



UNAUDITED CONSOLIDATED
INTERIM FINANCIAL RESULTS AND
CASH DIVIDEND DECLARATION

FOR THE HALF-YEAR ENDED 30 JUNE 2023

ONE AECI, 
FOR A BETTER WORLD

AECI®

good chemistry

Unaudited consolidated interim financial results and **cash dividend declaration**

Safety performance:

TRIR of 0.24

0.15 at 30 June 2022

Revenue up

19% to R18 404 million

EBITDA ¹

up 18% to R1 826 million

EBIT ²

up 20% to R1 269 million

EPS

up 5% to 600 cents

HEPS

up 5% to 603 cents

Working capital

at 19% of revenue

from 22% in 2022

Growth capex

of R360 million

55% of total R652 million capex

Gearing

at 47%

44% in 2022

Cash dividend

down 48% to 100 cps

¹ Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairments.

² Earnings before interest and taxation is defined as profit before interest, taxation and share of profit of equity-accounted investees, net of taxation.

Safety

The Group's Total Recordable Incident Rate (TRIR) at 30 June 2023 was 0.24 compared to 0.15 at 31 December 2022. During the first four months of this year, the Group had an unfortunate rise in recordable incidents, which regrettably included two work-related fatalities.

A Safety Improvement Initiative was launched in May 2023 to re-ignite the focus on safety. It prioritises two of the Group's Zero Harm fundamentals, namely accountable leadership and risk-based safety with a clear expectation of leadership action and targeted attention on four major safety risks identified from the incidents. Early indicators have shown a reduction in both the severity and frequency of incidents and no significant incidents have occurred since April.

Management's focus remains steadfast on addressing the root causes and improving safety performance across AECI.

Results overview

The Group achieved strong results in the first six months of the 2023 financial year (the current period), with Group revenue reaching R18 404 million, up 19% compared to the six months ended 30 June 2022 (the prior period). EBIT of R1 269 million (H1 2022: R1 056 million) was 20% higher, notwithstanding the R180 million loss (H1 2022: R86 million loss) incurred by AECI Schirm Germany. EBITDA and EBIT margins remained steady at 10% and 7%, respectively, demonstrating the resilience of the Group's core businesses in an operating environment characterised by ongoing volatility and change.

However, EPS of 600 cents (H1 2022: 573 cents) and HEPS of 603 cents (H1 2022: 573 cents) were up by only 5% due to higher finance costs and an effective tax rate increase as a result of the AECI Schirm Germany losses.

R millions (unless otherwise stated)	H1 2023	H1 2022	% change
Revenue	18 404	15 505	19
EBITDA	1 826	1 545	18
EBITDA margin (%)	10	10	-
Depreciation and amortisation	537	486	10
EBIT	1 269	1 056	20
EBIT margin (%)	7	7	-
Net profit after tax	650	626	4
Earnings per share (EPS) (cents)	600	573	5
Headline earnings per share (HEPS) (cents)	603	573	5
Cash generated from operations	2 063	1 720	20

The net gearing ratio of 47% (45% at 31 December 2022) was within the previously communicated guidance range of 40% – 60%. This level is considered high in the current interest rate cycle.

Net debt of R5 741 million (FY 2022: R5 345 million) was driven in part by net working capital spend for the current period of R351 million (FY 2022: R2 570 million) to support increased sales volumes in certain businesses and counter potential supply chain interruptions (namely, potential work stoppages and ammonia supply challenges).

The net finance costs of R274 million (H1 2022: R124 million) were 121% higher due to:

- Debt related to AECI Schirm, which is loss making.
- Continued higher working capital levels.
- Higher interest rates.

The Group's net debt to EBITDA, as defined in covenant agreements, at 30 June 2023 was 1.6 times, remaining well within the loan covenant threshold of 2.5 times.

In view of the above, the reduction of net debt as well as net working capital remain key focus areas for management and the Board, with operational initiatives and programmes introduced to further strengthen the balance sheet.

The process to refinance the Group's long-term debt was initiated during the current period, with a single coordinator appointed across all the phases of the refinancing. These include a sustainability-linked framework, a refreshed Domestic Medium Term Note Programme and public auction targeted for Q3 2023. A loan market syndication is expected to follow in early Q4 2023.

Capital expenditure (capex) in the current period amounted to R652 million, in line with expectations. This included the organic growth spend related to AECI Schirm USA's expansion project as well as AECI Mining Explosives' solar projects and its mobile manufacturing units (MMUs) replacement programme.

The net asset value per share attributable to ordinary shareholders increased by 7% to 11 024 cents (H1 2022: 10 343 cents).

The Board declared an interim cash dividend of 100 cents per share (H1 2022: 194 cents per share).

