



Unaudited 2020 H1 Financial Results: Investor Presentation



August 4th, 2020



To deliver consistently good returns to our shareholders by selling high-quality products at affordable prices, backed by excellent customer service.



To satisfy market demand by producing the very best refined granulated sugar using exceptional resources and processes that comply with international standards and industry best practices.



To help Nigeria towards self-sufficiency in sugar production by moving from importation and refining to creating new plantations with their own refining facilities, close to major centres of demand, with a target to produce 1.5 – 2.0 million tonnes of refined sugar annually, by 2024 from over 150,000 hectares of locally grown sugar cane.



To provide economic benefits to local communities by way of direct and indirect employment.



To set a good example in areas such as governance, sustainability, health and safety.

Our Company

Large Sugar Refinery Sub-Saharan Africa

- We are one of the largest Sugar Refinery in the World.
- We have 1.44m MT/PA refining capacity at one location
- We have the largest market share in Nigeria

Efficient Operations

- We have a dedicated jetty at Apapa ports for efficient receipt of raw sugar imported from Brazil
- We have warehouses strategically located across the country for efficient distribution of our products

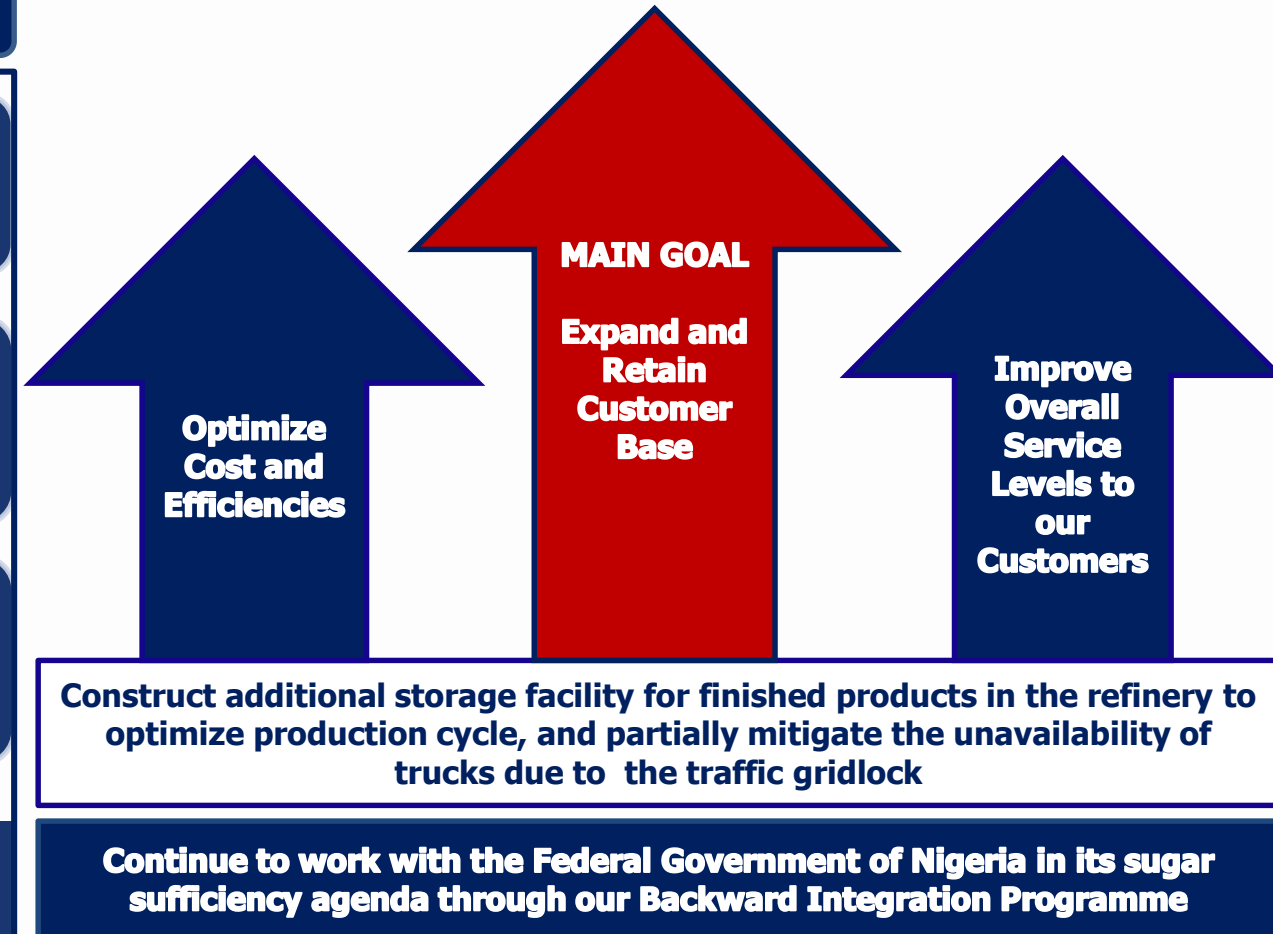
Publicly Quoted Company

- Listed and traded on the NSE since March 2007
- Best performing stock on the NSE in 2017

