

 Africa Prudential

Presentation to Investors & Analysts

2020 Q1 Presentation



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Presentation Outline

- Company Overview
- Operating Environment
- Financial Review
- Digital Technology
- Outlook
- Appendix



OVERVIEW



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



The Only Listed Investor Services firm in West Africa
with over 250,000 shareholders.

600,000

Aggregate lives on EasyCoop Automated Cooperative Management Solution.



+10million
User-Capacity Platform.



Leading Registrar with
5 Decades
Track Record of Innovation.



Certified on the
NSE CGRS
Corporate Governance Rating System.

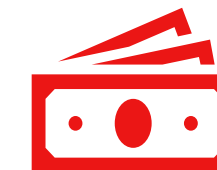
***4018#**

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

Ranked

3rd

on the Nigerian Stock Exchange in terms of dividend yield with 6 years average dividend yield of 14.07%.



Consistent dividend pay-out since listing.



+3million
investor accounts for proprietary enterprise.

1970

Company Birth

- Started as a department of legacy United Bank for Africa Plc (UBA).
- Registered UBA's Initial Public Offering.

2012

Name Change

- We changed business name to Africa Prudential Registrars Plc.
- We became the first Registrar firm to be listed on NSE.

2017

Business Transformation

- We changed our name to Africa Prudential Plc.
- Commenced the redesign of our Core Solutions (Greenpole, EasyCoop etc.)
- Commenced Digital Transformation of company.

2020-2021

Business Expansion

- Continuation of the African continent transformation through innovative solutions, superior investor relations and business support services.

Incorporation

- Incorporated as UBA Registrars Limited.
- Grew total asset base to about N14.1 billion and increased client base to 50 companies.

2006

Business Acquisition

- Opened an over subscribed Rights Issue for additional One Billion Ordinary Shares of 50 Kobo each.
- Acquired UAC Registrars Limited.

2013

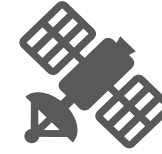
Product Innovation

- Launched its own inhouse Innovation Lab.
- Intensified engagement of Cooperative businesses for the EasyCoop product.

2019



Technology Support



- Our activities are geared towards leveraging technology to create superior value and transform 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.

Strategic Location



- Africa Prudential Plc is strategically located in Lagos, Port-Harcourt and Abuja.
- As such we are within the hub of the core activities moving the economy.

Management Team Experience



- Individually, each management staff member has an average of 15 years in our industry.
- As such we have an in-depth understanding of our industry.

Synergy with Industry Stakeholders



- We are attuned to symbiotic relationship founded on mutual respect with industry stakeholders, regulators and other Capital Market Operators.



OPERATING ENVIRONMENT



Challenging Macroeconomic Environment

- The slow recovery of the economy coupled with the outbreak of the covid-19 pandemic has impacted the performance of the company and its clients. We effectively deployed our business continuity plan to sustain our operations with minimal disruption.

Declining Capital Market Activities

- Due to the tough business landscape, there has been a slowdown in the number of new listings.
- Reduced clients' activities as a result of weak corporate performance.
- Poor investors' confidence in the economy stemming from unfavourable regulations.

Digital Technology

- With the launch of our Innovation Lab, we are strategically positioning our business to take advantage of emerging concepts in machine learning, AI and Big data to simplify our operations and introduce disruptive solutions to our customers.

Regulations

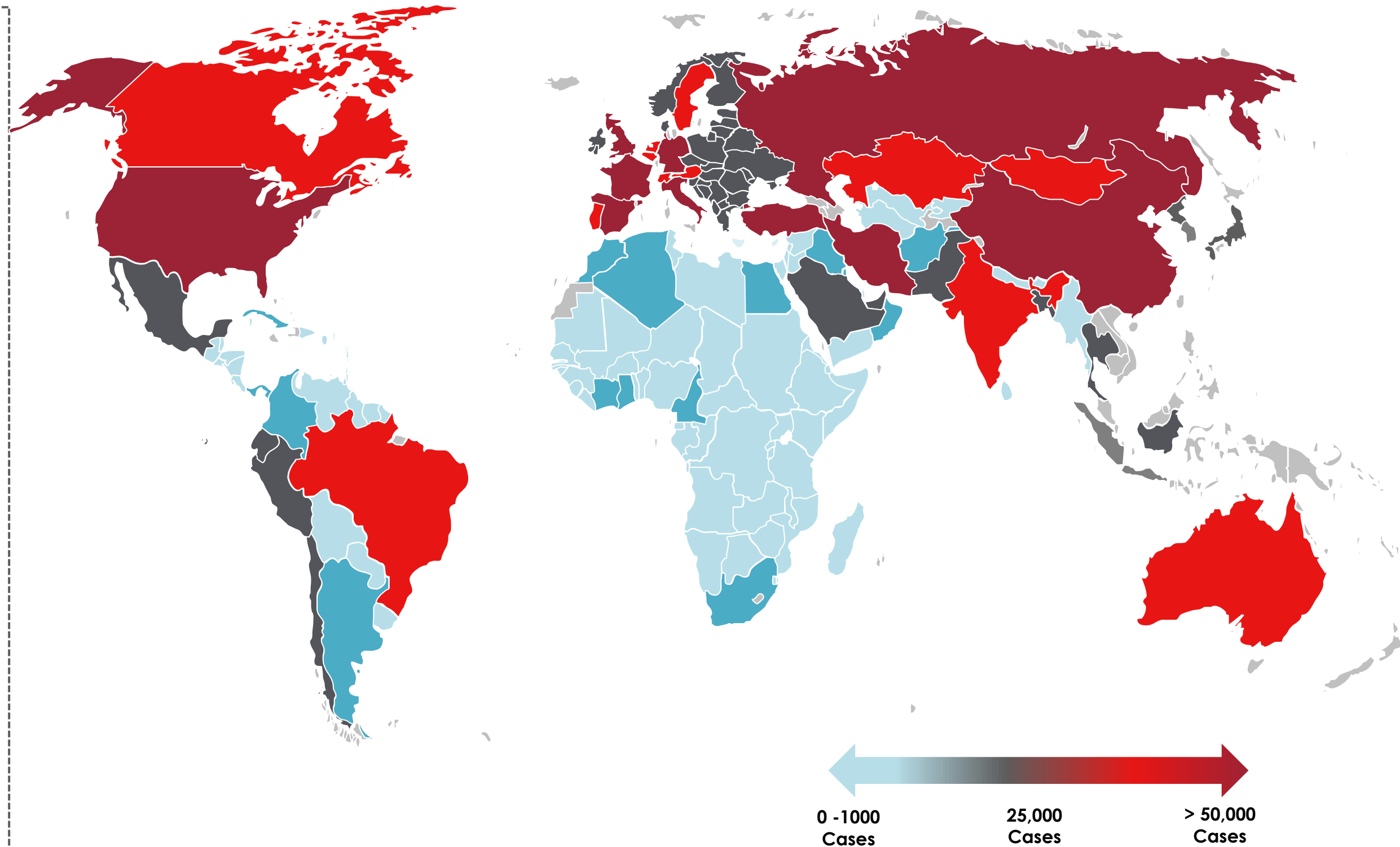
- Recent regulatory mandates/ reforms constraining current business models e.g. e-dividend mandates, return of dividend fund, share dematerialization etc.