Segmental review

AECI MINING

Revenue for the segment at R10 004 million was up 29% (H1 2022: R7 749 million). This was driven primarily by strong volume growth in bulk explosives and initiating systems and a weaker ZAR/USD exchange rate at the end of the current period. The segment's total revenue generated outside of South Africa increased to 69% (H1 2022: 64%). This expansion reflects management's commitment to diversifying revenue streams and the pursuit of sustainable growth opportunities in international markets.

EBIT increased by 46% to R1 038 million (H1 2022: R713 million) and EBITDA by 37% to R1 338 million (H1 2022: R974 million). Sales volumes and cost management optimisation efforts resulted in an improved EBIT margin of 10% compared to 9% in the prior period. This was mainly due to improved initiating systems sales volumes and lower ammonia prices when compared to the prior period.

AECI Mining Explosives

Overall bulk explosives volumes were up 8% as demand grew. In the prior period, the high rainfall experienced in Mpumalanga negatively impacted volumes in the coal mining sector. New contracts gained in 2022 provided the additional volumes. Volumes of initiating systems were up 17%. Demand in the prior period was affected by protracted industrial action in South Africa's underground gold mining sector and a lengthy safety-related stoppage in the platinum mining sector. Electronic detonator volumes maintained their growth trend and were 11% higher, in line with the focus to provide customers' with digital solutions.

Explosives volumes to mining customers in the Southern African region increased by 30% as a result of further market share gains in the Northern Cape's iron ore mining market and improved volumes in the coal mining market. Additionally, strong demand in Botswana and Zimbabwe along with one-off sales to customers in Namibia supported volumes further.

In the Asia Pacific region, explosives volumes were up 22% due to the annualised effect of the Hunter Valley Operations contract in New South Wales, Australia as well as the benefit of new contracts in Indonesia. In Australia, three additional multi-year contracts were gained in the current period.

AECI Mining Chemicals

AECI Mining Chemicals delivered strong results, with growth in revenue and profitability in both the metallurgical chemicals and emulsifiers businesses.

Profit improvement in metallurgical chemicals was primarily influenced by the weaker ZAR/USD exchange rate. Overall volumes decreased because of the slow start-up of certain mining customers' concentrators at the beginning of the year and the adverse effects of load shedding. The converse occurred in emulsifier chemicals where sales volume growth of 25% was achieved due to good growth in the Southern African explosives market.

AECI WATER

Revenue at R1 061 million (H1 2022: R979 million) was up 8%, on the back of market expansion in the mining industry in Central and West Africa and increased sales to existing customers in the industrial sector.

Sales volumes in the industrial sector were up 19%, supported by a recovery in the Nigerian petrochemical sector and the implementation of sustainability-related projects in South Africa. In the mining sector, sales volumes were up 24% due to improved exports to Central and West Africa, in line with the segment's customer diversification focus. Contracts linked to new mining expansion projects were secured in the Democratic Republic of Congo and Ghana.

The public water sector accounted for 40% of the total revenue, down from 44% in the prior period, sales volumes to South African municipalities declined by 6%.

EBIT at R126 million was up 26% (H1 2022: R100 million) and EBITDA increased to R148 million, up 21% from the R122 million achieved in the prior period. The EBIT margin improved to 12% (H1 2022: 10%) reflecting the timely passing of price increases to customers.

Water sustainability projects contributed 4% of the total revenue. This achievement is aligned with the Group's commitment to environmental, social and governance (ESG) principles.

AECI AGRI HEALTH (AECI SCHIRM, AECI PLANT HEALTH AND AECI ANIMAL HEALTH)

The segment's revenue of R3 375 million (H1 2022: R2 889 million) was up 17%. An operating loss of R57 million was incurred (H1 2022: profit of R11 million), which includes AECI Schirm Germany's loss.

Excluding AECI Schirm, the revenue for the segment of R1 939 million (H1 2022: R1 826 million) was up 6%, EBIT of R79 million (H1 2022: R77 million) was up 3% and the EBIT margin was unchanged at 4%.

These results were achieved in a challenging trading environment marked by declining agrochemical commodity prices and delayed pre-season purchases by some farmers owing to the economic conditions in South Africa. Nonetheless, the outlook for the 2023/2024 summer crop season remains optimistic.

AECI Plant Health sales of high margin manufactured products were 34% (H1 2022: 30%) of total sales up from the prior the period. Further progress was made in registering products in selected export markets.

AECI Schirm

Revenue of R1 436 million (H1 2022: R1 063 million) was up 35% following sales volume growth in AECI Schirm USA and higher selling prices in AECI Schirm Germany. The EBIT loss of R136 million (H1 2022: R66 million loss) reflects AECI Schirm Germany's loss of R180 million (H1 2022: R86 million) which included R89 million (EUR 4.3 million) in severance costs and R30 million in turnaround project fees.

AECI Schirm USA's EBIT was R58 million (H1 2022: R36 million). The plant capacity upgrade at the Ennis, Texas, facility was completed and the plant in Benton, Illinois is expected to be fully operational by the end of July 2023.

