Q1 2024 UNAUDITED RESULTS

Dangote Cement PLC

25th April 2024

UNAUDITED RESULTS FOR THREE MONTHS ENDED 31st MARCH 2024

Strong rebound in Nigeria volumes up 26.1%
Group EBITDA up 66.6% at ₦309.5B
Nigeria exports up 87.2%

Lagos, 25th April 2024: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the three months ended 31st March 2024.

Financial highlights

- Group revenue up 101% to ₦817.4B
- Group EBITDA up 66.6% to ₦309.5B; 37.9% margin
- Nigeria EBITDA up 41.8% to ₦224.9B; 49.7% margin
- Pan-Africa EBITDA increasing over threefold to ₦99.9B; 26.2% margin
- Profit after tax up 2.9% to ₦112.7B
- Earnings per share up 3.7% at ₦6.68
- Net debt of ₦558.8B; net gearing of 24.7%

Operating highlights

- Group volumes up by 12.3% to 7.0Mt
- Strong rebound in Nigeria volumes up 26.1% to 4.6Mt
- Dispatched 7 ships of clinker from Nigeria to Ghana and Cameroon
- Nigeria cement and clinker exports up 87.2% at 264Kt

ESG highlights

- Thermal substitution rate estimated at 10.7% for Q1 2024 vs. 8.7% in Q1 2023
- Commissioned 10 of the 17 Alternative Fuel Projects across the Group

Arvind Pathak, Chief Executive Officer, said:

"Driven by an uptick in economic activities, our Nigerian operations witnessed a strong rebound, with volumes up 26.1% to 4.6Mt in the quarter. Similarly, our pan-Africa operations continued an upward trajectory, with volumes up 3.1% to 2.7Mt, buoyed by increased sales in Zambia and Congo.

Despite elevated cost pressures, increased borrowing costs, and a further currency weakening, our first-quarter results reflect our commitment to navigating challenges effectively. Group revenue more than doubled to ₦817.4B, while Group EBITDA rose 66.6% to ₦309.5B. PAT was up 2.9% at ₦112.7B. These results underscore our ability to adapt and thrive in a dynamic business environment while delivering value to our stakeholders.

During the quarter, we intensified our emphasis on exports, dispatching 7 ships from Nigeria to Ghana and Cameroon. As a result, our Nigerian exports surged by 87.2%, reflecting our commitment to expanding our presence in regional markets and capitalising on our export-to-import strategy.

We 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 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 Tuesday 30th April at 15.00 Lagos/15:00UK time.

Please register using the link below:

Dangote Cement Q1 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

	Q1 2024 '000 tonnes	Q1 2023 '000 tonnes	%
Nigeria volumes	4,594	3,642	26.1%
Pan-Africa volumes	2,710	2,628	3.1%
Inter-company sales	(262)	-	
Group volumes**	**7,042**	**6,270**	**12.3%**
Revenue			
Nigeria	452,924	280,315	61.6%
Pan-Africa	381,270	126,407	201.6%
Inter-company sales	(16,844)	-	
Total revenue	**817,350**	**406,722**	**101.0%**
EBITDA			
Nigeria*	224,906	158,618	41.8%
Pan-Africa*	99,854	31,162	220.4%
Central costs & eliminations	(15,283)	(4,072)	275.3%
Total EBITDA	**309,477**	**185,708**	**66.6%**

EBITDA margins			
Nigeria*	49.7%	56.6%	(690bps)
Pan-Africa*	26.2%	24.7%	150bps
Group EBITDA margins	**37.9%**	**45.7%**	**(780bps)**
Profit before tax	166,404	146,824	13.3%
Tax charge	(53,730)	(37,323)	44.0%
Group net profit	**112,674**	**109,501**	**2.9%**
Earnings per share	**6.68**	**6.44**	**3.7%**

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

Macroeconomic outlook

The global economy has demonstrated remarkable resilience, with economic growth steadily picking up even as inflation gradually decelerates from its peak in 2023 in some quarters, providing relief for monetary authorities to reconsider their hawkish stance.

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. 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 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 is still navigating a series of policy reforms introduced by the new administration. Borrowing costs have risen, with the monetary authorities delivering two consecutive hikes in benchmark interest to 24.75%. This marks a 600-basis point increase from the 18.75% last year, aimed at addressing spiraling inflation which reached 33.2% in March.

