



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)

## **AUDITED CONSOLIDATED FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2024, AND CHANGES TO THE BOARD OF DIRECTORS AND BOARD COMMITTEES**

- Revenue from continuing operations down 3.8% to R33 598 million
- EBITDA<sup>1</sup> from continuing operations down 12.7% to R3 034 million
- Profit from operations (continuing operations) down 36.8% to R1 544 million
- Headline earnings per share down 37.0% to 716 cents
- Basic loss per share of 268 cents (2023: earnings per share 1 112 cents)
  - Basic earnings per share from continuing operations down 74.8% to 263 cents
  - Basic loss per share from discontinued operation of 531 cents (2023: earnings per share 69 cents\*)
- Working capital at 16% of revenue within target range
- Gearing at 31% (35% in 2023) within target range
- Final cash dividend of 219 cents per share (2023: 119 cents)

<sup>1</sup> *Earnings before interest, taxation, depreciation and amortisation (EBITDA) calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairments.*

*\* Restated*

### **2024: A YEAR OF TRANSITION AND STRATEGIC INVESTMENT FOR AECI**

Our stated ambition as the AECI Group is to double the profitability of our core businesses by 2026 and secure a global market position of #3 in mining by 2030.

As 2024 was the first full year of execution against our new strategy, the Group made some necessary concessions which are key enablers in the successful execution of the strategy. The reported results reflect the impact of these strategic enablers which include strategic divestments, transformation investments, and one-off impairments. These enablers underpin the transitional phase of our strategy and form a platform on which the Group can build towards achieving strong and sustainable future performance.

We made steady progress with rolling out the strategy, which resulted in:

- Implementing our new operating model
- Rolling out our leadership compact and culture code
- The signing of sale agreements for AECI Animal Health and AECI Much Asphalt
- Delivering an EBITDA run rate of R800 million for the year and converting R504 million of the run rate into profit and loss
- Gaining traction with our globalisation strategy by leveraging our exceptional chemical expertise to further internationalise our business, expand into Peru, and significantly enhance our presence in Australia.

The achievement of these strategic milestones is essential for establishing the foundations the Group needs in order to fulfil its ambitions.

### **Statement from the Group Chief Executive Officer**

“2024 has been a transformative year for the Group, with significant progress made against our strategy execution programme. While we made concessions that affected the Group’s financial performance for the year, our progress and achievements to date in executing the strategy reinforce our confidence in our ability to meet our long-term strategic ambitions.”

### **GROUP RESULTS OVERVIEW FOR 2024**

#### **We are committed to sustainability stewardship**

No fatalities were recorded in the period under review. The Group’s 12-month rolling total recordable injury rate improved to 0.30 from 0.35 as at 31 December 2023.

During the review period, we reduced our potable water consumption by 2%, the water that we discharged into the sea or sewer by 7%, and our CO<sub>2</sub> footprint by 1% in comparison to our prior year performance.

### **SEGMENT REVIEW**

Until 31 December 2023, our operating businesses were structured into four key segments: AECI Mining, AECI Water, AECI Agri Health and AECI Chemicals. In line with our strategy of optimising our portfolio to create a platform for growth, we have restructured our reporting segments to AECI Mining, AECI Chemicals, AECI Property Services and Corporate and AECI Managed Businesses. The comparative numbers have been restated as required by International Financial Reporting Standards 8, *Operating Segments*.

#### **AECI Mining**

The businesses in this segment provide a comprehensive mine-to-mineral solution for the international mining sector. Their services encompass commercial explosives, initiating systems, blasting services, surfactants for explosive manufacture, and chemicals for ore beneficiation and tailings treatment.

AECI Mining’s operational performance for the year was mainly impacted by weak market conditions coupled with inefficient global logistics. The businesses’ available operating capacity in the first half of the year was impacted by a catch of four planned statutory shutdowns which were deferred from the prior years. These shutdowns resulted in the alternate sourcing of ammonium nitrate at higher prices which fall outside the scope of our rise and fall pricing mechanism with our clients. AECI Mining’s operational performance significantly improved in the second half of 2024, particularly in the fourth quarter.

The year was characterised by low ammonia market prices which were influenced by declining natural gas prices and shifts in trade. Sales volumes of bulk explosives increased by 4.4% from the prior year, bolstered by increased volumes in Australia and partially offset by reduced offshore volumes impacted by shipping delays. Profit from operations fell by 24.8% to R1 550 million (2023: R2 060 million) owing to a weak market, R204 million expenditure on the catch up of planned statutory shutdowns and R135 million impairments on property, plant and equipment and intangible assets.

