



9M 2023 UNAUDITED RESULTS



Dangote Cement PLC

26th October 2023

UNAUDITED RESULTS FOR NINE MONTHS ENDED 30th September 2023

PAT up 30.2% at ₦277.5B

Record Group EBITDA up 28.5% at ₦662.8B

Diversification benefit coming from a strong pan-Africa performance

Lagos, 26th October 2023: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the nine months ended 30th September 2023.

Financial highlights

- Group revenue up 28.7% to ₦1,514.6B
- Group EBITDA up 28.5% to ₦662.8B; 43.8% margin
- Record pan-Africa EBITDA up three-folds to ₦170.0B; 28.9% margin
- Profit after tax up 30.2% to ₦277.5B
- Earnings per share up 29.6% at ₦16.08
- Net debt of ₦507.7B; net gearing of 37.2%

Operating highlights

- Group sales volumes down 2.4% to 20.3Mt
- Strong pan-Africa volumes up 15.2% to 8.5Mt
- Commenced operations at our 0.45Mta grinding plant in Ghana
- Clinker exports to Cameroon in Q3
- Thermal substitution rate at 9.8% for 9M 2023 vs. 3.8% in 2022
- Commissioned 9 alternative fuel projects across our operations
- Okpella alternative fuel system to be commissioned in December

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:

"This positive nine-months result is a combination of our strong value proposition, improved operational efficiency and a sustained drive to contain cost amidst an accelerating inflationary environment. We achieved double-digit growth in Group revenue at ₦1,514.6B, while EBITDA rose to an all-time high of ₦662.8B, up 28.5%.

Again, we continue to show the strength in the diversity of our operations. Our pan-African operations generated a record revenue and EBITDA growth of 103.9% and 255.4%, respectively, contributing 41.9% to Group volumes. This unprecedented growth was driven by sustained demand across our countries of operation. We will continue to explore emerging opportunities and export strategies around the region to further consolidate the Group performance.

Albeit the current inflationary environment and its impact on operating costs, we have flagged off the "distributors promo" across various regions in Nigeria. This, we believe would support our customers by creating a positive income effect for purchasers of Dangote Cement.



Looking ahead, we are at the final stage in the completion of our 1.5Mta grinding plant in Cote d'Ivoire, having commissioned our 0.45Mta Takoradi plant in the first half of the year. We are focused on improving our value proposition, anchored on our promise to deliver strong and superior cement to our unwavering customers. I am very pleased with the direction of our business and confident we will finish the year strong."

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 30th October at 16.00 Lagos/16:00 UK time.

Please register using the link below:

[Dangote Cement 9M 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.

Contact details:

Temilade Aduroja
Head of Investor Relations
Dangote Cement PLC
+234 915 469 1597
InvestorRelationsDangoteCement@dangote.com

SUMMARY OPERATING REVIEW, ₦mn

	9M 2023	9M 2022	
	'000 tonnes	'000 tonnes	%
Nigeria volumes	12,017	13,481	-10.9%
Pan Africa volumes	8,492	7,372	15.2%
Inter-company sales	(221)	(56)	
Group volumes**	20,288	20,797	-2.4%
Revenue			
Nigeria	933,084	890,654	4.8%
Pan-Africa	588,243	288,509	103.9%
Inter-company sales	(6,726)	(1,907)	
Total revenue	1,514,601	1,177,256	28.7%
EBITDA			
Nigeria*	508,116	479,924	5.9%
Pan-Africa*	170,017	47,844	255.4%
Central costs & eliminations	(15,371)	(11,889)	29.3%
Total EBITDA	662,762	515,879	28.5%
EBITDA margins			
Nigeria*	54.5%	53.9%	60bps
Pan-Africa*	28.9%	16.6%	123bps
Group EBITDA margins	43.8%	43.8%	0bps
Profit before tax	404,890	335,900	20.5%
Tax charge	(127,342)	(122,799)	3.7%
Group net profit	277,548	213,101	30.2%
Earnings per share	16.08	12.41	29.6%

* Excluding central costs / eliminations

** Volumes include cement and clinker

Macroeconomic outlook

The global economy continues to show signs of recovery from the triple whammy of the COVID-19 pandemic, Russia's invasion of Ukraine and the acute energy crisis, but emerging trends of military junta in the African region and the rising geopolitical tension in the Middle East cast doubt to macroeconomic outlook.

