

Q1 2020 results

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31ST MARCH 2020

27th MAY 2020

@dangotecement



www.dangotecement.com



Q1 2020 Performance

Financial

- Group revenue up 3.8%, supported by higher volumes and realised prices in Nigeria
- Group EBITDA up 2.2%, due to strong operating performance in Pan-Africa
- Pan-Africa EBITDA up 23.4%, with a record high EBITDA margin of 20.9%
- Profit before tax up 11.5% YoY
- EPS up 1.7% to ₦3.6

Operational

- Group volumes flat at 6.3Mt despite first impact of COVID-19 at the end of March
- Nigeria volumes up 0.7% - domestic growth compensates the absence of exports
- Pan-Africa sales slightly affected in the last week of March owing to COVID-19 lockdown in South Africa from 27 March
- Ghana and Congo began lockdown from 30 March. In Nigeria, lockdown of Lagos state, Abuja and Ogun state started from 31 March
- Resilient Q1 2020 results amid early impacts of COVID-19

Three months ended 31 st March	2020	2019	Change
Cement volumes	'000t	'000t	%
Nigeria	4,018	3,991	0.7%
Pan-Africa	2,280	2,347	(2.9%)
Total	6,298	6,338	(0.6%)
Revenues	₦m	₦m	
Nigeria	179,336	169,885	5.6%
Pan-Africa	69,846	70,272	(0.6%)
Inter-company sales	-	-	
Total	249,182	240,157	3.8%
EBITDA	₦m	₦m	
Nigeria	103,365	103,380	0.0%
Pan-Africa	14,627	11,854	23.4%
Inter-company and central costs	(3,769)	(3,473)	8.5%
Total	114,223	111,761	2.2%
EBITDA margin*			
Nigeria	57.6%	60.9%	(3.3pp)
Pan-Africa	20.9%	16.9%	4.0pp
Group	45.8%	46.5%	(0.7pp)

