FULL YEAR 2023 AUDITED RESULTS

Dangote Cement PLC

1st March 2024

AUDITED RESULTS FOR YEAR ENDED 31st DECEMBER 2023

Maximising diversification benefit with strong pan-Africa performance
Proposed dividend up 50% at ₦30.00 per share
Record Group EBITDA up 25.1% at ₦886.1B
PAT up 19.2% reaching ₦455.6B

Lagos, 1st March 2024: Dangote Cement PLC (DANGCEM-NL), Africa's largest cement producer, announces audited results for the year ended 31st December 2023.

Financial highlights

- Group revenue up 36.4% to ₦2,208.1B
- Record Group EBITDA up 25.1% to ₦886.1B; 40.1% margin
- Record pan-Africa EBITDA up four-folds to ₦263.7B; 28.5% margin
- Profit after tax up 19.2% to ₦455.6B
- Earnings per share up 18.8% at ₦26.47
- Net debt of ₦521.3B; net gearing of 30.2%
- Proposed dividend up 50% at ₦30.00 per share

Operating highlights

- Group volumes marginally down by 1.8% to 27.3Mt
- Strong pan-Africa volumes up 12.7% to 11.3Mt
- Commenced operations at our 0.45Mta grinding plant in Ghana
- Commissioned CNG station in Tanzania
- Exported clinker from Nigeria and Congo to our grinding plants in West Africa

ESG highlights

- Thermal substitution rate estimated at 9.7% for FY 2023 vs. 4.3% in 2022, reaching 11.0% in December 2023
- Commissioned 10 alternative fuel projects across our operations

Capital structure

- Completed Tranche I of the second share buyback programme repurchasing 0.71% of shares outstanding
- Issued an aggregate of ₦357.7 billion in Commercial Paper for working capital purposes in the year

Arvind Pathak, Chief Executive Officer, said:

"This positive full-year outcome is a combination of the strength in the diversity of our operations across Africa and our sustained drive to contain cost amidst an accelerating inflationary environment. The Group achieved double-digit growth in revenue at ₦2,208.1B, while Group EBITDA reached a record high, increasing 25.1% to ₦886.1B.

Despite the challenging macroeconomic conditions, 2023 was yet another testament to the effectiveness of our diversification strategy. Our diverse operations acted as a cushion, providing resilience to country-specific risks. Pan-African volumes were up 12.7% and now accounts for 41.2% of Group volume. Consequently, pan-African revenue increased by a record 123.2% to ₦925.9B, while EBITDA surged by over four-fold to ₦263.7 billion.

In response to the heightened inflationary environment, we implemented innovative business strategies that helped to drive up revenues, contain costs and protect margins. These initiatives included fuel mix optimisation, propelling the use of alternative fuels to replace more expensive fossil fuels. We also began the phased transition from diesel power trucks to full Compressed Natural Gas (CNG) trucks.

Looking ahead, following the commissioning of our 0.45Mta grinding plant in Takoradi, we are focusing on our "export to import" strategy in West and Central Africa, while concurrently optimising assets in Eastern Africa. Our strategy remains centered on enhancing our value proposition through the production of high-quality cement and delivering sustainable value to our stakeholders."

About Dangote Cement

Dangote Cement is Africa's leading cement producer with 52.0Mta capacity across Africa. A fully integrated quarry-to-customer producer, we have a production capacity of 35.25Mta in our home market, Nigeria. Our Obajana plant in Kogi state, Nigeria, is the largest in Africa with 16.25Mta of capacity across five lines; our Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12Mta; our Gboko plant in Benue state has 4Mta; and our Okpella plant in Edo state has 3Mta. Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and has transformed the nation into an exporter of cement serving neighbouring countries.

In addition, we have operations in Cameroon (1.5Mta clinker grinding), Congo (1.5Mta), Ghana (2.0Mta import), Ethiopia (2.5Mta), Senegal (1.5Mta), Sierra Leone (0.5Mta import), South Africa (2.8Mta), Tanzania (3.0Mta), Zambia (1.5Mta).

