

H1 2020 results

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2020



27th JULY 2020

@dangotecement



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A resilient H1 2020 performance amidst COVID-19

	1Q 2020	2Q 2020	6M 2020	6M 2019	Change
Sales volumes*	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes	%
Nigeria	4,018	3,392	7,410	7,595	(2.4%)
Pan-Africa	2,316	2,416	4,732	4,699	0.7%
Inter-company sales	-	(28)	(28)	-	
Total	6,334	5,780	12,114	12,294	(1.5%)
Revenues	₦m	₦m	₦m	₦m	%
Nigeria	179,336	153,041	332,377	328,287	1.2%
Pan-Africa	69,846	75,179	145,025	140,088	3.5%
Inter-company sales	-	(550)	(550)	(645)	
Total	249,182	227,670	476,852	467,730	2.0%
EBITDA	₦m	₦m	₦m	₦m	%
Nigeria *	103,365	91,058	194,423	200,597	(3.1%)
Pan-Africa *	14,627	16,880	31,507	23,939	31.6%
Inter-company and central costs	(3,769)	(4,090)	(7,859)	(6,592)	19.2%
Total	114,223	103,848	218,071	217,944	0.1%
EBITDA margin *	%	%	%	%	
Nigeria	57.6%	59.5%	58.5%	61.1%	(2.6pp)
Pan-Africa	20.9%	22.5%	21.7%	17.1%	4.6pp
Group	45.8%	45.6%	45.7%	46.6%	(0.9pp)

- *Sales volumes include cement and clinker
- *Before central costs and eliminations

H1 2020 Performance

Financial

- Group revenue up 2.0%, supported by higher realised prices
- Group EBITDA slightly up – strong operating performance in Nigeria and Pan-Africa amidst COVID-19 challenges
- Pan-Africa EBITDA up 31.6%, with a record high EBITDA margin of 21.7%
- Profit before tax up 4.7%
- Strong earnings with EPS up 6.3% at ₦7.45

Operational

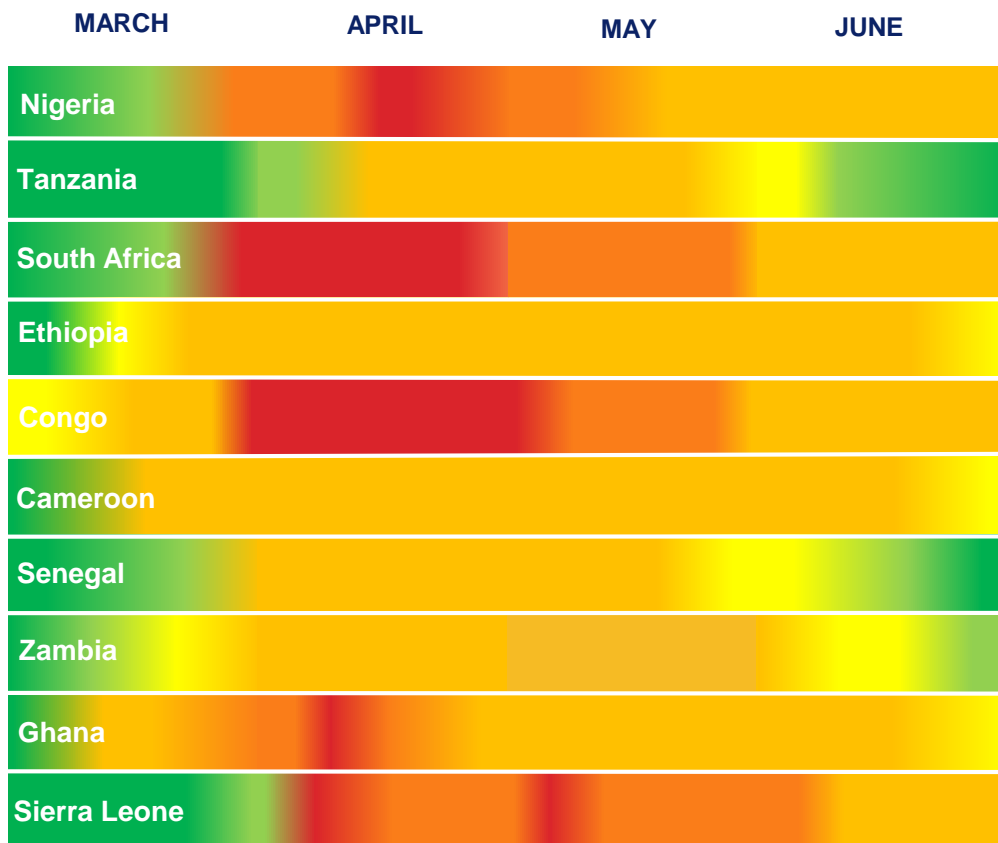
- Group volumes down 1.5% to 12.1Mt despite significant impact of COVID-19 in Q2
- Nigeria volumes down 2.4%; up 1.8% when considering domestic cement sales only
- Maiden shipment of 27.8Kt of clinker from Nigeria to Senegal
- Pan-Africa volumes up 0.7% despite full lockdown in 3 of our operations
- Resilient H1 2020 results amidst impact of COVID-19

Six months ended 30 th June	2020	2019	Change
Sales volumes*	'000t	'000t	%
Nigeria	7,410	7,595	(2.4%)
Pan-Africa	4,732	4,699	0.7%
Inter-company sales	(28)	-	
Total	12,114	12,294	(1.5%)
Revenues	₦m	₦m	%
Nigeria	332,377	328,287	1.2%
Pan-Africa	145,025	140,088	3.5%
Inter-company sales	(550)	(645)	
Total	476,852	467,730	2.0%
EBITDA	₦m	₦m	%
Nigeria	194,423	200,597	(3.1%)
Pan-Africa	31,507	23,939	31.6%
Inter-company and central costs	(7,859)	(6,592)	19.2%
Total	218,071	217,944	0.1%
EBITDA margin*	%	%	
Nigeria	58.5%	61.1%	(2.6pp)
Pan-Africa	21.7%	17.1%	4.6pp
Group	45.7%	46.6%	(0.9pp)

- *Sales volumes include cement and clinker
- *Before central costs and eliminations

Impact of COVID-19 on Q2 (Group)

