Audited results for the year ended 31st December 2016

Nigeria transformed into a net exporter of cement

Strong volume growth drives 25% increase in revenues

Earnings per share up 4.5%, Dividend up 6.25%

Lagos, 28th February 2017: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces audited results for the year ended 31st December 2016.

Financial highlights

- Revenue up 25.1% to ₦615.1B
- EBITDA of ₦257.2B only slightly lower than 2015
- Nigeria EBITDA of ₦242.0B at 56.8% margin on lower selling price
- Pan-African EBITDA of ₦26.5B at 13.6% margin with some plants still ramping up
- Earnings per share up 4.5% to ₦11.34
- Net debt of ₦240.8B, net gearing of 30.2%
- Recommended dividend of ₦8.5, UP 6.25%

Operating highlights

- Dangote Cement's export sales transform Nigeria into net exporter
- Group cement volumes up 25.0% to 23.6Mt
- Record volumes from Nigerian operations, up 13.8% to 15.1Mt including exports
- Rest of Africa sales volumes up 54.0% to 8.6Mt
- Sierra Leone commenced sales in February 2017, Congo expected operational in April

Onne van der Weijde, Chief Executive Officer, said:

"It was a challenging year for many African economies but we achieved sales and revenue growth of 25% and consolidated our position as Africa's leading producer of cement. Sales from Nigerian operations increased by 13.8% to nearly 15.1Mt, at a growth rate far higher than the country's GDP, which fell in 2016.

We exported nearly 0.4Mt into neighbouring countries and in doing so, we achieved a great milestone by transforming Nigeria into a net exporter of cement. This is a remarkable achievement, given that only five years ago, in 2011, Nigeria was one of the world's largest importers, buying 5.1Mt of foreign cement at huge expense to our balance of payments. We will increase our exports substantially in 2017.

Our Pan-African operations continued to perform well and we sold nearly 8.6Mt of cement outside of Nigeria, which is 54% more than 2015. Despite some local and temporary disruptions in Ethiopia and Tanzania, we strengthened our market share in every country. We will soon begin operations in Congo and Sierra Leone, widening our footprint to ten countries.

The new year has started well and we expect much higher profitability in Nigeria in 2017, even though we may not see the volume growth we achieved in 2016. I am confident that we will deliver an even stronger performance in 2017 as we increase market share and extend our reach across Africa."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with nearly 46Mta capacity across Africa. 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 (3-6Mta) and Edo State (6.0Mta). Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and has transformed the nation into a net exporter of cement serving neighbouring countries.

In addition, we have invested several billion dollars to build manufacturing plants and import/grinding terminals across Africa. Our operations are in Cameroon (1.5Mta clinker grinding), Congo (1.5Mta), Ghana (1.0Mta import), Ethiopia (2.5Mta), Senegal (1.5Mta), Sierra Leone (0.7Mta import), South Africa (3.3Mta), Tanzania (3.0Mta), Zambia (1.5Mta).

Website: www.dangotecement.com

Twitter: @DangoteCement

Conference call details – REGISTRATION REQUIRED

A conference call for analysts and investors will be held on Tuesday 28th February 2017 at 16.00 Lagos time / 15.00 UK time.

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Dangote Cement audited results for the year ended 31st December 2016

The call will be recorded, with playback details below:

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Operating review

Summary

Year ended 31st December **Cement volumes sold**	**2016 '000 tonnes**	**2015 '000 tonnes**	**% change**
Nigeria	15,128	13,290	13.8%
Pan Africa	8,639	5,609	54.0%
Inter-company sales	(192)	(41)	
Total cement sold	**23,575**	**18,858**	**25.0%**
Regional revenues	**₦m**	**₦m**	
Nigeria	426,129	389,215	9.5%
Pan Africa	195,028	103,477	88.5%
Inter-company sales	(6,054)	(967)	526%
Total revenues	**615,103**	**491,725**	**25.1%**
EBITDA	**₦m**	**₦m**	
Nigeria	241,969	247,479	(2.2%)
Pan Africa	26,456	25,070	5.5%
Central costs & eliminations	(11,182)	(10,101)	
Total EBITDA	**257,243**	**262,448**	**(2.0%)**
	₦m	**₦m**	
Group net profit	**186,624**	**181,323**	**2.9%**
	₦	**₦**	
Earnings per share	**11.34**	**10.86**	**4.5%**

Nigerian operations

After more than a decade of strong GDP growth, Nigeria's economy fell into recession in 2016, with the World Bank estimating that GDP contracted by 1.7%. Falling oil prices reduced government revenues at national and state levels, resulting in delays to salary payments, delays to contractor payments and a reduction in infrastructure investment.

