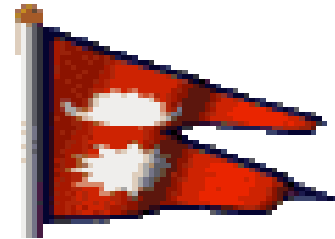


Dangote Cement Plc

Proposed Investment in Nepal



27 February 2014





Dangote Group



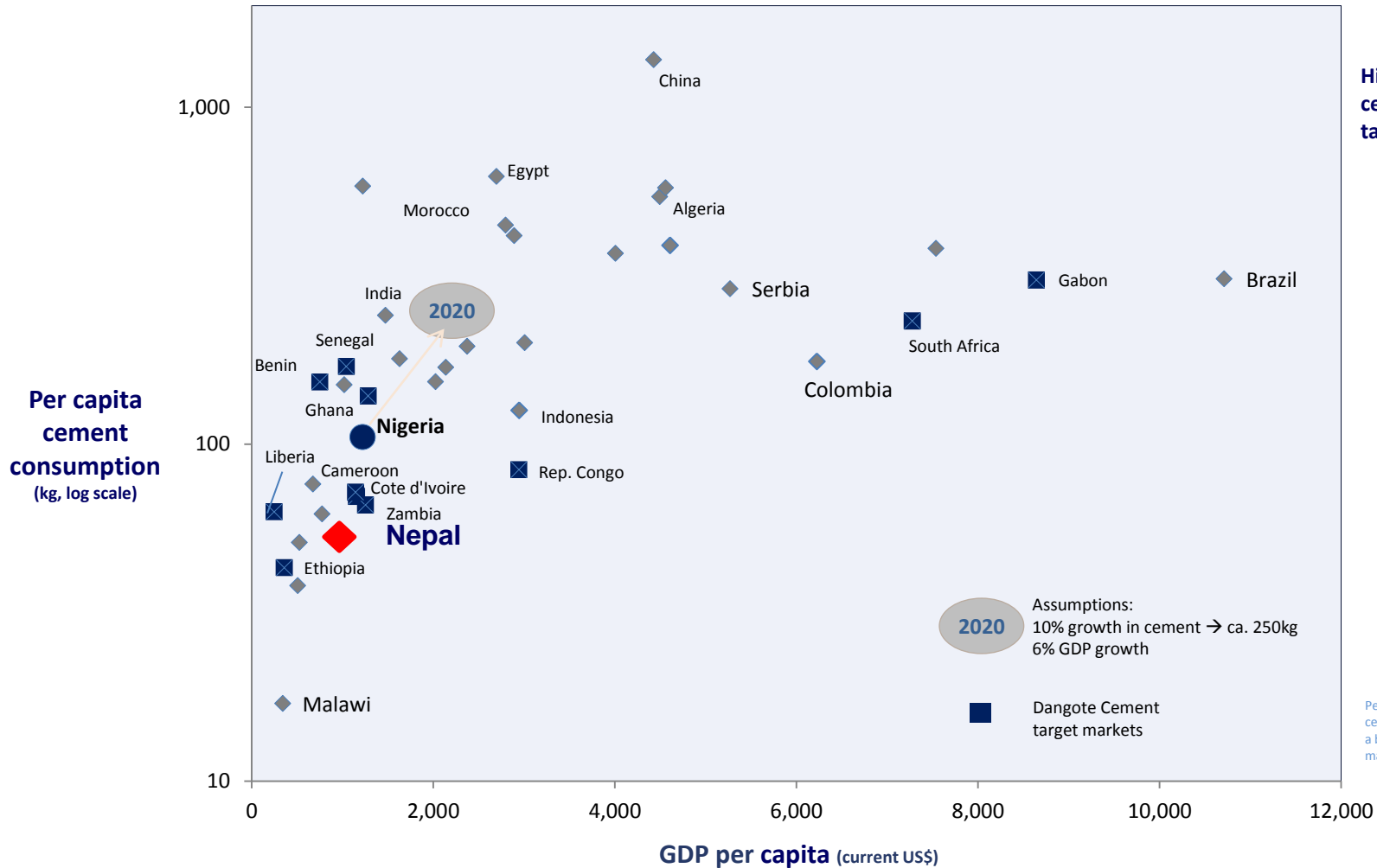
The Dangote Group is a diversified conglomerate, headquartered in Lagos, Nigeria, with interests across a range of sectors in Africa. Current interests include cement, sugar, flour, salt, pasta, beverages and real estate, with new projects in development in the oil and Natural gas, telecommunications, fertilizer and steel.

