



BUA Cement Plc



Sustaining Profitable Growth

Presentation to Investors and Analysts for the 9 months ended September 2023

7 November 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.

More detailed information about certain of the risk factors affecting BUA Cement is contained 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.

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Quality cement you can trust



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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



₦2.9 trillion
Market capitalisation as at
September 2023



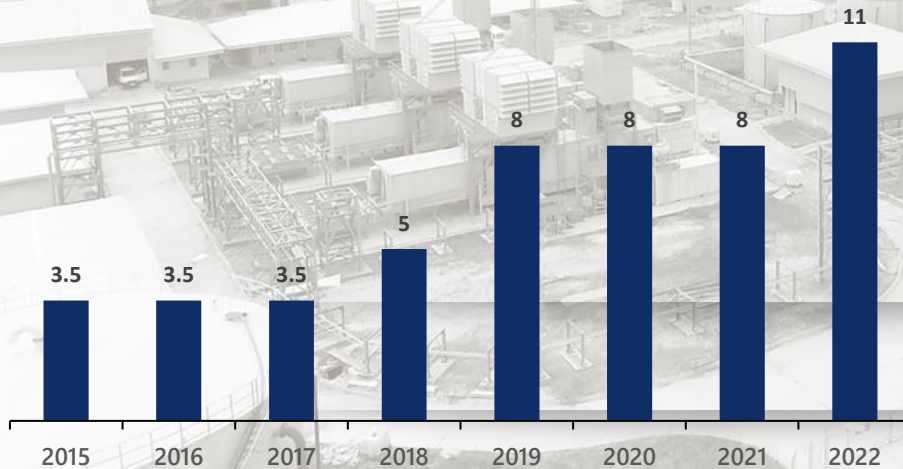
**Best Premium Quality
Cement Brand**



**1EHS led by United Nations SDGs
& the IFRS ISSB**



₦335.9 billion
(9M'2022: ₦262.6 billion)
Revenue



■ Capacity (mmtpa)

