



Audited FY 2020 Financial Results Presentation

Wednesday, March 10th, 2021



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

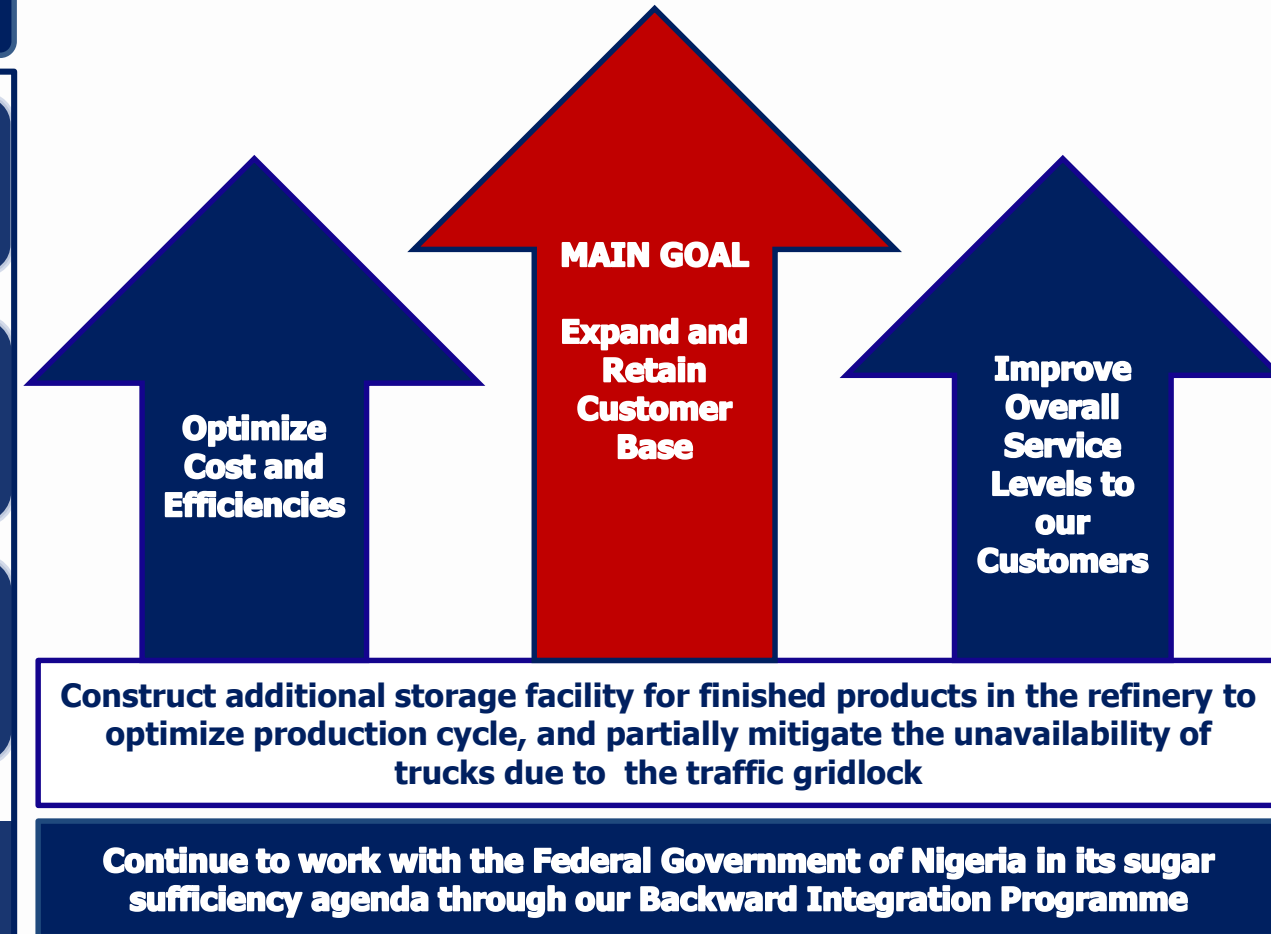
Publicly Quoted Company

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

Subsidiary

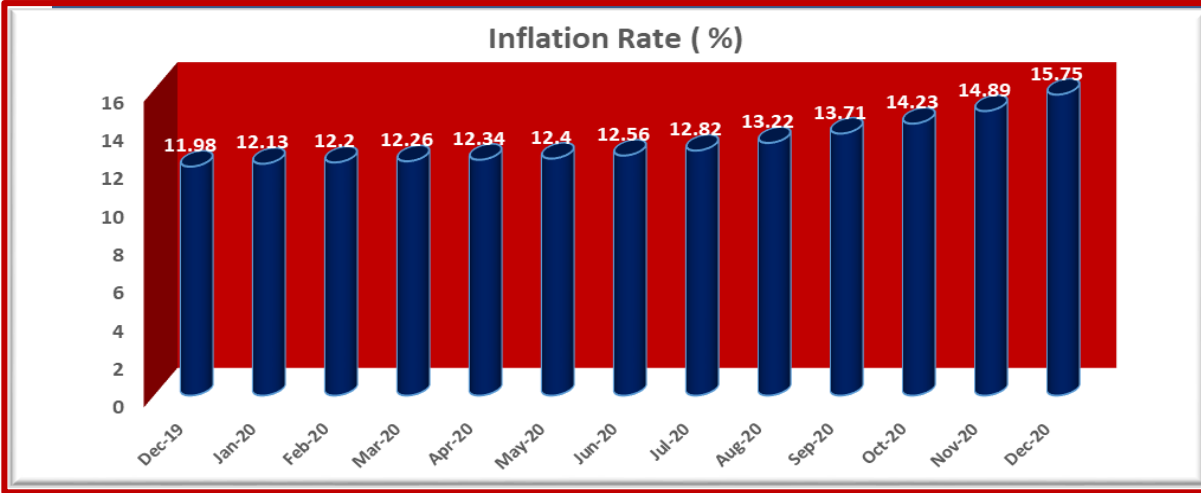
Nasarawa Sugar Company Limited, Tunga, Nasarawa State; Taraba Sugar Company Limited, Lau/Tau, Taraba State.

