



## **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 or the Group)

## **TRADING STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 AND VOLUNTARY ANNOUNCEMENT RELATING TO THE SALE OF THE ANIMAL HEALTH BUSINESS**

The AECI Group is currently finalising its financial results for the six-month period ended 30 June 2024 (the period), which results are expected to be released on the Stock Exchange News Service of the JSE Limited (JSE) on or about 31 July 2024. In accordance with paragraph 3.4(b) (i) of the JSE Listings Requirements, shareholders and noteholders are advised that AECI is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported upon will differ by at least 20% from the reported financial results for the previous corresponding period ended 30 June 2023 (the prior period).

### **2024 is a year of transition for AECI**

In the past six months, the Group has been focused on executing our strategy and safely completing the two statutory shutdowns deferred from the previous year in the mining business. These priorities drive sustainable growth, improved efficiencies and profitability in the long-term and came with upfront investment cost. Given the focus and foundation set in the first half of the year, we expect these efforts will start to gain momentum and realise value in the second half of the year and into next year.

### **Group's earnings guidance for the period**

The underlying performance of both AECI Mining and AECI Chemicals, for the period, demonstrated resilience in an environment marked by declining commodity prices, supply chain disruptions, and a slowdown in both the South African macroeconomic environment and the mining industry.

One-off events, contributed to unusually high operating costs and consequently, the Group's earnings for the period are expected to be lower relative to the record performance achieved in the first half of 2023. If the Group earnings are normalised for the one-off events, the earnings before interest and tax are expected to be stable against prior year with margins holding.

Therefore, shareholders and noteholders are, advised that, the earnings results for the period are expected to be between the following ranges:

- Earnings per share (EPS) for the period are expected to decrease by between 59% and 64% compared to the prior period, resulting in EPS between 246 cents and 215 cents. The reported EPS for the prior period was 600 cents per share. Included in the period's EPS are the following:

1. At **AECI Mining**, high one off operational costs were incurred during the period for alternate sourcing of ammonium nitrate solution at higher market prices coupled with expected manufacturing under-recoveries during plant shutdowns. These costs will not repeat in the second half of the year and will not be incurred in 2025 as no statutory shutdowns are expected for at least the next three years.
2. **AECI Property Services and Corporate** is expected to report a higher loss from operations of between R400 million – R500 million, compared to a reported loss of R42 million in the prior period. The increase is attributable to the following once off costs associated with the execution of the corporate strategy
  - Group operating model restructure
  - M&A consultancy, mainly comprising deal adviser fees
  - AECI Schirm Germany turnaround
  - Transformation Office (internal strategy execution function) costs, mainly comprising of consulting fees

These one off costs will ease off in second half of the year.

3. Higher non-deductible expenses and foreign withholding taxes from improved dividends received from foreign subsidiaries have resulted in an elevated effective tax rate for the Group of between 50% - 60%.
4. Slightly elevated net finance costs are expected due to once off interest levied by Revenue Authority on transfer pricing assessment.

- **Headline earnings per share (HEPS)** are expected to decrease by between 54% and 60% compared to the prior period, resulting in HEPS between 276 cents and 241 cents. The reported HEPS for the prior period was 603 cents.

**Earnings outlook for the full year 2024** remains positive supported by an expected stronger second half performance, reduction in one-off costs, continued efficiency improvements and value realisation from the strategy execution efforts.

### **Voluntary announcement relating to the sale of the Animal Health business**

On 09 July 2024 the Group signed a Sale and Purchase Agreement for the sale of its Animal Health business, as a going concern, to Nutreco International B.V (“Nutreco”) (South African subsidiary is Trouw Nutrition South Africa Proprietary Limited). Nutreco is recognised worldwide for its commitment to excellence and innovation, making it the right home for the Animal Health business and our people. The transaction is subject to customary closing conditions, including regulatory approvals and the satisfaction of other agreed-upon terms. We anticipate the transaction to close in four to six months. This transaction affords us the opportunity to concentrate our efforts and resources to achieve our ambition to double profitability of the core business (Mining and Chemicals) by 2026 and attain a global market position in Mining of number 3 by 2030.

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 Group’s financial results are expected to be announced on SENS on or about Wednesday, 31 July 2024.

Woodmead, Sandton

**24 July 2024**

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

**About AECI**

AECI is a diversified chemicals solutions company employing 7 189 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 core products and services include mine-to-mineral solutions; water treatment solutions; chemical raw materials and related services; crop protection products and plant nutrients; as well as property leasing and the provision of utilities. Our operating businesses are structured into three operating business segments – AECI Mining, AECI Chemicals and AECI Managed Businesses.

**Contact for enquiries:**

AECI investor relations

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