

## Update On Trading and Conversion to Coal

**Lagos, 30<sup>th</sup> August 2016:** Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces an update on trading and its conversion to coal.

Sales growth remains robust in Nigeria with volumes up 15% in July and August.

Disruption to the gas supply, our preferred fuel in Nigeria, has deteriorated in the present quarter. Alternative fuels such as LPFO, and to a much lesser extent coal, are up to three times higher in costs and the need to use them instead of gas has led to a substantial cost increase. In addition, the Naira has experienced a significant devaluation against the US dollar over the past few weeks. Both of these external factors have combined to increase our costs substantially in our largest market.

To mitigate the impact of these cost increases we have taken the following actions:

1. We have previously indicated that we would increase the price of cement to offset increased in costs caused by devaluation and other cost factors. The present situation has regrettably forced us to increase the ex-factory price of cement by 600 Naira, bringing the price back to levels only marginally above they were before we announced a price decrease in September last year.

2. We have accelerated installation of our coal mills and coal mining initiative in Nigeria and now expect to begin mining our own coal in November. Most of our production lines are now capable of running entirely on coal and this drive towards self-sufficiency will almost eliminate our dependence on gas supplies, imported coal and, more significantly, LPFO.

Own-mined coal will be cheaper than gas, which is priced in US\$ but paid in Naira. Furthermore, being transacted entirely in Naira, it will reduce our need for foreign currency at this difficult time for the Nigerian economy.

### **Onne van der Weijde, Chief Executive Officer of Dangote Cement said:**

*"These are challenging times for Nigeria and for Dangote Cement but we are taking strong actions that will position the company for continuing success.*

*Our coal mining initiative will benefit both the company and the Nigerian economy by reducing the need for foreign exchange and helping us to both protect existing jobs and create new ones.*

*Although we have indicated a more measured approach to our expansion across Africa, we have new operations opening soon in Congo and Sierra Leone and these will strengthen the company's profitability and generate additional foreign currency earnings.*

*Despite the challenges we are facing, we continue to focus on becoming a global force in cement production."*

### **About Dangote Cement**

Dangote Cement is Africa's leading cement producer with nearly 44Mta capacity across three plants in Nigeria and recently opened factories in Cameroon, Ethiopia, Senegal, South Africa, Tanzania and Zambia.

We are a fully integrated quarry-to-customer producer with production capacity of 29.25Mta in Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25Mta of capacity across four lines. The Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12Mta. The Gboko plant in Benue state has 4Mta. We plan to build new factories in Ogun State (3-6Mta) and

Edo State (6.0Mta). Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and is transforming the nation into an exporter serving neighbouring countries.

In addition, we are investing several billion dollars to build manufacturing plants and import/grinding terminals across Africa. We have operations in Senegal (1.5Mta), South Africa (3.3Mta), Cameroon (1.5Mta), Ghana (1Mta import facility), Ethiopia (2.5Mta), Zambia (1.5Mta) and Tanzania (3.0Mta). We will open a new 1.5Mta integrated factory in Republic of Congo and an import facility in Sierra Leone later in 2016. We are planning new capacity in Nigeria, Kenya, Nepal, Zambia, Ethiopia, Cameroon, Zimbabwe, Ghana, Cote D'Ivoire and Liberia.

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