



BUA Cement Plc



Sustaining Profitable Growth

First Quarter 2023 Presentation to Investors and Analysts

11 May 2023

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, nor past, events. They include statements about our beliefs and expectations and the assumptions underlying them. These statements and information are based on plans, estimates and 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.

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In addition to figures prepared in accordance with IFRS, BUA Cement also presents alternative performance measures, including, among others EBITDA and EBITDA margin. 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.

#TheKingOfStrength

GO



FOR



STRENGTH



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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 supplier of premium brand cement and provide reliable delivery to our customers with application training for end users

Company Overview



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



4 Modern lines
Operational across 2 States



₦3.3 trillion
Market capitalisation as at
March 2023



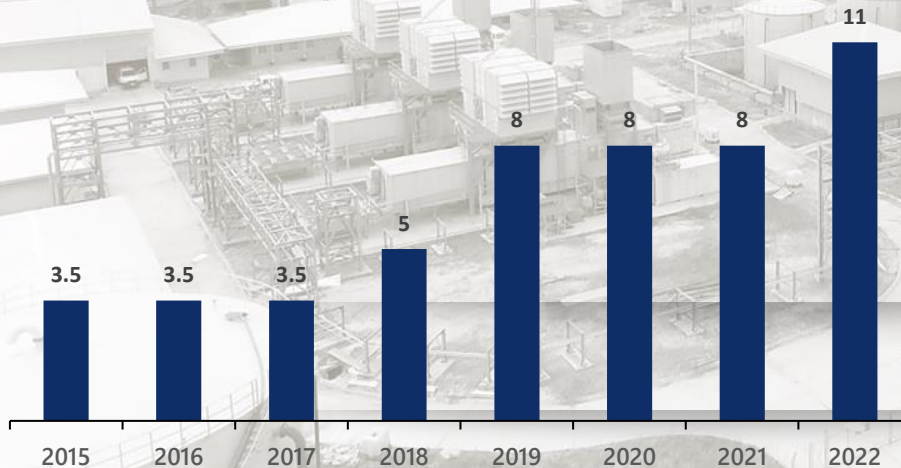
**Best Premium Quality
Cement Brand**



1EHS led by United Nations SDGs



₦106.4 billion
(Q1'2022: ₦97 billion)
Revenue



■ Capacity (mmtpa)

1EHS - Environment, Health and Safety



(AA)



(A+)

Flawless Execution, Disciplined Approach



Incorporation of CCNN; commenced operation in 1967 with an installed capacity of 0.1mmt

1962



Commissioned its 0.5mmt (Line-2), with Line -1 decommissioned the following year

1985



Listed on the Nigeria Stock Exchange (NSE), resulting from a partial privatization by the government

1993



FGN divested its majority holding to Scancem International ANS of Norway

2000



Scancem divested its majority holding to Damnaz Cement Company Limited

2008



BUA International Limited acquired Damnaz Cement Company to become majority shareholder and technical partner in CCNN

2010



2015

Obu Cement commenced operations with the commissioning of its green field 3mmt line at Okpella, Edo State



2018

The 1.5mmt line-3 plant at Kalambaina, Sokoto State commissioned
Business combination between CCNN Plc and Kalambaina Cement Company resulted to an installed capacity of 2mmt



2019

Commissioned the line-2 3mmt at Okpella, Edo State
Completed merger between CCNN Plc and Obu Cement Company Plc; resulting in the emergence of BUA Cement Plc



2020

BUA Cement listed on the Nigeria Stock Exchange and became the 3rd largest company by market capitalization
Included in the MSCI frontier index
Issued ₦115billion corporate bond, largest issuance in the history of the debt capital market



2021

Commenced LNG use at Sokoto, the largest on-shore LNG regasification facility in Nigeria
Installed 50MW gas powered plant at Sokoto



