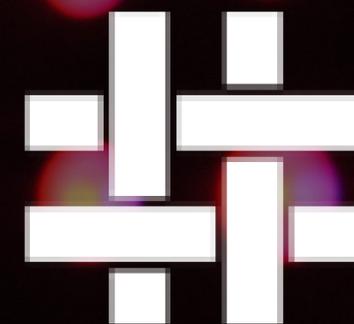


 Africa Prudential

# Presentation to Investors & Analysts

*HY 2020 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.



**Listed on the Nigerian Stock Exchange**  
with over 250,000 shareholders.

**600,000 +**  
Aggregate lives on EasyCoop Automated Cooperative Management Solution.



**10million +**  
User-Capacity Platform.



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



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.

2013

## 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

- Change of name and rebrand to Africa Prudential Plc.
- Announced business strategy venturing into digital technology.

2020-2021

## Business Expansion

- Expand digital technology, capital market and e-commerce offerings across Africa, leveraging cloud technology and big data.

## 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 oversubscribed 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.
- Innovation hub, acceleration program, development of various software for the capital market, automated registrar service, customer-focused services.

2019

Total Asset stood at \$60.7Million



## 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.

## Customer Experience



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

## 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 impact of the Covid-19 pandemic is expected to impact growth performance negatively in Q2 2020 as the Government imposed a 5 weeks lockdown to curtail the impact of the pandemic.*
- *This disrupted the supply chain, investment and consumer spending, and government revenue projection with consequence for output and income generation in the economy.*

## Capital Market Activities gains momentum

- *Corporate issuances of CPs and Bonds has taken the centre stage in a bid to raise fresh capital to weather the storm of COVID-19.*
- *The duo factor of increased system liquidity and low-yield environment is spurring interest in pursuing debt financing in the capital market by corporates and government.*

## Digital Technology

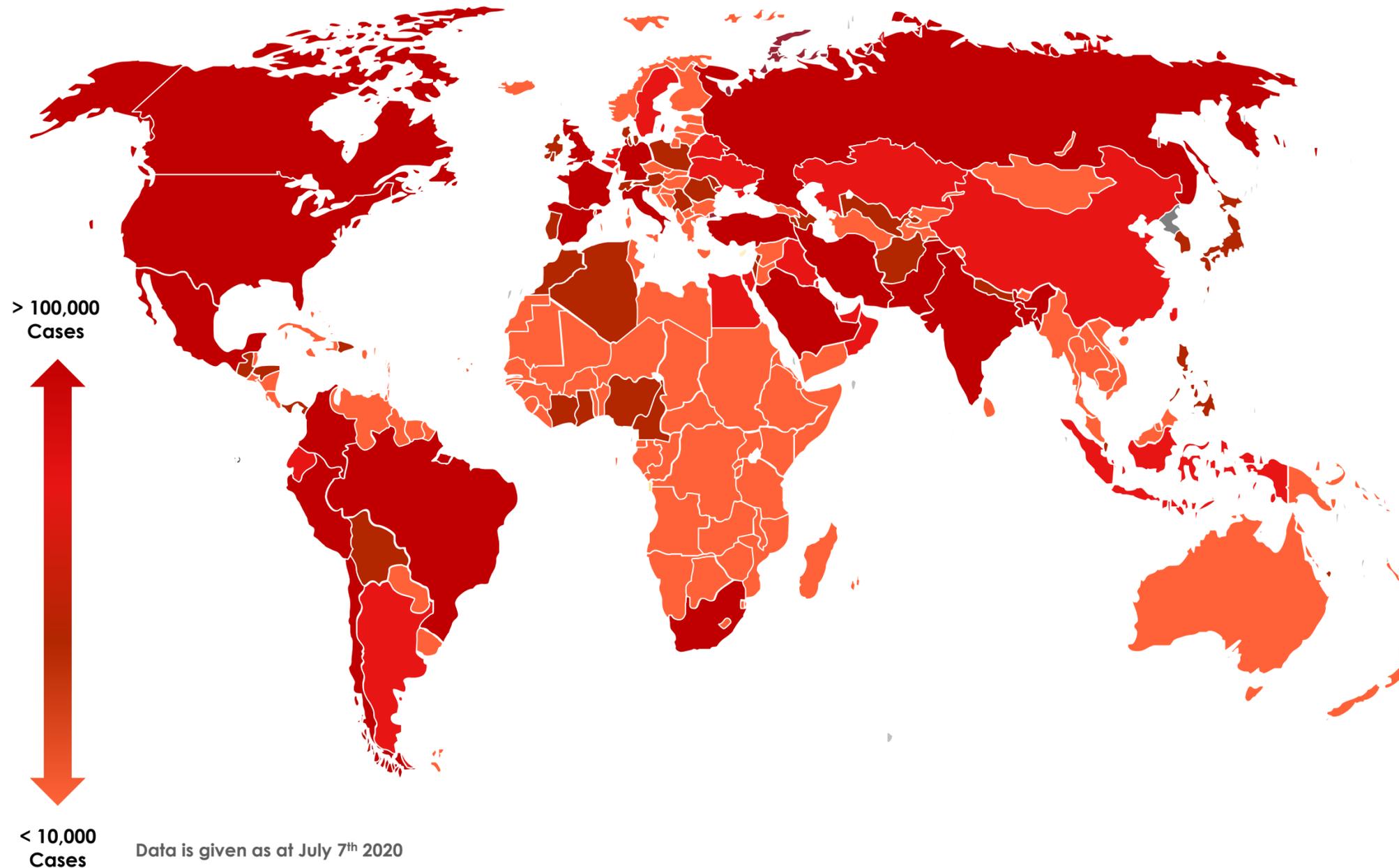
- *With the launch of our Innovation Lab, we are strategically positioning our business to take advantage of digital technology, machine learning, AI and Big data to simplify our operations and develop innovative solutions to create value for our clients*

## Regulations

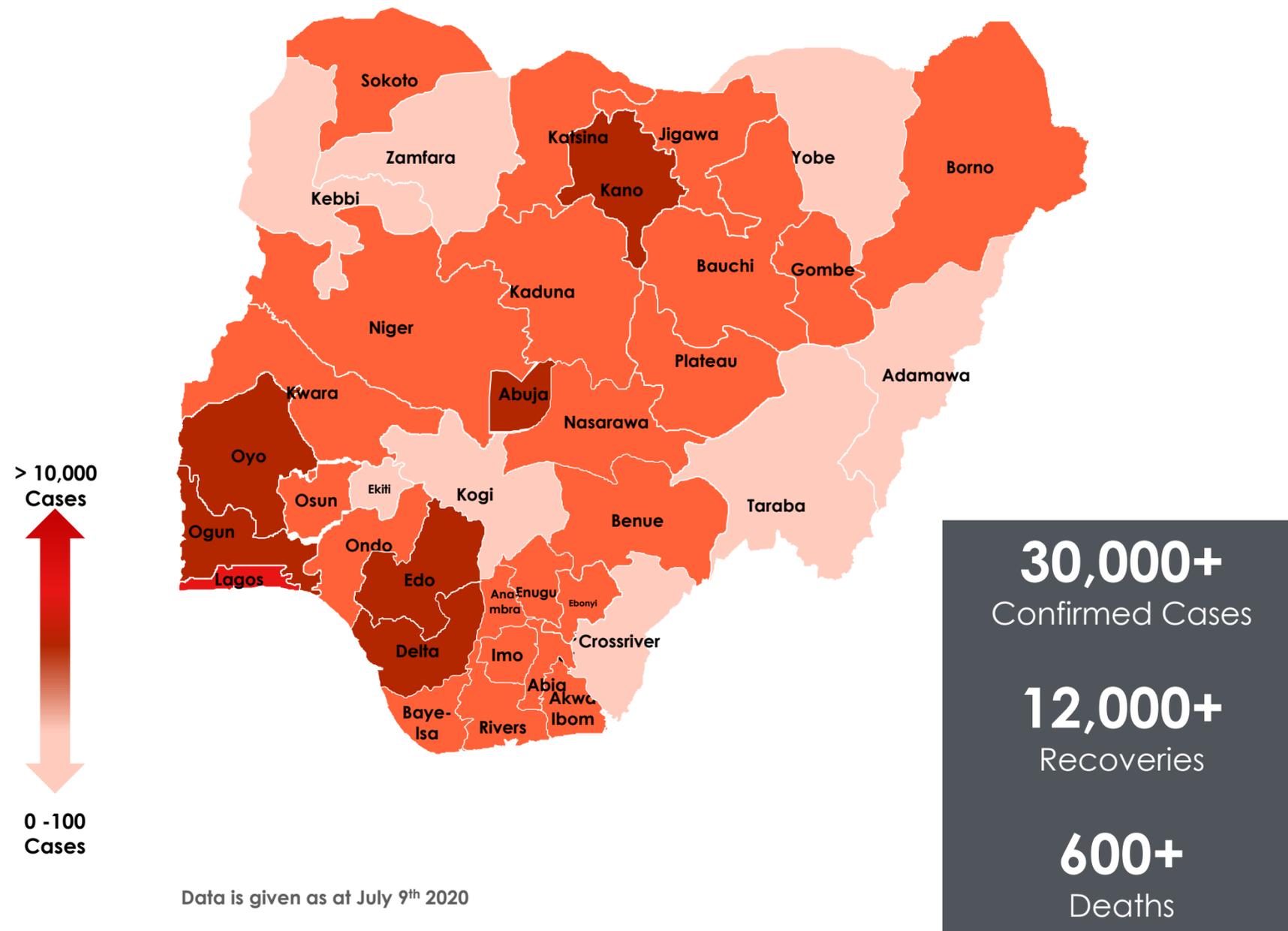
- *With the fast pace of digital disruptions in the business landscape, the need for regulations to play a leading role in supporting innovation is crucial to growing the capital market.*



Confirmed Positive Cases of COVID-19 Infection around the World



- Since April 23<sup>rd</sup> 2020, the number of confirmed cases of COVID-19 infections around the world has grown exponentially from about 2 million people infected to more than 11 million people with 500,000+ deaths and 6.9 million recoveries.
- In a bid to slowdown the spread-rate of the virus, more than 80 countries imposed either a lockdown, travel ban, curfew or other forms of social distancing measures for at least 6 weeks.
- The measures taken disrupted global supply chains, halted business activities, and resulted in massive demand and supply shock as well as job losses and high unemployment. Consequently, global equities markets were in the red sea as investors flew for safety.
- Major economies recorded negative growth for Q1 2020. The economy of USA, China, UK and Germany all contracted by -5%, -6.8%, -2% and -1.9% y-o-y.
- In June, the IMF revised its growth projections downwards from -3% to -4.9% in 2020 as general economic slowdown was recorded around the world in Q1 2020.
- Measures taken by Governments to reduce the effect of COVID-19 on their economies include:
  - US Federal Reserves cut rate to 0-0.25% band and bond buying program.
  - €750bn asset purchase program by the European Central Bank and \$500bn stimulus package approved by the EU.
  - Liquidity injection of RMB3.8tn by the Peoples Bank of China.



