



PRESS RELEASE

Lagos, Nigeria - 27 April 2018

C&I Leasing Plc Records Revenue Growth of 6% Y-O-Y to ₦6.5 Billion from ₦6.1 Billion And 38% Increase in Profit After Tax to ₦373 Million

C&I Leasing Plc ('C&I Leasing' or 'the Group') today announces its unaudited results for the period ended 31 March 2018

Consolidated Income Statement

- Gross earnings of ₦6.5 billion, up 6.3% year-on-year (March 2017: ₦6.1 billion)
- Lease rental income of ₦4.4 billion, up 6.1% year-on-year (March 2017: ₦4.1 billion)
- Personnel outsourcing income increased by 4.2% to ₦1.63 billion year-on-year (March 2017: ₦1.57 billion)
- Lease rental expense grew by 38.8% to ₦2.0 billion year-on-year (March 2017: ₦1.5 billion)
- Net operating income of ₦1.9 billion, down 8.7% year-on-year (March 2017: ₦2.1 billion)
- Profit before tax of ₦405.8 million, up 32.7% year-on-year (March 2017: ₦305.7 million)
- Profit after tax of ₦373.0 million, up 37.7% year-on-year (March 2017: ₦270.8 million)
- Basic earnings per share¹ of 23.1 kobo, up 37.9% year-on-year (March 2017: 16.75 kobo)

Consolidated Statement of Financial Position

- Total assets of ₦46.6 billion, up 3.7% year-to-date (Dec 2017: ₦45.0 billion)
- Operating lease assets of ₦27.8 billion, up 2.2% year-on-year (Dec 2017: ₦27.2 billion)
- Shareholders' funds of ₦9.6 billion, an increase of 6.0% year-on-year (Dec 2017: ₦9.1 billion)

Key Ratios

- EBITDA margin² of 35.5% (Dec 2017: 36.4%)
- Net profit margin³ of 5.8% (Dec 2017: 5.1%)
- EBITDA/Interest expense of 2.2x (Dec 2017: 2.2x)
- Return on equity⁴ of 12.6% (Dec 2017: 12.1%)
- Net Interest Bearing Liabilities⁵/ EBITDA of 3.4x (Dec 2017: 3.5x)
- Net Interest Bearing Liabilities /Equity of 2.9x (Dec 2017: 3.0x)
- Net Interest Bearing Liabilities /Total Capitalisation of 0.6x (Dec 2017: 0.6x)
- Total Interest Bearing Liabilities⁶/Total Capitalisation of 0.63x (Dec 2017: 0.8x)

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

- Asset turnover⁷ of 0.47x (Dec 2017: 0.48x)
- Capital adequacy ratio⁸ of 9.7% (Dec 2017: 20.6%) (CBN requirement: 12.5%)

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

“We delivered a credible performance with a gross earnings growth of 6.3% to ₦6.5 billion, while profit before tax grew by 32.7% to ₦405.8 million. This was achieved through a combination of cost optimisation measures, more efficient utilisation of assets and heightened focus on our ‘efficient productivity’ agenda. We sustained growth opportunities across the three major lines of the business. The drop in our net operating income y-o-y, was primarily driven by the increase in lease asset expenses resulting from the hire of a third-party vessel to substitute one of our own which was undergoing maintenance. This has been completed and the vessel is back in operation.

As at 31 March 2018, the capital adequacy ratio stood at 9.7% 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 optimising group synergies. As mentioned previously, our diversification strategy has proven successful. In the first quarter 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 25% in the same period in 2017.”

Q1 2018 Financial Review

Gross earnings increased by 6.3% to ₦6.5 billion (March 2017: ₦6.1 billion) driven by growth of our lease rental income (+6.1%), representing 67% of total gross earnings for the quarter, on the back of volumes increase.

Fleet Management contributed 33% of Q1 2018 gross earnings (March 2017: 31.6%). Personnel outsourcing contributed 28% of Q1 2018 gross earnings (March 2017: 25.7%). The rise in revenue in our fleet and personnel businesses was mainly due to expansion in existing contracts following continuous demand for our services. Marine contributed to 39% of Q1 2018 gross earnings (March 2017: 42.7%). In the period under review, marine services dipped as a result of the downtime experienced on some of the vessels.

Net operating income decreased by 8.7% year-on-year mainly as a result of an increase in lease rental expense⁹, which grew by 38.8% to ₦2.0 billion year-on-year (March 2017: ₦1.5 billion). This growth in direct operating 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 and marginal increase in outsourcing operating costs.

