



Efficiency *at every layer*

One-on-one with our GMD



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■ **Arvind Pathak**
Group Managing Director



Q&A with Arvind



How would you describe the year for Dangote Cement?

The year 2024 was both challenging and transformative for Dangote Cement. Despite facing a difficult macroeconomic environment characterised by inflationary pressures, currency devaluations, rising interest rates and geopolitical uncertainties, we demonstrated resilience and adaptability. Both our financial and non-financial performance metrics closed on a strong note, underscoring the robustness of our business model.

Group revenue surged by 62.2% to ₦3,580.6 billion. As a result, EBITDA reached a historic high of ₦1,382.0 billion, while profit after tax (PAT) grew by 10.5% year-on-year to ₦503.2 billion. This exceptional performance was underpinned by enhanced operational efficiency, energy diversification, and a strategic focus on local content development to mitigate rising costs and strengthen our competitive advantage.

We also made significant progress in expanding our export footprint and advancing our sustainability efforts, including investments in alternative fuels and renewable energy solutions, aligning with global best practices and our long-term carbon reduction goals.

The strong demand for cement, driven by urbanisation, population growth, and government-led infrastructure development across Sub-Saharan Africa, reaffirmed our position as a key enabler of the continent's growth. While 2024 posed its share of headwinds, it also presented opportunities to reinforce our leadership, deliver value to stakeholders, and pave the way for a more sustainable and efficient future for Dangote Cement.



Inflationary pressures and currency volatility posed significant challenges for businesses in 2024. How did Dangote Cement address these challenges?

Inflationary pressures and currency volatility were indeed significant challenges in 2024. At Dangote Cement, we proactively adopted strategic measures to mitigate their impact and ensure business resilience.

First, we intensified our focus on local sourcing of raw materials like limestone and aggregates, reducing our reliance on imports and hedging our operations from currency fluctuations. Currently, over 75% of our procurement spend is directed toward local vendors, which has also strengthened our relationships with indigenous suppliers and fostered economic empowerment. We also diversified our energy mix by increasing the use of compressed natural gas (CNG) and alternative fuels like biomass, which significantly reduced our exposure to volatile diesel prices and enhanced cost efficiency. So far, we have deployed 1,500 CNG trucks, with plans to expand the fleet to 3,000 in the coming years as part of our cost-saving initiatives. Additionally, we achieved an improvement in our thermal substitution rate, rising to 10%, demonstrating steady progress in replacing traditional energy sources with alternatives.

Operational efficiency remained a cornerstone of our strategy. Through investments in innovative technology, we streamlined production processes and enhanced productivity. For instance, we installed 11 alternative feed systems across our plants, enabling seamless transitions between different energy sources based on availability and quality. We aim to expand this number to 17 in the near future. Furthermore, we enhanced customer engagement through the implementation of our Distributor Management

System, which went live in 2024. This platform empowers customers to independently manage sales transactions, track deliveries, review payments, and monitor account balances from their preferred location. Currently, 80% of our customers actively use the platform, and we aim to increase adoption to 90% in the coming years.

On the export front, we capitalised on our capacity surplus to meet regional demand. During the year, our cement and clinker exports from Nigeria surged 69.1%, as we successfully dispatched 31 shipments of clinker to Ghana and Cameroon.

These initiatives, combined with our disciplined financial management and a relentless focus on cost optimisation, enabled us to remain resilient, sustain profitability, and maximise stakeholders value, even in a tough macroeconomic environment.



What key performance indicators (KPIs) does Dangote Cement use to measure operational efficiency and how have these trended over the year?

We rely on a robust set of key performance indicators (KPIs) to measure operational efficiency across our value chain. I am pleased to confirm that most of these KPIs have demonstrated positive trends, reflecting our commitment to excellence, sustainability, and cost optimisation.

In 2024, we made significant progress in reducing our clinker factor across our plants. The cement-to-clinker (CK) ratio, which measures the proportion of clinker used in cement production, improved to an efficient level. This improvement not only enhances cost efficiency but also aligns with our sustainability goals.

