



**Africa Prudential**

RC 649007



**2017**

**FULL YEAR RESULTS PRESENTATION TO INVESTORS & ANALYSTS**



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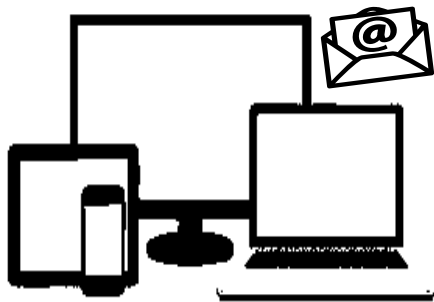
## AFRICA PRUDENTIAL OVERVIEW



Most capitalized registrar in the country with share capital of 2billion units



First and only registrar firm listed on the Nigerian Stock Exchange

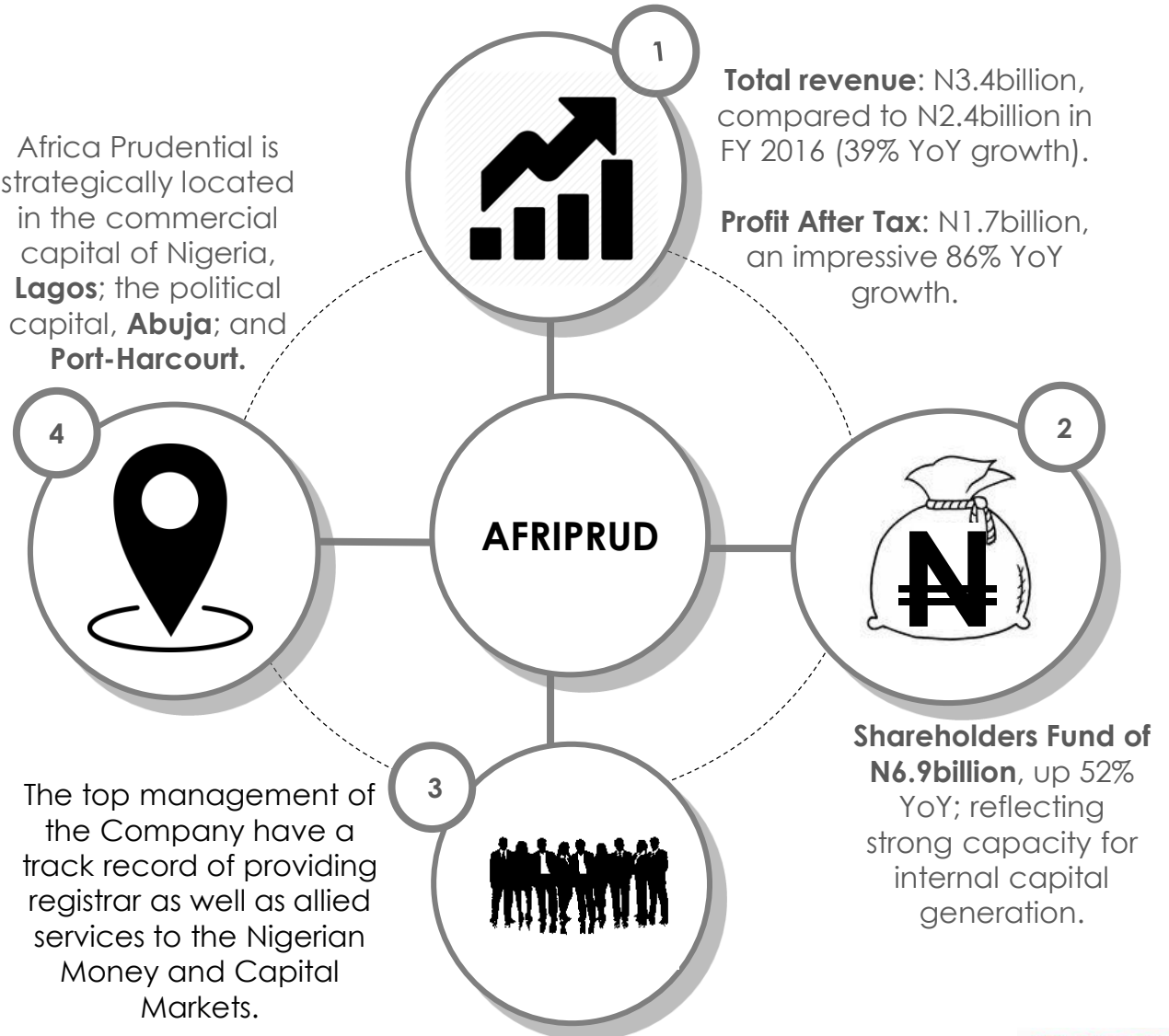


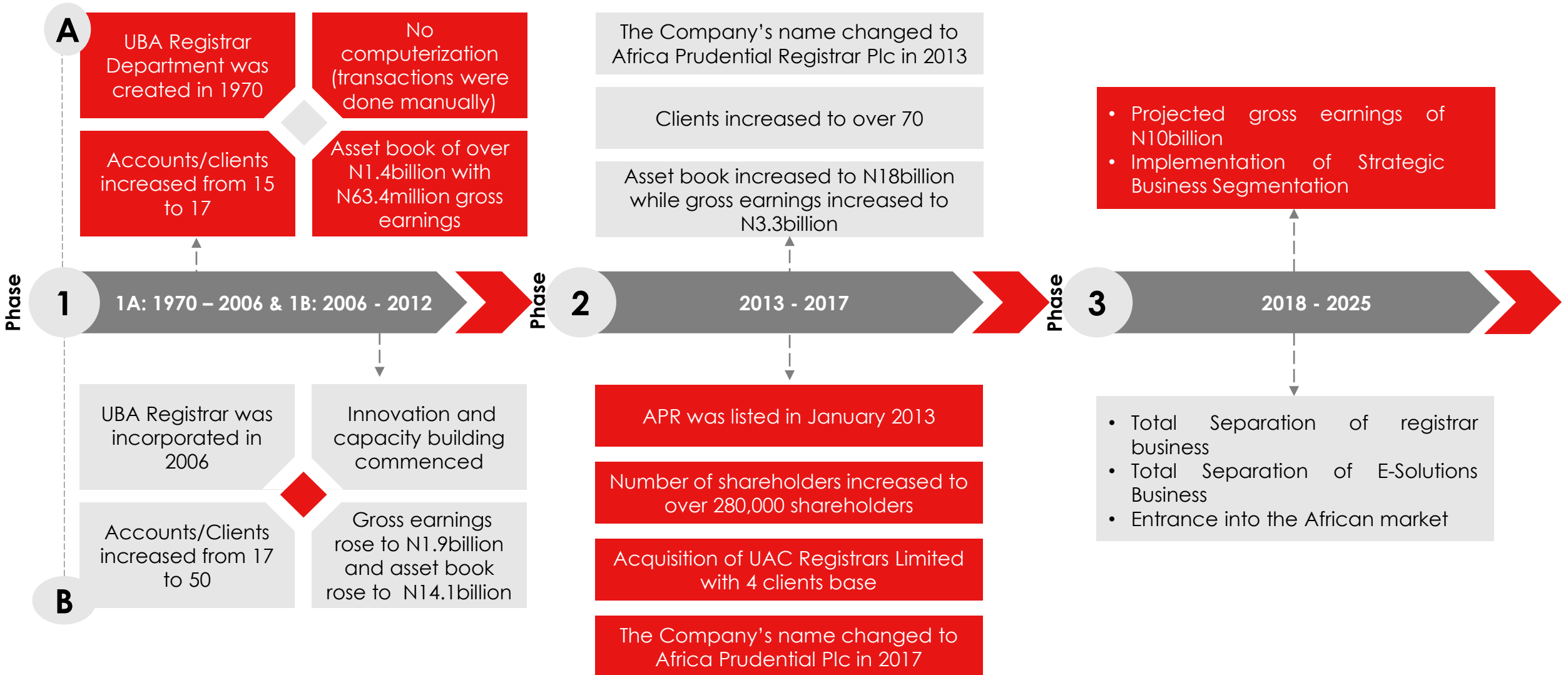
First among corporate registrars for its technological innovations

Over  
**70**  
Clients

Manages 75 client registers, made up of over 3million shareholders

Africa Prudential is strategically located in the commercial capital of Nigeria, **Lagos**; the political capital, **Abuja**; and **Port-Harcourt**.







Over the next 7 years, Africa Prudential is poised to be #1 in Nigeria, with an aspiration to expand into the African market, driven by technology and reinforced by a strong capital base.



#1 In  
Nigeria



To Penetrate  
Other African  
Markets

Implementation of Strategic  
Business Segmentation

Total Separation of Registrar  
Business

Total Separation of E-Solutions  
Business

Entry Into the African Market

Market Leader with Technology  
And Innovation

Sustain Strong Capital Base



### Phase One: 1A: 1970 – 2006 & 1B: 2006 - 2012

- ✓ First registrar portal developed in 2008
