

Investor Presentation

Building Prosperity in Africa

AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2019

26th February 2020

@dangotecement



www.dangotecement.com



FY 2019 Performance



Financial

- Group revenue down 1.1% owing to higher level of discounts and low growth environment across key markets.
- Group EBITDA down 9.2% due to higher discounts including marketing and distribution costs in Nigeria.
- Earnings per share at ₦11.79. 2018 EPS of ₦14.98 excludes one-off tax credit of ₦133.7B.

Operational

- Group volumes (including clinker) up 0.6% to 23.7Mt supported by a ramp up in volumes in Pan-Africa. Tanzania's volumes increased by 94% YoY.
- Nigeria volumes came in relatively flat despite new capacity deployed and the border closure which started in August 2019.
- Q3 promotions drove strong sales in Nigeria.
- Pan-African volumes up 1.9%.

Full year ended 31 st December	2019	2018	% Change
Sales volumes	'000t	'000t	
Nigeria	14,119	14,178	(0.4%)
Pan-Africa**	9,563	9,381	1.9%
Inter-company sales	-	(13)	
Total	23,682	23,546	0.6%
Revenues	₦m	₦m	
Nigeria	610,247	618,301	(1.3%)
Pan-Africa	282,710	283,262	(0.2%)
Inter-company sales	(1,286)	(350)	
Total	891,671	901,213	(1.1%)
EBITDA	₦m	₦m	
Nigeria	361,204	397,377	(9.1%)
Pan-Africa	47,858	49,062	(2.5%)
Inter-company and central costs	(13,635)	(11,178)	
Total	395,427	435,261	(9.2%)
EBITDA margin*			
Nigeria	59.2%	64.3%	(5.1pp)
Pan-Africa	16.9%	17.3%	(0.4pp)
Group	44.3%	48.3%	(4.0pp)

- *Before central costs and eliminations
- ** Includes clinker sales in Pan-Africa

Group Financial Overview

Income Statement

Full year ended 31 st December	2019 ₦m	2018 ₦m	Change
Revenue	891,671	901,213	(1.1%)
Cost of sales	(379,989)	(383,311)	(0.9%)
Gross profit	511,682	517,902	(1.2%)
<i>Gross margin</i>	<i>57.4%</i>	<i>57.5%</i>	<i>(0.1pp)</i>
EBITDA	395,427	435,261	(9.2%)
<i>EBITDA margin</i>	<i>44.30%</i>	<i>48.30%</i>	<i>(4.0pp)</i>
EBIT	299,893	338,698	(11.5%)
<i>EBIT margin</i>	<i>33.6%</i>	<i>37.60%</i>	<i>(4.0pp)</i>
Finance income	7,610	11,323	(32.8%)
Finance cost	(57,673)	(49,778)	15.9%
Profit before tax	250,479	300,806	(16.7%)
Income tax (expense)/credit	(49,958)	(44,198)	-
One off tax credit	-	133,717	-
Profit for the period	200,521	390,325	(48.6%)
Earnings per share*	11.79	14.98	(21.3%)

