Association of Issuing Houses of Nigeria

M&A as a Catalyst for Growth in the FMCG Sector

June 2013

Introduction

Nigeria FMCG industry

Equity market update and FMCG comparable company analysis

FMCG strategic trends that drive M&A activity

Observations and conclusion

Introduction

RMB welcomes the opportunity to present its thoughts on some of the recent activities in the FMCG space

RMB commends AIHN's efforts in ensuring a conducive Nigeria capital market for operators

- **Rand Merchant Bank ("RMB"), a division of FirstRand Bank Limited ("FirstRand") is pleased to share with the Association of Issuing Houses of Nigeria ("AIHN"), its thoughts on recent mergers & acquisitions trends in the FMCG sector**
- **RMB would also like to use this opportunity to commend AIHN's consistency in ensuring a conducive environment for the investment banking business and the issuance of different asset classes in the Nigeria capital market, partnering with government, regulators and other stakeholders**
- **RMB is a leading African merchant and investment bank with a highly experienced, multi-disciplinary investment banking team:**
  - RMB has established roots as South Africa's leading merchant and investment bank
  - has the ability to leverage the balance sheet of the broader FirstRand Group
  - has extensive experience in managing transaction processes across Africa
- **RMB has established a presence on the ground in Nigeria:**
  - obtained a merchant banking license from the CBN
  - formally launched the business in February 2013 having established offices and recruiting employees both locally and internationally
  - significantly enhances RMB's execution capacity in Nigeria and the rest of Africa
  - increases RMB's ability to provide funding for large transactions in Nigeria
  - RMB has closed transactions in Nigeria in a broad array of industries and product areas
- **This presentation sets out:**
  - Overview of RMB Nigeria
  - Nigeria FMCG Industry
  - Equity market update and FMCG comparable company analysis
  - FMCG strategic trends that drive M&A activity
  - Observations and conclusions

RMB values

RMB

Traditional values. Innovative ideas.

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Africa today and tomorrow….

Demand for resources, particularly from China, will continue to be a major driver of growth on the continent with a strong correlation between the extraction of resources and the delivery of infrastructure by India and China

Consumer retail and discretionary growth will be driven by:

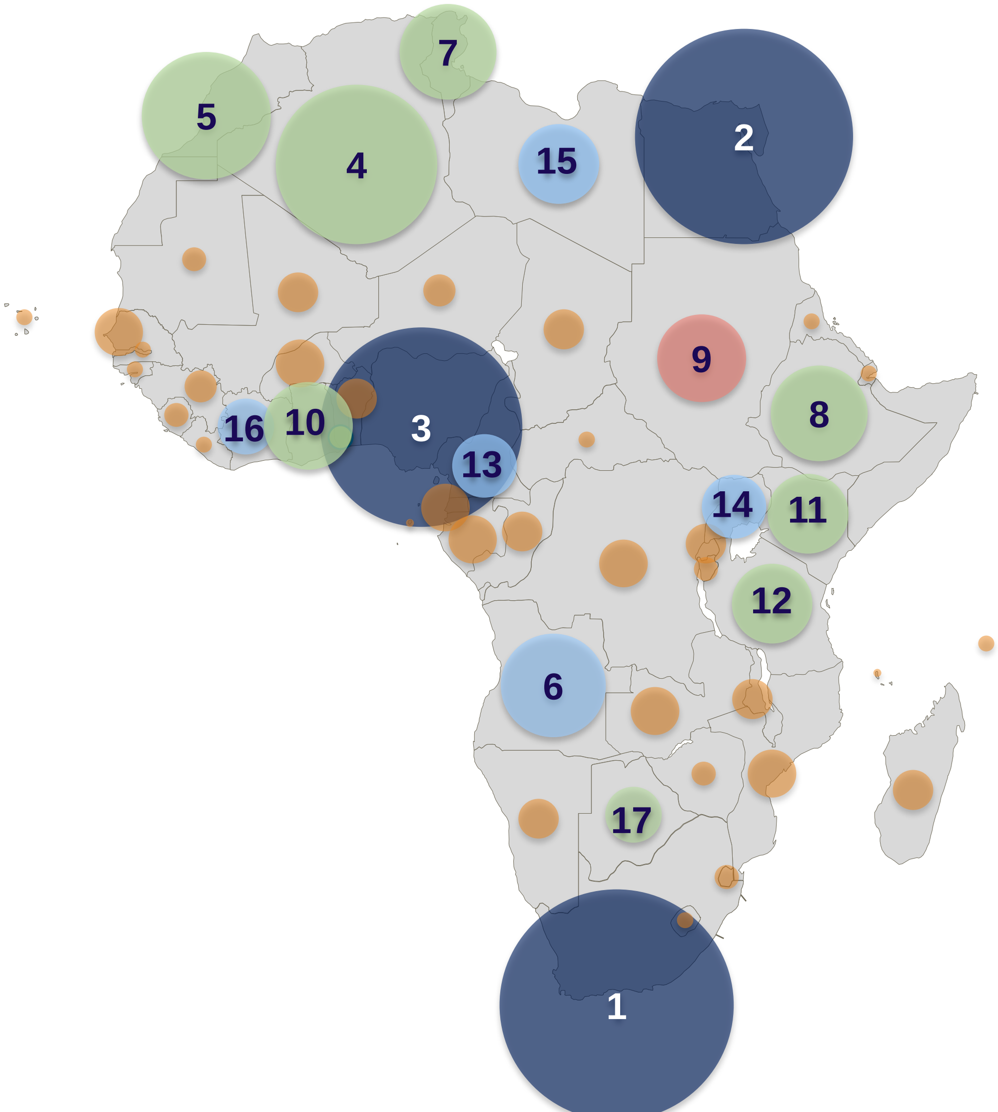
- highly educated, returning diaspora
- growing, youth population
- emerging middle class
- rapidly increasing urbanisation rates

	TODAY		FUTURE
GDP Growth	**US$1.6 trillion** Africa's collective GDP in 2008 – roughly equal to Brazil or Russia's	1.6x	**US$2.6 trillion** Africa's collective GDP in 2020
Consumer spending	**US$860 billion** Africa's combined consumer spending in 2008	1.6x	**US$1.4 trillion** Africa's consumer spending in 2020
Urbanisation	**300 million** Africans living in urban areas in 2005	3.3x	**1 billion** Africans living in urban areas in 2050
Working age population	**> 500 million** Number of Africans of working age	2.2x	**1.1 billion** Number of Africans of working age in 2020
Middle Class	**85 million** Number of African households with discretionary income > US$5,000 in 2008	1.5x	**128 million** Number of African households with discretionary income > US$5,000 in 2020

