



C & I LEASING PLC

H1 2020 Results & Outlook for H2 2020

19 August 2020

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Outline

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C&I MARINE

Since 2010 we have been growing our marine business to meet your diverse needs both on-shore and off shore. Today we've got patrol boats, crew boats, pilot boats, tug boats and platform support vessels for Security, line and hose handling, berthing and escort services, mooring support, fire-fighting, pollution control, floating and self-elevating platform services. And there's still so much more on the way. How may we serve you today ?

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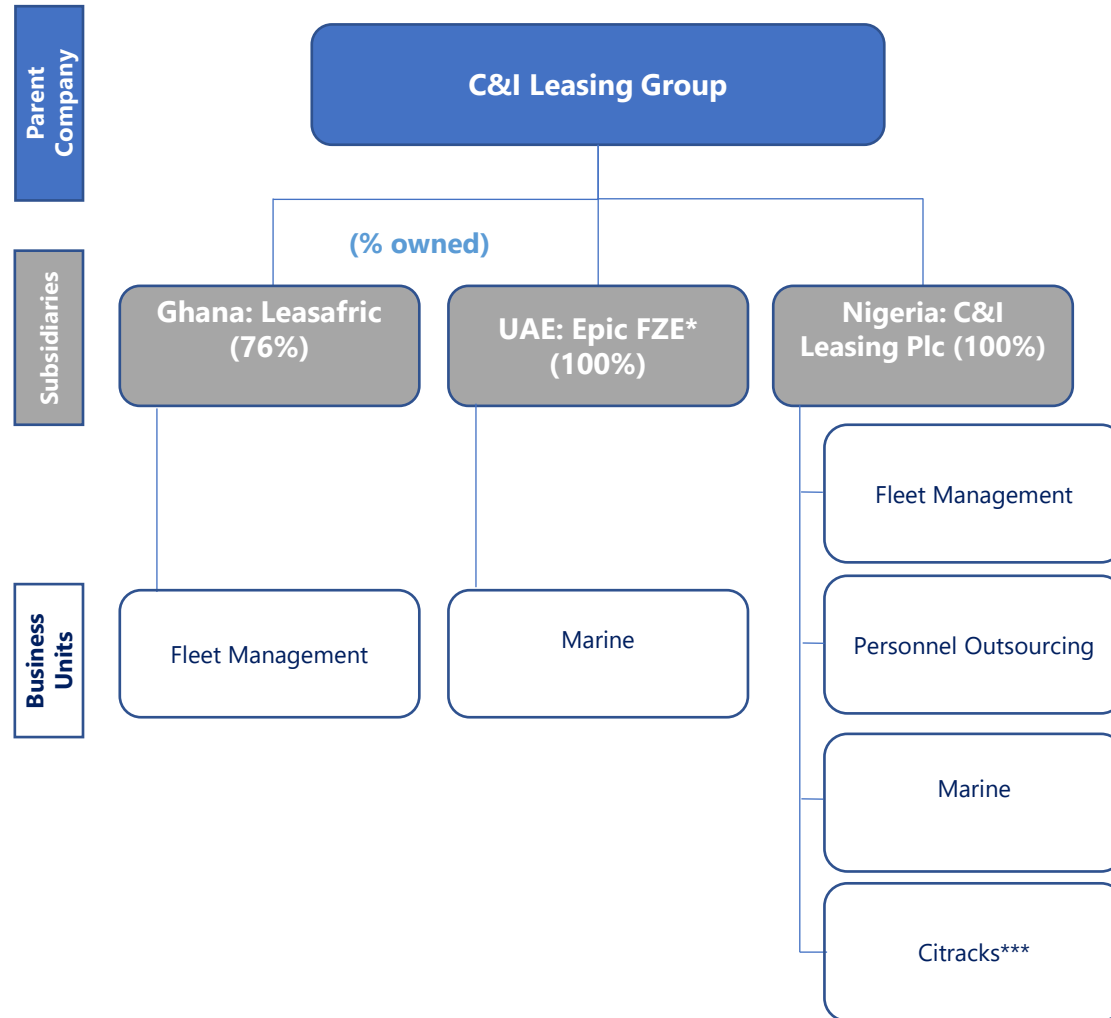
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Introduction – About C&I Leasing Group & H1 2020 Financial Snapshot




