



BUA CEMENT PLC

FY 2019 and Q1'2020
Presentation to Investors
and Analysts



Disclaimer

Unless otherwise indicated, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS). This presentation contains forward-looking statements and information. Forward-looking statements and information are statements that are not historical facts, related to future, not past, events. They include statements about our beliefs and expectations and the assumptions underlying them. These statements and information are based on plans, estimates, projections as they are currently available to the management of BUA Cement. Forward-looking statements and information therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements and information are subject to certain risks and uncertainties. A variety of factors, many of which are beyond BUA Cement's control, could cause actual results to differ materially from those that may be expressed or implied by such forward-looking statement or information. For BUA Cement particular uncertainties arise, among others, from changes in general economic and business conditions in Nigeria, where we derive a substantial portion of our revenues and hold a substantial portion of our assets; the possibility that prices will decline as result of continued adverse market conditions to a greater extent than currently anticipated by BUA Cement's management; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, financial assets generally; continued volatility and a further deterioration of capital markets; a worsening in the conditions of the credit business and, in particular, possible uncertainties arising out of the financial market and liquidity crises; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors.

More detailed information about certain of the risk factors affecting BUA Cement is contained throughout this presentation and in BUA Cement's financial reports, which are available on the BUA Cement website, www.buacement.com. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement or information as expected, anticipated, intended, planned, believed, sought, estimated or projected.

In addition to figures prepared in accordance with IFRS, BUA Cement also presents alternative performance measures, including, among others EBITDA, EBITDA margin, free cash flow and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles, as such, Other companies may define these terms in different ways.

BUA CEMENT

STRONG. QUICK-SET.



◎ **Sets Faster** ◎ **Unsurpassed yield** ◎ **All-weather**



All-weather
All-season



Sets
Faster



Unsurpassed
Yield



Strong
Blocks



Smooth
Cement Paste



Lasting
Concrete

Our Corporate Philosophy

01

How We Create Value Amidst
Low GDP Per Capita

02

Company Overview

03

Strategic Milestones

04

Where We Operate

05

Macro-economic
Environment (FY2019)

06

Financial Highlights

07

EBITDA Evolution

08

EBITDA Assessment

09

Cost Profile

10

Free Cash Flow & Net Debt

11

OUTLINE

13

Faces of Sustainability

14

COVID-19: Business Continuity Assessment

15

Macro-economic Environment (Q1'2020)

16

Financial Highlights

17

EBITDA Assessment

18

Cost Profile

19

2020 Strategic Priorities

20

Appendix

21

Meet the Board

22

Financials

23

Q & A



Our Philosophy

Our Vision

To be a highly competitive market leader in Nigeria

Our Mission

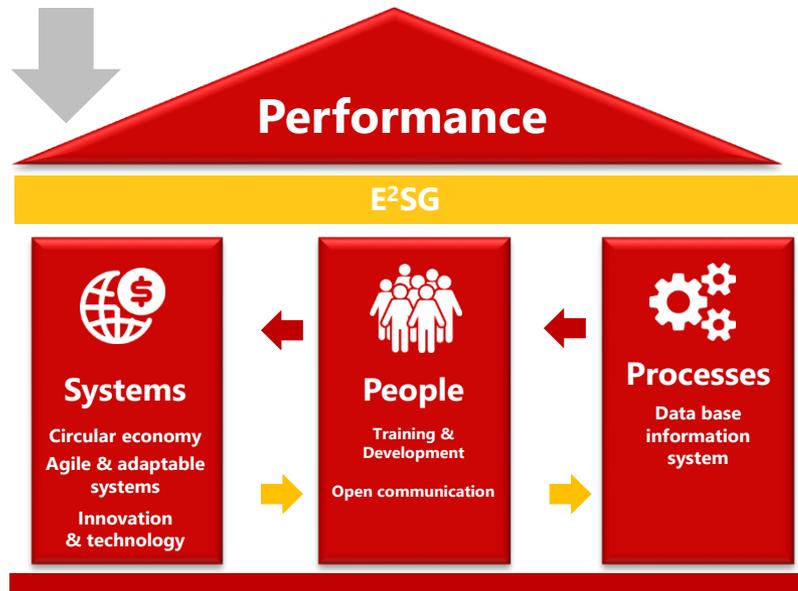
To produce and market high quality cement for national development

Our Value Proposition

We are a professional and easy to deal with supplier of premium brand of cement that provides reliable 'doorstep' delivery to its customers and professional application training to the users of cement

Creating Value Amid Low GDP Per Capita

Population	Population Growth Rate	Urbanization Rate	Housing Deficit	Infrastructure Deficit	Industrial Activity	Nigeria Cement Growth Rate	SSA Industry Growth
214 million	2.53%	4.23%	22 million	\$300 billion <small>(infrastructure to GDP stock, c. 20-25%)</small>	22.25% (2019) <small>(Q1'2020; 23.65%)</small>	7% (2019)	5%-6% (2019)




Cement Consumption per capita

Nigeria - 109kg
SSA - 91kg
World - 521kg

Brief Overview



Largest
cement producer in the North-West,
South-South and South East

1



3 Modern lines
operational across two States

2



3rd Most Capitalised
company on the Nigerian Stock Exchange
(NSE) – ₦1.2 trillion (Jan. 2020)

3



>60 per cent
capacity utilization attained

4



₦175.52 billion (FY2019)
Cement Sales

5



4,501kt (FY2019)
Cement volume dispatched

6



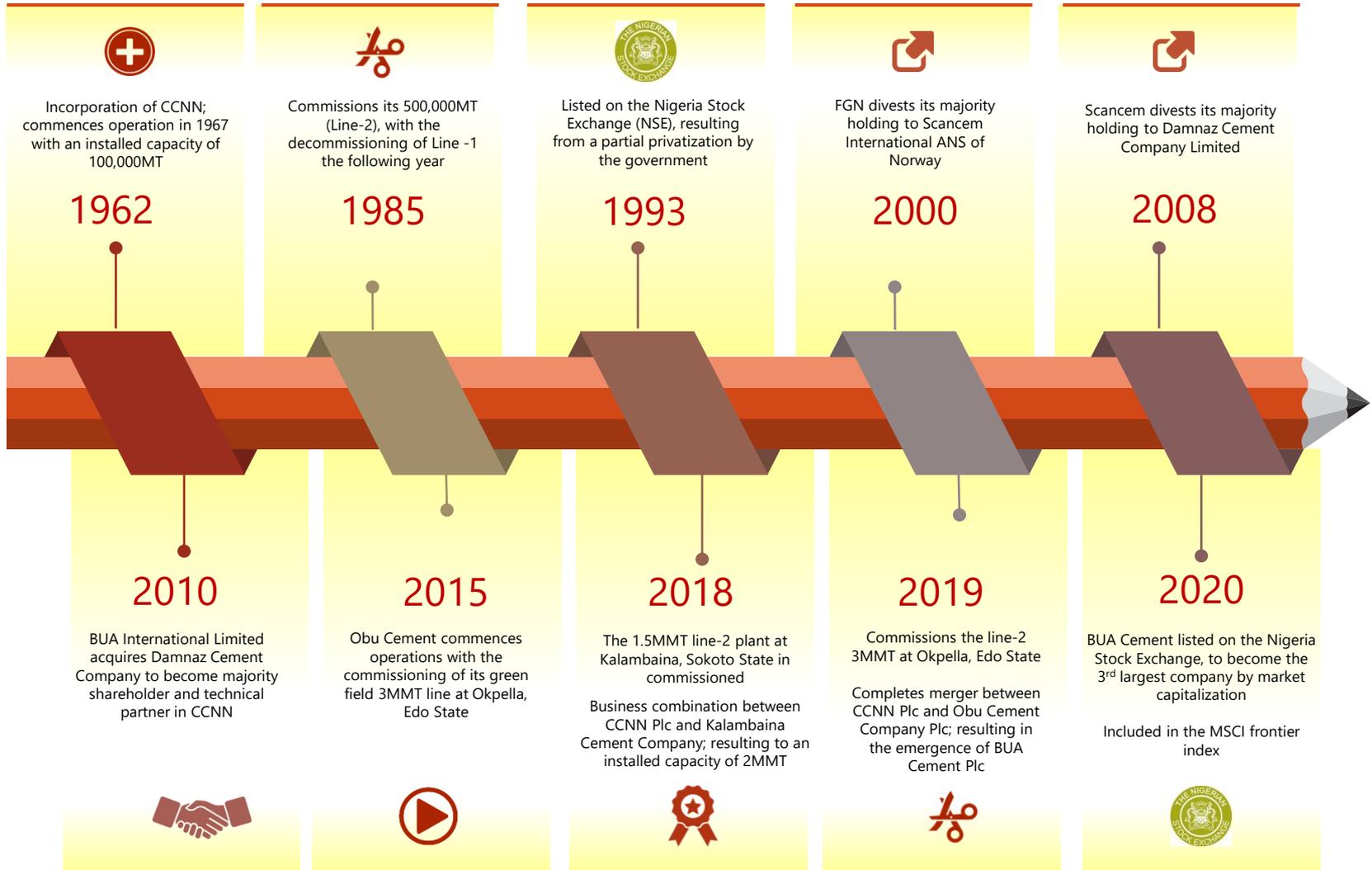
Particulate Emission
<10/Nm³ (well-below int'l standards)