- Since the first COVID-19 case was reported in Nigeria back in February, the rate of spread has grown exponentially as Government Authorities ramp up testing capacity. As a July 9<sup>th</sup>, Nigeria has recorded 30,000+ positive cases with 12,000+ recovered and 600+ deaths.
- GDP growth figures for Q1 2020 showed that the economy grew at a slower rate compared to Q4 2019. GDP growth rate was 1.87% in Q1 2020, 0.68 percentage points lower than Q4 2019.
- The slow rate of expansion in GDP was due to the impact of the pandemic on the country's projected revenue and investment spending as uncertainty enveloped the global economic space. The Government-imposed lockdown in Nigeria took effect on 30<sup>th</sup> March, 2020 and is expected to impact economic performance in Q2.
- Although, the federal government and the Central Bank of Nigeria has initiated several relief packages to reduce the economic impact of Covid-19, Nigeria's economy is set to experience further slowdown as the persistent spike in inflation, looming devaluation of the Naira, and fears of a second wave cast a dark cloud over the country.
- Similarly, the IMF has revised Nigeria's GDP forecast downwards from 3% back in April to 5% for 2020.
- Following the gradual easing of the lockdown in May 2020, economic activities partially resumed around the country. However, the spread of COVID-19 continues to restrain activities causing job losses and disruption to supply chain.
- Consequently, average general price level had been on an uptick as headline inflation for the 10<sup>th</sup> consecutive months to 12.56%.
- Meanwhile, foreign exchange inflows dwindled in Q2 2020 due to reduction in Foreign portfolio investment which is attributable to concerns surrounding the COVID-19 pandemic in the country. FPI inflows declined to US\$225.7mn in Q2 2020 from US\$23.7bn in Q1 2020.
- This along with the decline in crude oil prices, resulted in depreciation of the Naira and revision of the Nigeria's fiscal budget.

### 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

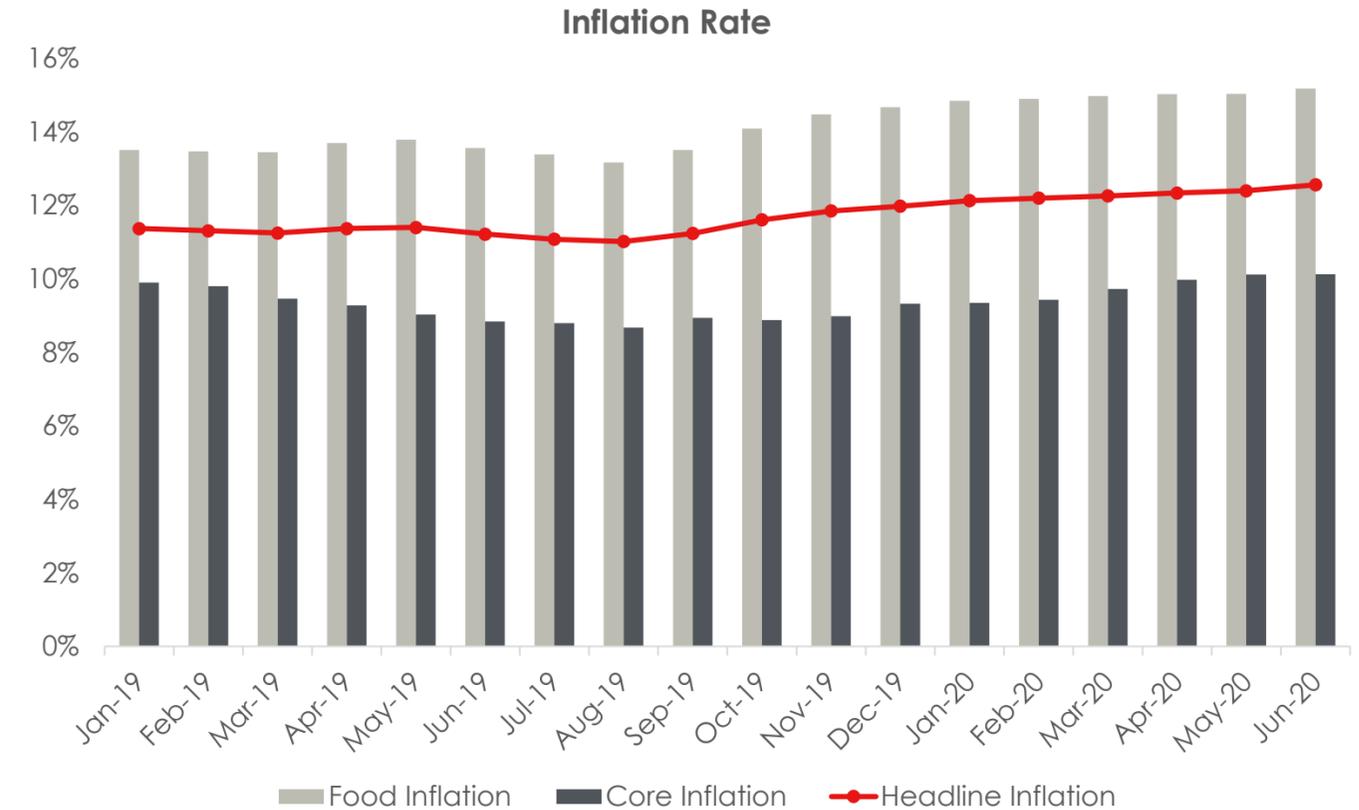
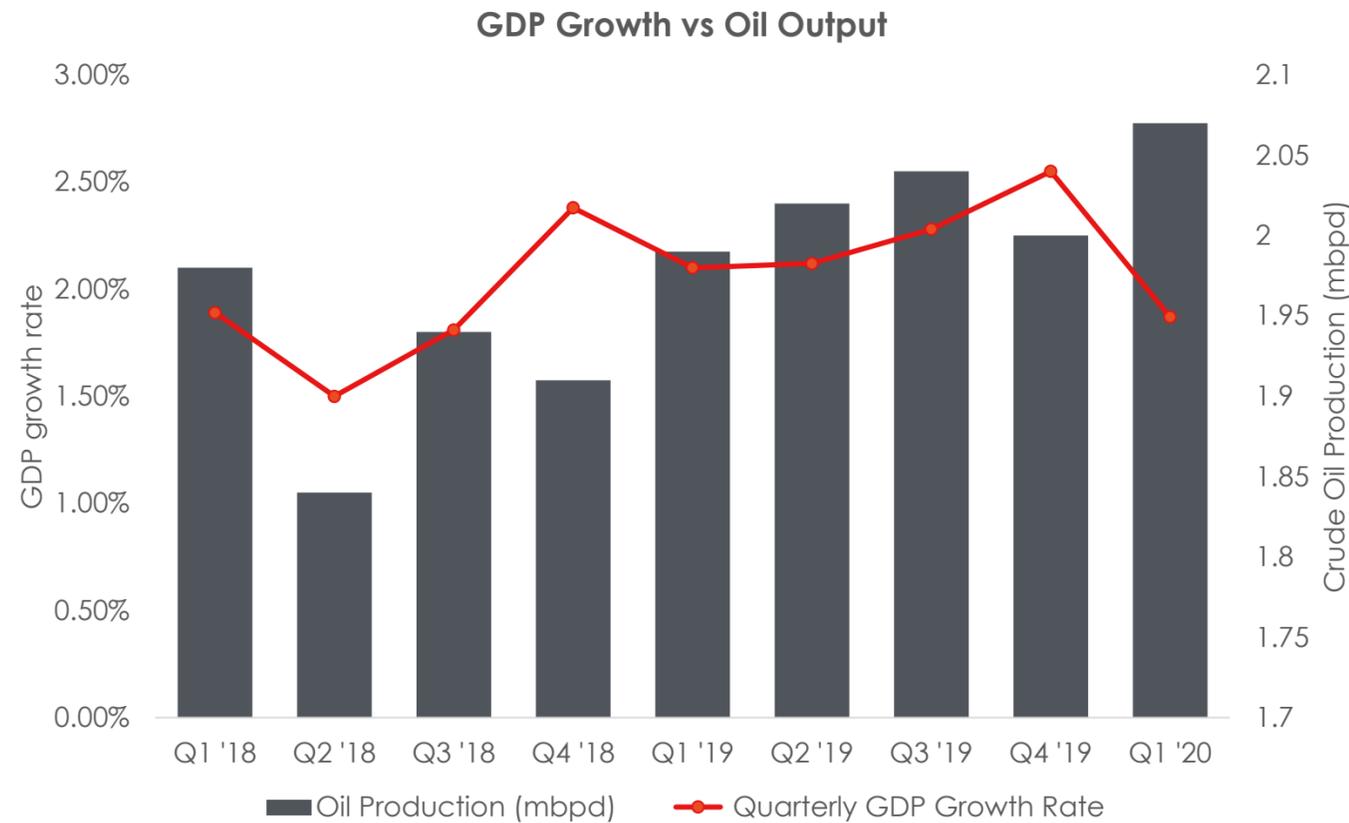
Our response in this regard includes:

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. 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.
3. 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.



