



HARVESTING A SWEET GROWTH

Vision

Our vision is to be one of the world's leading integrated sugar producers, respected for the quality of our products and the way we conduct our business.

Mission

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 million tonnes of refined sugar by 2024 across more than 150,000 hectares of newly planted land.

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.

Values

- Customer Service
- Entrepreneurship
- Excellence
- Leadership

Our Desired Outcome

“To consolidate our leadership position locally and become a leading integrated sugar company in Africa, with world class standards”





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YEAR 2000

Dangote Sugar commenced business as the sugar division of Dangote Industries Limited

YEAR 2001

Dangote Industries Limited commissioned its Apapa port based 600,000mt/pa capacity, sugar refining facility (the first sugar refinery in Nigeria), designed and built by Tate & Lyle, UK.

YEAR 2004

The Dangote Sugar Refinery capacity was increased to 1.44 million MT/Annum; thus it became the largest sugar refinery sub-Saharan African and one of the Largest Sugar Refinery in the World.

YEAR 2006

- Dangote Industries Limited spun-off its sugar division via a scheme of arrangement that transferred all the assets, liabilities and undertakings attributable to the sugar division of Dangote Industries Limited; to “the Company” Dangote Sugar Refinery Plc.
- Initial Public Offering by way of an Offer for Sale of 3,000,000,000 Ordinary Shares of 50 kobo each at N=18.00 per Share

YEAR 2007

DSR Plc (DANSUG) was listed on the mainboard of the Nigerian Stock Exchange



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YEAR 2009

DSR obtained NIS Quality Management System certification QMS, (ISO 9001:2008)

YEAR 2011

Dangote Sugar Retail packages in 1kg, 500 and 250 grams were introduced into the Nigerian market

YEAR 2012

DSR Plc acquired 95% stake in Savannah Sugar Company Limited (SSCL) to further its Sugar Backward Integration initiative

YEAR 2013

- Evolved a 10 year sugar backward integration plan to produce 1.5-2.0Mt/PA refined sugar from locally grown sugar cane
- Commenced Rehabilitation and expansion of Savannah Sugar Company Ltd
- Implementation of pre-project activities including Site Selection/Suitability, Soil Assessment, Topography, Climate, Water and Irrigation potential at green field BIP sites

YEAR 2014

DSR obtained the Food Safety Management System certification: FSMS (ISO 22000:2005)

YEAR 2015

- Cultivation of the first set of seed cane for Greenfield backward integration projects
- DSR obtained the Occupational Health and Safety Management System Certification: OHSMS (ISO 18001:2007)
- DSR obtained the Food Safety Systems Certification: (FSSC 22000).

YEAR 2016

Harvest of seed cane for propagation of the Backward Integration Projects

RESULTS AT A GLANCE



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	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Turnover	101,057,905	94,855,203	100,092,221	94,103,677
Profit Before Taxation	16,548,299	15,273,152	18,144,955	17,472,841
Taxation	(5,013,237)	(3,637,373)	(5,485,100)	(5,564,151)
Profit After Taxation	11,535,062	11,635,779	12,659,855	11,908,690
Other Comprehensive Income	-	-	-	-
Profit After Taxation Transferred To Revenue Reserve	11,535,062	11,635,779	12,659,855	11,908,690
Dividend Paid	-	-	-	40 kobo
Share Capital	12,000,000	12,000,000	12,000,000	12,000,000
Shareholders' Funds Per 50 Kobo Share Data (Kobo)	58,148,782	51,413,720	66,386,057	58,526,202
Earnings Per Share	96 kobo	97 kobo	105 kobo	99 kobo

Proposed Dividend

The Directors recommend a cash dividend of 60 kobo for every one ordinary share of 50 kobo each held in the company, for the year ended December 31, 2015; subject to Shareholders' approval at the Annual General Meeting.



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Dangote Sugar Refinery Plc (“Dangote Sugar” or “DSR”) is a leader in the sugar refining sector of the Nigerian Food and Beverage Industry. Our entry into the sugar business dates back to the 1970s, with the import and sale of sugar by its parent company, Dangote Industries Limited. Our sugar refining facility at Apapa is one of the largest in the world, with 1.44MT per annum installed capacity, at the same location.

Dangote Sugar Refinery Plc was listed on the main board of the Nigerian Stock Exchange (NSE), with over a 100,000 shareholders as at 31st December 2015. The authorized share capital of DSR Plc is N6 billion, amounting to 12 billion shares of 50 kobo each; with a majority shareholding of approximately 67.66% by Dangote Industries Limited, and 32.34%, held by other shareholders.

Today, Dangote Sugar is a leading brand that has made a remarkable impact on the Nigerian sugar sector. Our core competences include:

- Refining of raw sugar to make high-quality Vitamin A fortified and non-fortified granulated white sugar
- Marketing and distribution of our refined sugar grades in 50kg, 1kg, 500g & 250g packages
- Cultivation and milling of sugar cane to finished sugar from our subsidiary, Savannah Sugar Company Limited
- Development of greenfield projects in line with our “Sugar for Nigeria”, strategy which is an integral part of Nigeria’s National Sugar Master Plan

In addition, our business provides key value-added services for our customers including logistics, supply-chain management, credit and risk advice, sales and merchandising.

