



2022

**INTERIM RESULTS PRESENTATION**  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER

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



## To Our Shareholders

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Welcome

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Introduction

## Welcome to our Interim Results Presentation







Introduction  
**The Period  
at a Glance**

A person wearing blue gloves and a mask, holding a small white object, possibly a sample or a piece of equipment.

**Covid  
Restrictions**

A soldier in a dark, smoky environment, holding a rifle and looking through a scope.

**War in  
Ukraine**

A financial chart with multiple lines and bars, representing market data.

**Pricing &  
Currencies**

A large cargo ship sailing on the water, with a person standing on the deck in the foreground.

**Shipping &  
Logistics**

A close-up of a water pump or hose, with water being discharged.

**Flooding in  
KZN**

A high-voltage electricity pylon with power lines stretching across the landscape.

**Load  
Shedding**





Introduction  
**The Period  
at a Glance**

Kian Ann Group contribution to sustainable Headline Earnings increased by 107.7% to R108M

As a Group, we increased sustainable headline earnings per share attributable to ordinary shareholders by 41% compared to the prior period.

The Group repurchased approximately 4.7% of its ordinary and 5% of its preference shares in issue in the last six months to the value of R167M



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# GROUP FINANCIAL OVERVIEW





## Group Sustainable Operating Profit

### 2022 vs 2021



	2022	2021
	R'000	R'000
<b>Operating profit before net finance income on financing transactions and forex as reported</b>	<b>332 797</b>	<b>367 970</b>
Deduct: Net profit on disposal of business/investments	-	(40 612)
Add back: Amortisation of Purchase Price Allocation intangible assets ("PPA assets") KMP	1 406	-
<b>Sustainable operating profit before net finance income on financing transactions and forex</b>	<b>334 203</b>	<b>327 358</b>

#### No Add-Back has been made for:

- KMP acquired 1 January 2022
- Ukraine impairment recognised in Q4 2022
- Rental lost due to the SAMRAND and other property disposals
- MacNeil Plastics YOY underperformance due to decreasing raw material costs
- RPI and RPA additional incentive provision



## Kian Ann Group Contribution to Sustainable Headline Earnings 2022 vs 2021



	2022	2021
	R'000	R'000
<b>Profit from discontinued operations</b>	-	<b>385 330</b>
Add : Equity accounted earnings	89 571	21 573
Add back: Amortisation of Purchase Price Allocation intangible assets ("PPA Assets")	6 077	-
Add back: Loss on disposal of investment	12 244	-
Deduct: Fair value gain on re-measurement of joint ventures	-	(372 202)
Add back: Fair value loss on call and put options	-	17 235
<b>Sustainable headline earnings</b>	<b>107 892</b>	<b>51 936</b>



## Group Sustainable Headline Earnings

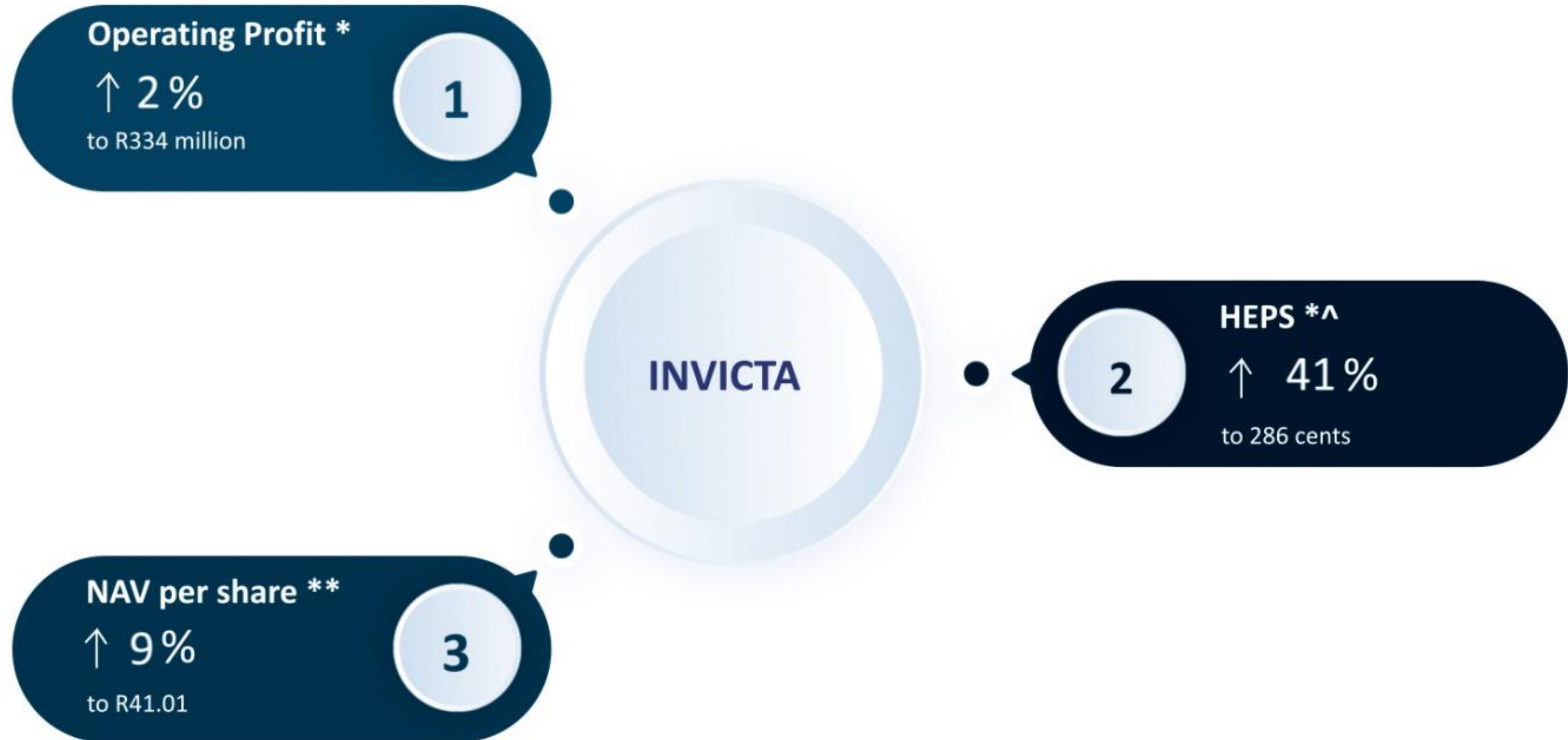
### 2022 vs 2021



	2022	2021
	R'000	R'000
<b>Headline earnings</b>	<b>278 288</b>	<b>206 107</b>
<b>Adjusted for the following net of tax:</b>		
Add back: Amortisation of Purchase Price Allocation intangible assets ("PPA Assets"), KKB, MIH Group and KMP	7 216	-
Add back: Loss on disposal of investment (Kian Ann Group)	12 244	-
Add back: Fair value loss on call and put options	-	17 235
<b>Sustainable headline earnings</b>	<b>297 748</b>	<b>223 342</b>



## Sustainable Results at a Glance



\*Adjusted sustainable

\*\* % growth vs 31 March 2022

^ Headline earnings per share has been calculated based on 104 million weighted average ordinary shares in issue (2021: 110 million)



# Statement of Comprehensive Income

## (Extract)



	30 September		
	2022	2021	Variance
	R'000	R'000	%
<b>Continuing operations</b>			
Revenue	3 830 652	3 574 242	7%
Cost of sales	(2 584 846)	(2 481 915)	4%
<b>Gross profit</b>	<b>1 245 806</b>	<b>1 092 327</b>	<b>14%</b>
	<b>33%</b>	<b>31%</b>	
Selling, administration and distribution costs	(913 009)	(724 357)	26%
	-24%	-20%	
<b>Operating profit before interest on financing transactions and forex movements</b>	<b>332 797</b>	<b>367 970</b>	<b>-10%</b>
	<b>9%</b>	<b>10%</b>	
Net interest received from financing trans (CE)	2 747	3 141	-13%
Net foreign exchange movement	33 016	11 107	>100%
<b>Operating profit</b>	<b>368 560</b>	<b>382 218</b>	<b>-4%</b>
	<b>10%</b>	<b>11%</b>	
<b>EBITDA</b>	<b>478 309</b>	<b>463 402</b>	<b>3%</b>

## Review of Overheads

	2022	2021	
	Selling, admin and Distr costs	Selling, admin and Distr costs	
<b>Selling, admin and Distribution costs</b>	<b>(913 009)</b>	<b>(726 647)</b>	
<b>Adjust for:</b>			
Increase in RPI and RPA incentive provision	28 102	-	
Selling, admin and distribution costs KMP	90 125	-	
Impairment reversal - Ukraine not incl in PY	(13 733)	-	
Profit on disposal of Kian Ann and AME's (PY)	-	(40 632)	
<b>Adjusted operating profit before forex</b>	<b>(808 515)</b>	<b>(767 279)</b>	<b>5%</b>



# Statement of Comprehensive Income (Extract)



	30 September		
	2022	2021	Variance
	R'000	R'000	%
Finance income	17 969	15 668	15%
Dividends received	-	1 465	>100%
Finance costs	(56 351)	(55 266)	2%
Share of profits from associates	6 241	2 048	>100%
Share of profits from Joint Venture	89 571	21 573	>100%
<b>Profit before taxation</b>	<b>425 990</b>	<b>367 706</b>	<b>16%</b>
Effective Tax Rate	<b>23%</b>	<b>25%</b>	
Taxation	(95 993)	(91 405)	5%
<b>Net profit for the year from continuing operations</b>	<b>329 997</b>	<b>276 301</b>	<b>19%</b>
Profit for the period from discontinued operations	-	385 330	>100%
<b>Net profit for the year</b>	<b>329 997</b>	<b>661 631</b>	<b>-50%</b>
Non-controlling interest	(12 857)	(16 301)	-21%
Preference dividend paid	(34 261)	(27 708)	24%
<b>Profit attributable to ordinary shareholders</b>	<b>282 879</b>	<b>617 622</b>	<b>-54%</b>



## Statement of Financial Position: Assets



	30 Sept 2022	31 March 2022
	R'000	R'000
<b>Assets</b>		
Property, plant and equipment (incl invest prop)	1 121 133	1 164 779
IFRS16 - Right of use asset	219 416	220 751
Derivative assets	15 074	11 008
Investments in associates	62 735	50 636
Investments in joint venture	1 603 667	1 298 853
Goodwill	47 463	42 560
Other intangible assets	56 137	68 629
Finance lease receivables	18 425	24 019
Loan and other receivables	195 490	157 037
Deferred taxation	141 278	155 282
<b>Total non-current assets</b>	<b>3 480 818</b>	<b>3 193 554</b>
Inventories	2 762 333	2 569 733
Trade and other receivables	1 202 140	1 288 443
Current portion of finance lease receivables	44 498	59 904
Current portion of loan and other receivables	110 967	128 327
Current portion of derivative assets	3 331	-
Prepaid taxation	54 724	69 268
Bank balances and cash	578 980	582 354
<b>Total current assets</b>	<b>4 756 973</b>	<b>4 698 029</b>
Asset classified as held for sale	83 407	6 251
<b>Total assets</b>	<b>8 321 198</b>	<b>7 897 834</b>



## Inventory and Related Provisions



		Gross value	Provision	Net value
		R'000	R'000	R'000
<b>RPE ZAR</b>	<b>Sep-22</b>	<b>487 836</b>	<b>32 725</b>	<b>455 111</b>
	Mar-22	403 292	25 652	377 640
	Sep-21	169 412	10 618	158 794
<b>RPI ZAR</b>	<b>Sep-22</b>	<b>2 083 648</b>	<b>340 046</b>	<b>1 743 602</b>
	Mar-22	1 979 604	327 758	1 651 846
	Sep-21	1 862 673	344 318	1 518 355
<b>RPA ZAR</b>	<b>Sep-22</b>	<b>272 129</b>	<b>31 714</b>	<b>240 415</b>
	Mar-22	237 731	36 622	201 109
	Sep-21	206 880	27 163	179 717
<b>CE ZAR</b>	<b>Sep-22</b>	<b>322 229</b>	<b>57 579</b>	<b>264 650</b>
	Mar-22	337 758	55 837	281 921
	Sep-21	333 435	65 915	267 520
<b>MacNeil Plastic ZAR</b>	<b>Sep-22</b>	<b>59 155</b>	<b>600</b>	<b>58 555</b>
	Mar-22	63 213	5 996	57 217
	Sep-21	50 151	1 608	48 543
<b>Invicta Group ZAR</b>	<b>Mar-22</b>	<b>3 224 997</b>	<b>462 664</b>	<b>2 762 333</b>
	Sep-21	3 021 598	451 865	2 569 733
	Mar-21	2 622 551	449 622	2 172 929



## Statement of Financial Position: Assets



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Asset classified as held for sale	83 407	6 251
<b>Total assets</b>	<b>8 321 198</b>	<b>7 897 834</b>



## Statement of Financial Position: Equity & Liabilities



	30 Sept 2022	31 March 2022
	R'000	R'000
<b>Shareholders' equity</b>	<b>5 044 472</b>	<b>4 692 685</b>
Long-term borrowing	1 127 134	976 959
Finance lease liabilities	20 780	22 201
IFRS 16 - Lease liability	198 874	201 457
Deferred taxation	26 862	26 045
<b>Total non-current liabilities</b>	<b>1 373 650</b>	<b>1 226 662</b>
Trade and other payables	1 235 406	1 329 667
Provisions	170 978	208 910
Current portion of financial liability	67 854	62 892
Taxation liabilities	18 585	25 946
Shareholders for dividends	22 313	23 307
Current portion - Borrowings	195 310	165 644
Current portion - Finance lease liabilities	28 954	33 911
Current portion of IFRS 16 - Lease liability	73 887	74 831
Bank overdrafts	89 789	53 379
<b>Total current liabilities</b>	<b>1 903 076</b>	<b>1 978 487</b>
<b>Total liabilities</b>	<b>3 276 726</b>	<b>3 205 149</b>
<b>Total equity &amp; liabilities</b>	<b>8 321 198</b>	<b>7 897 834</b>



## Total Net-interest Bearing Debt



## Net-interest bearing debt Sept 2022 vs Mar 2022

	R'000 at 30 Sept 2022	R'000 at 31 Mar 2022
Borrowings and finance lease liabilities (non-current)	1 147 914	999 160
Borrowings and finance lease liabilities (current)	224 264	199 555
Cash	(578 980)	(582 354)
Overdraft	89 789	53 379
<b>Net debt excluding IFRS 16</b>	<b>882 987</b>	<b>669 740</b>
IFRS 16 ROU lease liabilities	272 761	276 288
<b>Net debt</b>	<b>1 155 748</b>	<b>946 028</b>

## Net-interest bearing debt: equity ratio

Net interest-bearing debt: equity ratio	<b>23%</b>	<b>20%</b>
-----------------------------------------	------------	------------



## Bank Covenants

30 September 2022



Bank Covenants	Triggers	Achieved
Net Debt to EBITDA Ratio	3.0 <	1.42
Interest Cover Ratio	3.5 >	10.90



## Group Financial Overview

# Cash Flow Statement



	30 Sept 2022	30 Sept 2021
	R'000	R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	290 298	783 183
Net finance costs	(35 710)	(32 845)
Net dividends paid	(13 023)	(103 867)
Tax paid	(74 277)	(97 052)
<b>Net cash inflow from operating activities</b>	<b>50 081</b>	<b>549 419</b>
<b>Cash flows from investing activities</b>		
Proceeds on disposal of PPE and other intangible assets	24 036	8 089
Additions to PPE and intangible assets	(39 178)	(96 026)
Acquisition of subsidiaries, associates and businesses	(1 895)	(32 014)
Cash (outflow) on disposal of subsidiaries and businesses (including cash disposed)	(391)	(292 490)
Dividend received from associates and joint venture	2 702	20 091
(Increase)/decrease in long term and lease receivables	(5 410)	104 799
<b>Net cash outflow from investing activities</b>	<b>(20 136)</b>	<b>(287 551)</b>
<b>Cash flows from financing activities</b>		
Increase/(decrease) in borrowings	109 297	(81 049)
(Decrease) in lease finance liabilities	(6 408)	(3 892)
(Decrease) in IFRS 16 lease liabilities	(39 202)	(39 216)
Acquisition of non-controlling interest	-	(9 162)
Treasury shares acquired	(166 892)	(26 903)
Other	-	1 790
<b>Net cash outflow from financing activities</b>	<b>(103 205)</b>	<b>(158 432)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(73 260)</b>	<b>103 436</b>
Cash and cash equivalents at the beginning of the period	528 975	998 966
Effect of foreign exchange rate movement on cash balances	33 476	(16 039)
<b>Cash and cash equivalents at the end of the period</b>	<b>489 191</b>	<b>1 086 363</b>





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## Operational Segment Review

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

Our 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 the first segment, we will report separately on the Kian Ann Group due to its relative size and contribution



