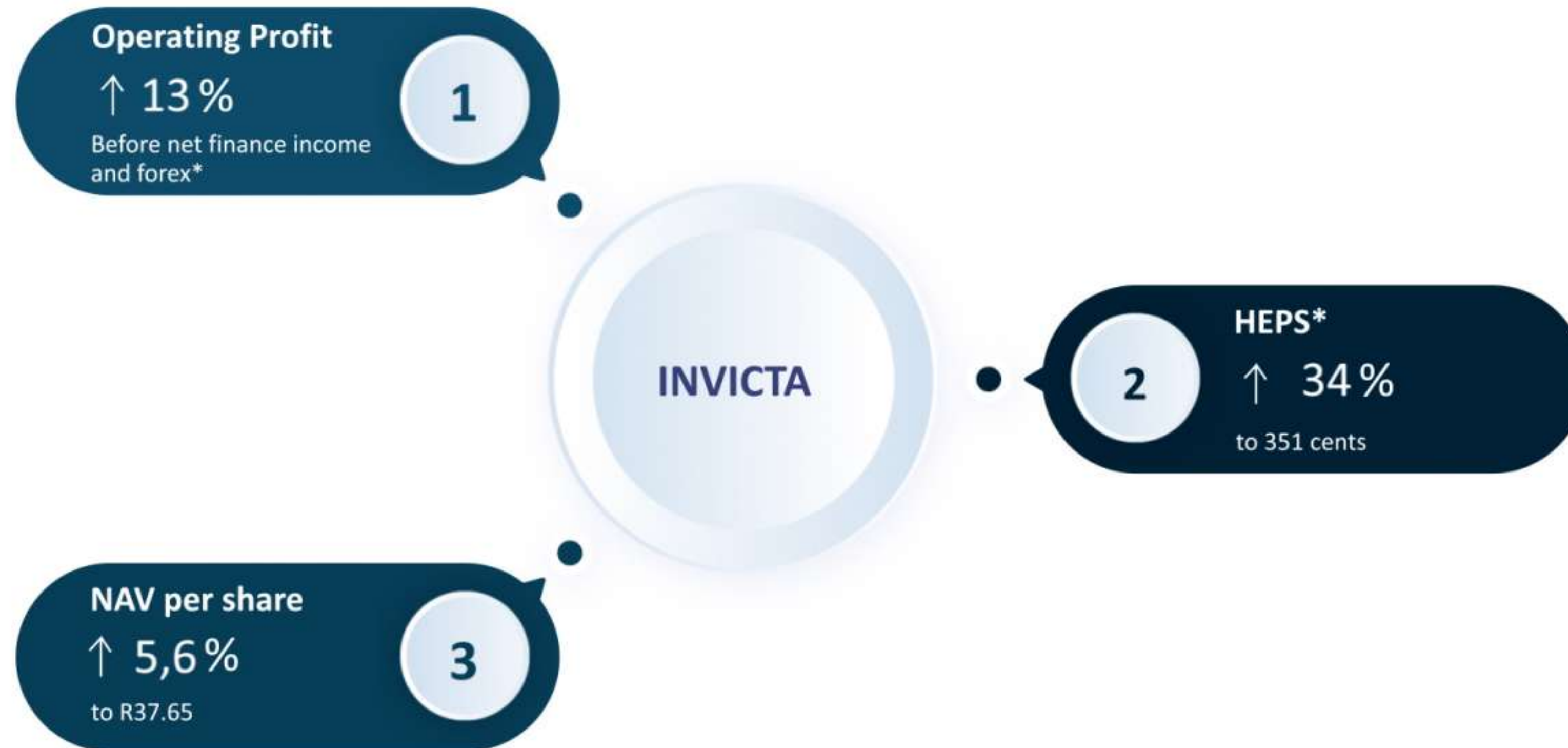


	2022	2021
	R'000	R'000
Headline earnings	356 285	341 152
Adjusted for the following net of tax:		
Add back: Fair value loss on call and put options	17 235	14 853
Deduct: Loan impairment reversal	(5 178)	(6 223)
Add back: Amortisation of Purchase Price Allocation intangible assets ("PPA assets") KKB, MIH Group and KMP	8 355	-
Add back: Retrenchment costs related to continuing operations	-	23 020
Deduct: Earnings from CEG disposal group	-	(91 590)
Sustainable headline earnings*	378 719	283 233

*No add-back has been made for:

- An impairment of R14m for Ukrainian assets
- The contribution from KMP
- An additional 23% of KKB earnings for four months
- R16m for the Kian Ann transaction related to tax expenses

Sustainable Results at a Glance



*Adjusted sustainable

Statement of Comprehensive Income

(Extract)



	2022	2021	Variance
	R'000	R'000	%
Continuing operations			
Revenue	7 188 991	6 251 484	15%
Cost of sales	(4 981 775)	(4 259 699)	17%
Gross profit	2 207 216	1 991 785	11%
	31%	32%	
Selling, administration and distribution costs	(1 536 568)	(1 406 610)	9%
	-21%	-23%	
Operating profit before interest on financing transactions and forex movements	670 648	585 175	15%
	9%	9%	
Net interest received from financing trans (CE)	4 172	11 161	-63%
Net foreign exchange movement	(15 840)	(3 859)	>100%
Operating profit	658 980	592 477	11%
	9%	9%	
EBITDA	846 863	785 677	8%

Statement of Comprehensive Income

(Extract)



	2022	2021	Variance
	R'000	R'000	%
Interest received	26 436	53 482	-51%
Dividends received	-	2 230	>100%
Finance cost	(106 029)	(194 526)	-45%
Share of profits from associates	6 378	3 862	65%
Share of profits from joint venture	101 887	-	>100%
Profit before taxation	687 652	457 525	50%
Effective tax rate	24%	35%	
Taxation	(166 836)	(160 686)	4%
Net profit for the year from continued operations	520 816	296 839	75%
Profit for the period from discontinued operations	385 330	79 233	>100%
Net profit for the year	906 146	376 072	>100%
Non-controlling interest	(23 285)	(9 595)	>100%
Preference dividend paid	(57 253)	(58 450)	-2%
Profit attributable to ordinary shareholders	825 608	308 027	>100%

Statement of Financial Position: Assets



	2022	2021
	R'000	R'000
Assets		
Property, plant and equipment (incl invest prop)	1 164 779	1 003 772
IFRS16 - Right of use asset	220 751	245 782
Financial investments and other financial assets	11 008	7 177
Investments in associates	50 636	8 059
Investment in joint venture	1 298 853	-
Goodwill	42 560	3 391
Other intangible assets	68 629	41 539
Finance lease receivables	24 019	75 915
Loan receivables	157 037	112 431
Deferred taxation	155 282	174 842
Total non-current assets	3 193 554	1 672 908
Inventories	2 569 733	2 149 182
Trade and other receivables	1 288 443	1 102 727
Current portion of finance lease receivables	59 904	85 946
Current portion of loan receivables	128 327	110 939
Current taxation	69 268	32 498
Bank balances and cash	582 354	896 900
Total current assets	4 698 029	4 378 192
Assets classified as held for sale	6 251	2 623 205
Total assets	7 897 834	8 674 305

Inventory and Related Provisions



		Gross value	Provision	Net value
		R'000	R'000	R'000
RPE ZAR	Mar-22	403 292	25 652	377 640
	Sep-21	169 412	10 618	158 794
	Mar-21	165 087	12 050	153 037
RPI ZAR	Mar-22	1 979 604	327 758	1 651 846
	Sep-21	1 862 673	344 318	1 518 355
	Mar-21	1 858 818	334 952	1 523 866
RPA ZAR	Mar-22	237 731	36 622	201 109
	Sep-21	206 880	27 163	179 717
	Mar-21	196 513	24 334	172 179
CE ZAR	Mar-22	337 758	55 837	281 921
	Sep-21	333 435	65 915	267 520
	Mar-21	320 443	53 751	266 692
MacNeil Plastic ZAR	Mar-22	63 213	5 996	57 217
	Sep-21	50 151	1 608	48 543
	Mar-21	35 861	2 453	33 408
Invicta Group ZAR	Mar-22	3 021 598	451 865	2 569 733
	Sep-21	2 622 551	449 622	2 172 929
	Mar-21	2 576 722	427 540	2 149 182

Statement of Financial Position: Assets



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	R'000	R'000
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Statement of Financial Position: Equity & Liabilities



	2022	2021
	R'000	R'000
Shareholders' equity	4 692 685	4 726 088
Long-term borrowings	976 959	737 634
Finance lease liabilities	22 201	46 286
IFRS 16 - Lease liabilities	201 457	237 632
Deferred taxation	26 045	24 716
Total non-current liabilities	1 226 662	1 046 268
Trade payables	941 648	809 917
Other payables and short-term provisions	596 929	404 484
Profit share liability	62 892	79 624
Current taxation	25 946	16 807
Dividends payable	23 307	27 230
Current portion - Borrowings	165 644	548 836
Current portion - Finance lease liabilities	33 911	69 917
Current portion of IFRS 16 - Lease liabilities	74 831	71 761
Bank overdrafts	53 379	253 926
Total current liabilities	1 978 487	2 282 502
Liabilities associated with assets held for sale	-	619 447
Total liabilities	3 205 149	3 948 217
Total equity & liabilities	7 897 834	8 674 305

Total Net-interest Bearing Debt



	2022	2021
	R'000	R'000
Borrowings and finance lease liabilities (non-current)	999 160	783 920
Borrowings and finance lease liabilities (current)	199 555	618 753
Cash	(582 354)	(896 900)
Overdraft	53 379	253 926
Net debt excluding IFRS 16	669 740	759 699
IFRS 16 ROU lease liabilities	276 288	309 393
Net debt	946 028	1 069 092



Bank Covenants	Requirement	Achieved
Net Debt to EBITDA Ratio	3.0 <	1.16
Interest Cover Ratio	3.5 >	10.77

Cash Flow Statement



	31 March 2022	31 March 2021
	R'000	R'000
Cash flows from operating activities		
Cash generated from operations	978 121	1 856 936
Net finance costs	(77 552)	(141 686)
Net dividends paid	(132 096)	(73 131)
Tax paid	(183 489)	(425 521)
Net cash inflow from operating activities	584 984	1 216 598
Cash flows from investing activities		
Proceeds on disposal of PPE and other intangible assets	126 225	43 943
Additions to PPE and intangible assets	(130 807)	(125 648)
Acquisition of subsidiaries and businesses	(267 574)	-
Acquisition of associate	(37 389)	-
Proceeds on disposal of subsidiaries (including cash disposed)	(296 585)	84 221
Decrease/(increase) in long term and lease receivables	33 658	(5 211)
Dividend received from associate and joint venture	26 286	-
Net cash outflow from investing activities	(546 186)	(2 695)
Cash flows from financing activities		
(Decrease) in borrowings	(201 690)	(914 623)
(Decrease) in lease liabilities	(60 021)	(6 538)
(Decrease) in IFRS 16 lease liabilities	(75 807)	(83 135)
Ordinary shares issued	-	26 309
Ordinary shares repurchased	(148 122)	-
Other	(13 426)	203
Net cash outflow from financing activities	(499 066)	(977 784)
Net (decrease)/increase in cash and cash equivalents	(460 268)	236 119
Cash and cash equivalents at the beginning of the period	998 966	822 633
Effect of foreign exchange rate movement on cash balances	(9 723)	(59 786)
Cash and cash equivalents at the end of the period	528 975	998 966

