



FLOUR MILLS OF NIGERIA PLC (RC 2343)

OFFER FOR SUBSCRIPTION

₦7,500,400,000

5 YEAR 11.10% SERIES 3 (TRANCHE B) FIXED RATE SENIOR UNSECURED BOND DUE 2025 UNDER THE ₦70,000,000,000 FLOUR MILLS OF NIGERIA PLC BOND ISSUANCE PROGRAMME

BOOKBUILDING OPENS: 03 February 2020

BOOKBUILDING CLOSES: 14 February 2020

This Pricing Supplement is prepared for the purpose of Rule 279(3) (6) & (7) of the Rules and Regulation of the Securities and Exchange Commission (the "Commission" or "SEC") in connection with the ₦70,000,000,000.00 Bond Issuance Programme established by Flour Mills of Nigeria PLC (the "Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated 01 November 2018 and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement. The Shelf Prospectus and the securities, which it offers, have been approved and registered by the SEC. It is a civil wrong and a criminal offence under the Investments and Securities Act, No. 29 of 2007 (the "ISA" or the "Act") to issue a prospectus which contains false or misleading information. Clearance and registration of this Prospectus, and the Bonds which can be issued under the Programme, does not relieve the parties of any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact. Investors are advised to note that liability for false or misleading statements or acts made in connection with the Prospectus is provided in section 85 and 86 of the ISA.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail.

This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus as amended and / or supplemented from time to time. Offer is valid for High Net-worth Individuals and Qualified Institutional Investors. Risks related to this offer can be found on page 37 of the Shelf Prospectus. This Pricing Supplement will be delivered to the Commission to be registered and made available for download on the respective websites of the Commission (<http://sec.gov.ng>) and the Issuer (<https://fmnplc.com>), throughout its validity period. Copies of this Pricing Supplement may also be obtained free of charge from the offices of the Issuer and the Issuing Houses.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "Series 3 (Tranche B) Bonds" or "Bonds"). The Bonds now being issued will upon admission to an exchange qualify as a security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004. The Bonds also qualify as a security under Section 20(1)(g) of the Personal Income Tax Act, Cap P8, LFN, 2004 as well as Section (19)(2) of the Companies Income Tax Act, Cap C21, LFN, 2004.

The Directors of the Issuer collectively and individually accept full responsibility for the accuracy of the information contained in this Pricing Supplement read along with the Shelf Prospectus. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge (having made all reasonable enquiry), in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Furthermore, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, there are no material facts, the omission of which would make any statement contained herein misleading or untrue. The Bonds would only be sold to investors in Nigeria.

LEAD ISSUING HOUSE / BOOK RUNNER



JOINT ISSUING HOUSES / BOOK RUNNERS



This Pricing Supplement is dated 27 February 2020

Table of Contents

Table of Contents	2
Final terms of the Series 3 (Tranche B) Bonds.....	3
APPENDIX 1: Series 3 (Tranche B) Timetable.....	9
APPENDIX 2: Procedures for Allocation and Allotment.....	10
APPENDIX 3: Use of Proceeds	12
APPENDIX 4: Extract from the Issuer Rating Reports.....	13
APPENDIX 5: Extract from the Issue Rating Reports.....	15
APPENDIX 6: Commitment Form.....	17
APPENDIX 7: Parties to the Offer	19
APPENDIX 8: Extract from the Financial Statements.....	21
APPENDIX 9: Management Team	28
APPENDIX 10: Board Resolution	29
APPENDIX 11: Consents	30
APPENDIX 12: Documents available for Inspection.....	31
APPENDIX 13: Extract of the Solicitor’s Opinion.....	32

Final terms of the Series 3 (Tranche B) Bonds

1. Issuer: Flour Mills of Nigeria PLC
2. Description of the Bond: 5-year 11.10% senior unsecured Fixed Rate Bonds due 2025
3. Series Number and Tranche: Series 3 Tranche B
4. Specified Currency: Naira ("₦")
5. Aggregate Nominal: ₦7,500,400,000.00
6. Issue Price: At par. ₦1,000 per unit of the Bond
7. Gross Series 3 Tranche A & B proceeds: ₦20,000,000,000.00
8. Net Series 3 Tranche A & B proceeds: ₦19,714,804,500.00
9. Denominations: The Bonds will be issued in denominations of ₦1,000 and integral multiples of ₦1,000 in excess thereof, subject to the Minimum Acceptable Subscription
10. Minimum Acceptable Subscription: ₦10,000,000 (i.e. 10,000 units at ₦1,000 per unit) and multiples of ₦1,000 thereafter. Bids below the Minimum Acceptable Subscription will be disregarded unless they form part of a cumulative bid from the same investor that is greater than the Minimum Acceptable Subscription. Final allotment to respective bidders may be less than the Minimum Acceptable Subscription if bids must be pro-rated for any reason
11. Issue Date: 27 February 2020
12. Coupon Commencement Date: Coupon shall accrue from the Allotment date
13. Tenor: 5 (five) years
14. Maturity Date: 27 February 2025
15. Principal Moratorium: N/A
16. Coupon Basis: Fixed Rate
17. Coupon Rate: 11.10% p.a
18. Source of Repayment: Issuer's cash flows, unless otherwise specified

Final terms of the Series 3 (Tranche B) Bonds

19. Redemption/Payment Basis: If not redeemed earlier in accordance with the Early Redemption provisions, bonds shall be redeemed in full on the maturity date; Interest payments to be made semi-annually
20. Status: The Bonds shall constitute direct, unconditional, senior and unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds and in respect of the principal and any interest thereon, shall at all times rank at least equally with all other senior and unsecured obligations of the Issuer present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights
21. Negative Pledge: For as long as any of the Bonds remain outstanding, the Issuer shall not, without the prior consent of the Trustees in writing, create or permit to subsist any Security Interest to secure any Financial Indebtedness, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustees in their absolute discretion shall deem not to be materially less beneficial to the Bondholders
22. Listing(s): An application will be made to list the Notes on the FMDQ Securities Exchange or The NSE
23. **Use of proceeds¹:**

The net proceeds of the Series 3 (Tranche A & B) Bond Issuance, which are estimated at ₦19,714,804,500.00, after deducting issue costs (including VAT) of ₦285,195,500.00 representing 1.43% of the issue, shall be applied as follows:

	Description	Amount (₦'bn)	%	Time to completion
1	Repayment of debt obligations	19.7	100	Immediate
		19.7	100	

24. Offer Period: 03 February 2020 – 14 February 2020

Provisions relating to coupon (if any) payable

25. Fixed Rate Bond Provisions:
- a. Coupon Payment Date(s)/Payment Dates: 27 August and 27 February (Semi-annual)

¹ See Appendix 3 for detailed description of Use of Proceeds. Actual issue costs are subject to amount raised during book build

Final terms of the Series 3 (Tranche B) Bonds

- b. Coupon Amount(s): As applicable for each Interest Period (Interest accumulated between each Coupon payment) using the Actual / Actual Day Count Fraction
- c. Day Count Fraction: Actual / Actual (actual numbers of days in a month / actual number of days in the year)
- d. Business Day Convention: Modified Following: Where a Coupon Payment Date falls on a non-Business Day, such payment shall be postponed to the next day which is a Business Day provided that if such a Business Day falls into the next calendar month, such Coupon Payment Date shall be brought forward to the immediately preceding Business Day.
- e. Other terms relating to method of calculating Coupon for Fixed Rate Bonds: N/A

General provisions applicable to the Bonds

26. Form of Bonds: Electronic registration on the Central Securities Clearing System PLC platform
- i) Form of Dematerialised Bonds: Dematerialised
- ii) Registrar: Atlas Registrars Limited
27. Trustees: United Capital Trustees
28. Record Date: No Bondholder may require the transfer of a Bond to be registered during the period of 15 (fifteen) days ending on the due date for any payment of principal or Coupon on that Bond.
29. Other terms or special conditions: Not applicable

Distribution, clearing and settlement provisions

30. Issuing Houses: Stanbic IBTC Capital Limited (Lead); ARM Securities Limited; FBNQuest Merchant Bank Limited; FCMB Capital Markets Limited; and Quantum Zenith Capital & Investments Limited
31. Method of Distribution: Book Building to Qualified Institutional Investors and High Net Worth Individuals
32. Underwriting: Not applicable
33. Clearing System: Central Securities Clearing System PLC

Final terms of the Series 3 (Tranche B) Bonds

34. Rating:
- i) Issuer: Bbb (Agusto), BBB+ (GCR)
 - ii) Issue: Bbb (Agusto), BBB+ (GCR)
- An issue rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
35. Terms of Settlement Kindly refer to Payment Instructions under Appendix 2

Provisions regarding redemption / Maturity

36. Redemption at the Option of the Issuer (Call Option): Not Applicable

If applicable:

- (i) Optional Redemption Date(s) (Call) Not Applicable
- (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s) Not Applicable
- (iii) Minimum period of notice (if different from Condition 7.2 of the Final Terms (*Early Redemption at the option of the Issuer (Call Option)*) Not Applicable
- (iv) If redeemable in part: Not Applicable
 - (A) Minimum Redemption Amount(s) Not Applicable
 - (B) Higher Redemption Amount(s) Not Applicable
- (v) Other terms applicable on Redemption Not Applicable

