



PRESS RELEASE

Lagos, Nigeria – 1 JULY 2020

C & I Leasing Plc ('C & I Leasing' or 'the Group') has announced its results for the first Quarter ended 31st March 2020

Consolidated Income Statement

- Gross earnings of ₦8.7 billion, up 10.81% year-on-year (Q1 2019: ₦7.8 billion)
- Lease rental income of ₦5.4 billion, down by 2.83% year-on-year (Q1 2019: ₦5.5 billion)
- Personnel outsourcing income increased by 28.74% to ₦2.6 billion year-on-year (Q1 2019: ₦2.1 billion)
- Lease rental expense reduced by 1.02% to ₦2.5 billion year-on-year (Q1 2019: ₦2.5 billion)
- Personnel outsourcing expense grew by 26.16% to ₦2.3 billion year-on-year (Q1 2019: ₦1.8 billion)
- Net operating income of ₦3.1 billion, up 41.14% year-on-year (Q1 2019: ₦2.2 billion)
- Profit before tax of ₦221 million, down by 49.10% year-on-year (Q1 2019: ₦435 million)
- Profit after tax of ₦173 million, down by 56.60% year-on-year (Q1 2019: ₦398 million)
- Basic earnings per share of 0.23 kobo, down by 8.00% year-on-year (Q1 2019: 0.25 kobo)

Consolidated Statement of Financial Position

- Total assets of ₦58.1 billion, up 33.81% year-to-date (Dec 2019: ₦56.2 billion)
- Operating lease assets of ₦29.4 billion, down by 3.92% year-to-date (Dec 2019: ₦30.6 billion)
- Shareholders' funds of ₦15.0 billion, up by 28.21% year-to-date (Dec 2019: ₦11.7 billion)

Key Ratios

- EBITDA margin of 35.5% (Q1 2019: 33.1%)
- Net profit margin of 2.6% (Q1 2019: 5.1%)
- EBITDA/Interest expense of 1.8x (Q1 2019: 2.1x)
- Return on equity of 1.5% (Q1 2019: 3.3%)
- Net interest-bearing liabilities/ EBITDA of 2.6x (Dec 2019: 3.3x)
- Net interest-bearing liabilities /Equity of 2.5x (Dec 2019: 3.0x)
- Net interest-bearing liabilities /Total capitalisation of 0.6x (Dec 2019: 0.6x)
- Total interest-bearing liabilities/Total capitalisation of 0.6x (Dec 2019: 0.7x)
- Asset turnover of 0.61x (Q1 2019: 0.57x)
- Group capital adequacy ratio of 22.2% (Dec 2019: 18.7%) (CBN requirement: 12.5%)

**EPS computation for Q1 2020 is on 404,252,500 ordinary share and Q1 2019 is on 1,617,010,000.00 as a result of the share reconstruction.

1 Basic earnings per share computed as profit after tax attributable to shareholders divided by the number of ordinary shares in issue

2 EBITDA margin computed as earnings before interest, tax, depreciation and amortisation divided by gross earnings multiplied by 100

3 Net profit margin computed as profit after tax divided by gross earnings multiplied by 100

4 Return on average equity computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders

5 Net debt computed as total interest-bearing liabilities less cash and balances with banks and other cash equivalents

6 Total debt computed as total current and non-current interest-bearing liabilities

7 Asset turnover computed as revenue divided by average total assets

8 Capital adequacy ratio computed as total qualifying capital divided by total risk-weighted assets

Commenting on the results, Andrew Otike-Odibi, Chief Executive Officer/MD of C & I Leasing Plc in a speech "Our industry and business continue to grow quickly, with increasing demand for our services and expanding opportunities; especially those which will require leveraging emerging technology to achieve more results and improve efficiency".

Making further remarks on the result and updates on FYE financials, he also stated that:

“Gross earnings were up 10.81% y-o-y to ₦8.7 billion (Q1 2019: ₦7.84 billion), and a 49.10% drop in profit before tax (from N435 million in Q1 2019 to N221 million in Q1 2020). This is as a result of downtime on some vessels due to end of contract and maintenance.

