

## MANAGING DIRECTOR'S REMARKS



**Usman B. Suleiman**  
Managing Director/CEO

**Dear Esteemed Shareholders, the Chairman of the Board, Members of the Board, Representatives of our Regulators and Auditors, Ladies and Gentlemen, I am delighted to welcome you to the 10th Annual General Meeting of Future Unity Glanvills Pensions Limited and present our Company's scorecard for the 2016 financial year.**

I will like to highlight a number of macro-economic and industry developments that defined our business environment in 2016.

### **OPERATING ENVIRONMENT**

The global economy was characterized by uncertainties in 2016. The United Kingdom's referendum for "Brexit" and the change of administration in the United States, all clouded the future of globalization and raised concerns over the upcoming elections in France and Germany.

Activity levels lost steam in major economies including the United States with growth estimates reduced to 1.6% in 2016, a downward revision of 0.1 percentage point. China slowed to 6.7% as the economy continued to transit from export to consumption driven model. India, which was the bright spot of emerging markets slowed from 7.6% in 2015 to 6.6% in 2016. Consequently, the flow of capital, trade and aids to frontier and emerging markets, particularly Africa, was subdued. The continuous slowdown in China and protracted weakness of Europe further waned global economic recovery, leading to lower

***“Despite the challenges in our operating environment, PAT increased by 160% in 2016 over the previous year performance”***

demand for African commodities. Notwithstanding modest recovery in commodity prices arising from weak supply, the lagged impact of the 2014/15 commodity price cycle weakened the currencies of African countries, with notable impact on fiscal revenue and broad economic activities. More importantly, the fragile fiscal conditions in many African countries slowed down public sector investment, with attendant impact on overall economic growth. Sub-Sahara Africa GDP grew only by 1.4% (from 5.1% and 3.4% GDP growth recorded in 2014 and 2015 respectively) with South Africa barely growing by 0.1% in the year.

The period under review will long be remembered as one of the most challenging in Nigeria's recent history. The economy suffered its first contraction in over two decades and consequently a first recession in a quarter of a century. The country is heavily dependent on crude oil export to fuel its economy but the period was characterized by weak oil prices, lower crude oil output due to pipeline vandalism from militant attacks in the Niger Delta area. Consequently, the nation's Gross Domestic Product (GDP) contracted by -1.30% (year-on-year) in real terms, from ₦18,533.75 billion in Q4 2015 to ₦18,292.95 billion in Q4 2016.

Inflation soared to a six-year high of 15.6% in May 2016, the highest level since February 2010. The very high inflation rate, growing unemployment, reduced consumer spending and other debilitating economic factors negatively impacted the performance of many businesses in 2016. There were also problems in the energy sector such as fuel shortages and lower electricity generation. This harsh environment along with the continued lag in infrastructure, especially power and road network, added to our cost of doing business.

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### NIGERIAN PENSION INDUSTRY

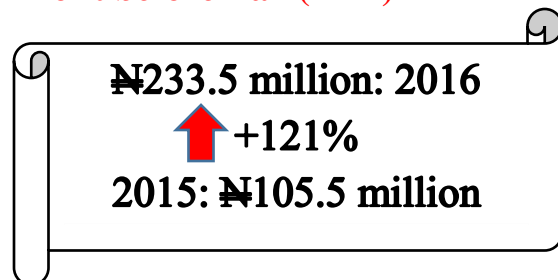
Despite prevailing economic headwinds which drove unemployment rate higher to 14.2 % in Q4 2016, delayed payments of RSA contributions to appropriate PFAs at the Federal and State levels, and the rate of job losses that has increased significantly, total pensions asset rose by 17% year on year to ₦6.16 trillion.

The total membership of pension schemes increased by 6.7% to 7,348,028 as at December 31, 2016 from 6,885,396 recorded as at December 31, 2015. This represents 10.8% of the total working population of 69,470,091 as at Q4 2016.

### FINANCIAL SCORECARD

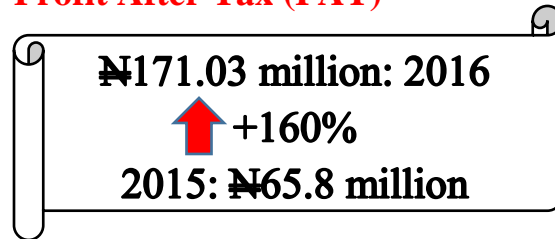
FUG Pension's involvement in the Pension Industry has been quite challenging but an interesting journey. When we came in June 2007, we had already lost the advantages of being early movers in the market. The market then was basically a public sector market, comprising federal ministries, departments and agencies. These had already been taken by the earlier licensees. On the other hand, the organized private sector with few multi-nationals and major corporations had also been taken, meaning that we had to come up with strategies and be ready to face challenges of creating business in the middle and the lower segments of the market. So, it was quite tough, challenging but from day one, we were determined to survive and succeed. I am delighted to say that the result is what you are seeing today, from reporting annual losses and accumulating those losses to being a profitable Company. Below are the financial scorecards:

### Profit before Tax (PBT)



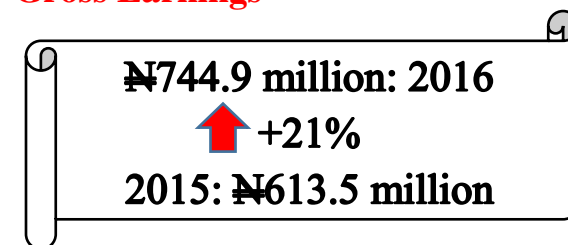
Profit before Tax (PBT) increased by 121% to ₦233.5 million. This was driven by an appreciable growth in gross earnings and a tight hold on operating expenses.