We operate to international standards of food production, health and safety and have been honoured with numerous awards and food products manufacturing quality certifications for our good business/manufacturing practices, quality standards and contributions to the socio-economic growth of our country, Nigeria.





Directors and Professional Advisers

BOARD OF DIRECTORS

Alhaji Aliko Dangote (GCON)	-	Chairman
Engr. Abdullahi Sule	-	Ag. Group Managing Director
Alhaji Sani Dangote	-	Non-Executive Director
Mr. Olakunle Alake	-	Non-Executive Director
Alhaji Abdu Dantata	-	Non-Executive Director
Ms. Bennedikter Molokwu	-	Independent Non-Executive Director
Dr. Konyinsola Ajayi (SAN)	-	Independent Non-Executive Director
Mr. Uzoma Nwankwo	-	Independent Non-Executive Director
Ms. Maryam Bashir	-	Independent Non-Executive Director

COMPANY SECRETARY/LEGAL ADVISER

Chioma Madubuko (Mrs)

AUDITORS

Akintola Williams Deloitte (Chartered Accountants)
235 Ikorodu Road, Ilupeju, Lagos.

BANKERS

Access Bank Plc
Diamond Bank Plc
Ecobank Nigeria Plc
Fidelity Bank Plc
First Bank of Nigeria Plc
First City Monument Bank Plc
GTBank Plc
Jaiz Bank Plc
StanbicBTC Bank Plc
Standard Chartered Bank Nigeria Ltd
UBA Plc
Union Bank of Nigeria Plc
Zenith Bank Plc



HARVESTING A SWEET GROWTH

CAPITAL MARKET INFORMATION

NSE TICKER SYMBOL DANSUG

DATE LISTED 18TH MARCH 2007

FINANCIAL CALENDAR (YEAR END) December 31

AUTHORIZED/PAID UP SHARE CAPITAL 12,000,000,000 Ordinary Shares of 50k each

SHAREHOLDER INFORMATION

RC Number 613748

Date of Incorporation January 2005

REGISTERED OFFICE

3rd Floor, GDNL Building

Terminal E, Shed 20

NPA Wharf Port Complex

Apapa

Lagos

FACTORY

Shed 20 Apapa Wharf

Apapa

Lagos

SUBSIDIARY

Savannah Sugar Company Limited

Numan, Adamawa State

REGISTRAR AND TRANSFER OFFICE:

VERITAS Registrars Limited

Plot 89a, Ajose Adeogun Street, Victoria Island, Lagos

CORPORATE COMMUNICATIONS CONTACT

Ngozi Ngene

+234 1 4545329

Ngozi.Ngene@dangote.com

INVESTOR RELATIONS

Ayeesha Aliyu

+234 14480815-6

Ayeesha.Aliyu@dangote.com



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Sugar is traded as a commodity in the international market. Sugar price is determined by the dynamics of global supply and demand, as well as any change in government policies of producing nations.

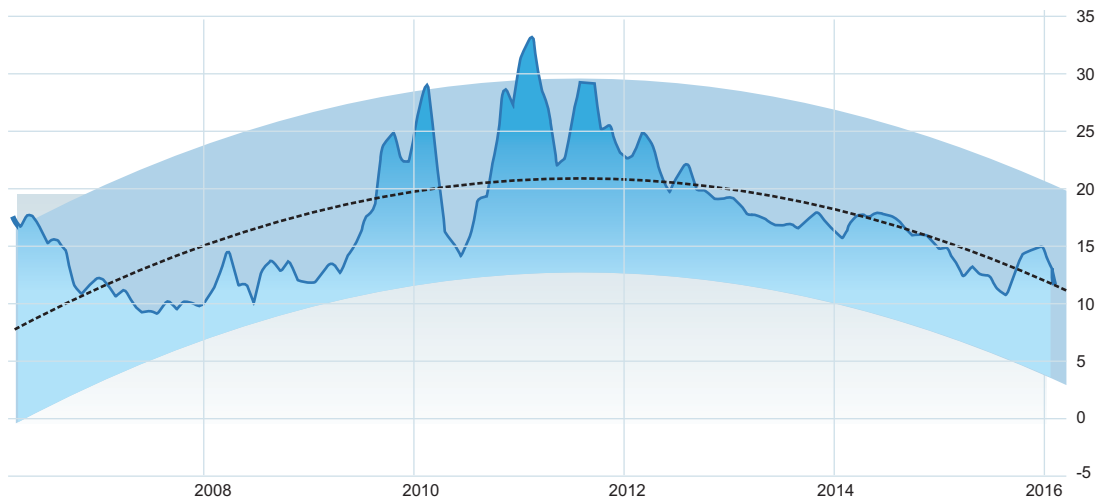
Over the last few years, the downward trend of international sugar prices persist, with adverse weather conditions affecting output by sugar producing nations.

Sugar production is affected by weather and the amount of land under cane, while the consumption of sugar is driven by macro-economic factors such as increasing wealth and population growth in the developing world, set against the conscious reductions in sugar consumption in the developed world.

