DANGOTE CEMENT

An emerging cement major building shareholder value and prosperity in Africa




Audited results for the year ended 31 December 2014
26 March 2015

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FY 2014 highlights

Financial

- Revenue up 1.4% to ₦391.6bn
- Gross profit eases 2.8% to ₦248.6bn, 63.5% margin
- EBITDA down 2.7% to ₦223.4bn at 57.0% margin
- EBIT down 4.5% ₦187.1bn at 47.8% margin
- Earnings per share down 20.5% to ₦9.42 as operations enter tax
- Net debt well below industry average at ₦222.0bn (<1x EBITDA)
- Dividend payout ratio increased to 63.7% or ₦6.0 per share

Operational

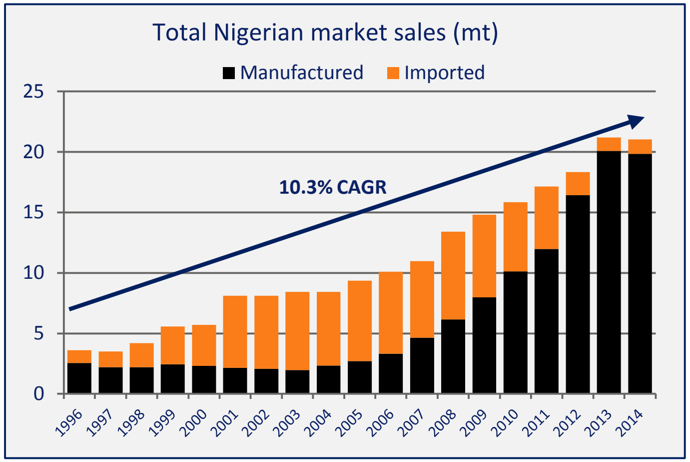
- New plants opened in South Africa and Senegal
- Cameroon now operational: Zambia, Ethiopia almost ready
- New lines totaling 9mt commissioned in Nigeria
- Coal facilities operational at Ibese 1&2 and Obajana3
- Gboko undergoing coal conversion to improve profitability
- Total Nigerian market volumes down 0.8% to 21.0mt
    - Gas supply, LPFO shortages were constraining factors
    - Demand depressed by prolonged rainy season
- Dangote Cement Nigerian sales down 3.2% to 12.87mt
- Group cement sales down 0.2% to 13.97mt

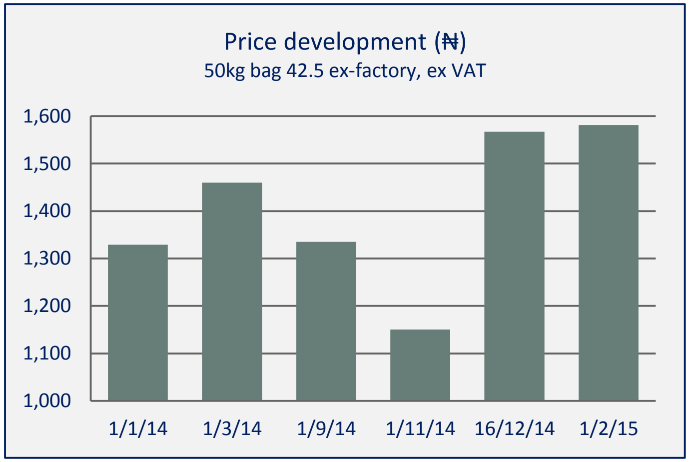

Mugher, Ethiopia, January 2015

Delmas, South Africa

Nigerian market

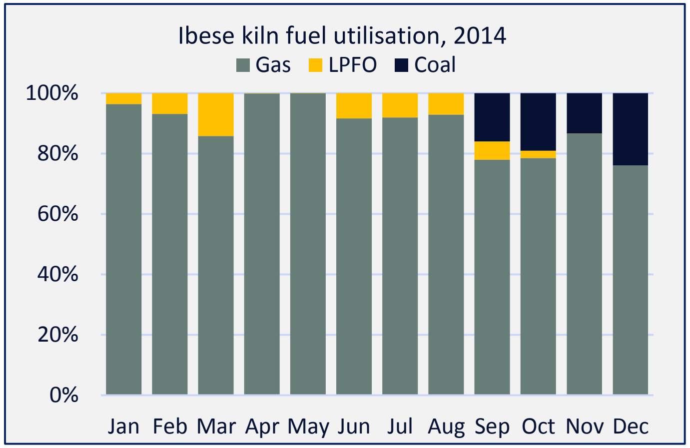
- Long-term growth remains robust at >10%
  - Slight fall in market sales to 21mt
- First half affected by production issues
  - Unreliable gas supply at Obajana (c35% of entire market)
  - Lack of back-up LPFO constrained production
- Second half affected by rain, election
  - Prolonged rainy season led to slowdown in building / block moulding
  - As expected, demand slowing before election
- Price response to market/economic conditions
  - Now ₦1,660/50kg bag of 42.5R (ex factory, inc. VAT)

