PRESS RELEASE
Lagos, Nigeria – 31 July 2018

C&I Leasing Plc ('C&I Leasing' or 'the Group') today announces its unaudited results for the period ended 30 June 2018

## Consolidated Income Statement

- Gross earnings of ₦12.8 billion, up 10.7% year-on-year (June 2017: ₦11.5 billion)
- Lease rental income of ₦8.8 billion, up by 8.6% year-on-year (June 2017: ₦8.1 billion
- Personnel outsourcing income increased by 7.2% to ₦3.23 billion year-on-year (June 2017: ₦3.01 billion)
- Lease rental expense grew by 24.7% to ₦4.0 billion year-on-year (June 2017: ₦3.2 billion)
- Net operating income of ₦3.7 billion, up 8.3% year-on-year (June 2017:₦3.4 billion)
- Profit before tax of ₦723.0 million, up 17.6% year-on-year (June 2017: ₦614.9 million)
- Profit after tax of ₦682.2 million, up 17.6% year-on-year (June 2017: ₦580.0 million)
- Basic earnings per share[1] of 42.19 kobo, up 17.6% year-on-year (June 2017: 35.87 kobo)

## Consolidated Statement of Financial Position

- Total assets of ₦51.2 billion, up 13.9% year-to-date (Dec 2017: ₦45.0 billion)
- Operating lease assets of ₦28.4 billion, up 4.6% year-on-year (Dec 2017: ₦27.2 billion)
- Shareholders' funds of ₦9.8 billion, an increase of 7.2% year-on-year (Dec 2017: ₦9.1 billion)

## Key Ratios

- EBITDA margin[2] of 35.2% (Dec 2017: 36.4%)
- Net profit margin[3] of 5.3% (Dec 2017: 5.2%)
- EBITDA/Interest expense of 2.1x (Dec 2017: 2.2x)
- Return on equity[4] of 12.5% (Dec 2017: 12.1%)
- Net Interest Bearing Liabilities[5]/ EBITDA of 6.8x (Dec 2017: 3.5x)
- Net Interest Bearing Liabilities /Equity of 3.1x (Dec 2017: 3.0x)
- Net Interest Bearing Liabilities /Total Capitalisation of 0.6x (Dec 2017: 0.6x)
- Total Interest Bearing Liabilities[6]/Total Capitalisation of 0.7x (Dec 2017: 0.6x)
- Asset turnover[7] of 0.25x (Dec 2017: 0.48x)
- Capital adequacy ratio[8] of 10.8% (Dec 2017: 9.68%) (CBN requirement: 12.5%)

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[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 avg. total assets
[8] Capital adequacy ratio computed as total qualifying capital divided by total risk-weighted assets

Commenting on the results, the MD/CEO of C&I Leasing Plc, Mr. Andrew Otike-Odibi said:

*"The Company will continue to pursue a clear and consistent strategy to deliver a strong performance for its shareholders. Our first-half year performance was commendable and driven by a recovery in the operating environment. We recorded an increase of about 11% in revenue from ₦11.5 billion in the corresponding period of 2017 to ₦12.8 billion and a stronger improvement in our profit after tax (up by 18% from ₦0.58 billion in 2017 to ₦0.68 billion in 2018). This was achieved through a combination of cost reduction initiatives and optimal utilization of assets.*

*In June 2018, we successfully issued a ₦7 billion bond; the largest ever raised by the Company, which was also fully subscribed. The funds will be used for debt refinancing and for business expansion. We expect to see the effect of a lower interest cost through the bond issuance in the second half of the year. As at 30 June 2018, the capital adequacy ratio still stood at 10.8% below the CBN minimum requirement of 12.5%. However, this is due to the pending conversion of $10 million loan stock from Abraaj which is expected to be completed through 2018 and will result in our CAR returning to normalized levels.*

*We are continually appraising the opportunities presented by the current economic conditions with a view to optimizing group synergies. In the first half of 2018, our two overseas subsidiaries (Leasafric, Ghana and EPIC International FZE, United Arab Emirates) increased their contribution to the Group's revenue to 34% from 27% in the same period in 2017."*

## H1 2018 Financial Review

Gross earnings increased by 10.7% to ₦12.8 billion (June 2017: ₦11.5 billion) driven by growth of our lease rental income (+8.6%), representing 69% of total gross earnings for the half year, on the back of volumes increase in the fleet and marine business.