The Group focuses on provision of local, value-added products and services that meet the needs of the African population. Dangote Cement, the largest cement production company in Africa, with a market capitalization of almost US\$14 billion on the Nigeria Stock Exchange, has subsidiaries in Benin, Cameroon, Congo, Ethiopia, Ghana, Nigeria, Serra Leone, South Africa, Tanzania and Zambia.



Nigeria is a growing economy and with its low cement consumption per capita base, it has significant growth opportunities.

Cement consumption and GDP



History shows that demand for cement rises rapidly when GDP takes off from a low base

Assumptions:
2020
10% growth in cement → ca. 250kg
6% GDP growth

Dangote Cement target markets

Per-capita GDP and cement consumption for a basket of emerging-market countries.



Dangote has grown from a trading company into an international cement company in a short period of time

Dangote Group – major business “eras”

“Early Years”

1977-1997

✓ Emphasis on trading

“ In 1977... began trading in rice, sugar and cement, reinvesting the profits until he was able to venture into full-scale manufacturing”

- The Guardian Newspaper, UK

1977

“Accelerated Growth”

1998-2010

✓ Emphasis on manufacturing

“ ... we are still expanding. We are not slowing down at all. There is no economic meltdown.””

- Al. Aliko Dangote (Wall St. Journal, 2009)

1998

“Institutional Expansion”

2011 and beyond...

✓ Emphasis on institutionalization and international expansion

“From an original small trading firm in 1977, the Dangote Group has grown to become a multi-trillion –naira conglomerate, controlling 28% of the entire equities listed on the Nigerian Stock Exchange”

- Tell Magazine, Nigeria Aug 2011

“ we are going into something big...need to spend \$7.5billion in the next 4 years, so definitely we need a lot of concentration.”

- Al. Aliko Dangote (Reuters, 2012)

2011

Key Skills
Required

- Entrepreneurship
- “Deal-making”
- Distribution network and logistics

- Raising financing
- Capital project execution
- Operations and Sales Distribution

- Corporate Centre capabilities (Strategy; portfolio management)
- Performance management
- Talent management



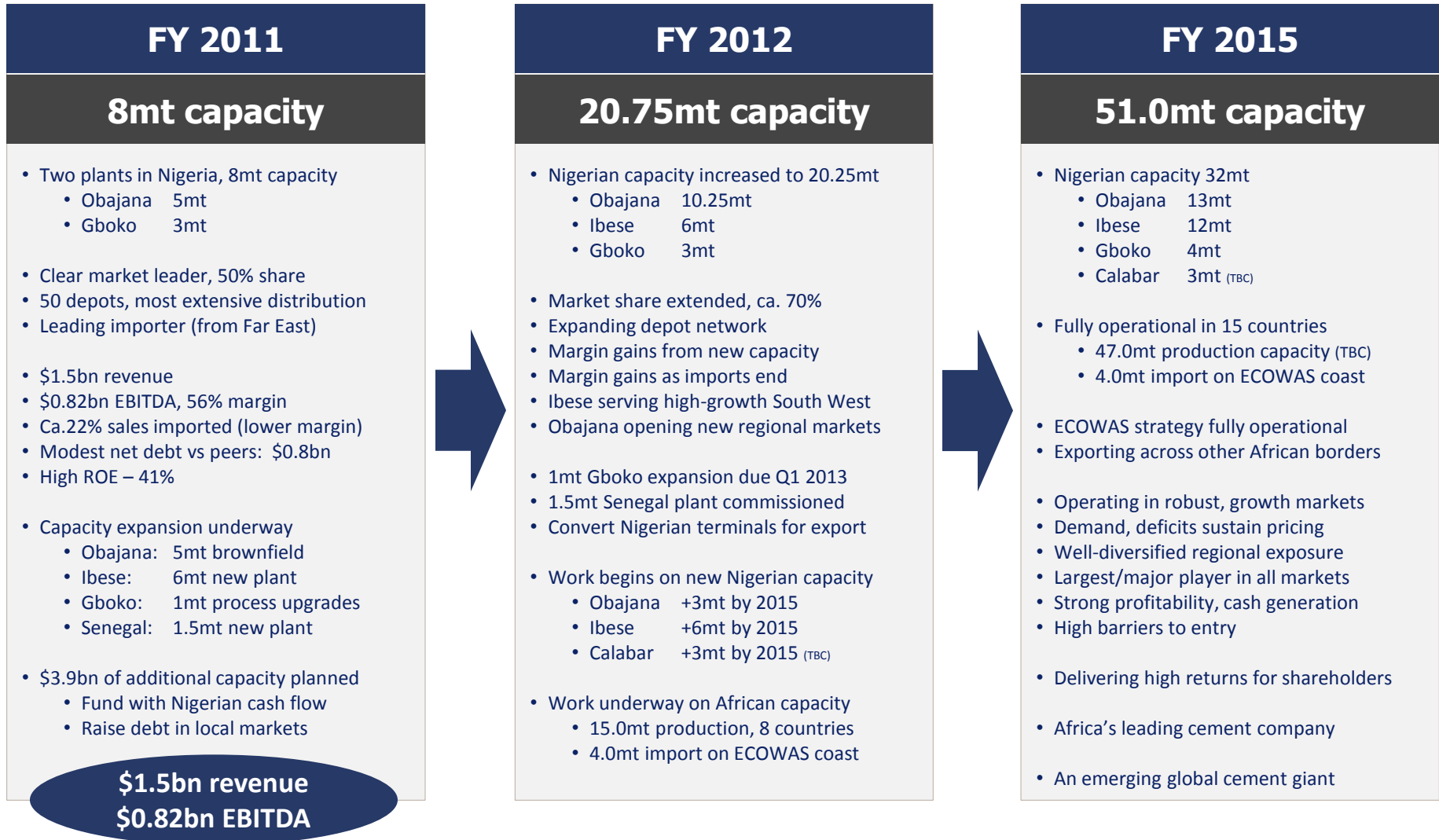
A niche producer of cement with proven competence

