

Creating value *The Dangote way*



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

Dear fellow stakeholders

I am pleased to welcome you to the 15th Annual General Meeting of Dangote Cement Plc. It is with great pleasure that I present to you our Annual Report for the year ended 31 December 2023. I am delighted to confirm that despite the lingering era of volatility and uncertainty, our company has remained steadfast in its commitment to delivering value to shareholders, while upholding the highest standards of corporate governance.

During the year under review, sub-Saharan Africa was hit with sluggish growth, elevated inflation, high borrowing costs, and a cost-of-living crisis. In many cases, inflation is still too high, borrowing costs elevated, exchange-rate pressures persist, and political instability is an ongoing concern. These overarching themes resonated throughout the region during the year. However, individual countries faced distinct and specific risks. In February, Nigeria entered its 7th election cycle, resulting in a new government. The buildup to the general elections brought about uncertainties and associated risks, which stalled economic activities. Additionally, the sharp currency devaluation further exacerbated operating costs and led to pockets of foreign currency scarcity. Despite these challenges, the Nigerian economy exhibited signs of recovery, buoyed by strong investor optimism following the election outcomes, the peaceful transition of power, and a series of economic reforms implemented by the new Government.

Elsewhere in West Africa, political instability impeded economic integration. In South Africa, growth was hampered primarily due to persistent electricity supply challenges, while in Ghana, elevated inflation and fiscal prudence under the IMF program continued to burden domestic demand. Undoubtedly, the year presented significant challenges and as we navigated through these challenging times, it is crucial to acknowledge the difficulties we have faced. I am hopeful that the coming rebound will be more than just a transitory glimpse of sunshine, but a lasting and sustainable one.

The theme of our Annual Report underscores the "strength in our diversity", detailing our journey across Africa. Dangote Cement exemplifies an authentic African growth story driven by our purpose to transform Africa. Over the past two decades, we have experienced remarkable growth, strategically venturing into new markets, thereby bolstering our presence throughout the continent. From our humble beginnings in 2007 when we commissioned our 5.3Mta Obajana Cement plant, to our current capacity of 52MTA in 10 African countries, our journey has been characterised by challenges which were transformed into opportunities and achievements that have shaped our identity. As I look back on our achievements in 2023, I also reflect on the progresses made over the past two decades. With optimism, I anticipate the opportunities that await us as we strive to shape a brighter and more inclusive future for our company.

The year under review

Dangote Cement achieved double-digit growth in revenue of ₦2,208.1 billion, while Group EBITDA reached a record high of ₦886.1 billion, increasing by 25.1%. This outstanding EBITDA performance was underpinned by our robust cost control measures and our diverse pan-Africa operations. The latter acted as a cushion, providing resilience to country-specific risks, while the former enhanced our overall profitability. Our pan-Africa operations now contribute 41.2% to the Group's overall volumes.

Despite the impact of foreign exchange losses precipitated by the sharp Naira devaluation, our Group profit after tax reached ₦455.6 billion, a commendable 19.2% growth. Consequently, the Board has recommended an annual dividend payment of ₦30.00 per ordinary 50 kobo share for your approval. This represents a 50% increase in dividend compared to the 2022 dividend of ₦20.00 per share, underscoring our dedication to enhance shareholder value. If approved at the Annual General Meeting on 28 May 2024, it will be payable to shareholders whose names are on the Company's register at the close of business on 15 April 2024.

Operating performance

We made significant strides in our expansion initiatives, with the successful launch of operations at our 0.45Mta grinding plant in Ghana, increasing our total installed capacity to 52.0Mta. Furthermore, our 1.5Mta grinding plant in Côte d'Ivoire is making substantial progress and is nearing completion. Lastly, we have commenced construction on our 6Mta Itori plant in Ogun State, a crucial step in supporting our ambitious export goals.

In response to the unanchored inflationary environment, we intensified our efforts toward implementing innovative business strategies, which effectively boosted revenues and managed costs. These initiatives included fuel mix optimisation, propelling the use of alternative fuels to replace more expensive fossil fuels, while we began the phased transition from diesel power trucks to full Compressed Natural Gas (CNG) trucks.

On our business outlook, our strategic focus lies in executing our "export to import" strategy in West and Central Africa, alongside the optimisation of assets in Eastern Africa. We are committed to strengthening regional trade across the continent, maximising our existing assets' capacity while actively seeking out opportunities in regions with significant growth potential. Our ambitious export goals will generate ample foreign exchange to meet our operational requirements and enhance Nigeria's current production capacity.

Board changes

The Board 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.

Effective 1 August 2023, the Board of Directors of Dangote Cement approved the appointment of Mr. Alvaro Poncioni Mérian as Independent Non-Executive Director. Mr. Alvaro Poncioni Mérian was the Global Head of Building Materials at Morgan Stanley Investment Banking and is the Founder & Managing Partner of EDNAM Capital.

In tandem with our strategic priorities, we have made notable advancements in enhancing the efficacy and diversity of our Board. Currently, our female representation stands at 27%, complemented by a diverse composition including six distinct nationalities and five Independent Non-Executive Directors serving on our Board.

Outlook

As we embark on the next chapter of our journey, I am confident that, with the collective efforts of our team, the strategic direction set by our leadership, and the support of our stakeholders, we will continue to create enduring value for all. Our values of excellence, entrepreneurship, leadership and service will guide us as we navigate the complexities of the business landscape.

Behind the success story are the dedicated individuals who contribute their skills and passion. I extend my heartfelt gratitude to our staff, whose hard work and commitment have been the driving force behind our growth. To our shareholders, customers, host Governments, communities, and other stakeholders, I express my sincere appreciation for your trust and collaboration. Your confidence in our vision and strategy has been instrumental in our journey. Together, we have created a legacy that extends beyond financial success to encompass a culture of excellence and sustainability.

I conclude by urging us to reflect on our journey with pride, but yet embrace our future aspirations. Our growth journey is far from over, and the best is yet to come. With innovation as our compass, values as our foundation, and diversification as our strength, I am confident that our future holds even greater achievements as we continue to transform Africa.



Aliko Dangote
Chairman

1 March 2024