



Event

Dangote Cement Plc delivered a record quarter in Q2 2025, with profit after tax surging by 303% year on year to N311.21 billion from N77.23 billion. The strong bottom line was supported by a sharp reversal in foreign exchange losses, disciplined cost management and sustained pricing power in Nigeria. Group revenue rose by 14% year on year to N1.08 trillion compared with N942.71 billion in Q2 2024, largely driven by higher realised prices rather than volume growth. Profit before tax advanced by 230% year on year to N418.06 billion.

Group sales volumes moderated slightly, slipping by 1% year on year to 6.82 Mt against 6.89 Mt in Q2 2024. Nigeria provided resilience, with volumes expanding by 4% year on year to 4.56 Mt from 4.40 Mt, while Pan Africa volumes fell by 8% to 2.56 Mt from 2.78 Mt. Despite weak demand from both private and public construction projects, Nigeria remained the clear growth engine. Revenue from Nigerian operations climbed by 39% year on year to N746.28 billion from N538.45 billion, reflecting a combination of volume gains and significant price increases. The average realised price per tonne rose by 34% to N163,838 from N122,380 in Q2 2024, while the average realised price per 50kg bag stood at N8,191.92 compared with N6,118.77 in Q2 2024. This demonstrates the company's ability to sustain higher pricing without undermining domestic demand.

The Pan Africa operations presented a weaker picture. Revenue contracted by 16% year on year to N359.47 billion from N425.84 billion, as both volumes and prices declined. Average realised price per tonne in the region slipped to N140,383 in Q2 2025 from N153,183 a year earlier, translating to an average realised price per 50kg bag of N7,026.41 compared with N7,648.01. This decline mirrors the impact of election related disruptions in Senegal and South Africa, liquidity constraints in Ethiopia, and weaker market conditions in Ghana and Zambia. Unlike in Nigeria, pricing in Pan Africa could not compensate for softer volumes, leaving the region as the primary drag on performance.

On the cost side, Dangote Cement kept growth in check relative to revenue expansion. Cost of sales increased modestly by 3% year on year to N446.29 billion, with materials consumed falling by 21% to N80.62 billion due to lower output. Fuel and power costs, which account for nearly half of total cost, rose by 9% to N209.99 billion, reflecting energy price pressures and supply constraints in some Pan African markets. Nevertheless, gross profit expanded by 24% year on year to N630.65 billion, with gross margin improving to 59% from 54%.

BUY

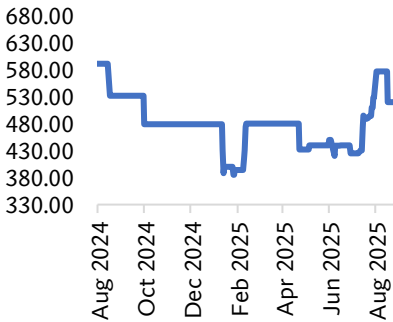
Fair Value Estimate:
N655.30

Total Return: +34%

Stock Data

Current price (N)	525.10
Shares Outstanding (mn)	16,874
Market Cap (N'mn)	8,860,306
52-week high (N)	577.00
52-week low (N)	349.20
Trailing EPS (N)	29.82
Forward EPS (N)	53.87
Forward PE (X)	9.75
Justified PE Multiple (X)	12.17

Price Movement



Stock Data

	FY 2023	FY 2024	FY 2025F
P/E	19.45x	17.61x	9.75x
P/BV	5.18x	4.07x	3.44x
PBT Margin	25%	20%	32%
PAT Margin	21%	14%	22%
RoE	32%	26%	38%
Dividend Yield	6%	6%	9%

Analysts

Isaac Osaro
i.osaro@wstc.com.ng

Desmond Gabriel
d.gabriel@wstc.com.ng

Habeeb Oladehinde
h.oladehinde@wstc.com.ng

Operating expenses rose more steeply, climbing by 13% year on year to N240.19 billion from N212.43 billion. Selling and distribution costs rose by 5%, while administrative expenses also moved higher by 36%, driven mainly by rising staff costs in an inflationary environment and the rollout of the Distributor Management System aimed at improving customer order processes. Overall, operating profit jumped to N413.56 billion, 40% higher than Q2 2024, with operating margin advancing to 38% from 31%.

