

# Chairman's Statement

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**ALIKO  
DANGOTE, GCON**  
CHAIRMAN

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I am pleased to welcome all our esteemed Shareholders, my Fellow Directors, and Representatives of the Regulatory Institutions, to the 19th Annual General Meeting of Dangote Sugar Refinery Plc, and to present to you the Annual Report and Financial Statements for the year ended December 31, 2024.

It is worthy to mention that despite the lingering volatility and challenges in the operating environment during the year under review, Dangote Sugar remained steadfast in its pursuit of various strategic initiatives to ensure our operations are sustained while upholding the highest standards of corporate governance.

As we reflect on the past year, we recognize both the challenges we have faced and the resilience with which we have navigated them. Therefore, we start with a review of the global and domestic economies in 2024.

#### **OPERATING ENVIRONMENT**

The global economy recorded mixed fortunes in 2024 as the world grappled with several geopolitical and economic challenges. The global economy experienced slower growth than anticipated arising from several issues, such as the Russian-Ukrainian war, and high inflation.

The Israeli-Hamas crisis raged all through the year with the Houthis in Yemen attacking and disrupting maritime activities in the Southern Red Sea and Gulf of Aden. The attacks, which the Houthis claim was in support of the Palestinians, deterred major shipping firms from navigating through the Suez Canal which is a major shipping corridor for goods between Asia and Europe. The longer route implied increased costs, which contributed to global inflation. Egypt is said to have reported losses of over \$7 billion in revenue over the diversion of vessels from Suez Canal.

Donald Trump was re-elected as the President of the United States of America on Tuesday, 5 November 2024. As part of his campaign, Trump promised to increase tariffs on products from China and other wide disruptions in American relationships. The U.S. in the year under review grappled with several issues such as the potential debt ceiling crisis, which required a last-ditch consensus to prevent government shutdown. The labour market in the U.S remained relatively strong. Rate of unemployment remained low, but inflation rate was of concern. The financial

authorities tried to moderate inflation through higher interest rates for much of 2024.

Europe has continued to reel from the energy crisis arising from the Russian-Ukraine war. Businesses and households paid higher energy prices in 2024. Inflation was a major challenge as the European Central Bank (ECB) introduced measures to moderate inflation. Major European economies like Germany and France faced stagnating growth rates.

These global economic challenges also had notable impact on the Nigerian business environment with inflation rising to 34.80% as of December 2024, as reported by the National Bureau of Statistics. This marks a marginal rise of 0.20% from November 2024's rate of 34.60%, primarily driven by the increased demand for goods and services during the festive season. On a year-on-year basis, the headline inflation rate was 5.88% higher than the rate recorded in December 2023 (28.92%). This shows that the headline inflation rate (year-on-year basis) increased in December 2024 compared to the same month in the preceding year.

The Central Bank of Nigeria (CBN) made attempts to curb inflation by increasing the Monetary Policy Rate (MPR) six times within the year. Inflation contributed to the rise in cost of production, goods and services. The rise in living costs was impacted by the full removal of subsidy on premium motor spirit (PMS), which led to a spike in transportation rates, and other attendant costs in the economy. However, within the same period, Dangote Petroleum Refinery commenced domestic production of PMS, following over 28 years of non-production from the nation's refineries stopped producing. Supply from Dangote Petroleum Refinery helped to moderate the price of petroleum products and ensured an adequate supply of fuel during the festive season.

In 2024, the Government continued to deepen the economic reforms which it started in 2023, reforms which include the tax bills transmitted by the President to the National Assembly. This tax reform, designed to address the challenges of the present tax system and resolve its multi-layered taxation.

This will consolidate various legal frameworks relating to taxation, thereby expanding the country's tax base, enhancing tax compliance and generating sustainable



revenue streams for national development.

The global economy in 2024 was marked by significant headwinds, with inflationary pressures, supply chain disruptions, and geopolitical uncertainties affecting industries worldwide. For Dangote Sugar, the sharp depreciation of the naira and high foreign exchange rates presented notable challenges, impacting import costs and operational efficiency.