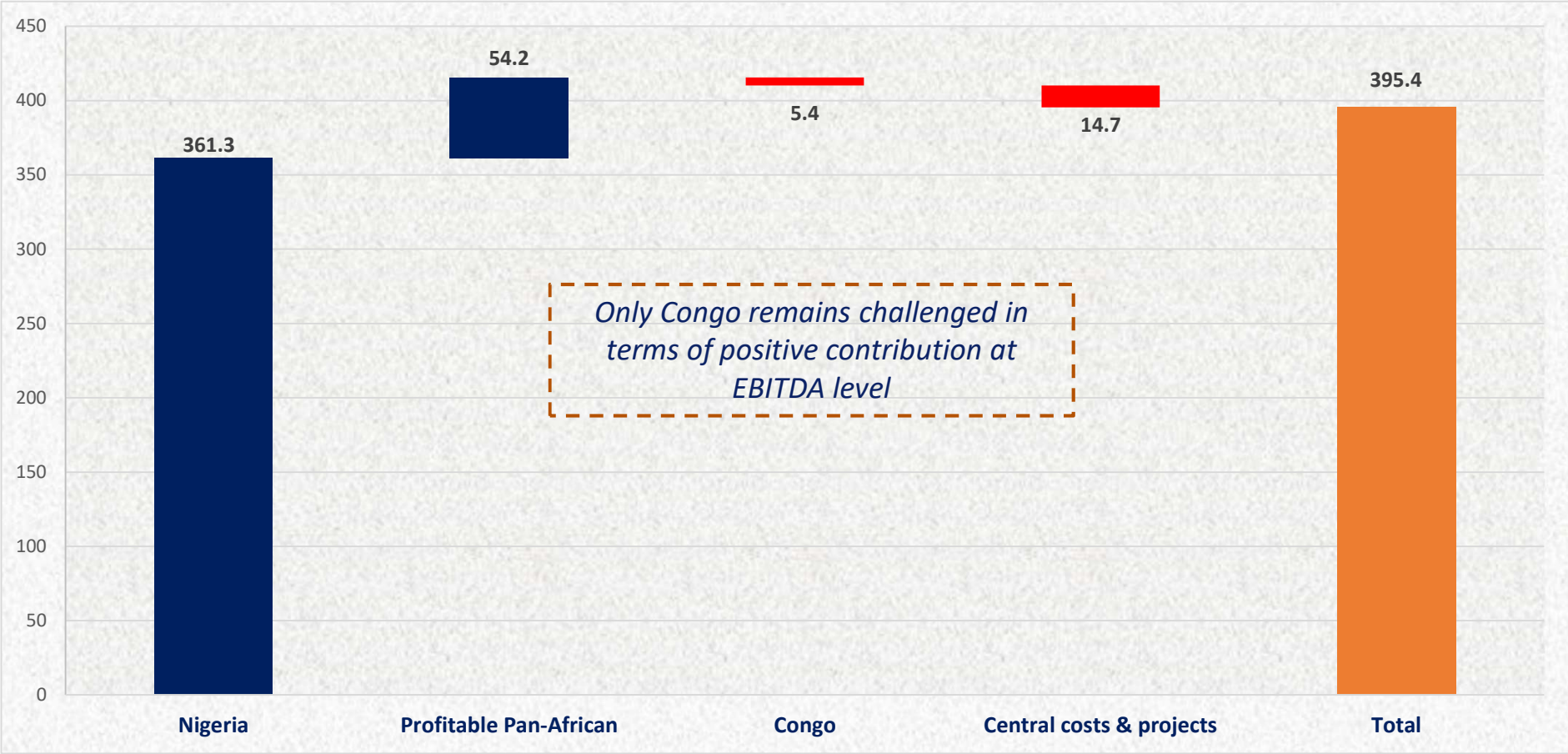
* Excluding one-off tax credit of ₦133.7B in 2018



FY19 EBITDA Development



Profitability (₦ bn)



Group Financial Overview (cont'd)



Movement in Net Debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 1 st January 2019	166,896	(335,301)	(168,405)
Cash generated from operations before changes in working capital	392,258	-	392,258
Changes in working capital	34,391	-	34,391
Income tax paid	(4,601)	-	(4,601)
Additions to fixed assets	(174,952)	-	(174,952)
Other investing activities	(220)	-	(220)
Change in non-current prepayments and payables	(2,090)	-	(2,090)
Net interest payments	(28,382)	-	(28,382)
Net loans received	17,432	(17,432)	-
Dividend paid	(272,785)	-	(272,785)
Other cash and non-cash movements	(4,044)	1,299	(2,745)
As at 31st December 2019	123,903	(351,434)	(227,531)

Net debt of ₦227.5bn
Net debt to EBITDA at 0.58x

Group Financial Overview (cont'd)

Balance Sheet

	As at 31/12/19 ₦m	As at 31/12/18 ₦m
Property, plant and equipment	1,206,749	1,171,864
Other non-current assets	124,203	87,792
Intangible Assets	3,663	5,969
Current Assets	282,833	261,942
Cash and Cash Equivalents	123,903	166,896
Total Assets	1,741,351	1,694,463
Non-current liabilities	105,341	86,619
Current liabilities	386,639	285,930
Debt	351,434	335,301
Total Liabilities	843,414	707,850
Net Assets	897,937	986,613



Nigeria Performance FY19



- DCP maintained a market share in the mid-60s, despite new capacity in the market and border closure.
- Volumes remained flat at 14.1Mt, including export sales of 0.45Mt.
- Domestic sales were 13.7Mt, with growth mirroring the estimated GDP growth of 2%.
- Exports dropped by 41% owing to the border closure in the last few months of 2019.
- Revenues down 1.3% to ₦610.2B.
- EBITDA came down 9.1% owing to higher discounts and marketing and haulage costs.
- EBITDA margin decreased to 59.2%.

