



# Presentation to Investors & Analysts

*FY 2020 Presentation*



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Pages 04-07	<b>Company Overview</b>
Pages 08-13	<b>Operating Environment</b>
Pages 14-19	<b>Financial Review</b>
Pages 20-21	<b>Digital Technology</b>
Pages 22-23	<b>Outlook</b>
Pages 24-27	<b>Appendix</b>

# Presentation Outline



# OVERVIEW



Transforming the African continent through innovative solutions, superior investor relations and business support services.



**Listed on the Nigerian Stock Exchange**  
with over 260,000 shareholders.

**600,000 +**

Aggregate users on  
**EasyCoop**  
Automated Cooperative Manager  
Solution.

**GreenPote**  
An highly scalable  
cloud-based  
Registrars Operating  
Solution



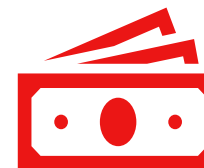
Leading Registrar with  
**5 Decades**  
Capital Market Experience.



Certified on the  
**Nigerian Stock Exchange**  
Corporate Governance Rating  
System.

**\*4018#**

First USSD-based solution in the  
Nigerian Capital Market  
(Personal Registrar \*4018#).



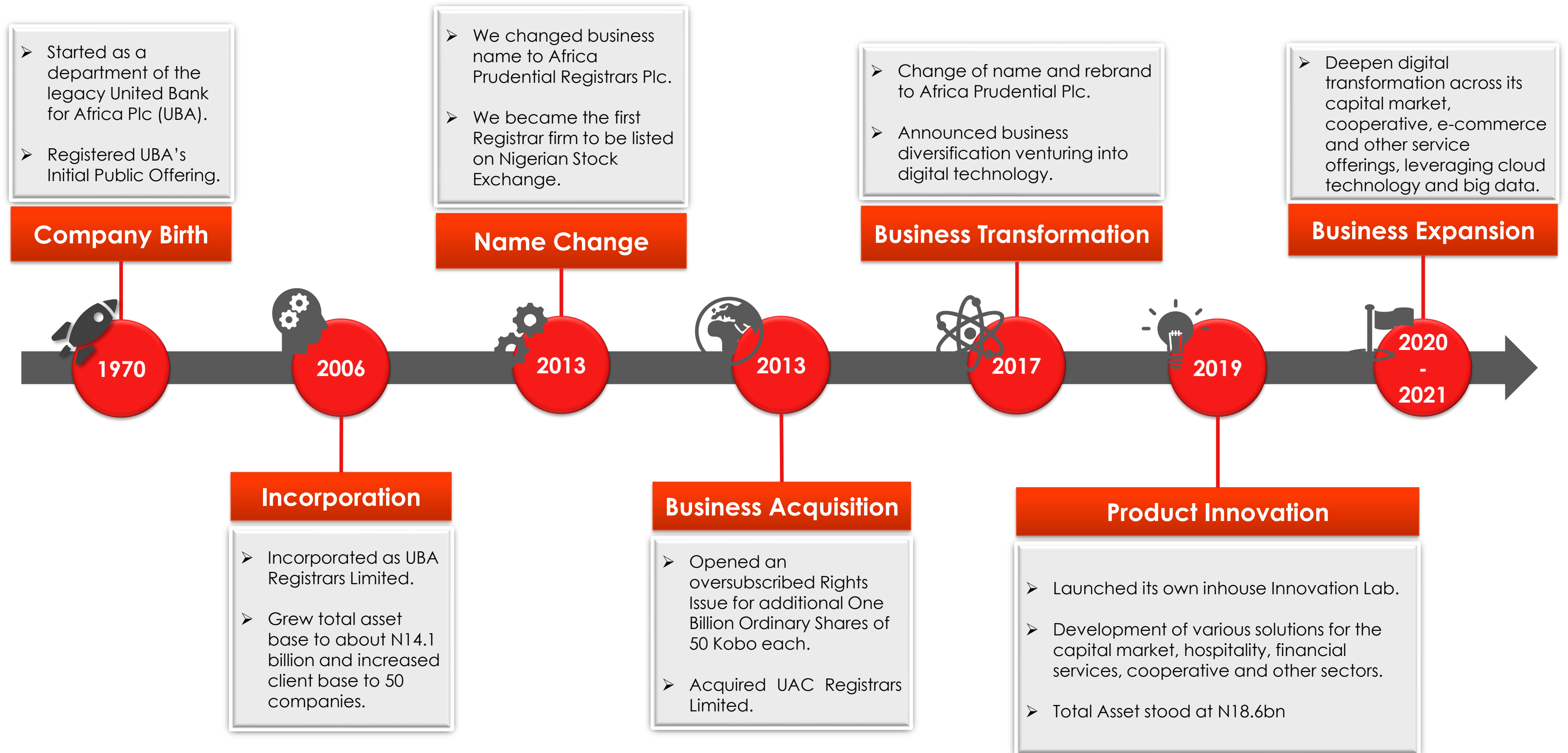
Consistent dividend pay-out  
since listing.

Ranked  
**3rd**

on the Nigerian Stock Exchange  
in terms of dividend yield with 6  
years average dividend yield of  
14.66%.



ISO 27001: 2103 – Certified  
Information Security  
Management Systems



### Technology Support

Our activities are geared towards leveraging technology to create superior value and transforming customer experience across our businesses.

To this end, our processes are technology-driven for effective and efficient service delivery.

### Durable Exposure

With experience spanning three decades, we have had faced tough times and numerous economic turbulence.

These experiences have helped us anticipate and predict our environment with precision.

### Customer Experience

Our customer remain central to business and we focus on creating exceptional experience across our touch points.

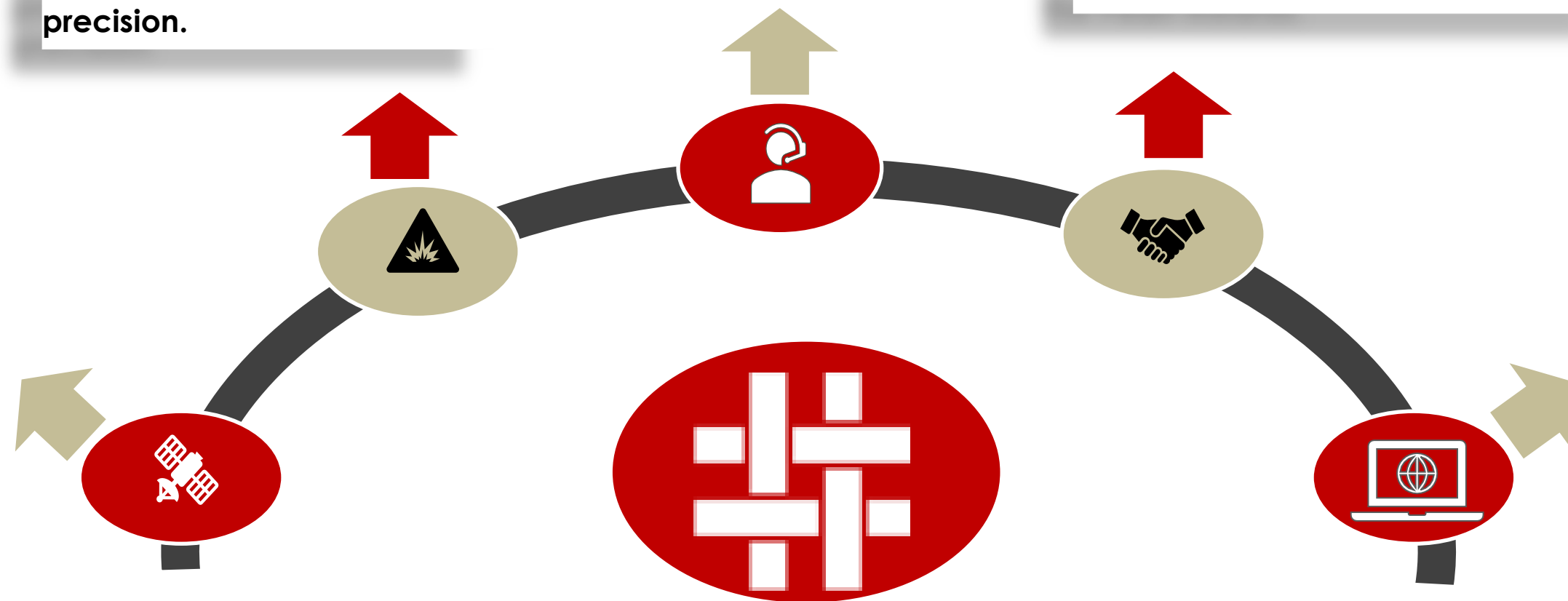
### Sound Corporate Governance

Our certification by the Nigerian Stock Exchange Corporate Governance Rating System is a clear attestation of our sound corporate governance practice.

We are two-time winner of the Best Corporate Governance Award by the Pearl Awards.

### Information Security

We maintain best practice in information security to ensure investors and clients information are secured, accurate and reliable





# OPERATING ENVIRONMENT



## Challenging Macroeconomic Environment

- The impact of the pandemic on the Nigerian economy has been negative with the economy slipping into recession as GDP declined -6.1% and -3.62% year-on-year in Q2 and Q3 2020 respectively. We have however seen some recovery in Q4 with GDP printing at 0.11% and effectively taking the economy out of recession.
- Growth still remains fragile as COVID-19 still continues to impede travel and global trade.

