DANGOTE CEMENT

Unaudited results for the three months ended 31st March 2017

Strong financial performance delivers record revenues, up 48.1% to ₦208.2B, with record EBITDA of ₦103.0B up 42.3% at 49.5% margin.

Nigeria increases EBITDA per tonne by 78.4%

Lagos, 28th April 2017: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces unaudited results for the three months ended 31st March 2017.

Financial highlights (vs Q1 2016)

- Group revenue up 48.1% to ₦208.2B
- Group EBITDA up 42.3% to ₦103.0B, 49.5% margin
- Nigeria EBITDA up 49.0% to ₦98.7B, 64.8% margin
- Nigeria EBITDA per tonne up 78.4%
- Pan-African EBITDA up 2.2% to ₦7.5B, 12.7% margin
- Earnings per share up 36.2% to ₦4.25
- Net debt of ₦180.2B, down from ₦240.8B at the end of 2016

Operating highlights

- Higher revenue per tonne offsets 6.4% fall in Group volumes
- Pan-Africa sales up 21.0%, with strong performance across all regions
- Significant use of own-mined coal in Nigeria, replacing imports and LPFO
- Sierra Leone makes maiden contribution to sales

Onne van der Weijde, Chief Executive Officer, said:

"Dangote Cement produced record financial results in the first three months of 2017. Despite lower Group volumes, we delivered significantly higher revenues and EBITDA after realigning prices late in 2016. Our new pricing strategy meant every tonne worked harder for us in Nigeria, delivering 78.4% more EBITDA per tonne than the same quarter last year.

We have now begun sourcing a significant amount of coal from Nigerian mines owned by our parent, Dangote Industries, and this has not only helped us to improve margins but also reduced our need for imported coal and the foreign currency needed to buy it.

Our Pan-African operations performed strongly, increasing sales volumes by 21.0% and revenues by 74.2%. Pan-African operations now contribute nearly 28% of Group revenues and we are pleased to report a good start for our new import facility in Sierra Leone. We will begin operations in Congo in the coming weeks, further consolidating our position as Sub-Saharan Africa's leading supplier of cement."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with nearly 46Mta capacity across Africa. A fully integrated quarry-to-customer producer, we have a production capacity of 29.25Mta in our home market, Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 13.25Mta of capacity across four lines; our Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12Mta and our Gboko plant in Benue state has 4Mta. 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 almost $3B to build manufacturing plants and import/grinding terminals across Africa. Our operations are in Cameroon (1.5Mta clinker grinding), Congo (1.5Mta), Ghana (1.5Mta 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 Friday 28th April 2017 at 14.30 Lagos/UK time.

PLEASE REGISTER IN ADVANCE USING THE LINK BELOW TO OBTAIN DIAL-IN DETAILS

Dangote Cement unaudited results for the three months ended 31st March 2017

Contact details
Carl Franklin
Head of Investor Relations
Dangote Cement

+44 207 399 3070

Carl.Franklin@dangote.com

Operating review

Summary

Three months ended 31st March **Cement volumes sold**	**2017** **'000 tonnes**	**2016** **'000 tonnes**	**% change**
Nigeria	3,770	4,513	(16.5%)
Pan Africa	2,342	1,937	21.0%
Inter-company sales	(87)	(15)	
Total cement sold	**6,025**	**6,435**	**(6.4%)**
Regional revenues	**₦m**	**₦m**	
Nigeria	152,355	107,154	42.2%
Pan Africa	58,715	33,699	74.2%
Inter-company sales	(2,904)	(332)	
Total revenues	**208,166**	**140,521**	**48.1%**
EBITDA	**₦m**	**₦m**	
Nigeria	98,679	66,224	49.0%
Pan Africa	7,483	7,321	2.2%
Central costs & eliminations	(3,159)	(1,147)	
Total EBITDA	**103,003**	**72,398**	**42.3%**
EBITDA margins			
Nigeria	64.8%	61.8%	
Pan-Africa	12.7%	21.7%	
Group	**49.5%**	**51.5%**	
	₦	**₦**	
Nigeria EBITDA per tonne	**26,175**	**14,674**	**78.4%**
	₦m	**₦m**	
Group net profit	**70,572**	**52,779**	**33.7%**
	₦	**₦**	
Earnings per share	**4.25**	**3.12**	**36.2%**

Nigerian operations

The Nigerian economy remains under pressure with Q4 2016 GDP contracting by 1.3% and World Bank expectations of only 1% growth in 2017. Inflation fell to 17% in March.