Our Strategic Focus

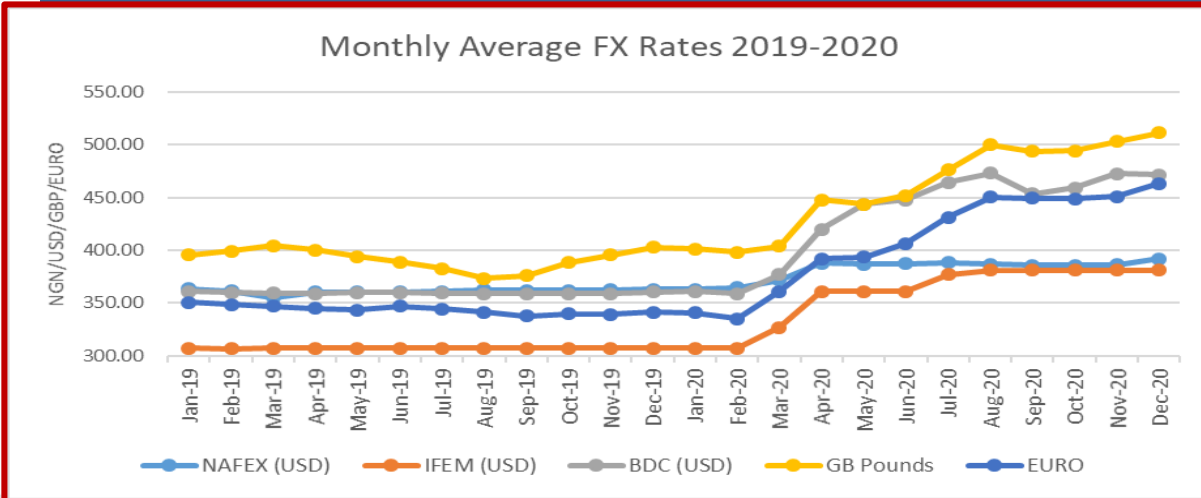


Market and Economic Situation

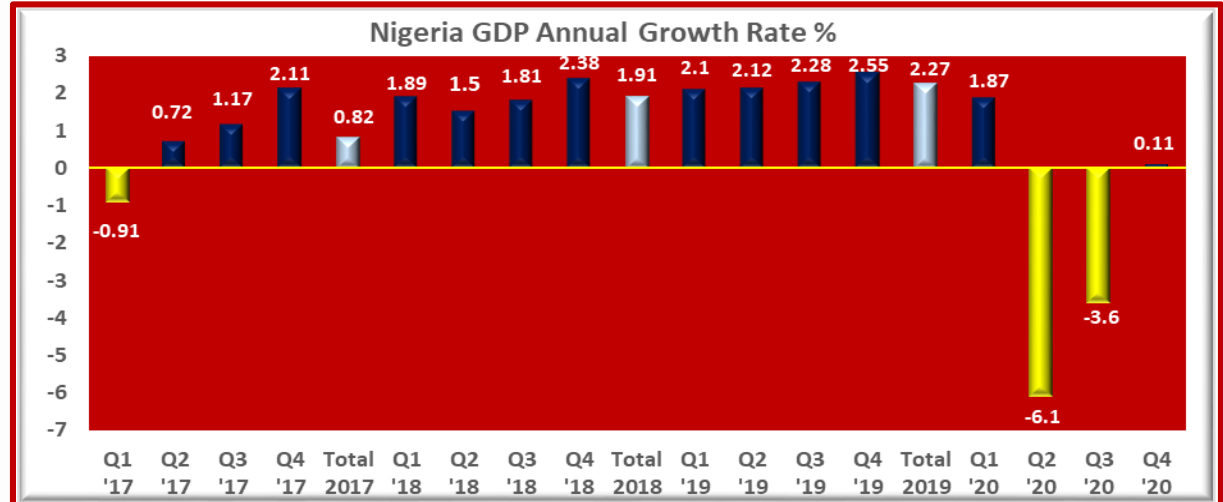
- Steady rise in inflation witnessed in last 12 months in year 2020.