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OPERATIONAL SEGMENT REVIEW



Next

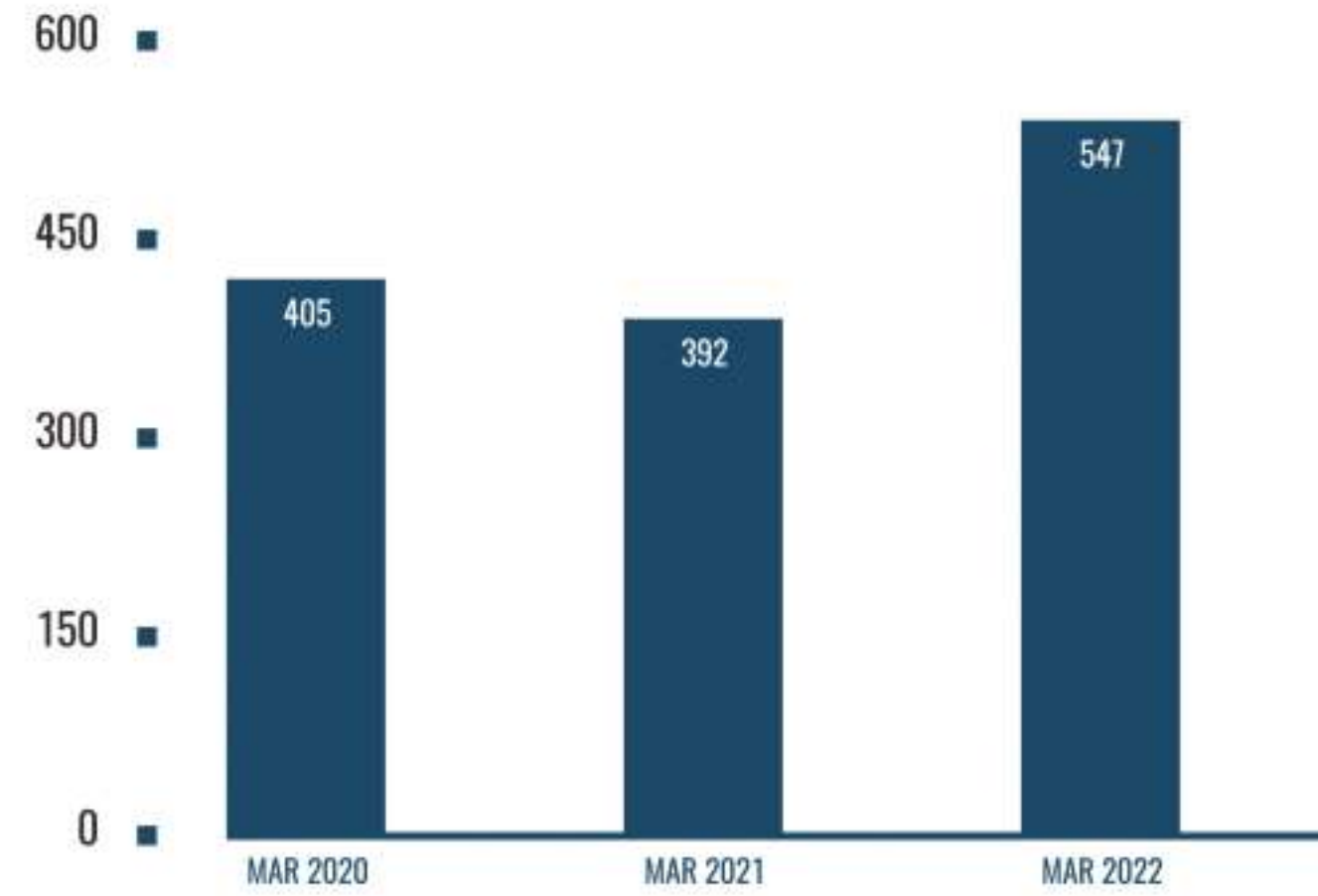
RPE



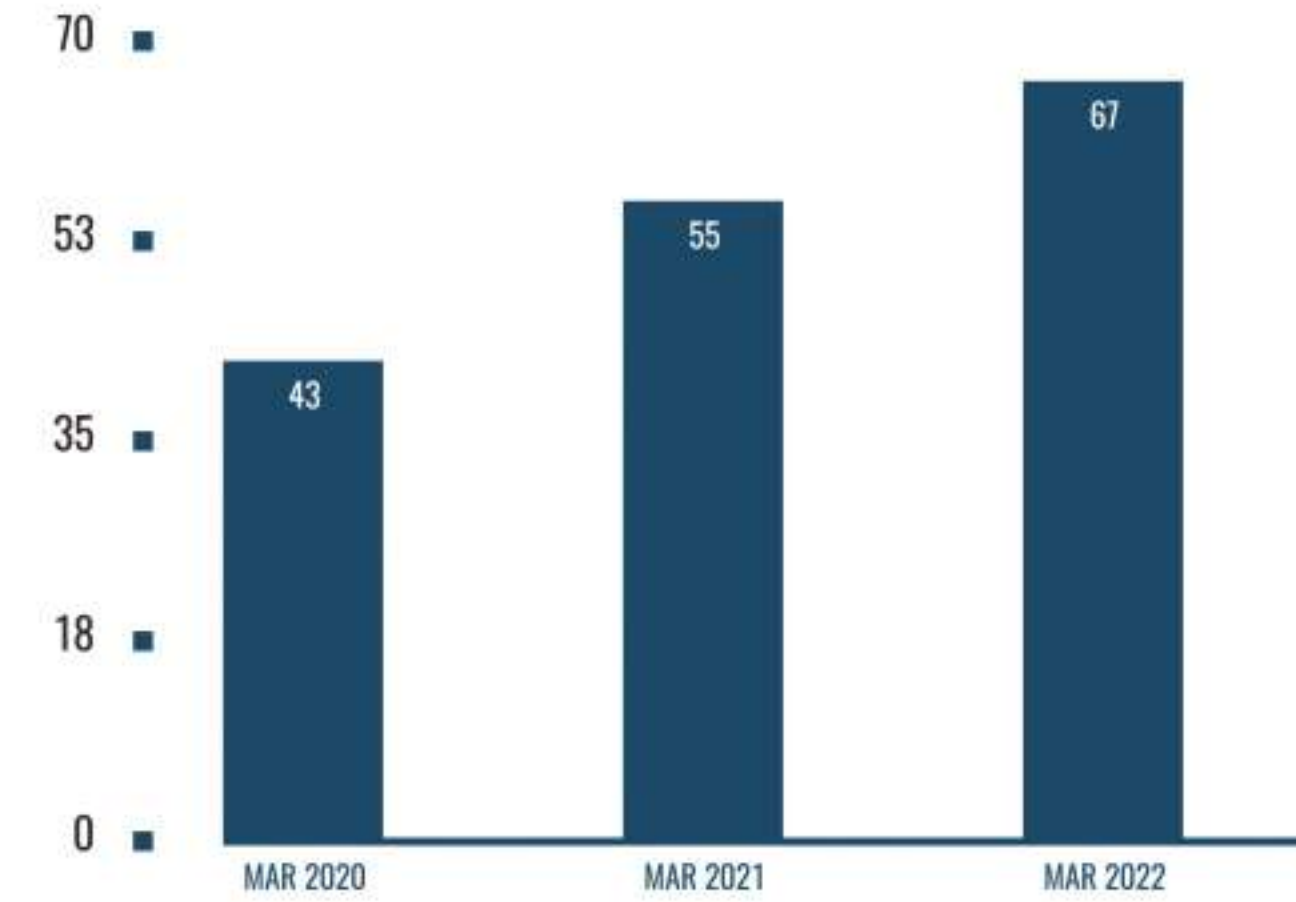
Results Summary



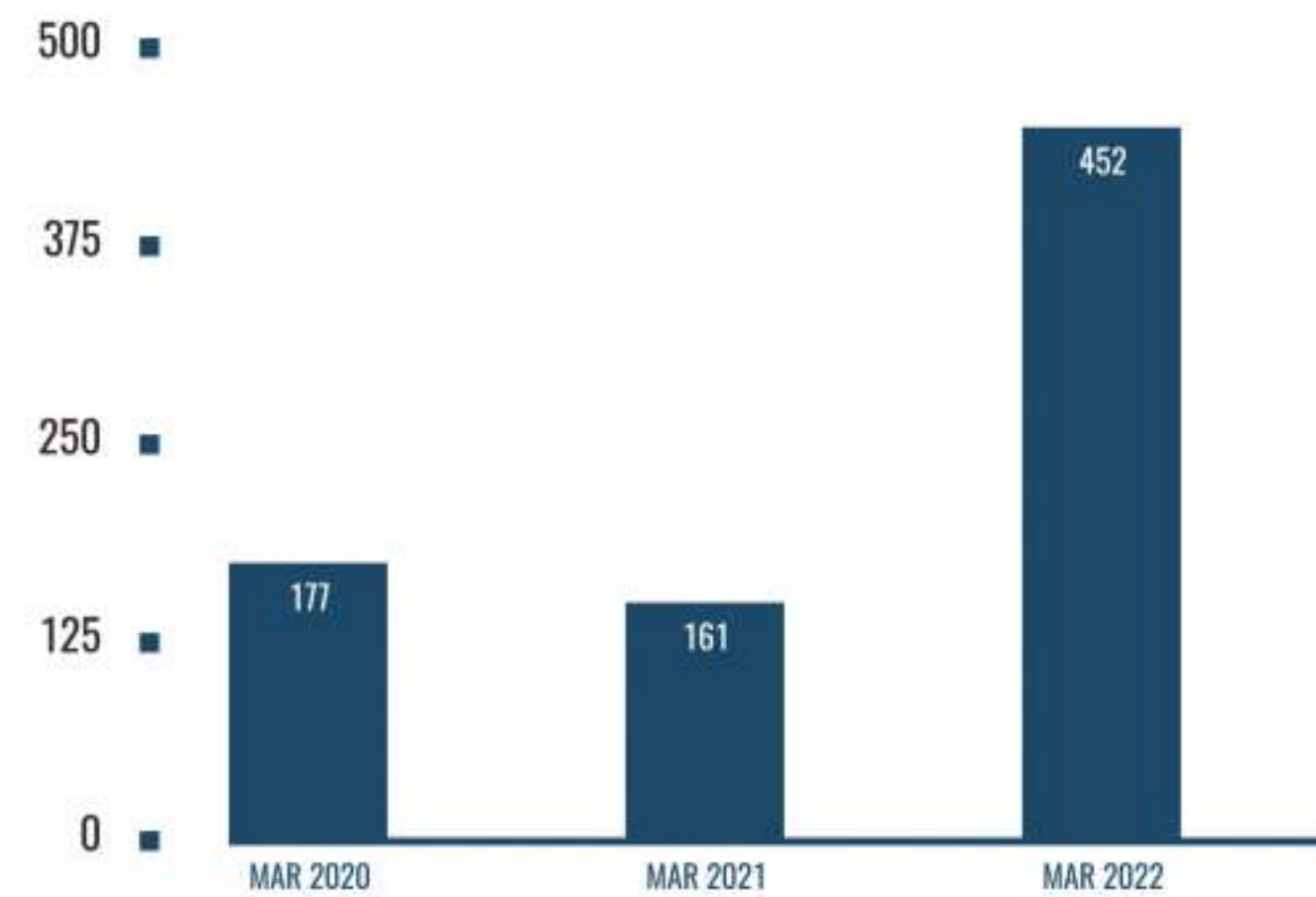
Revenue (R'm)



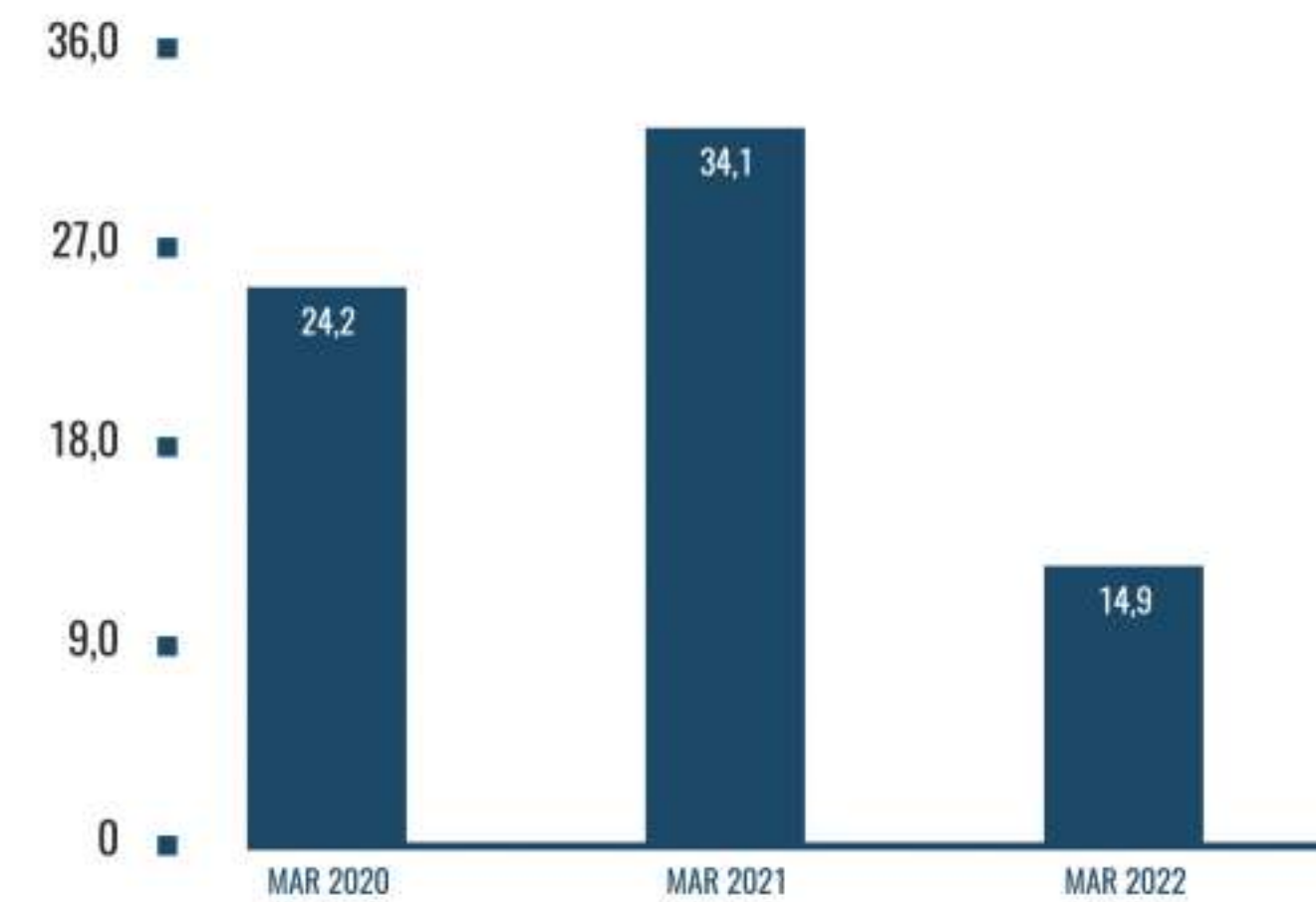
Sustainable Operating Profit Before Forex (R'm)

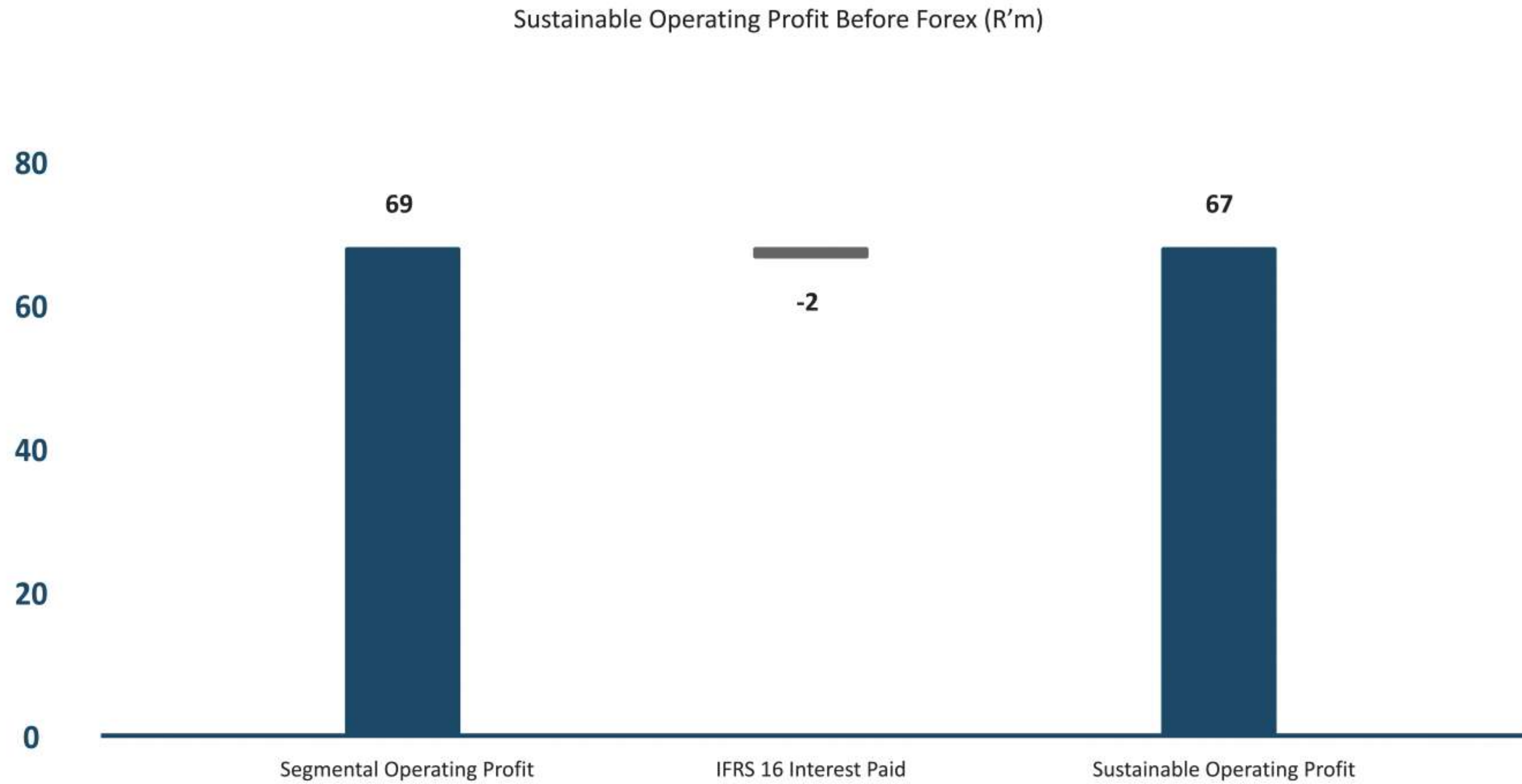


Net Operating Assets (R'm)

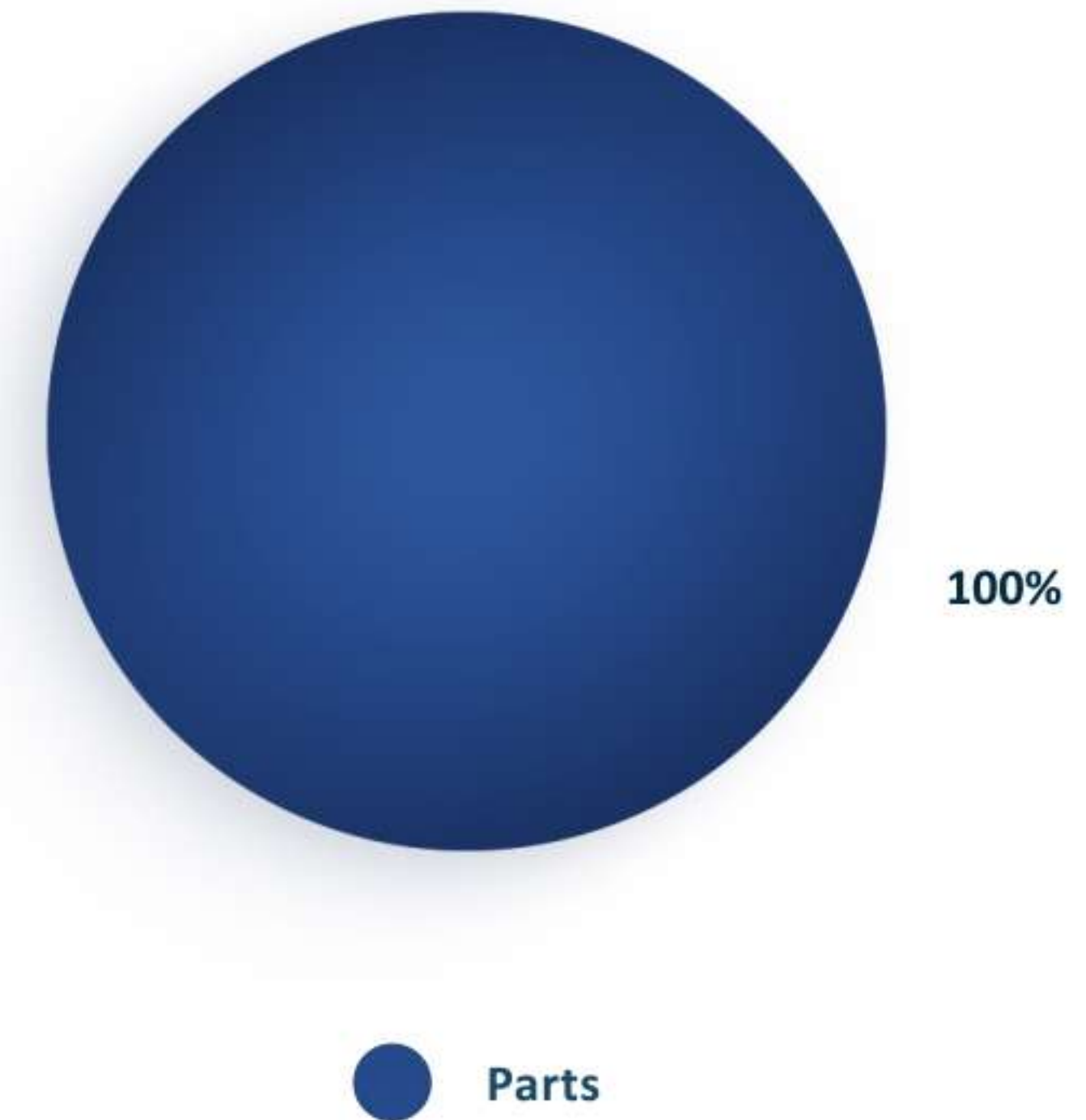
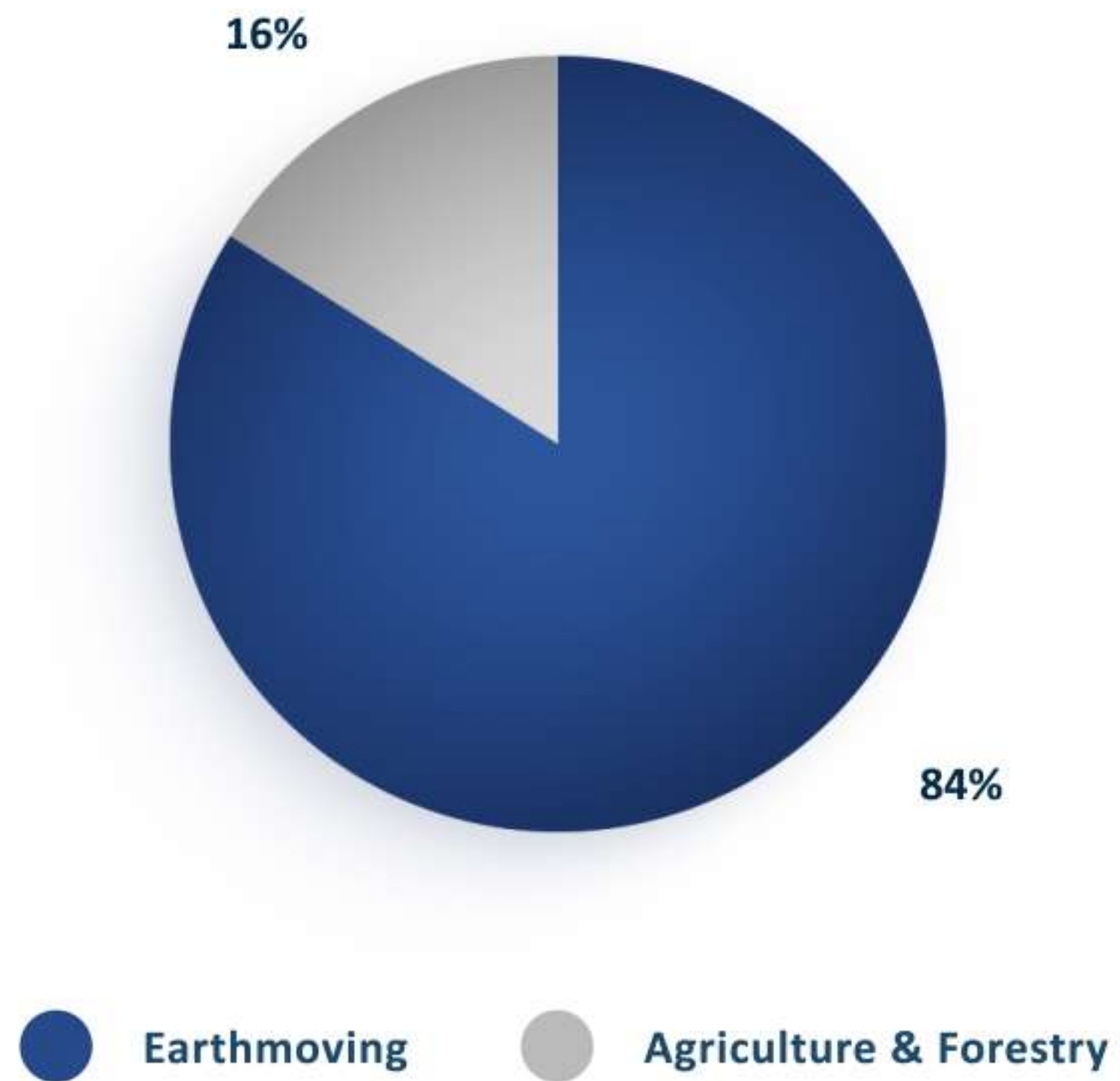


Return on Net Operating Assets (%)





Revenue Contribution by Revenue Stream





RPE

Outlook

- Market demand improving
- Supply challenges related to global demand and availability
- Continuous good cash generation
- Working capital levels have increased to accommodate erratic supply
- Performing beyond expectations in Construction & Agricultural markets, especially in mining - achieving earnings within the norm
- Acquisition of KMP will improve spare parts revenue contribution
- Distribution globally with offices in UK & USA
- Future market demand is promising

