One AECI, *for a better world*

Summarised unaudited consolidated interim financial results for the half-year ended 30 June 2021, cash dividend declaration and Board responsibility changes.

good chemistry

AECI®

aeciworld.com

REVENUE

+5% to R11 802m

FOREIGN & EXPORT REVENUE: **43% of total revenue**

EBITDA

+23% to R1 453m

PROFIT FROM OPERATIONS

+70% to R948m

HEPS

+120% to 529c

GEARING

27% (1H20: 32%)

INTERIM CASH DIVIDEND

180c DECLARED

IMPROVED SAFETY PERFORMANCE

TRIR of 0,36 (0,42 in Dec '20)

SUMMARISED CONSOLIDATED INCOME STATEMENT

R millions	Note	% change	2021 First half Unaudited	2020 First half Unaudited	2020 Year Audited
REVENUE	2	5	**11 802**	11 265	24 111
Net operating costs			**(10 854)**	(10 707)	(23 194)
PROFIT FROM OPERATIONS		70	**948**	558	917
Loss on disposal of equity-accounted investees			**–**	–	(3)
Share of profit of equity-accounted investees, net of tax			**5**	9	27
PROFIT FROM OPERATIONS AND EQUITY-ACCOUNTED INVESTEES		68	**953**	567	941
Net finance costs			**(104)**	(185)	(278)
Interest expense			**(131)**	(200)	(365)
Interest received			**27**	15	87
PROFIT BEFORE TAX			**849**	382	663
Tax expense			**(272)**	(122)	(503)
PROFIT FOR THE YEAR			**577**	260	160
Profit for the year attributable to:					
– Ordinary shareholders			**560**	259	133
– Preference shareholders			**2**	2	4
– Non-controlling interest			**15**	(1)	23
			577	260	160
PER ORDINARY SHARE (CENTS):					
Basic earnings		117	**531**	245	127
Diluted basic earnings			**510**	238	121
Headline earnings		120	**529**	240	880
Diluted headline earnings			**509**	233	844
Ordinary dividends declared		80	**180**	100	470
Ordinary dividends paid			**470**	–	514
Ordinary dividends payable			**–**	414	–
HEADLINE EARNINGS ARE DERIVED FROM:					
Profit attributable to ordinary shareholders			**560**	259	133
Impairment of goodwill			**–**	42	863
Impairment of property, plant and equipment			**–**	27	27
Loss on disposal of equity-accounted investees			**–**	–	3
Profit on disposal of businesses and investment in subsidiaries			**–**	(108)	(102)
Gain on bargain purchase			**–**	–	(24)
Surplus on disposal of investment property and property, plant and equipment			**(2)**	(2)	(12)
Tax effects of the above items			**1**	36	40
HEADLINE EARNINGS			**559**	254	928

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R millions	**2021 First half Unaudited**	2020 First half Unaudited	2020 Year Audited
PROFIT FOR THE YEAR	**577**	260	160
OTHER COMPREHENSIVE INCOME NET OF TAX			
Items that may be reclassified subsequently to profit or loss:			
– Foreign currency translation differences	**(182)**	866	230
– Effective portion of cash flow hedges	**5**	(1)	(4)
Items that may not be reclassified subsequently to profit or loss:			
– Remeasurement of defined-benefit and post-retirement medical aid obligations	**–**	–	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**400**	1 125	392
Total comprehensive income attributable to:			
Ordinary shareholders	**386**	1 099	358
Preference shareholders	**2**	2	4
Non-controlling interest	**12**	24	30
	400	1 125	392

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R millions	**2021 First half Unaudited**	2020 First half Unaudited	2020 Year Audited
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**400**	1 125	392
Dividends paid	**(522)**	(11)	(604)
Dividends declared and payable	**–**	(448)	–
Share-based payment reserve	**(13)**	27	(63)
Non-controlling interest acquired	**–**	6	6
Equity at the beginning of the period	**10 815**	11 084	11 084
EQUITY AT THE END OF THE PERIOD	**10 680**	11 783	10 815
Made up as follows:			
Ordinary share capital	**110**	110	110
Reserves	**1 467**	2 354	1 636
– Foreign currency translation reserve	**1 224**	2 022	1 404
– Other reserves	**(22)**	(30)	(27)
– Share-based payment reserve	**265**	362	259
Retained earnings	**8 929**	9 121	8 895
Non-controlling interest	**168**	192	168
Preference share capital	**6**	6	6
	10 680	11 783	10 815

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES

Millions	**2021 First half Unaudited**	2020 First half Unaudited	2020 Year Audited
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT THE BEGINNING OF THE PERIOD	**120,0**	131,9	131,9
Weighted average number of shares held by consolidated subsidiary cancelled during the period	**–**	(11,9)	(11,9)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT THE END OF THE PERIOD	**120,0**	120,0	120,0
Weighted average number of unlisted ordinary shares held by consolidated EST	**(10,1)**	(10,1)	(10,1)
Weighted average number of contingently returnable ordinary shares held by CEDT	**(4,4)**	(4,4)	(4,4)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR BASIC EARNINGS PER SHARE	**105,5**	105,5	105,5
Dilutive adjustment for potential ordinary shares	**4,3**	3,3	4,5
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**109,8**	108,8	110,0

