Unaudited results for the nine months ended 30th September 2021

Demand remains strong across our operations

Resilient 9M 2021 results despite heavy rains and plant maintenance in Nigeria

Group EBITDA up 45% at ₦514.8B

Lagos, 29th October 2021: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the nine months ended 30th September 2021.

Financial highlights

- Group revenue up 34.2% to ₦1,022.2B
- Group EBITDA up 45.0% to ₦514.8B; 50.4% margin
- Nigeria EBITDA up 45.3% to ₦459.2B; 62.9% margin
- Profit before tax up 49.1% to ₦405.5B
- Net debt of ₦352.3B, net gearing of 38.9%

Operating highlights

- Group sales volumes up 15.4% to 22.2 million tonnes
- Nigeria volumes up 18.7% to 14.1 million tonnes
- Pan-African volumes up 9.4% 8.2 million tonnes

Capital Structure

- Repaid all outstanding Commercial Papers
- Established a new ₦150B Commercial Paper Programme to be used for working capital and general corporate purposes.

Michel Puchercos, Group Chief Executive Officer, said:

"We are pleased to report a solid set of the results for the first nine months of the year. Group volumes for the nine months were up 15.4% compared to the first nine months of 2020 and Group EBITDA was up 45.0%, at a 50.4% margin. Given the strong rebound in Q3 2020 following the impact of COVID-19 in the first half of the year, volumes in Q3 2021 were slightly lower than Q3 2020, as anticipated, though worsened by heavier rains. However, the overall growth trend continues, supported by our ability to meet the strong market demand across all our countries of operation. The economic performance and efficiency initiatives across the Group, enabled the offsetting of inflationary pressures on some of our cost lines.

Our Nigerian business recorded volume growth of 18.7% in 9M 2021 at 14.1Mt, with a record EBITDA of ₦459.2B, up 45.3%.

Our Alternative Fuel Project is at an advanced stage which aims to leverage waste management solutions, reduce CO2 emissions, and source material locally.

Dangote Cement has exceeded its 2020 full year results in the first nine months of 2021 with EBITDA currently trending at 45% y-o-y as at the end of September 2021, more than double the 21% EBITDA growth in 2020. Despite operating in a complex, challenging, and fast-moving environment, Dangote Cement is consistently delivering superior profitability and returns to the shareholders.

About Dangote Cement

Dangote Cement is Africa's leading cement producer with nearly 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), Zambia (1.5Mta).

Website: www.dangotecement.com

Twitter: @DangoteCement

Conference call details

A conference call for analysts and investors will be held on Monday 1st November at 3:30pm Lagos/2:30pm UK time.

Please register using the link below:

Dangote Cement 9M 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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Operating review

Summary

Sales volumes	**9M 2021 '000 tonnes**	**9M 2020 '000 tonnes**	**%**	**FY 2020 '000 tonnes**
Nigeria				
Cement	14,000	11,741	19.2%	15,739
Clinker	144	174	-16.7%	197
Nigerian volumes	**14,144**	**11,915**	**18.7%**	**15,936**
Pan-Africa				
Cement	7,994	7,393	8.1%	9,901
Clinker	169	72	134.7%	82
Pan-African volumes	**8,163**	**7,465**	**9.4%**	**9,982**
Inter-company sales	(145)	(174)	**-**	(197)
Group volumes**	**22,163**	**19,206**	**15.4%**	**25,721**
Regional revenues				
Nigeria	729,603	535,506	36.2%	719,945
Pan-Africa	297,860	232,607	28.1%	318,681
Inter-company sales	(5,277)	(6,669)	-	(4,430)
Total revenues	**1,022,186**	**761,444**	**34.2%**	**1,034,196**
EBITDA				
Nigeria	459,226	316,053	45.3%	421,417
Pan-Africa	66,968	52,059	28.6%	71,313
Central costs & eliminations	(11,403)	(13,092)	-	(14,608)
Total EBITDA	**514,791**	**355,020**	**45.0%**	**478,122**
EBITDA margins				
Nigeria*	62.9%	59.0%	3.9pp	58.5%
Pan-Africa*	22.5%	22.4%	0.1pp	22.4%
Group EBITDA margins	**50.4%**	**46.6%**	**3.8pp**	**46.2%**
Profit before tax	**405,487**	**271,960**	**49.1%**	**373,310**
Group net profit	**278,250**	**208,685**	**33.3%**	**276,068**
Earnings per share	**16.23**	**12.25**	**32.5%**	**16.14**