Website: www.dangotecement.com

Twitter: @DangoteCement

Conference call details

A conference call for analysts and investors will be held on Monday 4th March at 15.00 Lagos/14:00UK time.

Please register using the link below:

Dangote Cement FY 2023 Results Conference Call

To join the live webcast please click on the link below:
Live Webcast

A copy of the presentation will be available on the Company's website on the day of the call.

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Summary Operating Review, ₦mn

	FY 2023 '000 tonnes	FY 2022 '000 tonnes	%
Nigeria volumes	16,392	17,842	(8.1%)
Pan-Africa volumes	11,252	9,981	12.7%
Inter-company sales	(364)	(56)	
Group volumes**	**27,280**	**27,767**	**(1.8%)**
Revenue			
Nigeria	1,297,639	1,205,401	7.7%
Pan-Africa	925,933	414,830	123.2%
Inter-company sales	(15,482)	(1,908)	
Total revenue	**2,208,090**	**1,618,323**	**36.4%**
EBITDA			
Nigeria*	650,311	658,774	(1.3%)
Pan-Africa*	263,736	64,918	306.3%
Central costs & eliminations	(27,918)	(15,454)	
Total EBITDA	**886,129**	**708,238**	**25.1%**
EBITDA margins			
Nigeria*	50.1%	54.7%	(450bps)
Pan-Africa*	28.5%	15.6%	128bps
Group EBITDA margins	**40.1%**	**43.8%**	**(360bps)**
Profit before tax	553,104	524,002	5.6%
Tax charge	(97,521)	(141,691)	(31.2%)
Group net profit	**455,583**	**382,311**	**19.2%**
Earnings per share	**26.47**	**22.3**	**18.8%**

* Excluding central costs / eliminations
** Volumes include cement and clinker

Macroeconomic outlook

The global economy continues to show signs of recovery from the triple whammy of the COVID-19 pandemic, Russia's invasion of Ukraine and the acute energy crisis, but emerging trends of military junta in the African region and the rising geopolitical tension in the Middle East cast doubt to macroeconomic outlook.

The International Monetary Fund (IMF), in its latest World Economic Outlook, maintained its global growth outlook for 2023 at 3% and slightly lowered its forecast for 2024 to 2.9%, underscoring the fragility of the recovery.

Likewise, in sub-Saharan Africa (SSA) the confluence of insistent global inflation, elevated sovereign debt spreads and tighter monetary policies have led to higher borrowing costs while placing greater pressure on exchange rates. These multiple shocks hindered SSA's growth, leading to a slowdown for the second consecutive year in 2023, at 3.3%. However, SSA is expected to rebound slightly at 4.0% in 2024.

For Dangote Cement, in 2023 all currencies in our countries of operation, except the CFA franc depreciated. The Nigerian naira depreciated 51.6% against the Dollar, while the Tanzanian Kwacha depreciated 29.7% against the Dollar. This currency depreciation has resulted in volatile exchange rates affecting the cost of imports, disrupting trade balances, and contributing to economic uncertainty and heightened inflation.

Nigeria Region

In our financial reporting, the Nigerian region includes Dangote Cement Plc ('the company') which has plants in Obajana, Ibese and Gboko; DCP Cement Ltd with a 3Mt plant in Obajana; and Okpella Cement Plc's 3Mt plant.

Nigeria is navigating through a blend of policy reforms introduced by the new administration in 2023. The consequences of the naira's depreciation due to its floating exchange rate and the elimination of petrol subsidies have continued to exert pressure on operating costs. This has further pushed up inflation, thereby affecting the retail end of the market.

Sales volume from our Nigerian operation stood at 16.4Mt in 2023, down by 8.1% from the 17.8Mt in 2022. In terms of domestic sales alone, volume stood at 15.7Mt, down 7.9% year on year. The decline in domestic sales highlights the impact of the election uncertainty, cash crunch and significant inflation.

