DANGOTE CEMENT

An emerging cement major building shareholder value and prosperity in Africa

Unaudited results for the three months ended 31st March 2016

26th April 2016

Highlights for Q1 2016

Financial results

- Revenue up 22.5% to ₦140.5B
- EBITDA up 0.6% at ₦72.4B at 51.5% margin,
- Net debt of ₦148.7B, down from ₦204.2B at 31/12/15

Operational highlights

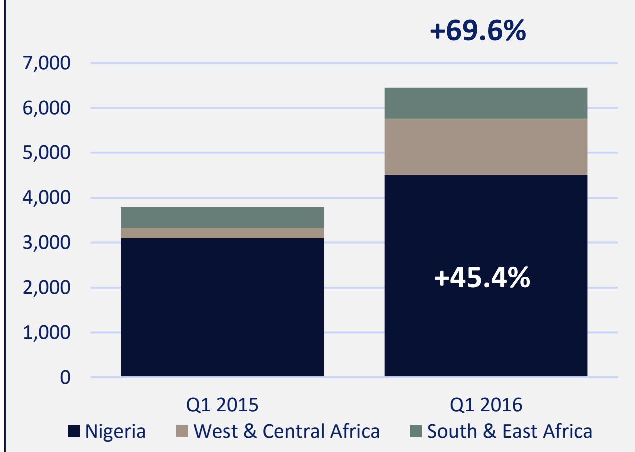
- Group cement volumes up 69.6% to 6.4Mt
- Strong market shares in all territories
- Record sales volumes in Nigerian market, up 45.4% to 4.5Mt after price reduction
- West & Central Africa sales volumes up 448.9% to 1.2Mt*
- South & East Africa sales volumes up 49.2% to 0.7Mt*
- Tanzania now onstream
- Ground broken for 6.0Mta plant at Okpella, Edo State, Nigeria
- Work begins at 3.0Mta grinding plant in Cote d'Ivoire

*As of 1st January 2016, Ethiopia was regrouped into the West & Central operating region

Regional revenues (₦bn)

Three months to 31st March	2016	2015	Change
Nigeria	107.2	101.4	5.7%
West & Central Africa	23.5	4.7	402%
South & East Africa	10.2	8.7	17.4%
Inter-company sales	(0.3)	-	
Total	**140.5**	**114.7**	**22.5%**

Regional sales volumes ('000 tonnes)

