



## PRESS RELEASE

Lagos, Nigeria – 30 October 2018

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

### Consolidated Income Statement

- Gross earnings of ₦19.9 billion, up 15.6% year-on-year (Sept 2017: ₦17.2 billion)
- Lease rental income of ₦13.9 billion, up by 17.5% year-on-year (Sept 2017: ₦11.8 billion)
- Personnel outsourcing income increased by 10.4% to ₦5.0 billion year-on-year (Sept 2017: ₦4.5 billion)
- Lease rental expense grew by 32.9% to ₦6.3 billion year-on-year (Sept 2017: ₦4.8 billion)
- Net operating income of ₦5.7 billion, up 8.6% year-on-year (Sept 2017: ₦5.2 billion)
- Profit before tax of ₦1.3 billion, up 11.4% year-on-year (Sept 2017: ₦1.2 billion)
- Profit after tax of ₦1.2 billion, up 25.0% year-on-year (Sept 2017: ₦950.0 million)
- Basic earnings per share<sup>1</sup> of 73.45 kobo, up 25.0% year-on-year (Sept 2017: 58.75 kobo)

### Consolidated Statement of Financial Position

- Total assets of ₦58.1 billion, up 29.2% year-to-date (Dec 2017: ₦45.0 billion)
- Operating lease assets of ₦35.6 billion, up 31.0% year-to-date (Dec 2017: ₦27.2 billion)
- Shareholders' funds of ₦10.0 billion, an increase of 10.1% year-to-date (Dec 2017: ₦9.1 billion)

### Key Ratios

- EBITDA margin<sup>2</sup> of 36.5% (Dec 2017: 36.4%)
- Net profit margin<sup>3</sup> of 6.0% (Dec 2017: 5.2%)
- EBITDA/Interest expense of 2.1x (Dec 2017: 2.2x)
- Return on equity<sup>4</sup> of 11.9% (Dec 2017: 12.1%)
- Net Interest Bearing Liabilities<sup>5</sup>/ EBITDA of 4.5x (Dec 2017: 3.5x)
- Net Interest Bearing Liabilities /Equity of 3.2x (Dec 2017: 3.0x)
- Net Interest Bearing Liabilities /Total Capitalisation of 0.6x (Dec 2017: 0.6x)

<sup>1</sup> Basic earnings per share computed as profit after tax attributable to shareholders divided by the number of ordinary shares in issue

<sup>2</sup> EBITDA margin computed as earnings before interest, tax, depreciation and amortisation divided by gross earnings multiplied by 100

<sup>3</sup> Net profit margin computed as profit after tax divided by gross earnings multiplied by 100

<sup>4</sup> Return on average equity computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders

<sup>5</sup> Net debt computed as total interest bearing liabilities less cash and balances with banks and other cash equivalents

- Total Interest Bearing Liabilities<sup>6</sup>/Total Capitalisation of 0.6x (Dec 2017: 0.6x)
- Asset turnover<sup>7</sup> of 0.4x (Dec 2017: 0.5x)
- Capital adequacy ratio<sup>8</sup> of 8.9% (Dec 2017: 9.7%) (CBN requirement: 12.5%)

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

*“The Company recorded an increase of about 15.6% in revenue from ₦17.2 billion in the corresponding period of 2017 to ₦19.9 billion in 2018 and a stronger improvement in our profit after tax (up by 25% from ₦0.95 billion in 2017 to ₦1.2 billion in 2018) while the Group has continued to deliver a healthy performance despite the challenging operating environment. This result was achieved on the back of increased efficiency from all the business units as well as improvement in capacity utilisation of both marine and non-marine assets.*

*This continued progress of our business units and brands is the result of our dedication to quality service delivery and efficient processes coupled with increased visibility following some successful strategic marketing activities.*

*As at 30 September 2018, the capital adequacy ratio still stood at 8.9% below the CBN minimum requirement of 12.5% and this is due to the pending conversion of \$10 million loan stock from Abraaj which is expected to be completed through 2018 and result in our CAR returning to normalized levels.”*

## 9M 2018 Financial Review

Gross earnings increased by 15.7% to ₦19.9 billion (9M 2017: ₦17.2 billion) driven by the growth of our lease rental income (+17.5%), representing 70% of the total gross earnings for the nine months period, on the back of volume increase in the fleet and marine business.

