

AECI LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 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)

AUDITED CONSOLIDATED FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2023

- Revenue up 5.4% to R37 500 million
- EBITDA¹ up 3.2% to R3 683 million
- EBIT² up 25.6% to R2 571 million
- HEPS down 11.7% to 1 137 cents
- EPS up 26.7% to 1 112 cents
- Cash generated from operations up 4.3% to R4 004 million
- Growth capex of R434 million (33% of total R1 303 million capex)
- Working capital at 15% of revenue, down from 19% in 2022
- Gearing at 35% (45% in 2022)
- Final cash dividend down 79% to 119 cents per share

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

EBITDA is unaudited.

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

A YEAR OF TRANSITION

On 20 March 2024 we celebrate 100 years. With a century of unwavering dedication and pioneering excellence behind us, our sustained success provides a strong foundation for our continued growth in the face of a fast-paced and ever-evolving business landscape. With the launch of our new strategy in November 2023, we are choosing to secure our place in the next century by embracing change and seizing profit enhancing opportunities while navigating market shifts with agility.

Our ambition:

To double profitability of our core business (Mining and Chemicals) by 2026.

Attain a global market position in Mining of #3 by 2030

Aligned to our strategy, are financial and non-financial targets (KPIs) we expect to achieve by 2026. The execution of the new strategy will be a multi-year journey driven through our Transformation Management

Office (TMO) to ensure dedicated focus as well as the tracking of progress. We intend to drive inorganic and organic growth by entering new markets and developing new products to expand our customer and geographic reach.

GROUP RESULTS OVERVIEW

In early in 2023, we unfortunately and regrettably had two work-related fatalities, we wish to convey our sincere condolences to the family, friends and colleagues of the departed. As a Group our primary objective remains Zero Harm.

In terms of our ESG goals, we had a progressive year towards achieving these goals with our scope 1 and 2 emissions, water consumption and water discharge elements decreasing. We are proud that our Board and Executive Committee female representation has exceeded the 40% target.

The Group achieved strong results for the financial year ended 31 December 2023, with revenue of R37 500 million up 5.4% from the R 35 583 million achieved for the prior year ended 31 December 2022. EBIT of R2 571 million (2023: R2 047 million) was 25.6% higher. In an environment characterised by high inflation and interest rates, supply chain and logistics challenges as well as declining commodity prices; the performance of AECI Mining, our core division, steered the results. Further confirming our chosen strategic direction and demonstrating AECI's strength and resilience.

Profit for the year increased by 23.4% after taking into account a 63.4% increase in net finance costs owing to elevated debt levels related to the turnaround of AECI Schirm, continued higher working capital levels and increasing interest rates. Taxation expense increased by R114 million to R917 million due to increased profitability.

Basic earnings per share increased by 26.7% to 1 112 cents and headline earnings per share decreased by 150 cents to 1 137 cents. Prior year Group earnings included a R471 million impairment on property, plant and equipment, operational losses and a deferred tax write-off associated with AECI Schirm Germany. Once-off impairments were excluded from the headline earnings in the prior year. The headline earnings per share were impacted by increased finance costs, driven by interest rate increases and short-term funding, to accommodate increased working capital levels during the year to support revenue growth.

R million (unless stated otherwise)	2023	2022	% change
Revenue	37 500	35 583	5.4
EBITDA	3 683	3 570	3.2
EBITDA margin (%)	9.8	10.0	(2.0)
Depreciation and amortisation	1 053	1 026	2.6
EBIT	2 571	2 047	25.6
EBIT margin (%)	6.9	5.8	19.0
Profit for the year	1 180	956	23.4
Basic earnings per share (EPS) (cents)	1 112	878	26.7
Headline earnings per share (HEPS) (cents)	1 137	1 287	(11.7)
Cash generated from operations	4 004	3 840	4.3

The gearing ratio significantly improved to 35% (45% at 31 December 2022) and is well within the communicated guidance range of 20% - 40%. This remains a key focus area in line with the Group's new strategy of building a strong and resilient balance sheet.

Net debt improved to R4 338 million (2022: R5 345 million) driven by stringent net working capital management in the year.

The Group's net debt to EBITDA, as defined in covenant agreements, at 31 December 2023 was 1.2 times, remaining well within the loan covenant threshold of 2.5 times. The Group completed a competitive refinancing process in 2023 through a debt capital market public auction, as well as a loan syndication, both are linked to the AECI Sustainability Financing Framework. These processes were oversubscribed, and favourable pricing outcomes achieved. The loan market syndication includes Revolving Credit Facilities available in EUR, USD and AUD.

Further reduction in net debt as well as stringent net working capital management remain key focus areas for management and the Board, with operational and strategic free cash flow initiatives being driven to strengthen the balance sheet.

