Audited results for the year ended 31 December 2011

Strong organic growth, new capacity now operational, African expansion underway

Lagos, 4 April 2012: Dangote Cement PLC (DANGCEM-NL, "the Group"), Nigeria's largest cement producer, announces audited results for the year ended 31 December 2011.

Financial highlights

- Results reflect first-time consolidation of African projects and Sephaku
- Revenues up 16.5% to ₦235.9bn on consolidated basis
- EBIT up 15.0% to ₦118.9 at 50.0% margin on consolidated basis
- Profit before tax up 16.7% to ₦118.3bn on consolidated basis
- Earnings per share up 19.4% to ₦8.12 on consolidated basis
- Strategic decision to prioritise cash for investment
    - Dividend of ₦1.25 per share
    - Bonus issue of one share for every ten owned

Operating highlights

- Cement sales up 8.7% to 8.6 million tonnes (mt)
- Sales of locally produced cement up 10.6% to 6.8 million tonnes; imports 1.8 million tonnes
- Obajana achieved 101% utilisation; line 3 now fully operational and ramping up
- Ibese entered commercial production in early January, ramping up as expected
- Senegal plant (1.5mtpa) expected to enter production in the Summer
- Memorandum of understanding signed for construction of 3mt facility in Calabar

D.V.G. Edwin, Chief Executive, said:

"Dangote Cement achieved strong organic growth in revenue and profits, even before our new capacity was commissioned.

"We have made substantial investments to expand our capacity and bring Nigeria to self-sufficiency in the production of cement. Our new plant at Ibese and the expansion at Obajana are expected to deliver profitable returns for shareholders in the coming years. Furthermore, we have ended the importation of cement at what, for us, were much lower margins than we are achieving at our plants.

"The Group has ambitious plans for growth that include more capacity in Nigeria and expansion into Africa's growth economies, where investment in infrastructure and housing will be major government priorities for many decades.

"In order to maximise these opportunities on behalf of our shareholders, the Board has taken the strategic decision that during this expansion phase it is preferable to maintain the strongest balance sheet possible and focus on funding this expansion from cash resources.

"We believe this is the best strategy to increase shareholder value over the coming years and are confident that investors will continue to reap good rewards as our expansion programme transforms Dangote Cement into the leading supplier in a continent with huge potential for growth."

About Dangote Cement

Dangote Cement is Nigeria's leading cement producer with three plants in Nigeria and plans to expand in 13 other African countries. The Group is a fully integrated quarry-to-depot producer with an expected production capacity of 20mtpa in Nigeria by the middle of 2012, increasing to 32.25mtpa in 2015. The Group plans to build a further 19mtpa of production and import capacity across Africa by 2015.

Dangote Cement's Obajana plant in Kogi, Nigeria, is the largest in Sub-Saharan Africa with 10.25tpa capacity across three lines and a further 3mtpa capacity planned by 2015.

The Gboko plant in Benue state has 3mtpa capacity with an upgrade to 4mtpa expected by mid-2012.

The new 6mtpa Ibese plant in Ogun, near the key market of Lagos, was inaugurated in February 2012. An additional 6mtpa of capacity is planned for completion by 2015.

The Group has recently signed a memorandum of understanding for the construction of a 3mt plant in Calabar by 2015.

Through its recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and will soon transform the nation into a net exporter serving other African states. The Group has plans to convert some of its import terminals into export terminals to support this aim.

Dangote Cement has announced an investment of more than $2.5bn to build manufacturing plants and import terminals across Africa. Current plans are for eight cement plants in Cameroon, Ethiopia, Gabon, Republic of Congo, Senegal, South Africa, Tanzania and Zambia, as well as import/packing facilities in Cote d'Ivoire, Ghana, Guinea, Liberia and Sierra Leone.

The Group listed on the Nigerian Stock Exchange in October 2010.

Analyst/investor conference call

A conference call for global analysts and investors will start at 09.30 Lagos/UK time tomorrow, Thursday 5 April 2012.

