9M 2024 UNAUDITED RESULTS

Dangote Cement PLC

24th October 2024

UNAUDITED RESULTS FOR NINE MONTHS ENDED 30th SEPTEMBER 2024

Nigeria volumes up 9.5% despite flooding and elevated rainfall
Group EBITDA up 37.1% at ₦908.7B
Nigeria exports up 75.5%

Lagos, 24th October 2024: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the nine months ended 30th September 2024.

Financial highlights

- Group revenue up 69.1% to ₦2,560.6B
- Group EBITDA up 37.1% to ₦908.7B; 35.5% margin
- Nigeria EBITDA up 37.3% to ₦697.4B; 45.5% margin
- Pan-Africa EBITDA up 45.4% to ₦247.1B; 22.6% margin
- Profit after tax up 0.6% at ₦279.1B
- Earnings per share up 2.9% at ₦16.55
- Net debt of ₦1,050.5B; net gearing of 48.6%

Operating highlights

- Group volumes up by 1.9% to 20.7Mt
- Rebound in Nigeria volumes, up 9.5% to 13.2Mt
- Exported 22 ships of clinker from Nigeria to Ghana and Cameroon
- Nigeria cement and clinker exports up 75.5% at 873Kt

ESG highlights

- Commissioned 11 of the 17 Alternative Fuel Projects across the Group
- Arrival of 1500 full CNG trucks to support cost saving initiatives

Arvind Pathak, Chief Executive Officer, said:

"Our financial results for the nine months period demonstrate superior performance across key metrics, as we diligently execute our strategic priorities for the year. Group volumes grew by 1.9% year-on-year to 20.7Mt, largely due to a significant rebound in Nigeria. This growth was supported by promotional activities and enhanced route-to-market solutions, which helped mitigate the impact of adverse weather conditions.

Despite the challenges of elevated inflation, high borrowing costs, and further currency depreciation that characterized the nine-month period, our business showed remarkable resilience. This was achieved through a strong focus on cost minimisation and our diversified business model. Group revenue surged by 69.1% to ₦2,560.6 billion, while EBITDA increased by 37.1% to ₦908.7 billion. As such, PAT closed at ₦279.1 billion, a modest 0.6% increase on the back of FX loss. Both our revenue and EBITDA for the nine-month period have already exceeded our full-year 2023 performance, with additional growth potential anticipated in the last quarter. I am pleased with the Company's overall performance, as key financial indicators are showing positive trends.

Leveraging our robust export-to-import strategy, Dangote Cement successfully completed 22 shipments of clinker from Nigeria to Ghana and Cameroon. This effort resulted in a 75.5% increase in our Nigerian exports, highlighting our commitment to promoting Africa cement self-sufficiency.

Looking ahead, our key focus remains on enhancing efficiency and delivering greater value. We will continue to prioritise innovation, cleaner energy transition, and cost leadership towards achieving our vision of transforming Africa and building a sustainable future."

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 and clinker, serving neighbouring countries.

In addition, we have operations in Cameroon (1.5Mta clinker grinding), Congo (1.5Mta), Ghana (2.0Mta clinker grinding and 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 30th October at 14.00 Lagos/13:00 UK time.

Please register using the link below:

Dangote Cement 9M 2024 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

	9M 2024 '000 tonnes	9M 2023 '000 tonnes	%
Nigeria volumes	13,161	12,017	9.5%
Pan-Africa volumes	8,357	8,492	(1.6%)
Inter-company sales	(844)	(221)	
Group volumes**	**20,674**	**20,288**	**1.9%**
Revenue			
Nigeria	1,531,475	933,084	64.1%
Pan-Africa	1,093,606	588,243	85.9%
Inter-company sales	(64,508)	(6,726)	
Total revenue	**2,560,573**	**1,514,601**	**69.1%**
EBITDA			
Nigeria*	697,422	508,116	37.3%
Pan-Africa*	247,123	170,017	45.4%
Central costs & eliminations	(35,855)	(15,371)	133.3%
Total EBITDA	**908,690**	**662,762**	**37.1%**
EBITDA margins			
Nigeria*	45.5%	54.5%	(9.0pp)
Pan-Africa*	22.6%	28.9%	(6.3pp)
Group EBITDA margins	**35.5%**	**43.8%**	**(8.3pp)**
Profit before tax	406,386	404,890	0.4%
Tax charge	(127,290)	(127,342)	
Group net profit	**279,096**	**277,548**	**0.6%**
Earnings per share	**16.55**	**16.08**	**2.9%**

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

Macroeconomic outlook

The global economy has shown remarkable resilience, maintaining steady growth while inflation gradually decreases from its peak in 2023, even amidst escalating conflicts in the Middle East. This has provided relief for monetary authorities, prompting them to reconsider their hawkish stance. For the first time since July of 2023, the United States Federal Reserve lowered interest rates by half a percentage point, reflecting progress in reducing inflation, which has declined from a 40-year high of 9.1% in mid-2022 to 2.5%, approaching the target level.

