



## CHAIRMAN'S STATEMENT

**D**ear distinguished shareholders, representatives of regulatory agencies, fellow Directors, guests and observers, esteemed Ladies and Gentlemen.

I am delighted to welcome you to the 60th Annual General Meeting (AGM) of our great Company, Berger Paints Nigeria Plc. holding virtually today, 24th day of June, 2020, at the Company's Offices at No 102, Oba Akran Avenue Ikeja, Lagos.

I feel privileged to present to you, the report of our stewardship for the 2019 financial year. Additionally, the resolutions to be considered at the meeting and the rationale for these resolutions will be as detailed in the AGM Information Pack section of this report.

### **Changes to Board and Management Composition**

During the year under review, Mr Anjan Sircar was appointed as Managing Director. He has settled in well and has started delivering value thereby justifying the Board's trust in his leadership qualities.

In line with the requirements of the Nigerian Code of Corporate Governance, the Board will commence preparing for anticipated Board transitions and will be considering the addition of more Independent Directors on the Board.

We have also listened to your yearnings and will be ensuring that gender diversity will be a major consideration in making appointments to the Board. We will meticulously ensure that our selection and on-boarding processes are continuously improved to assist us to deliver the critical ingredient of cognitive diversity that is vital in increasingly uncertain and complicated times. We shall keep you updated in this regard.

## CHAIRMAN'S STATEMENT (CONT'D)

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As part of the Company's robust succession framework for Executive Management, and to ensure business continuity in management, the Board appointed a Chief Operations Officer in November, 2019, in the person of Mr. Adeyemi Adetomiwa. Mr. Adetomiwa is a Certified Environmental Scientist (NREP, USA) and brings over two decades of paint industry experience in different roles including, production, process, planning, quality assurance and HSE. We now have a complete and more crucially, very industry experienced management team to drive us in the future.

### **Transforming to Achieve Scale**

You will recall in my address to you last year, I had highlighted the increasing harsh business environment which was un conducive for business and which resulted in a lot of businesses closing down due to increasing tax requirements and dwindling consumer spending. I had also highlighted the transformation initiatives being undertaken by the Board to ensure efficiency in our business operations and improvement in service delivery. Special attention was paid to capacity building in organizational agility and resilience with significant investment in our human capital.

This year, I am glad to inform you that the Board was able to diligently oversee the implementation of these initiatives. We spent the greater part of the year firmly embedding these initiatives and ensuring they were understood and put into practice in a consistent and relentless new workplace culture. We have begun to witness sustainable increased efficiency and effectiveness in our operations, output, customer experience and service delivery.

The Board has been able to oversee a complete re-engineering of the Company's operational systems, leading to the achievement of an unprecedented and historic growth in the Company's profit for the year.

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### **Financial Results – Historic Performance**

As earlier highlighted, the Board and Management faced an increasingly business-hostile operating environment in 2019. However, due to your Company's growth strategy, we were able to deliver an impressive performance. A review of the financial result shows improved performance across all financial indices. Our revenue grew by 6% from ₦3.377 billion to ₦3.585 billion, gross profit for the year grew by 12% from ₦1.480 billion to ₦1.664 billion while the profit for the year grew by 40% from ₦320.5 million to an historic high of ₦448.7 million. The modest growth in revenue was intended as we deferred scale achievement to maintain our focus on operational efficiency. We believe the numbers justify this approach. Indeed, operating profit was improved by 196% between the end of 2017 and end of 2019.

The Board is convinced that this is just the beginning. The market share of our brands remains strong and we are on the path to growing our market share and building shareholder value.

### **Completion of Automated Factory**

I know you are all eager to get an update on our new factory and I am pleased to let you know that whilst it has been a long journey, we have now arrived at the destination of having a new state of the art automated factory. This is a journey which commenced



## CHAIRMAN'S STATEMENT (CONT'D)

Our thoughts are with you and everyone who has sustained losses, physical and material and we pray that we all emerge from this very dark chapter healthy and stronger.

### Dividend

The Board of Directors of the Company has recommended a dividend of 25kobo per share, payable less withholding tax. If approved at the meeting, the dividend will be paid electronically on June 25, 2020, to shareholders whose names appear on the Register of Members as at June 11, 2020, who have completed the e-dividend registration and mandated the Registrars to pay their dividends directly into their bank accounts.

### Corporate Culture

We recognize the value of diversity in our employee base who come from a broad and representative mix of background and experience, as different perspectives allow us to identify and develop new opportunities. We promote internal initiatives to support diversity and inclusion, cognizant we can only achieve our strategic objectives by building a sound reputation founded on the highest standards of responsible behaviour. We firmly believe that diversity correlates with better financial performance as it leads to greater staff motivation and produces more innovative solutions to problems.

### Regulatory Infractions

For the 2019 financial year, no regulatory infraction was recorded.

### Conclusion

Indeed, 2019 was a year we maximized our efficiencies. Riding on the wave of the successes achieved in 2019, 2020 was poised to be an even better year and early indications, Q1 2020 Revenue increase of 35%, demonstrated that our careful planning was poised to payoff. We may however have to review our expectations with our focus on surviving the pandemic year and the expected economic crises afterwards.

Nonetheless, we expect to rebound stronger as we have put in place structures to navigate the turbulent economic waters successfully. I must commend the Board of Directors for the support and commitment shown in leading your company to deliver better returns.

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As a Board, we are committed to setting the right tone at the top in ensuring best governance practices are complied with by Management and staff of BPN.

To our stakeholders, we say thank you for your constant show of support. We will not let you down and assure you of the Board's commitment to sustaining the highest standards of corporate governance practices now and always.



**Abi Ayida**  
Chairman, Board of Directors

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