- ✓ Most profitable subsidiary of UBA group in 2009
- ✓ Engaged in debt recovery, process review/reengineering as well as brand resuscitation
- ✓ Created a Strategic Business Transformation Department
- ✓ First registrar company to pay e-dividend in 2007

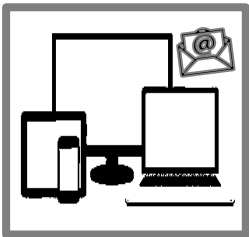
### Phase Two: (2013 - 2017)

- ✓ The Company was listed on the Nigerian Stock Exchange in January 2013
- ✓ 1 billion share right issue (over subscribed by 125%)
- ✓ International Quality Crown Award 2013
- ✓ Best Top 25 CEOs Award 2013
- ✓ Commencement of Blue Ocean Strategy as well as market focus on the Cooperative Sector
- ✓ Setting up the structure for business segmentation (Registrars, E-Solution and Africa Focus)
- ✓ Best Profit Margin Ratio Company - PEARL Award 2015
- ✓ Best Corporate Governance Company in Nigeria, PEARL Award 2015
- ✓ Best Registrar Firm in West Africa - 2017, Africa-Canada Trade Alliance, West Africa Innovation and Excellence Awards
- ✓ Robust Internal Control mechanism and Corporate Governance structure that support operations

Information Technology 01

Easy Access 02

User Friendly 03



**Information Technology**

- IT is the bedrock of our digital aspirations and innovation.
- Our track record of being first in innovative products is driven by our belief that IT is key to our survival as a company.