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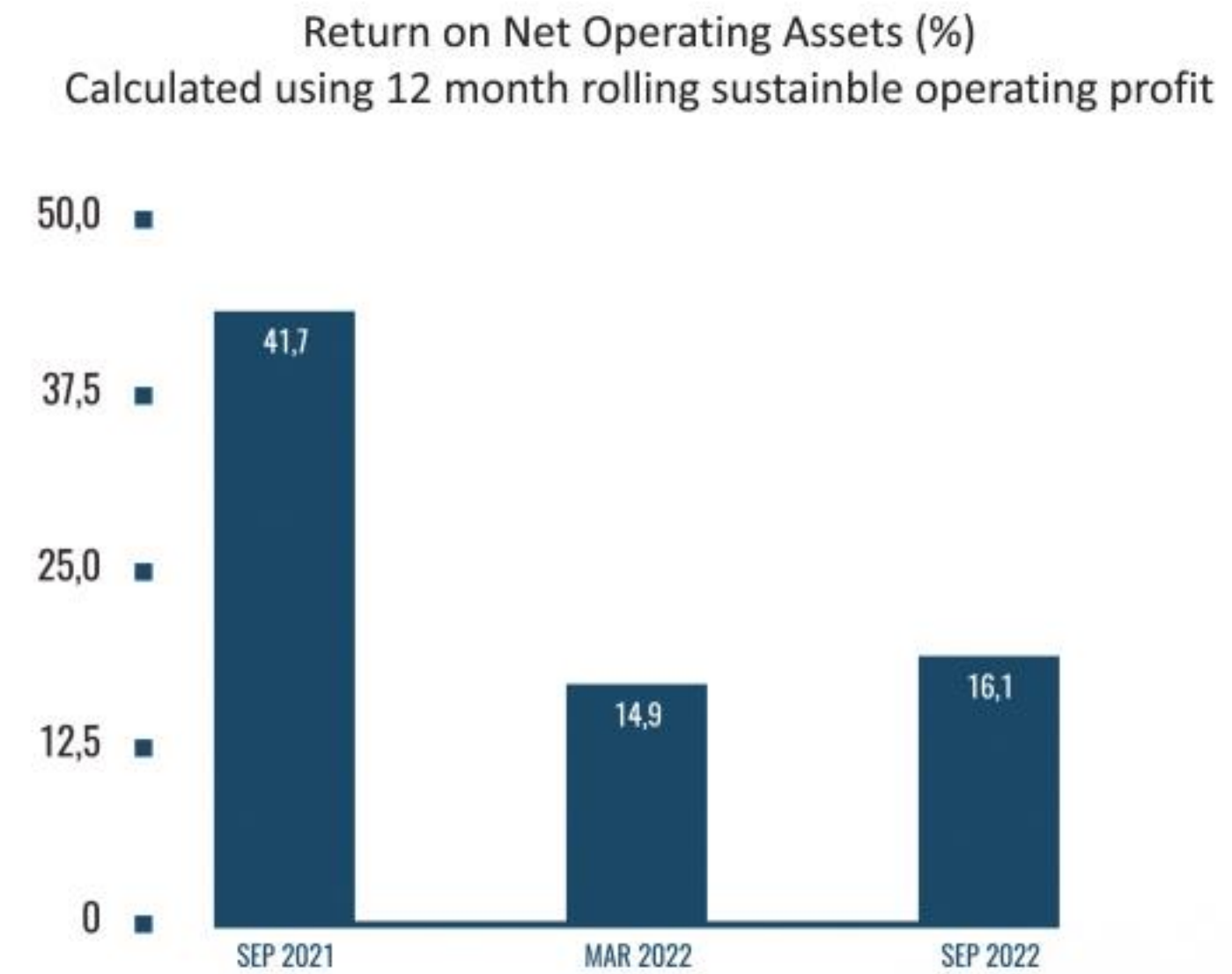
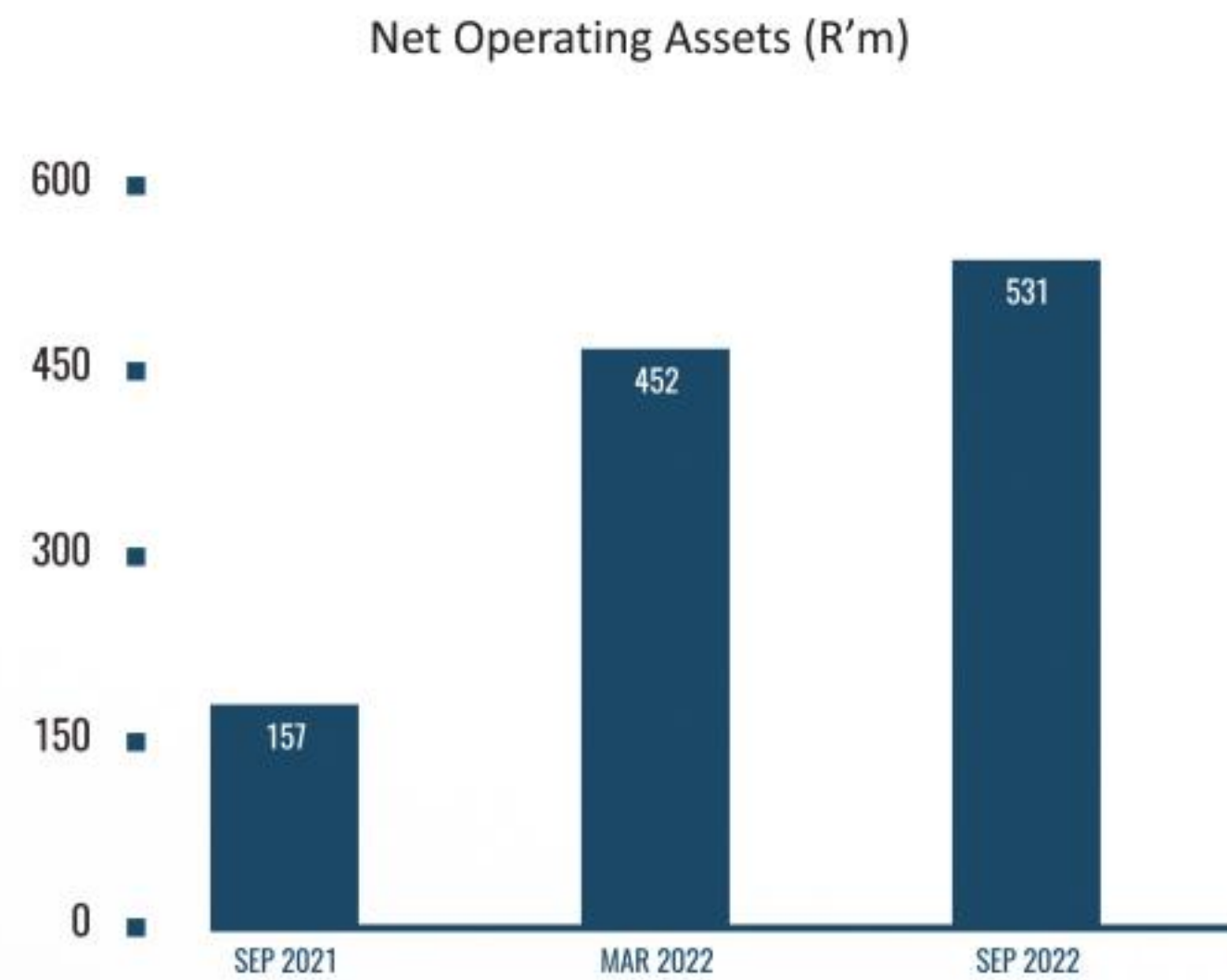
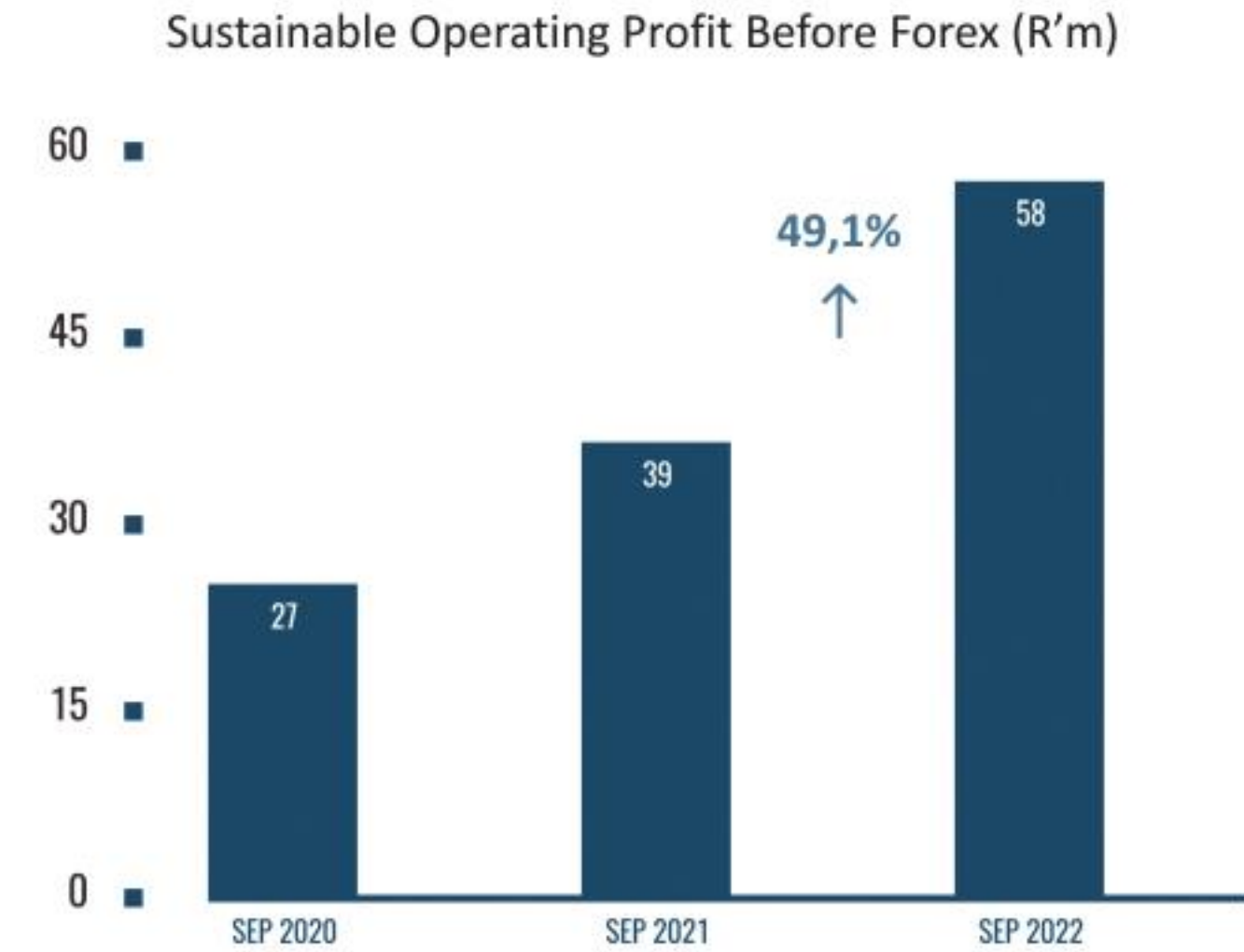
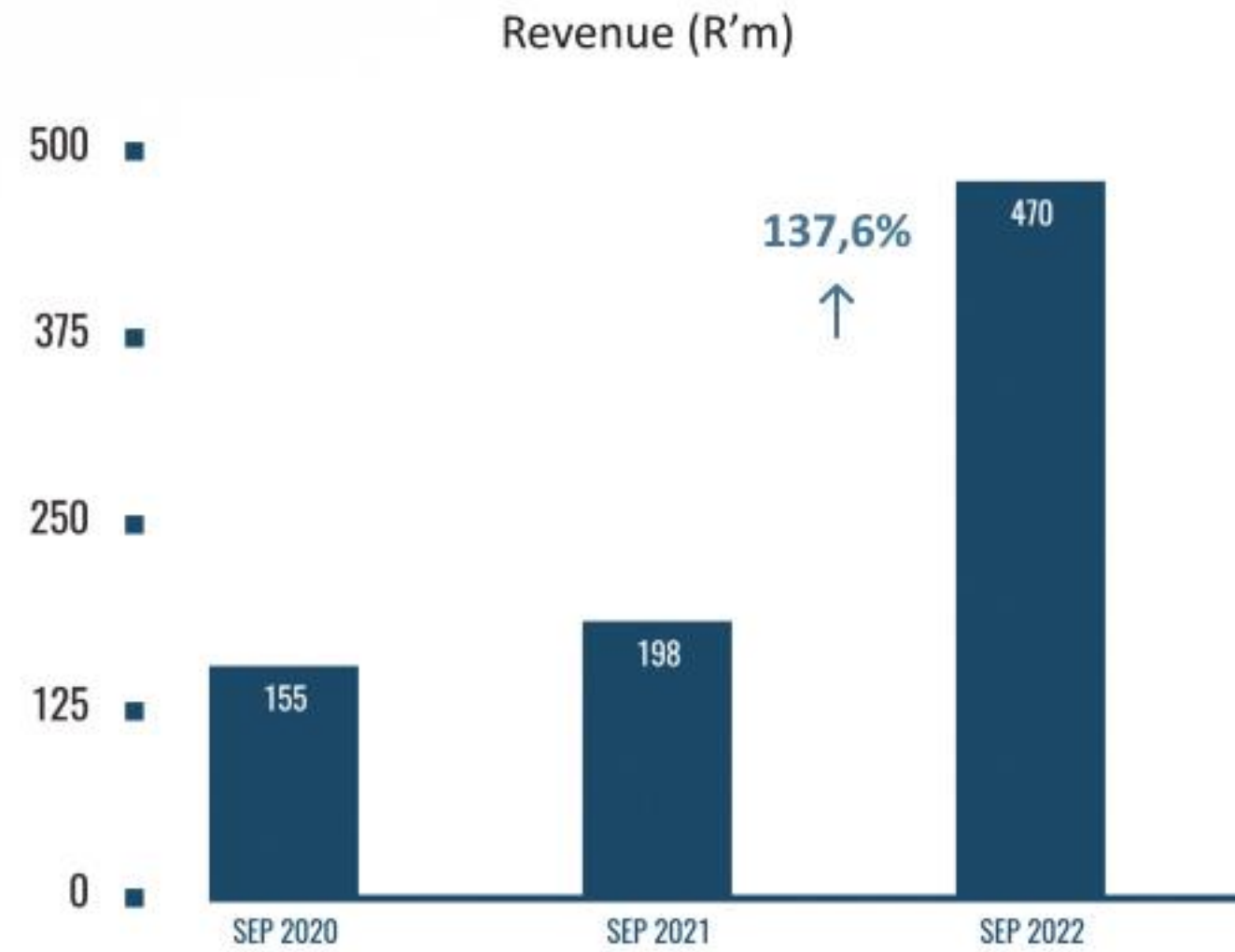
RPE



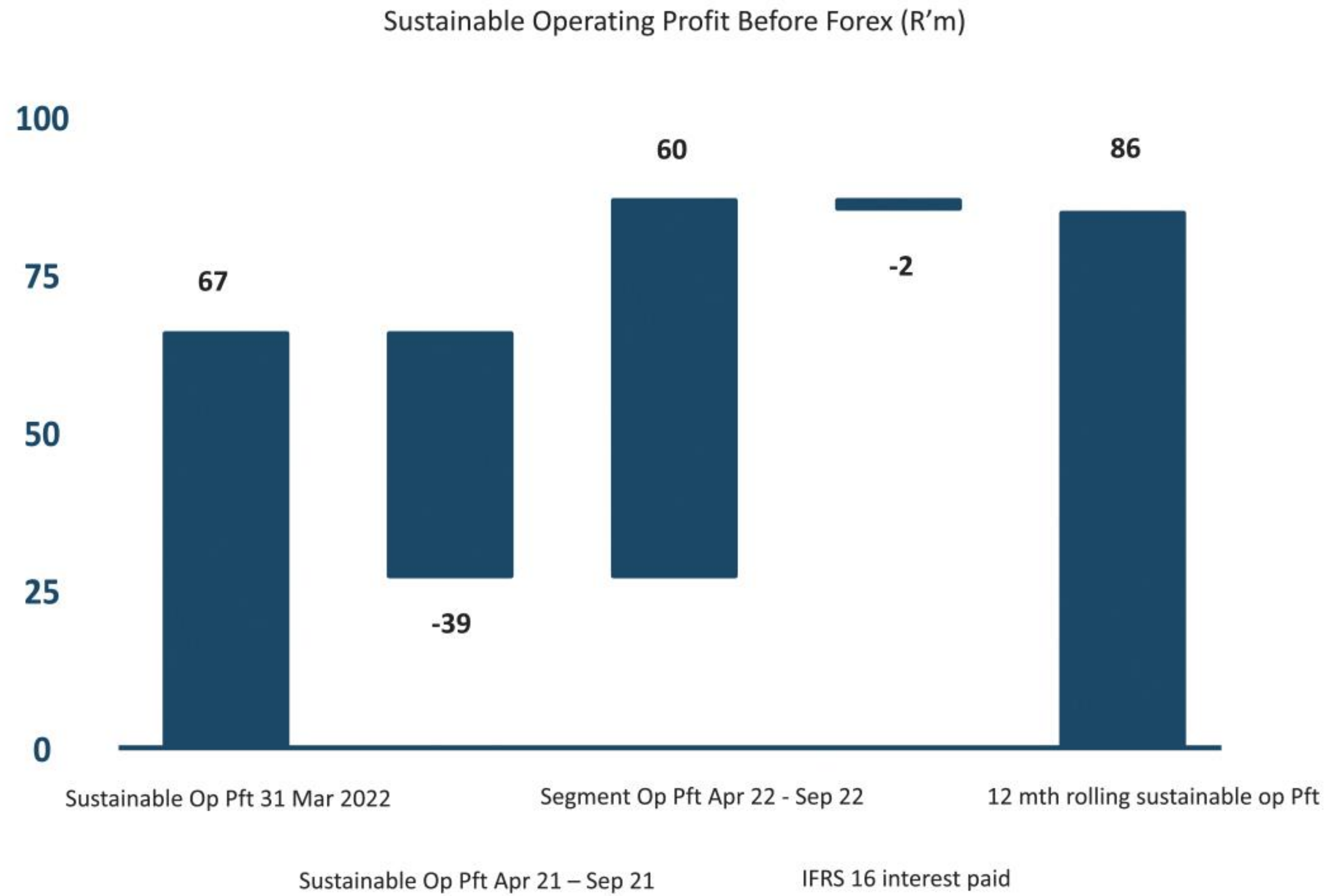


# Results Summary

(Includes KMP Group Aquisition from 1 Jan 2022)