The International Monetary Fund (IMF), in its latest World Economic Outlook, maintained its global growth outlook for 2024 through 2025 at 3.2%, underscoring the fragile state of economic recovery. According to the Fund, geopolitical conflicts in the Middle East, the lingering Russia-Ukraine crisis and its attendant consequences on global trade remain significant impediments to the global growth outlook.

In sub-Saharan Africa (SSA), the challenges of accelerated inflation, elevated sovereign debt spreads and tighter monetary policies persist, further pushing up borrowing costs while placing greater pressure on the exchange rates. These multiple shocks hindered SSA's growth, leading to a slowdown for the second consecutive year in 2023, at 3.4%. However, SSA is expected to rebound slightly at 3.8% in 2024.

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.

Nigeria continues to navigate a series of policy reforms. Borrowing costs have surged, with the monetary authorities delivering five consecutive hikes in benchmark interest to 27.25%. This marks an 850-basis point increase from the 18.75% last year, aimed at addressing spiraling inflation. While some progress has been recorded, with inflation easing for two consecutive months to 32.15% in August, the repeated increases in the pump price of premium motor spirit and its pass-through effect on transportation cost reversed the disinflation trend, as headline inflation quickened to 32.7% in September, further eroding consumer purchasing power.

Notwithstanding, our Nigerian business navigated the challenging environment with volume up 9.5% to 13.2Mt, from the 12.0Mt sold in nine months of 2023. This growth was driven by promotional activities and improved route to market solution. These activities boosted market presence of our products and mitigated the adverse effects of higher rainfall and flooding.

Consequently, revenue from the Nigerian operations increased by 64.1% to ₦1,531.5B in 9M 2024, while EBITDA rose by 37.3% to ₦697.4B, excluding central costs and eliminations (9M 2023: ₦508.1B, margin of 54.5%). Our Nigerian operation recorded an EBITDA margin of 45.5%.

Our lower EBITDA margin was as a result of the significant devaluation of the Naira compared to the same period last year, which resulted in a significant increase in both our variable and fixed costs.

During the period, the Nigeria region shipped 645.9Kt of clinker to Cameroon and Ghana. However, cement exports were reduced to 227Kt due to a halt in exports with neighbouring Niger. Cumulatively, total Nigerian exports were up 75.5% to 873kt.

We have received over 1,500 CNG trucks to replace high diesel-powered vehicles, supporting our cost-saving initiatives. Our goal is to expand this fleet to 3,000 in the coming years.

Pan-Africa Region

The pan-African region includes all operations outside Nigeria.

Our pan-African operations recorded marginal decline in volume of 1.6% to 8.4Mt in 9M 2024 from 8.5Mt in the corresponding period of 2023, caused by adverse weather conditions, particularly in Tanzania.

Notwithstanding, total pan-African revenue of ₦1,093.6B in 9M 2024 was up by 85.9% from 9M 2023. The region's revenue accounted for 42.7% of total Group revenue, supported by price increases in some selected countries and translation effect following the devaluation of the naira.

Pan-Africa EBITDA came in at ₦247.1B (before central costs and eliminations) in 9M 2024, a strong 45.4% growth from the ₦170.0B recorded in 9M 2023. This strong EBITDA performance was also supported by the reduction in coal prices which impacted positively on some of our operations. We continue to see positive diversification benefits coming from the strong performance across our pan-Africa operations. We are at full capacity in Senegal and Ethiopia, while Cameroon is close to full capacity.

Cameroon

Cameroon's GDP is projected to grow at 4.3% in 2024, higher than the growth of 4.0% in 2023.

The cement sector in Cameroon has displayed remarkable resilience, thanks to the recommencement of government initiatives. This has bolstered the economy's overall growth, with the industrial segment playing a pivotal role in GDP expansion. The resurgence of government construction projects has fueled a thriving market. Nevertheless, operational challenges emerged due to inflationary pressures and rising fuel costs. Our projections indicate that the cement market in Cameroon reached a total of 3.2Mt in 9M 2024.

Sales volume at our 1.5Mta clinker grinding facility in Douala saw a modest growth of 0.8%, 1.0Mt in 9M 2024. Ongoing infrastructural projects, including highway construction between Douala and Yaounde, road and bridge projects nationwide, and an increase in developmental initiatives across various regions, are expected to drive cement demand in the near term.

