



## Unaudited results for the three months ended 31<sup>st</sup> March 2016

**Group volume growth of nearly 70%, record sales in Nigeria, up 45.4% to 4.5Mt following price reduction; absolute EBITDA increased even in lower pricing environment; strong market share gains in all new territories across Africa**

**Lagos, 25<sup>th</sup> April 2016:** Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the three months ended 31<sup>st</sup> March 2016.

### Financial highlights

- Revenue up 22.5% to ₦140.5B
- Absolute EBITDA increased, 0.6% at ₦72.4B at 51.5% margin
- Net debt of ₦148.7B, down from ₦204.2B at 31<sup>st</sup> December 2015

### Operating 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, steadily gaining share
- Ground broken for 6.0Mta plant at Okpella, Edo State, Nigeria
- Work begun at 3.0Mta grinding plant in Cote d'Ivoire

\*Note that from 1<sup>st</sup> January 2016, Ethiopia has been regrouped into West & Central Africa operating region

### Onne van der Weijde, Chief Executive Officer, said:

*"We achieved record sales growth in Nigeria following the price reduction we implemented in September 2015 and this helped drive volumes up by 45% in our core market. We are confident that the Nigerian market will grow substantially this year as major projects are enabled by funding packages designed to improve Nigeria's infrastructure.*

*At the time of last September's price reduction we cautioned that our profit margin could be lower during 2016. However, in the first quarter of 2016 we have demonstrated that we have improved our absolute EBITDA and we are still achieving very good 51.5% EBITDA margins at Group level despite the price cut in Nigeria and the general economic malaise that has affected a number of countries in which we operate.*

*That we are gaining substantial market shares so soon after launching operations across Africa is a testament to our business model of competing with higher-quality products produced at lower costs. Our success in these markets is positioning us for even better performance in the coming years as economies begin to recover.*

*We have recently begun work on new plants to meet future needs in Nigeria and Côte d'Ivoire and have signed a Memorandum of Understanding for the financing and construction of our next wave of plants in Nigeria and beyond to reinforce our position as a global cement company."*

## **About Dangote Cement**

Dangote Cement is Africa's leading cement producer nearly 44Mta capacity across three plants in Nigeria and recently opened factories in Cameroon, Ethiopia, Senegal, South Africa, Tanzania and Zambia.

We are a fully integrated quarry-to-customer producer with production capacity of 29.25Mta in Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25Mta of capacity across four lines. The Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12Mta. The Gboko plant in Benue state has 4Mta. We plan to build new factories in Ogun State (3-6Mta) and Edo State (6.0Mta). 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 operations in Senegal (1.5Mta), South Africa (3.3Mta), Cameroon (1.5Mta), Ghana (1Mta import facility), Ethiopia (2.5Mta), Zambia (1.5Mta) and Tanzania (3.0Mta).

We are building or planning new capacity in Nigeria (9-12Mta), Republic of Congo (1.5Mta), Kenya (3.0Mta), Nepal (3.0Mta), Zambia, Ethiopia, Cameroon, Zimbabwe (TBC), Sierra Leone (0.7Mta), Ghana (1.5Mta), Cote D'Ivoire (3.0Mta), and Liberia (0.7Mta).

**Website:** [www.dangotecement.com](http://www.dangotecement.com)

**Twitter:** @DangoteCement

## **Conference call details – REGISTRATION REQUIRED**

A conference call for analysts and investors will be held on Tuesday 26<sup>th</sup> April at 16.00 Lagos/UK time.