The Board approved comprehensive turnaround project for AECI Schirm Germany is progressing well and is on track to deliver in line with previous guidance. Additional measures were also introduced in the current period, aimed at improving profitability further.

AECI CHEMICALS

Revenue for this South African focused segment of R3 943 million (H1 2022: R3 921 million) was up 1%. EBIT was R209 million (H1 2022: R314 million) and the EBIT margin was under pressure, at 5% (H1 2022: 8%). Several factors contributed to this performance, including a decline in certain commodity chemical input prices and lower sales volumes at AECI Food & Beverage and AECI SANS Fibers.

AECI Specialty Chemicals

Although revenue was up 6%, EBIT was down 8% following the drop in sales volumes due to a lengthy maintenance shutdown at a major industrial customer. These volumes are expected to recover in the second half-year. The EBIT margin remained healthy at 11%.

AECI Industrial Chemicals

Revenue and EBIT were down by 9% and 25%, respectively, as a result of lower sulphur prices and softer customer demand, both locally and in other African markets. The same trends impacted the performance of the Homecare portfolio.

AECI Food & Beverage

Revenue was up 1% and EBIT down 26%, impacted by lower consumer demand, a reflection of the sluggish macroeconomic environment in South Africa.

AECI SANS Fibers

The business recorded an EBIT loss of R5 million following contraction in demand for yarn in the USA. Focus remains on cost reduction and market diversification. The installation of the new polyester single stage spinning equipment at Stoneville, North Carolina is imminent, and this is expected to contribute to plant efficiencies.

AECI Much Asphalt

Revenue of R1 154 million (H1 2022: R1 028 million) was up 12% and EBIT of R22 million (H1 2022: R61 million) was down 64% due to margin pressure. Initiatives implemented to recover margin are progressing well and a recovery is expected going forward. Sales volumes continue to recover. The business has a good order book that is expected to contribute to performance from the second half of 2023 onwards.

Commitment to B-BBEE ownership goals

As previously communicated, the AECI Employees Share Trust (EST) implemented in 2012 vested on 9 February 2023 with no value and was wound up. The beneficiaries did benefit from receiving net dividends of R35 million over the prescribed period.

In an effort to preserve employee goodwill and ensure continued productivity, the Board and the AECI Executive Committee approved an *ex-gratia* payment totalling R106 million to all eligible employees.

AECI remains unequivocally committed to furthering the Company's B-BBEE ownership goals and continues to look for meaningful ways that will enable this. One option remains a relevant employee scheme that takes into consideration key learnings from the previous EST. In line with this, a new scheme to replace the EST is being considered. This scheme will aim to deliver sustainable Black ownership shareholding in the Group and tangible empowerment for employees. Any proposal remains subject to approval by our Board and shareholders.

Future focus and prospects

The priorities for the next six to 12 months include the following:

- Delivery of the AECI Schirm Germany turnaround project.
- Operational interventions and programmes aimed at further strengthening the balance sheet, expected to reduce working capital and gearing.
- Value unlock driven through continued focus on improving returns from existing businesses, organic growth as well as targeted portfolio optimisation. Clear policies and processes will drive decision making.

A process to revise the Group strategy has commenced and final Board approval is expected towards the end of the year.

Changes to the executive committee and the Board

The changes to the Executive Committee of AECI that were announced on the JSE Limited Stock Exchange News Service (SENS) and took effect in the current period, were as follows:

- Mr Mark Dytor, in his capacity as Group Chief Executive (Group CE) and as an Executive Director of the AECI Group, announced his early retirement in accordance with the applicable pension fund rules, effective 31 January 2023, after 39 years of service. He had been Group Chief Executive since 2013.
- Mr Samuel Coetzer, who joined the Board on 1 July 2022 as an Independent Non-executive Director, was appointed as the Interim Group CE with effect from 1 February to 30 April 2023. On 1 May 2023, Samuel resumed his duties as an Independent Non-executive Director.
- Mr Holger Riemensperger was appointed as the new Group Chief Executive and as an Executive Director of the AECI Group with effect from 1 May 2023, to fill a vacancy.
- Ms Aarti Takoorden resigned as Group Chief Financial Officer and as an Executive Director and a member of the Risk Committee for personal reasons, effective 26 April 2023.
- Mr Rafael Fernandes was appointed as the Acting Group Chief Financial Officer effective 26 April 2023 until further notice.

