



# BUA CEMENT PLC

*Sustaining Value and Competitiveness*

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Full Year 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, 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 throughout this presentation and in BUA Cement's financial reports, which are available on the BUA Cement website, [www.buacement.com](http://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

## 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.*

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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



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



2 2 Modern lines Operational across two States



3 ₦2.6 trillion Market capitalisation as at Dec. 2020



4 > 60 per cent Capacity utilisation attained



5 ₦209.4 billion (FY2020) Revenue



6 5.1 mmt (FY2020) Cement volume dispatched



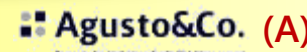
7 Sustainability led by United Nations SDGs



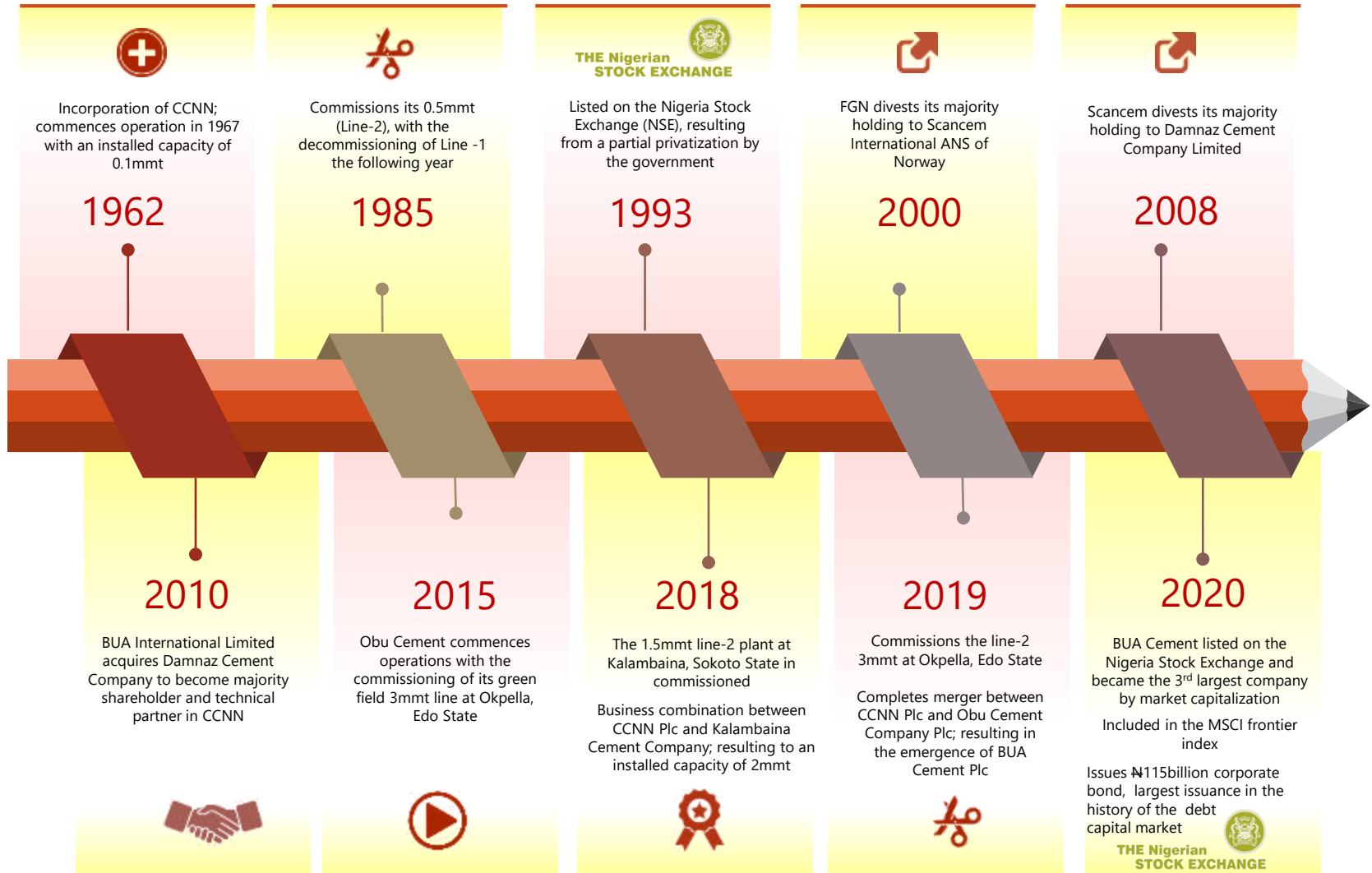
8 Best M&A Deal in Africa (2019)



