



## PRESS RELEASE

Lagos, Nigeria – 30 October 2020

C & I Leasing Plc ('C & I Leasing' or 'the Group') today announces its unaudited results for the nine months ended 30 September 2020

### Consolidated Income Statement

- Gross earnings of ₦22.4 billion, down by 15.8% year-on-year (9M 2019: ₦26.6 billion)
- Lease rental income of ₦13.6 billion, down by 28.1% year-on-year (9M 2019: ₦18.9 billion)
- Lease rental expense down by 43.9% to ₦5.9 billion year-on-year (9M 2019: ₦10.5 billion)
- Personnel outsourcing income increased by 25.3% to ₦7.8 billion year-on-year (9M 2019: ₦6.0 billion)
- Personnel outsourcing expense grew by 24.4% to ₦6.8 billion year-on-year (9M 2019: ₦5.4 billion)
- Net operating income of ₦5.5 billion, down by 14.5% year-on-year (9M 2019: ₦6.5 billion)
- Profit before tax of ₦460 million, down by 61.8% year-on-year (9M 2019: ₦1.2 billion)
- Profit after tax of ₦343 million, down by 69.4% year-on-year (9M 2019: ₦1.1 billion)
- Basic earnings per share of 43.90 kobo, down by 84.2% year-on-year (9M 2019: 277 kobo)

### Consolidated Statement of Financial Position

- Total assets of ₦55.4 billion, down by 1.4% year-to-date (Dec 2019: ₦56.2 billion)
- Operating lease assets of ₦30.5 billion, down by 0.3% year-to-date (Dec 2019: ₦30.6 billion)
- Shareholders' funds of ₦15.1 billion, an increase of 28.0% year-to-date (Dec 2019: ₦11.8 billion)

### Key Ratios

- EBITDA margin of 33.8% (9M 2019: 30.7%)
- Net profit margin of 1.5% (9M 2019: 4.2%)
- EBITDA/Interest expense of 1.8x (9M 2019: 2.0x)
- Return on equity of 2.3% (9M 2019: 8.8%)
- Net interest-bearing liabilities/ EBITDA of 4.2x (9M 2019: 4.3x)
- Net interest-bearing liabilities /Equity of 2.1x (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 0.4x (9M 2019: 0.5x)
- Group capital adequacy ratio of 16.9% (Dec 2019: 14.0%) (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, Managing Director/ Chief Executive Officer, C & I Leasing Plc said in a speech:

“On the macro level, the present economic realities have thrown various challenges at our business, occasioned by low levels of demand across the various sectors we operate and the effect on our turnover. The shrinkage in demand is one of the many effects of the COVID-19 and the resultant lockdown on the economy”

“Inflationary pressures and cost of running the business is also on the rise due to structural factors including the hike in fuel price and electricity tariff as well as exchange rate fluctuations (devaluation of Naira against Dollar). We do not expect this to change before the end of first quarter in 2021 (Q1 2021). As an astute Company, our aim remains unchanged, and we are more intentional now than ever, to make sure we diversify and integrate the B2C business to make up for the already existing B2B segment. We are rapidly designing new products to serve our B2C customers.”

“Despite the challenges, we have remained focused on cost optimization, business process improvement initiatives and ensuring efficiency in the management of our sales performance. We are also actively working on digitizing our value offerings across the Fleet Management, Outsourcing and Marine businesses with increased attention on our emerging E-Business platforms. As you may be aware, people empower technology, technology empowers innovation, the business landscape changes, and this cycle continues, yielding positive results in the long run”.

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

*“Gross earnings went down by 15.8% y-o-y to ₦22.4 billion (9M 2019: ₦26.6 billion), and a 61.8% drop in profit before tax (from ₦1.2 billion in 9M 2019 to ₦460 million in 9M 2020). This is on the back of the continuous effects of COVID-19 and oil price slump that reflects on the Company daily rates with the International Oil & Gas Companies and local logistics and outsourcing companies.”*

*On Capital Adequacy ratio he said: “As at 9M 2020, our capital adequacy ratio stood at 16.9%, well above the CBN minimum requirement of 12.5%, based on the successful recapitalization exercise through rights issue during the period.*

*Looking ahead, we remain cautious, but we are confident that our business is fundamentally strong to withstand any future challenge towards enhanced performance.”*

## 9M 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 9M 2020 confirm our astute and resilient nature.

**Gross earnings** went down by 15.8% y-o-y to ₦22.4 billion (9M 2019: ₦26.6 billion). Lease rental income makes up 61.0% despite decline in its growth, however gross earnings was driven mostly by Personnel outsourcing earnings with Y-o-Y growth of 25.3%

Personnel outsourcing earnings rose by 25.3% to ₦7.6 billion in 9M 2020 (9M 2019: ₦6.0 billion) mainly due to the increase in volume of existing contracts and new contracts awarded withing the period, following continued heightened demand for our business process outsourcing services and E-business.

Lease rental income comprising Fleet Management earnings and Marine earnings was down by 28.1% to ₦13.6 billion in 9M 2020 (9M 2019: ₦18.9 billion). The slight drop in revenue is a result of drop-in daily rates by IOC’s.

