Dangote Cement Plc

Investor Presentation

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October 22, 2010

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1. Transaction Background

Overview of BCC

Benue Cement Company Plc

- Benue Cement Company Plc ("BCC") was incorporated in 1975, with the Federal Government of Nigeria as the core investor
- In 2000, the Federal Government sold its interest in BCC to Dangote Industries Limited ("DIL") in a privatisation exercise conducted by the Bureau of Public Enterprises ("BPE")
- Following the privatisation, DIL continued investing in BCC increasing the company's installed capacity from 900,000 Metric Tons ("MT") per annum in 1980 to the current 2.8 million MT per annum
- Total production capacity of BCC is expected to reach 4 million MT by 2011
- In December 2009, DIL transferred its entire shareholding of 74.77% in BCC to Dangote Cement Plc ("DCP" formerly Obajana Cement Plc)

Overview of DCP (formerly Obajana Cement Plc)

Dangote Cement Plc

- DCP, formerly known as Obajana Cement Plc, was incorporated on 4 November 1992 by the Kogi State Government
- In 2002, DIL bought over Obajana from the Kogi State Government and in 2007, DIL commissioned the Obajana plant, now the largest cement production plant in Sub-Saharan Africa
- The plant consists of two (2) production lines with annual production capacity of 2.5 million MT each for a combined five (5) million MT plant capacity
- A third 5 million MT production line is currently under construction and is scheduled for completion by July, 2011
- Total production capacity of DCP is expected to reach 10 million MT by 2011

Overview of Other Cement Businesses

Ibese Cement Plant (Ibese)

Ibese is a green field plant being constructed at Ibese, Ogun State. The plant will consists of two 3 million MT annual capacity production lines making for a combined ***6 million MT per annum*** capacity plant, with Line 1 scheduled for completion by January, 2011 and Line 2 expected in February, 2011

Dangote BAIL Cement Terminals (BAIL)

BAIL is responsible for implementing the Company's bulk cement importation strategy in the South-South and South-Eastern parts of the country. It operates ***2 bulk cement terminals*** at Port-Harcourt and Onne respectively with a combined annual bagging capacity of three ***(3) million MT of cement***

Lagos Cement Terminals (Terminals)

Terminals consists of three (3) terminals: Apapa, Aliko and Tincan, strategically located to bag imported bulk cement and is a key part of the Company's product supply strategy for Lagos and South-Western Nigeria. Combined annual bagging capacity is approximately ***3 million MT*** of cement

Overview of Enlarged Dangote Cement Plc

The enlarged Dangote Cement Plc is an amalgamation of all of Dangote Industries Limited's cement's businesses in Nigeria by way of a merger

Benue Cement Company

- Production capacity of *3 million MTs*
- Increasing to *4 million MTs* by 2011

Legacy cement company listed on the Nigerian Stock Exchange ("NSE")

+

Obajana Cement

- Production capacity of *5 million MTs* increasing to *10 million MTs by 2011*

Ibese Cement Plant

- Greenfield plant with two *3 million MT lines* with annual capacity of *6 million MTs*

Dangote BAIL Cement Terminals

- 2 bulk bagging cement terminals with annual capacity of *3 million MTs*

Lagos Cement Terminals

- 3 bulk bagging cement terminals with annual capacity of *3 million MTs*

Private entity representing DIL's other cement interest

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Dangote Cement Plc

- Enlarged DCP with Production capacity of *20 million MTs*
- Total bagging capacity of *6 million MTS*

Total Cement Capacity of 26 million MTS

Enlarged DCP to be listed on the NSE

2. Nigerian Cement Industry

Nigerian Cement Industry

- Sustained year-on-year growth supported by a strong domestic demand...
  - ✓ The Nigerian cement industry has grown sales from a N26 billion sector in 2004 to approximately N134 billion in 2008[1]
  - ✓ Correspondingly, total consumption is estimated to have grown by an annual average of 12% since 2004 to 14.8 million MT in 2009
  - ✓ However, despite continued increase in Nigeria's cement consumption, per capita usage (consumption per head) still remains one of the lowest in the world

