



NASCON ALLIED INDUSTRIES PLC

Investor Presentation
H1 2024 Results



Let's
Begin



Disclaimer

This presentation contains forward looking statements which reveal Management's recent views and estimates. The forward looking statements contain certain risks and uncertainties that could cause actual results to vary materially from those contained in the forward looking statements. Potential risks and uncertainties include factors such as general economic conditions, foreign exchange fluctuations, pricing pressures and regulatory developments.



Content



Macroeconomics	4
Financials	5 – 8
Sustainability	9 – 10
Outlook for the year	11 – 12
Q & A	13 – 14
Appendix	15 – 20

Macroeconomics



Impact on Business



Reduction in Revenues



**Increase in COGS
Naira devaluation**



**Increase in selling &
Distribution Expenses**



**Increased Financing
Costs**

Drivers

Inflation would erode the revenue by impacting purchasing power of consumers

Higher production costs, import costs, energy cost, raw material costs from the inflationary and FX pressure

Rise in energy prices due to subsidy removal translates into increases in costs relating to distribution, selling and marketing

Higher interest rates translate into higher borrowing costs for businesses, making it expensive to fund operations



FINANCIALS

H1-2024 Summary – Revenue growth of 32%



Market Data (As of June 30, 2024)

- **EPS:** Decreased by (31%) to ₦3.59 {YE2023: ₦5.18}
- **Share Price:** Declined by (36%) to ₦34.50 {YE2023: ₦53.75}
- **Market Cap.:** Declined by (36%) to ₦91.4B {YE2023: ₦142.4B}

Financials

Revenue:

- Q2: Achieved ₦26.81B, variance of 14% PQ & 26% PY
- YTD: Achieved ₦50.43B, variance of 32% PY on ₦38.17B

COGS:

- Q2: Achieved ₦15.95B, variance of 28% PQ & 72% PY
- YTD: Achieved ₦28.41B, variance of 44% PY on ₦19.20B

EBITDA:

- Q2: Achieved ₦4.83B, variance of (9%) PQ & (29%) PY
- YTD: Achieved ₦10.11B, variance of 3% PY on ₦9.83B

PBT:

- Q2: Achieved ₦5.39B, variance of 193% PQ & (13%) PY
- YTD: Achieved ₦7.23B, variance of (16%) PY on ₦8.63B

YTD Margins

- **GP:** Achieved 44% & 50% PY
- **EBITDA:** Achieved 20% & 26% PY
- **PBT:** Achieved 14% & 23% PY

Market Environment

Salt:

- Current competitors: Royal, JOF, Sun & Dolphin Salt
- Medium demand for Edible across key regions
- High demand for Refined sachet

Seasoning:

- Current competitors (Tier2): Mr. Chef, Onga, Terra, Gino Max
- Classic demand was medium and focus on volumes to the Northern region

H1-2024 Financial Highlights

INCOME STATEMENT	YTD 2024 ₦ M	YTD 2023 ₦ M	CHANGE
Revenue	50,432	38,165	32%
Cost of sales	(28,410)	(19,204)	48%
Gross profit	22,020	18,961	16%
GP Margin	44%	50%	
Other income	116	104	12%
Other operating loss/gain	(1,965)	(69)	-2748%
Movement in credit loss allowances	-	-	-
Distribution costs	(9,854)	(8,248)	19%
Administrative expenses	(3,119)	(2,015)	55%
Operating profit	7,198	8,803	-18%
EBITDA	10,112	9,835	3%
EBITDA Margin	20%	26%	
Interest received	659	309	113%
Interest paid	(626)	(487)	29%
Profit before taxation	7,231	8,625	-16%
PBT Margin	14%	23%	
Taxation	(2,386)	(2,803)	-15%
Profit for the year	4,845	5,822	-17%
Earnings per share (kobo)	359	439	-18%

Main drivers between current year and prior year are highlighted below:

- **Revenue:** Growth driven by pricing strategies in Salt & Seasoning
- **Cost of Sales:** Rise driven by FX revaluation, higher packaging and materials costs of Seasoning and higher freight costs of Salt
- **Operating loss/gain:** Net of FX purchase loss of (₦3.06B) and FX revaluation gain of ₦1.10B
- **Distribution Costs:** Increase driven by 3PL, AGO and costs of spares and repairs
- **Administrative Expenses:** Salary structure review implemented and software licenses
- **Interest received:** Interest on fixed deposits and rental income
- **Interest paid:** Lease expenses

