

H1 2019 results

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2019

30TH JULY 2019

Progress in 2019

	Q1 2019	Q2 2019	6M 2019	6M 2018	Change
Sales volumes	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes	%
Nigeria	3,991	3,604	7,595	7,810	(2.8%)
Pan-Africa	2,347	2,340	4,687	4,565	2.7%
Inter-company sales	-	-	-	(13)	
Total	6,338	5,944	12,282	12,362	(0.6%)
Revenues	₦m	₦m	₦m	₦m	%
Nigeria	169,885	158,402	328,287	344,104	(4.6%)
Pan-Africa	70,272	69,816	140,088	138,685	1.0%
Inter-company sales	-	(645)	(645)	(350)	
Total	240,157	227,573	467,730	482,439	(3.0%)
EBITDA	₦m	₦m	₦m	₦m	%
Nigeria *	103,380	97,217	200,597	226,875	(11.6%)
Pan-Africa *	11,854	12,085	23,939	25,894	(7.5%)
Inter-company and central costs	(3,473)	(3,119)	(6,592)	(6,762)	
Total	111,761	106,183	217,944	246,007	(11.4%)
EBITDA margin *	%	%	%	%	
Nigeria	60.9%	61.4%	61.1%	65.9%	(4.8pp)
Pan-Africa	16.9%	17.3%	17.1%	18.7%	(1.6pp)
Group	46.5%	46.7%	46.6%	51.0%	(4.4pp)

* Before central costs and eliminations

H1 2019 Performance

FINANCIAL

- Group revenue down 3.0%
 - Election delays
 - Continued discounting in response to low growth market
 - Heavy rains in Nigeria in Q2
- Group EBITDA down 11.4%
 - 46.6% margin
 - Lower volumes, higher input costs
- Earnings per share up 6.2% to ₦7.01

OPERATIONAL

- Group volumes maintained at 12.3Mt
 - New capacity in Nigeria in low-growth market
 - Challenges in Ethiopia and South Africa
- Nigeria volumes down 2.8%
- Pan-African volumes up 2.7%

Six months to 30 st June	2019	2018	Change
Sales volumes	'000t	'000t	%
Nigeria	7,595	7,810	(2.8%)
Pan-Africa	4,687	4,565	2.7%
Inter-company sales	-	(13)	
Total	12,282	12,362	(0.6%)
Revenues	₦m	₦m	%
Nigeria	328,287	344,104	(4.6%)
Pan-Africa	140,088	138,685	1.0%
Inter-company sales	(645)	(350)	
Total	467,730	482,439	(3.0%)
EBITDA	₦m	₦m	%
Nigeria	200,597	226,875	(11.6%)
Pan-Africa	23,939	25,894	(7.5%)
Inter-company and central costs	(6,592)	(6,762)	
Total	217,944	246,007	(11.4%)
EBITDA margin*	%	%	
Nigeria	61.1%	65.9%	(4.8pp)
Pan-Africa	17.1%	18.7%	(1.6pp)
Group	46.6%	51.0%	(4.4pp)

