

# FY 2023 Results

AUDITED RESULTS FOR TWELVE MONTHS ENDED  
31<sup>st</sup> DECEMBER 2023

7<sup>th</sup> March 2024

[www.suagr.dangote.com](http://www.suagr.dangote.com)



# PRESENTERS



## **Ravindra Singh Singhvi**

*Group Managing Director*

40+ years experience in leadership positions in the sugar, petrochemicals, cement, and textiles products industries



## **Oscar Mbeche**

*Group Chief Financial Officer*

35+ years experience in financial management, governance, fundraising, corporate finance, trade finance, international taxation and financial reporting

# Market leader in sugar manufacturing

*The largest sugar refinery in Sub-Saharan Africa with an established blueprint to be a leading global integrated sugar company*

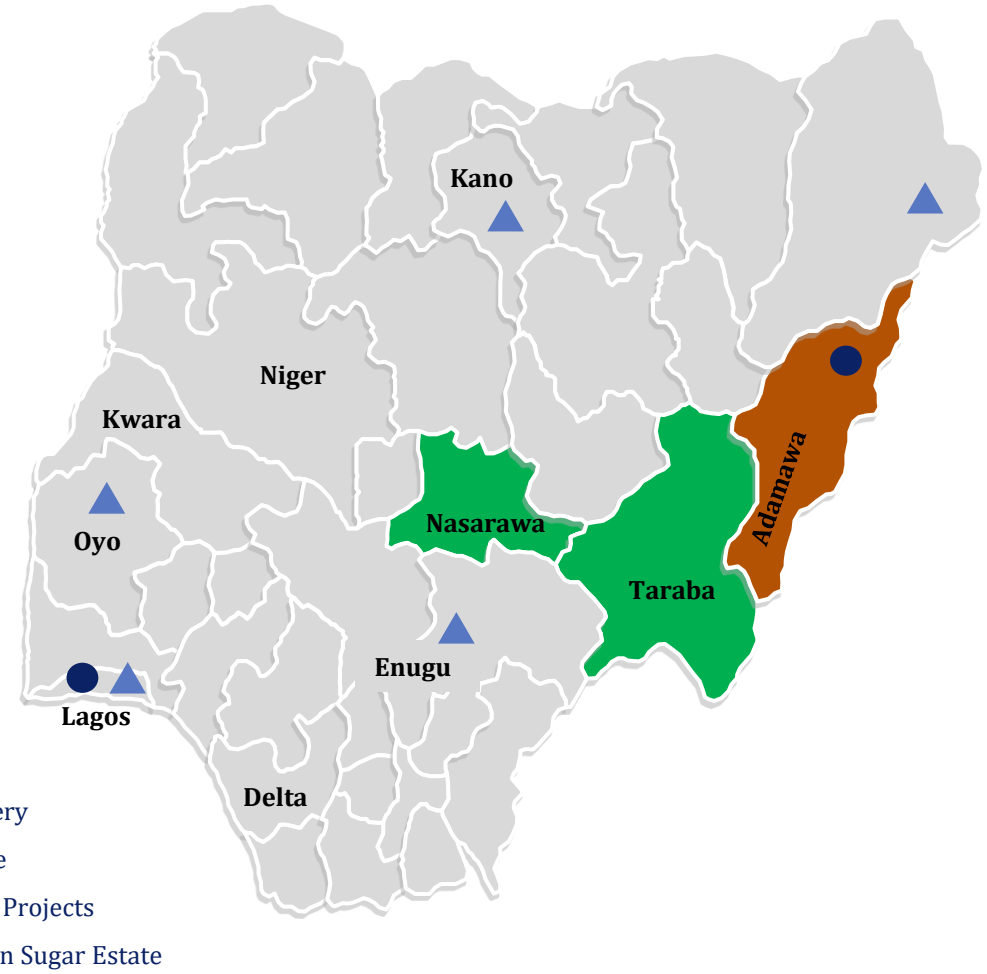
Current combined installed refining capacity of **1.49MMT** across Apapa and Numan.

Targets additional **1.5MMT** of refined sugar from locally grown sugarcane.

