



DataPro



CORPORATE RATING REPORT

BIGOZ LOGISTICS LIMITED

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June, 2022

BIGOZ LOGISTICS LIMITED

Long-Term Rating:

A

Short Term Rating: A1

Rating Outlook: Positive

Trend: UP

Currency: Naira

Date issued: 28 June, 2022

Valid Till: 27 June, 2023

Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju

Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

EXECUTIVE SUMMARY

	2021 ₦	2020 ₦	2019 ₦
Turnover	19,413,481,279	14,871,828,200	8,955,674,098
Profit Before Tax	6,940,289,407	3,156,905,706	2,003,168,955
Equity	8,255,419,915	3,534,899,656	1,387,284,888
Non-Current Asset	653,713,006	662,371,140	66,975,678
Total Asset	1,003,713,006	1,012,371,140	416,975,678
Non-Current Liabs	350,000,000	350,000,000	350,000,000

Rating Explanation

The Short Term Rating of **A1** indicates *Good Credit Quality* and satisfactory capacity for timely payment of financial commitments.

The Long-Term Rating of **A** indicates *Low Risk*. It shows Very Good Financial Strength, Operating Performance and Business Profile when compared to the standard established by *DataPro*. This Company, in our opinion, has strong ability to meet its ongoing obligations.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information was obtained from the Company's Audited and Management Accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

Strengths:

- Diversified Earning Profile
- Good Liquidity
- Experienced Management Team

Weaknesses:

- Declined Revenue to Total Asset Ratio
- High Exposure to Credit Risk

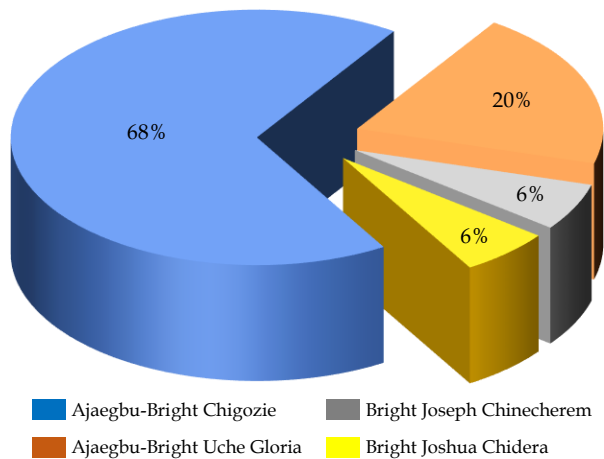
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BACKGROUND

BIGOZ Logistics Limited (*"The Company"*) is a 3rd-Party Logistics (3PL) service provider entity operating in Nigeria. It was incorporated as a Private Limited Liability Company on the 27th December, 2018 and commenced operations on 3rd January, 2019.

The main business of the Company includes freight forwarding, project logistics management, shipping agency, haulage and supply-chain management. Its services include packaging solution, general warehousing, supply sales, consulting services, logistics, delivery solutions, custom clearance, courier services and specialized warehousing.

ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Bigoz Logistics Limited

The Company operates through its head office situated in Lagos with over 810 clients. It owns over 240 vehicles with access to clients across all 36 states in Nigeria. It renders its services through a workforce of 103 employees.

The Company is beneficially owned by *Ajaegbu-Bright Chigozie* who holds 68% of the total shares. The authorized, Issued and Paid-up Capital of the Company as at 31 December, 2021 was 25,000,000 ordinary shares of ₦1 each.

DIRECTORS PROFILE

The following persons served as Directors during the year under review: *Nwaeze Nnamdi Chinwendu-Chairman, Chigozie Ajaegbu-Bright, Uche Gloria Ajaegbu-Bright, Aliyu Mohammed Ahmed, Micheal Shobukola and Agbolade Matuluko*

The Directors' profiles are as follows:

- Name:** Nwaeze Nnamdi Chinwendu

Position: Chairman

Profession: Educationist

Years of Experience: Over 15years

Education:
 - B.Sc (Economics)- University of Lagos
 - M.sc (Economics)- Enugu State University of Science and Technology
 - PhD - University of Port Harcourt

Job Experience:
 - Abia State University

- First City Monument Bank Limited

Board Membership: 2022

2. **Name:** Chigozie Ajaegbu-Bright
Position: Managing Director/CEO
Profession: Industrial Chemist
Years of Experience: Over 17years
Education:
 - B.Sc(Chemistry)- University of Port Harcourt
 - Lagos Business School**Job Experience:**
 - Bucch Energy Limited
 - Bigoz Properties Limited
 - 78 Finance Limited
 - All Ray Group
 - Gonike International Limited

