

Notore

NOTORE REPORTS QUARTER 1, 2019 FINANCIAL YEAR RESULTS

Records N2.99billion Operating Profit in Q1 2018/2019 FY

Presented below is the financial summary of Notore Chemical Industries Plc (“Notore”) Three Month Ended 31st December 2018 Unaudited Financial Statements.

Group Financial Highlights

Notore recorded revenues of N4.32billion for the Three Month Period Ended 31st December 2018 i.e. Q1 2019 Financial Year (“FY”), compared to N5.99billion for the corresponding period in Q1 2018 FY. The decline in revenue was largely due to plant downtime caused by a maintenance program on its plant during the period under review. Notore recorded an Operating Profit of N2.99billion in Q1 2019 FY, resulting in an increase of 412.4% over its Q1 2018 FY Operating Profit of N0.58billion.

Despite the positive Operating Profit, Notore recorded a loss of N93.35million during the period because of its net finance cost of N3.09billion.

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 into the domestic 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. However, Notore missed its Q1 2019 FY production target because of the maintenance program carried out during the same period. The maintenance program built in some reliability into the plant, and Notore expects to enhance its plant reliability further when it carries out its turn-around maintenance (“TAM”) program later in the year. Notore has secured the TAM fund, which should be disbursed this quarter; nevertheless, it has commenced the ordering of critical components of the items under the TAM scope in order to keep with the TAM schedule.

Notore's working capital has improved significantly as a result of the refinanced short term facilities of N49.5billion to long term seven year facilities last FY.

Outlook for the Year

For 2019 FY, Notore expects to exceed its 2018 FY urea production figures and also work on financial initiatives to reduce its finance cost. The projected cost savings from Notore's leverage is expected to boost its profitability. 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 boost its revenues.

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