Net finance costs grew by 20% to N70.10 billion as higher finance costs outweighed the growth in finance income. Finance income rose by 155% to N34.16 billion, reflecting stronger cash yields, while finance costs climbed by 45% to N104.26 billion due to higher borrowings. The turning point for earnings came from foreign exchange, where the company recorded a gain of N63.21 billion compared with a loss of N137.54 billion in Q2 2024. This swing, together with stronger operating income, lifted profit before tax to N418.06 billion.

Q2 2025 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
Revenue	1,076,939	942,705	14%
Cost of sales	(446,294)	(435,111)	3%
Gross profit	630,645	507,594	24%
Other income	23,672	1,408	1581%
Operating income	654,317	509,002	29%
General and administrative expense	(72,439)	(53,221)	36%
Selling and distribution expense	(167,754)	(159,209)	5%
Operating expense	(240,193)	(212,430)	13%
Operating profit	414,124	296,572	40%
Non-operating profit/(loss)	3,936	(170,020)	102%
Finance income	34,163	13,403	155%
Finance cost	(104,258)	(71,761)	45%
FX gain/(loss)	63,214	(137,536)	146%
Gain on net monetary positions	11,382	26,141	-56%
Impairment of financial assets	(565)	(267)	112%
Profit before tax	418,060	126,552	230%
Taxation	(106,850)	(49,322)	117%
Profit for the year	311,210	77,230	303%

Source: Company Accounts, WSTC Research

H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
Revenue	2,071,598	1,760,055	18%
Cost of sales	(853,559)	(833,273)	2%
Gross profit	1,218,039	926,782	31%
Other income	39,941	28,957	38%
Operating income	1,257,980	955,739	32%
General and administrative expense	(124,283)	(98,754)	26%
Selling and distribution expense	(321,390)	(304,470)	6%
Operating expense	(445,673)	(403,224)	11%
Operating profit	812,307	552,515	47%
Non-operating profit/(loss)	(82,273)	(259,559)	-68%
Finance income	67,515	24,798	172%
Finance cost	(216,162)	(131,221)	65%
FX gain/(loss)	45,742	(201,301)	123%
Gain on net monetary positions	21,961	49,080	-55%
Impairment of financial assets	(1,329)	(915)	45%
Profit before tax	730,034	292,956	149%
Taxation	(209,579)	(103,052)	103%
Profit for the year	520,455	189,904	174%
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
Assets			
PP & E	3,435,280	3,274,512	5%
Inventory	716,287	585,666	22%
Receivables	716,287	88,050	714%
Prepayments	703,930	624,676	13%
Cash	383,899	590,481	-35%
Others	661,570	211,776	212%
Total Assets	6,617,253	5,375,161	23%
Liabilities			
Loans & Borrowings	1,465,589	370,372	296%
Payables	999,515	928,760	8%
Others	1,931,528	1,912,450	1%
Total Liabilities	4,396,632	3,211,582	37%
Net Assets	2,220,621	2,163,579	3%

Source: Company Accounts, WSTC Research



Outlook

We expect Nigerian operations to continue to deliver stronger volumes in the second half of the year, supported by the dry-season construction cycle and increased government capex execution. With pricing already reset higher, volume growth will likely be the main lever to sustain revenue expansion in H2.

Across Pan-Africa, we anticipate a modest rebound after a weak first half, with post-election stability in Senegal and South Africa, improved liquidity in Ethiopia, and gradual easing of cost pressures in Ghana and Zambia. This should translate into a slight recovery in volumes and a stabilisation of realised prices.

On the cost front, the continued rollout of CNG trucks should cushion logistics expenses. Overall, we see Dangote Cement maintaining firm margins. Therefore, we upgrade our recommendation to a **BUY** (previously: HOLD), with a revised fair value estimate of N655.30 (previously: N480.59). At a market price of N525.10, we forecast a potential total return of 34%, inclusive of a 9% dividend yield.

