

H1 2024 Results

**UNAUDITED RESULTS FOR SIX MONTHS ENDED
30th JUNE 2024**

2nd August 2024

www.sugar.dangote.com



Market leader in sugar manufacturing

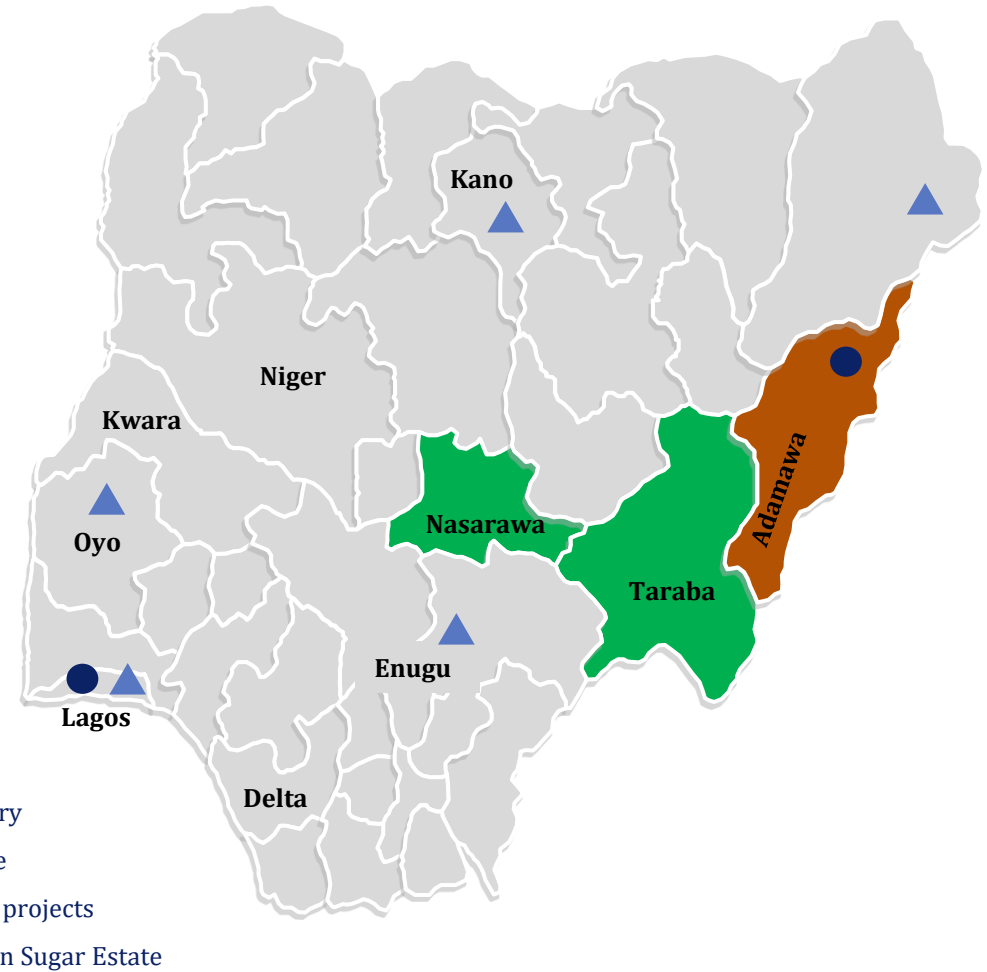
The largest sugar refinery in Sub-Saharan Africa with an established blueprint to be a leading global integrated sugar company

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

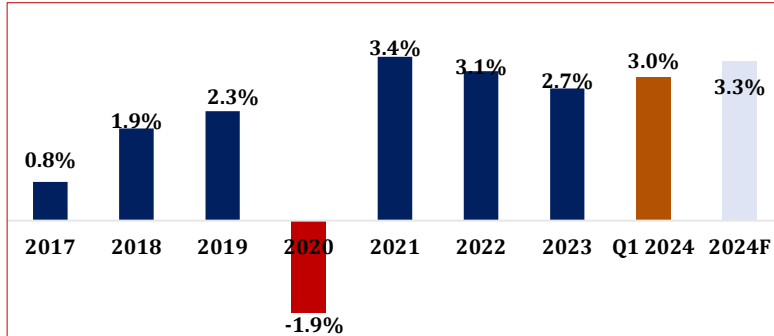


DSRs refined and fortified sugar yields valuable by-products such as molasses and bagasse. Molasses can be processed further to produce ethanol while bagasse is used as bio-fuel to generate electricity.