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KIAN ANN GROUP



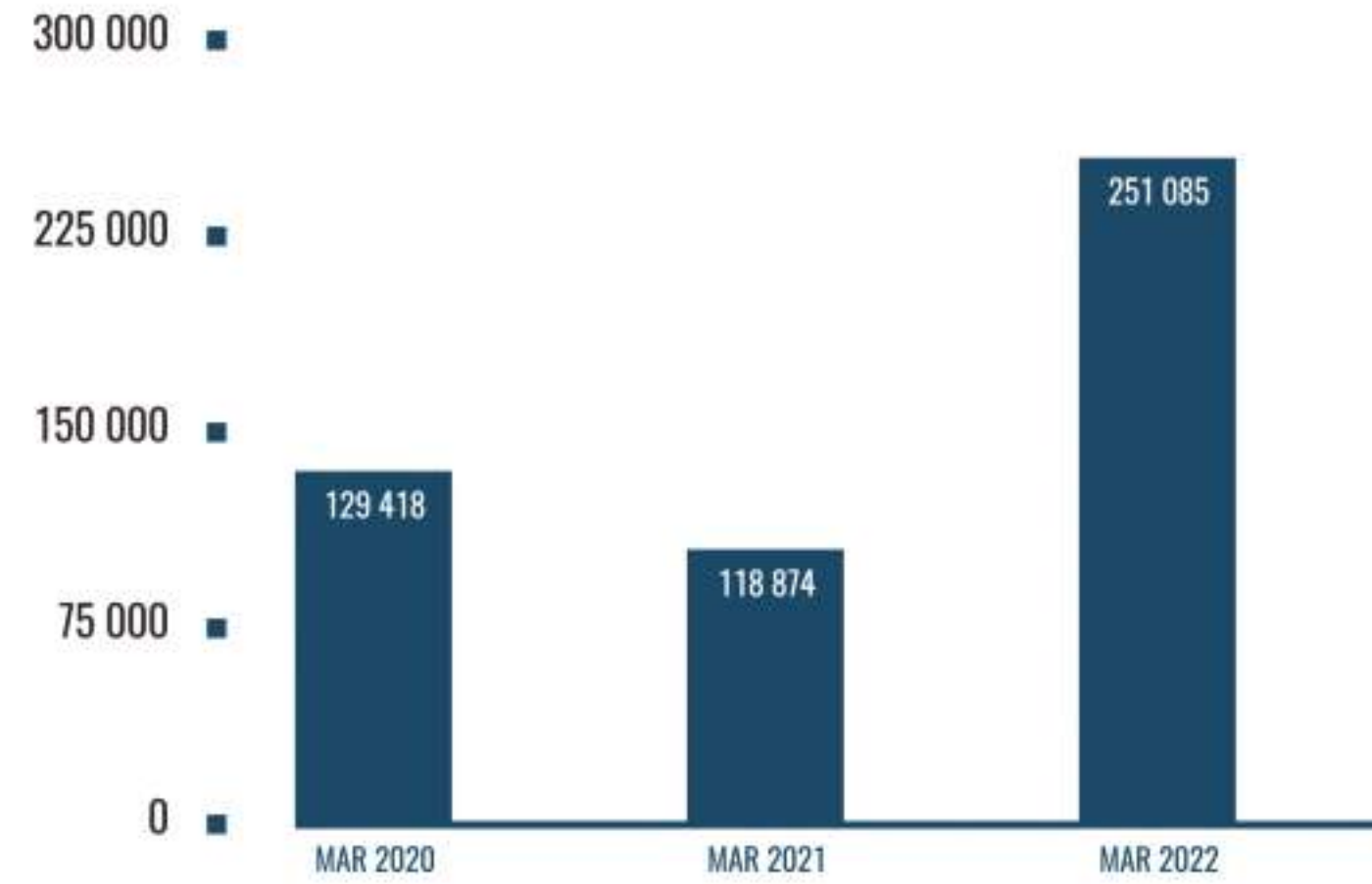
KIAN ANN ENGINEERING PTE LTD
The Trusted Name In Heavy Machinery And Diesel Engine Parts



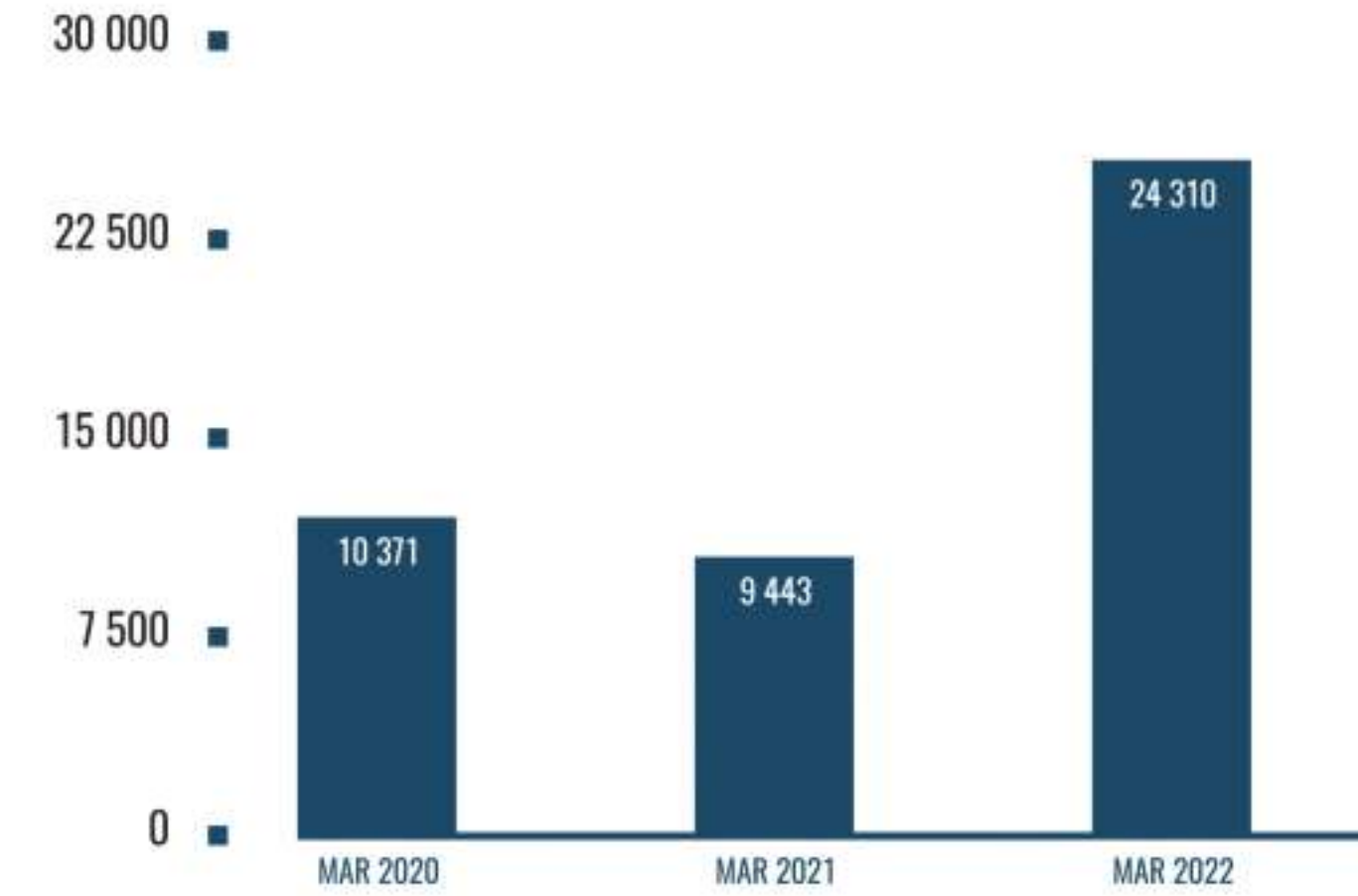
Results Summary



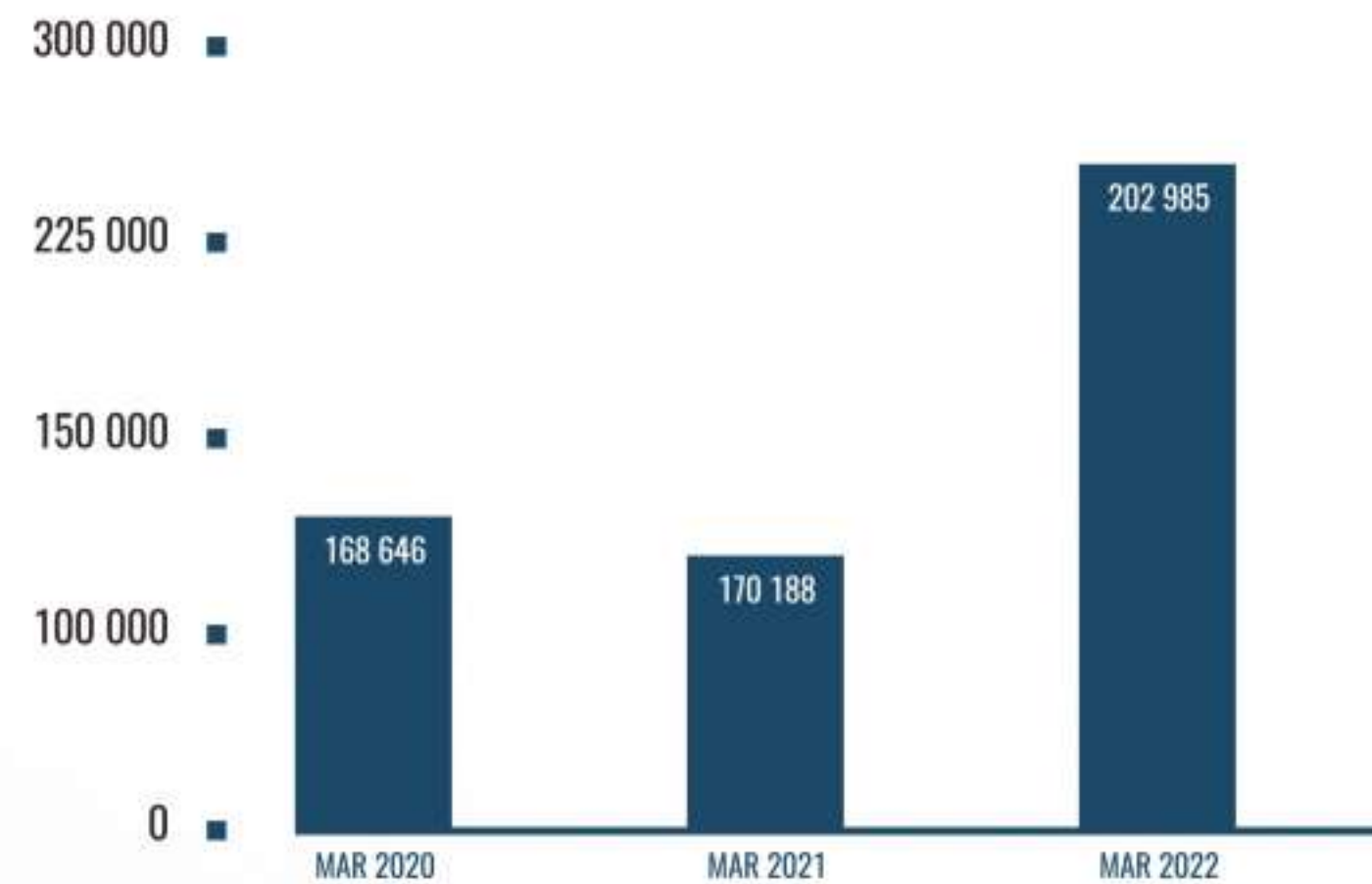
Revenue (S\$'000)



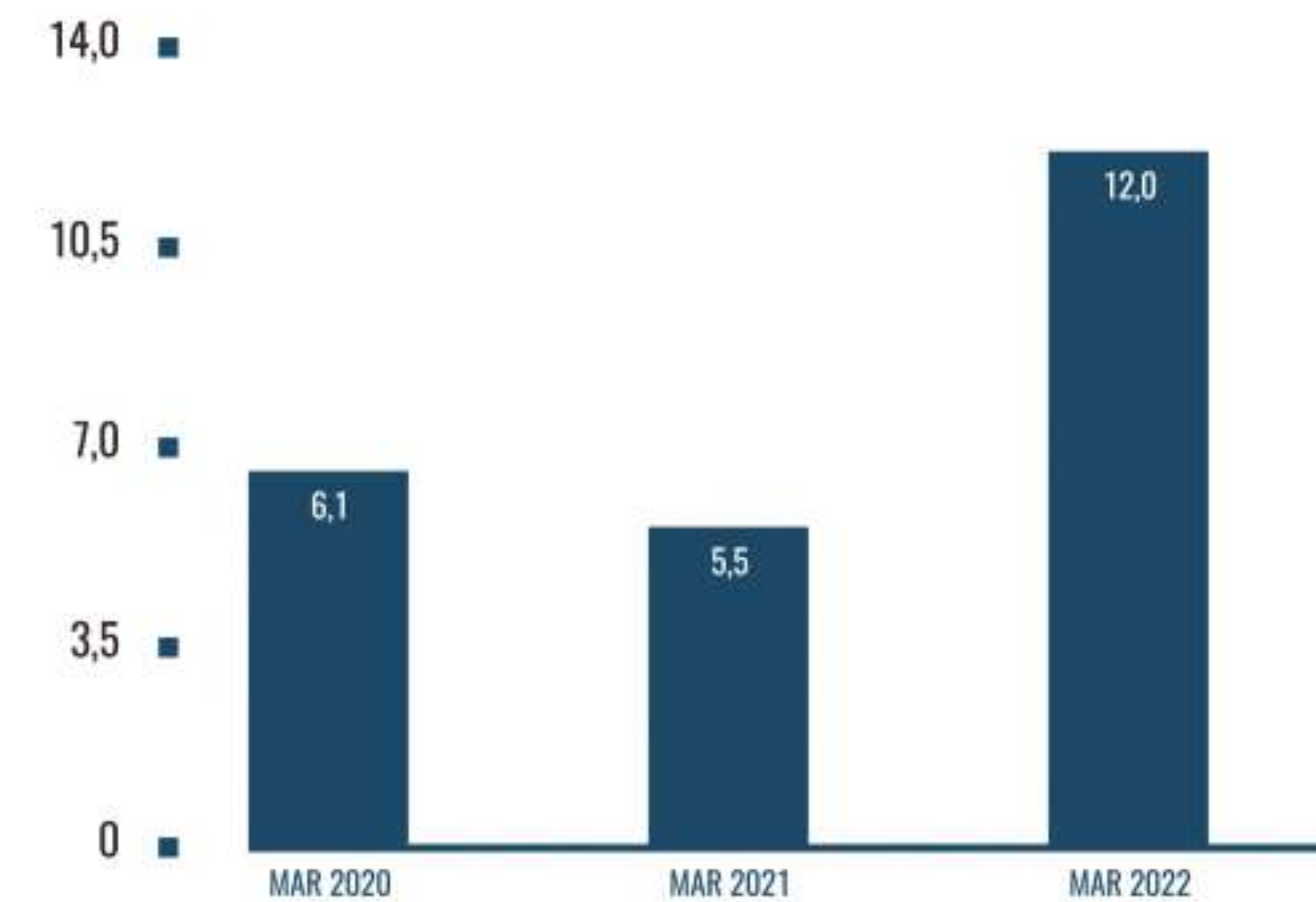
Sustainable Operating Profit Before Forex (S\$'000)

