



GLANVILLS PENSIONS

...a promise to your future

2018 Annual Report

CHAIRMAN'S STATEMENT

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Esteemed Shareholders, Representatives of our Regulators, Representatives of our Auditors, my Colleagues on the Board, Management of VG Pensions, Distinguished Ladies and Gentlemen,

I am pleased to welcome you on behalf of the Board of Directors to the 12th Annual General Meeting of Veritas Glanvills Pensions Limited and to present to you the Annual Report and Financial Statements of your Company for the year ended December 31, 2018

ALHAJI FAROUK LAWAL YOLA



Permit me to present briefly an overview of the major developments that took place in our operating environment and subsequently, the summary of the company's performance for the financial year ended 31st December, 2018.

OPERATING ENVIRONMENT

In 2018, the Nigerian economy entered a post recovery phase coming off the first recession in two decades. According to the National Bureau of Statistics (NBS), real Gross Domestic Product (GDP) grew by 1.93 per cent in 2018, up from 0.82 per cent recorded in 2017. The non-oil sector, driven by the manufacturing, information and communication sectors, recorded an annual growth of 2%, higher than the 0.5% recorded in 2017. On the other hand, the oil sector only grew by 1.1% compared to 4.7% growth in 2017.

The poor performance of the oil sector was impacted by the dynamics of crude oil price in the international commodities market and domestic oil production.

During the year, the goal of the monetary and fiscal authorities, to a large extent, was the attainment and sustenance of macroeconomic stability. Thus, the fiscal and monetary efforts resulted in the stability of interest and exchange rates. The national currency (the Naira), remained relatively stable at the inter-bank foreign exchange market throughout the year. The Investors' and Exporters' FX Window continued to bring some stability to the market and ensured increased availability of foreign exchange as it acted as a key driver of foreign portfolio investment inflow into the country. As a result, the quarterly average exchange rate in the interbank market stood at N306.70/\$1 as at Q4 2018. Also, the quarterly average foreign exchange rate stood at N364.27/\$1 for Q4 2018 in the I & E Window.

After 18 consecutive months of decline, the inflation rate began to inch upwards in August 2018 from 11.3% and closed the year at 11.4%. External reserves increased from US\$38.8 billion in December 2017 to US\$43 billion in December 2018. The increase in external reserves did little to stave off a continued rise in the nation's public debt stock during the period. Nigeria's total public debt stock (external and domestic debt) which was US\$70.99 billion (N21.725 trillion) as at end of December 2017, rose to US\$73.21 billion (about N22.428 trillion) as at September 2018, according to data from the Debt Management Office (DMO) of the Federation.

A bearish trend persisted in the Nigerian stock market in the year under review. The All-Share Index (ASI) of the Nigerian Stock Exchange (NSE), which opened trading for the year at 38,264.79, lost 6,834.29 points or 17.86 per cent to close trading on December 31, 2018, at 31,430.50. The bearish performance of the capital market was attributable to the general investor apathy usually associated with pre-election years and improving yields in advanced economies notably the United States.

VG PENSIONS 2018 FINANCIAL PERFORMANCE HIGHLIGHTS

Our financial results in 2018 reflects an improvement in business performance despite the challenges in the operating environment. We sustained our earnings growth momentum in 2018 as gross earnings grew by 15% to N904.5 million from N 785.5 million recorded in 2017.

Operating expenses increased by 33.37% to N1.18 billion – due to a regulatory fine, our investment in human capital, product innovation and rebranding during the year. And as a result, profit before tax was negative at N140.6 million.

GOVERNANCE AND CHANGES IN BOARD COMPOSITION

We continued our pursuit of high standards in corporate governance during the year as our Board ensured provision of strategic direction and dedicated oversight to our business. The various Board Committees played vital roles in supporting the Board and Management in the discharge of their duties. A new Managing Director/CEO, Mr. Godson Ukpevo and an Executive Director, Mr. Abiodun Shode were appointed on 6th December 2018. Both appointments were approved by the National Pension Commission, PenCom on 17th December 2018.

LOOKING AHEAD

We have positioned our Company to take advantage of the emerging opportunities in the industry and remain optimistic about the future of VG Pensions. We will focus on embedding disciplined cost management as well as growing business volumes to improve profitability and deliver value to our key stakeholders – shareholders, customers, and employees.

The economic outlook for 2019 doesn't suggest significant expansion of the economy. The IMF recently revised its economic growth forecast downwards from 2.3% to 2.0%. The ray of hope in the outlook for 2019 is the gradual improvement in the performance of the non-oil sectors and their contribution to GDP which is expected to grow in the short to medium term. The major threats to Nigeria's growth outlook for 2019 are the fears of significant fall in global crude oil price and disruption to oil production. In view of these, we shall continue to be pragmatic

in our projections while continually creating value for all our stakeholders.

We believe that our continuous investments in innovative solutions for our customers will create a competitive advantage for the brand in the market place.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our customers for their continued patronage and trust in us; to our distinguished shareholders for their support; and to the entire staff of the Veritas Glanvills Pensions Limited for their dedication and commitment to the company.

Thank you and God bless you all.

ALHAJI FAROUK LAWAL YOLA
CHAIRMAN, BOARD OF DIRECTORS