Notwithstanding, revenues from the Nigerian operations came in at ₦1,297.6B, while EBITDA declined slightly by 1.3% to ₦650.3B, excluding central costs and eliminations (2022: ₦658.8B, margin of 54.7%). Our Nigerian operation recorded an EBITDA margin of 50.1%.

We continue to build on our cost reduction strategy amid the high operating cost environment. These cost containment measures involve the use of alternative fuel (AF) to improve our energy mix, efficiencies in our plant operations, and the phased transition from diesel powered truck to CNG trucks.

In 2023, the Nigeria region shipped 280Kt of clinker to Cameroon and Ghana. However, cement exports via road reduced to 425Kt, due to the border closure in Niger. Looking ahead to 2024, we plan to expand our clinker exports to third parties in addition to supplying our grinding plants in West Africa.

Pan-Africa Region

The pan-African region includes all operations outside Nigeria.

Our pan-African operations performed strongly in the period, owing to robust demand from our countries of operation. This was supported by healthy volume growth in Senegal, Congo and Zambia; whilst Ethiopia continues to make significant contribution to the overall Group performance. We are at full capacity in Senegal and Ethiopia, while Cameroon is close to full capacity.

Sales volume for our pan-African operation was up 12.7% to 11.3Mt in 2023 from 10Mt in 2022. The total pan-African volume accounted for 41.2% of Group volumes. Consequently, total pan-African revenue of ₦925.9B has more than double that of 2022. The region's revenue accounted for 41.9% of total Group revenue.

Pan-Africa EBITDA came in at ₦263.7B (before central costs and eliminations), a strong 306.3% growth from the ₦64.9B recorded in 2022. This EBITDA was also supported by the reduction in coal prices which impacted positively on some of our operations. We continue to see positive diversification benefit coming from the strong performance across our pan-Africa operations.

Cameroon

Cameroon's GDP is projected to grow at 4.2% in 2024, higher than the estimated growth of 4.0% in 2023.

The cement sector in Cameroon has displayed remarkable resilience, thanks to the recommencement of government initiatives. This has bolstered the economy's overall growth, with the industrial segment playing a pivotal role in GDP expansion. The resurgence of government construction projects has fueled a thriving market. Nevertheless, operational challenges emerged due to inflationary pressures and rising fuel costs. Our projections indicate that the cement market in Cameroon reached a total of 4Mt in 2023.

Sales volume at our 1.5Mta clinker grinding facility in Douala was relatively flat at 1.3Mt for the FY 2023. Ongoing infrastructural projects, including highway construction between Douala and Yaounde, road and bridge projects nationwide, and an increase in developmental initiatives across various regions, are expected to drive cement demand in the near term.

Congo

Congo's GDP is projected to grow at 4.4% in 2024, higher than the growth estimate of 4.0% in 2022.

The cement sector in Congo is experiencing growth, driven by a resurgence in government-led infrastructure projects. These include the construction of a new oil refinery, two general hospitals, ongoing hotel construction, and the repair of urban roads in Pointe Noire and Brazzaville. Additionally, a rise in demand from the local consumer market is contributing to this expansion. We estimate that the total cement market in Congo reached approximately 706Kt in 2023.

Our 1.5Mta integrated plant in Mfila sold 807.7Kt (including exports), a 42.7% increase from the 566.2Kt sold in the prior year. This growth is bolstered by robust demand for export sales of cement to the Democratic Republic of Congo (DRC) and Cameroon.

Ethiopia

Ethiopia's economy is projected to expand by 6.2% in 2024, up from an estimated growth of 6.1% in 2023.

Ethiopia's cement market continues to witness substantial growth, buoyed by increased economic activity levels and a return to normalcy after years of societal conflict. Although the market faces the challenge of high inflation and a devaluation of the birr, Ethiopia looks set for a progressive year in cement sales.

We estimate the total market for cement in Ethiopia to have been 6.9Mt in 2023. Sales at our 2.5Mta factory in Mugher were at 2.5Mt, up by 6.5% year on year. The growth in volume was due to improved clinker production and the increasing number of private and government infrastructural projects, boosting cement demand.