The associated devaluation of the Naira and the limited liquidity of currency markets created additional pressures for consumers who experienced falling disposable income and inflation higher than 18% in the final months of the year, reaching 18.55% in December. In addition, a resurgence of militancy in the south of Nigeria led to oil and gas shortages as pipelines were attacked, resulting in shortages of power and fuel.

Against these significant challenges, Nigeria's market for cement proved itself to be remarkably robust in 2016 and we estimate that total market sales rose by 5.7% to 22.7Mt in 2016, from 21.5Mt the year before. Market growth was very strong in the first four months of 2016 following the price reduction we introduced in September 2015. In fact, we achieved 11 months of growth after that reduction, with the majority of cement being sold through retail outlets and distributors for small-scale building.

Dangote Cement was the leading supplier in Nigeria, with volumes rising by 11.1% from 13.3Mt in 2015 to nearly 14.8Mt in 2016, almost double the market growth rate. Including exports, total sales from Nigerian plants were 15.1Mt, or a 13.8% increase. Backed by strong marketing efforts, better logistics and increasing brand recognition through retail and distributor promotions, we increased our market share from 62% in 2015 to 65% in 2016, despite the recent entry of a new competitor in Edo State. We estimate that our next-largest competitor has a 24% share.

Across Nigeria, we sold 22% of our cement into Lagos and Ogun, with a further 15% being sold elsewhere in the South West. The South South region accounted for 17% of sales volumes and the South East took 14%. The North regions, including Abuja, took 29% of sales.

Our large plants at Obajana and Ibese accounted for almost all of our Nigerian sales, with Obajana selling 7.6Mt, slightly less than in 2015 because of the poor fuel supply, and Ibese increasing sales by 37.3% to 6.9Mt.

Our 4.0Mta plant in Gboko, which remained mothballed for much of the year, sold 0.6Mt. The plant, which has no gas supply, has now been equipped with coal milling facilities enabling its kilns to run on coal instead of the more expensive LPFO. This will increase profitability at the plant when operations restart and the plant's re-opening will enable us to improve distribution in the North East and South East regions of Nigeria.

All our plants are supported by their own fleets of trucks, controlled by a modern fleet management system. We have nearly 2,000 cement delivery trucks at Obajana and 1,500 at Ibese.

Although we achieved volume growth in each of the first three quarters of 2016, fourth-quarter sales were lower than in 2015, following the N600/bag price increase we took in early September, as well as the fact that some competitors delayed price increases to make temporary gains in market share. The price increase and an improved fuel mix doubled fourth-quarter EBITDA per tonne in Nigeria, compared to the third quarter of 2016.

We improved our marketing across Nigeria in 2016 with strong promotional activities such as the Mega Millions Dash helping to build very strong brand awareness and a preference for Dangote Cement amongst retailers and buyers.

We continued our efforts to activate new, highly visible retail outlets in key markets, supporting them with colourfully branded tarpaulins, tables, chairs and parasols, all of which proved extremely popular with sellers. In addition, we provided large, branded storage containers for a number of vendors and worked with them to improve awareness of the product. The average value of this material to retailers was about ₦100,000 per site. Our cement is now sold through more than 15,000 outlets across Nigeria and this is by far the largest retail activation campaign ever undertaken by any cement company in Nigeria.

At distributor level, we gave a total of 120 trucks to more than 100 of our largest partners as an incentive to help them improve the distribution of our cement to their customers.

We will continue our strong marketing efforts in 2017 with new and very innovative promotions to increase retailer loyalty, such as giving away a daily prize of a heavily branded 20ft container loaded with 600 bags of cement over a 60-day campaign. This daily prize is worth about ₦2m to the retailer and provides a highly visible presence at the point of sale.

We believe that imports of cement into Nigeria fell significantly in 2016, made deeply uneconomic because of the lower pricing regime for most of the year, as well as the fact that bulk cement could only be purchased at the much more expensive unofficial exchange rate.

During 2016 we exported 0.2Mt of cement from Nigeria to Ghana, using a dedicated fleet of 1,000 trucks. We will increase exports of cement to Ghana in 2017 and as both countries are in the ECOWAS trading zone, these exports are not subject to duties on arrival in Ghana, nor are profits on them taxed in Nigeria. We hope to supply all of our needs in Ghana from Nigeria.

