Audited results for the financial year ending 31 December 2013

Strong 28.2% volume growth significantly exceeds 15.6% increase in Nigerian market

Revenues up 29.4% to ₦386.2bn, gross margins rise to 63.1%, pre-tax profits up 40.6%

Recommended Dividend up by 133% to ₦7.0 per ordinary share, 59.3% payout ratio

Lagos, 26 March 2014: Dangote Cement PLC (DANGCEM-NL), Nigeria's largest cement producer, announces audited results for the financial year ended 31 December 2013.

Financial highlights

- Recommended Dividend increased by 133% to ₦7.0 per ordinary share (2012: ₦3.0)
- 59.3% dividend payout ratio
- Consolidated Group revenue up 29.4% to ₦386.2bn (US$2.45bn)
- Gross profits up 35.3% to ₦243.7bn, 63.1% margin better than 60.4% in 2012
- EBITDA up 31.9% to ₦229.6bn (US$1.45bn) at 59.5% margin
- EBIT up 33.7% to ₦195.9bn (US$1.24bn), 50.7% margin
- Pre-tax profit up 40.6% to ₦190.8bn (US$1.21bn)
- Earnings per share up 39.1% to ₦11.85
- Low net debt of ₦110.6bn (US$693m); net debt/EBITDA of 0.48x

Operating highlights

- Total Nigerian cement market grows by 15.6% to nearly 21.2 million tonnes
- Group's Nigerian sales volumes up 28.2% to 13.3 million tonnes
- Direct-to-customer deliveries proving highly successful, more than 50% of sales
- Obajana sales volumes up 37.2%, Ibese up 40.4%

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

"Dangote Cement made excellent progress in 2013. As the Nigerian cement market grew by a strong 15.6% we managed even better growth of 28.2%, with our revenues increasing by 29.4% to ₦386.2bn. Our direct-delivery strategy is proving very popular with customers and I am pleased to report that direct-to-customer deliveries now account for more than half of our sales."

"We increased our margins despite continuing disruption to our gas supply and believe that the gas distribution infrastructure will be more robust in 2014, enabling us to improve our margins even further. At the same time we are looking at ways to diversify our fuel supplies to mitigate the impact of any future disruption and reduce the cost of using alternative fuels to gas."

"Our financial strength has allowed us to increase our dividend by 133% to ₦7.0 per share and the coming year will see our new factories opening across Africa as we begin to deliver on our promise to become Africa's leading cement producer, generating strong and sustainable returns for our shareholders."

About Dangote Cement

Dangote Cement is Africa'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-customer producer with production capacity of 20.25 million tonnes in Nigeria and new operations beginning to come onstream across the rest of Sub-Saharan Africa. The Group plans to have around 60 million tonnes of production, grinding and import capacity in Sub-Saharan Africa by 2016.

Dangote Cement's Obajana plant in Kogi state, Nigeria, is the largest in Africa with 10.25mta capacity across three lines and a further 3mta capacity currently being built.

The new 6mta Ibese plant in Ogun state, near the key market of Lagos, was inaugurated in February 2012. Building is nearing completion on a further two lines totalling 6mta of capacity.

The Gboko plant in Benue state has 4mta capacity.

Through its recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and is transforming the nation into an exporter serving neighbouring countries.

Dangote Cement is investing several billion dollars to build manufacturing plants and import terminals across Africa. Current plans are for integrated or grinding plants in Cameroon, Ethiopia, Republic of Congo, Liberia, Senegal, South Africa, Tanzania, Kenya and Zambia, as well as Ivory Coast and Ghana, and import/packing facilities in Ghana and Sierra Leone.

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

Web: www.dangcem.com

Conference call details

A conference call for analysts and investors will be held on Wednesday 26 March at 16.00 Lagos / 15.00 UK time.