Notwithstanding, our Nigerian business shrugged off the challenging environment with volume growth rebounding to 4.6Mt, a 26.1% increase from the 3.6Mt sold in the first quarter of 2023. This was supported by the uptick in business activities in comparison to last year when the combined effect of election uncertainties and currency crunch caused a slowdown.

Consequently, revenue from the Nigerian operations increased by 61.6% to ₦452.9B in Q1 2024, while EBITDA rose by 41.8% to ₦224.9B, excluding central costs and eliminations (Q1 2023: ₦158.6B, margin of 56.6%). Our Nigerian operation recorded an EBITDA margin of 49.7%.

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

During the first quarter, the Nigeria region shipped 178Kt of clinker to Cameroon and Ghana. However, cement exports were reduced to 86Kt due to a halt in exports with neighbouring Niger. Yet, total Nigerian exports was up 87.2% to 264kt.

Pan-Africa Region

The pan-African region includes all operations outside Nigeria.

Our pan-African operations maintained a growth trajectory with volumes up 3.1% to 2.7Mt in Q1 2024 from 2.6Mt in the corresponding quarter of 2023. This growth was driven by robust demand from key markets, such as Congo and Zambia.

As a result, total pan-African revenue of ₦381.3B in Q1 2024 more than tripled that of Q1 2023. The region's revenue accounted for 46.6% of total Group revenue, supported by volume growth in addition to price increases in some selected countries.

Pan-Africa EBITDA came in at ₦99.9B (before central costs and eliminations) in Q1 2024, a strong 220.4% growth from the ₦31.2B recorded in Q1 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 1.0Mt in Q1 2024.

Sales volume at our 1.5Mta clinker grinding facility in Douala was down slightly by 2.4% to 354.2Kt in Q1 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. The market in Congo is experiencing lower growth and logistics constraints.

Our 1.5Mta integrated plant in Mfila sold 235.9Kt (including exports) in Q1 2024, a 49.1% increase from the 158.2Kt sold in Q1 2023. 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 and a return to normalcy after years of societal conflict.

We estimate the total market for cement in Ethiopia to have been 1.9Mt in Q1 2024. Sales at our 2.5Mta factory in Mugher were at 590.6Kt in Q1 2024, up by 6.4% year on year. The volume growth was due to an increasing number of private and government infrastructural projects, with the real estate sector seen as a hedging tool against rising inflation. We are operating at full capacity in Ethiopia.

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 demonstrating signs of gradual improvement, attributed partly to a degree of stabilisation in the exchange rate, thanks to prudent fiscal management under the country's IMF program. Despite facing short-term challenges, Ghana's cement industry has exhibited notable resilience, buoyed by emerging private housing projects in specific urban areas across the nation. Our estimation places the total cement market at 2.0Mt.

Dangote Cement Ghana is ramping up production following the commissioning of our 0.45Mt grinding plant last year. Our sales volume was up 48.2% to 123.4Kt in Q1 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. However, the Republic of Senegal observed its elections in March which saw Bassirou Diomaye Faye take over the reigns as president-elect. The pre-election period saw a slowdown in economic activities, but the new government has pledged an ambitious plan to revitalize infrastructure projects and sustain economic growth. We estimate that the total domestic cement market in Senegal was 2.6Mt in Q1 2024.

Our 1.5Mta plant in Pout sold 420.8Kt in Q1 2024, down by 8% from the corresponding period in the prior year, as the uncertainties from the election impacted cement sales. Ongoing infrastructural projects including railway transport from Dakar to Tambacounda, 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 projected to grow by 4.0% in 2024, up from 3.4% in 2023.

The Sierra Leonean cement market consumed 223.7Kt of cement in Q1 2024. Pockets of stock shortages impacted volumes for the quarter. Dangote Cement Sierra Leone sold 7Kt of cement in Q1 2024.

South Africa

South Africa's GDP is forecasted to grow by 0.9% in 2024, higher than the growth of 0.6% in 2023.

