



Lafarge Africa Plc

Quarter 1 2017 Results

Analyst Presentation: April 26th, 2017

 A member of
LafargeHolcim

Lekki-Ikoyi Bridge, Lagos Nigeria



Overview of Q1 2017 Results

Michel Pucheros, Chief Executive Officer

 A member of
LafargeHolcim

Lagos, Nigeria

Building on accelerated earnings momentum

➡ Improvement of the domestic cement demand compared to last quarter (+6% q-o-q), thanks to favorable seasonality.

- Overall contraction in cement consumption in Q1 vs. LY by -18%*

➡ Cement prices increased by 9% in Q1 to account for cost inflation & devaluation impacts

➡ Robust financial performance, largely driven by stable pricing environment & fuel flexibility

- Operating EBITDA of N17.7 Billion, +2.5x higher than Q1 2016
- Operating EBITDA margin of 21.8%, up 12% versus LY
- Nigeria EBITDA margin of 30.2%, up 16.8% from Q1 2016

➡ Turnaround plan in Nigeria continues to deliver solid operational performance

- Stable plant operations, with Kiln reliability of approx. 90%
- Fuel flexibility in place to compensate for gas supply shortages
- Ewekoro I achieved record alternative fuel substitution performance of 46% YTD
- Mfamosing new line ramping up, through a learning curve

* *Lafarge Africa Internal Estimates*

Solidifying our Turnaround Plan to deliver 2017

| Key Indicators | Turnaround Enablers | Impact compared to Q1 LY |
|------------------------|---|----------------------------------|
| Pricing | Price adjustment of Sept. 2016, followed by 2 similar adjustments in the quarter compensated for cost inflation | +N25 Billion |
| Volume & Market share | Route to market initiative on track Logistics improvement plan, truck rotation & development of fleet | Gained market share +1% |
| Industrial Performance | Stable plant operations, with high reliability factors across all plants | ~90% reliability |
| Fuel Flexibility | In spite of lower gas availability, all plants operated smoothly, thanks to fuel flexibility achieved | +1.7 Billion |
| FX impact on Cost | Higher reliance on coal & AF reduced correlation to the dollar | -3% of costs vs. end of Dec 2016 |
| Light Asset Model | Sale of Elephant Cement House Lagos, proceeds invested | N3.1Billion |
| Re-organisation | SAP implementation | On track |