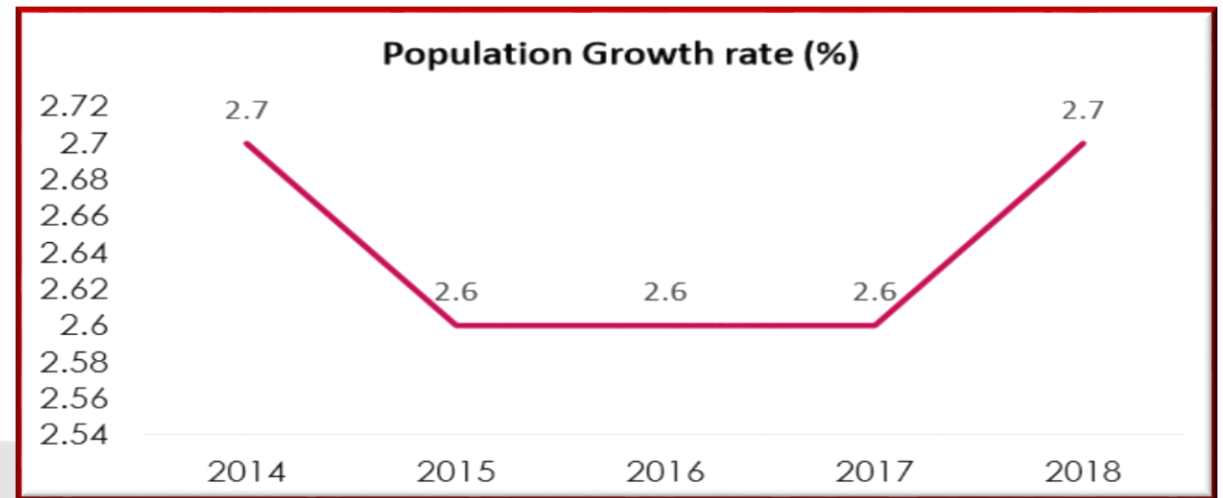
- FX rate Dec yoy growth: NAFEX (+8.0%), IFEM (+24.1%), BDC (+30.9%), GBP (+27.0%) and Euro (+35.9%).



- Real GDP tumbled -6.1% yoy in Q2 and -3.6% in Q3. Economy slipped into recession after 2nd consecutive quarter declining output. Q4 marginal positive GDP growth of 0.11% saw economy limp out of recession.



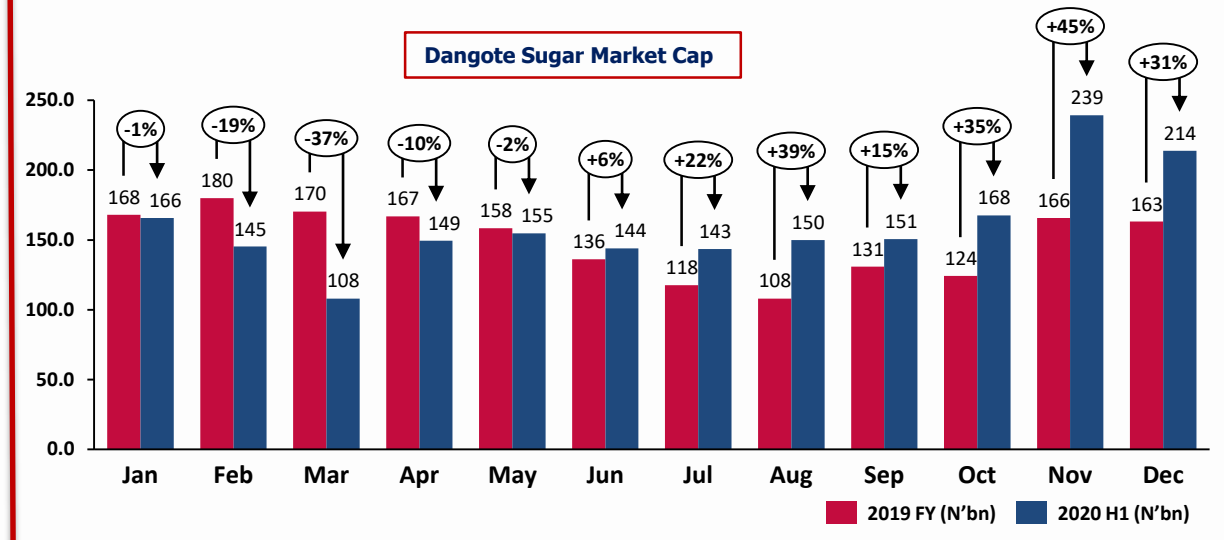
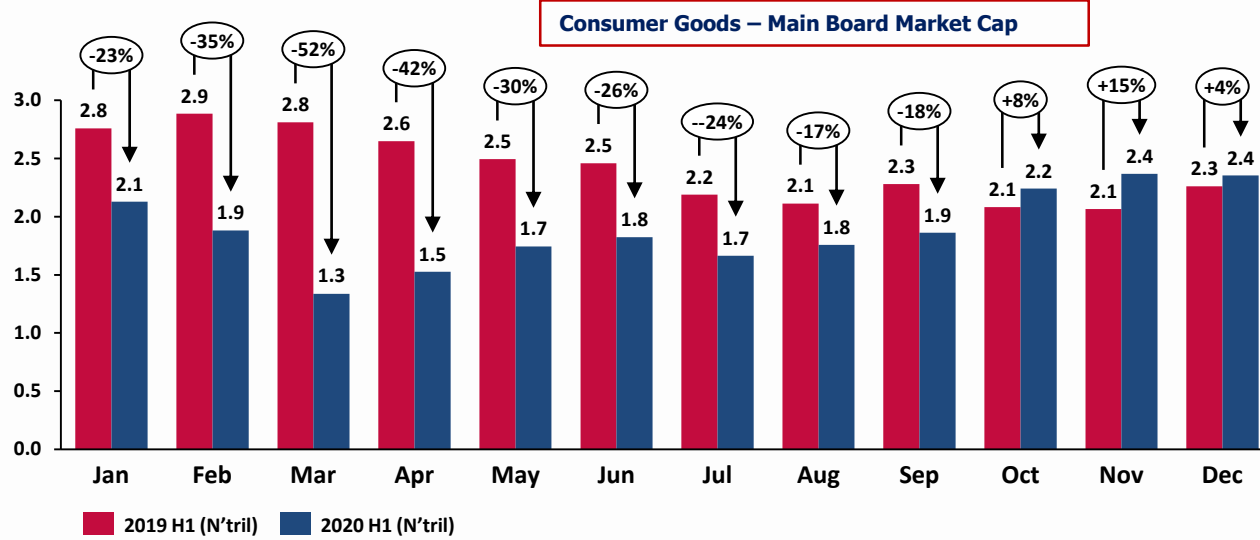
- Population growth tracking above real GDP growth.



