



Economic Pillar: Contributing to Africa's long-term economic development

The economic pillar promotes inclusive economic benefits, self-reliance and self-sufficiency through the sustainable industrialisation of Africa's key markets for the benefit of all our stakeholders.



“In 2020, we supported 41,018 additional direct, indirect and induced jobs in Nigeria, Ethiopia, Senegal, Tanzania and South Africa.”



Economic standards

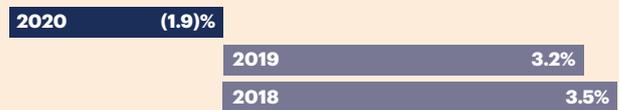
In line with the principles behind our Economic Pillar, we strive to promote inclusive, sustainable economic growth, self-reliance, self-sufficiency and industrialisation across Africa, by establishing efficient production facilities and developing resilient local economies in strategic locations and key markets.

Our approach to economic sustainability is to invest in growing economies and in tandem, continuously grow our profit. We secure the future of our business by establishing efficient and world-class production facilities and products that support industrialisation in all the economies where we operate.

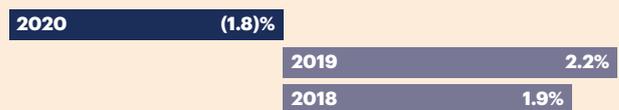
We ensure that our business activities and model strengthen national productivity, job creation, growth in household incomes as well as GDP growth and economic prosperity. We support our host countries and local communities by developing a value chain that prioritises the patronage of local labour, suppliers, vendors and contractors as our way of building local capacity and content. We maintain transparency and due diligence in the payment of taxes and other statutory remittances to governments and public institutions.

Developing markets

SSA economic growth



Nigerian economic growth



Nigeria's economy is the largest in Sub-Saharan Africa and also the largest Dangote Cement operation

The 2020 business landscape for Dangote Cement

Sub-Saharan Africa was hit by the double effect of the COVID-19 pandemic and the commodity market decline in 2020. This coupled with inflation and foreign exchange volatility resulted in a challenging year. Most COVID-19 lockdown measures started at the end of March and peaked in April. With the imposition of lockdowns, regional activity dropped sharply during the second quarter of 2020, but with a loosening of containment measures, higher commodity prices, and easing financial conditions, there was recovery in the second half of the year.

According to the International Monetary Fund (IMF), SSA's GDP contracted by 1.9% in 2020. South Africa and Zambia were hit the hardest; growth is estimated to have declined by 7.0% and 3.5%; respectively in 2020. The largest impact of the crisis on growth has been for tourism-dependent economies, while commodity-exporting countries have also been hit hard. Nevertheless, our more diversified countries of operation such as Ghana, Ethiopia, Senegal and Tanzania remained positive in 2020.

In Nigeria, real estate, construction and, consequently, cement demand were notably supported by the low interest rate environment. The sector's performance was also buoyed by a shorter rainy season compared to 2019 as well as the easing of lockdown restrictions.

The IMF predicts growth of 3.4% in 2021, as the region recovers from the impact of the pandemic. Dangote Cement is well positioned to capture demand driven by this economic recovery, as all our countries of operation return to growth. We have already seen a strong recovery across our operations in the second half of 2020 and expect this to continue into 2021.



The 2020 business landscape for Dangote Cement continued

All Dangote Cement’s integrated factories are modern, fuel-efficient plants that use the latest technology to produce high-quality cement. This enables us to compete very effectively in a Sub-Saharan cement industry that is fragmented and characterised by smaller-scale operators with older technologies, some even using legacy technologies such as wet-process production, which is highly energy demanding. As a result, we can operate as the lowest-cost producer and support our cement manufacturing with strong investment in marketing and logistics. We avoid competing on price, preferring to offer a better-quality product at the same price as rival offerings. This has enabled us to gain good market shares very quickly when we have entered new markets across the region. By contrast, we strengthened our market leadership in 2020 and believe our strategy will enable us to continue growing and consolidating our position in Sub-Saharan Africa. The opportunity is enormous. The United Nations estimates that the region’s population will grow to more than two billion people by 2050, with the urbanised population growing by 800 million over the same time. Providing housing, infrastructure and workplaces for them will be like building Europe and America afresh within Africa. That is a truly exciting opportunity for Dangote Cement and its stakeholders.

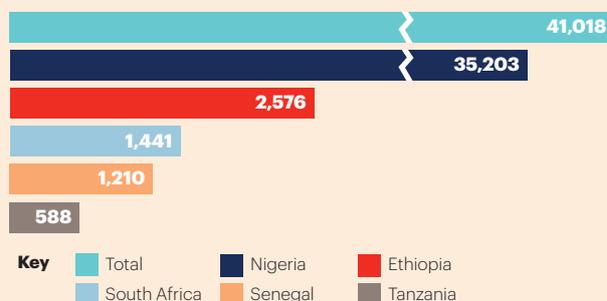
Dangote’s contribution to economic development in Africa

Contribution to job creation

As the largest cement manufacturer in Nigeria, and one of the largest employers in Sub-Saharan Africa, we recognise the role of our business as a “force for good” to address the growing rate of poverty and unemployment across the continent. Throughout our operations, we have created jobs for thousands of Nigerians and Africans in nine other countries. Aside from our direct job creation, our activities support thousands of jobs in our supply chain, by way of indirect and induced impacts.