- Operations**
- Apapa Refinery** Refining of raw sugar to make high quality Vitamin A fortified and non- fortified granulated white sugar
  - Numan Operation** Cultivation and milling of sugar cane to finished sugar from our sugar backward integration projects located at Numan, in Adamawa state.
  - Backward Integration Plan** Sugar for Nigeria project: Development of Greenfield projects (Nasarawa and Taraba) and brownfield (Adamawa)

**Capacity**

<b>1 Apapa, Lagos</b> 1.44Mta refining capacity Warehouse	<b>4 Taraba</b> 25,000ha greenfield Project
<b>2 Numan, Adamawa</b> 0.05Mta refining capacity 32,000ha brownfield project	
<b>3 Nasarawa</b> 68,000ha greenfield Project	



# Key products

*Dangote Sugar refines Vitamin A fortified granulated white sugar for direct consumption as well as the unfortified white sugar for industrial use*

## Vitamin A fortified Sugar



Dangote vitamin A fortified refined granulated fine white sugar, is produced to the highest quality packaged in 50kg, 1kg, 500grams and 250grams sizes. An all-purpose white sugar for direct consumption, and as an addition to baked foods, sweetening of cereals, beverages etc.

## Non-fortified industrial sugar



Dangote refined unfortified fine white granulated sugar, packaged in 1000kg and 50kg bags, is a specially processed sugar grade used by pharmaceuticals, food and beverage, other manufacturing companies etc.



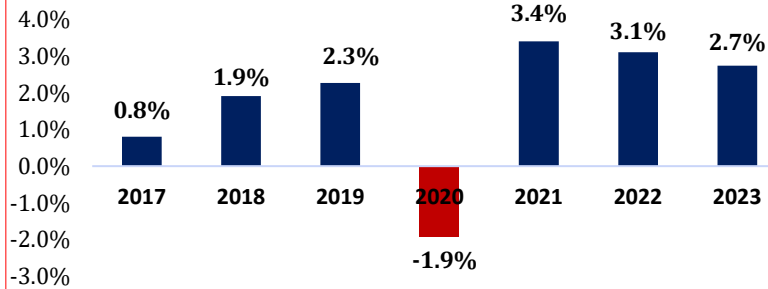
DSR's refined and fortified sugar yields valuable by-products such as molasses and bagasse. Molasses can be processed further to produce ethanol while bagasse is used as bio-fuel to generate electricity.

**Dangote Sugar 1 tonne packages was introduced into the Nigerian market in 2022**



# Nigeria - macroeconomic environment

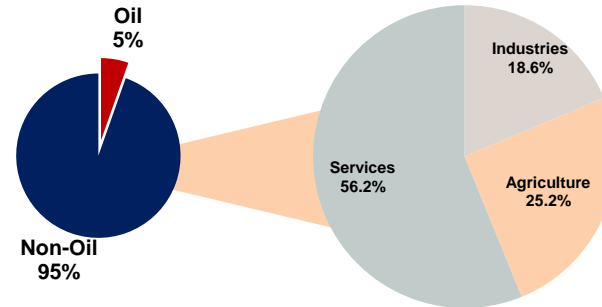
Real GDP Growth (%)



Nigeria economy grew by 2.7% in 2023, slower than the 3.1% growth in 2022 and below IMF estimate of 2.9%.

The growth was driven by developments in the non-oil sector.

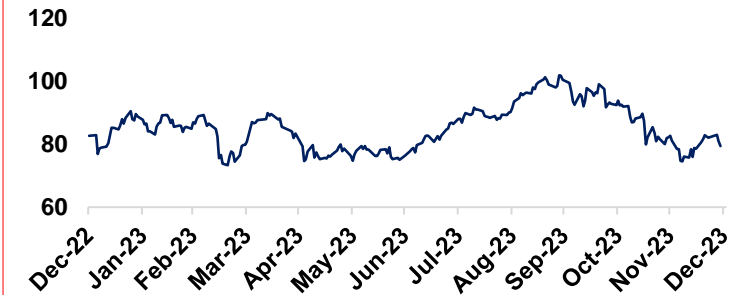
2023 Sector Contribution to GDP



The non-oil sector accounted for 95% of output in 2023.

