



LAFARGE AFRICA PLC

Unaudited Quarter 2 & Half Year 2018 Results

Analyst Presentation



A member of
LafargeHolcim

National Theatre, Lagos, Nigeria

July 24th, 2018



Lekki-Ikoyi Link Bridge, Lagos, Nigeria

Overview of Q2 2018 Results

Michel Pucheros, Chief Executive Officer



OVERVIEW OF RESULTS

- ❑ **Strong market growth in Nigeria in Q2 (+22% vs LY)** reflecting the end of the recession in the cement market, while Construction Industry in South Africa is still not showing signs of improvement

- ❑ **Robust operational performance in Nigeria** with continuous effort to reduce cash costs and delivering performance.

- ❑ **Performance in South Africa affected by industrial challenges** at the Lichtenburg plant in Q2 undermining the H1 Cement performance.

- ❑ **EBITDA reported at 15,8bnN for Q2 2018**
 - Nigeria: ₦19,1bn and EBITDA margin of 32,2%
 - South Africa: reporting a loss of ₦-3,6bn



Akwa Ibom Stadium, Nigeria

Financial Results & Performance Analysis

Bruno Bayet, Chief Financial Officer



Q2 2018 PERFORMANCE HIGHLIGHTS*

| Net Sales | Cement Volumes Sold | Nigerian Operations – Net Sales | Nigerian Operations – EBITDA |
|-----------|---------------------------|---------------------------------|------------------------------|
| +11,0% | +7,7% (+18,7% Nigeria) | +12,4% | +7% |
| ₦81,6 bn | 1,588 Kt | ₦59,3 bn | ₦19,1 bn |

