H1 2022 UNAUDITED RESULTS

Dangote Cement PLC

31st July 2022

Unaudited results for six months ended 30th June 2022

Group revenue up 17.0% at ₦808.0B

Group EBITDA up 6.3% at ₦373.2B, despite heightened inflation

Significant increase in energy and distribution cost

Lagos, 31st July 2022: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the six months ended 30th June 2022.

Financial highlights

- Group revenue up 17.0% to ₦808.0B
- Group EBITDA up 6.3% to ₦373.2B; 46.2% margin
- Nigeria EBITDA up 12.3% to ₦349.4B; 56.1% margin
- Profit after tax down 10.2% to ₦172.1B, due to unrealised foreign exchange losses
- Net debt of ₦423.0B; net gearing of 54.5%

Operating highlights

- Group sales volumes down 7.0% to 14.2Mt
- Nigeria volumes down 5.3% to 9.3Mt
- Global supply chain disruption impacting operations where imports are required
- Commenced the 3rd season of the National Consumer Promotion
- 3Mta Okpella plant ramp up ongoing

Michel Puchercos, Chief Executive Officer, said:

"Despite the elevated inflation due to a very volatile global environment, the first half of 2022 has been positive. We recorded increases in revenue and EBITDA that drove strong cash generation across the Group. We recorded revenue of ₦808.0B, up 17.0% compared to last year and Group EBITDA of ₦373.2B, up 6.3% with an EBITDA margin of 46.2%.

Although significant increase in energy and AGO costs are impacting production, we are strengthening our efforts to ramp up the usage of alternative fuels. Our Alternative Fuel Project aims to leverage waste management solutions, reduce CO2 emissions, and source material locally. So far this year, we co-processed 67,230 tonnes of waste representing a 25% increase over H1 2021.

To drive consumer engagement and support demand ahead of the rainy season; we have commenced the 3rd season of our National Consumer Promotion – "Bag of Goodies 3". On the operational side, we are ramping up production at our Okpella plant and are progressing well to deploy grinding plants in Ghana and Cote d'Ivoire.

Our business model remains robust, thanks to the prudent and flexible approach we have taken across our operations. Our continuous focus on efficiency, meeting market demand and maintaining our costs leadership drives our ability to consistently deliver superior profitability and value to all shareholders."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with nearly 51.6Mta capacity across Africa. A fully integrated quarry-to-customer producer, we have a production capacity of 35.25Mta 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; our Gboko plant in Benue state has 4Mta; and our Okpella plant in Edo state has 3Mta. 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 3rd August at 3pm Nigeria/UK time.
Please register using the link below:

Dangote Cement H1 2022 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	6M 2022 '000 tonnes	6M 2021 '000 tonnes	%
Nigeria region			
Cement	9,342	9,813	-4.8%
Clinker	-	57	-
Nigeria region volumes	**9,342**	**9,869**	**-5.3%**
Pan-Africa region			
Cement	4,641	5,320	-12.8%
Clinker	222	145	53.8%
Pan-Africa region volumes	**4,863**	**5,465**	**-11.0%**
Inter-company sales	-	(57)	-
Group volumes**	**14,206**	**15,277**	**-7.0%**
Revenue			
Nigeria	622,981	494,139	26.1%
Pan-Africa	185,056	198,497	-6.8%
Inter-company sales	-	(2,091)	-
Total revenue	**808,037**	**690,545**	**17.0%**
EBITDA			
Nigeria*	349,386	311,178	12.3%
Pan-Africa*	31,720	47,184	-32.8%
Central costs & eliminations	(7,943)	(7,297)	8.9%
Total EBITDA	**373,163**	**351,065**	**6.3%**
EBITDA margins			
Nigeria*	56.1%	63.0%	-6.9pp
Pan-Africa*	17.1%	23.8%	-6.6pp
Group EBITDA margins	**46.2%**	**50.8%**	**-4.7pp**
Profit before tax	264,890	281,254	-5.8%
Tax charge	(92,786)	(89,624)	3.5%
Group net profit	**172,104**	**191,630**	**-10.2%**
Earnings per share	**10.10**	**11.21**	**-9.9%**