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

Domestic macroeconomic environment

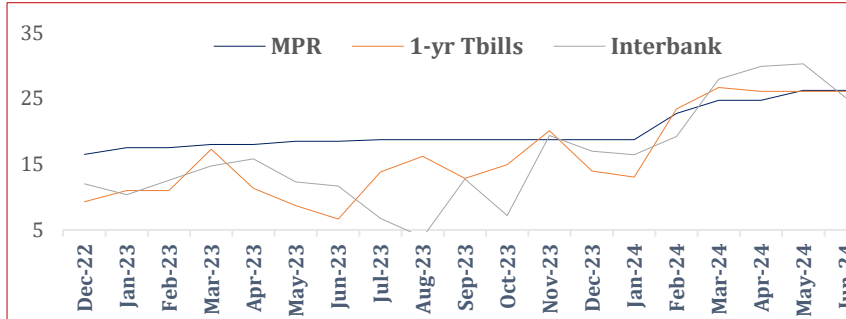
Real GDP Growth (%)



Nigeria's economy grew 2.98% in Q1 24 compared to 2.31% in Q1 23 and 3.46% in Q4 23. The growth was underpinned by robust performance of the oil sector and a modest improvement of the non oil sector.

The IMF forecast a growth rate of 3.3% in 2024, faster than the 2.7% growth on 2023

Interest Rate (%)



Rising borrowing costs due to uptick in interest rate.

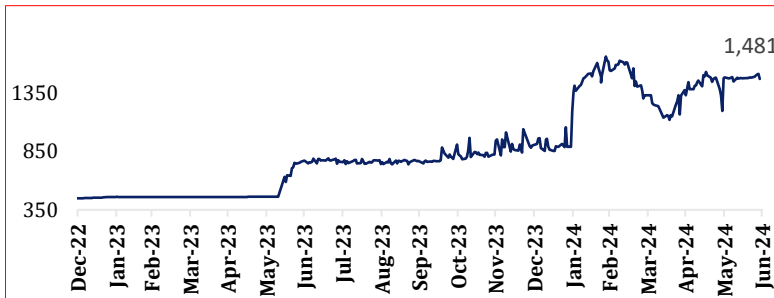
The MPR closed the month of June at 26.25% in June, marking a 750 basis points increase from 18.75% in December, in move to address rising inflation

Movement in Oil Prices (\$)



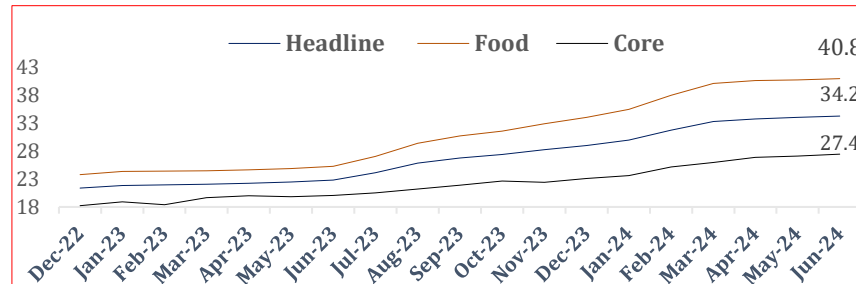
Oil prices rose 12.4% to \$89 per barrel in June on the back of lingering geopolitical tension, particularly in the Middle East

USD:NGN CBN Rate (NGN)



The Naira depreciated by over 38.9% in H1 2024 at the official window, on increased demand for greenback.

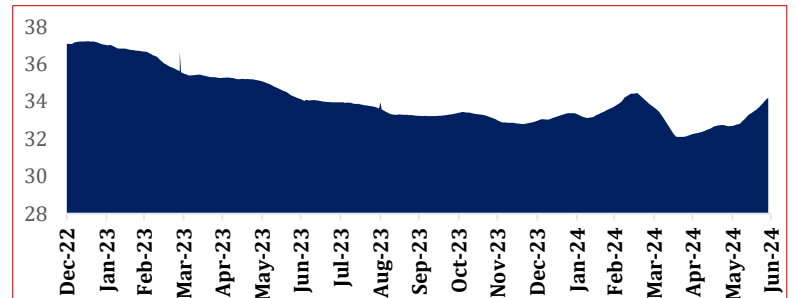
Inflation (%)



Inflation accelerated for the 18th consecutive months in June to 34.19%, driven majorly by food and energy prices.