Financial Results & Performance Analysis

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Senate, Abuja

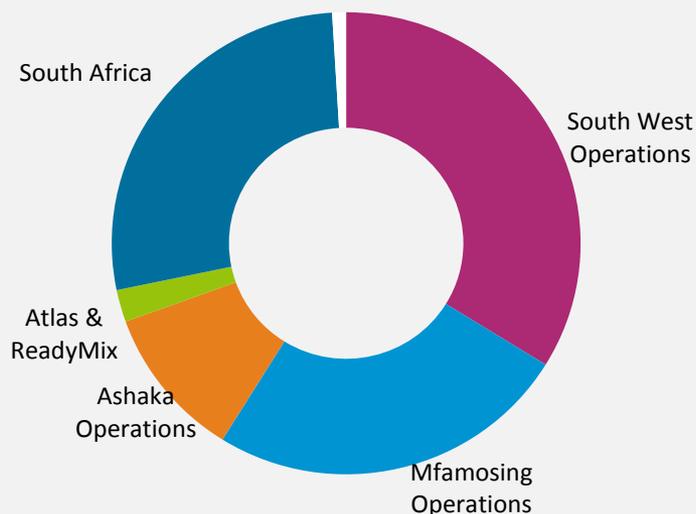
Bruno Bayet, Chief Financial Officer

Key Financial Figures for Q1 2017

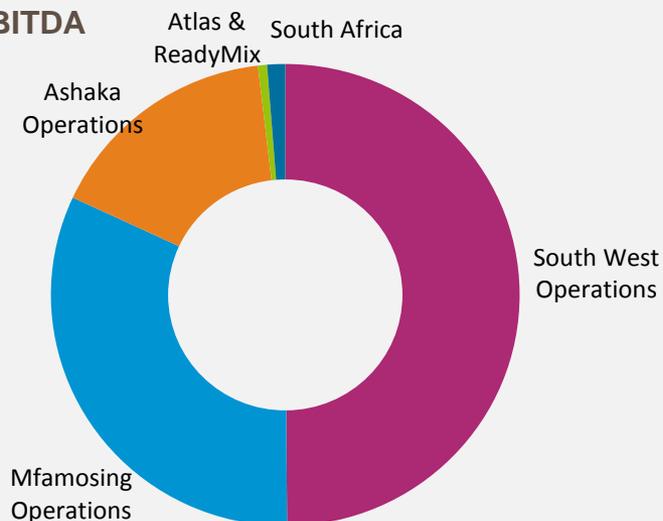
| | Q1 2017 | | Variance |
|------------------------------|---------|---------|----------|
| | 2016 | 2017 | |
| NGN Million | | | |
| Net Sales | 52,421 | 81,311 | 55% |
| Operating EBITDA | 5,065 | 17,731 | 250% |
| Operating EBITDA margin | 9.7% | 21.8% | 12.1pps |
| EBIT | (180) | 13,394 | |
| EBIT Margin | -0.3% | 16.5% | 16.8pps |
| Before tax Profit | (2,216) | 9,446 | |
| After tax Profit | (1,873) | 5,161 | |
| Earnings per Share (in Kobo) | (19) | 92 | |
| Operating Cash flow | 10,981 | 7,709 | |
| Net Debt | 79,556 | 106,981 | |
| Capex | 11,163 | 9,093 | -18.5% |

Sales and EBITDA by Region

Q1 17 Revenue



Q1 17 EBITDA



Revenue

Q1 2017

| Billion Naira | 2016 | 2017 | Var |
|----------------------------|-------------|-------------|--------------|
| South West Operations | 23.6 | 28.0 | 18.9% |
| Mfamosing Operations | 10.6 | 20.8 | 96.2% |
| Ashaka Operations | 3.6 | 8.8 | 144.2% |
| Atlas & ReadyMix | 1.5 | 1.9 | 22.6% |
| South Africa | 13.5 | 22.6 | 67.6% |
| Inter-Company Eliminations | (0.4) | (0.8) | |
| Group Revenue | 52.4 | 81.3 | 55.1% |

Operating EBITDA

Q1 2017

| Billion Naira | 2016 | 2017 | Var |
|----------------------------|------------|-------------|---------------|
| South West Operations | 2.4 | 9.6 | 301.2% |
| Mfamosing Operations | 2.2 | 5.8 | 165.4% |
| Ashaka Operations | 0.5 | 2.6 | 417.0% |
| Atlas & ReadyMix | 0.0 | (0.1) | - |
| South Africa | (0.1) | (0.2) | 167.0% |
| Inter-Company Eliminations | 0.0 | (0.0) | - |
| Group EBITDA | 5.1 | 17.7 | 250.1% |