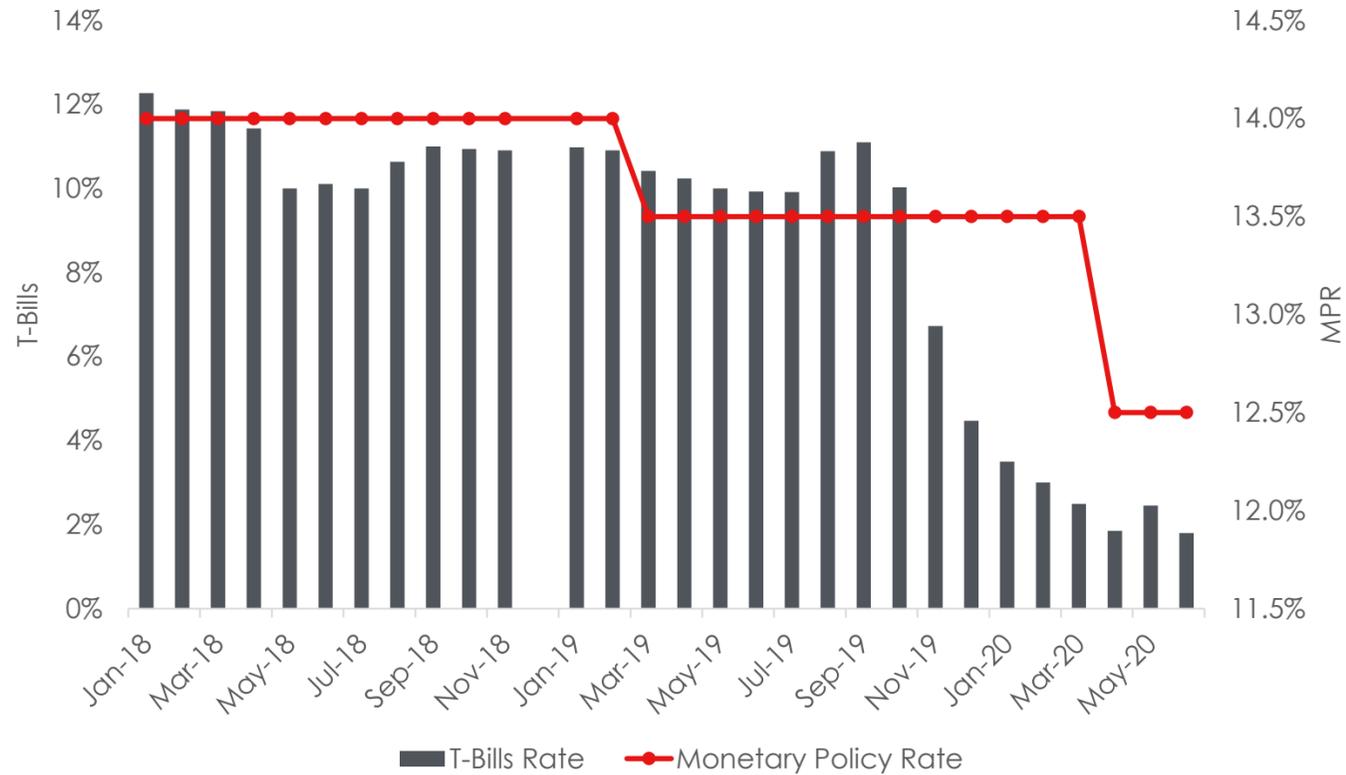
#### GDP growth rate vs Oil Production

- Q2 2020 began with the imposition of lockdown and mobility restrictions, thereby halting the free flow of economic activities in the country. Consequently, GDP figures for Q1 2020 showed that the economy grew at a slower rate compared to Q4 2019. GDP growth rate was 1.87% in Q1 2020, 0.68 percentage points lower than Q4 2019.
- Nigeria's economy is projected to further contract in Q2 due to the shutting down of non-essential services, suspension of flights, and closure of borders to contain the virus. Also,
- The OPEC+ coalition agreed further commitment to support the Oil market by extending its 9.7mbpd production cut by an additional month. Meanwhile, Nigeria is expected to accelerate her production cuts to comply with the allocated target of about 1.4mbpd.

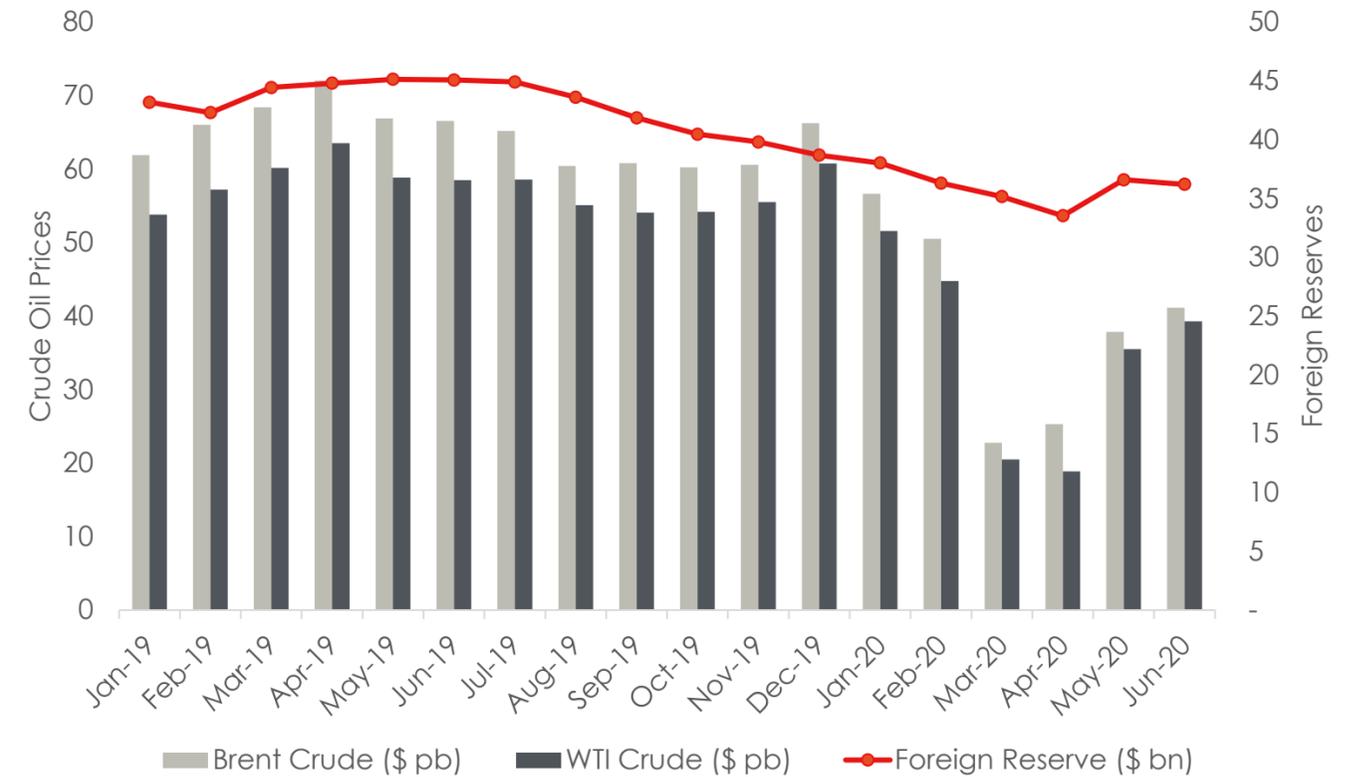
#### Inflation Rate

- Headline inflation continued its upward trajectory in June 2020, expanding for the 10<sup>th</sup> straight month.
- Inflation rose to 12.56% YoY, representing a 0.16 percentage point increase over May figure of 12.40%. The rise was largely driven by increase in food inflation which grew by 0.14 percentage point to 15.18% YoY.
- Howbeit, inflation rate is expected to rise further on the back of the restrictions on foreign exchange, increased transportation cost, and pressure on food prices from continued border closure.

### Interest Rates



### Foreign Reserves vs Crude oil



#### Interest Rates

- The central bank of Nigeria cut its monetary policy rate by 100 basis point to 12.5% from 13.5% at the monetary policy committee meeting which held in May 2020. The imperative of the decision was to drive output growth and income generation to reduce the impact of the pandemic on the economy.
- This decision was informed by a number of factors which includes: the need to stimulate credit expansion to critical sectors, exchange rate pressure, low market interest rates and the need to mitigate the impact of COVID-19 on the economy.
- Since, Q4 2019 average treasury bills rate has trended lower as a result of CBN's restriction which prohibit domestic participants from the OMO auction market and the increased system liquidity driven by OMO, FAAC, and bond disbursements.

#### Foreign Reserves and Crude Oil Prices

- The duo effect of the Covid-19 pandemic and declining crude oil prices significantly weigh down FG's external reserve thereby pilling more pressure on the CBN to devalue the Naira amidst a reduction in the supply for the US Dollar.
- Aside from the effect of COVID-19 on the demand for crude oil, the oil market also witnessed a glut in oil supply driven by increased production of US Shale and the price war between Saudi Arabia and Russia. The result was a dramatic plunge in oil prices, causing WTI to fall below \$0 pb in April.
- However, the OPEC+ production cut agreed on has spurred modest price gain in the oil market, coupled with the gradual resumption of economic activities around the world. Meanwhile, the US\$3.4 bn IMF loan approved for Nigeria has also lend some support to the foreign reserves which explains the gains recorded.