• *Before central costs and eliminations

Group Financial Overview

Income Statement

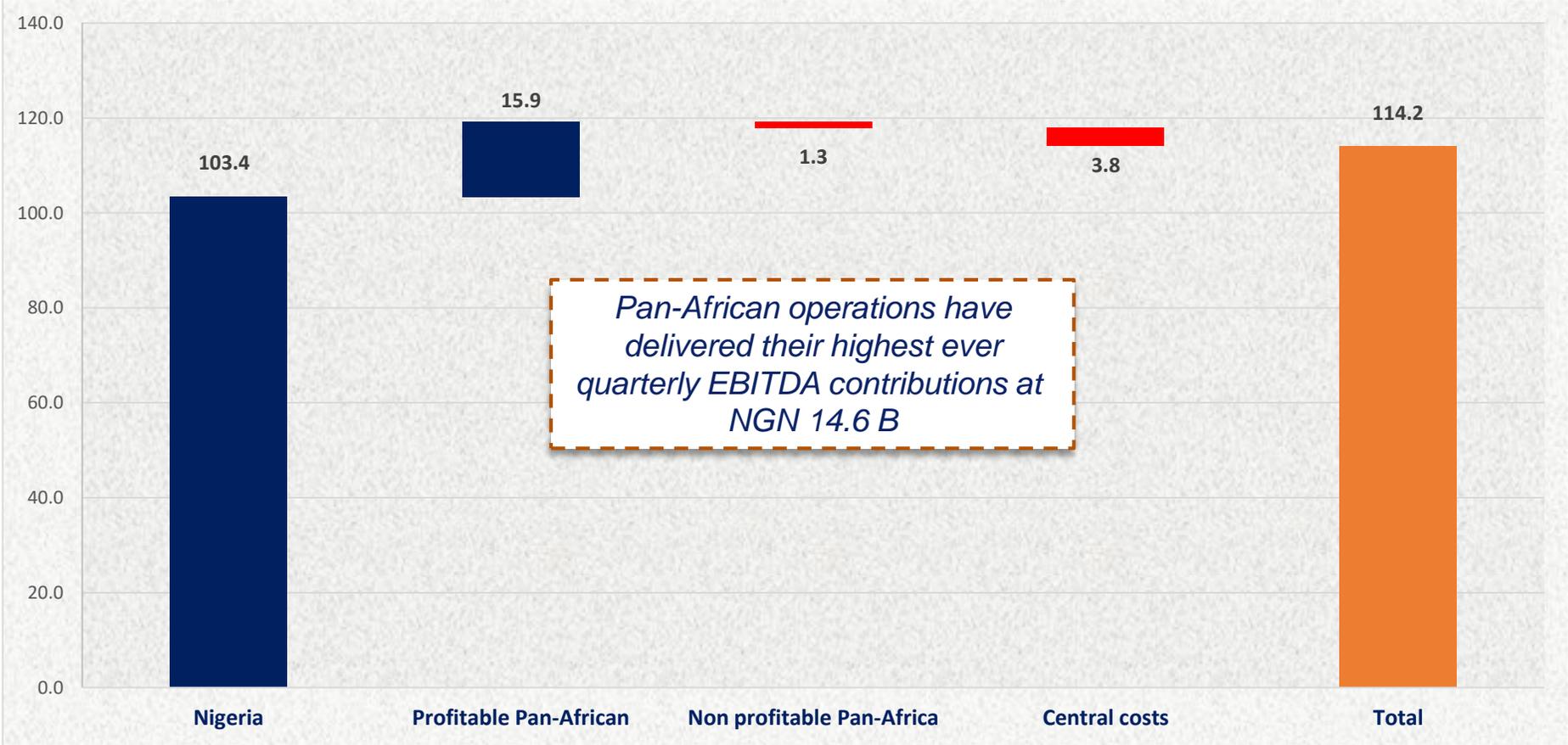
Three months to 31 st March	2020 ₦m	2019 ₦m	% change
Revenue	249,182	240,157	3.8%
Cost of sales	(104,325)	(99,478)	4.9%
Gross profit	144,857	140,679	3.0%
<i>Gross margin</i>	<i>58.1%</i>	<i>58.6%</i>	<i>(0.5pp)</i>
EBITDA	114,223	111,761	2.2%
<i>EBITDA margin</i>	<i>45.8%</i>	<i>46.5%</i>	<i>(0.7pp)</i>
