Unaudited results for the six months ended 30th June 2015

Strong regional performances as newly opened factories account for 22% of sales and gain substantial shares in key markets across Africa.

Lagos, 30th July 2015: Dangote Cement PLC (DANGCEM-NL), Nigeria's largest cement producer, announces unaudited results for the six months ended 30th June 2015.

Financial highlights

- Revenue up 15.9% to ₦242.2bn as non-Nigerian factories ramp up
- Gross profit up 16.5% to ₦157.7bn, 65.1% margin
- EBITDA up 14.0% to ₦147.5bn, 60.9% margin
- Net profit up 27.6% to ₦121.8bn
- Earnings per share up 28.2% to ₦7.22
- Dividend payment of ₦102.2bn
- Net debt increased to ₦257.6bn from ₦222.0bn at 31st December 2014

Operating highlights

- 40mt of capacity now operational across Africa
- Group cement sales volumes up 13.7% to 8.1 million tonnes
- 22% of Group cement volumes shipped outside Nigeria
- Strong contributions from South Africa and Senegal, with good gains in market share
- Nigeria margins increased by new pricing, improved gas supply and more use of coal
- Cameroon, Zambia, Ethiopia now in production and making steady progress
- Gboko temporarily reopened in April 2015 to meet local demand

Onne van der Weijde, Chief Executive, said:

"Our new plants have made excellent starts across Africa in the first half of 2015 and our operations now stretch from Senegal across to Ethiopia and down to South Africa, making us a truly Pan-African leader in cement.

"Our strategy has been to enter markets with higher-quality cement produced at lower-cost factories and as a result we are building strong shares in key African markets, despite well-established competition. The increasing diversity of our business is demonstrated by the fact that 22% of volumes were sold outside of Nigeria and this has helped to offset some of the uncertainties in our home market."

"We will build on these early successes in Africa as we continue to expand our business across the continent."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with 40mt of capacity operational, including three plants in Nigeria, an import terminal and Ghana and recently opened factories in Ethiopia, Zambia, South Africa, Senegal and Cameroon.

We are a fully integrated quarry-to-customer producer with production capacity of 29.25 million tonnes in Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25 million tonnes of capacity across four lines. The Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12 million tonnes. The Gboko plant in Benue state has 4 million tonnes of capacity. 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 (1.5mt), South Africa (2.7mt), Cameroon (1.5mt), Ghana (1mt import facility), Ethiopia (2.5mt) and Zambia (1.5mt). We are also building plants in Tanzania (3mt), Republic of Congo (1.5mt) and Kenya (TBC). We plan to build import or grinding facilities in Sierra Leone (0.7mt), Ghana (1.5mt), Cote D'Ivoire (1.5mt) and Liberia (0.7mt).

Web: www.dangcem.com

Conference call details

A conference call for analysts and investors will be held on Friday 31st July at 14.00 Lagos/UK time.

The dial-in details for participants are as follows:

Pin code: 121890#

Nigeria Toll Free:	0800 1234 646
Nigeria Local:	+234 (0) 1440 5158
UK Local:	+44 (0) 207 043 4129
UK Toll free:	0800 327 7280
USA Local:	+1 646 663 7922
USA Toll Free:	+1 866 840 9752
South Africa Toll Free:	0800 982 759

A replay facility will be available on the same numbers for 30 days:

Playback code: 461939#

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Operating review

Group performance

Group sales of cement rose by 13.7% to 8.1 million tonnes in the first six months of 2015. The increasing geographic diversification of the business is demonstrated by the fact that sales from factories outside Nigeria rose from 4.6% of Group sales in the first half of 2014, to 22.4% this year. This reflects the fact that more than 1.8 million tonnes of cement was sold from outside Nigeria, including our newly commissioned factories in South Africa, Senegal, Cameroon, Ethiopia and Zambia, as well as our import operation in Ghana.

Summary of Group sales

Regional revenues	30/6/15 ₦bn	30/6/14 ₦bn	% change
Nigeria	207.8	202.4	2.7%
West & Central Africa	15.2	3.4	348%
South & East Africa	19.2	3.1	507%
Total revenues	**242.2**	**208.9**	**15.9%**
Volumes	30/6/15 '000 tonnes	30/6/14 '000 tonnes	
Nigeria	6,314	6,824	(7.5%)
West & Central Africa	797	171	366%
South & East Africa	1,023	158	547 %
Total cement sold	**8,134**	**7,153**	**13.7%**

Nigeria

Election delay and fuel strike weigh on cement market

We estimate the total market for cement in Nigeria to have been approximately 10.8 million tonnes in the first half of 2015, slightly lower than the 11.1 million tonnes sold in the same period of 2014. The delay to the General Election was a significant factor in the first quarter of 2015, causing some uncertainty that in turn affected decisions to buy cement for building. Although April showed an upturn in demand, the fuel strikes of May caused significant problems for production and distribution of cement.