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

According to the International Monetary Fund ('IMF') the Russia-Ukraine crisis will contribute to a significant slowdown in global growth in 2022. Inflation is expected to remain elevated for longer, driven by war-induced commodity price increases and intensified supply disruptions. Sub-Saharan Africa's is estimated to grow at 3.8% in 2022, slower than the 4.5% rebound in 2021. This growth, albeit slower than 2021 is supported by favorable external conditions on trade, elevated commodity prices and the relaxation of stringent pandemic measures. The IMF expects growth across all our countries of operation, with Ghana, Senegal and Tanzania expected to grow at the highest rates. We expect this growth to drive stronger cement demand across our markets, which we already witnessed in 2021.

Nigerian Region

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.

According to the IMF's estimates, Nigeria is expected to grow at 3.4% in 2022. Nigeria's growth outlook has improved through higher oil prices and a stronger-than-anticipated recovery of manufacturing and agriculture. Cement demand is sustained by increasing housing infrastructure and commercial construction.

Our Nigerian operations sold over 9.3Mt of cement during the period, down 5.3% on the 9.9Mt sold in H1 2021. When looking at the domestic sales alone, our Nigerian operations sold 8.9Mt, down 5.7% year on year. The slightly lower volume, elevated by the high base of H1 2021 was due to significant inflation, rising interest rate and energy supply disruptions which impacted production. The energy disruptions were largely due to low gas generation in the country, leading to severe power outage impacting various sectors of the economy. These challenges were amplified by the global supply chain disruption and increased global commodity prices. Collectively, this negatively impacted our ability to maximize production during the period.

Revenues for the Nigerian operations increased by 26.1% to ₦623.0B, supported by price increases to offset some of the inflation on our cost lines. The rapidly increasing prices of AGO resulted in a 54.5% year on year increase in our selling and distribution cost. Despite all these challenges, we achieved a strong EBITDA of ₦349.4B, up 12.3% at a margin of 56.1%, excluding central costs and eliminations (2021: ₦311.2, 63.0%), supported by our robust cost reduction measures and higher revenue. We continue to ramp-up production at our 3Mta Okpella plant.

During the period, we exported 414Kt of cement, up 21.0% compared to same period last year.

Pan-African Region

The Pan-African region includes all operations outside Nigeria.

Our Pan-African operations sold 4.9Mt of cement in H1 2022, down 11% on the 5.5Mt sold in H1 2021. This is due to the continuous global supply chain disruption and increasing commodity prices. This was exacerbated, by a shut down in our Congo plant for over 2 months owing to maintenance and repairs, coupled with extended power plant maintenance in Senegal. In Cameroon, Ghana, and Sierra Leone freight costs remains substantially elevated and causes volatility in the landing cost of cement and clinker. The total Pan-African volume represents 34.3% of Group volumes.

Pan-African revenues of ₦185.1B were 6.8% lower than H1 2021, largely as a result of lower volume sold. The region's revenue represented 22.9% of total Group revenue. Pan-Africa EBITDA was ₦31.7B (before central costs and eliminations), down 32.8% due to the inflationary pressure on costs, high freight charges and lower volume sold in H1 2022. During the period, there was a depreciation in the CFA and Ghana Cede which resulted in the significant increased exchange losses to ₦40.7B, which impacted Group bottom line.

Cameroon

Cameroon's GDP is expected to grow at 4.3% in 2022.

We estimate the total market for cement in Cameroon to have been just over 2.0Mt in the first six months of 2022. The market is primarily driven by individual construction projects including roads, bridges and government projects. Increase in clinker cost owing to the global rise in freight cost and overall global supply chain issues are challenging clinker supply.

Our 1.5Mta clinker grinding facility in Douala sold about 658Kt of cement in H1 2022, an 8% decrease on the 718Kt sold in H1 2021. We estimate our market share to have been 32% during the period.

