



Audited results for the year ended 31st December 2015

Dividend up 33% to ₦8.0 per share; price reduction drives strong Q4 recovery in Nigerian market; strong performances in all new territories prove success of expansion plan; strong cash generation funds capex and dividend, reduces net debt to 0.78x EBITDA

Lagos, 1st March 2016: Dangote Cement PLC (DANGCEM-NL), Nigeria's largest cement producer, announces Audited results for the year ended 31st December 2015.

Financial highlights

- Revenue up 25.6% to ₦491.7B as new plants perform strongly across Africa
- EBITDA up 17.5% to ₦262.4B at 53.4% margin
- All plants profitable across Africa at EBITDA level
- Earnings per share up 15.2% to ₦10.86
- Dividend up 33.3% to ₦8.0 per share at 73.7% payout ratio
- Strong cash generation funds dividend and capex, net debt falls to ₦204.2B (0.78x EBITDA)

Operating highlights

- Group cement volumes up 35% to nearly 19 million tonnes
- Price reduction drives strong rebound in Nigerian market; Q4 volumes up 36%, full-year volumes up 3.2% despite severe economic challenges
- Excellent entries in all new countries, gaining share from incumbents
- Senegal, Ethiopia sell approximately 1 million tonnes each
- NSE Premium Listing reflects strong corporate governance

Onne van der Weijde, Chief Executive Officer, said:

"We had a great year in 2015 with volumes increasing 35% as new factories performed very successfully across Africa, gaining significant market share against long-established incumbents.

In our home market of Nigeria we increased sales by 3.2% against the worst economic crisis the country has faced in many years, which demonstrates that the Nigerian market is very robust. The price reduction we announced in September was clearly very well received in the market and fourth quarter sales were 36% ahead of the same period in 2014. We are pleased that such a bold move has translated into higher volumes across the market as cement becomes more affordable for millions.

We have not only increased revenues and profits but by successfully entering new markets, reducing our dependence on expensive fuels and further improving our corporate governance, we have very substantially de-risked the business, reduced net debt and improved the quality of our earnings. Not many other large companies in Africa can claim to have achieved that in 2015.

We've succeeded in new markets, proved that our business model works throughout Africa and we've created a strong foundation for the next wave of expansion in Africa's exciting growth markets and beyond. We have had a very strong start to 2016 and are well on the way to becoming a global leader in cement."

About Dangote Cement

Dangote Cement is Africa's leading cement producer nearly 44Mta capacity across three plants in Nigeria and recently opened factories in Cameroon, Ethiopia, Senegal, South Africa, Tanzania and Zambia.

We are a fully integrated quarry-to-customer producer with production capacity of 29.25Mta in Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25Mta of capacity across four lines. The Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12Mta. The Gboko plant in Benue state has 4Mta. We plan to build new factories in Ogun State (6.0Mta) and Edo State (3.0Mta). Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and is transforming the nation into an exporter serving neighbouring countries.

In addition, we are investing several billion dollars to build manufacturing plants and import/grinding terminals across Africa. We have operations in Senegal (1.5Mta), South Africa (2.7Mta), Cameroon (1.5Mta), Ghana (1Mta import facility), Ethiopia (2.5Mta), Zambia (1.5Mta) and Tanzania (3.0Mta). We are also building plants in, Republic of Congo (1.5Mta), Kenya (3.0Mta), Nepal (3.0Mta) and Zimbabwe (TBC), with additional capacity planned in Senegal, Cameroon, Ethiopia and Zambia. We also plan to build import or grinding facilities in Sierra Leone (0.7Mta), Ghana (1.5Mta), Cote D'Ivoire (3.0Mta), and Liberia (0.7Mta).

New website: www.dangotecement.com

Conference call details – REGISTRATION REQUIRED

A conference call for analysts and investors will be held on Tuesday 1st March at 16.00 Lagos time/15.00 UK time.