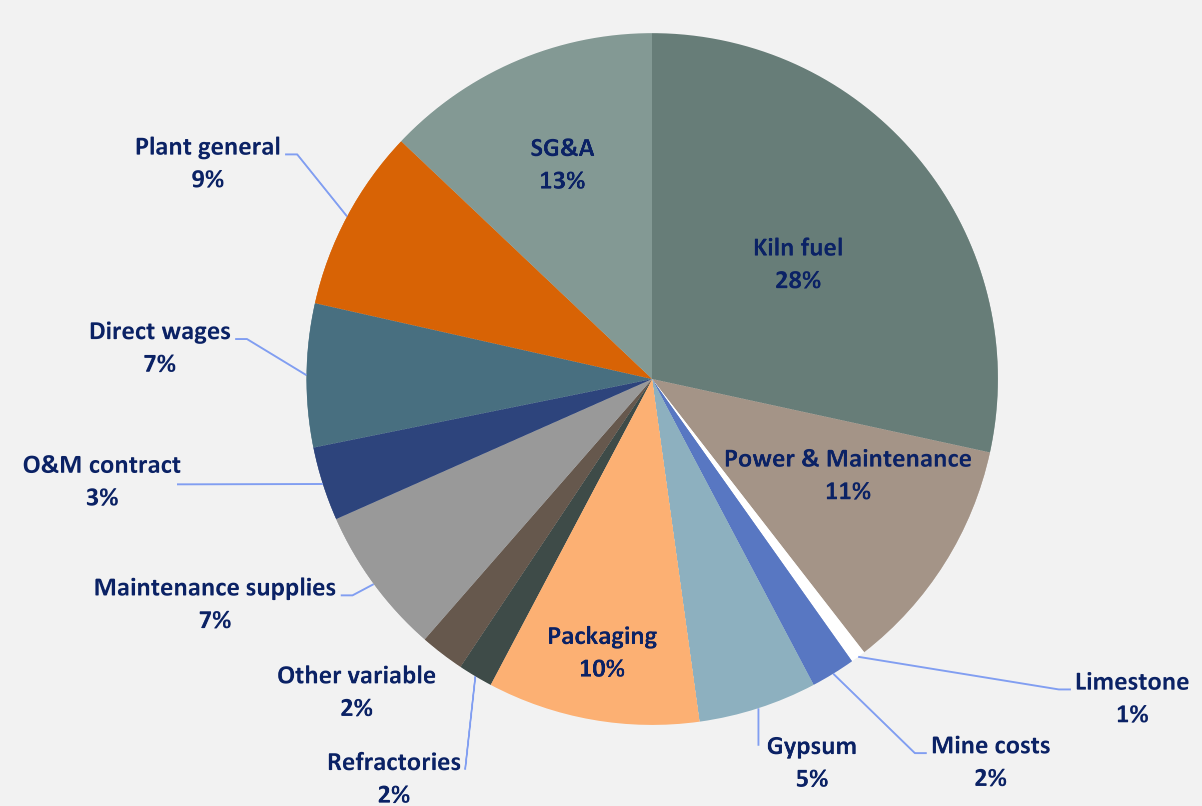


Financial Overview

Income Statement				
Three months to 31st March	**2016 ₦B**	**2015 ₦B**	**% change**	**Comments**
Revenue	140.5	114.7	22.5%	*Increase mainly due to non-Nigerian factories offsetting price cut in Nigerian market*
Cost of sales	(62.2)	(40.0)	55.5%	*Higher fuel cost owing to increased LPFO use in Nigeria*
Gross profit	**78.3**	**74.7**	**4.8%**	*Impact of price reduction in Nigeria*
Gross margin	*55.7%*	*65.1%*		
EBITDA	**72.4**	**72.0**	**0.6%**	*Absolute EBITDA increased despite fall in Nigerian profits after price reduction*
EBITDA margin	*51.5%*	*62.8%*		
EBIT	**56.1**	**58.4**	**(5.7%)**	
EBIT margin	*39.9%*	*50.9%*		
Finance income	7.2	28.0	(70.5%)	*Q1 2015 included significant FX gains not repeated in Q1 2016*
Finance costs	(8.8)	(16.3)	(45.7%)	
Profit before tax	**54.5**	**70.2**	**(22.3%)**	
Income tax (expense)/credit	(1.7)	(1.5)	13.7%	
Profit for the period	**52.8**	**68.6**	**(23.1%)**	
Earnings per share	**3.12**	**4.09**	**(23.6%)**	

Financial Overview

% of average cash costs per tonne (Nigeria, 2016 ytd)



Financial Overview (cont'd)

Movement in net debt	Cash ₦B	Debt ₦B	Net debt ₦B
As at 1st January 2016	**40.8**	**(245.0)**	**(204.2)**
Cash generated from operations before changes in working capital	75.2	-	75.2
Changes in working capital	12.6	-	12.6
Income tax paid	-	-	-
Capital expenditure	(24.7)	-	(24.7)
Other investing activities	(0.2)	-	(0.2)
Change in non-current prepayments	2.8	-	2.8
Net interest payments	(13.0)	-	(13.0)
Net loans obtained (repaid)	(31.1)	31.1	-
Other cash and non-cash movements	3.4	(0.6)	2.9
Dividend paid	-	-	-
As at 31st March 2016	**65.7**	**(214.4)**	(148.7)

Financial Overview (cont'd)