## Capital Market Activities gains momentum

- Corporate issuances of CPs and Bonds has taken the centre stage in a bid to raise fresh capital to wither the economic impact of the pandemic.
- The duo factor of increased system liquidity and low-interest environment is spurring interest in pursuing debt financing in the capital market by corporates and government.

## Digital Technology

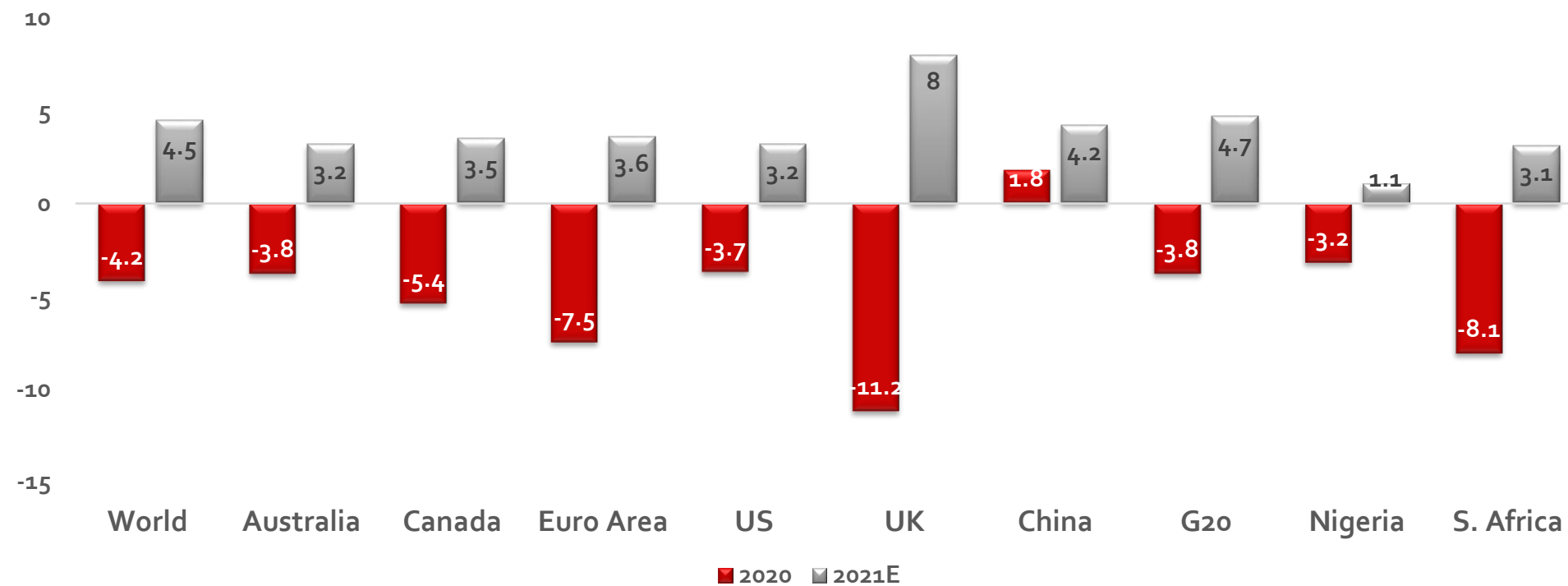
- With the launch of our Innovation Lab, we are strategically positioning our business to take advantage of digital technology, machine learning, AI and Big data to simplify our operations and develop innovative solutions to create value for our clients

## Regulations

- With the fast pace of digital disruptions in the business landscape, the need for regulations to play a leading role in supporting innovation is crucial to enhancing the growth potential of the economy.

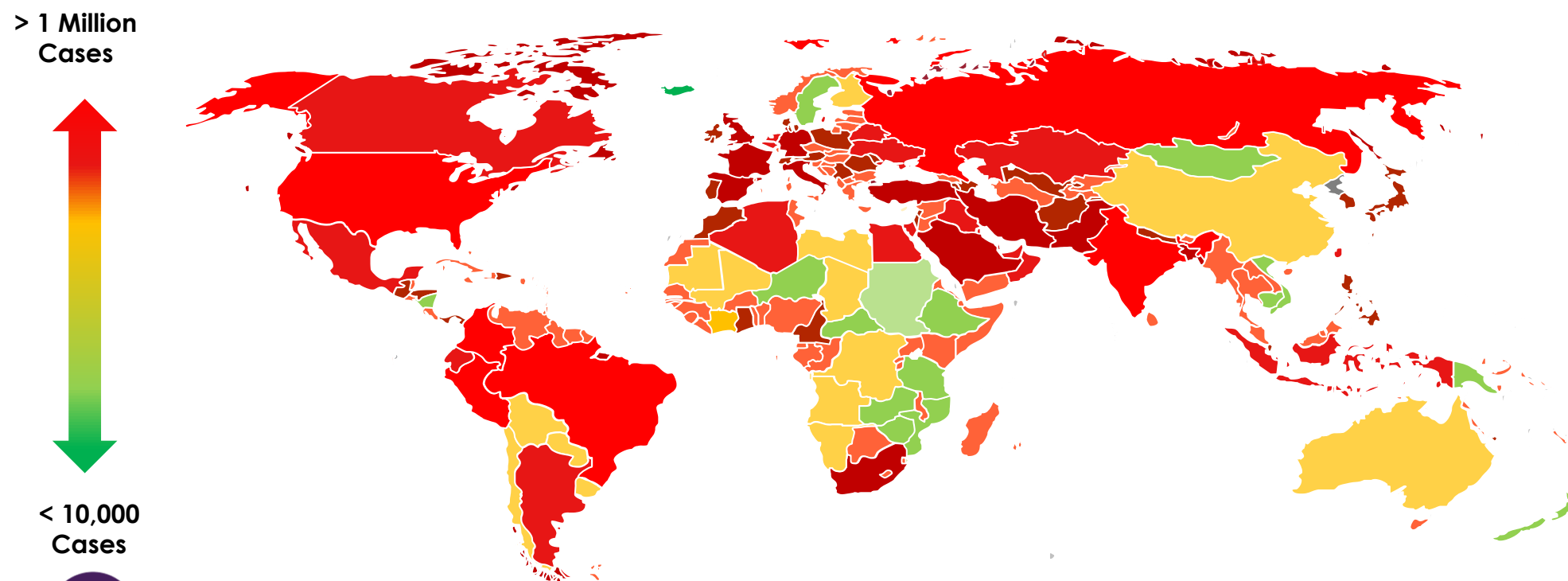


## OECD Interim Projected GDP Growth



- In 2020, the world economy was hit by the twin shock of the COVID-19 pandemic and commodity market decline.
- Measures taken to curtail the pandemic disrupted global supply chains, halted business activities, and resulted in massive demand and supply shock as well as job losses and high unemployment.
- This impacted growth as 2020 actual and projected GDP growth across the world still inclined negative although 2021 projected numbers signal a rebound.
- In Nigeria, the lockdown previously imposed by the government and oil price shocks, saw Nigeria's gross domestic product (GDP) contracted for two consecutive quarters recording negative GDP growth and entering a recession. Q4 data however showed some positive improvement with GDP growth turning positive to 0.11%.
- With the approval of vaccines in Dec 2020 and fast rollout, global outlook seems less grim although that positive news came with newly found covid-19 variants and a second wave across most economies.