Restrictions across our operations



Low
limited restrictions

High
Total lockdown



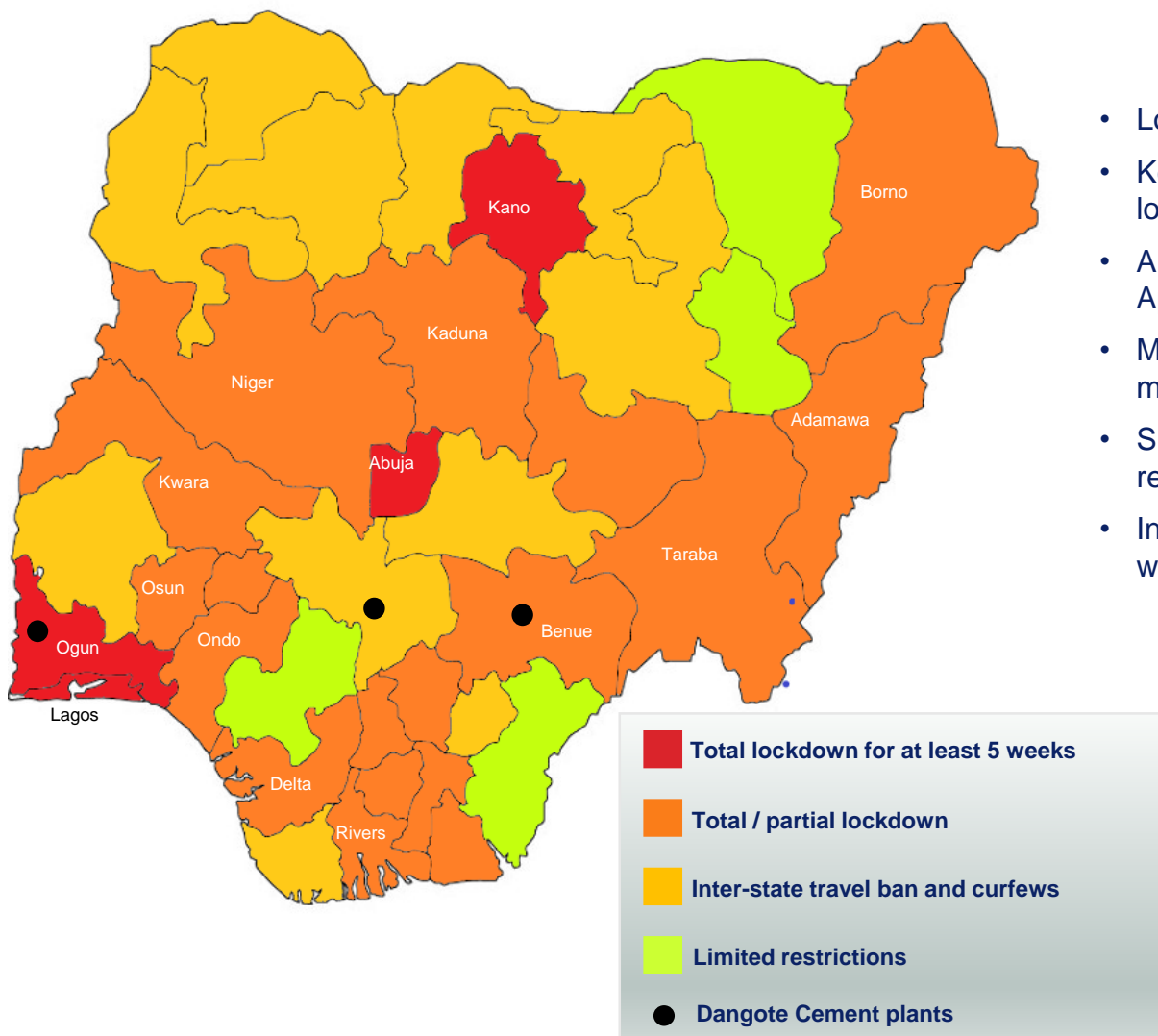
- South Africa, Ghana, Congo and Nigeria experienced full or partial lockdown in most of April, which impacted our operations
- Our other operations had various levels of restrictions and curfews in the quarter
- On-going relaxation of restrictions happening across the continent since end of April
- Lockdown eased by early May and all our businesses were operational
- Business levels in May and June showed a marked improvement on those recorded in April
- Strong volume growth in June

Group volumes 000' tonne



Only 3% drop in Q2 group volumes despite COVID-19 impact

COVID-19 measures in Nigeria in Q2 2020



- Lockdown and restrictions varied by state in Nigeria
- Key states such as Lagos, Ogun and Abuja were in full lockdown for 5 weeks from the end of March
- A few more states joined with total or partial lockdown in April and May
- Most states had inter-state travel ban and curfews in the month which impacted our transportation costs
- Since May, there has been an on-going relaxation of restrictions happening across all states
- In June, we experience full recovery and restrictions were further relaxed

