



MEDIA RELEASE

Lagos, Nigeria

November 22, 2021

FLOUR MILLS OF NIGERIA PLC AND HONEYWELL GROUP LIMITED SIGN AGREEMENT TO COMBINE FLOUR MILLS OF NIGERIA PLC AND HONEYWELL FLOUR MILLS PLC

The transaction will create a strong National Champion for Nigeria to further enhance food security

Flour Mills of Nigeria Plc. ("FMN") and Honeywell Group Limited ("HGL") today announced that they have signed an agreement for the proposed combination of FMN through its affiliates and Honeywell Flour Mills Plc. ("HFMP"), a portfolio company of HGL. At a total enterprise value of NGN80 billion, HGL will dispose of a 71.69% stake in HFMP to FMN. The proposed transaction will combine two businesses with shared goals and create a more resilient national champion in the Nigerian foods industry, ensuring long-term job creation and preservation. A combination of FMN and HFMP will bring together two trusted and iconic brands, creating a food business that is better positioned to benefit the growing Nigerian population and leverage opportunities stemming from the African Continental Free Trade Area ("AfCFTA").

The key highlights of the proposed transaction are as follows:

- HGL will dispose of a 71.69% stake in HFMP to FMN based on an enterprise value of NGN80 billion. The final equity price per share payable will be determined based on HFMP's adjusted net debt and net working capital at the date of completion.
- The proposed combination is subject to approval from the appropriate regulators.
- The complementary transaction combines FMN's market-leading offerings that include grain-based foods, sugar, starches, oils, spreads and breakfast cereals with HFMP's market leading diverse and differentiated range of carbohydrate products.
- Stakeholders would benefit from the more than 85-year combined track record of FMN and HFMP and their shared goal of making affordable and nutritious food available to Nigeria's population.
- The scale of the transaction provides employees of the consolidated company with more career development opportunities in a larger organisation, with the potential to create more jobs in the economy as it will have more brands and categories, and a larger and more geographically diverse footprint.
- Customers across the nation will benefit from access to a wider product range and a robust pan-Nigerian distribution network, accessing greater number of points of sale supported by enhanced customer-focused sales teams and redistribution capabilities.
- The combination will also serve as a catalyst for an even stronger stream of innovation that is focused on local content offerings.
- The country and its food security agenda will benefit from both companies' focus on developing Nigeria's industrial capability, its agricultural value chain and specifically backward integration of the food industry.

- Nigeria presents vast opportunities, particularly in light of the country being the largest market on the continent as well as a signatory of AfCFTA.
- HFMP's listing will be retained for the foreseeable future. Minority shareholders of HFMP will be treated fairly and in line with capital market regulation. Further information will be provided within the required channels and timeframes.

Commenting on the transaction, Honeywell Group Limited Managing Director, **Obafemi Otudeko** said: *"Today's announcement is in line with the evolution of Honeywell Group and our vision of creating value that transcends generations. For over two decades, we have supported Honeywell Flour Mills to build a strong business with a production capacity of 835,000 metric tonnes of food per annum. Following the transaction, Honeywell Group will be strongly positioned to consolidate and expand its investment activities, including as a partner of choice for investors in key growth sectors."*

Omoboyede Olusanya, Group Managing Director of Flour Mills of Nigeria, said: *"The proposed transaction is aligned with our vision not only to be an industry leader but a national champion for Nigeria. We believe that this will create an opportunity to combine the unique talents of two robust businesses. As a result, we will have a better-rounded and more comprehensive skill set available to us as a combined diversified food business, thus enabling us to better serve our consumers, customers and other stakeholders, whilst providing employees with access to broader opportunities."*

The transaction is subject to regulatory approval.

About Flour Mills of Nigeria Plc.

Flour Mills of Nigeria (FMN) is recognized as Nigeria's largest Food and Agro-allied group. FMN is devoted to feeding the nation while actively investing in attaining Nigeria's food self-sufficiency goals. Since 1960, through its iconic Golden Penny brand of flour, pasta, semolina, sugar, starch, oil, spreads and breakfast cereals, it has continued to build a diversified portfolio of accessible and wholesome food products, a robust Pan Nigerian distribution network and investments that enhance the lives of Nigerians today and in the future.

The group operates 17 modern and best in class manufacturing facilities across 12 states with production capabilities across grain milling, edible oil and sugar refining, agro inputs and animal nutrition and proteins. FMN's logistics and distribution, packaging and port operation are also among Nigeria's best in class.

About Honeywell Group Limited

Honeywell Group is a leading Nigerian investment holding company with investments across major sectors of the Nigerian economy: foods, real estate, energy, infrastructure, and financial services. The group is committed to creating value that transcends generations and prides itself on its track record of building and catalysing world-class companies, to become market leaders in their respective sectors.

About Honeywell Flour Mills Plc.

Honeywell Flour Mills is a leading food producer in Nigeria. Its propelling objective is to provide healthy, nutritious and affordable food products to feed Nigeria's growing population. The company produces a variety of products that have become staples in Nigerian homes including flour, wheat meal, semolina, noodles, and pasta. With three factories in Lagos and Ogun states and a footprint across Nigeria, Honeywell Flour Mills is known for its high-quality standards and operational efficiency.

For more information, please, contact:

Investor Inquiries

investorrelations@fmnplc.com

investorrelations@honeywellflour.com

Media Inquiries

Flour Mills of Nigeria Plc

Modupe: mthani@fmnplc.com

Honeywell Group Limited

Tomi: tomi@honeywellgroup.com

A handwritten signature in black ink, appearing to read 'JOA', with several horizontal lines drawn underneath it.

UMOLU, JOSEPH A. O.
COMPANY SECRETARY / DIRECTOR, LEGAL SERVICES