



# Dangote Group

*– boldly driving attractive investments  
across Africa*

October 2017



- Briefly share my story
- And hope it challenges and inspires you as you embark on your entrepreneurial voyage

# Africa's youth bulge

Large and still growing

- 226 million youth aged 15-24 lived in Africa in 2015 (i.e. ~ 19 % of the global youth population).
- In 2030, it is projected that the number of youth in Africa would increase by 42% (to ~ 320 million)
- Africa would be home to more youth than any other region by 2080 (surpassing Asia) according to UN projections
- *Africa's high youth population coupled with the poor policy choices of individual nations have resulted in adverse socio-economic implications*

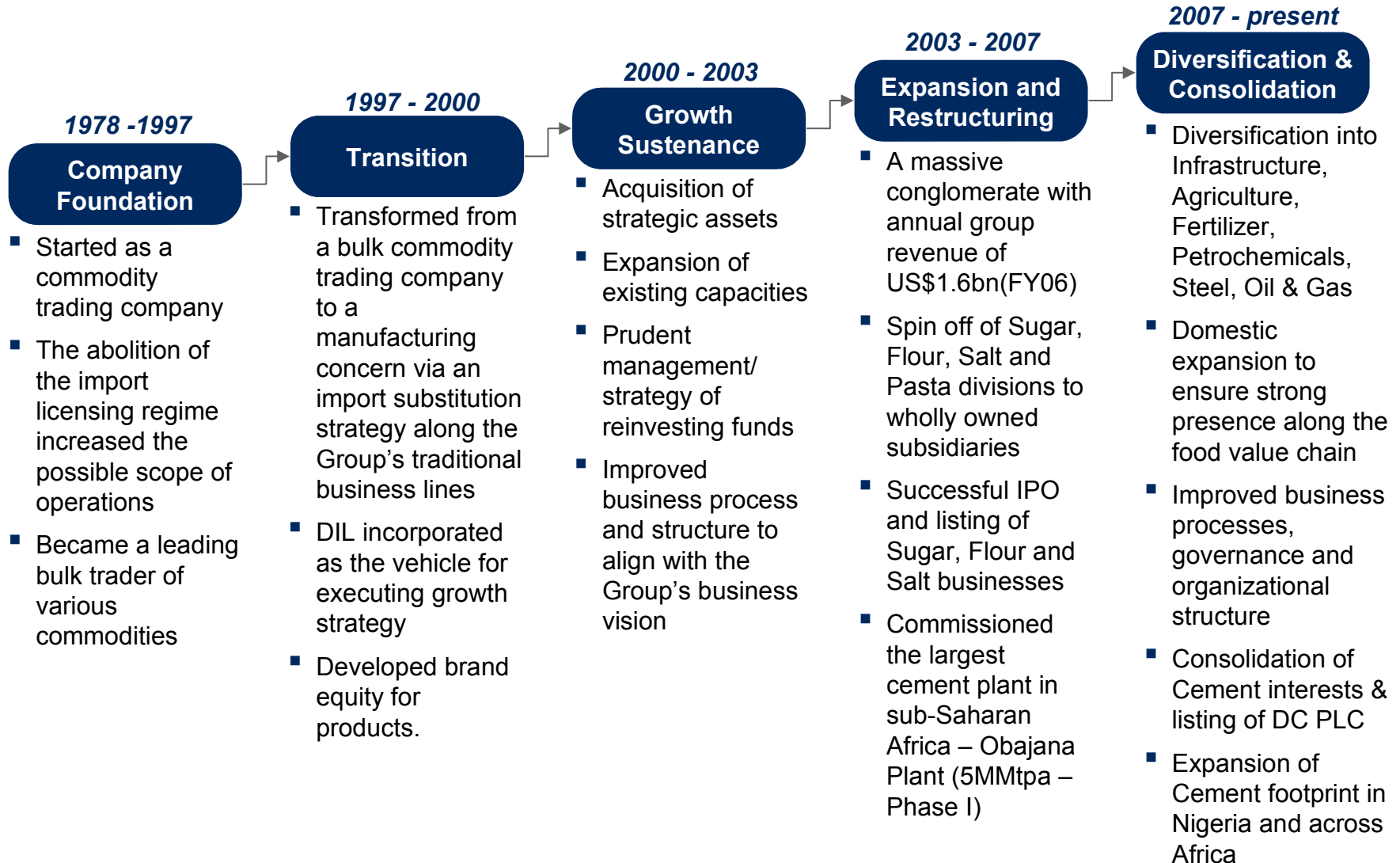
- Unemployment around the continent is troubling. A 2013 study by Brookings Institution, found that African youth (15-24 years) constitute about 37% of the working age population. The same age group, however, accounts for about 60% of jobless people in Africa.
- Working poverty rates among youth in Sub-Saharan Africa was nearly 70% in 2016, translating to ~ 64 million working youth living in extreme or moderate poverty (less than \$3.10 per day).
- About 10 - 12 million young people join the continents labour market each year.

## A change in mind-set is required

- From a very early age young Africans have to be encourage, educated, equipped and inspired to be employers of labour rather than employees
- Entrepreneurship has the potential to be one of the most potent tools for Africa's transformation .
- Entrepreneurship can create jobs and increase the middle class which is essential in sustaining economic growth.
- *We commend Tony Elumelu Foundation for investing in the African youth; and grooming them to become future business leaders who will create the wealth & opportunities needed to actualize the potentials of our continent.*

