PRESS RELEASE
Lagos, Nigeria – 31 May 2019

C & I Leasing Plc ('C & I Leasing' or 'the Group') today announces its unaudited results for the Quarter ended 31 March 2019

Consolidated Income Statement

- Gross earnings of ₦7.8 billion, up 20.6% year-on-year (Q1 2018: ₦6.5 billion)
- Lease rental income of ₦5.5 billion, up by 26.0% year-on-year (Q1 2018: ₦4.4 billion)
- Personnel outsourcing income increased by 25.8% to ₦2.1 billion year-on-year (Q1 2018: ₦1.6 billion)
- Lease rental expense grew by 26.0% to ₦2.5 billion year-on-year (Q1 2018: ₦2.0 billion)
- Net operating income of ₦2.2 billion, up 12.6% year-on-year (Q1 2018:₦1.9 billion)
- Profit before tax of ₦435.0 million, up 7.2% year-on-year (Q1 2018: ₦405.8 million)
- Profit after tax of ₦398.5 million, up 6.8% year-on-year (Q1 2018: ₦373.0 million)
- Basic earnings per share of 25.0 kobo, up 8.4% year-on-year (Q1 2018: 23.1 kobo)

Consolidated Statement of Financial Position

- Total assets of ₦55.2 billion, up 18.3% year-on-year (Q1 2018: ₦46.6 billion)
- Operating lease assets of ₦29.5 billion, up 6.4% year-on-year (Q1 2018: ₦27.8 billion)
- Shareholders' funds of ₦12.2 billion, an increase of 26.8% year-to-date (Q1 2018: ₦9.6 billion)

Key Ratios

- EBITDA margin of 33.1% (Q1 2018: 35.5%)
- Net profit margin of 5.1% (Q1 2018: 5.8%)
- EBITDA/Interest expense of 2.1x (Q1 2018: 2.2x)
- Return on equity of 3.3% (Q1 2018: 3.9%)
- Net interest-bearing liabilities/ EBITDA of 13.1x (Q1 2018: 12.3x)
- Net interest-bearing liabilities /Equity of 2.8x (Q1 2018: 2.9x)
- Net interest-bearing liabilities /Total capitalisation of 0.6x (Q1 2018: 0.6x)
- Total interest-bearing liabilities/Total capitalisation of 0.6x (Q1 2018: 0.6x)
- Asset turnover of 0.15x (Q1 2018: 0.14x)
- Capital adequacy ratio of 18.2% (Q1 2018: 20.6%) (CBN requirement: 12.5%)

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

"The Company delivered growth of about 20.6% in revenue from ₦6.5 billion in the corresponding period of Q1 2018 *to ₦7.8 billion in* Q1 2019 *and about 7.2% in profit before tax (from ₦405.8 million in* Q1 2018 *to ₦435.0 million in* Q1 2019*). Amidst the recovering macroeconomic environment, we remained focused on, and excited by, the significant growth opportunities across our businesses and made steady progress towards fulfilling our commitment of creating increased wealth for our numerous shareholders this 2019.*

The first quarter of 2019 was characterized by election uncertainties which seemed to somewhat dent the economic activity which had reached a three-year high in Q4 2018. With the election cycle over, reduced uncertainty augurs well for investment activity ahead.

Clearly, the revenue growth in Q1 2019 *is a validation of our business expansion, growth objectives of meeting and exceeding client's expectation and increasing demand for our products and services.*

As at Q1 2019*, our capital adequacy ratio stood at 18.2%, well above the CBN minimum requirement of 12.5%."*

Q1 2019 Financial Review

The Company's ongoing focus on innovation and strategic partnerships resulted in the following highlights in the quarter:

The Company had a reasonable start to Q1 2019, gross earnings increased by 20.6% to ₦7.8 billion (Q1 2018: ₦6.5 billion) driven by the growth of our lease rental income (70% of total gross earnings).

Personnel outsourcing earnings rose by 25.8% to ₦2.1 billion in Q1 2019 (Q1 2018: ₦1.6 billion) mainly due to the increase in price and volume of existing contracts and new contracts awarded, following heightened demand for our services.

Lease rental income comprising Fleet Management earnings and Marine earnings was up 26.0% to ₦5.5 billion in Q1 2019 (Q1 2018: ₦4.4 billion). The rise in revenue is a result of ₦7.0 billion bond which 28.6% was for Business expansion (acquisition of new assets) and this increased operational efficiency from existing contracts, reduced vehicle downtime, increase in the capacity utilisation of our vessels and new contracts towards the end of 2018.