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	4,131,296	5,484,968	6,240,036	7,124,331	8,107,241	9,047,229
EBITDA	886,287	1,381,727	1,745,472	2,186,308	2,388,686	2,700,834	3,098,993	3,349,510
EBIT	735,127	1,152,768	1,580,221	1,999,819	2,201,485	2,515,601	2,920,634	3,195,707
Profit before taxation (PBT)	553,104	732,537	1,336,618	1,713,015	1,928,486	2,289,071	2,726,351	3,025,751
Net profit (PAT)	455,583	503,247	908,900	1,164,851	1,311,371	1,556,568	1,853,919	2,057,511
EPS (₦)	26.80	29.82	53.87	69.03	77.72	92.25	109.87	121.94
DPS (₦)	30.00	30.00	49.56	62.13	62.17	73.80	87.90	97.55
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	1,457,631	1,274,082	1,205,322	1,219,347	1,184,616	1,192,036
Non-current assets	2,529,711	4,492,217	4,703,739	4,780,529	4,842,929	4,921,297	5,002,369	5,119,983
Total assets	3,938,725	6,403,238	6,540,305	6,467,264	6,366,515	6,568,019	6,895,531	7,392,936
Current liabilities	1,612,632	2,569,584	2,360,063	2,246,493	2,219,759	1,977,726	1,770,256	1,717,958
Non-current liabilities	600,253	1,658,409	1,602,303	1,314,170	977,150	913,216	839,533	814,860
Total liabilities	2,212,885	4,227,993	3,962,367	3,560,663	3,196,909	2,890,942	2,609,789	2,532,818
Shareholders' equity	1,725,840	2,175,245	2,577,938	2,906,601	3,169,606	3,677,078	4,285,742	4,860,118
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	1,419,170	1,772,673	1,878,021	1,799,574	2,126,392	2,440,164
Cash from investing activities	(25,919)	(834,779)	(260,123)	(188,058)	(179,251)	(196,778)	(198,505)	(215,665)
Cash from financing activities	(352,016)	(311,543)	(1,229,943)	(1,550,897)	(1,793,158)	(1,493,684)	(1,646,717)	(1,852,128)
Net increase/ (decrease) in cash	300,854	(325,242)	(70,896)	33,718	(94,389)	109,112	281,170	372,371
Free cash flow	576,613	407,303	1,042,396	1,509,395	1,628,419	1,535,974	1,866,961	2,168,747
Ratio analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	40%	39%	42%	40%	38%	38%	38%	37%
Operating margin	33%	32%	38%	36%	35%	35%	36%	35%
RoE	32%	26%	38%	42%	43%	45%	47%	45%
RoA	14%	10%	14%	18%	20%	24%	28%	29%
Dividend payout ratio	112%	101%	92%	90%	80%	80%	80%	80%

Source: Company Accounts, WSTC Research



Disclaimer & Disclosures

The value of any investment is subject to fluctuations, i.e. may rise and fall. Past performance is no guide to the future. The rate of exchange between currencies may cause the value of an investment to increase or decrease. Hence investors may not get back the full value of their original investment.

Investment Recommendation

WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- 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.

This document is not an offer to buy or sell any security. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

This document is based on information WSTC Securities Limited (WSTC Securities) received from publicly available reports and industry sources. WSTC Securities may not have verified all of this information with third parties. Neither WSTC Securities nor its shareholders, directors, employees or advisors can guarantee the accuracy, reasonableness or completeness of the information received from any sources consulted for this publication; and neither WSTC Securities nor its shareholders, directors, employees or advisers accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is not to be relied upon and should not be a substitute for the exercise of independent judgment.

This document includes certain statements, estimates and projections concerning the anticipated future performance of securities listed on the Nigerian Exchange and as to the market for these shares. Such statements, estimates and projections are based on information that we consider reliable and may reflect various assumptions made concerning anticipated economic developments, which have not been independently verified and may or may not prove correct. No representation or warranty is made as to the accuracy of such statements, estimates and projections or as to their appropriateness for the purpose intended and it should not be relied upon as such. Opinions expressed are current opinions as of the date appearing on this material only and may change without notice. Other third parties may have issued other reports that are inconsistent with and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

This document is for information purposes only and private circulation. No portion of this document may be reprinted, sold or redistributed without the written consent of WSTC Securities.

Additional information on recommended securities/instruments is available on request.

WSTC Securities Limited is a Trading License Holder of the Nigerian Exchange Limited (NGX) and is registered with the Securities & Exchange Commission (SEC) as a Broker/Dealer to conduct Securities Brokerage & Dealing in Nigeria. Therefore, we may deal in any securities listed on the NGX.

WSTC Securities Limited has its registered office at 2, Maitama Sule Street, South-West Ikoyi, Lagos, Nigeria.

Email: research@wstc.com.ng

Website: www.wstc.com.ng

© WSTC Securities Limited 2025.