1EHS - Environment, Health and Safety

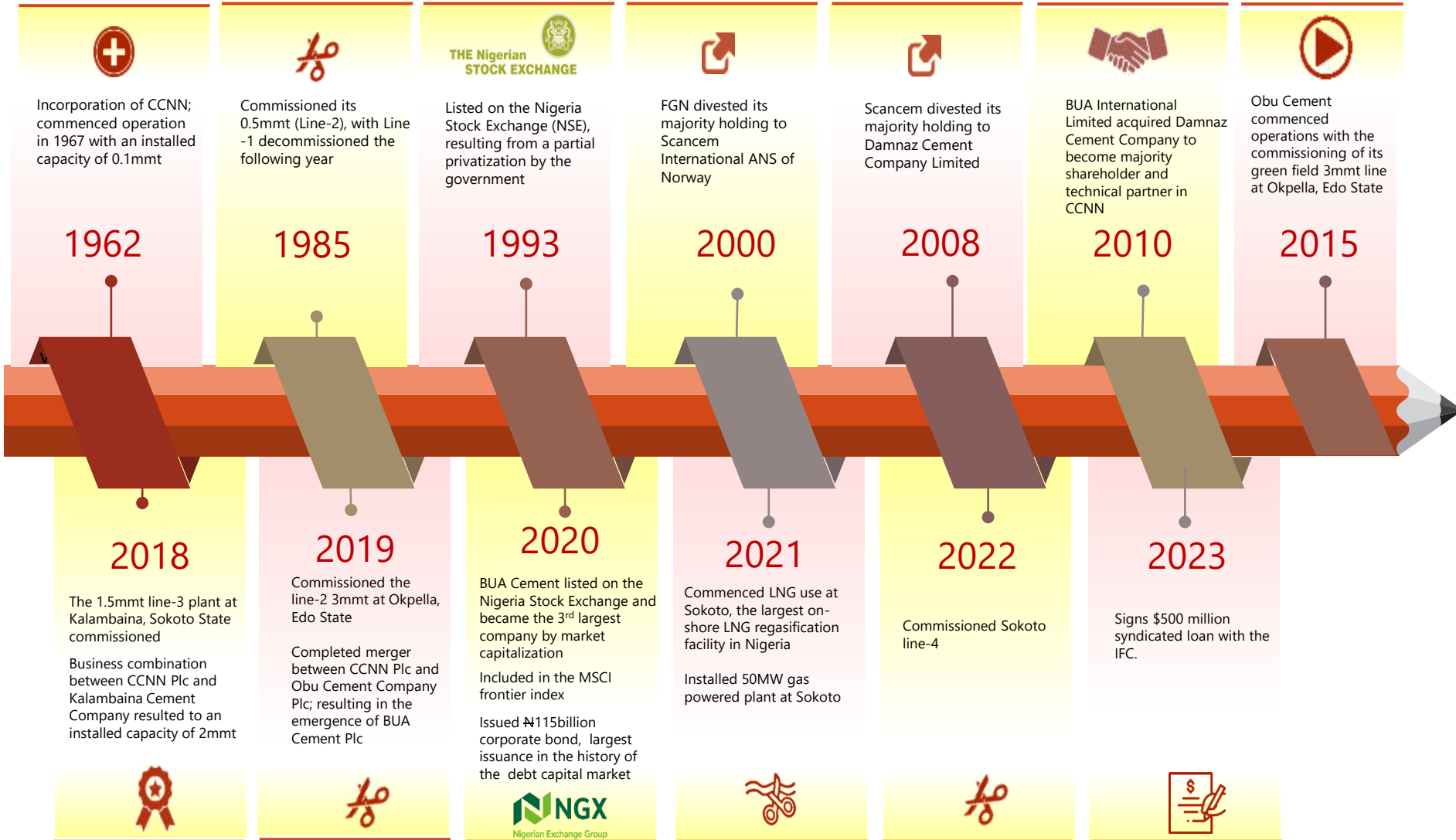


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Flawless Execution, Disciplined Approach



Strategic Positioning, Increasing Market Presence

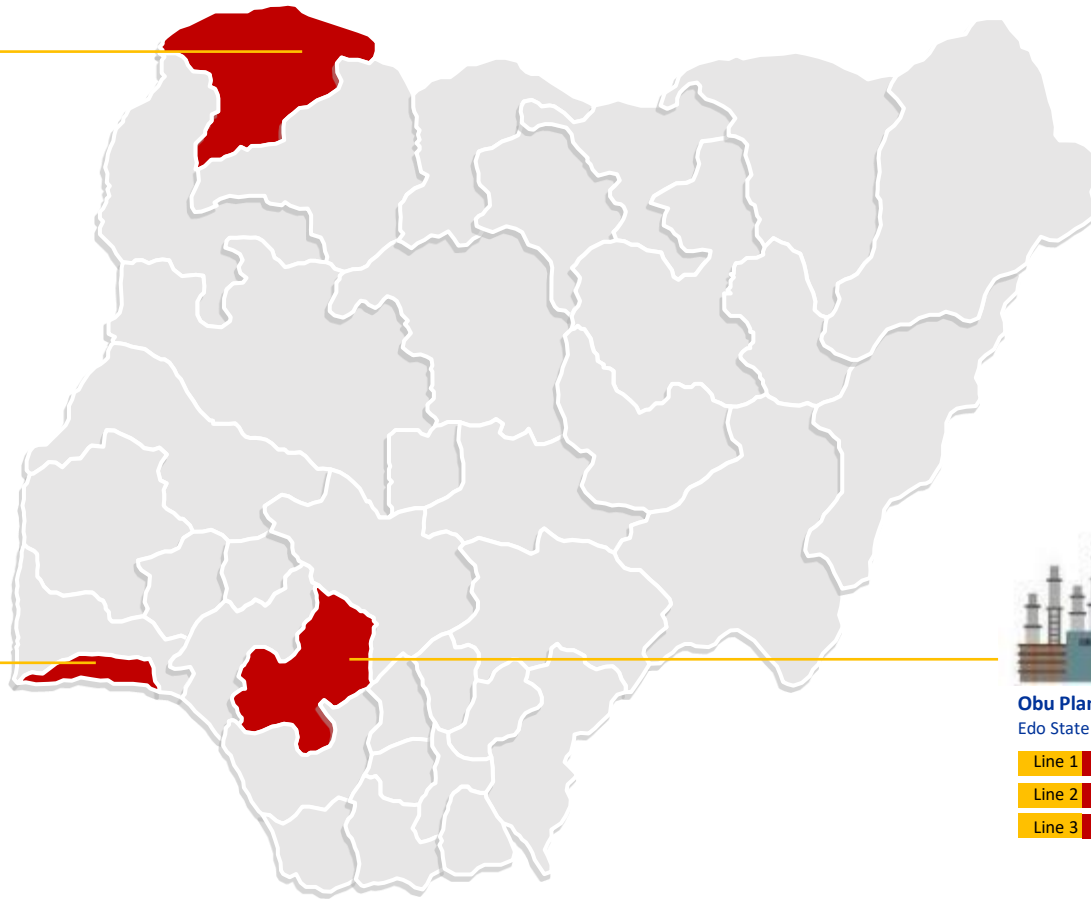


Sokoto Plant
Sokoto State

Line 2	0.5MMTPA
Line 3	1.5MMTPA
Line 4	3MMTPA
Line 5	3MMTPA (Q1'2024)



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



Obu Plant
Edo State

Line 1	3MMTPA
Line 2	3MMTPA
Line 3	3MMTPA (Q1'2024)

BUA Cement (Sokoto)



Construction works on Sokoto line 5



Highlights from 9M'2023 – Volume Recovery Despite Economic Environment



PERFORMANCE 1

Business performance sustained by strong brand attributes, volume growth and price adjustments.