Our major markets Lagos, Ogun and Abuja were in complete lockdown for 5 weeks

Group Financial Overview

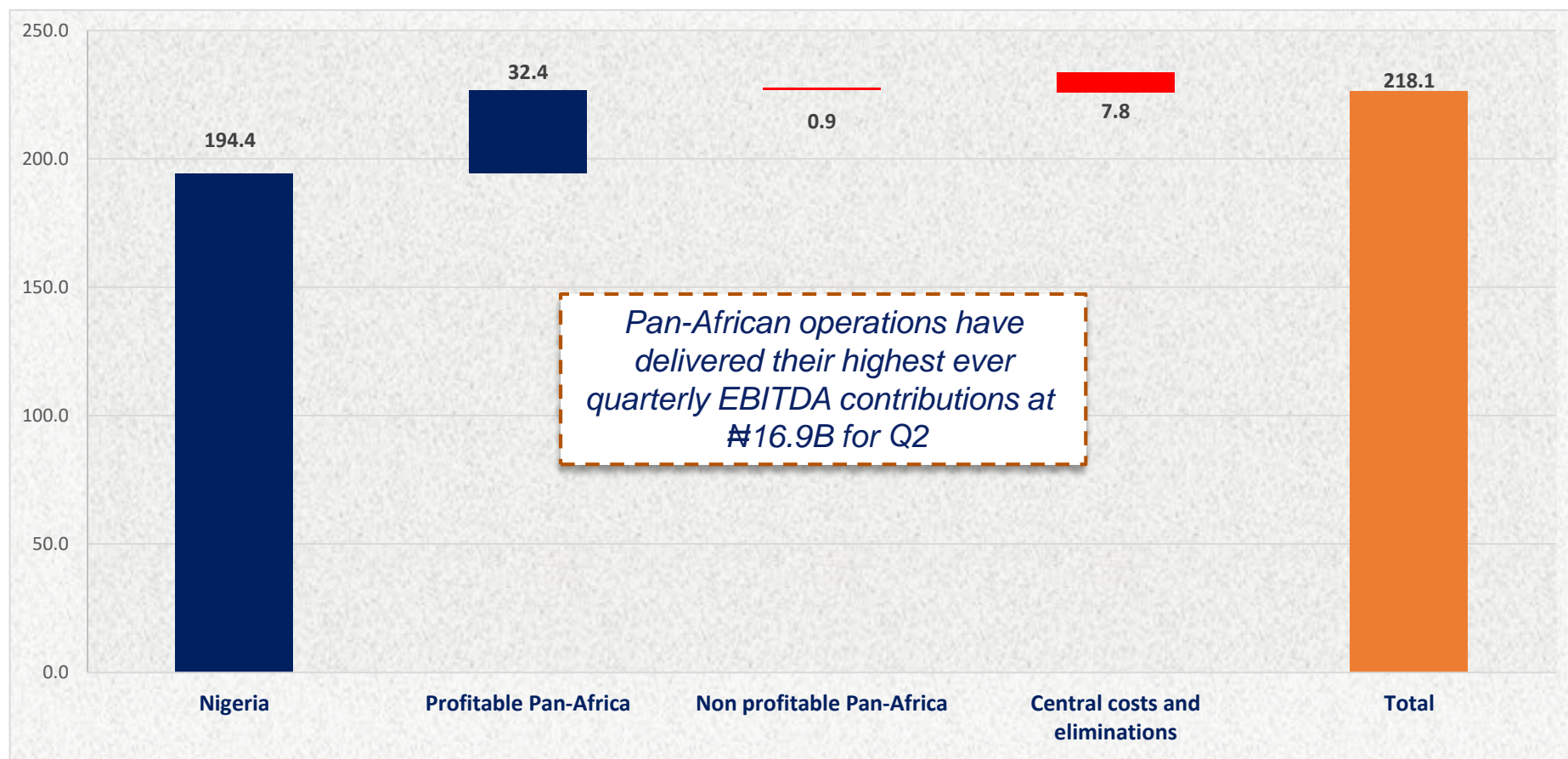
Income Statement

Six months to 30 th June	2020 ₦m	2019 ₦m	% change
Revenue	476,852	467,730	2.0%
Cost of sales	(202,420)	(193,172)	4.8%
Gross profit	274,432	274,558	0.0%
<i>Gross margin</i>	<i>57.6%</i>	<i>58.7%</i>	<i>(1.1pp)</i>
EBITDA	218,071	217,944	0.1%
<i>EBITDA margin</i>	<i>45.7%</i>	<i>46.6%</i>	<i>(0.9pp)</i>
EBIT	173,479	170,496	1.7%
<i>EBIT margin</i>	<i>36.4%</i>	<i>36.5%</i>	<i>(0.1pp)</i>
Finance income	10,226	4,611	121.8%
Finance cost	(20,854)	(19,619)	6.3%
Profit before tax	162,851	155,488	4.7%
Income tax (expense)/credit	(36,708)	(36,248)	-
Profit for the period	126,143	119,240	5.8%
Earnings per share	7.45	7.01	6.3%



H1 2020 EBITDA Development

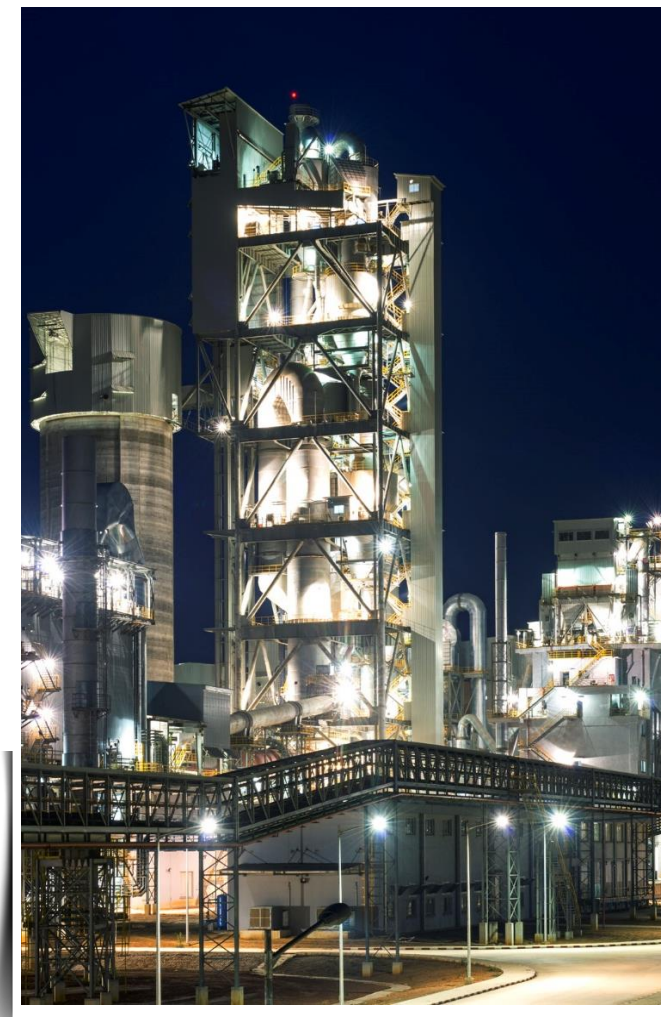
Profitability (Nbn)



Group Financial Overview (cont'd)

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	217,790	-	217,790
Change in working capital	35,858	-	35,858
Income tax paid	(2,792)	-	(2,792)
Additions to fixed assets	(83,162)	-	(83,162)
Other investing activities	(30,056)	-	(30,056)
Change in non-current prepayments and supplier credit	18,015	-	18,015
Net interest payments	(21,995)	-	(21,995)
Net loans obtained (repaid)	120,234	(120,234)	-
Dividend paid	(272,648)	-	(272,648)
Other cash and non-cash movements	(1,828)	(3,739)	(5,567)
As at 30th June 2020	103,319	(475,407)	(372,088)



