



## PRESS RELEASE

Lagos, Nigeria – 5 August 2020

C & I Leasing Plc ('C & I Leasing' or 'the Group') today announces its unaudited results for the half year 30 June 2020

### Consolidated Income Statement

- Gross earnings of ₦15.3 billion, down by 5.9% year-on-year (H1 2019: ₦16.3 billion)
- Lease rental income of ₦9.4 billion, down by 17.8% year-on-year (H1 2019: ₦11.5 billion)
- Personnel outsourcing income increased by 26.7% to ₦5.0 billion year-on-year (H1 2019: ₦4.0 billion)
- Lease rental expense down by 22.8% to ₦4.2 billion year-on-year (H1 2019: ₦5.5 billion)
- Net operating income of ₦3.8 billion, down by 18.5% year-on-year (H1 2019: ₦4.6 billion)
- Profit before tax of ₦378.6 million, down by 58.4% year-on-year (H1 2019: ₦909.2 million)
- Profit after tax of ₦268.0 million, down by 69.1% year-on-year (H1 2019: ₦866.9 million)
- Basic earnings per share of 0.36 kobo, down by 137.7% year-on-year (H1 2019: ₦2.14 kobo)

### Consolidated Statement of Financial Position

- Total assets of ₦59.5 billion, up 5.9% year-to-date (Dec 2019: ₦56.2 billion)
- Operating lease assets of ₦30.3 billion, down by 1.0% year-to-date (Dec 2019: ₦30.6 billion)
- Shareholders' funds of ₦14.8 billion, an increase of 25.4% year-to-date (Dec 2019: ₦11.8 billion)

### Key Ratios

- EBITDA margin of 34.6% (H1 2019: 33.0%)
- Net profit margin of 1.8% (H1 2019: 5.3%)
- EBITDA/Interest expense of 1.8x (H1 2019: 2.1x)
- Return on equity of 3.6% (H1 2019: 6.8%)
- Net interest-bearing liabilities/ EBITDA of 3.0x (Dec 2019: 3.3x)
- Net interest-bearing liabilities /Equity of 2.5x (Dec 2019: 3.0x)
- Net interest-bearing liabilities /Total capitalisation of 0.5x (Dec 2019: 0.6x)
- Total interest-bearing liabilities/Total capitalisation of 0.6x (Dec 2019: 0.7x)
- Asset turnover of 0.52x (H1 2019: 0.30x)
- Capital adequacy ratio of 16.1% (Dec 2019: 18.5%) (CBN requirement: 12.5%)

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 amortization 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 business continues to provide services to our customers with minimal disruption in a safe environment, supported by effective IT solutions. The aim of the company to ensure operational efficiency remains a priority amidst the pandemic situation. As the economy reopens gradually, we are positive on the futuristic outlook of the business and the believe that we will end the year in a strong position.

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

*"Gross earnings went down by 5.9% y-o-y to ₦15.3 billion (H1 2019: ₦16.3 billion), and a 58.4% drop in profit before tax (from N909.2 million in H1 2019 to N378.6 million in H1 2020). This is on the back of the COVID-19 and slide in oil price as most clients are requesting price reduction in services provided by the Company, especially the International Oil & Gas Companies and local logistics and outsourcing companies.*

*In H1 2020. we successfully tailored a few IT solutions to assist in creating efficiency and diversify our services to give an added value to our customers. The supply chain department proves resilient as cost continues to drop with better value, this is evidence in the reduction in cost- income ratio to 42.8% in H1 2020 (H1 2019: 52.1%).*

*On Capital Adequacy ratio: "As at H1 2020, our capital adequacy ratio stood at 16.1%, well above the CBN minimum requirement of 12.5%, based on the successful recapitalization exercise through rights issue during the period.*

*As economies and business adjust to the headwinds occasioned by the COVID-19 Pandemic, we are identifying emerging strategic opportunities arising and positioning to take full advantage of this to serve our customers better and create value for stake holders. Our Research & Development department is relentless in seeking new businesses initiatives that will survive this new business order with the support of IT services".*

## H1 2020 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 H1 2020 confirm the resilience of its unique business model in the leasing industry.

**Gross earnings** went down by 5.9% y-o-y to ₦15.3 billion (H1 2019: ₦16.3 billion). Lease rental income makes up 61.8% despite decline in its growth, however gross earnings was driven mostly by Personnel outsourcing earnings with Y-o-Y growth of 26.7%

Personnel outsourcing earnings rose by 26.7% to ₦5.0 billion in H1 2020 (H1 2019: ₦4.0 billion) mainly due to the increase in volume of existing contracts and new contracts awarded withing the period, following heightened demand for our business process outsourcing services. We also have a new line of business, E-business that consists of Getajob & Skill Central.

Lease rental income comprising Fleet Management earnings and Marine earnings was down by 5.9% to ₦15.3 billion in H1 2020 (H1 2019: ₦16.3billion). The slight drop in revenue is a result of drop-in daily rates by IOC's.