In 2019, our business activities in four countries (Nigeria, Ethiopia, Senegal and South Africa) supported 54,005 jobs (direct, indirect and induced), according to the socioeconomic impact study carried out on our operations by PricewaterhouseCoopers (PwC). In the year under review, we supported over 41,018 additional jobs (direct, indirect and induced, calculated using the Social Accounting multiplier matrix) created in five markets (Nigeria, Ethiopia, Senegal, South Africa and Tanzania) as we continue to create employment opportunities for young Africans through our diversified and vast value chain. In 2020, staff between 18 to 50 years constituted 9,730 or 85.2% of our permanent workforce, indicative of our commitment to supporting government efforts at combatting rising youth unemployment across the continent.

Additional jobs supported (Nigeria, Senegal Ethiopia, South Africa and Tanzania)



The global labour market was disrupted on an unprecedented scale in 2020. According to the International Labour Organisation (ILO) report on “COVID-19 and the world of work”, published on 25th January 2021, COVID-19 pandemic and the resulting lockdown caused 114 million people to lose their jobs in the year under review. While there is still a high degree of uncertainty, we hope for a relatively strong economic recovery in 2021 as COVID-19 vaccination programmes take effect in several countries.

2020 employment growth/attrition economic

New Hire	Exits	Attrition Rate (%)
656	982	9

Contributions to household income

The salaries, wages, taxes and dividends that we pay, the local content and entrepreneurs that we patronise, the social investments and CSR projects that we fund, and the foreign exchange that we earn through exports of our products; all of these support socioeconomic wellbeing in our markets, with multiplier effects that foster Africa’s sustainable development. The socioeconomic impact assessment study carried out on our 2019 operations shows that our business activities contributed ₦146 billion (direct, indirect and induced) to household income in four out of our 10 markets – Nigeria, Ethiopia, Senegal, and South Africa.

Economic performance

Dangote Cement is the largest publicly listed company in Nigeria and one of only eight members of the Premium Board of the Nigerian Stock Exchange. We ensure strict adherence to best practices in financial management and compliance with relevant laws and regulations in the countries where we carry out our business. Our commitment to high level of financial performance, strong growth and expansion has been unwavering. We are driven by our corporate objective of consistently creating value for our esteemed shareholders and investors through payments of robust return on investments. In all the markets where we operate, we support strong economic growth and sustainable development, while maximising shareholder return. These have earned the Dangote brand a reputation for excellence and sustainable impacts, supporting our emergence as Africa’s most respected and prominent business.

Direct, indirect and induced economic value generated and distributed – Gross Value Added (GVA)

	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million
Revenue	1,034,196	891,671	901,213	805,582
Employee wages, salaries and benefits	69,179	60,603	55,164	47,253
Operating costs*	591,877	540,634	520,236	471,207
Dividend paid to shareholders	272,648	272,648	178,925	144,844
Social/community investments	2,852	1,108	1,287	1,020
Local procurements (all operations)	385,453	284,845	239,859	281,461

* excluding administrative expense.

Direct economic value created and distributed

At Dangote Cement, we continue to generate impressive returns for our stakeholders. During the 2020 reporting year, we recorded higher sales volume year on year. Our gross revenue increased by 16.0% from ₦891.7 billion in 2019 to ₦1,034.2 billion in 2020, supported by our 2020 consumer promo in Nigerian operations and strengthened market penetration strategies. In the same vein, our profit after tax in 2020 was ₦276.1 billion as against ₦200.5 billion in 2019. This also led to a 36.9% increase in the earnings per share of ₦16.14, versus ₦11.79 in 2019.

Dividend payment history – shareholders

At Dangote Cement, we pursue a dividend policy that reflects the Company's earnings and cash flow, while maintaining appropriate levels of dividend cover. Our history of dividend payments predates our listing on the Nigerian Stock Exchange in 2010. We have consistently paid dividends over the years, with payments history of ₦7, ₦6, ₦8, ₦3.50, ₦10.5, ₦16 and ₦16.00 per share in 2013, 2014, 2015, 2016, 2017, 2018 and 2019 respectively. In 2020, our proposed dividend payment of ₦16.00 per share ensures that we keep our promise of continuous wealth creation for our valued shareholders.

Dividend payment history – shareholders 2013–2020 (₦)



Community investments

As part of our corporate social responsibility, we spent ₦2,852 billion on community investments in 2020, including strategic sponsorships, community projects, donations, charitable gifts, and community affairs expenses. This is a 157.4% increase from the 2019 total spending of ₦1,108 billion. Our detailed community investments in the year under review are disclosed in the social investments section of this report.

Indirect economic impacts

To support sustainable development and the United Nations Sustainable Development Goals (SDGs), we provide quality cement for construction purposes and invest directly in infrastructural projects in host countries. Our value chain activities, spending and business investments boost local industries and create multiplier effects that support poverty alleviation, jobs and improved livelihood. Building mutually beneficial relationships with our stakeholders and enabling local communities' economic prosperity is key to our economic sustainability pillar. Disclosures on our detailed indirect economic impacts are in different sections of this report.

