

African Oxygen Limited
(Incorporated in the Republic of South Africa)
Registration number: 1927/000089/06
ISIN: ZAE000067120
JSE code: AFX
NSX code: AOX
("Afrox" or the "Company" or the "Group")

Summarised Group results and dividend declaration
For the six months ended 30 June 2020

Revenue R2 694 million
Decrease of 10.2% from R3 000 million for the period ended 30 June 2019

Dividend per share
38 cents
Decrease of 30.9% from 55 cents for the period ended 30 June 2019

Earnings before interest and taxation
R336 million
Decrease of 26.5% from R457 million for the period ended 30 June 2019

Basic earnings per share
77.8 cents
Decrease of 30.5% from 112 cents for the period ended 30 June 2019

Headline earnings per share
76.5 cents
Decrease of 31.3% from 111.3 cents for the period ended 30 June 2019

Operating cash flow
R502 million
Increase of 3.5% from R485 million for the period ended 30 June 2019

Summarised consolidated statement of financial position
as at
R'million

	30 June 2020	30 June 2019
Non-current assets	3 814	3 769
Current Assets	3 344	3 967
Total Assets	7 158	7 736
Total equity	4 398	4 221
Non-current liabilities	1 507	1 495
Current Liabilities	1 253	2 020
Equity and liabilities	7 158	7 736

Summarised consolidated STATEMENT OF PROFIT OR LOSS
for the six months ended
R'million

	30 June 2020	30 June 2019
Revenue	2 694	3 000
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	545	659
Depreciation and amortisation	(209)	(202)
Earnings before interest and taxation (EBIT)	336	457
Headline earnings	236	343

Summarised consolidated statement of cash flows
for the six months ended
R'million

	30 June 2020	30 June 2019
Cash generated from operations	502	485
Interest, taxation and dividends paid#	(245)	(211)
Cash inflow from operating activities	257	274
Investing and financing activities#	(274)	(205)
Free cash flow	(17)	69
Cash and cash equivalents	1 167	1 222

Interest paid of R17 million for the interim period ended 30 June 2019 which related to IFRS 16 was reclassified from financing activities to interest paid to provide more relevant and reliable information.

PERFORMANCE HIGHLIGHTS

Revenue of R2 694 million (2019: R3 000 million) decreased by 10.2%, or by 7.5% when adjusted for changes in Liquefied Petroleum Gas (LPG) market prices, from lower volumes across all segments related to the COVID-19 lockdown restrictions. This was mitigated by a stable Healthcare business and the successful recovery of cost inflation, particularly in the Atmospheric Gases and Hard Goods segments.

EBIT at R336 million (2019: R457 million) decreased by 26.5%. This decrease was mainly a result of lower volumes related to COVID-19 lockdown restrictions and increased sourcing costs for LPG resulting from the shutdown of local refineries. This could partially be mitigated by further efficiencies from restructuring activities and strong focus on cost containment initiatives.

The EBIT of our operating segments reduced by R147 million or 25.7% to R424 million (2019: R571 million). Atmospheric Gases EBIT improved by 6.5%, LPG reduced by 63.4% and Hard Goods reported a 63.8% reduction in EBIT for the first six months of the year. The operating margin reduced overall by 270bps to 12.5% (2019: 15.2%) mainly as a result of lower economies of scale and inefficient plant modes considering lower volumes across all segments. While both Hard Goods and LPG reported a reduction in margin compared to previous period levels, Atmospheric Gases margin improved by 280bps. Corporate expenses decreased by R26 million largely because of foreign exchange differences.

Headline earnings per share decreased by 31.3% to 76.5 cents (2019: 111.3 cents) and basic earnings per share decreased by 30.5% to 77.8 cents (2019: 112.0 cents).

Operating cash flow of R502 million (2019: R485 million) increased by R17 million compared to June 2019, mainly as a result of better trade working capital management.

Capital expenditure of R248 million (2019: R180 million) increased as a result of investments into cylinders for LPG and the Healthcare business.

Additional cash utilised on acquiring shares in respect of the share incentive scheme of R14 million (2019: R22 million) resulted in a net cash position of R1 167 million (2019: R1 222 million).

As a result of lower earnings return on capital employed (ROCE) reduced by 510bps to 16.3% (2019: 21.4%).

DIVIDEND

It is the Company's policy to consider dividends twice annually. The Board of directors have declared a cash dividend of 38 cents per share (2019: 55 cents), declared out of the after-tax income for the six months ended 30 June 2020. Based on Afrox's policy the dividend is covered two times by headline earnings per share.

NOTICE OF INTERIM DIVIDEND DECLARATION NUMBER 187 AND SALIENT FEATURES

Notice is hereby given that a gross cash dividend of 38 cents per ordinary share, being the interim dividend for the six months ended 30 June 2020, has been declared payable to all shareholders of Afrox recorded in the register on Friday, 2 October 2020.

The salient dates for the declaration and payment of the interim dividend are as follows:

Last day to trade ordinary shares "cum" dividend	Tuesday, 29 September 2020
Ordinary shares trade "ex" the dividend	Wednesday, 30 September 2020
Record date	Friday, 2 October 2020
Payment date	Monday, 5 October 2020

Shares may not be dematerialised or rematerialised between Wednesday, 30 September 2020 and Friday, 2 October 2020, both days inclusive.

The local net dividend amount is 30.4 cents (2019: 44 cents) per share for shareholders liable to pay Dividends Tax and 38 cents (2019: 55 cents) per share for shareholders exempt from Dividends Tax.

In terms of the Dividends Tax, the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The local Dividends Tax rate is 20%, subject to double tax agreement;
- Afrox currently has 308 567 602 ordinary shares (excluding treasury shares of 34 285 308) in issue; and
- Afrox's income tax reference number is 9350042710.

OUTLOOK

Given the impact of the lockdown and subsequent reduced economic activities, Afrox will continue to focus on optimising revenue opportunities, effective price cost recoveries, fixed cost containment, cash preservation and liquidity to mitigate the lower level of economic activity. The Group's cash balances of R1 167m places Afrox in a strong position to take advantage of future opportunities.

By order of the Board

Cheryl Singh
Company Secretary

11 September 2020

Johannesburg

ABOUT THIS SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the Company's directors.

It is a summary of the information in the Group's full results announcement for the 6 months ended 30 June 2020 and does not contain full and complete details. The full results announcement is accessible via the JSE link at <https://senspdf.jse.co.za/documents/2020/jse/isse/AFX/HY2020SENS.pdf> and the Company's website at: http://www.afrox.co.za/en/investor_relations/financial_results/financial_results/index.html.

The condensed consolidated interim financial statements, from which these summarised consolidated financial results have been extracted, have been reviewed by the Group's auditors, PricewaterhouseCoopers Inc., who issued an unmodified review report. Copies of the full results announcement may be requested at the Company's registered office or the offices of One Capital, at no charge, during normal office hours. Investment decisions in relation to the Company's shares should be based on consideration of the full results announcement.

Executive directors: S Venter (Managing Director), M Stenglin (Group Financial Director), Non executive directors: JM Panikar** (Chairman), M von Plotho*, Independent non-executive directors: CF Wells***, NVL Qangule, GJ Strauss (Lead Independent Director), N Gwagwa
*German **American ***British

Sponsor in South Africa: One Capital
Sponsor in Namibia: Namibia Equity Brokers Proprietary Limited