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INVESTORS MAY CONFIRM THE CLEARANCE OF THE PROSPECTUS AND THE REGISTRATION OF THE SECURITIES WITH THE SEC BY CONTACTING THE COMMISSION ON sec@sec.gov.ng or +234(0)94621100; +234(0) 94621168



FLOUR MILLS OF NIGERIA PLC (RC 2343)

OFFERS FOR SUBSCRIPTION

₦25,000,000,000

**7 YEAR 6.25% SERIES 4 (TRANCHE B) FIXED RATE SENIOR UNSECURED BOND DUE 2027
UNDER THE ₦70,000,000,000 FLOUR MILLS OF NIGERIA PLC BOND ISSUANCE PROGRAMME**

BOOKBUILDING OPENS: 10 November 2020

BOOKBUILDING CLOSES: 23 November 2020

This Pricing Supplement is prepared for the purpose of Rule 279(3) (6) & (7) of the Rules and Regulation of the Commission 2013 (as amended) ("SEC Rules"), in compliance with the Part IX of the Act, the listing requirements of the FMDQ Securities Exchange Limited ("FMDQ") and The Nigerian Stock Exchange ("NSE") in connection with the ₦70,000,000,000 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. 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 Qualified Institutional Investors. 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 4 (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. 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, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

LEAD ISSUING HOUSE / BOOK RUNNER



FCMB Capital Markets Limited RC 446561

JOINT ISSUING HOUSES / BOOK RUNNERS



**ARM Securities
Limited** RC 125242



**CardinalStone Partners
Limited** RC 739441



**Coronation Merchant
Bank** RC 207138



**FBNQuest Merchant Bank
Limited** RC 264978



**Quantum Zenith Capital &
Investments Limited** RC 639491



**Stanbic IBTC Capital
Limited** RC 1031358

This Pricing Supplement is dated 14 December 2020

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DEFINITION OF TERMS

Terms	Definitions
"Agusto"	Agusto & Co. Limited
"Allotment"	The issue of Bonds to successful bidders pursuant to this Pricing Supplement
"Allotment Date"	The date on which the Series 4 (Tranche B) Bonds are allotted to successful bidders
"Applicant"	A Qualified Investor who offers to purchase the Series 4 (Tranche B) Bonds and submits Commitment Form(s) to a Book Runner during the offer period
"Book Building"	As defined in SEC Rule 321, a process of price and demand discovery through which a Book Runner seeks to determine the price at which securities should be issued, based on the demand from Qualified Investors
"Bondholder"	Any registered owner of the Series 4 (Tranche B) Bonds
"Bond Issuance Programme" or the "Programme"	The ₦70,000,000,000 Bond Issuance Programme being undertaken by Flour Mills of Nigeria Plc as described in the Shelf Prospectus, pursuant to which the Issuer may issue tranches of Bonds from time to time with varying maturities, terms and conditions and variable rates of interests; provided that the aggregate value does not exceed ₦70,000,000,000
"Bonds"	The Series 4 (Tranche B) Bonds being issued in accordance with the terms of the Shelf Prospectus and this Pricing Supplement
"Business Day"	Any day, except Saturdays, Sundays and public holidays declared by the Federal Government, on which banks are open for business in Nigeria
"Commitment Form"	The application form included in this Pricing Supplement which is to be completed by each Qualified Investor providing identification details of each Applicant and the Participation Amount(s) and Coupon Rates ("Orders") offered for the Series 4 (Tranche B) Bonds
"Coupon"	The interest paid on the Series 4 (Tranche B) Bonds periodically, expressed as a percentage of the face value of the Series 4 (Tranche B) Bonds
"Coupon Commencement Date"	The Issue Date for the Series 4 (Tranche B) Bonds, from which Coupon on the Series 4 (Tranche B) Bonds will begin to accrue
"Coupon Payment Date"	The date on which the Coupon falls due for payment to the Bondholders
"Fixed Rate Bonds"	Bonds in respect of which Coupon is to be calculated and paid on a fixed rate basis
"FMDQ" or "FMDQ Exchange"	FMDQ Securities Exchange Limited
"FMDQ Depository"	FMDQ Depository Limited
"FMDQ Depository Participant"	An institution that is a duly registered member of FMDQ Depository Limited

DEFINITION OF TERMS

"Issue Date"	The date on which the Series 4 (Tranche B) Bonds are issued
"Issue Price"	The price at which the Series 4 (Tranche B) Bonds are issued
"Issuer" or "FMN"	Flour Mills of Nigeria Plc
"Issuing Houses"	The Lead Issuing House and Joint Issuing Houses
"LFN 2004"	Laws of the Federation of Nigeria, 2004
"Naira" or "₦"	The Nigerian Naira
"NSE"	The Nigerian Stock Exchange
"Participant Amount"	The amount an Applicant offers for the purchase of the Series 4 (Tranche B) Bonds
"Pricing Supplement"	This supplemental prospectus which contains relevant information relating to the Series 4 (Tranche B) Bonds, including but not limited to, details about the price, amount, issue date and maturity date of the Series 4 (Tranche B) Bonds
"Principal" or "Principal Amount"	The nominal amount of each Bond, as specified in this Pricing Supplement
"Programme Trust Deed"	A master trust deed made between the Issuer and the Trustee, in relation to the Programme
"Qualified Investors"	Qualified Institutional Investors as stipulated by Rule 321 of the SEC Rules and Regulations (as amended)
"Qualified Institutional Investors"	As defined in Rule 321 of the SEC Rules and Regulations (as amended)
"SEC" or the "Commission"	Securities & Exchange Commission
"SEC Rules"	The rules and regulations of the SEC, 2013 (as may be amended from time to time)
"Series 4 Trust Deed"	The Deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Trustee and empowering the Trustee in relation to the issuance of the Series 4 (Tranche B) Bonds
"Shelf Prospectus"	The Shelf Prospectus approved by the SEC and dated 1 November 2018 filed by the Issuer in accordance with the SEC Rules
"Signing Ceremony"	The date on which all parties to the issue execute the final offer documents approved by the SEC

PARTIES TO THE OFFER

Board of Directors

Mr John G. Coumantaros
(Chairman)
744 Fifth Avenue
New York
USA

Alhaji Yunus Olalekan Saliu
3 Abike Sulaiman Street
Oke Odo
Lagos

Dr (Chief) Emmanuel Akwari Ukpabi (KJW)
(Vice Chairman)
76 Marine Road
Apapa
Lagos

Professor Jerry Gana, CON
2 Misratak Street
Wuse II
Abuja

Mr Paul Miyonmide Gbededo
(Group Managing Director)
33B Bourdillon Road
Ikoyi
Lagos

Alhaji Rabi M. Gwarzo, OON
15 Mai Malari Road
Bompai Industrial Estate
Kano

Alhaji Abdullahi A. Abba
26 Mayo Inne Road
Jimeta
Yola
Adamawa

Mr Athanasios George Mazarakis
Fifth Avenue 23rd Floor
New York
USA

Mr Alfonso Garate
33rd Floor, 712 Fifth Avenue
New York
United States of America

Mr Foluso O. Phillips
Phillips Consulting
4th Floor, UBA House
57 Marina
Lagos

Mr Ioannis Katsaounis
26 Filellinon Street
Athens
Greece

Mr Folarin R. A. Williams
1 Sagamu Street
Ilupeju
Lagos

Dr. (Mrs) Salamatu Hussaini Suleiman
19 Bolaji Akinyemi Crescent
Katampe Extension
Abuja

Mr Omoboyede Oyebolanle Olusanya
3C George Street
Ikoyi
Lagos

Mr Joseph O. Umolu
(Company Secretary)
738c, Babatunde Atere Street
Omole
Lagos

Other Information

Registered Address¹ Flour Mills of Nigeria PLC 1 Golden Penny Place Wharf Road Apapa Lagos +234 705 689 1000	Audit Committee Members Mr. Olalekan Oladepo Adesina - Chairman Mr. Shekoni Nurudeen Adebayo Mr. Adeshina Tajudeen Imran Chief (Dr.) Emmanuel Akwari Ukpabi, (KJW) Mr. Foluso O. Phillips Alhaji Yunus Olalekan Saliu Mr. Joseph O. Umolu	Auditors KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos +234 1 271 8955
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¹ Regional offices of the Issuer can be found on the Issuer's website, <https://www.fmnplc.com>

