

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
Bond code: AECI03 ISIN: ZAG000155227
Bond code: AECI04 ISIN: ZAG000155235
LEI: 3789008641F1D3D90E85
(AECI or the Company or the Group)

Summarised audited consolidated financial results and final cash dividend declaration for the year ended 31 December 2020

- CASH GENERATED FROM OPERATING ACTIVITIES R3 132m
- GEARING 22% FY19: 36%
- FINAL CASH DIVIDEND OF 470c DECLARED
- REVENUE -3% to R24 111m Underlying * +2% to R25 202m Foreign & export revenue: 44% of total revenue
- EBITDA -15% to R2 943m Underlying * +4% to R3 368m
- PROFIT FROM OPERATIONS -55% to R917m Underlying * +3% to R2 232m
- SAFETY PERFORMANCE TRIR of 0,42

* Excl. impairments, net profit from sale of businesses and estimated COVID-19 impact.

AECI's results for 2020 demonstrated the benefits of the Company's strategy to diversify geographically and in terms of the markets served. We now operate in 22 countries and regions on six continents and provide products and services to customers across a broad range of sectors. This diversification makes us more resilient and agile in responding to changing market conditions. Without these advantages, some unprecedented challenges in 2020 would have had a significantly more severe impact on our performance.

Further diversification and consolidation of our strategic footprint will remain a focus going forward as we deliver value to all stakeholders in line with our commitment being purpose-led in who we are and in everything we do. Purpose is at the core of our "One AECI, for a better world" revised brand promise. The global pandemic has brought humanity together in a desire to build back better and, through our products and service, we embrace the opportunity to make a meaningful contribution into the future.

COVID-19

The COVID-19 pandemic and its ongoing effects have dominated global conversation and every aspect of human life for the past year. Regrettably, the AECI family has not been left unscathed. Four of our colleagues in South Africa have succumbed to COVID-related illnesses to date and many others have experienced tragedy in their own families and among their friends. The Board and management extend their sincere condolences to the families of our deceased employees and to all our employees who have suffered similar bereavement.

The Board and management also take this opportunity to pay tribute to the way all employees have responded to the unprecedented challenges. Their diligence and determination have been exemplary. Equally, we express our gratitude to all AECI's stakeholders for their ongoing and unwavering support.

The Group leadership's focus since March last 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 products and services to customers globally.

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. It is currently in its 12th Revision. Employees' health and working arrangements continue to be tracked and monitored daily in line with this plan, which is available at <https://static1.squarespace.com/static/5dc3e3a1ddb32f457c64c6af/t/6024f2bf87d7df2a609f7980/1613034179567/12-august-2020-aeci-response-plan-for-covid-19-rev12.pdf>.

More than 90% of all employees are now performing their duties at their place of work. A total of 590 employees have tested positive for COVID-19 to date, with 574 of them having recovered fully. Currently, 16 positive cases are being tracked actively and two employees are receiving treatment in hospital.

In addition to implementation of the Response Plan, 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 meeting all our customers' needs globally.

The net asset value per share attributable to ordinary shareholders decreased by 2% (from 9 925 cents in 2019 to 9 679 cents) and basic earnings per share decreased by 90% (from 1 223 cents in 2019 to 127 cents in 2020).

Safety

The TRIR* was at 0,42 at year-end (2019: 0,38). This was a disappointing performance. COVID-19 continues to present emotional and logistical challenges for our employees, both in their homes and in the workplace. These challenges undoubtedly have an impact. We recognise this and a new programme focused on holistic wellness and safety has been launched Group-wide in response. Some key elements of the programme cover people engagement, behaviour-based safety, risk management and process safety.

* The TRIR measures the number of recordable incidents per 200 000 hours worked.

Financial performance

Revenue of R24 111 million was 3% lower (2019: R24 799 million), with declines recorded primarily in the AECI Mining and AECI Chemicals segments. Of the total revenue, 44% was generated outside of South Africa and mostly in US dollars and Euros. The weaker average rand exchange rate against these major currencies assisted in limiting the revenue decline.

EBITDA of R2 943 million was 15% lower than 2019's R3 473 million. Profit from operations was 55% lower at R917 million (2019: R2 031 million) and was negatively impacted by impairments of certain property, plant and equipment and goodwill in the amount of R890 million. R821 million of this amount related to the impairment of goodwill on the acquisition of AECI Much Asphalt. There was a positive impact from the disposals of three business units. The most significant of these was the sale of the Group's pulp and paper chemicals unit. Proceeds of R208 million were received, with profit of R108 million. The benefits of the strategic realignment projects undertaken in the prior year in AECI Mining Explosives and AECI Water were in line with expectations overall.

The structural realignment of AECI Chemicals was undertaken in the first half of the year. Associated costs were offset by the project's benefits in the second six months and annualised savings of R100 million are still anticipated.