**Net operating income** was down by 18.5% as a result of fall in net lease rental income and increase in finance cost. Lease rental expense saw a Y-o-Y decline of 22.8%, Interest income and other operating income stood at ₦757 million<sup>1</sup> in H1 2020 (H1 2019: ₦705 million), which is mainly as a result of other operating income which makes up 58.7% of the total Interest and Other Operating Income. There is a fall in direct operating expense (5.5%) and was due to corresponding decrease in gross earnings by 5.9%.

Indirect operating expenses was down by 8.7% to ₦3.4 billion in H1 2020 (Q1 2019: ₦3.7 billion).

**Impairment charges** was down by 25.6% due to more effective cash collection actions and better credit management of our receivables.

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

**Depreciation charge** increased by 3.5% from ₦1.9 billion in H1 2019 to ₦2.0 billion in H1 2020 due to an increase in finance lease assets in H1 2020 as against what we had in FYE 2020.

There was a 9.6% drop in **personnel cost** from ₦760 million in H1 2019 to ₦687 million in H1 2020 while

**Other administrative and general expenses** dropped by 30.7% from ₦1.0 billion in H1 2019 to ₦697 million in H1 2020. To this end cost to income ratio to 42.8% in Q1 2020 (H1 2019: 52.1%).

**Profits before tax** of ₦378.6 million, down by 58.4% year-on-year, resulted in return on equity of 3.6% (H1 2019: 6.8%). 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** down by a total of 0.3% to ₦36.9 billion (FYE 2019: ₦37.0 billion) there was a slowdown in acquisition of assets by the company for H1 2020 hence the marginal growth on interest bearing liabilities.

Growth in **total assets** of 5.9% to ₦59.5 billion as at H1 2020, was largely driven by growth in cash and balances with banks due to proceeds from rights issue. operating lease asset, other assets and cash & balances with the bank.

The remaining part of 2020 should see new strategy to harness the opportunities that the period holds, accelerating the Group's return to achieve higher 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 as we would have wanted for 2020 with more advertisement necessary 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.

Skill Central is an e-Learning platform created by Company, geared at transferring skills from place to place and to improve the labour force in every economic sector. Skill Central's target audience includes everyone who wants to grow, get better and increase themselves in any capacity. Skill Central provides a meeting ground for facilitators (teachers) to interact with their students and transfer their knowledge. To do this, the website allows teachers to host live classrooms as well as publish lesson videos that their prospective pupils can take and learn. Skill Central was launched in June 2020 and has a database of over 1000 users in its first month. Skill Central is currently seeking to expand the course catalogues to provide courses and classes from diverse sectors of the economy.

### 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, proper route planning and reporting of both chauffeur's behaviour. This product is called 360° Fleet Solution which has been launched into the market and currently

attracting a lot of attention on the digital media. We should see the product gaining momentum with clients by the end of Q3 2020. We are equally developing another product, called C-Ride- a Vehicle Sharing Services to provide real time vehicle booking for individual and companies while they are charged based on usage. This product will trend in this pandemic.

### **Leasafric 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. Leasafric 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. Leasafric is introducing and promoting Fleet Management Solutions to potential clients. The 360° Fleet Solution (operate and maintain) is at completion stage.

### **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 about 20-40% cut in service rate. 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 of Covid-19 cannot be reversed 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.

H2 strategy includes new product initiatives such as the Vessel brokerage platform a marketplace for vessel owners and prospective charterers also the sales of a mini ERP software, (Vessel Management Software) though in its development stage. It is an end-to-end resource management system designed to oversee day to day vessel operations and management.

#### **Key Developments Affecting our Business**

- The Company is up to date on coupon repayments of the N7billion Bond under trustee of UTL Trust Management Services Limited.

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## BUSINESS DESCRIPTION C & I LEASING PLC

C & I Leasing Plc is managed along three business lines, which are explained as follows:

C & I Fleet Management, with our Hertz car rental franchise both adequately supported by our owned service centre and our Cititracks 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 7 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.

Our focus across all our businesses is to leverage our superior service with cutting-edge technological solutions to manage risks associated with rapid growth, while diversifying our earnings streams and providing opportunities for client growth and retention.

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## NOTICE OF HALF YEAR 2020 CONFERENCE CALL

The senior management of C & I Leasing Plc ('C & I Leasing' or 'the Group') will host a conference call for investors and analysts on Wednesday 19 August 2020 at 14:00 (Lagos) / 14:00 (London) / 9:00 (New York) /15:00 (Johannesburg) to discuss the half year 2020 financial results and other business developments.