Food inflation closed at 40.87% while the core component was up at 27.40%

External Reserve (\$'bn)



Nigeria's foreign reserves increased 3.9% to \$34.1 billion YTD in June 2024. The accretion is due to FX inflows from portfolio investors following the rate hike and clearance of FX backlogs by the CBN

H1 2024 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

Expansion of Numan factory to **9,800TCD** to be completed by year end

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

463 hectares of nursery seed cane have been established

A1 rating assigned by DataPro, with a stable outlook

A+ rating affirmed by Augusto & Co.

FINANCIAL

Revenue up 45.8% at
₦295.6B

Recurring PAT down at
₦49.7B

Established a **₦200B**
bond programme

BACKWARD INTEGRATION

1.5MMT production target of refined sugar from locally grown sugarcane

93,000ha of greenfield land in Nasarawa and Taraba

100 million litres of ethanol potential across all sites

Backward Integration Project

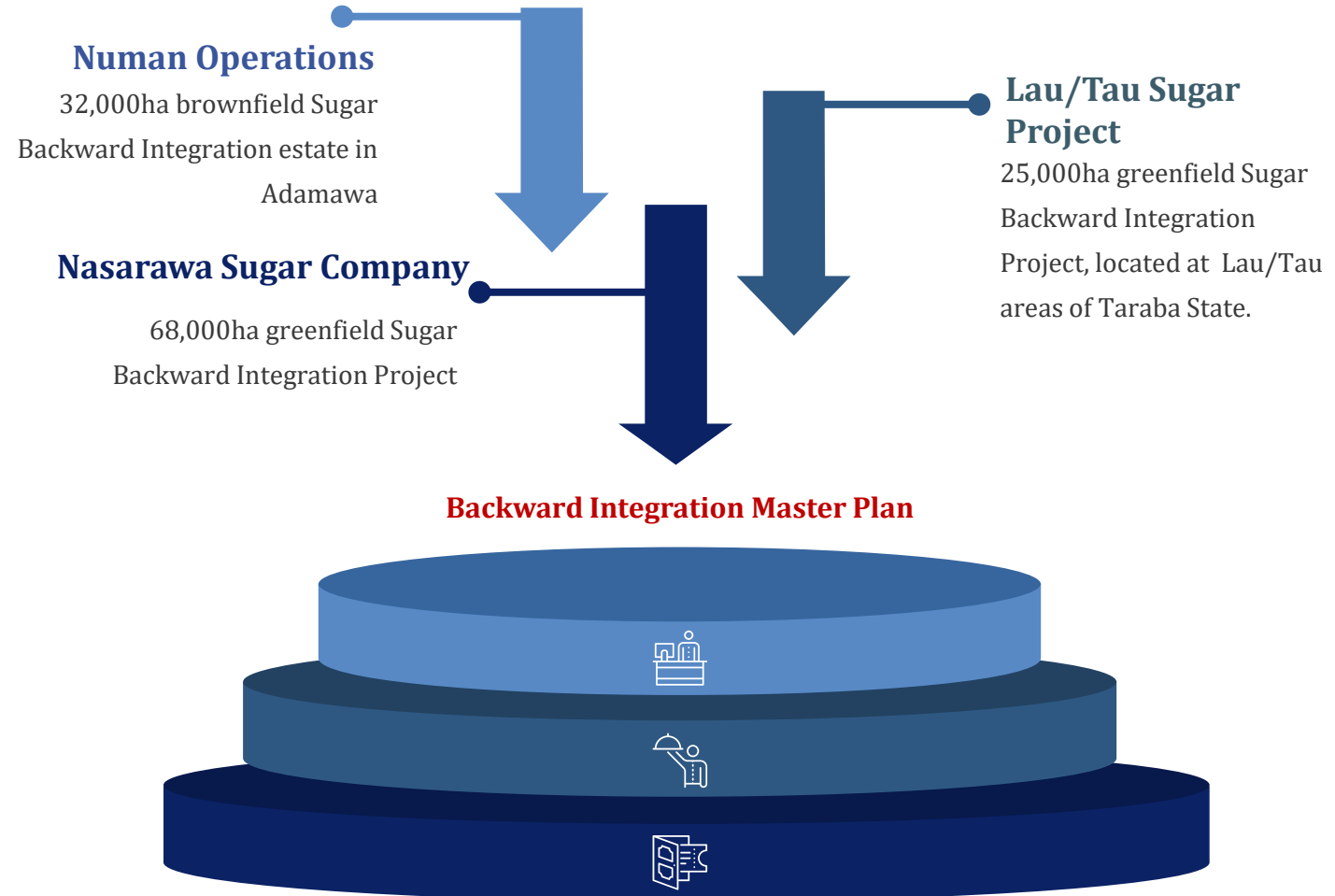


Sugar for Nigeria Master Plan

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** to 9,800TCD by 2024
- The second phase is the development of greenfield projects in **Nasarawa and Taraba.**
- Nasarawa expansion is the construction of a fully integrated 12,000 TCD sugar project



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 7,350 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, to be completed by end 2024



H1 2024 highlights

495,250 bags

Production

50,000

Refining capacity

32,000ha

Brownfield

8,600ha

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

Development project activities still ongoing at Tunga, Nasarawa State.



Sugar cane in Tunga, Nasarawa

Financial Overview



Income statement

Income Statement

