



INTERIM RESULTS PRESENTATION

for the six months ended 30 September 2017

Presented by Arnold Goldstone (Chief Executive Officer)



Agenda

01 THE PERIOD IN PERSPECTIVE

02 DIVISIONAL REVIEW

Capital Equipment Group (CEG)

Engineering Solutions Group (ESG)

03 GROUP FINANCIAL OVERVIEW

04 PROSPECTS AND STRATEGY

05 APPENDIX



THE PERIOD IN PERSPECTIVE



Highlights



REVENUE

2.7%

TO R4.86 BILLION



OPERATING PROFIT BEFORE FOREIGN EXCHANGE MOVEMENTS

3.8%

R426 MILLION



EARNINGS PER SHARE FROM CONTINUING OPERATIONS

0%

242 CENTS
CONSISTENT DIVIDEND COVER

Highlights (continued)

PROFIT BEFORE TAXATION

↑ **8.7%**
R399 MILLION

NAV PER SHARE

↑ **8.0%**
4924 CENTS

TNAV PER SHARE

↑ **11.1%**
4218 CENTS

DIVIDEND PER SHARE (DIVIDEND COVER MAINTAINED)

↓ **4.2%**
69 CENTS

The period in perspective

Excellent results on the back of difficult trading conditions

- Mining activity depressed in SA (Mining charter changed controversially in Mar 17)
- Mining activity in rest of world improving (rising commodity prices)
- Agriculture: Recovered from drought except in Western Cape
- Loss of New Holland Agricultural machinery agency 1 May 17 (no material impact on profits)
- Industrial & manufacturing: no recovery yet in South Africa
- Political upheaval in SA
- Volatile ZAR
- BMG World refurbishment complete – site opened Sep 17
- Sale of BSG confirmed 30 Sep 17; cash flows after 1 Oct 17
- Kian Ann improving

DIVISIONAL REVIEW



Divisional structure

CAPITAL EQUIPMENT GROUP

Importer & distributor of agricultural equipment, construction equipment, forklifts and aftermarket replacement parts

- Northmec
- New Holland*
- CSE
- Doosan
- HPE
- ESP
- Criterion
- Kian Ann Group

ENGINEERING SOLUTIONS GROUP

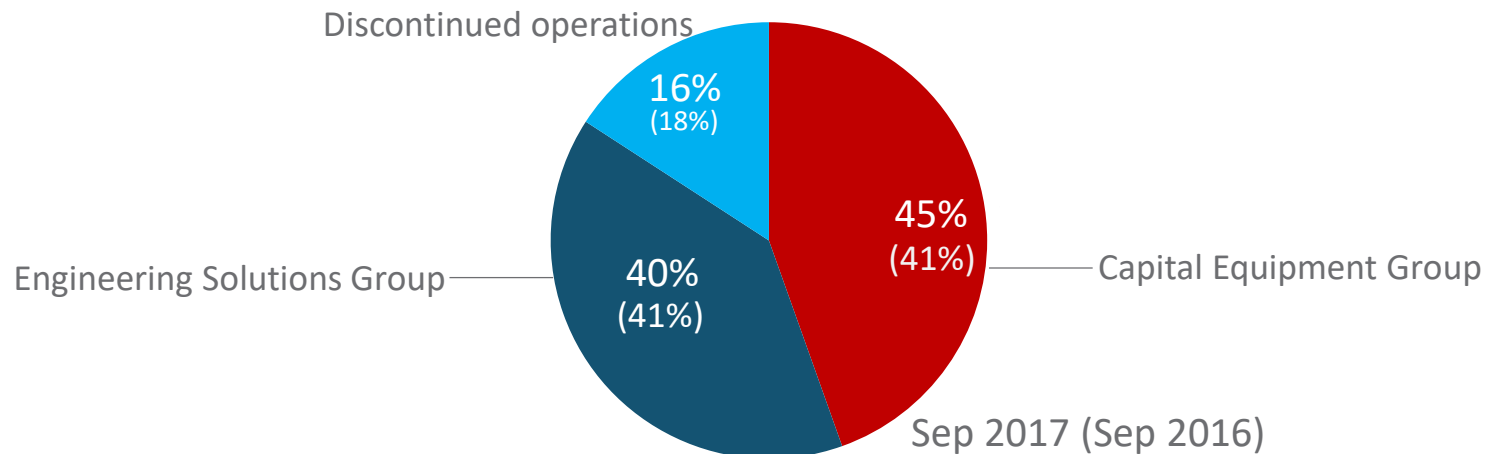
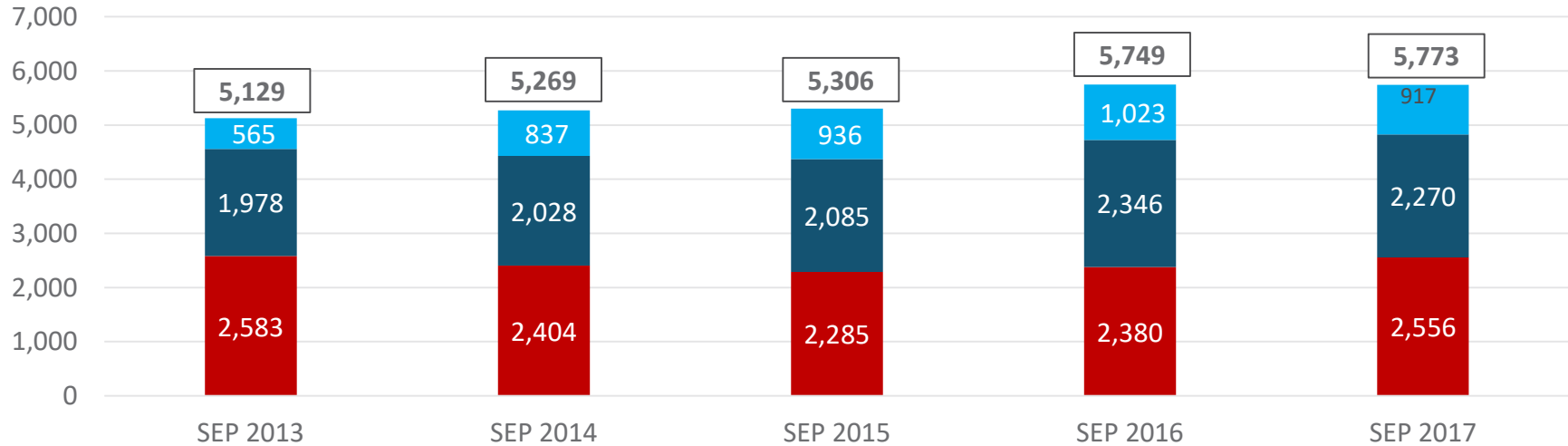
Leading distributor of engineering consumables and provider of engineering solutions

- BMG
 - Hansen
 - OST
- Man-Dirk
 - SA Tool
 - Sibuyile
- Autobax
- Hyflo

**Equipment sales discontinued. Aftermarket support continues (spare parts).*

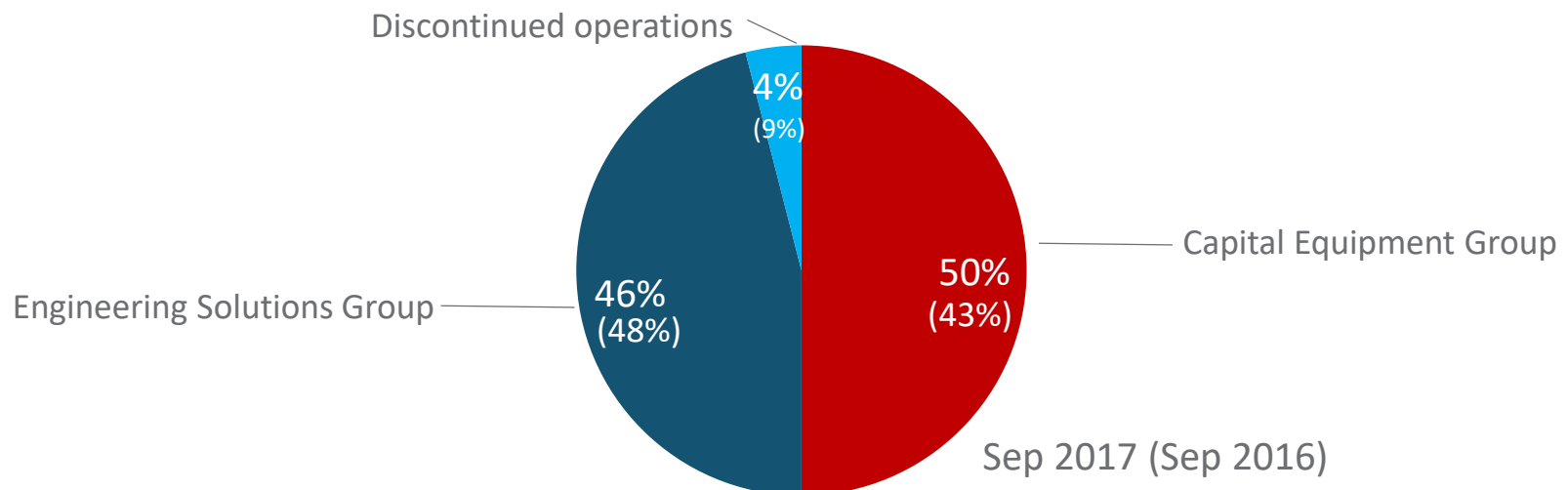
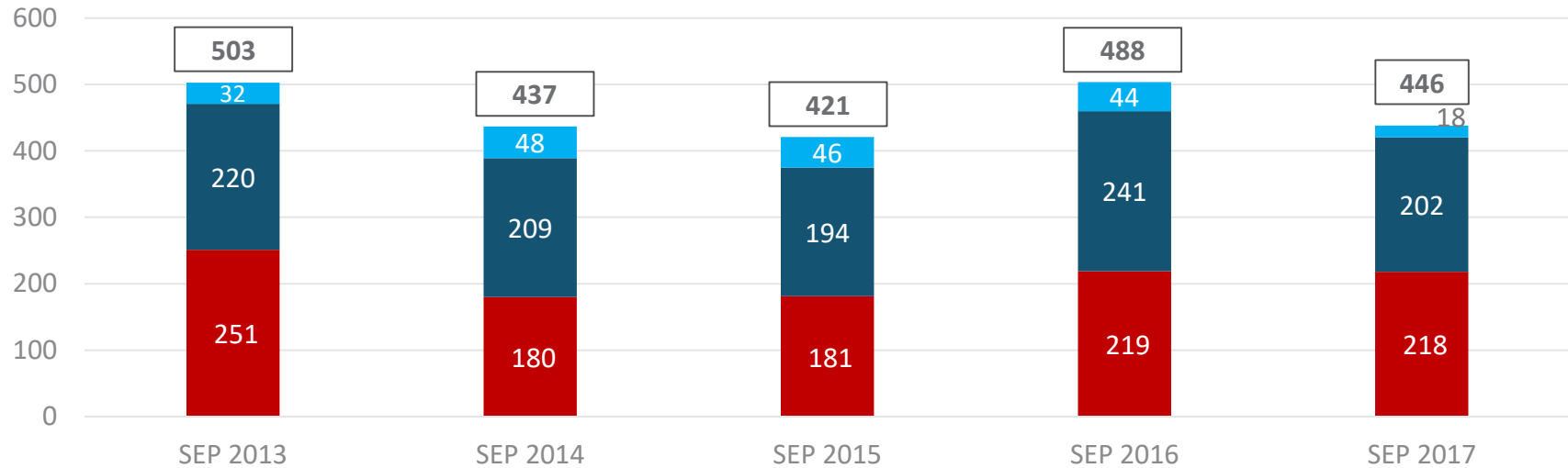
Revenue contribution by operating segment (excluding Head Office)

