Unaudited results for the six months ended June 2012

Strong growth in revenue and profit as local production doubles and new capacity ramps up to end imports

Lagos, 2 August 2012: Dangote Cement PLC (DANGCEM-NL, "the Group"), Nigeria's largest cement producer, announces unaudited results for the six months ended 30 June 2012.

Financial highlights

- Revenue up 26.0% to ₦142.0bn
- EBIT up 34.4% to ₦77.6bn, at 54.7% margin
- Pre-tax profit up 22.8% to ₦71.4bn
- Earnings per share up 24.4% to ₦4.18 (adjusted for 1/10 share issue)

Operating highlights

- Cement sales up 26% to 5.2 million tonnes, 5.1mt locally produced
- Sales of locally produced cement up 100% in second quarter
- Marketing drive recruits 1,000 new distributors
- Gas supply issues continue in second quarter, but improvements already taking effect

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

"Our investments at Ibese and Obajana have helped Dangote Cement double shipments of locally produced cement that will help Nigeria towards self-sufficiency.

"The ramp-up of our new capacity is progressing steadily and we are increasing our distribution network to extend our reach in the market.

"The Group was again affected by the gas supply problems that have hit the whole of Nigeria, but we are optimistic that improvements in the gas infrastructure will allow us to return to more normal operations at our gas-fuelled plants at Ibese and Obajana and have already seen a marked increase in supply over the past weeks."

About Dangote Cement

Dangote Cement is Nigeria'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-depot producer with an expected production capacity of 20mtpa in Nigeria by the end of 2012, increasing to 35.25mtpa in 2015. The Group plans to build a further 19mtpa of production and import capacity across Africa by 2015.

Dangote Cement's Obajana plant in Kogi, Nigeria, is the largest in Sub-Saharan Africa with 10.25tpa capacity across three lines and a further 3mtpa capacity planned by 2015.

The Gboko plant in Benue state has 3mtpa capacity with an upgrade to 4mtpa expected by the end of the year.

The new 6mtpa Ibese plant in Ogun, near the key market of Lagos, was inaugurated in February 2012. An additional 6mtpa of capacity is planned for completion by 2015.

The Group has recently signed a memorandum of understanding for the construction of a 6mt plant in Calabar by 2015.

Through its recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and will soon transform the nation into a net exporter serving other African states.

Dangote Cement has announced an investment of more than $2.5bn to build manufacturing plants and import terminals across Africa. Current plans are for eight cement plants in Cameroon, Ethiopia, Gabon, Republic of Congo, Senegal, South Africa, Tanzania and Zambia, as well as import/packing facilities in Cote d'Ivoire, Ghana, Guinea, Liberia and Sierra Leone.

The Group listed on the Nigerian Stock Exchange in October 2010.

Contact details

Dangote Cement
Carl Franklin
Head of Investor Relations
& Corporate Communications

Nigeria mobile: +234 803 535 1383
UK office: +44 207 399 3070
UK mobile: +44 7713 634834
Carl.franklin@dangote-group.com

Financial PR – London
Ed Bridges / Richard Mountain
FTI Consulting
+44 20 7831 3113

Financial PR – Africa
Tim Newbold / Nick Chambers
Africa Practice
+234 (0)1812 0863

Summary of key performance indicators

Three months to 30 June	**Mar-Jun 2011**	**Mar-Jun 2012**	**% change**
Cement sales (kt)	1,892	2,879	52.1%
Sales of locally produced cement (kt)	1,433	2,877	100.1%
Sales of imported cement (kt)	459	2	-99.6%
Six months to 30 June	**Jan-Jun 2011**	**Jan-Jun 2012**	**% change**
Cement sales (kt)	4,156	5,242	26.1%
Sales of locally produced cement (kt)	3,174	5,099	60.6%
Sales of imported cement (kt)	982	143	-85.4%

Operating review

GDP growth remains strong, Construction sector expanding

Nigeria's economy continued to grow strongly in the first quarter of 2012, driven largely by the non-oil sector. According to the National Bureau of Statistics, first-quarter Real GDP rose by 6.17% in 2012, slightly down on the 7.13% achieved in Q1 2011 because of the impact of the removal of the fuel subsidy and subsequent civil protests. Real GDP had remained above 7% for the whole of 2011, demonstrating the rapid growth that is driving demand for cement.