* Excluding central costs / eliminations
** Group volumes include cement and clinker

The International Monetary Fund ('IMF') has projected Sub-Saharan Africa's return to growth in 2021, recovering from the 1.7% contraction in 2020. The region is estimated to grow by 3.7%, and largely results from a sharp improvement in global trade and commodity prices. Favourable harvests have also helped lift agricultural production. The IMF expects growth across our countries of operation, with Senegal, Ghana and South Africa expected to grow at the highest rates. We expect this recovery to drive strong cement demand across our markets, which we have already witnessed in the first nine months of 2021, given the robust volume growth.

Nigerian operations

In our financial reporting, the Nigerian region includes: Dangote Cement Plc ('the company') which has plants in Obajana, Ibese and Gboko; DCP Cement Ltd with a 3Mt plant in Obajana; and Okpella Cement Plc's 3Mt plant due to ramp up production in Q4 2021.

According to the IMF's estimates, Nigeria is expected to grow by 2.6% in 2021, driven by recovery in non-oil sectors and higher oil prices. Nigeria's cement market remained robust and resilient in the first nine months of 2021. Cement demand is sustained by increasing housing infrastructure, commercial construction, and government projects including major highways, roads, and railways.

Our Nigerian operations sold over 14.1Mt of cement during the period, including exports, an 18.7% increase on the 11.9Mt sold in 9M 2020. When looking at the domestic sales alone, our Nigerian operations sold just under 13.5Mt, up 15.5% year on year. Although sales were up overall in the nine-month period, we experienced heavy rains in the third quarter compared to last year. In addition, regular scheduled maintenance was extended in Q3, which slightly impacted production for the quarter. The significant increase in freight prices and foreign exchange impact due to local currency value erosion impacted some of our cost lines.

Revenues for the Nigerian operations increased by 36.2% to ₦729.6B. We recorded a strong EBITDA of ₦459.2 at a margin of 62.9%, excluding central costs and eliminations (2020: ₦316.1; 59.0%). The strong growth trend has continued in 2021 and is supporting our delivery of strong results for shareholders.

Lastly, our 3Mt Okpella plant in Edo State is on track to ramp up production before the end of the year.

Pan-African operations

The total Pan-African volume represents 36.8% of Group volumes. Sales volumes in Pan-Africa were 8.2Mt in 9M 2021, up 9.4%. We achieved this despite the challenges faced in Cameroon, Ghana, and Sierra Leone, where freight costs have increased substantially, causing volatility in the landing cost of cement and clinker.

Pan-African revenues of ₦297.9B were 28.1% higher than the first nine months of 2020 and represented 29.1% of total Group revenue. The region achieved a record high EBITDA of ₦67.0B (before central costs and eliminations), up 28.6%, supported by strong performance in Ethiopia, Senegal, and Zambia. This represents an EBITDA margin of 22.5% in the first nine months of 2021 versus 22.4% in the first nine months of 2020. Performance was stronger across all Pan-African countries except Ghana, Sierra Leone, and Cameroon due to clinker and cement import costs.

Cameroon

Cameroon's GDP is expected to grow at 3.6% in 2021.

We estimate the total market for cement in Cameroon to have been over 3.0Mt in the first nine months of 2021. The main drivers for cement demand during the period were an increase in investment in construction projects. The market is primarily driven by individual construction projects and government housing estates. We anticipate more building projects for the upcoming African Cup of Nations in 2022.

Our 1.5Mta clinker grinding facility in Douala sold over 1Mt of cement in 9M 2021, flat compared to the same period last year. We estimate our market share to have been 33% during the period.