R'million



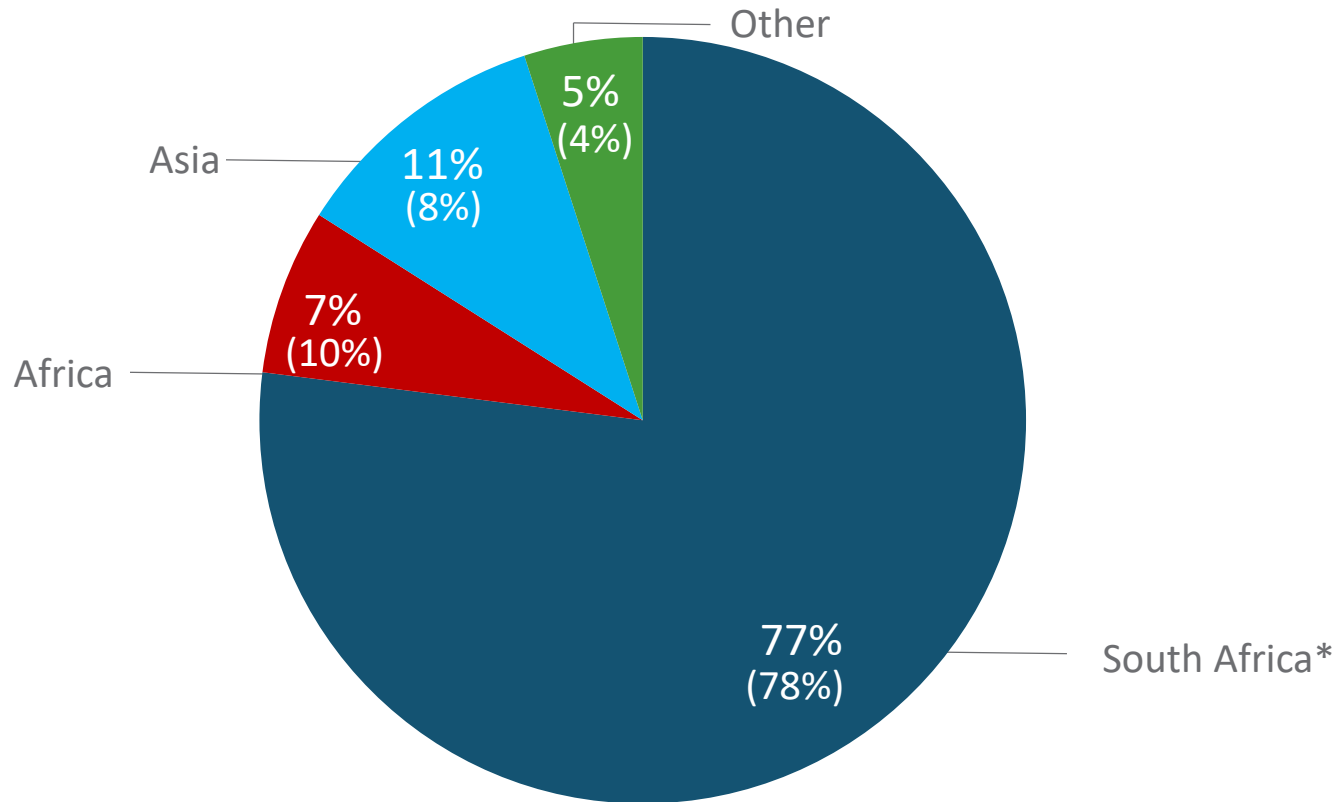
Operating profit before foreign exchange movements contribution by operating segment (excluding Head Office)

R'million



Revenue contribution by region

(continued operations only)

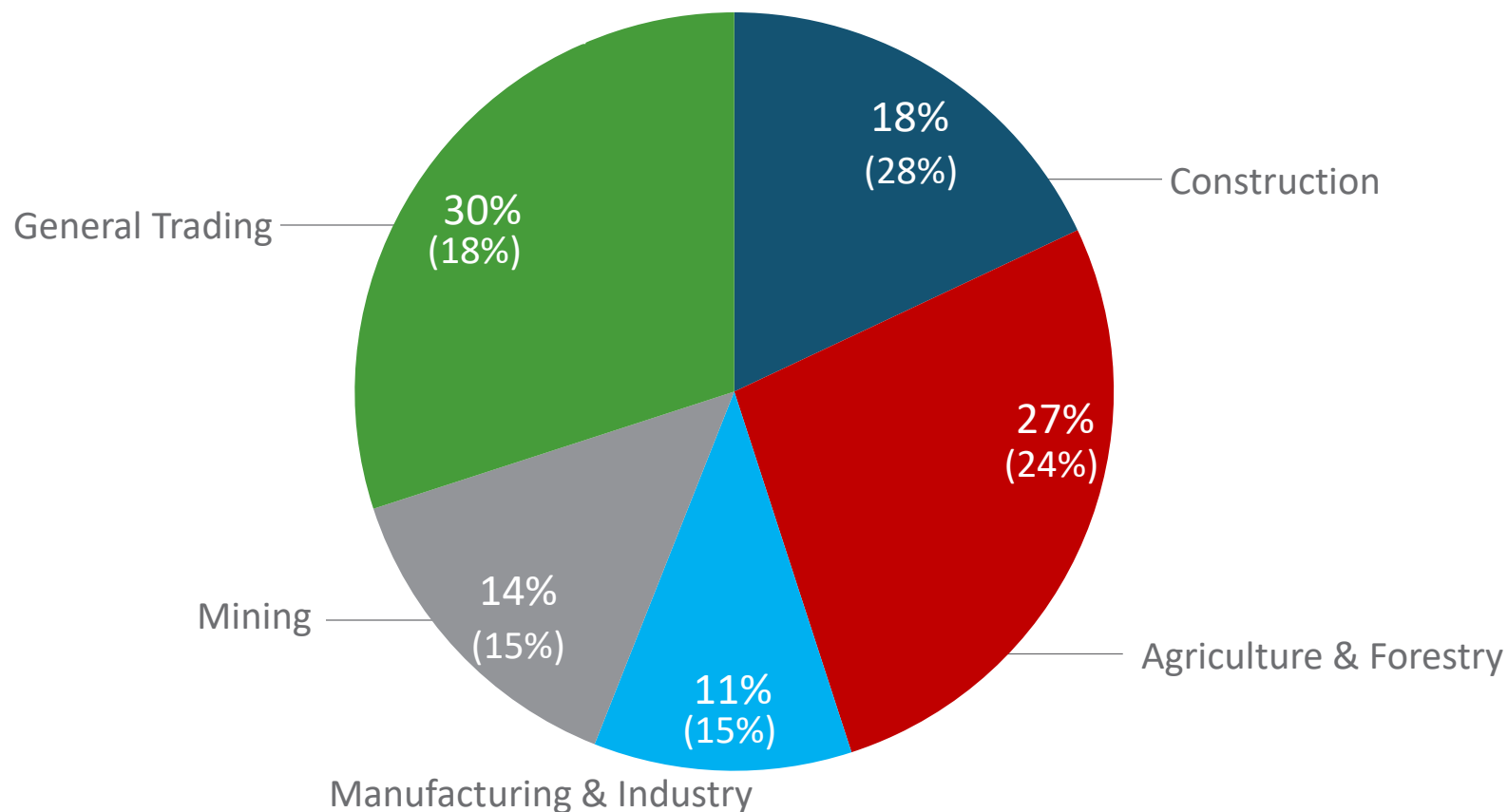


Sep 2017 (Sep 2016)

**Target: 50% by 2020*

Revenue contribution by sector

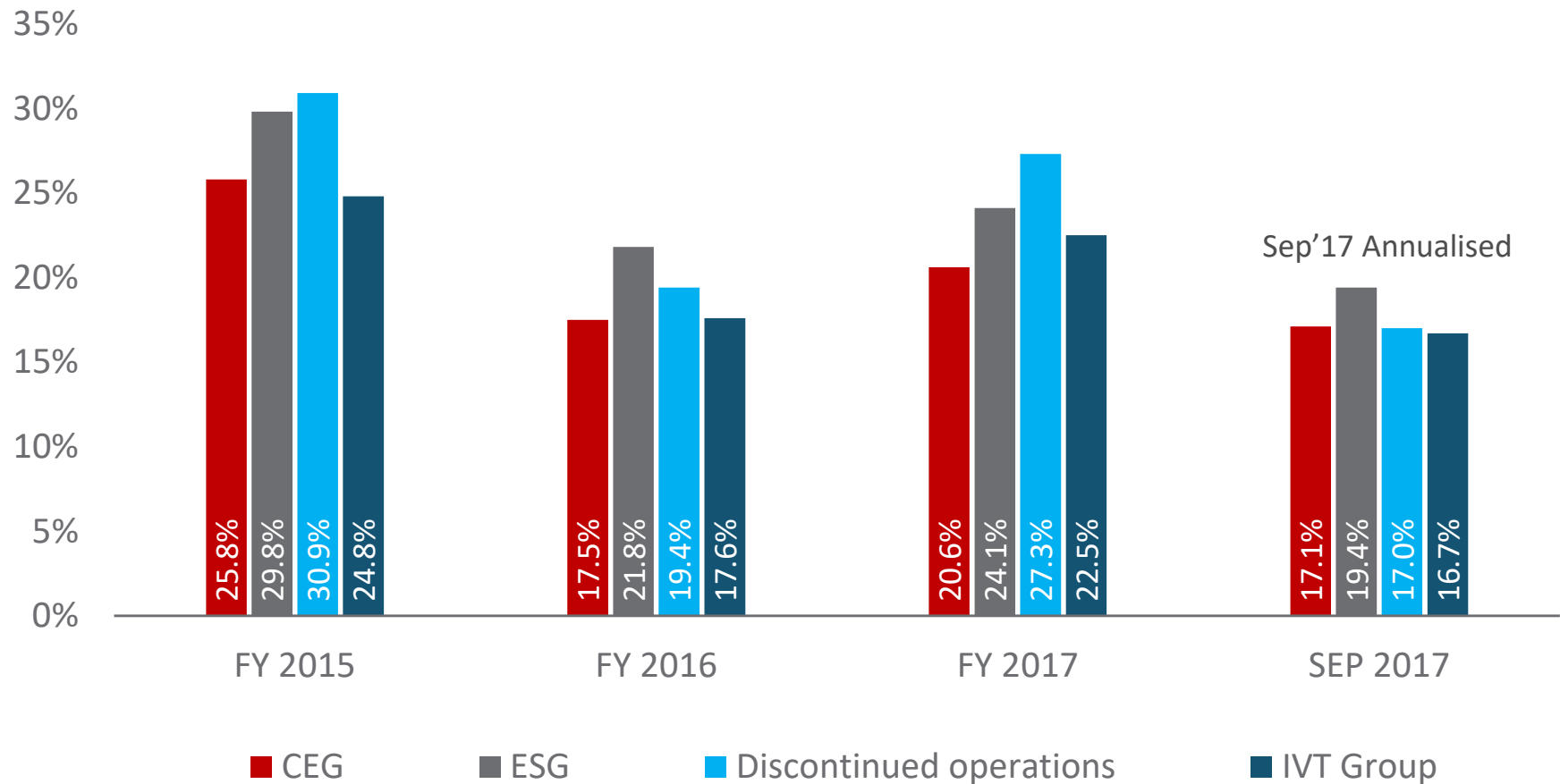
(continued operations only)