Congo

Congo's GDP is projected to grow at 4.4% in 2024, higher than the growth of 4.0% in 2023.

The cement sector in Congo is experiencing growth, driven by a resurgence in government-led infrastructure projects. These include the construction of a new oil refinery, two general hospitals, ongoing hotel construction, and the repair of urban roads in Pointe Noire and Brazzaville.

Our 1.5Mta integrated plant in Mfila sold 686.7Kt (including exports) in 9M 2024, a 12.2% increase from the 612.2Kt sold in 9M 2023, despite logistics constraints. This growth is bolstered by robust demand for export sales of cement to the Democratic Republic of Congo (DRC) and clinker exports to Cameroon.

Ethiopia

Ethiopia's economy is projected to expand by 6.2% in 2024, down from the growth of 7.2% in 2023.

Ethiopia's cement market continues to witness substantial growth, buoyed by increased economic activity levels. However, accelerating commodity prices continue to remain a challenge. With a 3-year and 12-month cumulative rate of inflation of 129% and 28%, respectively, as of September 2024, according to the Ethiopian national statistics office, Ethiopia's inflation is categorised as hyperinflationary.

Sales at our 2.5Mta factory in Mugher were at 1.7Mt in 9M 2024, a 6.3% decline year-on-year. This drop is primarily due to the resurgence of security concerns and the limited access to imported coal from South Africa. In response, Dangote Cement Ethiopia has intensified efforts to ramp up alternative fuel usage and optimise the cement-to-clinker ratio, while maintaining full production capacity. We estimate total market for cement in Ethiopia to have been 5.5Mt in 9M 2024.

Ghana

Ghana’s GDP is projected to pick up at 2.8% in 2024 from a slower growth of 2.3% in 2023.

Ghana's economy is showing gradual signs of improvement, supported by prudent fiscal management under the country’s IMF program. While still classified as hyperinflationary, inflationary pressures have been easing since the beginning of the year, reaching a two-year low of 22.8% in June. In response, the Bank of Ghana implemented a 100-basis point cut in the benchmark interest rate in January.

Despite these challenges, the economy has made a significant recovery, with GDP growing by 6.9% year-on-year in the second quarter of 2024, marking the fastest growth in five years, driven by expansion across several key sectors.

Our estimation places the total cement market at 4.0Mt. Dangote Cement Ghana is ramping up production following the commissioning of our 0.45Mt grinding plant last year. Our sales volume was up 61.7% to 375.6Kt in 9M 2024. Our Takoradi plant improved production and launched our 42.5N grade into the market. We were able to increase retail footprint and product availability.

Senegal

Senegal’s GDP is projected to grow by 8.8% in 2024 from an estimated growth of 4.1% in 2023.

Senegal’s lofty growth forecast in 2024 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. While economic activities are gradually picking up in the second quarter following the successful election and eventual hand-over to a new government, they are yet to reach pre-election levels. We estimate that the total domestic cement market in Senegal was 7.0Mt in 9M 2024.

Our 1.5Mta plant in Pout sold 1.2Mt in 9M 2024, down by 5.4% from the corresponding period in the prior year, largely due to the uncertainties surrounding the election period, which negatively impacted cement sales. In response, Dangote Cement Senegal implemented various sales and marketing initiatives, while also improving operational efficiency. This has led to modest increase in sales, particularly in the third quarter. In the medium to long-run, ongoing infrastructural projects including railway transport from Dakar to Tambacounda, as well as other urban road construction, are expected to support continued growth in cement sales.

South Africa

South Africa’s GDP is forecasted to grow by 0.9% in 2024, higher than the growth of 0.7% in 2023.

South Africa’s economy is reeling from election uncertainties with growth subdued at 0.4% in the second quarter. However, there are positive signs, as the severe energy crisis that has confronted the nation is gradually being alleviated. This improvement is due to a more stable supply from the national utility and reduced demand, thanks to significant investments in renewable energy alternatives.

During the period, Dangote Cement South Africa took proactive steps in increasing the use of alternative fuels amidst rising energy costs caused by power cuts. In 9M 2024, our sales volume was relatively flat year-on-year.

Tanzania

Tanzania's GDP is projected to grow by 5.5% in 2024, stronger than the growth of 5.0% in2023.

Tanzania boasts a sizable cement market, driven primarily by its construction and manufacturing sectors, which significantly contribute to the country's GDP. However, in the nine months of 2024, the sector encountered several challenges, including higher-than-expected rainfall and insufficient government funding, which consequently impacted cement sales.