General

37. Total Bonds in Issue (excluding current issue): ₦20,110,000,000 (₦10,110,000,000 Series 1 & ₦10,000,000,000 Series 2 Fixed Rate Senior Unsecured bonds)
38. Taxation: See "Taxation" on page 25 of the Shelf Prospectus dated 01 November 2018
39. Risk Factors: See Risk Factors on page 37 – 40 of the Shelf Prospectus dated 01 November 2018

Final terms of the Series 3 (Tranche B) Bonds

40. Governing Law: The Bonds will be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.
41. Board approval for issuance of Bonds obtained 04 September 2019
42. Selling restrictions: There are no restrictions on free transferability of the securities other than Rule 321 of the SEC Rules and Regulations, which limits sale to Qualified Institutional Investors and High Net-worth Investors
43. Details of Indebtedness: As at 30 September 2019, total indebtedness of the Issuer stood at ₦80,567million²
44. Claims and Litigation: In the ordinary course of its business, FMN is currently involved in twenty-eight (28) lawsuits out of which five (5) were either instituted by FMN or FMN filed a counter claim, while twenty-three (23) of the suits were instituted against FMN. The total amount claimed in the lawsuits that were either instituted by FMN or in which it filed a counter-claim is approximately ₦488,534,980.79 while the amount claimed in the lawsuits instituted against FMN is ₦1,786,466,509.91 and €79,700.
- The Directors of the Issuer and the Solicitors to the Transaction (based on the information made available), confirm that they are not aware of any claim or litigation pending against the Issuer or threatened, which (i) materially or adversely affects the Issuer's ability to fulfil its obligations under the Transaction; and/or; (ii) affects the validity of the Transaction or restricts the proceedings or actions of the Issuer with respect to the Transaction³
45. Other disclosures: Material Contracts: The Series 3, Tranche B Trust Deed dated 27 February 2020 has been entered into between FMN and United Capital Trustees Limited and is considered material to the Programme
- No merger: There have been no merger / take-over offers by third parties in

² Borrowings as at 30 September 2019 and excludes Series 3 Tranche A & B Bonds

³ Refer to Appendix 13 for an extract of the Solicitor's Opinion

respect of the Issuer's securities; or merger / take-over offers by the Issuer in respect of another company's securities

Resolutions, approvals, authorisations:
The bonds have been issued pursuant to the Board Resolution dated 04 September 2019⁴

46. Declarations

Except as otherwise disclosed in the Shelf Prospectus and this Pricing Supplement (a) None of the Directors is under any bankruptcy or insolvency proceedings in any court of law; (b) None of the Directors has been convicted in any criminal proceedings; (c) None of the Directors is subject of any order, judgement or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty; (d) that neither the issuer nor any of its subsidiaries has, during the twelve calendar months immediately preceding the date of application to the Commission for registration of the shelf prospectus and during the effective period of the shelf prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies.

Material adverse change statement

Except as disclosed in this document and in the Shelf Prospectus dated 01 November 2018, there has been no significant change in the financial or trading position of the Issuer since 30 September 2019 and no material adverse change in the financial position or prospects of the Issuer since 31 March 2019.

⁴ Refer to Appendix 13 for an extract of the Solicitor's Opinion

⁴ Refer to Appendix 10 for an extract of the board resolution and Appendix 12 for a statement of resolutions, authorisations and approvals Appendix 11)

APPENDIX 1: Series 3 (Tranche B) Timetable

Date	Activity	Responsibility
28 January 2020	Receive SEC approval to commence book building	Lead Issuing House
03 February 2020	Commence book building	Issuing Houses and Bookrunners
14 February 2020	Conclude book building	Issuing Houses and Bookrunners
14 February 2020	Determine Coupon Rate and aggregate Principal Amount of Bond to be issued	Issuing Houses and Bookrunners
14 February 2020	Dispatch Allocation Confirmation Notices to Successful Participants	Issuing Houses and Bookrunners
24 February 2020	File updated Pricing Supplement and other Issue documents with SEC	Lead Issuing House
27 February 2020	Effect payment of Participation Amounts to Receiving Bank	Successful Participants
27 February 2020	Signing Ceremony	All Parties
27 February 2020	Remit net Issue proceeds to the Issuer	Receiving Bank
03 March 2020	File executed Issue documents with SEC	Lead Issuing House
03 March 2020	File Allotment Proposal with SEC	Lead Issuing House
10 March 2020	Receive SEC clearance of Allotment	Lead Issuing House
17 March 2020	Announce Allotment	Lead Issuing House
07 April 2020	Post allotment compliance report	Lead Issuing House
23 April 2020	Credit CSCS Accounts of Allotees / dispatch Bond Certificates	Registrar
30 April 2020	Listing and commencement of trading in the Bond	Lead Issuing House

APPENDIX 2: Procedures for Allocation and Allotment

1 Invitation for Participation

Eligible Investors are hereby invited to place orders in respect of the Issue through the Issuing Houses and Bookrunners.

- 1.1 The book building process opens on **03 February 2020** and closes on **14 February 2020**. **Orders must be for a minimum of ₦10,000,000 and in integral multiples of ₦1,000 thereafter.** Orders below the Minimum Acceptable Subscription will be disregarded unless they form part of a cumulative order from the same investor that is greater than the Minimum Acceptable Subscription. Final allotment to respective bidders may be less than the Minimum Acceptable Subscription if orders must be pro-rated for any reason.
- 1.2 Orders should be entered in the space provided in the prescribed commitment form in Appendix 8 attached to this Pricing Supplement.
- 1.3 **By completing the commitment form, each participant hereby agrees that the order is irrevocable and, to the fullest extent permitted by law, the obligations in respect thereof shall not be capable of rescission or termination by any participant.**
- 1.4 Participants may place orders for the Bond at any price within the price range subject to the minimum participation amount and the terms and conditions stated on the commitment form.
- 1.5 A corporate participant should affix its official seal in the box provided and state its incorporation (RC) Number or, in the case of a corporate foreign subscriber, its appropriate identification/incorporation number in the jurisdiction in which it is constituted.
- 1.6 Upon the completion and submission of the commitment form, the participant is deemed to have authorised the Issuer and the Issuing Houses to effect the necessary changes in the Pricing Supplement as would be required for the purposes of filing an application for the clearance and registration of the Pricing Supplement with the SEC. The commitment form shall be considered as the application form for the purposes of registration of the Pricing Supplement with the SEC.
- 1.7 Participants shall not be entitled to withdraw/modify orders after the book building closing date.
- 1.8 The commitment form presents the participant with the opportunity to indicate up to three optional bid Coupon Rates within the price range and to specify the participation amount applicable to each option. The bid coupon rates and the participation amounts submitted by the participant in the commitment form will be treated as optional demands from the participant and **will not be aggregated.**
- 1.9 After determination of the Coupon Rate, the maximum participation amount specified by a participant at or below the clearing price will be considered for allocation and the rest of the order(s), irrespective of the corresponding bid Coupon Rate(s), will become automatically invalid.
- 1.10 The Issuer in consultation with the Issuing Houses and Bookrunners reserves the right not to proceed with the Issue at any time including after the book building opening date but before the allotment date without assigning any reason thereof.

2 Payment Instructions

Successful participants should ensure that payment of the participation amounts is received **within 24 hours of allotment**, via the CBN Real Time Gross Settlement System (“RTGS”) or the Nigerian Inter-bank System Electronic Funds Transfer (“NEFT”) into the following designated issue proceeds accounts domiciled with the Receiving Banks:

BANK	ACCOUNT NAME	ACCOUNT NUMBER
Stanbic IBTC Bank PLC	Flour Mills Series 3 Bond Proceeds	0035021705
First Bank Nigeria Limited	Flour Mills Series 3 Bond Proceeds	2035128058

APPENDIX 2: Procedures for Allocation and Allotment

3 Allocation / Allotment

- 3.1 On the pricing date, the Issuing Houses and Bookrunners will analyse the demand generated at various price levels and, in consultation with the Issuer, finalise the Coupon Rate and the allocations to each participant. Allocation confirmation notices will be sent to successful participants thereafter.
- 3.2 The Directors of the Issuer, the Issuing Houses and Bookrunners reserve the right to accept or reject any application in whole or in part for not complying with the terms and conditions of the Issue.
- 3.3 Allotment of Bonds will be effected only upon clearance of the Prospectus by the Commission. Allotment shall be effected by means of the following:

3.3.1 Allotment of Bonds in Electronic Form (e-Allotment)

Successful applicants are mandatorily required to specify their CSCS investor account number and CSCS clearing house number (CHN) in the spaces provided on the commitment form.

In addition to providing the above information:

- (a) Successful applicants who want their Bonds credited to a sub-account opened under a Primary Dealer should tick the applicable box and indicate the Primary Dealer's member code and name in the space provided on the commitment Form.
- (b) Successful applicants who want their Bonds credited to a standalone account are only required to tick the applicable box in the commitment form.

3.3.2 Allotment of Bonds in Certificate Form

Certificates in respect of allotted Bonds will be dispatched by registered post to the specified addresses on the commitment forms of the applicants who elect to receive the Bonds in physical form, not later than 15 (fifteen) Business Days from the allotment date.

Participants must ensure that the name specified in the commitment form is exactly the same as the name in which the CSCS account is held. In case the application is submitted in joint names, it should be ensured that the beneficiary CSCS account is also held in the same joint names and are in the same sequence in which they appear in the commitment form. Subject to there being no issues with investor CSCS details, credit to the CSCS account of investors shall be done no later than 15 (fifteen) Business Days from the date of clearance of allotment by the SEC.