Board Membership: 2019

3. **Name:** Ajaegbu-Bright Uche Gloria
Position: Executive Director
Years of Experience: Over 10 years
Education:
 - B.Sc (Economics) - University of Nigeria, Nsukka
 - MBA- Lagos Business School**Job Experience:**
 - Eternal PLC
 - Conoil PLC

4. **Name:** Aliyu Mohammed Ahmed
Position: Non- Executive Director
Profession: Banking and Finance Specialist
Years of Experience: Over 35years
Education:
 - Bsc. - Amhadu Bello University, Zaria
 - Fellow, International Management Consultants
 - PhD - Common Wealth University London**Job Experience:**
 - Union Bank Plc
 - Blackstone Capital
 - Acorin Telecommunications Limited
 - Haltrust Telecommunications Nigeria Limited
 - Tracom Nigeria Limited
 - Duah Capital Services Limited

Board Membership: 2022

5. **Name:** Micheal Shobukola
Position: Non-Executive Director
Profession: Real Estate Investor and Automobile Dealer
Years of Experience: Over 10 years
Education:
 - B.Sc - Lead City University
 - M.Sc - University of East Anglia, UK**Job Experience:**
 - Strongmas Residence Development

- Strongmas Residence Development
- Cerebral Homes and Construction

Board Membership: 2022

- 6. Name:** Agbolade Matuluko
Position: Non-Executive Director
Profession: Financial consultant
Years of Experience: Over 30years
Education:
 - HND (Accountancy) - Federal Polytechnic Ilaro
 - Institute of Chartered Accountants of Nigeria (ICAN)**Job Experience:**
 - Moniman Investments Limited
 - Capital Alliance
 - Arthur Anderson**Board Membership:** 2022

TRANSPORTATION SECTOR REVIEW

Nigeria is the leading economy in Africa. It has a population of over 200 million people. Nigeria Gross Domestic Product (GDP) grew by 3.98% (year-on-year) in real terms in the fourth quarter of 2021. This is a sustained positive growth for the fifth quarter since the recession witnessed in 2020 when output contracted due to the Covid-19 pandemic.

The fourth quarter growth indicated a steady economic recovery accounting for annual growth of 3.40% in 2021. This was higher than the 0.11% growth rate recorded in Q4 2020 by 3.87% points and lower than 4.03% recorded in Q3 2021 by 0.05% points. The Non-Oil economy grew by 4.73% in the quarter from a year earlier, bolstered by a 3.58% growth in Agriculture and 5% in Services.

Trade was the second largest contributor to Nigeria's GDP in the year 2021. It accounted for 15.7% of the Country's GDP. This placed it second to the Agricultural Sector (25.08%) but ahead of Information and Communication (15.5%) and Manufacturing (9%).

The Transportation industry as an important part of the economy is key to the success of the trade sector. From its relevance in the delivery of raw materials during manufacturing to getting finished goods to the end users.

However, in Nigeria, the industry is largely constrained by poor road infrastructure. This is in addition to dearth of professional drivers leading to accidents and loss of valuables on the highway. In haulage and logistic sub-sector, the challenge is further compounded by theft of goods-in-transit and use of trucks for activities other than the primary business by unscrupulous drivers.

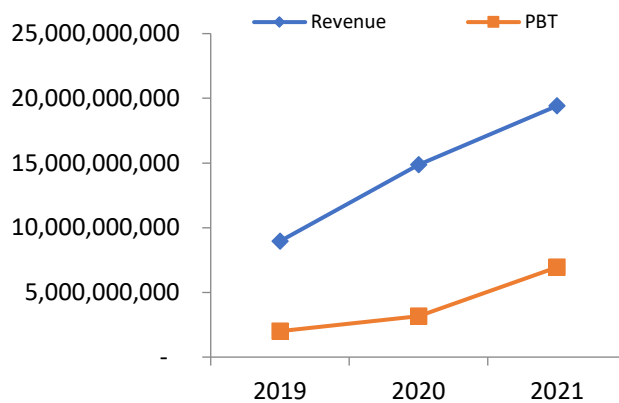
The Russia-Ukraine war which started in Q1 of 2022 has compounded the energy crisis globally by way of increased oil prices. The transportation and logistics sectors

are facing huge energy crisis with high cost of diesel threatening continuous operation. Survival in the sector depends on ability to pass increase in cost to the consumer.

