Audited results for the year ended 31st December 2018

Record results with strong growth in Group revenue and EBITDA

Pioneer Tax status confirmed

Proposed dividend of ₦16.00 per share, up 52.4%

Lagos, 26th February 2019: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces audited results for the financial year ended 31st December 2018.

Financial highlights

- Group revenue up 11.9% to ₦901.2B
- Group EBITDA up 12.1% to ₦435.3B, 48.3% margin
- Nigeria EBITDA up 10.2% to ₦397.4B, 64.3% margin
- Pan-African EBITDA up 28.2% to ₦49.1B, 17.3% margin
- Earnings per share up 95.9% to ₦22.83
- Proposed dividend of ₦16.00 per share, up 52.4%
- Net debt of ₦168.4B; net debt/EBITDA of 0.39x

Operating highlights

- Group sales volumes up 7.4% to 23.5Mt
- Nigerian volumes up 11.4% to 14.2Mt, including exports of nearly 0.8Mt
- Nigerian market share maintained at nearly 65%
- Pan-African volumes level at 9.4Mt

Joe Makoju, Mni, OFR, Group Chief Executive Officer, said:

"This is a record financial performance by Dangote Cement, driven by a strong increase in our home market, Nigeria, despite heavy rains and uncertainties about the election.

Although Pan-African volumes were unchanged in 2018, I am confident that we will see an increase in 2019, driven by higher volumes in Tanzania, Ethiopia, Congo and Sierra Leone. Now that we have gas turbines operating in Tanzania we will also see increased profitability in the Pan-Africa region and this will help to improve overall Group margins."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with nearly 46Mta capacity across Africa. A fully integrated quarry-to-customer producer, we have a production capacity of 29.3Mta in our home market, Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.3Mta of capacity across four 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 Wednesday 27th February at 14.00 Lagos/13.00 UK time. Please register using the link below.

Dangote Cement - Full Year Results 2018

A replay facility will be available after the call has finished

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Operating review

Summary

Cement volumes sold	FY 2018 '000 tonnes	FY 2017 '000 tonnes	% change
Nigeria	14,178	12,724	11.4%
Pan-Africa	9,370	9,365	0.0
Inter-company sales	(13)	(174)	
Total cement sold	**23,535**	**21,915**	**7.4%**
Regional revenues	**₦m**	**₦m**	**%**
Nigeria	618,301	552,364	11.9%
Pan-Africa	283,262	258,444	9.6%
Inter-company sales	(350)	(5,226)	
Total revenues	**901,213**	**805,582**	**11.9%**
EBITDA	**₦m**	**₦m**	**%**
Nigeria	397,377	360,759	10.2%
Pan-Africa	49,062	38,276	28.2%
Central costs & eliminations	(11,178)	(10,888)	
Total EBITDA	**435,261**	**388,147**	**12.1%**
EBITDA margins*			
Nigeria	64.3%	65.3%	(1.0pp)
Pan-Africa	17.3%	14.8%	2.5pp
Group	**48.3%**	**48.2%**	**0.1pp**
Nigeria performance	**₦/tonne**	**₦/tonne**	**%**
Revenue*	**43,610**	**43,411**	**0.5%**
EBITDA*	**28,028**	**28,353**	**(1.1%)**
	₦m	**₦m**	**%**
Group net profit**	**390,325**	**204,248**	**91.1%**
	₦	**₦**	**%**
Earnings per share **	**22.83**	**11.65**	**95.9%**

* Excluding central costs / eliminations ** After tax adjustment

Nigerian operations

Nigeria’s economy was estimated to have grown by 1.9% in 2018, according to the Nigerian National Bureau of Statistics. The IMF projects growth of 2.3% in 2019.

Nigeria’s cement market recovered well in 2018. We estimate that total market consumption was 20.7Mt, up 11.0% on the 18.6Mt sold in 2017. Market growth was stronger in the first seven months of the year, before unusually heavy rain and flooding affected demand in key regions, which depressed sales from mid-August to mid-November.