PARTIES TO THE OFFER

Issuing Houses

FCMB Capital Markets Limited

First City Plaza (6th Floor)
44 Marina *Adewajimi*
Lagos *Kazeem Raji*

CardinalStone Partners Limited

5 Okotie Eboh Street
Off Awolowo Road
Ikoyi
Lagos

MICHAEL NZEWI

FBNQuest Merchant Bank Limited

10 Keffi Street
Off Awolowo Road
Ikoyi
Lagos

Kayode Akinkugbe

Stanbic IBTC Capital Limited

I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

Kobby Bentsi-Enchill

ARM Securities Limited

1 Mekunwen Road
Off Oyinkan Abayomi Drive
Ikoyi
Lagos

Coronation Merchant Bank Limited

10 Amodu Ojikutu Street
Off Saka Tinubu Street
Victoria Island
Lagos

BANDU ADEGBO HUNGBE

Quantum Zenith Capital & Investments Limited

Plot 2 Ajose Adeogun Street (12th Floor)
Victoria Island
Lagos

Efe Scharon

Solicitors to the Programme / Issuer

The New Practice

49, Raymond Njoku Street
South-West Ikoyi
Lagos

Baba Alokolaro

Registrars

Atlas Registrars Limited

34 Eric Moore Road
Iganmu
Lagos

Enloma Seyi

Trustees

United Capital Trustees Limited

Afriland Towers 3rd & 4th Floors
97/105, Broad Street
Lagos

Ajayi Tokunbo

Legal Adviser to the Trustee

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

Receiving Banks

Access Bank Plc

Plot 999c, Danmole Street
Victoria Island
Lagos

George Ayoko

First Bank of Nigeria Limited

Samuel Asabia House
35 Marina
Lagos

Adeniyi Adegbenle

First City Monument Bank Limited

Primrose Tower
17A Tinubu Street
Lagos

Umaru Odeh

Ratings Agency

Agusto & Co. Limited

UBA House (5th Floor)
57 Marina Road
Lagos

E. Olukeya

ADEBI, OLUKEYA

Auditors to the Issuer

KPMG Professional Services

KPMG Towers
Bishop Aboyade Cole Street
Victoria Island
Lagos

PP: Mohammed Adeniyi

INDICATIVE TRANSACTION TIMELINES

Date	Activities	Responsibility
6 November 2020	Receive SEC approval to commence book building	Lead Issuing House
10 November 2020	Commence book building	Issuing Houses and Bookrunners
23 November 2020	Conclude book building	Issuing Houses and Bookrunners
24 November 2020	Determine Coupon Rate and aggregate Principal Amount of Bond to be issued	Issuer, Issuing Houses and Bookrunners
25 November 2020	Dispatch Allocation Confirmation Notices to Successful Participants	Issuing Houses and Bookrunners
25 November 2020	File updated Pricing Supplement and other Issue documents with SEC	Lead Issuing House
14 December 2020	Effect payment of Participation Amounts to Receiving Banks	Successful Participants
14 December 2020	Signing Ceremony	All Parties
15 December 2020	Remit net Issue proceeds to the Issuer	Receiving Bank
16 December 2020	File executed Issue documents with SEC	Lead Issuing House
16 December 2020	File Allotment Proposal with SEC	Lead Issuing House
23 December 2020	Receive SEC clearance of Allotment	Lead Issuing House
28 December 2020	Announce Allotment	Lead Issuing House
30 December 2020	Post allotment compliance report	Lead Issuing House
4 January 2020	Credit Account of Bondholders on the FMDQ Depository platform (Q-eX)/ dispatch Bond Certificates	Registrar/ Lead Issuing House
7 January 2020	Listing and commencement of trading in the Bond	Lead Issuing House

SUMMARY OF THE OFFER

1. Issuer:	Flour Mills of Nigeria Plc
2. Description of the Bond:	7 year 6.25% senior unsecured Fixed Rate Bonds due 2027
3. Series Number and Tranche:	Series 4 Tranche B
4. Specified Currency:	Naira ("₦")
5. Aggregate Nominal:	₦25,000,000,000
6. Issue Price:	At par. ₦1,000 per unit of the Bond
7. Gross proceeds (Tranche A & B):	₦29,890,000,000
8. Net proceeds (Tranche A & B)	₦29,479,421,581.25
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 group (e.g. a PFA) 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:	14 December 2020
12. Coupon Commencement Date	Coupon shall accrue from the Allotment date
13. Tenor	7 (seven) years
14. Maturity Date:	14 December 2027
15. Principal Moratorium:	N/A
16. Coupon Basis:	Fixed Rate
17. Coupon Rate:	6.25% p.a
18. Source of Repayment	Issuer's cash flows, unless otherwise specified
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, unsubordinated 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 Trustee 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 Trustee 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 Bonds on the FMDQ Exchange and/or the NSE
23. Use of proceeds
- The net proceeds of the Series 4 (Tranche A & B) Bond Issuance, which are estimated at ₦29,479,421,581.25, after deducting issue costs (including VAT) of ₦410,578,418.75 representing 1.37% of the issue, shall be applied as follows:
- | | Description | Amount (₦) | % | Time to completion |
|----|-------------------------------|--------------------------|------------|--------------------|
| 1. | Repayment of debt obligations | 29,479,421,581.25 | 100 | Within 6 months |
| | | 29,479,421,581.25 | 100 | |
24. Offer Period: 10 November 2020 – 23 November 2020

Provisions relating to coupon (if any) payable

25. Fixed Rate Bond Provisions
- i. Coupon Payment Date(s)/Payment Dates: 14 June and 14 December (Semi-annual)
- ii. Coupon Amount(s): As applicable for each Interest Period (Interest accumulated between each Coupon payment) using the Actual / Actual Day Count Fraction

- | | |
|---|--|
| iii. Day Count Fraction: | Actual / Actual (actual numbers of days in a month / actual number of days in the year) |
| iv. 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. |
| v. 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 FMDQ Depository Limited's Q-eX securities clearing and settlement platform. |
| i) Form of Dematerialised Bonds: | Dematerialised |
| ii) Registrar: | Atlas Registrars Limited |
| 27. Trustee: | United Capital Trustees Limited |
| 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 | FCMB Capital Markets Limited (Lead);
ARM Securities Limited;
CardinalStone Partners Limited;
Coronation Merchant Bank Limited;
FBNQuest Merchant Bank Limited;
Quantum Zenith Capital & Investments Limited; and
Stanbic IBTC Capital Limited |
| 31. Method of Distribution: | Book Building to Qualified Institutional Investors only. |
| 32. Underwriting: | Not applicable |
| 33. Clearing System: | FMDQ Depository Limited |
| 34. Rating: | |

SUMMARY OF THE OFFER

- | | |
|------------|-------------|
| i) Issuer: | A- (Agusto) |
| ii) Issue: | A- (Agusto) |

An issue rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, downgrade or withdrawal at any time by the assigning Rating Agency.

35. Terms of Settlement Kindly refer to Payment Instructions under pages 40 – 41

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 | Not Applicable |
| (iv) | If redeemable in part: | |
| | (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) | ₦40,110,000,000 (₦10,110,000,000 Series 1, ₦10,000,000,000 Series 2 & ₦20,000,000,000 Series 3 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. |
| 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 | 29 July 2020 |
| 42. | Selling restrictions | Strictly to Qualified Institutional Investors as stipulated by Rule 321 of the SEC Rules and Regulations |
| 43. | Details of Indebtedness | As at 30 June 2020, total indebtedness of the Issuer stood at ₦89,353,965,000 (Eighty Nine Billion, Three Hundred and Fifty Three Million, Nine Hundred and Sixty Five Thousand Naira) |
| 44. | Claims and Litigation | <p>In the ordinary course of its business, FMN is currently involved in 31 lawsuits out of which 8 were either instituted by FMN or FMN filed a counter claim, while 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 ₦376,034,980.79 (Three Hundred and Seventy Six Million, Thirty Four Thousand, Nine Hundred and Eighty Naira, Seventy Nine kobo) while the amount claimed in the lawsuits instituted against FMN is ₦2,035,154,009.91 (Two Billion, Thirty Five Million, One Hundred and Fifty Four Thousand, Nine Naira, Ninety One kobo) and €79,700 (Seventy-Nine Thousand, Seven Hundred Euros)</p> <p>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</p> |

validity of the Transaction or restricts the proceedings or actions of the Issuer with respect to the Transaction

45. Other disclosures

The Series 4 Tranche B Trust Deed dated 14 December 2020 has been entered into between FMN and United Capital Trustees Limited and is considered material to the Programme

There have been no merger / take-over offers by third parties in respect of the Issuer's securities; or merger / take-over offers by the Issuer in respect of another company's securities

The bonds have been issued pursuant to the Board Resolution dated 29 July 2020. Extracts of the resolution are included on page 14.

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 June 2020 and no material adverse change in the financial position or prospects of the Issuer since 30 June 2020.



RC: 2343

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

PUBLIC COMPANY LIMITED BY SHARES

ORDINARY RESOLUTION OF THE DIRECTORS

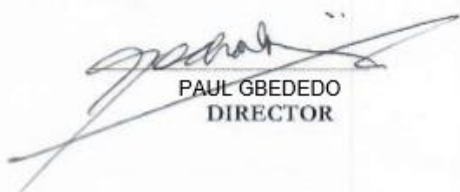
OF

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 the offices of the Company at 1, Golden Penny Place, Wharf Road, Apapa, Lagos, on the 29th of July 2020, 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 ₦70,000,000,000.00 (Seventy Billion Naira), the Company be and is hereby authorised to issue the fourth series of the Bonds under the Programme in an aggregate amount of ₦29,890,000,000,000 (Twenty Nine Billion, Eight Hundred and Ninety Million Naira), 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 any Director, Senior Management staff and Secretary of the Company be and are hereby authorised to do all acts and things and to approve, 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
3. That all acts already carried out by the Directors, and Senior Management of the Company in connection with the above, be and are hereby ratified.

