

# 9M 2020 results

UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2020



9<sup>th</sup> NOVEMBER 2020

@dangotecement



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



# Progress in 2020

	Q1 2020	Q2 2020	Q3 2020	9M 2020	9M 2019	Change
	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes	%
<b>Sales volumes</b>						
Nigeria	4,018	3,392	4,505	11,915	10,816	10.2%
Pan-Africa	2,316	2,416	2,733	7,465	7,202	3.7%
Inter-company sales	-	(28)	(146)	(174)	-	-
<b>Total</b>	<b>6,334</b>	<b>5,780</b>	<b>7,092</b>	<b>19,206</b>	<b>18,018</b>	<b>6.6%</b>
<b>Revenues</b>	<b>₦m</b>	<b>₦m</b>	<b>₦m</b>	<b>₦m</b>	<b>₦m</b>	<b>%</b>
Nigeria	179,336	153,041	203,129	535,506	467,877	14.5%
Pan-Africa	69,846	75,179	87,582	232,607	213,200	9.1%
Inter-company sales	-	(550)	(6,119)	(6,669)	(1,286)	-
<b>Total</b>	<b>249,182</b>	<b>227,670</b>	<b>284,592</b>	<b>761,444</b>	<b>679,791</b>	<b>12.0%</b>
<b>EBITDA</b>	<b>₦m</b>	<b>₦m</b>	<b>₦m</b>	<b>₦m</b>	<b>₦m</b>	<b>%</b>
Nigeria *	103,365	91,058	121,630	316,053	275,934	14.5%
Pan-Africa *	14,627	16,880	20,552	52,059	37,750	37.9%
Inter-company and central costs	(3,769)	(4,090)	(5,233)	(13,092)	(10,461)	-
<b>Total</b>	<b>114,223</b>	<b>103,848</b>	<b>136,949</b>	<b>355,020</b>	<b>303,223</b>	<b>17.1%</b>
<b>EBITDA margin *</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	
Nigeria	57.6%	59.5%	59.9%	59.0%	59.0%	0.0pp
Pan-Africa	20.9%	22.5%	23.5%	22.4%	17.7%	4.7pp
<b>Group</b>	<b>45.8%</b>	<b>45.6%</b>	<b>48.1%</b>	<b>46.6%</b>	<b>44.6%</b>	<b>2.0pp</b>

- \*Sales volumes include cement and clinker
- \*Before central costs and eliminations



# Macro-economic environment

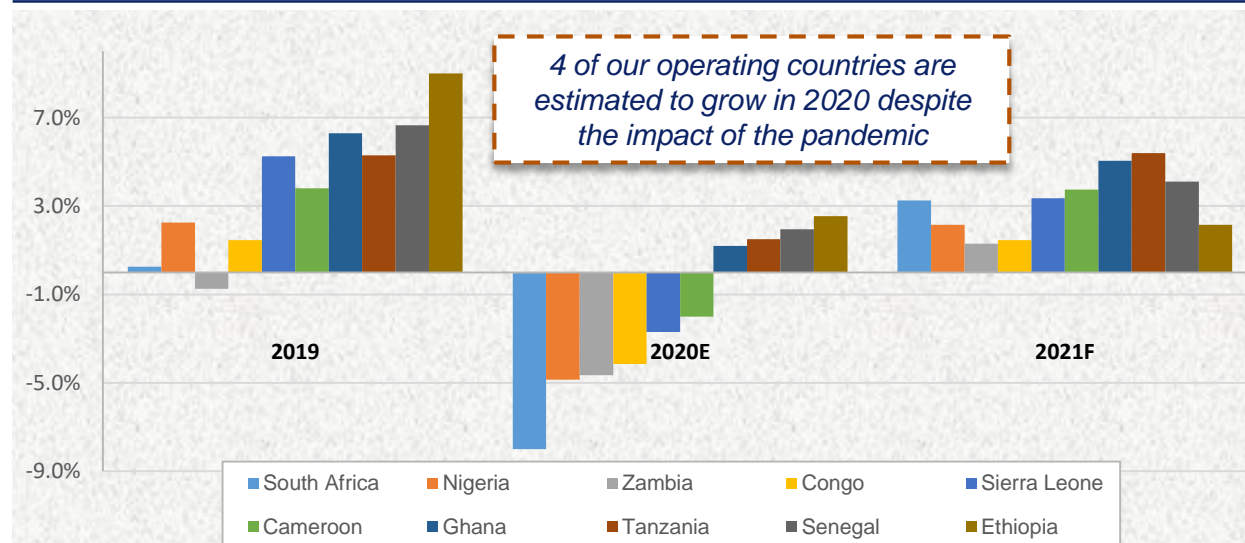
- The Sub-Saharan African region was hit by the twin shock of the COVID-19 pandemic and commodity market decline in 2020
- According to the IMF, SSAs GDP grew 3.2% in 2019; however, it is estimated to contract by 3.0% in 2020
- Nigeria and South Africa will be hit the hardest; growth is estimated to decline by 4.3% and 8.0%, respectively in 2020
- However, Ghana, Ethiopia, Senegal and Tanzania, are expected to remain positive, owing to their more diversified economies
- By 2021, all our countries of operations are estimated to return to growth
- We have seen a strong recovery across our operations in the third quarter, which remains our strongest third quarter to date

## DCPs Q3 demand recovery

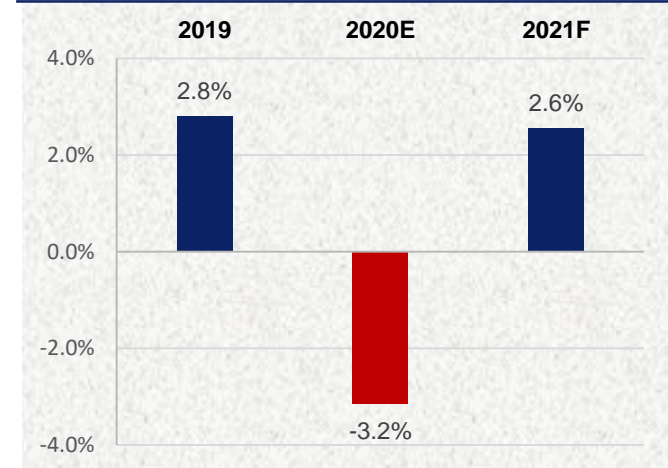
Group volumes up **24%** YoY  
and **23%** QoQ

Nigeria volumes up **40%** YoY  
and **33%** QoQ

## GDP growth across our operating environment\*



## SSA GDP growth\*



\* Using an average of IMF and World Bank estimates

# CACOVID & Aliko Dangote Foundation COVID-19 Interventions

- ₦30bn raised so far by CACOVID, an intervention initiative set up by Alhaji Aliko Dangote;
- ₦2.5bn contributed by Aliko Dangote Foundation (ADF);
- 16 Ambulances and Rapid Response vehicles donated by ADF across states;
- 1.7 million households and 10 million people fed in 774 LGAs