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R millions	Note	**2021** **As at 30 Jun** **Unaudited**	2020 As at 30 Jun Unaudited	2020 As at 31 Dec Audited
ASSETS				
NON-CURRENT ASSETS		**10 489**	12 422	10 720
Property, plant and equipment		**5 572**	6 110	5 671
Right-of-use assets		**386**	530	404
Investment property		**224**	226	225
Intangible assets		**941**	1 078	999
Goodwill	4	**2 334**	3 228	2 363
Pension fund employer surplus accounts		**550**	636	584
Investments in associates		**117**	165	125
Investments in joint ventures		**61**	41	52
Other investments		**125**	128	124
Deferred tax		**179**	280	173
CURRENT ASSETS		**11 176**	11 799	12 921
Inventories		**4 188**	4 206	3 761
Accounts receivable		**4 657**	4 420	5 129
Other investments		**339**	365	398
Loans to joint ventures		**8**	9	–
Tax receivable		**73**	119	76
Cash		**1 911**	2 680	3 557
TOTAL ASSETS		**21 665**	24 221	23 641
EQUITY AND LIABILITIES				
EQUITY		**10 680**	11 783	10 815
Ordinary share capital and reserves		**10 506**	11 585	10 641
Non-controlling interest		**168**	192	168
Preference share capital		**6**	6	6
NON-CURRENT LIABILITIES		**4 985**	6 113	5 037
Deferred tax		**591**	523	590
Non-current borrowings		**3 470**	4 558	3 555
Lease liabilities		**286**	327	247
Contingent consideration		**–**	15	–
Put option liability		**26**	34	22
Non-current provisions and employee benefits		**612**	656	623
CURRENT LIABILITIES		**6 000**	6 325	7 789
Accounts payable		**4 683**	4 125	5 391
Dividends payable		**–**	448	–
Current borrowings		**869**	1 330	1 865
Lease liabilities		**91**	187	150
Loans from joint ventures		**94**	62	98
Tax payable		**166**	173	162
Bank overdrafts		**97**	–	123
TOTAL EQUITY AND LIABILITIES		**21 665**	24 221	23 641

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

R millions	2021 First half Unaudited	2020 First half Unaudited	2020 Year Audited
CASH GENERATED BY OPERATIONS	**1 573**	1 137	2 915
Dividends received	**1**	–	8
Interest paid	**(118)**	(181)	(326)
Interest received	**26**	15	87
Tax paid	**(269)**	(163)	(346)
Changes in working capital	**(749)**	145	913
Cash outflows relating to defined-benefit and post-retirement medical aid obligations	**(9)**	(9)	(21)
Cash outflows relating to non-current provisions and employee benefits	**(6)**	(44)	(98)
CASH AVAILABLE FROM OPERATING ACTIVITIES	**449**	900	3 132
Dividends paid	**(522)**	(11)	(604)
CASH (UTILISED IN)/GENERATED FROM OPERATING ACTIVITIES	**(73)**	889	2 528
CASH FLOWS FROM INVESTING ACTIVITIES	**(315)**	(290)	(534)
Acquisition of subsidiaries, net of cash acquired	**–**	(82)	(82)
Loans with joint ventures	**(13)**	3	36
Other net investment activities	**55**	(117)	(161)
Investment in associates	**–**	–	(10)
Proceeds from disposal of businesses and investment in subsidiaries	**–**	208	222
Acquisition of investments	**(3)**	–	–
Proceeds from disposal of joint venture	**–**	–	26
Net capital expenditure	**(354)**	(302)	(565)
NET CASH (UTILISED)/GENERATED BEFORE FINANCING ACTIVITIES	**(388)**	599	1 994
CASH FLOWS FROM FINANCING ACTIVITIES	**(1 196)**	(141)	(591)
Settlement of performance shares	**(77)**	–	(102)
Lease payments	**(129)**	(136)	(269)
Cash paid on buy-out of non-controlling interest	**–**	–	(6)
Borrowings raised	**110**	–	–
Borrowings repaid	**(1 100)**	(5)	(214)
NET (DECREASE)/INCREASE IN CASH	**(1 584)**	458	1 403
Cash at the beginning of the period	**3 434**	1 978	1 978
Translation (loss)/gain on cash	**(36)**	244	53
CASH AT THE END OF THE PERIOD	**1 814**	2 680	3 434

INDUSTRY SEGMENT ANALYSIS

BASIS OF SEGMENTATION

The realignment and rebranding of the Group's businesses was completed in 2020. This included repositioning businesses into four strategic pillars. These pillars, together with AECI Property Services & Corporate, are the Group's reportable segments and are described below.

