



AUDITED GROUP RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2018

Lagos, 2nd April 2019: Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, announces audited group results for the full year ended 31 December, 2018.

FINANCIAL HIGHLIGHTS

- Group revenue down by 26% to N150.4 billion (2017: N204.4 bn)
- Gross profit decreased by 22% to N39.7 billion, 26% margin achieved (2017: N50.9 bn representing 25% margin)
- EBITDA down 27% to N37.6 billion, EBITDA margin 25% (2017: N51.4bn, margin 25.2%)
- Profit before tax decreased 35% to N34.6 billion (2017: N53.6 bn)
- Profit after tax N22 billion (2017: N39.7bn)
- Proposed Dividend of N1.10 (2017: N1.75k)
- EPS at N1.85k (2017: N3.31k)

OPERATING HIGHLIGHTS

- Seasonal sugar production at savannah 12,375 tonnes (2017: 17,260 tonnes)
- Full year refinery production at Apapa 564,785 tonnes (2017: 654,723 tonnes)
- Group sugar sales volume 581,504 tonnes (2017: 657,775 tonnes)

Ravindra Singhvi, Chief Operating Officer, said:

Though we maintained our market leadership position in the sugar sector, year 2018 was very challenging due to the impact of unlicensed sugar, smuggled and sold in our key markets nationwide, and the logistics challenges brought about by the continued Apapa traffic gridlock. The gridlock constrained availability of trucks required daily to evacuate the production volumes, while the influx smuggled sugar exerted a downward pressure on selling prices. Despite efforts being deployed by the regulators to stem the tide, the

influx of smuggled sugar into the markets spread further across our key markets in the North East and North West.

We are currently focusing on process optimization and the realisation of our Sugar Backward Integration Projects targeted at the production of 1.08 million metric tonnes of sugar from our various projects across the country.

FY 2018 PERFORMANCE REVIEW

KEY PERFORMANCE INDICATORS

	Group	Group	
	31 – 12- 2018	31 – 12 - 2017	% change
Refined Sugar Produced (tonnes)	577,160	671,893	-14
Refined Sugar Sold (tonnes)	581,504	657,775	-12
	N Bn	N-Bn	
Revenue	150.4	204.4	-26
Gross Profit	39.69	50.9	-22
Gross Margin (%)	26.4%	24.9%	+6
EBITDA	37.6	51.41	-27
EBITDA Margin (%)	25%	25.1%	-1
Profit before taxation	34.6	53.6	-35
Profit for the year	22.0	39.7	-45
EPS – (Naira)	1.85	3.31	-44

COMMENTS ON PERFORMANCE INDICATORS

Total revenue posted for the year in the sum of N150.4bn against N204.4bn posted in 2017. The decline in sales volumes by 12% year on year was due mainly to the continued presence of lower quality sugar being smuggled in to the country and sold in key markets. It provides a ready alternative to trade Customers who are not mindful of the quality and health implications of the product especially for children. Due to its lower price, it continues to exert a downward pressure on prices and sales volumes. Year on year there was a 14% reduction in the selling price per 50Kg bag (₦14,400 in 2018 vs ₦16,600 in 2017). Local selling prices were also impacted by the downward trend in global raw sugar prices. Although Group Revenue declined by 26% as a result of the decline in sales volume and price, the Gross margin improved to 26.39% (vs 24.9% in 2017). Gross profit decreased by 22% to N39.7bn (2017: N50.9bn).

Investment income, which reflects interest earned on bank deposits at an average rate of 11.5% p.a. on short term (30days) bank deposits, resulting to an interest income of

N2.5 billion (2017: N3.3 billion). Investments made during the year in respect of the various Backward Integration Projects, were internally funded.

The Group liquidity position moved from N41.4 billion to N21.6 billion as at December 31, 2018.

Group profit before tax for the period decreased by 35% to N34.6billion (2017: N53.5bn) while Group profit after taxation for the year decreased by 45% to N22billion (2017: N39.7bn).