Africa sugar production rose to 12million tonnes in 2014/15, due to expansion in Ethiopia and Sudan; and investments by some countries to raise self-sufficiency and capitalize on improved, and preferential access to the EU market. The 2015/16 crop yield and crushing were affected by weather conditions, while sugar mills in Brazil, gave priority to ethanol production. Actual sugar production in the current year, 2015/16, will be about 1.9mt lower than 2014/15.

Global Sugar Market Price Forecast

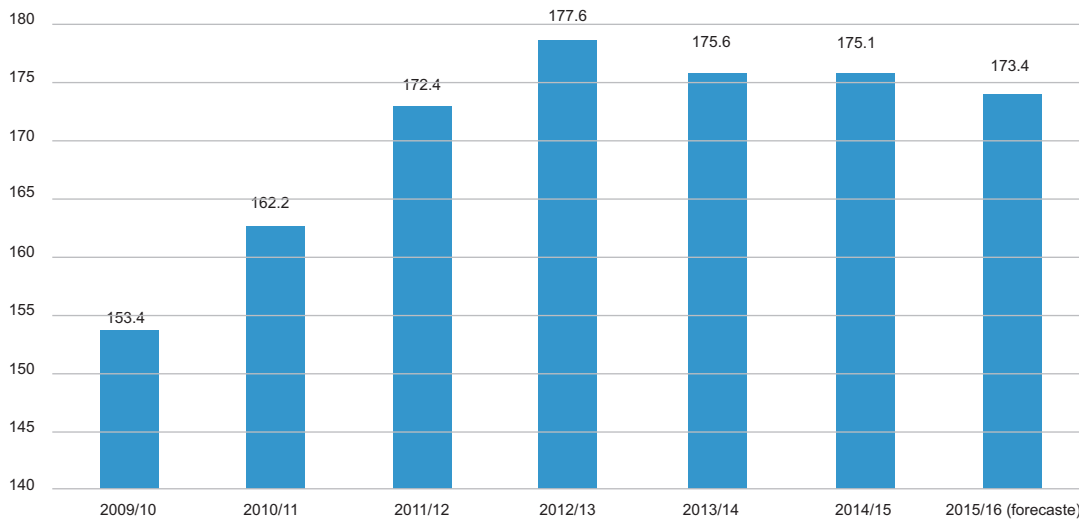
Sugar





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World Sugar Production Data 2008/09 to 2014/15 & forecast for 2015/16



Source: www.statista.com

Though global sugar consumption is still rising, current indications show that overproduction may end in 2014/15 with supply and demand almost at par.



DANGOTE SUGAR REFINERY, APAPA

The Dangote Sugar Refinery, Apapa Wharf Complex, facility was commissioned in 2000, with an initial refining capacity of 600,000MTPA; and with a dedicated jetty that berths large shipments of raw sugar from Brazil. Over the years, the facility has undergone two major upgrades that have turned it into one of the largest sugar refineries in the world with 1.44MTPA refining capacity, in the same location. The refinery is powered efficiently with gas and/or Low-Pour Fuel Oil (LPFO) with 16MW of in-house generating capability.

With a current 70% capacity utilization, the upgrades and various projects currently going on in the refinery has enabled us achieve sugar yields of 97.5%; and are implementing various initiatives and projects towards the actualization of the following targets within the next 5 years:

- Continue to improve the efficiency of our refinery
- Sustain & grow our market share with improved product quality, service delivery & customer satisfaction
- Develop a significant export market for our sugar products

When completed, these initiatives and projects are expected to reduce the cost of production, increase productivity and further improve the quality of our refined sugar; and enhance our competitive advantage in the Nigerian sugar industry.

Our refining operations are supported by warehouses located strategically across the country, served with over 500 trucks that take finished products to market.



Dangote Sugar Refinery Retail Packaging Plant at Ikeja



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In 2012, the Federal Government drew up the Nigerian Sugar Master Plan, which is an ambitious drive to make Nigeria self-sufficient in sugar production, and at the same time reducing outflows of Nigerian cash for imports and creating thousands of jobs in sugar production.

The 'Backward Integration' policy is targeted at achieving self-sufficiency, phasing out of imports, and the creation of employment in the country. Dangote Sugar Refinery Plc, therefore is an integral part of the Federal Government of Nigeria's National Sugar Development Master Plan. In 2012, Dangote Sugar Refinery Plc, committed to becoming an integrated sugar business, serving local and export markets from integrated plantation and refinery sites that we plan to build across Nigeria, over the next ten years, to:

- Refine white sugar from locally grown sugarcane and sell to local markets and where appropriate, to export to other markets across West Africa.
- Generate power from bagasse for own use, with any excess electricity being sold to the national grid
- Produce Fuel Ethanol (ethyl alcohol)
- Produce Animal feed from molasses and bagasse
- Produce Bio-Fertilizer from press-mud/filter cake during sugar manufacturing

Our goal is to achieve the capacity to produce 1.5million tonnes of refined sugar annually from locally grown sugarcane, while sustaining and improving our existing refining operations. This goal will ensure that Dangote Sugar becomes a global force in sugar production, for the benefit of its shareholders, and Nigeria as a whole.

