

Transforming Africa

Q&A

with Michel Pucheros



“I am very excited about the future of Dangote Cement. My five strategic priorities for the year ahead include growth, operational excellence, financial strength, people management, and sustainable development.”

What have been the main highlights and achievements in 2021?

Over the last two years Dangote Cement has reached tremendous growth in both Nigeria and across Pan-Africa operations. Despite the strong retail demand and housing construction that supported growth, I further attribute this robust performance to the commitment and dedication of all staff and executive management. Dangote Cement has been able to forge on to greater heights, even in these unprecedented times. A noteworthy achievement is our record EBITDA of ₦684.6 billion, up 43.2%; buoyed by disciplined cost control efforts that offset the heightened inflationary pressure experienced in the year. I am delighted to report that Dangote Cement experienced its strongest year across all line items, with a profit after tax of ₦364.4B, up 32.0%. This impressive performance informed the Board to recommend a 25% increase in dividend at ₦20.00 per ordinary 50kobo share.

Several milestones made 2021 a productive year. I am happy to state that in 2021 we started ramping up operations at our 3Mta Okpella plant. In May, we released our 2020 combined annual and sustainability report during our Annual General Meeting and successfully raised series 1 fixed-rate Bonds under a fresh ₦300 billion Debt Issuance Programme. The Securities and Exchange Commission approved the renewal of our share buy-back programme in June, and we have gone on to complete the

The year so far...

May

Resumed clinker shipment

Recommended clinker shipment from Nigeria

May

Bond issuance

Successful issuance of Series 1 Fixed Rate Bonds under new ₦300 billion Multi-Instrument Issuance Programme

June

Tanzania power plant commissioning

Commissioning of second gas fired power plant in Tanzania

August

Commercial paper programme

Establishment of a new ₦150 billion Commercial Paper Programme

December

Rating upgrade to B-

Dangote Cement's CDP Climate Rating Upgraded to B- for the Company's commitment to climate change

May

Virtual AGM

Released our 2020 combined Annual and Sustainability Report

June

Share buy-back renewal

Buy-back programme renewal approved by the Securities and Exchange Commission

June

Financial results released in XBRL format

The first Nigerian listed company to report its financial results in XBRL format using IFRS taxonomy

September

Sustainability Week

Theme: "Building a Sustainable Future: The Dangote Way"

second tranche of the buy-back. In the same month, we became the first Nigerian listed company to report its financial results in XBRL format using IFRS taxonomy and commissioned our second gas-fired power plant in Tanzania. August brought with it the establishment of a new ₦150 billion Commercial Paper Programme, while in September we had a successful 'Sustainable Week' themed "Building a Sustainable Future: The Dangote Way". I believe that building a sustainable future is a collective responsibility and it was fantastic to see such a great team effort across all our countries of operations. Lastly, in December, CDP raised Dangote Cement's rating to B- for the Company's commitment to climate change. The CDP rating upgrade clearly illustrates the progress made by Dangote Cement regarding our commitment to transparency and mitigating our CO₂ footprint.

Over the last two years, we have finalised the deployment of 6 million tonnes of new capacity in Nigeria – Obajana line 5 and Okpella plant. This expansion supports the increasingly growing demand in our local market, as we prepare for the next phase of growth. That said, 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 Dangote Cement's regional integration. We are on track to deploy grinding capacity in Cote d'Ivoire and Ghana over the coming months, which will feed off clinker exported from neighbouring operating countries.

Finally, we have made great strides in our debt capital market journey, from the issuance of our maiden ₦100 billion 5-year bond in 2020 to another landmark bond issuance, where we have now raised ₦116 billion. The largest corporate bond issuance in the history of the Nigerian capital market. Our effort was rewarded with our ₦100 billion maiden Senior Secured Bond, selected as the winner of the 2021 Bonds, Loans & Sukuk Africa Awards for Local Currency Corporate Bond Deal of the Year. We are very proud of all these achievements.

What were your biggest challenges in 2021, and how did you manage to overcome them?

One of the biggest challenges we faced in 2021 was the increased inflationary pressure across our cost lines. We experienced a significant increase in our energy cost and spare parts. Some of these cost pressures were due to the depreciation of the Naira from ₦401/1US\$ at the end of 2020 to ₦424/1US\$ at the end of 2021, while others were due to macro-economic inflationary pressure, especially in our domestic market Nigeria where average inflation was at 16.95% in 2021. Nevertheless, we closely monitored all our cost lines and working capital needs through our disciplined cost control measures. Our plant efficiency initiatives, high productivity of the new assets deployed, and better-fixed cost absorption across the Group enabled the offsetting of inflationary pressures on most of our cost lines.

We experienced supply challenges and increased sea freight costs, which resulted in the volatility in the landing cost of clinker and cement. Countries importing clinker such as Cameroon and those importing cement such as Ghana and Sierra Leone faced challenges due to freight prices and material price volatility.

Lastly, the COVID-19 pandemic persisted into 2021, with various new variants emerging. We upheld the structures we put in place in 2020 to manage the pandemic and maintained a strong focus on health and safety measures in all our engagements with stakeholders.

Furthermore, we continued testing and aftercare while encouraging all our staff to get vaccinated. Dangote Cement remains committed to protecting our team members and communities by being fully compliant with local laws and regulations.

How have your sustainability efforts developed over the year?

In 2021, our sustainability agenda remained firmly on track and in line with our strategic priorities. I will highlight our continued sustainability and governance efforts, structured around the 'The Dangote Way'.

Our institutional pillar defines our strong governance framework with a focus on Board member diversity. We are pleased to announce the appointment of two new board members, Mr. Philip Mathew, the Deputy Group Managing Director, with effect from 15th September 2021, and Ms. Halima Aliko-Dangote as a Non-Executive Director with effect from 26th February 2022. As such, we now have a 27% female Board member representative on our Board. We have made significant improvements to our environmental pillar by strengthening our alternative fuel initiatives. It focus on leveraging the circular economy business model, optimising costs, and sustainably reducing exposure of our cash cost base to foreign currency fluctuations. So far, our plants are currently procuring and installing alternative fuel equipment that can process diverse types of waste. In 2021, we co-processed waste lubricants, biomass, industrial waste, scrap tyres, and fly ash. Thanks to various programs deployed across all territories of operations, we have also registered a decline in our energy consumption per tonne compared to the same period last year. Our social pillar shows our social investments in 2021, having spent ₦2.49 billion on CSR across our operations

As Africa's leading cement producer, we are leading the way with our commitment to sustainability and best practices. We are driven by the goal of achieving the highest level of governance and building a sustainable brand for all stakeholders. Transparency and consistency are at the core of every part of our business culture.

What is the outlook for Dangote Cement in 2022?

I am very excited about the future of Dangote Cement. My five strategic priorities for the year ahead include growth, operational excellence, financial strength, people management, and sustainable development. I am dedicated and focused on fulfilling this strategy in 2022 and beyond.

As the world faces further uncertainty, inflation and scarcity of raw materials are bringing new challenges. I take pride in our successes and acknowledge our ability to adapt to the fast-changing environment. Our goal to be the partner of choice for those transforming Africa, while creating sustainable value for our stakeholders remains firm and clear. Despite operating in a challenging and fast-moving environment, Dangote Cement consistently delivers superior profitability to the shareholders. The robust demand experienced across the continent despite the COVID-19 related challenges, confirm the powerful potential of these markets. I would like to thank all our investors for your continued trust and support in our business. I look forward to an exciting year ahead.