A copy of the accompanying slide presentation can be found at www.dangote-group.com or by emailing caroline.marlen@fticonsulting.com

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A replay facility will be available for seven days
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Summary of key performance indicators

Year ending December	FY 2010	FY 2011	% change
Cement sales (kt)	7,962	8,653	8.7%
Cement production (kt)	6,160	6,814	10.6%
Imports (kt)	1,803	1,839	2.0%
Revenue (₦bn)	202.6	235.9	16.5%
Revenue per tonne (₦) *	25,445	27,240	6.6%
EBITDA (₦bn) (Consolidated)	117.6	131.9	12.1%
EBITDA margin	58.0%	55.9%	-2.1pp
EBITDA per tonne (₦) *	₦14,764	₦15,456	4.7%
Earnings per share (₦)	6.80	8.12	19.4%
Net debt (₦bn)	114.8	130.3	
Net debt/EBITDA	0.98x	0.99x	
Long-term debt/equity	0.46	0.39	
Return on equity	50%	41%	
Return on assets	27%	24%	

*Note: Revenue per tonne and EBITDA per tonne reflect Nigerian operations only, not consolidated accounts.

Operating review

Robust GDP growth fuels rising demand for cement

Nigeria's economy continued its rapid expansion in the latter part of 2011, with Real GDP growing by 7.68% in the fourth quarter according to the National Bureau of Statistics. The non-oil sector maintained its strong performance by achieving a 9.03% increase in final quarter, offsetting some weakness in the oil sector in the latter part of 2011.

Both the Building & Construction and Real Estate sectors continued their strong growth, fuelling high demand for cement in Nigeria. Building & Construction rose by 12.8% in Q4 2011 while the Real Estate sector achieved 11.0% growth.

Government infrastructure projects are a major demand driver for cement. In its recently published *2012-2015 Medium Term Expenditure Framework & Fiscal Strategy Paper* the Federal Government committed itself to higher spending on critical infrastructure projects, as well as an increase in PPP funding. Capital spending by the Federal Government is expected to rise from an estimated ₦1,147bn in 2011 to ₦1,644bn in 2015 – an annual increase of about 9.4%.

Furthermore, the imminent rebasing of the Nigerian economy is likely to reveal its true strength and highlight Nigeria's attractiveness as an investment destination.

Good organic growth from existing capacity

In the year to 31 December 2011 Dangote Cement increased sales by 8.7% to 8.6 million tonnes, representing a market share of about 50%.

Production of cement rose by 10.6% to 6.8 million tonnes, representing a utilisation rate of 85% across the Obajana and Gboko plants, based on 8mt total capacity. Cement produced from these two plants contributed 78% of Nigerian revenues and 94% of Nigerian EBITDA during the year, with imported cement accounting for the rest.

Operations at the new Ibese plant started close to the end of December, producing only trial quantities of cement, and so the growth achieved by the group was entirely from existing capacity. Commercial production began at Ibese after the year end.

Obajana

Obajana is Dangote Cement's largest plant, contributing 59% of the Group's sales and 79% of its EBITDA.

Rated at 5 million tonnes capacity, Obajana plant achieved 101% utilisation in 2011, increasing production by 17.3% to 5.08 million tonnes (2010: 4.3 million tonnes).

As previously reported the 5 million tonne expansion of Obajana has taken longer than expected but the site now has 10.25 million tonnes of capacity fully operational and is expected to reach high levels of utilisation in the next few months. The new capacity is eligible for Pioneer Tax Status.

Throughout its working life, Obajana has supplied many regions of Nigeria including the key markets of Lagos and the South West. However, with the new lines at Ibese now providing 6 million tonnes of capacity less than 100km from Lagos, the Group will begin to redistribute cement from Obajana into other regions where its extensive distribution network will provide a competitive advantage. The Group believes this may have the effect of revealing previously unsatisfied demand in the country, thus creating markets where little or no cement was sold before.

Construction of a fourth line, of 3mt, will begin this year.

