Audited results for the year ended 31st December 2017

Record results with strong growth in Group revenue and EBITDA
Dividend up 23.5% to ₦10.50 per share

Lagos, 20th March 2018: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces audited results for the financial year ended 31st December 2017.

Financial highlights

- Group revenue up 31.0% to ₦805.6B
- Group EBITDA up 50.9% to ₦388.1B, 48.2% margin
- Nigeria EBITDA up 49.1% to ₦360.8B, 65.3% margin
- Pan-African EBITDA up 48.5% to ₦38.3B, 14.8% margin
- Earnings per share up 32.7% to ₦11.65
- Dividend up 23.5% to ₦10.50 per share
- Net debt down ₦37.0B to ₦203.7B

Operating highlights

- Group sales volumes lower by 7.0% due to depressed Nigerian market
- Nigerian volumes down 15.9% to 12.7Mt, including exports
- Nigerian market share maintained at nearly 65%
- Pan-African volumes up 8.4% to 9.4Mt
- Strong volume increases in Senegal, Ethiopia and Cameroon
- New capacity of 1.5Mta in Congo, 0.5Mta in Sierra Leone

Joe Makoju, Acting Group Chief Executive Officer, said:

"Dangote Cement turned in a record year with revenues up 31.0% to ₦805.6B and EBITDA up by 50.9% to ₦388.1B. Although Nigerian volumes were lower in 2017, our Pan-African operations increased volumes by 8.4% and now make up 42% of the Group's total cement sales, demonstrating the robust diversification of our business.

We expanded our footprint from eight countries to ten with the opening of new facilities in the Republic of Congo and Sierra Leone, while our operations in Cameroon, Senegal and Ethiopia achieved strong sales growth during the year. With total sales volumes of nearly 22 million tonnes, we are by far the leading manufacturer of cement in Sub-Saharan Africa."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with nearly 46Mta capacity across Africa. A fully integrated quarry-to-customer producer, we have a production capacity of 29.25Mta in our home market, Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25Mta of capacity across four lines; our Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12Mta and our Gboko plant in Benue state has 4Mta. Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and has transformed the nation into an exporter of cement serving neighbouring countries.

In addition, we have operations in Cameroon (1.5Mta clinker grinding), Congo (1.5Mta), Ghana (1.5Mta import), Ethiopia (2.5Mta), Senegal (1.5Mta), Sierra Leone (0.5Mta import), South Africa (2.8Mta), Tanzania (3.0Mta), Zambia (1.5Mta).

Website: www.dangotecement.com

Twitter: @DangoteCement

Conference call details –

A conference call for analysts and investors will be held on Tuesday 20th March at 16.00 Lagos/15.00 UK time. Please register using the link below.

Dangote Cement Audited Results for the Year ended 31st December 2017

A replay facility will be available after the call has finished

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Operating review

Summary

Cement volumes sold	**FY 2017 '000 tonnes**	**FY 2016 '000 tonnes**	**% change**
Nigeria	12,724	15,128	(15.9%)
Pan-Africa	9,365	8,639	8.4%
Inter-company sales	(174)	(192)	
Total cement sold	**21,915**	**23,575**	**(7.0%)**
Regional revenues	**₦m**	**₦m**	**%**
Nigeria	552,364	426,129	29.6%
Pan-Africa	258,444	195,028	32.5%
Inter-company sales	(5,226)	(6,054)	
Total revenues	**805,582**	**615,103**	**31.0%**
EBITDA	**₦m**	**₦m**	**%**
Nigeria	360,759	241,969	49.1%
Pan-Africa	38,276	25,774	48.5%
Central costs & eliminations	(10,888)	(10,500)	
Total EBITDA	**388,147**	**257,243**	**50.9%**
EBITDA margins*			
Nigeria	65.3%	56.8%	
Pan-Africa	14.8%	13.2%	
Group	**48.2%**	**41.8%**	
Nigeria performance	**₦/tonne**	**₦/tonne**	**%**
Revenue*	**43,411**	**28,168**	**54.1%**
EBITDA*	**28,353**	**15,995**	**77.3%**
	₦m	**₦m**	**%**
Group net profit**	**204,248**	**142,858**	**43.0%**
	₦	**₦**	**%**
Earnings per share **	**11.65**	**8.78**	**32.7%**