9 **GCR** Global Credit Rating Co. (AA-) Local Expertise • Global



# Flawless Execution, Disciplined Approach

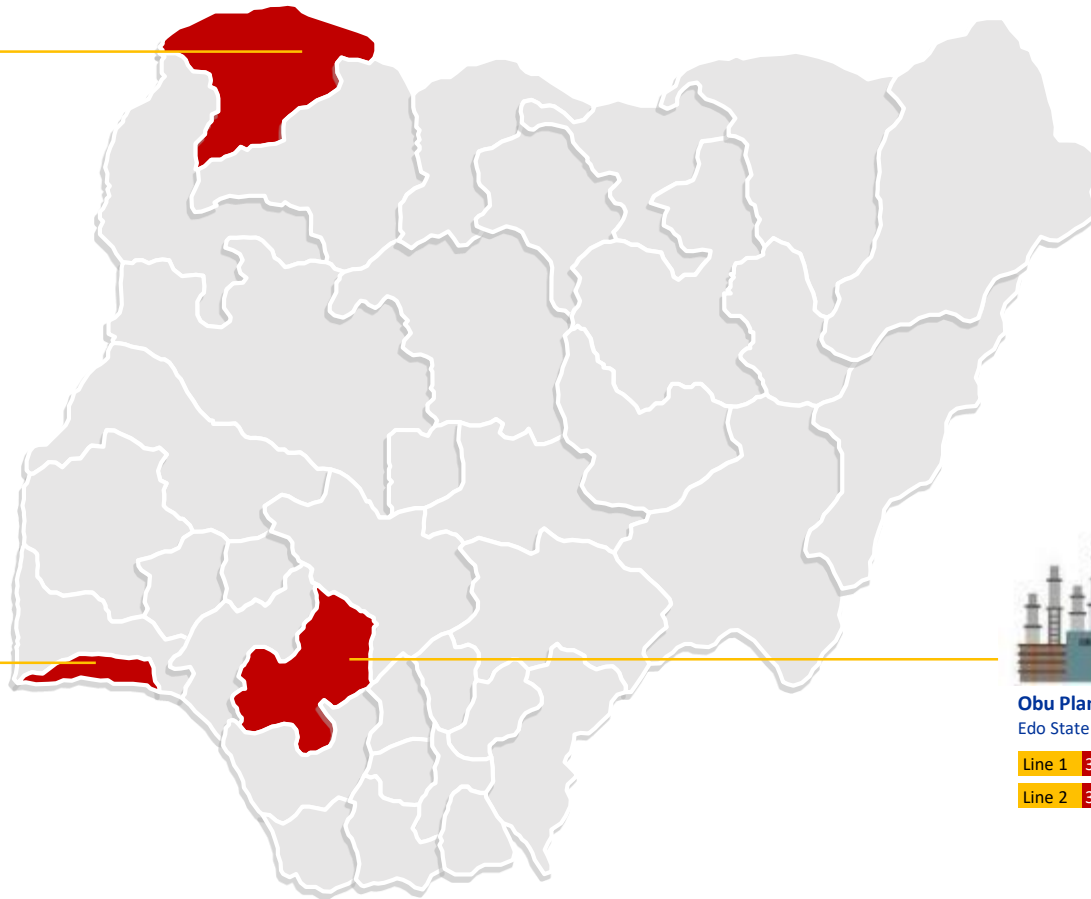


# Strategic Positioning, Increasing Market Presence



**Sokoto Plant**  
Sokoto State

Line 1	500,000MTPA
Line 2	1.5MMTPA
Line 3	3MMTPA (2021)



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



**Obu Plant**  
Edo State

Line 1	3MMTPA
Line 2	3MMTPA



# OBU PLANTS



## OBU PLANT (LINES 1 & 2)



### LOCATION

Okpella, Edo State  
South-South Nigeria



### PRODUCTION CAPACITY





Line 1 – 3million mtpa  
Line 2 – 3million mtpa



### COMPLETION DATE

2015 – Obu Cement Line 1  
2019 – Obu Cement Line 2

# Highlights from 2020 – We Continue to Deliver Value

<p><b>PERFORMANCE</b> <span style="float: right;"><b>1</b></span></p> <p>Resilient performance driven by superior product quality, with a well instituted Business Continuity Plan (BCP).</p>		
<p><b>EBITDA</b> <span style="float: right;"><b>2</b></span></p> <p>EBITDA increases by 18.0% to ₦96.8 billion, as at FY2020 from ₦82 billion, as at FY2019. EBITDA margin resilient at 46.2%, as at FY2020.</p> <p style="text-align: right;"></p>	<p><b>PROFITABILITY</b> <span style="float: right;"><b>3</b></span></p> <p>Profit before Tax (PBT) and Profit after Tax (PAT), up 19.1% and 19.4% to ₦78.9 billion and ₦72.3 billion respectively. ROAE rises by 1.5% points to 19.6%, as at FY2020 from 18%, as at FY2019.</p> <p style="text-align: right;"></p>	<p><b>EPS</b> <span style="float: right;"><b>4</b></span></p> <p>Earnings per Share (EPS), up 19.6% to ₦2.14, as at FY2020 from ₦1.79, as at FY2019.</p> <p style="text-align: right;"></p>
<p><b>BOND ISSUE</b> <span style="float: right;"><b>5</b></span></p> <p>Issued ₦115 billion corporate bond, largest in the history of the Nigerian Debt Capital Market. Proceeds for current expansion activities at Kalamaina, Sokoto State alongside working capital enhancement.</p>	<p><b>EXPANSION DRIVE</b> <span style="float: right;"><b>6</b></span></p> <p>Expanding current output capacity from 11mmtpa (2021) to 20 mmtpa with the construction of new lines at Adamawa State; Edo State and Sokoto State.</p>	<p><b>SUSTAINABILITY</b> <span style="float: right;"><b>7</b></span></p> <p>Activities guided by sustainable practices, in line with the UNSDG. Focus on improving on existing goals whilst identifying new areas for improvement.</p>

# Uncertain and Challenging Macro Economic Environment

## Oil Price Movement



Oil price down 21.5% (y/y) to \$51.8/bbl. (Dec. 2020) amid the global corona virus pandemic, despite recording some recovery.