Ghana

Ghana's GDP is projected to pick up at 2.7% in 2024 from a slower growth estimate of 1.2% in 2023.

Ghana's economy is demonstrating signs of gradual improvement, attributed partly to a degree of stabilisation in the exchange rate, thanks to prudent fiscal management under the country's IMF program. Despite facing short-term challenges, Ghana's cement industry has exhibited notable resilience, buoyed by emerging private housing projects in specific urban areas across the nation. Our estimation places the total cement market at 6.5Mt.

Dangote Cement Ghana took coordinated steps to improve retail footprints and product availability that translated into improved sales. Our sales volume was up 19.7% to 316.3Kt in 2023.

We commenced operations at our 0.45Mta grinding plant in Takoradi in June 2023.

Senegal

Senegal's GDP is projected to grow by 8.8% in 2024 from an estimated growth of 4.1% in 2023.

Senegal's lofty growth forecast in 2023 mirrors the country's strong performing cement market. The cement market has benefitted from a relatively stable environment, the availability of limestone and the gradual normalisation of the diplomatic relationship between Mali and its neighbours. We estimate the total domestic cement market in Senegal to have been 7.0Mt in 2023.

Our 1.5Mta plant in Pout sold 1.6Mt in 2023, up a strong 54.3% from the prior year. The increase in coal prices impacted margins in 2023, however we have seen a reduction in coal prices this year. Ongoing infrastructural projects including railway transport from Dakar to Tambacounda, as well as other urban road construction, should support the growth of cement sales in the short to medium term. Our operation in Senegal is operating at full capacity.

Sierra Leone

Sierra Leone's GDP is projected to grow by 4.7% in 2024, up from an estimate of 2.7% in 2023.

The Sierra Leonean cement market consumed 863.3Kt of cement in 2023. Pockets of stock shortages impacted volumes for the year. Dangote Cement Sierra Leone sold 44.2Kt of cement in the period.

South Africa

South Africa's GDP is forecasted to grow by 1.8% in 2024, higher than the- growth estimate of 0.9% in 2023.

Dangote Cement South Africa continues to show resilience in an economy burdened with an energy crisis and power cuts that have pushed up operating cost and resulted in high inflation. The retail sector remains difficult due to high inflation exerting pressure on disposable income.

In 2023, our sales volume experienced a year-on-year increase. Looking ahead, private sector investments are primarily concentrated on renewable energy projects, which do not inherently require significant cement usage. With South Africa's general election scheduled for the first half of 2024, there is a possibility that this could stimulate the lower-income residential market to some extent, potentially boosting sales of bagged cement.

We increased thermal substitution of conventional coals with alternative fuel to hedge against rising energy cost. South Africa has the highest thermal substitution rate across the group of 41.8% for 2023.

Tanzania

Tanzania's GDP is projected to grow by 6.1% in 2024, stronger than the growth estimate of 5.2% in 2023.

Tanzania has a huge market for cement with its construction and manufacturing sectors the major drivers of GDP. The total market for cement in the year is estimated at 7.2Mt.

Sales volume from our Tanzania operation was 2.5% higher at 2.0Mt on the back of improvement in sales to Southern Highlands, Zanzibar and improved exports. Ongoing projects such as the Rufiji Dam; Mtwara Airport and roads rehabilitation; Dodoma roads construction; Tabora – Katavi power transmission project amongst others, are expected to drive cement demand in the near-medium term.

Zambia

Zambia's GDP is forecasted to grow by 4.3% in 2024, faster than the estimated growth of 3.6% in 2023.

We estimate the total market for cement in Zambia to have been 2.6Mt in 2023.
Sales volume at our 1.5Mta Ndola factory was up 20.6% to 788.9Kt in the period, supported by demand recovery, particularly in retail. Dangote Cement Zambia also recorded improved clinker exports to neighboring countries such as DRC, Zimbabwe, and Burundi. Thermal substitution rate is estimated at 17.2%.

