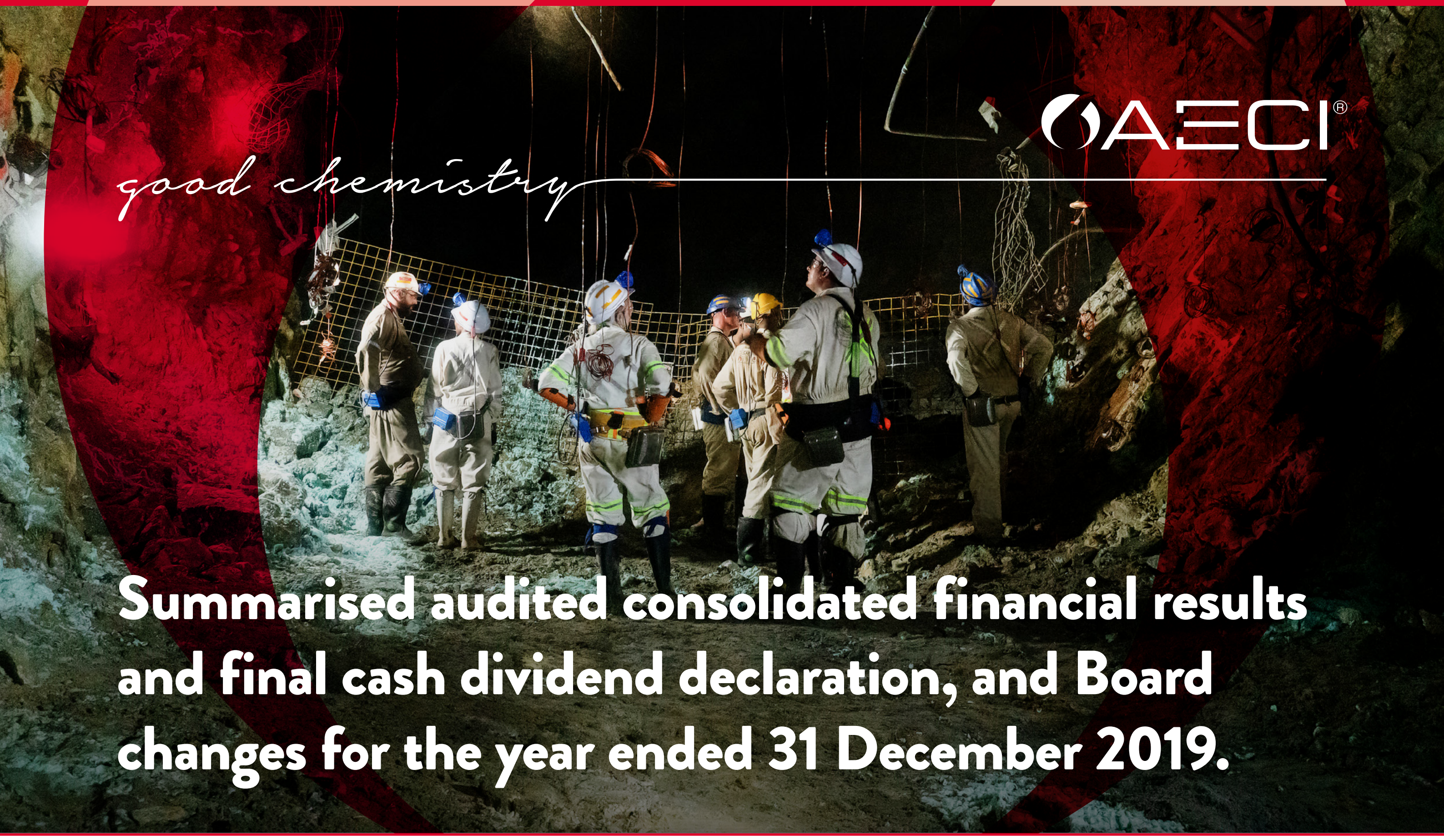

Summarised audited consolidated financial results and final cash dividend declaration, and Board changes for the year ended 31 December 2019.

REVENUE
+6% to R24 799m

EBITDA
+26% to R3 326m

PROFIT FROM OPERATIONS
+2% to R2 031m

EPS
+30% to 1 223c

SOLID HEPS GROWTH
+10% to 1 150c

REALIGNMENT PROJECTS
DELIVERED

RECEIPT OF PROCEEDS FROM
SALE OF SHAREHOLDING IN CREST CHEMICALS; AND LAND SALE

EXCELLENT IMPROVEMENT IN SAFETY PERFORMANCE
TRIR OF 0,38

FINAL ORDINARY CASH DIVIDEND
414cps DECLARED
+13% (2018: 366cps)

TOTAL FY19 DIVIDEND
570cps DECLARED
+11% (FY18: 515cps)

INDEPENDENT AUDITOR'S REPORT ON SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AECI LIMITED

OPINION

The summarised consolidated financial statements of AECI Limited, as set out on pages 3 to 11, which comprise the summarised consolidated statement of financial position as at 31 December 2019, the summarised consolidated income statement, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of AECI Limited for the year ended 31 December 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of AECI Limited, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

OTHER MATTER

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of AECI Limited and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 February 2020. That report also includes the communication of a key audit matter as reported in the auditor's report of the audited consolidated financial statements.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche
Registered Auditors

Per: Patrick Ndlovu
Partner

24 February 2020

Building 1 and 2
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead, Sandton
Private Bag X6
Gallo Manor
2052
South Africa