PLEASE REGISTER IN ADVANCE USING THE LINK BELOW

[Dangote Cement Audited Results for 2015](#)

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Nigeria Local: +234 (0) 1440 5158 / +234 (0) 1888 9090

UK Local: +44 207 043 4129

UK Toll free: 0800 327 7280

USA Local: 1-866-840-9752

South Africa: 0800 982 759

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Contact details

Carl Franklin
Chief Investor Relations Officer
Dangote Industries

Ayesha Aliyu
Investor Relations
Lagos

+44 207 399 3070

+234 1 448 0815

Carl.Franklin@dangote.com

Ayesha.Aliyu@dangote.com

Operating review

Summary

Year ended 31 st December	2015	2014	%
Regional revenues	₦B	₦B	change
Nigeria	389.2	371.5	4.8%
West & Central Africa	42.3	6.2	582%
South & East Africa	61.2	13.9	340%
Inter-company sales	(0.1)	-	
Total revenues	491.7	391.6	25.6%
EBITDA	262.4	223.4	17.5%
<i>EBITDA margin</i>	<i>53.4%</i>	<i>57.0%</i>	
Pre-tax profit	188.3	184.7	2.0%
Earnings per share	10.86	9.42	15.2%
Cement volumes sold	31-Dec-15	31-Dec-14	%
	'000 tonnes	'000 tonnes	change
Nigeria	13,290	12,873	3.2%
West & Central Africa	2,137	309	592%
South & East Africa	3,472	789	340%
Inter-company sales	(41)		
Total cement sold	18,858	13,971	35.0%

Group performance

The 2015 financial year was one of successful growth and transformation for Dangote Cement, not just in our geographical diversification but also in our operational management. Plants that we had been building for three years were opening across Africa and we quickly achieved outstanding success in their respective markets.

The new factories we opened in Senegal, Cameroon, Ethiopia and Zambia made their first contributions to the business in 2015 and as a result our volumes rose by 35.0% to 18.9Mt, driving Group revenues up 25.6% to ₦491.7B (2014: ₦391.6B). Group operating profit rose by 11.1% to ₦207.8B, helped by contributions from the new factories, all of which were profitable in 2015.

In our home market we faced significant challenges from a falling oil price, the devaluation of the Naira, the delay to the General Election and a shortage of diesel fuel in April. Yet we responded by becoming more customer focused, improving our efficiency and establishing a lower, more sustainable price that has made cement more affordable for all Nigerians. Because of our strong management of the business and quick actions in the face of these external challenges, our sales volumes in Nigeria grew by 3.2% to 13.3Mt, with revenues of ₦389.2B, up 4.8% on the ₦371.5B we achieved in 2014.

All of our pan-African operations were profitable in 2015, even though most of their capacities were still in the less-profitable ramp-up phase. The West & Central Africa region contributed an operating profit of ₦4.7B (2014: ₦3.9B loss), while South & East Africa posted ₦8.6B (2014: ₦0.06B).

Earnings per share rose by 15.2%, from ₦9.42 to ₦10.86.

Cash generation was strong during the year, with ₦299.5B of cash generated from operations. This enabled us to fund capital expenditure of ₦251.0B and pay ₦102.2B in respect of the 2014 dividend. Despite these two substantial outlays, our gross debt remained flat at ₦244.9B (2014: ₦242.6B) while cash improved from ₦20.6B at the start of the year, to ₦40.8B at the end. Net debt fell from ₦222.0B to ₦204.2B. With EBITDA of ₦262.4B, our ratio of net debt/EBITDA remains low by industry standards, at 0.78x. The Directors have recommended a dividend of ₦8.0 per share.

Nigeria

Strong Q4 sales after price reduction makes cement more affordable

Despite considerable economic challenges, Nigeria's cement market returned to growth in 2015. We estimate total market sales of cement to have been 21.5Mt, which is 2.5% higher than the 21.0Mt sold in 2014.

Our operations in Nigeria sold 13.3Mt of cement during 2015, which is 3.2% higher on the previous year's volume of 12.9Mt. Revenue was up 4.8% to ₦389.2B (2014: ₦371.5B). Operating profits of ₦193.7B (2014: ₦190.9B) benefited from a more favourable gas supply during the year, but were subdued by the impact of the price reduction announced in September. As a result, margins in Nigeria decreased slightly from 51.4% in 2014 to 49.8% in 2015.

The 3.2% volume increase we achieved in 2015 was a particularly strong result given the challenges of falling oil revenues, devaluation of the Naira and uncertainties over government policy intentions, all of which dampened demand in the market in the first nine months.

However, the final quarter of 2015 saw record sales for Dangote Cement, with volumes increasing 31.8% to nearly 4.0Mt. This strong performance followed the ₦300 per bag price reduction we announced in early September, which was clearly very well received in the market. In light of this rebound in sales we are very optimistic that this momentum will continue in 2016.

Improved marketing boosts share, targets 10,000 retail outlets

We boosted our marketing activity in 2015 with new initiatives and promotions throughout the year that were designed to increase brand awareness and market recognition of the quality of our 3X cement.