* Excluding central costs / eliminations ** After tax adjustment

Nigerian operations

Nigeria's economy emerged from recession in the second quarter of 2017, with GDP growth rising to 0.7% after five consecutive quarters of contraction. By the final quarter, growth had accelerated to 1.9%, mostly as a result of increased oil production and an improved harvest that offset the ongoing contraction of the non-oil sector, according to the Nigerian National Bureau of Statistics in its Q4 2017 GDP Report. GDP was 0.8% for 2017.

The economy was helped by the more favourable foreign exchange regime adopted in the middle of the year, which made inward investment more attractive to foreign investors. However, consumer spending remained under pressure throughout the year, with an inevitable impact on cement sales into the largely retail markets of Nigeria.

As a result, we estimate Nigeria's total market for cement to have been 18.6Mt in 2017, down 18% on the 22.7Mt estimated to have been sold in 2016.

The decline also reflects higher market pricing as all producers increased prices compared to the levels they achieved in 2016. We estimate that less than 0.2Mt of cement was imported into Nigeria in 2017.

Dangote Cement's Nigerian operations sold 12.7Mt of cement in 2017, of which 714Kt was exported to countries including Ghana, Niger and Togo. As with 2016, our exports made Nigeria a net exporter of cement in 2017. The tonnage sold by Nigerian operations represents 58.1% of total Group volumes. The average realised price on total sales volume was about ₦43,411 per tonne. In Nigeria, our sales of 12.0Mt gave us an estimated market share of nearly 65%.

In Nigeria, our 13.3Mta Obajana plant sold 5.6Mt of cement in 2017, with the 12.0Mta Ibese plant selling nearly 5.7Mt. Our 4.0Mta plant at Gboko, in Benue State, was mothballed for most of the year but sold nearly 0.7Mt.

Across Nigeria we sold 22.3% of our volumes into the key markets of Lagos and Ogun, with a further 16.7% being sold elsewhere in the South West of Nigeria. The South South accounted for 17.1% of volumes and the South East 14.0%. The northern regions including Abuja consumed 25.9% of our volumes in 2017.

Despite the lower volumes, Nigerian operations increased revenues by 29.6% ₦552.4B and EBITDA by 49.1% to ₦360.8 at a margin of 65.3% excluding central costs and eliminations (2016: ₦242.0, 56.8%). The increase in EBITDA was helped by the more favourable fuel mix at Obajana and Ibese, as detailed in the table below, both of which were able to use coal from mines operated by our parent, Dangote Industries Limited.

Use of expensive LPFO has almost been eliminated and our reliance on imported coal has ended at Obajana, where we are using own-mined and third-party Nigerian coal, with obvious benefits to both margins and foreign currency demands. All of our ten kilns across Nigeria are now capable of running entirely on gas, coal, LPFO or a mixture of these fuels.

Fuel mix

Year to 31st December	**Obajana**		**Ibese**	
	2017	**2016**	**2017**	**2016**
Gas	60%	45%	61%	41%
Coal	38%	26%	38%	43%
LPFO	2%	29%	1%	16%
	100%	**100%**	**100%**	**100%**

Pan-African operations

Pan-African operations sold nearly 9.4Mt of cement in 2017, an increase of 8.5% on the 8.6Mt sold in 2016. This represents 42% of Group sales volumes. The increase is attributable to strong performances in Cameroon, Ethiopia and Senegal, as well as maiden contributions from our import facility in Sierra Leone and the 1.5Mta integrated plant we opened in Congo in September.

Pan-African revenues of ₦258.4B represented 32% of total Group revenues, while the region's EBITDA contribution of ₦38.3B (before central costs and eliminations) represented 9.6% of Group EBITDA, at a regional margin of 14.8%. Margins were depressed by diesel use in Tanzania.