Dangote Cement’s Nigerian operations increased volumes by 11.4% to 14.2Mt in 2018, including export sales of 0.7Mt. Domestic sales in Nigeria were 13.4Mt, compared to 12.0Mt in 2017, because of higher building activity as the economy recovered from recession.

In Nigeria, our 13.3Mta Obajana plant sold 6.7Mt of cement in 2017, with the 12.0Mta Ibese plant also selling nearly 6.7Mt. Our 4.0Mta plant at Gboko, in Benue State, was mothballed for most of the year but sold more than 0.8Mt.

Nigerian operations increased revenues by 11.9% to ₦618.3B and EBITDA by 10.2% to ₦397.4 at a margin of 64.3% excluding central costs and eliminations (2017: ₦360.8, 65.3%). The increase in EBITDA was helped by the more favourable fuel mix at Obajana and Ibese, as detailed in the table below, both of which were able to use coal from mines operated by our parent, Dangote Industries Limited.

The use of expensive LPFO has been eliminated and our reliance on imported coal has ended at Obajana and Ibese, where we are using own-mined and third-party Nigerian coal, with obvious benefits to both margins and foreign currency demands. All of our eight kilns at Obajana and Ibese are now capable running on coal, gas or LPFO, or a mixture of the three. Our two lines at Gboko run on coal or LPFO or a mixture of the two.

Fuel mix

Year to 31st December	**Obajana**		**Ibese**	
	2018	**2017**	**2018**	**2017**
Gas	53%	60%	72%	61%
Coal	47%	38%	28%	38%
LPFO	-	2%	-	1%
	100%	**100%**	**100%**	**100%**

Pan-African operations

Pan-African operations sold 9.4Mt of cement in 2018, level with cement volumes sold in 2017. Factors depressing sales included plant shutdowns in Tanzania because of delays to gas turbine installation, civil disruption in Ethiopia and a reduction of imports into Ghana from Nigeria. However, stronger performances were recorded in other Pan-African territories, notably Zambia, and we benefited from increased sales in the recently opened facilities in Congo and Sierra Leone.

The total Pan-African volume represents 39.8% of Group sales volumes before inter-company adjustments.

Despite level volumes, Pan-African revenues of ₦283.3B were 9.6% higher than 2017, because of higher pricing across the region, and represented 31.4% of total Group revenues. The region’s EBITDA of ₦49.1B (before central costs and eliminations), was up 28.2% on 2017's EBITDA and contributed 11.0% of Group EBITDA, at a margin of 17.3%, compared to a margin of 14.8% in 2017.

Cameroon

Cameroon’s strong economy is expected to have achieved 3.8% growth in 2018, supporting good demand for cement, driven by housing and infrastructure projects.

We estimate the total market to have been 2.9Mt in 2018, supplied by national capacity of 5.7Mta, most of which is provided by six clinker grinding plants around the port of Douala. Our 1.5Mta grinding plant, opened in March 2015, is one of the country’s largest.

Imports of bulk cement were banned in 2016. Although our plant in Cameroon has mostly relied on clinker from outside Africa, we intend to supply it with our own clinker, produced at factories in Nigeria or Congo.

With a new competitor in the market, volumes fell marginally to 1.2Mt and we estimate our market share to have been 41%. Cement was priced at $107/tonne at the end of the year, following price reductions introduced by competitors earlier in the year, supported by increased credit for large customers.

We focused on marketing improvements with initiatives such as sales force training, reinforcement of distributor sales capabilities, extending credit terms and accelerating distributor bonus payments. In addition, we increased our visibility in retail outlets with promotions and point-of-sale materials. We also focused on improving logistics to extend our reach in the market and compete more effectively with other suppliers.

Congo

The Republic of Congo has a well-developed economy that is reflected in its relatively high per-capita consumption of cement, at an estimated 150kg/person. However, government spending is low at present, which is depressing demand for cement.

Opened in September 2017, our 1.5Mta Mfila plant is the largest of five plants in the country.

It is ideally located to supply the capital, Brazzaville, as well as export markets in the Democratic Republic of Congo and Central African Republic.

We are also exploring the possibility of exporting clinker to our grinding plant in Cameroon and made our first shipment in Q4 2018.