H1-2024 Financial Highlights

FINANCIAL POSITION	YTD 2024 ₹ M	YTD 2023 ₹ M	CHANGE
Property, plant and equipment	13,059	12,078	8%
Right of use assets	4,004	3,823	5%
Non-Current Assets	17,062	15,901	7%
Other Current Assets	55,488	36,192	53%
Cash and cash equivalents	12,234	16,388	-25%
Current Assets	67,722	52,581	29%
Total Assets	84,784	68,482	24%
Total Equity	32,317	22,215	45%
Non-Current Liabilities	6,317	5,920	7%
Current Liabilities	46,151	40,346	14%
Total Liabilities	52,467	46,267	13%
Total Equity and Liabilities	84,784	68,482	24%

Main drivers between current year and prior year are highlighted below:

- **Property, Plant & Equipment:** Acquisition of 23 new trucks
- **Other Current Assets:** Increase driven and FX revaluation of trade & other receivables
- **Cash and Cash Equivalents:** Movement related to inflows from customers less settlement of outstanding FX liabilities
- **Current Liabilities:** Increase driven by FX revaluation of trade & other payables

CASHFLOWS	YTD 2024 ₹ M	YTD 2023 ₹ M	CHANGE
Cash and cash equivalent at beginning of period	25,613	13,006	97%
Net cash from operating activities	(10,038)	7,171	-240%
Net cash from investing activities	(1,240)	(364)	241%
Net cash from financing activities	(2,042)	(3,425)	-40%
Exchange rate movement on cash balances	(59)	-	-
Cash and cash equivalent at end of period	12,234	16,388	-25%



SUSTAINABILITY

Our Approach to Sustainability



7 Sustainability Pillars

Pillar	SDGs
Cultural	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
Operational	9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Environmental	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER
Social	8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 3 GOOD HEALTH AND WELL-BEING
Institutional	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
Financial	9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 8 DECENT WORK AND ECONOMIC GROWTH
Economic	10 REDUCED INEQUALITIES, 8 DECENT WORK AND ECONOMIC GROWTH

NATIONAL

- The Nigerian Exchange Group's (NGX) Sustainability Disclosure Guidelines
- SEC - Securities & Exchange Commission (Code of Corporate Governance)
- Nigerian Code of Corporate Governance (NCCG)
- National Environmental Standards and Regulations Enforcement Agency (NESREA)
- Federal & States Ministry of Environment
- Federal & States Ministry of Mines
- Federal & States Ministry of Labour and Productivity
- Federal & States Environmental Protection Agencies (e.g., Lagos State Environmental Protection Agency - LASEPA)
- Federal Road Safety Corps (FRSC)
- Host Local Government Areas
- Industrial Training Fund (ITF)
- National Agency for Food and Drug Administration and Control (NAFDAC)
- Standards Organisation of Nigeria (SON)
- Manufacturers Association of Nigeria (MAN)
- Nigerian Port Authority (NPA)

INTERNATIONAL

- United Nations Global Compact (UNGC)
- The United Nations Sustainable Development Goals
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Global Food Safety Initiative (GFSI)
- International Finance Corporation (IFC) Performance Standard
- Africa Agenda 2063



