



# DANGOTE CEMENT

An emerging cement major  
building shareholder value  
and prosperity in Africa



Unaudited results for the  
nine months to 30 September 2012

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## Operational

- Cement sales up 19.7% to 7.7 million tonnes
- Flooding hits demand and distribution
- 7.5 million tonnes locally produced, up 50.7% on Jan-Sep 2011
- Gas supply back to normal at Ibese, approaching normal at Obajana
- Tim Surridge appointed Chief Financial Officer

## Financial

- Revenue up 19.8% to ₦208.3bn (\$1.3bn)
- EBIT up 24.0% to ₦115.5bn, 55.5% margin (\$0.73bn)
- Pre-tax profit up 13.5% to ₦105.8bn (\$0.67bn)
- Earnings per share up 17.4% to ₦6.35\*
- Net debt of ₦134.2bn (\$0.86bn)



\* prior-year adjusted for 1-for-10 bonus share as per IAS33 par.28

# Revenue up on new capacity

| <b>Nine months to<br/>30 September 2012</b>             | <b>Jan-Sep<br/>2011</b> | <b>Jan-Sep<br/>2012</b> | <b>Change</b> | <b>Comments</b>   |
|---|-------------------------|-------------------------|---------------|---|
| Sales volume (kt)                                       | 6,410                   | 7,672                   | 19.7%         | Q3 sales affected by heavy rains and flooding in Kogi and Benue states          |
| Local cement despatched                                 | 4,998                   | 7,529                   | 50.7%         | 100% of Q3 sales were locally produced cement                                   |
|   |                         |                         |               |   |
| <b>Analysis for Nigerian<br/>cement operations only</b> | Nigeria<br>(₦bn)        | Nigeria<br>(₦bn)        |               |   |
| Revenue   | 173.8                   | 207.8                   | 19.8%         | Increase mostly resulting from higher volume on flat pricing                    |
| Revenue per tonne (₦)                                   | 27,120                  | 27,090                  | -0.1%         | Price remaining stable throughout 2012  |
| EBITDA  | 104.3                   | 132.8                   | 27.3%         | Increase resulting from higher volumes and greater margins                      |
| EBITDA / tonne (₦)                                      | 16,264                  | 17,313                  | 6.5%          | Reflects higher proportion of locally produced cement (vs lower-margin imports) |
| EBITDA margin   | 60.0%                   | 63.9%                   | 3.9pp         | Trending upwards as gas supply returns to normal                                |
|   |                         |                         |               |   |
| <b>Group analysis</b>                                   | (₦bn)                   | (₦bn)                   |               |   |
| Revenue   | 173.8                   | 208.3                   | 19.8%         |   |
| EBIT  | 93.2                    | 115.5                   | 24.0%         |   |
| EBIT margin   | 53.6%                   | 55.4%                   | 1.8pp         |   |
| Profit before tax                                       | 93.2                    | 105.8                   | 13.5%         |   |
| Earnings per share (₦)                                  | 5.41                    | 6.35                    | 17.4%         | Both adjusted for 1-for-10 bonus issue of shares in 2012                        |

# Strong balance sheet

| Nine months to<br>30 September 2012 | Dec 2011 | Sept 2012 | Comments |
|-------------------------------------|----------|-----------|----------|
|                                     | (₦bn)    | (₦bn)     |          |
| Non-current assets                  | 465.5    | 520.1     |          |
| Current assets                      | 76.2     | 129.4     |          |
| Total assets                        | 541.7    | 649.5     |          |
|                                     |          |           |          |
| Total equity                        | 298.8    | 379.8     |          |
|                                     |          |           |          |
| Long term debts                     | 125.9    | 142.5     |          |
| Non-current liabilities             | 129.4    | 146.9     |          |
| Current liabilities                 | 113.5    | 122.7     |          |
| Total liabilities                   | 242.9    | 269.7     |          |
|                                     |          |           |          |
| Total equity & liabilities          | 541.7    | 649.5     |          |

# Operational update

- **Obajana**
  - Steady ramp-up of new line
  - Gas upgrade completed on all lines, giving more robust gas supply
  - Gas levels returning to normal – 87% in September
  - Demand and distribution affected by heavy rain and flooding in Kogi
  - Key routes flooded, e.g. Lokoja-Abuja highway
- **Ibese**
  - Steady ramp-up of both lines
  - Gas at 100% in September (better than normal 95%-5% expectation)
  - Work underway on lines 3+4
- **Gboko**
  - Benue state badly affected by flooding and rains
  - Demand and distribution affected
  - Upgrade postponed until Q1 2013 owing to flooding and road conditions

# Update on African projects

- Senegal commissioning to begin in mid November
  - Power plant commissioning expected to take 3-4 weeks
  - Plant commissioning will commence soon after
  - Commercial production expected in January
- Project management contracts being readied
  - Selection of seven firms for project management
  - Engineering Review
  - Project Monitoring & Inspection
  - Ibese, Obajana and all African factories covered
  - Substantially reduces construction risk

# Summary & outlook

- A unique platform to capture Africa's rapid expansion
  - Strategy to become the continent's leader in cement production
  - Benefiting from attractive investment incentives
  - Strong cement demand and supportive pricing
- Improving governance and operational expertise
  - CFO and senior hires will drive governance and operational improvements
  - SAP implementation and internal infrastructure projects underway
- Q4 guidance filed with NSE
  - Q4 Revenue: ₦72bn      FY revenue: ₦280bn
  - EBIT:                ₦42bn      FY EBIT:      ₦157bn
  - Pre-tax profit ₦38bn      FY PBT:      ₦143bn
  - Full-year capex of about ₦110bn
  - Assumes about 2.6mt cement sold in Q4 with gas situation no worse than Q3