



**UNAUDITED GROUP RESULTS FOR THE SECOND QUARTER ENDED
30TH SEPTEMBER 2020**

Lagos, 2nd November, 2020: Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, announces unaudited group results for the third quarter ended 30th September 2020.

FINANCIAL HIGHLIGHTS

	Group September 30, 2020	Group September 30, 2019	% change
	₦ Billion	₦ Billion	
Revenue	160.51	117.42	+36.7
EBITDA	36.20	26.72	+35.5
EBITDA Margin (%)	22.6%	22.8%	-0.9
Profit before taxation	29.08	22.97	+26.6
Profit for the period	26.63	14.70	+81.1
EPS – (Naira)	2.19	1.24	+77.1

OPERATING HIGHLIGHTS

	September 30, 2020	September 30, 2019	
Production	Tonnes	Tonnes	% change
Group Refined Sugar Produced	569,043	458,317	+24.2
Apapa Refined Sugar Produced	546,963	444,069	+23.2
Savannah Refined Sugar Produced	22,080	14,248	+55.0
Sales			
Group Refined Sugar Sold	569,079	493,522	+15.3
Apapa Refined Sugar Sold	541,268	486,062	+11.4
Savannah Refined Sugar Sold	27,811	7,460	+272.8

Commenting on the performance of the Company in the first 9 months in 2020, the Group Managing Director, Mr. Ravindra Singhvi said:

We are delighted to announce a topline growth in revenue of 36.7% when compared to same period in 2019. On the heels of first half years sales volume we had a strong performance in the 3rd quarter 2020 with the delivery of 569,079 tonnes, which translated to a 15.3% growth over the same period in 2019. Revenue growth of 36.7% leaped ahead of volume growth due to pricing benefits on the back of continued rise in FX rate. The 1st 9 months of the year performance reflects our commitment to deliver consistent topline growth, despite the worsening grid gridlock in Apapa; coupled with the steady rise in inflation and the deplorable state of roads to our key markets nationwide.

Nonetheless, we have continued to record increasing cost of sales driven by FX losses and a rise in cost of input materials and the increase of VAT from 5% to 7.5%. The Company's performance during the period under review was impacted by COVID-19 pandemic which caused disruption to the global economy, availability of foreign exchange, oil prices, consumer demands and social interactions. The prevailing FX shortage in Nigeria, and huge backlog of FX demands, due to the constricted ability of the CBN to meet FX demands continues to be a concern. The unprecedented impact of COVID-19 remains far reaching and has continued, amidst governments' concerted efforts to relax restrictions measures and accelerate economic activities.

We will however, continue to pursue key initiatives to improve market share, volume growth and operational efficiency; as we continue to deploy more efforts, towards the realisation of our revised Sugar Backward Integration Project target to produce 550,000MT of refined sugar by 2024, from the BIP sites.

During the quarter we completed the scheme of merger between Dangote Sugar Refinery Plc and Savannah Sugar Company Limited, with effect from September 1st, 2020

COMMENTS ON PERFORMANCE INDICATORS

Group sales volume increased in the first 9 months of year 2020 by 15.3% to 569,079 tonnes (2019: 493,522 tonnes). Growth continued to benefit from the sustained efforts to drive customer base expansion and several trade initiatives and investments. Group production volume also increased by 24.2% to 569,043 tonnes (2019: 458,317 tonnes) helped by our operations optimization strategy.

Group revenue increased by 36.7% to N160.51 billion (2019: N117.42 billion). Growth in revenue advanced ahead of volume growth due to price increases in the year. EBITDA increased by 35.5% to N36.20 billion (2019: N26.72 billion) on account of increased

earnings. Group profit after taxation for the period increased by 81.1% to N26.63 billion (2019: N14.70 billion).

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, located in Numan, Adamawa State in December 2012, and embarked on the ongoing rehabilitation of its facilities and expansion of its 32,000 hectares' sugarcane estate. In September 2020, the scheme of merger between DSR and Savannah Sugar estate was completed which gave birth to a bigger and stronger business with considerable opportunity for growth and delivery of superior benefits to all stakeholders. The expansion and rehabilitation of the sugar estate is still ongoing as well as the development of the greenfield site acquired at Tunga, Nasarawa State for the achievement of DSR's sugar for Nigeria development master plan.

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.

www.dangotesugar.com.ng

OUTLOOK

Though the 4th quarter looks difficult in view of the attendant events that is affecting our operations, we are confident that our strategic initiatives will see to the delivery of stronger performance. We will continue to strengthen all efforts towards optimizing our market channels and sustains the execution of various innovative trade initiatives to sustain and surpass our performance.

We are mindful of the underlying impact of COVID-19, we anticipate an increase in cost-to-completion in Naira terms, of the company's Backward Integration Programme due to the fact that the equipment is largely imported. Possible delays in establishment of Letters

of Credit for importation are anticipated which may have a knock-on impact on the programme timelines. So far in the year we have witnessed a rise in cost of raw materials, energy costs and other OPEX due to rising inflation and high FX rate. Possible escalation of cost is anticipated going into the last quarter of the year.

Despite these uncertainties, achievement of our Sugar for Nigeria Backward Integration Project goal remains a key priority. The focus is to achieve the Federal Government's revised sugar production target of 550,000 metric tonnes annually by 2024.

We remain confident of the huge benefits the Backward Integration Programme would deliver and the positive impacts it will have on the economy. These include saving the country from significant FX outflow and employment generation along the value chain amongst other benefits. We will continue to make CAPEX investments in this regard.

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