DANGOTE CEMENT PLC

...Higher Volumes and Pricing Drive Growth.

August 27, 2026.

Earnings Note

Highlights

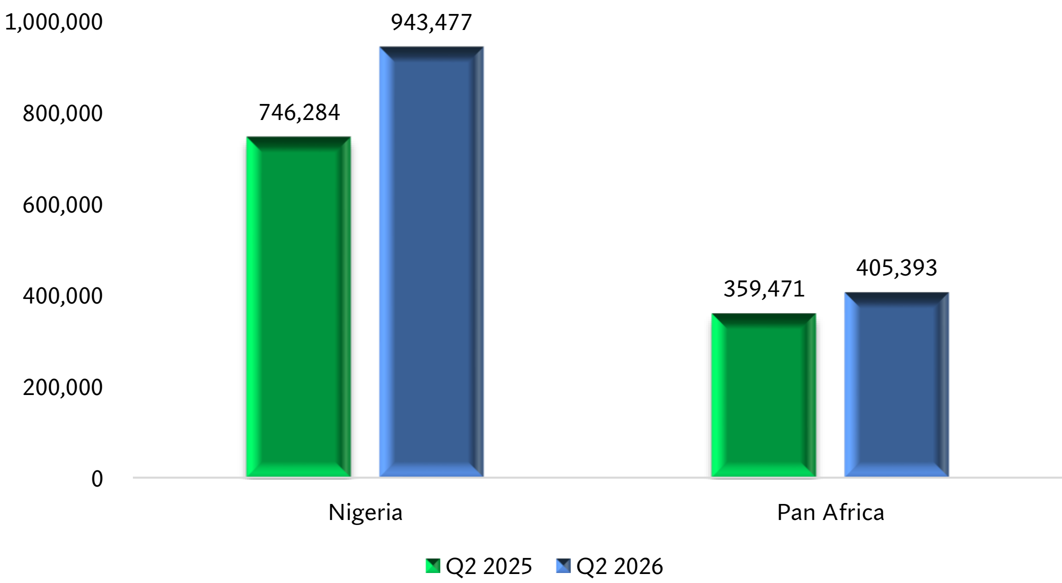
- Revenue increased by 22% Year-on-year (YoY) from ₦1.08 trillion in Q2 2025 to ₦1.32 trillion in Q2 2026.
- Gross profit increased by 33% YoY from ₦630.65 billion in Q2 2025 to ₦840.32 billion in Q2 2026, while gross margin improved from 59% to 64%.
- Operating profit increased by 34% YoY from ₦414.12 billion in Q2 2025 to ₦553.37 billion in Q2 2026.
- Profit after tax increased by 2% YoY from ₦311.21 billion in Q2 2025 to ₦317.44 billion in Q2 2026.

Income Statement

Dangote Cement Plc ("The Group") maintained its strong operating performance in Q2 2026, as sales volumes increased by 9% YoY from 6.82 million tonnes (Q2 2025) to 7.47 million tonnes (Q2 2026). This increase in volume was supported by growth across both regions (Nigeria and Pan-African region), with Nigeria remaining the largest contributor (64% of the total volume).

Revenue increased by 22% YoY from ₦1.08 trillion in Q2 2025 to ₦1.32 trillion in Q2 2026. Revenue grew faster than sales volumes. This is an indicative of higher prices for a bag of cement e.g. 50Kg. For context, sales per million tonnes increased by 12% YoY.

Regional revenue (₦'million)



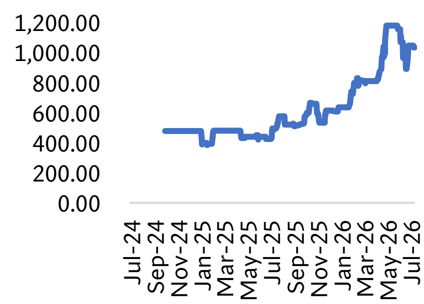
Source: Company Accounts, WSTC Research

In Nigeria, revenue increased by 26% YoY from ₦746.28 billion in Q2 2025 to ₦943.48 billion in Q2 2026, while sales volume increased by 5% from 4.56 million tonnes to 4.79 million tonnes. The stronger revenue growth also reflects higher prices for a 50kg bag of cement, as the average price per 50kg bag increased by 20% YoY from ₦8,191.92 to ₦9,840.19.

Fair Value Estimate: ₦1189.00

Stock Data	
Current price (N)	1,034.00
Shares Outstanding (mn)	16,874
Market Cap (N'mn)	17,447,260
52-week high (N)	1,189.00
52-week low (N)	511.20
Trailing EPS (N)	60.15
Forward EPS (N)	83.74
Forward PE (X)	12.35
Justified PE Multiple (X)	14.20

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	34.67x	17.19x	12.35x
P/BV	8.02x	6.66x	5.33x
PBT Margin	20%	36%	41%
PAT Margin	14%	24%	27%
RoE	26%	42%	53%
Dividend Yield	3%	4%	6%

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The Pan-African region also recorded a stronger quarter as revenue increased by 13% YoY from ₦359.47 billion (Q2 2025) to ₦405.39 billion (Q2 2026). Sales Volumes increased by 19% from 2.56 million tonnes to 3.03 million tonnes. The growth in the Pan-African region was driven by volume sales, as the average price per 50kg bag declined by 5% YoY from ₦7,026.41 to ₦6,680.83.

