Unaudited results for the nine months ended 30th September 2020

Resilient 9M 2020 results boosted by a very strong third quarter

Record high quarterly EBITDA in Nigeria and Pan-Africa

Earnings per share up 34.6%

Fulfilling our export strategy

Lagos, 6th November 2020: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the nine months ended 30th September 2020.

Financial highlights

- Group revenue up 12.0% to ₦761.4B
- Group EBITDA up 17.1% to ₦355.0B; 46.6% margin
- Record high Pan-Africa EBITDA up 37.9% to ₦52.1B; 22.4% margin
- Profit before tax up 37.6% to ₦272.0B
- Earnings per share up 34.6% to ₦12.25
- Net debt of ₦262.4B, gearing of 32%

Operating highlights

- Group sales volumes up 6.6% to 19.2 million tonnes
- Nigeria volumes up 10.2%; up 39.9% in the quarter driven by strong demand and pull effect of the National Consumer Promotion
- Pan-African volumes up 3.7% despite impact of COVID-19 in Q2

Export Strategy

- 6 clinker vessels exported in the quarter from Nigeria to Cameroon via the Apapa export terminal (2 vessels per month)
- Including maiden shipment in June, 7 clinker vessels have been exported to date
- On track to commission the Port Harcourt export terminal before the end of the year
- Cement export by sea via Lekki export terminal being explored
- Land cement export restarted amidst gradual re-opening of borders

Michel Puchercos, Group Chief Executive Officer, said:

"I am delighted to report that Dangote Cement experienced its strongest quarter in terms of EBITDA and strongest third quarter in term of volumes. Despite a challenging environment, Group volumes for the nine months were up 6.6% and Group EBITDA was up 17.1%, at a 46.6% margin.

This quarter has really shown the ability of Dangote Cement to meet the strong recovery of the cement market in Nigeria and Pan-Africa after a challenging Q2. In Nigeria, we have witnessed a strong appetite for real estate investment and the recovery of infrastructure spending – including more concrete roads. Sales volumes in Nigeria were up 40% in the quarter and Pan-Africa reached a record high EBITDA margin of 24% in the quarter. In the quarter, our Group net profit was up 135.1%.

We continue to focus on our export strategy and are on track to ensure West and Central Africa become cement and clinker independent, with Nigeria as the main supply hub. Clinker exports have steadily been ramping up in Q3 after our maiden shipment in June 2020, whilst land exports have also resumed.

Dangote Cement's strategy to offer high quality products at competitive prices is meeting customers' expectations in Nigeria and across the continent, where we continue to deploy excellent marketing initiatives and operational excellence across the continent.

We remain committed to protecting our staff and communities by being fully compliant with health and safety measures in all our territories of operation. We are focused on adapting to the rapidly evolving markets in which we operate."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with nearly 48.6Mta capacity across Africa. A fully integrated quarry-to-customer producer, we have a production capacity of 32.25Mta in our home market, Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 16.25Mta of capacity across five lines; our Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12Mta and our Gboko plant in Benue state has 4Mta. Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and has transformed the nation into an exporter of cement serving neighbouring countries.

In addition, we have operations in Cameroon (1.5Mta clinker grinding), Congo (1.5Mta), Ghana (1.5Mta import), Ethiopia (2.5Mta), Senegal (1.5Mta), Sierra Leone (0.5Mta import), South Africa (2.8Mta), Tanzania (3.0Mta), Zambia (1.5Mta).

Website: www.dangotecement.com

Twitter: @DangoteCement

Conference call details

A conference call for analysts and investors will be held on Monday 9th November at 3:00pm Lagos/2:00pm UK time.

Please register using the link below:

Dangote Cement 9M 2020 Results Conference Call

To join the live webcast please click on the link below.

Live webcast

A copy of the presentation will be available on the Company's website on the day of the results. The presentation will also be available remotely via the live webcast link.

