



# Dangote Cement Plc: 2011 H1 Result Presentation

September 2011



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## PROFILE

- The leading Nigerian cement company with Pan-African expansion plans
- Market share of over 50% based on 2010 consumption data
- Key assets strategically located across Nigeria
- Strong distribution and logistics platform
- State of the art production facilities with state of the art technology
- Owns the largest plant in Sub-Saharan Africa being expanded to be one of the largest in the world
- Total cement capacity of 26 million Mtpa by 2011
- In October 2010, Dangote Cement Plc merged with Benue Cement Company Plc (“BCC”) and the enlarged entity is currently listed on Nigerian Stock Exchange

## KEY BUSINESS LINES

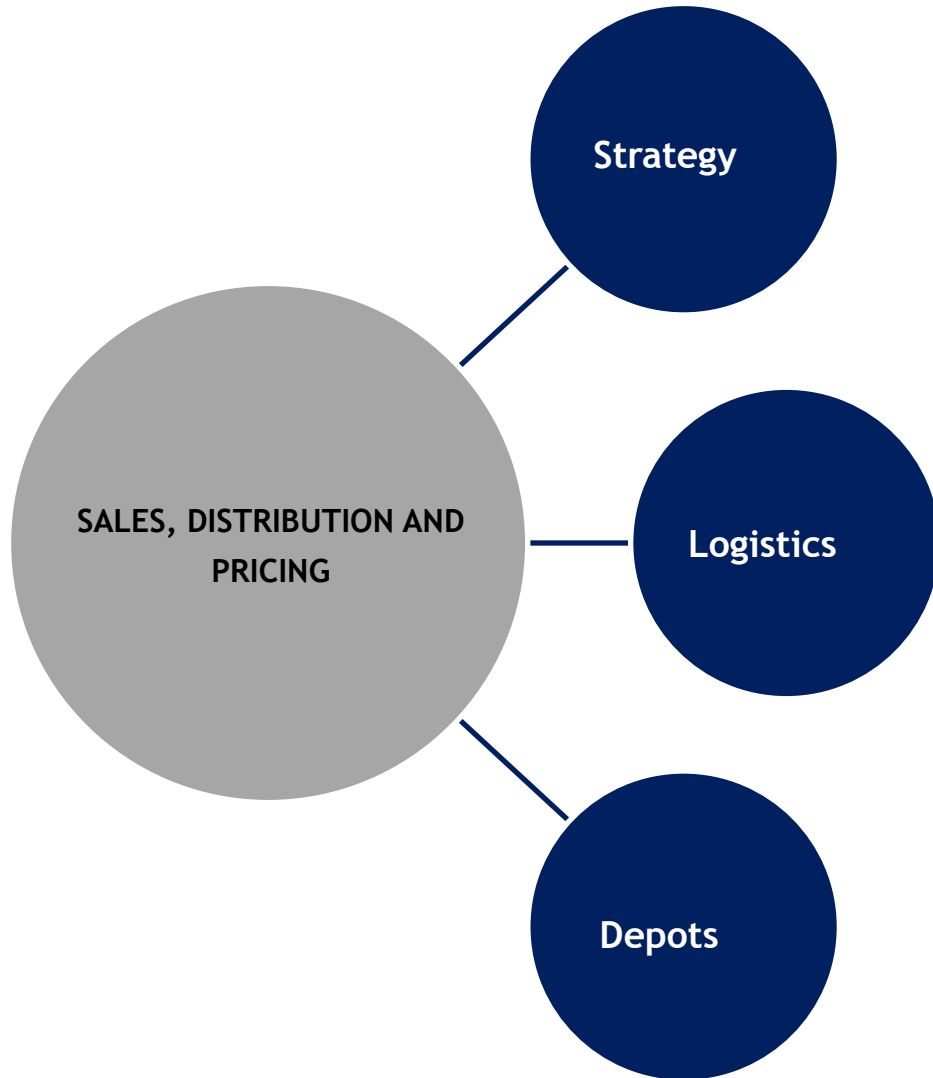
- Cement Production Plants: Obajana, Gboko, Ibese (Project)
- Cement Terminals: Lagos, Port Harcourt

## GEOGRAPHICAL PRESENCE

- Nigeria: Kogi, Benue, Ogun, Lagos, Rivers

## CORE VALUES

- Customer Service
- Entrepreneurship
- Excellence
- Leadership



- Sales are done wholesale, either ex-plant or ex-depot; pricing is a function of demand and supply dynamics
- DCP has a relationship with all major cement distributors in Nigeria
- All sales are on a cash basis.

