



UNAUDITED GROUP RESULTS FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2018

Lagos, 30th October, 2018: Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, announces unaudited Group results for the Nine months ended 30th September, 2018.

FINANCIAL HIGHLIGHTS

	Group	Group	
	30-09-2018	30-09-2017	% change
Refined Sugar Produced (mt)	409,238	509,173	-20%
Refined Sugar Sold (mt)	429,651	496,486	-13%
Average Selling Price per bag(N)	12,834.10	15,776.35	-19%
	N' billion	N' billion	
Revenue	116.76b	163.03b	-28.38%
Gross profit	30.09b	41.48b	-27.46%
Gross margin (%)	25.77%	25.44%	+1%
EBITDA	27.81b	39.85b	-30.23%
EBITDA margin (%)	23.82%	24.44%	-3%
Profit before Tax	26.21b	39.25b	-33.23%
Profit after Tax	16.71b	26.52b	-36.99%
EPS –(Kobo)	141	221	-36.4%
Dividend (kobo)	0	0	0

OPERATIONAL HIGHLIGHTS

	30-09-2018	30-09-2017	% change
Apapa Refinery production volume (MT)	409,238	509,173	-20%
Apapa Refinery sales volume (MT)	429,651	496,486	-13%
Savannah production Volume (MT)	11,362	15,499	-27%
Savannah sales volume (MT)	13,103	10,659	23%

MANAGEMENT CHANGE

August 2018, Engr. Abdullahi Sule resigned his appointment from the Company. Ravindra Singh Singhvi joined the company as Chief Operating Officer, with over 37 years' experience in leadership positions in Manufacturing and Sugar industries in India.

Mr. Ravindra Singh Singhvi, the Chief Operating Officer, said:

Production and sales during the period under review were greatly impacted by logistic challenges caused by the Apapa traffic gridlock. This constrained the number of trucks required on a daily basis to evacuate the production volumes. The influx of unlicensed sugar, smuggled into the markets nationwide continues to exert a downward pressure on selling prices. The impact of smuggled sugar has taken up about 40% of the market, despite efforts being deployed by regulators to stem the tide.

However, we are employing measures to mitigate the gridlock and the establishment of new markets to improve sales. We will leverage on our strengths and continue to pursue opportunities for improved sales.

We are confident that these actions will yield the anticipated results, while we continue with the rigorous implementation of our Sugar Backward Integration Projects.

COMMENTS ON PERFORMANCE INDICATORS

Group Revenue declined by 28.4 % 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.

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

There has been a reduction in the average selling price at ₦12,834.1/50kg bag against ₦15,776.35/50kg bag during the same period in 2017. Despite the harsh operating environment, the Company's balance sheet remains strong.

CONFERENCE CALL DETAILS

A conference call for analysts and investors will be held on Thursday, 1st November 2018, at 3.00pm Lagos time.

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Pin code: **184734 #**

Participants can Pre-register for the call and get their unique conference pin codes by clicking the link below:

[Dangote Sugar Q3 2018 Results Conference Call](#)

Recording Playback details:

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Speakers: Ravindra Singh Singhvi, Chief Operating Officer
Debola Falade (Mrs.), Chief Financial Officer

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. The Savannah Sugar estate covering about 32,000 hectares has considerable opportunity for expansion which is in progress 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 Plc 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 September, 2018 were as follows: -

▪ Total field Area	-	6,231 Hectares
▪ Fallow area	-	367 Hectares
▪ Area under Cane	-	5,864 Hectares
▪ Cane yield/ha	-	37
▪ Cane crushed	-	155,199 tons
▪ Sugar Produced	-	11,362 tons
▪ Molasses produced	-	10,195 tons

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

- Savannah production 227,240 bags (2017: 309,980 bags)
- Savannah sales volume 262,051 bags (2017: 213,186 bags)

The 2017/2018 crop ended in May 2018, hence there was no production during the third quarter. Poor cane quality from the 2017/2018 crop season did however negatively impact the company's performance in the year to date. This was due to lingering effect of a 2-month closure of the company operations in the 2nd quarter of 2017 and the communal clashes during the first quarter of 2018. Consequently, the agricultural activities were hindered resulting in a low yield from the harvest.

TUNGA, NASARAWA STATE, BACKWARD INTEGRATION PROJECT SITE

Arrangements are underway for planting of an additional 35 hectares seed cane in November 2018, while installation of the flood, overhead and drip irrigation facilities are still ongoing at the site with other activities stated below: -

- Housing and infrastructure for staff (Phase 1) is in progress to be completed by December 2018
- Bush clearing is underway for the "B" nursery of 600HA

The community is peaceful and remains supportive of the project.

LAU/TAU, TARABA STATE BACKWARD INTEGRATION PROJECT SITE

There has been no further development on the outcome of the report and its implementation by the State Government that was being awaited. All activities are still on hold due to compensation issues raised by the community, till its resolution by the State Government.

OUTLOOK

The operating environment remains challenging with the continued Apapa access road traffic gridlock, the continued presence of poor quality unlicensed smuggled sugar, and inadequate road infrastructure nationwide.

The new Management team is determined to orchestrate a turnaround in the performance of the Company, regain lost market share and grow market share; by leveraging on our strengths and pursuing various opportunities available to improve performance. The Company remains committed to sustaining its leadership position in the industry, regaining market share and the achievement of the set goals for the Backward Integration Projects.

GOING CONCERN

The DSR Balance Sheet remains strong with Zero Gearing ratio. The Company has capability to generate sufficient cash flow to fund its operations and meet the conditions to source the additional funds required for the Backward Integration Projects, as the need arises.

The Directors concluded that there are no significant threats to the Company/Group's capabilities to continue as a going concern, after considering the liquidity position and the availability of resources.

CONTACT DETAILS

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