BUA CEMENT PLC

₦115 Billion 7.5% Seven-Year Senior Unsecured Fixed Rate Series 1 Bond Due 2027 Under the ₦200 Billion Debt Issuance Programme

Final 2024 Bond Rating Review Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

BUA CEMENT PLC'S

₦115 Billion 7.5% Seven-Year Senior Unsecured Fixed Rate Series 1 Bond Due 2027 Under the ₦200 Billion Debt Issuance Programme

Issue Rating:

A+

Good quality debt issue with low to moderate credit risk; strong capacity to pay returns and principal on local currency debt in a timely manner

Outlook: Stable
Issue Date: 31 December 2024
Expiry Date: 31 December 2025

The Issue rating is subject to annual renewals on the anniversary of the Bond.

Sponsor's Rating: A+
Expiry Date: 30 June 2025

Analysts:
Bolaji Balogun
bolajibalogun@agusto.com

Isaac Babatunde
isaacbabatunde@agusto.com

Agusto & Co. Limited
UBA House (5th Floor)
57, Marina
Lagos
Nigeria

www.agusto.com

RATING RATIONALE

Agusto & Co. hereby affirms the **"A+"** rating assigned to BUA Cement PLC's ₦115 billion 7.5% Seven-Year Senior Unsecured Fixed Rate Bond Due 2027 ("Series 1", "the Issue" or "the Bond") under the ₦200 Billion Debt Issuance Programme. The Issue rating reflects the credit strengths of BUA Cement PLC, rated **A+** by Agusto & Co. and expiring on 30 June 2025 since the Bond obligations are fully backed by the Issuer's operating cash flow. The rating reflects our opinion on BUA Cement PLC's ("BUA Cement", "BCP", "the Issuer" or "the Company") strong capacity to meet obligations upheld by its satisfactory profitability metrics, healthy cash flow and adequate liquidity position underpinned by its favourable trade terms with customers and suppliers. BCP's rating also considers its good position in the Nigerian Cement Industry and its stable, qualified and experienced management team. Notwithstanding, the rating is constrained by material concerns over the deterioration in BCP's earnings precipitated by the significant foreign exchange losses stemming from the $300 million loan obtained in April 2023, which had been fully drawn down as 30 September 2024. Given the lack of a viable hedge instrument for the increased foreign currency exposure, Agusto & Co. expects the significant foreign exchange losses from the loans to weigh on BUA Cement PLC's overall profitability in the near to medium term.

In December 2020, BUA Cement issued its maiden ₦115 billion 7.5% Seven-Year Senior Unsecured Fixed Rate Bond Due 2027 under the ₦200 Billion Debt Issuance Programme. The Bond constitutes a senior, direct, unsecured obligation and ranks pari passu with other senior debts of the Issuer. The Bond proceeds were used to repay shareholder loans used to-finance the construction of a 3 million metric tonnes (MMT) Kalambiana Cement Plant (Line 3), commissioned in January 2022 and to meet working capital requirements.

The Bond attracts a 7.5% fixed coupon rate payable semi-annually over the seven-year tenor, while principal redemption commenced in June 2024 after the expiration of the three-year moratorium in December 2023. In line with the Series 1 Trust Deed, the Issuer opened a Debt Service Reserve Account (DSRA) in the name and under the control of the Bond Trustees to be funded from BUA Cement PLC's operating cash flow (OCF). As at 30 September 2024, BCP had paid ₦44.6 billion to the Bondholders (seven coupon payments of ₦30.2 billion and one principal repayment of ₦14.4 billion). Moving ahead, we project that the Issuer will continue to meet the Bond obligations as and when due given its strong cash-generating capacity. Thus, we attach a **stable** outlook to the Bond.