The changes to the Board and Board Committees' memberships that were announced on SENS and took effect in the current period were as follows:

- Mr Godfrey Gomwe formally retired from the Board following the conclusion of the Annual General Meeting held on 30 May 2023.
- Ms Marna Roets, a Non-executive Director of the Group since 2020, was appointed as the Chairman of the Remuneration and Human Capital Committee to succeed Mr Gomwe in the role. Ms Roets is also a member of the Audit and the Social, Ethics and Sustainability Committees as well as a member of the AECI Captive Insurance Financial Review Committee, effective 1 June 2023.
- Mr Samuel Coetzer, a Non-executive Director of the Group, joined the Remuneration and Human Capital Committee as a member to further bolster the experience and expertise of the Committee, effective 1 June 2023.
- Mr Mark Kathan, an Executive Director of the Group and Chief Executive Officer of AECI Mining Limited, stepped down from his position as a member of the Risk Committee as well as the Safety, Health and Environment Committee to align with the functions of the AECI Executive Committee, effective 1 June 2023.

Directors' responsibility statement

The Directors are responsible for the preparation and presentation of these unaudited consolidated 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 unaudited consolidated interim financial statements that are free from material misstatement, whether owing to fraud or error.

Preparation of the interim results announcement

This announcement covers the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2023 based on International Financial Reporting Standards. The preparation of these unaudited consolidated interim financial statements was supervised by the Acting Chief Financial Officer, Rafael Fernandes CA(SA), in terms of section 29(1)(e) of the Companies Act, 2008, as amended.

Approval of the unaudited consolidated interim financial statements

The unaudited consolidated interim financial statements were approved by the Board of Directors of AECI on 25 July 2023 and signed by:



KDK Mokhele
Chairman



H Riemensperger
Group Chief Executive

Directors: KDK Mokhele (Chairman), H Riemensperger¹ (Group Chief Executive), ST Coetzer², SA Dawson³, FFT De Buck, WH Dissinger¹, KM Kathan (Executive), P Mishic O'Brien⁴, AM Roets, PG Sibiya

¹ German ² Canadian ³ Australian ⁴ American

Group Head Investor Relations: Z Salman

Group Company Secretary: C Singh

Declaration of final ordinary cash dividend no. 179

Notice is hereby given that on Tuesday, 25 July 2023 the Directors of AECI declared a gross interim cash dividend of 100 cents per share in respect of the six months ended 30 June 2023. The dividend is payable on Monday, 4 September 2023 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 1 September 2023.

The last day to trade “cum” dividend will be Tuesday, 29 August 2023 and shares will commence trading “ex” dividend as from the commencement of business on Wednesday, 30 August 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 80 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 Tuesday, 29 August 2023.

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, 29 August 2023.

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 August 2023 and Friday, 1 September 2023, both days inclusive.

By order of the Board

Cheryl Singh
Group Company Secretary

Woodmead, Sandton
26 July 2023

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 and

Computershare Investor Services PLC

PO Box 82, The Pavilions, Bridgwater Road, Bristol BS 99 7NH, England

REGISTERED OFFICE

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

EQUITY AND DEBT SPONSOR

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

AECI LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 1924/002590/06)

Tax reference No. 9000008608

Share code: AFE ISIN: ZAE000000220

Hybrid code: AFEP ISIN: ZAE000000238

Bond company code: AECI

LEI: 3789008641F1D3D90E85

(AECI or the Company or the Group)

Consolidated **statement of financial position**

Rand million	2023	2022	2022
	As at 30 Jun Unaudited	As at 30 Jun Unaudited	As at 31 Dec Audited
Assets			
Non-current assets	11 702	11 209	11 134
Property, plant and equipment	6 499	5 961	5 992
Right-of-use assets	585	536	636
Investment property	224	230	226
Intangible assets	884	879	868
Goodwill	2 410	2 327	2 352
Pension fund employer surplus accounts	446	452	467
Investment in joint ventures	54	25	40
Investments in associates	149	121	133
Loans to associates	126	109	111
Other investments	207	325	203
Deferred taxation assets	118	244	106
Current assets	16 583	15 113	17 292
Inventories	6 879	6 518	6 780
Trade and other receivables	6 862	6 425	7 906
Other investments	459	333	472
Taxation receivable	81	101	75
Cash and cash equivalents	2 302	1 736	2 059
Total assets	28 285	26 322	28 426
Equity and liabilities			
Equity	12 324	11 538	11 822
Ordinary share capital and reserves	12 120	11 372	11 635
Non-controlling interest	198	160	181
Preference share capital	6	6	6
Non-current liabilities	2 518	4 954	2 250
Deferred taxation liabilities	647	784	583
Non-current debt	791	3 116	607
Lease liabilities	509	453	533
Non-current provisions and employee benefits	571	601	527
Current liabilities	13 443	9 830	14 354
Trade and other payables	6 515	6 344	7 767
Current debt	6 406	3 151	6 007
Lease liabilities	115	93	131
Loans from joint ventures	149	112	141
Put option liability	14	18	14
Taxation payable	22	83	168
Bank overdrafts	222	29	126
Total liabilities	15 961	14 784	16 604
Total equity and liabilities	28 285	26 322	28 426