7

8



Flawless Execution, Disciplined Approach



Strategic Positioning, Increasing Market Presence



Kalambaina Plant Sokoto State

Line 1 – 500,000MTPA

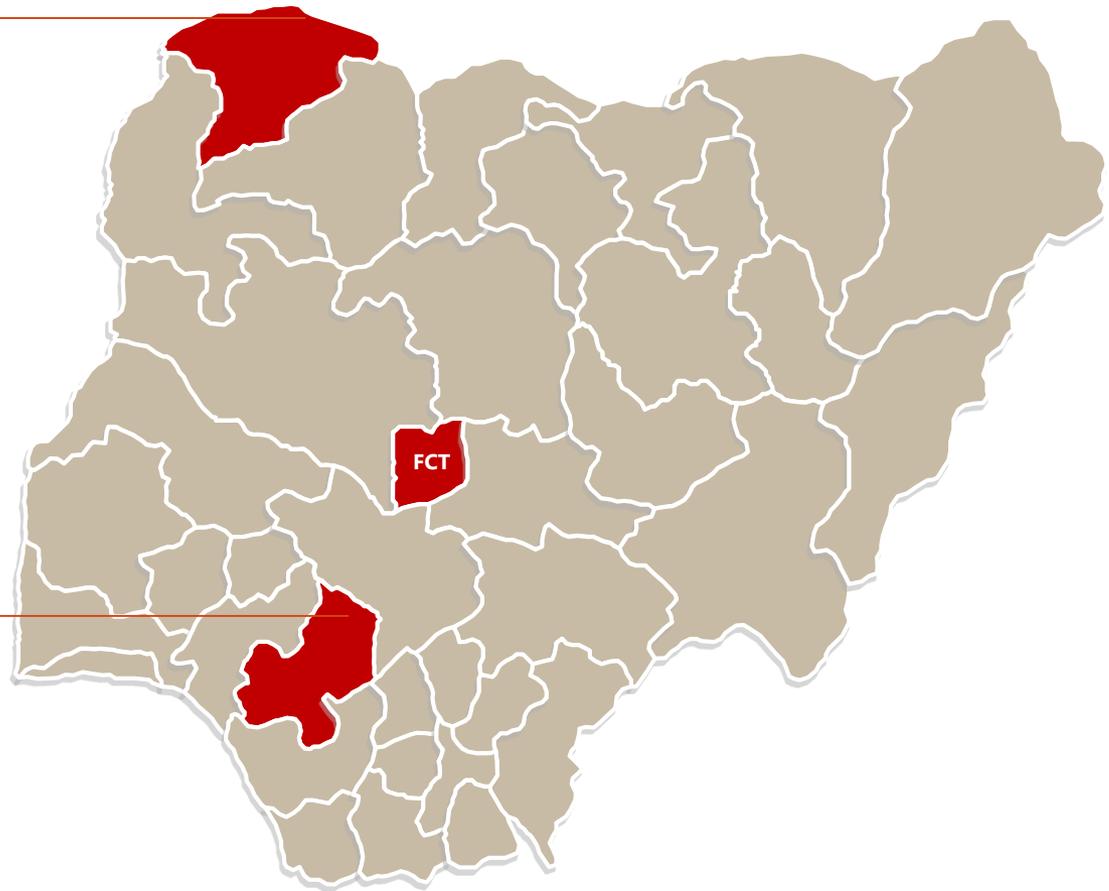
Line 2 – 1.5 MMTPA

Line 3 - 3MMTPA (Q2'2021)

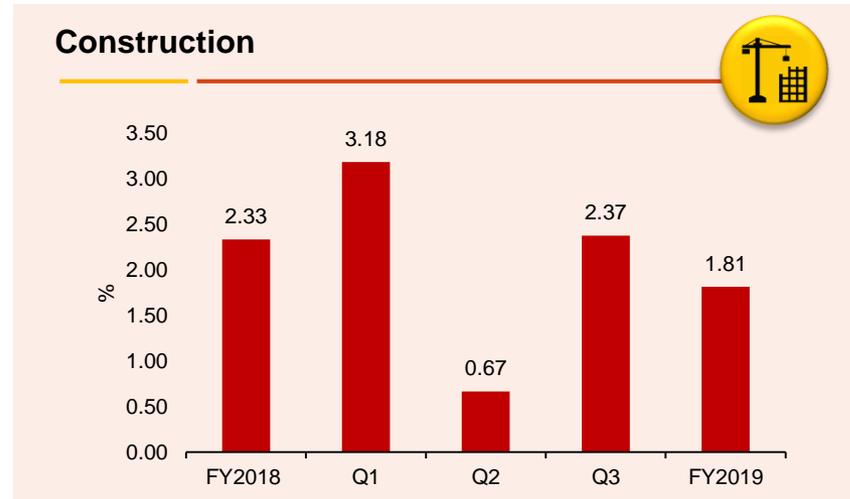
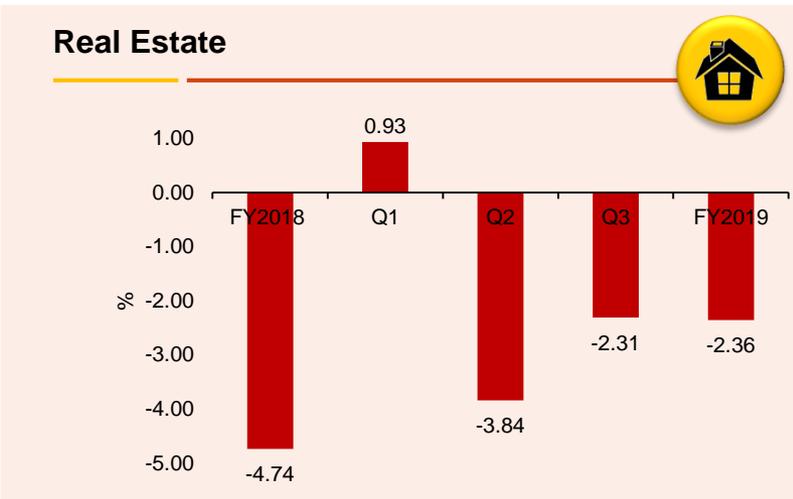
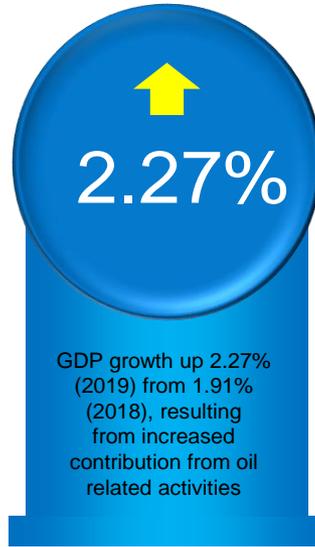
Obu Plant Edo State