FINANCIAL PERFORMANCE

• EARNING PROFILE

REVENUE GROWTH (2019 - 2021)



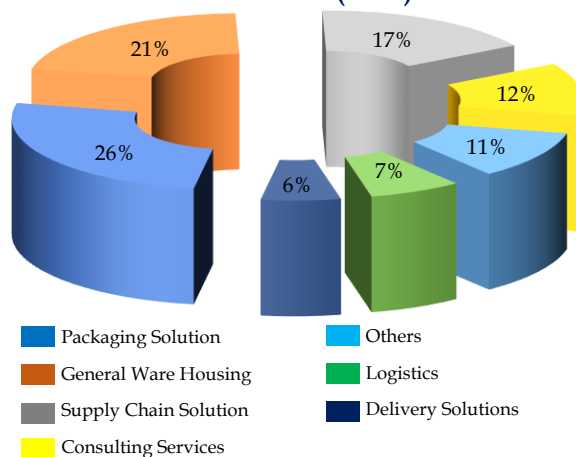
Source: Bigoz Logistics Limited

The Company has a diversified revenue base. Earnings were sourced during the year from Supply Chain Solutions, Consulting, Logistics, Delivery Solutions, Custom Clearance and Courier Services including Specialized Warehousing. Packaging Solutions which accounted for over 26% of the total Revenue contributed the most.

Earnings demonstrated improvement in the period under review as Revenue was up by 31%. This was underpinned by additional

investments in vehicles leading to increase in operating capacity and ability to tap into growing market demand. Consequently, all business segments recorded increases in Revenue.

PRODUCT CONTRIBUTION TO TOTAL EARNINGS (2021)



Source: Bigoz Logistics Limited

Total Revenue in the year 2021 was ₦19b. As at April 2022, the Company already recorded Gross Earnings of ₦7.7b. This is a 35% increase above the amount earned in April, 2021.

Direct Costs linked to recognized Revenue went up by 72% in 2020. Following the implementation of cost containment strategies by the Company in the year 2021, Direct Costs grew marginally by 8% from ₦10.3b (Yr. 20) to ₦11.1b (Yr. 21). On account of the slow growth in

Direct Cost, Gross Profit margin increased from 31% (Yr. 20) to 43% (Yr.21).

• PROFITABILITY

Item	2021	2020	2019
Gross Profit	8,315,799,379	4,577,489,677	2,982,162,319
Total Expenses	1,314,768,694	1,420,583,971	978,993,364
Profit Before Tax	6,940,289,407	3,156,905,706	2,003,168,955

Source: Bigoz Logistics Limited

Operating Expenses declined from ₦1.4b (Yr. 20) to ₦1.3b (Yr. 21). Decreases in Personnel and Motor Expenses as well as Printing Cost dragged down the total operating Expenditure during the year under review. After accounting for these costs, the Company reported a Profit Before Tax of ₦7.0b (Yr. 21) as against ₦3.2b (Yr.2). Net profit margin, Return on Assets and Return on Equity recorded 36%, 62%, and 81% respectively during the year under review.

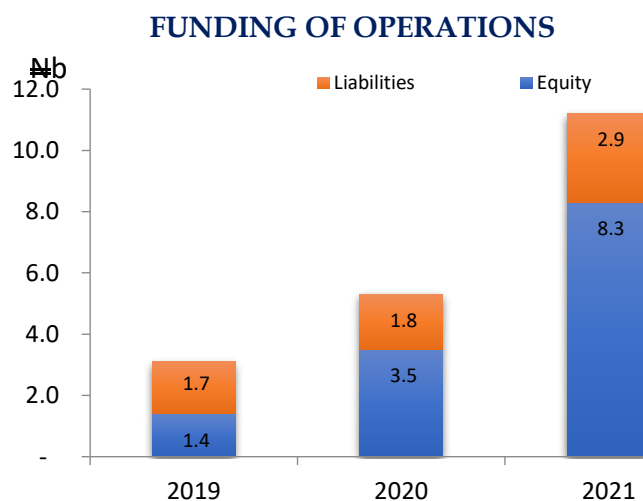
The four months ended, April, 2022 saw Pre-Tax Profit at ₦3.3b from ₦2.0b recorded in the previous period.