**Net operating income** was down by 14.5% because of fall in net lease rental income and increase in finance cost. Lease rental expense saw a Y-o-Y decline of 28.1%, Interest income and other operating income stood at ₦1.1 billion<sup>1</sup> in 9M 2020 (9M 2019: ₦1.4 billion), which is mainly as a result of other operating income which makes up 60.4% of the total Interest and Other

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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

Operating Income. There is a fall in direct operating expense (20.7%) and was due to corresponding decrease in gross earnings by 15.8%.

Indirect operating expenses was down by 3.6% to ₦5.1 billion in 9M 2020 (9M 2019: ₦5.3 billion).

**Impairment charges** was down by 38.0% due to more effective cash collection actions and better credit management of our receivables.

**Depreciation charge** increased by 3.6% from ₦2.9 billion in 9M 2019 to ₦3.0 billion in 9M 2020 due to reclassification of some assets in 9M 2020 as against what we had in FYE 2020.

There was a 7.4% drop in **personnel cost** from ₦1.1 billion in 9M 2019 to ₦1.0 billion in 9M 2020 while

**Other administrative and general expenses** dropped by 15.7% from ₦1.2 billion in 9M 2019 to ₦1.0 billion in 9M 2020.

**Profits before tax** of ₦1.2 Billion, down by 61.8% year-on-year, resulted in return on equity of 2.3% (9M 2019: 8.8%). 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 9.7% to ₦33.4 billion (FYE 2019: ₦37.0 billion) there was a slowdown in acquisition of assets by the company for 9M 2020 hence the marginal growth on interest bearing liabilities.

Slight fall in **total assets** of 1.4% to ₦55.4 billion as at 9M 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 E- recruitment platform -GETAJOBNG- is gaining attention on social media, just as we make sure outreach to recruiters and job seekers remains our focus. Hence, we deploy Email marketing to jobseekers who regularly receive content shared on a weekly basis, to keep them informed and abreast of the latest job opportunities on the platform. We seek to leverage on current and emerging technology to introduce additional digital services such as learning management services, payroll services and more. We have also diversified beyond Personnel Outsourcing into Business Process Outsourcing (BPO). This service is a chain of operation that is required in all industries and as it is, we are going into the Pharmaceutical Industry, with an eye on the sales and distribution of Agricultural Products. BPO 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. It is safe at this point to say we are more than equipped to run the E – Business arm of the unit. We continue to maintain our current personnel outsourcing portfolio and it remains vibrant, while growing with our long-term clients as we continue to offer them best in class service. Skill Central since its birth, continues to grow and indicates a high level of relevance across industries based on demand. We are rapidly promoting this service on social media and all awareness platforms. Now we have about 25 courses on the Skill Central platform and we are working to increase the number of courses and webinars we have on the platform based on the demand we have received from the public. We intend to use this medium to assist the economy's newbies (NYSC members) so they can take up entrepreneurial courses at a good discount to properly integrate them into the workforce. Skill Central's target audience remains the same as it includes everyone who wants to grow professionally, get better and upskill themselves in any capacity.

## **Fleet Management**

### **Fleet management business**

Our Fleet management remains evergreen for the Group. We are continually investing in cutting edge IT solutions to tap into the Fleet Management ecosystem. The business is taking steps to include B2C alongside the already running B2B activities. 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 chauffeur's behaviour. 360° Fleet Solution is still an infant in the market space but is gaining momentum in the industry to the extent that it has been accepted by our already existing clients. In the same vein, we are developing a new product, named C-Ride- a Vehicle Sharing Service- to provide real time vehicle booking for individuals and companies while they are charged based on usage. We should see these products gaining momentum with clients by the end of Q4 2020/Q1 2021.

### **Leasafric Ghana,**

The Operating Lease asset saw a marginal increase in the Q3. Operating Lease remains the foremost product that steers the company's turnover accounting for 88% of the company's turnover during the period. The Launch of the "Get a job" platform in Ghana has led to the enlisting of 24 Recruiters, 500 CVs and 1750 Jobseekers bringing visibility and relevance to the Product within as the Outsourcing Business Space. This is an acceptable traction we intend to grow. With the Permit granted by the nation's Petroleum Commission to actively participate in the Oil & Gas sector, registration with Upstream Oil and Gas Companies and the African Partner Pool is on course in readiness for Opportunities within the sector. This is an intentional step in our plans to bring the Marine business to Ghana. The 360° Fleet Solution (operate and maintain) is primed for the market and is amongst a few market-ready products that should assist the Company to diversify its revenue base in Q4.

## **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. Despite of the COVID-19 and oil slide effect the Company Secured technical management of 50 security patrol boat and concluding onboarding of 10 accommodation with Marine Assets Nigeria Limited. To this effect we are putting measures in place to keep our costs down for proper matching, making the Supply Chain Management and the Marine Operations crew to ensure vessel uptime is kept at peak and sustainable levels and maintenance of the vessels. The low oil prices is assumed to extend beyond 2020 as the cause of Covid-19 cannot be reversed fully this year. We have seen an increase in engineering request in our operations and we are initiating collaboration with offshore engineering company to satisfy customers' request.