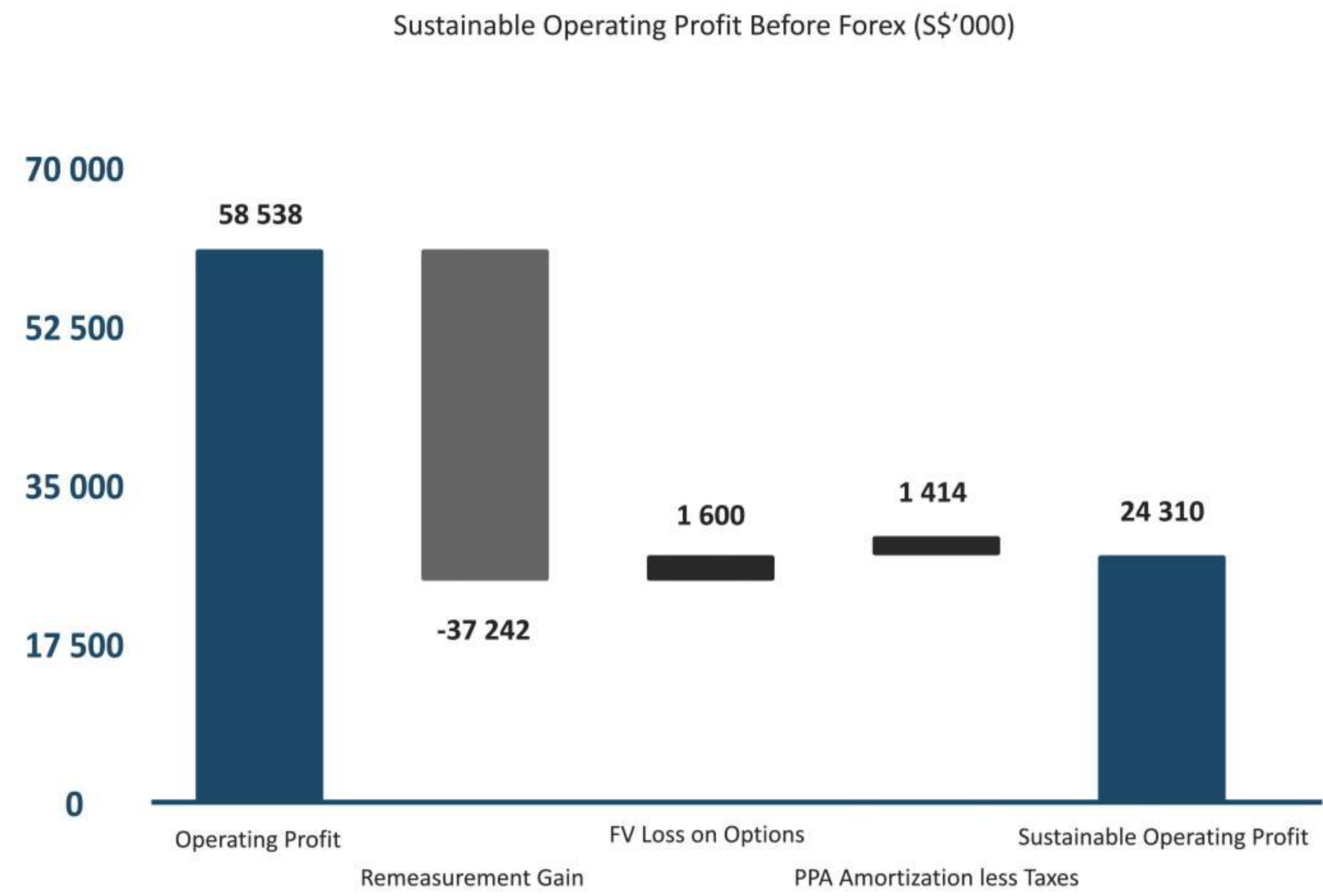


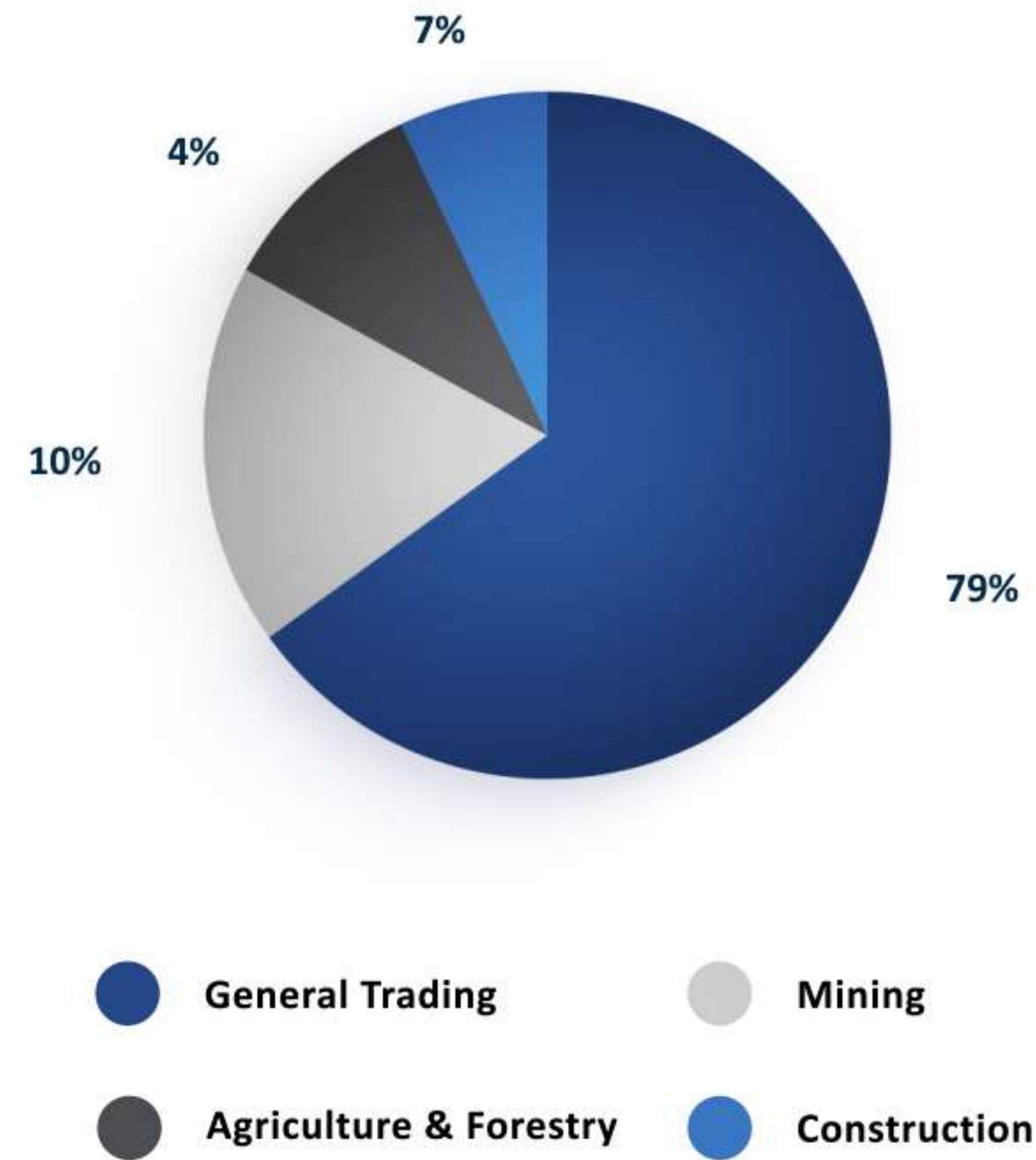
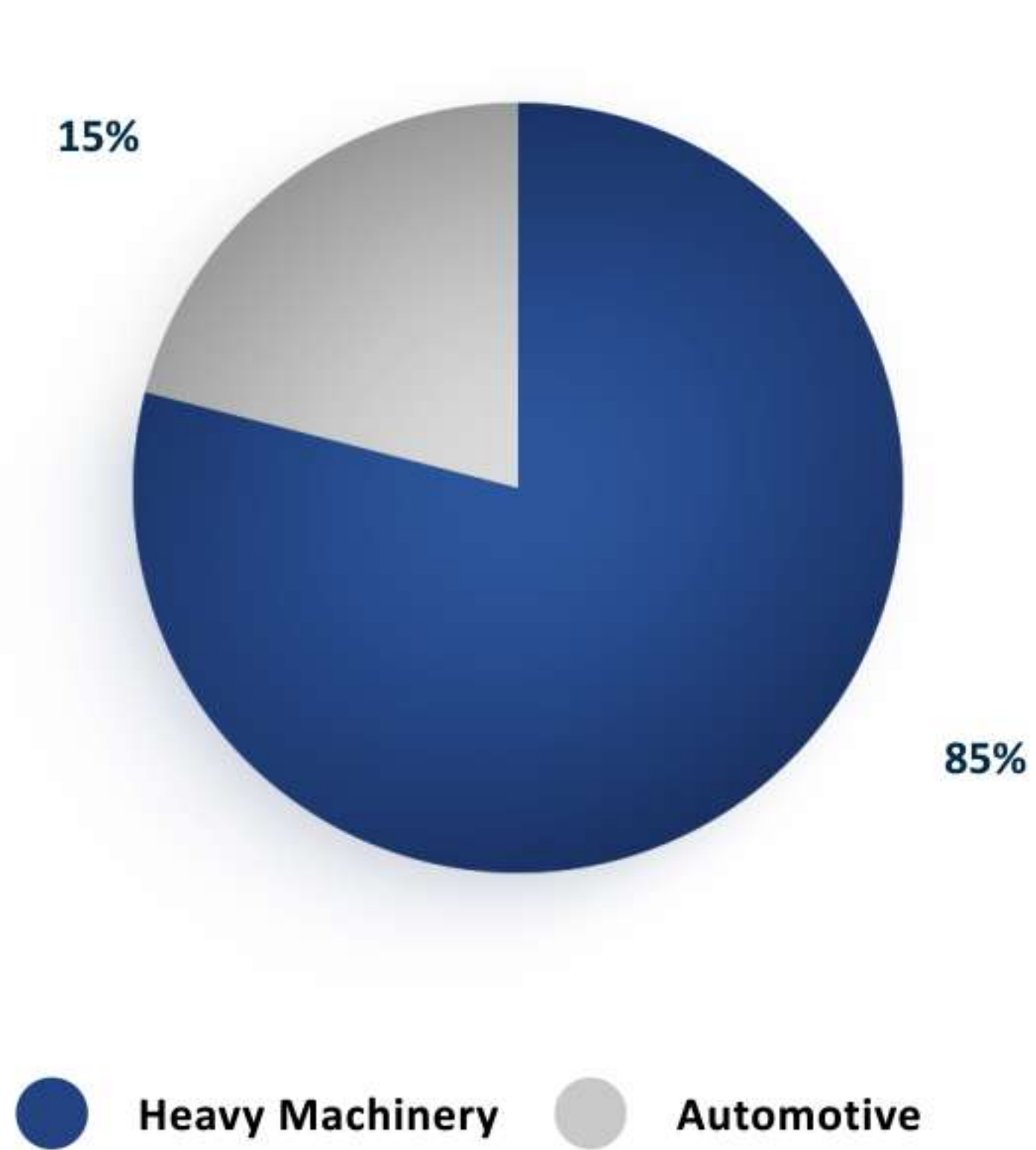
Net Operating Assets (S\$'000)



Return on Net Operating Assets (%)









In general, outlook for Kian Ann Group (KAG) will remain challenging as business activities are affected by the ongoing COVID 19 pandemic and Russia-Ukraine conflict. The sharp rise of energy & steel prices and shortage of vessels & containers have caused difficulty in KAG's operating environment.

Kian Ann Group (KAG)

- KAG is expected to face a strong headwind in FY2023, especially so given China's zero infection policy which will cause supply chain problems to persist.
- With the border re-opening, key for KAG will be to place a greater emphasis on exploring new businesses more effectively.

KKB

- For KKB, the demand for its rollers is expected to remain strong in FY2023. However, we are concerned with the "zero covid policy" as the factory operations will be affected by the lockdown every time there are new cases in the Kunshan

MIH Group

- KAG's product distribution company in the USA, KTSU America (KTSUA), is expected to maintain its strong performance into FY2023 amid the buoyant business climate.
- Nevertheless, key for KTSUA will be to find new catalysts to boost its capability for expansion.

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RPI

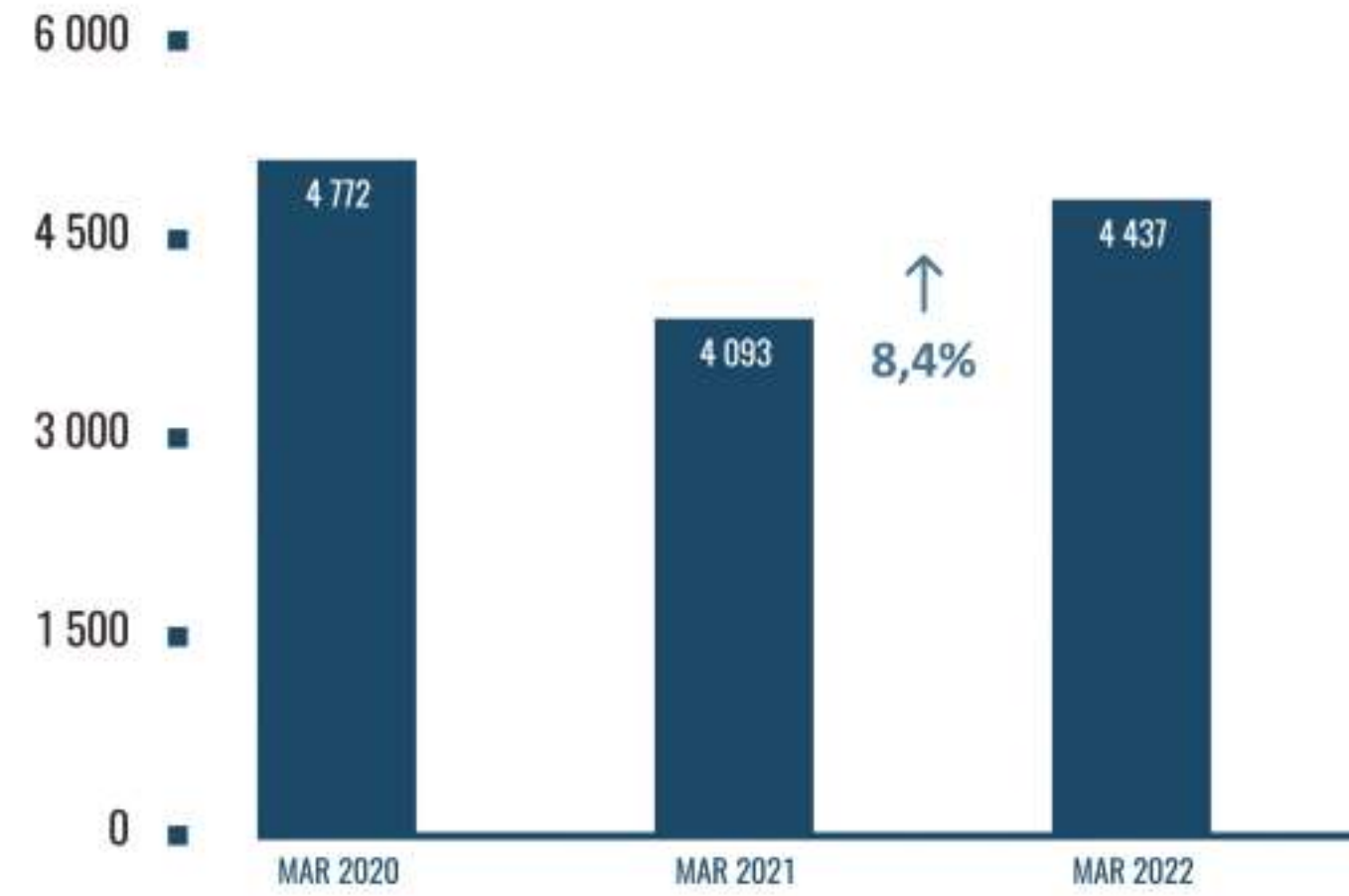


REPLACEMENT PARTS INDUSTRIAL

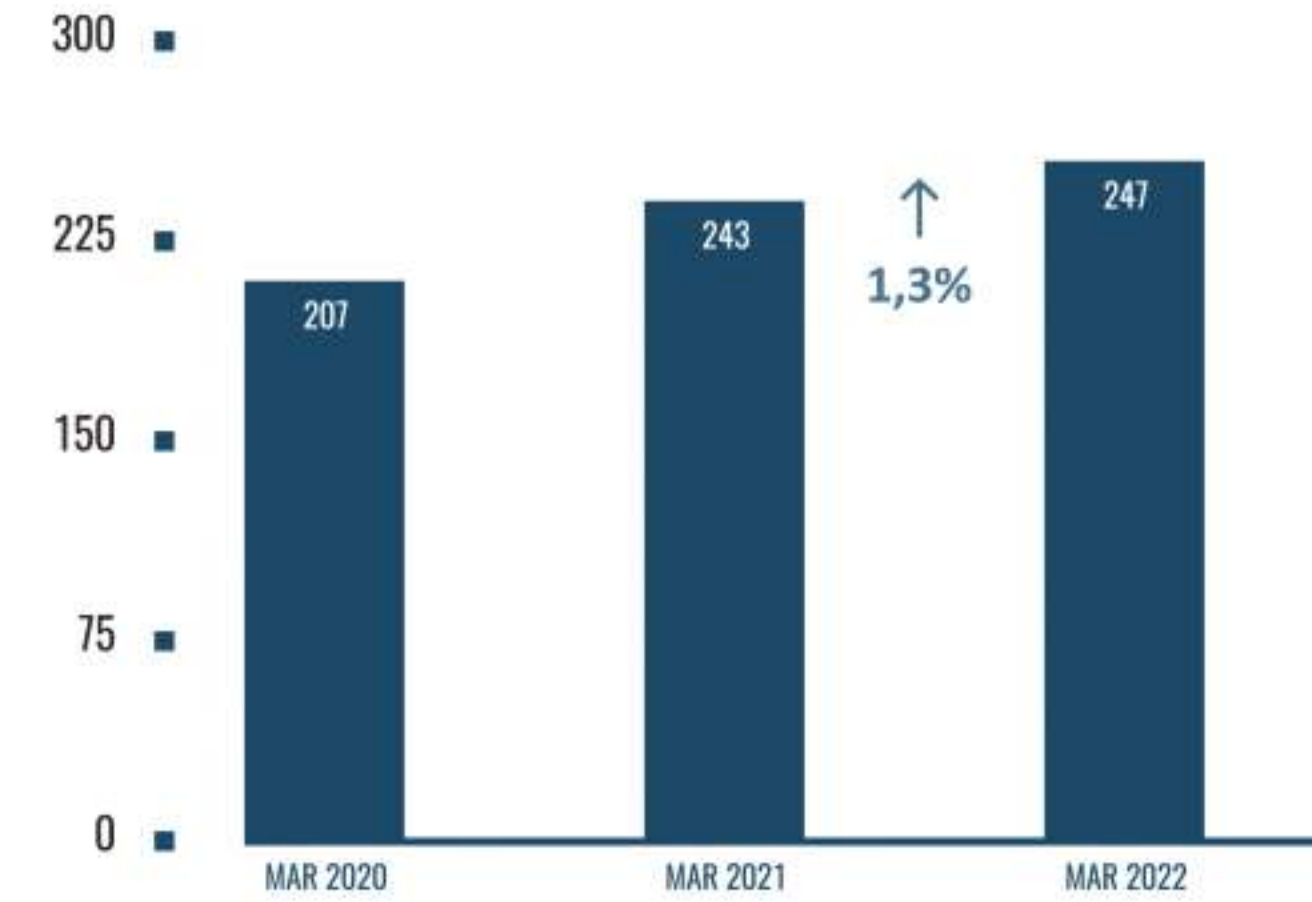
Results Summary



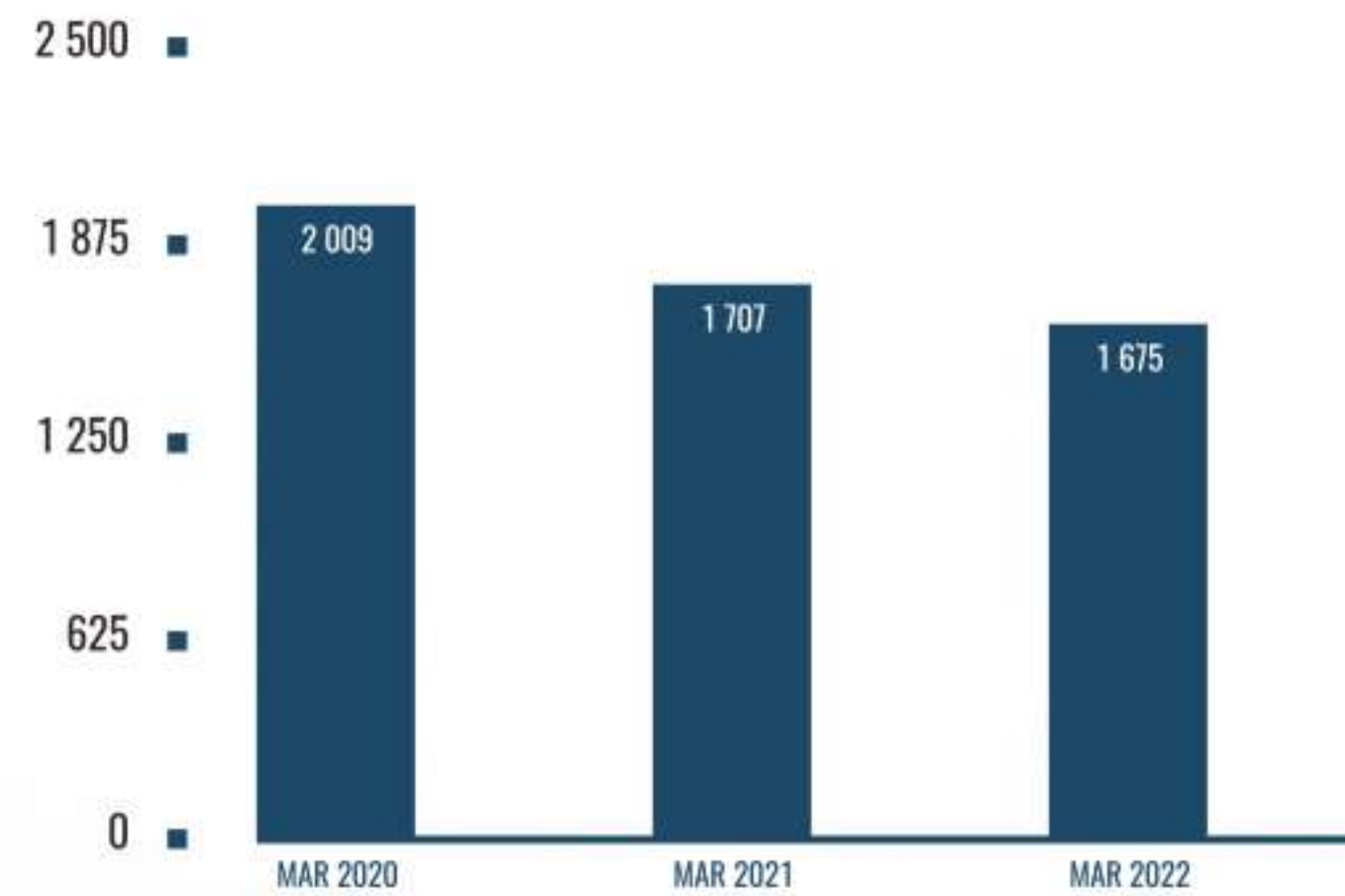
Revenue (R'm)