3 Bank Account Details

- 4.1 Participants are required to indicate their bank account details in the space provided on the commitment form for the purposes of future payments of Coupon and the Principal Amount.
- 4.2 Participants are advised to ensure that bank account details stated on the commitment form are correct as these bank account details shall be used by the Registrar for all payments indicated in 4.1 above in connection with the Bonds.

Failure to provide correct bank account details could result in delays in credit of such payments or the issuance of cheques/warrants which shall be sent by registered post to the specified addresses of the affected investors. The Issuer, the Issuing Houses and Bookrunners, the Receiving Banks, the Trustees and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same.

APPENDIX 3: Use of Proceeds

The net proceeds of the Series 3 (Tranche A & B) Bond Issuance, which are estimated at ₦19,714,804,500.00, after deducting issue costs (including VAT) of ₦285,195,500.00 representing 1.43% of the issue, shall be applied as follows:

	Description	Amount (₦'bn)	%	Time to completion
1	Repayment of debt obligations	19.7	100	Immediate
		19.7	100	

Details of debt obligations to be repaid

	Name of Lender	Facility Type	Amount (N')
1	Zenith Bank Plc	Overdraft	4,022,000,000.00
2	Union Bank of Nigeria Plc	Overdraft	5,514,301,114.12
3	First Bank of Nigeria	Overdraft	10,178,503,385.88
			19,714,804,500.00

Flour Mills of Nigeria Plc.

Entity Rating:

Bbb

This refers to a company with satisfactory financial condition and adequate capacity to meet obligations as and when they fall due.

Outlook: Stable

Issue Date: 11 October 2019

Expiry Date: 30 September 2020

Previous Rating: Bbb+

Industry: Food & Agro-Allied

Inside the Report	
Outline	Page
Rationale	1
Company Profile	4
Financial Condition	9
Ownership, Mgt. & Staff	15
Outlook	17
Financial Summary	18
Rating Definition	22

Analysts:

Ojuru Adeniji

ojuruadeniji@agusto.com

Isaac Babatunde

isaacbabatunde@agusto.com

Agusto & Co. Limited

UBA House (5th Floor)

57, Marina

Lagos

Nigeria

www.agusto.com

RATING RATIONALE

- Agusto & Co. hereby downgrades the rating assigned to Flour Mills of Nigeria Plc. ("Flour Mills", "FMN" or "the Company") to 'Bbb'. The assigned rating reflects the fragile macroeconomic climate which has moderated consumer spending and elevated input costs as well as the Company's inadequate working capital and declining margins across FMN's core business. We note that Flour Mills' profitability in the year ended 31 March 2019 was bolstered by dividend income earned from its subsidiary¹ which we believe is unsustainable. Notwithstanding, the rating reflects the Company's moderate leverage as well as its stable and experienced management team. Agusto & Co. has taken into cognisance FMN's market leadership in the flour milling industry, diversified product portfolio, extensive distribution channels, strong brands in the Nigerian fast-moving consumer goods (FMCG) sector as well as significant investment in backward integration programmes.
- Flour Mills' is the largest publicly listed food business by revenue on the Nigerian Stock Exchange and has strong manufacturing capabilities, with a milling capacity of 2.9 million metric tonnes per annum. Over the last decade, FMN has invested in a number of backward integration initiatives in the agro-allied space which has begun to yield notable gains. Following the Company's investment in other agro-allied business including sugar plantation and manufacturing, Golden Sugar Company Limited (100% owned subsidiary in sugar business) accounted for the bulk of FMN's investment income in the period under review.
- During the financial year ended 31 March 2019 (FYE2019), Flour Mills' revenue dipped marginally to ₦370.2 billion, with food business segment accounting for 88% of turnover. The Company's cost of sales as a percentage of revenue rose to 91.1%, following the increase in maintenance costs incurred on a number of milling plants in a bid to optimise production output. In FYE 2019, FMN reported a lower gross and operating profit margin of 8.9% and 3.8% respectively, when compared to the last three years. Notwithstanding, FMN's pre-tax profit (PBT) grew substantially by 51.3% to ₦20.3 billion, on account

¹ Golden Sugar Company Limited recorded a profit after tax of ₦1.5 billion during the financial year ended 31 March 2019, but declared a dividend of ₦10.7 billion, largely funded from retained earnings.

The copyright of this document is reserved by Agusto & Co. Limited. No matter contained herein may be reproduced, duplicated or copied by any means whatsoever without the prior written consent of Agusto & Co. Limited. Action will be taken against companies or individuals who ignore this warning. The information contained in this document has been obtained from published financial statements and other sources which we consider to be reliable but do not guarantee as such. The opinions expressed in this document do not represent investment or other advice and should therefore not be construed as such. The circulation of this document is restricted to whom it has been addressed. Any unauthorized disclosure or use of the information contained herein is prohibited.

Flour Mills of Nigeria Plc

Nigeria Corporate Analysis

October 2019

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long term	National	BBB+(NG)	Stable	September 2020
Short term	National	A2(NG)		

Financial data:

(USD'm comparative)^a

	31/03/18	31/03/19
N/US\$ (avg.)	305.8	305.6
N/US\$ (close)	305.7	306.5
Total assets	1,045.6	1,015.2
Total debt	336.4	256.9
Total capital	485.7	443.8
Cash & equiv.	45.8	25.1
Turnover	1,273.4	1,211.4
EBITDA	132.3	85.6
NPAT	30.2	57.4
Op. cash flow	(128.1)	(21.2)
Market cap *	N61.5bn/USD200.7m	

^a Central Bank of Nigeria ("CBN") exchange rate.

* As at October 3, 2019 @ N306.5/USD.

Rating history:

Initial rating (June 2016)

Long-term: BBB+(NG)

Short-term: A2(NG)

Rating outlook: Stable

Last rating (September 2018)

Long-term: BBB+(NG)

Short-term: A2(NG)

Rating outlook: Stable

Related methodologies/research:

Global Master Criteria for Rating Corporate Entities, updated February 2018
Flour Mills of Nigeria Plc Rating Reports (2016-18)
Glossary of Terms/Ratio, February 2018

GCR contacts:

Primary Analyst

Samuel Popoola
Credit Analyst
samuel@gcrratings.com

Committee Chairperson

Dave King

Analyst location: Lagos, Nigeria

Tel: (+2341) 904 9462-3

Website: www.globalratings.com.ng

Summary rating rationale

- The ratings of Flour Mills of Nigeria Plc ("FMN" or "the Company") are underpinned by its leading position in the Nigerian flour milling industry, driven by its experienced management team, substantial multi-product milling capacity, product diversification and wide distribution network.
- Revenue was marginally impacted by a challenging economic landscape, albeit in line with FY19 projections. While Global Credit Rating Co. Limited ("GCR") notes FMN's strong revenue baseline, 1Q FY20 results indicated a 10% y/y decline in the top line, with further variability likely to arise from the impact of the tough operating environment. Management projects a lean (4%) growth in FY20, reflecting expectations for increase in competition amid subdued demand. In the long term, top line growth is forecast to be driven by higher volumes and the introduction of higher margin products to the existing portfolio.
- Margins narrowed in FY19, primarily attributable to higher commodity prices of key inputs (mainly wheat) and increase in marketing and promotional activities. However, some uptick was seen in 1Q FY20 (relative to FY19, but below 1Q FY19) partly attributable to the exclusion of the agro-allied and fertilizer businesses in FY20. While some respite in commodity prices have recently occurred, FMN's profits will remain volatile and susceptible to vagaries in the international prices.
- In FY19, gross finance cost reduced by 42%, albeit credit protection remained low with a net interest coverage of 1.5x (FY18: 1.8x), due to the weakening in operating profits. GCR is particularly concerned by the persistently negative operating cash flow coverage of debt. Management projects a net interest coverage of 4.7x, on the back of enhanced operating income and lower interest payment, but expects a negative net operating cash flow in FY20, with significant improvement thereon only in the medium to long term.
- Consistent funding support to subsidiaries has been a major source of working capital pressure to FMN since FY17. This has resulted in negative operating cash coverage of debt in all the review years (save for FY16). While the management's intention is for subsidiaries to raise funding independently without recourse to FMN, GCR maintains the view that such funding support may continue over the medium term when the subsidiaries are expected to have seen substantial improvement in margins and garnered scale.
- FMN's debt position moderated 23% in FY19 as proceeds from bonds and rights Issues were utilised to redeem some short term debts. However, near-term maturities remained high at 72% (FY18: 85%), reflecting elevated refinancing risk, especially when taken in conjunction with negative free cash flows. To mitigate this, FMN is planning to issue a N20bn bond in FY20 and access additional long term concessional facilities to repay existing short term debt. This will see short term maturities moderate to 25% of total debt in the financial year, while net debt to EBITDA is projected to moderate gradually to 100% by FY23 from 272% in FY19 (FY18: 220%).

Factors that could trigger a rating action may include

Positive change: An upward ratings migration is dependent on significant ramp up in margins, positive operating cash flow coverage of debt, and improvement in the earnings based gearing.

Negative change: Persistently weak net interest coverage, lower profit margins, higher debt and increase in working capital pressures arising from funding support to related parties could place pressure on the ratings.

FLOUR MILLS OF NIGERIA PLC.