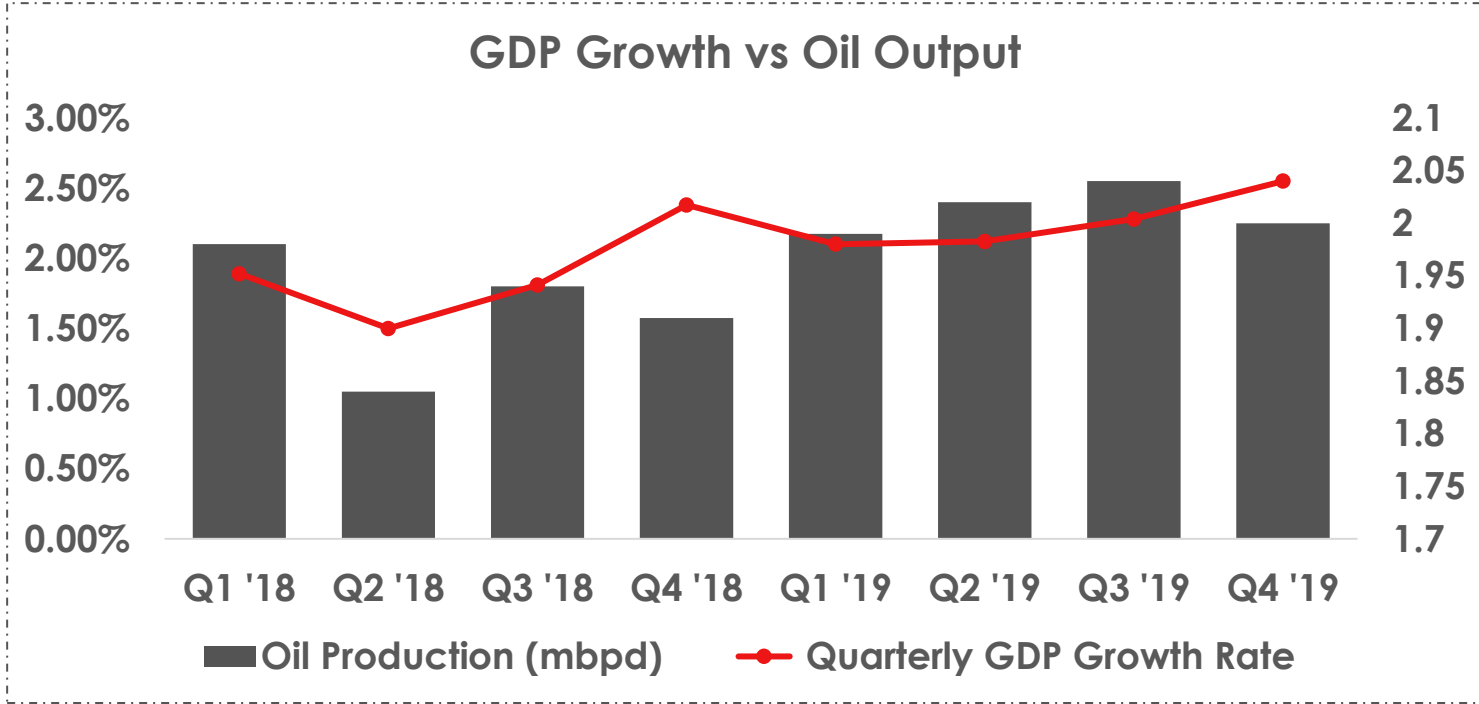
Global Impact

- Over 2 million people infected with close to 200,000 death worldwide as at April 23, 2020.
- Over 1.7 Billion people are under government enforced lockdown.
- Global economy is predicted to lose over \$2.7 Trillion while global output is projected to shrink by 3% in 2020.
- About 47 Million people are projected to lose their jobs globally.
- Significant drop in Global commodity prices with the Oil price crashing from a peak of c. \$60pb in Jan. 2020 to below \$30pb in Q1 2020. Prices for US WTI Crude falling below \$0pb into the negative territory on Monday April 20th.
- Sell off in global equity markets with a widening gap between the high-yield corporate and emerging market sovereign spreads.
- Reversal of Foreign Portfolio investment flows into emerging market funds.
- Lingering dollar funding shortages have emerged amid the general rebalancing of portfolios toward cash and safe haven assets.

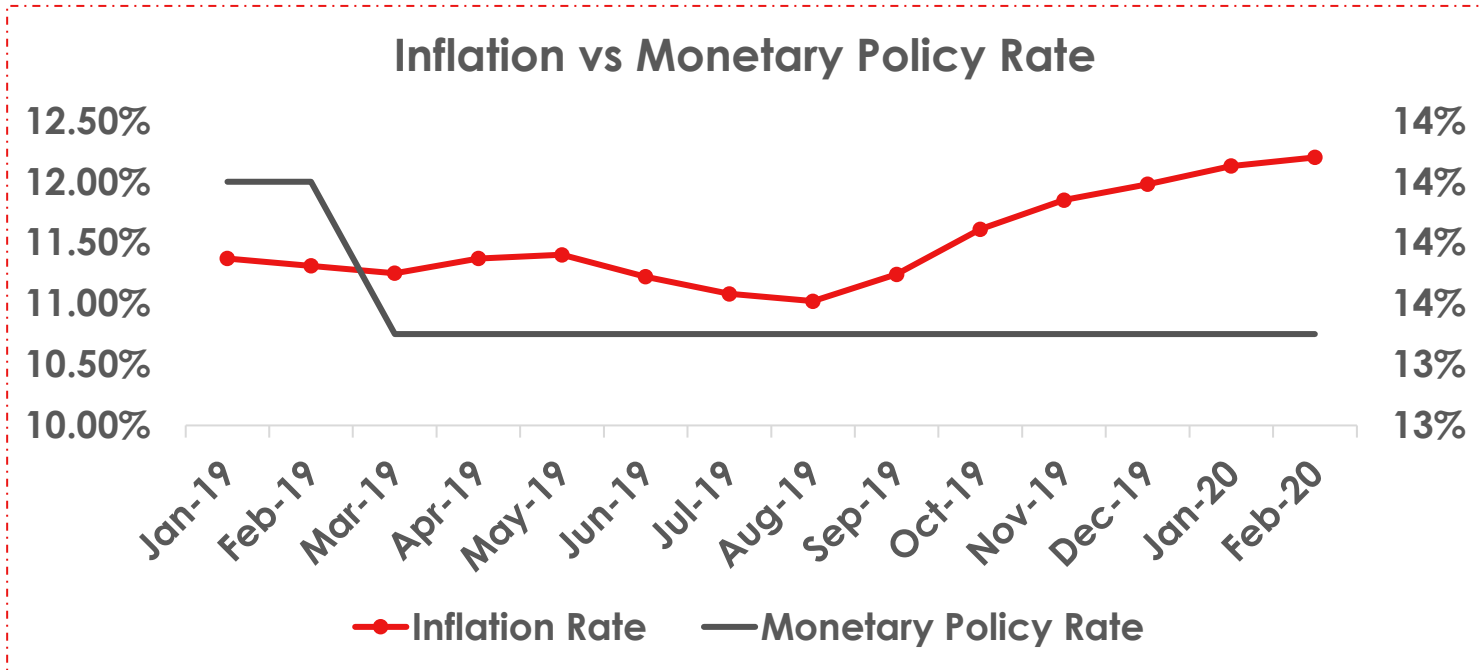
Confirmed Cases of COVID-19 Infection around the World



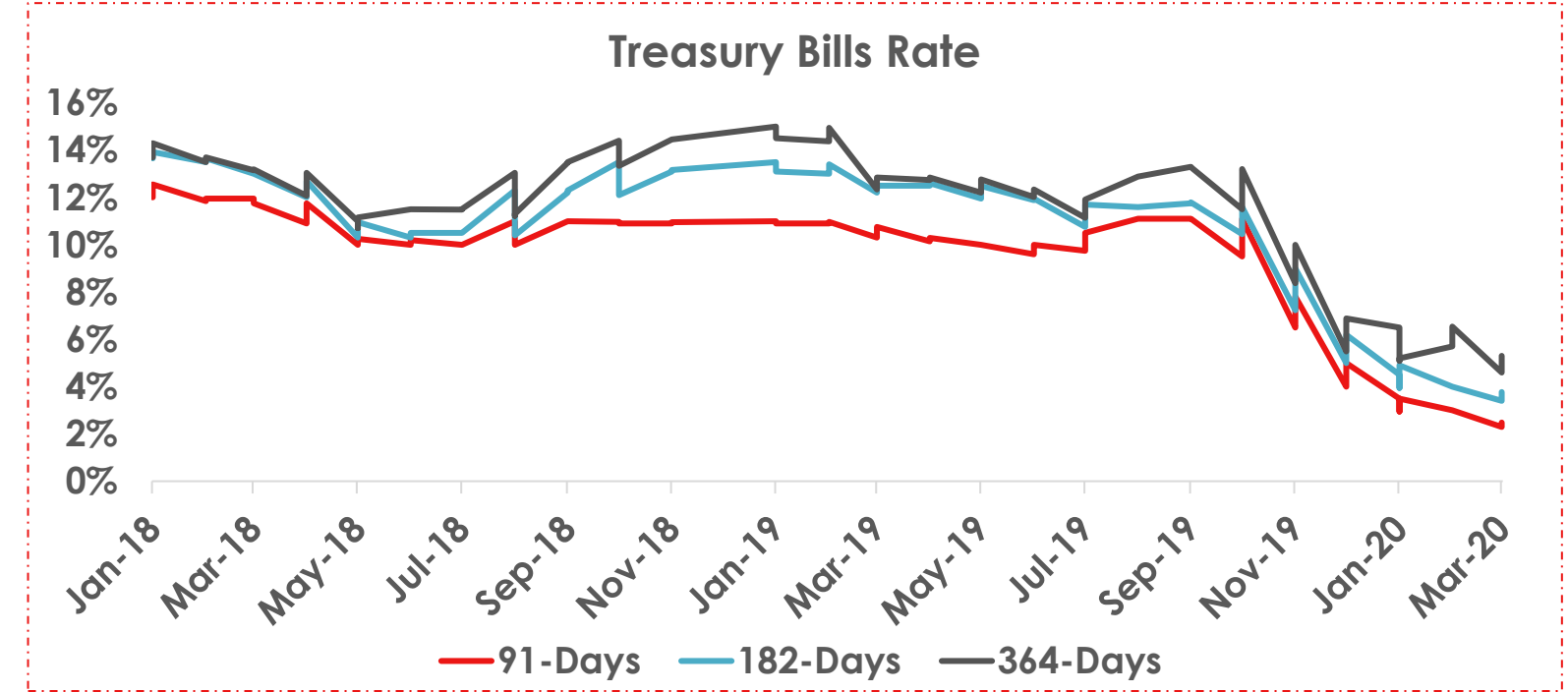
GDP growth continues to gain momentum amidst decline in Oil Production due to the adherence to OPEC+ production cuts. With the global spread of COVID-19, Outlook for the Country appears bleak.



