

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")

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SALE OF MUCH ASPHALT PROPRIETARY LIMITED

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1. INTRODUCTION

Shareholders and noteholders are advised that AECI, has entered into a Share Purchase Agreement (the "Agreement") with Old Mutual Private Equity, acting through OMPE VI GP Proprietary Limited ("OMPE"), and Sphere Investments Proprietary Limited ("Sphere") (together the "Consortium") ("the Purchasers"), to dispose of 100% of its shareholding in its wholly-owned subsidiary Much Asphalt Proprietary Limited ("Much Asphalt") for an estimated consideration of R1Â 100 million, subject to adjustments as detailed in paragraph 4.3 below (the "Consideration" or "Proceeds") (the "Transaction").

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The Consortium's beneficial owners are OMPE and Sphere. The Consortium members are not 'related parties' in relation to AECI, as defined in the JSE Listings Requirements.

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2. OVERVIEW OF MUCH ASPHALT

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Much Asphalt is South Africa's leading independent manufacturer and supplier of bituminous products. The company manufactures and delivers premium-grade products to customers for use in infrastructure such as roads, airport runways, and private use, including hot and cold asphalt products, bituminous road binders, emulsions, primers, pre-coats and modified binders.

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3. RATIONALE FOR THE TRANSACTION

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In alignment with AECI's strategy and optimising its portfolio to create a platform for growth, AECI is focusing on its AECI Mining and AECI Chemicals businesses and divesting from businesses with limited synergies with the chosen core businesses.

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This strategic shift aims to streamline operations, enhance efficiency, and leverage in-house expertise, by concentrating efforts on areas where AECI has a competitive advantage and strong market potential. AECI will be positioned for sustainable growth and improved performance.

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4. KEY TERMS OF THE TRANSACTION

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4.1 **Suspensive conditions**

The Transaction is subject to the fulfilment of certain suspensive conditions by no later than 30 June 2025 (or such other date as may be agreed by the parties in writing), including:

- the parties obtaining (where applicable) the necessary approval by the competition authorities;
- AECI procuring and delivering to the Purchaser the consents from the noteholders of the notes issued under AECI's Domestic Medium Term Note Programme (the "AECI DMTN Programme") for the release of Much Asphalt as original guarantor from its obligations under the AECI DMTN Programme;
- Much Asphalt delivering to the Consortium:
 - a letter regarding the release from the relevant guarantees;
 - written consents regarding the Transaction in respect of the relevant facilities;
- AECI delivering to the Consortium written consent from the relevant facility agent regarding the Transaction; and
- The conclusion of a restructuring agreement between AECI Mozambique and Much Asphalt Mozambique with respect to Much Asphalt's operations in Mozambique.

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4.2 **Closing Date**

The Transaction will be effective on the later of (i) the 11th business day following the date on which the last of the suspensive conditions are fulfilled or waived, as applicable (the "Fulfilment Date") or (ii) the 11th business day following the date on which the "locked-box" date accounts are finalised, with either of these dates being the "Closing Date". Shareholders and noteholders will be informed once all of the remaining suspensive conditions have been fulfilled and the anticipated implementation date of the Transaction.

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4.3 **Consideration**

The Consideration has been structured as a "locked-box" structure with an effective date of 31 December 2024 (the "Locked-Box Date"). The "locked-box" component is subject to ordinary course leakage provisions and the net Consideration payable will not exceed R1 500 million.

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4.4 **Use of Proceeds**

The Proceeds will be deployed in line with AECI's capital allocation framework.

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Warranties and other significant terms of the Agreement

The Agreement provides for customary warranties, indemnities, events of default, interim period and other undertakings that are normal for a transaction of this nature including a right of either (i) the Purchasers to terminate the Agreement in the event that a material adverse change has occurred at any time prior to the Closing Date, or (ii) AECI to terminate in the event that a material adverse change has occurred at any time prior to the Locked Box Date.

5. FINANCIAL INFORMATION

5.1 Net value of assets disposed

The value of the net assets of Much Asphalt (deemed to be the value of the business assets less business liabilities to be disposed of) as at 31 December 2023 was R1 592 million.

5.2 Earnings after tax

Earnings after tax for the year ended 31 December 2023 attributable to Much Asphalt was R74 million.

The financial information has been extracted from the most recent published audited annual financial statements for the year ended 31 December 2023, which were prepared in terms of International Financial Reporting Standards.

6. CLASSIFICATION OF THE TRANSACTION

The Transaction constitutes a category 2 transaction in terms of the JSE Listings Requirements and does not require AECI shareholder approval.

Woodmead, Sandton

4 November 2024

Financial Adviser to AECI

Investec Bank Limited

Legal Adviser to AECI

Edward Nathan Sonnenbergs Incorporated

Legal Adviser to the Consortium

Cliffe Dekker Hofmeyr Incorporated

Equity Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Debt Sponsor

Questco Proprietary Limited