## Confirmed Positive Cases of COVID-19 Infection around the World



### Covid-19 Update World

**113M+**  
Confirmed Cases

**63.5M+**  
Recoveries

**2.5M+**  
Deaths

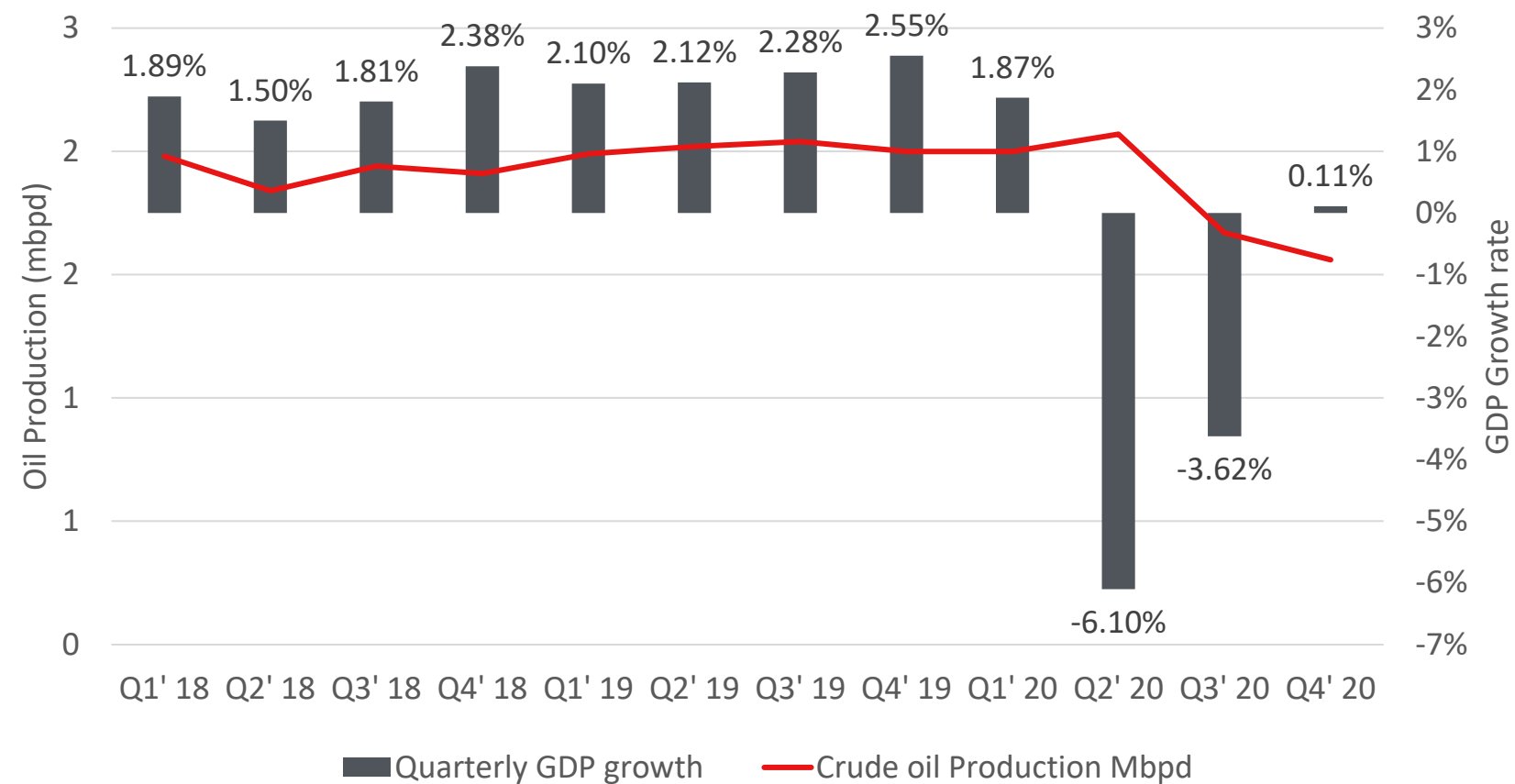
### Covid-19 Update Nigeria

**155K+**  
Confirmed Cases

**133K+**  
Recoveries

**1,902+**  
Deaths

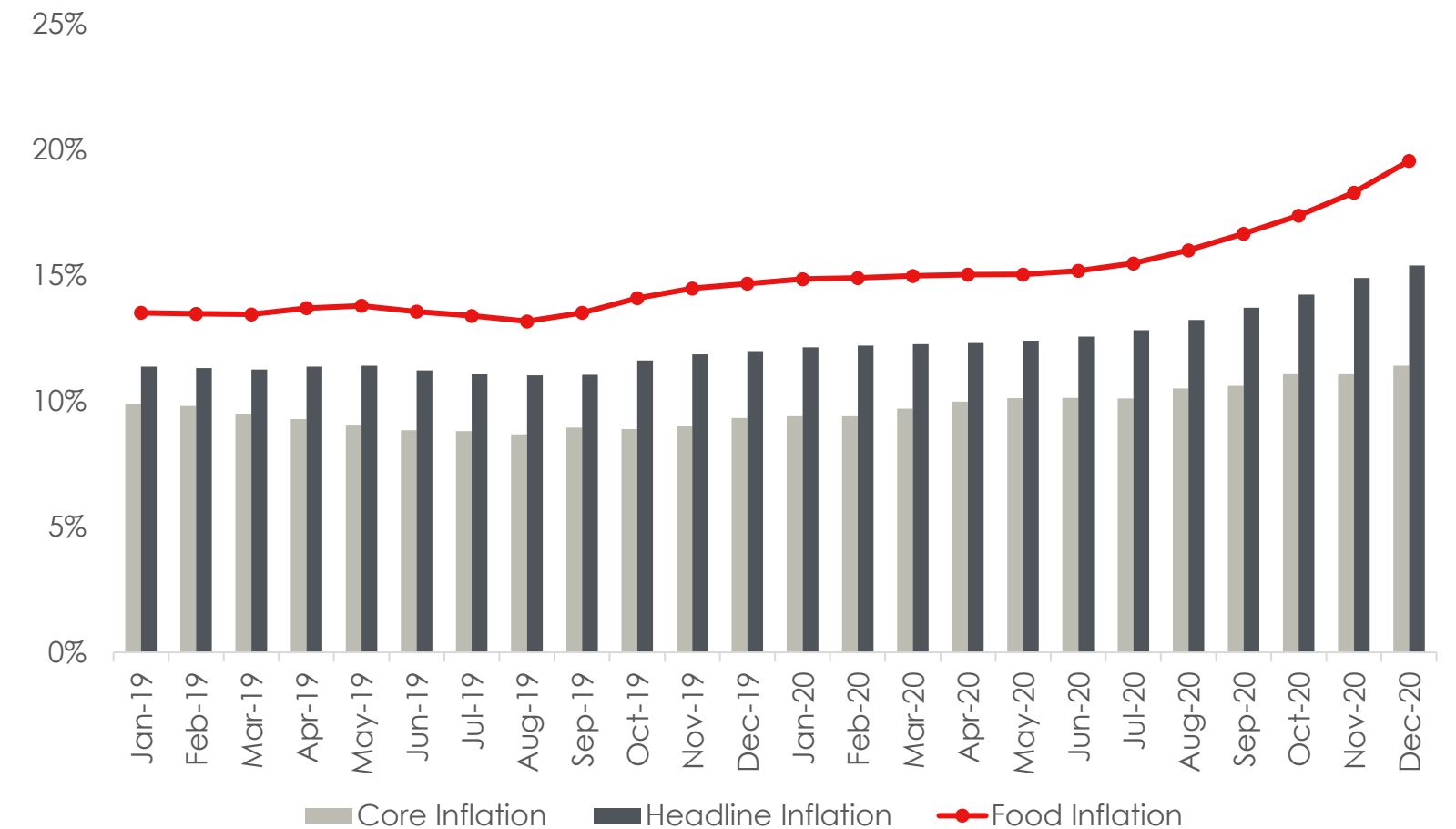
## GDP Growth vs Oil Output



### GDP growth rate vs Oil production

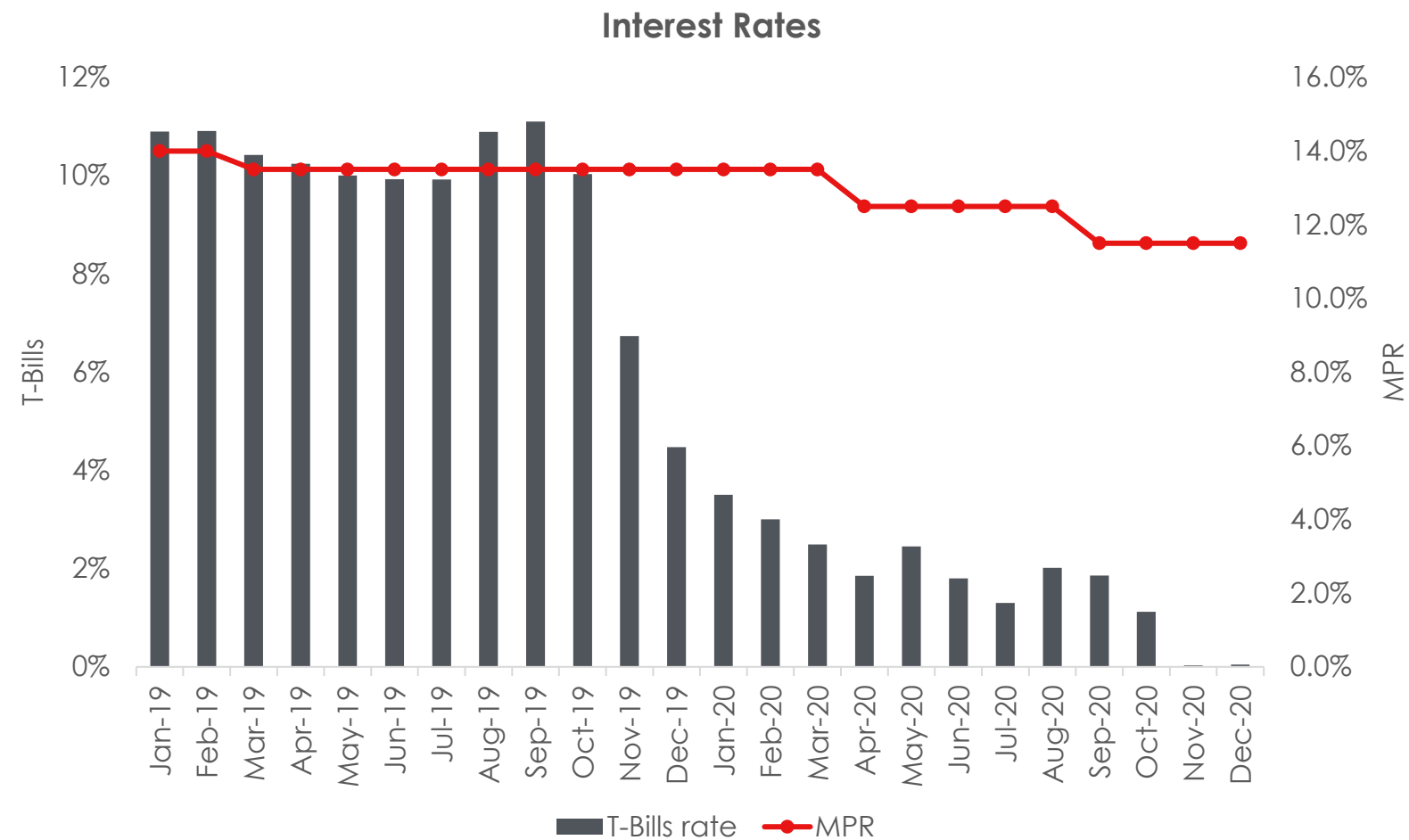
- GDP printed positive in Q4 after two successive quarters of negative growth which was impacted by the effect of Covid-19 and low oil price.
- Since October, Oil has however recovered surging almost 50% since the end of October and averaging US\$54bbl in January. The rally has been reinforced in recent weeks with oil price rising to US\$67bbl amid increased vaccination and additional supply cut by Saudi Arabia
- The average Nigeria's oil output dropped by 15 percent to 1.5 million barrels per day (mbpd) (excluding condensate), in 2020, compared to 1.7mbpd recorded in the corresponding period of 2019.