Businesses in each pillar offer differing products and services and are managed separately because they require different technology and marketing strategies.

REPORTABLE SEGMENTS	OPERATIONS
AECI MINING	The businesses in this segment provide a mine-to-mineral solution for the mining sector internationally. The offering includes commercial explosives, initiating systems, blasting services and surfactants for explosives manufacture right through the value chain to chemicals for ore beneficiation and tailings treatment.
AECI WATER	This business provides customers on the African continent with integrated water treatment solutions, process chemicals and equipment solutions for a diverse range of applications. These include, inter alia, public and industrial water, desalination and utilities.
AECI AGRI HEALTH	Businesses in this segment manufacture and distribute crop protection products, plant nutrients, animal premixes, specialty animal health products and fine chemicals on the African continent, in Europe and in the USA.
AECI CHEMICALS	Businesses in this segment supply raw materials and related services to a broad spectrum of customers in the food and beverage, manufacturing, road infrastructure and general industrial sectors. Their markets are mainly in South Africa and in other Southern African countries, except for AECI SANS Fibers which is based in the USA.
AECI PROPERTY SERVICES & CORPORATE	Mainly property leasing and management in the office, industrial and retail sectors, and corporate centre functions including the treasury.

There are varying levels of integration between the segments. This includes transfers of raw materials and finished goods, and property management services. Inter-segment pricing is determined on terms that are no more and no less favourable than transactions with unrelated external parties.

INFORMATION RELATING TO REPORTABLE SEGMENTS

Information relating to each reportable segment is set out below. Segmental profit from operations is used to measure performance because AECI's Executive Committee believes that this information is the most relevant in evaluating the results of the respective segments.

R millions	**2021** First half Unaudited	2020 First half Unaudited Restated[1]	**2021** First half Unaudited	2020 First half Unaudited Restated[1]	**2021** First half Unaudited	2020 First half Unaudited Restated[1]
	EXTERNAL REVENUE		**INTER-SEGMENT REVENUE**		**TOTAL SEGMENT REVENUE**	
AECI Mining	**5 530**	5 367	**41**	30	**5 571**	5 397
AECI Water	**744**	663	**17**	13	**761**	676
AECI Agri Health	**2 405**	2 772	**33**	25	**2 438**	2 797
AECI Chemicals	**2 935**	2 302	**35**	49	**2 970**	2 351
AECI Property Services & Corporate	**188**	161	**70**	66	**258**	227
Inter-segment	**—**	—	**(196)**	(183)	**(196)**	(183)
	11 802	11 265	**—**	—	**11 802**	11 265
	DEPRECIATION		**AMORTISATION**		**IMPAIRMENTS[2]**	
AECI Mining	**258**	297	**3**	3	**—**	—
AECI Water	**18**	17	**6**	9	**—**	—
AECI Agri Health	**86**	91	**15**	15	**—**	—
AECI Chemicals	**75**	79	**11**	12	**—**	69
AECI Property Services & Corporate	**33**	37	**3**	3	**—**	—
Inter-segment	**(8)**	(19)	**—**	—	**—**	—
	462	502	**38**	42	**—**	69

INFORMATION RELATING TO REPORTABLE SEGMENTS

R millions	2021 First half Unaudited	2020 First half Unaudited Restated[1]	2021 First half Unaudited	2020 First half Unaudited Restated[1]	2021 First half Unaudited	2020 First half Unaudited Restated[1]
	PROFIT/(LOSS) FROM OPERATIONS		EBITDA[3]		CAPITAL EXPENDITURE	
AECI Mining	**646**	393	**902**	694	**249**	166
AECI Water	**106**	100	**130**	126	**16**	9
AECI Agri Health	**29**	137	**130**	243	**44**	79
AECI Chemicals	**252**	11	**348**	179	**42**	55
AECI Property Services & Corporate	**(79)**	(79)	**(43)**	(39)	**14**	13
Inter-segment	**(6)**	(4)	**(14)**	(23)	**—**	—
	948	558	**1 453**	1 180	**365**	322
			OPERATING ASSETS[4]		OPERATING LIABILITIES[4]	
AECI Mining			**7 391**	8 023	**2 128**	1 828
AECI Water			**1 258**	1 263	**288**	265
AECI Agri Health			**4 431**	4 749	**1 160**	1 204
AECI Chemicals			**4 688**	5 255	**1 268**	932
AECI Property Services & Corporate			**1 064**	1 001	**239**	240
Inter-segment			**(530)**	(493)	**(400)**	(344)
			18 302	19 798	**4 683**	4 125

[1] *As previously reported, the realignment and rebranding of the Group's businesses was completed in 2020. Therefore, the unaudited first half 2020 disclosure has been restated accordingly.*
[2] *Includes impairments of goodwill, property, plant and equipment.*
[3] *Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairment.*
[4] *Operating assets comprise property, plant and equipment, right-of-use assets, investment property, intangible assets, goodwill, inventories, accounts receivable and assets classified as held for sale. Operating liabilities comprise accounts payable.*

Geographical information on non-current assets has not been disclosed as it is not readily available.