Dated this 29th day of July 2020


PAUL GBEDEDO
DIRECTOR


JOSEPH UMOLU
SECRETARY
Confidential

CHAIRMAN: J. G. Coumantaras (U.S.A.), GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER: PM. Gbededo
DIRECTORS: (Vice Chairman) Dr. (Chief) E. A. Ukpabi (KJW), Alhaji A.A. Abba, Prof. J. Gana, CON, A.O. Garate (Spanish), Salamatou H. Suleiman, Alhaji R. M. Gwarzo, OON, I.N. Katsouris (Greek), T. Mazarakis (Greek), A. N.A. Peterside, CON, I.O. Phillips, Alhaji Y.O.A. Salu, F.R.A. Williams, Jr.

Founder: G.S. Coumantaras (1922 - 2016)

FMN: Feeding the Nation, Everyday



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

18 August 2020

Declaration by Flour Mills of Nigeria Plc

We hereby affirm that this Pricing Supplement has been prepared by the Issuing Houses, on behalf of Flour Mills of Nigeria Plc ("the Issuer") for the purpose of providing information and disclosures to prospective investors or the Issuer in connection with the issue and the investment in the securities issued therein.

On behalf of the Board of Directors, we hereby make the following declarations:

1. We confirm that we have taken all reasonable care to ensure that the information contained in this Pricing Supplement, is to the best of our knowledge and belief, in accordance with the material facts and contains no omission likely to affect the accuracy of the information contained therein.
2. We confirm that there has been no significant change in the financial condition or material adverse change in the financial prospects of the Issuer since the date of the publication of the ₦70,000,000,000 (Seventy Billion Naira) Bond Issuance Programme.
3. We confirm that the Issuer has not during the 11 (twelve) calendar months immediately preceding the date of this Pricing Supplement, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.
4. No prosecution has been commenced against either the Issuer or any of its subsidiaries during the twelve (12) calendar months immediately preceding the date of this Pricing Supplement, in respect of any breach or contravention of the Companies and Allied Matters Act 2020 or the listing requirements of a recognised securities exchange.

Yours faithfully,

For: Flour Mills of Nigeria Plc





Paul Gbededo
(Managing Director)

Anders Kristiansson
(Chief Financial Officer)

Joseph Umolu
(Company Secretary)

KEHINDE BURAIMOH
NOTARY PUBLIC
7th Floor Mandilas Building
35, Simpson Street, Lagos.
P. O. Box 2252, Marina Lagos.

CHAIRMAN: J. G. Couminteros (U.S.A), GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER: PM. Gbededo
 DIRECTORS: (Vice Chairman) Dr. (Chief) E. A. Ukpabi (KfW), Alhaji A.A. Alba, Prof. J. Gana, CON, A.O. Garate (Spanish), Sulamiolu H. Alhaji R. M. Gwera, CON, I.N. Katsouris (Greek), T. Mazarakis (Greek), A. N.A. Petenide, CON, F.O. Philips, Alhaji Y.O.A. Seifu, F.R.A. Williams, etc.
 Founder: G.S. Couminteros (1922 - 2016)

FMN: Feeding the Nation, Everyday

Mr John G. Coumantaros - Chairman

He holds a BA in History from Yale University (1984). Mr John G. Coumantaros commenced work in 1984 with Southern Star Shipping Company Inc. where he became Vice President in 1992, Senior Vice President in 2000 and President in 2008. He was appointed to the Board of FMN as a non-Executive Director in 1990. He served as non-Executive Vice Chairman of the Company between 2012 and 2014 before being appointed as Chairman of the Board on 10 September 2014. He is also a Director of Oxbow Carbon LLC, a leading international energy company and ELBISCO Holdings SA, a fast-moving consumer food business in Athens, Greece.

Dr (Chief) Emmanuel Akwari Ukpabi (KJW) - Vice Chairman

He holds a Bachelor's degree in Chemistry from University of Nigeria, Nsukka (1970). He attended the Advanced Management Programme of the Lagos Business School (1996) and the Management Programme of the University of Navarra's IESE Business School in Spain (1998). He joined FMN as a management trainee in 1972 and rose to the position of Managing Director, serving as Group Managing Director of FMN from January 2002 to March 2013. Mr Ukpabi also serves as a Director of Northern Nigeria Flour Mills Plc, Apapa Bulk Terminal Limited and Golden Sugar Company Limited. He was appointed as Vice Chairman of the Board in 2013.

Mr Paul Miyonmide Gbededo – Group Managing Director

He graduated from the Plastic and Rubber Institute and became an associate of National College of Rubber Technology, both from the Polytechnic of North London in 1980. He holds an MSc Degree in Polymer Technology from Loughborough University (1981). He is also an alumnus of the Lagos Business School Advanced Management Programme. Mr Gbededo has worked with FMN for over 30 years, starting with BAGCO in 1982 where he held several managerial positions until 1998. He joined FMN in 1998 as General Manager of fertiliser operations. He served as pioneer General Manager/Director of Golden Pasta and was elevated to the position of Managing Director of FMN's agro-allied business in July 2012. In March 2013, Mr Gbededo was appointed as Group Managing Director of FMN and sits on the boards of Golden Sugar Company Limited and other subsidiaries of FMN.

Alhaji Abdullahi A. Abba - Non-Executive Director

He holds a Diploma in Livestock Production from the University of London (1967). He is currently Chief Executive Officer of Abbas Agro Limited and Proprietor of Alkama Bakery in Yola. He previously worked as the Kaduna Abattoir manager, Production Manager and Deputy Managing Director of Mokwa Cattle Ranch and Managing Director of Bauchi Meat Company Limited from 1975 to 1979. He joined the Board of FMN in 1983.

Professor Jerry Gana, CON - Non-Executive Director

He holds a Bachelor's degree in Geography from Ahmadu Bello University (1970). He also obtained an MSc Degree in Rural Resources Planning leading to a Ph.D in Market Place Systems and Rural Development from University of Aberdeen in Scotland (1974). He previously taught at the Ahmadu Bello University from 1974 to 1986, rising to the post of professor in 1985. He was appointed the Chairman of Mass Mobilisation for Social and Economic Recovery during Rtd General Babangida's regime.

He subsequently became a cabinet minister for Agriculture and Natural Resources (1993), Information and Culture (1994), Cooperation and Integration in Africa (1999 - 2001) and (2001 - 2003). Professor Gana also served as Peoples Democratic Party (PDP) National Secretary and Secretary of the PDP Board of Trustees from 1998 till his resignation in 2006. Professor Gana is currently the Pro-Chancellor and Chairman of Council of the University of Lagos. He was appointed to the Board of FMN on 13 March 2013.

Mr Alfonso Garate - Non-Executive Director

He holds a Bachelor of Economics and Business Administration Degree from University Pontificia Comillas – ICADE in Madrid, Spain (1992) and attended Harvard Business School's Advanced Management Program (2009). He is also an alumnus of the International Institute for Management Development Business School of Post Graduate Studies in Lausanne, Switzerland (2007). He later proceeded to Holcim Limited, a company in

which he held different management positions and subsequently became the Chief Executive Officer of Holcim Trading SA. He became a member of the Board of FMN on 11 March 2015.

Alhaji Rabi M. Gwarzo, OON - Non-Executive Director

He studied Commercial Accounting between 1972 and 1975 at the West Ham College and North East London Polytechnic. He holds a Certificate in Accounting and Finance from the University of Strathclyde in Glasgow, Scotland (1982). Alhaji Gwarzo joined Northern Nigeria Flour Mills Plc as an accountant in 1985 and rose to the position of Deputy Managing Director in 1991 before his appointment as Managing Director in 1997. Alhaji Gwarzo became Vice Chairman of Northern Nigeria Flour Mills of Nigeria Plc in 2011. He is also a member of the Kano Peace Development Initiative and Director of Kano State Investment Company Limited. He was appointed to the Board of FMN on 8 December 2009.

Mr Ioannis Katsaounis - Non-Executive Director

He holds a Bachelor of Science Degree in Mechanical Engineering from University of Minnesota (1969), an MBA in Economics from the University of California (1970), a Graduate Degree in Economics from the University of Geneva (1972), a Degree in Regional Development from the University of Athens (1975). Prior to joining FMN, Mr Katsaounis was the founder and owner of Plexus Construction Company in Greece. He also served as Managing Director and General Manager of Alucanco S. A., Greece, an aluminium can manufacturing company from 1985 to 2000. He joined the Board of FMN in 1993.