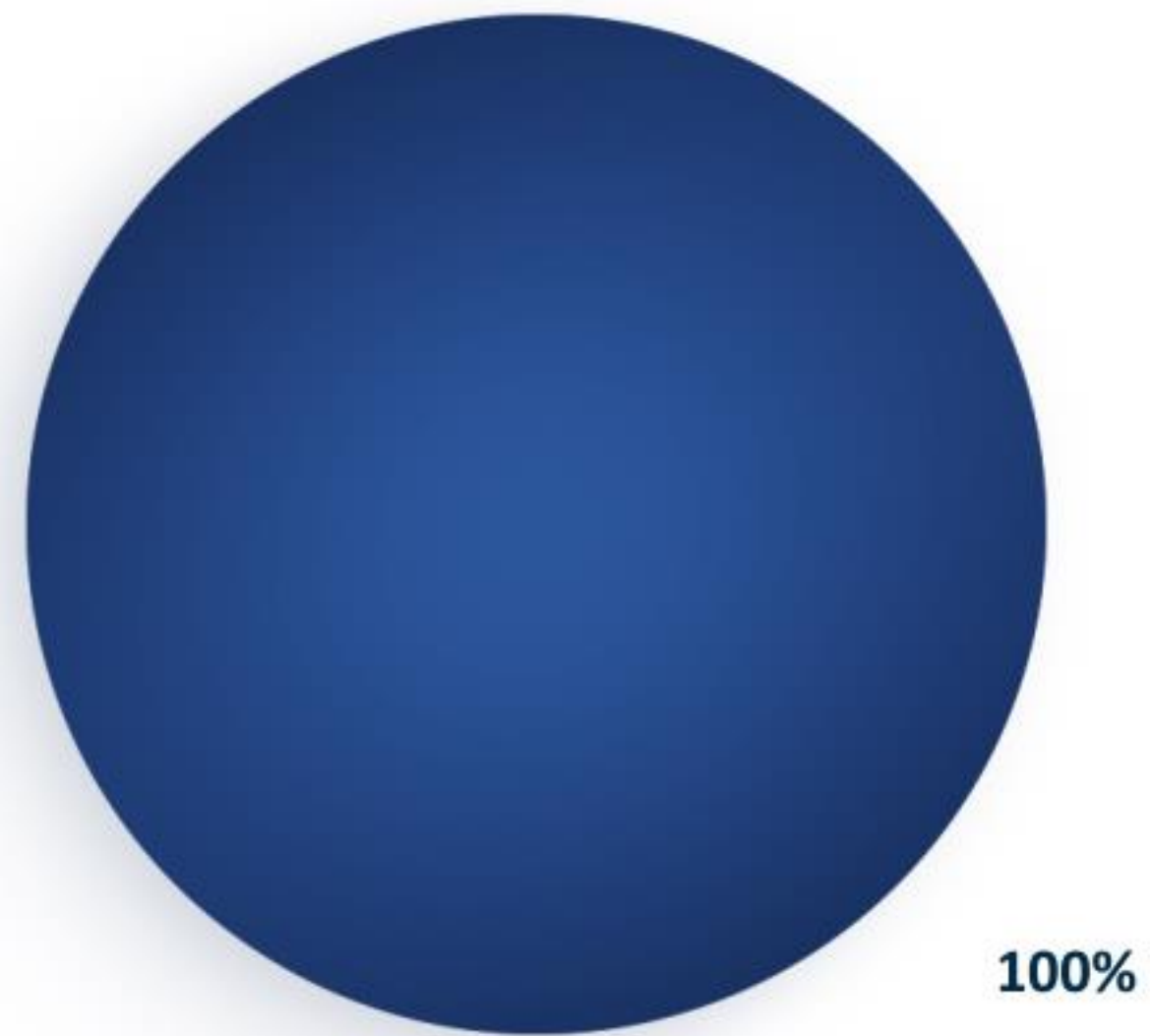




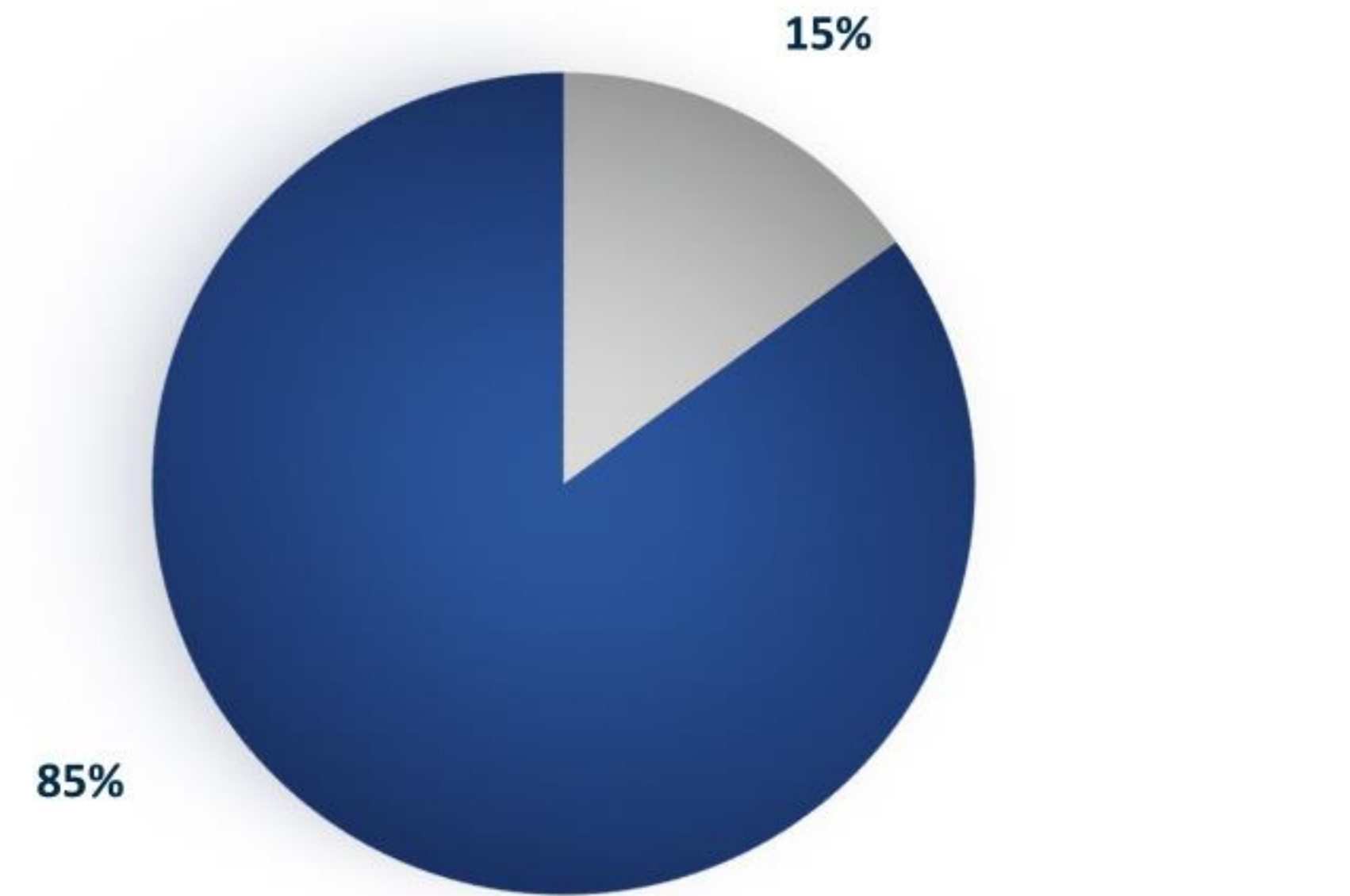




## Revenue Contribution by Revenue Stream



● Parts



● Construction & Mining

● Agriculture & Forestry





RPE

## Outlook

- The businesses have seen an increase in worldwide demand for equipment aftermarket spare parts.
- Factory supply and logistical challenges have improved over the year.
- Increased investment in working capital to take advantage of growth opportunities.



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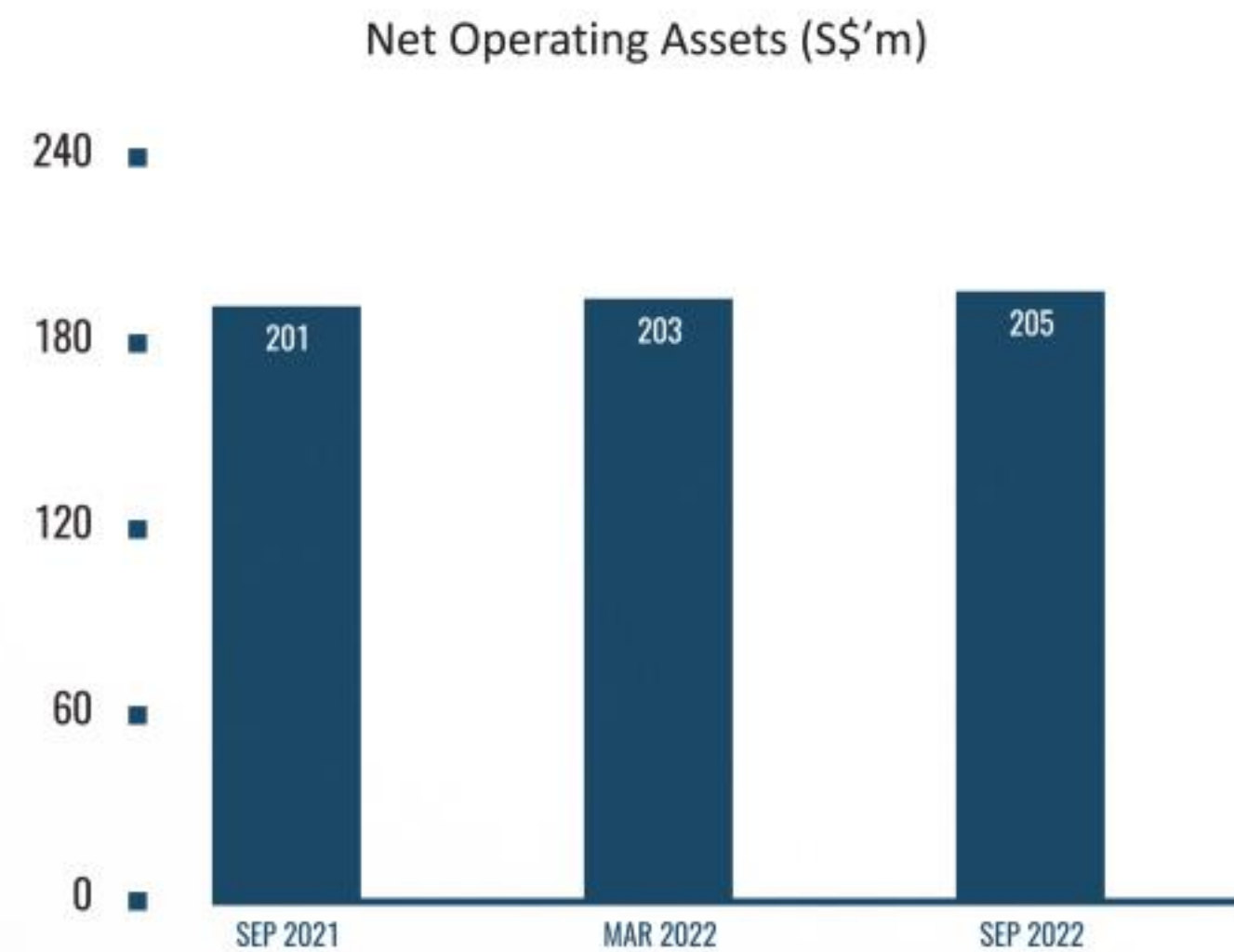
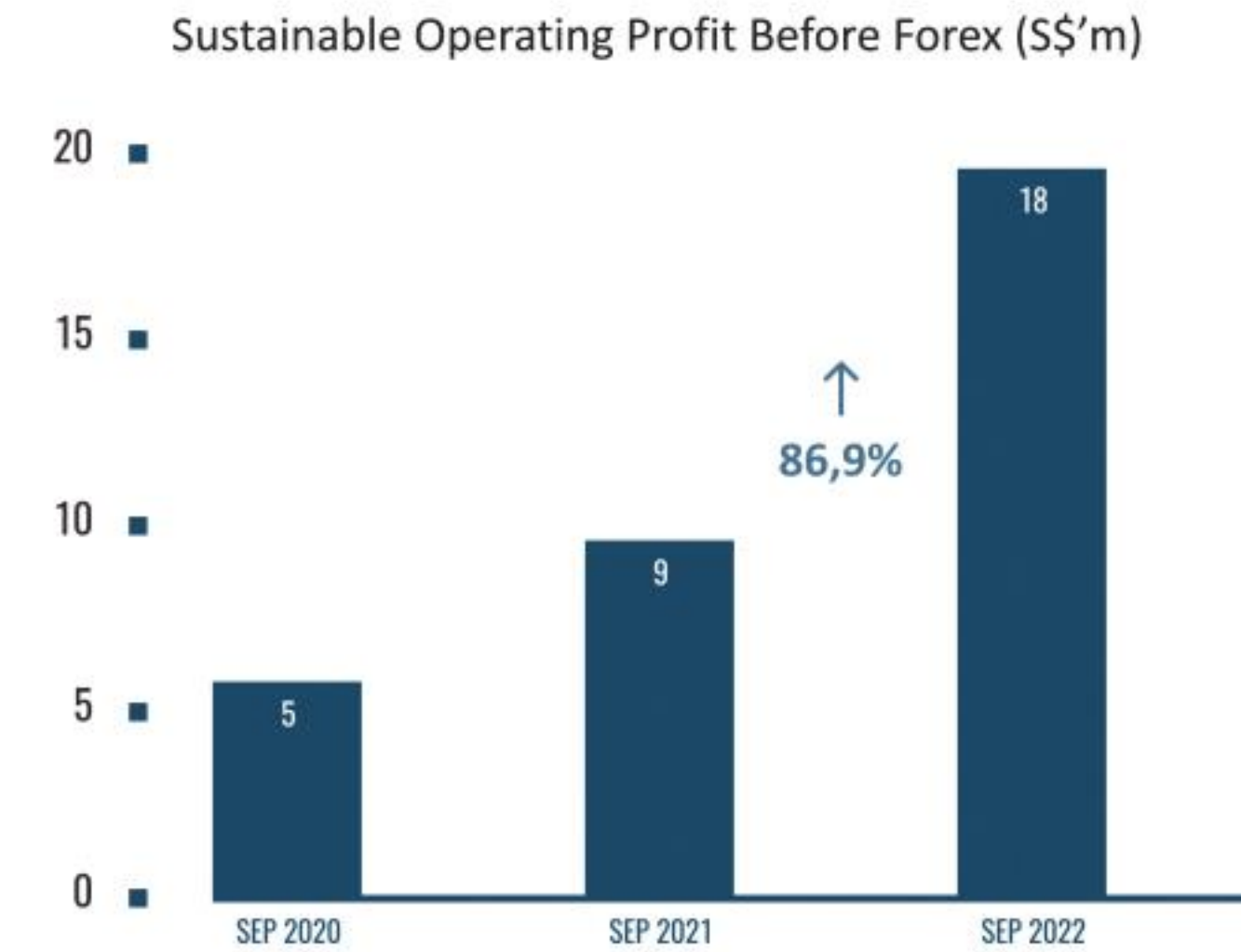
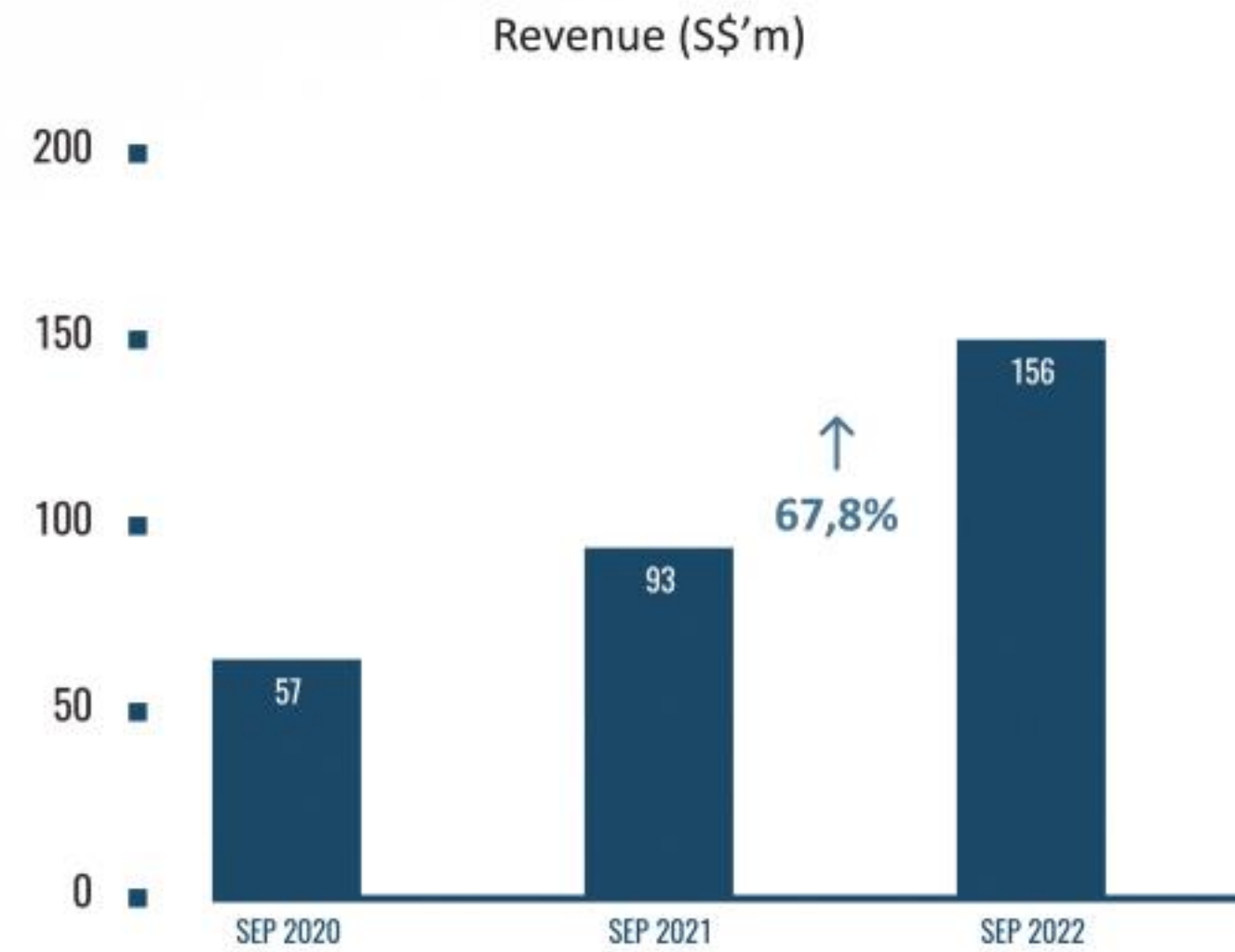
# KIAN ANN GROUP



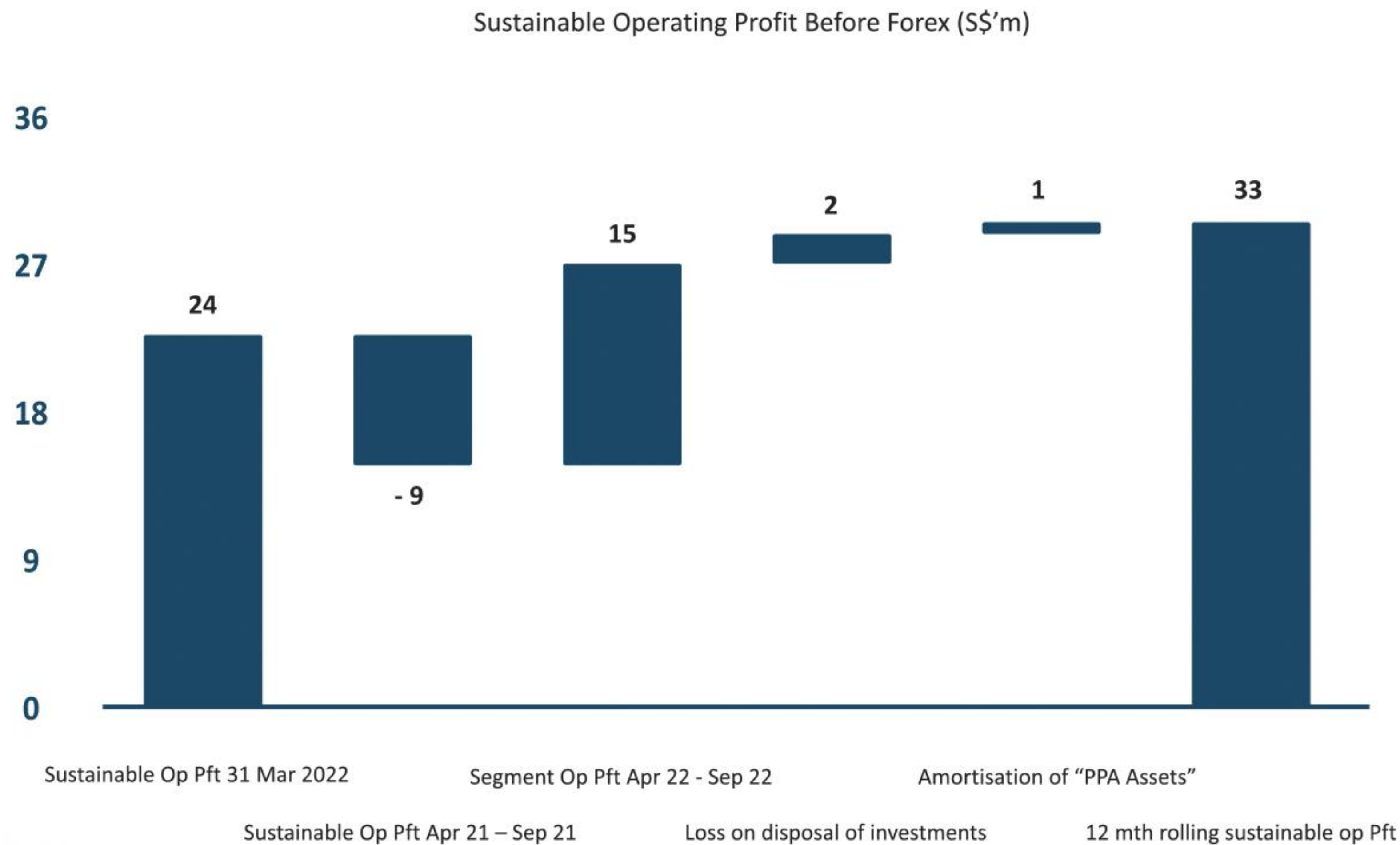
**KIAN ANN ENGINEERING PTE LTD**  
The Trusted Name In Heavy Machinery And Diesel Engine Parts