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1. Source: Dangote Cement Plc and Benue Cement Company Plc Scheme of Merger

Nigerian Cement Industry (Con't)

- With improvements in Nigeria's oil production capacity and recovery in global crude oil prices, it is expected that there will be an increase in the Federal Government of Nigeria's ("FGN") revenue and spending in 2010 and beyond...
  - ✓ The 2010 budget of N4.6 trillion is 48% higher than the 2009 actual budget
  - ✓ Capital expenditure set to increase by 82% over the 2009 figure
  - ✓ Additionally, it is estimated that about 919 million MT of cement will be required over the next 10 years in order to achieve the FGN's Vision 2020 programme for housing and transportation[1]

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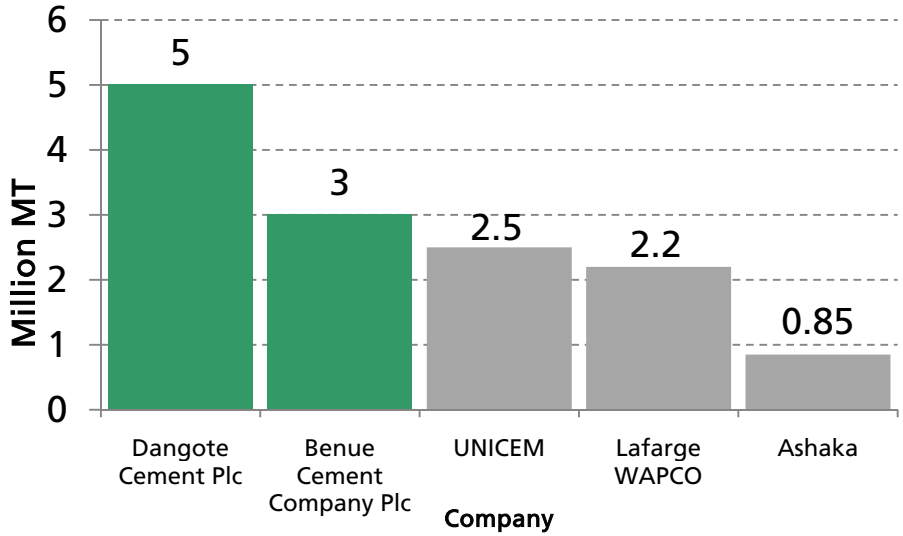
1. Source: Dangote Cement Plc and Benue Cement Company Plc Scheme of Merger

