



UNAUDITED GROUP RESULTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER, 2019

Lagos, 29th October, 2019: Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, announces unaudited Group results for the nine months ended 30th September, 2019.

FINANCIAL PERFORMANCE AND KEY DRIVERS

- Group sales volume in the nine months period was up by 11.5% to 493,522MT (2018: 442,754MT). The volume growth was partly attributable to our drive to expand our customer base whilst retaining existing customers through improved customer service.
- Group revenue increased by 0.6% year-on-year to N117.4 billion (2018: N116.8 billion). The disproportionate growth in revenue relative to volume growth was due to lower average selling price, as smuggled low-value sugar sold at cheaper prices in key markets continues to place downward pressure on the price of sugar. Recent measures by the government (temporary closure of land borders) may begin to have significant impact in the future.
- Gross profit was down by 2.2% to N29.0 billion (2018: N29.7 billion). Gross margin in the period was 24.7% (versus 25.4% recorded same period in 2018). Gross margin contraction despite sales volume growth attributable to lower average selling price.
- EBITDA contracted by 11.5% to N27.7 billion (2018: N31.3 billion). This was mainly due to the combined effect of reduction in depreciation, decline in investment income (as investment in our BIPs ramped up) and loss arising from fair valuation of our biological assets (due to lower selling price of refined sugar).
- Profit before tax declined by 12% to N23.0 billion (2018: N26.2 billion).
- Profit after tax also declined by 12% to N14.7 billion (2018: N16.7 billion).
- EPS was down by 12.1% to N1.24k (2018: N1.41k).
- Average Selling Price per bag N11,862.01 against N12,834.10 in 2018.

OPERATIONAL PERFORMANCE

- Group production volume in the nine months period was up by 9% to 458,317MT (2018: 420,600MT). The volume growth was due to improved operational efficiency within the factory.

Ravindra Singh Singhvi, Ag. Managing Director, said:

The Nigerian operating environment is still challenged resulting in sluggish economic growth amidst a relatively stable political environment. The increase in import duty rate on raw sugar from 5% to 10%, the recent land border closure and a relatively stable FX regime have had varying degrees of impact on our business operations.

The adverse impact on our operations of the ongoing Apapa traffice gridlock, has been partially mitigated by improved efficiency in the management of our fleet. Some positive impact was felt intermittently during the year by the concerted efforts of Apapa traffic management taskforce set up by the government.

Smuggled sugar continues to be a factor in our key markets, exerting a downward pressure on market selling prices. We anticipate improvement in this regard, in the light of the recent land border closure and other initiatives implemented by the Federal government of Nigeria.

We continue to invest in our Backward Integration Projects (BIPs), particularly in Nasarawa Sugar Company where the company has recorded good progress in land development, installation of irrigation systems, construction of 42km access road, staff housing amongst others. This is in line with our commitment to the Sugar for Nigeria Master plan toward achieving self-sufficiency.

ABOUT DANGOTE SUGAR REFINERY PLC.

Dangote Sugar is Nigeria’s largest producer of household and commercial sugar with 1.44M MT/PA 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 projects to actualise the Dangote Sugar for Nigeria Master plan.

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 this end, the following companies; Nasarawa Sugar Company Limited, Dangote Taraba Sugar Limited, Dangote Adamawa Sugar Limited and Dangote Niger Sugar Limited, which form part of the Backward Integration Projects (BIP) have been consolidated in the Financial Statements of the group. The greenfield sites like Nasarawa Sugar Company Ltd., will be integrated sugar production facilities with new plantation and modern facilities that are located closer to the consumers. The BIP focus is fully on actualising the targets set for the first phase of the project, (Savannah Sugar

and Nasarawa Sugar) whose combined land mass for agriculture is about 100,000 hectares.

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

www.dangotesugar.com.ng.

SAVANNAH SUGAR COMPANY LTD, NUMAN, ADAMAWA STATE.

The Agricultural and production summary for the period ended 30th September, 2019 are as follows: -

▪ Total field Area	-	6,231 Hectares
▪ Fallow area	-	276 Hectares
▪ Area under Cane	-	5,955 Hectares
▪ Total Cane crushed	-	187,649 Tonnes
▪ Sugar Production	-	14,248 Tonnes
▪ Molasses Produced	-	10,732 Tonnes

Production and Sales for the period 1st January to 30th September 2019 are as follows: -

- Savannah production volume 14,248MT (2018: 11,362MT)
- Savannah sales volume 7,460MT (2018: 13,103MT)

During the period under review production increased by 25.4% to 14,248MT (2018: 11,362MT). The decline in the sales recorded was due in part to lower demand in our key markets situated by the Nigerian/Cameroon border, which accounts for about 65% of Savannah Sugar sales. Also affecting sales, was the influx of foreign sugar smuggled into the markets and sold at cheaper prices. However, the focus in Savannah Sugar Company Ltd is to continuously improve on the cane quality for increased yield from sugar cane and efficiencies in its production process and increase in sales volumes by sustaining customer patronage through trade supports.

NASARAWA SUGAR COMPANY LIMITED, (TUNGA SUGAR PROJECT SITE)

Activities at the project site continues in readiness for the commercial planting of cane at the project. Relocation of most of the communities in the project area have been carried out, while the remaining is ongoing as the project progresses. The project development activities at the site are ongoing as detailed below: -

Installation of the centre pivot irrigation system for the 65ha A nursery has been completed, in readiness for the planting of the 600ha B nursery by November 2019.

Installation of the centre pivot irrigation system for the B nursery is ongoing. Bush clearing for the Phase 1 of the 3000ha commercial development has commenced; and clearing of 1000ha has been completed. Design for the bulk water supply and irrigation for the 3,000ha is ongoing. Other infrastructure development activities at the site are ongoing and nearing completion. Staff housing 60% completed, 42km access road for the "A" and "B" nursery is completed, 180km access for phase 1 of 3000 ha is in process

The community remains supportive of the project.

TARABA SUGAR COMPANY LIMITED (LAU/TAU) PROJECT SITE

No further action has been taken by the Taraba State Government over the situation at the site. As such activities at the site are stalled but we have continued to maintain the 68ha cane farm and will harvest the cane for crushing at Savannah Sugar during the 2019/2020 crop year.

OUTLOOK

The operating environment remains very challenging with the continued Apapa access road traffic situation, which affects the daily minimum trucks requirement to evacuate our finished products. This is in addition to the deteriorating conditions of our roads, and inadequate/secure alternative transport infrastructure nationwide, which affects the turnaround time of trucks.

We are committed to growing sales volume, expanding our customer base, achieving costs optimization, efficient fleet management and all processes to support sales growth.

We have continued to partner with the Federal Government of Nigeria toward the achievement of the Sugar Master Plan. We have intensified efforts to ensuring the first phase of our Backward Integration Projects plans are achieved at Savannah Sugar Company Limited and Nasawara Sugar Company Limited.

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