H1 2024 UNAUDITED RESULTS

Dangote Cement PLC

26th July 2024

UNAUDITED RESULTS FOR SIX MONTHS ENDED 30th JUNE 2024

Double-digit growth in Nigeria volumes up 10.9%
Group EBITDA up 50.3% at ₦666.2B
Nigeria exports up 55.2%

Lagos, 26th July 2024: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the six months ended 30th June 2024.

Financial highlights

- Group revenue up 85.1% to ₦1,760.1B
- Group EBITDA up 50.3% to ₦666.2B; 37.9% margin
- Nigeria EBITDA up 29.1% to ₦463.6B; 46.8% margin
- Pan-Africa EBITDA more than doubled to ₦220.4B; 27.3% margin
- Profit after tax up 6.3% to ₦189.9B
- Earnings per share up 8.4% at ₦11.26
- Net debt of ₦915.7B; net gearing of 42.3%

Operating highlights

- Group volumes up by 3.8% to 13.9Mt
- Rebound in Nigeria volumes, up 10.9% to 9.0Mt
- Exported 14 ships of clinker from Nigeria to Ghana and Cameroon
- Nigeria cement and clinker exports up 55.2% at 568Kt

ESG highlights

- Thermal substitution rate estimated at 10.5% for H1 2024 vs. 7.8% in H1 2023
- Commissioned 11 of the 17 Alternative Fuel Projects across the Group
- Arrival of 300 full CNG trucks for our Nigeria business

Arvind Pathak, Chief Executive Officer, said:

"We effectively navigated macroeconomic headwinds to deliver positive results in the first half of the year. Group volumes were up 3.8%, with our Nigeria operations achieving double-digit volume growth of 10.9%. This growth was driven by improved efficiency across our operations and supported by increased market activity levels compared to the election year and cash crunch in 2023.

Despite the challenges of elevated inflation, high borrowing cost and a further weakening of the currency in the first six months of the year, our business demonstrated strong resilience. This was due to our rigorous focus on cost minimisation and our diversified business model. Group revenue and EBITDA rose 85.1% and 50.3% to ₦1,760.1B and ₦666.2B, respectively. Our PAT reached ₦189.9 billion, marking a 6.3% increase. I am pleased with the performance of our business, as key financial indicators are showing positive trends.

By leveraging our robust export-to-import strategy, Dangote Cement completed 14 shipments of clinker from Nigeria to Ghana and Cameroon. This effort resulted in a 55.2% surge in our Nigerian exports, underscoring our commitment to fostering African self-sufficiency.

Looking ahead, we remain bullish about the growth prospect of the African region, evident in our increased capital investments. 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 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 Friday 26th July at 16.00 Lagos/16:00 UK time.

Please register using the link below:

Dangote Cement H1 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.

Contact details:

Temilade Aduroja
Group Head, Investor Relations
Dangote Cement PLC
ir@dangote.com

Summary Operating Review, ₦mn

	H1 2024 '000 tonnes	H1 2023 '000 tonnes	%
Nigeria volumes	8,994	8,108	10.9%
Pan-Africa volumes	5,494	5,427	1.2%
Inter-company sales	(554)	(115)	
Group volumes**	**13,934**	**13,420**	**3.8%**
Revenue			
Nigeria	991,376	618,545	60.3%
Pan-Africa	807,111	336,389	139.9%
Inter-company sales	(38,432)	(4,102)	
Total revenue	**1,760,055**	**950,832**	**85.1%**
EBITDA			
Nigeria*	463,550	359,056	29.1%
Pan-Africa*	220,419	93,649	135.4%
Central costs & eliminations	(17,748)	(9,450)	87.8%
Total EBITDA	**666,221**	**443,255**	**50.3%**
EBITDA margins			
Nigeria*	46.8%	58.0%	(11.2pp)
Pan-Africa*	27.3%	27.8%	(0.5pp)
Group EBITDA margins	**37.9%**	**46.6%**	**(8.7pp)**
Profit before tax	292,956	239,863	22.1%
Tax charge	(103,052)	(61,260)	68.2%
Group net profit	**189,904**	**178,603**	**6.3%**
Earnings per share	**11.26**	**10.39**	**8.4%**