Six months ended June	H1 2024 ₦m	H1 2023 ₦m
Revenue	295,624	202,784
Cost of sales	(277,486)	(144,595)
Gross profit	18,139	58,189
<i>Gross margin</i>	6.1%	28.7%
EBITDA	23,621	57,237
<i>EBITDA margin</i>	8.0%	28.2%
EBIT	10,327	52,198
<i>EBIT margin</i>	3.5%	25.7%
Finance income	4,243	4,848
FX loss	(193,681)	(83,096)
Interest expense and other cost	(40,505)	(7,562)
Change in fair value of biological assets	8,198	2,247
(Loss)/Profit before tax	(211,420)	(31,365)
Income tax (expense)/credit	67,412	3,378
Profit for the period	(144,008)	(27,987)
Recurring PAT	49,673	55,109

Financial

- Group revenues up 45.8%, due to better price realisation to offset rising cost
- Group EBITDA down at ₦23.6B, owing to heightened inflation and the FX devaluation
- FX loss of ₦193.7B, impacting profitability
- Loss after tax of ₦144B, due to FX revaluation loss impact
- Recurring PAT at ₦49.7B

Operational

- Group sales volumes decreased by 35.0% to 4.4m bags, primarily due to the inability to finance LC's back-to-back and low purchasing power .
- DSR has intensified production activities at its Numan and Nasarawa sugar plantation.
- Completion of Numan factory upgrade to 9,800TCD expected by year end
- On completion, Numan 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.
- DSR plans to increase volume of locally produced sugar to 120,000mt within the next one year

Balance sheet

Balance Sheet

	As at 30/6/24 ₦m	As at 31/12/23 ₦m
Property, plant and equipment	175,093	167,083
Other non-current assets	102,509	33,145
Current Assets	253,922	195,799
Cash and Cash Equivalents	183,129	204,763
Total Assets	714,654	600,790
Non-current liabilities	2,141	84
Current liabilities	304,038	109,193
Debt*	473,237	412,267
Total Liabilities	779,416	521,544
Net Assets	(64,762)	79,246

