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**You are advised to read and understand the contents of this Rights Circular. If you are in any doubt about the actions to be taken, you should consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. Investors are advised to note that liability for false or misleading statements or acts made in connection with the Rights Circular is provided in sections 85 and 86 of the Investments and Securities Act No. 29 2007 (the "Act")**

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For information concerning certain risk factors which should be considered by prospective investors, see Risk Factors on pages 25 to 28



# **Unilever Nigeria PLC**

RC113

**Rights Issue of**

**1,961,709,167 Ordinary Shares of 50 kobo each at**

**₦30.00 per Share**

on the basis of **14** new Ordinary Shares

for every **27** Ordinary Shares held as at the close of business on

**28 June 2017**

**The rights being offered in this Rights Circular are tradable on the floor of The Nigerian Stock Exchange for the duration of the Issue.**

**Payable in full on Acceptance**

ACCEPTANCE LIST OPENS: MONDAY, 31 JULY 2017  
ACCEPTANCE LIST CLOSES: FRIDAY, 08 SEPTEMBER 2017

**Issuing House:**



**Stanbic IBTC**  
Capital

RC1031358

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**This Rights Circular and the securities which it offers have been cleared and registered by the Securities and Exchange Commission. The Investments and Securities Act No. 29 2007 provides for civil and criminal liabilities for the issue of a Rights Circular which contains false or misleading information. The clearance and registration of this Rights Circular and the securities which it offers do not relieve the parties of any liability arising under the Act for false and misleading statements or for any omission of a material fact in this Rights Circular.**

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This Rights Circular is dated 13 July 2017

## IMPORTANT NOTICE

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### **Forward Looking Statements**

Certain statements in this Rights Circular may constitute forward looking statements that involve a number of risks and uncertainties. These forward looking statements include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, the Company's strategies, future plans and the industry in which it operates. Prospective investors should be aware that forward looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this Rights Circular. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in "Risk Factors" included in this Rights Circular.

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## DEFINITIONS

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In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them.

<b>“CAMA”</b>	Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004
<b>“CBN”</b>	Central Bank of Nigeria
<b>“CHN”</b>	Clearing House Number
<b>“CSCS”</b>	Central Securities Clearing System PLC
<b>“Directors” or the “Board”</b>	The members of the Board of Directors of Unilever Nigeria who at the date of this document are those persons whose names are set out on page 13 of this Rights Circular
<b>“Federal Government” or “FGN”</b>	Federal Government of Nigeria
<b>“FMCG”</b>	Fast Moving Consumer Goods
<b>“IFRS”</b>	International Financial Reporting Standards
<b>Intercompany Loan</b>	The intercompany loan facility between Unilever Finance International AG and Unilever Nigeria PLC for the sum of US\$108 million
<b>“ISA”</b>	Investments and Securities Act No. 29, 2007
<b>“Issue” or “Rights Issue”</b>	The rights issue by way of provisionally allotted rights to shareholders whose names appear on the Register of Members of the Company as at the close of business on 28 June 2017, of 1,961,709,167 Ordinary Shares of 50 kobo each in the Company, on the basis of 14 new Ordinary Shares for every 27 Ordinary Shares held by them on that date
<b>“Issuing House”</b>	Stanbic IBTC Capital Limited
<b>“Management”</b>	Senior management of Unilever Nigeria PLC
<b>“NAFDAC”</b>	National Agency for Food and Drug Administration and Control
<b>“NEFT”</b>	NIBSS Electronic Funds Transfer
<b>“NIBSS”</b>	Nigeria Inter-Bank Settlement System
<b>“NOTAP”</b>	National Office for Technology Acquisition and Promotion
<b>“Ordinary Shares”</b>	The ordinary shares of 50 kobo each in the Company held by the ordinary shareholders of the Company
<b>“Participation Form”</b>	Form that must be duly completed by each shareholder in order to participate in the Rights Issue as contained on page 47 of this Rights Circular

## DEFINITIONS

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<b>“Receiving Agents”</b>	Any of the institutions listed on page 46 of this Rights Circular to which shareholders may return their completed Participation Forms together with payment/evidence of payment
<b>“Receiving Banks”</b>	Citibank Nigeria Limited and Stanbic IBTC Bank PLC
<b>“Register of Members”</b>	The register that records the names and addresses of the ordinary shareholders of the Company
<b>“Registrars”</b>	GTL Registrars Limited
<b>“Rights Circular”</b>	This document, which is issued in accordance with the rules and regulations of the Commission
<b>“RIN”</b>	Registrar Identification Number given to the shareholders by the Registrars who do not have CSCS accounts to warehouse their units of shareholding in public companies under Registrars custody at the CSCS
<b>“SEC” or “the Commission”</b>	Securities and Exchange Commission
<b>“Solicitors”</b>	Banwo & Ighodalo
<b>“SON”</b>	Standard Organisation of Nigeria
<b>“Stockbrokers”</b>	Stanbic IBTC Stockbrokers Limited
<b>Transaction</b>	The Rights Issue
<b>“The NSE” or “The Exchange”</b>	The Nigerian Stock Exchange
<b>“Unilever Group”</b>	Unilever PLC and Unilever N.V and their affiliated companies
<b>“Unilever Overseas”</b>	Unilever Overseas Holdings B.V. Holland and Unilever Overseas Holdings B.V.
<b>“Unilever or Unilever Nigeria or the “Company”</b>	Unilever Nigeria PLC
<b>“Working Day”</b>	Any day other than a Saturday, Sunday or public holiday declared by the Federal Government of Nigeria from time to time

## INDICATIVE TIMETABLE

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The dates below, which reflect principal events of the Rights Issue, are indicative only and subject to change without notice:

DATE	ACTIVITY	RESPONSIBILITY
31 July 2017	Acceptance List opens / Trading in Rights begins	Issuing House / Stockbrokers
08 September 2017	Acceptance List closes / Trading in Rights closes	Issuing House / Stockbrokers
15 September 2017	Receiving Agents make returns	Issuing House / Receiving Agents / Registrars
04 October 2017	File allotment proposal and draft newspaper announcement with SEC	Issuing House
12 October 2017	Receive SEC's clearance of allotment proposal	Issuing House
13 October 2017	Pay net Issue proceeds to Unilever Nigeria	Receiving Bank
16 October 2017	Publish Allotment announcement	Issuing House
16 October 2017	Return surplus / rejected application monies	Issuing House / Registrars
16 October 2017	Credit CSCS accounts	Registrars
30 October 2017	Forward Declaration of Compliance to The Exchange	Stockbrokers
01 November 2017	Listing of new Unilever Nigeria shares/trading commences	Stockbrokers
14 November 2017	Forward Issue summary report to SEC	Issuing House

## CORPORATE DIRECTORY

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Unilever Nigeria is a consumer goods company with business locations as follows:

### 1. Head Office and Registered Address

1 Billings Way  
Oregun  
Ikeja, Lagos

+234 1 279 3000

[www.unilevernigeria.com](http://www.unilevernigeria.com)

### 2. The addresses of Unilever Nigeria's other business locations are as follows:

	Location	Address
1	Agbara Factory	Agbara Industrial Estate, Ogun State
2	Mega Distribution Centre	Agbara Industrial Estate, Ogun state
3	Aba Factory	Industry Road, Aba Industrial Area, Abia State
4	South East Regional Office	185 Aba Owerri Road, Abayi, Aba, Abia State
5	South Central Regional Office	2C Garden Avenue, Enugu State
6	West Regional Office	4 Oba Akinzua Crescent Onireke Ibadan, Oyo State
7	Middle Belt Regional Office	1259 Amino Kano Crescent, Wuse 11, Abuja FCT
8	North West Regional Office	14C Muritalla Mohammed Way Kano, Kano State
9	North East Regional Office	Alhaji Adamu SY Plaza, Near Gih, Along New Mile 3, Gombe State
10	North Central Regional Office	80 Kachaia Road, Bolori Plaza, Second Floor, Sabo Tsaha, Kaduna State

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## SUMMARY OF THE RIGHTS ISSUE

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This summary draws attention to information contained elsewhere in this Rights Circular; it does not contain all of the information you should consider in making your investment decision. You should therefore read this summary together with the more detailed information, including the financial summary elsewhere in this Rights Circular.

- 1. Issuer:** Unilever Nigeria PLC
- 2. Issuing House:** Stanbic IBTC Capital Limited
- 3. Share Capital:**
  - Authorised: ₦5,000,000,000 divided into 10,000,000,000 Ordinary Shares of 50 kobo each.
  - Issued and fully paid: ₦1,891,648,125 divided into 3,783,296,250 Ordinary Shares of 50 kobo each.
  - Now being issued: 1,961,709,167 Ordinary Shares of 50 kobo each at ₦30.00 per share.
  - Gross Issue Proceeds: ₦58,851,275,010.00
- 4. Purpose:** The Rights Issue is part of Unilever Nigeria's long term strategic intent to strengthen the Company's capital base by deleveraging its balance sheet, support its working capital needs and position the Company to exploit value accretive opportunities, whilst giving the Company greater operational and financial flexibility to ensure business growth and continuity.
- 5. Use of Proceeds:** The net issue proceeds estimated at ₦57,679,745,023 (after deducting issue costs of ₦1,171,529,987 representing 1.99% of the Issue) will be applied as shown below:

		₦'m	%	Time to completion
1.	Repayment of foreign currency denominated obligations	38,502	67%	Q4 2017
2.	Purchase of raw materials	11,813	20%	Q4 2017
3.	Working capital	7,365	13%	On-going
		<u>57,680</u>	<u>100</u>	
- 6. Method of Issue:** By way of rights to existing shareholders.
- 7. Provisional Allotment:** 14 new Ordinary Shares for every 27 Ordinary Shares of 50 kobo each held as at the close of business on 28 June 2017 for those shareholders whose names appear on the Register of Members and transfer books of the Company as at that date.
- 8. Issue Price per share:** ₦30.00
- 9. Payment:** In full on acceptance.
- 10. Market capitalisation at Rights Issue Price (Pre-Issue):** ₦113,498,887,500.00



## SUMMARY OF THE RIGHTS ISSUE

11. **Market capitalisation at Rights Issue Price (Post-Issue):** ₦172,350,162,510.00
12. **Opening Date:** Monday, 31 July 2017.
13. **Closing Date:** Friday, 08 September 2017.
14. **Application for Additional Shares:** Ordinary Shares which are not taken up by the close of the Issue, will be allotted on a pro-rata (equal) basis to existing shareholders who applied and paid for additional shares over and above their provisional allotment. Shareholders who do not accept their provisional allotment in full, may have their shareholding in the Company diluted.
15. **Underwriting:** This Issue is not underwritten.
16. **Financial Summary:**

	----->N'millions <-----					
	Unaudited 3 months ended 31 March	----->Audited year ended 31 December<-----				
	2017	2016	2015	2014	2013	2012
Revenue	22,172	69,777	59,222	55,754	60,004	55,548
Profit before taxation	2,180	4,106	1,771	2,873	6,794	8,186
Profit after taxation	1,603	3,072	1,192	2,412	4,724	5,598
Retained earnings	11,356	9,753	6,066	5,541	7,411	7,897
Share capital	1,892	1,892	1,892	1,892	1,892	1,892
Equity	13,293	11,690	8,003	7,479	9,348	9,834
Total assets	88,498	72,491	50,172	45,736	43,754	36,498
Earnings per share (Naira)	0.42	0.81	0.32	0.64	1.25	1.48

17. **Quotation:** Unilever Nigeria's entire issued and paid-up share capital is listed on The Exchange. An application has been made to The Council of The Exchange for the admission to its Daily Official List of the 1,961,709,167 Ordinary Shares being offered by way of Rights Issue.
18. **Status:** The new ordinary shares being issued will rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company.
19. **Indebtedness:** As at 31 March 2017, the Company had outstanding indebtedness of ₦21.9 billion, which included:
- ₦3.0 billion from short term bank loan facilities obtained from commercial banks at an average interest rate of 17%
  - ₦18.2 billion from the Intercompany Loan facility of US\$59.7 million at an interest rate of average 3 month US LIBOR + 6.45%
  - ₦652 million from secured bank loan obtained from the Bank of Industry at an interest rate of 10%

### 20. Claims and Litigation:

“Unilever is, in the ordinary course of business, presently involved in a total of thirty (30) cases. Of the said thirty (30) cases, Unilever is: (i) Claimant in seven (7) cases instituted by it; and (ii) Defendant (a) in twenty-three (23) cases instituted against it by various individuals and organizations and (b) to Counter-claims in four (4) cases out of the seven (7) cases instituted by it.

The total monetary claims against Unilever in claims and counter-claims against it is Three Billion, Eight Hundred and Fifty-Four Million, Seven Hundred and Five Thousand, Six Hundred and Seventy Naira, Sixty Kobo (₦3,854,705,670.60), while the identified judgment sum against Unilever is One Million, Four Hundred and Seven Thousand Naira (₦1,407,000).

In the context of the contemplated transaction, the Solicitors to the Transaction have set a materiality threshold of Fifty Million Naira (₦50,000,000.00) per case (the “Materiality Threshold”) with regards to monetary reliefs claimed in the cases against Unilever. Of the thirty (30) cases involving Unilever, eleven (11) cases are in respect of claims within/above the Materiality Threshold. Of the eleven (11) cases within/above the Materiality Threshold, we observed that two (2) cases were instituted by Unilever while nine (9) cases were instituted against Unilever as Defendant/Co-Defendant. Of the nine (9) cases instituted against Unilever, one (1) case has been struck out with no pending appeal and three (3) cases have been dismissed with a pending appeal. In addition, there are two counterclaims against Unilever in the two cases instituted by it which fall within the Materiality Threshold. Thus, nine (9) ongoing cases were considered for the purpose of this opinion.

The total monetary value of the claims against Unilever in the nine (9) cases including the counterclaims within the Materiality Threshold, is approximately Three Billion, Five Hundred and Eighty-Nine Million, Sixty-Seven Thousand, Seven Hundred and Ninety-Three Naira, Sixty-Nine Kobo (₦3,589,067,793.69). Please note that the amount referred to herein, does not include interest and costs, which can only be ascertained after final resolution of the cases. Ultimately, Unilever’s actual liability in these cases, including final awards for costs, will be as determined by the courts upon conclusion of the relevant suits.

Based on the review of the case files provided by Unilever, the Solicitors to the Transaction are of the opinion that, if the matters continue to be diligently prosecuted by Unilever, the contingent liability to which Unilever may likely be exposed in respect of these cases is approximately Fifty Million Naira (₦50,000,000.00). This excludes interest and costs, which may be awarded by the relevant courts, after the conclusion of the cases. Unilever’s contingent liability in the cases instituted against it will however eventually be established, found and determined by the court only upon conclusion of the cases. The Solicitors are also of the opinion that the claims against Unilever should not have any material adverse effect on the Transaction.

The Directors of Unilever are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on Unilever or the Transaction, and are not aware of any other pending and/or threatened claim or litigation other than the thirty (30) cases referenced above.”

