Audited results for the year ended 31 December 2014

Dividend payout ratio increased from 59.1% to 63.7% on ₦6.00 dividend

New lines and coal mills operational at Obajana and Ibese; African expansion underway with plants opening in South Africa and Senegal, Cameroon recently operational and plants readying for production in Zambia and Ethiopia

Lagos, 26 March 2015: Dangote Cement PLC (DANGCEM-NL), Nigeria's largest cement producer, announces audited results for the year ended 31 December 2014.

Financial highlights

- Revenue up 1.4% to ₦391.6bn as South Africa comes on stream
- Gross profit eases 2.8% to ₦248.6bn, 63.5% margin on increased fuel costs
- EBITDA slips 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 some Nigerian operations become taxable
- Net debt well below industry average at of ₦222.0bn (<1x EBITDA)
- Dividend payout ratio increased to 63.7% or ₦6.00 per share

Operating highlights

- New lines totalling 9mt commissioned in Nigeria
- New plants opened in South Africa and Senegal
- Cameroon now operational; Zambia an Ethiopia almost ready
- Coal facilities operational at Ibese 1&2 and Obajana 3, immediately boosting margins
- Gboko undergoing coal conversion to transform 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 down 0.2% to 13.97mt
- Onne van der Weijde appointed CEO on 2 February 2015

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

"I am proud to report that we commissioned nine million tonnes of new capacity at our Obajana and Ibese plants and this puts them amongst the biggest cement plants in the world. Outside Nigeria, we opened up new factories in South Africa and Senegal in 2014 and our grinding plant in Cameroon has just become operational. We have started commissioning our plants in Zambia and Ethiopia and are on track to open more factories in Africa in the coming years. The success of our expansion is evidence that we are delivering on our strategy to become a much larger, more international company."

"Despite the challenging conditions of the erratic fuel supply and prolonged rainy season that affected revenues and profitability in Nigeria, the fact that we have increased our dividend payout ratio is a clear sign of confidence in our future."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with three plants in Nigeria and recently opened factories in Senegal, South Africa and Cameroon.

We are a fully integrated quarry-to-customer producer with production capacity of up to 29 million tonnes in Nigeria at the end of 2014. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25 million tonnes capacity across four lines. The Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12 million tonnes. The Gboko plant in Benue state has 4 million tonnes capacity. Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and is transforming the nation into an exporter serving neighbouring countries.

In addition, we are investing several billion dollars to build manufacturing plants and import/grinding terminals across Africa. We have operational facilities in Senegal, South Africa, Cameroon and Ghana (importation), and are building integrated plants in Ethiopia, Zambia, Tanzania, Rep. Congo and Kenya. We plan to build import or grinding facilities in Sierra Leone, Liberia and Ghana.

Web: www.dangcem.com

Conference call details

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

The dial-in details are as follows:

Participants: +44 203 139 4830
Pin code: 96416558#

A replay facility will be available for 30 days as follows:

Participants: +44 203 426 2807
Pin code: 655698#

Contact details

Carl Franklin Chief Investor Relations Officer Dangote Industries	Uvie Ibru Investor Relations London	Ayeesha Aliyu Investor Relations Lagos
+44 207 399 3070	+44 207 399 3070	+234 1 448 0815
Carl.Franklin@dangote.com	Uvie.Ibru@dangote.com	Ayeesha.Aliyu@dangote.com