* Performance vs Q2 2017

Financial Performance Q2 and H1 2018

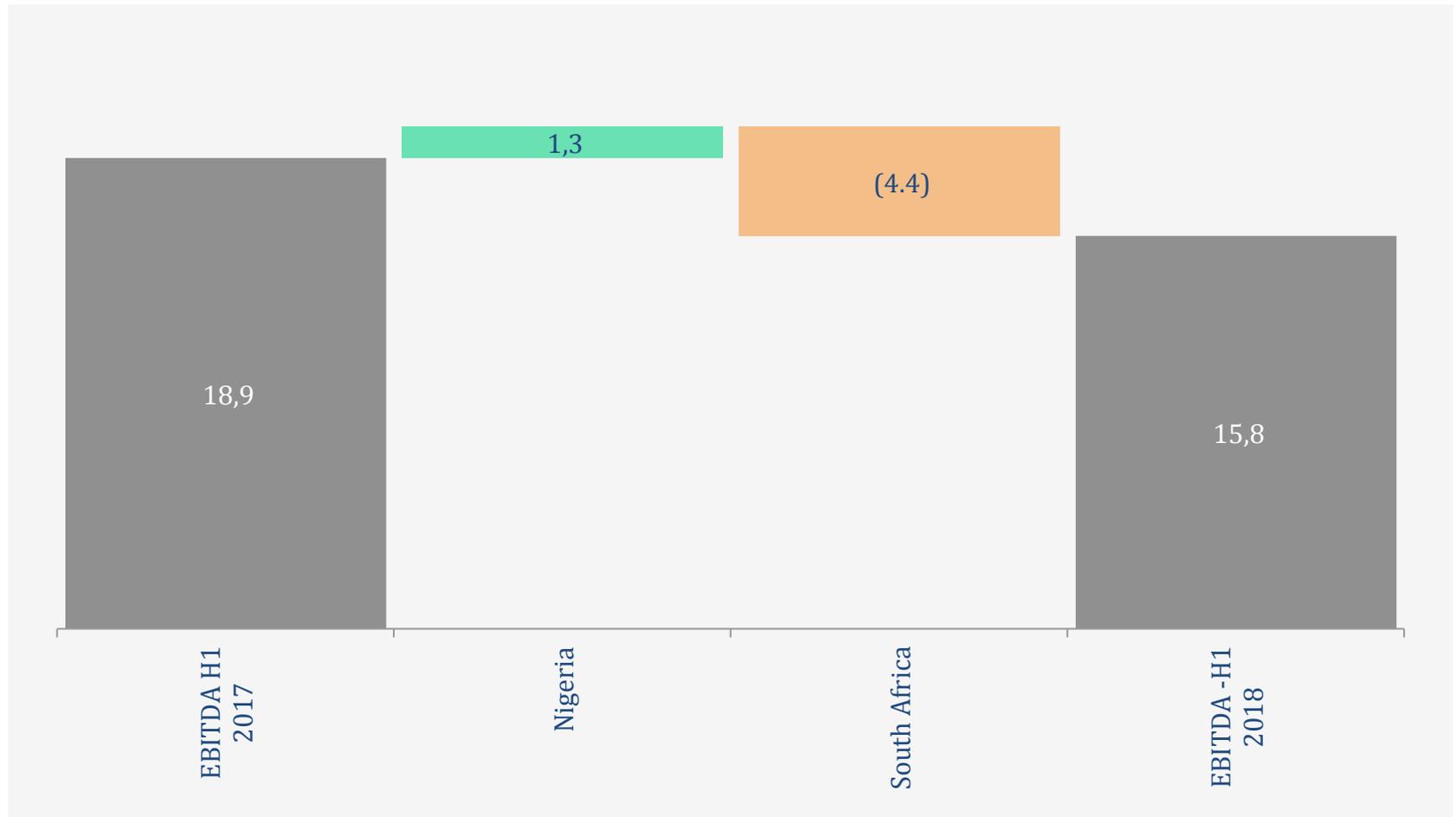
| (in NGN Million) | Q2 2018 | Q2 2017 | variation | H1 2018 | H1 2017 | variation |
|---|----------------|---------------|----------------|----------------|----------------|----------------|
| Net Sales | 81,649 | 73,529 | 11.0% | 162,292 | 154,840 | 4.8% |
| EBITDA | 15,821 | 18,945 | (16.5%) | 27,701 | 37,058 | (25.2%) |
| % margin | 19.4% | 25.8% | | 17.1% | 23.9% | |
| Depreciation & Amortization | (5,821) | (5,612) | 3.7% | (11,465) | (10,803) | |
| Net Other non-operating income/expenses | 81 | - | | 101 | 2,884* | |
| EBIT | 10,081 | 13,333 | (24.4%) | 16,337 | 29,139 | (43.9%) |
| % margin | 12.3% | 18.1% | | 10.1% | 18.8% | |
| Net Finance costs | (9,226) | (5,587) | | (17,788) | (10,390) | |
| FX Gain / (Loss) | (4,254) | 968 | | (4,894) | (589) | |
| Share in net income from Associates | - | - | | - | - | |
| Net Income Before Taxes | (3,400) | 8,714 | n.m. | (6,346) | 18,160 | n.m. |
| Income Taxes | 1,499 | 5,857 | | 2,443 | 1,572 | |
| Profit After Tax | (1,900) | 14,571 | n.m. | (3,902) | 19,732 | n.m. |

*Other Income relates largely to the disposal gain of N2.7bn on building (Elephant House) sold in 2017

- Significant growth in cement volumes sold in Nigeria (+19%) while South Africa cement volumes decreased (-7%). Other activities still affected in SA
- Strong operational performance across all entities in Nigeria
- Overall EBITDA still affected by South Africa

EBITDA Q2 2018 Vs Q2 2017

(Bn NGN)