* Before central costs and eliminations

Group Financial Overview

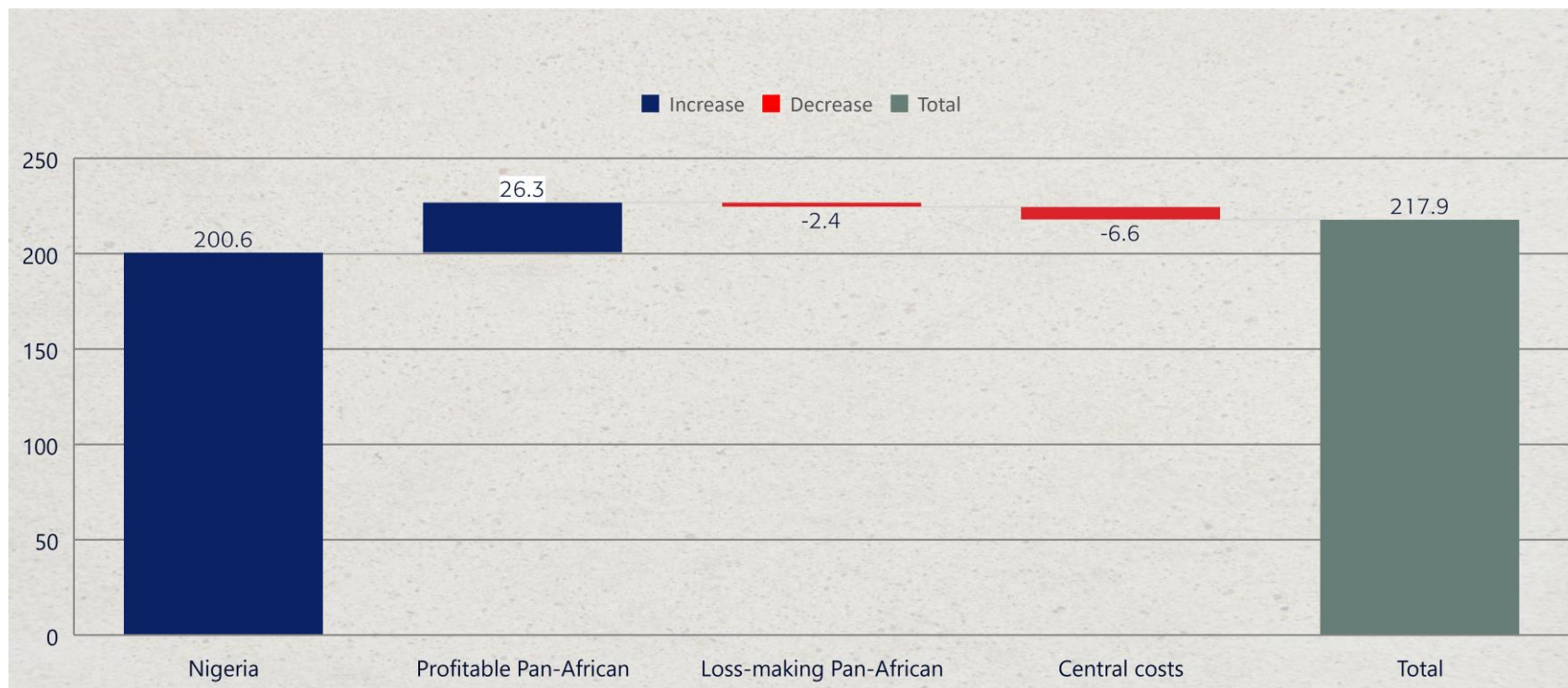
Income Statement

Six months to 30 th June	2019 ₦m	2018 ₦m	Change
Revenue	467,730	482,439	(3.0%)
Cost of sales	(193,172)	(197,595)	(2.2%)
Gross profit	274,558	284,844	(3.6%)
Gross margin	58.7%	59.0%	(0.3pp)
EBITDA	217,944	246,007	(11.4%)
EBITDA margin	46.6%	51.0%	(4.4pp)
EBIT	170,496	200,517	(15.0%)
EBIT margin	36.5%	41.6%	(5.1pp)
Finance income	4,611	6,551	(29.6%)
Finance cost	(19,619)	(21,530)	8.9%
Profit before tax	155,488	185,538	(16.2%)
Income tax (expense)/credit	(36,248)	(72,374)	(49.9%)
Profit for the period	119,240	113,164	5.4%
Earnings per share	7.01	6.60	6.2%



6M EBITDA Development

Profitability



- Nigeria's continued discounting, lower volumes and higher input/transport costs weighed on EBITDA

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	218,263	-	218,263
Changes in working capital	(4,943)	-	(4,943)
Income tax paid	(1,782)	-	(1,782)
Additions to fixed assets	(66,712)	-	(66,712)
Other investing activities	(39)	-	(39)
Change in non-current prepayments and payables	(4,631)	-	(4,631)
Net interest payments	(16,928)	-	(16,928)
Net loans repaid	76,724	(76,724)	-
Dividend paid	(272,648)	-	(272,648)
Other cash and non-cash movements	(1,145)	328	(817)
As at 30 th June 2019	93,055	(411,697)	(318,642)

Group Financial Overview (cont'd)

Balance Sheet

	As at 30/6/19 Nm	As at 31/12/18 Nm
Property, plant and equipment	1,185,340	1,171,864
Other non-current assets	90,732	87,792
Intangible Assets	5,757	5,969
Current Assets	281,547	261,942
Cash and Cash Equivalents	93,055	166,896
Total Assets	1,656,431	1,694,463
Non-current liabilities	99,542	86,619
Current liabilities	313,951	285,930
Debt	411,697	335,301
Total Liabilities	825,190	707,850
Net Assets	831,241	986,613