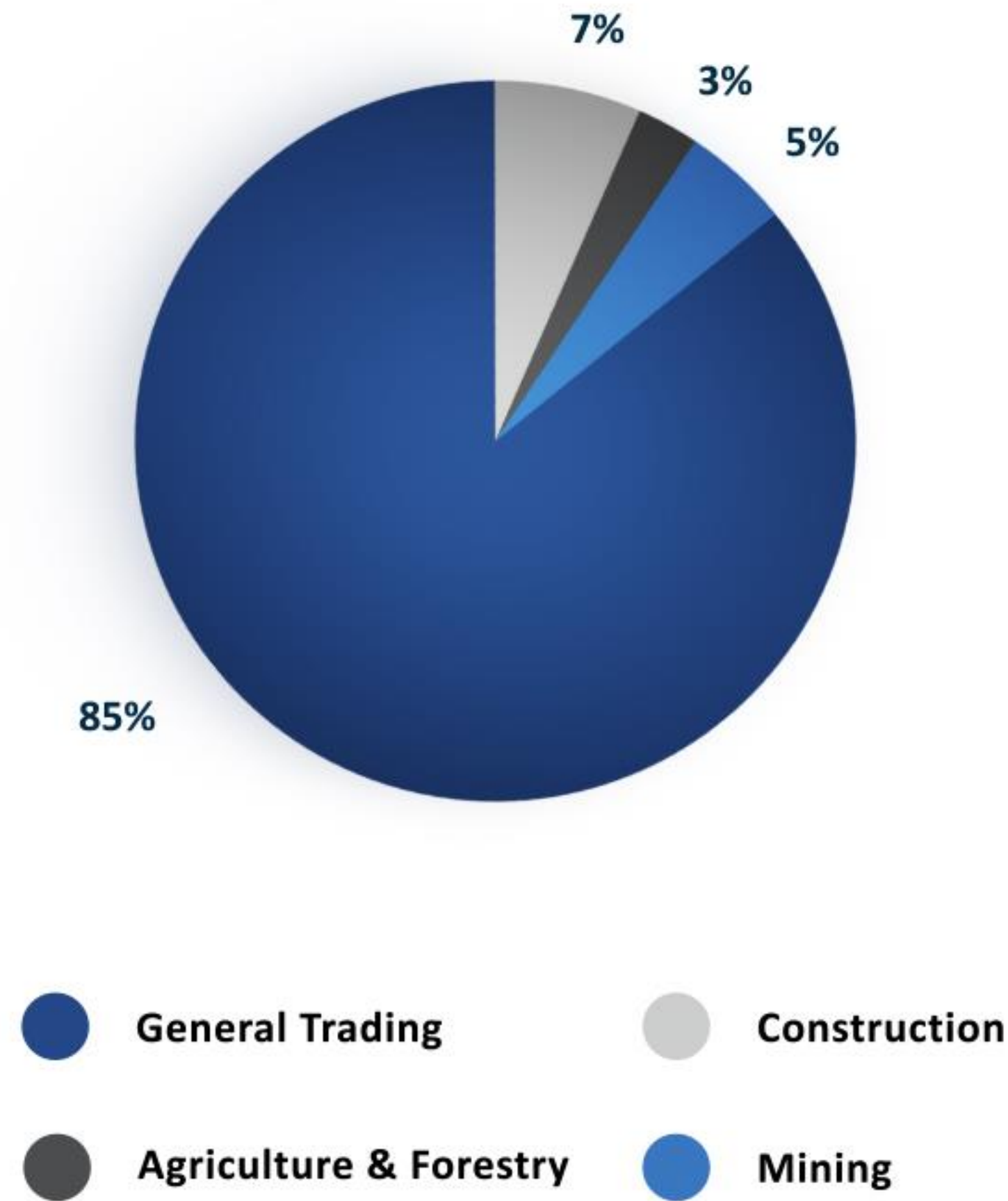
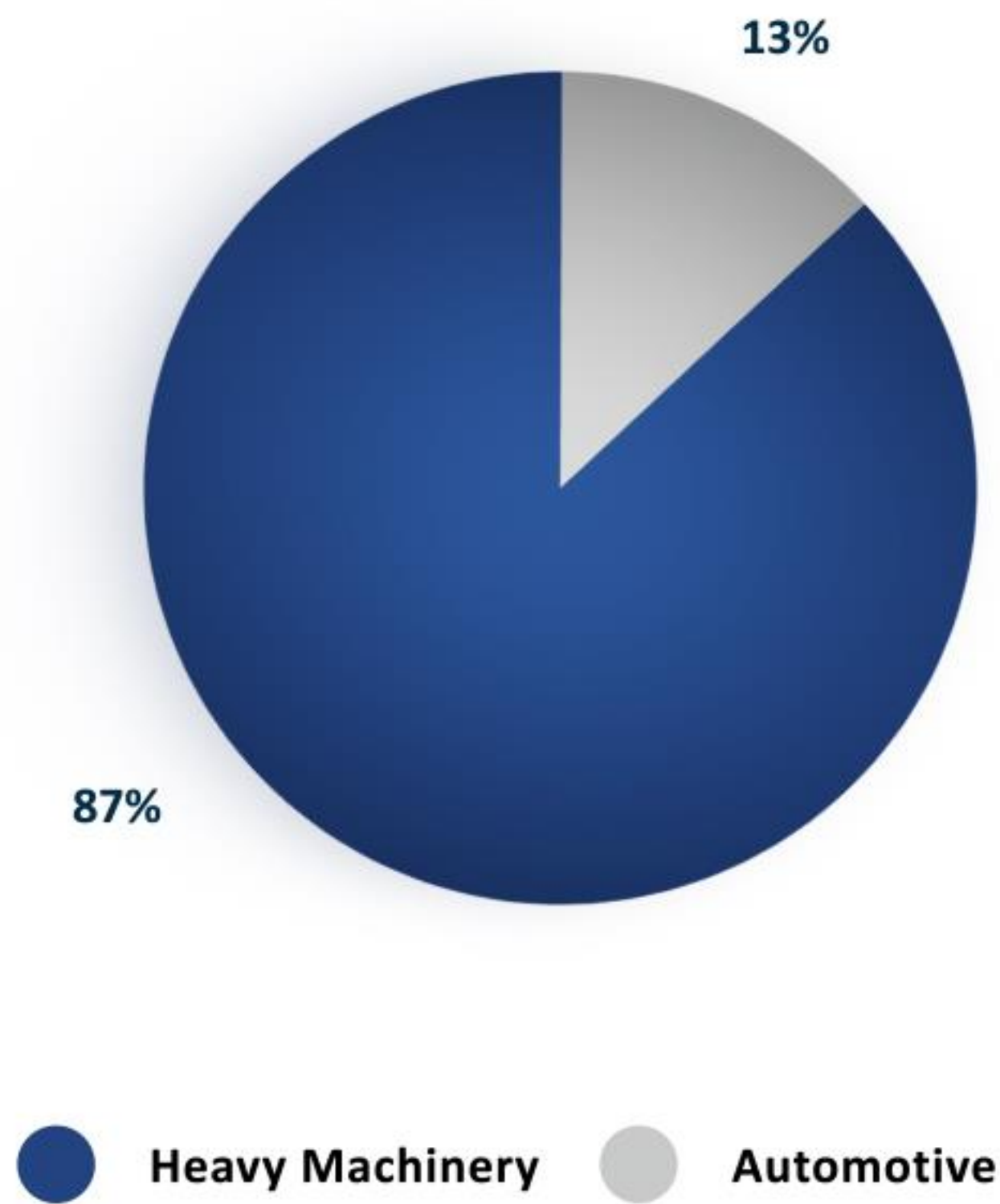
















### Original Kian Ann Group (KAG)

- Expectation that business will be able to maintain its sales margins into the second half of the year.
- With borders re-opening, a key focus for the business will be to penetrate new business areas and reach a wider customer base.

### Kunshan Kensetsu Buhin (KKB)

- Focus on sales drive in the second half of the year.
- Developing new products for customers will strengthen KKB's ability to reach more diversified customers.

### MIH Group

- Expectation that the USA distribution operation will maintain its strong performance for the rest of the year.
- Key for the USA will be stock availability, as well as finding new catalysts to boost its expansion capability.



Next

RPI

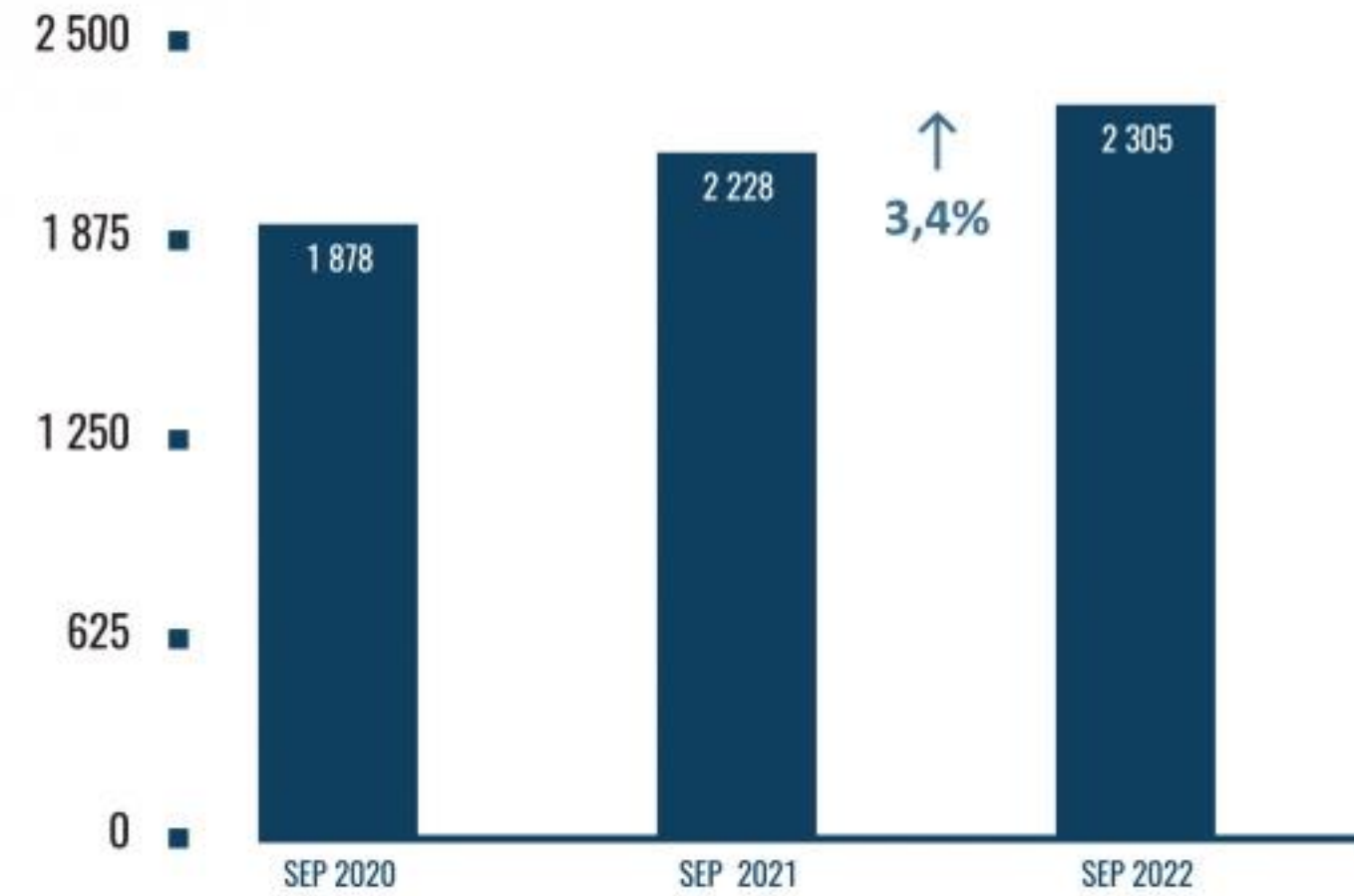




# Results Summary



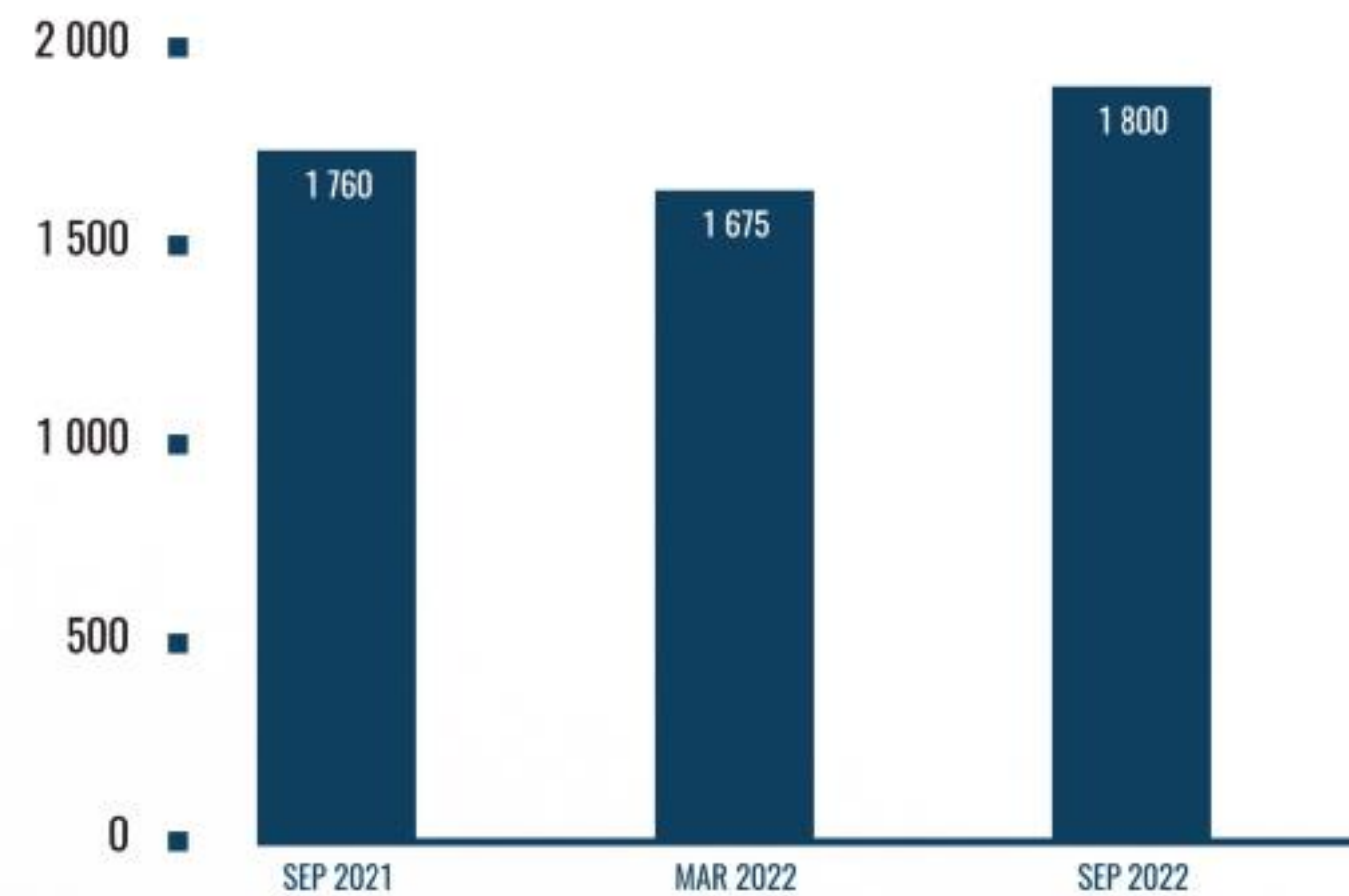
Revenue (R'm)



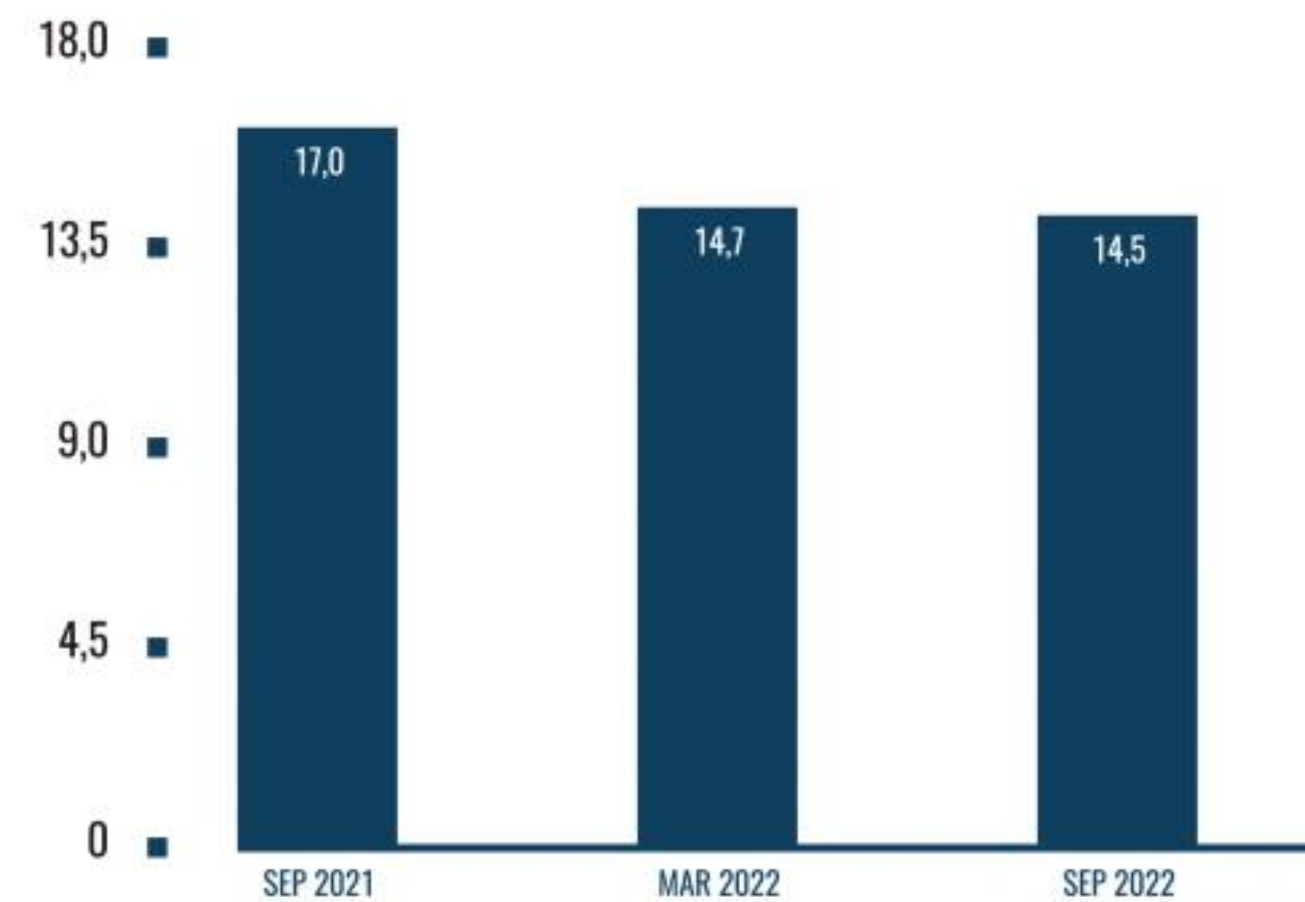
Sustainable Operating Profit Before Forex (R'm)