We had suffered a loss of market share in the first few weeks of the year as pricing actions by a competitor resulted in a shift of sales away from our cement. However, we made steady progress regaining share in the subsequent months, up to the point that diesel shortages caused us some distribution problems in April and May. Our average market share was about 59% in the first half of the year, which drove us to redouble our marketing efforts in a bid to win back the lost share.

In the second half of the year we focused upon regional promotions and improved our distributor reward scheme to make it more competitive with rival offerings. We began a widespread drive to increase our retail presence with a goal to have 10,000 retail outlets across Nigeria in the coming years.

We supported the drive with promotional and point-of-sale materials including strongly branded umbrellas, tables, chairs and tarpaulins for covering cement bags.

In the final quarter of 2015 we launched a nationwide consumer promotion, which we billed the Dangote Mega Millions Dash, with a ₦300m prize pool and the aim of handing ₦1m prizes to more than 180 people in the 15-week promotion.

As a result of all our marketing activity, as well as our new, lower pricing structure, we improved market share from about 56% in January to nearly 68% in December and almost 62% across the year as a whole. This is particularly good, given the entry of a new cement manufacturer in August.

Obajana benefits from improved gas supply

Our flagship 13.25Mta plant at Obajana sold nearly 8.0Mt of cement during the year, compared with the 7.4Mt sold by the plant last year. Obajana's gas supply improved strongly during 2015, enabling it to produce cement more profitably than the previous year, in which we were forced to use the more expensive LPFO as a back-up fuel.

We have significantly reduced our reliance on LPFO as a back-up fuel now that Obajana's Line 3 has been equipped with coal milling facilities, although most gains in profitability at the plant were as a result of the more favourable levels of gas supply.

Overall, across 2015, Obajana's fuel usage was 90.6% gas and 4.6% coal, with just 4.8% use of LPFO during the year, compared with 24% LPFO in 2014. We are adding coal facilities to Lines 1, 2 and 4 in 2016, substantially reducing our need for LPFO.

Ibese achieves nearly 29% sales increase

Our 12.0Mta plant at Ibese, not far from Lagos performed very well in 2015, increasing its sales by 29.7% from 3.9Mt in 2014 to 5.0Mt in 2015, which was an excellent performance.

Ibese's gas utilisation was lower at about 79%, compared with an average of 89% in 2014, but use of LPFO has almost been eliminated at the plant in favour of coal, which was 18% of fuel used. Ibese's proximity to Lagos means that importation costs for coal are cheaper than at Obajana, meaning coal is only slightly more expensive than gas per tonne of finished cement. We are extending the use of coal to Lines 3&4 in 2016.

Ibese will be an important production centre for exports to neighbouring and nearby countries in West Africa. We exported some cement to Ghana during the year, after augmenting our fleet with several hundred new trucks.

Gboko being upgrade to coal

Our 4.0Mta plant at Gboko, in Benue State, remained mothballed for most of the year. The plant sold 0.3Mt of cement in 2015, down 80.0% from 1.6Mt shipped in 2014. We are equipping Gboko to run entirely on coal, which will substantially improve its profitability when it reopens.

Looking forward, we believe that although Nigeria faces considerable challenges, the government's strong commitment to infrastructure gives us optimism that good growth will return to the Nigerian market in 2016

New plant announced for Edo State

In February 2016 we announced plans to establish a new 3.0Mta factory in Okpella, Edo State. This will be in addition to the 6.0Mta plant we will build in Itori, Ogun State. Building work on the latter will only commence after land and permitting issues have been finalised.

West & Central Africa

Strong starts in Senegal and Cameroon

Our West & Central Africa region comprises our non-Nigerian operations across the Economic Community of West Africa States (ECOWAS), as well as Cameroon and the Republic of Congo.

The region turned in a strong performance in 2015, thanks to the maiden contributions of our integrated factory in Senegal and our clinker grinding plant in Cameroon, which were augmented by a substantially better result in Ghana.

The West & Central Africa region posted revenues of ₦42.3B, an increase of 582% on revenues of ₦6.2B in 2014. This represents sales of 2.1Mt of cement, compared with 0.3Mt in 2014. The region contributed ₦4.7B of operating profit, 2.3% of the Group's total, compared with an operating loss of ₦3.9B in 2014.