Sep 2017 (Sep 2016)

Return on Net Operating Assets (RONA)

(based on average net operating assets)







DIVISIONAL REVIEW

Capital Equipment Group

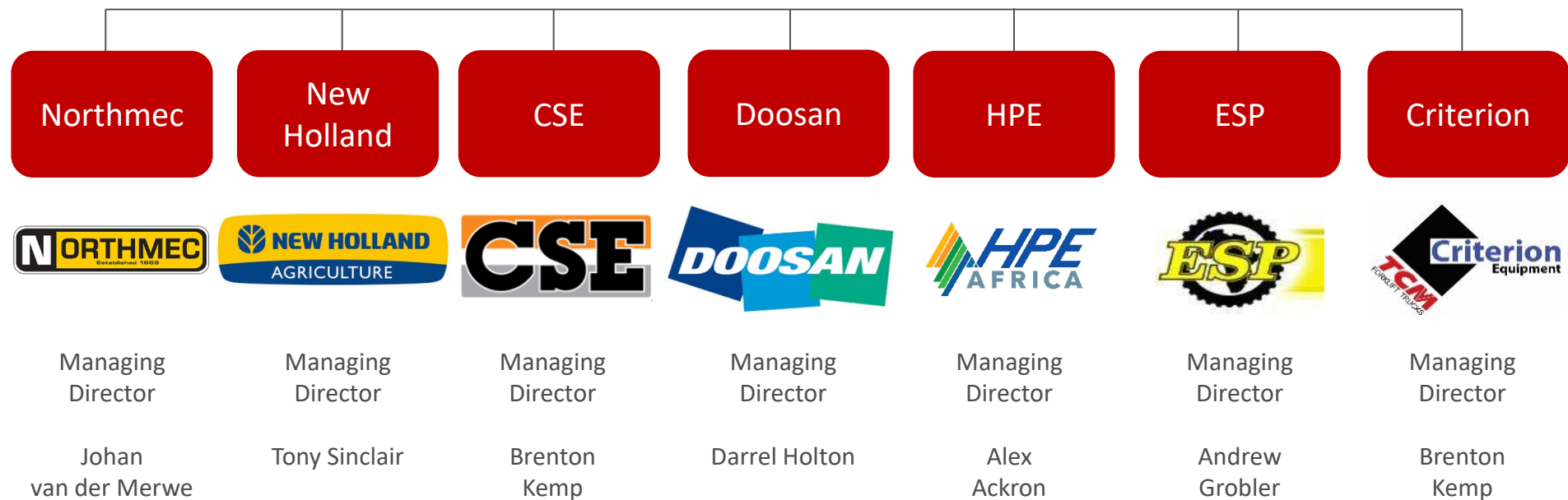


Revenue	 7.4%
Operating profit before foreign exchange movements	 0%

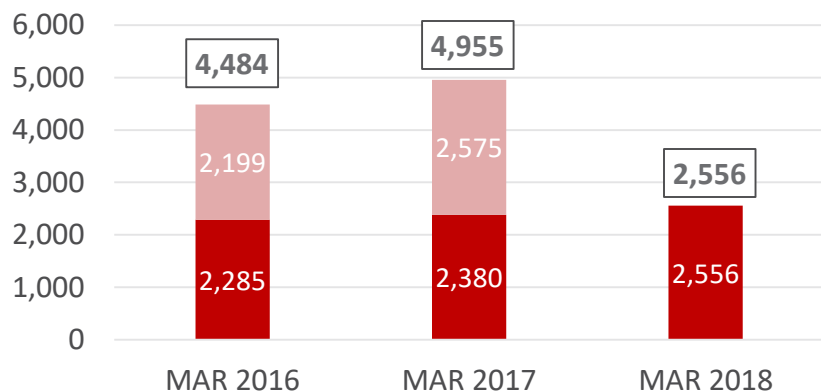
- Challenging market conditions in Agriculture and Construction sectors in SA
- Agriculture – Record maize crop of 17 million tons however price per ton reduced by 67% resulting in demand for machinery remaining flat
 - Group tractor unit sales volumes increased by 40% compared to prior period
- Construction machinery sales were subdued in most segments although there are positives indications coming from the mining sector
 - Group construction unit sales volumes increased 38% in light equipment compared to prior period
- 100 year drought in the Western Cape affecting agriculture machinery sales and after market spares sales
- Retained 91% on New Holland agriculture machinery parts
- Forklift business performed well due to increased short term rentals
- Improved absorption rate providing a strong base for margin flexibility in machinery margins
- Good stock control resulting in positive cash flow
- Good opportunities for growth in declining markets



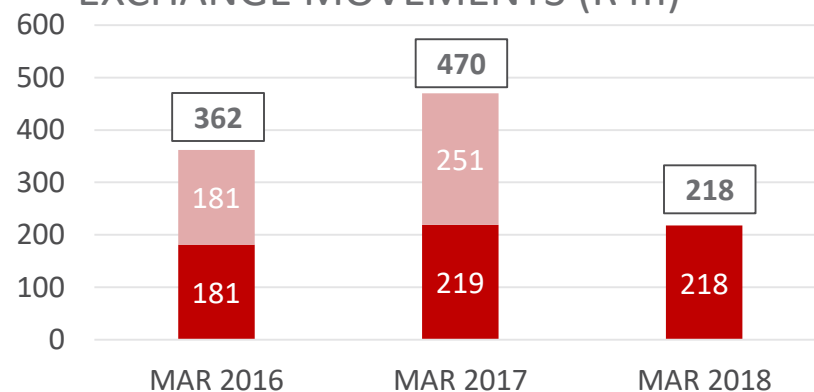
Chief Executive Officer
Tony Sinclair



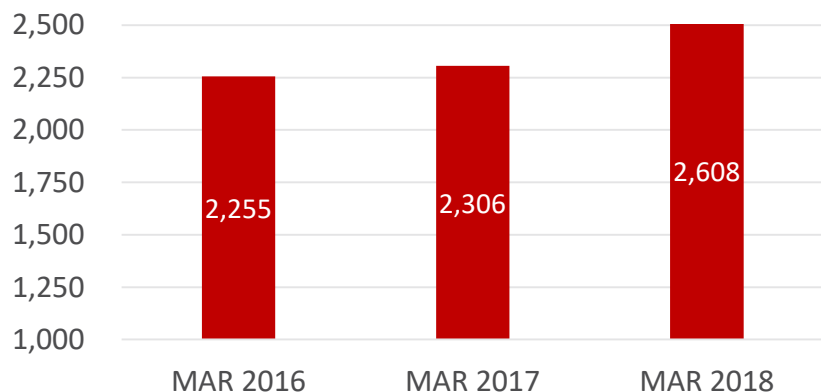
REVENUE (R'm)



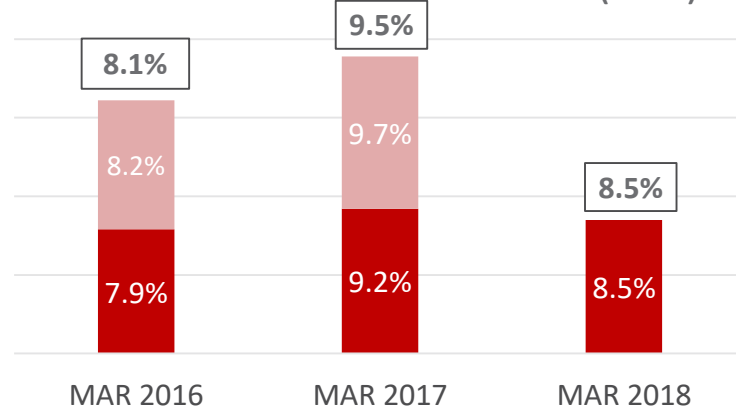
OPERATING PROFIT BEFORE FOREIGN EXCHANGE MOVEMENTS (R'm)



NET OPERATING ASSETS (R'm)






OPERATING PROFIT MARGIN (R'm)



■ First Half
 ■ Second Half
 ■ Once-off

FY 2018

- Agriculture equipment volumes in total market
(April to Sept 2017 compared to the same period 2016)
 - Tractors 9.7% 
 - Combines 2.0% 

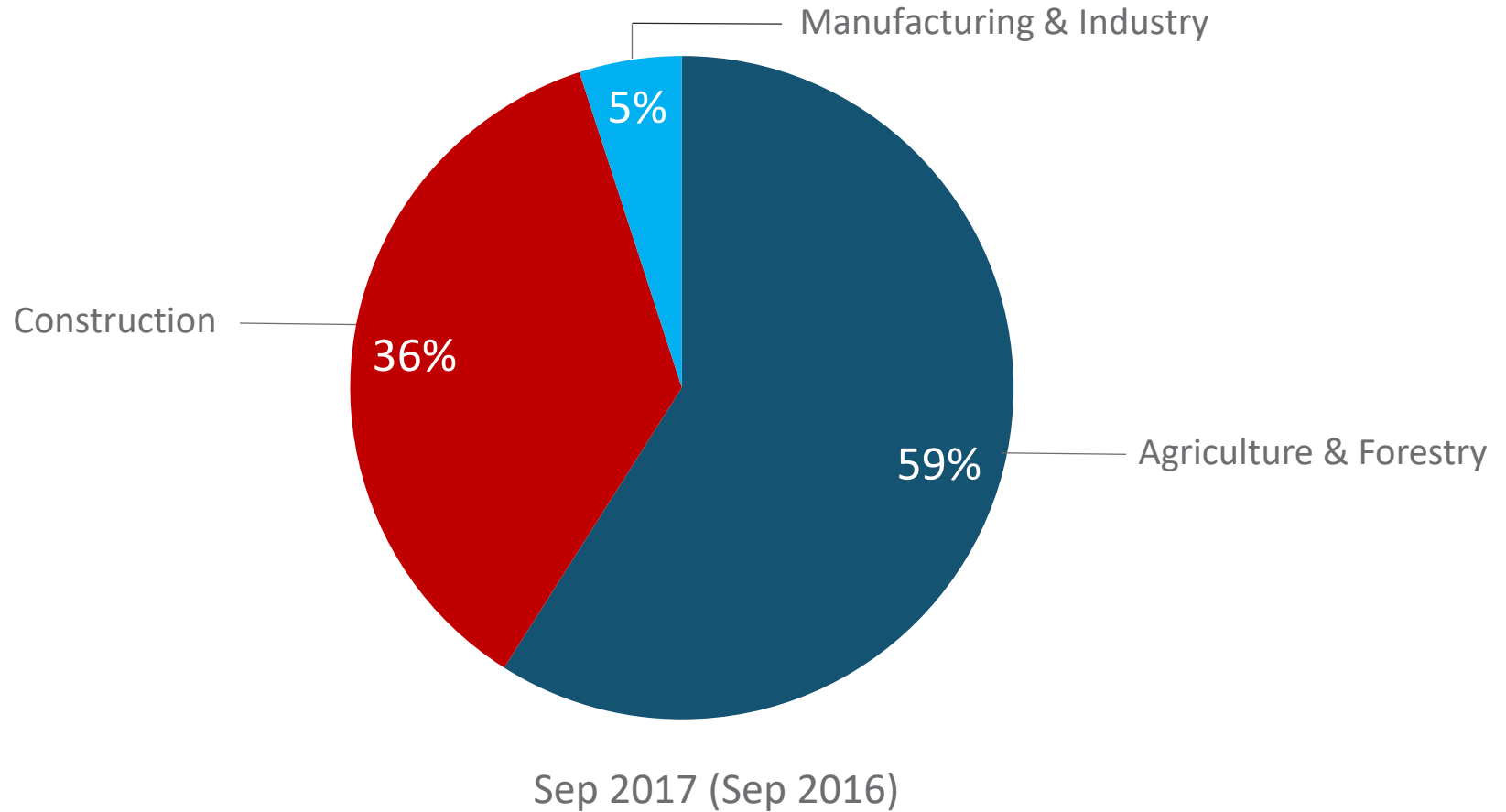
- Construction equipment volumes in total market
 - Segments serviced by Invicta 20% 