Details of the conference call will be circulated later.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Group		Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	N'000	N'000	N'000	N'000
<b>Assets</b>				
Cash and balances with banks	4,655,883	2,034,641	3,570,428	493,692
Loans and receivables	671,702	575,293	649,326	562,352
Trade & other receivables	15,564,945	15,803,050	13,310,854	13,544,390
Due from related companies	0	-	5,488,618	13,070,771
Finance lease receivables	3,147,922	3,064,833	3,029,252	2,993,635
Available for sale assets	2,418	26,053	2,418	26,053
Investment in subsidiaries	-	-	759,467	758,967
Investment in Joint Venture	1,547,971	1,901,725	1,547,971	1,901,725
Other assets	1,238,106	1,186,067	1,066,967	1,100,666
Operating lease assets	30,282,602	29,884,372	13,848,083	5,368,507
Property, plant and equipment	1,520,033	1,575,942	1,221,232	1,232,194
Intangible assets	17,473	26,798	-	3,758
Deferred income tax assets	854,607	854,607	854,607	854,607
<b>Total assets</b>	<b>59,503,662</b>	<b>56,933,381</b>	<b>45,349,223</b>	<b>41,911,317</b>
<b>Liabilities</b>				
Balances due to banks	832,930	1,354,012	802,524	1,303,525
Commercial notes	14,458,081	13,695,532	14,458,081	13,666,137
Trade & other payables	7,543,186	7,088,647	5,077,071	5,502,672
Current income tax liability	126,714	25,935	154,316	85,553
Borrowings	21,632,149	21,383,842	16,047,729	14,944,171
Retirement benefit obligations	64,108	10,772	64,108	10,772
Deferred income tax liability	92,297	109,130	-	-
<b>Total liabilities</b>	<b>44,749,466</b>	<b>43,667,869</b>	<b>36,603,830</b>	<b>35,512,831</b>
<b>Equity</b>				
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	1,318,469	1,703,519	884,867	889,679
Statutory credit reserve	858,253	373,682	858,253	373,682
Retained earnings	3,419,538	3,972,171	553,417	950,442
Foreign currency translation reserve	2,463,682	2,668,340	-	-
AFS fair value reserve	4,933	5,161	4,933	5,161
Revaluation reserve	716,490	716,490	716,490	716,490
	14,508,798	12,902,394	8,745,393	6,398,486
Non-controlling interest	245,398	363,118	-	-
<b>Total equity</b>	<b>14,754,196</b>	<b>13,265,512</b>	<b>8,745,393</b>	<b>6,398,486</b>
<b>Total liabilities and equity</b>	<b>59,503,662</b>	<b>56,933,381</b>	<b>45,349,223</b>	<b>41,911,317</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2020

	Group		Company	
	6 Months to June 2020	6 Months to June 2019	6 Months to June 2020	6 Months to June 2019
	N'000	N'000	N'000	N'000
<b>Gross earnings</b>	<b>15,295,283</b>	<b>16,255,713</b>	<b>11,460,920</b>	<b>12,466,543</b>
<b>Continuing Operations</b>				
Lease rental income	9,429,400	11,477,492	5,827,627	7,919,147
Direct leasing expenses	(4,240,948)	(5,496,354)	(3,018,293)	(5,043,088)
Net lease rental income	5,188,452	5,981,138	2,809,334	2,876,059
Outsourcing income	5,013,095	3,957,852	5,013,095	3,957,852
Outsourcing expenses	(4,323,994)	(3,559,919)	(4,323,994)	(3,559,919)
Net outsourcing income	689,101	397,933	689,101	397,933
Tracking income	95,520	115,775	95,520	115,775
Tracking expenses	(33,465)	(43,802)	(33,465)	(43,802)
Net Tracking income	62,054	71,973	62,054	71,973
Interest income	14,523	9,630	14,229	9,587
Other operating income	444,265	403,329	211,969	172,547
Share of gain from joint ventur	298,481	291,635	298,481	291,635
Lease interest expenses	(2,932,917)	(2,537,907)	(2,129,649)	(1,660,797)
Net operating income	3,763,959	4,617,731	1,955,519	2,158,937
Impairment (charge)/credit	(22,486)	(30,229)	(3,145)	-
Depreciation expense	(1,978,907)	(1,912,251)	(787,943)	(504,554)
Personnel expenses	(687,136)	(760,044)	(607,667)	(699,309)
Other operating expenses	(696,802)	(1,006,048)	(589,290)	(702,827)
Profit before income tax	378,628	909,159	(32,524)	252,248
Income tax	(110,589)	(42,309)	(57,473)	(42,309)
Profit after taxation	268,039	866,851	(89,997)	209,939

**Definition of terms**

**Gross Profit** refers to Earnings minus Cost of sales.

**Gross Profit Margin** corresponds to Gross Profit as a % of Earnings.

**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 Earnings.

**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 earnings 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) and EPIC International FZE (United Arab Emirates). With a Balance sheet of over ₦59.5 billion, a total<sup>2</sup> staff strength of over 5,590 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 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 [www.c-ileasing.com](http://www.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

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<sup>2</sup> Includes both core and outsourced