**Easy Access**

- Our platforms can be easily accessed through various devices such as laptops, smartphones etc.
- Our simplified USSD code also provides easy access to our various products.



**User Friendly**

- Our technology has been designed to be highly user friendly with an interface that enables our clients to have the best experience.



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## OPERATING ENVIRONMENT

### REGULATORY ENVIRONMENT

- The Securities and Exchange Commission (SEC) has directed the stoppage of dividend warrant issuance effective 1st January 2018.
- Furthermore, SEC also announced the extension of free e-dividend mandate registration window to 28th February 2018. Consequently, e-dividend mandate enrolment after 28th February 2018 will attract a fee.
- The Commission also hinted on plans to commence enforcement of electronic transmission of annual reports. The pilot scheme commenced in 2017.
- In line with the Commission's directive on mandatory consolidation of multiple shareholding accounts, the Commission further extended the forbearance window for multiple accounts consolidation to 31st March 2018 to enable shareholders with such accounts in the same company to consolidate the accounts.
- SEC has also mandated all investors to key into the Direct Cash Settlement (DCS) initiative effective 1st September 2017. The DCS initiative allows proceeds of shares sold to settle directly into an investor's account as against through the broker's account.

### THE DOMESTIC ECONOMY

- The Nigerian economy finally exited recession by Q2 of 2017 after 5 consecutive quarters of contractions.
- The recovery was driven largely by growth in international crude oil prices which traded at an all-time high of US\$52.4 per barrel by close of 31st December 2017 and growth of the agricultural, manufacturing and trade sectors.
- Inflation dropped by 282 basis points from 18.72% in January to 15.9% in November 2017. The exchange rate also stabilized, with the Naira exchanging for the US Dollar at an average of N360/USD.

### CAPITAL MARKETS

- The Nigerian capital market witnessed gradual recovery from its bearish trend which persisted for the first 6 months of 2017 with investors on the Nigerian Stock Exchange (NSE) gaining around N4.3 trillion by end of 2017 as capitalization grew by 47%.
- This was influenced by improved half year reports of some major stocks and increased foreign portfolio investment.
- Throughout the year, there was no new public offer for subscription.
- But in a show of a positive sign of gradual recovery, towards the last quarter of 2017, the market witnessed a respectable number of Rights Issues which were all remarkably successful.



### Monetary policy – Interest Rate

- At all the MPC meetings held in 2017 (Jan, Mar, May, Jul and Sept, Nov), the MPC decided to retain all monetary policy instruments at their current levels; MPR at 14.0%, MPR Corridor at -500bps and +200bps, CRR at 22.5% and Liquidity Ratio at 30.0%.
- Fixed income yields moderated slightly but remained elevated as a result of the continued tight monetary policy environment during the period.

### Exchange Rate

- The introduction of the Investor and Exporters (I&E) Window has stimulated foreign currency inflows, and moderated the pressure on the Naira. Whist the FX market remains fragmented, liquidity has improved and rates at the parallel market and I&E Window have converged around N360/USD.
- Most market participants, including portfolio flows, payments for services, dividend payments as well as demand for the import of finished goods continue to transact in the window.

### Inflation Rate

- Headline inflation moderated for the 11th consecutive month to 15.13% in December 2017 as it continues to ease. The inflation rate was 18.72% in January 2017.
- Food inflation remains high at 19.42% (though it eased 88bps in November), due partly to the impact of the Boko Haram insurgency on farming activities, trade, as well as logistics in the agrarian North-Eastern part of the country.
- Core inflation has however been relatively subtle, reaching its lowest at 12.1% in December 2017, as improved foreign currency liquidity moderates the rise in non-food consumer good prices.

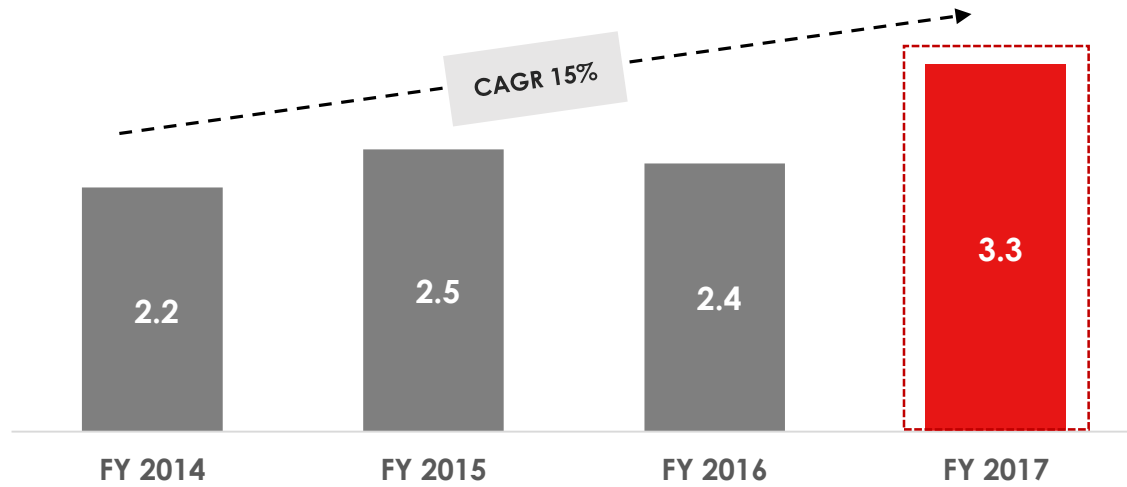
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## FINANCIAL OVERVIEW