2022

Commissioned Sokoto line-4



Strategic Positioning, Increasing Market Presence

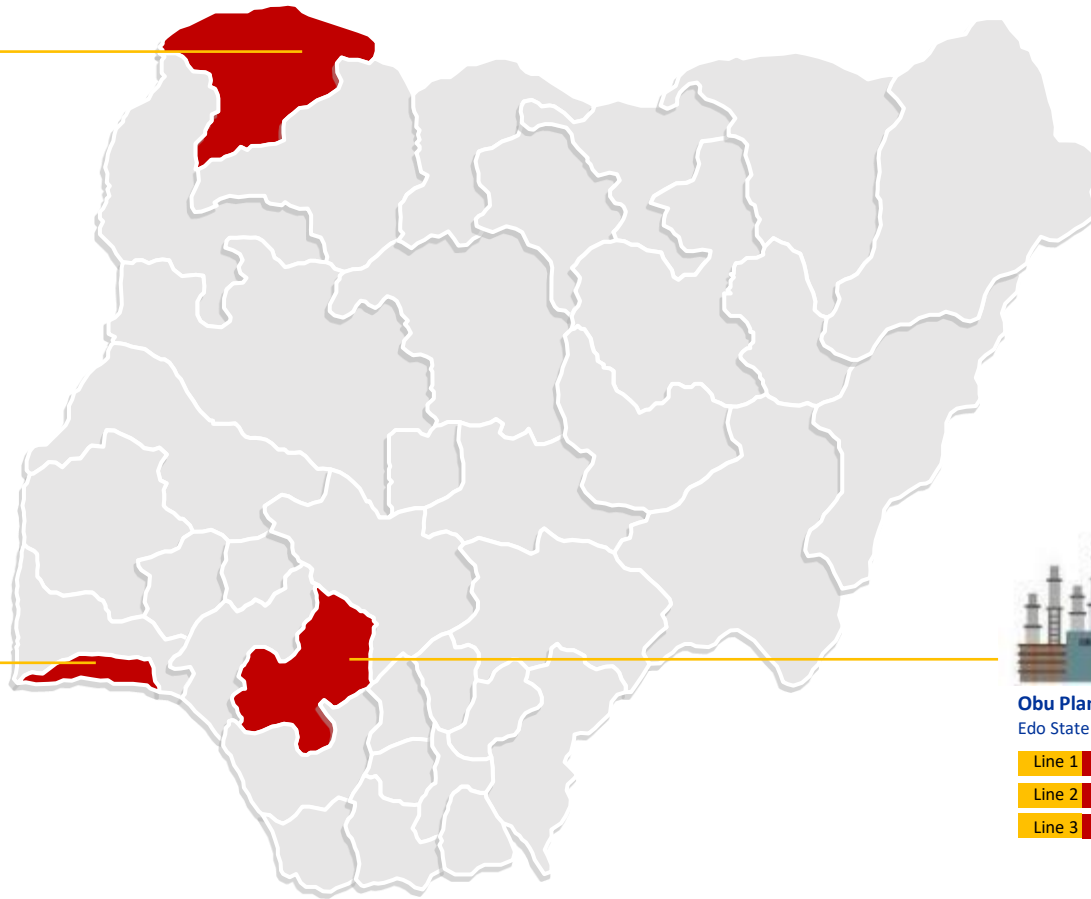


Sokoto Plant
Sokoto State

Line 2	0.5MMTPA
Line 3	1.5MMTPA
Line 4	3MMTPA
Line 5	3MMTPA (2024)



**BUA Cement Plc
Head Office**
Victoria Island,
Lagos, Nigeria



Obu Plant
Edo State

Line 1	3MMTPA
Line 2	3MMTPA
Line 3	3MMTPA (2024)

BUA Cement (Sokoto)



Construction works on Sokoto line 5



Highlights from Q1'2023 – General Elections and Cash Scarcity Impedes Performance



PERFORMANCE 1

Business performance impeded by the government's currency redesign policy, general elections and increases in price levels.

REVENUE 2

Net revenue up 9.7% to ₦106.4 billion from ₦97 billion, as at Q1'2022.

EBITDA 3

EBITDA declines by 2.8% to ₦45 billion from ₦46.3 billion, as at Q1'2022.

EBITDA margin down by 5.4pp to 42.3% from 47.7%, as at Q1'2022.

PROFITABILITY 4

Profit After Tax (PAT), down by 19.1% to ₦26.8 billion from ₦33.1 billion, as at Q1'2022.

SUSTAINABILITY 7

We are committed to minimizing the impact of our activities on people and the environment, engagement with stakeholders and implementing community development initiatives through tangible investments into communities

EXPANSION DRIVE 6

Construction activities for the additional lines at Edo and Sokoto States are progressing well

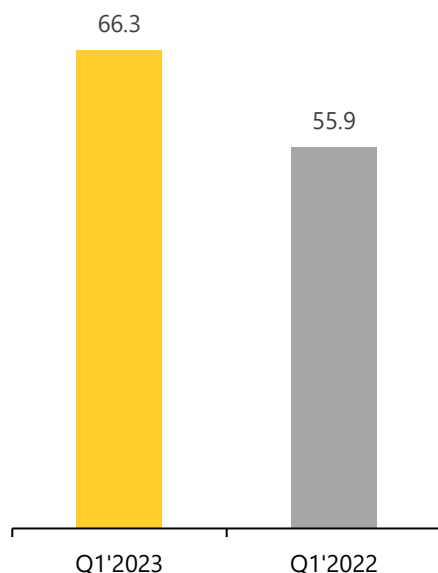
EPS 5

Earnings per Share (EPS) down 19.4% to 79 Kobo from 98 Kobo, as at Q1'2022.