Source: McKinsey Global Institute

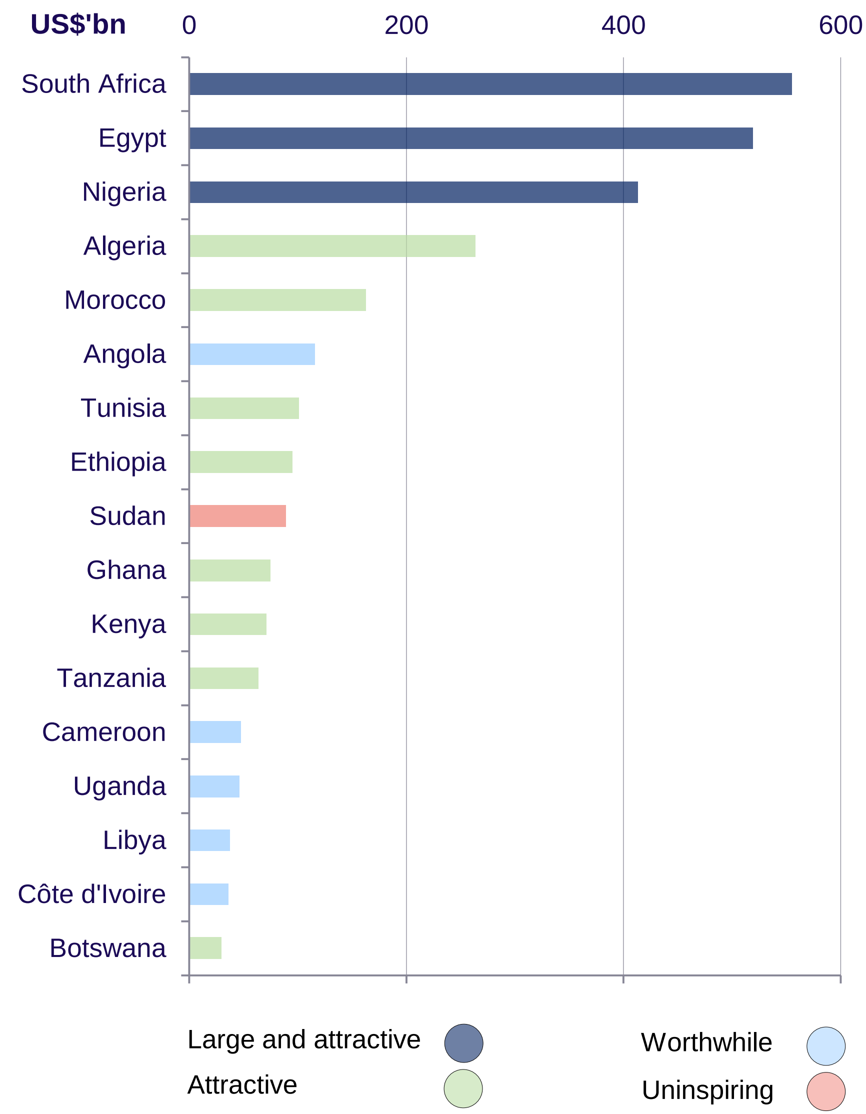
Identifying the economic powerhouses in Africa

Africa by economic size (ranking of economies)



Circle size represents the size of the economy and its relative ranking in 2012 on PPP basis

2012 Nominal GDP at PPP in USD



Source: IMF, EIU

FMCG trends: A tale of two markets

Developed market trends

1	**Consumers are becoming more health conscious**	• Government legislation is expected to play an increasing role in marginalising unhealthy food and beverage products • Beverage companies will in response to this continue to invest in diversification away from carbonated beverages and salty foods into healthier sub-sectors
2	**Flat or negative growth in developed markets**	• Developed market growth is unlikely to match levels seen in the years leading up to the financial crisis, owing to: – Government fiscal policy: austerity measures – Government monetary policy: increasing likelihood of rate hikes due to rising inflation
3	**Active portfolio management**	• Due to limited growth available, companies have been looking to increase their market shares in key categories in developed markets through strategic acquisitions • In order to maintain sufficient return on investment, companies are in turn looking at disposing of assets located outside of their key focus areas
4	**Shift of consumption habits towards private labels**	• Retailers ability to discount private label products will undermine consumer products firms in markets where brand loyalty is weak • In reaction to this trend, major FMCG companies are expected to either: i. leave sectors under threat from private labels; or ii. acquire private labels to capitalise on growing demand

Emerging market trends

1	**Urbanisation and the emergence of a middle class**	• Urbanisation provides growth opportunities for branded food products, especially in the wheat, pasta, branded rice and sugar space • The emergence of a middle class provides the opportunity to increasingly introduce premium-positioned products
2	**Scarcity of resources and sustainable growth**	• Necessity to build incremental business on a sustainable basis creates demand for products with improved functionality and efficacy • Unilever has created fabric conditioners that need less water and are therefore more consumer friendly in emerging markets while at the same time being sustainable
3	**Focus on reducing costs to maintain low cost products**	• In times of crisis brand loyalty declines, as consumers are attracted by cheaper products, edging out leading brands • In order to respond to this, FMCG companies are leveraging scale, streamlining supply-chain management and are looking at ways of making packaging less costly • Nestle has recently launched cheaper and more basic packaging in Brazil
4	**Lower levels of private label penetration due to large proportion of low LSM consumers**	• Although the South African retail market is highly concentrated, private label penetration is much lower • Consumer base is very different from that of the developed world • Majority of the consumers fall within the lower LSM segment and tend to be brand loyal, purchasing brands they trust and have confidence in

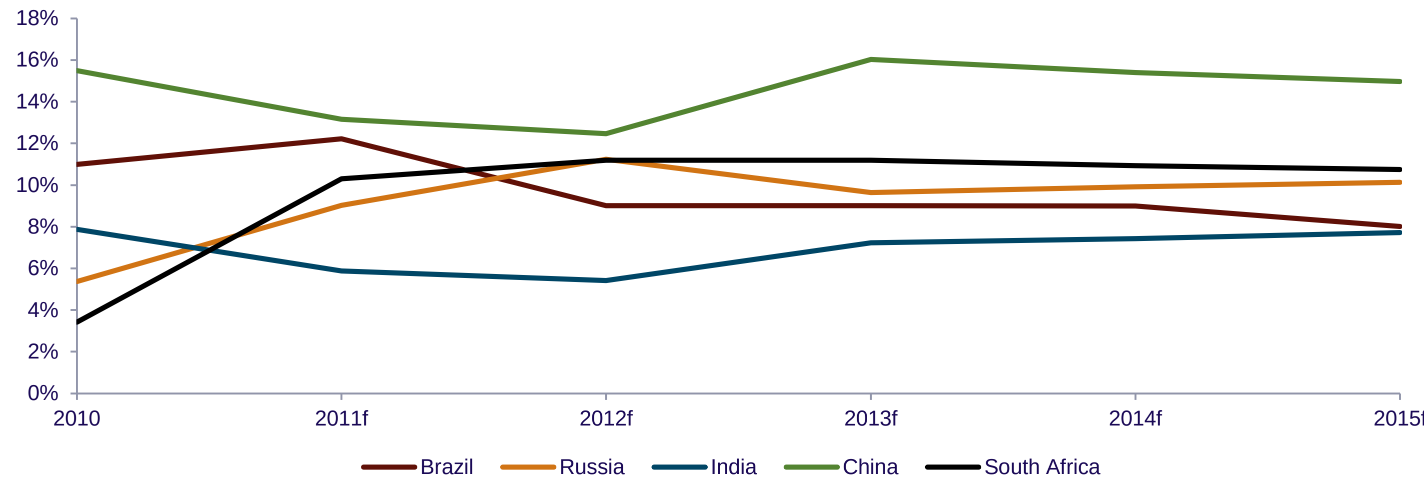
Source: BMI, EIU, company websites, broker reports and RMB research