21.5%

## GDP Growth



GDP growth contracted by 1.9% in 2020, having expanded by 2.3% in 2019.



1.9%

## Foreign Exchange

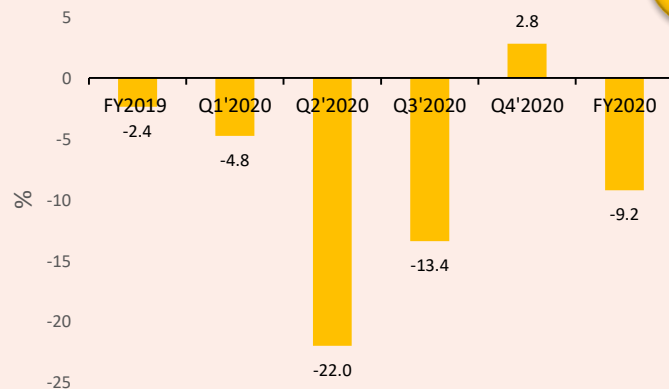


Naira depreciated by 12.6% from ₦364.5/\$, as at Dec. 2019 to ₦410.2/\$, as at Dec. 2020

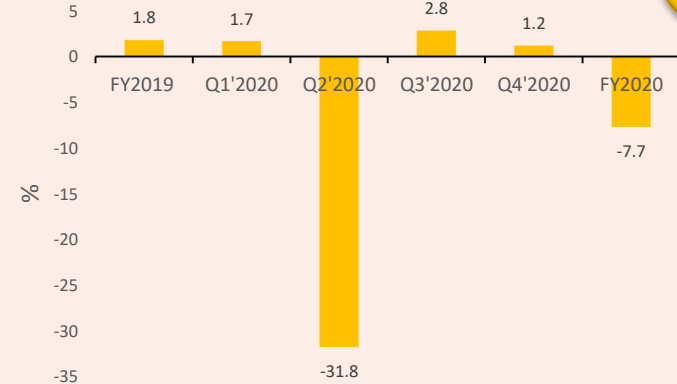


12.6%

## Real Estate

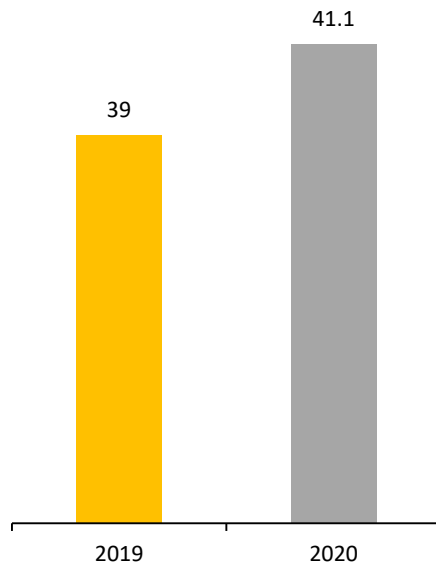


## Construction

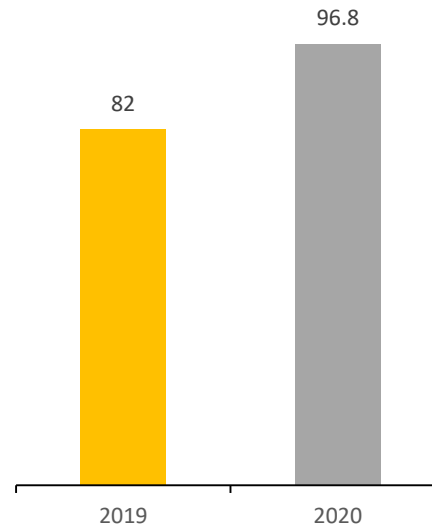


# Resilient Performance Built on Readiness

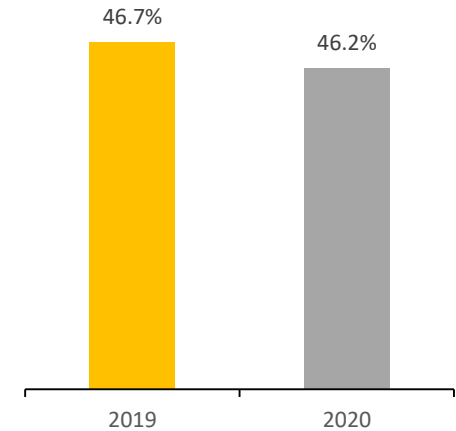
## 1 Revenue per ton (N'000)