Personnel outsourcing earnings rose by 7.2% to ₦3.2 billion in June 2018 (June 2017: ₦3.0 billion). Fleet Management earnings increased by 14% to ₦4.2 billion in June 2018 (June 2017: ₦3.7billion). The rise in revenue from the fleet and personnel businesses were mainly due to business expansion in existing and new contracts following continuous demands for our services. Marine earnings increased by 10% to ₦5.2 billion in June 2018 (June 2017: ₦4.8 billion) due to the operation of the new vessel, MV Bello; while tracking income dipped by 9.2% to ₦0.10 billion in June 2018(June 2017:N0.11 billion) as a result of gradual restructuring taking place in the business.

Net operating income increased by 8.3% mainly as a result of improvements in net outsourcing income, which grew by 6.8% to ₦0.38 billion (June 2017: ₦0.36 billion) and other operating income which increased to ₦0.51billion in June 2018 from a net operating loss of ₦0.02 billion in June 2017. The growth in direct operating and interest expenses reflects the significant expansion in the volume of our business over the period under review, especially in the marine business; the vessel downtime previously mentioned; and, the ongoing write-off of pre-operational expenses incurred on MV Bello.

Indirect operating expenses increased by 6.3% to ₦3.0 billion in June 2018 (June 2017: ₦2.8 billion) driven by a 71.5% decrease in impairment charge due to better management of our receivables. Depreciation charge increased by 33.2% from ₦1.2 billion in June 2017 to ₦1.6 billion in June 2018 due to depreciation on the new vessel (EPIC) and acquisition of leased asset (LEASAFRIC). As part of staff incentive and retention plan, a general review of salaries and promotion for some exceptional staff was done in the month of February 2018. This explains the 6.4% growth in personnel cost from ₦477.8 million in 2017 to ₦508.3 million in 2018 while other administrative and general expenses fell by 9.4% from ₦0.9 billion in June 2017 to ₦0.8billion in 2018 due to efficiency in cost management.

In H1 2018, we did not have any provision in foreign exchange loss (H1 2017: ₦377.6 million) as we do not anticipate any further depreciation in the value of the Naira as the foreign exchange market has now stabilised since the intervention of the CBN.

Profits before tax of ₦723.0 million, up by 17.6% year-on-year, resulted in return on equity of 12.5% (Dec 2017: 12.1%) and return on assets of 2.4% (Dec 2017: 2.5%).

Interest bearing liabilities grew by a total of 20.7% to ₦34.9 billion (Dec 2017: ₦28.9 billion) largely due to the issuance of ₦7 billion Bond and inflow from CP notes.

Year-to-date growth in total assets by 13.9% to ₦51.2 billion in June 2018 was largely driven by growth in bank balance from Bond issuance, trade and other receivables, finance lease receivables, prepayments and operating lease assets.

## Key Developments Affecting our Business

- The C & I Bond offer closed successfully with a 100% subscription and a coupon rate which reflects the strength of our Company and its premium credit rating. The bond was the first series in a ₦20 billion debt issuance programme and was raised for the purpose of business expansion and debt refinancing.

- We also completed the buyout of the 27.5% minority stake in C&I Petrotech Marine Ltd, a Joint Venture company, and in the process took full ownership of six vessels presently deployed to a long-term contract with Shell Petroleum Development Company of Nigeria (SPDC).

- Though oil prices have remained fairly stable, there has been less activity on long-term projects owing to delayed government approvals and funding. However, more visible opportunities are in the area of revamping, maintenance and re-entry operations with high demand for 'on the spot' opportunities (short-term demand for available vessels). Work feasibility studies are ongoing on the offshore operations in Ghana, Ivory Coast and Mozambique. Strategic partnership opportunities in shallow water/swamp drilling are currently being explored and there is significant progress in discussions with prospective clients. We are also finalizing a strategic partnership in subsea engineering and the first project of about $200 million is expected to commence this September. Other opportunities and partnerships are also being evaluated which hopefully will come into fruition by Q3.

- We have 85% utilization of all our vessels in mid to long-term contracts with the International Oil & Gas companies. Maintenance on some vessels resulted in a brief down time but operations have since resumed without major effect on the bottom line.