Forecast performance of key regions

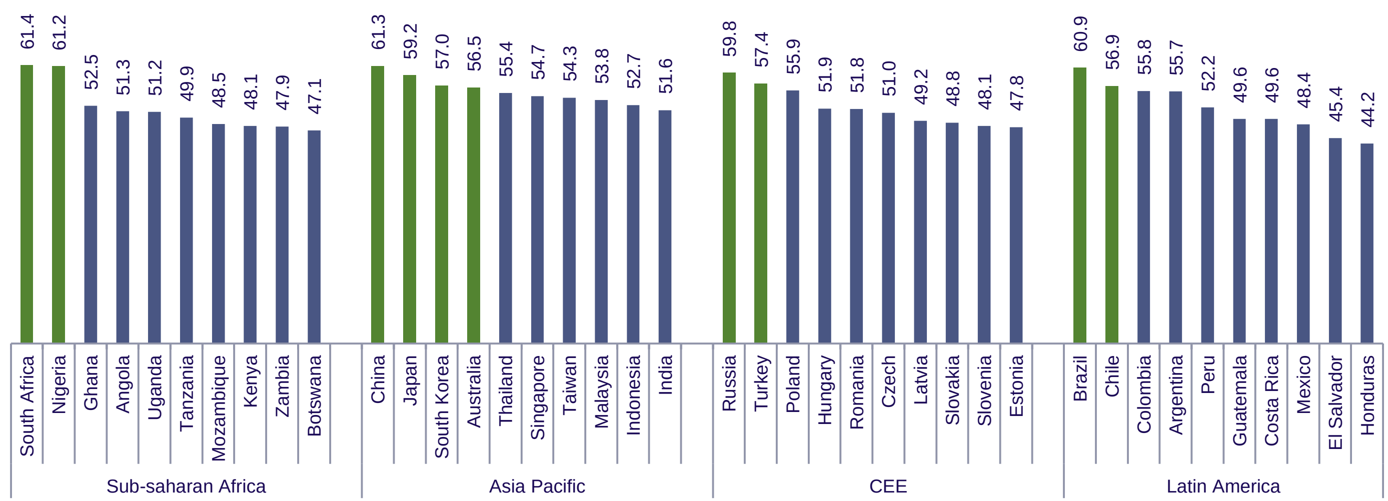
The BMI Food & Drink rating is scored out of 100 and is comprised of two sub-ratings 'Reward' and 'Risk', which have a 60% and 40% weighting respectively

Top 10 BMI F&D ratings	
South Africa	61.4
China	61.3
Nigeria	61.2
Brazil	60.9
Russia	59.8
Japan	59.2
Turkey	57.4
South Korea	57.0
Chile	56.9
Australia	56.5

BRICS food consumption YOY growth



Food and drink markets rated in terms of expected risk and reward[1]



Notes:
1) Ratings excluding North America and Western Europe

Source: BMI Food & Drink Reports

FMCG trends in Nigeria

The key driver for the FMCG sector, has been the consumer, with the key themes being:

- increasing population, with a focus on the middle class
- increasing consumer purchasing power
- evolving consumer demand and consumption preferences

A quote by Mark Bowman, who heads SAB Miller's African operations, puts it quite aptly: "We have a fairly simple hypothesis, you have superior population growth in Africa of around 2.4 per cent compound; you've got GDP growth of 4.6 per cent and very low per capita consumption [of beer[2]]." – *Source: Gateway Africa*

"Beer" can be substituted by several FMCG products

The Nigerian middle class

- Widening middle class: Of the 84 million people estimated in the SSA middle class, about half – 42million, c.30% of Nigeria's c.160 million people, are Nigerians.
- This number is estimated to grow to about 63 million by 2020, half of the 127million middle class population projected for the SSA by 2020
- Buying power: per capita income has increased from US$ 390 in 2001 to US$ 1,541 in 2011, with the middle class household, being defined as having c. $5,000 in disposable income as at 2008

Changing consumer preferences

- Increasingly sophisticated consumer preferences driven by the various categories within the referred middle class
  - cosmopolitan home-grown professionals;
  - increasing number of returning diaspora, influencing consumer demand market with their western tastes and preferences; and
  - the affluent: who are happy to see product offerings as they would see in their external travels, now available in the local markets
- Such preferences are gradually shaping local consumption trends and patterns i.e. an evolving health conscious palette, driving wheat-based consumptions (biscuits, baked goods), sweets etc

Organised retailing

- The mall experience: Organised retailing is growing steadily in Nigeria driven by consumer demanded for a more sophisticated retail shopping experience
- The general view though is that this is still in its infancy, considering the Nigerian population, demographics, growing purchasing power and the size of structure of organised retailing in countries like South Africa
- The entry of organised retail has also fostered the growth of mid-sized local producers of local products, ensuring that the shopping malls attract a mix of the "upscale" and "low/mid-scale" middle class

Aspirational spending

- Aspirational spending continues to influence demand for more high-end products. Though initially satisfied by imports, a few local manufacturers (previously importers) are moving further into the value chain
- Though manufacturers face the main challenge of lack of infrastructure (power, roads etc), profit margins, based on high prices which the middle class can afford to pay in many instances, still justify local production

Note: (1) *Nigerians who have lived in Europe, the US, other Western countries for many years, but have returned to the country*

Source: IMARA Research, McKinsey Global Institute

RAND MERCHANT BANK
A division of FirstRand Bank Limited

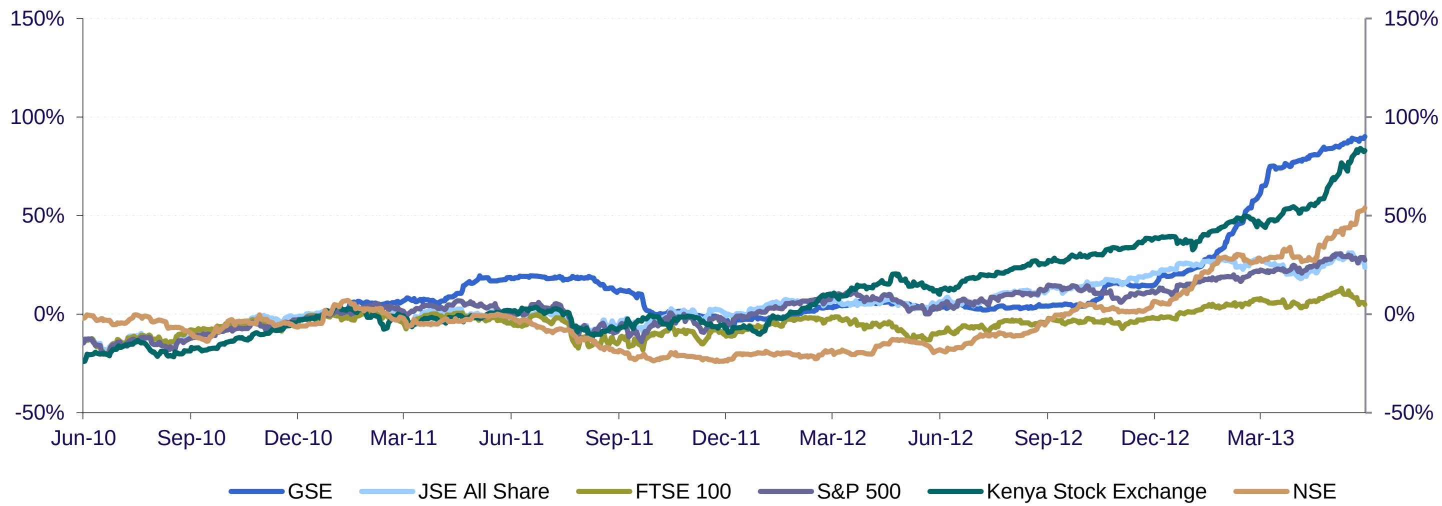
Equity market performance overview

In the past 12 months, equity capital markets in sub-Saharan Africa have posted strong performances, driven primarily by robust financial results and strong investor interest primarily in FMCG and financial services sectors