₦12,499,600,000 Three Year 10% Series 3 (Tranche A) Fixed Rate Senior Unsecured Bond Due 2023 and ₦7,500,400,000 Five Year 11.1% Fixed Rate (Tranche B) Senior Unsecured Bond Due 2025 Under the ₦70 Billion Debt Issuance Programme

Issue Rating:

Bbb*

Outlook: Stable
Issue Date: 24 February 2020
Expiry Date: 30 September 2025

**This Issue rating is indicative and subject to change at any time. However, a final rating will be based on receipt of all duly executed contractual agreements.*

The final Issue rating is subject to annual renewals on the anniversary of the Bond.

Issuer's Rating: Bbb
Expiry Date: 30 September 2020

INSIDE THIS REPORT	
Rating Rationale	1
Issuer's Profile	4
Transaction Structure	6
Financial Forecast	9
Outlook	11
Financial Summary	12
Rating Definition	16

Analysts:

Ojuru Adeniji
ojuruadeniji@agusto.com

Isaac Babatunde
isaacbabatunde@agusto.com

Agusto & Co. Limited
UBA House (5th Floor)
57, Marina
Lagos, Nigeria
www.agusto.com

Satisfactory quality with moderate credit risk; adequate capacity to pay returns and principal on local currency debt in a timely manner.

RATING RATIONALE

- Agusto & Co. hereby assigns an indicative "Bbb" rating to Flour Mills of Nigeria Plc.'s ('Flour Mills', 'FMN' 'Issuer' or 'the Company') to ₦20 billion: Series 3 ₦12.4996 billion 3-Year 10% Fixed Rate Senior Unsecured Bond Due 2023 ('Tranche A') and ₦7.5004 billion 5-Year 11.10% Fixed Rate Senior Unsecured Bond Due 2025 ('Tranche B') under the ₦70 Billion Bond Issuance Programme. The rating assigned to the Series 3 (Tranche A & B) issuance mirrors the standalone rating of the Issuer, as the Bonds are senior and ranks pari passu with other senior debt of the Company.
- The Company issued ₦20 billion in aggregate sum under the Series 3 Bonds in the first quarter of 2020. The Series 3 Tranche A & B Bonds ('the Bonds') fixed coupon rates, which were determined through a book-building process and payable semi-annually over the 3-year and 5-year tenors, are 10% and 11.1% respectively. The principal of the Bonds will be redeemed in lump sum at maturity in 2023 and 2025 respectively. The net proceeds of the Bonds will be used to refinance existing debt obligations and augment FMN's working capital.
- The Series 3 (Tranche A & B) Bonds are direct, senior, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. In accordance with the Bond Trust Deeds and Pricing Supplements, the Issuer unconditionally and irrevocably pledges to repay the coupon and outstanding principal amount from its operating cash flow.
- In line with the Series 3 (Tranche A & B) Bond Trust Deed, a Payment Account shall be opened by the Issuer in the name of the Bond Trustees – United Capital Trustees Limited after the issue date. The Payment Account shall be under the custody and administration of the Trustees for the benefit of the Series 3 (Tranche A & B) Bondholders. The Issuer shall ensure that funds required to meet any of its payment obligations under the Trust Deed shall be paid into the Payment Account not later than five business days before the next coupon payment or the redemption date.

This Series 3 (Tranche A & B) Bond Rating Report should be read in conjunction with Agusto & Co.'s 2019 Corporate Rating Report for Flour Mills

The copyright of this document is reserved by Agusto & Co. Limited. No matter contained herein may be reproduced, duplicated or copied by any means whatsoever without the prior written consent of Agusto & Co. Limited. Action will be taken against companies or individuals who ignore this warning. The information contained in this document has been obtained from published financial statements and other sources which we consider to be reliable but do not guarantee as such. The opinions expressed in this document do not represent investment or other advice and should therefore not be construed as such. The circulation of this document is restricted to whom it has been addressed. Any unauthorized disclosure or use of the information contained herein is prohibited.

Flour Mills of Nigeria Plc N70bn Bond Issuance Programme (N20bn Series 3 Tranche A & B Bonds)

Nigeria Corporate Bond Analysis – New Issuance Report

December 2019

Security class	Rating scale	Indicative rating*	Rating outlook	Expiry date
Series 3 Senior Unsecured Bonds: N20bn	National	BBB+ _(NG)	Stable	April 2020

Key Transaction counterparties:

Issuer: Flour Mills of Nigeria Plc ("FMN", or "the Company")
Lead Issuing House: Stanbic IBTC Capital Limited
Joint Issuing Houses: ARM Securities Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited and Quantum Zenith Capital & Investments Limited
Joint Trustees: United Capital Trustees Limited
Solicitors to the Trustee: Udo Udoma & Belo-Osagie
Solicitor to the Programme: The New Practice
Key Transaction Documentation: Programme Trust Deed, Shelf Prospectus, Draft Series 3 Tranche A Trust Deed, Draft Series 3 Tranche B Trust Deed, Draft Series 3 Tranche A Pricing Supplement, Draft Series 3 Tranche B Pricing Supplement

Transaction summary

Flour Mills of Nigeria Plc registered a N70bn Bond Issuance Programme ("the Programme" or "BIP") with Securities and Exchange Commission ("SEC") in November 2018. Under the Programme, Bonds will be issued in series, with an initial N20.1bn already raised in two tranches in November 2018; being Series 1 Bonds with a nominal value of N10.1bn and Series 2 Bonds with a nominal value of N10bn. FMN intends to issue N20bn in Series 3 Tranche A and B Bonds ("the Bonds") with principal amounts of N12.5bn and N7.5bn respectively under the BIP in February 2020. The net proceeds will be utilised to settle short term debt drawn down from bank loans. The Bonds will be repaid in bullet upon maturity. Similar to earlier issuances, the Series 3 Tranche A and B Bonds will constitute direct, unconditional, senior and unsecured obligations of the Issuer.

Summary of Transaction:

Asset class	Senior unsecured
Programme limit	N70bn
Series 3 Tranche A and B Bonds	Tranche A Bonds: N12.5bn Tranche B Bonds: N7.5bn
Tenor	Tranche A Bonds: 3 years Tranche B Bonds: 5 years
Maturity Date	Tranche A Bonds: 2023 Tranche B Bonds: 2025
Interest rate	Tranche A Bonds: 10% Tranche B Bonds: 11.10%
Interest basis	Fixed, payable semi-annually
Principal redemption basis	Bullet repayment upon maturity
Negative pledge	Yes

Related methodologies/research:

Global Master Criteria for rating Corporate entities, updated February 2018;
 Flour Mills of Nigeria Plc rating reports, 2016-2019
 Glossary of terms/ratios, February 2018

Rating History (long-term ratings):

Rating class	Rating	Date	Outlook
Initial ratings			
Issuer	BBB+ _(NG)	June 2016	Stable
Series 1 Bonds	BBB+ _(NG)	January 2019	Stable
Series 2 Bonds	BBB+ _(NG)	January 2019	Stable
Last ratings			
Issuer	BBB+ _(NG)	October 2019	Stable
Series 1 Bonds	BBB+ _(NG)	October 2019	Stable
Series 2 Bonds	BBB+ _(NG)	October 2019	Stable

GCR contacts:

Primary Analyst:

Adekemi Adesambo
 Senior Analyst
 adekemi@gcratings.com

Committee Chairperson

Dave King
 king@globalratings.net

Analyst location: Lagos, Nigeria
 +23 41 904-9462

www.globalratings.com.ng

GCR has accorded *indicative public*, national scale long-term credit ratings of 'BBB+_(NG)' to the Series 3 Tranche A and B Bonds and not the entire Programme. The indicative ratings accorded to the Bonds relate to the ultimate payment of principal and interest (as opposed to timely, akin to an expected loss rating, which is a function of probability of default and loss severity).

Summary rating rationale

- The Programme Trust Deed ("PTD") does not offer Bondholders any security over assets, but does feature a negative pledge and other covenants to protect the interest of Bondholders.
- As the Series 3 Tranche A and B Bonds are direct, unconditional, senior and unsecured obligations of the Issuer, the Bonds will bear the same rating as the Issuer, and any change in the ratings assigned to the Issuer will directly affect the Bond ratings. GCR affirmed the Issuer's long term rating of BBB+_(NG) in October 2019, Stable Outlook.
- FMN maintains a leading position in the Nigerian flour milling industry, driven by its experienced management team, extensive, versatile milling capacity, product diversification and a broad distribution network.
- While FMN has reported progressively reduced external debt, its credit protection metrics remain strained due to constrained cash generation and its highly working capital-intensive operations, exacerbated by related party requirements on FMN's liquidity. As such, gross and net debt to EBITDA rose to 3x and 2.7x respectively in FY19, with both metrics registering above 2.8x at 1H FY20. Notwithstanding modest improvements, interest coverage is relatively low, while operating cash flow coverage of debt is expected to remain weak/negative.
- Net proceeds from the Series 1 Bonds and Series 2 Bonds Issue were used to settle certain maturing debt obligations, thus, current debt declined to 57% of total debt in 1H FY20 (FY19: 72%), albeit high. Ongoing refinancing and liquidity risk remain elevated, especially given persistent negative free cash flows. In addition to Series 3 Tranche A and Tranche B Bonds, the Issuer intends to term out certain bank loans, which would be supportive of a materially enhanced debt maturity profile, with approximately 25% of debt maturing in the first two years. Coupled with more sustainable operating cash flows, this would bode positively for FMN's funding and liquidity profile.

*The final ratings will be accorded upon receipt of satisfactorily signed and executed final transaction documents.