Consolidated **statement of profit or loss**

Rand million	Note	% change	2023 First half Unaudited	2022 First half Unaudited	2022 Year Audited
Revenue	2	19	18 404	15 505	35 583
Net operating costs			(17 135)	(14 449)	(33 536)
Profit from operations		20	1 269	1 056	2 047
Share of profit of equity-accounted investees, net of taxation			20	3	26
Profit from operations and equity-accounted investees		22	1 289	1 059	2 073
Net finance costs			(274)	(124)	(314)
Finance cost			(320)	(148)	(403)
Finance income			46	24	89
Profit before taxation			1 015	935	1 759
Taxation expense			(365)	(309)	(803)
Profit for the period			650	626	956
Attributable to preference shareholders			(2)	(2)	(3)
Attributable to AECI minority shareholders			(15)	(19)	(26)
Attributable to the AECI Group			633	605	927
Headline earnings are derived from:					
Profit attributable to ordinary shareholders			633	605	927
Impairment of property, plant and equipment			-	-	430
Impairment of right-of-use assets			-	-	41
Profit on disposal of businesses and investment in subsidiaries			-	-	(5)
Surplus on disposal of investment property and property, plant and equipment			4	-	(12)
Taxation effects of the above items			(1)	-	(23)
Headline earnings			636	605	1 358
Per ordinary share (cents):					
Basic earnings		5	600	573	878
Diluted basic earnings			596	566	874
Headline earnings		5	603	573	1 287
Diluted headline earnings			600	566	1 280
Ordinary dividends declared after the reporting date		(48)	100	194	580
Ordinary dividends paid			580	505	699

Abridged consolidated **statement of comprehensive income**

Rand million	2023 First half Unaudited	2022 First half Unaudited	2022 Year Audited
Profit for the year	650	626	956
Other comprehensive income net of taxation			
Items that may be reclassified subsequently to profit or loss:			
– Foreign currency translation differences	448	(52)	89
– Effective portion of cash flow hedges	1	5	(6)
Items that may not be reclassified subsequently to profit or loss:			
– Remeasurement of defined-benefit and post-retirement medical aid obligations	–	–	40
– Remeasurement of equity securities at fair value through other comprehensive income	5	(38)	(59)
Total comprehensive income for the period	1 104	541	1 020
Attributable to preference shareholders	(2)	(2)	(3)
Attributable to AECI minority shareholders	(2)	(3)	(29)
Attributable to the AECI Group	1 100	536	988

Abridged consolidated **statement of changes in equity**

Rand million	2023 First half Unaudited	2022 First half Unaudited	2022 Year Audited
Total comprehensive income for the period	1 104	541	1 020
Dividends paid	(625)	(544)	(760)
Share-based payment reserve	23	(48)	(23)
AECI Community Education and Development Trust (CEDT) shares cancelled during the year	–	–	(4)
Equity at the beginning of the period	11 822	11 589	11 589
Equity at the end of the period	12 324	11 538	11 822
Made up as follows:			
Ordinary share capital	106	110	106
Reserves	2 237	1 854	1 968
– Foreign currency translation reserve	2 114	1 557	1 679
– Other reserves	27	51	19
– Share-based payment reserve	96	246	270
Retained earnings	9 777	9 408	9 561
Non-controlling interest	198	160	181
Preference share capital	6	6	6
Equity at the end of the period	12 324	11 538	11 822

Reconciliation of **weighted average number of shares**

Millions of shares	2023 First half Unaudited	2022 First half Unaudited	2022 Year Audited
Weighted average number of ordinary shares at the beginning of the period	115,6	120,0	120,0
Weighted average number of contingently returnable ordinary shares held by the CEDT cancelled during the period	-	(4,4)	(4,4)
Weighted average number of unlisted ordinary shares held by the consolidated AECI Employees Share Trust (EST) cancelled during the period	(10,1)	-	-
Weighted average number of ordinary shares at the end of the period	105,5	115,6	115,6
Weighted average number of unlisted ordinary shares held by the consolidated EST	-	(10,1)	(10,1)
Weighted average number of ordinary shares for the basic earnings per share	105,5	105,5	105,5
Dilutive adjustment for potential ordinary shares	0,6	1,4	0,6
Weighted average number of ordinary shares for diluted earnings per share	106,1	106,9	106,1