Sales volume from our Tanzania operation declined 13.8% to 1.3Mt in 9M 2024. Nevertheless, ongoing projects such as the Rufiji Dam, Mtwara Airport and roads rehabilitation, Dodoma roads construction, and the Tabora – Katavi power transmission project, among others, present opportunities for the country's cement market. We estimate the total cement market size for the nine months period to be approximately 4.4Mt.

Zambia

Zambia's GDP is forecasted to grow by 4.7% in 2024, faster than the growth of 4.3% in 2023.

Despite a general slowdown in economic activity, particularly in the retail and mining sectors, Zambia's cement market has remained resilient. The country's GDP forecast was revised downward from 5.4% to 2.3%, impacted by rising inflation, which hit a record high of 15.2%. This inflation surge, driven by increasing fuel prices and a power deficit, led monetary authorities to implement tighter controls, increasing borrowing costs and weakening purchasing power. However, these conditions have also funneled more investable funds into the real estate sector.

Despite the challenges, Zambia's economic outlook remains promising, bolstered by the government's completion of a restructuring deal with various creditors and the receipt of relief funds from the IMF.

During the nine months period, Dangote Cement Zambia launched national sales promotion and digital marketing campaigns, resulting in increased sales. Additionally, Dangote Cement Zambia also recorded improved clinker exports to neighboring countries such as DRC, Zimbabwe, and Burundi.

Sales volume at our 1.5Mta Ndola factory was up 19% to 654Kt in the period, supported by demand recovery, particularly in retail. We estimate the total market for cement in Zambia to have been 2.3Mt in 9M 2024

FINANCIAL REVIEW

Summary

Volume sold**	9M 2024 '000 tonnes	9M 2023 '000 tonnes
Nigeria	13,161	12,017
Pan-Africa	8,357	8,492
Inter-company sales	(844)	(221)
Total volume sold	**20,674**	**20,288**
Revenues	**₦m**	**₦m**
Nigeria	1,531,475	933,084
Pan-Africa	1,093,606	588,243
Inter-company sales	(64,508)	(6,726)
Total revenues	**2,560,573**	**1,514,601**
Group EBITDA*	**908,690**	**662,762**
EBITDA margin	**35.5%**	**43.8%**
Operating profit	750,400	561,008
Profit before tax	406,386	404,890
Tax charge	(127,290)	(127,342)
Net profit	279,096	277,548
Earnings per ordinary share (Naira)	**16.55**	**16.08**

	30/9/2024	31/12/2023
Total assets	5,536,043	3,938,725
Net debt	1,050,458	521,287

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

Group revenue rose 69.1% to ₦2,560.6B in 9M 2024 from ₦1,514.6B in 9M 2024, owing to buoyant volume growth from Nigeria in addition to price increases in selected operations in line with inflationary realities.

Sales volumes from our core Nigerian operations rose 9.5% to 13.2Mt in 9M 2024 from 12.0Mt in 9M 2023. The rebound in Nigeria volumes was driven by enhanced sales and marketing initiatives that further boosted the market presence of our products to benefit from the uptick in economic activities.

As a result, Nigeria revenue rose 64.1% to ₦1,531.5B in 9M 2024 from ₦933.1B in 9M 2023.

Meanwhile, pan-African volumes recorded a marginal decline of 1.6% to 8.4Mt. However, revenues were up by 85.9% to ₦1,093.6B, while EBITDA closed the period at ₦247.1B, up 45.4% from the corresponding year.

Manufacturing and operating costs

Nine months ended 30th September	**2024 ₦m**	**2023 ₦m**
Materials consumed	299,831	169,906
Fuel & power consumed	534,827	255,445
Royalties	3,777	2,818
Salaries and related staff costs	98,877	46,745
Depreciation & amortization	131,746	82,682
Plant maintenance costs	114,184	49,939
Other production expenses	87,530	39,257
(Increase)/decrease in finished goods and work in progress	(34,456)	(4,049)
Total manufacturing costs	1,236,316	642,743

In total, manufacturing costs increased by 92.3% to ₦1,236.3B in 9M 2024 from ₦642.7B in 9M 2023, owing to the steep Naira devaluation which impacted cash cost. A major driver of the increase was fuel & power consumed which increased by 109.4% to ₦534.8B.

Administration and selling expenses

Nine months ended 30th September	**2024 ₦m**	**2023 ₦m**
Administration and selling costs	610,314	327,061

The total selling and administration expenses rose by 86.6% to ₦610.3B in 9M 2024, driven by the 91.2% increase in haulage expenses due to the significant rise in AGO costs. Inflationary pressure and the devaluation of the naira drove part of this increase.