Mr Athanasios George Mazarakis - Non-Executive Director

He holds a Bachelor of Arts Degree in Economics from Princeton University (1984) and an MBA from the Wharton School of Business at the University of Pennsylvania (1985). He joined the Board of FMN in July 2006. Prior to joining FMN, Mr Mazarakis held numerous positions in finance, marketing and general management. He was the Chief Financial Officer of the Prudential Insurance Company of America and the Chief Executive Officer of Chase Merchant Services.

Mr Foluso O. Phillips - Non-Executive Director

He holds a degree in Industrial Economics from the University of Wales' Institute of Science and Technology, Cardiff, Wales 1974. He is a qualified Industrial Economist, a Chartered Management Accountant of the United Kingdom and a Fellow of the Institute of Chartered Accountants of Nigeria. He is Executive Chairman and Founder of Phillips Consulting Limited and also holds several other Board positions including Chairman of Nigeria Economic Summit Group, Chairman of Nigeria/South Africa Chamber of Commerce, Chairman of Interbrand Sampson West Africa and Chairman, Web Liquid West Africa. Mr Phillips also serves as Director, Special Olympics of Nigeria, Director, Vigeo Holdings Limited and an Advisory Board member of Africa Leadership Academy. He joined the Board of FMN in March 2014.

Alhaji Yunus Olalekan Saliu – Non-Executive Director

He holds a degree in Economics from the University of Ibadan (1969) and is a Fellow of the Institute of Chartered Accountants of Nigeria (1976). He is an alumnus of the Lagos Business School Executive Programme and has attended some executive and leadership development programs and training in the United Kingdom, United States of America, Switzerland and Australia. He started his career as an Audit Senior in KPMG Audit in 1974 and was admitted as a Partner of the firm in 1982 before joining FMN as Finance Director/Company Secretary in 1994. He stepped aside from his role of Finance Director in September 2011 and served FMN as an Executive Director and Company Secretary until December 2015. He is also the Vice-Chairman of Body of Patrons, Lagos Mainland District of the Institute of Chartered Accountants of Nigeria.

Mr Folarin R. A. Williams - Non-Executive Director

He holds a Bachelor's degree in AGGI Chemical Engineering from the Imperial College of Science and Technology in London (1976) and an MA in Cantab Law from Cambridge University (1983). He subsequently attended the Nigerian Law School from 1983 to 1984. Mr Williams is a highly experienced legal practitioner who

is principally active in commercial and corporate advisory work and litigation. He currently serves on the Board of Pharma-Deko Plc, G. Cappa Plc and a number of other companies. He joined the Board of FMN on 20 May 2005.

Dr. (Mrs) Salamatu Hussaini Suleiman - Non-Executive Director

She obtained an LLB (Hons) degree from Ahmadu Bello University (1981) as well as an LLM from the London School of Economics & Political Science (1987). Her experience spans over three decades across various private sector and public organizations. She has held various leadership positions including Secretary and Director of Legal Services at the Securities & Exchange Commission, Honourable Minister of Women Affairs and Social Development, Federal Republic of Nigeria, Minister of State II, Foreign Affairs Ministry, Federal Republic of Nigeria, and Commissioner, Political Affairs, Peace and Security, ECOWAS Commission. She presently sits on the board of Stanbic IBTC Holdings Plc.

Mr Omoboyede Oyebolanle Olusanya – Executive Director

He joined Flour Mills of Nigeria Plc on 1st March 2020 as the Group Chief Operating Officer. Omoboyede has over 30 years of experience across structural engineering, IT and telecommunications industries. Prior to joining FMN, he was an Operating Partner - Helios Investment Partners; CEO - gmobile; Partner - GA Capital Limited; Chief Transformation Officer - Dangote Industries; Managing Director - Dancom Technologies; Deputy CEO - Vee Networks; Acting Chief Executive Officer - ECONET Wireless. Omoboyede holds an M.Sc. in Computer Science from the University of Manchester and an M.Sc. in Environmental Civil Engineering from the University of Liverpool. He is a member of the Institute of Highways and Transportation, and Internet Society.

MANAGEMENT TEAM

The members of the Management Team include:

S/N	Management Team	Position Held
1.	Mr Paul Miyonmide Gbededo	Group Managing Director
2.	Mr Omoboyede Oyebolanle Olusanya	Group Chief Operating Officer
3.	Mr Devlin Marc Hainsworth	Managing Director, Foods Division
4.	Mr Anders Kristiansson	Group Chief Financial Officer
5.	Mr Waltonio Percival-Deigh	Director, Business Assurance
6.	Mr Jack Joseph Cwach	Group Flour Operations Director
7.	Mr Paul Udochi	Head of Sales
8.	Mr Yiannis Katsichtis	General Manager, Pasta division
9.	Mr Wale Adediran MCIPM	Group Human Resources Director
10.	Mr Russell Barry Prior	General Manager, Bagco Packaging Division
11.	Mr Joseph O. Umolu	Company Secretary

MANAGEMENT DISCUSSION & ANALYSIS



Audited results for the year ended 31 March 2020

*+7% Revenue growth in the Food segment, driven by the upswing in volumes
17% increase in dividend to ₦1.40 per share*

On 03 August 2020, Flour Mills of Nigeria Plc ("FMN" or the "Company") announced the release of its audited financial statement for the financial year ended 31 March 2020 on the Nigerian Stock Exchange.

Financial Highlights

- Revenue grew by 7% y-o-y to ₦394.9bn compared to a decline of 0.3% in the previous year.
- Gross margin was up by 21% compared to prior year.
- Finance cost dropped by 23% while profit after tax stood at ₦12.6bn.
- Sustainable dividend of ₦4bn from investments in subsidiaries.
- Significant improvement in leverage ratios as net debt to EBITDA drops from 2.5x in prior year to 1.6x.
- Cash and cash equivalent up 1.7x compared to the previous year.

Operating Highlights

- Introduced new products such as Golden Penny Jollof Noodles and Auntie B Pasta and Semolina, with improved packaging to further serve consumers and broaden the market reach.
- Accelerated market penetration and strengthened partnership with distributors and the association of master bakers.
- New additions to the Management Team (Mr. Omoboyede Olusanya - Group Chief Operating Officer and Mr Jack Cwach - Flour Operations Director).
- 60 years of operational excellence, feeding the nation every day.

Capital Highlights

- Issued ₦20bn corporate bond to replace expensive short-term facilities.

Business Operating Environment

The Company commenced its financial year in April 2019, shortly after the successful completion of the parliamentary, gubernatorial and presidential elections. The new government helped to disperse the fear of political uncertainty created during the elections, ensured a peaceful atmosphere and refocused its attention on building the economy.

The Nigerian economy, however, recorded an average annual growth rate of 2.2% in real terms in 2019 compared to 1.9% the previous year. This was largely driven by the growth in the oil sector.

Inflation on the other hand trended upwards from 11.7% in April 2019 to 12.3% in March 2020; crude oil production decreased during the review period while FGN reserves reduced to \$36bn by the end of March 2020. Exchange rate (NGN/USD) was quite stable at around ₦364/\$, until the effect of the coronavirus ("Covid-19") caused the exchange rate to increase to around ₦385/\$ in March 2020.

MANAGEMENT DISCUSSION & ANALYSIS

In Q1 2020, the performance of the Nigerian economy was significantly impacted by the international ramification of the coronavirus on oil prices, global trade and supply chains. Nigeria's GDP contracted to 1.9% in Q1 2020 from 2.6% in Q4 2019, representing a decline of 70 basis points.

The oil sector recorded a real growth of 5.1% in Q1 2020, a decrease of 1.3% points when compared to the previous quarter, which was 6.4%. The non-oil sector also witnessed a slowdown in Q1 2020 compared to Q4 2019 and grew by 1.6% in real terms during Q1 2020, compared to 2.3% in Q4 2019.

According to the National Bureau of Statistics, the Manufacturing sector, grew at a slower rate of 0.4% in Q1 2020, compared to 1.2% in Q4 2019. The retail, real and service sectors also experienced a slow-down, attributable to the low purchasing power of consumers as inflation rises amidst border closure, naira devaluation as well as global disruption caused by the coronavirus pandemic.

FMN in FY'20

Despite these macroeconomic challenges, FMN had a successful year with strong revenue growth in a competitive business environment, driven by the upswing in volumes. Revenue grew by 7% from ₦370.2bn to ₦394.9bn, while profit after tax stood at ₦12.6bn.

The Food segment continues to grow and diversify as FMN remains focused on delivering superior quality and broadening the consumer offerings in the Business to Consumer segment.

FMN's investments into profitable local content and value addition positions the Company for further profitable growth in the 2020/21 financial year.