NIGERIA OPERATIONS – Q2 AND H1 2018

Robust Operational performance with a +12,4% growth in net revenue at ₦59,3 bn

| (in NGN Million) | Q2 2018 | Q2 2017 | variation | H1 2018 | H1 2017 | variation |
|---|---------------|---------------|----------------|----------------|----------------|----------------|
| Cement (kt)* | 1,297 | 1,092 | 18.7% | 2,598 | 2,465 | 5.4% |
| Ready-Mix (Kcm3) | 58 | 53 | 9.6% | 92 | 102 | (9.7%) |
| Net Sales | 59,255 | 52,735 | 12.4% | 116,926 | 111,420 | 4.9% |
| EBITDA | 19,085 | 17,834 | 7.0% | 35,129 | 36,153 | (2.8%) |
| % margin | 32.2% | 33.8% | | 30.0% | 32.4% | |
| Depreciation & Amortization | (4,672) | (4,566) | 2.3% | (9,303) | (8,916) | 4.3% |
| Net Other non-operating income/expenses | 101 | 7 | | 121 | 2,895** | |
| EBIT | 14,515 | 13,275 | 9.3% | 25,948 | 30,132 | (13.9%) |
| % margin | 24.5% | 25.2% | | 22.2% | 27.0% | |
| Net Finance costs & FX | (8,679) | (698) | | (16,397) | (6,072) | |
| FX Gain / (Loss) | (3,722) | (3,411) | | (4,445) | (4,180) | |
| Net Income Before Taxes | 2,114 | 9,166 | (76.9%) | 5,106 | 19,880 | (74.3%) |
| Income Taxes | (429) | 5,281 | | (1,045) | 748 | |
| Profit After Tax | 1,685 | 14,447 | (88.3%) | 4,062 | 20,627 | (80.3%) |

