



AECI LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 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)

SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION FOR THE HALF-YEAR ENDED 30 JUNE 2022

- Revenue up 31% to R 15 505 million
- EBITDA up 6% to R 1 545 million
- EBIT up 11% to R 1 056 million
- HEPS up 8% to 573 cents
- Growth capex of R 438 million (59% of total R 748 million capex)
- Working capital at 22% of revenue from 17% in H1 2021
- Gearing at 44% (27% in H1 2021)
- Interim cash dividend up 8% to 194cps
- Best-ever safety performance: TRIR of 0.15 (0.23 at 31 December 2021)

AECI delivered record revenue, earnings before interest and tax (EBIT) and headline earnings per share in improved market conditions which saw customer demand progressively returning to pre-pandemic levels.

The Group's financial performance during the period reflects:

- Strong global commodity prices, which resulted in revenue growth of 31% to R15 505 million (H1 2021: R 11 802 million)
- Pricing discipline benefits in new and existing contracts, which largely offset higher input costs, and helped EBIT grow by 11% to R 1 056 million (H1 2021: R 948 million)
- Elevated levels of working capital which is reflective of higher raw material prices. This necessitated increased short-term debt and, consequently, increased net finance costs
- A stronger organic growth focus with 59% of the R 748 million capex spent allocated to growth investments (H1 2021: 21% of the R 365 million capex spent)
- Our commitment to returning value to shareholders, supported by the Board's declaration of an interim dividend of 194 cents per share (H1 2021: 180 cents per share), an 8% increase.

R million (<i>unless stated otherwise</i>)	H1 2022	H1 2021	% change
Total revenue	15 505	11 802	31%
EBITDA	1 545	1 453	6%
EBITDA margin	10%	12%	-2%
Depreciation and amortisation	486	500	-3%
EBIT	1 056	948	11%

EBIT margin	7%	8%	-1%
Net profit after tax	626	577	9%
Earnings per share (EPS) (cents)	573	531	8%
Headline earnings per share (HEPS) (cents)	573	529	8%
Cash generated from operations	1 720	1 573	9%

EPS and HEPS increased by 8%, to 573 cents, our highest recorded HEPS in a first half. The Group generated cash from operations of R 1 720 million (H1 2021: R 1 573 million). The net asset value per share attributable to ordinary shareholders increased by 8% (from 9 556 cents at June 2021 to 10 343 cents).

The increase in inventory to R 6 518 million (H1 2021: R 4 188 million), primarily due to the raw material price impact, was matched by an increase of R 2 256 million in short-term debt and resulted in a net gearing ratio of 44% (H1 2021: 27%). The Group remains confident of the timing and certainty related to the conversion of working capital to cash. Long-term covenants remain well within the target cover range of 2.5 times earnings before interest, tax, depreciation and amortisation (EBITDA), at 1.6 times EBITDA (H1 2021: 0.9 times EBITDA). AECI maintained its credit rating at A+(za) with an upgraded outlook from neutral to positive from GCR Ratings, a South African credit rating agency.

Safety and sustainability

Zero Harm to people and the environment is always our top priority. This is underpinned by our values and a deeply embedded culture of safety. We were pleased that further progress in this regard was evident in another record-low Total Recordable Incident Rate (TRIR) of 0.15 (0.23 at 31 December 2021). The TRIR measures the number of recordable incidents per 200 000 hours worked. Our good performance trend on all the occupational health and safety indicators that we measure was also sustained. We are on track to achieve our sustainability targets by 2025.

Future focus and prospects

Our long-term strategic objectives are to pursue further international growth where we have competitive advantage. In this regard, we are well positioned through our existing international presence, our diversity in terms of our product and service offering, and the agility and resilience in meeting our customers' needs.

At the same time, we are engaged in active portfolio management and resource allocation to maximise value creation. Ongoing review of underperforming businesses and clear targets for measuring delivery in this regard are top priorities for management.

The growth capital invested in the period and the planned investment in H2 2022 will begin to deliver returns in 2023. All our activities remain underpinned by our ESG commitments and targets, as we continue our strategic journey to deliver "a better world" as One AECI.

Dr Khotso Mokhele, AECI Chairman notes: "The Board joins me in thanking Mark Dytor for his long tenure and diligent service to the Group. Mark's quality leadership is evident in the expansion international story that is the AECI Group. We appreciate the tremendous contribution he has made in building a strong and resilient business."

