

# Notore

## Notore Chemical Industries Plc Reports ₦3.4 billion Operating Profit for its Financial Year Ended 30<sup>th</sup> September 2019

**Lagos, 31 December 2019** – Notore Chemical Industries Nigeria Plc (“Notore” or the “Group”), a leading vertically integrated agro-allied and chemicals business, today announced its audited results for its Financial Year Ended (“FYE”) 30<sup>th</sup> September 2019.

### Group Financial Highlights

Notore recorded revenue of ₦21.4 billion for its 30 September 2019 FYE, compared to ₦26.8 billion for the corresponding 2018 period resulting in a 20.1% decline Y-o-Y. This was mainly due to plant downtime which persisted during the period under review. Notore has commenced its Turn-Around Maintenance (“TAM”) program. The \$37million Facility granted by Afrexim has been drawn down and orders placed for critical components. The TAM program is expected to be completed by FYE 2020. The completion of the TAM program will ensure the Plant operates at its nameplate capacity resulting in a consistent and significant improvement in production numbers and revenue. To the extent that Notore’s operating costs (₦ 24.5 billion in FY 2019 and ₦ 24.0 billion in FY 2018) are largely fixed, it is expected that a significant amount of the upside from the increase in revenue post TAM will flow to the bottom line.

Notore’s Operating Profit in the FY declined by 62.9% from ₦9.2 billion in FYE 2018 to ₦3.4 billion in FYE 2019. The Group recorded a loss for the year of ₦5.7 billion (FYE 2018: ₦1.9 billion) mainly because of its Net Finance Cost which rose from ₦ 12.8 billion in FY 2018 to ₦ 13.7 billion in FY 2019 (7.2% Y-o-Y increase).

### Market & Operational Developments

Nigerian fertilizer demand is quite robust and is expected to continue to grow because of the Federal Government’s efforts to increase both the supply and demand for fertilizers, through provision of subsidies, grants and loans; and through recent Government initiatives such as the Presidential Fertilizer Initiative (PFI). The domestic fertilizer market is yet to reach its full potential as the consumption of fertilizer per hectare of arable land in Nigeria is below 10kg compared to the 200kg recommended by Food & Agriculture Organization. Furthermore, the demand for urea and compound fertilizers, such as NPK, from the West African markets and Sahel African states is also quite significant. Notore sold all the urea that it produced (208,483MT) during the period under review.

### Outlook for the Year

The current Federal Government policies in the fertilizer space are quite favourable to Notore’s business. Additionally, on-going market demand for NPK and NPK specialty will boost the business’ revenues when Notore’s newly installed and commissioned 2,000 MTD NPK blending plant begins its inaugural production in FY 2020. Consequently, Notore has begun gradual efforts to further diversify its revenue streams by selling specifically produced Notore seeds to farmers. Notore’s greatest challenge to its PAT remains its Net Finance Cost; and asides the TAM initiative which will

be completed in FY 2020 to introduce reliability into Notore's Plant, the Group is working on various other initiatives for FY 2020 to bring the company to profitability by considerably reducing its Finance Cost and improve its working capital.

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#### **About Notore Chemical Industries Plc**

Notore is a vertically integrated agro-allied and chemicals business situated in Onne (near Port Harcourt), Rivers State in South-South Nigeria and is engaged primarily in the production and sale of fertilizer products. Notore's vision is to be the number one company by market share and profitability in our chosen businesses and a significant contributor to the development of Africa and our mission is to enhance the quality of life.

The Group's current business comprises fertilizer production, supply and trading of fertilizer, and power. The Group's primary fertilizer products are granular Urea and Ammonia. The Group operates from its Onne Complex in the heart of the Niger Delta, Africa's most prolific oil and gas producing region.

The Onne Complex is located within the Onne Oil and Gas Free Zone, which provides significant tax benefits and advanced logistics solutions for international distribution of products. The Onne Complex comprises of approximately 560 hectares of land owned by the Group with a 2km of waterfront including the Notore Port and a dedicated jetty (with a capacity to accommodate vessels with a maximum volume of between 25,000 MT and 35,000 MT) owned by the Group. The Notore Port gives the Group easy access to the Atlantic Ocean for easy import of raw materials and export of the Group's products.

The Group produces Urea and Ammonia and owns a Urea producing plant in Onne, Rivers State with a current annual design production capacity of approximately 500,000 MTPA of Urea and 330,000 MTPA of Ammonia. The Group also has an installed 2,000 MTD NPK blending plant. The Group currently supplies and sells its fertilizer products in all thirty-six (36) States and Abuja, the Federal Capital Territory. The Group trades and exports its manufactured fertilizer products to West Africa, South Africa, South America, and Europe.

For more information, visit [www.notore.com](http://www.notore.com)

#### **Disclaimer**

This announcement contains or will contain forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities.

## **Notore Chemical Industries Plc – FYE 2019 Audited Results**

NSE Ticker: NOTORE

Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward- looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Notore Chemical Industries Plc cautions readers that several factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with Securities & Exchange Commission in Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.