TRANSACTION PARTIES

Issuer:
BUA Cement PLC

Lead Issuing House
Stanbic IBTC Capital Limited

Joint Issuing Houses
UCML Capital Limited
Tiddo Securities Limited

Joint Trustee:
Stanbic IBTC Trustees Limited
Custodian Trustees Limited
ARM Trustees Limited

Legal Adviser to the Trustee
Olaniwun Ajayi LP

Solicitors to the Issue:
Udo Udoma & Bello Osagie

Solicitors to the Issuer:
G. Elias & Co.

Reporting Accountants:
KPMG Professional Services.

Auditors:
PricewaterhouseCoopers Nigeria

Registrars:
Africa Prudential PLC

Stockbrokers:
APT Securities and Funds Limited
Stanbic IBTC Stockbrokers Limited

Receiving Banks:
Access Bank PLC
United Bank for Africa PLC
First Bank of Nigeria PLC
Stanbic IBTC Bank PLC

Figure 1: Rating Triggers

Rating Triggers

- Reporting post-tax losses in 2024
- Reporting a pre-tax pre-interest return on assets below 15% in 2024.
- Recording a finance cost to sales ratio of over 10% in 2024
- Reporting an interest-bearing debt to equity ratio above 75% in 2024.
- Posting a net debt to EBITDA ratio of more than 3x in 2024.

Figure 2: Bond's Strengths, Weaknesses, Opportunities and Threats

Strengths

- Issuer's strong position in the Nigerian Cement Industry bolstered by a sustained capacity expansion strategy
- Stable, qualified and experienced management team
- Adequate liquidity profile
- Strong operating cash flow position
- Adequate working capital

Weaknesses

- Declining profitability metrics
- Significant exposure to foreign currency risks
- Worsening leverage metrics
- Issuer's concentrated ownership structure

Opportunities

- Rising population positively influencing cement demand
- Nigeria huge housing and infrastructural deficits supporting cement demand
- Export potential to other countries to generate more foreign exchange earnings
- Nigeria's low cement consumption per capita

Threats

- Sustained rise in energy and other associated costs
- Heightened inflationary environment and Naira depreciation and the resultant adverse impact on input costs and profit margins
- Slower economic growth may continue to taper consumer disposable income potentially affecting Cement Industry players

BOND STRUCTURE AND ADEQUACY OF PAYMENT ACCOUNT

In December 2020, BUA Cement PLC issued ₦115 Billion 7.5% Seven-Year Senior Unsecured Fixed Rate Series 1 Bond Due 2027. The Bond constitutes a senior, direct, unsecured, unsubordinated and irrevocable obligation of the Issuer and ranks pari passu with all its other debt obligations without any preference among themselves. In line with the executed Pricing Supplement and Trust Deed, the payment obligations of BUA Cement PLC in respect of principal and any coupon on the Bond shall at all times rank at least equally with all unsecured and unsubordinated obligations of the Issuer, with an exemption for obligations mandatorily preferred by the law.

The Series 1 Bond has a seven-year tenor, with semi-annual coupon payments, while the bi-annual principal repayment commenced in June 2024 after the three-year moratorium elapsed in December 2023. The Issuer can exercise an early redemption after the fourth year, subject to giving the Bondholders a minimum of 30 days and a maximum of 60 days' notice of the Issuers' intention to exercise the option. Notwithstanding, BCP shall only redeem the Bonds on a scheduled coupon payment date and not otherwise. The Bond obligations (coupon and principal) are being met from the Issuer's operating cash flow. Given Nigeria's rising interest environment, we do not expect BCP to exercise the early redemption clause on the Bond. The proceeds from the Bond were utilised as follows:

Table 1 – Utilization of the Series 1 Bond Proceeds

Use of Proceeds	Amount (₦ billion)	% of Issue Proceeds	Status
Repayment of shareholder loans to BUA International Limited	91.34	79.4	Completed
Working Capital	17.14	14.9	Completed
Provision for DSRA Funding	4.31	3.8	Completed
Cost of issue	2.19	1.9	Completed
Total	**115.0**	**100**	