SUMMARISED CONSOLIDATED INCOME STATEMENT

R millions	Note	% change	2019 Audited	2018 Audited
REVENUE	2	+6	**24 799**	23 314
Net operating costs			**(22 768)**	(21 315)
PROFIT FROM OPERATIONS		+2	**2 031**	1 999
Impairment of equity-accounted investee			**–**	(78)
Profit on sale of joint venture	3		**234**	–
Share of profit of equity-accounted investees, net of tax			**30**	–
PROFIT FROM OPERATIONS AND EQUITY-ACCOUNTED INVESTEES		+19	**2 295**	1 921
Net finance costs			**(457)**	(365)
Interest expense			**(516)**	(403)
Interest received			**59**	38
PROFIT BEFORE TAX			**1 838**	1 556
Tax expense			**(511)**	(529)
PROFIT FOR THE YEAR			**1 327**	1 027
Profit for the year attributable to:				
– Ordinary shareholders			**1 291**	990
– Preference shareholders			**3**	3
– Non-controlling interest			**33**	34
			1 327	1 027
PER ORDINARY SHARE (CENTS):				
Basic earnings		+30	**1 223**	938
Diluted basic earnings			**1 179**	909
Headline earnings		+10	**1 150**	1 045
Diluted headline earnings			**1 108**	1 012
Ordinary dividends declared			**414**	366
Ordinary dividends paid			**522**	489
HEADLINE EARNINGS ARE DERIVED FROM:				
Profit attributable to ordinary shareholders			**1 291**	990
Impairment of goodwill	4		**147**	31
Profit on disposal of joint venture	3		**(234)**	–
Impairment related to equity-accounted investee			**–**	78
(Surplus)/loss on disposal of investment property and property, plant and equipment			**(69)**	6
Tax effects of the above items			**78**	(2)
HEADLINE EARNINGS			**1 213**	1 103

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R millions	2019 Audited	2018 Audited
PROFIT FOR THE YEAR	**1 327**	1 027
OTHER COMPREHENSIVE INCOME NET OF TAX		
Items that may be reclassified subsequently to profit or loss:		
– Foreign currency translation differences	**(146)**	461
– Effective portion of cash flow hedges	**–**	5
Items that may not be reclassified subsequently to profit or loss:		
– Remeasurement of defined-benefit and post-retirement medical aid obligations	**243**	(50)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1 424**	1 443
Total comprehensive income attributable to:		
Ordinary shareholders	**1 388**	1 389
Preference shareholders	**3**	3
Non-controlling interest	**33**	51
	1 424	1 443

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R millions	Note	2019 Audited	2018 Audited
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1 424**	1 443
Dividends paid		**(594)**	(571)
Change in ownership percentage		**–**	(19)
Share-based payment reserve		**38**	35
Put option liability for future buy-out of non-controlling interests		**–**	(29)
Non-controlling interest acquired		**–**	32
Adjusted equity at the beginning of the year		**10 216**	9 314
Equity at the beginning of the year		**10 205**	9 356
Adjustment on adoption of IFRS 16, net of deferred tax	5	**11**	–
Adjustment on adoption of IFRS 9, net of deferred tax		**–**	(42)
EQUITY AT THE END OF THE YEAR		**11 084**	10 205
Made up as follows:			
Ordinary share capital		**110**	110
Reserves		**1 487**	1 557
– Foreign currency translation reserve		**1 181**	1 327
– Other reserves		**(29)**	(29)
– Share-based payment reserve		**335**	259
Retained earnings		**9 315**	8 376
Non-controlling interest		**166**	156
Preference share capital		**6**	6
		11 084	10 205

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES

Millions	2019 Audited	2018 Audited
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT THE BEGINNING OF THE YEAR	**131,9**	131,9
Weighted average number of unlisted ordinary shares held by consolidated EST	**(10,1)**	(10,1)
Weighted average number of contingently returnable ordinary shares held by CEDT	**(4,4)**	(4,4)
Weighted average number of shares held by consolidated subsidiary	**(11,9)**	(11,9)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR BASIC EARNINGS PER SHARE	**105,5**	105,5
Dilutive adjustment for potential ordinary shares	**4,0**	3,4
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**109,5**	108,9

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R millions	Note	2019 At 31 Dec Audited	2018 At 31 Dec Audited
ASSETS			
Non-current assets		**11 884**	11 681
Property, plant and equipment		**5 722**	5 768
Right-of-use assets	5	**592**	–
Investment property		**228**	222
Intangible assets		**964**	1 039
Goodwill	4	**3 201**	3 410
Pension fund employer surplus accounts		**662**	341
Investments in joint ventures	3	**33**	258
Investments in associates		**141**	135
Other investments		**107**	126
Deferred tax		**234**	382
Current assets		**11 249**	10 594
Inventories		**4 034**	4 081
Accounts receivable		**4 908**	4 650
Other investments		**252**	218
Loans to joint ventures		**–**	7
Tax receivable		**77**	57
Cash		**1 978**	1 581
TOTAL ASSETS		**23 133**	22 275
EQUITY AND LIABILITIES			
Equity		**11 084**	10 205
Ordinary share capital and reserves		**10 912**	10 043
Non-controlling interest		**166**	156
Preference share capital		**6**	6
Non-current liabilities		**6 779**	6 646
Deferred tax		**527**	547
Non-current borrowings		**5 237**	5 475
Lease liabilities	5	**366**	–
Contingent consideration		**15**	10
Put option liability		**32**	31
Non-current provisions and employee benefits		**602**	583
Current liabilities		**5 270**	5 424
Accounts payable		**4 683**	5 010
Current borrowings		**195**	283
Lease liabilities	5	**210**	–
Loans from joint ventures		**62**	–
Tax payable		**120**	131
TOTAL EQUITY AND LIABILITIES		**23 133**	22 275