OTHER SALIENT FEATURES

R millions	2021 First half Unaudited	2020 First half Unaudited	2020 Year Audited
Capital expenditure	**365**	322	632
— expansion	**75**	117	201
— replacement	**290**	205	431
Capital commitments	**1 116**	445	544
— contracted for	**353**	66	239
— not contracted for	**763**	379	305
Acquisitions authorised and contracted for	**—**	5	—
Future rentals on short-term and low value assets	**38**	44	50
— payable within one year	**36**	39	46
— payable thereafter	**2**	5	4
Net borrowings[1]	**2 902**	3 722	2 383
EBITDA[2]	**1 453**	1 180	2 943
Depreciation and amortisation	**500**	544	1 112
Impairment	**—**	69	890
Gearing (%)[3]	**27**	32	22
Current assets to current liabilities	**1,9**	1,9	1,7
Net asset value per ordinary share (cents)	**9 556**	10 537	9 679
ZAR/€ closing exchange rate (rand)	**16,93**	19,51	17,97
ZAR/€ average exchange rate (rand)	**17,52**	18,35	18,78
ZAR/US$ closing exchange rate (rand)	**14,27**	17,37	14,65
ZAR/US$ average exchange rate (rand)	**14,54**	16,65	16,46

[1] *Current and non-current borrowings, including finance lease liabilities and bank overdrafts, less cash.*
[2] *Unaudited for December 2020.*
[3] *Net borrowings as a percentage of equity.*

NOTES

(1) Basis of preparation and accounting policies

The summarised consolidated unaudited interim financial results are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa. They contain, as a minimum, the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these summarised consolidated unaudited interim financial results are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The preparation of these summarised consolidated unaudited interim financial results for the half-year ended 30 June 2021 was supervised by the Financial Director, Mr KM Kathan CA(SA) AMP (Harvard). The summarised consolidated financial results have not been audited or reviewed by the Company's auditor, Deloitte & Touche.

(2) Revenue includes foreign and export revenue of R5 031 million (2020: R5 413 million).

(3) Cash and debt covenants

The Company's net borrowing position at 30 June 2021 was R2 902 million compared to R3 722 million at 30 June 2020 and R2 383 million at 31 December 2020, with undrawn finance facilities of R3 800 million. All covenant requirements were comfortably met.

(4) AECI Schirm: goodwill

The business continued to be adversely affected by poor demand from the automotive sector in Europe owing to shortages of components such as electronic chips and raw material supply chain issues in the region. These challenges are a consequence of disruptions attributable to the effects of the COVID-19 pandemic. The extended impact of COVID-19 and slower than expected economic recovery in the German chemicals market constrained overall production volumes and resulted in the delay of certain major tender award processes. However, AECI Schirm was awarded the full volumes in one tender finalised by a major customer in the period. The outcome of an additional major tender is expected to be communicated in the second half of 2021.

It is anticipated that the German chemicals sector will normalise in 2022. At that time, optimisation of existing manufacturing facilities is expected to deliver enhanced results. Furthermore, additional volumes will benefit cost recoveries. AECI Schirm's business in the USA achieved another solid result, with capital investments made in 2020 delivering to expectations. This assisted the overall business' performance to an extent.

Management undertook a preliminary assessment of the goodwill which arose on the acquisition of AECI Schirm and assessed several scenarios. Although it was concluded that no impairment was indicated at 30 June 2021, in the worst case scenario the estimated recoverable amount of the cash-generating unit was equal to its carrying amount. With the Board's agreement it was concluded that given the prevailing uncertainty in the trading environment, the annual assessment of the goodwill to be performed at year-end will be the primary driver of the final assessment of the fair value of this goodwill. At that time, there will be greater clarity on the business' medium-term prospects and related cash flows.

Based on current economic trends in the German chemicals market, it was assumed that sales would increase in line with the expectation of a strong economic recovery post COVID-19 (especially in the local automotive sector), customer demand returning and continued strong sales and trading margin growth in the USA.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

(5) The Group entered into various sale and purchase transactions with related parties in the Group in the ordinary course of business, the nature of which was consistent with those previously reported. Those transactions were concluded on terms that were no more and no less favourable than transactions with unrelated external parties. All transactions and balances with these related parties have been eliminated appropriately in the consolidated results.

(6) The Group measures forward exchange contracts at fair value using inputs as described in level 2 of the fair value hierarchy. The fair values for forward exchange contracts are based on quotes from brokers. Similar contracts are traded in an active market and the quotes reflect the actual transactions on similar instruments. The carrying values of all other financial assets and liabilities approximate their fair values based on the nature or maturity period of the financial instrument. There were no transfers between levels 1, 2 or 3 of the fair value hierarchy during the half-year ended 30 June 2021.

(7) The summarised consolidated unaudited interim financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended 31 December 2020.