Line 1 – 3MMTPA

Line 2 – 3MMTPA



Macro-Environment & Sectoral Drivers (FY2019)



OBU CEMENT PLANTS



OBU CEMENT COMPLEX (LINES 1 & 2)

Location

Okpella, Edo State
(South-South Nigeria)

Production Capacity

Line 1 – 3mmtpa
Line 2 – 3mmtpa

Completion Date

2015 Obu Cement Line 1	2019 Obu Cement Line 2
----------------------------------	----------------------------------

Financial Highlights (FY 2019)

... our focus on value continues to sustain performance

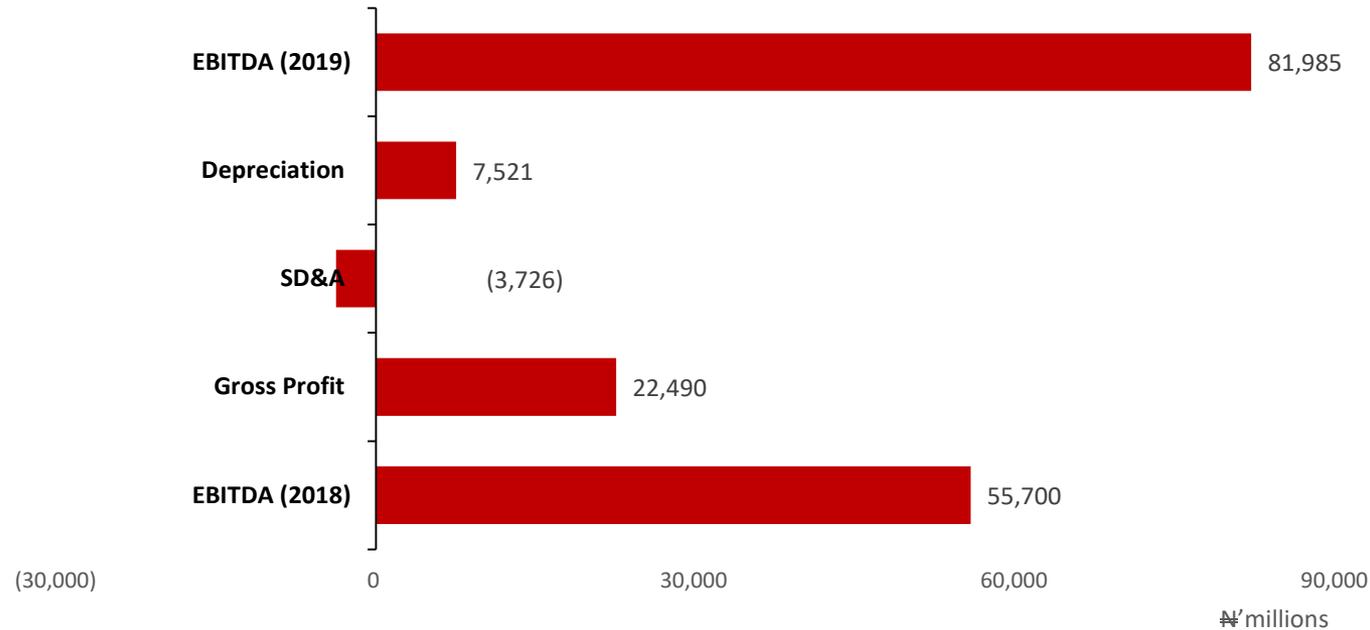
₦'000 except otherwise stated	FY2019	FY2018	%Δ
Cement production (kt) ¹	4,501	2,901	55.2
Revenue	175,518,326	119,012,572	47.5
EBITDA margin (%)	47.0	47.0	-
EBIT	71,428,017	42,841,765	66.7
EBIT margin (%)	40.7	36.0	-
Net Finance cost	(5,192,054)	(3,675,183)	41.3
Profit before Tax (PBT)	66,235,964	39,166,582	69.1
Profit after Tax (PAT)	60,610,286	64,072,002	(5.40)
Free cash flow	3,204,663	(5,400,366)	159.3
Net debt	(5,836,840)	(1,122,667)	420
Equity multiplier (leverage) ²	1.29x	1.58x	-

¹ Market share computed based on Nigerian market only, increased from 13% (2018) to 20% (2019)

² Leverage is calculated total asset divided by total equity

EBITDA Evolution

(Δ;y/y)



Comments

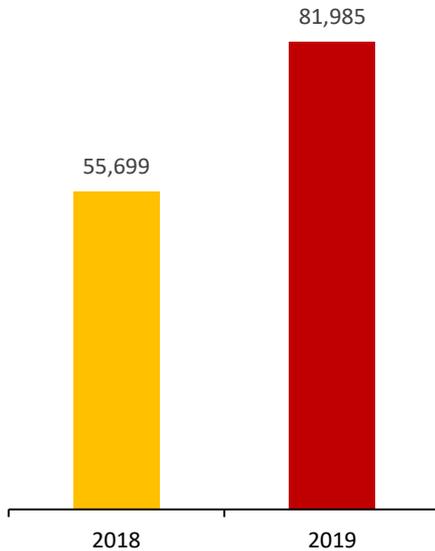
- Gross profit was up +37.51% or ₦22.49 billion from increased production volumes; though moderated by energy cost from higher gas pricing, increased raw materials usage and changes to energy mix
- Selling, distribution and administration (net) increased by 34.3% or ₦3.73 billion, which arose from the enlarged entity
- Depreciation charges was up 113.78% or ₦7.52 billion due to the capitalization of Obu line II and the resultant merger
- Given these movements, EBITDA balance increased from ₦55.70 billion in 2018 to ₦81.99 billion in 2019: an increase of 47.19%.

Resilient performance in a challenging economic environment



...business model aided by discipline of focus and strategy execution

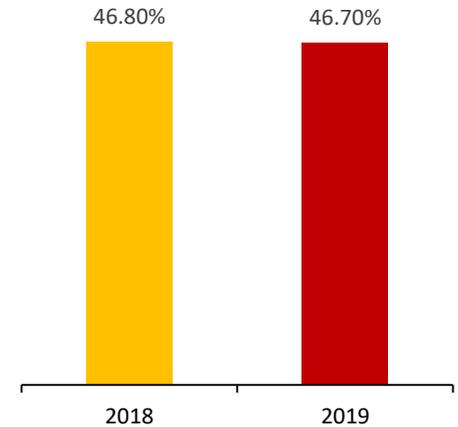
1 EBITDA (N'mn)



2 EBITDA per ton ('000)



3 EBITDA Margin

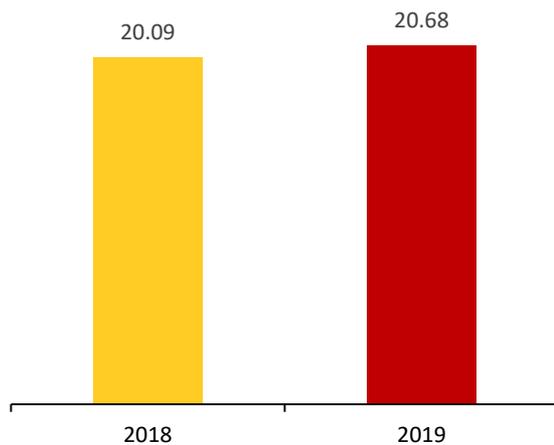


Comments

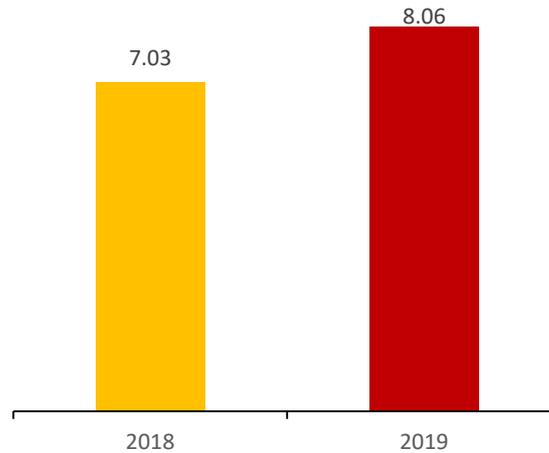
- EBITDA rises by 47.2% from ₦55.7 billion (2018) to ₦82.0 billion (2019) due to increased operational activity
- EBITDA margin was flat during the period at 47.0%. Underlining the flat trend was price discounts offered along with an increasing push to 'new markets; in-line with our distribution strategy
- Similarly, EBITDA per ton declined during the period