Operating review

Nigeria

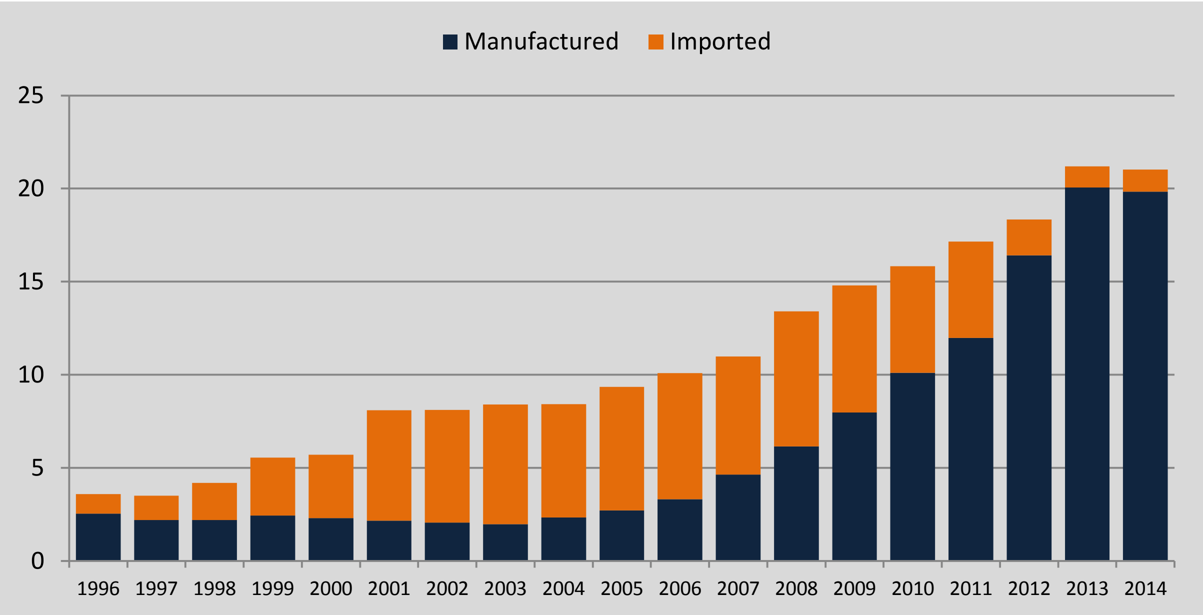
Market conditions challenging

We estimate the total market for cement in Nigeria to have been 21.0 million tonnes in 2014, slightly lower than the 21.1 million tonnes sold in 2013. Sales of Dangote cement fell by 3.2% to 12.9 million tonnes in 2014, or approximately 61% of total Nigerian market sales.

Lagos and the South West remain the biggest markets for cement in Nigeria, with 28% of our cement sales being shipped to customers in this high-growth region. Sales to the South East accounted for around 12% and nearly 20% of cement was dispatched to the South South. Our smallest region is the troubled North East, which accounted for just 3% of cement sales in 2014.

Nigeria's importation of cement remains low and we estimate that just 1.2 million tonnes of cement were imported during 2014, slightly higher than the 1.1 million tonnes imported in the same period last year.

Total Nigerian cement sales 1996-2014 (million tonnes)



Nigeria contributed ₦371.6bn of revenues, unchanged from 2013 (₦371.6bn), representing 94.9% of total Group revenues. Operating profits in Nigeria were down 5.1% to ₦190.9bn, representing a margin of 51.4% (2013:₦201.1bn, 54.1%). Nigerian operations accounted for 103% of Group operating profits.

In the first half of 2014, production of cement at our factories was severely constrained by excessive shortages of gas and back-up LPFO, particularly at the Obajana plant, which is primarily gas fired. We estimate that Obajana alone accounted for approximately 35.2% of all cement sold in Nigeria in 2014 and this constraint on gas supply was a significant factor in the slowdown of industry dispatches.

The gas shortages that have affected us since 2012 were caused by a general lack of investment in the gas distribution network serving the central regions of the country and the need to maintain and upgrade important infrastructure such as pipelines and treatment stations.

The problem of gas disruption was exacerbated by a lack of the LPFO that we used as a back-up fuel, as we and other industries were forced to switch to it during gas shortages. Switching to LPFO en masse depleted national reserves and put refineries under considerable pressure, meaning we had to import LPFO in the spot market at extra cost. In addition, the shortages of gas forced us to use a much higher level of diesel than normal for power production.

By the final quarter of 2014, however, we saw an improvement in the gas supply at Obajana, with the plant running on 100% gas in November and December.

The rainy season lingered well beyond its normal course and though not heavy, its persistence led to a reduction in demand from key markets, particularly block moulders, whose operations are highly sensitive to rain, which prevents the drying out of blocks once turned out of their moulds.

In addition, as we have previously guided, we saw some softening of demand in the run-up to the Nigerian election.

Cement pricing

We raised the price of cement in the first quarter of the year – our first price increase in five years, despite continuing increases in our input costs. At that time, we were looking to differentiate our product, which is 42.5-grade cement and useful for a great many applications, against the 32.5-grade cement more commonly sold in Nigeria, which we feel is only suitable for applications such as plastering and flooring.

Later in the year, as the rains persisted, we began to build up some inventory and we decided to encourage our distributors and other customers by introducing a lifting bonus. We then introduced a 14% price cut in November to try to stimulate the market but soon after it was becoming very clear that economic headwinds were blowing strongly against us. The sudden drop in the price of oil caused devaluation of the Naira and it became increasingly difficult for us to buy foreign exchange at reasonable prices because the Central Bank of Nigeria was committed to protecting its currency. As a result, in December, we increased the ex-factory price to ₦1,645 per 50kg bag of 42.5-grade cement (including VAT). We implemented a further ₦15 price increase in February 2015 so that the price now stands at ₦1,660 (including VAT).

Obajana production hampered by gas disruption

Our flagship plant at Obajana, in Kogi State, suffered disruption to both its gas and LPFO supplies; as a result, sales fell by 6.5% to 7.4 million tonnes in 2014. This represents a capacity utilisation rate of about 72% (assuming the full year at 10.25mt), and 57% of volume in Nigeria.

Obajana averaged 76% gas utilisation ratio during the period, with low gas supply compounded by some shortages of the back-up furnace oil (LPFO) we use to fuel the kilns. In response, we commissioned coal grinding facilities for Line 3 and began work on building new coal facilities for lines 1, 2 and 4. We expect to complete these facilities in the middle of 2015. Gas returned to high levels in November and December and we expect the supply to be more stable in 2015.