The dial-in details are as follows:

Participants: +44 203 139 4830 / 0808 237 0030
Pin code: 40854638#

A replay facility will be available for seven days as follows:

Participants: +44 203 426 2807 / 0808 237 0026
Pin code: 647118#

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Summary of key performance indicators for Nigerian cement operations

(Excludes Sephaku and Ghana)

Year ended 31 December 2013 **Nigerian cement operations only, including haulage revenue**	**2012**	**2013**	**% change**
Cement sales (kt)	10,367	13,291	28.2%
(Nigerian cement operations only)	(₦bn)	(₦bn)	
Revenue	285.6	371.6	30.1%
Revenue per tonne (₦)	27,552	27,955	1.5%
EBITDA	175.4	233.2	33.0%
EBITDA margin	61.4%	62.8%	1.4pp
EBIT	148.1	200.1	35.1%
EBIT margin	51.9%	54.1%	2.2pp
	US $million	US $million	
Revenue	1,809	2,352	
Revenue per tonne (including haulage)	$174/tonne	$177/tonne	
EBITDA	1,110	1,477	
EBITDA / tonne	$107/tonne	$111/tonne	

$1=₦157.94

Operating review

GDP growth remains strong, Building and Housing sectors see double-digit growth

Nigeria's strong GDP growth continued into the third quarter of 2013, the latest for which statistics are available from the National Bureau of Statistics (NBS). Overall GDP (at Constant 1990 rates) rose by 6.81% in Q3 2013, its highest growth rate of the year. While the Oil and Gas sector contracted yet again, non-oil growth remained robust at 7.95% in Q3 2013.

As with previous quarters, growth in Building & Construction remained strong at 14.31% and this continued to drive strong demand for cement. Likewise, the Real Estate sector rose by 10.35% and has achieved double-digit growth every quarter since Q1 2012.

The outlook for Nigeria remains strong and we believe that its economy is capable of sustaining double-digit growth in cement sales as investments are made in infrastructure and housing.

The Federal Government is prioritising infrastructure investments, including the second Niger Bridge and will augment domestic resources with extensive use of Public-Private Partnerships.

In the Housing sector the Federal Government has committed itself to improving the availability of mortgage financing through the Nigerian Mortgage Refinance Company.

The rebasing of Nigeria's GDP is expected soon and we believe this will show the true strength of the Nigerian economy.

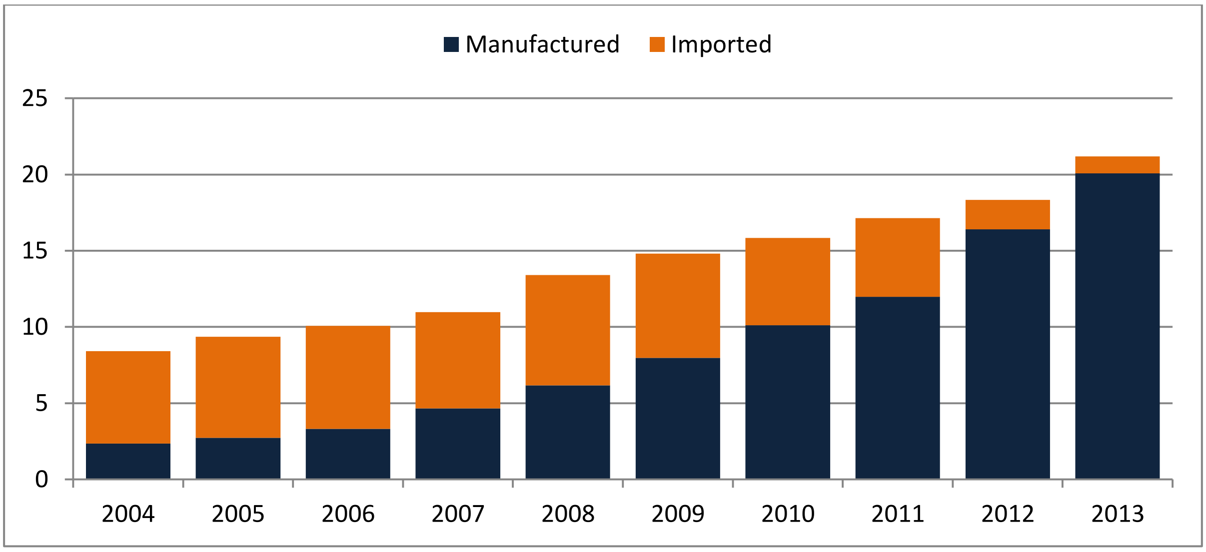
On inflation, the NBS forecasts a decrease in the inflation rate from around 12% in 2012 to less than 10% between 2013-2016. As at January 2014 the Consumer Price Index stood at 8.0%.