**PLEASE REGISTER IN ADVANCE USING THE LINK BELOW TO OBTAIN DIAL-IN DETAILS**

[DANGOTE CEMENT UNAUDITED RESULTS FOR THE QUARTER ENDED 31ST MARCH 2016](#)

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## Operating review

### Summary

| Three months ended 31st March | 2016               | 2015               |                |
|-------------------------------|--------------------|--------------------|----------------|
| <b>Cement volumes sold</b>    | <b>'000 tonnes</b> | <b>'000 tonnes</b> | <b>change</b>  |
| Nigeria                       | 4,513              | 3,104              | 45.4%          |
| West & Central Africa         | 1,246              | 227                | 449%           |
| South & East Africa           | 691                | 463                | 49.2%          |
| Inter-company sales           | (15)               | -                  |                |
| <b>Total cement sold</b>      | <b>6,435</b>       | <b>3,794</b>       | <b>69.6%</b>   |
|                               |                    |                    |                |
| <b>Regional revenues</b>      | <b>₦m</b>          | <b>₦m</b>          |                |
| Nigeria                       | 107,154            | 101,371            | 5.7%           |
| West & Central Africa*        | 23,512             | 4,688              | 402%           |
| South & East Africa*          | 10,187             | 8,679              | 17.4%          |
| Inter-company sales           | (332)              | -                  |                |
| <b>Total revenues</b>         | <b>140,521</b>     | <b>114,738</b>     | <b>22.5%</b>   |
|                               |                    |                    |                |
|                               | <b>₦B</b>          | <b>₦B</b>          |                |
| <b>EBITDA</b>                 | <b>72,398</b>      | <b>71,999</b>      | <b>0.6%</b>    |
| <i>EBITDA margin</i>          | <i>51.5%</i>       | <i>62.8%</i>       |                |
|                               |                    |                    |                |
| <b>Pre-tax profit</b>         | <b>54,539</b>      | <b>70,168</b>      | <b>(22.3%)</b> |
|                               |                    |                    |                |
| <b>Earnings per share</b>     | <b>3.12</b>        | <b>4.09</b>        | <b>(23.6%)</b> |

\*As of 1<sup>st</sup> January 2016, Ethiopia has been regrouped into West & Central Africa

### Group performance

The first quarter of 2016 saw Dangote Cement increase volumes by 69.6% to 6.4 million tonnes of cement sold across factories in eight countries. The increase was driven by a combination of record sales in Nigeria, following last September's price decrease, as well as maiden first-quarter sales from factories in Ethiopia, Zambia, Tanzania and significantly improved sales in Ghana.

Group revenues increased by 22.5% to ₦140.5B, with ₦107.2B from Nigeria, up 5.7% on Q1 2015, when cement had sold at the previous higher price.

As we forecast at the time of last September's price cut, Group operating profit margins were reduced by the impact of the lower price in our main market. As a result, operating profits fell by 4.0% to ₦56.1B. Group operating margins fell from 50.9% in Q1 2015 to 39.9% this year, as a result of the price reduction in Nigeria, as well as an increased proportion of revenues from new factories still in ramp-up phase, operating in countries with lower pricing.

Earnings per share fell by 23.6%, from ₦4.09 to ₦3.12, mainly as a result of a large FX gain recorded in Q1 2015 not being repeated to the same extent in 2016.

Cash generation was strong during the quarter, with ₦87.7B of cash generated from operations (Q1 2015: ₦92.7B) and with lower capital investment during the first quarter of 2016, our net debt fell from ₦204.2B at the start of the year, to ₦148.7B on 31<sup>st</sup> March 2016.

## **Nigeria**

### **Outstanding Q1 sales volumes after Q4 2015 price reduction**

Sales of cement in Nigeria achieved successive record levels in January, February and March, with a total of 4.5Mt of cement being sold in the first quarter of 2016, up 45.4% on the previous year. We attribute this in part to the price cut we implemented in September 2015 when we reduced the price of cement by ₦300 per bag to make it more affordable in these challenging economic conditions. We believe that building activity has accelerated recently as a consequence of currency restrictions, with money held in Nigeria being allocated to house building and upgrading.

As a result of the price reduction, revenues from Nigeria totalled ₦107.2B, up just 5.7% on Q1 2015, while operating profits of ₦53.6B were 9.1% lower than in the first quarter of 2015 (excluding corporate costs and other income).