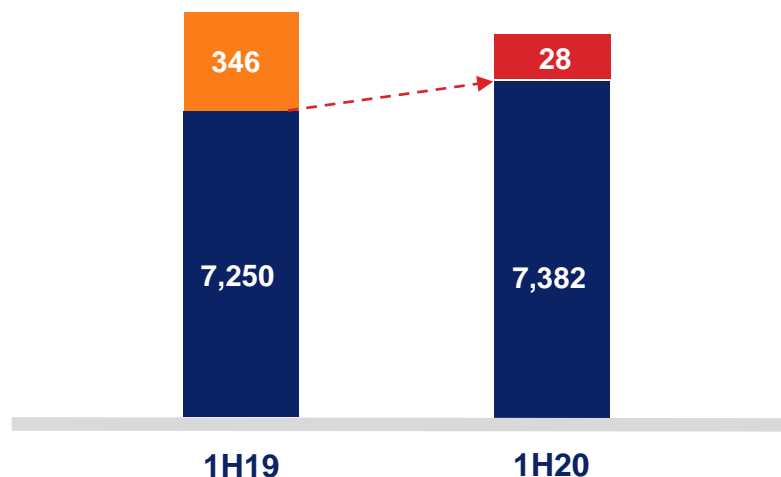
Group Financial Overview (cont'd)

Balance Sheet

	As at 30/6/20 ₦m	As at 31/12/19 ₦m
Property, plant and equipment	1,251,857	1,206,749
Other non-current assets	113,293	124,203
Intangible Assets	4,548	3,663
Current Assets	332,181	282,833
Cash and Cash Equivalents	103,319	123,903
Total Assets	1,805,198	1,741,351
Non-current liabilities	112,292	105,341
Current liabilities	478,132	386,639
Debt	475,407	351,434
Total Liabilities	1,065,831	843,414
Net Assets	739,367	897,937



Nigeria – Fulfilling our Export Plan



- Commissioned the Apapa Export Terminal
- Maiden shipment of clinker to Senegal through the Apapa Export Terminal in June
- H1 volumes down 2.4% YoY
- Domestic volumes up 1.8% despite COVID-19 impact
- Revenue up 1.2%
- EBITDA down 3.1% to ₦194.4B owing to higher energy costs and adverse COVID19 impacts on transport

Domestic cement



1.8% growth despite COVID-19 impact

Exported cement



No land cement exports for 1H20

Exported clinker



Maiden clinker shipment to Senegal in June

Six months ended 30 th June	2020	2019	Change
Cement (Kt)	7,382	7,595	(2.8%)
Clinker (Kt)	27.8	-	-
Total volumes (Kt)	7,410	7,595	(2.4%)
Revenue* (₦m)	332,377	328,287	1.2%
EBITDA* (₦m)	194,423	200,597	(3.1%)
EBITDA margin*	58.5%	61.1%	(2.6pp)

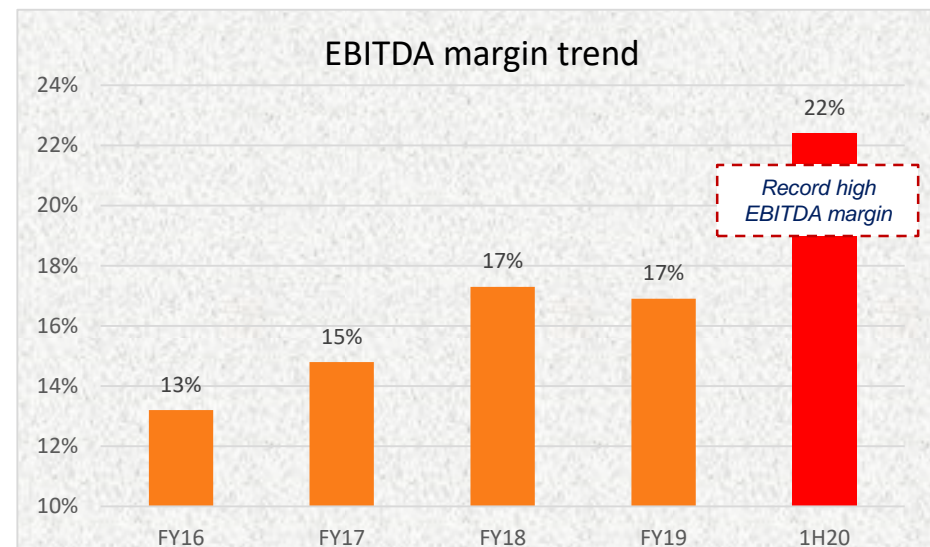
* Before corporate costs and inter-company eliminations



Vessel conveying clinker to Senegal from Dangote Cement Export Terminal, Apapa, Lagos.

Pan-Africa – Record High EBITDA Margin

- Volumes up 0.7% despite the impact of COVID-19
- Revenues up 3.5% to ₦145.0B supported by higher realised prices
- Lockdown in South Africa, Congo and Ghana affected volumes in Q2
- Record high EBITDA of ₦31.5B, supported by strong performance in Senegal and Ethiopia
- Record high EBITDA margin of 21.7%
- Volume growth in 5 of our 9 operations; strong volume growth in Ethiopia and Cameroon
- Continued price improvement in Zambia
- Cash cost improvement in 6 of our 9 operations



Six months ended 30 th June	2020	2019	Change
Cement (Kt)	4,672	4,687	(0.3%)
Clinker (Kt)	60	12	398.4%
Total volumes (Kt)	4,732	4,699	0.7%
Revenue* (₦m)	145,025	140,088	3.5%
EBITDA* (₦m)	31,507	23,939	31.6%
EBITDA margin*	21.7%	17.1%	4.6pp

- *Before corporate costs and eliminations



Country Updates



CAMEROON

- Estimated 1.8Mt total market sales for H1 2020
- DCP sales of 687Kt for H1 2020, up 15% compared to H1 2019
- 38% market share for the period
- No lockdown in operation due to COVID-19



CONGO

- Estimated 386Kt total market sales for H1 2020
- DCP Congo sold 136Kt of cement, a 10% increase compared to H1 2019
- 35% market share for the period
- Lockdown due to COVID-19 began on 30 March and was extended to 10 May
- Our operations were impacted



ETHIOPIA

- Estimated 3.7Mt total market sales for H1 2020
- DCP sales of 1.1Mt for H1 2020, up 16% compared to H1 2019
- 30% market share for the period
- COVID-19 restrictions but our production and product deliveries were not affected