REVENUE 2

Net revenue up 27.9% to ₦335.9 billion from ₦262.6 billion, as at 9M'2022.

EBITDA 3

EBITDA increases by 20.8% to ₦138.9 billion from ₦115 billion, as at 9M'2022.

EBITDA margin down by 2.4pp to 41.3% from 43.8%, as at 9M'2022.

PROFITABILITY 4

Profit After Tax (PAT), up by 2.8% to ₦76.1 billion from ₦74 billion, as at 9M'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

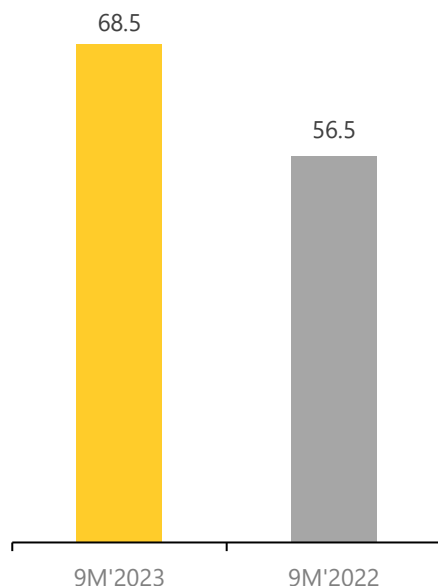
EPS 5

Earnings per Share (EPS) up by 2.8% to 225 Kobo from 219 Kobo, as at 9M'2022.

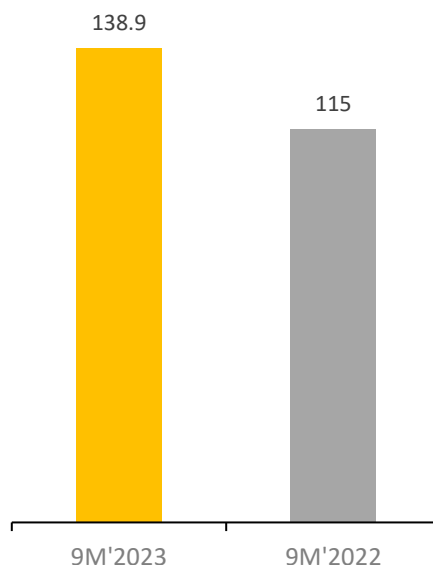
Balancing Rising Costs and Margin Preservation



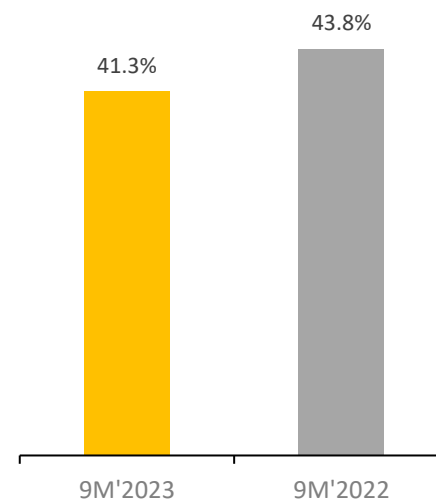
1 Revenue per ton (N'000)