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

R millions	Note	2019 Audited	2018 Audited
CASH GENERATED BY OPERATIONS		**3 347**	2 955
Dividends received		**50**	18
Interest paid		**(456)**	(370)
Interest received		**59**	38
Tax paid		**(509)**	(302)
Changes in working capital		**(538)**	(155)
Cash outflows relating to defined-benefit and post-retirement medical aid obligations		**(20)**	(19)
Cash outflows relating to non-current provisions and employee benefits		**(65)**	(136)
CASH AVAILABLE FROM OPERATING ACTIVITIES		**1 868**	2 029
Dividends paid		**(594)**	(571)
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**1 274**	1 458
CASH FLOWS FROM INVESTING ACTIVITIES		**(302)**	(4 759)
Acquisition of subsidiaries, net of cash acquired		**–**	(3 884)
Loans with joint ventures		**69**	(137)
Other net investment activities		**(51)**	(4)
Proceeds from disposal of joint venture	3	**390**	–
Net capital expenditure		**(710)**	(734)
NET CASH GENERATED/(UTILISED) BEFORE FINANCING ACTIVITIES		**972**	(3 301)
CASH FLOWS FROM FINANCING ACTIVITIES		**(547)**	3 519
Lease payments	5	**(246)**	–
Cash paid on buy-out of non-controlling interest		**–**	(11)
Settlement of performance shares		**(45)**	(46)
Borrowings raised		**875**	8 857
Borrowings repaid		**(1 131)**	(5 281)
NET INCREASE IN CASH		**425**	218
Cash at the beginning of the year		**1 581**	1 206
Translation (loss)/gain on cash		**(28)**	157
CASH AT THE END OF THE YEAR		**1 978**	1 581

INDUSTRY SEGMENT ANALYSIS

BASIS OF SEGMENTATION

The Group's key growth pillars, which are its reportable segments, are described below. Businesses in the pillars offer differing products and services and are managed separately because they require different technology and marketing strategies.

REPORTABLE SEGMENTS	OPERATIONS
Mining Solutions	The businesses provide a mine-to-mineral solution for the mining sector internationally. The offering includes surfactants for explosives manufacture, commercial explosives, initiating systems and blasting services right through the value chain to chemicals for ore beneficiation and tailings treatment.
Water & Process	ImproChem provides integrated water treatment solutions, process chemicals and equipment solutions for a diverse range of applications in Africa. These include, inter alia, public and industrial water, desalination and utilities.
Plant & Animal Health	Nulandis manufactures and supplies an extensive range of crop protection products, plant nutrients and services for the agricultural sector in Africa. Schirm, based in Germany, is a contract manufacturer of agrochemicals and fine chemicals with a European and US footprint. It is the premier provider of external agrochemical formulation services in Europe.
Food & Beverage	These businesses supply ingredients and commodities to the dairy, beverage, wine, meat, bakery, health and nutrition industries. The other main activity is the manufacture and distribution of a broad range of juice-based products and drinks, including formulated compounds, fruit concentrate blends and emulsions.
Chemicals	Supply of chemical raw materials and related services for use across a broad spectrum of customers in the manufacturing, infrastructure and general industrial sectors mainly in South Africa and other Southern African countries.
Property & Corporate	Mainly property leasing and management in the office, industrial and retail sectors, and corporate centre functions including the treasury.

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.

INDUSTRY SEGMENT ANALYSIS CONTINUED

INFORMATION RELATING TO REPORTABLE SEGMENTS

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

R millions	Audited 2019	Audited 2018	Audited 2019	Audited 2018	Audited 2019	Audited 2018
	EXTERNAL REVENUE		**INTER-SEGMENT REVENUE**		**TOTAL SEGMENT REVENUE**	
Mining Solutions	**11 429**	10 918	**108**	95	**11 537**	11 013
Water & Process	**1 415**	1 327	**37**	49	**1 452**	1 376
Plant & Animal Health	**4 735**	4 386	**48**	37	**4 783**	4 423
Food & Beverage	**1 405**	1 201	**61**	47	**1 466**	1 248
Chemicals	**5 473**	5 153	**94**	113	**5 567**	5 266
Property & Corporate	**342**	329	**129**	110	**471**	439
Inter-segment	**–**	–	**(477)**	(451)	**(477)**	(451)
	24 799	23 314	**–**	–	**24 799**	23 314
	DEPRECIATION		**AMORTISATION**		**IMPAIRMENTS**	
Mining Solutions	**615**	335	**1**	2	**–**	–
Water & Process	**20**	26	**19**	19	**–**	–
Plant & Animal Health	**147**	106	**26**	24	**–**	31
Food & Beverage	**33**	14	**3**	2	**147**	–
Chemicals	**114**	113	**21**	16	**–**	–
Property & Corporate	**66**	52	**5**	1	**–**	–
Inter-segment	**(39)**	–	**–**	–	**–**	–
	956	646	**75**	64	**147**	31
	PROFIT/(LOSS) FROM OPERATIONS		**EBITDA[1]**		**CAPITAL EXPENDITURE**	
Mining Solutions	**1 305**	1 274	**1 923**	1 531	**479**	410
Water & Process	**190**	120	**229**	165	**22**	24
Plant & Animal Health	**203**	119	**376**	249	**118**	119
Food & Beverage	**(88)**	74	**(46)**	90	**10**	29
Chemicals	**512**	559	**903**	690	**132**	193
Property & Corporate	**(83)**	(147)	**(12)**	(94)	**72**	72
Inter-segment	**(8)**	–	**(47)**	–	**–**	–
	2 031	1 999	**3 326**	2 631	**833**	847
			OPERATING ASSETS[2]		**OPERATING LIABILITIES[2]**	
Mining Solutions			**7 917**	7 023	**1 931**	1 946
Water & Process			**1 205**	1 183	**263**	255
Plant & Animal Health			**4 324**	4 298	**1 425**	1 383
Food & Beverage			**762**	875	**243**	292
Chemicals			**4 839**	5 072	**847**	1 039
Property & Corporate			**1 126**	973	**328**	341
Inter-segment			**(524)**	(254)	**(354)**	(246)
			19 649	19 170	**4 683**	5 010

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

[2] *Operating assets comprise property, plant and equipment, right-of-use assets, investment property, intangible assets, goodwill, inventories, accounts receivable and assets classified as held for sale. Operating liabilities comprise accounts payable.*

[3] *Geographical information on non-current assets has not been disclosed as it is not readily available.*