Cost of sales increased by 7% YoY from ₦446.29 billion in Q2 2025 to ₦475.58 billion in Q2 2026. This means that revenue grew significantly faster than the cost of producing cement. Gross profit increased by 33% YoY from ₦630.65 billion to ₦840.32 billion. As a result, gross margin improved from 59% in Q2 2025 to 64% in Q2 2026. This improvement points to better cost efficiency and stronger operating leverage, as The Group generated more in gross profit from each naira of revenue.

Other income declined by 81% from ₦23.67 billion in Q2 2025 to ₦4.43 billion in Q2 2026. However, this had a limited impact on the overall operating performance because of the strong improvement in gross profit which offsets this decline.

Operating income increased by 29% from ₦654.32 billion in Q2 2025 to ₦844.76 billion in Q2 2026. Operating expenses increased by 21% from ₦240.19 billion in Q2 2025 to ₦291.39 billion in Q2 2026. Selling and distribution expenses increased by 34% from ₦167.75 billion to ₦224.33 billion. The increase in sales and distribution is due to increased cost of transporting larger volumes of product. In contrast, general and administrative expenses declined by 7% from ₦72.44 billion to ₦67.06 billion, which provided some offset to the increase in sales and distribution costs.

Despite the higher operating expenses, operating profit increased by 34% from ₦414.12 billion in Q2 2025 to ₦553.37 billion in Q2 2026. Operating margin consequently improved from 38% to 42%. This is one of the strongest parts of the result, as it shows that Dangote Cement was able to grow its operating earnings faster than its operating costs. The Group also benefited from lower net finance costs. Net finance cost declined by 91% from ₦6.88 billion in Q2 2025 to ₦649.00 million in Q2 2026, mainly due to the significant reduction in interest expense on borrowings (from ₦104.18 billion to ₦25.00 billion).

As a result, Profit before tax (PBT) increased by 34% from ₦418.06 billion in Q2 2025 to ₦560.22 billion in Q2 2026, in line with the growth in operating profit. However, the stronger PBT did not translate into similar growth in bottom-line earnings. Taxation increased significantly by 127% from ₦106.85 billion in Q2 2025 to ₦242.79 billion in Q2 2026. This is a result of the new Nigerian Tax Act 2026. For this reason, profit after tax increased by 2% from ₦311.21 billion in Q2 2025 to ₦317.44 billion in Q2 2026.

Outlook

Dangote Cement's operating outlook for FY 2026 remains positive. The strong growth in revenue and operating profit, together with improved margins, shows that the Group continues to benefit from higher sales and economies of scale. Regulatory oversight i.e. FCCPC (Federal Competition & Consumer Protection Commission) are currently undergoing a price review for the local industry. This potential tailwind can be abated as Dangote Cement has a strong Pan-African presence with expected growth in demand.

On the capacity front, construction and commissioning activities at the new 6Mta Itori plant are at an advanced stage, with the project expected to be completed before the end of 2026. This sets Dangote Cement in a position to meet the rising demand in Nigeria for construction and strengthen its position for future exports.

The Group given its diverse customer base can withstand competition from its largest competitors, i.e., HBM and BUA Cement.

WSTC Research considers Dangote Cement Plc a good addition to a diversified portfolio and a good hedge against extreme market volatility in the market. Particularly for investors seeking exposure to a market leader with strong cash generation and a track record of consistent dividend payments.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**1,315,900**	**1,076,939**	**22%**
Cost of sales	(475,576)	(446,294)	7%
Gross profit	**840,324**	**630,645**	**33%**
Other income	4,433	23,672	-81%
Operating income	**844,757**	**654,317**	**29%**
General and administrative expense	(67,059)	(72,439)	-7%
Selling and distribution expense	(224,332)	(167,754)	34%
Operating expense	**(291,391)**	**(240,193)**	**21%**
Operating profit	**553,366**	**414,124**	**34%**
Non-operating profit/(loss)	**6,855**	**3,936**	**74%**
Net finance cost	(649)	(6,881)	-91%
Gain on net monetary positions	7,457	11,382	-34%
Impairment of financial assets	47	(565)	-108%
Profit before tax	**560,221**	**418,060**	**34%**
Taxation	(242,785)	(106,850)	127%
Profit for the year	**317,436**	**311,210**	**2%**