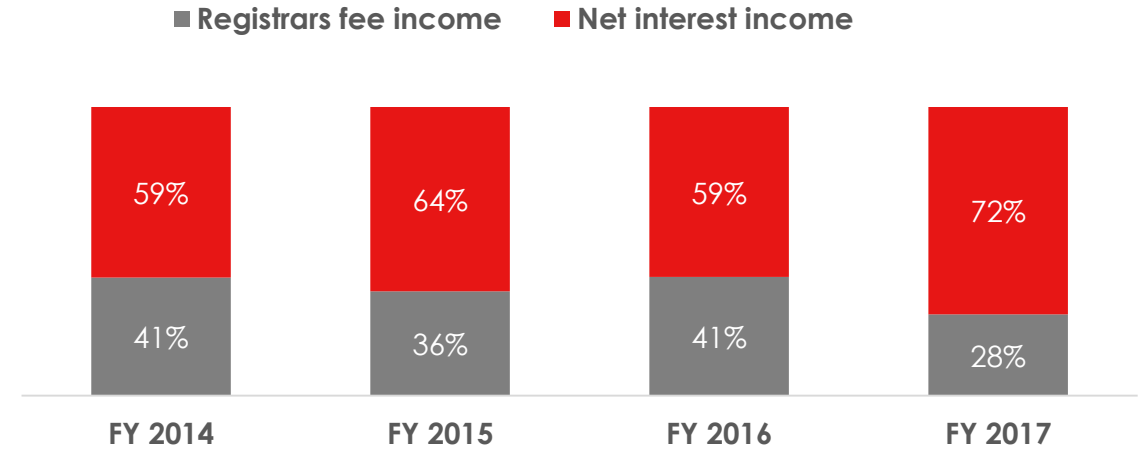


<b>Financial Metric (N' Billion)</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>Change</b>
Turnover	3.37	2.42	+39.14%
Operating Expenses	1.29	1.00	+29.58%
Profit Before Taxation	2.07	1.45	+42.95%
Profit After Taxation	1.71	1.02	+68.25%
EPS (Kobo)	0.85	0.51	+66.67%
Total Assets	21.93	16.82	+30.39%
Total Liabilities	14.99	12.27	+22.19%
Total Equity	6.94	4.55	+52.49%

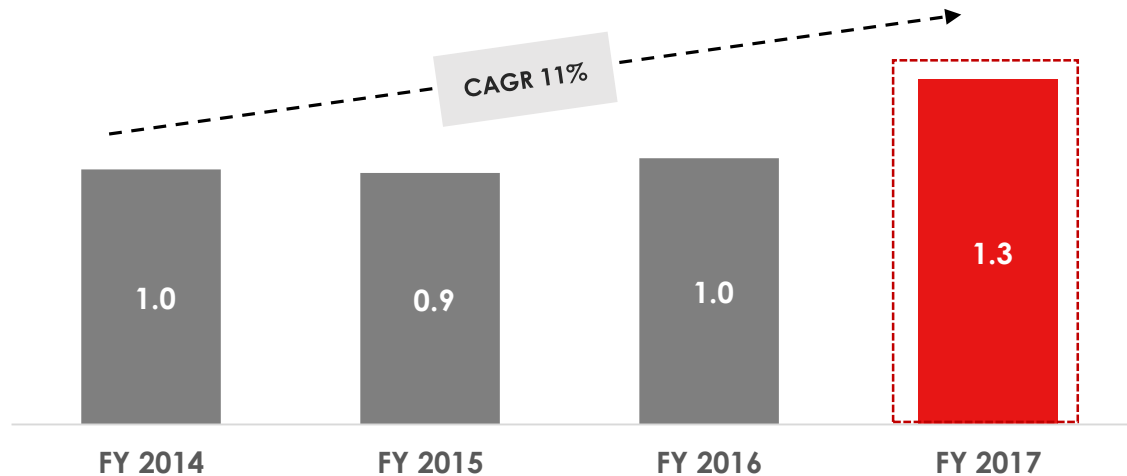
Gross Earnings (N' billion)



Break Down of Gross Earnings (%)