Cement market rebounds strongly to 15.6% growth in 2013

Nigeria's strong economic growth and its commitment to improving infrastructure and housing make it an attractive long-term market for cement. After disappointing growth of 6.9% in 2012 – a year affected by heavy flooding in the second half – we estimate that the market grew by 15.6% to nearly 21.2 million tonnes in 2013. Fourth-quarter growth was strong at 20.7%, though from the lower base of Q4 2012. Demand for cement grew across all sectors and there was no 'stand-out' project driving sales.

Including 2013, long-term growth in cement consumption has risen by 10.9% per year since 2004, as indicated in the chart below.

Annual cement consumption in Nigeria, 2004-2013 (million tonnes)



Source: Dangote Cement estimates

Nigeria's importation of cement continues to fall away and we estimate that just 1.1 million tonnes were imported in 2013, down from 1.9 million tonnes in 2012. We continue to believe that importation of cement is unnecessary and damaging to local producers and the jobs they sustain.

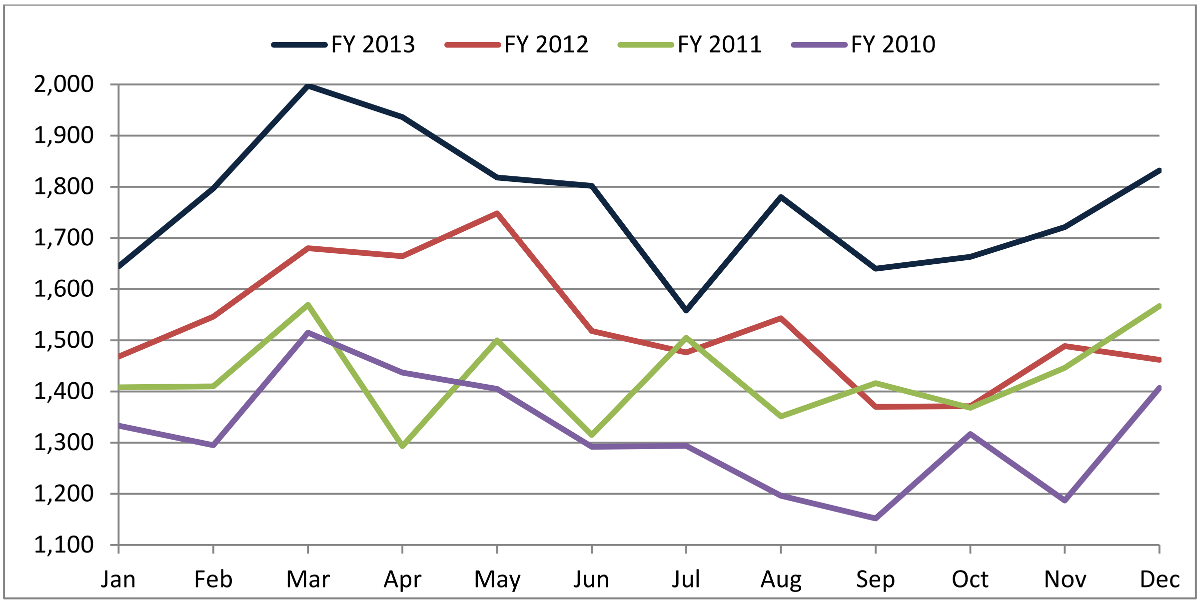
Assuming a population of 168 million, Nigeria's per-capita consumption of cement was 126kg in 2013. This is very low compared with the global average of around 510kg, including China, as estimated in the Global Cement Report Edition X. For comparison, industry estimates suggest that North African economies such as Egypt and Algeria are consuming around 554kg and 524kg respectively, while Ghana consumes 186kg.

We believe that Nigeria's expanding economy is capable of sustaining per-capita consumption many times higher than it is today. We think the same is true in Nigeria's neighbours in West Africa, many of which lack the limestone necessary to make cement. This drives our investment to build factories in Nigeria that will not only help to satisfy Nigeria's growing demand for cement, but also enable us to export clinker and finished cement to neighbouring countries.