Balancing Cost Efficiencies with Investments in Route-to-Market Strategy

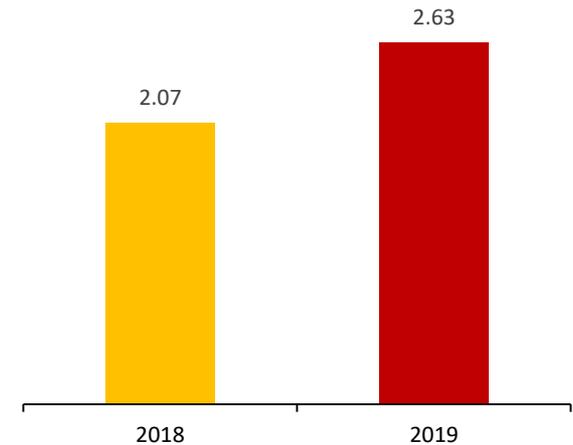
Cost of sales per ton (N'000)



Energy cost per ton (N'000)



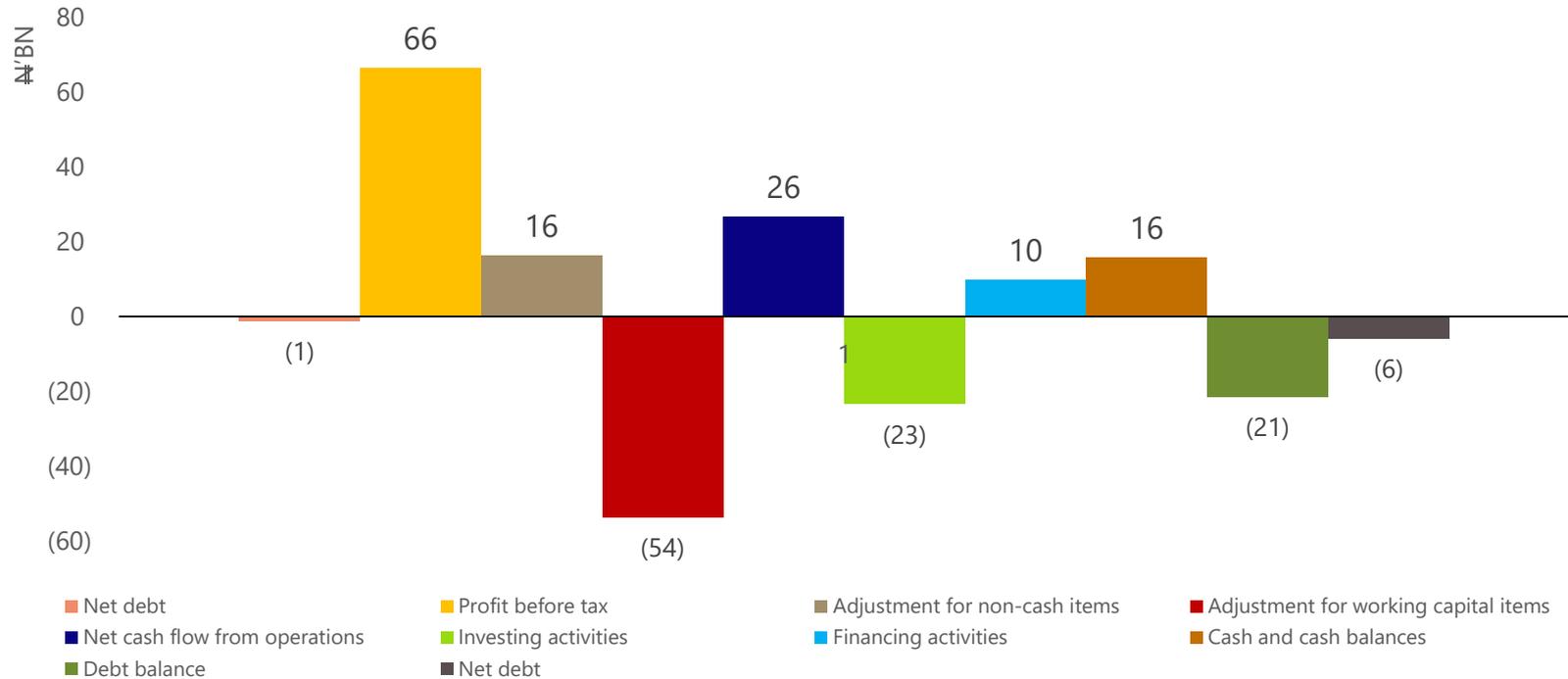
Dist. & sell. cost per ton (N'000)



Comments

- Despite the inflationary environment, driving cost efficiencies remains pivotal to our growth strategy. Consequently, cost of sales/ton rose by 2.9% from N20, 088/ton in 2018 to N20,678/ton, as at 2019; due to enhance capacity
- During the review period we recorded higher energy pricing alongside slight changes to energy mix. This resulted in a 14.7% increase in total energy cost per ton to N8,063/ton in 2019 from N7,030/ton
- Distribution cost was up (+27.2%) to N2,631/ton (2018; N2,068/ton), in support of our expansionary drive to “new markets”

Free Cash Flow & Net Debt Evolution



Comments

- Free cashflow recorded a revision from (₦5.40 billion) in 2018 to ₦3.20 billion in 2019, driven by an increase in net cashflow from operations; which was up by (+68.98%; y/y) to ₦26.46 billion in 2019
- Net debt increased from ₦1.18 billion in 2018 to ₦5.84 billion in 2019, arising from the following:
 - Net cashflow from operations was up (+68.98%; y/y) to ₦26.46 billion in 2019
 - Net borrowing increased by ₦17.39 billion to finance capital expenditure and working capital requirements.
- Conversely, we recorded a lower debt ratio, with our equity multiplier declining from 1.58x in 2018 to 1.29x, as at 2019; due to an increase shareholders' fund

Faces of our Sustainability Footprint



COVID-19 – Risk Identification & Mitigants



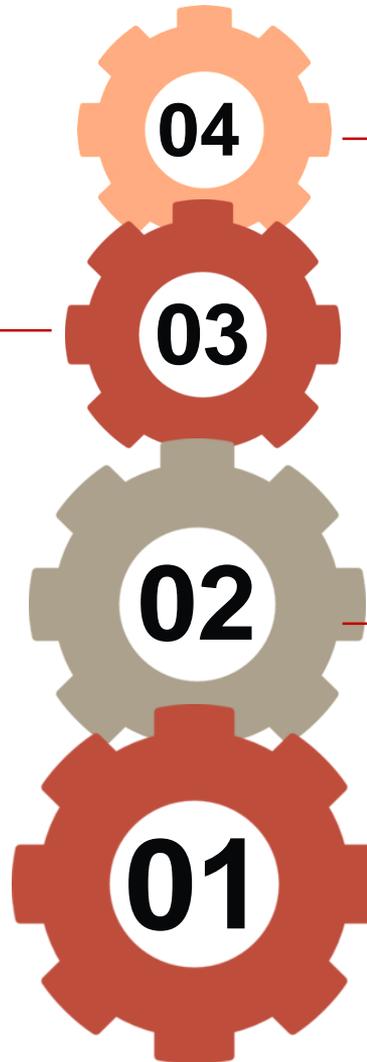
Distribution/supply chain

Local sourcing of materials and partnerships remains a focal point in 'how we create value', 'how we become more socially responsible' and more so, how to mitigate large fall-outs from supply chain disruptions. Furthermore, through stockpiling of raw materials, we ensure continued production. Our service oriented approach ensures reduced impact of cement delivery to customers.