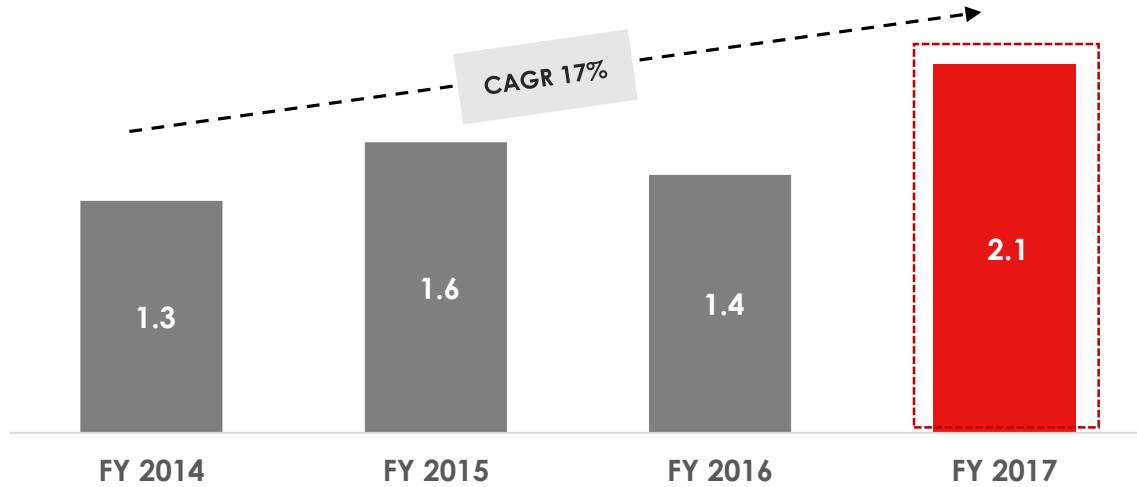
Operating Expenses (N' billion)



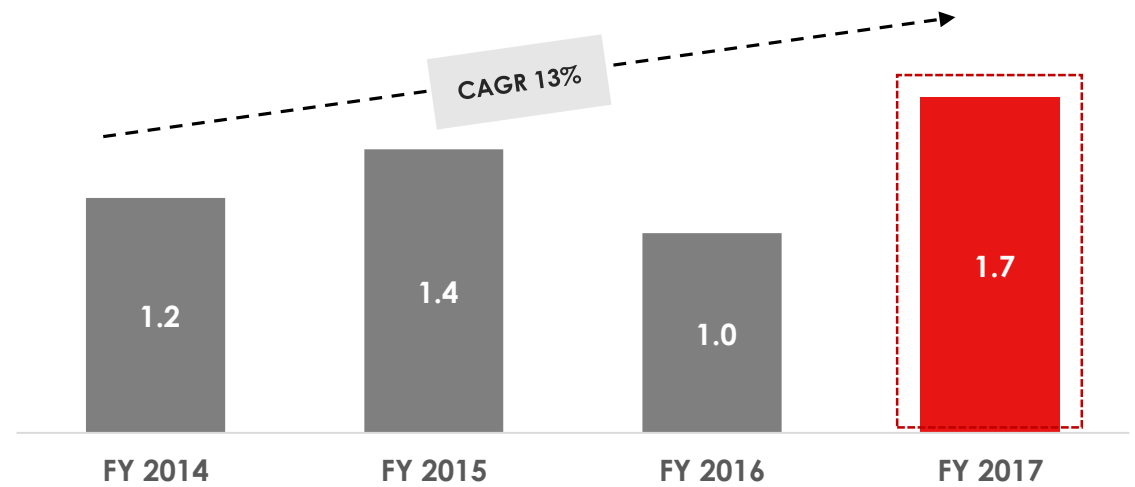
- Over the last 4 years, Africa Prudential grew earnings by 15% CAGR, leveraging on enhanced innovative offerings and efficient management of investment activities.
- Net Interest Income, which contributed 72% of Gross Earnings, reached its peak, driven largely by efficient management of investment activities.
- Operational Expenses increased by 29.58% year on year. This was largely due to technological advancement, business expansion, product development and other promotional activities



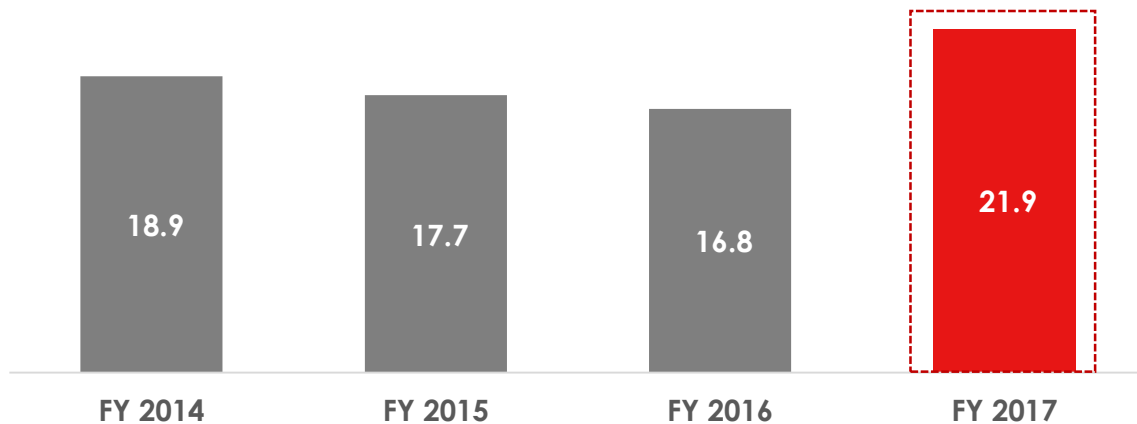
Profit Before Tax (N' billion)



Profit After Tax (N' billion)