PRODUCTION

- ❑ Group production volume 577,160 tonnes (2017: 671,983 tonnes)
- ❑ Apapa Refinery production volume 564,785 tonnes (2017: 654,723 tonnes)
- ❑ Savannah production 12,375 tonnes (2017: 17,260 tonnes)

SALES AND DISTRIBUTION

- ❑ Group Sugar sales volume 581,504 tonnes (2017: 657,775 tonnes)
- ❑ Apapa Refinery sales volume 569,401 tonnes (2017: 639,204 tonnes)
- ❑ Savannah sales volume 12,103 tonnes (2017: 18,571 tonnes)

CONFERENCE CALL DETAILS

A conference call for analysts and investors will be held on **Thursday 4th April, 2019** at **3.00pm** Lagos time.

Participants are advised to pre-register for the call beforehand to avoid any interruptions. The dial-in details are as follows: -

Call Title	Dangote Sugar full year ended December 31 st , 2018 financials and performance report
Call Date	Thursday 4th April 2019
Call Time	15:00 UK (BST)/ 15:00 Lagos
Participants registration Link	Link to Register
Participants Code	274178 #
Access numbers	(UK) +44 (0)20 7043 4129 or (UK) 0844 873 8149 (South Africa) 0800 982 759 or (USA) 1-213-325-3283 or (Nigeria) +234 (0)18889001
Playback numbers/ code	(UK) +44 (0)20 7043 4129 or (UK) 0844 873 8149 (USA) 1-213-325-3283 or (Nigeria) +234 (0)18889001 or PIN: 741499 #

Speakers: Ravindra Singhvi, Chief Operating Officer

Debola Falade, Chief Financial Officer

Contact Details

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ABOUT DANGOTE SUGAR REFINERY

Dangote Sugar is Nigeria's largest producer of household and commercial sugar with 1.44M MT refining capacity at the same location. Our refinery located at Apapa Wharf Ports Complex, refines raw sugar imported from Brazil to white, Vitamin A fortified refined

granulated white sugar suitable for household and industrial uses. Our subsidiary, Savannah Sugar Company Limited, factory located at Numan, in Adamawa State, is an integrated sugar production facility, with an installed factory capacity of 50,000 tonnes. Covering 32,000 hectares, the Savannah estate has considerable opportunity for expansion which is underway as part of the Dangote Sugar for Nigeria Project, campaign.

Our Backward Integration goal is to become a global force in sugar production, by producing 1.5M MT/PA of refined sugar from locally grown sugar cane for the domestic and export markets. During the year, the following companies which form part of the Backward Integration Project (BIP) were incorporated and consolidated in the Financial Statements of the group. This is indicative of the progress being made in BIP. They are Nasarawa Sugar Company Limited, Dangote Taraba Sugar Limited, Dangote Adamawa Sugar Limited and Dangote Niger Sugar Limited. These companies have a combined land mass for agriculture of about 110,000 hectares. The greenfield sites like Savannah Sugar will be integrated sugar production facilities with new plantation and modern facilities that are located closer to the consumers.

Dangote Sugar Refinery was listed on the Nigerian Stock Exchange in March 2007.

www.dangotesugar.com.ng

PROPOSED DIVIDEND

The Board has recommended a dividend payout of N1.10 kobo per ordinary share of 50k to be paid to shareholders for the year ended 31st December 2018. This is subject to shareholders' approval at the 13th Annual General Meeting of the Company.

OUTLOOK

In the year 2019, the focus will be on growing sales volumes and our customer base, cost optimisation initiatives, and improvement in efficiencies of the fleet. Achievement of our Sugar for Nigeria Backward Integration Project goal remains our priority. Efforts are ongoing to ensure that the project targets are delivered on schedule. The focus in Savannah Sugar Company Ltd continues to be improving the yield from sugar cane and efficiencies in production.

The Directors continue to apply the Going Concern principle in the preparation of the Financial Statements following the outcome of an assessment made by the directors on the Group's and Company's ability to continue as a going concern. The outcome of the assessment strengthens the believe that there are no threats to the Group remaining a going concern in the foreseeable future.

Ends.....