Contact details

Temi Aduroja

Head of Investor Relations

Dangote Cement PLC

+44 207 399 3070

InvestorRelationsDangoteCement@dangote.com

Operating review

Summary

Sales volumes	3Q 2020 '000 tonnes	3Q 2019 '000 tonnes	%	9M 2020 '000 tonnes	9M 2019 '000 tonnes	%
Nigeria						
Cement	4,359	3,221	35.3%	11,741	10,816	8.6%
Clinker	146	-	-	174	-	-
Nigerian volumes	**4,505**	**3,221**	**39.9%**	**11,915**	**10,816**	**10.2%**
Pan-Africa						
Cement	2,722	2,457	10.8%	7,393	7,144	3.5%
Clinker	11	45	-	72	58	-
Pan-African volumes	**2,733**	**2,502**	**9.2%**	**7,465**	**7,202**	**3.7%**
Inter-company sales	(146)	-	-	(174)	-	**-**
Group volumes**	**7,092**	**5,723**	**23.9%**	**19,206**	**18,018**	**6.6%**
Regional revenues						
Nigeria	203,129	139,590	45.5%	535,506	467,877	14.5%
Pan-Africa	87,582	73,112	19.8%	232,607	213,200	9.1%
Inter-company sales	(6,119)	(641)	-	(6,669)	(1,286)	-
Total revenues	**284,592**	**212,061**	**34.2%**	**761,444**	**679,791**	**12.0%**
EBITDA						
Nigeria	121,630	75,337	61.4%	316,053	275,934	14.5%
Pan-Africa	20,552	13,811	48.8%	52,059	37,750	37.9%
Central costs & eliminations	(5,233)	(3,869)	-	(13,092)	(10,461)	-
Total EBITDA	**136,949**	**85,279**	**60.6%**	**355,020**	**303,223**	**17.1%**
EBITDA margins						
Nigeria*	59.9%	54.0%	5.9pp	59.0%	59.0%	0.0pp
Pan-Africa*	23.5%	18.9%	4.6pp	22.4%	17.7%	4.7pp
Group EBITDA margins	**48.1%**	**40.2%**	**7.9pp**	**46.6%**	**44.6%**	**2.0pp**
Profit before tax	**109,109**	**42,192**	**158.6%**	**271,960**	**197,680**	**37.6%**
Group net profit	**82,542**	**35,110**	**135.1%**	**208,685**	**154,350**	**35.2%**
Earnings per share	**4.80**	**2.09**	**129.7%**	**12.25**	**9.10**	**34.6%**

* Excluding central costs / eliminations
** Group volumes include cement and clinker

Sub-Saharan African was hit by the double effect of the COVID-19 pandemic and the commodity market decline in 2020. According to the International Monetary Fund (IMF), SSA's GDP is estimated to contract by 3.0% in 2020, while returning to 3.1% growth in 2021.

Nigeria and South Africa could be hit the hardest; growth is estimated to decline by 4.3% and 8.0%, respectively in 2020. Ghana, Ethiopia, Senegal and Tanzania are expected to remain positive in 2020.

By 2021, all our countries of operation are estimated to return to growth, and we are well positioned to capture the demand eventually driven by this economic growth. We have seen a strong recovery across our operations in the third quarter, which is our strongest third quarter to date.

Nigerian operations

The Nigerian cement market has recovered from the lockdown and restrictions that were placed in the second quarter. The low interest rate environment has increased the appetite for real estate investment, leading to increased construction activity. The cement market remains very strong and resilient.

Overall, our Nigerian operations sold 11.9Mt in the first nine months of 2020, which includes cement and clinker. Our volumes were up 10.2% for the first nine months of 2020 and up 39.9% for the third quarter year on year. When looking at the domestic sales alone, our Nigerian operations sold 11.7Mt in the first nine months of 2020, up 13% year on year.

Revenues for the Nigerian operations increased by 14.5% to ₦535.5B, owing to higher volumes and lower discounts. We recorded a strong EBITDA of ₦316.1 at a margin of 59.0%, excluding central costs and eliminations (2019: ₦275.9; 59.0%). This strong profitability was enhanced by an increase in real estate investment, our successful innovative national consumer promotion "Bag of Goodies - Season 2" and lower rains in the third quarter compared to the previous year.