Ghana doubles sales volumes

Ghana represents our first market outside of Nigeria and we have imported cement from the Far East into the country since 2011. Ghana's performance was vastly improved over 2014, when the devaluation of the Cedi forced us to suspend importation of cement from the Far East due to lack of profitability.

However, in 2015, a more favourable exchange rate enabled us to recommence importation and we ended the year selling nearly 0.7Mt, more than double the 0.3Mt tonnes of cement we shipped in 2014, and at approximately 12% market share.

Although most product is bagged, our bulk sales rose significantly and we believe we can sell substantially more in the coming years to support Ghana's investment in infrastructure.

A new management team in Ghana initiated strong cost-control and efficiency initiatives that drove a shift towards profitability later in the year.

Marketing activity has also increased with billboard advertising being used for the first time and the location of 50 branded customer shops and sales containers around Tema, where our import facility is located.

To date, Ghana has mostly imported bulk cement from the Far East. However, we have recently begun to truck cement into Ghana from our Ibese factory in South West Nigeria.

We will build a 1.5Mta grinding plant at Takoradi to open in 2017.

Senegal grabs share against long-entrenched incumbents

Senegal was a stand-out performer for the West & Central Africa region in 2015. After a slow but steady start in the first quarter of 2015, sales increased and the plant was quickly running at very high utilisation.

Despite entering a market with two well-entrenched incumbents, who were supplying export as well as domestic markets, our Senegal operation rapidly became recognised as the quality leader in the market, gaining a 28% market share in 2015.

We can justifiably claim to be the only manufacturer in Senegal selling more than 70% of its rated capacity. Approximately 90% of our sales are within Senegal, although there is good potential for export to Mali.

The key to our success has been to sell a higher-quality 42.5 blend of cement at prices comparable to those of other manufacturers' 32.5-grades.

Encouraged by our early success in Senegal, we announced in September 2015 our intention to build a second line at the factory, in Pout, with the intention of producing clinker for export, mainly into Mali, where we will establish a grinding facility.

Cameroon makes solid start

Operations commenced in January 2015 at our 1.5Mta grinding plant in Douala, with the first cement being despatched for sale in March.

The plant achieved a smooth ramp-up and by the end of 2015 was operating at more than 55% capacity, selling 42.5-grade cement into the local market.

We estimate that its market share was about 21% in 2015, despite the presence of well-established local cement manufacturers and importers.

We believe Cameroon will begin to enforce a ban on imported cement in 2016 and this presents an opportunity to substitute around a million tonnes of imported bulk cement with a locally ground product. At present, our factory in Cameroon imports clinker from the Far East, but in time we intend to supply higher-quality clinker manufactured in our Nigerian factories.

Update on projects

Our 1.5Mta plant in Mfila, Republic of Congo, is well on track to open in H2 2016, to serve local and export markets and thereby reduce imports.

Now that Sierra Leone has been declared free of the Ebola virus, we are completing the construction of our import and bagging plant in Freetown with a view to starting commercial operations in the second quarter of 2016.

In time, we hope to supply bulk cement from our own factories in Senegal or Nigeria, which will benefit from duty-free trade within ECOWAS.

Ebola has delayed our plans in Liberia and we now expect to open a 0.5Mta grinding plant there in 2017.

Our plans remain on track for what will now be a 3.0Mta grinding plant in Côte d'Ivoire, although operations are likely to begin in late 2017. The plant will be located at Abidjan and land has already been procured and cleared for the factory.

In September 2015 we announced our intention to build facilities in the interior countries of ECOWAS. We plan a 1.5Mta grinding plant in Mali, which we will supply with clinker from Senegal, as well as a 1.5Mta integrated plant in Niger. Both should commence operations in 2018. We have already begun exporting cement into Mali and Niger to build awareness of the Dangote brand.

South & East Africa

Ethiopia and Zambia join South Africa as strong regional performers

Our South & East Africa region encompasses our operations in South Africa, Ethiopia, Zambia and Tanzania as well as new projects planned for Kenya and Zimbabwe.

We built on the successful launch of our South African business in 2014 with the launch of new plants in Ethiopia, Zambia and at the end of the year, in Tanzania.

As a result, cement volumes in South & East Africa rose by 340% to nearly 3.5Mt with profitable maiden contributions from the new factories.

Revenues for the region increased by 340% to ₦61.2B, compared with ₦13.9Bn in 2014, when just our South African factories were operational (under the name Sephaku Cement). The region's contribution represents approximately 12% of the Group's total revenues for 2015.

