



7 NOVEMBER 2017

EMBARGOED TO 10H30 ON TUESDAY 7 NOVEMBER 2017

African Equity Empowerment Investments Limited Reports Strong Year End Performance With 111% Increase in Operating Profit

Highlights

- Profit before tax increased by 136% from R288m to R681m
- Headline earnings per share increased by 120% from 43.13 cents to 94.89 cents
- Earnings per share increased by 120% from 44.09 cents to 97.10 cents
- Operating profit increased by 111% from R310m to R655m
- Net asset value increased by 100% from R1bn to R2bn
- Total assets increased by 65% from R1.7bn to R2.8bn
- Revenue increased by 43% from R736m to R1 052m
- Net cash generated from operating activities increased to R80m
- Final dividend declaration of 5.50 cents per share to shareholders

JSE-listed African Equity Empowerment Investments Limited (AEEI), a diversified investment empowerment company, announced another excellent set of financial results with a record turnover, outstanding earnings and asset growth for the financial year under review.

This, despite the ongoing economic volatility globally and in South Africa. A remarkable achievement!

The excellent revenue, operating profits and asset growth are attributed to strong contributions from all its underlying operations and investments.

Group revenue increased significantly by 43% from R736m to R1 052m, which is a record for the Group achieving more than R1billion in revenue, while the operating profit increased by 111% from R310m to R655m as a result of consistent organic and acquisitive growth, exceeding its expectations with its Vision 2020 Vision strategy.

Earnings increased by 120% from R217m to R477m, which translates to earnings per share ("EPS") increasing from 44.09 cents to 97.10 cents.

Headline earnings ("HEPS") increased by 120% from R212m to R466m, with HEPS per share increasing from 43.13 cents to 94.89 cents. In line with the Group's strategy, the asset base increased by 65% from R1.7bn to R2.8bn as a result of the success in its operational performance, investments and through organic and acquisitive growth.

AEEI's strategic intent to grow its asset based increased by 65% from R1.7bn to R2.8bn mainly due to the successful acquisitions, the value unlocked on the listing of its fishing and brands subsidiary and the consistent increase in the underlying investments and assets as compared to the comparative financial year.

With the sterling financial performance derived from the underlying businesses even during the tough economic environment, net cash generated from operating activities increased to R80m.

AEEI also announced a final dividend declaration of 5.50 cents per share, after paying an interim dividend of 2.00 cents in May 2017. The total gross dividend per share for 2017 amounts to 7.50 cents, a massive increase of 127% compared to 2016.

Khalid Abdulla, Group Chief Executive Officer of AEEI said, "The Group remains on a positive trajectory and I am delighted that we are able to continue improving our financial performance year on year, while driving sustainable returns for all stakeholders. We have been fortunate to meet and in most instances, exceed our targets for the year under review."

During the year, AEEI successfully listed Premier Fishing and Brands separately on the main board of the Johannesburg Stock Exchange (JSE). The subsidiary raised R526m capital through the issue of new shares on the listing date. The capital raised will be used for expansion of the subsidiary's abalone farm to increase production from 100 tons to 300 tons over the next few years, as well as accelerate its growth strategy through acquisitions and further organic growth.

The technology subsidiary, now named AYO Technology Solutions' (AYO Technologies), also delivered excellent growth in line with its strategy by increasing revenues and operating profit by 182% from R168m to R476m and 142% from R256m to R619m respectively.

The significant growth in AYO Technologies is in line with its preparation for the separate listing on the JSE's main board in the short term.

AYO Technologies delivered strong organic growth through the acquisition of two ICT companies plus the incorporation of its investment in BT Communication Services South Africa (BT) under AYO Technologies.

The health and beauty sector increased its revenue and profits by 247% through increasing its expanded footprint and acquisitions. During the year, AEEI acquired 90% equity in Orleans, 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.

AEEI's events and tourism sector delivered revenue of R118m, another excellent performance for this sector. espAfrika hosted yet another successful 18th Cape Town International Jazz Festival and its second Royal Escape Experience at Sun City during July. Magic 828 radio station (Magic) celebrated its 2nd anniversary and increased in listenership by 155% during the year across the greater Western Cape region from 134 000 listeners to 342 000 listeners. Tripos Travel continues to increase its market share in the leisure travel and tours.

.../page 4 of 5

Non-executive chairman of the Board, Reverend Dr. Vukile Mehana commented on the results saying: “I am particularly proud of AEEI’s financial performance this year, as well as all the accolades the Group and CEO, Khalid Abdulla, received over this period. Congratulations to team AEEI for its commitment and dedication on meeting their strategic objectives and for delivering such excellent results. It is truly an amazing accomplishment.”

AEEI has minority equity stakes in Saab, Sygnia and Pioneer Foods. These strategic investments have shown a remarkable improvement in value since the date of acquisition. During the year under review, AEEI purchased additional shares in Sygnia, thereby increasing its holding to 1.735%. Fully paid up BT is now managed under the technology division after the Group obtained significant influence of its investment in BT. AEEI receives consistent annual dividends from all its strategic investments.

Abdulla concluded by saying: “Looking ahead, AEEI has a solid balance sheet and our cash flow has improved. Our business model remains on a firm growth path, investing in other companies and market strategies, as well as investing in our own people who will assist us in continuing to deliver long-term value for all our stakeholders including our shareholders.

“This year has been excellent for its organic growth, continuous reinvestment and strategic acquisitions, building on to our objective of a sustainable high-growth Company with shareholder value growth in line with our Vision 202 Vision.”

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More about African Equity Empowerment Investments Limited:

African Equity Empowerment Investments Limited (AEEI) is a listed entity on the Johannesburg Stock Exchange (JSE) since 1999 and holds operational investments in fishing and brands; technology; events and tourism; health and beauty; and biotherapeutics and strategic investments, some with international partners.

.../page 5 of 5

AEEI is recognised by its peers as a successful pioneer in promoting the interests of HDIs and previously marginalised communities. The Group's commitment to transformation, including employment equity, skills and enterprise development, as well as corporate social investment, makes it a role model for BBBEE.

AEEI and Abdulla have been honoured with many awards and accolades, especially over the past six months to October 2017. AEEI was honoured with 1st overall in the Empowerdex Top 100 Empowered Companies Award of 2016; 1st overall in the Empowerdex Top 100 Empowered Management Award of 2016; first runner-up in the Empowerdex Most Empowered Black Ownership under the amended codes of Good Practice; a top 10 JSE-listed Company in the Financial Mail's Top 100 JSE Companies for financial performance; 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 3rd place overall by IRAS, out of a total of 311 companies.

These awards are all testament to the Group's commitment to continuing on its path of transformation, supporting the growth plan of our country and building AEEI as a sustainable business, one that can be admired and emulated for its ethics as much as for its financial performance.

AEEI is an exporter and generates a significant portion of income in foreign currency.

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

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