Why invest in Dangote Cement

Dangote Cement is supporting Africa’s Transformation, while creating sustainable value for all our stakeholders.

Strong growth in Africa
The World Bank describes Africa as the fastest growing and youngest region globally. As the population continues to expand, Africa urgently needs infrastructure, housing and commercial buildings. This creates a tremendous opportunity for Dangote Cement.

Read more on pages 2 to 3 and 8 to 9

Sustainability growth for all our stakeholders
Our 7 Dangote Sustainability Pillars collectively reflect the ethos behind “The Dangote Way”. These pillars provide the framework in which we have embedded our corporate culture and guide our approach to building a prosperous and sustainable business.

Read more on pages 29 to 35

Financial investment case, shareholder value
Dangote Cement has achieved excellent financial performance and growth over the last decade. Our volumes have grown by a compound annual rate of 13% over the last 11 years, while our EBITDA has increased by a compound annual growth rate of 18% over the same period. In 2021, we achieved another record volume, EBITDA and profit after tax.

Read more on pages 1 to 7

Robust export strategy
Our “export to import” strategy aims to serve West and Central Africa, through regional integration making the region cement self-sufficient. We believe that the African Continental Free Trade Area (AfCFTA) will give Dangote Cement the opportunity to serve African markets effectively and support its self-sufficiency, as we achieved in Nigeria.

Read more on page 7

Strong organic growth
We plan to serve the region by optimising the efficiency of our existing assets. We are now focused on a less capital-intensive expansion cycle, which includes building grinding plants across West and Central Africa to leverage and strengthen regional integration.

Read more on pages 6

In 2021, Dangote Cement achieved another record financial performance with double digit growth across board. Profit after tax was ₦364.4 billion, up 32.0%.
Strong growth in Africa

Africa is a major growth market for cement and needs to more than double its cement consumption in the coming decade to close the infrastructure and housing gap.

Africa cement market
Cement demand is driven by an increase in population, urbanisation, infrastructure and housing growth. These are key attributes driving the strong demand for cement in Africa.

Sub-Saharan Africa is home to over 1.1 billion people. The United Nations estimates that by 2050, the region will have a population of more than 2.1 billion. Two-thirds of this growth will be absorbed by urban areas, which will be home to an additional 950 million people. The World Bank describes Africa as the fastest growing and youngest region globally. As the population continues to expand, Africa urgently needs infrastructure, housing and commercial buildings. This creates a tremendous opportunity for Dangote Cement.

Economic outlook
Although the impact of the COVID-19 shock in Sub-Saharan Africa (SSA) has been severe, economic growth emerged from the 2020 recession, with the region expanding by 4.5% in 2021. According to the IMF, SSA is expected to grow by 3.8% in 2022. The recovery is supported by favourable external conditions on trade, elevated commodity prices and the relaxation of stringent pandemic measures. Faster vaccine deployment could accelerate the region’s growth to 5.1% in 2022 and 5.4% in 2023 – as containment measures are lifted faster and spending increases. At Dangote Cement, we have continued our vaccination advocacy and roll-out across all countries of operations, encouraging and advocating that all our staff get vaccinated.

Furthermore, one of the region’s most promising prospects stems from the new African Continental Free Trade Area, a potential market of 1.3 billion people, with a combined GDP of almost $3.5 trillion in 2021. Ensuring the success of this trade-integration framework would not only reduce Africa’s vulnerability to global disruptions but will boost regional competition, attract foreign investment and promote food security.

Per capita consumption
The Global Cement Report estimates 2021 average global per capita consumption at 541kg. Levels are highest in the Gulf region, while China’s per capita consumption remains the third highest in the world at 1,665kg. Sub-Saharan Africa significantly lags average per capita consumption. As a region, per-capita cement consumption is just 130kg, indicating both the huge potential from the region in the future and the low level of cement consumption at present.

Global per-capita cement consumption
541kg
SSA per-capita cement consumption
130kg

Concrete road construction in Nigeria with the dedicated tax scheme
Infrastructure deficit
One of Sub-Saharan Africa’s top developmental challenges continues to be the shortage of physical infrastructure. The role of productive infrastructure facilities cannot be overemphasised in every nation’s economic growth and development. Unfortunately, the current state of Africa’s infrastructure is below what the economy needs to thrive. Thus, private organisations and the government have been making actionable steps towards turning around the state of Africa’s infrastructure. Some of these measures include public-private partnership (PPP), encouraging foreign direct investment (FDI), and other fiscal arrangements.

The African Development Bank (AfDB) estimates that Africa’s infrastructure needs amount to $130–170 billion a year, with a financing gap in the range of $68–$108 billion. The infrastructure deficit dramatically reduces intra-African trade and trade with other regions.