Regional revenues were impacted on translation by significant devaluations of the Zambian Kwacha and South African Rand against the dollar that continued throughout 2015.

Operating profits rose to ₦8.6B, up from slightly more than breakeven in 2014, at 4.1% of Group profitability.

South Africa builds on early success

Our operation in South Africa had its first full year of operation across both its Aganang integrated plant and its Delmas grinding plant, respectively located to the west and east of Johannesburg.

Delmas produced mostly 32.5-grade cement using fly ash from the nearby Kendall power station, while Aganang serves mostly the market for stronger 42.5 and 52.5-grade cements in South Africa's inland market. Despite a kiln stoppage of a few weeks for maintenance at Aganang, South Africa achieved good gains in market share thanks to its high-quality products and services.

Its cement is regarded very favourably by customers of all types, with high brand awareness being achieved. We have built a strong distribution network with major retail outlets and we are also increasing sales through the readymix channel, which is more mature in South Africa than in many other African countries.

In November 2015 we changed the trading name of Sephaku Cement to Dangote Cement South Africa, but the Sephaku Cement product branding will remain unchanged.

Ethiopia achieves almost 1Mt sales since opening in June 2015

Our 2.5Mta plant at Muger, Ethiopia, made its first commercial sales in June 2015 and quickly achieved very high levels of production as demand for its cement took off. Within a few months the plant was running at almost full capacity, supplying its 32.5R and 42.5R products mostly to the key market of Addis Ababa, around 90km away. The plant sold almost 1.0Mt during the year.

The plant was formally inaugurated early in June 2015 by Ethiopian Prime Minister H.E. Hailemariam Desalegn. At the ceremony, our Chairman announced our intention to double the size of the plant to 5Mta, which would make it by far the largest cement factory in the region. We hope the second line will commence production in 2018.

Ethiopia's cement industry has a small number of operators with larger, more modern plants, but the majority operate plants using what we believe is outdated technology, with much smaller kiln sizes. As such, we believe they will struggle to manufacture the higher-quality cements Ethiopia needs to support the expansion of its infrastructure. Ethiopia is therefore a key market for Dangote Cement in the coming years.

Zambia makes solid contribution despite currency challenges

Our 1.5Mta plant at Ndola, in the Copperbelt region of Zambia, began commercial sales of cement in May 2015. It was commissioned by His Excellency President Edgar Lungu in August 2015.

The plant achieved good and stabilised levels of utilisation during the year, ending 2015 with sales of more than 0.4Mt Zambia sells both 32.5 Portland Cement and our 3X brand 42.5R Portland Limestone Cement, with its main markets initially being the Copperbelt and some export sales to the Democratic Republic of Congo. However, we have since widened our distribution in Zambia with a fleet of 370 trucks, and are now able to serve the entire Zambian market (including a warehouse in the key market of Lusaka) as well as more distant export destination such as Malawi and Burundi.

In September 2015, we confirmed our plans to increase our presence in Zambia, either through a second line at Ndola or a new facility near Lusaka.

Our Ndola plant is already the largest in Zambia and as such it will benefit from economies of scale that will enable it to compete effectively against long-established incumbents in the country.

Tanzania began clinkering in December

Our 3.0Mta plant in Tanzania began production of clinker in late December and therefore made no contribution to revenues during 2015.

The plant, at Mtwara, was ceremonially inaugurated on 10th October by the outgoing President of the United Republic of Tanzania, His Excellency President Jakaya Kikwete.

At the same time, we laid the foundations for a new jetty at Mtwara, which will enable us to import material such as coal and to ship out cement for domestic and export markets.

Update on projects

We are still in the process of finalising agreements for the construction of a factory in Kenya, which we expect to be in operation in 2019. Key factors will be good availability of limestone close to Kenya's centres of demand. Kenya has a relatively strong economy and a large population of 43m people but low per-capita consumption of cement, suggesting there is plenty of room for growth.

In our strategy update of September 2015, we also announced our intention to build a 1.5Mta plant in Zimbabwe, probably by 2019. The country has a population of around 15 million but per-capita consumption of cement is just 84kg, which again suggests there is potential for good growth in cement demand when its economy begins to advance in the coming years.

Corporate matters

Premium Listing reflects continuing improvements in corporate governance

In late August, 2015, we were one of only three companies to become founder members of the Premium Board of the Nigerian Stock Exchange. The Premium Listing was achieved after a thorough independent review of our corporate governance, which included the assessment of Board policies and fiduciary awareness tests for all Board members.