Country Updates



GHANA

- Estimated 3.2Mt total market sales for H1 2020
- DCP Ghana sold 208Kt of cement, a 17% decrease compared to H1 2019
- 6% market share for the period
- Lockdown due to COVID-19 began on 30 March and was lifted on 19 April
- Our operations were closed for the period



SENEGAL

- Estimated 3.5Mt total market sales for H1 2020
- DCP sales of 850Kt for H1 2020, up 7% compared to H1 2019
- 25% market share for the period
- No lockdown but there were curfews and movement limits between administrative districts. Our operations were fully operational



SIERRA LEONE

- Estimated 429Kt total market sales for H1 2020
- DCP sales of 127Kt for H1 2020, up 6% compared to H1 2019
- 29% market share for the period
- No significant impact of COVID-19 on our operations

Country Updates



SOUTH AFRICA

- Negative growth in cement market due to depressed economy
- DCP SA H1 2020 sales were 9% lower year on year
- During the national alert level 5 lockdown from 27 March to 30 April, all operations were closed
- DCP resumed operations at 50% manufacturing capacity during alert level 4 in May and full capacity at alert level 3 from 1 June 2020



TANZANIA

- Estimated 2.7Mt total market sales for H1 2020
- DCP sales of 526Kt for H1 2020, down 4% compared to H1 2019
- Production challenges and dispatch limitations reduced daily production
- 17% market share for the period
- Power plant commissioning delayed due to suppliers' travel restrictions and goods movements
- No lockdown in operation



ZAMBIA

- Estimated 1.1Mt total market sales for H1 2020
- DCP sales of 346Kt for H1 2020, down 30% compared to H1 2019
- 31% market share for the period
- Zambia's cement market is down by 18% due to depressed macro-economic environment. Infrastructure investment has been put on halt
- No lockdown measures

Debt and Liquidity

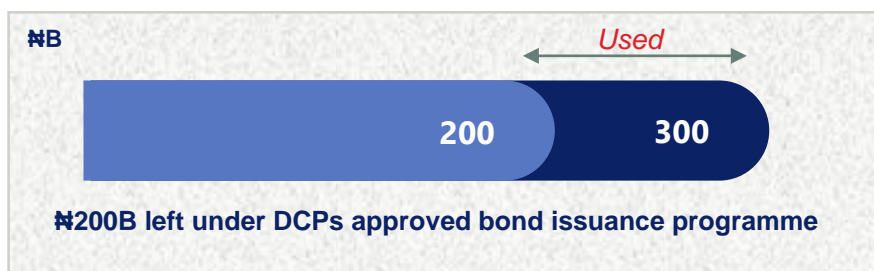
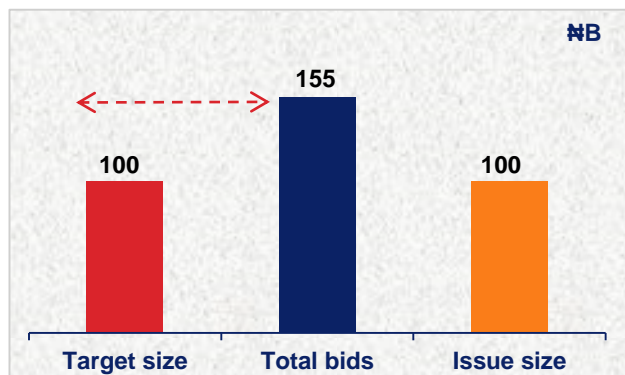
Robust Capital Structure



Track record of accessing the local debt market

Bond Programme

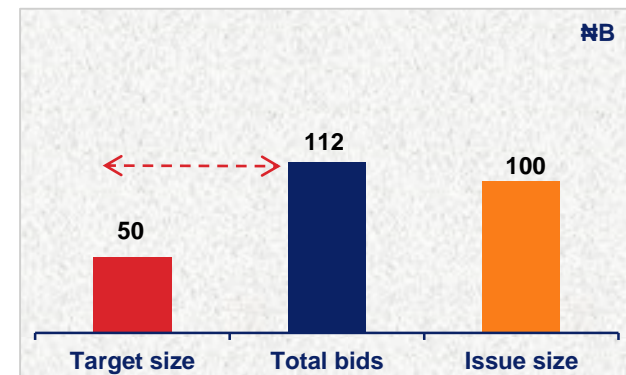
In April, we successfully completed the issuance of ₦100B series 1 fixed rate 5 year bond at a rate of 12.5%



- Largest corporate bond issuance in Nigeria's debt capital market
- First bond issuance to be successfully issued under COVID-19
- The bond was oversubscribed
- DCP maintained the original target size of ₦100B

Commercial Paper Programme

In May, we successfully completed the issuance of ₦100B series 15 and 16 Commercial Paper Notes

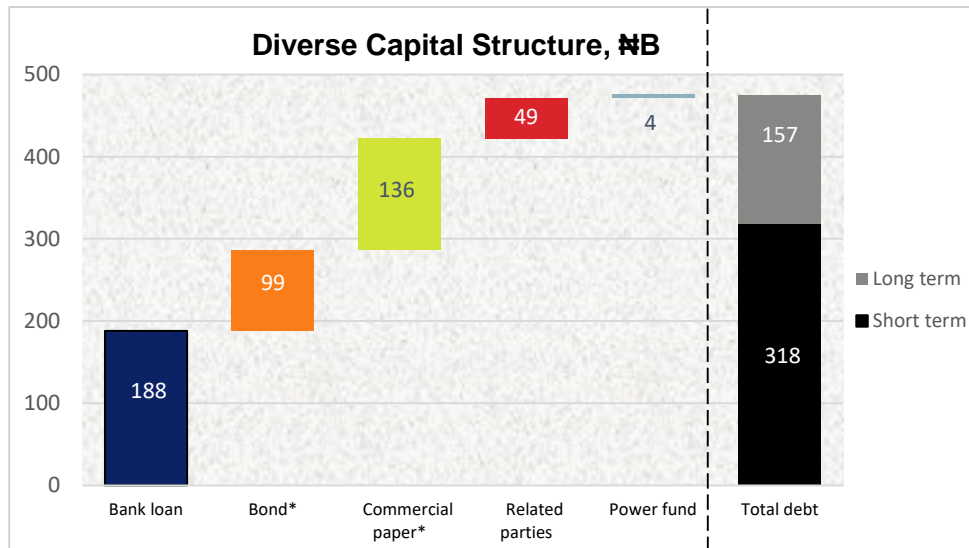


Outstanding Commercial Paper				
Series	Value (₦bn)	Tenor	Discount rate	Due date
Series 14	42.9	266 days	8.0%	03-09-20
New Commercial Paper				
Series 15	34.0	175 days	5.0%	12-10-20
Series 16	66.0	266 days	6.0%	11-02-21

