

Creating value – “The Dangote Way”



Aliko Dangote
Chairman

“We are resolute in transforming Africa, while creating sustainable value for our stakeholders.”

Dear fellow stakeholders

I am pleased to welcome you to the 13th Annual General Meeting of Dangote Cement Plc. It is an honour to be here with you today to present yet another unprecedented result, albeit the challenges brought by the lingering pandemic. 2021 was undoubtedly a transformative year, as the world adjusted to living with COVID-19; economic recovery emerged from the 2020 recession. Sub-Saharan Africa was not left behind, growing at 4.5%, markedly improving from the 1.9% contraction in 2020. This economic rebound, infrastructural deficit and rapid urbanisation drove the double-digit cement demand we experienced in 2021.

Over the last decade, Dangote Cement has recorded exponential growth across all areas. Group volumes are now at almost 30Mta, our capacity has tripled to 51.6Mta and we export cement from five countries across Africa. As the volatile global environment propels us into a new era of uncertainties, we are fortunate that the last two years have taught us resilience, adaptability and grit. These values are what we need to face unpredictable times in the future.

Dangote Cement remains the leading cement company in Africa, well-positioned for a positive and sustainable future. We are resolute in transforming Africa, while creating sustainable value for our stakeholders. I am confident that we are well equipped for our next growth journey.

The year under review

Dangote Cement achieved its highest profit before tax in the Company's history at ₦538.4 billion. As mentioned earlier, cement demand was robust and we recorded Group volumes of 29.3Mta, up 13.8%. Our exceptional EBITDA of ₦684.6 billion was up 43.2%, owing to our strong cost control measures. Over the last decade, EBITDA has grown by a compound annual growth rate of 18%, implying a fivefold increase and revealing a true growth story.

Due to this robust performance, the Board has recommended a dividend of ₦20.00 per ordinary 50 kobo share for your approval. This represents a 25% increase in dividend compared to the 2020 dividend of ₦16.00 per share, reinforcing our commitment to maximising shareholder value. If approved at the Annual General Meeting on 14th June 2022, it will be payable to shareholders whose names are on the Company's register at the close of business on 30th May 2022.

Furthermore, in January 2022 the Company completed the second tranche of its buy-back programme. Dangote Cement has now repurchased 0.98% of its outstanding shares. This share buy-back programme reflects the Company's unwavering commitment to creating value and identifying opportunities to return cash to shareholders.

Operating performance

In 2021, we began operations in our new 3Mta Okpella plant in Edo state, where we are successfully ramping up production and have contributed to creating a new industrial hub. We are actively deploying our alternative fuel strategy across all countries of operations, to optimise energy efficiency, reduce reliance on fossil fuels and ultimately reduce CO₂ emission. Whilst we focused our efforts on meeting the robust demand of our local market in Nigeria, at the expense of our export markets, we still made significant progress in our cement and clinker exports. In 2021, we exported 7 ships of clinker out of Nigeria and exported cement from 5 of our operations. Our vision is for West and Central Africa to be cement and clinker self-sufficient, while making the regional and continental free trade agreements a reality.

Our Nigeria operations sold over 18.6Mta of cement, up 16.8% year on year, growing faster than the market, thus increasing our market share. This strong demand was due to a resilient retail market and rejuvenated growth in housing and infrastructure investments. However, despite the global rise in freight cost and overall international supply chain challenges, Pan-Africa volumes were up 8.7% to 10.9Mta. In addition, our Pan-African operations achieved another record EBITDA of ₦88.8 billion, up 24.6%, notably supported by strong performances in Ethiopia and Senegal.

Board changes

On 14th November 2021, we sadly lost one of our Board members, my dear brother, Mr Sani Dangote. Mr Sani Dangote had been an active Board member since his appointment on 22nd July 2005. His commitment and contribution to the Board of Dangote Cement over the past 16 years will not be forgotten. Nevertheless, his legacy remains dear to our hearts.

The Board appointed Mr. Philip Mathew as the Deputy Group Managing Director effective from 15th September 2021. The Board welcomes Philip to the Dangote family and wishes him every success in his new role.

Along with our focus on strategy, we have also made progress on the effectiveness and diversity of our Board. Ms. Halima Aliko-Dangote was appointed to the Board of Dangote Cement as a Non-Executive Director effective 26th February 2022. This brings our female Board representation to 27%, from 20% in 2020 in addition to the six different nationalities and five independent non-executive directors on our Board.

Sustainability journey

As a brand that is built on a vision to create sustainable value for stakeholders, Dangote Cement prioritises its environmental, social and governance responsibilities and understands that these ultimately translate to business sustainability. We continue our sustainability and governance efforts with our 7 Sustainability Pillars – 'The Dangote Way'. The 7 Pillars: cultural, economic, institutional, financial, environmental, operational and social, provide the appropriate framework in which we have embedded our corporate values and strategic objectives.

Our strategy in 2021 focused on energy transition, which is a crucial enabler of sustainable development and climate resilience on the continent. We have increased our focus on alternative fuels in our energy mix. We are actively investing in installing mechanical multi-fuel systems that can process diverse types of wastes. I am pleased to report that Dangote Cement has, for the third time, submitted to the Carbon Disclosure Project (CDP) and, this time, achieved a rating upgrade to B-. This demonstrates our coordinated action on climate issues. To improve our performance on transparency and disclosure, Dangote Cement became the

first Nigerian listed company to report its financial results using the eXtensible Business Reporting Language (XBRL) format with the IFRS taxonomy. Our social investment transcends beyond the environment to tackle social issues through the provision of scholarships, the empowerment of SME's and social amenities for underserved populations in the countries where we operate. We are genuinely delighted to have collaborated with communities, civil societies and the Government during the 2021 Sustainability Week, an impactful employee volunteering initiative of the Company. Through collaboration and commitment, we advanced in production capacity and ensured that this does not come at the cost of people, climate and environment.

COVID-19

We have been pragmatic in our approach to ensure the health and safety of our people. As Africa's leading cement manufacturer, we have taken deliberate steps to deploy resources to help our communities overcome hardships during these turbulent times. Over the last two years, I have led the CACOVID initiative, a Nigerian private sector coalition against COVID-19 set up at the outset of the pandemic. In 2021, CACOVID focused on supporting the Government on oxygen supply for case management, reopening the economy and supporting the Government in its vaccination drive. We continued regular testing and aftercare for our staff, while encouraging all staff to get vaccinated. Dangote Cement remains committed to keeping its staff and communities safe by being fully compliant with health and safety measures in all our operational regions.

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 thank all our staff for their commitment and effort toward achieving the vision of our Board and Executive Team.

Our strategy remains steadfast, focused on organic growth in Nigeria and Pan-Africa, while ensuring that Africa's regional integration becomes a reality. We will continue to contribute to improving regional trade within Africa by building plants across West and Central Africa, therefore eliminating the need for the importation of cement. In addition, we aim to deliver superior profitability and value to our shareholders. Lastly, we remain focused on demonstrating our clear commitment to transparency around environmental impacts and strategies for action while taking coordinated steps on climate issues.

I would like to thank our shareholders, host governments, communities, staff and stakeholders at large, for the support we have received over this transformative but fulfilling year. We are grateful for your continuing faith in our Company and look forward to an exciting and productive 2022.



Aliko Dangote

Chairman

1st March 2022