EBIT	91,779	88,382	3.8%
<i>EBIT margin</i>	<i>36.8%</i>	<i>36.8%</i>	<i>0.0pp</i>
Finance income	5,290	2,286	(131.4%)
Finance cost	(9,012)	(11,708)	
Profit before tax	88,057	78,960	11.5%
Income tax (expense)/credit	(27,465)	(18,706)	
Profit for the period	60,592	60,254	0.6%
Earnings per share	3.60	3.54	1.7%



Q1 2020 EBITDA Development



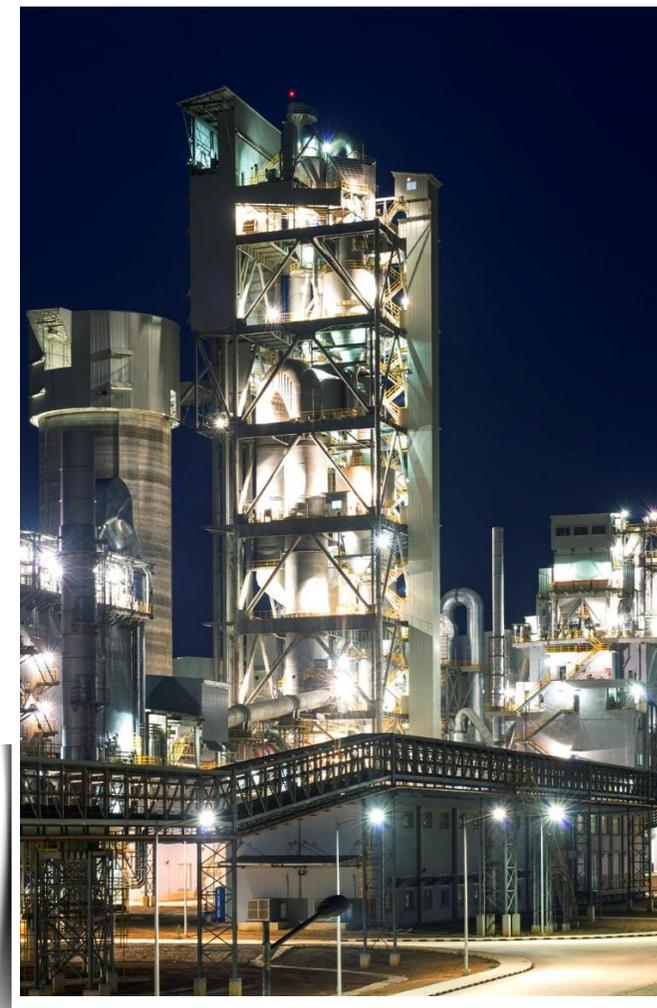
Profitability (₦bn)