The National Consumer Promotion has made 311 millionaires across all States in Nigeria as at the end of October.

Export Strategy - Cementing Africa's Economic Independence

Following our maiden shipment of clinker from Nigeria to Senegal in June 2020, we have exported 6 clinker vessels to Cameroon. Accordingly, we have now exported a total of 7 clinker vessels to West and Central Africa to date. Our Nigerian business also recommenced cement exports by land. We exported 69Kt of cement by road and shipped 174Kt of clinker in the first nine months of 2020.

Our vision is for West and Central Africa to become cement and clinker independent, with Nigeria being the main export hub. This will notably contribute to the improvement of regional trade within the ECOWAS region and beyond with the African Continental Free Trade Area.

Pan-African operations

The total Pan-African volume represents 38.9% of Group volumes. Sales volumes in Pan-Africa were 7.5Mt in 9M 2020, up 3.7%, despite various lockdowns and restrictions that were put in place across our operations in the first half of the year. Most of these measures were lifted in June; as a result, the third quarter was not affected by lockdown.

Pan-African revenues of ₦232.6B were 9.1% higher than the first nine months of 2019 and represented 30.5% of total Group revenue. The region achieved a record high EBITDA of ₦52.1B (before central costs and eliminations), up 37.9%, supported by strong performance in Ethiopia and Senegal. This represents an EBITDA margin of 22.4% in the first nine months of 2020 versus 17.7% in the first nine months of 2019, and a record quarterly EBITDA of 23.5% in the third quarter. The higher profitability was mainly attributable to volume growth and cash cost improvement in 6 of our 9 operations.

Cameroon

We estimate the total market for cement in Cameroon to have been over 2.6Mt in the first nine months of 2020. The main drivers for cement demand during the period were an increase in investment in construction projects. The market is primarily driven by individual construction projects and government housing estate.

Our 1.5Mta clinker grinding facility in Douala sold approximately 1Mt of cement in 9M 2020, an 18% increase compared to 9M 2019. We estimate our market share to have been 39% during the period.

Congo

We estimate the total market for cement in Congo to have been about 707Kt in the first nine months of 2020. Our 1.5Mta integrated plant in Mfila sold 269Kt of cement during the period, up 55% compared to 9M 2019. In September, we experienced our highest ever month of cement sales since the commissioning of the plant in 2017. Our market share for the period came in at 38%.

Ethiopia

We estimate the total market for cement in Ethiopia to have been about 5.6Mt in the first nine months of 2020. The overall market size is estimated to have declined by 3.7% during the period, mainly due to a slowdown in the economic activities, the continuous acute foreign exchange shortages, the lower government expenditure and the impact of COVID-19.

Sales at our 2.5Mta factory in Mugher were over 1.6Mt in the first nine months of 2020, up 13% year on year, with a market share of 29%. The key driver for increase in sales is the improved plant performance which resulted in more product being available for the market. This was notably due to the continuous availability of power compared to last year.

Infrastructure projects, housing and industrial parks development continue to be the main drivers for cement demand.

Ghana

In 2020 a number of project expansion plans have been announced and domestic consumption continues to increase. We estimate the total market for cement in Ghana to have been just under 5Mt during the nine-month period.

Dangote Cement Ghana sold 307Kt of cement in the first nine months of 2020, down 21% compared to the first nine months of 2019. This was mainly due to a shortage in supply and restrictions related to COVID-19. Our market share for the period came in at 6%, despite a very competitive market environment.

Senegal

Senegal's cement industry remains robust and continues to be one of our best performing markets. We estimate the total market sales to have been 5.6Mt, including exports, in the first nine months of the year. The market is expanding, supported by a growing middle class, growth in the construction sector and infrastructure projects across the country.

Sales from our 1.5Mta plant in Pout increased by 7% to over 1.2Mt for the first nine months of 2020, with the plant at full capacity, in spite of the heavy rainy season. Our market share is estimated at 22% during the period.