# FINANCIAL REVIEW

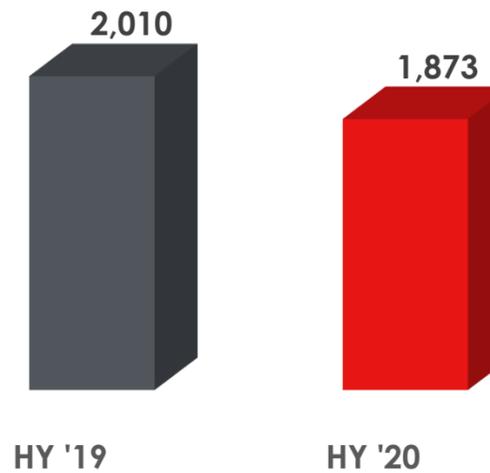


Income Statement	HY '20 (₦' mn)	HY '19 (₦' mn)	Change (%)
Gross Earnings	1,873	2,010	-7
Revenue from Contracts	591	870	-32
Interest Income	1,282	1,140	+12
Operating Expenses	680	721	-6
Profit Before Tax	1,217	1,210	+1
Profit After Tax	1,083	1,028	+5
Statement of Financial Position	HY '20 (₦' mn)	FY '19 (₦' mn)	Change (%)
Total Assets	22,897	18,649	+23
Total Liability	14,974	10,365	+45
Total Equity	7,923	8,284	-4
Key Financial Ratios	HY '20	HY '19	Change
PAT Margin	57.8%	51.1%	+6.7pp
EBIT Margin	65.0%	65.2%	-0.2pp
Return on Average Equity	26.7%	24.4%	+2.4pp
Return on Average Assets	10.4%	10.3%	+0.1pp
Asset Turnover Ratio	0.18	0.20	-10%

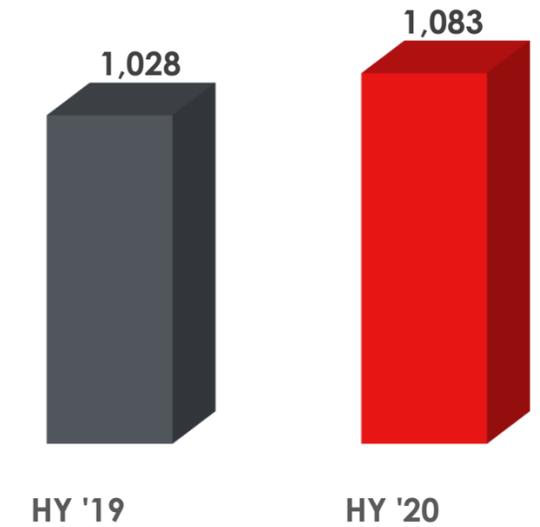
- For the half year period ended June 2020, Gross earnings reduced by 7% due to a 32% reduction in the revenue from contracts with customers which weighed down the effect of the 12% gain in interest income.
- Operating expenses reduced by 6% driven by a 13% reduction in other operating expenses.
- Profit before tax grew modestly by 1% due to full settlement of loans and borrowings which resulted in no finance costs for the period.
- Profit after tax expanded by 5% during the period due a 26% decline in income tax expense.

Income Statement	HY 2020 (₦' mn)	HY 2019 (₦' mn)	Change (%)
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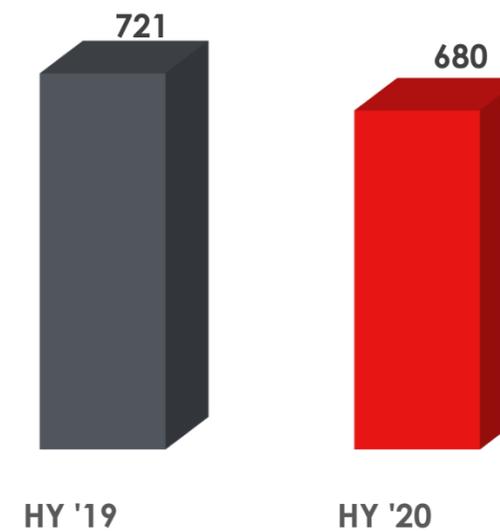
Gross Earnings (₦ 'mn)



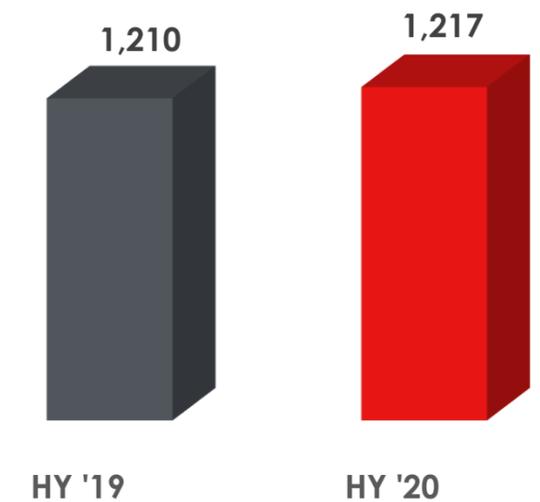
Profit Before Tax (₦ 'mn)



Operating Expenses (₦ 'mn)

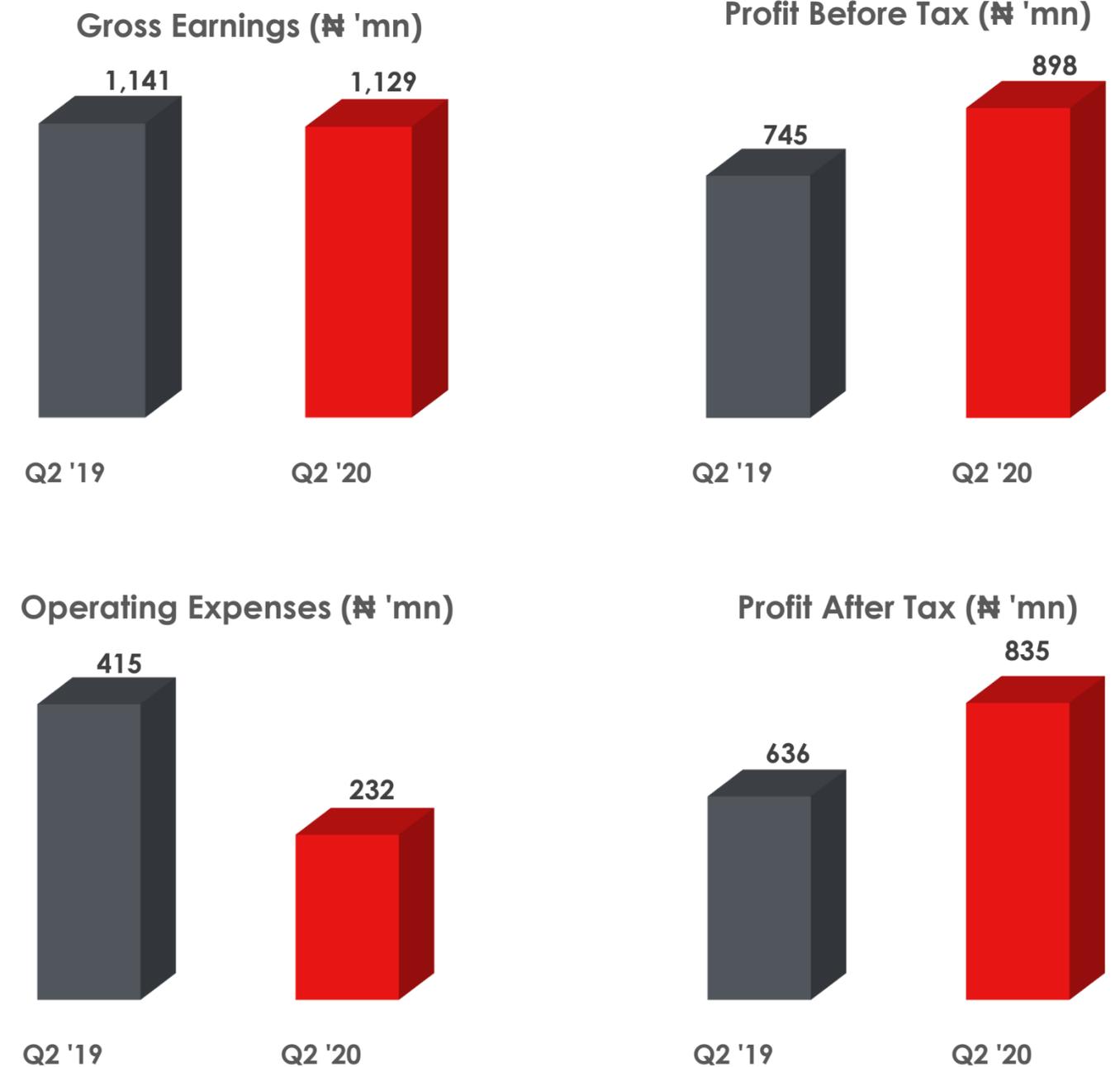


Profit Before Tax (₦ 'mn)



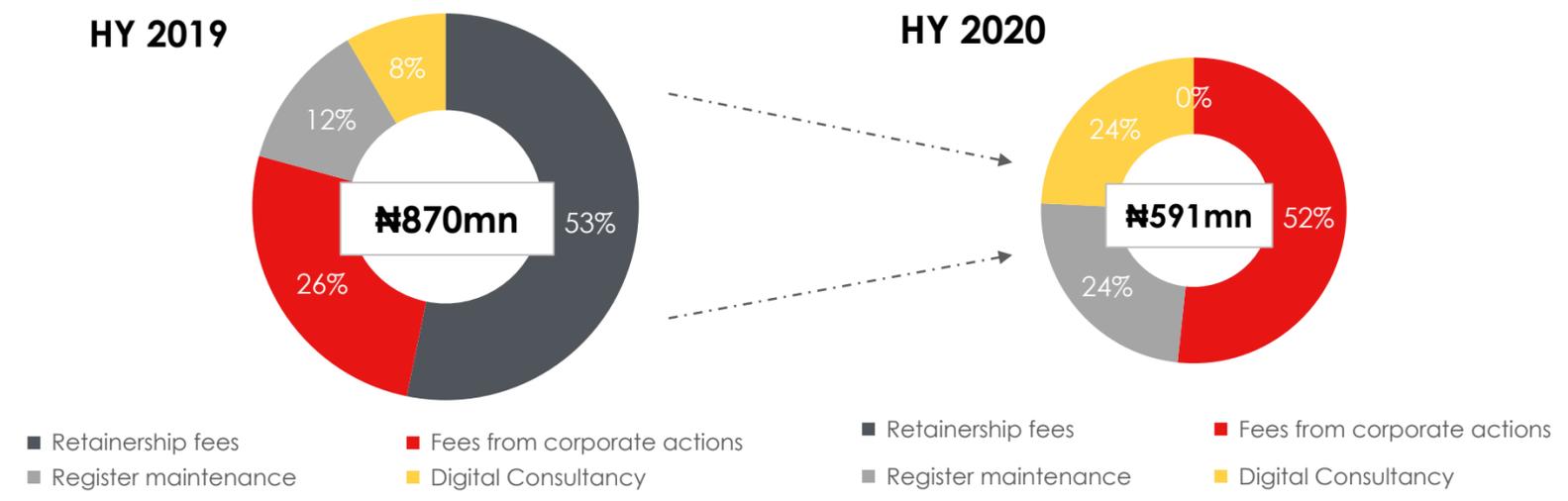
- During the quarter ended June 2020, Gross earnings reduced slightly by 1% YoY as a result of 23% YoY gain in interest income. This was however offset by the 23% YoY drop in the revenue from contracts with customers.
- Operating expenses reduced significantly by 44% due to a broad base cost efficiency in personnel expenses, depreciation, amortization, and other operating expenses.
- Profit before tax rose by 21% due to the reduction in operating expenses.
- Meanwhile, profit after tax expanded by 31% during the period as a result of the 43% decline in income tax expense and the growth in PBT.