### 21. Settlement:

The CSCS accounts of shareholders will be credited not later than 15 Working Days from the date of allotment. Shareholders are hereby advised to state the name of their respective stockbrokers, their CHN and CSCS account numbers in the relevant spaces on the Participation Form.

## SUMMARY OF THE RIGHTS ISSUE

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In accordance with the SEC Directive on Dematerialization of Share Certificates, shareholders who do not provide valid CHN and CSCS account numbers will have their shares credited at the CSCS using a Registrar Identification Number. A Registrar Identification Number is a number allocated to shareholders who do not have valid CHN and CSCS account numbers to warehouse their units of shareholding in public companies under Registrars custody at the CSCS. The allotted shares will be transferred to the stockbroking account of the shareholder once valid CHN and CSCS account numbers are provided. Any shareholder who does not have a valid CHN and CSCS account number, is advised to open a stockbroking account with a stockbroker and obtain a valid CHN and CSCS account number from the stockbroker.

## THE RIGHTS ISSUE

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A copy of this Rights Circular and the documents specified herein have been delivered to the Securities and Exchange Commission for clearance and registration.

This Rights Circular is issued in compliance with the provisions of the Investments and Securities Act No 29. 2007, the rules and regulations of the Commission and the listing requirements of The Exchange and contains particulars in compliance with the requirements of the Commission and The Exchange for the purpose of giving information to the public with regards to the Rights Issue of 1,961,709,167 Ordinary Shares of Unilever Nigeria PLC by Stanbic IBTC Capital Limited. An application has been made to the Council of The Exchange for the admission to its Daily Official List of the 1,961,709,167 Ordinary Shares being offered via the Rights Issue.

The Directors of Unilever Nigeria individually and collectively accept full responsibility for the accuracy of the information contained in this Rights Circular. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no material facts the omission of which would make any statement herein misleading or untrue.

The shares to be issued by the Company pursuant to the Rights Issue will rank pari passu in all respects with the existing issued Ordinary Shares of the Company.

### STANBIC IBTC CAPITAL LIMITED

RC1031358

on behalf of

### UNILEVER NIGERIA PLC

RC113

is authorised to receive acceptances for the

### RIGHTS ISSUE OF

**1,961,709,167 ORDINARY SHARES OF 50 KOBO EACH**

**AT ₦30.00 PER SHARE**

on the basis of 14 new Ordinary Shares for every 27 Ordinary Shares held as at the close of business on **28 June 2017**

Payable in full on Acceptance

The Acceptance List for the shares now being issued will open on Monday, 31 July 2017 and close on Friday, 08 September 2017.

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### SHARE CAPITAL AND RESERVES OF THE COMPANY AS AT 31 MARCH 2017

		N'000
<b>AUTHORISED*</b>	6,053,274,000 Ordinary Shares of 50 kobo each	<u>3,026,637</u>
<b>ISSUED AND FULLY PAID</b>	3,783,296,250 Ordinary Shares of 50 kobo each	<u>1,891,649</u>
<b>EQUITY</b>	Share Capital	1,891,649
	Share Premium	45,717
	Retained Earnings	<u>11,355,670</u>
	<b>Total Equity</b>	<b><u>13,293,036</u></b>

\* At the Company's Annual General Meeting on 11 May 2017, the Shareholders passed a resolution to increase the Company's authorised share capital to 10,000,000,000 ordinary shares of 50 kobo each

**DIRECTORS, SECRETARY AND PARTIES TO THE ISSUE**

**Directors**

HRM Nnaemeka A. Achebe, CFR, MNI (Chairman)  
25 Otiba Crescent  
G.R.A  
Onitsha  
Anambra State



Mr Yaw Nsarkoh (Managing Director)  
1 Billings Way  
Oregon  
Ikeja  
Lagos



Mrs Adesola Sotande-Peters (Executive)  
1 Billings Way  
Oregon  
Ikeja  
Lagos

Adesola Peters

Mr Felix Enwemadu (Executive)  
1 Billings Way  
Oregon  
Ikeja  
Lagos

Enwemadu

Mrs Abiola Alabi  
3 Makoko Road  
Yaba  
Lagos



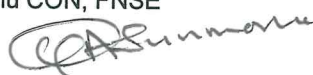
Mrs Ammuna Lawan Ali, OON  
10 Tufashiya Crescent  
Lifecamp  
Abuja



Mr Atedo N. A. Peterside, CON  
1 Walter Carrington Crescent  
Victoria Island  
Lagos

Atedo Peterside

Mr Mutiu Sunmonu CON, FNSE  
38 Cooper Road  
Ikoyi  
Lagos



Mr James Todd  
15 Nollworth Crescent  
La Lucia Ridge 4051  
Durban  
South Africa



**Company Secretary**

Mrs Abidemi Ademola  
1 Billings Way  
Oregon  
Ikeja  
Lagos



**Issuing House**

Stanbic IBTC Capital Limited  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

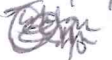


FUNSO AKERE

**Stockbroker**

Stanbic IBTC Stockbrokers Limited  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

Titi Ogunyisan



**Solicitors**

Banwo & Ighodalo  
98 Awolowo Road  
South West Ikoyi  
Lagos

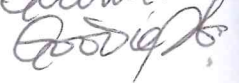
Azeetah Muse-Sadiq



**Auditors**

KPMG Professional Services  
KPMG Towers  
Bishop Aboyade Cole Street  
Victoria Island  
Lagos

Godwin Ojo



**Registrars**

GTL Registrars Limited  
274 Murtala Muhammed Way  
Alagomeji  
Yaba  
Lagos

FIS-CA FOUTAHO



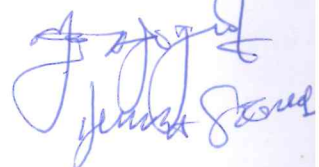
**Receiving Banks**

Citibank Nigeria Limited  
27 Kofo Abayomi Street  
Victoria Island  
Lagos

MADANWODUN

AKINSOWAN DANIGUN

Stanbic IBTC Bank PLC  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos



## THE CHAIRMAN'S LETTER

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The following is the text of a letter received by Stanbic IBTC Capital Limited from HRM Nnaemeka A. Achebe, CFR, MNI, Chairman, Board of Directors of Unilever Nigeria PLC.



09 June 2017

Dear Shareholders

### **RIGHTS ISSUE OF 1,961,709,167 ORDINARY SHARES OF 50 KOBO EACH AT ₦30.00 IN UNILEVER NIGERIA PLC**

The Nigerian economy experienced its first recession in over two decades, with three consecutive quarters of negative growth in 2016. Activity levels declined across the economy on account of the fall in global crude oil prices, the disruptive activities of militants in the Niger Delta which negatively impacted domestic crude oil production volumes and consequently resulted in a significant decline in Nigeria's foreign exchange ("FX") revenues and reserves. Reacting to the declining oil prices, dwindling revenues and shortage of FX, the Central Bank of Nigeria devalued the Naira, resulting in an increase in cost of imported raw materials and general cost of operations.

Despite these headwinds in the economy, Unilever Nigeria was able to record significant growth in the 2016 financial year, with an 18% year-on-year growth in revenue and an even stronger 158% growth in profit after tax on account of operational efficiencies, effective management of cost base and lower finance cost. The food category continues to show tremendous growth, recording 32% increase from 2015 and contributing 52% to total revenue of our Company. The home care category witnessed significant top line growth, reporting a 32% year-on-year growth in revenue while the personal care category witnessed a moderate year-on-year revenue growth of 2%.

As part of its continued support for Unilever Nigeria, Unilever Finance International AG made available an Intercompany Loan facility for the sum of US\$108 million, to help Unilever Nigeria clear its backlog of unpaid obligations to suppliers. The Company also has outstanding foreign currency denominated liabilities that were incurred in respect of payments for raw materials, packaging, finished goods and services, from both related parties and third parties.

Following a resilient performance in 2016 despite a challenging macro environment, the Company began 2017 on a strong note with a robust 32% year on year growth in revenue in the first quarter of 2017. Growth in revenue driven by strong performance across all categories. The food, home care and personal care categories recorded growth in revenue by 22%, 50% and 37% respectively. Profit before tax rose by 54% boosted by the strong revenue performance and effective cost management initiatives which led to a decline in operating expenses by 14%.

After careful deliberations, the Directors recommended that the Company should proceed with a rights issue to raise funds to deleverage its balance sheet and meet working capital requirements. With the Rights Issue, the Directors believe that the Company will be able to strengthen its capital base to support business growth and deepen capital resources to exploit value accretive opportunities whilst giving Unilever Nigeria greater financial flexibility.

Whilst market conditions remains challenging and economic headwinds persist, the Board remains confident that Unilever Nigeria has a robust and prosperous future, with great opportunities to grow and build long term value for all stakeholders.

At the Annual General Meeting of the Company held on 11 May 2017, shareholders authorised the Directors of the Company to raise additional capital by way of a rights issue to existing shareholders. At a subsequent meeting of the Directors held on 09 June 2017, the Board authorised the Rights Issue of 1,961,709,167 ordinary shares at ₦30.00 per share.

All necessary arrangements have now been concluded for the Rights Issue which will be offered to shareholders whose names appeared in the Company's Register of Members as at 28 June 2017, in



## THE CHAIRMAN'S LETTER

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the proportion of 14 new Ordinary shares for every 27 Ordinary shares held by them on that date. We have received approvals from the Securities and Exchange Commission for the registration of the shares and listing approval has been granted by The Nigerian Stock Exchange. The shares will rank *pari passu* in all respects with the existing issued shares of the Company.

The Rights Circular contains our Company's history, strengths and future plans, general information relating to our Company and summary financial information for the last five years ending 31 December 2016. The Rights Circular also contains a provisional allotment letter from the Company Secretary, which provides full instructions for the acceptance, payment and renunciation of your rights to the provisional allotment.

Full participation in the Rights Issue is important to enable the Company achieve its long term growth strategy. By participating in the Rights Issue, you will be re-confirming your support for the Company and provides an opportunity for you to further take advantage of potential upside from your investment in the Company.

Yours faithfully



HRM Nnaemeka A. Achebe CFR, MNI  
Chairman

### 1. HISTORICAL OVERVIEW

Unilever Nigeria was established on 11 April 1923 as a soap manufacturing company - West Africa Soap Company, which later became known as Lever Brothers Nigeria Limited. The Company was subsequently listed on The NSE in 1973 as Lever Brothers Nigeria PLC.

The Company commissioned its factory in Apapa, Lagos State in 1924 and subsequently a factory in Aba, Abia State in 1958. In 1980, the Company commissioned its factory in Oregun, Lagos State and in 1983 commissioned its second factory in Agbara, Ogun State.

Over the years, the Company diversified into manufacturing and marketing of food and personal care products via a series of mergers and acquisitions including Lipton Nigeria Limited in 1985, Cheesebrough Industries Limited in 1988 and Unilever Nigeria Limited in 1996. The resultant entity was renamed Unilever Nigeria PLC in 2001 in line with the strategic direction of the business. Today, Unilever Nigeria is the oldest existing manufacturing organisation in Nigeria.

Unilever Nigeria is a significant player in the Nigerian FMCG sector, with a strong presence in food, home and personal care categories. The Company enjoys leading market positions in the food category with brands like Lipton Yellow Label Tea, Blue Band Margarine and Knorr seasoning cubes and in home and personal care categories with Close-Up Toothpaste, Lux Beauty Soap, Vaseline, Omo and Sunlight detergents

To further expand its reach, in 2013, the Company commissioned a mega distribution centre in Agbara, Ogun State and in 2017 a distribution centre in Kano to cater for the northern region of Nigeria. This has resulted in considerable availability and visibility of its products.

Unilever Nigeria enjoys a global heritage as a member of the Unilever Group, one of the world's leading consumer goods companies. Unilever Group's food, home and personal care brands are used by over half of the families on the planet each day.

As a part of the Unilever Group, the Company benefits immensely from consistent financial and technical support as well as access to the Unilever Group's up to date technology and service, logos and trademarks. Unilever Nigeria also benefits from Unilever Group's Central Research and Development Laboratories and Global Technology Centres and relies on its technology, patents, technical information and intellectual property as it develops brands tailored to local tastes.

### 2. BUSINESS OVERVIEW

The core business of Unilever Nigeria is organised into three business categories:

- **Food Category**

The Company's food category includes international brands such as Blue Band Margarine, Lipton Yellow Label Tea, Knorr Bouillon Cubes, while its local brands include Royco Bouillon Cubes.

- **Home Care Category**

The Company's home care brands include Omo Multi Active Detergent, Omo Fast Action Detergent, Sunlight Washing Powder and Sunlight Dishwashing Liquid.

- **Personal Care Category**

The Company's personal care brands includes international brands such as Closeup Toothpaste, Pepsodent Toothpaste, Vaseline Lotion, Vaseline Petroleum Jelly and Pears Baby product range.



### 3. PRODUCT OFFERING

The Company's product ranges are described below:

#### Food Category

- **Blue Band Margarine**

Blue Band is a familiar name in African households as it has been in existence since 1955. Blue Band is available in two variants: Blue Band Original and Blue Band Spread for Bread. Blue Band Original is available in two sizes: 250g and 450g and can be used for spreading, cooking and baking while the Blue Band Spread for Bread is a low fat spread recommended for spreading alone is available in five pack sizes: 15g, 75g, 250g, 450g and 900g.

- **Royco Cube**

Royco Cube is a food additive that has been in the market for almost three decades. It was launched in 1978 and was the first beef flavouring in the market. It comes in a 60g sachet. In 2015, the Company launched the new fortified Royco cubes which are enriched with iron and iodine. The Royco portfolio includes the beef, chicken and goat meat variants.

- **Knorr Seasoning Cube**

Knorr Seasoning Cube is a superior additive that delivers superiority on taste. Knorr's range includes soups, bouillon cubes and stock pots, meal makers, sauces and seasonings that are designed to bring flavour to dishes.

- **Lipton Yellow Label Tea**

Lipton Yellow Label Tea remains an undisputed market leader in the Nigerian tea category. Lipton is a healthy beverage with nutritional benefits which help sharpen the mind and can be drunk either hot or cold.

#### Home Care Category

- **Omo Detergent**

Omo detergent is an iconic product in Nigeria. It comes in two variants, Omo Multi-Active and Omo Fast Action. Omo Fast Action is a new innovation that delivers a faster, better, and more efficient laundry detergent powder. It contains max clean particles / speckles that penetrate the fabric to remove tough stains fast. It is available in five pack sizes: 30g, 250g, 500g, 1kg and 2kg.

- **Sunlight Detergent**

Sunlight detergent offers consumers two benefits in one: great cleaning and sensational fragrance.

- **Sunlight Dishwashing Liquid**

Sunlight dish washing liquid was launched in the Nigerian market in September 2014. It is available in four pack sizes. Sunlight dish washing liquid provides superior degreasing benefits even for the toughest oil stains. The dish washing liquid is made with an advanced, turbo-active formula with real lemon juice to deliver superior cleaning.

#### Personal Care Category

- **Closeup Toothpaste**

Closeup toothpaste is a leader in the Nigerian oral care products category. The entire Closeup range was rebranded in 2015 to further strengthen its position as Nigeria's number one

toothpaste brand. The variants of the Closeup brand in Nigeria include Closeup Deep Action Red Gel, Closeup Herbal and Closeup Naija Herbal.