In addition, we sold cement into other markets including Togo and Niger, both of which are in the ECOWAS duty-free zone.

With our exports exceeding imports, we have transformed Nigeria, once one of the world's biggest importers of cement, into a net exporter. In addition, we believe that large quantities of cement sold into markets near the Nigerian border were informally exported by customers. We will substantially increase export sales from Nigeria in 2017.

Gas supply was a significant problem during 2016 as attacks on gas pipelines in the south of Nigeria forced us to use the back-up fuels of LPFO and coal. While some of our Nigerian lines were able to use coal as a back-up fuel in the first eight months of the year, the high demand for cement obliged us to produce on lines that could only use LPFO as a back-up when gas pressures dropped. Our use of LPFO was especially high in the period from May to July, averaging 62% at Obajana and 30% at Ibese. This was before we had completed the conversion of all lines to be able to use coal, in September.

During 2016, we imported more than 0.4Mt of coal from South Africa to support our operations, and purchased an additional 0.1Mt of coal from third-party mines in Nigeria.

In the first half of 2017 we will begin sourcing coal from mines in Kogi State, operated by our parent company, Dangote Industries. Locally-mined coal will be cheaper than imported coal and even cheaper than gas at the Obajana plant. Use of Nigerian coal, priced and paid for in Naira, will reduce our need for foreign currency.

The impact of the sub-optimal fuel mix was exacerbated by the devaluation of the Naira in June and the associated shortage of US Dollars required to pay for coal and LPFO imports. Additionally, though sourced in Nigeria, our gas supply is priced in US Dollars, but paid in Naira. We estimate that the sub-optimal fuel mix increased costs by ₦13B in 2016.

Pan-African operations

Pan-African operations include factories or import facilities in Cameroon, Ethiopia, Ghana, Senegal, South Africa, Tanzania, Zambia and forthcoming operations in Congo and Sierra Leone.

Pan-African operations achieved sales of 8.6Mt in 2016, an increase of 54.0% on the 5.6Mt sold in 2015. The increase is attributable to higher sales across established factories and the maiden contribution of Tanzania, which opened in the first quarter of 2016. Financial performance for 2016 did not include Sierra Leone or Congo, which are expected to begin sales in the first quarter of 2017.

Cameroon

Cameroon is expected to have increased GDP by 5.6% in 2016, with slightly higher growth forecast for 2017, according to estimates published by the World Bank in January 2017. Inflation has been falling since May 2015, reaching 1.1% for the first nine months of 2016.

Key drivers for cement demand are infrastructure projects focused upon port development, power generation, new roads and dams. The country has begun to enforce a ban on imported bulk or bagged cement, introduced at the start of 2016, presenting an opportunity for our 1.5Mta grinding plant to gain market share quickly by selling cement made in Cameroon from imported clinker.

During 2016 we sold nearly 1.1Mt of cement, a 90% increase on the 0.6Mt sold in 2015 despite maintenance in June and heavy rains from July to October. With total market sales at about 2.5Mt in 2016, this gave us a market share of 43%. Cement pricing was about $103 on average, after rebates and discounts.

A significant development for our factory was the opening of its dedicated unloading jetty in August. Previously, we unloaded clinker and gypsum in the Port of Doula and conveyed it to the factory by truck, which obviously increased its cost.

Additionally, building our own dedicated jetty eliminated the need to queue ships or compete for space in the port. This also helped to reduce the cost of importation slightly. Clinker can now be offloaded from the ship directly onto conveyor belts that take it to the clinker silo.

As with 2015, we experienced problems with the quality of imported clinker, obliging us to use more for each tonne of cement we ground at the plant. We used approximately 0.85Mt of clinker to produce 1.1Mt of cement, at a clinker-cement ratio of 1.23. Our plan is to make more use of higher-quality clinker imported from our plants in Nigeria, once export facilities have been put in place there. We have a fleet of more than 200 trucks for cement distribution in Cameroon, but these handle only 20% of dispatches from the factory. The remaining 80% of cement sold is collected by customers.

Congo

The Republic of Congo is expected to show a slight increase in GDP over the past year, rising from 2.6% in 2015 to 4.6% in 2016, according to World Bank estimates published in January 2017. Inflation rose sharply during the year, starting at about 2% and ending 2016 at more than 6%, according to Trading Economics.