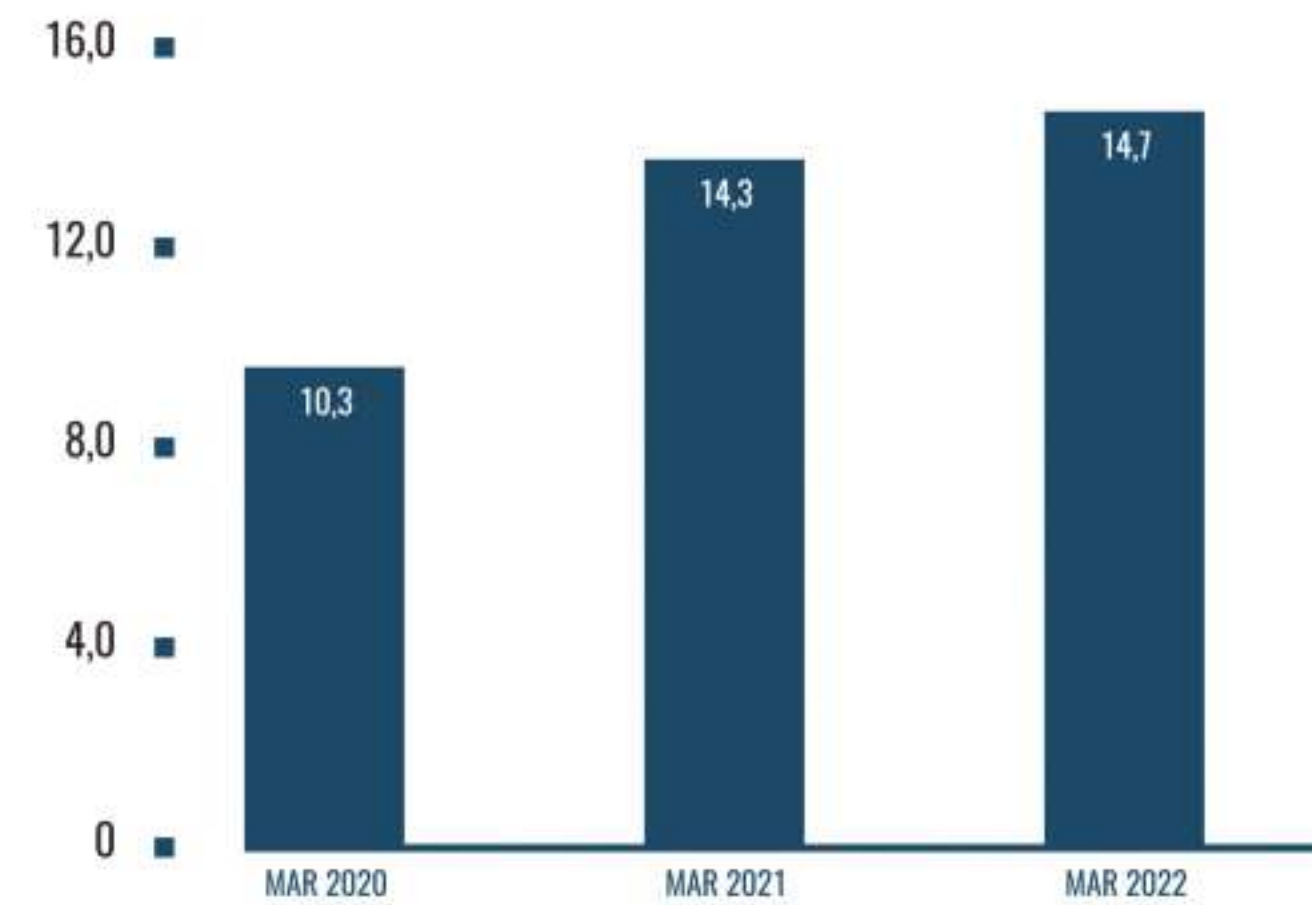
Sustainable Operating Profit Before Forex (R'm)



Net Operating Assets (R'm)

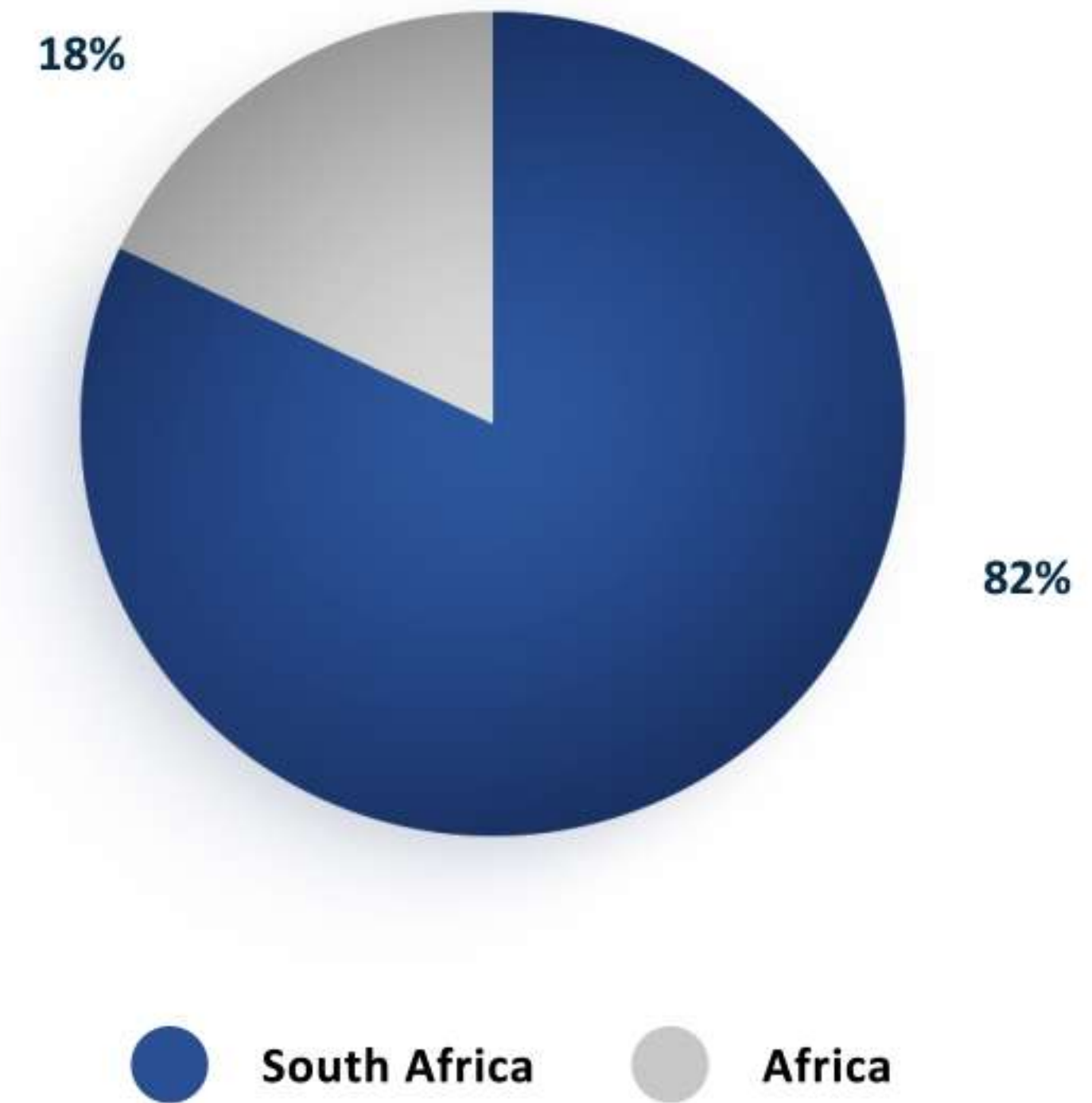
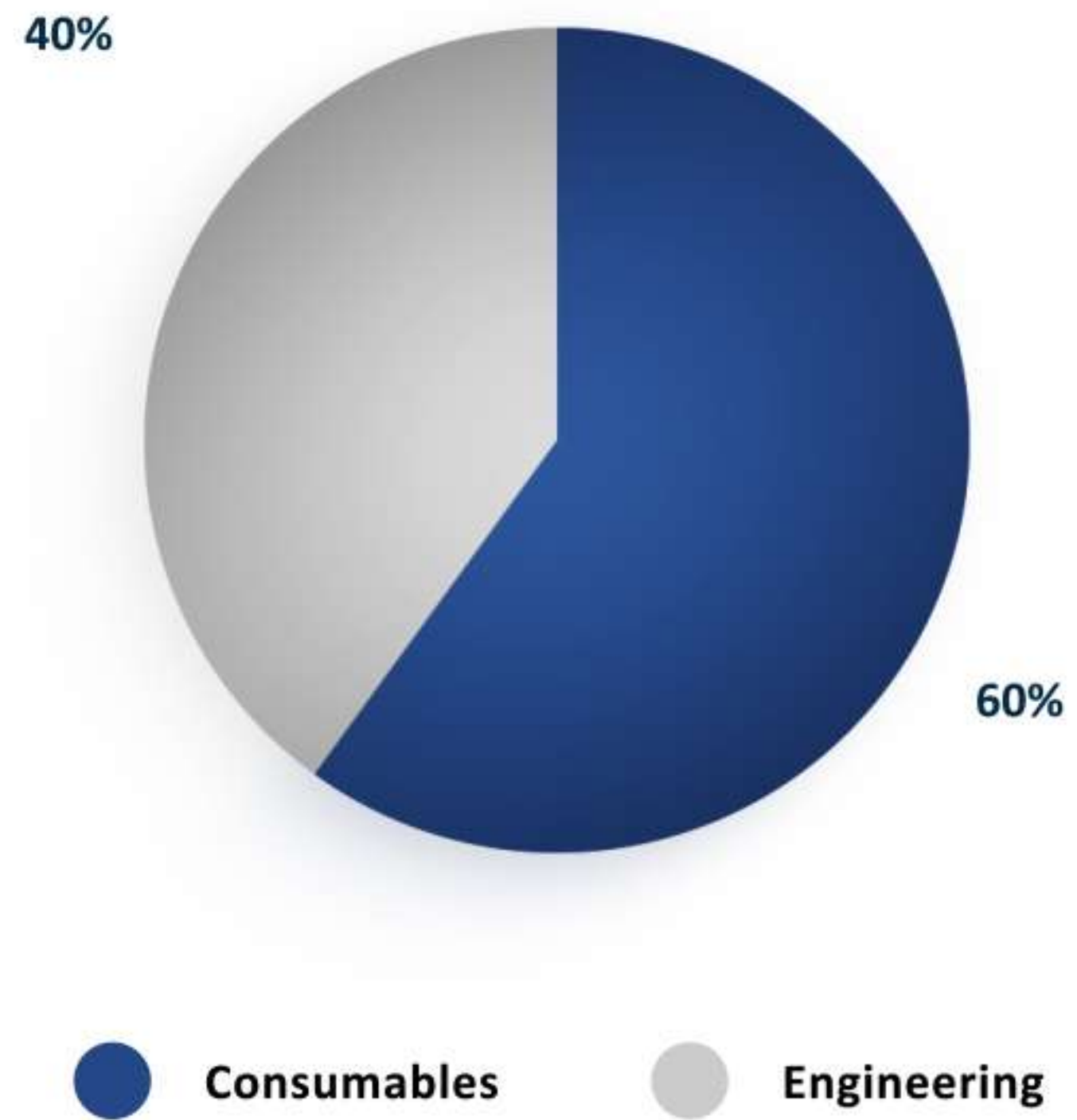


Return on Net Operating Assets (%)

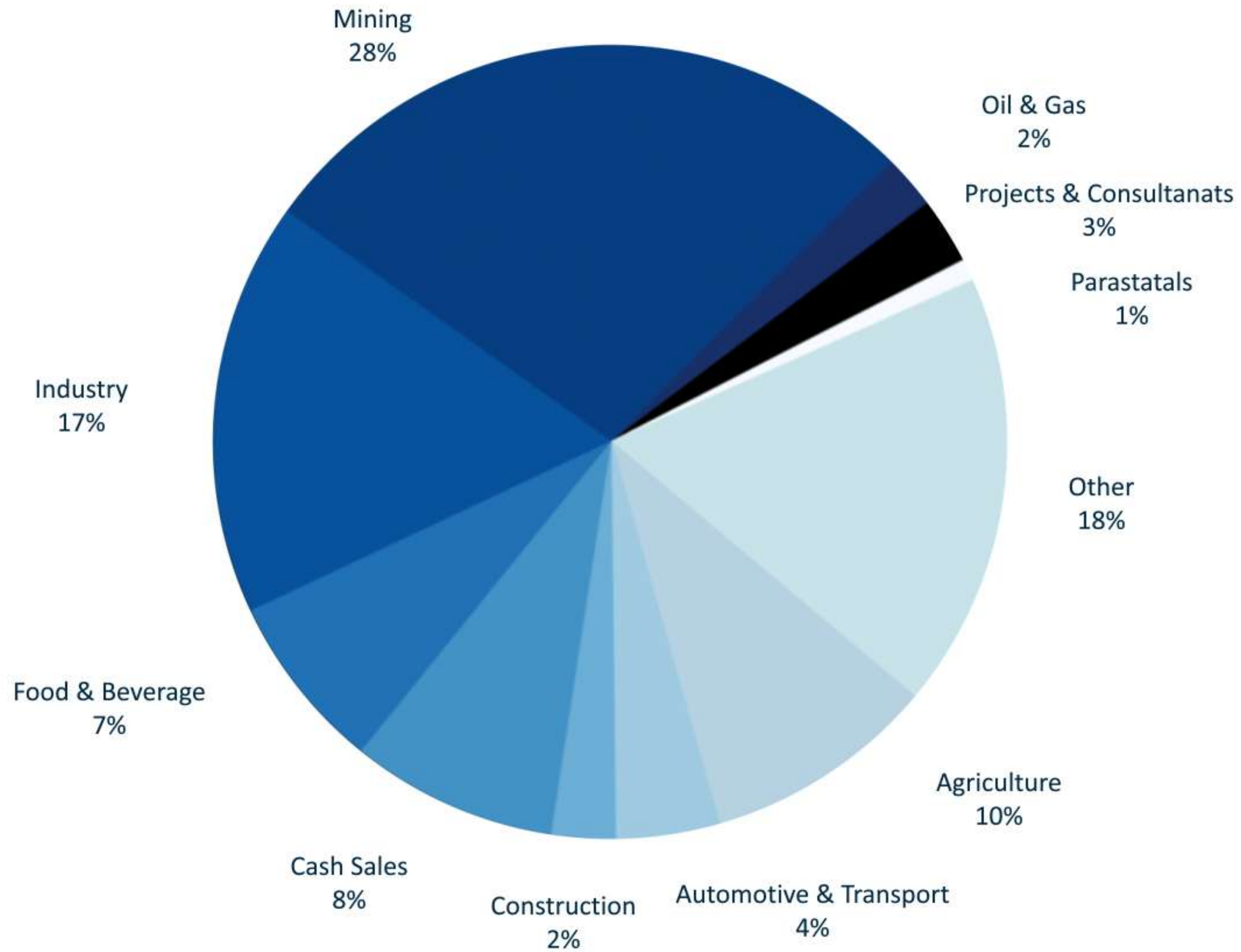




Revenue Contribution



Revenue Contribution By Sector





RPI

Business Outlook

- We had a slow start to the new financial year mainly as a result of the flooding in KZN that impacted shipments destined for docking in the Durban harbour
- Shipping delays are expected to normalise by the end of the financial year, whereafter stock levels will be driven down.
- Territorial expansion is planned in Africa by way of the launch of BMG Islands and in China after the successful establishment of our business in that region.
- The completion of the rollout of our localised B-BBEE businesses (AME's) poise us for growth in areas where localised B-BBEE is a procurement requirement.
- The uptake on our CX Online store is slower than expected but has started to gain traction.
- New product ranges are on the horizon for the new year with a big focus on Food and Beverage as well as Renewables.
- Margins will remain under pressure with the continued increase in fuel costs and the associated increase in freight costs in the 2022/2023 financial year. This will be countered with a strong pricing discipline.

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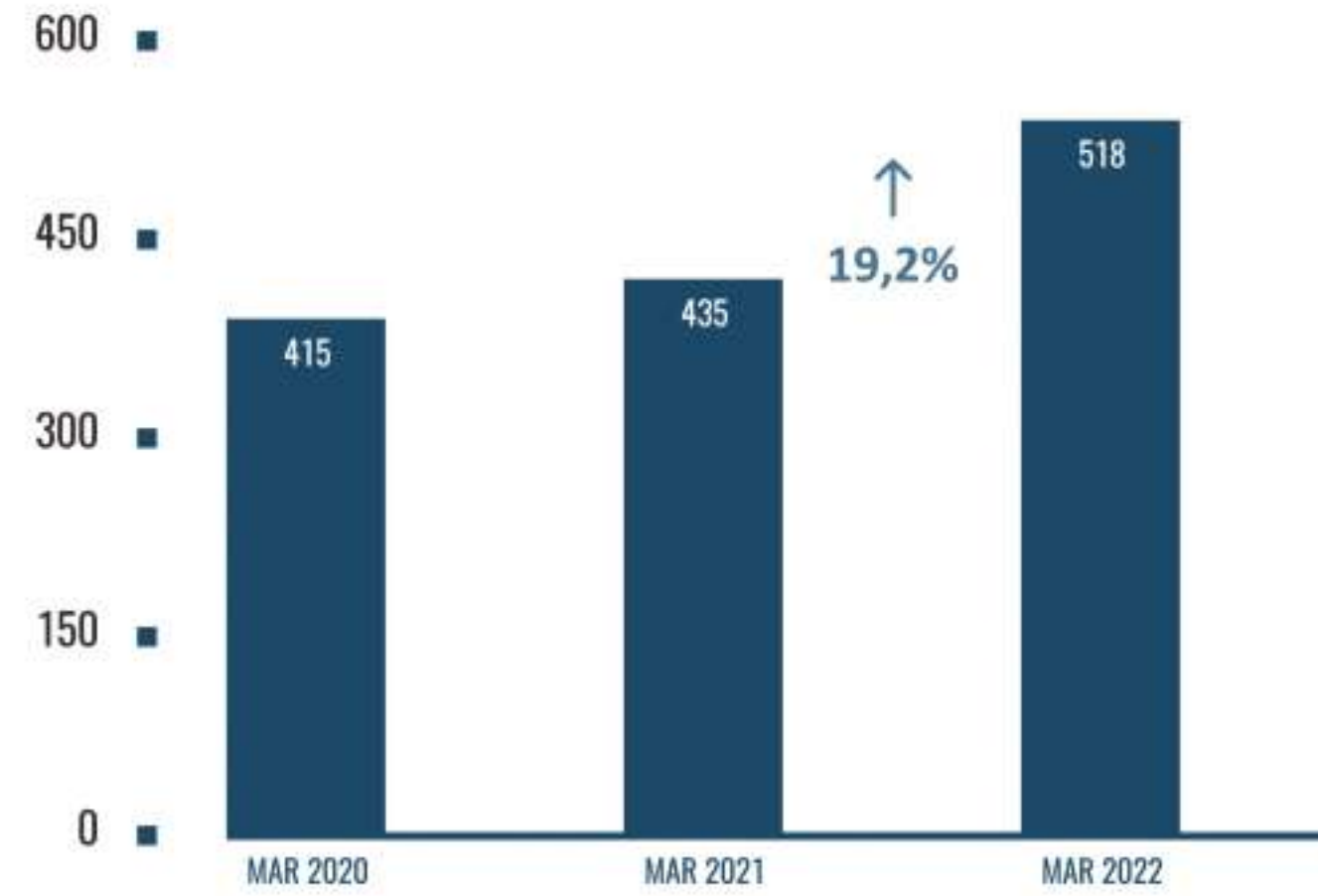
RPA