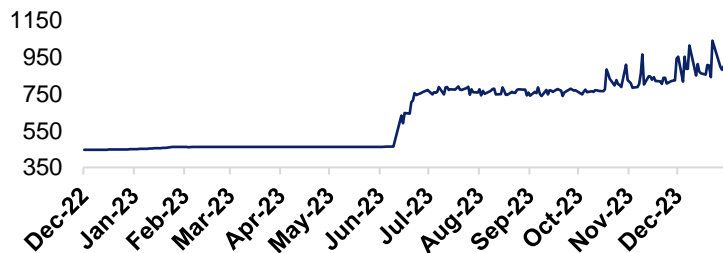
The sector grew by 3% in the period, lower than 4.8% in the prior year, while the oil sector improved to a negative 2.2% growth compared to -19.2% in 2022.

Movement in Oil Prices (\$)



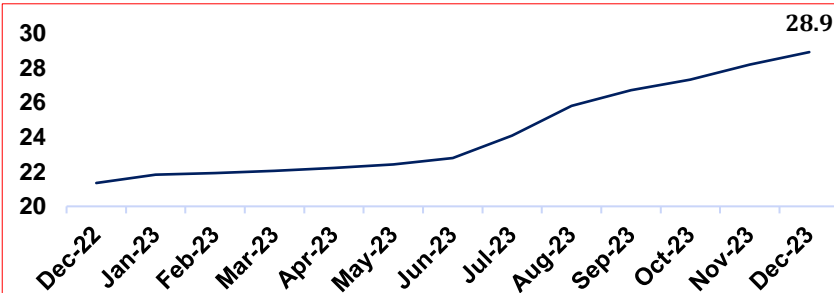
Oil prices slid 10% to \$77 per barrel despite the decision by OPEC+ members to cut supply in order to boost price.

USD:NGN CBN Rate (NGN)



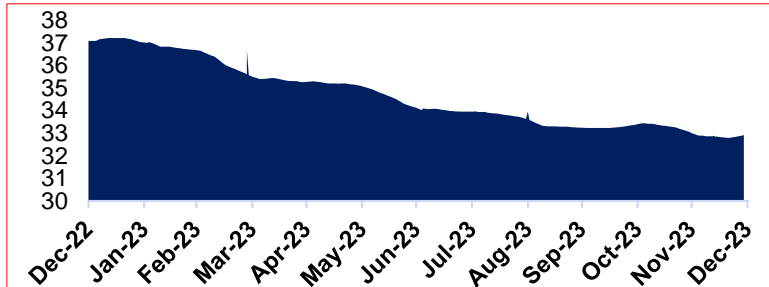
The Naira depreciated by over 50% in 2023 at the official window. This is on the back of an FX demand influx, limited supply and the new administration's decision to float the Naira.

Consumer Inflation (%)



Nigeria's inflation accelerated to 28.9% in December, the highest in 27 years, reflecting currency pressure, rising input costs, elevated petrol prices, and persisting security challenges in the food producing states.

External Reserve (\$'bn)



Nigeria's foreign reserves decline to \$32.1 billion in 2023 (from \$35.5bn as of December 2022), due to continued FX pressures and CBN's ongoing interventions in the official market.

# FY 2023 snapshot

*Commendable results despite difficult operating conditions*

*Aims to enhance its existing refinery operations (Numan) as well as develop greenfield sites at Nasarawa, amongst others*

## OPERATIONAL

## FINANCIAL

## BACKWARD INTEGRATION

### Adamawa

Ongoing upgrade of the Numan factory)  
expansion to **9,800TCD**

Revenue up 9.5% at  
**₦441.5B**

**1.5MMT** production target of  
refined sugar from locally grown  
sugarcane

### Nasarawa

Completed engineering design of the  
**12,000TCD**.