Tracking income was up by 34.7% to ₦53.1 million in Q1 2019 (Q1 2018: ₦39.5 million) due to increase in demand for our tracking services reflected in increased customer uptake of our devices.

Net operating income increased by 12.6% as a result of our commitment to deliver industry-leading services. Interest income and other operating income stood at ₦202.6 million[1] in Q1 2019 (Q1 2018: ₦436.4 million). The growth in direct operating (26.3%) and interest expenses (16.4%) reflects the significant expansion in the volume of our business, especially marine. During the period under review; the vessel downtime previously mentioned. Going forward, we expect that more proactive maintenance of our owned and hired vessels will lead to higher profitability.

Indirect operating expenses increased by 14.0% to ₦1.7 billion in Q1 2019 (Q1 2018: ₦1.5 billion). Impairment charges were down by 70.3% due to better management of our receivables and assets. Depreciation charge increased by 10.0% from ₦0.8 billion in Q1 2018 to ₦0.9 billion in Q1 2019 due to acquired Petrotech vessels in 2018 and we experienced and increase in the Fleet vehicles acquired in the period of Q1 to satisfy the requests gotten from existing clients in Leasafric Ghana. There was a 57.5% growth in personnel cost from ₦238.2 million in Q1 2018 to ₦375.2 million in Q1 2019 while other administrative and general expenses grew by 14.0% from ₦1.5 billion in Q1 2018 to ₦1.7 billion in Q1 2019 due to fund raising activity.

The Company implemented Project Swan "an initiative aimed at improving the cost and revenue base of the company, following a comprehensive diagnostic exercise conducted on our supply chain system on both Marine and Fleet Operations". In it, we successfully implemented recommendations from chauffeur's recruitment, training and performance management process

[1] Interest Income and other operating income comprises of interest income, other income and share of profit from joint venture

review in Q1 2019. Project Swan is a tool that suggests means to reduce cost and increase revenue and it is a long-term strategy initiated by the Management.

In Q1 2019, we recorded a ₦30.0 million provision for foreign exchange loss. For now, 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. The Central Bank will also be able to maintain a stable exchange rate given the strength of Nigeria's reserves.

Profits before tax of ₦435.0 million, up by 7.2% year-on-year, resulted in return on equity of 3.3% (Q1 2018: 3.9%) and return on assets of 0.8% (2017 FYE: 0.8%). Though there was a Y-o-Y increase in profit before tax, the Y-o-Y decline in return on equity is as a result of the conversion of Abraaj's $10 million loan stock to equity in the company.

Interest bearing liabilities grew by a total of 18.1% to ₦35.2 billion (Q1 2018: ₦30.0 billion) largely due to the issuance of the ₦7.0 billion Bond and inflow from Commercial Paper ("CP") notes. ₦2.0 billion of our existing expensive debt (commercial paper) has been replaced with a portion of new issuance of CPs.

Growth in total assets of 18.3% to ₦55.2 billion as at Q1 2019, was largely driven by growth in operating lease assets, proceeds from bond issuance, trade, and finance leases, business expansion plan, as well as other receivables and prepayments.

2019 should see continued growth along all key indices for the group, driven by anticipated growth in our balance sheet, customer numbers and assets under management.

Key Developments Affecting our Business

- Our **Marine business** ended with a 90.8% utilisation of our vessels in the first quarter of 2019 as against 86.8% in 2018 December. This was due to the increase in demand from clients. In order to eliminate downtime and maintenance challenges, we initiated temporal charter of vessels.

- 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.

- Within our **fleet management business**, we saw 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 vehicles as experienced increase in demand of our services.

- Following management approval, **Leasafric Ghana** has commenced the process to raise a bond in Ghana. The plan is to raise a total of 100 million Ghana Cedi, in tranches of 20 million each; regulatory approval is ongoing.

- In September 2018, Mr Jacob Kholi resigned from the Board. Upon his resignation, Mr. El Khatib was appointed to fill his position subject to regulatory approval. The Board has made some propositions which will be announced when concluded. This process will be concluded in 2019.

- In December 2018, Abraaj, a private equity fund, gave an indication of converting their $10 million loan stock to equity in the company. Abraaj invested $10 million in C & I Leasing in 2011 as a loan stock. With this conversion, Abraaj will become a significant shareholder in the Company. We interpret Abraaj's conversion decision as a vote of confidence in the Company and our business. This process has been concluded.

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 SDS training centre 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.

