



DANGOTE SUGAR REFINERY PLC FY 2025

Earnings Report Update

**PREPARED BY:
SAVEST RESEARCH**

 +234 913 444 6070

 globaladvisory@savest-financial.com

 www.savest-financial.com

Company Overview

Dangote Sugar Refinery Plc is a leading Nigerian producer of refined sugar serving both consumer and industrial markets. Its portfolio includes vitamin A-fortified sugar for household use and non-fortified industrial sugar supplied to food, beverage, pharmaceutical, and manufacturing companies. Founded in 1999 and headquartered in Lagos, it operates under Dangote Sugar brands.

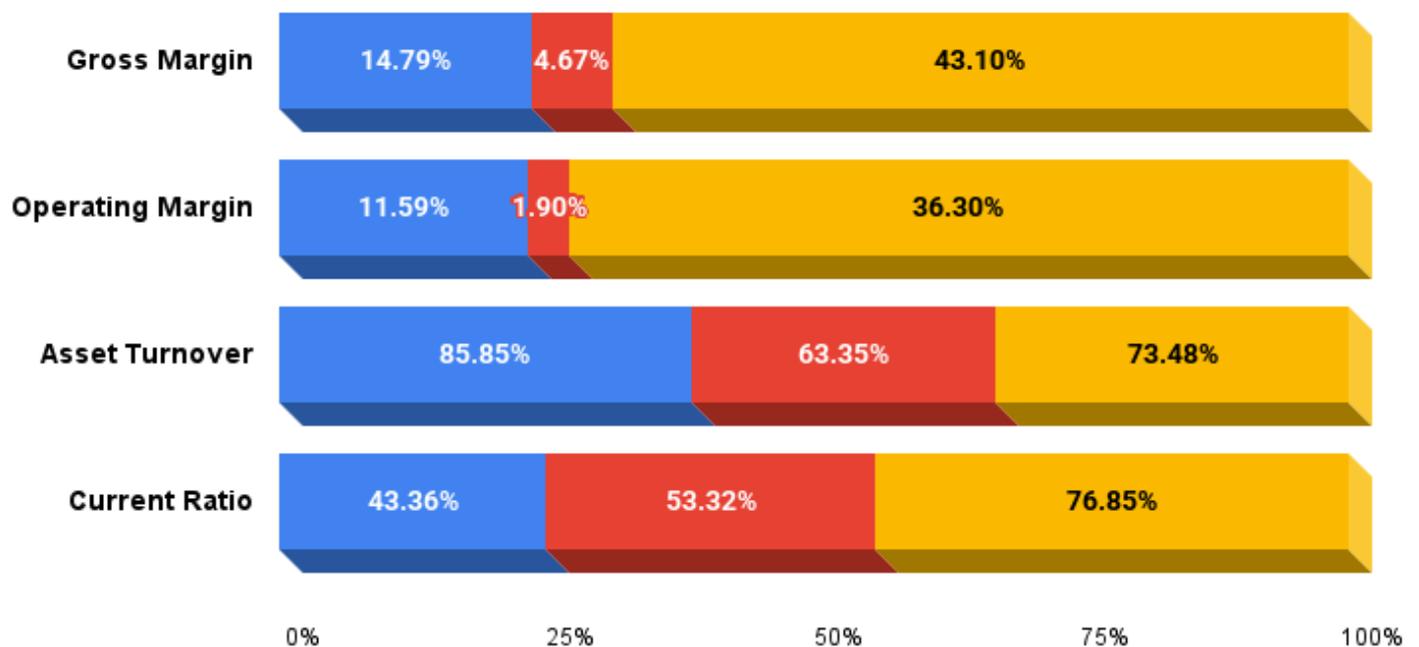
Revenue/Profitability Summary				
Billion NGN(₦), except EPS	FY 2025	Q4 2025	YOY	
Revenue	829.21	202.98	24.56%	
Gross profit	122.63	32.57	294.18%	
Operating profit	96.13	15.01	658.64%	
Loss before tax	-72.28	-63.55	-73.32%	
Loss for the year	-64.12	-53.52	-66.71%	
Loss per share (Naira)	-5.28	-4.41	-66.71%	
Cost/Expenses Summary				
Billion NGN(₦)	FY 2025	Q4 2025	YOY	
Cost of sales	706.59	170.41	11.35%	
Administrative expenses	27.88	27.37	47.33%	
Selling and distribution expenses	0.73	-19.80	-11.25%	
Finance costs - net	170.82	78.58	-41.83%	
Taxation (benefits)	-8.16	-10.03	-89.57%	
Key Items of Financial Position Summary				
Billion NGN(₦)	31st Dec, 2025	QOQ	YOY	
Non-current assets	622.60	-0.46%	-0.36%	
Current assets	343.32	-12.01%	-19.40%	
Total assets	965.93	-4.89%	-8.08%	
Non-current liabilities	45.10	700.18%	13.29%	
Current liabilities	791.85	-2.42%	-0.87%	
Total liabilities	836.95	2.42%	-0.20%	
Total equity	128.98	-35.01%	-39.23%	
Cash Flow Summary				
Billion NGN(₦)	FY 2025	Q4 2025	YOY	
Net cash from operations	13.67	14.53	103.63%	
Net cash used in investing	-40.22	-19.50	-80.36%	
Net cash used in financing	15.94	22.65	92.92%	
Closing cash balance	24.23	-55.65	-31.96%	
Geographic Performance				
Billion NGN(₦)	FY 2025	Q4 2025	% Revenue	YOY
Lagos	462.88	121.86	56.10%	23.92%
North	293.14	64.46	35.53%	35.77%
West	53.49	11.80	6.48%	-3.54%
East	19.70	4.86	2.39%	-5.24%
Eliminations	-4.09	-0.41	-0.50%	-9.18%