# My Entrepreneurial Journey

# The Group has grown from a commodity trading company to a diversified conglomerate over the last two decades



# The Dangote journey has been underpinned by five key pillars

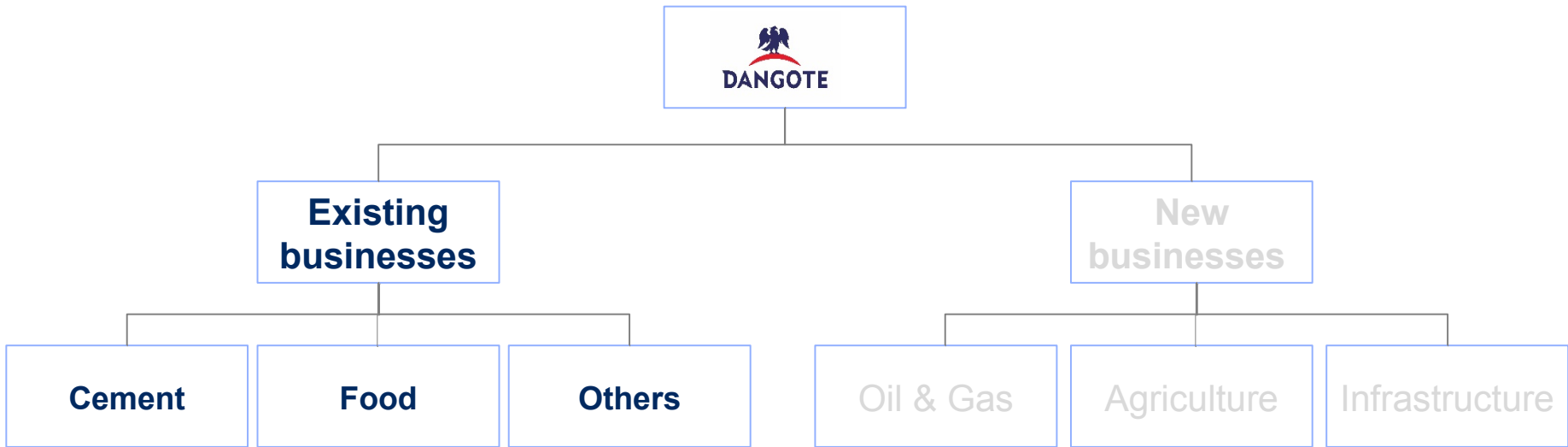
<b>Identify Sweet Spot (where to play)</b>	<b>Execute efficiently</b>	<b>Operate effectively</b>
<ul style="list-style-type: none"> <li>▪ <b>Provide basic needs</b> (recession proof)</li> <li>▪ <b>Diversify</b> – sectors, geographies</li> <li>▪ <b>Substitute imports and earn FX from exports</b> - \$7bn FX from downstream investments</li> <li>▪ <b>Contrarian mind-set</b> - invest in a downturn</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>New plants</b> and technologies (huge advantage vs. incumbents)</li> <li>▪ EPC contracts for all major projects</li> <li>▪ <b>Environmentally friendly</b> operations with low emissions (robust EHSS framework)</li> <li>▪ Obtain the best equipment at the best possible value</li> <li>▪ <b>Flexible financing</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Enter new markets with highest <b>quality products</b></li> <li>▪ Huge <b>energy efficiency</b> - produce power at significantly lower than the national average for residential customers</li> <li>▪ <b>Integrate</b> and drive efficiency across the value chain – captive power, ports / jetties, coal mines, haulage (12,500 trucks: Largest privately owned fleet in Africa)</li> <li>▪ <b>Local sourcing</b> of raw materials</li> </ul>

GE, Sinoma, Saipem, Black Rhino, Carlyle, ...

**Human Capacity** - talent acquisition and development (in-house training academy)



# Existing Business Portfolio



- Cement plants across Africa



- Sugar
- Salt, Tomato Paste
- Seasoning
- Vegetable Oil Refining and Fractionating
- Flour, Pasta, Noodles



- Packaging
- Construction

- Upstream assets
- Sub-sea gas pipeline
- Petroleum refinery / petrochemical
- Fertilizer

- Rice
- Sugar cane
- Tomatoes
- Dairy Products

- Power



## **Dangote Flour Mills PLC**



- Five wheat milling locations: Apapa, Ikorodu, Calabar, Ilorin, Kano with a combined installed capacity of 2.45Mtpa
- Its subsidiary Dangote Pasta produces pasta from its factory in Ikorodu (installed capacity of about 228,500 Mtpa)
- Another subsidiary, Dangote Noodles has its manufacturing operations in Ikorodu, Calabar & Kano (installed capacity of about 42,110 Mtpa)



## **Dangote Sugar Refinery PLC**



- Current capacity - 1.44M mtpa
- Largest in Sub-Saharan Africa and 2nd largest in the world
- Unfortified Industrial White Sugar and Vitamin A-fortified White Sugar
- Leader in the Nigerian sugar market, ~ 65% market share
- Savannah Sugar Company (Numan) - Backward Integration



## **NASCON PLC (Salt Refinery)**



- Currently has a combined installed capacity of 600,000 mtpa.
- Refines, fortifies and packages table, agricultural and industrial salts
- Controls ~ 60% Nigeria's salt market
- Oil Palm refinery and fractionation, seasoning and tomato paste
- Plans are on the way to expand salt refining capacity by 300,000 Mtpa



## **Dangote Cement PLC**

- Total installed capacity of ~ 44M mtpa across eight countries (Nigeria, Ghana, Cameroon, Senegal, Ethiopia, Zambia, South Africa and Tanzania)
- Additional greenfield and brownfield capacity (~ 22M mtpa) is currently under development in several countries across SSA. Our goal is to expand total installed capacity to ~ 80M mtpa by 2020.