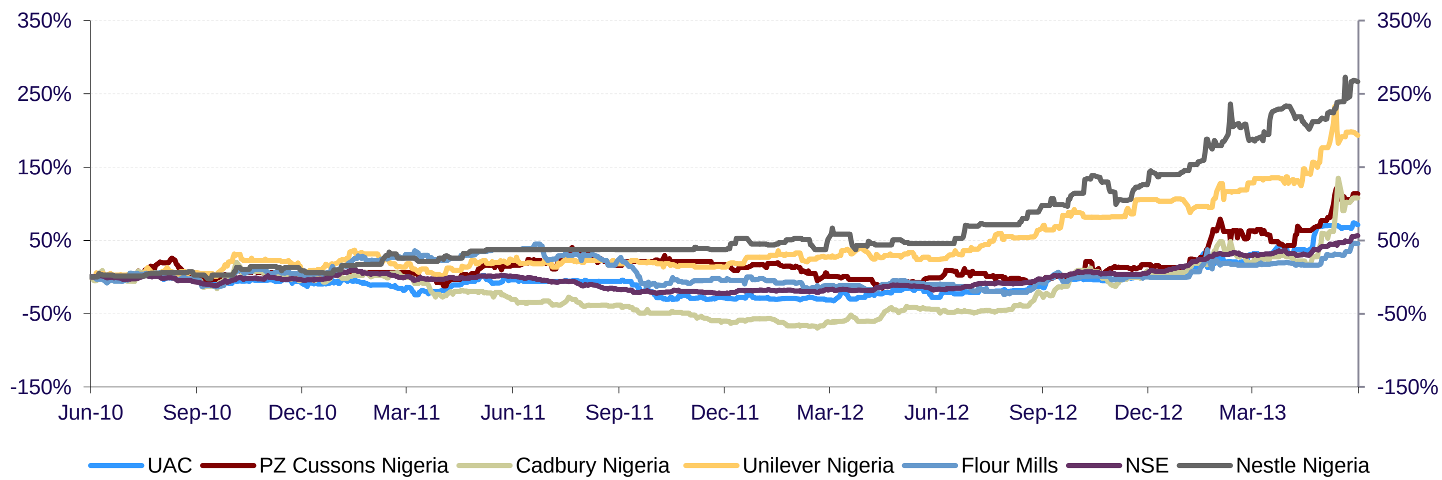
In 2012, the NSE recorded a +c.35% performance and is up +c.32% YTD as at June 2013

Again, the drivers are the consumer players, with investors both local and foreign seeking to gain exposure to quality FMCG companies, which they believe will leverage the strong and growing Africa "consumer story"

Global market performance



Nigerian FMCG stock performance



Source: Capital IQ, 7 June 2013

Nigeria equity market update

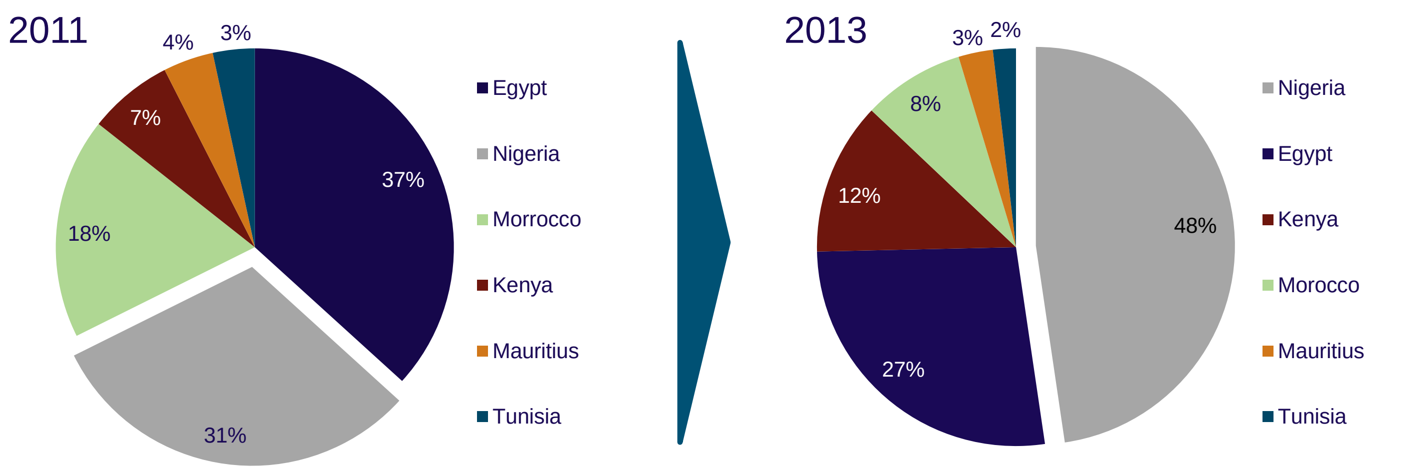
The MSCI index series is the pre-eminent benchmark for Emerging / Frontier Market equity investors, with significant capital tracking these indices

Nigeria's weighting in the MSCI indices has increased substantially in recent years and Nigeria now makes up 48% of the MSCI Africa ex-SA Index

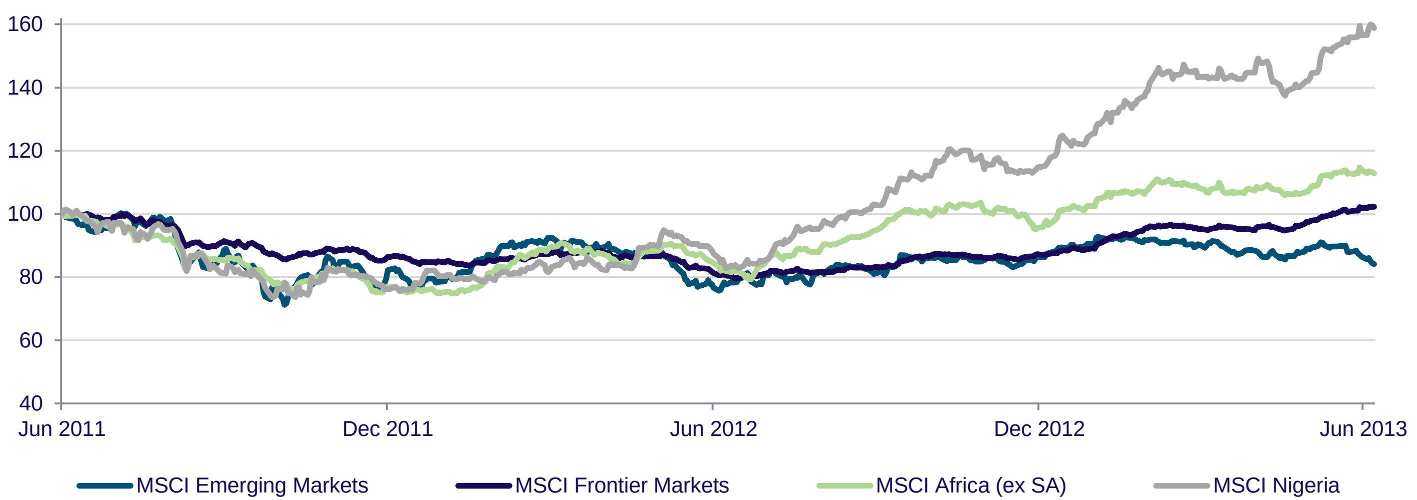
Emerging and Frontier Market equities have underperformed global equity markets since 2011

