H1 2023 UNAUDITED RESULTS

Dangote Cement PLC

28th July 2023

UNAUDITED RESULTS FOR SIX MONTHS ENDED 30th JUNE 2023

Double digit revenue growth, up 17.7% at ₦950.8B
Record pan-Africa EBITDA up two-folds at ₦93.6B
Recurring PAT up 37.4% at ₦292.2B

Lagos, 28th July 2023: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the six months ended 30th June 2023.

Financial highlights

- Group revenue up 17.7% to ₦950.8B
- Group EBITDA up 18.8% to ₦443.3B; 46.6% margin
- Record pan-Africa EBITDA up two-folds to ₦93.6B; 27.8% margin
- Profit after tax up 3.8% at ₦178.6B, despite non-cash FX loss
- Recurring profit after tax up 37.4%, at ₦292.2B
- Earnings per share at ₦10.39
- Net debt of ₦480.5B; net gearing of 36.6%

Operating highlights

- Group sales volumes down 5.5% to 13.4Mt
- Strong pan-Africa volumes up 11.6% to 5.4Mt
- Commenced operations at our 0.4Mta grinding plant in Ghana
- Exported clinker from Congo to Cameroon
- Operating cost impacted by Naira devaluation

Capital Structure

- In July, Dangote Cement successfully completed Tranche I of its second share buyback programme, repurchasing 0.71% of shares outstanding.

Arvind Pathak, Chief Executive Officer, said:

"Dangote Cement delivered positive results in the first half of the year, with PAT up 3.8% at ₦178.6B, despite non-cash foreign exchange loss of ₦113.6B. Excluding the non-cash FX loss, recurring PAT was up 37.4%, at ₦292.2B.

Our Nigeria operations achieved a 22.6% recovery in sales over the first quarter, which was impacted by the general elections and the cash crunch. However, the steep currency devaluation in mid-June slowed this volume recovery and increased already inflated operating cost.

We navigated the tough terrain, thanks to our strong operational framework and rigorous focus on cost management. Our Group revenue was up by 17.7% to ₦950.8B while our Group EBITDA up 18.8% at ₦443.3B.

I am pleased at the remarkable improvement witnessed in our pan-Africa operations. This is evident in the strong double-digit growth in revenue to ₦336.4B, while EBITDA more than doubled to ₦93.6B, with a record margin of 27.8%. This was boosted by strong performances and capacity maximization in Ethiopia and Senegal.

Reaffirming our commitment to creating additional value for our shareholders beyond just dividend payments, Dangote Cement completed the first Tranche of its second share buyback programme, repurchasing 0.71% of issued shares. I thank the investing public for the increased confidence bestowed on Dangote Cement over the years.

Looking ahead, our 0.4Mta grinding plant in Ghana has commenced operations and we are on track to complete our 1.5Mta grinding plant in Cote d'Ivoire. We will continue to focus on our strategic growth priorities, hinged on our vision of transforming Africa and building a sustainable future. I am optimistic that our business remains resilient and well positioned to overcome unforeseen macroeconomic headwinds."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with 52.0Mta 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 (2.0Mta 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 31st July at 15.30 Lagos/15:30 UK time.

Please register using the link below:

Dangote Cement H1 2023 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 call.

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SUMMARY OPERATING REVIEW, ₦mn

	6M 2023 '000 tonnes	6M 2022 '000 tonnes	%
Nigeria volumes	8,108	9,342	-13.2%
Pan Africa volumes	5,427	4,863	11.6%
Inter-company sales	(115)	-	
Group volumes**	**13,420**	**14,206**	**-5.5%**
Revenue			
Nigeria	618,545	622,981	(0.7%)
Pan-Africa	336,389	185,056	81.8%
Inter-company sales	(4,102)	-	
Total revenue	**950,832**	**808,037**	**17.7%**
EBITDA			
Nigeria*	359,056	349,386	2.8%
Pan-Africa*	93,649	31,720	195.2%
Central costs & eliminations	(9,450)	(7,943)	-
Total EBITDA	**443,255**	**373,163**	**18.8%**
EBITDA margins			
Nigeria*	58.0%	56.1%	200bps
Pan-Africa*	27.8%	17.1%	107bps
Group EBITDA margins	**46.6%**	**46.2%**	**40bps**
Profit before tax	239,863	264,890	(9.4%)
Tax charge	(61,260)	(92,786)	(34.0%)
Group net profit	**178,603**	**172,104**	**3.8%**
Recurring PAT***	**292,229**	**212,761**	**37.4%**
Earnings per share	**10.39**	**10.10**	**2.9%**

