Unaudited results for the three months ended 31st March 2020

Growth across board despite initial impact of COVID-19

Record Pan-African EBITDA margin of 21%

Record quarterly revenue in Nigeria

Lagos, 22nd May 2020: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the three months ended 31st March 2020.

Financial highlights

- Group revenue up 3.8% to ₦249.2B
- Group EBITDA up 2.2% to ₦114.2B; 45.8% margin
- Pan-Africa EBITDA up 23.4% to ₦14.6B; 20.9% margin
- Profit before tax up 11.5% to ₦88.1B
- Earnings per share up 1.7% to ₦3.60
- Net debt of ₦191.4B

Operating highlights

- Group cement sales volumes down 0.6%
- Nigerian volumes up 0.7% at 4.0Mt; +5% when considering domestic sales only
- Record high Nigerian quarterly revenue at ₦179.3B, up 5.6%
- Total lockdown in South Africa owing to COVID-19 affected Pan-Africa sales at the end of March

Capital Structure

- In April, Dangote Cement completed the successful issuance of ₦100B series 1 Bond due April 2025 under the ₦300B Bond Programme at a 12.5% interest rate
- Bond issuance was oversubscribed
- Largest ever corporate bond issuance in the Nigerian debt capital market

Michel Puchercos, Group Chief Executive Officer, said:

"From the beginning of the COVID-19 pandemic, we have proactively deployed all recommended measures to protect the health and well-being of our employees, customers, suppliers and communities. As such, we have implemented several rigorous protocols in all our operations across the continent. We are closely monitoring all markets according to the guidance provided by the authorities in each country. We continue to provide superior services and deliver high quality products to our customers.

2020 started strongly, with growth across the board despite the early effects of the COVID-19 pandemic. We achieved a record high quarterly EBITDA margin in Pan-Africa and a record high quarter in Nigeria, with revenues of ₦179B and domestic volumes at 4.0Mt.

In April, Dangote Cement successfully raised ₦100B series 1 Bond from the Nigerian Debt Capital Market despite the current challenging environment. This illustrates investors' continuous confidence in Dangote Cement's strategy. This landmark transaction is the largest ever bond issuance by a corporate issuer in Nigeria. It allows us to further broaden our sources of funding by accessing long-term debt at competitive costs from the capital market. "

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 29.25Mta in our home market, Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25Mta 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 May at 12 noon Lagos/UK time. Please register using the link below.

Dangote Cement Q1 2020 Conference Call

A replay facility will be available after the call has finished. Please find playback details below:

Playback Code: **204811#**
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Summary operating review

Volumes sold	Q1 2020 '000 tonnes	Q1 2019 '000 tonnes	% change
Nigeria	4,018	3,991	0.7%
Pan-Africa	2,280	2,347	(2.9%)
Total cement sold	**6,298**	**6,338**	**(0.6%)**
Pan-Africa clinker	36	3	
Total clinker sold	**36**	**3**	
Regional revenues	**₦m**	**₦m**	
Nigeria	179,336	169,885	5.6%
Pan-Africa	69,846	70,272	(0.6%)
Inter-company sales			
Total revenues	**249,182**	**240,157**	**3.8%**
EBITDA	**₦m**	**₦m**	
Nigeria	103,365	103,380	0.0%
Pan-Africa	14,627	11,854	23.4%
Central costs & eliminations	(3,769)	(3,473)	8.5%
Total EBITDA	**114,223**	**111,761**	**2.2%**
EBITDA margins*			
Nigeria	57.6%	60.9%	(3.3pp)
Pan-Africa	20.9%	16.9%	4.0pp
Group EBITDA margins	**45.8%**	**46.5%**	**(0.7pp)**
	₦m	**₦m**	
Profit before tax	**88,057**	**78,960**	**11.5%**
Group net profit	**60,592**	**60,254**	**0.6%**
	₦	**₦**	
Earnings per share	**3.60**	**3.54**	**1.7%**

* Excluding central costs / eliminations

Nigerian operations

Nigeria's economy was hit by the double external effect of the COVID-19 pandemic and a significant drop in oil prices from early March. As such, the International Monetary Fund (IMF) revised downwards its estimates for Nigeria, now forecasting that the economy will go into recession in 2020. Due to the COVID-19 pandemic, the government enforced full lockdown in Lagos state, Abuja (FCT) and Ogun state from 31 March 2020 to 4 May 2020. Compared to March 2019, there was no significant change in the sales volumes for March 2020 because the temporary restrictions became effective during the last week in March 2020. However, sales volumes in April 2020 were trending lower than the volumes and values realized during the same period last year due to the adverse impacts of the temporary restrictions.