Balance sheet	As at 31/03/16 ₦B	As at 31/12/15 ₦B
Property, plant and equipment	**921.7**	917.2
Other non-current assets	**24.5**	25.1
Intangible assets	**2.7**	2.6
Current assets	**147.3**	125.2
Cash and cash equivalents	**65.7**	40.8
Total Assets	**1,161.9**	**1,110.9**
Non-current liabilities	**60.9**	57.2
Current liabilities	**188.2**	164.1
Debt	**214.4**	245.0
Total liabilities	**463.6**	**466.0**
Net Assets	**698.4**	**644.7**
Net debt as % of net assets	**21.3%**	**31.7%**

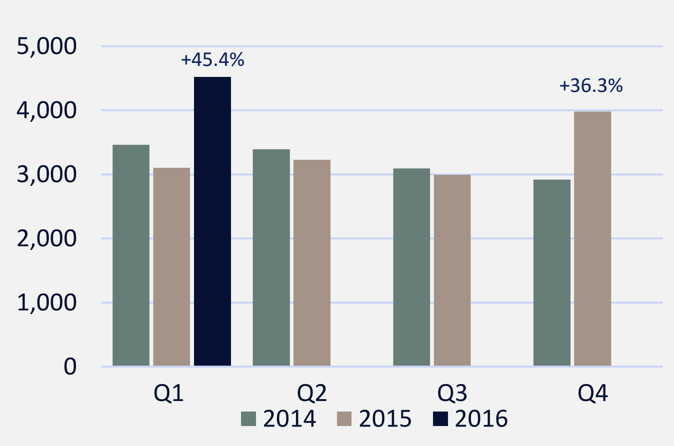
Nigeria Q1 2016

- Price reduction drives record Q1 sales up 45.4% to 4.5Mt
- Market share of 66% vs 58% in Q1 2015
- Imports rapidly falling away at lower price
- Gas disruption at Ibese weighs on margins
- Successful marketing initiatives target 14,000+ retail outlets
- Late Q1 reduction of rebates, transport subsidies and other discounts at combined value of ₦100/bag
- Strong momentum continues into April

Nigeria performance			
Three months to 31st March	**2016**	**2015**	Change
Volumes sold (kt)	4,513	3,104	45.4%
Revenue (₦B)	107.1	101.3	5.7%
EBIT* (₦B)	53.7	59.0	(9.1%)
EBIT margin	50.1%	58.2%	

* Excluding corporate costs and eliminations (see note 4 to accounts)

Quarterly sales ('000 tonnes)



Kiln fuel mix			
Q1 2016 (Q1 15)	**Obajana**	**Ibese**	**Average**
Gas	72% (92%)	34% (85%)	55% (89%)
Coal	15% (1%)	52% (15%)	31%
LPFO	13% (7%)	14%	14% (5%)

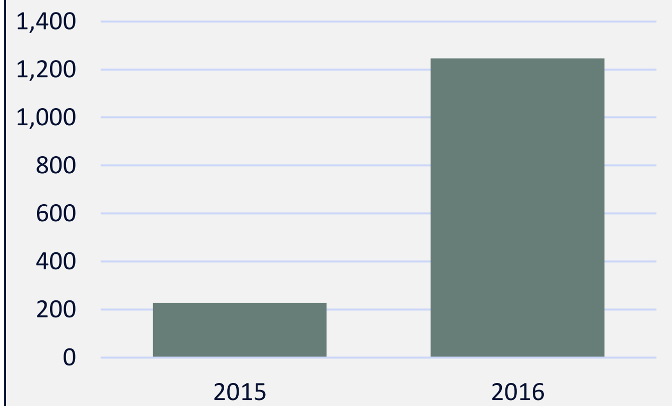
West & Central Africa Q1 2016

- Strong performance across the region
- Sales volumes rise 449% to 1.2Mt, including Ethiopia
- Revenues rise 402% to ₦23.5B
- Excellent sales increases across the region
  - Senegal sales up 225%
  - Ghana up 94%
- Strong market shares achieved within a year of launch
  - Senegal 27% share
  - Ethiopia 27% share
  - Cameroon 44% share
- Expansion announced to capitalise on early success
  - New line in Senegal to feed Mali with clinker
  - New 1.5Mta facility planned for Cameroon
- Congo set for 2016 opening, progress continues at other sites

