



Dangote Sugar Refinery Plc

Unaudited Group Results for the Nine Months Ended 30th September 2016

Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, reports Profit before tax of N15.318 billion for the period ended 30th September 2016.

PERFORMANCE HIGHLIGHTS

Financial

- Group revenue increased to ₦115.3 billion (2015: ₦ 73.0bn)
- Gross profit increased to ₦19.0 billion (2015: ₦18.7bn)
- EBITDA increased to ₦18.5bn 2015 (₦17.1bn)
- Profit before tax increased to ₦15.3 billion (2015: ₦14.2bn)
- Profit after tax increased to ₦10.1billion (2015: ₦9.3bn)

Operating

- Group Sugar sales volume 614,389 tonnes (2015:530,725 tonnes)
- Group production volume 609,235 tones (2015: 530,133 tonnes)
- Apapa Refinery production volume 596,541 tonnes (2015: 523,693 tonnes)
- Apapa Refinery sales volume 601,695 tonnes (2015: 524,315 tonnes)
- Savannah production 12,695 tonnes (2015: 6,440 tonnes)
- Savannah sales volume 12,695 tonnes (2015: 6,440 tonnes)

Environment

- Inflation rate increased to 17.2% in August
- Naira depreciated by 50.0% by third quarter
- Roads continue to be in state of disrepair
- Disruptions in Gas and LPFO supplies continues
- Reduction in consumer spending across board
- Foreign exchange scarcity continues with difficulty to pay for raw sugar and spare parts

Commenting on the performance, the Acting Group Managing Director, Engr. Abdullahi Sule, said:

"Despite the continued challenges in the economic and business environment, orchestrated by the continued rise in inflation, insufficient foreign exchange to finance raw materials and equipment inputs, our revenue grew by 58.0 % over the corresponding period in year 2015.

We continued with our efforts at actualizing DSR's sugar Backward Integration Master Plan with focus on Savannah Sugar, Lau/Tau and other project sites in the first phase of the project.

We remain resilient and optimistic that our set goals will be achieved with the continued implementation and review of our initiatives to grow sales volumes, increase our market share, and focus on the actualization of our "Sugar for Nigeria" backward integration projects plan.

KEY PERFORMANCE INDICATORS

	Group	Group	
	30-09-2016	30-09-2015	% change
Refined Sugar Produced (mt)	609,235	530,133	15.0
Refined Sugar Sold (mt)	614,389	530,725	16.0
Average Selling Price per bag(N)	9,379.5	6,882.1	36.3
	N' billion	N' billion	
Revenue	115.3	73.0	58.0
Gross profit	19.0	18.8	1.2
Gross margin (%)	16.0	26.0	(38.4)
EBITDA	18.5	17.1	8.2
EBITDA margin (%)	16	23	(30)
Profit before Tax	15.3	14.2	8.0
Profit after Tax	10.1	9.3	9.0
EPS –(Kobo)	84	78	8.0

Group revenue increased by 57.95% to ₦115.3bn (2015: ₦73.0bn), reflecting the increase in sales volumes during the period. Gross profit increased by 1.6% to ₦19.0bn, (2015: ₦18.7bn) despite higher production costs mainly driven by increased LPFO usage and currency devaluation. The unit prices for gas and LPFO were also higher in the comparative period.

Group profit before tax for the period increased to ₦15.3bn (2015: ₦14.2bn) and Group profit after taxation for the year increased to ₦10.1n (2015: ₦9.3bn).

The cost of raw sugar increased by 18.9 % from an average of USD345.3 in the same period in 2015 to USD410.6 in 2016.

CONFERENCE CALL DETAILS

A conference call for analysts and investors will be held on **Thursday, 3rd November, 2016** at **4:00pm** Lagos time.

The dial-in details are as follows: -

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Speakers: **Abdullahi Sule, Acting Group Managing Director**
Babatunde Ajao, Chief Financial Officer

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ABOUT DANGOTE SUGAR REFINERY PLC

Dangote Sugar is Nigeria's largest producer of household and commercial sugar with 1.44 million tonnes of refining capacity, with the ability to supply most of the country through an extensive network of distributors. Our refinery at Apapa imports raw sugar from Brazil and refines it into white, Vitamin A fortified sugar suitable for household and industrial uses. Our Savannah cane sugar factory located near Numan, in Adamawa State has an installed factory capacity of 50,000 tonnes. Covering 32,000 hectares in extent, the Savannah estate has considerable opportunity for expansion which is underway.

Our strategy is to become a global force in sugar production, working within Nigeria's National Sugar Master Plan to end importation and sell more than 1.5 million metric tonnes of locally produced sugar in Nigeria and neighbouring countries. As part of this plan we acquired Savannah Sugar in December 2012 and are currently improving its farm acreage and upgrading its production facilities. We intend to augment Savannah's 32,000 hectares in Adamawa state by acquiring and planting a further 150,000 hectares across Nigeria, supporting the new plantations with modern production facilities that are located closer to the consumer.

Dangote Sugar Refinery was spun out of Dangote Industries in 2006 and was listed on the Nigerian Stock Exchange in March 2007.

STRATEGIC INITIATIVE

The Backward Integration Projects

"Sugar for Nigeria" Our sugar development projects continued throughout during the period, with community engagement, technical evaluation, design activities and

sensitization campaign for the identified sites. Our goal remains the achievement of 1.5 million metric tonnes of refined sugar per annum within the next 10 years, from locally grown sugar cane.

Savannah Sugar

The first phase of the 2015/2016 sugar cane harvest season commenced on the 5th of January, 2016 and ended on the 20th of May 2016, hence there was no production during the 3rd quarter, July – September 2016. During the first phase of the crop season, a total of 12,695 tonnes of sugar were produced during the period against 6,436 tonnes produced during the comparative period in 2015. Preparations are underway for the kick-off of the 2nd phase of the crop season in November 2016. The crop sugar production target of 27,000MT.

Arrangements are underway for the implementation of the various recommendations made by the Brazilian Equipment Manufacturers who visited our BIP sites in July 2016, in addition to the upgrade of the Savannah sugar factory from its current 3000TCD production capacity to 6000TCD; and the installation of a new 12,000TCD diffuser factory proposed for Savannah.

Lau/Tau, Taraba State BIP Site.

The topographic survey of the Tau & Lau sugar project has been concluded, while the 20 hectares seed cane farm, will be harvested during the coming crop season and replanted on the target 200hectares expansion. The total 2,000MT cane required to plant the 200hectares will be supplemented from Savannah Sugar.

Ends...