OMNIA HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1967/003680/06
JSE code OMN
ISIN ZAE000005153 ("Omnia" or "the Group")

TRADING STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

In terms of paragraph 3.4 of the Listings Requirements of JSE Limited, a company is required to publish a trading statement as soon as its board is satisfied that there is a reasonable degree of certainty that the financial results for a period to be reported on will differ by more than 20% from that of the previous corresponding period.

Although the 2019 financial year (FY2019) of Omnia will only be completed on 31 March 2019, the Board of Directors of Omnia has considered the estimated financial results for FY2019 and is satisfied that there is a reasonable degree of certainty that:

- basic (loss)/earnings and earnings per share ('EPS') for FY2019 are expected to be more than 160% lower than the basic earnings of R666 million and EPS of 985 cents per share for 31 March 2018 (FY2018). This would be a loss of at least R400 million and a loss per share of at least 591 cents; and
- headline (loss)/earnings and headline earnings per share ('HEPS') for FY2019 are expected to be more than 120% lower than the headline earnings of R670 million and HEPS of 991 cents per share for FY2018. This would be a loss of at least R134 million and a loss per share of at least 198 cents.

At this stage, prior to year-end, Omnia is not able to confirm the exact extent of the difference from the financial results of FY2018 or to confirm that difference within a range of not more than 20%, as it does not have the reasonable degree of certainty required to do so.

The Group realised positive revenue growth, pleasingly also in new markets due to a focus on global expansion based on environmentally-friendly products and technology. This is in line with the Group's stated strategy to become a more diversified and balanced business with exposure to global markets.

The decline in the estimated earnings for FY2019 is mostly attributable to the following items:

Finance charges:

- Omnia has generally been a business with low historic levels of net debt FY2018: R2.7 billion (FY2017: net cash of R91 million) and interest FY2018: R273 million (FY2017: R185 million). During FY2018 the Group increased debt following the two acquisitions (Umongo Petroleum R625 million and Oro Agri USD85 million cash outflows) and to fund the construction of phase 1 of the Nitrophosphate plant (R670 million cash outflow). The interest charges for FY2019 increased accordingly.

Once-off Items:

- As published in the interim results there was a further impairment of a problematic debtor in Angola of R44 million. The debtor is actively being managed with some payments having been received.
- Protea Chemicals incurred R35 million to restructure its business based on its newly developed strategy. Annual costs of R75 million have been removed from the business on an ongoing basis. This full benefit will come through in FY2020 and phase two of the process has commenced which will result in more savings and improved quality of business. Notwithstanding these actions, management included the potential impairment of the entire goodwill relating to Protea Chemicals of R324 million due to poor historical performance against plan in the preparation of this trading update.
- The Emerging Farmers program, in a year of drought, continues to be under stress linked to the financial pressure experienced by farmers. To this end a further provision has been made for expected losses. Management action has been implemented to reduce the risks within this business and to reduce the exposure of the Group.
- Both businesses in Zimbabwe (Fertilizer Zimbabwe and Acol Chemicals) have been impacted by an intentional slowdown in business due to the liquidity constraints in the country. In addition, the financial results in Zimbabwe have been reduced (by circ. R95 million) to approximately one-quarter of their nominal value following the introduction of an alternative currency in Zimbabwe namely the RTGS dollars (real time gross settlement) through the impact of the accounting treatment on the change in functional currency.
- The Group's 12-year share B-BBEE scheme Sakhile 1 is due to vest, this resulted in a non-cash share based payment cost of R54 million.
- Other once-off items include transaction costs linked to the acquisition of Oro Agri of R28 million.

Operating performance:

FY2019 experienced adverse market conditions, marked by droughts and late rains in key fertilizer markets, a volatile rand currency, the local and international mining industry going through restructuring and overall difficult trading conditions.

- The Mining business continues to experience pressure on volumes and margins across the various commodities and geographies in which the business operates due to mines in the SADC region being under pressure as well as competitive pressure due to the oversupply of nitrates coupled with lower demand. West-Africa has been a disappointment due to lower offtake as a result of various operational issues, such as dramatic climatic conditions. BME also invested into international expansion, with product registration and the underlying governance and compliance cost etc. being incurred with sales growing from a low base and therefore not contributing sustainably to bottom line profits. BME has previously been structured for growth and benefited from their ability to mobilise quickly and efficiently. Due to the current market conditions, right sizing is in process.
- South Africa has experienced a serious drought with the rainy season only commencing in January 2019 which resulted in lower than expected fertilzer volumes. Margins were impacted by the financial pressure being experienced by farming customers and the increased competition in the local market. The price of phosphoric acid remains inflated due to an over charge by our sole supplier, however, this will in part be mitigated with the introduction of the Nitrophosphate plant in future years. These factors resulted in Fertilizer RSA's profitability being substantially lower than FY2018. The Nitrophosphate plant is on track to be operational before 31 March 2019 which will result in a substantial section 12 (i) tax deduction.

- Oro Agri, with its bio friendly product range, has performed well and continues to invest for growth. Umongo Petroleum's growth into Africa has been delayed compared to the initial planning however the business performed well in a difficult market.
- The Chemicals business remains under significant pressure due to the under-performing manufacturing and mining sectors along with the general slowdown in the South African economy. Protea Chemicals showed pressure on margins and volumes.

Omnia will publish a further trading statement once it has the reasonable degree of certainty required to confirm the exact extent of the difference from the financial results of FY2018 or to confirm that difference within a range of not more than 20%. Omnia expects to release its audited financial results for FY2019 on SENS on or about 25 June 2019.

The financial information on which this trading statement is based has not been reviewed or reported on by Omnia's independent external auditors.

Johannesburg
20 March 2019

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