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Entrepreneurial Financial Analysis of Dangote Cement: Current Performance and Future Projections

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SUMMARY

Dangote Cement Company is the leading cement manufacturing company in sub-Sahara Africa with a combined production capacity of 51.6MTA from its factories in ten countries of Africa. In 2000, the company made a strategic and ambitious decision to transit into a fully-fledged integrated manufacturing operation through the acquisition of Benue Cement Company and Obajana Cement in Kogi State. This was in response to bridge the infrastructure deficits in Nigeria and Sub-Saharan Africa, which necessitated increased demand for cement for construction and other infrastructural activities. Dangcem has leveraged on the economies of scale to offer quality products at competitive prices, dominating the market share of the product in Nigeria and sub-Saharan Africa which stood at 60.3% as at FY 2021. The company has achieved 13% in growth and 18% in revenue. The financial performance of Dangote Cement for the period under review confirms a strong and resilient performance based on superior performance and transparency as a publicly quoted company. This was achieved by optimizing existing assets and lowering cost to bring about increased output. The strategic implementation of these factors has positively impacted the financial performance of the company. This paper also made far reaching valuation and financial projections based on the historical data of the previous 5 years. Dangcem Group Revenue increased by 9.1% while administrative and selling cost rose by 22%. All these figures prove that the company is still at growth stage in her business cycle, and the various indices of growth and sustainability are in good stead.

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Introduction

Company Background

Dangote Cement (DANGCEM) is an indigenous company which was established in 1981, as a subsidiary of Dangote Industries founded by Aliko Dangote as a trading business, with an initial focus on importation of bagged bulk cement. It is headquartered in Nigeria and has a production capacity of 51.6Mta from ten branches across Africa, making it the leading company ahead of others operating in the cement industry in Nigeria and Sub-Saharan Africa. It has multiple production plants, some of which are fully integrated quarry–to-depot producer with plans of further expansion. In early 2000, the company made a strategic and ambitious decision to transition from trading into fully fledged integrated manufacturing operation by acquiring the **Benue Cement Company** from the government and subsequently in 2002, the **Obajana Cement Plc** from the Kogi State government where it commenced the company's first cement production plant. As at 2007, the Obajana Cement Plant was seen as the largest plant in Sub-Saharan Africa with two production lines and a capacity of 5million tonnes per annum.

It became listed on the Nigerian Stock Exchange following a change of name from Obajana Cement Plc to Dangote Cement Plc in October 2010 after a merger of both aforementioned companies which was fully consummated in September 2011. In February 2012 Dangote opened another plant at Ibese, Ogun State with a capacity of 6million tonnes per annum across two lines, and consolidated its Ghana operations account the same year. Fast forward to 2022, Dangote Cement has a total of ten facilities across sub-Saharan Africa and its vision to be "a global leader in cement production, respected for the quality of its product and services and also for the way business is conducted" is evident in all their operations and activities as West and Central Africa became cement and clinker self-sufficient. Further more their core values which are centered on Customer service, Entrepreneurship, Excellence and Leadership continues to be their focus. These achievements are geared towards contributing to the improvement of regional trade within the ECOWAS region and AfCFTA [1].

Macro-Economic Analysis

Economic Standards and Performance

Dangote Cement is currently the largest publicly listed company in Nigeria and one of only eight members of the Premium Board of the Nigerian Stock Exchange. It is secured by established, efficient, world-class production facilities and products in all the economies where it operates. They ensure that their business model and activities strengthen national productivity, job creation, growth in household incomes as well as GDP growth and economic prosperity in their region of operations.

As a way of building local capacity and content DANGCEM supports their host countries and local communities develop a value chain that prioritizes the patronage of local labour, suppliers, vendors and contractors. Their approach to economic sustainability is to invest in growing economies and in so doing, continuously grow their profit. Their commitment to high level financial performance, strong growth and expansion has been steadfast as they have ensured strict adherence to best practices in financial management and compliance with relevant laws and regulations in the countries in which they operate. They are also driven by the corporate objective of consistently creating value for their shareholders and investors through payment of robust returns on investments. Therefore, in most of the markets they operate, they support strong economic growth and sustainable development, while maximizing shareholder return. They maintain transparency and due diligence in the payment of taxes and other statutory remittances to governments and public institutions. These have earned them a brand reputation for excellence and sustainable impacts, supporting their emergence as Sub-Sahara Africa's most respected and prominent business entity.

Nigeria and Sub-Sahara Africa (SSA) GDP Growth

The firm's operations in this commodity have brought about significant contributions to the economic growth in Nigeria and Sub- Sahara Africa as evidenced by the continent's progressive growth and self-sufficiency in the product. In Nigeria, cement demand was notably supported by the low interest rate environment, increase in real estate, construction and infrastructure activities. Rapid urbanization presents significant opportunities and generally economies benefit from the multiplier effects that infrastructure projects have upon GDP.

Chart 1: Sub-Sahara Africa GDP Growth

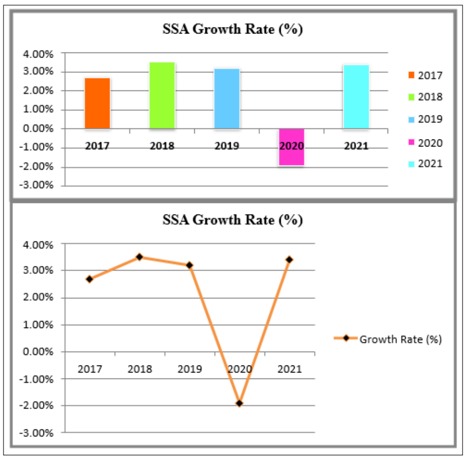

Table 1: SSA GDP Growth

2017	2.70%
2018	3.50%
2019	3.20%
2020	-1.90%
2021	3.40%

Source: World Bank Statistics

Clearly the effect of the COVID-19 pandemic was felt across continents. In 2020, the International Monetary Fund (IMF) reported a contraction by -1.9% of Sub Sahara Africa's GDP which later increased to 3.4% in 2021 depicting the regions' recovery response from the pandemic as the lockdown restrictions were lifted. Accordingly, the company's gross revenue (economic value created) increased by 34% from ₦1.03 trillion ($2.7billion) in 2020 to ₦1.3 trillion in 2021.This was brought about by their consumer activities and strengthened market penetration strategies.

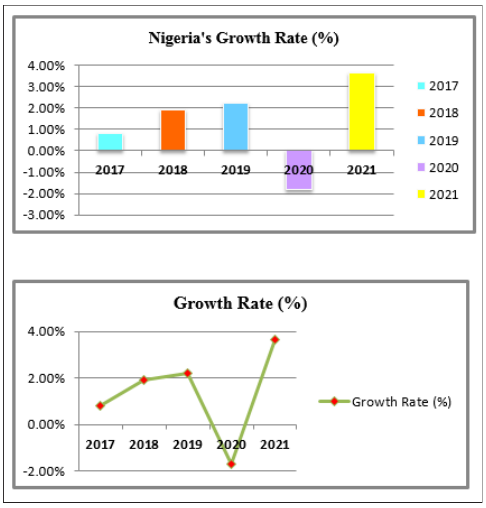

Chart 2: Nigeria's GDP Growth

Table 2: Nigeria's GDP Growth

2017	0.81%
2018	1.92%
2019	2.21%
2020	-1.79%
2021	3.65%

Source: World Bank Report

Nigeria's economy is the largest in Africa and by default so is Dangote Cement operations. According to the Nigerian Bureau of Statistics, her GDP grew by 2.3% in 2019 despite the recession. The economic growth in 2019 also reflected as growth in consumption for Dangote cement. In 2020 the business terrain was volatile due to the effects of the COVID-19 pandemic this coupled with inflation and foreign exchange volatility resulted in a challenging period resulting in a negative decline in GDP rate.