At present, most of our neighbours are importing cement from the Far East. We are confident that Nigerian cement will prove more attractive than these imports, particularly within the 15-member Economic Community of West African States (ECOWAS), which offers favourable incentives for trade between member countries.

Furthermore the construction of large industrial sites, such as the oil refinery proposed by Dangote Industries, will generate additional demand for cement in the coming years. The impact of such a large-scale industrial complex will boost the Nigerian economy and make the country a more attractive investment destination, which in turn will fuel demand for more cement.

Monthly cement sales in Nigeria ('000 tonnes), 2010-2013

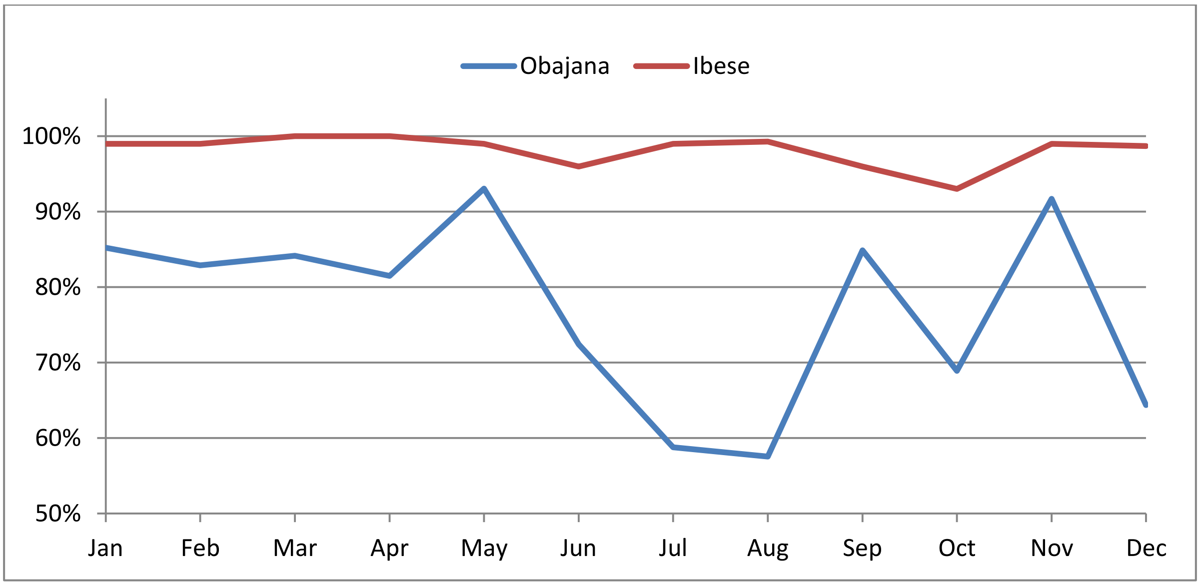


Source: Dangote Cement estimates

Gas supply better than 2012, but distribution problems persist

The availability of gas is a major driver of margins at our Obajana and Ibese plants, which together account for 16.25 million tonnes of the capacity that we operate in Nigeria. Gas is substantially cheaper per tonne of cement than alternatives such as low-pour fuel oil (LPFO), being about 7x cheaper at Obajana and around 5x cheaper at Ibese.

The chart below shows the gas utilisation at each plant during 2013 and represents a significant improvement over supplies in 2012, particularly at Ibese, which enjoyed more than 98% gas supply for most of the year. Across Ibese and Obajana, the overall gas mix was 83% gas and 17% LPFO (2012: 75% gas and 25% LPFO).