Cameroon

Cameroon's economy performed well in 2017 with the IMF estimating growth of 4.0% over the year. The country's cement market is mainly driven by individual house building projects enabled by greater access to finance for new homes. In addition, infrastructure projects driving cement demand include new sports stadia in Yaounde and Douala, the Douala-Yaounde Highway, housing improvements and new commercial building.

Our 1.5Mta clinker grinding facility in Douala sold approximately 1.2Mt of cement in 2017, an increase of 14.8% on almost 1.1Mt sold in 2016.

The average price of cement over the year was about US$106 per tonne.

The increase in sales can be attributed to a number of factors, notably strong brand recognition, increased point-of-sale branding, improvements in our sales and marketing strategies and processes, new promotions to incentivise both internal sales staff and third-party distributors, higher visibility through trade shows, sponsorship and advertising, improved relationships with key distributors and better analysis of customer needs.

Efficiency initiatives at the plant included better co-ordination of clinker supply ships to avoid shortages or oversupply, optimising local logistics for raw material supplies and improvements in the organisation and throughput of lorries collecting cement.

We expect greater competition from capacity increases being implemented by competitors that will add up to 2.0Mta capacity in the coming years.

Congo

Our 1.5Mta integrated plant in Mfila, Republic of Congo, began operations in late September 2017 and sold 32,000 tonnes of cement.

The cement industry is small in the Republic of Congo and as at the end of September 2017, four manufacturers (SONOCC, Forspak, Diamond Cement and CIMAF) had a combined total of 1.7Mta, so Dangote Cement's new 1.5Mta plant at Mfila will almost double market capacity. The increase in total capacity is expected to significantly reduce imports, which account for approximately 80% of cement sales.

Ethiopia

Ethiopia is one of Sub-Saharan Africa's fastest-growing economies and its second most populous nation. The IMF forecast GDP growth of 8.5% in 2017.

The Ethiopian government aims to transform the country into a middle-income economy by 2025, focusing on growth in agriculture and exports, industry and services, based on its Growth and Transformation Plan II ("GTP II"), which covers 2015 to 2020. Central to the GTP II is large-scale public investment in infrastructure, principally in the power sector, with the aim of increasing capacity tenfold to 20GW by 2022, including the completion of the 6GW Grand Ethiopian Renaissance Dam.

The GTP II also aims to extend Ethiopia's road network from 98,000km to 180,000km and improve rail links with 5,000km of new lines.

In the housing sector, Ethiopia has enjoyed a construction boom, with state investment in large housing developments being supported by private investment in these and other real estate projects. The Ministry of Urban Development, Housing and Construction aims to build 2.4 million houses between 2015 and 2020.

Dangote Cement Ethiopia increased sales by 13.3% to nearly 2.2Mt in 2017, representing a capacity utilisation of approximately 88% at the 2.5Mta factory. We estimate our market share to have been 22%, consolidating Dangote Cement as Ethiopia's leading brand after two years in the market.

Our increased sales can be attributed to improvements in logistics, productivity, particularly in grinding and packing operations, staff training, better marketing, improved industrial and community relations, increased market demand, as well as significantly higher sales of bulk Ordinary Portland Cement from our factory at Mugher.

Ghana

Ghana's economy is expected to accelerate in the next two years, with the IMF forecasting GDP growth of 5.9% in 2017 and 8.9% in 2018. The outlook for cement demand remains attractive, driven by the strong GDP growth and investment to support the expanding oil and gas industries, as well as new housing projects, improvements to the Tema-Accra motorway and school renovations across the country.

Dangote Cement Ghana sold approximately 0.9Mt of cement in 2017, down 19.9% on the 1.1Mt cement sold during 2016. Of total cement sold in Ghana, 174Kt was imported from Nigeria and transported by road, often directly to customers.