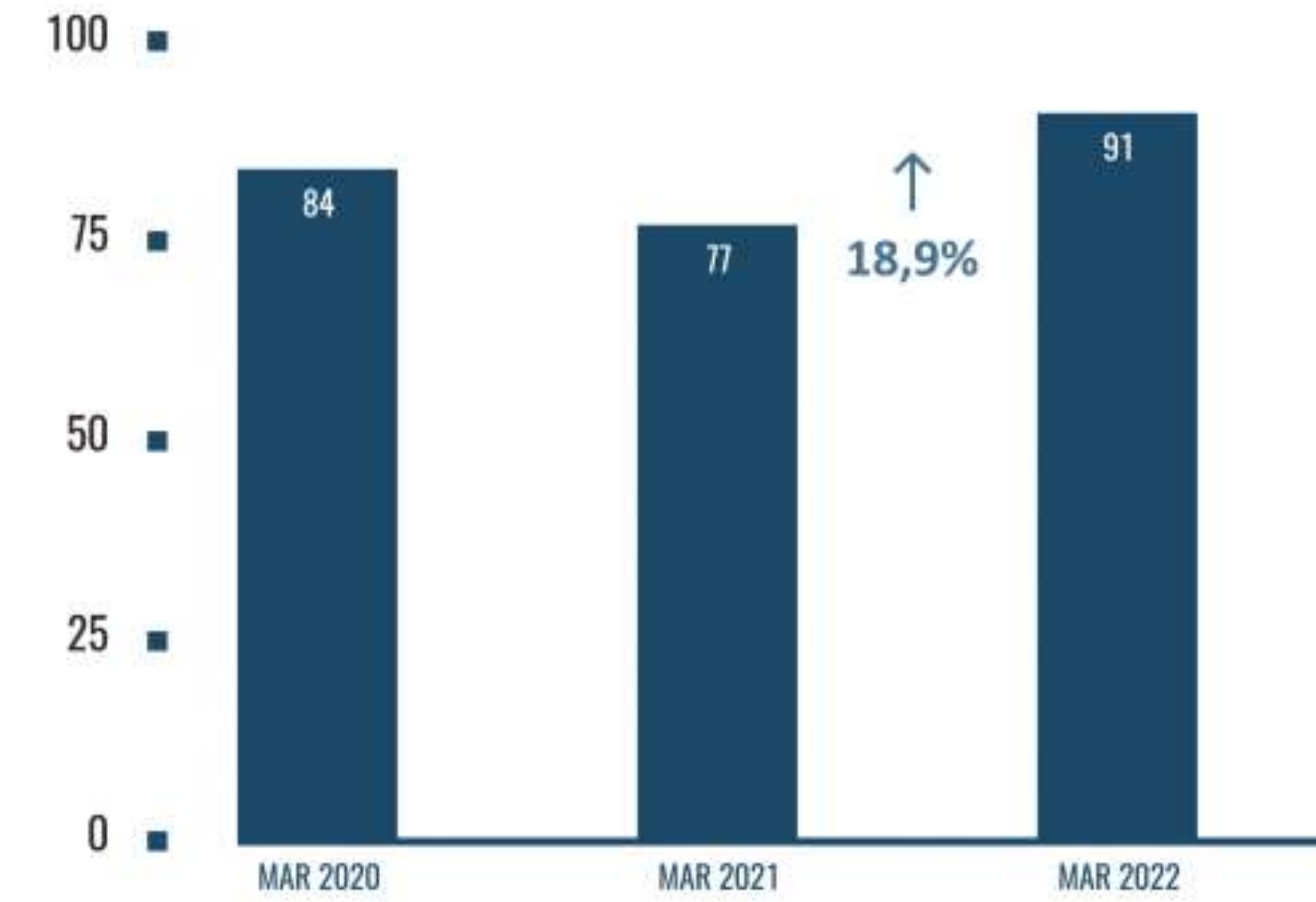
Results Summary



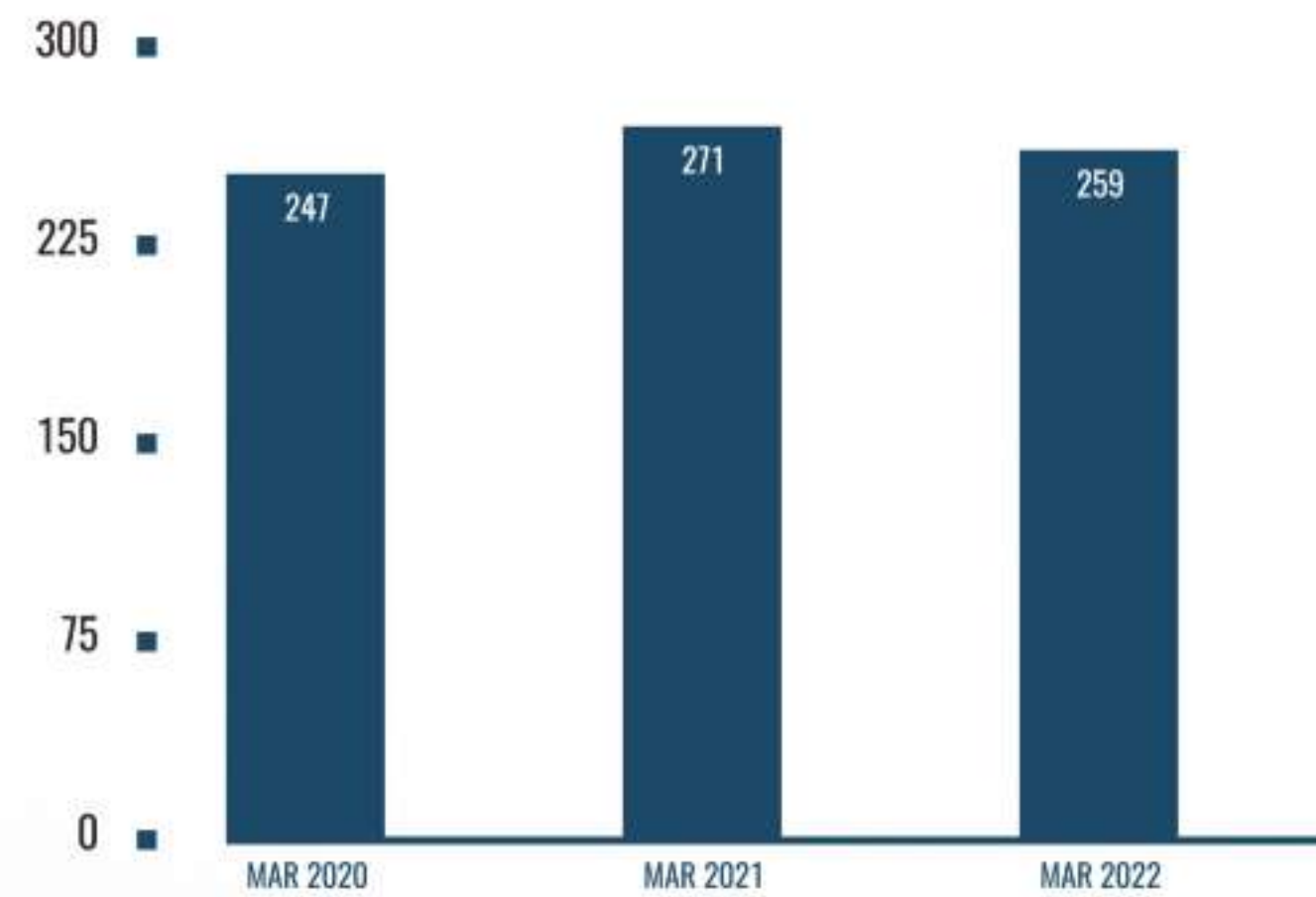
Revenue (R'm)



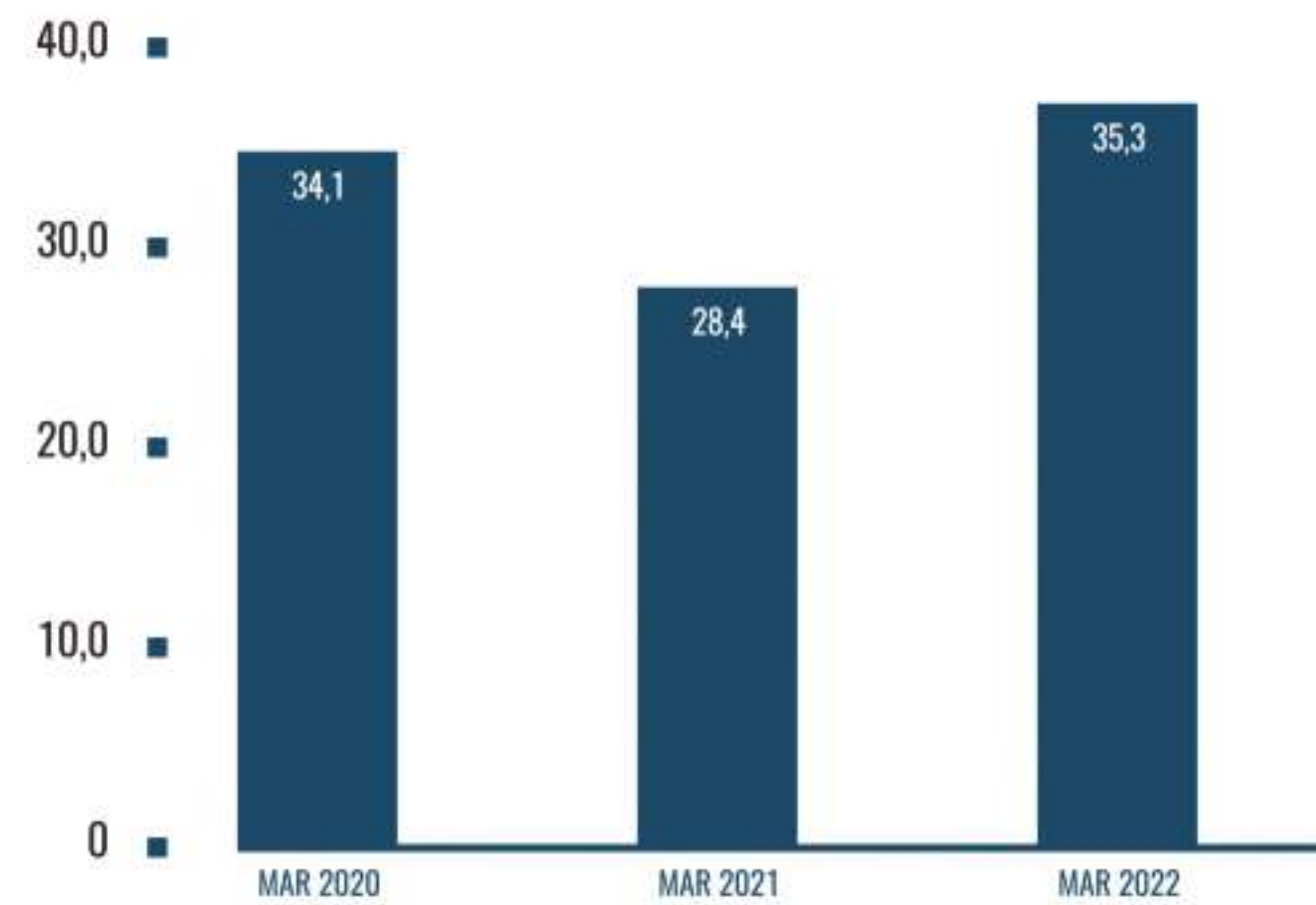
Sustainable Operating Profit Before Forex (R'm)

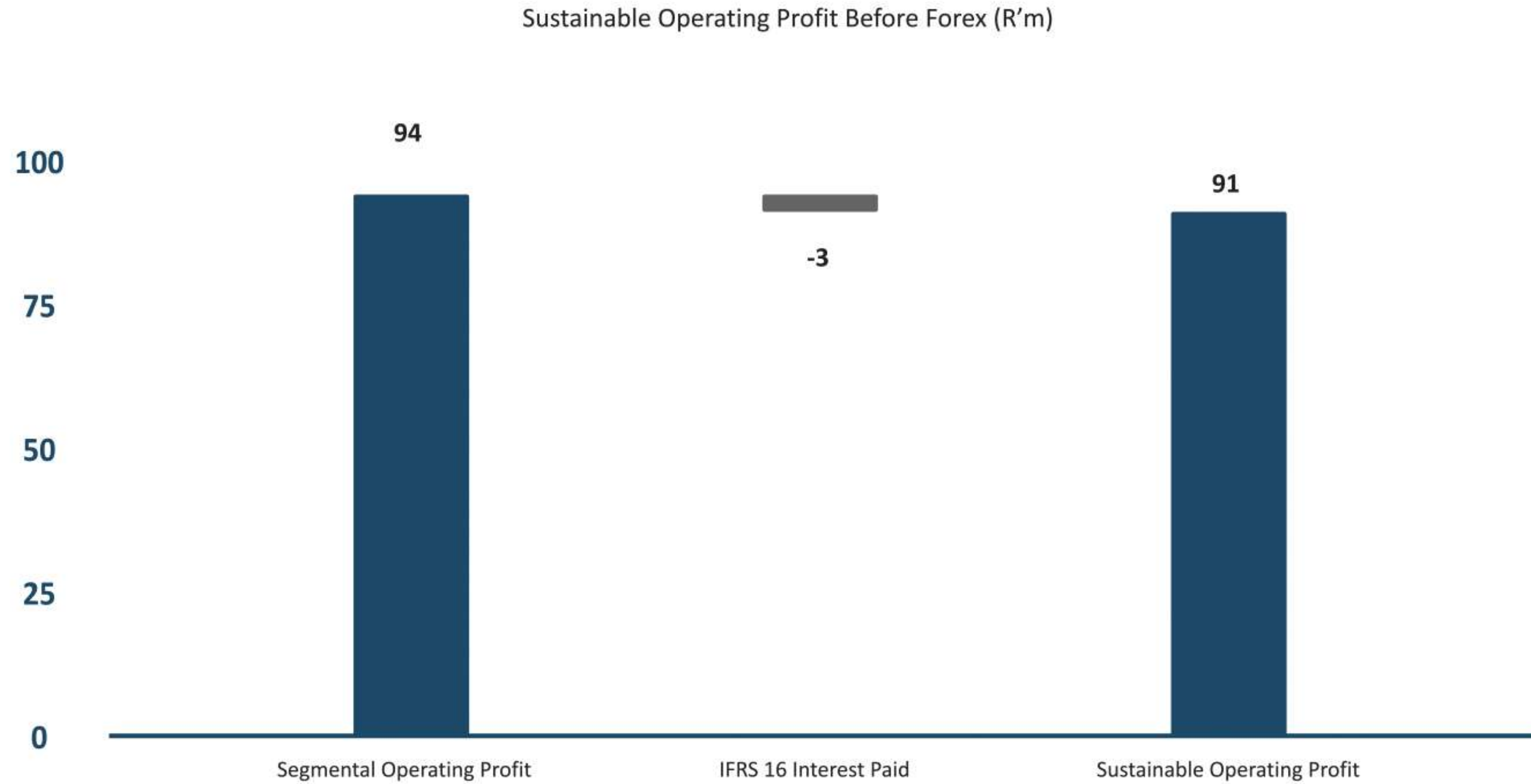


Net Operating Assets (R'm)

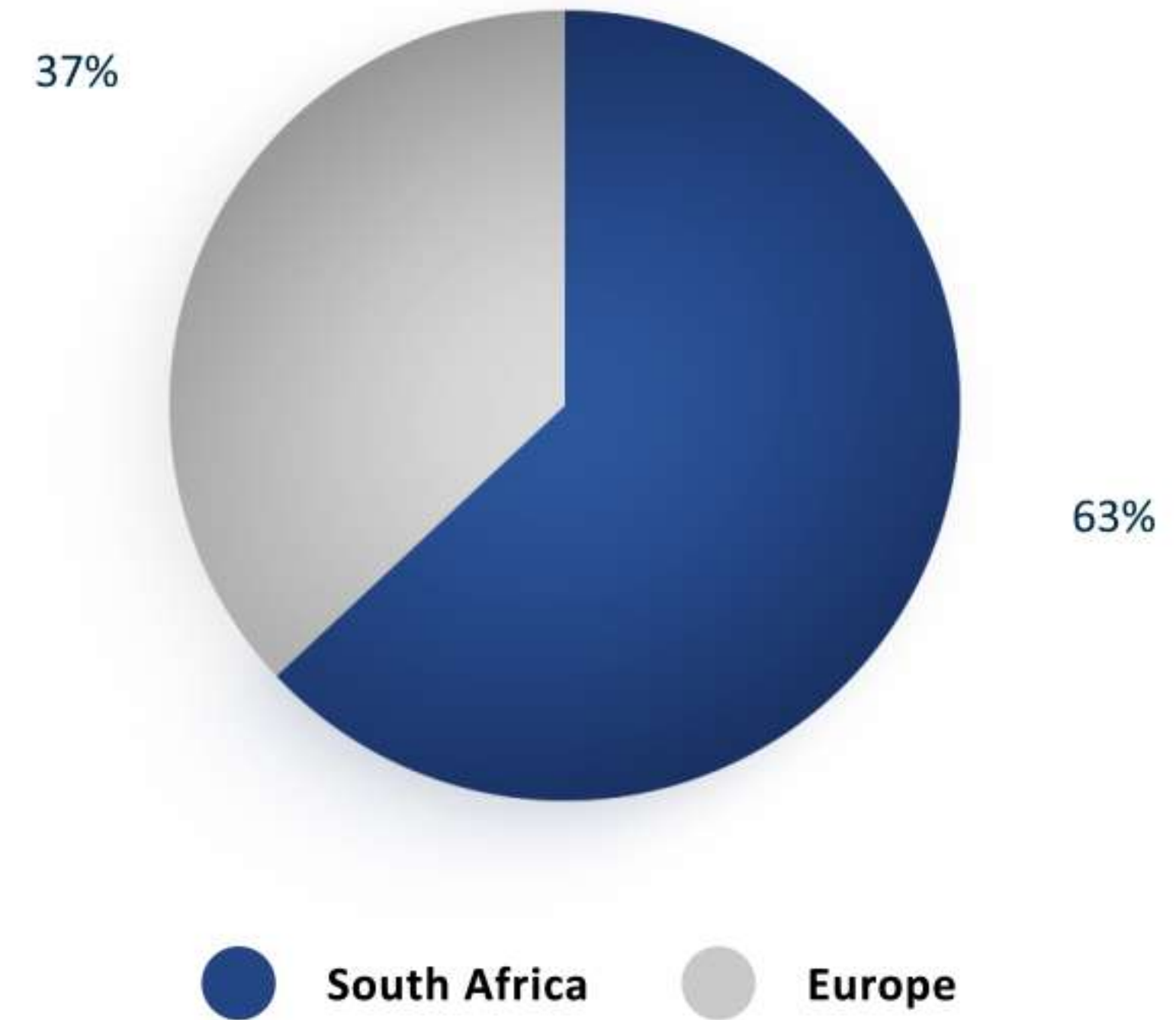
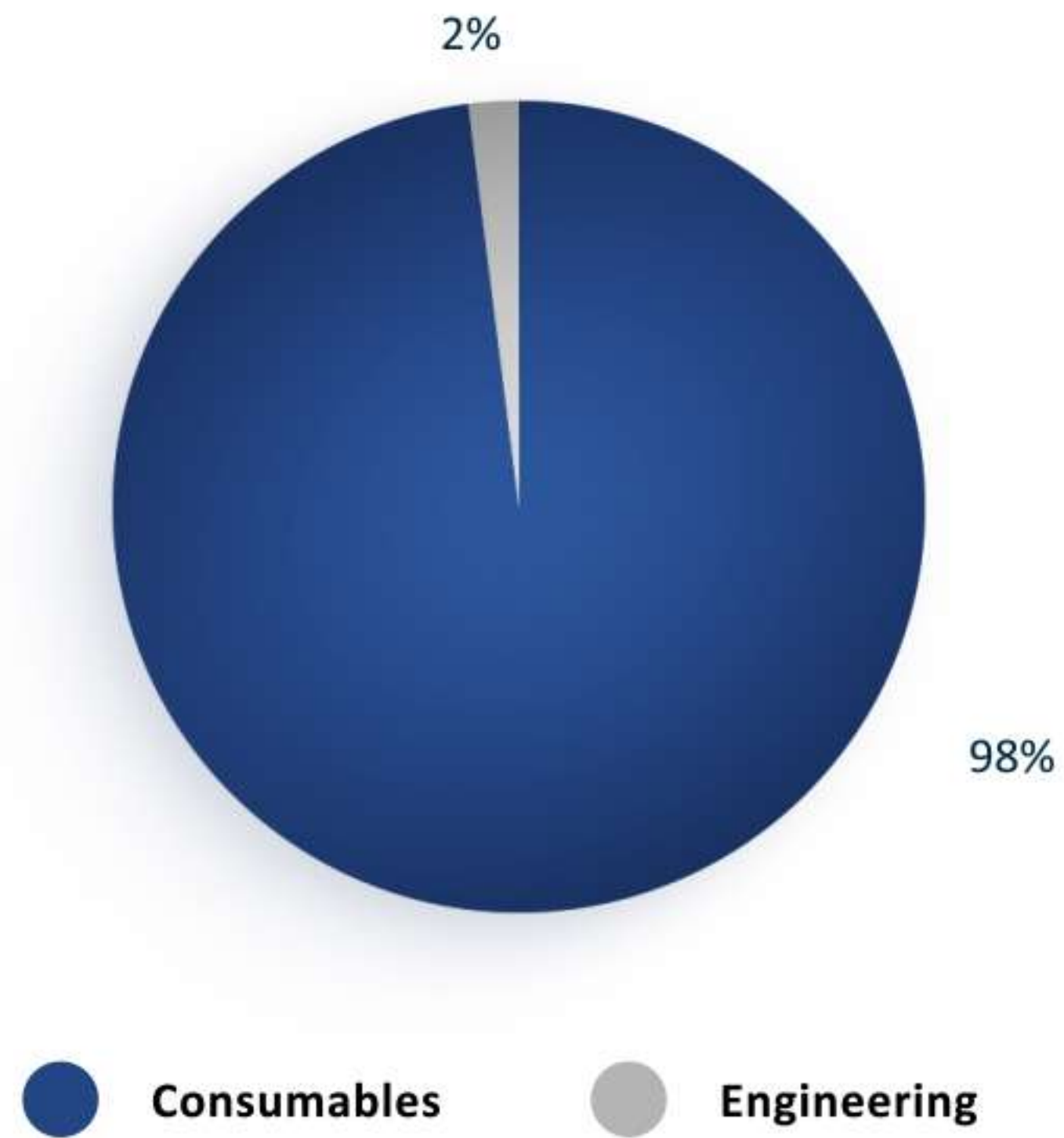