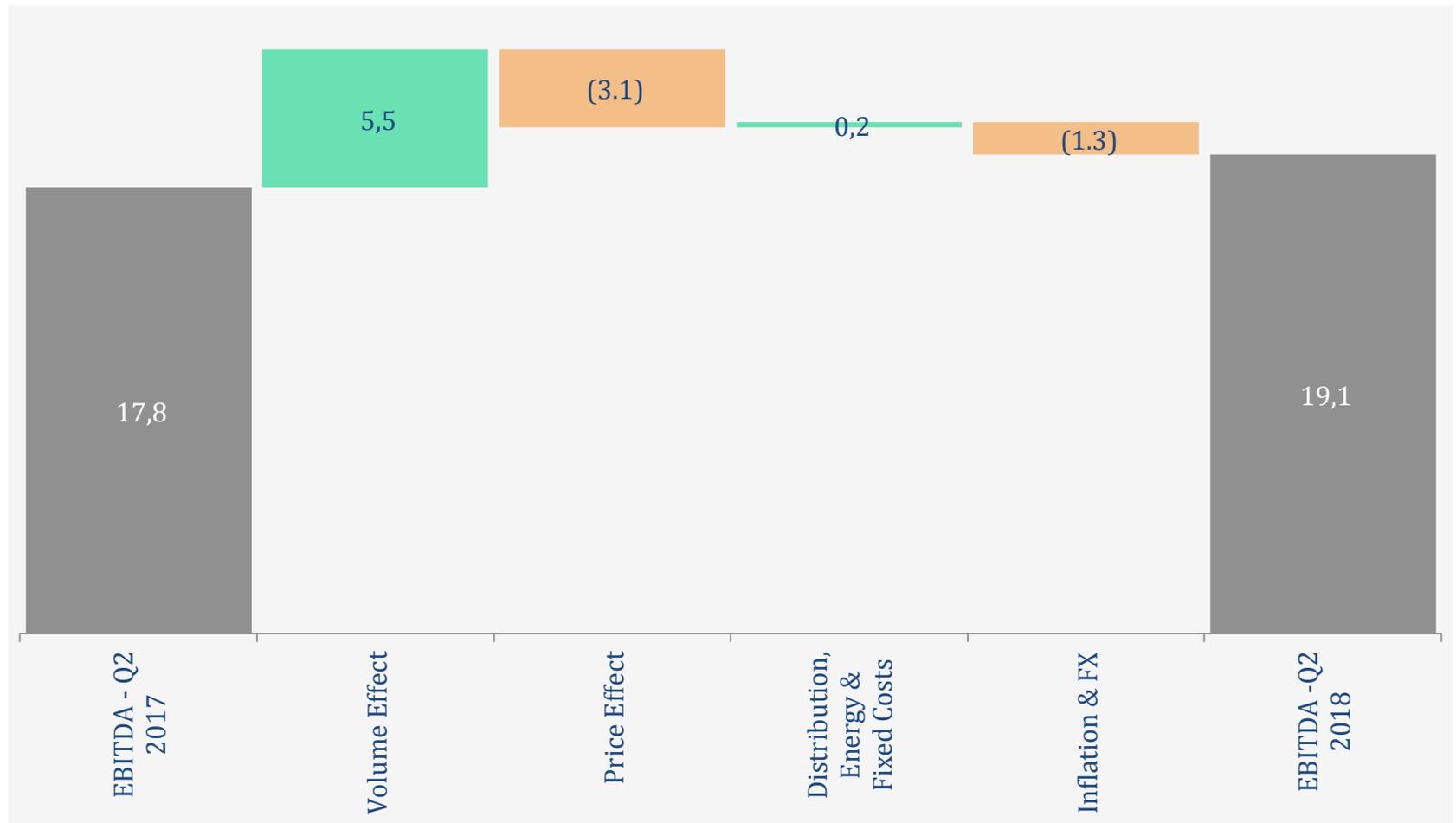
* Inclusive of export to Ghana

**Other Income relates largely to the disposal gain of N2.7bn on building (Elephant House) sold in 2017

- Volume improvement in Q2 2018 of 18.7% in cement (inclusive of export) and 9.6% in RMX
- Cement export volume to Ghana of 28kt in Q2 2018.
- Cement price erosion in Q2 (-5,3%) compared to last year, stable in H1 compared to last year
- Strong contribution to EBITDA due to operational stability, success of the turnaround plan implementation and Volume improvement

NIGERIA – EBITDA Q2 2018 vs Q2 2017

(Bn NGN)