Abridged consolidated **statement of cash flows**

Rand million	2023 First half Unaudited	2022 First half Unaudited	2022 Year Audited
Cash generated by operations	2 063	1 720	3 840
Dividends received	-	50	50
Finance cost paid	(288)	(113)	(329)
Finance income received	46	24	89
Taxation paid	(460)	(412)	(954)
Changes in working capital	(351)	(2 165)	(2 570)
Cash outflows relating to defined-benefit and post-retirement medical aid obligations	(12)	(12)	(20)
Cash outflows relating to non-current provisions and employee benefits	(5)	(5)	(29)
Cash available from operating activities	993	(913)	77
Dividends paid	(625)	(543)	(760)
Cash generated/(utilised in) from operating activities	368	(1 456)	(683)
Cash flows from investing activities	(592)	(844)	(1 637)
Loans with joint ventures	-	(93)	-
Loans with associates and other net investment activities	46	(23)	(193)
Proceeds from disposal of businesses and investment in subsidiaries	-	4	9
Net capital expenditure	(638)	(732)	(1 453)
Net cash utilised before financing activities	(224)	(2 300)	(2 320)
Cash flows from financing activities	205	2 087	2 276
Capital repayments of lease liabilities	(93)	(84)	(161)
Loans from joint ventures	8	-	30
Settlement of performance shares	-	(85)	(85)
Proceeds from debt raised	302	2 256	3 254
Repayment of debt	(12)	-	(762)
Decrease in cash and cash equivalents	(19)	(213)	(44)
Cash and cash equivalents at the beginning of the period	1 933	1 891	1 891
Translation gain on cash and cash equivalents	166	29	86
Cash and cash equivalents at the end of the period ¹	2 080	1 707	1 933

¹ Includes cash and cash equivalents of R2 302 million and a bank overdraft of R222 million (First half 2022: cash and cash equivalents of R1 736 million and bank overdraft of R29 million. Year 2022: cash and cash equivalents of R2 059 million and a bank overdraft of R126 million).

Segmental analysis

Basis of segmentation

The Group has five reportable segments, as stated below. Each segment offers different products and services and is managed separately because each requires different technology and marketing strategies.

REPORTABLE SEGMENTS	OPERATIONS
AECI MINING	The businesses in this segment provide a mine-to-mineral solution for the international mining sector. The offering includes commercial explosives, initiating systems, blasting services and surfactants for explosives manufacture across the value chain to chemicals for ore beneficiation and tailings treatment.
AECI WATER	This business provides customers on the African continent with integrated water treatment solutions, process chemicals and equipment solutions for a diverse range of applications. These include, inter alia, public and industrial water, desalination and utilities.
AECI AGRI HEALTH	Businesses in this segment manufacture and distribute crop protection products, plant nutrients, animal premixes, specialty animal health products and fine chemicals on the African continent, in Europe and in the United States of America.
AECI CHEMICALS	Businesses in this segment supply raw materials and related services to a broad spectrum of customers in the food and beverage, manufacturing, road infrastructure and general industrial sectors. Their markets are mainly in South Africa and in other Southern African countries, except for AECI SANS Fibers which is based in the United States of America.
AECI PROPERTY SERVICES AND CORPORATE	Property Services relate mainly to property leasing and management in the office, industrial and retail sectors. Corporate includes centralised functions, namely Treasury and Finance; Human Capital; Safety, Health and the Environment; Stakeholder Relations; Company Secretarial; Legal, Risk and Compliance; Environmental, Social, Governance and Sustainability; Information Technology and Strategy Execution.

There are varying levels of integration between the segments. This includes transfers of raw materials and finished goods, and property management services. Inter-segment pricing is determined on terms that are no more and no less favourable than transactions with unrelated external parties.

Information relating to reportable segments

Management makes decisions based on management accounting information which reflects the financial performance of each reportable segment.

Information relating to each reportable segment is set out below. Segmental profit from operations is used to measure performance as AECI's Executive Committee believes that this information is the most relevant in evaluating the results of the respective segments.

Rand million	First half Unaudited 2023	First half Unaudited 2022	First half Unaudited 2023	First half Unaudited 2022	First half Unaudited 2023	First half Unaudited 2022
	EXTERNAL REVENUE		INTER-SEGMENT REVENUE		TOTAL SEGMENT REVENUE	
AECI MINING	9 932	7 649	72	100	10 004	7 749
AECI WATER	1 048	965	13	14	1 061	979
AECI AGRI HEALTH	3 313	2 826	62	63	3 375	2 889
AECI CHEMICALS	3 896	3 864	47	57	3 943	3 921
AECI PROPERTY SERVICES AND CORPORATE	215	201	73	77	288	278
Inter-segment	-	-	(267)	(311)	(267)	(311)
	18 404	15 505	-	-	18 404	15 505
Rand million	DEPRECIATION		AMORTISATION		IMPAIRMENTS	
AECI MINING	290	262	4	4	-	-
AECI WATER	16	16	6	6	-	-
AECI AGRI HEALTH	93	85	17	14	-	-
AECI CHEMICALS	83	78	11	11	-	-
AECI PROPERTY SERVICES AND CORPORATE	24	17	-	-	-	-
Inter-segment	(7)	(7)	-	-	-	-
	499	451	38	35	-	-
Rand million	PROFIT/(LOSS) FROM OPERATIONS		EBITDA^{1,3}		CAPITAL EXPENDITURE	
AECI MINING	1 038	713	1 338	974	270	316
AECI WATER	126	100	148	122	17	10
AECI AGRI HEALTH	(57)	11	53	110	224	293
AECI CHEMICALS	209	314	317	411	96	103
AECI PROPERTY SERVICES AND CORPORATE	(42)	(82)	(18)	(65)	45	26
Inter-segment	(5)	-	(12)	(7)	-	-
	1 269	1 056	1 826	1 545	652	748
Rand million	OPERATING ASSETS^{2,3}				OPERATING LIABILITIES^{2,3}	
AECI MINING	10 246		9 485		3 115	
AECI WATER	1 737		1 548		316	
AECI AGRI HEALTH	5 981		5 373		1 747	
AECI CHEMICALS	5 724		5 961		1 595	
AECI PROPERTY SERVICES AND CORPORATE	1 353		1 318		341	
Inter-segment	(698)		(809)		(599)	
	24 343		22 876		6 515	