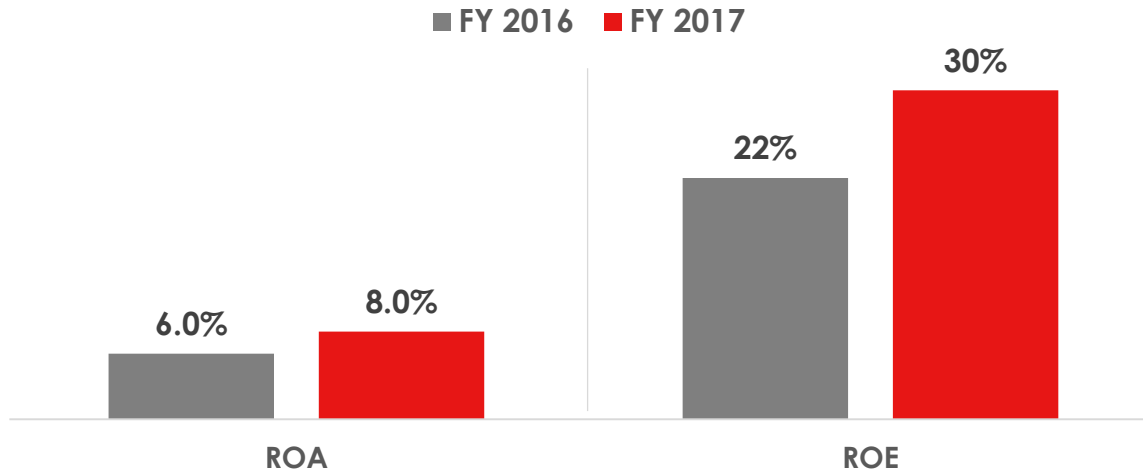


Total Assets (N' billion)

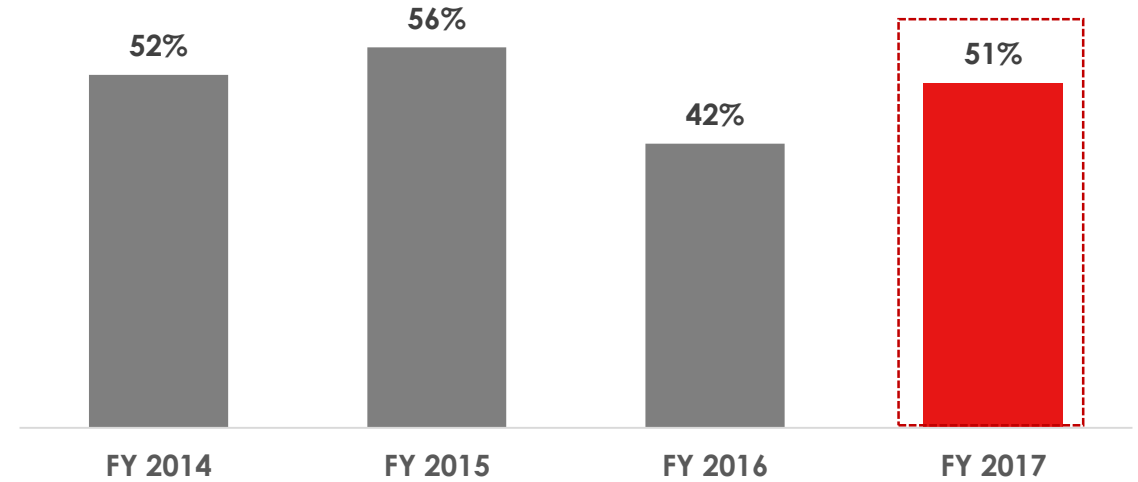


- Profit Before Tax also grew 17% CAGR over the last 4 years representing a strong profitability standing.
- The Company recorded an impressive 68.25% year on year Profit After Tax to N2.1billion, representing the highest profit in the 4-year period.
- In spite of the economic recession in Nigeria, the Company's Total Assets grew by 30.39% year on year, buoyed majorly by cash and cash equivalents.

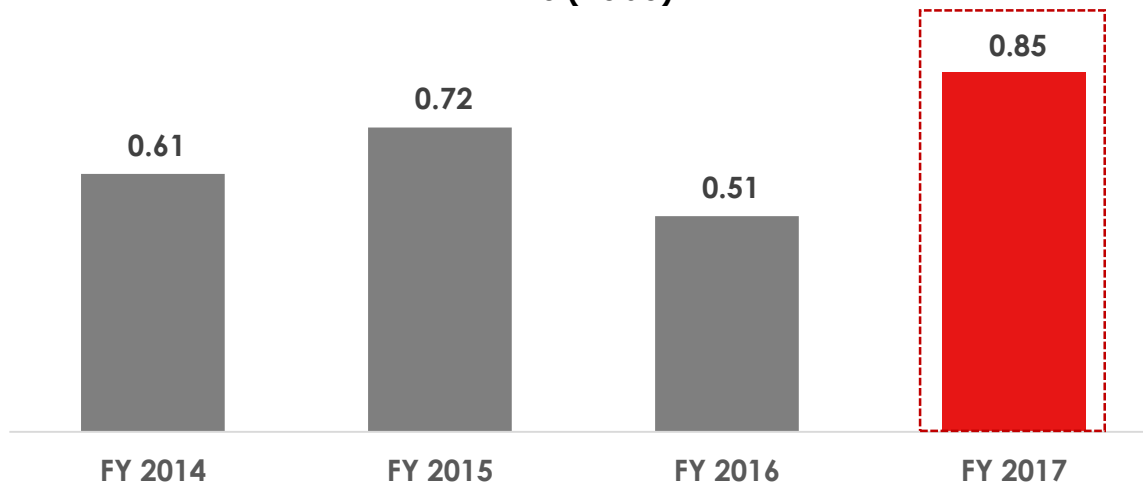
### Return on Asset & Equity (%)