- Largest producer in Nigeria and Sub-Saharan Africa
 - Clear leader in Nigeria, Sub-Saharan Africa's largest cement market
 - 19mt capacity, delivering ca. 60% market share
 - Three plants in excellent locations, supported by strong distribution
- Delivering superior financial performance
 - FY 2011 sales: ₦235.9bn (\$1.5bn); 56% EBITDA margin
 - 8.6mt cement sold
 - Strong operating cash flow - ₦164bn from operations (FY 2011)
 - Modest Net Debt/EBITDA (1x) positions company for strong growth
 - Strong ROE of 41%
- Highly efficient operations
 - Largest plant, Obajana, achieving 100% utilisation (FY 2011)
 - 12mt new, higher-margin capacity replaces imports to meet demand
- Largest company on Nigerian Stock Exchange
 - Market capitalisation \$13bn; ca. 28% of NSE
 - LSE listing planned to comply with NSE rules; extra 20% stock → 25% free float
 - A bellwether on the African growth story



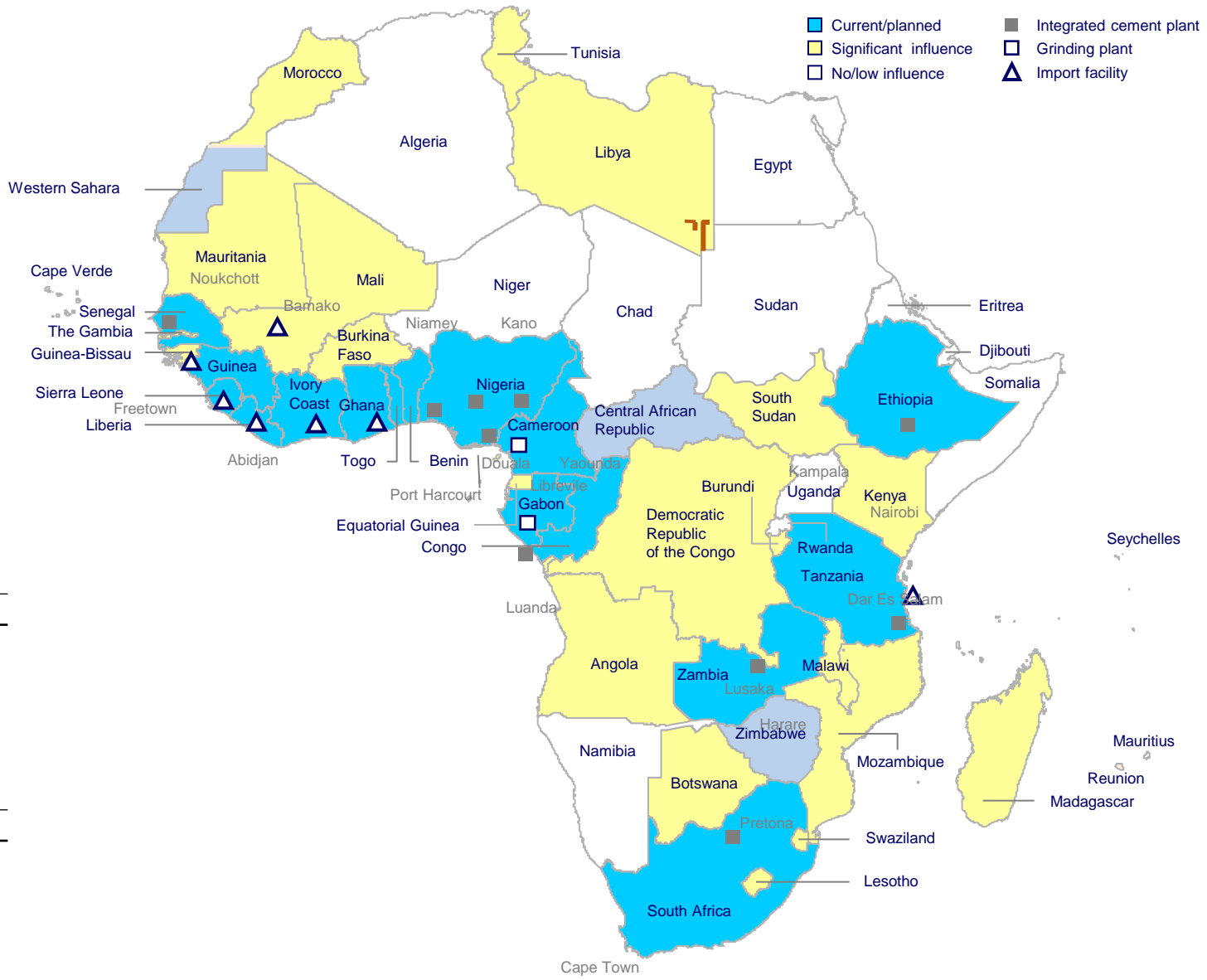


From 8mta production capacity in 2011, it has grown to 20.75 mta in 2012 and more than 50mta by 2015