Maize Safex Prices – January 2010 to May 2017





Sales analysis (includes New Holland equipment sales until 1 May 2017)





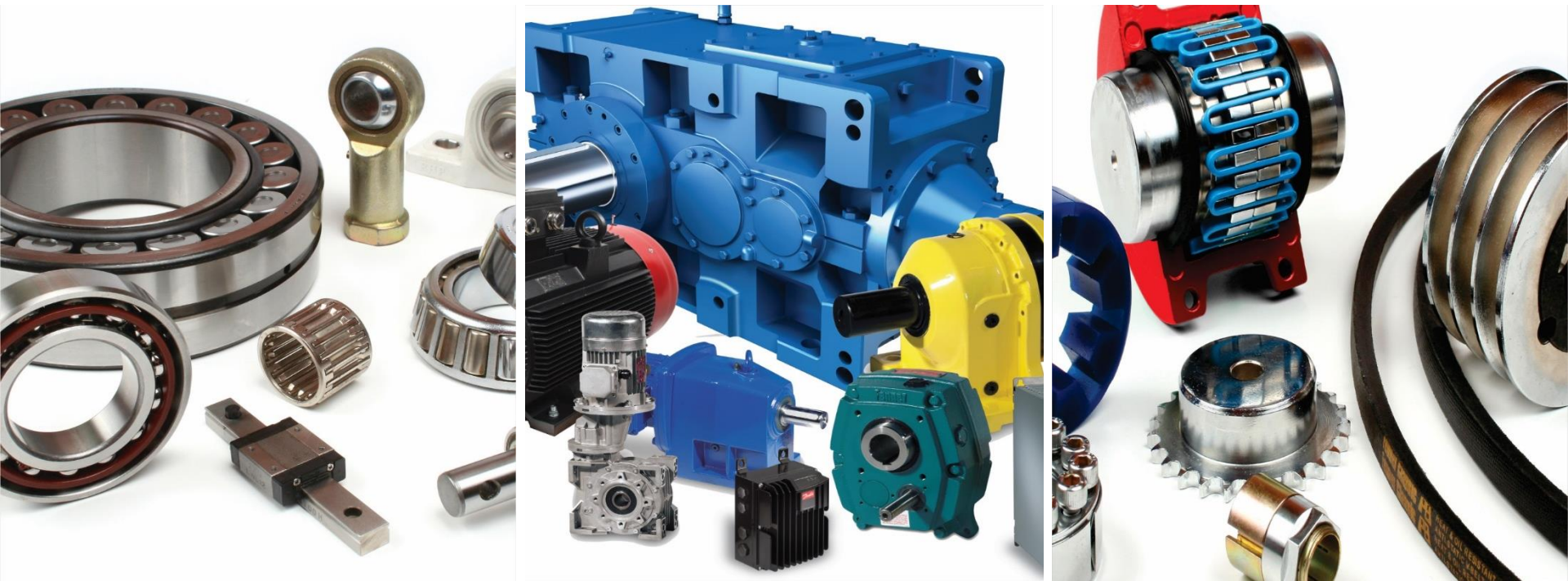
New Assembly Plant – Camperdown, Kwa-zulu Natal





DIVISIONAL REVIEW

Engineering Solutions Group



Revenue	↓ 3%
Operating profit before foreign exchange movements	↓ 16%

- Tough industrial market during the period.
- Focus has been on finalizing the BMG World site and the Simplify For Success across the group.
- Cost saving initiatives have been implemented across the group;
 - Process automation
 - Distribution consolidation
 - Benefits of these to be seen going forward.
- No acquisitions were made.

Trading conditions:

The first half of the financial year can only be described as difficult.

- Mining: No new major investment in new mines or extensions. Commodity pick up going forward seen as positive.
- Agriculture: Spend recovery slow as rains returned, but Western Cape still heavily affected by drought.
- Heavy Industry: Remains flat in line with general economic prospects.

ESG as a major player in industrial and southern Africa is now well positioned to take advantage of any upturn or growth in the region.

Divisional Performance:

- BMG: Remained flat and improved market share.
- Autobax: Excellent performance, has grown year on year.
- Man-Dirk: Below prior period mainly due to the mining industry slowdown.
- Hyflo: Lack of business in oil & gas, little project work has resulted in a restructuring of the business.

African Operations:

- A solid performance from branches in Africa
- Ghana operation starting to trade
- Focus on growing footprint in Africa in second half

Working Capital:

- Stock has been strategically increased as world demand has resulted in increased lead times.
- Debtors book well managed: Insured over >R250k



Chief Executive Officer
Gavin Pelsler

BMG
(Bearing Man Group)



Managing Director
Gavin Pelsler

Man-Dirk
Group



Managing Director
Gavin Hall

Autobax



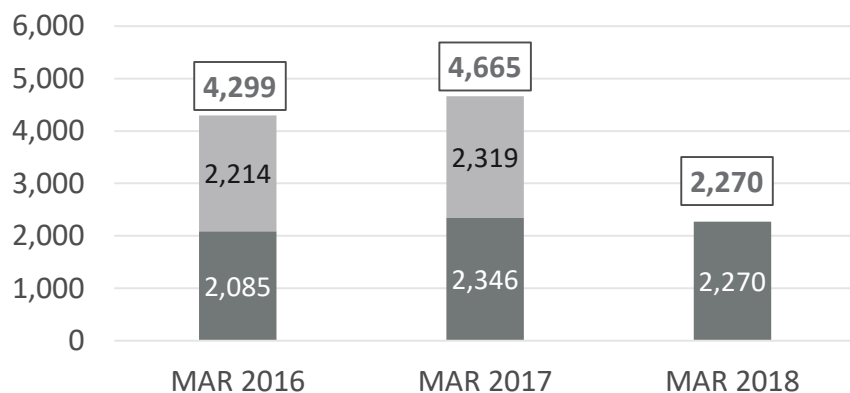
Managing Director
John Black

Hyflo

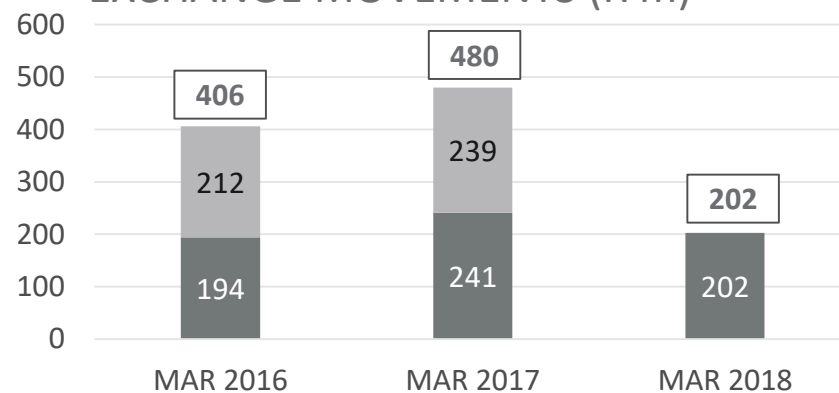


Managing Director
Emil Berning

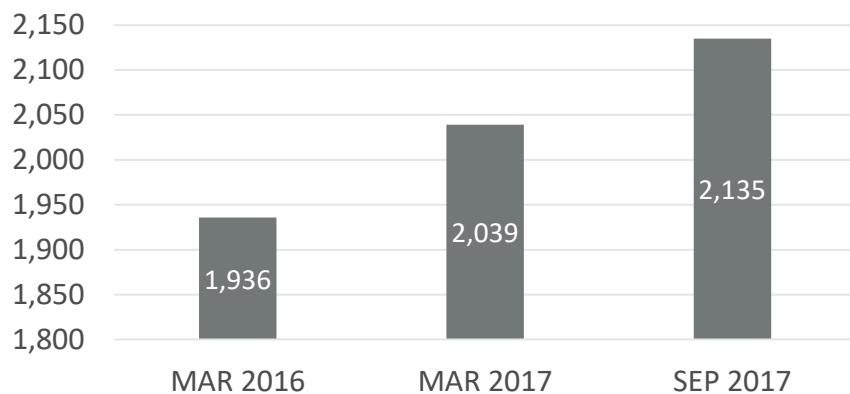
REVENUE (R'm)



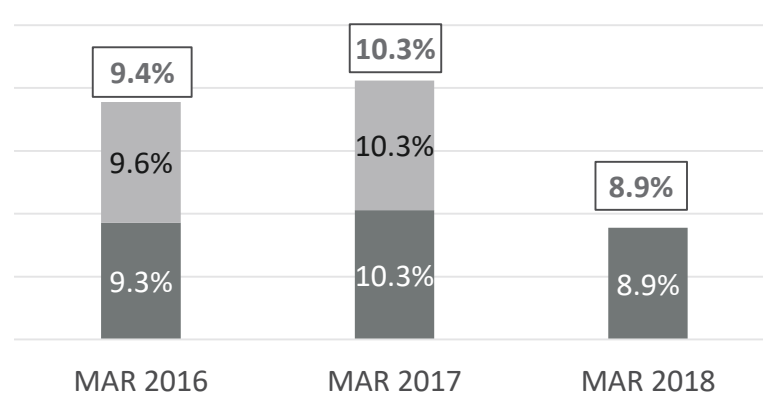
OPERATING PROFIT BEFORE FOREIGN EXCHANGE MOVEMENTS (R'm)



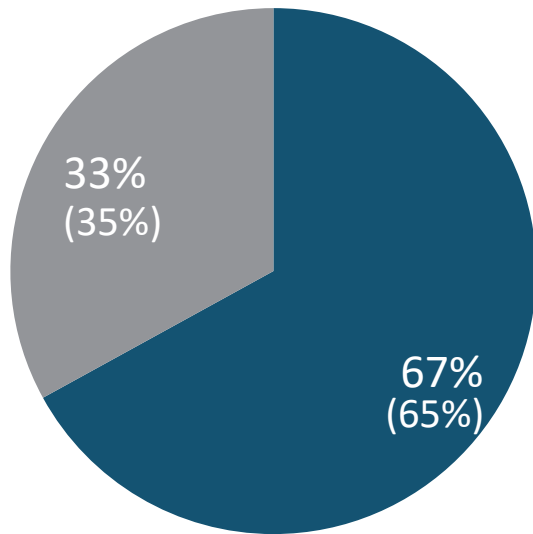
NET OPERATING ASSETS (R'm)