* Including Letters of Credit

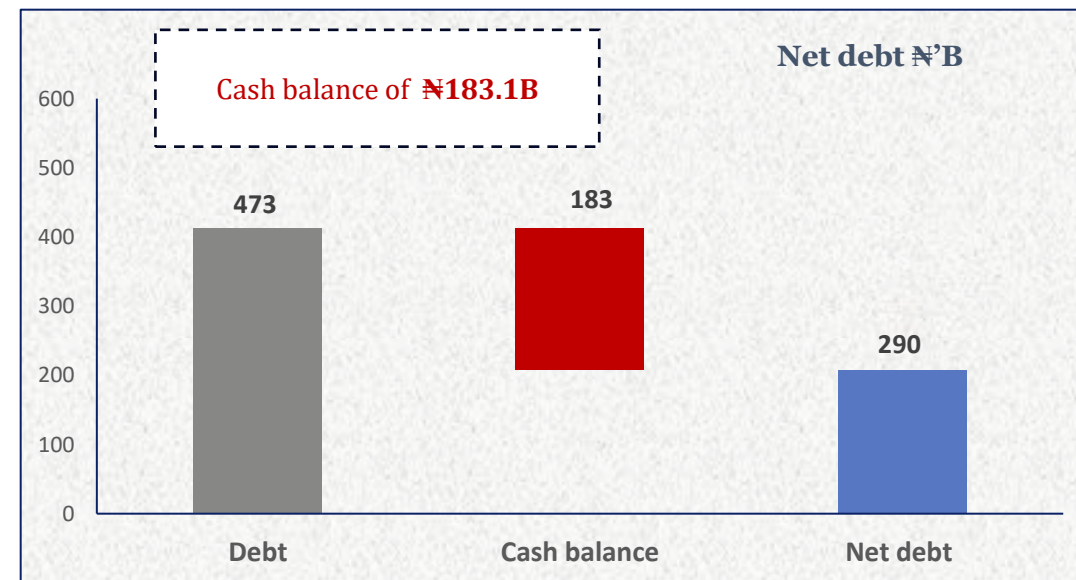


Cash flow movement

Cash flow analysis

	Cash ₦m
As at 31st December 2023	204,763
Cash from operations after working capital changes	(167,501)
Income tax paid	(4,060)
Gratuity paid	(1)
Additions to fixed assets	(21,304)
Net lease receivables	58
Net interest received	4,219
Commercial paper	141,337
Repayments	(154)
Overdraft	25,359
As at 30th June 2024	183,129

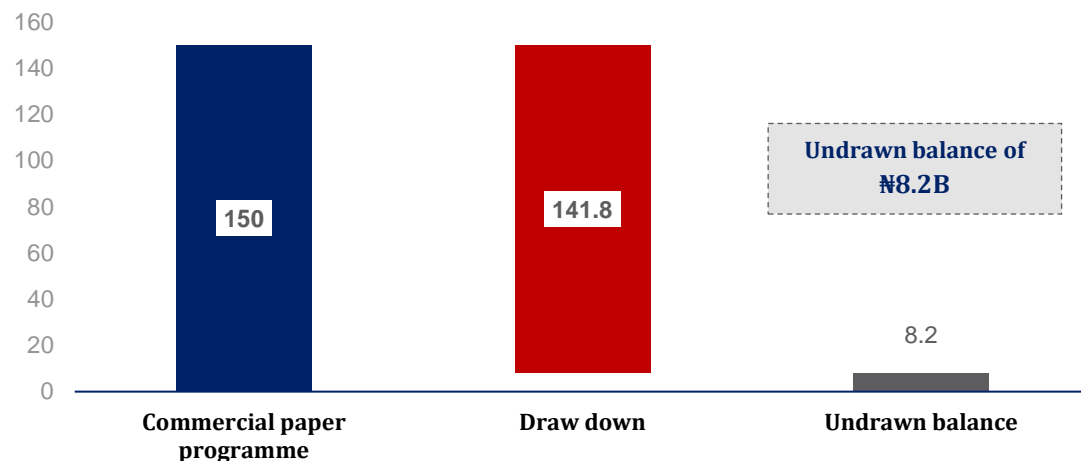
Robust liquidity profile



Cash balance of ₦183.1B; with net debt of ₦290.1B

Debt profile

Commercial paper programme



CP maturity timeline

Series	Face value (₦bn)	Tenor (days)	Pricing	Issuance	Maturity
Series 1	39.4	266	20%	Feb	20-Nov-24
Series 2	6.1	184	22%	March	9-Oct-24
Series 3	53.5	254	25%	March	18-Dec-24
Series 4	12.9	181	23%	May	20-Nov-24
Series 5	29.9	265	25%	May	12-Feb-25
Total	141.8				

Bond programme

Established ₦200bn Multi-Instrument Programme.