In November, we began the commissioning of the new Line 4 and with this addition, Obajana now has 13.25 million tonnes of capacity, making it one of the largest cement plants in the world.

Ibese benefits from new coal mills

Ibese began the year with 6.0 million tonnes of capacity and ended it with 12.0 million tonnes. Ibese sold 3.9 million tonnes of cement during 2014, which was only slightly lower than the 4.0 million tonnes sold in 2013. This represents a capacity utilisation rate of about 65% assuming 6mt capacity, and 30% of our volumes in Nigeria.

Gas utilisation averaged 89% at Ibese during the period and in October we commissioned coal mills at Ibese to provide an alternative back-up fuel to LPFO on Lines 1&2. Following the introduction of coal, use of LPFO on these lines fell to almost nothing. We have begun work on coal grinding facilities for Ibese's new Lines 3&4 and expect this work to be completed in the middle of 2015.

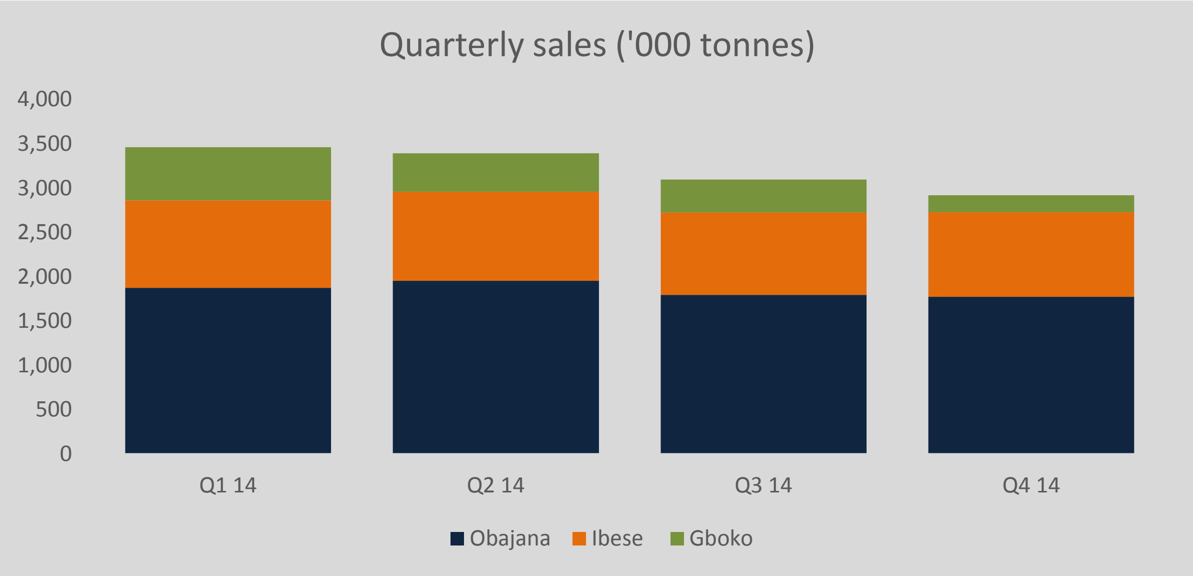
In the final quarter of 2014 we started the commissioning of Lines 3&4 at Ibese, representing nearly US$540m of investment. Commercial sales from these new lines are expected in 2015.

Gboko being upgraded to use 100% coal

Our Gboko plant in Benue State increased sales by 15.7% to 1.6 million tonnes. Gboko contributed 13% of all cement we sold in Nigeria in 2014 and it is our least profitable plant, being fuelled entirely by LPFO, which is several times more expensive per tonne of cement than alternatives such as gas or coal.

In November, having brought onstream nine million tonnes of new capacity at the gas-fired Ibese and Obajana plants, we took the decision to mothball the plant and shift its production to those higher-margin factories.

We are installing coal mills to enable use of coal in the kilns instead of LPFO. Eventually we hope coal will be mined locally to Gboko, making it even cheaper than imported coal, which has to be trucked long distances from the ports. In addition we are installing 3x30MW coal-fired power plants so that by 2016, Gboko will be able to operate at much more competitive cost levels.



Sales and Distribution

We continued to develop our distribution capabilities and now have approximately 4,700 trucks available to carry cement to our customers. Our direct delivery model is proving very popular and we can supply cement directly to building sites at very competitive prices. In support, we have more than 45 depots from which we can distribute cement into key markets. In addition, our logistics fleet includes 545 trucks for hauling imported gypsum from port to plant and 235 trucks for hauling fuel.

West & Central Africa

Market Overview

With the exception of Cameroon and Republic of Congo, our operations in West & Central Africa are within the ECOWAS trading zone, whose fifteen countries have a combined population of more than 310 million people. Per-capita consumption was around 114kg in 2012 according to Global Cement Report Edition X, published in 2013.

