



RESULTS PRESENTATION

FOR THE HALF YEAR ENDED 30 JUNE 2023

26 JULY 2023



ONE AECI, 
FOR A BETTER WORLD

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AGENDA

01 Welcome

02 Business results

03 Financial performance

04 Segment review

05 Outlook and strategic priorities

06 Questions and answers



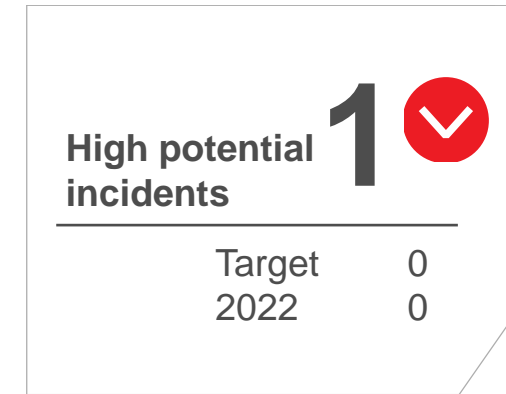
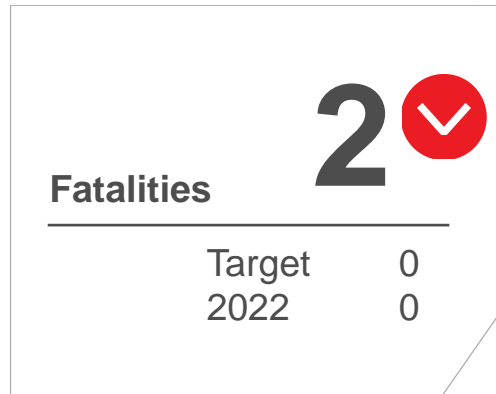


BUSINESS RESULTS



Safety

Disappointing safety performance

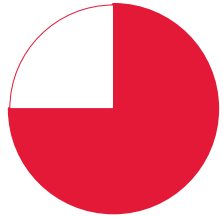


Committed to **ZERO HARM**

- Focused safety initiative
 - Accountable leadership
 - Risk-based approach
- Reduction in both the severity and frequency of incidents and no significant incidents since April

ESG

On track against our 2025 sustainability targets



Achieved

75%

of target achieved

Gender (senior, middle and junior management)



47%

of target achieved

Effluent discharge



37%

of target achieved

Carbon footprint

2025 target: 40%

- Key focus area for management and the Board

2025 target: 20% reduction from 2019 baseline

- Process sewage effluent and cooling tower blowdown reduction
- Water treatment plant

2025 target: 15% reduction from 2019 baseline

- Abatement technologies installed and optimised
- Fuel and raw material efficiencies (natural gas replaced HFO)

Resilient underlying businesses

Operational highlights

AECI Group

Solid results driven by strong mining performance

AECI Schirm Germany turnaround project progressing well

Operational initiatives and programmes initiated to strengthen balance sheet further

Growth capex spend contributing to performance

Process to refinance the Group's long-term debt initiated

AECI Mining

Exports and mining chemicals drive solid growth

AECI Water

Market expansion drives growth

AECI Agri Health

Strong Q1 enabled a strong H1 23 performance

AECI Chemicals

South African macro environment impacts performance

AECI Schirm update

Germany: turnaround project progressing, USA: capex completed

Rm	H1 2023				H1 2022			
	Germany	USA	PPA and other	Total	Germany	USA	PPA and other	Total
Revenue	1 056	380	0	1 436	815	249	-1	1 063
EBITDA	-124	78	4	-42	-30	49	1	20
EBIT	-180	58	-14	-136	-86	36	-16	-66
Profit after tax (before turnaround project spend)	-111	31	0	-80	-107	27	-9	-89
Provision for severance	-89			-89				
Consulting fees	-30			-30				
Profit after tax	-230	31	0	-199	-107	27	-9	-89

AECI Schirm Germany

EBIT impacted by

Severance

R89m

Consulting fees

R30m

Turnaround project cost

R119m

Plant closure

Process transfer progressing well

Additional measures

Price increases being implemented, cost reduction, reduction of overheads

AECI Schirm USA

Revenue

up 53%

EBIT

up 61%

Capex

Completed

New capacities mostly sold

Committed to driving B-BBEE ownership goals

AECI Employees Share Trust (EST)