Contribution to Job Creation

As the largest cement manufacturer in Nigeria, and Sub-Saharan Africa, Dangote Cement is a strong contributor to the local economy of Africa in terms of job creation. In addition to their direct job creation, their activities have supported thousands of jobs in the supply and value chain, by way of indirect and induced impacts. Therefore, their existence contributes to addressing the issue of unemployment and by extension poverty rates across the continent [1].

Their operations were impactful as their activities created and sustained jobs both directly and indirectly across Nigeria and Sub-Saharan Africa. According to reports an estimated 27,952 jobs were created in 2017. The year 2018 reported a slight decline to about 26,281. Also their business activities in four countries (Nigeria, Ethiopia, Senegal and South Africa) supported 54,005 jobs in 2019, and in 2020 they supported over 41,018 jobs created in five markets (Nigeria, Ethiopia, Senegal, South Africa and Tanzania). Furthermore, 19,561 direct jobs were created in 2021. In all of this, their commitment to supporting government efforts at combating rising youth unemployment across the continent is evident as they continue to create employment opportunities in their bases of operations through their diversified and vast value chain [1].

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Chart 3: Jobs Created (Nigeria and SSA)

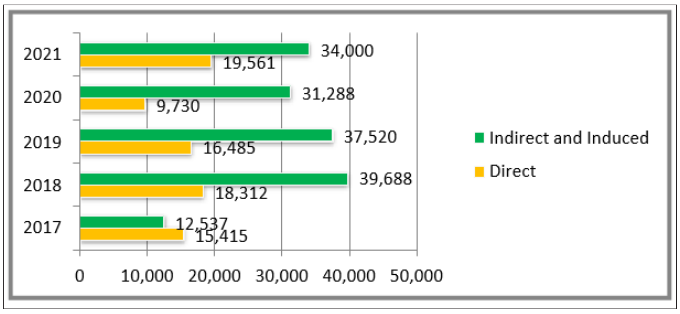


Table 3: Jobs Created

	Direct	Indirect and Induced
2017	15,415	12,537
2018	18,312	39,688
2019	16,485	37,520
2020	9,730	31,288
2021	19,561	34,000

Source: Dangote Cement Annual Reports 2017-2021

Contributions to Household Income

DANGCEM have also contributed to income generation in various communities across Africa. The socioeconomic impact of their operations and business activities revealed that from salaries and wages paid, taxes and dividends paid out , local content and entrepreneurs that were patronized , social investments and CSR projects that were funded, and the foreign exchange that was earned through exports of the product, have contributed the following to household income (directly, indirect and induced): ₦72.4bn in 2017, ₦72.7bn in 2018, ₦146 bn in four out of their 10 markets – Nigeria, Ethiopia, Senegal, and South Africa in 2019,₦341.87bn in 2020, and ₦341.28bn in 2021.All of these support socioeconomic wellbeing in the markets, with multiplier effects that foster Africa's sustainable development [1].

Industry and Business Strategy Analysis

Product Availability and Market Share

The World Bank has described Africa as the fastest growing and youngest region globally and in July 2018, the Global Infrastructure Hub (G20) estimated that $2.4 trillion was needed as investment to bring Africa's infrastructure standard up to global standard. Currently Sub-Saharan Africa is home to over 1.1 billion people and the United Nations estimates that by 2050, the region will have a population of more than 2.1 billion and two-thirds of this growth will be absorbed by urban areas, which will be home to an additional 950 million people [2]. Consequently, Africa will be in urgent need of more infrastructure, housing and commercial buildings as the population expands. Evidently, cement demand will be driven by an increase in population, urbanization, infrastructure and housing growth. This has invariably created a tremendous opportunity for DANGCEM, as their product will be a sought-after commodity across markets and they are poised to ensure its availability through their "export-to-import" strategy [1].

Thus, DANGCEM's strategy is looking for markets that have ample limestone, thriving economies, growing populations and a pressing need for housing and infrastructure. They have ensured that all their integrated factories are modern, fuel efficient plants that use the latest technology to produce high quality cement. With a production capacity of 51.6 million tons per year, enables them compete very effectively in the Sub-Saharan cement industry that is fragmented by smaller scale operators with older technologies, as a result the firm operates as the lowest cost producer in addition to its strong investments in marketing and logistics [3].

They have also leveraged on the economies of scale. As a policy, the company avoids price competition, but rather focuses on offering better quality product at the same price as their rival firms. This has resulted in quick and huge gains in market share making them the market leader across SSA, a position which they are determined on consolidating. It's estimated market share per country stands at: Nigeria (60.3%); Tanzania (28%); Ethiopia (34%); Cameroon (34%); Congo (53%); Senegal (20%); Zambia (30%); Ghana (5%); Sierra Leone (25%), and South Africa (Not published) [1].

Chart 4: Market Share per Country (2021)

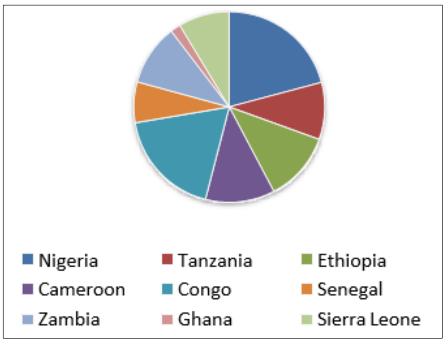
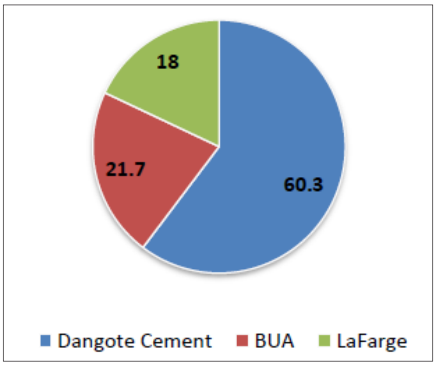


Table 4: 2021 Market Share Per Country (%)

Nigeria	60.3%
Tanzania	28%
Ethiopia	34%
Cameroon	34%
Congo	53%
Senegal	20%
Zambia	30%
Ghana	5%
Sierra Leone	25%

Chart 5: Market Share per Firm (2021)



From the Chart No 5 above, BUA Cement recorded double digit growth to overtake Lafarge Africa in 2021. The above performance indicates an expansion by 3.9% of BUA's market share of 21.7% vs. 18.0%t for Lafarge and 60.3 % for DANGCEM. In addition, proposed government aggressive infrastructure spending as evidenced in the 2022 budget is expected to accelerate the demand

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for building materials in the coming years. This will definitely favor the 3 sector operators [4].

Volume Growth and Associated Revenue

Over the last decade DANGCEM has grown its operations from its home country in Nigeria to operations across 10 SSA countries with a volume compound growth rate of 13%. This was achieved by their focus on efficiently optimizing existing assets and lowering cost to bring about increased output.