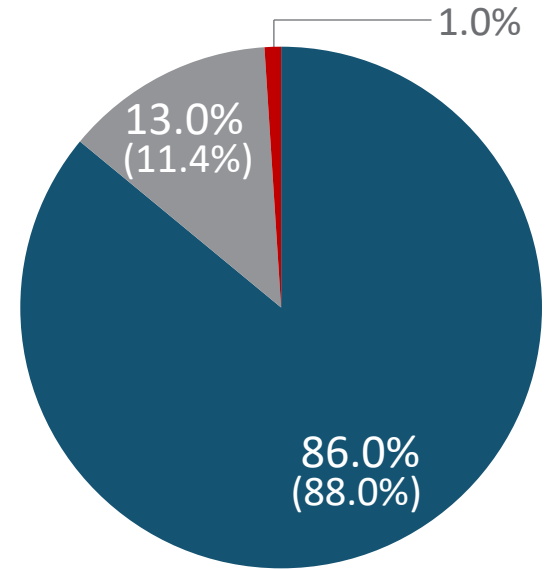
OPERATING PROFIT MARGIN (R'm)



■ First Half ■ Second Half



■ Consumables ■ Engineering



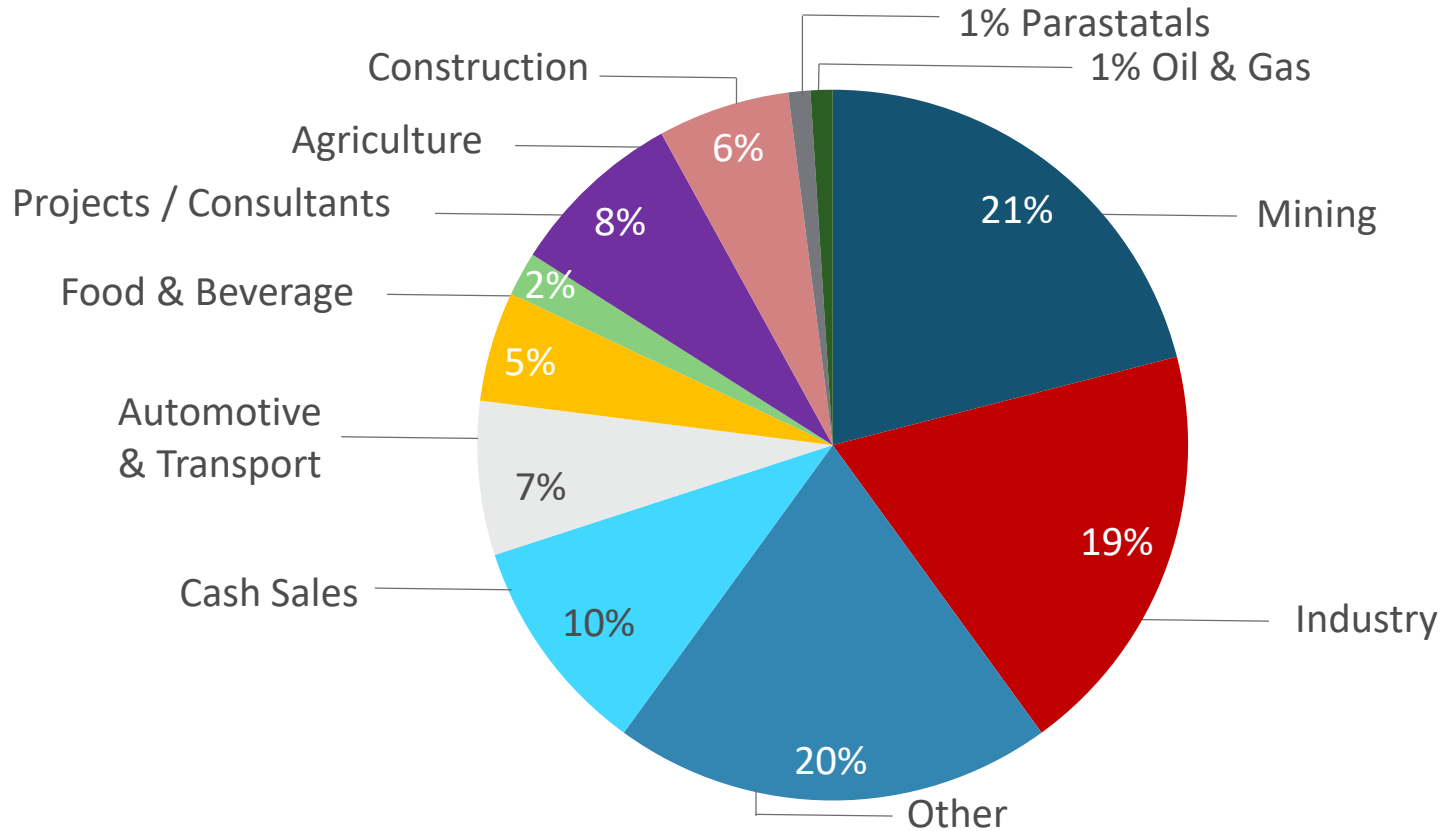
■ South Africa ■ Africa ■ Other

Sep 2017 (Sep 2016)

- Strategy of market differentiation by:
 - complementing product distribution with technical expertise
- African revenue growing as a % of ESG revenues

Sales by industry sector

30 September 2017



Sep 2017



BMG World upgrade (completed September 2017)



BMG World site reveal



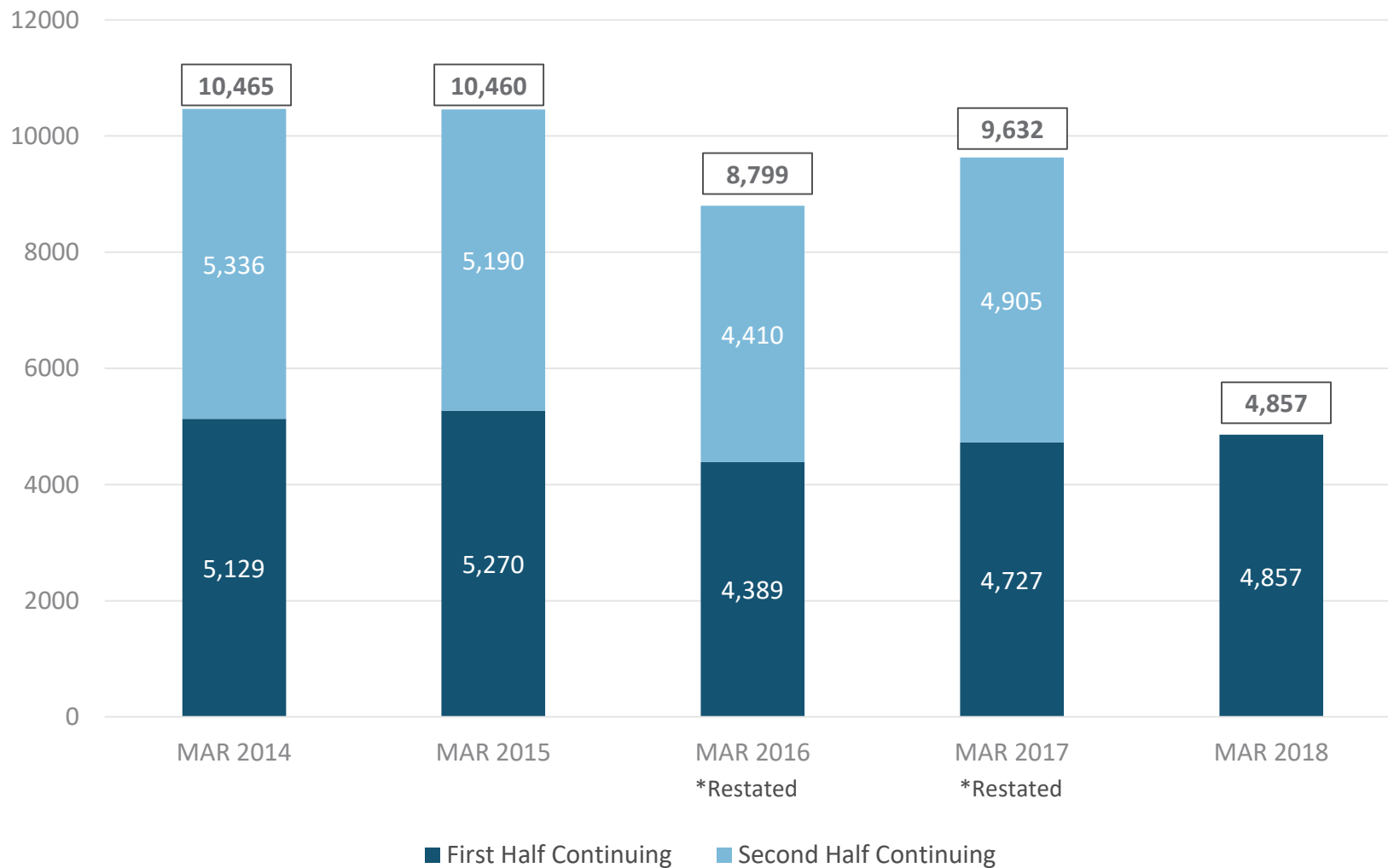
14 - 16 September 2017
5,700 visitors over 3 days



