



UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDED 30TH JUNE, 2018

Lagos, 23rd July, 2018: Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, announces unaudited Group results for the Six months ended 30th June, 2018.

Financial and Operational highlights

	Group	Group	
	30-06-2018	30-06-2017	% change
Refined Sugar Produced (mt)	261,399.7	367,212.8	-29
Refined Sugar Sold (mt)	311,173.2	360,484.05	-14
Average Selling Price per bag(N)	13,220	16,180	-18
	N' billion	N' billion	
Revenue	84.1	118.7	-29.2
Gross profit	23.3	26.9	-13.4
Gross margin (%)	27.7	22.7	+22
EBITDA	20.4	25.4	-19.6
EBITDA margin (%)	24.3	21.4	+14
Profit before Tax	19.9	25.3	-21.2
Profit after Tax	12.7	17.1	-25.6
EPS –(Kobo)	107	143	-24.9
Dividend (kobo)	-	-	-

	30-06-2018	30-06-2017	% change
Apapa Refinery production volume (MT)	250,038	351,714	-29
Apapa Refinery sales volume (MT)	298,638	350,923	-15
Savannah production Volume (MT)	11,362	15,499	+31
Savannah sales volume (MT)	12,535	9,561	-27

Engr. Abdullahi Sule, Group Managing Director, said:

Though we maintained our market leadership position in the sugar sector, the period under review was very challenging due to the impact of unlicensed sugar being sold in key markets nationwide, and logistics challenges brought about by the Apapa Access Road traffic gridlock.

Despite these challenges we continued to focus on increasing our refining and production efficiency, energy and cost saving projects and the relentless implementation of our Sugar Backward Integration Projects plan.

We are confident that these actions will transform our business into a stronger, profitable and sustainable concern despite the tough operating environment.

COMMENTS ON PERFORMANCE INDICATORS

The decline in sales volumes was due mainly to the continued presence of lower quality, unlicensed sugar being smuggled in to 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 ₦13,160/50kg bag vs ₦16,170/50kg bag in 2017) as the impact by the downward trend in global sugar prices comes through.

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

Group revenue decline by 29.2 % was as a result of the decline in sales volume and price. Gross margin % however showed a year on year improvement due to the positive impact of raw sugar purchases and efficiencies in energy utilisation.

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

ABOUT DANGOTE SUGAR REFINERY PLC

Dangote Sugar 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. 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 the Dangote Sugar for Nigeria Project, campaign.

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 achieve this, Dangote Sugar has acquired other sites at Tunga, Nasarawa State (68,000ha), Lau/Tau, Taraba State (25,000ha) to augment Savannah's 32,000 hectares in Adamawa state. The greenfield sites like Savannah Sugar will be integrated sugar production facilities with new plantation and modern facilities that are located closer to the consumers.

Dangote Sugar Refinery was listed on the Nigerian Stock Exchange in March 2007. Dangote Sugar Refinery is QMS, (ISO 9001:2008), FSMS, (ISO 22000:2005), OHSMS, (ISO 18001:2007) and (FSSC 22000) certified.

www.dangotesugar.com.ng

THE BACKWARD INTEGRATION PROJECTS.

SAVANNAH SUGAR COMPANY LTD.

The Agricultural and production summary for the period ended 30th June, 2018 are as follows: -

▪ Total field Area	-	6,108.3 Hectares
▪ Fallow area	-	313.90 Hectares
▪ Area under Cane	-	5794.40 Hectares
▪ Total Cane crushed	-	155,199 Tonnes
▪ Sugar Production	-	11,362 Tonnes
▪ Molasses Produced	-	7,820 Tonnes

Production and Sales for the period 1st January 2018 to 30th June, 2018 are as follows:

- Savannah production 227,240 bags (2017: 309,980 bags)
- Savannah sales volume 250,700 bags (2017: 191,225 bags)

Savannah Sugar's performance during the period under review was affected by the poor cane quality. This was due to a 2-month closure of the company in the 1st quarter over the Fulani herdsmen clash and community relations issues. Consequently, some of the crop was damaged, and agricultural activities were hindered resulting in a low yield from the harvest.

TUNGA, NASARAWA STATE, BACKWARD INTEGRATION PROJECT SITE

Planting of 50hectares seed cane farm out of the 100 hectares have been completed, and installation of the flood, overhead and drip irrigation facilities have commenced at the site.

LAU/TAU, TARABA STATE BACKWARD INTEGRATION PROJECT SITE

Land development and planting for the 100ha seed cane farm has been stalled by the rains. However, the Committee set up by the Taraba State Government to review and determine the unpaid compensation, claims by the communities has submitted its report. The outcomes of the report and its implementation by the State Government are being awaited.

OUTLOOK

The operating environment remains very challenging with the continued Apapa access road traffic gridlock, the continued presence in our markets of poor quality unlicensed sugar, and inadequate road 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.

The recently concluded turn around maintenance, as well as other improvement projects have set up the company for improved performance in the balance of this year. The company remains committed to growing sales winning back market share and the actualization of the set goals for the Backward Integration Projects.

The Company's balance sheet remains strong with Zero Gearing ratio, as sufficient cash flow is being generated to fund operations. The company is also well positioned to meet the required conditions to raise additional funds for the Backward Integration Projects, in the future.

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