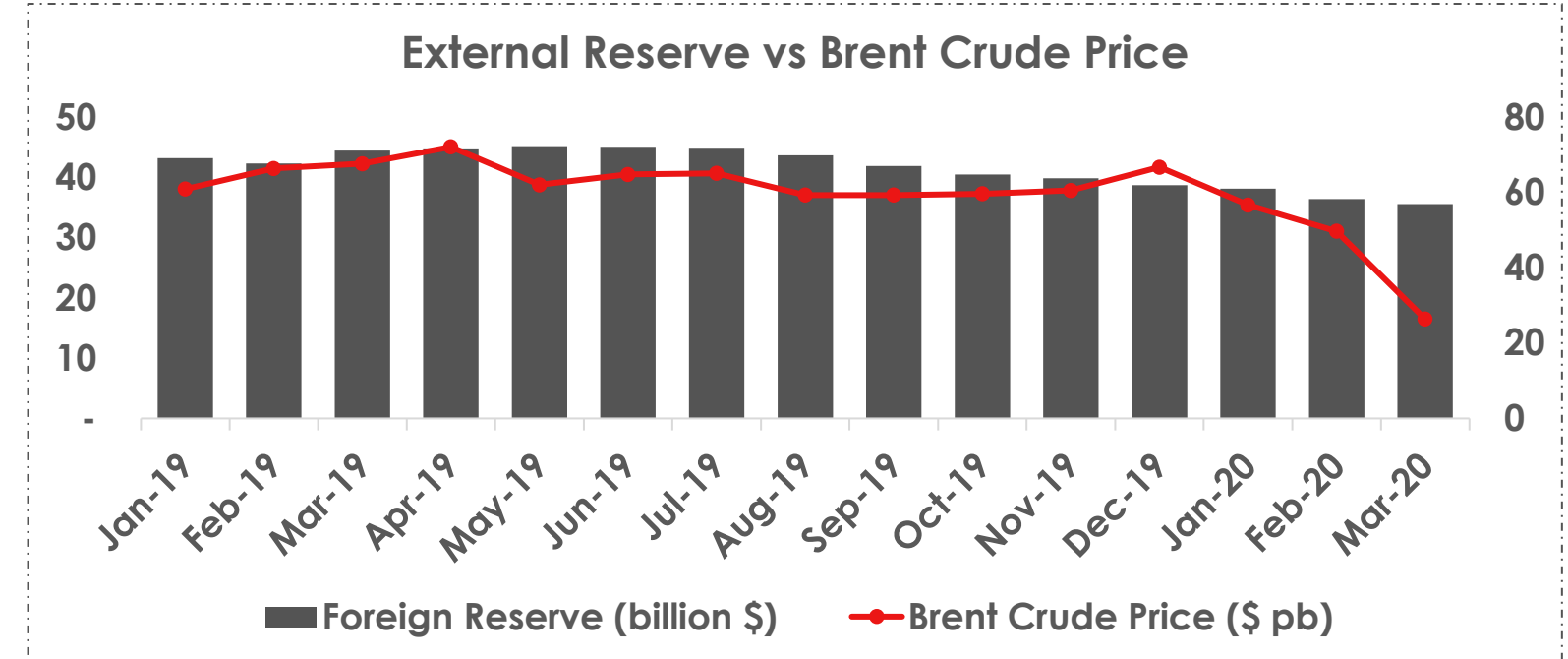
Inflation rate continued its uptick driven by the borders closure, recent hike in VAT tax rate to 7.5%, disruption in supply chains, and panic buying caused by the COVID-19 spread.



Low-yield environment had dominated the T-bills market with stronger demand pushing rates across all tenors in free-fall since the restriction of domestic investors from the OMO market back in November 2019.



Lower demand for crude due to the COVID-19 and excess supply stemming from Saudi Arabia-Russia price war have led to the global oil price crashing to below \$30 thereby dragging the external reserves along.



Domestic Impact

- Persistent uptick in the number of confirmed positive cases of COVID-19 infection in Nigeria prompted mobility restrictions and border closure.
- Nigerian stock exchange has lost over N2.5 trillion within 7 weeks.
- Demand Pull inflation as panic buying dominates.
- Disruption in global supply chains, distribution channel as well as fall in consumer and business spending.
- Exchange rate devaluation as the CBN yielded to market sentiment thereby adjusting its official exchange rate from N306/\$1 to N361/\$1.
- Pressure on Government revenue amidst decline in global price for Crude oil.
- Downward review of the National Budget.
- Nigeria's external reserve has declined by 6% year-to-date from \$38.60 billion in Q4 2019 to \$35 billion as at the end of March 2020 with an import cover of 9 months.
- Heightened risk of default on Loans, Credit and account receivables thus increasing NPLs for lenders.
- Pressure on cash flow, reduction in profit with capital depletion for businesses.

Economic Stimulus Measures

3-month repayment moratorium for all Federal Government funded loans issued by the Bank of Industry, Bank of Agriculture and Nigeria Export-Import Bank.

Downward review of the petrol pump price from ₦145 per litre to ₦123.50 per litre on April 1, 2020.

Creation of ₦50bn target credit facility through NIRSAL Microfinance Bank for affected households and MSMEs

Suspension of the proposed increase of electricity tariffs by the Electricity Distribution Companies (Discos)

Establishment of a ₦500bn COVID-19 Crisis Intervention Fund channeled to the upgrade of healthcare facilities at the national and state level.

Extension of the timeline for filing VAT, Withholding tax, and Company Income Tax.

Specific Business Impact

- Declining Revenue from Contracts
- Declining Investment Income
- Postponement of Clients AGMs
- Disruption of cashflow from operations

The 4 Components of Our COVID-19 Business Continuity Plan

- Health & Safety of our employees and customers as well as our overall Human Resource Management.
- Remote Access Work Mode for critical processes and business functions.
- Suppliers/Support Services and Customer Management.
- Internal and External Communications.

COVID-19 PANDEMIC



Our Approach

- 1** Activated our Business Continuity Plan (BCP) which revolves the work from home model across all departments and business segments while prioritizing the fulfilment of all shareholders request across our electronic channels.
- 2** Automation of AGMs end to end while repackaging for Online AGM for client companies in Q2 2020.
- 3** Re-strategizing our project management office roadmap to leverage on closing all ongoing DT projects both internally and for external consulting clients.



FINANCIAL REVIEW



Income Statement	Mar-20	Mar-19	Change
	('million)	('million)	%
Gross Earnings	743.37	869.37	-14
Revenue from Contracts	131.57	273.86	-52
Interest Income	611.80	595.51	+3
Operating Expenses	332.80	317.46	+5
Profit Before Tax	413.45	453.72	-9
Profit After Tax	341.81	381.53	-10

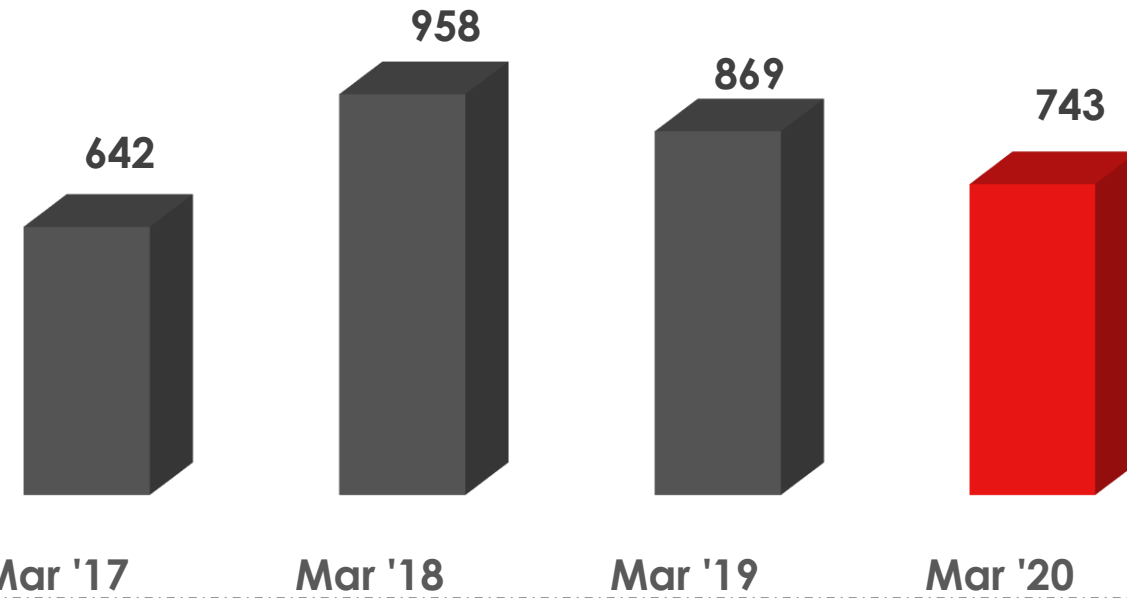
Statement of Financial Position	Mar-20	Dec-19	Change
	('million)	('million)	%
Total Assets	18,093	18,649	-3
Total Liability	9,524	10,365	-8
Total Equity	8,569	8,284	+3

Financial Ratios	Mar-20	Mar-19	Change
PAT Margin	46%	44%	+2pp ²
EBIT Margin	56%	64%	-8pp
Net Asset Per Share	4.28	4.14	+3%
Return on Average Assets ¹	7%	8%	-1pp
Return on Average Equity ¹	16%	18%	-2pp
Asset Turnover Ratio ¹	6.18	5.74	+8%

¹Annualised

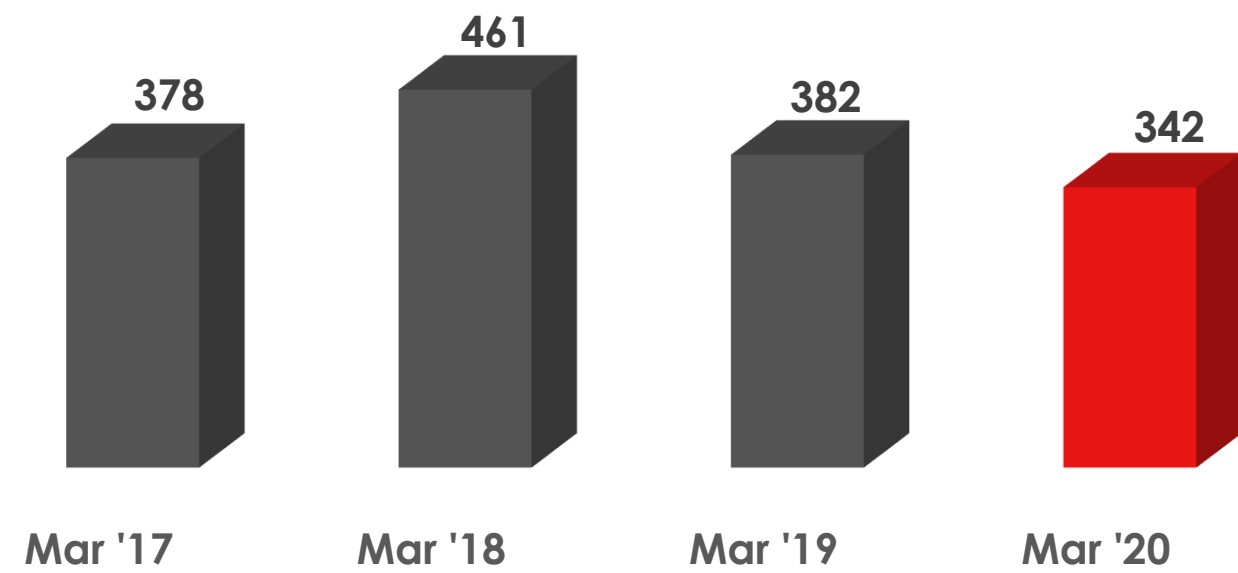
²PP-Percentage Point

Gross Earnings (₦'million)



