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## **AEEI DELIVERS EXCELLENT INTERIM RESULTS AS PROFITS AND ASSETS INCREASED SIGNIFICANTLY**

### **Highlights**

- Revenue increased by 33% from R455m to R604m
- Operating profit increased by 1 326% from R587m to R8 371m
- Earnings per share increased by 1 744% from 92.65 cents to 1 708.13 cents
- Net asset value increased by 522% from R1.4bn to R9bn
- Headline earnings per share increased by 459% from 5.62 cents to 31.38 cents
- Total assets increased by 351% from R2.1bn to R9.7bn
- Profit before tax increased by 1 342% from R587m to R8 443m
- Net cash from operating activities increased by 23% from R35m to R43m
- Interim dividend declared increased by 65% from 2.00 cents to 3.30 cents

***Cape Town, 22 May - JSE-listed African Equity Empowerment Investments Limited (AEEI), a diversified investment and empowerment company*** today announced its interim results for the six months ended 28 February 2018. The Johannesburg Stock Exchange's (JSE) largest Black Economic Empowered (BEE) listed entity continues to attract strong investor confidence, as shown in the company's spectacular growth and excellent increases in revenue and profits.

The performance is attributed to strong contributions from all its divisions, with a combination of organic and acquisitive growth and the successful separate listing of its Technology business, AYO.

AEEI has shown consistent above-market growth and has out-performed the JSE index over the past few years.

The consistent increase in earnings and asset growth during a period of ongoing economic volatility demonstrates the Group's efficient and effective business model during challenging market conditions.

Group revenue increased by 33% from R455m to R604m. This was mainly due to significant revenue growth achieved from AEEI's holding in the Technology division.

Operating profit increased substantially by 1 326% from R587m to R8 371m due to consistent organic and acquisitive growth, and efficiencies achieved in all its divisions. The successful separate listing of AYO also contributed significantly.

Profit before tax, excluding fair value/gain, i.e. Cash Profit, increased by 455% from R34m to R188m. This is testament to the solid management of the underlying operational management.

Group earnings grew by an exceptional 1 773% from R449m compared to the prior interim period, reflecting R8 412m, while the earnings increased significantly as a result of a once-off gain from a disposal of one of AEEI's subsidiaries.

Headline earnings per share (HEPS) decreased from 92.71c to 40.06c, while earnings per share (EPS) increased from 92.65c to 1 708.13c for the period under review. The decrease in HEPS is as a result of the prior interim period being restated and includes a once-off fair value adjustment prior to BT Communication Services South Africa (BT) becoming an associate.

Profit before tax for the period under review increased by 1 343% from R585m to R8 443m, with strong returns from AEEI's diversified portfolio and the gain from the considered disposal of subsidiaries.

AEEI's strategy to increase its asset base and broaden its portfolio is evident as the increase in its total asset base increased significantly by 351% from R2 151m to R9 696m. This is mainly due to the growth in current assets and the value unlocked on the listing of Premier Fishing and Brands Limited as well as its associate AYO Technology Solutions Limited, and the consistent increase in underlying investments as compared to the prior period.

Net Asset Value (NAV) for the Group increased by 492% from R1.4bn to R8.3bn with the NAV per share increasing by 506% from 279.65 cents in the prior period to 1 694.67cents.

With the solid financial performance derived from the underlying businesses, net cash generated from operating activities increased by 23% compared to the prior period from R35m to R43m.

Working capital has been provided for growth and if one adds back the working capital provision, net cash generated from operating activities has increased from R35m to R146m after providing for the working capital needs of R103m.

Addressing analysts and shareholders at the Investment Analyst Society's presentation, Mr Khalid Abdulla, Group Chief Executive Officer of AEEI sent a strong message to the market: "It is heartening to see the Group's dedication and commitment to perform. For the last few years when presenting, I have referred to our 'Vision 2020 Vision' strategy, and it is now clearly apparent that our goals and targets are being met and in most cases, exceeded.

"This performance and vision was further validated when I recently spent time abroad in several of the industries within which the Group operates and while the global economic environment has residual challenges, investor confidence in AEEI and indeed, South Africa, remains firm. Despite numerous possible distractions, AEEI continues to keep its eye on the goal and is firmly focused on delivering on what it has set out to achieve."

Premier delivered a great set of results while trading during tough conditions for the interim period ended 28 February 2018. Operating profit increased by 14% and profit after tax increased by 59%, from the prior period, mainly driven by the strong performance in the squid and lobster divisions. Good catch rates as well as cost efficiencies across most of its divisions also assisted in the company's sterling performance.

Premier also concluded the purchase of a controlling stake of 50.31% in the Talhado Fishing Group (Pty Ltd (Talhado)). This acquisition is one of the largest made by Premier since its listing and is said to be a strategic value-add to the Premier Group. The acquisition of Talhado will lead to further synergies between the existing operations and enhance value to all stakeholders of Premier.

