

DANGSUGAR improves profitability records 27.82% jump in sales

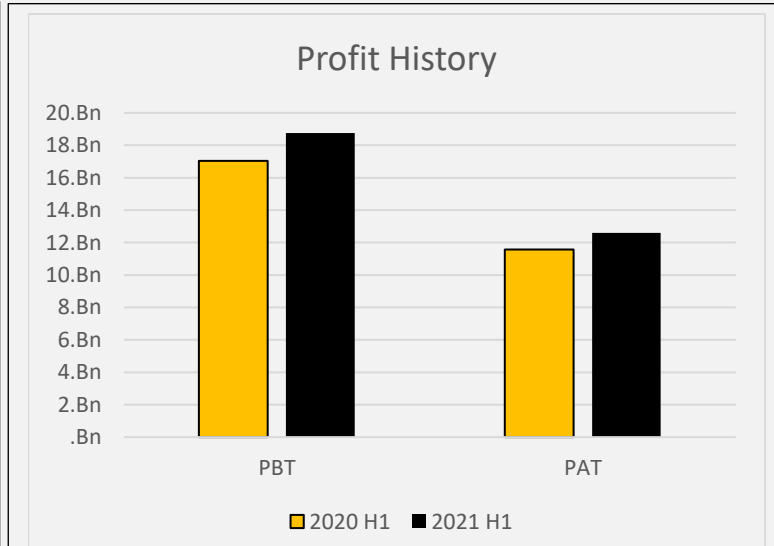
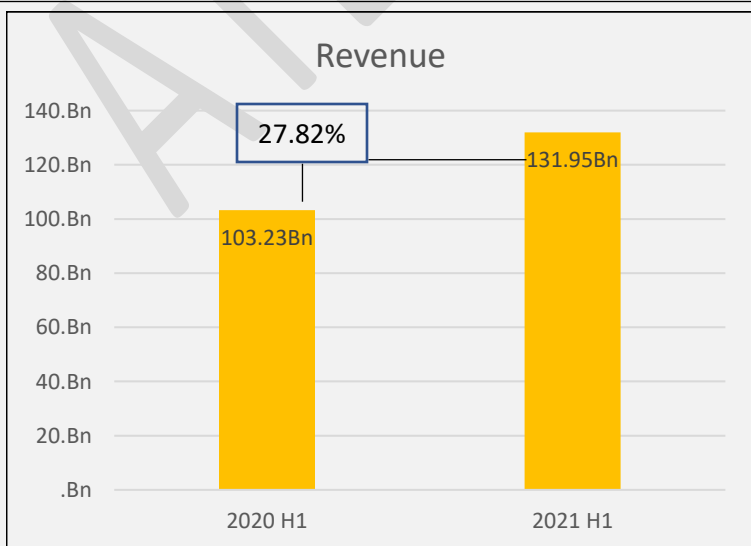
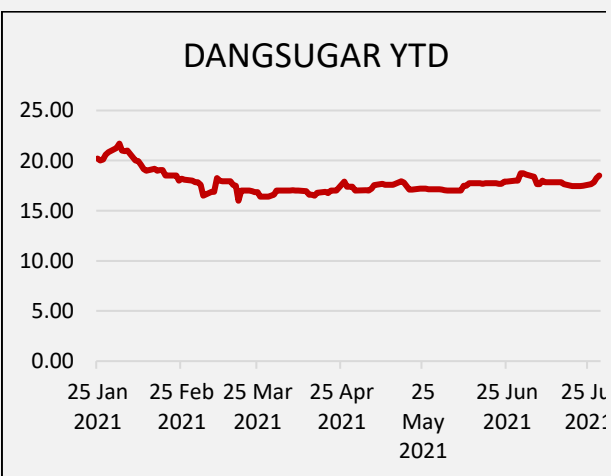
DANGSUGAR in 2021 H1 recorded a 27.82% growth in profitability aided by increasing economic activities and easing of lockdown restrictions. Profit after tax (PAT) for the first half of 2021 edged upwards from N11.58 Bn in 2020 H1 to N12.60 Bn in 2021 H1, likewise top-line revenue also jumping by 8.85% from N103.23 Bn in 2020 H1 to N131.95 Bn in 2021 H1.

Meanwhile, despite reducing loans and borrowing by 12.08% from N1.23Bn in 2020 H1 to N1.08 Bn in 2021 H1, DANGSUGAR increased its finance cost by a whopping 150.51% after incurring the cost of raising a letter of credit which impacted profitability further negatively. Finance cost stood at N1.91Bn in 2020 H1 compared to N4.79 Bn in 2021 H1.

However, despite the sugar giant's good financial performance DANGSUGAR returned only 10.58% to its investors in 2021 H1 as return on equity grew marginally from 9.67% in 2020 H1. DANGSUGAR recorded 4.44% return on assets after growing assets by 23.85% while shareholders fund dip marginally by 0.52%

As prices of food items continue to grow amid instability in the FX market and insecurity in the country, we expect a positive outlook for DANGSUGAR as the easing of covid-19 restrictions and increasing covid-19 vaccination. We predict a potential upside of 8.11%, with the stock currently selling at N18.50.

Company	DANGSUGAR	
Valuation	2020 H1	2021 H1
EPS	0.95	1.04
BVPS	9.86	9.80
P/E	12.59	17.54
P/BV	1.22	1.86
Current Price	12.00	18.20
Key Metrics		
ROA	5.05%	4.44%
ROE	9.67%	10.58%
Debt to Equity	0.01	0.01
Current Ratio	1.31	1.09
Net Profit Margin	16.51%	14.21%
Asset Turnover	0.45	0.46
Shares Statistics		
Yr Hi	₦23.45	
Yr Low	₦11.00	
YTD Return	8.42%	
Shares Outstanding	12,146,878,241.00	
Market Cap	221,073,179,600.00	



Financial Highlights (NGN Thousands)
DANGSUGAR 2021 H1

Profit & Loss Account	2020 H1	2021 H1	y/y Growth
Revenue	103,233,771.00	131,952,078.00	27.82%
Cost of Sales	(82,410,381.00)	(103,360,643.00)	25.42%
Gross Profit	20,823,390.00	28,591,435.00	37.30%
Operating Expenses	(3,834,933.00)	(5,239,040.00)	36.61%
Operating Profit	17,398,134.00	23,481,301.00	34.96%
Investment Income	308,292.00	504,459.00	63.63%
Finance Cost	(1,477,769.00)	(4,798,637.00)	224.72%
PBT	17,044,218.00	18,755,427.00	10.04%
Tax Expenses	(5,463,543.00)	(6,150,309.00)	12.57%
PAT	11,580,675.00	12,605,118.00	8.85%
Balance Sheet	2020 H1	2021 H1	
Inventories	29,409,125.00	61,600,806.00	109.46%
Trade and Other Receivables	36,072,545.00	48,642,946.00	34.85%
Cash and Cash Equivalent	65,159,827.00	50,808,755.00	-22.02%
Property Plant and Equipment	84,205,071.00	116,260,077.00	38.07%
Current Assets	134,559,278.00	167,612,171.00	24.56%
Total Assets	229,204,797.00	283,872,248.00	23.85%
Shareholders Fund	119,717,142.00	119,096,507.00	-0.52%
Trade and Other Payables	82,743,625.00	145,908,154.00	76.34%
Loans and Borrowings	1,233,227.00	1,084,215.00	-12.08%
Current Liabilities	102,702,044.00	154,257,674.00	50.20%
Total Liabilities	109,487,655.00	164,775,741.00	50.50%

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