We estimate that the total cement market fell to about 5.8Mt in the first three months of 2017, compared to about 6.9Mt in 3m 2016, when pricing was significantly lower. As a result, our Nigerian operations sold nearly 3.8Mt of cement, which is 16.5% lower than the same period last year. We estimate that we achieved about 65% market share during that time.

Despite lower volumes, Nigeria increased revenues by 42.2% and EBITDA by 49.0% following price increases in August 2016 and then in January and February this year. We adjusted prices again in April 2017 so that the price of a 50Kg bag of 42.5-grade cement stands at ₦2,533 excluding VAT and before any discounts.

The realignment of prices drove significant increases in revenues and EBITDA per tonne, with revenue per tonne rising by 70.2% in Q1 2017 and EBITDA increasing by 78.4%, compared to the first three months of 2016, when cement sold at much lower prices.

EBITDA was also helped by a more favourable fuel mix at Ibese and Obajana, as detailed in the table below, both of which were able to use coal from mines operated by our parent, Dangote Industries. Use of expensive LPFO has almost been eliminated and our reliance on imported coal has fallen considerably at Obajana, where we are using own-mined and third-party Nigerian coal, with obvious benefits to both margins and foreign currency demands.

Fuel mix

Three months to 31st March	**Obajana**		**Ibese**	
	2017	**2016**	**2017**	**2016**
Gas	47.9%	66.8%	53.5%	43%
Imported coal	8.0%	14.6%	30.9%	43%
Local Coal	37.9%	0%	12.2%	0%
LPFO	6.2%	18.6%	3.4%	14%
	100%	**100%**	**100%**	**100%**

Pan-African operations

Pan-African operations increased cement sales by 21.0% to 2.3Mt as our factories continued to consolidate their market shares across Africa. Pan-African operations now sell 38.0% of Group volumes and provide nearly 28% of Group revenues.

Cameroon

Our 1.5Mta clinker grinding facility in Douala sold approximately 305Kt of cement in the first three months of 2017, up 14% on the 261Kt sold in Q1 2016. We estimate that gave us a market share of 43%.

The average price we achieved was about $99/tonne, which was stable during the period. The increase in sales can be attributed to a number of factors, notably improvements in our sales and marketing strategies and processes, new promotions to incentivise distributors, higher visibility through trade shows and advertising, improved relationships with key distributors and better analysis of customer needs.

Efficiency initiatives at the plant included better coordination of clinker supply ships to avoid shortages or oversupply, optimising local logistics for raw material supplies and improvements in the organisation and throughput of lorries collecting cement.

The economy of Cameroon remains in good health, with GDP expected to grow by nearly 6% in 2017, according to World Bank estimates. Key infrastructure projects driving cement demand include new sports stadia in Yaounde and Douala, the Douala-Yaounde Highway, housing improvements and new commercial building.

Congo

We expect our 1.5Mta integrated plant in Mfila, Congo, to begin operations in May.

Ethiopia

Ethiopia’s economy remains robust with strong economic growth translating into an 18% increase in the construction sector in 2016, driven by large infrastructure projects and increased housing development. Major demand centres for cement include the Grand Ethiopian Renaissance Dam, the Gilgel Gibe, Genale Dawa and Halele Worabesa hydro-electric dams, the Djibouti-Awash pipeline and plans to build 750,000 new homes under the Growth & Transformation Plan announced in 2015.

We estimate that total market sales were approximately 1.8Mt during the first three months of 2017. The Ethiopian market has a number of manufacturers – all smaller than Dangote Cement and some with legacy technologies such as vertical kilns. The addition of a new manufacturer will bring total market capacity to around 14Mta by the end of 2017.