Senegal

Our 1.5Mta plant in Pout sold nearly 1.3Mt of cement in 2017, up 21.4% on sales volumes achieved in 2016 despite plant stoppages in September due to the late delivery of coal supplies from the United States, as well as heavy rains. The volume sold represents 83% capacity utilisation at the factory.

Ex-factory pricing was approximately US$72 per tonne in the final quarter of December 2017. Good cost control enabled our Senegal plant to deliver improved EBITDA margins across the year.

The introduction in February 2017 of 32.5R cement to our product line-up was received well by the market and as well as enabling us to increase local market share because of its high quality. We believe it will also stimulate export sales to neighbouring Mali and Guinea-Bissau.

Sierra Leone

Sierra Leone's economy is recovering from the Ebola outbreak of 2014 and building activity is increasing as foreign trade and investment return to the country, augmenting foreign aid. Major initiatives include road building, the expansion of ports and the expansion of hydro-electric facilities.

Our 0.5Mta import and bagging facility began operations in Freetown in January 2017 doubling Sierra Leone's capacity for importation of cement, which is necessary because the country has insufficient limestone for manufacturing to be viable.

The facility sold approximately 91Kt of cement in its first (non-full) year of operation. Sales were supported by marketing visits to all major and some smaller towns, visits to building materials suppliers and small general retailers, as well as radio and TV commercials. We adjusted prices to improve competition and lowered thresholds for distributor incentives.

South Africa

The South African economy was subdued in 2017 with projected GDP growth of 0.7%, a marginal increase from 0.3% in the previous year. The economic expansion was mainly from growth in the mining and agriculture sectors due to the firming of global prices of minerals and an improvement in rainfall respectively. The cement industry similarly demonstrated modest improvement through the stability in pricing and customer mix for the manufacturers.

The price increases implemented by Dangote Cement SA in February and August were sustained in most markets resulting in an effective annual increase of 5% but the sales volumes were flat as a result of muted demand.

Although the first half was weak with a recorded loss of R16 million by the end of June 2017 due to excessive rainfall in the first quarter and low demand, the recovery in the second half enabled the subsidiary to achieve a net profit of R58 million at an EBITDA of 21% for the year. Furthermore, the optimisation programme focusing on operational efficiencies reduced average cost per tonne resulting in a EBITDA margin of 23% in Q3 and 25% in Q4.

Tanzania

Tanzania's strong economy is supporting a number of large infrastructure projects that are driving construction activity in the country, including the Dar es Salaam-Morogoro Railway, the Kenya-Tanzania Railway, major road and bridge building projects and commercial housing.

Our 3.0Mta factory at Mtwara, which is the largest and most modern in Tanzania, increased volumes by more than 25.4% to 757Kt in 2017. The ex-factory price was approximately US$66 in the final quarter of the year, higher than achieved earlier in 2017.

The factory remained reliant on diesel gensets for electrical power, which resulted in EBITDA losses that weighed on Pan-African margins. The installation of gas turbines was delayed and these will begin to operate in March 2018.

To replace the temporary power generators, we are investing in a dual coal and gas power station. In addition, as previously announced, we have been allocated land from which we can mine coal to fuel the plant in the coming years.

Zambia

Our 1.5Mta factory in Ndola sold approximately 0.8Mt of cement in 2017, which was 5.3% higher than 2016 despite a heavy and prolonged rainy season that affected construction activity. We estimate our domestic market share to have been about 40% at the end of 2017, following our retail branding programme and improved sales to the key block-maker market. Cement prices were about US$81 in the final quarter of 2017, having been relatively similar throughout the year.

During much of the year, the retail market was constrained by tighter monetary policy and pressures on disposable income following the drought of 2015/6. In addition, the government has been delaying payments to its creditors, which is dampening demand.

Board change

Onne Van der Weijde resigned from the Board of Dangote Cement on 31st December 2017.

In December, Viswanathan Shankar joined the Board. Based in Dubai, he is CEO of Gateway Partners and a seasoned financial sector professional with significant experience in Africa.