Global Cement Report 11 estimated consumption in 2016 would be about 2.4Mt, for a population of about 4.5 million, driven by strong building activity across the residential, commercial and infrastructure sectors. Before our entry, the country had limited production capacity, from sub-scale plants, and most demand was satisfied by imported cement.

Our forthcoming 1.5Mta plant at Mfila will be by far the largest and most modern production facility in the country. It began clinker production late in February 2017 and therefore made no contribution to the business in 2016. However, we are confident that the plant will quickly achieve good sales in 2017, given our ability to produce and distribute high-quality cement across the country and even into the neighbouring Democratic Republic of Congo, which has good potential for export sales.

Ethiopia

Ethiopia's economy has been one of the top performers in Africa and even after some slowing, the country is expected to have achieved 8% growth in 2016, according to the World Bank. Higher growth is forecast for 2017 and 2018. Inflation fell during the year, according to Trading Economics, starting at about 10% in January and falling to 6.7% by the end of the year.

Our 2.5Mt cement plant in Mugher opened in May 2015 and quickly achieved a strong presence in the market, being just 90km from the capital, Addis Ababa, with good road links in between.

Cement sales of nearly 2.0Mt in 2016 were well ahead of the 1.0Mt sold during seven months of operation in 2015, despite significant disruption to sales caused by drought, civil unrest and attacks on foreign-owned factories. We estimate that we achieved market share of 24% in 2016, despite the entry in the final quarter of a new manufacturer with a 1.4Mta plant not far from our own.

Our plant benefits from being able to take electrical power from Ethiopia's well-developed grid, which reduces the need for imported fuel and thereby helps to reduce costs. The large size of our plant is another competitive advantage in a market that is supplied by numerous sub-scale plants using inefficient legacy kiln technologies. In addition, we have nearly 400 trucks for distribution of cement into key markets such as Addis Ababa. Cement prices fluctuated during the year, averaging $80 and ending the year at $82.

With low per-capita consumption of around 60kg-65kg, good economic growth and a large population, we believe Ethiopia will continue to be a key market, especially if the government can deliver its ambitious plans for development, with major projects including the Renaissance Dam, which begins operation in 2017. Furthermore, we believe there is some potential to export cement from Ethiopia to countries such as Somalia and South Sudan, despite the distances involved. We have also experienced some interest from cement importers in Kenya.

Ghana

Ghana's economy remains under pressure from high inflation and lower prices for key exports such as oil, gold and cocoa. GDP growth was expected to have been about 3.6% in 2016, according to World Bank estimates.

Ghana's currency, the Cedi, devalued slightly during 2016, experiencing a slight fall across the year against the US Dollar. The trend is likely to continue in 2017 if cocoa prices decline as the market goes into surplus, though increases in gold and oil prices would help to support the local currency.

We sold 1.1Mt of cement in Ghana, up 73.9% on 2015. In doing so, we increased our market share from an estimated 19% at the start of 2016, to 23% in December. We sell higher-quality 42.5R (rapid-setting) against 32.5R and 42.5N (normal-setting) products available from competitors, but price competition remains a factor and selling prices averaged $115 during the year, ending 2016 at $92.

From July, having taken delivery of a fleet of 1,000 trucks dedicated to Ghanaian operations, we began to replace Far Eastern imports with cement from Nigeria. We imported 0.2Mt from Nigeria and our enhanced distribution capabilities enabled much of it to be delivered directly to customers in Ghana. In 2017 we will import much more cement from Nigeria, which is a fellow member of ECOWAS and therefore such imports will enjoy significant duty benefits when compared to imports from the Far East.

In addition, we are planning to build a 1.5Mta clinker grinding facility so that we can import clinker to manufacture cement within Ghana itself.

In January 2017 we were honoured by the Ghana Revenue Authority for being the largest taxpayer in the Tema region where our import and bagging facility is located. The factory employs more than 300 people directly and we expect to create hundreds more jobs in operations and logistics when the new grinding plant opens at Takoradi.

Senegal

Senegal has higher than average urbanisation when compared to other African countries, at 43%, as well as a strong commitment to infrastructure investment focused on roads, railways and a new airport.

Inflation is low, even negative, and as with other countries whose currency is the CFA, the currency is relatively stable against the Euro.

Our factory in Pout opened in December 2014 and quickly established itself as a formidable new entrant into a market dominated by two well-entrenched incumbents. By the end of 2016 we were the number two producer, selling slightly more than 1.0Mt of cement in a market of 4.0Mt, which is a market share of 25%.