In parallel with the price reduction, we continued strong promotional activity into Q1 2016, notably the Dangote Mega Millions Dash, with a ₦300m prize pool and ₦1m prizes handed to more than 180 people during the 15-week promotion, which ran until the end of February 2016. We continued our drive to activate retail outlets across the country, branded strongly with umbrellas, tables, chairs and tarpaulins for covering cement bags. We estimate that our cement is now sold at 14,000 outlets in Nigeria.

Our marketing activities were supported by improved logistics that benefited from our Redistribution Fleet Empowerment Scheme, in which we allocated a total of 140 15-30Mt trucks between 100 key distributors to improve local distribution of our bagged cement across the country.

Of the total 4.5Mt of cement sold in Nigeria, nearly 2.5Mt was shipped from our Obajana plant, while 1.9Mt was shipped from Ibese. Gboko made a small contribution of about 140Kt during the quarter.

We estimate that our market shares was 66% in the first quarter of 2016, an improvement on Q1 2015, when we lost some share to competitor pricing actions early in the quarter.

As we indicated at the time of our full-year 2015 results in March, our gas supply was significantly disrupted during the first quarter of the year, with Ibese averaging 34% gas, 52% coal and 14% LPFO (Q1 2015: 85%, 15%, 0%). With coal being almost as cheap as gas per tonne of clinker at Ibese, the main impact on margins came from the increased use of LPFO. Obajana had more stable supplies of gas at 72%, with 15% coal and 13% LPFO used (Q1 2015: 92%, 1%, 7%). Across Ibese and Obajana the weighted average fuel mix was 55% gas, 31% coal and 14% LPFO (Q1 2015: 89%, 6%, 5%)

Towards the end of March 2016, we reduced discounts, rebates, transport and other subsidies that were in effect a value of ₦100 per bag.

In February 2016 we announced plans to establish a new factory in Okpella, Edo State. This will now be a 6Mta plant, for which ground was broken on 10th April 2016. It is likely that we will now build a 3-6Mta plant in Itori, Ogun State, building work for which will commence after land and permitting issues have been finalised.

## **West & Central Africa**

Our West & Central Africa region comprises our non-Nigerian operations across the Economic Community of West Africa States (ECOWAS), as well as Cameroon, the Republic of Congo and as of Q1 2016, Ethiopia.

The region turned in a strong performance in the first quarter of 2016 with sales of 1.2Mt of cement, up nearly 450% on Q1 2015, to generate revenues of ₦23.5B, up 402%. Operating profits of ₦4.1B were 1718% higher than in Q1 2015, although this included a contribution maiden from Ethiopia.

## **Ghana**

We estimate that consumption of cement rose by about 7% year on year in the first quarter of 2016. However, our sales volumes rose by 94.4% compared with the first quarter of 2015. We estimate our

market share to have been about 18% in the first quarter as a result of relationship-building initiatives and improved delivery services. The average realised price in Ghana was about \$128 in the first quarter.

## **Senegal**

We estimate that the Senegalese market rose by about 9% compared with the first quarter of 2015, with the economy dampened by the country's referendum and cement demand being muted by a lack of major projects.

Our sales volumes in Senegal rose by 225% compared to the first quarter of 2015, during which time the factory was in the early stages of ramp-up. Strong sales and marketing initiatives in January and February resulted in us fully selling out our stocks of cement during the first two months, which is a commendable achievement in such a well-supplied market. We estimated our market share to have been around 27% during the quarter, despite a two-week stoppage for maintenance on the cement mill in March. Although we naturally lost some sales during this time, we have begun to regain our strong position in the market and hope to achieve more than 30% in the coming weeks. Our realised prices averaged \$74 for the first quarter.

## **Cameroon**

The cement market in Cameroon rose by about 6% in the first quarter of 2015, muted by delays to infrastructure projects and insurgent actions in the north of the country on its border with north east Nigeria.