‘A’ Nursery of **80HA** completed; ‘B’ Nursery of  
**600HA** completed

Recurring PAT\* at  
**₦98.4B**

**93,000ha** of greenfield land in  
Nasarawa and Taraba

Moody’s affirmed DSR’s national scale  
rating at **Baa3.ng (positive outlook)**

**A+** rating affirmed by Augusto & Co.

Established a **₦150B**  
commercial paper  
programme

**100 million litres of**  
ethanol potential across all sites

\* Profit after tax excluding adjustment for FX loss

# Backward Integration Project

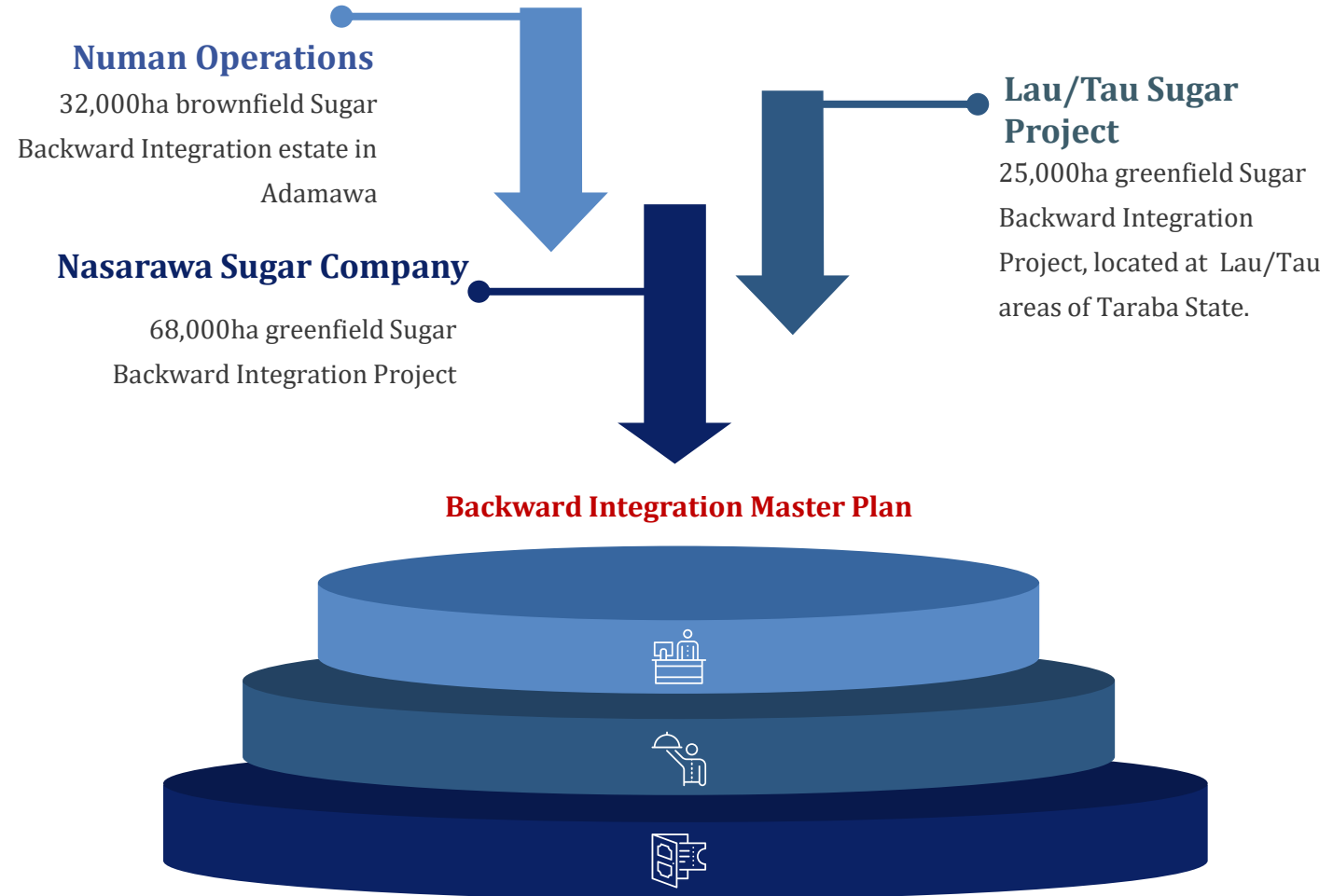


# Sugar for Nigeria Master Plan

*Our goal is to produce 1.5Mta of refined sugar from locally grown sugarcane within the next ten years*

## Dangote Sugar Backward Integration Project

- Dangote Sugar is an integral part of Nigerian Sugar Master Plan (NSMP), a drive to make Nigeria self-sufficient in sugar production
- Our goal is to produce 1.08Mta of refined sugar in 6 years and longer-term 1.5Mta from sugarcane plantations covering more than 150,000 hectares of land across Nigeria
- This step will move Dangote Sugar from port-based refining to fully integrated sugar production within Nigeria
- The first phase of the project is the brownfield expansion of Dangote Sugar, integrated sugar estate at **Numan, Adamawa State**





# Brownfield Project – Numan Operations

*Dangote Sugar Refinery backward integration project located at Numan, Adamawa State is a sugar production operation on 32,000 hectares of land, with a milling capacity of 50,000 tonnes of sugar per annum.*

## Numan Operations

- DSR Numan produces refined sugar from 8,283 hectares of sugar cane cultivated on its sugar cane fields.
- The existing factory has been upgraded with a capacity increase to 3,800TCD from 3,000TCD.
- Further upgrades to 9,800 TCD is ongoing.