Apart from good deposits in Nigeria and Senegal, the ECOWAS region has very little commercially viable limestone, which is necessary for making cement. Indeed, many of its coastal states have no limestone whatsoever, meaning, they are obligatory importers of cement or its intermediate raw material, clinker, which is then ground with additives such as untreated limestone or pozzolana to make cement.

To date, most imports have come from the Far East, and incur long shipping times and high import duties on arrival. In response, we will pursue a longer-term strategy in which we manufacture clinker or cement at our factories in Nigeria and Senegal and then ship it to clinker grinding or import/bagging facilities that we are building along the coast, from Cameroon to Sierra Leone. This strategy has several advantages over currently being imported from the Far East notably, the duty-free trading regime within ECOWAS and the close proximity of our manufacturing plants in Nigeria and Senegal, which means the cost and shipping time will be substantially reduced.

Since May 2010, we have been importing bulk cement from the Far East into our import facility in Tema, Ghana. We will increase our presence in Ghana by upgrading this facility and also by building a 1.5mt cement grinding plant by the coast at Takoradi. We are also building grinding facilities in Ivory Coast and Liberia, which will be commissioned in the coming year or two to serve domestic markets and inland neighbours.

In addition, the integrated plant we are building in the Republic of Congo will be able to serve domestic demand as well as export overland including the Cabinda region of Angola and the Kinshasa region of the Democratic Republic of Congo.

A key element of our strategy will be to sell the higher-grade 42.5-strength cement into markets that have previously been served only with 32.5-grade. We believe competitively priced 42.5-grade cement will prove a highly attractive alternative, given its superior strength. Furthermore, with our use of vertical rolling mill technologies we are able to grind finer and more rapidly setting formulations of cement that will appeal to a wide range of users.

Operations in 2014

West & Central Africa contributed revenues of ₦6.2bn in 2014, most of which was generated from sales of 290kt of imported cement in Ghana. This represents a decrease of 56.0% on revenues of ₦14.1bn in 2013.

The operating loss of ₦3.9bn in 2014 represented losses on operations in Ghana as well as start-up costs in Senegal and Cameroon, the former entering production in the last few weeks of the year. Although neither made any contribution to revenues in 2014, we expect them to ramp up well and make a good contribution in 2015.

Ghana challenged by unfavourable exchange rates

Over the past decade, Ghana has experienced significant economic growth as a result of its recent oil discovery and political stability. However, from an average growth rate of 9.7% from 2010-2013, the economy has slowed somewhat and the IMF expects growth of 4.7%-4.9% in the next two years. The key to continuing growth will be public infrastructure investment which should be funded by oil revenues.

Cement consumption has increased steadily over the last few years, owing to strong growth in the construction sector and a rise in per capita income. Cement consumption is around 186kg in Ghana, which is high by regional standards. The country continues to have major development needs due to poor basic infrastructure and a severe housing shortage. The government plans to tackle the infrastructure deficit and complete infrastructural projects in various parts of the economy including health, education, roads, railways and ports.

In 2014, conditions were challenging for importers of cement. Devaluation of the Ghanaian Cedi made it difficult to import cement into Ghana during much of 2014 and as a result, revenues fell from ₦14.1 billion in 2013 to ₦6.2 billion in 2014. This represents sales of 309kt of cement, compared with around 710kt sold in 2013.

The packing plant in Tema has just been upgraded and expanded allowing for a larger and quicker flow-through of packaged cement. The planning of the Takoradi clinker grinding plant is at an advanced stage.

Senegal now fully operational

Our operations in West & Central Africa were strengthened by the commissioning of our $310million 1.5mt integrated plant in Senegal, in December, although its first commercial sales were made after the end of the financial year.

Senegal has experienced modest economic growth compared with other countries within ECOWAS, averaging 3.8% growth in GDP since 2004. The IMF estimates growth of around 4.5% in 2015 and 2016.

The cement market has two other participants with 6.5 million tonnes of capacity between them. Growth in cement consumption has averaged around 6% since 2010, reaching about 3 million tonnes in 2013. Although the market has a significant oversupply at present, we regard Senegal as an important long-term strategic resource, given that it has good reserves of limestone in a region that is notably lacking in the raw material for cement.

Before our entry the domestic market was almost entirely made up of 32.5-grade cement. Our plant will produce only 42.5-grade cement, so offering the domestic market higher quality cement at a competitive price, which the construction industry urgently needs. The plan is also to sell into the neighbouring countries of the UEMOA common market such as Mali, Burkina Faso, and Ivory Coast, as well as into The Gambia, Guinea, Sierra Leone, and Liberia.

Cameroon in production in Q1 2015

At the end of 2014 we were readying our 1.5mt grinding plant in the port at Douala, following an investment of $140m. Initially the plant will be supplied with clinker from the Far East but our intention is to supply it with clinker from Nigeria from 2015. We believe clinker supplied from our own plants will be of much higher quality than imported clinker, thereby enabling us to use less clinker to make the same amount of finished cement, when compared with imported clinkers.