(8) Contingent liabilities dispute in West Africa

A subsidiary in the West African region is defending an action brought by an Administration of Customs, claiming CFA1 652 million (US$2,8 million) and penalties up to CFA 44 547 million (US$76 million). The latter amount was subsequently reduced to CFA29 842 million (US$54 million). Based on local and international legal advice, management is confident in its legal position. Subsidiaries in this region comply strictly with the Common External Tariff adopted and applied by the West African Economic Monetary Union.

Other contingent liabilities

The Group is involved in legal proceedings and is in consultation with its legal counsel, assessing the outcome of these proceedings, on an ongoing basis. As proceedings progress, the Group's management makes provision in respect of legal proceedings where appropriate. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

(9) No reportable events occurred after the reporting date.

(10) The following changes to the Board and the Group Company Secretary were announced or took effect during the period:

Non-executive Directors: Appointment

- Ms PM Mishic O'Brien, with effect from 1 July 2021.

Group Company Secretary: Appointment

- Ms C Singh, with effect from 1 September 2021
- Mr WJ Strydom was appointed to act in this capacity from 1 January 2021.

COMMENTARY

AECI delivered a strong performance for the first half of 2021 (the period). Our results demonstrated the benefits of our diversity, agility and our strategic pillar structure. This bolstered our resilience as we recovered very well from the COVID-19 effects that severely impacted results to 30 June 2020 (the prior corresponding period).

RECOVERY FROM THE EFFECTS OF COVID-19

As the world recovered from the initial wave of infection, the trading environment began to normalise in the second six months of last year. This improvement trend continued into 2021, albeit that the recovery has not occurred at the same rate internationally and across all sectors of activity. Whereas the US and Chinese economies are on rapid growth trajectories, others are lagging. South Africa and Europe are among these.

The pandemic has also continued to affect our people globally. Many of them have experienced bereavement in their own families and among their friends. Tragically, to date 10 of our colleagues have succumbed to COVID-related illnesses. All of them were based in South Africa. The Board and management extend their sincere condolences to their families and to all our employees who have lost loved ones.

The roll-out of mass vaccination programmes is underway across the world. This is an encouraging development. We are urging all our employees to be vaccinated as soon as it is possible for them to do so.

RECENT CIVIL UNREST IN SOUTH AFRICA

The violence, looting and general lawlessness experienced in South Africa in mid-July 2021 is a matter of extreme concern. The safety of our people is our priority. Some of our employees and their families, in KwaZulu-Natal and parts of Gauteng, were directly affected by the unrest. We continue to monitor their wellbeing and assist them wherever possible.

There were minor disruptions to our business, but we collaborated closely with our customers and suppliers to safeguard the supply chain. Although none of the Group's manufacturing assets were damaged during the unrest, output at some plants in KwaZulu-Natal was adversely affected as was product transportation. It is not yet possible to quantify the impact of the disruptions.

SAFETY

The Total Recordable Incident Rate (TRIR), which measures the number of recordable incidents per 200 000 hours worked, improved to 0,36 from 0,42 at the end of last year. A Group-wide programme to reinforce the focus on holistic wellness and safety was launched early in 2021. Some key elements of the programme cover people engagement, behaviour-based safety, risk management and process safety. Although the benefits of the programme are beginning to emerge, much work remains to be done.

FINANCIAL PERFORMANCE

All Group businesses were operational in the half-year, unlike in 2020 when restrictions associated with mitigating the spread and effects of the coronavirus required some of our businesses and those of our customers to scale back or suspend their activities.

In the prior corresponding period, management estimated that the impact of the COVID-19 pandemic on revenue and profit from operations was R1 015 million and R454 million, respectively. The negative effect on headline earnings per share (HEPS) was estimated at 294 cents.

While there was a strong year-on-year recovery, some markets have yet to return to pre-pandemic levels.

	1H21				1H20				% change			
	Revenue (Rm)	**EBITDA (Rm)**	**Profit from ops (Rm)**	**HEPS (cps)**	Revenue (Rm)	EBITDA (Rm)	Profit from ops (Rm)	HEPS (cps)	Revenue (%)	EBITDA (%)	Profit from ops (%)	HEPS (%)
REPORTED	**11 802**	**1 453**	**948**	**529**	11 265	1 180	558	240	4,8	23,1	69,9	120,4
Restructuring						92	92	59				
Impairment							69					
Net profit from sale of business						(108)	(108)					
UNDERLYING EXCL. COVID-19	**11 802**	**1 453**	**948**	**529**	11 265	1 164	611	299	4,8	24,8	55,2	76,9
Estimated net impact of COVID-19					1 015	454	454	294				
UNDERLYING	**11 802**	**1 453**	**948**	**529**	12 280	1 618	1 065	593	(3,9)	(10,2)	(11,0)	(10,8)

Revenue increased by 5% to R11 802 million (2020: R11 265 million). Growth was restricted by the key considerations outlined below and this also affected the improvement in EBITDA and profit from operations:

- not all mining customers on the African continent have resumed their operations; some remain on care and maintenance
- four large customers in the oil refining and industrial sectors did not resume their operations in the period
- last year's sanitiser order at AECI Schirm did not recur
- the stronger average rand foreign exchange rate against the US dollar and the Euro

EBITDA of R1 453 million was 23% higher than 2020's R1 180 million. Profit from operations increased by 70% to R948 million (2020: R558 million) and HEPS was 529 cents or 120% higher than the 240 cents reported last year.