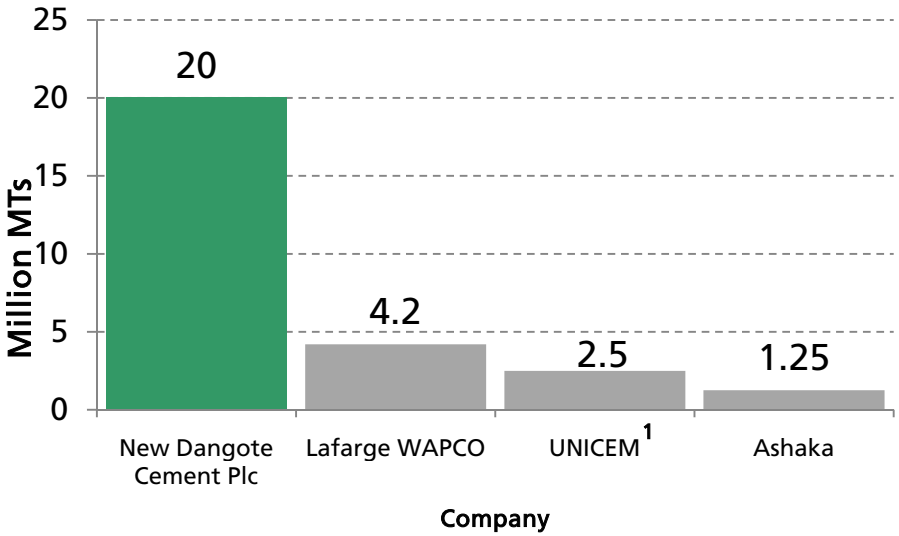
Domestic Production Capacity

- Prior to the merger, DCP already owned 74.77% of BCC. The two companies collectively had a 2010 production capacity of 8.0 million MTs per annum
- Currently, the FGN allows domestic cement producers to import cement in order to meet current demand, however by 2013 the government plans to end this process
- By end of 2011, the enlarged DCP becomes one of the largest cement companies in Sub-Saharan Africa with a domestic production capacity of 20 million MTs per annum

Pre-Merger Production Capacity (2010)



Post-Merger Production Capacity (2011)



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1. Assumes UNICEM cement production capacity remains stable

3. Merger of BCC and DCP

Overview of The BCC/DCP Merger

- The merger was conceived with the goal of consolidating DIL's Nigerian cement producing entities under a single company
- The merged entity resulted in...
  - ✓ A robust platform for the Enlarged Dangote Cement to optimise on available growth opportunities in the cement industry
  - ✓ Positive economies of scale and synergies through enhanced operational and administrative efficiency and a unified service delivery platform
  - ✓ Significant cost and revenue synergies which create additional value to the shareholders of both companies
- The merger valuation arrived at fair values of each ordinary share of BCC and DCP of N67.50 and N135.00, respectively
- This translated into an exchange ratio such that shareholders of BCC received one (1) share of DCP for every two (2) shares of BCC they hold

Regulatory Approvals Completed

1 SECURITIES AND EXCHANGE COMMISSION

Post the receipt of shareholder approval, the Securities & Exchange Commission ("SEC") granted its formal approval to the Scheme of Merger and registration of the Scheme Shares

2 NIGERIAN STOCK EXCHANGE

The merger has also been approved by the Nigerian Stock Exchange. The NSE also granted its approval for the listing of the Enlarged Dangote Cement Plc on the Exchange

3 SHAREHOLDER APPROVAL

Shareholder approvals have been received by both companies at separate court-ordered meetings for the merger

4 COURT SANCTIONS

Court Sanctions for the shareholder approval of the merger has also been granted, effectively approving the Scheme of Merger

Conditions of NSE Approval

- At the timing of listing, the Enlarged DCP will breach the NSE's free float requirement of 25% on the Exchange

- A 24 month period has been granted, within which the Enlarged DCP is to meet the requirement upon listing

- **In addition, a "One-day" Special Sale of DCP will be carried out on the day of its listing on 26th October to enable a wider selection of the Nigerian investing public to participate in the newly listed company**

4. Financial and Valuation Implications

Pro-Forma P&L – Enlarged DCP

Pro Forma P&L Statement	2010E N'Bn	% of Contribution	2011E N'Bn	% of Contribution	2012E N'Bn	% of Contribution
Revenues						
Benue Cement Company Plc	53.8	23.8%	71.7	18.0%	85.7	16.8%
Dangote Cement Plc	172.1	76.2%	326.3	82.0%	425.1	83.2%
Total	**225.9**	**100.0%**	**398.0**	**100.0%**	**510.8**	**100.0%**
EBIT						
Benue Cement Company Plc	21.6	17.7%	29.3	11.7%	34.4	10.3%
Dangote Cement Plc	100.8	82.3%	220.6	88.3%	298.1	89.7%
Total	**122.4**	**100.0%**	**249.9**	**100.0%**	**332.5**	**100.0%**
PAT						
Benue Cement Company Plc	20.6	17.3%	28.8	11.6%	25.8	8.0%
Dangote Cement Plc	98.2	82.7%	218.8	88.4%	295.9	92.0%
Total	**118.8**	**100.0%**	**247.6**	**100.0%**	**321.8**	**100.0%**
Proposed Dividend Per Share (=N=)[1]	*5.75*		*11.99*		*15.58*	
Earnings Per Share (=N=)[1]	*7.67*		*15.98*		*20.77*	
Dividend Payout Ratio (%)	75.0%		75.0%		75.0%	
Dividend Yield (%)	*4.3%*		*8.9%*		*11.5%*	