## Dangote Agrosacks

- Plant capacity ~ 648 million bags per annum
- Largest polypropylene bag manufacturing company in the world



## AG-Dangote

- Entered into a JV for road infrastructure with Andrades Gutierrez (AG)
- The AG Group is one of the largest infrastructure conglomerates in Latin America.
- AG-Dangote pioneered the building of concrete roads in Nigeria with its landmark project, the 23 km road from Itori to Ibeshe in Ogun State
- Leveraging on the success of its project in Ogun State, AG secured the contract for the reconstruction of 42km Obajana-Kabba-Ilorin road in 2016 (on-going)



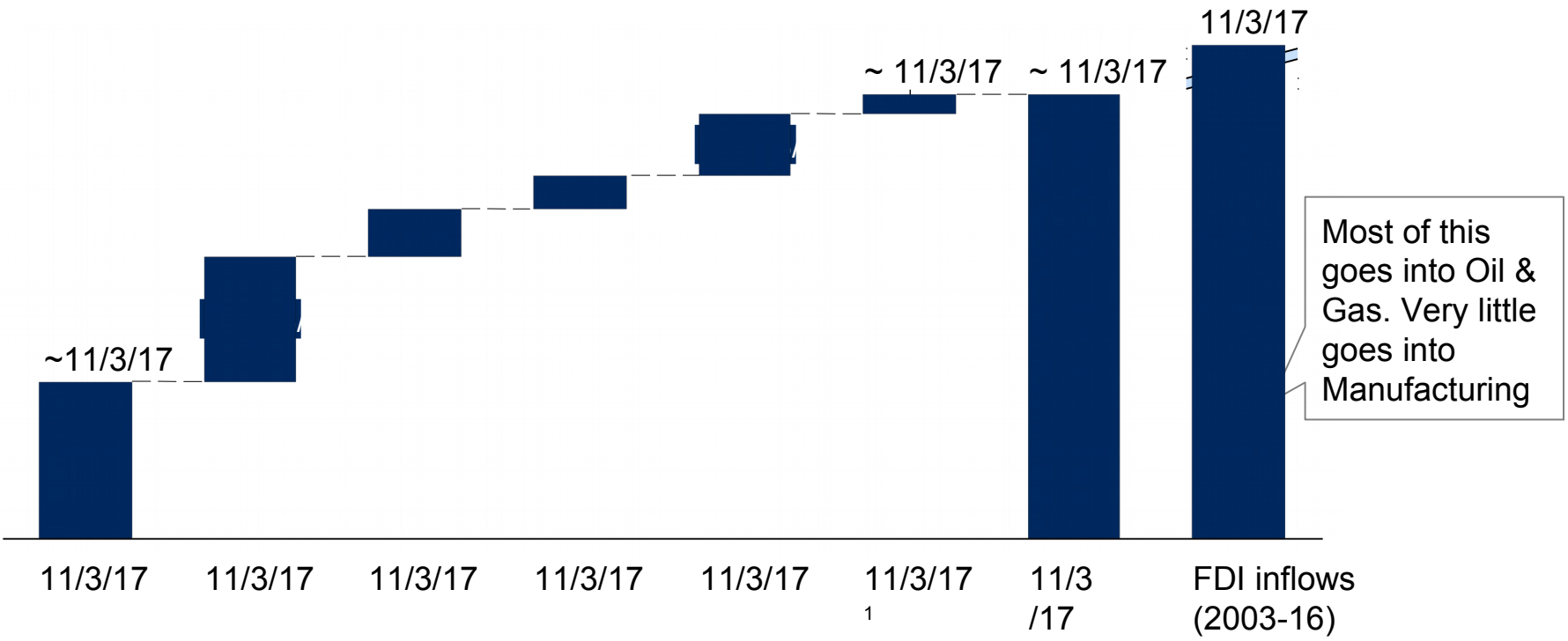
## Dangote-SinoTruk Truck Assembly

- Plant capacity ~ 10,000 units per annum



# The group has invested over \$7bn in the last 15 years. Almost 10% of the total FDI inflows during that period

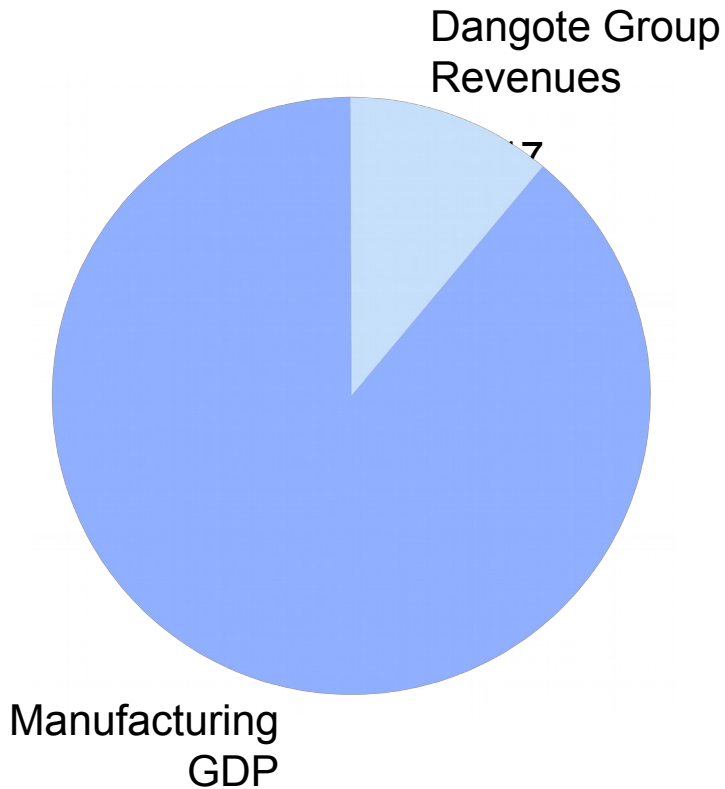
Dangote Group investments in Nigeria vs. FDI inflows, USD bn



1- Dangote Flour Mills; NASCON;

