



Earnings Update: DANGOTE SUGAR REF. PLC Q2-2021

03 August 2021

Sugar Segment Sales Support Revenue Growth

WHAT WE LIKE ABOUT THE RESULT

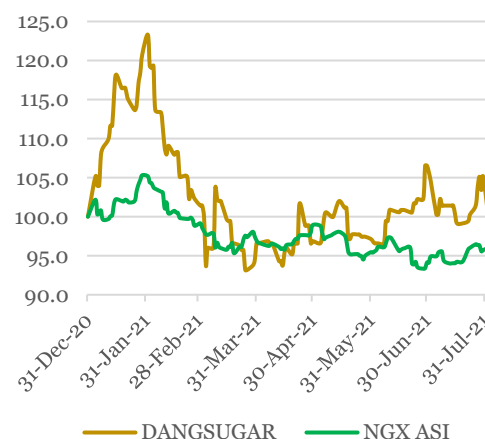
- Revenue grew by 27.8% y/y in Q1-2021 due to increases in Sales in the West Region of Nigeria even as Lagos remains the major Region where Revenue is generated.
- 37.3% and 34.9% growth in Gross and Operating Profits, respectively and their corresponding Margins in Q1-2021 compared to last year.
- Trade and Other Payables increased significantly by 76.3% y/y to ₦145.9 billion in Q2-2021 from ₦82.7 billion in Q2-2020 indicating that the company is making good use of its Credit arrangements with suppliers against making use of working capital loans.

WHAT WE DID NOT LIKE ABOUT THE RESULT

- The 1.7% decline in PAT Margins which was driven by a significant increase in Finance Costs for the period compared to similar period last year.
- Operational Expenses moved North by 36.6% y/y due to the 41.4% increase in Administrative Expenses.
- The significant pile up of Finished Goods by 109.5% y/y to ₦61.6 billion from ₦29.4 billion compared to same period last year. This may be due to difficulties in route to market as observed in the decline in selling and distribution expenses by 13.5% y/y.
- The marginal decline by 4.6% in Positive Cashflows from Operations due to a 58.1% dip in Net Working Capital for the period compared to same period last year.

TICKER	DANGSUGAR
Price (₦) on 02 Aug. 2021	17.50
Shares Outstanding	12,146,878,241
PE Ratio	5.71
Entry Price 1 (₦)	17.00
Entry Price 2 (₦)	16.72
Exit Price 1 (₦)	18.45
Exit Price 2 (₦)	17.85
Expected Return 1 (%)	8.53
Expected Return 2 (%)	6.76
Rating	HOLD

**REBASED YTD PRICE
MOVEMENT IN DANGSUGAR
AND NGX ASI**



Source: Investing, PSL Research

Kindly click [here](#) for the full financial statement.

www.parthiansecuritiesng.com

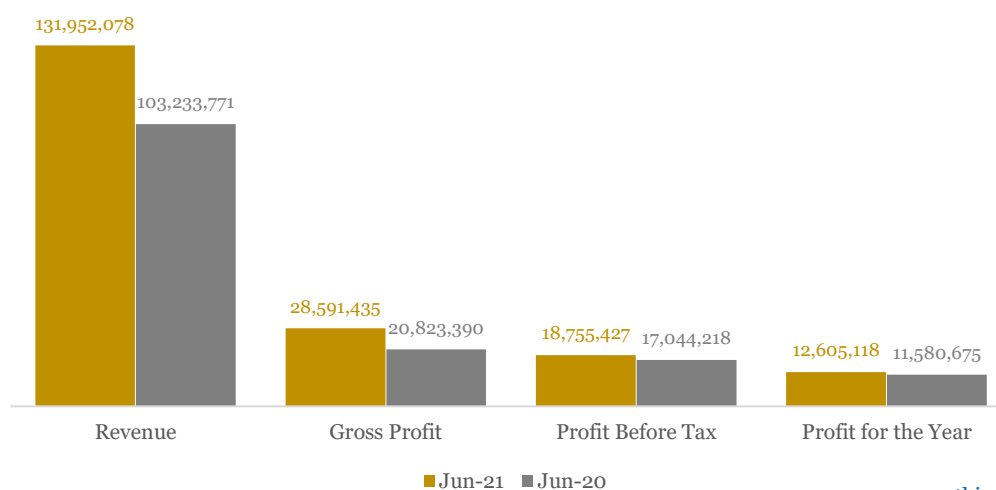
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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Revenue	131,952,078	103,233,771	27.82%
Cost of sales	-103,360,643	-82,410,381	25.42%
Gross profit	28,591,435	20,823,390	37.30%
Other income	128,906	409,677	-68.53%
Selling and distribution expenses	-288,759	-333,987	-13.54%
Administrative expenses	-4,950,281	-3,500,946	41.40%
Operating profit	23,481,301	17,398,134	34.96%
Finance cost	-4,798,637	-1,477,769	224.72%
Investment income	504,459	308,292	63.63%
Profit before tax	18,755,427	17,044,218	10.04%
Taxation	-6,150,309	-5,463,543	12.57%
Profit for the year	12,605,118	11,580,675	8.85%
BALANCE SHEET	Q2-2021	Dec-2020	Change (%)
Total non-current assets	116,260,077	94,645,521	22.84%
Total current assets	167,612,171	134,559,276	24.56%
Total assets	283,872,248	229,204,797	23.85%
Total equity	119,096,507	119,717,143	-0.52%
Total non-current liabilities	10,518,067	6,785,610	55.01%
Total current liabilities	154,257,674	102,702,044	50.20%
Total liabilities	164,775,741	109,487,654	50.50%
CASH FLOW STATEMENT	Q2-2021	Q2-2020	Change (%)
Operating Activities	43,991,353	46,121,727	-4.62%
Investing Activities	-18,562,456	-5,517,153	-29.06%
Financing Activities	-19,480,583	-56,274	253.09%

KEY FINANCIAL DATA



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