

RATING ANNOUNCEMENT

GCR downgrades Dangote Cement Plc's rating to A+(NG) on group cap, following a recent review of its parent company; Outlook revised to Evolving.

Rating action

Lagos, 31 October 2025 – GCR Ratings (GCR) has downgraded the national scale long-term and short-term issuer ratings of Dangote Cement Plc to A+(NG) and A1(NG), from AA+(NG) and A1+(NG) previously. Concurrently, we have downgraded the long-term issue rating on the related bonds to A+(NG), from AA+(NG) previously. The rating of the NGN100Bn Series 1 Senior Unsecured Bond has been withdrawn, following its full redemption in April 2025. The outlook on the ratings has been revised to Evolving from Stable.

Rated entity / issues	Rating class	Rating scale	Rating	Outlook
Dangote Cement Plc	Long-term issuer	National	A+(NG)	Evolving
	Short-term issuer	National	A1(NG)	-
NGN100Bn Series 1 Senior Unsecured Bonds	Long-term issue	National	WD(NG)	-
NGN10.45Bn Series 1 Tranche B Senior Unsecured Bonds	Long-term issue	National	A+(NG)	Evolving
NGN35.91Bn Series 1 Tranche C Senior Unsecured Bonds	Long-term issue	National	A+(NG)	Evolving
NGN4.269Bn Series 2 Tranche A Senior Unsecured Bonds	Long-term issue	National	A+(NG)	Evolving
NGN23.335Bn Series 2 Tranche B Senior Unsecured Bonds	Long-term issue	National	A+(NG)	Evolving
NGN88.396Bn Series 2 Tranche C Senior Unsecured Bonds	Long-term issue	National	A+(NG)	Evolving

Rating rationale

On a standalone basis, Dangote Cement Plc (DCP or the company) has sustained a strong credit profile, reflecting its continued market dominance within the Nigerian market, with strong earnings and robust cashflows which have supported leverage metrics despite high debt level. However, we have capped its ratings to the national scale long-term and short-term issuer ratings of Dangote Industries Limited (DIL or the group), hence the downgrade. This is because DCP is 87% owned by DIL and is an important part of the group, accounting for over 40% of DIL's EBITDA as of December 2024. Furthermore, both entities share the same brand name and have strong credit linkages with history of intra group lending activities. Moreover, there has been a consistent historical pattern of dividend upstream to its shareholders, which has accounted for around 90% of its distributable profits.

GCR recently downgraded the ratings of DIL on account of elevated debt level which has constrained leverage metrics at weak levels, as well as recent debt restructuring and challenges regarding unaudited financial reporting and disclosures. The outlook revision to evolving is based on the possible rating movement of the parent company over the outlook period depending on earnings performance and debt management.

DCP continues to maintain its market leadership position in the Nigerian market with diversification into nine other African countries. The company's size is also considered an advantage with the recently commissioned 3 million tonnes in Cote d'Ivoire, further increasing installed capacity to 55 million tonnes which is higher than the combined production capacity of peers. However, capacity utilisation has lagged around 55%, but this also indicates latent potential to support the company's export strategy to other African countries. Although the group has operations in nine other countries, operations are concentrated within the Nigeria accounting for over 64% of total sales volume as of December 2024. While

the company has announced a planned investment in Ethiopia, we do not anticipate major diversification benefits from this project over the outlook period.

Earnings have remained strong with a revenue growth of 62% recorded in the financial year ended 31 December 2024 to NGN3.6 trillion (USD2.4 billion), majorly supported by upward price reviews as well as foreign exchange earnings from other Pan-African countries. A further growth of 15.7% was recorded for the six-month period ending June 2025 (H1 2025) and we expect this increase sustained into full year 2025 as volumes from the Pan African segment rebound in the second half of the year. After two consecutive declines due to the high cost of production, EBITDA margin strengthened to 44% in H1 2025 from 37% in 2024 (2023: 39%). The improvement is underpinned by the reduced cost pressures amid the recent price increases as well as better energy cost management via the transition to gas-powered trucks for logistics. We expect these factors to keep the margin above 40% over the next 12-18 months.

