



Credit Rating Announcement

GCR assigns a national scale long term Issue rating of AA^{+(NG)} to Dangote Cement Plc's N116bn Series 2 (Tranches A–C) Senior Unsecured Bonds Issue, Outlook Stable.

Rating Action

Lagos, Nigeria, 6 July 2022 – GCR Ratings ("GCR") has assigned a national scale long term Issue rating of AA^{+(NG)} to Dangote Cement Plc's N116bn Series 2 (Tranches A–C) Senior Unsecured Bonds. The Outlook on the rating is Stable.

Rated Issue	Rating class	Rating scale	Rating	Outlook
N4.269bn 11.85% Series 2 Tranche A	Long Term Issue	National	AA ^{+(NG)}	Stable
N23.335bn 12.35% Series 2 Tranche B	Long Term Issue	National	AA ^{+(NG)}	Stable
N88.396bn 13.00% Series 2 Tranche C	Long Term Issue	National	AA ^{+(NG)}	Stable

Rating Rationale

The Issuer, Dangote Cement Plc ("DCP"), is Africa's leading integrated cement manufacturer, with a combined installed capacity of 48.6 million tonnes per annum across ten countries. GCR revised the Issuer's national scale long-term Issuer rating to AA^{+(NG)} in April 2022, from AAA^(NG) previously, and affirmed the short-term Issuer rating at A1^{+(NG)}, with the Outlook accorded as Stable. This followed the review of Dangote Industries Limited ("DIL" or "the Group"), the parent company, which created a group ratings cap at the AA^{+(NG)}.

DCP registered a N300bn Multi-Instrument Bond Programme ("the MIB Programme") with the Securities and Exchange Commission in May 2021, and subsequently raised an initial N50bn in Series 1 (Tranches A-C) Senior Unsecured Bonds Issue. The Issuer has now raised an additional N116bn in Series 2 Fixed Rate Senior Unsecured Bonds Issue under the MIB Programme, with the following tranches:

- Tranche A – 11.85% N4.269bn, with a tenor of five years, and maturity in April 2027,
- Tranche B – 12.35% N23.335bn, with a tenor of seven years, and maturity in April 2029,
- Tranche C – 13.00% N88.396bn, with a tenor of ten years, and maturity in April 2022.

Unless previously redeemed, the principal repayment on the each of the tranches shall be settled in full at maturity date. Coupon shall accrue from the issue date and will be payable semi-annually in arrears on each coupon payment date till the maturity date. The Bonds constitute direct, unconditional, senior, unsubordinated, and unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The Bonds' net proceeds are being utilised for the Issuer's expansion projects in Nigeria, refinancing of short-term debts and working capital funding.

Being senior unsecured debt, the Series 2 (Tranches A-C) Bonds rank pari passu with all other senior unsecured creditors of the Issuer. As such, the Bonds bear the same national scale long term rating as that accorded to the Issuer.

Outlook Statement

The Stable Outlook reflects GCR's view of DCP's robust earnings and strong cash flows, which serves to moderate the impact of any external shocks.

Rating Triggers

Given that the rating is intrinsically linked to the Issuer's long-term rating, any change in the rating assigned to the Issuer will directly affect the Bonds rating.

Analytical Contacts

Primary analyst Lagos, Nigeria	Femi Atere Femi@GCRratings.com	Senior Analyst +234 1 9049462
Committee chair Johannesburg, ZA	Eyal Shevel Shevel@GCRratings.com	Sector Head: Corporate Ratings +27 11 784 1771

Related Criteria and Research

Criteria for the GCR Ratings Framework, January 2022
Criteria for Rating Corporate Entities, January 2022
GCR Ratings Scales, Symbols & Definitions, May 2019
GCR's Country Risk Score report, June 2022
GCR Nigeria Corporate Sector Risk Scores, April 2022
Dangote Cement Plc Issuer rating announcement April 2022

Ratings History

Dangote Cement Plc's N50bn Series 2 Senior Secured Bonds Issue

Rating class	Review	Rating scale	Rating	Outlook	Date
N4.269bn Series 2 Tranche A	Initial/ Last	National	AA+(NG)(IR)	Stable	April 2022
N23.335bn Series 2 Tranche B	Initial/ Last	National	AA+(NG)(IR)	Stable	April 2022
N88.396bn Series 2 Tranche C	Initial/ Last	National	AA+(NG)(IR)	Stable	April 2022

Glossary

Bond	A long-term debt instrument issued by either a company, institution, or the government to raise funds.
Bondholder	Investor of capital market securities
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Coupon	The interest paid on a bond expressed as a percentage of the face value. If a bond carries a fixed coupon, the interest is usually paid on an annual or semi-annual basis. The term also refers to the detachable certificate entitling the bearer to the interest payment.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Indicative Rating	An indicative Rating is denoted by an 'IR' suffix to indicate that a credit rating has been accorded based on review of final draft documentation and expectations regarding final documentation.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Issuer	The party indebted or the person making repayments for its borrowings.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Maturity	The length of time between the issue of a bond or other security and the date on which it becomes payable in full.
Principal	The total amount borrowed or lent, e.g. the face value of a bond, excluding interest.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Senior	A security that has a higher repayment priority than junior securities.
Surveillance	Process of monitoring a transaction according to triggers, covenants and key performance indicators.
Transaction	A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance programme that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the programme terms and conditions.
Trust	A third party that acts in the best interest of another party, according to the trust deed, usually the investors. Owner of a securitisation vehicle that acts in the best interest of the Noteholders.

SALIENT POINTS OF ACCORDED RATINGS

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit rating has been disclosed to Dangote Cement Plc. The rating above was solicited by, or on behalf of, the rated entity, and therefore, GCR has been compensated for the provision of the rating.

Dangote Cement Plc participated in the rating process *via* tele-conferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from Dangote Cement Plc and other reliable third parties to accord the credit rating included:

- 2021 audited annual financial statements, and prior four years annual financial statements;
- Three months management accounts to 31 March 2021;
- Industry comparative data and regulatory framework and a breakdown of facilities available and related counterparties;
- Executed Shelf Prospectus
- Executed Programme Trust Deed
- Executed Series 2 (Tranches A-C) Pricing Supplements
- Executed Series 2 Tranches (A-C) Trust Deeds

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