How we are responding
Dangote Cement is the largest cement producer in Sub-Saharan Africa with a capacity of 51.6Mt across 10 countries. As a Company, we see the infrastructure development efforts as opportunities to expand the market for our product. We are leveraging the Dangote brand, our economies of scale, and efficient production facilities in satisfying the rapidly growing cement demand across all markets. We continue to serve the growing demand through prudent expansion into high growth Sub-Saharan Africa cement markets and growth in existing markets.

Concrete roads
Structural experts have proven the advantages of concrete roads over various other counterpart. Concrete highways are more durable, they can withstand severe rainfall, tropical weather conditions and heavy traffic; they can last at least 25 to 30 years without the need of major construction repairs.

Highways are necessary infrastructural facilities that strengthen the economic activities of every nation as they connect two or more economic locations or markets to engage in viable and legitimate businesses. Building concrete roads, which require less regular maintenance and have higher durability, reduces the negative effect on local economies and communities, thereby enhancing a nation’s gross domestic product (GDP).

How we are responding
Considering the numerous merits of cement-made roads, governments and concerned private organisations have begun to appreciate concrete roads. In Nigeria, Dangote Industry Limited constructed one of the longest 43-kilometre-concrete road in Obajana-Kabba, Kogi state, under the Public-Private Partnership (PPP) program. Broadly, over the last few years, attention towards concrete roads has been remarkable, and there is high optimism that this will persist in the coming years across all markets, especially in Africa. This creates more opportunity for Dangote Cement.

Africa’s infrastructure needs amount to $130–170 billion a year

Rapid urbanisation
Africa’s urban population in 2015 was 567 million people, compared to 27 million in 1950. Increased urbanisation necessitates more social amenities, housing and developmental projects in Africa. The growing urbanisation rate is exacerbating the housing deficit in Africa. The rapid urbanisation and natural population growth within urban areas will continue to be an essential demographic phenomenon shaping housing needs.

How we are responding
As a producer of basic building material in Africa, we see a strong demand stemming from the housing needs in all our markets. Urbanisation will necessitate the demand for more schools, supermarkets, recreational centres, and more corporate organisations.

Cement remains the most used material for building any type of house, either personal or commercial. As a result, there is no doubt that cement will continue to be a sought-after commodity across all our markets. Dangote Cement is prepared to ensure cement is available and the market is adequately satisfied through expansion and our “export-to-import” strategy. We will continue to focus on quality and delivery of superior products to our markets.

Public-private partnership
Dangote signed the Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme and is leading the way in building concrete roads. For example: Dangote led the Apapa-Oshodi-Oworonsoki-Ojota highway construction project in Lagos State.

As the population continues to expand, Africa urgently needs infrastructure, housing and commercial buildings. This creates a tremendous opportunity for Dangote Cement.
Our sustainability journey

Our commitment to building a sustainable business for all stakeholders is unwavering.

“The Dangote Way”
The 7 Sustainability Pillars are embedded in our corporate culture and guide our approach to building a prosperous and sustainable business. Our 7 Dangote Sustainability Pillars, collectively reflect the ethos behind “The Dangote Way”.

**Environmental**
Caring for the environment and addressing the challenges of climate change.

**Social**
Nurturing the growth and wellbeing of our employees and host communities. This also includes social impact on stakeholders and the larger society.

**Governance**
Building a world-class company based upon strong governance, sustainable growth and transparency.

Our approach is built on the premise that sustainability must be owned and practised at every level of our organisation, especially at the highest levels of institutional governance.

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**Sustainability highlights**

- **2.6%**
  Thermal substitution rate is estimated at 2.6% for FY 2021 vs. 1.7% in FY 2020.

- **89,000 tonnes of waste**
  DCP co-processed 89,000 tonnes of waste in 2021, an increase of 60% over 2020.

- **Rating upgraded to “B-”**
  by CDP on our carbon disclosure for 2021.

- **27%**
  Female Board representation. Diverse Board with 6 different nationalities.

**Environmental**

- **Energy consumption**: 849 Kcal/kg (2020: 894 Kcal/kg)
- **CO₂ emission**: 661kg CO₂/tonne (2020: 648kg CO₂/tonne)

**Water consumption**

- **285 m³/tonne** (2020: 274 m³/tonne)

Read more about our stakeholder engagement on pages 50 to 59.
Strategic report

Financial highlights
Strong resilient performance with a record EBITDA and PAT of ₦684.6 billion and ₦364.4 billion; up 43.2% and 32.0%, respectively.