Reported headline earnings per share (HEPS) of 880 cents was 23% lower year-on-year (2019: 1 150 cents). Headline earnings decreased to R928 million from 2019's R1 213 million.

Financial impact of COVID-19

Each Group operating entity 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. These calculations were based on the following:

- Revenue

- Loss of revenue based on historical trends, revenue levels preceding 1 April 2020 and open orders cancelled as a direct result of the pandemic
- Additional revenue generated directly related to the pandemic
- Cost of sales
 - Costs not incurred as a direct result of revenue assumptions above
 - Overhead under-recoveries as a direct result of the loss of revenue
 - Costs incurred as a direct result of additional revenue generated
 - Calculated as volumes not sold at current market prices or estimates of costs based on an estimated gross profit percentage
- Operating costs
 - Additional costs incurred as a direct result of the pandemic
 - Costs not incurred as a direct result of the pandemic
- Tax on above
 - Tax at the Group's effective tax rate, excluding impairments

The estimated negative impact on the Group's financial performance was as follows:

● revenue	R1 091 million
● profit from operations	R527 million
● HEPS	341 cents

The AECI Mining and AECI Chemicals segments were the most seriously affected. These losses were partly offset by good sales of sanitiser by AECI Schirm in Germany and AECI Specialty Chemicals in South Africa.

Having considered that the Company managed its cash resources exceptionally well in the period and remains in a solid financial position, notwithstanding the uncertainty and negative effects resulting from the COVID-19 pandemic, the Board decided to declare a final ordinary cash dividend of 470 cents (final ordinary dividend of 414 cents for the year ended 31 December 2019).

The total ordinary dividend for 2020 was 570 cents, unchanged from the total dividend for 2019.

Directorate and Group Company Secretary

Changes that were announced in the prior year and took effect in the current year, as well as those announced in the current year, were as follows:

- Allen Morgan resigned as a Non-executive Director on 26 May 2020 after 10 years on the Board, and Jonathan Molapo resigned on 24 November 2020 owing to the demands of his executive commitments outside the Group. The Board reiterates its appreciation for their services.
- Steve Dawson and Walter Dissinger joined the Board on 1 January 2020 as Non-executive Directors and Marna Roets was appointed in the same capacity with effect from 1 June 2020.
- Nomini Rapoo resigned from her position as Group Company Secretary, with effect from 31 December 2020, after almost a decade in that role. We thank her for her contribution. Wynand Strydom was appointed to act in this position with effect from 1 January 2021.

Dividend

Declaration of final ordinary cash dividend No. 174

Notice is hereby given that on Tuesday, 23 February 2021 the Directors of AECI declared a gross final cash dividend of 470 cents per share in respect of the financial year ended 31 December 2020. The dividend is payable on Monday, 12 April 2021 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 9 April 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 376 cents per share payable 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, 6 April 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, 6 April 2021.

The salient dates for the dividend will be as follows:

Last day to trade cum dividend	Tuesday, 6 April 2021
Ex dividend trade	Wednesday, 7 April 2021
Record date	Friday, 9 April 2021
Payment date	Monday, 12 April 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 April 2021 to Friday, 9 April 2021, both days inclusive.

By order of the Board

WJ Strydom
Group Company Secretary

Woodmead, Sandton
24 February 2021

The full long-form announcement including the unmodified audit opinion of the external auditor, Deloitte & Touche, on the summarised consolidated financial statements, and the basis for its unmodified opinion has been released on SENS and is available at:

<https://senspdf.jse.co.za/documents/2021/JSE/ISSE/AFE/fy20.pdf>
<https://investor.aeciworld.com/s/2020-results-announcement.pdf>

The annual financial statements including the audit opinion of the external auditor, Deloitte & Touche, which sets out a key audit matter and the basis for its unmodified opinion is available at:

<https://investor.aeciworld.com/s/full-afs-2020.pdf>

The contents of this short-form announcement are the responsibility of the Board of Directors of AECI Ltd. This short-form announcement is only a summary of the information in the full announcement and does not contain full or complete details. This announcement is itself not audited but extracted from audited results. 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 also available for inspection at the registered office of AECI. Copies of the full announcement are available to investors, shareholders and noteholders at no charge, can also be requested by contacting the Group Company Secretary: WJ Strydom, Private Bag X21, Gallo Manor, 2052, wynand.strydom@aeciworld.com or groupcommunications@aeciworld.com.

REGISTERED OFFICE

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SHARE TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, England

EQUITY AND DEBT SPONSOR

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

DIRECTORS

KDK Mokhele (Chairman), SA Dawson *, FFT De Buck, WH Dissinger **, MA Dytor (Chief Executive), G Gomwe†, KM Kathan (Executive), R Ramashia, AM Roets, PG Sibiya
* Australian ** German † Zimbabwean

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