Financial performance

CONSOLIDATED STATEMENT OF PROFIT & LOSS (₦'B)						
	<u>FY'20</u>	<u>FY'19</u>	<u>%</u>	<u>Q4'20</u>	<u>Q4'19</u>	<u>%</u>
Revenue	394.9	370.2	7%	106.4	89.0	20%
Cost of sales	(355.0)	(337.1)	5%	(97.0)	(89.6)	8%
Gross profit	39.9	33.1	21%	9.4	(0.5)	1890%
Net operating gains and (losses)	(1.9)	2.0	(194%)	(0.9)	2.1	(144%)
SG&A expenses	(22.9)	(19.0)	21%	(6.3)	(3.1)	103%
Operating profit	15.1	16.2	(7%)	2.2	(1.5)	241%
Investment income	14.8	18.3	(20%)	12.7	10.0	28%
Finance costs	(12.3)	(16.0)	(23%)	(3.2)	(3.6)	11%
Profit before taxation	17.5	18.5	(5%)	11.7	4.8	141%
Taxation	(5.0)	(0.1)	402%	(3.7)	2.2	(264%)
Profit for the year	12.6	17.5	(28%)	8.0	7.1	13%
Earnings Per Share (K)	307	428	(28%)	195	173	13%

- Strong revenue growth, largely driven by the upswing in volumes and solid investments in route to market.
- Covid-19 costs of ₦1bn, strategic investments in talent and increased selling expenses resulted in the rise in operating expenses. However, this is expected to drive future growth; and sales following the introduction of new products such as Golden Penny Jollof Noodles, Auntie B Pasta, and Auntie B Semolina during the year.
- Continuous balance sheet optimization resulted in a 23% drop in finance costs and profit before tax of ₦17.5bn.
- In FY'20, the effective tax rate for the Company was 28% compared to 5% the previous year. The higher effective tax rate was largely attributable to the impact of the new Finance Act 2019, which became effective in January 2020. The company had a higher income tax charge of ₦2.0bn in FY'20 and deferred tax of ₦2.7bn in FY'20 compared to only a deferred tax of ₦0.2bn in FY'19.

MANAGEMENT DISCUSSION & ANALYSIS

- Strong Q4 results, generating ₦11.7bn PBT a 141% increase from Q4 in the previous year

Financial Position

STATEMENT OF FINANCIAL POSITION (₦'BN)			
	Mar-20	Mar-19	% Change
Non-current assets			
Property plant and equipment	89.1	88.8	0%
Long term loan receivables	48.9	33.6	46%
Investment in subsidiaries	44.7	44.0	2%
Other non-current assets	6.4	5.1	25%
Total Non-current assets	189.1	171.5	10%
Current Assets			
Inventories	61.7	68.2	(10%)
Trade and other receivables	28.5	50.3	(43%)
Cash and cash equivalents	16.0	10.0	61%
Other current assets	19.0	14.0	35%
Total current assets	125.2	142.6	(12%)
Total Assets	314.3	314.1	0%
Current Liabilities			
Trade and other payables	68.3	66.3	3%
Borrowings	10.3	55.4	(81%)
Bank overdraft	1.6	1.5	7%
Other current liabilities	20.5	15.0	37%
Total current liabilities	100.6	138.3	(27%)
Working capital	24.6	4.2	486%
Non-current Liabilities			
Borrowings	46.7	21.8	114%
Other non-current liabilities	20.6	15.0	37%
Total non-current liabilities	67.3	36.8	83%
Total liabilities	168.0	175.1	(4%)
Net Assets	146.3	138.9	5%
Equity & Reserves			
Share capital	2.1	2.1	-
Share premium	75.4	75.4	-
Fair value reserves	(0.1)	(0.1)	-
Retained earnings	69.0	61.6	12%
Total Equity	146.3	138.9	5%

- The Company continues to strengthen its balance sheet and improve leverage ratios. During the year, the Company issued ₦20bn corporate bond to replace expensive short-term facilities and improve working capital.
- In recent years, FMN has also optimized its debt mix by focusing on longer tenor debt instruments at reduced interest rates.
- The Company also recorded improvement in its working capital management during the review period.
- 61% y-o-y growth in cash and cash equivalent.

Liquidity

STATEMENT CASH FLOWS & NET DEBT (₦'BN)			
	Mar-20	Mar-19	%
Cash from Operating activities	31.8	3.5	809
Cash from Investing Activities	12.2	34.2	(63)
Cash from Financing Activities	(38.2)	(29.1)	31
Net cash flow for the period	6.0	8.7	(31)
Cash at beginning of the period	8.5	(0.3)	2933
Cash at the end of the period	14.5	8.5	71
Total debt			
Long term debt	46.7	21.8	114%
Short term debt	10.3	55.4	(81%)
Lease liability	1.6	-	-
Net debt	44.2	68.8	(36%)

- Net cash generated from operating activities was up 6.5x during the review period.
- The Company scaled down on its investment in the acquisition of property, plant and equipment as capital expenditure dropped from ₦17.2bn to ₦11.7bn.
- Significant improvement in net debt from ₦68.8bn to ₦44.2bn.

Capital structure

	Mar-20	Mar-19
Debt	60.2	78.7
Equity	146.3	138.9
Total capital	206.5	217.7
Net debt to Equity	0.3	0.5
Net debt to EBITDA	1.6	2.5
Debt mix (Long term debt to short term debt)	80%:20%	28%:72%

Segment Performance

FMN's business segment includes Food and Support services, with diverse products widely spread across several states in Nigeria. The Company has presence in Lagos, Calabar and Kano.



BAGCO – Lagos and Kano; Pasta Operations – Agbara; Flour Operations, Pasta Operations – Lagos; Flour Operations - Calabar

The Food Segment

For the period under review, the Food segment maintained its winning ways by continuing to focus on improving quality and service delivery.

- The Company introduced the 'Gold Standard' of manufacturing for most of its wheat-based products, including bread flour and Semovita. The introduction of the 'Gold Standard' means that FMN now has the highest and most stringent manufacturing processes in place to ensure that the production of its Golden Penny products is in line with global best practices.
- FMN's continuing focus on quality resulted in the accreditation by Bureau Veritas, a world leader in testing, inspection and certification, with the Food Safety System Certification (FSSC 22000), a Global Food Safety Initiative (GFSI) standard.
- FMN introduced a new 2.5kg fresh pack solution for the 5kg and 10kg Semovita packs, double packed to ensure the products remain fresh with a longer shelf life.
- FMN introduced the Golden Penny Jollof Noodles and Auntie B Pasta and Semolina. The Golden Penny Jollof Noodles combines the ease of preparation with the exciting, yet familiar flavors that are reminiscent of the famous Nigerian Jollof Rice. The Auntie B range was introduced as a response to the market's demand for a high quality yet pocket-friendly product, broadening the Company's product offerings to wider consumer segments.

The growth in the Food segment is supported as well by a concentrated effort in the route to market to over 500,000 points of sale across the nation. FMN continues to ensure products availability, increased market presence and strong customer focus.

Support Services

During the year, the bagging and packaging business, BAGCO, experienced some disruptions to projected sales of harvest bags due to initial market reactions to the closure of the land borders. However, this was tempered by the increasing demand for locally produced fast-moving consumer goods that the border closure also created.

FMN immediately initiated plans to expand operational capacity by installing a new lamination line at BAGCO ahead of the additional slitting and rewinding line required to improve production efficiency. FMN also implemented further expansions to the printing operations at BAGCO to meet the increasing demands.

During the financial year, FMN, through its division, BAGCO also introduced an innovative high premium product - Tubed Sac with three variants – "Glued Tubed sac with inner liner", "Laminated Tubed Sac", "Laminated Tubed Sac with block bottom".

At the Transport division, FMN continued to focus on improving operational efficiency and excellence in service delivery. FMN initiated a renewal and revitalization strategy for the transport and logistics operations for a fleet of over 400 trucks.

REVENUE PER SEGMENT (₦'BN)			
	Mar-20	Mar-19	% change
Food	374.2	346.1	8%
Support services	20.7	24.1	(14%)
Total Revenue	394.9	370.2	7%

- Revenue from the Food segment grew by 8%, as the Company continued to focus on its Route to Market strategy, new product launches as well as the expansion of production capacity and regional SKUs, which gained attraction during the year. The Company also recorded accelerated growth in the Business to Consumer segment, particularly for Pasta (+20% volume growth), which was positively impacted by the border closure.
- The Company recently launched value brand products such as Auntie B Pasta and Semolina to ensure the right regional offerings and affordability.

- FMN continues to focus on product quality to enable growth within its business segments.

Recommended Dividend

FMN declared a dividend of ₦1.40 per share for the financial year ended March 2020. This represents a 17% increase from the previous year.

Outlook

- FMN will continue to 'Feed the Nation Everyday' with an increased focus on quality improvement and service delivery.
- Emphasis remains on increasing operational efficiency with accelerated plans for cost optimizations across the segments to ensure profitability in the new operating business environment.
- The Company plans to expand the Business to Consumer segment through its regional SKUs as well as the implementation of the route to customer transformation.
- FMN also intends to pursue new areas of demand across the business segments during and post COVID-19.