## 2 EBITDA (N'bn)



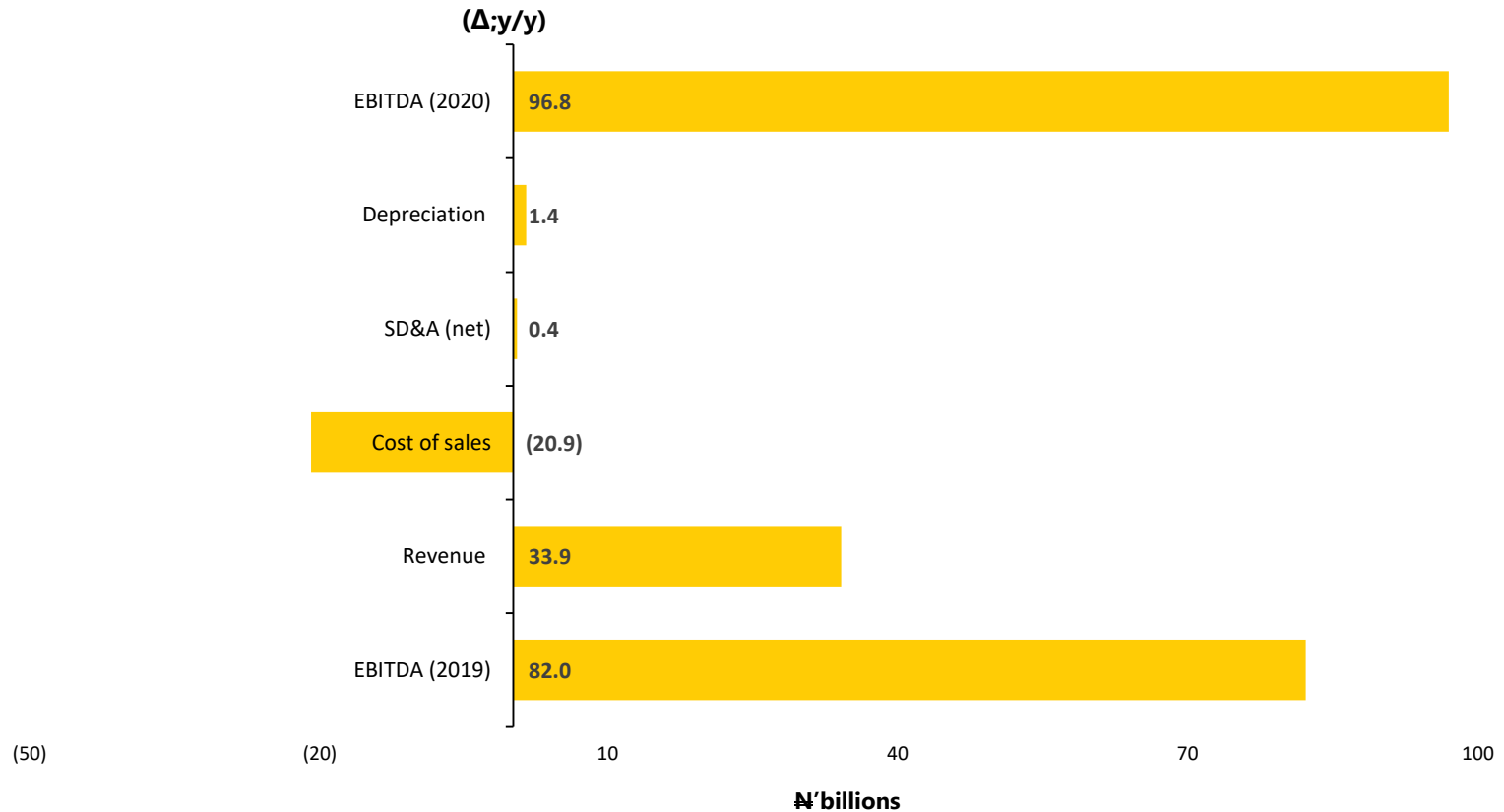
## 3 EBITDA Margin



### Comments

- Revenue per ton rose by 5.3% to ₦41,066/ton, as at FY2020 from ₦38,995/ton, as at FY2019; due to lifting bonus adjustment and increased volume dispatched during the year.
- EBITDA rose (+18% or ₦14.8 billion) to ₦96.8 billion, as at FY2020 from ₦82 billion, as at FY2019, supported by increased sales activities.
- EBITDA margin recorded a marginal decline of 0.5% points to 46.2%, as at FY2020 from 46.7%, as at FY2019; led by an increase in power costs and FX devaluation. Nevertheless, we believe reported EBITDA remains resilient, though expansion in EBITDA margins is expected, resulting from efficiency gains and increased business activities; particularly with the commissioning of the line-3 at Sokoto in 2021.