Governance

Our business continuity plan seeks to improve the company's resilience, safeguard operations, identify potential weak links in the supply chain and deliver effective responses to these identified risks. During the quarter, we established a COVID-19 incidence team to ensure the timely assessment, communication and coordination of incidences and responses. The team reports to the MD/CEO



Liquidity

Scenario planning and stress tests have been undertaken to ensure appropriate contingencies are undertaken. This is combined with appropriate cost controls, particularly in the area of discretionary spending and the postponement of non-critical expenditures.

Health & Safety

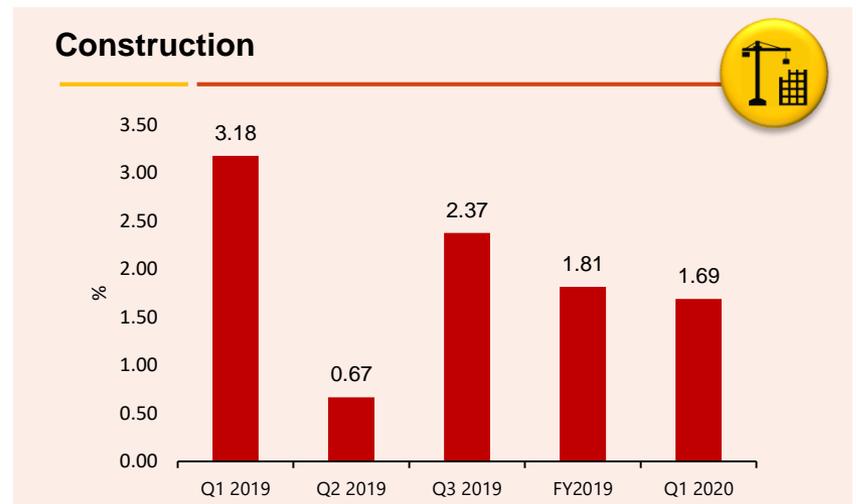
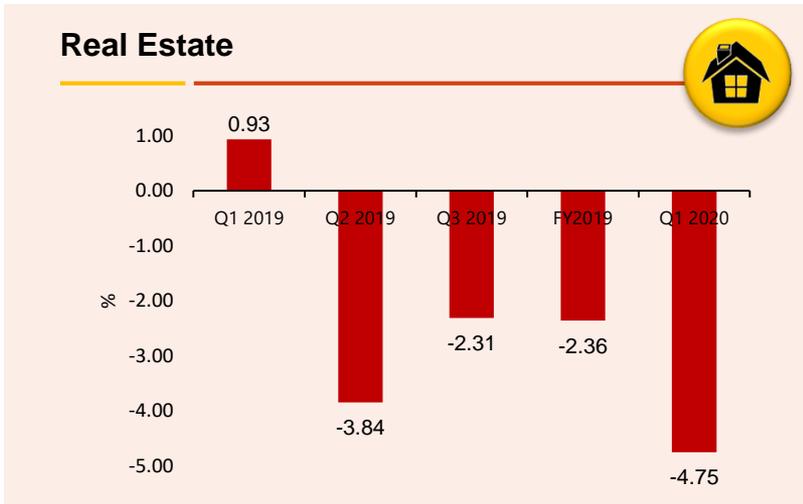
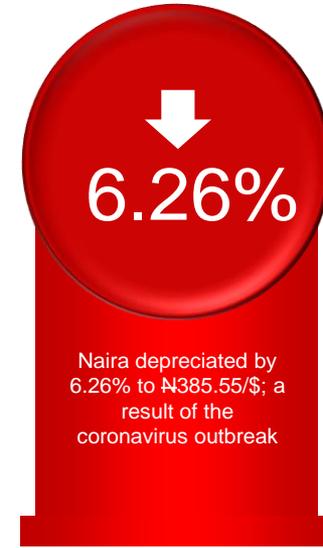
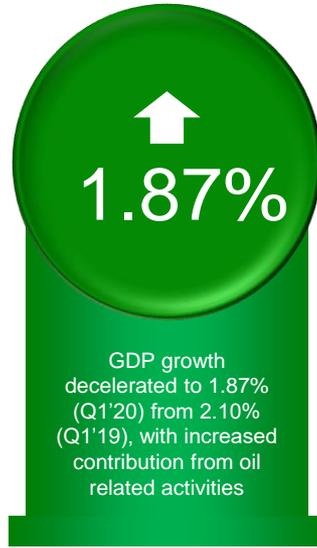
The safety and health of our workers is always a priority. Given the outbreak of the COVID-19 strain, health and safety measures were heightened, thereby enforcing the compulsory wearing of protective masks, the restriction of customers and third-parties to sites and office premises, the mandatory isolation of staff who travel while initiating flexible work schedules and remote working.

Community

Through our constant interactions with host communities, we are well-positioned to understand some of their concerns, particularly with the outbreak of COVID-19. As part of measures to mitigate its impact, food and healthcare supplies were provided while also undertaking community advocacy for the practice of social distancing.



Macro-Environment & Sectoral Drivers (Q1'2020)