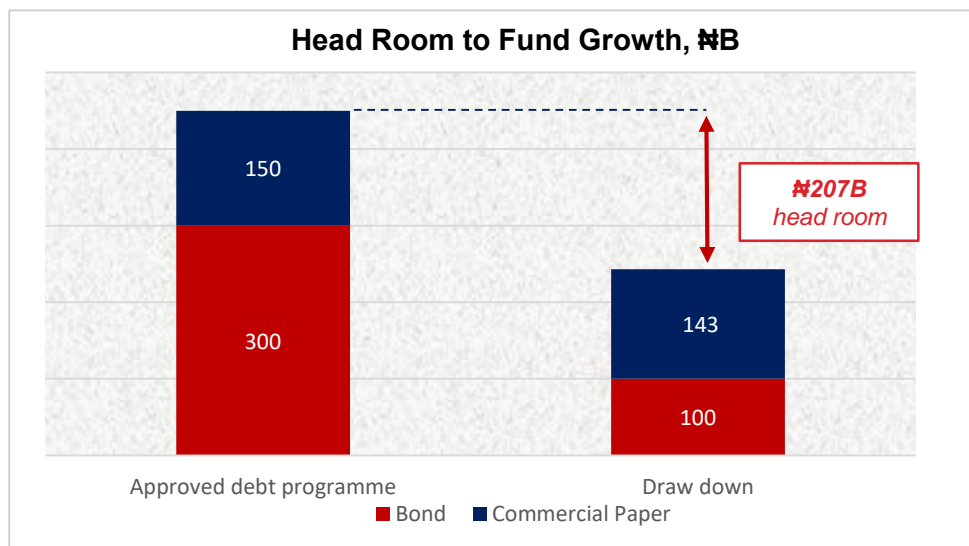
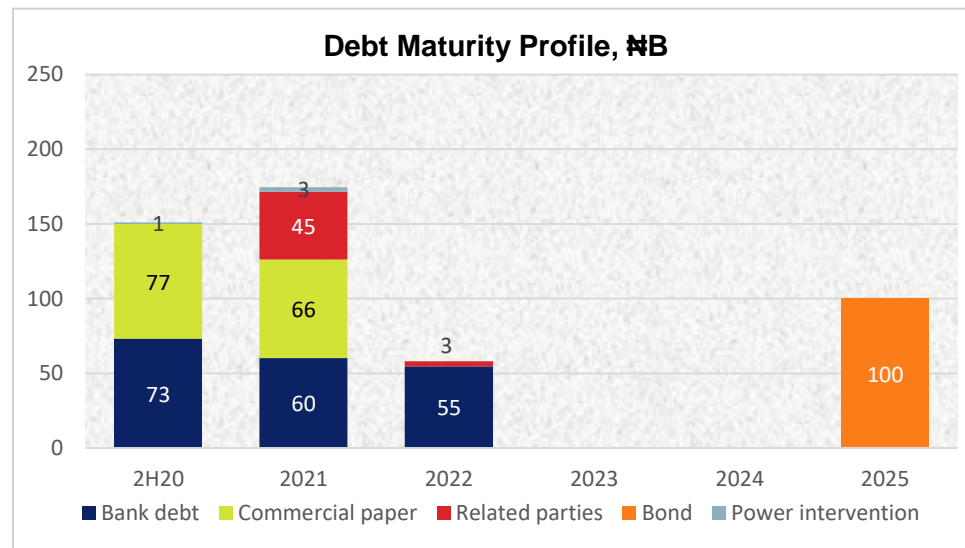
- Largest commercial paper issuance in Nigeria's debt capital market
- Commercial Paper was over oversubscribed
- Attractive short-term rates

Robust Capital Structure

Strong balance sheet with available liquidity



*CP face value - ₦143B, Bond face value - ₦100B



- Access to available liquidity from undrawn debt programmes and cash balance
- Excluding H2 2020 FCF, this available liquidity can cover DCPs short-term debt due in H2
- All non-strategic capital expenditure have been deferred; dividend has been paid
- DCP has limited foreign currency debt exposure, with just 14% of total debt exposed to the dollar
- Only 25% of total dollar debt is for the Nigerian business

Robust Capital Structure and lower cost of debt

LENDING DIVERSIFICATION

Facility	Pricings	Draw down	Tenor
₦300B Bond Issuance Programme	12.5%	₦100B	2025
₦150B Commercial Paper Programme	5%-8%	₦143B	2020-2021
Bank debt	various	₦188B	2020-2022
Related parties	7%-9%	₦49B	2020-2022
Power intervention fund	7%	₦4B	2021

RATINGS

- On 23 January 2020, Global Credit Ratings affirmed the long term and short-term national scale issuer ratings of AA+(NG) and A1+(NG) respectively, assigned to DCP, with the outlook accorded as stable
- On 24 March 2020, Moody's:
 - assigned a (P)B2 local currency rating and Aa3.ng national scale rating (NSR) to the NGN300 billion domestic medium-term note program issued by DCP
 - affirmed DCP's B1 corporate family rating (CFR) and Aa2.ng NSR. The rating outlook is negative, similar to that of the sovereign



