

RATING ANNOUNCEMENT

GCR assigns a first-time rating of BBB_(NG)/ A3_(NG) to CIG Motors Company Limited; Outlook Stable.

Rating action

Lagos, 15 June 2026 - GCR Ratings (GCR) has assigned national scale long-term and short-term issuer ratings of BBB_(NG) and A3_(NG), respectively, to CIG Motors Company Limited. The outlook on the rating is Stable.

Rated entity/issue	Rating class	Rating scale	Rating	Outlook
CIG Motors Company Limited	Long-term issuer	National	BBB _(NG)	Stable
	Short-term issuer	National	A3 _(NG)	

Rating rationale

The ratings for Nigeria-based CIG Motors Company Limited (CIG Motors or the company) are supported by strong revenue progression and the company's emerging position as a fast-growing integrated automotive player, aided by strategic expansion into growth-oriented segments. However, the ratings are constrained by weak free cash flows, low interest coverage, and expected increase debt for expansion, which could heighten refinancing and liquidity risks over the next 18 months compared to historically moderate levels.

The competitive position assessment is positive to the ratings, reflecting CIG Motors' expanding position in the passenger, commercial, and electric vehicle (EV) segments of Nigeria's automotive market. The company has gained market share through exclusive distribution rights and partnerships with nine original equipment manufacturers (OEMs), alongside a local semi-knocked down (SKD) assembly plant with a capacity of up to 6,000 units per annum and a growing dealership network. CIG Motors capitalises on favourable government policies, particularly reduced import tariffs on SKD components, and maintains strong relationships with government entities with an increasing strategic focus on corporate fleet demand. In addition, the company plays a key role in promoting the 'LAGRIDE' initiative, supporting the Lagos State Government's push for modernised urban mobility solutions through a regulated, technology-driven ride-hailing platform. Despite its rapid growth and expanding scale, the company remains relatively small within a vast, predominantly informal and fragmented market, where it faces intense competition from imported used vehicles due to affordability issues. Key challenges include a limited capacity utilisation rate (below 40%) amid ongoing expansion, exposure to foreign exchange volatility due to reliance on imported SKD inputs, policy uncertainty, and a limited brand and model mix. Management intends to mitigate some risks through localising the production of certain SKD components, expanding EV production and charging infrastructure, and increasing dealership presence.

The sustainability assessment presents a slight negative impact on the ratings, primarily due to a lean board structure comprising only three members, including the chairperson, who also serves as CEO. This could constrain the board's capacity for effective committee functioning, maintenance of a broad mix of skills, and adequate independence. Management plans to enhance board composition in the near term, particularly in anticipation of a public listing within the next 12 to 24 months.

Earnings is a major positive rating factor, with a strong revenue trajectory over the past five years (5-year CAGR: 80%), albeit from a low base. Growth is driven by a 30% average annual increase in volume and substantial price adjustments

linked to Naira devaluation and inflation between 2023 and 2025. Passenger and commercial vehicles account for a combined 68% of the revenue mix, while the EV segment has also gained traction since its introduction in 2023, contributing 22% of revenue in 2025 (2024: 18%). Despite increasing market penetration by other brands, earnings remain highly concentrated to the GAC brand, which accounts for over 70% of revenue in 2025. Sustained, albeit less aggressive turnover growth is expected in 2026 and 2027, reflecting a balance between historical budget underperformance and the potential for sales expansion following capital investments in 2025. The impact of ongoing capacity expansion is anticipated to materialise by the end of 2027, although remaining sensitive to government policy changes. EBITDA margin compression is also expected over the rating horizon (13%-15%) compared to a historical average of c.18%, driven by increased vehicle procurement costs and limited price flexibility due to competition from used car imports. Long-term margin recovery may be supported by enhanced scale efficiency and additional income from ancillary services.

Leverage assessment is ratings negative due to weak and volatile free cash flows, low interest coverage, and the projected spike in debt over the outlook period. Net operating cash flow has been negative in most years, driven by rising working capital needs related to inventory accumulation and prepayments for SKD imports. Interest coverage has also been volatile (Q1 2026: 2.4x; 2025: 5.4x), affected by persistent debt increases and a high-interest rate environment. Management plans to raise approximately NGN170 billion (USD124.7 million) in additional debt over the next 18 months to support various expansion projects and joint venture commitments with partner OEMs. Modest improvements in operating cash flow coverage of debt are expected, driven by inventory releases from accumulated stocks towards the end of 2025 and improved supplier credit terms. However, interest coverage is projected to remain below 3x during the outlook period due to rising debt levels. The capital structure benefits from access to a diverse funding base and no exposure to foreign currency debt.

Liquidity is a negative rating factor, indicating potential stress from aggressive capital spending and investment commitments (cumulative NGN280 billion) through 31 December 2027. In addition to scheduled debt repayments of approximately NGN50 billion, the company plans to repay around NGN131.3 billion of shareholders' capital contributions received in 2025, further straining liquidity. Funding for these obligations is expected through a planned bond issuance and proceeds from an initial public offering of about NGN300 billion in 2027. While these liquidity outflows could be curtailed or staggered if planned funding does not materialise, higher-than-expected leverage may exert significant pressure on liquidity, given limited cash reserves as of 31 March 2026 (NGN1.4 billion) and reliance on operating cash flows for internal liquidity support.

