



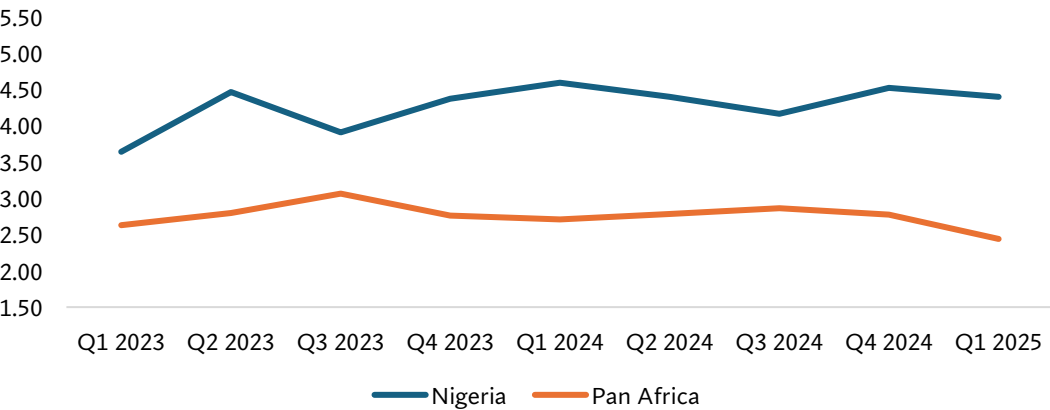
Event

Dangote Cement Plc (“the Group”) started the 2025 fiscal year under challenging macroeconomic and market conditions, with pressure on its volume causing a strategic reliance on pricing actions to drive top-line performance. Specifically, revenue grew by 22% to N994.66 billion in Q1 2025 (Q1 2024: N817.35 billion), primarily underpinned by aggressive pricing optimisation in the Nigerian market.

On the volume front, a 7% decline to 6.60Mt was reported in Q1 2025 (Q1 2024: 7.04Mta), reflecting contraction across both the Nigerian and Pan African markets. In Nigeria - which is the Group’s largest market, volume dipped by 4% to 4.40Mta (Q1 2024: 4.59 Mta), reversing the volume rebound reported in the market last year. According to management, this contraction was due to a slowdown in real estate and private construction projects. Despite this, revenue from the Nigerian market grew by 54% to N696.04 billion (Q1 2024: N452.92 billion), driven by effective price increases.

Across the Pan-African market, volume remained pressured, down by 10% to 2.44 Mta (Q1 2024: 2.71Mta). This was due to prolonged post-election uncertainties in Senegal and South Africa, and liquidity constraints in Ethiopia due to delayed national budget approval. Although the Tanzania and Cameroon markets volume grew by 31.7% and 0.60%, respectively, the gains were insufficient to offset the broader regional declines. Consequently, Pan-African revenue contracted by 15% to N322.65 billion (Q1 2024: N381.27 billion).

Volume Trend Across Market



Source: Company Accounts, WSTC Research

The cost of goods grew marginally by just 2% to N407.27 billion (Q1 2024: N398.16 billion). In our view, the slower growth in the total cost was largely due to the lower volume sales, as the material consumed (21% of total cost) declined by 11% to N87.06 billion (Q1 2024: N98.20 billion), while fuel and power consumed (44% of total cost) dropped 3%. Hence, gross profit surged by 40% to N587.40 billion (Q1 2024: N419.19 billion), and gross margin expanded by 800 basis points to 59% (Q1 2024: 51%).

HOLD

Fair Value Estimate:

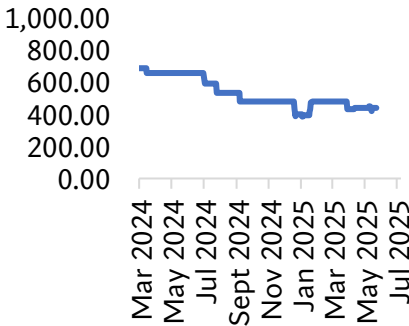
N480.59

Total Return: +5%

Stock Data

Current price (N)	489.00
Shares Outstanding (mn)	16,874
Market Cap (N'mn)	8,251,170
52-week high (N)	591.10
52-week low (N)	349.20
Trailing EPS (N)	29.82
Forward EPS (N)	38.15
Forward PE (X)	12.82
Justified PE Multiple (X)	12.60