FINANCIAL REVIEW

Summary

Year ended 31st December **Volume sold****	**FY 2023** **'000 tonnes**	**FY 2022** **'000 tonnes**
Nigeria	16,392	17,842
Pan-Africa	11,252	9,981
Inter-company sales	(364)	(56)
Total volume sold	**27,280**	**27,767**
Revenues	**₦m**	**₦m**
Nigeria	1,297,639	1,205,401
Pan-Africa	925,933	414,830
Inter-company sales	(15,482)	(1,908)
Total revenues	**2,208,090**	**1,618,323**
Group EBITDA*	**886,128**	**708,238**
EBITDA margin	**40.1%**	43.8%
Operating profit	734,267	585,876
Profit before tax	553,104	524,002
Tax charge	(97,521)	(141,691)
Net profit	455,583	382,311
Earnings per ordinary share (Naira)	**26.47**	**22.27**

	31/12/2023	**31/12/2022**
Total assets	3,938,725	2,615,655
Net debt	521,287	422,891

*Earnings before interest, taxes, depreciation and amortisation
** Volumes include cement and clinker

Group revenue increased by 36.4% to ₦2,208.1B from ₦1,618.3B, reflecting an increase in prices in line with inflationary realities compared to the same period last year. This is in addition to a strong volume growth from pan-Africa. Pan-Africa revenue was up by 123.2% to ₦925.9B, owing to robust demand from the region in addition to price increases.

Sales volumes from our core Nigerian operations decreased by 8.1% to 16.4Mt. This decrease was attributed to the combined impact of the cash crunch and election-related uncertainties in the first quarter. Additionally, the sharp currency devaluation and heightened transport costs resulting from the subsidy removal in the second quarter, collectively contributed to the decline in sales volume from Nigeria.

Meanwhile, pan-African volumes were up by 12.7% to 11.3Mt from around 10Mt in 2022, on the back of improved sales, especially coming from Senegal, Congo, Zambia and Ghana.

Manufacturing and operating costs

Year ended 31st December	**2023** **₦m**	**2022** **₦m**
Materials consumed	278,825	196,517
Fuel & power consumed	399,205	266,486
Royalties	3,672	2,429
Salaries and related staff costs	71,096	45,032
Depreciation & amortization	122,513	90,757
Plant maintenance costs	83,327	51,351
Other production expenses	59,812	26,376
(Increase)/decrease in finished goods and work in progress	(12,172)	(16,058)
Total manufacturing costs	1,006,278	662,890

In total, manufacturing costs increased by 51.8% to ₦1,006.3B in 2023 from ₦662.9B in 2022, owing to inflationary pressure. A major driver of the increase was fuel & power consumed which increased by 49.8% to ₦399.2B.

Administration and selling expenses

Year ended 31st December	**2023** **₦m**	**2022** **₦m**
Administration and selling costs	491,638	375,113

The total selling and administration expenses rose by 31.1% to ₦491.6B in 2023, driven by the 27.6% increase in haulage expenses due to the significant rise in AGO costs. Inflationary pressure and the devaluation of the foreign currencies also drove part of this increase.

Profitability

Year ended 31st December	2023 ₦m	2022 ₦m
EBITDA	886,128	708,238
Depreciation, amortization & impairment	(151,862)	(122,362)
Operating profit	**734,267**	**585,876**
EBITDA by operating region		
Nigeria	650,311	658,774
Pan-Africa	263,736	64,918
Central administrations costs and inter-company sales	(27,918)	(15,454)
Total EBITDA	**886,128**	**708,238**

Group earnings before interest, tax, depreciation, and amortisation (EBITDA) for the year increased by 25.1% to ₦886.1B at a margin of 40.1% (FY 2022: ₦708.2B, 43.8%).

Pan-African EBITDA increased fourfold to ₦263.7B, at a record margin of 28.5% (FY 2022: ₦64.9B; 15.6%), supported by strong volume growth, and a reduction in cash cost in some of our operations in comparison to 2022.