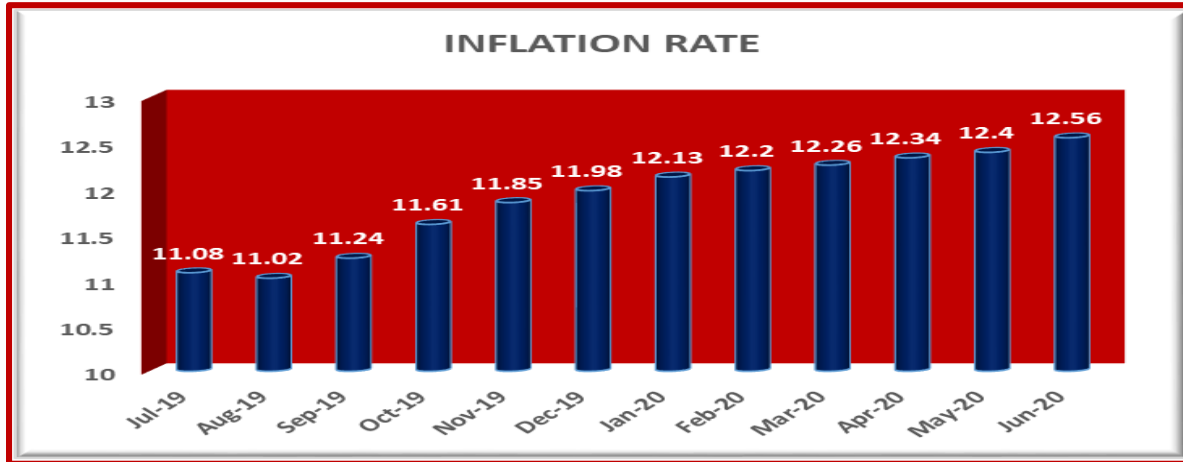
Subsidiary

Nasarawa Sugar Company Limited, Tunga, Nasarawa State; Taraba Sugar Company Limited, Lau/Tau, Taraba State.

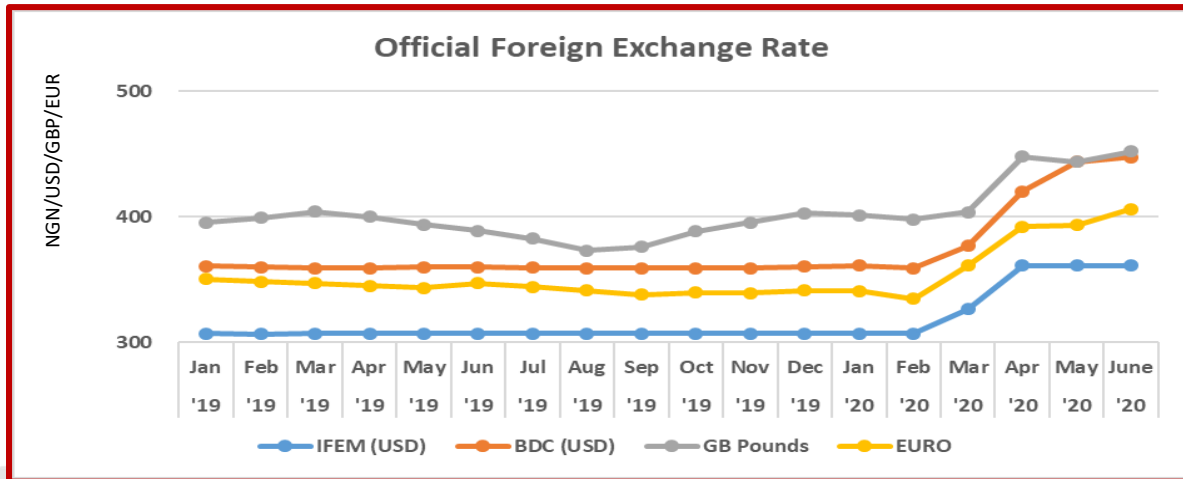
Our Strategic Focus



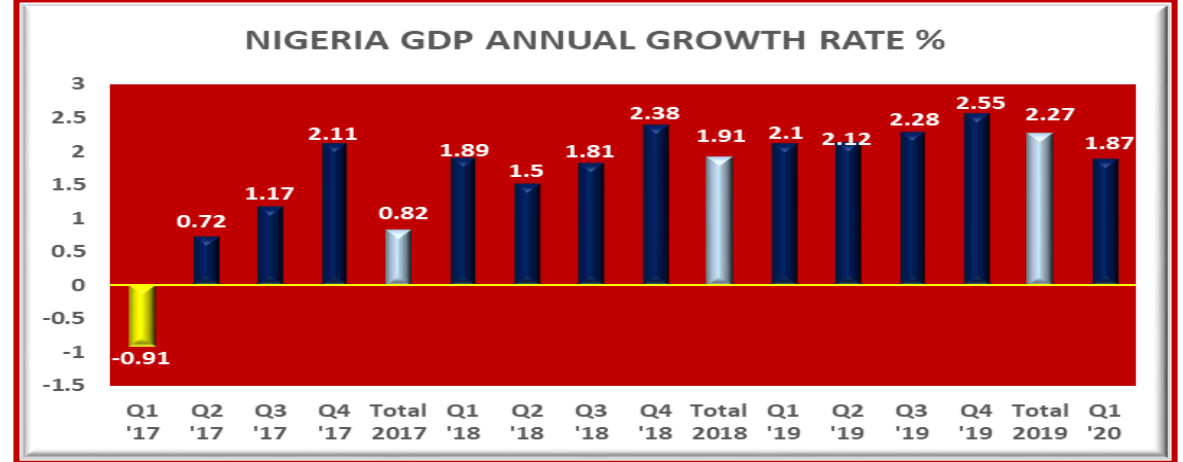
- Steady rise in inflation witnessed in last 10 months.