Dangote Sugar is set to achieve this target by cultivating sugarcane on new plantations covering more than 150,000 hectares of land across a number of sites in Nigeria, in two phases.

Implementation of the first phase is still ongoing with the continued Rehabilitation and expansion of Savannah Sugar estate, acquisition and development of 6400hectares of land at Guyuk, (annex to SSCL) in Adamawa State; and development of a Greenfield site at Zaria Kalakala, in Kebbi State.

In view of the various issues with Lau/Tau project site that is causing delays, the project has been moved up to the second phase, and Zaria Kalakala in Kebbi State included in the first phase of the project, to ensure our targets are met.



New Land Preparation Heavy Equipment at Savannah Sugar



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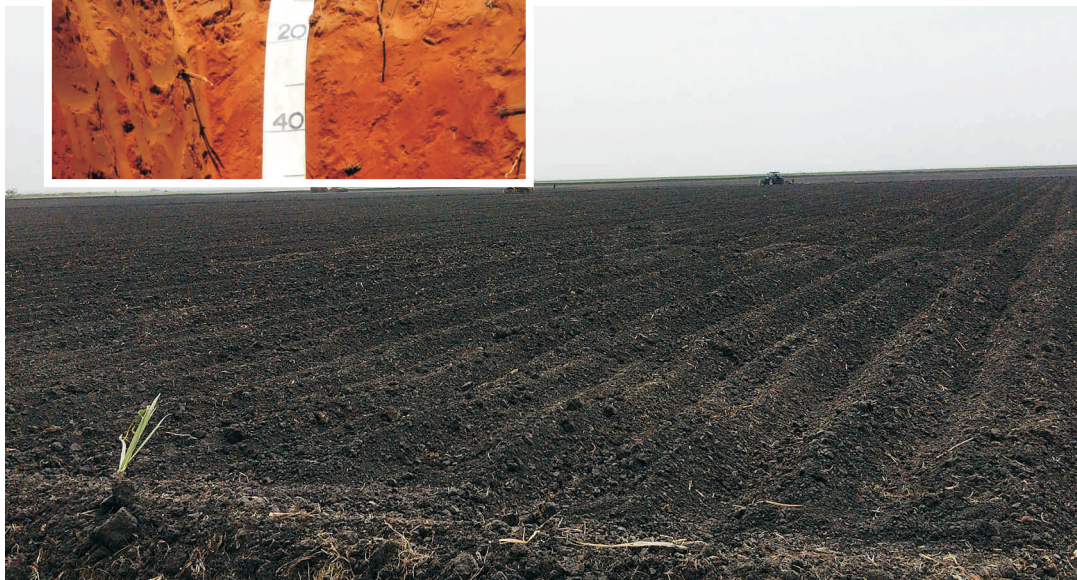
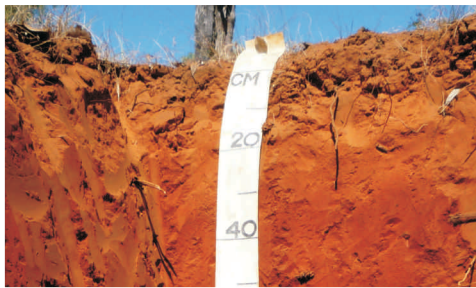
**BACKWARD INTEGRATION PROJECT
PHASE 1**

This phase of the project is at an advanced state with the following activities:-

- Land development and expansion of cane production at Savannah, with acquisition of 6400ha at Guyuk from the Adamawa State government
- Refurbishment/Upgrade of SSCL facilities (factory, housing & amenities)
- Reintroduction of a robust out-growers scheme
- Charting Community Relations & Development initiatives guided by consultations and engagements with the local communities
- Acquisition, soil & water survey activities and consultations of the Zaria Kalakala Greenfield project, in Kebbi State

The Zaria Kalakala Project Site, Kebbi State is an integrated sugar operations to be located on 60,000hectares of land. The land acquisition is about to be completed, and we have commenced implementation of pre-project activities including:-

- New Site Selection/Suitability (Soil Assessment, Topography, Climate, Water and Irrigation potential)
- Project design, detailed studies and development of implementation strategy
- Partnership with technical consultants to conduct feasibility studies and develop appropriate designs
- Investment in farm machinery and equipment
- New sites survey and land development; Seed cane production; Planting; Irrigation; Industrial development; Housing and Amenities
- Community engagement and consultations



Post Harvest Land Preparation at Savannah Sugar



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Backward Integration Project Phase 2

The second phase of expansion will cover locations in Taraba, Jigawa and Kwara/Kogi states over the next 5 to 10 years. These projects will also have integrated sugar operations. Though the approvals for the sites have been obtained from the relevant

authorities and the soil and topographical surveys concluded, the land acquisition processes are yet to be finalized. Once concluded, all the pre-project activities will commence at these locations to ensure the target deadline is met.