SOUTH AFRICA OPERATIONS – Q2 and H1 2018

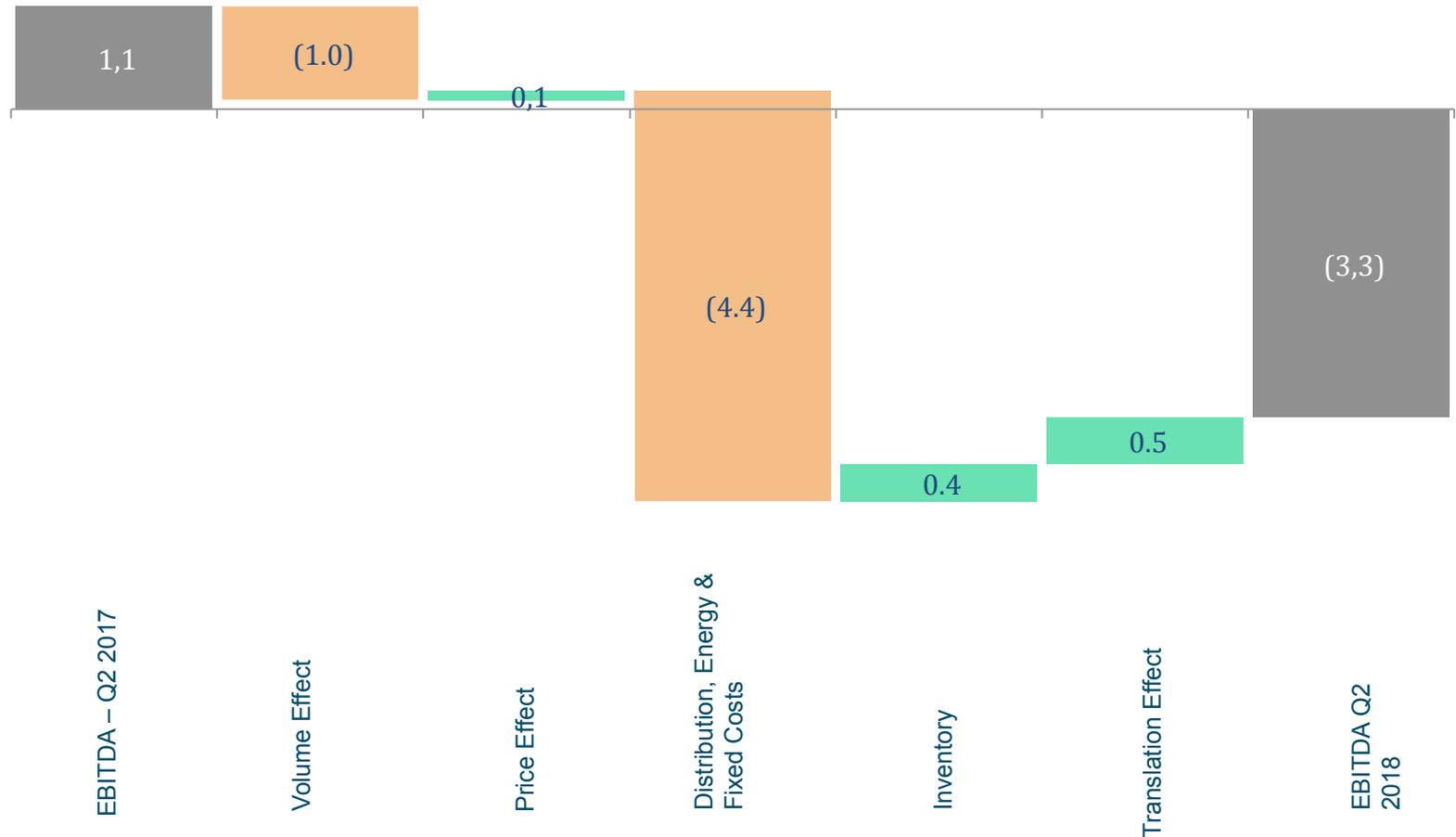
Profit after tax at N-3,6 bn

| (in NGN Million) | Q2 2018 | Q2 2017 | variation | H1 2018 | H1 2017 | variation |
|---|----------------|---------------|-------------|-----------------|----------------|-------------|
| Net Sales | 22,393 | 20,794 | 7.7% | 45,366 | 43,420 | 4.5% |
| EBITDA | (3,264) | 1,112 | n.m. | (7,428) | 905 | n.m. |
| % margin | (14.6%) | 5.3% | | (16.4%) | 2.1% | |
| Depreciation & Amortization | (1,149) | (1,046) | 9.8% | (2,163) | (1,886) | 14.7% |
| Net Other non-operating income/expenses | (20) | (7) | | (20) | (11) | |
| EBIT | (4,434) | 58 | | (9,611) | (992) | |
| Net Finance costs | (547) | (4,889) | | (1,392) | (4,317) | |
| FX Gain / (Loss) | (532) | 4,379 | | (449) | 3,590 | |
| Net Income Before Taxes | (5,513) | (452) | | (11,452) | (1,719) | |
| Income Taxes | 1,928 | 576 | | 3,488 | 824 | |
| Profit After Tax | (3,586) | 125 | | (7,964) | (895) | |

- Improvements in revenue (+7.7%) attributable to price increase in all segments in Q1 and FX translational effect
- Continued operational challenges in cement