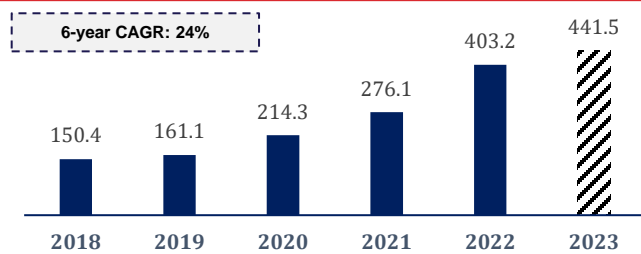
Bond proceeds to support DSR Backward Integration Plan and refinance maturing debt obligations

Ratings

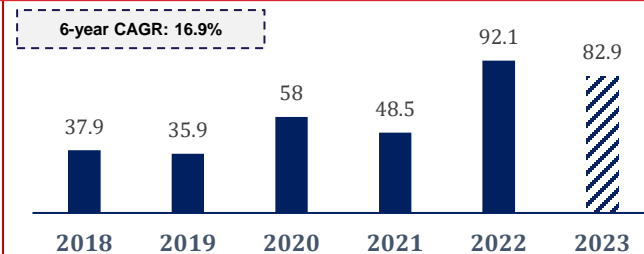
- On 06 February 2024, **Agusto & Co.**
 - Assigned “A+” rating to Dangote Sugar Refinery PLC .
 - The assigned rating reflects the Company’s strong ability to meet maturing obligations buttressed by its robust earnings capacity despite the prevailing macroeconomic headwinds.
- On 07 January 2024, **DataPro**
 - Assigned A1 rating to Dangote Sugar Refinery PLC , with a stable outlook
 - The assigned rating reflects the Company’s strong ability to meet maturing obligations buttressed by its robust earnings capacity despite the prevailing macroeconomic headwinds.

6-Year Historical Financials

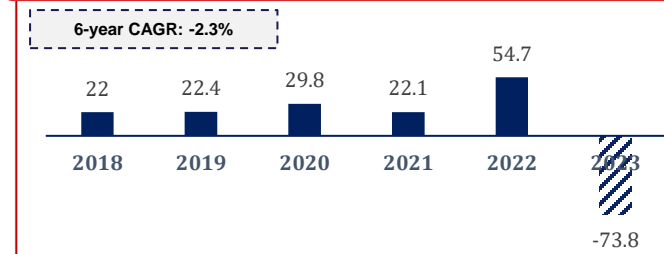
Revenue (NGN'bn)



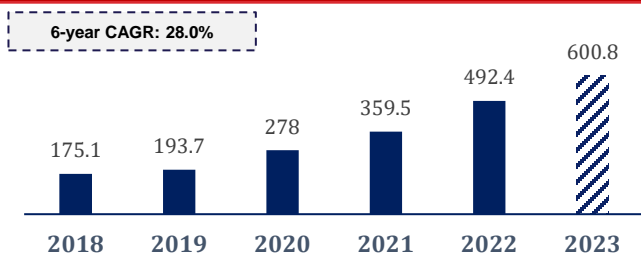
EBITDA (NGN'bn)



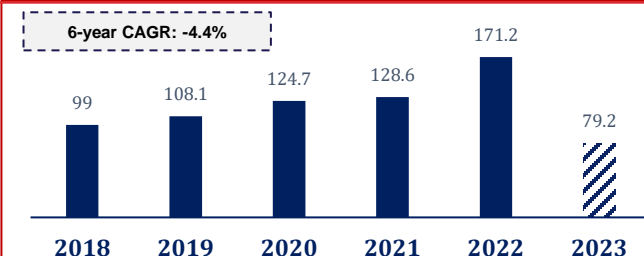
Profit After Tax (NGN'bn)



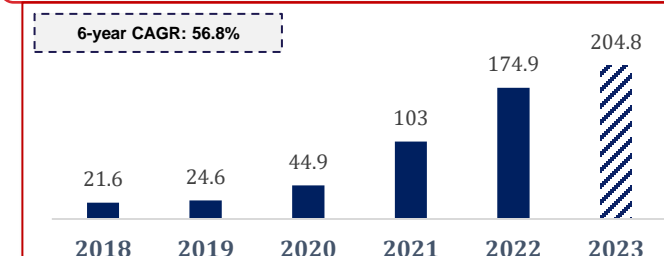
Total Assets (NGN'bn)



Total Equity (NGN'bn)



Cash Balance (NGN'bn)