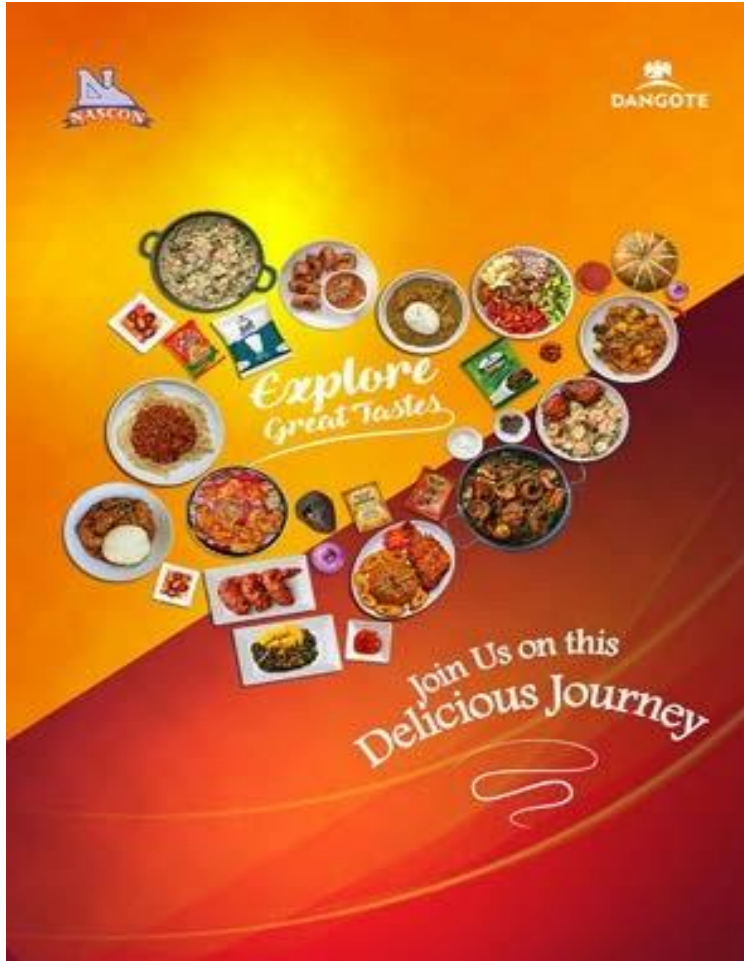


OUTLOOK

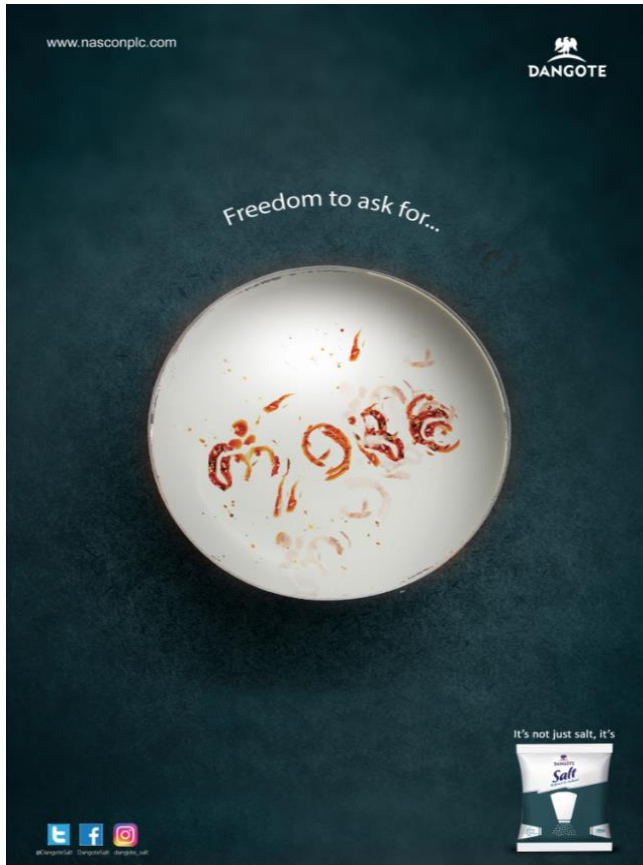
Outlook for the year



- Defend Edible citadel
- Accelerate and gain share in Refined sachet salts
- Build a competitive seasoning portfolio in the North
- Increase our presence to corporate customers
- Strengthen route-to-market through coverage expansion
- Improve fleet operations & efficiencies to a competitive advantage (costs & efficiencies)
- Drive talent & performance management and employee engagement