As part of the transaction structure and the Series 1 Trust Deed, the Issuer opened a Payment Account in the name and under the control of the Bond Trustees - Stanbic IBTC Trustees Limited, Custodian Trustees Limited and ARM Trustees Limited - for the benefit of the Bondholders. For as long as the Bond remains outstanding, the Issuer shall ensure that the amount required to meet any of its obligations comprising the principal amount and coupon shall be paid into the Payment Account at least three business days before each coupon payment date or principal payment date as the case may be. The Issuer also opened a Debt Service Reserve Account (DSRA) in the name and under the control of the Bond Trustees. BUA Cement shall ensure that, at all times during the tenor of the Series 1 Bond, the amounts standing to the credit of the DSRA shall not be less than the required balance.

As at 30 September 2024, BCP had paid approximately ₦44.6 billion to the Series 1 Bondholders split into seven coupon payments of ₦30.2 billion and a principal repayment of ₦14.4 billion. Agusto & Co. expects BUA Cement PLC to continue to meet its Bond obligations mainly supported by its strong cash-generating capacity.

REVIEW OF ISSUER'S FINANCIAL CONDITION

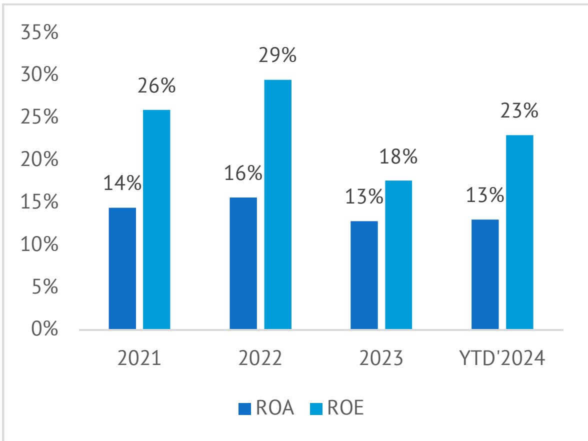
Analysts' comments: *We have reviewed BUA Cement PLC's three-year audited financial statements that ended 31 December 2023 and the unaudited accounts for the nine months ended 30 September 2024.*

Profitability metrics weaken due to intensifying cost pressures and material foreign exchange losses

In the nine months ended 30 September 2024 (unaudited), BUA Cement PLC recorded a total revenue of ₦583 billion, up 74% from the comparable period in 2023. The improved revenue was primarily driven by a 20% rise in the volume of cement sold to 5.9 million metric tonnes (MMT) (Q3'2023: 4.9 MMT), reflecting the positive impact of the recently commissioned Lines 3& 4 plants in Obu and Sokoto, and a 43.6% upward price review implemented during the period. Consequently, BCP's revenue per ton rose to ₦98,067 in Q3'2024 compared to the ₦68,293 reported in 2023. In the review period, BUA Cement's cost of sales-to-revenue ratio rose sharply to 69% (Q3'2023: 56%), reflecting the negative impact of continued Naira depreciation on energy prices, operations and maintenance charges, which are denominated in foreign currency and heightened inflationary pressures on its local currency-denominated raw material costs. Thus, BCP's gross profit margin moderated to 31% in Q3'2024 compared to the 44% posted in Q3'2023. Similarly, BUA Cement's operating profit margin (OPM) in Q3'2024 dipped to 24% (Q3'2023: 35%), due to the intensifying cost pressures exacerbated by rising inflation and continued Naira depreciation.

