

The Dangote Petroleum Refinery has assured prospective investors of dollar-denominated dividends from its upcoming Initial Public Offering (IPO), saying the offer comes without the construction risks associated with investing in a project still under development.

The assurance was given by the Vice President, Oil and Gas, Dangote Industries Limited, Devakumar Edwin, during a press engagement at the Dangote Refinery Complex in Ibeju-Lekki, Lagos.

Edwin said the decision to take the refinery public after completing construction and commencing profitable operations was intended to reduce risks for investors.

According to him, unlike companies that raise funds during the project-development stage, Dangote Industries completes its projects, begins operations and records profits before offering shares to the public.

He said the refinery had already released its first six months of operational results, giving prospective investors an opportunity to assess its performance.

On returns, Edwin said Dangote Petroleum Refinery President and Chief Executive, Aliko Dangote, had assured investors that dividends would be paid in dollars, supported by the refinery's foreign exchange earnings from exports.

He disclosed that about 50 per cent of the refinery's current production is exported, while products from the planned 700,000 barrels-per-day expansion train would be produced exclusively for export.

Edwin said the expansion would significantly increase the company's foreign exchange earnings, particularly as domestic demand for petrol, diesel and jet fuel is not expected to grow substantially in the short term.

He also said the company expects to maintain sustainable dividend payments by distributing profits that are not reinvested into expansion.

The executive further said the company plans to achieve uniform petrol prices across Nigeria by using its fleet of more than 4,000 trucks to distribute products nationwide while absorbing transportation costs. He defended the refinery's current pricing, saying petrol prices in Nigeria remained lower than those in some neighbouring coastal countries.

On profitability, Edwin said fluctuations in crude oil prices would not directly affect the refinery's profit margin because the business operates on a margin-based model. He explained that product prices would adjust with changes in crude prices while the refinery maintains its targeted margin.

Meanwhile, the public offer has generated widespread discussion on social media, with Nigerians using memes and jokes to portray themselves as new "business partners" of Dangote after purchasing shares.

The increased attention has also exposed more Nigerians, including potential first-time investors, to conversations around share ownership, dividends and corporate performance. The IPO is targeting about 10 million retail shareholders, with a minimum subscription of 5,250 shares.

The offer involves 4.1 billion shares and is expected to raise approximately N2.15 trillion, with proceeds expected to support the refinery's expansion from its current 700,000 barrels-per-day capacity towards 1.4 million barrels per day. Investment analysts have also pointed to the potential of the offer to introduce a large number of new investors to Nigeria's capital market.

However, while successful subscribers will become shareholders, the public offer does not transfer control of the refinery to retail investors, while dividends are not guaranteed and the value of shares may rise or fall after listing.