### Profit Margin (%)



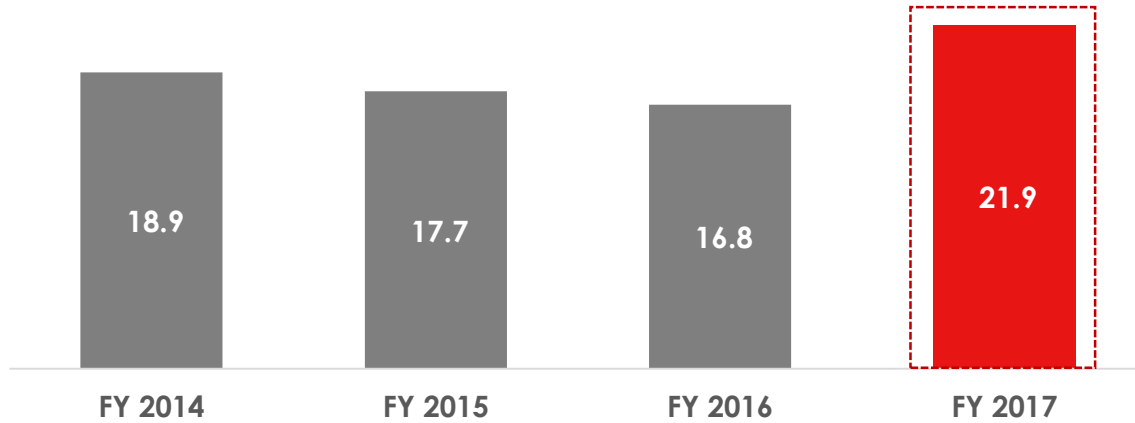
### EPS (Kobo)



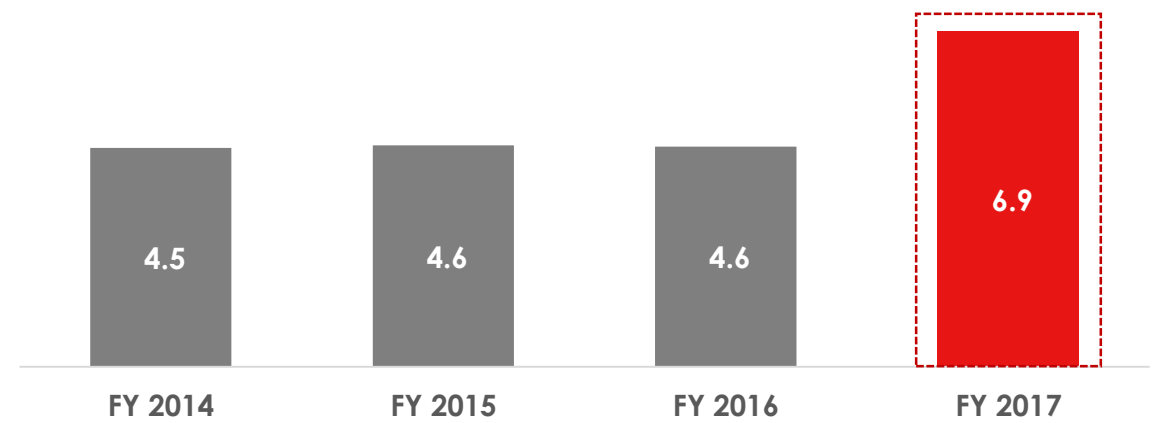
- The Return on Assets (ROA) increased marginally by 2.0% due to increase in balance sheet size.
- Annualized 2017 Full Year Return on average Equity was C.30%, 8% above FY 2016.
- Earnings Per Share also increased to 85 Kobo in 2017 as a result of the strong profitability standing of the Company.



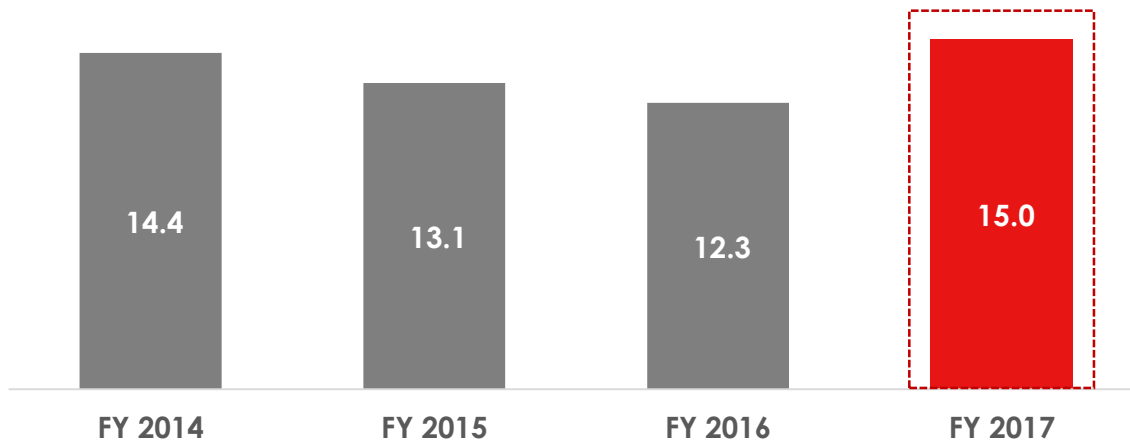
### Total Assets (N' billion)