Market Capitalization performance in 2020 vs 2019 with impact of COVID-19 in 1st half, recovery and good performance in 2nd half

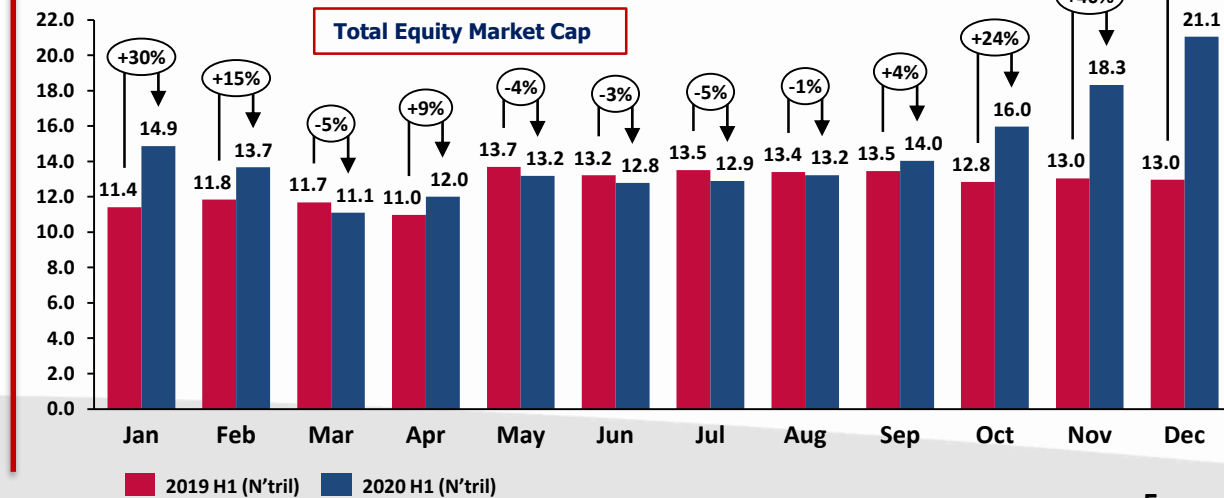
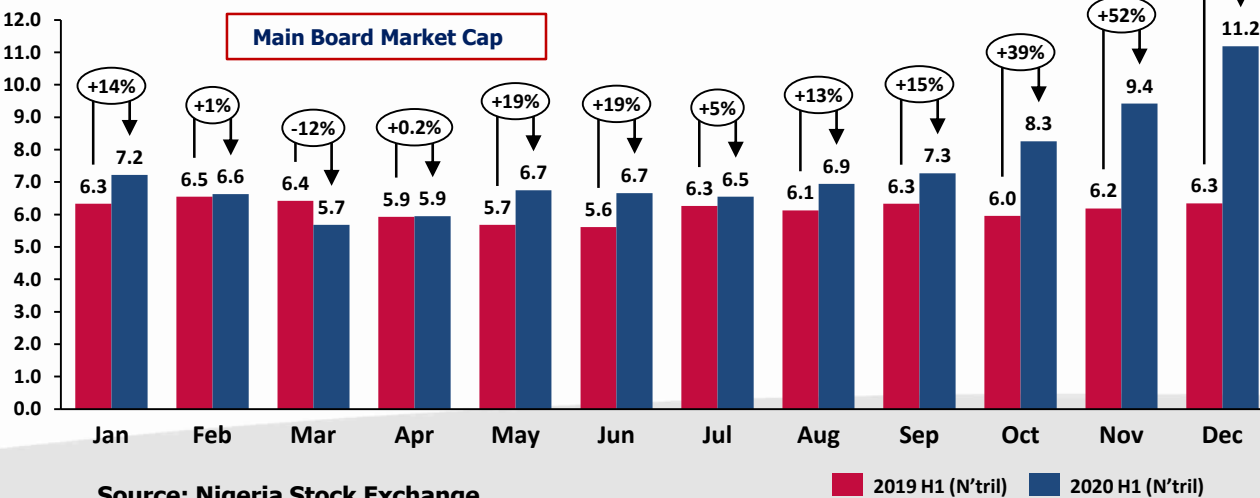
Contraction vs 2019 peaked in March at -52% and continued to show steady recovery but reversed in Oct.

Contraction vs 2019 peaked in March at -37% but reversed in June following steady recovery. Growth peaked in Nov with highest market value of N239bn for DSR in 2020.



Contraction vs 2019 recorded in March at -12% but reversed in April and showed steady growth for rest of year but peaked in Dec with highest market value of N11.1tril in 2020.