* Excluding central costs / eliminations
** Volumes include cement and clinker
***Profit after tax excluding adjustment for FX loss

Macroeconomic Outlook

The global economic landscape is still grappling with the myriad of challenges from 2022. Central banks across the world continue to tighten their grip on interest rates in moves to contain spiraling inflation. The IMF estimates global growth will slow to 2.8% in 2023, down from the 3.4% seen in 2022.

Likewise, in sub-Saharan Africa (SSA) the confluence of insistent global inflation, elevated sovereign debt spreads and tighter monetary policies have led to higher borrowing costs and have placed greater pressure on exchange rates. Given this challenging environment, the region's growth will decline to 3.6% in 2023 from 3.9% in 2022 following the strong rebound of 2021, according to the IMF.

Nigeria 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.

The first half of the year was characterised by heightened macroeconomic uncertainty that stemmed from the buildup to the general elections and its associated risk, as well as the currency devaluation.

In the second quarter, the Nigerian government floated the naira against the dollars, in a move to converge rates across foreign exchange windows. In response, the naira weakened from ₦461.1/$ at the end of 2022 to ₦756.2/$ at the end of June 2023.

On the one hand, the sharp FX devaluation added to the already heightened inflationary environment, with foreign currency exposures impacting on our operating costs. Conversely, it positively impacted our Nigerian business, with a net FX gain of ₦462.8B coming from our pan-Africa assets.

Sales volume from our Nigerian operation stood at 4.5Mt in the second quarter of the year, 22.6% higher than the 3.6Mt in Q1, highlighting the uptick in economic activities in the quarter. Collectively our Nigerian operations sold 8.1Mt in H1 2023, down 13.2% from the 9.3Mt sold in the corresponding period of 2022 as the election uncertainty, cash crunch, currency devaluation and rainfall all impacted sales.

Revenues for the Nigerian operations was down slightly at ₦618.5B. Notwithstanding, EBITDA from our Nigerian operations was up 2.8% to ₦359.1bn, excluding central costs and eliminations (H1 2022: ₦349.4bn, 56.1%). Our Nigerian operation recorded an EBITDA margin of 58.0%.

We continue to build on our cost reduction strategy amid the high operating cost environment. These cost containment measures involve the use of alternative fuel (AF) to improve our energy mix, efficiencies in our plant operations, and the use of Compressed Natural Gas (CNG) for our trucks.

Pan-Africa Region

The pan-African region includes all operations outside Nigeria.

Our pan-African operations performed strongly in the first half owing to robust demand, particularly from Ethiopia, Senegal, Zambia and Congo.

Sales volume for our pan-African operation was up 11.6% to 5.4Mt in H1 2023 from 4.9Mt in H1 2022. The total pan-African volume accounts for 40.4% of Group volumes.

Consequently, pan-African revenues of ₦336.4B were 81.8% higher than H1 2022. The region's revenue accounted for 35.4% of total Group revenue. Pan-Africa EBITDA was ₦93.6bn (before central costs and eliminations), a strong 195.2% growth from the ₦31.7bn recorded in H1 2022.

Cameroon

Cameroon's GDP is projected to grow at 4.3% in 2023, higher than the growth of 3.4% in 2022.

The cement industry in Cameroon has continued to show resilience due to the resumption of government projects. This has supported the overall expansion of the economy, as the industrial sector contributes the largest portion to GDP growth. We estimate the total market for cement in Cameroon to have been 2.1Mt in H1 2023.

Our 1.5Mta clinker grinding facility in Douala sold 700Kt of cement in H1 2023, up by 6.4% year- on-year. Ongoing construction of highways between Douala and Yaounde, constructions of roads and bridges all over the country, and an increase in developmental projects in various regions, are major projects expected to spur cement demand in the near term.