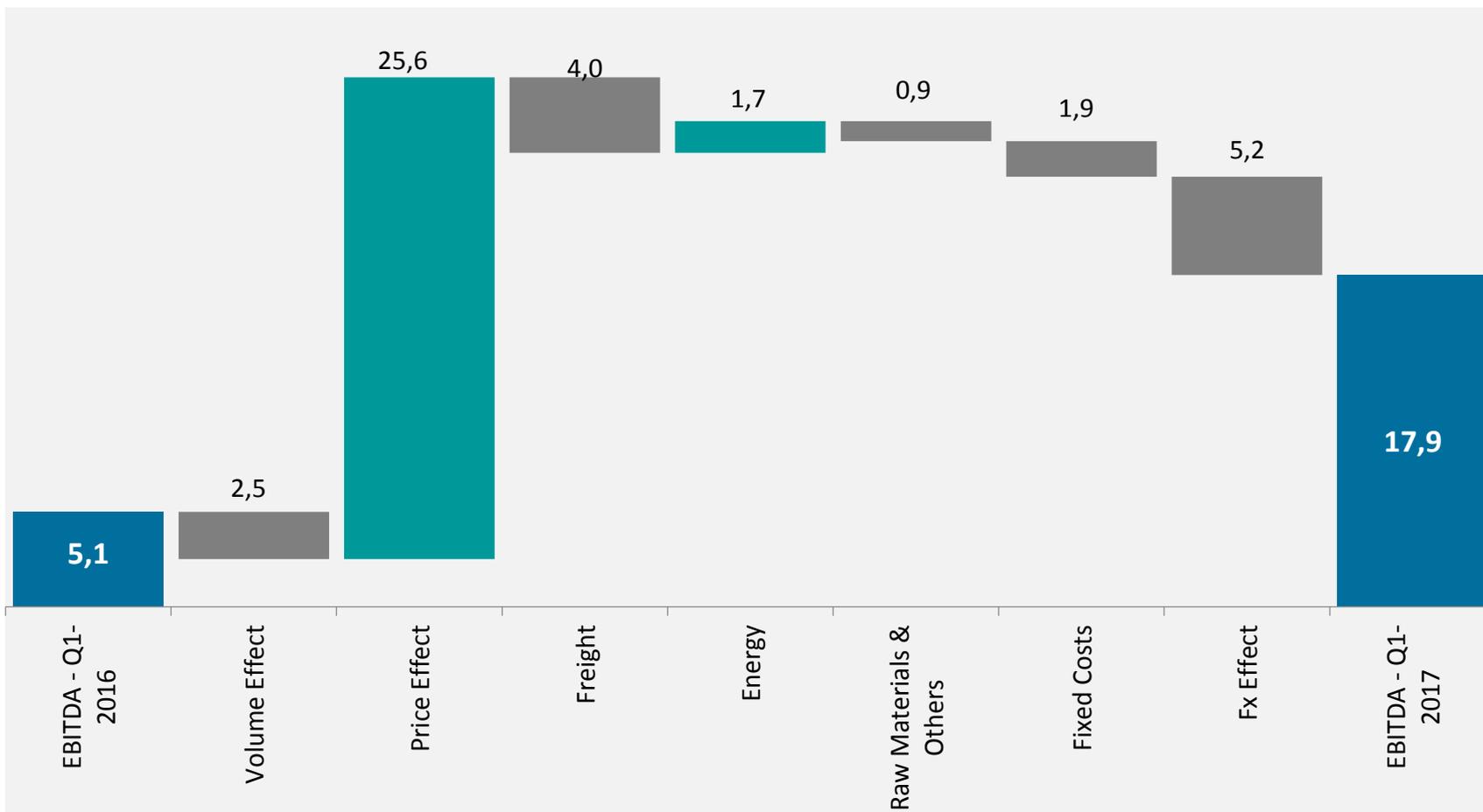
Nigeria Operations

| NGN Million | Q1 2017 | | Variance |
|-----------------------------|---------------|---------------|--------------|
| | 2016 | 2017 | |
| Volumes | | | |
| Cement (kt) | 1,663 | 1,373 | -17.5% |
| ReadyMix (km ³) | 49 | 49 | 0.0% |
| Net Sales | 39,297 | 59,482 | 51.4% |
| Operating EBITDA | 5,134 | 17,939 | 249% |
| Operating EBITDA margin | 13.1% | 30.2% | 17.1pps |
| Before tax Profit | (735) | 10,714 | |
| After tax Profit | (739) | 6,179 | |