OTHER SALIENT FEATURES

R millions	Note	2019 Audited	2018 Audited
Capital expenditure		**833**	847
– expansion		**159**	328
– replacement		**674**	519
Capital commitments		**574**	516
– contracted for		**182**	103
– not contracted for		**392**	413
Acquisitions authorised and contracted for	7	**88**	91
Future rentals on non-cancellable property, plant and equipment leases	5	**–**	932
– payable within one year		**–**	257
– payable thereafter		**–**	675
Future rentals on short-term and low value assets		**35**	–
– payable within one year		**22**	–
– payable thereafter		**13**	–
Net borrowings[1]		**4 030**	4 177
EBITDA[2]		**3 326**	2 631
Depreciation		**956**	646
Amortisation		**75**	64
Gearing (%)[3]		**36**[4]	41
Current assets to current liabilities		**2,1**	2,0
Net asset value per ordinary share (cents)		**9 925**	9 135
ZAR/€ closing exchange rate (rand)		**15,73**	16,45
ZAR/€ average exchange rate (rand)		**16,18**	15,61
ZAR/US$ closing exchange rate (rand)		**14,03**	14,37
ZAR/US$ average exchange rate (rand)		**14,45**	13,24

[1] *Current and non-current borrowings, including finance lease liabilities, less cash.*
[2] *Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation and amortisation.*
[3] *Borrowings less cash, as a percentage of equity.*
[4] *Unaudited.*

NOTES

(1) (a) Basis of preparation and accounting policies

The summarised consolidated financial results are prepared in accordance with the requirements of the JSE Limited's Listings Requirements ("Listings Requirements") for provisional reports and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"); the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Standards Council; and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial results were derived, are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements except to the extent that these have been affected by the adoption of IFRS 16 Leases. The impact of the adoption of IFRS 16 is described in note 5 below.

The preparation of these summarised consolidated financial results and the consolidated financial statement for the year ended 31 December 2019 was supervised by the Financial Director, Mr KM Kathan CA(SA) AMP (Harvard).

(1) (b) Financial statements preparation and independent audit

These summarised consolidated financial statements for the year ended 31 December 2019 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial statements were derived. The auditor's report does not necessarily report on all the information contained in this announcement. Accordingly, shareholders are advised that to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information.

The auditor identified the impairment assessment of indefinite life intangible assets and goodwill amounts that arose on the acquisition of Schirm GmbH and Much Asphalt (Pty) Ltd as a key audit matter. Details of the key audit matter and how it was addressed in the audit of the consolidated financial statements for the year ended 31 December 2019 are contained in the auditor's report. The auditor does not report on any forward-looking statements.

A copy of the auditor's report on the summarised consolidated financial statements, the auditor's report on the consolidated financial statements and the auditor's key audit matters are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The Company's Directors take full responsibility for the preparation of this provisional report and for the financial information having been extracted correctly from the underlying financial statements.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full report is available on the Comapny's website, at the Company's registered offices and upon request. This announcement is itself not reviewed or audited but is extracted from the underlying audited information.

The summarised consolidated financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

(2) Revenue includes foreign and export revenue of R10 033 million (2018: R9 207 million).

(3) Disposal of interest in joint venture

The Group disposed of its 50% shareholding in Crest Chemicals ("Crest") to its joint venture partner, Brenntag (Holding) BV on 29 November 2019. The business was part of the Chemicals operating segment and was classified as held for sale at 30 June 2019.

R millions	2019
Final adjusted purchase price	**430**
Initial purchase price consideration received	**390**
Purchase price adjustment on working capital [1]	**40**
Carrying value of investment disposed	**(196)**
PROFIT ON SALE OF JOINT VENTURE	**234**

[1] *The purchase price was adjusted upwards by 50% of the amount by which Crest's final working capital exceeded its working capital target as agreed in the sale and purchase agreement. This additional amount was received after the reporting date.*

(4) Impairment of goodwill

The goodwill of R147 million on the Group's investment in Southern Canned Products (Pty) Ltd ("SCP"), in the Food & Beverage operating segment, was impaired. Lower trading margins in key customers' industries diminished SCP's ability to achieve the cash flow synergies identified at the time of acquisition.

The value-in-use of the cash generating unit ("CGU") was reassessed at 31 December 2019 by discounting its expected future cash flows. Its recoverable amount was R296 million compared to its carrying value of R441 million, and accordingly the goodwill of R147 million was fully impaired.

The impairment assessment was performed using a discounted cash flow model, in accordance with the Group's policy on impairment of non-financial assets. The following key assumptions were applied:

› margins were determined by management, using judgement and best estimates derived from information available at the time;
› sales volumes were determined after considering sustainable production capacity and demand observed in the markets in which SCP operates;
› a discount rate of 16,5% was applied in the model and was calculated using the Group's weighted average cost of capital, the South African risk-free rate and the South African country risk premium;
› cash flows were projected based on actual operating results and the business plan for a period of five years; and
› a terminal value growth rate of 5,5% was applied and was based on sustainable earnings and a conservative growth model into perpetuity.

(5) Change in significant accounting policies

IFRS 16 Leases

This standard introduced a single, on-balance sheet lease accounting model for lessees. A lessee is required to recognise right-of-use assets representing its right to use the underlying assets, and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to former practice; i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 introduced additional disclosures for both lessees and lessors. It replaced IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases — Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements. The new accounting policy applied from 1 January 2019 is disclosed in note 5(c).

(5)(a) Adjustments recognised on adoption of IFRS 16

The Group adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated.

In applying IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard in the application of the initial accounting:

› the application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
› reliance on previous assessments in determining whether leases are onerous;
› leases that, at 1 January 2019, had a remaining lease term of 12 months or less continued to be accounted for on a straight line basis over the remaining lease term;
› leases for which the underlying asset is of low value continued to be accounted for on a straight line basis over the lease term;
› initial direct costs were excluded from the measurement of the right-of-use asset at 1 January 2019; and
› where contracts contain options to extend or terminate the lease, the benefit of hindsight was used to determine the lease term.

The Group also elected to not reassess whether a contract was, or contained, a lease as at 1 January 2019. Instead, for contracts entered into before the transition date the Group relied on assessments made through the application of IAS 17 and IFRIC 4.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rates as at 1 January 2019. The weighted average lessees' incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10%.