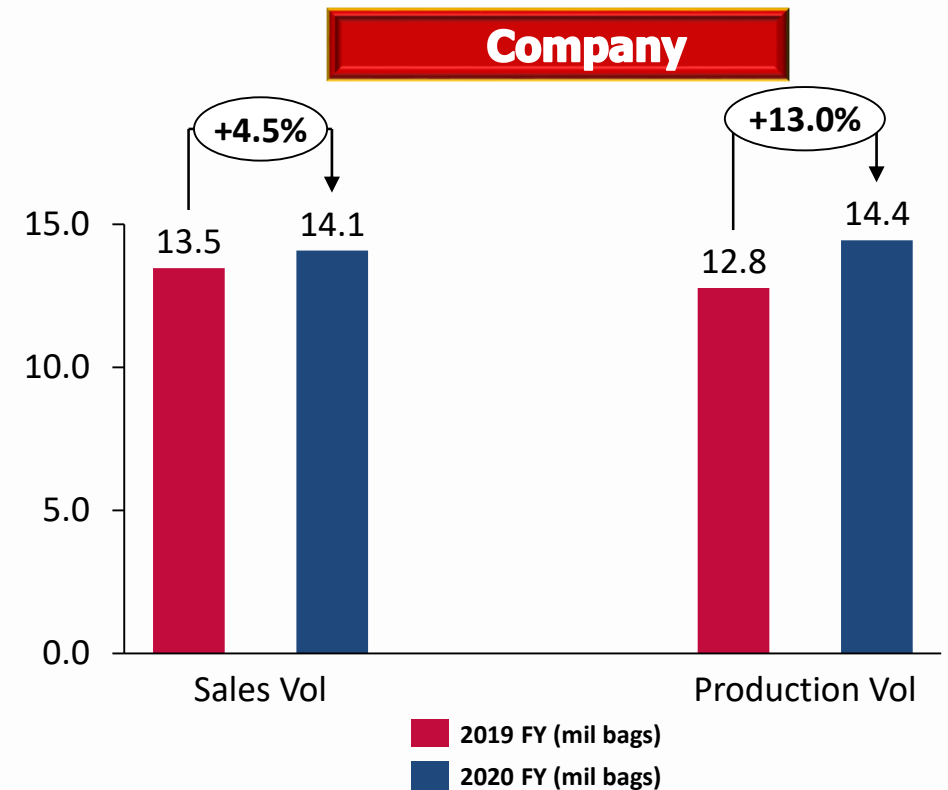
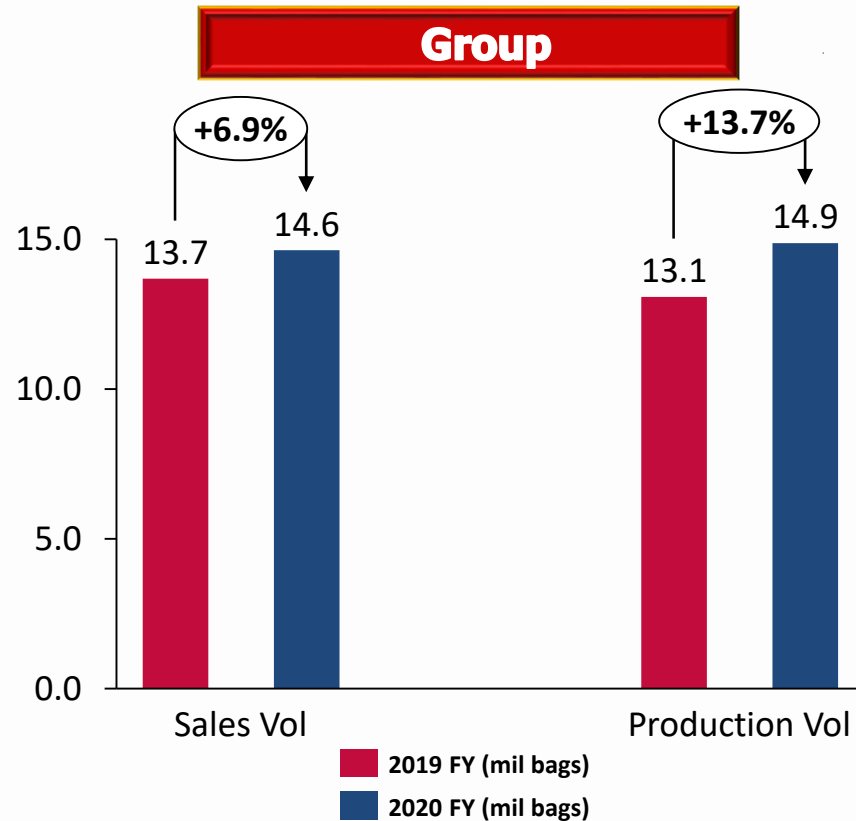
Contraction vs 2019 recorded in March at -5% but reversed in April and headed further southwards till Aug. Highest market performance in Dec at N21.1tril



AUDITED 2020 FULL YEAR FINANCIAL RESULTS

2020 Full Year Volume Performance

- Despite contraction in national consumption caused by COVID-19 pandemic, civil unrests and heightened insecurity in some parts of the country coupled with operational challenges, our Sales performance increased by 6.9% and 4.5% vs 2019 for Group and Company respectively.
- Production volume was however, hugely impacted by the same factors but increased by 13.7% and 13.0% vs 2019 for Group and Company respectively.