Economic activities in South Africa were subdued in the first quarter, largely due to a slowdown in construction activities in the buildup to the elections in May. Many infrastructural projects are currently on hold, awaiting the outcomes of the elections. Moreover, the economy is still contending with a severe energy crisis and high inflation rates, which have increased operating costs and negatively affected the retail sector.

Despite these challenges, Dangote Cement South Africa continues to show resilience thanks to its proactive approach in increasing the use of alternative fuels amidst rising energy costs caused by power cuts. In Q1 2024, our sales volume was relatively flat a 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 first quarter 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 18.9% to 361.1Kt in Q1 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 quarter to be approximately 1.5Mt.

Zambia

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

We estimate the total market for cement in Zambia to have been 708.4Kt in Q1 2024

Sales volume at our 1.5Mta Ndola factory was up 47.7% to 225.6Kt in the period, supported by demand recovery, particularly in retail. During the quarter, Dangote Cement Zambia flagged off the national sales promotion and digital marketing activities, thus translating into increased sales. Dangote Cement Zambia also recorded improved clinker exports to neighboring countries such as DRC, Zimbabwe, and Burundi.

FINANCIAL REVIEW

Summary

Volume sold**	**Q1 2024 '000 tonnes**	**Q1 2023 '000 tonnes**
Nigeria	4,594	3,642
Pan-Africa	2,710	2,628
Inter-company sales	(262)	-
Total volume sold	**7,042**	**6,271**
Revenues	**₦m**	**₦m**
Nigeria	452,924	280,315
Pan-Africa	381,270	126,407
Inter-company sales	(16,844)	-
Total revenues	**817,350**	**406,722**
Group EBITDA*	**309,477**	**185,708**
EBITDA margin	**37.9%**	**45.7%**
Operating profit	255,295	156,867
Profit before tax	166,404	146,824
Tax charge	(53,730)	(37,323)
Net profit	112,674	109,501
Earnings per ordinary share (Naira)	**6.68**	**6.44**

	31/3/2024	**31/12/2023**
Total assets	5,129,645	3,938,725
Net debt	558,750	521,287

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

Group revenue more than doubled to ₦817.4B in Q1 2024 from ₦406.7B in Q1 2024, owing to strong volume growth in addition to price increases in line with inflationary realities. Both our Nigeria and pan-Africa operations recorded volume growth in the period.

Sales volumes from our core Nigerian operations rose 26.1% to 4.6Mt in Q1 2024 from 3.6Mt in Q1 2023. The strong rebound in Nigeria volumes is due to an uptick in economic activities in comparison to last year when the combined effect of election uncertainties and currency crunch caused a slowdown of infrastructural projects and impacted the retail end of the market.

As a result, Nigeria revenue rose 61.6% to ₦452.9B in Q1 2024 from ₦280.3B in Q1 2023.

Meanwhile, pan-African volumes continued an upward trajectory in the first quarter, increasing by 3.1% to 2.7Mt from 2.6Mt in Q1 2023, on the back of improved sales, especially coming from Congo, Zambia and Ghana. Consequently, pan-Africa revenue was up by 201.6% to ₦381.3B, owing to robust demand from the region in addition to price increases.

Manufacturing and operating costs

Three months ended 31st March	2024 ₦m	2023 ₦m
Materials consumed	98,204	48,173
Fuel & power consumed	181,866	56,681
Royalties	1,067	760
Salaries and related staff costs	32,180	11,888
Depreciation & amortization	45,101	23,655
Plant maintenance costs	32,439	13,647
Other production expenses	27,717	11,310
(Increase)/decrease in finished goods and work in progress	(20,412)	(2,443)
Total manufacturing costs	398,162	163,671

In total, manufacturing costs increased by 143.3% to ₦398.2B in Q1 2024 from ₦163.7B in Q1 2023, owing to the steep Naira devaluation impacting cash cost. A major driver of the increase was fuel & power consumed which increased by 220.9% to ₦181.9.8B.