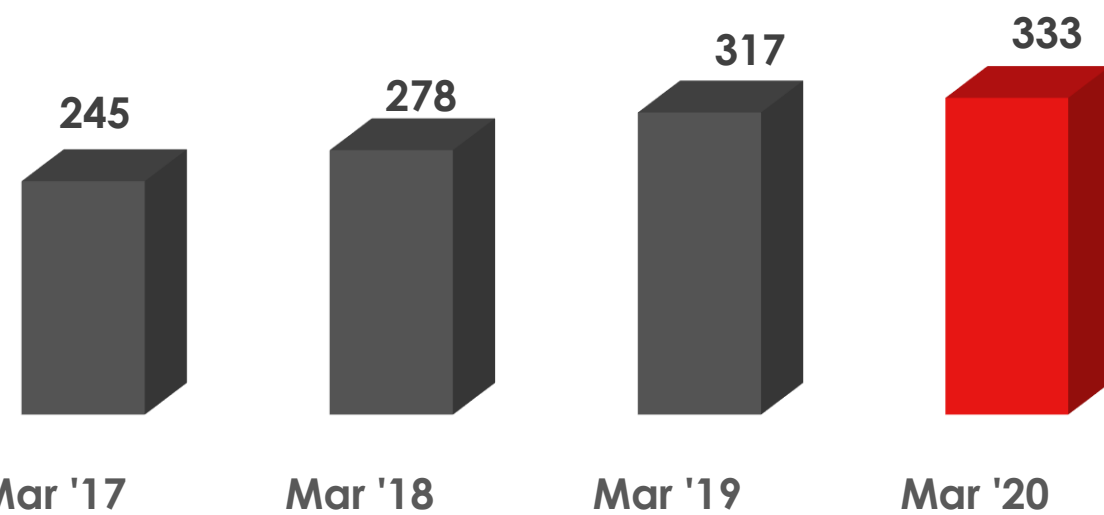
Gross Earnings reduced by 14% driven by drop in Revenue from contracts with customers

Profit After Tax (₦'million)



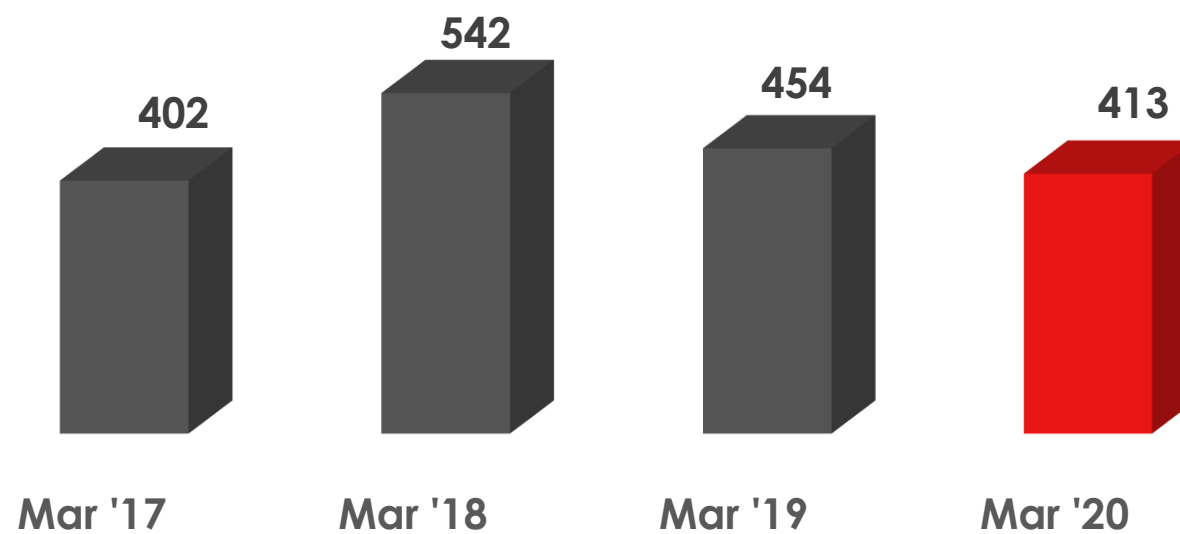
Profit After Tax (PAT) reduced by 10% YoY despite the drop in Income tax expense

Operating Expenses (₦'million)



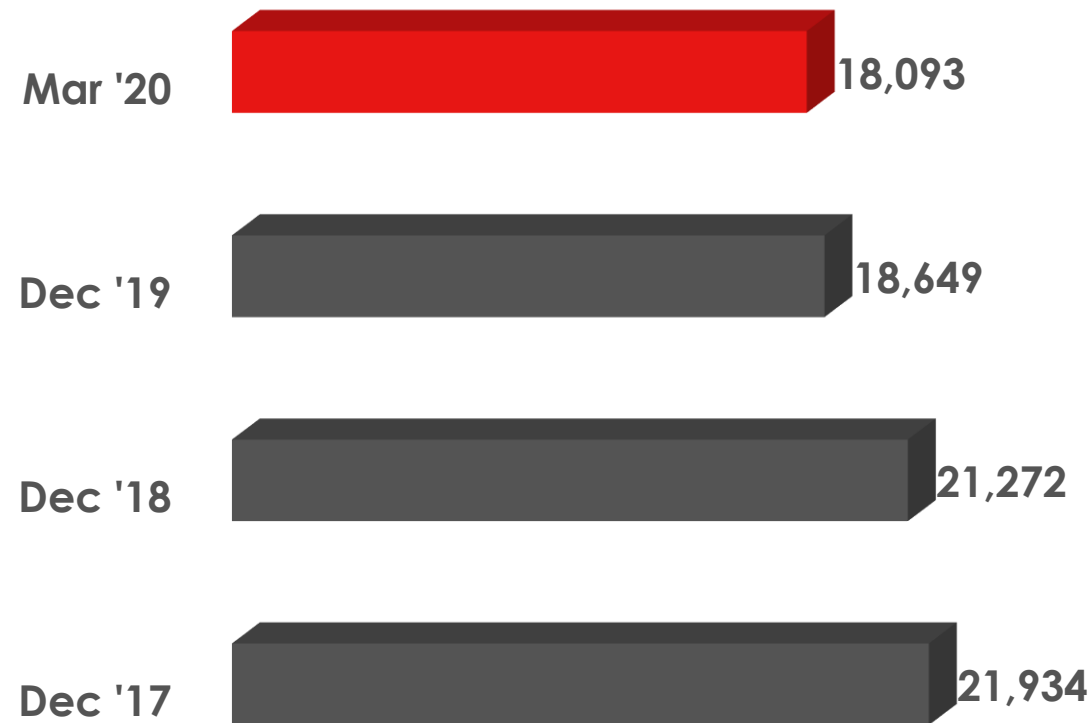
Operating expenses rose by 5% on the back of slight increase in Personnel expenses and Professional fees

Profit Before Tax (₦'million)



Profit Before Tax reduced by 9% due to the rise in OPEX as well as the drop in gross earnings

Total Assets (R'million)



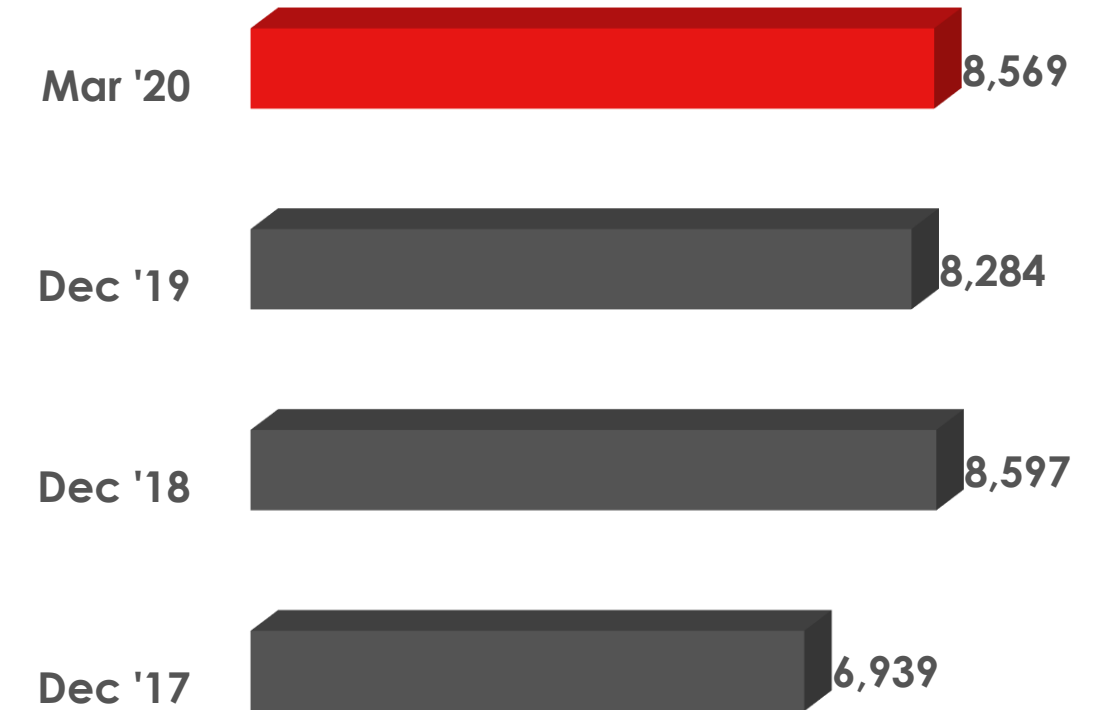
Total Assets reduced by 3% YoY as a result of the reduction in our investments in equity and debt instruments