Headline earnings increased to R559 million from R254 million in the prior corresponding period.

Given the progress made by the Company in its recovery from the effects of COVID-19, the Board has declared an interim ordinary cash dividend of 180 cents (80% higher than the 100 cents for the half-year ended 30 June 2020).

SEGMENTAL PERFORMANCE

AECI MINING (AECI MINING EXPLOSIVES AND AECI MINING CHEMICALS)

Revenue increased by 3% to R5 571 million (2020: R5 397 million). This was supported by higher ammonia prices and a robust recovery in mining chemicals volumes. The stronger ZAR/US$ exchange rate during the period had a negative effect on the result.

EBITDA improved by 30% to R902 million (2020: R694 million). Consequently, profit from operations increased by 64% to R646 million (2020: R393 million). Some customers in the mining sector remain under care and maintenance and there is still uncertainty as to the timing of when activities will resume.

AECI Mining Explosives

A much better year-on-year result was delivered, reflecting buoyant conditions in the global commodity environment. Good progress was made in replacing volumes of bulk explosives lost in South Africa's iron ore and platinum surface mining sectors in the prior year. However, offtake from South Africa's coal mining sector was below expectations and challenges in Indonesia resulted in a 9,6% decline in overall bulk explosives volumes.

The 33% increase in initiating systems volumes was due to the resumption of activities in the underground gold and platinum mining sectors, both of which were severely affected by lockdown restrictions in the second quarter of 2020.

There was a solid performance in Zimbabwe and Botswana. Combined volumes in Central Africa and East Africa were 25% higher than in the prior corresponding period and those in West Africa remained robust.

AECI Australia delivered its best-ever first-half result. New business was gained and the contract with Thiess, the anchor customer in Australia, was extended for another five years. Late in the period a significant contract was secured for the supply of bulk emulsion explosives, initiating systems and related services to a customer in New South Wales.

In Indonesia extreme weather events, machine breakdowns experienced by the mining contractor and free digging by customers (that is, mining which does not require the use of explosives) restricted performance. For the Asia-Pacific region as a whole, the volume decline was 2%.

AECI Mining Chemicals

Demand for extractive chemicals in the South African platinum mining market recovered strongly. Supply chain disruptions in respect of certain raw materials limited the benefits of this to an extent. In terms of mining emulsifiers, there was good growth in volumes for export and underground mining customers. Sales of these emulsifiers in the local surface mining market were lower, in line with those of explosives to this sector. Sales of fertilizer coating products increased, particularly to export customers.

AECI WATER

Revenue was R761 million, 13% higher than last year's R676 million. The improvement was underpinned by 48% growth in the public water business, both locally and on the African continent. This business accounted for 38% of total revenue. In contrast, unfavourable trading conditions prevailed in the higher margin refinery and industrial customer sectors. Output at two South African refineries was interrupted and the third was on an extended planned shutdown. The Engen refinery will not resume operations.

Subdued levels of activity persisted in the industrial sector owing to lingering COVID-19 effects. Certain mining sector customers on the continent delayed the implementation of new tenders.

EBITDA improved by 3% to R130 million (2020: R126 million) and profit from operations by 6% to R106 million (2020: R100 million).

Further progress was made in respect of Project Purpose. One of this project's objectives is to support AECI's reduction in its own water usage footprint and that of its customers. The water reuse plant at AECI Mining Explosives, Modderfontein, commissioned in December 2020 will deliver benefits to both businesses from the second half of the year. Projects for other Group sites are at different stages of finalisation or execution.

AECI Water secured a number of new tenders and projects in the second quarter. Additional proposals for water reuse interventions have been submitted to customers in the mining and public water industries, among others, and are being evaluated by them.

AECI AGRI HEALTH (AECI PLANT HEALTH, AECI ANIMAL HEALTH AND AECI SCHIRM)

Revenue decreased by 13% to R2 438 million (2020: R2 797 million). The main reasons for the decline were the non-recurrence of the sale of large volumes of sanitiser to the German Department of Interior by AECI Schirm, and the effects of a stronger ZAR/€ exchange rate. Consequently, EBITDA of R130 million was 47% lower (2020: R243 million) and profit from operations decreased to R29 million (2020: R139 million).

AECI Plant Health

Good rainfall patterns helped AECI Plant Health sustain its good performance. Revenue and operating profit were 6% and 39% higher year-on-year, respectively. In 2020 the business completed a cost-realignment initiative and the benefits of this also assisted.