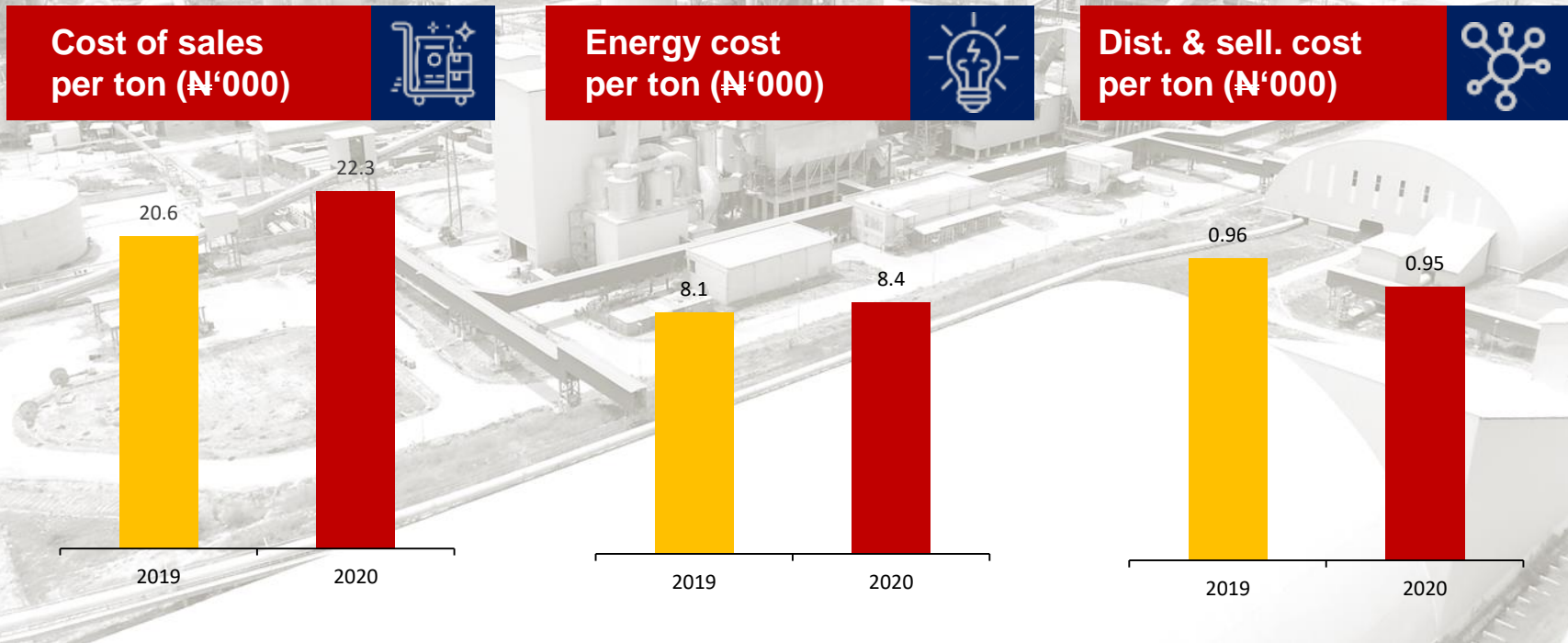
# Rising Sales Volume Drives EBITDA



## Comments

- Revenue during the year was up 19.3% to ₦209.4 billion, as at FY2020 from ₦175.5 billion, as at FY2019, driven by increased volume dispatched and lifting bonus adjustment.
- Selling, distribution and administration costs (net) declined (2.7%, ₦394 million) to ₦14.2 billion, as at FY2020 from ₦14.6 billion, as at FY2019. The decline resulted from a reduction in administrative costs (absence of merger fees paid in 2020), alongside increased “other income” earnings.
- Depreciation & Amortisation charges were up (+5.6%, ₦1.4 billion) to ₦15.5 billion, as at FY2020 from ₦14.1 billion, as at FY2019. Accounting primarily for the increases were higher depreciation charges resulting from asset purchases namely; plant & machinery and buildings.

# Balancing Cost Containment with Investment in Route-to-Market Strategy



## Comments

- Cost of sales/ton recorded an 8.1% increase to ₦22,345/ton, as at FY2020 from ₦20,679/ton, as at FY2019. This resulted from the devaluation of the Naira, which impacted some input costs.
- Similarly, the devaluation of the Naira, alongside changes to the energy mix, led to a 4.7% rise in energy cost per ton to ₦8,442/ton from ₦8,063/ton, as at FY2019.
- Our Distribution Strategy has led to the addition of new sales locations, alongside the harmonization of sales offices. During the period, selling and distribution cost/ton was down 0.27% to ₦954/ton, as at FY2020 from ₦957/ton, as at FY2019.