Rehabilitated Savannah Sugar Staff Housing Estate

CHAIRMAN'S STATEMENT

Aliko Dangote, GCON
Chairman



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Dangote Sugar Refinery Plc. remains committed to delivering superior returns to its shareholders, and the Board is therefore pleased to recommend a total dividend pay-out of ₦6 Billion

Aliko Dangote, GCON
Chairman

Fellow Shareholders, Distinguished Guests, Gentlemen of the press, Ladies and Gentlemen.

It is my honour and privilege to welcome you all to the 10th Annual General Meeting (AGM) of Dangote Sugar Refinery Plc. I shall be presenting to you the Annual Report and Financial Statements for the year ended 31st December, 2015.

At this point, I deem it most appropriate, to review the global and national business environment, within which we operated during the period. Such a review is most

pertinent given the fact that the period was marked by an interplay of external and domestic socio-economic issues and events, which impacted significantly on local businesses and the manufacturing industry in particular.

The Global Economy & Sugar Market

2015 started with challenges and the effects of the economic downturn from 2014, which remained throughout the year. Globally, the overall economic landscape was very challenging, despite the fact that rapid urbanisation of the developing world has persisted over the last decade, with Nigeria

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among the fastest urbanising nations.

The influx of Nigerians to urban areas is a trend that increased the population's reliance on purchased food staples and supported the growth in demand of confectionaries, beverages and packaged food products, in which sugar is a major input. Yet, the anticipated effect on businesses did not materialise due to subdued consumer spending.

Global prices of sugar remained low in 2015, down 18% from 2014. For most of 2015, world sugar prices reflected surplus supply conditions and maintained a downward trend. Conditions in the global sugar market indicated that overproduction might end in the 2014/15 season when supply would become on par with demand. However, inclement weather caused upward pressure on price in the fourth quarter of 2015, when the world raw sugar trade balance was projected to be a deficit in the upcoming season for the first time in the past six years.

The Nigerian Sugar Market

In 2015, Nigeria continued its drive to become a sugar producing nation. Despite the tough economic conditions during the year, sugar operators in the country continued with the implementation of their various Backward Integration initiatives, prompted by the Federal Government's National Sugar Development Plan.

Though we saw relative improvement in the security situation in the North East, access to our key markets was hampered by very bad road conditions. We continued to face the effects of reduced consumer purchasing power, the periodic menace of low-priced unlicensed sugar, imported into the country, and the scarcity of foreign exchange to finance imports

2015 Performance

Ladies and Gentlemen, 2015 was an even more challenging year than 2014. The political transition and economic slowdown impacted consumer spending. The global oversupply of crude oil weakened the Naira, leaving an average Nigerian consumer with less purchasing power than in the past three to four years.

In spite of this, we achieved a Group turnover of ₦101 billion in 2015; 7% higher than Group turnover of ₦95 billion in 2014. Profit before Tax (PBT) stood at ₦16 billion, and Profit After Tax at ₦15 billion. Our EBITDA rose to ₦21 billion compared to ₦18 billion in the previous year.

2015 Proposed Dividend

Dangote Sugar Refinery Plc. remains committed to delivering superior returns to its shareholders, and the Board is therefore pleased to recommend a total dividend pay-out of ₦6 Billion; representing 48% of our Profit After Tax for the year ended December 31, 2015. This translates to a dividend of 50 kobo per share for every ordinary share of 50 kobo each held in the Company. The Board will continue on this prudent course of action in view of our investment requirement for the Backward Integration Project, and the building of a sustainable financial future for the Company.

The Board of Directors

During the year under review there were some changes in the composition of the Board: The Group Managing Director, Mr. Graham Clark resigned from the Company and from the Board with effect from 1st of June, 2015. On behalf of the Board and Shareholders, I would like to acknowledge his contributions to the growth of the Company and express our sincere appreciation and gratitude for his service to the Company. Upon the resignation of



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Mr. Graham Clark, Engr. Abdullahi Sule was appointed Group Managing Director, in acting capacity effective October 23, 2015. Three Directors will be retiring at this meeting by rotation, and being eligible will offer themselves for re-election at the appropriate time during the course of this meeting

Risk Management, Internal Audit and Controls

We are mindful of the demands and obligations inherent in our operating environment; and this is why we have entrenched global best practices in every facet of our operations. We also ensure that our practices are anchored on good corporate governance, robust risk management and high sense of corporate social responsibility. Our social responsibility platform delivers on commitments focused on environmental awareness, promoting health and safety and minimising the risks within our operations.

Driven by our continued desire to adequately safeguard, verify and maintain accountability for our operations and assets, Dangote Group maintains internal controls and systems designed to provide reasonable assurance to the integrity and reliability of our operations, products and financial statements.

The controls and systems are based on established policies and procedures implemented by a team of qualified professionals with an appropriate segregation of duties, in our Compliance, Risk Management and Internal audit departments. These departments act in independent appraisal functions established to conduct reviews of our operations and procedures and report their findings and recommendations to Management, the Board Committees or the

Board, as may be appropriate.

We have formalized our approach to risk management, the key methodologies and tools to be deployed have been reviewed and approved by the Board, and the implementation of the framework is ongoing with a holistic view of managing risks, which takes into consideration correlated risk factors and the multiplier effect should such risks crystallize.