Nigeria performance

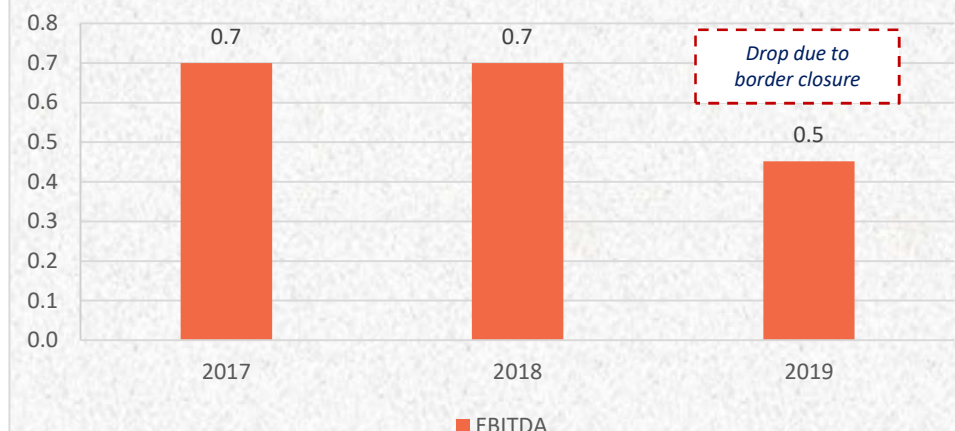
Full year ended 31 st December	2019	2018	Change
Volumes* (Kt)	14,119	14,178	(0.4%)
Revenue* (₦m)	610,247	618,301	(1.3%)
EBITDA* (₦m)	361,204	397,377	(9.1%)
EBITDA margin*	59.2%	64.3%	(5.1pp)

* Before corporate costs and inter-company eliminations

Domestic sales, Mt



Exports out of Nigeria, Mt



Nigeria Macro environment

2019 – growth remained fragile

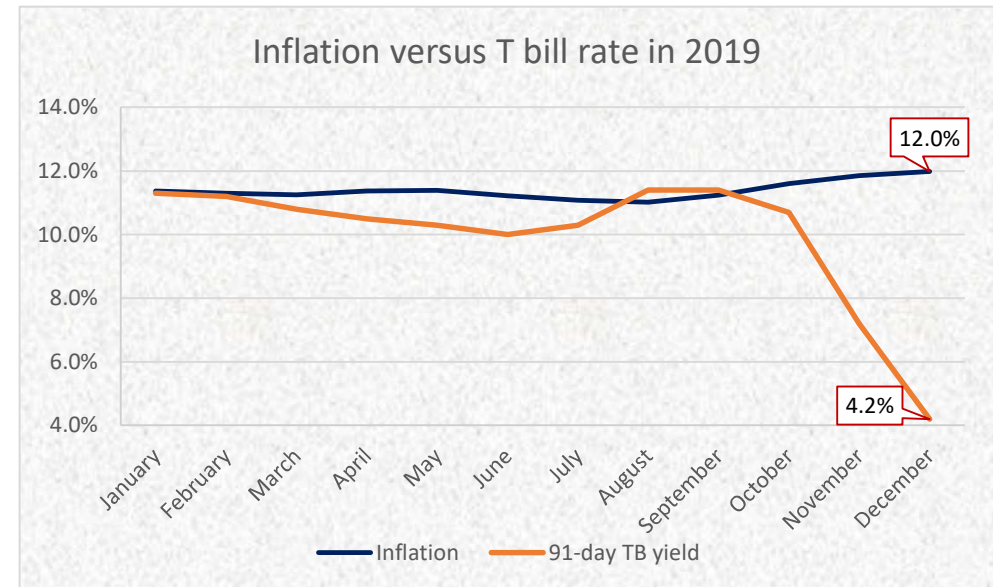
- The Nigerian economy remained subdued throughout 2019. Growth remained fragile with a 2.3% GDP growth rate for the full year. Infrastructure spend remained modest in 2019.
- Headline inflation averaged 11.4% as per National Bureau of Statistics. The composite food index rose to 13.74% YTD as of end of December 2019.