We estimate that total market consumption was up about 5% YoY Q1 2019. The growth was due to high offtake due to peak season demand and increased activities for individual home builders.

Overall, our Nigerian operations sold over 4.0Mt, up 0.7% on the 3.991Mt sold in Q1 2019. This is the second-highest quarterly volume sold from Nigerian operations, despite the absence of land exports. Excluding Q1 2019 land exports, volumes were up 5%, mirroring market growth for the period.

Revenues for the Nigerian operations increased by 5.6% to ₦179.3B, due to the reduced level of rebates and higher volumes. Average realised prices were up 5% YoY. We recorded an EBITDA of ₦103.4 at a margin of 57.6% excluding central costs and eliminations (2019: ₦103.4 60.9%).

Outlook

We are assessing the impact of the COVID-19 pandemic on our business.

Exports are on track to begin in Q2 2020 as Dangote Cement will commence exporting clinker to West and Central Africa.

Pan-African operations

In Pan-Africa, most COVID-19 lockdown measures started at the end of March. The response by the authorities varied in nature from specific temporary restrictions in some countries to a complete temporary lockdown for businesses that are not considered as part of the essential services. There was countrywide lockdown in South Africa, Congo and Ghana, with partial lockdown in Sierra Leone and Senegal, while our other countries of operations implemented various types of preventive measures. Authorities appear to be continuously assessing the spread of the virus and amending these temporary restrictions accordingly.

Pan-African operations sold 2,280Kt of cement in Q1 2020, down 2.9% on the 2,347Kt sold in Q1 2019. This was partly due to the lockdown in South Africa at the end of March and technical issues in Tanzania. The total Pan-African volume represents 36.2% of Group volumes. Including clinker, Pan-African volumes came in at 2,316Kt.

Pan-African revenues of ₦69.8B were 0.6% lower than Q1 2019 and represented 28.0% of total Group revenues. The region achieved a record high EBITDA of ₦14.6B (before central costs and eliminations), up 23.4%, supported by strong performance in Ethiopia and Senegal. This represents a record EBITDA margin of 20.9% in Q1 2020 versus 16.9% in Q1 2019. The higher profitability was mainly attributable to volume growth in 6 of our 9 operations: strong volume growth in Ethiopia, Senegal, Cameroon, Ghana, Sierra Leone and Congo as well as higher pricing in Zambia.

Looking ahead, we expect to further deploy our clinker and cement export strategy across West and Central Africa.

Cameroon

We estimate the total market for cement in Cameroon to have been about 819.9Kt in the first three months of 2020. The market is primarily driven by individual construction projects, government housing estate projects and the continuation of the African Cup of Nations developments.

Our 1.5Mta clinker grinding facility in Douala sold approximately 312kt of cement in Q1 2020, a 4.3% increase on the 299Kt sold in Q1 2019. We estimate our market share to have been 38% during the period.

Congo

We estimate the total market for cement in Congo to have been about 186Kt in the first three months of 2020. Our 1.5Mta integrated plant in Mfila, Republic of Congo sold just under 74Kt of cement in Q1 2020, up 25% compared to Q1 2019. The growth was notably supported by our new depot in the Northern region. Our market share for Q1 2010 came in at 40%.

On 30 March 2020, the government declared 20 days of Lockdown which was further extended to 10 May 2020.

Ethiopia

We estimate the total market for cement in Ethiopia to have been about 2.0Mt in the first three months of 2020. The market remains predominantly retail as most major projects are government funded and government has curtailed spending as part of its austerity measures. Sales at our 2.5Mta factory in Mugher, Ethiopia, were 557Kt in Q1 2020, up 6% YoY with a market share of about 28%. The key driver for increased sales is the improved plant performance which resulted in more product being available for the market. There was a partial lockdown owing to COVID-19, but our production and product deliveries were not affected in the quarter.