- Implemented in 2012
- On 9 February 2023, extended vesting date, EST not value accretive to beneficiaries and wound up
- Beneficiaries dividend received, R35m over the period of the Trust
- Ex gratia payment total R106m
 - Avoid work interruption and restore goodwill
- New scheme
 - Subject to Board and shareholder approvals
 - Incorporate key learnings
 - Deliver tangible empowerment
 - Value accretive to all involved
 - 2024



FINANCIAL PERFORMANCE

Delivered record revenue, EBIT and HEPS performance

Financial highlights H1 2023

⬆ Revenue

19%

H1 2023: R18 404m
H1 2023: R15 505m

⬆ EBITDA[#]

18%

H1 2023: R1 826m
H1 2022: R1 545m

⬆ EBIT^{*}

20%

H1 2023: R1 269m
H1 2022: R1 056m

⬆ HEPS

5%

H1 2023: 603c
H1 2022: 573c

⬆ EPS

5%

H1 2023: 600c
H1 2022: 573c

⬇ Capex

R 652m

55% growth capex

H1 2022: R748m

⬇ Working capital

-3pts

H1 2023: 19%
H1 2022: 22%

⬆ Finance cost

121%

H1 2023: R274m
H1 2022: R124m

⬆ Gearing

+3pts

H1 2023: 47%
H1 2022: 44%

⬇ Interim dividend

-48%

H1 2023: 100c
H1 2022: 194c

[#]EBITDA is earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees, plus depreciation, amortisation and impairments

^{*}EBIT is defined as profit before interest, taxation and share of profit of equity-accounted investees, net of taxation.

