



UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDED 30TH JUNE, 2019

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

Financial and Operational highlights

	Group	Group	
	30-06-2019	30-06-2018	% change
Refined Sugar Produced (mt)	338,688	261,400	30
Refined Sugar Sold (mt)	337,608	311,173	8
Average Selling Price per bag(N)	12,413	13,220	-6
	N' billion	N' billion	
Revenue	80.4	84.1	-4
Gross profit	21.1	23.3	-9
Gross margin (%)	26.3	27.7	-5
EBITDA	18.6	20.4	-8.8
EBITDA margin (%)	23.2	24.3	-5
Profit before Tax	17.0	19.9	-14
Profit after Tax	10.9	12.7	-14
EPS –(Kobo)	92	107	-14
Dividend (kobo)	-	-	-

	30-06-2019	30-06-2018	% change
Apapa Refinery production volume (MT)	324,440	250,038	30
Apapa Refinery sales volume (MT)	331,598	298,638	11
Savannah production Volume (MT)	14,248	11,362	25
Savannah sales volume (MT)	6,010	12,535	-52

Mr. Ravindra Singh Singhvi, Ag. Managing Director, said:

The market remains very challenging due to the continued effect of the unlicensed sugar, smuggled and sold at lower prices across in our key markets nationwide. Despite efforts being deployed by the regulators to stem the tide, the influx of smuggled sugar into the markets has spread further across the North East and North West, and to the South West.

We have however, continued to study the situation and applying strategies to meet the specific conditions in the respective markets were the smuggled challenge in prevalent.

The adverse effect on of the Apapa Traffic situation continues to impact performance due to the movement restriction on trucks by the various government task forces managing the situation. This has led to the limited access of truck into the ports to evacuate finished products which remains a major challenge to our logistics and distribution activities. Though we are partially mitigating the situation by using our warehouses as a hub for redistribution, its impact on efficiencies cannot be overlooked.

Our focus is to build our customer base and sustain customer patronage by applying various sales and trade incentives. The process optimization for increased efficiency continues, while the realisation of our Sugar Backward Integration Projects is unwavering. We will ensure that our goal to produce 1.08 million metric tonnes of refined sugar from our various projects is achieved.

COMMENTS ON PERFORMANCE INDICATORS

The decline in Revenue was due mainly to the continued presence of lower quality, unlicensed sugar being smuggled into the country and sold in key markets. It provides a ready alternative to trade Customers who are not mindful of the quality implications of the product. Due to its lower price, it continues to exert a downward pressure on prices and sales volumes. Year on year there has been a reduction in the average selling price (currently ₦12,810/50kg bag vs ₦13,220/50kg bag in 2018) as the impact by the downward trend in global sugar prices comes through.

Also, the Apapa access road traffic situation has had an adverse impact on our logistics and product distribution activities.

Group revenue and Gross margin decline by 4.4 % and 5% respectively due to decline in average selling price, despite increase in the volume sold.

Investments made during the year in respect of the various Backward Integration Projects, were internally funded. A total of N5.7 billion was deployed to fund the various Backward Integration Projects expenses as at June 2018. This will continue to increase as we ramp up activities at the projects.

Group profit before tax for the period decreased by 14.4% to N17.0billion (2018: N19.9bn) while Group profit after taxation for the year decreased by 14% to N10.9billion (2018: N12.7bn).

Despite the harsh operating environment, the Company balance sheet remains Strong.

ABOUT DANGOTE SUGAR REFINERY PLC.

Dangote Sugar commenced business in March 2000 as the sugar division of Dangote Industries Limited. The sugar division was spun-off as Dangote Sugar Refinery Plc via a Scheme of Arrangement in January 2006 which transferred all the assets, liabilities and undertakings attributable to the sugar division of Dangote Industries Limited to Dangote Sugar. Dangote Sugar Refinery at Apapa Port Complex was commissioned in 2001.

Our core competences include: -

- Refining of raw sugar to make high quality Vitamin A fortified and non- fortified granulated white sugar.
- Marketing and distribution of our refined sugar grades in 1000kg, 50kg, 1kg, 500g & 250g packages.

