

AEEI audited financial results shows excellent growth in revenue and dividends to shareholders



AEEI chief executive Khalid Abdulla is pleased that the group maintained its focus.

By Staff Reporter Feb 1, 2020

JOHANNESBURG - JSE-listed African Equity Empowerment Investments Limited (AEEI), a diversified investment and empowerment Group, today announced a set of exceptional audited financial results with a record increase in revenue, headline earnings and asset base for the year.

The Group's audited financial results confirm the delivery of excellent revenue and profit growth resulting from strong contributions from all its underlying investments, with a combination of organic and acquisitive growth. AEEI's strategy to consistently increase its operations and portfolio is evident by the exceptional growth in Group revenue which increased significantly by 243% from R701 million to R2.4 billion.

Group headline earnings increased by 317% from R119 million to R496 million, with HEPS increasing by 316% from 24.24 cents to 100.89 cents. Net Asset Value (NAV) for the Group grew by 14% from R5.6 billion to R6.4 billion, while net cash generated from operating activities increased by 9% year-on-year from R131 million to R143 million, all of which is in line with the Group's strategy.

The financial year-end audited results translate into strong, consistent returns which AEEI received through its efficient and resilient business model, diversified portfolio and healthy overall operational performances.

The Group is annually cash positive with a robust business model, and has a healthy cash balance. AEEI's strategic intent has always been, and remains, to grow its revenue, headline

earnings, cash generation and asset base in line with its 'Vision 2020 Vision'. The audited financial results confirm that AEEI has surpassed these goals, with record revenues, headline earnings, net cash generation and asset growth exceeding R7.5 billion.

This is mainly due to operational organic and acquisitive growth, the value unlocked by the separate listing of the fishing and technology divisions, as well as the steady increase in growth in its strategic investments.

Khalid Abdulla, Group CEO of AEEI, said: "AEEI has set out to strategically grow its operations and asset base annually, which we once again realised through consistent growth in profits and assets. Despite the tough market conditions – not only in South Africa, but globally – I am pleased that the Group has maintained its focus and stayed the course to deliver these outstanding results."

"AEEI remains on a positive trajectory and we intend to continue improving its financial performance, while driving sustainable returns for its stakeholders. We have been fortunate to meet, and exceed, our annual targets as set out in the Group's 'Vision 2020 Vision' strategy, which is mostly due to the commitment and dedication of our highly skilled and experienced teams throughout the business," continued Abdulla.

AEEI is pleased to declare a final dividend of 6 cents per share. The total gross dividend per share for the 2019 financial year amounts to 17 cents, an increase of 11% compared to the previous year. This translates to a current dividend yield of more than 15% per annum. The Group currently directly and/or indirectly employs approximately 6 000 employees throughout the country.

It has operational investments in food and fishing, technology, health and beauty, events and tourism, biotechnology as well as strategic investments in blue-chip companies. The information and technology sector, AYO Technology Solutions Limited (AYO), which previously separately listed on the Johannesburg Stock Exchange, is a leading, broad-based black economic empowerment (B- BBEE) ICT company with strong management expertise and a sound track record.

AYO delivered strong organic and acquisitive growth during the year and grew its revenue by 207% to R1.9 billion from the prior year. During the year, the Group regained control over its investment in AYO.

This incurred a once-off accounting (IFRS 10) loss to AEEI on a deemed disposal of an associate which affected earnings, however, the Group's audited headline earnings increased by 317% from R119 million to R496 million. Consistently contributing to the Group's overall performance, Premier Fishing and Brands Limited (Premier), a diversified vertically integrated fishing group specialising in harvesting, processing and marketing, sales and distribution of fish and fish-related products. Premier, with its focus on sustainability – for people and the environment - remains one of the largest black-owned and managed fishing businesses in South Africa and the most transformed in terms of its management and employees.