## FY 2023 highlights

559,718 bags

**Production**

50,000 tonnes

**Refining capacity**

32,000ha

**Brownfield**

8,137ha

**Area under cane**

*Upon completion of the ongoing refinery upgrade, this operation is anticipated to generate 32 megawatts of electricity through the installation of new turbines and 2 high-pressure boilers. Additionally, the company intends to produce ethanol and animal feed from by-products such as molasses and bagasse.*



# Greenfield Backward Integration Projects

*Nasarawa and Tau/Lau project*

**01**

**Nasarawa Sugar Company:** 68,000ha greenfield project, located in Tunga

- Commenced installation of phase 1 of the 6,000ha of commercial development
- Completed bush clearing for phase 1 of commercial development
- Commenced design for bulk water supply and irrigation of phase 1

**02**

**Tau/Lau Project:** 25,000ha greenfield project, located in Taraba State

- The 68ha seed cane farm at Lau is still being maintained, while we await the resolution of the issues/disputes.

Development project activities still ongoing at Tunga, Nasarawa State



Sugar cane in Tunga, Nasarawa

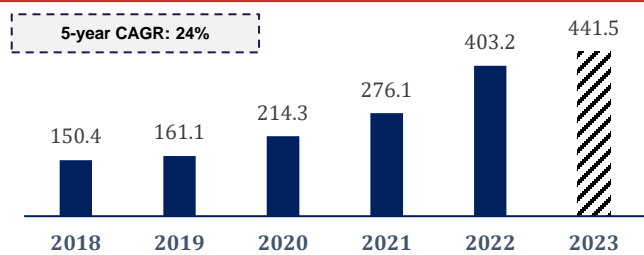


# Financial Overview

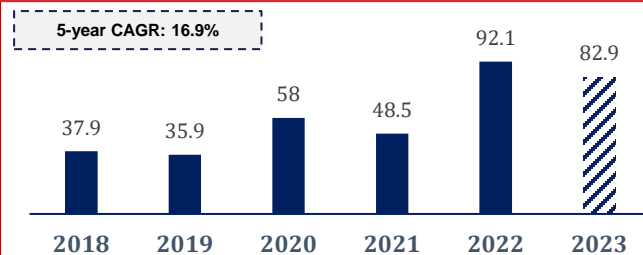


# 6-Year historical financials

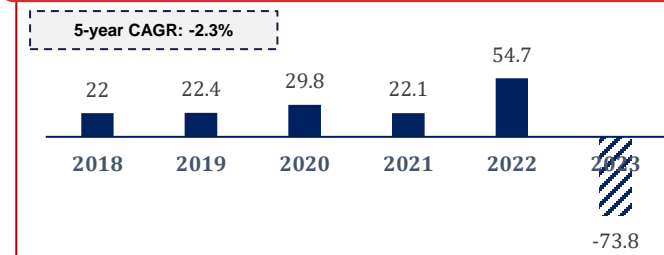
**Revenue (NGN'bn)**



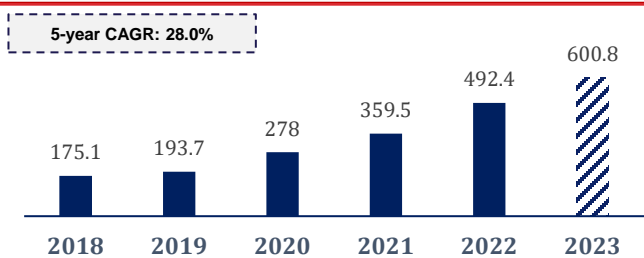
**EBITDA (NGN'bn)**



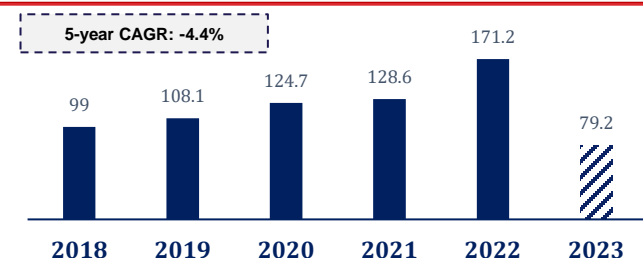
**Profit After Tax (NGN'bn)**



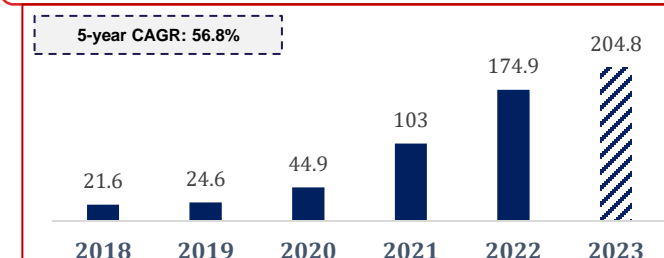
**Total Assets (NGN'bn)**



**Total Equity (NGN'bn)**



**Cash Balance (NGN'bn)**



## Commentary

- Strong revenue growth, evidenced by a CAGR of 24% between 2018 and 2023 on account of improving operational efficiency, enhanced customer service delivery, and maintaining high product quality
- Growth in EBITDA as shown in the CAGR of 16.9% between 2018 and 2023
- However, the Company reported a loss in 2023, largely driven by higher 2023 FX loss following the devaluation of the Naira. This also led to an over 280% increase in financing cost on Letters of Credit.