- **Pepsodent Toothpaste**

Pepsodent toothpaste was launched to establish Unilever Nigeria's footprint in the oral care category. Pepsodent Triple Protection toothpaste delivers three benefits which include, cavity prevention, tooth whitening and fresh breath.

- **LUX Beauty Soap**

Lux Beauty Soap has been one of the world's leading soap since 1924. Lux Beauty soap was re-launched in Nigeria in March 2015. The new Lux collection in Nigeria has five new variants across two pack sizes; 75kg and 125g and contains Silk Essence, an exclusive blend of carefully selected flower extracts, silk protein and delicate essential oils.

- **Pears Baby**

Pears Baby was first launched into the Nigeria market in 1971, as the number 1 indigenous baby care brand. Despite the domineering presence of imported baby care products in 1970s, Pears Baby has remained a relevant player and leader in the Nigerian baby care market, for over 40 years. The Pears Baby brand consists of baby powder, baby oil, baby jelly and baby lotion / moisturising cream. The Pears Baby brand has been endorsed by the National Association of Nurses and Mid-wives of Nigeria.

- **Vaseline**

Vaseline has a strong heritage in healing since its launch in 1870. Infused with the healing micro-droplets of Vaseline jelly and rich moisturisers, Vaseline is available in lotions and jelly variants in Nigeria. The lotion variant is available in Coco Glow, Skin Repair and Aloe Sooth. The Aloe Sooth was introduced in Nigeria in August 2015.

- **Lifebuoy Soap**

Lifebuoy soap is a top health soap in the world with strong social mission of enlightening families about the most effective and affordable protection against germs. Its variants such as Lifebuoy Total Protection, Lifebuoy Herbal, Lifebuoy Care and Lifebuoy Deofresh all offer 99.9% protection from germs.

- **Rexona**

Rexona, one of the world's leading anti-perspirant deodorant officially made its entry into the Nigerian market in 2014. Rexona is made with proprietary body-responsive technology which releases extra protection as needed. Rexona is one of the fastest growing brands within the Unilever Group across the world.

#### 4. STRENGTHS

##### **Leading FMCG Company, with a portfolio of international and local iconic brands**

Unilever Nigeria is a major player in the Nigerian FMCG sector. As at 31 December 2016, the Company had a market share of 38.2%, 19.6% and 16.8% in the food, personal care and home care categories in which it operates, according to AC Nielsen Nigeria. The Company offers a broad portfolio of market leading brands, which include Closeup Toothpaste, Blue Band Margarine, Lipton Yellow Label Tea, Knorr Seasoning Cubes and Vaseline Petroleum Jelly, which align with favourable long-term consumer trends. The Company's iconic brands remain some of the best known and preferred brands among consumers in Nigeria, buoyed by the high quality products and ease of accessibility. This has reinforced Unilever Nigeria as a market leader in its business categories.

Unilever Nigeria is also a truly local and multinational organisation that combines its multinational expertise with its deep roots in the Nigerian culture to provide a range of products to suit a wealth of consumers. The Company's sustainable living brands are purposely placed to address the health and wellbeing of its consumers, with strong social missions which seek to address specific development challenges in Nigeria. For example, the Company's oral care brands are aimed at tackling poor oral hygiene and tooth decay and its foremost Knorr Seasoning Cubes, through its "Force For Good" programme, helps reduce the prevalence of iron deficiency anaemia in Nigerian women and adolescent girls.

### **Strong support from the Unilever Group**

Unilever Nigeria enjoys a global heritage as part of the Unilever Group, one of the world's leading consumer goods companies, operating in more than 190 countries and listed on the London, Amsterdam and New York stock exchanges. Unilever Group's personal care and home care brands are used by over half of the families in the world each day. As a part of the Unilever Group, the Company benefits immensely from consistent financial and technical support as well as access to the Unilever Group's up to date technology and service, logos and trademarks.

Unilever Nigeria also benefits from Unilever Group's Central Research and Development Laboratories and Global Technology Centres and relies on its technology, patents, technical information and intellectual property as it develops brands tailored to local tastes. Other companies in the Unilever Group also assist the Company with efficient business services and resources such as financial reporting, system monitoring processes and controls, supply chain accounting and invoice processing.

### **Consistent innovation and brand development capabilities**

The Company invests significant amount of resources and capital into research and development, innovation, sales and marketing to build and maintain its products and in understanding the trends, lifestyles and preferences of its present and future consumers. The Company anticipates the aspirations of its consumers and responds proactively and competitively with branded products and variants that are well suited to local taste and preferences. As a result, the Company has experienced notable successes in product innovation and variation. The Company recently launched into new categories and relaunched core brands to drive growth. Examples of recent relaunches include Sunlight Detergent Powder, Knorr Seasoning Cubes, Close Up toothpaste and Lux Beauty Soap. The Company also recently made its first entry into the household cleaning category via the launch of Sunlight Dishwash Liquid in 2016. These relaunches have strengthened the Company's competitiveness in its business categories. Unilever Nigeria's deep brand portfolio and growing product range, makes it uniquely positioned to tap into changing consumer preferences, depicting its customer centric culture. The Company believes its consistent innovation capabilities is strengthened by its core distribution model.

### **Well established distribution network**

Unilever Nigeria has developed an extensive and efficient distribution network nationwide. The Company runs a key distributor model and is in partnership with over 85 key distributors in every region of the country. To ensure an efficient distribution system, the Company carefully selects key distributors that demonstrate sustainable financial strength, in-depth knowledge of the Nigerian FMCG sector, integrity and enthusiasm for business development. The Company's key distributors also have excellent logistic support for product distribution within their assigned territory, up-to-date office infrastructure and warehousing facility and qualified personnel which include experienced sales personnel and distributor managers. Unilever Nigeria also provides its key distributors with required support to ensure that its products reach its end-users. In addition to its key distributors, the Company works with sub-distributors and sales representatives, particularly in the northern and eastern parts of Nigeria, enhancing the Company's ability to reach more challenging geographies and markets. The Company has developed an information system: "Leverage" which utilises handheld GPS devices to better target retail outlets. To further expand its reach, in 2013, the Company commissioned a mega distribution centre in Agbara and a distribution center in Kano in 2017 to expand its reach in the northern region of Nigeria. This has resulted in considerable availability and visibility of its products.

### **Experienced Management Team**

The Unilever Nigeria management team has extensive experience in the FMCG sector with an average of over 20 years' experience. The management team is led by Mr Yaw Nsarkoh who has over 24 years' experience within the Unilever Group, spanning across Africa, Asia and Europe. The management team has a proven track record of operational excellence and resilience, guiding the Company to growth and effectively navigating the challenges in the Nigerian operating environment. The Company believes the experience of its versatile senior management team will continue to remain a key strength in excelling in a competitive and volatile environment. In addition, Unilever Group is one of the world's most culturally diverse companies, which strives to foster an environment where each individual feels uniquely valued and has equal opportunities. The Company's success is due to the achievements of its employees, who are energised, engaged and empowered to realise their full potentials. Unilever Nigeria recognises that its people are its greatest assets and invests as such to develop and upscale their capabilities.

## **5. FUTURE PLANS**

### **Strengthen route-to-market and improve distribution efficiency**

The Company recognises the importance of an efficient route-to-market to growth and profitability. Therefore, Unilever Nigeria will continue to invest in its route-to-market to ensure it remains customer-focused and flexible enough to be adapted to changing demands. For example, the Company has identified transportation in Nigeria as one of the areas in need of infrastructural development and will continue to review its transportation networks and invest in its distribution network to optimise efficiencies.

### **Investing in local manufacturing, innovation and product quality**

The Company plans to increase its local manufacturing capacity. The Company recently made a significant investment in a margarine plant in Agbara to produce Blue Band Margarine in Nigeria, which it expects to launch in the second half of 2017. The Company also plans to further broaden its brand portfolio by leveraging on innovation successes of Unilever Group and adapting same to local preferences in order to cater for the needs of its consumers while securing profitability. Unilever Nigeria's reputation is built on ensuring its consumers are provided with quality product offerings that meet or exceed their expectations. To retain this edge, the Company plans to continue to invest in quality management systems to ensure legal and regulatory requirements are met and consumers' trust is retained.

### **Accelerating the Company's "Connected for Growth" Programme**

To ensure Unilever Nigeria is able to compete effectively in a dynamic environment such as Nigeria, the Company plans to fast-track its "Connected for Growth" programme aimed at creating a faster, simpler, more consumer-centric and future proofed organisation in a digital and connected global environment. The Company plans review its functions and operating processes to accelerate and deliver the programme with a focus on brand development (innovation) and brand building (execution) and to ensure that the Company's products are as close to the consumer as possible through an enhanced distribution network leveraging on digital technology. The Company will continue to develop and implement strategies to defend and grow its market share across categories, channels and locations.

### **Focus on operational intensity**

Unilever Nigeria plans to focus on its operational intensity and excellent execution to consistently realise its growth ambitions in a sustainable manner. To achieve its ambitions, the Company plans to continue to optimise its investments in SAP software solutions to improve and automate its functions and processes and ensure they are fully embedded in the SAP framework. The Company will also place emphasis on its supply chain efficiency by participating in industry wide initiatives to attract local and foreign investments in the local sourcing and supply of key raw materials including petrochemical products, in order to build a resilient supply chain.

### Unilever Sustainable Living Plan

Unilever Nigeria is committed to purpose driven growth underpinned by the “Unilever Sustainable Living Plan”. The Company will focus on effectively managing its environmental footprints through various initiatives to separate its growth from its impact on the environment while increasing the Company’s positive social impact and driving profitable growth for its brands. A major priority initiative for the Company over the next few years includes a “Zero Waste to Landfill” agenda which involves halving the environmental footprint of the Company’s operations. Unilever Nigeria’s strategic vision is to promote sustainable living in Nigeria as it believes addressing the direct demands of its consumers and the needs of the environment simultaneously will ensure the Company’s business prospers over the long term, guiding the Company’s operations while maintaining profitability.

### Improve health and safety standards

Unilever Nigeria is committed to providing a healthy, safe and secure environment for employees, regulators and communities in which it operates. The Company’s manufacturing sites in Oregun and Agbara are certified to ISO 14001 and OHSAS global safety, health and environmental standards. The Company plans to further invest in its health and safety systems to ensure these conform to global best practices.

## 6. BOARD OF DIRECTORS

The Board of Directors of Unilever Nigeria comprises nine members. The Board formulates broad policies and takes decisions for the management and operations of Unilever Nigeria with a view to attaining the Company’s objectives.

**HRM Nnaemeka A. Achebe, CFR, MNI** is the Chairman of Unilever Nigeria. He holds a Bachelor of Arts degree in Chemistry from Stanford University (1966) and a Master’s degree in Business Administration from Columbia University in New York, United States of America (1969). He is a traditional ruler (the Obi of Onitsha), in Anambra State. He was nominated in 1979 to the maiden set of the Senior Executive Course of the exclusive National Institute for Policy and Strategic Studies in Kuru, Jos. He began his career in Shell Petroleum Development Company of Nigeria in 1970, where he held several top level managerial positions before he was appointed as an Executive Director at Shell Petroleum Development Company in 1981. In 1996, he retired from Shell Petroleum Development Company of Nigeria and was appointed as Senior Corporate Adviser in Shell International, London until his coronation as the Obi of Onitsha in 2005.

He has held directorship positions in many multinationals and reputable organisations and is a patron of the MTN Foundation. In 2004, HRM Nnaemeka Achebe was honoured by the Federal Government of Nigeria with a national merit award, Commander of the Order of the Federal Republic. He belongs to a number of professional bodies such as the Nigeria Economic Society, Nigerian Institute of Management and the Nigerian Institute of Public Relations. He is Chancellor of Kogi State University and Chairman, Anambra State Traditional Rulers Council. HRM Nnaemeka Achebe joined the Board in March 2003.

**Mr Yaw Nsarkoh** is the Managing Director of Unilever Nigeria. He holds an Honours Degree in Chemical Engineering from the University of Science and Technology, Kumasi, Ghana (1992) and a Post Graduate Diploma in Management from Henley Management College, UK (1999). His career spans over 24 years in the Unilever Group across Africa, Asia, and Europe. At various times, he worked as Managing Director, Unilever East and Southern Africa, based in Kenya, as Strategic Assistant to Unilever Leadership Executive Member and President of Unilever Asia, Africa, Central and Eastern Europe based in the UK, as Marketing Director, Unilever Ghana Limited as African Regional Brand Manager Laundry at the Unilever Innovation Centre, South Africa. He is a member of Ghana Institution of Engineers, a Director of Changing Lives Endowment Fund in Ghana and a member of the Institute of Directors, Nigeria. Mr Nsarkoh currently sits as council member on Industry Associations and Strategic Private Sector Committees in Nigeria. He was appointed to the Board of Unilever Nigeria in January 2014.

**Mrs Adesola Sotande-Peters** is an Executive Director of Unilever Nigeria PLC. She holds a Bachelor Degree in Business Administration and Economics from Richmond College, The American International University in London (1995). She also holds an MBA from Manchester



Business School (2008). Mrs Sotande-Peters is a fellow of the Association of Certified Chartered Accountants and member of the Institute of Chartered Accountants of Nigeria. Her career spans over 22 years in various organizations such as British Broadcasting Corporation Informa Group UK, Openwave Telecoms UK, Diageo PLC (Guinness Nigeria PLC, East African Breweries Limited, and Guinness Cameroon SA) where she held various senior finance roles. She is a member of the Institute of Directors Nigeria, Associate member of Women in Management, Business & Public Services and Madrid Executive Education Programme for Women on Boards. She was appointed to the Board of Unilever Nigeria in January, 2015.

**Mr Felix Enwemadu** is an Executive Director of Unilever Nigeria. He holds a Bachelor of Science Degree in Geology from Nnamdi Azikiwe University, Awka, Anambra State (1995). Mr Enwemadu is an experienced business sales professional with over 17 years' experience. Prior to joining the Board of Unilever Nigeria, he was the Head of Customer Development and Customer Development Director General Trade, respectively at Unilever Nigeria, General Manager at Diageo Brands Nigeria Limited, Sales Director at Nutricima Nigeria PLC, and Head of Sales at Notore Chemicals Industries Limited. He has also held sales management positions at Guinness Nigeria PLC and Procter & Gamble. He was appointed to the Board of Unilever Nigeria in October 2016.

**Mrs Abiola Alabi** is an Independent Non-Executive Director in Unilever Nigeria. She has a degree in Bachelor of Science, Public & Community Health. University of Cincinnati, Ohio (1996). She has completed various Executive Education Programs at Harvard University's Kennedy School of Government and Yale University's Jackson Institute of Global Affairs. She is the founder and Managing Partner of Biola Alabi Media, a media consultancy with expertise in strategic consulting for pay entertainment, digital television, interactive television and emerging entertainment distribution platforms.