Price Movement



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	18.11x	16.40x	12.82x
P/BV	4.83x	3.79x	3.57x
PBT Margin	25%	20%	22%
PAT Margin	21%	14%	15%
RoE	32%	26%	29%
Dividend Yield	6%	6%	7%

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Operating expenses (opex) growth also moderated, with selling and distribution expenses (75% of total opex) growing by just 6% to N153.64 billion (Q1 2024: N145.26 billion). This modest growth can be attributed to the combination of volume declines and benefits of CNG truck adoption. According to management, additional 1,500 full CNG trucks were acquired during the quarter, further enhancing logistic efficiency. Administrative expenses (25% of total opex) was up by 14%, due to higher salaries and staff cost. Overall, operating expense growth remained in single digits, up by 8% to N205.48 billion (Q1 2024: N190.79 billion), and operating margin contracted by 300 basis points to 21% (Q1 2024: 23%).

On the back of slower growth in input and operating cost, operating profit surged by 56% to N398.18 billion (Q1 2024: N255.94 billion), and operating margin expanded by 900 basis points to 40% (Q1 2024: 31%).

Elevated interest rate continued to impact the Group's borrowings negatively, fueling an 88% jump in finance cost to N111.90 billion (Q1 2024: N59.46 billion). Although, the elevated rate also resulted in a sharp rise of 193% in finance income, it was eclipsed by the finance cost growth, driving net finance costs higher by 63% to N78.55 billion (Q1 2024: N48.07 billion).

On the foreign exchange front, stability prevailed, and losses narrowed significantly by 73% to N17.47 billion (Q1 2024: N63.77 billion). This helped reduce the non-operating expenses by 4% to N86.21 billion (Q1 2024: N89.54 billion). This decline, coupled with robust operating profit, culminated in an impressive 87% year-on-year growth in profit before tax. Despite a 91% rise in tax charges, profit after tax still grew by 86% to N209.25 billion (Q1 2024: N112.67 billion).

## Q1 2025 Financial Performance

Income Statement (N'mn)	Q1 2025	Q1 2024	Growth(%)
<b>Revenue</b>	<b>994,659</b>	<b>817,350</b>	<b>22%</b>
Cost of sales	(407,265)	(398,162)	2%
<b>Gross profit</b>	<b>587,394</b>	<b>419,188</b>	<b>40%</b>
Other income	16,269	27,549	-41%
<b>Operating income</b>	<b>603,663</b>	<b>446,737</b>	<b>35%</b>
General and administrative expense	(51,844)	(45,533)	14%
Selling and distribution expense	(153,636)	(145,261)	6%
<b>Operating expense</b>	<b>(205,480)</b>	<b>(190,794)</b>	<b>8%</b>
<b>Operating profit</b>	<b>398,183</b>	<b>255,943</b>	<b>56%</b>
<b>Non-operating loss</b>	<b>(86,209)</b>	<b>(89,539)</b>	<b>-4%</b>
Finance income	33,352	11,395	193%
Finance cost	(111,904)	(59,460)	88%
FX loss	(17,472)	(63,765)	-73%
Other income	10,579	22,939	-54%
Impairment of financial assets	(764)	(648)	18%
<b>Profit before tax</b>	<b>311,974</b>	<b>166,404</b>	<b>87%</b>
Taxation	(102,729)	(53,730)	91%
<b>Profit for the year</b>	<b>209,245</b>	<b>112,674</b>	<b>86%</b>
Balance Sheet (N'mn)	3M 2025	3M 2024	Growth(%)
<b>Assets</b>			
PP & E	3,230,172	3,011,833	7%
Inventory	671,549	496,283	35%
Receivables	119,553	75,552	58%
Prepayments	782,197	725,056	8%
Cash	417,663	625,190	-33%
Others	1,224,220	195,731	525%
<b>Total Assets</b>	<b>6,445,354</b>	<b>5,129,645</b>	<b>26%</b>
<b>Liabilities</b>			
Loans & Borrowings	2,425,225	1,286,771	88%
Payables	918,951	867,008	6%
Others	721,393	714,384	1%
<b>Total Liabilities</b>	<b>4,065,569</b>	<b>2,868,163</b>	<b>42%</b>
<b>Net Assets</b>	<b>2,379,785</b>	<b>2,261,482</b>	<b>5%</b>

**Source:** Company Accounts, WSTC Research

### Outlook

As the Nigeria economy continues to improve in 2025, we expect to see progress in real estate and private construction sector, and this is anticipated to drive volume growth in the market. We also anticipate recovery in the Pan African market volume sales, as temporary factors that impacted some countries in the region ease over the course of the year.