Total Liabilities (R'million)



Total Liabilities shed 8% YoY driven by the slowdown in customers deposits as well as creditors and accruals

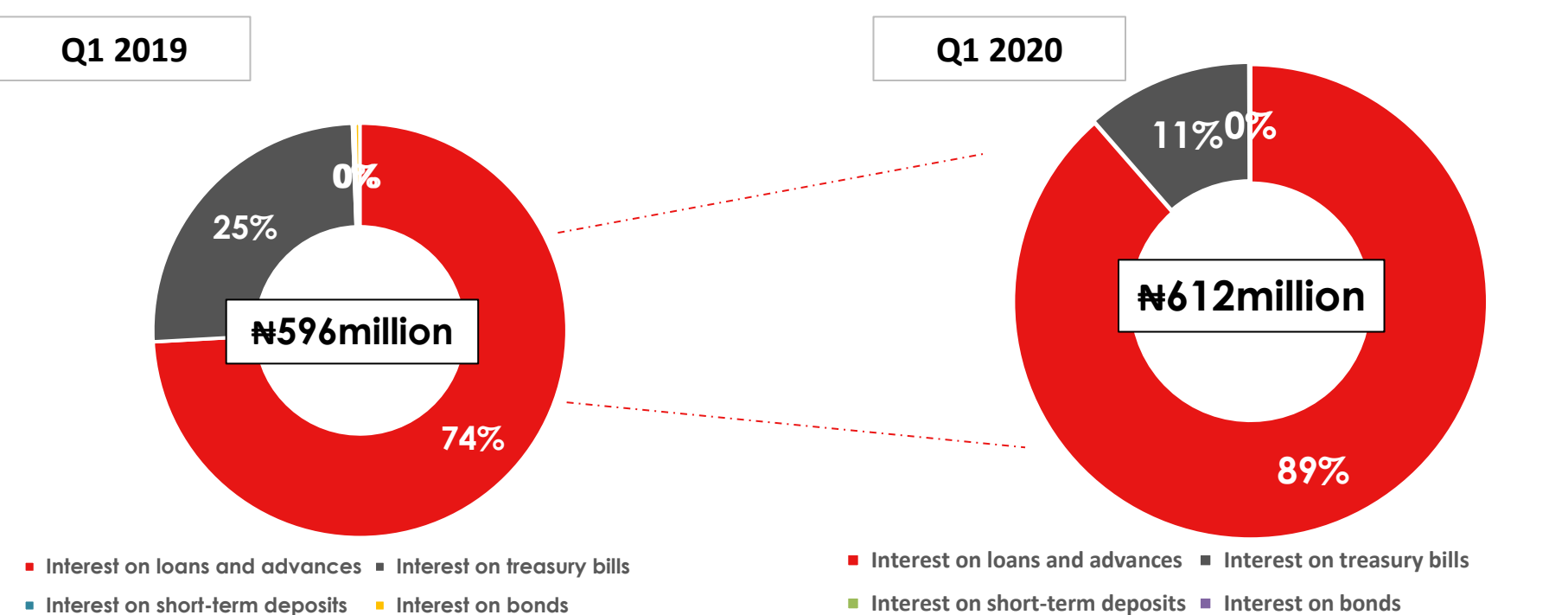
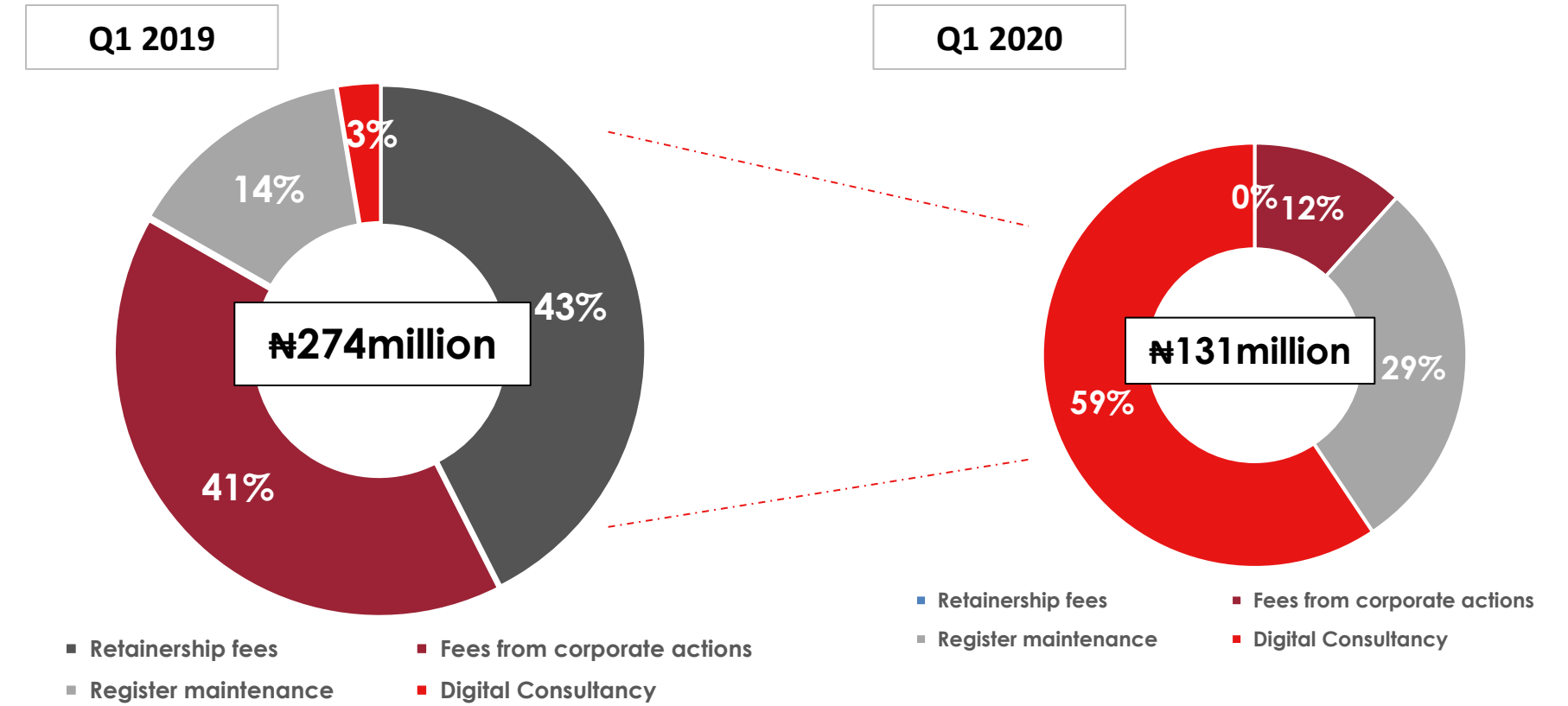
Total Equity (R'million)