Andrew Otike-Odibi, MD/CEO

Overview of the C&I Leasing Group Structure



- C & I Leasing was incorporated in 1990 and it was listed on the NSE in 1997
- The fleet management business in Nigeria reflects consolidated accounts of fleet management, financial services and C&I motors which is now discontinued
- Leaseafric Ghana was incorporated in 1992 and is expected to be listed on the GSE (Ghana Stock Exchange) in the short term
- EPIC FZE (UAE) was incorporated in 2011
- Total number of customers: over 190
- The Group's client base includes largely A-rated clients and spans various industries such as oil & gas, telecoms, financial services, power, FMCGs, etc.
- Total staff strength of over 7,000+ comprising of the company, outsourced staffs and Hertz Chauffeurs,

Breakdown of Business Segment for C&I Leasing Plc (Company)

	<h2>Marine</h2>	<h2>Personnel Outsourcing</h2>	<h2>Fleet Management</h2>	<h2>Citracks*</h2>
				
	<p>Leading Nigerian Content player in the offshore marine vessel space. It offers a wide range of marine services to both onshore and offshore terminals; leveraging the opportunities created by the Nigerian Oil and Gas Industry Development Act for indigenous companies</p>	<p>Human resource solutions (personnel management, human resource outsourcing, consultancy, personnel evaluation & business process outsourcing) for blue chip organisations</p>	<p>Providing Car rental services with its Hertz Car Rental franchise, as well as fleet management services for light vehicles and heavy-duty automobiles. We recently launched our 360-degree fleet solution</p>	<p>A Nigeria Communications Commission licensed provider of unique Fleet Management Solution to suit various business needs by providing web-based, end-to-end tracking and other fleet management solutions to both internal and external clients</p>

Overview of EPIC FZE (UAE) and Leasafric (Ghana)

Epic FZE



Marine



EPIC trades in ships and boats, its parts, components and automobile. It is incorporated as a free zone establishment under a license issued by Al-Khaimah free trade zone, Ras Khaimah, U.A.E. The establishment is registered under UAE Federal Law NO(8) of 1984 and 1988 as amended. The group has been able to source cheap foreign loan through Epic FZE

Leasafric

Fleet Management

Leasafric currently has a fleet size of 800 vehicles with a wide network of clients across the Oil and Gas Industry, Power Sector, Telecommunications, FMCG* and Mining industries. it is the largest provider of outsourcing and fleet management services in Ghana.

Snapshot of some key vessels.



Mv Chidiebube & Mv Folashade
on over 10 years Contract



Mv Adina on long-term contract.



MV Bello on a long-term contract

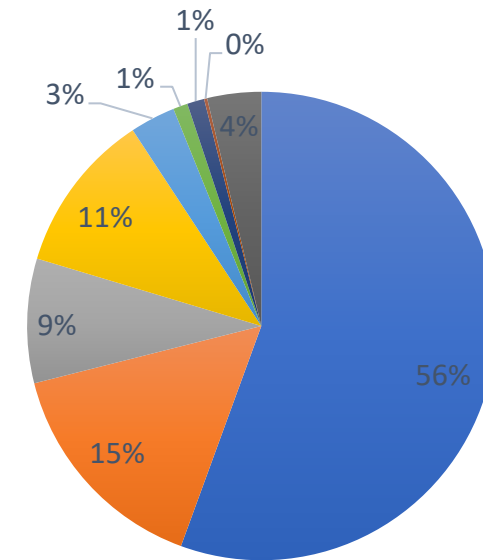
H1 2020 Key Result Highlights

- Gross earnings of ₦15.3 billion, down by 5.9% y-o-y (H1 2019: ₦16.3 billion) 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. rental income.
- Net operating income of ₦3.8 billion, down by 18.5% y-o-y (H1 2019: ₦4.6 billion) underscoring the growth in gross earnings across the various business units.
- Profit after tax of ₦268.0 million, down by 69.1% y-o-y (H1 2019: ₦866.9 million)
- Basic earnings per share of ₦0.36 kobo in H1 2020 y-o-y (H1 2019: ₦2.14kobo)
- Marine business achieved 76.0% vessel utilisation rate in H1 2020 (H1 2019: 92.0 %)
- Year to date growth in total assets of 5.9% to ₦59.5 billion as at H1 2020 as against ₦56.2 billion in FY 2019, 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.