2 EBITDA (N'bn)



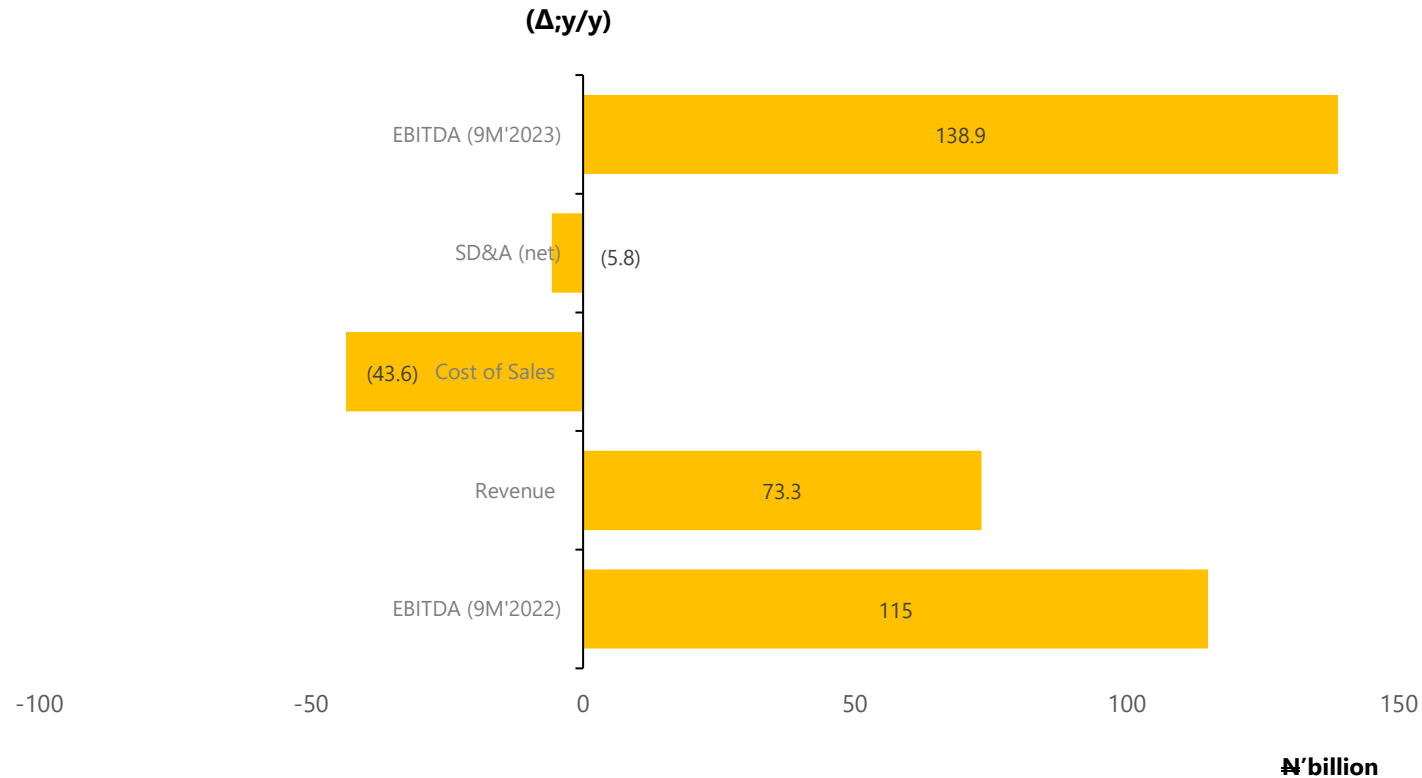
3 EBITDA Margin



Comments

- Revenue per ton increased by 21.4% to ₦68,540/ton from ₦56,468/ton, as at 9M'2023, as a result of price adjustments.
- EBITDA increased by 20.8% to ₦138.9 billion (9M'2022: ₦115 billion), resulting from growth in reported net revenues, which increased by 27.9% to ₦335.9 billion from ₦262.6 billion but partly offset by increases in raw materials and energy costs, operations & maintenance and distribution costs.
- EBITDA margin for the reporting period contracted by 2.4pp to 41.3% (9M'2022: 43.8%) due to the cost lines highlighted above.

