



# DANGOTE CEMENT

An emerging cement major  
building shareholder value  
and prosperity in Africa



Unaudited results for the six months ended 30<sup>th</sup> June 2015

31<sup>st</sup> July 2015

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# Operational & Financial Highlights

## Financial results

- Revenue up 15.9% to ₦242.2bn as non-Nigerian factories ramp up
- Gross profit up 16.5% to ₦157.7bn, 65.1% margin
- EBITDA up 14.0% to ₦147.5bn, 60.9% margin
- Net profit up 27.6% to ₦121.8bn
- Earnings per share up 28.2% to ₦7.22
- Net debt increased to ₦257.6bn from ₦222.0bn at 31/12/14

## Operational highlights

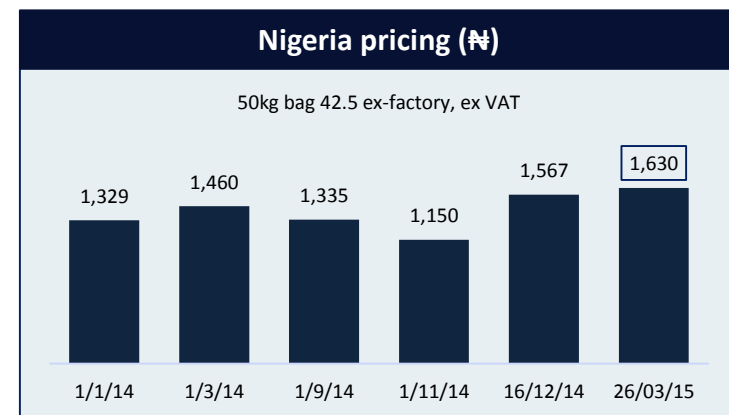
- Group cement sales volumes up 13.7% to 8.1 million tonnes
- 22% of Group cement volumes shipped outside Nigeria
- Strong market share gains in South Africa and Senegal
- Zambia, Ethiopia now in production and making steady progress
- Nigeria margins protected by new pricing, improved gas supply, more use of coal instead of LPFO
- Gboko temporarily reopened in April 2015 to meet local demand

Regional Revenues (₦bn)		
Six months ended	30/06/14	30/06/15
Nigeria	202.4	207.8
West & Central Africa	3.4	15.2
South & East Africa	3.1	19.2
<b>Total</b>	<b>208.9</b>	<b>242.2</b>