Having entered the market just a year ago in March 2015, we believe we are now the market leader with 44% share. The government has recently banned the importation of bulk and bagged cement and this represents an opportunity for us to supply locally ground cement made from imported clinker. We hope to achieve an even higher market share during the coming months, as a number of large infrastructure projects begin construction.

After we entered the market in 2015, and with the addition of capacity by a competitor, prices fell in Cameroon and we continued to see slight reductions in price during the first quarter of 2016. Our average realised price was about \$112 during the quarter.

## **Ethiopia**

Ethiopia has been regrouped into our West & Central operating region since the beginning of the year.

In the past few years, demand for cement has been strong in Ethiopia with sales growth of more than 10% per year. However, the recent drought has subdued the market somewhat and we anticipate slower growth in 2016. We have seen some signs of improvement in recent weeks and expect the government to release funds for major infrastructure projects in the coming months, following rainfall that has alleviated the impact of the drought.

We commenced operations in Ethiopia in June 2015 and estimate that our share of the market was 27% in the first quarter of 2016.

## **Update on projects**

Our 1.5Mta plant in Mfila, Republic of Congo, is well on track to open in H2 2016, to serve local and export markets and thereby reduce imports.

We recently commenced construction of a 3.0Mta grinding plant in Côte d'Ivoire, with operations likely to begin in late 2017.

Now that Sierra Leone has been declared free of the Ebola virus, we are completing the construction of our import and bagging plant in Freetown with a view to starting commercial operations in the second quarter of 2016.

In time, we hope to supply bulk cement from our own factories in Senegal or Nigeria, which will benefit from duty-free trade within ECOWAS.

Ebola has delayed our plans in Liberia and we now expect to open a 0.5Mta grinding plant there in 2017.

In September 2015 we announced our intention to build facilities in the interior countries of ECOWAS. We plan a 1.5Mta grinding plant in Mali, which we will supply with clinker from Senegal, as well as a 1.5Mta integrated plant in Niger. Both should commence operations in 2019. We have already begun exporting cement into Mali and Niger to build awareness of the Dangote brand.

## **South & East Africa**

Our South & East Africa region encompasses our operations in South Africa, Zambia and Tanzania as well as new projects planned for Kenya and Zimbabwe. Ethiopia is now grouped into our West & Central operating region.

Cement volumes in South & East Africa rose by 49.2% to nearly 0.7Mt with revenues of ₦10.2B for the quarter (Q1 2015: 0.5Mt, ₦8.7B). Our new plant in Tanzania began commercial sales late in the first quarter and therefore made little contribution.

Regional revenues continue to be impacted on translation by significant devaluations of the Zambian Kwacha and South African Rand against the dollar, driven by a lacklustre South African economy, a general slowdown in mining activities and lower government spending in these two key markets.

Start-up costs in Tanzania were mostly responsible for an operating loss of about ₦1.2B during the quarter.

### **South Africa growth impacted by poor economy**

As previously stated, South Africa's economy presents significant challenges to infrastructure and housing growth, caused by high interest rates, the devaluation of the Rand and a lack of confidence in government. As a result our sales volumes there rose by just 3.2% on the first quarter of 2015.

We have now begun an optimisation programme aimed at improving EBITDA by 5% to 7% at our Aganang and Delmas sites. Key initiatives include improving logistics, raw material procurement and our production processes. In addition our sales teams are refining customer segmentation in order to more fully serve the market with the best possible products and services. Around 80% of our sales are bagged, with 70% of total volumes being sold in the inland markets, notably in rural areas.

Pricing remains relatively low with little scope for immediate increases after pricing actions by market competitors and the entry of a new manufacturer with 1Mta capacity.

## **Zambia**

Like South Africa, Zambia has been hit by significant currency devaluation and an economic downturn caused by the slowdown in mining. In addition, the first quarter of the year is typically the rainy season. As a result of these factors, Zambia's contribution was modest during the first three months of 2016, although we believe we have gained market share of about 40% since the plant opened last year. Realised prices in the Zambian market are above \$80 at present.

