



## RESTRUCTURING BETWEEN FLOUR MILLS OF NIGERIA PLC (FMN) AND GOLDEN FERTILIZER COMPANY LIMITED (GOLDEN FERTILIZER)

### Frequently Asked Questions (FAQ)

#### 1. What is the restructuring about?

After careful deliberations by the Board of Flour Mills of Nigeria Plc (FMN), and the requisite approvals from the Nigerian Stock Exchange (SEC), FMN has initiated a restructuring process, where all businesses will be grouped along core operational functions.

In that regard, FMN will now operate along the following core functions:

Foods value chain	involves flour milling, production of pasta and noodles
Sugar value chain	involves cultivating, processing, refining and selling of sugar
Agro Allied value chain	involves livestock husbandry, production of livestock feeds, sale of fertilizer, edible oil, farming and other agro-allied activities
Support Services	involves the manufacturing and sales of laminated woven polypropylene sacks and flexible packaging materials, operations of terminals A and B at Apapa Port, customs clearing, forwarding agents, shipping agents and logistics, haulage and real estate

#### 2. Why was Golden fertilizer chosen as the holding company?

Golden Fertilizer was FMN's first foray into the agro allied space and remains an integral part of the FMN Agro distribution pipeline being developed. The other companies forming the Holding company would benefit immensely from the groundwork already laid over the years by the Golden Fertilizer company.

#### 3. How does this affect Golden Fertilizer?

All the assets and liabilities and undertakings of the fertilizer business currently operating under Flour Mills, will be identified and transferred to Golden Fertilizer Company Limited at Book Value. Furthermore, all Flour Mills' shareholdings in each of

the identified 12 agro allied subsidiaries (Eligible Subsidiaries) will also be transferred to Golden Fertilizer, at Book Value.

Golden Fertilizer company was incorporated as a private limited liability company on 14 June 2018 to carry on the business of the current fertilizer division of FMN. The company is wholly owned by FMN.

#### **4. When will the implementation of the new structure begin?**

The implementation of the new organizational structure will commence in March 2019.

#### **5. What impact will the restructuring have on employees?**

The restructuring will, in some cases, affect reporting lines, and operational relationships, but other than that, employees will not notice any major structural changes that will adversely affect the jobs.

#### **6. What are the benefits of the restructuring?**

- It will enable each of the Value Chain in FMN Group to target appropriate investors and markets, attracted to the specific businesses;
- It will increase the capital allocation capacity and flexibility of the Flour Mills Group, as each group will be able to attract new capital targeted at the specific opportunities of the respective businesses;
- The restructuring process will allow each group to focus on its core market, and effectively grow market share;
- It will create the platform to potentially unlock value;
- It will increase synergy within the group and improve efficiency
- It will allow for uniformity and ease of comparison with competitor's respective sectors. This leads to a better understanding of the independent and related groups by analysts and investors, therefore ensuring better value ascribed to the businesses;
- It will ensure that shareholder get value maximization because of more effective and efficient utilization of resources;

#### **7. Which of the Agriculture based businesses are affected by the restructure?**

The following companies will now be structured under Golden Fertilizer Company Limited:

- Agri Estate Limited
- Agri Palm Limited
- Golden Agri Inputs Limited
- Independent Grain Handling and Storage Limited

- Kaboji Farms
- Premier Feed Mills company Limited
- Premier Cassava Products Limited (Formerly, Thai Farms International)
- Premium Edible Oil Products Limited (Formerly, ROM Oil Mills Limited)
- Servwell Agricultural Services Limited
- Shao Golden Farms Limited (Formerly Agro-Allied Syrups Limited)
- Sunflag Farms Limited (Formerly, Agro-Allied Farms Sunti Limited)
- Upland Grains Production Company Limited

Except for Premier Feed Mills Company Limited (51%) and Premium Edible Oil Products Limited (95%), the other companies are 100% owned by FMN and will remain so via Golden Fertilizer Company Limited post restructuring.

**8. Which Companies / Division make up the Food Value Chain?**

- Golden Sugar Limited
- Northern Nigeria Flour Mills Plc
- Nigerian Eagle Flour Mills Limited
- Flour Division
- Pasta Division
- Noodles Division

**9. Which Companies / Division make up the Sugar Value Chain?**

- Golden Sugar Company Limited
- Sunti Golden Sugar Estates Limited.

**10. Which Companies / Division make up the Support Services Value Chain?**

- Golden Shipping Company Nigeria Limited
- Apapa Bulk Terminal Limited
- Crestview Towers Limited
- Bagco Division
- Golden Transport Division

**11. How does this affect the Shareholders of FMN?**

The proposed transaction does not affect the shareholding in FMN. The number of units, as well as value, held by shareholders will remain unchanged.

**12. Where can I find more information on the proposed transaction?**

The Scheme document provides full information on the proposed transaction. An electronic copy of the Scheme document has been mailed to the shareholders. A physical copy will also be mailed to shareholders within the next few days. A copy of the document can also be downloaded on the website of the Registrars to the Company ([atlasregistrar.com](http://atlasregistrar.com)) and on FMN's website ([www.fmnplc.com](http://www.fmnplc.com))

**13. Why do we have an abridged notice period for shareholders?**

The meeting is being convened following an order of the Federal High Court. However, the plan is to conclude the transaction before the end of the current financial year for administrative efficiency. A full notice period of 21 days may jeopardize this objective given the election season and the recent string of adjournment of court proceedings, hence the request to the Federal High Court to abridge the notice. Nonetheless, we have made reasonable efforts to ensure shareholders receive the notice of the meeting and are able to review the Scheme document ahead of the meeting. The notice has been published in national newspapers, on FMN's website, the Nigerian Stock Exchange's website, and on the Registrar's website.