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 revenue streams and providing opportunities for client growth and retention.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Group		Company	
	31 MARCH 2019 N'000	31 December 2018 N'000	31 MARCH 2019 N'000	31 December 2018 N'000
Assets				
Cash and balances with banks	1,415,962	1,712,543	1,120,041	1,419,542
Loans and receivables	486,992	387,148	477,678	387,151
Trade receivables	10,971,115	7,754,625	9,686,075	6,406,366
Due from related companies		-	10,241,330	10,384,926
Finance lease receivables	1,843,763	1,999,330	1,725,617	1,832,307
Available for sale assets	26,053	26,054	26,053	26,054
Investment in subsidiaries	-	-	758,967	758,967
Investment in joint ventures	927,196	755,205	927,196	755,205
Other assets	5,875,776	5,098,160	5,618,551	4,769,369
Inventories	1,563,825	1,661,640	1,550,857	1,647,036
Operating lease assets	29,537,788	30,686,724	5,594,531	5,767,998
Property, plant and equipment	1,642,125	1,631,281	1,233,917	1,236,624
Intangible assets	37,555	45,169	3,911	3,758
Deferred income tax assets	854,607	854,607	854,607	854,607
Total assets	55,182,758	52,612,486	39,819,331	36,249,910
Liabilities				
Balances due to banks	1,534,884	883,917	1,481,047	847,441
Commercial notes	11,904,766	10,727,157	11,883,740	10,705,125
Trade and other payables	7,415,366	7,020,723	6,992,244	6,378,156
Current income tax liability	152,835	144,494	101,080	85,559
Borrowings	21,763,642	21,825,128	12,974,605	12,052,229
Retirement benefit obligations	67,065	54,251	67,065	54,251
Deferred income tax liability	114,802	129,214	-	-
Total liabilities	42,953,359	40,784,884	33,499,780	30,122,761
Equity				
Share capital	202,126	202,126	202,126	202,126
Deposit for shares	1,975,000	1,975,000	1,975,000	1,975,000
Share premium	1,285,905	1,285,905	1,285,905	1,285,905
Statutory reserve	1,304,917	1,187,207	856,903	799,182
Statutory credit reserve	373,682	373,682	373,682	373,682
Retained earnings	3,042,101	2,767,444	904,284	769,603
Foreign currency translation reserve	2,981,738	2,978,402	-	-
AFS fair value reserve	5,161	5,161	5,161	5,161
Revaluation reserve	716,490	716,490	716,490	716,490
	11,887,121	11,491,417	6,319,551	6,127,149
Non-controlling interest	342,278	336,185	-	-
Total equity	12,229,399	11,827,602	6,319,551	6,127,149
Total liabilities and equity	55,182,758	52,612,486	39,819,331	36,249,910

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Group		Company	
	31 March 2019 N'000	31 March 2018 N'000	31 March 2019 N'000	31 March 2018 N'000
Gross earnings	7,814,746	6,479,104	6,087,031	4,293,186
Lease rental income	5,507,455	4,372,116	3,821,016	2,468,247
Lease expenses	(2,548,678)	(2,023,185)	(2,230,183)	(1,635,767)
Net lease rental income	2,958,777	2,348,931	1,590,832	832,480
Outsourcing income	2,051,554	1,631,178	2,051,554	1,631,178
Outsourcing expenses	(1,848,723)	(1,454,975)	(1,848,723)	(1,454,975)
Net outsourcing income	202,831	176,203	202,831	176,203
Tracking income	53,122	39,449	53,122	39,449
Tracking expenses	(19,907)	(18,564)	(19,907)	(18,564)
Net tracking income	33,215	20,885	33,215	20,885
Interest income	12,010	53	698	53
Other operating income	64,729	349,300	34,765	67,251
Income from Joint Venture	125,876	87,008	125,876	87,008
Finance cost	(1,216,843)	(1,045,571)	(790,123)	(525,009)
	2,180,595	1,936,809	1,198,095	658,871
Impairment charge	(10,427)	(35,073)	-	-
Depreciation expense	(932,949)	(848,089)	(252,239)	(109,486)
Personnel expenses	(375,194)	(238,210)	(348,385)	(210,842)
Other operating expenses	(426,996)	(409,683)	(368,502)	(251,248)
Profit on continuing operations before taxation	435,028	405,754	228,969	87,295
Income tax	(36,568)	(32,745)	(36,568)	(32,745)
Profit after tax before extraordinary item	398,460	373,009	192,401	54,550
Forex/Extraordinary items loss provision	-	-	-	-
Profit for the year	398,460	373,009	192,401	54,550

Definition of terms

Gross Profit refers to Revenue minus Cost of sales.

Gross Profit Margin corresponds to Gross Profit as a % of Revenue.

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 Revenue.

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 revenue 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 ₦52.6 billion, a total[2] 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

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

[2] Includes both core and outsourced