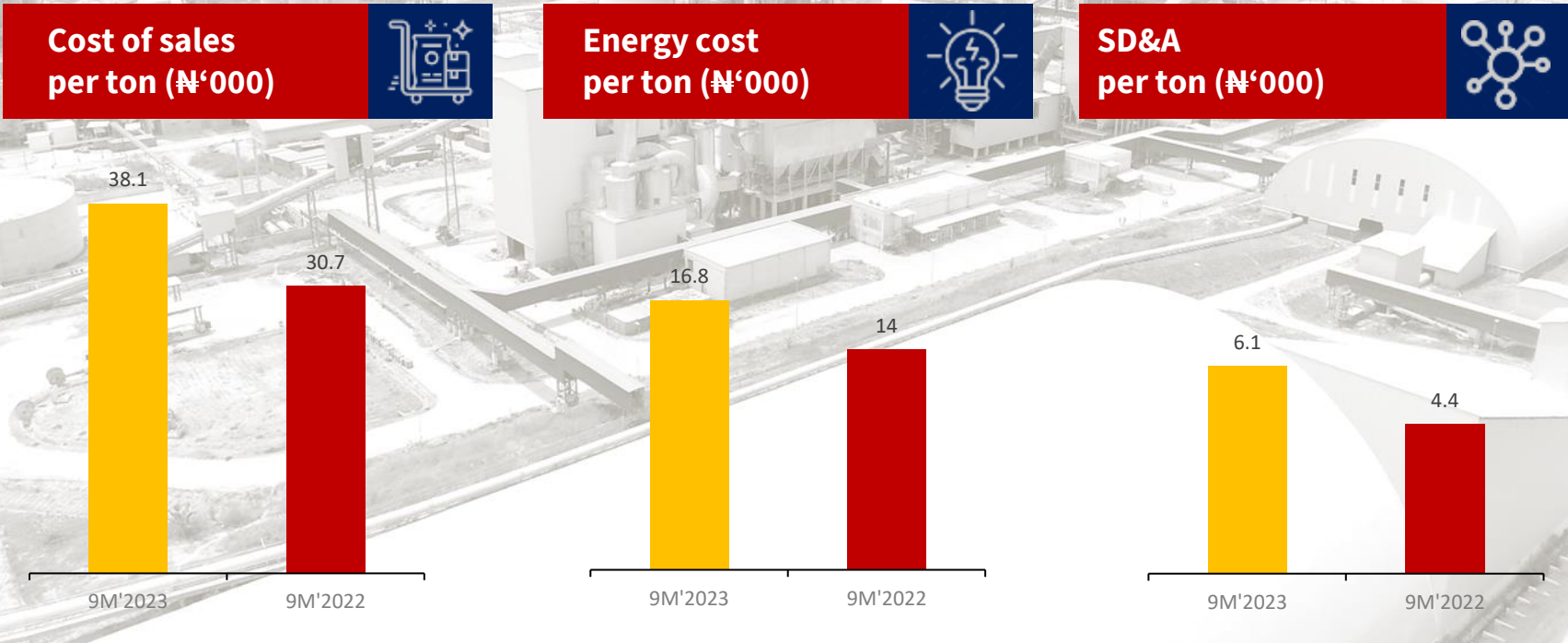
Price Adjustment & Volume Growth Sustains EBITDA Growth



Comments

- Revenue increased by 27.9% or ~~N~~73.3 billion to ~~N~~335.9 billion from ~~N~~262.6 billion (9M'2022), from price increases and volume growth.
- Cost of sales rose by 30.5% or ~~N~~43.6 billion to ~~N~~186.4 billion from ~~N~~142.8 billion (9M'2022), primarily from increases in raw material costs, energy costs and operations & maintenance fees.
- Selling, Distribution and Administrative costs (net) were up 2.2x or ~~N~~5.8 billion to ~~N~~10.6 billion from ~~N~~4.8 billion. Major factors attributed for the increase were: distribution costs resulting from higher fueling costs and increased fleet size (trucks), alongside repair and maintenance costs; depreciation charges, staff costs and advertisement & promotion expenses.

Inflationary Pressures and Continued Cost Containment



Comments

- Cost of sales per ton rose by 23.9% to ₦38,047/ton from ₦30,713/ton, as at 9M'2022. This was due to increases in raw materials costs, energy product costs, operations, maintenance & technical fees, repair & maintenance costs and depreciations charges.
- Energy cost per ton increased by 20.2% to ₦16,803/ton from ₦13,978/ton during the corresponding period ended 9M'2022. This resulted from energy price increases and depreciation effect of the Naira.
- Selling, Distribution & Administration cost (net) per ton increased by 37.5% to ₦6,069/ton from ₦4,413/ton for the nine months ended 2022. The drivers of the increase were distribution costs, led by an increase in fueling costs and larger number of trucks, alongside repair & maintenance costs; depreciation charges; staff costs and advertisement & promotion 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
 - Fuel management system

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

Sustainability - Impact Footprint



Our social impact was enhanced with the launch of 49 projects across local communities, focusing on **education** (35%), **health** (33%), **WASH¹** (16%), **infrastructure** (12%) and **empowerment** (4%). Furthermore, we created 58 jobs, with 21% of the jobs contracted to local contractors for local development



Greenhouse Gas Emissions

651kg CO₂/ton cem. prod.
(9M'2022: 642kcal/kg)



Energy Management

764kcal/kg Cli
(9M'2022: 777kcal/ kg Cli)



Water Management

132 litres/ton cem. prod.
(9M'2022: 117 litres/ ton cem. prod.)

We achieved a 10% increase in production while maintaining a low net emission impact of 1% with reduction in energy consumption by 2%

Improved water recycling by 3% with impact reduction on freshwater aquifer by 42%

¹WASH – Water, Sanitation and Hygiene





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Thank You

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