Congo

Congo's GDP is expected to grow at 3.8% in 2022.

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.

We estimate the total market for cement in Congo to have been about 285Kt in the first six months of 2022. Our 1.5Mta integrated plant in Mfila sold 196Kt of cement in H1 2022. This is due to limited production from our plant owing to extended maintenance.

Ethiopia

Ethiopia's GDP is expected to grow at 3.8% in 2022.

The cement market in Ethiopia remains predominantly retail. The main drivers of cement demand remain as infrastructure projects, housing, and industrial parks development. The macro front remains challenging due to rising inflation, currency depreciation and security challenges. The market remains short of supply as most plants are operating at very low capacity.

We estimate the total market for cement in Ethiopia to have been over 2.7Mt in the first six months of 2022. Despite a complex security, social and economic environment, Ethiopia remains an attractive market for cement. There is 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 over 2.7Mt in the first six months of 2022.

Sales at our 2.5Mta factory in Mugher were at 1.1Mt in H1 2022, up 1% year on year. We estimate our market share to have been about 41% during the period. Despite the security challenges, our operation continues to perform strongly.

Ghana

Ghana's GDP is estimated to grow by 5.2% in 2022.

Ghana is benefitting from a stable political environment however, there was a general reduction in government projects in H1. The key drivers for H1 2022 was majorly private individual building developments. Total market sales were estimated at 3.6Mt.

Dangote Cement Ghana sold 117Kt of cement in H1 2021.

Senegal

Senegal's GDP is estimated to grow by 5.0% in 2022

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 4.0Mt, for the first six months of 2022. 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 643kt in the H1 2022. Production was constrained by extended power plant maintenance. The Mali border closure and regional sanctions affected exports.

Sierra Leone

Sierra Leone's GDP is estimated to grow at 3.4% in 2022.

Sierra Leone's cement market continues to improve with increased infrastructure spending, road construction across the country and the resumption of building projects in the corporate sector. A growing population has resulted in a rise in housing construction.

The Sierra Leonean cement market consumed 513Kt of cement for the first six months of 2022. Volume is limited by supply and volatile shipping and cement cost.

South Africa

South Africa's GDP is estimated to grow by 1.9% in 2022.

GDP growth in South Africa remains low with a subdued outlook, and while the economy grew by 4.9% in 2021 (off a 2020 Covid-19 induced low), GDP is still well below pre-pandemic levels.

Our sales volume for H1 2022 decreased by 10%. The year-on-year decrease is attributed to the recent energy crisis, massive fuel inflation, rising interest rates which place further pressure on discretionary income, hence the lower demand for cement.

Tanzania

Tanzania's GDP is estimated to grow by 4.8% in 2022.

Tanzania's GDP growth 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 3.3Mt in the first six months of 2022.

Our 3.0Mta factory at Mtwara sold 944Kt of cement during the period, including clinker sales of 209Kt. This was approximately 19% higher than H1 2021. This was supported by the growing cement demand, improved sales and marketing efforts, and the continuous improvement of our plant operations. We estimate our market share to have been 22% during the period.

Zambia

Zambia's GDP is estimated to grow by 3.1% in 2022.

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 the total market for cement in Zambia to have been 987Kt in H1 2022. Our 1.5Mta Ndola factory sold 276Kt of cement in H1 2022, this lower volume was due to increased competition in the export market.

Our market share for the first half of the year is estimated at 28%.

Management Appointment

After over 3 years of service Mr Guillaume Moyen, Group Chief Finance Officer reached the end of his tenure effective June 30, 2022. The Board thanks Mr Guillaume Moyen for his commitment and contributions to the Group and wishes him well in his future endeavours.

Dr Gbenga Fapohunda has been appointed as the Acting Group Chief Finance Officer with effect from July 1, 2022. Dr Fapohunda is a multi-skilled finance professional with over 17 years of experience. He joined the Group as the Regional Chief Finance Officer (CFO) in Nigeria, effective February 1, 2021. Before this, he was the Executive Finance Director for West Africa at Japan Tobacco International (JTI), where he was on the Board.