R millions	**1 January 2019**
Operating lease commitments disclosed as at 31 December 2018	**932**
Discounted using the lessees' incremental borrowing rate at the date of initial application	**744**
Less: low-value leases recognised on a straight line basis as expense	**(2)**
Less: short-term leases recognised on a straight line basis as expense	**(17)**
Plus: adjustments as a result of a different treatment of extension and termination options	**14**
LEASE LIABILITIES RECOGNISED AS AT 1 JANUARY 2019	**739**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets as at 1 January 2019.

The change in accounting policy affected the following items in the statement of financial position:

R millions	**1 January 2019**
ASSETS	
Right-of-use assets	**795**
Property	**411**
Plant and equipment	**23**
Vehicles	**361**
Pre-payments	**(56)**
Deferred tax assets	**(4)**
TOTAL ASSETS	**735**
EQUITY AND LIABILITIES	
Finance lease liabilities	**(739)**
Operating lease smoothing liabilities	**15**
Retained earnings	**(11)**
TOTAL EQUITY AND LIABILITIES	**(735)**

(5)(b) Impact on segmental disclosures and earnings per share

Adjusted profit before tax decreased, whilst segment assets and segment liabilities for the year ended 31 December 2019 increased, as a result of the change in accounting policy. The effects of the change on the reporting segments are set out below:

R millions	**Increase in share of profits from equity-accounted investees, net of tax**	**Decrease in operating lease expenses**	**Increase in depreciation**	**Increase in interest expense**	**Increase in segment assets***	**Increase in segment liabilities***
Mining Solutions	–	**(214)**	**187**	**55**	**428**	**459**
Water & Process	–	**(11)**	**10**	**4**	**30**	**32**
Plant & Animal Health	–	**(30)**	**29**	**6**	**149**	**101**
Food & Beverage	–	**(24)**	**18**	**9**	**97**	**106**
Chemicals	**1**	**(3)**	**3**	–	**6**	**6**
Property & Corporate	–	**(13)**	**12**	**2**	**14**	**15**
Inter-segment	–	**47**	**(39)**	**(14)**	**(132)**	**(143)**
	1	**(248)**	**220**	**62**	**592**	**576**

* *Excluding deferred tax.*

The net impact of adopting IFRS 16 on profit from operations and equity-accounted investees is R29 million. Earnings per share and headline earnings per share decreased by 24 cents for the year ended to 31 December 2019 as a result of the adoption of IFRS 16. Diluted earnings per share and diluted headline earnings per share decreased by 23 cents.

(5)(c) Change in significant accounting policy

Leases

The Group leases various properties, plant and equipment. Rental contracts are typically entered into for fixed periods but may have extension options as described in note 5(d). Lease terms are negotiated on an individual basis and contain a range of terms and conditions. Although the lease agreements do not impose any covenants, leased assets may not be used as security for borrowing purposes.

Up to and including the 2018 financial year, leases for property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight line basis over the period of the lease.

From 1 January 2019, the Group recognised a right-of-use asset and a corresponding lease liability at the lease commencement date, being the date at which the leased asset was available for use by the Group. The right-of-use asset was measured at cost initially and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements in the lease liability.

The lease liability was measured initially at the present value of the lease payments not paid at commencement date, discounted using the implicit rate in the lease or, if that rate could not be readily determined, the lessee's incremental borrowing rate. Generally, the Group used the lessee's incremental borrowing rate as the discount rate.

The lease liability was subsequently increased by interest costs and decreased by lease payments made. It was remeasured when there was a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Payments associated with short-term leases and leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets that, when new, have a value of R100 000 or less.

The Group elected to apply the practical expedient in IFRS 16 and accounts for lease and non-lease components as a single lease.

(5)(d) Critical accounting judgements and key sources of estimation uncertainty

Leases

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in the management of contracts. The majority of extension and termination options held are exercisable only by the Group entities and not by the respective lessor.

The Group has applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

(6) 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.

(7) During September 2018 the Group, through its subsidiary, AECI Latam Produtos Quimicos Ltd, acquired an explosives business in Lorena, Brazil from Dinacon, for a cash consideration of US$6,3 million.

At the reporting date, the conditions precedent to make the transaction unconditional had not yet been fulfilled. The initial accounting for the business combination has thus not been completed and, accordingly, it was not possible for IFRS 3 Business Combinations disclosures to be made.

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

COMMENTARY

FINANCIAL PERFORMANCE

AECI achieved another pleasing result in the year ended 31 December 2019. Revenue increased by 6,4% to R24 799 million (2018: R23 314 million), with all operating segments achieving growth. The inclusion of results from Schirm and Much Asphalt for the full 12-month period accounted for 2,5% of the revenue increase.

Of the Group's total revenue, 40% or R10 033 million, was generated outside South Africa (2018: R9 207 million). In addition to the contribution from Schirm, the majority of the foreign revenue amount was generated by Mining Solutions' operations in the rest of Africa and denominated mainly in US dollar.

Businesses in South Africa continued to be challenged by external factors such as depressed GDP growth, power supply constraints, high unemployment rates and hence subdued consumer demand.

EBITDA of R3 326 million was 26% more than 2018's R2 631 million. Two key contributors to this significant increase were the profit realised on the sale of Crest Chemicals and the effects of IFRS 16.

Profit from operations was 2% higher at R2 031 million (2018: R1 999 million). The year-on-year improvement was curtailed by a goodwill impairment of R147 million in the Food & Beverage segment. Higher profitability was recorded in Mining Solutions, Water & Process and Plant & Animal Health. The business realignment projects initiated in 2018 in the Explosives business and in Water & Process delivered to expectations. The performance in Food & Beverage and Chemicals disappointed.

Earnings per share ("EPS") was 1 223 cents, reflecting 30% growth from the 938 cents reported in the 2018 financial year. The increase in EPS was underpinned by the following:

› receipt of the proceeds from the sale of the Group's 50% shareholding in Crest Chemicals Proprietary Limited to its joint venture partner, Brenntag (Holding) BV; and
› receipt of the proceeds from the sale of land, in Modderfontein, in the second half of the year.

Neither of these transactions were included in the calculation for headline earnings per share ("HEPS").