Price increase primary driver of elevated inventory levels

Working capital and days cover

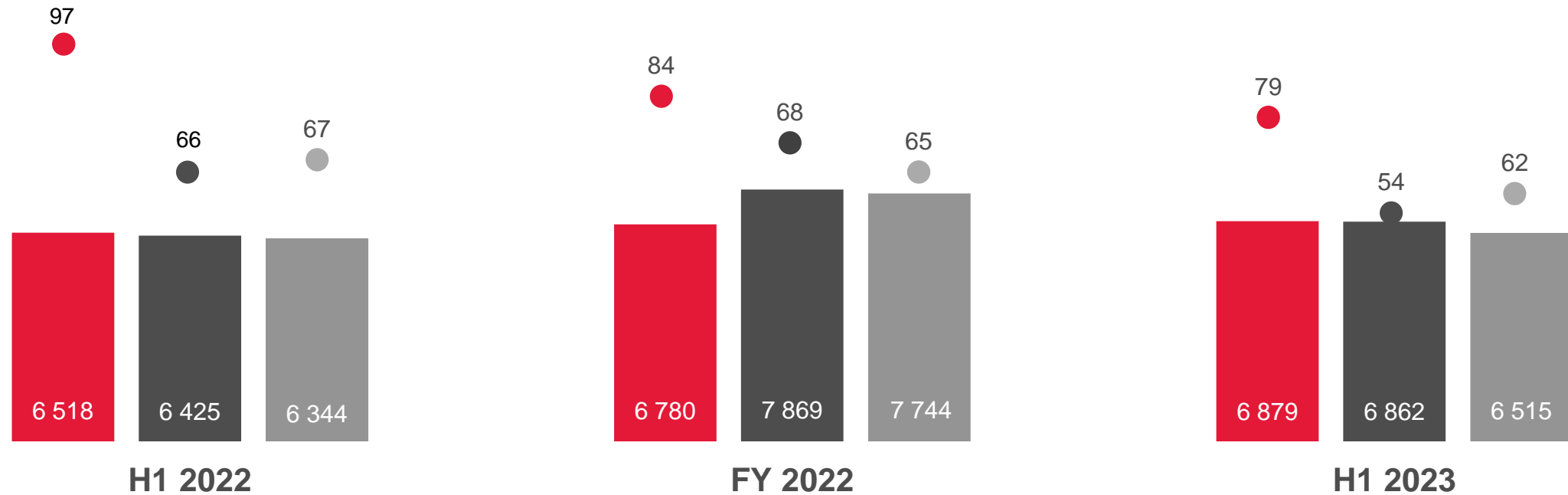
Working capital
percentage of
revenue

22%

19%

19%

Working capital Rm and days



■ Inventories ■ Trade and other receivables ■ Trade and other payables ● Days

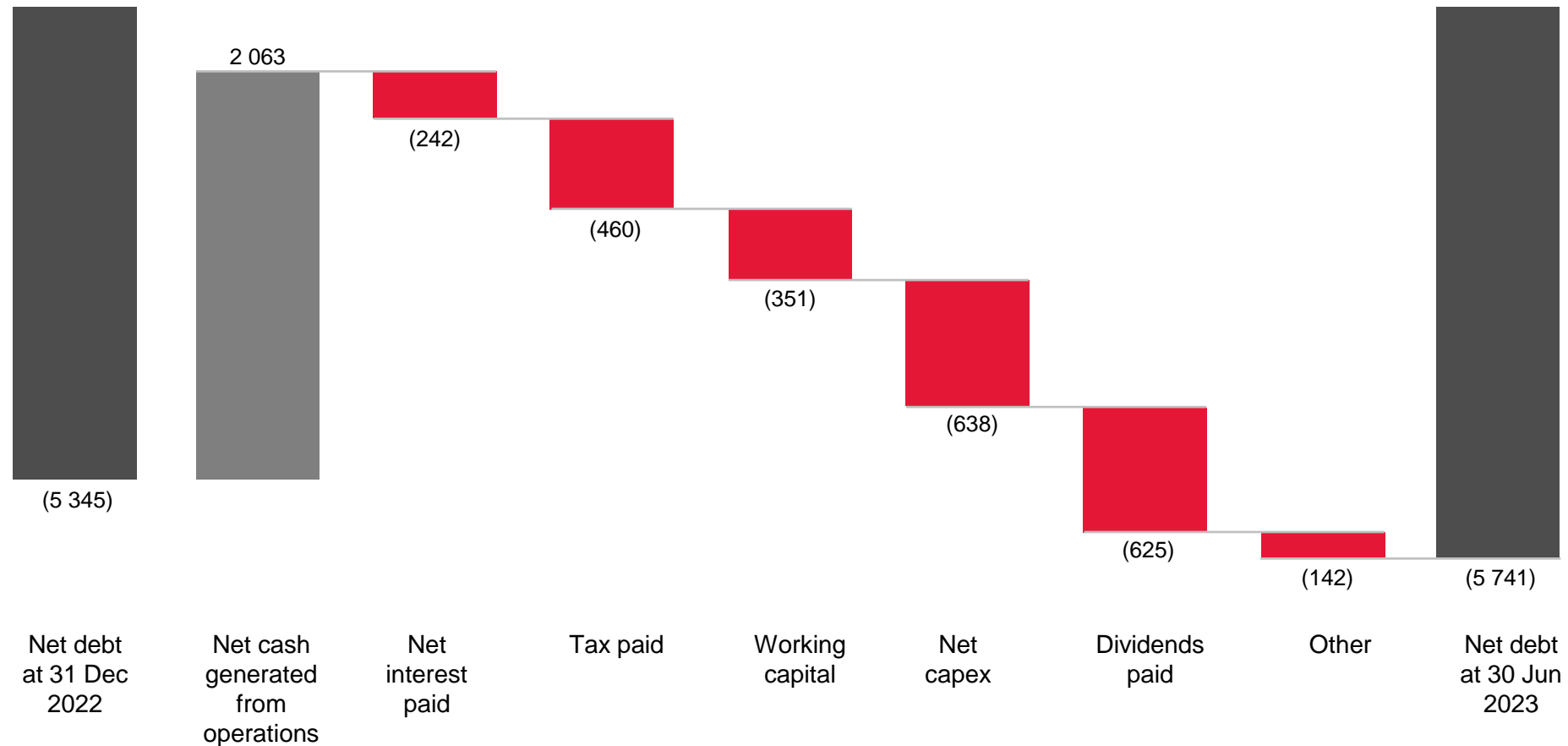
Gearing within expected range

Net debt, gearing and cash movements

Rm

Gearing 45%

Gearing 47%



Net debt increased – still well within covenant levels

Debt maturity profile and covenants

Payment profile (Rm)	2023	Up to 2028	Total
DMTN auction	520	-	520
DMTN private placement	300	-	300
Term ZAR	1 000	-	1 000
Term USD	377	553	930
Term EUR	1 606	-	1 606
Term AUD	-	238	238
Short-term debt	2 603	-	2 603
Gross debt	6 406	791	7 197
IFRS 16 lease liabilities			624
Cash and cash equivalents and bank overdraft			(2 080)
Net debt			5 741

