



# Chairman's Statement

## ALIKO DANGOTE, GCON Chairman

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Distinguished Shareholders, Fellow Directors, Representatives of the Regulatory agencies here present, Gentlemen of the Press, invited guests, Ladies and Gentlemen.

On behalf of the members of the Board of Directors and Management, it is my great pleasure to welcome you to the 17th 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, 2022.

### OPERATING ENVIRONMENT

In year 2022, the global economy was characterised by high inflation and aggressive monetary tightening in many economies. The war in Ukraine continued unabated, causing disruptions especially in the supply of gas for industrial and household use. The crisis also exacerbated the refugee situation as millions of Ukrainians sought safety in other European countries.

Production downturns in the world's two largest economies, the United States and China, led to contraction in global output in the second quarter of 2022. Consumer spending in the US was below expectations. A world economy already weakened by the pandemic was hit by several shocks. A higher-than-expected inflation worldwide, especially in the United States and major European economies triggered tighter financial conditions.

Fortunately, there were more relaxations of the COVID – 19 protocols with the resultant opening of many more countries. The easing was expected to drive economic recovery and strengthen the linkages that were disrupted at the height of the pandemic. Despite this reopening, the global economy is struggling to overcome the challenges posed by inflation, low output, and currency depreciations in many developing countries.

On the domestic scene, the operating environment was indeed very difficult. Vital components and materials essential in the manufacturing sector recorded astronomical price increases between the first and concluding months of the year. Automotive Gas Oil (Diesel) price fluctuated widely within the year and affected activities within the economy. According to the National Bureau of Statistics (NBS), the average retail price of Automotive Gas Oil (Diesel) was N288.09 per litre in January 2022 and closed the year at N817.86 per litre. This wide price gap, coupled with the product's unavailability worsened the operating environment. The year was further marked by low oil proceeds/revenues, limited cash flows, foreign exchange shortages, which resulted in the Naira losing value against major currencies and led to the implementation of new monetary policies by the Central Bank of Nigeria (CBN). The NBS maintained that Nigeria's Gross Domestic Product (GDP) grew by 2.25 per cent on a year-on-year basis in Q3 2022 but declined from 3.54 percent in Q2 to 2.25% in Q3 2022. The Q3 2022 growth rate decreased by 1.78% points from the 4.03% growth rate recorded in Q3 2021 and decreased by 1.29% points relative to 3.54% in Q2 2022.

The CBN's new policy on currency (Naira) redesign commenced mid-December 2022. According to the apex bank the redesign was to deal with the overarching concerns with the management of the current series of banknotes, as well as currency in circulation – particularly those outside the banking system in Nigeria. It stated that one of these challenges primarily include: significant hoarding of banknotes by members of the public, with statistics showing that over 80% of the currency in circulation is outside the vaults of commercial banks. It listed other challenges as the worsening shortage of clean and fit banknotes with attendant negative perception of the CBN and increased risk to financial stability; including the increasing ease and risk of counterfeiting, evidenced by several security reports.

The security situation was not left out with the incessant kidnappings, and killings by unknown gunmen within the year. These acts promoted an atmosphere of fear and insecurity which hampered business activities across the country. Furthermore, flooding occurred across several states of the federation. Many businesses were impacted while thousands of farmlands were submerged by the flood.

Despite this situation the Board and Management were not deterred in the pursuit of sustained growth for the Company,

and demonstrated resilience by continued implementation of its strategic objectives during the period.

### OUR PERFORMANCE

Despite the very challenging operating environment which we faced during the year under review, the Company recorded a commendable performance. The Company recorded a Group turnover of N403 billion, a 46% increase over N276 billion recorded during the same period in the comparative year. Profit before Tax (PBT) of N82 billion, Profit after Tax of N55 billion. Group EBITDA increased to N95.5 billion and an EBITDA margin of 24 %, a 35% increase in margin when compared to 18% margin being (N48.5 billion) in year 2021. The group EBITDA in Naira value increased by 97% over that of 2021. This performance was achieved following the pragmatic approach management adopted during the year under review. Focus was on continued cost and process optimization, improved efficiencies in every area of our operations and service delivery to our customers.

The Board and Management will continue to implement strategic actions to sustain the performance with the support of all stakeholders.

### DIVIDENDS

The Board is pleased to recommend for the shareholders' approval at this Annual General Meeting, payment of a total dividend of N18.22 billion, being N1.50 kobo dividend for every ordinary share of 50 kobo each, held in the company as of December 31st 2022. If approved the dividend will be paid to the shareholders in the register of members at the close of business on 24th March, 2023, net withholding tax at the standard rate.

Shareholders are encouraged to embrace the E-dividend payment to ensure the prompt payment of dividends when due. The E-mandate form is on page 211 of the annual report for update and submission to the Registrars to enable us phase out unclaimed dividends era.

### SUSTAINABLE GROWTH & DEVELOPMENT

Our commitment to the development and building of a sustainable business as well as the socio-economic growth of the communities within which we operate – with focus on impact management, governance and ethics over the years, remained on track. We however put in renewed efforts to improving the environmental and social aspects of our ESG during the year under review – The Dangote Way.

This includes the development and implementation of our Sustainability and Social Impact Management with a review of our Stakeholder Engagement process, the Health, Safety and Environment management policies, procedures, our control system and a drive for the development of a sustainability data management system for the business.