A capital expansion project is underway for Biocult's biostimulants production facility in Somerset West, Western Cape. The existing synthesis plant at the Lilianton site, Gauteng, is being expanded to support further growth in higher margin in-house product sales. Both projects will be completed in the first quarter of 2022. Twenty-three products have been registered in six states in the USA to boost sales of the in-house products.

AECI Schirm

In the first half of 2020, AECI Schirm's performance was boosted by the execution of the significant once-off sanitiser order which contributed approximately R180 million to revenue and R93 million to operating profit. In addition to the non-recurrence of this and negative foreign exchange rate effects in the amount of R55 million, the German economy contracted in the first quarter of 2021 as the country dealt with its second wave of COVID-19 infections. The consequences of this were:

- sluggish sales to the automotive industry by some key customers due COVID-19-related supply chain challenges in the Far East
- no production of sugar beet herbicide because of low demand as well as high inventory levels in customers' pipelines
- significant supply chain disruptions for chemical raw materials, with orders cancelled or postponed

On the positive side, a new tender that was highlighted in the prior year was awarded in full by a major German chemical customer. The outcome of another significant tender is expected in the second half of the year. AECI Schirm has been shortlisted for this award.

AECI Schirm in the USA sustained its robust performance, notwithstanding the challenges presented by extreme weather events earlier in the year. The new super concentrates herbicide plant has been fully loaded since commissioning in 2020 and its capacity is sold out for the next 12 months. A project to expand the business into Illinois has commenced to meet demand from some large customers.

A preliminary assessment of AECI Schirm's goodwill on acquisition was performed at 30 June 2021 and it was concluded that no impairment was necessary at that time.

AECI CHEMICALS (AECI INDUSTRIAL CHEMICALS, AECI SPECIALTY CHEMICALS, AECI FOOD & BEVERAGE, AECI SANS FIBERS AND AECI MUCH ASPHALT)

Revenue increased by 26% to R2 970 million (2020: R2 351 million). This pleasing result was attributable to the following key factors:

- strong performance by AECI Specialty Chemicals with volume and margin improvement in the personal care, polymers, coatings and construction sectors as well as two major three-year contract renewals in oleochemicals and can coatings
- higher prices and volumes for sulphur, and sustained strong sales to the homecare industry by AECI Industrial Chemicals
- higher volumes of traded products by AECI Food & Beverage, and a good performance by AECI Industrial Chemicals' newly-established bulk commodity trading business
- strong recovery in the USA automotive and apparel markets boosted AECI SANS Fibers' performance
- signs of a recovery in the road infrastructure sector are emerging slowly, assisting a recovery in volumes for AECI Much Asphalt

EBITDA improved by 94% to R348 million (2020: R179 million) and profit from operations improved to R252 million (2020: R11 million). This segment was strategically realigned in the first half of 2020, with related costs and impairments being recognised at 30 June 2020. Annualised benefits of R100 million have been achieved since the second half of last year.

AECI Chemicals: profit from operations analysed

R millions	**2021**	2020	% change
Reported operating profit	**252**	11	
Restructuring and related impairments	–	133	
Profit on sale of business units	–	(108)	
	252	36	>100
Estimated COVID-19 impact	–	145	
	252	181	39

A level of recovery has been noted in the South African manufacturing environment, albeit that trading conditions prior to the COVID-19 pandemic were already depressed and investment in the sector was at a very low level. The mining commodity price boom should provide impetus in certain industries in the sector.

AECI Much Asphalt

This business was unable to operate under the most stringent pandemic-related restrictions in the second quarter of 2020 (COVID-19 Alert Level 5, in South Africa). The same restrictions were not in place in the current period and this enabled a 70% recovery in revenue terms. The business also delivered significantly better operating profit. Although the acceleration of investment in the road infrastructure sector remains uncertain, positive signals from the market have been noted in recent months. Activity levels from Metros and the Department of Transport, in particular, are encouraging. AECI Much Asphalt secured a major contract in the Eastern Cape and extended its footprint in the eMkondo area, in Mpumalanga, to service another contract awarded.

Growth in demand for bitumen rubber has continued. In this regard, bitumen raw material supply remains a concern owing to operational challenges at South Africa's refineries. To mitigate the risk associated with short supply, AECI Much Asphalt imported product and further imports are planned. Bitumen storage facilities are in place.

The outlook for this business has improved. SANRAL has awarded some contracts for work on the N2/N3 highways, most of the business' major customers are indicating increased activity levels in the medium term and there is an upward trend in work where mobile asphalt manufacturing plants are deployed.

PROPERTY & CORPORATE

Effective cost-savings initiative enabled increased profitability in AECI Property Services. Net corporate costs were R79 million, unchanged from 2020.

