

LAGOS, NIGERIA

Monday, 26 October 2020

PRESS RELEASE

PROPOSED MERGER BETWEEN CHEMICAL AND ALLIED PRODUCTS PLC AND PORTLAND PAINTS AND PRODUCTS NIGERIA PLC

The Boards of Directors of Chemical and Allied Products PLC (“CAP”) and Portland Paints and Products Nigeria PLC (“Portland Paints”) have taken a decision to merge their respective businesses in accordance with applicable laws; with CAP emerging as the resultant entity (the “Proposed Merger”). The Proposed Merger is subject to the required regulatory and corporate approvals being obtained.

The respective Boards of CAP and Portland Paints strongly believe that the Proposed Merger, which provides a unique opportunity to change the Nigerian paints and coatings landscape, will be attractive and value accretive to shareholders of both companies.

The decision to pursue the Proposed Merger is driven by the strategic objectives of the Boards of CAP and Portland Paints to drive growth and expansion within the Nigerian and African markets. CAP and Portland Paints play in distinct segments, and the enlarged CAP will have a broader portfolio covering the top-end/premium decorative segment, the mid-market decorative segments as well as the industrial segment (in particular marine and protective coatings). We believe that the Proposed Merger will provide our customers access to a broader product portfolio and a wider range of value options to meet their needs.

The combination of CAP and Portland Paints will create a formidable paints and coatings company that will be strategically positioned across segments as a result of its combined brand portfolio (Dulux, Sandtex, Caplux and Hempel); its diversified product ranges spanning decorative and industrial with widespread distribution channels and retail footprint in Nigeria.

Subject to receipt of the relevant regulatory and corporate approvals, the Proposed Merger will be executed by way of a Scheme of Merger (the “Scheme”) in accordance with Section 711 of the Companies and Allied Matters Act, 2020 and other applicable laws, rules and regulations. The Scheme will involve the transfer of all Portland Paints’ assets, liabilities and business undertakings including real property and intellectual property rights to CAP.

In consideration for the transfer, CAP is offering shareholders of Portland Paints a choice to

RECEIVE

₦2.90 cash

OR

1 new ordinary share of CAP, credited as fully-paid up

FOR

Every Portland Paints share held

Every 8 Portland Paints shares held



The proposed consideration represents a 45% premium to the last traded share price of Portland Paints on October 16, 2020, being the last business day prior to the date on which CAP sent its merger proposal to the Board of Portland Paints and a 41% premium on the trading price as at close of trading on October 23, 2020.

Completion of the Proposed Merger is subject to approvals from the Federal Competition and Consumer Protection Commission, the Securities and Exchange Commission, The Nigerian Stock Exchange as well as shareholders of CAP and Portland Paints, respectively. The Proposed Merger is also subject to the sanction of the Federal High Court.

Commenting on the Proposed Merger, **David Wright, Managing Director of CAP**, said: *“The decision to pursue the Proposed Merger, is driven by the Board’s strategic plan to aggressively grow within the Nigerian and African markets. We believe that the Proposed Merger presents a unique opportunity that will benefit all stakeholders, from shareholders to customers as well as the broader economy. I am excited by the prospect of an enlarged company with a broader decorative paint portfolio covering the premium, mid-market and affordable segments and the inclusion of marine and protective coatings, all of which will benefit our customers and shareholders.”*

Bolarin Okunowo, Managing Director of Portland Paints, said: *“In recent months, the Board and management of Portland Paints have evaluated various strategic options with a view to positioning our company to capture emerging growth opportunities. CAP’s business is complementary to ours, and both companies will be better able to serve our respective customers by coming together. I believe the combination of Portland Paints and CAP will yield significant benefits for all of our stakeholders.”*

Shareholders are advised to exercise caution when dealing in the securities of CAP and Portland Paints until requisite approvals are obtained. Further updates will be communicated in due course.



Bolarin Okunowo
Managing Director
Portland Paints and Products Nigeria PLC

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For more information, please contact

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About Portland Paints and Products Nigeria PLC

Portland Paints and Products Nigeria PLC (Portland Paints) is a leading diversified paint and protective coatings company in Nigeria with a 35-year track record of manufacturing and selling decorative, industrial and marine/protective coatings for the construction and oil & gas industries in Nigeria.

Its flagship brand, Sandtex, is renowned for its exceptional quality for residential, commercial and industrial buildings. Portland Paints is the Nigerian representative of Hempel, a leading global marine and protective coatings brand. The company generated revenue of N2.61 billion in 2019 and currently has 14 Sandtex Experience Centres across 9 states in Nigeria.

Portland Paints is a public company listed on The Nigerian Stock Exchange. UAC of Nigeria PLC owns 85.98% of the company's issued share capital.

Portland Paints' Investors Portal

Portland Paints has a dedicated investors' portal on its corporate website which can be accessed via this link: <http://portlandpaintsng.com/>. For any investment related enquiry, please contact Olumide Osundolire (for B&I Nominees Limited), Company Secretary by electronic mail at binominees@banwo-ighodalo.com or oosundolire@banwo-ighodalo.com or telephone on: +234 803 426 2475.

About Chemical and Allied Products PLC

Chemical and Allied Products Plc (CAP) is a leading paints and coatings company in Nigeria with globally and locally recognised brands such as Dulux and Caplux, respectively. The company manufactures and sells premium and standard paints and coatings and is the sole technological licensee of Akzo Nobel Coatings International B.V. in Nigeria.

The company pioneered the colour centre concept in Nigeria in 2005, which contributed to the evolution of the Nigerian paint industry. Today, CAP has 73 colour centres and colour shops across 31 states. The company generated revenues of N8.41 billion in 2019.

CAP is a public company listed on The Nigerian Stock Exchange. It is a subsidiary of UAC of Nigeria PLC which holds 51.49% of the company's shares.