In the absence of major infrastructure projects, the cement market was mostly driven by commercial building and private infrastructure projects and we estimate the market to have been about 0.74Mt. Our factory sold 0.2Mt of cement in 2018.

We achieved market leadership in the third quarter with the introduction of a new pricing and bonus scheme in June 2018, backed by an increased focus on retail sales and the opening of a depot in Brazzaville in September. Cement prices were approximately $85/tonne at the end of the year.

Our sales were boosted by exports to the CAR during the year and we see potential to export more clinker to Cameroon in 2019.

Ethiopia

Ethiopia's strong economy was expected to record 7.5% GDP growth in 2018 and its construction industry is flourishing as the country builds houses and major infrastructure projects under its Growth & Transformation Plan.

Although its total market is estimated at more than 9Mt, per-capita consumption lags many African countries at about 84kg/person, suggesting considerable growth potential as the country modernises and people migrate to cities.

While the country seems overserved with 17Mta capacity, much of it is ageing, small-scale and unable to compete with modern cement production facilities like our 2.5Mta plant at Mugher, particularly given our additional strength in distribution.

We sold nearly 2.1Mt of cement in 2018, which was 6.2% lower than 2017 because of disruptions caused by civil unrest in the Oromia region, which affected both production at the factory and distribution along the local road networks. Pricing was approximately $70/tonne at the end of 2018.

Production picked up as the political situation improved with the appointment of the new Prime Minister. Additionally, we focused on working more closely with local people in operations and mining, after consultation with community leaders following plant-specific disruptions.

Efficiency initiatives during 2018 included improved use of backhaul by cement delivery trucks and the outsourcing of coal deliveries from Djibouti to improve supply to the plant.

Ghana

With per-capita consumption of about 213kg/person and total demand of more than 6Mt in 2018, Ghana is an attractive market for cement in West Africa. Its economy is strong and this is driving housing and infrastructure growth across the country.

However, Ghana lacks sufficient limestone to support large-scale manufacturing. As a result, it relies upon imports of clinker and bulk cement, although the latter is likely to be prohibited in the near future.

At present we import bulk cement but plan to build a grinding plant at Takoradi, with clinker being supplied from our Nigerian operations. It will compete against several other grinding plants along the Ghanaian coast.

Compared with 2017, we sold less cement in Ghana in 2018, mainly as a result of our decision to scale down importation by road from Nigeria because of the cost and complexity involved. Replacing these imports with cement imported by sea took some time and also contributed to the fall in sales. As a result, we sold 763Kt in 2018, with pricing of about $100/tonne at the end of the year, following an increase in our ex-factory pricing.

Efficiency initiatives undertaken in 2018 included an effort to reduce customer waiting and collection times at the plant, as well as encouraging an increased level of self-collection to offset the reduction in deliveries of cement directly from our Ibese factory in Nigeria.

Senegal

Senegal's booming economy makes it an excellent market for cement, with per-capita consumption of about 235kg/person supporting growth in housing and infrastructure projects such as the Dakar Airport Railway and the Ilaa-Touba Highway.

Unlike many countries along the coast of West Africa, Senegal has large reserves of limestone that make it an ideal place from which to export both inland to Mali and to coastal neighbours such as Gambia.

Although the market was oversupplied when we entered in 2014, we quickly took significant market share by selling higher-quality cement at competitive prices from our 1.5Mta factory in Pout.

Senegal sold nearly 1.4Mt of cement in 2018, improving on almost 1.3Mt sold in 2017, and representing capacity utilisation of 91%, partially due to an increased proportion of 32.5-grade cement, which requires less clinker per tonne compared to the stronger grades we initially launched in the market. The new 32.5-grade product enabled us to address the lower end of the market with a product more suited to its needs.

Pricing was approximately $70/tonne in December 2018 and we estimate our share to have been nearly 24% in 2018.

In addition, although most sales were in domestic markets, we exported 428Kt of cement, mainly to Mali, and aim to increase our exports in 2019.

Sierra Leone

Sierra Leone is a small market for cement, consuming perhaps 0.5Mt a year in the wake of the Ebola crisis that badly affected its economy. The IMF estimated 2018 GDP would be 3.7% with further growth expected.