Over the last 12 months African equity markets have outperformed, led most notably by Nigeria

MSCI Africa weightings



Relative stock market performance



Source: MSCI, Capital IQ as at 7 June 2013

FMCG comparable company analysis

		Financial	Market cap	EV	EV/EBITDA			EV/EBIT			P/E			CAGR 2011 - 2013		
Company	Country	Year end	(USDm)	(USDm)	2013	2014	2015	2013	2014	2015	2013	2014	2015	EBITDA	EPS	Net Income
Nigeria																
Dangote Sugar Refinery Plc	Nigeria	Dec	809	653	6.2x	5.5x	4.7x	7.0x	6.3x	5.7x	11.4x	10.6x	9.7x	18.6%	26.4%	26.1%
Dangote Flour Mills PLC	Nigeria	Dec	298	298	5.5x	5.0x	n/a	6.2x	5.3x	2.6x	12.9x	10.2x	3.8x	7.8%	129.9%	179.1%
Honeyw ell Flour Mills Plc	Nigeria	Mar	164	309	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Flour Mills of Nigeria PLC	Nigeria	Mar	1 394	2 101	8.6x	6.8x	4.3x	12.4x	9.5x	7.1x	16.5x	12.2x	7.4x	14.0%	30.5%	34.9%
PZ Cussons Nigeria Plc	Nigeria	May	1 320	1 274	24.9x	n/m	n/a	28.9x	23.0x	n/m	46.0x	38.7x	n/m	1.1%	13.0%	21.1%
Unilever Nigeria Plc	Nigeria	Dec	1 613	1 613	22.1x	17.5x	n/a	25.4x	20.7x	18.5x	38.1x	27.8x	22.6x	14.5%	10.9%	11.5%
UAC of Nigeria Plc	Nigeria	Dec	604	604	5.9x	4.8x	4.3x	7.8x	6.7x	5.6x	21.5x	16.4x	11.7x	18.2%	(21.6%)	(17.6%)
Nestle Nigeria PLC	Nigeria	Dec	5 347	5 347	23.1x	19.2x	16.0x	26.9x	21.8x	17.8x	33.3x	26.9x	22.6x	21.9%	23.5%	23.5%
Mean					**13.8x**	**9.8x**	**7.3x**	**16.4x**	**13.3x**	**9.5x**	**25.7x**	**20.4x**	**13.0x**	**13.7%**	**30.4%**	**39.8%**
Median					**8.6x**	**6.2x**	**4.5x**	**12.4x**	**9.5x**	**6.4x**	**21.5x**	**16.4x**	**10.7x**	**14.5%**	**23.5%**	**23.5%**
South Africa																
Tiger Brands Limited	South Africa	Sep	4 727	5 287	11.4x	10.4x	13.0x	12.9x	11.7x	10.3x	15.6x	14.0x	12.3x	11.8%	7.9%	8.4%
Pioneer Food Group Ltd.	South Africa	Sep	1 448	1 660	9.3x	8.3x	10.2x	11.9x	10.4x	12.7x	16.1x	13.8x	16.6x	15.6%	13.3%	12.4%
Avi Ltd.	South Africa	Jun	1 648	1 727	9.1x	8.2x	15.8x	10.6x	9.6x	18.3x	14.7x	13.2x	25.2x	14.2%	17.0%	17.7%
Clover Industries Ltd	South Africa	Jun	310	342	5.9x	5.2x	9.8x	7.6x	6.6x	12.2x	10.9x	9.0x	16.8x	12.7%	20.6%	25.0%
Illovo Sugar Ltd.	South Africa	Mar	1 603	1 891	7.7x	6.8x	26.4x	8.8x	7.6x	29.7x	15.1x	12.3x	47.2x	27.6%	50.2%	50.7%
Tongaat Hulett Limited	South Africa	Mar	1 374	2 072	6.8x	6.1x	23.9x	7.9x	7.0x	27.3x	9.9x	8.4x	32.4x	33.8%	25.5%	26.7%
Mean					**8.4x**	**7.5x**	**16.5x**	**9.9x**	**8.8x**	**18.4x**	**13.7x**	**11.8x**	**25.1x**	**19.3%**	**22.4%**	**23.5%**
Median					**8.4x**	**7.5x**	**14.4x**	**9.7x**	**8.6x**	**15.5x**	**14.9x**	**12.7x**	**21.0x**	**14.9%**	**18.8%**	**21.3%**
Other emerging																
Fan Milk Limited	Ghana	Dec	337	328	n/a	n/a	n/a	11.1x	7.0x	n/a	14.5x	n/a	n/a	(100.0%)	57.2%	57.0%
BRF - Brasil Foods S.A.	Brazil	Dec	19 957	23 358	12.8x	10.7x	10.1x	17.4x	14.1x	12.5x	22.6x	18.6x	17.5x	12.0%	17.3%	16.1%
Grupo Bimbo, S.A.B. de C.V.	Mexico	Dec	13 645	16 630	11.8x	10.4x	9.0x	17.3x	14.6x	12.2x	29.0x	22.5x	17.8x	7.8%	6.0%	2.4%
Gruma S.A.B. de CV	Mexico	Dec	2 016	3 589	7.3x	6.9x	5.9x	10.5x	9.7x	8.0x	16.7x	16.4x	12.7x	10.2%	(40.1%)	(43.9%)
Mean					**10.6x**	**9.3x**	**8.4x**	**14.1x**	**11.4x**	**10.9x**	**20.7x**	**19.2x**	**16.0x**	**(17.5%)**	**10.1%**	**7.9%**
Median					**11.8x**	**10.4x**	**9.0x**	**14.2x**	**11.9x**	**12.2x**	**19.7x**	**18.6x**	**17.5x**	**9.0%**	**11.6%**	**9.3%**
Global																
Procter & Gamble Co.	United States	Jun	213 095	241 270	12.3x	11.5x	10.6x	14.8x	13.8x	12.2x	18.5x	17.0x	15.3x	2.5%	9.8%	3.6%
ConAgra Foods, Inc.	United States	May	14 067	24 152	10.4x	9.2x	8.6x	13.5x	11.8x	10.8x	14.3x	12.7x	11.2x	28.0%	27.6%	26.9%
Fresh Del Monte Produce Inc.	Cayman Islands	Dec	1 527	1 693	8.8x	n/a	n/a	13.9x	n/a	n/a	11.9x	10.0x	n/a	(2.2%)	19.8%	5.4%
Pepsico, Inc.	United States	Dec	127 595	149 972	11.5x	10.8x	10.1x	14.6x	13.7x	12.9x	18.8x	17.3x	15.8x	(0.1%)	4.3%	2.7%
Associated British Foods plc	United Kingdom	Sep	22 605	25 254	10.0x	9.3x	8.8x	13.9x	12.7x	11.7x	18.6x	16.7x	15.1x	12.6%	19.8%	19.7%
Tate & Lyle plc	United Kingdom	Mar	5 870	6 673	8.9x	8.4x	8.1x	11.4x	10.7x	9.9x	13.7x	12.6x	11.6x	4.8%	0.8%	2.1%
Danone	France	Dec	45 062	53 738	10.8x	10.0x	9.3x	13.6x	12.3x	11.3x	18.5x	16.7x	15.3x	4.7%	5.8%	4.4%
Beiersdorf AG	Germany	Dec	20 470	17 875	13.8x	12.5x	11.5x	16.3x	14.6x	13.2x	28.6x	25.2x	22.5x	9.2%	47.2%	47.7%
Nestlé S.A.	Sw itzerland	Dec	215 412	236 311	11.9x	11.0x	10.3x	14.5x	13.5x	12.6x	17.6x	16.2x	15.0x	9.3%	10.3%	9.9%
Goodman Fielder Ltd.	Australia	Jun	1 297	1 783	6.8x	6.4x	6.2x	8.9x	8.4x	8.1x	13.7x	12.3x	11.7x	7.1%	n/a	n/a
Parmalat SpA	Italy	Dec	5 561	4 578	7.3x	7.0x	6.5x	10.8x	10.2x	n/a	18.2x	17.2x	n/a	13.5%	1.8%	2.2%
Mean					**10.2x**	**9.6x**	**9.0x**	**13.3x**	**12.2x**	**11.4x**	**17.5x**	**15.8x**	**14.8x**	**8.1%**	**14.7%**	**12.5%**
Median					**10.4x**	**9.7x**	**9.0x**	**13.9x**	**12.5x**	**11.7x**	**18.2x**	**16.7x**	**15.1x**	**7.1%**	**10.0%**	**4.9%**
Global Mean					**10.7x**	**9.2x**	**10.5x**	**13.5x**	**11.7x**	**12.5x**	**18.8x**	**16.2x**	**16.8x**	**8.4%**	**19.7%**	**20.4%**
Global Median					**9.7x**	**9.2x**	**9.8x**	**13.5x**	**11.7x**	**12.2x**	**16.5x**	**15.1x**	**15.3x**	**11.8%**	**17.1%**	**14.2%**