HEPS of 1 150 cents was 10% higher year-on-year (2018: 1 045 cents). Headline earnings increased to R1 213 million from 2018's R1 103 million.

The Board has declared a final gross cash dividend of 414 cents per ordinary share, 13% more than the 366 cents paid for 2018. It brings the total dividend for the 2019 financial year to 570 cents, an 11% year-on-year increase (2018: 515 cents). A South African dividend withholding tax of 20% will be applicable to the dividend, resulting in a net dividend of 331,2 cents per share payable to those shareholders who are not eligible for exemption or reduction.

SAFETY

A highlight of 2019 was the improvement in the Group's Total Recordable Incident Rate ("TRIR"), which measures the number of incidents per 200 000 hours worked. In December the TRIR was 0,38 (0,58 in December 2018). Excluding Schirm and Much Asphalt, the TRIR was 0,22 (2018: 0,32). Collectively, the TRIR of Schirm and Much Asphalt improved by more than 50% since December 2018. Intense focus on further progress will be maintained.

SEGMENTAL PERFORMANCE

MINING SOLUTIONS

This segment comprises Explosives (AEL Intelligent Blasting "AEL") and Mining Chemicals (Experse and Senmin)

Revenue increased by 5% to R11 537 million (2018: R11 013 million). Sales in Central Africa and West Africa were higher than in 2018. 59% of the segment's total revenue (2018: 56%) was generated from foreign operations and exports. The weaker average ZAR:US$ exchange rate boosted the result in rand terms. This positive impact was however offset by the effects of lower ammonia prices compared to the prior year. EBITDA of R1 923 million was 25,6% up on the prior year's R1 531 million.

Profit from operations increased by 2,4% to R1 305 million (2018: R1 274 million). The R104 million once-off costs associated with a strategic realignment project in the Explosives business incurred in the first half of 2019 had been recovered in full by year-end. It is still anticipated that the project will enable annualised benefits of at least R200 million. The operating margin was 11,3% (2018: 11,6%). Excluding the once-off strategic alignment costs the operating margin was 12,2%.

EXPLOSIVES (AEL)

AEL's safety performance in 2019 is noteworthy. The TRIR improved to 0,10 (2018: 0,27), its best ever and on par with best-in-class among its peers.

In addition to an excellent safety result, the business' streamlined management team also enabled delivery of a solid financial performance in a year when overall bulk explosives volumes contracted by 0,6%.

In South Africa, bulk explosives volumes declined a further 15,5% after a 7% decline was recorded in 2018. As reported in the half-year to June 2019, bulk explosives sales were discontinued to Optimum Coal, which remains in business rescue, and sales to a customer in Namibia decreased. Interruptions in power supply in December prompted certain customers to bring forward their year-end closures, resulting in lower than anticipated sales in the month.

As part of the strategic realignment project, the Anfex plant was closed and conversion to underground bulk emulsion explosives delivery systems ("UBS") was accelerated. The UBS technology enhances safety in the delivery of emulsion explosives to narrow reef mines. Year-on-year growth for the UBS offering was significant and the conversion momentum will be maintained in 2020.

Initiating systems volumes continued their downward trend as a consequence of further shaft closures as well as protracted strike action at a customer in the gold mining sector in the first six months. The 7,2% decrease in volumes followed the 12% decrease reported in 2018.

On the rest of the African continent, bulk explosives volumes increased by 7,7%. The strong gold price underpinned growth of the business in West Africa. The performance in Central Africa was solid as the demand for copper remained strong throughout the period.

Deterioration in the socio-political climate in certain countries of operation was evident in 2019. Developments in this regard are monitored on a continuous basis to ensure that significant risks posed to employees, the supply chain and customers are mitigated in a timely and effective manner.

Overall volumes in the Asia Pacific region were flat. A strong recovery in the second half-year offset a 7,7% decline in the first half. Profitability improved due to a more favourable product mix. AECI Australia's in-country presence was enhanced significantly through the deployment of four emulsion explosives mobile production units. Entry into the Western Australian market was secured with the first contract due to take effect in the first quarter of 2020. The businesses in both Australia and Indonesia are profitable and generated good operating cash flow in 2019.

In the last quarter of 2018, AECI Latam acquired an explosives business in Brazil for a cash consideration of US$6,3 million. Finalisation of the transaction was dependent on all the licences associated with the business being transferred to AECI. The transfer was completed in January 2020 and operations will commence once the final judicial process has been concluded.

South Africa's National Environmental Management Act: Air Quality Act, No. 39 of 2004, specifies Minimum Emission Standards ("MES") which will come into effect on 1 April 2020. It was determined that certain manufacturing operations at AEL's Modderfontein facility would be unable to immediately meet all the MES parameters. AEL was granted postponement to 2025 of the compliance 2020 timeframes to mitigate its risk. However, the required investment was accelerated and it is anticipated that the abatement projects will be completed in the third quarter of 2020. The total investment in the abatement projects is R180 million, of which about R100 million was spent in 2019.

MINING CHEMICALS (Senmin and Experse)

Senmin delivered growth in revenue and profitability, with export volumes increasing by 12% and revenue by 22%. The utilisation of production facilities in Sasolburg improved and higher volumes were sold to customers in the rest of Africa, Eastern Europe and South America. The new xanthates plant as well as the pre-existing facility are being de-bottlenecked for the production of additional volumes to meet current market demand. Sales of liquid xanthates in the local market declined as three processing plants closed at customer sites.

Whilst lower demand for bulk explosives in South Africa's coal mining sector resulted in a marginal decline in sales volumes of surfactants used for explosives manufacture, pleasing growth in exports to South America was achieved.

WATER & PROCESS (ImproChem)

Revenue increased by 5,5% to R1 452 million (2018: R1 376 million). Overall volumes grew by 1% after new tenders were won in the second half-year. EBITDA was 38,8% higher at R229 million (2018: R165 million). Profit from operations increased by 58% to R190 million (2018: R120 million). The result was enabled by the improved quality of the business, with customer and product rationalisation assisting the operating margin recovery to 13,1% (2018: 8,7%). Other enablers were the recovery of most outstanding debt for which R30 million had been provided for in the prior year, and the benefits of the business realignment project initiated late in 2018.