Dangote Cement Ethiopia increased sales by nearly 17% to 527kt in the first three months of 2017 (3m 2016: 451kt). We believe that we increased our market share from 25% in 3m 2016 to 28% this year, positioning Dangote Cement as Ethiopia's leading brand after less than two years in the market.

Our increased sales can be attributed to improvements in productivity, better marketing and increased market demand, as well as higher sales of bulk cement from our factory at Mugher. The average price achieved was about $83/t, higher than Q1 2016 because of a greater proportion of higher-value OPC-type cement, which has strength comparable to 52.5-grade, being sold.

Operational improvements at Mugher included higher clinker production, improvements in the quality of our cement grinding operations and enhancements to our maintenance programme to assure greater uptime of systems.

In addition, we reduced the cost of cement delivery by improving the fuel efficiency of our fleet, improving vehicle management through enhanced tracking and the improved deployment of truck on backhaul operations. As a result of these initiatives we have achieved strong margins at our Ethiopian plant.

Ghana

Dangote Cement Ghana sold approximately 287kt of cement in the first three months of 2017, up 17% on the 245kt cement sold during the same period in 2016. This gave us a market share of around 26%. The improved sales from 2016 to 2017 can be attributed to the increased availability of cement and trucks to import cement from Nigeria, which provided 87kt of cement for Ghana in the first three months of 2017.

Prices have been decreasing due to competition and the weakening of the Cedi. The average price of cement achieved in the three-month period was $93/tonne, which resulted in an EBITDA loss in the first three months of 2017. Key drivers behind cement demand in Ghana are a rise in individual house ownership and an increase in public and private sector infrastructure development projects, including the expansion of the Tema and Takoradi Harbour, the expansion of the airport and several road and bridge projects initiated by the government.

Senegal

Our 1.5Mta plant in Pout sold 360Kt of cement in the first three months of 2017, up nearly 10% on the first quarter of 2016. We estimate our market share to have improved from about 27% to nearly 35% in the same time. The average price achieved as about $67, which is only slightly lower than average prices in Q1 2016. However, because of good cost controls, our Senegal plant enjoys strong EBITDA margins.

The recent introduction of 32.5R-grade cement to our product line-up was received well by the market and as well as enabling us to increase local market share because of its high quality, we believe it will stimulate export sales to neighbouring Mali and Guinea-Bissau. Indeed, the introduction of 32.5 drove February and March sales to record levels for our factory in Senegal. The higher use of extenders in 32.5R means we can make more cement for the same amount of clinker, when compared to 42.5-type cement. However, sales of the stronger 42.5-grade cement continue to perform well, given the strong recognition of its benefits for larger-scale projects.

Because of our gains in market share and our new 32.5R cement, we anticipate some pricing action from competitors but expect this to be limited because of the impact on their own profitability.

Sierra Leone

Sierra Leone's economy is recovering from the Ebola outbreak of 2014 and building activity is increasing as foreign trade and investment return to the country, augmenting foreign aid. Major initiatives include road building, expansion of ports and expansion of hydro-electric facilities.

Our 0.7Mta import and bagging facility began operations in Freetown in January 2017 and is therefore making its first contribution to Group results. The facility sold approximately 23kt of cement in the first three months of 2017 and we estimate that to have been 25% of all cement sold in Sierra Leone. The average price achieved was about $120/tonne, with lower pricing in the first few weeks to stimulate demand on market entry.

Our new facility has doubled Sierra Leone's capacity for importation of cement, which is necessary because the country has insufficient limestone for manufacturing to be viable.

South Africa

The South African economy remained subdued during 2016 and into 2017. However, the Rand recovered by about 20% from its lowest point since January 2016 and we have seen an improvement in the mining and agriculture sectors in this quarter. Government commitment to infrastructure development continues, with a focus on energy, transport and telecommunications. The economy is likely to remain under pressure in the wake of the downgrade to the country's sovereign credit rating and fears of increased borrowing.

The economic conditions were reflected in a quiet cement market, which was also depressed by heavy rains in the first two months of the year. Price increases in February and the entry of a new competitor also contributed to a 3% fall in our sales compared to the first three months of 2016. Industry figures suggest that the total market was about 2.9Mt during the period.