## Inflation Rate



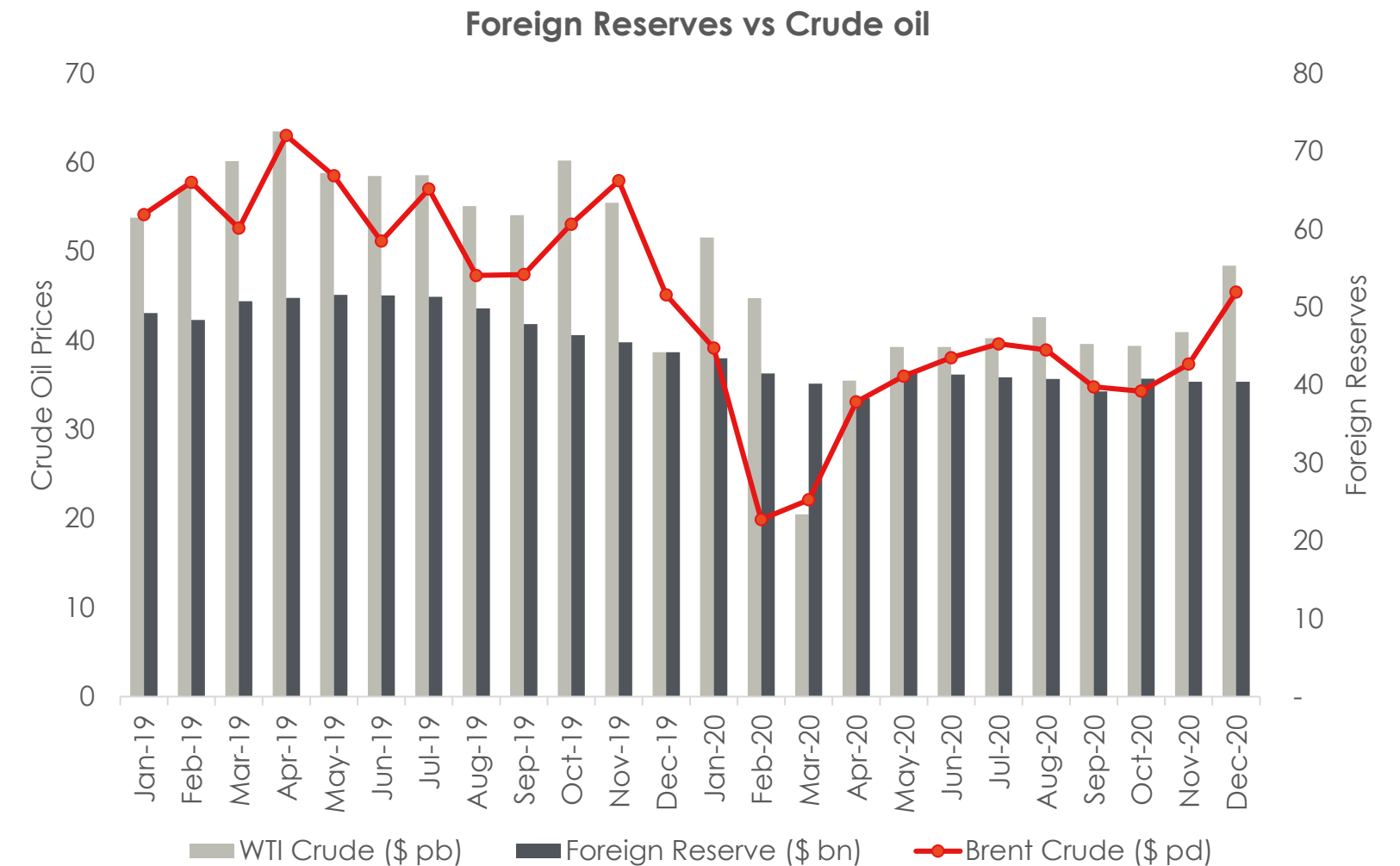
### Inflation Rate

- Nigerian inflation quickened to a three-year high in December as dollar shortages, insecurity in farming areas and supply bottlenecks stoked food prices.
- Inflation peaked for the year at 15.75% in December. The food index, which accounts for more than half the inflation basket, rose 18.3%, compared with 17.4% in October. That is the highest rate since January 2018.
- Going forward, inflation rate is expected to increase further. The devaluation of the naira, the removal of tariffs on electricity, removal of subsidy on petrol will contribute to an increase in prices of goods across Nigeria.



#### Interest Rates

- The central bank of Nigeria further cut its monetary policy rate to 11.5% in September, following a cut in May. The imperative of the decision was to drive output growth and income generation to reduce the impact of the pandemic on the economy.
- The current monetary policy rate is expected to provide for the Nigerian economy's rebooting amidst the wake of the pandemic.
- Treasury bill rate has been on a steady decline for six months, down to 0.03% since the last rise (2.47%) in May 2020, because of CBN's restriction, which prohibits domestic participants from the OMO auction market. The CBN expects that the lower T-bills rate will increase liquidity in the system and encourage credit in the economy.



#### Foreign Reserves and Crude Oil Prices

- Foreign reserves has taken a hit in face of dwindling oil earnings. The decline in oil prices was largely driven by weakened crude oil demand (linked to the global pandemic and oil price war between Russia and Saudi Arabia).
- The external reserves have been oscillating around US\$33-39bn for the past 11 months. At the beginning of the year 2020, the country's foreign reserves stood at US\$38.5bn and fell to US\$35.4bn as of 31st December 2020.
- The exchange rate between the naira and dollar depreciated to N410.25/\$1 at the official NAFEX window on December 31st, 2020 ending a tumultuous year for the currency market. At N410.25/\$1, the exchange rate officially depreciated by 11.8% for 2020 at the official NAFEX window. The Central Bank of Nigeria effective devalued the naira twice this year by 24% from an official rate of N306.5/\$1.

### Challenges Encountered

Notable challenges that we encountered in our business operations during this period stem from the following:

- A. Effects of the COVID-19 Pandemic.
- B. Impact of the decline in interest rate on our portfolio investment business.

### Effect of COVID-19 Pandemic

Our response in this regard includes:

1. We are leveraging on our technology drive to automate our processes, providing more digital channels to deploy our services for quick and better service delivery to clients while redefining customer experience by addressing the critical customer pain points.
2. We continue to leverage technology to deliver new values to meet the needs of our clients as the business landscape evolves.
3. Sustained execution of outstanding projects to enhance value creation and revenue generation across our businesses. The launched of our e-commerce site (EasyMall) is an important achievement during the quarter.
4. Operational reassessment and an implementation of more waste reduction measures to enhance efficiency.

### Impact on Portfolio Investment

Our Response in this regards include:

1. Ensuring optimal allocation of fund to achieve optimal portfolio performance.
2. Continuous assessment of the macroeconomic landscape to effectively position for superior returns.