**Revenue**
- ₦1,383.6bn (+33.84%)
  - 2021: ₦1,383.6bn
  - 2020: ₦1,084.2bn
  - 2019: ₦891.7bn

**EBITDA**
- ₦684.6bn (+43.2%)
  - 2021: ₦684.6bn
  - 2020: ₦478.1bn
  - 2019: ₦395.4bn

**Cash flow from operations**
- ₦682.9bn (+41.2%)
  - 2021: ₦682.9bn
  - 2020: ₦483.5bn
  - 2019: ₦392.3bn

**Profit after tax**
- ₦364.4bn (+32.0%)
  - 2021: ₦364.4bn
  - 2020: ₦276.1bn
  - 2019: ₦200.5bn

**Net debt/EBITDA**
- 0.33x (2021)
  - 2020: 0.71x
  - 2019: 0.58x

**Total dividends per share**
- ₦20.00 (+25%)
  - 2021: ₦20.00
  - 2020: ₦16.00
  - 2019: ₦16.00

Dangote Cement completed tranche II of the buy-back programme on 20th January 2022, buying back 0.74% of its shares outstanding (126,748,153 shares) at an average price of ₦276.89 per share. Following the completion of tranche I and II, the Company has bought back 0.98% (166,948,153 shares) of its shares outstanding.

**Outstanding financial performance**

Over the past 11 years DCP has paid over ₦1.6 trillion in dividends to shareholders.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>EBITDA</th>
<th>Cash flow from operations</th>
<th>Capex</th>
<th>Dividend paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,383.6bn</td>
<td>684.6bn</td>
<td>682.9bn</td>
<td>0.33x</td>
<td>20.00</td>
</tr>
<tr>
<td>2012</td>
<td>1,084.2bn</td>
<td>478.1bn</td>
<td>483.5bn</td>
<td>0.71x</td>
<td>16.00</td>
</tr>
<tr>
<td>2013</td>
<td>891.7bn</td>
<td>395.4bn</td>
<td>392.3bn</td>
<td>0.58x</td>
<td>16.00</td>
</tr>
</tbody>
</table>

Revenue 19% 11-year CAGR
EBITDA 18% 11-year CAGR
Dividend 20% 11-year CAGR
Our vision is for West and Central Africa to be cement and clinker self-sufficient. We fulfilled this goal in our home country, Nigeria, which has gone from being one of the largest importers of cement, to become self-sufficient and now an exporter of cement and clinker.

**Our export strategy**

- Nigeria has a relative abundance of quality limestone especially in key southern regions near to demand centres and export facilities.
- Absence of limestone in much of West Africa, especially coastal states, forces those countries to import bulk cement or its intermediate product, clinker, usually from Asia and Europe.
- Dangote Cement is deploying an “export to import” strategy to serve West and Central Africa from Nigerian factories – making the region cement self-sufficient.
- In May, we recommenced clinker exports from both our Onne and Apapa terminals, in Nigeria. We achieved seven clinker shipments, with a total volume of 197Kt.
- 706Kt of cement was exported by road out of Nigeria.

**Long term**

In the long term, we believe that the African Continental Free Trade Area (AfCFTA) will give Dangote Cement the opportunity to leverage high-quality limestone reserves and production assets to serve African markets still importing cement and clinker. The financial upside of higher fixed costs absorption is expected to continue driving performance increase in Nigeria and abroad in the coming years.

**Cement demand in West and Central Africa – a vast opportunity for Dangote Cement**

Our vision is for West and Central Africa to become cement and clinker self-sufficient. This will notably contribute to the improvement of regional trade within the ECOWAS region and beyond with AfCFTA. Nigeria can serve a potential market of 15 countries, 350 million+ people with high-quality and competitively priced clinker. The Global Cement Report estimates that West Africa imported over 20.4 million tonnes of cement and clinker in 2021. Dangote Cement welcomes the strong dynamics driven by the AfCFTA which supports our vision.

**Cement exported**

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
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<tbody>
<tr>
<td>706Kt</td>
<td>149Kt</td>
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**Clinker exported**

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
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<tbody>
<tr>
<td>197Kt</td>
<td>197Kt</td>
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</table>
Organic growth

Over the last decade, Dangote Cement has grown its operations from its home country Nigeria, to operations in 10 countries across Africa. Our volumes have grown by a compound annual rate of 13% over the last 11 years, with 2021 Group volumes at 29.3Mta.

2021 Group volumes up 13.8%, at 29.3Mta.
Dangote Cement, Okpella has contributed to the creation of the new industrial hub in Edo State.

Investing in new plants

We are ramping up production in our 3Mta Okpella plant, the addition of the plant brings Dangote Cement’s total capacity to 51.6Mta. In the short term, we have grinding plants to be completed in:
- Côte d’Ivoire
- Ghana

Opportunities

Longer term, we plan to serve the region by building more grinding plants across West and Central Africa, supplying them with clinker from our integrated plants, therefore eliminating the need for importation of clinker from Asia or Europe.

We have commenced commercial production at our 3Mta Okpella plant, bringing Dangote Cement’s total capacity to 51.6Mta.