GROUP FINANCIAL OVERVIEW

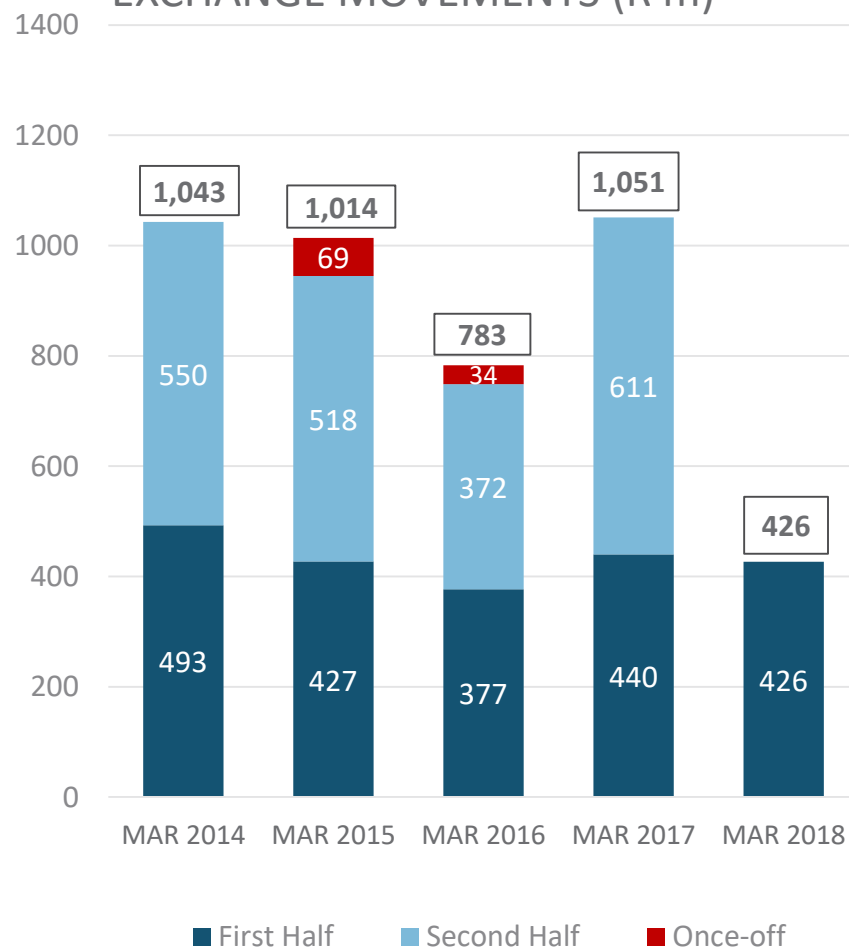


Revenue

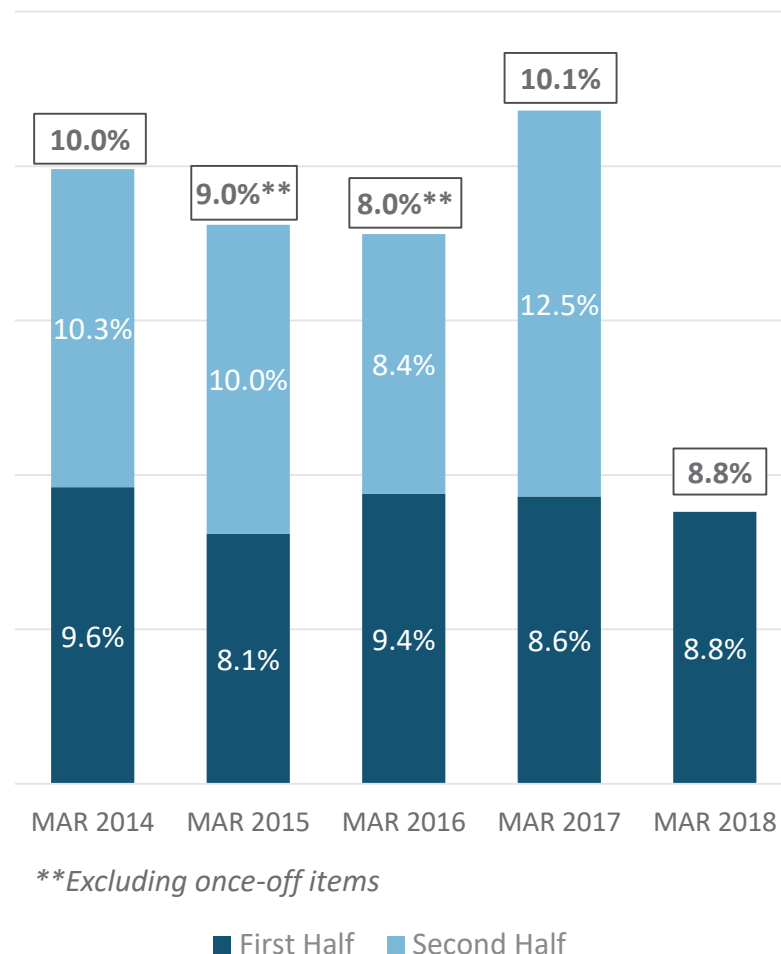


Operating profit

OPERATING PROFIT BEFORE FOREIGN EXCHANGE MOVEMENTS (R'm)

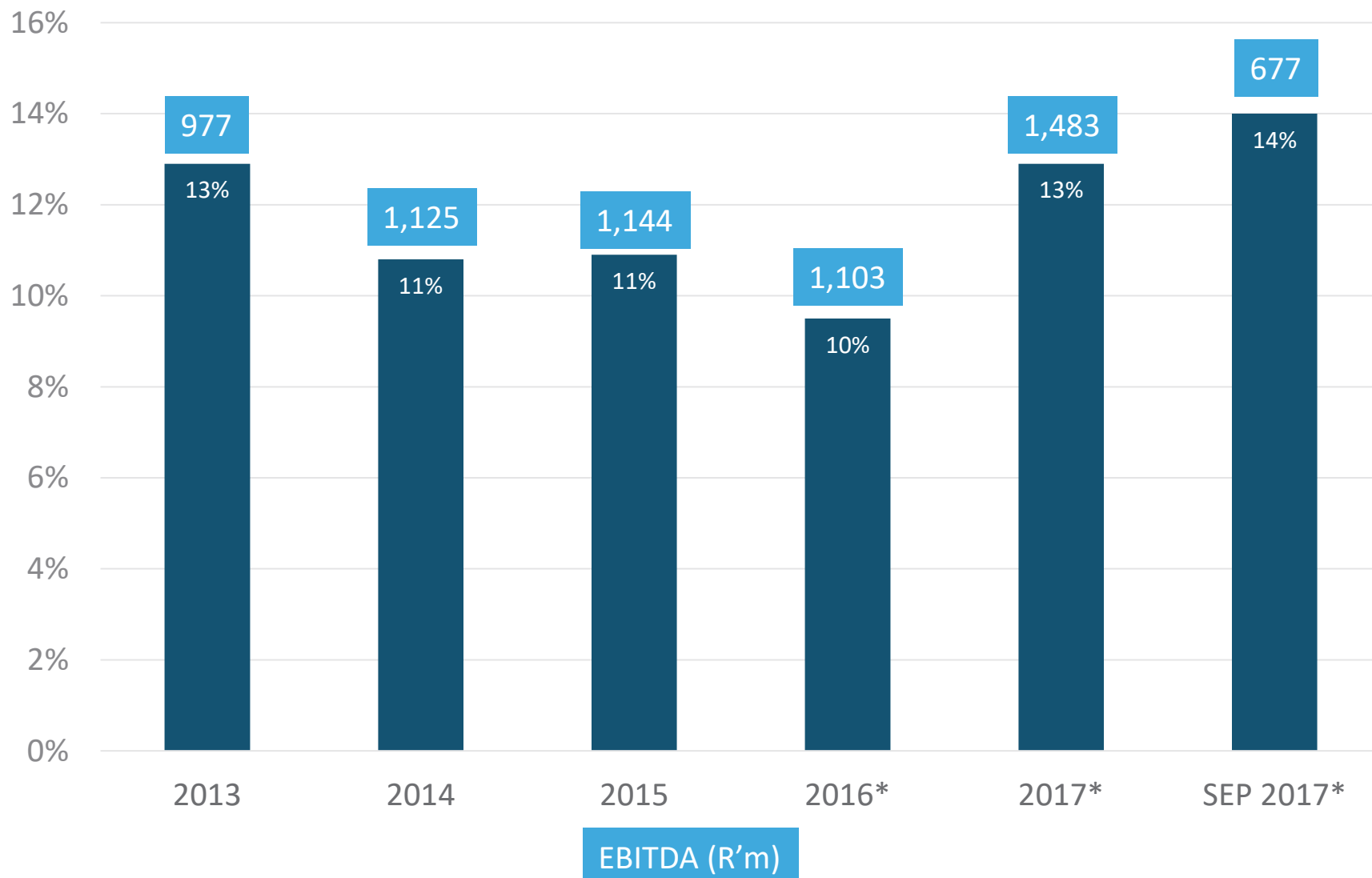


OPERATING MARGIN (%)