### OUR PERFORMANCE

The company's performance in 2024 was impacted by these various macro-economic challenges mainly from sharp depreciation (61%) of the exchange rate of naira to the dollar (affecting cost of imported raw sugar, gas cost for conversion), increased borrowing rate, and low consumer disposable income. As such, we witnessed a surge in our costs. The delays in getting regulatory approvals to open Letters of Credit also affected our business in 2024.

We recorded a Group turnover of N 665.6 billion, a 51 % increase over N441.5 billion in the corresponding period in 2023. This was largely due to price adjustments to partly recoup operating input costs. Operating profit of N12.6 billion, Loss Before Tax of (N271) billion, while Loss After Tax is (N193) billion, incurred mainly due to exchange devaluation and high interest on working capital loans. Exchange loss for the period was N209bn and finance costs was N92bn.

To meet the increasing working capital needs, the company went into the Commercial Paper financing arrangements in the year ended. In all outings, the offers were successfully subscribed to reflecting investors' confidence in our company. Repayment of these and other term loans are being met as and when due.

### DANGOTE SUGAR 25 YEARS ANNIVERSARY

This year marks a major milestone—25 years of excellence in the Nigerian sugar industry. From our humble beginnings in March 2000 as a division of Dangote Industries, we have grown into a market leader committed to quality, innovation, and sustainability. To commemorate this achievement, we are introducing a new '25kg' packaging alongside other initiatives to celebrate our journey. This is a testament to our enduring commitment to excellence, and we look forward to even greater achievements ahead.

### SUSTAINABLE GROWTH & DEVELOPMENT

Today, sustainability has become one of the key factors for business growth and investments, perhaps the most important. It is in this wise that we deepened our unwavering commitment to a sustainable future for the business with the setup of a Social Performance function on the heels of the Board Technical and Sustainability Committee, established to oversee the Company's operations in areas of Production, Sustainability, Health, Safety, Security and Environment, Transport, Logistics and New Projects.

Despite the challenges in the business environment, we continued to employ the necessary steps and maximise every opportunity in growing our business with focus on impact, environment, corporate governance and ethics. We embodied an ambitious sustainability and environment capacity-building initiative with the employment of top-tier sustainability and environment management experts, initiated full-scale tracking of Scope 1 and 2 GHG emissions, organised a vendors' forum to share our sustainability vision with our supply chain partners and began collaboration with Bonsucro accredited consultants and certification bodies to guide us toward full certification to align DSR with global best practices in sugar production.

Recall that DSR became the first organisation to achieve the Bonsucro membership in Nigeria, which positioned it as the preferred brand for customers, investors, and all stakeholders. Hence, the steps being taken to ensure the full certification status. Bonsucro, is a leading international organisation that verifies sustainable agricultural practices.

In addition, we are fully aligned with international and national sustainability and governance standards, principles, and guidelines that are applicable to our business and reporting requirements.

These efforts are a clear testament to our resolve for the attainment of a sustainable future. Our goal remains the creation of a sustainable business and value for all stakeholders by making sustainable impact through job creation, sports development, quality education, women and youth empowerment, skills acquisition schemes, food security, healthcare, and wellbeing amongst other developmental activities to support the socio-economic development of our communities and the company at large.

We will continue to build expertise required in these areas to sustain and improve on the achievements recorded to date  
**– The Dangote Way.**

### THE DANGOTE SUGAR FOR NIGERIA PROJECT

World sugar production is expected to grow albeit at a slower rate compared to previous decades, driven mainly by technological advancement, increased efficiencies, and new investment in limited regions. Sugar market research concluded that, the global deficit will increase reaching 15.5 M tons of sugar in 2030/31 mainly from Equatorial and South Africa region with a projected annual growth of 3% which shall impact availability of raw sugar imports and prices.

Domestically, the sugar sector which relies mainly on raw sugar import faces the challenges of the global balance of sugar, lack of liquidity, domestic inflation and FX fluctuation. With this global, regional, and domestic sugar sector outlook, we continued our strategic growth plan and accelerated the implementation of our Backward Integration Program (BIP), targeting an annual production of 700,000 tons of refined sugar by 2031/32 from Numan Operations and Nasarawa Sugar Company.

