

### Profitability halved as DANGSUGAR recorded 38.43% decline in sales

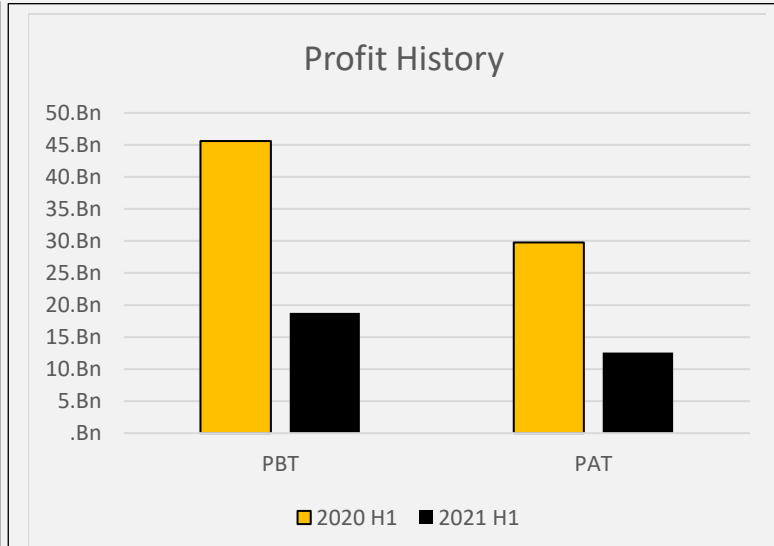
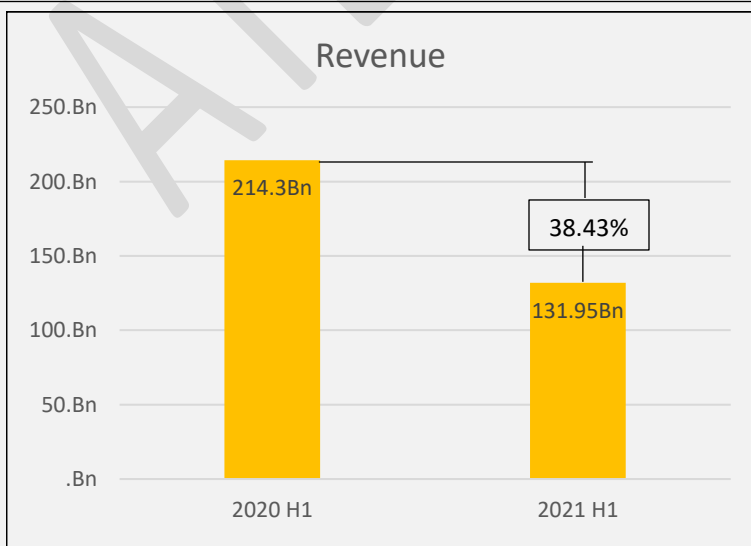
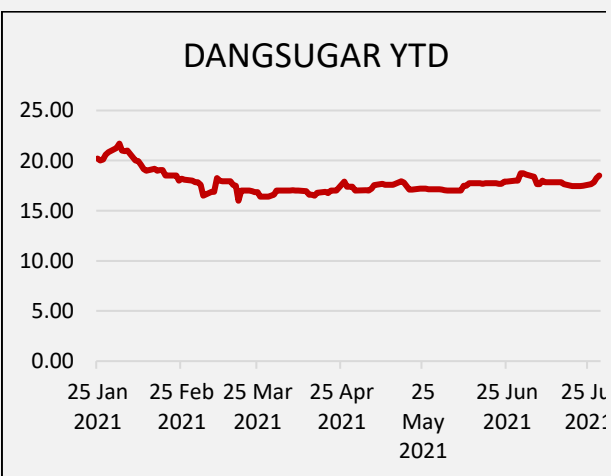
DANGSUGAR in 2021 H1 recorded a whopping 57.67% drop in profitability amid increasing economic activities and easing of lockdown restrictions. Profit after tax for the first half of 2021 edged downwards from N29.77 Bn in 2020 H1 to N12.60 Bn in 2021 H1, likewise top-line revenue also dipping by 38.43% from N214.29 Bn in 2020 H1 to N131.95 Bn in 2021 H1.

Meanwhile the 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 the 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 poor financial performance DANGSUGAR returned 10.58% to its investors in 2021 H1 as return on equity from fell from 24.87% in 2020 H1. DANGSUGAR recorded 4.44% on 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 stock currently selling at N18.50.

Company	DANGSUGAR	
Valuation	2020 H1	2021 H1
EPS	2.45	1.04
BVPS	9.86	9.80
P/E	4.90	17.54
P/BV	1.22	1.86
Current Price	12.00	18.20
<b>Key Metrics</b>		
ROA	12.99%	4.44%
ROE	24.87%	10.58%
Debt to Equity	0.01	0.01
Current Ratio	1.31	1.09
Net Profit Margin	21.29%	14.21%
Asset Turnover	0.93	0.46
<b>Shares Statistics</b>		
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**

<b>Profit &amp; Loss Account</b>	<b>2020 H1</b>	<b>2021 H1</b>	<b>y/y Growth</b>
Revenue	214,297,747.00	131,952,078.00	-38.43%
Cost of Sales	(160,551,299.00)	(103,360,643.00)	-35.62%
Gross Profit	53,746,448.00	28,591,435.00	-46.80%
Operating Expenses	(10,217,384.00)	(5,239,040.00)	-48.72%
Operating Profit	44,436,013.00	23,481,301.00	-47.16%
Investment Income	684,786.00	504,459.00	-26.33%
Finance Cost	(1,915,548.00)	(4,798,637.00)	150.51%
<b>PBT</b>	<b>45,622,319.00</b>	<b>18,755,427.00</b>	<b>-58.89%</b>
Tax Expenses	(15,847,076.00)	(6,150,309.00)	-61.19%
<b>PAT</b>	<b>29,775,243.00</b>	<b>12,605,118.00</b>	<b>-57.67%</b>
<b>Balance Sheet</b>	<b>2020 H1</b>	<b>2021 H1</b>	
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%
<b>Total Assets</b>	<b>229,204,797.00</b>	<b>283,872,248.00</b>	<b>23.85%</b>
<b>Shareholders Fund</b>	<b>119,717,142.00</b>	<b>119,096,507.00</b>	<b>-0.52%</b>
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%
<b>Total Liabilities</b>	<b>109,487,655.00</b>	<b>164,775,741.00</b>	<b>50.50%</b>

**Contact Information**

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