Segment Performance

Billion NGN(₦)	FY 2025	Q4 2025	% Revenue	YOY
Sale of sugar - 50kg	807.39	198.58	97.85%	25.42%
Sales of sugar - Retail	17.74	3.99	2.15%	1.63%
Sales of molasses	4.02	0.40	0.49%	-3.39%
Freight income	0.07	0.02	0.01%	-80.37%

Margin and Efficiency Analysis

■ FY 2025 ■ FY 2024 ■ FY 2023



Performance Highlights

- Dangote Sugar Refinery Plc delivered an improved top-line performance in FY2025, reflecting improved pricing dynamics and firmer domestic demand conditions. The Group benefitted from stronger market penetration across its key operating regions, reinforcing its dominant position within Nigeria's refined sugar market.
- The 50kg sugar segment remained the primary revenue driver, accounting for virtually all sales and underscoring the Group's continued reliance on bulk and wholesale distribution channels. Retail sugar sales were relatively stable, while molasses revenue softened, highlighting limited diversification beyond the core industrial sugar segment.
- Cost dynamics were notably more favorable during the year. Cost of sales grew at a slower pace than revenue, enabling meaningful gross margin expansion. While raw material costs increased moderately, logistics-related expenses and depreciation rose sharply, reflecting distribution scaling and asset base adjustments.
- Operating performance strengthened considerably despite higher administrative expenses. Personnel costs, maintenance, banking charges, and depreciation all rose, reflecting inflationary pressures and operational scaling. However, lower selling and distribution expenses signaled improved route-to-market efficiency and tighter cost controls in outbound logistics.
- Finance costs remained the principal earnings constraint, although they moderated significantly relative to the prior year's elevated levels. Reduced foreign exchange losses on letters of credit provided substantial relief, but higher interest expenses on commercial papers and bank borrowings reflected increased leverage and tighter funding conditions.
- Despite the sharp operating turnaround, the Group remained in a loss position at the pre-tax and net levels. Nevertheless, the scale of losses narrowed materially year-on-year, supported by stronger operating earnings and tax credits, marking a clear step toward earnings normalization.
- From a balance sheet perspective, total assets declined modestly, driven primarily by reductions in cash balances and inventories. Non-current assets were broadly stable, indicating limited net capacity expansion. However, the liability structure remains heavily weighted toward short-term obligations.
- Cash flow performance improved meaningfully, with operating cash flow turning positive on better working capital management, including inventory drawdowns and receivables optimization. Although investing activities and financing movements reduced overall cash levels, liquidity pressures eased relative to the prior year, suggesting gradual financial stabilization while balance sheet repair remains ongoing.

Concerns Raised

- Leverage remains structurally elevated. Financial liabilities of ₦725.3bn (current and non-current combined) significantly exceed equity of ₦129.0bn, exposing the Group to refinancing risk and interest rate sensitivity, particularly given rising commercial paper and bank loan interest burdens.
- Liquidity remains tight. Although operating cash flow turned positive, the cash balance of ₦24.2bn covers only 3.5% of current financial liabilities. This creates a narrow liquidity buffer against short-term obligations totaling ₦791.8bn.
- Profitability remains fragile. While operating margins improved, finance costs still exceed operating profit by 82.4%, keeping the Group in a net loss position. Sustainable earnings recovery is contingent on further deleveraging and funding cost optimization.
- Regional revenue concentration poses concentration risk. Lagos and North together account for 91.2% of revenue, while West and East are contracting. Any disruption in the two dominant regions would materially impair revenue resilience and earnings stability going forward.

OUR INSIGHT

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Dangote Sugar Refinery Plc delivered an operating rebound in FY2025, with revenue up 24.6% and gross and operating margins expanding materially on improved pricing and cost absorption. However, despite a 658.6% rise in operating profit, elevated finance costs continue to suppress bottom-line recovery, leaving the group in a net loss position and equity materially eroded. Long-term prospects hinge on sustained margin normalization, deleveraging, and funding cost optimization. Key watchpoints include refinancing risk, liquidity coverage, FX exposure, and regional revenue concentration, particularly Lagos and Northern market dependence.

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INVESTMENT ADVISOR & INTER-DEALER BROKER

INDIVIDUALS

FAMILY OFFICES

INSTITUTIONS

CONTACT US



+234 913 444 6070



globaladvisory@savest-financial.com



Scan the QR Code to access our
website

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