She was previously the Managing Director for M-Net Africa, a part of the globally renowned Naspers Group. Prior to this, she worked as part of the executive team at the influential children's television brand Sesame Street and a member of the marketing team that launched the well-respected Korean motor vehicle corporation Daewoo in the USA.

She was named one of the 20 Youngest Power Women in Africa by Forbes Magazine (2012), a World Economic Forum Young Global Leader (2012) and CNBC Africa's AABLA West African Business Woman of the Year (2013), Yale World Fellow (2014) for over five highly successful years. She was appointed to the Board of Unilever Nigeria in December 2015.

**Ammuna Lawan Ali, OON** is an Independent Non-Executive Director of Unilever Nigeria. She holds a Bachelor's degree in Urban Geography (1975) from Ahmadu Bello University and a Master's degree in Public Administration from University of Maiduguri (1986). She commenced her career in the civil service sector in 1977 as a Planning Officer in the Borno State Ministry of Lands and Survey, Maiduguri, where she rose to the position of Permanent Secretary. She has served in various Ministries, including those of Commerce, Petroleum Resources, Transportation, Works, Environment, Housing, Urban Development and briefly in the office of Civil Service and the Ministry of Information and Communications.

She is a recipient of the Order of Niger honour and member of the National Institute of Policy and Strategic Studies, Kuru. She is an independent Director of Skye Bank PLC, Africa Prudential Registrars PLC and Oando PLC. She was appointed to the Board of Unilever Nigeria in December 2015.

**Mr Atedo N. A. Peterside, CON** is a Non-Executive Director in Unilever Nigeria. He holds a Bachelor's Degree in Economics from City University, London (1976) and a Master's degree in Economics from the London School of Economics (1977). Until 29 May 2015, Mr Peterside was a member of the National Council on Privatisation ("NCP") and was the Chairman of the NCP's Technical Committee. He was also a member of the National Economic Management Team until 29 May 2015.

He was the founding Chief Executive of Investment Banking and Trust Company in February 1989, a position he held until 2007. Mr Peterside has extensive experience and expertise in banking, finance and business administration. He is the President and Founder of ANAP Foundation, which is a non-profit organization committed to promoting Good Governance as well as the Founder and Chairman of ANAP Business Jets Limited. He also serves as Chairman of Cadbury Nigeria PLC,

ANAP Holdings Limited. He sits on the boards of Standard Bank Group Limited, The Standard Bank of South Africa Limited, Flour Mills of Nigeria PLC and Nigerian Breweries PLC. Mr Peterside was appointed to the Board of Unilever Nigeria in January 2008.

**Mr Mutiu Sunmonu CON, FNSE** is an Independent Non-Executive Director of Unilever Nigeria. He holds a Bachelor's Degree in Mathematics and Computer Sciences from University of Lagos (1977). He started his career in Shell Petroleum Development Company of Nigeria Limited ("SPDC") in August 1978 as a Computer Programmer/Business Analyst. He served in various capacities both in Nigeria and overseas before joining the Board of SPDC as Executive Director, Corporate Affairs in 2005 and later as Managing Director in 2008. He retired from Shell as the Managing Director of SPDC after 36 years of meritorious service. He currently chairs the Board of Petralon Energy Nigeria, San Leon Energy UK, Julius Berger Nigeria PLC and Imperial Homes Mortgage Bank. He was appointed to the Board of Unilever Nigeria in December 2015.

**Mr James Todd** is a Non-Executive Director of Unilever Nigeria. He holds a Bachelor's degree in Philosophy from University of Durham (1986). He began his professional career in 1986 with Unilever UK, where he qualified as a Chartered Management Accountant.

His career spans over 21 years in Unilever businesses across Africa, Middle East and Europe. At various times, he worked in Supply Chain and Finance in Poland, as Finance Director, South Africa and as Vice President Finance, Africa Middle East and Turkey. He was appointed Managing Director of Unilever Magreb in August 2009 and Vice President Finance, Africa in July 2013. He was appointed to the Board of Unilever Nigeria in November 2015.

## 7. THE CONSUMER INDUSTRY IN NIGERIA

*The information contained in this section includes information, estimates and expectations as to future developments derived from industry sources and internal research.*

Nigeria's large population and growing consumer class provides an attractive market for the growth of the FMCG sector in the country. The industry is a rapidly growing market, primarily driven by the strong underlying demographics. The Nigeria consumer goods industry broadly consists of food and drink, personal care and home care categories.

Currently, the food category represents the largest sub-sector in the consumer goods industry and dominates consumer spending. The drinks industry is rapidly developing, driven by increasing alcoholic spending albeit with significant brewing under capacity and also growth in non-alcoholic drinks as consumers get increasingly health focused. Personal care and effects is a relatively small sub-sector in the Nigerian consumer market, forecast to post ₦1trillion of spending in 2017<sup>1</sup>. However, growing exposure to western culture is expected to drive growth within the category. The home care category is expected to benefit from the current boom in construction activities across the country, as it will increase the need for specialised products. The sector has been characterised with a marked shift towards more affordable and multifunctional options.

### Food and drink

Food and drink represents the largest portion of expenditure in Nigerian household spending, accounting for 56.8% of total expenditure. Food sales is expected to grow to ₦34 trillion by 2020 from ₦23 trillion in 2016 while total drinks spending is expected to rise to ₦2 trillion to ₦4 trillion over the same period<sup>2</sup>. In recent times, the Nigerian market has seen the price of food increase on account of the country's heavy reliance on imported foods. Inflation is also expected to further drive food prices.

The drinks market comprises alcoholic and non-alcoholic drinks. Nigeria is one of Africa's largest alcohol consumer and has become an increasingly attractive frontier for global drinks player. Per capita annual soft drinks consumption in Nigeria remains low enough to ensure significant room

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<sup>1</sup> BMI Nigeria retail report Q2 2017

<sup>2</sup> BMI Nigeria retail report

for major volume and value growth in this sub-sector over the coming years. The food and drinks category has strong international presence across the value chain.

### **Personal care**

Personal care products include shampoo, toothpaste, soap, deodorants, and make-up. Apart from the common factors such as favourable demographic profile and strong economic growth, an added driver for this sector is that many Nigerians appear willing to spend a proportionately large share of their incomes on individual personal care products, partially driven by the entry of popular international brand names, the sharp uptake of mobile telephony, and increased internet access. Key role players in the industry include Unilever Nigeria, PZ Cussons, Soulmate Industries, House of Tara International, MAC Cosmetics, and Sleek Nigeria.

### **Home care**

Home care products are still largely under-developed in Nigeria, and more broadly Africa. Over the long term, this category should expand quickly, driven by increased home ownership, rising disposable income, and consumer education and hygiene campaigns. The largest sub-category in this category is laundry care, followed by surface care and then dishwashing. Unilever, Eko Supreme and PZ are the largest companies within the market, controlling 52% of total market share.<sup>3</sup>

### **Industry drivers**

Major drivers of the consumer goods industry include:

#### **Fast growing and young population**

Consumer goods companies generally operate in a low-margin environment. As a result, the existence of a large market is crucial to the success of these companies. With a population of over 170 million, Nigeria remains a vibrant consumer market and is relatively under-served by consumer companies.

A growing, youthful and more easily accessible population provides consumer goods player with an opportunity to expand its consumer base, grow product penetration rates from very low levels and develop lasting brand loyalties with consumers.

#### **Changes in consumer needs, attitudes and behaviours**

The growth of consumer sector is also linked to consumer needs, attitudes and behaviour. Rising income levels, education and global exposure have contributed to the evolution of the Nigerian middle class. As a result, purchasing and shopping habits have been inculcated and are increasing day by day. Today, consumers are willing to try new things and look different, which will therefore increase spending on health and beauty products apart from apparels, food and grocery items.

#### **Consumer buying habits and marketing efforts**

Since consumer goods are generally similar within categories, players have to compete on the basis of price, value add, operational efficiency and service delivery to attract consumer interest. In a market with fierce competition, margins are squeezed to their minimum levels and the least efficient companies are pushed out of business. Consequently, consumer goods players have to continuously invest in innovation and introduce new and unique products to capture new customers and gain competitive advantage.

#### **Higher consumer spending and favorable demographics**

Nigeria's growing middle class coupled with rapid urbanisation will continue to provide incentives for expansion and investments within the Nigerian consumer goods industry. In addition, Nigeria's growing middle class with higher discretionary income is expected to further drive growth and investment within the sector.



### Regulators

The key regulatory and government agencies that have oversight of the FMCG industry include:

- **National Agency for Food and Drug Administration and Control:** NAFDAC regulates and controls the importation, exportation, distribution, advertisement and sale of drugs food, beverages and in Nigeria. Recently the agency has embarked on a campaign to sensitize Nigerians on the dangers of adulterated and fake products in the country.
- **Standards Organization of Nigeria:** SON prepares standards for products, and ensures compliance with the federal government policy on standards and quality of products for both locally manufactured and imported goods. It has established a quality assurance system including certifications of factories, products and laboratories.
- **Consumer Protection Council:** Unlike NAFDAC and SON which are manufacturer-focused, the Consumer Protection Council is consumer-focused. It gives direct protection to consumers by providing avenues for them to seek redress, having the power to compel manufacturers to certify that all safety standards are met in their products and also apply to court to prevent the circulation of any product which constitutes an imminent public hazard.

### Industry outlook

Despite short term macro-economic headwinds, Nigeria still has a compelling consumer story and will remain as Africa's single largest consumer market, accounting for 15% of overall growth in consumer spending. Nigeria is also expected to account for 22% of total household consumption in Africa in 2025. Food and drinks will constitute the largest share of consumption growth over this period.<sup>4</sup>

Nigeria's growing middle class coupled with rapid urbanisation will continue to provide incentives for expansion and investments within the Nigerian consumer space. An improvement in Nigeria's economic health over 2017 will provide moderate relief for the Nigerian consumer. Nigeria is expected to return to growth in 2017 as oil prices rise and production output increases. Higher oil prices will encourage investment and increase fiscal revenues, enabling government to boost expenditure and increase consumer's discretionary income.

Household spending is expected to grow at a compounded annual growth rate of 14.4% between 2017 and 2021. Growth driven by an emerging middle class will provide impetus for growth in the retail sector over the medium term, with the US\$5,000 income band to increase from 3.9 million households in 2017 to 15.2 million households in 2021.<sup>5</sup>

Essential spending will continue to account for around 82% of household spending, with food & non-alcoholic drinks accounting for a significant share of essential spending. Wide-ranging reforms centred on import restrictions to boost local production, efficient distribution of fertilisers etc. in Nigeria's agricultural sector are also expected to boost a lower cost range food category. Increased uptake of personal care and home care are expected to increase on the back of income growth, the formalisation of the economy, the fast-growing youth population, and increased exposure to Western culture.

## 8. RISK FACTORS

In the context of the proposed Rights Issue by Unilever Nigeria, the following risk factors have been identified:

**Business Risks - These are risks associated with the business activities of companies operating in the food and care products industries in Nigeria**

***Competitive products and pricing pressures in the food and care industry could adversely affect Unilever Nigeria's ability to gain or maintain market share and / or profitability***

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<sup>4</sup> Lions on the Moves II: Realising the potential of Africa's economies

<sup>5</sup> BMI Nigeria retail report

The food, home care and personal care markets are highly competitive across all of Unilever Nigeria's product offerings. The Company competes based on a number of benchmarks: product innovation, price, product quality, brand recognition and loyalty, effectiveness of marketing and distribution and promotional activity. From time to time, Unilever Nigeria may need to reduce its prices in response to competitive and customer pressures and to maintain overall market share. Competition and customer pressures may also restrict the Company's ability to increase prices in response to commodity and other input cost increases.

Unilever Nigeria's profitability will be impacted if the Company is unable to increase selling prices in response to rising input costs and other factors. Furthermore, during periods of economic uncertainty, consumers tend to purchase more economy brands, which could reduce sales volumes of Unilever Nigeria's products or shift the product mix to lower margin offerings.

***Unanticipated business disruptions could adversely affect Unilever Nigeria's ability to provide products to its customers***

Unilever Nigeria has a vast network of suppliers, owned manufacturing locations, contract manufacturers, distribution networks, and information systems that support its ability to consistently provide products to customers. Factors that are hard to predict or beyond its control, such as weather, raw material shortages, natural disasters, fire or explosion, terrorism, generalized labour unrest, or health pandemics, could damage or disrupt the Company operations or suppliers' or co-manufacturers' operations. These disruptions may require additional resources to restore Unilever Nigeria's supply chain or distribution network. If the Company cannot respond to disruptions in its operations, Unilever Nigeria may be late in delivering, or be unable to deliver, products to customers and may also be unable to track orders, inventory, receivables, and payables. If that occurs, customers' confidence in Unilever Nigeria and long-term demand for its products could decline and could adversely affect Unilever Nigeria's product sales, financial condition, and operating result.

***If the reputation of Unilever Nigeria or one or more of its brands erodes significantly, it could have a material impact on the Company's financial results***

The Company's and brands reputation, form the foundation of its relationships with key stakeholders and other constituencies. The quality and safety of Unilever Nigeria's products are critical to its business. Many of its brands have worldwide recognition, and financial success is directly dependent on the success of these brands. The success of these brands can suffer if the Company's marketing plans or product initiatives do not have the desired impact on a brand's image or the brand's ability to attract consumers. Unilever Nigeria's results could also be negatively impacted if one of these brands suffers substantial harm to its reputation due to a significant product recall, product-related litigation, changing consumer perceptions of certain ingredients, allegations of product tampering or the distribution and sale of counterfeit products. Additionally, negative or inaccurate postings or comments on social media or networking websites about the Company or one of its brands could generate adverse publicity that could damage the reputation of its brands or the Company.

***Unilever Nigeria's substantial dependence on third parties could have a material adverse effect on its business***

Due to the scale and scope of its business, Unilever Nigeria must rely on relationships with third parties, including suppliers, distributors, contractors, or external business partners, for certain functions. If Unilever Nigeria is unable to effectively manage its third party relationships and the agreements under which third party partners operate, the Company's financial results could suffer. If the third-party retailers or wholesalers give higher priority to other brands, or purchase less of Unilever Nigeria's products, or devote inadequate promotional support to the Company's products, it could have an adverse effect on the Company's business, results of operations and cash flows or financial condition.

***Higher energy costs and other factors affecting the cost of producing, transporting, and distributing Unilever Nigeria's products could adversely affect financial and operating results***

Rising fuel and energy costs may have a significant impact on the cost of operations, including the manufacture, transportation, and distribution of products. Fuel costs may fluctuate due to a number of factors outside the control of Unilever Nigeria, including government policy and regulation. Additionally, Unilever Nigeria may be unable to maintain favourable arrangements with respect to the costs of procuring raw materials, packaging, services, and transporting products, which could result in increased expenses and negatively affect operations. If Unilever Nigeria is unable to hedge against such increases or raise the prices of its products to offset the changes, its results of operations could be materially and adversely affected.