Table 5: Group Sales Volume

Year	Nigeria	Ethiopia	Cameroon	Tanzania	Congo	Senegal	Zambia	Ghana	Sierra Leone	South Africa
2017	12.7	2.2	1.2	0.8	0.03	1.3	0.8	0.9	0.1	*
2018	14.2	2.1	1.2	0.6	0.2	1.4	1	0.8	0.1	*
2019	14.1	2	1.1	1.2	0.2	1.4	1	0.5	0.2	*
2020	15.9	2.1	1.3	1.1	0.4	1.59	0.8	0.422	0.3	*
2021	18.6	2.4	1.4	1.7	0.5	1.6	0.7	0.353	0.2	*

Source: Dangote Cement 2021 Annual Reports

Chart 6: Group Sales Volume (Mta)

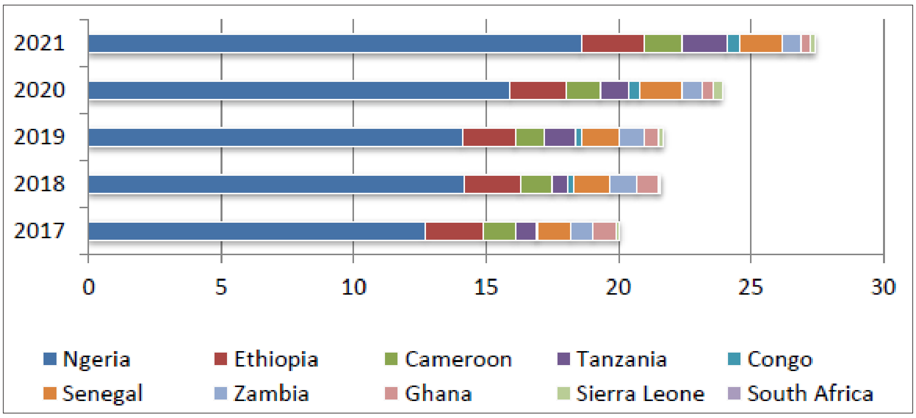
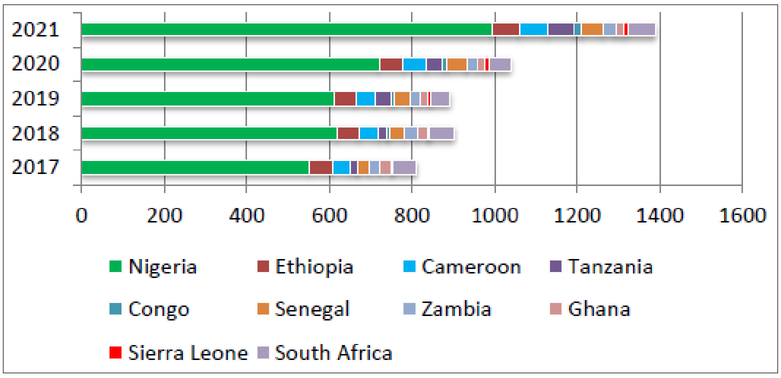


Table 6: Group Revenue

Year	Nigeria	Ethiopia	Cameroon	Tanzania	Congo	Senegal	Zambia	Ghana	Sierra Leone	South Africa
2017	552.4	54.5	43.2	16.7	1	28.8	25.1	28.1	3	57.3
2018	618.3	51.4	48.7	19.5	7.5	35	33.1	25.4	3.7	59
2019	610	53.9	45.7	38.5	7.7	38.3	24.7	18.3	7.9	46.4
2020	719.9	58.1	57.3	37.9	12.4	46.9	26.1	16.9	10.3	52.7
2021	993.4	67.2	68.6	63.7	18	51.3	31.8	16.8	10.9	69.1

Source: Dangote Cement Annual Report

Chart 7: Group Revenue (N'bn)



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Competitive Advantage

Dangote Cement area of competitive advantage is centered on their strength/size, business integration and efficiency.

Strength

- Largest African manufacturer with strong local expertise and proven ability to enter and disrupt new markets
- Ability to procure plants and equipment at substantial discounts thereby increasing ROI
- Capacity to build larger, more efficient plants
- Able to fund and develop superior distribution and retail networks
- First position in SSA's cement market as well as having a strong potential for export to neighboring countries that lack limestone
- A strong balance sheet for cash generation for investments and dividends
- Excellent global and local credit ratings, low debt level despite huge various investments

Business Integration

- High levels of business integration which addresses many operational challenges in SSA, especially areas with poor power and fuel supply infrastructure
- Greater control of fuel supply through alternatives like own coal mining operations, thus improving fuel capacity, reducing disruptions and need for FX
- Built their own power generation facilities at plants where grid is unreliable or non-existent
- Large distribution fleets which addresses the lack of high quality logistics providers in much of SSA
- Own Academy which provides for enhanced specialized workforce skills for cement operations
- Self-sufficiency which helps them reduces loss of value to 3rd party outsourcing

Efficiency

- Larger scale plants enable significant cost efficiencies in manufacturing
- New plants which require less maintenance
- Modern technologies which reduces costs, improve energy efficiency
- Larger kilns which makes for thermally efficient and cleaner operations and working environment
- New mines that enable efficient mineral extraction at lower cost than older mines
- High level of process automation
- Loading bays are fully automated which increases throughput of trucks
- A strong focus on cost control
- Operate lean structures both in the head office and in administrative functions

Operating, Investment and Financing Cash Flows

Operating Cash Flow

For The Year Ended 31st December 2021	N' Billion
CASH FLOWS FROM OPERATING ACTIVITIES	2021
Profit before tax	538,366
Adjustments for:	
Depreciation & amortization	100,766
Write off and impairment of PPE	1,338
Reversal of impairment	-
Interest expense	56,326
Interest income	(20,765)
Net exchange gain/(loss) on borrowing and non-operating assets	7,924
Derivatives	(104)
Share of income from associates	(817)
Amortization of deferred revenue	227
Other provisions	379
Provisions for employee benefits	(362)
Other adjustments	-
Loss on disposal of PPE	(378)
Net Funds From Operations	682,900
Changes in working capital:	(60,853)
Change in inventories	(60,526)
Change in trade and other receivables	(11,173)
Change in trade and other payables	26,846
Change in prepayments and other current assets	(79,404)
Change in other current liabilities	63,404
Net Operating Cash Flow	622,047
Receipt from customers on finance lease trucks	8,070
Income tax paid	(33,408)
Net CashFlow from operating activities	596,709

Source: Dangote Cement Annual Report (2017-2021)

Investing Cash Flow

For the Year Ended 31st December 2021	N' Billion
CASH FLOWS FROM INVESTING ACTIVITIES	2021
Interest received	11,249
Acquisition of intangible assets	(848)
Decrease/(increase) in receivables from subsidiaries	-
Repayment of subsidiaries	-
Loan given to parent company	-
Loan repaid by parent company	20,000
Proceeds from PPE disposal	1,238
Acquisition of investment	-
Acquisition of PPE	(158,508)
Additions of PPE	(185,814)
Change in non-current prepayment	17,849
Net suppliers' credit (repaid)/ obtained	9,457
Net cash used in investing activities	(126,869)

Source: Dangote Cement Annual Report (2017-2021)

Financing Cash Flow

For The Year Ended 31st December 2021	N' Billion
CASH FLOWS FROM FINANCING ACTIVITIES	**2021**
Interest paid	(52,558)
Non-controlling shareholders contribution	-
Lease payment	(2,110)
Dividends paid	(272,005)
Loans obtained	329,115
Loans repaid	(324,831)
Net cash used in financing activities	(332,222)
(Decrease)/Increase in cash and cash equivalents	137,618
Effects of exchange rate changes	(15,289)
Cash and cash equivalents at year start	141,039
Cash and cash equivalents at year end	263,368

Source: Dangote Cement Annual Report (2017-2021)

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Cash Flow Story-Time Series Analysis