The International Monetary Fund (IMF), in its latest World Economic Outlook, maintained its global growth outlook for this year at 3% and slightly lowered its forecast for 2024 to 2.9%, underscoring the fragility of the recovery.

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 3.3% in 2023 from 4.0% 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.

Nigeria is navigating through a blend of policy reforms enacted by the new administration. The impact of the currency weakening from the naira float and removal of petrol subsidy, have continued to exert pressure on operating costs by further pushing up commodity prices and inflation, thereby affecting the retail end of the market.

Sales volume from our Nigerian operation stood at 12Mt in 9M 2023, down by 10.9% from the 13.5Mt in the corresponding period of 2022. In terms of domestic sales alone, volume was 11.5Mt, down 10.3% year on year. The decline in domestic sales highlights the impact of the election uncertainty, cash crunch, currency devaluation and rainfall that characterised the period.

Notwithstanding, revenues from the Nigerian operations came in at ₦933.1B, while EBITDA from our Nigerian operations was up 5.9% to ₦508.1bn, excluding central costs and eliminations (9M 2022: ₦479.9bn, margin of 53.9%). Our Nigerian operation recorded an EBITDA margin of 54.5%.

As part of our initiatives to support demand and drive customer loyalty, our Nigerian operation began a "distributors promo" across various regions in the country.

Finally, 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 nine months period of the year, owing to robust demand from our countries of operation. This was supported by healthy volume growth in Senegal and Congo; whilst Ethiopia continues to contribute strongly to the Group. We are at full capacity in Senegal and Ethiopia, while Cameroon is close to full capacity.

Sales volume for our pan-African operation was up 15.2% to 8.5Mt in 9M 2023 from 7.4Mt in 9M 2022. The total pan-African volume accounted for 41.9% of Group volumes.

Consequently, total pan-African revenue of ₦588.2B was over two times higher than 9M 2022. The region's revenue accounted for 38.8% of total Group revenue.

Pan-Africa EBITDA came in at ₦170.0bn (before central costs and eliminations), a strong 255.4% growth from the ₦47.8bn recorded in 9M 2022. This EBITDA was also supported by the reduction in coal prices which impacted positively on some of our operations. We continue to see positive diversification benefit coming from the strong performance across our pan-Africa operations.

Cameroon

Cameroon's GDP is projected to grow at 4.0% in 2023, higher than the growth of 3.8% 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 3.1Mt in 9M 2023.

Our 1.5Mta clinker grinding facility in Douala sold 1.0Mt of cement in 9M 2023, up by 1.6% 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 4.0% in 2023, higher than the growth of 1.7% 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 671Kt in 9M 2023. Our 1.5Mta integrated plant in Mfila sold 612Kt (including exports), 60.5% increase from the 381Kt sold in the prior year. This performance is supported by a strong demand for export sales of cement. 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.

Ethiopia's cement market continues to witness substantial growth, buoyed by increased economic activity level and a return to normalcy after years of societal conflict.

Although the market faces the challenge 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 5.2Mt in 9M 2023. Sales at our 2.5Mta factory in Muger were at 1.9Mt in 9M 2023, up by 6.5% 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 1.2% in 2023 from a growth of 3.1% in 2022.

Ghana's economy is showing signs of gradual improvement with some level of stabilisation in the exchange rate, on the back of a high fiscal prudence under the country's IMF programme.



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. We estimate the total market for cement at 4.9Mt.

Dangote Cement Ghana took coordinated steps in improving retail footprints and product availability that translated into improved sales. Our sales volume was up 15.5% to 232Kt in 9M 2023. We commenced operations at our 0.45Mta grinding plant in Takoradi in June this year.

Senegal

Senegal recorded a GDP growth of 4.0% in 2022 and is projected to sustain a higher growth momentum of 4.1% 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 5.2Mt in 9M 2023, including exports.

Our 1.5Mta plant in Pout sold 1.2Mt in 9M 2023, up a strong 66.9% 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 2.7% in 2023, slower than the 4.0% growth of 2022.

The Sierra Leonean cement market consumed 638.6Kt of cement in 9M 2023. Pockets of stock shortages impacted volumes for the year. Dangote Cement Sierra Leone sold 39.5Kt of cement in the period.