Per-capita consumption is very low at 75kg/person, but economic recovery and increasing commodity prices will drive growth in the coming years, along with increased foreign aid and a resumption of building projects suspended by the private sector.

Lacking limestone, Sierra Leone is an obligatory importer of cement, with just two suppliers including our 0.5Mta import and distribution facility in Freetown. At the end of 2018, cement was priced at about $100/tonne.

Our import facility began operations in January 2017 and sold 91Kt that year. In 2018, we increased sales to 109Kt, benefiting from the improved economy and greater demand.

The increase in our sales was supported by new corporate customer wins, increased credit sales backed by bank guarantees and the deployment of more point-of-sale material to raise our brand profile at retail outlets.

In addition, we increased our marketing efforts beyond Freetown and established our presence in the upcountry regions.

Our 42.5-grade product has gained good recognition in the local market but continues to compete against lower-priced 32.5-grade imports from our competitors.

South Africa

The subdued state of South Africa's cement market reflects the country's economy, which is estimated to have grown by less than 1% in 2018.

South Africa has about 25Mta capacity, according to CemNet.com, but effective capacity is estimated at between 17Mta and 18Mta. Although local competition rules prohibit us from publishing sales volumes, our factories operate at good capacity utilisation in South Africa. Our facilities at Aganang and Delmas are among the most modern and efficient in the country, serving key markets around Gauteng and other provinces such as Limpopo, Kwa-Zulu Natal, Mpumalanga and North West. South Africa is one of the only countries in which we outsource distribution and there is a well-developed retail market.

Our sales volumes fell by 6.4% in South Africa in 2018. Aside from the muted economy, sales were affected by lower demand, higher imports and a new product launch by a significant competitor. The same competitor delayed price increases after we increased prices by nearly 3% in August. Pricing was under $65/tonne by the end of 2018. Furthermore, the blenders increased their volumes into the market to approximately 1Mt as a result of low bulk cement pricing, and imports increased by 80% year on year. The recent increase in VAT and fuel prices were other factors in the fall in sales. With pressure on volumes, we focused attention on marketing, cost reductions and efficiency improvements.

Tanzania

Tanzania's robust economy has driven growth in infrastructure and housing, with major government projects including roads, railways and airports.

At 3.0Mta, our integrated plant at Mtwara is the largest of Tanzania's 13 cement plants, most of which are located near the coast. We benefit from close proximity to gas supplies and are now able to fuel our kilns and electrical generators with gas. In addition, we are exploring the potential to mine our own coal in Tanzania.

Although we are some distance from the capital, Dar es Salaam, we have a delivery fleet of nearly 600 trucks that will help us to achieve a good market share within Tanzania, as well as enabling us to export into Mozambique.

Long delays to the installation of gas turbines obliged us to reduce production at Mtwara in order to avoid substantial losses incurred by powering the plant with temporary diesel generators.

As a result, our sales volume fell from 757Kt in 2017 to 625Kt in 2018. However, with the gas turbines operational from November, we were able to increase production and expect EBITDA to turn positive in Q2 2019 as volumes increase.

The price of cement was approximately $67/tonne at the end of the year. Recent price competition in the market was a factor in the suspension of production at two factories owned by another producer, which provides us with an opportunity to build market share.

Zambia

Zambia's relatively strong economy is being supported by rising global copper prices that have led to an increase in mining activity in the country.

The market has 4.6Mta capacity, including a new 1.0Mta plant commissioned by a competitor in Q3 2018. Our 1.5Mta factory at Ndola is the largest of five plants in the country, able to serve its major demand centres and even export to the DRC. Cement production is centred around two areas, near the capital Lusaka and around Ndola, in the Copperbelt region.

Cement consumption is relatively low, at 100kg/person, but this should increase as major infrastructure projects are commissioned and housing development improves.

The Ndola factory sold 1.0Mt of cement in 2018, a strong improvement on the 0.8Mt sold in 2017, with increased demand coming from infrastructure and mining support projects, and also benefiting from improved harvests that increased disposable income. Pricing dropped to approximately $65/tonne towards the end of 2018 following the devaluation of the Kwacha.