We achieved this rapid success by selling superior 42.5-grade cement at a price competitive with other manufacturers' 32.5-grade products. Since then, other producers have upgraded to 42.5-grade and cut the price of their 32.5-grade products in response.

We increased sales volumes by nearly 9% in 2016, despite a 10-day stoppage for unscheduled maintenance in March. In April 2016, we achieved a successful handover of the Operation & Maintenance (O&M) contract of plant from the contractor, Sinoma and now run O&M ourselves.

Cement pricing was relatively stable during 2016, averaging $76 across the year. In 2017 we expect to increase sales even further, serving export markets in Mali and other neighbouring countries.

Sierra Leone

Our 0.7Mt import and bagging plant in Sierra Leone received its first shipment of bulk cement and began selling to customers in January 2017 and therefore made no contribution to the business in 2016.

The country has no native limestone and is therefore reliant upon imports of bulk cement. Now that the country is free of Ebola we anticipate that activity will pick up as the economy recovers. Having fallen to -21% in 2015, the World Bank expects Sierra Leone's GDP growth to have been approximately 3.9% in 2016.

The health of the mining industry will be a key factor in Sierra Leone's recovery and the World Bank estimates GDP growth could expand to nearly 7% in 2017 if activity in the mining sector recovers. Per-capita consumption of cement is relatively low at less than 60kg, with urbanisation at just 40%.

We estimate the market for cement to have been 0.3Mt in 2016, somewhat ahead of the 0.2Mt sold the year before. Given the country's low consumption at present, our import facility is more than capable of satisfying demand for the entire country. We hope eventually to satisfy this demand by supplying cement produced in Senegal or Nigeria which, like Senegal, are members of the ECOWAS duty-free trading zone.

South Africa

South Africa's economy remained muted in 2016, with GDP growth of just 0.4%, according to World Bank estimates published in January 2017. Inflation was nearly 7% at the end of 2016, according to Trading Economics.

The South African government is increasing its commitment to infrastructure investment and in December 2016, confirmed plans to spend up to ZAR 987.4B ($72B) over three-year period from 2017, with a focus on energy, transport and telecommunications.

South Africa's cement market is experiencing little growth, reflecting the country's economy. Consumption in 2016 is estimated at 12.6 Mt, or about 230kg per capita.

As one of the country's newest and most modern producers, Dangote Cement South Africa increased sales by 3.8% during the year, despite the entry of a new manufacturer in January. The bagged market performed better than the bulk market because of a slowdown in large construction projects. Sales were particularly strong in the key rural inland markets where we have a strong footprint of large and small retailers. Demand around the major cities were lower due to a lack of confidence in the formal sector.

The main retail channels are large home improvement chains and builders' merchants in the case of cement. We are strongest in Limpopo province, Kwa-Zulu Natal, Mpumalanga and North West Province, which are predominantly rural. Our distribution to these markets is completely outsourced.

Cement prices were under pressure during the first half of the year and we were able to achieve an average of 5% higher pricing for bagged cement from July 2016. However, with two producers delaying their price increase to the third quarter, our increase was not sustained in all markets, resulting in a lower effective price increase by the end of the year. Nonetheless we believe cement pricing has begun to stabilise because all South African producers have implemented total or selective increases across all markets, thereby helping to reverse recent price cuts. The average price was about $59 in 2016.

Cement imports declined significantly in 2016 after new duties were imposed to prevent dumping by foreign exporters. We estimate total imports to have been 430kt for the full year, which is significantly lower than the 820kt imported in 2015. This has obviously created opportunities for substitution with local cement.

During the year, our South African operation continued to focus on an optimisation programme to improve logistics, sales and plant efficiency.

Tanzania

Tanzania has been one of the few countries in Africa to average GDP growth of more than 7% over the last fifteen years. Tanzania's GDP is expected to grow at 7.1% in 2017 to 2019, according to World Bank estimates.

The country was in a period of transition in 2016 following the general election. The new government has outlined ambitious plans to improve public sector efficiency and boost living standards. However, with tight monetary policies in place, the reality was that government spending on announced infrastructure projects and other major reforms was relatively muted.

Cement sales in Tanzania have primarily been driven by growth in the housing sector and government spending on infrastructure, especially road projects, new railways and airports.

With a low cement per-capita consumption of 65 kg per annum, the potential for cement growth is high. However, in recent months, construction activity has been subdued primarily because of slowdown in the housing and commercial sectors. Infrastructure projects are expected to pick up in 2017.