Another area of focus has been our energy mix, where the adoption of alternative fuels such as biomass, agricultural waste, and compressed natural gas (CNG) has increased significantly. By steadily reducing our reliance on fossil fuels, we have achieved lower production costs while making strides toward our carbon reduction targets. Dangote Cement now boasts one of the lowest production costs per tonne in the industry, a result of leveraging economies of scale to reduce fixed production costs per unit.

Additionally, the integration of advanced technologies like our Transport Management System (TMS) and Electronic Proof of Delivery (EPOD) has streamlined logistics, improved delivery timelines, and minimised bottlenecks, thereby enhancing customer satisfaction.

Reducing emissions per tonne of cement produced remains a priority KPI, reflecting our unwavering commitment to environmental sustainability. In 2024, we

continued implementing carbon capture technologies and energy-efficient practices, which helped lower emissions. Our efforts in this regard were recognised by the Carbon Disclosure Project (CDP), which upgraded Dangote Cement's rating to B, reflecting significant progress in carbon emissions disclosure and sustainability.

These KPIs have shown positive trends, reflecting our relentless pursuit of operational excellence, cost efficiency, and environmental stewardship. We remain committed to driving continuous improvements that deliver long-term value for all stakeholders.



How do you perceive the government's decision to adopt concrete roads impacting the cement industry and your business?

The government's decision to adopt concrete roads is a transformative move that we believe will have a significant and positive impact on the cement industry and our business. Concrete roads are not only durable and cost-effective over their lifecycle but also align with the growing demand for sustainable infrastructure.

For the cement industry, this policy creates a substantial growth opportunity by increasing domestic demand for cement, particularly in large-scale infrastructure projects. For Dangote Cement specifically, it provides us with an avenue to demonstrate the versatility and value of our high-quality products while contributing to national development.

From a business perspective, this decision allows us to leverage our extensive production capacity, optimised logistics network, and innovative products to meet the increased demand efficiently. Additionally, concrete roads require less maintenance and have a longer lifespan, which aligns with our emphasis on creating sustainable solutions for construction.

We are also committed to working closely with the government and other stakeholders to ensure the successful execution of these projects. Through technical support, innovation, and a steady supply of cement, we aim to contribute meaningfully to the realisation of this initiative while positioning ourselves to benefit from the associated opportunities.

Overall, this decision is a win-win: it supports national infrastructure development while driving growth in the cement sector, and we are excited to be at the forefront of this journey.



What is your outlook for Dangote Cement?

The outlook for Dangote Cement remains positive and reflects our strategic priorities of growth, efficiency, and sustainability. The demand for cement across Africa continues to be robust, driven by population growth, urbanisation, and increased infrastructure investment by governments and private sector players. With our extensive footprint across the continent and strong brand equity, we are well-positioned to capitalise on these opportunities.

In the near term, we aim to optimise our operations by leveraging innovative technologies, improving supply chain efficiencies, and expanding our use of alternative fuels and renewable energy sources. This will help reduce production costs and support our sustainability targets. We also see significant growth potential in the export market, particularly under the African Continental Free Trade Area (AfCFTA) framework, which enables us to tap into regional markets and deepen our cross-border trade presence. I am pleased to inform that our 3Mta Cote d'Ivoire grinding plant is set for commissioning in 2025, whilst we are progressing well with the construction of our 6Mta Itori integrated plant.

While we recognise the challenges posed by macroeconomic headwinds such as inflation and

currency volatility, our commitment to delivering long-term value remains steadfast. We will continue to maintain a healthy balance sheet, support our stakeholders, and prioritise sustainable shareholder returns. With the strong fundamentals of the cement industry and our agility in adapting to market dynamics, we are confident in sustaining growth and reinforcing our leadership position across the continent.

No success is achieved in isolation. Any accomplishment we have made is the result of a collective effort. I would like to express my deepest gratitude to the Board of Directors for their invaluable guidance, to our dedicated employees whose hard work and commitment remain the foundation of our achievements, and to our shareholders, customers, host communities, governments, and other stakeholders for their unwavering trust and partnership.

As we look ahead, I am filled with excitement and confidence about what the future holds for Dangote Cement. Together, we will continue to deliver impactful results and drive sustainable growth across Africa.

Arvind Pathak
Chief Executive Officer
3 March 2025



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