Cash Flow Statements for the Year Ended31st December2017- 31st December2021

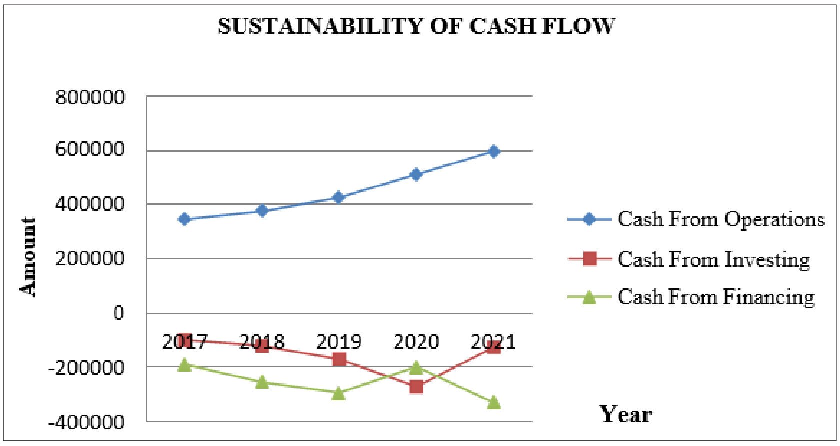
	N' Billion	N' Billion	N' Billion	N' Billion	N' Billion
	2021	2020	2019	2018	2017
Cash Flows from operating activities					
Profit before tax	538,366	373,310	250,479	300,806	289,590
Adjustments for:					
Depreciation & amortization	100,766	89,538	95,463	96,203	83,939
Write off and impairment of PPE	1,338	1,850	71	360	287
Reversal of impairment	-	-	-	-	-
Interest expense	56,326	43,971	43,829	41,413	52,101
Interest income	(20,765)	(13,183)	(7,610)	(11,323)	(9,136)
Net exchange gain/(loss) on borrowing and non-operating assets	7,924	(19,229)	9,841	(1,970)	(34,744)
Derivatives	(104)	104	-	-	-
Share of income from associates	(817)	(750)	(649)	(563)	(2,163)
Amortization of deferred revenue	227	(148)	(227)	(306)	(299)
Other provisions	379	4,365	931	(663)	72
Provisions for employee benefits	(362)	3,581	-	-	-
Other adjustments	-	118	-	-	-
Loss on disposal of PPE	(378)	4	130	459	58
Net Funds From Operations	682,900	483,531	392,258	424,416	379,701
Changes in working capital:	60,853)	(41,958)	34,391	(37,905)	(31,351)
Change in inventories	(60,526)	3,677	(7,942)	(11,997)	(11,691)
Change in trade and other receivables	(11,173)	(4,775)	14,467	(13,957)	(3,876)
Change in trade and other payables	26,846	51,446	68,618	(18,860)	2,616
Change in prepayments and other current assets	(79,404)	(51,519)	(27,159)	8,996	(33,622)
Change in other current liabilities	63,404	43,129	(13,593)	(5,594)	15,222
Net Operating Cash Flow	622,047	525,489	426,649	383,004	348,350
Receipt from customers on finance lease trucks	8,070	7,393	4,607	3,507	238
Income tax paid	(33,408)	(20,997)	(4,601)	(11,163)	(3,213)
Net Cash Flow from operating activities	596,709	511,885	426,115	375,348	345,375
Cash Flows from Investing activities					
Interest received	11,249	8,438	6,490	9,974	9,136
Acquisition of intangible assets	(848)	(551)	(220)	(796)	(1,639)
Decrease/(increase) in receivables from subsidiaries	-	-	-	-	-
Repayment of subsidiaries	-	-	-	-	-
Loan given to parent company	-	(70,000)	-	-	-
Loan repaid by parent company	20,000	-	-	-	-
Proceeds from PPE disposal	1,238				
Acquisition of investment	-	-	-	-	-
Acquisition of PPE	(158,508)	(210,370)	(177,042)	(131,045)	(107,953)
Additions of PPE	(185,814)	(224,005)	(174,952)	(88,623)	(85,621)
Change in non-current prepayment	17,849	14,452	10,593	(17,307)	(2,905)
Net suppliers' credit (repaid)/ obtained	9,457	(817)	(12,683)	(25,115)	(19,427)

Net cash used in investing activities	(126,869)	(272,483)	(170,802)	(121,867)	(100,456)
Cash Flows from Financing activities					
Interest paid	(52,558)	(48,288)	(34,842)	(45,782)	(48,358)
Non-controlling shareholders contribution	-	-	-	-	-
Lease payment	(2,110)	(1,202)	(967)	-	-
Dividends paid	(272,005)	(272,693)	(272,785)	(178,925)	(144,844)
Loans obtained	329,115	500,786	406,933	215,052	310,659
Loans repaid	(324,831)	(377,861)	(393,443)	(247,399)	(308,068)
Net cash used in financing activities	(332,222)	(199,258)	(295,104)	(257,054)	(190,611)
(Decrease)/Increase in cash and cash equivalents	137,618	40,144	(39,791)	(3,573)	54,308
Effects of exchange rate changes	(15,289)	(11,196)	(7,144)	844	(1,954)
Cash and cash equivalents at year start	141,039	112,091	159,026	161,755	109,401
Cash and cash equivalents at year end	263,368	141,039	112,091	159,026	161,755

Source: DANGOTE Cement Annual Audited Reports 2017-2021;(Investing.com, 2022)

The foregoing time series analysis indicates that Net funds from Operations showed an upward trend which is indicative of the increase in sales volume. Clearly a lot of investments were carried out by the firm across the years under review. However, in 2021 there was a drop in investment activities as indicated above which can be attributed to the refund of loan given out to the parent company in the preceding year. The negative values in the financing activities from the table above indicates huge cash outflow for the purposes of tranche 1& 2 share buy- back programme in 2021. There is also the additional ramping up of the 3Mta Okpella plant in Edo State for increased production.

Chart 8: Cash Flow from Operations, Investing and Financing



- From the chart above, Cash from Operations is clearly positive and, on the rise, this indicates a rise in operational expenses with a resultant increase in volume, sales and revenue.
- The dip in the years 2019 and 2020indicates that more investments were made as opposed to 2021.
- Cash from financing experienced an increase in the year 2021 an this is attributed to payments made towards share buyback programme and expansion of Okpella plant capacity.

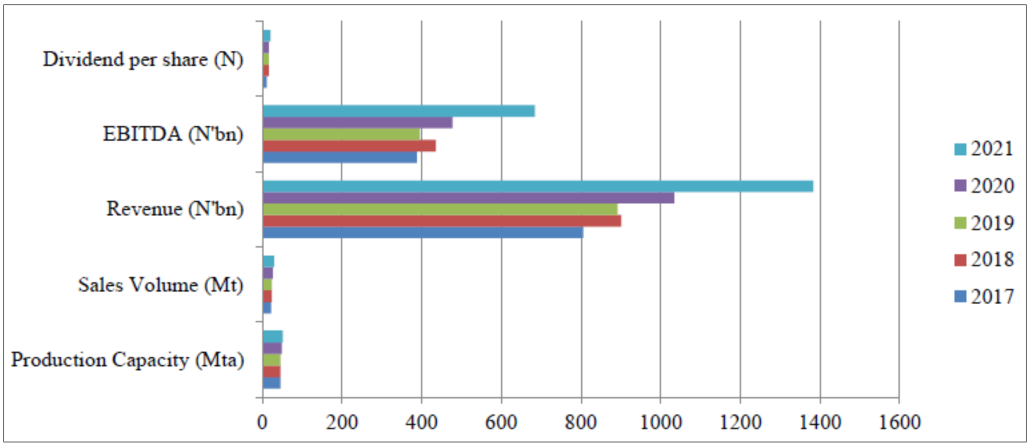
Financial Summary (Nigeria & SSA)
Financial sustainability has remained the cornerstone for the unprecedented growth and impacted achieved by DANGCEM over the years. As SSA's largest cement company, they have sustained high levels of financial performance enabled by disciplined business practices and sound investment strategies.