# Dangote Group 2016 revenues are equivalent to 11% of 2016 manufacturing GDP

Dangote Group revenues as proportion of manufacturing sector GDP, %

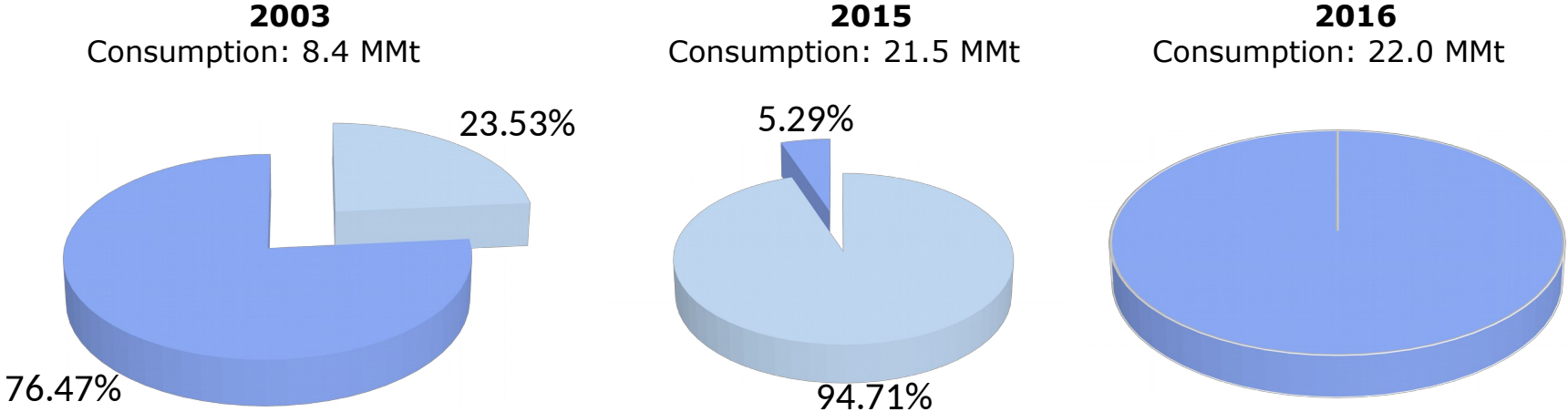


## Contributions to the Nigerian economy

- Tax contributions
  - Significant tax contributions
  - DSR alone has paid over N200 billion of taxes in the last 10 years
- Employment
  - Direct: ~30k
  - Indirect: ~100k (driver assistants, mechanics, sales agents, third party transporters)
- Social
  - About N1bn spent annually on CSR
  - Over 1,000 people trained by the Dangote Academy (engineers, technicians, artisans). 70% of these were absorbed into the Group
- Other
  - Self-sufficiency in cement
  - FX earnings from cement exports

# We have completely transformed Nigeria's cement sector

Nigeria has moved from import dependency to self sufficiency



■ Local Production ■ Cement Imports

- Highly import dependent - 76%
- No cement production by Dangote

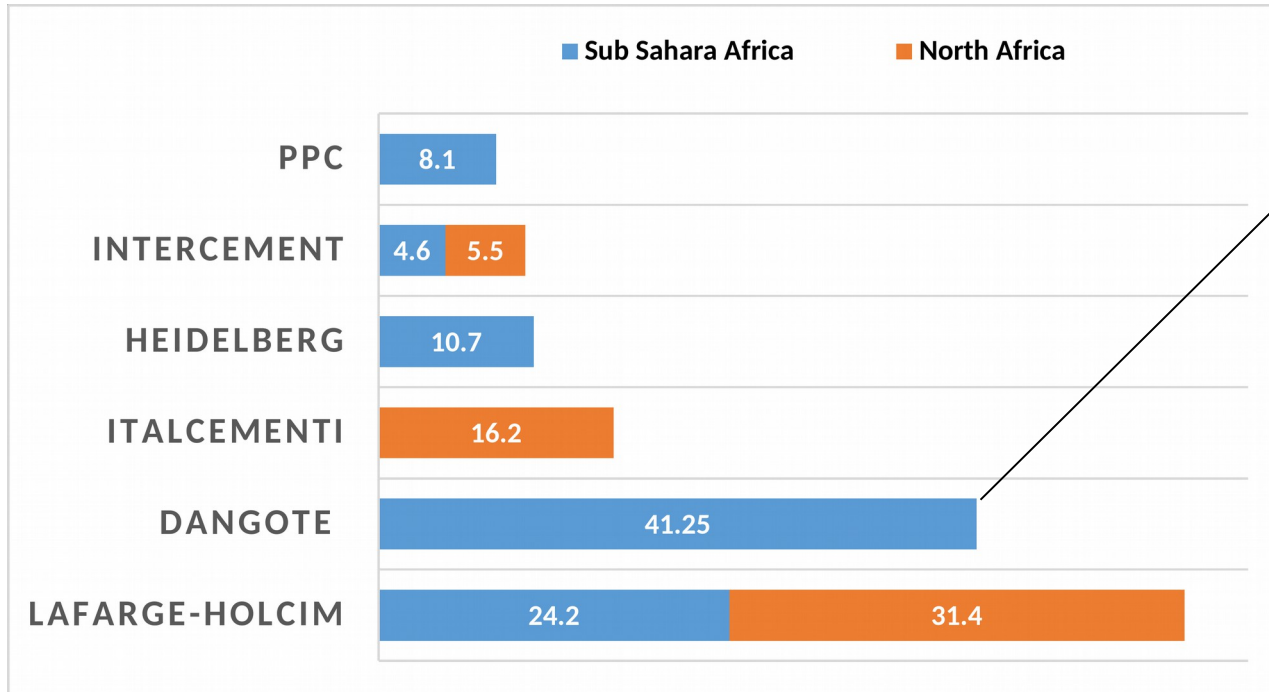
- Imports no longer significant – only 5% (these imports are based on legacy import permits which will expire in 2018)
- Dangote's production capacity – 29.25 MMt

- Imports practically eliminated
- Exports commenced from Nigeria into West Africa

*An excellent example of how good government policies and well implemented industry-wide incentives can transform an entire sector*