Profitability

Nine months ended 30th September	**2024 ₦m**	**2023 ₦m**
EBITDA	908,690	662,762
Depreciation, amortization & impairment	(158,290)	(101,754)
Operating profit	**750,400**	**561,008**
EBITDA by operating region		
Nigeria	697,422	508,116
Pan-Africa	247,123	170,017
Central administrations costs and inter-company sales	(35,855)	(15,371)
Total EBITDA	**908,690**	**662,762**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the nine months period increased by 37.1% to ₦908.7B at a margin of 35.5% (9M 2023: ₦662.8B, 43.8%).

Pan-African EBITDA rose 45.4% to ₦247.1B in 9M 2024, at a margin of 22.6% (9M 2023: ₦170.0B; 28.9%), supported by improved pricing mix, translational gain and enhanced efficiency.

Operating profit of ₦750.4B in 9M 2024 was 33.8% higher than the ₦561.0B for 9M 2023 at a margin of 29.3% (9M 2023: 37.0%).

Interest and similar income/expense

Nine months ended 30th September	2024 ₦m	2023 ₦m
Interest income	29,129	20,667
Exchange gain/(loss)	(222,079)	(99,016)
Interest expense & other finance cost	(229,140)	(91,081)
Net finance income / (cost)	**(422,090)**	**(169,430)**

Interest income increased by 40.9% to ₦29.1B due to increased interest earning balances.

Net foreign exchange loss of ₦222.1B from our foreign currency obligations reflects the devaluation of the naira from ₦951/$ at the end of December 2023 to ₦1,674/$ at the end of September 2024.

Taxation

Nine months ended 30th September	2024 ₦m	2023 ₦m
Tax (charge)/credit	(127,290)	(127,342)

The Group's profit for 9M 2024 was up slightly by 0.6% to ₦279.1B, despite the impact of the ₦222.1B FX loss due to the steep devaluation of the currency. Consequently, earnings per share was up 2.9% to ₦16.55 (9M 2023: ₦16.08). Effective tax rate was slightly lower at 31.3% in 9M 2024.

Financial position

	30th September 2024 ₦m	31st December 2023 ₦m
Property, plant, and equipment	3,322,556	2,383,528
Other non-current assets	169,909	133,827
Intangible assets	19,477	12,356
Total non-current assets	**3,511,942**	**2,529,711**
Current assets	1,492,850	961,917
Cash and bank balances	531,251	447,097
Total assets	**5,536,043**	**3,938,725**
Non-current liabilities	260,143	211,889
Current liabilities	1,532,307	1,032,612
Debt	1,581,709	968,384
Total liabilities	**3,374,159**	**2,212,885**

Total non-current assets increased by 38.8% to ₦3,511.9B at the end of September 2024 from ₦2,529.7B as at year end of 2023

Additions to property, plant and equipment was ₦175.6B, with ₦114.1B spent in Nigeria and ₦61.5B in pan-Africa.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2023	447,097	(968,384)	(521,287)
Cash from operations before working capital changes	775,916	-	775,916
Change in working capital	(120,044)	-	(120,044)
Income tax paid	(128,743)	-	(128,743)
Additions to fixed assets	(175,622)	-	(175,622)
Loans repaid by related party	60,010	-	60,010
Other investing activities	(86)	-	(86)
Change in non-current prepayments and payables	(9,918)	-	(9,918)
Net lease receivables	3,116	-	3,116
Net dividend paid	(502,565)	-	(502,565)
Net interest payment	(161,311)	-	(161,311)
Net loans obtained (repaid)	(4,467)	4,467	-
Overdraft	325,964	(325,964)	-
Other cash and non-cash movements	21,904	(291,828)	(269,924)
As at 30th September 2024	**531,251**	**(1,581,709)**	**(1,050,458)**

Cash of ₦775.9B was generated from operations before changes in working capital. After net movement of negative ₦120.0B in working capital, the net cash flow from operations was ₦655.9B for 9M 2024.

Excluding overdraft, financing cash flow of ₦686.7B reflected net loans repaid of ₦4.5B, interest paid of ₦177.6B, dividend paid of ₦502.6B and lease payment of ₦2.1B.

Cash and cash equivalents (net of bank overdrafts) reduced to ₦190.3B in 9M 2024 from ₦432.2B as at 31st December 2023. Net debt increased by ₦529.2B from ₦521.3B at the year end of 2023 to ₦1,050.5B at end of September 2024.

Capital expenditure by region

	Nigeria Region ₦m	Pan-Africa ₦m	Total ₦m
Capital Expenditure	114,072	61,550	175,622

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.