South Africa

South Africa's GDP is estimated to grow by 0.9% in 2023, down from the 1.9% growth in 2022.

Dangote Cement South Africa continues to show resilience in an economy burdened with a deep energy crisis and power cuts that has pushed up operating cost and resulted in high inflation.

Our sales volume for 9M 2023 was up by 8.5% year-on-year. The volume growth was driven by innovative strategy to improve bulk sales. We increased thermal substitution of conventional coals with alternative fuel to hedge against rising energy cost. South Africa has the highest thermal substitution rate of 55.6%.

Tanzania

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

Tanzania has a huge market for cement with its construction and manufacturing sectors the major drivers of GDP.

The total market for cement in the nine months period is estimated 5.5Mt. Sales volume from our Tanzania operation was 6.5% higher at 1.5Mt on the back of improvement in sales to Southern Highlands, Zanzibar and improved exports.

Ongoing projects such as the Rufiji Dam; Mtwara Airport and roads rehabilitation; Dodoma roads construction; Tabora – Katavi power transmission project amongst others, is expected to drive cement demand in the near-medium term.

Zambia

Zambia's GDP is estimated to grow at 4.7% in 2023, faster than a growth of 3.6% in 2022.

We estimate the total market for cement in Zambia to have been 1.8Mt in 9M 2023. Sales volume at our 1.5Mta Ndola factory was up 18.0% to 550Kt in the period, supported by demand recovery, particularly in retail. Dangote Cement Zambia also recorded improved clinker exports to neighboring countries.

FINANCIAL REVIEW

Summary

Nine months ended 30 th September	9M 2023	9M 2022
Volume sold**	'000 tonnes	'000 tonnes
Nigeria	12,017	13,481
Pan-Africa	8,492	7,372
Inter-company sales	(221)	(56)
Total volume sold	20,288	20,797
Revenues	₦m	₦m
Nigeria	933,084	890,654
Pan-Africa	588,243	288,509
Inter-company sales	(6,726)	(1,907)
Total revenues	1,514,601	1,177,256
Group EBITDA*	662,762	515,879
EBITDA margin	43.8%	43.8%
Operating profit	561,008	433,623
Profit before tax	404,890	335,900
Tax charge	(127,342)	(122,799)
Net profit	277,548	213,101
Earnings per ordinary share (Naira)	16.08	12.41
	30/09/2023	31/12/2022
Total assets	3,344,733	2,615,655
Net debt	507,658	422,891

*Earnings before interest, taxes, depreciation and amortisation

** Volumes include cement and clinker

Group revenue increased by 28.7% to ₦1,514.6B from ₦1,177.3B, reflecting increase in prices in line with inflationary realities compared to same period last year. Pan-Africa revenue was up by 103.9% to ₦588.2B, owing to robust demand from the region in addition to price increases.

Volumes sold by our core Nigerian operations decreased by 10.9% to 12.0Mt owing to the cumulative effect of the cash crunch and the uncertainty from the general election in the first quarter, as well as the intense rainfall in the third quarter.

Meanwhile, pan-African volumes were up by 15.2% to 8.5Mt from 7.4Mt in the nine months of 2022, on the back of improved sales, especially coming from Senegal and Congo.

Manufacturing and operating costs

Nine months ended 30 th September	2023 ₦m	2022 ₦m
Materials consumed	169,906	144,896
Fuel & power consumed	255,445	198,152
Royalties	2,818	1,463
Salaries and related staff costs	46,745	34,162
Depreciation & amortization	82,682	62,224
Plant maintenance costs	49,939	37,179
Other production expenses	39,257	21,048
(Increase)/decrease in finished goods and work in progress	(4,049)	(15,293)
Total manufacturing costs	642,743	483,831

In total, manufacturing costs increased by 32.8% to ₦642.7B in 9M 2023 from ₦483.8B in 9M 2022, owing to inflationary pressure. A major driver of the increase was fuel & power consumed which increased by 28.9% to ₦255.4B.

Administration and selling expenses

Nine months ended 30 th September	2023 ₦m	2022 ₦m
Administration and selling costs	327,061	263,277

The total selling and administration expenses rose by 24.2% to ₦327.1B in 9M 2023, driven by the 20.9% 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

Nine months ended 30 th September	2023 ₦m	2022 ₦m
EBITDA	662,762	515,879
Depreciation, amortization & impairment	(101,754)	(82,256)
Operating profit	561,008	433,623
EBITDA by operating region		
Nigeria	508,116	479,924
Pan-Africa	170,017	47,844
Central administrations costs and inter-company sales	(15,371)	(11,889)
Total EBITDA	662,762	515,879

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the year increased by 28.5% to ₦662.8B at a margin of 43.8% (9M 2022: ₦515.9B, 43.8%).