Ghana

Dangote Cement Ghana sold over 124Kt of cement for Q1 2020, up 6% compared to Q1 2019 owing to general growth in the market. We were able to sell out all stock available due to high demand before the lockdown was announced by the Government of Ghana at the end of March 2020. The lockdown was later eased on 19 April 2020.

Our market share for the fourth quarter came in at 7%.

Senegal

Senegal continues to be one of our best performing markets. The market continues to grow supported by a growing middle class and the decentralisation initiative taken by the government enabling several new cities and zones to be built.

Sales from our 1.5Mta plant in Pout increased by 5.4% to just over 407Kt for Q1 2020, with the plant's output continuing to exceed its rated capacity. Our market share improved to 21% in Q1 2020.

Sierra Leone

Sierra Leone's cement market continues to improve with increased infrastructure spending, more foreign aid being made available and the resumption of building projects in the corporate sector. Sierra Leone consumed about 182Kt in the first quarter of 2020. Our market share increased to 37% in Q1 2020 while our volumes increased by 15% to 67Kt.

South Africa

The subdued state of South Africa's cement market reflects the country's muted economy. Lower spending in large scale infrastructure projects and depressed demand for new residential construction led to a low growth cement market.

The government announced a total lockdown across the country owing to the COVID-19 pandemic from 27 March 2020. This was subsequently extended to 1 May where a series of phased easing began.

Our sales volume for Q1 2020 decreased by 1% YoY mainly due to low growth in the cement market and the country's lockdown.

Tanzania

Tanzania's robust economy has driven growth in infrastructure and housing, with major government projects including roads, railways and airports. We estimate the total market for cement in Tanzania to have been about 1.4Mt in the first three months of 2020.

Our 3.0Mta factory at Mtwara sold 208Kt of cement during the period. Including clinker, Tanzania volumes for the quarter was 244Kt. This was approximately 13% lower than the 281Kt volumes sold in the first quarter of 2019. This was due to production challenges encountered in the period reducing daily production volumes. We estimate our market share to have been 17% during the period.

Owing to the COVID-19 pandemic, various projects – including our power plant commissioning – could experience delays. There are no lockdown restrictions declared by the government.

Zambia

The cement market in Zambia dropped by 25% - 30% in Q1 2020 impacted by a depressed economic environment. The Ndola factory sold just over 134kt of cement in Q1 2020, down 39% on the 220kt sold in the same period last year. However, there was a 44% price increase in local currency compared to Q1 2019 which supported profitability. We estimate our market share to have been 27% during the period.

CAPITAL STRUCTURE

Share buyback has been approved by the Securities and Exchange Commission (SEC). We will review the opportunity to deploy this programme in due time.

Financial review

Summary

Three months ended 31st March **Volume of cement sold**	**2020** **'000 tonnes**	**2019** **'000 tonnes**
Nigeria	4,018	3,991
Pan-Africa	2,280	2,347
Total cement sold	**6,298**	**6,338**

Revenues	**2020** **₦m**	**2019** **₦m**
Nigeria	179,336	169,885
Pan-Africa	69,846	70,272
Total revenues	**249,182**	**240,157**

Group EBITDA*	**114,223**	**111,761**
EBITDA margin	**45.8%**	**46.5%**
Operating profit	91,779	88,382
Profit before tax	88,057	78,960
Earnings per ordinary share (Naira)	**3.60**	**3,54**
	As at 31/03/2020 ₦m	**As at 31/12/2019 ₦m**
Total assets	1,797,614	1,741,351
Net debt	191,374	227,531

*Earnings before interest, taxes, depreciation and amortisation

Revenue increased by 3.8% from ₦240.2 in Q1 2019 to ₦249.2B in Q1 2020 driven by better average net prices realised in Nigeria. Net revenue per tonne in Nigeria amounted to ₦44,633 in Q1 2020 as compared to ₦42,567 in Q1 2019 representing an increase of 4.9%.