## Protecting our people and customers



Dangote Cement Isolation Centre, Obajana



Dangote Cement Isolation Centre, Ibese

**CA  
COVID**  
PRIVATE SECTOR  
COALITION  
AGAINST  
COVID19

FEEDING  
**1.7 MILLION FAMILIES,  
10 MILLION PEOPLE  
ACROSS 774  
LOCAL GOVERNMENTS**

# Q3 2020 – Best quarter across board

## Financial highlights

- Record high Group quarterly EBITDA of ₦137.0B, up 60.6% YoY
- Best third quarter in terms of volumes
- Group EBITDA margin of 48.1%
- Pan-Africa EBITDA up 48.8%, with a record high EBITDA margin of 23.5%
- Nigeria volume up 39.9% enabled by Dangote Cement's ability to meet customers' strong demand post-Q2
- National Consumer Promo (Bag of Goodies Season 2), reduced rains and increasing real-estate activities drove Q3 growth in the Nigerian cement market
- Pan-African operations increased following relaxation of COVID-19 restriction measures
- 6 clinker vessels exported to Cameroon in the quarter
- Q3 2020 net profit up 135.1%

Three months ended 30 <sup>th</sup> September	Q3 2020	Q3 2019	Change
<b>Sales volumes*</b>	'000t	'000t	%
Nigeria	4,505	3,221	39.9%
Pan-Africa	2,733	2,502	9.2%
Inter-company sales	(146)	-	-
<b>Total</b>	<b>7,092</b>	<b>5,723</b>	<b>23.9%</b>
<b>Revenues</b>	₦m	₦m	%
Nigeria	203,129	139,590	45.5%
Pan-Africa	87,582	73,112	19.8%
Inter-company sales	(6,119)	(641)	-
<b>Total</b>	<b>284,592</b>	<b>212,061</b>	<b>34.2%</b>
<b>EBITDA</b>	₦m	₦m	%
Nigeria*	121,630	75,337	61.4%
Pan-Africa*	20,552	13,811	48.8%
Inter-company and central costs	(5,233)	(3,869)	-
<b>Total</b>	<b>136,949</b>	<b>85,279</b>	<b>60.6%</b>
<b>EBITDA margin*</b>	%	%	
Nigeria	59.9%	54.0%	5.9pp
Pan-Africa	23.5%	18.9%	4.6pp
<b>Group</b>	<b>48.1%</b>	<b>40.2%</b>	<b>7.9pp</b>

- \*Sales volumes include cement and clinker
- \*Before central costs and eliminations

# 9M 2020 – Resilient performance

## Financial

- Group revenue up 12.0%, supported by higher volumes
- Group EBITDA up 17.1%; strong operating performance in Nigeria and Pan-Africa
- Pan-Africa EBITDA up 37.9%, with a record high EBITDA margin of 22.4% for 9M 2020
- Strong earnings with EPS up 34.6% at ₦12.25

## Operational

- Group volumes up 6.6% to 19.2Mt despite significant impact of COVID-19 in Q2
- Nigeria volumes up 10.2%; Dangote Cement successfully seized the strong demand in Q3 and met customers' expectations across all states
- 7 clinker vessels exported to date; maiden vessel exported at the end of June
- Positive impact of cash and cost optimisation programmes launched in Q2: Net cash flow from operating activities increased by 27.9% YoY

Nine months ended 30 <sup>th</sup> September	2020	2019	Change
<b>Sales volumes*</b>	'000t	'000t	%
Nigeria	11,915	10,816	10.2%
Pan-Africa	7,465	7,202	3.7%
Inter-company sales	(174)	-	-
<b>Total</b>	<b>19,206</b>	<b>18,018</b>	<b>6.6%</b>
<b>Revenues</b>	₦m	₦m	%
Nigeria	535,506	467,877	14.5%
Pan-Africa	232,607	213,200	9.1%
Inter-company sales	(6,669)	(1,286)	-
<b>Total</b>	<b>761,444</b>	<b>679,791</b>	<b>12.0%</b>
<b>EBITDA</b>	₦m	₦m	%
Nigeria*	316,053	275,934	14.5%
Pan-Africa*	52,059	37,750	37.9%
Inter-company and central costs	(13,092)	(10,461)	-
<b>Total</b>	<b>355,020</b>	<b>303,223</b>	<b>17.1%</b>
<b>EBITDA margin*</b>	%	%	
Nigeria	59.0%	59.0%	0.0pp
Pan-Africa	22.4%	17.7%	4.7pp
<b>Group</b>	<b>46.6%</b>	<b>44.6%</b>	<b>2.0pp</b>

- \*Sales volumes include cement and clinker
- \*Before central costs and eliminations



# Group Financial Overview

## Income Statement

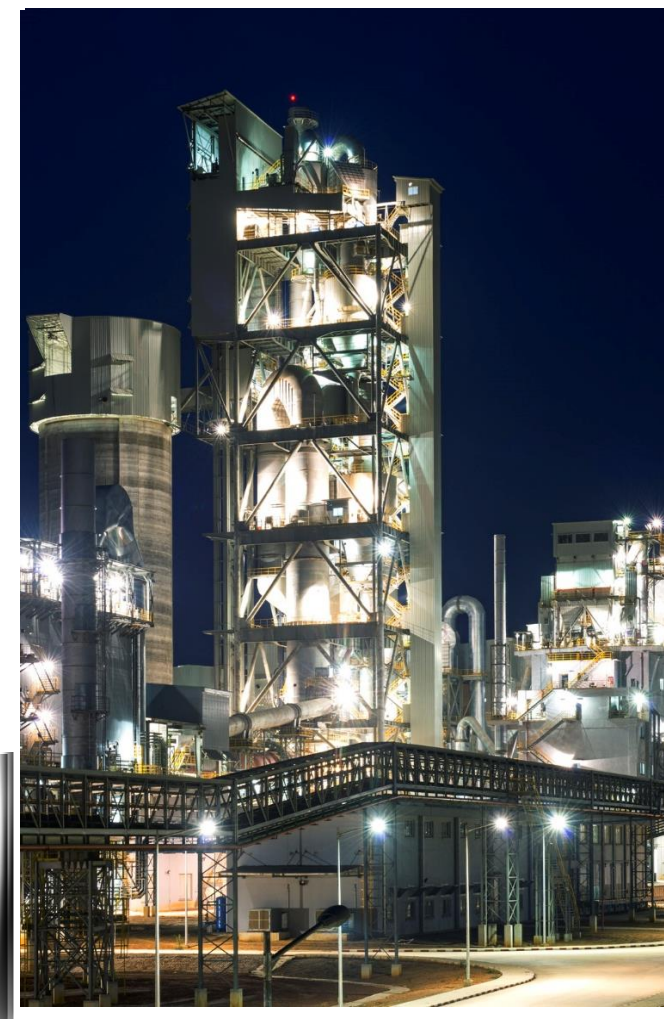
Nine months to 30 <sup>th</sup> September	2020 ₦m	2019 ₦m	% change
Revenue	761,444	679,791	12.0%
Cost of sales	(317,540)	(290,015)	9.5%
<b>Gross profit</b>	<b>443,904</b>	<b>389,776</b>	<b>13.9%</b>
<i>Gross margin</i>	<i>58.3%</i>	<i>57.3%</i>	<i>1.0pp</i>
<b>EBITDA</b>	<b>355,020</b>	<b>303,223</b>	<b>17.1%</b>
<i>EBITDA margin</i>	<i>46.6%</i>	<i>44.6%</i>	<i>2.0pp</i>
<b>EBIT</b>	<b>287,928</b>	<b>231,482</b>	<b>24.4%</b>
<i>EBIT margin</i>	<i>37.8%</i>	<i>34.1%</i>	<i>3.7pp</i>
Net finance cost	(15,968)	(33,802)	(52.8%)
<b>Profit before tax</b>	<b>271,960</b>	<b>197,680</b>	<b>37.6%</b>
Income tax (expense)/credit	(63,275)	(43,330)	46.0%
<b>Profit for the period</b>	<b>208,685</b>	<b>154,350</b>	<b>35.2%</b>
<b>Earnings per share</b>	<b>12.25</b>	<b>9.10</b>	<b>34.6%</b>