¹ Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairment. EBITDA is unaudited.

² Operating assets comprise property, plant and equipment, right-of-use assets, investment property, intangible assets, goodwill, inventories, trade and other receivables and assets classified as held for sale. Operating liabilities comprise trade and other payables.

³ Non-IFRS measure (see note 7).

Geographical information on non-current assets has not been disclosed as it is only partially available.

Other salient features

Rand million	Note	2023	2022	2022
		First half Unaudited	First half Unaudited	Year Audited
Capital expenditure		652	748	1 552
– expansion		360	438	952
– replacement		292	310	600
Capital commitments		795	948	1 112
– contracted for		375	202	211
– not contracted for		420	746	901
Future rentals on short-term and low value assets		77	59	28
– payable within one year		36	48	26
– payable thereafter		41	11	2
Net debt ^{1,4}		5 741	5 106	5 345
EBITDA ⁴		1 826	1 545	3 570 ³
Depreciation		499	451	956
Amortisation		38	35	70
Impairment		–	–	471
Gearing (%) ^{2,4}		47	44	45 ³
Current assets to current liabilities ⁴		1,2	1,5	1,2 ³
Net asset value per ordinary share (cents) ⁴		11 024	10 343	11 027
ZAR/EUR closing exchange rate (rand)		20,59	17,13	18,15
ZAR/EUR average exchange rate (rand)		19,68	16,85	17,21
ZAR/USD closing exchange rate (rand)		18,86	16,39	17,01
ZAR/USD average exchange rate (rand)		18,21	15,41	16,37

¹ Current and non-current debt, including non-current and current finance lease liabilities and a bank overdraft, less cash and cash equivalents.

² Net debt as a percentage of equity.

³ Unaudited.

⁴ Non-IFRS measure (see note 7).

Notes

(1) Basis of preparation and accounting policies

The unaudited consolidated interim financial results are prepared in accordance with the requirements of the JSE Limited's Listings Requirements and Debt Listings Requirements (JSE Listings Requirements) for interim reports and the requirements of the Companies Act of South Africa applicable to unaudited financial statements. The JSE Listings Requirements require interim reports to be prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting and the South African financial reporting requirements (as applicable). The accounting policies applied in the preparation of these unaudited consolidated interim financial results are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements.

The preparation of these unaudited consolidated financial results for the half-year ended 30 June 2023 was supervised by the acting Group Chief Financial Officer, Rafael Fernandes CA(SA), CIMA.

(2) Revenue

Rand million	GROUP		
	2023	2022	2022
	First half Unaudited	First half Unaudited	Year Audited
AECI MINING	10 004	7 749	18 096
Sale of goods	9 050	6 894	16 214
Sale of goods and related product application services	954	855	1 882
AECI WATER	1 061	979	2 018
Sale of goods	13	14	35
Sale of goods and related product application services	1 048	965	1 983
AECI AGRI HEALTH	3 375	2 889	7 067
Sale of goods	3 375	2 889	7 067
Sale of goods and related product application services	-	-	-
AECI CHEMICALS	3 943	3 921	8 529
Sale of goods	3 943	3 921	8 529
Sale of goods and related product application services	-	-	-
AECI PROPERTY SERVICES AND CORPORATE	226	222	457
Sale of services	226	222	457
Revenue recognised at a point in time	18 609	15 760	36 167
AECI PROPERTY SERVICES AND CORPORATE	62	56	111
Rental income	62	56	111
Inter-segment	(267)	(311)	(695)
TOTAL REVENUE	18 404	15 505	35 583
Disaggregation of revenue by geographic end market			
Rand million	GROUP		
	2023	2022	2022
	First half Unaudited	First half Unaudited	Year Audited
SACU ¹	10 044	9 337	21 177
Rest of the African continent	4 081	3 069	7 541
Rest of the world	4 279	3 099	6 865
TOTAL REVENUE	18 404	15 505	35 583

¹ Southern African Customs Union comprising South Africa, Botswana, Eswatini, Lesotho and Namibia.