In April 2023, BCP obtained a long-term $300 million facility[1] from the International Finance Corporation (IFC), which had been fully drawn as of 30 September 2024 to fund the construction of energy-efficient cement plants in Sokoto, significantly heightening its exposure to foreign currency (FCY) risks. As a result of the incremental foreign currency-denominated borrowings and continued local currency depreciation, the Issuer's net unrealised foreign exchange losses rose sharply to ₦111 billion[2] in Q3'2024 (Q3'2023: ₦26.9 billion). Thus, BUA Cement's finance cost-to-sales ratio surged to 15.3% in the review period, up from 10.1% in 2023. Moving ahead, Agusto & Co. expects higher foreign exchange (FX) losses to weigh on BCP's overall profitability in the near term. BUA Cement's PLC's pre-tax profit margin fell sharply to 11% in Q3'2024 (Q3'2023: 26%) reflecting the impact of the significant foreign exchange losses reported in the period under review. The Issuer's annualised pre-tax-pre-interest return on assets (ROA) of 13% in Q3'2024 remained broadly unchanged from 2023. Notwithstanding, the Company's annualised pre-tax return on equity (ROE) improved to 23% in the review period (2023: 18%), reflecting the lower equity base precipitated by sustained dividend payments to equity holders. We note that BCP's annualised pre-tax pre-interest ROA and pre-tax ROE of 13% and 29% in the review period compared less favourably with the Nigerian Cement Industry average of 32% and 58% respectively in the same period, underscoring its weakened profitability.

Figure 2: ROA and ROE (2021 – Q3'2024)



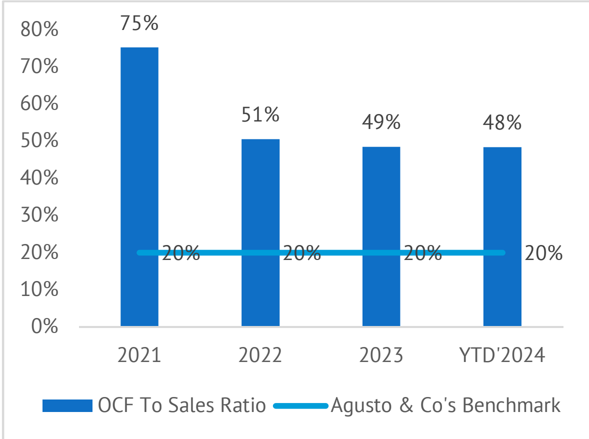
The Company commissioned the Line 3 and 5 plants at the Obu and Sokoto cement factories in Q3'2024, expanding its annual production capacity to 17 MMT to capitalise on the opportunities within the Nigerian Cement Industry. Consequently, we project that the Company's capacity-driven volume growth and considerable pricing power will support its profitability in the near term. Overall, we consider BUA Cement PLC's profitability to be satisfactory.

[1] This was initially a $500 million facility. However, BCP has elected to draw down only $300 million due to Nigeria's volatile exchange rate environment
[2] The Company capitalised foreign exchange losses of ₦54 billion to construction work in progress in line with the provision of IFRS

Cash flow position remained strong, upheld by favourable trade terms with customers and suppliers

In the nine months ended 30 September 2024, BUA Cement reported an operating cash flow (OCF) of ₦282 billion (Q3'2023: ₦181 billion), primarily upheld by its favourable trade terms with customers and suppliers. BCP's operating cash flow in Q3'2024 was sufficient to cover the returns to providers of finance (RTPOF) of ₦157 billion – comprising interest payment to debt financiers (57%) and dividends to equity holders (43%). Similarly, the Company's three-year (2021 – YTD September 2024) cumulative operating cash flow of ₦882 billion was also sufficient to cover the cumulative RTPOF of approximately ₦515 billion, which we consider good. Agusto & Co. notes that the favourable operating landscape has historically supported the Company's good repayment capacity since cement products are typically sold on a cash or advance payment basis. This is reflected by the Company's average trade receivables collection period of less than 1 day, while the average trade payable payment period stood at 222 days as at Q3'2024, underscoring its strong cash-generating capacity and liquidity positions.