Gboko

Dangote Cement's 3 million tonne plant at Gboko contributed 19% of sales and 16% of EBITDA in 2011.

Gboko produced 1.7 million tonnes in 2011, slightly down on the 1.8 million tonnes achieved in 2010, at the utilisation rate of 58%. As reported in November, production during the first half of the year was affected by a shortage of furnace oil (LPFO) that resulted in frequent kiln stoppages. The fuel shortage was caused by a temporary lack of refinery production in Nigeria. The Group has since negotiated long-term supply contracts and stockpiled fuel to mitigate any future risks to production from LPFO shortages. In addition, the Group is actively examining the feasibility of gas-fired production at the plant as an alternative to fuel oil.

The Group plans to increase the capacity of the Gboko plant from 3mtpa to 4mtpa across its two lines. This will be achieved by a programme of upgrades that is expected to be completed by the middle of 2012.

Ibese

The 6 million tonne plant at Ibese entered commercial production in early January and made no contribution to 2011 sales. Its ramp-up is proceeding well and the plant has been increasing shipments steadily, with more than 10,000 tonnes being dispatched on a daily basis in late March 2012 – a daily utilisation rate of about 60%.

The Group was honoured by the presence of His Excellency Dr. Goodluck Ebele Jonathan, GCFR, President of the Federal Republic of Nigeria, who formally commissioned the plant in February 2012. With the opening of Ibese, Dangote Cement transformed Nigeria into a country capable of self-sufficiency in cement production, with significant benefits for its economy.

The plant is gas fired, with fuel being supplied along a 25km pipeline. As such, the Group expects Ibese to achieve levels of profitability similar to those achieved at Obajana. Back-up fuel supplies include LPFO and, soon, coal for its kilns, with diesel back-up for its power plant.

As with Obajana's existing and new capacity, Ibese is eligible for Pioneer Tax Status – in its case for five years from 1 January 2013.

The plant is ideally located in the South West of Nigeria, close to Lagos in the country's largest market for cement. Furthermore, given its proximity to the coast and also to neighbouring Benin, the plant will be in a good position to export any surplus cement production.

Dangote Cement will soon begin building a further 6 million tonnes of capacity at Ibese, with two new lines sitting alongside the pair just opened. Given the existing infrastructure at Ibese and their identical design to the first two lines, the Group believes the construction of lines 3 and 4 will be achieved on time.

Self-sufficiency achieved

The Group sold 1.8 million tonnes of imported cement during the year, approximately the same as in 2010. Imported cement contributed 22% of Nigerian revenues and 7% of Nigerian EBITDA in 2011.

Now that self-sufficiency has been reached in Nigeria, thanks to the investments the Group has made in new capacity, Dangote Cement has ceased importing and is advancing its longer-term strategy to export any cement that is surplus to Nigerian market needs.

Work is already underway to convert two of its terminals in Lagos for the export of clinker and bulk cement by the end of 2013. In the meantime, the Group is capable of exporting by road to neighbouring countries, particularly as the Ibese plant is situated close to the border with Benin.

New 3mt plant for Calabar

Dangote Cement is today announcing plans to build a 3mt plant in Calabar, to be completed by the end of 2014. A Memorandum of Understanding has been signed with Sinoma, the contractor, and preliminary design studies are underway.

The South of Nigeria is an attractive location, close to expanding markets and with ample gas supplies nearby. Furthermore, its location close to the coast positions it ideally for exports of clinker or cement to nearby countries such as Gabon and Cameroon.

African expansion projects are advancing

Sub-Saharan Africa is experiencing strong economic growth that is driving the need for substantial infrastructure investment. Dangote Cement aims to become the leading producer of cement across Africa and the Group is committing more than $2.5bn to build around 19mtpa production and import capacity across a further 13 countries where market conditions are favourable.

Contracts have already been signed on the planned manufacturing plants, totalling around 14mtpa in most cases with mobilisations to sites expected in 2012. With the current production schedule, which is subject to change, the Group expects all of its planned production facilities to be completed by the end of 2014.