CASH UTILISATION

The Group's EBITDA was 23% higher at R1 453 million (2020: R1 180 million). Although the focus on cash management remained key for management, cash was invested in working capital as the overall trading environment improved. Due to supply chain disruptions in shipping and chemical raw material availability, certain foreign suppliers were settled in advance to secure strategic inventory. This notwithstanding, there was pleasing improvement in the net working capital ratio to revenue to 16,9% (2020: 18,7%).

Of the R365 million invested in fixed assets, R75 million was for expansion projects and the balance of R290 million was sustenance capital expenditure. AECI Mining carried out a successful statutory shutdown of the No. 11 Nitric Acid, Modderfontein, postponed from the prior year. Also, at Modderfontein, the air emissions abatement projects remain on track for completion by year-end.

Cash interest cover was 14,5 times. Net borrowings increased to R2 902 million (December 2020: R2 383 million) at a net gearing ratio of 27% (December 2020: 22%).

US$17 million in cash (2020: US$8 million) net of withholding taxes was repatriated from the Group's foreign subsidiaries.

CHANGES IN SIGNIFICANT BOARD RESPONSIBILITIES

Patricia (Patty) Mishic O'Brien joined the Board as an Independent Non-executive Director with effect from 1 July 2021. She was appointed in accordance with AECI's Board Nomination, Composition and Diversity Policy. She will also join the Social and Ethics and the Integrated Chemicals Financial Review Committees from 1 August 2021.

OUTLOOK

Owing to the Group's diversity in terms of the markets we serve and the geographies where we operate, we are well placed to maximise opportunities as the world normalises further from COVID-19 and mass vaccination programmes accelerate. Although a level of uncertainty persists in terms of recovery from current and future waves of the COVID-19 pandemic across economies and sectors of activity, the business environment is more supportive. We anticipate that demand for our products will be sustained. The current global commodity boom is expected to assist not only AECI Mining but our other businesses whose customers service this sector.

New business gained in the six months, together with the ongoing benefits of the business realignment projects undertaken over the last two years, should add support to the Group's performance going forward.

FOCUS

We will retain unwavering focus on improving our safety performance further, on progressing the achievement of targets we have committed to in our Sustainability Framework as well as advancing the implementation of our longer-term strategy to 2025.

The diligent management of cash, working capital and costs will remain a focus. Balanced against this, we are committed to investing capital for expansion that enables growth in our strategic pillars. Opportunities for further expansion of our geographic footprint and bolt-on acquisition opportunities remain on the agenda as does our innovation drive. All of this will enable and enhance "One AECI, for a better world" into the future.

Khotso Mokhele
Chairman

Mark Dytor
Chief Executive

27 July 2021

Directors: KDK Mokhele (Chairman), SA Dawson*, FFT De Buck, WH Dissinger**, MA Dytor (Chief Executive), G Gomwe†, KM Kathan (Executive), PM Mishic O'Brien‡, R Ramashia, AM Roets, PG Sibiya * Australian ** German † Zimbabwean ‡ American

Acting Group Company Secretary: WJ Strydom

DECLARATION OF INTERIM ORDINARY CASH DIVIDEND NO. 175

NOTICE IS HEREBY GIVEN that on Tuesday, 27 July 2021 the Directors of AECI declared a gross interim cash dividend of 180 cents per share, in respect of the six-month period ended 30 June 2021. The dividend is payable on Monday, 6 September 2021 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 3 September 2021.

The last day to trade 'cum' dividend will be Tuesday, 31 August 2021 and shares will commence trading 'ex' dividend as from the commencement of business on Wednesday, 1 September 2021.

A South African dividend withholding tax of 20% will be applicable to all shareholders who are not either exempt or entitled to a reduction of the withholding tax rate in terms of a relevant Double Taxation Agreement, resulting in a net dividend of 144 cents per share to those shareholders who are not eligible for exemption or reduction. Application forms for exemption or reduction may be obtained from the Transfer Secretaries and must be returned to them on or before Tuesday, 31 August 2021.

The issued share capital of the Company at the declaration date is 109 944 384 listed ordinary shares, 10 117 951 unlisted redeemable convertible B ordinary shares and 3 000 000 listed cumulative preference shares. The dividend has been declared from the income reserves of the Company.

Any change of address or dividend instruction must be received on or before Tuesday, 31 August 2021.

Share certificates may not be dematerialised or rematerialised from Wednesday, 1 September 2021 to Friday, 3 September 2021, both days inclusive.

By order of the Board

WJ Strydom
Acting Group Company Secretary

Woodmead, Sandton
28 July 2021

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
and
Computershare Investor Services PLC
PO Box 82, The Pavilions, Bridgwater Road, Bristol BS 99 7NH, England

REGISTERED OFFICE

First floor, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton

EQUITY AND DEBT SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196

AECI LIMITED

(Incorporated in the Republic of South Africa)
(Registration No. 1924/002590/06)
Tax reference No. 9000008608
Share code: AFE   ISIN: ZAE000000220
Hybrid code: AFEP   ISIN: ZAE000000238
Bond company code: AECI
LEI: 3789008641F1D3D90E85
(AECI or the Company or the Group)