FINANCIAL REVIEW

Summary

Six months ended 30th June **Volume sold****	**H1 2022** **'000 tonnes**	**H1 2021** **'000 tonnes**
Nigeria	9,342	9,869
Pan-Africa	4,863	5,465
Inter-company sales	-	(57)
Total volume sold	**14,206**	**15,277**
Revenues	**₦m**	**₦m**
Nigeria	622,981	494,139
Pan-Africa	185,056	198,497
Inter-company sales	-	(2,091)
Total revenues	**808,037**	**690,545**
Group EBITDA*	**373,163**	**351,065**
EBITDA margin	**46.2%**	**50.8%**
Operating profit	318,121	302,197
Profit before tax	264,890	281,254
Tax charge	(92,786)	(89,624)
Net profit	172,104	191,630
Earnings per ordinary share (Naira)	**10.10**	**11.21**

	30/06/2022	**31/12/2021**
Total assets	2,237,339	2,392,019
Net debt	423,045	225,097

*Earnings before interest, taxes, depreciation and amortisation

** Volumes include cement and clinker

Group revenue increased by 17.0% to ₦808.0B from ₦690.5B, driven by price increases to offset heighten inflation.

Volumes sold by our core Nigerian operations decreased by 5.3% to 9.3Mt, elevated by the high base of H1 2021. The decrease is partly as a result of energy supply challenges. Pan-African volumes also reduced by 11.0% to 4.9Mt from 5.5Mt in H1 2021 due to increased supply chain challenges and maintenance activities.

Manufacturing and operating costs

Six months ended 30th June	2022 ₦m	2021 ₦m
Materials consumed	97,009	93,974
Fuel & power consumed	129,957	98,978
Royalties	870	776
Salaries and related staff costs	23,816	18,598
Depreciation & amortization	41,588	36,924
Plant maintenance costs	25,592	20,680
Other production expenses	12,876	10,970
(Increase)/decrease in finished goods and work in progress	(9,247)	(4,785)
Total manufacturing costs	**322,461**	**276,115**

In total, manufacturing costs increased by 16.8% to ₦322.5B from ₦276.1B in H1 2021. Materials consumed increase slightly by 3.3% to ₦97.0B, despite the reduction in production volume owing to inflationary pressures. Fuel & power consumed increased by 31.3% to ₦130.0B due to increasing energy costs especially AGO and coal.

The increase in Nigeria's manufacturing costs was mainly driven by increased plant maintenance cost, rising energy costs and increase in price of gas which is pegged to the USD. The Nigerian Naira depreciated from ₦411/1US$ at the end of H1 2021 to ₦421/1US$ at the end of H1 2022.

Administration and selling expenses

Six months ended 30th June	2022 ₦m	2021 ₦m
Administration and selling costs	169,406	118,284

The total selling and administration expenses rose by 43.2% to ₦169.4B in H1 2022, mainly driven by the 65.3% increase in haulage expenses as a result of the significant rise in AGO costs. Inflationary pressure and the foreign currencies' conversion to Naira are driving part of this increase.

Profitability

Six months ended 30th June	2022 ₦m	2021 ₦m
EBITDA	373,163	351,065
Depreciation, amortization & impairment	(55,042)	(48,868)
Operating profit	**318,121**	**302,197**

EBITDA by operating region		
Nigeria	349,386	311,178
Pan-Africa	31,720	47,184
Central administrations costs and inter-company sales	(7,943)	(7,297)
Total EBITDA	**373,163**	**351,065**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the first six months increased by 6.3% to ₦373.2B at a margin of 46.2% (H1 2021: ₦351.1B, 50.8%) despite elevated inflation.

Excluding eliminations and central costs, Nigeria EBITDA increased by 12.3% to ₦349.4B at a margin of 56.1% (H1 2021: ₦311.2; 63.0%).