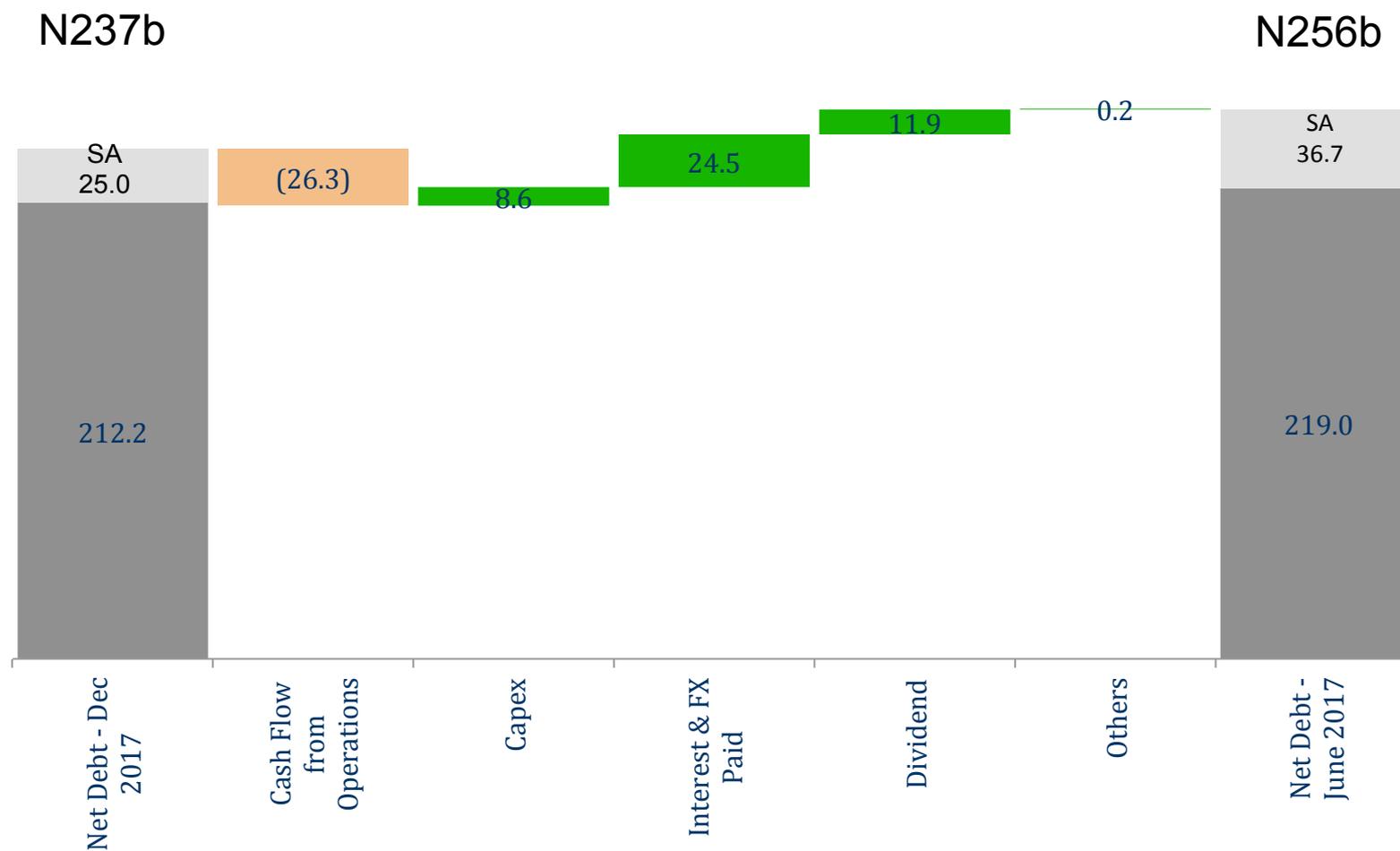
SOUTH AFRICA – EBITDA Q2 2018 vs Q2 2017

(Bn NGN)



NET FINANCIAL DEBT H1 2018

(Bn NGN)





Refinancing Plan

Bruno Bayet, Chief Financial Officer



REFINANCING PLAN

- ❑ The Board of Lafarge Africa has approved a new plan to refinance its existing debt (N255.7bn).
- ❑ The refinancing plan is aimed at preparing for future development in Nigeria, improving the Company's leverage as well as strengthen its profitability.
- ❑ The proposed refinancing scheme will be subject to corporate and regulatory approval.
- ❑ The proposed refinancing plan includes:
 - A reduction of existing shareholders dollar denominated loan to \$293 million; and
 - New right issue of ₦90bn to refinance short term Naira denominated borrowings and working capital.