C&I Leasing – Diversified and High-quality Client Base



H1 2020 revenue split by sector



- OIL & GAS
- FIN SERVICES
- MANUFACT.
- TELECOM
- POWER
- CONSTR. /ENGR
- HEALTH
- AGRO ALLIED
- OTHERS

A solid investment proposition focused on long-term growth

High quality borrower

Able to achieve lower weighted average cost of funds than the market

Strong and stable management team

Allows the Group to continue to expand in a sustainable and profitable way

Strong competitive positioning across all segments

Long-term relationships with blue chip clients

Good security structure

Transparent structure of revenue flow from lease assets to meet specific repayment obligations of borrowings used to fund relevant assets provides platform for growth

Operating in sectors with sound market potential

Providing emerging growth opportunities

Predictable cash flows

Allowing for visibility of earnings and business planning

Significant infrastructure to grow the business

Highlighting strong barrier to entry

Expanding partnerships

Harnessing the strength in corporate Synergy



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Group Financial Performance Review

Alex Mbakogu, ED/CFO

H1 2020 key performance indicators

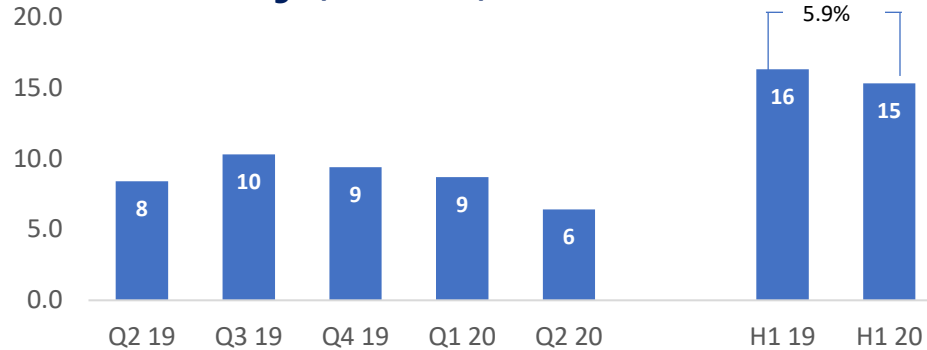
<p><i>Gross Earnings</i> ₦15.3 billion H1 2019: ₦16.3 billion</p>	<p> 5.9%</p>	<p><i>Total Assets</i> ₦59.5 billion FY 2019: ₦57.5 billion</p>	<p> 5.9%</p>
<p><i>Cost to Income Ratio</i> 42.8% H1 2019: 52.1%</p>	<p> 930bps</p>	<p><i>Total Debt</i> ₦36.9 billion FY 2019: ₦37.0 billion</p>	<p> 0.27%</p>
<p><i>EBITDA margin</i> 34.6% H1 2019: 33.0%</p>	<p> 160bps</p>	<p><i>Shareholder's Funds</i> ₦14.8 billion FY 2019: ₦11.8 billion</p>	<p> 25.4%</p>
<p><i>Net Operating Income</i> ₦3.0 billion H1 2019: ₦4.6 billion</p>	<p> 34.5%</p>	<p><i>Leverage</i> 2.5x FY 2019: 2.6%</p>	<p> 10bps</p>
<p><i>Basic Earnings per Share</i> ₦0.36kobo H1 2019: ₦2.14kobo</p>	<p> nm</p>	<p><i>Capital Adequacy Ratio</i> 16.9% FY 2019: 18.5%</p>	<p> 160bps</p>
<p><i>Return on Equity</i> 3.6% H1 2019: 6.8%</p>	<p> 320bps</p>		

Income statement snapshot (Group)