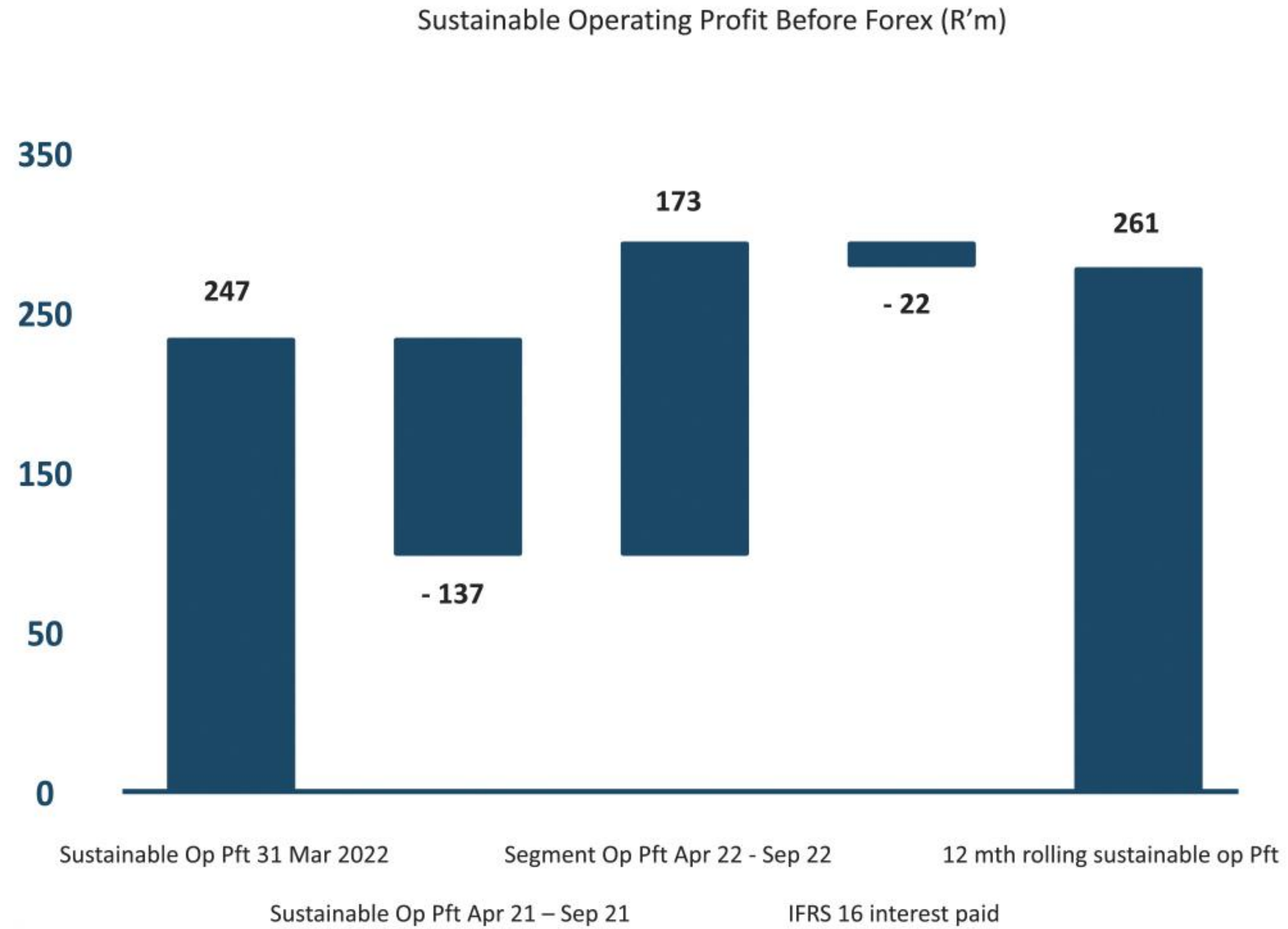
Net Operating Assets (R'm)



Return on Net Operating Assets (%)  
Calculated using 12 month rolling sustainable operating profit

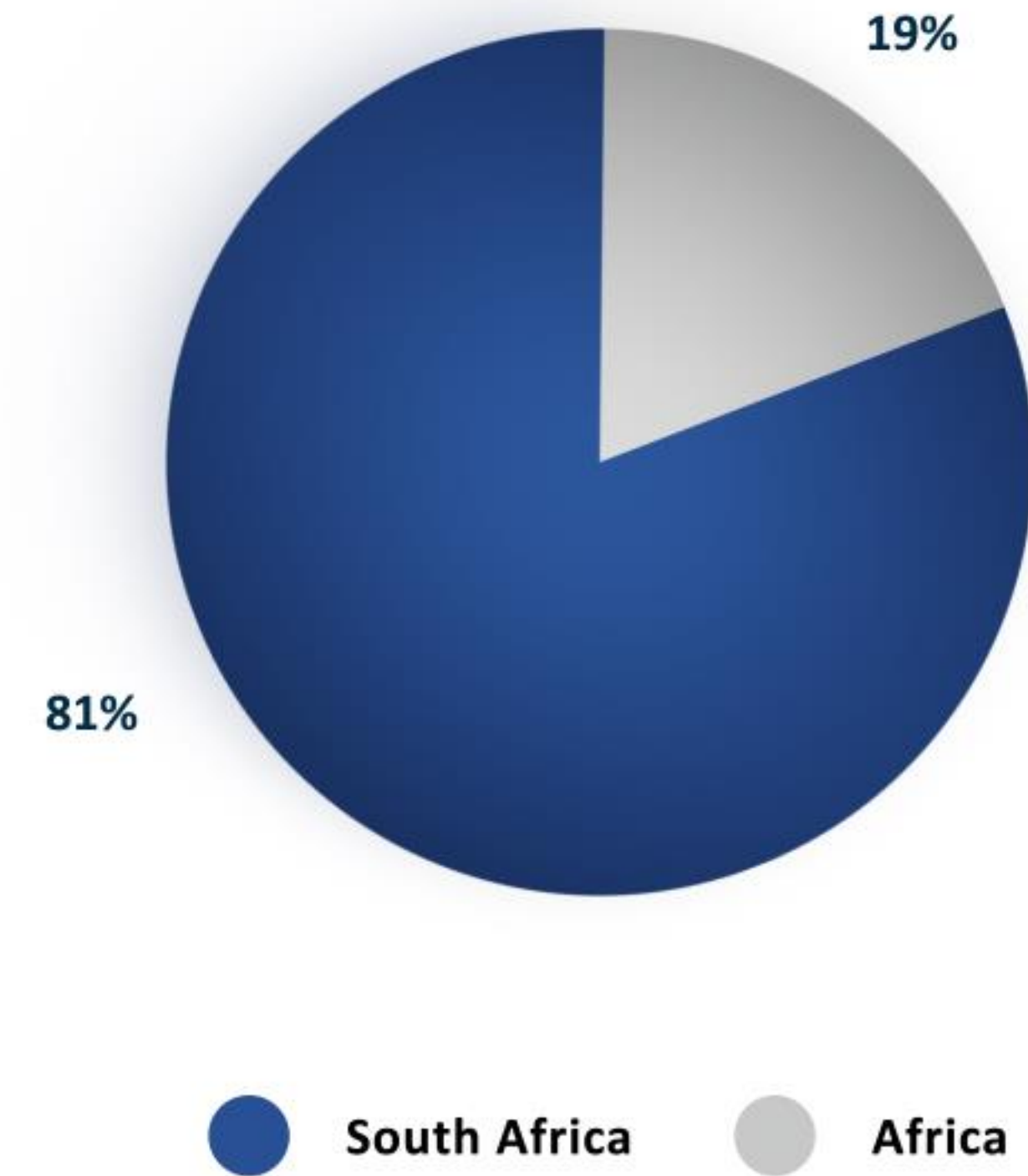
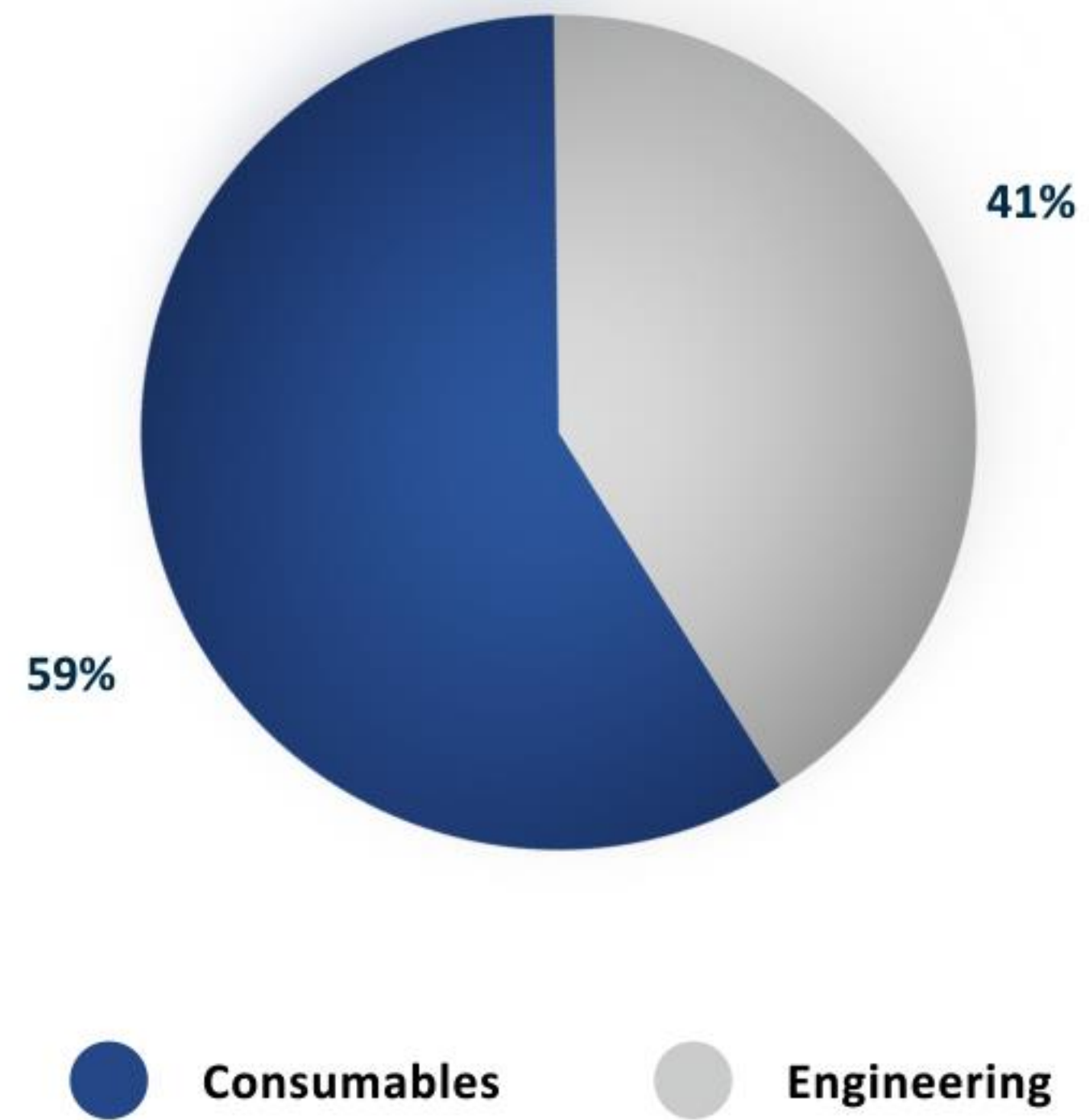






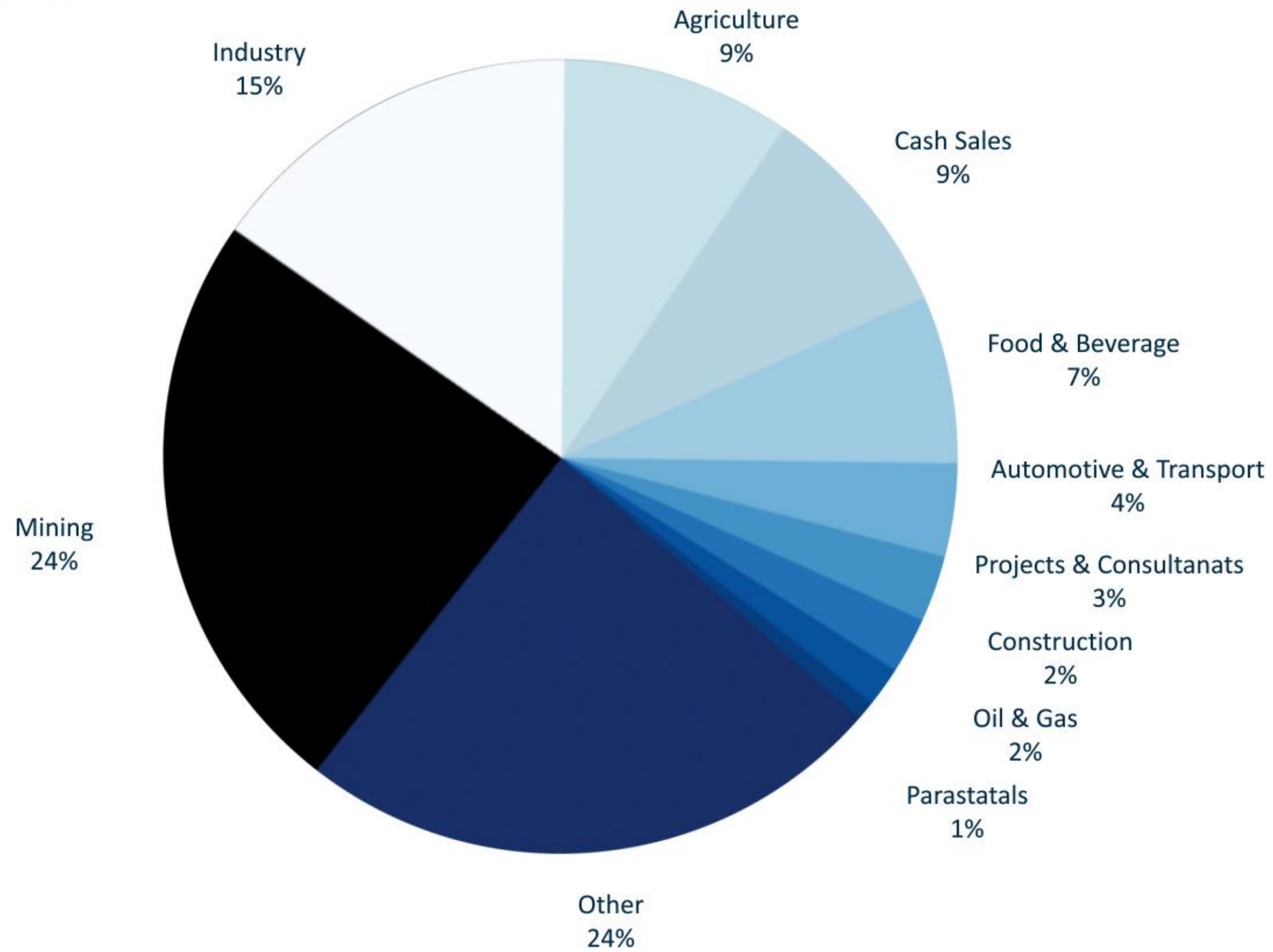


## Revenue Contribution





## Revenue Contribution By Sector







RPI

## Business Outlook

- Healthy order book, especially in manufactured items (e.g. gearboxes), will provide robust recoveries for engineering facilities.
- Territorial expansion planned in the far east region after the successful establishment of business in China.
- Further growth is expected through localised B-BBEE partner businesses (AME's) in areas where localisation is a procurement requirement.
- Continued drive of online store offering in the second half of the year further complimenting wide branch network.
- New product ranges are still on the horizon for the new year with focus on the food & beverage and renewables sectors.
- Strong pricing disciplines are ongoing to offset the increased costs across the supply chain.