In Q1 2020, we successfully transitioned from a transactional approach of procurement of goods and services to a Supply Chain System. Our primary objective for doing so is to optimize cost to value efficiency and eliminate excesses in expenses and the effect of the transition are already visible with a cost reduction and this gave a reduction in cost- income ratio to 36.28% in Q1 2020 (Q1 2019: 49.19%).

On Capital Adequacy ratio and the impact of COVID-19 on business performance he had this to say: “As at Q1 2020, our capital adequacy ratio stood at 22.2%, well above the CBN minimum requirement of 12.5%, this was as a result of constructive attempt to make the gearing ratio of the company more favourable in the industry

We are confident about the future; post COVID – 19. Our business continuity plans were activated quickly following the impact of the pandemic in Nigeria and we have since taken a number of actions including budget revisions which will keep us aligned and focused on finishing strong in 2020. Our cross functional R&D workforce have been committed to seeking new business opportunities despite the challenges and we are confident our clients will still receive some new valuable solutions and services from us regardless of the macro economic challenges”.

FYE 2019 Financial Review

The Company’s performance this far, resulted in the following highlights for the year:

The results of C & I Leasing Plc for the financial year end of Q1 2020 confirm the resilience of its unique business model in the leasing industry.

Gross earnings were up 10.81% y-o-y to ₦8.7 billion (Q1 2019: ₦7.84 billion). Lease rental income makes up 61.80% despite decline in its growth, however gross earnings was driven mostly by Personnel outsourcing earnings with Y-o-Y growth of 28.74%

Personnel outsourcing earnings rose by 28.74% to ₦2.6 billion in Q1 2020 (Q1 2019: ₦2.1 billion) mainly due to the increase in volume of existing contracts and new contracts awarded within the period, following heightened demand for our Business Process Outsourcing Services. We also saw more operations in Business Process Outsourcing in late 2019, which showed we can harvest more activities on that operation in 2020.

Lease rental income comprising Fleet Management earnings and Marine earnings was down by 2.83% to ₦5.4 billion in Q1 2020 (Q1 2019: ₦5.5 billion). The slight drop in revenue is a result of the maintenance on two large vessels.

Net operating income was down by 5.75% as a result of increase in finance cost, Lease rental expense saw a Y-o-Y decline of 1.02%. Interest income and other operating income stood at ₦608 million¹ in Q1 2020 (Q1 2019: ₦203 million), which is mainly as a result of other operating income which makes up 77.79% of the total Interest and Other Operating Income. There is growth in direct operating expense (10.33%) and interest expenses (42.25%).

Indirect operating expenses increased by 5.05% to ₦1.8 billion in Q1 2020 (Q1 2019: ₦1.7 billion).

Impairment charges was down by 91.77% due to more effective cash collection policies and better management of our receivables.

Depreciation charge increased by 20.53% from ₦932 million in Q1 2019 to ₦1.1 billion in Q1 2020 due to an increase in finance lease assets in Q1 2020 as against what we had in FYE 2020.

There was a 5.78% drop in **personnel cost** from ₦375 million in Q1 2019 to ₦353 million in Q1 2020 while

Other administrative and general expenses dropped by 16.88% from ₦427 million in Q1 2019 to ₦355 million in Q1 2020. We can observe a total reduction on indirect individual operating expenses as shown above apart from Depreciation with 20.53%

¹ Interest Income and other operating income comprises of interest income, other income and share of profit from joint venture

Y-o-Y growth as a result of the ongoing acquisition of operating finance lease assets. This led to a reduction in cost to income ratio to 36.28% in Q1 2020 (Q1 2019: 49.19%).

Profits before tax of ₦221 million, down by 49.10% year-on-year, resulted in return on equity of 5.9% (Q1 2019: 13.0%) and return on assets of 13.8% (Q1 2019: 12.8%). The Y-o-Y drop in profit before tax, resulted to the Y-o-Y mellow in return on equity. This performance in the period can be attributed to the decrease in lease rental income.

Interest bearing liabilities grew by a total of 0.84% to ₦37.3 billion (FYE 2019: ₦37.0 billion) the company is on a long term strategic business plan to acquiring assets, to this end operating assets were acquired for business expansion as well as creating a positive working capital float for the group. Being a leasing Company, business growth is tied to capital sourcing.