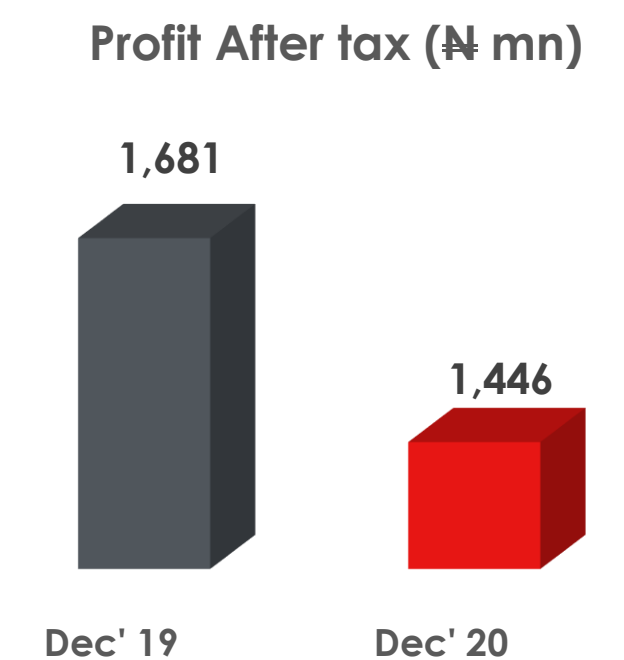
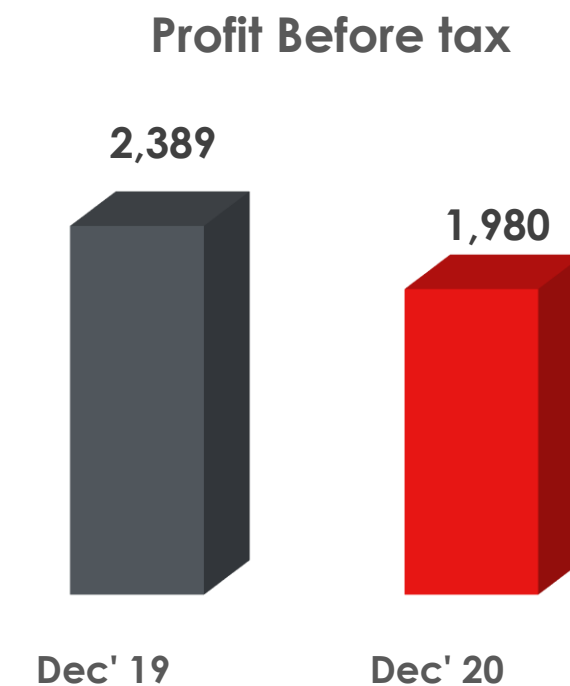
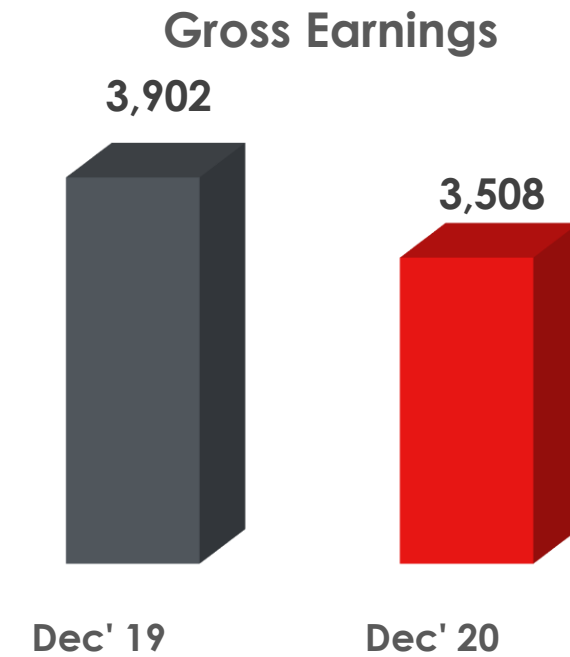
# FINANCIAL REVIEW



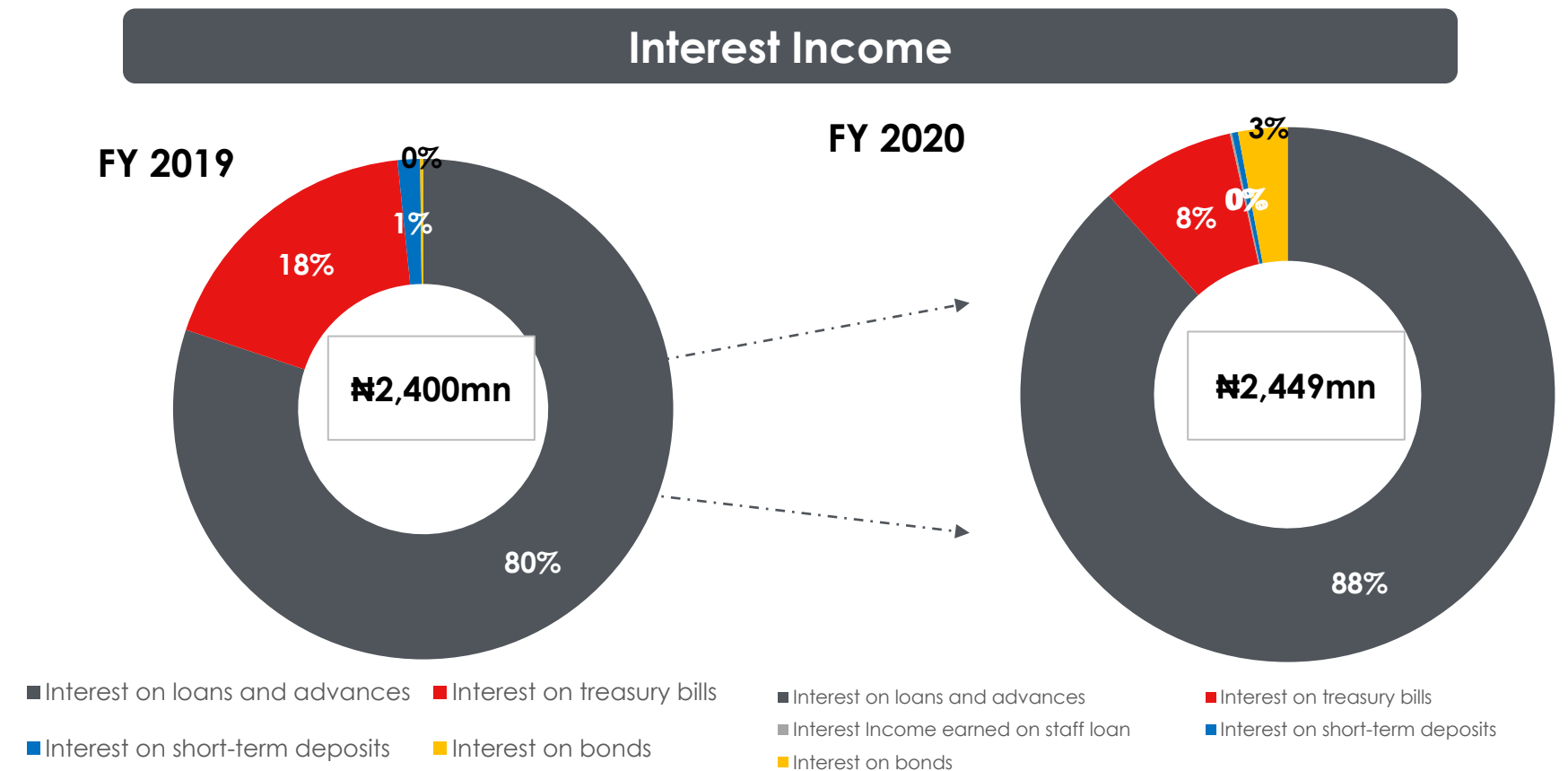
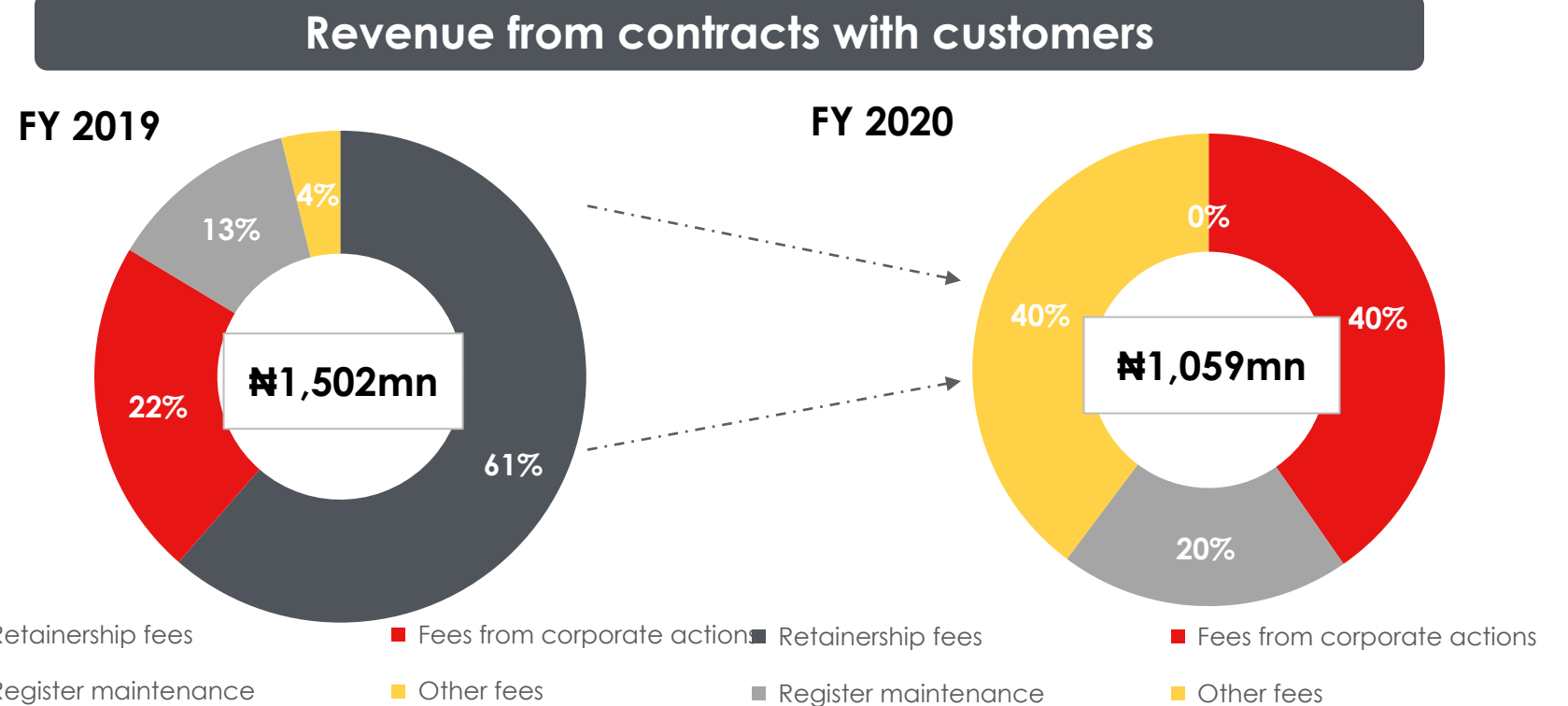
Income Statement	Dec '20 (₦' mn)	Dec '19 (₦' mn)	Change (%)
Gross Earnings	3,508	3,902	-10.1%
Revenue from Contracts	1,059	1,502	-29.5%
Interest Income	2,448	2,400	+2.0%
Operating Expenses	(1,567)	(1,711)	-8.4%
Profit Before Tax	1,980	2,389	-17.1%
Profit After Tax	1,446	1,681	-14.0%
Statement of Financial Position	Dec '20 (₦' mn)	Dec '19 (₦' mn)	Change (%)
Total Assets	17,729	18,649	-4.9%
Total Liability	9,359	10,365	-9.7%
Total Equity	8,370	8,284	+1.0%
Key Financial Ratios	Dec '20	Dec '19	Change
PAT Margin	41%	43%	-1.9 pp
EBIT Margin	57%	64%	- 7.4 pp
Return on Average Equity	17%	20%	- 2.6 pp
Return on Average Assets	8%	8%	-0.5 pp
Asset Turnover Ratio	0.19	0.20	-0.1