# Group Financial Overview (cont'd)

## Movement in Net Debt

	Cash ₦m	Debt ₦m	Net debt ₦m
<b>As at 31<sup>st</sup> December 2019</b>	123,903	(351,434)	<b>(227,531)</b>
Cash from operations before working capital changes	356,463	-	356,463
Change in working capital	28,756	-	28,756
Income tax paid	(14,105)	-	(14,105)
Additions to fixed assets	(107,384)	-	(107,384)
Other investing activities	(116)	-	(116)
Change in non-current prepayments and supplier credit	14,015	-	14,015
Net interest payments	(30,787)	-	(30,787)
Net loans obtained (repaid)	80,891	(80,891)	-
Dividend paid	(272,648)	-	(272,648)
Other cash and non-cash movements	(2,335)	(6,739)	(9,074)
<b>As at 30<sup>th</sup> September 2020</b>	<b>176,653</b>	<b>(439,064)</b>	<b>(262,411)</b>





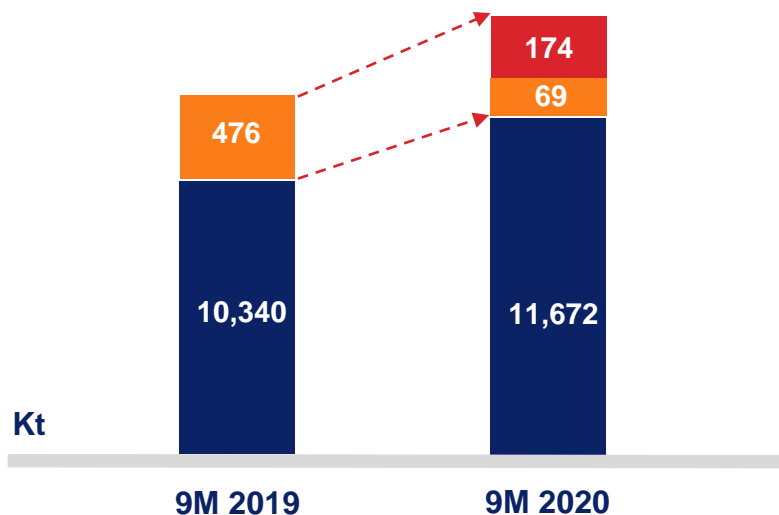
# Group Financial Overview (cont'd)

## Balance Sheet

	As at 30/9/20 ₦m	As at 31/12/19 ₦m
Property, plant and equipment	1,259,906	1,206,749
Other non-current assets	94,320	124,203
Intangible Assets	4,829	3,663
Current Assets	313,184	282,833
Cash and Cash Equivalents	176,653	123,903
<b>Total Assets</b>	<b>1,848,892</b>	<b>1,741,351</b>
Non-current liabilities	128,509	105,341
Current liabilities	463,044	386,639
Debt	439,064	351,434
<b>Total Liabilities</b>	<b>1,030,617</b>	<b>843,414</b>
<b>Net Assets</b>	<b>818,275</b>	<b>897,937</b>



# Nigeria – Fulfilling our Export Plan



## Domestic cement



13% growth despite impact of COVID-19

## Exported cement



Recommended land cement exports with restricted volumes

## Exported clinker



174KT of clinker exported to date

- Total sales volumes in Nigeria at 11.9MT, up 10.2%
- Strong EBITDA of ₦316.1B, up 14.5% despite impact of COVID-19 on Q2
- **Clinker exports:** 174KT exported to West and Central Africa
- **Cement exports:** exports by road to ECOWAS resumed after 10 months but with restricted volumes. Cement exports by sea being explored
- Increase in domestic and export volumes has resulted in stronger fixed cost absorption

Nine months ended 30 <sup>th</sup> September	2020	2019	Change
Cement (Kt)	11,741	10,816	8.6%
Clinker (Kt)	174	-	-
Total volumes (Kt)	11,915	10,816	10.2%
Revenue* (₦m)	535,506	467,877	14.5%
EBITDA* (₦m)	316,053	275,934	14.5%
EBITDA margin*	59.0%	59.0%	0.0pp

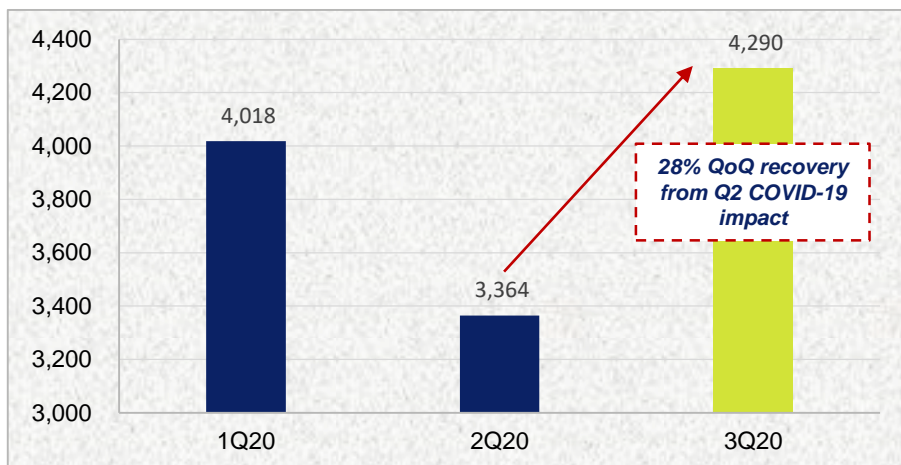
\* Before corporate costs and inter-company eliminations  
- Investor Presentation



Vessel conveying clinker to Senegal from Dangote Cement Export Terminal, Apapa, Lagos.