1. Calculated based on issued shares of 15,494,019,668 in enlarged Dangote Cement Plc

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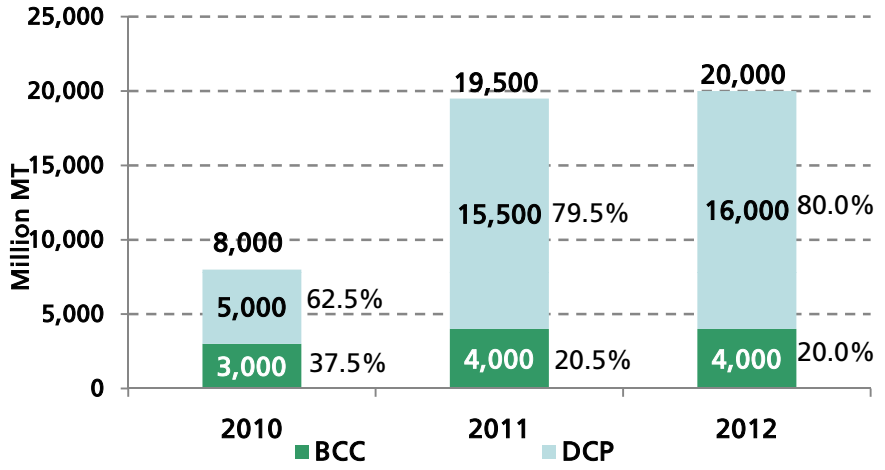
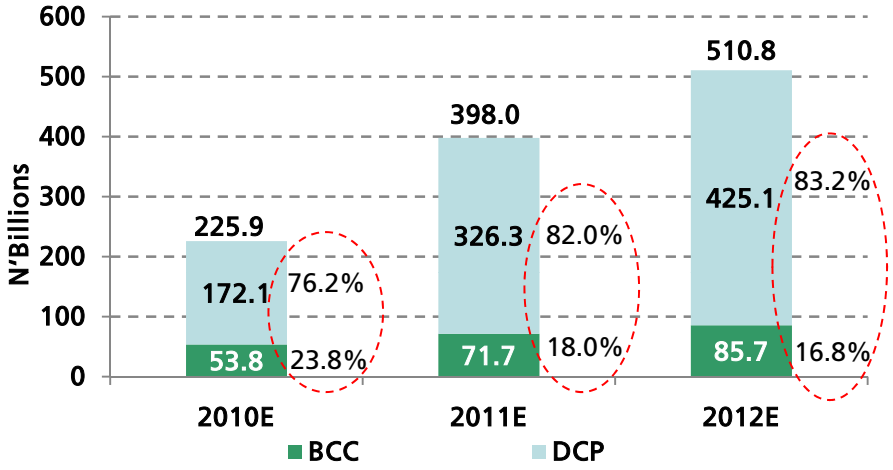
Financial Performance Metrics