In February 2016, Tanzania's cement market was transformed by the entry of Dangote Cement's 3.0Mta factory in Mtwara, on the south coast of Tanzania. The factory is the largest in the country, but is also the furthest away from the key market of the capital, Dar es Salaam.

Despite the distance, we quickly gained recognition in the capital and the increased capacity and competition in the market spurred a fall in prices that put other producers under pressure. With our focus on product quality and attractive pricing, our cement gained rapid acceptance in the Tanzanian market and we achieved 26% market share in the month of July 2016.

Tanzania sold 0.6Mt of cement in 2016 and we are now building our distribution fleet to nearly 600 trucks so that we will be in a strong position to reach all markets across Tanzania in 2017.

We will also develop jetty facilities that will enable us to move cement by ship to Dar es Salaam as well as offshore demand centres in the Indian ocean.

As has been widely reported, a lack of agreement on gas pricing for most of the year meant the plant used temporary diesel generators to power its electrical needs. As a result of the high costs involved, the plant was below break-even for the year. However, after agreement on gas pricing we will significantly reduce our energy costs by using gas-fuelled generators as an interim solution. As there is insufficient grid power available in Mtwara, we will begin construction of a permanent coal-fired power station at the plant in 2017.

Zambia

Zambia's economy continues to be affected by a downturn in copper mining, lower export revenues, high inflation, high unemployment and rising national debt. As a result, the Kwacha was under pressure against the US Dollar in 2016 but now appears to be stabilising.

Following the serious drought in Zambia, electricity shortages are frequent and a braking influence on economic improvement across the country.

The World Bank estimates Zambia's GDP achieved 2.9% growth in 2016, which showed little improvement over 2015. However, GDP growth is expected to recover to about 4% over the next few years, according to the same World Bank estimates published in January 2017. The economy is being helped by increasing middle-class demand for household goods, consumer electronics and higher-quality foods.

The country has an abundance of natural resources and there is a good commitment to investment in major infrastructure projects in transport and energy. Furthermore, after recent elections the country enjoys the political stability necessary for investment and a resumption of economic growth.

Zambia's cement industry has about 3.5Mta of capacity and our 1.5Mta plant at Ndola is the country's largest factory, being based in the Copperbelt region near the border with the Democratic Republic of Congo.

Our plant, which opened in 2015, has the advantage of being the country's most modern and efficient. We have a fleet of nearly 370 trucks to enable deliveries across the country and is capable of selling high-quality 32.5 and 42.4-grade cements to meet a wide variety of building needs. Cement pricing averaged about $79 during the year and ended 2016 at the same price.

Zambia increased sales to nearly 0.8Mt during 2016, and we estimate this gave us a market share of approximately 40%.

Financial review

Summary

Year ended 31st December	2016 ₦m	2015 ₦m
Group revenue	615,103	491,725
EBITDA*	257,243	262,448
EBITDA margin	41.8%	53.4%
Operating profit	182,493	207,822
Net profit	186,624	181,323
Earnings per ordinary share (Naira)	11.34	10.86
	As at 31/12/2016 ₦m	**As at 31/12/2015 ₦m**
Total assets	1,527,908	1,110,943
Net debt	240,772	204,177

*Earnings before interest, taxes, depreciation and amortisation

Revenues by region

Year ended 31st December	2016 ₦m	2015 ₦m
Nigeria	426,129	389,215
Pan Africa	195,028	103,477
Inter-company sales	(6,054)	(967)
Total revenues	**615,103**	**491,725**

Volume of cement sales and production

Year ended 31st December	2016 '000 tonnes	2015 '000 tonnes
Nigeria	15,128	13,290
Pan Africa	8,639	5,609
Inter-company sales	(192)	(41)
Total cement sold	**23,575**	**18,858**

Overall Group cement sales increased by 25.0% from 18.9Mt in 2015 to nearly 23.6Mt in 2016. Sales volumes increased in every country as more businesses posted their first full financial year of cement sales and increased market shares in their respective countries.

Nigerian operations increased total sales volumes by 13.8% to more than 15.1Mt, of which approximately 14.8Mt was sold in the Nigerian market, where we improved market share to 65%. Export sales were 366Kt during 2016. Our sales growth was particularly high in the first eight months of 2016, driven by lower pricing introduced in September 2015, improved marketing and substantially lower importation.