Group Financial Overview (cont'd)

Movement in Net Debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2019	123,903	(351,434)	(227,531)
Cash from operations before working capital changes	112,518	-	112,518
Change in working capital	12,357	-	12,357
Income tax paid	(131)	-	(131)
Additions to fixed assets	(52,745)	-	(52,745)
Other investing activities	(30,031)	-	(30,031)
Change in non-current prepayments and supplier credit	14,276	-	14,276
Net interest payments	(18,147)	-	(18,147)
Net loans obtained (repaid)	(60,724)	60,724	-
Dividend paid	-	-	-
Other cash and non-cash movements	567	(2,507)	(1,940)
As at 31st March 2020	101,843	(293,217)	(191,374)



Group Financial Overview (cont'd)

Balance Sheet

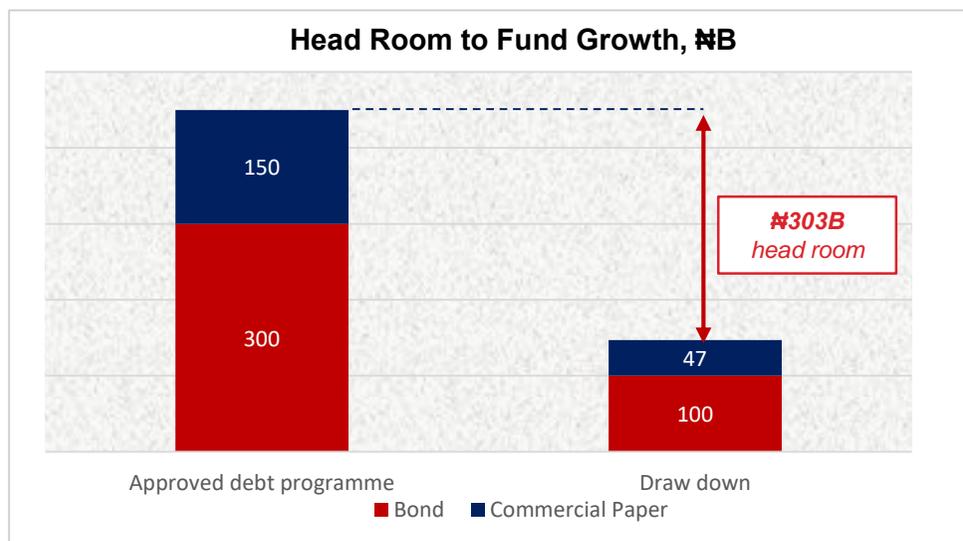
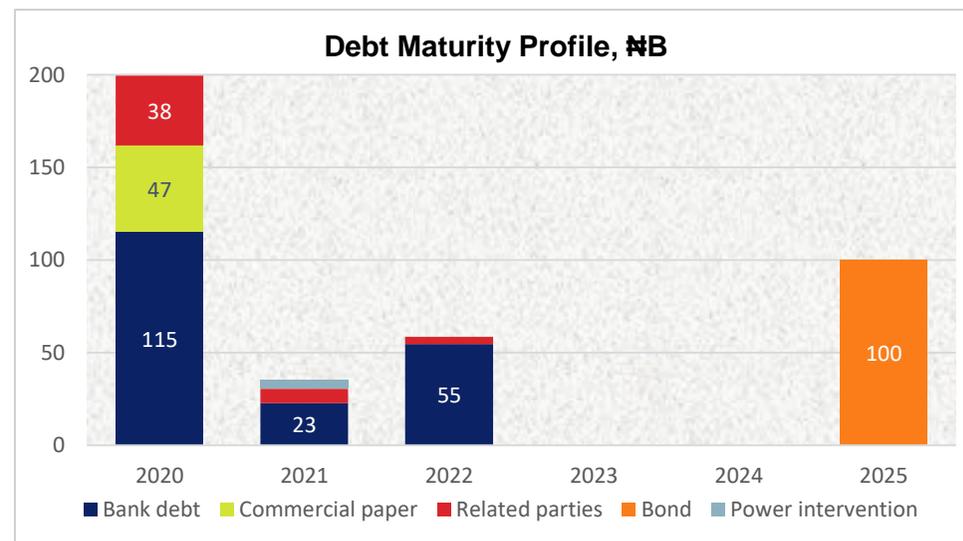
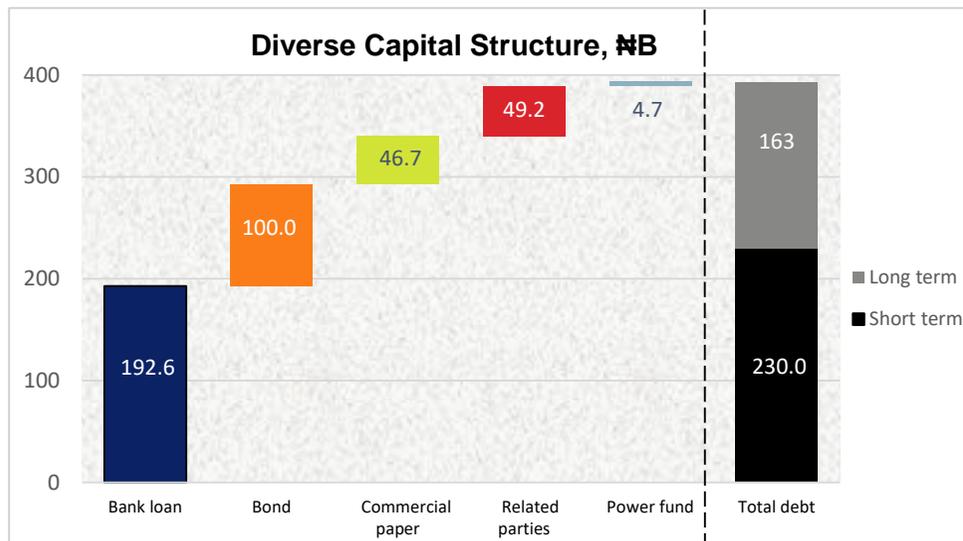
	As at 31/3/20 ₦m	As at 31/12/19 ₦m
Property, plant and equipment	1,239,382	1,206,749
Other non-current assets	119,258	124,203
Intangible Assets	4,554	3,663
Current Assets	332,577	282,833
Cash and Cash Equivalents	101,843	123,903
Total Assets	1,797,614	1,741,351
Non-current liabilities	118,061	105,341
Current liabilities	437,841	386,639
Debt	293,217	351,434
Total Liabilities	849,119	843,414
Net Assets	948,495	897,937