A few factors that helped performance in 2020:

- Improved activities of government agencies at curtailing smuggling.
- We witnessed community stability and improved yield as the crushing season ended.
- Injection of new trucks to strengthen our distribution capacity.

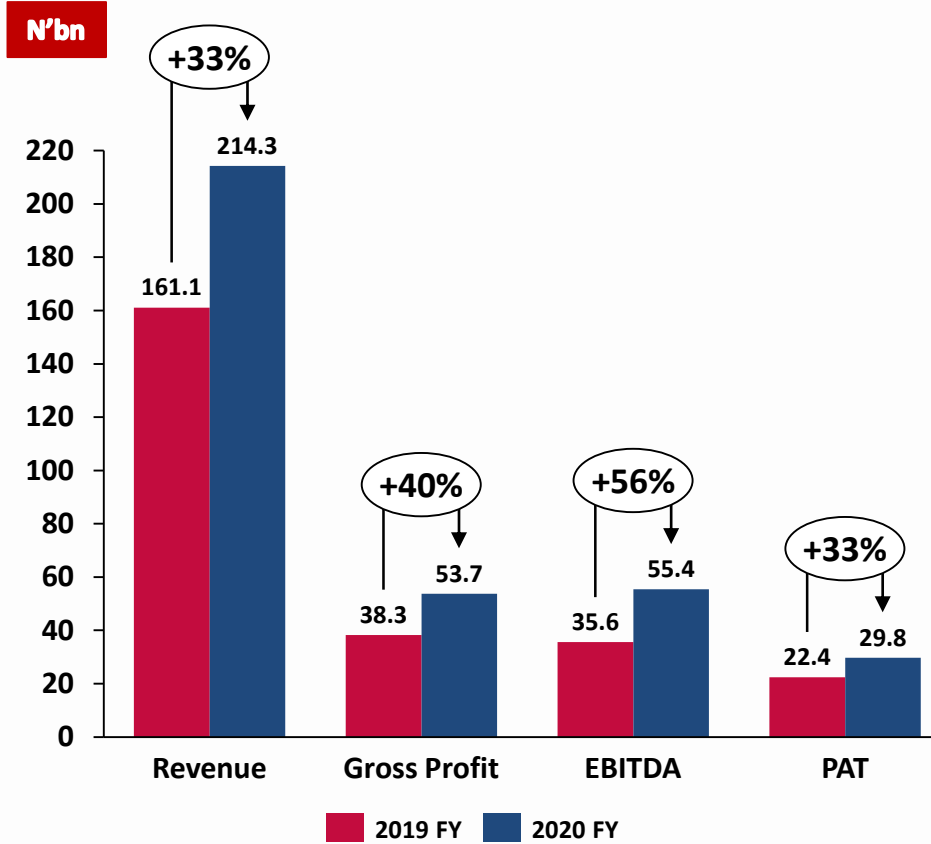
Major challenges in 2020:

- Underlying impact of COVID-19 Pandemic globally.
- Protracted Apapa gridlock worsened in second half of the year.
- Contraction in national consumption due to depressed disposable income.
- Civil unrest and insecurity in many parts of the country.

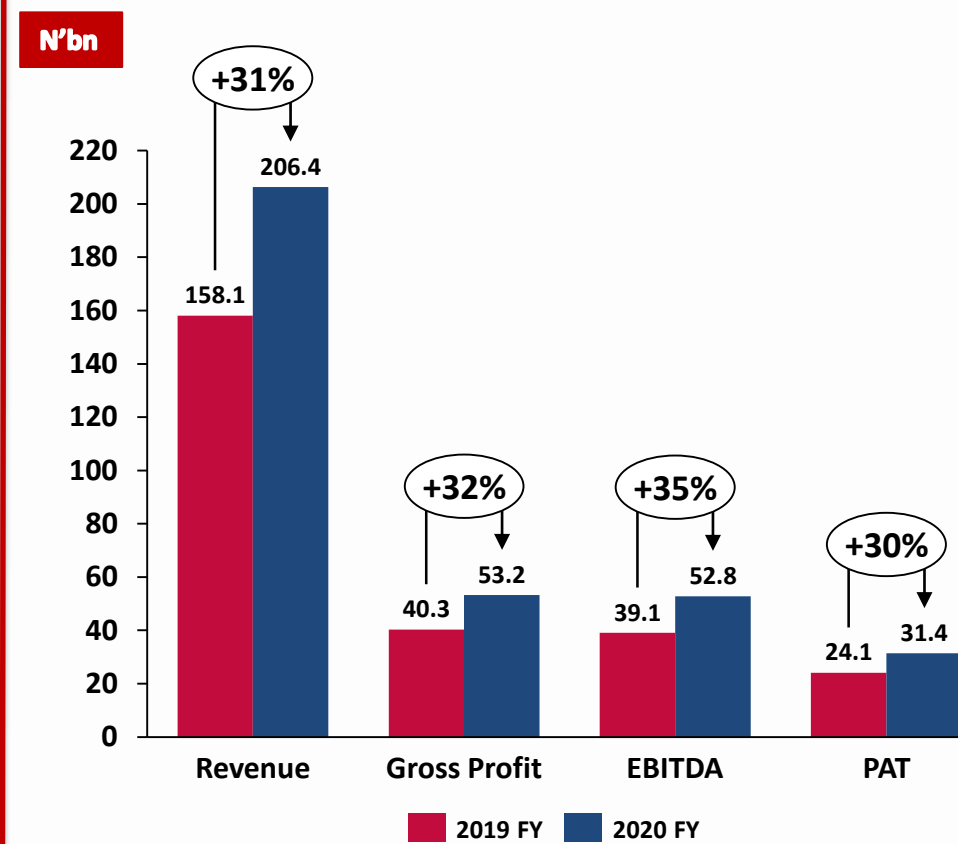
Key performance drivers:

- Sales volume growth of 6.9% and 4.5% in 2020 for Group and Company, respectively.
- Revenue benefited from price increases in 2020, as a consequence of FX scarcity and devaluation of the naira and rising inflation with its effect on cost of input materials.
- Rise in cost of raw sugar due to COVID-19-induced FX fluctuations.
- Increased energy cost on account of hike in gas prices.
- High cost of plant maintenance caused by rise in cost of spares.
- High FX rate due to shortage of FX in local economy and CBN rates adjustments caused by slump in oil prices on the back of COVID-19 pandemic.
- High Inflation as 2020 recorded steady growth in inflation rates.

Group














Company














- The scheme of arrangement – merger of Dangote Sugar Refinery Plc (DSR) and one of its subsidiaries, Savannah Sugar Company Limited (SSCL) became effective September 1, 2020.
- The company financial includes performance of the acquired entity from September to December, 2020.

2020 FY Audited Financial Results – Income Statement

Group

	2020 FY	2019 FY	△ (%)	
Sales Volume (Bags'000)	14,634	13,690	+6.9	
Production Volume (Bags'000)	14,877	13,081	+13.7	
	N'Bn	N'Bn		
Revenue	214.30	161.09	+33.0	
Gross Profit	53.75	38.29	+40.4	
EBITDA	55.41	35.57	+55.8	
Net Finance Income/(Costs)	(1.23)	0.20	-703.9	
Profit Before Tax	45.62	29.82	+52.9	
Taxation	(15.85)	(7.46)	-112.5	
Profit After Tax	29.78	22.36	+33.2	
EPS (Naira)	2.45	1.87	+31.0	

Company

	2020 FY	2019 FY	△ (%)	
Sales Volume (Bags'000)	14,078	13,469	+4.5	
Production Volume (Bags'000)	14,436	12,774	+13.0	
	N'Bn	N'Bn		
Revenue	206.36	158.10	+30.5	
Gross Profit	53.21	40.33	+31.9	
EBITDA	52.79	39.06	+35.1	
Net Finance Income/(Costs)	(0.84)	0.45	-287.2	
Profit Before Tax	46.04	34.83	+32.2	
Taxation	(14.67)	(10.73)	-36.7	
Profit After Tax	31.37	24.10	+30.2	
EPS (Naira)	2.58	2.01	+28.6	

Group

Company

Company:

- The scheme of arrangement – merger of Dangote Sugar Refinery Plc (DSR) and one of its subsidiaries, Savannah Sugar Company Limited (SSCL) which became effective September 1, 2020 transferred assets and liabilities of acquired entity to enlarged company.
- Net assets valued at N39.5bn in non-current assets relates to scheme assets acquired from former SSCL.
- A deposit for shares of N41bn in non-current assets relates to investment in backward integration projects.
- Assets additions in the year represent investments in trucks to strengthen our distribution capacity, Agricultural equipment, Expansion Projects, storage facility, power generation, work tools and operational facility improvement of capital nature.
- Investments in subsidiaries of N3.3bn liquidated in 2020.
- Receivables decreased on account of working capital optimization measures.
- Cash held to access FX to meet import obligations as FX demand backlogs by corporates continue to mount in the face of FX scarcity.

Group:

- Non-Current Assets increased on account of increased investment in our Backward Integration Projects and investment of capital nature at our Apapa plant and Numan plant.
- Current Liabilities however increased mainly as a result of current FX scarcity which affected FX-denominated obligations.

	2020 FY	2019 FY	MOVT vs 2019
	N'Bn	N'Bn	N'Bn
Non-Current Assets	101.73	93.44	+8.29
Inventories	63.00	38.86	+24.14
Receivables	63.06	33.78	+29.28
Other Assets	5.38	3.02	+2.36
Cash and Cash Equivalents	44.86	24.61	+20.25
Total Assets	278.03	193.71	+84.32
Equity	124.71	108.14	+16.57
Non-Current Liabilities	11.27	8.03	+3.24
Current Liabilities	142.05	77.54	+64.51
Equity & Liabilities	278.03	193.71	+84.32

	2020 FY	2019 FY	MOVT vs 2019
	N'Bn	N'Bn	N'Bn
Non-Current Assets	118.57	36.32	+82.25
Inventories	51.57	30.19	+21.38
Receivables	39.37	107.01	-67.64
Other Assets	5.37	0.95	+4.42
Cash and Cash Equivalents	44.40	23.66	+20.74
Total Assets	259.28	198.13	+61.15
Equity	125.30	118.08	+7.22
Non-Current Liabilities	11.23	6.69	+4.54
Current Liabilities	122.75	73.36	+49.39
Equity & Liabilities	259.28	198.13	+61.15

2020 FY Audited Financial Results – Cashflow

Group

Company

- Profit before tax (PBT) increased by 53.0% and 32.2% for Group and Company respectively.
- Net cash from operating activities also reflects the impact of the scheme of merger between DSR and SSCL on changes in working capital.
- Net cash in financing activities mainly reflects payment made in the year in respect of 2019 declared dividend.
- Cash and cash equivalents increased by 82.3% and 87.6% for Group and Company respectively.

