



HARVESTING A SWEET GROWTH



Dangote Sugar Refinery Plc. remains committed to delivering superior returns to its shareholders, and the Board is therefore pleased to recommend a total dividend pay-out of ₦6 Billion

Aliko Dangote, GCON
Chairman

Fellow Shareholders, Distinguished Guests, Gentlemen of the press, Ladies and Gentlemen.

It is my honour and privilege to welcome you all to the 10th Annual General Meeting (AGM) of Dangote Sugar Refinery Plc. I shall be presenting to you the Annual Report and Financial Statements for the year ended 31st December, 2015.

At this point, I deem it most appropriate, to review the global and national business environment, within which we operated during the period. Such a review is most

pertinent given the fact that the period was marked by an interplay of external and domestic socio-economic issues and events, which impacted significantly on local businesses and the manufacturing industry in particular.

The Global Economy & Sugar Market

2015 started with challenges and the effects of the economic downturn from 2014, which remained throughout the year. Globally, the overall economic landscape was very challenging, despite the fact that rapid urbanisation of the developing world has persisted over the last decade, with Nigeria



HARVESTING A SWEET GROWTH

among the fastest urbanising nations.

The influx of Nigerians to urban areas is a trend that increased the population's reliance on purchased food staples and supported the growth in demand of confectionaries, beverages and packaged food products, in which sugar is a major input. Yet, the anticipated effect on businesses did not materialise due to subdued consumer spending.

Global prices of sugar remained low in 2015, down 18% from 2014. For most of 2015, world sugar prices reflected surplus supply conditions and maintained a downward trend. Conditions in the global sugar market indicated that overproduction might end in the 2014/15 season when supply would become on par with demand. However, inclement weather caused upward pressure on price in the fourth quarter of 2015, when the world raw sugar trade balance was projected to be a deficit in the upcoming season for the first time in the past six years.

The Nigerian Sugar Market

In 2015, Nigeria continued its drive to become a sugar producing nation. Despite the tough economic conditions during the year, sugar operators in the country continued with the implementation of their various Backward Integration initiatives, prompted by the Federal Government's National Sugar Development Plan.

Though we saw relative improvement in the security situation in the North East, access to our key markets was hampered by very bad road conditions. We continued to face the effects of reduced consumer purchasing power, the periodic menace of low-priced unlicensed sugar, imported into the country, and the scarcity of foreign exchange to finance imports

2015 Performance

Ladies and Gentlemen, 2015 was an even more challenging year than 2014. The political transition and economic slowdown impacted consumer spending. The global oversupply of crude oil weakened the Naira, leaving an average Nigerian consumer with less purchasing power than in the past three to four years.

In spite of this, we achieved a Group turnover of ₦101 billion in 2015; 7% higher than Group turnover of ₦95 billion in 2014. Profit before Tax (PBT) stood at ₦16 billion, and Profit After Tax at ₦15 billion. Our EBITDA rose to ₦21 billion compared to ₦18 billion in the previous year.

2015 Proposed Dividend

Dangote Sugar Refinery Plc. remains committed to delivering superior returns to its shareholders, and the Board is therefore pleased to recommend a total dividend pay-out of ₦6 Billion; representing 48% of our Profit After Tax for the year ended December 31, 2015. This translates to a dividend of 50 kobo per share for every ordinary share of 50 kobo each held in the Company. The Board will continue on this prudent course of action in view of our investment requirement for the Backward Integration Project, and the building of a sustainable financial future for the Company.

The Board of Directors

During the year under review there were some changes in the composition of the Board: The Group Managing Director, Mr. Graham Clark resigned from the Company and from the Board with effect from 1st of June, 2015. On behalf of the Board and Shareholders, I would like to acknowledge his contributions to the growth of the Company and express our sincere appreciation and gratitude for his service to the Company. Upon the resignation of



HARVESTING A SWEET GROWTH

Mr. Graham Clark, Engr. Abdullahi Sule was appointed Group Managing Director, in acting capacity effective October 23, 2015. Three Directors will be retiring at this meeting by rotation, and being eligible will offer themselves for re-election at the appropriate time during the course of this meeting

Risk Management, Internal Audit and Controls

We are mindful of the demands and obligations inherent in our operating environment; and this is why we have entrenched global best practices in every facet of our operations. We also ensure that our practices are anchored on good corporate governance, robust risk management and high sense of corporate social responsibility. Our social responsibility platform delivers on commitments focused on environmental awareness, promoting health and safety and minimising the risks within our operations.

Driven by our continued desire to adequately safeguard, verify and maintain accountability for our operations and assets, Dangote Group maintains internal controls and systems designed to provide reasonable assurance to the integrity and reliability of our operations, products and financial statements.

The controls and systems are based on established policies and procedures implemented by a team of qualified professionals with an appropriate segregation of duties, in our Compliance, Risk Management and Internal audit departments. These departments act in independent appraisal functions established to conduct reviews of our operations and procedures and report their findings and recommendations to Management, the Board Committees or the

Board, as may be appropriate.

We have formalized our approach to risk management, the key methodologies and tools to be deployed have been reviewed and approved by the Board, and the implementation of the framework is ongoing with a holistic view of managing risks, which takes into consideration correlated risk factors and the multiplier effect should such risks crystallize.

The Future: Our Backward Integration Strategy

The journey towards the actualisation of our Backward Integration Project (BIP) has been challenging. However, we remain encouraged by the results of several experiments and trials that were conducted during the year. Now that we have achieved yields near our target levels, we are fully prepared to embark on the rollout of our plan.

We are confident that we can continue to help Nigeria reach its near-term goal of sugar self-sufficiency by achieving our target of 1.5 million metric tonnes of refined sugar from locally grown sugarcane in the next ten years. The Board will continue to guide our Company by employing strategies that will guarantee a sustainable future for our business.

At the Apapa refinery, our focus is on improving efficiency, energy saving, product quality, and satisfaction of our customers' needs. This can be seen through the various awards our company garnered during the year. We have just been awarded the Food Safety Systems (FSSC 22000) Certification, a fully recognized standard by the Global Food Safety Initiative (GFSI), awarded by SGS, a world leading Food Safety certification and standards organisation.



HARVESTING A SWEET GROWTH

Our Customers, Employees & other Stakeholders

Our sincere gratitude goes to our teeming and highly valued customers for their unalloyed support, continued patronage and unwavering loyalty to Dangote Sugar Refinery Plc. Their unquantifiable contribution and consistent support remain the major driver of the sterling results that we have continued to achieve. We will continue to invest in our people and upgrade our infrastructure in order to continue to deliver efficient services and quality products that surpass expectation at all times.

Distinguished Shareholders, permit me to re-state the obvious that our staff remain

the most valuable resource for our successful operation, now and in the future. This is why we will continue to place a very high regard on staff quality, welfare and training. It goes without saying therefore that we have created and sustained a highly motivating work environment and reward system.

Ladies and Gentlemen, on behalf of the Board and Management, I thank you most sincerely for your unalloyed support.

Thank you.

**Alhaji Aliko Dangote, GCON
Chairman**