During the year we improved our distribution with the use of third-party logistics to complement our own direct delivery fleet, as well as some use of rail networks for longer-range distribution.

We are actively taking steps to use waste materials in our kiln and considering the potential to use fly ash, which is a waste material from our on-site power station, as an extender for our cement.

Board changes

Olusegun Olusanya has resigned from the Board after having been with our organisation since its early days in 2004, when he was on the Board of our predecessor company, Benue Cement Company, before its merger into Dangote Cement Plc. His hard work played an important role in deliberations and developing strategy regarding the growth of our Company. We thank him for his long and dedicated service with the Company.

We also bid farewell to our Group Chief Financial Officer and Board member, Brian Egan, who has resigned effective 28th February, 2019 and is returning to Ireland after five years with Dangote Cement. He plans to spend some time with his family, who remained back home in Ireland during that period. His impact on our business and its finance function has been significant and we wish him well for the future.

In the interim, Guillaume Moyen, who recently joined Dangote Cement as Group Chief Finance Officer (Operations) will be Acting Group Chief Financial Officer from 1st March 2019.

Outlook

2019 has started well with sales volumes in Nigeria more than 10% ahead of last year. The Federal Government has committed itself to a strong programme of infrastructure investment and incentivisation that will drive increased roadbuilding, including the construction of concrete roads.

Financial review

Summary

Year ended 31st December **Volume of cement sold**	**2018 '000 tonnes**	**2017 '000 tonnes**
Nigeria	14,178	12,724
Pan-Africa	9,370	9,365
Inter-company sales	(13)	(174)
Total cement sold	**23,535**	**21,915**

Revenues	**2018 ₦m**	**2017 ₦m**
Nigeria	618,301	552,364
Pan-Africa	283,262	258,444
Inter-company sales	(350)	(5,226)
Total revenues	**901,213**	**805,582**
Group EBITDA*	**435,261**	**388,147**
EBITDA margin	**48.3%**	**48.2%**
Operating profit	338,698	304,208
Profit before tax	300,806	289,590
Earnings per ordinary share (Naira)	**22.83**	**11.65**
	As at 31/12/2018 ₦m	**As at 31/12/2017 ₦m**
Total assets	1,694,463	1,665,883
Net debt	168,405	203,707

*Earnings before interest, taxes, depreciation and amortisation.

Group revenue increased by 11.9%, from ₦805.6B to ₦901.2B, driven by increased volumes in Nigeria and a 9.5% increase in revenues per tonne in Pan-African operations.

Cement volumes sold by Nigerian operations increased by 11.4%, with revenue from our Nigerian operations increasing by 11.9% from to ₦552.4B to ₦618.3B.

Sales to domestic customers in Nigeria increased by 11.7% from 12.0Mt to 13.4Mt, with the remaining 0.77Mt being exported.

Full year Pan-African volumes remained broadly constant at nearly 9.4Mt, with lower volumes in Ethiopia, Ghana and Tanzania being offset by increases in Zambia and Senegal. The increase in revenue per tonne in Pan-Africa was mainly the result of depreciation of the Naira, driving higher Naira values when revenue was converted into Naira, as well as price adjustments in some countries.

Pan-African revenue constituted 31.4% of total Group revenue (2017: ₦258.4B, 31.9%).

Manufacturing and operating costs

Year ended 31st December	**2018 ₦m**	**2017 ₦m**
Materials consumed	122,581	111,559
Fuel & power consumed	133,528	111,569
Royalties	1,134	1,136
Salaries and related staff costs	31,557	26,713
Depreciation & amortisation	64,544	59,598
Plant maintenance costs	29,562	26,848
Other production expenses	9,199	14,653
Increase/(decrease) in finished goods and work in progress	(8,794)	(786)
Total manufacturing costs	**383,311**	**351,290**

Group manufacturing costs increased by 9.1%, mostly as a result of increased volumes in Nigeria. Manufacturing costs in Nigeria increased by 7.4% from ₦158.6B to ₦170.3B, on the back of the 11.4% increase in sales volume for 2018.