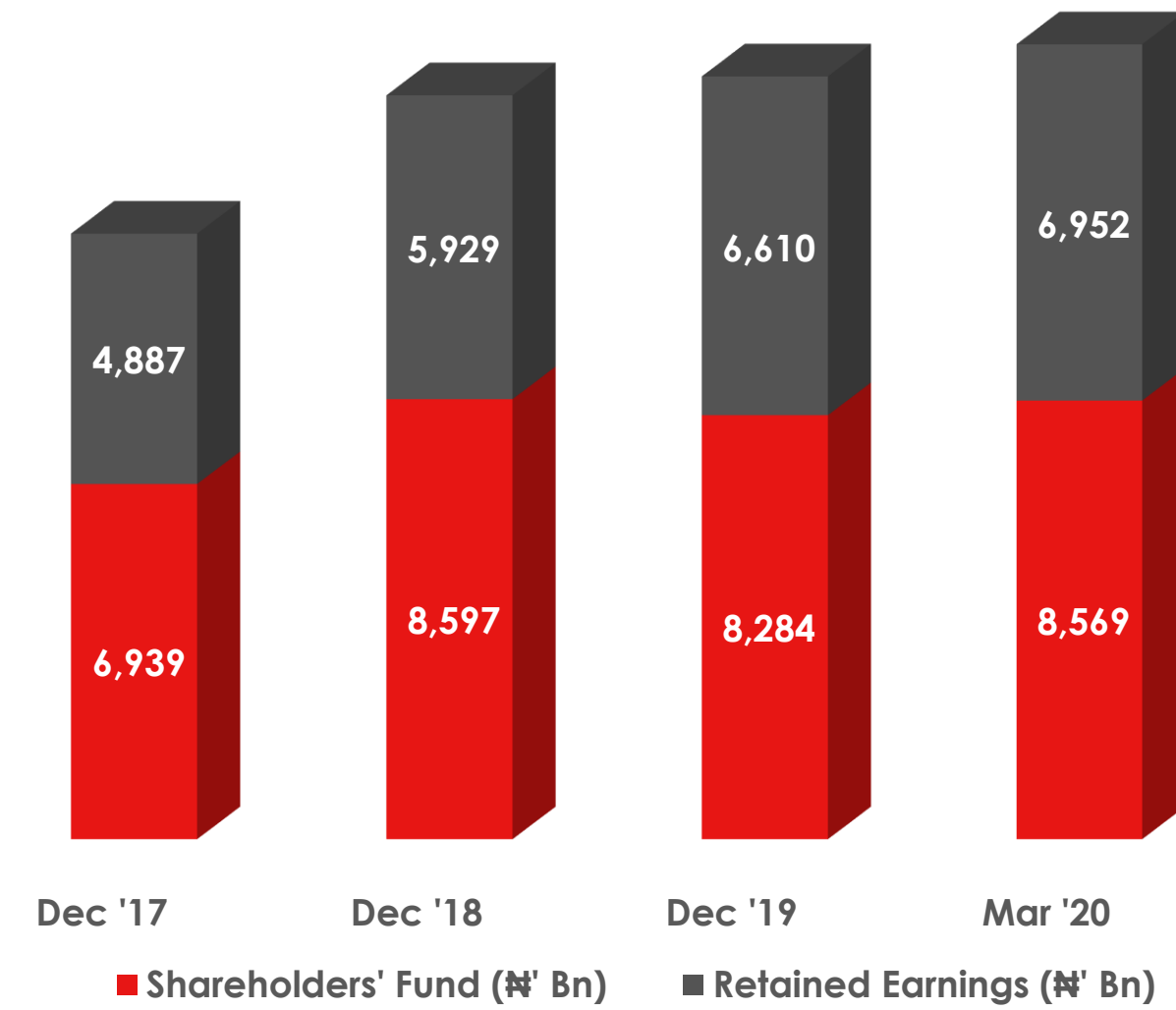
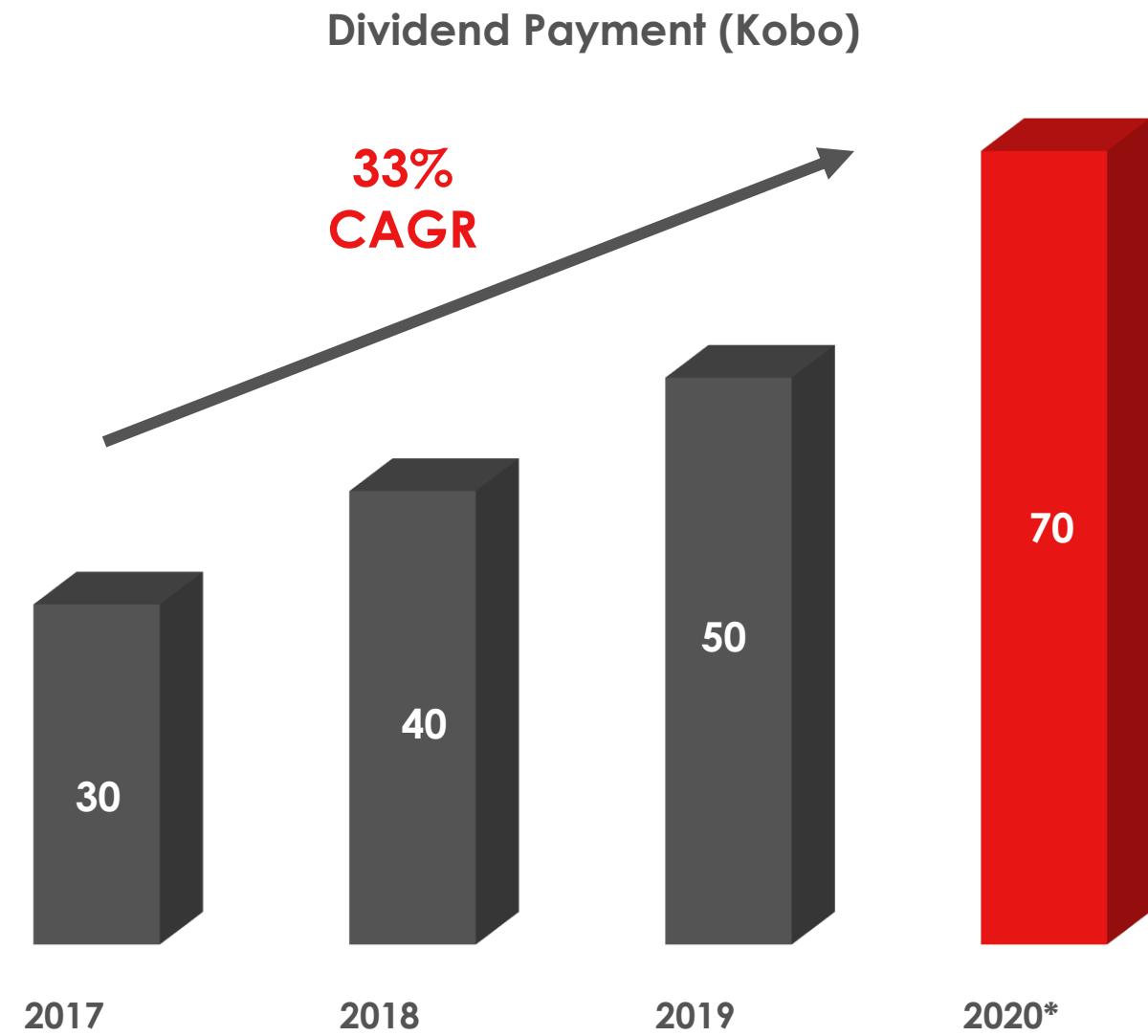


Total Equity appreciated by 3% YoY on the back of gains in our retained earnings.

(in million ₦)	Mar-20	Mar-19	Change
Revenue from Contracts with Customers	131	274	-52%
Retainership Fees	-	117	-100%
Fees from Corporate Actions	15	112	-86%
Register Maintenance	38	39	-1%
Digital Consultancy	78	7	+973%

(in million ₦)	Mar-20	Mar-19	Change
Interest Income	612	596	+3%
Interest on Loans and Advances	542	441	+23%
Interest on Treasury Bills	70	151	-54%
Interest on Short-term Deposits	0.36	1	-69%
Interest on Bonds	-	2	-100%





Dividend payout appreciated at 33% CAGR an indication of continued return of capital to shareholders

Sustained growth in average shareholders fund backed by buoyant retained earnings to boost company's operations



DIGITAL TECHNOLOGY



+500,000 Subscribers
on EasyCoop

- ✓ Automated disbursement for cooperators on the platform.
- ✓ Enhanced payroll, accounting and inventory management features.
- ✓ Developed App version solution
- ✓ Commenced customization features for different Cooperative groups

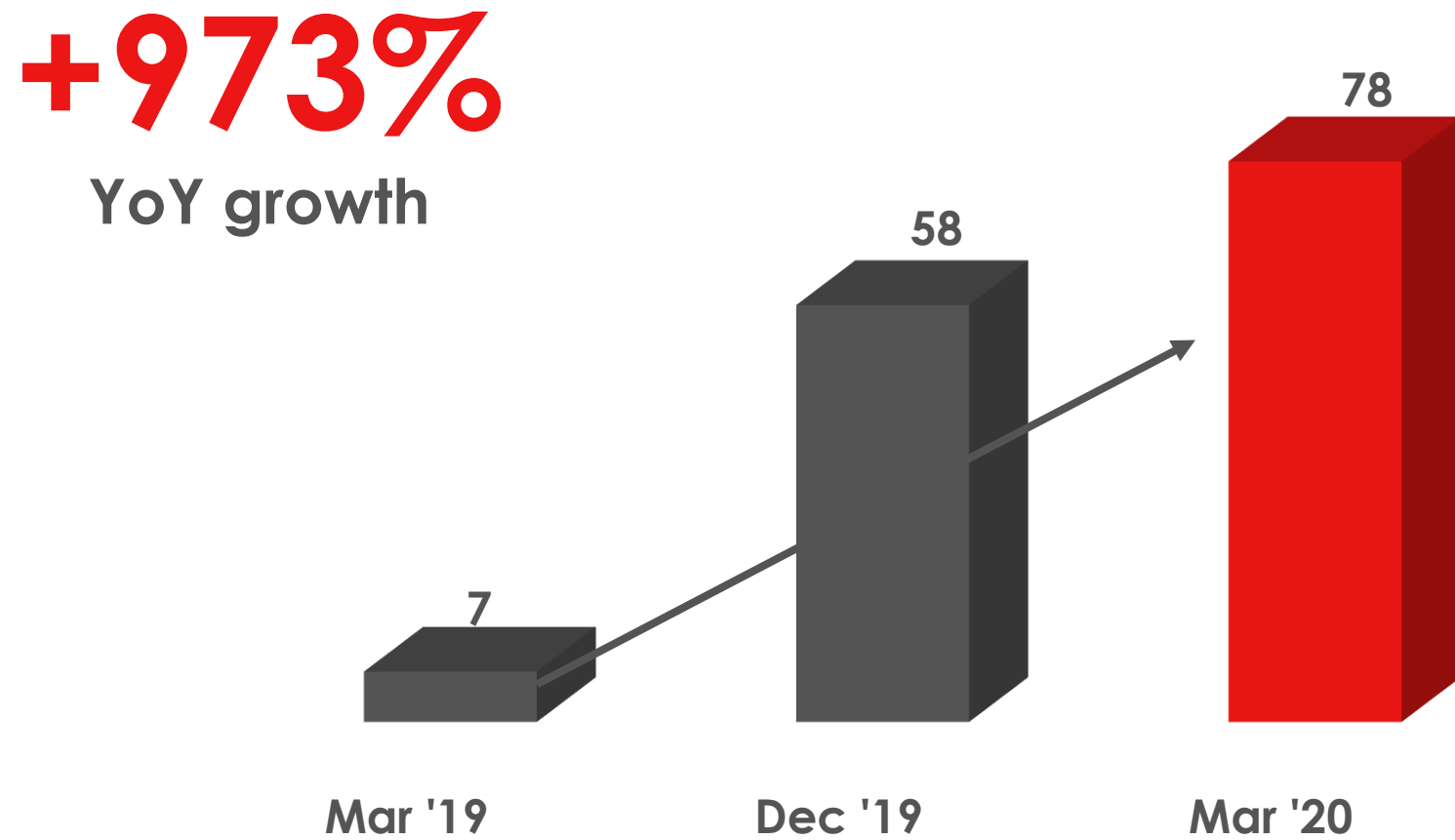


100% Product Offerings growth
on EasyMall

- ✓ Website Launch
- ✓ 50% repeat sales generated form Clientele
- ✓ Establish strategic partnerships and alliances with OEMs and 3PLs
- ✓ Developed Sales Strategy leveraging relationship, data analytics and market knowledge
- ✓ Initiated Logistic strategy for delivery and inventory