Income Statement	Q2 2020 (₦' mn)	Q2 2019 (₦' mn)	Change (%)
Gross Earnings	1,129	1,141	-1
Operating Expenses	232	415	-44
Profit Before Tax	898	745	+21
Profit After Tax	835	636	+31

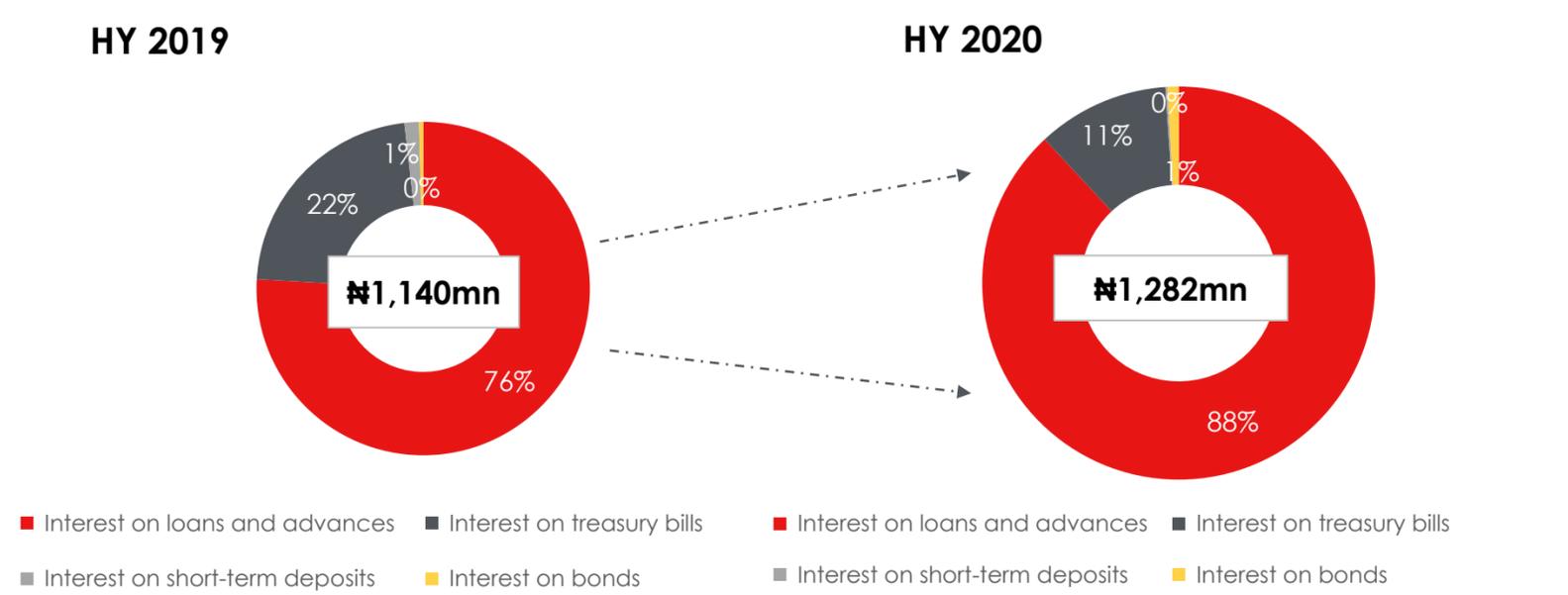


	HY '20 (#' mn)	HY '19 (#' mn)	Change (%)
Retainership fees	-	463	-100
Fees from corporate actions	305	226	+35
Register maintenance	142	107	+33
Digital consultancy	143	74	+94
<b>Revenue from contracts with customers</b>	<b>591</b>	<b>870</b>	<b>-32</b>
Interest on loans and advances	1,129	865	+30
Interest on treasury bills	139	254	-45
Interest on short-term deposits	2	16	-87
Interest on bonds	12	5	+159
<b>Interest Income</b>	<b>1,282</b>	<b>1,140</b>	<b>+12</b>

## Revenue from contracts with customers



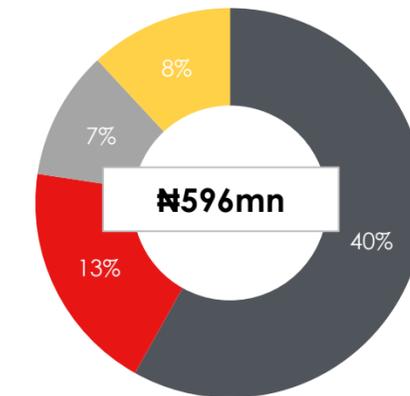
## Interest Income



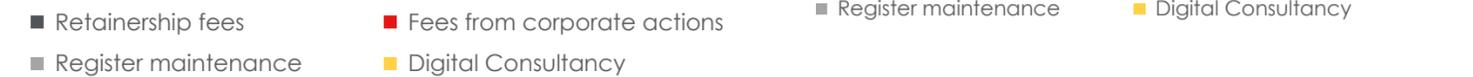
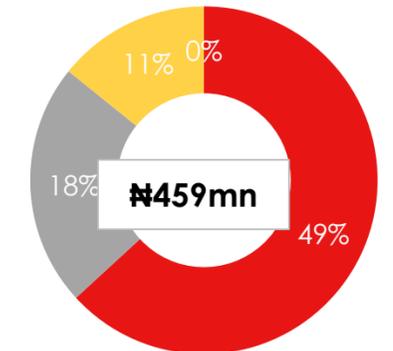
	Q2 '20 (#' mn)	Q2 '19 (#' mn)	Change (%)
Retainership fees	-	347	-100
Fees from corporate actions	290	115	+152
Register maintenance	104	64	+63
Digital consultancy	65	71	-8
<b>Revenue from contracts with customers</b>	<b>459</b>	<b>596</b>	<b>-23</b>
Interest on loans and advances	587	424	+38
Interest on treasury bills	70	104	-33
Interest on short-term deposits	2	15	-89
Interest on bonds	12	2	+407
<b>Interest Income</b>	<b>670</b>	<b>545</b>	<b>+23</b>

## Revenue from contracts with customers

Q2 2019

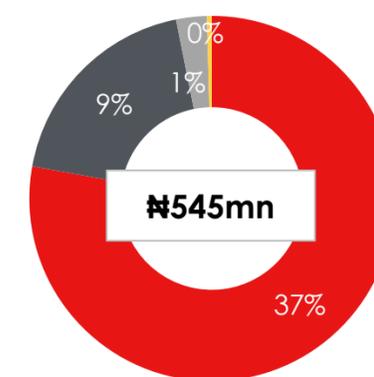


Q2 2020

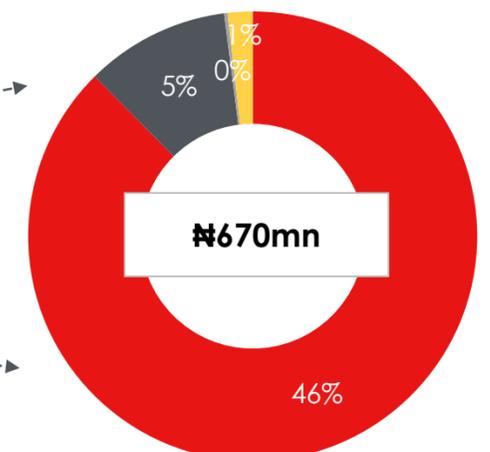


## Interest Income

Q2 2019



Q2 2020



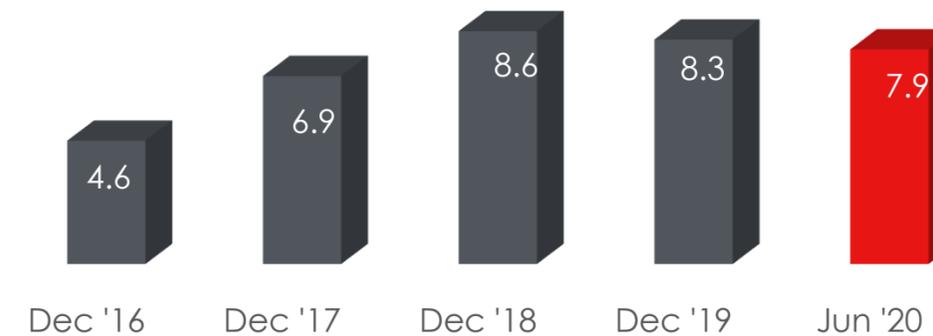
- During the period, the book value of total assets appreciated by 23% YoY as a result of 181% gain in cash and cash equivalent, and 146% increase in trade and other receivables.
- Meanwhile, total liabilities also increased by 44% YoY due to increase in customers' deposits, creditors and accruals, as well as income tax payable.
- Total Equity, however, declined by 4% during the period on the back of 40% increase in dividend payment during the period and increased fair value loss on quoted equity.