Administration and selling expenses

Three months ended 31st March	2024 ₦m	2023 ₦m
Administration and selling costs	190,794	87,392

The total selling and administration expenses rose by 118.3% to ₦190.8B in Q1 2024, driven by the 115.4% 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

Three months ended 31st March	2024 ₦m	2023 ₦m
EBITDA	309,477	185,708
Depreciation, amortization & impairment	(54,182)	(28,841)
Operating profit	**255,295**	**156,867**
EBITDA by operating region		
Nigeria	224,906	158,618
Pan-Africa	99,854	31,162
Central administrations costs and inter-company sales	(15,283)	(4,072)
Total EBITDA	**309,477**	**185,708**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the quarter increased by 66.6% to ₦309.5B at a margin of 37.9% (Q1 2023: ₦185.7B, 45.7%).

Pan-African EBITDA increased three-fold to ₦99.9B in Q1 2024, at a margin of 26.2% (Q1 2023: ₦31.2B; 24.7%), supported by increased volumes and revenue.

Operating profit of ₦255.3B in Q1 2024 was 62.7% higher than the ₦156.9B for Q1 2023 at a margin of 31.2% (Q1 2023: 38.6%).

Interest and similar income/expense

Three months ended 31st March	2024 ₦m	2023 ₦m
Interest income	11,395	10,466
Exchange gain/(loss)	(63,765)	(9,789)
Interest expense & other finance cost	(59,460)	(22,723)
Net finance income / (cost)	**(111,830)**	**(22,046)**

Interest income increased by 8.9% to ₦11.4B due to increased interest earning balances.

Net foreign exchange loss of ₦63.8B from our foreign currency obligations reflects the devaluation of the naira from ₦951.8/$ at the year end of 2023 to ₦1,328.5/$ at the end of March 2024.

Taxation

Three months ended 31st March	2024 ₦m	2023 ₦m
Tax (charge)/credit	(53,730)	(37,323)

The Group's profit for Q1 2024 increased by 2.9% to ₦112.7B (Q1 2023: ₦109.5B). Consequently, earnings per share increased to ₦6.68 (Q1 2023: ₦6.44).

Effective tax rate of 32.3% in Q1 2024 was higher (Q1 2023: 25.4%) due to end of pioneer for some Nigerian operations.

Financial position

	31st March 2024 ₦m	31st December 2023 ₦m
Property, plant, and equipment	3,011,833	2,383,528
Other non-current assets	170,522	133,827
Intangible assets	17,172	12,356
Total non-current assets	**3,199,527**	**2,529,711**
Current assets	1,304,928	961,917
Cash and bank balances	625,190	447,097
Total assets	**5,129,645**	**3,938,725**
Non-current liabilities	300,455	211,889
Current liabilities	1,383,768	1,032,612
Debt	1,183,940	968,384
Total liabilities	**2,868,163**	**2,212,885**

Total non-current assets increased by 26.5% to ₦3,199.5B at the end of March 2024 from ₦2,529.7B as at year end of 2023

Additions to property, plant and equipment was ₦28.3B, with ₦13.1B spent in Nigeria and ₦15.2B 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	294,046	-	294,046
Change in working capital	26,827	-	26,827
Income tax paid	(7,478)	-	(7,478)
Additions to fixed assets	(28,349)	-	(28,349)
Loans (obtained) by related party	(118,461)	-	(118,461)
Other investing activities	(39)	-	(39)
Change in non-current prepayments and payables	(16,028)	-	(16,028)
Net lease receivables	874	-	874
Net interest payment	(21,079)	-	(21,079)
Net loans obtained (repaid)	(78,517)	78,517	-
Overdraft	121,832	(121,832)	-
Other cash and non-cash movements	4,465	(172,241)	(167,776)
As at 31st March 2024	**625,190**	**(1,183,940)**	**(558,750)**

Cash of ₦294.0B was generated from operations before changes in working capital. After net movement of ₦26.8B in working capital, the net cash flow from operations was ₦320.9B for Q1 2024.

Excluding overdraft, financing cash flow of ₦107B reflected net loans obtained of ₦78.5B, interest paid of ₦27.8B and lease payment of ₦0.7B.

Cash and cash equivalents (net of bank overdrafts) increased to ₦488.4B in Q1 2024 from ₦248.5B as at 31st December 2023. Net debt increased by ₦37.5B from ₦521.3B at the year end of 2023 to ₦558.8B at end of March 2024.

Capital expenditure by region

	Nigeria Region ₦m	**Pan-Africa ₦m**	**Total ₦m**
Capital Expenditure	13,126	15,223	28,349

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.