In the fourth quarter of the 2024 financial year, the average monthly EBITDA run rate exceeded the prior year’s and the average for the first three quarters of the 2024 financial year, owing to strong performance in Central Africa and Australasia. This was supported by robust mining activity, which helped offset subdued growth in other regions, alongside enhanced utilisation of manufacturing assets that reduced the cost of alternative sourcing. This is promising for the 2025 financial year.

#### **AECI Chemicals**

This segment includes AECI Industrial and Speciality Chemicals, which focus on blended chemical products and bulk chemicals; AECI Agri Health, which concentrates on crop protection and plant nutrients; and AECI Water, which specialises in water treatment chemicals and technology equipment plant.

The segment's performance was impacted by ongoing challenges in the South African manufacturing and industrial sectors, along with an oversupply of key products that exerted pressure on pricing and demand. Despite these challenges, the business achieved a significant increase in profit from operations, driven by disciplined cost management and enhanced operational efficiencies. Profit from operations increased by 30.0% to R823 million (2023: R633 million, restated).

AECI Agri Health profit from operations rose by 45.9% compared to the previous year. Agri's Malawian business demonstrated improved performance following the effects of currency devaluation in 2023. AECI Specialty Chemicals reported flat profit from operations due to reduced off-takes from key clients. AECI Industrial Chemicals profit from operation declined by 19.4% on the back of lower sales volumes of sulphuric acid and a statutory shutdown that occurred in April 2024. AECI Water, which includes the public water business earmarked for divestment, recorded an increase in profit from operations by 65.9%. The public water business continued to underperform during the 2024 financial year.

### **AECI Managed Businesses**

This segment houses businesses earmarked for sale, including AECI Schirm, Animal Health, SANS Fibers and Food and Beverage.

Progress has been made regarding our divestment strategy, following the signing of sale agreements for AECI Much Asphalt (classified as a discontinued operation) and AECI Animal Health, two of the six targeted divestments. These transactions are expected to close in the first half of the 2025 financial year.

The segment reported an operational loss of R383 million (2023: R298 million loss, restated) with all businesses, except AECI Schirm, reporting profits.

### **AECI Property Services and Corporate**

The activities of AECI Property Services and Corporate relate mainly to property leasing and management in the office, industrial and retail sectors. Corporate covers centralised functions including Treasury and Finance; Human Capital; Environment; Health and Safety, Stakeholder Relationships; Company Secretarial; Legal, Risk and Compliance; Sustainability; Information Technology and Strategy Execution.

This segment recorded a loss of R1 330 million, compared to earnings of R106 million in 2023. Current year earnings include an inter-company impairment of R970 million relating to an investment in AECI Much Asphalt which is eliminated at Group level against inter-segments. The prior year's reported figure included an insurance recovery of R184 million (2023: R39 million). Restructuring costs, including the establishment of the Transformation Management Office (TMO), are accounted for in the period under review.

## **GROUP FINANCIAL PERFORMANCE**

### **Reclassification of AECI Much Asphalt to a discontinued operation**

On 4 November 2024, AECI entered into a Share Purchase Agreement with, inter alios, Old Mutual Private Equity, to dispose of 100% of its shareholding in AECI Much Asphalt, for an estimated final consideration of R1 100 million (subject to any final adjustments on the locked-box structure). The sale is progressing as expected, with all regulatory approvals now obtained. The remaining condition precedent (finalisation of the locked-box exercise) is expected to be met in the first half of 2025.

As a result, in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), AECI Much Asphalt has been classified as a discontinued operation, and prior year figures have been restated accordingly.

## Results

Group revenue from both continuing and discontinued operations decreased by 2.7% to R36 497 million (2023: R37 500 million) for the year, due to challenging market conditions in South Africa and low ammonium prices. Revenue from continuing operation declined by 3.8% to R33 598 million and revenue from discontinued operations increased by 13.3% to R2 899 million.

Group EBITDA from both continuing and discontinued operations of R3 314 million (2023: R3 682 million) was 10.0% lower than the previous year, primarily driven by R860 million in once-off investment costs. The majority of these costs were primarily geared towards successfully achieving our 2026 ambition, and is outlined as follows:

- R860 million in once-off, included the following:
  - R467 million in transformation project costs;
  - R186 million in divestiture costs;
  - R204 million of investment spend on statutory shutdowns; and
  - R56 million (2023: R159 million) of AECI Schirm Germany turnaround spend;
  - partially offset by insurance recoveries of R53 million (2023: R184 million).

The decrease in Group EBITDA was partially offset by the TMO's delivery of R504 million uplift. Prior year reported EBITDA included a R159 million once-off payment on the employee share trust.

With the exception of the extraordinary items mentioned above, EBITDA from both continuing operations and discontinued operations was in line with the prior year.

EBITDA from continuing operations was R3 034 million (2023: R3 474) after accounting for once-off costs amounting to R873 million (2023: R81 million), partially offset by TMO uplifts of R504 million. EBITDA from discontinued operations was R280 million (2023: R208 million).