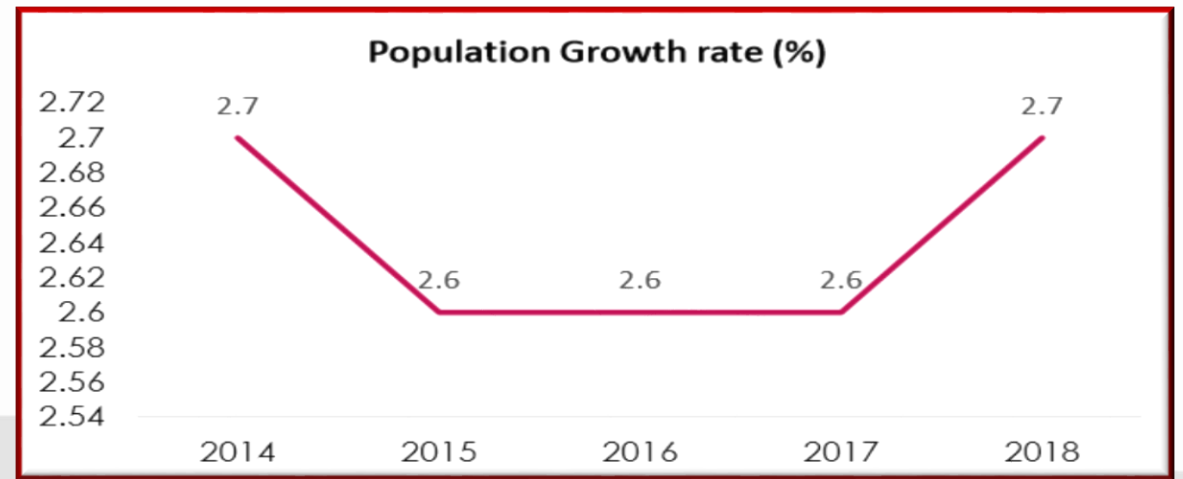
- Official FX rates increased in March 2020 – USD (avg. of 17.6%), GBP (avg. of 21.7%) and EURO (avg. of 19.2%)



- Real GDP growth rate declined to 1.87% in 2020 Q1 from 2.55% in last quarter of 2019 and limped below population growth.

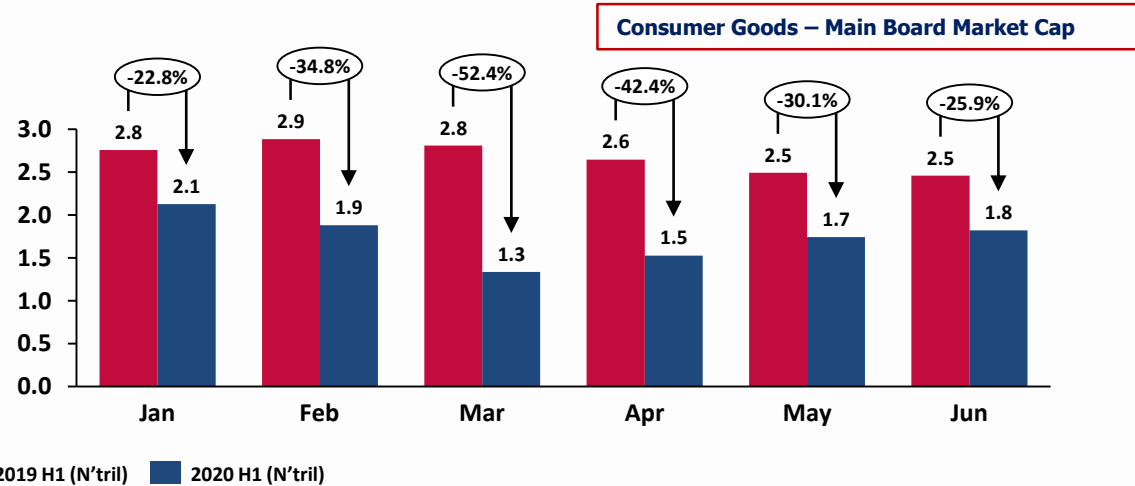


- Population growth tracking above real GDP growth.