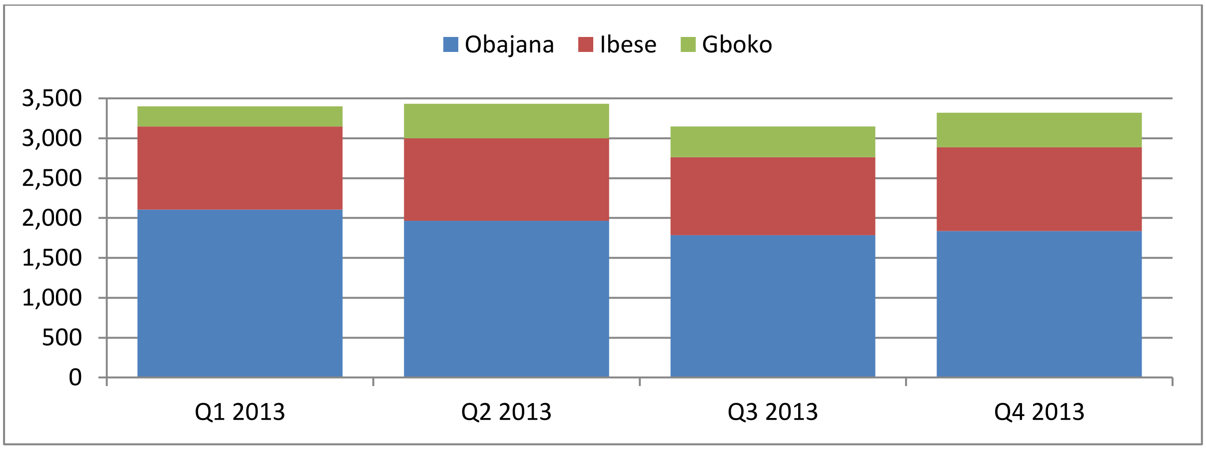
The gas infrastructure serving Obajana experienced significant disruption as upgrades to pipes and equipment continued. However, we believe that once these necessary works have been completed, our gas supply to Obajana will be much more robust than at present.

As an alternative to fuelling kilns with LPFO we will continue to adapt our plants to use coal, which is cheaper than LPFO per tonne of clinker produced. We are commissioning coal mills at Ibese and at Obajana Line 3. In addition, our parent company, Dangote Industries, is contemplating the acquisition of gas and oil assets that will help to provide a steady flow of gas into the national distribution system.

Cement sales up 28% with nearly 63% market share; direct delivery now 58% of sales

In 2013, Dangote Cement increased cement sales in Nigeria by 28.2% to 13.3 million tonnes, representing a substantial outperformance compared with the 15.6% growth achieved in the Nigerian market as a whole. We estimate our market share to have been 62.8% for the year, helped by the increasing demand for delivery directly to the customer, which we believe is a strong competitive advantage. Around 58% of cement sold was delivered directly to customers, compared with about 30% in 2012, and we expect this proportion to increase further in 2014. All cement was produced at our factories in Nigeria, with no importation. Ex-factory pricing remained steady during the year.

Dangote Cement quarterly sales by plant, 2013



Source: Dangote Cement

Obajana sales up 37%

Our flagship 10.25 million tonne plant at Obajana, in Kogi state, increased cement sales by 37.2% to nearly 7.9 million tonnes in 2013. This represents a capacity utilisation rate of about 77%.

Ibese reaches four million tonnes

Our 6.0 million tonne Ibese plant in Ogun state sold 4.0 million tonnes of cement during 2013, up 40.4% on the 2.85 million tonnes sold in 2012, the year it was commissioned. This represents a capacity utilisation rate of about 67%.

Gboko upgraded to four million tonne capacity

Following its temporary closure in early December 2012, we reopened our Gboko plant at the end of January 2013. Gboko sold 1.4 million tonnes of cement in 2013, down 13.1% on the prior year's 1.64 million tonnes, reflecting in part its mothballing and re-commissioning times. Gboko is entirely fuelled by LPFO and diesel and was therefore unaffected by gas supply problems. In the second half of 2013 we commissioned extra capacity at Gboko through the introduction of higher-capacity grinding mills and de-bottlenecking of the plant.

Ghana and South Africa

Dangote Cement Ghana Ltd. (formerly Greenview International) contributed revenue of ₦14.1 billion in 2013 (2012: ₦12.2bn), from sales of 709,806 million tonnes of cement. This is a 23.9% increase on the 573,025 million tonnes sold in 2012.

Sephaku Cement in South Africa had not yet commenced cement production by the end of 2013, but contributed nearly ₦0.6bn from sales of fly ash.