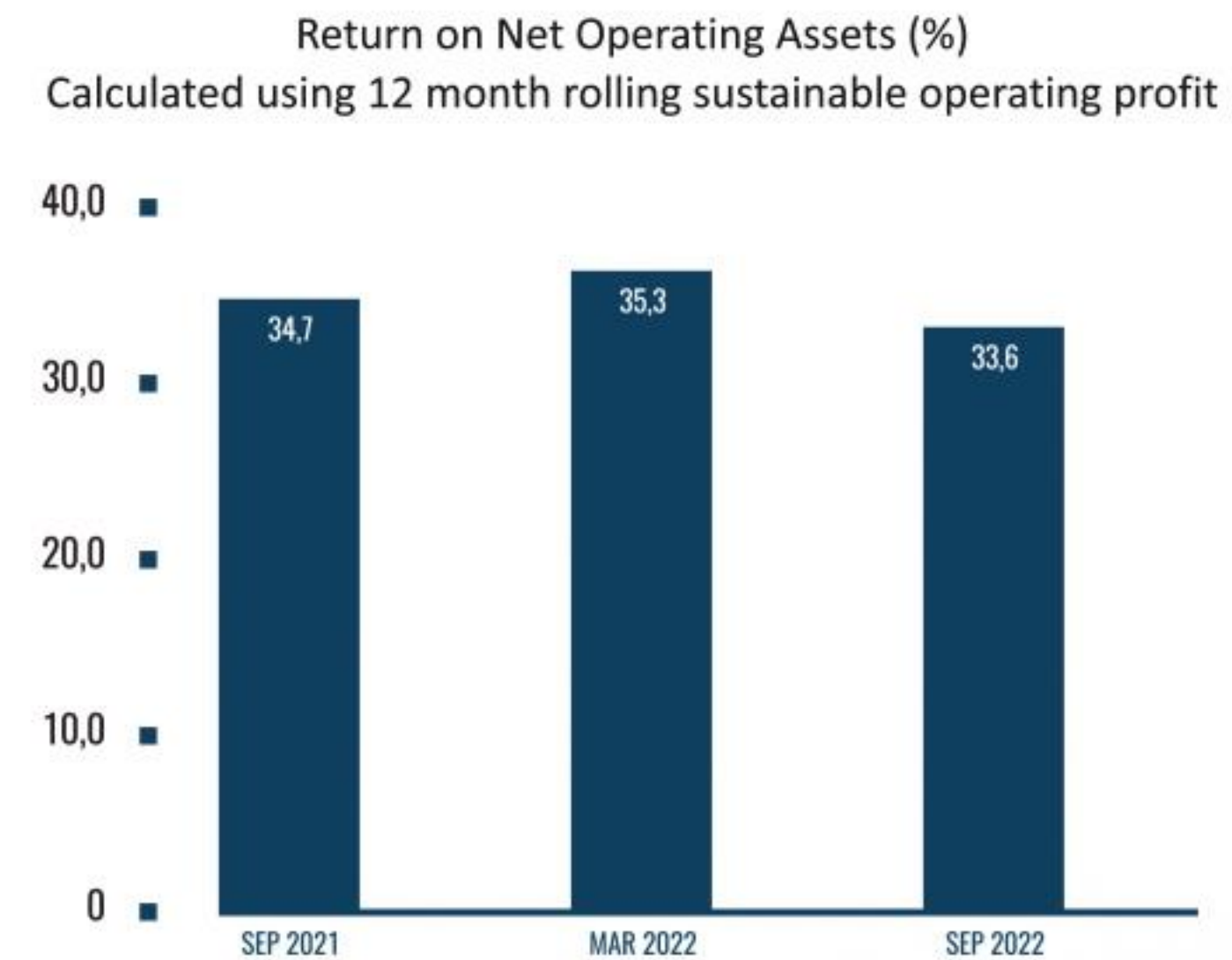
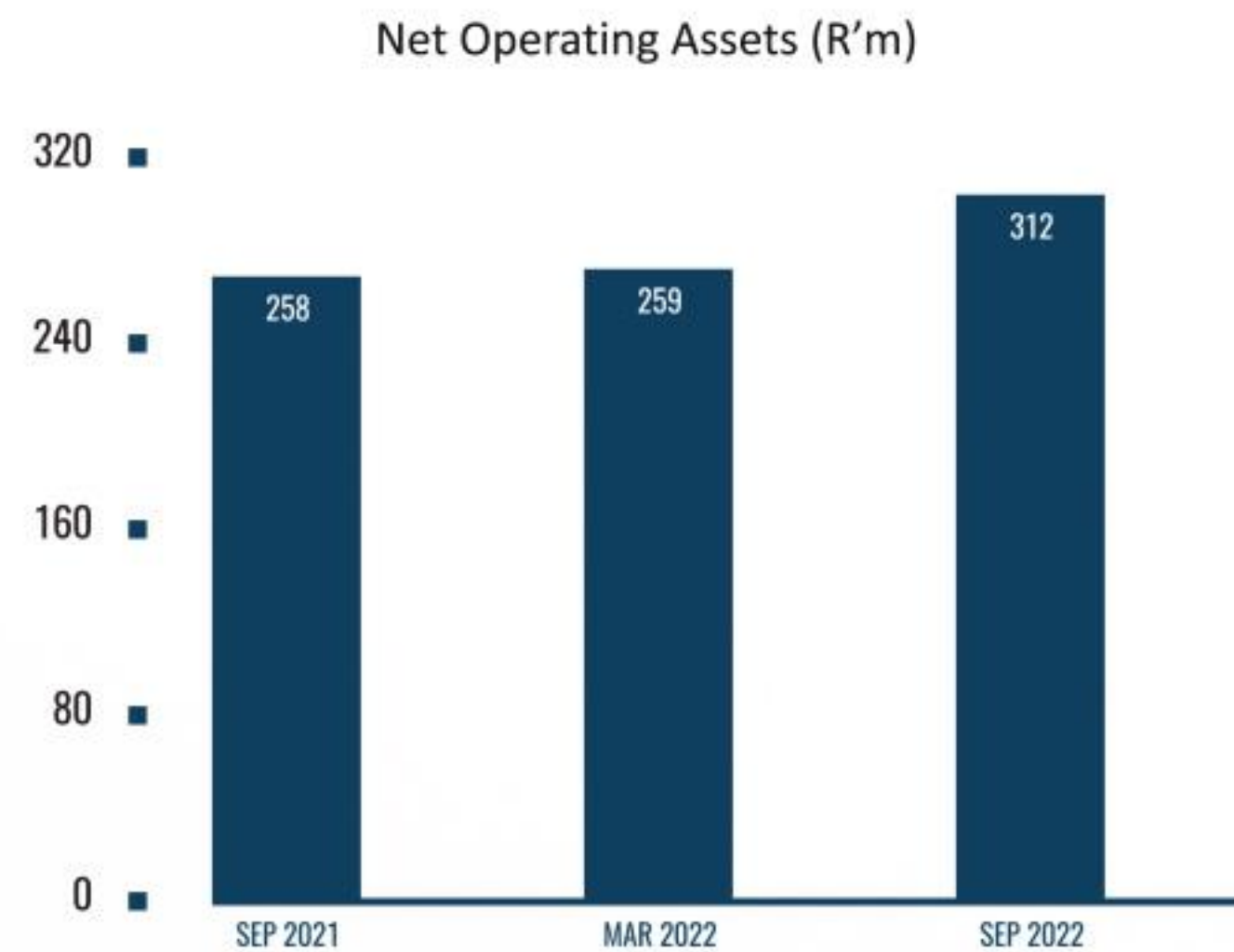
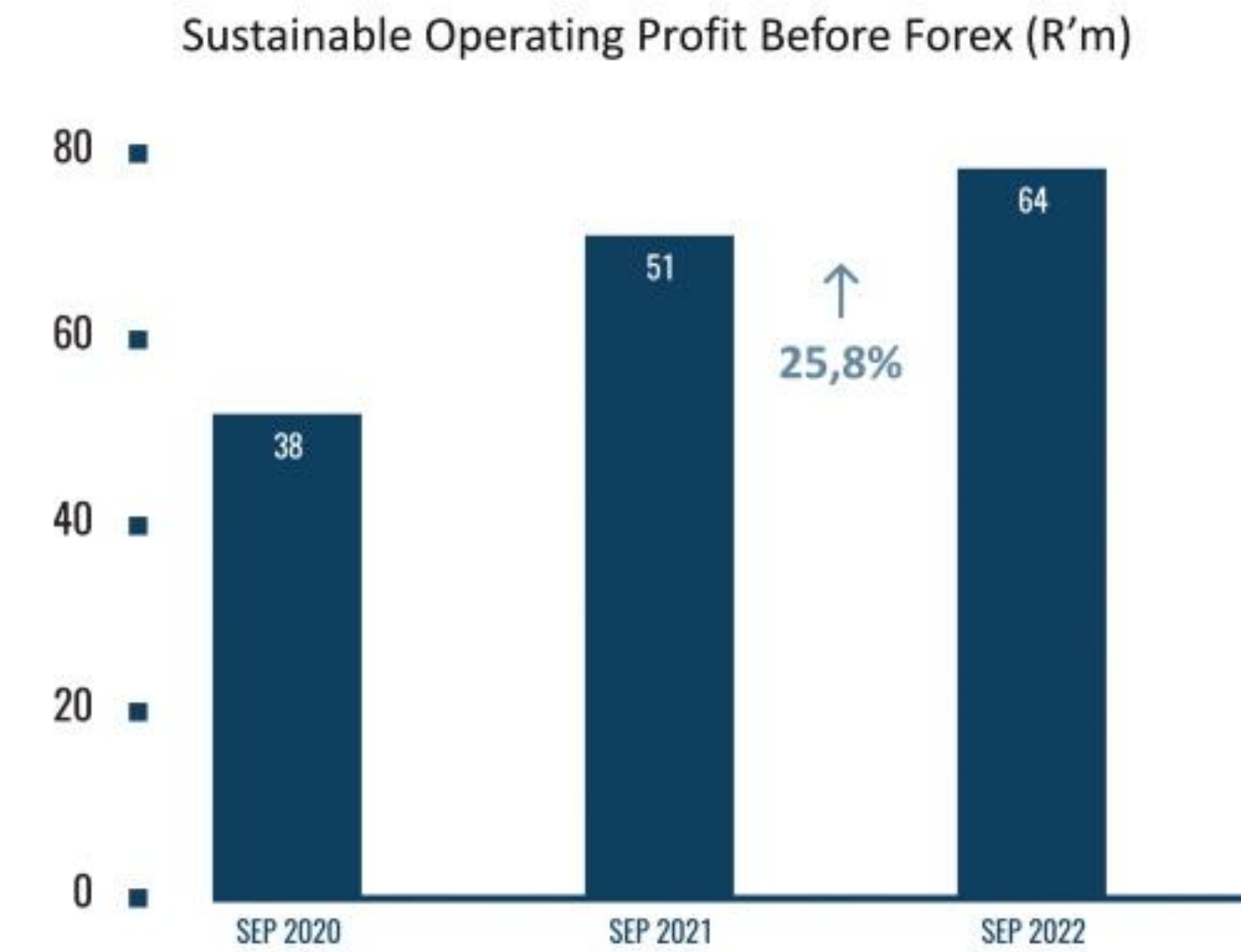
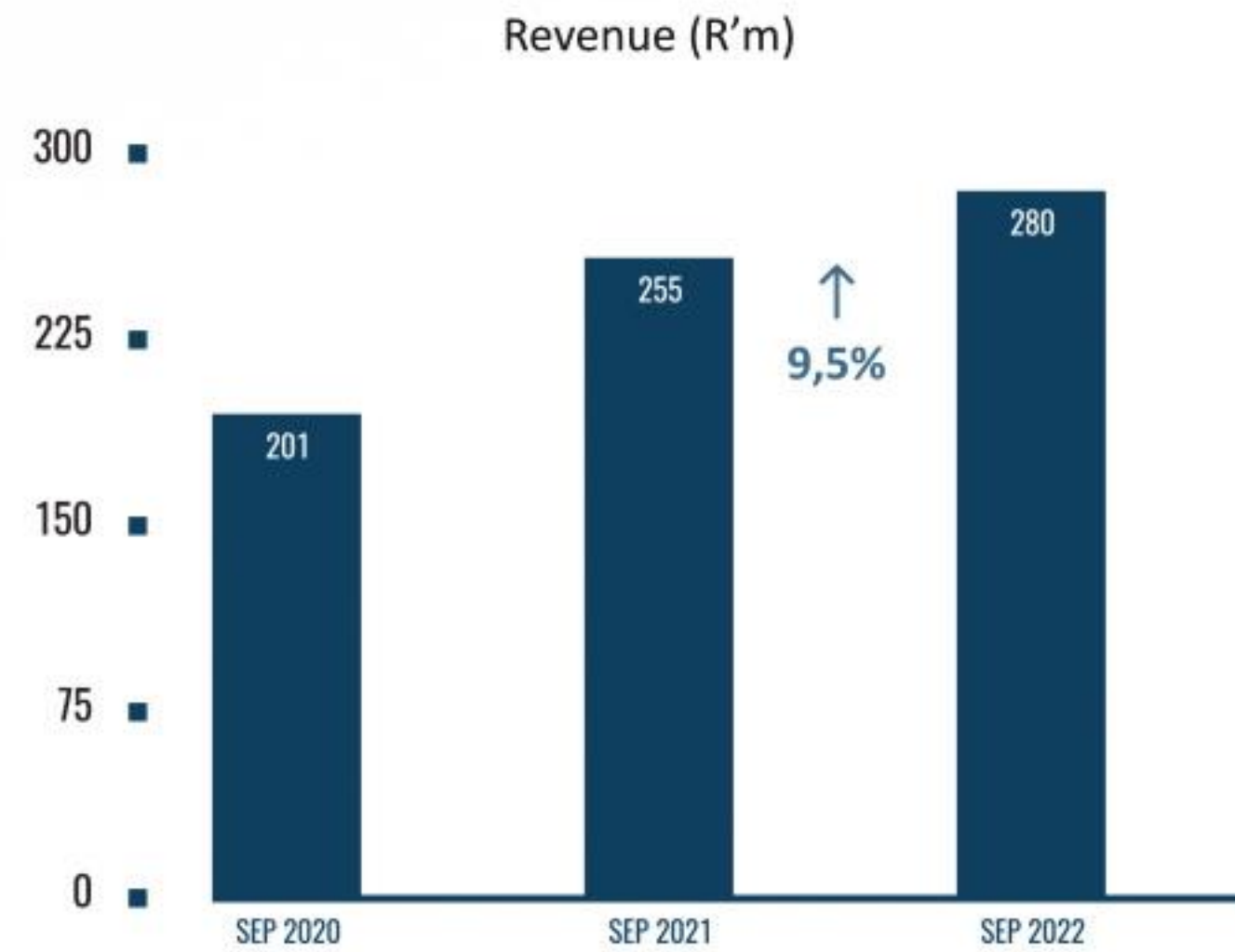
Next