Cameroon has good market potential, with cement consumption of around 2.5 million tonnes in 2014, of which nearly half was imported. The government has now stopped importation of bulk and bagged cement and we have an immediate opportunity to substitute a significant amount of importation in the first year of operation. Furthermore, by producing higher-quality 42.5-grade cement and focusing on good customer service, we are confident of a successful entry into this growing African market.

With a population of nearly 21 million and per-capita consumption of just 66kg, there will be plenty of scope for increased consumption if the country achieves the 5% GDP growth forecast by the IMF in 2015 and 2016. In time we will export to Chad and other inland neighbours where pricing is considerably higher than the $180-$200 being achieved at retail in Cameroon.

Sierra Leone delayed by Ebola crisis

Our work on building an import facility of between 0.5-0.7mt in Freetown has been delayed by the crisis of Ebola in Sierra Leone. Although much of the facility has already been constructed, important equipment for the site has been delayed in Europe until the situation improves. We now expect the plant to open in 2015 to serve local markets and inland neighbours.

Liberia also delayed by Ebola

As with Sierra Leone, the Ebola crisis has delayed our plans for a 0.75mt grinding facility in the port at Monrovia, which was originally scheduled to open in the second half of 2015. We now plan to supply clinker and cement from Senegal to serve domestic and inland markets in 2017.

Cote d'Ivoire work continues

Work continues on the 1.5mt grinding plant we are building in the port at Abidjan to serve mostly domestic markets from the second half of 2016. As with other grinding plants in West Africa, we plan to supply Cote d'Ivoire with clinker produced in Nigeria.

Republic of Congo set for 2016 opening

Work is progressing on the 1.5mt integrated plant we are building in Madingou, which we plan to open in the second half of 2016. Republic of Congo has a small but deficit cement market with sub-scale manufacturing capabilities offering low quality cement at present.

South & East Africa

Market overview

South & East Africa represents a region of more than 400 million people with good potential for economic growth but low cement consumption, estimated to have been about 104kg in 2012, according to Global Cement Report Edition X, published in 2013.

With operations in five countries, we will be able to reach a further nine across the region, much of which is in the COMESA trading area. Unlike West Africa, South & East Africa has adequate supplies of limestone to support the integrated plants we are building. However, the East coast of Africa also attracts low-cost imports from across the Indian Ocean and so our strategy for countries other than Tanzania, is to operate mostly in inland areas that are buffered by distance from the competitive threat of imported cement. Our plant at Mtwara, Tanzania, will target the country's main consumption centres as well as neighbouring markets. Its cost structure will be low enough for it to compete effectively with imports.

Operations in 2014

We began our first operations in South & East Africa during 2014 and so, the region contributed its first meaningful revenues after several years of capital investment. Revenues of ₦13.9bn (2013: ₦0.6bn) represented 5% of total Group revenues, with operating profits just above breakeven. This represents contributions from South Africa alone.

South Africa achieves strong market entry

We began operations at Sephaku Cement (SepCem), a joint venture with JSE-listed Sephaku Holdings, which owns 36%. Sephaku consists of two sites – the Aganang integrated plant and the Delmas milling plant. The Aganang plant, located between Lichtenburg and Mahikeng in the North West province of South Africa, is SepCem's primary operation and consists of a limestone open-cast quarry, as well as a clinker and cement producing plant which mines the limestone raw material, processes it to form clinker and blends approximately 45% of the clinker with other components to produce the cement in bag and bulk form. The remaining 55% of clinker is transferred to the Delmas milling plant for further processing.

Aganang commenced clinker and cement production in August and October 2014 respectively after successfully completing the commissioning of the plant. Its clinker completely replaced the third-party clinker that was being milled at Delmas from January 2014 in its first few weeks of production. Delmas has been milling Aganang's clinker since early September, significantly reducing input costs and further strengthening its market competitiveness. SepCem is producing cement in all three strength classes and plans are in place to increase the 42.5R and 52.5N volumes targeting technical users as Aganang ramps up cement production.

The Delmas milling plant commenced production in January 2014 and has a minimum cement production capacity of 1.5 million tonnes. The capacity utilisation at the Delmas milling plant reached an annualised rate of 80% in September 2014 as a result of the continued successful penetration of the South African cement market.

The plant is supplying the SepCem brand to all the major retail (bag) market distributors and has managed to grow its revenues substantially since production started in January 2014. SepCem has received support from bag and bulk users and will ensure that its key selling proposition of consistent quality cement products as well as exceptional service offering is extensively pursued. The success of the sales and marketing strategy is largely due to the highly experienced sales team headed by seasoned industry executives.

South Africa's economy is among the less rapidly growing in Sub-Saharan Africa, with the IMF forecasting a modest increase of 1.4% in 2015 and 2.0% in 2016. Its cement market is well developed with around 18 million tonnes of capacity, although much of this is ageing and therefore has higher maintenance and energy costs. So, we believe our more modern plants will have technological advantages that will translate into more competitive operating costs.

South Africa's population is relatively large at more than 51 million and per-capita consumption of cement at 222kg in 2012 is high for the region but only half the global average. Growth in cement sales was around 2.2% per year from 2010 to 2013, but we are optimistic this will increase when South Africa's economy begins to accelerate again.