Although we can export to neighbouring countries, they too are experiencing challenges in their economies. Malawi has recently introduced a ban on imported cement but we have begun to export small quantities to Burundi.

### **Tanzania opens for business**

Our 3.0Mta plant in Tanzania began commercial sales late in the quarter and made a slow but steady start selling 32.5-grade cement while our 42.5-grade was awaiting certification. Despite high costs of

transport and a shortage of diesel, we have managed to dispatch cement into the country's major market at Dar es Salaam and believe we have already taken share from competitors whose factories are closer to the city. Realised prices were approximately \$86 at the end of the quarter.

### **Update on projects**

We are still in the process of finalising agreements for the construction of a factory in Kenya, which we expect to be in operation in 2019. Key factors will be good availability of limestone close to Kenya's centres of demand. Kenya has a relatively strong economy and a large population of 43m people but low per-capita consumption of cement, suggesting there is plenty of room for growth.

In our strategy update of September 2015, we also announced our intention to build a 1.5Mta plant in Zimbabwe, probably by 2019. The country has a population of around 15 million but per-capita consumption of cement is just 84kg, which again suggests there is potential for good growth in cement demand when its economy begins to advance in the coming years.

### **Outlook for 2016**

The strong start in Nigeria has proved that our pricing action of September 2015 very clearly stimulated both the overall market and our share of its sales. April has continued the growth momentum of the last six months and we expect it to be the seventh consecutive month of record growth.

We remain optimistic that the Nigerian market will maintain robust growth in 2016. Furthermore, the new Federal Government has committed to a large programme of infrastructure investment that we anticipate will be supported by funding from China. Large infrastructure projects represent considerable upside potential for cement demand in the coming years as most demand at present comes from smaller-scale building projects.

We recently broke ground on a new 6.0Mta plant at Okpella, Edo State, and have entered into a Memorandum of Understanding with our contractor Sinoma and the Industrial and Commercial Bank of China to finance and build the next phase of our expansion in Nigeria and across the rest of Africa.

It is very encouraging that both sales volume and EBITDA have grown faster than expected six months ago and even though our EBITDA margin has dropped slightly, absolute EBITDA has grown in the new pricing environment and we are confident that as we progress through 2016 we will be able to improve over last year on volume, EBITDA and all the way through to earnings per share.

## Financial review

### Financial highlights

| Three months ended 31 <sup>st</sup> March | <b>2016</b><br><b>₦m</b>                       | <b>2015</b><br><b>₦m</b>                       |
|---|--|--|
| Group revenue                             | 140,521  | 114,738  |
| EBITDA*                                   | 72,398   | 71,999   |
| EBITDA margin                             | 51.5%  | 62.8%  |
| Operating profit                          | 56,130   | 58,440   |
| Net profit                                | 52,779   | 68,620   |
| Earnings per ordinary share (Naira)       | 3.12   | 4.09   |
|   |  |  |
|   | <b>As at</b><br><b>31/03/2016</b><br><b>₦m</b> | <b>As at</b><br><b>31/03/2015</b><br><b>₦m</b> |
| Total assets                              | 1,161,903                                      | 1,110,943                                      |
| Net debt                                  | 148,693  | 204,177  |

\*Earnings before interest, taxes, depreciation and amortisation

### Revenues by region

| Three months ended 31 <sup>st</sup> March | <b>2016</b><br><b>₦m</b> | <b>2015</b><br><b>₦m</b> |
|---|--------------------------|--------------------------|
| Nigeria                                   | 107,154                  | 101,371                  |
| West & Central Africa                     | 23,512                   | 4,688                    |
| South & East Africa                       | 10,187                   | 8,679                    |
| Inter-company sales                       | (332)                    | -                        |
| <b>Total revenues</b>                     | <b>140,521</b>           | <b>114,738</b>           |