Personnel outsourcing earnings rose by 10.4% to ₦5.0 billion in Sept 2018 (9M 2017: ₦4.5 billion). Fleet Management earnings increased by 6.3% to ₦6.5 billion in 9M 2018 (9M 2017: ₦6.1 billion). The rise in revenue from the fleet and personnel businesses, including Ghana and Fleet Nigeria, were mainly due to expansion in existing and new contracts following continuous demand for our services. Marine earnings increased by 27.6% to ₦8.9 billion in 9M 2018 (Sept 2017: ₦6.6 billion) due to an increase in the capacity utilisation of the vessels compared to the previous year; while tracking income was up by 7.0% to ₦0.18 billion in 9M 2018 (9M 2017: ₦0.16 billion) due to ongoing business restructuring activities.

Net operating income increased by 8.6% as a result of improvements in all segments of the business. Interest income and other operating income also increased to ₦0.75 billion in 9M 2018 (9M 2017: ₦0.24 billion). 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. Our expectation going forward is that, a part of these pre-

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<sup>6</sup> Total debt computed as total current and non-current interest bearing liabilities

<sup>7</sup> Asset turnover computed as revenue divided by average total assets

<sup>8</sup> Capital adequacy ratio computed as total qualifying capital divided by total risk-weighted assets

operational expenses will not re-occur again, while proactive maintenance of our owned and hired vessels will lead to higher profitability.

Indirect operating expenses increased by 7.8% to ₦4.4 billion in 9M 2018 (9M 2017: ₦4.1 billion). Impairment charge was down by 72.5% due to better management of our receivables. Depreciation charge increased by 25.6% from ₦2.0 billion in 9M 2017 to ₦2.5 billion in 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 with some personnel re-organisation also carried out at the same time. This explains the 3.9% reduction in personnel cost from ₦850.2 million in 9M 2017 to ₦816.9 million in 2018 while other administrative and general expenses grew by 22.8% from ₦0.8 billion in 9M 2017 to ₦10.0 billion in 9M 2018 due to fund raising activity.

In 9M 2018, we recorded a ₦15.5 million provision for foreign exchange loss (9M 2017: ₦192.3 million). At the moment we do not anticipate any further depreciation in the value of the Naira as the foreign exchange market has relatively stabilised since the intervention of the CBN.

Profits before tax of ₦1.3 billion, up by 11.4% year-on-year, resulted in return on equity of 11.9% (Dec 2017: 12.1%) and return on assets of 2.2% (Dec 2017: 2.7%).

Interest bearing liabilities grew by a total of 21.1% to ₦35.0 billion (Dec 2017: ₦28.9 billion) largely due to the issuance of the ₦7 billion Bond and inflow from CP notes. ₦4 billion of our existing expensive debts has been replaced with a portion of bond proceeds.

Year-to-date growth in total assets by 29.2% to ₦58.1 billion as at Sept 2018 was largely driven by growth in operating lease assets, proceeds from Bond issuance, trade, and finance leases, as well as other receivables and prepayments.