Flour Mills of Nigeria Plc.

Entity Rating:

A-

This is a company with good financial condition and strong capacity to repay obligations on a timely basis.

Outlook: Stable

Issue Date: 10 September 2020

Expiry Date: 30 September 2021

Previous Rating: Bbb

Industry: Food & Agro-Allied

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RATING RATIONALE

- Agusto & Co. hereby reviews the rating assigned to Flour Mills of Nigeria Plc. ("Flour Mills", "FMN" or "the Company") to an 'A-', on account of the significant improvement in leverage metrics, good cash flow, satisfactory working capital, good profitability compared to industry average and qualified and experienced management team. The assigned rating also takes into consideration FMN's market leadership in the flour milling industry, wide and 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. Nonetheless, the rating is tempered by its long-term funding mismatch, which is being addressed, negative macroeconomic headwinds, shrinking consumer wallets, worsened by the adverse impact of the coronavirus pandemic (Covid-19) on businesses and households.
- Flour Mills' is a fully integrated food company and the largest flour milling business listed on the Nigerian Stock Exchange, with a milling capacity of *circa* 3 million metric tonnes per annum. The Company has made notable gains and consolidated its investments in backward integration initiatives in the agro-allied space to source raw materials locally in a bid to lower input costs and moderate the impact of volatility in foreign exchange on the business. Flour Mills has an extensive product portfolio which caters to diverse consumer segments and a robust distribution network of over 300 distributors spread across the country.
- During the financial year ended 31 March 2020 (FYE 2020), Flour Mills' topline trended upwards by 7% to ₦394.8 billion, with food business segment accounting for 94% of turnover, largely due to growth in demand. Pre-tax profit margin stood at 4.4%, higher than the five-year average of 3.8%, on account of the significant reduction in finance costs due to the deleveraging of the Company's balance sheet with injection of long-term bonds to replace short term borrowings. FMN's pre-tax return on average assets (ROA) remained unchanged at 12.3% (2019: 12.3%), while the pre-tax return on average equity of 12.3% (2019: 14%) was above the above return on 364-day treasury certificate of 11.3%.
- Flour Mills' operating cash flow (OCF) rose by 21% to ₦65.5 billion, mainly due to a significant decline in amounts due from related parties and an increase in other creditors and accruals. The Company's OCF was adequate to meet returns to providers

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Flour Mills of Nigeria Plc

Up to ₦29.89 Billion Five-Year Series 4 Fixed Rate Senior Unsecured Bond Due 2025 (Tranche A) and Seven-Year Fixed Rate Senior Unsecured Bond Due 2027 (Tranche B) Under the ₦70 Billion Debt Issuance Programme

Issue Rating:

A-*

Good quality debt issue with low to moderate credit risk; strong capacity to pay returns and principal on local currency debt in a timely manner.

Outlook: Stable

Issue Date: 24 September 2020

Expiry Date: 30 September 2021

"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: A-

Expiry Date: 30 September 2021

Industry: Food & Agro-Allied

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Agusto & Co. Limited

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Lagos

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For more comprehensive information on the Entity, please refer to the credit rating report of Flour Mills of Nigeria Plc

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RATING RATIONALE

- Agusto & Co. hereby assigns an indicative "A-" rating to Flour Mills of Nigeria Plc's ('Flour Mills', 'FMN' 'Issuer' or 'the Company') ₦29.89 billion: Series 4 5-Year Fixed Rate Senior Unsecured Bond Due 2025 (Tranche A) and 7-Year Fixed Rate Senior Unsecured Bond Due 2027 (Tranche B) under the ₦70 Billion Bond Issuance Programme. The rating assigned to the Series 4 (Tranche A & B) issuance mirrors the standalone rating of the Issuer, as the Bonds are senior unsecured and ranks pari passu with other senior debt of the Company. Agusto & Co. has assigned Flour Mills of Nigeria Plc. an "A-" rating, which expires 30 September 2021.
- The Company intends to issue up to ₦29.89 Billion in aggregate sum under the Series 4 Bonds in October 2020. The Series 4 (Tranche A & B) Bonds ("the Bonds") will attract a fixed coupon rate to be determined through a book-building process payable semi-annually over the 5-year and 7-year tenors respectively. The principal of the Bonds will be redeemed in lump sum at maturity in 2025 and 2027 respectively. The net proceeds of the Bonds will be used to refinance existing debt obligations of the Company.
- The Series 4 (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 4 (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 4 (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.

KPMG Tower
Bishop Abovade Cole Street
Victoria Island
PMB 40014, Fajomo
Lagos

Internet home.kpmg/ng

The Managing Director
Flour Mills of Nigeria Plc
1 Golden Penny Place
Wharf Road,
Apapa, Lagos

Going Concern Status of Flour Mills of Nigeria Plc in respect of the issue of additional series of up to N29.89 billion, under its established N70 billion Bond programme

We have audited the consolidated and separate financial statements of Flour Mills of Nigeria Plc ("the Company") and its subsidiaries (together, "the Group") for the year ended 31 March 2020 which were prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Based on our audit of the consolidated and separate financial statements of Flour Mills of Nigeria Plc for the year ended 31 March 2020 on which we expressed our opinion on 03 August 2020 and the representation received from the Directors of Flour Mills of Nigeria Plc in connection with the audit, nothing has come to our attention that causes us to believe that the Company will not continue in operations as a going concern for 12 months from 31 March 2020.

For: **KPMG Professional Services**

Cola Adekunle

Adetola P. Adeyemi, FCA
Partner, Audit Services
FRC/2012/CAN/00000000620

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Registered in Nigeria No. RN 666905

Summary

Jacob O. Lantieri
 David K. Ajayi
 Ayobola A. Bayina
 Elijah O. Olanmoye
 Joseph O. Togo
 Nnke C. Euna
 Olanis I. James
 Oluwafemi O. Aduro
 Maryll E. Olanipe

Jidogoko J. Oyedemi
Ajisola O. Olomola
Ayoola H. Oshilura
Bodiluck C. Ode
Keshi O. Okunola
Ogunmoya I. Ogunbunwa
Orunisola O. Olayinka
Oluwatoyin A. Osoji

Jideunfa D. Gbetebo
 Idinyanli S. Sadele
 Chibuzor N. Anyanek
 Ibrahim M. Adesaju
 Lawrence C. Onadi
 Olatunmbi B. Ofolele
 Olusagun J. Sowande
 Temilola A. Odebi

Jolanda P. Jalsajoni
Jyoti L. Salari
Chinara B. Nwagbo
Jaime T. Erazo-Salgado
Mahmoud M. Jassim
Oladunji I. Salawade
Olayinka I. Ogundimu
Tahiro A. Odulola

Flour Mills of Nigeria Plc

Annual Report for the year ended 31 March 2020

Consolidated and Separate Statements of Financial Position as at

		Group		Company	
	Note(s)	31-Mar-20 N. '000	31-Mar-19 N. '000	31-Mar-20 N. '000	31-Mar-19 N. '000
Assets					
Non-Current Assets					
Property, plant and equipment	18	216,890,095	221,465,325	89,144,006	88,803,208
Investment property	19	1,633,141	1,737,559	56,844	58,899
Biological assets	24	156,723	111,784	-	-
Right of use asset	40	14,933,340	-	3,671,094	-
Goodwill	21	4,148,022	4,148,022	1,876,816	1,876,816
Intangible assets	20	953,855	1,316,670	734,047	1,022,676
Investments in subsidiaries	22	-	-	44,666,634	44,005,134
Long term loans and receivables	25	358,689	1,402,210	48,864,528	33,617,060
Other Investments	23	22,440	41,140	22,440	41,140
Deferred tax	16	3,578,421	3,963,819	-	-
Prepayments	29	47,429	2,365,692	47,429	2,056,477
Total non-current assets		242,722,155	236,552,221	189,083,838	171,481,410
Current Assets					
Biological assets	24	147,599	18,498	-	-
Inventories	26	115,596,185	118,867,186	61,693,906	68,230,014
Trade and other receivables	27	25,731,446	26,085,312	28,471,323	50,322,189
Derivatives	28	3,702,659	198,026	2,906,508	198,026
Prepayments	29	18,342,824	17,894,815	16,079,088	13,848,251
Cash and cash equivalents	30	26,210,974	17,205,546	16,032,397	9,978,297
Total current assets		189,731,687	180,269,383	125,183,222	142,576,777
Total Assets		432,453,842	416,821,604	314,267,060	314,058,187