During the first quarter, our South African operation continued to improve efficiencies at both the Aganang and Delmas plants, as well as focusing on improving logistics and sales. We have an incentive strategy in place to increase 42R-grade cement bags sales and a drive to increase volumes in the bulk sector. In addition, we are improving our market analysis and targeting efforts. We increased prices by 5% in February, at the same time increasing our delivery rates.

South Africa has several cement manufacturers and a total of nearly 18.5Mta capacity. In mid-February, the two largest producers, PPC (6.0Mta) and Afrisam (4.0Mta) again announced plans to merge.

Tanzania

Tanzania's economy is doing well with World bank estimates of nearly 7.0% GDP growth in 2016 and similar growth forecast for 2017 and beyond. A number of large infrastructure projects are driving construction activity in the country, including the Dar es Salaam-Morogoro Railway, the Kenya-Tanzania Railway, major road and bridge building projects and commercial housing at Dodoma.

Tanzania has 11.8Mta cement production capacity and our 3.0Mta factory at Mtwara is the largest and most modern. The plant increased volumes by more than 340% to nearly 228Kt in the first three months of 2017 and we estimate this to have given us a market share of nearly 21% just a year after the plant was opened. The average ex-factory price during the period was around $53.

The factory is still reliant on diesel gensets for electrical power, which results in EBITDA losses that weigh on Pan-African margins. However, we expect to have gas turbines installed by September, which will immediately bring the plant into profitability. We are investing $90m in a coal/gas fired power station as there is insufficient grid power available in the area. In addition, as previously announced, we have been allocated land from which we can mine coal to fuel the plant in the coming years.

Zambia

Our 1.5Mta factory in Ndola sold approximately 147Kt of cement in the first three months of 2017, which we estimate gave us a market share of about 43%. Average pricing was around $79/tonne.

Our sales volumes were 8.8% lower than 2016, in part because of a heavy and prolonged rainy season that affected construction activity. In addition, the retail market was constrained by tighter monetary policy and pressures on disposable income following the drought of 2015/6. As the year progresses, we expect to see some recovery in mining-related construction activity as copper prices increase, as well as infrastructure projects due to be launched when the International Monetary Fund releases funding for them to go ahead.

We have begun a programme to assume operational responsibilities at the factory, when Sinoma's O&M contract expires. We believe this will enable considerable cost savings. In addition, we are linking our mines to electrical power to reduce diesel usage and its associated high costs. We have recently introduced a fleet management system that will optimise our truck logistics and enable greater backhaul of coal and gypsum on trucks that have already delivered cement on the outward journey. Approximately 80% of our sales are delivered by our own fleet of trucks.

Financial review

Summary

Three months ended 31st March	**2017 '000 tonnes**	**2016 '000 tonnes**
Volume of cement sold		
Nigeria	3,770	4,513
Pan Africa	2,342	1,937
Inter-company sales	(87)	(15)
Total cement sold	**6,025**	**6,435**
	2017 ₦m	**2016 ₦m**
Revenues		
Nigeria	152,355	107,154
Pan Africa	58,715	33,699
Inter-company sales	(2,904)	(332)
Total revenues	**208,166**	**140,521**
EBITDA*	103,003	72,398
EBITDA margin	49.5%	51.5%
Operating profit	83,248	56,130
Net profit	70,572	52,799
Earnings per ordinary share (Naira)	**4.25**	**3.12**
	As at 31/3/2017 ₦m	**As at 31/12/2016 ₦m**
Total assets	1,578,755	1,527,908
Net debt	180,173	240,772

*Earnings before interest, taxes, depreciation and amortisation

Overall Group revenue increased by 48.1% from ₦140.5B in Q1 2016 to ₦208.2B in Q1 2017. Price adjustments effected in Q4 of 2016 coupled with further price adjustments in Q1 2017 resulted in the increased revenue despite volumes falling by 6.4% from 6.4Mt in 2016 to 6.0Mt in 2017. Sales volumes increased in our pan Africa operations, however this was offset by a 16.5% fall in Nigeria volumes.

Nigerian operations total sales volumes went down from 4.5Mt to 3.8Mt driven by higher prices introduced in Q4 2016 and Q1 2017.