# Nigeria – Strong Recovery in Domestic Market

## 2020 quarterly domestic volume trend\*

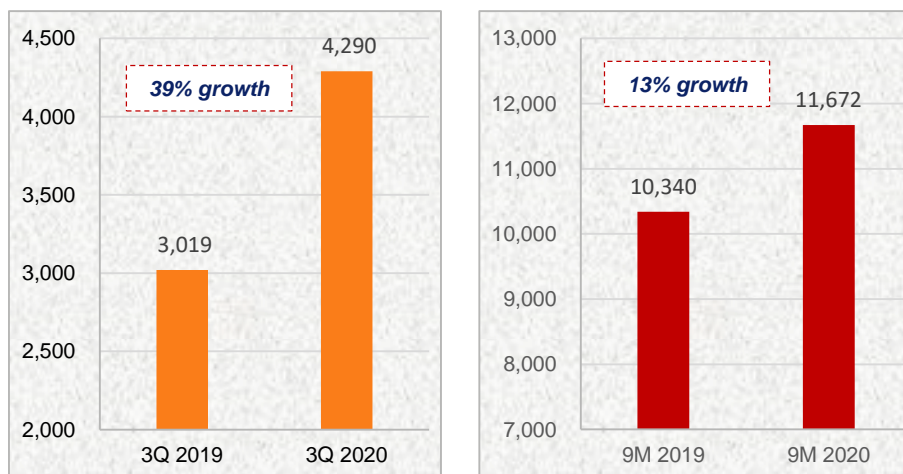


## Dangote Cement has recovered from the Q2 impact of COVID-19:

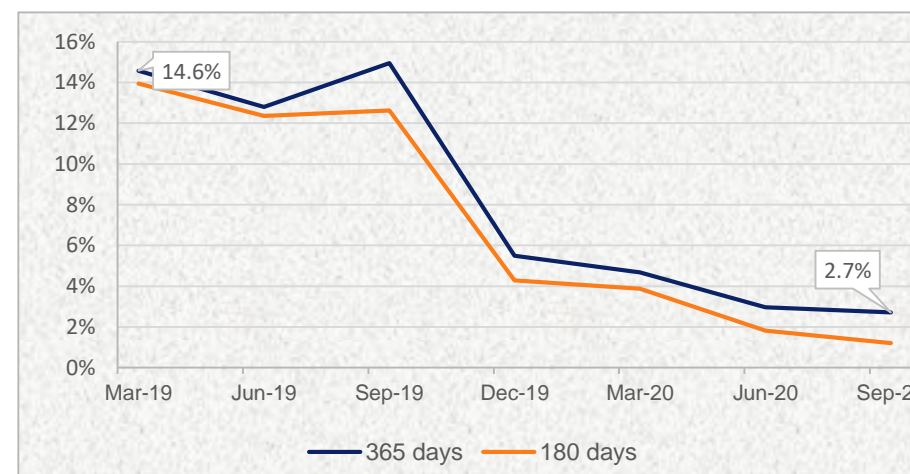
- Catch-up effect from suspended projects in Q2
- Low interest rate environment driving strong demand for real estate assets and supporting construction sector
- Dangote Cement's innovative marketing programmes
- Decreased market disruptions as a result of reduced rains

**Dangote Cement's efficient production ramp-up and marketing efforts enabled the company to seize the strong market demand and pull-effect created by the National Consumer Promotion.**

## YoY domestic volume growth\*



## Declining interest rate environment (T-Bills)



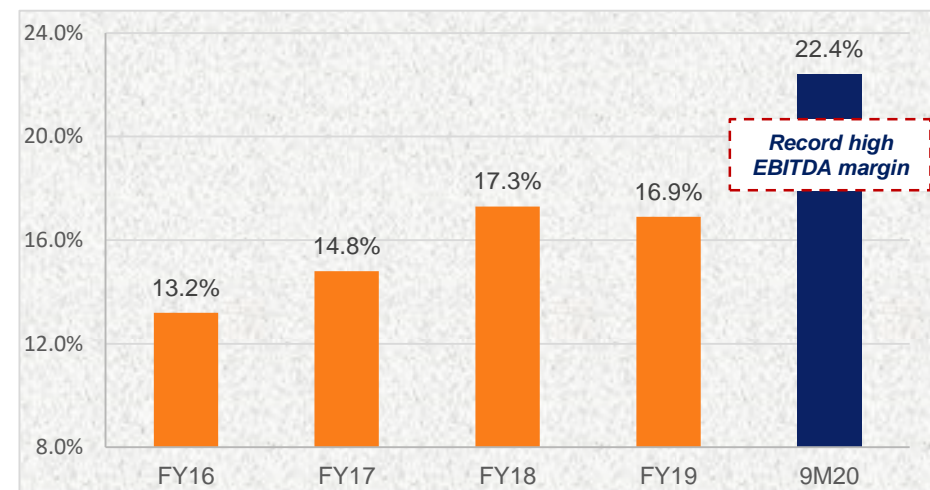
\*Nigerian export sales not included (domestic sales alone)



# Pan-Africa – Record High EBITDA Margin

- Volumes up at 7.5Mt, up 3.7% despite lockdowns and restrictions in Q2
- Revenues up 9.1% to ₦232.6B, supported by higher realised prices and volume growth
- Record high EBITDA of ₦52.1B, up 37.9%
- Record high EBITDA margin of 22.4%
- Volume growth and cost improvement in 6 of our 9 operations; strong volume growth in Ethiopia, Congo and Cameroon
- Continuous strong performance in Senegal
- EBITDA in the third quarter up 48.8%, with a margin of 24%

## EBITDA trend



Nine months ended 30 <sup>th</sup> September	2020	2019	Change
Cement (Kt)	7,393	7,144	3.5%
Clinker (Kt)	72	58	24.1%
Total volumes (Kt)	7,465	7,202	3.7%
Revenue* (₦m)	232,607	213,200	9.1%
EBITDA* (₦m)	52,059	37,750	37.9%
EBITDA margin*	22.4%	17.7%	4.7pp

• \*Before corporate costs and eliminations

# Country updates



## CAMEROON

- Estimated 2.6Mt total market sales for 9M 2020
- DCP sales of 1Mt for 9M 2020, up 18% compared to 9M 2019
- 39% market share for the period



## CONGO

- Estimated 707Kt total market sales for 9M 2020
- DCP Congo sold 269Kt of cement, a 55% increase compared to 9M 2019
- 38% market share for the period
- In September, we experienced our highest ever month of cement sales since the commissioning of the plant



## ETHIOPIA

- Estimated 5.6Mt total market sales for 9M 2020
- DCP sales of 1.6Mt for 9M 2020, up 13% compared to 9M 2019
- 29% market share for the period
- Improved plant performance



# Country updates



## GHANA

- Estimated 5.0Mt total market sales for 9M 2020
- DCP Ghana sold 307Kt of cement, a 21% decrease compared to 9M 2019
- 6% market share for the period



## SENEGAL

- Estimated 5.6Mt total market sales for 9M 2020
- DCP sales of 1.2Mt for 9M 2020, up 7% compared to 9M 2019
- 22% market share for the period
- Plant close to full capacity



## SIERRA LEONE

- Estimated 648Kt total market sales for 9M 2020
- DCP sales of 195Kt for 9M 2020, up 13% compared to 9M 2019
- 30% market share for the period



# Country updates



## **SOUTH AFRICA**

- Negative growth in cement market due to depressed economy
- DCP SA 9M 2020 sales were up 7% YoY, mainly due to a surge in home improvements post the COVID-19 lockdown
- Demand has continued, resulting in growth of between 25% and 30% in Q3 2020 YoY



## **TANZANIA**

- Estimated 4.2Mt total market sales for 9M 2020
- DCP sales of 856Kt for 9M 2020, down 7% compared to 9M 2019
- Achieved our highest ever orders and dispatches in September
- 19% market share for the period
- Power plant commissioning scheduled in Q4



## **ZAMBIA**

- Estimated 1.9Mt total market sales for 9M 2020
- DCP sales of 548Kt for 9M 2020, down 30% compared to 9M 2019
- 29% market share for the period
- Zambia's cement market is down by 18% due to depressed macro-economic environment.