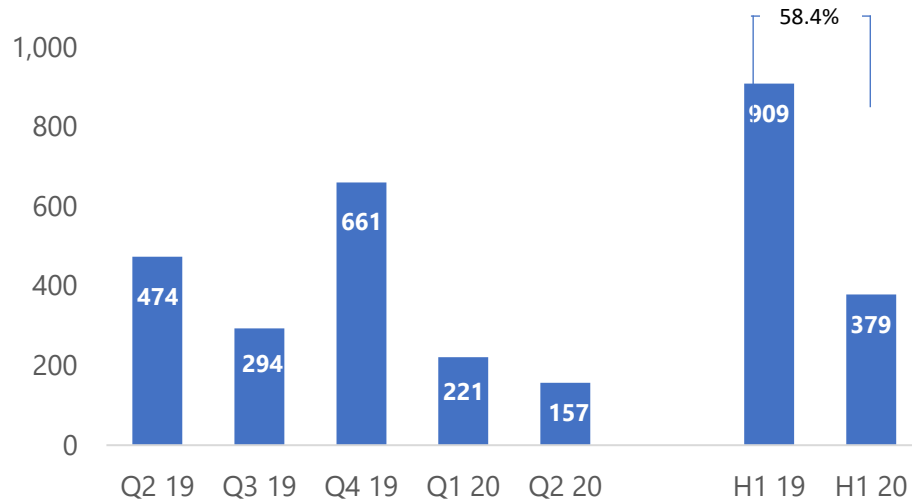
Income Statement Highlights			
	H1 2020 (€ mn)	H1 2019 (€ mn)	% Δ
Gross Earnings	15,295	16,256	5.9%
Lease Rental Income	9,429	11,477	17.8%
Outsourcing Income	5,013	3,958	26.7%
Lease Rental Expense	(4,241)	(5,496)	22.8%
Indirect Operating Expenses*	(2,648)	(3,708)	28.6%
Net Operating Income	3,764	4,617	18.5%
Profit/loss before tax	379	909	58.4%
Profit/loss after tax	268	867	69.1%

Improving performance despite the challenging operating environment

Gross Earnings (₦, billions)

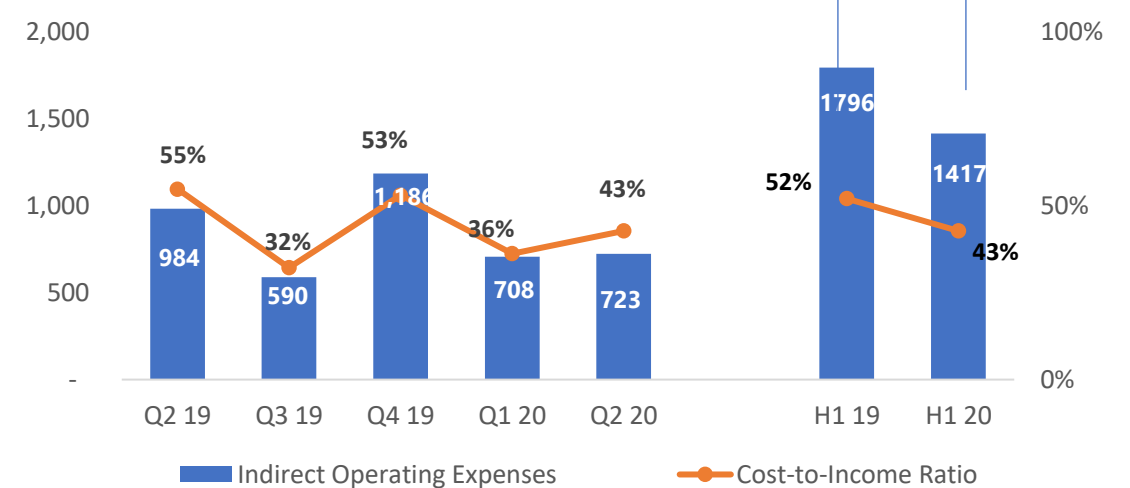


Profit Before Tax (₦, millions)



- Gross earnings went down by 5.9% y-o-y. 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 26.7%
- Personnel outsourcing earnings rose by 26.7% 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 have a new line which is the E-business that consists of Getajob.ng & Skill Central.
- 58.4% y-o-y down surge in PBT resulted in annualised ROE of 4.5% (H1 2019: 6.8%)
- Indirect operating expenses was down by 28.60% driven by impairment charges (-25.6%), personnel costs (-9.5%) as well as other administrative and general expenses (-30.7%)

Indirect Operating Expenses* (₦, millions)