Senegal legal process resolved, plant being readied for operations in 2014

The opening of Dangote Cement's plant in Senegal was delayed by claims on land where the plant is situated. In 2013 the Supreme Court in Senegal gave orders to the effect that the claimants had no right or lawful interest in the property in dispute, which is on land where the plant is situated.

Furthermore, the Supreme Court ordered that the case be sent back to the Court of Appeal for the latter to issue a decision consistent with that ruling. Before the Court of Appeal could reissue the decision, the parties reached an amicable out-of-court settlement of the case.

Subsequently, the Administrative Closure Order was lifted by the authorities in Senegal and we began the process of returning workers to the site so that building work could be completed and commissioning could begin.

We expect the plant to begin operations in the first half of 2014.

Sephaku began production at Delmas in January 2014

A joint venture with JSE-listed Sephaku Holdings, Sephaku Cement consists of a fully integrated cement plant in Lichtenburg (230km west of Johannesburg) and a grinding plant in Delmas (40km east of Johannesburg).

Cement production began at Delmas in January 2014. The Lichtenburg (Aganang) Plant has a 6000tpd clinker capacity and 1.1mta cement capacity is scheduled to be in production by mid-2014.

South African demand for cement is currently around 12.5mta and production capacity is approximately 14mta. A large portion of the existing production capacity is old and inefficient with an average plant age in excess of 35 years.

Sephaku Cement will enter the market with a strategy of focusing on a geographic area containing around 65% of the total South Africa cement market, which is well away from the ports through which imports arrive from the Far East.

Benefiting from the latest and most efficient production technologies, which will reduce the cost of production compared with the older plants of other operators, Sephaku will compete in all segments of the market, offering both bagged and bulk cement with the likelihood of being able to deliver to 95% of its targeted customers.

Other African projects progressing steadily

We are achieving steady progress with building projects in other African countries.

In Ethiopia, work is well underway to build a 2.5mta plant at Mugher, with production expected late in 2014. In Tanzania, we have now begun work on a 3mta plant at Mtwara that is expected to be operational in late 2015. In Zambia, work is underway on a 1.5mta plant at Ndola, with cement production expected in H2 2014.

We are reviewing plans for Kenya with a view to increasing the scale of our proposed factory from 1.5mta to 3.0mta. This is because we are confident there will be sufficient demand both in Kenya and neighbouring countries. We have secured a prospecting license and having found ample sources of limestone are now in the process of upgrading it to a mining license. In South Sudan, we have put our plans on hold owing to the unfavourable political and conflict situation that exists in the country at present.

Building work is progressing with a 1.5mta grinding plant in Cameroon, with completion expected in the first half of 2014. In Congo we are building a 1.5mta plant due to open in 2016.

Along the coast of West Africa, we plan to build import and grinding facilities to receive and process raw materials supplied from Nigeria, Senegal and elsewhere. Work in Sierra Leone has been delayed and we now anticipate it will commence operations in the final quarter of 2014. In Liberia we are reviewing our plans, currently for an import terminal, and exploring whether a larger grinding facility would be a more attractive investment.

Work has been delayed slightly on our 1.5mta grinding facility in Cote d'Ivoire, but we expect this to become operational in the second quarter of 2015.

Financial review

Our accounts for 2013 include the performance of Dangote Cement Ghana Ltd., which was consolidated for the first time into the 2012 Group accounts with effect from 31 December 2011, on the basis of effective control. As such, it did not appear in the unaudited quarterly results presented during 2012. We have restated our 2012 comparatives accordingly.

Financial performance

Dangote Cement's strong growth continued into the final quarter of 2013 and the year ended with Group revenues up 29.4% to nearly ₦386.2bn (2012: ₦298.5bn). In Nigeria, revenue from cement operations (including haulage revenue) rose by 30.1% to nearly ₦371.6bn (2012: ₦285.6bn), as a result of a 28.2% increase in volumes dispatched.

Dangote Cement Ghana Ltd. contributed revenue of ₦14.1bn in 2013, an increase of nearly 15.2% on 2012.