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

Flour Mills of Nigeria Plc

Annual Report for the year ended 31 March 2020

Consolidated and Separate Statements of Financial Position as at

		Group		Company	
	Note(s)	31-Mar-20 N. '000	31-Mar-19 N. '000	31-Mar-20 N. '000	31-Mar-19 N. '000
Equity and Liabilities					
Equity					
Share capital	32	2,050,197	2,050,197	2,050,197	2,050,197
Share premium	32	75,377,444	75,377,444	75,377,444	75,377,444
Fair value reserves		(113,016)	(94,316)	(113,016)	(94,316)
Retained earnings		71,629,892	66,377,553	69,002,265	61,595,948
Equity attributable to the owners of the Company		148,944,517	143,710,878	146,316,890	138,929,273
Non-controlling interest	22	6,863,254	7,261,317	-	-
Total Equity		155,807,771	150,972,195	146,316,890	138,929,273
Liabilities					
Non-Current Liabilities					
Borrowings	33	80,675,376	46,231,074	46,741,771	21,795,459
Lease liabilities	41	10,702,733	-	341,612	-
Retirement benefit obligation	34	7,135,477	5,848,372	5,648,770	4,798,945
Deferred income	36	14,787,589	16,370,523	1,650,826	172,410
Deferred tax	16	11,848,855	10,587,507	10,665,100	8,150,526
Long service award	35	2,737,787	2,183,131	2,277,821	1,881,868
Total non-current liabilities		127,887,817	81,220,607	67,325,900	36,799,208
Current Liabilities					
Trade and other payables	37	83,613,863	79,040,345	68,333,644	66,343,291
Borrowings	33	23,343,851	71,053,087	10,275,267	55,425,053
Lease liabilities	41	2,654,089	-	1,298,974	-
Deferred income	36	4,117,580	2,818,229	435,579	52,925
Current tax payable	15	5,531,160	4,104,046	2,566,482	775,960
Dividend payable	38	3,984,940	2,566,783	2,370,330	2,177,173
Customer deposits	39	19,970,243	15,395,174	13,790,645	12,036,155
Bank overdrafts	30	5,542,528	9,651,138	1,553,349	1,519,149
Total current liabilities		148,758,254	184,628,802	100,624,270	138,329,706
Total Liabilities		276,646,071	265,849,409	167,950,170	175,128,914
Total Equity and Liabilities		432,453,842	416,821,604	314,267,060	314,058,187

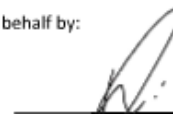
These financial statements were approved by the board on July 29, 2020 and were signed on its behalf by:



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



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



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

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

Flour Mills of Nigeria Plc

Annual Report for the year ended 31 March 2020

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended

	Note(s)	Group		Company	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
		N. '000	N. '000	N. '000	N. '000
Continuing operations					
Revenue	6	573,774,356	527,404,567	394,884,217	370,205,529
Cost of sales	7	(507,987,179)	(474,057,010)	(354,952,741)	(337,073,874)
Gross profit		65,787,177	53,347,557	39,931,476	33,131,655
Net operating gains	9	4,905,683	6,211,205	472,846	2,287,514
(Impairment loss)/write-back on trade and intercompany receivables	27	(2,988,628)	327,976	(2,399,634)	(244,360)
Selling and distribution expenses	10	(9,278,394)	(8,165,792)	(7,361,829)	(6,297,386)
Administrative expenses	11	(23,346,202)	(19,424,087)	(15,565,932)	(12,661,382)
Operating profit		35,079,636	32,296,859	15,076,927	16,216,041
Investment income	13	2,392,649	768,592	14,754,035	18,346,048
Finance costs	14	(19,975,470)	(22,891,176)	(12,293,277)	(16,025,840)
Profit before minimum taxation		17,496,815	10,174,275	17,537,685	18,536,249
Minimum tax	15	(243,222)	(225,616)	-	-
Profit after minimum tax		17,253,593	9,948,659	17,537,685	18,536,249
Income tax expense	15	(5,876,850)	(5,948,513)	(4,955,114)	(986,742)
Profit from continuing operations		11,376,743	4,000,146	12,582,571	17,549,507
Discontinued operations					
Profit from discontinued operations	52	-	-	-	1,768,147
Profit for the year		11,376,743	4,000,146	12,582,571	19,317,654
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit liability	34	(607,665)	462,709	(460,968)	355,687
Income tax relating to items that will not be reclassified		172,994	(148,068)	147,510	(113,819)
Total items that will not be reclassified to profit or loss		(434,671)	314,641	(313,458)	241,868
Items that may be reclassified to profit or loss:					
Loss on investments in equity instruments		(18,700)	(21,760)	(18,700)	(21,760)
Other comprehensive income for the year net of taxation		(453,371)	292,881	(332,158)	220,108
Total comprehensive income for the year		10,923,372	4,293,027	12,250,413	19,537,762

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

Flour Mills of Nigeria Plc

Annual Report for the year ended 31 March 2020

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended

	Note(s)	Group		Company	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
		N. '000	N. '000	N. '000	N. '000
Profit attributable to:					
Owners of the Company		10,467,673	4,108,369	12,582,571	19,317,654
Non-controlling interest		909,070	(108,223)	-	-
		11,376,743	4,000,146	12,582,571	19,317,654
Total comprehensive income attributable to:					
Owners of the Company		10,096,435	4,395,980	12,250,413	19,537,762
Non-controlling interest		826,937	(102,953)	-	-
		10,923,372	4,293,027	12,250,413	19,537,762
Earnings per share					
Per share information					
Basic earnings per share (kobo)	17	255	100	307	471
Diluted earnings per share (kobo)	17	255	100	307	471
From continuing operations					
Basic earnings per share (kobo)	17	255	100	307	428
Diluted earnings per share (kobo)	17	255	100	307	428

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

The Group and Company initially adopted IFRS 16 Leases effective 1 April 2019. Under the transition chosen, comparative information has not been restated. See (Note 41) for details

Flour Mills of Nigeria Plc

Annual Report for the year ended 31 March 2020

Consolidated and Separate Statements of Cash Flows for the year ended

		Group		Company	
	Note(s)	31-Mar-20 N. '000	31-Mar-19 N. '000	31-Mar-20 N. '000	31-Mar-19 N. '000
Cash flows from operating activities					
Cash generated from operations	31	70,323,546	75,279,237	32,920,733	5,039,206
Tax paid	15	(2,562,378)	(2,583,747)	(336,250)	(1,116,414)
Long service award benefit paid	35	(140,327)	(291,474)	(41,586)	(247,869)
Retirement benefit paid	34	(940,525)	(164,792)	(603,078)	(130,170)
Net cash generated from operating activities		66,680,316	72,239,224	31,939,819	3,544,753
Cash flow from investing activities					
Purchase of property, plant and equipment	18	(16,216,197)	(26,223,342)	(11,740,814)	(17,210,136)
Proceeds from sale of property, plant and equipment		229,340	2,190,386	76,893	39,105
Acquisition of right of use asset	40	(33,095)	-	(33,095)	-
Acquisition of other intangible assets	20	(2,142)	(330,363)	(2,142)	(58,988)
Loans repayments from related companies	25	-	128,661	19,172,139	92,046,897
Loans granted to related companies	25	-	(586,399)	(10,051,568)	(58,904,085)
Purchase of biological assets	24	(163,562)	(969,873)	-	-
Interest Income	13	2,392,649	-	10,779,035	6,011,448
Dividends received	13	-	-	3,975,000	12,334,600
Net cash (used in)/generated from investing activities		(13,793,007)	(24,989,243)	12,175,448	34,258,841
Cash flow from financing activities					
Proceeds from borrowings	33	126,950,415	362,092,863	76,384,800	199,727,133
Repayment of borrowings	33	(139,604,896)	(378,107,786)	(96,205,655)	(208,873,876)
Repayment of lease liabilities	41	(2,541,665)	-	(1,370,689)	-
Dividends paid	38	(4,669,639)	(5,488,599)	(4,669,639)	(4,257,175)
Unclaimed dividend received	38	-	352,200	-	352,200
Finance costs paid	14	(19,975,470)	(22,891,176)	(12,293,277)	(16,025,840)
Additional investment by NCI		-	2,030,700	-	-
Net cash used in financing activities		(39,841,255)	(42,011,798)	(38,154,460)	(29,077,558)
Net increase in cash and cash equivalents		13,046,054	5,238,186	5,960,807	8,726,036
Cash and cash equivalents at the beginning of the year		7,554,408	2,311,327	8,459,148	(165,774)
Effect of exchange rate movement on cash balances		67,984	4,895	59,093	4,232
Transfer to Golden Fertilizer Company Limited		-	-	-	(105,346)
Cash and cash equivalents at 31 March	30	20,668,446	7,554,408	14,479,048	8,459,148

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

FINANCIAL INFORMATION

Summary of Capital Structure of the Issuer

ITEMS	30 June 2020 (N'000)	31 March 2020 (N'000)
a. Cash and Cash Equivalents	49,249,998	16,032,397
b. Short Term Debt	39,772,071	10,275,267
c. Long Term Debt	49,581,893	46,741,771
d. Total Shareholders' Equity	148,731,360	146,316,890
e. Guarantees	-	-