It is no longer news that the Dangote Sugar for Nigeria Backward Integration Project Master Plan is the future of the sugar industry in Nigeria. This we will also extend to surrounding countries in the region – The Dangote Way.

Concerted efforts are being made to ensure we surmount the numerous and persistent challenges that keep affecting delivery of the goals of the project, ranging from the onslaught of high foreign exchange rates to the lack of skilled manpower required for sugar production, and the community disturbances over accessing the land we have acquired for these projects.

During the year under review, we have faced community issues in Numan Operation resulting in a delay of the plantation of 2,304 ha, although the irrigation materials were procured and delivered to site. Despite these delays we continued our efforts to coordinate with the State Government and other stakeholders to resolve the community issues and achieve our targets by adopting a crash program in the next 5 years. The 9800 TCD factory expansion has been undergoing, with 75% completion including a 32.5 MW power plant to supply the operation and export the excess power, a 6000 TCD mill in tandem to add to the existing 3800 TCD mill and a process house capable of processing refined 150,000 tons of sugar annually. We are also planning an additional expansion of 8,200 TCD factory to meet our annual target of 292,000 tons of refined sugar from Numan operation. In Nasarawa, we have revisited our targets setting, our annual production targets up to 430,000 tons of refined sugar by installing a 24,000 TCD factory and planting a 29,000 ha of sugarcane. The funding for Nasarawa Sugar Project has progressed and we managed to complete the due diligence documentation with the African Finance Corporation targeting 200 (USD) million which is expected to be mobilized starting 2025-Q2.

The Dangote Sugar (Ghana) Limited feasibility study and a 12,000 TCD factory conceptual design were completed. We have identified an area of 23,000 ha in a prime location as the project area and obtained the water right license for Ghanaian Government to fully irrigate the project area.

The efforts and support of the Federal and State governments, the National Sugar Development Council and other government parastatals to ensure the achievement of the National Sugar Development Master Plan are highly commended, and we reiterate our unwavering commitment to this quest to achieve sugar sufficiency for Nigeria, with the production of 1.5 million MT Sugar per annum from locally grown sugarcane by Dangote Sugar.

#### BOARD OF DIRECTORS

During the year under review, a new member, Mr. Arnold Ekpe was appointed to the Board of the Company as an Independent Non-Executive Director effective 28th October 2024. Mr. Ekpe's appointment is subject to the ratification of Members at the Annual General Meeting. No Director

retired from the Company during the year under review, while the Directors retiring by rotation, being eligible will offer themselves for re-election at this Annual General Meeting.

#### OUTLOOK

Distinguished Shareholders, Ladies and Gentlemen, our outlook for 2025 and beyond remains to build a sustainable business through the sugar backward integration projects, driving robust economic impact with the production target of 1.5 million metric tons of refined sugar annually, generation of over 75,000 employment opportunities, power generation etc. amongst other benefits that will be maximised on the sugar production value chain.

We will deploy every strategy possible to ensure we navigate through the high forex rates, escalating costs of raw materials and its impact on our working capital to achieve these deliverables through process optimisation, improved efficiencies, operational excellence, financial performance, superior service delivery to our customers, and a culture which focuses on our people – the employees as the key resource central to the achievement of our set goals and objectives.

The resilience of our employees in the face of all these challenges is highly appreciated and we will continue to reward their hard work and commitment to the company's goals and objectives. In addition, the skills development, and empowerment for optimal performance is priority with focus on a culture of exceptional performance, to continue to attract and retain the best talents, as a preferred employer in the Food & Beverage industry.

Our partners, the distributors and every customer, your support, patronage and vote of confidence has kept us focused on our shared goals. The Board and Management are encouraged by your confidence in us, and we will steer the Dangote Sugar ship to enviable heights against all odds.

Fellow Directors, I say a big thank you for your unalloyed support and immense contributions in your service to the company.

At this juncture, Ladies and Gentlemen, I thank all our other stakeholders for their support and call for the continued contributions towards the realisation of our goals on this journey to greatness as we work towards making Nigeria a global force on the world's sugar production map.

Thank you.



**Aliko Dangote, GCON**  
Chairman

April 2025