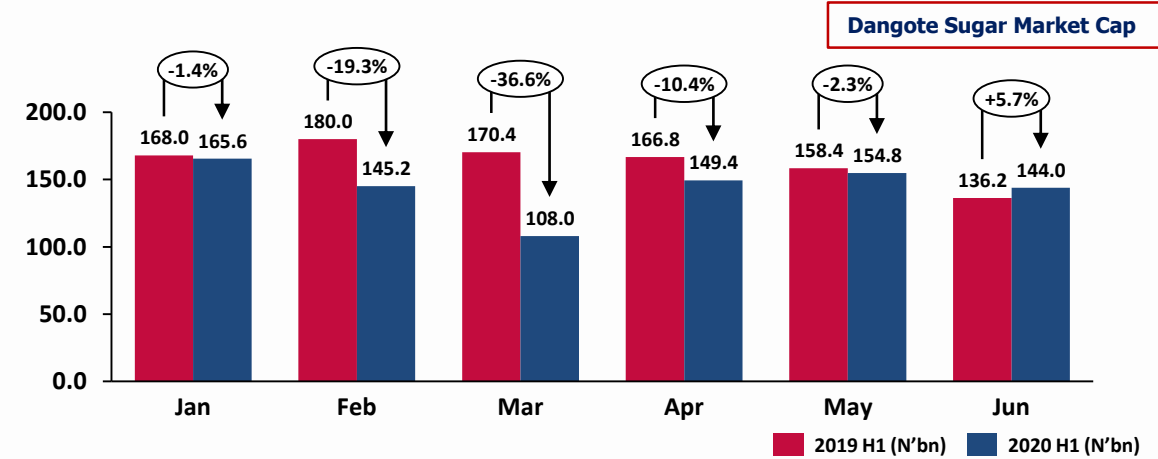


Market Capitalization performance in H1 2020 vs H1 2019 showing impact of COVID-19 on the Stock Market

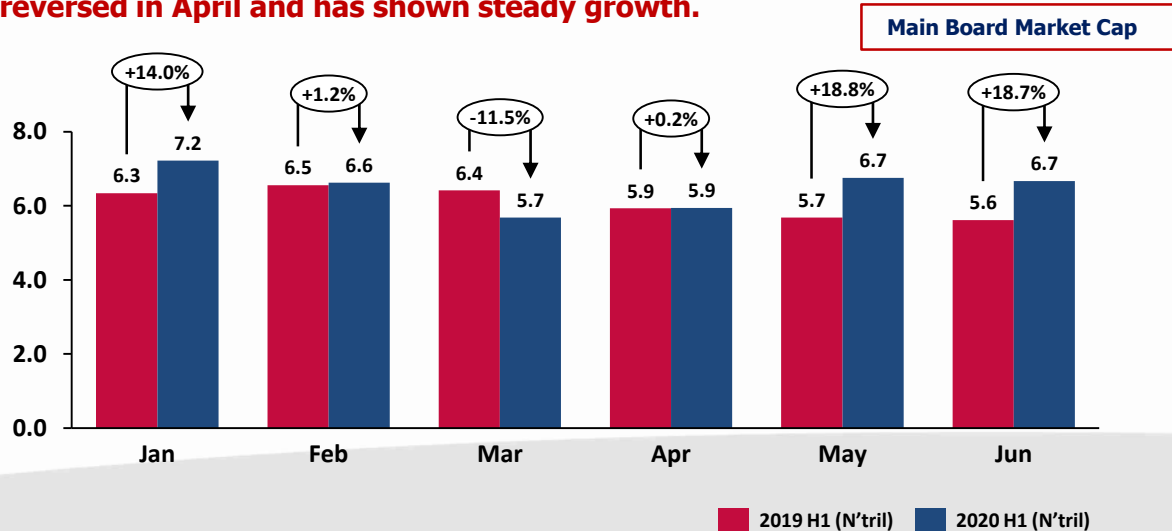
- Contraction vs 2019 peaked in March at -52.4% and continued to show steady recovery but yet to reverse.



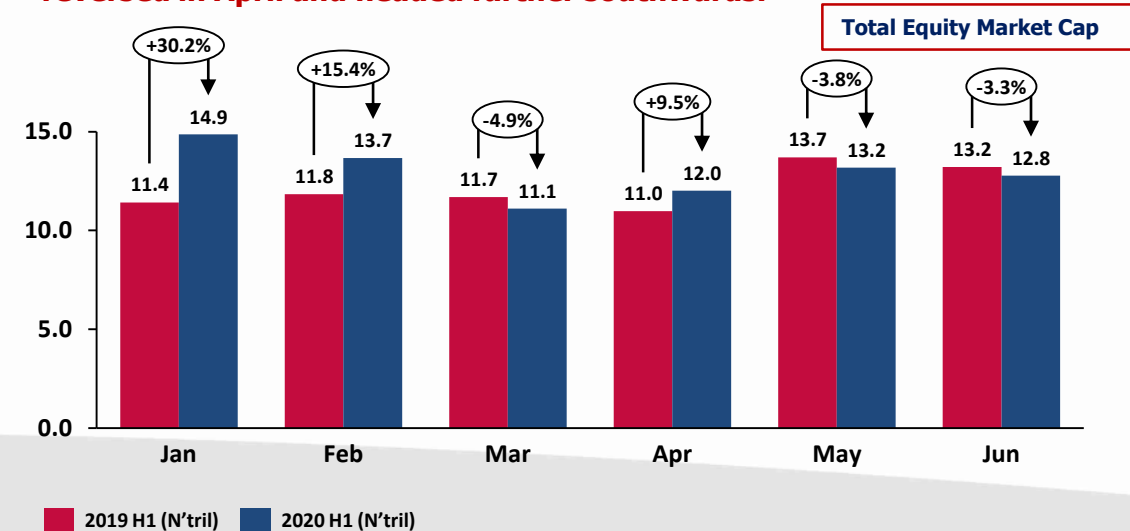
- Contraction vs 2019 peaked in March at -36.6% but reversed in June following steady recovery.



- Contraction vs 2019 recorded in March at -11.5% but reversed in April and has shown steady growth.



- Contraction vs 2019 recorded in March at -4.9% but reversed in April and headed further southwards.