Table 7: Group Financial Summary

Ratios	2017	2018	2019	2020	2021
Production Capacity (Mta)	45.6Mta	45.6Mta	45.6Mta	48.6Mta	51.6Mta
Growth rate	+4.6%	+4.6%	+4.6		
Sales Volume (Mt)	21.9Mt	23.5Mt	23.6Mt	25.7Mt	29.3Mt
Growth rate	-7.0%	+7.4%	+ 7.45%	8.6%	
Revenue (N'Bn)	N805.6bn	N901.2bn	N891.7bn	N1,034.2bn	N1,383.6bn
Growth rate	31.0%	11.9%	1.1% down	16.0% up	33.8% up
EBITDA(N'Bn)	N388.1bn	N435.3bn	N395.4bn	N478.1bn	N684.6bn
EBITDA margin	48.2%	48.3%	44.3%	46.2%	43.2%
Net debt/EBITDA	0.52x	0.29x	0.58x	0.71x	0.33x
Dividend per share (N)	N10.50	N16.00	N16.00	N16.00	N20.00

Source: DANGOTE Cement Annual Audited Reports 2017-2021

Chart 9: Group Financial Summary



Revenue
Group revenue increased by 11.9% in 2018, this was driven by increased volumes and revenues per tonne in both the Nigerian and African operations. Increase in revenue was mainly as a result of the depreciation in the Naira, driving higher Naira values when revenue was converted into Naira, as well as price adjustments in some of the African countries. Notably, the exchange rate had an effect on revenue as the Naira traded at N359/$1 at the end of 2018 compared to N331/$1 at the end of 2017, a decline of 7.8%. In 2019, revenue reduced by 1.1% driven by reduced average net prices. The year 2020 saw an increase in revenue by 16.0% occasioned by higher volumes in sales due to promotional activities and an increase in real estate investments. There was a 33.8% increase in 2021 owing to high sales volume in Nigeria and Pan-Africa. Strong volume growth in Tanzania, Ethiopia and Congo were largely responsible for this high growth level.

Manufacturing and Operating Costs
Group manufacturing and operating costs increased, by 9.1% in 2018 mostly as a result of increased volumes in Nigeria. In 2019 these costs decreased by 0.9% as a result of reduced volumes in their Ghana, South Africa and Cameroon operations. Inflation and exchange rate differences resulted in an increase in Nigeria manufacturing costs and increased production costs in Tanzania, Congo and Sierra Leone was used to offset the general costs. General manufacturing costs increased in 2020 by 15.2% as a result of higher sales volume, general inflation and FX impacts on USD denominated expenses. MOC increased by 25.8% in 2021, this was as a result of volume growth and inflationary pressure in energy costs and gas costs which was pegged to the US$.

Administration and Selling Costs
This rose by 22.0% in 2018 mostly as a result of higher sales and associated distribution costs in Nigeria; export sales and haulage expenses. In 2019 this rose by13.4% mostly as a result of higher sales distribution costs in Nigeria and Pan Africa. Total selling and administration expenses decreased slightly by 0.2% in 2020 this was as result of increased improvement in efficiency and turnaround time in the production process. In 2021 ASC rose by 19.6% only, this was as a result of high haulage expenses predominantly driven by high volume rate in addition to other general administrative expenses.

Profitability
Group earnings before interest, tax, depreciation and amortization (EBITDA) increased by 12.1% at a margin of 48.3% in 2018 as a result of the increased volumes in Nigeria and better prices per tonnes achieved by Pan-African operations. In 2019, there was a

record 9.2% reduction due to higher level of discounts, additional marketing expenses and increase in haulage costs. There was a recorded increase to20.9% in 2020 as a result of the increased volumes in both Nigeria and Pan-Africa, the control of production costs and the reduction in selling and distribution costs in the Group. In 2021, group earnings increased by 43.2% because of the increased volumes in sales, higher realized prices and better fixed costs absorption.

Interest Income/expense

This recorded an increase of 23.9% in 2018 as a result of higher average cash balances and improved interest rates specifically in Nigeria and Ethiopia. The devaluation of the Naira from N331/$1 to N359/$1 resulted in exchange gains. In 2019 the Nigerian Naira was devalued from about ₦359/1US$ to ₦365/1US$, consequently interest income decreased by 32.8% as a result of reduced interest earning cash balances. The devaluation resulted in net exchange gains from inter-Group assets and liabilities that do not eliminate in full on consolidation in the Nigerian operations. This exchange gain was outweighed by the unrealized exchange losses from Pan-Africa operations that use the FCFA, Sierra Leonean Leone and the Ghana Cedi resulting in a net exchange loss. In 2020 the Nigerian Naira value against the US Dollar decreased from about ₦365/1$ to ₦400/1$, interest income increased mainly due to increased interest earning cash balances. This resulted in net exchange gains from inter-Group assets and liabilities that do not eliminate in full on consolidation in the Nigerian operations. The Nigerian Naira value against the US Dollar decreased from N401/$ to N424/$ in 2021. This resulted in exchange gains.

Business Cycle

Chart 9: Business Cycle for Dangote Cement (2017-2021)

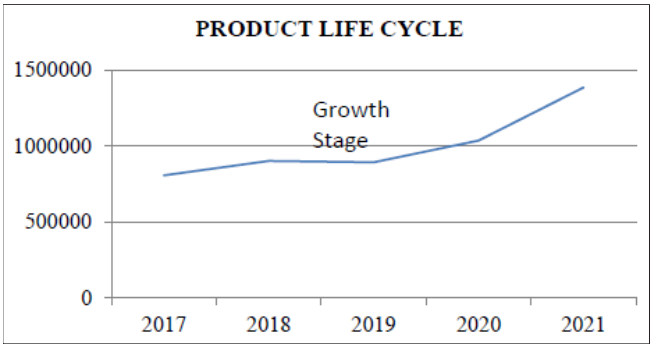


Table 8: Revenue for 5 years

Year	Amount
2017	805,582
2018	901,213
2019	891,671
2020	1,034,196
2021	1,383,637

Source: Wall Street Journal / Markets

The chart above for the given period shows that the life cycle of Dangote Cement is still at its growth stage.

Chart 10: Business Cycle for Dangote Cement (2012-2021)

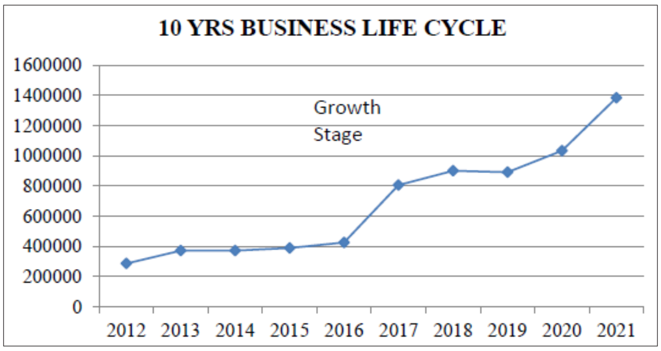


Table 9: Revenue for 10years

Year	Amount
2012	285,635
2013	371,552
2014	271,538
2015	389,215
2016	426,129
2017	805,582
2018	901,213
2019	891,671
2020	1,034,196
2021	1,383,637

The Chart for the 5-year business cycle clearly shows that Dangote Cement is very much on the growth stages. But a comparative analysis based on the 10-year business cycle above indicates a growing pattern specifically from 2016 to 2019 where it dropped and subsequently started growing. This also indicates that the business is still at its growth stage and is yet to reach maturity.

Citation: Silva Opuala-Charles, Lolo Edna Boma-Orawari, Mina Elsie L Udom, Nwaguru Peter Ozoemena and Increase I Boma-Orawari (2023) Entrepreneurial Financial Analysis of Dangote Cement: Current Performance and Future Projections. Journal of Economics & Management Research. SRC/JESMR-215.
DOI: doi.org/10.47363/JESMR/2023(4)180