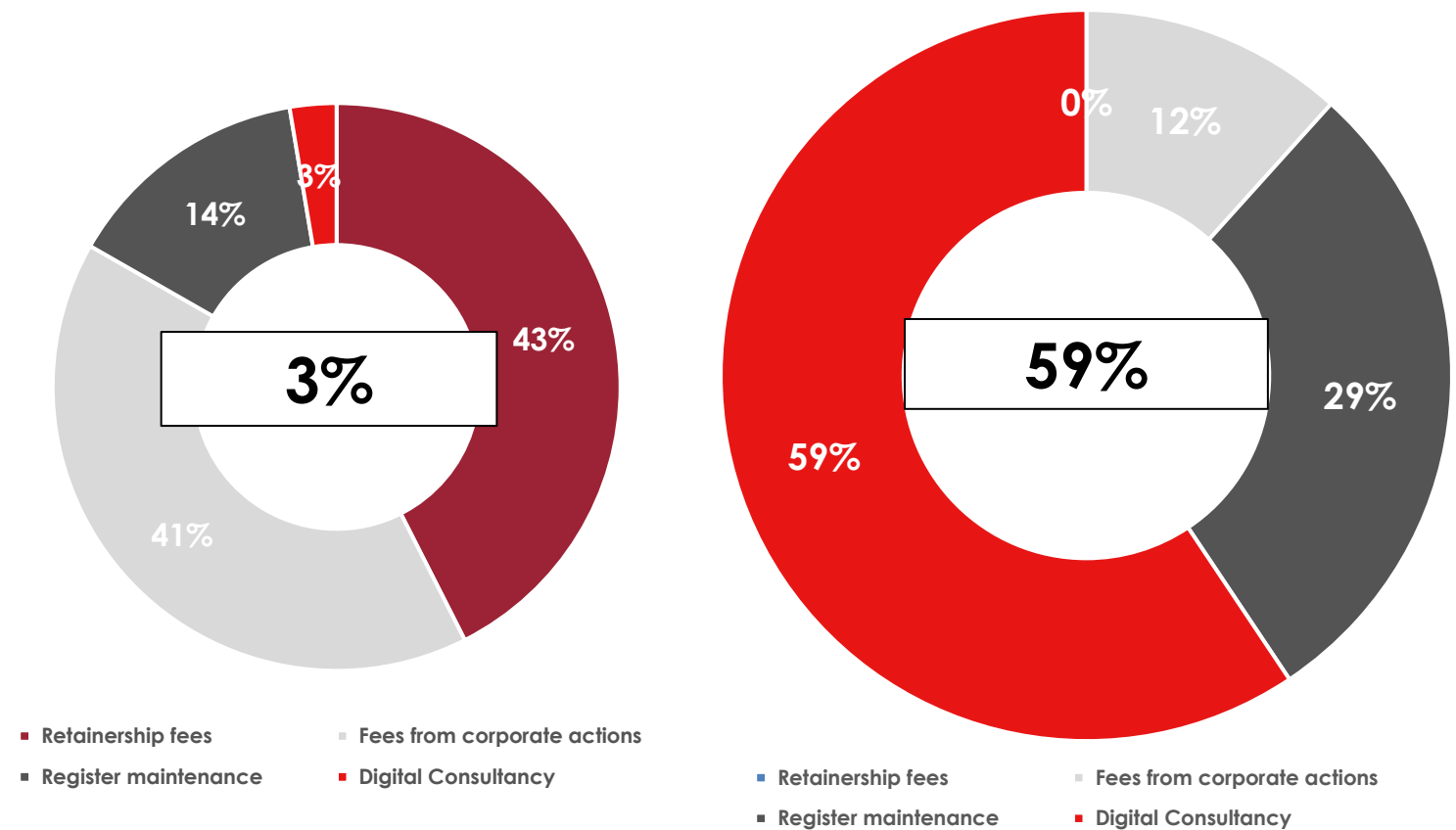
Diversification towards digital technology helped to grow relative stable revenue base

Digital Consultancy (R'million)



Our digital technology business recorded tremendous growth expanding by more than 900% when compared to Q1 2019

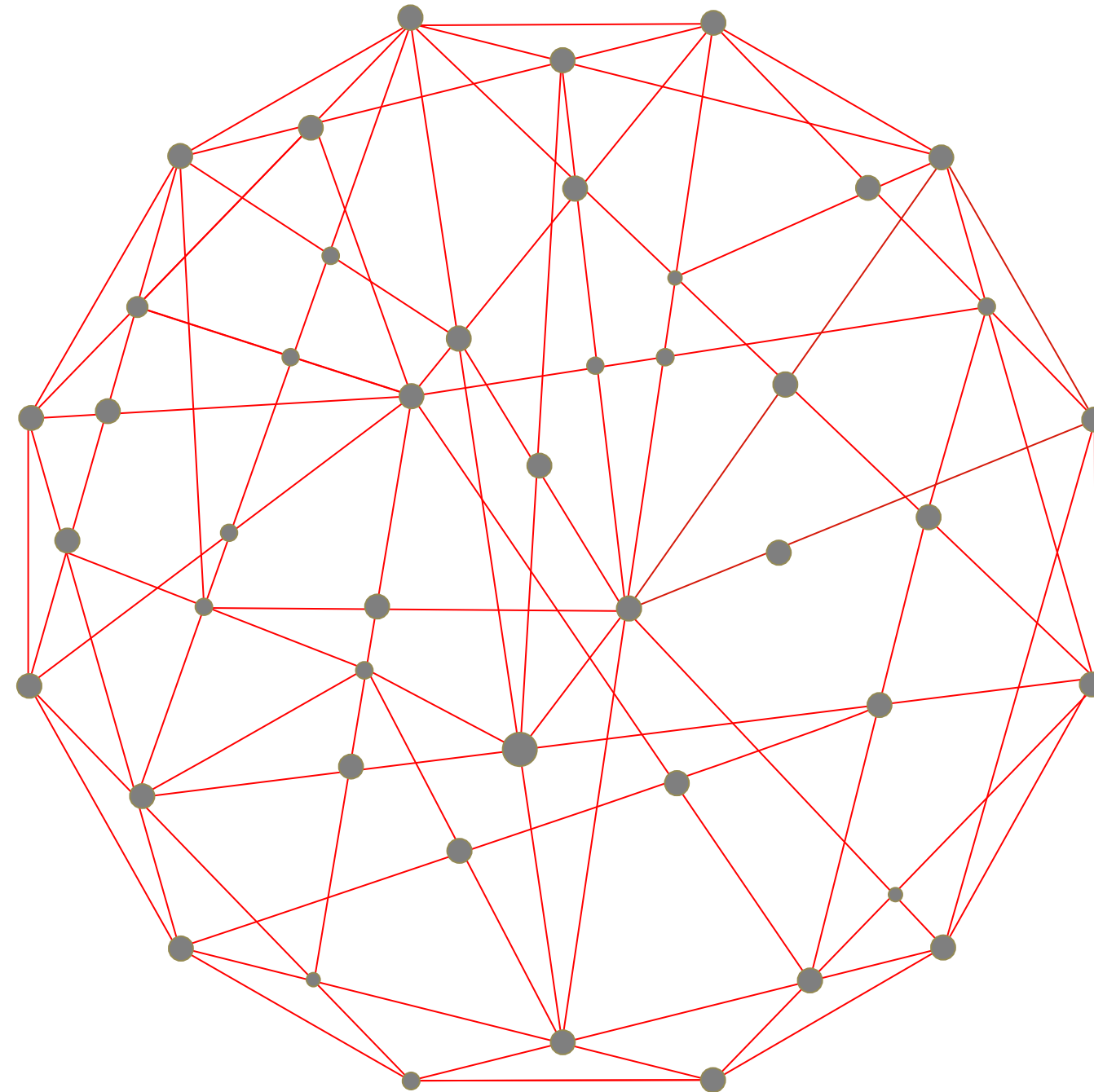
Contribution to Revenue from Contract with Customers



Contribution to revenue from contracts grew from 3% in Q1 2019 to 59% in Q1 2020

Position the business as a Go-To Software- As A Service (SaaS) solution provider in chosen markets.

Improved process automation and leveraging analytics to create value across our business lines.



Enhance the EasyCoop product family to play in the retail space via her EasyCoop Prime Solution across the global cooperative space.

Position EasyCoop as undisputed No. 1 Cooperative solution in Nigeria by 2021 across B2B and B2C model.