- Ensures all strategic markets have access to products
- Transportation of cement from plants to depots
- DCP has about 2,500 trucks allocated to various plants, a key competitive advantage over industry peers
- Trucks are run by experienced fleet managers

- Cement bags are transferred from the plants to the depots for pick up
- 48 Depots in Nigeria widely distributed regionally and represented in 29 states and the FCT
- Lagos/SW: 22 Depots; Abuja/NC: 4 Depots; NW/NE: 10 Depots; SE/SS: 12 Depots

# DCP 2011 H1 Financial Performance - '10 H1 Actual Vs '11 H1 Actual

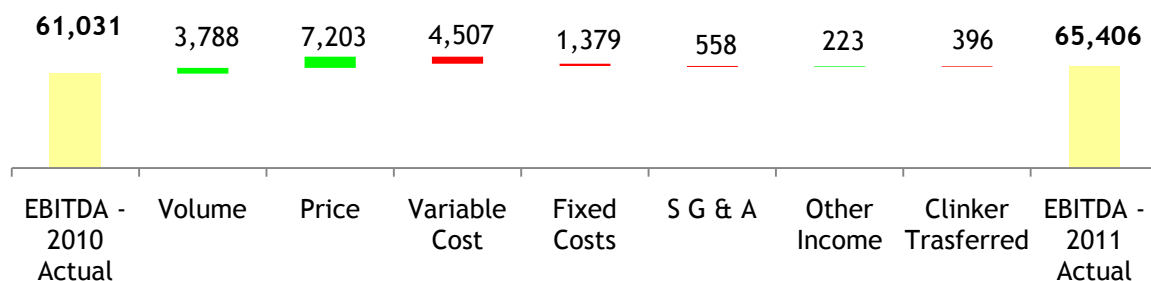
## Dangote Cement Plc

		2010 H1 Actual	2011 H1 Actual	2010 Variance
Sales Volume	kt	3,937	4,157	6%
Sales Revenue	MNGN	99,957	112,733	13%
Sales Revenue	Naira/t	25,388	27,121	
Gross Operating Profit (EBITDA)	MNGN	61,031	65,406	7%
Gross Operating Profit (EBITDA)	Naira/t	15,501	15,735	
Gross Operating Profit (Margin)	%	61.1%	58.0%	
Operating Profit (EBIT)	MNGN	54,039	58,168	8%
Operating Profit (EBIT)	Naira/t	13,725	13,994	
Operating Profit (Margin)	%	54.1%	51.6%	
Financial Income/(Expense) - Net	MNGN	73	393	
Profit/(Loss) Before Taxation	MNGN	54,113	58,562	8%
Taxation	MNGN	(1,140)	(867)	
Profit/(Loss) After Taxation	MNGN	52,973	57,695	9%

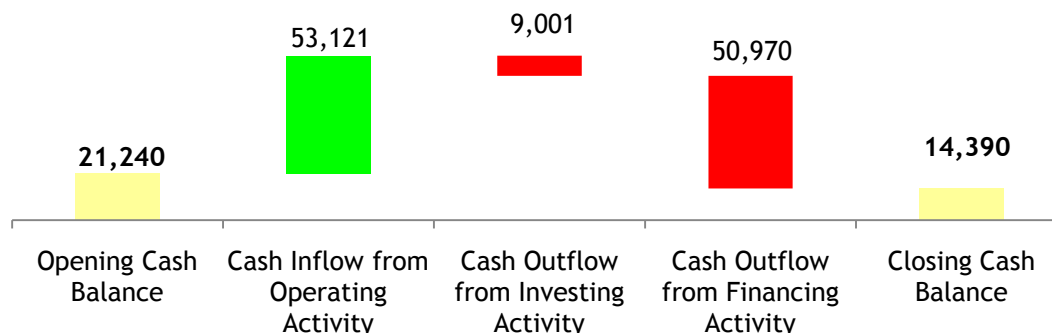
## KEY HIGHLIGHTS

- Negative variance on variable cost is due to increase in the prices of input fuel costs and tariff on imported bulk cement. LPFO and Ago prices increased significantly during the period. Tariff on imported cement increased effectively from 5% to 35% of CIF
- Compared with 2010 H1, 13% increase in sales (representing additional 220 kt of cement despatched) contributed N3.8 billion to 2011 H1 Gross Operating Profit.
- We expect the improved availability of gas to remain in 2011.
- Selling price for the first half of 2011 was relatively high at average of N27,100/ton. This has however been tempered down by 5% in late June 2011 to average of N25,715
- Price is expected to remain stable at the current level for the rest of 2011.

## 2010 H1 Actual Vs 2011 H1 Actual (MNGN)



2011 H1 Cash Flow Analysis (MNGN)



## KEY HIGHLIGHTS

- Cash outflow from financing activity includes N34.86billion dividend payment and N15.4 billion term loan repayment during the period.

DCP Balance Sheet

	Unit	Dec-10	Jun-11
<b>FIXED ASSETS</b>			
Tangible Assets	MNGN	285,443	288,198
Long Term Investments	MNGN	0.05	0.05
	<b>MNGN</b>	<b>285,443</b>	<b>288,198</b>
<b>CURRENT ASSETS</b>	<b>MNGN</b>	<b>116,597</b>	<b>116,533</b>
<b>CURRENT LIABILITIES</b>	<b>MNGN</b>	<b>89,861</b>	<b>60,602</b>
<b>NET CURRENT ASSETS/(LIABS)</b>	<b>MNGN</b>	<b>26,737</b>	<b>55,932</b>
<b>LONG TERM LIABILITIES</b>	<b>MNGN</b>	<b>100,670</b>	<b>109,788</b>
<b>NET ASSETS</b>	<b>MNGN</b>	<b>211,509</b>	<b>234,342</b>
<b>SHARE CAPITAL &amp; RESERVES</b>	<b>MNGN</b>	<b>211,509</b>	<b>234,342</b>