Commentary

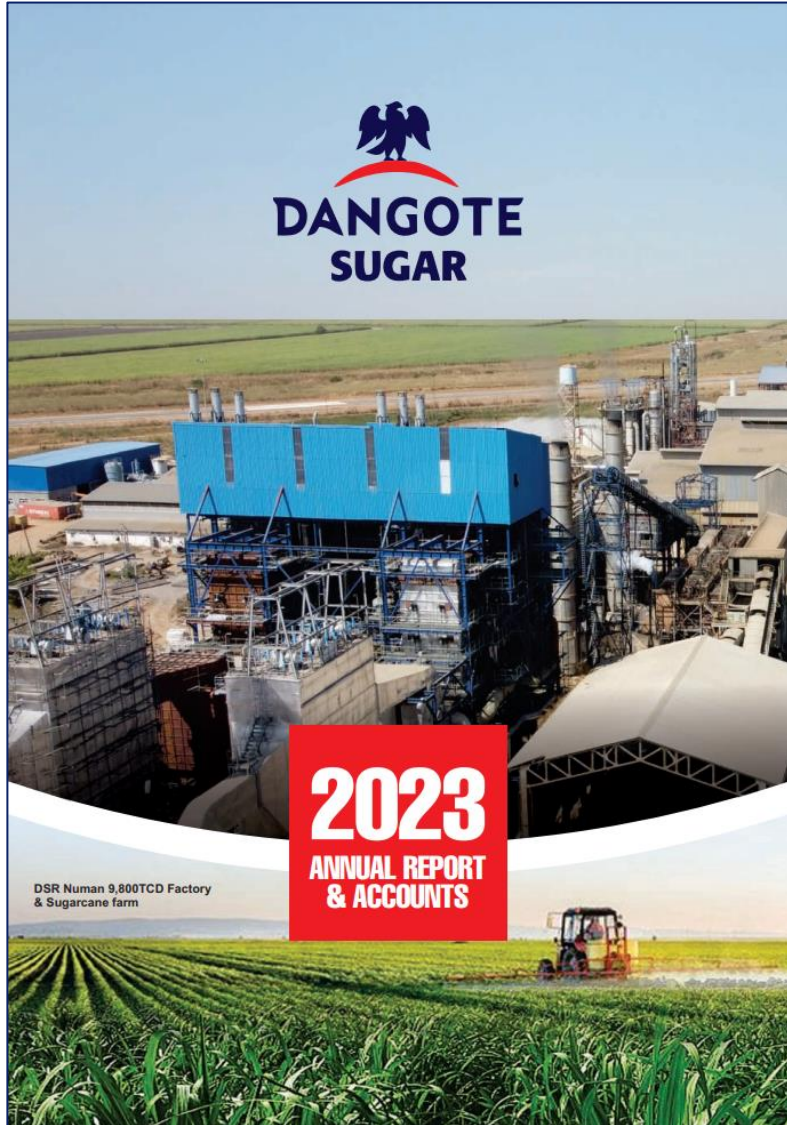
- Strong revenue growth, evidenced by a CAGR of 24% between 2018 and 2023 on account of improving operational efficiency, enhanced customer service delivery, and maintaining high product quality
- Growth in EBITDA as shown in the CAGR of 16.9% between 2018 and 2023
- However, the Company reported a loss 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 exaggerated by the unavailability of FX since mid-2023.

Sustainability



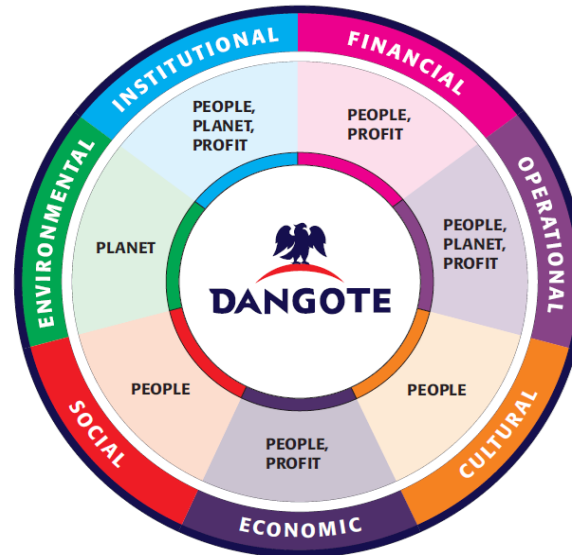
A Sustainable Growth Culture

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) ⁽¹⁾ 	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

Outlook



For further information contact:
Investor Relations
Dangote Sugar Refinery Plc
ir@dangote.com