Figure 3: Operating Cash Flow to Sales Ratio (2021 – Q3'2024)



In the first nine months of 2024, BUA Cement reported an OCF to sales ratio of 48%, while the three-year (2022 – YTD September 2024) ratio stood at 49% and were well above our benchmark of 20%, underlining its good ability to generate cash from its core business. The Company's operating cash flow to revenue ratio in the review period compared favourably with the Nigerian Cement Industry average of 28% over the same period, which we consider good. Given the growing local demand for cement precipitated by increased private and public sector infrastructure spending and its expanded production capacity, we expect the Company to continue to generate sufficient cash flows to meet maturing debt obligations. Our optimism is mainly premised on BUA Cement PLC's good Industry position and strong ability to effect cost-reflective pricing adjustments on its products.

In our view, BUA Cement PLC's overall cash flow position is good and sustainable.

Adequate liquidity profile supported by a strong cash-generating capacity

As at 30 September 2024, BUA Cement PLC's liquidity position comprised cash and equivalent balances of ₦185 billion (Q3'2023: ₦158 billion), free cash flows from operations of ₦125 billion and liquid inventories of ₦87 billion[3]. The Company's cash balance, liquid inventory and free cash flow in the review period adequately covered its maturing short-term obligations 3.3x, supporting our view of its adequate liquidity position. Also, BCP's well-established relationships with domestic and foreign financial institutions and its strong ability to access the local capital market through debt issuances, underline its strong ability to refinance maturing debt obligations with ease.

[3] *In arriving at the liquid (inventory) assets, we applied a 10%, 20% and 30% haircuts on the Company's finished goods, work-in-progress and raw materials, respectively.*

BUA's long-term funding gap persists, owing to the continued expansion of its asset base.

As at the end of Q3'2024, the Company's spontaneous financing rose sharply by 63% to approximately ₦486 billion, reflecting the increase in other trade creditors. The main components of the Company's spontaneous financing as at Q3'2024 were trade creditors (50%), amounts due to related parties (17%), other accruals (15%), advanced customer deposits (9%) and deferred tax liabilities (5%). The Issuer's spontaneous financing was sufficient to cover the trading assets (mainly inventories and advanced supplier payments) of ₦178 billion, resulting in a short-term financing surplus of ₦308 billion. Agusto & Co. positively notes that the Issuer has consistently recorded financing surpluses over the past five years, primarily bolstered by its favourable terms of trade with customers and suppliers.

As at Q3 2024, BUA Cement's long-term assets grew to ₦1.2 trillion (2023: ₦881 billion) in tandem with its ongoing capacity expansion drive. The Issuer's long-term funds of approximately ₦956 billion were insufficient to cover the long-term assets, leaving a long-term financing need (LTFN) of ₦244 billion. The short-term financing surplus was sufficient to cover the long-term financing need, leaving an overall working capital surplus of ₦64 billion. BUA Cement's LTFN as at 30 September 2024 reflects the capital-intensive nature of the Nigerian Cement Industry, which requires sustained investments to capture market share. Although the current funding structure indicates a mismatch, most of the Issuer's spontaneous financing sources (trade creditors, related party payables and advance payments from customers) are evergreen. Considering the prospects of increased profit retention from the Company's expanded production capacity, we anticipate improvements in its overall working capital position in the medium term. Agusto & Co. considers BUA Cement PLC's overall working capital position to be adequate.

Rising leverage metrics precipitated by increased FX exposure and continued Naira depreciation

As at 30 September 2024, BUA Cement PLC's total liabilities stood at approximately ₦1.2 trillion, up by 44% from 2023, primarily due to the remeasurement of its dollar-denominated IFC facility amid the further Naira depreciation, as well as an increase in trade creditors. As at the same date, BUA Cement's total liabilities comprised – interest-bearing liabilities (59%) and non-interest-bearing debts (41%). The Company's interest-bearing liabilities (IBL) as at 30 September 2024 constituted the outstanding $300 million foreign currency-denominated loan obtained from the IFC in April 2023, ₦115 Billion 7.5% Seven-Year Series 1 Bonds issued in December 2020 and bank borrowings (including import trade finance facilities) obtained from three commercial banks at interest rates of 9%-19%.

