Q1 2023 UNAUDITED RESULTS

Dangote Cement PLC

28th April 2023

UNAUDITED RESULTS FOR THE YEAR ENDED 31st March 2023

Strong recovery and operational delivery in pan-Africa

Group profit after tax up 3.4% to ₦109.5B

Record pan-Africa EBITDA, up 71.0%

Lagos, 28th April 2023: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the year ended 31st March 2023.

Financial highlights

- Group revenue down 1.6% to ₦406.7B
- Group EBITDA down 12.0% to ₦185.7B; 45.7% margin
- Record pan-Africa EBITDA up 71.0% to ₦31.2B; 24.7% margin
- Profit after tax up 3.4% to ₦109.5B
- Earnings per share up 4.2% to ₦6.44
- Net debt of ₦394.1B; net gearing of 33.4%

Operating highlights

- Group sales volumes down 13.5% to 6.3Mt
- Pan-Africa volumes up 8.9% to 2.6Mt
- Election uncertainty and cash unavailability impacted Nigeria volumes
- Improved energy supply in Nigeria and pan-Africa
- Planned 6Mta Itori Plant to boost local capacity

Capital Structure

- Received regulatory approval for second share buyback progamme
- Issued Commercial Paper of ₦138B at attractive rates for working capital purposes

Arvind Pathak, Chief Executive Officer, said:

"Strong operational delivery, rigorous focus on costs and capital discipline has enabled us to deliver strong profits for the first quarter, despite the volatile macroeconomic environment. Our profit after tax increased by 3.4% to ₦109.5B. Similarly, our Africa strategy continues to yield the needed gain, with pan-African delivering strong growth in revenue and EBITDA of 38.5% and 71.0%, respectively.

In Nigeria, the cash crunch coupled with the uncertainty around the general elections led to a slowdown in key private and public infrastructure investments. Consequently, our Nigerian operations recorded a drop in volume, resulting in a 13.5% decline in Group volume.

In fulfilling our commitment to create additional value for our shareholders, we have received regulatory approval for our second buyback programme. We will continue to monitor the evolving business environment and market conditions, in making decisions on tranches of the share buy-back programme.

Looking ahead, our strategic growth priorities are on track. We are progressing well to deploy grinding plants in Ghana and Cote d'Ivoire; and we have further announced plans to strengthen our local production capacity in Nigeria.

At Dangote Cement, 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 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 Tuesday 2nd May at 15.00 Lagos/15:00 UK time.

Please register using the link below:
Dangote Cement Q1 2023 Results Conference Call

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

	Q1 2023 '000 tonnes	Q1 2022 '000 tonnes	%
Group volumes**	**6,270**	**7,248**	**-13.5%**
Revenue			
Nigeria	280,315	321,918	-12.9%
Pan-Africa	126,407	91,263	38.5%
Total revenue	**406,722**	**413,181**	**-1.6%**
EBITDA			
Nigeria*	158,618	196,548	-19.3%
Pan-Africa*	31,162	18,225	71.0%
Central costs & eliminations	(4,072)	(3,752)	8.5%
Total EBITDA	**185,708**	**211,021**	**-12.0%**
EBITDA margins			
Nigeria*	56.6%	61.1%	-450bps
Pan-Africa*	24.7%	20.0%	470bps
Group EBITDA margins	**45.7%**	**51.1%**	**-540bps**
Profit before tax	146,824	156,398	-6.1%
Tax charge	(37,323)	(50,547)	-26.2%
Group net profit	**109,501**	**105,851**	**3.4%**
Earnings per share	**6.44**	**6.18**	**4.2%**

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

Macroeconomic Outlook

The recent bouts of banking instability have shown that the global economy is still fragile, and yet to fully recover from the multi-year shocks. Hence, due to persistent high inflation and recent financial sector turmoil, 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.

However, for our cement operations, we saw a strong demand in pan-Africa as we proactively implemented a robust cost reduction strategy and a performance improvement plan across the Group.

These initiatives enabled us to manage our costs efficiently and deliver strong results despite the weak macroeconomic environment.

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 uncertainty and sentiments around the Nigerian elections, stalled economic activities with many private and public projects on hold, until the outcome of the elections. Collectively, this negatively impacted volume of cement sales and limited our ability to maximize production during the period. Based on historical trends, we expect a rebound in cement demand in the second half of the year following the change in Government. That said, the IMF expects Nigeria to grow at 3.2% in 2023, down slightly from 3.3% in 2022. Nigeria's growth outlook is buoyed by higher oil prices and buoyant consumption activities.

Our Nigerian operations sold 3.6Mt of cement in the first quarter of 2023, down 24.6% from the 4.8Mt sold in Q1 2023. The decline in volume was due to cash crunch and negative sentiments around the elections. The cash unavailability impacted construction workers daily wages and retailers' ability to pay for cement in cash.