Financial review

Summary

Year ended 31st December **Volume of cement sold**	**2017 '000 tonnes**	**2016 '000 tonnes**
Nigeria	12,724	15,128
Pan-Africa	9,365	8,639
Inter-company sales	(174)	(192)
Total cement sold	**21,915**	**23,575**

Revenues	**2017 ₦m**	**2016 ₦m**
Nigeria	552,364	426,129
Pan-Africa	258,444	195,028
Inter-company sales	(5,226)	(6,054)
Total revenues	**805,582**	**615,103**
Group EBITDA*	**388,147**	**257,243**
EBITDA margin	**48.2%**	**41.8%**
Operating profit	304,208	182,493
Profit before tax	289,590	180,929
Earnings per ordinary share (Naira)	**11.65**	**8.78**
	As at 31/12/2017 ₦m	**As at 31/12/2016 ₦m**
Total assets	1,665,883	1,529,104
Net debt	203,707	240,772

*Earnings before interest, taxes, depreciation and amortisation

Overall Group revenue increased by nearly 31% from ₦615.1B to ₦805.6B, driven by increased revenues per tonne in Nigeria and an 8.4% increase in Pan Africa volumes.

Although cement volumes sold by Nigerian operations fell by 15.9%, improved pricing drove Nigerian revenue up by 29.6% to ₦552.4B before ₦5.2B of adjustments for inter-company sales.

Of the 12.7Mt dispatched from Nigerian plants, 12.0Mt was sold to domestic customers, with the remaining 0.7Mt being exported to countries including Ghana, Togo and Niger. This represents almost double the export volumes achieved in 2016 and was significantly higher than volumes imported into Nigeria by non-manufacturing companies.

Despite some of our plants in southern Africa experiencing a slow start to the year because of heavier-than-usual rains, full year Pan-African volumes rose by 8.4% to nearly 9.4Mt.

New capacity in Congo and Sierra Leone made a small contribution to total sales volumes in the region, which was boosted by increased volumes in Ethiopia, Cameroon, Senegal, Tanzania and Zambia.

Driven by increased sales volumes and strengthening prices, Pan-African revenue increased by 32.5% to ₦258.4B, or 32% of total Group revenue (2016: ₦195.0B, 31.7%).

Manufacturing and operating costs

Year ended 31st December	**2017 ₦m**	**2016 ₦m**
Materials consumed	111,559	87,203
Fuel & power consumed	111,569	112,265
Royalties	1,136	1,382

Salaries and related staff costs	26,713	24,019
Depreciation & amortisation	59,598	51,245
Plant maintenance costs	26,848	29,063
Other production expenses	14,653	21,165
Increase/(decrease) in finished goods and work in progress	(786)	(2,526)
Total manufacturing costs	351,290	323,816

In general, manufacturing costs increased as a result of increased volumes in Pan-African operations, with increased production volumes in Ethiopia, Zambia and Cameroon, as well as maiden operations in Sierra Leone and Congo.

Manufacturing costs in Nigeria decreased by 11% from ₦178.1B to ₦158.6B as a result of the reduced sales volume for 2017 and improved fuel mix.

The decrease in Nigerian manufacturing costs was outweighed by the increases in costs at Pan-African operations, mainly driven by volumes and the exchange rate for Naira which was ₦331/$1 at the end of 2017 compared to ₦304/$1 at the end of 2016. Exchange rate effects contributed about a ₦35B increase to Pan-African costs.

Administration and selling expenses

Year ended 31st December	**2017** **₦m**	**2016** **₦m**
Administration and selling costs	155,297	119,336

Total selling and administration expenses rose by 30.1% to ₦155.3B, mostly as a result of higher sales and associated distribution costs in Pan-Africa operations, and increased export sales from Nigeria, whose delivery costs are higher. Haulage expenses in Nigeria increased by ₦17.0B to ₦46.5B. Haulage costs in Pan-Africa increased by ₦8.2B, representing a 41% increase.

