

Notore

NOTORE REPORTS QUARTER 1, 2020 FINANCIAL YEAR RESULTS

Records N2.04billion Operating Profit in Q1 2019/2020 FY

Lagos, 3 February 2020 – Presented below is the financial summary of Notore Chemical Industries Plc ("Notore") Three Month Ended 31st December 2019 Unaudited Financial Statements.

Group Financial Highlights

Notore recorded revenues of N8.18billion for the Three Month Period Ended 31st December 2019 i.e. Q1 2020 Financial Year ("FY"), compared to N4.32billion for the corresponding period in Q1 2019 FY. The increase in revenue was due to improvement in the Plant's reliability, hence an increase in urea production volumes by 83% (44,076MT in Q1 2019 FY compared to 80,777MT in Q1 2020 FY). However, Notore's operating profit declined by 39% from N3.34billion in Q1 2019 FY to N2.04billion in Q1 2020 FY; and this decline in operating profit was due to a drop in other income by 78%.

Notore recorded a loss of N1.39billion during the Q1 2020 FY and a Net Finance cost of N3.43billion.

Market & Operational Developments

The fertilizer market in Nigeria during the period under review was robust as Notore sold all the urea that it produced during the period in both domestic and international fertilizer market. Notore believes that the domestic fertilizer market is yet to reach its full potential. Furthermore, the demand for urea and compound fertilizers, such as NPK, from the West African markets and neighbouring countries bordering the northern part of the country is also quite significant.

Constant natural gas (main feedstock for producing urea fertilizer) supply has been one of Notore's key strengths; and Notore is in line to achieve its 1,500 MTD name-plate production capacity following its successful draw down of the Turn-Around Maintenance ("TAM") facility, which will be utilised to increase the Plant's reliability. In line with Notore's TAM, the company has commenced the ordering of critical components of the items under the TAM scope in order to keep with the TAM schedule.

Outlook for the Year

For 2020 FY, Notore expects to exceed its 2019 FY urea production figures and is also working on various financial initiatives to reduce its finance cost. The projected cost savings from Notore's de-leverage is expected to further boost its profitability, in addition to a forecasted increase in production as TAM progresses. Furthermore, Notore believes that the current Federal Government policies in the fertilizer space and demand for NPK and NPK specialty blends are quite favourable for its business, consequently, Notore will be producing a significant quantity of NPK and NPK specialty blends this FY to diversify its revenues.



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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

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. 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.