	2020 FY	2019 FY	▲ vs 2019
	N'Bn	N'Bn	%
Profit before taxation	45.62	29.82	+53.0
Net cash from operating activities	60.47	38.35	+57.6
Net cash from investing activities	(26.17)	(21.05)	-24.3
Net cash in financing activities	(14.05)	(14.27)	+1.6
Net (decrease)/increase in Cash & Cash Equivalents	20.25	3.03	+568.5
Cash and Cash Equivalents	44.86	24.61	+82.3

	2020 FY	2019 FY	▲ vs 2019
	N'Bn	N'Bn	%
Profit before taxation	46.04	34.83	+32.2
Net cash from operating activities	43.82	20.23	+116.7
Net cash from investing activities	(9.23)	(3.82)	-141.4
Net cash in financing activities	(13.85)	(13.91)	+0.4
Net (decrease)/increase in Cash & Cash Equivalents	20.73	2.50	+730.7
Cash and Cash Equivalents	44.39	23.66	+87.6

2020 FY Key Financial Performance Indicator

Group

Company

- Against the backdrop of the shocks in the operating environment globally and locally, occasioned by the COVID-19 pandemic, civil unrest and heightened insecurity, rising inflation and adverse impact of FX fluctuations we have continued to optimize our operations delivering efficiencies across key performance measures.
- Key performance indicators show our commitment towards shareholders' wealth maximization with higher profit margins and strong returns on equity when compared to 2019.
- Our shares also among well-performed shares by market value on the exchange at the close of 2020 producing a 3.5X price-to-cashflow ratio.

	2020 FY	2019 FY
Price – to – Cashflow Ratio	3.54	4.26
Price – Earning Ratio	7.27	7.27
Asset Turnover Ratio	0.91	0.87
Current Ratio	1.24	1.29
Quick Ratio	0.80	0.79
Gross Profit Margin	25.1%	23.8%
Net Profit Margin	13.9%	13.9%
Operating Margin	20.7%	18.6%
Return on Equity (ROE)	23.9%	20.7%

	2020 FY	2019 FY
Price – to- Cashflow Ratio	4.88	8.07
Price – Earning Ratio	6.90	6.77
Asset Turnover Ratio	0.90	0.84
Current Ratio	1.15	2.21
Quick Ratio	0.73	1.79
Gross Profit Margin	25.8%	25.5%
Net Profit Margin	15.2%	15.2%
Operating Margin	22.4%	21.7%
Return on Equity (ROE)	25.0%	20.4%

DANGOTE SUGAR BACKWARD INTEGRATION PROJECTS UPDATE

DANGOTE SUGAR FOR NIGERIA MASTER PLAN

Dangote Sugar Backward Integration Projects master plan is aimed at producing 1.08M MT/PA refined sugar from locally grown sugarcane in 6 years across various sites in the country, 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

Due to the various challenges affecting the delivery timelines of the Sugar BIP plan, the FG reviewed the targets and DSR is now required to deliver 550,000MT/PA of refined sugar by 2024.





DANGOTE SUGAR REFINERY, NUMAN, ADAMAWA STATE

Dangote Sugar Refinery Plc (DSR) Numan (formerly Savannah Sugar Company Ltd), is a 32,000ha brownfield Sugar Backward Integration estate, located in Numan, Adamawa State. Following the successful completion of the Scheme of Arrangement – merger of Dangote Sugar Refinery Plc (DSR) and Savannah Sugar Company Limited (SSCL) with effect from September 1, 2020 to operate under one unified entity.

The Agricultural and production summary for the FY 2020 are below:-

- Production – 441,600 bags
- Sales – 556,220 bags
- Total field Area - 7098.8ha
- Area under Cane – 7098.8ha





DANGOTE SUGAR, NUMAN CONT.

Rehabilitation, Upgrade of the facilities & Expansion of the estate continued during the year under review but the key project targets were impacted by the COVID-19 pandemic lockdown which affected equipment delivery to site.





NASARAWA SUGAR COMPANY LTD, TUNGA

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 665ha A & B nursery has been completed whilst Installation of the phase 1 of 6000HA of commercial development has started, though slowed by the impact of COVID 19 lockdown.
- Bush clearing is completed for the 1st Phase of the 6000ha commercial development. The planting will start in December 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 March 2021
- Other infrastructure development activities at the site are ongoing (Staff housing phase 1 completed, Phase 11 @ 80% completion. Comm tower, water & fuel tanks, boreholes completed. Water Treatment Plant in progress)







LAU/TAU 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.



Lau seed cane farm, Variety B47-419

OUTLOOK

- As we have continued to witness significant recovery globally from the COVID-19 pandemic amidst the second wave surge and noticeable economic stability, we are confident our strategic initiatives will see to the delivery of stronger future performance. We will continue to strengthen all efforts towards optimizing our market channels and drive value creation activities, while partnering with our customers to enhance growth through bold execution of various innovative trade initiatives to sustain and surpass our performance.
- We are mindful of the underlying impact of COVID-19, we anticipate an increase in cost-to-completion in Naira terms, of the company's Backward Integration Programme because the equipment is 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. In year 2020 we witnessed a rise in cost of raw materials, energy costs and other OPEX due to rising inflation and high FX rate. Possible escalation of cost is anticipated in year 2021 given inflationary pressure as the economy limps out recession.
- 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.
- 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.

Q & A

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