Five Year Forecast Cash Flow Statement Using the Free Cash Flow Model

Cash Flow Statements for the Year Ended 31st December 2017- 31st December 2021

	N' Billion	N' Billion	N' Billion	N' Billion	N' Billion
	2021	2020	2019	2018	2017
Cash Flows from operating activities					
Profit before tax	538,366	373,310	250,479	300,806	289,590
Adjustments for:					
Depreciation & amortization	100,766	89,538	95,463	96,203	83,939
Write off and impairment of PPE	1,338	1,850	71	360	287
Reversal of impairment	-	-	-	-	-
Interest expense	56,326	43,971	43,829	41,413	52,101
Interest income	(20,765)	(13,183)	(7,610)	(11,323)	(9,136)
Net exchange gain/(loss) on borrowing and non-operating assets	7,924	(19,229)	9,841	(1,970)	(34,744)
Derivatives	(104)	104	-	-	-
Share of income from associates	(817)	(750)	(649)	(563)	(2,163)
Amortization of deferred revenue	227	(148)	(227)	(306)	(299)
Other provisions	379	4,365	931	(663)	72
Provisions for employee benefits	(362)	3,581	-	-	-
Other adjustments	-	118	-	-	-
Loss on disposal of PPE	(378)	4	130	459	58
Net Funds From Operations	682,900	483,531	392,258	424,416	379,701
Changes in working capital:	(60,853)	(41,958)	34,391	(37,905)	(31,351)
Change in inventories	(60,526)	3,677	(7,942)	(11,997)	(11,691)
Change in trade and other receivables	(11,173)	(4,775)	14,467	(13,957)	(3,876)
Change in trade and other payables	26,846	51,446	68,618	(18,860)	2,616
Change in prepayments and other current assets	(79,404)	(51,519)	(27,159)	8,996	(33,622)
Change in other current liabilities	63,404	43,129	(13,593)	(5,594)	15,222
Net Operating Cash Flow	622,047	525,489	426,649	383,004	348,350
Receipt from customers on finance lease trucks	8,070	7,393	4,607	3,507	238
Income tax paid	(33,408)	(20,997)	(4,601)	(11,163)	(3,213)
Net CashFlow from operating activities	596,709	511,885	426,115	375,348	345,375
Cash Flows from Investing activities					
Interest received	11,249	8,438	6,490	9,974	9,136
Acquisition of intangible assets	(848)	(551)	(220)	(796)	(1,639)
Decrease/(increase) in receivables from subsidiaries	-	-	-	-	-
Repayment of subsidiaries	-	-	-	-	-
Loan given to parent company	-	(70,000)	-	-	-
Loan repaid by parent company	20,000	-	-	-	-
Proceeds from PPE disposal	1,238				
Acquisition of investment	-	-	-	-	-
Acquisition of PPE	(158,508)	(210,370)	(177,042)	(131,045)	(107,953)
Additions of PPE	(185,814)	(224,005)	(174,952)	(88,623)	(85,621)
Change in non-current prepayment	17,849	14,452	10,593	(17,307)	(2,905)
Net suppliers' credit (repaid)/ obtained	9,457	(817)	(12,683)	(25,115)	(19,427)
Net cash used in investing activities	(126,869)	(272,483)	(170,802)	(121,867)	(100,456)

Cash Flows from Financing activities					
Interest paid	(52,558)	(48,288)	(34,842)	(45,782)	(48,358)
Non-controlling shareholders contribution	-	-	-	-	-
Lease payment	(2,110)	(1,202)	(967)	-	-
Dividends paid	(272,005)	(272,693)	(272,785)	(178,925)	(144,844)
Loans obtained	329,115	500,786	406,933	215,052	310,659
Loans repaid	(324,831)	(377,861)	(393,443)	(247,399)	(308,068)
Net cash used in financing activities	(332,222)	(199,258)	(295,104)	(257,054)	(190,611)
(Decrease)/Increase in cash and cash equivalents	137,618	40,144	(39,791)	(3,573)	54,308
Effects of exchange rate changes	(15,289)	(11,196)	(7,144)	844	(1,954)
Cash and cash equivalents at year start	141,039	112,091	159,026	161,755	109,401
Cash and cash equivalents at year end	263,368	141,039	112,091	159,026	161,755

Source: DANGOTE Cement Annual Audited Reports 2017-2021

Balance Sheet
(Financial Position as at 31st December, 2017 – 31st December, 2021)

Fiscal year is January-December. All values NGN Billions.	**2021**	**2020**	**2019**	**2018**	**2017**
ASSETS					
Non-current Assets					
Property, Plant and equipment (PPE)	1,472,859	1,390,687	1,206,749	1,171864	1,192,140
Intangible assets	5,122	4,554	3,663	5,969	6,355
Rights of use assets	18,566	12,594	11,956	-	-
Investment in subsidiaries	-	-	-	-	-
Investment in associate	6,528	5,711	4,961	4,312	3,749
Lease receivables	5,980	9,846	11,285	6,475	6,614
Deferred tax asset	5,163	11,708	44,768	40,622	30,625
Prepayments for PPE	4,759	37,213	51,233	36,383	16,101
Other receivables		-	-	-	-
Total non-current assets	1,518,977	1,472,313	1,334,615	1,265,625	1,255,584
Current Assets					
Inventories	167,205	108,270	114,806	106,998	94,594
Trade and other receivables	47,469	35,194	30,001	44,468	30,155
Prepayments and other current assets	311,722	248,561	127,042	101,883	115,496
Lease receivables	3,752	5,249	4,266	2,380	1,608
Current income tax receivables	3,051	7,029	6,718	6,213	59
Cash and bank balance	339,843	145,835	123,903	166,896	168,387
Total current assets	873,042	550,138	406,736	428,838	410,299
Total assets	2,392,019	2,022,451	1,741,351	1,694,463	1,665,883
LIABILITIES					
Current liabilities					
Trade and other payables	371,224	349,388	284,739	230,970	270,721
Lease liabilities	2,187	2,073	1,409	-	-
Current income tax payables	153,385	59,781	49,932	9,223	63,901
Financial liabilities	401,393	335,011	260,631	220,128	144,783
Derivatives	-	104	-	-	-
Other current liabilities	148,294	83,460	34,083	35,185	41,071

Total current liabilities	1,076,483	829,817	630,794	495,506	520,476
Non-current liabilities					
Deferred tax liabilities	135,003	122,980	93,841	83,350	116,898
Financial liabilities	176,562	158,908	107,279	125,725	242,894
Lease liabilities	8,019	7,772	7,447	-	-
Long term provisions and other charges	8,428	8,049	3,684	2,753	3,416
Retirement benefits obligation	3,219	3,581	-	-	-
Deferred revenue	636	374	369	516	839
Long term payables	-	-	-	-	-
Total non-current liabilities	331,867	301,664	212,620	212,344	364,047
Total liabilities	1,408,350	1,131,481	844,414	707,850	884,523
Net Assets	983,669	890,970	897,937	986,613	781,360
EQUITY					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Treasury shares	(9,833)	(9,833)	-	-	-
Capital contribution	2,877	2,877	2,877	2,877	2,877
Currency translation reserve	53,102	52,681	55,974	72,605	75,441
Employee benefit reserve	-	-	-	-	-
Retained earnings	868,274	779,271	776,839	848,695	639,462
Equity attributable to owners of the company	965,370	875,946	886,640	975,127	768,730
Non-controlling interest	18,299	15,024	11,297	11,486	12,630
Total Equity	983,699	890,970	897,937	986,613	781,360
Total equity and liabilities	2,392,019	2,022,451	1,741,351	1,694,463	1,665,883

(Dangote Cement, 2021)

Income Statement
(Profit or Loss for the Year ended 31st December 2017- 31st December2021)

Fiscal year is January-December. All values NGN Billions.	**N' Billion**	**N' Billion**	**N' Billion**	**N' Billion**	**N' Billion**
	2021	2020	2019	2018	2017
Revenue	1,383,637	1,034,196	891,671	901,213	805,582
Cost of Sales	(551,019)	(437,970)	(379,989)	(383,311)	(351,290)
Gross Profit	832,618	596,226	511,682	517,902	454,292
Total Operating Expenses					
Administrative expenses	(64,349)	(60,339)	(54,124)	(52,501)	(45,380)
Selling and distribution expenses	(191,658)	(153,719)	(160,645)	(136,925)	(109,917)
Other Expenses	(6,221)	(4,754)	(2,980)	(10,222)	(5,213)
Impairment of financial assets	(341)	(188)	190	-	-
Operating Profit / Income	582,491	386,734	299,893	338,698	304,208
Finance income- interest	20,765	29,814	7,610	11,323	35,936
Finance income- others	-	-	-	-	-
Finance Costs (net)	(65,707)	(43,988)	(57,673)	(49,778	(52,711)
Share of profit of Associates & JVs	817	750	649	563	2,167
Profit before tax	538,366	373,310	250,479	300,806	289,590
Income Tax (expense)/credit	(173,927)	(97,242)	(49,958)	89,519	(85,342)