Pan-African volumes rose by 21.0% to 2.3Mt, with a 23kt maiden contribution from Sierra Leone, slightly more than 0.5Mt of cement sold in Ethiopia, almost 0.4Mt sold in Senegal, 0.3Mt sold in Cameroon, 0.3Mt in Ghana, 0.2Mt in Tanzania and 0.15Mt in Zambia. Pan-Africa revenue increased by 74.2% to ₦58.7B from ₦33.7B mainly as a result of increased volumes and foreign exchange gains when converting the sales from country local currency into Naira.

Manufacturing and operating costs

Three months ended 31st March	**2017 ₦m**	**2016 ₦m**
Materials consumed	27,425	16,985
Fuel & power consumed	28,775	21,755
Royalties	257	259
Salaries and related staff costs	6,008	3,637
Depreciation & amortisation	13,802	10,389
Plant maintenance costs	6,556	4,572
Other production expenses	6,469	3,748
Increase/(decrease) in finished goods and work in progress	(1,490)	859
Total manufacturing costs	**87,802**	**62,204**

Manufacturing costs increased by 41.1% as a result of increased production volumes in the Pan African operations as well as the foreign exchange impact when converting the Pan Africa costs from local currencies to Naira. The total increase coming out of the Pan Africa operations amounted to ₦21.9B.

In Nigeria, the impact of the favourable fuel mix which amounted to ₦3.3B was offset by the increase in the price of gas and the landed cost of coal. The impact on other dollar denominated costs arising from the depreciation of the Naira resulted in a net increase of ₦3.7B in manufacturing costs. The average exchange rate during Q1 2016 was ₦199/$1 as compared to an average of ₦305/$1 during Q1 2017.

Administration and selling expenses

Three months ended 31st March	**2017 ₦m**	**2016 ₦m**
Administration and selling costs	37,779	22,409

Total selling and administration expenses rose by 68.6% to ₦37.8b, mostly as a result of increased operations in Pan Africa and associated administration & distribution costs. Staff and other operational costs increased by ₦4.2B. Depreciation and haulage costs increased in line with the increase in the Pan-African truck fleet by 1,000 trucks.

In addition the depreciation of the Naira resulted in increased haulage costs in Nigeria with the diesel costs increasing by ₦2.2B.

The average exchange rate during Q1 2016 was ₦199/$1 as compared to an average of ₦305/$1 during Q1 2017. This also contributed to the overall increase in operating costs for the Pan-Africa operations, as costs incurred in local currency were converted into Naira. The exchange rate impact on Pan Africa costs amounted to ₦4.4B

Profitability

Three months ended 31st March	**2017 ₦m**	**2016 ₦m**

EBITDA	103,003	72,398
Depreciation and amortisation	(19,755)	(16,268)
Operating profit	**83,248**	**56,130**
EBTIDA by operating region		
Nigeria	98,679	66,224
Pan Africa	7,483	7,321
Central administrations costs and intercompany	(3,159)	(1,147)
Total EBITDA	**103,003**	**72,398**

As a result of the average higher prices in Nigeria, foreign exchange gains on converting Pan-African sales and the cost pressures detailed above, Group earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 42.3% to ₦103.0B at a margin of 41.8% (2016: ₦56.1B, 51.5%).

Excluding eliminations and central costs, EBITDA increased by 49% in Nigeria, to ₦98.7B at a margin of 64.8% (2016: ₦66.2B, 61.8%). Despite lower volumes of cement being sold, EBITDA rose significantly because of higher pricing introduced in September 2016 and Q1 2017.

Pan-African EBITDA rose slightly by 2.2% to ₦7.5B (2016: ₦7.3B), but at a lower margin of 12.7% because of start-up and fuel costs in Tanzania.

Operating profit of ₦83.2B was 48.3% higher than the ₦56.1B for last year. With the impact of higher prices in Nigeria being offset by start-up costs for new plants ramping up production, the Group operating margin remained constant to 40% in 2017 (2016: 40%).