Return on Net Operating Assets (%)

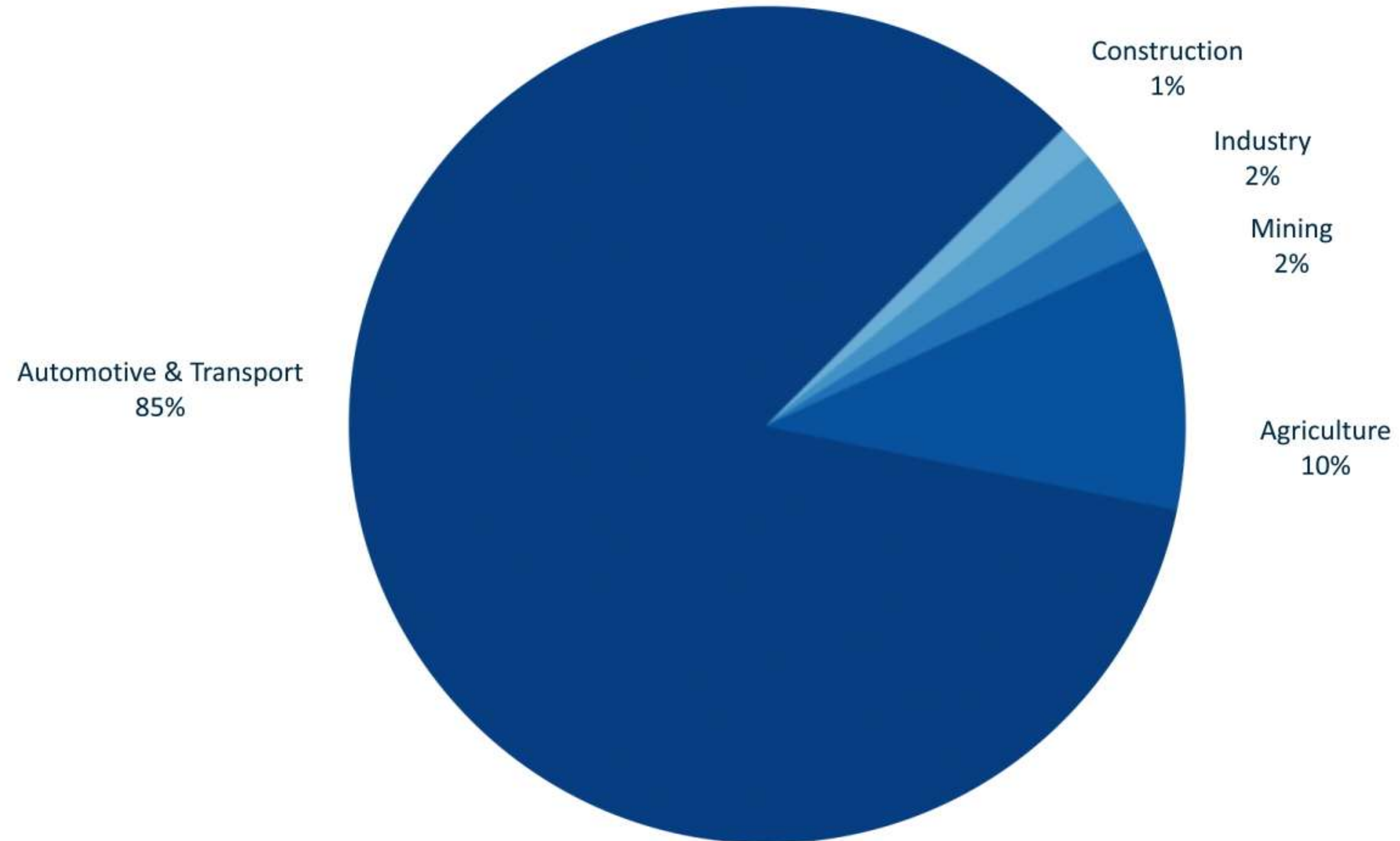




Revenue Contribution



Revenue Contribution By Sector





RPA

Business Outlook

- The restructure of the RPA businesses in South Africa created a sound base to optimise synergies for growth in the 2022/2023 financial year.
- Shipping delays are expected to normalise by the end of the financial year whereafter stock levels will be driven down.
- RPA continues to add new product ranges and brands to its client offering.
- Although the outcome of the war in Ukraine remains uncertain, we are poised for post war growth in Europe, especially in agriculture with our house brand, APG (Agri Parts Global).
- As a whole, a positive outlook for the 2022/2023 financial year.

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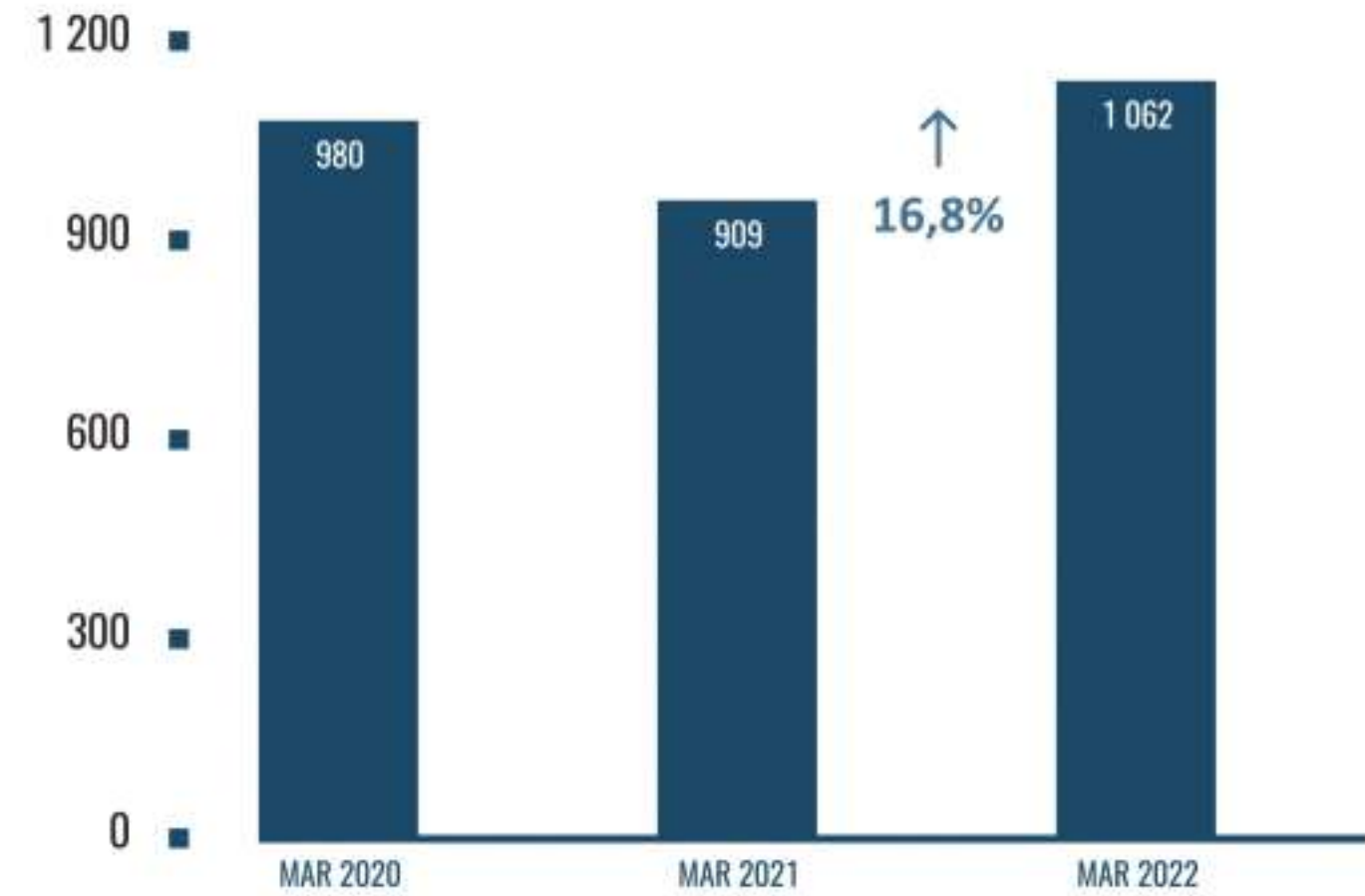
CE



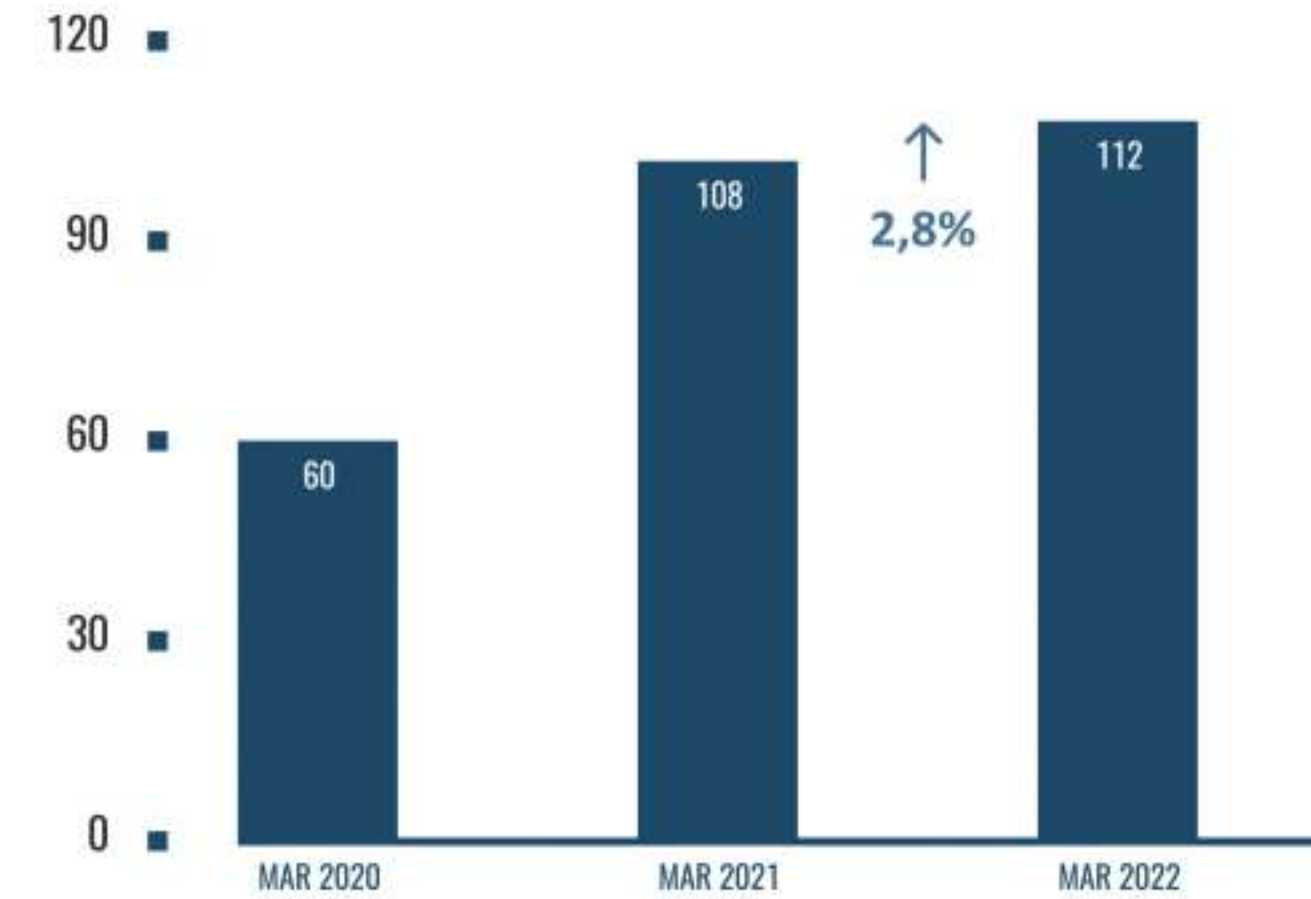
Results Summary



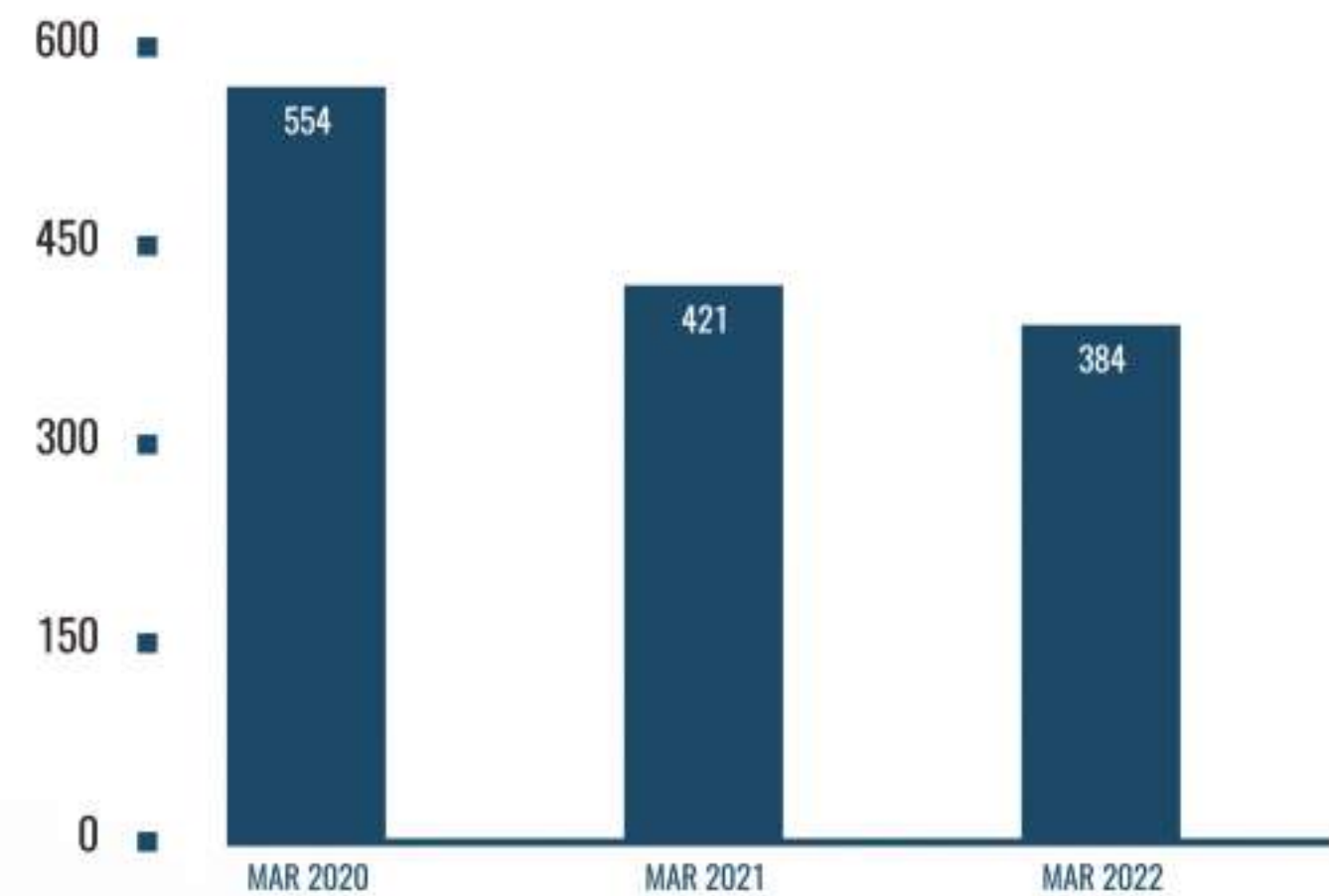
Revenue (R'm)