Growth in Building & Construction remains strong and is showing signs of expansion. The sector was the economy's second-fastest, growing at 13.25% in Q1 2012, slightly higher than the 13.22% growth achieved in the same period last year and better than the 12.8% achieved in the final quarter of 2011. The NBS attributes the sector's continuing strong performance to increased activities in the power and road sectors, as well as strong construction spending at all levels of government.

Growth in the Real Estate sector slowed marginally to 9.39% in Q1 2012 (Q1 2011: 9.46%), chiefly as a result of lost activity during the period of civil protests against the removal of the fuel subsidy. Across 2011, the Real Estate sector grew at a rate of 10.4%.

In the first quarter of 2012, the Building and Construction sector contributed 3.01% of GDP, with Real Estate accounting for 2.03%.

Government infrastructure projects are a major demand driver for cement. In its recently published *2012-2015 Medium Term Expenditure Framework & Fiscal Strategy Paper* the Federal Government committed itself to higher spending on critical infrastructure projects, as well as an increase in PPP funding. Capital spending by the Federal Government is expected to rise from an estimated ₦1,147bn in 2011 to ₦1,644bn in 2015 – an annual increase of about 9.4%.

The rebasing of Nigerian GDP in September 2012 is expected to reveal the true strength of Nigeria's economy and highlight its attractiveness as an investment destination. Indeed, Nigeria was the major recipient of foreign direct investment into Africa in 2011, according to the World Investment Report, 2012. The study showed Nigeria attracted $8.9bn of foreign direct investment, almost half of all investment in West Africa and about 21% of all inward investment in Africa.

Market share improving, imports falling

Nigeria's cement market is expanding strongly following the commissioning of more than 13 million tonnes of new capacity across the industry. The Group estimates that total industry shipments of cement in Nigeria were around 9.5 million tonnes in the first half of 2012 – a healthy 13% increase on estimated shipments of about 8.5 million tonnes in the same period last year. The Group believes its market share was about 55% in the first half of 2012, ahead of an estimated share of about 49% in H1 2011.

Nigeria's importation of cement has fallen substantially this year, chiefly because of the investments Dangote Cement has made in opening new capacity. The Group estimates that about 1.3 million tonnes of imported cement were sold across the industry in the first half of 2012, compared with about 2.8 million tonnes in the same period last year, and believes that import activity will fall to negligible levels in the second half of 2012.

Nationwide gas supply problems continue

Problems with Nigeria's gas supply infrastructure continued in the second quarter of 2012 and shortages of gas have obliged the Group to use a much higher proportion of furnace oil (LPFO) than the 5% normally used in its predominantly gas-fired kilns. About a third of fuel used to power kilns at Obajana and Ibese was LPFO, the impact of which was to lower EBITDA by about ₦9.5bn against a more normal mix of fuels, over the first six months of the year.

The Group expects that improvements to the gas infrastructure will allow more normal operations later this year.

New capacity ramping up as imports fall away

Dangote Cement shipped about 2.9 million tonnes of cement in the second quarter of 2012, up 52.1% on the 1.9 million tonnes shipped in Q2 2011. Sales for the first six months of 2012 were 5.2 million tonnes, up 26.1% on the previous year. Sales of cement produced at the Group's plants more than doubled to nearly 2.9 million tonnes in the second quarter, with a total of 5.1 million tonnes sold in the first six months, reflecting the additional capacity commissioned during the first quarter at Obajana and Ibese. The tonnage shipped in the second quarter represents a utilisation rate of about 60% in the three month period from April to June 2012. Clearance of imported cement from stocks represented just 2,000 metric tonnes of total second-quarter sales, and 143,000 metric tonnes of six-month sales following the Group's ending of imports.