Financial Highlights – Q1'2020

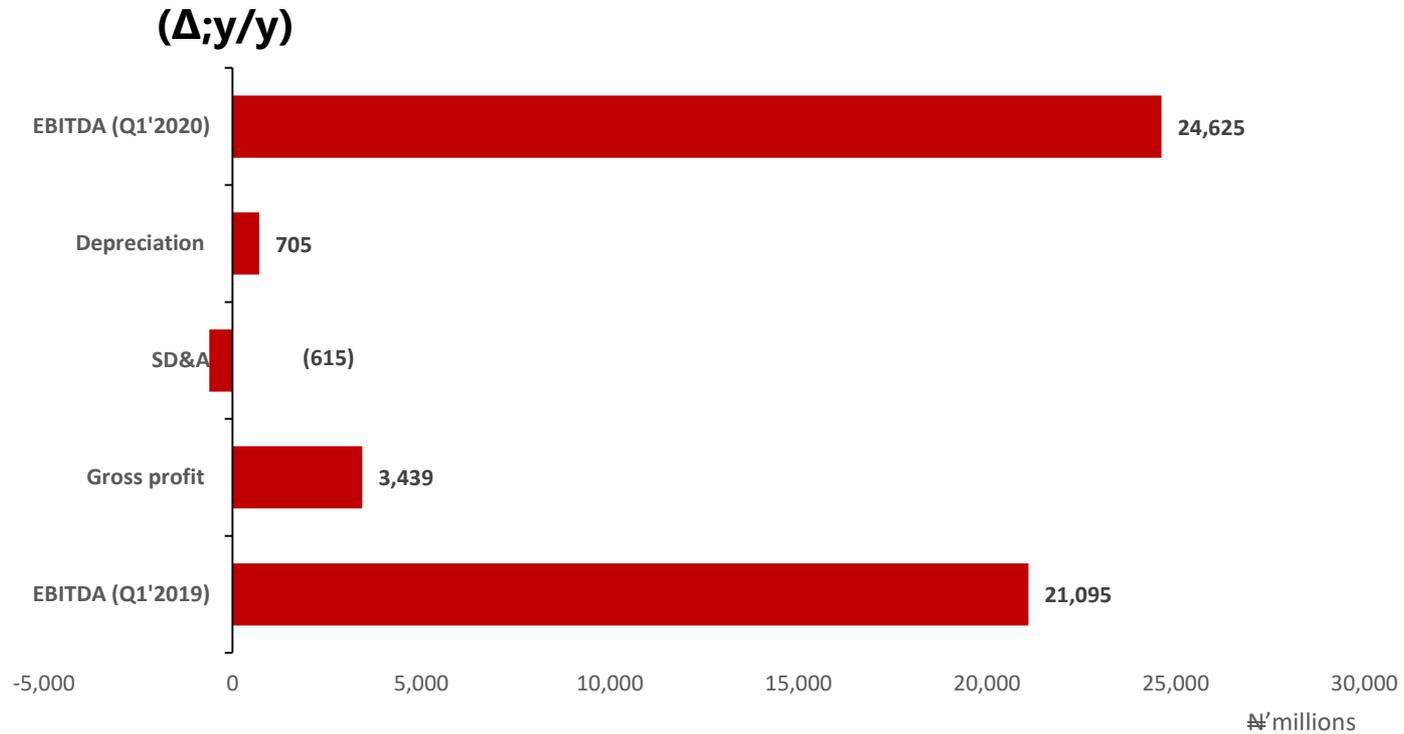


₦'000 except otherwise stated	Q1'2020	Q1'2019	%Δ
Cement production (kt) ¹	1,328	1,107	20.0
Revenue	53,969,025	43,133,632	25.1
EBITDA margin (%)	45.6	48.9	(3.3)
EBIT	24,625,484	21,095,885	16.7
EBIT margin (%)	38.9	42.1	(3.2)
Net Finance cost	(854,833)	(765,916)	11.6
Profit before Tax (PBT)	20,129,343	17,393,972	15.7
Profit after Tax (PAT)	17,789,690	15,682,466	26.2
Free cash flow	(3,900,637)	13,515,530	(128.8)
Net Debt	10,603,504	5,836,840	81.7
Equity multiplier (leverage) ²	1.27x	1.29x	-

¹ Market share computed based on Nigerian market only at 20% (Q1'2020)

² Leverage is calculated total asset divided by total equity

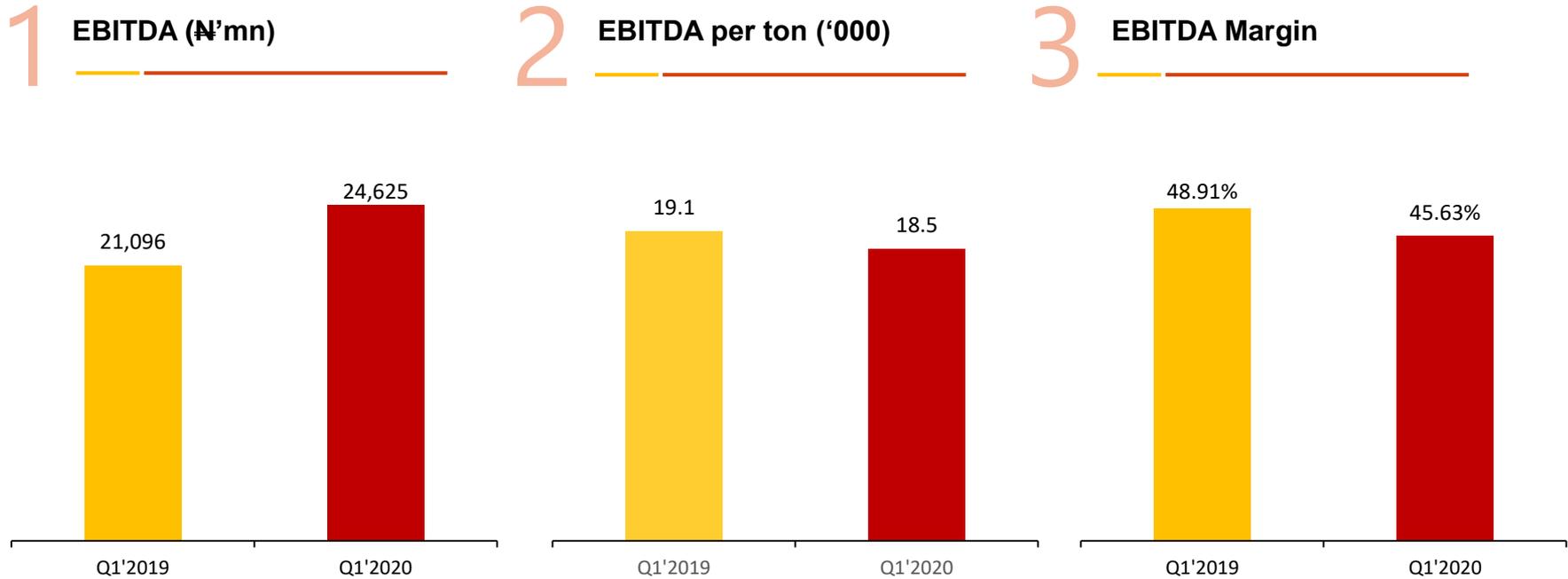
EBITDA Evolution



Comments

- Gross profit increased by ₦3.44 billion from ₦21.05 billion in Q1'2019 to ₦24.49 billion, as at Q1'2020; arising from increased production volumes
- Selling, distribution and administration (net) increased by 21.3% to ₦0.62 billion; driven by the continued investment in our route-to-market strategy
- Depreciation charges were up 24.0% to ₦3.64 billion, an increase of ₦0.71 billion during the quarter due to the capitalization of OBU line II
- EBITDA increased from ₦21.10 billion in Q1'2019 to ₦24.63 billion, as at Q1'2020

Increased Operations ; Growing Market Acceptance

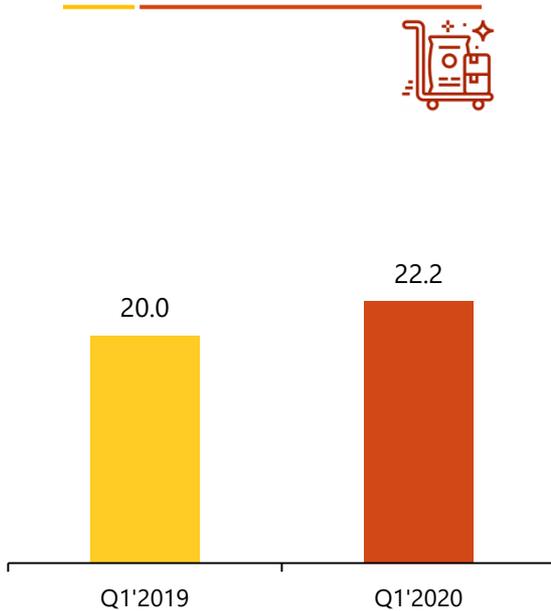


Comments

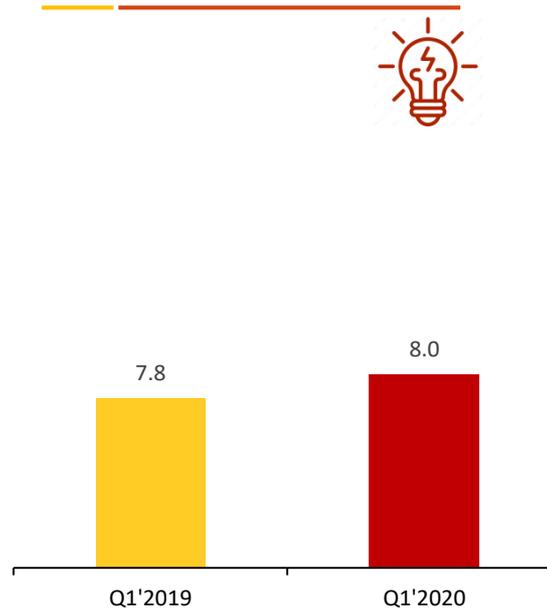
- EBITDA balance for the review period rose by 16.7% from ₦21.10 billion in Q1'2019 to ₦24.63 billion, as at Q1'2020. Driving the increase was additional capacity at OBU which was fully operational in the quarter, as against 2019
- EBITDA margin declined by 3% points to 45.6% (Q1'2019; 48.9%), due to continued push to new markets along with the depreciation charge
- Equally, EBITDA per ton declined by 3.1% (₦526/ton) though moderated by an increase in cement price during the quarter.