Although Pan-African volumes remained constant, manufacturing costs increased by 10.6% from ₦192.7B to ₦213.0B, mainly due to exchange rate impacts as well as input price adjustments.

The Nigerian Naira traded at ₦359/$1 at the end of 2018 compared to ₦331/$1 at the end of 2017, a decline in value of 7.8%.

Administration and selling costs

Year ended 31st December	**2018** **₦m**	**2017** **₦m**
Administration and selling costs	189,426	155,297

Total administration and selling costs rose by 22.0% to ₦189.4B, mostly as a result of higher sales and associated distribution costs in Nigeria, which also include increased export sales from Nigeria whose delivery costs are higher. Haulage expenses in Nigeria increased by ₦10.2B to ₦56.7B from ₦46.5B. Haulage costs in Pan-Africa increased by ₦3.2B, representing a 11.3% increase.

The depreciation also contributed to the overall increase in Pan-African operating costs when these were converted to Naira. The average exchange rate and year-end exchange rate for the main currencies applied are as shown in the notes to the financial statements.

Profitability

Year ended 31st December	**2018** **₦m**	**2017** **₦m**
EBITDA	435,261	388,147
Depreciation and amortisation	(96,563)	(83,939)
Operating profit	**338,698**	**304,208**
EBITDA by operating region	**2018** **₦m**	**2017** **₦m**
Nigeria	397,377	360,759
Pan-Africa	49,062	38,276
Central administrations costs and inter-company sales	(11,178)	(10,888)
Total EBITDA	**435,261**	**388,147**

Group earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 12.1% to ₦435.3B, at a margin of 48.3% (2017: ₦388.1B, 48.2%) as a result of the increased volumes in Nigeria and better prices per tonne achieved by Pan-African operations.

Excluding eliminations and central costs, EBITDA increased by 10.2% in Nigeria, to ₦397.4B at a margin of 64.3% (2017: ₦360.8B, 65.3%).

Despite level volumes, Pan-African EBITDA rose by 28.2% to ₦49.1B, at 17.3% margin (2017: 14.8%), driven by better pricing that helped to offset losses in Tanzania, Congo and Ghana.

Operating profit of ₦338.7B was 11.3% higher than the ₦304.2B in 2017, at a margin of 37.6% (2017: 37.8%) driven by higher profitability in Nigeria.

Interest and similar income/expense

Year ended 31st December	2018 ₦m	2017 ₦m
Interest income	11,323	9,136
Net exchange gain	-	26,790
Finance income	**11,323**	**35,926**
Exchange loss	(8,112)	-
Interest expense	(41,666)	(52,711)
Net finance income / (cost)	**(38,455)**	**(16,785)**

Interest income increased by 23.9%, mainly as a result of higher average cash balances and improved interest rates in Nigeria and Ethiopia.

During the year to December 2018, the Nigerian Naira was devalued from about ₦331/$1 to ₦359/$1. The devaluation resulted in net exchange gains from inter-Group assets and liabilities that do not eliminate in full on consolidation in the Nigerian operations. In 2018, this exchange gain was outweighed mainly by the exchange losses from Pan-African operations that use the CFA, as well as Sierra Leone and Ghana, resulting in a net exchange loss in 2018 compared to a net exchange gain in 2017.

The effective interest rate on borrowings was 11.14%.

Taxation

Year ended 31st December	2018 ₦m	2017 ₦m
Tax credit / (charge)	89,519	(85,342)

In prior years, we made a tax provision on profits earned from Ibese production lines 3 & 4 and Obajana production line 4 on the basis that they were yet to obtain approval for tax exemptions under the Pioneer Status Incentive. Approval from the NIPC was obtained in 2018 and the provision of ₦133.7B was reversed resulting in the tax credit of ₦89.5B.

The underlying effective tax rate for Nigerian operations excluding the one-off adjustment was 12.07%.

The Group's profit for the year was up 91.1% to ₦390.3B (2017: ₦204.2B). As a result, earnings per share increased by 95.9% to ₦22.83 (2017: ₦11.65).