The Board has initiated a comprehensive internal and external search process to identify a permanent CEO. The process will be led by the Chairman of the Board supported by the Chairman of the Remuneration and Human Capital Committee.

Changes to the Board

During the period under review, and as previously announced, the following changes were made to the Board of Directors of AECI:

- *Mark Dytor will formally retire as Chief Executive Officer and Executive Director, effective 31 July 2023*
- *Aarti Takoordeen was appointed as Chief Financial Officer and Executive Director, effective 20 May 2022*
- *Rams Ramashia retired from his position as a Non-executive Director of the Company on 31 May 2022*
- *Sam Coetzer was appointed to the Board as a Non-executive Director with effect from 1 July 2022. He is a global mining executive with over 30 years of international experience, operating in Canada, the USA, South America, Australia, Tanzania, Fiji and South Africa. This global mining experience and insight will provide an invaluable contribution in the execution of the Company's international growth strategy.*

The Board remains well diversified, with an appropriate mix of skilled and experienced individuals.

Dividend

Declaration of interim ordinary cash dividend No. 177

NOTICE IS HEREBY GIVEN that on Tuesday, 26 July 2022, the Directors of AECI declared a gross interim cash dividend of 194 cents per share, in respect of the six-month period ended 30 June 2022.

The dividend is payable on Monday, 5 September 2022 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, Friday, 2 September 2022.

The last day to trade 'cum' dividend will be Tuesday, 30 August 2022 and shares will commence ex-dividend dividend from the commencement of business on Wednesday, 31 August 2022.

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 155,20 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, 30 August 2022.

The issued share capital of the Company at the declaration date is 105 517 780 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, 30 August 2022.

The salient dates for the dividend will be as follows:

Last day to trade cum dividend	Tuesday, 30 August 2022
Ex dividend trade	Wednesday, 31 August 2022
Record date	Friday, 2 September 2022
Payment date	Monday, 5 September 2022

Share certificates may not be dematerialised or rematerialised from Wednesday, 31 August 2022 to Friday, 2 September 2022, both days inclusive.

By order of the Board

Cheryl Singh

Group Company Secretary
Woodmead, Sandton

Directors' responsibility statement

The Directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards; IAS 34 – Interim Financial Reporting; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Pronouncements as issued by the Financial Reporting Standards Council; and the requirements of the Companies Act of South Africa.

The Directors are also responsible for such internal controls as the Directors determine to be necessary to enable the preparation of interim financial statements that are free from material misstatement, whether owing to fraud or error.

Preparation of interim results announcement

This announcement covers the unaudited condensed consolidated interim financial statements of the Group based on International Financial Reporting Standards for the six months ended 30 June 2022. The preparation of these condensed consolidated interim financial statements was supervised by the Chief Financial Officer, Aarti Takoordeen CA(SA), in terms of section 29(1)(e) of the Companies Act, 2008, as amended.

Short form announcement

The full announcement has been released on SENS and is available at:

<https://senspdf.jse.co.za/documents/2022/JSE/ISSE/AFE/Interim22.pdf>

and on the Company's website at:

<https://www.ftp.aeciworld-online.com/pdf/investors/interim-results/2022/interim-results-2022.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 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. These copies can also be requested by contacting the Group Company Secretary: C Singh, Private Bag X21, Gallo Manor, 2052, cheryl.singh@aeciworld.com or groupcommunications@aeciworld.com.

Directors

KDK Mokhele (Chairman), ST Coetzer ¹, SA Dawson ², FFT De Buck, WH Dissinger ³, MA Dytor (Chief Executive), G Gomwe ⁴, KM Kathan (Executive), P Mishic O'Brien ⁵, PG Sibiya, A Takoordeen (Executive)

¹ Canadian ² Australian ³ German ⁴ Zimbabwean ⁵ American

Group Company Secretary: C Singh

good chemistry

aeciworld.com

27 July 2022

Sponsor and Debt Sponsor

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

Registered office

First floor, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton

Share transfer secretaries

Computershare Investor Services Pty Limited, Rosebank Towers,
15 Biermann Avenue, Rosebank, 2196

and

Computershare Investor Services PLC, PO Box 82, The Pavilions,
Bridgwater Road, Bristol BS 99 7NH, England