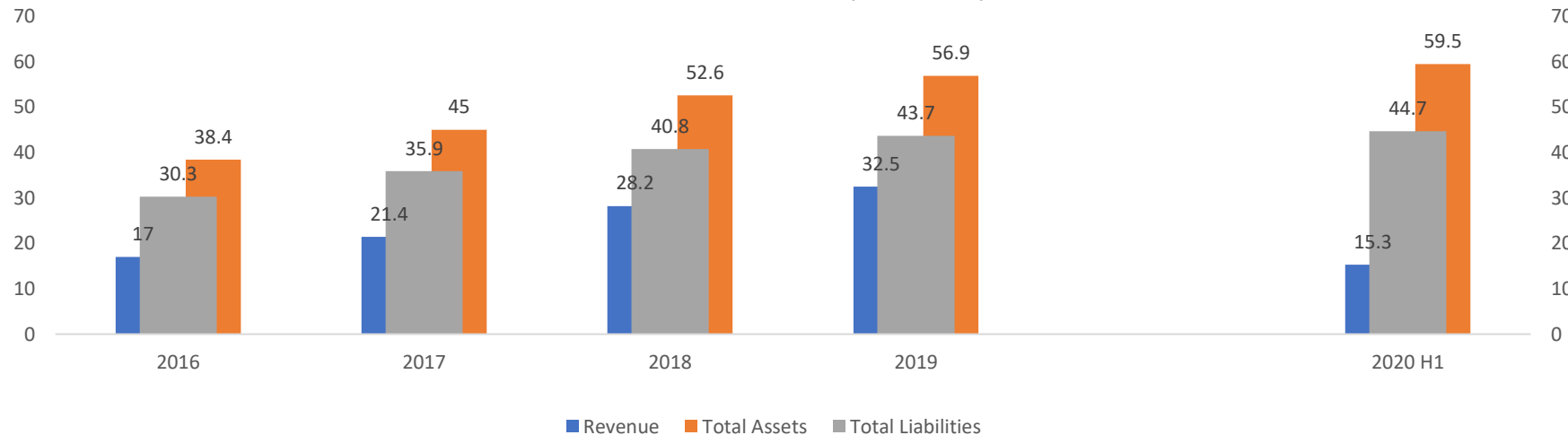


Impact of Capital Injection in the Business

	2016(N'mn)	2017(N'mn)	2018(N'mn)	2019(N'mn)	2020 H1(N' mn)
Gross Earnings	17,015	21,371	28,181	32,533	15,295
Total Assets	38,371	44,981	52,612	56,933	59,503
Total Liabilities	30,278	35,880	40,784	43,667	44,749

- Gross earnings over the years have seen a steady growth with a CAGR of 17.6% from 2016 – 2019. Despite the pandemic effect in 2020, the H1 2020 is at N15.3b and as the economy opens, we hope to finish on a strong position by year end.
- Total assets have also experienced growth over the last few years with a CAGR of 10.3% from 2016 – 2019. We can see that the Gross Earnings and Total Assets CAGR have grown more than the CAGR of 9.6% from 2016 – 2019 for Total Liabilities
- With this we can clearly see the positive effect capital injection has on the company.

Financial Information (N' billion)

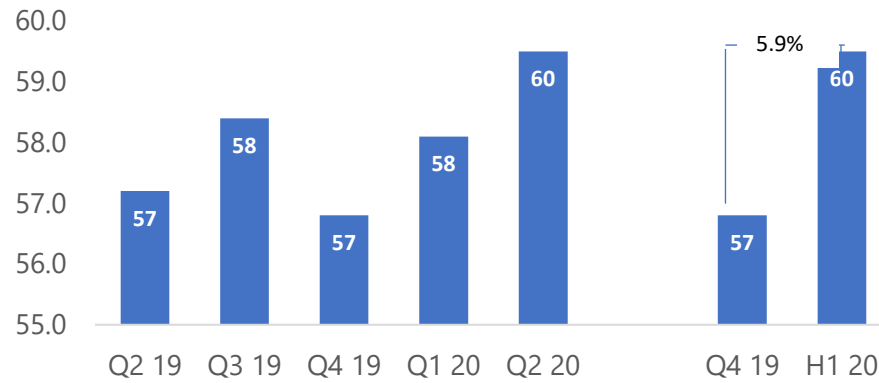


Balance sheet snapshot

Balance Sheet Highlights			
	30 June 2020 (A bn)	31 December 2019 (A bn)	% Δ
Total Assets	59.5	56.2	5.9%
Operating Lease Assets	30.3	30.6	1.0%
Shareholder's Funds	14.8	11.8	25.4%
Interest Bearing Liabilities	36.9	37.0	0.3%
Net Interest Bearing Liabilities / EBITDA	3.0x	3.3x	70bps
Net Interest Bearing Liabilities/Equity	2.5x	3.0x	50bps
Net Interest Bearing Liabilities/Total Capitalisation	0.5x	0.6x	nm
Total Interest Bearing Liabilities /Total Capitalisation	0.6x	0.7x	nm

