Unaudited results for the three months to 31 March 2014

Cement volumes up 4.2% as gas disruption impacts production, revenues up 8.5%, new 3x brand cement launched for general building use

Lagos, 5 May 2014: Dangote Cement PLC (DANGCEM-NL), Nigeria's largest cement producer, announces unaudited results for the three months ended 31 March 2014.

Financial highlights

- Consolidated Group revenue up 8.5% to ₦103.6bn
- Gross profits up 0.7% to ₦66.5bn, 64.2% margin, affected by gas disruption
- EBITDA up 0.5% to ₦63.1bn at 61.0% margin
- EBIT down 1.7% to ₦54.6bn, 52.7% margin
- Earnings per share down 11.2% to ₦2.80 as some Nigerian operations become taxable
- Very low net debt of ₦62.7bn

Operating highlights

- Group's Nigerian sales volumes up 4.2% to 3.5 million tonnes
- Total Nigerian cement market grows by 1.3% to nearly 5.5 million tonnes
- Direct-to-customer deliveries proving highly successful, around 60% of sales
- Obajana sales volumes down 7.3%, Ibese down 6.1%, Gboko up 148%
- Plants affected by gas disruption and shortage of back-up LPFO
- Operations commence at Sephaku Cement in South Africa, Senegal now on track to open

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

"We are pleased to report that revenue and production have increased over the same quarter last year. Nevertheless, this was a challenging quarter in which the problems with the national gas infrastructure affected our ability to supply the growing demand for cement across Nigeria. We expect that the gas infrastructure problems will be resolved so that normal supplies can be resumed and we are commissioning coal mills at our Ibese and Obajana plants to reduce our need for furnace oil as a back-up fuel."

"We are committed to giving Nigeria's builders the best possible products and that is why we have launched our new 3x brand of cement, which delivers the necessary strength for most types of building work. We are confident the market will recognise its superior qualities, compared to other brands available in Nigeria. In addition, we have also launched a new product designed for the heavy, load-bearing structures that will form part of Nigeria's infrastructure.

"We have begun operations at our Delmas grinding plant, in South Africa, and expect to open our plant in Senegal in the coming weeks. These new plants are the first phase of our expansion as we aim to become Africa's leading cement producer."

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 Tuesday 6 May at 12.00 Lagos / UK time

The dial-in details are as follows:

Participants: +44 203 139 4830
Pin code: 15345619#

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

Participants: +44 203 426 2807
Pin code: 648052#

Contact details

Carl Franklin Group Head of Investor Relations 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

Summary of key performance indicators for Nigerian cement operations

(Excludes Sephaku and Ghana)

Three months to 31 March **Nigerian cement operations only, including haulage revenue**	**2013**	**2014**	**% change**
Cement sales (kt)	3,333	3,474	4.2%
(Nigerian cement operations only)	(₦bn)	(₦bn)	
Revenue	92.3	99.8	8.1%
Revenue per tonne (₦)	27,704	28,720	3.6%
EBITDA	63.0	64.0	1.5%
EBITDA margin	68.3%	64.2%	
EBIT	55.8	55.6	-0.3%
EBIT margin	60.5%	55.7%	
	US $million	US $million	
Revenue	577.0	623.6	8.1%
Revenue per tonne (including haulage)	173.2	179.5	
EBITDA	394	400	1.5%
EBITDA / tonne	118.4	115.06	

$1=₦157.94

Operating review

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

Nigeria's economy was recently rebased and is now the largest in Sub-Saharan Africa, demonstrating the true size and potential of the Nigerian market. 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.

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 inflation as measured by the Consumer Price Index stood at 8.0%.

Cement market constrained in first quarter by gas disruption

Fuel supply constraints had the effect of constraining the entire market in Nigeria. We estimate that market sales grew by 1.3% to 5.5 million tonnes, which is well below growth rates we have previously reported in what is typically one of the strongest quarters. However, this should also be viewed in the context of an unusually strong Q1 in 2013, as building work recovered strongly after the floods of late 2012 and we had the benefit of higher levels of cement stock already in the market, which helped Q1 2013 sales.

Nigeria's importation of cement continues to fall away and we estimate that just 0.3 million tonnes were imported in the first quarter of 2014, about the same as Q1 2013. We maintain 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.

Cement sales up 4.2%

Dangote Cement increased cement sales in Nigeria by 4.2% to nearly 3.5 million tonnes in the first three months of 2014. We estimate our market share to have been almost 63%, which is consistent to the average market share achieved across 2013.

At the beginning of March we introduced a 10% Quality Surcharge to reflect the higher quality of our 42.5 grade cement, versus the 32.5 grade that is more widely sold in Nigeria. This is our first price adjustment in more than five years, despite annual increases in our input costs. The full benefit of this adjustment began to flow through from April.

We recently launched our new 3x brand of cement which, at 42.5 strength, is the most suitable for general building works in Nigeria. In addition, we have launched an extra strong 52.5 grade of cement to service the growing need for cement in heavy load-bearing structures typical of large infrastructure projects such as bridges, flyovers and tall buildings.

Obajana sales down 7.3% as gas shortage affects production

Our flagship 10.25 million tonne plant at Obajana, in Kogi state, suffered disruption to both its gas and LPFO supplies and as a result, sales fell by 7.3% to 1.9 million tonnes. This represents a capacity utilisation rate of 75%.

Obajana averaged a 68% 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. We are commissioning a coal mill on Line 3 to diversify our fuel sources, with coal providing a cheaper alternative to LPFO.

