



AUDITED GROUP RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2019

Lagos, 29th May 2020: Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, announces audited group results for the full year ended 31 December 2019.

FINANCIAL HIGHLIGHTS

	Group	Group	
	December	December	% change
	31, 2019	31, 2018	
	₦ Billion	₦ Billion	
Revenue	161.1	150.4	+7.1
Gross Profit	38.3	39.7	-3.5
Gross Margin (%)	23.8%	26.4%	-9.9
EBITDA	35.6	37.6	-5.4
EBITDA Margin (%)	22.1%	25.0%	-11.7
Profit before taxation	29.8	34.6	-13.8
Profit for the year	22.4	22.0	+1.8
EPS – (Naira)	1.87	1.85	+1.3

OPERATING HIGHLIGHTS

	December	December	
	31, 2019	31, 2018	% change
	Tonnes	Tonnes	
Production			
Group Refined Sugar Produced	654,072	577,160	+13.3
Apapa Refined Sugar Produced	638,686	564,785	+13.1
Savannah Refined Sugar Produced	15,386	12,375	+24.3
Sales			
Group Refined Sugar Sold	684,487	581,504	+17.7
Apapa Refined Sugar Sold	673,462	569,401	+18.3
Savannah Refined Sugar Sold	11,025	12,103	-8.9

Commenting on the performance of the company in 2019, the Ag. Managing Director, Mr. Ravindra Singhvi said:

With a fairly stable economic and political environment during the year under review, core economic activities stayed resilient for most part of the year. This was amidst market headwinds like inflationary trends, we were however, able to execute strategies aimed at strengthening our capacity to deliver value despite the challenges we faced during the year.

We recorded over 7.1% in revenue over 2018. Key trade initiatives were adapted to expand our customer base, hence Group sales volume grew by over 17.7% when compared to 2018. The improved production volume for the year reflects the huge efforts of our operation efficiency and optimization drive. These improvements in our operations resulted in an increase of 1.8% in Profit After Tax (PAT) and 1.3% in Earnings per share (EPS) over 2018.

Our performance however, was impacted by the protracted Apapa traffic gridlock, increase on raw sugar import duty rate from 5% to 10%, which has increased the landing cost of raw sugar and the activities of smugglers of low quality sugar that found its way into our markets nationwide.

The Federal Government in August 2019 closed the land borders to curtail this smugglers activities and efforts have been made to regain most of the key markets smuggled sugar had presence. It is hoped that the Federal Government will continue to take appropriate measures to sustain the tempo.

Achievement of our Sugar for Nigeria Backward Integration Project (BIP) goal remains a key priority. Concerted efforts are being made and we have made progress in Land, Agriculture and Infrastructure development at the sites.

The Board and Management are committed to this target and will continue to engage with the stakeholders to overcome the various challenges that has affected the projects delivery. To this end, the Federal Government's has revised DSR BIP sugar production target to 550,000MT/PA sugar annually by 2024; to ensure the actualization of the NSMP.

COMMENTS ON PERFORMANCE INDICATORS

Group sales volume increased in the year by 17.7% to 684,487 tonnes (2018: 581,504 tonnes). The volume growth was partly attributable to our drive to expand our customer base whilst retaining existing customers through improved customer service and other trade initiatives. Group production volume also increased by 13.3% to 654,072 tonnes (2018: 577,160 tonnes) as we have continued to sustain our operations optimization strategy.

Group revenue increased by 7.1% year-on-year to N161.1 billion (2018: N150.4 billion). Growth in revenue lagged behind volume growth as smuggled sugar affected pricing in the first three quarters, gradually easing off in December. Gross profit declined by 3.5% to N38.3 billion (2018: N39.7 billion) largely due to the combined effect of rise in cost of sales and in a decline in sugar selling price. EBITDA contracted by 5.4% to N35.6 billion (2018: N37.6 billion) on account of increased cost of sales.

Investment income of N0.7 billion (2018: N2.5 billion) was earned in the year, which reflects interest earned on short-term bank deposits at an average rate of 10.5% p.a. (vs.11.5% p.a. in 2018).

The Group liquidity position moved up from N21.6 billion to N24.6 billion as at December 31, 2019.

Group profit after taxation for the year increased by 1.8% to N22.4 billion (2018: N22 billion).

PROPOSED DIVIDEND

The Board has recommended a dividend payout of N1.10 kobo per ordinary share of 50kobo to be paid to shareholders for the year ended 31st December 2019; subject to the shareholders' approval at the 14th Annual General Meeting of the Company.

ABOUT DANGOTE SUGAR REFINERY

Dangote Sugar Refinery 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 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.

To achieve this, Dangote Sugar Refinery Plc acquired Savannah Sugar Company Limited, in December 2012, and embarked on the ongoing rehabilitation of its facilities and expansion of its sugarcane estate. Located on 32,000 hectares, the Savannah Sugar estate has considerable opportunity for expansion, which is underway and will be augmented with the additional sites acquired at Tunga in Nasarawa State and Lau/Tau in Taraba State. These companies have a combined land mass for agriculture of about 110,000 hectares.

The Nasarawa Sugar Company Limited, is the registered subsidiary of Dangote Sugar Refinery Plc. The 78,136 hectares Sugar Project Site is located at Tunga, Awe Local Government Area, of Nasarawa State. Massive developments in agriculture, irrigation infrastructure amongst others is ongoing at the site. Unfortunately, Lau/Tau project is on

hold following the lingering compensation issue between the communities and Taraba state government.

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

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