# SOKOTO PLANTS



## SOKOTO PLANT (LINE 3)



### LOCATION

Kalambaina, Sokoto  
(North-West, Nigeria)



### PRODUCTION CAPACITY










New Line 3 – 3million mtpa




### COMPLETION DATE

2021

# In Pursuit of Value Creating Priorities

Priority Areas	Activity	Status
 <b>Synergy</b>	<ul style="list-style-type: none"> <li>• Drive revenue and cost synergies across revenue and margin lines</li> <li>• Continue hamonisation of sales and marketing strategy across the two plants</li> </ul>	
 <b>New Markets</b>	<ul style="list-style-type: none"> <li>• Increase customer on-boarding in new locations</li> <li>• Pursue steady incursions into foreign markets, particularly with the commencement of AcFTA</li> </ul>	
 <b>Expansion</b>	<ul style="list-style-type: none"> <li>• Commission the 3mmpa, line-3 at Kalambaina, Sokoto State in 2021</li> <li>• Kick start the ground breaking for the construction of 3 new plants across Adamawa, Edo and Sokoto States</li> </ul>	
 <b>Sustainability</b>	<ul style="list-style-type: none"> <li>• Commence gas usage in our operations at Kalambaina, Sokoto State</li> <li>• Drive further gains in sustainable practices, in line with international best practice</li> </ul>	
 <b>Sustaining Innovation</b>	<ul style="list-style-type: none"> <li>• Deploy solutions that enhance customer experience</li> <li>• Launch the re-branded CCNN/BUA packaging bags with improved quality</li> </ul>	