Zambia beginning production in April 2015

At the end of 2014, we began cold commissioning of equipment at our 1.5 million tonne plant in Ndola, near Zambia's northern border. Ndola is the commercial heart of Copperbelt Province, a key mining region in Africa and an important demand centre for cement.

Zambia's economy has grown strongly in recent years, averaging 7.8% according to the IMF, which estimates growth at 6.5% in 2015 and 7.2% in 2016. Per-capita consumption is low at 64kg but the population is relatively large at 13.7 million and estimated to be growing at around 4.2%. Cement consumption was more than 1.5mt in 2014, up from approximately 0.7mt in 2010.

The Zambian market is mostly for bagged cement and our key targets will be builders' merchants, infrastructure works, commercial building and the mining industry. We have invested in our own delivery fleet and are selling directly from the plant or from our own warehouses, rather than relying on distributors to get our products to market. We are also exploring ways to increase demand for Ready Mix in mining areas. In addition, we can export cement into the nearby Lumumbashi market in the Democratic Republic of Congo which is also an important region for mining.

Ethiopia expected operational in April 2015

Although we have experienced minor delays in Ethiopia, our 2.5 million tonne plant near Mugher is on track to begin operations in the first few months of 2015. Ethiopia is a competitive market, with 13 million tonnes of capacity against around 7 million tonnes of consumption, but we are confident we will be able to differentiate our cement by offering a higher-quality 42.5-grade product.

Market growth has been robust at around 14% per year from 2010 to 2013, according to Global Cement Report Edition X. We intend to focus on building strong relationships with the major merchants and contractors serving the key markets of Addis Ababa, Adama and Shashemene, using our own distribution fleet. We will also target export markets in Somalia and South Sudan.

With a population of more than 87 million, Ethiopia is one of the fastest non-oil economies in Africa. Over the next two years, the IMF expects GDP to grow by an average of 8.3 per cent. With the population increasing at 2.6% each year, power generation has become a top priority for the government. Ethiopia's current power generation capacity is 2,000MW but the government hopes to increase this to 10,000MW and 20,000MW in the next five to ten years and heavy investment in hydroelectric power will undoubtedly increase demand for high-strength cement. Other key demand drivers will be increasing levels of urbanisation, from the low 17% at present, and the accompanying increases in housing and transport infrastructure.

Tanzania work progressing towards 2015 opening

Work continues on our 3.0 million tonne plant at Mtwara, Tanzania, which is expected to open towards the end of this year in a country where per-capita consumption is very low at 46kg, according to Global Cement Report Edition X, but which has been growing at nearly 8% from 2010 to 2013.

Tanzania's population is 48 million and growing at 3%. As such, the upside potential of the Tanzanian market is substantial and cement demand will be supported by the good economic growth of around 7%, which forecast to continue through 2015/6 – a similar rate to that achieved over the past 10 years. To put the market potential in context, an 'average' per-capita consumption rate of around 400kg would suggest growth to more than 25 million tonnes in the coming decades, when population growth is factored in.

Although located near the coast, the plant will be able to serve local and export markets, given Tanzania's proximity to other countries within the duty-free COMESA trading zone.

Kenya plans being reviewed

We are reviewing plans for Kenya with a view to increasing the scale of our proposed factory from 1.5 to 3.0 million tonnes. This is because we are confident there will be sufficient demand both in Kenya and neighbouring countries. We have secured a prospecting license and are now in the process of upgrading it to a mining license. Contrary to recent press reports, Dangote Cement is not considering a joint venture with a local manufacturer.

Kenya's cement market has grown from around 3.1 million tonnes in 2010, to around 4.1 million tonnes in 2013 – a growth rate of more than 7.5%. However, with a population of more than 43 million, per-capita consumption is low at 80kg, which is not even 20% of the global average.

The country is facing a significant infrastructure deficit with substantial improvements needed in transport and energy. More than $7bn is reportedly being invested in energy generation, transmission and distribution projects. With ambitious infrastructure plan and a massive housing deficit, cement demand should remain strong in the coming years.

Outlook and key events for 2015

As we have previously guided, trading in the first quarter has been depressed in the run-up to the Nigerian general election, which has been delayed by several weeks. The falling price of oil and its impact on the Naira will have an impact on margins, given the need to buy foreign currency at Interbank rates. As we have previously indicated, around 70% of our manufacturing costs are exposed to foreign exchange risk. However, we can offset these pressures by achieving gains in margins from a more stable gas supply at Obajana, coupled with a transfer in production from LPFO-fuelled Gboko to the gas-fired plants at Obajana and Ibese.