Strategic realignment project costs of R52 million were incurred in the first half-year. This amount was offset by benefits in at least the same amount in the second half. The project remains on track to deliver at least R100 million annualised savings.

PLANT & ANIMAL HEALTH (Nulandis and Schirm)

Revenue increased by 8,1% to R4 783 million (2018: R4 423 million) largely as a result of a recovery in Nulandis. Schirm's results were only included for 11 months in 2018.

Profit from operations improved by 71% to R203 million (2018: R119 million) and EBITDA by 51% to R376 million (2018: R249 million). The increase in operating profit was primarily due to a significant improvement in Nulandis' performance and a lower intangible asset write-off in respect of Schirm (R31 million versus R73 million in 2018). The margin was 4,2% (2018: 2018: 2,7%).

Nulandis' performance reflected the return of a more normalised rainfall season in the Western Cape, which alleviated the severe drought effects experienced by the agricultural sector in the region in the previous year. However, in some inland provinces the late onset of summer rainfall saw some farmers delay planting, particularly maize.

In many instances farmers' capital remained constrained and this continued to exert pressure on their access to credit. Nulandis nonetheless succeeded in growing sales of its in-house range of products, which enabled margin improvement.

Farmers Organisation Limited, in Malawi, also produced an improved result notwithstanding hurricane effects in the first quarter, ongoing market challenges and political instability in that country.

Biocult's products have been approved for use in Canada and commercial trials have commenced there.

Preliminary results from the initial roll-out of the SupPlant technology, an intelligent farming and automation solution, have been very encouraging in terms of improvement in crop yield. Roll-out to additional farms will continue in 2020. The SupPlant opportunity was initially identified in 2017 by AECI's Growth and Innovation office.

The delivery of Schirm's investment case has been delayed owing to:

› lower demand for agrochemicals in Germany;
› some customers in Russia insourced their production volumes to avoid onerous duties on imports from the European Union imposed by Russian authorities. However, some of the volumes have been replaced by a new contract with a blue-chip customer, commencing in the first quarter of 2020;
› underutilisation of the new synthesis plant resulted in cost under-recovery.

Good progress was made in transferring production to the new synthesis plant at Schönebeck. Registration of this facility for the manufacture of a key product progressed well in several European countries.

Schirm's USA business delivered an excellent result, achieving volume and margin growth.

FOOD & BEVERAGE (Lake Foods and Southern Canned Products ("SCP"))

Although revenue increased by 17,5% to R1 466 million (2018: R1 248 million), supported by a recovery in volumes, a loss of R46 million was incurred in EBITDA terms (2018: positive R90 million). The operating loss was R88 million (2018: profit of R74 million).

The main reason for the declines was the impairment of goodwill on the SCP investment. Lower trading margins in key customers' industries diminished SCP's ability to achieve the cash flow synergies identified at the time of acquisition. The value-in-use was reassessed at the reporting date. Its recoverable amount was R296 million compared to its carrying value of R441 million. Accordingly, the goodwill of R147 million was fully impaired. R9 million in inventory-related once-off operating costs was also incurred by SCP. Excluding this amount and the impairment, profit from operations was R68 million.

CHEMICALS (Chemfit, Chemical Initiatives, ChemSystems, Industrial Oleochemical Products, Much Asphalt, SANS Technical Fibers)

Revenue increased by 5,7% to R5 567 million (2018: R5 266 million) primarily due to the inclusion of Much Asphalts' results for the full year (nine months in 2018). Profit from operations was 8,4% lower at R512 million (2018: R559 million) but EBITDA of R903 million was 30,9% higher year-on-year (2018: R690 million). The operating margin was 9,2% (2018: 10,6%).

Excluding Much Asphalt, operating profit in the Chemicals portfolio declined by more than 20% as a consequence of:

› low GDP growth in South Africa and hence a depressed manufacturing sector, with several customers rationalising or ceasing their operations;
› poor consumer demand in the retail sector;
› margin pressure owing to local competition and imports;
› shortages of certain key raw materials.

This portfolio remains highly cash generative. Management has initiated a project to realign the portfolio to ensure the relevance and sustainability of the business in an economic environment that is unlikely to improve in the short term. The costs of this strategic realignment are currently being finalised, as are associated internal processes. As with the other two realignment projects in the Mining Solutions and Water & Process, it is anticipated that the cash costs associated with this project will be recovered in full in the 2020 financial year.

The sale of the Group's 50% shareholding in Crest Chemicals to the joint venture partner, Brenntag (Holding) BV, was finalised. Proceeds of R390 million were received and R234 million was recognised as a profit on the disposal of an equity-accounted investee. An additional R40 million for working capital and cash adjustments was received after the reporting date.

On an annualised basis, Much Asphalt delivered improved results. The SprayPave business, which supplies bitumen emulsions, contributed significantly in this regard. Better volumes were achieved in South Africa's coastal provinces, in particular. Acceleration was noted in the advancement of work from the Department of Transport and metropolitan authorities.

There has been positive messaging from government at national and provincial levels as well as SANRAL in terms of contract letting. It is currently anticipated that this could be beneficial to the business from the second half of 2020.

PROPERTY & CORPORATE

Revenue from leasing activities and the provision of services at the Umbogintwini Industrial Complex increased by 7,3% to R471 million (2018: R439 million). The sale of land at Modderfontein yielded R61 million in operating profit.

Corporate costs of R255 million were flat year-on-year.

CASH UTILISATION

R1 868 million (2018: R2 029) was generated by the Group's operating activities. The result was impacted by a weaker working capital performance, with cash outflow of R538 million (2018: R155 million). Key in this regard were an upfront payment to a supplier to secure lower priced raw material and poor discipline by certain customers in honouring contractual payment terms.