In Q3 2024, BUA Cement's finance cost-to-sales ratio increased to 15.3% from the 10.1% reported in the comparable period in 2023, due to the material foreign exchange losses stemming from continued Naira currency depreciation. Considering the higher exposure to foreign currency obligations and the volatile exchange rate environment in the country, we expect BCP's finance cost-to-revenue ratio to remain high in 2024, weighing on its overall financial performance. Notwithstanding, as at Q3'2024, BCP's interest coverage ratio (after adjusting for the substantial net foreign exchange losses) of 8.8x, outstripped our internal benchmark, underscoring its good repayment capacity.

As at September 2024, BUA Cement's total assets were financed by liabilities (77%) and shareholders' equity (23%) reflecting a low equity cushion. As a result of the incremental borrowing, BUA Cement PLC's IBL net of cash and equivalents to equity ratio rose sharply to 144% as at Q3'2024 (2023: 50%). Although the Issuer's net debt to average total assets ratio rose to 58% as at Q3'2024 (2023: 47%), it was broadly in line with our threshold. To hedge against the significant foreign currency risks stemming from the IFC facility, Management intends to boost export sales in the near to medium term. Notwithstanding, we note that the contribution of exports to BUA Cement PLC's revenue was less than 1% in the last three years (2021 – 2023). Against this backdrop, it remains to be seen if the Issuer can sufficiently increase its export sales to provide a natural hedge against its foreign currency loans.

In our opinion, BUA Cement PLC's overall leverage position is high.

OUTLOOK ON BOND REPAYMENT

Despite the prevailing macroeconomic challenges, the Nigerian Cement Industry is expected to sustain its growth trajectory in 2024/2025, primarily supported by expanded capacity, robust production volumes and favourable pricing dynamics. Agusto & Co's outlook is mainly reinforced by solid domestic demand (public and private) driven by rising urbanisation trends, increased adoption of concrete roads by the central and sub-national governments and the country's low cement consumption per capita. Similarly, we note that the major raw material used in cement production (limestone) is sourced locally, which we consider an Industry positive. Nigeria's active participation in the African Continental Free Trade Area (AfCFTA) is also expected to support the Industry's growth by opening opportunities for cement exports, providing an avenue for FX earnings and regional expansion for domestic cement producers. Notwithstanding, we believe the rising production costs due to the persistent local currency depreciation and heightened inflationary pressures remain key downside risks to cement producers' financial performance.

BUA Cement PLC commissioned the Line 3 and 5 plants at its Obu and Sokoto cement factories in Q3'2024, increasing its cement production capabilities to 17 MMT per annum (2023: 11 MMT). Agusto & Co. notes that the capacity expansion drive reflects the Company's long-term strategy of improving its competitive position in the Nigerian Cement Industry. Against this backdrop, we expect the strong revenue uptrend to continue in the near to medium term backed by a combination of volume growth and upward price adjustments. Management has also disclosed that the Company recommenced cement exports to the Niger Republic in Q3'2024, thereby increasing its prospects of generating foreign exchange earnings. Agusto & Co. projects that BUA Cement's favourable trade terms with customers and suppliers and moderate net earnings growth supported by its considerable pricing power will continue to support its cash-generating capacity and ability to meet the obligations on the Series 1 Bond as and when due. Notwithstanding, we view BUA Cement's significant exposure to foreign currency obligations precipitated by the syndicated $300 million facility as a rating negative given our expectation that the sustained local currency depreciation will continue to weigh on its financial performance in the near to medium term. Given its good and sustainable operating cash flow position, we project that the Issuer will continue to meet its obligations (coupon and principal) on the Bond as and when due. Based on the foregoing, Agusto & Co has attached a **stable** outlook to BUA Cement PLC's ₦115 billion 7.5% Seven-Year Senior Unsecured Fixed Rate Bond Due 2027.