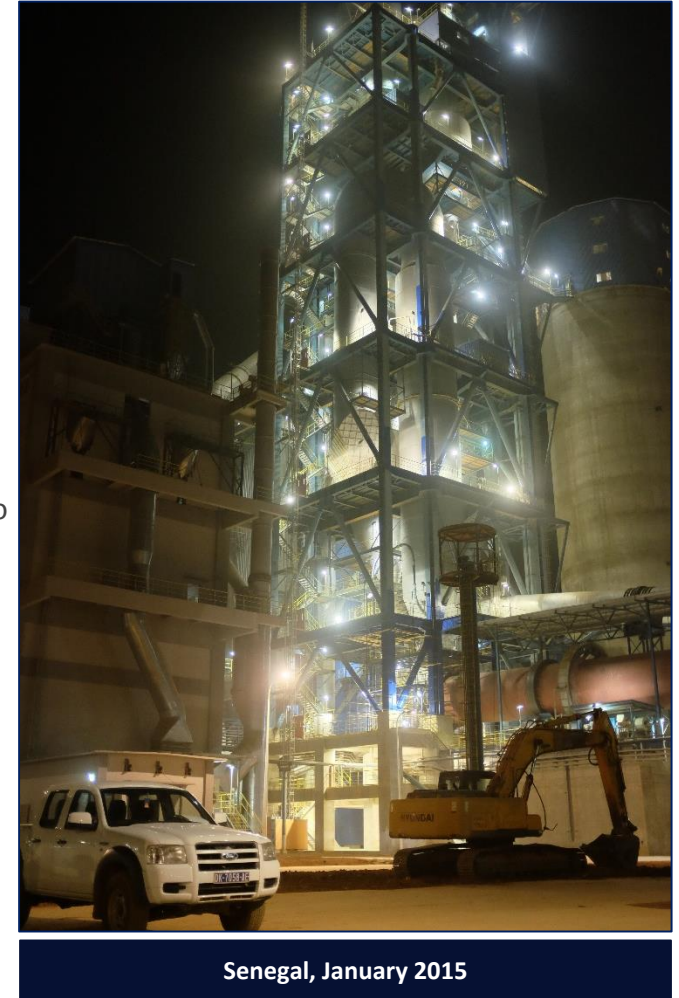
# Nigerian Operations H1 2015

- Election delay and fuel strike weight on cement market
  - 10.8mt sold across total Nigerian market, about 3% down
- Dangote Cement sales down 7.5% to 6.3mt vs 6.8mt in 2014
- Nigeria revenues ₦207.8bn
- Strong EBITDA of ₦140.3bn (67.4% margin)
- EBIT of ₦118.4bn
- Margins protected by pricing action, improved gas supply more use of coal, and production at more profitable plants
- Obajana sales impacted by Q1 uncertainties, Q2 fuel problems
  - 3.8mt cement sold
- Ibese sales show good increase
  - 2.3mt sold
  - Work begun on coal grinding facilities for Ibese's new Lines 3&4
- Gboko reopens to serve local market
  - Mothballed in November 2014
  - Plant re-opened in April 15 to meet growing demand
  - 176,800 tonnes sold in H1 2015

Nigeria performance vs			
Six months ended	30/06/14	30/06/15	% change
Volumes sold (kt)	6,824	6,314	(7.5)%
Revenue (₦bn)	202.4	207.8	2.7%
Average price per tonne (₦)	29,660	32,910	11.0%
EBITDA (₦bn)	130.8	140.3	7.1%
EBITDA margin	64.6%	67.4%	



- Region generated ₦15.2bn revenue
- ₦0.9bn operating profit (EBIT)
- 797,000 tonnes of cement sold in H1 2015
- Excellent start in Senegal
  - Provides around 30% of cement sold
- Cameroon operational
  - Positive response to our 42.5-grade cement
  - Recent ban on imported bulk cement brings immediate opportunity to substitute >1mt with locally ground cement
- Ghana sales still impacted by currency challenges
  - However, sales increased by about 58% during the period
  - Continuing to improve facilities at Tema
  - Appointed new Plant Director, Mr Tor Nygard



- Region generated ₦19.2bn sales
- 1.0 mt cement sold
- Operating profit of ₦2.5bn
- Sephaku makes good gains in market share
- Zambia began operations in June
  - Little contribution to regional sales during the first half
  - Selling both 32.5 and 42.5 grade cement to meet local needs
- Ethiopia formally inaugurated in June
  - Strong start to operations
  - Selling both 32.5 and 42.5 grade cement to meet local needs
- Tanzania likely to begin production in September 2015
  - Coal will be preferred fuel owing to low cost and ease of import



Aganang, South Africa, January 2015



Zambia, January 2015

# Financial Overview

## Income Statement (₦bn)

Six months to 30th June	30/6/15 ₦bn	30/6/14 ₦bn	% change	Comments
Revenue	242.2	208.9	13.7%	14% volume increase plus price increase in Nigeria
Cost of sales	(84.5)	(73.5)	14.9%	Nigeria Power & Fuel cost contained due to better gas availability & use of coal instead of LPFO
<b>Gross profit</b>	157.7	135.4	16.5%	
<i>Gross margin</i>	65.1%	64.8%		
<b>EBITDA</b>	147.5	129.4	14.0%	
<i>EBITDA margin</i>	60.9%	61.9%		Non-Nigerian operations in ramp up phase
<b>EBIT</b>	122.4	112.0	9.3%	
<i>EBIT margin</i>	50.5%	53.6%		
Finance income	30.7	3.2	850%	Naira depreciation led to forex gains in Q1 2015
Finance costs	(24.4)	(8.1)	199%	
<b>Profit before tax</b>	128.7	107.1	20.2%	
Income tax (expense)/credit	(6.9)	(11.6)	(40.5%)	
<b>Profit for the year</b>	121.8	95.4	27.6%	
<b>Earnings per share</b>	₦7.22	₦5.63	28.2%	