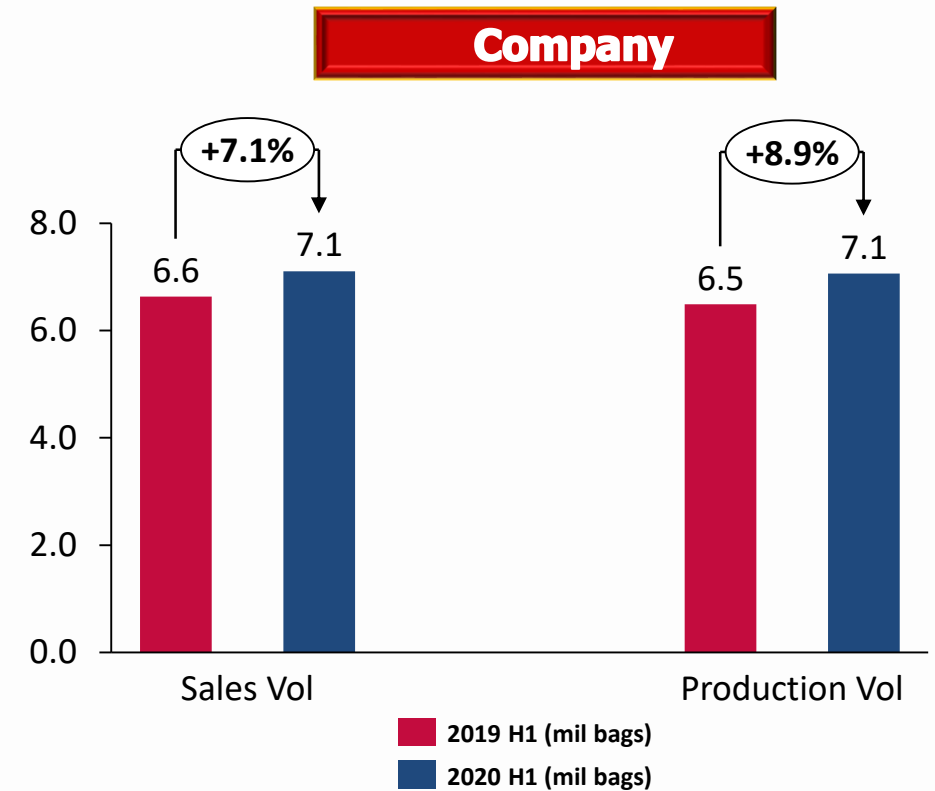
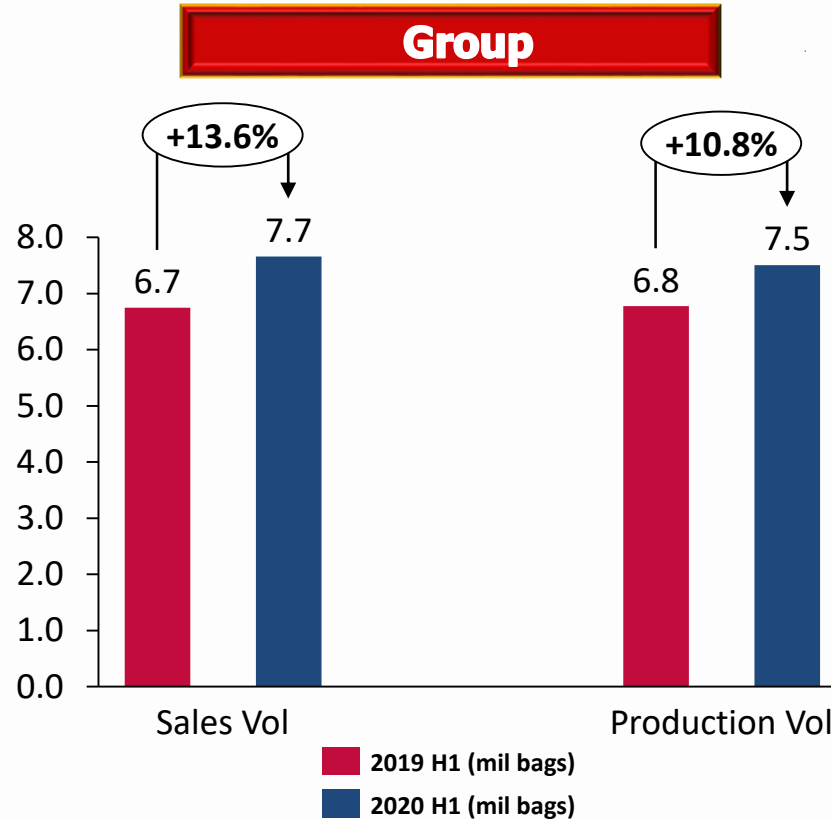


UNAUDITED 2020 H1 FINANCIAL RESULTS

2020: H1 Volume Performance

Despite contraction in national consumption caused by COVID-19 pandemic, H1 Sales performance was up 13.6% and 7.1% vs H1 2019 for Group and Company respectively.

While H1 production volume increased by 10.8% and 8.9% vs H1 2019 for Group and Company respectively.



A few factors that helped performance in H1:

- Improved activities of government agencies at curtailing smuggling.
- We witnessed community stability and improved yield as the crushing season ended.