RPA

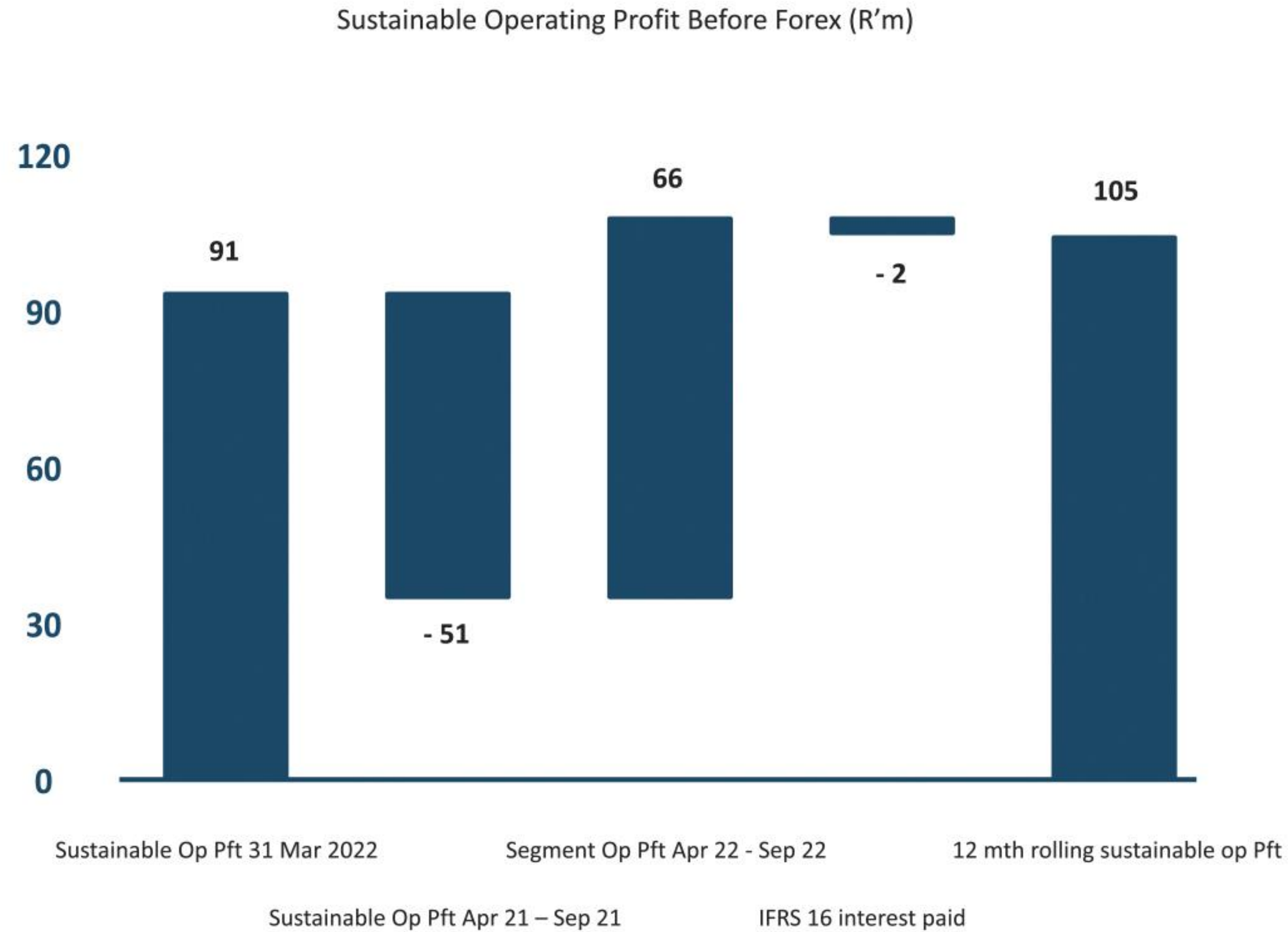




## Results Summary

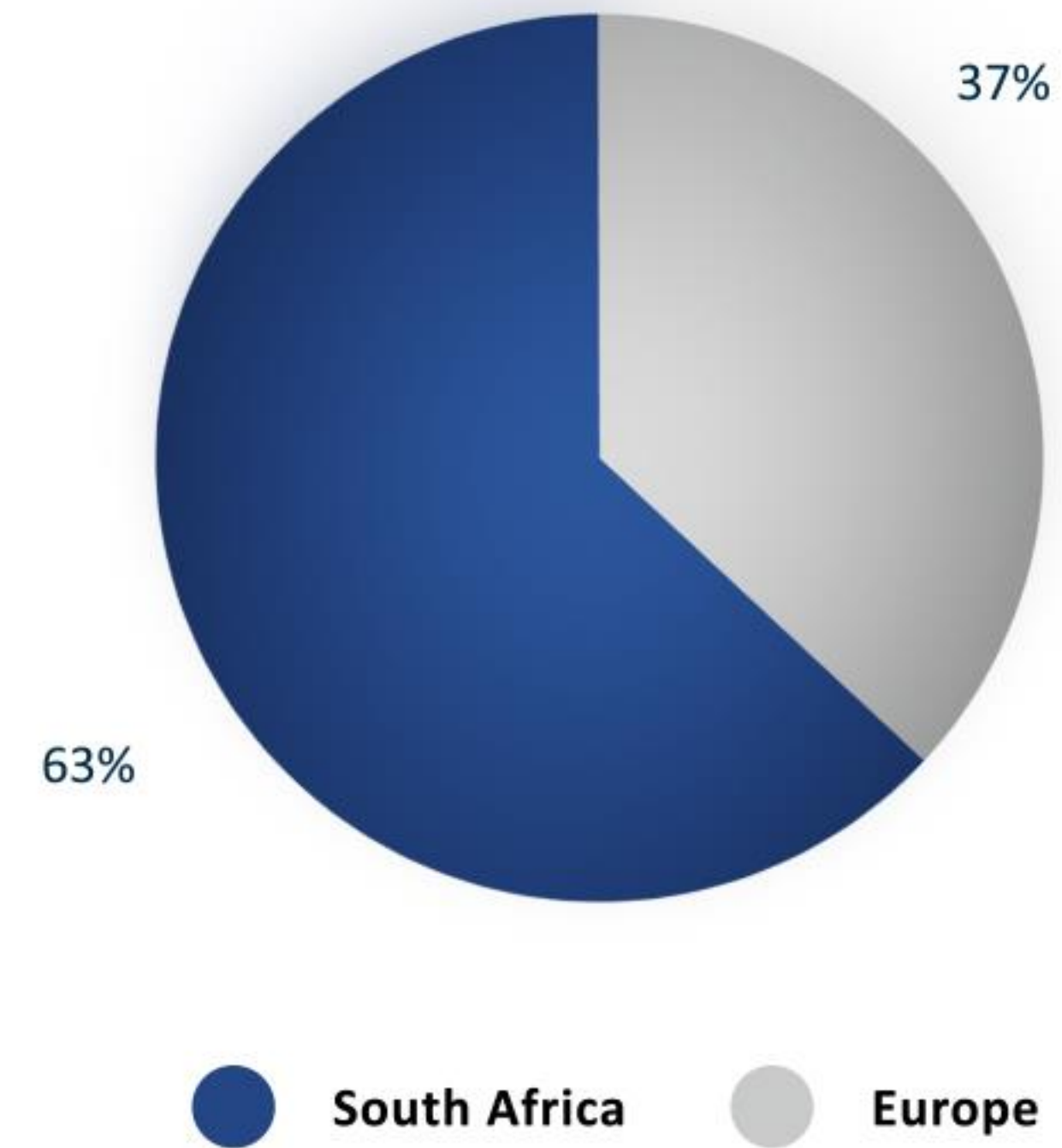
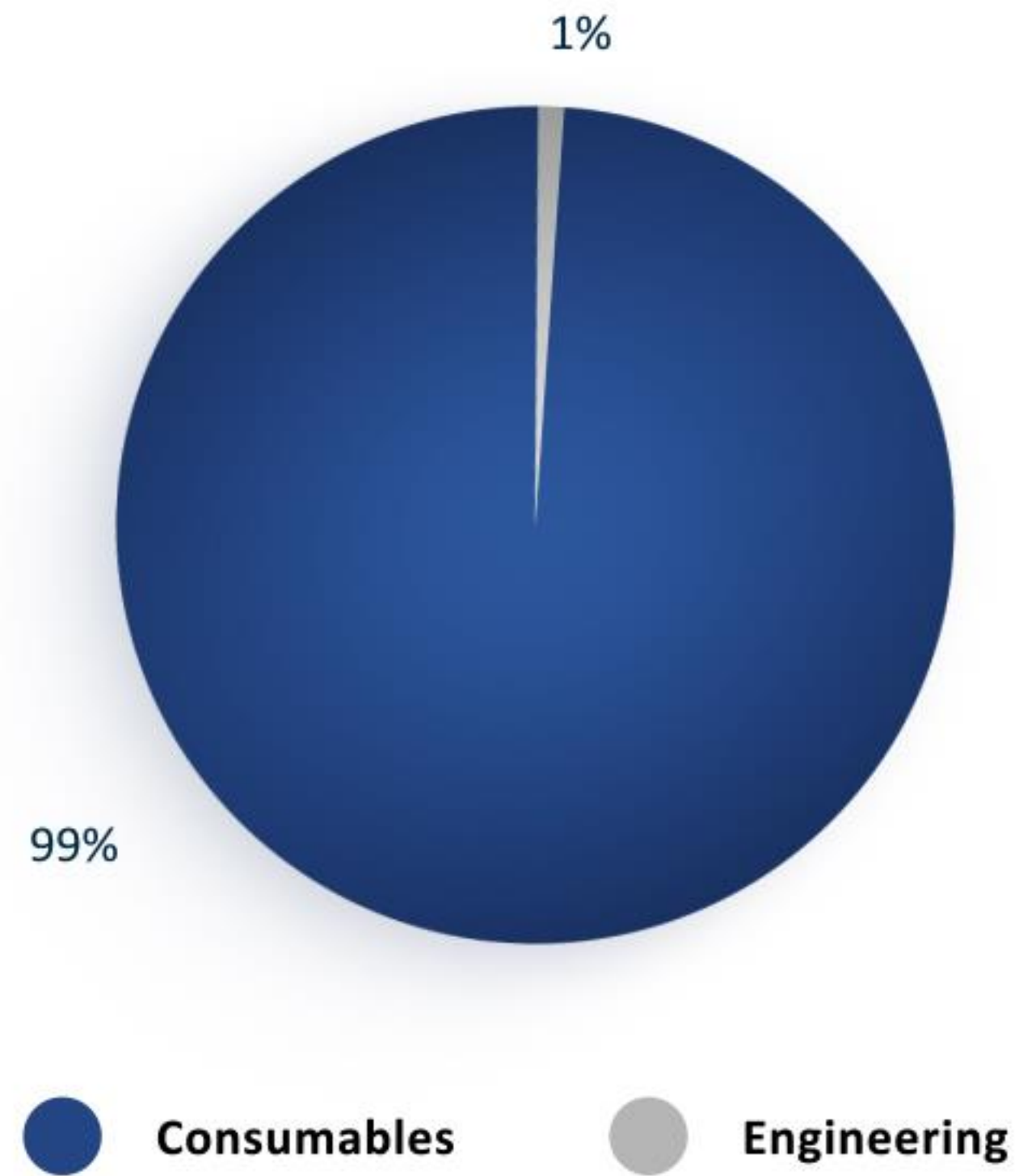






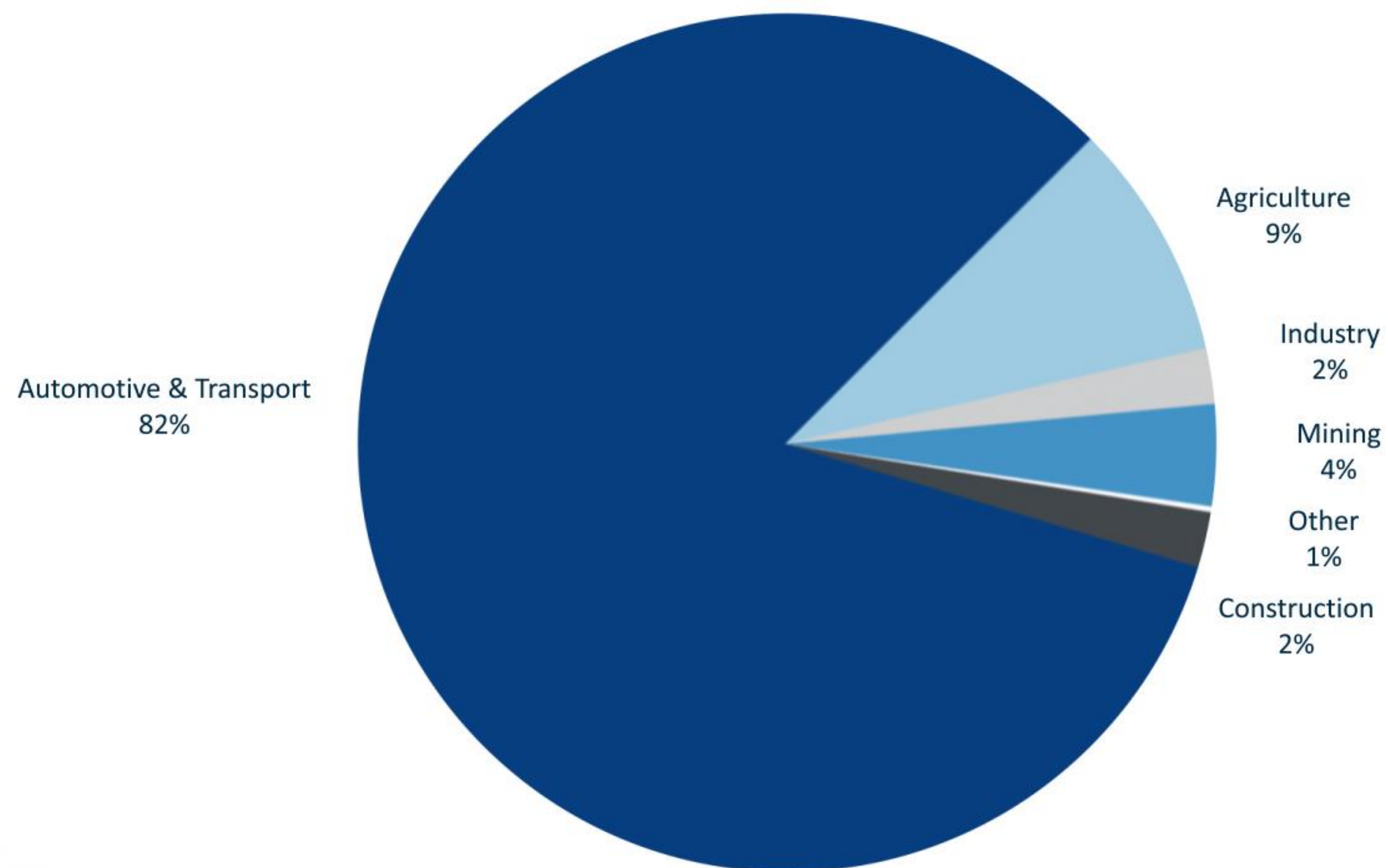


## Revenue Contribution





## Revenue Contribution By Sector







RPA

## Business Outlook

- Restructure of the RPA business in South Africa was completed in October 2021 and is bearing fruit with cross-selling to existing customer base.
- Consensus is that the local automotive market is seeing signs of stress and we expect this trend to continue for the medium term.
- Our agricultural brand, Agriparts Global, continues to expand and recently added the Gates Agricultural Belt range to the offering.
- Market remains a competitive environment in which to operate.
- Maintained strong inventory levels and are well poised to support customer base.



Next

CE

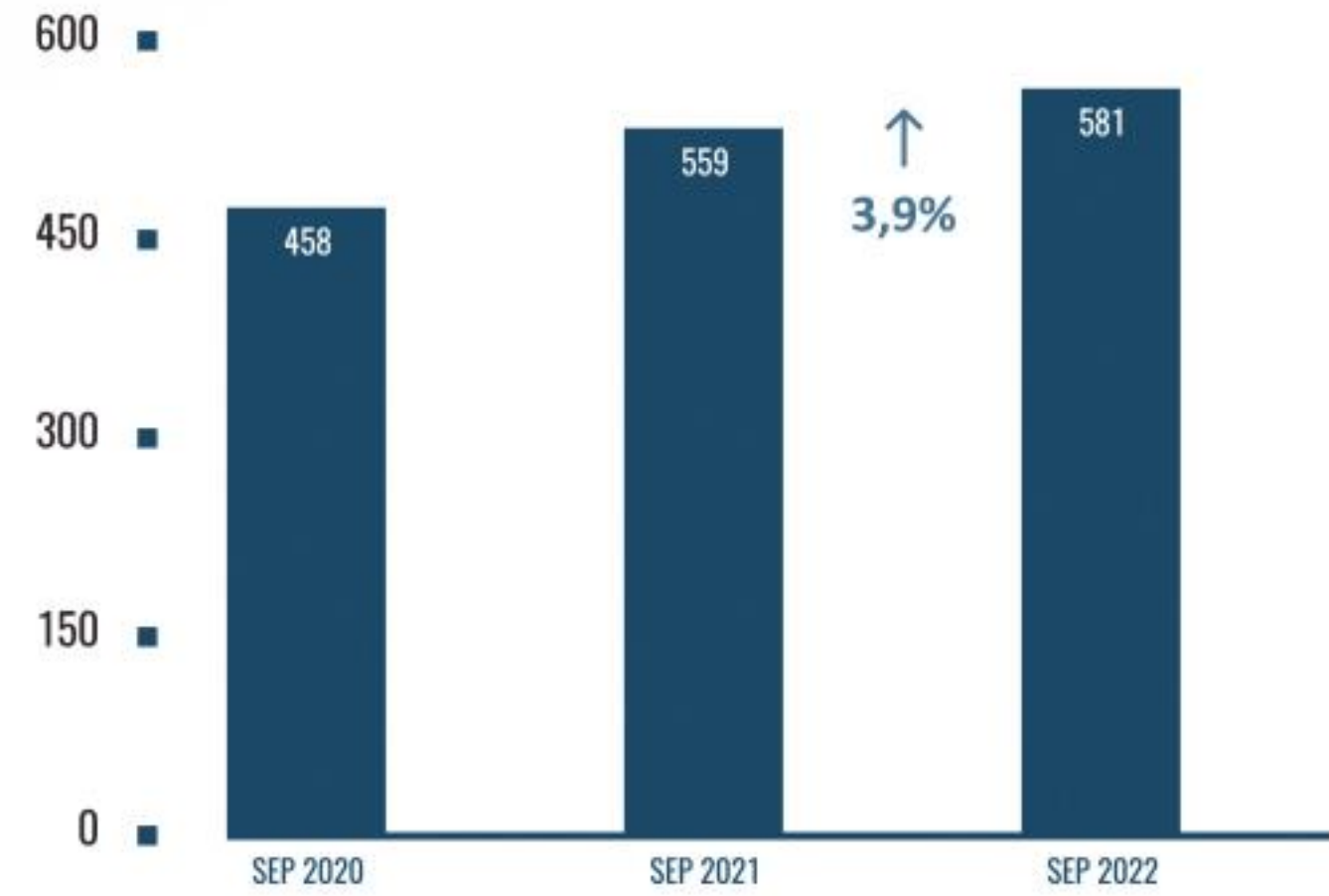




# Results Summary



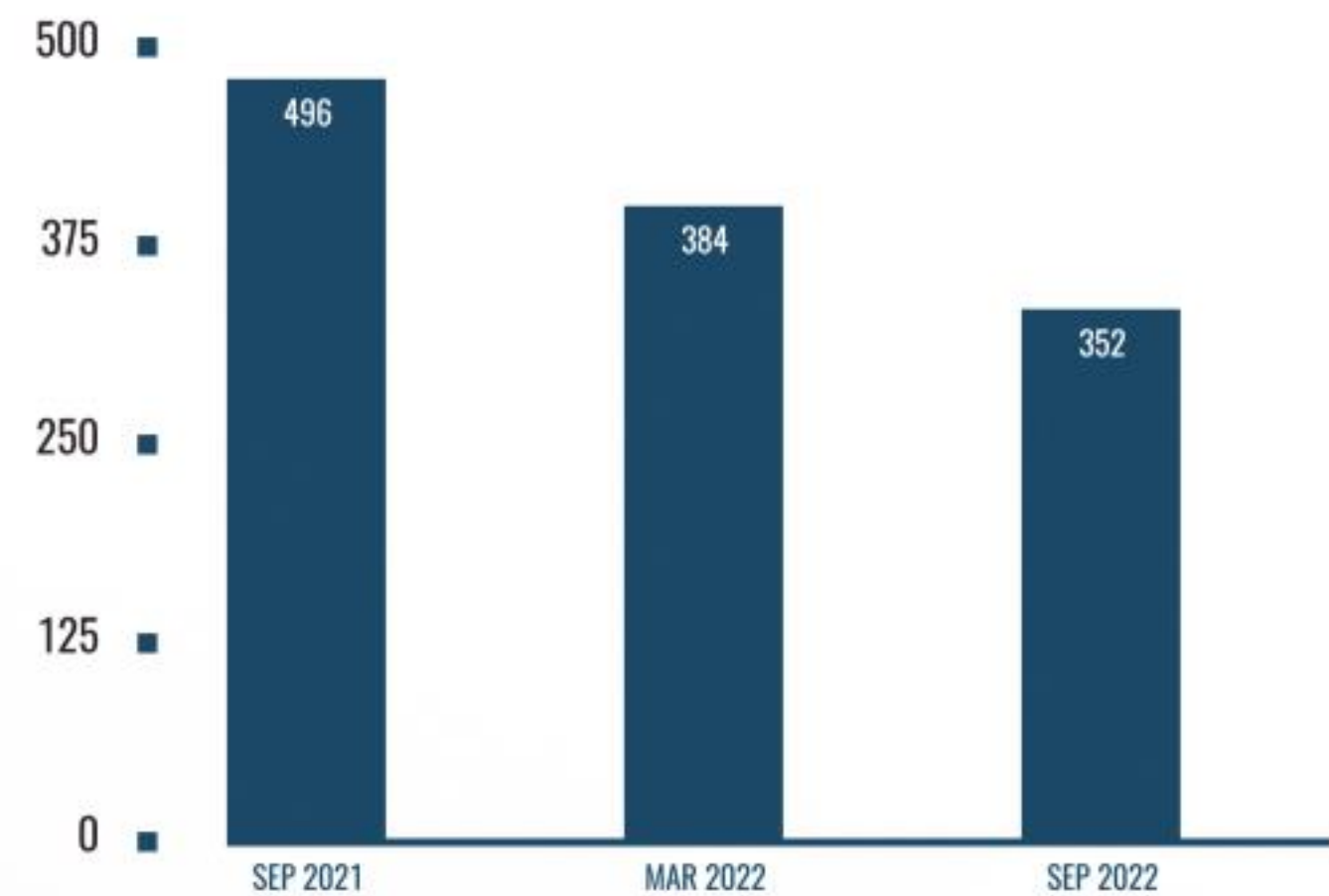
Revenue (R'm)



