Invicta's subdued results are attributed to SA's poor economic growth, low business confidence, political uncertainty and a controversial mining charter. Revenue edged up 2.7% while headline earnings fell 7% due to shrinking margins and exclusion of non-recurring income.

Invicta's dependency on cyclical sectors – mining, agriculture and construction – is troublesome. This is exacerbated by its huge exposure to the stagnant South African economy, where it generates more than three quarters of its business. However, management wants to diversify such that by 2020 half of its business will be derived from outside SA. In the meantime, the focus is on driving efficiencies and protecting and improving margins.

Overall, we maintain a hold view on the counter. However, given its streamlined cost base, an upswing in economic activity will bring disproportionate benefits to the group.