- Our Outsourcing business continues to grow with the acquisition of new clients from the Power, FMCG and Government Sectors coming on board this quarter. Our recruitment portal 'Getajobng.com' is currently being upgraded to become a commercial web application which will be an additional source of revenue generation. We continue to upskill our outsourced workforce with ongoing trainings via E-Learning, classroom training sessions and workshops. We have potential leads for new business emerging from Ghana for some of our clients setting up operations

- In our Fleet and Car rental Business we not only increased our existing client base for both corporate and individual clients, we have invested in new vehicles to grow and renew our existing fleet. The category of cars include SUVs, sedan, medium size buses. We have several new contracts with several Multinational and International organizations in negotiations which will come into effect by August 2018. Our current clientele is robust and diverse spanning Power, Telecommunications, FMCG, Banking, Oil & Gas, Consulting and Service Businesses across Lagos, Abuja, Enugu, Port Harcourt and Benin.

- Leasafric Ghana unveiled a fresh look for the Car rental service which is now known as 'SWITCH' Car Rental Services. Our new SWITCH Brand has some innovative introductions such as free WIFI and cross country transit with security and tracking across borders. Leasafric is looking to raise a bond from the Ghanaian market and also have its shares listed on the Ghana stock exchange by introduction. We are expectant that it will close successfully by Q3 just as Nigeria did in Q2.

## Business Description

C &I Leasing Plc is managed along three business lines.

Fleet Management, with our Hertz car rental franchise both adequately supported by our owned service centre and our citrack telematics solutions service is a one-stop brand where we offer superior fleet management service to our clients. Our Ghanaian subsidiary, Leasafric Ghana, is the largest provider of outsourcing and fleet management services in Ghana.

Personnel outsourcing which 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.

Marine Services 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, fire-fighting, pollution control, security and floating and self-elevating platforms. 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, 5 chartered vessels and 3 new vessels under construction in her fleet.

Within our marine business, as well as for the fleet and outsourcing businesses, our focus is to offer superior services, diversification of revenue streams, client growth and retention, as well as deploying cutting-edge technological solutions to manage risks associated with rapid growth. To minimise downtime due to major maintenance and drydocking work on our boats, we ensure well-structured maintenance plans are put in place with adequate stocking of spare parts to forestall stock-out.

For further information please contact:

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C & I LEASING PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

| | Group Group | | CompanCompany | |
|---|---|---|---|---|
| | JUNE 2018 | DEC 2017 | JUNE 2018 | DEC 2017 |
| | N'000 | N'000 | N'000 | N'000 |
| **Assets** | | | | |
| Cash and balances with banks | 4,340,165 | 1,239,836 | 3,841,308 | 466,607 |
| Loans and receivables | 356,604 | 351,957 | 356,604 | 334,507 |
| Trade receivables | 6,995,743 | 6,584,292 | 5,766,471 | 5,302,009 |
| Due from related companies | - | - | 8,454,671 | 8,685,454 |
| Finance lease receivables | 1,751,136 | 1,515,030 | 1,526,563 | 1,508,560 |
| Available for sale assets | 26,180 | 26,180 | 26,180 | 26,180 |
| Investment in subsidiaries | - | - | 758,967 | 758,967 |
| Investment in joint ventures | 52,633 | 52,634 | 52,633 | 52,634 |
| Other assets | 5,821,015 | 5,021,348 | 5,443,712 | 4,819,250 |
| Inventories | 969,974 | 512,379 | 969,974 | 512,378 |
| Operating lease assets | 28,424,926 | 27,167,387 | 6,323,441 | 4,764,100 |
| Property, plant and equipment | 1,603,456 | 1,584,522 | 1,203,685 | 1,186,743 |
| Intangible assets | 10,439 | 15,955 | 7,874 | 8,855 |
| Current income tax assets | 13,924 | 55,178 | - | - |
| Deferred income tax assets | 854,607 | 854,607 | 854,607 | 854,607 |
| **Total assets** | 51,220,803 | 44,981,305 | 35,586,690 | 29,280,850 |
| **Liabilities** | | | | |
| Balances due to banks | 712,081 | 1,120,306 | 589,161 | 1,062,622 |
| Commercial notes | 11,691,063 | 9,672,506 | 11,659,096 | 9,643,606 |
| Trade and other payables | 6,281,126 | 6,621,125 | 5,856,304 | 5,957,998 |
| Current income tax liability | 116,992 | 139,275 | 116,992 | 139,275 |
| Borrowings | 22,501,772 | 18,125,421 | 11,484,967 | 6,444,123 |
| Retirement benefit obligations | 16,813 | 33,899 | 16,813 | 33,899 |
| Deferred income tax liability | 143,602 | 168,082 | - | - |
| **Total liabilities** | 41,463,448 | 35,880,614 | 29,723,334 | 23,281,523 |
| **Equity** | | | | |
| Share capital | 808,505 | 808,505 | 808,505 | 808,505 |
| Share premium | 679,526 | 679,526 | 679,526 | 679,526 |
| Deposit for shares | 2,283,312 | 2,283,312 | 2,283,312 | 2,283,312 |
| Statutory reserve | 1,317,150 | 1,121,580 | 692,764 | 733,555 |
| Statutory credit reserve | 160,624 | 160,600 | 147,840 | 147,842 |
| Retained earnings | 2,348,967 | 1,960,108 | 562,720 | 657,899 |
| Foreign currency translation reserve | 1,168,763 | 1,126,805 | - | - |
| AFS fair value reserve | 5,288 | 5,288 | 5,288 | 5,288 |
| Revaluation reserve | 683,400 | 683,400 | 683,400 | 683,400 |
| | 9,455,537 | 8,829,124 | 5,863,356 | 5,999,327 |
| Non-controlling interest | 301,818 | 271,567 | - | - |
| **Total equity** | 9,757,354 | 9,100,691 | 5,863,356 | 5,999,327 |
| **Total liabilities and equity** | 51,220,803 | 44,981,305 | 35,586,690 | 29,280,850 |