# Debt and Liquidity

Robust Capital Structure

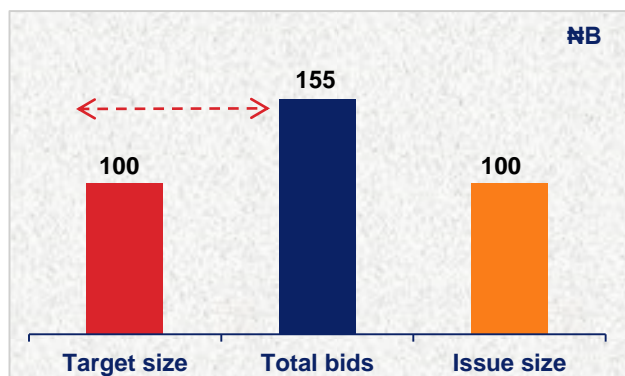




# Strong track record of accessing the local debt market

## Bond Programme

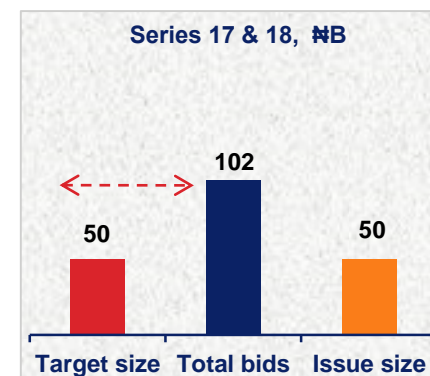
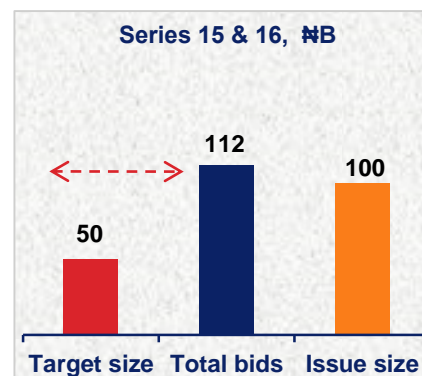
*In April, we successfully completed the issuance of ₦100B series 1 fixed rate 5-year bond at a rate of 12.5%*



- Largest corporate bond issuance in Nigeria's debt capital market
- First bond issuance to be successfully issued under COVID-19
- The bond was oversubscribed
- DCP maintained the original target size of ₦100B

## Commercial Paper Programme

*Successfully issued ₦100B series 15 and 16 in May  
Successfully issued 50B series 17 and 18 in September*



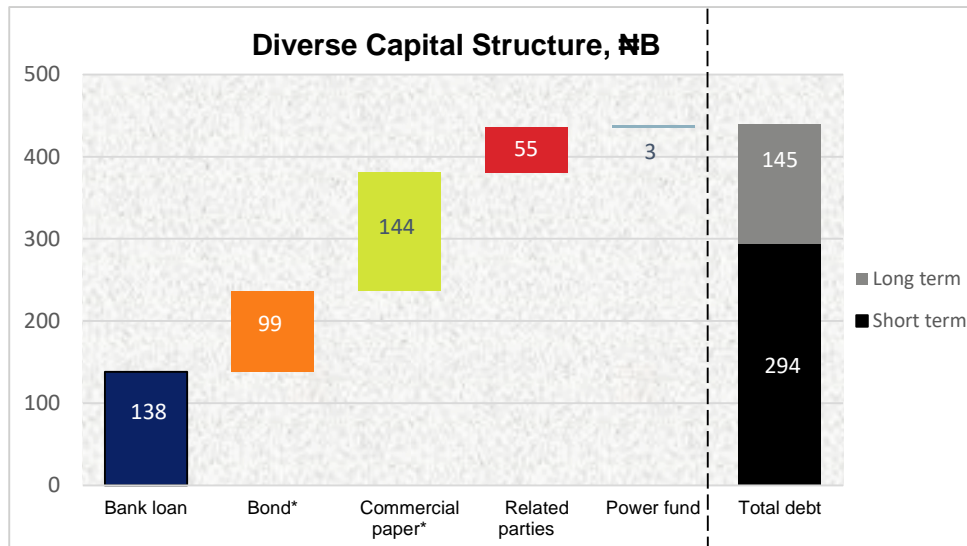
Outstanding Commercial Paper				
Series	Value (₦bn)	Tenor	Discount rate	Due date
Series 15	34.0	175 days	5.0%	12-10-20
Series 16	66.0	266 days	6.0%	11-02-21
Series 17	16.0	177 days	4.0%	04-03-21
Series 18	34.0	268 days	5.0%	03-06-21

- Largest commercial paper issuance in Nigeria's debt capital market
- Commercial paper was over oversubscribed
- Attractive short-term rates

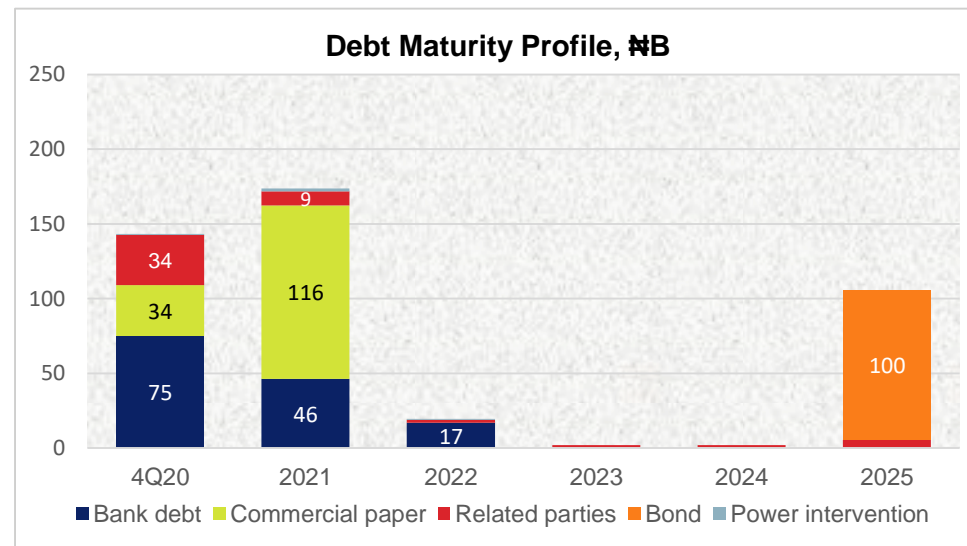


# Robust Capital Structure

*Strong balance sheet with available liquidity*



\*CP face value - ₦150B, Bond face value - ₦100B



- The available liquidity, cash generation and un-drawn borrowing capabilities secure DCPs short-term debt coverage
- All non-strategic capital expenditure have been deferred; dividend has been paid
- DCP has limited foreign currency debt exposure, with just 19% of total debt exposed to US dollar
- Strong cash flow generation in Q3 leading to net cash flow from operating activities of ₦376.6B, up 27.9% YoY