### Profit After Tax (PAT)



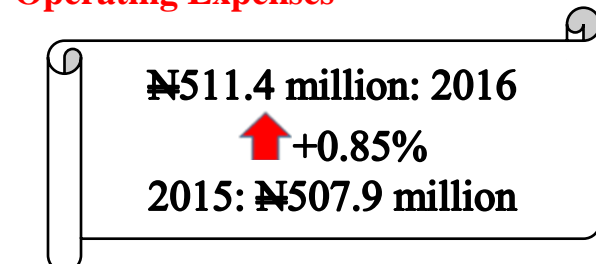
Despite the challenges in our operating environment, PAT increased by 160% in 2016 over the previous year performance.

### Gross Earnings



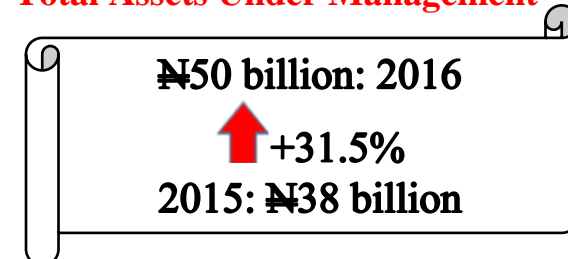
Gross earnings in 2016 improved by 21% to ₦744.9 million in 2016 from ₦613.5 million recorded in 2015.

### Operating Expenses



Operating expenses rose slightly by 0.68% to ₦511.4 million from ₦507.946 million recorded in 2015.

### Total Assets Under Management



Total Assets under Management (AUM) increased by 31.5% to ₦50 billion in 2016 from ₦38 Billion recorded in 2015.

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## Shareholders' Funds

Shareholders' Funds stood at ₦1.403 billion as at December 31, 2016, representing an increase of 13.5% from the ₦1.236 billion recorded at the end of 2015 financial year.

Esteemed Shareholders, inasmuch as I am delighted with the performance highlighted above, I am more optimistic about our future performance. Our approach to earnings and cost optimization will enhance our profitability in the years ahead. I would like to restate our commitment to delivering superior value to you – Shareholders – over the long term, as we build an enduring great institution that our stakeholders can be proud of and continue to trust.

## Our People

We believe that the success of our business is driven by our dynamic and energized team comprising of several multi-talented and diverse individuals and will therefore continue to invest in good talent as part of the long-term sustainability of our business. We boast of a team of professional and creative minds focused on providing innovative customer centric solutions and delivering superior customer experience. I therefore, salute the courage of this team in ensuring we remained profitable despite the daunting operating environment in 2016.

## 2017 Outlook

Going into 2017, we know that challenges in our macro-economic environment are likely to persist. However, from all indications, we expect that the economy will stabilize and recovery turn-around will commence over the next 18 months.

There are quite a number of initiatives that the industry is working on. These include bringing the informal sector and micro pension into the scheme. In addition to that, there is a very high possibility that the transfer window will be opened towards the end of 2017 and these are going to make substantial differences.

Actually, the industry expects the micro pension to frog-jump participation in the contributory pension scheme from six million to minimum of twenty million account holders over the next three years.

Our Company is strategically positioned to maximize the opportunities as they arise in the cause of the year. Our commitment to staying

positive, delivering exceptional services to our customers, and adding value to all stakeholders have never been stronger. We are confident in our capability to deliver differentiated products and services to our customers whilst enhancing cost-efficiency and reduced risk.

## Conclusion/Appreciation

We owe our success and performance for the financial year ended 2016 to the continued support and the resilience of our Shareholders and their Representatives on the Board. I commend your immense contribution towards the achievement of the corporate objectives of the Company and look forward to more fruitful engagements in 2017. I also appreciate all Management and Staff of this great Company for their loyalty, diligence, and unrelenting support in times past while counting on their unflinching commitment in the 2017 financial year towards improving on our achievements. I acknowledge the industry regulators for their sustained efforts at ensuring a stable and fraud-free industry.

Most importantly, I thank the God Almighty who has kept each one of us to witness the arrival of FUG Pensions at this milestone.

Eminent Shareholders, Ladies and Gentlemen, once again, I thank you for your attention and wish you a safe trip back to your various destinations.

Kind Regards,

**Usman B. Suleiman**

**Managing Director/Chief Executive Officer**