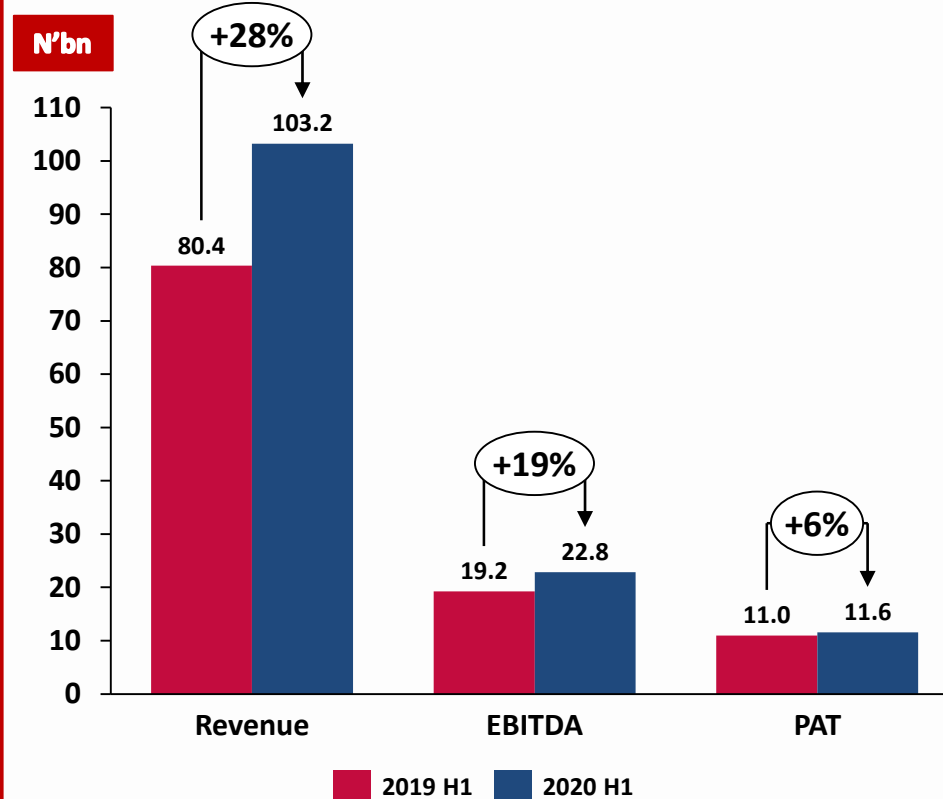
Major challenges in H1:

- Underlying impact of COVID-19 Pandemic globally.
- Protracted Apapa gridlock.
- Contraction in national consumption due to depressed disposable income.

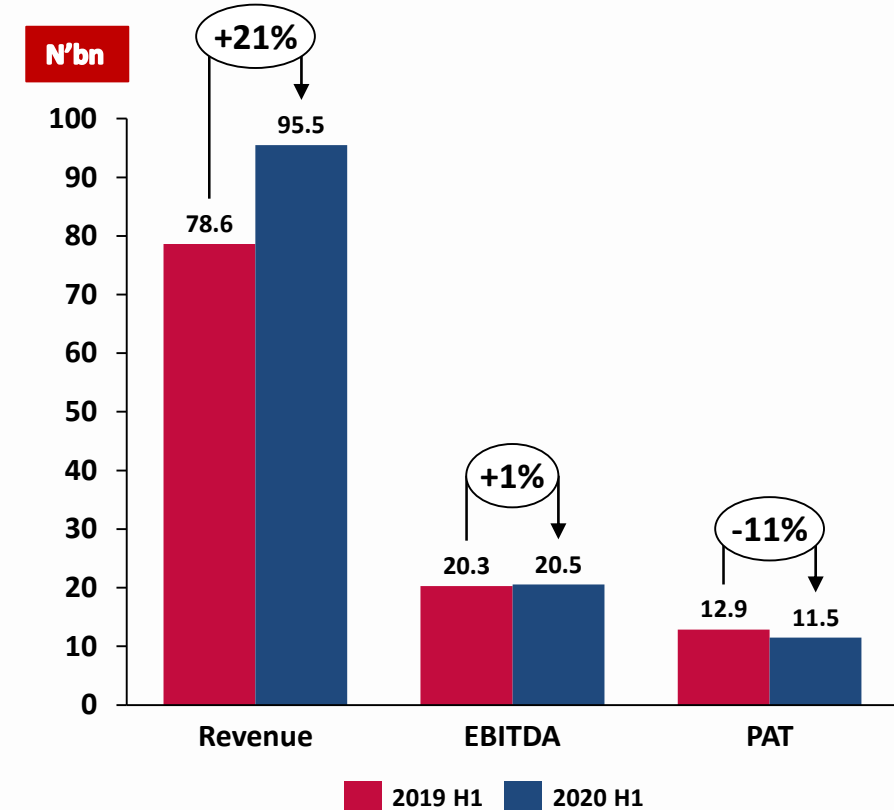
Key performance drivers:

- Sales volume growth of 13.6% and 7.1% in H1 for Group and Company, respectively.
- Revenue benefited from price increases in H1, as a consequence of FX scarcity and devaluation. .
- Rise in cost of raw sugar due to COVID-19 impacted cost of sale.
- High FX rate due to shortage of FX in local economy caused by slump in oil prices on the back of COVID-19.
- Gas price went up due to FX and this adversely impacted on energy costs.
- High Inflation as the H1 recorded steady growth in inflation rates.