• CAPITALISATION

BREAKDOWN OF THE TOTAL ASSET

ITEM	2021	%
Current Asset	10,547,756,659	94%
Non-current Asset	653,713,006	6%
Total Asset	11,201,469,665	100%

The Company's Asset base grew significantly from ₦5.3b (Yr. 20) to ₦11.2b (Yr. 21) with Current Asset accounting for about 94%. Share Capital and Deposit for Shares remained same at ₦25m and ₦100m for the year 2021 respectively. Supported by the rise in Retained Earnings, Equity advanced to ₦8.6b (Yr. 21) from ₦3.9b (Yr. 20).



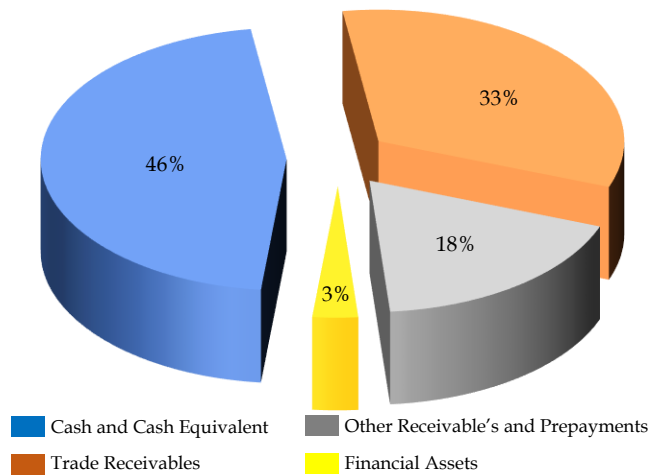
Source: Bigoz Logistics Limited

Share Capital and Deposit for Shares remained same at ₦25m and ₦100m for the year 2021 respectively. Supported by the rise in Retained Earnings, Equity advanced to ₦8.6b (Yr. 21) from ₦3.9b (Yr. 20). Consequently, Equity funding of total assets rose to 74% (Yr. 21) from 67% (Yr. 20).

Liabilities were mostly current in the year 2021. These amounted to ₦2.8b compared with ₦1.4b recorded in 2020. The bulk of liabilities was Current Tax Payable of ₦2.2b in the year 2021. Long term liability stood at ₦350m for the year 2020 and 2021. There was no Interest-Bearing Liability in the books of the Company as at the year ended 2021

• **ASSET UTILITY**

COMPOSITION OF CURRENT ASSETS (2021)

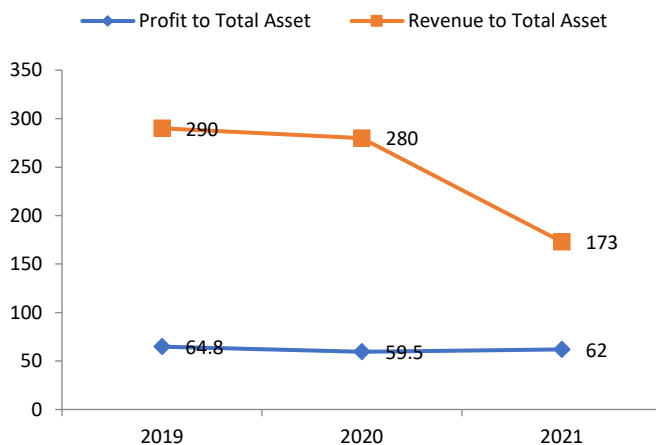


Source: Bigoz Logistics Limited

The Company has over 20 Trucks with which it runs its operations. Non-Current Assets accounted for 6% of Total Assets during the period under review. However, its aggregate value was down by 1% following depreciation charge during the year. Properties, Plant and Equipment make up for total Non-Current Assets during the period

Short-Term Assets has been characterized by higher Receivables and large Cash holdings. Receivables and Prepayments accounted for 69% of Short-Term Assets with cash making up for the remaining portion.

ASSETS UTILIZATION TREND (2019-2021)



Source: Bigoz Logistics Limited

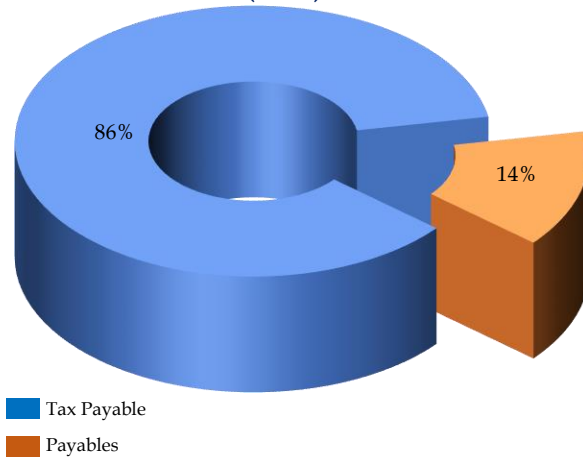
The Company could not match its previous Asset Utilization performance during the year 2021. Ability to generate Revenue using assets declined from 280% (Yr.20) to 173% (Yr.20). Revenue growth could not match the increase in Company's Assets. However, Return on Total Assets for the year under review grew from 60% (Yr. 20) to 62% (Yr.21).