Prior to the Premium Listing process, our Board had approved and implemented 15 new policies designed to improve corporate governance across the Group and all of its operating subsidiaries.

Outlook for 2016

We are confident of a good year in 2016. Following the rapid increase in sales in Nigeria in the final quarter of 2015, we believe our strategy to make cement more affordable has been very well received in the market and we have already had a strong start to 2016. Across the Group, January sales volumes rose by 77.6% to 2.0Mt, with Nigerian sales volumes rising 46.4% to 1.4Mt, compared to less than 1.0Mt in January 2015. February 2016 sales volumes were 38% ahead of February 2015, with sales volumes in Nigeria up 60% to more than 1.5Mt. Total volume for the first two months of 2016 was more than 4.1Mt across the Group.

We note that the Ministry for Works, Power & Housing has proposed that 62% of its ₦433B budget for the period 2016-18 be allocated to the completion, upgrading or building of 6,000km of roads, which will clearly be positive for cement demand in the next three years.

Across Africa, we have proved that our business model works and that we can enter new markets and compete very successfully against long-entrenched incumbents whose capacity may be old and inefficient. Our modern, high-technology plants enable us to make higher grades of cement at lower cost and sell it at the same price as lower-quality products in the market. This is why we were so successful in places such as Senegal, Ethiopia and South Africa, where surplus capacity existed but was unable to prevent us gaining significant market shares in our first months of operation. We hope to achieve similar success in Tanzania, which began commercial sales in February 2016, and the Republic of Congo, where we will open a 1.5MTa plant later this year.

We have announced further expansion across Africa and beyond, in Nepal, at very favourable terms of construction. By the end of 2019 we expect to have approximately 77Mta of capacity.

Financial review

Financial highlights

Year ended	31-Dec-15 ₦m	31-Dec-14 ₦m
Group revenue	491,725	391,639
EBITDA*	262,448	223,368
EBITDA margin	53.4%	57.0%
Operating profit	207,822	187,102
Net profit	181,323	159,501
Earnings per ordinary share (Naira)	10.86	9.42
Dividend per share (Naira)	8.0	6.0
Total assets	1,110,943	984,720
Net debt	204,177	221,988

*Earnings before interest, taxes, depreciation and amortisation

Revenues by region

Year ended	31-Dec-15 ₦m	31-Dec-14 ₦m
Nigeria	389,215	371,534
West & Central Africa	42,269	6,195
South & East Africa	61,208	13,910
Inter-company sales	(967)	-
Total revenues	491,725	391,639

Volume of cement sales and production

Year ended	31-Dec-15 '000 tonnes	31-Dec-14 '000 tonnes
Nigeria	13,290	12,873
West & Central Africa	2,137	309
South & East Africa	3,472	789
Inter-company sales	(41)	-
Total cement sold	18,858	13,971
Total attributable production	18,425	13,858

The Group's cement volumes increased by 35.0%, with revenues rising by 25.6% from ₦391.6B to ₦491.7B. The increase was driven by higher revenue contributions from existing operations in South Africa and Ghana as well as maiden contributions from the new factories opened in Senegal, Cameroon, Ethiopia and Zambia.

Despite the many economic challenges facing Nigeria, our cement sales in the home market increased by 3.2% to nearly 13.3Mt from 12.9Mt in 2014, due to an increased market share resulting from price reductions in September and increased marketing activity. Consequently revenues from Nigeria increased by 4.8% from ₦371.5B in 2014 to ₦389.2B in 2015. The final quarter of 2015 saw the full impact of the price reduction announced in September. Cement volumes rose 31.8% to nearly 4.0Mt, compared to the 3.0Mt sold in Q4 2014 with Q4 2015 revenues of ₦93.8B (Q4 2014: ₦74.0B).

With healthy maiden contributions from Senegal and Cameroon, the West & Central Africa region contributed total revenue of ₦42.3B, compared to ₦6.2B in 2014, when only Ghana was operating. West & Central Africa shipped 2.1Mt in 2015, against the 0.3Mt shipped solely from Ghana in 2014. Although our plant in Senegal was successfully commissioned in late December 2014, it did not contribute to regional revenues last year.

Our Zambian and Ethiopian subsidiaries began production midway through 2015 and combined with revenues from South Africa, the South & East Africa region produced total revenue of ₦61.2B, compared to ₦13.9B in 2014, when only South Africa was operating. In total, South & East Africa shipped nearly 3.5Mt of cement, compared to 0.8Mt in 2014. Tanzania began selling cement in February 2016 and so it did not make a contribution in 2015.

