

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 AUDITED CONSOLIDATED FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2022**

- Safety performance: TRIR of 0.15 (2021: 0.23)
- Revenue up 37% to R35 583 million
- EBITDA<sup>2</sup> up 16% to R3 570 million
- EBIT<sup>1</sup> flat at R2 047 million
- HEPS up 15% to 1 287 cents
- EPS down 22% to 878 cents
- Growth capex of R952 million (61% of total R1 552 million capex)
- Working capital at 19% of revenue from 18% in 2021
- Gearing at 45% (24% in 2021)
- Final cash dividend up 15% to 580 cents per share

<sup>1</sup> Earnings before interest and taxation is defined as profit before interest, taxation and share of profit of equity-accounted investees, net of taxation

<sup>2</sup> Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairments.  
EBITDA is unaudited.

## **SAFETY AND SUSTAINABILITY**

As at 31 December 2022, the Group's total recordable injury rate (TRIR) was 0.15, the lowest recorded TRIR by the Group since we started measuring. All the "zero milestones" were kept at zero, with no major incidents across the areas of occupational and process safety, environment or product transportation. We are well on track to achieve our sustainability targets by 2025.

## **RESULTS OVERVIEW**

The Group delivered solid results, with revenue up 37% to R35 583 million (2021: R26 053 million) in an environment of high inflation, subdued global growth and high commodity prices. This pleasing performance reflects the significantly improved sales in AECI Mining, AECI Water and AECI Agri Health on the back of increased demand. However, EBIT was flat at R2 047 million (2021: R2 052 million) as it included a significant operating loss of R228 million, right-of-use asset and an impairment of property, plant and equipment (PPE) of R 445 million related to the AECI Schirm Germany business.

R million ( <i>unless stated otherwise</i> )	2022	2021	% change
Revenue	<b>35 583</b>	26 053	37
EBITDA	<b>3 570</b>	3 091	16
EBITDA margin (%)	<b>10</b>	<b>12</b>	-2
Depreciation and amortisation	<b>1 026</b>	1 032	1
EBIT	<b>2 047</b>	2 052	0
EBIT margin (%)	<b>6</b>	<b>8</b>	-2
Net profit after taxation	<b>956</b>	1 210	-21
Earnings per share (EPS) (cents)	<b>878</b>	1 125	-22
Headline earnings per share (HEPS) (cents)	<b>1 287</b>	1 116	15
Cash generated from operations	<b>3 840</b>	3 289	17

HEPS, therefore, increased by 15% to 1 287 cents and EPS was down 22% to 878 cents mainly impacted by Schirm Germany's performance.

The Group's cash generated from operations increased by 17% to R3 840 million (2021: R3 289 million).

Proactive actions taken by the Group to ensure security of supply to the market following supply chain challenges and high raw material prices during the year, resulted in elevated levels of working capital. Inventory increased to R6 780 million (2021: R4 880 million), matched by an increase of R1 985 million (2021: R446 million) in short-term debt. Cash available from operating activities decreased significantly to R77 million (2021: R1 467 million).

As a result, net debt for the Group increased to R5 345 million (2021: R2 760 million), which largely explains higher net finance costs for the year. The net gearing ratio for the year was 45% (2021: 24%), as expected, given the working capital context previously explained. The Group's long-term covenants remain well within the target cover range of 2.5 times earnings before interest, taxation, depreciation and amortisation (EBITDA), at 1.5 times EBITDA (2021: 0.9 times EBITDA).

Capital expenditure (capex) investment of R1 552 million (2021: R777 million) was mainly focused on organic growth.

The net asset value per share attributable to ordinary shareholders increased by 6%, from 10 384 cents in 2021 to 11 027 cents.

The Board declared a final dividend of 580 (2021: 505) cents per share which increased the total dividend to 774 (2021: 685) cents per share which represents a 13% growth.

## SEGMENTAL REVIEW

**AECI Mining** achieved a record performance by growing its revenue by 51% on the back of strong market share gains, export growth in mining chemicals and increased chemical commodity prices. 67% (2021: 64%) of the segment's total revenue was generated outside of South Africa. Consequently, EBIT and EBITDA increased by 36% and 29% respectively.

**AECI Water** grew its revenue by 31% supported by market share gains in exports and South Africa as well as increased sales to existing public and industrial sector customers. Water sustainability projects contributed 6% to revenue. EBIT was impacted by market sector sales mix and cost impact as a result of delays in price implementations at major customers due to contract pricing formulas.

**AECI Agri Health's** revenue was up 17% to R7 067 million from R6 020 million in 2021. The segment recorded an EBIT loss of R297 million (2021: R179 million profit), due mainly to the impact of the AECI Schirm business performance. Excluding AECI Schirm, revenue was up 19% supported by sustained higher commodity prices and continued strong demand following favourable climatic conditions, export sales as well as an increased mix of in-house formulated products. EBIT increased by 19% to R306 million.