**Industry risks - These are risks generally facing the food and consumer products industry in Nigeria**

***The impact of various food safety, environmental, legal, tax, and other regulations and related developments could adversely affect Unilever Nigeria's sales and profitability***

Unilever Nigeria is subject to numerous food safety and other laws and regulations regarding the manufacturing, marketing, and distribution of food products. These regulations govern matters such as ingredients, advertising, taxation, relations with distributors and retailers, health and safety matters, and environmental concerns. Any failure to effectively plan for regulatory changes or effects, and the need to comply with new or revised laws or regulations with regard to licensing requirements, trade and pricing practices, environmental permitting, or other food or safety matters, or new interpretations or enforcement of existing laws and regulations, as well as any related litigation, may have a material adverse effect on Unilever Nigeria's sales and profitability. There can be no assurance that the Company will not incur material costs or liabilities in connection with its compliance with current applicable regulatory requirements or that such regulations will not interfere with, restrict or affect the Company's business.

**Country risks - These are the risks generally affecting businesses in Nigeria**

***There are risks related to political instability, security, religious differences, ethnicity and regionalism in Nigeria***

Security remains a major challenge, particularly in the north-eastern part of Nigeria. Whilst there has been significant progress in the fight against the insurgency, the humanitarian situation has continued to deteriorate. There has also been continuous violence, oil theft and civil disturbance in the Niger Delta, Nigeria's southern oil producing region, mainly from militant groups.

In spite of the Federal Government's efforts, continued criminal activity, unrest and political and religious conflicts in the country may lead to lower oil revenues and production, deter investments in the country and lead to increased political instability that could have a material adverse effect on Nigeria's economy and impact the Company's operations and profitability.

***Recession of domestic economy may result in a decline in projected growth***

The Company is exposed to the risks of an economic recession and capital market volatility which could adversely affect the demand for its products. The market in which the Company operates is closely linked to general economic conditions, with levels of consumption tending to rise during periods of rising per capita income and fall during periods of declining per capita income. The prevailing conditions in the Nigerian economy has led to a fall in general consumption as consumers have moved away from premium products to basic value products, which have limited margins.

***Poverty and unemployment persist in Nigeria, which may result in declined consumer spending***

Despite generally strong macroeconomic performance over the past decade, poverty remains high in Nigeria, with approximately 50% of the population living below the poverty line in the northern states in 2016, according to the World Bank. The unemployment rate was 13.9% as of 30 September 2016 according to the NBS, compared to 10.4% at the end of 2015. Underemployment

was 18.7% at the end of 2015 and 19.7% as at 30 September 2016. If high levels of poverty and unemployment are not addressed, they may individually or in the aggregate have negative effects on the Nigerian economy and, as a result, a material adverse effect on the Company's operations and sales performance.

**Currency risk - The Company is exposed to currency risks and is affected by changes in the value of the Naira against other currencies**

The Company is exposed to US dollar denominated liabilities, especially in relation to input cost - importation of raw materials and finished goods. FX volatility has had significant implications on the Company given the Naira devaluation, currency translation risk, pressure on margins, risk on supply/business continuity, reputational risks in view of delayed payments to vendors and increase cost of imported raw materials. Further adverse movements in exchange rate could have a negative impact on the Company's financial condition.

**Environmental risks - These are losses that may arise due to significant natural occurrences in the environment**

***Environmental disasters may cause significant damage to the Company's operations, which may affect the Company's business***

The operations of the Company are exposed to certain environmental challenges which include but are not limited to pollution, environmental degradation, global warming, severe flooding and other natural hazards. The nature of environmental risks is that they are often sudden, unpredictable and unforeseeable. Although the Company believes that it has sufficient process and safety measures in place to prevent and effectively respond to accidents that may occur as a result of changes in the environment, there is no guarantee that such processes will prevent all accidents, which may impose a variety of liabilities and adversely affect the Company's business.

***Non-compliance with health and safety standards by the Company's employees, contactors and visitors could result in accidents on the Company's sites creating a negative reputation for the business***

Health and Safety is a key risk in the operations of the manufacturing industry operations. The Company's employees and contractors working on its manufacturing sites as well as visitors who visit the Company's sites are exposed to various forms of accidents on such sites. Although the Company is committed to protecting, so far as is reasonable practicable, its employees, contractors and visitors from health and safety risks associated with its operations, through enforcement of its safety policies, standards and practices, there is a risk that the Company's employees, contractors and visitors may not comply with the Company's safety policies, standards and practices and this may result in accidents on the Company's sites creating a negative reputation for the business.

**General Risk Disclosure**

Shareholders of the Company should consult their advisers if in any doubt as to the nature of this investment and its suitability in view of their particular circumstances. The value of any securities traded (whether listed or not) are subject to investment risks, which can and do fluctuate, and any individual security may experience upward or downward movements. There is an inherent risk that losses may be incurred rather than a profit when buying and selling securities. Certain types of investments may not be suitable for some investors.



13 April 2017

The Directors  
Stanbic IBTC Capital Limited  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

**Unilever Nigeria PLC (RC 113)**  
1 Billings Way, Oregun  
P.O. Box 1063, Ikeja Lagos  
  
T: +234 (1) 279 3000  
Fax: +234 (1) 2716068  
[www.unilevernigeria.com](http://www.unilevernigeria.com)

Dear Sirs

**Confirmation of Going Concern Status of Unilever Nigeria Plc: Proposed Rights Issue by Unilever Nigeria Plc (the "Issue")**

The Directors of Unilever Nigeria Plc ("Unilever Nigeria" or the "Company") are required to prepare financial statements at the end of each financial period, which give a true and fair view of the state of affairs, and of the profit or loss of the Company. They are also responsible for maintaining proper accounting records and taking reasonable steps to prevent and detect fraud and other irregularities. The Directors are also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable.

The applicable International Financial Reporting Standards ("IFRS") have been followed and Unilever Nigeria's financial statements are prepared using accounting policies, which comply with the requirements of the Financial Reporting Council of Nigeria Act and the Companies and Allied Matters Act, 2004.

The Directors of the Company, having made appropriate enquiries, reviewed budgets, projected cash flows and other relevant information, consider that adequate resources will exist for the business to continue in operational existence for the foreseeable future and therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

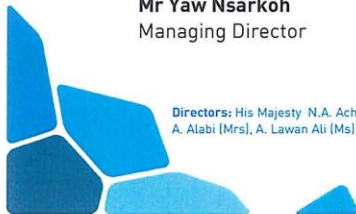
Yours faithfully

A handwritten signature in blue ink, appearing to read 'Yaw Nsarkoh'.

**Mr Yaw Nsarkoh**  
Managing Director

A handwritten signature in blue ink, appearing to read 'Abidemi Ademola'.

**Mrs Abidemi Ademola**  
Legal Director & Company  
Secretary



Directors: His Majesty N.A. Achebe, CFR, mni, Obi of Onitsha (Chairman), Yaw Nsarkoh (Managing Director) -Ghanaian, A. Alabi (Mrs), A. Lawan Ali (Ms) OON, F. Enwemadu, A.N.A Peterside, CON, A. Sotande-Peters (Mrs), M. Sunmonu CON, J. Todd (British)



# LETTER FROM THE AUDITORS ON THE GOING CONCERN STATUS



**KPMG Professional Services**  
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Victoria Island  
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26 April 2017

The Directors  
Unilever Nigeria Plc  
1 Billings Way  
Oregun  
Ikeja  
Lagos

and

The Directors  
Stanbic IBTC Capital Limited  
I.B.T.C. Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

Dear Sirs

## **Confirmation of Going Concern Status of Unilever Nigeria Plc in respect of the Rights Issue of Unilever Nigeria Plc**

We have audited the financial statements of Unilever Nigeria Plc ("Unilever Nigeria" or the "Company") for the year ended 31 December 2016 which were prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act CAP C20, laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Based on our audit of the financial statements of the Company for the year ended 31 December 2016 on which we expressed our opinion in our report dated 20 March 2017 and the representation received from the Directors of Unilever Nigeria on that date, nothing has come to our attention that causes us believe that the Company will not continue in operations as a going concern.

Yours faithfully

For: **KPMG Professional Services**

Goodluck C. Obi, FCA  
Partner, Audit Services  
FRC/2012/ICAN/00000000442

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### **Partners:**

Abiola F. Bode	Adedokun O. Lamboke	Adesunju A. Odele	Adesola F. Adesomi
Adewale K. Ajayi	Ajibola O. Olorunsola	Ayodele A. Soyinka	Ayodele H. Oshinwa
Ayobami L. Salami	Chibuzor N. Anaghaezi	Goodluck C. Obi	Brian M. Akepoju
Joseph O. Tejiba	Kabi D. Olaniran	Mohammed M. Adama	Oludayo R. Okubidajo
Oladimeji I. Salisudeen	Danilo L. James	Oluwalade O. Olayinka	Olusegun A. Sowande
Oluwalafemi D. Awoteye	Oluwalafemi A. Ogun	Ogunbayo I. Ogunbayo	Victor U. Doyelege

### **Associate Partners:**

Nneka C. Okuma	Temitope A. Odeji
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## FINANCIAL INFORMATION

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The following documents which have previously been published, and have been filed with the SEC, shall be incorporated in, and form part of, this Rights Circular:

- a) the unaudited financial statements of Unilever Nigeria for the three months ended 31 March 2017;
- b) the audited financial statements of Unilever Nigeria for the year ended 31 December 2016;
- c) the audited financial statements of Unilever Nigeria for the year ended 31 December 2015;
- d) the audited financial statements of Unilever Nigeria for the year ended 31 December 2014;
- e) the audited financial statements of Unilever Nigeria for the year ended 31 December 2013; and
- f) the audited financial statements of Unilever Nigeria for the year ended 31 December 2012.

Copies of the documents incorporated by reference will be available for inspection during normal business hours on any Working Day, from Monday, 31 July 2017 to Friday, 08 September 2017, at the registered office of Unilever Nigeria PLC located at 1 Billings Way, Oregun, Lagos State and its website at [www.unilevernigeria.com](http://www.unilevernigeria.com). They would also be available at the office of Stanbic IBTC Capital Limited located at I.B.T.C. Place, Walter Carrington Crescent, Victoria Island, Lagos.

## FINANCIAL INFORMATION

### 1. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited		-----Audited-----			
	3-month ended 31 Mar 2017	Year ended 31 Dec 2016	Year ended 31 Dec 2015	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year ended 31 Dec 2012
<i>In thousands of Naira</i>						
Revenue	22,172,314	69,777,061	59,221,748	55,754,309	60,004,119	55,547,798
Cost of sales	(15,879,120)	(49,481,020)	(38,174,248)	(35,584,016)	(37,554,111)	(33,902,137)
<b>Gross Profit</b>	<b>6,293,194</b>	<b>20,296,041</b>	<b>21,047,500</b>	<b>20,170,293</b>	<b>22,450,008</b>	<b>21,645,661</b>
Selling and distribution expenses	(947,040)	(3,151,087)	(2,844,098)	(2,516,345)	(2,720,863)	(2,699,869)
Marketing and Administrative expenses	(2,596,420)	(11,464,146)	(13,641,218)	(13,044,794)	(11,914,583)	(10,039,052)
Other income/(loss on disposal of PPE)	5,024	124,237	77,506	5,590	(23,586)	(11,858)
<b>Operating Profit</b>	<b>2,754,758</b>	<b>5,805,045</b>	<b>4,639,690</b>	<b>4,614,744</b>	<b>7,790,976</b>	<b>8,894,882</b>
Finance income	149,663	1,027,622	301,889	168,462	163,470	107,867
Finance cost	(724,379)	(2,726,245)	(3,170,516)	(1,909,971)	(1,160,831)	(816,762)
<b>Profit before taxation</b>	<b>2,180,042</b>	<b>4,106,422</b>	<b>1,771,063</b>	<b>2,873,235</b>	<b>6,793,615</b>	<b>8,185,987</b>
Taxation	(576,952)	(1,034,537)	(578,697)	(460,892)	(2,069,186)	(2,588,374)
<b>Profit for the year</b>	<b>1,603,090</b>	<b>3,071,885</b>	<b>1,192,366</b>	<b>2,412,343</b>	<b>4,724,429</b>	<b>5,597,613</b>
<b>Attributable to:</b>						
Equity holders	1,603,090	3,071,885	1,192,366	2,412,343	4,724,429	5,597,613
<b>Earnings per share for profit attributable to equity holders</b>						
Basic and diluted earnings per share	0.42	0.81	0.32	0.64	1.25	1.48
<b>Items that will not be reclassified to income statement:</b>						
Remeasurement on post employment benefit obligations	-	1,092,263	(614,291)	639,476	37,196	154,107
Tax effect	-	(349,524)	184,287	(191,813)	(11,159)	(46,232)
<b>Total comprehensive income</b>	<b>1,603,090</b>	<b>3,814,624</b>	<b>762,362</b>	<b>2,860,006</b>	<b>4,750,466</b>	<b>5,705,488</b>
<b>Attributable to</b>						
Equity holders	1,603,090	3,814,624	762,362	2,860,006	4,750,466	5,705,488



## FINANCIAL INFORMATION

### 2. STATEMENT OF FINANCIAL POSITION

<i>In thousands of Naira</i>	Unaudited	-----Audited-----				
	3-month 31 Mar 2017	Year ended 31 Dec 2016	Year ended 31 Dec 2015	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	29,477,353	29,272,186	27,368,919	24,830,779	23,224,938	19,265,833
Intangible assets	881,565	940,124	1,168,581	1,398,037	1,627,836	1,962,124
Other non-current assets	100,087	140,160	208,809	398,220	222,070	259,986
Employee loan receivable	107,416	111,671	127,979	128,348	122,301	87,808
Retirement benefit surplus	507,947	484,621	290,382	409,712	155,642	143,600
	<b>31,074,368</b>	<b>30,948,762</b>	<b>29,164,670</b>	<b>27,165,096</b>	<b>25,352,787</b>	<b>21,719,351</b>
<b>Current assets</b>						
Assets held for sale	171,411	171,411	171,411	-	-	-
Inventories	9,116,414	9,878,499	6,173,113	8,614,597	6,988,379	7,230,127
trade and other receivables	26,638,220	18,945,578	10,142,845	8,544,431	8,143,362	5,637,668
Employee loan receivable	70,140	72,918	85,201	77,215	85,628	52,785
Cash and bank balances	21,427,540	12,474,141	4,435,244	1,334,916	3,183,958	1,857,693
	<b>57,423,725</b>	<b>41,542,547</b>	<b>21,007,814</b>	<b>18,571,159</b>	<b>18,401,327</b>	<b>14,778,273</b>
<b>Total asset</b>	<b>88,498,093</b>	<b>72,491,309</b>	<b>50,172,484</b>	<b>45,736,255</b>	<b>43,754,114</b>	<b>36,497,624</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Trade and other payables	41,838,054	32,476,502	22,542,842	15,111,163	21,091,750	14,929,943
Income taxes	774,158	502,855	159,840	212,770	1,360,447	2,986,689
Bank overdraft	3,496,125	-	4,535,672	3,953,395	2,570,758	4,358,775
Loan and borrowings	21,474,818	20,501,276	7,426,543	12,060,749	3,027,668	23,317
Restructuring provision	-	-	-	-	-	181,727
Deferred income	32,756	32,756	32,756	32,756	22,017	-
	<b>67,615,911</b>	<b>53,513,389</b>	<b>34,697,653</b>	<b>31,370,833</b>	<b>28,072,640</b>	<b>22,480,451</b>
<b>Non current liabilities</b>						
Deferred tax liabilities	4,247,985	3,942,337	3,060,591	2,853,240	2,340,980	1,143,546
Retirement benefit obligations	2,572,661	2,613,268	3,369,353	2,756,505	2,707,428	2,595,222
Long service award obligations	194,017	181,166	266,548	341,871	355,974	235,409
Other employee benefits	75,202	74,150	88,494	44,104	60,846	63,584
Deferred income	54,592	62,781	95,537	128,292	86,250	-
Loans and borrowings	444,689	414,275	591,055	762,602	782,074	145,183
	<b>7,589,146</b>	<b>7,287,977</b>	<b>7,471,578</b>	<b>6,886,614</b>	<b>6,333,552</b>	<b>4,182,944</b>
<b>Total Liabilities</b>	<b>75,205,057</b>	<b>60,801,366</b>	<b>42,169,231</b>	<b>38,257,447</b>	<b>34,406,192</b>	<b>26,663,395</b>
<b>Equity</b>						
Ordinary share capital	1,891,649	1,891,649	1,891,649	1,891,649	1,891,649	1,891,649
Share premium	45,717	45,717	45,717	45,717	45,717	45,717
Retained earnings	11,355,670	9,752,577	6,065,887	5,541,442	7,410,556	7,896,863
<b>Total equity</b>	<b>11,689,943</b>	<b>11,689,943</b>	<b>8,003,253</b>	<b>7,478,808</b>	<b>9,347,922</b>	<b>9,834,229</b>
<b>Total equity and Liabilities</b>	<b>86,895,000</b>	<b>72,491,309</b>	<b>50,172,484</b>	<b>45,736,255</b>	<b>43,754,114</b>	<b>36,497,624</b>