# Dangote currently has the largest footprint in SSA

## Cement Majors in Africa and their installed cement production capacities

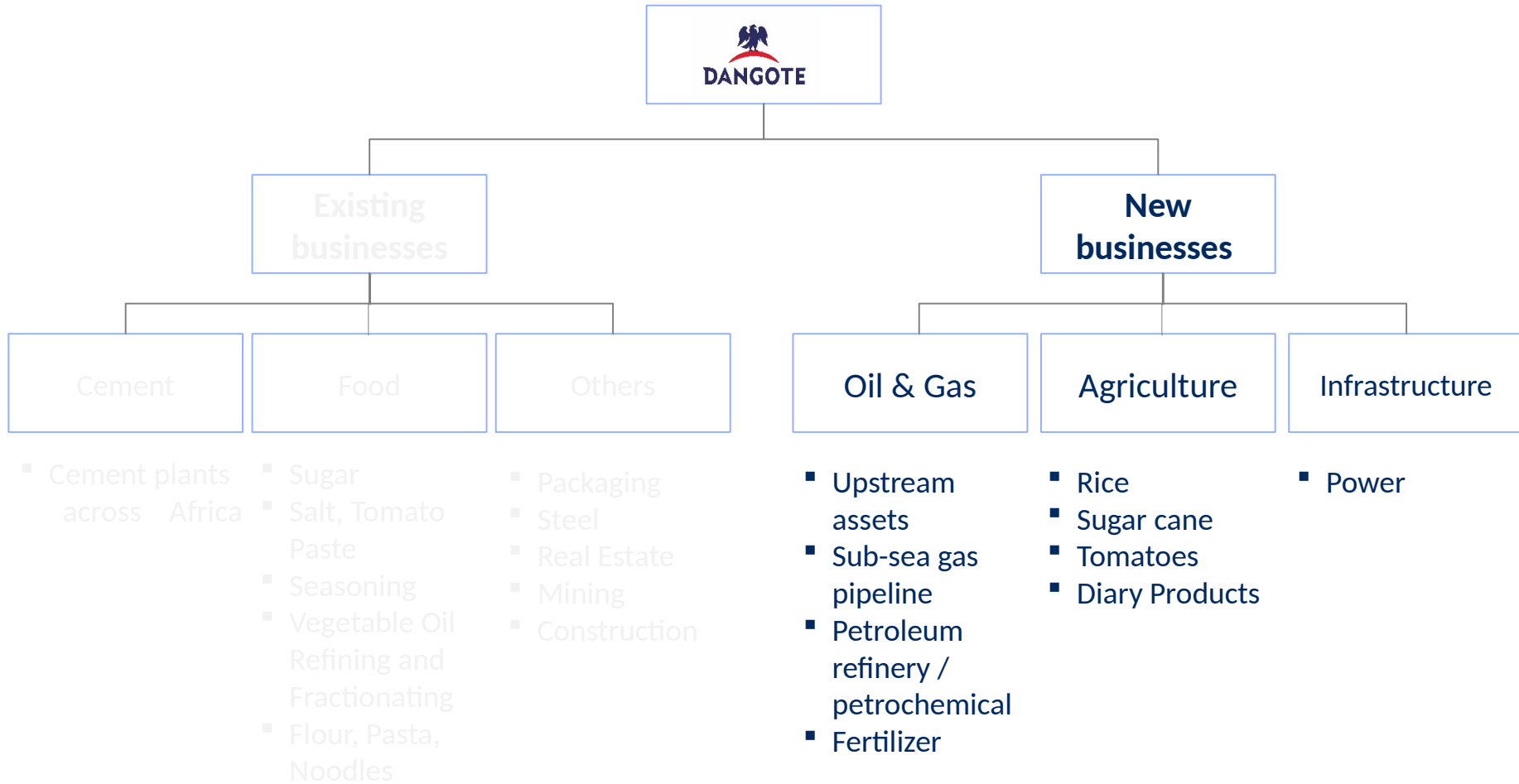


- Dangote plans to grow its capacity to ~ 80 MMt by 2020
- Several cement projects are at different stages of completion/development across SSA

Notes:

1. Cement capacities above are all in million metric tons
2. All figures are as at December 2014 except Dangote which is as at June 2015.