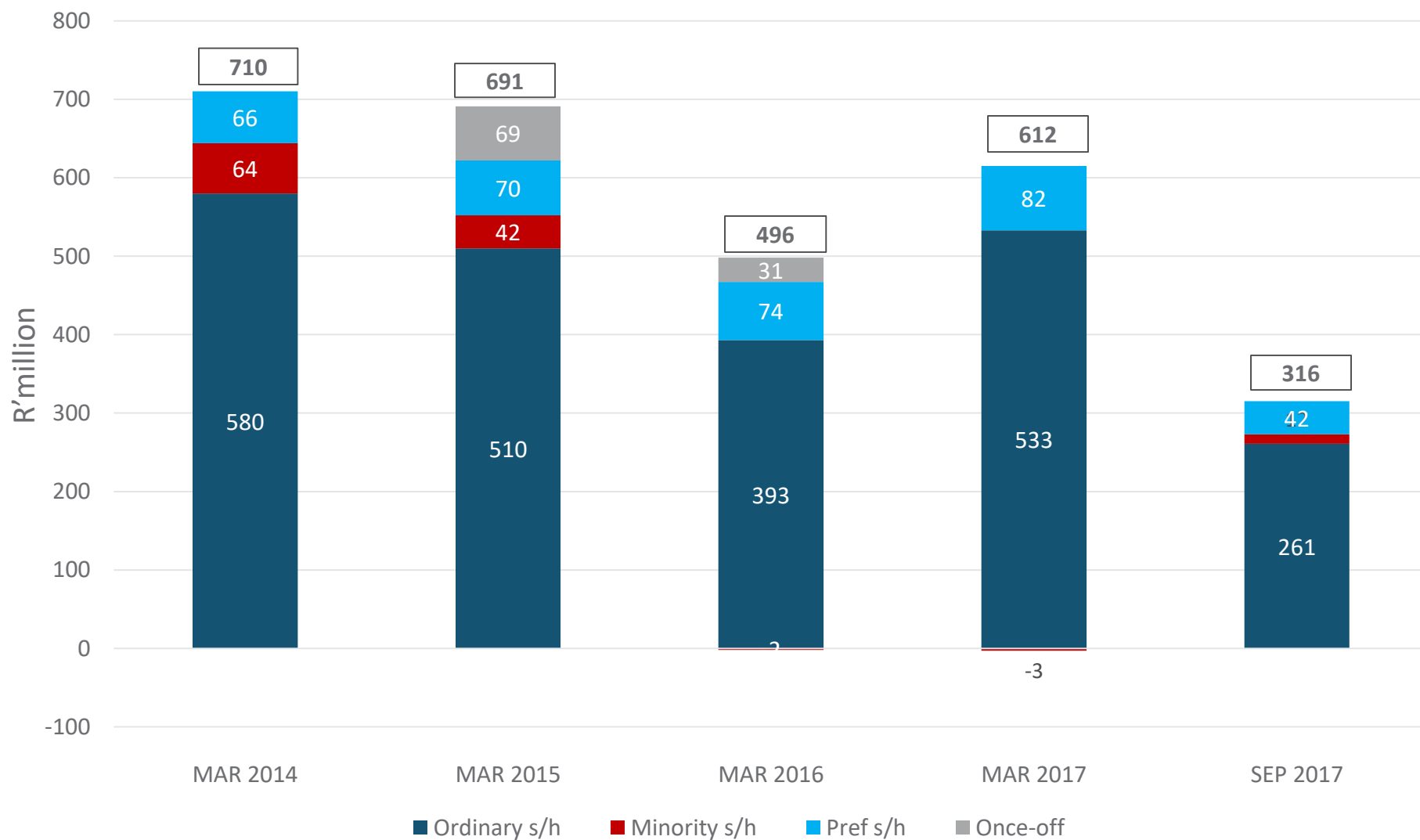
**Excluding once-off items

EBITDA %

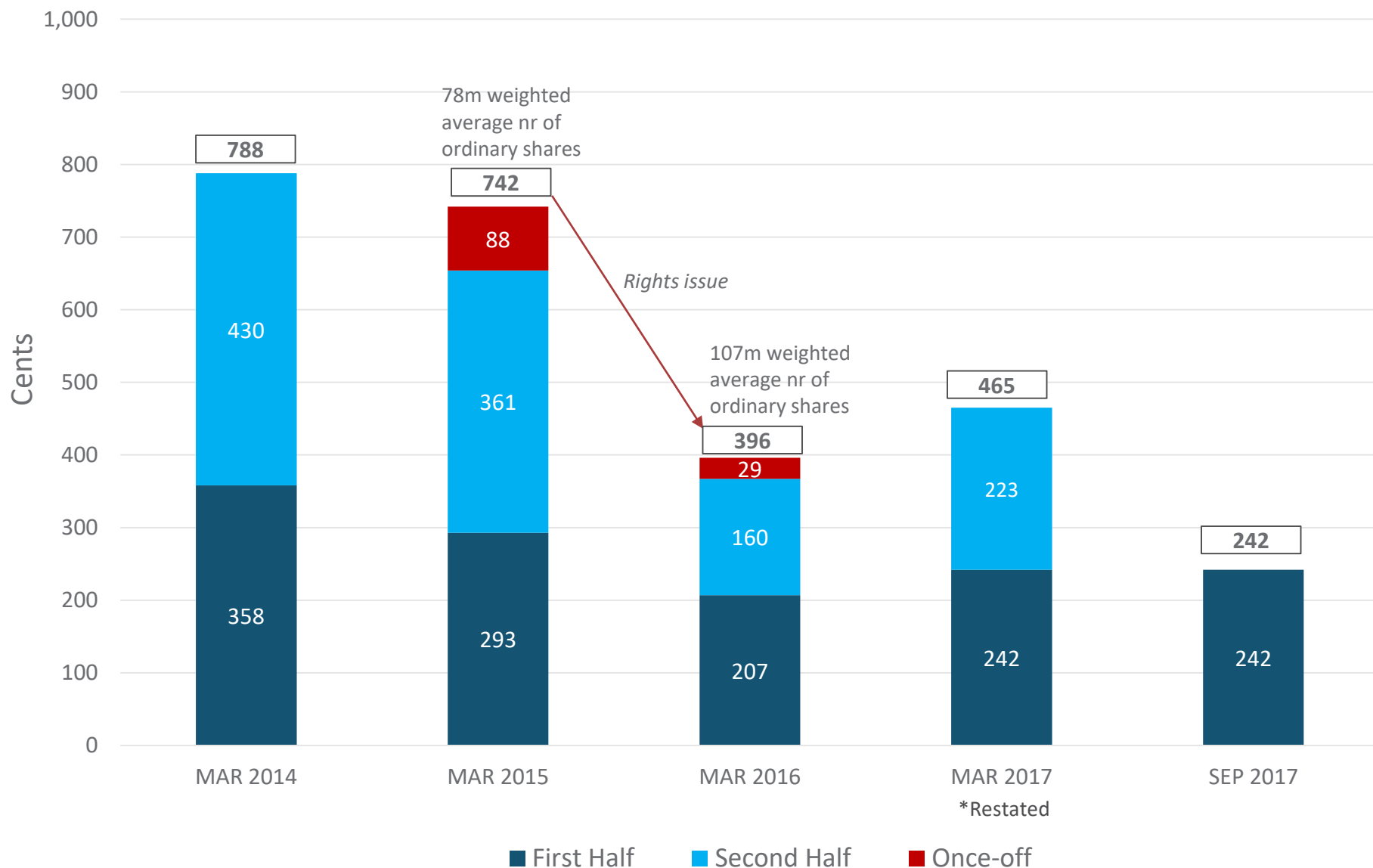


**Based on continuing operations*

Attributable Earnings



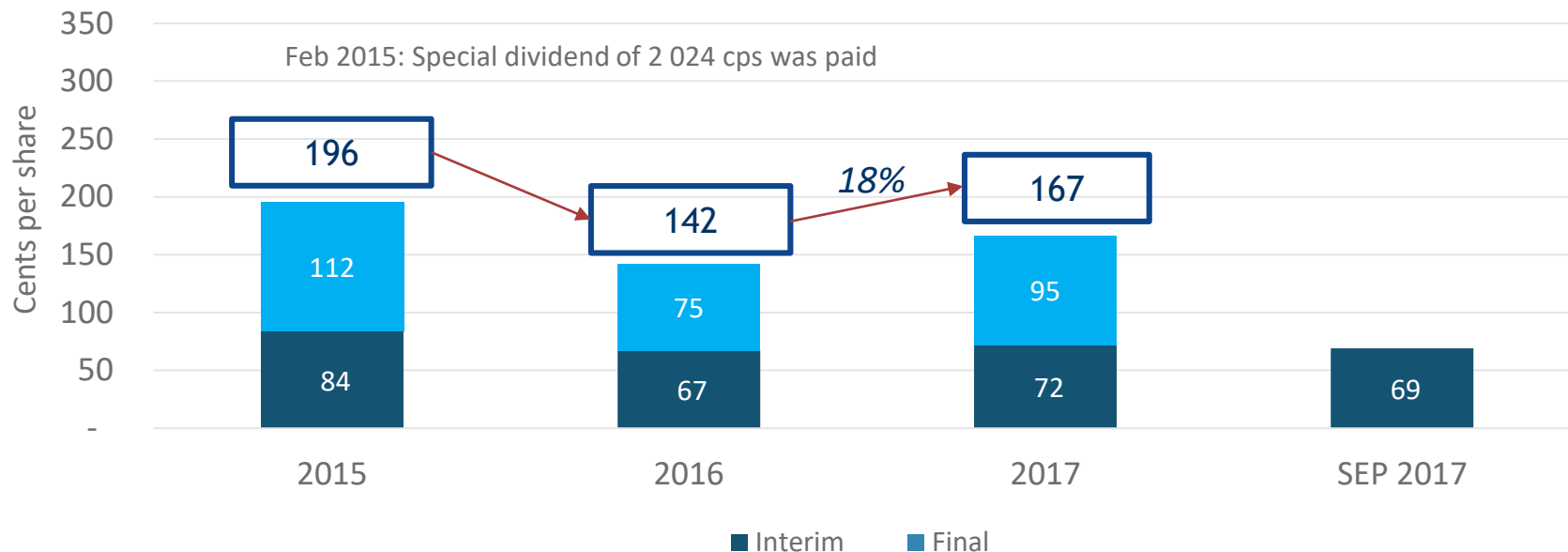
Earnings per share



Headline earnings

R'000	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	% Change
Attributable Earnings	260,651	272,245	(4)
Adjustments			
Headline EPS adjustments on discontinued operations	-	(2)	
Gain from bargain purchase price recognised	-	(187)	
Impairment of PPE		3,491	
(Profit)/loss on disposal of investments	(24,439)	-	
Profit on disposal of other assets	(278)	-	
Net profit on disposal of PPE	-	(2,354)	
Reversal impairment of loans	(297)	-	
Total adjustments before taxation and NCI	(27,177)	948	
Taxation	9,251	444	
NCI	-	27	
Total adjustments	(17,926)	1,419	
Headline Earnings	242,725	273,664	(11)

Dividend per share

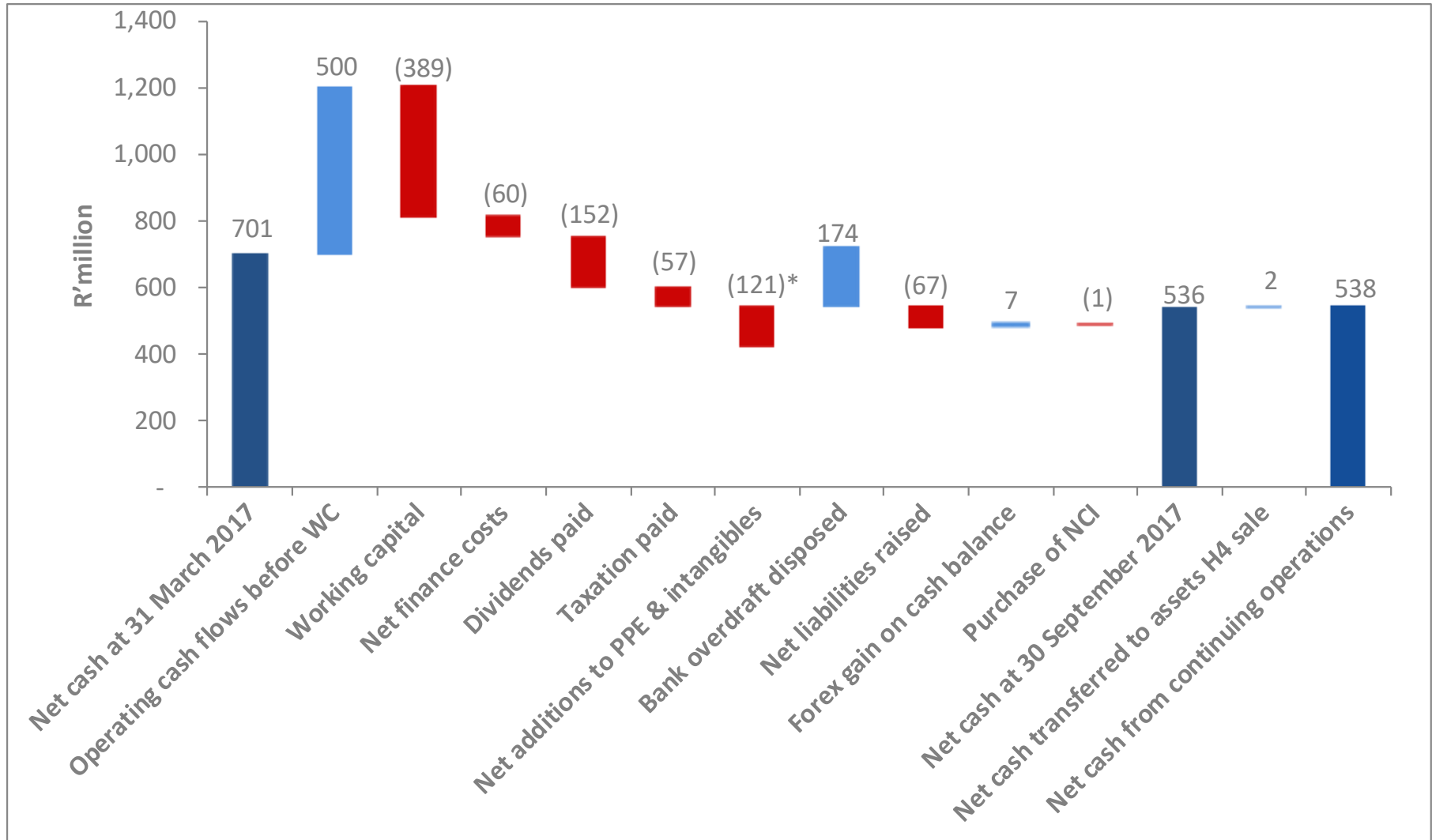


Salient dates for the 2018 Interim Dividend

▪ Last day to trade to be eligible for the dividend	▪ Tuesday	12 December 2017
▪ Shares commence trading "ex" the dividend	▪ Wednesday	13 December 2017
▪ Record date in respect of dividend	▪ Friday	15 December 2017
▪ Dividend payments	▪ Monday	18 December 2017