Financing costs

- Q4 2019 showed material yield-curve changes.
- As for Dangote Cement financing rates, the latest CP issuance led to borrowing rates of 7.5% for 180 days and 8.0% for 270 days.

Public-private partnership

- Signed Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme.
- Concrete roads are being built. Dangote leads the Apapa-Oshodi-Oworonsoki-Ojota highway construction project in Lagos State.



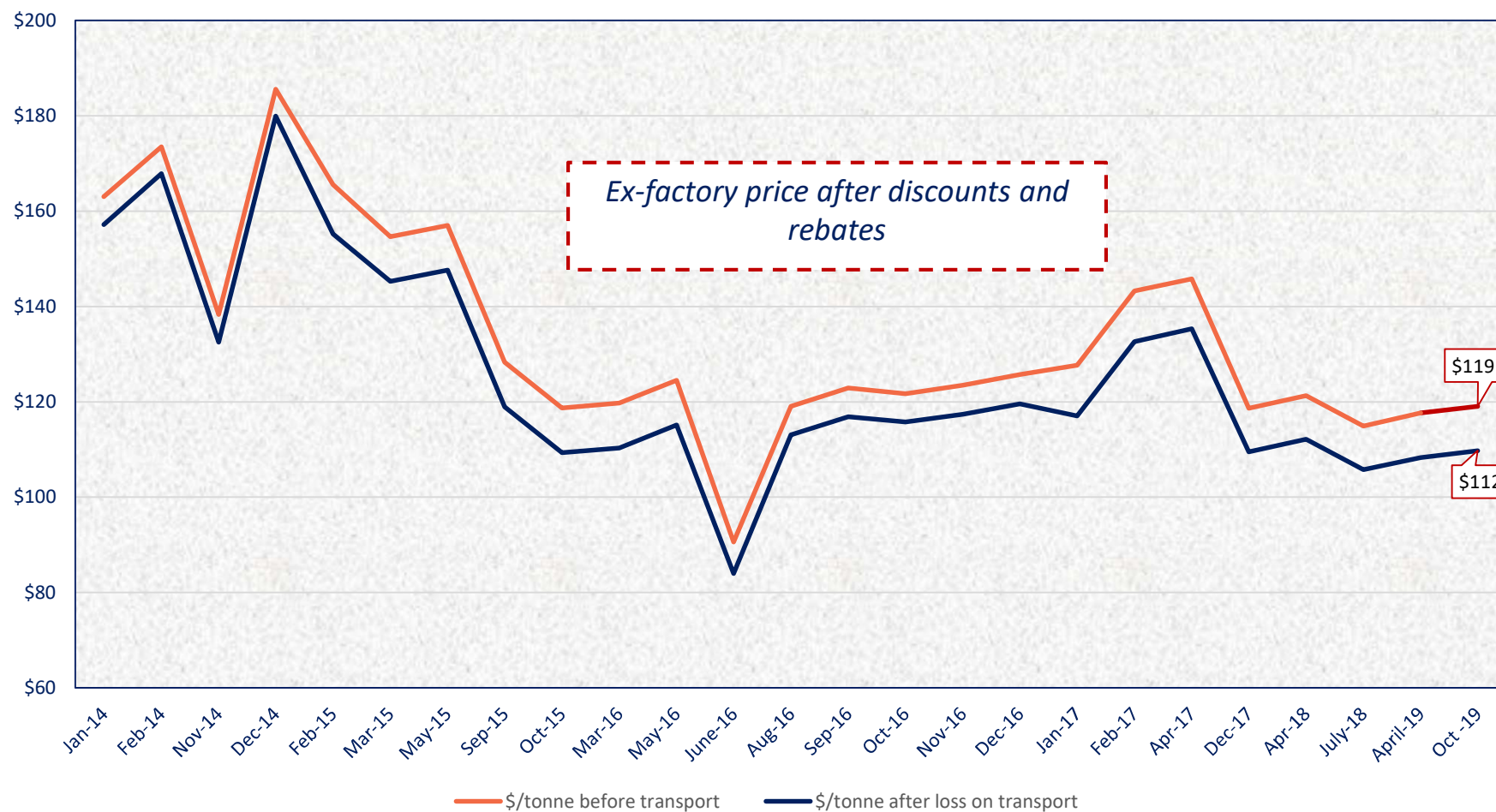
*Visit to the
Apapa Oshodi site by
President/CE Dangote
Industries Limited, Mr
Aliko Dangote
and Finance Minister, H.E
Mrs Zainab Ahmed*