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

Macroeconomic outlook

The global economy has shown remarkable resilience, with economic growth steadily increasing and inflation gradually decelerating from its peak in 2023 in some quarters. This has provided relief for monetary authorities, prompting them 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 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 is still navigating a series of policy reforms introduced by the new administration. Borrowing costs have risen, with the monetary authorities delivering three consecutive hikes in benchmark interest to 26.75%. This marks a 800-basis point increase from the 18.75% last year, aimed at addressing spiraling inflation which accelerated to 34.19% in June.

Notwithstanding, our Nigerian business navigated the challenging environment with volume growth rebounding to 9.0Mt, a 10.9% increase from the 8.1Mt sold in the first half 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 of construction and investment activities. In addition, the steep currency devaluation further escalated commodity prices, impacting purchasing power.

Consequently, revenue from the Nigerian operations increased by 60.3% to ₦991.4B in H1 2024, while EBITDA rose by 29.1% to ₦463.6B, excluding central costs and eliminations (H1 2023: ₦359.1B, margin of 58.0%). Our Nigerian operation recorded an EBITDA margin of 46.8%.

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 period, the Nigeria region shipped 412.2Kt of clinker to Cameroon and Ghana. However, cement exports were reduced to 155.8Kt due to a halt in exports with neighbouring Niger. Yet, total Nigerian exports was up 55.2% to 568kt.

Pan-Africa Region

The pan-African region includes all operations outside Nigeria.

Our pan-African operations maintained a growth trajectory with volumes slightly up 1.2% to 5.5Mt in H1 2024 from 5.4Mt in the corresponding period of 2023. This growth was driven by robust demand from key markets, such as Congo, Zambia and Ghana.

As a result, total pan-African revenue of ₦807.1B in H1 2024 was up by 139.9% from H1 2023. The region's revenue accounted for 45.9% of total Group revenue, supported by volume growth in addition to price increases in some selected countries.

Pan-Africa EBITDA came in at ₦220.4B (before central costs and eliminations) in H1 2024, a strong 135.4% growth from the ₦93.6B recorded in H1 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 2.1Mt in H1 2024.

Sales volume at our 1.5Mta clinker grinding facility in Douala was up by 1.4% to 712.1Kt in H1 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 447.9Kt (including exports) in H1 2024, a 28.5% increase from the 348.6Kt sold in H1 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. 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 June 2024, according to the Ethiopian national statistics office, Ethiopia's inflation is categorised as hyperinflationary.

Dangote cement Ethiopia continues to improve efficiency through the ramping up of alternative fuel usage as well as optimising of cement-to-clinker ratio. Sales at our 2.5Mta factory in Mugher were at 1.2Mt in H1 2024, relatively flat year on year, even as production is at full capacity in Ethiopia. We estimate total market for cement in Ethiopia to have been 3.9Mt in H1 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 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. Although categorized as hyperinflationary, Ghana's inflationary momentum has been slowing since the start of the year, hitting two year-low of 22.8% in June, with Bank of Ghana delivering 100 basis points cut in benchmark interest rate in January. Despite these 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 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 76.2% to 255.2Kt in H1 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 4.8Mt in H1 2024.

Our 1.5Mta plant in Pout sold 809.4Kt in H1 2024, down by 9.1% from the corresponding period in the prior year, due largely to pre and post-election uncertainties which took a toll on cement sales. Meanwhile, 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.

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 half of the year, largely due to a slowdown in construction activities owing to uncertainties from the just concluded 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.