Ewekoro Plant

Outlook

Michel Pucheros, Chief Executive Officer

OUTLOOK

Nigeria

- Stable pricing environment foreseen
- New route-to-market initiatives to deliver in H2
- Continuous focus on cash cost reduction to drive operational performance on H2

South Africa

- Lafarge South Africa management focused on executing the turnaround plan implemented in Q1
- Actions around efficiency & cost management are on track and will contribute to significant savings in production costs across all the segments in H2



Ready Mix Truck

Appendix

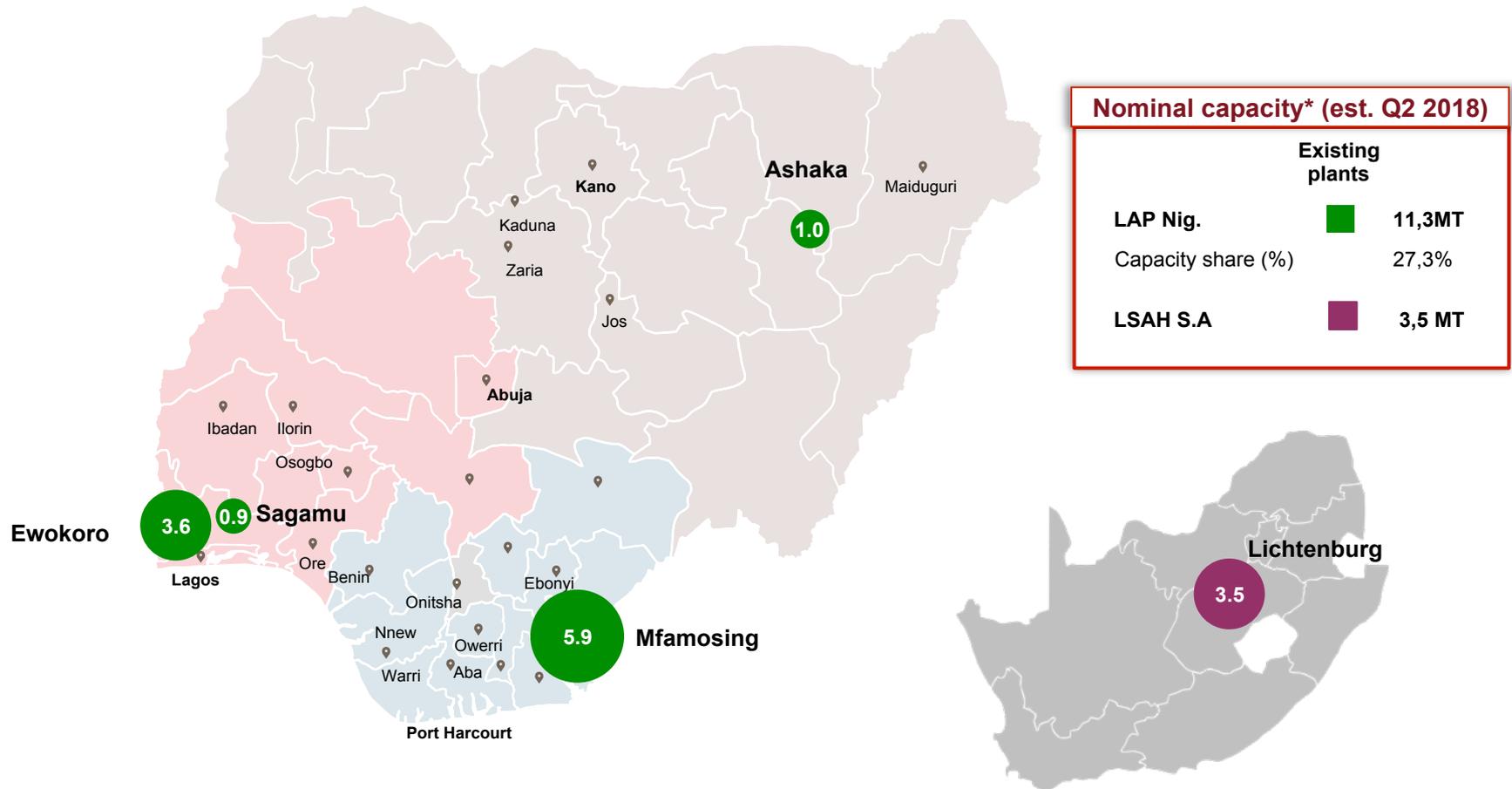
CONDENSED STATEMENT OF FINANCIAL POSITION

| <i>€</i> Million | H1 2018 | H1 2017 | | H1 2018 | H1 2017 |
|-----------------------------|----------------|----------------|---------------------------------------|----------------|----------------|
| ASSETS | | | LIABILITIES | | |
| Property, Plant & Equipment | 388,122 | 393,652 | Borrowings | 95,172 | 68,715 |
| Intangible Assets | 3,334 | 2,634 | Deferred Tax Liabilities | - | 1,463 |
| Other Assets | 21,359 | 20,803 | Provisions | 3,646 | 3,472 |
| Other Financial Assets | 1,972 | 1,583 | Deferred revenue | 1,463 | 1,518 |
| Deferred Tax Assets | 10,127 | 7,952 | Employee Benefit Obligations | 5,005 | 4,917 |
| Non Current Assets | 424,914 | 426,624 | Non Current Assets | 105,286 | 80,086 |
| Inventories | 58,351 | 58,266 | Trade & Other Payables | 117,549 | 113,000 |
| Trade & Other receivables | 25,708 | 25,110 | Borrowings | 166,769 | 187,832 |
| Other Assets | 16,254 | 15,162 | Provisions | 841 | 1,166 |
| Other Financial Assets | 586 | 593 | Deferred Revenue | 111 | 111 |