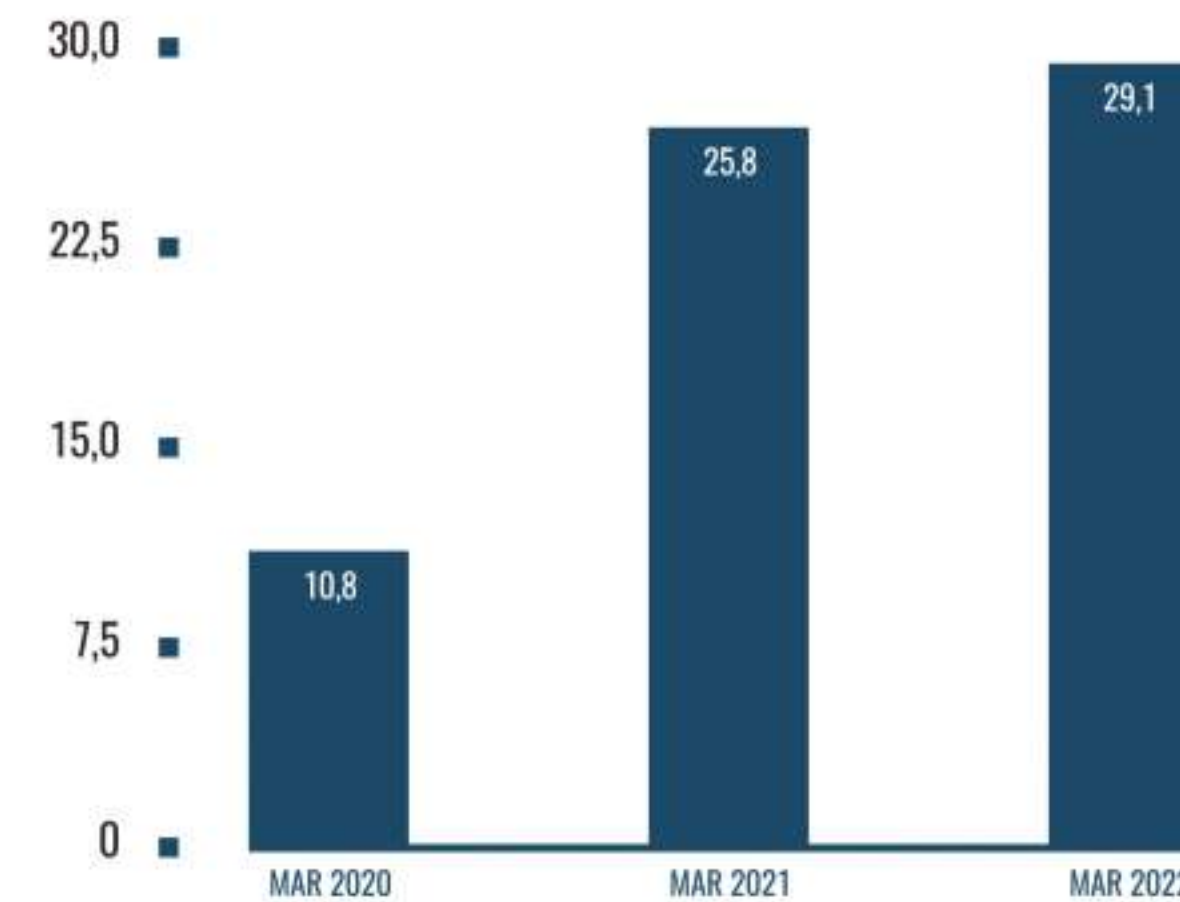
Sustainable Operating Profit Before Forex (R'm)

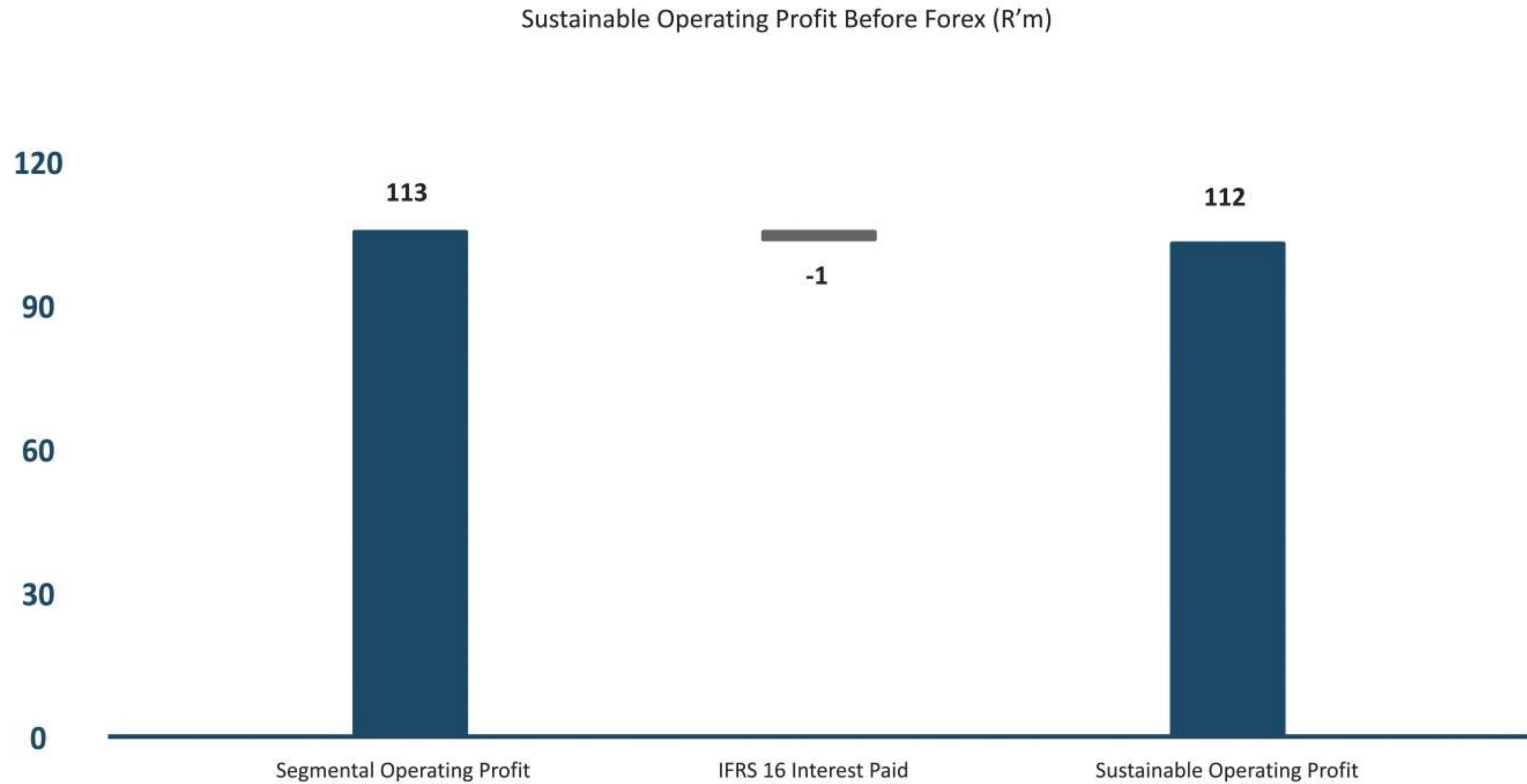


Net Operating Assets (R'm)

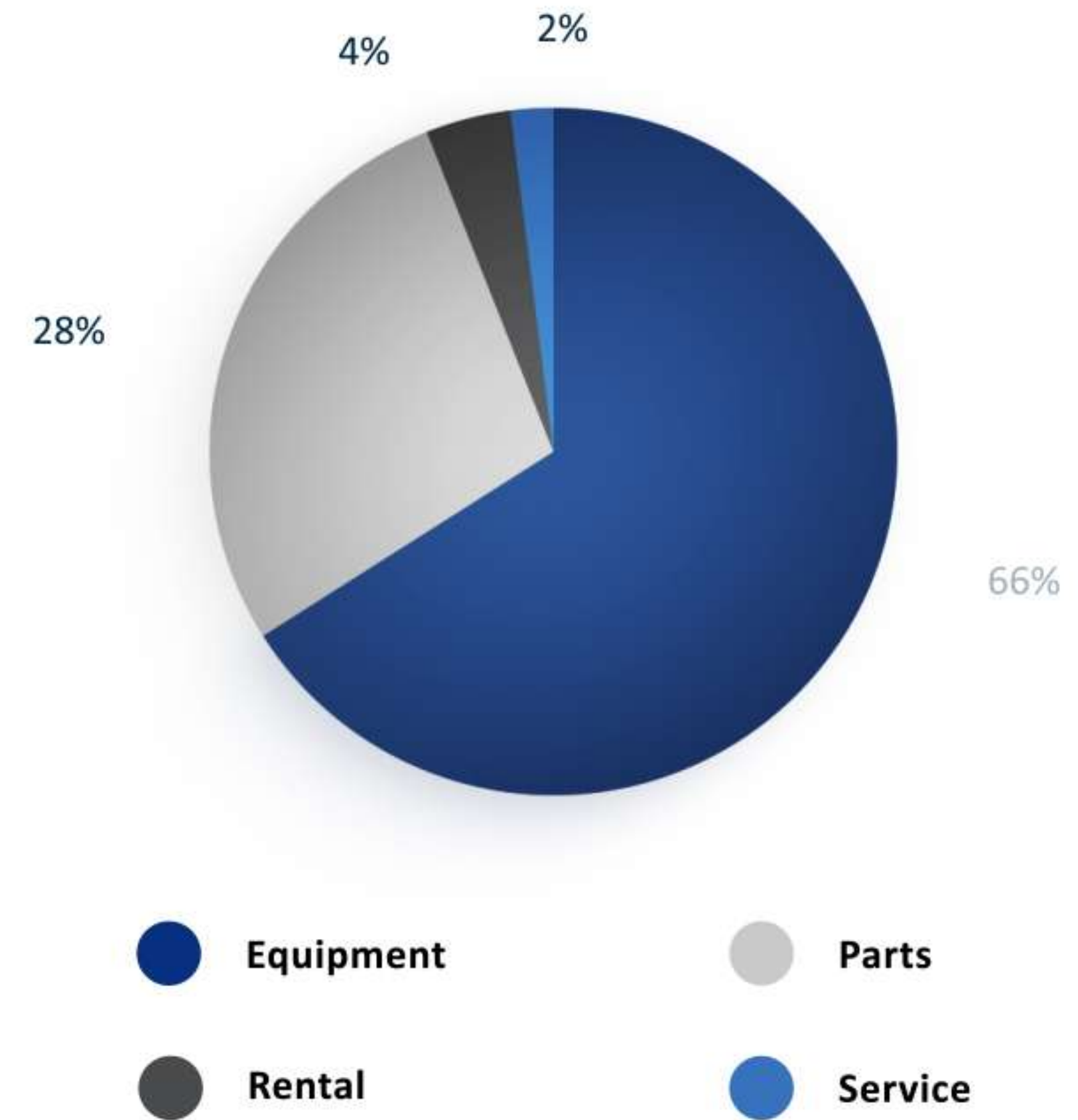
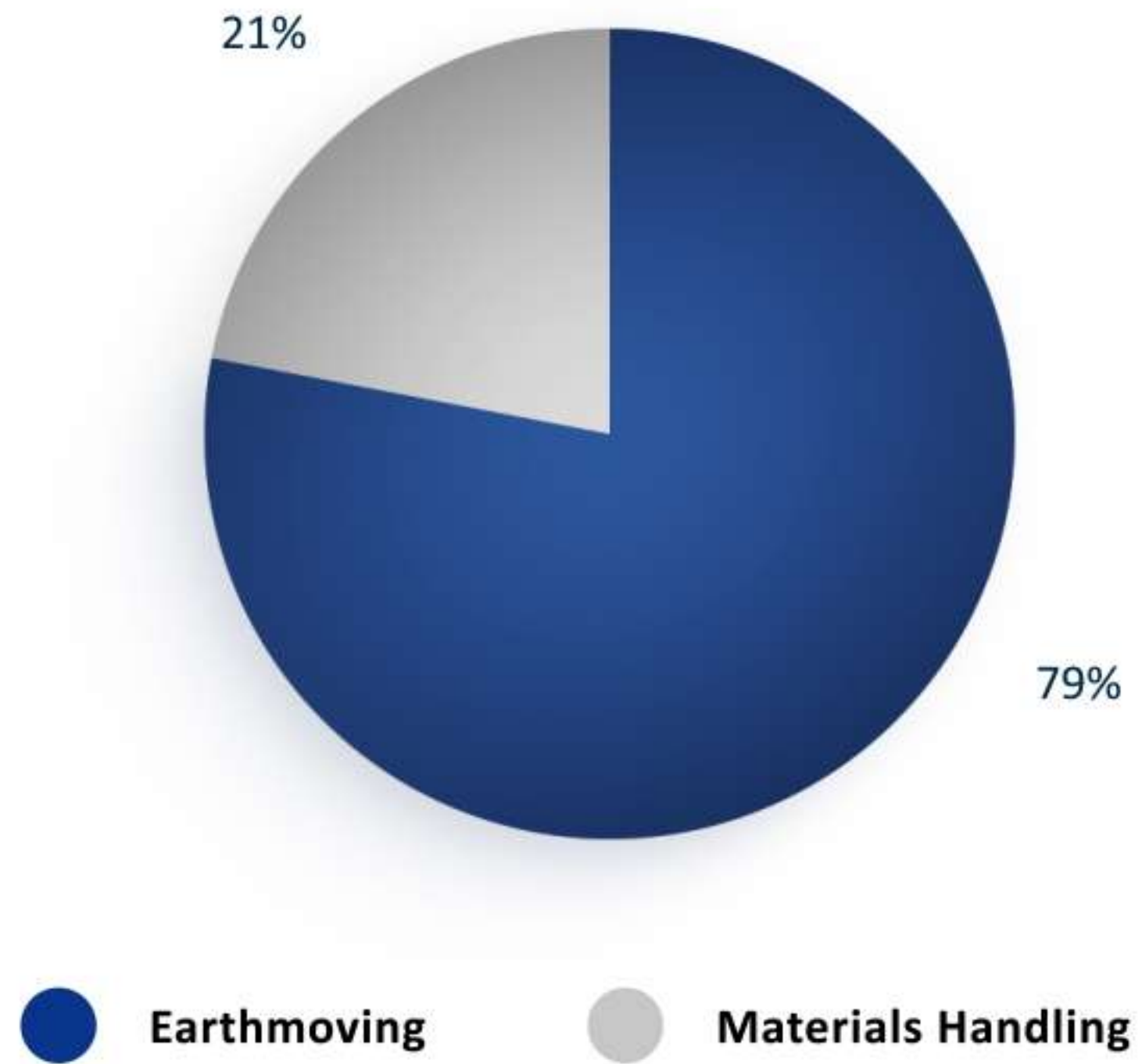


Return on Net Operating Assets (%)





Revenue Contribution





- Unit demand in construction lowest in 10 years
- Challenges relate to long lead times, erratic supply, freight increases & shipping space
- Demand for spare parts increasing because machine life has been extended; price increases and availability
- Investment in infrastructure development limited
- Mining leading the way in demand for big equipment
- Achieving good contribution margins on equipment
- Market demands for forklifts is subdued with demand for electronic units picking up

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KEY DEVELOPMENTS AND TRANSACTIONS



KAG Structure



The Transaction

Invicta together with our partner in the Chinese manufacturing business entered into a series of transactions to unlock value. The restructuring of the business was as follows:

Before Transaction

- 100% shareholding in Kian Ann Group which owns;
- 27.6% shareholding in KKB; and
- 50% shareholding in MIH

After Transaction

- 48.81% shareholding in Kian Ann Group which will subsequently own;
- 100% shareholding in KKB; and
- 100% shareholding in MIH.

Cash Flows

Invicta realised S\$28mil which will be used to reduce offshore debt.

Progress to date

The transactions have been completed and became effective on 1 August 2021.



Acquisition of KMP

The Transaction

On the 1st of January this year Invicta acquired KMP for £12.7 million.

- KMP has its head office in Chertsey England and offices in Houston and Miami in the USA.
- The KMP brand is widely recognized and is a highly respected name in the aftermarket engine spare parts industry.

Looking Forward

The group anticipates KMP will deliver a 12.5% return.

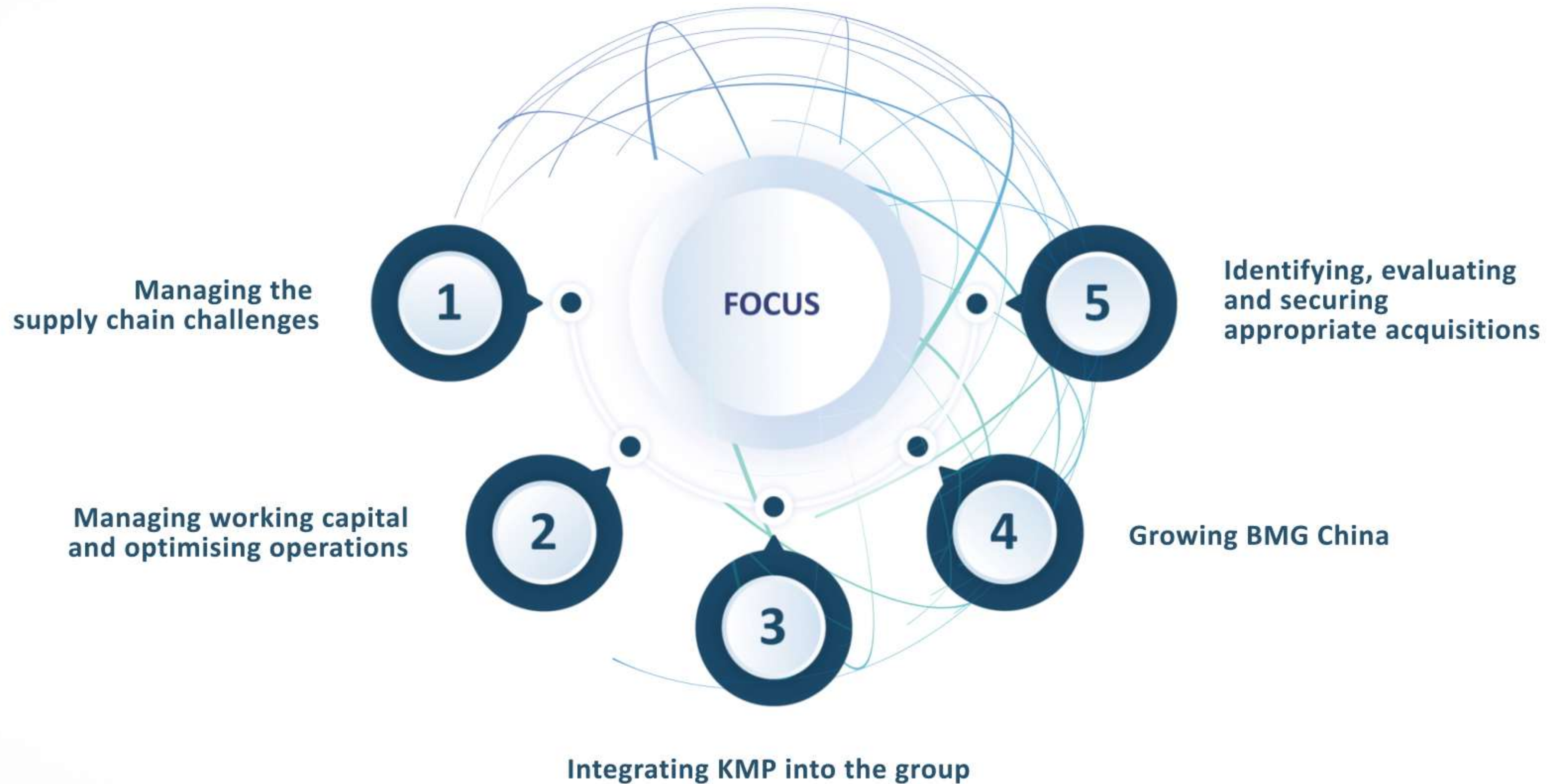
The Rationale

- Invicta seeks to diversify income to balance geographic diversification.
- Invicta seeks to align the business in growth areas around the world.

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PROSPECTS AND STRATEGY







LOOKING FORWARD



Thank you for your attendance & participation

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