Nigeria Performance

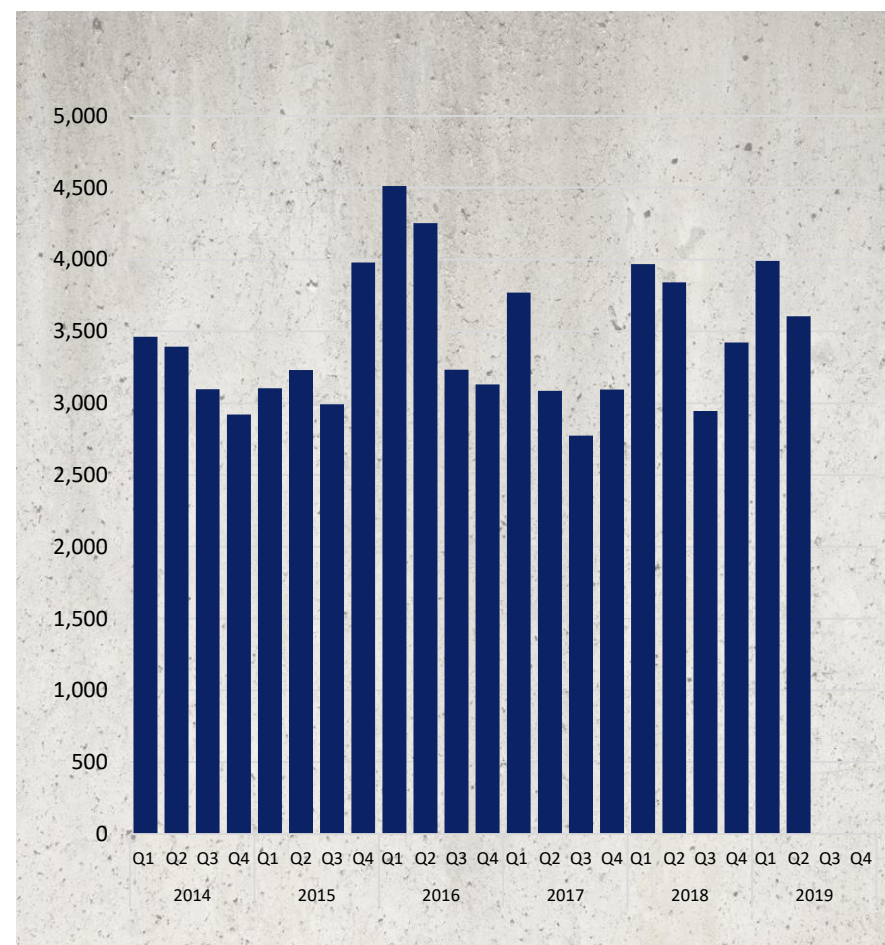
- Total market estimated at 11.5Mt
 - 3.2% ahead of H1 2018
 - February sales affected by delays in national and local elections
 - Impact of >4Mta new capacity
- DCP sales of 7.6Mt
 - 7.2Mt sold in domestic market, c64% share
 - 346Kt of exports
- Revenues down 4.6% to ₦328.3B
- EBITDA down 11.6%
 - Discounting, increased haulage costs

Nigeria performance

Six months to 30 th June	2019	2018	Change
Volumes* (Kt)	7,595	7,810	(2.8%)
Revenue* (₦m)	328,287	344,104	(4.6%)
EBITDA* (₦m)	200,597	226,875	(11.6%)
EBITDA margin*	61.1%	65.9%	(4.8pp)

* Before corporate costs and inter-company eliminations

Quarterly sales ('000 tonnes)