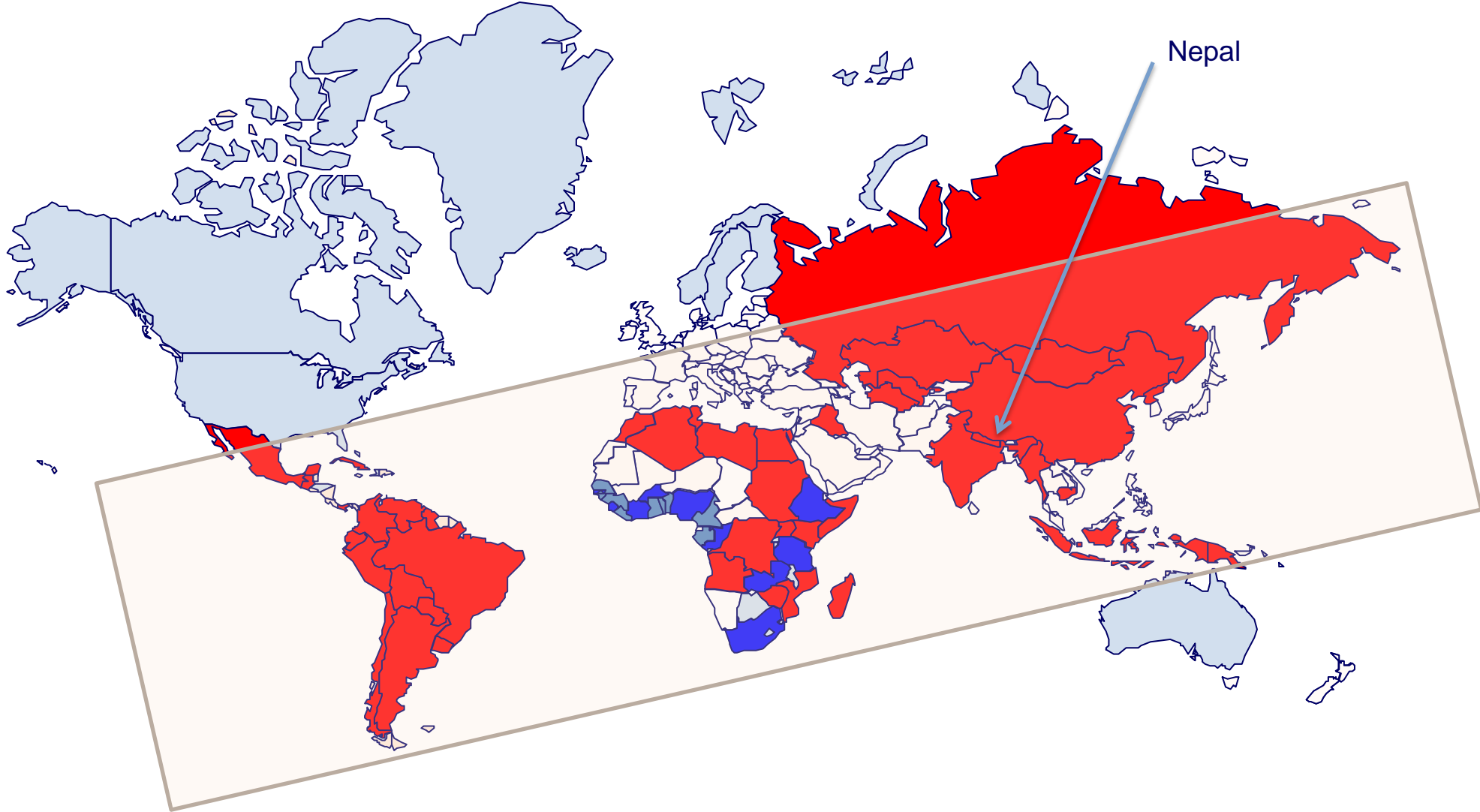
Besides Nigeria, growth strategies and clear entrepreneur vision of the management have moved investments to other African countries with US\$2.5bn committed



Location	Plant Type	Capacity Mta
Nigeria	Integrated	35.3
Cameroon	GP	1.0
Ethiopia	Integrated	3.0
Gabon	GP	1.5
Rep Congo	Integrated	1.5
Senegal	Integrated	1.5
South Africa	Integrated	3.3
Tanzania	Integrated	3.0
Zambia	Integrated	1.5
		51.6
Ghana	Terminal	3.0
Sierra Leone	Terminal	0.5
Cote d'Ivoire	Terminal	1.0
Guinea	Terminal	1.0
Liberia	Terminal	0.5
		6.0



To take Dangote Group to its next level, the Group has targeted to grow our cement production capacities to 100Mta by 2017





DANGOTE CEMENT TEAM AND H.E ANIL JHA; HONOURABLE MINISTER OF INDUSTRY, GOVERNMENT OF NEPAL





**DIRECTOR – STRATEGY AND BUSINESS DEVELOPMENT; DR.
STANLEY KO AND CHIEF SECRETARY OF NEPAL GOVERNMENT;
LEELA MANI POU DYAL, GOVERNMENT OF NEPAL**



Key observations

1. Nepal's economy has been growing at an average of 4.12%. The rate eased to 3.9% in 2011 and analysts have predicted further easing to 3.9% in 2013.
2. Easing of economy has not reduced cement consumption because of ongoing construction projects
3. The consumption of cement has historically outpaced production
4. Capacity utilization is low in the country
5. New plant capacities are expected to be added Nepal
6. Present (2013) cement demand is 4,000,000 MT estimated 7,000,000 MT by 2017
7. Estimated 2013 Clinker home production is 1,000,000 MT only. 3,000,000 MT deficit in 2013

Nepal's economic growth of 3.9% (WB,2011) is below the Developing Asia's average, while inflation has been high

	Nigeria (2011)	Nepal(2011)
Geography		
Area (km2)	924,768	147,181
Capital	Abuja	Kathmandu
Demography		
Population (million)	152.6	30.4
Denisty (Inhab/km2)	165	
Urbanisation (%)	47	17
Economy		
GNI per capita (US\$)	1,940	540
Currency	Naira	Nepalese Rupee
US\$ Exchange (2012)	0.0063	0.0114
Per capita cement consumption (kg)	97	75