### Volume of cement sales and production

| Three months ended 31 <sup>st</sup> March | <b>2016</b><br><b>'000 tonnes</b> | <b>2015</b><br><b>'000 tonnes</b> |
|---|-----------------------------------|-----------------------------------|
| Nigeria                                   | 4,513                             | 3,103                             |
| West & Central Africa                     | 1,246                             | 228                               |
| South & East Africa                       | 691                               | 463                               |
| Inter-company sales                       | (15)                              | -                                 |
| <b>Total cement sold</b>                  | <b>6,435</b>                      | <b>3,794</b>                      |
| Total attributable production             | 6,041                             | 3,236                             |

The Group's cement sales volume increased by 69.5% as compared to the first quarter of 2015, with volumes from maiden first quarter contribution from Senegal, Cameroon, Zambia and Ethiopia driving this increase. This was further complimented by increased volumes in Nigeria following various price incentive programs that started in the last quarter of 2015. Group revenues increased by 22.5% to ₦140.5B (2015: ₦114.7B), mainly due to higher revenues in Non-Nigerian operations.

Nigerian cement volumes increased by 45.4% during the first quarter of 2015, but this was offset by a reduction in average prices. Consequently revenues from Nigeria increased by 5.7% from ₦101.4B during the first quarter of 2015 to ₦107.2bn for the first half of 2015.



West & Central Africa, contributed ₦23.5B from the sale of 1.2M tonnes of cement in Senegal, Ghana, Ethiopia and Cameroon.

In South & East Africa, where Dangote Cement South Africa Cement was the only contributor to revenue in Q1 2015, we added maiden contributions from Zambia and Tanzania. The region contributed ₦10.2B revenues from the sale of 691,000 tonnes of cement.

### Manufacturing and operating costs

| Three months ended 31 <sup>st</sup> March                  | 2016<br>₦m    | 2015<br>₦m    |
|--|---------------|---------------|
| Materials consumed   | 16,985        | 9,784         |
| Fuel & power consumed                                      | 21,755        | 10,501        |
| Royalties paid   | 259           | 111           |
| Salaries and related staff costs                           | 3,637         | 2,782         |
| Depreciation & amortisation                                | 10,389        | 9,348         |
| Plant maintenance costs                                    | 4,572         | 3,464         |
| Other production expenses                                  | 3,748         | 3,259         |
| (Increase)/decrease in finished goods and work in progress | 859           | 749           |
| <b>Total manufacturing costs</b>                           | <b>62,204</b> | <b>39,998</b> |

All manufacturing cost line items increased in line with increased production and sales volumes as a result of our subsidiaries in Senegal, Cameroon, Zambia and Ethiopia ramping up production a throughout Q1 2016.

In addition, the limited availability of gas in Nigeria has resulted in increased use of LPFO thereby increasing energy costs as compared to Q1 2015. Increased production volumes in Nigeria also contributed to the overall increase in manufacturing costs during 2016 Q1 as compared to 2015 Q1.

### Administration and Selling expenses

| Three months ended 31 <sup>st</sup> March | 2016<br>₦m    | 2015<br>₦m    |
|---|---------------|---------------|
| <b>Administration and selling costs</b>   | <b>22,409</b> | <b>17,595</b> |

Total operating expenses rose by 27.4% to ₦22.4bn, mostly as a result of commencing operations in our subsidiaries in Senegal, Cameroon, Ethiopia and Zambia, as well as an increase in volumes sold in Nigeria. In addition we incurred non-capitalisable expenses for projects still under construction.