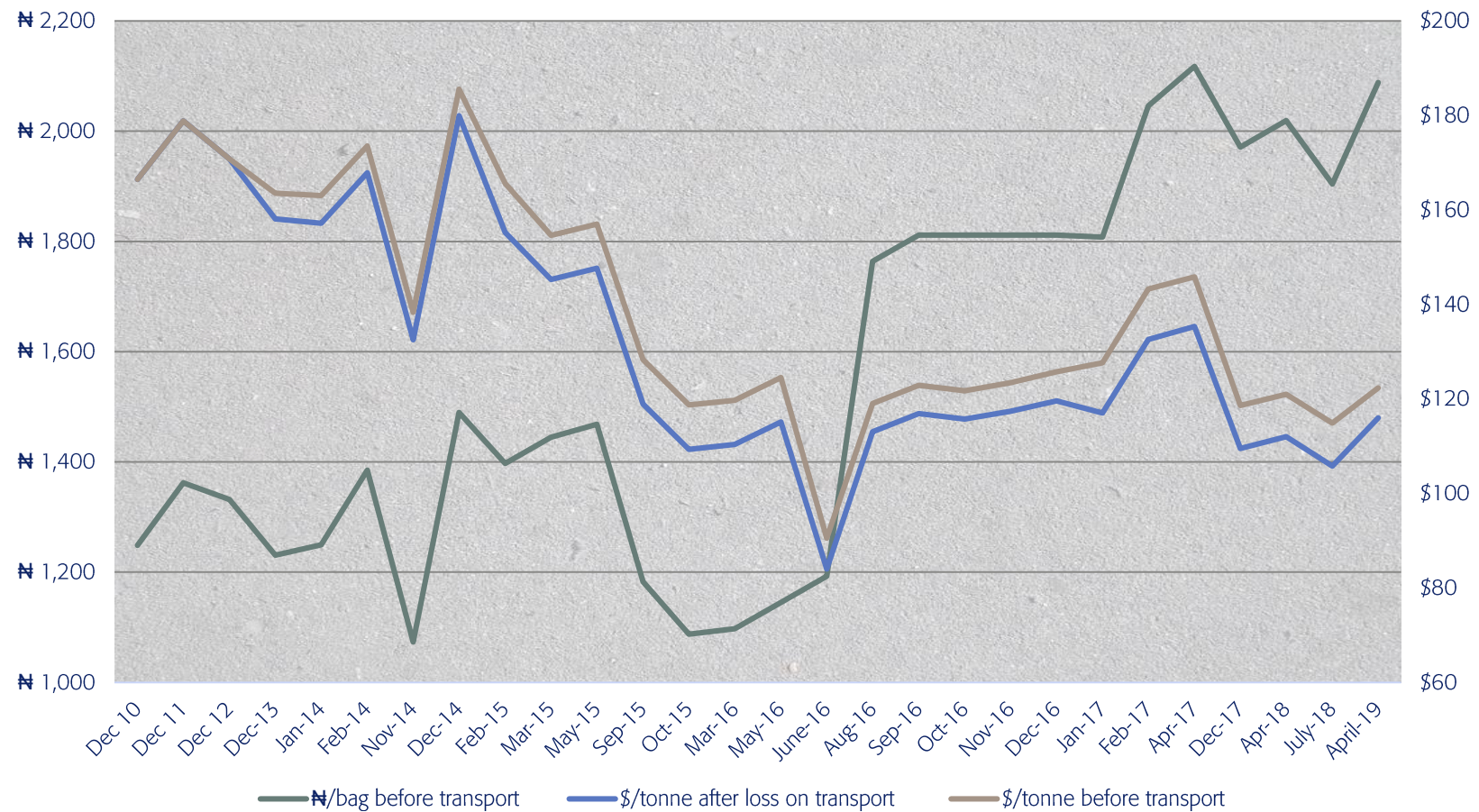
Development of EBITDA / Tonne



*excluding central costs

Nigeria Price Development

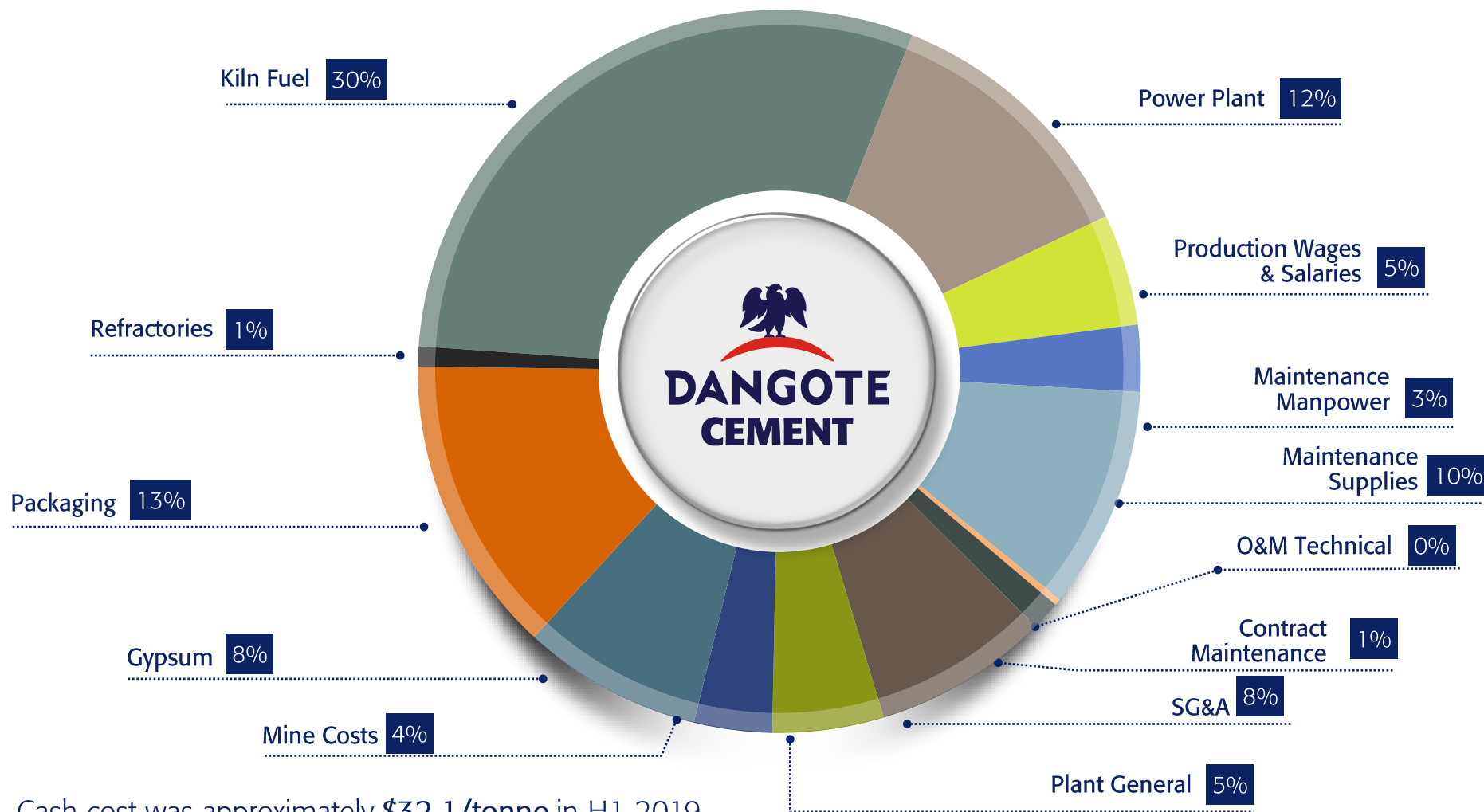
Ex-factory price after discounts and other rebates



Conversion from Naira to US\$ is at spot rate

Nigeria Cash Cost Analysis

% of average cash costs per tonne, H1 2019



Cash cost was approximately **\$32.1/tonne** in H1 2019

(Excluding central costs)