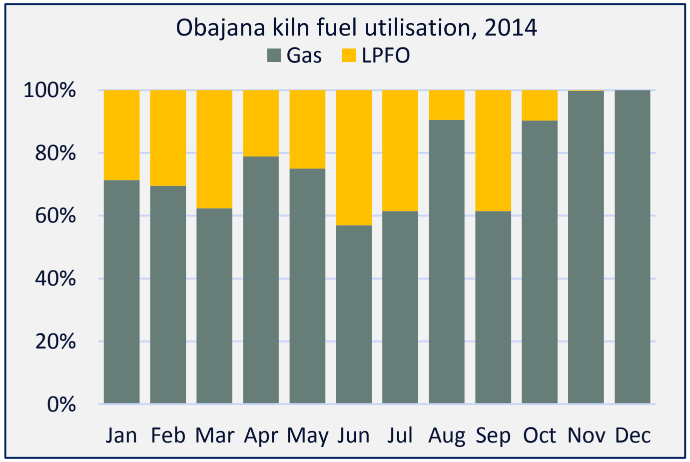




Nigerian operations

- Nigeria volumes down 3.2% to 12.9mt
- Revenues flat at ₦371.5bn
- Obajana
    - Line 4 commissioned late 2014, now 13.25mt total
    - Gas supply normalised in Q4, positive for margins
    - Gas expected to be stable in 2015
    - Line 3 fitted with coal mills; 1,2,4 expected mid-2015
- Ibese
    - Lines 3&4 commissioned late 2014, now 12.0mt total
    - LPFO use eliminated by coal mills
    - Expect lines 3&4 to use coal by mid-2015
- Gboko
    - Mothballed October 2014
    - Production transferred to higher-margin plants
    - Being equipped to run 100% on coal (kilns and power)
    - Will enhance profitability on reopening





West & Central Africa

- Generated ₦6.2bn revenue
  - ₦3.9bn operating loss on start-up costs
- Senegal operational late December 2014
  - No contribution to FY14 revenue
  - Potential to export to Mali and other ECOWAS countries
- Ghana sales down to 309kt
  - Unfavourable forex made trading difficult
- Cameroon operational March 2015
  - Recent ban on imported bulk cement brings immediate opportunity to substitute >1mt with locally ground cement
- Ebola crisis delays import terminals
  - Sierra Leone operational later in 2015
  - Liberia operations now expected in 2017

Senegal, January 2015

South & East Africa

- Region generated ₦13.9bn revenue
  - Breakeven at EBIT level
- South Africa makes good start
  - Contributes all regional revenue
  - Aganang/Delmas already at high utilisation
  - Good reception in key Inland market
- Ethiopia expected operational April 2015
  - Plant producing clinker in March
- Zambia expected operational April 2015
  - Clinkering begins early April
- Tanzania on track for late 2015 launch
- Kenya site being finalized
  - Aiming for operations in late 2017
  - 100% owned, no joint venture

Aganang, South Africa, January 2015

Zambia, January 2015

Healthy margins

	Year ended 31/12/14 ₦bn	Year ended 31/12/13 ₦bn	Comments
Revenue	391.6	386.2	Increase mostly due to South African operations
Cost of sales	(143.1)	(130. 5)	Increased cost of fuels in Nigeria
Gross profit	**248.6**	**255.7**	
Gross margin	*63.5%*	*66.2%*	
Administration expenses	(27.7)	(26.0)	
Selling and distribution expenses	(37.4)	(35.6)	
Other income	3.6	1.7	
Profit from operating activities	**187.1**	**195.9**	
EBIT margin	*47.8%*	*50.7%*	
Finance income	30.6	8.6	Mainly due to exchange on devaluation of the Naira
Finance costs	(33.0)	(13.7)	Higher borrowing and charging of interest to revenue on project completion
Profit before tax	**184.7**	**190.8**	
Income tax (expense)/credit	(25.2)	10.4	Profits on certain Nigerian operations now taxable
Profit for the year	**159.5**	**201.2**	
Earnings per share	**₦9.42**	**₦11.85**	

Regional performance

Year ended 31/12/14	Nigeria ₦bn	West & Central Africa ₦bn	South & East Africa ₦bn	Eliminations ₦bn	Total ₦bn
Revenue	371.5	6.2	13.9		391.6
Depreciation & amortisation	34.2	0.8	1.2		36.3
Operating profit/(loss)	**190.9**	**(3.9)**	**0.6**		**187.1**
Other Income	3.5	0.0	0.0		3.6
Finance income	42.5	0.0	0.1	(12.0)	30.6
Finance costs	(20.4)	(10.2)	(3.6)	1.2	(33.0)
Profit/(loss) after tax	**185.8**	**(14.0)**	**(1.4)**	**(10.8)**	**159.5**

Key manufacturing costs

	Year ended 31/12/2014 ₦bn	Year ended 31/12/2013 ₦bn	Comments
Material consumed	33.2	31.1	Sephaku clinker and other consumables compensated by lower Ghana cement imports
Fuel & power consumed	62.0	48.6	Increased use of LPFO, higher gas price
Royalty	0.5	0.4	
Salaries and related staff costs	10.8	7.8	New plants
Depreciation & amortization	21.6	20.1	
Plant maintenance	11.8	9.0	
Other production expenses	7.5	8.8	
Increase in finished goods and WIP	(4.3)	4.5	
	143.1	**130.5**	