- The Naira depreciated by over 50% in the last one year, this was further compounded by the unavailability of FX since mid-2023.
- The Company has maintained a healthy cash position to cater to its obligations as and when due



# Income statement

## Income Statement

Year ended 31 <sup>st</sup> December	2023 ₦m	2022 ₦m	% change
Revenue	441,453	403,246	9.5%
Cost of sales	(355,149)	(311,283)	14.1%
<b>Gross profit</b>	<b>86,304</b>	<b>91,963</b>	<b>(6.2%)</b>
<i>Gross margin</i>	<i>19.5%</i>	<i>22.8%</i>	<i>(3.3pp)</i>
<b>EBITDA</b>	<b>82,879</b>	<b>92,142</b>	<b>(10.1%)</b>
<i>EBITDA margin</i>	<i>18.8%</i>	<i>22.9%</i>	<i>(4.1pp)</i>
<b>EBIT</b>	<b>72,686</b>	<b>82,410</b>	<b>(11.8%)</b>
<i>EBIT margin</i>	<i>16.5%</i>	<i>20.4%</i>	<i>(3.9%)</i>
Finance income	10,560	6,379	65.5%
FX loss	(172,198)	(1,889)	-
Interest expense and other cost	(29,465)	(7,913)	272.4%
Change in fair value of biological assets	9,496	3,315	186.4%
<b>(Loss)/Profit before tax</b>	<b>(108,922)</b>	<b>82,303</b>	<b>(232.3%)</b>
Income tax (expense)/credit	35,162	(27,561)	<b>(227.6%)</b>
<b>Profit for the period</b>	<b>(73,760)</b>	<b>54,742</b>	<b>(234.7%)</b>
<b>Recurring PAT *</b>	<b>98,438</b>	<b>56,632</b>	<b>73.8%</b>
<b>Earnings per share</b>	<b>(6.07)</b>	<b>4.51</b>	<b>(234.6%)</b>

\* Profit after tax excluding adjustment for FX loss

## Financial

- Group revenues up 9.5%, due to better price realisation to offset rising cost
- Group EBITDA down 10.1%; with a margin of 18.8%, owing to heightened inflation and the FX devaluation
- FX loss of ₦172.2B, over 2.4x operating profit
- Loss after tax of ₦108.9B, due to FX revaluation loss impact
- Recurring PAT up 73.8% at ₦98.4B

## Operational

- Group sales volumes down 20% to 616.3Kt from 774.8Kt, owing to cash crunch, FX scarcity and general low purchasing power
- Rise in cost of raw sugar due to naira devaluation and increase in international price of raw sugar
- Increased energy cost on account of hike in gas prices driven by rise in FX rates
- Backward Integration to boost sugar production to 1.5Mta, sourced locally