Profitability

Year ended	31-Dec-15 ₦m	31-Dec-14 ₦m
EBITDA	262,448	223,368
Depreciation, amortisation and impairment	(54,626)	(36,266)
Operating profit	207,822	187,102
Operating profit as contributed by business segments is outlined below:	31-Dec-15 ₦m	31-Dec-14 ₦m
Nigeria	193,698	190,908
West & Central Africa	4,728	(3,862)
South & East Africa	8,602	56
Inter-Company adjustment	(794)	-
Total operating profit	207,822	187,102

The Group posted an operating profit of ₦207.8B, 11.1% higher than the ₦187.1B generated last year. With new plants ramping up throughout Africa, the overall Group operating margin eased to 42.3% in 2015, from 47.8% in 2014. Operating profits in the Nigerian operations increased by 1.5% to ₦193.7B although the operating margin fell slightly from 51.4% in 2014 to 49.8% in 2015. The impact of the price reduction in September offset margin gains from a more favourable fuel mix during the year. Manufacturing costs of goods sold in Nigeria increased by 1.4%, driven mainly by the increased depreciation charge associated with the opening of new factories, as well as by the increase in volumes produced, and the fall in the value of the Naira against the US Dollar, because a significant portion of manufacturing costs are denominated in US Dollars.

Maiden operations in South & East Africa, as well as in West & Central Africa, resulted in positive contributions to the operating profit by both regions. In West & Central Africa, the maiden contributions of Senegal and Cameroon contributed to the region moving from an operating loss of ₦3.9B in 2014, to an operating profit of ₦4.7B in 2015, representing an operating margin of 11.2%. In South & East Africa, increased production in South Africa and the commissioning of plants in Ethiopia and Zambia generated an operating profit of ₦8.6B at a 14.1% margin, compared to a break-even position in 2014. In both regions, these operating margins reflect start-up and ramp-up costs.

Manufacturing and operating costs

Year ended	31-Dec-15 ₦m	31-Dec-14 ₦m
Materials consumed	55,623	33,226
Fuel & power consumed	66,495	62,023
Royalties paid	1,138	461
Salaries and related staff costs	15,263	10,756
Depreciation & amortisation	38,243	21,647
Plant maintenance costs	18,331	11,798
Other production expenses	10,830	7,477
(Increase)/decrease in finished goods and work in progress	(4,115)	(4,330)
Total manufacturing costs	201,808	143,058
Operating costs	86,046	65,088

There was an increase in all the manufacturing costs categories in line with increased production by the Group as more factories were opened during the year. Although there was a net increase, fuel and power costs in Nigeria were favourably impacted by the improved availability of gas resulting in the reduced use of LPFO, which is a much more expensive source of energy.

The fuel mix was also improved by increased use of cheaper coal instead of LPFO, as well as the mothballing of production at Gboko, which runs entirely on LPFO and which produced significantly more cement in 2014. As a result our cash cost of production in Nigeria was lower than 2014 by ₦7.5B.

Total operating expenses rose by 32.2% to ₦86.0B, mostly as a result of new factories commencing operations and non-capitalisable expenses incurred for projects under construction.

Interest and similar income and expense

Year ended	31-Dec-15 ₦m	31-Dec-14 ₦m
Interest income	1,699	3,147
Exchange gain	33,120	27,418
Finance income	34,819	30,565
Interest expense	34,130	22,117
Exchange loss	20,870	14,545
Less interest capitalised	(653)	(4,068)
Total finance costs	54,347	32,978

The Group's interest income decreased due to a reduction in investible surplus funds. The interest expense increased by 54.3% compared to 2014 due to higher average borrowings, higher interest rates and lower capitalisation. The average effective interest during the year was 12.9% (2014: 10.0%)

The Nigerian Naira fell in value, resulting in high exchange gains from assets denominated in foreign currency and losses from liabilities denominated in foreign currencies, including gains from inter-Group assets and liabilities that do not eliminate in full on consolidation.

The profit before tax was ₦188.3B, compared with ₦184.7B in 2014, which is an increase of 2.0%.

Taxation

Year ended	31-Dec-15 ₦m	31-Dec-14 ₦m
Tax (charge)/credit	(6,971)	(25,188)

Capacity has increased in the core Nigerian operations with some of the revenues and profits coming from new lines that enjoy pioneer status. The effective tax rate was 3.4% for the Nigerian operations and 3.7% for the Group. During the year the Group made total tax payments of ₦2.2B (2014: ₦0.2B).