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

Pan-Africa Revenues Up

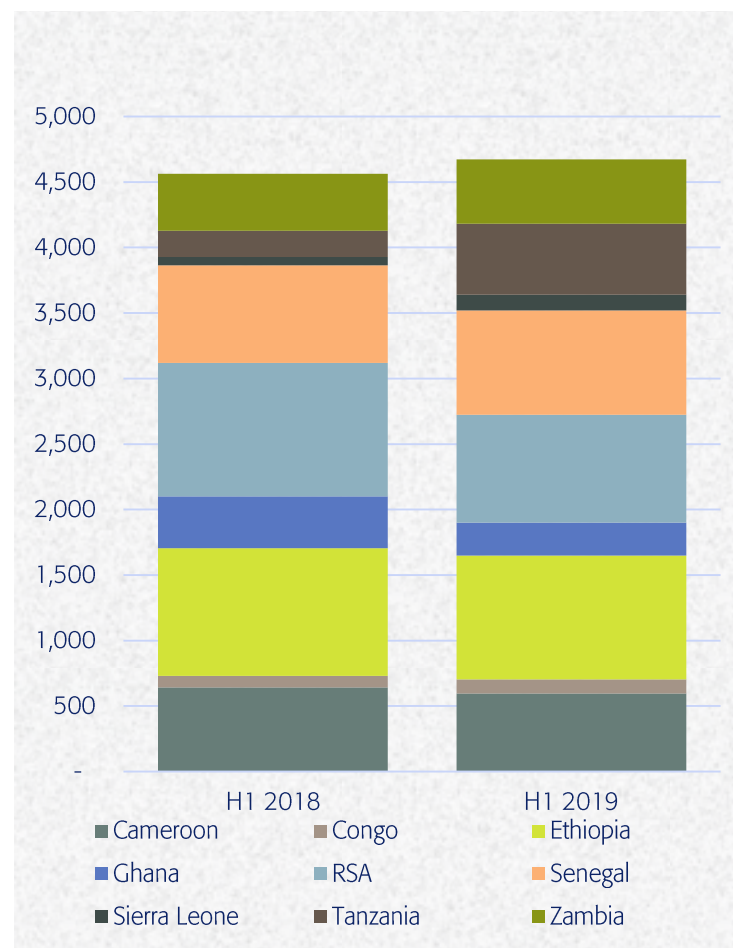
- Sales volumes up 2.7% to nearly 4.7Mt
- Revenues up 1.0% to ~~N~~140.1B
- EBITDA down 7.5% to ~~N~~23.9B
- Good H1 performances
 - Tanzania volumes up 172%
 - Sierra Leone volumes up 89%
 - Ethiopia steady despite electricity shortage
 - Senegal sales more than 100% rated capacity