Outlook statement

The Stable outlook indicates our expectation of sustained earnings growth and cash flows, which will partially mitigate the potential impact of increased debt. We anticipate careful project execution alongside effective liquidity management and debt control during this expansion phase. Furthermore, we foresee favourable repayment terms on shareholder loans that prioritise external creditors and address internal working capital requirements.

Rating triggers

The ratings may be upgraded upon the demonstration of sustained positive cash flow from earnings, which would reduce reliance on debt funding and alleviate liquidity pressures. Additionally, a successful equity raise that substantially covers capital expenditures and investment needs could lower gearing and debt service obligations, facilitating an upgrade. Conversely, the ratings may be downgraded in response to significant debt-funded cash outflows that increase leverage and further weaken interest coverage. This scenario would also involve heightened debt repayments, which, combined with shareholder loan refunds, could exert considerable pressure on liquidity and prompt a downgrade.

Analytical contacts

Primary analyst Lagos	Samuel Popoola Samuel@GCRratings.com	Sector Head: Corporates (LRG) +234 1 904 9462
Secondary analyst Lagos	Awujoolaoluwa Odujinrin Awujoolaoluwao@GCRratings.com	Associate Analyst: Corporates & Public Sector Debt +234 1 904 9462
Committee chair Johannesburg	Eyal Shevel Shevel@GCRratings.com	Sector Head: Corporate & Public Sector Debt +27 117 841 771

Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
GCR Country Risk Scores, May 2026
Criteria for Rating Corporate Entities, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Nigeria Corporate Sector Risk Scores, June 2026

Ratings history

CIG Motors Company Limited

Rating class	Review	Rating scale	Rating	Outlook	Date
Long-term issuer	Initial/last	N/A	N/A	N/A	N/A
Short-term issuer	Initial/last	N/A	N/A		

Risk score summary

Rating Components & Factors	Score
Operating environment	6.25
Country risk score	3.75
Sector risk score	2.50
Business profile	0.25
Competitive position	0.50
Sustainability	(0.25)
Financial profile	(0.50)
Earnings profile	0.50
Leverage & capital structure	(0.50)
Liquidity	(0.50)
Comparative profile	0.00
Group support	0.00
Peer comparison	0.00
Total Risk Score	6.00

Glossary

Bond	A long term debt instrument issued by either a company, institution or the government to raise funds.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Credit	A contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Downgrade	The rating has been lowered on its specific scale.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
Gearing	Gearing (or leverage) refers to the extent to which a company is funded by debt and can be calculated by dividing its debt by shareholders' funds or by EBITDA.
Initial Public Offering	The first offering of shares to the public by a private or state owned company. IPOs are used by companies to raise new funds, or to achieve a listing on a stock exchange.
Interest Rate	The charge or the return on an asset or debt expressed as a percentage of the price or size of the asset or debt. It is usually expressed on an annual basis.
Joint Venture	A project or other business activity in which two persons or companies partner together to conduct the project.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Operating Cash Flow	A company's net cash position over a given period, i.e. money received from customers minus payments to suppliers and staff, administration expenses, interest payments and taxes.
Rating Horizon	The rating outlook period
Refinancing	The issue of new debt to replace maturing debt. New debt may be provided by existing or new lenders, with a new set of terms in place.
Repayment	Payment made to honour obligations in regards to a credit agreement in the following credited order: 3.) Satisfy the due or unpaid interest charges; 4.) Satisfy the due or unpaid fees or charges; and 5.) To reduce the amount of the principal debt.
Shareholder	An individual, entity or financial institution that holds shares or stock in an organisation or company.
Upgrade	The rating has been raised on its specific scale.
Working Capital	Working capital usually refers to the resources that a company uses to finance day-to-day operations. Changes in working capital are assessed to explain movements in debt and cash balances.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- 2024 audited annual financial statement, and prior three years annual financial statements;
- Management accounts for the financial year end 31 December 2025;
- Management accounts for the period ended 31 March 2026;
- Internal and/or external management reports;
- A breakdown of credit facilities available and related counterparties;
- Information specific to the rated entity and/or industry was also received;
- Exchange Rate Source: Central bank of Nigeria | Spot exchange rate as of 11 June 2026: NGN1,363.33/USD.

© 2026 Global Credit Rating Company Limited and/or its licensors and subsidiaries (collectively, "GCR"). All rights reserved.

CREDIT RATINGS ISSUED BY GCR ARE GCR'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY GCR (COLLECTIVELY, PUBLICATIONS) MAY INCLUDE SUCH CURRENT OPINIONS. GCR DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE. SEE APPLICABLE GCR RATING SCALES, SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY GCR'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: FRAUD, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS") AND OTHER OPINIONS INCLUDED IN GCR'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL OR HOLD PARTICULAR SECURITIES. GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. GCR ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING OR SALE.

GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT GCR'S PRIOR WRITTEN CONSENT.

GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by GCR from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. GCR adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources GCR considers to be reliable including, when appropriate, independent third-party sources. However, GCR is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, GCR, its affiliates and its and their directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if GCR or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by GCR.

To the extent permitted by law, GCR, its affiliates and its and their directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, GCR or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY GCR IN ANY FORM OR MANNER WHATSOEVER.

GCR hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) rated by GCR have, prior to assignment of any credit rating, agreed to compensate GCR for the provision of those credit ratings opinions and services rendered by it. GCR also maintains policies and procedures to address the independence of GCR's credit ratings and credit rating processes.