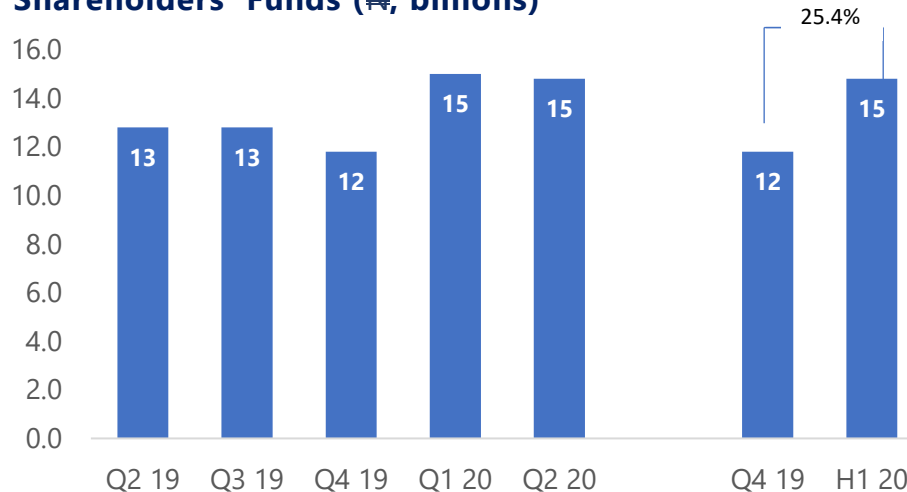
Balance sheet growth in line with business expansion

Total Assets (₺, billions)

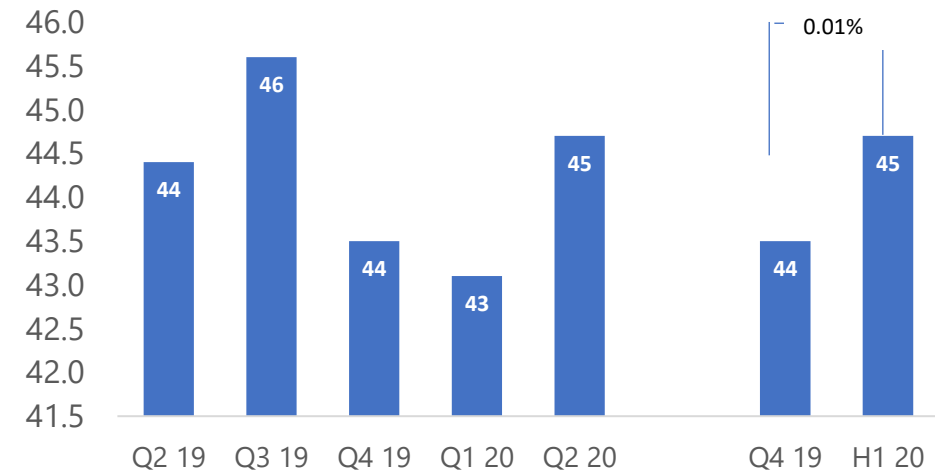


- Total assets was largely driven by growth in cash and balances with banks due to proceeds from rights issue, operating lease asset, other assets and cash & balances with the bank.
- Growth in shareholders' fund largely due to share premium & share capital.
- Growth in total liabilities driven by increased issuance of commercial notes and other payables. Borrowings was limited H1 as a result of the pandemic in an attempt to understand the new order of business.

Shareholders' Funds (₺, billions)