Income Statement	HY 2020 (₦ 'bn)	FY 2019 (₦ 'bn)	Change (%)
Total Assets	22.9	18.6	+23
Total Liabilities	15.0	10.4	+44
Total Equity	7.9	8.3	-4

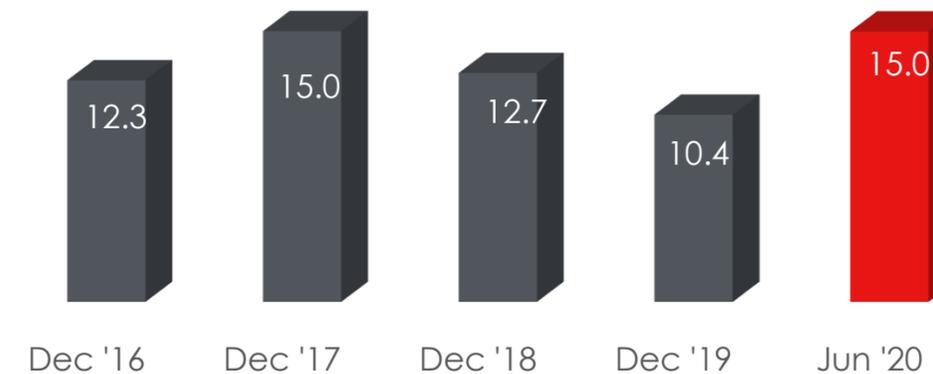
### Total Assets (₦ 'bn)



### Total Equity (₦ 'bn)

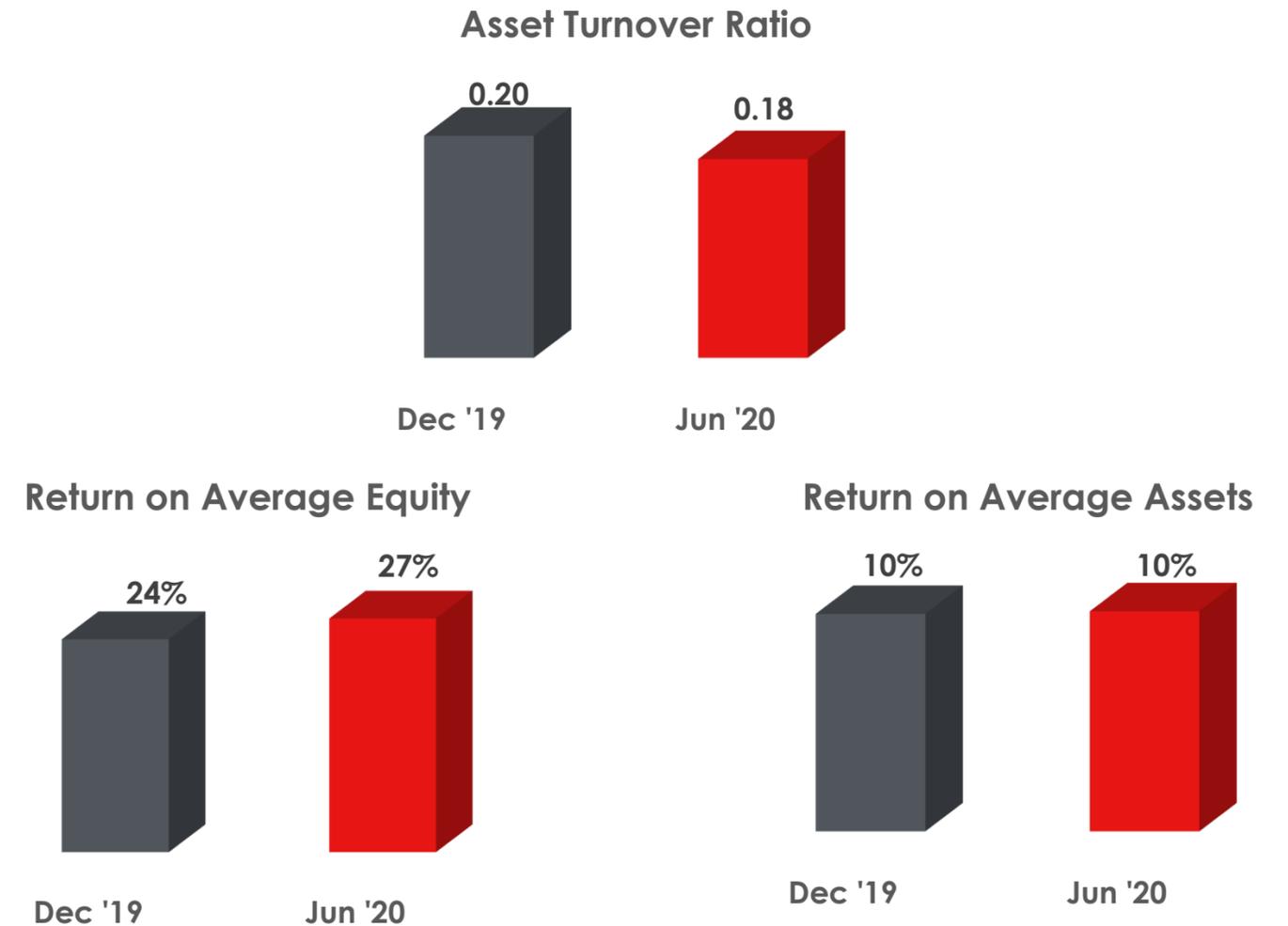
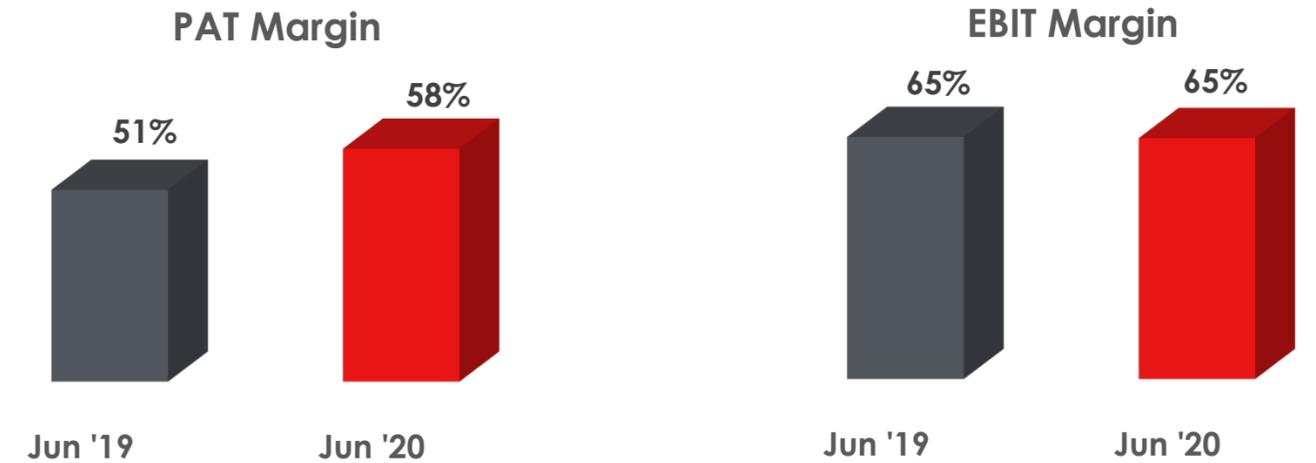


### Total Liabilities (₦ 'bn)



- During the period, PAT margin increased by 6.7 percentage points from 51% to 58% YoY in June 2020.
- EBIT margin reduced by 0.2 percentage point from 65.2% in June 2019 to 65% YoY June 2020.
- Return on Average Equity rose by 2.4 percentage points from 24.4% in June 2019 to 26.7% in June 2020.
- Return on Average Assets increased modestly by 0.1 percentage points from 10.3% to 10.4% YoY in June 2020.
- Asset Turnover Ratio however, declined by 10% from 0.20 in June 2019 to 0.18 in June 2020.

Key Financial Ratios	HY '20	HY '19	Change
PAT Margin	57.8%	51.1%	+6.7pp
EBIT Margin	65.0%	65.2%	-0.2pp
Return on Average Equity	26.7%	24.4%	+2.4pp
Return on Average Assets	10.4%	10.3%	+0.1pp
Asset Turnover Ratio	0.18	0.20	-10%