Recruitment of new distributors extends reach

In order to support its additional production capacity and expand its reach in the market, the Group began a recruitment drive for new distributors, with major advertisements carried in national newspapers in June.

The recruitment drive has resulted in nearly 1,000 new distributors being signed up, with an initial commitment to take at least one truck of cement per month from the Group's depot network.

In addition, the Group is expanding its depot network with suitable warehouses being identified and readied to take supplies.

Obajana expansion now operational

Obajana is Dangote Cement's largest plant, contributing 59% of the Group's sales and 79% of its EBITDA in 2011.

The new Line 3 was commissioned in June and contributed to a 36.4% increase in shipments from 1.1 million tonnes in Q2 2011 to more than 1.5 million tonnes this year. Six-month shipments at Obajana totalled nearly 2.8 million tonnes, up 16.1% on the first half of 2011.

As previously reported, the 5.25 million tonne expansion of Obajana took longer than expected, with kiln operations on Line 3 commencing in the middle of February. As a result, the ramp-up of production has been slower than had been anticipated in the second quarter. However, the plant now has 10.25 million tonnes of capacity operational and its new capacity is ramping up steadily.

Obajana experienced gas supply problems that led to a sub-optimal fuel mix of about 36% LPFO, compared with around 5% in normal operations. This contributed to a fall in margins at the plant.

Obajana has always supplied many regions of Nigeria including the key markets of Lagos and the South West. However, with the new lines at Ibese now providing 6 million tonnes of capacity less than 100km from Lagos, the Group will begin to distribute cement from Obajana into other regions where its extensive distribution network will provide a competitive advantage. The Group believes this may have the effect of revealing previously unsatisfied demand in the country, thus creating markets where little or no cement was sold before.

The new capacity at Obajana is eligible for Pioneer Tax Status, with a tax exemption of five years starting 1 January 2013. Following the commissioning of the new Line 3 in June by His Excellency Dr. Goodluck Ebele Jonathan, GCFR, President of the Federal Republic of Nigeria, the President laid the foundation stone for the new 3 million tonne Line 4, construction of which is now underway. Upon completion, Obajana will be among the largest cement factories in the world.

Ibese ramping up steadily

Ibese began commercial production in early January and is ramping up steadily. The plant produced nearly 0.9 million tonnes of cement in the second quarter of 2012, representing about 57% utilisation against the backdrop of the gas supply issues and heavy rains in June. Sales for the six-month period to 30 June were nearly 1.4 million tonnes.

As with Obajana, Ibese made higher use than normal of LPFO, with a mix of about 33% over the six-month period to 30 June. This, too, contributed to margins being lower than would be expected for the more normal mix of 95% gas fuel.

Ibese will serve the fast-growing markets of Lagos and the South West. However, its proximity to the border with Benin, as well as to the ports of Lagos, make it an excellent base for a longer-term export strategy.

Gboko

The Group's Gboko plant shipped 477,000 tonnes of cement in the second quarter, more than 58% up on the 301,000 tonnes shipped in the second quarter of 2011, at the utilisation rate of 64%. Sales for the first half were 947,000 tonnes, 22.2% higher than the 775,000 tonnes shipped in the first half of 2011.

While Gboko is not powered by gas, it continued to experience knock-on effects of the gas supply problem when supplies of LPFO came under pressure because of the increased demand from Ibese and Obajana. However, the Group has increased its stockpiles of LPFO to minimise disruption.

Gboko will be upgraded to 4 million tonnes capacity by the end of the year, with the addition of a new grinding mill and other improvements.

Senegal production expected in Q3 2012

Building work at Dangote Cement's new Senegal plant is complete, with cold testing of equipment having been completed. The new coal-fired power plant is almost ready and commissioning of the 1.5mt plant is expected to begin in the coming weeks. It will make a small contribution to Group sales in 2012.

African expansion projects are advancing; good project management a priority

Sub-Saharan Africa is experiencing strong economic growth that is driving the need for substantial infrastructure investment. Dangote Cement aims to become the leading producer of cement across Africa and the Group is committing more than $2.5bn to build around 19mtpa production and import capacity across a further 13 countries where market conditions are favourable.