Indirect operating expenses¹⁰ fell by 18.0% to ₦683 million (March 2017: ₦833.2 million) driven by an 84.6% decrease in impairment charge due to better management of our receivables. Depreciation charge increased by 42.8% from ₦593.9 million in March 2017 to ₦848.1 million in March 2018 due to the depreciation on the new vessel (EPIC) and acquisition of leased asset (LEASAFRIC). As part of staff incentive and retention plan, a general

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

⁹ Include: lease assets maintenance expense, insurance, Hertz drivers and crew salaries, fueling, accessories and other marine expenses

¹⁰ Include: impairment charge/credit, depreciation, personnel expenses, distribution expenses and other operating expenses

review of salaries and promotion for some exceptional staff was done in the month of February 2018. This explains the 15% growth in personnel cost from ₦207.2 million in 2017 to ₦238.2 million in 2018. Other administrative and general expenses however remained stable despite the increase in gross earnings.

In Q1 2018, we did not have any provision in foreign exchange loss (Q1 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 N405.8 million, up by 32.7% year-on-year, resulted in return on average equity of 12.6% (Dec 2017: 12.1%) and return on average assets of 2.7% (Dec 2017: 2.7%).

Interest bearing liabilities grew by a total of 3.0% to ₦29.8 billion (Dec 2017: ₦29.0 billion) as a result of fresh flow of funds from Commercial Paper. We expect a substantial part of fleet finance lease facilities to be paid down by 2018.

Year-to-date growth in total assets of 3.7% to ₦46.6 billion in March 2018 was driven largely by growth in withholding tax credit notes, prepayments and operating leased assets.

Key Developments Affecting our Business

- Oil prices are expected to remain stable in the high \$60s with the restructuring of Joint Venture partnerships which now makes it possible for International Oil Companies (“IOCs”) to seek funding for the projects. In addition, with the Government’s position on development of long awarded fields there has been and expected to be increased activity by IOCs and independent operators to avoid forfeiture of such fields. We also expect that bids and tenders will be issued and closed out in a timelier manner. Plans for alternative crude evacuation are being finalised to create an alternative to the existing Trans-Forcados trunk line which has witnessed incessant sabotage and vandalization. If some/all these initiatives are achieved, we expect production activities to rise. We intend to retain existing business, and where possible pursue upward rate revision while targeting the lucrative crew boat and security patrol boat markets.
- We have set targets for maximising revenue by minimising vessel downtimes and with increased market intelligence we are targeting opportunities in regional markets beginning with Ghana through Leasafric. We also plan to diversify into other segments of the Oil & Gas market through strategic partnerships.
- Within the Outsourcing business, opportunities for new income streams are emerging in the energy and telecommunication sectors, so we are proactively making upgrades to our recruitment portal ‘Getajobng.com’. We will leverage technology and social media to raise awareness for the platform and build a rich pool of data from the diverse talent profiles available in the Nigerian Labour Market. This will be used to meet the needs of both current and prospective clients. There is a significant knowledge and skills gap in the market as companies evolve - thus underscoring the ongoing need for training. Our over 5,000 strong and growing workforce in client businesses will continue to be upskilled with ongoing training. In addition, the outsourcing business is exploring geographic expansion opportunities in Ghana.
- For the fleet and car rental business, we acquired new multinational clients, as well as established new partnerships with local and foreign tour and travel organisations. Additionally, we are engaging Hertz international for referrals of global clients present in, or visiting Nigeria. This has expanded our extensive list of multinational and blue-chip clientele. We continue to invest in our chauffeurs as they are a critical success

factor for our business. Our maintenance policies and processes have been restructured for efficient and effective support of our fleet to optimise cost, reduce outsourced maintenance and downtime, with a view to improving overall productivity.

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.

Conference Call

C & I Leasing PLC will be hosting a conference call for investors and analysts on Monday the 30th of April 2018 at 13:00 (Lagos) / 13:00 (London) / 08:00 (New York) time.

Andrew Otike-Odibi CEO and Alex Mbakogu CFO will present the results for Q1 2018 and FY 2017 along with other business developments.

The analyst presentation will be made available two hours before the call at <http://www.c-ileasing.com/investor-relations>

The numbers to call are as follows:

(Nigeria) +234 (0)18889001
(Nigeria) +234 (0)1440 5182
(UK) +44 (0)20 7043 4129
(USA) 1-866-840-9752

Please find pre-registration link below:

[C&I Leasing Plc FY 2017 & Q1 2018 Investor Conference Call](#)

Your dial in details will be available once you successfully register on the link:

The C&I Leasing group of companies serves its clients through three divisions; Fleet Management, Outsourcing and Offshore Marine Services with two subsidiaries in Ghana (Leasafic) and the United Arab Emirates (EPIC International FZE). In 1997, C&I Leasing concluded a major restructuring which saw its conversion to a public company with its share quoted on the official list of the Nigerian Stock Exchange as the only leasing, support and logistics rental services company. The company has been in operations for over 25 years and continues to grow stronger year on year.

