Q1 2021 UNAUDITED RESULTS

Dangote Cement PLC

30th April 2021

Unaudited results for three months ended 31st March 2021

Strong demand across all 10 operations

Economies of scale from Obajana Line 5 boosting Nigeria's performance

Profit after tax up 48.1% at ₦89.7B

Lagos, 30th April 2021: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the three months ended 31st March 2021.

Financial highlights

- Group revenue up 33.5% to ₦332.7B
- Group EBITDA up 55.8% to ₦178.0B; 53.5% margin
- Pan-Africa EBITDA up 61.9% to ₦23.7B; 25.5% margin
- Profit after tax up 48.1% to ₦89.7B
- Earnings per share up 46.9% to ₦5.29
- Net debt of ₦257.9B; net gearing of 26.6%

Operating highlights

- Group sales volumes up 18.7% to 7.5Mt
- Nigeria volumes up 22.2% to 4.9Mt
- Double-digit volume growth in Pan-Africa of 12.8%
- Nigeria's strong performance supported by ramp-up of new Obajana Line 5
- Increased profitability of Pan-African operations

Michel Puchercos, Chief Executive Officer, said:

"The first quarter of 2021 has started positively, with increases in revenue and profitability that drove cash generation across the Group. We recorded PAT of ₦89.7B, up 48.1% compared to last year. The H2 2020 growth trend has continued into Q1 2021 and we are maintaining our focus on meeting the strong market demand across all our countries of operation.

Our Nigerian business recorded volume growth of 22.2% in Q1 2021 at 4.9Mt, with a record EBITDA of ₦157.9B, up 52.7%. This strong performance was boosted by the ramp-up of our new and efficient 3Mt Obajana Line 5.

We took the strategic decision to pause our clinker exports to ensure we meet the rapid volume growth in the Nigerian domestic market. We are improving the output of our existing and new assets and aim to recommence clinker exports in the second quarter.

Our Pan-Africa operations have reached new heights, with an EBITDA margin of 25.5% and volume growth of 12.8% reported during the quarter.

One of our priorities in 2021 is to strengthen our alternative fuel initiative. It focuses on leveraging the circular economy business model, optimising costs and reducing exposure of our cost base to foreign currency fluctuations.

As ever, we are committed to keeping our staff and communities safe by being fully compliant with health and safety measures in all our territories of operation. ."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with 48.6Mta capacity across Africa. A fully integrated quarry-to-customer producer, we have a production capacity of 32.25Mta in our home market, Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 16.25Mta of capacity across five 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), and Zambia (1.5Mta).

Website: www.dangotecement.com

Twitter: @DangoteCement

Conference call details

A conference call for analysts and investors will be held on Tuesday 4th May at 3pm Nigeria/UK time.

Please register using the link below:

Dangote Cement Q1 2021 Results Conference Call

To join the live webcast please click on the link below:

Live webcast

A copy of the presentation will be available on the Company's website on the day of the results. The presentation will also be available remotely via the live webcast link.

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SUMMARY OPERATING REVIEW

Sales volumes	Q1 2021 '000 tonnes	Q1 2020 '000 tonnes	%
Nigeria			
Cement	4,908	4,018	22.2%
Nigerian volumes	**4,908**	**4,018**	**22.2%**
Pan-Africa			
Cement	2,586	2,280	13.4%
Clinker	27	36	
Pan-African volumes	**2,613**	**2,316**	**12.8%**
Group volumes**	**7,521**	**6,334**	**18.7%**
Revenue			
Nigeria	239,684	179,336	33.7%
Pan-Africa	92,967	69,846	33.1%
Inter-company sales	-	-	-
Total revenue	**332,651**	**249,182**	**33.5%**
EBITDA			
Nigeria*	157,880	103,365	52.7%
Pan-Africa*	23,682	14,627	61.9%
Central costs & eliminations	(3,591)	(3,769)	-
Total EBITDA	**177,971**	**114,223**	**55.8%**
EBITDA margins			
Nigeria*	65.9%	57.6%	8.3pp
Pan-Africa*	25.5%	20.9%	4.6pp
Group EBITDA margins	**53.5%**	**45.8%**	**7.7pp**
Profit before tax	130,101	88,057	47.7%
Tax charge	(40,391)	(27,465)	47.1%
Group net profit	**89,710**	**60,592**	**48.1%**
Earnings per share	**5.29**	**3.60**	**46.9%**

* Excluding central costs / eliminations
** Volumes include cement and clinker

The International Monetary Fund ('IMF') has projected Sub-Saharan Africa's return to growth in 2021, recovering from the 1.9 percent contraction in 2020. The region is estimated to grow by 3.4%, supported by improved exports and commodity prices, along with a recovery in both private consumption and investment.