This rating report should be read in conjunction with Agusto & Co.'s 2024 Corporate Rating Report for BUA Cement PLC.

FINANCIAL SUMMARY

STATEMENT OF COMPREHENSIVE INCOME	31-Dec-21		31-Dec-22		31-Dec-23		30-Sep-24 (Unaudited)	
	₦'million		₦'million		₦'million		₦'million	
REVENUE	257,327	100%	360,989	100%	459,999	100%	583,405	100%
GROSS PROFIT	120,924	47%	163,045	45%	183,956	40%	180,814	31%
OPERATING PROFIT	101,592	39%	132,436	37%	142,591	31%	137,611	24%
INTEREST EXPENSE	(1,706)	-1%	(15,194)	-4%	(88,045)	-19%	(89,464)	-15%
PROFIT BEFORE TAXATION	103,139	40%	121,108	34%	67,643	15%	63,018	11%
TAX (EXPENSE) BENEFIT	(13,060)	-5%	(20,097)	-6%	1,812	0%	(14,048)	-2%
PROFIT AFTER TAXATION	90,079	35%	101,011	28%	69,455	15%	48,970	8%
DIVIDEND	(70,000)	-27%	(88,047)	-24%	(94,820)	-21%	(67,729)	-12%
PROFIT RETAINED FOR THE YEAR	20,079	8%	12,964	4%	(25,365)	-6%	48,970	-3%
OTHER APPROPRIATIONS	1,926		-		-		-	
PROFIT RETAINED B/FWD	159,916		181,921		194,885		169,519	
PROFIT RETAINED C/FWD	**181,921**		**194,885**		**169,519**		**218,489**	

STATEMENT OF FINANCIAL POSITION	31-Dec-21		31-Dec-22		31-Dec-23		30-Sep-24 (Unaudited)	
	₦'million		₦'million		₦'million		₦'million	
ASSETS								
CASH & EQUIVALENTS	62,338	9%	48,047	29%	225,078	36%	185,193	12%
TOTAL TRADING ASSETS	30,028	4%	76,512	30%	110,008	32%	177,939	11%
TOTAL LONG-TERM ASSETS	636,141	87%	749,453	40%	880,601	32%	1,200,516	77%
TOTAL ASSETS	**728,507**	**100%**	**874,012**	**100%**	**1,215,686**	**100%**	**1,563,648**	**100%**
Growth	*-4.9%*		*20.0%*		*39%*		*29%*	
LIABILITIES & EQUITY								
TOTAL INTEREST-BEARING LIABILITIES	197,047	27%	239,368	27%	532,282	44%	711,121	45%
TOTAL NON-INTEREST-BEARING LIABILITIES	133,344	18%	223,531	26%	298,181	25%	486,061	31%
TOTAL LIABILITIES	330,391	45%	462,899	53%	830,462	68%	1,197,182	77%
SHAREHOLDERS' EQUITY	398,117	55%	411,113	47%	385,224	32%	366,466	23%
TOTAL LIABILITIES & EQUITY	**728,507**	**100%**	**874,012**	**100%**	**1,215,686**	**100%**	**1,563,648**	**100%**