Development of EBITDA / Tonne



*excluding central costs

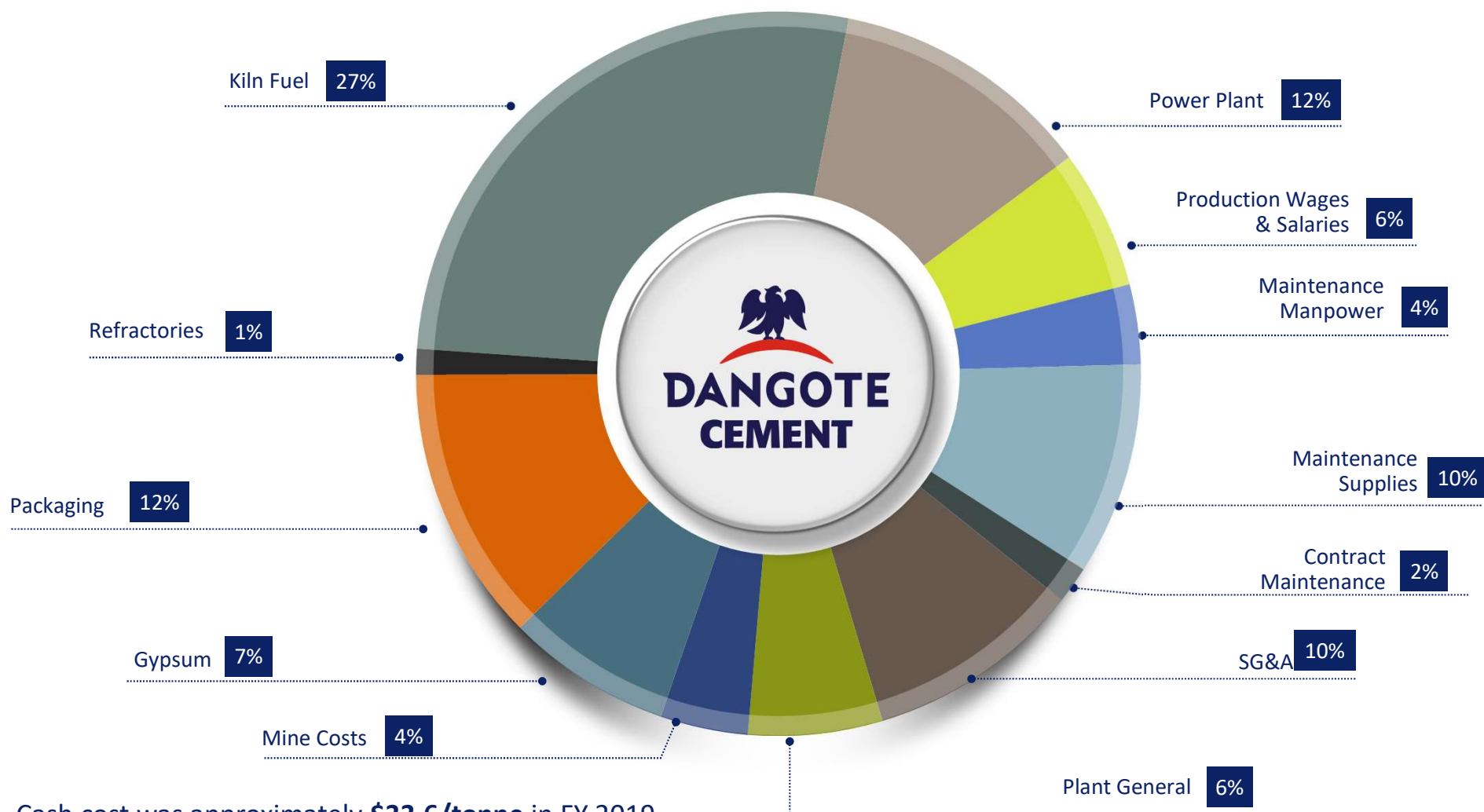
Nigeria Price Development



Conversion from Naira to US\$ is at spot rate

Nigeria Cash Cost Analysis

% of average cash costs per tonne, FY 2019



Cash cost was approximately **\$33.6/tonne** in FY 2019
(Excluding central costs)