Robust Capital Structure (includes bond issuance)



In April, DCP successfully completed the issuance of ₦100B Series 1 5-year Bond. The transaction was 1.5 times oversubscribed and represents DCPs debut bond issuance.



- Including the ₦100B bond issuance, DCP has a total debt of ₦393B.
- The short portion of DCPs debt (₦230B) is 59% of total debt.
- In addition to a strong operating cash flow, DCP also has over ₦300B head room with existing CP and bond programs to fund growth and eventually refinance short term debt.
- Including the bond issuance, DCPs debt to equity ratio is 42% (from 31% in Q1 2020), strengthening its capital structure.
- DCP has limited foreign currency debt exposure, with just 24% of total debt exposed to the dollar.

Robust Capital Structure (includes bond issuance)

LENDING DIVERSIFICATION

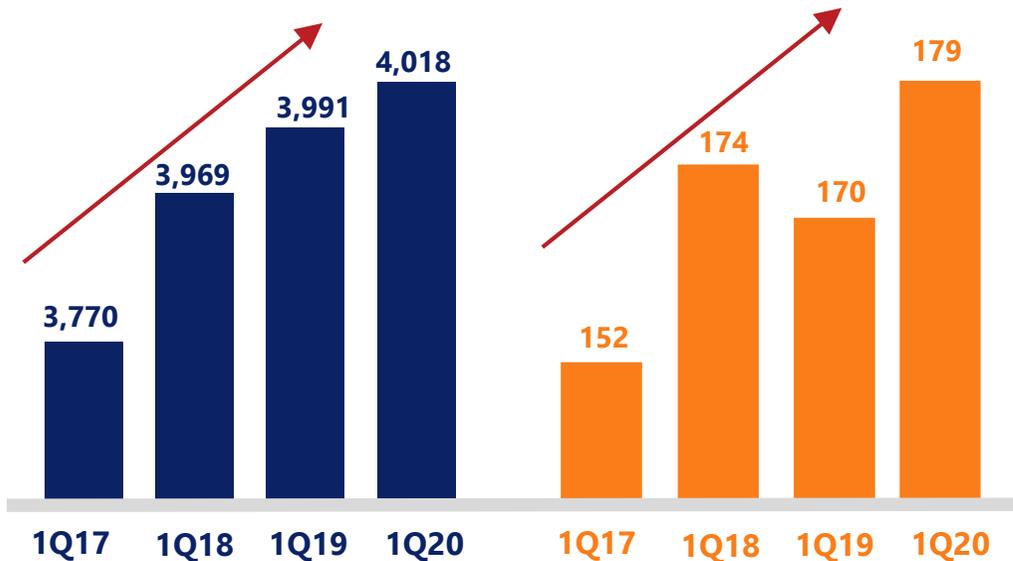
Facility	Pricings	Draw down	Tenor
₦300B Bond Issuance Programme	12.5%	₦100B	2025
₦150B Commercial Paper Programme	7.5%-8%	₦47B	2019
Bank debt	various	₦193B	2020-2022
Related parties	7%-15%	₦49B	2020-2022
Power intervention fund	7%	₦5B	2021
Total		₦393B	

RATINGS

- On 23 January 2020, Global Credit Ratings affirmed the long term and short-term national scale issuer ratings of AA+(NG) and A1+(NG) respectively, assigned to DCP, with the outlook accorded as stable.
- On 24 March 2020, Moody's:
 - assigned a (P)B2 local currency rating and Aa3.ng national scale rating (NSR) to the NGN300 billion domestic medium-term note program issued by DCP.
 - affirmed DCP's B1 corporate family rating (CFR) and Aa2.ng NSR. The rating outlook is negative, similar to that of the sovereign.



Nigeria – Highest Quarterly Revenue



- Strongest quarter over the last four years in terms of volumes
- Q1 volumes up 0.7% YoY to 4.0Mt
- Excluding Q1 2019 exports, volumes were up 5% YoY
- Sales impact due to COVID-19 lockdown commenced in key states on 31 March
- Strong EBITDA at ₦103.4B, with a margin of 57.6%

Volumes (000't)

Recorded the highest Q1 volume in the last four years of 4.0Mt, despite the absence of land exports.

Revenue (₦B)

Record high revenue of ₦179B supported by strong volumes and higher pricing.

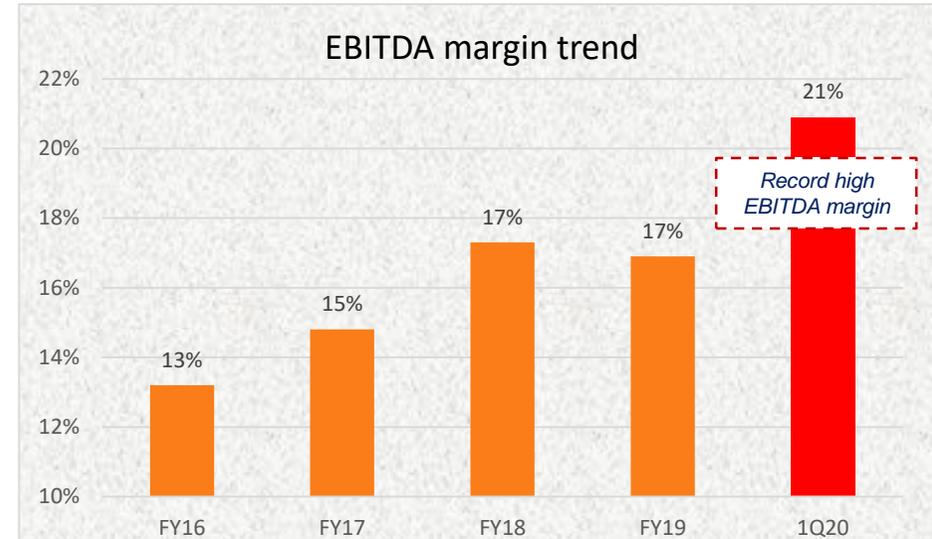
Three months ended 31 st March	2020	2019	Change
Volumes* (Kt)	4,018	3,991	0.7%
Revenue* (₦m)	179,336	169,885	5.6%
EBITDA* (₦m)	103,365	103,380	0.0%
EBITDA margin*	57.6%	60.9%	(3.3pp)