Group loan covenants	Dec 2022	Jun 2023
Net debt to EBITDA: <2.5	1.5	1.6
Net debt to EBITDA breached if net debt increased by R3.4bn or EBITDA decreased by R1.4bn		
EBITDA to net financing cost >3.0	8.9	6.4
Consolidated tangible net worth: >R2.5bn	R8.6bn	R9bn

GCR Credit Rating for the Group, **A+ Positive outlook**



SEGMENT REVIEW





MINING



Strong market share gains, export growth drive performance

AECI Mining

- Record H1 2023 performance, continued momentum from H2 2022
- Volumes and revenue up
 - Supported by strong market share gains in most regions
 - Reversals of volume lost due to excessive rainfall and strike action in 2022
- 69% (H1 2022: 64%) of the segment's total revenue generated outside of SA
- Capex investment supports geographic expansion strategy

Revenue

29%

H1 2023: R10 004m
H1 2022: R7 749m

EBITDA

37%

H1 2023: R1 338m
H1 2022: R974m

EBIT

46%

H1 2023: R1 038m
H1 2022: R713m

EBIT margin

10%

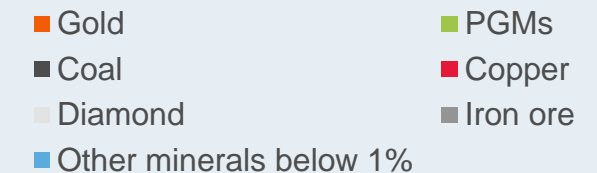
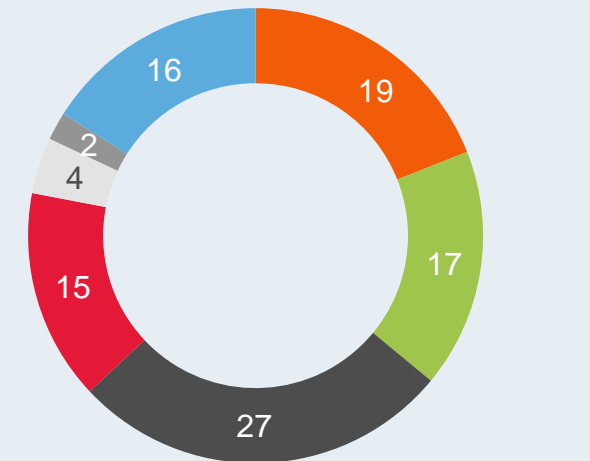
H1 2022: 9%

Working capital

16%

H1 2022: 21%

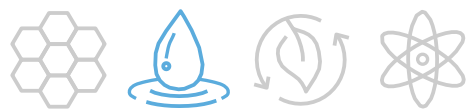
REVENUE BY MINERAL MINED (%)



A leading international player poised for expansion

AECI Mining: Outlook

- **Good pipeline** of new tender opportunities internationally
- 3 significant 5-year **contracts concluded** in Australia
- Mining chemicals **significant contracts** renewed or extended
- Capital investments to follow **strategic growth areas**
- Commodity price trends to remain stable