## FINANCIAL INFORMATION

### 3. STATEMENT OF CASH FLOWS

<i>In thousands of Naira</i>	Unaudited	-----Audited-----				
	3-month ended 31 Mar 2017	Year ended 31 Dec 2016	Year ended 31 Dec 2015	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>Cash flow from operating activities</b>						
Cash generated/(used in) operations	5,856,068	6,734,269	16,372,963	(282,660)	14,664,998	10,120,981
Retirement benefits paid	(204,980)	(567,002)	(529,948)	(231,670)	(452,231)	(336,240)
Long service award obligations paid	(2,534)	(17,461)	(13,079)	(22,343)	(22,869)	-
Tax paid	-	(159,300)	(239,989)	(1,288,122)	(2,509,153)	(2,472,770)
<b>Net cash flow generated/(used in) operating activities</b>	<b>5,648,554</b>	<b>5,990,506</b>	<b>15,589,947</b>	<b>(1,824,795)</b>	<b>11,680,745</b>	<b>7,311,971</b>
<b>Cash flows from investing activities</b>						
Interest received	149,663	333,174	301,889	168,462	163,470	107,867
Purchase of intangible assets	-	(5,488)	(4,027)	(2,807)	-	(1,028,323)
Purchase of property, plant and equipment	(764,610)	(4,228,146)	(5,068,498)	(4,023,867)	(6,025,488)	(5,853,353)
Proceeds from sale of property, plant and equipment	-	16,967	86,094	24,029	3,491	6,376
<b>Net cash used in investing activities</b>	<b>(614,947)</b>	<b>(3,883,493)</b>	<b>(4,684,542)</b>	<b>(3,834,183)</b>	<b>(5,858,527)</b>	<b>(6,767,433)</b>
<b>Cash flows from financing activities</b>						
Draw down of long-term loan	-	-	15,000	447,193	790,322	138,000
Repayment of long-term loan	(115,992)	(427,145)	(440,738)	(178,829)	(52,345)	(8,000)
Draw down of short-term loan	3,264,038	15,491,446	-	-	-	-
Interest payment	(724,379)	(2,410,357)	(2,983,286)	(1,711,945)	(1,149,299)	(816,762)
Dividend paid	-	(186,388)	(378,330)	(4,729,120)	(5,296,614)	(5,301,230)
<b>Net cash flow generated/(used in) financing activities</b>	<b>2,423,667</b>	<b>12,467,556</b>	<b>(3,787,354)</b>	<b>(6,172,701)</b>	<b>(5,707,936)</b>	<b>(5,987,992)</b>
Net increase/(decrease) in cash and cash equivalents	7,457,274	14,574,569	7,118,051	(11,831,679)	114,282	(5,443,454)
<b>Cash and cash equivalent at the beginning of the year</b>	<b>7,474,141</b>	<b>(7,100,428)</b>	<b>(14,218,479)</b>	<b>(2,386,800)</b>	<b>(2,501,082)</b>	<b>2,942,372</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>14,931,415</b>	<b>7,474,141</b>	<b>(7,100,428)</b>	<b>(14,218,479)</b>	<b>(2,386,800)</b>	<b>(2,501,082)</b>

## STATUTORY AND GENERAL INFORMATION

### 1. INCORPORATION AND SHARE CAPITAL HISTORY

Unilever Nigeria was incorporated in Nigeria on 11 April 1923 and was listed on The NSE in 1973. As at the date of this Rights Circular, Unilever Nigeria has an authorised share capital of ₦5,000,000,000 comprising 10,000,000,000 Ordinary Shares of 50 kobo each and an issued share capital of ₦1,891,648,125 comprising 3,783,296,250 Ordinary Shares of 50 kobo each. The changes in the share capital of the Company since 1995 are summarised below:

Year	Authorised (₦)		Issued & Fully Paid-up (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1995	121,965,479	346,000,000	56,008,479	336,293,000	Bonus issue (1:4)
1996	158,439,500	504,439,500	168,146,500	504,439,500	Bonus issue (1:2)
1998	100,887,900	605,327,400	100,887,900	605,327,400	Bonus issue (1:5)
2002	907,991,100	1,513,318,500	907,991,100	1,513,318,500	Bonus issue (3:2)
2003	1,513,318,000	3,026,637,000	Nil	1,513,318,500	Nil
2006	Nil	3,026,637,000	378,329,625	1,891,648,125	Bonus issue (1:4)

### 2. SHAREHOLDING STRUCTURE

#### Pre-Issue

As at 31 December 2016, Unilever Nigeria's issued share capital of 3,783,296,250 Ordinary Shares of 50 kobo each was beneficially held as follows:

Shareholder	Ordinary Shares held	%
Unilever Overseas (Cumulative Holding)	2,271,998,143	60.05
Stanbic Nominees Nigeria Limited (Cumulative Holding)	394,484,759	10.43
Others	1,116,813,348	29.52
	<u>3,783,296,250</u>	<u>100.00</u>

Except as stated above, no other shareholder held more than 5% of the issued share capital of the Company.

#### Post-Issue

It is expected that on completion of the Issue, if all shareholders take up their rights in full, the Company's paid-up share capital should increase to ₦2,872,502,708.50 comprising 5,745,005,417 Ordinary Shares of 50 kobo each, to be beneficially held as follows:

Shareholder	Ordinary Shares held	%
Unilever Overseas (Cumulative Holding)	3,450,071,254	60.05
Stanbic Nominees Nigeria Limited (Cumulative Holding)	599,032,412	10.43
Others	1,695,901,751	29.52
	<u>5,745,005,417</u>	<u>100</u>

## STATUTORY AND GENERAL INFORMATION

### 3. DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors' Interests or as notified by them for the purpose of section 275(1) of CAMA as at the date of this Rights Circular are as follows:

Director	Direct Shareholding	Indirect Shareholding	Total Shareholding	%
HRM Nnaemeka A. Achebe, CFR, MNI	55,976	Nil	55,976	0.001
Mr Yaw Nsarkoh	Nil	Nil	Nil	Nil
Mrs Adesola Sotande-Peters	Nil	Nil	Nil	Nil
Mr Felix Enwemadu	Nil	Nil	Nil	Nil
Mrs Abiola Alabi	Nil	Nil	Nil	Nil
Ammuna Lawan Ali, OON	Nil	Nil	Nil	Nil
Mr Atedo N. A. Peterside, CON	Nil	1,000,000	1,000,000	0.03
Mr Mutiu Sunmonu, CON, FNSE	Nil	Nil	Nil	Nil
Mr James Todd	Nil	Nil	Nil	Nil

### 4. INDEBTEDNESS

As at 31 March 2017, the Company had outstanding indebtedness of ₦21.9 billion, which included:

- 1) ₦3.0 billion from short term bank loan facilities obtained from commercial banks at an average interest rate of 17%
- 2) ₦18.2 billion from the Intercompany Loan facility of US\$59.7 million at an interest rate of average 3 month US LIBOR + 6.45%
- 3) ₦652 million from secured bank loan obtained from the Bank of Industry (BOI) at an interest rate of 10%. The loan is secured by a guarantee of the Company's bankers

### 5. OFF BALANCE SHEET ITEMS

As at 31 December 2016, the Company had no off balance sheet items.

### 6. CLAIMS AND LITIGATION

"Unilever is, in the ordinary course of business, presently involved in a total of thirty (30) cases. Of the said thirty (30) cases, Unilever is: (i) Claimant in seven (7) cases instituted by it; and (ii) Defendant (a) in twenty-three (23) cases instituted against it by various individuals and organizations and (b) to Counter-claims in four (4) cases out of the seven (7) cases instituted by it.

The total monetary claims against Unilever in claims and counter-claims against it is Three Billion, Eight Hundred and Fifty-Four Million, Seven Hundred and Five Thousand, Six Hundred and Seventy Naira, Sixty Kobo (₦3,854,705,670.60), while the identified judgment sum against Unilever is One Million, Four Hundred and Seven Thousand Naira (₦1,407,000).

In the context of the contemplated transaction, the Solicitors to the Transaction have set a materiality threshold of Fifty Million Naira (₦50,000,000.00) per case (the "Materiality Threshold") with regards to monetary reliefs claimed in the cases against Unilever. Of the thirty (30) cases involving Unilever, eleven (11) cases are in respect of claims within/above the Materiality Threshold. Of the eleven (11) cases within/above the Materiality Threshold, we observed that two (2) cases were instituted by Unilever while nine (9) cases were instituted against Unilever as Defendant/Co-Defendant. Of the nine (9) cases instituted against Unilever, one (1) case has been struck out with no pending appeal and three (3) cases have been dismissed with a pending appeal. In addition, there are two counterclaims against Unilever in the two cases instituted by it which fall

## STATUTORY AND GENERAL INFORMATION

within the Materiality Threshold. Thus, nine (9) ongoing cases were considered for the purpose of this opinion.

The total monetary value of the claims against Unilever in the nine (9) cases including the counterclaims within the Materiality Threshold, is approximately Three Billion, Five Hundred and Eighty-Nine Million, Sixty-Seven Thousand, Seven Hundred and Ninety-Three Naira, Sixty-Nine Kobo (₦3,589,067,793.69). Please note that the amount referred to herein, does not include interest and costs, which can only be ascertained after final resolution of the cases. Ultimately, Unilever's actual liability in these cases, including final awards for costs, will be as determined by the courts upon conclusion of the relevant suits.

Based on the review of the case files provided by Unilever, the Solicitors to the Transaction are of the opinion that, if the matters continue to be diligently prosecuted by Unilever, the contingent liability to which Unilever may likely be exposed in respect of these cases is approximately Fifty Million Naira (₦50,000,000.00). This excludes interest and costs, which may be awarded by the relevant courts, after the conclusion of the cases. Unilever's contingent liability in the cases instituted against it will however eventually be established, found and determined by the court only upon conclusion of the cases. The Solicitors are also of the opinion that the claims against Unilever should not have any material adverse effect on the Transaction.

The Directors of Unilever are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on Unilever or the Transaction, and are not aware of any other pending and/or threatened claim or litigation other than the thirty (30) cases referenced above."

### 7. PURPOSE OF ISSUE AND USE OF PROCEEDS

Unilever Nigeria typically funds some of its operations through debt facilities from various available sources. Between 2015 and 2016, the Company obtained loan facilities from various financial institutions to fund its working capital requirements and other operational needs. The Company also has outstanding foreign currency denominated liabilities that were incurred in respect of payments for raw materials, packaging, finished goods, royalties for trademark and technology licences as well as transactional finance services, from both third parties and related parties.

The Rights Issue is part of Unilever Nigeria's long term strategic intent to strengthen the Company's capital base by deleveraging its balance sheet and positioning the Company to exploit value accretive opportunities, whilst giving the Company greater operational and financial flexibility to ensure business growth and continuity. The Company has taken a view to reduce its overall foreign currency exposure, consequently, proceeds of the Rights Issue will be used to repay its outstanding foreign currency denominated liabilities, purchase additional raw materials required for its products and to meet other working capital requirements.

Furthermore, given the US Dollar liquidity challenges in Nigeria, the Company expects that Rights Issue will provide it with US Dollar liquidity through the US Dollar denominated proceeds expected from foreign shareholders who participate in the Rights Issue.

After the deduction of the estimated Issue costs and expenses of ₦1,171,529,987 (representing 1.99 % of the Issue proceeds) and assuming full subscription of the Issue, it is currently anticipated that the net Issue proceeds of ₦57,679,745,023 will be applied as follows:

	N'm	%	Expected Completion
1. Payment of foreign currency denominated obligations: - Related parties (₦12,041) - Third parties (₦26,461)	38,502	67%	Q4 2017
2. Purchase of raw materials	11,813	20%	Q4 2017
3. Working capital	7,365	13%	On-going
<b>Total</b>	<b>57,680</b>	<b>100</b>	

## STATUTORY AND GENERAL INFORMATION

The foreign currency denominated obligations comprise the following:

- Letters of credit for imported products and outstanding invoices for intangibles from other companies within Unilever Group. Based on outstanding balances as at 31 May 2017, it is currently anticipated that the proceeds of the Rights Issue will be used to settle the outstanding obligations with the related companies as shown below. The actual amount payable may change by the time Rights Issue proceeds are received.

	Amount (₦'m)
Unilever Ghana	8,808
Unilever PLC	1,559
Unilever NV	1,134
Unilever South Africa	539
	<b>12,041</b>

- Letters of credit opened with various banks in respect of supplies from third parties. Based on outstanding balances as at 31 May 2017, it is currently anticipated that the proceeds of the Rights Issue will be used to settle the outstanding obligations with the various banks as shown below. The actual amount payable may change by the time Rights Issue proceeds are received.

	Amount (₦'m)
Citibank Nigeria Limited	16,730
Standard Chartered Bank Nigeria Limited	3,938
Access Bank PLC	2,142
Stanbic IBTC Bank PLC	1,607
United Bank of Africa PLC	698
Rand Merchant Bank Nigeria Limited	676
First Bank of Nigeria Limited	671
	<b>26,461</b>

Purchase of raw materials represents an estimate based on expected ongoing requirements for chemicals, food ingredients, packaging and bulk tea blend.