### Profitability

| Three months ended 31 <sup>st</sup> March                               | 2016<br>₦m         | 2015<br>₦m         |
|---|--------------------|--------------------|
| EBITDA  | 72,398             | 71,999             |
| Depreciation, amortisation and impairment                               | (16,268)           | (13,559)           |
| <b>Operating profit</b>   | <b>56,130</b>      | <b>58,440</b>      |
| Operating profit as contributed by business segments is outlined below: |                    |                    |
|   | <b>2016<br/>₦m</b> | <b>2015<br/>₦m</b> |
| Nigeria   | 53,661             | 59,027             |
| West & Central Africa   | 4,090              | 225                |
| South & East Africa   | (1,260)            | 944                |
| Central administrations costs and intercompany                          | (361)              | (1,756)            |
| <b>Total operating profit</b>   | <b>56,130</b>      | <b>58,440</b>      |

The Group posted an operating profit of ₦56.1B, 4.0% lower than the ₦58.4B generated last year. With new plants ramping up throughout Africa, the overall Group operating margin eased to 39.9% in Q1 2016, from 50.9% in Q1 2015.

Operating profits in the Nigerian operations decreased by 9.1% to ₦53.6B (excluding central costs and eliminations) with the operating margin falling from 58.2% in Q1 2015 to 50.1% in Q1 2016. This is mainly a result of the price reduction in September and less favourable fuel mix during the period. Manufacturing costs of goods sold in Nigeria increased by 30.0%, driven mainly by increased volumes

### Interest and similar income and expense

| Three months ended 31 <sup>st</sup> March | 2016<br>₦m   | 2015<br>₦m    |
|---|--------------|---------------|
| Interest income                           | 363          | 696           |
| Exchange gain                             | 6,845        | 27,301        |
| <b>Finance income</b>                     | <b>7,208</b> | <b>27,997</b> |
| Interest expense                          | 6,826        | 6,334         |
| Exchange loss                             | 2,174        | 10,085        |
| Less interest capitalised                 | (201)        | (150)         |
| <b>Total finance costs</b>                | <b>8,799</b> | <b>16,269</b> |

The Group's interest income decreased due to a reduction in investible surplus funds. The Nigerian Naira fell in value significantly during the first quarter of 2015 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 exchange rate for the Naira to the US\$ remained broadly constant during Q1 of 2016, hence no significant gains or losses were recorded as compared to Q1 of 2015.

### Taxation

| Three months ended 31 <sup>st</sup> March | 2016<br>₦m | 2015<br>₦m |
|---|------------|------------|
| Tax charge                                | 1,760      | 1,548      |

The application of the commencement rule on production line out of tax holidays in Nigeria resulted in increased tax charges and effective rates. This was partially offset by increased capacity from new lines which are under tax holiday. The effective tax rate was 6.0% for the Nigerian operations and 3.2% for

The Group's profit for the first quarter was ₦52.8B (Q1 2015: ₦68.6B). As a result earnings per share decreased by 23.0% to ₦3.12 (Q1 2015: ₦4.09).

### Financial position

| As at                           | 31 <sup>st</sup> Mar 2016<br>₦m | 31 <sup>st</sup> Dec 2015<br>₦m |
|---------------------------------|---------------------------------|---------------------------------|
| Property, plant and equipment   | 921,695                         | 917,212                         |
| Other non-current assets        | 24,465                          | 25,141                          |
| Intangible assets               | 2,704                           | 2,610                           |
| <b>Total non-current assets</b> | <b>948,864</b>                  | <b>944,963</b>                  |
| Current assets                  | 147,297                         | 125,188                         |
| Cash and bank balances          | 65,742                          | 40,792                          |
| <b>Total assets</b>             | <b>1,161,903</b>                | <b>1,110,943</b>                |
| Non-current liabilities         | 60,932                          | 57,196                          |

|                          |                |                |
|--------------------------|----------------|----------------|
| Current liabilities      | 188,182        | 164,058        |
| Debt                     | 214,435        | 244,969        |
| <b>Total liabilities</b> | <b>463,549</b> | <b>466,223</b> |

The balance sheet remains strong with non-current assets increasing marginally from ₦945.0B at the end of 2015 to ₦948.9.0B at 31st March 2016. This was mainly as a result of capital expenditure, both within Nigeria and in other African countries. Total additions to property, plant and equipment amounted to ₦24.7B, of which ₦9.9B was spent in Nigeria, ₦13.8B in West & Central Africa and ₦1.0B in South & East Africa. The gross capital expenditure was partially offset by a depreciation charge of ₦16.2B.

