Delivering sustainable value *to our shareholders*

Gbenga Fapohunda
Acting Group Chief Financial Officer

We successfully implemented an effective Internal Control over Financial Reporting (ICOFR) risk assessment in line with our strong corporate governance framework."

Dear shareholders

Financial highlights
Summary

Year ended 31 December	FY 2023 '000 tonnes	FY 2022 '000 tonnes
Volume sold*		
Nigeria	**16,392**	17,842
Pan-Africa	**11,252**	9,981
Inter-company sales	**(364)**	(56)
Total volume sold	**27,280**	27,767

	FY 2023 ₦'million	FY 2022 ₦'million
Revenues		
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

	FY 2023 ₦'million	FY 2022 ₦'million
Group EBITDA**	**886,129**	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

As at 31 December	FY 2023 ₦'million	FY 2022 ₦'million
Total assets	**3,938,725**	2,615,655
Net debt	**521,287**	422,891

* Volumes include cement and clinker.

** Earnings before interest, taxes, depreciation and amortisation.

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 31 December	2023 ₦'million	2022 ₦'million
Materials consumed	**278,825**	196,517
Fuel and power consumed	**399,205**	266,486
Royalties	**3,672**	2,429
Salaries and related staff costs	**71,096**	45,032
Depreciation and amortisation	**122,513**	90,757
Plant maintenance costs	**83,327**	51,351
Other production expenses	**59,812**	26,376
Increase 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 31 December	2023 ₦'million	2022 ₦'million
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 currencies also drove part of this increase.

Profitability

Year ended 31 December	2023 ₦'million	2022 ₦'million
EBITDA	**886,129**	708,238
Depreciation, amortisation and impairment	**(151,862)**	(122,362)
Operating profit	**734,267**	585,876

EBITDA by operating region

Year ended 31 December	2023 ₦'million	2022 ₦'million
Nigeria	**650,311**	658,774
Pan-Africa	**263,736**	64,918
Central costs and inter-company sales	**(27,918)**	(15,454)
Total EBITDA	**886,129**	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 31 December	2023 ₦'million	2022 ₦'million
Interest income	**27,405**	38,715
Exchange gain/(loss)	**(164,077)**	(53,929)
Interest expense and 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 31 December	2023 ₦'million	2022 ₦'million
Tax charge	**(97,521)**	(141,691)

Profit after tax

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

	31 December 2023 ₦'million	31 December 2022 ₦'million
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 31 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 ₦'million	Debt ₦'million	Net debt ₦'million
As at 31 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)
Loan 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 buy-back	(41,423)	—	(41,423)
Net interest payment	(95,210)	—	(95,210)
Net loans obtained (repaid)	150,700	(150,700)	—
Net dividend paid	(336,267)	—	(336,267)
Overdraft	(118,043)	118,043	—
Other cash and non-cash movements	(13,917)	(228,993)	(242,910)
As at 31 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 31 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 ₦'million	Pan-Africa ₦'million	Total ₦'million
Capital expenditure	44,845	57,331	102,176

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

Recommended dividend

On 29 February, 2024, the Directors recommended a dividend of ₦30.00 per share for approval at the Annual General Meeting.

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 Directors believe that the current working capital is sufficient for the operations and the Group generates sufficient cash flows to fund its operations.

Share buy-back

In July 2023, Dangote Cement completed Trance 1 of the second buyback programme, repurchasing 0.71% of shares outstanding.

Gbenga Fapohunda
Acting Group Chief Financial Officer
1 March 2024

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."