Group













Company



Group

	2020 H1	2019 H1	△ (%)	
Sales Volume (Bags'000)	7,658	6,744	+13.6	
Production Volume (Bags'000)	7,506	6,774	+10.8	
	N'Bn	N'Bn		
Revenue	103.23	80.36	+28.5	
EBITDA	22.82	19.23	+18.7	
Net Finance Income/(Costs)	(1.17)	0.52	-323.9	
Profit Before Tax	17.04	17.03	+0.1	
Taxation	(5.46)	(6.06)	+9.8	
Profit After Tax	11.58	10.98	+5.5	
EPS (Naira)	0.97	0.92	+4.6	

Company

	2020 H1	2019 H1	△ (%)	
Sales Volume (Bags'000)	7,105	6,632	+7.1	
Production Volume (Bags'000)	7,064	6,489	+8.9	
	N'Bn	N'Bn		
Revenue	95.47	78.61	+21.5	
EBITDA	20.73	20.27	+2.3	
Net Finance Income/(Costs)	(1.09)	0.60	-281.0	
Profit Before Tax	17.07	18.93	-9.8	
Taxation	(5.46)	(6.06)	+9.8	
Profit After Tax	11.61	12.87	-9.8	
EPS (Naira)	0.97	1.07	-9.8	

- **Non-Current Assets** increased on account of increased investment in our Backward Integration Projects and improvement work of capital nature at Apapa Refinery.
- **Cash held to access FX to meet import obligations as FX demand backlogs by corporates continue to mount in the face of FX scarcity; for payment of 2019 dividend and statutory obligations.**
- **Current Liabilities however increased mainly as a result of current FX scarcity which affected FX-denominated obligations.**

Group

	2020 H1	2019 H1	2019 FY	MOVT vs 2019 H1
	N'Bn	N'Bn	N'Bn	N'Bn
Non-Current Assets	94.65	73.90	93.44	+20.75
Inventories	29.41	43.79	38.86	-14.38
Receivables	36.07	41.45	33.78	-5.38
Other Assets	3.91	2.40	3.02	+1.51
Cash and Cash Equivalents	65.16	9.69	24.61	+55.47
Total Assets	229.20	171.23	193.71	+57.97
Equity	119.72	96.75	108.14	+22.97
Non-Current Liabilities	6.79	6.68	8.03	+0.11
Current Liabilities	102.69	67.80	77.54	+34.89
Equity & Liabilities	229.20	171.23	193.71	+57.97

Company

	2020 H1	2019 H1	2019 FY	MOVT vs 2019 H1
	N'Bn	N'Bn	N'Bn	N'Bn
Non-Current Assets	34.18	31.86	36.32	+2.32
Inventories	21.93	34.64	30.19	-12.71
Receivables	109.05	97.42	107.01	+11.63
Other Assets	1.27	1.39	0.95	-0.12
Cash and Cash Equivalents	64.94	9.34	23.66	+55.60
Total Assets	231.37	174.65	198.13	+56.72
Equity	129.69	106.85	118.08	+22.84
Non-Current Liabilities	6.69	5.31	6.69	+1.38
Current Liabilities	94.99	62.49	73.36	+32.50
Equity & Liabilities	231.37	174.65	198.13	+56.72

2020 : H1 Unaudited Financial Results – Cashflow

Group

	2020 H1	2019 H1	2019 FY	▲ % vs 2019 H1
	N'Bn	N'Bn	N'Bn	%
Profit before taxation	17.04	17.03	29.82	+0.1
Net cash from operating activities	46.12	5.96	38.35	+673.8
Net cash from investing activities	(5.52)	(4.55)	(21.05)	-21.1
Net cash in financing activities	(0.06)	(13.30)	(14.27)	+99.6
Net (decrease)/increase in Cash & Cash Equivalents	40.55	(11.89)	3.03	+441.0
Cash and Cash Equivalents	65.16	9.69	24.61	+572.5

Company

	2020 H1	2019 H1	2019 FY	▲ % vs 2019 H1
	N'Bn	N'Bn	N'Bn	N'Bn
Profit before taxation	17.07	18.93	34.83	-9.8
Net cash from operating activities	41.41	0.97	20.23	+4,155.6
Net cash from investing activities	(0.13)	0.40	(3.82)	-131.9
Net cash in financing activities	(0.00)	(13.20)	(13.91)	+100.0
Net (decrease)/increase in Cash & Cash Equivalents	41.27	(11.83)	2.50	+55.6
Cash and Cash Equivalents	64.94	9.34	23.66	+595.1

2020 : H1 Key Financial Performance Indicator

Group

Company

- Against the backdrop of the shock in the operating environment globally, occasioned by the COVID-19 pandemic, we have continued to optimize our operations delivering efficiencies across key performance measures.
- Key performance indicators show our commitment towards shareholders' wealth maximization.