Current assets increased by ₦22.1B, driven mainly by the increase in prepayments and other current assets which are mainly made up of deposit for imports. This is in line with the increased production from the new production lines throughout Africa and a build-up of inventory for projects nearing completion and about to commence production.

### Movement in net debt

|   | Cash<br>₦m    | Debt<br>₦m       | Net debt<br>₦m   |
|---|---------------|------------------|------------------|
| As at 1st January 2016  | 40,792        | (244,969)        | (204,177)        |
| Cash generated from operations before working capital changes | 75,167        | -                | 75,167           |
| Change in working capital                                     | 12,571        | -                | 12,571           |
| Income tax paid   | -             | -                | -                |
| Additions to fixed assets                                     | (24,686)      | -                | (24,686)         |
| Other investing activities                                    | (193)         | -                | (193)            |
| Change in non-current prepayments and payables                | 2,774         | -                | 2,774            |
| Net interest payments   | (13,020)      | -                | (13,020)         |
| Net loans obtained (repaid)                                   | (31,088)      | 31,088           | -                |
| Dividend paid   | -             | -                | -                |
| Other cash and non-cash movements (net)                       | 3,425         | (554)            | 2,871            |
| <b>As at 31st March 2016</b>                                  | <b>65,742</b> | <b>(214,435)</b> | <b>(148,693)</b> |

The Group generated cash of ₦75.2B before changes in working capital. After ₦12.6B change in working capital, the net cash flow from operations was ₦87.7B.

Financing outflows were ₦44.1B (Q1 2015: ₦20.8B), reflecting loans received of ₦3.8B, loans repaid of ₦34.6B and interest paid of ₦13.4B

Cash and cash equivalents (including bank overdrafts used for cash management purposes) increased from ₦37.8B at the end of 2015 to ₦63.2B at 31<sup>st</sup> March 2016

We invested ₦24.7B in projects and normal capital expenditure (Q1 2015: ₦58.1B). 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. The capital expenditure for each region is as follows:

### Capital Expenditure by Region

|               | <b>Nigeria</b> | <b>South &amp; East<br/>Africa</b> | <b>West &amp; Central<br/>Africa</b> | <b>Total</b>  |
|---------------|----------------|------------------------------------|--------------------------------------|---------------|
|               | <b>₦m</b>      | <b>₦m</b>                          | <b>₦m</b>                            | <b>₦m</b>     |
| Nigeria       | 9,872          | -                                  | -                                    | 9,872         |
| Senegal       | -              | -                                  | 125                                  | 125           |
| Cameroon      | -              | -                                  | 566                                  | 566           |
| Congo         | -              | -                                  | 8,124                                | 8,124         |
| Ghana         | -              | -                                  | 195                                  | 195           |
| Cote d'Ivoire | -              | -                                  | 18                                   | 18            |
| Sierra Leone  | -              | -                                  | 62                                   | 62            |
| South Africa  | -              | 29                                 | -                                    | 29            |
| Ethiopia      | -              | -                                  | 4,742                                | 4,742         |
| Tanzania      | -              | 863                                | -                                    | 863           |
| Zambia        | -              | 82                                 | -                                    | 82            |
| Other         | -              | 8                                  | -                                    | 8             |
| <b>Total</b>  | <b>9,872</b>   | <b>982</b>                         | <b>13,832</b>                        | <b>24,686</b> |

### Dividend payment

On 19<sup>th</sup> April 2016, the Annual General meeting of the Company approved a dividend of ₦8.0 per share (2015: ₦6.00). It will result in a total dividend payment of ₦136.3B to be paid in April 2016. The dividend represents a payout ratio of 73.7%.