The Group assesses its Net Asset Value (NAV) in relation to its fair value less costs to sell annually and evaluates fair value adjustments upon disposal. This resulted in the recognition of an impairment of R1 109 million (2023: R20 million) for the year, distributed as follows:

Rand million	Property, plant and equipment	Right-of-Use Assets	Intangible Assets	Goodwill	Total 2024
AECI Mining	86	2	42	5	135
AECI Managed Business	220	-	-	22	242
Discontinued operations (AECI Much Asphalt)	14	-	8	710	732
<b>Net impairment and derecognition of assets</b>	<b>320</b>	<b>2</b>	<b>50</b>	<b>737</b>	<b>1 109</b>

These impairments negatively impacted Group earnings, however they are non-cash and reflect the strategic repositioning of the Company to create long-term shareholder value. Impairments attributable to continuing operations were R377 million (2023: R20 million) and R732 million (2023: Rnil) were attributable to discontinued operations.

Depreciation and amortisation for the Group at R1 154 million (2023: R1 053 million), was 9.6% higher than in the prior year due to growth capex in AECI Mining Australia and AECI Schirm USA. Depreciation and amortisation attributable to continuing operations was R1 084 million (2023: R972 million) and R70 million (2023: R 81 million) was attributable to discontinued operations.

The Group's profit from operations declined to R1 022 million from R2 571 million in the prior year due to one-off costs and the recognition of impairments as disclosed above. Profit from operations on continuing operations was R1 544 million (2023: R2 444 million) and discontinued operations recorded a loss of R522 million (2023: R127 million earnings, restated) after taking into account the impact of one-off costs and impairments.

Net finance costs, from continuing operations, increased to R521 million (2023: R504 million) and includes R35 million interest paid on a tax matter.

Tax expense from continuing operations for the 2024 financial year was R747 million and represents an effective tax rate (ETR) of 71%, up from 44% in 2023. The elevated ETR resulted from higher non-deductible expenses, impairments and foreign withholding taxes from increased dividends received from the foreign subsidiaries. The necessary resources have been made available to assist in developing solutions that will reduce the rate into a manageable range.

The Company recorded a basic loss per share of 268 cents (2023: earnings of 1 112 cents) split between:

- basic earnings per share from continuing operations of 263 cents (2023: 1 043 cents, restated); and
- basic loss per share from discontinued operations of 531 cents (2023: earnings of 69 cents, restated).

Headline earnings per share from continuing and discontinued operations amounted to 716 cents (2023: 1 137 cents).

Net debt decreased to R3 738 million (2023: R4 338 million), translating to a gearing ratio of 31% (2023: 35%), which was well within the Group's guidance of 20% - 40%. Net debt to EBITDA, as defined in covenant agreements, was 1.2 times (2023: 1.2 times), remaining well within the loan covenant threshold of 2.5 times. Cash and cash equivalents were R2 358 million (2023: R1 901 million).

Net working capital as a percentage of revenue (WC%) was 16% (2023: 15%), which falls within the Group's guidance of 14% to 16%. Pleasingly, AECI Mining's WC% of 13% was lower than the target and demonstrates the effort and commitment made towards effectively managing working capital.

Capex for the period was R973 million (2023: R1 303 million), of which R765 million (2023: R869 million) was for maintenance, and R208 million (2023: R434 million) was for expansion. AECI Mining accounted for R619 million of the total spend after spending on statutory shutdown maintenance and new contract wins in Australia.

## **OUTLOOK**

2024 has set a strong platform from which the Group can build and grow towards meeting its 2026 strategic ambitions. In 2025, our attention moves from the transition phase of our strategy to execution phase with an emphasis on driving hard cost savings, preparing for growth and focusing on free cashflow generation.

Key focus areas for FY2025 include:

- Driving structural cost optimisation, margin improvement, investment into market growth, unlocking headcount efficiencies and consolidating offices.
- Achieving the 2025 TMO targets linked to the overall 2026 saving of R2.4 billion.
- Reinvesting in asset health to mitigate future business disruption risks.
- Continuing to position AECI Mining for growth and improved operational performance by:
  - maintaining the good performance momentum recorded in the fourth quarter of 2024,
  - investing in growth capital as guided by the capital allocation framework, and
  - internationalisation of the business with AECI Mining Chemicals at the forefront.
- Continue exploring and exploiting synergies between AECI Mining and AECI Mining Chemicals.
- Advancing the divestments programme and optimising the balance sheet to enhance capital allocation.
- Continue strengthening our leadership critical skills and capacity, including the roll-out of the culture journey.