Profit for the Period (NOPAT)	364,439	276,068	200,521	390,325	204,248
Profit for the year attributable to: Owners of the company Non-controlling interests	361,008 3,431	275,080 988	200,935 (414)	388,983 1,342	198,585 5,663
	364,439	276,068	200,521	390,325	204,248
Earnings per share (Naira)	21.24	16.14	11.79	22.83	11.65

Source: DANGOTE Cement Annual Audited Reports 2017-2021

Projected Five Year Income Statement and Balance Sheet
Dangote Cement Forecast

Table 10: Income Statement Forecast (2022-2026): Sales, NOPT, Net Interest Expense, and Net Profit
Condensed Financial Statement Forecasting (2022-2026)

Fiscal Year: Jan-Dec. All values in Naira	NGN Billions. 2021	NGN Billions. 2022	NGN Billions. 2023	NGN Billions. 2024	NGN Billions. 2025	NGN Billions. 2026
Revenue	1,383,637	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584
Cost of Goods Sold	(551,019)	606,601	619,868	645,319	674,968	707,367
Gross Profits Margin	832,618	836,848	869,484	906,586	946,772	992,217
Operating Expenses						
- Admin Expenses	(64,349)	61,638	59,574	57,420	55,139	52,687
-Sale &Distribution costs	(191,658)	191,365	191,382	191,660	192,176	192,903
Op Income/ Profit	582,491	583,845	618,528	657,506	699,457	746,627
-Income Tax	(173,927)	204,346	210,300	223,552	237,815	253,853
NOPAT	364,439	379,499	408,228	433,954	461,642	492,774
RATIOS						
Revenue Growth	3.6%	3.6%	3.9%	4.2%	4.5%	4.8%
Gross Margin Percentage	58.38%	58.38%	58.38%	58.38%	58.38%	58.38%
Operating expenses to revenue:						
-Admin Expenses	4.6%	4.3%	4%	3.7%	3.4%	3.1%
-Sale& Distribution Costs	13.9%	13.4%	12.9%	12.4%	11.9%	11.4%
-Other Expenses						
Effective Income Tax	32%	35%	34%	34%	34%	34%

(Dangote Cement, 2021) and Authors Computation

Table 11: Balance Sheet Forecast (2022-2026): Net Working Capital, Net Operating assets, Net debt, shareholders' equity

Fiscal Year: Jan-Dec. All values in Naira	NGN Billions. 2021	NGN Billions. 2022	NGN Billions. 2023	NGN Billions. 2024	NGN Billions. 2025	NGN Billions. 2026
Revenue	1,383,637	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584
Cost of Goods Sold	(551,019)	606,602	619,869	645,319	674,969	707,367
Gross Margin	832,618	836,848	869,484	906,586	946,772	992,217
Operating Expenses						
- Admin Expenses	(64,349)	61,638	59,574	57,420	55,139	52,687
-Sale &Distribution costs	(191,658)	191,365	191,382	191,660	192,176	192,903
Op Income/ Profit	582,491	583,845	618,528	657,506	699,457	746,627
-Income Tax	(173,927)	204,346	210,300	223,552	237,815	253,853
NOPAT	364,439	379,499	408,228	433,954	461,642	492,774
Depreciation &Amortization	100,766	109,266	115,266	121,266	127,266	133,266
Change in Working Capital	60,853	8,468	8,944	9,383	9,777	10,120
RATIOS						
Revenue Growth	3.6%	3.6%	3.9%	4.2%	4.5%	4.8%
Gross Margin Percentage	58.38%	58.38%	58.38%	58.38%	58.38%	58.38%
Operating expenses to revenue:						
-Admin Expenses	4.6%	4.3%	4%	3.7%	3.4%	3.1%
-Sale& Distribution Costs	13.85%	13.35	12.85	12.35	11.85	11.35
-Other Expenses						
Effective Income Tax	32.3%	35%	34%	34%	34%	34%
Change in Depreciation	11,228	8,500	6,000	6,000	6,000	6,000
Incremental working capital Ratio (w)	17.4%	17%	16%	15%	14%	13%

(Dangote Cement, 2021) and Authors Computation

Table 12: Cash Flow Statement Forecast: Net Profit (Net Operating profit after tax), changes in net working capital, change in net non-current assets, and change in net debts

Fiscal Year: Jan-Dec. All values in Naira	NGN Billions. 2021	NGN Billions. 2022	NGN Billions. 2023	NGN Billions. 2024	NGN Billions. 2025	NGN Billions. 2026
Revenue	1,383,637	1,433,449	1,489,352.39	1,551,905.19	1,621,741	1,699,584
Cost of Goods Sold	(551,019)	606,602	619,869	645,319	674,969	707,367
Gross Margin	832,618	836,848	869,484	906,586	946,772	992,217
Operating Expenses						
- Admin Expenses	(64,349)	61,638	59,574	57,420	55,139	52,687
-Sale &Distribution costs	(191,658)	191,365	191,382	191,660	192,176	192,903
Op Income/ Profit	582,491	583,845	618,528	657,506	699,457	746,627
-Income Tax	(173,927)	204,346	210,300	223,552	237,815	253,853
NOPAT	364,439	379,499	408,228	433,954	461,642	492,774
Depreciation &Amortization	100,766	109,266	115,266	121,266	127,266	133,266
Changes in Working Capital	60,853	8,468	8,944	9,383	9,777	10,120
CAPEX	186,662	-120,225	-126,966	-132,526	-139,138	-145,721
FCF	377,008		405,472	432,077	459,547	490,439
RATIOS						

Revenue Growth	3.6%	3.6%	3.9%	4.2%	4.5%	4.8%
Gross Margin Percentage	58.38%	58.38%	58.38%	58.38%	58.38%	58.38%
Revenue:						
-Admin Expenses	4.6%	4.3%	4%	3.7%	3.4%	3.1%
-Sale& Distribution Costs	13.85%	13.35	12.85	12.35	11.85	11.35
-Other Expenses						
Effective Income Tax	32.3%	35%	34%	34%	34%	34%
Change in Depreciation	11,228	8,500	6,000	6000	6,000	6000
Incremental Working Capital Ratio (*w*)	17.4%	17%	16%	15%	14%	13%
Incremental Fixed Capital Ratio (*f*)	24.5%	22%	21%	18%	17%	16%

(Dangote Cement, 2021) and Authors Computation

Projected Financial Plan for DANGCEM (2022-2026)
Projected Revenues

The Assumptions adopted are based on ratios on selected line items and working with both historical data and World Bank projection the following assumptions were made;

Table 13: Projected Revenues Statement

DANGOTE CEMENT(DANGCEM) All Values in Naira (Billions)					
Analysis of revenue					
	2022	2023	2024	2025	2026
Cement	N	N	N	N	N
Sale of finished goods (revenue)	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584

Assumptions
Revenue Growth (GST)
Where (GST) Growth rate for 2022 in Sub Saharan Africa is 3.6% [5]; 2023 & 2024 is projected at 3.9% and 4.2 respectively [5] whilst further projections on revenue growth ratios are made by the researchers at an annual growth rate of 0.03%
REVt= REVt-1X (1+GST). Thus, forecasted REV2022=REV2021 x (1 +3.6)