The Group's profit for the year was ₦181.3B (2014: ₦159.5B). As a result earnings per share increased by 15.2% to ₦10.86 (2014: ₦9.42).

Financial position

Year ended	31-Dec-15 ₦m	31-Dec-14 ₦m
Property, plant and equipment	917,212	747,794
Other non-current assets	25,141	96,124
Intangible assets	2,610	3,699
Current assets	125,188	116,511
Cash and bank balances	40,792	20,593
Total assets	1,110,943	984,720
Non-current liabilities	57,196	27,943
Current liabilities	164,058	122,309
Debt	244,969	242,582
Total liabilities	466,223	392,834

The balance sheet remains strong with non-current assets increasing from ₦847.6B at the end of 2014 to ₦945.0B at 31st December 2015. This was mainly as a result of increased capital expenditure, both within Nigeria and in other African countries. Total additions to property, plant and equipment amounted to ₦251.9B, of which ₦95.5B was spent in Nigeria, ₦34.5B in West & Central Africa and ₦121.9B in South & East Africa. The gross capital expenditure was partially offset by a depreciation charge of ₦54.6B. There was a deferred tax asset write down of ₦2.2B, and a ₦70.4B decrease in prepayments.

Current assets increased by ₦8.7B, driven mainly by the increase in the stock of spares, finished goods and work in progress, as well as trade and other receivables generated by the new production lines throughout Africa and a build-up of inventory for projects nearing completion and about to commence production.

The increase in current liabilities was mainly driven by a ₦33.3B increase in trade and other payables.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 1st January 2015	20,593	(242,582)	(221,989)
Cash generated from operations before working capital changes	275,395	-	275,395
Change in working capital	26,356	-	26,356
Income tax paid	(2,234)	-	(2,234)
Capital expenditure	(251,931)	-	(251,931)
Other investing activities	(298)	-	(298)
Change in non-current prepayments and payables	94,839	-	94,839
Net interest payments	(23,308)	-	(23,308)
Net loans obtained from parent company and banks	8,486	(8,486)	-
Dividend paid	(102,243)	-	(102,243)
Other cash and non-cash movements (net)	(4,863)	6,099	1,236
As at 31st December 2015	40,792	(244,969)	(204,177)

The Group generated cash of ₦275.4B before changes in working capital. After ₦26.4B change in working capital and tax payments of ₦2.2B, the net cash flow from operations was ₦299.5B.

Financing outflows were ₦117.5B (2014: ₦80.4B), reflecting additional loans taken of ₦125.9B, loans repaid of ₦116.2B, net interest payments of ₦25.0B and ₦102.2B in dividends paid. Our borrowings are from financial institutions as well as from Dangote Industries Limited, the parent company, which in turn borrows from financial institutions.

Cash and cash equivalents (including bank overdrafts used for cash management purposes) increased substantially from ₦16.4B to ₦37.8B. Net debt stood at ₦204.2B, a decrease from ₦222.0B at 1st January 2015. This represents 77.8% of Group EBITDA for the year.

We invested ₦251.9B in projects and normal capital expenditure (2014: ₦217.2B). The capital expenditure was mainly to increase our production capacity in Nigeria as well as expenditure on the production plants under construction in the various African countries. The capital expenditure for each region is as follows:

Capital Expenditure by Region

	Nigeria ₦m	South & East Africa ₦m	West & Central Africa ₦m	Total ₦m
Nigeria	95,515	-	-	95,515
Senegal	-	-	938	938
Cameroon	-	-	8,542	8,542
Congo	-	-	19,327	19,327
Ghana	-	-	4,036	4,036
Cote d'Ivoire	-	-	212	212
Sierra Leone	-	-	1,291	1,291
South Africa	-	158	-	158
Ethiopia	-	52,502	-	52,502
Tanzania	-	46,043	-	46,043
Zambia	-	23,215	-	23,215
Other	-	-	152	152
Total	95,515	121,918	34,498	251,931

Recommended dividend

On 29th February 2016, the Directors recommended a dividend of ₦8.0 per share for approval at the Annual General Meeting scheduled for 19th April 2016 (2014: ₦6.00). It will result in a total dividend payment of ₦136.3B to be paid in April 2016. The dividend represents a payout ratio of 73.7%.