The shareholder resolution approving the Rights Issue provides that any outstanding amounts owed by the Company under any convertible loan, shareholder loan or other loan facility due to any person may be applied towards payment for any rights or shares subscribed for by such person under the Rights Issue.

### 8. COSTS AND EXPENSES

The costs, charges and expenses of and incidental to the Issue including fees payable to SEC and The NSE, professional parties, brokerage, and printing and distribution expenses, are estimated at about ₦1,171,529,987, representing 1.99% of the Issue proceeds and are payable by Unilever Nigeria.

### 9. MATERIAL CONTRACTS

The following agreement has been entered into and is considered material to this Issue:

- A Vending Agreement dated Thursday, 13 July 2017 under the terms of which Stanbic IBTC Capital has agreed, on behalf of the Company, to offer by way of rights of 1,961,709,167 Ordinary Shares of 50 kobo at ₦30.00 per share on the basis of 14 new Ordinary Shares for every 27 Ordinary Shares in Unilever Nigeria.

## STATUTORY AND GENERAL INFORMATION

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Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

### 10. UNCLAIMED DIVIDENDS

The total amount of unclaimed dividend as at 31 December 2016 was ₦3.14 billion. The unclaimed dividends are invested in fixed income biased fund with Stanbic IBTC Asset Managers Limited. In addressing the issue of unclaimed/unpaid dividend, the Company has put in place various measures to create awareness, which include sending a list of unclaimed dividends to shareholders and making it available at annual general meetings. In addition, the Company places notices on its website and encourages shareholders to open e-dividend accounts to enable payments directly into shareholders' accounts.

### 11. OVERVIEW OF CORPORATE GOVERNANCE

Unilever Nigeria operates within a Corporate Governance framework founded on its Memorandum and Articles of Association, the CAMA, the Rule Book of The NSE, the SEC Rules and Code of Corporate Governance, Governance of Unilever Document as well as Unilever's Global Code of Business Principles.

Unilever Nigeria's Corporate Governance policy is summarised as follows:

- The Company conducts its operations with honesty, integrity and openness and with respect for the human rights and interests of its employees.
- The Company similarly respects the legitimate interests of those with whom it has relationships.
- As part of the Unilever Group, the Company is required to comply with the laws and regulations of the countries in which it operates.
- Unilever Nigeria conducts its operations in accordance with internationally accepted principles of good corporate governance. The Company provides timely, regular and reliable information on its activities, structure, financial situation and performance to its shareholders and other stakeholders.

#### Board of Directors

The Board has the final responsibility for management, direction and performance of the Company and the powers, authorities and duties vested in it by the relevant laws and regulations of the Federal Republic of Nigeria and the Articles of Association of Unilever Nigeria. The Board has overall responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the Company.

The Board is composed of a Non-Executive Chairman, 3 Independent Non-Executive Directors, 2 Non-Executive Directors and 3 Executive Directors. Unilever Nigeria appoints Directors in line with its Board recruitment process. The basic principle underlining the process of recruitment of Directors in Unilever Nigeria are the qualifications, ability and skills required for the role and the ability to make visible and independent (where applicable) contribution to the governance of Unilever Nigeria in accordance with Unilever global, regional and local strategy and the relevant local legal requirements.

The positions of Managing Director and Chairman of the Board are occupied by separate individuals; the Board has delegated to the Chief Executive Officer/Managing Director all its powers, authorities and discretions which relate to the day-to-day operations of Unilever Nigeria.

In line with the Unilever Governance standards and in compliance with the SEC Code of Corporate Governance, the Board of Unilever Nigeria opted for an internal evaluation exercise in respect of year ended 31 December 2016 to review the performance of the Board, individual Directors and Board Committees. The evaluation confirmed that Unilever governance practices during the year ended 31 December 2016 were largely in compliance with the provisions of applicable laws, regulations, corporate governance codes and international best practices.

The Board carries out its oversight function partially through the committees below:



## STATUTORY AND GENERAL INFORMATION

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- (i) Executive Committee, which comprises of the Executive Directors of the Company who are empowered by the Board to take decisions on their behalf, which are necessary for the smooth day to day operations of the Company.
- (ii) Leadership Team, which is responsible for delivering the corporate targets of the Company, establishing priorities, allocating resources, and seeing to the operations of the Company on a day to day basis. The team is constituted by the Executive Directors and Senior Executives who occupy strategic roles in the organisation and is chaired by the Chief Executive Officer/Managing Director of the Company.
- (iii) Audit Committee, set up in accordance with the provisions of the Companies and Allied Matters Act. It is comprised of 3 shareholder representatives and 3 Director representatives (two of whom are Non-Executive Directors and the other, an executive director not being the Finance Director). The chairman of the Audit committee is one of the shareholder representatives.
- (iv) Governance and Remuneration Committee, which comprises solely of Non-Executive Directors and is chaired by the Non-Executive Chairman of the Board. The Committee's Terms of Reference are in line the SEC Code of Corporate Governance.

### 12. RESEARCH AND DEVELOPMENT

Unilever Nigeria has spent ₦1.38 billion on research and development over the last three years. This involves consumer research and covers brand equity monitoring, retail audit activities as well as media & shopper activities.

### 13. MERGERS AND TAKEOVERS

As at the date of this Rights Circular, the Company is not aware of any attempt by any investor to acquire a majority shareholding in the Company.

### 14. RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS

As at the date of this Rights Circular, there is no relationship between the Company and its advisers except in the ordinary course of business.

### 15. RELATED PARTY TRANSACTIONS

The Company has entered into certain transactions with related entities. These related party transactions as at 31 December 2016 are as follows:

▪ **Trademark and technology licenses**

These include exclusive rights granted by Unilever UK to Unilever Nigeria for the know-how, manufacture, distribution and marketing of its international brands. The consideration payable by Unilever Nigeria is a royalty of 2% of net sales value and 0.5% of net sales value for technology and trademark licenses respectively. The royalty payable by Unilever Nigeria for the year ended 31 December 2016 is ₦1.396 million.

▪ **Central support and management services**

Unilever Nigeria has a Management Services Agreement with Unilever UK for the provision of corporate strategic direction, and expert advice / support on legal, tax, finance, human resources and information technology matters for a consideration fee of 1.5% of profit before tax. The fee payable by Unilever Nigeria for the year ended 31 December 2016 is ₦32.2 million.

▪ **Sale of finished goods to related parties**

	<b>(₦,000)</b>
Unilever Ghana Limited	789,983
Unilever Cote D'Ivoire	2,557,929
	<u>3,347,912</u>



## STATUTORY AND GENERAL INFORMATION

### ▪ Purchases of finished goods for resale from related parties

	<b>(N,000)</b>
Unilever Ghana Limited	2,734,848
Unilever Market Development (Pty) Limited	445,668
	<b>3,180,516</b>

### ▪ Loans from related parties

	<b>(N,000)</b>
Unilever Finance International AG	15,146,720

### ▪ Outstanding related party balances

	<b>(N,000)</b>
<b>Receivables from related parties</b>	
Unilever Cote D'Ivoire	5,122,719
Unilever Ghana Limited	2,559,294
Other related parties (settlement on behalf of related entities)	1,395,159
	<b>9,077,172</b>
<b>Payables to related parties</b>	
Unilever UK PLC	1,291,290
Unilever Cote D'Ivoire	82,974
Unilever Ghana Limited	6,945,210
Unilever Asia Private	4,837,178
Unilever Finance International AG	114,138
Unilever NV	1,106,103
Other related parties (settlement on behalf of the Company)	1,621,700
	<b>15,998,593</b>

## 16. DECLARATIONS

Except as otherwise disclosed in this Rights Circular:

- (i) No share of Unilever Nigeria is under option or agreed conditionally or unconditionally to be put under option;
- (ii) No commissions, discounts, brokerages or other special terms have been granted by Unilever Nigeria to any person in connection with the Issue or sale of any share of the Company;
- (iii) Save as disclosed herein, the Directors of Unilever Nigeria have not been informed of any holding representing 5% or more of the issued share capital of the Company;
- (iv) There are no material service agreements between Unilever Nigeria or any of its Directors and employees other than in the ordinary course of business;
- (v) No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the three years prior to the date of this Rights Circular; and
- (vi) No Director of the Company is or has been involved in any of the following:
  - A petition under any bankruptcy or insolvency laws filed (and not struck out) against him/her or any partnership in which he/she is or was a partner or any company of which he/she is or was a Director or key personnel;
  - A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty; and
  - The subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him/her from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business or activity.

## STATUTORY AND GENERAL INFORMATION

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### 17. CONSENTS

The following have given and not withdrawn their written consents to the issue of this Rights Circular with their names and reports (where applicable) included in the form and context in which they appear:

<b>Directors of the Company</b>	HRM Nnaemeka A. Achebe, CFR, MNI Mr Yaw Nsarkoh Mrs Adesola Sotande-Peters Mr Felix Enwemadu Mrs Abiola Alabi Ammuna Lawan Ali, OON Mr Atedo N. A. Peterside, CON Mr Mutiu Sunmonu, CON, FNSE Mr James Todd
<b>Company Secretary</b>	Mrs Abidemi Ademola
<b>Issuing House</b>	Stanbic IBTC Capital Limited
<b>Stockbrokers</b>	Stanbic IBTC Stockbrokers Limited
<b>Auditors</b>	KPMG Professional Services
<b>Solicitors</b>	Banwo & Ighodalo
<b>Registrars</b>	GTL Registrars Limited
<b>Receiving Bank</b>	Citi Bank Nigeria Limited Stanbic IBTC Bank PLC

### 18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents can be inspected at Stanbic IBTC Capital Limited's office located at I.B.T.C. Place, Walter Carrington Crescent, Victoria Island, Lagos, and Unilever Nigeria PLC's office located at 1 Billings Way, Oregun, Lagos, during normal business hours on any Working Day, from Monday, 31 July 2017 to Friday, 08 September 2017:

- (i) The Certificate of Incorporation of the Company;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Rights Circular issued in respect of the Issue;
- (iv) The unaudited financial statements of the Company for the three months ended 31 March 2017;
- (v) The audited financial statements of the Company for each of the five years ended 31 December 2016;
- (vi) The Shareholders' Resolutions authorising the Issue;
- (vii) The Board Resolution authorising the Issue;
- (viii) The list of outstanding claims and litigation referred to in Section 6 on page 36;
- (ix) The material contract referred to in Section 9 on page 38;
- (x) The written consents referred to in Section 17 on page 42;
- (xi) Letter of approval from SEC; and
- (xii) Letter of approval from The NSE.



09 June 2017

**RIGHTS ISSUE OF 1,961,709,167 ORDINARY SHARES OF 50 KOBO EACH AT ₦30.00 PER SHARE IN UNILEVER NIGERIA PLC**

Dear Sir/Madam

**1. Provisional Allotment**

The letter dated 09 June 2017 from the Chairman, which is provided, on page 14 of the Rights Circular contains particulars of the Rights Issue now being made. The Directors have provisionally allotted to you the number of new shares set out on the first page of the enclosed Participation Form, representing 14 new Ordinary Shares for every 27 Ordinary Shares registered in your name at the close of business on 28 June 2017. The new Ordinary Shares will rank *pari passu* in all respects with the existing Ordinary Shares of the Company.

You may accept all or some of the shares allotted to you or renounce your rights to all or some of them. If you are accepting the provisional allotment in full, kindly complete box A of the Participation Form, while if renouncing your rights partially or in full, kindly complete box B of the form. You may also apply for additional shares over and above your provisional allotment as described in paragraph 2(c) of this letter.

**2. Acceptance and Payment**

The receipt of payment with your Participation Form will constitute an acceptance of all or part of this allotment on the terms of this letter, subject to the Memorandum and Articles of Association of the Company and the clearance of the Securities and Exchange Commission. If payment is not received by the close of the Issue, the provisional allotment will be deemed to have been declined and will be cancelled. Any payment made into any of the designated Offer Proceeds Accounts stated below without a Participation Form will be rejected and returned. You may participate in the Rights Issue through any of the following methods:

**a) Full Acceptance**

If you wish to accept this provisional allotment in full, please complete box A of the Participation Form. The completed Participation Form together with a cheque or bank draft for the full amount payable must be submitted to any of the Receiving Agents listed on page 46 of the Rights Circular not later than Friday, 08 September 2017. **The cheque or draft must be made payable to the Receiving Agent** and crossed “**UNILEVER NIGERIA RIGHTS**” with your name, address and mobile number written on the back of the cheque or draft. All cheques and drafts will be presented for payment on receipt and all Participation Forms in respect of which cheques are returned unpaid for any reason will be rejected and returned through the registered post.

Any payment value exceeding ₦10 million should be made via SWIFT, RTGS or NEFT into any of the designated Offer Proceeds Accounts stated below:

<b>Account Details</b>	<b>Stanbic IBTC Bank PLC</b>	<b>Citibank Nigeria Limited</b>
Account Name	Unilever Nigeria Rights	Unilever Nigeria Rights
Account Number	0022294002	0001244635
Sort Code	221150014	023150005

Evidence of all electronic transfers along with a copy of the Participation Form must also be submitted electronically to any of the Receiving Banks stated below. If payment is not received by Friday, 08 September 2017, the provisional allotment will be deemed to have been declined and will be cancelled.

	<b>Stanbic IBTC Bank PLC</b>	<b>Citibank Nigeria Limited</b>
Email address	projectphytagoras@stanbicibtc.com	project.phytagoras.2017@citi.com
Contact numbers	+234 1 422 8136 +234 1 422 8641 +234 1 422 8616	+234 1 463 8561 +234 1 463 8463 +234 1 463 8475

Such payment must include the subscriber's full name in the transfer instruction narrative.

**b) Partial Acceptance**

To accept your provisional allotment partially, please complete box B of the Participation Form and submit the completed Participation Form to any of the Receiving Agents listed on page 46 of the Rights Circular together with full amount payable in respect of the number of shares you wish to accept. Payment should be made in accordance with paragraph 2(a) above.

**c) Applying for Additional Shares**

This may be done by **completing items (ii) and (iii) of box A of the Participation Form**. Payment should be made in accordance with paragraph 2(a) above.

Shareholders who apply for additional shares using the Participation Form will be subject to the allotment process and may therefore be allotted less than the number of additional shares applied for (see item 4 below).

**3. Trading in Rights on The NSE**

The approval of The NSE has been obtained for trading in the rights of the Company. The rights will be tradable between Monday, 31 July 2017 and Friday, 08 September 2017 at the price at which the rights are quoted on The NSE. If you wish to renounce your rights partially or in full, you may trade such renounced rights on the floor of The NSE between these dates. Please complete item (iii) of box B of the Participation Form and contact your stockbroker for assistance. If you wish to purchase renounced rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing Unilever Nigeria Rights.

**4. Allotment of Shares**

Allotment of shares will be made first to shareholders who accepted their rights partially or in full, and to investors who purchased rights on the floor of The NSE. Ordinary Shares which are not taken up by Friday, 08 September 2017 will be allotted on a pro-rata (equal) basis to existing shareholders who applied and paid for additional shares over and above their provisional allotment.