Cash flow movement – 30 September 2017

* Capex of R137m less proceeds on sale of PPE R16m



PROSPECTS AND STRATEGY



Prospects

- Expect much of the same in H2
- SA awaiting outcome of December elective conference
- Reduce costs further in some divisions
- Labour unrest possibility
- Positive environment for acquisitions: evaluating a number of opportunities in SA and abroad

Strategy

Invicta's strategy is to:

- Generate cash from existing businesses
- Build on the strength of the current businesses
- Focus on customer service, value-added distribution and supply chain efficiencies
- Diversify the Group's revenue stream geographically
- Acquire businesses that are a strategic fit for the Group
- Maintain RONA >20% for each of the underlying businesses

Q & A

Thank you for your attendance and participation

www.invictaholdings.co.za

For any further Investor Relations questions please contact:

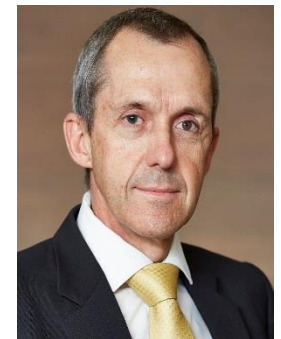
Arnold Goldstone (CEO)

arnoldg@invictaholdings.co.za



Craig Barnard (CFO)

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Marlize Keyter (Keyter Rech Investor Solutions)

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APPENDIX



Statement of Profit or Loss and other Comprehensive Income

R'million	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	% Change
<i>Continuing operations</i>			
Revenue	4,856,553	4,727,012	3
Operating profit before foreign exchange movements	426,425	443,423	(4)
Net foreign exchange cost	5,072	(14,880)	
Operating profit	431,497	428,543	1
Interest paid	(468,327)	(409,447)	14
Interest and dividends received from financial investments	409,287	348,270	18
Profit on disposal of investment	24,439	-	
Share of profits/(losses) of associates	2,189	(196)	
Profit before taxation from continuing operations	399,085	367,170	9
Taxation	(85,280)	(72,334)	18
Profit for the period from continuing operations	313,805	294,836	6
<i>Discontinued operations</i>			
Profit for the period from discontinued operations	1,738	13,817	(87)
Profit for the period	315,543	308,653	

- FY 2016 has been restated because Share Appreciation Rights have been changed from equity-settled to cash-settled.

Statement of Profit or Loss and other Comprehensive Income

R'million	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	% Change
Profit attributable to:			
Owners of the company	260,651	272,245	(4)
Non-controlling interest	12,487	(3,882)	
Preference shareholders	42,405	40,290	
	315,543	308,653	
Earnings per share from continuing operations (cents)	242	242	-
Earnings per share (cents)	244	255	(4)
Diluted earnings per share (cents)	244	255	(4)
Weighted average shares in issue ('000)	106,953	106,953	-

Statement of Financial Position

R'million	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	<i>% Change</i>
ASSETS			
Non-current assets			
Property, plant and equipment	1,728,490	1,600,804	
Financial investments and investment in associates	2,193,603	1,891,606	
Goodwill and other intangible assets	765,999	828,980	
Financial assets, finance leases and long-term receivables	3,718,675	3,283,199	
Deferred taxation	175,492	196,856	
Non-current assets	8,582,259	7,801,445	<i>10</i>

Statement of Financial Position

R'million	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	<i>% Change</i>
Current assets			
Inventories	3,960,585	4,020,813	
Trade and other receivables	2,089,355	2,080,179	
Current portion of financial investments, finance leases and long-term receivables	875,421	725,099	
Taxation prepaid	13,985	33,248	
Bank and cash balances	836,312	956,929	
Assets classified as held for sale <i>(includes BSG)</i>	173,519	15,940	
TOTAL ASSETS	16,531,436	15,633,653	6

Statement of Financial Position

R'million	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	% Change
EQUITY			
Equity attributable to the equity holders	5,342,435	4,947,405	
Non-controlling interest	83,480	207,063	
SHAREHOLDERS' EQUITY	5,425,915	5,154,468	5
Shares in issue ('000)	108,495	108,495	-
Net asset value per share (cents)	4,924	4,560	8
Tangible net asset value per share (cents)	4,218	3,796	11

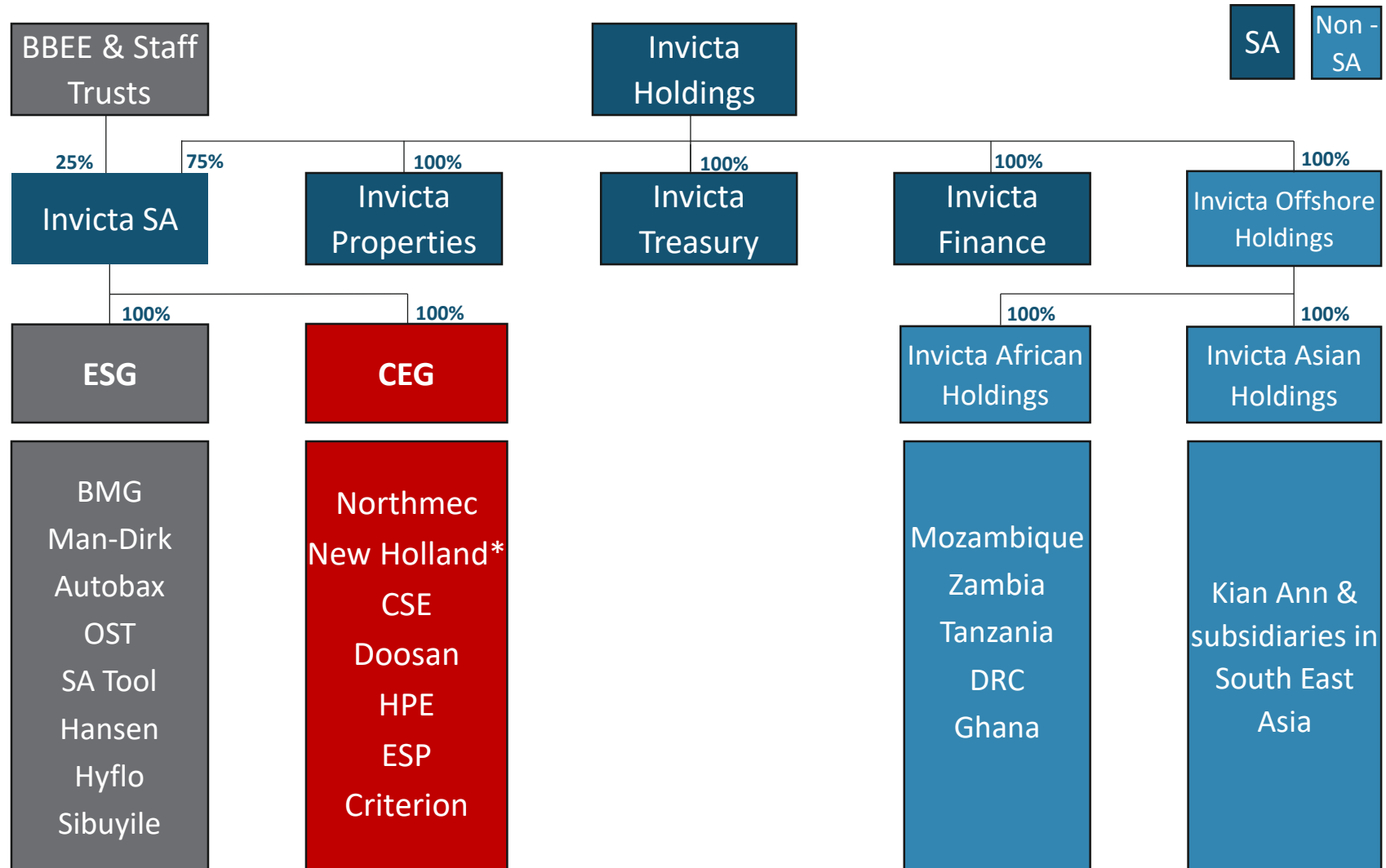
Statement of Financial Position

R'million	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	% Change
Non-current liabilities			
Long-term borrowings and financial liabilities	7,159,719	6,686,654	
Deferred taxation	38,615	31,956	
Non-current liabilities	7,198,334	6,718,610	7

Statement of Financial Position

R'million	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited *Restated	% <i>Change</i>
Current liabilities			
Trade, other payables and provisions	2,244,064	2,643,884	
Share appreciation rights liability	4,357	6,111	
Taxation liabilities	195,722	30,656	
Shareholders for dividends	41,485	38,649	
Current portion of long-term borrowings	1,012,910	814,424	
Bank overdrafts	298,775	226,851	
Liabilities associated with assets held for sale <i>(includes BSG)</i>	109,874	-	
TOTAL LIABILITIES	11,105,521	10,479,185	
TOTAL EQUITY AND LIABILITIES	16,531,436	15,633,653	

Group structure



*Equipment sales discontinued. Aftermarket support continues (spare parts)

Capital Equipment (SA)

- Northmec (Agricultural Machinery)
- New Holland* (Agricultural Machinery)
- CSE (Earthmoving Machinery)
- Doosan (Earthmoving Machinery)
- HPE (Hyundai Earthmoving)
- Criterion (Forklifts)
- ESP (Parts)
- 201 dedicated outlets



**Equipment sales discontinued. Aftermarket support continues (spare parts)*



Capital Equipment (Kian Ann Group)

Kian Ann Engineering

- One of the world's largest independent distributors of heavy machinery and diesel engine parts
- HQ in Singapore
- Subsidiaries in Singapore, Indonesia, China, Canada, United Kingdom and Myanmar
- Joint venture in India
- Associate in China



Kian Chue Hwa Industries

- One of Asia's largest independent distributors of commercial and industrial vehicle parts
- HQ in Singapore
- Subsidiaries in Indonesia, Thailand and Malaysia
- Associate in Myanmar



Engineering Solutions

- **BMG (Bearing Man Group)**
 - Engineering components & technical services
 - 135 branches
 - Bearings, Seals, PT, Tools, Fasteners
 - Drives, Motors, Belting, Field Services
 - Filtration, Hydraulics, Lubrication, Pneumatics



- **Hansen**
- **Man-Dirk Group (incl SA Tool)**
 - Tools & equipment
 - 19 branches & subsidiaries



- **Autobax**
 - Automotive
 - 3 branch network



- **OST**
- **Hyflo**

Group profit drivers

- Mining and industrial activity (ESG)
- Agricultural activity (Northmec and aftermarket parts)
- Construction activity (CSE, Doosan SA & HPE)
- Warehousing (Criterion Equipment)
- Global replacement spares market (Kian Ann)

Executive Management Team

BOARD OF DIRECTORS

Dr Christo Wiese (Non-Executive Chairman)

ENTITY	CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
Invicta Holdings	ARNOLD GOLDSTONE	CRAIG BARNARD
Capital Equipment Group	TONY SINCLAIR	GEOFF BALSHAW
Engineering Solutions Group	GAVIN PELSER	BENNIE GROENEWALD