The depreciation of the Naira from ₦304/$1 at the end of 2016 to ₦331/$1 at the end of 2017 also contributed about ₦11.7B to the overall increase in Pan-African operating costs when these were converted to Naira.

The average exchange rate and year-end exchange rate for the main currencies applied are as shown in the notes to the accounts.

Profitability

Year ended 31st December	**2017** **₦m**	**2016** **₦m**
EBITDA	388,147	257,243
Depreciation and amortisation	(83,939)	(74,750)
Operating profit	**304,208**	**182,493**
EBITDA by operating region		
Nigeria	360,759	241,969
Pan-Africa	38,276	25,774
Central administrations costs and inter-company sales	(10,888)	(10,500)
Total EBITDA	**388,147**	**257,243**

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the year increased by 50.9% to ₦388.1B at a margin of 48.2% (2016: ₦257.2B, 41.8%) as a result of the better margins in Nigeria and increased volumes in Pan-Africa.

Excluding eliminations and central costs, EBITDA increased by 49.1% in Nigeria, to ₦360.8B at a margin of 65.3% (2016: ₦242.0B, 56.8%). The EBITDA margins in Nigeria were driven by higher selling prices and a more favourable fuel mix with very limited use of expensive low-pour fuel oil. In addition, use of cheaper local coal substituted a significant portion of more expensive imported coal.

Pan-African EBITDA rose by 48.5% to ₦38.3B, at 14.8% margin, driven by higher volumes and better pricing that helped to offset losses in Tanzania and Ghana.

Operating profit of ₦304.2B was 66.7% higher than the ₦182.5B for 2016, at a margin of 37.8% (2016: 29.7%), driven by better margins in Nigeria.

Interest and similar income/expense

Year ended 31st December	**2017 ₦m**	**2016 ₦m**
Interest income	9,136	2,662
Net exchange gain	26,790	41,155
Finance income	**35,926**	**43,817**
Finance costs	(52,711)	(45,381)
Net finance income / (cost)	**16,785**	**1,564**

Interest income increased by 243%, mainly as a result of more funds in Nigeria and Ethiopia being deposited in interest-earning bank accounts.

During the year to December 2017, the Nigerian Naira was devalued from about ₦304/1US$ to ₦331. The degree of devaluation in 2017 was significantly less than the devaluation from ₦199/1US$ to ₦305 during 2016.

The devaluation resulted in net exchange gains from inter-Group assets and liabilities that do not eliminate in full on consolidation.

The average interest rate on borrowings was 13.26%.

Taxation

Year ended 31st December	**2017 ₦m**	**2016 ₦m**
Tax charge	85,342	38,071

In prior years, we determined our tax charge on profits earned from Ibese production lines 3 & 4 and Obajana production line 4 on the basis that they were entitled to a tax holiday under the Pioneer Status Incentive. With reference to disclosures on note 4.1.2, the 2016 tax charge has been re-stated and this has resulted in an increase in tax charge by ₦43.8B. There is an additional tax charge of ₦62.2B for 2017.

The effective tax rate for Nigerian operations was 25.6%. The Group's effective tax rate was higher at 29.5% mainly because of start-up subsidiaries making losses that reduced the Group's profit without any tax benefits for those losses.

The Group's profit for the year was up 43.0% to ₦204.2B (2016: ₦142.9B). As a result, earnings per share increased by 32.7% to ₦11.65 (2016: ₦8.78).

Financial position

	31st December 2017 ₦m	**31st December 2016 ₦m**
Property, plant and equipment	1,192,140	1,155,711
Other non-current assets	57,089	66,084
Intangible assets	6,355	4,145

Total non-current assets	**1,255,584**	**1,225,940**
Current assets	241,912	187,471
Cash and bank balances	168,387	115,693
Total assets	**1,665,883**	**1,529,104**
Non-current liabilities	121,153	125,308
Current liabilities	391,276	321,803
Debt	372,094	356,465
Total liabilities	**884,523**	**803,576**

Non-current assets increased from ₦1,225.9B at the end of 2016 to ₦1,255.6B at 31st December 2017. This was mainly as a result of exchange gains on assets held outside Nigeria following the devaluation of the Naira, as well as capital expenditure on projects within Nigeria and other African countries in which we have operations.