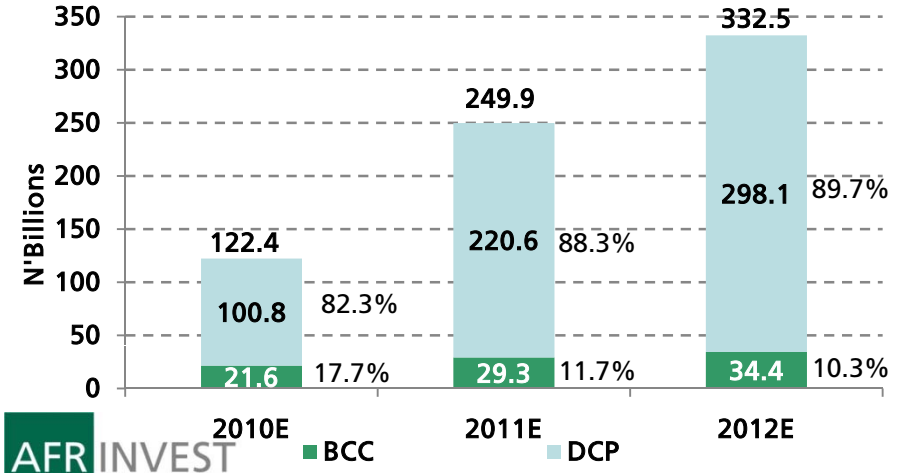
CEMENT PRODUCTION CAPACITY



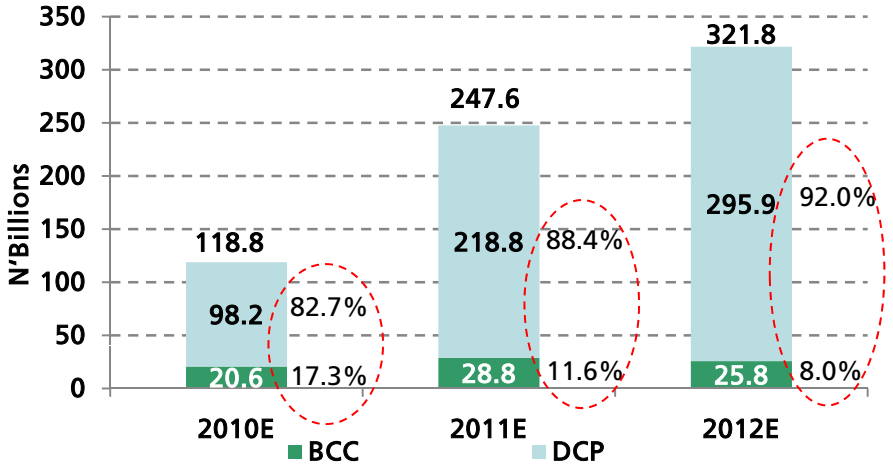
REVENUES



EBIT



PAT



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Pro Forma Balance Sheet – Enlarged DCP

Pro-Forma Balance Sheet (N'Bn)
As a December 2009

ASSETS	
Fixed assets	186.4
Investment	0.1
Stock	13.4
Trade Debtors	6.8
Other Debtors and Prepayments	39.1
Due from related companies	50.4
Deferred expenses	-
Short term investments	9.5
Cash and bank balances	10.7
Total Assets	**316.3**

LIABILITIES	
Short-term Debt	22.8
Other creditors	31.0
Other Liabilities	49.2
Long term debts	49.6
Total Liabilities	**152.5**
Shareholders Fund	
Share Premium	42.4
Capital reserve	15.6
Revenue reserve	98.2
Other Equity	7.6
Total Equity	**163.8**
Total Liabilities and Equity	**316.3**

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Valuation and Implied Multiples

- In consideration for the transfer of all the assets, liabilities and undertakings of BCC to DCP, each BCC Shareholder will receive 1 ordinary share in the Enlarged DCP in exchange for 2 ordinary shares of BCC
- At listing, DCP will be valued at N135.00 per share

Post-Merger Multiple Analysis Results

Description	Metric
Share Price (=N=)	135.00
# of Shares (Bn)	15.5
Market Value (N'Bn)	2,090.9
Plus: Net Debt (N'Bn) [2]	38.9
Firm Value (N'Bn) [3]	2,129.8