The company's debt elevated to NGN2.6 trillion in June 2025 from NGN1.0 trillion in 2023 (2024: NGN2.7 trillion) following the additional USD675 million debt obtained from Afrexim and on-lent to DIL. However, the loan was fully repaid in July 2025 moderating total debt to NGN1.4 trillion. Therefore, we expect leverage metrics to reflect the strong levels pre-2024 with net debt to EBITDA below 1x by 2025 (2024: 1.7x; 2023: 0.7x) and EBITDA coverage of interest around 7x (2024: 4.7x; 2023: 7.2). Although high inventory requirements should persist in view of the large business size, we also note that receivables are relatively low, and supplier terms have been favourable. Consequently, cash generation has been strong, and this should underpin operating cash flow (OCF) coverage of debt above 50% over the outlook period (2024; 22.9%; 2023: 56.5%).

Liquidity profile is a negative rating factor due to the substantial dividend upstream to shareholders. Liquidity coverage remains barely around 1x over the next 18 months to December 2026 even after factoring the strong operating cash flow and cash holding of NGN384 billion as of June 2025. This is because we have projected dividends to remain material around NGN850 billion in 2026 in line with historical disbursements. While short term debt is high in view of DCP's large operational scale and working capital needs, we have also considered the substantial available committed facilities of NGN524 billion which the company can draw down when needed. Furthermore, we expect a modest capital spending over the next 18 months mainly related to maintenance costs and some expansion projects across the company.

DCP's NGN46.4 billion Series 1 (Tranche B & C) bonds, NGN11.6Bn Series 2 (Tranches A-C) bonds, and NGN38.2 billion Series 1 bonds are direct, unconditional, senior, unsubordinated, and unsecured obligations of DCP. Hence, they rank *pari passu* with all other senior unsecured creditors of company and bear the same national scale long-term rating accorded to DCP. Accordingly, any change in DCP's long term corporate rating would impact the ratings of the bonds. We have reviewed the trustees bond performance report dated September 2025, and no breaches were identified. The NGN100 billion Series 1 Senior Unsecured Bond was fully redeemed in April 2025, and the rating has been withdrawn. The bank statements and trustees report also confirmed the full repayment of the bond.

Outlook statement

The evolving outlook is based on the possible rating migration at DIL level, where sustained earnings growth or higher debt level could respectively lead to a higher or lower rating. However, we expect DCP's strong market position and the relatively stable market conditions to continue to contribute to the group's earnings recovery and support robust cash flows.

Rating triggers

Given that DCP's ratings are currently capped at the ratings of DIL, a rating upgrade is dependent on an improvement in DIL's ratings. This could follow a sustained earnings growth and strong cash flows from the refinery business which supports a marked deleveraging.

Further downgrade could follow a.) a significant escalation in DCP's debt level to support DIL operation, which results in a material deterioration in leverage metrics, b.) aggressive dividend payouts that further weakens liquidity assessment and c.) any factor that adversely impacts the ratings at DIL level.

Analytical contacts

Primary Analyst	Opeyemi Wemimo Lagos, Nigeria OpeyemiW@GCRratings.com	Analyst: Corporates and Public Finance +234 1 904 9462
Committee Chair	Femi Atere Lagos, Nigeria Femi@GCRratings.com	Sector Head: Corporate Ratings +234 1 904 9462

Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Corporate Entities, May 2024
GCR Rating Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, October 2025
GCR Nigeria Corporate Sector Risk Scores, September 2025