Nigeria's importation of cement remains low and we estimate that just 0.7 million tonnes of cement were imported during H1 2015, approximately the same as the first half of 2014. We expect importation to become even more unattractive in the wake of new regulations governing the use of foreign currency to fund importation of specific goods including bulk cement.

Almost all sales of our cement during the first half of 2015 were from Obajana and Ibese. Volumes of cement shipped to customers fell by 7.5% to 6.3 million tonnes in H1 2015, which represents approximately 58% of total Nigerian market sales.

The fall in volumes is attributable to delayed price increases by a competitor, following our own price increase in December, which resulted in a temporary shift in market share in the first few weeks of the year. In addition, we experienced some logistical issues, particularly in the South region, that hindered shipments to customers. We have already invested in new vehicles and logistics expertise to ensure more efficient distribution in the coming months. During the fuel crisis in the second quarter of the year we experienced difficulties obtaining diesel for our fleet of trucks, which affected our ability to ship cement.

Because of the challenges imposed by the continuing devaluation of the Naira, we took action to protect our margins by increasing the ex-factory price of cement to ₦1,630 per bag of 42.5-grade cement (excluding VAT), which equates to ₦32,600 per tonne. We followed this with an additional increase to

₦1,660 in June, to bring the price to ₦33,200 per tonne. However, we have also introduced a more flexible approaching to pricing in different regions to enable us to respond to competitor pricing actions.

Fuel supply improves

Supplies of gas improved to an average of 86.3% across our large, gas-fired facilities at Obajana and Ibese, compared with 78.1% in the first half of 2014. Our use of coal increased to more than 10% in the first half of 2015, from nothing in the same period last year. Use of expensive LPFO has fallen significantly, to less than 5%.

Obajana sales impacted by Q1 uncertainties and fuel problems in Q2

Our flagship plant at Obajana, in Kogi State, achieved sales of 3.8 million tonnes (H1 2014: 3.8mt). The lack of growth is attributable mainly to the delayed election and the problems of sourcing fuel for trucks, as well as gas supply problems in the second half, caused by strike action in the gas industry.

Ibese sales show good increase

All four lines are operational at Ibese and the plant sold more than 2.3 million tonnes of cement in the first half of 2015, an 18% increase on 2014.

We have begun work on coal grinding facilities for Ibese's new Lines 3&4 and expect this work to be completed in the second half of 2015.

Gboko reopens to serve local market

Gboko was mothballed in November 2014. However, to meet local demand in its catchment area, the plant was re-opened in April 2015 and sold 176,800 tonnes of cement in the first half of 2015 (H1 2014: 1.0 million tonnes).

Update on switch of back-up fuel to coal

Although gas remains our primary fuel of choice at Obajana and Ibese, we are building coal mills at both plants so that we can substantially reduce and even end our dependence on Low-pour fuel oil (LPFO) as a back-up fuel. LPFO is four times more expensive than gas per tonne of finished cement, but imported coal is only 1.3 times more expensive than gas per tonne of finished cement.

In the final quarter of 2014 we commissioned coal facilities to serve Lines 1&2 at Ibese and Line 3 at Obajana. As has been reported, these new facilities helped us to reduce the use of back-up LPFO in the first half of 2015. We are building coal facilities at Ibese Lines 3&4 and Obajana Lines 1,2&4 so that they too can switch to coal in the event that the gas pressure drops. We expect this work to be completed by November 2015.

Our Gboko plant is also being converted to run using coal as the primary fuel, instead of the LPFO used at present, because there is no gas supply anywhere near the factory. Again, we expect this work to be completed in November 2015, substantially improving Gboko's profitability upon conversion. In addition we are installing 3x30MW coal-fired power plants so that by 2016, Gboko will be able to operate at much more competitive cost levels.

To date the coal we have used at all plants has been imported. However, we are developing a strategy to mine coal near the Obajana and Gboko plants and we believe this locally mined coal will be very competitive with gas in terms of pricing.

West & Central Africa

Solid starts in Senegal and Cameroon

Our West & Central Africa region sold a total of 0.8 million tonnes in the first half of 2015, from facilities in Ghana, Senegal and Cameroon (H1 2014: 171,000 tonnes). This accounts for 9.8% of all Group volumes sold.