Sierra Leone

Sierra Leone's cement market continues to improve with increased infrastructure spending, more foreign aid being made available and the resumption of building projects in the corporate sector. A growing population has resulted in a rise in housing construction.

The Sierra Leonean cement market consumed about 648Kt of cement in the first nine months of 2020. Our market share was 30% during the period, while sales increased by 12.7% to 195Kt.

South Africa

The subdued state of South Africa's cement market in recent times reflects the country's muted economy. Lower spending in large scale infrastructure projects and depressed demand for new residential construction led to a low growth cement market.

As part of reconstruction and recovery of the South African economy, the government plans to expedite the implementation of at least 50 infrastructure projects with a total investment value of more than R340 billion.

Dangote Cement South Africa's sales for the first nine months of 2020 increased by 7% year on year, mainly due to a surge in home improvements post the COVID-19 lockdown. The limitations in travel and entertainment are considered to have resulted in increased consumer disposable income. Demand is estimated to have increased between 25% and 30% in Q3 2020 compared to Q3 2019.

Tanzania

Tanzania's robust economy has driven growth in infrastructure and housing, with major government projects including roads, railways and airports. We estimate the total market for cement in Tanzania to have been about 4.2Mt in the first nine months of 2020.

Sales volumes at our 3.0Mta factory at Mtwara were 7% lower than last year at 856Kt tonnes, including 72Kt of clinker. Production challenges and dispatch limitations encountered in the first quarter of 2020 reduced our daily production volume. However, since August, we have been on an upward trend in both production and sales. We achieved our highest ever orders and dispatches in September. We estimate our market share to have been 19% during the period.

The delayed commissioning of our power plant is scheduled to take place in the fourth quarter.

Zambia

The cement market in Zambia decreased in the first nine months of 2020 due to a depressed macro-economic environment amidst a high foreign debt burden and the impact of COVID-19. Infrastructure investments have significantly reduced.

Our 1.5 Mta Ndola factory sold 548Kt of cement in the first nine months of 2020, down 30% compared to last year. We estimate our market share to have been 29% during the period.

Debt and liquidity

In the quarter we successfully completed the issuance of ₦16.00 billion Series 17 and ₦34.00 billion Series 18 Commercial Papers under its ₦150.00 billion Commercial Paper Issuance Programme at attractive rates of 4% and 5%, respectively. The issuance was oversubscribed, demonstrating our strong track record of accessing the local debt market and investors' confidence.

Financial review

Summary

Nine months ended 30th September **Volume sold****	**2020 '000 tonnes**	**2019 '000 tonnes**
Nigeria	11,915	10,816
Pan-Africa	7,465	7,202
Intercompany sales	(174)	-
Total volume sold**	**19,206**	**18,018**

Revenues	**2020 ₦m**	**2019 ₦m**
Nigeria	535,506	467,877
Pan-Africa	232,607	213,200
Intercompany sales	(6,669)	(1,286)
Total revenues	**761,444**	**679,791**
Group EBITDA*	**355,020**	**303,223**
EBITDA margin	**46.6%**	**44.6%**
Operating profit	287,928	231,482
Profit before tax	271,960	197,680
Tax charge	(63,275)	(43,330)
Net profit	208,685	154,350
Earnings per ordinary share (Naira)	**12.25**	**9.10**
	As at 30/09/2020₦m	**As at 31/12/2019 ₦m**
Total assets	1,848,892	1,741,351
Net debt	262,411	227,531

* Excluding central costs / eliminations
**Volumes include cement and clinker

Revenue increased by 12.0% from ₦679.8 in the first nine months of 2019 to ₦761.4B in the first nine months of 2020 driven by increased volumes in both our Nigeria core market and the Pan Africa region. Net revenue per tonne in Nigeria amounted to ₦44,943 in the first nine months of 2020 as compared to ₦43,258 in the first nine months of 2019 representing an increase of 3.9%.

Volumes sold by our core Nigerian operations increased by 10.2% from 10.8Mt to 11.9Mt driven by a very strong third quarter which offset the depressed Q2 volumes.