At Group level, gross profits rose by 35.3% to ₦243.7bn (2012: ₦180.1bn). Consolidated gross margins improved from 60.4% in 2012 to 63.1% in 2013, largely as a result of an improved gas supply in Nigeria and a proportionally smaller contribution of Gboko, which is entirely fuelled by LPFO, although these savings were to some extent offset by higher staff costs associated with new capacity. Gross margins in Nigeria rose from 62.8% in 2012 to 65.6% in 2013.

At Group level, administrative expenses rose by 13.2% to ₦26.0bn (2012: ₦23.0bn), mostly as a result of an increase in non-capitalised or one-time expenses related to projects outside Nigeria. In our Nigerian operations, however, administrative expenses actually fell by 3.4% from ₦20.8bn to ₦20.1bn, despite a 28.2% increase in volumes sold and a 30.1% rise in revenues. In part, this was because our community (CSR) spending fell to a more normal level following the commissioning of new capacity.

Selling and Distribution expenses increased by 55.6% to ₦23.5bn across the Group, mostly driven by higher depreciation costs associated with 2,218 new trucks that we added to our fleet to support our highly popular direct-to-customer deliveries. The higher level of direct deliveries increased haulage costs in Nigeria from ₦6.5bn to ₦8.5bn. In addition, we spent about ₦1bn more on advertising and promotion.

Group operating profit rose by 33.7% to ₦195.9bn, at a margin of 50.7% (2012: ₦146.5bn, 49.1%). For Nigerian operations the increase in operating margin was more pronounced, rising from 51.9% to 54.1%, which generated ₦201.1bn in operating profit (2012: ₦148.1bn). Losses in our West African operations totalled ₦5.9bn, of which ₦4.5bn relates to one-off costs, mostly legal, in Senegal. A further ₦1.2bn of West African losses were incurred in Ghana.

Net financial costs fell from ₦10.8bn in 2012 to ₦5.1bn in 2013, mainly because of higher interest income on cash balances in Nigeria and a foreign exchange gain of nearly ₦3.0bn elsewhere.

Group profit before tax rose by 40.6% to ₦190.8bn (2012: ₦135.6bn). Following a deferred tax credit of ₦10.4bn (2012: ₦9.4bn), profit for the year was ₦201.2bn (2012: ₦145.0bn).

Earnings per share rose by 39.1% to ₦11.85 per share, compared with ₦8.52 per share in 2012.

Balance sheet and cash flow remain strong

Non-current assets rose from ₦534.3bn at 1 January 2013 to ₦695.1bn at the end of the year, mostly as a result of increased investments in plant and machinery, both within Nigeria and in other African countries, an increase in the deferred tax asset and an increase in non-current prepayments to contractors related to African building projects.

Cash and cash equivalents increased from ₦44.4bn at the start of the year to nearly ₦70.5bn at the end of December, even after a dividend payment of ₦51.1bn in the second quarter. Net debt stood at ₦110.6bn compared with ₦119.7bn at the beginning of 2013. This leaves the Group with a net debt/EBITDA ratio of 0.48x and gearing of 32.9% at the end of 2013, down from 40.6% at the end of 2012. Net debt to equity of ₦550.1bn is 20.1%, compared to 29.6%x in 2012.

Total assets rose from ₦658.2bn at the start of 2013 to ₦843.2bn at the end of the year.

From a profit before tax of ₦190.8bn we generated cash from operations of ₦281.7bn (2012: ₦145.2bn) and invested ₦175.6bn (2012: ₦108.6bn). Financing outflows of ₦76.4bn (2012: ₦10.7bn) included the ₦51.1bn dividend payment already mentioned (2012: ₦19.3bn).

Dividend increased by 133% to ₦7.0 per share

On 3 June 2013, a dividend of N3.00 per share (total dividend N51.1bn) was paid to holders of fully paid ordinary shares in relation to 2012 financial year.

In respect of the current year, the Directors proposed that a dividend of ₦7.0 per share be paid to shareholders on 5 May 2014, an increase of 133% on 2012.

This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated and separate financial statements. The proposed dividend is payable to all shareholders whose names appear in the Register of Members on the closure date of 17 April 2014. The total estimated dividend to be paid is N119.3 billion, representing a dividend payout ratio of 59.3%.