 Ongoing and expected to deliver on targets



# Projects, Cost and Funding

## Projects



- Guyuk, Adamawa State
- Obu, Edo State
- Kalambaina, Sokoto State

## Project Cost



Estimated cost for all three (3) plants is \$1.1 billion

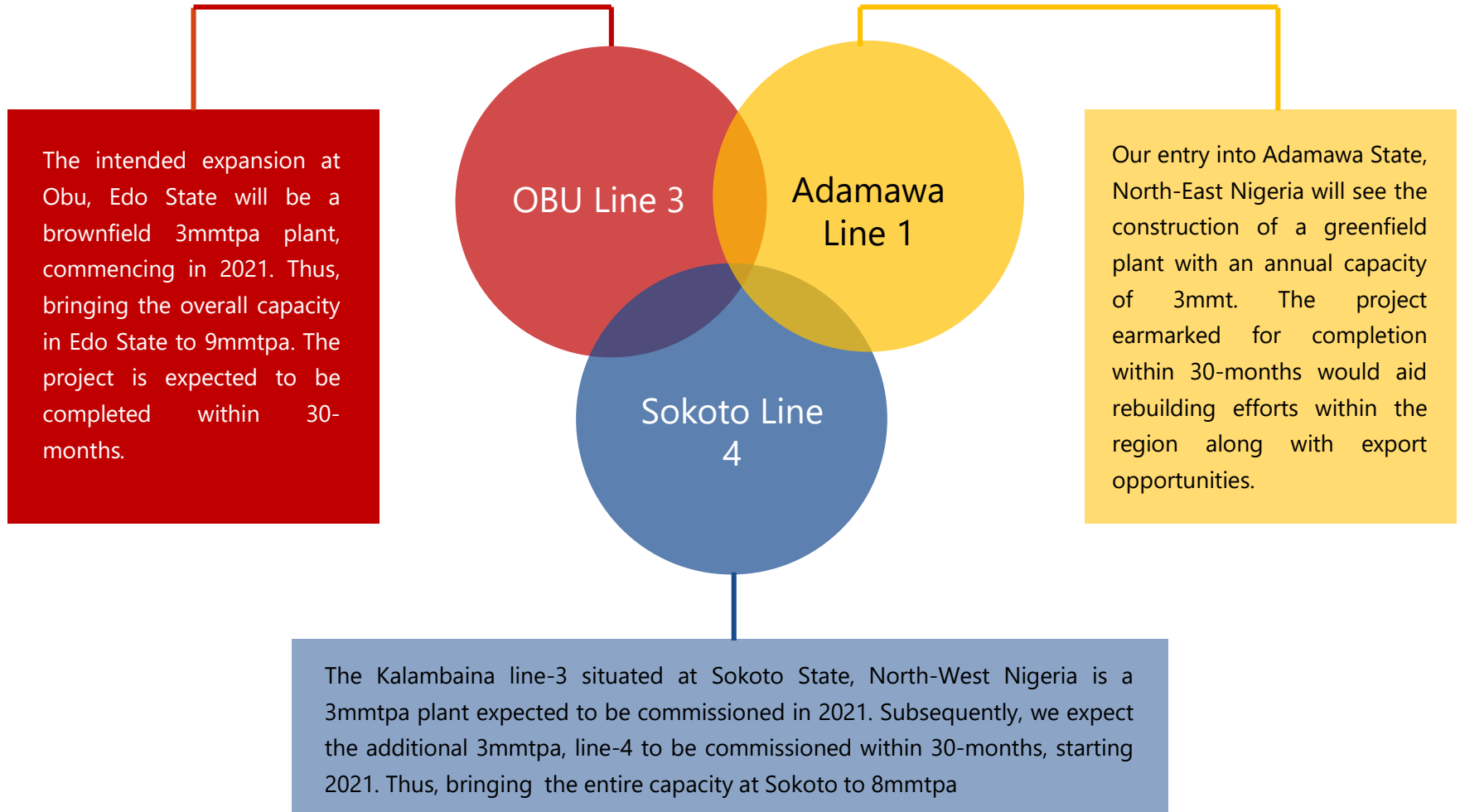
## Funding Sources



- Series II Bond Issue
- Internally generated sources

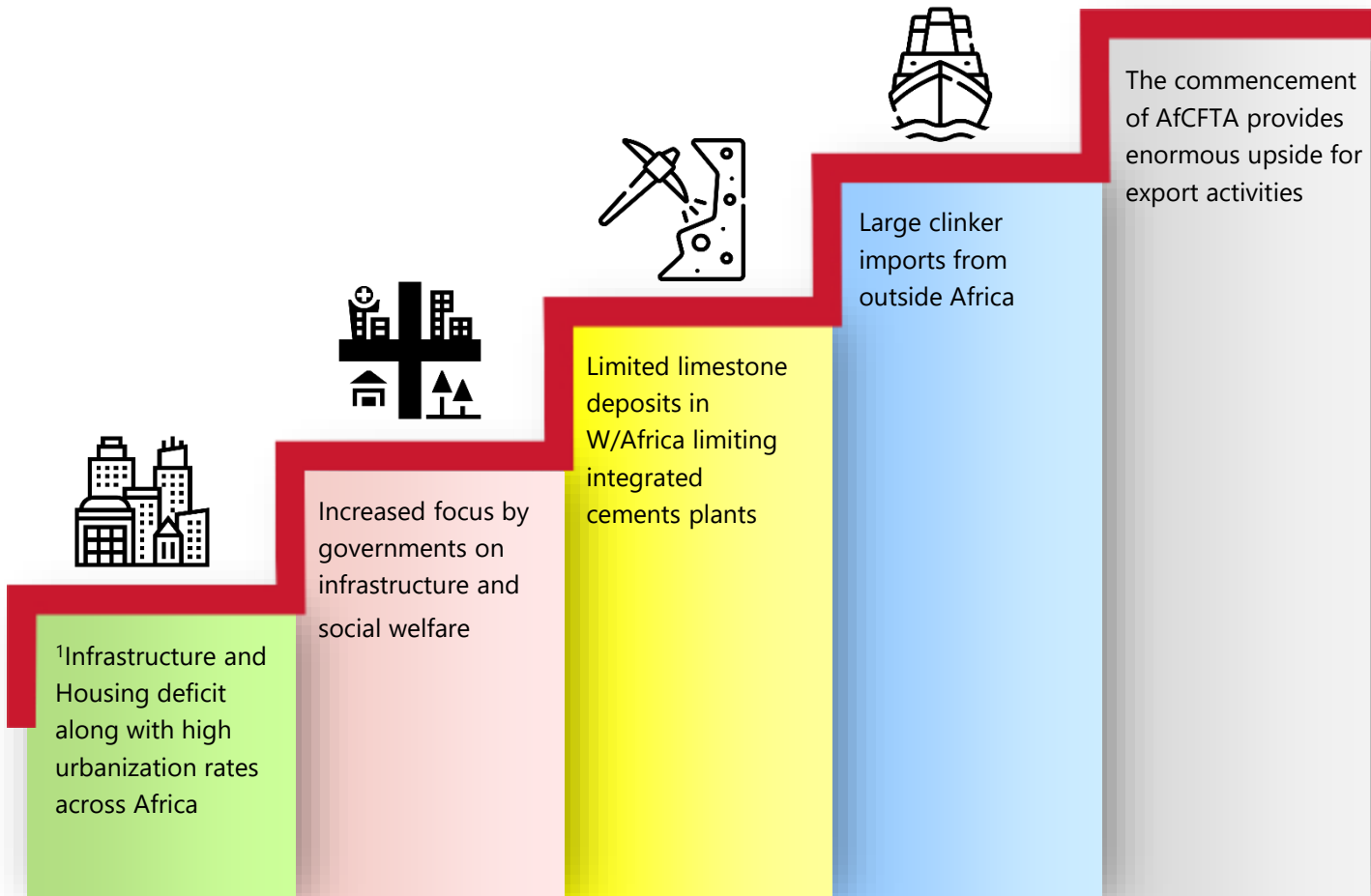
*...adopting an approach that further enhances value*

# Investing for Competitiveness and Development



***...through a deliberate expansion programme***

# Well Positioned to Lead Export Drive



## Comments

- West Africa to witness rising urbanization rates. This we observe through:
  - The % of population living in urban areas, which rose from 32.3% in 1995 to 44.5%, as at mid-year 2018 (2020e: 47.7%)<sup>2</sup>.
- The expected rise in urbanization rate will add to the existing housing and infrastructure deficit.
- With limited spread of limestone reserves across Africa, BUA Cement is at a vantage position in addressing West Africa's cement requirements.
- The commencement of ACFTA opens up opportunities for easy movement of clinker and/or cement.