The IMF expects growth in all our countries of operation this year, with Senegal, Ghana and Congo expected to grow at the highest rates. We expect this recovery to drive strong cement demand across our markets.

Nigerian operations

According to the IMF's estimates, Nigeria will grow by 2.5% in 2021, supported by higher oil prices and production, and a broad-based recovery in the non-oil sectors. Nigeria's cement market remained robust and resilient in Q1 2021 on the back of the strong recovery in the second half of 2020. Demand was sustained by increasing housing infrastructure, commercial construction, and government projects.

Our Nigerian operations sold over 4.9Mt including exports, up 22.2% on the 4.0Mt sold in Q1 2020. This represents the highest quarterly volume sold from our Nigerian operations. When looking at the domestic sales alone, our Nigerian operations sold 4.8Mt, up 18.7% year on year.

While our ex-factory prices have remained stable since the end of 2019, revenues for our Nigerian operations increased by 33.7% to ₦239.7B. We recorded higher realised prices compared to the same period last year owing to lower rebates and higher recovery in transportation cost. We achieved a record quarterly EBITDA of ₦157.9B at a margin of 65.9% excluding central costs and eliminations (2020: ₦103.4, 57.6%).

Nigeria's strong performance was enhanced by economies of scale from the ramp-up of the new and efficient Obajana Line 5 and resumption of our Gboko plant the end of 2020. Although we have paused clinker exports to meet the rapidly growing local demand, we continued our road cement exports in Q1 2021.

Pan-African operations

Our Pan-African operations sold just under 2.6Mt of cement in Q1 2021, up 13.4% on the 2.3Mt sold in Q1 2020. Including clinker, Pan-African volumes came in at 2.61Mt. The total Pan-African volume represents 34.7% of Group volumes.

Pan-African revenues of ₦93.0B were 33.1% higher than Q1 2020 and represented 28.0% of total Group revenues. The region achieved a record high EBITDA of ₦23.7B (before central costs and eliminations), up 61.9%, supported by strong performance in Senegal and Cameroon. This represents a record EBITDA margin of 25.5% in Q1 2021 versus 20.9% in Q1 2020. The higher profitability was mainly attributable to volume growth.

Cameroon

Cameroon's GDP is expected to grow at 3.4% for 2021.

We estimate the total market for cement in Cameroon to have been about 940Kt in the first three months of 2021, up 11% from Q1 2020. The market is primarily driven by individual construction projects and government housing estate projects and the continuation of the African Cup of Nations developments.

Our 1.5Mta clinker grinding facility in Douala sold over 360.4Kt of cement in Q1 2021, a 16% increase on the 311.7Kt sold in Q1 2020. We estimate our market share to have been 38% during the period.

Congo

The cement market in Congo is growing owing to a revival of government infrastructure projects. An increase in demand has also been attributed to the local consumer market.

We estimate the total market for cement in Congo to have been about 197Kt in the first three months of 2021. Our 1.5Mta integrated plant in Mfila sold 116.1Kt of cement in Q1 2021, up 57% compared to Q1 2020. The growth was notably supported by our new depot in the northern region, product quality and exports to neighbouring countries.

Our market share for Q1 2021 came in at 59%.

Ethiopia

The cement market in Ethiopia remains predominantly retail. The main drivers for cement demand remain as infrastructure projects, housing, and industrial parks development.

We estimate the total market for cement in Ethiopia to have been just under 1.9Mt in the first three months of 2021. The overall market increased by 2.3% as the economy showed signs of recovery.

Sales at our 2.5Mta factory in Mugher were 533.3Kt in Q1 2021, down 4% year on year mainly due to maintenance operations in Q1 2021.

We estimate our market share to have been about 28% during the period.

Ghana

The political environment in Ghana is stable and the cement market is growing thanks to an increase in government projects and incentives, higher disposable income and a lower cost of borrowing. Total market sales were estimated at 1.8Mt, triggered by an increase in allocation to the building sector.

Dangote Cement Ghana sold 146.8Kt of cement in Q1 2021, up 18% compared to Q1 2020. Our market share for the first quarter came in at 8%.

Senegal

Senegal is an attractive market for cement and is one of our best performing markets. The market is growing, supported by a growing middle class and the decentralisation initiative taken by the government enabling several new cities and zones to be built.

Total cement market sales for Q1 2021 were over 2Mt, including exports. Sales from our 1.5Mta plant in Pout increased by 6% from 407.2Kt in Q1 2020 to 432.3Kt in Q1 2021, with the plant’s output continuing to exceed its rated capacity. Our market share for the period remained at 22%.

Sierra Leone

Sierra Leone’s cement market continues to improve with increased infrastructure spending, road construction across the country, more foreign aid being made available and the resumption of building projects in the corporate sector. The Sierra Leonean market consumed about 304Kt of cement in the first quarter of 2021.