Congo

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

We estimate the total market for cement in Congo to have been about 667Kt in the first nine months of 2021. Our 1.5Mta integrated plant in Mfila sold 357Kt of cement during the period, up 33% compared to 9M 2020. In September, we produced our highest quantity of ground cement to date and the lowest ever power consumption per tonne of cement.

We increased our market share significantly to 53% during the period.

Ethiopia

Ethiopia's GDP is expected to grow at 2.0% in 2021.

Despite a complex security, social and economic environment, Ethiopia remains an attractive market for cement, with high demand for infrastructure projects, housing, and industrial parks development, driven by private investments and Public Private Partnerships.

We estimate the total market for cement in Ethiopia to have been just under 5.5Mt in the first nine months of 2021.

Sales at our 2.5Mta factory in Mugher were over 1.7Mt for the period, up 4% year on year, with an increased market share of 31.5%.

Ghana

Ghana's GDP is expected to grow at 4.7% in 2021.

Ghana is benefitting from a stable political environment. In 2021, several government project expansion plans and incentives were announced, and domestic consumption continues to increase. We estimate the total market for cement to have been over 5Mt during the nine-month period.

Dangote Cement Ghana sold 331Kt of cement, up 8% compared to the first nine months of 2020. Our market share for the period came in at 6.6%.

Senegal

Senegal's GDP is expected to grow at 4.7% in 2021.

Senegal's cement industry remains robust and continues to be one of our best performing markets. We estimate the total market sales to have been about 6.3Mt, including exports, in the first nine months of the year. The market is expanding, supported by a growing middle class, growth in the construction sector and infrastructure projects across the country including low-cost housing projects.

Dangote Cement Senegal's 1.5Mta plant in Pout sold 1.2Mt in the first nine months of 2021. The plant is working at full capacity. Our market share is estimated at 19% for the stated period.

Sierra Leone

Sierra Leone's GDP is expected to grow at 3.2% in 2021.

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 including road infrastructure. A growing population has resulted in a rise in housing construction.

The Sierra Leonean cement market consumed about 808Kt of cement in the first nine months of 2021. Our market share was 26% during the period, while sales increased by 7% to 209Kt. However, volume was limited due to volatility in the landing cost of cement.

South Africa

South Africa's GDP is expected to grow at 5.0% in 2021.

South Africa's residential building sector has been performing well because of high residential housing demand since H2 2020. The South African Government is planning major infrastructure investments. The national infrastructure plan is being rolled out, which will hopefully kick-start an upward trend in construction activity.

Dangote Cement South Africa's sales for the first nine months of 2021 increased by 6% year on year.

In October, the South African government banned the use of imported building material for use on state-awarded contracts.

Tanzania

Tanzania's GDP is expected to grow at 4.0% in 2021.

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 4.5Mt in the first nine months of 2021.

Sales volumes at our 3.0Mta factory at Mtwara were 51% higher than last year at 1.3Mt. Cost improvements are notably due to the recently commissioned power plant.

We estimate our market share to have been 29% during the period.

Zambia

Zambia's GDP is expected to grow at 1.0% in 2021.

The subdued state of the cement market in Zambia reflects the country's challenged macro-economic environment. Dangote Cement's Ndola factory sits in the heart of the copper belt mining area, with good access to Zambia's major cities and neighbouring countries.

We estimate total market sales to have been 1.9kt for 9M 2021.

Our 1.5 Mta Ndola factory sold 560Kt of cement in the first nine months of 2021, up 2% compared to last year. We estimate our market share to have been 30% during the period.