Key Metrics			
Valuation Methodology	2010	2010 - 2011[1] Mid Point	2011
Firm Value / Revenue	9.4x	6.8x	5.4x
Firm Value / EBIT	17.4x	11.4x	8.5x
Equity Value (Market Cap) / PAT	17.6x	11.3x	8.4x

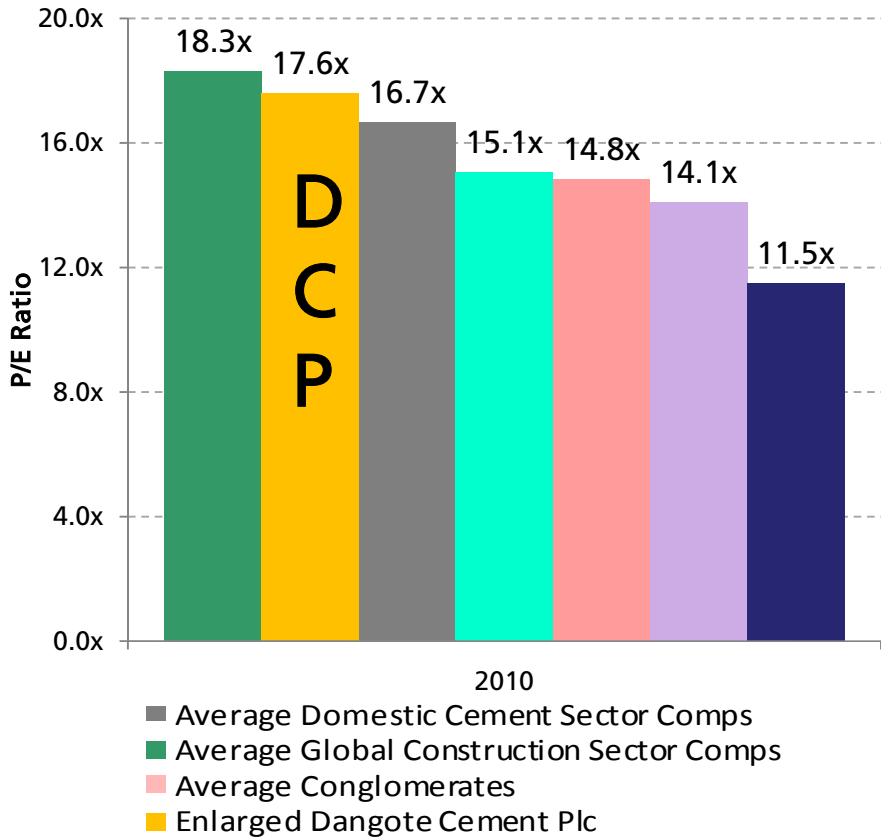
1. 2010 – 2011 Mid Point equates to Firm Value or Equity Value, divided by the average of its respective metric (i.e. Revenue, EBIT, or PAT) for the two year period
2. Net Debt equals total Long-Term Debt (N49.6 Bn) less Cash (N10.7 Bn)
3. Firm Value equals Market Value (N2,090.9 Bn) plus Debt (N49.6 Bn), less Cash (N10.7 Bn)

