

AECI LIMITED  
(Incorporated in the Republic of South Africa)  
Registration number 1924/002590/06  
Tax reference number 9000008608  
Share code: AFE  
ISIN: ZAE000000220  
Hybrid code: AFEP  
ISIN: ZAE000000238  
Bond company code: AECI  
LEI: 3789008641F1D3D90E85  
( 'AECI' or 'the Company' or 'the Group' )

Summarised unaudited consolidated interim financial  
results and cash dividend declaration  
for the half-year ended 30 June 2020

Revenue  
-6% to R11 265m  
Foreign and export revenue: 48% of total revenue

EBITDA  
-18% to R1 111m

Profit from operations  
-32% to R558m

HEPS  
-34% to 240c

Gearing  
32%  
(FY19: 36%)

Interim dividend of 100c declared  
deferred final dividend  
for '19 to be paid in '20

Safety performance  
TRIR of 0,36  
Improvement trend sustained

Retained  
Level 2  
B-BBEE contributor status

GCR rating maintained  
A+  
with stable outlook

COVID-19  
It is with great sadness that the Board and management report that we  
have lost three colleagues in South Africa to the coronavirus to date.  
We extend our sincere condolences to their families, friends and fellow  
team members.

The COVID-19 pandemic has had a profound effect on every aspect of daily  
life in countries across the world. The Board and management take this  
opportunity to thank all AECI's stakeholders for their support during

this exceptionally challenging time. In particular, we wish to express our gratitude to our 7 600 employees in all 26 countries where the Group operates. Their continued efforts and diligence have been exemplary.

A comprehensive AECI COVID-19 Response Plan was developed in March 2020 and has been updated regularly to reflect the changing circumstances and requirements through the pandemic. Employees' health and movement are tracked and monitored daily in line with this plan.

More than 90% of all employees are performing their duties at this time. A total of 183 employees have tested positive for COVID-19 to date, with 89 of them having fully recovered. 90 positive cases are being actively tracked and one employee is receiving treatment in hospital.

The Group leadership's focus since March this year has been on navigating the business through the effects of the pandemic. To this end, a COVID-19 Task Team was established with the strategic intent of minimising impact on our people, on our operations and safeguarding the supply of essential services to customers.

In addition to implementation of the AECI COVID-19 Response Plan, which is available at <https://www.aeciworld.com/covid-19.php>, operational business continuity management plans have been adapted and applied in line with the Company's overall risk management framework. These measures have enabled continuity in operations and in the delivery of products and services to customers.

Business in South Africa, which accounts for the greatest portion of the Group's activities and where the highest number of employees are based, was the most severely affected in the reporting period. Certain businesses were deemed essential under national Alert Level 5 restrictions ('hard lockdown') declared by the South African government on 23 March 2020. Essential services included:

- \* the supply of products and services to the coal mining sector initially, and subsequently to the surface mining sector as a whole
- \* chemicals for the treatment of potable water, in particular
- \* raw materials for the manufacture of personal care and home care products
- \* inputs for the food industry, and
- \* agrochemicals and related services for the farming sector.

The effects on other sectors in which the Group's customers operate were significant. Key among them were mining, infrastructure and the balance of manufacturing-related industries.

Although most sectors resumed operations as lockdown restrictions eased, market demand has remained depressed and the operating environment has yet to normalise.

The net asset value per share attributable to ordinary shareholders increased by 17% (from 8 994 cents in 2019 to 10 537 cents) and basic earnings per share decreased by 33% (from 367 cents in 2019 to 245 cents in 2020).

#### Financial performance

Revenue of R11 265 million was 6% lower (2019: R11 972 million), with declines recorded in all segments other than Plant & Animal Health. Of the total revenue, 48% was generated outside of South Africa and mostly

in US dollars and Euros. The weaker rand exchange rate against these major currencies thus curbed the revenue decline.

EBITDA of R1 111 million was 18% lower than 2019's R1 361 million. The profit on disposal of the Group's paper chemicals business unit contributed R108 million to EBITDA.

Profit from operations in the half-year was 32% lower at R558 million (2019: R826 million). In addition to COVID-19, R64 million in retrenchment costs associated with restructuring of the Food & Beverage and Chemicals segments contributed to the year-on-year decrease. Impairments of R69 million were recognised. The Group's exit from its sauces business and closure of Industrial Oleochemical Products' tall oil distillation operations accounted for the majority of this amount. Annualised benefits of at least R100 million are anticipated from restructuring.

It was pleasing to note that in the first quarter of the year profit from operations (before taking into account any restructuring costs) had improved by more than 20% on the corresponding period in the prior year. In the second quarter, however, the effects of the pandemic on markets and performance were acute.