Growth in **total assets** of 3.33% to ₦58.1 billion as at Q1 2020, was largely driven by growth trade receivables.

The remaining part of 2020 should see new strategy to harness the opportunities that the period holds, accelerating the Group's return to achieve profitable growth.

Business Units Performance

Outsourcing

Outsourcing business

Our focus in 2020 is to deploy innovative technology for the purpose of improving customer experience and efficient service delivery. Our E- recruitment platform -GETAJOBNG- which we launched in Q4 of 2019 continues to grow, however the Covid 19 effect is affecting the traffic we wanted for 2020, also more advertisement will be used to attract the interest of both recruiters and job seekers respectively. We will continue to leverage on current and emerging technology to introduce more digital services such as learning management services, Payroll services and more. We have also diversified beyond personnel outsourcing into Business Process Outsourcing; a service which is already enjoying the patronage of clients in the Telecommunication and Financial services sectors with prospects from the FMCG and Agriculture sectors, We have integrated the Business Process Outsourcing that houses the medical process outsourcing, Sales process outsourcing and business automation. We have obtained several certifications to run the E – Business arm of the unit. We continue to maintain our current personnel outsourcing portfolio and it remains vibrant, growing with our long-term clients as we continue to offer them best in class service.

Fleet Management

Fleet management business

Our Fleet management business continues to grow. However, we are investing in technology which will delight our customers as we introduce robust digital solutions giving them more control and visibility of their fleet within a few clicks. We are strengthening and integrating our Telematics into the fleet management system to provide more options for tracking business efficiency on maintenance, fuel, general fleet management & administration, ZERO RATE ACCIDENTS, proper route planning and reporting of both chauffeur's behaviour. We should see our efforts crystallizing and going into testing with clients by the middle of Q3 2020. We are developing a new product, called "Vehicle Shared Services" and we are able provide real time vehicle booking for individual and companies while they are charged based on usage. This is a product that will trend in this pandemic.

Leasafic Ghana,

The Operating Lease assets increased by the addition of new vehicles within the period under review. Operating Lease remains the product that drives the company's turnover. Operating Lease accounted for approximately 81% of the company's turnover during the period. Leasafic is about to birth "Get a job" platform in Ghana as a way of penetrating into the Outsourcing

Business. We have also been given Permit by the Petroleum Commission to enable us to actively participate in the Oil & Gas Space, this will crystalize in Q3 2020.

Marine

Marine business

The marine business continues to be the major income earner for the business with its focus on the oil and gas industry. Though the International Oil Companies (IOCs) are requesting for a 20-40% cut in service price, to this effect we are putting measures in place to keep our costs down for proper matching. The low oil prices is assumed to extend beyond 2020 as the cause (Covid-19) cannot reverse fully this year. We are improving our project management approach to maintenance of the vessels. We have also strengthened our supply chain management to improve efficiency in the management of the vessels.

Our experience in managing our fleet has endeared us to other vessel owners who require professional management of their boats. We will therefore be expanding our service to third party vessel owners.

Key Developments Affecting our Business

- The company's plan to raise N2.2b via Right Issue to assist in business expansion and recapitalisation of the company's net asset base as well as giving shareholders of the company more opportunity to exercise their right by gaining more ownership share in the Company is at conclusion stage as the offer period was open from November 18th 2019 – December 27th 2019 and was granted and extension of the offer period by Securities and Exchange Commission (SEC) till January 13th 2020. Proceeds have been lodged with the receiving banks, now awaiting approval from Central Bank of Nigeria (CBN) for proceed to be utilised.
- The Company is up to date on coupon repayments to the N7billion Bond under trustee of UTL Trust Management Services Limited.
- In 2019, Mr. Babatunde Olakunle Edun was appointed director to bring his years of expertise to the board. The Board also proposes that Mr. Wisdom Nwagwu to be elected as a director.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2020