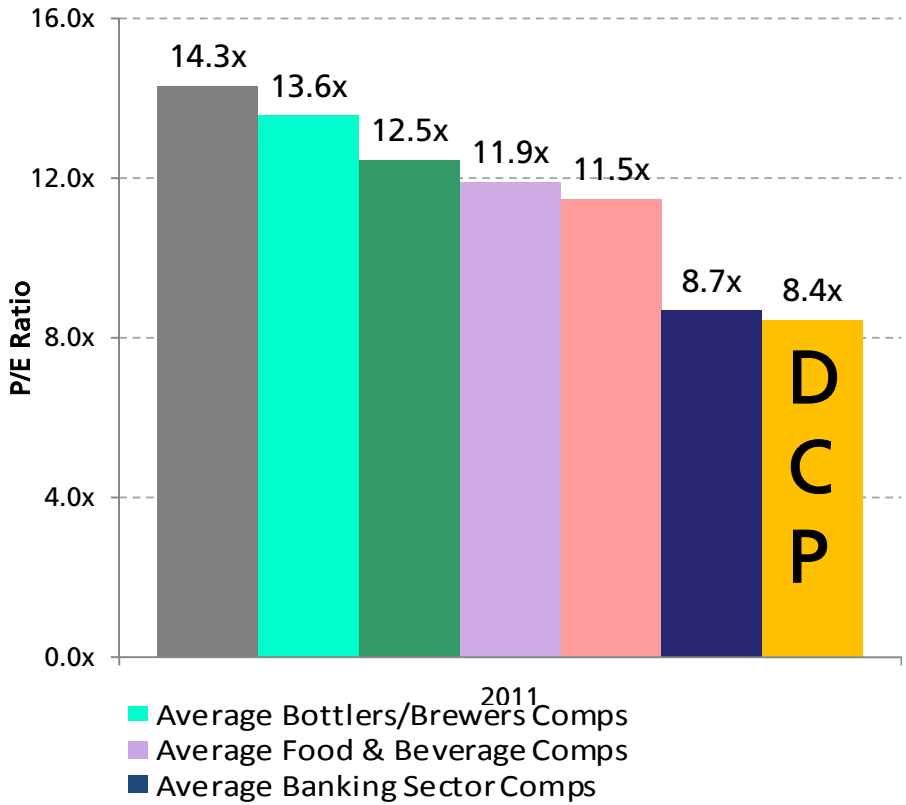
Public Market Valuation Comparison

Source: Capital IQ and Afrinvest Research

- Dangote Cement Plc is priced relatively fairly in comparison to several top tier companies, in various sectors across Nigeria's business segments, as well as globally, as illustrated by the following graph:

Price-to-Earnings Ratio





Industry Multiple Comps

Global Competitors

Company	Price (=$=)	2010 Forward EPS (=$=)	2011 Forward EPS (=$=)	2010 P/E	2011 P/E
Construction Sector					
Adana Cimento Sanayii T.A.S.	3.71	0.13	0.34	29.5x	11.1x
Holcim Ltd.	64.07	5.35	4.95	12.0x	12.9x
Lafarge SA	59.27	4.63	5.99	12.8x	9.9x
Anhui Conch Cement Co. Ltd.*	4.40	0.13	0.22	34.9x	19.6x
Siam Cement Public Co. Ltd.	10.77	0.62	0.72	17.4x	15.0x
CRH Plc	16.40	0.83	1.22	19.8x	13.4x
HeidelbergCement AG*	49.91	0.99	4.83	50.4x	10.3x
Mean				**18.3x**	**12.5x**
Median				**17.4x**	**12.9x**

Source: Capital IQ. Prices as of October 18th 2010

Domestic Competitors

Company	Price (=N=)	2010 Forward EPS (=N=)	2011 Forward EPS (=N=)	2010 P/E	2011 P/E
Cement Sector					
Ashaka Cement Plc	22.81	0.96	1.11	23.7x	20.5x
Cement Company of Northern Nigeria Plc	14.70	6.90	10.43	N/M**	N/M**
Lafarge WAPCO Plc	42.99	4.44	5.32	9.7x	8.1x
Mean				**16.7x**	**14.3x**
Median				**16.7x**	**14.3x**

Source: Afrinvest Research. Prices as of October 19th 2010

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*Outlier not included in average computation