Pan-African volumes rose by 54.0% to slightly more than 8.6Mt, with a 0.6Mt maiden contribution from Tanzania, nearly 2.0Mt of cement sold in Ethiopia and a 73.9% increase in volumes in Ghana, which sold 1.1Mt of cement in 2016.

As a result of the increased sales, Group revenue increased by 25.1% to ₦615.1B (2015: ₦491.7B). Before ₦6.1B of adjustments for inter-company sales, Nigeria increased revenue by 9.5% to ₦426.1B (2015: ₦389.2B).

The impact of the ₦600/bag price increase introduced in Nigeria in September was felt in the final quarter of the year. Pan-African revenue increased by 88.5% to ₦195.0B, or 31.7% of Group revenue (2015: ₦103.5B, 21%).

Manufacturing and operating costs

Year ended 31st December	2016 ₦m	2015 ₦m
Materials consumed	87,203	55,623
Fuel & power consumed	112,265	66,495
Royalties paid	1,382	1,138
Salaries and related staff costs	24,019	15,263
Depreciation & amortisation	51,245	38,243
Plant maintenance costs	29,063	18,331
Other production expenses	21,165	10,830
Increase in finished goods and work in progress	(2,526)	(4,115)
Total manufacturing costs	**323,816**	**201,808**

In general, manufacturing costs increased in line with increased production volumes driven by higher sales in Nigeria and our operations in Senegal, Cameroon, Zambia and Ethiopia ramping up production throughout the year, as well as maiden operations in Tanzania. Comparative costs for 2015 represent less than 12 months of trading in Zambia, Ethiopia and Cameroon, which began operations during 2015. In addition, disruption to gas supplies in Nigeria increased manufacturing costs by ₦13B because of higher use of LPFO, which is almost 2.5 times higher than the cost of gas per tonne of cement.

Administration and selling expenses

Year ended 31st December	2016 ₦m	2015 ₦m
Administration and selling costs	119,336	86,046

Total selling and administration expenses rose by 38.7% to ₦119.3b, mostly as a result of higher sales and associated distribution costs in Nigeria, as well as the ramp-up and increased sales in Senegal, Cameroon, Ethiopia, Tanzania and Zambia.

The depreciation of the Naira from ₦199/$1 at the end of 2015 to ₦304/$1 at the end of 2016 also contributed to the overall increase in operating costs for the Pan-Africa operations, as costs incurred in local currency were converted into Naira.

Profitability

Year ended 31st December	2016 ₦m	2015 ₦m
EBITDA	257,243	262,448
Depreciation and amortisation	(74,750)	(54,626)
Operating profit	**182,493**	**207,822**
EBTIDA as contributed by business segments is outlined below:	**2016 ₦m**	**2015 ₦m**
Nigeria	241,969	247,479
Pan Africa	26,456	25,070
Central administrations costs and intercompany	(11,182)	(10,101)
Total EBITDA	**257,243**	**262,448**

As a result of the average lower prices in Nigeria and cost pressures detailed above, particularly the increased fuel cost in Nigeria and the use of diesel in Tanzania, Group earnings before interest, tax, depreciation and amortisation (EBITDA) fell slightly by 2.0% to ₦257.2B at a margin of 41.8% (2015: ₦262.4B, 53.4%).

Excluding eliminations and central costs, EBITDA fell by 2.2% in Nigeria, to ₦242.0B at a margin of 56.8% (2015: ₦247.5B, 63.6%). However, despite lower volumes of cement being sold, EBITDA rose significantly in the final quarter of the year because of higher pricing introduced in September 2016 and a more favourable fuel mix, resulting in the best-ever quarterly EBITDA for the Group.

Fourth-quarter EBITDA per tonne was almost double that of Q3 2016. Pan-African EBITDA rose by 5.5% to ₦26.5B (2015: ₦25.0B), but at lower 13.6% margin because of start-up and fuel costs in Tanzania.

Operating profit of ₦182.5B was 12.2% lower than the ₦207.8B for last year. With higher fuel costs and new plants ramping up throughout Africa, the Group operating margin eased to 29.7% in 2016, from 42.3% in 2015.

Interest and similar income/expense

Year ended 31st December	**2016 ₦m**	**2015 ₦m**
Interest income	2,662	1,699
Net exchange gain	41,155	12,250
Finance income	**43,817**	**13,949**
Finance costs	45,381	33,477
Net finance cost	**(1,564)**	**(19,528)**

Late in June 2016, the Nigerian Naira was devalued from about ₦197/US$ to ₦280 a short time later, ending the year at ₦304. This resulted 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.