Interest and similar income/expense

Three months ended 31st March	**2017 ₦m**	**2016 ₦m**
Interest income	2,564	363
Net exchange gain	3,077	4,671
Finance income	**5,641**	**5,034**
Finance costs	(11,572)	(6,625)
Net finance cost	**(5,931)**	**(1,591)**

Similar to Q1 2016 where the exchange rate remained broadly constant at ₦199/US$, the rate remained broadly constant in Q1 2017 at a rate of ₦305/US$. This resulted in reduced volatility in finance income which is mainly driven by exchange gains arising from assets denominated in foreign currency including gains from inter-Group assets and liabilities that do not eliminate in full on consolidation.

Increased borrowings coupled with increased finance costs when converting Pan Africa interest expense to Naira resulted in finance costs increasing by 74.7% to ₦11.6B from ₦6.6B.

Taxation

Three months ended 31st March	**2017 ₦m**	**2016 ₦m**
Tax charge	6,745	1,760

The effective tax rate for Nigerian operations was 9%, representing a mix of non-taxable profits from cement produced on lines still under Pioneer Tax Exemption and lines out of tax exemptions. Tax credits from Pan Africa operations resulted in a Group ETR of 8.7%.

The Group's profit for the period was ₦70.6B (2016: ₦52.8B).

As a result, earnings per share increased by 36.2% to ₦4.25 (2016: ₦3.12).

Financial position

As at	**31st Mar 2016 ₦m**	**31st Dec 2016 ₦m**
Property, plant and equipment	1,151,327	1,155,711
Other non-current assets	67,550	64,888
Intangible assets	5,014	4,145
Total non-current assets	**1,223,891**	**1,224,744**
Current assets	211,007	187,471
Cash and bank balances	143,857	115,693
Total assets	**1,578,755**	**1,527,908**
Non-current liabilities	67,635	65,841
Current liabilities	317,923	308,257
Debt	324,030	356,465
Total liabilities	**709,588**	**730,563**

The balance sheet remains strong with non-current assets broadly constant at ₦1,224B between 31st December 2016 and 31 March 2017. This was mainly the result of additions to fixed assets amounting to ₦16,4B being offset by depreciation amounting to ₦19.6B. Additions to property, plant and equipment were ₦16.4B, of which ₦10.1B was spent in Nigeria and ₦6.3B in Pan Africa. Current assets increased by ₦23.5B, driven mainly by the increase in prepayments and deposits for supplies.

Movement in net debt

	Cash ₦m	**Debt ₦m**	**Net debt ₦m**
As at 1st January 2017	115,693	(356,465)	(240,772)
Cash generated from operations before working capital changes	108,205	-	108,205
Change in working capital	(9,117)	-	(9,117)
Income tax paid	(135)	-	(135)
Additions to fixed assets	(16,407)	-	(16,407)
Other investing activities	(620)	-	(620)
Change in non-current prepayments and payables	(3,575)	-	(3,575)
Net interest payments	(16,960)	-	(16,960)
Net loans obtained (repaid)	(42,126)	42,126	-
Dividend paid	-	-	-
Other cash and non-cash movements (net)	8,899	(9,691)	(792)
As at 31st March 2017	**143,857**	**(324,030)**	**(180,173)**

The Group generated cash of ₦108.2B before changes in working capital. After a ₦9.1B change in working capital and tax payments of ₦0.1B, the net cash flow from operations was ₦99.0B. Financing outflows of ₦63.3B (2016: ₦44.1B) reflected loans taken of ₦17.2B, loans repaid of ₦61.0B and interest paid of ₦19.5B.

Capital Expenditure by Region

	Nigeria ₦m	Pan Africa ₦m	Total ₦m
Nigeria	10,148	-	10,148
Senegal	-	160	160
Cameroon	-	102	102
Congo	-	4,309	4,309
Ghana	-	51	51
Cote d'Ivoire	-	5	5
Sierra Leone	-	95	95
South Africa	-	39	39
Ethiopia	-	553	553
Tanzania	-	577	577
Zambia	-	283	283
Other	-	85	85
Total	**10,148**	**6,259**	**16,407**

Capital expenditure was mainly to improve our energy efficiency in Nigeria and expenditure on the plant under construction in Congo.