Source: Capital IQ as at 07 June 2013

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Observations on recent FMCG strategic trends

The FMCG industry continues to be favoured by investors, given the large population in Nigeria; increasing GDP per capita; and an emerging middle class with rising demand for diverse goods and services

The evolving industry dynamics overlaid with more international investors showing appetite to invest in Nigerian FMCG companies has stimulated local FMCG industry participants to become more proactive

Given this trend, current local industry participants are taking steps to further consolidate their position in the sector

	Current Industry Trends
Consolidation	• FMCG companies are evaluating their current product portfolios with a view to optimize market position via “tuck-in” acquisitions of smaller companies • Partnerships *(technical or shareholder)* are being explored to bring in product diversification, technology, distribution and expertise
Product Diversification	• Vertical integration continues to be a recurrent theme (UACN/Livestock Feed) • Acquisition of processed/packaged food businesses (Olam/OK Foods and Kayass Enterprises)
Expansion	• Expansion of existing facilities to increase capacity (Flour Mills, Honeywell Flour, Dangote) • Greenfield build-out of new facilities (Dufil Enterprises)
Efficient Capital Structure	• Refinancing short/medium term floating rate debt for long term fixed rate debt • Follow on capital raises on the NSE • Private equity investors being considered
Sale	• More attractive opportunities for owners to consider cashing out at favourable valuations • Valuation multiples attractive given recent transactions • Changing culture as more principles consider sales as natural transition process

Consolidation

	Consolidations	Outcome / Result
Consolidated Breweries Plc	Consolidated Breweries Plc + bbl + DIL / Maltex Nigeria Plc =	• Increase manufacturing capacity • Expanded product/SKU offering • Operational synergies • Streamline overlapping costs resulting in increased earnings • Wider operational platform
NB	NB + Pride of Nigeria + L =	• Broadened geographic spread and brand portfolio • Strengthened market position • 25% revenue growth • Capacity upgrade
uac of nigeria plc	uac of nigeria plc + Sandtex Portland Paints & Products Nigeria Plc [61%] =	• Deepened presence in the coatings market • Scope and economies of scale in procurement, production and distribution achieved
uac of nigeria plc	uac of nigeria plc + Livestock Feeds [51%] =	• Strengthens stake in the Nigerian animal feeds market • Synergies have been achieved in the supply chain as well as distribution • Positions UACN Group as a portfolio of companies with exposure to growth segments of the Nigerian economy

Consolidation (continued)

	Consolidations				Outcome / Result
FLOUR MILLS OF NIGERIA PLC.	FLOUR MILLS OF NIGERIA PLC.	+	TFI	=	• Consistency in quality, availability and affordability of cassava flour • Increased capacity to meet cassava demand from other flour millers in Nigeria • Potential diversification into the production of starch and sweeteners
FLOUR MILLS OF NIGERIA PLC.	FLOUR MILLS OF NIGERIA PLC.	+	**ROM Oil** [90%]	=	• Increased domestic production of refined edible oils and associated products • Enhanced Flour Mill's group synergies • Consistency with the Federal Government of Nigeria's transformation agenda

Observation

Consolidations in the FMCG space have resulted in:

- Stronger companies with scale and substantial market position
- Wider product portfolios
- Broadened geographical spread
- Robust distribution platform

Strategic sales

	Strategic Sale	Outcome / Result
Tiger Brands	...truly DELIcious	• Important step in Tiger Brand's expansion strategy into other African Markets • Significant scale added to Tiger Brand's Nigerian business • Leverage distribution channel for other similar products
Godrej		• Transaction provides a platform for value creation in West Africa • Godrej leapfrogs in its endeavour to build a pan-African presence for its core categories such as personal care and hair care
RMB CORVEST	VITAL PRODUCTS	• Proceeds invested were used to build a new state of the art factory that will allow Vital to keep up with the fast growing consumer market segment • Defend market share and build additional capacity • High level consumer awareness
THE ABRAAJ GROUP	FAN FanMilk	• Undisputed market leader in frozen dairy products • Positioned to embark on further penetration and growth into new African markets • Transaction builds on Abraaj's strategy of targeting the African agri-food sector

Strategic sale (continued)

	Strategic Sale		Outcome / Result
Standard Chartered	GZ INDUSTRIES LIMITED	=	• New financing will be used to expand footprint regionally, with plans to grow into a leading pan-African beverage-packaging company

Observation

Strategic sales in the FMCG space have resulted in:

- Increased appetite and competition for quality assets leading to higher acquisition multiples paid
- Efficient avenue for international strategic investors to enter Nigeria

Strategic sales have also confirmed that Private Equity players are keen to acquire market leading FMCG players

Strategic partnerships

Partner		Partner		Outcome / Result
FAST MOVING FORWARD THINKING IMPERIAL™	+	MDS LOGISTICS [49%]	=	• Exposure to supply chains in Nigeria's dynamic fast-moving market • Strengthened footprint on the continent • Opportunity to drive growth and entry into the dynamic Nigerian market
Tiger Brands	+	DANGOTE [63%]	=	• Significant scale added to Tiger Brands' existing Nigerian businesses and expansion strategy • DFM will leverage on Tiger's proven competence in milling to achieve growth • Both parties to benefit from operational synergies and efficiencies
Tiger Brands [49%]	+	uac of nigeria plc [51%]	=	• Platform for expansion into fast-moving consumer goods product categories • Opportunity to leverage distribution channels
PZ Cussons	+	wilmar	=	• Joint investment in palm oil plantation and refining facilities built to world class standards • Support the development of local agriculture and industry

Observation: Strategic partnerships have led to improved technical expertise and capacity upgrades

Product Diversification

Outcome / Result

- Expansion into finished goods category
- Channel / Brand / Cost synergies across regional markets and categories
- Potential to develop Nigeria as a regional manufacturing hub for the West African biscuit / candy franchise
- Significant backend synergies across raw material sourcing, processing, logistics and warehousing

Kayass Enterprises Nigeria

[100%]