APPENDIX 7: Parties to the Offer

Board of Directors	
<p>Mr John G. Coumantaros (Chairman) 33rd Floor, 712 New York United States of America Fifth Avenue</p>	<p>Alhaji Yunus Olalekan A. Saliu 3 Abike Sulaiman Street Lekki Phase 1 Lekki Lagos</p>
<p>Dr (Chief) Emmanuel A. Ukpabi (KJW) (Vice Chairman) 76 Marine Road Apapa Lagos</p>	<p>Professor Jerry Gana, CON 2 Misratak Street Wuse II Abuja</p>
<p>Mr Paul M. Gbededo (Group Managing Director) Road 47, Q4 Victoria Garden City Ajah Lagos</p>	<p>Alhaji Rabiu Muhammad Gwarzo, OON 15 Mai Malari Road Bompai Industrial Estate Kano</p>
<p>Alhaji Abdullahi Ardo Abba 26 Mayo Inne Road Jimeta Yola Adamawa</p>	<p>Mr Athanasios George Mazarakis 33rd Floor, 712 Fifth Avenue New York United States of America</p>
<p>Mr Alfonso Garate 33rd Floor, 712 Fifth Avenue New York United States of America</p>	<p>Mr Foluso O. Phillips Phillips Consulting 4th Floor, UBA House 57 Marina Lagos</p>
<p>Mr Ioannis Katsaounis 26 Filellinon Street Athens Greece</p>	<p>Mr Folarin Rotimi Abiola Williams 1 Shagamu Avenue Ilupeju Lagos</p>
<p>Mr Atedo Nari Atowari Peterside, CON I.B.T.C. Place Walter Carrington Crescent Victoria Island Lagos</p>	<p>Mr Joseph O. Umolu (Company Secretary) 1 Golden Penny Place Wharf Road Apapa Lagos</p>
<p>Mrs Salamatu Hussaini Suleiman 19 Bolaji Akinyemi Crescent Katampe Extension Abuja</p>	

Other Information		
<p>Registered Address⁵ Flour Mills of Nigeria PLC 1 Golden Penny Place Wharf Road Apapa Lagos +234 705 689 1000</p>	<p>Audit Committee Members Mr. Ajani Babajide Adetunji – Chairman Mr. Adesina Olalekan Oladepo Mr. Otukoya Oluwasesan James Mr. Shekoni Nurudeen Adebayo Mr. Adeshina Tajudeen Imran Dr. (Chief) Emmanuel Akwari Ukpabi (KJW) Mr. Foluso Olajide Phillips Alhaji Yunus Olalekan Saliu Mr. Joseph Umolu</p>	<p>Auditors KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos +234 1 271 8955</p>

⁵ Regional offices of the Issuer can be found on the Issuer's website, <https://www.fmnplc.com>

APPENDIX 7: Parties to the Offer

Issuing Houses

Stanbic IBTC Capital Limited (Lead)

I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos
KBC
KOBI BERTS-ERICH

ARM Securities Limited

1 Mekunwen Road
Off Oyinkan Abayomi Drive
Ikoyi
Lagos
OLUWAGBENGA
MAGBAGBOLA

FBNQuest Merchant Bank Limited

10 Keffi Street
Off Awolowo Road
Ikoyi
Lagos
MAWUSA OYEKUNTI

FCMB Capital Markets Limited

6th Floor, First City Plaza
44 Marina
Lagos
Itoluwajemy
Kareem Paji

Quantum Zenith Capital & Investments Limited

12th Floor, Plot 2
Ajose Adeogun Street
Victoria Island
Lagos
Efe Etolor

Solicitors to the Programme / Issuer

The New Practice

49, Raymond Njoku Street
South-West Ikoyi
Lagos
Babajini Ayorinde

Registrars

Atlas Registrars Limited
34 Eric Moore Road
Iganmu
Lagos
Julius Oluwaseyi

Reporting Accountant

Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Road
Victoria Island
Lagos
Temitope Odeboye
Benjamin Odeboye

Trustees

United Capital Trustees Limited

12th Floor, UBA House
57 Marina
Lagos
Tokunbo Ajayi

Legal Adviser to the Trustees:

Udo Udoma & Belo-Osagie
St. Nicholas House (10th & 13th Floors)
Catholic Mission Street
Lagos

Receiving Banks

Stanbic IBTC Bank PLC

IBTC Place
Walter Carrington Crescent, Victoria Island
Lagos
Nneoma Okwo

First Bank of Nigeria Limited

Samuel Asabia House
35 Marina
Lagos
Rotimi Adegbenle

Ratings Agencies

Agusto & Co. Limited

UBA House (5th Floor)
57 Marina Road
Lagos
ADEBIYI OLUKAYA
Olukaya

Global Credit Rating Co.

New Africa House (11th Floor)
31 Marina
Lagos
Sulekat Ayiola

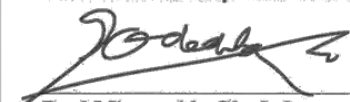
APPENDIX 8: Extract from the Financial Statements

Flour Mills of Nigeria Plc
Annual report
31 March 2019

Consolidated and Separate Statements of Financial Position As at 31 March 2019

In thousands of naira	Note	Group		Company	
		31 March 19	31-Mar-18	31 March 19	31-Mar-18
Assets					
Property, plant and equipment	17	221,465,325	217,901,400	88,803,208	83,837,249
Investment property	18	1,737,559	1,841,977	58,899	60,954
Goodwill	20	4,148,022	4,148,022	1,876,816	1,876,816
Intangible assets	19	1,316,670	1,095,317	1,022,676	1,088,440
Investments in subsidiaries	21	-	-	44,005,134	35,280,134
Biological assets	24	111,784	37,710	-	-
Deferred tax	15	3,963,819	6,459,761	-	-
Long term loans and receivables	25	1,402,210	944,472	33,617,060	44,441,768
Other investments	23	41,140	62,900	41,140	62,900
Prepayments	28	2,365,692	1,610,730	2,056,477	1,575,533
Non-current assets		236,552,221	234,102,289	171,481,410	168,223,794
Inventories	26	118,867,186	111,373,409	68,230,014	71,755,238
Biological assets	24	18,498	179,653	-	-
Trade and other receivables	27	26,085,312	19,083,085	50,322,189	49,546,925
Derivative assets	48	198,026	-	198,026	-
Prepayments	28	17,894,815	21,364,109	13,848,251	16,778,199
Cash and cash equivalents	29	17,205,546	22,245,372	9,978,297	16,300,426
Current assets		180,269,383	174,245,628	142,576,777	154,380,788
Total assets		416,821,604	408,347,917	314,058,187	322,604,582
Equity					
Share capital	31	2,050,197	2,050,197	2,050,197	2,050,197
Share premium	31	75,377,444	75,377,444	75,377,444	75,377,444
Fair value reserves		(94,316)	(72,556)	(94,316)	(72,556)
Retained earnings		66,377,553	67,903,735	61,595,948	74,091,211
Equity attributable to owners of the company		143,710,878	145,258,820	138,929,273	151,446,296
Non-controlling interests		7,261,317	5,357,888	-	-
Total equity		150,972,195	150,616,708	138,929,273	151,446,296
Liabilities					
Borrowings	32	46,231,074	29,376,221	21,795,459	14,984,392
Retirement benefit obligation	33	5,848,372	5,193,788	4,798,945	4,293,331
Long service award	34	2,183,131	1,948,287	1,881,868	1,720,629
Deferred tax	15	10,587,507	12,307,605	8,150,526	9,805,335
Deferred income	35	16,370,523	9,117,232	172,410	280,073
Non-current liabilities		81,220,607	57,943,133	36,799,208	31,083,760
Bank overdrafts	29	9,651,138	19,934,045	1,519,149	16,466,200
Trade and other payables	36	79,040,345	56,993,533	66,343,291	40,126,542
Borrowings	32	71,053,087	103,922,863	55,425,053	71,382,864
Current tax payable	14	4,104,046	3,151,317	775,960	1,097,052
Deferred income	35	2,818,229	2,578,896	52,925	147,084
Dividend payable	37	2,566,783	2,005,814	2,177,173	1,981,752
Customer deposits	38	15,395,174	11,201,608	12,036,155	8,873,032
Current liabilities		184,628,802	199,788,076	138,329,706	140,074,526
Total liabilities		265,849,409	257,731,209	175,128,914	171,158,286
Total equity and liabilities		416,821,604	408,347,917	314,058,187	322,604,582

These financial statements were approved by the Board of Directors on 12 July, 2019 and are signed on its behalf by:


Paul Miyonmide Gbededo
Group Managing Director
FRC/2013/IODN/00000003828


Alhaji Y Olalekan A. Saliu
Director
FRC/2013/ICAN/00000003595


Anders Kristiansson
Group Chief Finance Officer
FRC/2014/ANAN/00000009819

The accompanying notes and significant accounting policies form an integral part of these financial statements

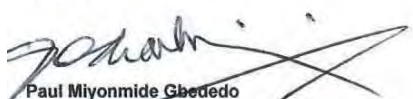
APPENDIX 8: Extract from the Financial Statements