Q4 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. Now more than ever there is need to reduce the Operating Expense of the business as the daily rates of IOCs have been largely reduced, so we intend to run "Lean and Agile" process that will be more effective and precise.

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

- The Company is in process of raising a N10 billion (tranche II of the approved N20 billion capital raise) this fund is meant to augment the business plan and give the capital structure a better form.

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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 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 E-Business services 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. The business has a heightened demand for Business Process Outsourcing.

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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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Group		Company	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	N'000	N'000	N'000	N'000
<b>Assets</b>				
Cash and balances with banks	1,553,224	2,034,641	1,245,942	493,692
Loans and receivables	585,462	575,293	571,338	562,352
Trade receivables	8,650,077	8,856,277	6,888,622	6,727,327
Due from related companies	-	-	4,728,146	13,070,771
Finance lease receivables	2,137,901	3,064,833	1,997,952	2,993,635
Equity instruments at fair value through other comprehensive income	-	-	-	-
Investment in subsidiaries	5,227	26,053	5,227	26,053
Investment in Joint Venture	-	-	759,467	758,967
Investment in Joint Venture	1,893,375	1,901,725	1,893,375	1,901,725
Other assets	5,895,045	5,935,924	5,648,159	5,731,555
Inventories	1,884,614	2,104,088	1,882,736	2,093,345
Operating lease assets	30,497,951	29,884,372	14,493,609	5,368,507
Property, plant and equipment	1,477,749	1,575,942	1,215,326	1,232,194
Intangible assets	15,054	26,798	-	3,758
Deferred income tax assets	854,607	854,607	854,607	854,607
<b>Total assets</b>	<b>55,450,286</b>	<b>56,840,552</b>	<b>42,184,508</b>	<b>41,818,488</b>
<b>Liabilities</b>				
Balances due to banks	1,082,769	1,354,012	1,078,878	1,303,525
Commercial notes	13,033,918	13,602,704	13,022,742	13,573,309
Trade & other payables	6,646,776	7,088,647	4,452,858	5,502,672
Current income tax liability	99,320	(3,577)	150,816	85,553
Borrowings	19,328,668	21,383,842	14,936,140	14,944,171
Retirement benefit obligations	21,027	10,772	21,027	10,772
Deferred income tax liability	91,562	109,130	-	-
<b>Total liabilities</b>	<b>40,304,039</b>	<b>43,545,530</b>	<b>33,662,460</b>	<b>35,420,004</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	1,341,398	1,714,950	884,867	889,679
Statutory credit reserve	858,253	373,682	858,253	373,682
Retained earnings	3,316,710	3,998,843	330,072	950,442
Foreign currency translation reserve	2,936,956	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
	14,902,173	12,940,497	8,522,048	6,398,486
Non-controlling interest	244,074	354,527	-	-
<b>Total equity</b>	<b>15,146,247</b>	<b>13,295,024</b>	<b>8,522,048</b>	<b>6,398,486</b>
<b>Total liabilities and equity</b>	<b>55,450,286</b>	<b>56,840,553</b>	<b>42,184,508</b>	<b>41,818,489</b>

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

	Group		Company	
	9 Months to Sept 2020	9 Months to Sept 2019	9 Months to Sept 2020	9 Months to Sept 2019
	N'000	N'000	N'000	N'000
<b>Gross earnings</b>	<b>22,370,053</b>	<b>26,551,430</b>	<b>16,872,251</b>	<b>18,398,766</b>
<b>Continuing Operations</b>				
Lease rental income	13,587,060	18,897,461	8,364,356	11,052,552
Direct leasing expenses	(5,887,084)	(10,501,022)	(4,089,895)	(7,329,445)
Net lease rental income	7,699,976	8,396,440	4,274,461	3,723,107
Outsourcing income	7,575,606	6,045,463	7,575,606	6,045,463
Outsourcing expenses	(6,772,302)	(5,444,144)	(6,772,302)	(5,444,144)
Net outsourcing income	803,303	601,318	803,303	601,318
Tracking income	139,309	172,803	139,309	172,803
Tracking expenses	(50,097)	(76,187)	(50,097)	(76,187)
Net Tracking income	89,213	96,616	89,213	96,616
Interest income	16,571	148,255	16,278	20,374
Other operating income	645,061	856,242	370,256	676,369
Share of gain from joint venture	406,446	431,205	406,446	431,205
Lease interest expenses	(4,139,660)	(4,076,021)	(3,046,416)	(2,619,348)
Net operating income	5,520,911	6,454,055	2,913,540	2,929,641
Impairment (charge)/credit	(34,547)	(55,717)	(335)	-
Depreciation expense	(2,967,332)	(2,865,573)	(1,219,774)	(752,562)
Personnel expenses	(1,053,164)	(1,136,841)	(932,139)	(1,043,659)
Other operating expenses	(1,005,799)	(1,193,216)	(847,424)	(1,021,261)
Profit before income tax	460,068	1,202,708	(86,132)	112,160
Income tax	(116,923)	(82,136)	(57,473)	(54,857)
Profit after taxation	343,145	1,120,572	(143,605)	57,303



**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