**N/M = Not Measurable

Industry Multiple Comps

Company	Price (=N=)	2010 Forward EPS (=N=)	2011 Forward EPS (=N=)	2010 P/E	2011 P/E
Banking Sector					
First Bank	13.52	1.39	1.81	9.7x	7.5x
GTBank	16.79	1.56	1.88	10.7x	8.9x
United Bank for Africa	10.01	0.62	0.94	16.0x	10.7x
Zenith Bank	13.22	1.39	1.74	9.5x	7.6x
Mean				11.5x	8.7x
Median				10.2x	8.3x
Food and Beverages					
Cadbury Nigeria	29.79	0.34	0.36	N/M*	N/M*
Dangote Flour	16.09	1.41	1.83	11.4x	8.8x
Dangote Sugar	16.80	1.91	2.01	8.8x	8.4x
Nestle Foods Nigeria	388.00	17.55	20.89	22.1x	18.6x
Mean				14.1x	11.9x
Median				11.4x	8.8x
Bottlers/Brewers					
7 Up Bottling Company	38.48	4.35	5.67	8.8x	6.8x
Guinness Nigeria	180.00	9.44	10.74	19.1x	16.8x
Nigerian Bottling Company	33.50	2.75	3.08	12.2x	10.9x
Nigerian Breweries	76.41	3.78	3.85	20.2x	19.8x
Mean				15.1x	13.6x
Median				15.6x	13.8x
Conglomerates					
Flour Mills Nigeria	72.55	9.83	10.31	7.4x	7.0x
PZ Industries	33.00	1.80	1.85	18.3x	17.8x
U A C N	39.30	5.40	6.38	7.3x	6.2x
Unilever Nigeria	28.49	1.08	1.92	26.4x	14.8x
Mean				14.8x	11.5x
Median				12.9x	10.9x

Source: Afrinvest Research. Prices as of October 19th 2010

*N/M = Not Measurable

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5. Investment Considerations

Special One Day Sale

SPECIAL SALE OF SHARES

The general public is hereby notified of a **Special Sale** by Dangote Industries Limited on the floors of the Exchange, **on Friday 22nd of October 2010,** of up to

100,000,000* Ordinary Shares of 50k each of

Dangote Cement Plc

at

N135.00 per share

Interested members of the public are advised to place orders with their stockbrokers no later than

Tuesday, 26th October 2010

All orders received for the Special Sale will be filled on Tuesday, 26th October 2010 and will settle on a T+3 basis

Signed:

Afrinvest (West Africa) Limited
The Stockbroker to the Special Sale

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Key Investment Considerations

- Enlarged Cement Production Platform;
  - ✓ The consolidation of the two companies will create a company with the largest production capacity in Sub-Saharan Africa and who is well able to assist in actualising the objective of the Federal Government of Nigeria to achieve self-sufficiency in cement production
- Economies of Scale;
  - ✓ The merger will result in greater operational integration between DCP and BCC and make the consolidation of their supply and distribution chains more effective
  - ✓ Following the merger, BCC and DCP will be able to share facilities, inventory and other resources
  - ✓ Reduction in costs and utilisation of the synergies between the two companies to streamline operations
  - ✓ Essentially, the enlarged company will be positioned as the lowest-cost producer of cement in Nigeria

Key Investment Considerations (Con't)

- Pioneer Tax Status;
  - ✓ The existing cement production plants at Obajana and Benue have already been granted pioneer status starting from 1 January, 2009 for 5 years and 3 years, respectively
  - ✓ The Greenfield plant at Ibese also qualifies for pioneer status and it is forecast that it will be granted tax holiday for 5 years starting from 2011
  - ✓ The Enlarged DCP is therefore exempted from the payment of income tax in respect of profits accruing from the manufacture and sale of cement during the period of the pioneer status
- Dividend Payout Rate;
  - ✓ Dividends will be paid at the rate of 75% of profit after tax
- The Dangote brand is one of the most well known and respected conglomerates in Sub-Saharan Africa;
  - ✓ With the benefit of the visionary leadership of Alhaji Aliko Dangote and his unbridled drive and singled minded focus on achievement, it is expected that the **Enlarged DCP will remain on a continued track record of profitability and success**