Despite the COVID-19 restrictions that occurred during Q2, Pan-African volumes increased by 3.7% from 7.2Mt in the first nine months of 2019 to 7.5Mt. Increased volumes in Ethiopia, Senegal, Cameroon, Sierra Leone, South Africa and Congo were partially offset by the reduction in Zambia, Tanzania and Ghana.

Manufacturing and operating costs

Nine months ended 30th September	**2020** **₦m**	**2019** **₦m**
Materials consumed	97,950	88,932
Fuel & power consumed	104,528	92,498
Royalties	941	1,245
Salaries and related staff costs	26,174	24,495
Depreciation & amortization	48,222	48,906
Plant maintenance costs	21,895	24,126
Other production expenses	10,722	5,020
Decrease in finished goods and work in progress	7,108	4,793
Total manufacturing costs	**317,540**	**290,015**

In total, manufacturing costs increased by 9.5% from ₦290,0B in the first nine months of 2019 to ₦317.5B in the first nine months of 2020. This was mainly as a result of an increase in the Nigeria manufacturing costs from ₦140.4B to ₦161.7B.

The increase in Nigeria manufacturing costs was mainly driven by energy costs due to increased production volumes and price increases for gas which is pegged to the USD. The Nigerian Naira depreciated from ₦365/1US$ at the end of 2019 to ₦386/1US$ at the end of September 2020.

Pan Africa manufacturing costs increased by 4.2% in line with the 3.7% in the Pan Africa volumes. In addition, the depreciation of the naira also resulted in higher values in Nara when the local currencies are converted to naira.

Administration and selling expenses

Nine months ended 30th September	**2020** **₦m**	**2019** **₦m**
Administration and selling costs	159,414	160,342

Total selling and administration expenses for 9M 2020 went down slightly by 0.6% as compared to 9M 2019. The increase in administrations costs of ₦1.6B was offset by a decrease of ₦2.5B in selling and distribution costs.

In Nigeria, selling and distribution costs increased by 7.9% in line with the 10.2% increase in the volumes sold during 9M 2020 compared to 9M 2019. In addition, various promotion schemes were deployed in Nigeria which drove the increase in advertising and promotion costs. Selling and distribution costs in Nigeria increased from ₦82.8B in the first nine months of 2019 to ₦89.3B in the first nine months of 2020.

The increase in Nigeria selling and distribution costs was offset by the decrease in Pan-Africa selling costs mainly as a result of reduced haulage costs in Tanzania and Zambia due to the reduced volumes as compared to the first nine months of 2019. In addition, there were reduced depreciation charges in Pan-Africa, mainly in Ethiopia, as some of our trucks approach the end of their useful lives.

Profitability

Nine months ended 30th September	**2020 ₦m**	**2019 ₦m**
EBITDA	355,020	303,223
Depreciation, amortization & impairment	(67,092)	(71,741)
Operating profit	**287,928**	**231,482**
EBITDA by operating region		
Nigeria	316,053	275,934
Pan-Africa	52,059	37,750
Central administrations costs and inter-company sales	(13,092)	(10,461)
Total EBITDA	**355,020**	**303,223**

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the first nine months increased by 17.1% to ₦355.0B at a margin of 46.6% (9M 2019: 44.6%).

Excluding eliminations and central costs, Nigeria EBITDA increased by 14.5% to ₦316.1B at a margin of 59.0% (9M 2019: 59.0%). The increase in Nigeria EBITDA is mainly as a result of the increased volumes in Q3 2020 compared to Q3 2019.

Pan-Africa EBITDA increased by 37.9% to ₦52.1B, at 22.4% margin ((9M 2019: 17.7%), notably driven by increased volumes and better prices in Ethiopia coupled with good performance in Senegal.

Operating profit of ₦287.9B was 24.4% higher than the ₦231.5B for the first nine months of 2019 at a margin of 37.8% (9M 2019: 34.1%).

Interest and similar income/expense

Nine months ended 30th September	**2020 ₦m**	**2019 ₦m**
Interest income	8,569	5,984
Exchange gain/(loss)	9,761	(11,023)
Interest expense	(34,298)	(28,763)
Net finance cost	**(15,968)**	**(33,802)**

Interest income increased by 43.2% mainly as a result of increased interest earning cash balances in Ethiopia and unwinding of discount on trucks leased to customers.