Capital expenditure amounted to R1 303 million (2022: R1 552 million) of which R869 million (2022: R600 million) was maintenance and R434 million (2022: R952 million) growth. The shift in balance towards maintenance capex is in support of our strategy to improve asset utilisation in our existing assets.

Net asset value per share attributable to ordinary shareholders increased by 5% to 11 762 cents from prior year (2022: 11 204 cents) and 7.2% ahead of the market price of 10 969 cents as at 31 December 2023.

The Board declared a final cash dividend of 119 cents per share (2022: 580 cents per share).

SEGMENTAL REVIEW

AECI Mining's revenue was up 8.4% to R19 621 million (2022: R18 096 million). This was supported by strong volume growth in bulk explosives, initiating systems and electronic detonators on the back of higher demand and good market share gains following new contracts internationally. EBIT of R2 060 million (2022: R1 743 million), a new record achieved was up 18.2% and the EBIT margin strengthened to 10.5% compared to 9.6% in the prior period.

AECI Chemicals' revenue of R8 159 million (2022: R8 529 million) was down 4.3% due to lower demand and pricing pressure. EBIT was R515 million (2022: R562 million) down 8.5% and the EBIT margin was under pressure, at 6.3% (2022: 6.6%). Good margin management in AECI Specialty Chemicals and AECI Beverages contributed positively to performance in a challenging trading environment.

AECI Agri Health's revenue of R7 619 million (2022: R7 067 million) was up 8%. The segment made an EBIT loss of R192 million down from the prior year (2022: R297 million loss) impacted by AECI Schirm performance. Strict working capital management yielded positive results for the segment.

AECI Water's revenue at R2 009 million (2022: R2 018 million) was in line with the prior year following good sales volumes in the mining and industrial water businesses. The public water sector business, however impacted by low sales volumes and a drop in key raw material prices. EBIT for the segment at R139 million was down 34% (2022: R212 million) following the impact of provisions (mainly bad debt and stock provisions), raised in December 2023 totalling R78 million.

2024 OUTLOOK

- AECI Mining to continue its growth trajectory leveraging our skills, expertise and solution focused track-record while we progress our plans to reduce dependency on South African Ammonia supply;
- AECI Chemicals performance to continue being tied to the South African macroeconomic environment as well as commodity price shifts, however operational excellence and commercial excellence initiatives to contribute positively to performance;
- Progress our strategy execution towards achieving all 2026 targets anchored by our principles of excellence, focus and discipline.

DIVIDEND

Declaration of final ordinary cash dividend No. 180

Notice is hereby given that on Wednesday, 28 February 2024 the Directors of AECI declared a gross final cash dividend of 119 cents per share in respect of the financial year ended 31 December 2023. The dividend is payable on Monday, 8 April 2024 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 5 April 2024.

The last day to trade "cum" dividend will be Tuesday, 2 April 2024 and shares will commence trading "ex" dividend as from the commencement of business on Wednesday, 3 April 2024.

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 95.20 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, 2 April 2024.

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, 2 April 2024.

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 April 2024 and Friday, 5 April 2024, both days inclusive.

By order of the Board
Cheryl Singh
Group Company Secretary
Woodmead, Sandton

AVAILABILITY OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Group's audited consolidated financial statements for the year ended 31 December 2023 is available through the JSE cloud link at:

<https://senspdf.jse.co.za/documents/2024/jse/isse/AFE/AFSFY2023.pdf>

and on the Company's website at:

<https://www.ftp.aeciworld-online.com/reports/ar-2023/pdf/AECI2023fullafs.pdf>

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 sections 44(2) and 44(3) of the Auditing Profession Act, the auditors reported that, during 2023, 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 38 of the 2023 annual financial statements, available on the Company's website.

The contents of this results announcement are the responsibility of the Board of Directors of AECI and is only a summary of the information in the annual financial statements and does not contain full or complete details. This results announcement is itself not audited but extracted from audited results.

Any investment decisions by shareholders and/or investors should be based on a consideration of the annual financial statements as a whole and shareholders and/or investors are encouraged to review the audited annual financial statements, which is available for viewing on the links set out above, as this announcement does not provide all the details.

Directors:

KDK Mokhele (Chairman), H Riemensperger¹ (Group CE), R Gabriels (Group CFO), ST Coetzer², SA Dawson³, FFT De Buck, WH Dissinger¹, P Mishic O'Brien⁴, AM Roets, PG Sibiyi

¹ German ² Canadian ³ Australian ⁴ American

Group Head Investor Relations: Z Salman

Group Company Secretary: C Singh

Board sign-off date: 27 February 2024

Results released on: 28 February 2024

Equity Sponsor and Debt Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196

Registered office

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

Share transfer secretaries

Computershare Investor Services Pty 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