

Interview with the Chief Executive



Q
Congratulations on completing your first year at Dangote Cement. What have been the main highlights for you so far?

A
It has been a very unusual and interesting first year for me and there were several highlights. But most importantly, the World Health Organisation declared the coronavirus outbreak a global pandemic slightly over a month after I joined Dangote Cement. As such, my first few months were spent focusing on protecting our people and communities whilst ensuring business continuity across all our operations.

I am happy to state that despite the impact of the COVID-19 pandemic, 2020 was a record year for Dangote Cement across board. Several firsts made 2020 a productive year such as our maiden clinker shipment, maiden bond issuance and successful buyback programme. We increased our capacity by 3Mt in Nigeria, commissioned our two export terminals and commissioned our gas power plant in Tanzania. All this was achieved whilst we focused on protecting our people, customers, and communities from the impact of the pandemic.

Our maiden bond issuance in April was the largest corporate bond issuance in Nigeria's debt capital market at the time and was oversubscribed. The success of this transaction in the challenging environment illustrated our resilient financial position, investors' confidence in Dangote Cement's strategy, our strong cash generation and solid credit profile. We also completed a successful share buyback programme.

Revenue

₦1,034.2bn +16.0%

2020	₦1,034.2bn
2019	₦891.7bn
2018	₦901.2bn

Group volumes (including clinker)

25.7Mt +8.6%

2020	25.7Mt
2019	23.7Mt
2018	23.5Mt

“Despite the impact of the COVID-19 pandemic, 2020 was a record year for Dangote Cement across the board.”

On the operational side, we commissioned our gas-fired power plant in Tanzania following the lifting of air travel restrictions. We also added 3Mt of capacity to our Obajana plant, which will enable us to continue to serve the strong demand in Nigeria and our export markets. The commissioning of our two export terminals was the main highlight for me as we reach our next phase of growth and began fulfilling our export strategy. We made our maiden shipment of clinker from the Apapa terminal in June and exported just under 200Kt to West and Central Africa throughout the remainder of the year.

We are very proud of all these achievements, despite the challenging environment.

Q
What were your biggest challenges in 2020 and how did you manage to overcome them?

A
The biggest challenges were maintaining our customer service excellence and ensuring the highest operational standards whilst keeping everyone safe. We encouraged our staff to work from home when possible. For those working in our offices and factories, we ensured full compliance with regulatory requirements and implemented safety measures such as the use of sanitisers, temperature checks and social distancing.

We closely monitored all markets according to the guidance provided by the authorities in each country. We instituted a Business Continuity Framework, and an Emergency Preparedness and Response Plan to ensure that our operations and supply chains were not hindered.

In some of our markets, specific measures were enforced in the first half of the year. South Africa, Ghana, Congo, and Nigeria experienced full or partial lockdown in most of April. Our other operations had various levels of restrictions and curfews in the “second” quarter. To recover from the impact of these measures, we launched our successful “Bag of Goodies – Season 2” promotion in Nigeria, which enhanced sales volume in the year and allowed DCP to seize a major part of the strong market growth during the 3rd and 4th quarters. Our disciplined cost control and cost reduction measures also enabled us to limit the impact of foreign currencies value erosion on cash cost per tonne across all our territories of operation.

Another challenge we faced was the delay of the commissioning of various industrial equipment due to air travel restrictions. For example, in Tanzania, the commissioning of our captive power plant was delayed to November. However, thanks to good collaboration with our suppliers and the dedication of our project teams, the commissioning was carried out successfully and is expected to support the continuous improvement of the cash costs and overall profitability of the plant.

Therefore, as 2020 was a pandemic year, we inevitably faced challenges, but we still managed to maintain a robust financial and operational performance. We are fortunate to be operating in the building materials sector. Cement remains an essential building material with no viable substitutes.

Q **What has Dangote Cement been doing to help its people during the COVID-19 pandemic?**

A
We have been following the guidelines of the World Health Organisation to protect the health and well-being of all our stakeholders and to prevent and reduce adverse effects of the pandemic on our workforce.