- Cultivation and milling of sugar cane to finished sugar from our subsidiary, Savannah Sugar Company Limited.
- Development of Greenfield projects in line with our “Sugar for Nigeria Project,” strategic plan.

The sugar for Nigeria project is aimed at producing 1.5M MT of refined sugar from locally grown sugar cane across various sites. Our subsidiary, Savannah Sugar Company Limited, 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 the campaign.

The greenfield sites (Nasarawa Sugar Company Limited, Tunga) like Savannah Sugar will also be an integrated sugar production estate with new plantation and modern facilities.

www.dangotesugar.com.ng

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.

The Dangote Sugar refinery produces Vitamin A Fortified and non-fortified refined granulated free flowing crystal white sugar, packaged and distributed, as fortified, in 50kg bags, and 1kg, 500g, 250kg sachets and as non-fortified, in 1000kg, and 50kg sugar bags; sold under the brand name “Dangote Sugar”

The logistics and distribution operations are supported by warehouses located strategically across the country and served by over 550 trucks that take the finished products to the various markets nationwide.

Dangote Sugar Refinery operations is QMS, (ISO 9001:2015), FSMS, (ISO 22000:2005), OHSMS, (ISO 18001:2007) and (FSSC 22000:2013 VERSION 4.1) certified. Currently preparation is towards achieving EMS ISO 14001-2013 Certification before the end of 2019.

THE BACKWARD INTEGRATION PROJECTS.

The Backward Integration Projects are being realised through the following companies:

1. Savannah Sugar Company Limited
2. Nasarawa Sugar Company Limited
3. Dangote Taraba Sugar Limited
4. Dangote Adamawa Sugar Limited and
5. Dangote Niger Sugar Limited.

SAVANNAH SUGAR COMPANY LTD.

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

- Savannah production 284,960 bags (2018: 227,240 bags)
- Savannah sales volume 112,300 bags (2018: 250,700 bags)

During the period under review production increased by 25% to 284,960 bags over 227,240 bags produced in 2018. The decline in the sales recorded was due to the Nigerian/Cameroon border closure by the Cameroonian government over the Northern versus Southern Cameroon impasse.

This affected our key markets situated at the broader which accounts for about 65% of Savannah Sugar sales. Also, the influx of foreign sugar smuggled into the markets and sold at cheaper price. 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 incentives.

NASARAWA SUGAR COMPANY LTD, (TUNGA SUGAR PROJECT SITE)

Activities at the project sites 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 is ongoing detailed below: -

1. 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.
2. Installation of the centre pivot irrigation system for the B nursery is ongoing.
3. Bush clearing for the Phase 1 of the 3000ha commercial development has commenced; and clearing of 1000ha has been completed.
4. Design for the bulk water supply and irrigation for the 3,000ha is ongoing.
5. 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

Further activities at the site has been stalled due to hostility of the host community against our workers and 3rd party consultants engaged to work at the site. There has been no action by the Taraba State Government on the report submitted by the Committee it set up to review and determine the unpaid compensation, or over the attack on our workers at the site. However, we continue to maintain the 68 Ha cane farm and will harvest the cane for crushing at Savannah Sugar during the next crop.

OUTLOOK

The operating environment remains very challenging with the continued Apapa access road traffic situation, the continued presence in our markets of poor quality unlicensed sugar smuggled into the markets, and inadequate road and alternative transport infrastructure nationwide. We continue to intensify our efforts in partnership with the regulatory authorities and others in the industry to stem the influx of poor-quality unlicensed sugar into our markets.

Our focus in the current year remains growing sales volumes and our customer base, cost optimisation and improvement in efficiencies of the fleet.

Achievement of our Sugar for Nigeria Backward Integration Project goal remains our priority. 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.

The Company's balance sheet remains strong and is well positioned to meet the required conditions to raise additional funds for the Backward Integration Projects, in the near future.

CONTACT DETAILS

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