



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)

TRADING STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

In compliance with the JSE Limited Listings Requirements, shareholders and noteholders are advised that for the financial year ended 31 December 2020 (the period), AECI's headline earnings per share (HEPS) is expected to be between 920 cents and 863 cents, that is between 20% and 25% lower than the 1 150 cents for the financial year ended 31 December 2019 (the prior corresponding period). Earnings per share (EPS) is expected to be between 147 cents and 86 cents, that is between 88% and 93% lower than the 1 223 cents in the prior corresponding period.

The significant contributors in this regard during the period were as follows:

- The COVID-19 pandemic had a severe impact on trading in many of the sectors in which AECI's customers operate, resulting in lower revenue and profitability particularly in the first half-year. Although more normalised trading was evident in most of the affected sectors in the second six months as pandemic-related restrictions were eased, a recovery to pre-pandemic levels had not been achieved by year-end. It is estimated by management that the negative effect of COVID-19 on HEPS and EPS in the period was approximately 340 cents. Historical information on the Group's financial performance and market trends in sectors where the Group operates were used to calculate this estimate.
- AECI Much Asphalt operates in the road infrastructure sector, which was among the most severely impacted by COVID-19 restrictions in the first half of 2020.

The South African government is committed to investment in infrastructure projects, including road infrastructure. Owing to fiscal priorities as a result of COVID-19, however, in the Company's view a level of uncertainty remains as to the pace at which it will be possible to execute these projects. Following an assessment by management in the context of this uncertainty, R821 million (or 778 cents in EPS terms) of the R1 530 million goodwill recognised at acquisition was impaired.

An unwavering focus on the diligent management of cash through the COVID-19 pandemic enabled a considerable improvement in cash generation compared to the prior corresponding period. The benefits of this were reflected in the Company's net gearing ratio which is expected to be between 20% and 25% compared to 36% as at 31 December 2019.

AECI is currently finalising its results for the period and it is expected that these will be released on the Stock Exchange News Service on or about Wednesday, 24 February 2021.

The financial information on which this trading statement is based has not been reviewed, reported on or audited by the Company's external auditor. The information provided does not contain, and should not be construed as containing, any forward-looking statements or projections of any nature for the financial year ended 31 December 2020.

Woodmead, Sandton

17 February 2021

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