65% of cash costs are US Dollar based, though less than 20% paid in Dollars

Pan-Africa Volumes Up

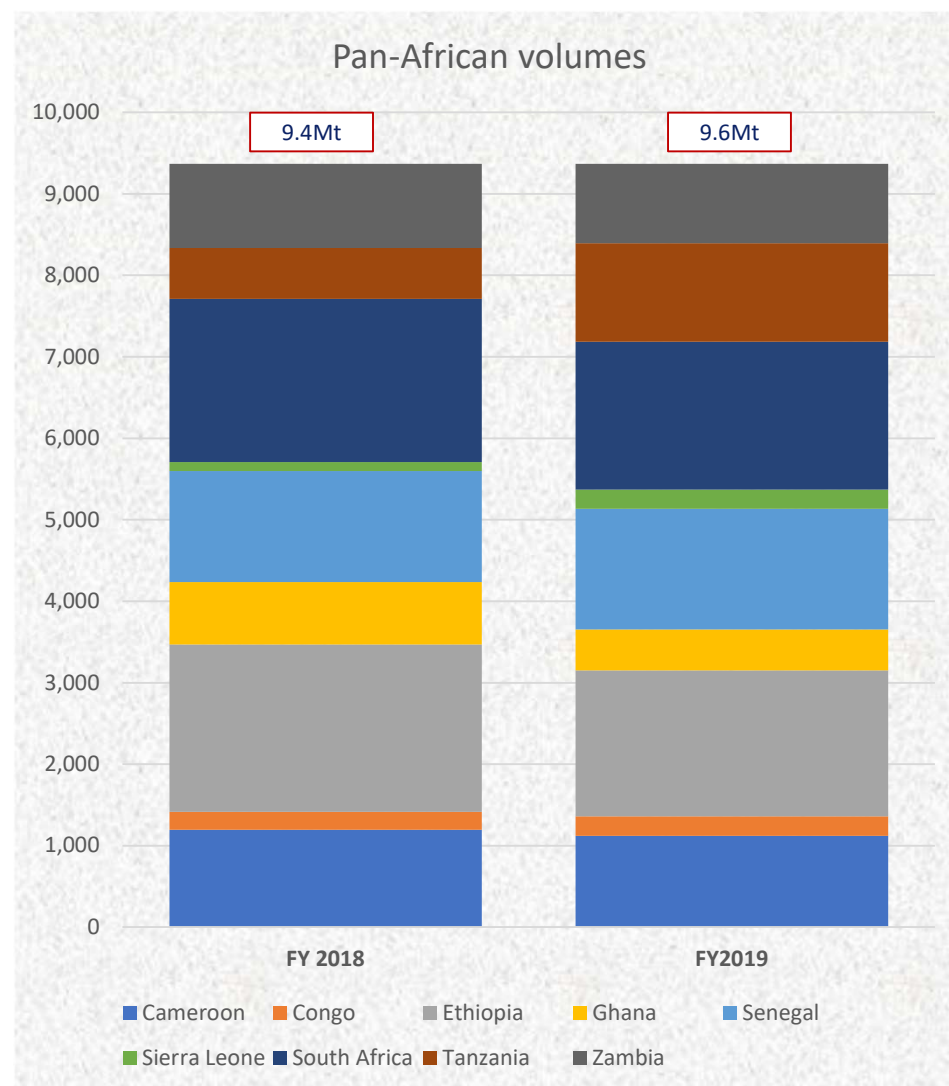


- Sales volumes (including clinker sales) up 1.9% to 9.6Mt; revenues down 0.2% to ₦282.7B.
- EBITDA down 2.5% to ₦47.9B.
- Tanzania's volumes up 94%.
- Sierra Leone's volumes up 116%.
- Ethiopia's volumes dropped owing to shortages of limestone due to a major issue with quarry equipment.
- Senegal's sales up - more than 100% rated capacity.
- Congo remains challenged in terms of positive contribution at EBITDA level.

Pan-Africa performance

Full year ended 31st December	2019	2018	Change
Volumes** sold (Kt)	9,563	9,381	1.9%
Revenue (₦m)	282,710	283,262	(0.2%)
EBITDA* (₦m)	47,858	49,062	(2.5%)
EBITDA margin	16.9%	17.3%	(0.4pp)

- *Before corporate costs and eliminations
- **Including clinker volumes



Country Updates



Cameroon

Estimated 2.8Mt of total market sales for the FY19

Dangote Cement Cameroon sold 1.1Mt of cement, a 6.5% decrease compared to 2018

Decrease in sales is notably attributed to security challenges in key markets for Dangote.