Projected Income
Table 14: Projected Income Statement

DANGOTE CEMENT(DANGCEM)					
INCOME &EXPENDITURE ACCOUNT					
	2022	2023	2024	2025	2026
Income	NGN' Billions	NGN' Billions	NGN' Billions	NGN' Billions	NGN' Billions
Revenue From Sale Of Finished Goods	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584
Total	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584
Operating Expenses					
- Admin Expenses	61,638	59,574	57,420	55,139	52,687
-Sale &Distribution costs	191,365	191,382	191,660	192,176	192,903
Total Expenditure	253,003	250,956	249,080		
Profit/(Loss) Before Tax	583,845	618,528	657,506	699,457	746,627

Tax	(204,346)	(210,300)	(223,552)	(237,815)	(253,853)
Profit(Loss) After Tax	379,499	408,228	433,954	461,642	492,774

Assumptions
Gross Margin percentage (GM)
Based on historical data on Net revenue and cost of sales from the previous year 2021, gross margin percentage is derived. This is adopted and applied using the same gross margin percentage across the five-year projections and Gross Margin is Net Revenue less Cost of sales

GMT = GMt/REVt;
Projected Cash Flow

Table 15: Projected Cash Flow Statement

DANGOTE CEMENT(DANGCEM)					
Cash Flow Projections					
	2022	2023	2024	2025	2026
	NGN' Billions	NGN' Billions	NGN' Billions	NGN' Billions	NGN' Billions
Cash Inflow					
Equity	-	-	-	-	-
Revenue from Sale of Finished Goods-	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584
Total Cash Inflow	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584
Cash Outflow					
- Admin Expenses	61,638	59,574	57,420	55,139	52,687
-Sale &Distribution costs	191,365	191,382	191,660	192,176	192,903
Tax Paid		204,346	210,300	223,552	237,815
CAPEX	120,225	126,966	132,526	139,138	145,721
Total Cash Outflow	373,228	582,268	591,906	610,005	629,126
Net Cash Flows	1,060.,221	907,084	959,999	1,011,736	1,070,458
Balance B/F	-	1,060,221	1,967,305	2,927,304	3,939,040
Cash & Cash Equivalent	1,060,221	1,967,305	2,927,304	3,939,040	5,009,498

Assumptions
Operating Expenses to revenue
For Operating Expenses, ratios adopted are based on historical showing fluctuations in operating costs margins, due to high energy costs, high fluctuation in the foreign exchange. Thus, an average annual projected decreased rate of 0.3% on operating costs is adopted for Administration & General Costs ratio of the previous year 2021 and applied on projected five years, whilst Sales and Distribution ratio also from the previous year of 2021 an average annual projected decreased rate of (-0.5%) is adopted based on the new investment in petroleum refinery which should greatly reduce energy costs in the foreseeable future.
Opexmt=Op.Exp.t/REVt; Op. Exp.t=REVt x Opexmt

Effective Income Tax
This is ratio of Income tax and earnings before tax (EBTt). Thus, from historical data, a reduced flat estimate of 1% from Yr 2021 Effective income tax ratio was assumed and adopted across the five-year projections
Etrt=income Taxt/EBTt TAXt=Op.Inc.t xetrt

Change in Working Capital (WCt) is calculated as a percentage on the changes in sales/revenues (REVt) and adopts the Incremental Working Capital ratio (w) which is derived from historical data. Thus, we assume and project changes in WC at about 17% in 2022 and then declining to 13% across the other remaining years.
Wt= WCt/ (REVt- REVt-1)
WCt= (REVt- REVt-1)x Wt

Capital Expenditure (CAPEXt) represents additions to property, plant and Equipment (PPE) and assumptions were made by forecasting on Capital expenditure expansion ft (REVt-REVt-1) and adopts the Incremental Fixed Capital ratio (f) which is derived from historical data. Thus, we project CAPEX at an increasing outflow from 120,225 in 2022 to 145,721 at the end of the fifth year with an Incremental Fixed Capital ratio (f) from a ratio of 22% in 2022 and gradually reducing to 16%.

Ft= (CAPEXt - DAt)/(REVt-REVt-1) CAPEXt=DAt+ft x (REVt-REVt-1)

Projected Balance Sheet

Table 16: Projected Balance Sheet Statement

DANGOTE CEMENT(DANGCEM)					
Balance Sheet Projections					
	2022	2023	2024	2025	2026
	NGN' Billions	NGN' Billions	NGN' Billions	NGN' Billions	NGN' Billions
Fixed Asset (Cost)Capex	120,225	126,966	132,526	139,138	145,721
Accumulated Depreciation	109,266	115,266	121,266	127,266	133,266
Fixed Asset (Net Book Value)	229,491	242,232	253,792	266,404	278,987
Current assets					
Debtors(Credit Sales/COGS)	606,601.48	619,868.46	645,319.14	674,968.57	707,367.06
Cash/Bank(Net Cash Flow)	1,060,221	1,967,305	2,927,304	3,939,040	5,009,498
Total Current Asset	1,666,823	2,587,174	3,572,623	4,614,009	6,424,232
Current Liabilities					
Tax payable	204,346	210,300	223,552	237,815	253,853
Total Liabilities	(204,346)	(210,300)	(223,552)	(237,815)	(253,853)
Working Capital	8,468	8,944	9,383	9,777	10,120
Net Assets	1,896,314	2,829,406	3,826,419	4,880,413	6,703,321
Financed By	2,275,813	3,237,634	4,260,373	5,342,055	7,196,095

Assumptions
Change in Depreciation
A look at historical data, showed a marginal increase annually, thus the Change in Depreciation is projected at 8,500 in 2022 and then projected at a stable change of 6000 across the other remaining four years.
DEPRt=DAt-DAt-1

Discounted Cash Flow Valuation for The Projected Free Cash Flow Statement

Table 17: Discounted Cash Flow

Performance Indices					
Internal Rate of Returns (IRR)					
Description	2022	2023	2024	2025	2026
Cash Flows (Yr.6 proceeds discounted cash flows to infinity @30% cost of capital)	1,102,609	881,251	706,427	567,772	457,698
Summary – Performance Table					
	2022	2023	2024	2025	2026
Turnover	1,433,449	1,489,352	1,551,905	1,621,741	1,699,584
Gross Profits	836,848	869,484	906,586	946,772	992,217
Gross Profit Margins	58.38%	58.38%	58.38%	58.38%	58.38%
Net Profits before Tax	583,845	618,528	657,506	699,457	746,627
Net Profit Margin	26.48%	27.41%	27.97%	28.47%	29%
Cash in/outflows	993,669	890,970	897,937	986,613	781,360

Business IRR					
Net Present Value of cash flows (NPV)	1,102,609	881,250	706,427	567,772	547,698
	2022	2023	2024	2025	2026
DCF @20%	1,194,491	1,034,206	898,087	782,166	683,063

A Report on Dangote Cement's Current and Forecasted Future Performance

Sequel to our assignment to undertake a study of the "Financial Analysis, Forecasting and Projected Revenue Performance' of DANGCEM covering a 5-year period of (2022-2026), a forecasted and projected revenue with reference to historical analysis of previous 5 – period (2017-2021) was prepared the summary of the report is detailed below.

1. Our analysis model for the financial performance of Dangote Cement took into consideration three major indicators namely: Productivity, Sales Volume and Profitability. And we found out that the strategic implementation of these factors have positively impacted the financial performance of the company within the period under review.
2. From the above analysis we can deduce that company displays healthy revenue consistent with the volume of sales as a group, although in some cases some branches do perform below par. Generally, the company's performance is above par judging from the performance data in Table 17.
3. The IRR shows an increase in projected turnover and gross profit indicative of a healthy performance for the next 5 years.
4. However, we advise that the Board keeps an eye on all the pillars of growth of the company (market share, profitability, capital size and competitive advantage) against the possible onslaught of foreign investors in the cement industry in Africa.

On a general note therefore, we believe that the various indices of growth and sustainability of the company are in good stead and should be maintained as a going concern. Baring all risk factors usually associated with similar businesses (Price fluctuations, declining business cycle and increase in cost of operations), Dangote Cement should continuously use new markets and pricing strategy to lift her financial performance as it were [5-9].

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