



Distinguished Shareholders, fellow Directors, Invited guests and Observers, Gentlemen of the Press, Ladies and Gentlemen.

I am happy to welcome you all to the 13th Annual General Meeting of our Company Dangote Sugar Refinery Plc (DSR). I shall be presenting to you the Annual Report and Financial Statements for the year ended 31st December, 2018.

To fully understand our performance results, let me start with a review of the global and national economic environment within which we operated during the period. This analysis is important as the period under

review was marked by various factors that posed significant challenges which impacted our operations and the Company's performance during the year.

PERFORMANCE/PROJECTIONS

In furtherance to our continued steady economic recovery pace despite the gloomy economic outlook at the dawn of the previous year 2017, DSR was able to weather through the economic downturn, and advanced significantly in 2018.

The global economy started on an upbeat note in 2018, buoyed by a pickup in global manufacturing and trade through 2017. The Naira stabilized against the Dollar as well as the bottlenecks that came

with it, while some vulnerable but emerging market economies have come under strain as the US Dollar gained value and the level of risk that global financial investors were prepared to accept also plunged.

Most of these countries have seen increases in their external borrowing costs, but the extent of these increases varied widely. Global GDP growth was also steady in 2018, but the last few weeks of 2018 saw several major developments that will have important ramifications on the 2019 economic outlook, such as the finalization of the Brexit withdrawal agreement and the decision of the OPEC to pursue production cuts in 2019.

Economic activities remained relatively weak in the final quarter of 2018, following a modest showing in Q3 which was propped up by higher oil production. The continued liquidity squeeze, multi-year high unemployment rate, still-elevated inflationary pressures through the year coupled with the 2019 general election tension weighed on private consumers in Q4.

With the elections successfully behind us, it is hoped that the Nigerian Gross Domestic Product (GDP) expected to grow by 2.8% in 2019 and 2020 respectively, will be achieved.

2018 PERFORMANCE

2018 was quite a challenging year for the Company with several negative activities, which include the influx of sugar smuggled into the key markets nationwide, and the Apapa traffic gridlock, which continues to affect the evacuation of products from the refinery. Despite these challenges, your Company continued to post a resilient performance. The Company achieved a Group turnover of ₦150.4 billion, a 26% decrease over ₦204.4 billion in 2017, a Profit Before Tax of ₦34.6 billion, and a Profit After Tax of ₦22 billion.

EBITDA decreased to ₦37.6 billion, a 27% decrease compared to the ₦51.4 billion margins of 25.2% achieved in 2017. Earnings per share decreased ₦1.85 kobo against ₦3.31 kobo; a 44% decrease over 2017.

DIVIDENDS

The Board has recommended to the shareholders for approval at this meeting, the payment of a

total dividend of ₦13.2 billion, being ₦1.10 per ordinary share of 50 Kobo each for the year ended December 31st, 2018.

On approval, the dividend will be paid to shareholders whose names appear in the register of members at the close of business on Friday, 31st May 2019, net withholding tax at the standard rate. Shareholders are also encouraged to embrace the e-dividend option to ensure prompt payment of dividend to their bank accounts.

THE BACKWARD INTEGRATION PROJECTS

During the year, our major focus was on resolving the issues that are primarily affecting the achievement of the backward integration projects targets; in line with the revised timelines we submitted to the National Sugar Development Council. The revision was due to the unforeseen challenges we experienced with land acquisition to meet our requirement for the projects. The implementation was phased to enable us concentrate on areas where we believe we can mitigate the issues and meet our targets.

The first phase of the projects include the Rehabilitation and Expansion of Savannah Sugar Company, the Lau/Tau project in Taraba State and the Tunga Sugar Project in Nasarawa State.

In the year under review, Savannah Sugar Company's performance was impacted by the communal clashes between host community and Fulani herdsmen which led to the closure of the company's operations for over 90 days. Savannah Sugar remains the only

company producing sugar from sugarcane grown in the country and had just ended its 2018/2019 crop season.

Rehabilitation of the land and its infrastructure for improved yield and output is still ongoing, whilst the increase of the current factory capacity from 3,000TCD to 3,500TCD has been completed. The subsequent increase to 6,000TCD has commenced, and is expected to be completed by 2020, as well as the installation of the new 12,000TCD factory that will be fed with the increased cane supply.

At Tunga, activities are well underway at 68,000 hectares Dangote Sugar Project Site. Activities ongoing at the project site include the establishment of the cane seed nursery, housing and other basic infrastructure.

Currently, the project employs about 325 staff, which will increase further by the 4th quarter of this year; while various CSR projects have been lined up for execution in the immediate communities in Tunga, which will cater for over 25,000 beneficiaries.

Project activities resumed in Taraba State after the rains during the year, following which issues with the Government and local communities over the Lau/Tau project were presumed resolved. Unfortunately, some communities in the area maintained that they had not been paid any compensation by the government for the land. Consequently, our employees and those of the contractors that were engaged to work at the site were attacked and injured. We

were forced to stop work at the site till date, while still engaging the State Government to intervene in the matter. We are hopeful that a final solution will be proffered to enable us commence activities on the site this year.

Despite these challenges we are committed to the achievement of our goals for this project and look forward to leading the pack in the achievement of sugar sufficiency by Nigeria, in line with the National Sugar Development Master Plan.

SOCIAL RESPONSIBILITY & GOVERNANCE

In addition to our support and sponsorship of various causes by the Company, robust social impact schemes and Corporate Social Responsibility projects are now being implemented across all the backward integration project communities where we operate.

There has been relative peace with these communities. The Gyawana school project commenced towards the end of 2018 has been completed, while the Savannah Secondary School renovation and construction of new classroom blocks, and a staff room are ongoing, amongst other schools and water projects earmarked for the area. In the same vein 13,000 women were supported with ₦130 million by the Aliko Dangote Foundation in Nasarawa State during the year, in addition to the various community development projects that have been

earmarked for the communities in Tunga where the Nasarawa Sugar project is located.

BOARD OF DIRECTORS

During the year under review, Engr. Abdullahi Sule, the Group Managing Director resigned his appointment with the Company effective August 1st, 2018. We appreciate his years of service and thank him for his contributions to the growth of the Company; and wish him well in his future endeavours.

The Directors retiring by rotation, being eligible, will offer themselves for re-election during this meeting.

EMPLOYEES, CUSTOMERS & OTHER STAKEHOLDERS

On behalf of the Board and our Shareholders, I thank the Management and Staff for their resilience and hard work over the years. Also, to the customers for their continued loyalty and patronage. Not forgetting all the other stakeholders for their continued support and needed inputs.

THE FUTURE

The Board remains positive on the Company's future, despite the potential challenges along the way. We remain committed to the medium and long-term goals of the Sugar for Nigeria Project, investing and growing our business efficiently. The cost optimization efficiency project that is ongoing in the Apapa refinery will impact positively on the Company's performance in the years ahead. The Board

remains focused on implementing more strategies for optimum delivery of returns to all stakeholders.

I am happy to report that we have made significant progress in our Petroleum Refinery, Petrochemicals, Fertilizer and Gas treatment projects at Ibeju-Lekki and we believe that they will address Nigeria's energy needs, as well as that of the sugar refinery which energy has been one of the major cost drivers in the operations.

Finally, Ladies and Gentlemen, I thank my fellow Directors, the Management and staff for the 2018 performance. Your contributions led to these achievements and have sustained our leadership position against all odds. I thereby solicit your unflinching support and renewed commitment to achieving set goals for 2019 and beyond.

Thank you.



Aliko Dangote, GCON
Chairman