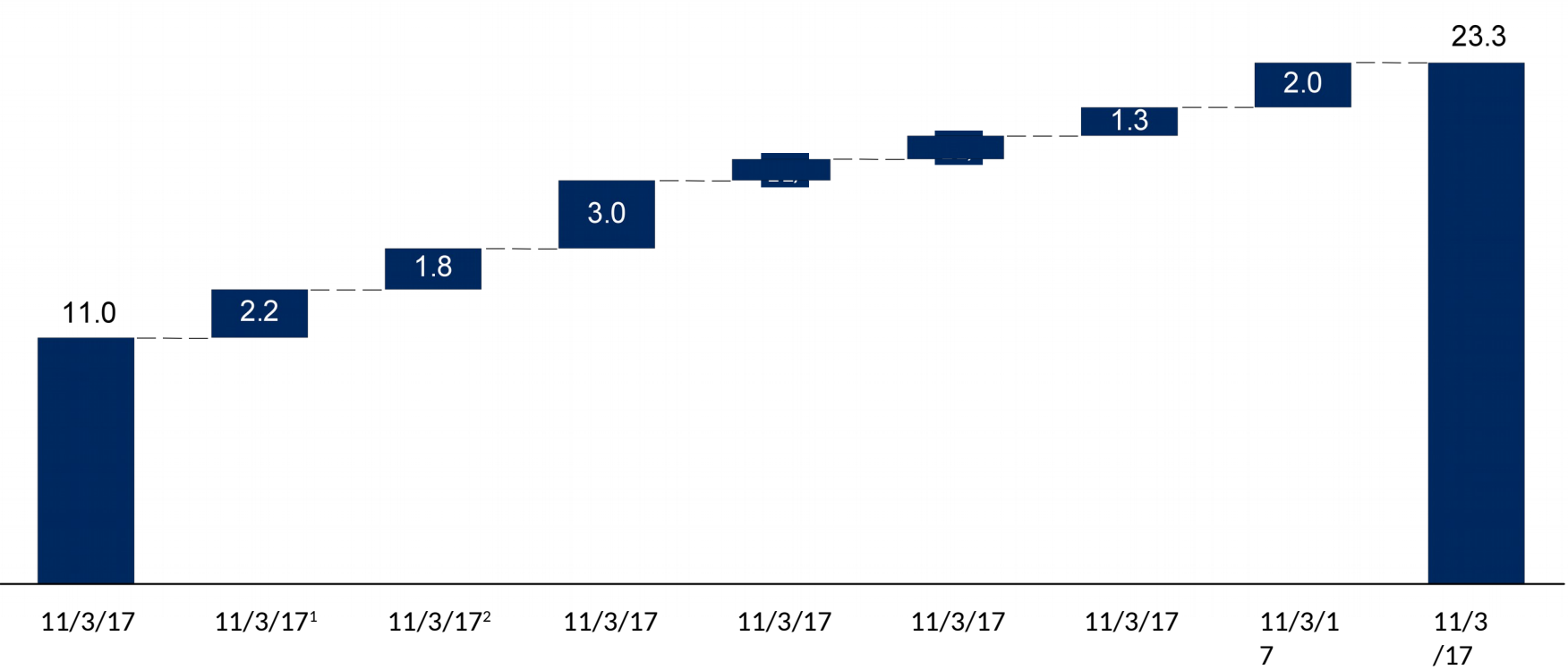
# New Business Initiatives





# Dangote Group has an investment pipeline of over \$20bn for Nigeria

Investment pipeline, USD bn



**ALL projects are in various stages of progress**

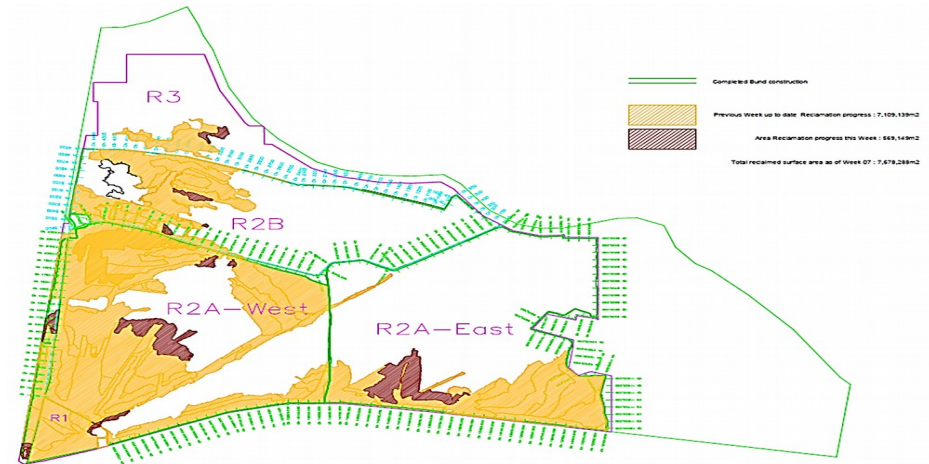
1 - For Urea and NPK plants

2 - Includes acquisition cost

# The Refinery & Petrochemical project will ensure fuel sufficiency for Nigeria

## Project information

- **Capacity:** 650,000 bpd
  - Largest single train refinery in the world
- 0.84 mtpa polypropylene, 0.5 mtpa polyethylene
- **Location:** Lekki Free Trade Zone, Lagos (2100 hectares site)
- **Investment:** circa \$11 billion



# The Fertilizer project will contribute to national food security and sufficiency for Nigeria

## Project information

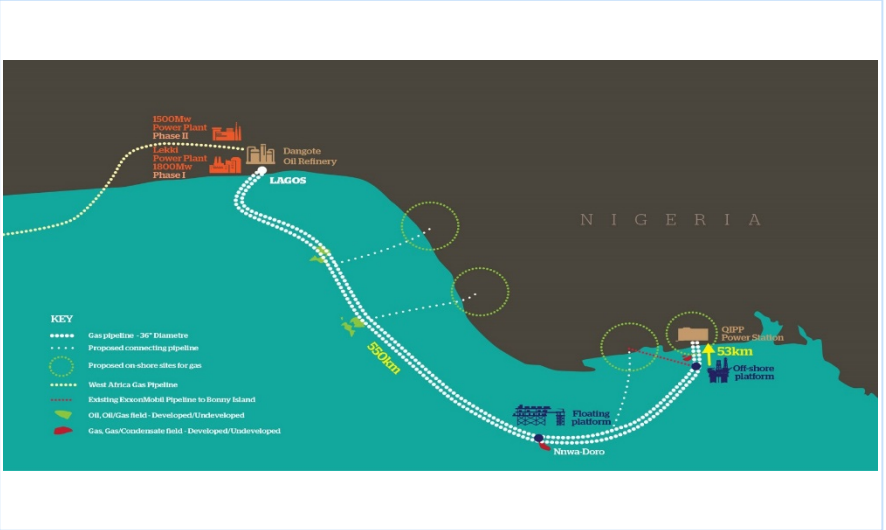
- **Capacity:** 2.8 Million Tons of Urea Per Year (2 x 1.4 MMTPA)
- **Location:** Lekki Free Trade Zone, Lagos
- **Feed Stock:** Natural Gas
- **Investment:** Circa \$2 billion



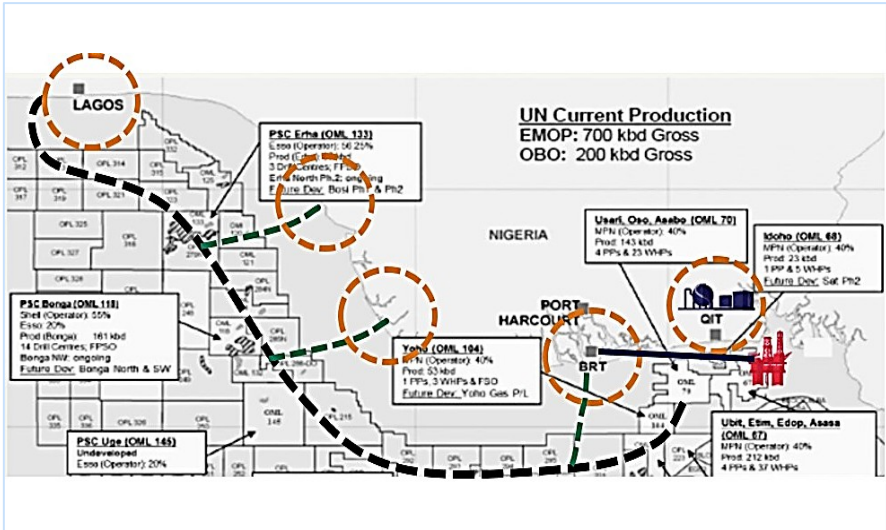
# The EWOGGS pipeline project will unlock significant gas supply for industry