Accordingly, we revise our fair value for the stock upward to N480.59 (previously: N457.55). While the stock currently trades at N489.00 which is a premium to our fair value, we project a dividend yield of 7% for the stock resulting in a total return of 5%. Hence, we retain our **HOLD** recommendation for the stock.

## Financial Projections

Income statement (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Revenue	2,208,090	3,580,550	4,324,004	5,196,629	5,938,533	6,828,743	8,147,266	9,236,456
EBITDA	886,287	1,381,727	1,574,363	1,878,062	2,065,120	2,363,428	2,846,655	3,189,348
EBIT	735,127	1,152,768	1,401,403	1,701,376	1,886,964	2,185,881	2,667,415	3,032,328
Profit before taxation (PBT)	553,104	732,537	946,552	1,310,841	1,538,076	1,897,996	2,413,240	2,799,965
Net profit (PAT)	455,583	503,247	643,655	891,372	1,045,892	1,290,638	1,641,003	1,903,977
EPS (₦)	26.80	29.82	38.15	52.83	61.98	76.49	97.25	112.84
DPS (₦)	30.00	30.00	35.09	47.54	49.59	61.19	77.80	90.27
Balance sheet (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Other current assets	961,917	1,461,190	1,430,142	1,251,793	1,195,640	1,213,191	1,261,135	1,248,723
Non-current assets	2,529,711	4,492,217	4,493,082	4,534,655	4,594,040	4,669,156	4,750,629	4,870,703
Total assets	3,938,725	6,403,238	6,265,005	5,911,462	5,860,435	5,904,123	6,371,844	6,919,599
Current liabilities	1,612,632	2,569,584	2,179,856	2,066,157	2,061,796	1,776,314	1,693,005	1,676,599
Non-current liabilities	600,253	1,658,409	1,772,456	1,233,402	943,080	818,325	760,862	733,849
Total liabilities	2,212,885	4,227,993	3,952,312	3,299,559	3,004,876	2,594,639	2,453,867	2,410,448
Shareholders' equity	1,725,840	2,175,245	2,312,693	2,611,903	2,855,559	3,309,484	3,917,977	4,509,151
Cash flow statement (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash from operating activities	678,789	821,080	1,180,743	1,458,474	1,589,911	1,520,209	1,896,088	2,313,591
Cash from investing activities	(25,919)	(834,779)	(72,023)	(143,611)	(170,730)	(188,827)	(200,808)	(220,597)
Cash from financing activities	(352,016)	(311,543)	(1,216,769)	(1,531,631)	(1,473,440)	(1,380,361)	(1,356,975)	(1,652,901)
Net increase/ (decrease) in cash	300,854	(325,242)	(108,049)	(216,767)	(54,259)	(48,980)	338,305	440,093
Free cash flow	576,613	407,303	1,006,918	1,240,216	1,352,369	1,267,545	1,635,375	2,036,497
Ratio analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	40%	39%	36%	36%	35%	35%	35%	35%
Operating margin	33%	32%	32%	33%	32%	32%	33%	33%
RoE	32%	26%	29%	36%	38%	42%	45%	45%
RoA	14%	10%	10%	15%	18%	22%	27%	29%
Dividend payout ratio	112%	101%	92%	90%	80%	80%	80%	80%

**Source:** Company Accounts, WSTC Research



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- Buy Rating: estimated fair value is  $\geq 20\%$  above current market price.
- Hold Rating: estimated change in price is between  $-10\%$  and  $19\%$  of current market price.
- Sell Rating: estimated change in price is  $\leq -10\%$  of current market price.

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