Source: Company accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**2,513,932**	**2,071,598**	**21%**
Cost of sales	(924,308)	(853,559)	8%
Gross profit	**1,589,624**	**1,218,039**	**31%**
Other income	9,710	39,941	-76%
Operating income	**1,599,334**	**1,257,980**	**27%**
General and adminisitrative expense	(138,636)	(124,283)	12%
Selling and distribution expense	(401,852)	(321,390)	25%
Operating expense	**(540,488)**	**(445,673)**	**21%**
Operating profit	**1,058,846**	**812,307**	**30%**
Non-operating profit/(loss)	**(77,459)**	**(82,273)**	**-6%**
Finance income	16,246	67,515	-76%
Finance cost	(67,072)	(216,162)	-69%
FX gain/(loss)	(45,033)	45,742	-198%
Gain on net monetary positions	17,649	21,961	-20%
Impairment of financial assets	751	(1,329)	-157%
Profit before tax	**981,387**	**730,034**	**34%**
Taxation	(342,853)	(209,579)	64%
Profit for the year	**638,534**	**520,455**	**23%**

Balance Sheet (N'mn)	H1 2026	H1 2025	(%)
Assets			
PP & E	4,006,907	3,435,280	17%
Inventory	780,200	716,287	9%
Receivables	158,356	166,976	-5%
Prepayments	718,636	703,930	2%
Cash	796,276	383,899	107%
Others	161,263	1,210,881	-87%
Total Assets	**6,621,638**	**6,617,253**	**0%**
Liabilities			
Loans & Borrowings	674,084	2,565,006	-74%
Payables	1,513,558	999,515	51%
Others	1,263,532	832,111	52%
Total Liabilities	**3,451,174**	**4,396,632**	**-22%**
Net Assets	**3,170,464**	**2,435,942**	**30%**

Source: Company accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Revenue	3,580,550	4,306,704	5,216,429	5,609,764	5,977,730	6,126,844	6,279,532	6,435,876
EBITDA	1,381,727	1,985,027	2,514,840	3,005,082	3,214,189	3,282,707	3,367,351	3,501,224
EBIT	1,152,768	1,770,001	2,285,317	2,769,472	2,963,124	3,037,633	3,116,170	3,179,430
Profit before taxation (PBT)	732,537	1,532,660	2,133,702	2,608,390	2,860,371	2,958,889	3,061,008	3,133,261
Net profit (PAT)	503,247	1,014,921	1,412,929	1,727,265	1,894,126	1,959,364	2,026,987	2,074,832
EPS (₦)	29.82	60.15	83.74	102.37	112.25	116.12	120.13	122.96
DPS (₦)	30.00	45.00	62.80	76.77	84.19	87.09	90.10	92.22

Balance sheet (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Other current assets	1,461,190	1,574,388	1,924,029	1,846,473	1,967,165	1,856,777	1,802,416	1,641,183
Non-current assets	4,492,217	4,068,770	4,934,697	5,035,673	5,083,495	5,144,763	5,207,559	5,078,841
Total assets	6,403,238	6,040,727	7,703,320	7,847,608	8,353,753	8,723,617	9,164,580	9,595,013
Current liabilities	2,569,584	2,603,694	2,981,357	2,815,295	2,818,671	2,758,881	2,694,488	2,689,665
Non-current liabilities	1,658,409	816,897	1,448,208	1,090,990	995,083	885,966	833,859	714,522
Total liabilities	4,227,993	3,420,591	4,429,565	3,906,285	3,813,753	3,644,847	3,528,347	3,404,187
Shareholders' equity	2,175,245	2,620,136	3,273,755	3,941,323	4,540,000	5,078,770	5,636,234	6,190,826

Cash flow statement (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Cash from operating activities	821,080	1,710,762	1,740,276	2,156,228	2,272,605	2,469,058	2,467,528	2,684,523
Cash from investing activities	(834,883)	620,354	(1,012,721)	(239,150)	(200,393)	(203,453)	(214,726)	(91,353)
Cash from financing activities	(311,543)	(2,076,566)	(280,531)	(1,796,209)	(1,734,582)	(1,846,621)	(1,820,274)	(1,872,787)
Net increase/ (decrease) in cash	(325,346)	254,550	447,024	120,869	337,631	418,983	432,529	720,383
Free cash flow	407,303	849,673	644,826	1,819,642	1,973,719	2,162,716	2,153,552	2,491,447

Ratio analysis	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
EBITDA margin	39%	46%	48%	54%	54%	54%	54%	54%
Operating margin	32%	41%	44%	49%	50%	50%	50%	49%
RoE	26%	42%	48%	48%	45%	41%	38%	35%
RoA	10%	16%	21%	22%	23%	23%	23%	22%
Dividend payout ratio	101%	75%	75%	75%	75%	75%	75%	75%

Source: Company accounts, WSTC Research

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WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

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- Hold Rating: estimated change in price is between -10% and 19% of current market price.
- Sell Rating: estimated change in price is ≤ -10% of current market price.

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