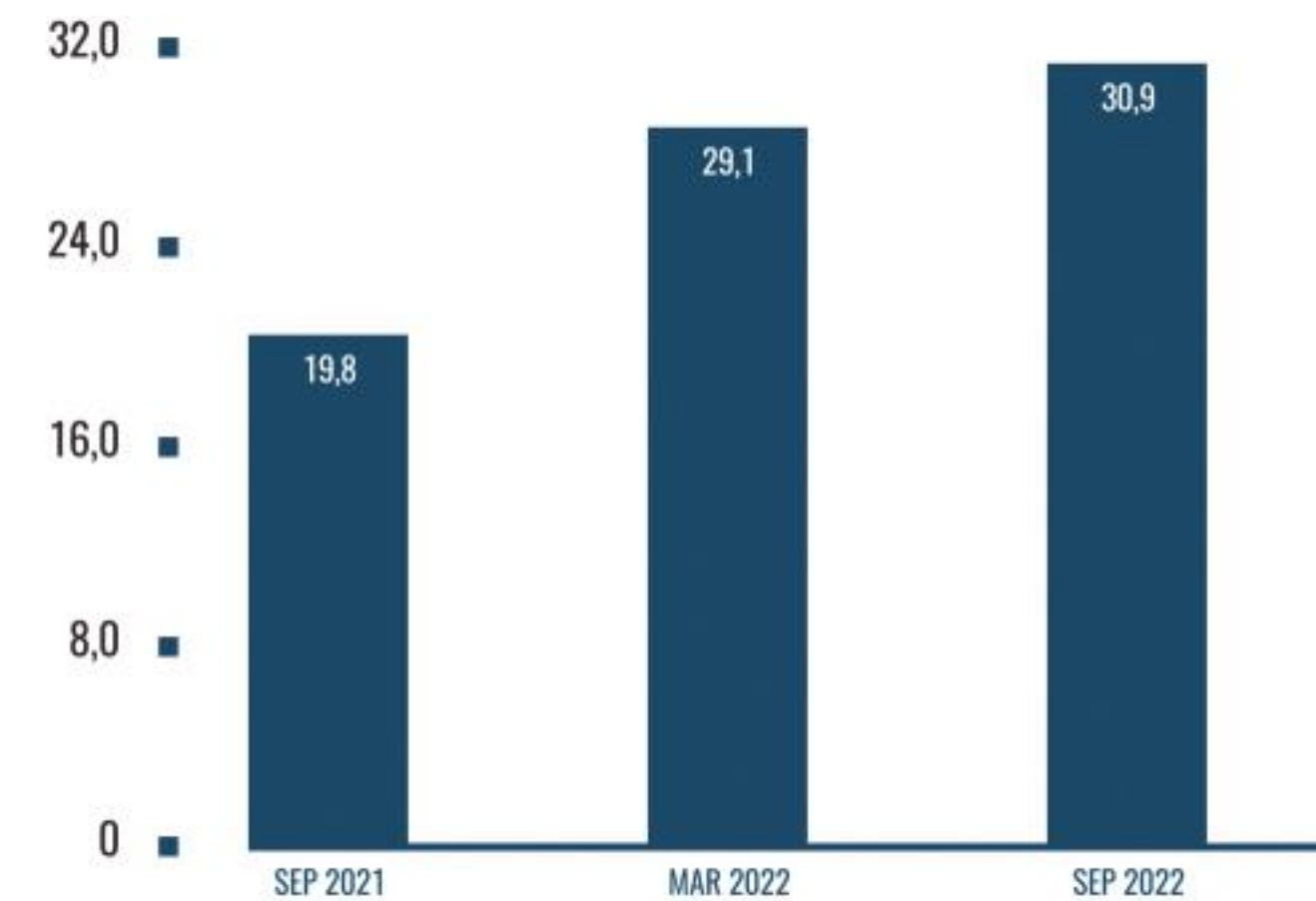
Sustainable Operating Profit Before Forex (R'm)



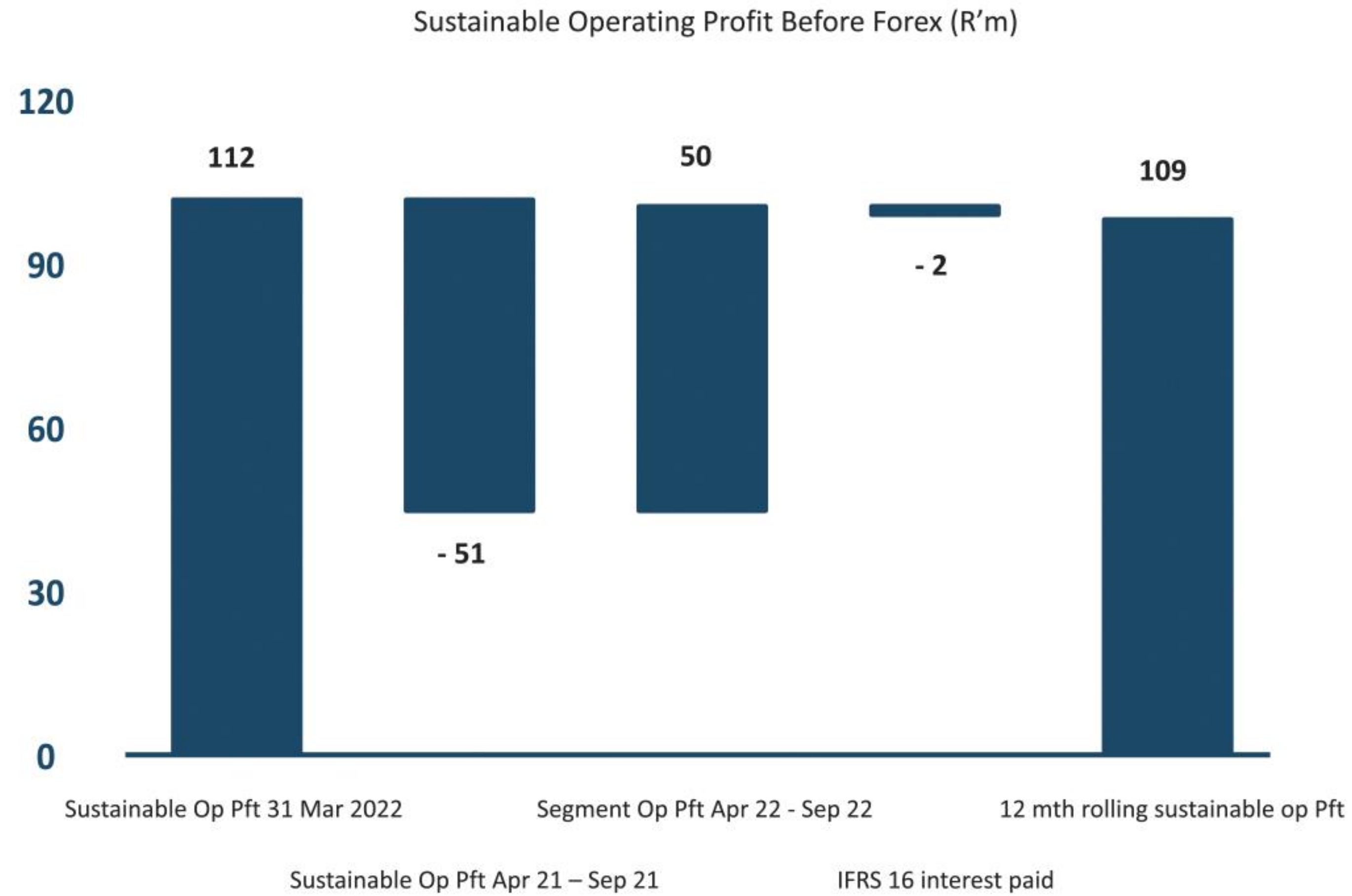
Net Operating Assets (R'm)



Return on Net Operating Assets (%)  
Calculated using 12 month rolling sustainable operating profit

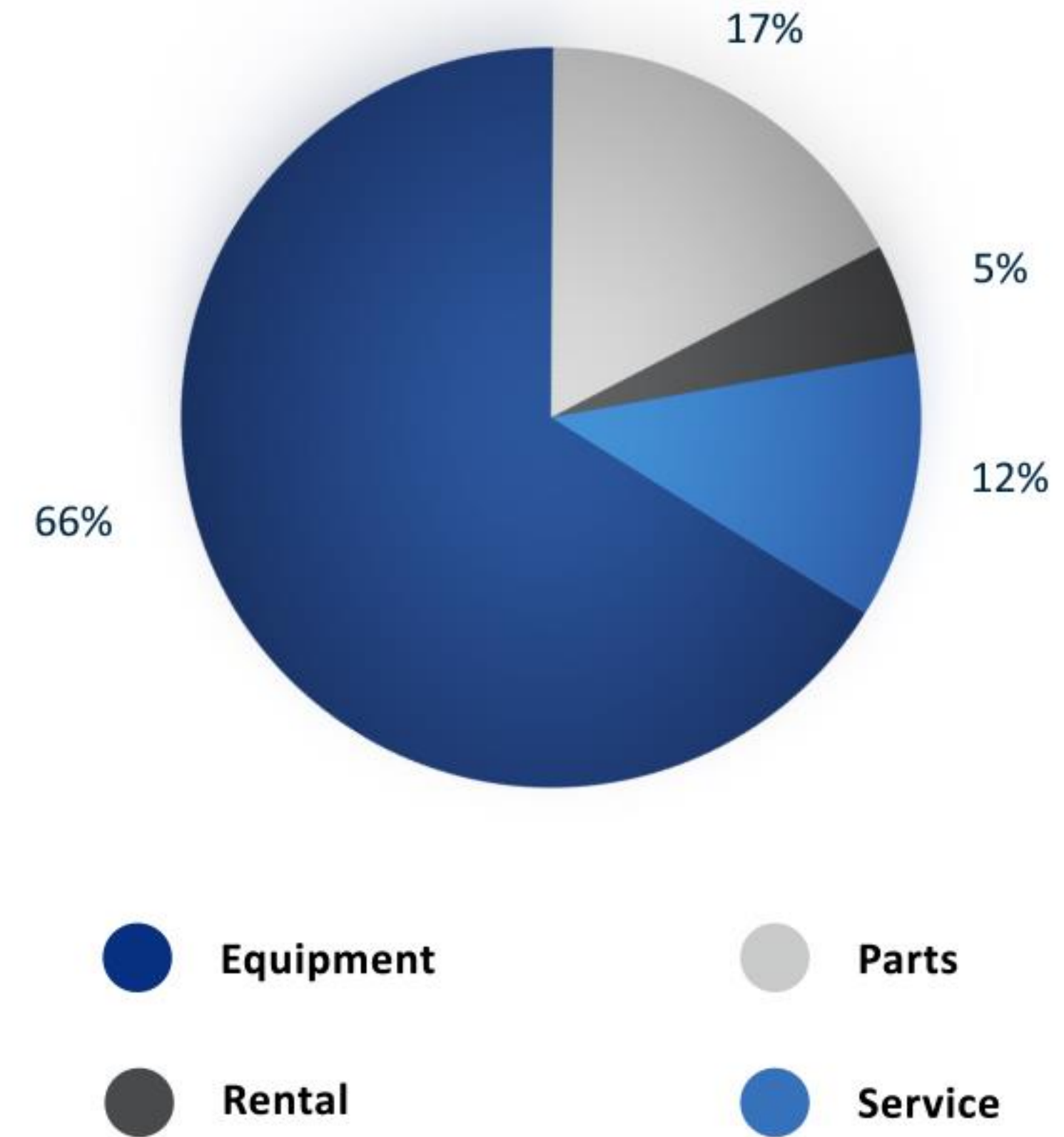
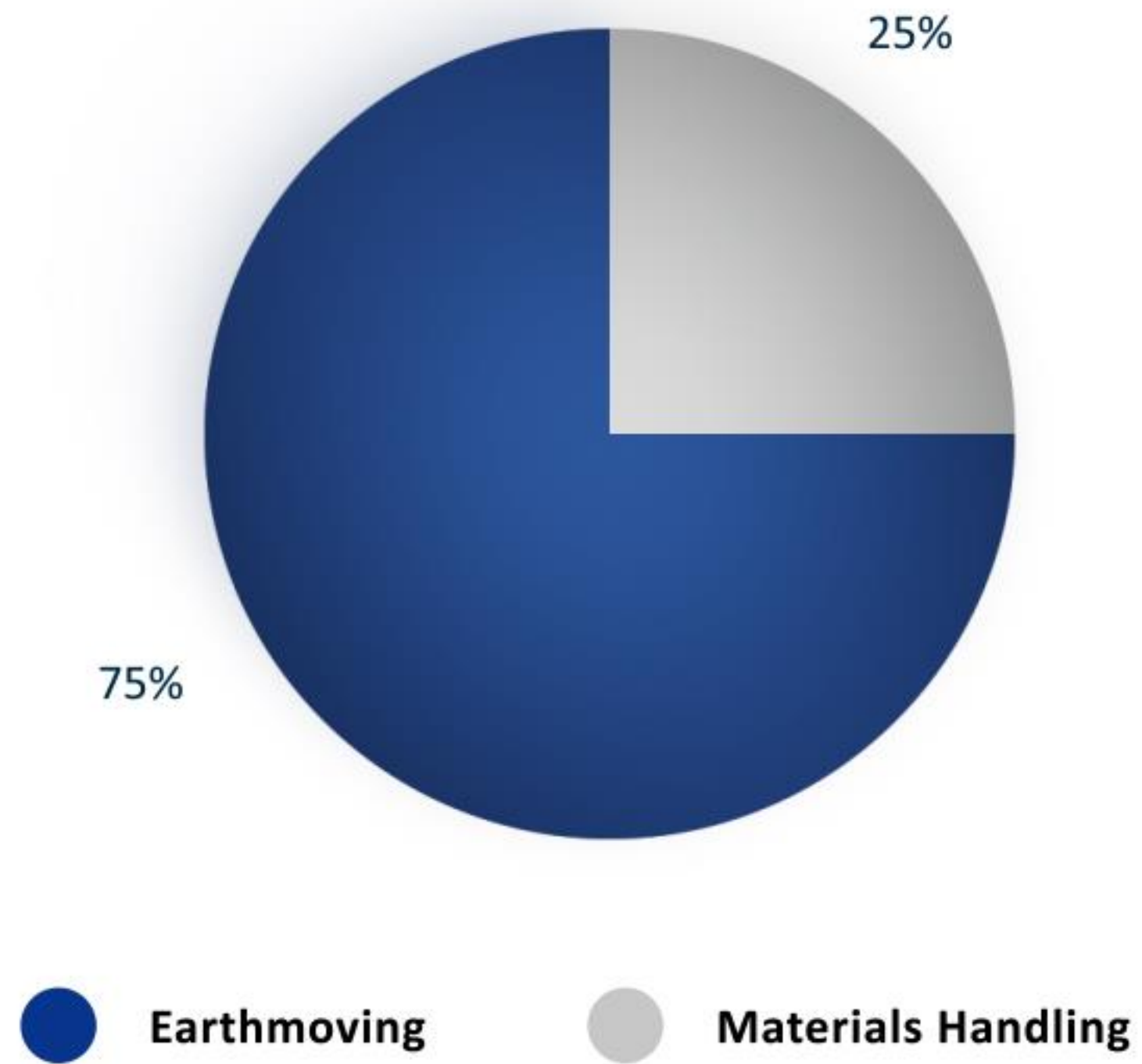








## Revenue Contribution





## Business Outlook



- Unit demand in construction has remained flat with only loaders and ADT's showing signs of recovery.
- Working capital management remains key to success.
- Future markets unpredictable.

### Spare Parts

- Demand for spare parts increasing attributable to machine lives being extended driven by unit price increases and availability of new units.
- The margins remain robust.

### Earthmoving

- Limited local investment in infrastructure development.
- Mining leading the way in demand for big equipment.
- Financing in the sector remains difficult.

### Forklifts (Logistics)

- Market for traditional fuel powered units is subdued.
- Demand for electric units improving.
- Rentals fleet expanding.
- Chinese brands in the market becoming very competitive.



Next

# KEY DEVELOPMENTS AND TRANSACTIONS







## **Continued integration of the KMP operations**

- First time provisions raised
- Staff changes made
- Combining of the CCC agri-parts business into KMP

## **Combined share repurchases of R167 million over the period**

- 4,882,811 (4.7%) of the ordinary shares for R131 million
- 375,000 (5%) of the issued preference shares for R36 million

## **Dartcom R75 million loan**

- Interest on the loan serviced monthly
- Capital due by 31 March 2023



Next

# PROSPECTS AND STRATEGY







# LOOKING FORWARD



**Invicta**  
HOLDINGS LIMITED



Prospects and Strategy  
**Looking Forward**



**Covid  
Restrictions**



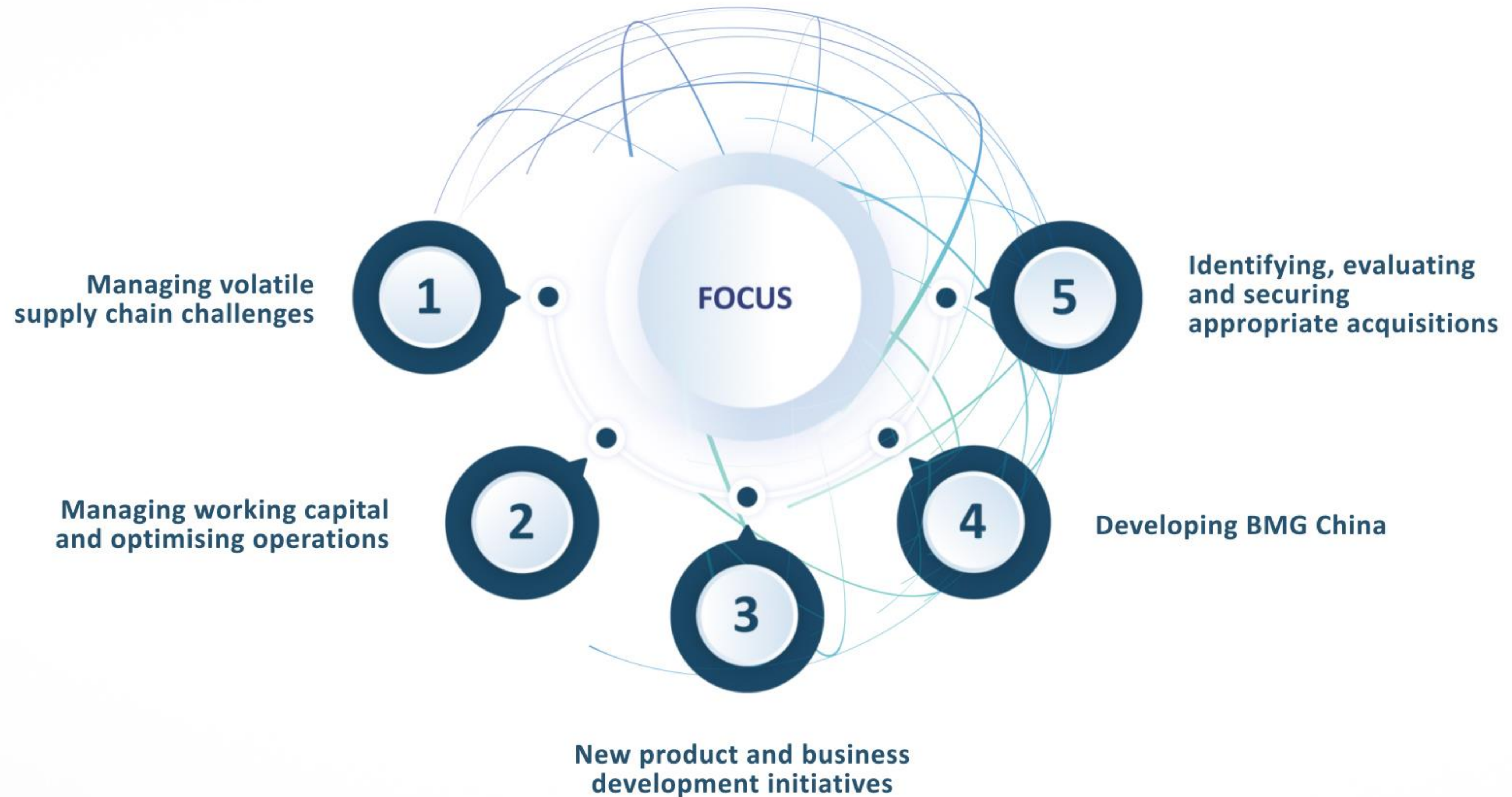
**War in  
Ukraine**



**Pricing &  
Currencies**









**Thank you for your attendance & participation**

**[www.invictaholdings.co.za](http://www.invictaholdings.co.za)**

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