FLOUR MILLS OF NIGERIA PLC

CONDENSED CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2019

	Note	Group		Company	
		30/09/2019 N'000	31/03/2019 N'000	30/09/2019 N'000	31/03/2019 N'000
Assets					
Non-current assets					
Property, plant and equipment	13	220,209,837	221,465,325	90,925,415	88,803,208
Biological assets	14	861,225	111,784	-	-
Intangible assets	15	1,123,191	1,316,670	859,561	1,022,676
Investment properties	16	1,685,350	1,737,559	57,871	58,899
Goodwill	12	4,148,022	4,148,022	1,876,816	1,876,816
Investment in subsidiaries	17	-	-	44,005,134	44,005,134
Available for sale investments	18	34,680	41,140	34,680	41,140
Deferred tax assets		4,100,079	3,963,819	-	-
Long term loans receivable	19	663,737	1,402,210	38,304,430	33,617,060
Prepayments	22	1,533,722	2,365,692	1,533,722	2,056,477
Total non-current assets		234,359,643	236,552,221	177,597,629	171,481,410
Current assets					
Inventories	20	92,788,161	118,867,186	49,483,499	68,230,014
Biological assets	14	17,807	18,498	-	-
Trade and other receivables	21	27,988,104	26,085,312	51,711,913	50,322,189
Derivative assets		198,026	198,026	198,026	198,026
Prepayment & deposit for import	22	12,509,478	17,894,815	8,244,401	13,848,251
Cash and cash equivalents	23	20,681,327	17,205,546	14,661,706	9,978,297
Total current assets		154,182,903	180,269,383	124,299,545	142,576,777
Total assets		388,542,546	416,821,604	301,897,173	314,058,187
Equity and liabilities					
Capital and reserves					
Share capital		2,050,197	2,050,197	2,050,197	2,050,197
Share premium		75,377,444	75,377,444	75,377,444	75,377,444
Fair value reserves		(100,776)	(94,316)	(100,776)	(94,316)
Retained earnings		67,730,756	66,377,553	58,225,695	61,595,948
Equity attributable to owners of the Company		145,057,621	143,710,878	135,552,560	138,929,273
Non-controlling interest		6,890,965	7,261,317	-	-
Total Equity		151,948,586	150,972,195	135,552,560	138,929,273
Liabilities					
Non-current liabilities					
Borrowings	25	59,952,261	46,231,074	34,825,538	21,795,459
Retirement benefit obligation		6,411,485	5,848,372	5,384,757	4,798,945
Long service award		2,384,443	2,183,131	2,078,333	1,881,868
Deferred taxation		10,556,127	10,587,507	8,130,831	8,150,526
Deferred income		15,919,465	16,370,523	1,400,788	172,410
Total non-current liabilities		95,223,781	81,220,607	51,820,247	36,799,208
Current liabilities					
Bank overdraft	23	10,861	9,651,138	10,860	1,519,149
Trade and other payables	24	56,943,969	79,040,345	58,381,023	66,343,291
Borrowings	25	62,566,383	71,053,087	45,831,262	55,425,053
Current tax payable		5,701,193	4,104,046	1,169,227	775,960
Deferred income		3,378,678	2,818,229	282,010	52,925
Dividend payable		2,545,415	2,566,783	2,155,805	2,177,173
Customer deposits		10,223,680	15,395,174	6,694,179	12,036,155
Total current liabilities		141,370,179	184,628,802	114,524,366	138,329,706
Total liabilities		236,593,960	265,849,409	166,344,613	175,128,914
Total equity and liabilities		388,542,546	416,821,604	301,897,173	314,058,187

The financial statements were approved by the board of directors and authorised for issue on 30th October, 2019. They were signed on its behalf by:


Paul Miyonmide Gbededo
Group Managing Director
FRC/2013/IODN/00000003828


Anders Kristiansson
Group Chief Finance Officer
FRC/2014/ANAN/00000009819

APPENDIX 8: Extract from the Financial Statements

Flour Mills of Nigeria Plc
Annual report
31 March 2019

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2019

	Note	Group		Company	
		31 March 19	31-Mar-18	31 March 19	31-Mar-18 Restated*
<i>In thousands of naira</i>					
Continuing operations					
Revenue	5	527,404,567	542,670,409	370,205,529	371,370,740
Cost of sales	6	(474,057,010)	(473,895,352)	(337,073,874)	(321,920,291)
Gross profit		53,347,557	68,775,057	33,131,655	49,450,449
Selling and distribution expenses	9	(8,165,792)	(6,180,092)	(6,297,386)	(5,595,264)
Administrative expenses	10	(19,424,087)	(19,423,339)	(12,661,382)	(11,214,859)
Net operating gains and (losses)	8	6,211,205	5,943,332	2,287,514	(4,190,519)
(Impairment loss)/write-back on trade and intercompany receivables	27	327,976	(692,033)	(244,360)	(1,291,375)
Operating profit		32,296,859	48,422,925	16,216,041	27,158,432
Investment income	12	768,592	816,319	18,346,048	9,810,954
Finance costs	13	(22,891,176)	(32,697,477)	(16,025,840)	(24,941,948)
Profit before minimum tax		10,174,275	16,541,767	18,536,249	12,027,438
Minimum tax		(225,616)	(144,277)	-	-
Profit after minimum tax		9,948,659	16,397,490	18,536,249	12,027,438
Net income tax expense	14	(5,948,513)	(2,781,716)	(986,742)	(4,171,670)
Profit from continuing operations		4,000,146	13,615,774	17,549,507	7,855,768
Discontinued operation					
Profit from discontinued operations	50	-	-	1,768,147	1,388,961
Profit for the year		4,000,146	13,615,774	19,317,654	9,244,729
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of defined benefit liability		462,709	(898,629)	355,687	(735,088)
Related tax		(148,068)	292,322	(113,819)	235,228
Remeasurement of defined benefit liability, net of tax		314,641	(606,307)	241,868	(499,860)
<i>Items that may be reclassified to profit or loss:</i>					
Gain/(loss) on investments in equity instruments		(21,760)	38,760	(21,760)	38,760
Other comprehensive income for the year net of tax		292,881	(567,547)	220,108	(461,100)
Total comprehensive income for the year		4,293,027	13,048,227	19,537,762	8,783,629
Profit attributable to:					
Owners of the Company:		4,108,369	12,675,321	17,549,507	9,244,729
Non-controlling Interests	22	(108,223)	940,453	-	-
Total comprehensive income attributable to:		4,000,146	13,615,774	17,549,507	9,244,729
Owners of the Company:		4,895	12,129,511	19,537,762	9,244,729
Non-controlling Interests	22	(102,953)	918,716	-	-
		(98,058)	13,048,227	19,537,762	9,244,729
Earnings per share:					
Per share information					
Basic earnings per share (kobo)	16	100	483	471	352
Diluted earnings per share (kobo)	16	100	483	471	352
Earnings per share - Continuing operations					
Basic earnings per share (Kobo)	16	100	483	428	299
Diluted earnings per share (kobo)	16	100	483	428	299

The accompanying notes and significant accounting policies form an integral part of these financial statements

* The prior year comparative figures have been restated to reflect the impact of discontinued operations as a single amount in the income statement (Note 50)

** The Group and Company initially adopted IFRS 15 and IFRS 9 effective 1 April 2018. Under the transition chosen, comparative information has not been restated except separate presentation of impairment losses on long term, intercompany and trade receivables.

APPENDIX 8: Extract from the Financial Statements

FLOUR MILLS OF NIGERIA PLC

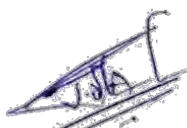
UNAUDITED FINANCIAL RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2019

The Directors of Flour Mills of Nigeria Plc (FMN) are pleased to announce the unaudited financial results of the Group and the Company for the six months ended 30th September 2019 as follows:

	Group		Company	
	Six months ended		Six months ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	N'000	N'000	N'000	N'000
Revenue	270,761,885	269,737,155	187,282,311	188,714,322
Cost of sales	(238,984,804)	(237,617,545)	(169,335,383)	(163,968,779)
Gross profits	31,777,081	32,119,610	17,946,928	24,745,543
Selling and distribution expenses	(4,483,684)	(4,125,473)	(3,421,978)	(3,344,291)
Administrative expenses	(10,517,930)	(9,851,516)	(7,272,411)	(7,553,122)
Net operating gains/(losses)	45,291	1,100,002	(955,242)	(33,395)
Operating profit	16,820,758	19,242,623	6,297,297	13,814,735
Investment income	651,670	288,882	1,918,589	3,544,049
Finance costs	(8,838,125)	(11,229,385)	(5,936,148)	(8,495,274)
Profit before tax	8,634,303	8,302,120	2,279,738	8,863,510
Tax expense	(2,730,977)	(3,232,679)	(729,516)	(2,913,592)
Profit for the period	5,903,326	5,069,441	1,550,222	5,949,918
Gain/(loss) on investments in equity instruments	(6,460)	(19,720)	(6,460)	(19,720)
Total comprehensive income	5,896,866	5,049,721	1,543,762	5,930,198
Profit attributable to:				
Owners of the Company	6,273,678	5,128,330	1,550,222	5,949,918
Non-controlling interests	(370,352)	(58,889)	-	-
	5,903,326	5,069,441	1,550,222	5,949,918
Total comprehensive income attributable to:				
Owners of the Company	6,267,218	5,108,610	1,543,762	5,930,198
Non-controlling interests	(370,352)	(58,889)	-	-
	5,896,866	5,049,721	1,543,762	5,930,198
Earnings per share - Basic (kobo)	153	125	38	145
Earnings per share - Diluted (kobo)	153	125	38	145

Explanatory Notes:

BY ORDER OF THE BOARD



Joseph Odion A. Umolu
Company Secretary / Director, Legal Services
FRC/2013/NBA/0000003687
30th October, 2019