Key events in 2015 will include the following:

- 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 ₦1,660/50kg bag of 42.5R (ex-factory, inc. VAT)

Financial review

Summary of financial performance

Group	31/12/14 ₦bn	31/12/13 ₦bn
Revenue	391.6	386.2
EBITDA	223.4	229.6
Operating profit	187.1	195.9
Net profit	159.5	201.2
Earnings per ordinary share	**9.42**	11.85
Total assets	984.7	844.4
Total liabilities	392.8	294.3
Net debt	222.0	110.6
Regional revenues	31/12/14 ₦bn	31/12/13 ₦bn
Nigeria	371.5	371.6
West & Central Africa	6.2	14.1
South & East Africa	13.9	0.6
Inter segment sales		(0.0)
Total revenues	391.6	386.2
Volumes	31/12/14 '000 tonnes	31/12/14 '000 tonnes
Nigeria	12,874	13,293
West & Central Africa	309	704
South & East Africa	789	0
Total cement sold	**13,971**	**13,997**

Revenues

The Group's cement sales volume remained almost flat, with volumes from Sephaku Cement in the South & East Africa region offsetting the decrease in volumes in Nigeria and West & Central Africa regions. Group revenues increased by 1.4% to ₦391.6bn (2013: ₦386.2bn) with higher revenues in South Africa partially neutralized by a reduction in revenues from Ghana.

The Nigerian cement market registered a small decline in 2014 with volumes falling slightly from 13.3 million tons in 2013 to 12.9 million tons in 2014. Consequently revenues from Nigeria remained broadly constant over the two years at ₦371.5bn (2013: ₦371.6bn). The impact of the 10% quality surcharge introduced in March 2014 was offset by the discounts extended in the final quarter of 2014 to stimulate sales.

Our South African subsidiary Sephaku Cement began production at its Delmas milling plant in early 2014, with production at the Aganang integrated plant later in the year. Sephaku accounted for all revenues from the South & East Africa region in 2014, which was ₦13.9bn compared with ₦0.6bn of 2013. In total, South & East Africa shipped 0.8 million tonnes of cement.

In West & Central Africa, Ghana contributed ₦6.2bn of revenue, a 56% reduction compared to 2013, following the decision to scale back imports in view of the volatility of exchange rates.

Ghana shipped 0.3 million tonnes of cement in 2014. Although our plant in Senegal was successfully commissioned in late December 2014, it did not contribute to regional revenues.

Profitability

Group	31/12/14 ₦bn	31/12/13 ₦bn
EBITDA	223.4	229.6
Depreciation, amortisation & impairment	(36.2)	(33.7)
Operating profit	187.1	195.9
Regional operating profit	31/12/14 ₦bn	31/12/13 ₦bn
Nigeria	190.9	201.1
West & Central Africa	(3.8)	(4.1)
South & East Africa	(0.0)	(1.0)
Total	187.1	195.9

There was an overall decline in the operating profit for our core Nigeria operations. In addition, we incurred start-up costs for operations outside Nigeria. The Group posted an operating profit of ₦187.1bn, 4.5% lower than the ₦195.9bn generated last year. The operating margin fell from 50.7% in 2013 to 47.8% in 2014.

Operating profits in the Nigerian operations decreased by 5.1% to ₦190.9bn while the operating margin fell from 54.1% in 2013 to 51.4% in 2014. Manufacturing costs of goods sold increased by 11%.The increase was mainly driven by the poor gas availability which in turn had an impact on the availability of LPFO.

In South & East Africa, the commissioning of Sephaku's two plants generated revenue of ₦13.9bn compared to ₦0.6bn in 2013. Sephaku Cement relied on purchased clinker until the commissioning of the Aganang plant in Q4 2014. Although this reduced margins, Sephaku Cement posted an operating profit of ₦0.9bn. This contributed to a regional operating profit of ₦55.8 million in South & East Africa, compared to its operating loss of ₦1.0bn in 2013.

In West & Central Africa, the operating loss of ₦3.9bn in 2014 represents losses incurred in Ghana in addition to start-up costs in Senegal and Cameroon. Our operations in Senegal and Cameroon are expected to contribute revenues from the first half of 2015.

Manufacturing and operating costs

	31/12/14 ₦bn	31/12/13 ₦bn
Materials consumed	33.2	31.1
Fuel & Power	62.0	48.6
Royalties	0.5	0.5
Salaries & related staff costs	10.8	7.8
Depreciation & amortisation	21.6	20.1
Plant maintenance	11.8	8.8
Other production expenses	7.5	8.8
Increase/(decrease) in finished goods and WIP	(4.3)	4.5
Total manufacturing costs	143.1	130.5
Operating costs	65.1	61.5

Material costs were favourably impacted by a reduction in gypsum prices and by lower volumes of purchased bulk cement due to the scaling back of our importation and sales operations in Ghana. This was partially offset by the higher cost of purchased clinker and other materials consumed by Sephaku Cement in its maiden year of operations.

The increase in fuel & power consumed was driven by the poor availability of gas during the year, which resulted in the use of significantly more expensive LPFO and AGO for our Nigerian operations. In addition there was a 26.5% increase in the price of gas, which also impacted profitability.

Staff costs increased across the Group as a result of increased staff numbers and the start of operations at Sephaku.