Taxation

Year ended 31st December	**2016 ₦m**	**2015 ₦m**
Tax credit / (charge)	5,695	(6,971)

The effective tax rate for Nigerian operations was 2%, representing a mix of non-taxable profits from cement produced on lines still under Pioneer Tax Exemption, the application of the Commencement Rule that resulted in increased tax rates for lines out of Pioneer status, and tax exemption on the profits of export sales. The ₦5.7B tax credit for the Group resulted from deferred tax credits for Pan-African operations.

The Group's profit for the year was ₦186.6B (2015: ₦181.3B). As a result, earnings per share increased by 4.5% to ₦11.34 (2015: ₦10.86).

Financial position

As at	31st Dec 2016 ₦m	31st Dec 2015 ₦m
Property, plant and equipment	1,155,711	917,212
Other non-current assets	64,888	25,141
Intangible assets	4,145	2,610
Total non-current assets	**1,224,744**	**944,963**
Current assets	187,471	125,188
Cash and bank balances	115,693	40,792
Total assets	**1,527,908**	**1,110,943**
Non-current liabilities	65,841	57,196
Current liabilities	308,257	164,058
Debt	356,465	244,969
Total liabilities	**730,563**	**466,223**

The balance sheet remains strong with non-current assets increasing from ₦945.0B at the end of 2015 to ₦1,224.7B at 31st December 2016. This was mainly the result of exchange gains on assets held outside Nigeria following the devaluation of the Naira, as well as capital expenditure within Nigeria and other African countries. Additions to property, plant and equipment were ₦136.2B, of which ₦62.9B was spent in Nigeria and ₦33.1B on trucks and vehicles.

Current assets increased by ₦62.3B, driven mainly by the increase in stocks of spares, fuel, consumables and other receivables associated with sales that increased by 25%. Deferred tax on operations outside tax holiday resulted in the increase in other non-current liabilities. Current liabilities increased by ₦144.2B due to exchange losses arising from restating liabilities denominated in foreign currency.

The Group generated cash of ₦243.9B before changes in working capital. After a ₦35.8B change in working capital and tax payments of ₦1.1B, the net cash flow from operations was ₦278.6B. Financing outflows of ₦93.9B (2015: ₦117.5B) reflected loans taken of ₦343.1B, loans repaid of ₦262.2B, interest paid of ₦39.0B and a dividend payment of ₦136.3B.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 1st January 2016	40,792	(244,969)	(204,177)
Cash generated from operations before working capital changes	243,865	-	243,865
Change in working capital	35,857	-	35,857
Income tax paid	(1,128)	-	(1,128)
Additions to fixed assets	(136,168)	-	(136,168)
Other investing activities	(745)	-	(745)
Change in non-current prepayments and payables	17,327	-	17,327
Net interest payments	(36,367)		(36,367)
Net loans obtained (repaid)	84,176	(84,176)	-
Dividend paid	(136,324)	-	(136,324)
Other cash and non-cash movements (net)	4,408	(27,320)	(22,912)
As at 31st December 2016	**115,693**	**(356,465)**	**240,772**

Capital Expenditure by Region

	Nigeria ₦m	Pan Africa ₦m	Total ₦m
Nigeria	62,895	-	62,895
Senegal	-	4,653	4,653
Cameroon	-	6,106	6,106
Congo	-	23,455	23,455
Ghana	-	19,308	19,308
Cote d'Ivoire	-	670	670
Sierra Leone	-	1,896	1,896
South Africa	-	1,050	1,050
Ethiopia	-	10,737	10,737
Tanzania	-	1,292	1,292
Zambia	-	4,090	4,090
Other	-	16	16
Total	**62,895**	**73,273**	**136,168**

Capital expenditure was mainly to improve our energy efficiency in Nigeria, for expenditure on plants under construction in the various African countries and for growth.

Recommended dividend

On 24th February 2017, the Directors recommended an increased dividend of ₦8.5 per share for approval at the Annual General Meeting scheduled for 24 May 2017. This will result in a total dividend payment of ₦144.8B. The dividend represents a payout ratio of 74.9%.

Going Concern

The Directors continue to apply the Going Concern principle in the preparation of the Financial Statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Group's Going Concern capabilities. The Group generates sufficient cash flows to fund its operations. Borrowings are mainly to fund the expansion projects in various African countries as well as improve production and distribution efficiency in our core Nigeria operations.