# Balance sheet

## Balance Sheet

	As at 31/12/23 ₦m	As at 31/12/22 ₦m
Property, plant and equipment	167,083	157,762
Other non-current assets	33,145	-
Current Assets	195,799	159,814
Cash and Cash Equivalents	204,763	174,858
<b>Total Assets</b>	<b>600,790</b>	<b>492,434</b>
Non-current liabilities	84	13,238
Current liabilities	109,193	88,952
Debt*	412,267	219,018
<b>Total Liabilities</b>	<b>521,544</b>	<b>321,208</b>
<b>Net Assets</b>	<b>79,246</b>	<b>171,226</b>

Gross cash balance up 17.1%, at ₦204.8B, showing our cash generation ability

\* Including Letters of Credit



# Cash flow movement



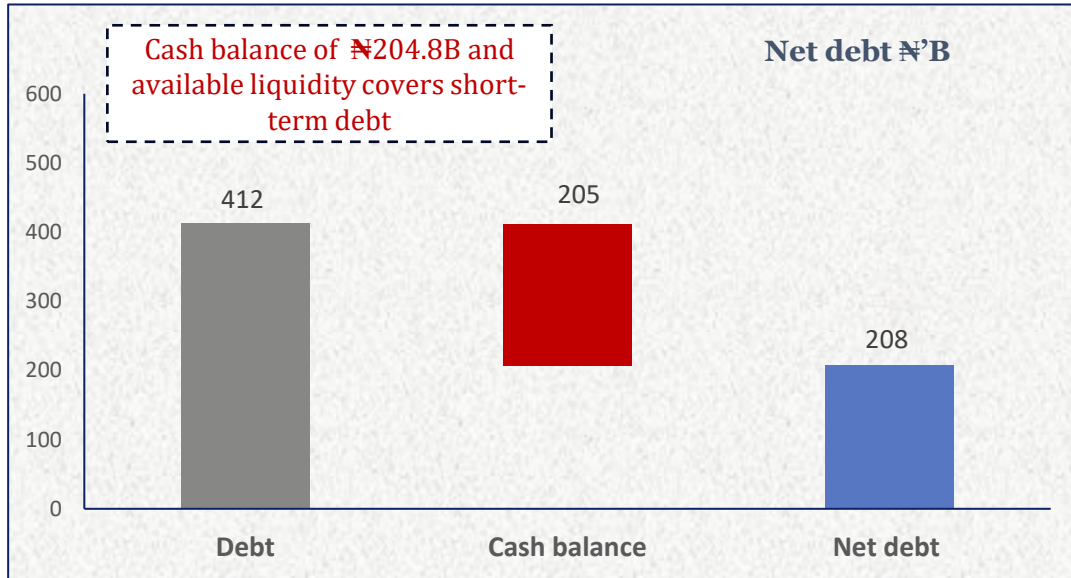
## Movement in cash

	Cash ₦m
<b>As at 31<sup>st</sup> December 2022</b>	<b>174,858</b>
Cash from operations after working capital changes	83,300
Income tax paid	(22,319)
Gratuity paid	(50)
Additions to fixed assets	(19,515)
Net interest received	10,492
Unclaimed dividend received	39
Lease liability payment	78
Dividend paid	(18,220)
Net loans obtained (repaid)	(287)
Other cash and non-cash movements	(3,613)
<b>As at 31<sup>st</sup> December 2023</b>	<b>204,763</b>



Strong cash balance of ₦204.8B;  
with net debt of ₦207.5B

# Ratios and liquidity



## Ratings

- December 2023, **Moody's**:
  - The company's national scale rating (NSR) has also been affirmed at Baa3.ng
  - Caa1 long term corporate family rating (CFR). The rating outlook was upgraded to positive from stable, similar to that of the sovereign.
- On 06 February 2024, **Agusto & Co.**
  - Assigned "A+" rating to Dangote Sugar Refinery PLC .
  - The assigned rating reflects the Company's strong ability to meet maturing obligations buttressed by its robust earnings capacity despite the prevailing macroeconomic headwinds.