Revenues for the Nigerian operations declined by 12.9% to ₦280.3B, due to the uncertainties during the period. The increased prices of Automotive Gas Oil (AGO) resulted in a 7.9% year on year increase in selling and distribution cost. Accordingly, EBITDA of our Nigerian operations was down 19.3% to ₦158.6bn, at a margin of 56.6%, excluding central costs and eliminations (Q1 2022: ₦196.5bn, 61.1%).

We continue to build on our cost reduction strategy amid the high operating cost environment. This cost containment measures involves 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.

Opportunities abound for cement demand in the Nigerian market, and to meet the increasing demand we are strengthening our local production capacity efforts with the announcement of the construction of an additional 6Mta cement plant in Itori, Ogun state. Once completed, our local capacity in Nigeria will increase to 41.25Mta.

Pan-Africa Region

The pan-African region includes all operations outside Nigeria.

Our pan-African operations performed strongly in the first quarter owing to robust demand particularly from Senegal, Congo and Zambia; with Senegal now back to operating at full capacity. This was supported by a rebound in Congo's operations after months of shutdown due to maintenance in the first quarter of 2022.

Sales volume for our pan-African operation was up 8.9% to 2.6Mt in Q1 2023 from 2.4Mt in Q1 2022. The total pan-African volume accounts for 41.9% of Group volumes.

Pan-African revenues of ₦126.4B were 38.5% higher than Q1 2022. The region's revenue accounted for 31.1% of total Group revenue. While, Pan-Africa EBITDA was ₦31.2bn (before central costs and eliminations), a brilliant 71.0% growth from the ₦18.2bn recorded in Q1 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 1.1Mt in Q1 2023.

Our 1.5Mta clinker grinding facility in Douala sold about 363Kt of cement in Q1 2023, up by 7% 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 190Kt in Q1 2023. Our 1.5Mta integrated plant in Mfila sold 158Kt, over 4 times increase from the 36Kt sold in the prior year.

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 4.3% in the first quarter of 2023. Although the market continues to battle with challenges of sky-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 1.5Mt in Q1 2023. Sales at our 2.5Mta factory in Mugher were at 555Kt in Q1 2023, down by 4.6% year on year. The decline in volume was due to low-capacity utilisation on the back of heightened macroeconomic risk, and foreign exchange shortages. Notwithstanding, our operation continues to perform strongly.

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 centres of the country. Total market sales was estimated at 1.8Mt. Dangote Cement Ghana took coordinated steps in improving retail footprints and product availability that translated into improved sales. Our sales volume was up 82.7% to 83.3Kt in Q1 2023.

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 2.5Mt in Q1 2023, with Dangote Cement Senegal accounting for 18.4% of the market in the period.

Our 1.5Mta plant in Pout sold 457Kt in Q1 2023, up by 30.6% 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.

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 207Kt of cement in Q1 2023. Volume is limited by supply and volatile shipping and cement costs. Pockets of stock shortages impacted volumes for the year. Dangote Cement Sierra Leone sold 20Kt 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 ten-year high to curb inflation.

Despite these challenges, our sales volume for 2022 was up slightly by 0.4% 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 gas shortage and a high unanticipated rainfall. This resulted in a decline in sales volume by 12.4% to 445Kt in Q1 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 487Kt in Q1 2023. Sales volume at our 1.5Mta Ndola factory was up 17.8% to 153Kt in the period, supported by improved exports to neighbouring countries.

FINANCIAL REVIEW

Summary

Volume sold**	Q1 2023 '000 tonnes	Q1 2022 '000 tonnes
Nigeria	3,642	4,834
Pan-Africa	2,627	2,414
Inter-company sales	-	-
Total volume sold	**6,270**	**7,248**
Revenues	**₦m**	**₦m**
Nigeria	280,315	321,918
Pan-Africa	126,407	91,263
Inter-company sales	-	-
Total revenues	**406,722**	**413,181**
Group EBITDA*	**185,708**	**211,021**
EBITDA margin	**45.7%**	**51.1%**
Operating profit	156,867	182,803
Profit before tax	146,824	156,398
Tax charge	(37,323)	(50,547)
Net profit	109,501	105,851
Earnings per ordinary share (Naira)	**6.44**	**6.18**

	31/3/2023	31/12/2022
Total assets	2,698,670	2,615,655
Net debt	394,097	422,891

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

Group revenue decreased slightly by 1.6% to ₦406.7B from ₦413.2B, caused by the slowdown in sales from our Nigerian operation. However, pan-Africa revenue was up by 38.5% to ₦126.4B.

Volumes sold by our core Nigerian operations decreased by 24.6% to 3.6Mt owing to the intense cash crunch and a slowdown of economic activities, as a result of the just concluded general elections. Notwithstanding, pan-African volumes were up by 8.9% to 2.6Mt from 2.4Mt in the first quarter of 2022, on the back of improved sales in Cameroon, Senegal, Zambia, Congo and Ghana.