- Slight improvement in domestic cement demand compared to Q4 (+6%), but impacted by recession
- Overall sales up 51.4% to N59.4 Billion, from strong contribution across all plants
- Strong EBITDA contribution in Nigeria operations, thanks to stable operations and fuel flexibility
- ReadyMix Concrete operations impacted by macro-economic slow down, major construction projects were delayed due to shortage of funds
- A 2nd ReadyMix plant commissioned in Abuja (in November 2016), to support the demand in the region has stabilized well

Nigeria Operating EBITDA Q1 2017 vs. LY

In N' B



South Africa Operations

| NGN Million | Q1 2017 | | Variance |
|-------------------------|---------|---------|----------|
| | 2016 | 2017 | |
| Net Sales | 13,504 | 22,626 | 68% |
| Operating EBITDA | (78) | (207) | |
| Operating EBITDA margin | -0.6% | -0.9% | -0.3pps |
| Before tax Profit | (1,481) | (1,268) | |
| After tax Profit | (1,103) | (1,020) | |

- South African economy shrunk by 0.3% q-o-q in Q4 2016
- Cement prices are stabilizing after 3 competitors applied price increase
- South African operations fully migrated to SAP in the quarter, systems are being stabilized but had an impact on Q1 2017
- Aggregate & Concrete operations slowed from systems stabilization challenges and unseasonably high rainfall in February
- Challenges at the packing plant, expected to be stabilized in April when the new packing line will be commissioned