- Gross earnings declined by 10% due to a 29% reduction in the revenue from contracts with customers even though interest income was slightly up 2% YoY.
- Total expenses reduced 8% YoY largely on account of a 14% reduction in the other operating expenses line due to improved efficiency on the adoption of remote work and skeletal operations to curb the spread of the pandemic.
- The effect of the pandemic on Africa Prudential's traditional income lines resulted in a 14% decline in PAT.

Income Statement	FY 2020 (₦' mn)	FY 2019 (₦' mn)	Change (%)
Gross Earnings	3,508	3,902	-10
Operating Expenses	1,567	1,711	-8
Profit Before Tax	1,980	2,389	-17
Profit After Tax	1,446	1,681	-14



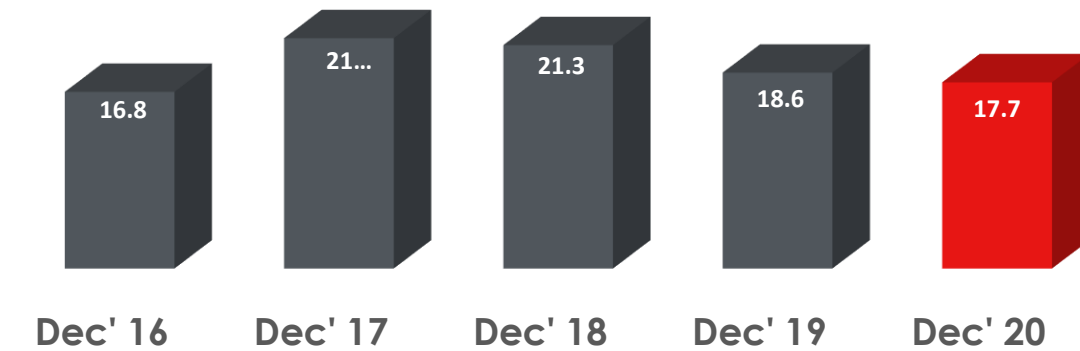
	FY '20 (₦' mn)	FY '19 (₦' mn)	Change (%)
Retainership fees	0	922	-100
Fees from corporate actions	427	334	+28
Register maintenance	211	188	+12
Digital consultancy	421	58	+626
<b>Revenue from contracts with customers</b>	<b>1,059</b>	<b>1,502</b>	<b>-29</b>
Interest earned on staff loan	3	0	+100
Interest on loans and advances	2,164	1,923	+13
Interest on treasury bills	200	437	-54
Interest on short-term deposits	9	35	-75
Interest on bonds	73	5	+1478
<b>Interest Income</b>	<b>2,449</b>	<b>2,400</b>	<b>+2</b>



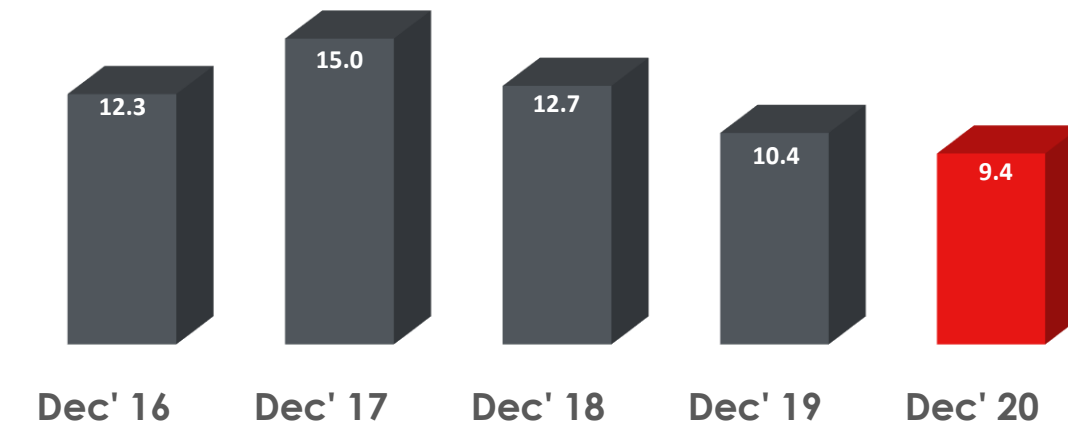
- During the period, the company saw the value of its total asset reduce as a result of a reduction in Cash and Cash equivalent (-38%), debt instruments holdings (-19%), and trade and other receivables (-28%).
- Meanwhile, total liabilities also declined by 10% YoY due to decrease in customers' deposits and income tax payable.
- Total Equity, however, increased by 1% driven by a 1% increase in retained earnings as well as an improvement in fair value reserve.

Income Statement	FY 2020 (₦ 'bn)	FY 2019 (₦ 'bn)	Change (%)
Total Assets	17.7	18.6	-5
Total Liabilities	9.4	10.4	-10
Total Equity	8.4	8.3	+1

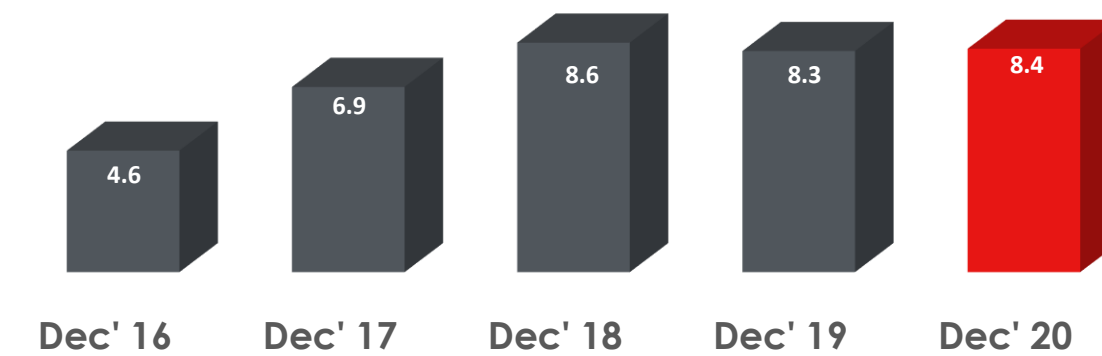
Total Asset (₦' bn)



Total Liabilities (₦' bn)