39% market share

Ex-factory cement price of \$108/t for FY19



Congo

243Kt sold in the full year 2019, up 11.5% versus 2018

33% market share

Introduction of new 32.5R product

Opening of cement sales depots in Brazzaville and Pointe-Noire

DRC, Angola and CAR offer export opportunities

Ex-factory cement price of \$79/t for FY19



Ethiopia

Sales of 2.0Mt for the full year 2019, down 4% compared to 2018. Market share of 26%

Sales driven mainly by retail demand – lack of foreign exchange and reduction in government spending

Manufacturing affected by electricity rationing in Q2

Lower volumes due to technical challenges in Q4

Ex-factory cement price of \$72/t for FY19

Country Updates



Ghana

Dangote Cement Ghana sold approximately 500Kt of cement in 2019, down 34% compared to 2018 owing to focus on more profitable markets

Estimated market share of 6%

Increased government infrastructure spending ahead of 2020 elections

Ex-factory cement price of \$98/t for FY19



Senegal

Volumes up 8.4% to more than 1.4Mt in 2019

Plant's output continuing to exceed its rated capacity

Market share of 23% in 2019 following new product launch and greater reliability for customers

Continuing exports to Mali

Ex-factory cement price of \$70/t for FY19



Sierra Leone

Building projects resuming, infrastructure investment and foreign aid

Government has removed import duties on bagged cement to support building activity

Volumes up 116% from FY 2018 to 236Kt in 2019

Estimated market share of 35%

Ex-factory cement price of \$92/t for FY19

Country Updates



South Africa

Cement market remains depressed owing to lack of infrastructure spending and a competitive market

DCSA FY19 sales were 9% lower year on year

Carbon tax introduced in June 2019

Further price increases of 2.5% - 3.5% inclusive of 1.5% - 2.5% for carbon tax recovery



Tanzania

Increase in government infrastructure spending and increase in cement demand from the southern region

Dangote Cement Tanzania became profitable at EBITDA level

1.2Mt sold in FY19; Volumes up 94% year on year

Ex-factory cement price of \$72/t for FY19



Zambia

Market demand expected to grow due to infrastructure projects, some of which are supported by the Chinese and Indian governments

Major projects include improvements to the Lusaka and Ndola airports

Volumes down 5.6% to 975Kt, at 28% share

Use of sawdust as alternative fuel

Ex-factory cement price of \$70/t for FY19

Sustainability & Governance



2019 Key ESG Milestones:

- DCP published its first standalone GRI Standards Sustainability Report that was externally assured and certified by the Global Reporting Initiative (GRI).
- First Premium Board Members' Report to comply with the new NSE Sustainability Disclosure Guidelines – Our Sustainability Report was first to be unveiled on May 30, 2019 in the first edition of NSE's "Facts Behind the Sustainability Report".

Key ESG Impacts

- Geographical diversity of DCP Board and vast experience.
- DCP is the largest employer of labour in Nigeria.
- Over 140 participants from Head office and 3 Nigerian plants were trained by University of Edinburgh during a 2-week long workshop on sustainability reporting, circular economy, innovative social investments, ESG data management system, etc, in May 2019.

Outlook

- Share buyback process is ongoing; following regulatory approvals the process should be concluded in the coming months. Reverse split process to be explored further in 2020.
- Nigeria domestic market: we plan to improve our route to market and continue our promotions campaign to support volume growth in 2020.
- Export strategy: This year we will begin exporting clinker to Nigeria via ports in Apapa and Onne. Our grinding plant in Cote d'Ivoire will begin operations at the end of the year. In addition, we will begin clinker exports from Congo to neighbouring countries.
- Cost improvement efforts will continue across all territories of operations, notably related to alternative fuel initiatives.

2.5Mt integrated plant in Muger, Ethiopia



1.5Mt integrated plant in Ndola, Zambia



Investor Relations Contacts

For further information contact:

Temi Aduroja

Head of Investor Relations

Dangote Cement Plc

+234 905 398 4855

InvestorRelationsDangoteCement@dangote.com



@dangotecement



www.dangotecement.com