**5. Subscription Monies**

Participation Forms must be accompanied with the full amount due on acceptance in accordance with paragraph 2 above. All subscription monies will be retained in an interest yielding bank account by the Receiving Banks.

**6. Surplus Application Monies**

If any application for additional shares is not accepted or accepted for fewer shares than the number applied for, a cheque for the value of the additional shares not accepted including applicable interest will be sent by registered post or electronic payment will be made into the affected subscriber's account as stated in the Participation Form not later than 5 Working Days after the date of allotment.

**7. Rounding Principle**

Provisional allotment of shares will be such that shareholders will not be allocated a fraction of a share and as such any shareholding giving rise to a fraction of less than one share will be rounded down to the nearest whole number.

**8. Settlement**

The CSCS accounts of shareholders will be credited not later than 15 Working Days from the date of allotment. Shareholders are hereby advised to state the name of their respective stockbrokers, their CHN and CSCS account numbers in the relevant spaces on the Participation Form.

In accordance with the SEC Directive on Dematerialization of Share Certificates, shareholders who do not provide valid CHN and CSCS account numbers will have their shares credited at the CSCS using a Registrars Identification Number. A Registrars Identification Number is a number allocated to shareholders who do not have valid CHN and CSCS account numbers to warehouse their units of shareholding in public companies under Registrars custody at the CSCS. The allotted shares

## PROVISIONAL ALLOTMENT LETTER

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will be transferred to the stockbroking account of the shareholder once valid CHN and CSCS account numbers are provided. Any shareholder who does not have a valid CHN and CSCS account number, is advised to open a stockbroking account with a stockbroker and obtain a valid CHN and CSCS account number from the stockbroker.

Yours faithfully



**Abidemi Ademola**  
**Company Secretary**

## RECEIVING AGENTS

A copy of the Rights Circular has been forwarded to each of the shareholders whose names appeared in the Company's Register of Members as at 28 June 2017. The completed Participation Forms together with a cheque or bank draft for the full amount payable may be returned to any of the following Receiving Agents to whom brokerage will be paid at the rate of 60 kobo per ₦100 worth of shares allotted in respect of Participation Forms bearing their official stamp.

**The Company and Issuing House cannot accept responsibility for the conduct of any of the institutions listed below. Shareholders are therefore advised to conduct their own enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds or Participation Forms at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by the Issuing House cannot give rise to a liability on the part of the Issuing House or the Company under any circumstances.**

### BANKS


Access Bank Plc Citibank Nigeria Limited Diamond Bank Plc Ecobank Nigeria Plc Fidelity Bank Plc	First Bank of Nigeria Plc First City Monument Bank Limited Guaranty Trust Bank Plc Heritage Bank Plc Keystone Bank Limited	Skye Bank Plc Stanbic IBTC Bank Plc Standard Chartered Bank Nigeria Limited Sterling Bank Plc	Union Bank of Nigeria Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc
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### STOCKBROKERS AND OTHERS

Adamawa Securities Limited Adonai Stockbrokers Limited African Alliance Stockbrokers Limited Afrinvest (West Africa) Limited AIMS Asset Management Limited Alangrange Securities Limited Allbond Investment Limited Alliance Capital Managt Co. Limited Altrade Securities Limited Aryn Investments Limited Anchorage Sec & Finance Limited Anchoria Inv & Securities Limited Apel Asset Limited APT Sec. & Funds Limited Arian Capital Management Limited ARM Securities Limited Associated Asset Managers Limited Atlas Portfolio Limited Belfry Stockbrokers Limited Bestlink Investment Limited Bestworth Assets & Trust Limited BFCL Assets & Sec Limited BIC Securities Limited Bytofel Trust & Securities Limited Cadington Securities Limited Calyx Securities Limited Carry Securities Limited Capital Asset Limited Capital Bancorp Limited Capital Express Securities Limited Capital Trust Brokers Limited Cardinal Stone Securities Limited Cashcraft Asset Mgt. Limited Cashville Inv & Sec. Limited Centre-Point Inv. Limited Century Securities Limited Chapel Hill Denham Securities Limited Chartwell Securities Limited Citi Investment Capital Limited City-Code Trust & Inv Limited Clearview Inv Co. Limited Colvia Securities Limited Compass Inv and Sec Limited Consolidated Inv Limited Consortium Investments Limited Cordros Capital Limited Core Trust & Investment Limited Covenant Securities & Asset Management Limited Cowry Asset Mgt Limited Cradle Trust Fin & Sec. Limited Crane Securities Limited Crossworld Securities Limited Crown Capital Limited CSL Stockbrokers Limited Dakal Securities Limited Davandy Finance & Sec Limited DBSL Securities Limited De-canon Investments Limited Deep Trust Investment Limited De-Lords Securities Limited Dependable Securities Limited Diamond Securities Limited Dolbic Finance Limited Dominion Trust Limited DSU Brokerage Services Limited Dunbell Securities Limited Dunn Loren Merrifield Securities Limited Dynamic Portfolios Limited ECL Asset Management Limited EDC Securities Limited Edgefield Capital Management Limited Emerging Capital Limited EMI Capital Resources Limited Empire Securities Limited Enterprise Stockbroker Plc Epic Investment Trust Limited	Equity Capital Solutions Limited Eurocomm Securities Limited Excel Securities Limited Express Discount Asset Mgt Limited Express Portfolio Services Limited FCSL Asset Management Company Limited Falcon Securities Limited FBC Trust & Securities Limited FBN Securities Limited Financial Trust Company Nigeria Limited Fidelity Securities Limited FinBank Securities Limited Finmal Finance Company Limited First Inland Capital Limited First Inland Sec. & Asset Mgt. Limited FIS Securities Limited Fittco Securities Limited Foresight Sec. & Inv Limited Forte Financial Limited Forthright Securities & Investments Limited Fortress Capital Limited FSDH Securities Limited Fund Matrix & Assets Mgt Limited Future view Financial Services Limited Future view Securities Limited Gem Assets Mgt Limited Genesis Securities & inv. Limited Gidauniya Inv. & Sec Limited Global Assets Mgt (Nig) Limited Global Inv. & Sec. Limited Global View Consult & Investment Limited GMT Securities Golden Securites Limited Gombe Securities Limited Gosord Securities Limited Greenwich Securities Limited GTI Capital Limited Harmony Securites Limited Heartbeat Investments Limited Hedge Sec. & Inv. Co. Limited Heritage Capital Mkt Limited Horizon Stockbrokers Limited HP Securities Limited ICMG Securities Limited ICON Stockbroker Limited Imperial Assets Mgt Limited IMTL Securities Limited Independent Securites Limited Integrated Trust &Inv. Limited Intercontinental Securities Limited International Capital Sec. Limited International Standard Sec Limited Interstate Securities Limited Investment Centre Limited Investment One Financial Services Limited Investment One Stock Brokers International Limited Investors & Trust Co Limited ITIS Securities Limited Kakawa Asset Mgt Limited Kapital Care Trust & Sec. Limited Kedari Securities Limited Kinley Securities Limited Kofana Securities & Inv. Limited Kundila Finance Services Limited Laksworth Inv. & Sec Limited Lambeth Trust & Inv. Co. Limited LB Securities Limited Lead Securities and Inv. Limited Lighthouse Asset Mgt Limited Lion Stockbrokers Limited LMB Stockbrokers Limited Long Term Global Capital Limited Mact Securities Limited	Magnartis Fin & Inv Limited Mainland Trust Limited Maninvest Securities Limited Marina Securities Stockbroking Services Limited Maven Asset Mgt Limited Maxifund Invest & Sec. Limited Mayfield Investment Limited MBC Securities Limited MBL Financial Services Limited MC-Finenco Investment limited Mega Equities Limited Mercov Securities Limited Meristem Securities Limited Midas Stockbrokers Limited Mission Securities Limited Molten Trust Limited Morgan Capital Sec Limited Mountain Investment & Securities Limited Mutual Alliance Investments and Securities Limited Network Capital Limited Network Securities & Finance Limited Newdevco Investments & Securities Co Limited Nigerian Intl Sec Limited Nigerian Stockbrokers Limited Nova Finance & Securities Limited Oasis Capital Omas Investments & Trust Company Limited Options Securities Limited PAC Securities Limited Parthian Partners Limited Partnership Investment Company Limited Peace Capital Market Limited Peninsula Asset Mgt& Inv Co. Limited Perfecta Inv Trust Limited Phronesis Sec Limited Pilot Securities Limited Pinefields Inv Serv Limited PIPC Securities Limited Pivot Trust and Investment Co Limited Platinum Capital Limited Plural Securities Limited PML Securities Company Limited Portfolio Advisers Limited Primera Africa Securities Prime Wealth Capital Limited Professional Stockbrokers Limited, Profund Securities Limited Prominent Securities Limited Prudential Securities Limited Pyramid Securities Limited Quantum Securities Limited, Rainbow Securities and Investment Co. Limited Readings Investment Limited Redasel Investment Limited Regency Assets Mgt Limited Regency Financiings Limited Rencap Securities (Nig.) Limited Resano Securities Limited Resort Securities & Trust Limited Reward Investments and Services Limited Richmond Securities Limited Riverside Trust Limited Rivtrust Securities Limited Rostrum Inv& Sec Limited Rowet Capital Mgt Limited Royal Crest Finance Limited Royal Trust Securities Limited Santrust Securities Limited Securities Africa Financial Limited Securities Solutions Limited	Securities Trading & Investments Limited Shelong Investment Limited Sigma Securities Limited Signet Investments & Securities Limited Sikon Securities and Investment Trust Limited Skyview Capital Limited SMADAC Securities Limited Solid-Rock Securities & Investment Limited Spring Trust & Securities Limited Springboard Trust & Inv Limited Stanbic IBTC Asset Mgt Limited Stanbic IBTC Stockbrokers Limited Standard Alliance Capital & Asset Management Limited Standard Union Securities Limited Stanwal Securities Limited Strategy and Arbitrage Limited Summa Guaranty & Trust Co. Plc Summit Finance Company Limited Support Services Limited, Supra Commercial Trust Limited TFS Securities & Investment Limited The Bridge Securities Limited Tiddo Securities Limited Tomil Trust Limited Topmost Securities Limited Tower Asset Management Limited Tower Securities & Investment Co. Limited Trade Link Securities Limited Traders Trust & Investment Company Limited TransAfrica Financial Services Limited Transglobe Investment & Finance Co. Limited Transworld Investment & Securities Limited Tropics Securities Limited Trust Yields Securities Limited Trust House Investments Limited TRW Stockbrokers Limited UBA Securities Limited UIDC Securities Limited UNEX Capital Limited Union Capital Markets Limited Valmon Securities Limited Valueline Securities & Investments Limited Vetiva Capital Mgt Limited Vetiva Securities Limited Vision Trust & Investment Limited Wizetrade Capital & Asset Management Limited WSTC Financial Services Limited WT Securities Limited Yobe Inv. & Sec. Limited Yuderb Inv. & Sec. Limited Zenith Securities Limited
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**PARTICIPATION FORM**

Issuing House  
 **Stanbic IBTC**  
 Capital  
 RC1031358  
 on behalf of



**UNILEVER NIGERIA PLC**  
 RC 113

**Rights Issue of**

**Acceptance List Opens  
 31 July 2017**

**1,961,709,167 Ordinary Shares of 50 kobo each**

**Acceptance List Closes  
 08 September 2017**

**at ₦30.00 per share  
 on the basis of 14 new Ordinary Shares  
 for every 27 Ordinary Shares held as at the close of business on 28 June 2017  
 PAYABLE IN FULL ON ACCEPTANCE**

**INSTRUCTIONS FOR COMPLETING THE PARTICIPATION FORM**

- Acceptance and/or renunciation must be made on this Participation Form.
- Allottees should complete only **ONE** of the boxes marked A and B on the reverse of this form. Shareholders accepting the provisional allotment in full should complete box A and submit their Participation Forms to any of the Receiving Agents listed on page 46 of the Rights Circular together with a cheque or bank draft made payable to the Receiving Agent for the full amount payable on acceptance. The cheque or draft must be crossed "**UNILEVER NIGERIA RIGHTS**", with the name, address and mobile number of the shareholder written on the back.

Any payment value exceeding ₦10 million should be made via SWIFT, RTGS or NEFT into the designated Offer Proceeds Account stated below:

Account Details	Stanbic IBTC Bank PLC	Citibank Nigeria Limited
Account Name	Unilever Nigeria Rights	Unilever Nigeria Rights
Account Number	0022294002	0001244635
Sort Code	221150014	023150005

Foreign currency subscribers are advised to contact Stanbic IBTC or Citibank for the applicable US Dollar exchange rate on the day the remittance is being effected. Payment can be made in US Dollars for credit to:

**Stanbic IBTC Bank PLC** Account number 04433866 at Deutsche Bank Trust Company Americas, Church Street Station, New York, N.Y. 10015, USA, (Swift code: SBICNGLX) with the narrative "[Full Name of Shareholder]'s payment for Unilever Nigeria Rights"; or

**Citibank Nigeria Limited** Account Number 0001244635 at Citibank New York, 111, Wall Street, New York, NY 10043, (Swift code: CITINGLA) with the narrative "[Full Name of Shareholder]'s payment for Unilever Nigeria Rights"

Evidence of all electronic transfers must be submitted to the Receiving Agents and the Issuing House. If payment is not received by Friday, 08 September 2017, the provisional allotment will be deemed to have been declined and will be cancelled.

- Shareholders accepting their provisional allotment partially should complete box B and submit their Participation Forms to any of the Receiving Agents listed on page 46 of the Rights Circular together with the evidence of payment transfer for the partial acceptance in accordance with 2 above.
- Shareholders renouncing the provisional allotment partially or in full, who also wish to trade their rights on the floor of The Exchange should complete item (iii) of box B. They should obtain a Transfer Form from their stockbroker, complete it in accordance with these instructions, and return it to the stockbroker together with the completed Participation Form and the amount payable/evidence of transfer for any partial acceptance in accordance with 2 above.
- Shareholders who wish to acquire additional shares over and above their provisional allotment should apply for additional shares by completing item (ii) and (iii) of box A.
- All cheques or bank drafts for amounts below ₦10 million will be presented for payment on receipt and all acceptances / applications in respect of which cheques are returned unpaid for any reason will be rejected and cancelled. Shareholders are advised to obtain an acknowledgement of the amount paid from the Receiving Agent through which this Participation Form is lodged.
- Joint allottees must sign on separate lines in the appropriate section of the Participation Form.
- Participation Forms of corporate allottees must bear their incorporation numbers and corporate seals and must be completed under the hands of duly authorised officials who should also state their designations.

**FOR REGISTRAR'S USE ONLY**

Number of Ordinary Shares Provisionally Allotted	Number of Ordinary Shares Accepted	Number of Additional Ordinary Shares applied for	Number of Ordinary Shares Renounced	Number of Additional Ordinary Shares allotted	Total number of Ordinary Shares Allotted	Total amount payable	Amount paid	Amount to be returned	Bank draft/ cheque number
						₦	₦	₦	

**STAMP OF RECEIVING AGENT**

**Please Turn Over** 