The Future: Our Backward Integration Strategy

The journey towards the actualisation of our Backward Integration Project (BIP) has been challenging. However, we remain encouraged by the results of several experiments and trials that were conducted during the year. Now that we have achieved yields near our target levels, we are fully prepared to embark on the rollout of our plan.

We are confident that we can continue to help Nigeria reach its near-term goal of sugar self-sufficiency by achieving our target of 1.5 million metric tonnes of refined sugar from locally grown sugarcane in the next ten years. The Board will continue to guide our Company by employing strategies that will guarantee a sustainable future for our business.

At the Apapa refinery, our focus is on improving efficiency, energy saving, product quality, and satisfaction of our customers' needs. This can be seen through the various awards our company garnered during the year. We have just been awarded the Food Safety Systems (FSSC 22000) Certification, a fully recognized standard by the Global Food Safety Initiative (GFSI), awarded by SGS, a world leading Food Safety certification and standards organisation.



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Our Customers, Employees & other Stakeholders

Our sincere gratitude goes to our teeming and highly valued customers for their unalloyed support, continued patronage and unwavering loyalty to Dangote Sugar Refinery Plc. Their unquantifiable contribution and consistent support remain the major driver of the sterling results that we have continued to achieve. We will continue to invest in our people and upgrade our infrastructure in order to continue to deliver efficient services and quality products that surpass expectation at all times.

Distinguished Shareholders, permit me to re-state the obvious that our staff remain

the most valuable resource for our successful operation, now and in the future. This is why we will continue to place a very high regard on staff quality, welfare and training. It goes without saying therefore that we have created and sustained a highly motivating work environment and reward system.

Ladies and Gentlemen, on behalf of the Board and Management, I thank you most sincerely for your unalloyed support.

Thank you.

**Alhaji Aliko Dangote, GCON
Chairman**



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MR. UZOMA NWANKWO – INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Uzoma Nwankwo joined in 2007. He has held senior positions in several international organizations such as Citicorp North America, Citibank Nigeria, First Bank of Nigeria Plc. He has been Consultant/Lead Advisor to many companies both locally and internationally in the areas of financial management, mergers and acquisitions and business process improvement. He joined Dangote Industries Limited in 2005 as Executive Director, Corporate Finance and Treasury. He gained a Master of Science degree in Agricultural

Engineering from Michigan State University, the United States, 1983, and a Masters of Business Administration degree with specialization in Financial and International Business Management from University of Michigan, the United States, 1987.



Land Preparation at Savannah Sugar



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Operating Environment

The 2015 business year was characterized by political uncertainties, security concerns, foreign exchange volatility and the fall in the price of petroleum products and shortages. This led to a reduction in consumer disposable income, which affected consumer spending across board as average inflation for the year, according to the National Bureau of Statistics, rose to 9.0%, largely driven by imported food inflation which stood at 11.1%.

These challenges, coupled with increased competition activities, rising costs, the influx of smuggled sugar into the northern markets; and the increased speculations over the possibility of a further devaluation of the Naira, had an adverse impact on the operating environment, during the year.

Businesses faced various challenges, as inflation continued on an upward trend due to the various government policies. This led to an ensuing build-up in Foreign exchange demand, while banks were unable to fully meet foreign Exchange needs by businesses, hence organizations struggled to meet forex requirements to import raw materials or spare parts.

Manufacturing output, which accounts for 10% of GDP, contracted during the year as local businesses struggled to get sufficient FX to import raw materials. The official FX rate has stabilized at ₦197 to ₦199:\$1 and the CBN continues to support the Naira at these levels and supply to local business that qualify. However, the lead time to receive dollars at these official rates has increased and has contributed to the rapidly widening spread between CBN rates and the parallel markets at an average of ₦260:\$1 by December 2015.

The Nigerian Sugar Industry

Nigeria consumed around 1.4 million



**ENGR. ABDULLAHI A. SULE – AG. GROUP
MANAGING DIRECTOR**

tonnes of sugar in 2015 as sugar continued to be consumed majorly in food and medicine. As the country moves towards backward integration, sugar consumption will increase per capita as we begin to consume sugar as ethanol, power and animal feed. To this end the Nigerian Sugar operators continue activities towards the implementation of the Federal Government's National Sugar Development Plan. This plan has seen the existing sugar operators begin to invest in existing non-performing sugar plantations and develop green-field sites, which are already identified in the National Sugar Master Plan across the country in addition to consolidating their own refining activities to achieve Nigeria's self-sufficiency of 1.7million tonnes by 2020.

A phased increase in tariff on imported raw sugar for refining to a maximum of 60% duty



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The Federal Government also introduced a quota system for the importation of raw sugar for the sugar refiners that is tied to the level of commitment to backward integration, production capacity and existing market share with progress measured periodically by the Sugar Industry Monitoring Group (SIMOG), and Sugar Roadmap Implementation Committee (SURMIC).

Apapa Refinery Operations

Production was constrained in the first nine months of 2015 as operational challenges experienced in the previous quarters were sustained. The traffic (gridlock) situation at the Apapa area where the Refinery is located, impacted negatively on deliveries to customers.