# Robust Capital Structure and lower cost of debt

## LENDING DIVERSIFICATION

Facility	Pricings	Draw down	Tenor
Bond	12.5%	₦100B	2025
₦150B Commercial Paper Programme	4%-6%	₦150B	2020-2021
Bank debt	various	₦138B	2020-2022
Related parties	7%-9%	₦55B	2020-2025
Power intervention fund	7%	₦3B	2021

## RATINGS

- On 23 January 2020, Global Credit Ratings affirmed the long term and short-term national scale issuer ratings of AA+(NG) and A1+(NG) respectively, assigned to DCP, with the outlook accorded as stable
- On 24 March 2020, Moody's:
  - assigned a (P)B2 local currency rating and Aa3.ng national scale rating (NSR) to the NGN300 billion domestic medium-term series 1 issued by DCP
  - affirmed DCP's B1 corporate family rating (CFR) and Aa2.ng NSR. The rating outlook is negative, similar to that of the sovereign





# Next Phase of Growth

Focus on West and Central Africa





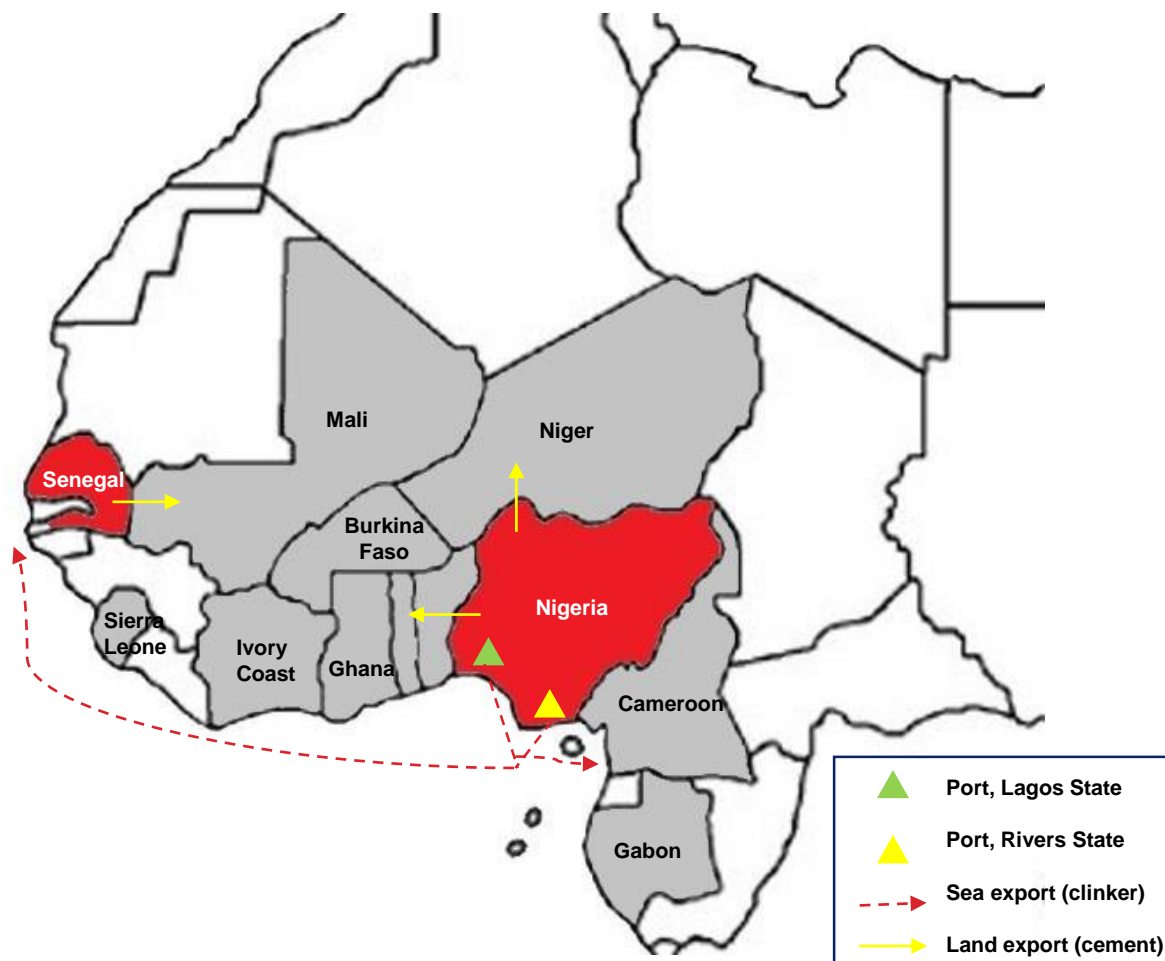
# Cementing Africa's Economic Independence

*We make the regional and continental free trade agreements a reality*

*Our vision is for West and Central Africa to be cement and clinker independent, with Nigeria the main export hub*