	Group		Company	
	31 March 2020 N'000	31 December 2019 N'000	31 March 2020 N'000	31 December 2019 N'000
Assets				
Cash and balances with banks	4,873,775	2,034,641	3,897,523	493,692
Loans and receivables	646,742	575,293	630,202	562,352
Trade and other receivables	14,126,904	15,803,050	13,038,418	13,544,390
Due from related companies	-	-	4,812,164	13,070,771
Finance lease receivables	2,765,486	3,064,833	2,666,715	2,993,635
Available for sale assets	4,416	26,053	4,416	26,053
Investment in subsidiaries	-	-	758,967	758,967
Investment in joint ventures	2,037,140	1,901,725	2,037,140	1,901,725
Other assets	1,765,955	1,186,067	1,510,997	1,100,666
Operating lease assets	29,444,537	29,884,372	13,390,359	5,368,507
Property, plant and equipment	1,550,792	1,575,942	1,226,775	1,232,194
Intangible assets	20,595	26,798	-	3,758
Deferred income tax assets	854,607	854,607	854,607	854,607
Total assets	58,090,950	56,933,381	44,828,282	41,911,317
Liabilities				
Balances due to banks	585,956	1,354,012	545,315	1,303,525
Commercial notes	15,410,901	13,695,532	15,383,723	13,666,137
Trade and other payables	5,505,083	7,088,647	4,086,104	5,502,672
Current income tax liability	117,565	25,935	134,043	85,553
Borrowings	21,294,405	21,383,842	16,553,417	14,944,171
Retirement benefit obligations	103,429	10,772	103,429	10,772
Deferred income tax liability	89,410	109,130	-	-
Total liabilities	43,106,749	43,667,869	36,806,031	35,512,831
Equity				
Share capital	390,823	202,126	390,823	202,126
Deposit for shares	1,975,000	1,975,000	1,975,000	1,975,000
Share premium	3,361,609	1,285,905	3,361,609	1,285,905
Statutory reserve	1,757,274	1,703,519	768,479	889,679
Statutory credit reserve	373,682	373,682	373,682	373,682
Retained earnings	4,097,599	3,972,171	431,006	950,442
Foreign currency translation reserve	1,949,693	2,668,340	-	-
AFS fair value reserve	5,161	5,161	5,161	5,161
Revaluation reserve	716,490	716,490	716,490	716,490
	14,627,332	12,902,394	8,022,251	6,398,486
Non-controlling interest	356,868	363,118	-	-
Total equity	14,984,200	13,265,512	8,022,251	6,398,486
Total liabilities and equity	58,090,950	56,933,381	44,828,282	41,911,317

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST QUARTER ENDED 31ST MARCH 2020

	Group		Company	
	3 Months to Mar 2020 N'000	3 Months to Mar 2019 N'000	3 Months to Mar 2020 N'000	3 Months to Mar 2019 N'000
Gross earnings	8,659,625	7,814,746	6,509,490	6,087,031
Lease rental income	5,351,830	5,507,455	3,332,368	3,821,016
Lease expenses	(2,522,651)	(2,548,678)	(1,898,583)	(2,230,183)
Net lease rental income	2,829,179	2,958,777	1,433,785	1,590,832
Outsourcing income	2,641,119	2,051,554	2,641,119	2,051,554
Outsourcing expenses	(2,332,404)	(1,848,723)	(2,332,404)	(1,848,723)
Net outsourcing income	308,715	202,831	308,715	202,831
Tracking income	58,518	53,122	58,518	53,122
Tracking expenses	(18,414)	(19,907)	(18,414)	(19,907)
Net tracking income	40,104	33,215	40,104	33,215
Interest income	36,523	12,010	5,599	698
Other operating income	473,082	64,729	373,333	34,765
Income from Joint Venture	98,553	125,876	98,553	125,876
Finance cost	(1,730,993)	(1,216,843)	(1,322,367)	(790,123)
	2,055,164	2,180,595	937,722	1,198,095
Impairment charge	(858)	(10,427)	(858)	-
Depreciation expense	(1,124,503)	(932,949)	(386,198)	(252,239)
Personnel expenses	(353,494)	(375,194)	(316,767)	(348,385)
Other operating expenses	(354,884)	(426,996)	(287,753)	(368,502)
Profit on continuing operations before taxation	221,424	435,028	(53,854)	228,969
Income tax	(48,490)	(36,568)	(48,490)	(36,568)
Profit after tax before extraordinary item	172,934	398,460	(102,344)	192,401

Definition of terms

Gross Profit refers to Revenue minus Cost of sales.