Dangote Cement has spent close to \$6 million in protecting its people, customers, and communities from COVID-19. Isolation centres, face masks, sanitisers, thermometers and financial support for testing staff were made available. We also donated to the government and health facilities across our 10 countries of operation. To mention a few in Senegal, Dangote Cement donated to the national COVID-19 fund and donated PPE supplies to the communities. In Cameroon, we donated PPEs and thermometers to the Ministry of Public Health and Major hospitals in Douala. In Ethiopia, we donated cash to the government plus PPEs and; our Nigerian operation made cash donations to the government and COVID-19 relief packages to the communities.

Q **What advantages do you anticipate for Dangote Cement from the African Continental Trade Agreement?**

A
The African Continental Trade Agreement will support our vision for West and Central Africa to be cement and clinker self-sufficient and support the progression of our competitive position across Africa. It will attract foreign investment in infrastructure development and construction projects, which will in turn lead to growth in the cement industry.

The African Continental Trade Agreement will create a better environment for us to expand our operations in Africa. It is expected to boost intra-African trade, promote industrialisation, and create a larger market for African products. We believe that the African Continental Free Trade Area will ultimately support Dangote Cement strategy to serve African markets which lack limestone and are consequently forced to import cement and clinker.

What was the decision behind the share buyback programme?

A
Dangote Cement is constantly exploring ways of creating value for its shareholders. In addition to our consistent dividend, we have also been pursuing several options such as the share buyback programme to return cash to our shareholders. Our strategy is to make the company more attractive to investors in the near-term and for future long-term growth.

Q **How have your sustainability efforts developed over the year?**

A
As a responsible business, we continue to take our triple bottom-line commitments (people, planet, and profit) very seriously. We understand that beyond creating strong return on investment, we have other commitments, which are also very important, including environmental and social stewardship, health and safety and strong corporate governance.

We made tremendous progress in our corporate sustainability journey in 2020 despite the COVID-19 pandemic. We are particularly excited about the rapidly growing awareness across the workforce on why sustainability is a core business mandate, and the role that all levels of employees are required to play in driving the actualisation of our sustainable business objectives.

We have also made good progress in mainstreaming the United Nations’ Sustainable Development Goals (SDGs). In the year under review, we officially adopted 7 out of the 17 Global Goals - Goal 4: Quality Education; Goal 8: Decent Work and Economic Growth; Goal 9: Industry, Innovation and Infrastructure; Goal 11: Sustainable Cities and Communities; Goal 12: Responsible Consumption and Production; Goal 13: Climate Action; and Goal 17: Partnerships for the Goals. These priority SDGs have been aligned with our 7 Sustainability Pillars and are being integrated into our operations and strategic business decisions.

From an environmental point of view, we made our second disclosure to the Carbon Disclosure Project. This is a sign that we intend to reach global standards of reporting emissions. We were rated “C” by CDP on our carbon disclosure for 2020. This is one of the highest ratings in Sub-Saharan Africa and a good rating for a cement producer. We have also strengthened our alternative fuel initiative, which focuses on leveraging the circular economy business model and reducing exposure of our cost base to foreign currency fluctuations.

Our successful National Consumer Promo “Bag of Goodies 2” produced 471 millionaires during the year. This enabled us to give back and support our customers during a tough economic year.

Q **What is the outlook for Dangote Cement in 2021?**

A
The outlook is very positive, and we anticipate an exciting year ahead. All our countries of operation are expected to return to growth in 2021. The IMF estimates a growth of 3.4% in Sub-Saharan Africa and 2.5% in our home country Nigeria.

We are focused on meeting the demand locally and across Africa. We look forward to the African Continental Trade Agreement supporting our export strategy to West and Central Africa. Africa remains the next major growth market for cement. As the continent’s leading cement producer, we are uniquely positioned to meet the strong recovery of the cement market as infrastructure spending increases. The strong demand experienced across the continent in 2020 despite the COVID-19 related challenges confirms the very strong potential of these markets.

I look forward to an exciting and fulfilling 2021 for Dangote Cement.