Consolidation on Enhanced Capacity

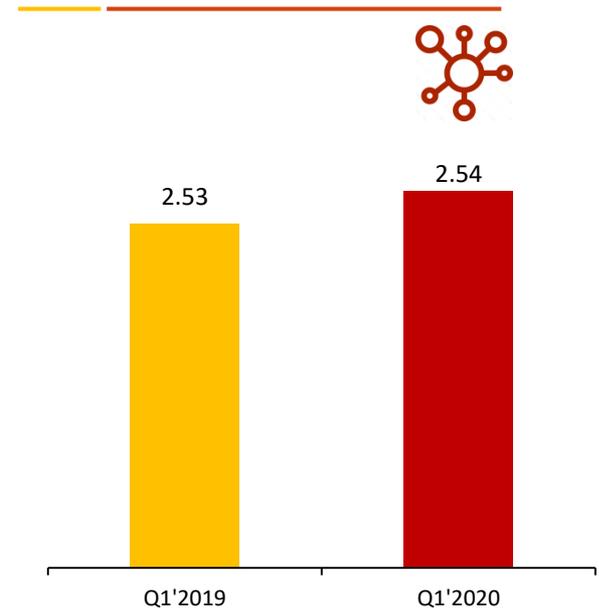
Cost of sales per ton (N'000)



Energy cost per ton (N'000)



Dist. & sell. cost per ton (N'000)



Comments

- During the period, cost of sales increased 11% to N22,188/ton, arising from energy mix and rising cost of some raw materials
- Energy cost per ton was impacted by increase in gas pricing and changes to energy mix.
- Distribution and selling cost/ ton was up marginally by 0.27% (N6.75/ton) moderated by declines in marketing expense.

BUA CEMENT PLANT, SOKOTO



BUA CEMENT COMPLEX, SOKOTO

82MW

Captive Power plant

High Capacity

Coal mill, multi-fuel Cement plant

Location

Kalambaina, Sokoto
(North-West Nigeria)

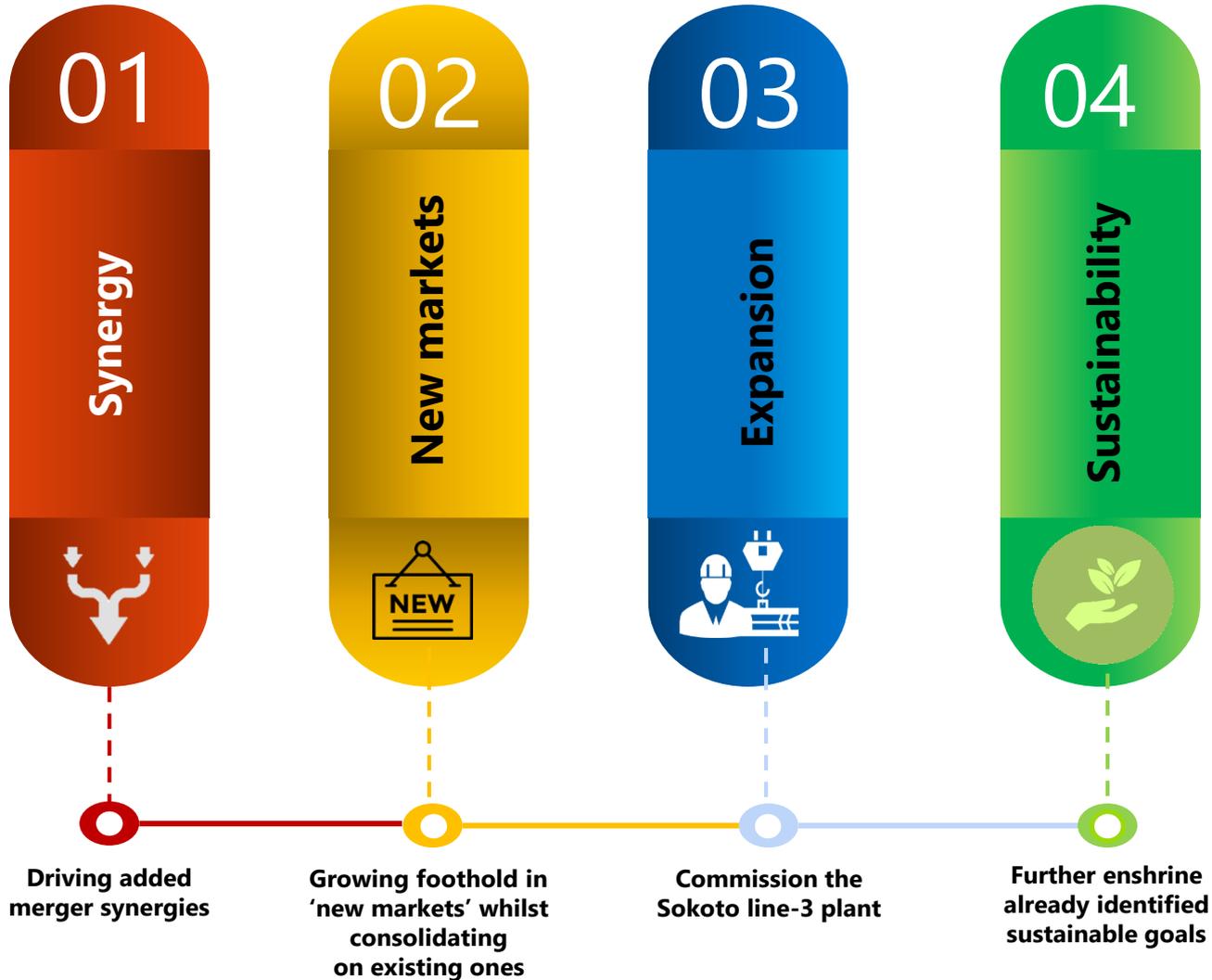
Production Capacity

Line 1– 500,000mtpa
Line 2– 1.5mmtpa
New Line 3– 3mmtpa

Completion Date

1985	2018	Mid-2021
Line-1	Line-2	Line-3

Strategic Priorities in 2020



Board of Directors



Board of Directors



ABDULSAMAD RABIU
Chairman

Billionaire industrialist and philanthropist, Abdul Samad Rabiu, is the Executive Chairman/CEO of BUA Group – a company he founded in 1988 and has become one of Nigeria's largest privately owned foods and infrastructure conglomerate with diversified investments spanning key business sectors of the Nigerian economy.

Under Abdul Samad's astute leadership, BUA has grown steadily over the years to entrench itself as a leading player with holdings in cement, sugar, rice, flour milling and pasta (though both recently divested in January 2016), edible oils, logistics, agriculture, fertilizer production, steel and real estate. With a firmly established reputation for innovation, BUA Group is one of the largest contributors to Nigeria's GDP and among its largest employers of labour.



CHIMAOBI MADUKWE
Director

Chimaobi Madukwe is the Group Chief Operating Officer. He holds a Master's degree in Business Administration from ESUTH Business School and a Bachelor's Degree in Management Studies (Accountancy) from University of Jos. Before joining BUA Group in 2004,

He was Head of Corporate Finance in the Citizens International Bank Plc where he worked from 1999 to 2004. He also worked as a consultant at PBTG Consulting between January and June 1999. He sits on the board of BUA International Limited, BUA Sugar Refinery Limited and Cement Company of Northern Nigeria Plc.