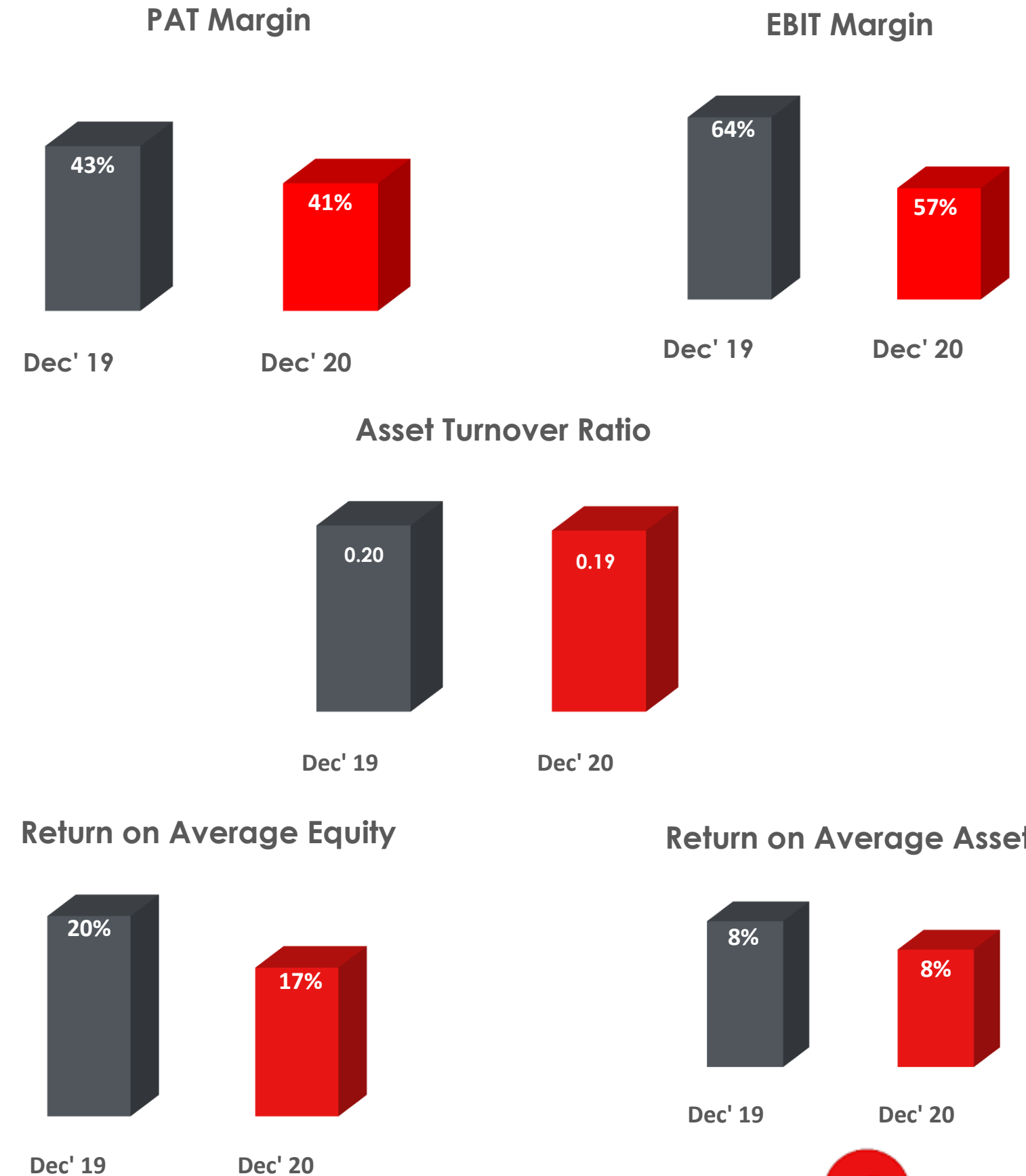


Total Equities (₦' bn)



- During the period, PAT margin declined slightly by 1.9 percentage points from 43% in 2019 to 41% in 2020.
- EBIT margin also reduced by 7.4 percentage point from 63.9% in 2019 to 56.5% YoY 2020.
- Return on Average Equity declined 2.6 percentage points from 20% in 2019 to 17% in 2020 on account of a growth in equity relative to the decline in Net Profits.
- Return on Average Assets was slightly lower by 0.5 percentage points from 8.4% to 8.0% YoY in 2020.
- Asset Turnover Ratio was marginally down 1.3% from 0.2 in 2019 to 0.19 in 2020.

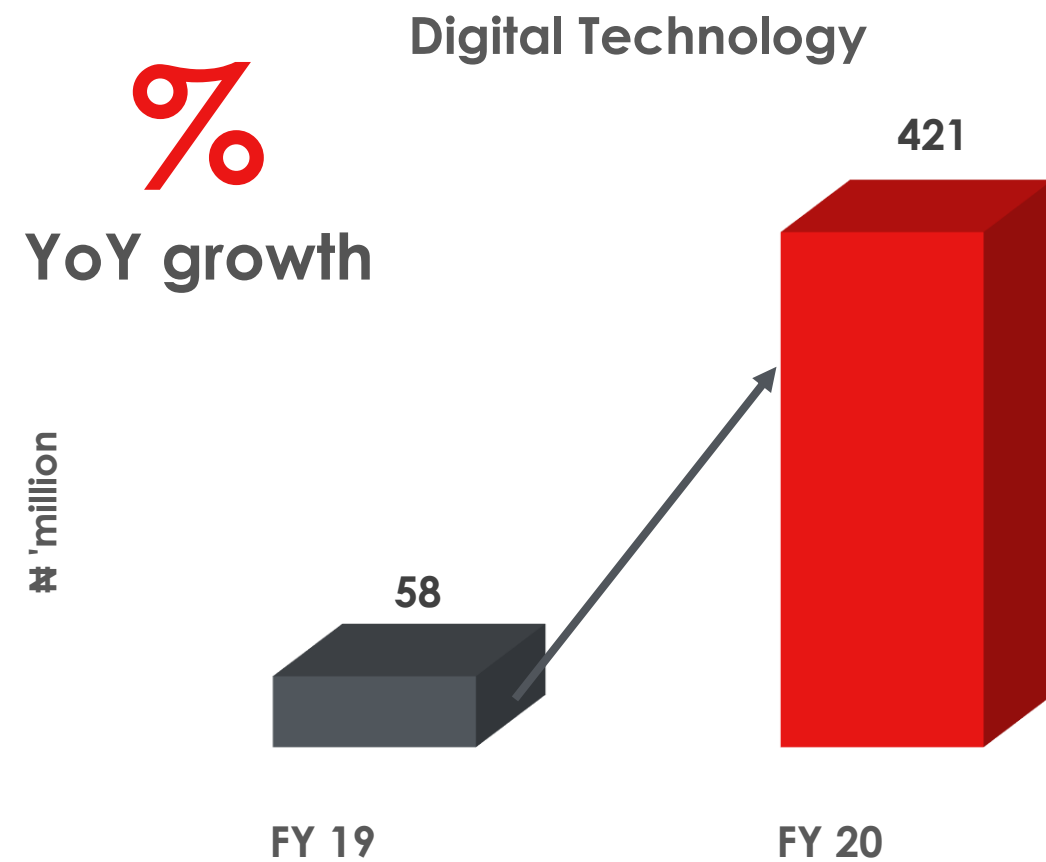
Key Financial Ratios	FY '20	FY '19	Change
PAT Margin	41%	43%	-1.9pp
EBIT Margin	57%	64%	-7.4pp
Return on Average Equity	17%	20%	-2.6pp
Return on Average Assets	8%	7%	-0.5pp
Asset Turnover Ratio	0.19	0.20	-1.3%





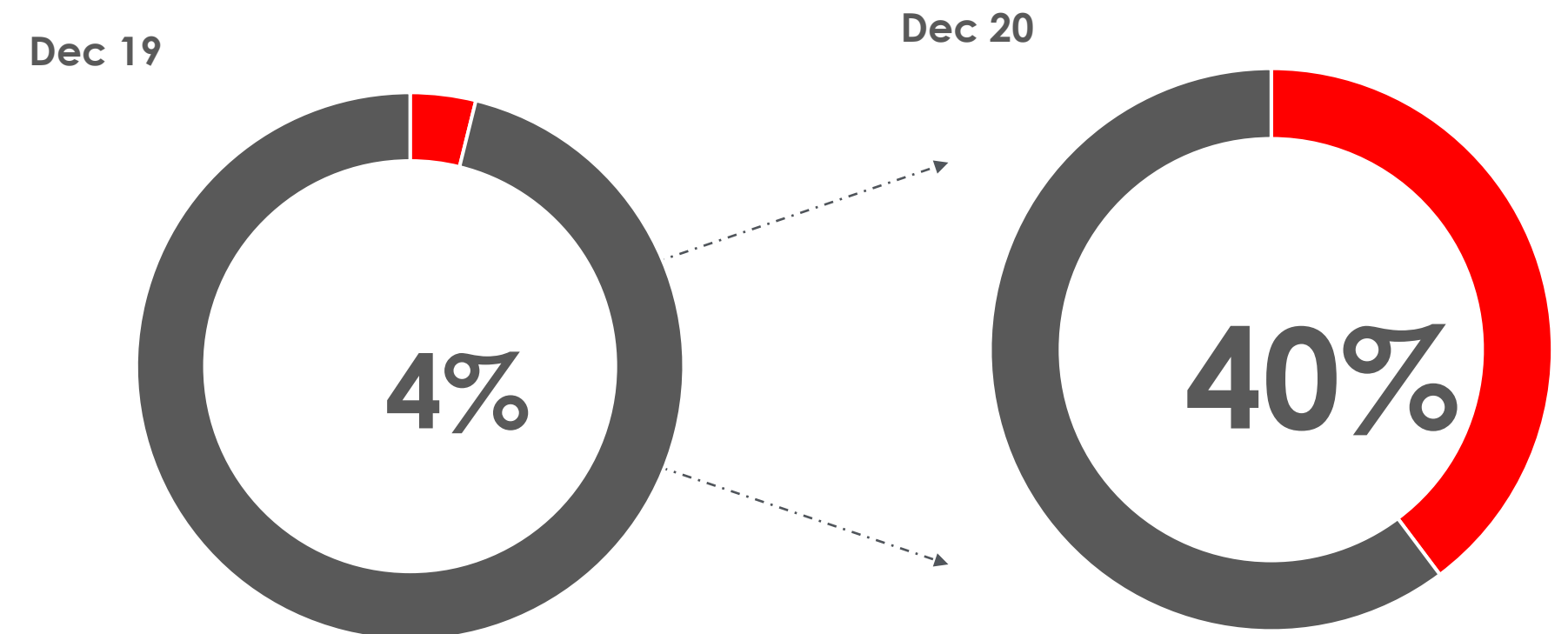
# DIGITAL TECHNOLOGY





Our digital consultancy business line recorded an impressive yearly growth expanding by 626% year-on-year in 2020 compared to 2019

