



AECI LIMITED

Incorporated in the Republic of South Africa

(Registration number: 1924/002590/06)

Share code: AFE ISIN: ZAE000000220

Hybrid code: AFEP ISIN: ZAE000000238

Bond company code: AECI

LEI: 3789008641F1D3D90E85

("AECI" or the "Company" or the "Group")

TRADING STATEMENT

In compliance with the JSE Limited Listings Requirements, shareholders and noteholders are advised that for the half-year ended 30 June 2020 (the "period"), AECI's headline earnings per share ("HEPS") and earnings per share ("EPS") are expected to be between 219 cents and 257 cents, that is between 30% and 40% lower than the 365 cents and 367 cents, respectively, achieved for the half-year ended 30 June 2019 (the "prior corresponding period"). The significant contributors in this regard in the period were as follows:

- The COVID-19 pandemic has had a severe impact on trading in many of the sectors in which AECI's customers operate, resulting in lower revenue and profitability. It is estimated that the negative effect of the pandemic on HEPS and EPS in the period was between 275 cents and 300 cents.

The timing and extent of a meaningful recovery remain uncertain, particularly in South Africa's manufacturing and mining sectors where challenging trading conditions already prevailed prior to COVID-19.

The Company's financial position in terms of liquidity has remained robust and no loan covenants were breached during the period.

- As disclosed in the Company's financial results for the year ended 31 December 2019, published on SENS on 25 February 2020, management undertook a project to restructure businesses in its Chemicals and Food & Beverage segments to enhance sustainability in South Africa's low growth economic environment. This project, with the associated non-recurring costs of R64 million (HEPS and EPS impact of 41 cents) was nearing completion by 30 June 2020. EPS was also affected by impairment of goodwill, property, plant and equipment in the amount of R69 million as a result of exiting non-performing businesses in the two segments. This negative EPS effect was offset by the profit on disposal (R108 million) of the Group's paper chemicals business unit concluded in the half-year.

As in the case of the realignment projects undertaken in the Mining Explosives and Water businesses in 2019, where related savings continue to be in line with expectations, it is anticipated that the benefits of restructuring the Chemicals and Food & Beverage pillars will offset the associated costs incurred in the period in the second half of 2020. In future years, the sustainable annualised pre-tax benefit is expected to be at least R100 million.

The financial information on which this trading statement is based has not been reviewed and reported on by the Company's external auditor.

AECI's results for the half-year ended 30 June 2020 are expected to be released on SENS on or about Wednesday, 29 July 2020.

Woodmead, Sandton
17 July 2020

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)