• **LIQUIDITY**

As at 31 December 2021, Total Liabilities stood at ₦2.9b, representing a 66% increase from the previous year. This was due to the increase in Current Liabilities. As at the year-end, Current Liabilities accounted for 88% of the Company's total Obligations. The Non-Current Liabilities accounted for the balance of 12%.

The Current Liabilities went up by 83%. It comprised of Payables to Clients and Vendors, Other liabilities and Tax Payable

COMPOSITION OF CURRENT LIABILITIES (2021)



Source: Bigoz Logistics Limited

Long Term Liabilities stood at ₦350m for the year 2020 and 2021. It comprised of Directors’ Loan of ₦250m and Deposit for Shares of ₦100m. Directors’ Loan represents additional fund provided as part of working capital requirement.

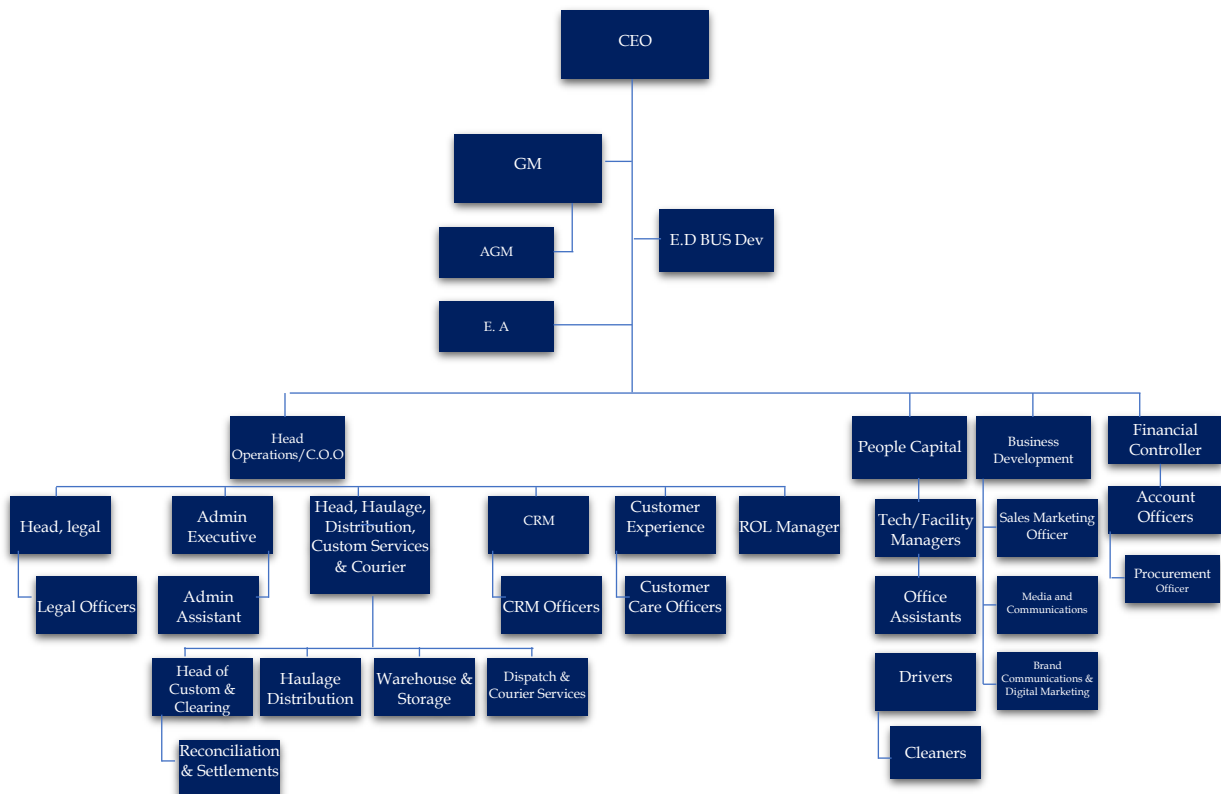
The operating cashflow rose by 38% to ₦2.8b (Yr.21). Ability to settle short term obligations using Liquid Assets increased from 327% (Yr.20) to 406% (Yr.21).