Pan-African EBITDA decreased by 32.8% to ₦31.7B, at margin of 17.1% (H1 2021: ₦47.2B; 23.8%), notably driven by rising commodity prices and reduced volume sold caused by interruption in production activities.

Operating profit of ₦318.1B was 5.3% higher than the ₦302.2B for H1 2021 at a margin of 39.4% (H1 2021: 43.8%).

Interest and similar income/expense

Six months ended 30th June	**2022 ₦m**	**2021 ₦m**
Interest income	22,001	9,408
Exchange gain/(loss)	(40,657)	(4,944)
Interest expense	(34,575)	(25,407)
Net finance income / (cost)	**(53,231)**	**(20,943)**

Interest income increased to ₦22.0B mainly as a result of increased interest earning balances.

During the period, there was a depreciation in the CFA and Ghana Cede which resulted in the significant increased exchange losses to ₦40.7B.

Taxation

Six months ended 30th June	**2022 ₦m**	**2022 ₦m**
Tax (charge)/credit	(92,786)	(89,624)

The Group's effective tax rate was at 35.0%, mainly driven by Nigeria income tax charged at 30% plus education tax in Nigeria.

The Group's profit for H1 2022 decreased by 10.2% to ₦172.1B (H1 2021: ₦191.6). As a result, earnings per share decreased to ₦10.10 (H1 2021: ₦11.21).

Financial position

	30th June 2021 ₦m	31st December 2021 ₦m
Property, plant, and equipment	1,398,504	1,472,859
Other non-current assets	47,514	40,996
Intangible assets	4,930	5,122
Total non-current assets	**1,450,948**	**1,518,977**
Current assets	591,925	533,199
Cash and bank balances	194,466	339,843
Total assets	**2,237,339**	**2,392,019**
Non-current liabilities	153,497	155,305
Current liabilities	690,451	688,105
Debt	617,511	564,940
Total liabilities	**1,461,459**	**1,408,350**

Total non-current assets reduced to ₦1,451.0B at the end of H1 2022 from ₦1,519.0B on 31st December 2021. The reduction was mainly due to less aggressive investment cycle and the impact of exchange differences during the period.

Additions to property, plant and equipment were ₦38.9B, of which ₦25.6B was spent in Nigeria and ₦13.3 in Pan Africa operations.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2021	339,843	(564,940)	(225,097)
Cash from operations before working capital changes	370,211	-	370,211
Change in working capital	(30,141)	-	(30,141)
Income tax paid	(49,864)	-	(49,864)
Additions to fixed assets	(38,849)	-	(38,849)
Loan to related party	(41,212)	-	(41,212)
Other investing activities	(254)	-	(254)
Change in non-current prepayments and payables	(8,531)	-	(8,531)
Net lease receivables	4,153	-	4,153
Share buyback	(35,323)	-	(35,323)
Net dividend paid	(333,442)	-	(333,442)
Net interest payment	(26,008)	-	(26,008)
Net loans obtained (repaid)	48,472	(48,472)	-
Overdraft	9,104	(9,104)	-
Other cash and non-cash movements	(13,693)	5,005	(8,688)

As at 30th June 2022	**194,466**	**(617,511)**	**(423,045)**

Cash of ₦370.2B was generated from operations before changes in working capital. After net movement of ₦30.1B in working capital, the net cash flow from operations was ₦340.1B for H1 2022.

Excluding overdraft, financing cash flow of ₦354.1B reflected net loans obtained of ₦48.5B, net interest paid of ₦26.0B, dividend paid of ₦337.7B and share buyback of ₦35.3B.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) reduced to ₦108.9 from ₦263.4B as at 31st December, 2021. Net debt increased by ₦198.0B from ₦225.1B at the end of 2021 to ₦423.0B at 30th June 2021.

Capital Expenditure by region

	Nigeria Region ₦m	Pan-Africa ₦m	Total ₦m
Capital Expenditure	**25,560**	**13,290**	**38,849**

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.