Next Phase of Growth

Focus on West and Central Africa



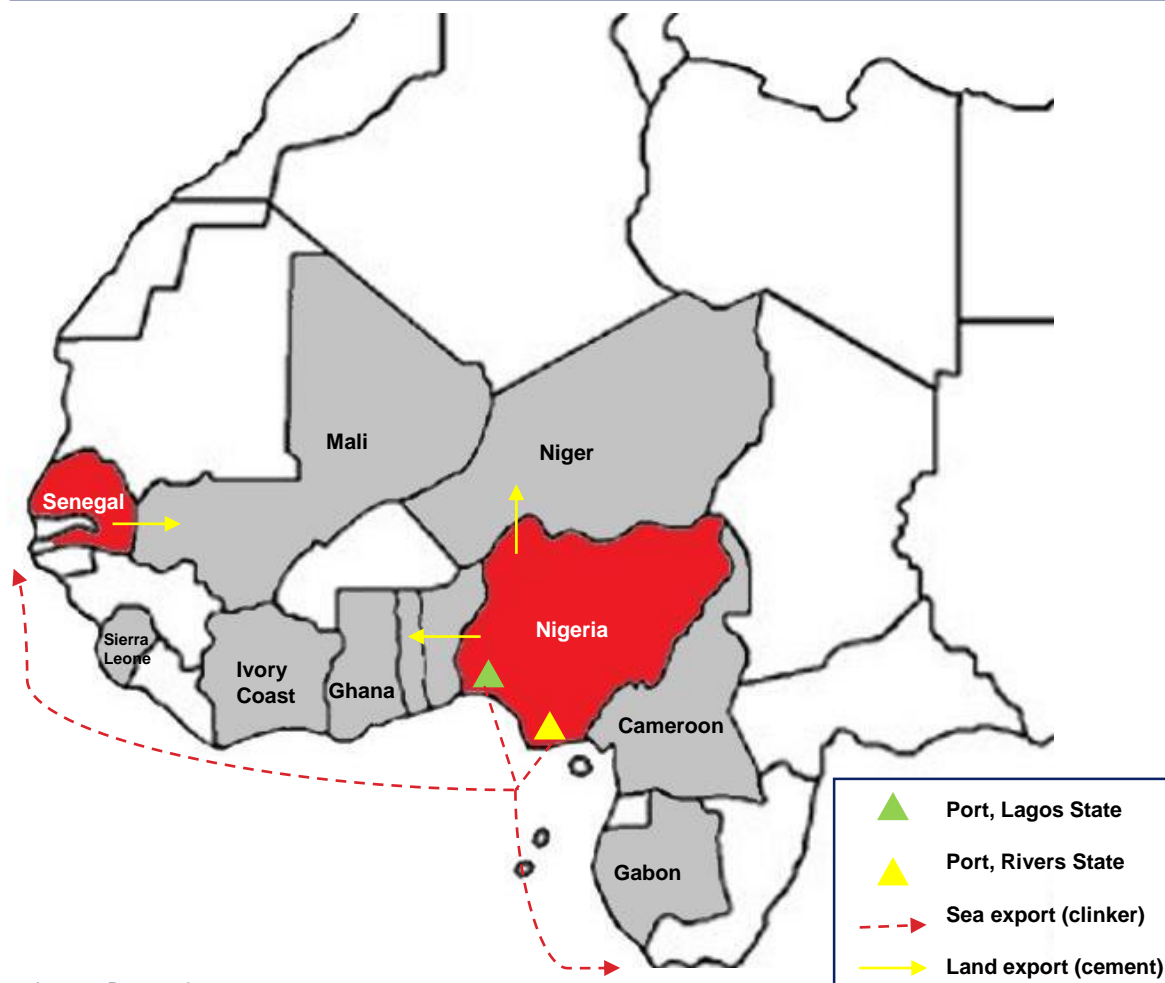
Cementing Africa's Economic Independence

We make the regional and continental free trade agreements a reality

Our vision is for West and Central Africa to be cement and clinker independent, with Nigeria the main export hub

First clinker shipment from Nigeria to Senegal in June

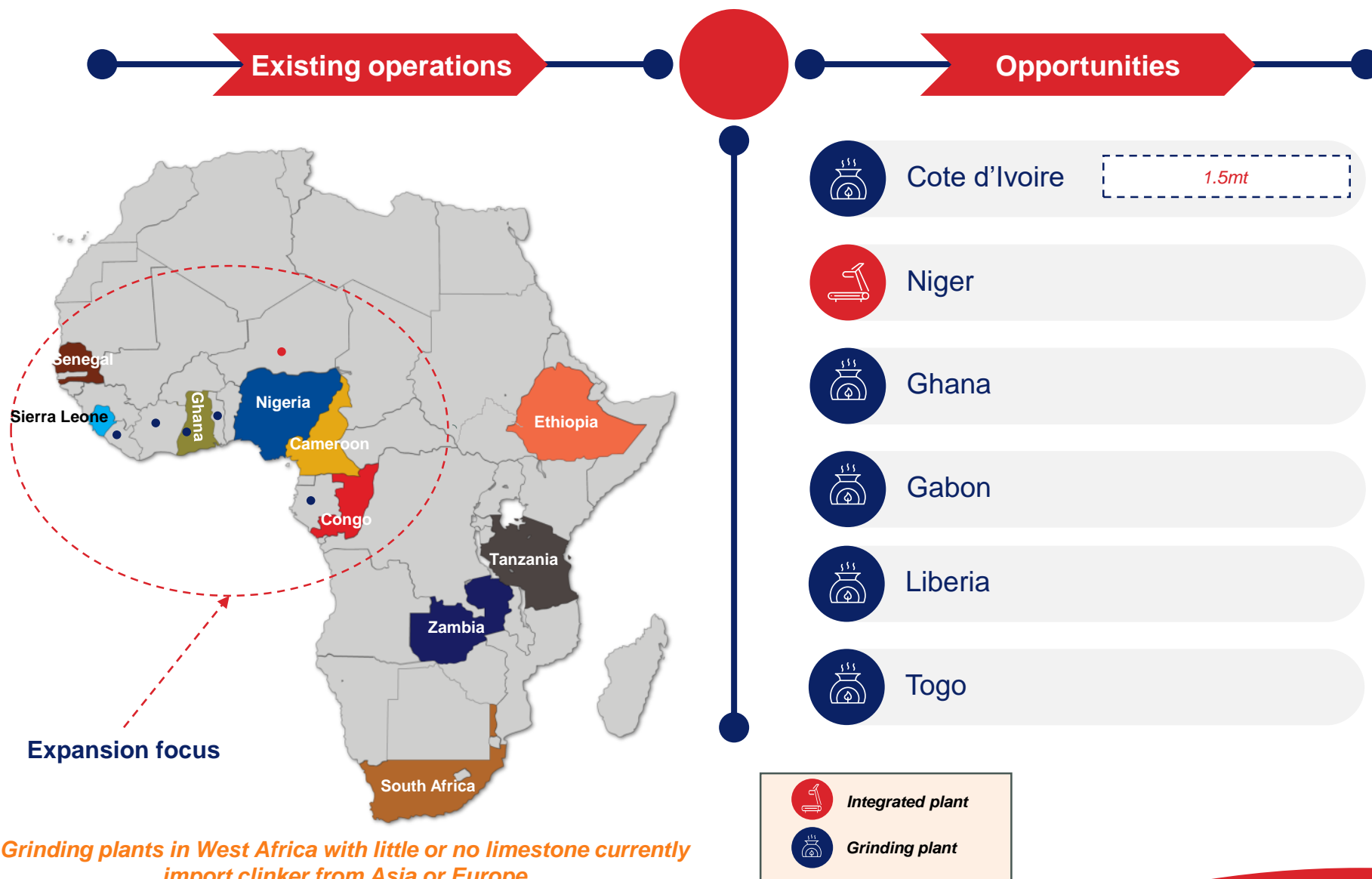
Clinker export from Tanzania to neighboring countries and Indian Ocean customers being explored actively