CORPORATE GOVERNANCE & RISK MANAGEMENT

The affairs of the Company are directed by its Board of Directors which consists of Two (2) Executive and four (4) Non-Executives (Including the Chairman).

The Company recognizes that it has Credit Risk, Interest Rate Risk, Liquidity Risk and Internal Operation Risk. In line with details contained in its annual report, the Company has in place measures to deal with its various risks.

CORPORATE ORGANOGRAM



Source: Bigoz Logistics Limited

REGULATORY ENVIRONMENT

The Operation of the Company is regulated by the *Corporate Affairs Commission (CAC), Courier and Logistics Regulatory Department (CLR) of the Nigeria Postal Service (NIPOST), Standards Organization of Nigeria (SON) and Nigeria Customs Service (NCS).*

RISK FACTORS

In the course of our review, we observed the following risks.

- **LIQUIDITY RISK**

This is the risk that the Company will be unable to pay its obligations when they fall due.

Based on our review, the Company maintained a healthy Current Ratio of 406% as at year end 2021. Directors' Loans are long-term in nature.

- **CREDIT RISK**

This is the risk arising from the inability of counterparties to honor their obligations as and when due.

Based on our review, the Company's exposure to credit risk is through its Trade and other Receivables. Credit Sales make up for about 32% of the Company's Total Assets.

- **OPERATIONAL RISK**

This is the risk of loss to income arising from failure of people, process, systems and control.

The operation of the Company is largely dependent on the Drivers and their adherence to Company policy. Therefore, adverse behavior from these personnel will adversely affect service delivery and by extension the Company's Income.

FUTURE OUTLOOK

The Company intends to further create value with plans focused on the following:

- Strengthening of its core businesses with capacity for revenue generation and higher profitability in the face of rising costs of operation and continuous devaluation of the Naira. This will be achieved by adopting the following

strategy; service optimization; cost minimization; asset utilization and revenue generation.

- Expansion of trucking activities for large manufacturing companies, improved brand expression and brand enhancement initiatives.

CONCLUSION

The Rating of the Company is supported by its Experienced Management Team, Very Good Liquidity and diversified Income Sources.

Consequently, we assigned a Rating of “A”.

CONCLUSION

	Dec, 2021 ₹'000	Δ%	Dec, 2020 ₹'000	Δ%	Dec, 2019 ₹'000
ASSETS EMPLOYED					
Property, Plant and Equipment	653,713	(1.31)	662,371	888.97	66,976
Cash and Cash equivalents	4,833,426	131.12	2,091,266	4.52	2,000,818
Financial Assets	283,452	216.81	89,472	9.75	81,521.00
Trade Receivables and Prepayments	5,430,879	120.71	2,460,664	160.79	943,544
	11,201,470	111.20	5,303,773	71.48	3,092,859
CAPITAL AND RESERVES					
Share Capital	25,000	-	25,000	-	25,000
Deposit for shares	100,000	-	100,000	-	100,000
Retained Earnings	8,230,420	134.49	3,509,900	157.65	1,362,285
Director's Loans	250,000	-	250,000	-	250,000
Payables	376,281	(8.13)	409,583	(42.69)	714,690
Current Tax Liability	2,219,769	119.93	1,009,291	57.48	640,884
Shareholders Funds	11,201,470	111.20	5,303,774	71.48	3,092,859
REVENUE AND PROFITS					
REVENUE	19,413,481	30.54	14,871,828	66.06	8,955,674
Profit Before Taxation	6,940,289	119.84	3,156,906	57.60	2,003,169
Profit after Taxation	4,720,520	119.80	2,147,615	57.65	1,362,285

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 28 June, 2022

For and on behalf of:
DataPro Limited
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our *short-term* ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long-term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	<i>(Superior)</i> Assigned to companies which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	<i>(Excellent)</i> Assigned to companies which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	<i>(Very Good)</i> Assigned to companies which have very good financial strength, operating performance And profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	<i>(Fair)</i> Assigned to companies which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have an ability to meet their

current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator	Meaning	Explanation
BB	Moderate Risk	<i>(Marginal)</i> Assigned to companies which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	<i>(Weak)</i> Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	<i>(Poor)</i> Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	<i>(Very Poor)</i> Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

SHORT-TERM RATING

Indicator	Meaning	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added “+” to denote any exceptionally strong credit feature.
A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non-investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment. Indicates an entity that has defaulted on all its financial obligations.