Total operating expenses rose by 5.8% to ₦65.1bn, mostly as a result of Sephaku starting operations and non-capitalisable expenses incurred for projects under construction.

Finance income and expense

	31/12/14 ₦bn	31/12/13 ₦bn
Interest income	3.1	5.6
Exchange gain	27.4	3.0
Total finance income	30.6	8.6
Interest expense	22.5	15.1
Exchange loss	14.6	1.1
Less capitalised interest	(4.1)	(2.7)
Total finance costs	32.6	13.5

The Group's interest income decreased due to a reduction in investible surplus funds. Interest expense increased by 46.2% compared to 2013 due to higher average borrowings. The average effective interest during the year was 10.4% (2013:10%)

The Nigerian Naira fell in value significantly during the last quarter of the year resulting in high exchange gains from assets denominated in foreign currency and losses from liabilities denominated in foreign currencies including gains from inter-Group assets and liabilities that do not eliminate in full on consolidation.

The profit before tax was ₦184.7bn, compared with ₦190.8bn the previous year.

Following the expiry of tax exemptions for some of the production lines in Nigeria, we incurred a tax expense of ₦25.2bn against the tax credit of ₦10.4bn last year. The effective tax rate was 12.8% for the Nigerian operations and 13.6% for the Group.

During the year the Group made total tax payments of ₦225.6m.

The Group's profit for the year was ₦159.5bn (2013: ₦201.2bn). As a result of the tax charges incurred in 2014, earnings per share fell by 20.5% to ₦9.42 (2013: ₦11.85).

Financial position

The balance sheet continues to remain strong with non-current assets increasing from ₦695.1bn at the end of 2013 to ₦847.6bn at 31 December 2014. This was mainly as a result of increased capital expenditure, both within Nigeria and in other African countries. Total additions to property, plant and equipment amounted to ₦217.2bn, of which ₦121.8bn was spent in Nigeria, ₦23.1bn in West & Central Africa and ₦72.2bn in South & East Africa. The gross capital expenditure was reduced by a depreciation charge of ₦36bn.

There was a deferred tax asset write down of ₦3.0bn and a ₦12.2bn fall in prepayments. This resulted in non-current assets increasing by ₦152.5bn.

The increase in current assets was mainly driven by the increase in the stock of spares, finished goods and work in progress, as well as trade and other receivables driven by the new production lines in Nigeria and South Africa and a build-up of inventory for projects nearing completion and about to start production.

The increase in current liabilities was mainly due to a ₦17.5bn increase in trade and other payables. The increase was mainly attributable to increased trade payables due to the expansion of our operations.

The increase in equity represents the profit for the year of ₦159.5bn less dividend paid of ₦119.3bn, plus a translation gain of ₦1.1bn and actuarial gains of ₦0.4bn.

	31/12/14 ₦bn	31/12/13 ₦bn
Property, plant & 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 & 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
Total liabilities	392.8	294.3

Cash flow

The Group generated cash of ₦241.9bn before changes in working capital. Out of this, after expending ₦26.0bn on incremental working capital, tax payments of ₦226.0 million and other payments of ₦316 million, the net cash flow from operations was ₦215.3bn.

	Cash ₦bn	Debt ₦bn	Net debt ₦bn
As at 1 January 2014	70.5	(181.1)	(110.6)
Cash generated from operations before changes in working capital	241.9		241.9
Changes 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		22.1
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	3.6	(2.6)	0.9
As at 31 December 2014	20.593	242.6	(222.0)

Financing outflows were ₦80.4bn (2013: ₦76.3bn), reflecting additional loans taken of ₦138.9bn, loans repaid of ₦83.4bn, interest payments of ₦16.6bn and ₦119.3bn in dividends paid. Our borrowings are from financial institutions as well as from Dangote Industries Limited.

Cash and cash equivalents (including bank overdrafts used for cash management purposes) decreased from ₦69.6bn at the start of the year to ₦16.4bn at the end of 2014. Net debt stood at ₦222bn, an increase of ₦111.4bn from ₦110.6bn at 1st January 2014.

We invested ₦217.2bn in projects and normal capital expenditure (2013: ₦140.0bn). The capital expenditure was mainly to increase our production capacity in Nigeria as well as expenditure on the production plants under construction in the various African countries.

Dividend

The Directors have proposed a dividend of ₦6.00 per share to be paid to shareholders on 30th April 2015. This represents a dividend pay-out ratio of 63.7%, higher than last year's 59.1%.

The proposed dividend is subject to the approval of shareholders at the Company's Annual General meeting on Wednesday, 29th April 2015. If approved, the total amount payable in respect of dividends for 2014 will be ₦102.2bn. The dividend will be payable to all shareholders whose names appear in the Register of Members at close of business on Friday, 17th April, 2015.

Financial Position

In compliance with the regulatory requirement in Nigeria, the Consolidated and Separate Statement of Financial Position as at 31st December 2014 has been signed by Dangote Cement's Head of Finance, Mr Hope Uwagboe who is a Registered Member of a Nigerian Professional Accountancy Institute.