Q & A



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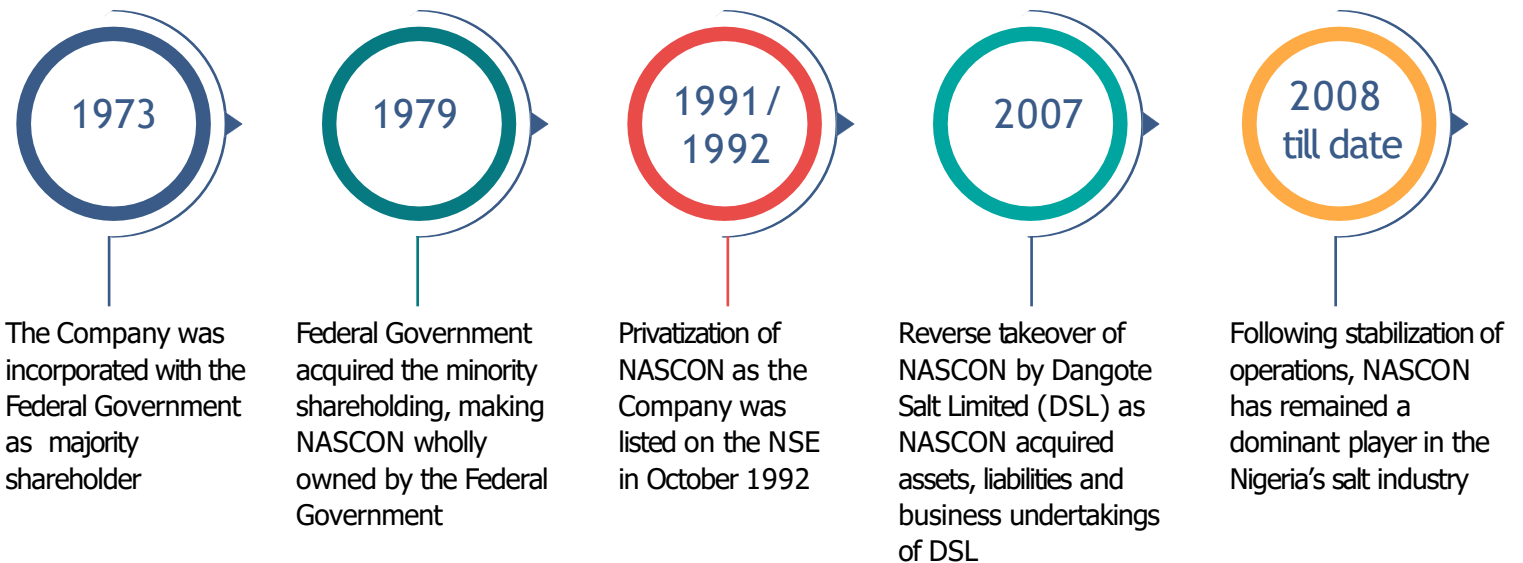
Website: <https://dangote.com/our-business/salt-seasonings>



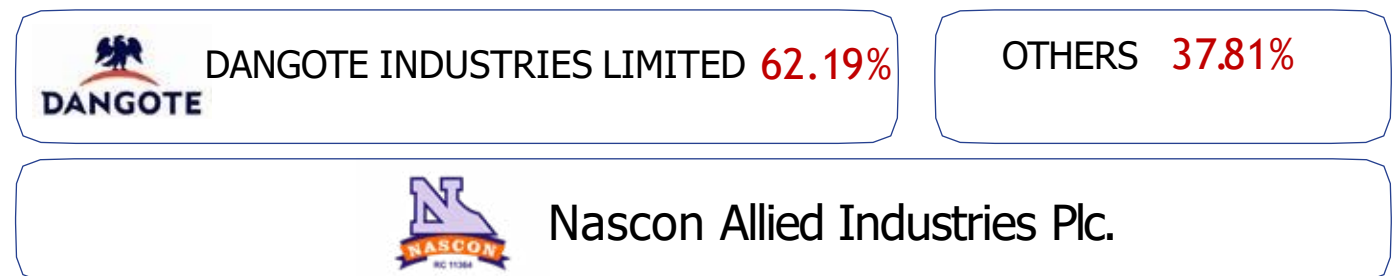
APPENDIX

History: Key Milestones

- National Salt Company of Nigeria commenced operations as a salt producer in 1973
- Over the years, the Company has successfully evolved into the largest salt producer and refiner in Sub-Sahara Africa
- Listed and actively trading on the NSE since 1992
- Changed name to Nascon Allied Industries Plc. in 2015



Ownership Structure



Product Range

Salt



Dangote Salt

- Production in Apapa, Salt Village & PHC
- Diversified product offering spanning the commercial, corporate and retail segments of the market
- Key revenue drivers are Edible Salt, Pure Dried Vacuum (P.D.V) Salt and Refined Sachet Salt
- Expansion in 2018 (PDV)
- Expansion in 2021 (New refinery)

Refined Salts

- Dangote Refined Sachet (250g, 500g & 1kg)
- Dangote Pure Dried Vacuum (P.D.V)
- Dangote Butter
- Dangote Table
- Dangote Kitchen