### Shareholders Fund (N' billion)



### Total Liabilities (N' billion)



- In spite of the economic recession in Nigeria, the Company's total assets grew by 30.39% year on year, buoyed majorly by cash and cash equivalents.
- Total shareholders funds grew 52.5% year on year due to increase in retained earnings.
- The Company's total liability increased marginally by 1% CAGR over the last 4 years representing effective liability management

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## 2018 OUTLOOK & KEY TAKEAWAY

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		2017 Actual	2018 Guidance
1	Total Revenue	₦3.4Bn	₦3.8Bn
2	Professional Fee Income	₦993Mn	₦1.3Bn
3	Net Interest Income	₦2.38Bn	₦2.3Bn
4	Operating Expense	₦1.3bn	₦1.4bn
5	Profit Margin	51%	55%
6	Return On Equity	30%	32%
7	Return On Assets	8%	9%



Strong technological capabilities, serving over 70 clients with 3 million shareholders

First and only listed Registrar firm in Nigeria with ambitions to grow into the African Market

Despite tight regulatory directives, the Company continues to post strong results with an impressive 72% of gross earnings from non-registrar fees

A dedicated and experienced management team with proven track record

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APPENDIX

<b>In thousands of Nigerian Naira</b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
Registrars fee income	935,434	994,394
Net interest income	2,380,382	1,424,109
<b>Gross earnings</b>	<b>3,315,816</b>	<b>2,418,503</b>
Other income	49,196	29,214
Impairment loss on financial assets	(157,296)	(147,460)
Personnel expenses	(327,144)	(353,413)
Other operating expenses	(630,849)	(455,492)
Depreciation and amortization	(52,126)	(45,416)
Finance charges	(130,703)	-
<b>Profit before tax</b>	<b>2,066,894</b>	<b>1,445,936</b>
Income tax expense	(352,116)	(426,763)
<b>Profit after tax</b>	<b>1,714,778</b>	<b>1,019,173</b>
Other Comprehensive Income, net of income tax		
Items that will not be reclassified subsequently to profit or loss:	-	-
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on quoted equity	169,335	29,741
Fair value gain/(loss) on unquoted equity	1,104,598	(213,108)
Other comprehensive income, net of income tax	1,273,933	(183,367)
<b>Total comprehensive income</b>	<b>2,988,711</b>	<b>835,806</b>
<b>Basic earnings per share (kobo)</b>	<b>86</b>	<b>51</b>

## STATEMENT OF FINANCIAL POSITION

In thousands of Nigerian Naira	31-Dec-17	31-Dec-16
<b>ASSETS</b>		
Cash and cash equivalents	9,192,490	4,666,989
Financial assets (Available For Sale)	4,440,443	3,116,156
Financial assets (held to maturity)	7,554,522	8,136,794
Trade and other receivables	257,107	313,771
Inventory	16,578	15,710
Other assets	72,070	96,760
Property, plant and equipment	223,683	202,269
Intangible asset	77,921	17,242
Goodwill	98,693	255,989
<b>TOTAL ASSETS</b>	<b>21,933,507</b>	<b>16,821,680</b>
<b>LIABILITIES</b>		
Customers' deposits	10,792,264	11,742,697
Creditors and accruals	330,913	382,031
Taxation	224,407	144,856
Deferred tax assets	34,110	1,322
Current liabilities	11,381,694	12,270,906
Loan	3,612,328	-
<b>TOTAL LIABILITIES</b>	<b>14,994,022</b>	<b>12,270,906</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	1,000,000	1,000,000
Share premium	624,446	624,446
Retained earnings	4,886,652	3,771,874
Other reserves	428,387	-845,546
<b>TOTAL EQUITY</b>	<b>6,939,485</b>	<b>4,550,774</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21,933,507</b>	<b>16,821,680</b>



# Contact Investor Relations

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Your  
**PERSONAL Registrar**

# \*4018#

[www.africaprudential.com](http://www.africaprudential.com)



## How

Dial the USSD code **\*4018#** on your mobile phone and press **'Send'** to enter the service area.

Follow the on-screen prompt and enter the relevant reply.

If your mobile number is not registered on our database, go to our website and download the Data Update Form or call **0708 060 6431 - 5**.

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## Features

- Dividend enquiry
- Share holdings balance
- Check Bank Mandate
- Check Address
- Check Email Address

\*4018# serves both holders of Ordinary Shares and Mutual Funds.

**SERVICE CHARGE APPLY**