Congo

Congo's GDP is projected to grow at 4.1% in 2023, higher than the growth of 2.8% in 2022.

The cement market in Congo is growing, owing to a revival of government infrastructure projects, such as the construction of a new oil refinery, the construction of hospitals and the development of the National Road, N°2. 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 389Kt in H1 2023. Our 1.5Mta integrated plant in Mfila sold 349Kt, 77.9% increase from the 196Kt sold in the prior year. Clinker exports to Cameroon commenced in June.

Ethiopia

Ethiopia's economy expanded 6.4% in 2022 and is projected to grow at a slightly slower pace of 6.1% in 2023.

The cement market in Ethiopia witnessed an increased activity level, growing 25% in the first half of 2023. Although the market continues to battle with challenges of high inflation and a devaluation of the birr, Ethiopia looks set for a progressive year in cement sales.

We estimate the total market for cement in Ethiopia to have been 3.4Mt in H1 2023. Sales at our 2.5Mta factory in Mugher were at 1.2Mt in H1 2023, up by 8.6% year on year. The growth in volume was due to improved clinker production and the increasing number of private and government infrastructural projects, boosting cement demand.

Ghana

Ghana's GDP is estimated to grow at a slow pace of 1.6% in 2023 from a growth of 3.2% in 2022.

Ghana's economy is battling with an acute government revenue shortage and high inflation that has widened the budget deficit, which caused the cedi to lose over half of its value. The country has embarked on a debt restructuring program as part of the conditions to access the IMF facility and help get the economy back on track.

Despite the short-term challenges, Ghana's cement industry has shown a high level of resilience, supported by pockets of new private housing projects in selected urban centers of the country. We estimate the total market for cement at 3.3Mt.

Dangote Cement Ghana took coordinated steps in improving retail footprints and product availability that translated into improved sales. Our sales volume was up 23.6% to 145Kt in H1 2023. We commenced operations at our 0.4Mta grinding plant in Takoradi.

Senegal

Senegal recorded a GDP growth of 4.7% in 2022 and is projected to sustain a higher growth momentum of 8.3% in 2023.

Senegal's lofty growth forecast in 2023 mirrors the country's strong performing cement market. The cement market has benefitted from a relatively stable environment, the availability of limestone and the gradual normalisation of the diplomatic relationship between Mali and its neighbours. We estimate the total cement market in Senegal to have been 4.9Mt in H1 2023.

Our 1.5Mta plant in Pout sold 890.5Kt in H1 2023, up by 38.5% from the prior year. The ongoing infrastructural project including Diam Niadio-Mbour-Kaolack road project, as well as other urban road construction, should support the growth of cement sales in the short to medium term. Our operation in Senegal is operating at full capacity.

Sierra Leone

Sierra Leone's GDP is estimated to grow by 3.1% in 2023, faster than the 2.8% growth of 2022.

The Sierra Leonean cement market consumed 418Kt of cement in H1 2023. Pockets of stock shortages impacted volumes for the year. Dangote Cement Sierra Leone sold 35.2Kt of cement in the period.

South Africa

South Africa's GDP is estimated to grow by 0.1% in 2023, down from the 2.0% growth in 2022.

The South African economy is stressed with a deep energy crisis and power cuts that have resulted in high commodity prices. In addition, interest rates are at a fourteen-year high to curb inflation.

Despite these challenges, our sales volume for H1 2023 was up slightly by 1.5% year-on-year. Dangote Cement South Africa continues to increase the thermal substitution of conventional coals with alternative fuel to hedge against soaring inflation and rising energy cost.

Tanzania

Tanzania's GDP is projected to grow at 5.2% in 2023, stronger than the growth of 4.7% in 2022.

In Tanzania, our operations were impacted by high unanticipated rainfall affecting construction activities and transportation challenges. This resulted in a marginal decline in sales volume by 1.2% to 932.4Kt in H1 2023.

Nonetheless, ongoing projects such as the Rufiji Dam; Mtwara Airport and roads rehabilitation; Dodoma roads construction; Tabora – Katavi power transmission project amongst others, hold potentials for volume growth in the year.