Financial review

Summary

Nine months ended 30th September **Volume sold****	**2021** **'000 tonnes**	**2020** **'000 tonnes**
Nigeria	14,144	11,915
Pan-Africa	8,163	7,465
Intercompany sales	(145)	(174)
Total volume sold**	**22,163**	**19,206**

Revenues	**2021** **₦m**	**2020** **₦m**
Nigeria	729,603	535,506
Pan-Africa	297,860	232,607
Intercompany sales	(5,277)	(6,669)
Total revenues	**1,022,186**	**761,444**
Group EBITDA*	**514,791**	**355,020**
EBITDA margin	**50.4%**	**46.6%**
Operating profit	440,324	287,928
Profit before tax	405,487	271,960
Tax charge	(127,237)	(63,275)
Net profit	278,250	208,685
Earnings per ordinary share (Naira)	**16.23**	**12.25**
	As at **30/09/2021 ₦m**	**As at** **31/12/2020 ₦m**
Total assets	2,250,236	2,022,451
Net debt	352,252	337,275

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

Revenue increased by 34.2% from ₦761.4B in the first nine months of 2020 to ₦1,022.2B in the first nine months of 2021 driven by increased volumes and higher average net realised prices across the group. Net revenue per tonne in Nigeria amounted to ₦51,582 in the first nine months of 2021 as compared to ₦44,944 in the first nine months of 2020.

Volumes sold by our core Nigerian operations increased by 18.7% from 11.9Mt to 14.1 supported by an increase in housing and commercial construction. Pan-African volumes increased by 9.4% from 7.5Mt in the first nine months of 2020 to 8.2Mt. Increased volumes in Tanzania, Ethiopia, South Africa, and Congo supported this volume growth.

Manufacturing and operating costs

Nine months ended 30th September	**2021** **₦m**	**2020** **₦m**
Materials consumed	134,168	97,950
Fuel & power consumed	141,750	104,528
Royalties	1,208	941
Salaries and related staff costs	28,737	26,174
Depreciation & amortization	55,742	48,222
Plant maintenance costs	29,857	21,895
Other production expenses	16,423	10,722
Decrease in finished goods and work in progress	(4,497)	7,108
Total manufacturing costs	**403,388**	**317,540**

In total, manufacturing costs increased by 27.0% from ₦317.5B in the first nine months of 2020 to ₦403.4B in the first nine months of 2021. Materials consumed increased by 37.0% to ₦134.2; while fuel & power consumed increase by 35.6% to ₦141.8B. These increases were as a result of volume growth and inflationary pressures on our costs.

The increase in Nigeria manufacturing costs was mainly driven by energy costs due to increased production volumes and price increases for gas which is pegged to the USD. The Nigerian Naira depreciated from ₦401/1US$ at the end of 2020 to ₦413/1US$ at the end of September 2021.

Administration and selling expenses

Nine months ended 30th September	2021 ₦m	2020 ₦m
Administration and selling costs	185,462	159,414

Thanks to our continuous cost control efforts, total selling and administration expenses only rose by 16.3% to ₦185.5B in 9M 2021 mainly from higher haulage expenses and other general administrative expenses. Inflationary pressure and the foreign currencies conversion to Naira is driving part of this increase.

Profitability

Nine months ended 30th September	2021 ₦m	2020 ₦m
EBITDA	514,791	355,020
Depreciation, amortization & impairment	(74,467)	(67,092)
Operating profit	**440,324**	**287,928**
EBITDA by operating region		
Nigeria	459,226	316,053
Pan-Africa	66,968	52,059
Central administrations costs and inter-company sales	(11,403)	(13,092)
Total EBITDA	**514,791**	**355,020**

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the first nine months increased by 45.0% to ₦514.8B at a margin of 50.4% (9M 2020: 46.6%).

Excluding eliminations and central costs, Nigeria EBITDA increased by 45.3% to ₦459.2B at a margin of 62.9% (9M 2020: 59.0%). The increase in Nigeria EBITDA is mainly as a result of the increased volumes and higher realised prices in 9M 2021 compared to 9M 2020.

Pan-Africa EBITDA increased by 28.6% to ₦67.0B at 22.5% margin ((9M 2020: 22.4%), notably driven by increased volumes and better performance across the group.

Operating profit of ₦440.3B was 52.9% higher than the ₦287.9B for the first nine months of 2020 at a margin of 43.1% (9M 2020: 37.8%).