<sup>1</sup>Africa's annual infrastructure deficit is c. \$60-\$90 billion

<sup>2</sup> UN Department of Economic and Social Affairs Population Dynamics

# BUA Cement (Sokoto)

Line 3 under construction



# Leading Through Sustainability

## CO<sup>2</sup> Emission

(KgCO<sup>2</sup>/TCEM)



504

2021 502

## Dust Emission

(Mg/M<sup>3</sup>)



15

2021 13

## Water Usage & Conservation

(M<sup>3</sup>/DAY)



154

2021 157

## Energy Efficiency

(Kcal/kg)



754

2021 752

Inserted picture: New, sustainable and resilient community development at Sabon Garin Gidam Bailu, Sokoto State

# Making Positive Changes



Top: BUA Specialist Care Centre, Kano, a 200-bed special care facility for COVID.  
Bottom left to right: COVID-19 Food Outreach across Nigeria; Donation of over 65 Ambulances and 25 Sport Utility Vehicles (SUV) to State Governments across Nigeria to contain the spread of COVID -19; donation of 6 solar powered bore holes to communities at Okpella

*...through impactful CSR, everywhere we go*

# BUA CEMENT PLANT SOKOTO

## KEY FACTS

### 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– 1.5mtpa  
New Line 3– 3mtpa

### Completion Date

<b>1985</b>	<b>2018</b>	<b>2021</b>
Line-1	Line-2	Line-3



# APPENDIX





# Board of Directors



**ABDULSAMAD RABIU**  
Chairman

Abdul Samad Rabiu, CON., is the Chairman of BUA Cement Plc. He is also the founder and Chairman of BUA International Limited - a foods, mining and infrastructure conglomerate which he established in 1988 with business interests in Cement Manufacturing, Sugar Refining and Plantations, Rice, Flour Milling & Pasta Production, Oil & Gas, Construction, Real Estate and Logistics. Abdul Samad Rabiu studied Economics at Capital University, Columbus, Ohio, USA and he holds the Nigerian National Honour of 'Commander of the Order of the Niger' (CON). His shareholding is 19,044,995,225 units.



**YUSUF BINJI**  
Managing Director/CEO

Yusuf Haliru Binji is the Managing Director/CEO of BUA Cement Plc. He holds a B.Eng. Degree in Chemical Engineering from Ahmadu Bello University, Zaria and an M.Sc. in Chemical Process Engineering from the University College, University of London.

He has over 28 years working experience in various organizations including: Cement Company of Northern Nigeria, BUA International Limited, Obu Cement Company Limited, among others. He is the Managing Director/CEO of BUA Cement Plc. His Shareholding is 7093 units.



**JACQUES PIEKARSKI**  
Executive Director/CFO

Jacques Piekarski is a graduate of the Business School in Lausanne, Switzerland and holds an MBA from Robert Kennedy College, Zurich, Switzerland.

He is a seasoned finance professional with over 26 years of experience holding several C-Suite finance roles across Europe and Africa in FMCG, Cement, Trading and Mining. Prior to joining BUA Cement Plc. as Chief Financial Officer in October 2020, Jacques last worked with TGI Group Nigeria as the Group CFO.



**CHIMAObI MADUKWE**  
Non-Executive Director

Chimaobi Madukwe is a Non-Executive Director at BUA Cement Plc. He holds a Bachelor's degree in Management Studies (Accountancy) from the University of Jos and a Master's degree in Business Administration from ESUTH Business School. Prior to joining BUA Group in 2004, Chimaobi Madukwe was Head of Corporate Finance at Citizens International Bank Plc where he worked from 1999 to 2004.

He also sits on the board of BUA International Limited, BUA Sugar Company Limited, Edo Cement Company Limited among others.

# Board of Directors



**KABIRU RABIU**  
Non-Executive Director

Kabiru Rabi is a Non-Executive Director at BUA Cement Plc. He holds a Bachelor's degree in Management from Webster University, London and an MBA in International Business from American Intercontinental University UK. He is the Group Executive Director for BUA Group and a Non-Executive Director at BUA Cement Plc.

Prior to his appointment, he held various management positions at Nigeria Oil Mills as General Manager and later as Managing Director of BUA Oil Mills Limited.



**FINN ARNOLDS**  
Non-Executive Director

Finn Arnolds, Norwegian, is a Non-Executive Director at BUA Cement Plc. He holds a Master of Science in Mechanical Engineering from NTH Norway. Mr. Arnolds has 33 years of extensive work experience - most of which were spent in the Cement Industry across several countries in Europe and Africa.

He has also attended several management courses including a Senior Management Development course at INSEAD, France.



**KHAIRAT A. GWADABE**  
Independent Non-Executive Director

Senator Khairat Abdulrazaq-Gwadabe is an Independent Director at BUA Cement Plc. A Lawyer and Managing partner of A. Abdulrazaq & Co, a firm of Legal Practitioners. Senator Gwadabe holds a B.A in European Studies and Spanish from the University of Wolverhampton, England and an LL.B from the University of Buckingham in England.

She was called to the Nigerian Bar in 1986.



**SHEHU ABUBAKAR**  
Independent Non-Executive Director

Shehu Abubakar is an Independent Director at BUA Cement Plc. He holds a B.Sc. (Business Management) from Usman Danfodio University, Sokoto and an MBA from Ahmadu Bello University, Zaria. Alhaji Abubakar had an extensive working career in the Banking Industry from 1987 to 2017, where he retired as an Executive Director of Keystone Bank Limited.



# Thank You

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