Zambia

Zambia's GDP is estimated to grow at 4.0% in 2023, faster than a growth of 3.4% in 2022.

We estimate the total market for cement in Zambia to have been 1.1Mt in H1 2023. Sales volume at our 1.5Mta Ndola factory was up 14.2% to 315.5Kt in the period, supported by improved clinker exports to neighbouring countries.

Board Changes

The Board of Directors of Dangote Cement approved the appointment of Mr. Alvaro Poncioni Mérian as Independent Non-Executive Director effective 1 August 2023.

Mr. Alvaro Poncioni Mérian is the Founder & Managing Partner of EDNAM Capital, United Kingdom and Founder & Executive Chairman Munegu Partners, Hong Kong. Mr. Alvaro is a Laureate, "Concours General des Lycées". He has an MSc. in Management & Finance (honours) from HEC Paris and M.A. in Public Affairs & International Relations (honours) from Sciences-Po Paris. He was the Global Head of Building Materials at Morgan Stanley Investment Banking.

FINANCIAL REVIEW

Summary

Six months ended 30th June	**H1 2023**	**H1 2022**
Volume sold**	**'000 tonnes**	**'000 tonnes**
Nigeria	8,108	9,342
Pan-Africa	5,427	4,863
Inter-company sales	(115)	-
Total volume sold	**13,420**	**14,206**
Revenues	**₦m**	**₦m**
Nigeria	618,545	622,981
Pan-Africa	336,389	185,056
Inter-company sales	(4,102)	-
Total revenues	**950,832**	**808,037**
Group EBITDA*	**443,255**	**373,163**
EBITDA margin	**46.6%**	**46.2%**
Operating profit	380,036	318,121
Profit before tax	239,863	264,890
Tax charge	(61,260)	(92,786)
Net profit	178,603	172,104
Earnings per ordinary share (Naira)	**10.39**	**10.10**

	30/06/2023	**31/12/2022**
Total assets	3,188,074	2,615,655
Net debt	480,497	422,891

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

Group revenue increased by 17.7% to ₦950.8B from ₦808.0B, reflecting increase in prices in line with inflationary realities. Pan-Africa revenue was up by 81.8% to₦336.4B, owing to robust demand from the region in addition to price increases.

Volumes sold by our core Nigerian operations decreased by 13.2% to 8.1Mt owing to the cash crunch and the uncertainty from the general election in the first quarter. The rainfall and Naira devaluation in the second quarter of the year also impacted volumes.

Meanwhile, pan-African volumes were up by 11.6% to 5.4Mt from 4.9Mt in the first six month of 2022, on the back of improved sales in Cameroon, Ghana, Senegal, Zambia, Congo and South Africa.

Manufacturing and operating costs

Six months ended 30th June	2023 ₦m	2022 ₦m
Materials consumed	102,762	97,009
Fuel & power consumed	157,020	129,957
Royalties	1,745	870
Salaries and related staff costs	27,549	23,816
Depreciation & amortization	51,056	41,588
Plant maintenance costs	29,834	25,592
Other production expenses	23,049	12,876
(Increase)/decrease in finished goods and work in progress	(9,927)	(9,247)
Total manufacturing costs	383,088	322,461

In total, manufacturing costs increased by 18.8% to ₦383.1B in H1 2023 from ₦322.5B in H1 2022, owing to inflationary pressure. A major driver of the increase was fuel & power consumed which increased by 20.8% to ₦157.0B

Administration and selling expenses

Six months ended 30th June	2023 ₦m	2022 ₦m
Administration and selling costs	198,707	169,406

The total selling and administration expenses rose by 17.3% to ₦198.7B in H1 2023, driven by the 14.8% increase in haulage expenses due to the significant rise in AGO costs. Inflationary pressure and the devaluation of the foreign currencies also drove part of this increase.

Profitability

Six months ended 30th June	2023 ₦m	2022 ₦m
EBITDA	443,255	373,163
Depreciation, amortization & impairment	(63,219)	(55,042)
Operating profit	**380,036**	**318,121**
EBITDA by operating region		
Nigeria	359,056	349,386
Pan-Africa	93,649	31,720
Central administrations costs and inter-company sales	(9,450)	(7,943)
Total EBITDA	**443,255**	**373,163**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the year increased by 18.8% to ₦443.3B at a margin of 46.6% (H1 2022: ₦373.2B, 46.2%).

