



## 9M-2021 EARNINGS UPDATE: AFRICA PRUDENTIAL

### *Impressive Performance Bolstered by Revenue Growth*

27 October 2021

#### THINGS WE LIKE ABOUT THE RESULT

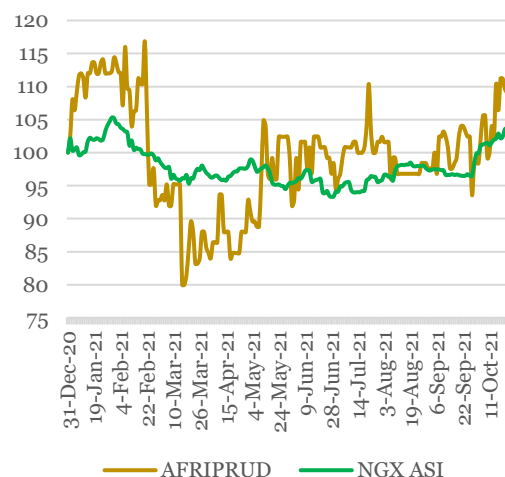
1. Increase in Other Income driven majorly by Withholding Tax Credit Notes recovered to the tune of ₦65.8 million.
2. Increase in Cash and Cash Equivalent compared to same period last year driven by the disposal of debt instruments carried out during the period.

#### THINGS WE DID NOT LIKE ABOUT THE RESULT

1. Decline in Gross Revenue by 2.6% YoY driven by declines in the Revenues earned on Fees from Corporate Actions and Digital Technology Services by 73.9% and 42.4% respectively.
2. Decline in Interest Income by 9.2% YoY to ₦1.6 billion from the ₦1.8 billion recorded in corresponding period in 2020.
3. Increases in Expenses compared to same period last year, even though the Personnel Expenses declined by 2.2% YoY.
4. Decline in PBT and PAT and applicable margins by 14.3% and 18.3% YoY.
5. Decline in Customers' Deposits compared to the company's position as at 31 Dec 2020 as funds held for clients on corporate actions continued were paid out; thus, reducing the ability to earn higher interest incomes.

TICKER	AFRIPRUD
Price (₦) at 26 Oct 2021	6.10
Shares Outstanding	2,000,000,000
PE Ratio	10.57
Exit Price (₦)	6.88
Entry Price (₦)	6.04
Expected Return (%)	15.95
Rating	<b>SELL</b>

#### REBASED PRICE MOVEMENT IN AFRIPRUD AND NGX ASI



Source: Bloomberg, Parthian Securities Research

Kindly click [here](#) for the full financial statement.

#### Disclaimer

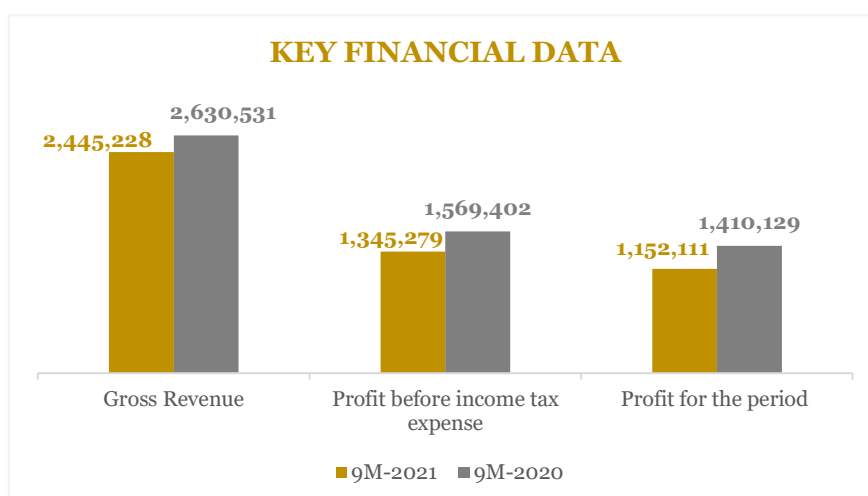
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INCOME STATEMENT	9M-2021	9M-2020	Change (%)
Revenue from contracts with customers	838,130	860,787	-3%
Interest income	1,607,098	1,769,744	-9%
Gross Revenue	2,445,228	2,630,531	-7%
Other income	112,491	28,662	292%
Credit loss expenses	(3,548)	(9,723)	-64%
Personnel expenses	(454,544)	(464,975)	-2%
Other operating expenses	(690,300)	(551,227)	25%
Depreciation of property and equipment	(37,512)	(40,792)	-8%
Depreciation of right of use assets	(4,562)	(4,268)	7%
Amortisation of intangible assets	(21,060)	(17,496)	20%
Profit before finance costs and tax	1,346,193	1,570,712	-14%
Finance costs	(914)	(1,310)	-30%
Profit before income tax expense	1,345,279	1,569,402	-14%
Income tax expense	(193,168)	(159,273)	21%
Profit for the period	1,152,111	1,410,129	-18%
BALANCE SHEET	9M-2021	Dec-2020	Change (%)
Cash and cash equivalents	2,508,612	1,005,752	149%
Trade and other receivables	730,597	298,665	145%
Investment in financial instruments	13,458,959	16,072,157	-16%
Total assets	17,032,541	17,728,570	-4%
Customers' deposits	7,554,782	8,639,683	-13%
Other liabilities	982,735	719,234	37%
Total liabilities	8,537,517	9,358,917	-9%
Retained earnings	6,808,110	6,655,999	2%
Total equity	8,495,024	8,369,653	1%
CASH FLOW STATEMENT	9M-2021	Dec-2020	Change (%)
Net cash generated from operating activities	(449,402)	1,346,556	-133%
Net cash used in investing activities	2,953,016	(925,701)	-419%
Net cash used in financing activities	(1,000,754)	(1,406,701)	-29%
Cash and cash equivalents at end of period	2,508,612	535,014	369%



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