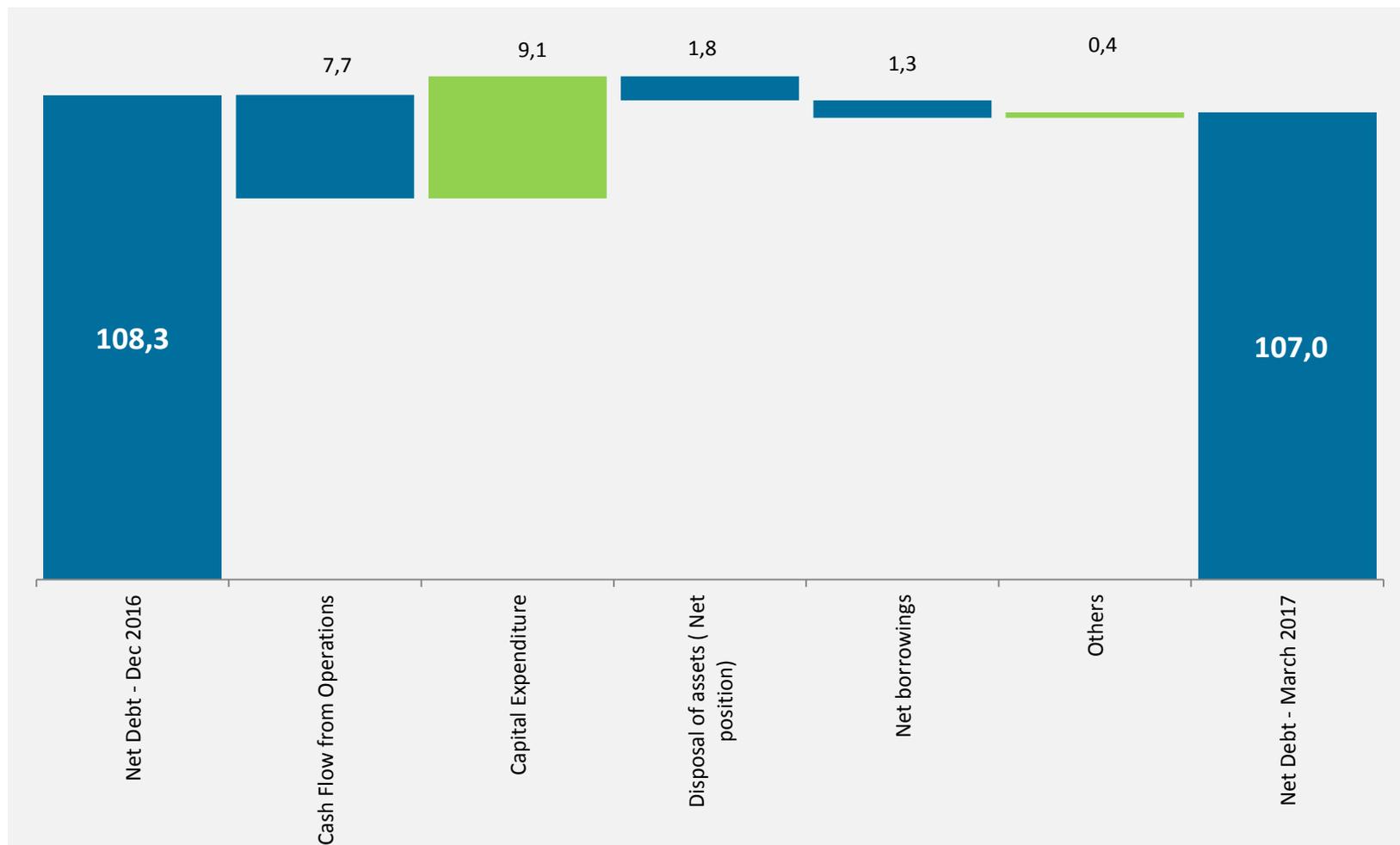
Operating EBITDA to Net Income

| NGN Million | Q1 2017 | | Variance |
|--|----------------|---------------|----------|
| | 2016 | 2017 | |
| Operating EBITDA | 5,065 | 17,731 | 250% |
| Depreciation & Amortisation | (3,747) | (5,191) | 39% |
| Current Operating income | 1,317 | 12,541 | 852% |
| Net other operating income /(expenses) | (1,498) | 853 | |
| EBIT | (180) | 13,394 | |
| Net finance costs | (2,035) | (3,948) | |
| Profit before Tax | (2,216) | 9,446 | |
| Income tax | 343 | (4,285) | |
| Profit after Tax | (1,873) | 5,161 | |

- Increase in finance charges from the borrowings related to Mfamosing new line
- Effective cash tax of 2%, deferred tax provision related to capital allowances on Ewekoro II & Mfamosing line I.

Net Financial Debt Dec 2016 to March 2017

Net Debt (N'B)





Outlook



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Abuja Senate

Michel Pucheros, Chief Executive Officer

Outlook

- ➡ Market demand to gradually recover in second semester 2017, driven largely by incremental government revenue, spending especially on infrastructure and improved confidence in the private sector
 - Nigeria cement market growth expectation remain between 0% to 2%
 - South Africa cement market expected to slow down, given the macroeconomic context

- ➡ Pricing environment in Nigeria & South Africa expected to remain stable, on account of economic realities

- ➡ Build on turnaround plan in Nigeria to improve cost structure
 - Commercial transformation & Route-to-market on track
 - Logistics performance improvement on track
 - Increase local sourcing to reduce correlation to FX
 - Sustain fuel flexibility achievement
 - Cost management measures in place

- ➡ South Africa operations embark on cost reduction measures to counter the economic situation
 - Resolution of challenges linked to SAP migration to be completed
 - New packing plant to be commissioned in South Africa



Ewekoro Plant

Appendix

Q1 Sales volumes by Business Units

| | 2017 | 2016 | Variation |
|----------------------------|--------------|-------------|--------------|
| Cement - tons k | | | |
| Wapco | 666 | 1,017 | -35% |
| Ashaka | 215 | 162 | 32% |
| Unicem | 511 | 498 | 3% |
| IC Elimination | (19) | (14) | -36% |
| Nigeria Operations | 1,373 | 1663 | -17% |
| Ready-Mix - m3 k | | | |
| Nigeria | 19 | 49 | -61% |
| Aggregates - tons k | | | |
| Nigeria | 0 | 62 | -100% |