Guided by the three sustainability bottom lines: People, Planet & Profit, efforts were geared towards sustaining the peaceful environment we have attained in our immediate

communities, with an all inclusive approach. Our vision is to create sustainable value by making substantial positive impact through job creation, youth development, quality education & skills acquisition, food security, healthcare, and wellbeing amongst other developmental activities to support empowerment and socio-economic development within our communities.

Our commitment to the fulfilment of the United Nations Sustainable Development Goals (SDGs) received a boost with the concerted efforts we made in the pursuit of Food Security in the country through the provision of high quality and nutritious Vitamin A fortified product, as well as the continued development of the Sugar Backward Integration projects towards the achievement of sugar sufficiency for Nigeria. This led to the 2022 SERAs recognition award of Dangote Sugar as winner of the Best Company Award in Food Security. This, amongst many other notable awards, were conferred on the company during the year under review.

We remain fully aligned and have continued to comply with international and national sustainability and governance standards, principles and guidelines that are applicable to our business and reporting requirements, as we continue to build expertise in this area over and above the protocols, we have committed to our sustainability pillars and actions as we go forward – **The Dangote Way.**

### **THE SUGAR BACKWARD INTEGRATION PROJECTS**

Implementation of the Dangote Sugar Development Master Plan continued during the year under review, with the rehabilitation and upgrade of the Dangote Sugar Refinery, Numan Operations facilities and land development, as well as the development of the Nasarawa Sugar Company Limited, the greenfield sugar project, and Tunga in Nasarawa State. Unfortunately, the status of the Dangote Taraba Limited, at Lau/Tau Taraba State remains the same.

Concerted efforts were made during the year to rise above the various challenges that came about due to the COVID – 19 lockdown which affected project timelines considerably and continued to generally impact economic activities due to its spill-over effect, which also led to the lack of forex to finance most of the project deliverables. We however continued to surge ahead supported by the various stakeholders in the industry and government parastatals, with the resolve to ensure that the goals of the Nigeria Sugar Development Master Plan are achieved.

During the year under review, the first phase of the Sugar Master Plan implementation period came to an end and the Federal Government approved the second phase over the next 10 years. This extension came on the back of the review of the first phase by the National Sugar Development Council and other government parastatals with cognizance of the challenges and several circumstances that were unforeseen which riddled the first phase of the programme.

The Board and Management were however, focused on the achievement of the goals of this strategic initiative. Despite the numerous challenges we were faced with, considerable progress was recorded in the project development. The Dangote Sugar Refinery Numan Operations rehabilitation and expansion projects are advancing progressively. Some members of the Board of Directors and I took a tour of the DSR Numan Operation for an onsite and spot review of the ongoing activities at the project. We were pleased with what we saw and will continue to provide the much-needed guidance towards the realization of the goals of this value enhancing capital project through proper planning and tracking of the project deliverables till its successful completion.

The visit also afforded us the opportunity to meet with the key community stakeholders and I can assure you that the best is yet to come from this engagement. Our focus remains the creation of sustainable value for all stakeholders through an inclusive approach to growth and development, with continuous engagement with all parties to enable us to make positive impact, support poverty eradication and food security, infrastructure development, empowerment for members of the immediate communities and the society at large – **The Dangote Way.**

Progress at the Nasarawa Sugar Company Limited, Tunga, was affected by the overall economic situation, especially the impact on Foreign Exchange availability which led to continued delays with the production and delivery of equipment required for the Project development. The civil works and agricultural development continued with final design of the Bulk Water Supply being completed, amongst other infrastructural development at the site. All tendering processes are progressing, and we are hopeful that more development will be achieved at the site during the year.

### **BOARD OF DIRECTORS**

During the year under review, there were no changes in the composition of the Board of Directors, and the Directors retiring by rotation, being eligible will offer themselves for re-election during this Annual General Meeting. We are however, pleased to announce the appointment of Mrs. Yabawa Lawan Wabi (mni) as an Independent Non-Executive Director to the Board of the Company. Her appointment was approved by the Board at its Meeting on February 28, 2023, subject to the shareholders ratification at this meeting.

I warmly welcome Mrs. Wabi to the Board and I know that she will bring her vast experience to bear on the Board in her service to the company.

### **THE FUTURE**

Dear Shareholders, Ladies and Gentlemen, manpower development and empowerment of our Human Resources remain key to our existence as a business. Our teams are constantly trained and empowered to fit our business model, which attests to the numerous awards we were honoured

with in the year under review. These awards attest to the fact that our teams are blended with our goals and objectives for the business and have brought same to bear in their deliverables and in the way we do business. Our focus remains the establishment of a culture of exceptional performance with a view to attract and retain the best talents in our employment, as a preferred employer and responsible corporate citizen.

The challenges ahead are daunting no doubt, but our experiences of the past few years have strengthened our resolve to succeed and taught us that with our strategies and focus, we will not only maximize every opportunity but will sustain our performance and deliver on our business goals and objectives.

The support and contributions by the members of the Board have been quite tremendous and they underpin our sustained growth. I express my sincere appreciation to every member of the Dangote Sugar family for believing in this journey. Their ability to stay the course is very instrumental to the successes we have recorded over these years, and I call

for their continued support as we advance in the days ahead. I reiterate once again that we are focused on our collective goals and will ensure the delivery of not only the Sugar Backward Integration Project targets, but sustainable value to all stakeholders.

Thank you once again, and may God bless us all.



**Aliko Dangote, GCON**  
**Chairman**