- Accelerate Olam's entry and capitalise on Nigeria's FMCG space
- Opportunities to realise back-end supply chain synergies in the sourcing of key raw materials, logistics, distribution and marketing
- Competitive in offering differentiated products based on best practices in manufacturing, global sourcing, product development and innovation

Observation

Product diversifications have resulted in:

- The evolution of commodity businesses focusing on more value-added/finished goods brands
- Finished goods have higher margins than commodity goods

RAND MERCHANT BANK
A division of FirstRand Bank Limited

Introduction

Overview of RMB Nigeria

Nigeria FMCG industry

Equity market update and FMCG comparable company analysis

FMCG strategic trends that drive M&A activity

Observations and conclusion

Conclusion

RMB believes the FMCG sector will continue to present interesting mergers and acquisition opportunities in the short to medium term horizon

- **Given the massive population in Nigeria, increasing affordability of the emerging middle class and the changing consumption patterns, RMB believes that the FMCG sector presents an attractive industry that will continue to drive merger and acquisition transactions**

- **As the dynamics in the FMCG industry continue to evolve and mature, RMB believes that the sector warrants focus from all issuing houses to help facilitate growth and establish the FMCG sector as a enduring participant in the Nigerian economy**

Appendix

Overview of RMB Nigeria

Who are we?

Rand Merchant Bank ("RMB") is the investment banking arm of FirstRand Limited ("FirstRand")

FirstRand is an integrated financial services group, with a banking arm under FirstRand Bank Limited

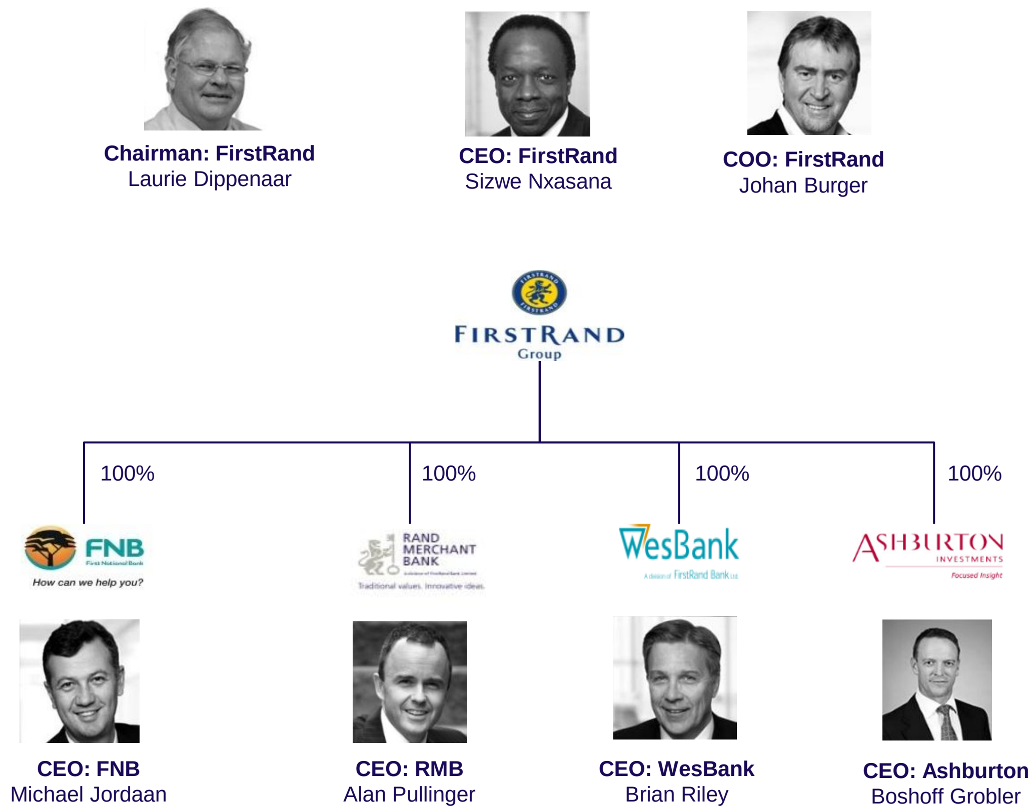
FirstRand is the 2nd largest financial institution in South Africa with a market capitalisation of R144bn (US$14bn)[1]

FirstRand is one of the top 10 listed companies of the Johannesburg Stock Exchange

Differentiated by its owner-manager culture

FirstRand operates through 4 divisions: RMB (investment banking), FNB (retail and commercial banking), Wesbank (asset financing) and Ashburton (asset management)

FirstRand provides a comprehensive range of products and services to the South African market and niche products in certain international markets

