

Volume rebound and lower cost pressures drive earnings performance

Dangote Cement Plc (NGX: DANGCEM, TP—UR*) reported a 55.7% YoY increase in PAT to N321.1 billion for Q1'26. The growth was fuelled by a robust topline performance in the Nigerian segment, a rebound in Pan-African volume sales, lower finance costs reported, and a moderation in the effective tax rate

Group revenue rose by 20.4% YoY to N1.2 trillion, driven largely by a notable improvement in volume sales across geographical segments for the period. The Nigerian segment reported an 11.5% YoY rebound in volumes to 4.9 Mt - its highest quarterly return in nineteen quarters - driven by improved demand, strategic pricing, and a stronger export profile, with cement and clinker exports to Cameroon and Ghana increasing by 58.8% YoY to 549.6 Kt. The Pan African segment saw a remarkable rebound in volumes, increasing by 19.5% YoY to 2.9 Mt. This was driven by Improved operational efficiency at its Ethiopian operations, public infrastructure-activity-led demand surge in Tanzania and Senegal and volume ramp-up in its newly commissioned Cote d'Ivoire grinding plant, which offset softer performance in its Cameroon and Ghanaian operations. Topline performance was also attributed to pricing support from the Nigerian segment (+11.0% to N175,775 average revenue per ton)

Cost of Sales growth was muted (compared to revenue) at 10.2% YoY to N448.7 billion. Additionally, OPEX grew by 21.2% YoY to N249.1 billion on account of increased Haulage expenses (+9.1% YoY to N135.8 billion), as the company navigated rising energy prices at the tail end of the quarter. Nevertheless, Gross and EBIT margins expanded by 3.5ppts and 2.3ppts respectively, to 62.5% and 42.3%.

Net finance costs declined marginally (-0.8% YoY to N95.2 billion). Finance costs tapered, in line with ongoing deleveraging activities (-24.1% YoY to N98.3 billion), while finance income also declined (-90.9% YoY to N3.0 billion). PBT margins expanded by 3.8ppts to 35.2%.

Effective tax rate declined by 9.2ppts to 23.8%, owing to higher deferred tax credit charged to the income statement. Subsequently, PAT margins expanded by 5.8ppts to 26.8%. Net profit increased by 53.5% YoY to N321.1 billion, while EPS settled at N19.14. Annualised ROAA (+12.7ppts to 55.7%) and ROAE (+3.5ppts to 21.2%) improved markedly, indicating improved returns on investments.

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Q1'26 Earnings breakdown					
Income Statement, N'million	Q1'26	Q1'25	YoY	FY'26E	% of FY'26E
Revenue	1,198,032	994,659	20.4%	4,832,984	24.8%
Production cost of sales	(448,732)	(407,265)	10.2%	(1,764,039)	25.4%
Gross profit	749,300	587,394	27.6%	3,068,945	24.4%
Other Income	5,277	16,269	-67.6%	48,330	10.9%
OPEX	(249,097)	(205,480)	21.2%	(998,180)	25.0%
Impairment of financial assets	704	(764)	NM	-	NM
EBIT	506,184	397,419	27.4%	2,119,095	23.9%
Net Interest	(95,210)	(96,024)	-0.8%	(172,704)	55.1%
Gain/(loss) on monetary assets	10,192	10,579	-3.7%	-	NM
Share of profit from associate	-	-	NM	-	NM
PBT	421,166	311,974	35.0%	1,946,391	21.6%
Tax	(100,068)	(102,729)	-2.6%	(622,845)	16.1%
Net Income	321,098	209,245	53.5%	1,323,546	24.3%
Attributable to owners of the company	320,649	205,903	55.7%	1,310,383	24.5%
EPS (Naira)	19.14	12.29	55.7%	78.22	24.5%
Weighted average no of shares (units)	16,752	16,752			
Ratios	Q1'26	Q1'25		FY'26E	
Gross Margin	62.5%	59.1%		63.5%	
EBIT Margin	42.3%	40.0%		43.8%	
PBT Margin	35.2%	31.4%		40.3%	
Effec.Tax Rate	23.8%	32.9%		32.0%	
Net Profit Margin	26.8%	21.0%		27.4%	
ROAE	55.7%	43.1%		47.2%	
ROAA	21.2%	17.7%		20.0%	
EV/EBITDA	7.9x				
P/E	14.5x				
10-year average EV/EBITDA	8.9x				
10-year average P/E	14.6x				
Segmented Reporting	Q1'26	Q1'25	YoY	FY'26E	% of FY'26E
Output (Mt)					
Nigeria	4.9	4.4	11.5%	18.2	26.9%
Pan Africa	2.9	2.4	19.5%	11.6	25.1%
Inter-company sales	(0.3)	(0.3)			
Group Output	7.5	6.6	13.7%	29.8	25.1%
Price per Tonne (N)					
Nigeria	175,775	158,335	11.0%	177,217	
Pan Africa	126,872	132,235	-4.1%	138,233	
Group Price	160,336	151,417	5.9%	162,041	
Revenue (Naira millions)					
Nigeria	861,825	696,042	23.8%	3,227,923	26.7%
Pan Africa	369,959	322,653	14.7%	1,605,061	23.0%
Inter-company sales	(33,752)	(24,036)	40.4%		
Group Revenue	1,198,032	994,659	20.4%	4,832,984	24.8%

Source: S&P CapitalIQ, Cardinalstone Research

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