Import terminals with total capacity of more than 4mtpa are also planned with site mobilisations expected this year. The terminals are expected to be completed by the middle of 2013.

The 1.5mtpa plant in Senegal is nearing completion and the Group anticipates production to commence in the next few months. Plans to power the plant from Senegal's grid had to be abandoned when the power supplier informed the Group it could not provide sufficient power, and so the Group has opted to build a coal-fired power station of its own.

As has been widely reported, disputes about land rights in Cameroon have delayed the start of work on a new clinker grinding plant in Doula, but the Group is confident that these disputes will be resolved by the Government of Cameroon and work is expected to begin shortly thereafter.

Financial review

Strong organic growth in revenues and profits

The results presented herein reflect the first-time consolidation of African projects and operations at Sephaku.

The Group delivered strong organic growth in both revenues and profits in 2011. Revenues after consolidation increased by 16.5% to ₦235.9bn (2010: ₦202.6bn) as a result of higher cement sales, up 9.2%, and higher average selling prices of ₦27,240 in 2011 against ₦25,554 in 2010.

After consolidation of Sephaku operations, EBITDA rose by 12.6% to ₦131.9bn at an EBITDA margin of 56.0% (2010: ₦112.8bn, 57.8% margin). The slight decline in EBITDA reflects costs associated with Sephaku.

For Nigerian operations, EBITDA per tonne was ₦15,456, (56.7% margin). The depreciation charge for the period was ₦15.1bn.

Including Other Income, operating profits (EBIT) rose by 15.0% to ₦118.9bn (2010: ₦103.4bn) at a margin of 50.4%, slightly down on the 51.0% achieved in 2010 because of the additional costs associated with Sephaku, higher fuel costs for LPFO and diesel, higher import tariffs and the impact of the Group's decision to cut cement prices in late June.

In the fourth quarter, the Group made a provision of ₦800m to replace damaged trucks and a further provision of ₦700m against doubtful debts. In addition, owing to gas supply issues, a higher proportion of LPFO was used at Obajana, with an impact on profitability of about ₦3bn. In addition, net pricing was somewhat lower in the final quarter because of provisioning of ₦2bn for the lifting bonus.

After finance charges of ₦2.3bn, offset by interest received of ₦1.6bn, the Group's profit before tax increased by 18.2% to ₦118.3bn (2010: ₦100.0bn).

The Group continues to benefit from Pioneer Tax Status and has recognised a net tax credit of ₦7.6bn (2010: credit of ₦5.3bn) related to its investment programme. Provision for taxation is after considering a credit of ₦9.87bn of deferred tax benefits recognised during the period. As a result, net profit was ₦125.9bn, 19.6% up on 2010 (₦105.3bn).

Earnings per share for the year rose 19.4% to ₦8.10 (2010: ₦6.80).

Balance sheet and cash generation remain strong

The balance sheet reflects the first-time consolidation of African projects and operations at Sephaku.

Fixed assets increased by ₦123.8bn to ₦433.9bn, mostly as a result of the consolidation. Capital work in progress increased by ₦113.9bn and the Group invested ₦9.2bn in new trucks and ₦5.1bn in plant. The Group wrote off vehicles to the value of ₦2.3bn during the year, representing costs and accumulated depreciation on the trucks destroyed in Gboko plant during the community crisis and trucks decommissioned during the year in Obajana plant, which were considered to be damaged beyond repairs.

The consolidated balance sheet shows fixed assets higher by ₦86.95bn on account of bringing in the capital work in progress on various African projects. The Group balance sheet has recognised goodwill arising on consolidation of the Group's investment in Sephaku of ₦9.05bn.

The Group' cash at bank and short term deposits rose from ₦21.0bn at 31 December 2010 to ₦22.4bn at 31 December 2011, following consolidation. In the same period, short-term debts decreased slightly from ₦37.6bn to ₦34.6bn, the overdraft increased from ₦0.04bn to ₦4.2bn, while long-term debt increased from ₦98.3bn to ₦118.0bn.