KABIRU RABIU
Director

With about 15 years of management experience in the commodities sector and working in large conglomerates, Kabiru Rabiu is the Group Executive Director for BUA Group – one of Nigeria's largest foods, mining and infrastructure conglomerates. Prior to his appointment as Group Executive Director, BUA Group, Kabiru held various management positions at Nigeria Oil Mills where he left as General Manager in November 2008 to become the Managing Director at the newly incorporated BUA Oil Mills – a position he held until his appointment as Group Executive Director, BUA Group in 2010.

With an MBA in International Business from the American Intercontinental University, UK; Kabiru also holds a Bachelor's degree in Management from Webster University, London. Kabiru Rabiu has attended various courses on Corporate Strategy, Finance, M&A, Risk Management, etc at top schools across the world including the prestigious Harvard Business School and The London School of Economics and Political Science.



FINN ARNOLDSÉN
Director

Finn holds a Master Degree in Combustion Engineering from NTH, Norway in 1977. His entire working career has been in the Cement Industry and mainly within the Africa Continent. He started in 1985 in Ghana as the Work Manager for Heidelberg Cement (Scancem International Ltd.) and continued the next 25 years in various managerial positions within the Cement Group. He was member of the Executive Management in Heidelberg Cement Africa for 10 years as Senior Vice President, responsible for West Africa and Southern Africa. He was also Chairman and member of several Boards across the continent, also including Ghana Cement Works Ltd., Nova Cimangola SA, and Tanzania Portland Cement Ltd. (Chairman).

Finn joined the BUA Group in 2009 as the Commercial Director and as Executive Board member in Cement Company of Northern Nigeria Plc. Furthermore, he was appointed Managing Director for Edo Cement Ltd in 2012 and Group Chief Operating Officer, Cement in 2017.

Board of Directors



ENGR. YUSUF BINJI
MD/CEO

Engr Yusuf Haliru Binji the Managing Director of BUA Cement is a Chemical Engineer with degrees from Ahmadu Bello University and the University College, London. Engr Yusuf Binji is a Fellow of the Nigerian Society of Engineers, the Solar Energy Society of Nigeria and the Nigerian Society of Chemical Engineers. He started his career in the cement industry with CCNN working across various departments before he rose through the ranks to become an Executive Director, Technical. He later joined BUA where he held various positions as Executive Director, Cement Projects/Technical within the Group from 2013 to 2014 and Executive Director, Technical, BUA Obu Cement Company from 2014 to 2017. He was Managing Director, Obu Cement Company in 2017 before moving to Cement Company of Northern Nigeria as the Managing Director in 2018.

In 2020, he was announced as the MD/Chief Executive of BUA Cement, the new entity from the merger of Obu Cement and CCNN.



SHEHU ABUBAKAR
Independent Non-Executive Director

Shehu Abubakar, a Nigerian was born in August 28, 1959. He holds a B.Sc. (Business Management) from Usman Danfodio University, Sokoto in 1984 and an MBA from Ahmadu Bello University, Zaria in 2011. Alhaji Abubakar had an extensive working career in the Banking Industry from 1987 to 2017 where he retired as Executive Director of Keystone Bank Limited after putting in about 29 years in the Industry. He was also at different times a Director on the Boards Global Bank of Liberia and KBL Health Care Limited. Alhaji Shehu Abubakar has attended many courses in the course of his career within and outside Nigeria at the Lagos Business School, Harvard Business School, Columbia Business School and Wharton Business School among others. Alhaji Abubakar has a wide range of experience in Strategy, Leadership and Executive Management, Customer Relations and Management and Corporate Finance among other things. Alhaji Shehu Abubakar was appointed as an Independent Director on the Board of CCNN PLC on July 12, 2018.



KHAIRAT A. GWADABE
Independent Non-Executive Director

Senator Khairat Abdulrazaq- Gwadabe, a Nigerian, is a Barrister-at-Law and a Solicitor of the Supreme Court of Nigeria and the Managing partner of A. Abdulrazaq & Co, a firm of Legal Practitioners and Notaries Public. She obtained a B.A in European Studies and Spanish from the University of Wolver Hampton England (1982) and Universidad Complutense in Madrid, Spain (1981). She holds an LL.B from the University of Buckingham in England (1984) and was called to the Nigerian Bar in 1986. She later obtained a Master's Degree in Law (LL.M) from the University of Lagos, Nigeria in 1992. Senator Abdulrazaq-Gwadabe worked with the then Mobil Producing Nigeria as a Counsel in the Legal Department handling matters ranging from compensation matters resulting from oil spillage to internal legal advice on various issues to the company. In the 1999 general elections, she was elected as the first female Senator from Northern Nigeria and the only Senator representing Abuja, the Federal Capital Territory (FCT). While in the Senate, she chaired the Committees on Women Affairs and Youth Development; The Federal Capital Territory, and Primary Health and HIV/Aids Committees. Senator Khairat Abdul-razaq Gwadabe was elected as chairman of the Senators Forum in 2011, which she still holds to date. In 2013, she was appointed as a member of the Presidential Advisory Committee on National Dialogue, which recommended guidelines and procedure for holding the National Conference. Senator Khairat was appointed as an Independent Director on the Board of CCNN PLC on July 12, 2018.

Financials Summary



BUA

CEMENT

CEMENT

Financials – Income Statement



Figures in ₦'000	Dec 2019	Dec 2018
Revenue	175,518,326	119,012,572
Cost of sales	(93,075,293)	(59,060,016)
Gross profit	82,443,033	59,952,556
Administrative expenses	(10,516,380)	(12,522,190)
Distribution & selling expenses	(11,844,,509)	(6,080,823)
Impairment write back/(charge)	3,758,227	(2,461,159)
Other income	7,587,647	3,953,381
Operating profit	71,428,017	42,841,765
Finance income	157,002	75,060
Finance cost	(5,349,056)	(3,750,243)
Net finance cost	(5,192,054)	(3,675,183)
Profit before tax	66,235,964	39,166,582
Income tax (charge)/credit	(5,625,678)	24,905,420
Profit after tax	60,610,286	64,072,002

Financials – Balance Sheet



Figures in ₦'000	Dec-2019	Dec-2018
Property, plant & equipment	393,406,271	387,435,399
Right-of-use-asset	76,503	-
Intangible assets	2,781,915	1,023,489
Deferred tax	12,140,877	10,972,246
Non-current assets	408,405,566	399,431,134
Inventories	27,201,580	20,933,199
Due from related parties	16,753,851	62,361,281
Trade and other receivables	2,618,935	2,433,576
Cash and cash equivalents	15,586,664	2,815,101
Current assets	62,161,030	88,543,157
Total asset	470,566,596	487,974,291
Bank overdraft	562,066	102,050
Trade and other payables	36,341,858	34,286,926
Contract liabilities	32,686,945	7,936,831
Due to related parties	918,741	124,074,794
Current income tax liabilities	813,724	2,257,725
Short-term borrowings	20,861,438	3,717,431
Lease liabilities	41,677	-
Deferred income	5,701	26,287
Provision for decommissioning liabilities	4,047,713	3,346,240
Current liabilities	96,461,863	175,748,284

Financials – Balance Sheet (contd.)

Figures in ₦'000	Dec-2019	Dec-2018
Lease liabilities	6,675	-
Long-term borrowings obligations	-	76,077
Employee benefit obligations	2,908,526	2,201,781
Deferred tax liabilities	7,492,289	1,288,054
Deferred income	-	47,911
Non-current liabilities	10,407,490	3,613,823
Total liabilities	106,869,353	179,362,107
Ordinary share capital	16,932,177	16,912,177
Retained earnings	146,833,788	91,480,902
Reorganisation reserve	200,004,179	200,024,179
Reserve on actuarial valuation of defined benefit plan	(72,902)	192,926
Equity attributable to shareholders	363,697,242	308,612,184
Total equity and liabilities	470,566,596	487,974,291



Thank You

www.buacement.com

5th Floor, BUA Towers

PC 32, Churchgate Street

Victoria Island, Lagos, Nigeria

Email: investor.relations@buacement.com