*7 clinker shipment from Nigeria to date*

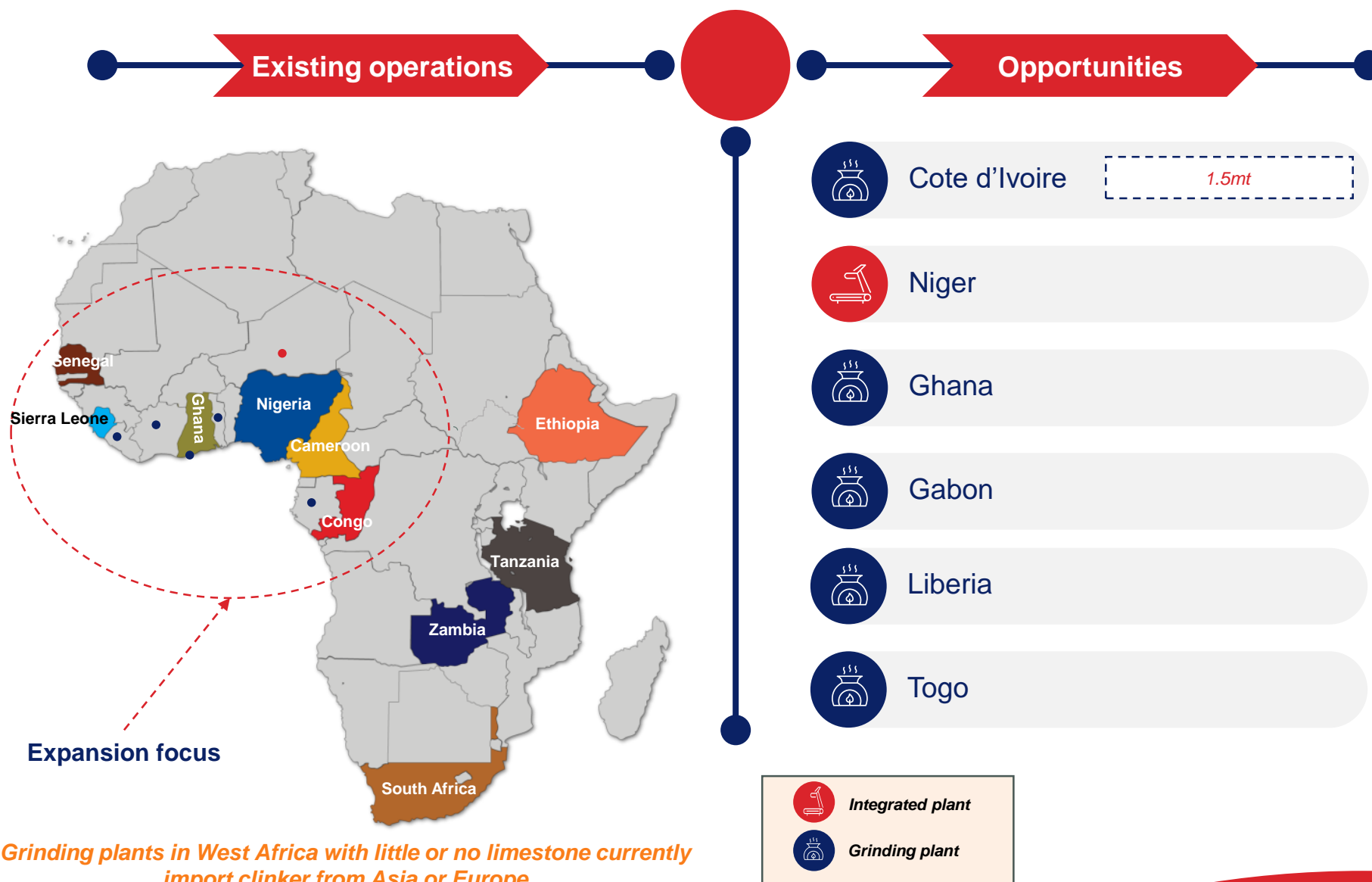
*Clinker export from Tanzania to neighboring countries and Indian Ocean customers being explored actively*



## Our Export Strategy

- Nigeria has a relative abundance of quality limestone especially in key southern regions near to demand centers and export facilities
- Absence of limestone in much of West Africa, especially coastal states, forces those countries to import bulk cement or its intermediate product, clinker, usually from Asia and Europe
- Dangote Cement plans an 'export to import' strategy to serve West and Central Africa from Nigerian factories, exporting by sea - making the region cement independent
- Nigeria can serve a potential market of 15 countries, 350m+ people
- DCP will commence clinker export to other African countries within the next few weeks

# Focus on West and Central Africa Expansion Strategy



# Benefits of the Export Strategy

01

**HIGHER CAPACITY UTILISATION IN NIGERIAN OPERATION:** Increase production due to exports will increase capacity utilisation in the Nigerian operation and in turn reduce fixed cost per tonnes. Additional earnings for the Nigerian operation.

02

**ECOWAS BENEFITS:** African Continental Free Trade Area advantage, and contribute to the improvement of intra-regional trade within the ECOWAS region. Advantage of duty-free exports within ECOWAS.

03

**FOREIGN EXCHANGE:** Foreign exchange revenue for the Nigerian operation help offset foreign exchange risks.

04

**LOWER CLINKER COST FOR PAN-AFRICA OPERATION:** Due to proximity to Nigeria versus Asia and Europe, clinker landing cost will be cheaper.



