

July 23, 2019

### Strong profitability momentum in Q2

- Operating profit up 38,5% in Q2 vs LY
- Turnaround and cost reduction strategy delivering with Q2 EBITDA (pre-IFRS 16) up 15,6%
- Strong earnings per share, improvement in Q2: net income at N5,9 bn, benefiting from Operating Profit improvement and reduction of net financial costs
- Closing of the sale of South Africa expected in Q3

### PERFORMANCE OVERVIEW

#### Group Quarter 2 and Half Year

	Q2 2019	Q2 2018	Var. (±%)	H2 2019	H2 2018	Var. (±%)
Net sales (N'mn)	81,785	81,649	0.2%	160,296	162,292	-1.2%
Cement sales volume (kt)	1,675	1,588	5.5%	3,310	3,206	3.2%
Operating EBITDA (pre-IFRS 16 (N'mn)	18,292	15,821	15.6%	32,218	27,701	16.3%
Operating EBITDA (post-IFRS 16 (N'mn)	21'956			39,114		
Operating EBITDA margin (%)	22.4%	19.4%		20.1%	17.1%	
Operating profit/loss (N'mn)	13,962	10,081	38.5%	22,387	16,337	37.0%
Net income (N'mn)	5,864	(1,900)		9,009	(3,902)	
EPS (N/share)	38	(22)		57	(45)	
Free cash flow (N'mn)				28,354	18,309	54.9%
Net financial debt (N'mn)				206,584	255,788	-19.2%

Michel Puchercos, CEO of Lafarge Africa stated: “Our Strategy 2022 « building for growth » in Nigeria is delivering the expected results with strong volume growth, considerable EBITDA improvement, robust net income and operating cash flow development. We continue to deliver strong margins as a result of our turnaround and cost reduction strategy in Q2 with improvement in our commercial transformation, logistics performance, and industrial and energy efficiencies. Our ambition is to continue the acceleration of growth and earnings in 2019. South Africa continued the turnaround plan with significant EBITDA and operating profit improvement in Q2 2019 compared to prior year.”



## **GOOD PROGRESS ON STRATEGY 2022 – “BUILDING FOR GROWTH”**

The global roll-out of the new Strategy 2022 – “Building for Growth” – was successfully launched by Lafarge Africa with strong progress made in all four drivers of the strategy, delivering results as planned.

**Growth** – Switching gears to growth is the most fundamental principle of Strategy 2022. Nigeria is strongly contributing to this growth and acceleration of our improvement is expected in 2019 for Nigeria.

**Simplification & Performance** – Visible progress was made towards ensuring best-in-class performance by improving and unifying our business processes and logistics across the country. This has made our business simpler and gives us access to data that will help improve our speed to market in 2019 and beyond. Our successful Go-live on SAP will be a strong enabler to our 2019 performance.

**Financial Strength** – The recent Rights Issue fully subscribed and the closing of the divestment of the South African Operations expected in Q3 2019 will significantly deleverage Lafarge Africa Plc by c.N239bn. This will strengthen the Company’s balance sheet while significantly reducing financing costs.

**Vision & People** – Our leadership team is fully established and empowered to deliver results. A simplified performance management system and incentive system is being implemented. We are building local capabilities for improved efficiency and performance in 2019.

## **OUTLOOK 2019**

- Softer cement growth compared to 2018.
- Stable pricing environment foreseen.
- Implementation of route-to-market and energy initiatives to continue to deliver.
- Continuous focus on cash cost reduction to drive operational performance.
- Divestment from South African operations in Q3.

## **REGIONAL PERFORMANCE**

	Net sales (N'mn)			Recurring EBITDA (Pre-IFRS 16)		
	Q2 2019	Q2 2018	Var. (±%)	Q2 2019	Q2 2018	Var. (±%)
Nigeria	59,869	59,255	1.0%	19,577	19,086	2.6%
South Africa	21,916	22,393	-2.1%	-1,297	-3,265	60.3%
<b>Group</b>	<b>81,785</b>	<b>81,649</b>	<b>0.2%</b>	<b>18,292</b>	<b>15,821</b>	<b>15.6%</b>

### **Nigeria**

Q2 boasted strong results despite the slowdown in market trends, demand closing flat YoY from a +6% growth in Q1 2019. Market was affected by delays in the new cabinet nomination post February general elections.



Lafarge Africa cement volumes were up +3.3% supported by our new Route-to Market whilst net sales grew by +1% only, impacted by downward pressure on prices, notably after the Q1 end announced increase.

Recurring EBITDA closed with significant improvement by +2.6%, ahead of Sales growth, supported by improved production, logistics operations efficiencies and the implementation of our turnaround & cost reduction strategy.

### **South Africa**

The construction industry still remains subdued and net sales down 2,1% in Q2 2019 despite price increase. The Lafarge South African operations continue to yield positive results from its turnaround plan.

### **OTHER FINANCIAL ITEMS**

**Net financial expenses** for Q2 2019 was N4,8 billion compared to N13,5 billion in Q2 2018. The decrease was mainly driven by the repayment of all our short-term loans and overdraft from the proceeds of the Rights issue which was successfully completed on March 8, 2019.

**Free cash flow** stood at N28,4 billion with significant improvement over H1 2018 of N10 billion.

**Net Profit After Tax** for Quarter two was restored to positive territory at N5,9 billion compared to -1,9 billion in previous year.

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### ***About Lafarge Africa Plc***

Lafarge Africa Plc, a leading Sub-Saharan Africa building materials company is a subsidiary of LafargeHolcim, a world leader in building materials. Listed on the Nigerian Stock Exchange with a presence in Africa's two largest economies, Nigeria and South Africa, Lafarge Africa is actively participating in the urbanization and economic growth of Africa.

Combining its operations in Nigeria - Ewekoro and Sagamu plants in Ogun State, Ashakacem in Gombe State, Mfamosing in Cross Rivers State, Atlas cement in Rivers State and Ready-Mix Nigeria with its varied operations in South Africa, Lafarge Africa has a current installed cement capacity of 14.8Mtpa. This is in addition to strong market-leading positions in Aggregates, Ready-mix concrete and Fly Ash.

Lafarge Africa leverages on its innovative expertise to provide value-added products and services solutions in the building and construction industry in Sub-Saharan Africa. Additional information is available on the web site at [www.lafarge.com.ng](http://www.lafarge.com.ng)

### ***About LafargeHolcim***

LafargeHolcim is the global leader in building materials and solutions. We are active in four business segments: Cement, Aggregates, Ready-Mix Concrete and Solutions & Products. With leading positions in all regions of the world and a balanced portfolio between developing and mature markets, LafargeHolcim offers a broad range of high-quality building materials and solutions. LafargeHolcim experts solve the challenges that customers face around the world, whether they are building

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### **CONTACT**

**Folashade Ambrose-Medebem**  
**Folashade.ambrose-medebem@lafargeholcim.com**



individual homes or major infrastructure projects. Demand for LafargeHolcim materials and solutions are driven by global population growth, urbanization, improved living standards and sustainable construction. Around 75,000 people work for the company in around 80 countries.