Borrowings as at 30 June 2020

Unsecured Borrowing at amortised cost

	Company	
	30 June 2020 (N'000)	31 March 2020 (N'000)
Loan Type		
Bank of Industry	5,953,583	1,321,835
Real Sector Support Facility (RSSF)	6,885,044	6,748,650
Intra Group Loan	121,268	96,376
Commercial Papers and Bond Issue	75,385,628	47,853,825
Power and Airline Intervention Fund	1,008,442	996,352
	89,353,965	57,017,038

Contractual Value of Debt Instruments (Commercial Paper & Bond) as at 30 June 2020

Issue Date	Debt Type	Amount Outstanding (N)	Coupon Rate	Fixed/Floating	Maturity Date
13 Dec 2019	Commercial Paper	2.00bn	9.50%	Fixed	8 Sep 2020
23 Dec 2019	Commercial Paper	5.00bn	8.48%	Fixed	18 Sep 2020
27 April 2020	Commercial Paper	10.00bn	6.75%	Fixed	26 Oct 2020
27 April 2020	Commercial Paper	20.00bn	7.75%	Fixed	21 Jan 2021
01 Nov 2018	Bond	10.11bn	15.50%	Fixed	30 Oct 2021
01 Nov 2018	Bond	8.75bn	16.00%	Fixed	30 Oct 2023
27 Feb 2020	Bond	12.50bn	10.00%	Fixed	27 Feb 2023
27 Feb 2020	Bond	7.50bn	11.10%	Fixed	27 Feb 2025
Total		75.86bn			

The Issuer has not defaulted on payments of either interest/profits and/or principal sums for any borrowing/financing in the course of the last financial year and (or) preceding financial period

Contingent Liabilities

From the Solicitors legal opinion, the contingent liability to which FMN may likely be exposed on account of its pending litigations are not likely to exceed the sum of N2,035,154,009.91 (Two Billion, Thirty Five Million, One Hundred and Fifty Four Thousand, Nine Naira, Ninety One kobo) and €79, 700 (Seventy-Nine Thousand, Seven Hundred Euros).

USE OF PROCEEDS

The net proceeds of the Series 4 (Tranche A and B) Bond Issuance, which are estimated at ₦29,479,421,581.25, after deducting issue costs (including VAT) of ₦410,578,418.75 representing 1.37% of the issue, shall be applied as follows:

S/N	Description	Amount (₦)	%	Time to completion
1	Repayment of debt obligations	29,479,421,581.25	100.00	Within 6 months
		29,479,421,581.25	100.00	

Details of Indebtedness

S/N	Lenders	Debt	Amount (₦'bn)	Maturity Date
1	Qualified Investors	Commercial Paper	10	October 2020
2	Qualified Investors	Commercial Paper	20	January 2021
	Total		30	

TNP

8th September 2020

FCMB Capital Markets Limited

First City Plaza

44 Marina

Lagos.

Attention: The Chief Executive

Dear Sir,

OPINION OF THE SOLICITORS TO THE SERIES 4 UP TO ₦29, 890, 000,000 (TWENTY NINE BILLION, EIGHT HUNDRED AND NINETY MILLION NAIRA) BOND ISSUANCE (SERIES 4 BONDS) UNDER THE ₦70, 000, 000, 000.00 (SEVENTY BILLION) BOND PROGRAMME, CONFIRMING THE DIRECTORS' OPINION ON THE EFFECT OF ALL PENDING OR CONTEMPLATED CLAIMS BY OR AGAINST FLOUR MILLS OF NIGERIA PLC.

We confirm that Flour Mills of Nigeria Plc. (FMN) is currently involved in thirty-one (31) lawsuits all in the ordinary course of its business. Eight (8) of these suits were either instituted by FMN or FMN filed a counter claim, while the outstanding twenty-three (23) suits were instituted against FMN. We have enclosed a schedule of the said matters as at 3rd September 2020.

The total amount claimed in the lawsuits that were either instituted by FMN or in which it filed a counter-claim is approximately ₦376, 034, 980.79 (Three Hundred and Seventy Six Million, Thirty Four Thousand, Nine Hundred and Eighty Naira, Seventy Nine kobo). The amount claimed in the lawsuits instituted against FMN, is ₦2, 035, 154, 009.91 (Two Billion, Thirty Five Million, One Hundred and Fifty Four Thousand, 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 ₦2, 035, 154, 009.91 (Two Billion, Thirty Five Million, One Hundred and Fifty Four Thousand, Nine Naira, Ninety One kobo) and €79, 700 (Seventy-Nine Thousand, Seven Hundred Euros).

Except as stated above, we are not aware of any other pending or threatened claims involving FMN which are material to the proposed Series 4 Bonds. Having considered the information provided by the solicitors representing FMN in the various claims, we are of the opinion that none of the cases referred to above is likely to have any material adverse effect on FMN or the Series 4 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,

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SOLICITORS' OPINION ON CLAIMS AND LITIGATIONS

none of the cases is likely to have any material adverse effect on FMN or the proposed Series 4 Bonds.

Yours sincerely,



Zainab Babalola

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 Miyonmide Gbededo Alhaji Abdullahi A. Abba Professor Jerry Gana, CON Mr Alfonso Garate Alhaji Rabiu M. Gwarzo, OON Mr Ioannis Katsaounis Mr Athanasios George Mazarakis Mr Foluso O. Phillips Alhaji Yunus Olalekan Saliu Mr Folarin R. A. Williams Dr. (Mrs) Salamatu Hussaini Suleiman Mr Omoboyede Oyebolanle Olusanya
Company Secretary:	Mr Joseph O. Umolu
Lead Issuing House:	FCMB Capital Markets Limited
Joint issuing Houses:	ARM Securities Limited CardinalStone Partners Limited Coronation Merchant Bank Limited FBNQuest Merchant Bank Limited Quantum Zenith Capital & Investments Limited Stanbic IBTC Capital Limited
Solicitors to the Programme/Issuer:	The New Practice
Bond Trustee:	United Capital Trustees Limited
Receiving Banks:	Access Bank Plc First Bank of Nigeria Limited First City Monument Bank Limited
Rating Agencies:	Agusto & Co. Limited
Registrars:	Atlas Registrars Limited
Auditors to the Issuer:	KPMG Professional Services

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 Board Resolution of the Issuer 29 July 2020 authorising the Series 4 Bonds;
- (ii) The audited financial statements of the Issuer for each of the three years ended 31 March 2018, 2019 and 2020;
- (iii) The unaudited financial statements of the Issuer for the period ended 30 June 2020;
- (iv) The Shelf Prospectus dated 1 November 2018;
- (v) The Programme Trust Deed dated 1 November 2018;
- (vi) This Pricing Supplement;
- (vii) The Series 4 (Tranche B) Trust Deed;
- (viii) The Series 4 (Tranche B) Vending Agreement between the Issuer and the Issuing Houses;
- (ix) The schedule of the claims and litigation and the Solicitors' opinion thereon;
- (x) Management Discussion & Analysis based on Audited results for the year ended 31 March 2020;
- (xi) The Rating Report issued by Augusto & Co Limited in respect of the Issuer;
- (xii) The Rating Report issued by Augusto & Co Limited in respect of the Issue; and
- (xiii) Letter from the SEC approving the registration of this Pricing Supplement.

1. Invitation for Participation

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

- 1.1 The book building process opens on **10 November 2020** and closes on **23 November 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 group (e.g. a PFA) 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 on pages 43 - 44 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 An individual Applicant should sign the declaration and write his/her full name, address and daytime telephone number on the Commitment Form. Joint applicants must all sign the Commitment Form.
- 1.7 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.
- 1.8 Participants shall not be entitled to withdraw/modify orders after the book building closing date.
- 1.9 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.**
- 1.10 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.
- 1.11 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:

PROCEDURE FOR APPLICATION AND ALLOTMENT

BANK	ACCOUNT NAME	ACCOUNT NUMBER
Access Bank Plc	Flour Mills of Nigeria Plc - Bond Issuance Collection Account	1409022684
First Bank of Nigeria Limited	Flour Mills of Nigeria Plc - Bond Collections A/C	2035896157
First City Monument Bank Limited	Flour Mills of Nigeria Plc – Bond Collections Account	0128333339

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, determine 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 FMDQ Client Business Partners Identification ("BPID") Number and their FMDQ Depository Participant BPID Number 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 FMDQ Depository account is held. In case the application is submitted in joint names, it should be ensured that the beneficiary FMDQ Depository 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 the investors' FMDQ Depository account details, credit to the FMDQ Depository account of investors shall be done no later than 15 (fifteen) Business Days from the date of clearance of allotment by the SEC.

4. 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 Trustee and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same

COMMITMENT FORM

Address in Full

[illegible]

E-Allotment Details

FMDQ Depository Participant BPID No

[illegible]

Client BPID No

[illegible]

Bank Details (For E-Payments)

Bank Name/Branch		Account No	
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Signature

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2nd Signature (Corporate/Joint)

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Company Seal/RC Number (Corporate)

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Name/Designation of Authorised Signatory (Corporate Applicant only)

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