Manufacturing and operating costs

Three months ended 31st March	2023 ₦m	2022 ₦m
Materials consumed	48,173	50,622
Fuel & power consumed	56,681	55,471
Royalties	760	421
Salaries and related staff costs	11,888	11,094
Depreciation & amortization	23,655	21,383
Plant maintenance costs	13,647	12,545

Other production expenses	11,310	5,344
(Increase)/decrease in finished goods and work in progress	(2,443)	(2,772)
Total manufacturing costs	**163,671**	**154,108**

In total, manufacturing costs increased by 6.2% to ₦163.7B in Q1 2023 from ₦154.1B in Q1 2022, owing to inflationary pressure. Meanwhile, materials consumed decreased by 4.8% to ₦48.2B, reflecting the reduction in production volumes from our Nigerian operation. Fuel & power consumed increased slightly by 2.2% to ₦56.7B.

Administration and selling expenses

Three months ended 31st March	2023 ₦m	2022 ₦m
Administration and selling costs	87,392	77,620

The total selling and administration expenses rose by 12.6% to ₦87.4B in Q1 2023, driven by the 18.0% increase in haulage expenses as a result of the significant rise in AGO costs. Inflationary pressure and the devaluation of the foreign currencies also drove part of this increase.

Profitability

Three months ended 31st March	2023 ₦m	2022 ₦m
EBITDA	185,708	211,021
Depreciation, amortization & impairment	28,841	(28,218)
Operating profit	**156,867**	**182,803**
EBITDA by operating region		
Nigeria	158,618	196,548
Pan-Africa	31,162	18,225
Central administrations costs and inter-company sales	(4,072)	(3,752)
Total EBITDA	**185,708**	**211,021**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the year decreased by 12.0% to ₦185.7B at a margin of 45.7% (Q1 2022: ₦211.0B, 51.1%).

Pan-African EBITDA rose by 71.0% to ₦31.2bn, at a margin of 24.7% (Q1 2022: ₦18.2bn; 20.0%).

Operating profit of ₦156.9B was 14.2% lower than the ₦182.8B for Q1 2022 at a margin of 38.6% (Q1 2022: 44.2%).

Interest and similar income/expense

Three months ended 31st March	2023 ₦m	2022 ₦m
Interest income	10,466	10,356
Exchange gain/(loss)	(9,789)	(18,220)
Interest expense & other finance cost	(22,723)	(18,541)
Net finance income / (cost)	**(22,046)**	**(26,405)**

Interest income increased slightly to ₦10.5B due to increased interest earning balances.

Foreign exchange loss of ₦9.8B was lower than the ₦18.2B reported in the corresponding period in 2022, due to a recovery in the CFA and more stable Naira.

Taxation

Three months ended 31st March	2023 ₦m	2022 ₦m
Tax (charge)/credit	(37,323)	(50,547)

The Group's profit for Q1 2023 increased by 3.4% to ₦109.5B (Q1 2022: ₦105.9B). As a result, earnings per share increased to ₦6.44 (Q1 2022: ₦6.18).

Financial position

	31st March 2023 ₦m	31st December 2022 ₦m
Property, plant, and equipment	1,517,187	1,527,293
Other non-current assets	56,835	58,676
Intangible assets	6,208	6,225
Total non-current assets	1,580,230	1,592,194
Current assets	863,246	739,618
Cash and bank balances	255,194	283,843
Total assets	**2,698,670**	**2,615,655**
Non-current liabilities	185,928	181,525
Current liabilities	684,739	648,449
Debt	649,291	706,734
Total liabilities	**1,519,958**	**1,536,708**

Total non-current assets declined to ₦1,580.2B at the end of March 2023 from ₦1,592.2B on 31st December 2022.

Additions to property, plant and equipment were ₦10.2B, of which ₦3.98B was spent in Nigeria and ₦6.18B 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	183,136	-	183,136
Change in working capital	(68,470)	-	(68,470)
Income tax paid	(1,406)	-	(1,406)
Additions to fixed assets	(10,161)	-	(10,161)
Loan to related party	(64,000)	-	(64,000)
Other investing activities	(73)	-	(73)
Change in non-current prepayments and payables	(302)	-	(302)
Net lease receivables	1,369	-	1,369
Net interest payment	(7,339)	-	(7,339)
Net loans obtained (repaid)	68,212	(68,212)	-
Overdraft	(126,295)	126,295	-
Other cash and non-cash movements	(3,320)	(640)	(3,960)
As at 31st March 2023	**255,194**	**(649,291)**	**(394,097)**

Cash of ₦183.1B was generated from operations before changes in working capital. After net movement of ₦68.5B in working capital, the net cash flow from operations was ₦114.7B for Q1 2023.

Excluding overdraft, financing cash flow of ₦57.2B reflected net loans obtained of ₦68.2B, interest paid of ₦9.9B and lease payment of ₦1.1B

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) increased to ₦248.5B from ₦150.9B as at 31st December, 2022. Net debt decreased by ₦28.8B from ₦422.9B at the end of 2022 to ₦394.1B at end of March 2023.

Capital Expenditure by region

	Nigeria Region ₦m	Pan-Africa ₦m	Total ₦m
Capital Expenditure	**3,984**	**6,177**	**10,161**

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.