Operating profit of ₦734.3B was 25.3% higher than the ₦585.9B for 2022 at a margin of 33.3% (FY 2022: 36.2%).

Interest and similar income/expense

Year ended 31st December	2023 ₦m	2022 ₦m
Interest income	27,405	38,715
Exchange gain/(loss)	(164,077)	(53,929)
Interest expense & other finance cost	(146,885)	(76,441)
Net finance income / (cost)	**(283,557)**	**(91,655)**

Interest income decreased by 29.2% to ₦27.4B due to reduced interest earning balances.

Net foreign exchange loss of ₦164.1B from our foreign currency obligations reflects the devaluation of the naira from ₦461.1/$ at the end of 2022 to ₦951.8/$ at the end of 2023.

Taxation

Year ended 31st December	2023 ₦m	2022 ₦m
Tax (charge)/credit	(97,521)	(141,691)

The Group's profit for 2023 increased by 19.2% to ₦455.6B (2022: ₦382.3B). Consequently,earnings per share increased to ₦26.47 (2022: ₦22.27).

Effective tax rate of 17.6% in 2023 was lower (2022: 27.0%) due to higher non-taxed exchange gains in the period.

Financial position

	31st December 2023 ₦m	31st December 2022 ₦m
Property, plant, and equipment	2,383,528	1,527,293
Other non-current assets	133,827	58,676
Intangible assets	12,356	6,225
Total non-current assets	2,529,711	1,592,194
Current assets	961,917	739,618
Cash and bank balances	447,097	283,843
Total assets	**3,938,725**	**2,615,655**
Non-current liabilities	211,889	181,525
Current liabilities	1,032,612	648,449
Debt	968,384	706,734
Total liabilities	**2,212,885**	**1,536,708**

Total non-current assets increased by 58.9% to ₦2,529.7B at the end of December 2023 from ₦1,592.2B on 31st December 2022.

Additions to property, plant and equipment was ₦102.2B, with ₦44.8B spent in Nigeria and ₦57.3B in pan-Africa.

Movement in net debt

	Cash ₦m	Debt ₦m	Net debt ₦m
As at 31st December 2022	283,843	(706,734)	(422,891)
Cash from operations before working capital changes	814,182	-	814,181
Change in working capital	23,888	-	23,888
Income tax paid	(166,129)	-	(166,129)
Additions to fixed assets	(102,176)	-	(102,175)
Loans repaid by related party	83,802	-	83,802
Other investing activities	(118)	-	(118)
Change in non-current prepayments and payables	(38,045)	-	(38,045)
Net lease receivables	2,010	-	2,010
Share buyback	(41,423)	-	(41,423)
Net dividend paid	(336,267)	-	(336,267)
Net interest payment	(95,210)	-	(95,210)
Net loans obtained (repaid)	150,700	(150,700)	-
Overdraft	(118,043)	118,043	-
Other cash and non-cash movements	(13,917)	(228,993)	(242,910)
As at 31st December 2023	**447,097**	**(968,384)**	**(521,287)**

Cash of ₦814.2B was generated from operations before changes in working capital. After net movement of ₦23.9B in working capital, the net cash flow from operations was ₦838.1B for FY 2023.

Excluding overdraft, financing cash flow of ₦352.0B reflected net loans obtained of ₦150.7B, interest paid of ₦119.0B, dividend paid of ₦337.5B and lease payment of ₦4.8B.

Cash and cash equivalents (net of bank overdrafts) increased to ₦432.2B from ₦150.9B as at 31st December 2022. Net debt increased by ₦98.4B from ₦422.9B at the end of 2022 to ₦521.3B at end of December 2023.

Capital expenditure by region

	Nigeria Region ₦m	**Pan-Africa ₦m**	**Total ₦m**
Capital Expenditure	44,845	57,331	102,176

Capital expenditure was mainly comprised of the construction of new plants in West African countries, the acquisition of distribution trucks as well as improvements in our energy efficiency across our operations.