

Creating value – “The Dangote Way”



Dear fellow stakeholders

I am delighted to welcome you to our 12th Annual General Meeting. It is an honour to be here with you today after what has undoubtedly been a challenging year for us all. The crisis surrounding the COVID-19 pandemic has left no one untouched. My thoughts and prayers go out to those who have lost loved ones and have been affected in any way, shape or form. I would also like to extend my deepest thanks to all those who are on the front lines battling this crisis and doing everything they can to keep our society running. The roll-out of the vaccine programme has given us a renewed hope, that soon, life as we once knew it will gradually return.

At Dangote Cement, we are dedicated to protecting and supporting our employees, customers, suppliers, and communities in the face of the pandemic. We have been pragmatic in our approach to ensure the health and safety of our people. As Africa's leading cement manufacturer, we take our role of social responsibility seriously and we have taken deliberate

steps to deploy resources to help our communities overcome hardships during these turbulent times. I have been leading the CACOVID initiative, a Nigerian private sector coalition against COVID-19 that was set up at the outset of the pandemic.

2020 was unarguably a difficult year for the business but we demonstrated our resilience, our ability to adapt to change and to overcome challenges. At Dangote Cement, our commitment to building a sustainable business for all stakeholders is unwavering.

The year under review

Despite these challenges, 2020 was a record year for us across the board. I am pleased to announce that Dangote Cement hit the ₦1 trillion mark in terms of revenue. Group revenues were up 16.0% compared to 2019. We recorded Group cement sales of 25.7 million tonnes (Mt) and revenues of ₦1,034.2 billion. Most notably was our record high EBITDA of ₦478.1 billion, up 20.9% compared to 2019 and our strong profit after tax of ₦276.1 billion up 37.7%.

As a result of this strong performance, the Board has recommended for your approval, a dividend of ₦16.00 per ordinary 50 kobo share. The Board maintains the 2019 dividend of ₦16.00 per share, reinforcing our commitment to maximising shareholder value. If approved at the Annual General Meeting on 26th May 2021, it will be payable to shareholders whose names are on the Company's register at the close of business on 27th April 2021. I am delighted that we have shown our ability to pay a generous dividend to our valued shareholders even in a challenging year. These challenges have not deflected us from our focus on delivering long-term value for shareholders.

Operating performance

In 2020, we commissioned our Apapa and Onne export terminals in Nigeria, and commenced clinker exports to West and Central Africa. The vision for our export strategy is to make West and Central Africa cement and clinker self-sufficient, with Nigeria as the main supplier and exporter. We also remain focused on meeting the demand in Nigeria and as such, we increased our capacity by 3Mt in Obajana. Lastly, we commissioned our gas fired power plant in Tanzania.

Our Nigerian domestic operations sold 15.6Mt, up 14.3% year on year, growing ahead of the market. This strong volume growth was enhanced by our successful innovative national consumer promotion “Bag of Goodies - Season 2”, lower rains in the third quarter compared to the previous year and the low interest rate environment driving strong demand for real estate assets and supporting the construction sector. Pan-Africa volumes were up by 4.4% to 10.0Mt despite the various lockdowns and restrictions in 2020. The Pan-African region achieved a record high EBITDA of ₦71.3 billion, up 49.0%, notably supported by strong performance in Ethiopia and Senegal.

Board changes

Along with our focus on strategy, we have also made progress on the effectiveness and diversity of our Board. Ms Berlina Moroole was appointed to the Board of Dangote Cement as a Non-Executive Director effective 24th July 2020. We now have a 20% female Board representation, from 12.5% in 2019, and six different nationalities on our Board. We also have five independent non-executive directors, with three of them chairing our various Board committees.

We bid farewell to our Deputy Group Managing Director and Board member, Mr. Arvind Pathak who resigned effective 25th February 2021. The Board would like to express its appreciation to Mr. Pathak for his commitment and contribution to the Board and wishes him well in his future endeavours.

The Board has approved the confirmation of Mr. Guillaume Moyen as the substantive Group Chief Financial Officer, with effect from 18th March 2021. Mr. Moyen joined Dangote Cement in February 2019 as Group CFO (Operations) and was appointed Acting Group Chief Financial Officer in March 2019. The Board congratulates Guillaume and wishes him every success in his role.