Consumption has been outpacing consumption

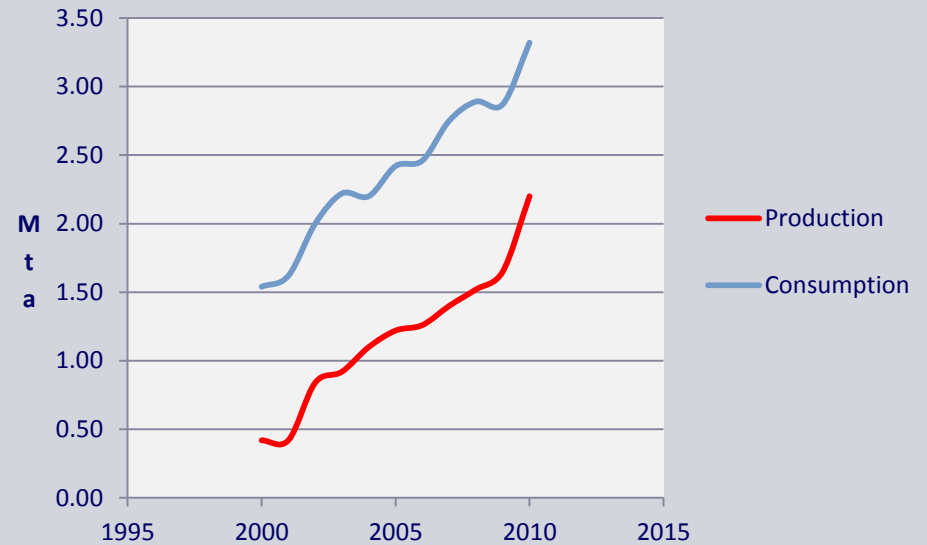
Consumption has been driven by:

- Public investments
- Private investment

Consumption expected to be driven by investments in

- High rise buildings
- Roads and bridges expansion
- Hydro power projects

Nepal Cement Market (2000-2010)



- Foreign Investment is welcome in Nepal
- 100 % foreign owned enterprises permitted
- Permitted to repatriate the equity investment, benefits, dividends, principal and interest of foreign loans
- Government- assured security of investment
- Number of tax benefits are entitled including income tax and others

- Documents required:
 - ✓ Project Report – Three copies
 - ✓ Certificate of Incorporation including Memorandum of Association and Article of Association
 - ✓ Company Profile
 - ✓ Financial Credibility Certificate (FCC) provided by a home country bank
 - ✓ Authority Letter from the company to carry out necessary work on its behalf
-

Limestone Mines in Nepal

- A score of limestone deposits of various grades were discovered across the country
- Most limestone lie along the southern margin of midland zone which has good cement grade limestone
- Only few deposits are being explored at the moment
- There are over 1,000,000,000 MT limestone identified across the country

DANGOTE PLAN IN NEPAL

- Invest to establish two Cement Production Plant; East and West Nepal
- Each has the capacity to produce 6,000 MT/Day and acquire 200,000,000 MT limestone Mine
- First Phase – Investment and erection of One Plant (2.1 Million MT/Annum)

DANGOTE JOURNEY SO FAR...

- Visit high level missions three times in 2013 and two times in 2014
- Applied for FDI in February 2013
- Submitted Feasibility Study report in April 2013
- Check out the Mines and did detailed technical studies in Dang, Dhading and Makwanpur districts.
- Received Approval from FDI in Cement Industry for investment of \$550,000,000 (Five Hundred and Fifty U.S. Dollars only) in November 2013 from The Investment Board of Nepal
- Now in the process of registering at the Company Registrar's Office and other departments in Nepal

ISSUES/CHALLENGES

- Delay in Approval process (8 months instead of the committed 2-3 months)
 - Delay in process at the Investment Board and relevant Government Authority
 - Assurance from high level authority but no real support from the officials at execution level
 - No one –door system/policy as assured
-

- Project completion by 2017
 - 6,000 MT per day production (120,000 of 50kg Cement)
 - 1000 direct employment and 5000 indirect employment
 - Towards self sufficient cement production in the country
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