Dangote Cement sold 93.6Kt during the period, an increase of 39% from the 67.4Kt achieved in Q1 2020. Our market share for the first quarter was 31%.

South Africa

South Africa's residential building sector has been performing well because of high residential housing demand since H2 2020.

Our sales volume for Q1 2021 increased by 6%. The year-on-year increase is attributed to growth in home constructions, improvements, and renovations.

Tanzania

Tanzania's robust and diversified 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 just under 1.4Mt in the first three months of 2021. Our 3.0Mta factory at Mtwara sold 313Kt of cement during the period, including clinker sales of 26.5Kt. This was approximately 29% higher than the 243Kt sold last year, owing to plant stabilisation for continuous production and a rise in cement demand. In addition, our market share increased from 18% in Q1 2020 to 22% in Q1 2021.

Zambia

We estimate the total market for cement in Zambia to have been 549Kt in Q1 2021. Dangote Cement's Ndola factory sold 196.8Kt of cement, up 47% from the 134.3Kt sold during the same period last year. The main drivers of volume improvement were cement exports to neighbouring countries.

Our market share for the first quarter came in at 36%.

FINANCIAL REVIEW

Summary

Volume sold**	Q1 2021 '000 tonnes	Q1 2020 '000 tonnes
Nigeria	4,908	4,018
Pan-Africa	2,613	2,316
Inter-company sales	-	-
Total volume sold	**7,521**	**6,334**
Revenues	**₦m**	**₦m**
Nigeria	239,684	179,336
Pan-Africa	92,967	69,846
Inter-company sales	-	-
Total revenues	**332,651**	**249,182**
Group EBITDA*	**177,971**	**114,223**
EBITDA margin	**53.5%**	**45.8%**
Operating profit	151,744	91,779
Profit before tax	130,101	88,057
Earnings per ordinary share (Naira)	**5.29**	**3.60**

	31/03/2021	31/12/2020
Total assets	2,121,240	2,022,451
Net debt	257,886	337,275

*Earnings before interest, taxes, depreciation and amortisation
** Volumes include cement and clinker

Revenue increased by 33.5% from ₦249.2B in Q1 2020 to ₦332.7B in Q1 2021 driven by strong volume growth and better average net realised prices.

Volumes sold by our core Nigerian operations were up by 22.2% from 4.0Mt to 4.9Mt supported by an increase in housing and commercial construction. Sales to domestic customers in Nigeria grew by 18.7% from 4.0Mt to 4.77Mt with the remaining 0.137Mt being land exported volumes.

Pan-African volumes increased by 12.8% from 2.31Mt in Q1 2020 to 2.61Mt.

Manufacturing and operating costs

Three months ended 31st March	2021 ₦m	2020 ₦m
Materials consumed	49,318	30,969
Fuel & power consumed	40,701	33,516
Royalties	367	310
Salaries and related staff costs	8,821	8,940
Depreciation & amortization	20,368	15,940
Plant maintenance costs	6,719	7,203
Other production expenses	3,499	4,044
(Increase)/decrease in finished goods and work in progress	(1,797)	3,403
Total manufacturing costs	**127,996**	**104,325**

In general, manufacturing costs increased by 22.7% from ₦104.3B in Q1 2020 to ₦128.0B in Q1 2021. This was mainly as a result of an increase in volumes in both Nigeria and Pan-Africa. Nigerian manufacturing costs increased from ₦55.2B to ₦67.0B also due to general inflation and foreign exchange impacts on USD denominated expenses.

Manufacturing cost in Pan-Africa increased from ₦49.5B in Q1 2020 to ₦61.4B in Q1 2021.

Administration and selling expenses

Three months ended 31st March	2021 ₦m	2020 ₦m
Administration and selling costs	56,823	54,200

Total selling and administration expenses rose by 4.8% to ₦56.8B in Q1 2021 as a result of higher administrative costs in Pan-Africa. Pan-Africa sales, marketing, logistics and administration expenses rose by 15% from ₦16.3B in Q1 2020 to ₦18.8B in Q1 2021. Besides higher volumes, the foreign currencies conversion to Naira is driving part of this increase. Selling and administration expense in Nigeria decreased by 2%, mainly because advertisement and promotion costs reduced in Q1 2021.

Profitability

Three months ended 31st March	2021 ₦m	2020 ₦m
EBITDA	177,971	114,223
Depreciation, amortization & impairment	(26,227)	(22,444)
Operating profit	**151,744**	**91,779**
EBITDA by operating region		
Nigeria	157,880	103,365
Pan-Africa	23,682	14,627
Central administrations costs and inter-company sales	(3,591)	(3,769)
Total EBITDA	**177,971**	**114,223**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the quarter increased by 55.8% to ₦178.0B at a margin of 53.5% (Q1 2020: ₦114.2B, 45.8%) as a result of increased performance in both Nigeria and Pan-Africa.