APPENDIX 8: Extract from the Financial Statements

Flour Mills of Nigeria Plc
Annual report
31 March 2019

Consolidated and Separate Statement of Cash Flows

for the year ended 31 March 2019

	Note	Group		Company	
		2019	2018	2019	2018
<i>in thousands of naira</i>					
Cash flow from operating activities					
Cash generated from operating activities	30	75,279,237	84,592,172	5,039,206	(23,367,916)
Income tax paid	14	(2,583,747)	(1,306,617)	(1,116,414)	(226,542)
Long service award benefit paid	34	(291,474)	(191,385)	(247,869)	(167,736)
Retirement benefit paid	33	(164,792)	(341,159)	(130,170)	(275,391)
Net cash generated from/(used in) operating activities		72,239,224	82,753,011	3,544,753	(24,037,585)
Cash flow from investing activities					
Acquisition of property, plant and equipment	17	(26,223,342)	(21,398,545)	(17,210,136)	(8,456,517)
Proceeds from sale of property, plant and equipment		2,223,481	2,790,863	39,105	1,864,149
Acquisition of intangible assets	19	(330,363)	(13,219)	(58,988)	(13,219)
Purchase of biological assets	24	(969,873)	(27,398)	-	-
Loans granted to related companies	25	(586,396)	-	(58,904,085)	(22,632,996)
Loan repayments from related companies	25	128,661	-	92,046,897	73,585,829
Finance Income	12	768,592	816,319	6,011,448	9,810,954
Dividend received	12	-	-	12,334,600	-
Net cash (used in)/ generated from investing activities		(24,989,240)	(17,831,980)	34,258,841	54,158,200
Cash flow from financing activities					
Proceeds on share issue	31	-	39,302,975	-	39,302,975
Proceeds from borrowings	32	362,092,863	301,531,571	199,727,133	263,610,600
Repayment of borrowings	32	(378,107,786)	(360,013,797)	(208,873,876)	(296,036,810)
Consideration paid for acquisition of NCI		-	(1,683,000)	-	(1,683,000)
Additional investment by NCI		2,030,700	-	-	-
Dividends paid	37	(5,488,599)	(2,838,587)	(4,257,175)	(2,838,587)
Unclaimed dividend received	37	352,200	216,465	352,200	192,403
Finance costs paid	13	(22,891,176)	(32,697,477)	(16,025,840)	(24,941,948)
Net cash from financing activities		(42,011,798)	(56,181,850)	(29,077,558)	(22,394,367)
Net increase in cash and cash equivalents		5,238,186	8,739,181	8,726,036	7,726,248
Cash and cash equivalent at the beginning of the year		2,311,327	(4,005,309)	(165,774)	(5,519,945)
Transfer to Golden Fertilizer Company Limited	21(i)	-	-	(105,346)	-
Effect of exchange difference		4,895	(2,422,545)	4,232	(2,372,222)
Cash increase through merger		-	-	-	145
Cash and cash equivalents at 31 March	29	7,554,408	2,311,327	8,459,148	(165,774)

The accompanying notes and significant accounting policies form an integral part of these financial statements

APPENDIX 8: Extract from the Financial Statements

FLOUR MILLS OF NIGERIA PLC

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Group		Company	
	30/09/2019 N'000	30/09/2018 N'000	30/09/2019 N'000	30/09/2018 N'000
Cash flows from operating activities				
Profit before tax	8,634,303	8,302,120	2,279,738	8,863,510
Adjustment for:				
Depreciation and amortization	9,936,515	9,458,030	5,108,414	4,667,605
Finance costs	8,838,125	11,229,385	5,936,148	8,495,274
Interest income	(383,049)	(288,882)	(318,488)	(3,544,049)
Loss/(profit) on disposal of fixed assets	30,966	57,906	(22,539)	(681)
Deferred tax assets	(136,260)	(611,905)		
Tax Payable	1,597,147	(1,936,411)	393,267	(582,967)
Deferred taxation liabilities	(1,585,598)	2,371,444	(412,961)	2,349,038
Retirement benefit obligations	563,113	200,499	585,812	258,798
Long service award	201,312	125,320	196,465	110,246
Dividend payable	(21,368)	159,978	(21,368)	159,978
Profit before changes in working capital	27,675,206	29,067,484	13,724,488	20,776,752
Changes in Working Capital				
(Increase)/ Decrease in Inventory	26,079,025	5,458,843	18,746,515	(1,988,239)
(Increase)/ Decrease in trade and other receivables	(1,902,792)	(3,228,912)	(1,389,726)	(18,596,697)
(Increase)/ Decrease in Biological assets	(748,750)	(669,835)	-	-
(Increase)/ Decrease in Prepayments and deposit for imports	6,217,308	2,414,993	6,126,605	4,275,517
Increase/ (Decrease) in Trade and other payable	(22,096,376)	11,480,458	(7,962,268)	14,944,781
Increase/ (Decrease) in Customers' deposit	(5,171,494)	(1,140,721)	(5,341,975)	(1,751,716)
Increase/ (Decrease) in Deferred revenue	109,390	(400,854)	1,457,465	(62,437)
Net changes in working capital	2,486,311	13,913,972	11,636,616	(3,178,791)
Cash Flow from operating activities	30,161,517	42,981,456	25,361,104	17,597,961
Tax paid	(1,176,759)	(3,232,679)	(336,250)	(2,913,592)
Net Cash Flow from operating activities	28,984,758	39,748,777	25,024,854	14,684,369
Cash flows from Investing activities				
Acquisition of property, plant and equipment	(8,711,793)	(8,947,510)	(7,208,082)	(5,342,744)
Acquisition of intangible assets	193,479	97,802	163,115	138,447
Acquisition of investment property	52,209	52,210	1,028	1,028
Long term loans receivable	738,473	647	(4,687,370)	7,309,529
Finance income	383,049	288,882	318,488	3,544,049
Net Cash flow from investing activities	(7,344,583)	(8,507,969)	(11,412,821)	5,650,309
Financing activities				
Borrowings	5,234,483	7,139,582	3,436,288	12,025,947
Finance costs paid	(8,838,125)	(11,229,385)	(5,936,148)	(8,495,274)
Dividend paid	(4,920,475)	(4,100,396)	(4,920,475)	(4,100,396)
Cash flow from Financing activities	(8,524,117)	(8,190,199)	(7,420,335)	(569,723)
Net Cash Flow	13,116,058	23,050,609	6,191,698	19,764,955
Cash and cash equivalents at beginning of Period/year	7,554,408	2,311,327	8,459,148	(165,774)
Cash and cash equivalents at end of the period	20,670,466	25,361,936	14,650,846	19,599,181
Closing				
Bank deposits balances and cash	20,681,327	26,713,418	14,661,708	20,208,748
Bank overdrafts	(10,861)	(1,351,482)	(10,860)	(609,567)
	20,670,466	25,361,936	14,650,846	19,599,181
Opening				
Bank deposits balances and cash	17,205,546	22,245,372	9,978,297	16,300,426
Bank overdrafts	(9,651,138)	(19,934,045)	(1,519,149)	(16,466,200)
	7,554,408	2,311,327	8,459,148	(165,774)

APPENDIX 8: Extract from the Financial Statements

Other Financial Information

Summary of capital structure of the Issuer

As at 31 March 2019, the capital structure of the Issuer is as follows:

ITEMS		31 March 2019 (₦'million)	30 September 2019 (₦'million)
a.	Cash and cash equivalent	9,978.30	14,650.85
b.	Short term debt	56,944.20	45,842.12
c.	Long term debt	21,795.46	34,825.53
d.	Total shareholders' equity	138,929.37	135,552.56
e.	Guarantees	-	-

Borrowings

	Group		Company	
	31-Mar-2019	31-Mar-18	31-Mar-2019	31-Mar-18
Unsecured borrowings				
Bank of Industry Loan - CBN intervention fund (a)	23,699,914	29,206,842	1,989,114	3,143,017
Commercial Agricultural Credit Scheme - Agricultural loans (b)	5,598,441	8,518,645	-	-
RSSF-Real Sector Support Facility (c)	10,053,477	7,795,298	-	-
Other Bank Loans (e)	33,599,652	35,110,950	29,890,491	26,562,694
Infra Group Loan (d)	-	-	3,834,259	12,996,709
Commercial Papers and Bond Issue (g)	41,506,648	43,664,836	41,506,648	43,664,836
Power and Airline Intervention fund (f)	1,422,488	1,802,513	-	-
	<u>115,880,620</u>	<u>126,099,084</u>	<u>77,220,512</u>	<u>86,367,256</u>
Secured Borrowings				
Term loan 1 (h)	1,403,541	7,200,000	-	-
	<u>1,403,541</u>	<u>7,200,000</u>	<u>-</u>	<u>-</u>
	<u>117,284,161</u>	<u>133,299,084</u>	<u>77,220,512</u>	<u>86,367,256</u>
Analysed into				
Current	71,053,087	103,922,863	55,425,053	71,382,864
Non-current	46,231,074	29,376,221	21,795,459	14,984,392
	<u>117,284,161</u>	<u>133,299,084</u>	<u>77,220,512</u>	<u>86,367,256</u>
Borrowings movement				
Opening balance	133,299,084	192,581,310	86,367,256	118,793,466
Additions	362,092,863	301,531,571	199,727,132	263,610,600
Exchange rate difference		(800,000)	-	-
Repayment	(378,107,786)	(360,013,797)	(208,873,876)	(296,036,810)
Closing balance	<u>117,284,161</u>	<u>133,299,084</u>	<u>77,220,512</u>	<u>86,367,256</u>

Contingent Liabilities

Contingencies

Contingent Liabilities

The Group and the Company are involved in litigation suits in the ordinary course of business. In addition, the Group and Company undergo periodic tax regulatory reviews in the normal course of business. The total amount claimed in the cases and contingencies from these tax regulatory reviews against the Group and Company are estimated at N13.47 billion and N1.73 billion respectively. (31 March 2018: N15.99 billion and N5.91 billion). The actions are being contested and the Directors are of the opinion that none of the aforementioned cases or tax regulatory review are likely to have a material adverse effect on the Group and Company. The Directors are also not aware of any other pending or threatened claims and litigations.