South Africa Operations

| | Q1 2017 | | |
|-----------------------------|---------|------|----------|
| | 2016 | 2017 | Variance |
| Volumes | | | |
| Cement (kt) | | | -31.0% |
| ReadyMix (km ³) | | | -7.6% |
| Aggregate (kt) | | | -2.1% |
| Fly Ash | | | -16.0% |

Condensed Statement of Financial Position

| NGN Million | 2017 | 2016 | | 2017 | 2016 |
|-------------------------------------|----------------|----------------|---------------------------------------|----------------|----------------|
| Property, plant and equipment | 404,781 | 390,489 | Total Equity | 263,384 | 248,953 |
| Intangible assets | 1,955 | 1,563 | | | |
| Investment in Joint venture | 89 | 90 | Borrowings | 74,894 | 68,047 |
| Available for sale financial assets | 10 | 6 | Provisions | 5,739 | 2,448 |
| Other assets | 801 | 4,183 | Deferred revenue | 717 | 1,555 |
| Deferred tax assets | 2,561 | 7,641 | Employee benefits obligation | 2,229 | 3,780 |
| Restricted cash | - | 176 | Other long-term liabilities | 1,919 | 1,721 |
| Non Current Assets | 410,196 | 404,147 | Non Current Liabilities | 85,498 | 77,551 |
| Inventories | 50,578 | 44,531 | Trade and other payables | 89,919 | 100,808 |
| Trade and other receivables | 24,553 | 25,801 | Borrowings | 30,878 | 36,488 |
| Other assets | 3,522 | 2,510 | Provisions & Others | 4,243 | 2,236 |
| Other financial assets | 212 | 6,236 | Dividends | 13,459 | 13,459 |
| Cash and bank balances | 34,700 | 19,265 | Bank Overdraft | 36,378 | 22,995 |
| Total Current Assets | 113,564 | 98,344 | Total Current Liabilities | 174,878 | 175,987 |
| Total Assets | 523,760 | 502,491 | Total Equity & Liabilities | 523,760 | 502,491 |

Condensed Cash Flow Statement

| NGN Million | Mar-17 | Dec-16 |
|---|----------------|-----------------|
| Operating EBITDA | 17,731 | 17,265 |
| Total other non cash items | 3,055 | (3,455) |
| Change in net working capital | (13,078) | 3,489 |
| | 7,709 | 17,299 |
| Income tax paid | - | (873) |
| Employee benefits paid | - | (5,762) |
| Cash flow from operating activities | 7,709 | 10,663 |
| Capital Expenditure | (9,093) | (41,529) |
| Investment income | 39 | 3,676 |
| Proceed from disposal of assets | 1,792 | 373 |
| Cash flow from Investing activities | (7,261) | (37,479) |
| Cash flow from financing activities | 2,075 | 6,178 |
| Net (decrease) / increase in cash and equivalents | 2,523 | (20,638) |
| Net foreign exchange difference | (471) | 3,749 |
| Cash and cash equivalents at 1 January | (3,730) | 13,159 |
| Cash and cash equivalents at end of period | (1,679) | (3,730) |

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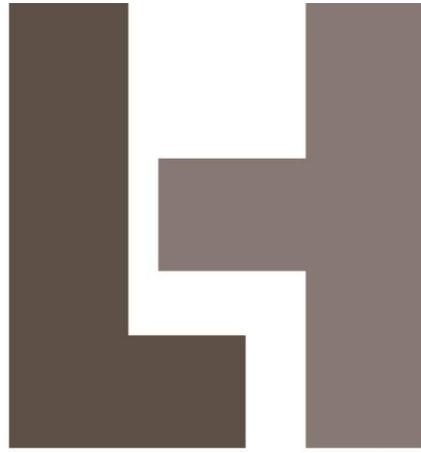
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