## Key Balance Sheet Ratios:

Sales -To- Asset	0.50	0.56
Debt to EBITDA	1.20	0.82
Long Term Debt-to-Equity Ratio	0.46	0.51
Return on Equity	50%	49%
Return on Asset	26%	29%

- Key overall long term driver for the industry is growth in GDP/capital, population and infrastructure investment
- DCP is implementing an additional 9M Mtpa increase in plant capacity due by 2015
- This will bring the total capacity to 29M Mtpa
- Our main priority this year is - completion of the 12M Mtpa capacity.

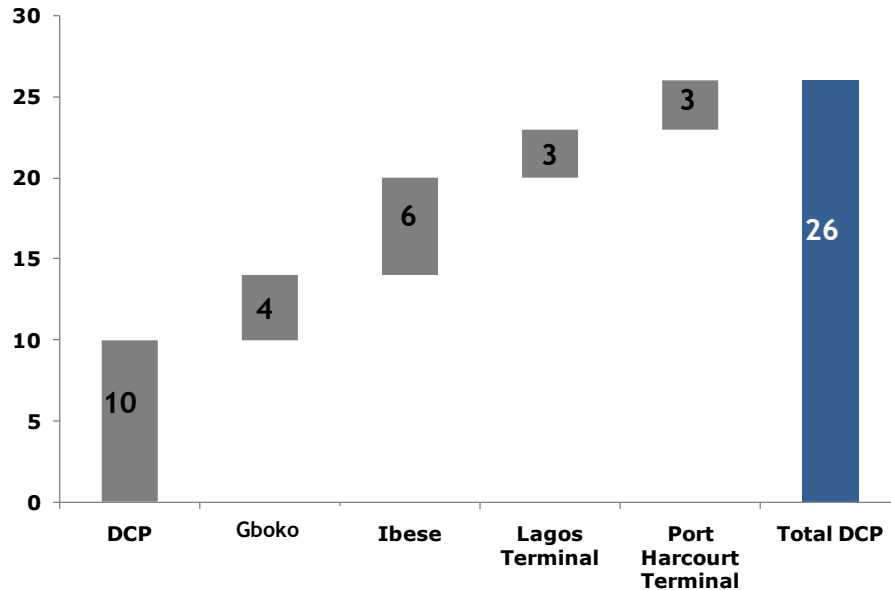
- Africa represents a phenomenal growth potential with a total planned capacity expansion of 18M Mtpa into other Sub-Saharan African countries.
- DCP is positioned through its current terminals to export to other West African countries
- Upon transfer and completion, DCP would be present in 12 African countries aside Nigeria



- Re-design and implementation of Policies, Procedures and Internal Controls (PPIC)
- Re-design and implementation of the Risk Management framework
- Develop a risk-based Internal Audit Process
- IFRS full conversion
- Consolidate leadership position in Africa
- Sustain African leadership with continued focus on building a world class institution
- Continuously leverage on company's dominant position to identify and exploit growth opportunities

# Production Capacity

## Cement Production Capacity (Mtpa)



### Current Capacity

▪ Obajana	5m
▪ Gboko	3m

### Additional Capacity (by 2011)

▪ Obajana	5m
▪ Gboko	1m
▪ Ibese	6m

▪ <b>Total Production</b>	<b>20m</b>
▪ Lagos Terminal	3m
▪ Port Harcourt Terminal	3m

**Total Production and Terminals 26m**

### Notes

- DCP has a substantial portfolio of greenfield and expansion projects expected to come on-stream within the next year and become accretive to the revenue stream
- Gboko plant has an installed production capacity of 3million Mtpa of cement expected to increase to 4 million Mtpa in 2012 due to standard performance improvement projects.
- Ibese is approximately 90% completed and Obajana expansion is approximately 70% completed. Both have been designed to run primarily on Natural Gas supplies with dual firing kiln (Natural Gas and LPFO)
- Ongoing upgrade of all production facilities to also run on coal energy is put on hold for the time being



# DANGOTE CEMENT PLC PROPOSED AFRICAN EXPANSION PROGRAM

LOCATION	CATEGORY	Capacity MTPA
<b>Manufacturing</b>		
Senegal	Integrated Plant	1.5
Zambia	Integrated Plant	1.5
Tanzania	Integrated Plant	1.5
South Africa	Integrated Plant	3.0
Republic of Congo	Integrated Plant	1.5
Ethiopia	Integrated Plant	1.5
Gabon	Integrated Plant	1.5
<b>Grinding Plants</b>		
Cameroon	Grinding Unit	1.0
<b>Import Terminal</b>		
Ghana (Tema+Takoradi)	Terminal	3.0
Sierre Leone	Terminal	0.5
Liberia	Terminal	0.5
Cote D'Ivoire	Terminal	1.0
<b>Total</b>		<b>18.0</b>