APPENDIX 9: Management Team

S/N	Name	Position held
1	Mr Paul Miyonmide Gbededo	Group Managing Director
2	Mr Anders Kristiansson	Group Chief Financial Officer
3	Mrs Chinonye Nzewi	Group Treasurer
4	Mr. Devlin M. Hainsworth	Managing Director – (Food)
5	Mr Richard Hedges	Flour Operations Director
6	Mr Katsichtis Yannis	Supply Chain Director
7	Mr Adediran Wale	Human Resources Director
8	Mr Umolu Joseph	Company Secretary/Director, Legal Services
9	Mr Narhari Prasad Tripathi	Director of Manufacturing and Technical Services
10	Mr Udochi Paul	Head of Sales
11	Ms. Rita Tsehai	Head of Marketing
12	Mr Prior Russel	General Manager – Bagco Division
13	Mr Percival-Deigh Waltonio	Director, Business Assurance
14	Mr Spiros Iosifides	Logistics Director

APPENDIX 10: Board Resolution



Flour Mills of Nigeria Plc RC 2343

1 Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria

P.O. Box 341, Apapa, Lagos State, Nigeria

Tel: 0705-689-1000, 2000, 3000, 1111, 2222, 3333

Web: www.fmnplc.com

THE FEDERAL REPUBLIC OF NIGERIA

COMPANIES AND ALLIED MATTERS ACT Cap C20 LFN 2004

PRIVATE COMPANY LIMITED BY SHARES

ORDINARY RESOLUTION OF THE DIRECTORS OF FLOUR MILLS OF NIGERIA PLC

At the meeting of the Board of Directors of Flour Mills of Nigeria Plc (the "Company") duly convened and held at Europe Room, Eko Hotels & Suites, Aderokumbo Ademola Street, Victoria Island, Lagos on Wednesday, 4th September, 2019, the following resolutions were proposed and duly passed as ordinary resolutions of the Company:

1. That further to the resolutions passed by the Board of Directors of the Company on 6th December 2017 authorising the establishment of a Bond Issuance Programme (the "Programme") in an aggregate amount not exceeding ₦70,000,000,000 (Seventy Billion Naira), the Company be and is hereby authorized to issue the third series of the Bonds under the Programme in an aggregate amount of ₦20,000,000,000 (Twenty Billion Naira) or higher, as determined via book building and subject to the approved Programme limit, on such terms and conditions as may be determined by the Directors and the Management of the Company, having obtained all relevant regulatory approvals;
2. That, notwithstanding the above, the Company be and is hereby authorized to issue, from time to time, additional series of bonds under the Programme in such proportions, on such dates and times as may be determined via book building and subject to the approved Programme limit, on such terms and conditions as may be approved by any two (2) Directors on the recommendation of the Management of the Company, having obtained all relevant regulatory approvals;
3. That any Director, Management and Secretary of the Company be and are hereby authorized to do all acts and things and to appraise, sign and/or execute all documents, appoint such professional parties and advisers, perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority; and
4. That all acts already carried out by the Directors and Management of the Company in connection with the above, be and are hereby ratified.

Dated this day of 2019


PAUL M. GBEDEDO
DIRECTOR


JOSEPH O. UMOLU
SECRETARY

CHAIRMAN: J. G. Couminteros (U.S.A), GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER: PM. Gbededo
DIRECTORS: (Vice Chairmen) Dr (Chief) E. A. Ukpalab (K/W), Alhaji A.A. Adba, Prof. J. Garba, CON, A.O. Garate (Spanish), Salamatu H. Salimatu,
Alhaji B. M. Garzo, DDM (N. Kisaninis (Greek), T. Mazarakis (Greek), A. N.A. Hienidi, CON, FO, Phillip, Alhaji Y.C.A. Saka, F.R.A. Williams, Jiri
Founder: G.S. Couminteros (1922 - 2016)

FMN: Feeding the Nation, Everyday

APPENDIX 11: Consents

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

Directors of the Company:	Mr John G. Coumantaros Dr (Chief) Emmanuel Akwari Ukpabi (KJW) Mr Paul M. Gbededo Alhaji Abdullahi Ardo Abba Professor Jerry Gana, CON Mr Alfonso Garate Alhaji Rabi Muhammad Gwarzo, OON Mr Ioannis Katsaounis Mr Athanasios George Mazarakis Mr Atedo Nari Atowari Peterside, CON Mr Foluso O. Phillips Alhaji Yunus Olalekan A. Saliu Mr Folarin Rotimi Abiola Williams Mrs Salamatu Hussaini Suleiman
Company Secretary:	Mr Joseph O Umolu
Lead Issuing House:	Stanbic IBTC Capital Limited
Joint issuing Houses:	ARM Securities Limited FBNQuest Merchant Bank Limited FCMB Capital Markets Limited Zenith Capital Limited
Solicitors to the Programme / Issuer:	The New Practice
Bond Trustees:	United Capital Trustees Limited
Receiving Banks:	First Bank of Nigeria Limited Stanbic IBTC Bank PLC
Ratings Agencies:	Agusto & Co. Limited Global Credit Rating Co.
Registrar:	Atlas Registrars Limited

APPENDIX 12: Documents available for Inspection

Copies of the following documents can be inspected at the offices of Flour Mills of Nigeria PLC at Golden Penny Place, Wharf Road, Apapa, Lagos, and the Issuing Houses, between 8:00am and 5:00pm on Business Days, during the validity period of the Programme and the Issue:

- (i) The audited financial statements of the Issuer for the five years ended 31 March 2015, 2016, 2017, 2018 and 2019;
- (ii) The unaudited financial statements of the Issuer for the period ended 30 September 2019
- (iii) The updated schedule of the claims and litigation referred to above and the Solicitors' opinion thereon;
- (iv) The Issuer's Agosto & Co. and GCR Ratings Reports;
- (v) The Issue's Agosto & Co. and GCR Ratings Reports;
- (vi) A copy of the Resolution of the Board of Directors of the Issuer, dated 04 September 2019, authorising the Issuance; and
- (vii) A copy of the letter dated 03 December 2019, from the Auditors to the Issuer, providing its opinion on the going concern status of the Issuer in respect of the Issuance

TNP

16th January 2020

The Chief Executive
Stanbic IBTC Bank Plc
Building A
IBTC Place
Walter Carrington Crescent
Victoria Island
Lagos

Dear Sir,

OPINION OF SOLICITORS TO THE SERIES 3 TRANCHES A & B ISSUANCE (SERIES 3 BONDS) CONFIRMING DIRECTORS' OPINION ON THE EFFECT OF ALL PENDING OR CONTEMPLATED CLAIMS BY OR AGAINST FLOUR MILLS OF NIGERIA ELC

The above-mentioned subject refers.

In the ordinary course of its business, Flour Mills of Nigeria Plc (FMN) is currently involved in twenty eight (28) lawsuits out of which five (5) were either instituted by FMN or FMN filed a counter claim, while twenty-three (23) of the suits were instituted against FMN. Please find enclosed a schedule of pending litigation instituted by or against FMN as at 14th January 2020.

The total amount claimed in the lawsuits that were either instituted by FMN or in which it filed a counter-claim is approximately ₦486, 534, 980.79 (Four Hundred and Eighty Eight Million, Five Hundred and Thirty Four Thousand, Nine Hundred and Eighty Naira, Seventy Nine Kobo).


The amount claimed in the lawsuits instituted against FMN, is ₦1, 786, 466, 509.91 (One Billion, Seven Hundred and Eighty Six Million, Four Hundred and Sixty Six Thousand, Five Hundred and Nine Naira, Ninety One Kobo) and €79, 700 (Seventy-Nine Thousand, Seven Hundred Euros).

In our opinion, the contingent liability to which FMN may likely be exposed on account of these matters are not likely to exceed the sum of ₦1, 786, 466, 509.91 (One Billion, Seven Hundred and Eighty Six Million, Four Hundred and Sixty Six Thousand, Five Hundred and Nine Naira, Ninety One Kobo) and €79, 700 (Seventy-Nine Thousand, Seven Hundred Euros). Having considered the information provided by the solicitors defending the various claims against FMN and made such other enquiries, as we consider necessary and appropriate, we are of the opinion that none of the claims against FMN is material in the context of the proposed Series 3 Bonds.

Except as stated above, we are not aware of any other pending or threatened claims involving FMN which are material to the proposed Series 3 Bonds. We are also of the opinion that none of the cases referred to above is likely to have any material adverse effect on FMN or the proposed Series 3 Bonds.

The directors of FMN have indicated that they are not aware of any other pending and or threatened claims or litigation except for those referred to above and that in their opinion, none of the cases is likely to have any material adverse effect on FMN or the proposed Series 3 Bonds.

Yours sincerely,



Zainab Babalola