	2020 H1	2019 H1
Price – to- Cashflow Ratio	3.12	22.85
Price – Earning Ratio	12.43	12.30
Asset Turnover Ratio	0.52	0.45
Current Ratio	1.31	1.44
Quick Ratio	1.02	0.79
Gross Profit Margin	20.2%	26.3%
Net Profit Margin	11.2%	13.7%
Operating Margin	16.9%	21.5%
Return on Equity (ROE)	9.7%	11.3%
Working Capital Turnover	3.24	2.72

	2020 H1	2019 H1
Price – to- Cashflow Ratio	3.48	139.98
Price – Earning Ratio	12.40	10.58
Asset Turnover Ratio	0.47	0.44
Current Ratio	2.08	2.29
Quick Ratio	1.85	1.73
Gross Profit Margin	21.5%	27.2%
Net Profit Margin	12.2%	16.4%
Operating Margin	19.0%	23.3%
Return on Equity (ROE)	9.0%	12.0%
Working Capital Turnover	0.93	0.98

BACKWARD INTEGRATION PROJECTS (BIPs)



DANGOTE SUGAR FOR NIGERIA PROJECT MASTER PLAN

Dangote Sugar Backward Integration Projects plan to produce 1.08M MT/PA refined sugar from locally grown sugarcane in 6 years across various sites, and eventually 1.5M MT in 10 years.

- 5 large sugar factories
- 108,000 Ha of land under cultivation
- 1.08 million MT/PA of refined sugar from locally grown sugarcane p.a.
- 100 million litres of ethanol potential across all sites
- Animal feed and surplus power generation capacity to be sourced from cane fiber
- Generate over 75,000 jobs

The BIP targets have been revised by the FG due to the various challenges affecting the delivery timelines. DSR is now required to deliver 550,000MT/PA of refined sugar by 2024.



SAVANNAH SUGAR COMPANY LTD, NUMAN, ADAMAWA STATE

Savannah Sugar Company Ltd, is a 32,000ha Dangote Sugar brownfield Sugar Backward Integration estate, located in Numan, Adamawa State. Rehabilitation, Upgrade of the facilities & Expansion of the estate is still ongoing.

The Agricultural and production summary as at 30th June 2020 are below: -

- Production – 441,600 bags
- Sales – 553,686 bags
- Total field Area - 7093ha
- Fallow area - Nil
- Area under Cane - 7093ha
- Expansion area - 3100ha

In view of the revised BIP targets and timelines, concerted efforts have been renewed to ensure the goals for this project are achieved.



NASARAWA SUGAR COMPANY LTD, TUNGA NASARAWA STATE

Nasarawa Sugar Company Limited, is a Dangote Sugar 78,000ha greenfield Project, located in Tunga, Awe Local Government Area of Nasarawa State.

- Installation of the centre pivot irrigation system for the 65ha A nursery has been completed whilst Installation of the centre pivot irrigation system for the 600ha B nursery is ongoing; though slowed by the impact of COVID 19 lockdown.
- Bush clearing for the 600ha is completed and the planting for the 1st Phase of the 6000ha commercial development has commenced. The planting has now been synchronized and will commence in Feb. 2022.
- Design for the bulk water supply and irrigation for the 6,000HA commercial development and tendering is ongoing. An 18-month project to be concluded and awarded by Jan. 2021
- Other infrastructure development activities at the site are ongoing (Staff housing phase 1 completed, Phase 11 @ 80% complete. Comm tower, water & fuel tanks, boreholes completed. WTP in progress)



LAU/TAU SUGAR PROJECT, TARABA STATE

Lau/Tau Sugar Project, is a 25,000ha Dangote Sugar greenfield Sugar Backward Integration Project, located at Lau/Tau areas of Taraba State.

- To date there has been no action by the State Government on alleged unpaid land compensation by the community and the attack on our workers. However, the FG through the Sugar Council are planning to intervene in the matter.
- The 68ha seed cane farm at Lau is still being maintained, while we await the resolution of the issues.



OUTLOOK

- The COVID-19 global pandemic is an unprecedented event that has impacted everyone, every organization, and every Government. As a responsible citizen, the safety of our employees, customers, partners, consumers, and products remains our highest priority. We have deployed global best practice precautionary and hygiene measures at all our locations, activated our business continuity plans to ensure that our production capacities and supply chain remain fully operational.
- As we navigate the rest of the year, we remain positive and focused on delivering stronger performance. We are confident and will continue to strengthen our efforts towards optimizing our market channels as the economy rebounds, with bold execution of our various innovative trade initiatives. Several actions aimed at providing trade support to our esteemed customers are being executed and we are expectant of enduring yields, while recruiting new customers and gaining access to new markets.
- We remain confident of the huge benefits the Backward Integration Programme would deliver and the positive impacts it will have on the economy. These include saving the country from significant FX outflow and employment generation along the value chain amongst other benefits. We will continue to make CAPEX investments in this regard.
- Due to the underlying impact of COVID-19, we anticipate an increase in cost-to-completion in Naira terms, of the company's Backward Integration Programme given that the equipment for this programme are largely imported. Possible delays in establishment of Letters of Credit for importation are anticipated which may have a knock-on impact on the programme timelines. This was witnessed in the 1st half of the year, a rise in cost of raw materials, energy costs and other OPEX due to rising inflation and high FX rate is anticipated going into the balance of the year.
- Despite these uncertainties, achievement of our Sugar for Nigeria Backward Integration Project goal remains a key priority. The focus is to achieve the Federal Government's revised sugar production target of 550,000 metric tonnes annually by 2024.

Q & A

Investor Relations Contact

Douglas Ngharamike

Investor Relations Manager

Dangote Sugar Refinery Plc

Tel: +234 811 219 2595

Email: Douglas.Ngharamike@Dangote.com;
srefinery@Dangote.com