| Current Tax Assets | 790 | 918 | Current Tax Payable | 2,709 | 3,252 |
| Derivative Assets | - | 640 | Derivative Liability | 174 | 4,212 |
| Cash and Cash Equivalent | 19,545 | 50,415 | Bank Overdraft | 13,324 | 31,082 |
| Current Assets | 424,914 | 151,104 | Current Liabilities | 301,476 | 340,654 |
| Total Assets | 546,147 | 577,727 | Total Equity & Liabilities | 564,147 | 577,727 |

CONDENSED CASH FLOW STATEMENT

| € Million | H1 2018 | H1 2017 |
|--|----------------|----------------|
| Operating EBITDA | 27,701 | 35,798 |
| Net Non Cash Adjustments | (1,435) | (15,011) |
| Net Changes in Working capital | 1,837 | (13,078) |
| Net Cash from Operating Activities Before Taxes | 28,103 | 7,709 |
| Income Taxes Paid | (1,799) | - |
| Cash Flow from Operations | 26,304 | 7,709 |
| Capex | (8,598) | (9,093) |
| Net Movement in Financial Assets | (389) | 873 |
| Finance Income | 597 | 39 |
| Proceeds from Assets Disposal | - | 1,792 |
| Net cash Flow from Investing | (8,390) | (6,388) |
| Net Cash Flow from Financing | (11,687) | 1,201 |
| Net Increase / (Decrease) in Cash & cash equivalent | 6,227 | 2,523 |
| Net FX Difference | 76 | (471) |
| Cash & Cash equivalents at Beginning of Period | (1,149) | (3,730) |
| Cash & Cash equivalents at End of Period | 5,154 | (1,679) |

LAFARGE AFRICA: RATED CAPACITY



* Estimates based on Lafarge Africa Accounting and Reporting Principles :

Rated Capacity is defined as the BDP (Best Demonstrated Performance) over a window of 5 consecutive days in the last 24 months

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