WATER

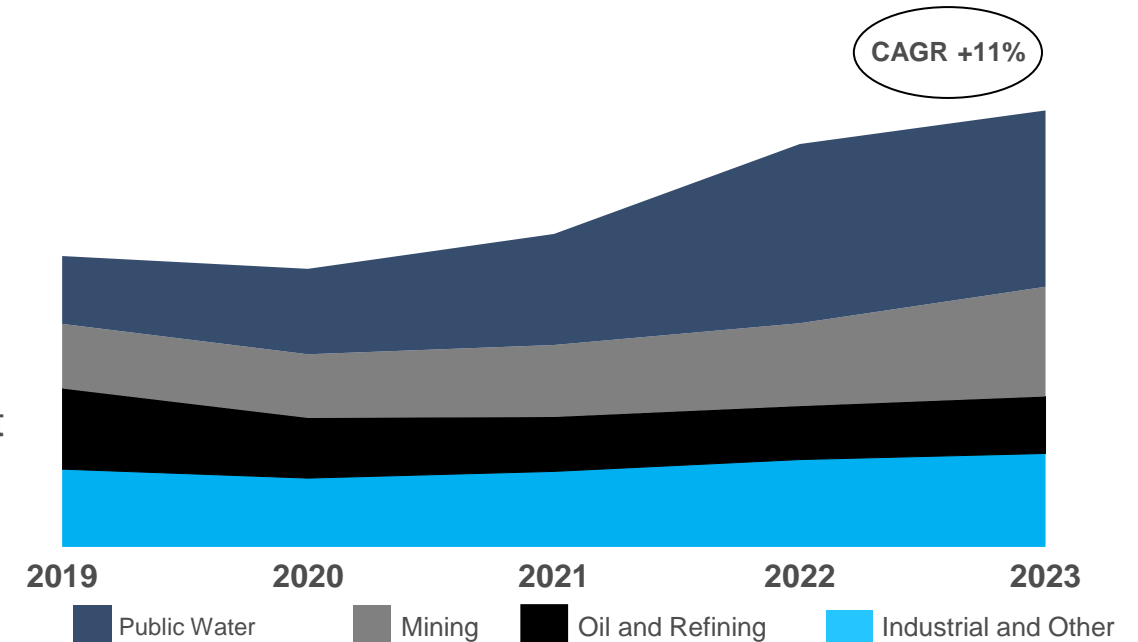


Continued recovery in H1 2023

AECI Water

- Revenue up 8% (22% exports | 78% local)
 - Market expansion in Mining – Central and West Africa
 - Increased sales to existing customers in the Industrial sector
 - Good recovery in petrochemical sector in West Africa
- Growth in sustainability projects, new greener products technologies contributing to performance
- EBIT up 26% on improved cost recovery and margin upliftment
- Positive net cash generation
- Working capital impacted by reduced creditors, positive trend in inventory reduction

H1 2019 – H1 2023 (Rm)



Revenue

8%

H1 2023: R1 061m
H1 2022: R979m

EBITDA

21%

H1 2023: R148m
H1 2022: R122m

EBIT

26%

H1 2023: R126m
H1 2022: R100m

EBIT margin

12%

H1 2022: 10%

Working capital

38%

H1 2022: 29%

1 Water sustainability: enabling access to potable water, limiting the use of this resource for non-domestic purposes and improving re-use.

Leverage technical solutions for earnings growth

AECI Water: Outlook

- **Revenue expected to continue to grow**
- **Continued focus on**
 - Margin improvement
 - Working capital management improvement
 - Market expansion to improve profitability
 - Successful execution of sustainability projects
- **Introduction of new greener products**



CHEMICALS



Challenging trading conditions, cash generated

AECI Chemicals¹

- Revenue impacted by
 - Drop in some commodity prices
 - Lower demand in AECI Food & Beverage and AECI SANS Fibers
- EBIT impacted by
 - Margin pressure
 - Competitor activity – reducing high inventories
 - Customer plant shut down – volumes expected to return in H2 2023
- Good cash generation

Revenue

-4%

H1 2023: R 2 789m
H1 2022: R 2 893m

EBITDA

-17%

H1 2023: R 257m
H1 2022: R 311m

EBIT

-26%

H1 2023: R 187m
H1 2022: R 253m

EBIT margin

7%

H1 2022: 9%

Working capital

17%

H1 2022: 16%



¹ Results exclude AECI Much Asphalt.

Sluggish demand, focus on margin improvement

AECI Specialty Chemicals

- Revenue up 6%, however EBIT down 8%
 - Good performance in the traded portfolio, margins managed
 - Manufactured products business mainly impacted by Foskor plant shut down. Expected to recover volumes in H2 2023

AECI Industrial Chemicals

- Revenue and EBIT down 9% and 25%, respectively – impacted by slow SA macroeconomic environment

AECI Food & Beverage

- Revenue up 1%, EBIT decreased by 26% – impacted by low demand and high raw material prices

AECI SANS Fibers

- Performance impacted by major contraction in US textile market and some raw material write downs

Well positioned for growth

AECI Chemicals: Outlook

- **Strong focus** on working capital release and cash generation
- **Continue to expand** product and service offering, mainly new products and agencies
- **Ensure customer retention** and margin management
- **Realise financial benefits** of the capex spend at Beverage plant
- **Cost management** and complete new capex project at AECI SANS Fibers



AGRI HEALTH



Solid performance, optimistic view for the short term

AECI Agri Health¹

AECI Plant Health and AECI Animal Health

- Revenue and EBIT up 6% and 5%, respectively
- Robust Q1 2023 sales set the foundation
- Manufactured product sales up to 34% (H1 2022: 30%)
- International registrations and trials progressing