# Financial Overview continued

## Movement in net debt (₦bn)

	Cash ₦bn	Debt ₦bn	Net debt ₦bn
As at 31st December 2014	20.6	(242.6)	(222.0)
Cash generated from operations before changes in working capital	166.6	-	166.6
Changes in working capital	15.4	-	15.4
Income tax paid	(2.2)	-	(2.2)
Capital expenditure	(109.0)	-	(109.0)
Other investing activities	(0.7)	-	(0.7)
Change in non-current prepayments	9.6	-	9.6
Net interest payments	(10.8)	-	(10.8)
Net loans obtained	66.0	(66.0)	-
Other cash and non-cash movements	(1.7)	(0.6)	(2.3)
<b>Dividend paid</b>	<b>(102.2)</b>	<b>-</b>	<b>(102.2)</b>
<b>As at 30th June 2015</b>	<b>51.6</b>	<b>(309.2)</b>	<b>(257.6)</b>



# Financial Overview continued

<b>Balance Sheet (₦bn)</b>			
	<b>As at 30/6/15 ₦bn</b>	<b>As at 31/12/14 ₦bn</b>	<b>Comments</b>
Property, plant and equipment	834.7	747.8	Capex of ₦100bn in H1
Other non-current assets	87.6	96.1	
Intangible assets	4.2	3.7	
Current assets	155.7	116.5	Build up of inventory & receivables on start of new operations
Cash and cash equivalents	51.6	20.6	
<b>Total Assets</b>	<b>1,133.8</b>	<b>984.7</b>	
Non-current liabilities	33.3	27.9	Additional borrowing to fund capex
Current liabilities	178.6	122.3	
Gross debt	309.2	242.6	
<b>Total liabilities</b>	<b>521.1</b>	<b>392.8</b>	
<b>Net Assets</b>	<b>612.7</b>	<b>591.9</b>	
<b>Net Debt</b>	257.6	222.0	
<b>Net Gearing</b>	42%	38%	
<b>Return on Capital Employed</b> (Annualized)	35%	41%	

# Overview of Operations

**Obajana, Kogi State**  
Capacity: 13.25mt (operating) ●



**Ibese, Ogun State**  
Capacity: 12.0mt (operating) ●




**Gboko, Benue State**  
Capacity: 4.0mt (operating) ●



**Pout, Senegal**  
Capacity: 1.5mt (operating) ●




**Douala, Cameroon**  
Capacity: 1.5mt (operating) ▲



**Tema, Ghana** 1.0mt (operating) ◆  
Capacity: 1.5mt (2H 2016) ▲



**Abidjan, Ivory Coast**  
Capacity: 1.5mt (2016) ▲



**Madingou, Rep. of Congo**  
Capacity: 1.5mt (2H 2016) ●



**Monrovia, Liberia**  
Capacity: 0.75mt (2017) ▲



**Freetown, Sierra Leone** ◆  
Capacity: 0.7mt (TBC 2015)



**Aganang, South Africa** ●  
Capacity: 1.8mt (operating)



**Delmas, South Africa** ▲  
Capacity: 1.5mt (operating)



**Ndola, Zambia** ●  
Capacity: 1.5mt (operating)



**Mugher, Ethiopia** ●  
Capacity: 2.5mt (operating)



**Kenya, Location TBC** ●  
Capacity: 1.5 – 3.0mt (2017)



**Mtwara, Tanzania** ●  
Capacity: 3.0mt (Sept. 2015)



■ Nigeria   ■ West & Central Africa

■ South & East Africa

● Integrated Plant   ▲ Grinding Plant   ◆ Import Terminal

# Outlook

- Nigeria Cement demand expected to improve in H2 as policy uncertainties are resolved
- Fuel & power costs expected to stabilise
- Further Naira devaluation is likely and public spending will remain under pressure
- Operations in Senegal, Cameron, Ethiopia, Zambia will make a greater contribution in H2, further diversifying revenues of the business
- Estimated FY capex of \$1bn
- Estimated average 2015 Corporation Tax rate of 5%

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