The benefits of the strategic realignment projects undertaken in the prior year in the Explosives and Water & Process businesses were in line with expectations overall, albeit that the Explosives business was challenged by lower sales of initiating systems to underground mining customers as their operations were limited by lockdown due to COVID-19.

#### Financial impact of COVID-19

Each Group business estimated the impact of the COVID-19 pandemic on revenue, volumes and costs as accurately as it was possible to do so from March 2020 onwards. The Mining Solutions segment and Much Asphalt were the most seriously affected.

In South Africa, most mines were not operational in terms of hard lockdown restrictions. When the resumption of some activity was permitted, operations resumed slowly and their consistency was hampered by, inter alia, actions required to manage new cases of infection as they were confirmed.

Much Asphalt's customers serve mainly the road infrastructure sector. This sector was not deemed essential under Alert Level 5 and, consequently, Much Asphalt did not trade from 27 March and throughout April. The business resumed operations in the first week of May, with market demand returning slowly since then.

Conversely, the pandemic presented opportunities for ChemSystems, in the Chemicals segment, and Schirm in Germany. Both businesses entered the hand sanitiser and disinfectants markets to good effect and both are expected to continue to sustain sales in these markets for the duration of the pandemic and beyond.

Reported HEPS of 240 cents was 34% lower year-on-year (2019: 365 cents). Headline earnings decreased to R254 million from 2019's R385 million.

The estimated negative impact on the Group's performance in the half-year, was as follows:

\* revenue

R1 015 million

* profit from operations	R454 million
* headline earnings per share ('HEPS')	294 cents

Having considered that the Company managed its cash resources very well in the period and that it remains in a solid financial position, notwithstanding the uncertainty and negative effects resulting from the COVID-19 pandemic, the Board decided to declare an interim cash dividend of 100 cents (2019: 156 cents).

It is intended that the deferred final cash dividend of 414 cents (No. 172) declared for the 2019 financial year be paid before the end of 2020. The record date for this dividend was 3 April 2020 and the payment date was 6 April 2020. The Board would prefer to retain this original Corporate Action Timetable and, accordingly, the Company has approached the Companies Tribunal for an exemption in this regard. The date of payment of the deferred dividend will be finalised once the Companies Tribunal's decision has been received.

#### Directorate

Allen Morgan retired from the AECI Board at the Annual General Meeting of the Company's shareholders held on 26 May 2020. He had served as an Independent Non-executive Director since 2010. The Board thanks Allen most sincerely for his valued input during his almost 10-year tenure. On 1 June 2020 Marna Roets was appointed as an Independent Non-executive Director of the Company. She also joined the Audit Committee and the Remuneration Committee on that date. The Board welcomes her and looks forward to her contribution.

#### Dividend

Declaration of interim ordinary cash dividend no. 173

NOTICE IS HEREBY GIVEN that on Tuesday, 28 July 2020, the Directors of AECI declared a gross interim cash dividend of 100 cents per share, in respect of the six-month period ended 30 June 2020. The dividend is payable on Monday, 7 September 2020 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 4 September 2020.

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 80 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, 1 September 2020.

The issued share capital 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, 1 September 2020.

The salient dates for the dividend will be as follows:

Last day to trade cum dividend	Tuesday, 1 September 2020
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Ex dividend trade	Wednesday, 2 September 2020
Record date	Friday, 4 September 2020
Payment date	Monday, 7 September 2020

Share certificates may not be dematerialised or rematerialised from Wednesday, 2 September 2020 to Friday, 4 September 2020, both days inclusive.

By order of the Board  
EN Rapoo  
Group Company Secretary

Woodmead, Sandton  
29 July 2020

The full long-form announcement is available for inspection:

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/AFE/hy20.pdf>

<https://www.aeciworld.com/pdf/investors/interim-results/2020/interim-results-2020.pdf>

The contents of this short-form announcement are the responsibility of the Board of Directors of AECI. This short-form announcement is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decisions made by investors and/or shareholders and/or noteholders should be based on consideration of the full announcement as a whole. Investors, shareholders and noteholders are encouraged to review the full announcement which is available on SENS and on AECI's website. The full announcement is available for inspection at the registered office of AECI, at no charge, during normal business hours from 29 July 2020. Copies of the full announcement, at no charge, can also be requested by contacting the Group Company Secretary: EN Rapoo, Private Bag X21, Gallo Manor, 2052, [nomini.rapoo@aeciworld.com](mailto:nomini.rapoo@aeciworld.com) or [groupcommunications@aeciworld.com](mailto:groupcommunications@aeciworld.com)

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Directors  
K D K Mokhele (Chairman), S A Dawson\*, F F T De Buck, W H Dissinger\*\*,  
M A Dytor (Chief Executive), G Gomwe\*\*\*, K M Kathan (Executive), J Molapo,  
R Ramashia, A M Roets, P G Sibiya

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