Contribution to Revenue from Contract with Customers



Contribution to revenue from contracts grew from 4% in 2019 to 40% in 2020



# OUTLOOK

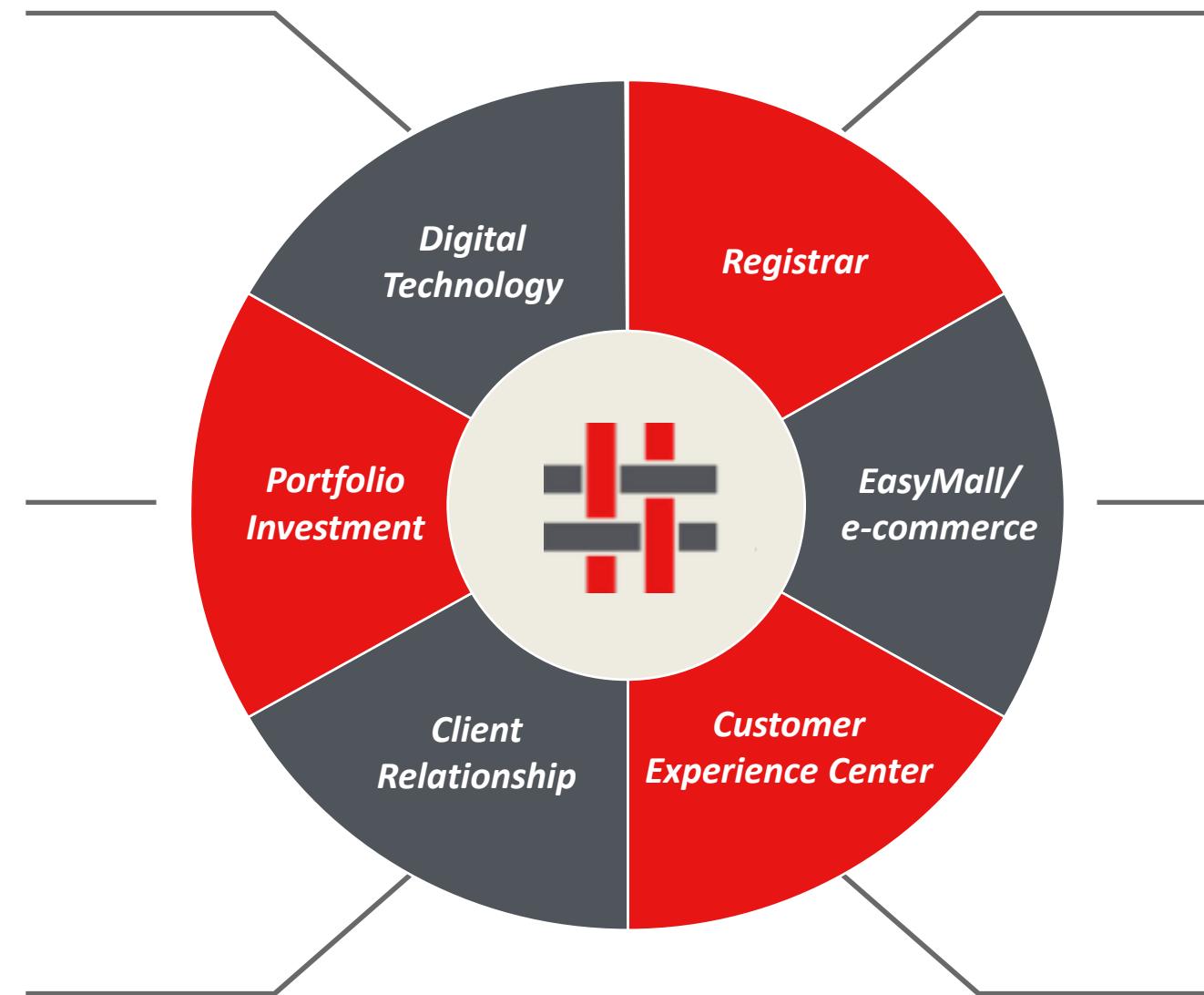


- Position Africa Prudential as a go-to digital solution provider on the African Market.
- Deepening our digital technology offerings in application development, application support, technical resourcing, project and product management etc.
- Deploy new innovative platforms while enhancing existing platforms with value added services to deliver value to our clients.
- Continuously leverage key strategic alliance with Top –tier portfolio managers for quicker access to market opportunities
- Proactively review the macroeconomic and financial landscape to position for optimal allocation of all funds
- Drive the corporate brand perception of the Africa Prudential beyond Registrars services to a full-fledged technology company
- Defined plan to improve client satisfaction and ensure retention.
- Defined Strategy for attracting new customers and new businesses while turning existing customers to advocates

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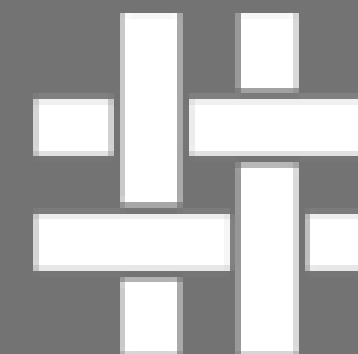
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- Deepen our capital market penetration by deploying innovative technology to transform investors experience
- Pursue continuous process re-engineering and automation to meet the evolving needs of present and potential investors in the market
- Collaborating with other capital market stakeholders to improve interoperability to improve investors confidence in the market.
- Redefine and expand our value offerings across the defined market segments.
- Continuously enhance overall customer experience.
- Redefine customer experience across our various touch points by deepening the application of innovative technology and artificial intelligence across our customer touch points.
- Strengthening application support value offerings across our technology platforms and clients across various sectors.

Repositioning the Africa Prudential brand as a technology company



# APPENDIX



Statement of Comprehensive Income (in thousands of Nigerian Naira)	Dec-20	Dec-19
Revenue from contracts with customers	1,059,189	1,502,241
Interest Income	2,448,944	2,399,861
<b>Gross earnings</b>	<b>3,508,133</b>	<b>3,902,102</b>
Other income	32,398	56,035
Credit loss reversals/(expenses)	7,733	245,991
Personnel expenses	(625,065)	(624,567)
Other operating expenses	(858,089)	(1,002,055)
Depreciation of property and equipment	(53,641)	(52,746)
Depreciation of right of use assets	(5,691)	(11,044)
Amortisation of intangible assets	(24,029)	(20,095)
<b>Profit before finance costs and tax</b>	<b>1,981,749</b>	<b>2,493,621</b>
Finance costs	(1,607)	(104,167)
<b>Profit before tax</b>	<b>1,980,142</b>	<b>2,389,454</b>
Income tax expense	(534,113)	(708,425)
<b>Profit for the period</b>	<b>1,446,029</b>	<b>1,681,029</b>

Statement of Financial Position (in thousands of Nigerian Naira)	Dec-20	Dec-19
<b>ASSETS</b>		
Cash and cash equivalents	1,005,752	1,622,185
Equity instruments at fair value through OCI	3,058,020	243,328
Debt instruments at fair value through OCI	13,014,137	15,982,783
Trade and other receivables	298,665	412,582
Property, plant and equipment	282,575	314,854
Right-of-use-assets	7,586	14,725
Intangible asset	61,835	58,876
<b>TOTAL ASSETS</b>	<b>17,728,570</b>	<b>18,649,333</b>
<b>LIABILITIES</b>		
Customers' deposits	8,639,683	9,644,466
Creditors and accruals	86,574	32,139
Lease liabilities	7,198	12,292
Current income tax payable	579,083	634,296
Deferred tax liabilities	46,379	41,856
<b>TOTAL LIABILITIES</b>	<b>9,358,917</b>	<b>10,365,049</b>
<b>EQUITY</b>		
Share capital	1,000,000	1,000,000
Share premium	624,446	624,446
Revaluation reserves	70,596	70,596
Fair value reserve	18,612	(20,728)
Retained earnings	6,655,999	6,609,970
<b>TOTAL EQUITY</b>	<b>8,369,653</b>	<b>8,284,284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,728,570</b>	<b>18,649,333</b>



# Thank you !!!

*Questions and Answers*