



**UNAUDITED GROUP RESULTS FOR THE FIRST QUARTER ENDED
31ST MARCH 2020**

Lagos, 29th May 2020: Dangote Sugar Refinery PLC (Bloomberg: DANGSUGA-NL), Nigeria's largest sugar producer, announces unaudited group results for the first quarter ended 31st March 2020.

FINANCIAL HIGHLIGHTS

	Group March 31, 2020	Group March 31, 2019	% change
	₦ Billion	₦ Billion	
Revenue	47.6	38.2	+24.9
Gross Profit	12.7	12.6	+1.0
Gross Margin (%)	26.7%	33.0%	-19.1
EBITDA	12.6	11.7	+7.8
EBITDA Margin (%)	26.5%	30.7%	-13.7
Profit before taxation	9.5	10.7	-11.1
Profit for the period	6.4	7.0	-9.0
EPS – (Naira)	0.53	0.59	-9.4

OPERATING HIGHLIGHTS

	March 31, 2020	March 31, 2019	
Production	Tonnes	Tonnes	% change
Group Refined Sugar Produced	192,584	177,771	+8.3
Apapa Refined Sugar Produced	176,238	165,488	+6.5
Savannah Refined Sugar Produced	16,346	12,283	+33.1
Sales			
Group Refined Sugar Sold	189,724	158,818	+19.5
Apapa Refined Sugar Sold	182,719	157,423	+16.1
Savannah Refined Sugar Sold	7,005	1,395	+402.2

Commenting on the performance of the company in the first three months of 2020, the Ag. Managing Director, Mr. Ravindra Singhvi said:

Against the backdrop of the underlying impact of the COVID-19 pandemic globally, which triggered huge FX shortage in Nigeria and constricted CBN's ability to meet FX demands, the prolonged Apapa gridlock situation, rising inflation and the deplorable state of road infrastructure, we recorded a topline growth in revenue of 24.9% when compared to same period in 2019. On the heels of 2019 Sales volume we had a strong performance in 1st quarter delivering 189,724 tonnes which translated to a 19.5% growth versus same period last year. Revenue growth of 24.9% forged ahead of volume growth due to pricing benefits. The 1st quarter performance reflects our drive for topline growth.

We, however, witnessed an increase in cost of sales driven by FX losses and a rise in cost of input materials as VAT increased from 5% to 7.5%. As the economy rebound, we will continue to pursue key initiatives to ensure improved market share, volume growth and efficient operations.

The COVID-19 pandemic caused disruption to the global economy impacting global trade, foreign exchange markets, oil prices, consumer demands and social interactions. The unprecedented impact of COVID-19 in the 1st quarter has accelerated in the 2nd quarter, as governments across the globe are making efforts to curb the spread of the disease with measures such as partial and complete lockdown restrictions.

Our efforts towards the realisation of our Sugar Backward Integration Projects remain unwavering as we continue to fund the activities of the BIPs. However, we have advanced in our plans to attract investments for additional funding of the Backward Integration Projects.

COMMENTS ON PERFORMANCE INDICATORS

Group sales volume increased in the quarter by 19.5% to 189,724 tonnes (2018: 158,818 tonnes). Growth benefited from the sustained efforts to drive customer base expansion and several trade initiatives and investments. Group production volume also increased by 8.3% to 192,584 tonnes (2018: 177,771 tonnes) helped by our operations optimization strategy.

Group revenue increased by 24.9% to N47.6 billion (2018: N38.2 billion). Growth in revenue forged ahead of volume growth due to price increases in the first quarter. Gross profit increased marginally by 1.0% to N12.7 billion (2018: N12.6 billion) due to rise in cost of sales driven by increased costs of input materials and higher FX rate.

EBITDA increased by 7.8% to N12.6 billion (2018: N11.7 billion) on account of increased earnings.

Group profit after taxation for the period decreased by 9.0% to N6.4 billion (2018: N7.0 billion).

ABOUT DANGOTE SUGAR REFINERY

Dangote Sugar Refinery 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 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 Refinery Plc acquired Savannah Sugar Company Limited, in December 2012, and embarked on the ongoing rehabilitation of its facilities and expansion of its sugarcane estate. Located on 32,000 hectares, the Savannah Sugar estate has considerable opportunity for expansion, which is underway and will be augmented with the additional sites acquired at Tunga in Nasarawa State and Lau/Tau in Taraba State. These companies have a combined land mass for agriculture of about 110,000 hectares.

The Nasarawa Sugar Company Limited, is the registered subsidiary of Dangote Sugar Refinery Plc. The 78,136 hectares Sugar Project Site is located at Tunga, Awe Local Government Area, of Nasarawa State. Massive developments in agriculture, irrigation infrastructure amongst others is ongoing at the site. Unfortunately, Lau/Tau project is on hold following the lingering compensation issue between the communities and Taraba state government.

Dangote Sugar Refinery was listed on the Nigerian Stock Exchange in March 2007.

www.dangotesugar.com.ng

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 complied with the Federal and State Governments and the Nigeria Centre for Disease Control (NCDC) initiatives accordingly.

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 approach the rest of the year, we remain positive and focused on delivering stronger performance with potentials the market will offer. We will be resolute in prioritizing pace to achieve distribution gains and products availability. We hope to optimize our market channels as the economy rebounds, with bold execution of our various trade initiatives. Several actions will be executed to provide trade support to our esteemed customers while recruiting new customers and gaining access to new markets. We continue to latch onto the opportunities created by the improved activities of the government agencies at curtailing the activities of smugglers to access key markets at the frontiers where unbranded sugar has been dominant. With the current improvement made at Savannah Sugar Company Ltd, some of the frontier markets will be easily reached.

As witnessed in 1st quarter, 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. However, we will sustain our proactive approach to managing operational costs to achieve improved efficiency.

We are 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.

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.

In addition to other initiatives being implemented to maximize the company's potentials, the Nigerian Stock Exchange approved our application for a scheme of merger with Savannah Sugar Company Limited. This is aimed at achieving operational, administrative and governance efficiencies to increase shareholder value.

Contact Details

Douglas Ngharamike
Investor Relations Manager

+234 811 219 2595
Douglas.Ngharamike@dangote.com