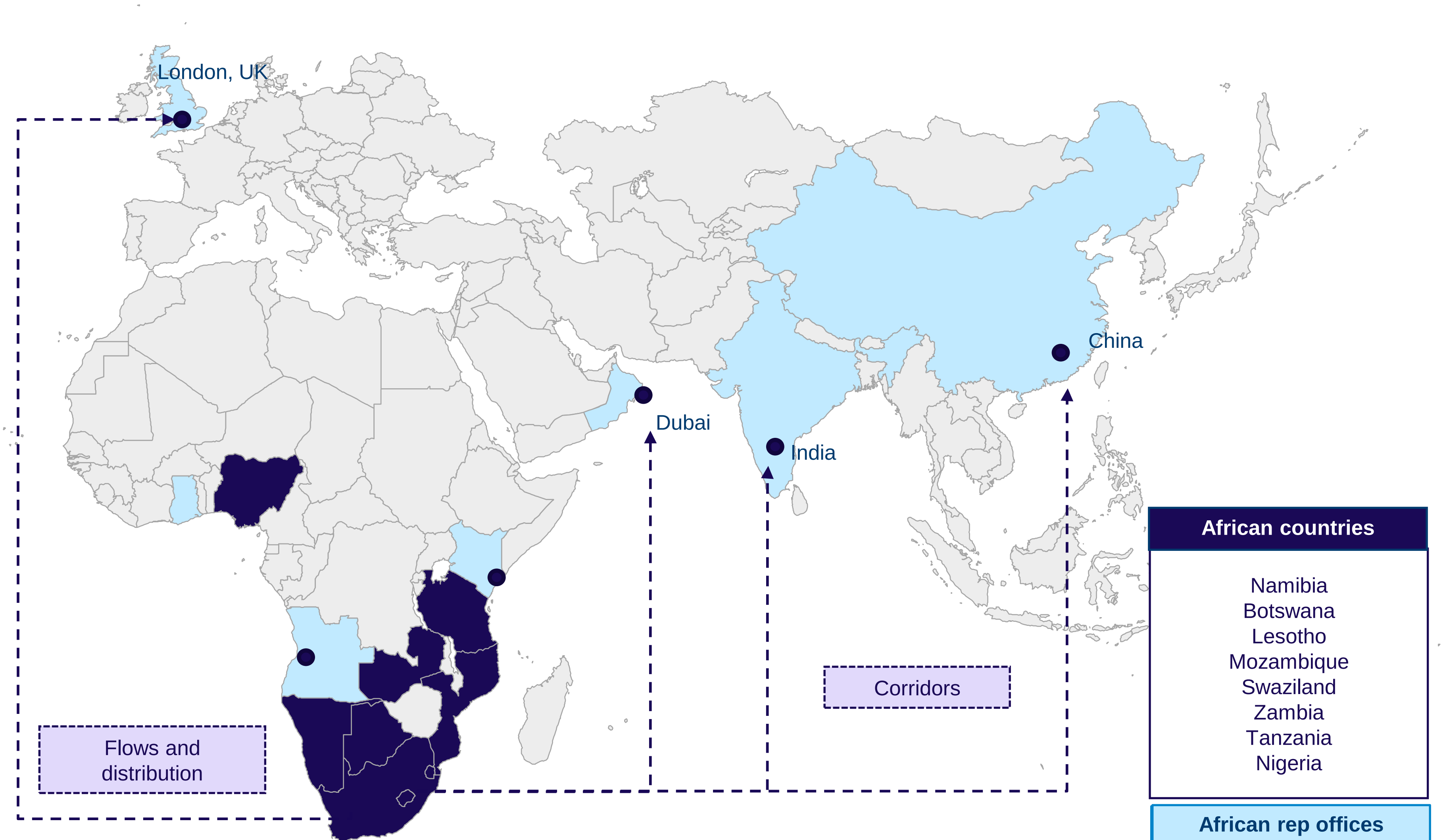


Banking

- Retail banking
- Investment banking
- Asset financing
- Asset management

(1) As at 13 June 2013 at USD1 to R10

FirstRand's international footprint



African countries
Namibia
Botswana
Lesotho
Mozambique
Swaziland
Zambia
Tanzania
Nigeria

African rep offices
Angola
Kenya
Ghana

Banking operations

FirstRand representative office

RMBN is focused on a range of Corporate & Investment Banking services

RMB
NIGERIA
Rand Merchant Bank Nigeria Limited

Coverage

Private Equity
- Corvest
- Ventures

Investment Banking
- Corporate Finance & ECM
- Acquisition & Leveraged Finance
- Resources Finance
- Infrastructure Finance
- Real Estate Investment Banking
- Debt Capital Markets

Principal Investments

Global Markets
- Fixed Income Securities trading*
- Forex Trading
- Investment Solutions
- Money Markets
- Structured Products (FX, IR & Commodities)
- Customer Dealing
- Sales and Distribution

RMBN Cash Equities

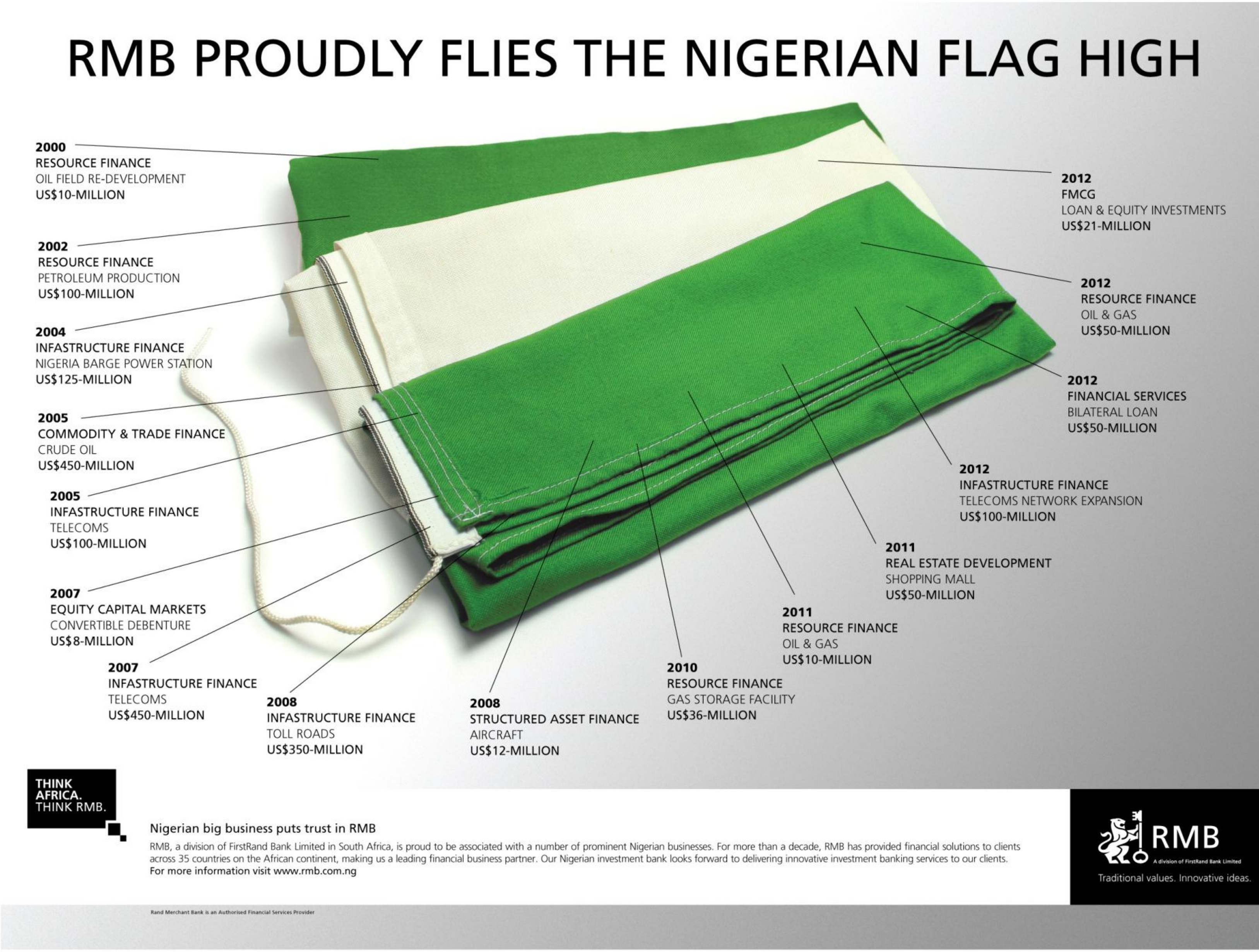
Corporate Banking
- Transactional Banking
- Working Capital Facilities
- Structured Trade Finance

Established in RMBN (grey)

In progress (green)

* Including: Trading, Lending, Hedging, Funding and Advisory Research

RMB has been active in Nigeria for more than a decade



Select Nigeria Transactions

Sugar refinery

$100m Term Loan Facility

On-going

Lender

Nigeria

Short Term Loan Facility

2013

Mandated Lead Arranger

Nigeria

$3bnTerm Syndicated Loan Facility

2013

Lender

Nigeria

FMCG business

Listing on the Nigerian Stock Exchange

Ongoing

Joint Financial Advisor

Nigeria

Agrochemicals business

Listing on the Johannesburg and Nigerian Stock Exchange

Ongoing

Joint Global Coordinator

Nigeria

Insurance business

Sale of strategic equity stake

Ongoing

Financial Advisor

Nigeria

Equity and debt investment to fund business expansion

2012

Lender & Equity Investor

Nigeria

Reserve development financing

US$ 50 million

2012

Senior Lead Arranger

Nigeria

$600m Syndicated Term Loan Facility

2012

Initial Mandated Lead Arranger

Egypt, Nigeria, et al

Acquisition of minority shareholders and financial review

2011

Financial advisor

Nigeria

Acquisition of Sterling Bank Plc by FirstRand Bank Limited Unsuccessful

2011

Structuring and financial advisor

Nigeria

Natural Gas Liquids II

US$10 Million
2011

Lender

Nigeria

Project finance for construction of LPG storage facility

US$36 Million
2010

Mandated Lead Arranger

Nigeria

First PPP Toll Road in Nigeria

US$350 Million
2008

Joint Financial Advisor

Nigeria

Senior secured crude oil pre-export financing

US$ 450 million
2005

Financial Participant

Nigeria