Ratings history

Dangote Cement Plc

Rating class	Review	Rating scale	Rating	Outlook	Date
Long-term issuer	Initial	National	AA+(NG)	Stable	September 2016
Short-term issuer	Initial	National	A1+(NG)		September 2016
NGN100Bn Series 1 Senior Unsecured Bonds	Initial	National	AA+(NG)	Stable	May 2020
NGN10.45Bn Series 1 Tranche B Senior Unsecured Bonds	Initial	National	AAA(NG)	Stable	July 2021
NGN35.91Bn Series 1 Tranche C Senior Unsecured Bonds	Initial	National	AAA(NG)	Stable	July 2021
NGN4.269Bn Series 2 Tranche A Senior Unsecured Bonds	Initial	National	AA+(NG)	Stable	April 2022
NGN23.335Bn Series 2 Tranche B Senior Unsecured Bonds	Initial	National	AA+(NG)	Stable	April 2022
NGN88.396Bn Series 2 Tranche C Senior Unsecured Bonds	Initial	National	AA+(NG)	Stable	April 2022
Long-term issuer	Last	National	AA+(NG)	Rating Watch Negative	March 2025
Short-term issuer	Last	National	A1+(NG)	-	March 2025
NGN100Bn Series 1 Senior Unsecured Bonds	Last	National	AA+(NG)		March 2025
NGN10.45Bn Series 1 Tranche B Senior Unsecured Bonds	Last	National	AA+(NG)		March 2025
NGN35.91Bn Series 1 Tranche C Senior Unsecured Bonds	Last	National	AA+(NG)	Rating Watch Negative	March 2025
NGN4.269Bn Series 2 Tranche A Senior Unsecured Bonds	Last	National	AA+(NG)		March 2025
NGN23.335Bn Series 2 Tranche B Senior Unsecured Bonds	Last	National	AA+(NG)		March 2025
NGN88.396Bn Series 2 Tranche C Senior Unsecured Bonds	Last	National	AA+(NG)		March 2025

Risk score summary

Risk score	
Operating environment	5.25
Country risk score	3.50
Sector risk score	1.75
Business profile	2.50
Competitive position	2.50
Sustainability	0.00
Financial profile	2.50
Earnings profile	2.00
Leverage & capital structure	1.50
Liquidity	(1.00)
Comparative profile	(1.75)
Group cap	(1.75)
Peer comparison	0.00
Total Risk Score	8.50

Glossary

Bond	A long term debt instrument issued by either a company, institution or the government to raise funds.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Creditworthiness	An assessment of a debtor's ability to meet debt obligations.
Currency Risk	The potential for losses arising from adverse movements in exchange rates.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Dividend	The portion of a company's after-tax earnings that is distributed to shareholders.
Downgrade	The rating has been lowered on its specific scale.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Obligation	The title given to the legal relationship that exists between parties to an agreement when they acquire personal rights against each other for entitlement to perform.
Operating Cash Flow	A company's net cash position over a given period, i.e. money received from customers minus payments to suppliers and staff, administration expenses, interest payments and taxes.
Parent Company	The senior company in a group or fleet of insurers.
Pari Passu	Side by side; at the same rate or on an equal footing. Securities issued with a pari passu clause have rights and privileges that are equivalent to those of existing securities of the same class.
Receivables	Any outstanding debts, current or not, due to be paid to a company in cash.
Repayment	Payment made to honour obligations in regards to a credit agreement in the following credited order: 3.) Satisfy the due or unpaid interest charges; 4.) Satisfy the due or unpaid fees or charges; and 5.) To reduce the amount of the principal debt.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Senior	A security that has a higher repayment priority than junior securities.
Shareholder	An individual, entity or financial institution that holds shares or stock in an organisation or company.
Short Term	Current; ordinarily less than one year.
Trust	A third party that acts in the best interest of another party, according to the trust deed, usually the investors. Owner of a securitisation vehicle that acts in the best interest of the Noteholders.
Trustee	An individual or firm that holds or administers property or assets for the benefit of a third party.
Unconditional	Not subject to any conditions.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- 2024 Audited Financial Statements and preceding four years
- Management accounts as for the six-month period to June 2025
- Debt profile as of June 2025
- Trustees' reports for the bond issues dated September 2025
- Exchange Rate Source: Central bank of Nigeria. Exchange rate source: Central Bank of Nigeria USD1.00 = NGN1,479.6 (Average exchange rate for 2024)

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