Revenue includes foreign and export revenue of R9 142 million (2022: R6 792 million).

Disaggregation of revenue by segment and geographic end market

Rand million	SACU ¹	Rest of the African continent	Rest of the world	Inter-segment	Total segment revenue
AECI MINING	3 791	3 608	2 533	72	10 004
AECI WATER	781	236	31	13	1 061
AECI AGRI HEALTH	1 710	158	1 445	62	3 375
AECI CHEMICALS	3 547	79	270	47	3 943
AECI PROPERTY SERVICES AND CORPORATE	215	–	–	73	288
Inter-segment	–	–	–	(267)	(267)
Total	10 044	4 081	4 279	–	18 404

¹ Southern African Customs Union comprising South Africa, Botswana, Eswatini, Lesotho and Namibia.

(3) Cash and debt covenants

The Company's net borrowing position at 30 June 2023 was R5 741 million compared to R5 106 million at 30 June 2022 and R5 345 million at 31 December 2022, with undrawn finance facilities of R3 100 million. All covenant requirements were comfortably met.

The process of refinancing the Group's long-term debt has been formally initiated with the appointment of a single coordinator across all three phases of the refinancing, which include the establishment of a sustainability framework, DMTN Programme refresh followed by a DCM roadshow and public auction in Q3 and concluding with a Q4 loan market syndication. The Group anticipates a successful completion of this process before the end of 2023.

- (4) The Group entered into various sale and purchase transactions with related parties in the Group in the ordinary course of business, the nature of which was consistent with those previously reported. Those transactions were concluded on terms that were no more and no less favourable than transactions with unrelated external parties. All transactions and balances with these related parties have been eliminated appropriately in the consolidated results.

(5) Financial instruments and financial risk management
Categories of financial instruments and fair values

Rand million	CARRYING AMOUNT		FAIR VALUE	
	2023	2022	2023	2022
	First half Unaudited	First half Unaudited	First half Unaudited	First half Unaudited
FINANCIAL ASSETS				
At fair value through other comprehensive income – equity instrument ¹	199	206	199	206
– Listed shares – Level 1	171	178	171	178
– Unlisted shares – Level 3	28	28	28	28
At fair value through profit or loss ²	364	452	364	452
– Forward exchange contracts – Level 2	74	119	74	119
– Money market investment in collective investment scheme – Level 1	210	199	210	199
– Employer surplus accounts – Level 1	80	134	80	134
Amortised cost	8 670	7 613		
– Trade and other receivables ³	6 048	5 660		
– Cash ⁴	2 302	1 736		
– Loans receivable ³	19	15		
– Interest-bearing non-current loans to associates ⁴	126	109		
– Loans and receivables relating to other investments ⁴	175	93		
	9 233	8 271		
FINANCIAL LIABILITIES				
Amortised cost	(12 603)	(11 334)		
– Trade and other payables ³	(4 982)	(4 891)		
– Bank overdraft ⁴	(222)	(29)		
– Loans from joint ventures ⁴	(149)	(112)		
– Debt ⁵	(7 197)	(6 267)		
– Interest accrued	(53)	(35)		
At fair value through profit or loss	(64)	(54)	(64)	(54)
– Forward exchange contracts – Level 2	(50)	(36)	(50)	(36)
– Put option liability – Level 3 ⁶	(14)	(18)	(14)	(18)
	(12 667)	(11 388)		

¹ Designated at initial recognition to be carried at fair value through other comprehensive income.² Measured at fair value through profit or loss because the asset is not measured at either amortised cost nor at fair value through other comprehensive income.³ The fair values for financial instruments such as short-term receivables and payables have not been disclosed because their carrying amounts are a reasonable approximation of their fair value.⁴ The fair values would not be materially different from the carrying amounts.⁵ The fair values of the interest-bearing debt have not been disclosed as they are not materially different from their carrying amounts.⁶ Not measured at fair value and subject to estimation uncertainty.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the period.

(6) Contingent liabilities

The Group is involved in legal proceedings and is in consultation with its legal counsel, assessing the outcome of these proceedings, on an ongoing basis. As proceedings develop, the Group's management makes provision in respect of legal proceedings where appropriate. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

(7) Non-IFRS measures

To provide a more meaningful assessment of the Group's performance, non-IFRS measures are included in disclosures made. The non-IFRS measures are described in the respective notes and statements where disclosure is included.

Non-IFRS measures are the responsibility of the Group's directors. These measures may not be comparable to other similarly titled measures of performance of other companies. Non-IFRS measures are not an IFRS requirement, nor a JSE Listings Requirement and is a measurement used by the chief operating decision-makers of the Group.

Non-IFRS measures are not an IFRS requirement, nor a JSE Listings Requirement and is a measurement used by the chief operating decision makers of the Group.

(8) The unaudited consolidated interim financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended 31 December 2022.

(9) No reportable events occurred after the reporting date.



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