Revenue

6%

H1 2023: R1 939m
H1 2022: R1 826m

EBITDA

7%

H1 2023: R95m
H1 2022: R89m

EBIT

5%

H1 2023: R79m
H1 2022: R77m

EBIT margin

4%

H1 2022: 4%

Working capital

18%

H1 2022: 17%



Towards delivering a sustainable performance

AECl Agri Health: Outlook

- **Growth** in manufactured products focused on softer/greener chemistries
- **International product trials** and develop footprint
- **Focus on**
 - Margins
 - Cost management
 - Working capital management



OUTLOOK AND STRATEGIC PRIORITIES



Looking ahead and strategic priorities

- **Active management** of working capital
- **Strengthen** balance sheet
- **Deliver** on AECI Schirm
- **Strategy review**

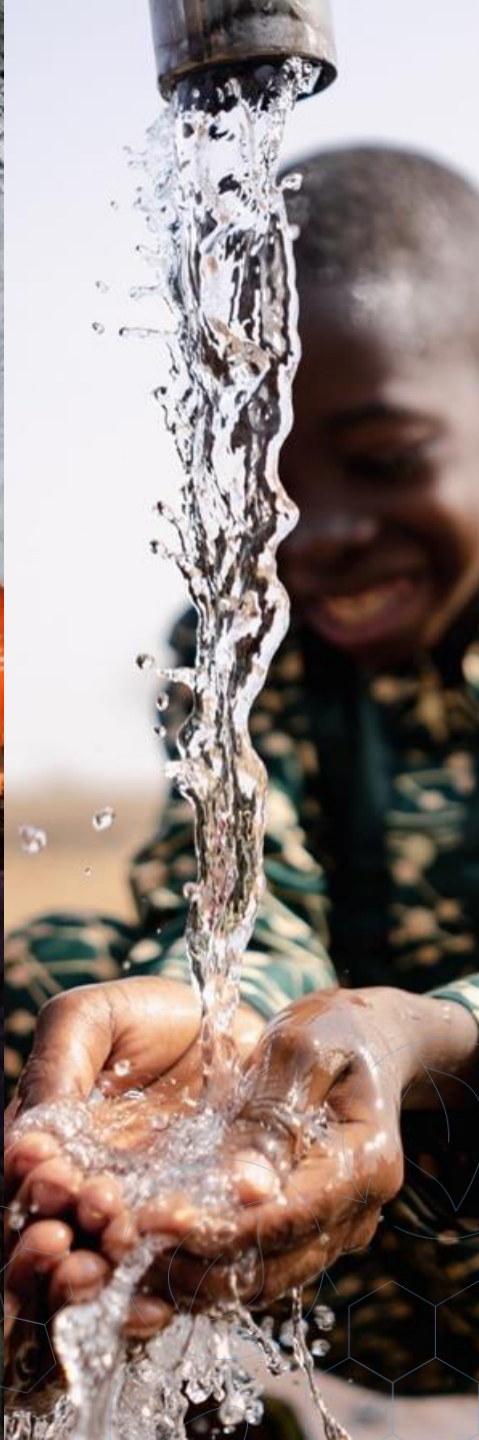
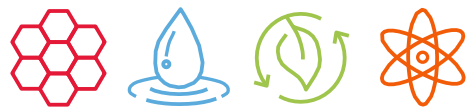


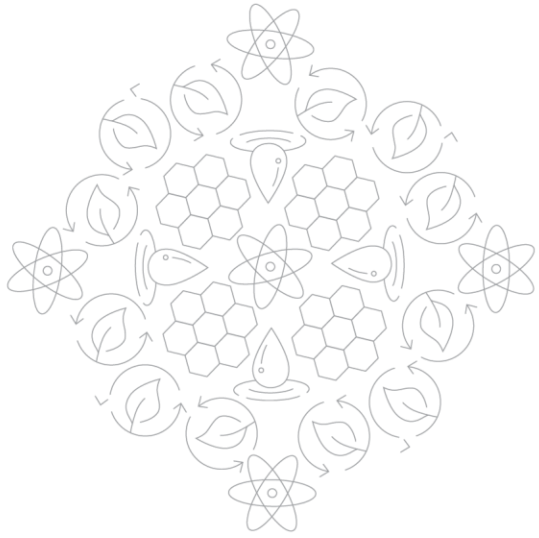
THANK YOU



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