



AECI LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number 1924/002590/06)

Tax reference number: 9000008608

Share code: AFE ISIN: ZAE000000220

Hybrid code: AFEP ISIN: ZAE000000238

Bond company code: AECI

LEI: 3789008641F1D3D90E85

(AECI or the Company or the Group)

VOLUNTARY UPDATE FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Safety

The Group's Total Recordable Incident Rate (TRIR) at 30 September 2023 was 0.23 compared to 0.15 at 31 December 2022. While we have not yet returned to the lower levels we reached in 2022, we are pleased to report that, since the first quarter of the year, no further major events have occurred across all key safety performance areas. As the Group has entered a period of significant change, our safety efforts are focussed on proactively mitigating the potential short- and long-term effects of the change, while we continue with our Zero Harm strategy journey.

Overview of the Group's performance for the nine months to 30 September 2023

The Group recorded strong results for the nine months to 30 September 2023 (the current period). Both revenue and EBIT were up on the prior period (30 September 2022) driven by the continued solid growth in AECI Mining. This was as a result of an increase in mining explosives sales volumes in Southern Africa, Central Africa and Asia Pacific, the weaker ZAR/USD exchange rate and improved profitability following the fulfilment of new contracts in Asia Pacific and the Rest of Africa.

Revenue in **AECI Agri Health and AECI Water** was up on the prior period driven by higher selling prices and moderately higher sales volumes. However, the lag in cost recovery affected margins and is expected to correct in the last quarter of this year.

AECI Chemicals' performance was down on the prior period due to lower volumes and pricing, resulting from a general economic downturn in South Africa and compounded by the significant added strain of loadshedding affecting customer operations. AECI Much Asphalt continued its recovery with sales and EBIT above the prior period.



The Group EBITDA and EBIT margins at 10% and 7%, respectively, were in line with the prior period.

R million	Revenue			EBIT		
	30 Sept 23	30 Sept 22	% Change	30 Sept 23	30 Sept 22	% Change
AECI Mining	14 896	12 958	15%	1 619	1 248	30%
AECI Water	1 542	1 503	3%	170	173	-2%
AECI Agri Health (excl Schirm)	3 100	2 961	5%	114	148	-23%
AECI Chemicals (excl Much Asphalt)	4 167	4 600	-9%	281	342	-18%
AECI Schirm	2 045	1 579	30%	- 201	- 159	-27%
AECI Schirm Germany	1 534	1 188	29%	- 230	- 183	-26%
AECI Schirm USA	511	391	31%	52	48	8%
AECI Much Asphalt	1 894	1 630	16%	83	89	-7%
AECI Group	27 654	25 138	10%	1 895	1 729	10%

Net working capital spend at R7 143 million (30 September 2022: R7 397 million), was down 3%. Both debtors and inventory reported marginal increases that were offset by an increase in creditors.

The net finance costs at R425 million were up 92% from R221 million in the prior period, significantly affecting earnings. This increase was due to:

- Debt related to AECI Schirm, which continues to be loss making;
 - Continued higher working capital level, although some improvement was achieved in the period;
- and
- Higher interest rates.

The net gearing ratio of 45% at 30 September 2023 was down from the previously reported 47% at 30 June 2023 following improved working capital management and the containment of capital expenditure. Net debt of R5 608 million at 30 September 2023 was marginally down from the R5 741 million reported on 30 June 2023.

The process to refinance the Group's long-term debt initiated during the current period remains underway. This includes a successful debt capital market auction concluded in September 2023 and a loan market syndication that will conclude in November 2023. Both components reference the AECI Sustainability Linked Financing Framework.

Capital expenditure (capex) investment in the current period totalled R1 017 million (September 2022: R1 064 million) and was down 4% as the Group's normal maintenance program as well as the growth

program linked to recently signed contracts continued. The organic growth spend related to AECI Schirm USA's expansion project is now complete and operational. In AECI Mining the capex was invested in four projects in Asia Pacific, solar farms in Modderfontein and Sasolburg as well as the Mobile Manufacturing Units replacement programme. The emulsion plant destined for the Lihir project has been shipped from South Africa to Papua New Guinea with operations expected in the first half of 2024.

AECI SCHIRM

The segment's revenue was up compared to the prior period following sales volume growth in both AECI Schirm USA and Germany as well as price improvements in Germany.

The EBIT loss at AECI Schirm Germany included R 138 million (EUR 6.9 million) in turnaround project costs which comprised of R86 million (EUR 4.3 million) in retrenchment costs and R52 million (EUR 2.6 million) in consulting and other fees.

The Board approved AECI Schirm Germany comprehensive turnaround project is on track with all milestones achieved. However, the trading environment in the region has become even more strained and further impacted by high energy costs and a lack of chemicals demand. This has resulted in a downward outlook and forecast for this business, with a recovery unlikely in the short term.

AECI MUCH ASPHALT

Revenue was up on the back of higher sales volumes; however EBIT was down impacted by cost recovery delays. Extensive rains and a taxi strike negatively affected the performance for the period. The withdrawal of the new preferential procurement policy by SANRAL is likely to impact the number of tenders awarded going forward, thereby affecting the performance outlook of this business.

2023 Capital Markets Day

The Group will be hosting a Capital Markets Day today, 6 November 2023 starting at 08H30 (SAST), where AECI's new strategic priorities and goals for long-term sustainable growth will be shared. The Group Chief Executive (GCE) Holger Riemensperger will host the event and will be joined by the Board and members of the AECI Executive Team. Registrations for participation can be emailed

to zanele.salman@aeciworld.com. The Capital Markets Day presentation is available on the Company website <https://www.ftp.aeciworld-online.com/presentations/cmd-presentation-2023.pdf>.

Critical Skills Visa Application Update

The Company, together with specialist lawyers, is supporting the GCE Holger Riemensperger with the process of acquiring a critical skills visa, for which he is eligible. The required SAQA accreditation of his qualifications has recently been received. The critical skills visa application will be submitted to the Department of Home Affairs for processing as soon as his professional registration, another requirement, which is currently underway, has been completed. A critical skills visa will allow Holger to relocate to South Africa for work for five years. Until this is granted, Holger will continue to lead the business from his base in Germany, visiting the country as needed for critical meetings as is allowed by South African law.

Outlook

In the medium term we see value unlock through the implementation of our new strategy that will introduce initiatives and programs aimed at driving earnings growth through a returns focused, streamlined and resilient portfolio.

Shareholders and noteholders are advised that the information contained in this voluntary announcement has not been audited, reviewed, or reported on by the Group's external auditor. This update does not constitute a forecast.

Forward-looking statements

This update contains forward-looking statements. These statements are based on current estimates and projections of the Executive Team, the Board of Directors and currently available information.

Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate.

6 November 2023

Equity and Debt Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

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About AECI

AECI is a diversified chemicals solutions company employing 7 168 people at more than 100 sites. We have a presence in 22 countries on six continents. Founded in 1896 to service South Africa's burgeoning gold and diamond mining industries, the company was formally established in 1924. AECI was listed on the Johannesburg Stock Exchange in 1966. A mainstay of the economy in South Africa, over the years we have expanded our presence and evolved our product and service offering to a broad base of customers. Our products and services include mine-to-mineral solutions; water treatment solutions; chemical raw materials and related services; asphalt and bitumen for road construction; food and beverage ingredients and commodities; vitamin and mineral animal feed premixes; crop protection products and plant nutrients; as well as property leasing and the provision of utilities. Our operating businesses are structured into four key operating business segments – AECI Mining, AECI Water, AECI Agri Health and AECI Chemicals.