Non-refined Salts

- Dangote Edible
- Dangote Tannery
- Dangote Crude
- Dangote Grade

Seasoning



Seasoning (Dangote Seasoning)

- Production in Ota
- New product category of cooking ingredients proving various flavour variants
- Seasoning commission 2015
- Additional lines added in 2018 & 2019

Cubes

- Dangote Classic

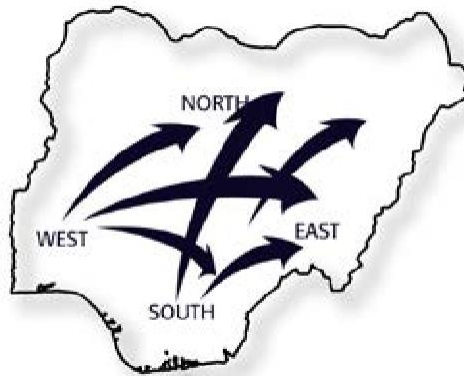
Product Distribution



Products are sold to distributors in sachet and bulk (20kg & 50kg bags) across the country, who redistribute to wholesalers, modern trade and other retailers.

Industries and uses of salt:

- Human consumption
- Confectionaries & bakeries
- Food production
- Seasoning and condiments
- Hotels & caterers
- Textile, animal husbandry & feed
- Boiler operations
- Export & tannery processing
- Animal hide preservation
- Factory cleaning & industrial uses



We have strategic plants, depots and warehouses in strategic locations to ensure efficient and extensive market coverage.



We own over 300 trucks that move our goods from the factory to distributors. We also utilize third party transporters as needed.

Investment Highlights



Leading Market Position

- Transitioned from a moribund business in 1996 to the market leader with large market share
- Market share defended by low cost production, competitive pricing, high quality and standardised product, brand equity and customer loyalty
- Clearly defined strategy to maintain leadership position in domestic and regional markets
- Superior distribution network
- Efficient route-to-market strategies
- Established long standing relationships with high profile conglomerates and industrials
- Suitable platform to roll out products in the pipeline and derive captive income

Attractive Macro Fundamentals

- High barrier to entry with capital intensive nature of business
- Strong salt market fundamentals with currently low industrial consumption per capita

Efficient Manufacturing Facilities

- State of the art manufacturing facilities strategically located at Apapa, Lagos, Ota, Ogun and Port Harcourt, Rivers
- Efficient energy source with conversion to gas
- All products are NAFDAC approved and SON endorsed
- ISO 9000:2001 Certification
- Committed to strong HSE practices by implementing ISO 14001:2015

Impressive Financial Performance

- High turnover and high margins driven by tight operating structure
- Effective cost management structure that keeps costs low and improves revenue
- Sustained EBITDA margins
- Highly cash generative business
- Consistent strong margin track record

Strong Board & Management Team

- Competent and dynamic Board of Directors and Management team with deep expertise, skill and multi-decade experience in both FMCG and manufacturing
- Structured and focused sales and distribution team

Strong Governance Framework

10

Board of Directors

Yemisi Ayeni (c)
 Thabo Mabe
 Fatima Aliko-Dangote
 Olakunle Alake
 Halima Aliko-Dangote
 Abdu Dantata
 Sada Ladan-Baki
 Chris Ogbechie
 Knut Ulvmoen
 Fatima Wali-Abdurrahman

5

Finance, Risk and Audit Committee

Chris Ogbechie (c)
 Olakunle Alake
 Fatima Aliko-Dangote
 Halima Aliko-Dangote
 Sada Ladan-Baki

5

Establishment and General-Purpose Committee

Knut Ulvmoen (c)
 Fatima Aliko-Dangote
 Halima Aliko-Dangote
 Abdu Dantata
 Fatima Wali-Abdurrahman

5

Statutory Audit Committee

Okey Nwuke (c)
 Umar Farouk
 Kudaisi Ayodele Sarat
 Halima Aliko-Dangote
 Chris Ogbechie

11

Management Committee

Thabo Mabe (c)	Olusegun Ajala	Kolawole Samuel
Aderemi Saka	Shalom Okonmah	Tunde Iwamofe
Murtala Zubair	Ayokunle Ushie	Adedayo Samuel
Olushola Shosanya	Patrick Mogaha	

Diverse Board & Management

Female Board members	40%
Nationalities	3
Independent Board members	20%
Female management members	18%

www.nasconplc.com

Every Taste Makers
Delight



THANK YOU