## Project information

- **Capacity:** 2 x 1,500 mscfd of gas
  - 2 x 36" x 550km
- **Location:** near Bonny Island to Lekki Free Trade Zone, Lagos
- **Investment:** ~\$3 billion
- Will supply gas to generate 12,000 MW of power



- The project will complement the existing gas supply system in the country, e.g. Escravos-Lagos Gas Pipeline System (ELPS), West African Gas Pipeline (WAGP).
- It will also complement the Nigerian Gas Master Plan.



## Initiatives

- Signed a \$5billion MoU with Blackstone Group
- Actively pursuing the development of power projects in
  - Nigeria (Kano, QIPP)
  - Outside Nigeria (Togo, Benin)



# Agriculture & Agro Processing

## RICE - Project information

- **Capacity:** 1m MTPA milled, parboiled rice
- **Location:** 100,000 Ha across Adamawa, Edo, Jigawa, Kano, Kebbi, Kogi, Kwara, Nassarawa, Niger, Sokoto, Taraba & Zamfara
- **Community:** 40% of paddy to be provided by out growers
- **Approach:** 2 phases over the next 3 years (total project will produce 1m MT milled, parboiled rice)

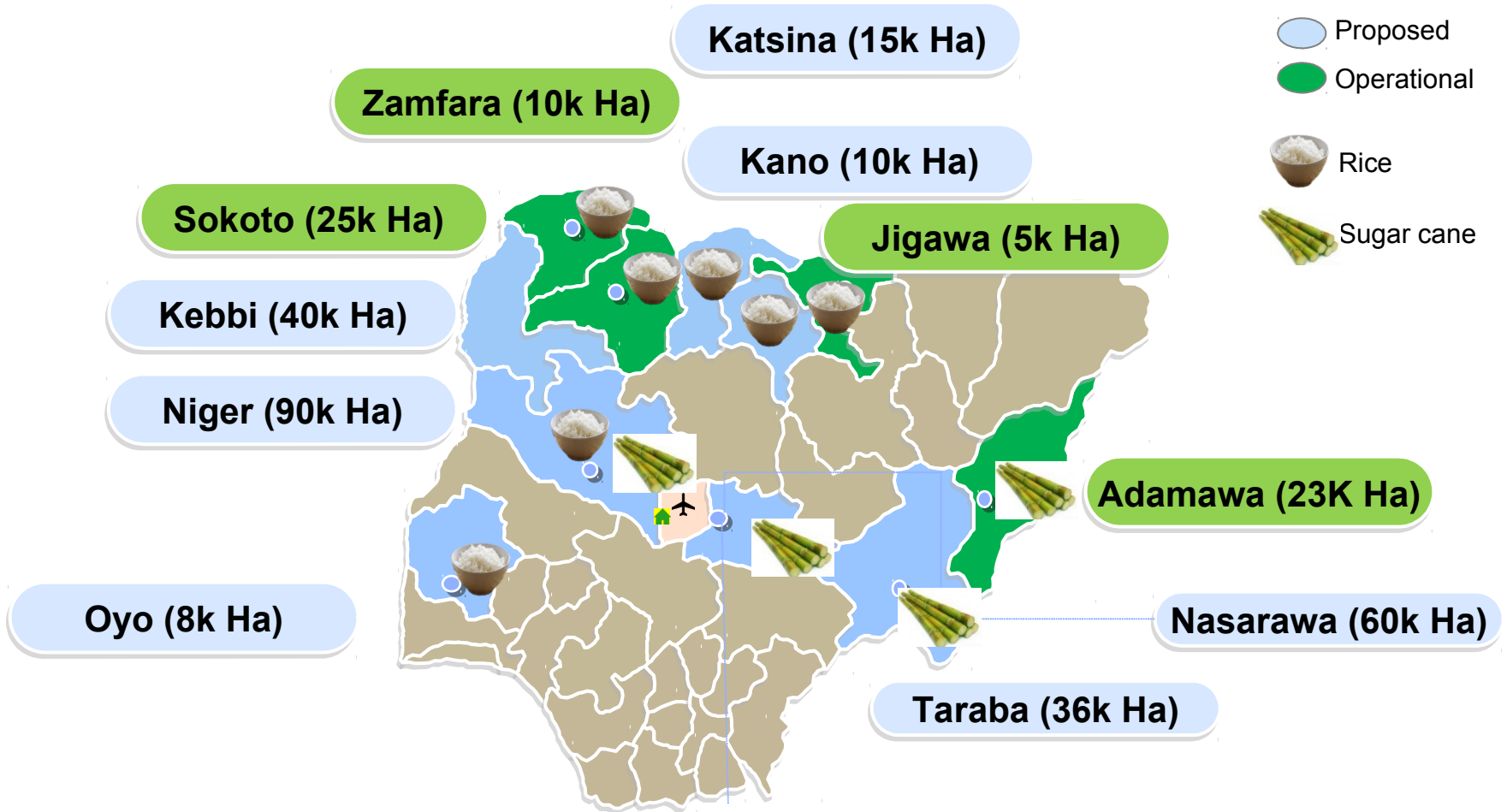


## SUGAR- Project information

- **Capacity:** 1.5M MTPA refined sugar by 2025
- **Location:** 150,000 Ha across Adamawa, Niger, Nassarawa, Sokoto, and Taraba
- **Community:** 30% of cane to be provided by out growers
- **Approach:** 1.25m MTPA refined sugar to be produced by 2020