COVID-19 interventions

We set up a Group COVID-19 Task Force Team made up of business units; Health, Safety, Security and Environment (HSSE); and risk management leaders. Our people rose to the challenge, swiftly adapting to working from home whilst maintaining operational performance to meet our commitments to all stakeholders. As the global pandemic spread, protecting the health and safety of our people and the communities in which we operate became an urgent priority. I am proud of the way in which our teams worked collaboratively and resolutely to meet our production targets whilst managing the health of our staff and contractors.

As I touched on earlier, the Private Sector Coalition Against COVID-19 (CACOVID) is an initiative to support the Federal and State Governments of Nigerian in combating the COVID-19 pandemic. CACOVID raised over ₦38 billion in 2020 towards the direct support of the Nigerian public health sector. The funds have also been used for the procurement of essential equipment such as testing supplies and PPEs and the setup of 39 isolation and treatment centres across the country. In addition, the initiative has increased public awareness of the virus, and provided food relief to 1.7 million households and 10 million people across the 774 local government areas.

Aliko Dangote Foundation (ADF), one of the contributors and the Secretariat of CACOVID donated ₦2.5 billion, provided 2 PCR testing laboratories and 40,000 test supplies valued at over USD\$1 million, refurbished thermal cameras at all major international airports in Nigeria, donated 16 Ambulances and Rapid Response vehicles to a number of states, and funded technical assistance and research initiatives of the Presidential Taskforce on COVID-19 among other support.

Through the ADF, the Dangote brand has been at the forefront of curbing the spread of the deadly virus, providing health-related interventions, and cushioning the pandemic's economic impact on communities and society.

Sustainability drive

In 2020, our sustainability agenda remained firmly on track. In line with "The Dangote Way" principles of continually fostering best practices in environmental, social and governance performance. We maintained strong Board administration on sustainability issues, leveraging the wealth and diversity of experience, and strong commitment of members of our Board Technical and Sustainability Committee.

As Africa's largest cement manufacturer, we understand our corporate sustainability responsibilities. We are focused on continually improving our social and environmental stewardship, socio-economic well-being, and health and safety of key stakeholders. We are dedicated to ensuring progress in the communities and economies where we carry out our business. We are also committed to fulfilling the United Nations Sustainable

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Development Goals and are taking very concrete steps to own and drive these Global Goals in our business operations and across our value chain.

We relish our long membership with the United Nations Global Compact (UNGC). We continue to drive the UNGC's ten sustainability principles, which further strengthen our business performance and sense of responsibility to key stakeholders and the African economies where we operate.

Our drive to support sustainable economic development and human capital advancement is at the heart of our business. We understand that these commitments require us to comply with national and global sustainability standards, principles and guidelines, including the Global Cement and Concrete Association (GCCA); the Nigerian Stock Exchange Sustainability Disclosure Guidelines; the Nigerian Code of Corporate Governance (NCCG); the Securities and Exchange Commission (SEC) Code of Corporate Governance; and similar codes and standards that are applicable in all our African markets.

We are building an enduring brand that is Dangote Cement and we recognise that a strong commitment to sustainable business practices will enable us to achieve this long-term vision.

Outlook

I remain very optimistic about the future of Dangote Cement. Our Board is considering all strategic and financial options for the Company. We strive to improve in all areas of our organisation and I wish to pay tribute to all our staff for their constant commitment and effort towards achieving the vision of our Board and Executive team. We will continue to improve our efforts in sustainability by applying 'The Dangote Way' to the 7 Sustainability Pillars of our business culture and operations.

I believe that we will look back on 2020 as a turning point for Dangote Cement. You will recall that only a few years ago, Nigeria was one of the world's largest importers of cement. Dangote Cement has transformed into an exporter of this basic but vital commodity, thanks to the support of our shareholders. In 2021, we are focused on increasing capacity in the Nigerian market and building grinding plants across West and Central Africa to be fed clinker from Nigeria. We welcome The Africa Free Trade Agreement which supports our export strategy and long-term growth in Africa. Dangote Cement is well positioned to capture demand driven by the economic recovery in 2021, as the region recovers from the impact of the pandemic and all our countries of operation return to growth.

I would like to thank our investors, our host governments, our communities and our staff for the support we have received over the course of this challenging but fulfilling year. We are grateful for your continuing faith in our company and look forward to an exciting and productive 2021.



Aliko Dangote

Chairman

18th March 2021