For further information please contact:

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C & I LEASING PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Group		Company	
	MARCH 2018 N'000	DEC 2017 N'000	MARCH 2018 N'000	DEC 2017 N'000
Assets				
Cash and balances with banks	1,430,125	1,239,836	678,673	466,607
Loans and receivables	363,796	351,957	363,796	334,507
Trade receivables	6,201,322	6,584,292	4,997,225	5,302,009
Due from related companies	-	-	8,656,545	8,685,454
Finance lease receivables	1,893,361	1,515,030	1,642,225	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	5,407,653	5,021,348	5,059,480	4,819,250
Inventories	965,124	512,379	965,124	512,378
Operating lease assets	27,754,168	27,167,387	4,896,483	4,764,100
Property, plant and equipment	1,659,665	1,584,522	1,207,451	1,186,743
Intangible assets	12,736	15,955	9,382	8,855
Current income tax assets	14,136	55,178	-	-
Deferred income tax assets	854,607	854,607	854,607	854,607
Total assets	46,635,506	44,981,305	30,168,770	29,280,850
Liabilities				
Balances due to banks	1,098,470	1,120,306	981,273	1,062,622
Commercial notes	10,606,118	8,704,680	10,572,709	9,643,606
Trade and other payables	6,827,207	6,264,145	5,723,800	5,957,998
Current income tax liability	172,020	141,748	172,020	139,275
Borrowings	18,091,450	19,369,472	6,621,794	6,444,123
Retirement benefit obligations	43,297	371,199	43,297	33,899
Deferred income tax liability	153,469	187,514	-	-
Total liabilities	36,992,032	35,880,614	24,114,894	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	1,230,251	1,121,580	749,920	733,555
Statutory credit reserve	160,600	160,600	147,840	147,842
Retained earnings	2,213,675	1,960,108	696,083	657,899
Foreign currency translation reserve	1,296,576	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
	9,361,134	8,829,124	6,053,875	5,999,327
Non-controlling interest	282,340	271,567	-	-
Total equity	9,643,474	9,100,691	6,053,875	5,999,327
Total liabilities and equity	46,635,506	44,981,305	30,168,770	29,280,850

C & I LEASING PLC CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2018

	Group		Company	
	MARCH 2018 N'000	MARCH 2017 N'000	MARCH 2018 N'000	MARCH 2017 N'000
Gross earnings	6,479,104	6,097,820	4,293,186	4,544,370
Lease rental income	4,372,116	4,121,429	2,468,247	2,716,755
Direct Leasing Expenses	(2,023,185)	(1,457,406)	(1,635,767)	(1,162,281)
Net lease rental income	2,348,931	2,664,022	832,480	1,554,474
Outsourcing income	1,631,176	1,565,276	1,631,178	1,565,276
Outsourcing expenses	(1,454,975)	(1,356,852)	(1,454,975)	(1,356,852)
Net outsourcing income	176,204	208,425	176,204	208,425
Vehicle sales and repairs	-	183,305	-	183,305
Cost of sales and repairs	-	(203,909)	-	(203,909)
Net income from vehicle sales	-	(20,604)	-	(20,604)
Tracking income	39,449	71,123	39,449	71,123
Tracking expenses	(18,564)	(26,209)	(18,564)	(26,209)
Net tracking income	20,885	44,914	20,885	44,914
Share of gain from joint venture 87,008 87,008				
Interest income	53	69	53	69
Other operating income	436,307	156,618	154,259	7,842
Lease interest expenses	(1,045,571)	(931,452)	(525,009)	(514,056)
	1,936,809	2,121,992	658,872	1,281,063
Impairment charge	(35,073)	(227,072)	-	(229,059)
Depreciation expense	(848,089)	(593,929)	(109,486)	(106,981)
Personnel expenses	(238,210)	(207,216)	(210,842)	(179,986)
Distribution expenses	-	(11,552)	-	(11,552)
Other operating expenses	(409,561)	(776,535)	(251,247)	(659,369)
Share of gain from joint venture	-	-	-	-
Profit on continuing operations before taxation	405,753	305,688	87,296	94,116
Income tax	(32,745)	(34,897)	(32,745)	(34,897)
Profit after tax	373,008	270,791	54,551	59,219
Profit for the year	373,008	270,791	54,551	59,219
Profit for the year from discontinued operation	-	-	-	-
Profit after tax and discontinued operation	373,008	270,791	54,551	59,219
Profit attributable to:				
Owners of the parent	362,235	265,476	54,551	17,766
Non-controlling interests	10,773	5,315		41,453
	373,008	270,791	54,551	59,219
Basic earnings per share [kobo]	23.07	16.75	3.37	3.66

- 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 total¹¹ staff strength of over 5,500 people, and operational offices in Lagos, Port Harcourt, Abuja, 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.

In 1997, C&I Leasing Plc concluded a major restructuring that saw its conversion to a public company with its share listed on the official list of the Nigerian Stock Exchange as the only leasing and support and logistics rentals services company.

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.

¹¹ Includes both core and outsourced