Recent additions to the Board strengthen independence

On 4 February 2014 we strengthened the independence of our Board with the appointment of Mr. Emmanuel Ikazoboh and Ernest Ebi as Non-Executive Directors.

Emmanuel Ikazoboh was until May 2011 the Administrator of The Nigerian Stock Exchange, appointed by the Securities and Exchange Commission, Nigeria. He completed the assignment in eight months and restructured the management, equities market, stockbrokerage processes and Corporate Governance structure of both entities.

He was until August 2009 the Chairman/CEO of Deloitte, West and Central Africa. He was Deloitte's Client Service Director for Africa (2002 – 2007). As Chief Executive of one of Nigeria's largest advisory firms, he also has a wealth of experience interacting with government authorities on issues related to business environments. He has international experience as a Partner of Touché Ross in Dartford UK, enabling him to bring a genuinely international perspective to business issues.

He is currently adviser to the Edo State Government Economic and Strategy team on infrastructure and Agricultural reform. He was appointed African member on the Board of International Institute for Sustainable Development Winnipeg, Canada (July 2012). He was also a member of Presidential Committee for the restructuring of the Nigerian Government Ministries, Agencies and Commissions and the reduction of cost of governance.

Mr Ernest Ebi is a former Deputy Governor, Policy, of the Central Bank of Nigeria (Abuja), where he oversaw the Corporate Strategy Department of the Bank, International Economic Relations Department, Trade & Exchange Department among other responsibilities.

He began his working career as an Account Technician from the National Association of Counties, Washington DC from March 1976 to July 1978. Between July 1978 and November 1981, he became the Assistant Vice President/Controller with the Community Federal Savings & Loans Association, also in Washington DC, U.S.A.

Between December 1981 to June 1993, Mr Ebi worked with the International Merchant Bank holding different positions; Unit Head, Real Estate Unit (1981-1984) , Manager, Development Finance (1986-1988), Senior Manager Treasury (1988-1989) and Assistant General Manager (1992 -1993) in that order.

On joining the Continental Bank Plc of Nigeria, Mr Ebi became the Executive Director, Corporate Banking (Oct 1993 to March 1995) and became the Managing Director & CEO of New Nigerian Bank Plc (March 1995-January 1998). He then joined Diamond Bank Ltd (as of then), as Deputy Managing Director & Chief Operating Officer (January 1998 – June 1999). He then spent ten years at the Central Bank of Nigeria.

He is a Board member/Chairman of Agrited Nigeria Limited, Sheba Exploration and Production, AIICO Pension Managers among others.

Current trading and outlook

Trading remains robust in Nigeria and we have experienced a solid start to the year with demand up in all regions. We have embarked on an initiative to improve the standard of cement sold in Nigeria and our belief is that 42.5-strength cement is the most appropriate for general use. We are working closely with industry consumers such as block makers to ensure widespread education as to its use.

We have recently announced the availability of 52.5-strength cement, which is appropriate for heavy load-bearing structures such as bridges and flyovers.

We hope to increase market share in the short term by increasing the level of direct-to-customer deliveries and competing on product superiority. Furthermore, as imports fall away, we will have additional opportunities to sell cement in areas previously supplied with imports from other companies.

In the medium term, we expect the Nigerian market to continue growing to the point that other manufacturers become constrained by their existing capacities, at which point they will no longer be able to satisfy increasing demand except by investing in new capacity. As we are adding nine million tonnes of capacity at the end of 2014, we will not be so constrained and will therefore be able to gain share by satisfying additional demand that others cannot.

We have commenced cement production at our Delmas plant in South Africa and are readying Senegal for operations in the first half of this year. We expect other facilities to come onstream this year in Senegal, South Africa, Zambia, Cameroon and Sierra Leone.

We offer the following guidance for 2014 and beyond, based upon information available to us at present:

- In Nigeria, our tax rate is likely to be around 10%-12% for 2014, with Obajana Lines 1&2 and Gboko now out of their five-year Pioneer Tax period.
- Capital expenditure is likely to be around $1bn in 2014, with building work completing on Ibese 3&4, Obajana 4 and African projects including Zambia, Senegal, Cameroon etc. Capital expenditure will ease as other projects come to completion in 2015 and 2016.