Financial position

	31st December 2018 ₦m	31st December 2017 ₦m
Property, plant and equipment	1,171,864	1,192,140
Other non-current assets	87,792	57,089
Intangible assets	5,969	6,355
Total non-current assets	**1,265,625**	**1,255,584**
Current assets	261,942	241,912
Cash and bank balances	166,896	168,387
Total assets	**1,694,463**	**1,665,883**
Non-current liabilities	86,619	121,153
Current liabilities	285,930	391,276
Debt	335,301	372,094
Total liabilities	**707,850**	**884,523**

Non-current assets increased from to ₦1,255.6B at the end of 2017 to ₦1,265.6B at 31st December 2018. This was mainly the result of the increase in deferred tax assets following the approval of Pioneer tax exemption as well as payments for fixed assets under construction. This was partially offset the depreciation charge for the year of ₦95.6B.

Additions to property, plant and equipment were ₦88.6B, of which ₦61.6B was spent in Nigeria and ₦27.0B in Pan-African operations.

As detailed in the tax section above, a provision of ₦133.7B was reversed, resulting in the decrease in both current and non-current liabilities.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2017	168,387	(372,094)	(203,707)
Cash from operations before working capital changes	424,416	-	424,416
Change in working capital	(41,412)	-	(41,412)
Income tax paid	(11,163)	-	(11,163)
Additions to fixed assets	(88,623)	-	(88,623)
Other investing activities	(796)	-	(796)
Change in non-current prepayments and payables	(42,422)	-	(42,422)
Net interest payments	(35,808)	-	(35,808)
Net loans obtained (repaid)	(31,109)	31,109	-
Dividend paid	(178,925)	-	(178,925)
Other cash and non-cash movements	4,351	5,684	10,035
As at 31st December 2018	**166,896**	**(335,301)**	**(168,405)**

Cash of ₦424.4B, generated from operations before changes in working capital, was 11.8% ahead of the ₦379.7B generated in 2017. After net investment of ₦41.4B on working capital and tax payments of ₦11.2B, the net cash flow from operations was ₦375.3B.

Financing outflows (excluding overdrafts) of ₦257.1B (2017: ₦190.6B) were reflected in net loans repaid of ₦32.3B, interest paid of ₦45.8B and a dividend payment of ₦178.9B.

Cash and cash equivalents (net of bank overdrafts used for cash management) decreased slightly from ₦161.8B at the end of 2017 to ₦159.0B at 31st December 2018. With net loans repaid at ₦32.3B, net debt decreased by ₦35.3B from ₦203.7B at the end of 2017 to ₦168.4B at the end of 2018, giving a net debt to EBITDA ratio of 0.39x, reflecting the continuing strong cash generation achieved by the Group and improving its already healthy balance sheet position.

Capital Expenditure by region

	Nigeria ₦m	Pan-Africa ₦m	Total ₦m
Nigeria	61,615	-	61,615
Senegal	-	794	794
Cameroon	-	1,043	1,043
Congo	-	136	136
Ghana	-	481	481
Cote d'Ivoire	-	9,416	9,416
Sierra Leone	-	890	890
South Africa	-	297	297
Ethiopia	-	1,327	1,327
Tanzania	-	10,586	10,586
Zambia	-	671	671
Other	-	1,367	1,367
Total	**61,615**	**27,008**	**88,623**

Capital expenditure was mainly comprised of the construction of new Nigerian and Pan-African plants, as well as improvements in our energy efficiency in Tanzania.

Recommended dividend

On 25th February 2019, the Directors recommended an increased dividend of ₦16.00 per share (2017: ₦10.50) for approval at the Annual General Meeting scheduled for 17th June 2019. The proposed dividend is 52.4% higher than for the 2017 financial year and will result in a total dividend payment of ₦272.6B (2017: ₦178.9B).

Going concern

The Directors continue to apply the Going Concern principle in the preparation of the Financial Statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Group's Going Concern capabilities.

The Directors believe that the current working capital is sufficient for the operations and the Group generates sufficient cash flows to fund its operations. Borrowings are mainly to fund the expansion projects.