Cement volumes sold by our core Nigerian operations remained broadly constant at 4.0Mt with increased local sales being offset by the decline in exports due to the border closure.

Pan-African volumes decreased by 2.9% from 2.35Mt in Q1 2019 to 2.28Mt. Increased volumes in Ethiopia, Senegal, Cameroon, Ghana, Sierra Leone and Congo were offset by the reduction in Zambia and Tanzania volumes resulting in a net decrease of 0.07Mt

Manufacturing and operating costs

Three months ended 31st March	**2020 ₦m**	**2019 ₦m**
Materials consumed	30,969	29,645
Fuel & power consumed	33,516	32,300
Royalties	310	311
Salaries and related staff costs	8,940	7,889
Depreciation & amortization	15,940	16,320
Plant maintenance costs	7,203	7,554
Other production expenses	4,044	1,451
Decrease in finished goods and work in progress	3,403	4,008
Total manufacturing costs	**104,325**	**99,478**

In general, manufacturing costs increased by 4.9% from ₦99.5B in Q1 2019 to ₦104.3B in Q1 2020. This was mainly as a result of an increase in the Nigeria manufacturing costs from ₦49.7B to ₦55.2B.

The increase in Nigeria manufacturing costs was mainly driven by energy costs due to unfavourable fuel mix which resulted in the use of more gas whose price increased compared to Q1 2019. The general increase in salaries also pushed the Nigeria manufacturing costs up as compared to Q1 2019.

Pan Africa manufacturing costs decreased by 1.4% which is in line with the decrease in the Pan Africa sales volumes.

Administration and selling expenses

Three months ended 31st March	**2019 ₦m**	**2018 ₦m**
Administration and selling costs	54,200	52,834

Total selling and administration expenses rose by 2.6% to ₦54.2B in Q1 2020 as a result of higher sales distribution costs in Nigeria. Although the total volumes sold in Nigeria remained flat, we delivered cement to further locations using our trucks resulting in increased haulage costs. Selling and distribution costs in Nigeria increased from ₦25.8B in Q1 2019 to ₦31.8B in Q2 2020.

In addition, various promotion schemes were deployed in Nigeria which drove the increase in advertising and promotion costs.

The increase in Nigeria selling and distribution costs was partially offset by the decrease in Pan Africa selling costs mainly as a result of reduced haulage costs in Tanzania and Zambia due to the reduced volumes as compared to Q1 2019.

Profitability

Three months ended 31st March	**2020** **₦m**	**2019** **₦m**
EBITDA	114,223	111,761
Depreciation, amortization & impairment	(22,444)	(23,379)
Operating profit	**91,779**	**88,382**
EBITDA by operating region		
Nigeria	103,365	103,380
Pan-Africa	14,627	11,854
Central administrations costs and inter-company sales	(3,769)	(3,473)
Total EBITDA	**114,223**	**111,761**

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the quarter increased by 2.2% to ₦114.2B at a margin of 45.8% (Q1 2019: ₦111.8B, 46.5%) as a result of the increase in Pan Africa EBITDA.

Excluding eliminations and central costs, Nigeria EBITDA remained constant at ₦103.4B at a margin of 57.6% (Q1 2019: 60.9%). The fall in margin is mainly as a result of the increase in selling and distribution expenses referred to above

Pan-African EBITDA increased by 23.4% to ₦14.6B, at 20.9% margin (Q1 2019: 16.9%), notably driven by increased volumes and better prices in Ethiopia coupled with good performance in Senegal.

Operating profit of ₦91.8B was 3.8% higher than the ₦88.4B for Q1 2019 at a margin of 36.8% (Q1 2019: 36.8%).

Interest and similar income/expense

Three months ended 31st March	**2020** **₦m**	**2019** **₦m**
Interest income	1,540	2,286
Exchange gain/(loss)	3,750	(3,076)
Interest expense	(9,012)	(8,632)
Net finance cost	**(3,722)**	**(9,422)**

Interest income decreased by 32.6%, mainly as a result of reduced interest earning cash balances in Nigeria.