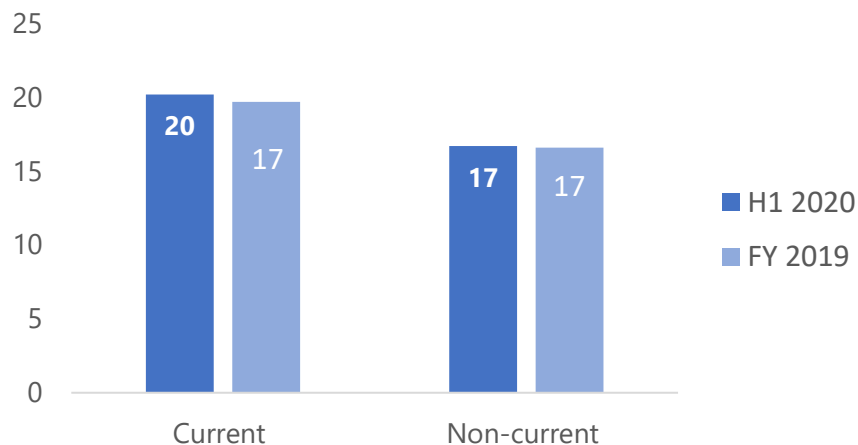


Total Liabilities (₺, billions)

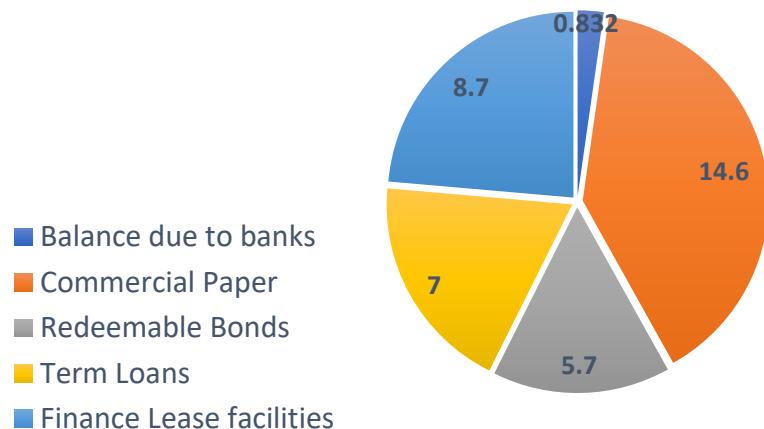


Well-diversified and stable funding base

Interest Bearing Liabilities Maturity Profile (₹, billions)*

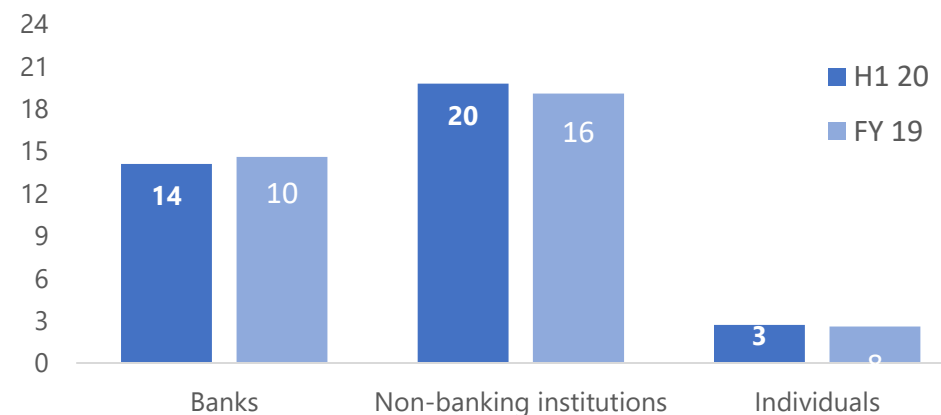


H1 2020 Interest Bearing Liabilities by Type (₹, billions)



- A substantial portion of the Company's assets are funded by borrowings. These borrowings are widely diversified by type and maturity and represent a stable source of funds. The company will be funding some of its asset with equity in the coming years.
- As a Group we do not target a specific cash level but work towards ensuring that we always have enough liquidity to meet our business needs, both short- and long-term needs.
- Regular access to credit is a key requirement for our businesses as we tag ourselves a high-quality borrower.
- We meet our short-term obligations through organic cashflows from the business
- We have a borrowing model which linking all borrowings to operating assets.