Contracts have already been signed for the planned manufacturing plants, totalling around 14mtpa, with mobilisations to most sites expected in 2012. With the current production schedule, which is subject to change, the Group expects all of its planned production facilities to be completed by the end of 2014.

Dangote Cement has begun discussions with Project Management firms in order to ensure timely completion of projects in Nigeria and across Africa, with engagements expected in the coming months.

Import terminals with total capacity of more than 4mtpa are also planned with site mobilisations expected this year. The terminals are expected to be completed by the middle of 2013.

As has been widely reported, disputes about land rights in Cameroon have now been resolved and work has commenced on the clinker grinding plant the Group is building in Doula.

Financial review

The Group is presenting results for the six months to 30 June, in accordance with International Financial Reporting Standards. Figures for 2012 reflect the performance of the Group, which includes operations at Sephaku in South Africa. Comparative figures for 2011, also presented in IFRS, exclude Sephaku.

Revenue and profit up but gas supply issues continue to affect margins

The Group's strong revenue growth continued in the first half of 2012, with sales increasing by 26.0% to ₦142.0bn (H1 2011: ₦112.7bn) as new capacity at Ibese and Obajana continued to ramp up. Revenue from ash sales at Sephaku, in South Africa contributed less than ₦0.3bn during the period.

Gross profit rose by 42.4% to ₦86.1bn at a margin of 60.6% (Q2 2011: ₦60.5bn, 53.7%), reflecting the more favourable mix of higher-margin locally produced cement produced in 2012, compared with a higher proportion of imported cement in 2011. However, because of continuing gas supply issues, the increased use of furnace oil (LPFO) resulted in margins being lower than would be expected for a more normal mix of 95% gas / 5% LPFO.

Operating expenses rose to ₦8.5bn, net of haulage receipts, mainly due to higher volume of sales and the addition of the new plant at Ibese, as well as the new line at Obajana. Operating profit rose by 34.4% to ₦77.6bn, at 54.7% margin (H1 2011: ₦57.7bn, 51.2% margin).

After net financial payments of ₦6.2bn associated with increased debt financing for projects, pre-tax profit was up 22.8% to ₦71.4bn (H1 2011: ₦58.1bn).

The Group received a small tax credit during the period and income tax was nil because of the Pioneer status of the Obajana and Gboko plants, as well as capital allowances available for the Ibese plant, which enters its five-year pioneer tax period in 2013.

The Group recognised a loss of ₦0.25bn on the discontinuation of import operations at Port Harcourt and Lagos, as well as a small gain on currency translation. After minority interests, the profit for the period was ₦71.1bn.

Earnings per share rose by 13% to ₦4.18, (annualised ₦8.36) based on 17.040bn shares in issue after the 1-for-10 bonus issue during the period (H1 2011: ₦3.70).

Balance sheet and cash flow remain strong

Non-current assets rose to ₦515.6bn, mostly as a result of investments in plant and machinery. Reclassifications of capital work in progress (₦139bn) related to the commissioning of Ibese and Obajana Line 3. Prepayments of ₦27.5bn included advances to contractors of ₦22.7bn.

The Group generated ₦76.2bn of cash from operations in the six-month period to 30 June, and has invested ₦61.5bn in the same period. The Group has debt of ₦172.9bn and cash and equivalents of ₦27.8bn.

Current trading and outlook

Demand for cement remains strong in Nigeria and the cessation of imports is providing support for pricing as new capacity continues to ramp up.

As required by the Nigerian Stock Exchange, the Group has filed a forecast for the three months to 30 September 2012. Revenues are expected to be approximately ₦81bn with operating profit of ₦45.6bn and pre-tax profits of ₦41.7bn. The forecast assumes an approximate volume of 3 million tonnes at pricing levels similar to those achieved in the first half, and that LPFO use declines across the gas-fired plants, Obajana and Ibese.

The Group believes that the outlook for second half of the year remains positive, with plants expected to be running at higher utilisation rates and gas availability at more normal levels.