Pan-African EBITDA more than tripled to ₦170.0B, at a record margin of 28.9% (9M 2022: ₦47.8bn; 16.6%), supported by strong volume growth, and a reduction in cash cost in some operations in comparison to 9M 2022.

Operating profit of ₦561.0B was 29.4% higher than the ₦433.6B for 9M 2022 at a margin of 37.0% (9M 2022: 36.8%).

Interest and similar income/expense

Nine months ended 30 th September	2023 ₦m	2022 ₦m
Interest income	20,667	28,834
Exchange gain/(loss)	(99,016)	(72,390)
Interest expense & other finance cost	(91,081)	(54,167)
Net finance income / (cost)	(169,430)	(97,723)

Interest income decreased by 28.3% to ₦20.7B due to reduced interest earning balances.

Net foreign exchange loss of ₦99.0B from our foreign currency obligations reflects the devaluation of the naira from ₦461.1/\$ at the end of 2022 to ₦776.8/\$ at the end of September 2023.

Gains on monetary assets of ₦13.3B was recorded in the period from the classification of Ethiopia as a hyper-inflationary economy.

Taxation

Nine months ended 30 th September	2023 ₦m	2022 ₦m
Tax (charge)/credit	(127,342)	(122,799)

The Group's profit for 9M 2023 increased by 30.2% to ₦277.5B (9M 2022: ₦213.1B). Consequently, earnings per share increased to ₦16.08 (9M 2022: ₦12.41).

Effective tax rate of 31.5% in 9M 2023 was lower (9M 2022: 36.6%) due to higher non-taxed exchange gains in the period.

Financial position

	30 th September 2023 ₦m	31 st December 2022 ₦m
Property, plant, and equipment	2,019,007	1,527,293
Other non-current assets	114,386	58,676
Intangible assets	11,262	6,225
Total non-current assets	2,144,655	1,592,194
Current assets	814,816	739,618
Cash and bank balances	385,262	283,843
Total assets	3,344,733	2,615,655
Non-current liabilities	212,781	181,525
Current liabilities	873,022	648,449
Debt	892,920	706,734
Total liabilities	1,978,723	1,536,708

Total non-current assets increased by 34.7% to ₦2,144.7B at the end of September 2023 from ₦1,592.2B on 31st December 2022.

Additions to property, plant and equipment was ₦68.4B, with ₦30.2B spent in Nigeria and ₦38.2B 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	615,728	-	615,728
Change in working capital	(38,173)	-	(38,173)
Income tax paid	(124,482)	-	(124,482)
Additions to fixed assets	(68,386)	-	(68,386)
Loans repaid by related party	132,812	-	132,812
Other investing activities	(171)	-	(171)
Change in non-current prepayments and payables	(37,412)	-	(37,412)
Net lease receivables	5,261	-	5,261
Share buyback	(41,423)	-	(41,423)
Net dividend paid	(337,471)	-	(337,471)
Net interest payment	(45,135)	-	(45,135)
Net loans obtained (repaid)	96,726	(96,726)	-
Overdraft	(51,879)	51,879	-
Other cash and non-cash movements	(4,576)	(141,339)	(145,915)
As at 30 September 2023	385,262	(892,920)	(507,658)

Cash of ₦615.7B was generated from operations before changes in working capital. After net movement of ₦38.2B in working capital, the net cash flow from operations was ₦577.6B for 9M 2023.

Excluding overdraft, financing cash flow of ₦347.9B reflected net loans obtained of ₦96.7B, interest paid of ₦63.8B, dividend paid of ₦337.5B and lease payment of ₦2.0B.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) increased to ₦304.2B from ₦150.9B as at 31st December 2022. Net debt increased by ₦84.8B from ₦422.9B at the end of 2022 to ₦507.7B at end of September 2023.

Capital expenditure by region

	Nigeria Region ₦m	Pan-Africa ₦m	Total ₦m
Capital Expenditure	30,179	38,208	68,386

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.