The 1.5mt factory in Senegal, which opened in January, has made an excellent start, particularly in the second quarter, and we now estimate it provides more than 30% of all cement sold in Senegal. We attribute this to sales of a high-quality product at competitive prices, although pricing remains soft in Senegal at just over $70/tonne.

Our new 1.5 million tonne cement-grinding facility in Cameroon began operation in late March. We are pleased with the demand we have experienced so far and the positive response to our 42.5-grade cement. In 2014, Cameroon banned the importation of bulk cement and this leaves a potential shortfall of a million tonnes that can be substituted with locally ground product made from imported clinker.

Ghana remains a challenging market because of currency devaluation, competitor imports, erratic electricity supplies and the onset of the rainy season. However, sales increased by approximately 58% in Ghana during the period under review. We are continuing to improve facilities at our import and bagging facility in Tema and have appointed a new Plant Director, Mr Tor Nygard, who has many years' experience in the West African cement market, notably spending ten years as Managing Director of Ghacem. The improvements at Tema include larger storage siloes and additional packing lines to enable more throughput of trucks.

South & East Africa

Maiden contributions from Ethiopia and Zambia augment strong performance at Sephaku

Our South & East Africa region sold just over 1.0 million tonnes of cement in the first half of 2015, a significant increase over the 158,000 tonnes sold in the same period last year. This represents 12.6% of all Group volumes sold.

Sales from the newly opened plants in Ethiopia and Zambia augmented a strong performance at Sephaku Cement in South Africa, whose integrated plant at Aganang opened in the second half of 2014.

Sephaku has made a strong entry into the South African market, gaining a commendable market share in less than a year of full operations. This is despite some stoppage time for kiln maintenance during the period.

Our 2.5mt plant in Mugher, Ethiopia, was formally inaugurated in June and has made a strong start to operations, upon which we believe it can build. The plant has several advantages in the Ethiopian market, which is characterised by a large number of sub-scale operators using older, less efficient technologies. With a single large kiln located less than 90km from Addis Ababa, we are confident we can supply key markets with high-quality 32.5 and 42.5-grade cements produced at lower costs than our competitors.

Our 1.5 million tonne plant at Ndola in Zambia began operations in June but made little contribution to regional sales during the first half. We expect it to increase production and sales in the second half of the year. Selling both 32.5 and 42.5-grade cements to meet different building needs, its key markets will be the Lusaka and Copperbelt regions and exports to the Democratic Republic of Congo.

Work continues on our 3.0 million tonne plant at Mtwara, Tanzania, which is now expected to open in September this year. The plant will be fuelled by coal, owing to its low cost and ease of import. As in other countries in the region we will focus on sales of 42.5-grade cement in Tanzania, where per-capita consumption is very low at 46kg, according to Global Cement Report (2013), but which has been growing at nearly 8% from 2010 to 2013.

Financial review

Summary of financial performance

Group	30/6/15 ₦bn	30/6/14 ₦bn
Revenue	242.2	208.9
EBITDA	147.5	129.4
EBITDA margin	*60.9%*	*61.9%*
Operating profit	122.4	112.0
EBIT margin	*50.5%*	*53.6%*
Profit before tax	128.7	107.1
Net profit	121.8	95.4
Earnings per ordinary share (naira)	**7.22**	**5.63**
	30/6/15 ₦bn	**31/12/14 ₦bn**
Total assets	1,133.8	984.7
Total liabilities	521.1	392.8
Net debt	257.6	222.0

Revenues

The Group's cement sales volume increased by 13.7% as compared to the 2014 half year, with volumes from Senegal & Cameroon (West and Central Africa Region) and Sephaku Cement, Ethiopia and Zambia (South & East Africa Region) offsetting the decrease in volumes in Nigeria. Group revenues increased by 15.9% to ₦242.2bn (2014: ₦208.9bn), mainly due to higher revenues in Non-Nigerian operations.

Nigerian cement volumes declined by 7.5% during the first half 2015 due to logistic problems in shipping cement arising from fuel shortages. However average selling prices increased by about 11%. Consequently revenues from Nigeria increased by 2.7% from ₦202.4bn during the first half of 2014 to ₦207.8bn for the first half of 2015.

West & Central Africa contributed ₦15.2bn from the sale of 797,000 tonnes of cement in Senegal, Ghana and Cameroon.

In South & East Africa, where Sephaku Cement was already operating in South Africa, we added maiden contributions from Ethiopia and Zambia in the second quarter. The Region contributed ₦19.2bn revenues from the sale of 1.0 million tonnes, the majority of which was sold in South Africa.