* Before corporate costs and inter-company eliminations

Pan-Africa – Record High EBITDA Margin

- Sales volumes down 1.4% to 2.3Mt; revenues relatively flat at ₦69.8B
- Lockdown in South Africa affected volumes at the end of March
- Record high EBITDA of ₦14.6B, supported by strong performance in Ethiopia and Senegal
- Record high EBITDA margin of 21%
- Volume growth in 6 of our 9 operations; strong volume growth in Congo and Sierra Leone
- 34% price improvement in Zambia
- Cash cost reduction in Ethiopia and Ghana
- Technical issues in Tanzania reduced volumes



Three months ended 31st March	2020	2019	Change
Volumes** sold (Kt)	2,316	2,350	(1.4%)
Revenue (₦m)	69,846	70,272	(0.6%)
EBITDA* (₦m)	14,627	11,854	23.4%
EBITDA margin	20.9%	16.9%	4.0pp

- *Before corporate costs and eliminations
- **Including clinker volumes



Country Updates



CAMEROON

- Estimated 820Kt total market sales for Q1 2020
- DCP sales of 312Kt for Q1 2020, up 4% compared to Q1 2019
- 38% market share for the period



CONGO

- Estimated 186Kt total market sales for Q1 2020
- DCP Congo sold 74Kt of cement, a 25% increase compared to Q1 2019
- 40% market share for the period
- Lockdown due to COVID-19 began on 30 March and was extended to 10 May.



ETHIOPIA

- Estimated 2.0Mt total market sales for Q1 2020
- DCP sales of 557Kt for Q1 2020, up 6% compared to Q1 2019
- 28% market share for the period
- Improved plant performance

Country Updates



GHANA

- Estimated 1.7Kt total market sales for Q1 2020
- DCP Ghana sold 124Kt of cement, a 6% increase compared to Q1 2019
- 7% market share for the period
- Lockdown due to COVID-19 began on 30 March and was lifted on 19 April



SENEGAL

- Estimated 1.9Mt total market sales for Q1 2020
- DCP sales of 407Kt for Q1 2020, up 5.4% compared to Q1 2019
- 21% market share for the period



SIERRA LEONE

- Estimated 182Kt total market sales for Q1 2020
- DCP sales of 67Kt for Q1 2020, up 15% compared to Q1 2019
- 37% market share for the period

Country Updates



SOUTH AFRICA

- Negative growth in cement market due to a negative growth in the South African economy.
- DCP SA 1Q 2020 sales were 1% lower year on year
- Total lockdown due to COVID-19 in the last week of March resulted in a loss of sales.



TANZANIA

- Estimated 1.4Mt total market sales for Q1 2020
- DCP sales (including clinker) of 244Kt for Q1 2020, down 13% compared to Q1 2019
- Production challenges encountered reduced daily production in Q1.
- 17% market share for the period
- High rainfall made raw-materials handling difficult



ZAMBIA

- DCP sales of 134Kt for Q1 2020, down 39% compared to Q1 2019
- 27% market share for the period
- The economy entered in recession in Q1. The cement market dropped by 25% - 30% in Q1 2020