Premier's revenue increased by 17% from R491 million to R575 million and produced satisfactory profit compared to the prior period, primarily because of consistent sales volumes in the lobster, abalone and squid divisions. The health and beauty division imports and

distributes cosmetics brands and make-up. The division also consists of companies focused on manufacturing, sales, and marketing of a range of natural products that are human, animal and plant safe and internationally recognised in the food, agriculture, hygiene, beauty and general health care sectors. Our events and tourism division manages and owns an events and production company, a radio station and a travel services company.

This year, espAfrika hosted the spectacular 20th Cape Town Jazz Festival, with Tripos Travel as the travel partner to espAfrika and the Cape Town Jazz Festival. Tripos is focusing on growing its inbound leisure travels department, while continuously providing our corporate guests with the highest quality of service. This year, Magic 828 celebrated its 4th year of broadcasting from its own-built mast, with an ever-increasing listenership. Genius Biotherapeutics, AEEI's research and development division, in collaboration with research partners based at the University of Cape Town, is set to commence human clinical trials on breast cancer next year.

The Group's strategic investments consist of equity in BT Communication Services South Africa (Pty) Ltd (BTSA), Saab Grintek Defence (Pty) Limited and Sygnia Limited (Sygnia). AEEI is one of the largest minority shareholders in Sygnia. All our strategic investments are producing good results since the dates of acquisition, with steady growth in earnings and regular dividends received. During the year, AEEI disposed of all its investments in Pioneer Food Ltd and Quantum Food Ltd during March and May 2019 respectively.

The AEEI Group's commitment to B-BBEE and accelerated transformation, stringent application of corporate governance, transparent reporting, ethical business practices and its drive to further increase shareholder value, reflects strongly in its solid performance. "Being a listed entity makes us responsible to conduct our business as competent corporate citizens as we are duty bound to protect our stakeholders. I am exceptionally pleased that the Group's consistent upward performance trajectory and the professional capability of its management team, has once more delivered great value. This is not only of benefit to our stakeholders, but also to the communities we serve. I look forward to sharing more of the Group's developments in the year ahead," affirmed Abdulla. The Board voiced its confidence in the Group, saying: "We once again congratulate Mr Abdulla and his team.

The financial year-end results narrate the story of a Group that is focused on having admirably implemented their 'Vision 2020 Vision' strategy, through strong leadership and the wisdom of its chosen alliances and partnerships." The Board continues, "For AEEI to be at the top of its game and to remain there, it needs to have durable and resilient foundations.

This is evidenced in the past successive years of strong performance and the fact that many stakeholders actively seek it out. The Group may have had its share of media scrutiny over this past year, however, the teams remain focused and AEEI's increased contribution to its shareholder value speaks volumes."

Abdulla added, "AEEI is pleased to announce a final dividend declaration of 6 cents to shareholders for the financial year-ended 31 August 2019. This brings the total 2019 financial year-end dividend to 17 cents which equates to an increase of 11% when compared to the prior year. Important to note is that AEEI's annual dividends have grown to the current amount of R83.5 million for the 2019 financial year!" AEEI is a healthy business that has paid out steadily growing dividends year-on-year in line with good long-term investment

policies. The Group has a great platform to pursue further acquisitions in various business sectors to grow aggressively during the next growth phase over the next few years.

Abdulla concluded, “I am also very pleased to announce that we have already achieved all of our ‘Vision 2020 Vision’ strategic objectives. Our business model remains on a firm growth path to becoming a market leading investment holding Group, investing not only in other companies and market strategies, but also invests in our own employees, who will assist us in continuing to deliver long-term value for our shareholders and our stakeholders.”

A proud Level 1 B-BBEE Group, AEEI is considered a B-BBEE partner of choice and has solid empowerment credentials, with 73.55% black ownership and 39.39% black female ownership.

Not only do we have a strong management team and experienced executives leading our business units and implementing the business development strategy, we also have a strong risk-based management of investments, associates and a strategic investment portfolio with low debt and gearing ratios. AEEI has been rated as one of the JSE’s most transformed companies with a track record of proven transformation, culture and results, and this year, AEEI was awarded the winner of the Top Most Empowerment Companies in the Generic and Financial Services Sectors as well as an award for Top Most Empowered Management.

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