# Sustainability

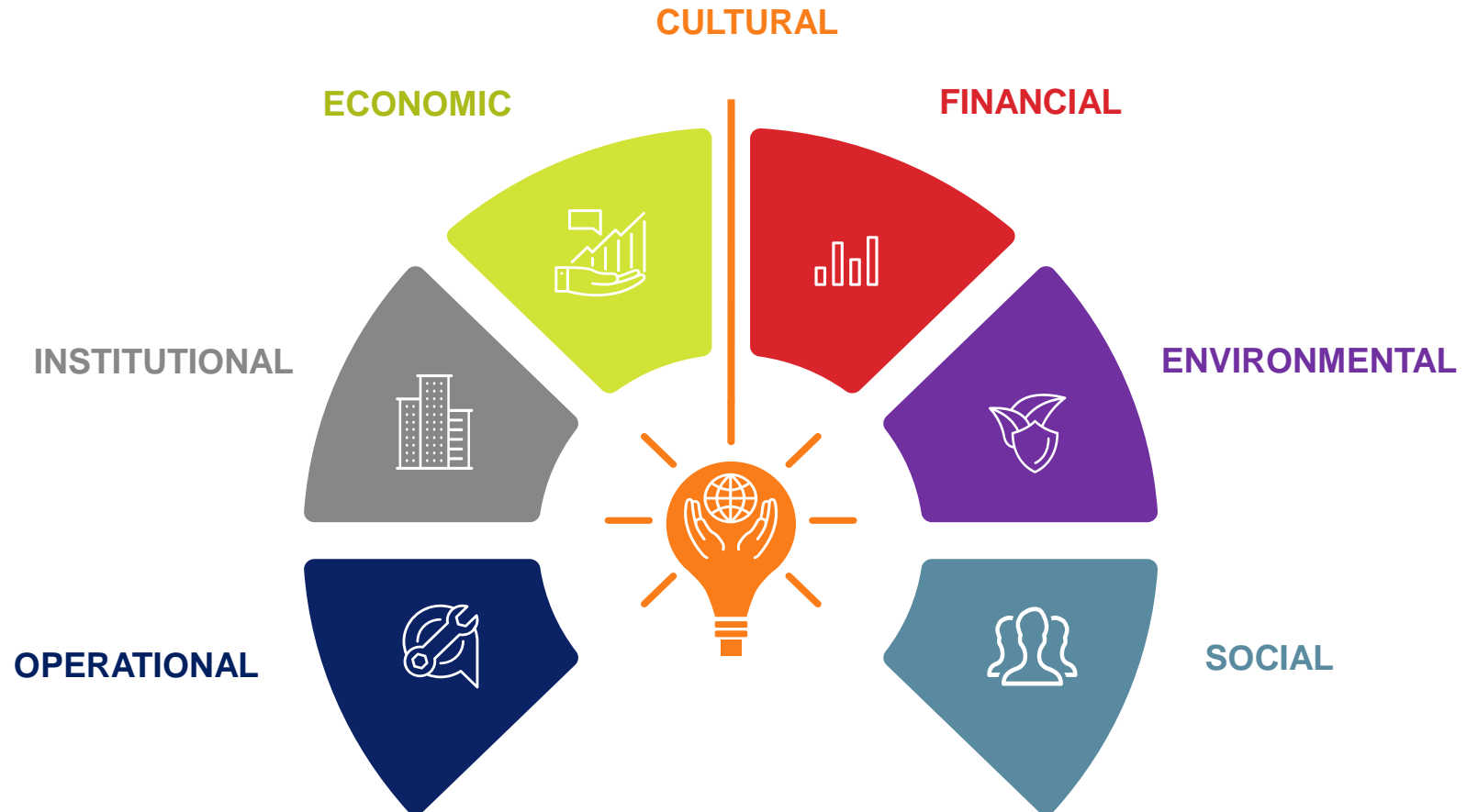


# Sustainability & Governance

## The Dangote Way

**Our 7 Sustainability Pillars support our unique approach to creating a world-class enterprise.**

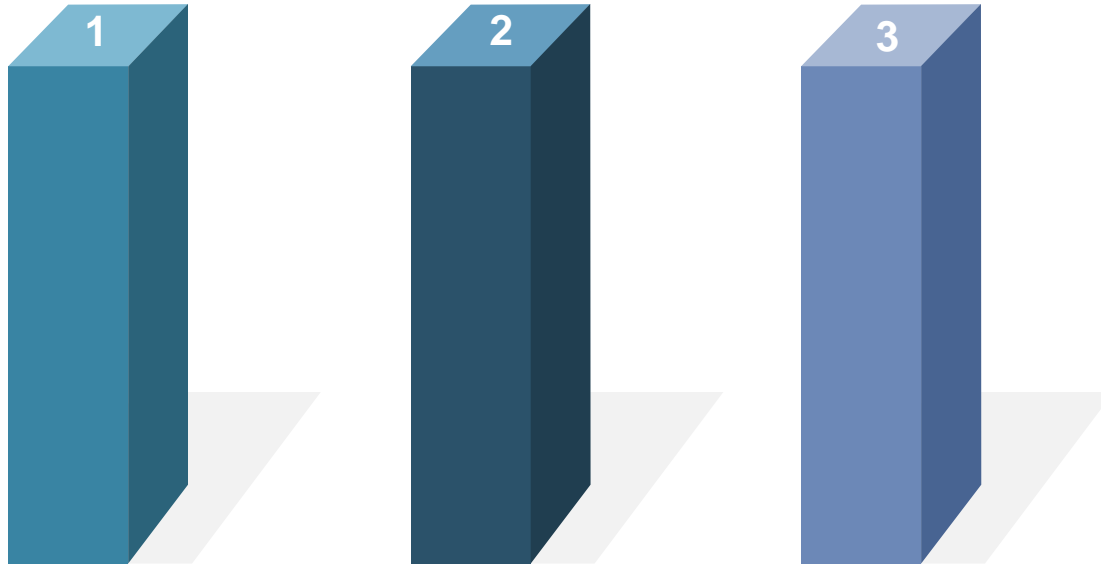
*We released our 2019 combined Annual Report and Sustainability Report certified by the Global Reporting Initiative (GRI) and Externally Assured.*





# Sustainability & Governance

## The Dangote Way – Our 7 Sustainability Pillars



### OPERATIONAL PILLAR

Supply Chain empowerment initiatives intensified

82 Trucks, motorised Three-wheelers given to support distributors during Q3 2020

### ECONOMIC PILLAR

National Consumer Promo produces 311 millionaires in Nigeria so far

DCP has paid over ₦1 trillion in dividend over the last 7 years. Paid ₦273 billion in June

### ENVIRONMENTAL PILLAR

Impactful Water Efficiency Campaign initiated across DCP operations in Q3

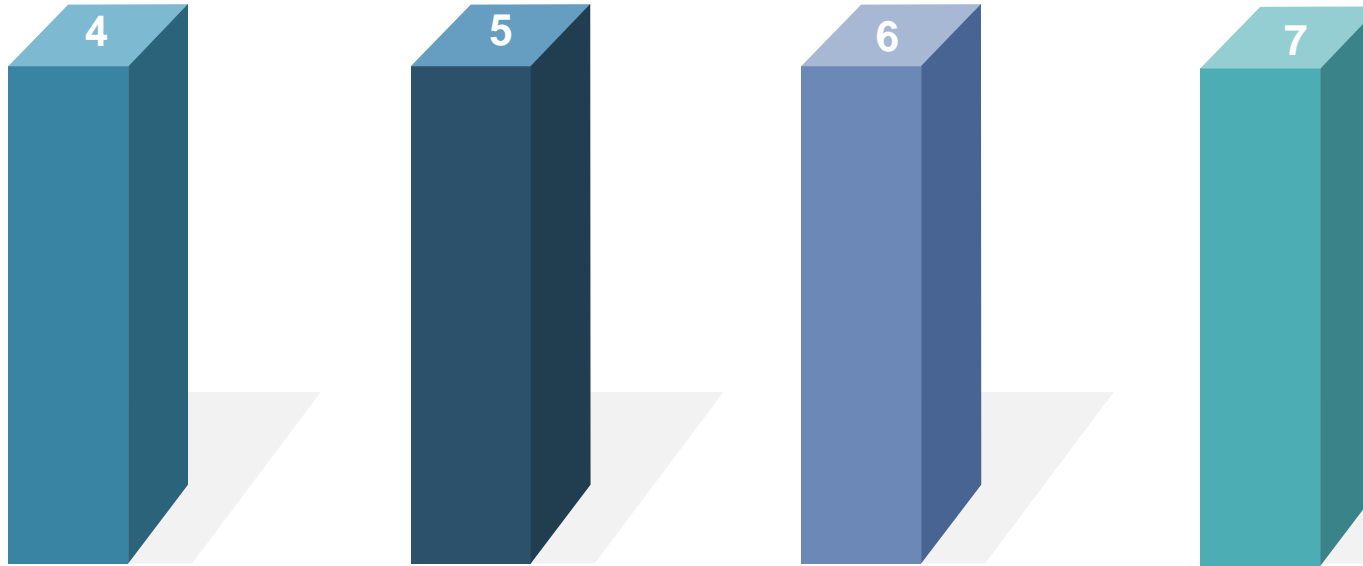
Circular Economy: Alternative Fuel initiatives on track





# Sustainability & Governance

## The Dangote Way – Our 7 Sustainability Pillars



### INSTITUTIONAL PILLAR

“Facts Behind the Sustainability Report” successfully presented at the NSE on Sept 23.

One more female member joined the Board

### CULTURAL PILLAR

Employee Volunteering institutionalized

400+ employees trained on sustainability best practices and acculturation strategies

### SOCIAL PILLAR

DCP Ibese commits ~~N4~~ **₦4** Billion to social investments in host communities

COVID-19 support/palliatives initiated across DCP host communities

### FINANCIAL PILLAR

Delivered a resilient financial performance in Nigeria and Pan-Africa



# Nigeria – National Consumer Promo

## BAG OF GOODIES SEASON 2



National Consumer Promo Press Launch in July

National Consumer Promo has made **311 millionaires** across all states in Nigeria as at end of October

*The promo is well received by consumers and driving stronger demand for Dangote cement*

Promo extended to 15th December



Cross section of winners receiving the star prize -1 million Naira





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