Strong balance sheet

	Year ended 31/12/14 ₦bn	Year ended 31/12/13 ₦bn	Comments
Property, plant and equipment	747.8	581.5	
Other non-current assets	96.1	111.4	
Intangible assets	3.7	2.3	
Current assets	116.5	78.8	
Cash and cash equivalents	20.6	70.5	
Total assets	**984.7**	**844.4**	
Non-current liabilities	27.9	4.7	
Current liabilities	122.3	108.5	
Debt	242.6	181.1	
Net assets	**984.7**	**844.4**	
Net debt	**222.0**	**110.6**	
Key ratios			
Net debt / EBITDA	0.99x	0.48x	
Net gearing	37.5%	20.1%	
Return on Capital Employed	35%	49%	Net of capital WIP and capital advances

Analysis of debt

Year ended 31/12/14	Short term	Long term	Total
Loans by currency	**₦bn**	**₦bn**	**₦bn**
US$	16.0	4.4	20.4
Euro	5.1	0	5.1
Naira	80.7	91.1	171.8
Rand	0	36.5	36.5
GHC	4.2	0	4.2
Total	**106.0**	**131.9**	**237.9**
Including loans from parent company	**80.0**	**75.0**	**155.0**

Cash flow/movement in net debt

	Cash ₦bn	Debt ₦bn	Net debt ₦bn
At 1 January 2014	**70.5**	**(181.1)**	**(110.6)**
Cash generated from operations before working capital changes	241.9	-	241.9
Change in working capital	(26.0)	-	(26.0)
Income tax paid	(0.2)	-	(0.2)
Capital expenditure	(217.2)	-	(217.2)
Other investing activities	(0.1)	-	(0.1)
Change in non-current prepayments	22.1	-	22.0
Net interest payments	(13.5)	-	(13.5)
Net loans obtained from parent company and banks	58.8	(58.8)	-
Dividend paid	(119.3)	-	(119.3)
Other cash and non-cash movements (net)	3.6	(2.6)	(0.9)
At 31 December 2014	**20.6**	**(242.6)**	**(222.0)**

Investing for growth

Year ended 31/12/14 Capital expenditure	Nigeria ₦bn	South & East Africa ₦bn	West & Central Africa ₦bn	Forecast 2015 ₦bn
Nigeria	121.8			40
Senegal			5.4	3
Cameroon			9.7	7
Congo			5.3	23
Ghana			1.3	16
Cote d'Ivoire			0.6	12
Sierra Leone			0.9	1
Other			0.0	
South Africa		11.6		
Ethiopia		18.4		23
Tanzania		11.6		41
Zambia		30.6		16
Kenya				11
For year ended 31 December 2014	**121.8**	**72.2**	**23.2**	
		Total	**217. 2**	**191**

Forecast capex assumes $1=₦200

International standards of governance

- Two Independent Non-Executive Directors appointed in 2014
  - Ernest Ebi
  - Emmanuel Ikazoboh
- Group-wide risk management initiative
  - Appointed Chief Risk Officer
  - Developed risk management framework
- Improved Annual Report providing stakeholders with more information and greater transparency
- Implementation of key policies in order to meet international standards
- Intend to be on the Premium Listing of the NSE when established in Q2 2015

EHSS commitments

- Major Environment, Health & Safety and Social initiative
  - Standard approaches to be rolled out across all territories
  - Occupational Health & Safety Management System
  - Improves on plant-by-plant approach adopted so far
  - Teams being recruited to Dangote Cement EHSS program in 2015
- Working to adopt IFC Performance Standards
  - Environmental Resources Management engaged as consultant
  - Active internal EHSS educational program/workshops
- ₦1.1bn in donations
  - Focus on local communities
  - Entrepreneurship
  - Health

New Chief Executive

- Onne van der Weijde
  - Joined February 2015
  - Three-month handover period from outgoing CEO
- Previously Area Manager Holcim India
  - 2008-2014
- CEO/MD Ambuja Cement, India
- Senior Vice President, Holcim South Asia
- CFO ACC Ltd, India
- CFO Holcim Indonesia
- Director & Business Planning Manager, Holcim Australia

Key events in 2015

- All lines at Obajana and Ibese fully operational, combined 25mt capacity
- Coal upgrade being completed across all plants by mid-year
  - Obajana Lines 1,2,4
  - Ibese Lines 3&4
  - Gboko being equipped to run 100% on coal in kilns and power
- New plants opening in Cameroon, Zambia, Ethiopia, Tanzania
  - Maiden revenue contribution from Senegal
- Pricing at ₦1,710/50kg bag of 42.5R (ex factory, inc. VAT)
- Focus on margin protection
  - Gas supply expected to return to normal at Obajana, raising margins
  - Mothball lower-margin Gboko, shift production to higher-margin, tax-free lines at Ibese, Obajana
- Nigeria market growth expected to be muted by election delay, oil, currency

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