During Q1 2020, the Nigerian Naira was devalued from about ₦364/1US$ to ₦386/1US$. This resulted in net exchange gains from inter-Group assets and liabilities that do not eliminate in full on consolidation in the Nigerian operations. This exchange gain was partially offset by unrealised exchange losses from Pan-Africa operations that use the FCFA and the Ghana Cedi.

The effective interest rate on borrowings was 9.78% compared to 9.97% in Q1 2019.

Taxation

Three months ended 31st March	**2020 ₦m**	**2019 ₦m**
Tax charge	27,465	18,706

In Q1 2020 the Pioneer tax exemption for all remaining lines ended resulting in an increased Nigeria effective tax rate of 20.7% as compared to the effective tax rate of 19% for Q1 2019 which represented a mix of non-taxable income for productions lines that were still under the Pioneer tax holiday and taxable income for production lines which were out of Pioneer tax exemption.

The Group's effective tax rate was higher at 31.2%, mainly because of intercompany exchange gains reported in Other Comprehensive income for the group and Pan-African subsidiaries making losses that reduced the Group's profit without direct tax benefits for those losses.

The Group's profit for the quarter increased by 0.6% to ₦60.6B (Q1 2019: ₦60.3B). As a result, earnings per share increased by 1.7% to ₦3.60 (Q1 2019: ₦3.54).

Financial position

	31st March 2020 ₦m	**31st December 2019** ₦m
Property, plant and equipment	1,239,382	1,206,749
Other non-current assets	119,258	124,203
Intangible assets	4,554	3,663
Total non-current assets	**1,363,194**	**1,334,615**
Current assets	332,577	282,833
Cash and bank balances	101,843	123,903
Total assets	**1,797,614**	**1,741,351**
Non-current liabilities	118,061	105,341
Current liabilities	437,841	386,639
Debt	293,217	351,434
Total liabilities	**849,119**	**843,414**

Non-current assets increased from to ₦1,334.6B at the end of 2019 to ₦1,363.2B at 31st March 2020. This was mainly as a result of additions to Property, Plant & Equipment which were partially offset by depreciation.

Additions to property, plant and equipment were ₦52.7B, of which ₦48.5B was spent in Nigeria and ₦4.2B in Pan Africa operations.

The increase in current assets is mainly due to amounts owed by the parent Company

Current liabilities increased mainly due to amounts owed to related parties for trucks as well as exchange impact due to the depreciation of the Naira from ₦364/1US$ to ₦386/1US$ during Q1 2020.

All production lines in Nigeria are out of the Pioneer tax exemption and the deferred tax charge for Q1 resulted in the increase in Non-current liabilities.

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	112,518	-	112,518
Change in working capital	12,357	-	12,357
Income tax paid	(131)	-	(131)
Additions to fixed assets	(52,745)	-	(52,745)
Other investing activities	(30,031)	-	(30,031)
Change in non-current prepayments and supplier credit	14,276	-	14,276
Net interest payments	(18,147)	-	(18,147)
Net loans obtained (repaid)	(60,724)	60,724	-
Dividend paid	-	-	-
Other cash and non-cash movements	567	(2,507)	(1,940)
As at 31st March 2020	101,843	(293,217)	(191,374)

Cash of ₦112.5B was generated from operations before changes in working capital. After net movement of ₦12.4B in working capital, the net cash flow from operations was ₦125.9B.

Financing outflows excluding overdrafts of ₦123.0B (Q1 2019: ₦122.9B) reflected net loans repaid of ₦103.4B and interest paid of ₦19.2B.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) decreased from ₦112.1B at the end of 2019 to ₦47.3B at 31st March 2020. With net loans repaid including overdrafts at ₦60.7B and decrease in cash balances of ₦22.1B, net debt decreased by ₦36.2B from ₦227.5B at the end of 2019 to ₦191.4B at 31st March 2020.

Capital Expenditure by region

	Nigeria ₦m	Pan-Africa ₦m	Total ₦m
Fixed assets additions	48,505	4,240	**52,745**

Capital expenditure was mainly comprised of the construction of new plants in Nigeria acquisition of distribution trucks.