Manufacturing costs

	30/6/15 ₦bn	30/6/14 ₦bn
Materials consumed	22.3	16.4
Fuel & Power	27.6	33.0
Royalties	0.3	0.2
Salaries & related staff costs	7.2	4.7
Depreciation & amortisation	17.3	10.7
Plant maintenance	7.6	4.9
Other production expenses	4.4	2.1
Movement in finished goods and WIP	(2.2)	1.5
Total manufacturing costs	**84.5**	**73.5**

Material costs increased in line with increased production and sales volumes as a result of our subsidiary in South Africa ramping up production, an increase in sales in Ghana as well as maiden operations during the first half of 2015 in Senegal, Cameroon, Zambia and Ethiopia.

The increase due to maiden operations outside of Nigeria was partially offset by a reduction in the fuel & power costs in Nigeria as a result of improved gas availability at the Obajana plant as well as conversion of some power plants to run on coal, both of which are cheaper sources of energy compared to the LPFO that was used during the shortages in 2014. Lower production at Gboko, which runs on higher-cost LPFO, also helped to reduce the overall fuel bill.

Staff costs increased across the Group as a result of increased staff numbers and the commencement of operations in Senegal, Zambia, Ethiopia and Cameroon as well is our subsidiary in South Africa ramping up production.

Administration and Selling expenses

	30/6/15 ₦bn	30/6/14 ₦bn
Administration and selling costs	37.0	25.3

Total operating expenses rose by 46% to ₦37.0bn, mostly as a result of commencing operations in our subsidiaries in Senegal, Cameroon, Ethiopia and Zambia, as well as an increase in volumes sold in South Africa. In addition we incurred non-capitalisable expenses for projects still under construction.

Profitability

Group	30/6/15 ₦bn	30/6/14 ₦bn
EBITDA	**147.5**	**129.4**
Depreciation, amortisation & impairment	(25.1)	(17.4)
Operating profit	**122.4**	**112.0**
Regional operating profit	30/6/15 ₦bn	30/6/14 ₦bn
Nigeria	118.4	114.1
West & Central Africa	0.9	(1.4)
South & East Africa	2.5	(0.7)
Elimination/Adjustments	0.6	-
Total operating profit	**122.4**	**112.0**

The Group posted an operating profit of ₦122.4bn, 9.3% higher than the ₦112.0bn generated in 2014, with both the non-Nigerian regions achieving profitability at operating level. The operating margin fell from 53.6% in 2014 to 50.5% in 2015, mainly as a result of the increasing share of non-Nigerian operations in our revenue mix – these being in ramp-up phase and operating in less profitable markets than Nigeria.

Operating profits in our Nigerian operations increased by 3.8% to ₦118.4bn while the operating margin increased from 56.4% in 2014 to 57.0% in 2015. Manufacturing costs of goods sold decreased by 11.9%. The decrease was mainly driven by improved gas availability and the use of coal, a much cheaper source of energy as compared to LPFO used in 2014 due to poor availability of gas, as well as a reduction in volumes sold from Gboko.

With operations now onstream in Senegal and Cameroon, as well as Ghana, West & Central Africa posted a first-half operating profit of ₦0.9bn, compared with a loss of ₦1.4bn in H1 2014.

A good performance in South Africa helped the South & East Africa region achieve an operating profit of ₦2.5bn, compared to the loss of ₦0.7bn reported last year.

Finance income and expense

	30/6/15 ₦bn	30/6/14 ₦bn
Interest income	1.0	2.6
Exchange gain	29.7	0.6
Total finance income	**30.7**	**3.2**
Interest expense	15.9	8.1
Exchange loss	9.0	0.8
Less capitalised interest	(0.6)	(0.8)
Total finance costs	**24.3**	**8.1**

The Group's interest income decreased due to a reduction in investible surplus funds. Interest expense increased by 96.0% compared to first half of 2014 due to higher average borrowings.

The Nigerian Naira fell in value significantly during the first half of 2015 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 ₦128.7bn, compared with ₦107.1bn for the first half of 2014.

The Group's net profit for the six months was ₦121.8bn (2014: ₦95.4bn) resulting in earnings per share increasing by 28.2% to ₦7.22 (2014: ₦5.63).

