

# CREATING VALUE - "THE DANGOTE WAY"



## Dear fellow stakeholders

I am delighted to welcome you to the 14th Annual General Meeting of Dangote Cement Plc. It is an honour to be here with you today to present our annual report for the year ended 31 December 2022. Despite the challenging macroeconomic environment, Dangote Cement made great strides, performed admirably and remains Africa's largest and leading cement producer.

2022 came with unexpected challenges. The geopolitical tensions arising from the Russian-Ukraine crisis and shifts in monetary policy led to a volatile global environment and a dramatic pickup in global inflation. Global economies were caught in an ill-prepared supply chain disruption that stemmed from Russia's invasion of Ukraine. Consequently, inflation soared to multi-decade highs, prompting rapid monetary policy tightening and peculiar country risks, all contributing to a significant slowdown in global growth. According to IMF estimates, global growth slowed to 3.2% in 2022, down from the 6.0% recorded in 2021. Likewise, Sub-Saharan Africa's (SSA) growth slowed to 3.8% in 2022 from 4.7% in 2021.

During the year, concerns about faster pace interest rate hikes strengthened the United States Dollar, and weakened many African currencies. This resulted in higher interest rates as monetary policy authorities attempted to stabilise local currencies and wade off inflationary pressures.

To address these challenges, we implemented robust cost-reduction strategies to manage the inflationary environment. We invested in improving our operational efficiencies and optimising our production processes. These efforts enabled us to enhance our competitiveness while maintaining high levels of quality and customer service. In addition, we achieved giant strides in transitioning to cleaner energy, with our cost containment initiative propelling the use of alternative fuel to replace more expensive fossil fuels, such as coal and gas. We also increased the use of Compressed Natural Gas (CNG) for our trucks due to the rising diesel cost environment. These efforts have helped us reduce our cost base and enhanced our flexibility, enabling the Company respond more effectively to changes in the market.

As a result, we recorded revenue and EBITDA growth of 17.0% and 3.5% from prior year respectively, albeit unprecedented inflationary pressure. We also achieved a profit after tax of ₦382.3B, up 4.9% compared to 2021. These strong results are indeed laudable.



**At Dangote Cement,  
we are unwavering in our  
commitment to building an inclusive  
and sustainable business for all  
stakeholders across the value chain."**

## The year under review

Dangote Cement achieved its highest revenue and EBITDA in the Company's history at ₦1,618.3bn and ₦708.2bn, respectively. As mentioned earlier, our exceptional EBITDA was supported by our numerous cost containment measures, substituting higher-cost fuel for cheaper alternative fuel products.

Over the last twelve years, volumes have grown by a double-digit compound annual growth rate of 11.2%. Similarly, EBITDA has grown by a compound annual growth rate of 16.3%, over the same period, implying a fivefold increase and revealing a true growth story. Accordingly, we closed the year with a profit after tax of ₦382.3bn and an EPS of ₦22.27. Despite these accomplishments, we are not resting on our laurels. We recognise that the business environment remains volatile, so we will continue to evolve with the changing times while embracing technological advancement.

Due to this robust performance, the Board has recommended a dividend of ₦20.00 per ordinary 50 kobo share for your approval, reinforcing our commitment to maximising shareholder value. This robust dividend pay-out, in addition to the share buyback completed in January 2022, reaffirms our commitment to creating value and distributing wealth to shareholders efficiently. If approved at the Annual General Meeting on 13 April 2023, it will be payable to shareholders whose names are on the Company's register at the close of business on 31 March 2023.



Read more about our culture [pages 26 to 28](#)

## Operating performance

2022 was indeed a remarkable year for us at Dangote Cement as we repositioned our business for continued growth and recorded several successes.

I am pleased with our progress, and in the year, we commissioned our alternative fuel systems in Obajana and Ibese. We continue to strengthen our exports to Pan-Africa to mitigate the impact of weakening currencies occasioned by supply chain disruptions. In 2022, we exported 1.58Mta of cement and clinker to 8 African countries. This helped attract more foreign exchange earnings to support our operations.

We are completing our grinding plant in Ghana and Cote d'Ivoire as part of our resolve to boost export and foster growth in our African market. I am also delighted to announce plans to build a new 6Mta integrated plant in our home market Itori, Ogun State, Nigeria. The Itori cement plant will increase Nigeria's capacity to export cement, enabling more diversification and foreign exchange inflows for the economy. The project is further expected to develop the domestic economy by creating thousands of indirect and direct jobs and drive economic development in the Itori axis.

I am pleased with how we optimised our assets and deployed our resources to bolster earnings and deliver on our shareholder's commitments. Our Board management framework remains strong, and our business model remains resilient to harness endless opportunities.

## Board Changes

Mr Michel Puchercos will retire from the Board of Directors and as the Group Managing Director/CEO of Dangote Cement Plc, effective 28 February 2023.

The Board has approved the appointment of Mr Arvind Pathak as Group Managing Director of Dangote Cement Plc, effective 1 March 2023. Mr Pathak is an experienced business leader who worked as MD and CEO of Birla Corporation Ltd before this appointment. He was the Chief Operating Officer and Deputy Group Managing Director of Dangote Cement Plc until 2021.

The Board would like to thank Mr Michel Puchercos for his commitment and contributions to the Board and wishes him well in his future endeavours; while welcoming Mr Arvind Pathak back to the Dangote Family.



Read more about our sustainability [page 91](#)

## Outlook

The prospect for our business remains bright as we continue to innovate new ways to deliver quality products to millions of our customers across Africa, while touching the lives of our communities. I thank the management and staff of our company for their diligence in remaining true to our vision to be a global leader in cement production, respected for the quality of our products and services and for the way we conduct our business.

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, guided by our vision of making the region cement and clinker self-sufficient. In addition, we aim to deliver higher returns and value to our shareholders. We remain focused on demonstrating our clear commitment to transparency around environmental impacts and strategies for action while taking coordinated steps on climate change issues. Finally, at Dangote Cement, we are committed to building an inclusive and sustainable business for all stakeholders across the value chain.

I would like to thank our shareholders, host governments, communities, employees and other stakeholders for the support we have received over this transformative but fulfilling year. We are confident that our continued focus on operational efficiencies and innovation will enable us navigate the challenges of the African macro context and achieve sustained growth and profitability. We are grateful for your continuing faith in our Company and look forward to an exciting and productive 2023.

## Aliko Dangote

Chairman

1 March 2023