West & Central Africa performance

Three months to 31st March	2016	2015	Change
Volumes sold (kt)	1,246	227	449%
Revenue (₦B)	23.5	4.7	402%
EBIT (₦B)	4.1	0.2	1,718%
EBIT margin	17.4%	4.8%	

Quarterly sales ('000 tonnes)



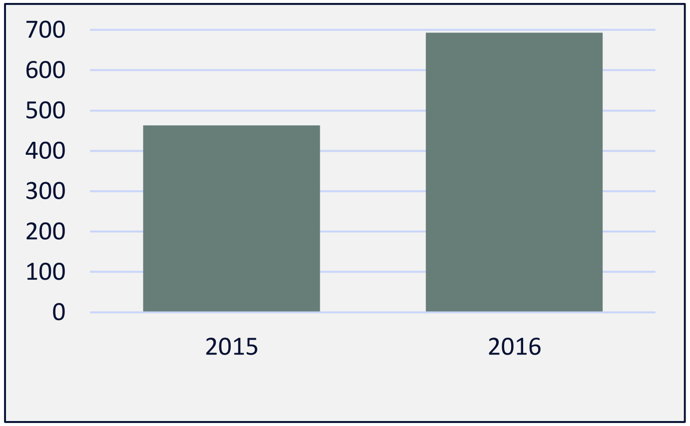
South & East Africa Q1 2016

- Sales volumes up 50% to 0.7Mt
- Region hit by economic downturn and currency challenges
- Revenues up 17.4% to ₦10.2B
- Operating loss of ₦1.2B owing to currency devaluation
- South Africa volumes up despite poor economy
- Zambia achieves 40% market share in market subdued by economy, lack of mining projects and rainy season
- New projects
  - New 1.5Mta capacity in Zambia
  - Entry into Zimbabwe announced
  - Kenya finalising plans for 3.0Mta capacity across two sites

South & East Africa performance

Three months to 31st March	2016	2015	Change
Volumes sold (kt)	691	463	49.2%
Revenue (₦B)	10.2	8.7	17.4%
EBIT (₦B)	(1.2)	0.9	(233%)
EBIT margin	Na	10.9%	

Quarterly sales ('000 tonnes)