During the first nine months of 2020, the Nigerian Naira was devalued from about ₦365/1US$ to ₦386/1US$. This resulted in net exchange gains from inter-Group assets and liabilities that do not eliminate in full on consolidation in the Nigerian operations. Part of the exchange gains are reclassified to Other Comprehensive income on Consolidation resulting in a net exchange gain of ₦9.8B after taking into accounts exchange losses from Pan Africa operations that use different currencies.

The average effective interest rate on borrowings was 9.57% compared to 10.48% in the first nine months of 2019.

Taxation

Nine months ended 30th September	2020 ₦m	2019 ₦m
Tax charge	63,275	43,330

A portion of the 2020 performance is impacted by the tax exemption arising from the Pioneer Status Incentive scheme for Ibese lines 3 & 4 and Obajana Line 4 which ended in February 2020. The amendment to the commencement rules as per the new Finance Act resulted in reduced effective tax rate for the first nine months of 2020 as compared to 2019 profits which were subjected to the commencement rules under the old regime. The effective tax rate for the Nigeria operations is 18.8%.

The Group's effective tax rate is higher at 23.3%, mainly because of intercompany exchange gains reported in Other Comprehensive income for the group and Pan-African subsidiaries making losses that reduced the Group's profit without direct tax benefits for those losses.

The Group's profit for the first nine months of 2020 increased by 35.2% to ₦208.7B (9M 2019: ₦154.4B). As a result, earnings per share increased by 34.6% to ₦12.25 (9M 2019: ₦9.10).

Financial position

	30th September 2020 ₦m	**31st December 2019** ₦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
Total non-current assets	**1,359,055**	**1,334,615**
Current assets	313,184	282,833
Cash and cash equivalents	176,653	123,903
Total assets	**1,848,892**	**1,741,351**
Non-current liabilities	128,509	105,341
Current liabilities	463,044	386,639
Debt	439,064	351,434
Total liabilities	**1,030,617**	**843,414**

Non-current assets increased from ₦1,334.6B at the end of 2019 to ₦1,359.1B at 30th September 2020. This was mainly as a result of additions to Property, Plant & Equipment which were partially offset by depreciation.

Additions to property, plant and equipment were ₦107.4B, of which ₦93.0 was spent in Nigeria and ₦14.4B in Pan Africa operations.

The increase in current assets is mainly due to amounts owed by related parties.

Current liabilities increase is driven by current income tax charge, trade payables and amounts owed to related parties for trucks and the exchange impact due to the depreciation of the Naira from ₦365/1US$ to ₦386/1US$ during the first nine months of 2020.

All production lines in Nigeria are out of the Pioneer tax exemption and the deferred tax charge for the first nine months of 2020 resulted in the increase in Non-current liabilities.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2019	123,903	(351,434)	(227,531)
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)
As at 30th September 2020	176,653	(439,064)	(262,411)

Cash generated from operations before changes in working capital of ₦356.5B is 17% higher than ₦304.6B generated during the same period for 2019. After net movement of ₦28.8B in working capital, tax payments of ₦14.1B the net cash flow from operations was ₦376.6B.

Excluding overdrafts, financing outflows of ₦232.5B reflected net loans received of ₦78.9B, dividend paid of ₦272.6B and interest paid of ₦37.5B.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) increased from ₦112.1B at the end of 2019 to ₦162.9B at 30th September 2020. With net loans received including overdrafts at ₦80.9B and increase in cash balances of ₦52.8B, net debt increased by ₦34.9B from ₦227.5B at the end of 2019 to ₦262.4B at 30th September 2020.

Capital Expenditure by region

	Nigeria ₦m	Pan-Africa ₦m	Total ₦m
Fixed assets additions	92,976	14,408	**107,384**

Capital expenditure was mainly comprised of the construction of new plants in Nigeria and acquisition of distribution trucks.