### Key Developments Affecting our Business

- Our **Marine business** acquired two brand new Tugboats' named 'MV Chidiebube' and 'MV Folashade' with SIFAX MARINE LIMITED under the SIFAX C&I MARINE LIMITED joint venture arrangement. Both boats commenced work at the beginning of Q4 2018 with NLNG on a long term contract. Q3 ended with an 86.8% utilisation of our other vessels The prospect of increase in fleet utilisation in the fourth quarter is high owing to an increase in client operations and completion of maintenance of some vessels which had a maintenance downtime.
- We have continued to add new clients to our **Outsourcing business**, with existing client contracts also renewed. We have seen increased demand in HR Business Process requests especially for staff travel and logistics, as a result of which we have closed the right partnerships to aid timely delivery. Our recruitment portal 'Getajobng.com' is at the final stages of becoming a commercial web application which will be an additional source of revenue. We continue to up-skill our outsourced workforce with ongoing trainings via E-Learning, classroom training sessions and workshops. We are partnering with the Chartered Institute of Personnel Management for the upcoming 2018 National Conference in Abuja as a strategic business development initiative. In addition, we are seeing an uptick in new leads from Ghana for some of our existing clients setting up operations in the region.

- Within our **fleet management business**, we observed a significant demand for certain brands of cars in the SUV/premium segment which were added to our fleet and have since been enjoying excellent patronage. Furthermore, we acquired new clients in Hospitality, Travel & Tours and Education, while we also deepened our wallet share from some of our existing clients especially in Abuja. Additionally, in Q3, we signed a new ₦4 billion contract with a multinational client.
- The ₦7 billion fixed rate bond raised in Q2 was successfully listed on FMDQ this quarter. Following receipt of approval, Leasafric Ghana has commenced the process to raise a bond in Ghana. The plan is to raise a total of 100million ghana cedi, in tranches of 20 million. We expect to raise the first tranche of 20 million ghana cedi between now and first quarter of 2019.

#### **BUSINESS DESCRIPTION C & I LEASING PLC**

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

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. Our Ghanaian subsidiary - Leasafric Ghana, is the largest provider of outsourcing and fleet management services in Ghana.

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.

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. 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, fire-fighting, pollution control, security and floating and self-elevating platforms. 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.

Within our marine business, as well as for the fleet and outsourcing businesses, our focus is to leveraging on our superior service with cutting-edge technological solutions to manage risks associated with rapid growth while diversifying our revenue streams and providing opportunities for client growth and retention.

For further information please contact:

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Group	Group	Company	Company
	SEPT 2018	DEC 2017	SEPT 2018	DEC 2017
	N'000	N'000	N'000	N'000
<b>Assets</b>				
Cash and balances with banks	2,500,865	1,239,836	2,016,857	466,607
Loans and receivables	349,171	351,957	349,171	334,507
Trade receivables	6,916,417	6,584,292	5,606,702	5,302,009
Due from related companies	-	-	8,420,690	8,685,454
Finance lease receivables	1,916,699	1,515,030	1,722,878	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	7,093,310	5,021,348	6,707,756	4,819,250
Inventories	1,211,115	512,379	1,211,115	512,378
Operating lease assets	35,595,528	27,167,387	13,588,319	4,764,100
Property, plant and equipment	1,578,586	1,584,522	1,206,130	1,186,743
Intangible assets	11,276	15,955	8,211	8,855
Current income tax assets	-	55,178	-	-
Deferred income tax assets	854,607	854,607	854,607	854,607
<b>Total assets</b>	<b>58,106,388</b>	<b>44,981,305</b>	<b>42,530,217</b>	<b>29,280,850</b>
<b>Liabilities</b>				
Balances due to banks	790,046	1,120,306	780,859	1,062,622
Commercial notes	10,897,329	9,672,506	10,885,661	9,643,606
Trade and other payables	12,724,369	6,621,125	12,097,125	5,957,998
Current income tax liability	106,767	139,275	89,585	139,275
Borrowings	23,332,650	18,125,421	12,867,596	6,444,123
Retirement benefit obligations	93,146	33,899	93,146	33,899
Deferred income tax liability	144,650	168,082	-	-
<b>Total liabilities</b>	<b>48,088,956</b>	<b>35,880,614</b>	<b>36,813,970</b>	<b>23,281,523</b>
<b>Equity</b>				
Share capital	808,505	808,505	808,505	808,505
Share premium	1,958,672	679,526	1,958,672	679,526
Deposit for shares	679,526	2,283,312	679,526	2,283,312
Statutory reserve	1,466,338	1,121,580	746,024	733,555
Statutory credit reserve	160,600	160,600	147,840	147,842
Retained earnings	2,697,073	1,960,108	686,991	657,899
Foreign currency translation reserve	1,247,986	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
	9,707,388	8,829,124	5,716,246	5,999,327
Non-controlling interest	310,044	271,567	-	-
<b>Total equity</b>	<b>10,017,432</b>	<b>9,100,691</b>	<b>5,716,246</b>	<b>5,999,327</b>
<b>Total liabilities and equity</b>	<b>58,106,388</b>	<b>44,981,305</b>	<b>42,530,217</b>	<b>29,280,850</b>