C & I LEASING PLC CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2018

| | GroupGroup | | CompanyCompany | |
|---|---|---|---|---|
| | JUNE 2018 N'000 | JUNE 2017 N'000 | JUNE 2018 N'000 | JUNE 2017 N'000 |
| **Gross earnings** | 12,775,809 | 11,546,025 | 8,416,527 | 8,467,860 |
| Lease rental income | 8,765,292 | 8,072,232 | 4,630,325 | 5,088,874 |
| Direct Leasing Expenses | (4,030,927) | (3,232,375) | (3,363,105) | (2,594,258) |
| **Net lease rental income** | 4,743,365 | 4,839,858 | 1,267,220 | 2,494,616 |
| Outsourcing income | 3,229,694 | 3,012,837 | 3,229,694 | 3,012,837 |
| Outsourcing expenses | (2,847,632) | (2,655,060) | (2,847,632) | (2,655,060) |
| **Net outsourcing income** | 382,062 | 357,777 | 382,062 | 357,777 |
| Vehicle sales and repairs | - | 330,196 | - | 330,196 |
| Cost of sales and repairs | - | (413,557) | - | (413,557) |
| **Net income from vehicle sales** | - | (83,361) | - | (83,361) |
| Tracking income | 99,275 | 109,329 | 99,275 | 109,329 |
| Tracking expenses | (33,776) | (44,805) | (33,776) | (44,805) |
| Net tracking income | 65,499 | 64,524 | 65,499 | 64,524 |
| Interest income | 17,860 | 39,205 | 17,808 | 191 |
| Other operating income | 507,124 | (17,774) | 282,861 | (73,567) |
| Lease interest expenses | (2,160,894) | (1,782,156) | (1,122,654) | (949,441) |
| | 3,546,015 | 3,418,073 | 892,796 | 1,810,739 |
| Impairment charge | (64,847) | (227,182) | - | (229,059) |
| Depreciation expense | (1,611,726) | (1,209,894) | (231,153) | (209,024) |
| Personnel expenses | (508,280) | (477,826) | (451,840) | (370,483) |
| Distribution expenses | - | (11,015) | - | (11,015) |
| Other operating expenses | (794,711) | (877,229) | (642,054) | (781,583) |
| Share of gain from joint venture | 156,565 | - | 156,565 | - |
| Profit on continuing operations before taxation | 723,016 | 614,927 | (95,104) | 209,575 |
| **Income tax** | (40,864) | (34,897) | (40,864) | (34,897) |
| Profit after tax | 682,151 | 580,030 | (135,968) | 174,678 |
| **Profit for the year** | 682,151 | 580,030 | (135,968) | 174,678 |
| **Profit for the year from discontinued operation** | - | - | - | - |
| **Profit after tax and discontinued operation** | 682,151 | 580,030 | (135,968) | 174,678 |
| **Profit attributable to:** | | | | |
| Owners of the parent | 651,901 | 506,303 | (135,968) | 174,678 |
| Non-controlling interests | 30,251 | 73,727 | | |
| | 682,151 | 580,030 | (135,968) | 174,678 |
| Basic earnings per share [kobo] | 42.19 | 35.87 | (8.41) | 10.80 |

- 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 ₦46.6 billion, a total[9] staff strength of over 5,500 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

## Cautionary note regarding forward looking statements

This release contains 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.

[9] Includes both core and outsourced