# DIGITAL TECHNOLOGY



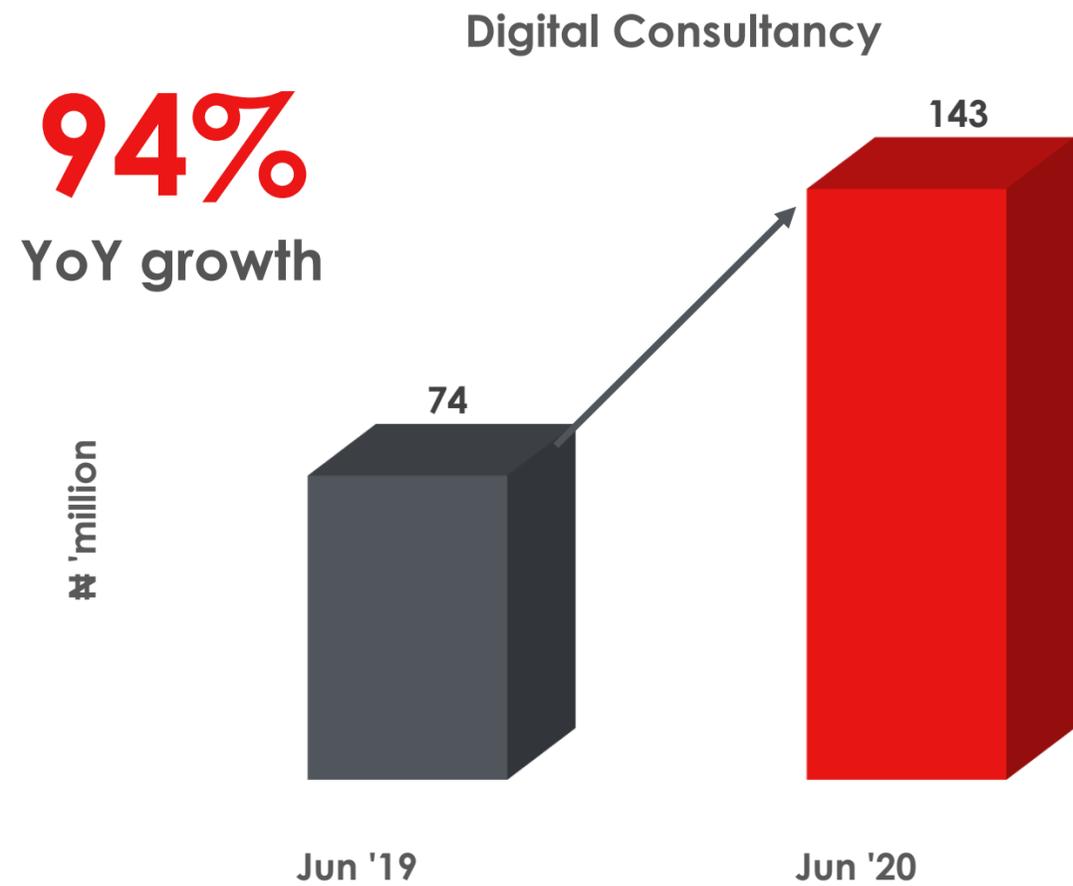


1. Currently has over 600,000 subscribers on the platform.
2. Automate disbursement for cooperators on the platform seamlessly.
3. Enhanced the platform with payroll, accounting and inventory management features to the delight of cooperative organizations.
4. Develop an App version for one of our major client on this solution. Commenced development of mobile app for PolCoop
5. Integration of plug-ins to meet life style needs of users



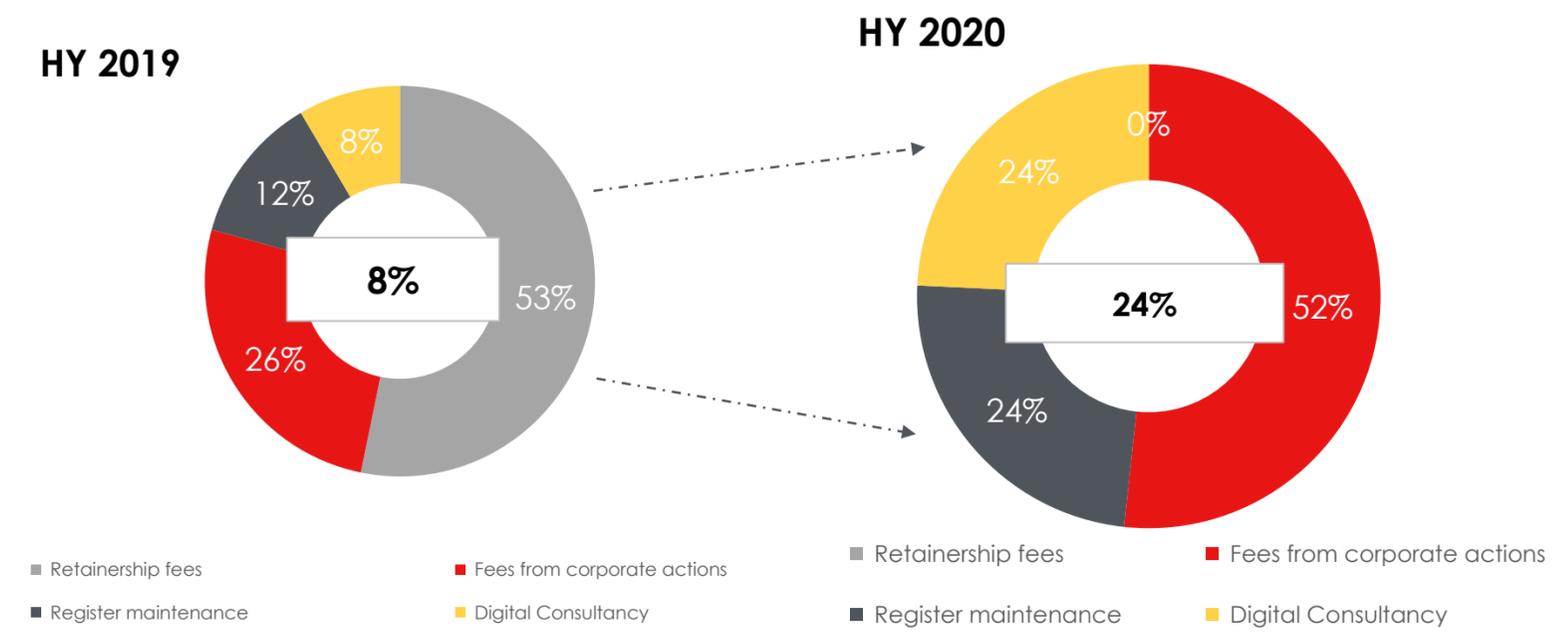
1. Go-live of the Website
2. Over 5,000 products so far available on the platform. Working to have 700% growth by December 2020.
3. Develop dynamic sales strategies leveraging relationship, data analytics and market insight across B2B and B2C channels.
4. Develop strategic partnerships for valuable plug ins aiding more lifestyle experience for shoppers.
5. Establish sustainable strategic partnerships/alliances with OEMs and 3PLs
6. Commence Services offering on the Website
7. Develop a winning logistics strategy for delivery and inventory.





**Our digital consultancy business line recorded an impressive quarterly growth expanding by 94% in HY 2020 when compared to HY 2019**

**Contribution to Revenue from Contract with Customers**



**Contribution to revenue from contracts grew from 8% in June 2019 to 24% in June 2020**



Africa Prudential

# OUTLOOK



- Position Africa Prudential as a go-to digital solution provider on the African Market
- Position her flagship product- "EasyCoop Solution" as a top cooperative manager solutions in Africa while enhancing it to an enterprise cooperative platform.
- Develop Customer behavior algorithms leveraging our Data warehouse facility to drive increased business insights and revenue.

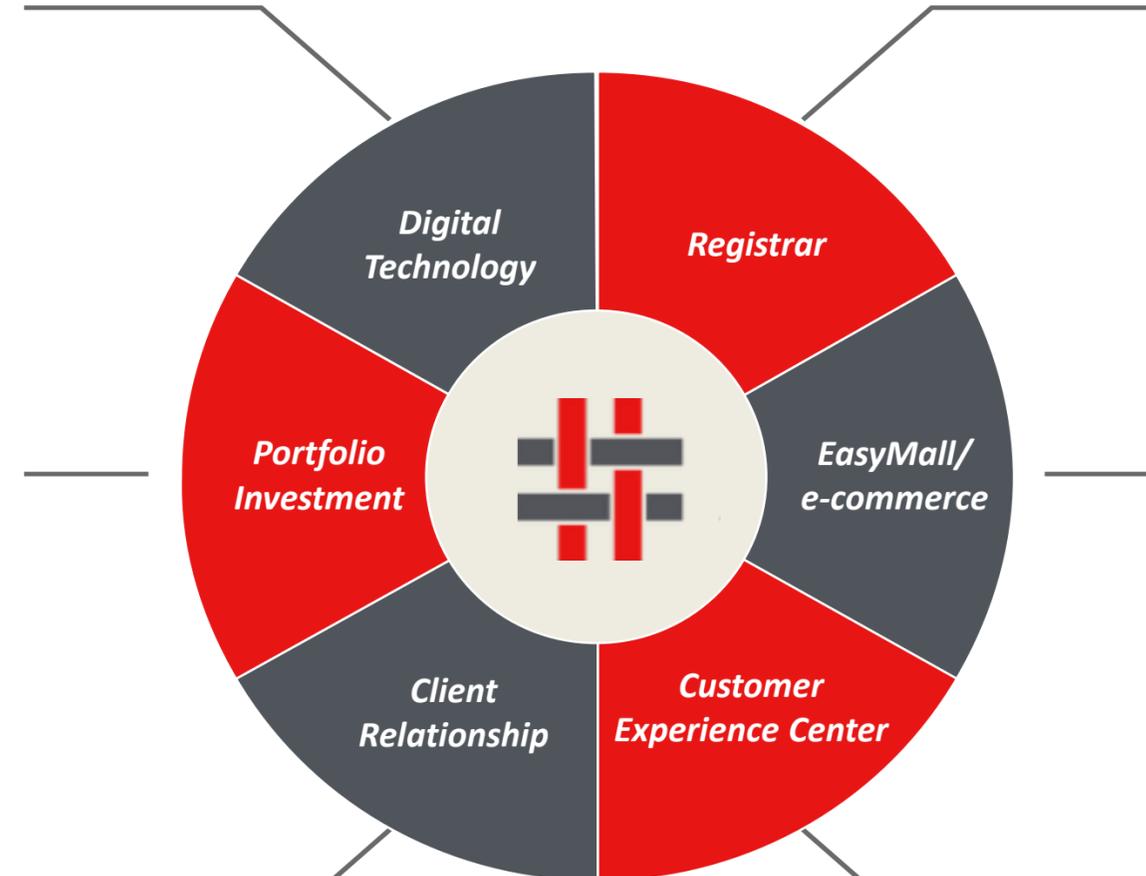
06

- Continuously leverage key strategic alliance with Top -tier portfolio managers for quicker access to market opportunities
- Aggressively drive optimal utilization of all funds

05

- 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

04



01

- Deepen our capital market presence in African along our SaaS business model via our "Enterprise Capital Market Platform".
- Deploy our Enterprise Platform for the Capital Market
- Continued automation of our processes to drive improved process efficiency to address the pain points of investors
- Commence Multi-listing services
- Complete automation of AGM processes of clients end to end.