Pan-Africa performance

Six months to 30 th June	2019	2018	Change
Volumes sold (Kt)	4,687	4,565	2.7%
Revenue (N m)	140,088	138,685	1.0%
EBITDA* (N m)	23,939	25,894	(7.5%)
EBITDA margin	17.1%	18.7%	(1.6pp)

* Before corporate costs and eliminations

Cement sales ('000 tonnes)



Country Updates



Cameroon

Estimated 1.5Mt total market in H1 2019

Housing and infrastructure driving sales

Volumes down 7% to 0.6Mt against new competitor capacity

c40% market share



Congo

123Kt sold in H1, up 40% on the 88Kt sold last year

30% market share achieved in first half

Introduction of new 32.5R product

Opening of cement sales depots in Brazzaville and Pointe-Noire

Dangote Cement Cameroon and Central African Republic as target for export sales



Ethiopia

Sales affected by electricity rationing (50% of normal supply)

Volumes down slightly to 945Kt from 973Kt last year

Market share 21%

Sales driven mainly by infrastructure but economy affected by currency shortages

Country Updates



Ghana

Volumes down to 251Kt owing to lack of stock

10% market share

Increased government infrastructure spending ahead of 2020 elections

Market drivers include Tema-Accra highway, the airport in Kumasi, the extension of the BUIPE dam and the port in Takoradi



Senegal

Sales output is more than 100% of rated capacity

0.8Mt sold in H1 2019, up 7% on H1 2018

Market share improves to 24% following new product launch

Continuing exports to Mali, where price has increased

Infrastructure projects include Ilaa Touba Highway, Dakar Airport Railway and road/urban projects



Sierra Leone

Expectation of 6% GDP growth in 2019

Building projects resuming, infrastructure investment and foreign aid

Volumes up 89% to 119Kt

Increased focus on corporate sales, PoS materials and competitive pricing

Country Updates



South Africa

Cement market remains depressed owing to lack of investment

DCSA volumes down 19% in H1

Price increases introduced in July to offset impact of carbon tax introduced in June



Tanzania

GDP growth remains strong at about 7%

Market drivers include Dar es Salaam to Morogoro Railway, Kenya-Tanzania Railway, road/bridge building and major housing projects

Increase in government infrastructure spending

Volumes up 172% to 543Kt



Zambia

GDP growth of 4%-5% expected in 2019

Market drivers include lower rainfall, improved harvest, infrastructure projects

Volumes up 13% to 490Kt, at 42% share

Improved distribution through use of additional 3rd-party trucks

Price increases implemented in Q2

CDP Disclosure

- First submission to Carbon Disclosure Project (CDP) filed at end of July 2019, covering 2018 emissions data
- Consolidated emission monitoring and internal reporting methodology based on GCCA guidelines adopted in November 2018

First Climate Change Risk Assessment workshop carried out in May 2019



Commercial Paper Programme

Commercial Paper

Series	Face value	Tenor	Discount rate	Issue date	Maturity
Series 5	N 4,776,783,000	93 days	12.00%	27/05/2019	28/08/2019
Series 6	N 4,652,585,000	178 days	12.40%	27/05/2019	21/11/2019
Series 7	N 40,570,632,000	269 days	12.65%	27/05/2019	20/02/2020
Series 8	N 3,038,401,000	90 days	12.36%	14/06/2019	12/09/2019
Series 9	N 2,873,658,000	180 days	12.53%	14/06/2019	11/12/2019
Series 10	N 44,087,941,000	270 days	12.69%	14/06/2019	10/03/2020

Investor relations

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