

AEEI maintains strong balance sheet



South Africa - Cape Town - 3 July 2019 - African Equity Empowerment Investments Limited (AEEI) Operational Head Office at Waterway House North at the Victoria & Alfred Waterfront. Picture: David Ritchie/African News Agency(ANA)

By Edward West 18 June 2020

CAPE TOWN - Diversified investment group African Equity Empowerment Investments (AEEI) maintained a strong balance sheet with significant cash resources and minimal debt in the six months to February 29, 2020.

The gross interim dividend fell by 9 percent to 10 cents per share. The share price was unchanged at 75 cents Thursday morning.

New and acting CEO Valentine Dzvova said in a statement Thursday: “COVID-19 has had a major impact globally on all businesses and AEEI has not been spared. We realistically expect this effect to last for at least the next 24 -36 months, with potential for further fallout. We have started making the necessary adjustments to the business, mindful of the people and environments these decisions will also affect.”

She said however that the AEEI Group was well positioned, with a net asset value of R6.4bn and cash of R3.4bn, with which to make acquisitions.

“Our policy, however, will be to only make highly selective acquisitions, taking our time to study potential target companies so as not to put our balance sheet at risk,” said Dzvova.

The group reported good performances from its technology division, as well as from strategic and associate investments, which include minority equity stakes in BT Communication Services SA, Saab Grintek Defence and Sygnia, that have shown growth in investment value since acquisition.

Consistent growth in earnings and regular dividends are received from all the strategic investments.

AEEI also reported a buoyant performance from its foods division, through Premier Fishing and Brands' results, which, while impacted by enforced local and international lockdowns, have held their own with expansion plans of their abalone plant continuing.

Hardest hit in the group were the divisions not considered essential services and that had been most affected by the COVID-19 economic lockdown.

These included the health and beauty division, travel and tourism and the events side of the business, such as the Cape Town International Jazz Festival, which was unable to proceed in 2020, and whose revenues were historically generated in the latter half of the year.

AEEI was entering a restructuring period where it would transition from an operational organisation, to that of an investment holding company. This was communicated to the market in March 2020.

AEEI planned to streamline corporate operations and resources, as it turned its attention to managing the performance of its significant portfolio. This might involve the disposal of non-core assets that the group had previously actively managed, as well as equipping those investee companies - that fit the new structure - with the tools to function independently of the parent company.

“With South Africa now in Level 3, and the group moving into increased capacity, it is focused on implementing its developed resilience plans to support its stakeholders through the continued economic crisis.”

Dzvova said: “The world we knew has changed forever because of COVID-19 and our group shows the signs of agility and flexibility to adapt to the new normal conditions.”

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