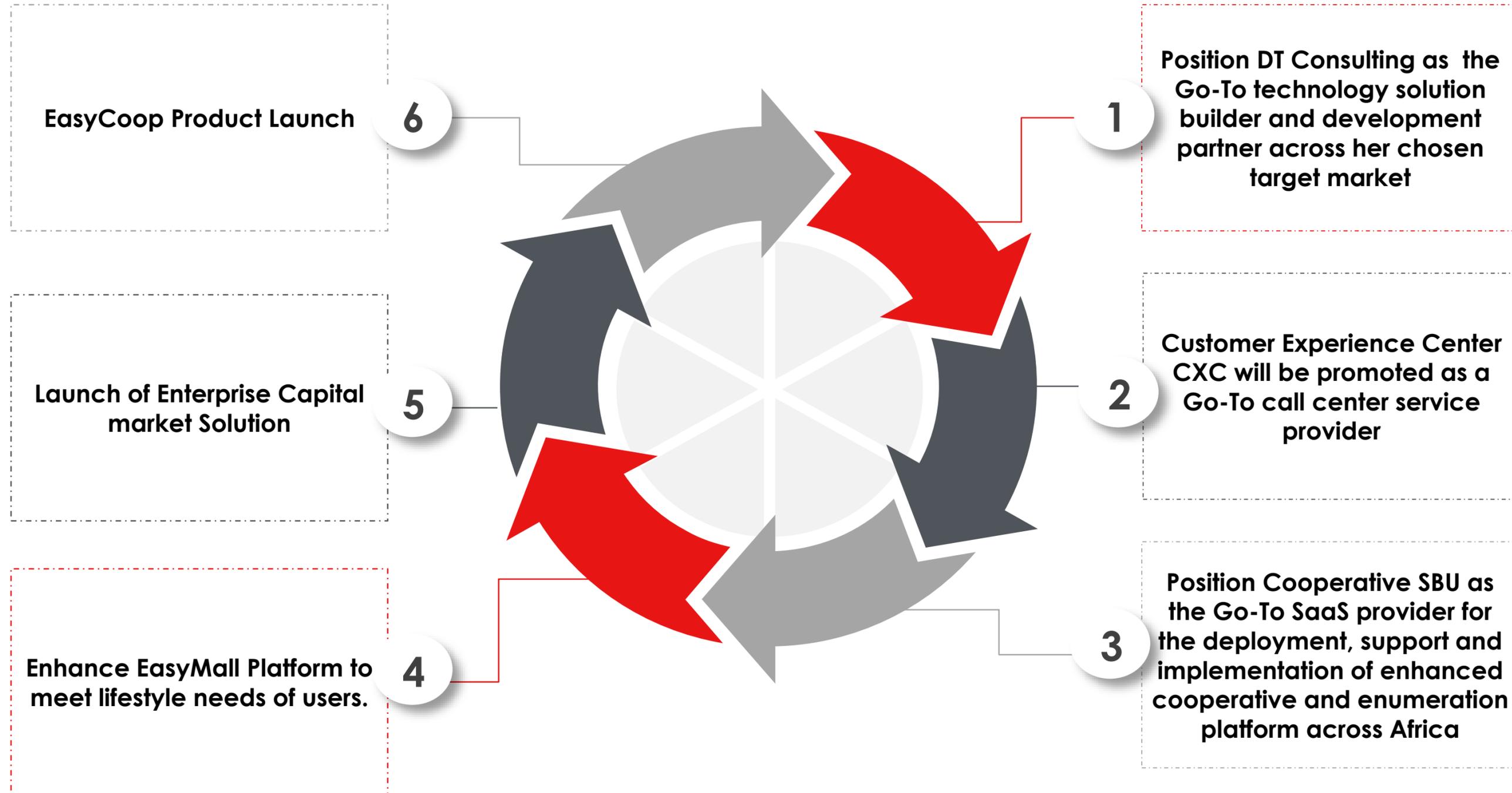
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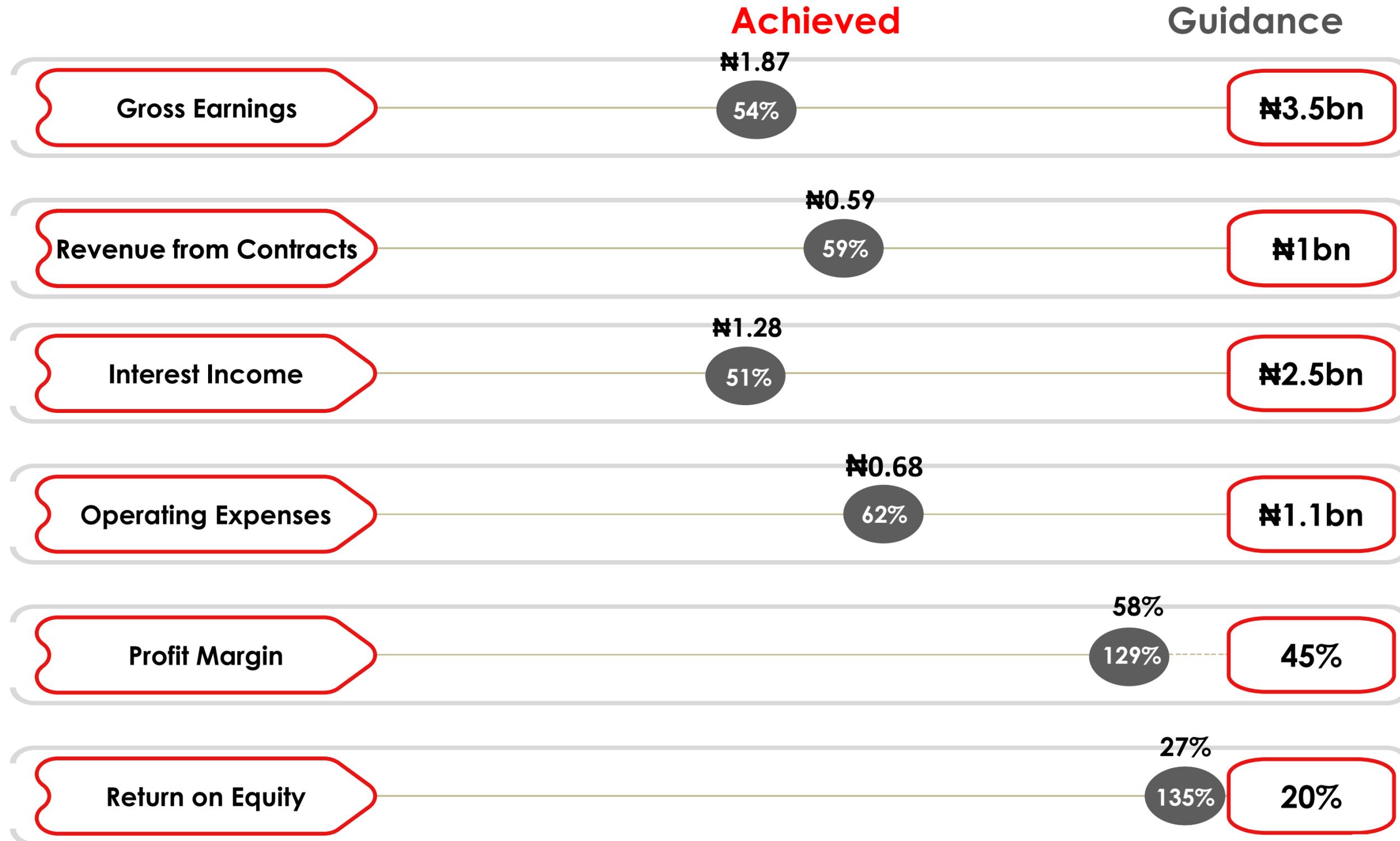
- Go-live of the EasyMall website
- Provide access to top quality products at cheapest prices to our captive market segments.
- Increase value offerings across all her defined market segments.
- Define strategy to position among top 3 in the market space.

03

- Repositioning as an Application Support hub across all her solutions for superior service experience.
- Telemarketing of solutions and products
- Business Processing Outsourcing/Call Center Outsourcing provider across Africa

Repositioning the Africa Prudential brand as a technology company







# APPENDIX



<b>Statement of Comprehensive Income (in thousands of Nigerian Naira)</b>	<b>Jun-20</b>	<b>Jun-19</b>
Revenue from contracts with customers	590,672	870,140
Interest Income	1,282,042	1,140,140
<b>Gross earnings</b>	<b>1,872,714</b>	<b>2,010,280</b>
Other income	24,339	22,099
Credit loss reversals/(expenses)	-	-
Personnel expenses	(318,232)	(316,991)
Other operating expenses	(323,027)	(369,474)
Depreciation of property and equipment	(27,578)	(25,060)
Depreciation of right of use assets	-	-
Amortisation of intangible assets	(11,022)	(9,971)
<b>Profit before finance costs and tax</b>	<b>1,217,194</b>	<b>1,310,883</b>
Finance costs	-	(101,030)
<b>Profit before tax</b>	<b>1,217,194</b>	<b>1,209,853</b>
Income tax expense	(134,300)	(181,806)
<b>Profit for the period</b>	<b>1,082,894</b>	<b>1,028,047</b>

Statement of Financial Position (in thousands of Nigerian Naira)	Jun-20	Dec-19
<b>ASSETS</b>		
Cash and cash equivalents	4,280,049	1,622,185
Equity instruments at fair value through OCI	202,701	243,328
Debt instruments at fair value through OCI	17,022,125	15,982,783
Trade and other receivables	1,015,613	412,582
Property, plant and equipment	306,266	314,854
Right-of-use-assets	14,725	14,725
Intangible asset	55,488	58,876
<b>TOTAL ASSETS</b>	<b>22,896,967</b>	<b>18,649,333</b>
<b>LIABILITIES</b>		
Customers' deposits	14,053,808	9,644,466
Creditors and accruals	97,900	32,139
Lease liabilities	12,292	12,292
Current income tax payable	768,596	634,296
Deferred tax liabilities	41,856	41,856
<b>TOTAL LIABILITIES</b>	<b>14,974,452</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	(65,391)	(20,728)
Retained earnings	6,292,864	6,609,970
<b>TOTAL EQUITY</b>	<b>7,922,515</b>	<b>8,284,284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>22,896,967</b>	<b>18,649,333</b>



**Thank you !!!**

*Questions and Answers*