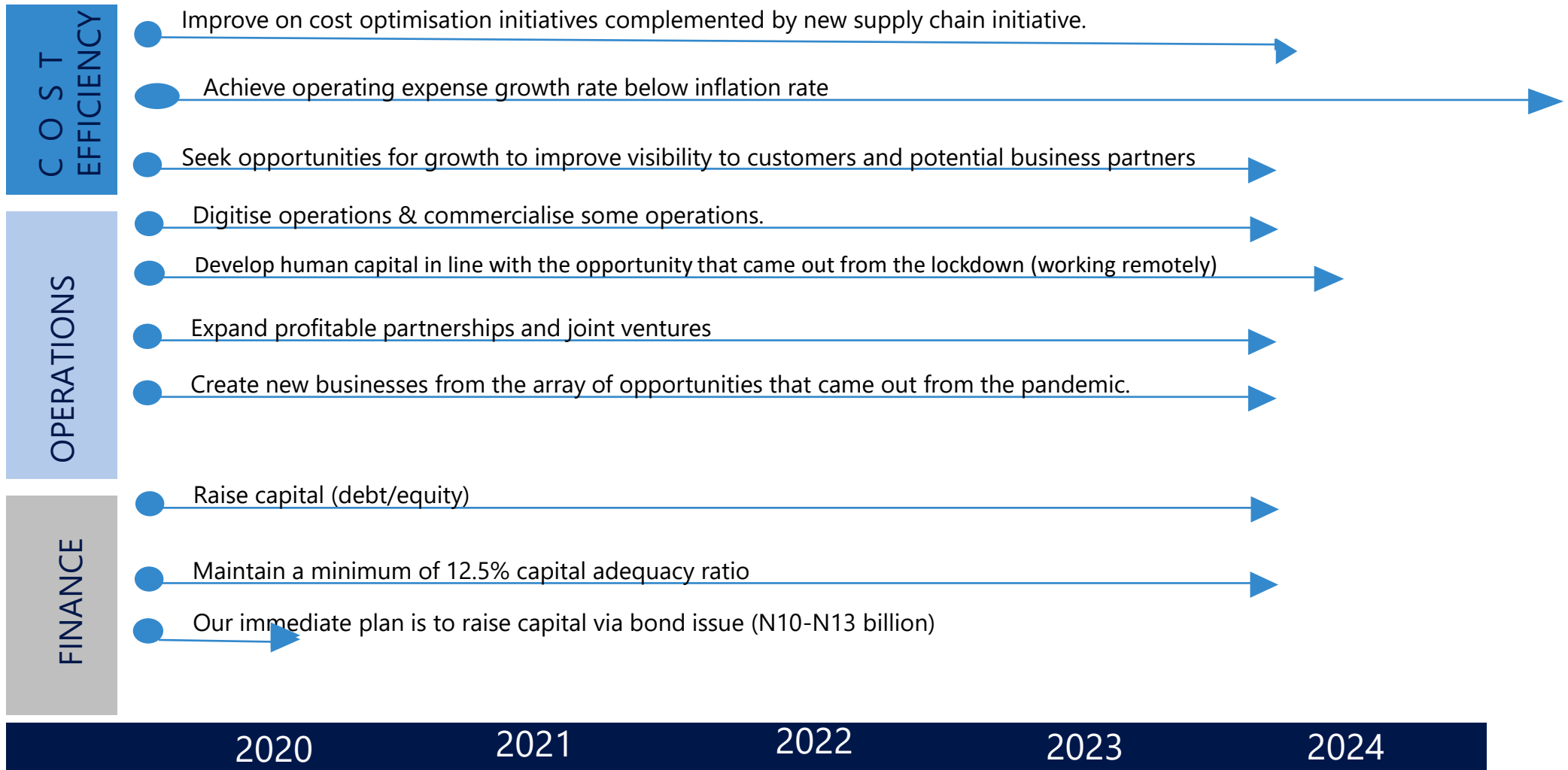
Interest Bearing Liabilities by debtor type (₹, billions)



Strategy & Outlook

Andrew Otike-Odibi, MD/CEO

Strategy Update



Appendix

Statement of Financial Position

	Group		Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	N'000	N'000	N'000	N'000
Assets				
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
Total assets	59,503,662	56,933,381	45,349,223	41,911,317
Liabilities				
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	-	-
Total liabilities	44,749,466	43,667,869	36,603,830	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	1,318,469	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	-	-
Total equity	14,754,196	13,265,512	8,745,393	6,398,486
Total liabilities and equity	59,503,662	56,933,381	45,349,223	41,911,317

Statement of Profit or Loss

	Group		Company	
	6 Months to June 2020 N'000	6 Months to June 2019 N'000	6 Months to June 2020 N'000	6 Months to June 2019 N'000
Gross earnings	15,295,283	16,255,713	11,460,920	12,466,543
Continuing Operations				
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

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