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MEDIA RELEASE

AECI delivers its targets on debt and working capital reduction - demonstrates strong resilience in a challenging global macroeconomic environment

Mining Solutions achieves all-time records in EBIT and Free Cash Flow generation

Key financial indicators

- Revenue up 5.4% to R37 500 million
- EBITDA up 3.2% to R3 683 million
- EBIT 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
- Working capital at 15% of revenue, down from 19% in 2022
- Gearing at 35%, down from 45% in 2022
- Final cash dividend down 79% to 119 cents per share in line with the new dividend policy

Johannesburg, 28th February, 2024 - AECI proudly unveils strong financial results for the financial year ended 31 December 2023. Revenue increased to R37 500 million, a 5.4% increase from the R35 583 million recorded in the prior year ending 31 December 2022. Notably, EBIT reached R2 571 million, reflecting a 25.6% increase compared to the prior year's R2 047 million.

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. 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.

Aligned with our steadfast strategy of fortifying a resilient balance sheet, net gearing ratio significantly improved to 35%, down from 45% as of 31 December 2022, and firmly within our communicated guidance range of 20% to 40%. Furthermore, our net debt saw a substantial reduction to R4 338 million (from R5 345 million in 2022), propelled by the high interest rate environment and stringent management of net working capital.

In a year of transition and within an operating environment characterised by high inflation and interest rates, logistical challenges within supply chains and declining commodity prices; AECI's performance stood strong. This resilience was particularly evident within AECI Mining, our core business and primary growth driver.

"It is immensely gratifying that, as we celebrate a century of unwavering dedication and pioneering excellence, we continue to deliver positive results, in spite of the prevailing challenging environment. The encouraging performance, driven by our core business of AECI Mining, underscores our strategic decisions," said Group CEO Holger Riemensperger.

Further reduction in net debt, coupled with rigorous management of net working capital, remain focal points for the executive leadership and the Board. Operational and strategic endeavours are underway to fortify our balance sheet, ensuring a solid foundation for the future.

AECI Mining's revenue increased by 8.4%, reaching R19 621 million, with an all-time record EBIT of R2 060 million, an 18% jump from 2022. Market share gains from new contracts internationally, propelled this growth. Revenue contribution from outside South Africa increased to 69% from 64% in 2022.

AECI Chemicals, our South Africa-focused business, recorded a mixed bag of results with revenue of R8 159 million, down 4% from 2022. EBIT decreased by 8% to R515 million. Free cashflow significantly improved to R469 million from R113 million in 2022 underscoring the strong cash generation of the business, supporting the group numbers.

AECI Agri Health recorded revenue of R7 619 million, up 8% from 2022. EBIT loss of R192 million (2022: R297 million) was negatively impacted by losses in AECI Schirm coupled with the South African market downturn and once-off costs.

AECI Water's revenue remained steady at R2 009 million despite challenges in the public water business. Once off costs incurred reduced EBIT to R139 million (2022: R212 million).

"We are committed to the successful implementation of the necessary operational and structural changes to execute our strategy and achieve our strategic targets. We are delighted with AECI Mining's performance in the past year. We are on a good trajectory to achieve the Groups 2026 targets," concludes Riemensperger.

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About AECI

AECI is a diversified chemicals solutions company employing over 7 000 people at more than 100 sites. We have a presence in 22 countries on six continents. Founded in 1896 to service South Africa's burgeoning gold and diamond mining industries, the company was formally established in 1924. AECI was listed on the Johannesburg Stock Exchange in 1966. A mainstay of the economy in South Africa, over the years we have expanded our presence and evolved our product and service offering to a broad base of customers. Our products and services include, mine-to-mineral solutions, water treatment solutions, chemical raw materials and related services, asphalt and bitumen for road construction, food and beverage ingredients and commodities, vitamin and mineral animal feed premixes, crop protection products and plant nutrients as well as property leasing and provision of utilities. Our operating businesses are structured into four key operating business segments – AECI Mining, AECI Chemicals, AECI Agri Health and AECI Water.

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