On 21 March 2011, Dangote Industries Limited transferred its interests in thirteen African Projects to Dangote Cement Plc at nominal value. ₦45.147 billion, which was the total cost incurred by Dangote Industries Limited as at that date has been recognised as payable by Dangote Cement Plc. ₦45 billion was restructured as long term loan and the remaining balance was regarded as intercompany current account. The long-term loan is payable in five years with a two-year moratorium for both interest and principal and takes effect from 1 July 2011. It attracts 10% annual interest.

Long term receivables of ₦70.23bn in the standalone balance sheet represent the expenditure on African projects.

Cash generation was strong; including ₦247.7bn collected from customers and ₦87.4bn paid to suppliers and employees, the Group generated net cash of ₦164.1bn from operations. The Group invested ₦148.4bn during the period, including ₦128.9bn devoted to Fixed Assets and Capital Work in Progress, ₦27.6bn of investments in Sephaku Cement Company in South Africa. This represents almost 90% of cash generated from operations. The Group paid ₦34.8bn in dividends during the year.

At the end of 2011, net debt stood at ₦130.3bn (2010: ₦114.8bn).

Dividend policy

The Board of Dangote Cement has declared a dividend of ₦1.25 per share for 2011, subject to approval at its Annual General Meeting. The Board believes that for the period of its expansion into Africa, the interests of shareholders are best served by maintaining the strongest balance sheet possible and focusing cash resources on investments that will generate substantial rates of return.

The dividend will be payable to all shareholders whose names appear on the Register at close of business on Friday 11 May 2012. The total estimated dividend to be paid for the 2011 year is ₦19.4bn. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements. The dividend is accounted for on date of declaration.

Bonus share issue

Following the decision of the Board, Dangote Cement proposes to issue one (1) bonus share for every ten (10) held, by capitalising the sum of ₦774,568,518.40 from the Revenue Reserve Account and setting it aside for distribution among shareholders whose names appear on the Register at close of business on Friday 11 May 2012, in the proportion of one new ordinary share of 50 kobo for every 10 ordinary shares held by them on that date on the condition that the same be paid not in cash but be applied by paying up in full 1,549,137,036 new ordinary shares each, to rank pari passu with existing issued shares of the company. The decision is subject to approval at the Annual General Meeting.

Conversion to IFRS

From the first quarter of 2012, Dangote Cement will present its account according to International Financial Reporting Standards. In the near future the Group expects to make available accounts in IFRS for prior years.

Current trading

Current demand is strong following the cessation of imports and average selling prices across the Group have risen slightly since the end of 2011. The plant at Ibese is ramping up well and has recently been dispatching more than 10,000 tonnes per day, which represents about 60% daily utilisation, just three months after operations began. Obajana's new line has begun production following some delays in commissioning and is expected to achieve high rates of utilisation by the second half.

First-quarter production was inevitably affected by the general strike and the widespread problems with gas supply. As a result, revenues and profitability will be lower than previously forecast with the Group expecting to produce around 2.3 million tonnes of cement in the three months to 31 March 2012. However, the Group is confident of recovering lost ground as the year progresses and new capacity reaches much higher rates of utilisation.

Outlook

Thanks to the investments Dangote Cement has made in building new capacity, Nigeria has become self-sufficient in cement production with substantial benefits for its economy. The new capacity is expected to achieve high rates of utilisation later this year and the Group is already preparing for a time when Nigeria becomes a key exporter to other African countries. Plans to export surplus cement are well underway, both by road and through export terminals being built in Lagos.

Dangote Cement has a clear strategy to become the leading cement supplier in a rapidly growing continent where high investment in infrastructure and housing will be major government priorities in the coming decades. We are confident that our shareholders will reap the benefits of the strategy we are pursuing to build a world-class company serving the needs of Africans as their prosperity increases. We thank our staff for their fine efforts and thank our shareholders for their faith in our vision.