Financial position

Assets and liabilities

	30/6/15 ₦bn	31/12/14 ₦bn
Property, plant & equipment	834.7	747.8
Other non-current assets	87.6	96.1
Intangible assets	4.2	3.7
Current assets	155.7	116.5
Cash & Bank Balances	51.6	20.6
Total assets	**1,133.8**	**984.7**
Non-current liabilities	33.3	27.9
Current liabilities	178.6	122.3
Debt	309.2	242.6
Total liabilities	**521.1**	**392.8**

Our balance sheet continues to remain strong with non-current assets increasing from ₦847.6bn at the end of 2014 to ₦926.5bn at 30th June 2015. This was mainly as a result of capital expenditure, both within Nigeria and in other African countries. Total additions to property, plant and equipment amounted to ₦109.0bn, of which ₦49.4bn was spent in Nigeria, ₦16.2bn in West & Central Africa and ₦43.4bn in South & East Africa. The gross capital expenditure was partially offset by a depreciation charge of ₦24.9bn and a fall in prepayments of ₦9.3bn. This resulted in non-current assets increasing by ₦78.9bn.

The increase in current assets was mainly driven by the increase in the stock of spares and fuel as well as trade and other receivables driven by the new production lines in Nigeria, Senegal, Zambia, Ethiopia, Cameroon and South Africa.

The increase in current liabilities was mainly due to a ₦54.1bn increase in trade and other payables. The increase was mainly attributable to increased advances from customers and trade payables due to the expansion of our operations.

The increase in equity represents the profit for the period of ₦121.8bn plus a translation gain of ₦1.3bn less dividend paid of ₦102.2bn.

Movement in net debt

	Cash ₦bn	**Debt ₦bn**	**Net debt ₦bn**
As at 31st December 2014	20.6	(242.6)	(222.0)
Cash generated from operations before changes in working capital	166.6	-	166.6
Changes in working capital	15.4	-	15.4
Income tax paid	(2.2)	-	(2.2)
Capital expenditure	(109.0)	-	(109.0)
Other investing activities	(0.7)	-	(0.7)
Change in non-current prepayments	9.6	-	9.6
Net interest payments	(10.8)	-	(10.8)
Net loans obtained	66.0	(66.0)	-
Other cash and non-cash movements	(1.7)	(0.6)	(2.3)
Dividend paid	(102.2)	-	(102.2)
As at 30th June 2015	**51.6**	**(309.2)**	**(257.6)**

The Group generated cash of ₦166.6bn before changes in working capital. As a result of a ₦15.4bn reduction in net working capital the net cash flow from operations was ₦182.0bn.

Financing outflows were ₦48.0bn (2014: ₦73.6bn), reflecting additional loans taken of ₦108.8bn, loans repaid of ₦42.7bn, interest payments of ₦11.9bn and dividend paid of ₦102.2bn. Our borrowings are from financial institutions as well as from Dangote Industries Limited.

Cash and cash equivalents (including bank overdrafts used for cash management purposes) increased from ₦16.4bn at the start of the year to ₦48.1bn at the end of the first half for 2015. Net debt stood at ₦257.6bn, an increase of ₦35.6bn from ₦222bn at 31st December 2014.

We invested ₦109.0bn in projects and normal capital expenditure (2014: ₦119.4bn). The capital expenditure was mainly associated with the new plant and coal facilities we are building in Nigeria, as well as expenditure on the production plants under construction in the various African countries.

Board change

Mr Douraid Zaghouani was appointed to the Board of Dangote Cement on 29 April 2015 as a Non-Executive Director, following the resignation of Mr Khalid Al Bakhit. At present, Mr Zaghouani is Chief Operating Officer of the Investment Corporation of Dubai (ICD). He manages the areas of Strategy, Government Relations, Marketing, Corporate Communications, Legal & Compliance, Finance & Funding, Risk and Information Technology.

Prior to joining ICD, he was with Xerox for more than 25 years and was Chairman of the Board of several Xerox companies. During his long and distinguished career, he has held a number of senior general management, sales and marketing roles in both Europe and North America. He holds a degree in Civil Engineering from Ecole Nationale des Travaux Publics de l'Etat in France and is also a graduate in Business Administration from the ESSEC business school in Paris.

Outlook for 2015

With uncertainty around the General Election now behind us we are confident that growth will return in Nigeria as building work picks up in the second half of the year, even accounting for the rainy season. Our gas supply is significantly better than in 2014 and we are making substantial investments to improve logistics and back-up fuel capabilities for our plants.

We have made strong entries into other African markets, notably South Africa, Senegal and Ethiopia and expect to gain good market shares in all territories in the coming months and years.

We anticipate an effective tax rate of 5% for 2015 and expect to invest about $1bn in capital expenditure.