Pan-African EBITDA more than doubled to ₦93.6bn, at a margin of 27.8% (H1 2022: ₦31.7bn; 17.1%).

Operating profit of ₦380.0B was 19.5% higher than the ₦318.1B for H1 2022 at a margin of 40.0% (H1 2022: 39.4%).

Interest and similar income/expense

Six months ended 30th June	2023 ₦m	2022 ₦m
Interest income	16,207	22,001
Exchange gain/(loss)	(113,626)	(40,657)
Interest expense & other finance cost	(49,424)	(34,575)
Net finance income / (cost)	**(146,843)**	**(53,231)**

Interest income decreased by 26.3% to ₦16.2B due to reduced interest earning balances.

Foreign exchange loss of ₦113.6B from our foreign currency obligations impacted Group profitability, following the devaluation of the Naira from ₦461.1/$ at the end of 2022 to ₦756.2/$ at the end of June 2023.

However, our Nigerian operations recorded a foreign exchange gain of ₦462.8B on inter-Company loans from our pan-African assets.

Taxation

Six months ended 30th June	2023 ₦m	2022 ₦m
Tax (charge)/credit	(61,260)	(92,786)

The Group's profit for H1 2023 increased by 3.8% to ₦178.6B (H1 2022: ₦172.1B), despite the non-cash FX loss of ₦113.6B which impacted bottom line. Consequently, earnings per share increased to ₦10.39 (H1 2022: ₦10.10).
Excluding the non-cash FX loss, recurring PAT was up 37.4%, at ₦292.2B.

Financial position

	30th June 2023 ₦m	31st December 2022 ₦m
Property, plant, and equipment	2,016,424	1,527,293
Other non-current assets	79,126	58,676
Intangible assets	10,981	6,225
Total non-current assets	2,106,531	1,592,194
Current assets	760,782	739,618
Cash and bank balances	320,761	283,843
Total assets	**3,188,074**	**2,615,655**
Non-current liabilities	189,626	181,525
Current liabilities	884,813	648,449
Debt	801,258	706,734
Total liabilities	**1,875,697**	**1,536,708**

Total non-current assets increased by 32.3% to ₦2,106.5B at the end of June 2023 from ₦1,592.2B on 31st December 2022.

Additions to property, plant and equipment was ₦31.8B, with ₦12.4B spent in Nigeria and ₦19.4B in Pan Africa operations.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2022	283,843	(706,734)	(422,891)
Cash from operations before working capital changes	391,566	-	391,566
Change in working capital	14,285	-	14,285
Income tax paid	(55,731)	-	(55,731)
Additions to fixed assets	(31,836)	-	(31,836)
Loans repaid by related party	143,812	-	143,812
Other investing activities	(97)	-	(97)
Change in non-current prepayments and payables	(1,607)	-	(1,607)
Net lease receivables	4,540	-	4,540
Net dividend paid	(337,471)	-	(337,471)
Net interest payment	(31,993)	-	(31,993)
Net loans obtained (repaid)	59,652	(59,652)	-
Overdraft	(115,255)	115,255	-
Other cash and non-cash movements	(2,947)	(150,127)	(153,074)
As at 30 June 2023	**320,761**	**(801,258)**	**(480,497)**

Cash of ₦391.6B was generated from operations before changes in working capital. After net movement of ₦14.3B in working capital, the net cash flow from operations was ₦405.9B for H1 2023.

Excluding overdraft, financing cash flow of ₦316.3B reflected net loans obtained of ₦59.7B, interest paid of ₦37.8B, dividend paid of ₦337.5B and lease payment of ₦619 million.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) increased to ₦303B from ₦150.9B as at 31st December, 2022. Net debt increased by ₦57.6B from ₦422.9B at the end of 2022 to ₦480.5B at end of June 2023.

Capital Expenditure by region

	Nigeria Region ₦m	Pan-Africa ₦m	Total ₦m
Capital Expenditure	12,415	19,421	**31,836**

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