**AECI Schirm USA**, delivered to expectations with EBIT up 31% to R 101 million on the back of growth in sales aligned to the continued growing demand in agrichemicals. **AECI Schirm Germany**, recorded an operating loss of R228 million which triggered a right-of-use asset and PPE impairment of R445 million. The Board approved comprehensive turnaround project is expected to deliver commercial recovery including clearly defined milestones as well as details associated with the required once-off costs. Notably, high priority actions have been taken and we expect once-off costs to impact 2023 earnings. The Board expects positive earnings contribution within 20 to 36 months.

**AECI Chemicals** increased revenue significantly by 32% on the back of increased demand and high commodity prices. EBIT was negatively impacted by margin pressure in industrial chemicals from high sulphur prices and pass through pricing at the customer, foreign exchange impacts in the food and beverage business. Good cash was delivered by the segment.

**AECI Much Asphalt** exhibited marked improvement in performance for 2022 on the back higher sales volumes. Revenue increased by 37%, while EBIT increased by 21%.

## **B-BBEE EMPLOYEES SHARE TRUST (EST)**

The AECI EST, set up in 2012, was expected to vest on 9 February 2022. The trust held approximately 10 million B ordinary shares in AECI (7.7% of shares in issue) at inception.

The share price growth did not meet expectations and in November 2021, the Board approved the extension of the EST term by an additional 12 months. An additional dividend of 50.5 cents per share was paid to beneficiaries on 28 September 2022.

As at the extended vesting date of 9 February 2023, the share scheme was not value accretive to beneficiaries and will therefore be wound up. The Group remains committed to driving the Group B-BBEE ownership goals. The potential opportunity of launching a new Black Ownership Scheme that incorporates learnings and improvements from the previous transaction is being considered.

## **FUTURE FOCUS AND PROSPECTS**

Our strength is founded on our diversified product and service offering to customers across a variety of markets and countries where a strategic footprint has been established over time. This enables us to deliver consistent value sustainably to all stakeholders while leveraging the peaks and troughs of market cycles. All our activities remain underpinned by our ESG commitments and targets.

High commodity price trends are expected to continue in the short term. This together with continued customer (new and existing) activity is expected to drive performance across geographies. Focus on customer centricity and the expansion of profitable product and service offering across the segments will enable customer retention and growth of sales in relevant products and services. Continued focus on margin improvement and working capital management initiatives to improve working capital release and cash generation.

The growth in capital invested during the year has already contributed to new revenue which is expected to accelerate in 2023.

Following the appointment of the new Group Chief Executive, we look forward to renewed vigour to drive the transformation journey which includes optimising returns from existing businesses.

## **DIVIDEND**

### **Declaration of final ordinary cash dividend no. 178**

Notice is hereby given that on Tuesday, 28 February 2023 the Directors of AECI declared a gross final cash dividend of 580 cents per share in respect of the financial year ended 31 December 2022. The dividend is payable on Tuesday, 11 April 2023 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Thursday, 6 April 2023.

The last day to trade “cum” dividend will be Monday, 3 April 2023 and shares will commence trading “ex” dividend as from the commencement of business on Tuesday, 4 April 2023.

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 464.00000 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 Monday, 3 April 2023.

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 Monday, 3 April 2023.

Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, 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 the summarised consolidated year-end financial statements in accordance with International Financial Reporting Standards; 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 summarised consolidated year-end financial statements that are free from material misstatement, whether owing to fraud or error.

## **AVAILABILITY OF FULL ANNOUNCEMENT AND ANNUAL FINANCIAL STATEMENTS**

The full 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 is available at:

<https://senspdf.jse.co.za/documents/2023/JSE/ISSE/AFE/FY2022.pdf>

<https://www.ftp.aeciworld-online.com/pdf/annual-results/2022/2022-resultsannouncement.pdf>

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

<https://www.ftp.aeciworld-online.com/reports/ar-2022/pdf/AECI2022fullafs.pdf>

## **SHORT FORM ANNOUNCEMENT**

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. 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. These copies can also be requested by contacting the Group Company Secretary: C Singh, Private Bag X21, Gallo Manor, 2052, [cheryl.singh@aeciworld.com](mailto:cheryl.singh@aeciworld.com) [groupcommunications@aeciworld.com](mailto:groupcommunications@aeciworld.com).

Directors: KDK Mokhele (Chairman), ST Coetzer<sup>1</sup> (interim CE), SA Dawson<sup>2</sup>, FFT De Buck, WH Dissinger<sup>3</sup>, G Gomwe<sup>4</sup>, KM Kathan (Executive), P Mishic O'Brien<sup>5</sup>, AM Roets, PG Sibiya, A Takoordeen (Executive)

- 1 Canadian
- 2 Australian
- 3 German
- 4 Zimbabwean
- 5 American

Group Head Investor Relations: Z Salman

Group Company Secretary: C Singh

Board sign-off date: 28 February 2023

Results released on: 1 March 2023

Equity 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