## Key financial ratio

Current Ratio	Net debt/EBITDA
<b>0.8x</b>	<b>2.5x</b>
Interest coverage ratio	Debt/capital
<b>2.5x</b>	<b>0.8x</b>
EBITDA margin	EBIT margin
<b>19%</b>	<b>17%</b>

Establish maiden ₦150B commercial paper programme for working capital purposes

MOODY'S

Agusto&Co.



# Sustainability



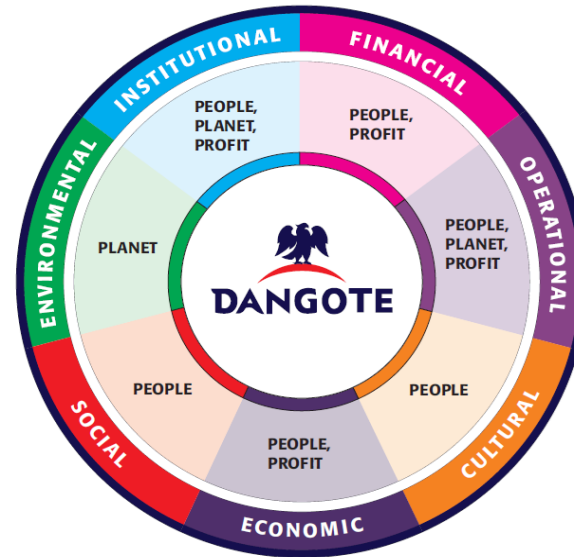
# A Sustainable Growth Culture

*Dangote Sugar is passionate about building a sustainable future for its organisation and key stakeholders*



- *Dangote Sugar Refinery released its 2022 Sustainability Report in accordance with the Global Reporting Initiatives (GRI) standards as its framework for disclosing progress in its sustainability policies and practices*
- *Driven by the goal of achieving the highest levels of governance, the 7 Sustainability Pillars are embedded in the Company's corporate culture and guides its approach to building a prosperous and sustainable business. The 7 Sustainability Pillars support its unique approach to creating a world-class enterprise*
- *DSR adopts 6 strategic priority SDGs to further support its business and focus on the creation of a sustainable business, impact and returns to all stakeholders*

**DANGOTE 7 SUSTAINABILITY PILLARS & THE TRIPLE BOTTOM-LINE**





# Priority Strategic Sustainable Development Goals

*Dangote Sugar is passionate about building a sustainable future for its organization and key stakeholders*



2	Zero Hunger	4	Quality Education	6	Clean Water and Sanitation
End hunger, achieve food security and improved nutrition and promote sustainable agriculture		Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		Ensure availability and sustainable management of water and sanitation for all	
Promote lifelong opportunities for all		Presently provides scholarships for education		Clean water supplied to Nasarawa and Numan residents	
8	Decent work and economic growth	12	Responsible consumption & production	13	Climate Action
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		Ensure sustainable consumption and production patterns		Take urgent action to combat climate change and its impacts	

## Commentary

- The Company launched a 3-year Sustainability Implementation & Performance Enhancement Roadmap for 2021-2023
  - The baseline year (2020) was for setting up building block for the Company's sustainability vision
  - Year 1 (2021) was for solidifying the sustainability vision
  - Year 2 (2022) was for entrenching the sustainability vision
  - Year 3 (2023) is for consolidating the sustainability journey by embracing six of the United Nation's Sustainable Development Goals.
- Steps have been taken to develop the Company's Sustainability Reports based on material indicators – recognise the data to be collected, efficiently collect it, and properly report it in Global Reporting Initiative (GRI) standards and obtain GRI certification

# Select Quality Certification and Awards

*Duly certified and acknowledged for outstanding achievements in the manufacturing sector, particularly in the consistent production and maintenance of high-quality refined granulated white sugar*

Quality Certification				
				
Food Safety Management System Certification	Food Safety Systems Certification	Occupational Health and Safety Management System Certification	NIS Quality Management System Certification	
Select Awards				
	ECOWAS Sugar Manufacturing Company of the Year 	Best Value for Money Brand	Micronutrient Fortification Index	Food Fortification Excellence
	2022	2022	2021	2021
	Best Company in Food Security (SERAS) <sup>(1)</sup> 	Health, Safety & Environment Compliance (NPA)	Poverty Reduction (SERAS) 	Good Health & Wellbeing (SERAS) 
	2022	2020	2020	2020

Source: Company Sustainability Report  
1. Sustainability, Enterprise, and Responsibility Awards





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