The factory was shut down for ten-day maintenance in August 2015, with continued disruptions to the supply of natural gas, resulting in higher consumption of LPFO for the period compared to 2014. GAS/LPFO ratio deteriorated to 86/14, compared to 90/10 in 2014.

By the fourth quarter, the Lagos State Government took measures to improve the traffic situation. The increased turnaround time of delivery trucks experienced in the previous quarters also improved in the fourth quarter, with the increase of our fleet by 200 trucks to improve on product deliveries nationwide. The collapsed bridge en-route to the North, which doubled the turn-around times of the trucks has also been rebuilt. This has improved our delivery times to our markets upcountry.

With these improvements, production increased to 216,656 tonnes, in the last quarter of 2015, hence our total production for year 2015 was 14,806,971 million bags (740,346 tonnes), against 16,653,196

million bags (832,660 tonnes), achieved during the same period in 2014.

Sales & Distribution

Our target is to sustain DSR's position as the market leader, in the Nigerian sugar industry. A drive that can only be achieved by providing superior quality product and excellent customer service to the customers at all times. This move has seen innovation take place in driving sales leading to the steps being taken to cover all segments of our target markets. Concerted efforts were targeted at both domestic and export sales during the year. However, no exports sales was recorded in 2015 due to the unfavorable pricing regime in the West African market.

Local sales volume for the year ended at 15,431,206 million bags 771,560 tonnes (2014: 774,956 tonnes), against the 15,499,128 bags, sold in 2014, from the Apapa refinery. The slight drop in sales volume, was due to the various challenges faced in year, caused by the general reduction in consumer demand, activities of smugglers in the northern region, uncertainties over the security situation in the North East, Apapa traffic situation, amongst others during the year.

Savannah Sugar Company Limited began its sales campaign late in the first quarter after sufficient stock had been accumulated with sales for the period totaling 6,440 tonnes (2014: 6,368 tonnes) at prices aligned with those achieved at the Apapa refinery.

During the first half of 2015, the selling prices were progressively increased during the period to offset cost increases brought about by currency devaluation, gas



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and other increased operating costs. However, in September 2015, we reduced prices from ₦8,000/50kg bag to ₦5,750/50kg bag; to combat the influx of smuggled sugar, and discourage smugglers activities, which led to an increased demand for our sugar by about 10%.

I am happy to state that the retail business continued to grow during the year under review, and is now up 62% at ₦1.99 billion compared to ₦1.23 billion in the same period of 2014, representing 2% of the total refined sugar sales. Our target is to expand our retail market share to 5% in the next three years, as we continue to serve this growing segment of the market, as the Nigerian consumer becomes more sophisticated in their shopping habits from open markets to supermarkets.

In addition, the Company is partnering with sugar cubing companies to capture the cubed sugar segment of the market which is about 5% of the total consumption in Nigeria, to bridge that gap and grow our retail market segment.

Our Performance

Turnover for the year reached ₦101,057,905 billion, (2014 94,855,203b). Group profit before tax and profit after tax stood at ₦16,548,299 billion, and ₦11,535,062 billion, respectively, against ₦15,273,152 billion, and ₦11,635,779 billion achieved in 2014. The various operational challenges in 2015, and the loss before tax at Savannah Sugar, impacted on the audited consolidated profits, for the year.

Good Governance & Quality Certifications

As an iconic brand operating within the branded consumer goods industry, Dangote Sugar Refinery Plc is very much aware of the importance of its reputation

and vigilantly protects it. Responsibility to ensure good governance underpins our commitment to fairness, integrity and accountability in our day to day operations, and interactions with all stakeholders and the environment.

The underlying objective of our governance practice is to counterbalance the interests of investors, consumers, producers, the environment, employees, communities, government and any other groups impacted by its business, while safeguarding its sustainability. Hence the Board has adopted a Code of Ethics which is continuously reviewed and updated as and when necessary.

Dangote Sugar has obtained the Food Safety Systems (FSSC 22000) Certification, a fully recognized standard by the Global Food Safety Initiative (GFSI); issued by the SGS, a world leading Food Safety certification and standards organisation. This feat is part of our strategic initiative to meet customer's needs using good manufacturing practices, enhanced food safety culture and management systems, as well as to sustain its frontline position in the sugar sub-sector in line with internationally accepted practices and standards.

Backward Integration Projects

As the Company's sugar development projects continued throughout the year, with agricultural, technical evaluation and design activities for the identified opportunities being progressed, the approach to the development of the sites was changed.

The previous strategy included development of the 5 sites in two phases, where phase 1 included the rehabilitation and expansion of Savannah and the



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development of Lau/Tau sites in Taraba. These sites were close to each other with an hour apart and a 20 hectare seed cane farm at Lau had been developed with plans to plant and expand to 200 hectares of sugarcane by January – March 2016 and 2000 hectares in the next planting season.

In addition to Savannah, we are also working on another site at Zaria Kalakala, in Kebbi State, which will produce 460,000 tonnes of sugar from 46,000 hectares of land. The 20 hectare seed cane farm at Lau/Tau are very promising, and is being harvested for propagation at the new developments in Savannah Sugar.