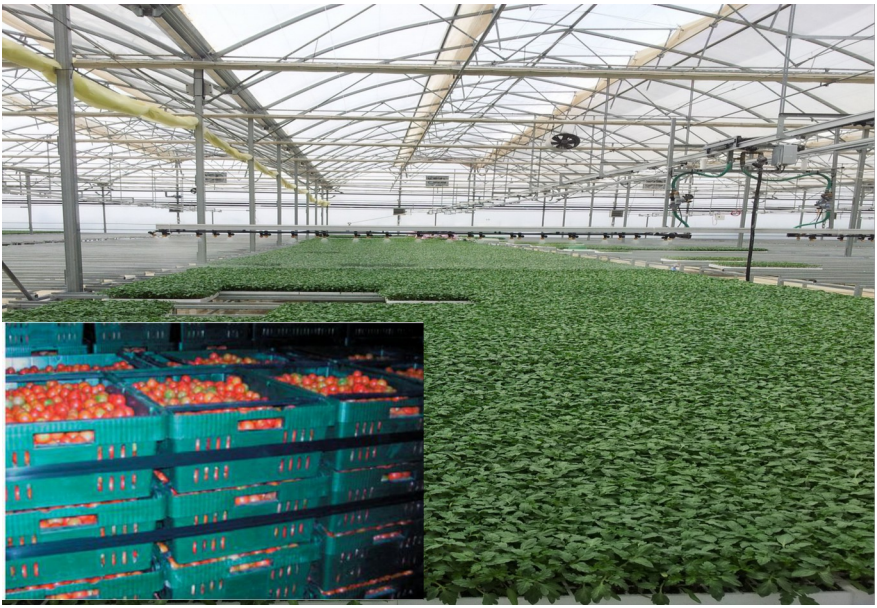
The group is working on cultivating ~300k Ha of land with annual fertiliser requirement of ~150k MTs



# Agriculture & Agro Processing ..... [2]

## TOMATO - Project information

- **Location:** Kaduna, Katsina and Kano
- **Total Land to be cultivated:** 6,000 ha (30% out growers)
- **Commercial Farmland to be acquired (HA) :** 4,200 ha
- 156,000 mtpa tomato paste



## DAIRY - Project Information

- **Location:** Adamawa, Kano, Kogi, Kwara and Nassarawa
- **Commercial Farmland to be acquired (HA) :** 234,000 ha
- 156,000 mtpa powdered milk by 2019 (will make Nigeria self sufficient in milk production)
- Nigeria will be in a position to export milk by 2020





# We are still very bullish on Africa

## Africa is still a land of opportunity...

Africa's troubled past is steadily giving way and a new growth story is fast emerging:

- Average of 5.5% growth rate over the past 10 years
- Economy has more than trebled since the turn of the century.
- By 2050, one person in five in the world will be African, with 63% urbanization rate.
- 60% of the world's uncultivated arable land is in Africa
- Several growth drivers exist: Political stability, improved macro-economic environment, micro-economic reforms, rapidly expanding middle class (now 355mn).

## ...there are challenges...

However, there are still challenges:

- Collapse in commodity prices impacting economic growth
- Huge infrastructure gap, especially power
- Inconsistency in Government Policy and weak Rule of Law
- Corruption
- Low Intra-trade (16%)

## ...but a resilient investor can overcome them

- And it is not just Dangote: Coca-Cola (\$5B), GE (\$1B) Bombardier, Ford Motors, PE Funds, Nestle, Heineken, P&G, etc., are expanding their African footprint.

# Parting shots to budding entrepreneurs

Some nuggets of advice

- Develop a solution driven mind-set and build a business that solves a problem or addresses a need that many people have
- Think big but start small
- Be diligent and passionate about what you do
- Allocate your resources efficiently (be prudent and avoid waste)
- Learn to bounce back from setbacks (some of your best lessons will come from your mistakes)
- Know your limitations and be humble enough to seek advice
- Build a good team
  - pick team members that complement each other's strengths
  - character & values are just as important as proficiency
- Take risk (“see the invisible” and be daring enough to “do the impossible”)
- Do not be afraid to fail because .....

# .....Failure is usually the precursor to success



- **Bill Gates** – Microsoft
- watched his first company (Traf-O-Data) crumble



- **Walt Disney**- Disney Inc
- was told he lacked creativity and his first animation company (Laugh-O-Gram) folded up



- **Jeff Bezos** – Amazon
- had several failed ideas most notable of which was an online auction site, which evolved into zShops, a brand that ultimately failed



- **Henry Ford** - Ford Motor Company
- ruined his reputation with a couple of failed automobile businesses



- **Evan Williams**- Twitter
- developed an unsuccessful podcasting platform and his company folded up shortly after



- **Sir James Dyson** - Dyson
- it took 5,126 failed prototypes and his lifesavings to develop his vacuum cleaner



- **Reid Hoffman** - LinkedIn
- created SocialNet, an online dating and social networking site that failed

# .....Failure is usually the precursor to success

a few more examples



- **R.H. Macy** - Macy's
- initiated a series of failed retail ventures throughout his early career



- **Arianna Huffington** - Huffington Post
- was rejected by 36 publishers



- **Momofuku Ando** - Nissin Food Products
- Before developing instant noodles, he was convicted for tax evasion, spent two years in jail and was declared bankrupt.



- **George Steinbrenner** - New York Yankees
- earlier owned a team (the Cleveland Pipers) which went bankrupt



- **Akio Morita** - Sony
- his first product, a rice cooker was a disaster

Mirza

- **Com Mirza** - Mirza Holdings
- failed seven times back to back, then was bankrupt on the eighth



- **Milton Hershey**- Hershey Company
- started three candy companies before Hershey and they all failed

.....there are many more

- Africa's potentials are so enormous they just cannot be overlooked.
- We also cannot overlook the enormous amount of work required to turn Africa's *potentials* into *accomplishments*
- African governments have a huge role to play by putting in place a supportive investment climate to enable you turn your nascent businesses into global conglomerates

***Thank you!***