Dangote Cement South Africa undertook proactive steps in increasing the use of alternative fuels amidst rising energy costs caused by power cuts. In H1 2024, our sales volume was up 1.5% 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 half 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 17.9% to 765.8Kt in H1 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 3.0Mt.

Zambia

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

The Zambian Kwacha is the second most devalued currency among our operating regions, following the

Naira. Inflation has reached a record high of 15.2% due to increased fuel prices and a power deficit, leading monetary authorities to implement tighter controls. This combination has impacted borrowing costs and purchasing power but has also driven more investable funds into the real estate sector, seen as a secure investment with promising mid- to long-term value prospects.

During this 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 35.8% to 428.3Kt in the period, supported by demand recovery, particularly in retail. We estimate the total market for cement in Zambia to have been 942Kt in H1 2024

FINANCIAL REVIEW

Summary

Volume sold**	**H1 2024 '000 tonnes**	**H1 2023 '000 tonnes**
Nigeria	8,994	8,108
Pan-Africa	5,494	5,427
Inter-company sales	(554)	(115)
Total volume sold	**13,934**	**13,420**
Revenues	**₦m**	**₦m**
Nigeria	991,376	618,545
Pan-Africa	807,111	336,389
Inter-company sales	(38,432)	(4,102)
Total revenues	**1,760,055**	**950,832**
Group EBITDA*	**666,221**	**443,255**
EBITDA margin	**37.9%**	**46.6%**
Operating profit	551,600	380,036
Profit before tax	292,956	239,863
Tax charge	(103,052)	(61,260)
Net profit	189,904	178,603
Earnings per ordinary share (Naira)	**11.26**	**10.39**

	30/6/2024	**31/12/2023**
Total assets	5,375,161	3,938,725
Net debt	915,710	521,287

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

Group revenue rose 85.1% to ₦1,760.1B in H1 2024 from ₦950.8B in H1 2024, owing to moderate 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 10.9% to 9.0Mt in H1 2024 from 8.1Mt in H1 2023. The 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 60.3% to ₦991.4B in H1 2024 from ₦618.5B in H1 2023.

Meanwhile, pan-African volumes continued on an upward trajectory, increasing by 1.2% to 5.5Mt from 5.4Mt in H1 2023, on the back of improved sales, especially coming from Congo, Zambia and Ghana. Consequently, pan-Africa revenue was up by 139.9% to ₦807.1B, owing to robust demand from the region in addition to price increases.

Manufacturing and operating costs

Six months ended 30th June	**2024 ₦m**	**2023 ₦m**
Materials consumed	200,798	102,762
Fuel & power consumed	374,824	157,020
Royalties	2,204	1,745
Salaries and related staff costs	66,546	27,549
Depreciation & amortization	94,486	51,056
Plant maintenance costs	72,060	29,834
Other production expenses	58,518	23,049
(Increase)/decrease in finished goods and work in progress	(36,163)	(9,927)
Total manufacturing costs	833,273	383,088

In total, manufacturing costs increased by 117.5% to ₦833.3B in H1 2024 from ₦383.1B in H1 2023, owing to the steep Naira devaluation which impacted cash cost. A major driver of the increase was fuel & power consumed which increased by 138.7% to ₦374.8B.

Administration and selling expenses

Three months ended 30th June	**2024 ₦m**	**2023 ₦m**
Administration and selling costs	403,224	198,707

The total selling and administration expenses rose by 102.9% to ₦403.2B in H1 2024, driven by the 106.2% 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

Six months ended 30th June	2024 ₦m	2023 ₦m
EBITDA	666,221	443,255
Depreciation, amortization & impairment	(114,621)	(63,219)
Operating profit	**551,600**	**380,036**
EBITDA by operating region		
Nigeria	463,550	359,056
Pan-Africa	220,419	93,649
Central administrations costs and inter-company sales	(17,748)	(9,450)
Total EBITDA	**666,221**	**443,255**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the half-year period increased by 50.3% to ₦666.2B at a margin of 37.9% (H1 2023: ₦443.3B, 46.6%).