Gross Profit Margin corresponds to Gross Profit as a % of Revenue.

Profit before Tax corresponds to EBIT minus Net finance (cost)/income and plus share of profit of associates and joint venture using the equity method.

Profit before Tax Margin corresponds to Profit before Tax as a % of Revenue.

Working capital is defined as Current Assets minus Current Liabilities.

Basic Earnings Per Share computed as profit after tax attributable to shareholders divided by the number of ordinary shares in issue

EBITDA margin computed as earnings before interest, tax, depreciation and amortisation divided by gross earnings multiplied by 100

Net Profit margin computed as profit after tax divided by gross earnings multiplied by 100

Return on average equity computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders

Net Debt computed as total interest-bearing liabilities less cash and balances with banks and other cash equivalents

Total Debt computed as total current and non-current interest-bearing liabilities

Asset Turnover computed as revenue divided by average total assets

Capital Adequacy Ratio computed as total qualifying capital divided by total risk-weighted assets

-Notes to Editors -

The C & I Leasing group of companies is made up of three divisions: Fleet Management, Outsourcing and Marine divisions with two subsidiaries, Leasafric (Ghana), EPIC International FZE (United Arab Emirates) & C&I Leasing FZE. With a Balance sheet of over ₦56.2 billion in 2019, a total² staff strength of over 6,000+ people and operational offices in Lagos, Port Harcourt, Abuja, Enugu, Benin and Ghana, the Company takes pride in its track record of exceptional and qualitative service delivery. Today, the C & I Leasing plc brand can be felt in major sectors of the Nigerian economy, providing specialised services especially in Marine, Telecommunications, oil and gas, equipment rentals, manpower outsourcing and transportation.

C & I Fleet Management, with our Hertz car rental franchise both adequately supported by our owned service centre and our Citracks telematics solutions service - a one-stop brand where we offer superior fleet management service to our clients. This business provides technology-based, end-to-end tracking and other logistics and fleet management solutions for vehicles and various marine vessels. Our Ghanaian subsidiary, Leasafric Ghana, is the largest provider of outsourcing and fleet management services in Ghana. During the year, Leasafric launched a brand called "SWITCH" to strengthen the Ghana market. It was launched to explore and exhaust all market opportunities in Ghana Leasing Industry.

C & I Outsourcing specialises in human resource outsourcing for blue chip organisations along with our SDS training centre which focuses on human capacity development for existing outsourcing clients and others. In addition, the Company launched a recruitment portal and job application site, "GETAJOBNG", with focus on providing employable candidates of the right quality to our clients and other interested corporate bodies at short notice.

C & I Marine, a division of C & I Leasing Plc is a duly certified marine entity with licenses to operate in the maritime sub-sector of the Nigerian oil and gas Industry. It possesses 20 owned vessels and 8 chartered. This unit is structured to provide a wide range of both onshore and offshore services to take advantage of the opportunities in the Nigerian Local Content laws. These services include line and hose handling, berthing and escort services, mooring support, firefighting, pollution control, security and floating and self-elevating platforms. To minimise downtime due to major maintenance and drydocking work on our boats, we ensure that well-structured maintenance plans are put in place with adequate stocking of spare parts to forestall stock-out.

C & I Leasing Plc has its share listed on the official list of the Nigerian Stock Exchange since 1997 and has been in operations since 1991.

For more information, please visit the Company's website <https://c-ileasing.com/>

Cautionary note regarding forward looking statements

This release may contain forward-looking statements which reflect management's expectations regarding the Group's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend", "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to the Group's management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Forward-looking statements therefore speak only as of the date they are made.

C & I Leasing Plc cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Group's continuous disclosure materials filed from time to time with the Central Bank of Nigeria as well as the Nigerian Stock Exchange. The Group disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

² Includes both core and outsourced