Talhado has a solid asset base in the squid sector and benefits are expected to be realised within the short to medium-term, which will lead to additional efficiencies within the existing operations of Premier. With this acquisition and business cycle, Premier is set to have a very strong second half of the 2018 financial year.

AEEI's associate, *AYO Technology Solutions Limited* (AYO), has effectively been listed for two months of this reporting period. During the interim period under review, the Group relinquished control of AYO resulting in the division becoming an associate. AEEI now has 49% of the equity interest in AYO and its results are accounted for as an associate.

The ICT associate achieved significant growth in revenue of 49% from R234m to R349m mainly as a result of obtaining new customer contracts in the financial services sector.

The AYO group increased its profit by 173% from R30m to R82m for the period under review, which shows the consistency in growth plans. AYO is currently concluding discussions with several complementary acquisition targets which will augment its "Go to Market" strategy.

Operating profit for the associate increased by 70% from R27m to R46m, despite the once-off listing costs and B-BBEE transaction impacting the profitability of the associate.

Since listing, AYO has concluded a significant contract with SASOL to provide core competencies, products and services, details of which announced today. More details can be found on the AYO website: [www.ayotsl.com](http://www.ayotsl.com)

Boosting its *Health and beauty division*, Orleans Cosmetics Proprietary Limited (Orleans) led to revenue increasing by 700% from R3m to R24m and operating profit increasing from R3m from a prior year's operating loss of R0.96m.

Orleans is the exclusive South African and Southern African distributors of imported, high-end cosmetics brands such as Gatineau, NUXE, RVB SKINLAB/diego dalla palma professional and Sothys.

espAfrika, a Group subsidiary, hosted a very successful 19<sup>th</sup> Cape Town International Jazz Festival post interim period. The company's performance for this 6-month period under review is consistent with its plans as espAfrika hosts most of its events during the second half of the financial year.

Tripes Travel has engaged in its turnaround strategy since 2016, which led to revenue increasing by 30% from R27m to R35m for the 6-months ended 28 February 2018. Tripes Travel continues to increase its percentage market share of the leisure travel and market tours sector. The business now has an efficient base and stable business model, with available capacity, which can now be leveraged to grow profitability.

The Group's *strategic investments* consist of minority equity stakes in Saab Grintek Defence Proprietary Limited, Sygnia Limited and Pioneer Foods Group Limited. These strategic investments have shown improvement in value since the dates of acquisition, with consistent growth in earnings and regular dividends received.

The Group received several prestigious awards by notable organisations for its consistent financial growth, its commitment to B-BBEE and accelerated transformation, application of corporate governance, transparent reporting, ethical business practices and its drive to further increase shareholder value.

"Being a listed entity adds even further onus on us to be competent corporate citizens as we are duty bound to protect all our stakeholders. Given the volatility of the markets, environmental changes and a number of challenging political factors in several of the sectors in which AEEI operates, I am doubly pleased with the Group's continued excellent performance and the professional capability of its management team in navigating our mapped-out future. I look forward to reporting on even further growth later in the year," affirmed Abdulla.

Non-executive chairman of the Board, Reverend Dr Vukile Mehana added his vote of confidence in the Group and the results, saying: "I again congratulate Khalid, his team and all who are involved in driving AEEI forward. These interim results tell the story of a Group that is sound in its approach, strong in its leadership and wise in its chosen alliances and partnerships. In order for AEEI to be at the top of its game and remain there, it needs to have strong foundations. This is evidenced in the successive years' strong performance and the fact that many stakeholders actively seek it out."

AEEI is pleased to announce an interim dividend declaration of 3.30 cents per share to shareholders, a 65% increase from 2.00 cents paid in 2017. AEEI also paid a total dividend of 7,50 cents per share for the financial year ended 31 August 2017.

Management are excited about the potential for growth via an acquisition pipeline and are confident that further announcements will be made over the next 12 months.

Abdulla concludes, “The Group remains on a positive trajectory and is buoyant about its future prospects, particularly as they pertain to profitability, governance and management expertise which all contributes to our sustainable business model.”

**ENDS**

For further information and to schedule interviews with the Group CEO Mr Khalid Abdulla, contact:

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**AEEI received the following awards:**

- 1<sup>st</sup> overall in the Empowerdex Top 100 Empowered Companies Award of 2016 ;
- 1<sup>st</sup> overall in the Empowerdex Top 100 Empowered Management Award of 2016;
- A top 10 JSE-listed Company in the Financial Mail’s Top 100 JSE Companies for financial performance in 2016 and 2015;
- Top 10 for Integrated Reporting Assurance Services (IRAS) in the Sector: ‘Financial Services – Other’ for the Highest Sustainability Data Transparency Index (SDTI) for reporting and governance;
- AEEI was also awarded 3<sup>rd</sup> place overall by IRAS, out of a total of 311 companies; and
- Impumelelo Certificate of Excellence Award – Top Empowered Companies – in recognition of our commitment to transformation for the 2015 year.