Pan-African EBITDA more than doubled to ₦220.4B in H1 2024, at a margin of 27.3% (H1 2023: ₦93.6B; 27.8%), supported by increased volumes and prices.

Operating profit of ₦551.6B in H1 2024 was 45.1% higher than the ₦380.0B for H1 2023 at a margin of 31.3% (H1 2023: 40.0%).

Interest and similar income/expense

Six months ended 30th June	2024 ₦m	2023 ₦m
Interest income	24,798	16,207
Exchange gain/(loss)	(201,301)	(113,626)
Interest expense & other finance cost	(131,221)	(49,424)
Net finance income / (cost)	**(307,724)**	**(146,843)**

Interest income increased by 53.0% to ₦24.8B due to increased interest earning balances.

Net foreign exchange loss of ₦201.3B from our foreign currency obligations reflects the devaluation of the naira from ₦951/$ at the end of December 2023 to ₦1,488/$ at the end of June 2024.

Taxation

Six months ended 30th June	2024 ₦m	2023 ₦m
Tax (charge)/credit	(103,052)	(61,260)

The Group's profit for H1 2024 increased by 6.3% to ₦189.9B (H1 2023: ₦178.6B). Consequently, earnings per share increased to ₦11.26 (H1 2023: ₦10.39).

Effective tax rate of 35.2% in H1 2024 was higher (H1 2023: 25.5%) due to end of pioneer for some Nigerian operations.

Financial position

	30th June2024 ₦m	31st December 2023 ₦m
Property, plant, and equipment	3,274,512	2,383,528
Other non-current assets	179,600	133,827
Intangible assets	19,266	12,356
Total non-current assets	**3,473,378**	**2,529,711**
Current assets	1,311,302	961,917
Cash and bank balances	590,481	447,097
Total assets	**5,375,161**	**3,938,725**
Non-current liabilities	298,174	211,889
Current liabilities	1,407,217	1,032,612
Debt	1,506,191	968,384
Total liabilities	**3,211,582**	**2,212,885**

Total non-current assets increased by 37.3% to ₦3,473.4B at the end of June 2024 from ₦2,529.7B as at year end of 2023

Additions to property, plant and equipment was ₦63.1B, with ₦29.5B spent in Nigeria and ₦33.6B 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	552,879	-	552,879
Change in working capital	(81,113)	-	(81,113)
Income tax paid	(63,563)	-	(63,563)
Additions to fixed assets	(63,091)	-	(63,091)
Loans obtained by related party	60,010	-	60,010
Other investing activities	(53)	-	(53)
Change in non-current prepayments and payables	(17,822)	-	(17,822)
Net lease receivables	2,351	-	2,351
Net dividend paid	(502,565)	-	(502,565)
Net interest payment	(76,743)	-	(76,743)
Net loans obtained (repaid)	104,615	(104,615)	-
Overdraft	203,873	(203,873)	-
Other cash and non-cash movements	24,606	(229,319)	(204,713)
As at 31st June2024	**590,481**	**(1,506,191)**	**(915,710)**

Cash of ₦552.9B was generated from operations before changes in working capital. After net movement of negative ₦81.1B in working capital, the net cash flow from operations was ₦471.8B for H1 2024.

Excluding overdraft, financing cash flow of ₦489.5B reflected net loans obtained of ₦104.6B, interest paid of ₦90.3B, dividend paid of ₦502.6B and lease payment of ₦1.3B.

Cash and cash equivalents (net of bank overdrafts) reduced to ₦371.7B in H1 2024 from ₦432.2B as at 31st December 2023. Net debt increased by ₦394.4B from ₦521.3B at the year end of 2023 to ₦915.7B at end of June 2024.

Capital expenditure by region

	Nigeria Region ₦m	Pan-Africa ₦m	Total ₦m
Capital Expenditure	29,452	33,639	63,091

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.