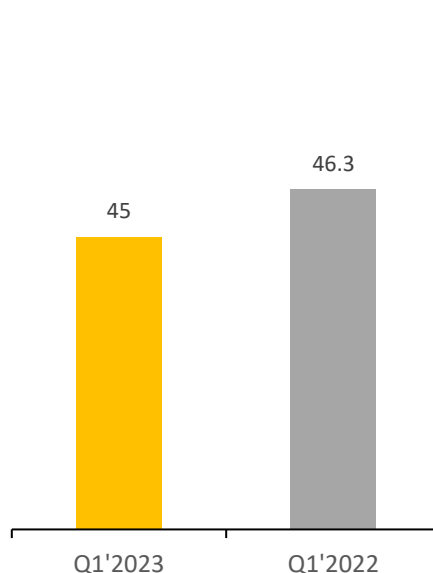
Balancing Rising Costs and Margin Preservation



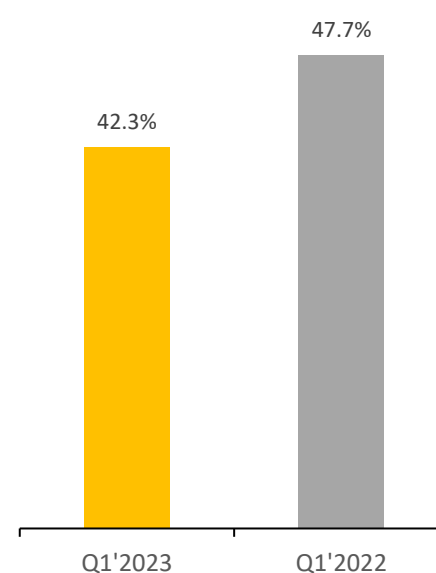
1 Revenue per ton (N'000)