Of the R833 million invested in fixed assets (2018: R847 million), R159 million was for expansion projects and the balance of R674 million was sustenance capital expenditure. Major expansion projects included the completion of SANS Technical Fibers' single-stage polyester fibre plant in North Carolina, USA, the deployment of assets on the continent to maintain and expand the Explosives footprint, and the deployment of mobile emulsion explosives production units in Australia. Sustenance capital expenditure included the statutory shutdown of No. 9 Nitric Acid plant at Modderfontein undertaken in the year as well as equipment for air emissions abatement projects at that site.

Cash interest cover was 7,8 times. Net borrowings before IFRS 16 improved by R723 million to R3 454 million (2018: R4 177 million). Including IFRS 16, net borrowings were R4 030 million. The net gearing ratio (before IFRS 16 effects) improved by 10% to 31%. Including IFRS 16, the ratio was 36% (41% in December 2018). All loan covenants were met throughout the year.

US$19 million, net of withholding taxes, was repatriated from the Group's foreign subsidiaries.

DIRECTORATE CHANGES AND CHANGES IN SIGNIFICANT RESPONSIBILITIES

During the year, Graham Dempster and Zellah Fuphe resigned from their positions as Non-executive Directors of AECI. The Board thanks both of them for their highly valuable contributions to the affairs of the Board and the Company during their respective tenures.

Allen Morgan, who joined the Board in 2010, has indicated his intention to retire at the next Annual General Meeting of the Company's shareholders, on 26 May 2020. At that time he will relinquish all his other Board responsibilities. This includes chairmanship of the Risk Committee and the Integrated Chemicals Financial Review and Risk Committee, as well as membership of the Audit, Investment and Social and Ethics Committees. AECI thanks Mr Morgan most sincerely, in advance, for his valued input to the Company's affairs during his nine-year tenure.

On 1 June 2019 we welcomed Fikile De Buck as a Non-executive Director. She was subsequently appointed to the Audit Committee and to the Social and Ethics Committee. From 26 May 2020 she will succeed Rams Ramashia as Chairman of this Committee.

As announced in December 2019, Steve Dawson and Walter Dissinger were also appointed as Non-executive Directors with effect from 1 January 2020. We welcome them and look forward to the benefit of their international experience in businesses aligned with AECI's strategic growth pillars.

OUTLOOK

A level of global uncertainty persists owing to issues such as shifts in world trade relations and the finalisation of post-Brexit agreements. The effects of the outbreak of COVID-19 in China in January 2020 and its rapid spread thereafter is a new and serious concern. Failure to contain the virus or develop a vaccine timeously could have extremely severe consequences globally, including on the African continent where AECI has an extensive presence particularly in the mining sector. The Group has adopted a response plan in mitigation of the risks posed by COVID-19. The plan includes stricter control of travel by employees and closer monitoring of suppliers and customers, as well alternative sourcing options.

Notwithstanding the challenges, including socio-political uncertainty in some African countries, the mining sector remains robust and this should continue to benefit the performance of AECI's Mining Solutions segment.

Although some improvement in South Africa's economy has been forecast for 2020, a meaningful recovery is unlikely in the year. It is most encouraging that government, business and other stakeholders have begun implementing strategies to address national imperatives such as the reliability of the electricity supply, restoring the credibility and effectiveness of state-owned enterprises, and addressing the country's unacceptably high unemployment rate — particularly among the youth. Foreign investment and a return in business confidence will follow. The positive work initiated will take time to yield results and, no overall step-change improvement is expected in the local manufacturing, infrastructure and retail sectors in the short term.

Unpredictable weather patterns will continue to have an influence on the agricultural sector not only on the continent but also worldwide.

FOCUS

AECI's management is to be commended on the results achieved in 2019 in an environment that presented some significant challenges. The benefits of the Group's diversity in terms of markets served and its geographic footprint were validated again.

To sustain growth, the priorities in the coming year will be on the following:

› maintaining the improvement trend in safety performance and continuing the implementation of the Zero Harm strategy;
› progressing further the achievement of the investment case objectives in respect of Schirm and Much Asphalt;
› ensuring the delivery of the expected annualised benefits associated with the strategic realignment projects in the Mining Solutions and Water & Process segments;
› executing the strategic realignment project initiated in the Chemicals segment and recovering the cash costs thereof over the full year;
› continuing to leverage the Group's existing geographic footprint to the further benefit of operating segments and the Company as a whole;
› continuing to explore and pursue growth opportunities identified through AECI's Growth and Innovation office; and
› continued focus on disciplined cash management.

Khotso Mokhele
Chairman

Mark Dytor
Chief Executive

25 February 2020

Directors: KDK Mokhele (Chairman), SA Dawson*, FFT De Buck, WH Dissinger**, MA Dytor (Chief Executive), G Gomwe†, KM Kathan (Executive), J Molapo, AJ Morgan, R Ramashia, PG Sibiya * Australian ** German † Zimbabwean

Group Company Secretary: EN Rapoo

NOTICE TO SHAREHOLDERS

DECLARATION OF FINAL ORDINARY CASH DIVIDEND NO. 172

NOTICE IS HEREBY GIVEN that, on Monday, 24 February 2020, the Directors of AECI declared a gross final cash dividend of 414 cents per share, in respect of the financial year ended 31 December 2019. The dividend is payable on Monday, 6 April 2020 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 3 April 2020.

The last day to trade "cum" dividend will be Tuesday, 31 March 2020 and shares will commence trading "ex" dividend as from the commencement of business on Wednesday, 1 April 2020.

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 331,2 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, 31 March 2020.

The issued share capital at the declaration date is 121 829 083 listed ordinary shares, 10 117 951 unlisted redeemable convertible B 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, 31 March 2020.

Share certificates may not be dematerialised or rematerialised between Wednesday, 1 April 2020 to Friday, 3 April 2020, both days inclusive.

By order of the Board

EN Rapoo
Group Company Secretary

Woodmead, Sandton
25 February 2020

TRANSFER SECRETARIES

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and
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Hybrid code: AFEP ISIN: ZAE000000238
Bond company code: AECI
LEI: 3789008641F1D3D90E85
("AECI" or "the Company" or "the Group")