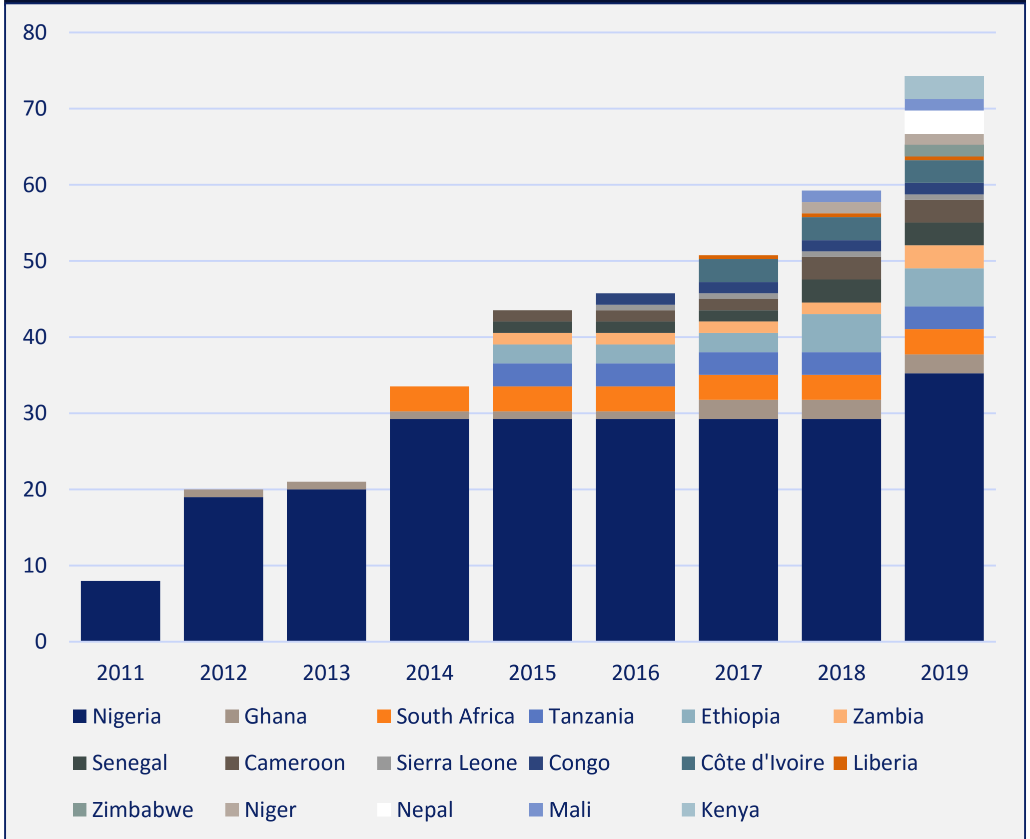
Outlook for 2016

- Strong Nigeria sales momentum maintained into Q2
  - April expected to be record month in Nigeria
  - Market clearly stimulated by price cut
  - Building activity driven mostly by local investment in building
- Nigerian Government committed to infrastructure spend
  - Allocated approx. $3B for infrastructure projects, eg transport, housing, works, power
  - To be supported by $6B infrastructure loan from China
  - Infrastructure represents strong upside on existing sales
- Expect to improve on absolute EBITDA and earnings in 2016
- Sourcing foreign currency remains challenging
  - Around 55% of opex exposed to FX but most import needs are on 'approved list' at CBN rate
  - Gas is priced in US$ but paid in Naira, reducing need for FX
- All non-Nigerian plants expected at high capacity utilisation in 2016 (Tanzania ramping up steadily, already gaining share in key market)
- Republic of Congo and Sierra Leone operational this year
- Next phase of expansion begins to reach 74-77Mta by end 2019
  - MOU signed with ICBC and Sinoma for funding and construction

Expanding and diversifying

	End 2015	End 2019	*	Type
Nigeria	**Mta**	**Mta**		
Obajana	13.3	13.3		Integrated
Ibese	12.0	12.0		Integrated
Gboko	4.0	4.0		Integrated
Itori	-	3.0-6.0		Integrated
Okpella	-	6.0		Integrated
Total Nigeria	**29.3**	**38.3-41.3**		
West & Central Africa	**Mta**	**Mta**		
Cameroon	1.5	3.0		Grinding
Cote d'Ivoire	-	3.0		Grinding
Ghana	1.0	2.5		Grinding + Import
Liberia	-	0.5		Grinding
Mali	-	1.5		Grinding
Niger	-	1.5		Integrated
Republic of Congo	-	1.5		Integrated
Senegal	1.5	3.0		Integrated
Sierra Leone	-	0.7		Import
Total W&C Africa	**4.0**	**17.2**		
South & East Africa	**Mta**	**Mta**		
Ethiopia	2.5	5.0		Integrated
Kenya	-	3.0		Integrated
South Africa	3.3	3.3		Integrated
Tanzania	3.0	3.0		Integrated
Zambia	1.5	3.0		Integrated
Zimbabwe	-	1.5		Integrated
Total S&E Africa	**10.3**	**18.8**		
TOTAL		**74.3-77.3**		

Expected capacity additions, 2016-2019* (Mta)



*** Provisional timetable, timings and capacities subject to change**

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