2 EBITDA (N'bn)



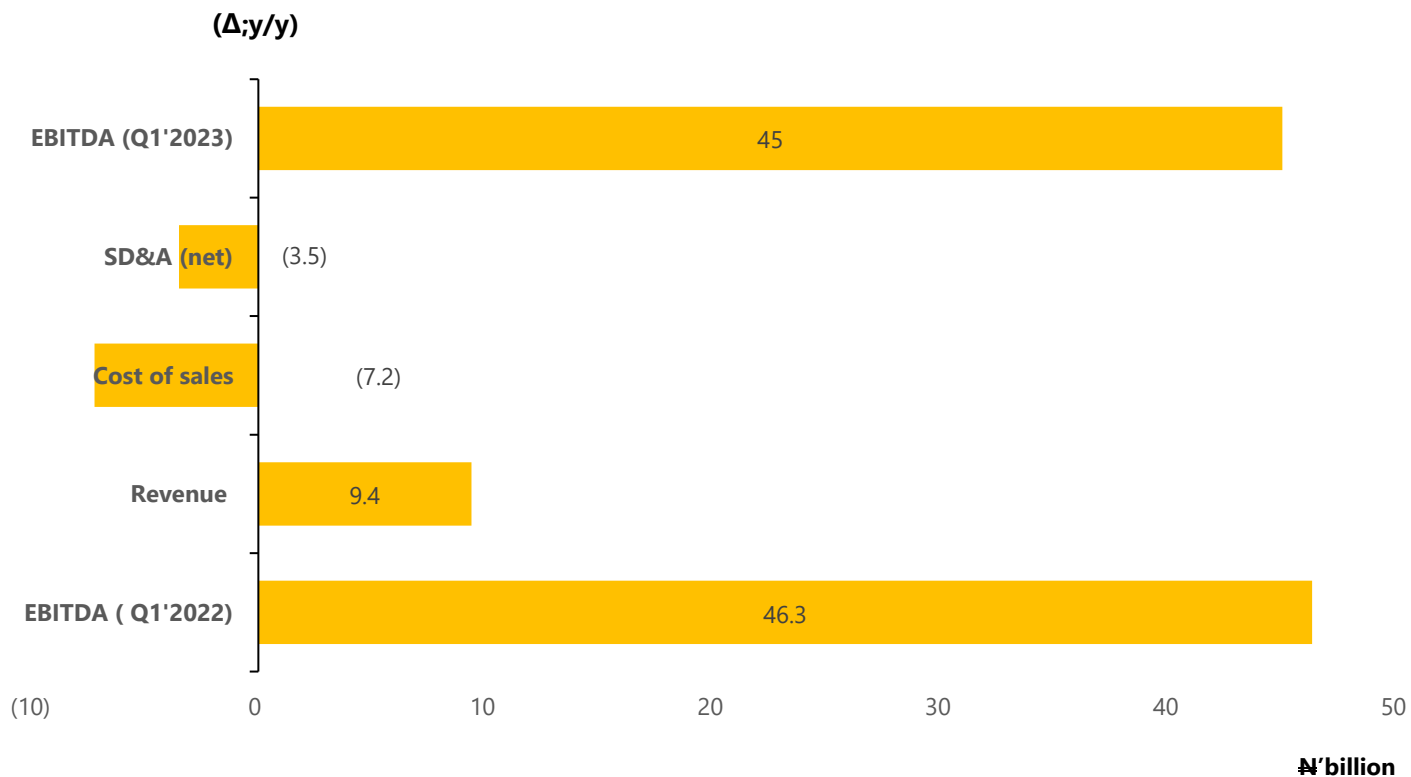
3 EBITDA Margin



Comments

- Revenue per ton increased by 18.5% to ₦66,250/ton from ₦55,904/ton, as at Q1'2022; the result of price adjustments from last year.
- EBITDA declined by 2.8% to ₦45 billion (Q1'2022: ₦46.3 billion), resulting from growth in reported net revenues, which increased by 9.7% to ₦106.4 billion from ₦97 billion but offset by increases in raw materials and energy costs, depreciation charges, distribution costs given the increased fleet size & fueling prices and debt issue expenses.
- EBITDA margin for the year was down by 5.4pp to 42.3% (Q1'2022: 47.7%) due to the above mentioned.

EBITDA Evolution ... Cost Pressures Constrains EBITDA Growth



Comments

- Revenue increased by 9.7% or ₦9.4 billion to ₦106.4 billion from ₦97 billion (Q1'2022), given the price increases.
- Cost of sales rose by 14.7% or ₦7.2 billion to ₦56 billion from ₦48.8 billion (Q1'2022), primarily from increases in raw material costs, depreciation charge, energy costs and repair and maintenance costs.
- Selling, Distribution and Administrative costs (net) increased by ₦3.5 billion to ₦5.4 billion. Factors attributable for the increase were: Distribution costs resulting from an increased fleet size, together with higher fueling prices; depreciation charges and debt issue expenses.

Inflationary Pressures and Continued Cost Containment



Cost of sales
per ton (N'000)



34.9

28.1

Q1'2023

Q1'2022

Energy cost
per ton (N'000)



14.3

12.6

Q1'2023

Q1'2022

SD&A
per ton (N'000)



4.5

3.4

Q1'2023

Q1'2022

Comments

- Cost of sales per ton rose by 24% to ₦34,870/ton from ₦28,124/ton, as at Q1'2022. This was due to increases in raw materials costs, depreciation charges and energy product costs.
- Energy cost per ton increased by 13.3% to ₦14,261/ton from ₦12,593/ton during the corresponding quarter ended Q1'2022, which resulted from a combination of energy price increases and fuel mix during the quarter.
- Selling, Distribution & Administration cost (net) per ton increased by 2.2x to ₦7,467/ton from ₦3,352/ton for the 3 months ended 2022. The drivers of the increase were distribution costs, led by an increased fleet size and higher fueling prices; depreciation charges and debt issue costs.

BUA Cement (Obu)



Construction works on Obu line 3



Sustaining Profitable Growth– Strategic Priorities



Synergy



- Drive continued revenue and cost synergies across revenue and margin lines
- Harmonisation of sales and marketing strategy across the two plants

New Markets



- Increase customer portfolio and capture new market areas, including export

Expansion



- Construction of lines 3 & 5 at Obu and Sokoto plants, respectively

Sustaining Innovation



- Deploy solutions that enhance customer experience and further drives internal efficiencies
 - Sales automation
 - Payment integration

Sustainability



- Transition from Heavy Fuel Oil (HFO) to Liquefied Natural Gas (LNG) in Sokoto
- Commence work on the 70MW gas power plant at Obu
- Commence work on the 70MW gas power plant at Sokoto

BUA CEMENT

KING OF STRENGTH



All-weather
All-season



Sets
Faster



Unsurpassed
Yield



Strong
Blocks



Smooth
Cement Paste



Lasting
Concrete

**BUA Cement and Sokoto Cement are products of BUA Cement PLC.*



BUA Cement Plc RC 1193879

Thank You

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