Ibese sales down 6.1%

Our 6.0 million tonne Ibese plant in Ogun state sold 0.95 million tonnes of cement during the first quarter of 2014, which was 6.1% lower than the previous year. This represents a capacity utilisation rate of about 63%. As at Obajana, gas shortages caused problems on a number of days. We are commissioning a coal mill at Ibese to provide an alternative back-up fuel to LPFO.

Gboko increases sales by 148%

Our Gboko plant in Benue state increased sales by 148% to 0.59 million tonnes, when compared to the first quarter of 2013 in which the plant was mothballed during January.

Gboko is entirely fuelled by LPFO and diesel and was therefore unaffected by gas supply problems, but it did experience some shortages of LPFO as supplies were diverted to the larger plants.

Ghana maintains sales levels

Dangote Cement Ghana Ltd. contributed revenue of nearly ₦3.0 billion in the first quarter of 2014, about the same as in Q1 2013, from sales of 134,900 tonnes of cement.

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 and Sephaku contributed ₦0.8bn in sales in the first quarter of 2014. This compares with ₦0.1bn generated by sales of just fly ash in the first quarter of 2013.

The Lichtenburg (Aganang) Plant has a 6000tpd clinker capacity and 1.1mta cement capacity is scheduled to be in production by mid-2014. Aganang will supply Delmas with clinker to grind into cement, as well as producing its own cement for local distribution.

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 has entered 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.

Senegal legal process resolved, plant being readied for operations

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 coming weeks.

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

Financial performance

Group revenues increased by 8.5% to ₦103.6bn (Q1 2013: ₦95.4bn) reflecting the higher sales in Nigeria and an increase in the ex-factory price of cement of approximately 10% at the beginning of March. Nigerian revenues rose 8.1% to ₦99.8bn.

With the start of operations at Sephaku Cement's Delmas grinding plant in South Africa, the subsidiary contributed ₦0.8bn in revenue, up from ₦0.1bn in Q1 2013, when only fly ash was being sold. Dangote Cement Ghana contributed nearly ₦3.0bn of revenue, the same as in Q1 2013.

At Group level, gross profits rose by just 0.7% to ₦66.5 as both the Ibese and Obajana plants felt the impact of gas disruption and shortages of the more expensive LPFO used as a back-up fuel. Gross margins suffered as a result and the 64.2% achieved in Q1 2014 compares to the 69.2% achieved in the same period in 2013, but is substantially higher than the 55.8% reported in the final quarter of 2013. The change in output mix in the first quarter, which saw a higher proportion of sales from LPFO-fueled Gboko, also led to an increase in production costs.

Total operating expenses rose by 13.0% to ₦11.9bn, mostly as a result of a wage increase implemented last year, as well as costs associated with new IT projects to help improve efficiency. Distribution costs increased because of the higher level of direct-to-customer deliveries and higher depreciation associated with the larger fleet needed to support them.

Other income rose from about ₦0.3bn in Q1 2013 to ₦1.5bn this year, as a result of a write-back of certain provisions no longer required.

As a result of these factors the Group posted an operating profit of nearly ₦54.6bn, slightly down on the previous year and giving an operating margin of 52.7% (Q1 2013: ₦55.5bn, 58.1% margin). However, operating profit in our Nigerian operations was broadly flat at ₦55.6bn.

Our operations in West Africa and South Africa both sustained higher operating losses of ₦0.6bn and ₦0.4bn respectively (Q1 2013: ₦0.1bn and ₦0.2bn), with South African losses attributable to both the commissioning and start-up of Delmas and the fact that it is grinding clinker acquired from another producer. Non-capitalisable expenses were also higher.

Net financial costs fell from ₦1.8bn in Q1 2013 to ₦1.5bn in Q1 2014. Group profit before tax fell by 1.2% to ₦53.0bn (Q1 2013: ₦53.7bn).

With profits on operations at Obajana (Lines 1+2) and Gboko now exposed to taxation, the Group had a tax charge of ₦5.4bn (Q1 2013: credit of ₦0.05bn) to leave profit for the year lower by 11.4% at ₦47.6bn. As a result, earnings per share were lower by 11.4% at ₦2.80 per share.

Balance sheet and cash flow remain strong

Non-current assets rose from ₦695.1bn at the end of 2013 to ₦709.8bn at 31 March 2014, mostly as a result of increased capital expenditure, both within Nigeria and in other African countries.

Cash and cash equivalents increased from ₦70.5bn at the start of the year to nearly ₦113.6bn at the end of March. Net debt stood at ₦62.7bn, down from ₦110.6bn at the start of the year.

Total assets rose from ₦843.2bn at the start of 2014 to ₦903.1bn at the end of March.

From a profit before tax of ₦53.0bn we generated cash from operations of ₦76.1bn and invested ₦27.1bn (Q1 2013: ₦39.2bn). Financing outflows were ₦9.1bn (Q1 2013: ₦0.06bn).

Appointment of Brian Egan as Group Chief Financial Officer

Mr Brian Egan has been appointed as Group Chief Financial Officer of Dangote Cement Plc. Mr Egan is a member of The Institute of Chartered Accountants in Ireland, starting his career with KPMG. He has substantial international experience having held senior finance position in Coca-Cola HBC, Gloria-Jeans, Georgia-Pacific and Jefferson Smurfit Group. Mr Egan held the position of Chief Financial Officer of Petropavlovsk Plc and of Aricom Plc, both listed on the Main Board of the London Stock Exchange.

Current trading and outlook

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 building 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 coming months. We expect other facilities to come onstream this year in 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.