Our Export Strategy

- Nigeria has a relative abundance of quality limestone especially in key southern regions near to demand centers and export facilities
- Absence of limestone in much of West Africa, especially coastal states, forces those countries to import bulk cement or its intermediate product, clinker, usually from Asia and Europe
- Dangote Cement plans an 'export to import' strategy to serve West and Central Africa from Nigerian factories, exporting by sea - making the region cement independent
- Nigeria can serve a potential market of 15 countries, 350m+ people
- DCP will commence clinker export to other African countries within the next few weeks

Focus on West and Central Africa Expansion Strategy



Benefits of Export Strategy

01

HIGHER CAPACITY UTILISATION IN NIGERIAN OPERATION: Increase production due to exports will increase capacity utilisation in the Nigerian operation and in turn reduce fixed cost per tonnes. Additional earnings for the Nigerian operation.

02

ECOWAS BENEFITS: African Continental Free Trade Area advantage, and contribute to the improvement of intra-regional trade within the ECOWAS region. Advantage of duty-free exports within ECOWAS.

03

FOREIGN EXCHANGE: Foreign exchange revenue for the Nigerian operation help offset foreign exchange risks.

04

LOWER CLINKER COST FOR PAN-AFRICA OPERATION: Due to proximity to Nigeria versus Asia and Europe, clinker landing cost will be cheaper.

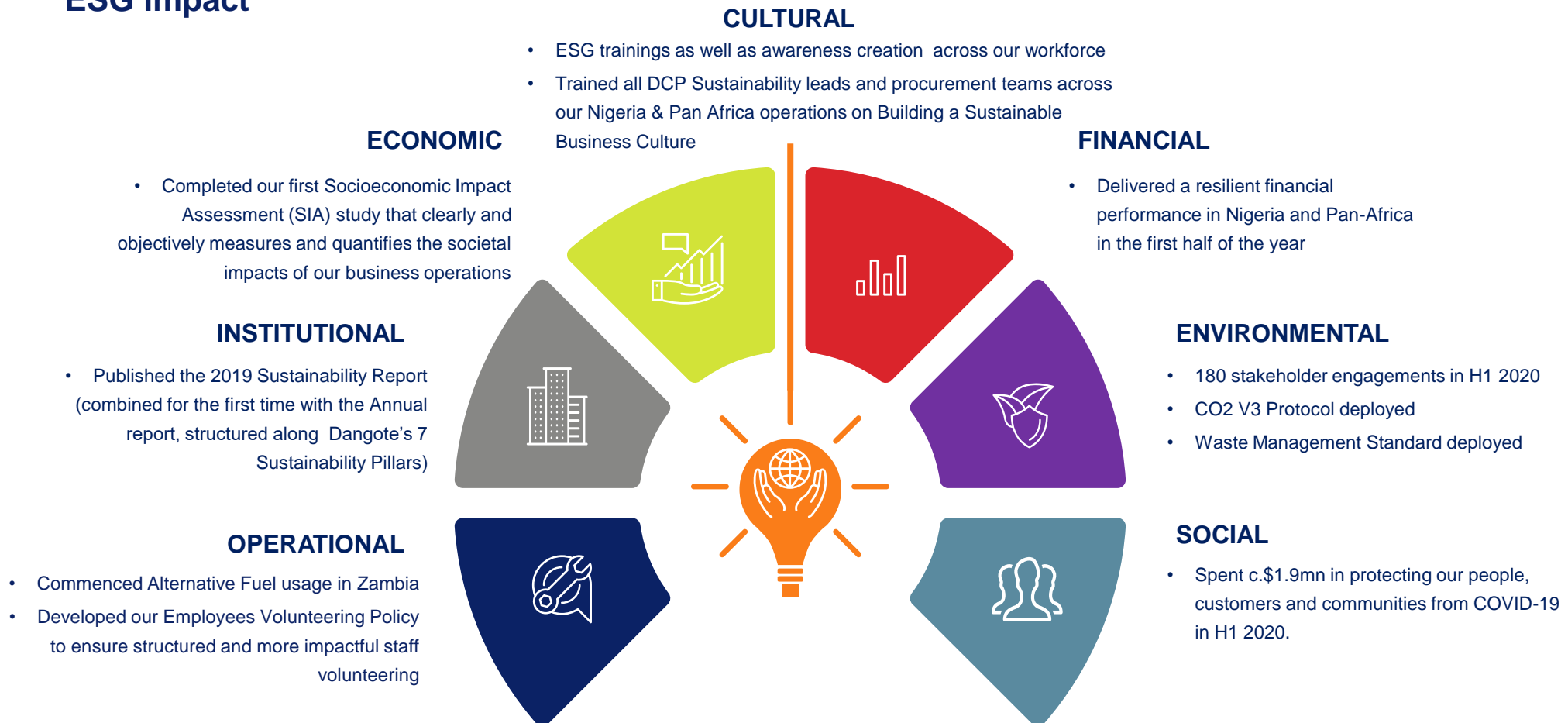
Sustainability & Governance

The Dangote Way

Our 7 Sustainability Pillars support our unique approach to creating a world-class enterprise.

We released our 2019 combined Annual Report and Sustainability Report certified by the Global Reporting Initiative (GRI) and Externally Assured.

ESG impact



What we are doing in response to COVID-19

Protecting our people and customers



Dangote Cement Isolation Centre Obajana



Dangote Cement Isolation Centre Ibese

Dangote Cement made available isolation centres, face masks, thermometers, sanitizers, disinfectants and financial support for testing of suspected cases to ensure the protection of staff and customers.

Supporting our communities

Zambia donated PPEs to the Ministry of Health and bags of cement for Ndola Central Hospital



Cameroon donated PPEs, thermometers etc. to the Ministry of Public Health and major hospitals in Douala

Nigeria made donations to the state governments and donated COVID-19 relief packages to the communities



Our other operations made COVID-19 donations to government and communities.

For further information contact:

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