OUTLOOK



DIGITAL TECHNOLOGY

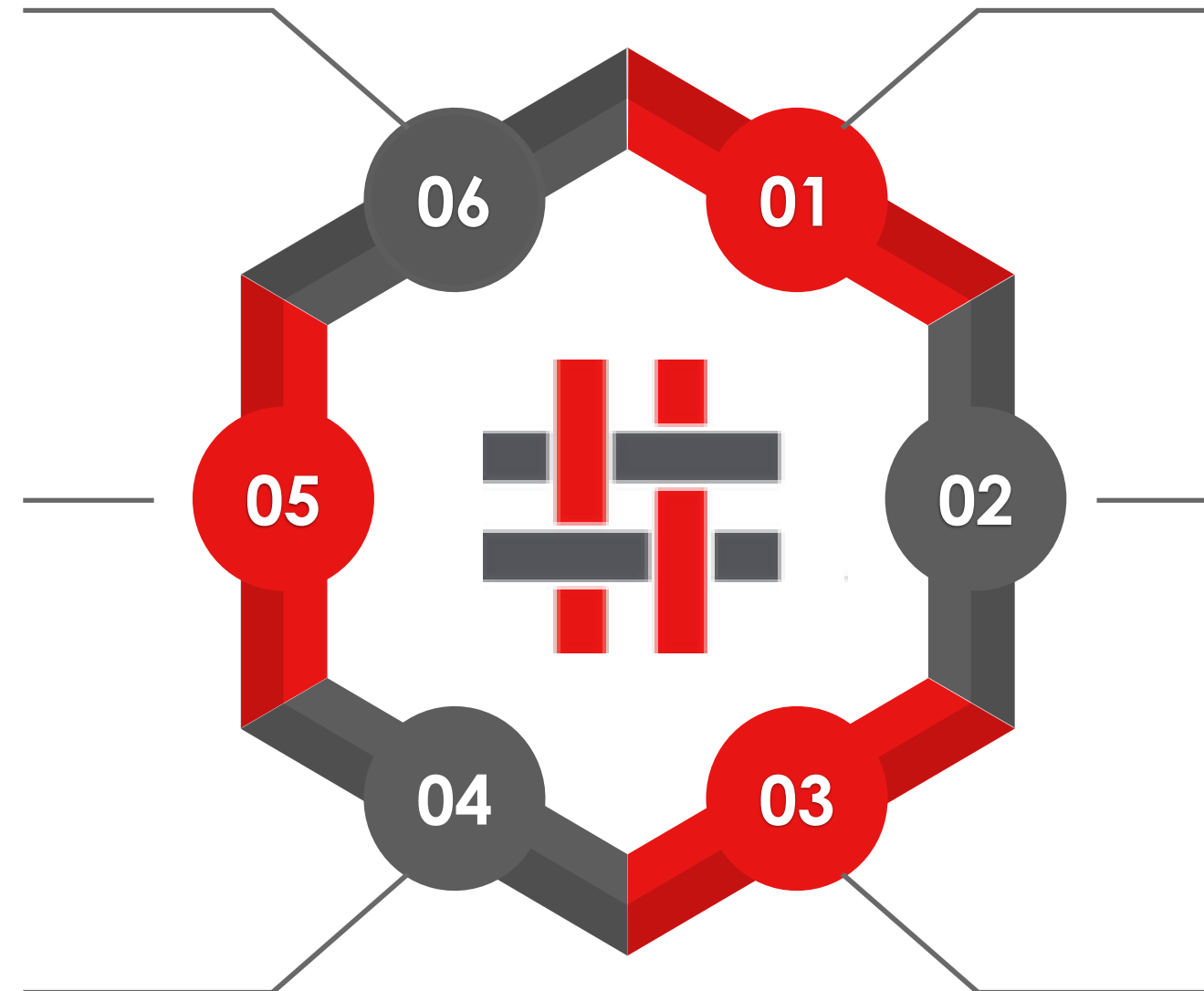
- Upscaling our capability in developing software solutions and applications for third parties through our innovation lab.
- Strengthen Data driven business decision.
- Develop Customer behavior models leveraging our Data warehouse facility to drive increased business insights and revenue across our businesses.

COOPERATIVE

- Deepen market penetration of EasyCoop solution in Nigeria and internationally
- Position EasyCoop Solution as the top cooperative manager solution in Africa.
- Continual iteration on EasyCoop Solution and deploy Easycoop Market place with clear go-to market strategy.

CLIENT RELATIONSHIP

- 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



REGISTRAR

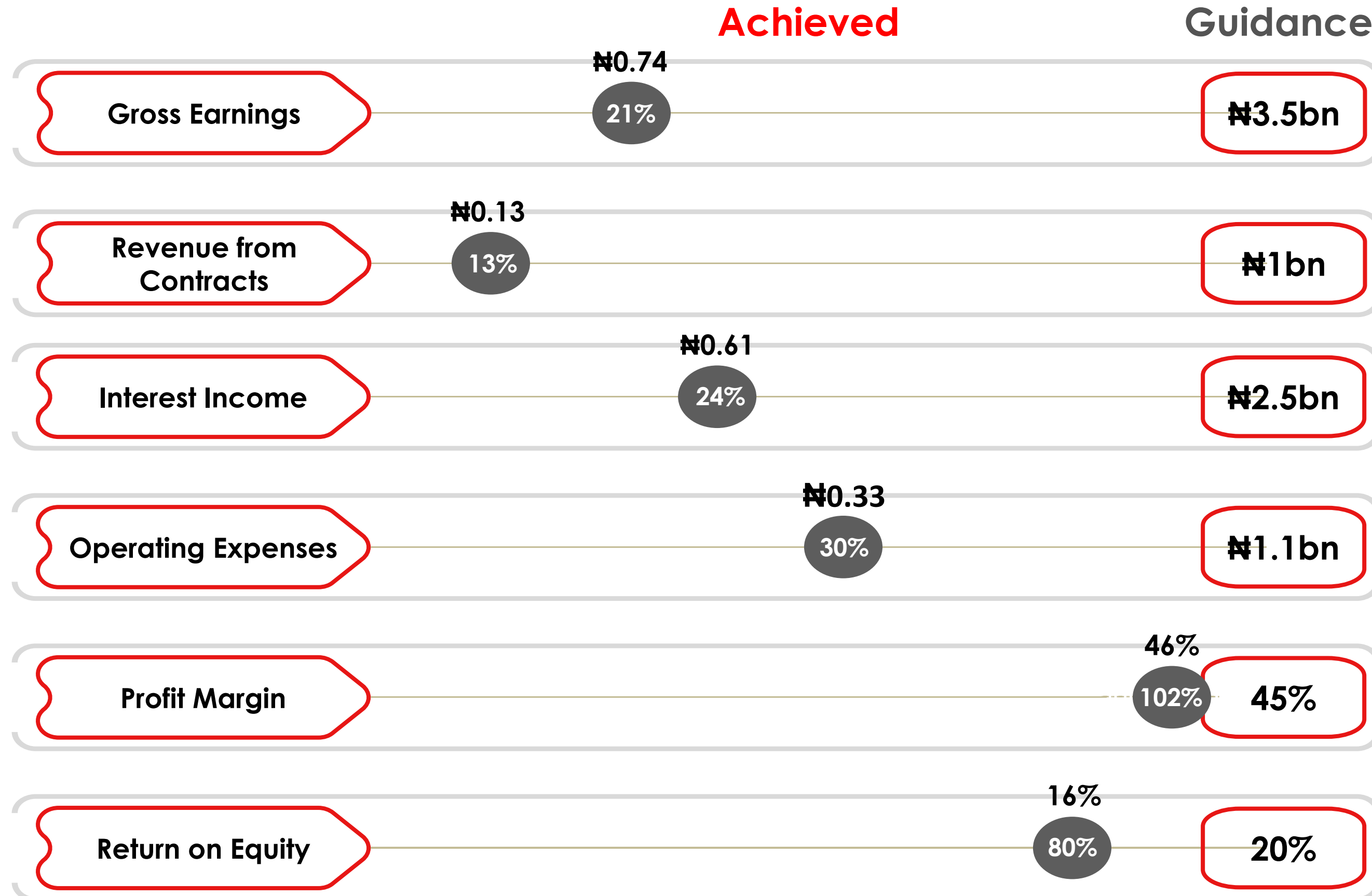
- Deepen our capital market presence in the African Market.
- Look to introduce automated Listing Solutions to the market.
- Complete automation of AGM processes of clients end to end.

EASYSMALL/E-COMMERCE

- Provide access to top quality products at cheapest prices to our captive market segments
- Increase value offerings across all her defined market segments.

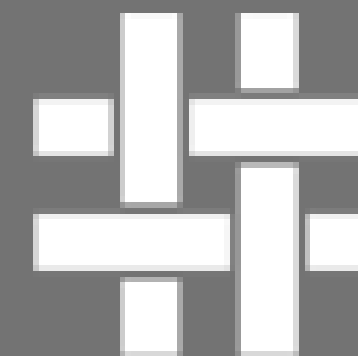
CUSTOMER FULFILLMENT CENTER

- Moving from service to sales, we would initiate the telemarketing of solutions and products
- Business Processing Outsourcing/Call Centre Outsourcing Provider





APPENDIX



Statement of Comprehensive Income (in thousands of Nigerian Naira)	Mar-20	Mar-19
Revenue from contracts with customers	131,567	273,861
Interest Income	611,799	595,508
Gross earnings	743,366	869,369
Other income	2,891	2,839
Credit loss reversals/(expenses)	-	-
Personnel expenses	(158,105)	(155,146)
Other operating expenses	(152,195)	(145,188)
Depreciation of property and equipment	(13,983)	(12,038)
Depreciation of right of use assets	(3,265)	-
Amortisation of intangible assets	(5,256)	(5,083)
Profit before finance costs and tax	413,453	554,753
Finance costs	-	(101,030)
Profit before tax	413,453	453,723
Income tax expense	(71,645)	(72,189)
Profit for the period	341,808	381,534

Statement of Financial Position (in thousands of Nigerian Naira)	Mar-20	Dec-19
ASSETS		
Cash and cash equivalents	2,263,911	1,622,185
Equity instruments at fair value through OCI	186,235	243,328
Debt instruments at fair value through OCI	14,801,389	15,982,783
Trade and other receivables	458,779	412,582
Property, plant and equipment	315,811	314,854
Right-of-use-assets	11,460	14,725
Intangible asset	55,555	58,876
TOTAL ASSETS	18,093,140	18,649,333
LIABILITIES		
Customers' deposits	8,735,018	9,644,466
Creditors and accruals	29,034	32,139
Lease liabilities	12,292	12,292
Current income tax payable	705,941	634,296
Deferred tax liabilities	41,856	41,856
TOTAL LIABILITIES	9,524,141	10,365,049
EQUITY		
Share capital	1,000,000	1,000,000
Share premium	624,446	624,446
Fair value reserve	(77,821)	(20,728)
Retained earnings	6,951,778	6,609,970
TOTAL EQUITY	8,568,999	8,284,284
TOTAL EQUITY AND LIABILITIES	18,093,140	18,649,333



Thank you !!!

Questions and Answers