**C & I LEASING PLC CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	SEPT 2018	SEPT 2017	SEPT 2018	SEPT 2017
	N'000	N'000	N'000	N'000
<b>Gross earnings</b>	<b>19,862,408</b>	17,181,695	<b>13,438,605</b>	12,128,862
Lease rental income	13,885,166	11,812,780	7,760,605	6,901,863
Direct Leasing Expenses	<b>(6,338,634)</b>	(4,768,739)	<b>(5,026,970)</b>	(3,738,019)
<b>Net lease rental income</b>	<b>7,546,532</b>	7,044,041	<b>2,733,634</b>	3,163,844
Outsourcing income	4,957,371	4,490,786	4,957,371	4,490,786
Outsourcing expenses	<b>(4,349,004)</b>	(3,967,555)	<b>(4,349,004)</b>	(3,967,555)
<b>Net outsourcing income</b>	<b>608,367</b>	523,231	<b>608,367</b>	523,231
Vehicle sales and repairs	-	419,663	-	419,663
Cost of sales and repairs	-	(506,315)	-	(506,315)
<b>Net income from vehicle sales</b>	<b>-</b>	(86,652)	<b>-</b>	(86,652)
Tracking income	176,047	164,561	176,047	164,561
Tracking expenses	<b>(54,784)</b>	(64,434)	<b>(54,784)</b>	(64,434)
<b>Net tracking income</b>	<b>121,263</b>	100,127	<b>121,263</b>	64,524
Interest income	92,703	57,514	61,157	308
Other operating income	570,326	236,391	302,630	151,681
Lease interest expenses	<b>(3,443,361)</b>	(2,647,314)	<b>(1,955,357)</b>	(1,253,373)
Share of gain from joint venture	180,796	-	180,796	-
	<b>5,676,626</b>	5,227,338	<b>2,052,490</b>	2,599,166
Impairment charge	<b>(62,819)</b>	(228,292)	30,132	(210,253)
Depreciation expense	<b>(2,517,934)</b>	(2,005,390)	<b>(474,447)</b>	(311,403)
Personnel expenses	<b>(816,891)</b>	(850,186)	<b>(733,154)</b>	(580,946)
Distribution expenses	-	(12,268)	-	(12,267)
Other operating expenses	<b>(990,199)</b>	(973,941)	<b>(788,952)</b>	(839,405)
Profit on continuing operations before taxation	1,288,783	1,157,261	86,069	644,892
<b>Income tax</b>	<b>(101,112)</b>	(207,237)	<b>(44,506)</b>	(169,306)
Profit after tax	<b>1,187,670</b>	950,023	<b>41,563</b>	475,586
<b>Profit attributable to:</b>				
Owners of the parent	1,149,194	866,633	41,563	475,586
Non-controlling interests	<b>38,476</b>	83,390	<b>-</b>	<b>-</b>
	<b>1,187,670</b>	950,023	<b>41,563</b>	475,586
Basic earnings per share [kobo]	<b>73.45</b>	58.75	<b>2.57</b>	29.41

**- 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 ₦58.1billion, a total<sup>9</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)

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<sup>9</sup> Includes both core and outsourced

### **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.