Interest and similar income/expense

Nine months ended 30th September	2021 ₦m	2020 ₦m
Interest income	13,851	8,569
Exchange gain/(loss)	(8,320)	9,761
Interest expense	(40,368)	(34,298)
Net finance cost	**(34,837)**	**(15,968)**

Interest income increased to ₦13.9B mainly as a result of increased interest earning cash balances.

The Nigerian Naira value depreciated against the USD from ₦400/1US$ in December 2020 to ₦413 in September 2021/1US$. This resulted in exchange gains from intercompany balances in Nigeria which were outweighed by exchange losses from liabilities in the subsidiaries.

Taxation

Nine months ended 30th September	2021 ₦m	2020 ₦m
Tax charge	127,237	63,275

Pioneer tax exemption for the Ibese lines and Obajana line 4 ended in 2020 resulting in an increased Nigerian region effective tax rate of 26.9% as compared to the effective tax rate of 18.8% for 9M 2020 when we still had some lines still under pioneer status.

The Group's effective tax rate was higher at 31.4%, mainly because of intercompany exchange gains reported in Other Comprehensive income for the group.

The Group's profit for the first nine months of 2021 increased by 33.3% to ₦278.3B (9M 2020: ₦208.7B). As a result, earnings per share increased by 32.5% to ₦16.23 (9M 2020: ₦12.25).

Financial position

	30th September 2021 ₦m	31st December 2020 ₦m
Property, plant and equipment	1,465,909	1,390,687
Other non-current assets	42,911	77,072
Intangible assets	4,936	4,554
Total non-current assets	**1,513,756**	**1,472,313**
Current assets	557,379	404,303
Cash and cash equivalents	179,101	145,835
Total assets	**2,250,236**	**2,022,451**
Non-current liabilities	151,283	142,756
Current liabilities	662,385	505,615
Debt	531,353	483,110
Total liabilities	**1,345,021**	**1,131,481**

Non-current assets increased from ₦1,472.3B at the end of 2020 to ₦1,513.8B at 30th September 2021. 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 ₦142.9B, of which ₦125.8 was spent in Nigeria and ₦17.1B in our Pan-Africa operations.

Increase in current liabilities is driven by current income tax charge, trade payables and amounts owed to related parties for trucks and the exchange impact due to the depreciation of the Naira from ₦400/1US$ to ₦413/1US$ during the first nine months of 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	512,858	-	512,858
Change in working capital	(40,042)	-	(40,042)
Income tax paid	(29,728)	-	(29,728)
Loan to related party	(39,500)		(39,500)
Additions to fixed assets	(142,864)	-	(142,864)
Other investing activities	(467)	-	(467)
Change in non-current prepayments and supplier credit	36,503	-	36,503
Net lease receivables	4,839	-	4,839
Share buyback	(9,833)	-	(9,833)
Net interest payments	(24,608)	-	(24,608)
Net loans obtained (repaid)	(53,530)	53,530	-
Dividend paid	(272,005)	-	(272,005)
Overdraft	97,973	(97,973)	-
Other cash and non-cash movements	(7,545)	(3,800)	(11,345)
As at 30th September 2021	179,101	(531,353)	(352,252)

Cash generated from operations before changes in working capital of ₦512.9B is 43.9% higher than ₦356.5B generated during the same period for 2020. After net movement of ₦40.0B in working capital and tax payments of ₦29.7B, the net cash flow from operations was ₦449.1B.

Excluding overdrafts, financing outflows of ₦373.7B reflected net loans repaid of ₦53.5B, dividend paid of ₦272.0B and net interest paid of ₦24.2B.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) decreased from ₦162.9B at the end of 2020 to ₦76.3 at 30th September 2021. With net loans repaid including overdrafts at ₦102.8B and increase in cash balances of ₦33.3B, net debt increased by ₦15.0B from ₦337.3B at the end of 2020 to ₦352.3B at 30th September 20201.

Capital Expenditure by region

	Nigeria Region ₦m	Pan-Africa ₦m	Total ₦m
Fixed assets additions	125,793	17,072	**142,864**

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.