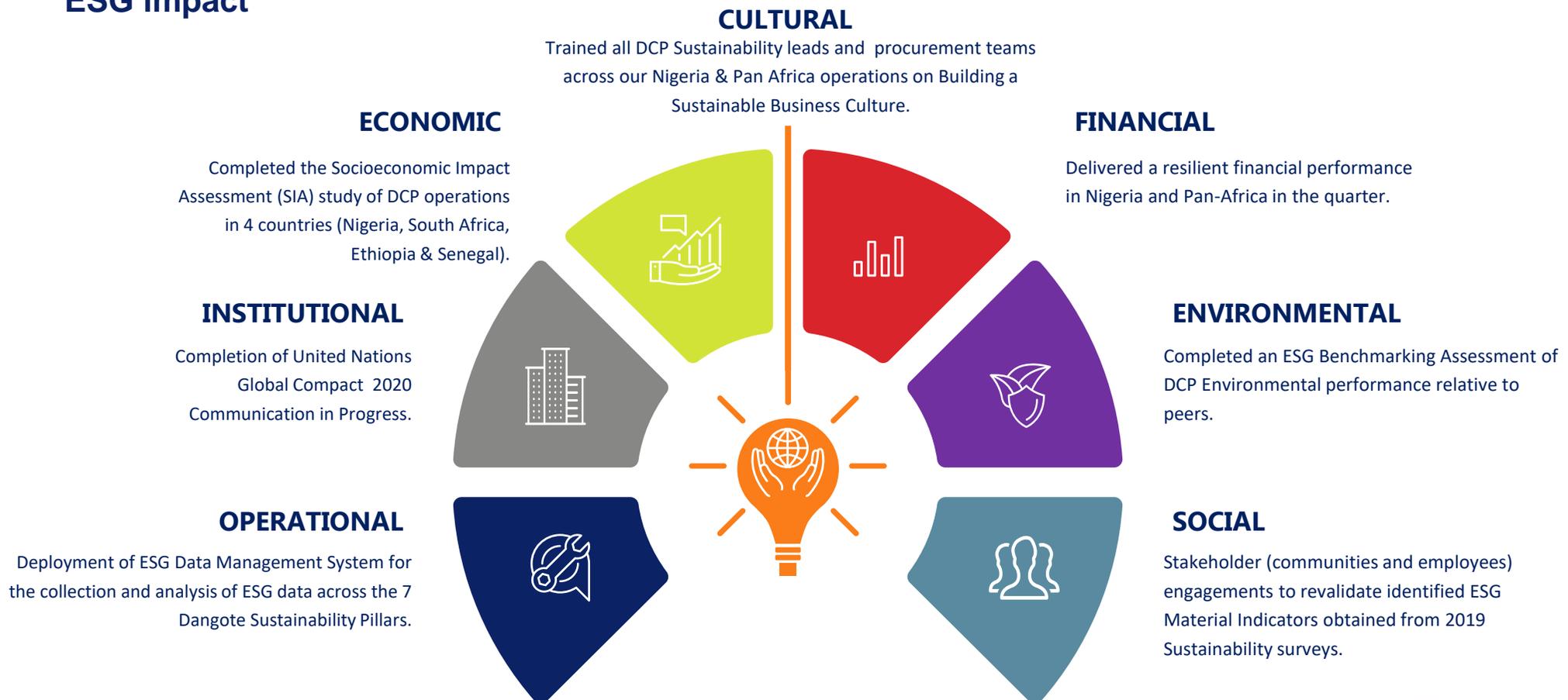
Sustainability & Governance

The Dangote Way

Our 7 Sustainability Pillars support our unique approach to creating a world-class enterprise.

2019 Sustainability Report would be certified by the Global Reporting Initiative (GRI) and Externally Assured.

ESG impact



Outlook

COVID-19

- We have proactively deployed recommended measures to protect the health and well-being of our employees, customers, suppliers and communities. We are monitoring key dimensions of our operations in order to mitigate negative financial impact. We are closely controlling our capital expenses, working capital needs and fixed costs to maintain strong and resilient cash positions
- Given full lockdown in South Africa, Ghana, Congo and some parts of Nigeria from the end of March, April volumes were trending lower than the volumes and values realised during the same period last year.
- Ghana lifted its lockdown partially on 19 April, while Nigeria lifted its lockdown partially on 4 May. All other businesses remain fully operational and continue to supply customers while supporting measures required to protect all stakeholders.
- We are continuously assessing the impact of the COVID-19 pandemic on our business.

CAPITAL STRUCTURE

- Share buyback has been approved by SEC. We will review the opportunity to deploy this programme in due time.
- CP Programme: attractive short-term rates lead to full drawdown of the ₦150B in Q2

EXPORT STRATEGY

- This year we will begin exporting clinker via ports from Nigeria to West and Central Africa.

Obajana integrated plant in Kogi, Nigeria



1.5Mt integrated plant in Congo



Investor Relations Contacts

For further information contact:

Temi Aduroja

Head, Investor Relations

Dangote Cement Plc

+44 207 399 3070

InvestorRelationsDangoteCement@dangote.com

