

DANGOTE SUGAR REFINERY PLC

BLOOMBERG: DANGSUGAR NL

Lower cost of sales and FX gain support earnings in 9M'25

Dangote Sugar Refinery (NGX: DANGSUGAR, TP: UR*) reported an improved performance in its unaudited 9M'25 as its loss position declined to N10.6 billion (vs a loss of N24.3 billion in H1'25 and N184.4 billion in 9M'24) on the back of lower cost of sales and FX gain.

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Revenue rose by 29.3% YoY, supported by strong sales across key product segments. Notably, Sales of 50kg sugar, retail sugar and molasses grew by 30.1% YoY, 5.1% YoY and 13.4% YoY, respectively. Meanwhile, the cost of sales rose by 15.4% YoY, resulting in a gross margin improvement to 14.4% (vs what before). Consequently, gross profit surged by 354.4% YoY to N90.1 billion.

Operating expense increased by 70.8% YoY as admin and distribution cost rose by 73.5% YoY and 4.7% YoY respectively. Notwithstanding, operating profit surged 9.9x to N81.1 billion, reflecting easing cost pressures. As a result, operating profit margin improved to 13.0% YoY, from 1.7% YoY in 9M'24.

Net finance costs dropped by 68.5% YoY to N92.2 billion, reflecting a 68.2% reduction in finance costs to N95.6 billion (from N300.2 billion in 9M'24), primarily due to an absence of FX losses during the period. However, finance income fell by 51.8% owing to lower returns on bank deposits.

Consequently, loss before tax stood at N8.7 billion (vs. N275.6 billion loss in 9M'24). The company recorded an income tax expense of N1.9 billion (vs a tax income of N91.2 billion in 9M'24)

DANGSUGAR's cash position dropped to N79.9 billion from N120.4 billion, driven by a surge in repayment on borrowings (N358.7 billion vs. 233.1 million in 9M'24) and lower opening balance from FY'24.

Q3'25 standalone, revenue grew by 3.8% YoY, while cost of sales declined by 15.8% YoY, bringing gross margin up to 19.6% (vs. 0.9% in Q3'24). Operating profit closed at N43.0 billion (vs a loss of N2.2 billion in Q3'24), hence operating margin came in at 21.9%. Net finance cost declined by 52.4%, as finance income and finance cost declined by 82.1% YoY and 53.6% YoY respectively. Consequently, profit before tax stood at N13.4 million, while net profit settled at N13.7 billion after a tax income of N298.4 million.

9M'25 Earnings breakdown

	9M'25	9M'24	YoY	FY '25E	% of FY'25E
Revenue	626,239	484,427	29.3%	919,268	68.1%
Cost of Goods Sold	(536,175)	(464,607)	15.4%	(804,359)	66.7%
Gross Profit	90,063	19,820	354.4%	114,908	78.4%
SG&A Expenses	(21,035)	(12,318)	70.8%	(28,497)	73.8%
Other Income	12,739	677	1782.0%	1,839	692.9%
Impairment gains on financial assets	(646)	(14)	4624.4%	-	NM
Operating Profit	81,122	8,165	893.5%	88,250	91.9%
Finance income	3,339	6,929	-51.8%	9,193	36.3%
Finance Cost	(95,586)	(300,175)	-68.2%	(137,797)	69.4%
Fair value adjustment	2,401	9,497	-74.7%	-	NM
PBT	(8,724)	(275,583)	-96.8%	(40,355)	21.6%
Taxation	(1,868)	91,227	NM	12,913	NM
PAT	(10,592)	(184,357)	-94.3%	(27,441)	38.6%
Ratios	9M'25	9M'24		FY '25E	
Gross Margin	14.4%	4.1%		12.5%	
EBIT Margin	13.0%	1.7%		9.6%	
PBT Margin	NM	NM			
Effective tax Rate	NM	NM			
Net Profit Margin	NM	NM			
P/E	NM				
10-Year Average PE	18.5x				
EV/EBITDA	21.0x				
10-Year Mean EV/EBITDA	6.4x				

Q3'25 Earnings breakdown

	Q3'25	Q3'24	YoY	Q2'25	QoQ
Revenue	196,027	188,803	3.8%	216,281	-9.4%
Cost of Goods Sold	(157,641)	(187,122)	-15.8%	(173,861)	-9.3%
Gross Profit	38,386	1,681	2183.6%	42,420	-9.5%
SG&A Expenses	(7,723)	(4,256)	81.5%	(6,664)	15.9%
Other Income	12,494	461	2609.0%	102	12178.4%
Impairment gains on financial assets	(134)	(48)	182.1%	(511)	-73.7%
Operating Profit	43,023	(2,162)	NM	35,346	21.7%
Finance income	480	2,687	-82.1%	457	4.9%
Finance Cost	(30,617)	(65,988)	-53.6%	(35,104)	-12.8%
Fair value adjustment	498	1,299	-61.7%	(176)	NM
PBT	13,384	(64,164)	NM	524	2454.7%
Taxation	298	23,815	-98.7%	(1,150)	NM
PAT	13,682	(40,349)	NM	(626)	NM
Ratios	Q3'25	Q3'24		Q2'25	
Gross Margin	19.6%	0.9%		19.6%	
EBIT Margin	21.9%	NM		16.3%	
PBT Margin	6.8%	NM		0.2%	
Net Profit Margin	7.0%	NM		NM	

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