

Diageo transforms business model in Nigeria

- Diageo sells its shareholding in Guinness Nigeria PLC and enters new, long-term partnership with Tolaram to accelerate the growth of Guinness in Nigeria.
- Diageo is creating a new model for Guinness in Nigeria and its locally manufactured ready-to-drink (RTD) and mainstream spirits (MSS) products in the country partnering with Tolaram, the specialist manufacturing, marketing and distribution conglomerate, under new, long-term license and royalty agreements.
- Tolaram will acquire Diageo's 58.02% shareholding in Guinness Nigeria PLC, a company listed on the Nigerian Stock Exchange, which produces and distributes Guinness in Nigeria, for a share price of 81.60 NGN per share, a 63% premium to the 30-day VWAP.
- Tolaram has significant and extensive operations and a 50-year presence in Nigeria.
- Diageo remains deeply committed to Nigeria. Diageo will retain ownership of the Guinness brand, and it will be licensed to Guinness Nigeria for the long-term, enabling its continued growth and development in the country under the stewardship of Tolaram.
- Diageo will also remain in the country through its wholly owned international premium spirits business built to serve a wider geographic reach across West Africa, with Nigeria as one of the main operational hubs.
- Completion of the transaction is expected to be in Fiscal 2025 subject to the satisfaction of certain conditions, including various regulatory approvals in Nigeria.

Diageo is creating a new model for Guinness and its locally manufactured RTD and MSS products in Nigeria, partnering with specialist manufacturing, marketing and distribution conglomerate Tolaram. Under the terms of the transaction, Tolaram will acquire Diageo's 58.02% shareholding in Guinness Nigeria, and under new long-term license and royalty agreements, Guinness Nigeria (under Tolaram's majority control) is expected to enter a new stage of growth.

As well as the Guinness brand, Guinness Nigeria will also continue to have rights to manufacture and distribute the other Diageo brands that it currently manufactures and distributes, including MSS. The international premium spirits business is, as previously announced and described below, in the process of being separated into a new wholly owned Diageo spirits company to maximise growth.

This transaction is consistent with Diageo's strategy to operate a flexible and asset-light beer operating model, one which allows it to select the most appropriate structure and route to market for Guinness based on local conditions while retaining ownership of the iconic Guinness brand. Diageo will continue to drive the brand and marketing strategy of Guinness in Nigeria, in partnership with Guinness Nigeria and Tolaram to ensure Diageo's exceptional capabilities in brand building and innovation continue to drive long-term growth for Guinness in the country.

With a five-decade presence in Africa, Tolaram is one of the largest consumer packaged goods companies on the continent and has forged joint venture partnerships with several leading consumer multinational companies.

The transaction announced today, and the new long-term partnership model serve to provide a robust platform for Guinness' continued expansion in Nigeria, supporting investment in both manufacturing and distribution capabilities, and driving greater efficiency and growth.

This new framework for Nigeria further builds on Diageo's active portfolio management and commitment to building an efficient operating model in West Africa that is structured to deliver long-term, sustainable growth. This follows the announcement in October 2023 of a wholly owned dedicated spirits company, which will further strengthen Diageo's international premium spirits business and serve a wider geographic reach across West Africa, with Nigeria as one of the main operational hubs.

Commenting on the news Debra Crew, Diageo CEO, said:

"I'm excited to announce our new partnership with Tolaram. Guinness has been Nigeria's favourite beer for nearly 75 years. Tolaram share this passion for Guinness and for Nigeria, making them the perfect partners as we continue to grow our business and seek to delight even more consumers in the country."

Commenting on the news Dayalan Nayager, President Diageo Africa and Chief Commercial Officer, said:

"Guinness is one of Diageo's most iconic brands and holds a special place in the hearts of Nigerian consumers. Our flexible, asset-light, beer operating model is working well in other markets, and we will unlock the full potential of Guinness in Nigeria with our

new, long-term partner Tolaram. We're also very excited about the future of our international premium spirits business in Nigeria, a vibrant country to which we remain deeply committed."

Sajen Aswani, Chief Executive, Tolaram said, *"Our partnership with Diageo to jointly grow Guinness Nigeria underscores our commitment to build on our strong presence and heritage in Nigeria, cultivated over decades of dedication and unwavering confidence in the future of Africa. We take a long-term view on all our investments and this partnership reflects our optimism on the exciting opportunities that lie ahead across the continent."*

Haresh Aswani, Managing Director, Tolaram Africa said, *"The acquisition of Guinness Nigeria marks a pivotal moment in Tolaram's journey of growth and diversification. We are thrilled to welcome a company with such a rich legacy and strong consumer loyalty into our ecosystem. This strategic move not only expands our footprint in the Nigerian market but also presents an opportunity to leverage our combined strengths to foster innovation and deliver immense value to our customers and stakeholders across the nation"*.

Following completion of this transaction, Guinness Nigeria will remain listed on the Nigerian Stock Exchange and Tolaram intends to launch a mandatory takeover offer in compliance with local law requirements.

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ABOUT TOLARAM

Established in 1948, Tolaram is a Singapore incorporated and headquartered enterprise that operates a diversified business portfolio encompassing the consumer, infrastructure, and fintech verticals across Africa, Asia, and Europe. In Nigeria, its consumer business operates under joint ventures with leading consumer multinational companies such as Indofood, Kellanova (formerly known as Kellogg Company), Dano, and Colgate-Palmolive. Under these partnerships, Tolaram manufactures and distributes Nigeria's leading brands, including Indomie, Minimie Chinchin, Kellogg's, Munch It, Power Oil, Power Pasta, Dano, Hypo, and Colgate, amongst others. Tolaram's success in Nigeria has enabled further expansion into Ghana, Egypt, South Africa, Eswatini, Kenya, Ivory Coast, Mozambique and Saudi Arabia. Today, Tolaram operates 30 world-class manufacturing facilities across Africa, of which 25 are in Nigeria with many of them based in the Lagos Free Zone, Tolaram's wholly owned private free trade zone. Tolaram has a significant presence in Nigeria, with over 15,000 employees and combined investments of over \$1 billion.

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