Additions to property, plant and equipment were ₦85.6B, of which ₦41.8B was spent in Nigeria and ₦43.8B in Pan Africa operations.

Current assets increased by ₦54.4B, driven mainly by the increase in stocks and other receivables associated with sales that increased by 31%.

Payment to suppliers for trucks resulted in the decrease in non-current liabilities. This was partially offset by the utilisation of tax capital allowances on operations outside of tax holiday, which resulted in increased deferred tax.

Movement in net debt

	Cash ₦m	**Debt ₦m**	**Net debt ₦m**
As at 1st January 2017	115,693	(356,465)	(240,772)
Cash generated from operations before working capital changes	379,701	-	379,701
Change in working capital	(31,351)		(31,351)
Income tax paid	(3,213)		(3,213)
Additions to fixed assets	(85,621)		(85,621)
Other investing activities	(1,639)		(1,639)
Change in non-current prepayments and payables	(22,332)		(22,332)
Net interest payments	(39,222)		(39,222)
Net loans obtained (repaid)	2,591	(2,591)	-
Dividend paid	(144,844)		(144,844)
Other cash and non-cash movements	(1,376)	(13,038)	(14,414)
As at 31st December 2017	**168,387**	**(372,094)**	**(203,707)**

Cash of ₦379.7B generated from operations before changes in working capital was 55.7% ahead of the ₦243.9B generated in 2016. After net spending of ₦31.4B on working capital and tax payments of ₦3.2B, the net cash flow from operations was ₦345.4B.

Financing outflows of ₦190.6B (2016: ₦93.9B) reflected net loans taken of ₦2.6B, interest paid of ₦48.4B and a dividend payment of ₦144.8B.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) increased from ₦109.4B at the end of 2016 to ₦161.8B at 31st December 2017. With net loans obtained only at ₦2.6B, gross debt increased by ₦15.6B, mainly due to the negative impact of the exchange rates on debt in foreign currency.

Closing net debt at ₦203.7B was 15.4% lower than the opening net debt of ₦240.8B giving a net debt to EBITDA ratio of 0.52x reflecting the continuing strong cash generation achieved by the Group and improving its already healthy balance sheet position.

Capital Expenditure by region

	Nigeria ₦m	Pan-Africa ₦m	Total ₦m
Nigeria	41,839	-	41,839
Senegal	-	2,326	2,326
Cameroon	-	1,165	1,165
Congo	-	14,800	14,800
Ghana	-	2,684	2,684
Cote d'Ivoire	-	3,877	3,877
Sierra Leone	-	434	434
South Africa	-	117	117
Ethiopia	-	1,654	1,654
Tanzania	-	15,566	15,566
Zambia	-	971	971
Other	-	188	188
Total	**41,839**	**43,782**	**85,621**

Capital expenditure was mainly comprised of the construction of new plants, improvements in our energy efficiency in Tanzania and Nigeria, and an increase in the size of our truck fleet used for distribution of cement.

Compared to 2016, the ₦85.6B of capital expenditure is 37% lower in 2017 due to major expansion projects reaching the completion stage.

Recommended dividend

On 19th March 2018, the Directors recommended an increased dividend of ₦10.50 per share for approval at the Annual General Meeting scheduled for 20th June 2018 (2016: ₦8.50). This will result in a total dividend payment of ₦178.9B. The dividend represents a payout ratio of 90%.

Going concern

The Directors continue to apply the Going Concern principle in the preparation of the Financial Statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Group's Going Concern capabilities.

The Directors believe that the current working capital is sufficient for the operations and the Group generates sufficient cash flows to fund its operations. Borrowings are mainly to fund the expansion projects in various African countries.