## **DIVIDEND**

### **Declaration of final ordinary cash dividend No. 181**

The Company's board of directors (Board) is pleased to announce that it has resolved to declare a gross final cash dividend of 219.00 cents per ordinary share in respect of the financial year ended 31 December 2024. The dividend is payable on Monday, 14 April 2025 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 11 April 2025.

The last day to trade "cum" dividend will be Tuesday, 8 April 2025 and shares will commence trading "ex" dividend as from the commencement of trade on Wednesday, 9 April 2025.

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 final cash dividend of 175.20 cents per ordinary 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, 8 April 2025.

The issued share capital of the Company at the declaration date is 105 517 780 listed 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, 8 April 2025.

Ordinary shares may not be dematerialised or rematerialised between Wednesday, 9 April 2025 and Friday, 11 April 2025, both days inclusive.

### **AVAILABILITY OF THE AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

The Group's full audited consolidated financial statements for the year ended 31 December 2024, including the opinion of the independent auditor, are available for inspection at the Company's registered office and are also available through the JSE cloud link at:

<https://senspdf.jse.co.za/documents/2025/JSE/ISSE/AFE/AFSFY2024.pdf>

and on the Company's website at:

<https://www.investor.aceiworld.com/results-reports-presentations.php#results>

This short-form announcement is the responsibility of the Board and has not been audited. The information disclosed is only a summary of the information in the full audited financial statements and does not contain full or complete details.

Any investment decisions made by Shareholders and/or investors should be based on the full audited annual financial statements. Shareholders and/or investors are encouraged to review these audited annual financial statements, available for viewing *via* the links provided above, as this announcement does not provide all of the details.

Any reference to future financial performance included in this announcement has not been audited or reported on by the Company's external auditors.

## AUDIT OPINION

Deloitte & Touche, the Group's independent auditor, has audited the consolidated and separate annual financial statements of the Group and has expressed an unmodified audit opinion thereon.

In accordance with the auditors' responsibilities in terms of section 45 of the Auditing Profession Act, the auditors reported that, during 2024, a reportable irregularity was identified in terms of the Auditing Profession Act. The matter was reported to the Independent Regulatory Board for Auditors. Further details on the matter pertaining to the reportable irregularity, is described in note 39 of the Group's full audited consolidated financial statements for the year ended 31 December 2024, available on the Company's website.

## CHANGES TO THE BOARD OF DIRECTORS AND BOARD COMMITTEES

In compliance with paragraph 3.59 of the JSE Limited Listings Requirements, AECI shareholders and noteholders are hereby advised that, after serving as a member of the Board for 9 years and in line with good corporate governance practices, Dr Khotso Mokhele, the current chairperson of the Board, has elected to retire as a director of the Company at the conclusion of the upcoming annual general meeting of AECI, expected to be held on 27 May 2025 (2025 AGM). Ms Philisiwe Sibiyi, an independent non-executive director of the Company, will assume the role of chairperson of the Board thereafter, having been so elected by the Board.

The Board would like to express their appreciation to Dr Mokhele for his valuable leadership during his tenure as chairperson and wishes Ms Sibiyi well in her new role.

Dr Mokhele will accordingly retire as a member of the Social, Ethics and Sustainability Committee and Remuneration and Human Capital Committee, and as chair of the Nomination, Governance and Directors' Affairs Committee and Investment, Innovation and Technology Committee effective at the conclusion of the 2025 AGM.

AECI shareholders and noteholders are further advised of the following appointments to the Board committees with effect from 25 February 2025:

- Mr Steven Dawson, an independent non-executive director, has been appointed as a member of the Nominations, Governance and Directors' Affairs Committee;
- Mr July Ndlovu, an independent non-executive director, has been appointed as a member of the Investment, Innovation and Technology Committee; and
- Mr Billy Mawasha, an independent non-executive director, has been appointed as a member of the Safety, Health and Environment Committee.

The Board thanks the abovementioned directors for accepting their appointments as members of the respective committees and looks forward to their ongoing contribution to the AECI group.

### Directors:

KDK Mokhele (Chairman), H Riemensperger<sup>1</sup> (Group CE), ST Coetzer<sup>2</sup>, SA Dawson<sup>3</sup>, FFT De Buck, WH Dissinger<sup>1</sup>, P Mishic O'Brien<sup>4</sup>, AM Roets, PG Sibiyi, N Moholi, J Ndlovu, B Mawasha

<sup>1</sup> German <sup>2</sup> Canadian <sup>3</sup> Australian <sup>4</sup> American

Investor Relations Manager: I Lepere

Group Company Secretary: C Singh

Board sign-off date: 25 February 2025

Results released on: 26 February 2025

Equity Sponsor: One Capital

Debt Sponsor: Questco Proprietary Limited

Registered office

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

Share transfer secretaries

Computershare Investor Services Proprietary 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