A total of 6,440 tonnes (2014: 6,368 tonnes) of refined white sugar had been bagged at Savannah by the end of 2015. Savannah's 2015/2016 crop season kicked off in January 2016, with target production of 20,000MT of refined sugar; as an area of 1867 hectares was planted to cane from all the previously existing cane area. After the rains, a further 421 hectares of fallow land was planted to sugar cane during the crop season.

We are acquiring additional 6,400 hectares of land in Guyuk, so as to annex to Savannah Sugar plantation, from the Adamawa State Government. This addition

Site	State	Type of Development	Area Under cane(Ha)	Refined sugar produced
Savannah	Adamawa	Rehabilitate and Expand	16,600	166,000
Guyuk	Adamawa	Greenfield	6,400	64,000
Zaria	Kebbi	Greenfield	46,000	460,000

Total commercial acreage of cane under cultivation by end of 5 years will be 69,000Ha.

Savannah Sugar Operations

The 2015 harvesting season commenced at Savannah in January 2015 and ended in April with 124,723 tonnes (2014: 122,452 tonnes) of cane harvested. Cane quality has been better than the cane harvested in 2014, following new area planted and improved cane husbandry. The sucrose content in the cane has also improved and we expect this to improve further in the next season as the fields fully recover. The average yield per hectare improved significantly to 65 tonnes compared to 35 tonnes in 2014. The target is to reach global producers efficiency levels of 100 tonnes/hectare.

will produce about 64,000 tonnes of refine sugar towards the actualization of phase 1 production targets.

The agricultural and factory rehabilitation of Savannah remain ongoing, and a further total of 2,288 hectares was redeveloped, with plant, equipment and field machinery deployed as necessary. A total of 6,200 hectares is to be planted in the 2015/16 season, increasing land under cane to over 8,000 hectares. Arrangement for the commissioning of a 12,000TCD factory is being finalized.



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Zaria Kalakala, Kebbi State Green Filed Project

The Zaria Kalakala Project Site, Kebbi State is an integrated sugar operations to be located on 50,000 hectares of land, and 46,000 hectares will be under cane. The land acquisition is about to be completed, and we have concluded these pre-project activities at the site: Soil Assessment, Topography, Climate, Water and Irrigation potential. The Community sensitization programme is ongoing.

The strategic plan for the second phase has been redeveloped by our Strategy team. We have decided to suspend the development of the site at Hadejia in Jigawa State in the second phase with other sites in Kpada and Lau/Tau. Site evaluation and technical design work is progressing in respect of these new sites and land acquisition procedures are nearing completion at the various sites. It is anticipated that these projects will also span a 5-year horizon, the intention being to produce up to 800,000 tonnes of refined sugar in the second phase.

Human Capital

During the year under review, DSR's strategy was to build existing competencies and establish a culture of exceptional performance management system, with a view to setting a platform with attractive growth opportunities, for its employees.

Our Management team, and Sales & Marketing team were further strengthened with professional and significant experience in the fast moving consumer goods industry.

Our competitive advantage lies in the manpower development and compensation strategy, which we believe will not only serve as a motivation for staff, but further increases our competitive

advantage in the delivery of superior services to the benefit of customers and other stakeholders. During the year under review, the 10% 2-yearly AFBTE salary increase for Junior and senior staff was implemented.

Outlook

2016 commenced on a good footing, as we continued to increase our market share, and implementing various initiatives and projects towards the actualization of our targets within the next 5 years.

Foremost amongst these projects are the consolidation of all our Quality Systems Certifications (ISO 9001:2008 (QMS); ISO 22000:2005 (FSMS); ISO 18001:2007 (OHSMS); & FSSC 22000 Food Safety Systems Certification), and the construction of our 1-tonne bagging facility, at the Apapa refinery. The project will enhance the efficiency of bulk deliveries to our corporate customers, reduce costs and improve our revenue. This facility is completed and currently being test run.

The Company has increased its fleet of trucks, and introduced the 20 tonnes truck to further enhance our ability to meet delivery timelines in view of the traffic situation in the Company's area of operation.

Achievement of the Backward Integration Projects targets remains our priority, and this path to sugar self-sufficiency in Nigeria will eliminate our reliance on foreign exchange as well as the volatility of raw sugar prices, the highest single driver of our production cost.

Appreciation

I would like to thank the Chairman and other members of the Board of Directors for their commitment and active involvement in the Company's long-term growth strategies.



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To all our other partners, including banks and customers, DSR is very proud of the partnership with you. On behalf of the Management and Staff, I express my sincere appreciation for your patronage, support and engagement throughout the year. We will continue to build on the solid relationship and thank you for the significant role you play in the growth, and successes of the Company.

To all other Stakeholders, Staff and their

families for their belief and commitment to the achievement of our corporate goals. I solicit for your continued support as we identify the areas that require improvement, and work towards the achievement of an even greater feat in 2016 and beyond despite the numerous challenges ahead.



ENGR. ABDULLAHI SULE
Ag. Group Managing Director

March 2016



Green Crop Harvest at Lau Farm for Seed cane