Excluding eliminations and central costs, Nigeria EBITDA increased by 52.7% to ₦157.9B at a margin of 65.9% (Q1 2020: ₦103.4; 57.6%).

Pan-African EBITDA increased by 61.9% to ₦23.7B, at margin of 25.5% (Q1 2020: ₦14.6B; 20.9%), notably driven by increased volumes in 8 of our 9 operations and better pricing in South Africa, Zambia, and Tanzania.

Operating profit of ₦151.7B was 65.3% higher than the ₦91.8B for Q1 2020 at a margin of 45.6% (Q1 2020: 36.8%).

DANGOTE CEMENT

Interest and similar income/expense

Three months ended 31st March	2021 ₦m	2020 ₦m
Interest income	3,654	1,540
Exchange gain/(loss)	(10,616)	3,750
Interest expense	(14,681)	(9,012)
Net finance income / (cost)	**(21,643)**	**(3,722)**

Interest income increased to ₦3.7B, mainly as a result of increased interest earning cash balances in Nigeria.

During Q1 2021, the Nigerian Naira value reduced against the USD from an average of ₦400/1US$ to ₦408/1US$. This resulted in exchange gains from intercompany balances in Nigeria which were outweighed by exchange losses from liabilities in the subsidiaries.

Taxation

Three months ended 31st March	2021 ₦m	2020 ₦m
Tax (charge)/credit	(40,391)	(27,465)

Pioneer tax exemption for Ibese lines and Obajana line 4 ended in 2020 resulting in an increased Nigeria effective tax rate of 28.3% as compared to the effective tax rate of 20.7% for Q1 2020 when we still had several lines still under pioneer status.

The Group's effective tax rate was higher at 31.0%, 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 48.1% to ₦89.7B (Q1 2020: ₦60.6B). As a result, earnings per share increased by 46.9% to ₦5.29 (Q1 2020: ₦3.60).

Financial position

	31st March 2021 ₦m	31st December 2020 ₦m
Property, plant, and equipment	1,377,311	1,390,687
Other non-current assets	73,523	77,072
Intangible assets	4,637	4,554
Total non-current assets	**1,455,471**	**1,472,313**
Current assets	517,898	404,303
Cash and bank balances	147,871	145,835
Total assets	**2,121,240**	**2,022,451**
Non-current liabilities	144,029	142,756
Current liabilities	600,294	505,615
Debt	405,757	483,110
Total liabilities	**1,150,080**	**1,131,481**

Non-current assets reduced from ₦1,472.3B at the end of 2020 to ₦1,455.5B at 31st March 2021. This was mainly due to lower additions to Property, Plant & Equipment.

Additions to property, plant and equipment were ₦20.7B, of which ₦15.7B was spent in Nigeria and ₦5.0B in Pan Africa operations.

The increase in current assets is largely 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 ₦400/1US$ to ₦408/1US$ during Q1 2021.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2020	145,835	(483,110)	(337,275)
Cash from operations before working capital changes	169,268	-	169,268
Change in working capital	15,163	-	15,163
Income tax paid	(545)	-	(545)
Additions to fixed assets	(20,782)	-	(20,782)
Loan to related party	(70,000)	-	(70,000)
Other investing activities	1,007	-	1,007
Change in non-current prepayments and payables	7,327	-	7,327
Lease receivables	2,169	-	2,169
Lease payment	(367)	-	(367)
Share buyback	(9,833)	-	(9,833)
Net interest payment	(9,081)	-	(9,081)
Net loans obtained (repaid)	(81,090)	81,090	-
Other cash and non-cash movements	(1,200)	(3,737)	(4,937)
As at 31st March 2021	**147,871**	**(405,757)**	**(257,886)**

Cash of ₦169.3B was generated from operations before changes in working capital. After net movement of ₦15.2B in working capital, the net cash flow from operations was ₦186.1B.

Financing outflows excluding overdrafts of ₦103.1B (Q1 2020: ₦123.0B) reflected net loans repaid of ₦80.7B, interest paid of ₦12.2B and buyback of ₦9.8B.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) increased from ₦141.0B at the end of 2020 to ₦143.4B at 31st March 2021. With net loans repaid including overdrafts at ₦81.1B and increase in cash balances to ₦147.9B, net debt reduced by ₦79.4B from ₦337.3B at the end of 2020 to ₦257.9B at 31st March 2021.

Capital Expenditure by region

	Nigeria ₦m	Pan-Africa ₦m	Total ₦m
Capital Expenditure	**15,732**	**5,050**	**20,782**

Capital expenditure was mainly comprised of the construction of new plants in Nigeria and West African countries, the acquisition of distribution trucks as well as improvements in our energy efficiency across our operations.