CASH FLOW STATEMENT	31-Dec-21	31-Dec-22	31-Dec-23	30-Sep-24 (Unaudited)
	₦'million	₦'million	₦'million	₦'million
OPERATING ACTIVITIES				
POTENTIAL OPERATING CASH FLOW	109,212	138,373	181,963	162,443
WORKING CAPITAL CHANGES:				
CASH FROM (USED BY) SPONTANEOUS FINANCING	12,269	90,662	74,650	187,881
CASH FROM (USED BY) TRADING ASSETS	72,120	(46,484)	(33,496)	(67,931)
CASH FROM (USED IN) OPERATING ACTIVITIES	**193,602**	**182,550**	**223,116**	**282,393**
RETURNS TO PROVIDERS OF FINANCING (RTPOF)				
INTEREST PAID	(1,706)	(15,194)	(88,045)	(89,464)
DIVIDEND PAID	(69,980)	(88,522)	(94,820)	(67,729)
OPERATING CASH FLOW AFTER RTPOF	**121,915**	**78,835**	**40,251**	**125,200**
CASH FROM (USED IN) INVESTING ACTIVITIES	**(111,152)**	**(135,447)**	**(156,134)**	**(343,924)**
CASH FROM (USED IN) FINANCING ACTIVITIES	**(72,246)**	**42,321**	**292,913**	**178,839**
CHANGE IN CASH INC/(DEC)	(61,483)	(14,291)	177,031	(39,884)
OPENING CASH & MARKETABLE SECURITIES	123,821	62,338	48,047	225,078
CLOSING CASH & MARKETABLE SECURITIES	**62,338**	**48,047**	**225,078**	**185,193**

KEY RATIOS	31-Dec-21	31-Dec-22	31-Dec-23	30-Sep-24 (Unaudited)
PROFITABILITY				
SALES GROWTH	23%	40%	27%	69%
OPERATING PROFIT MARGIN	39%	37%	31%	24%
RETURN ON ASSETS (PRE-INTEREST PRE-TAX)	14%	16%	13%	13%
RETURN ON EQUITY (PRE-TAX)	26%	29%	18%	23%
CASH FLOW				
OCF AS % OF RETURNS TO PROVIDER OF FINANCING	270%	176%	122%	180%
OCF AS % OF SALES	75%	51%	49%	48%
WORKING CAPITAL				
WORKING CAPITAL NEED (DAYS)	0	0	0	0
OVERALL WORKING CAPITAL DEFICIENCY (DAYS)	0	0	0	0
LEVERAGE				
NET DEBT AS % OF AVERAGE TOTAL ASSETS	30%	40%	47%	58%
TOTAL LIABILITIES TO EQUITY	83%	58%	138%	194%
OTHER ADDITIONAL INFORMATION				
STAFF COSTS (₦' MILLION)	8,920	8,608	10,762	4,855
AVERAGE NUMBER OF STAFF	1,091	1,169	1,257	1,257
STAFF COSTS PER EMPLOYEE (₦' MILLION)	8	7	9	4
CAPITAL EXPENDITURE (₦' MILLION)	72,466	112,717	159,516	535,107
DEPRECIATION AND AMORTISATION (₦' MILLION)	15,344	22,135	24,986	24,009
EBITDA (₦' MILLION)	116,981	153,809	167,223	161,782
AUDITORS	PWC	PWC	PWC	Unaudited
OPINION	CLEAN	CLEAN	CLEAN	N/A

RATING DEFINITIONS

Aaa	Highest quality debt issue with minimal credit risk; strongest capacity to pay returns and principal on local currency debt in a timely manner.
Aa	High-quality debt issue with very low credit risk; very strong capacity to pay returns and principal on local currency debt in a timely manner.
A	Good quality debt issue with low to moderate credit risk; strong capacity to pay returns and principal on local currency debt in a timely manner.
Bbb	Satisfactory quality debt with moderate credit risk; adequate capacity to pay returns and principal on local currency debt in a timely manner.
Bb	Below average quality debt with moderate to high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
B	Weak quality debt with high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
C	Very weak capacity to pay returns and principal. Debt instrument with very high credit risk.
D	In default.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect a comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

www.agusto.com

UBA House (5th Floor)
57 Marina Lagos
Nigeria.
P.O Box 56136 Ikoyi
+234 (1) 2707222-4
+234 (1) 2713808
Fax: 234 (1) 2643576
Email: info@agusto.com