



# Investor Briefing HY 2020/2021

27<sup>th</sup> November 2020



# Agenda

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**Business Review**

Dr. James Mworira - Group Chief Executive Officer

**Financial Review**

Wambua Kimeu - Group Chief Finance Officer

**Outlook**

Dr. James Mworira - Group Chief Executive Officer

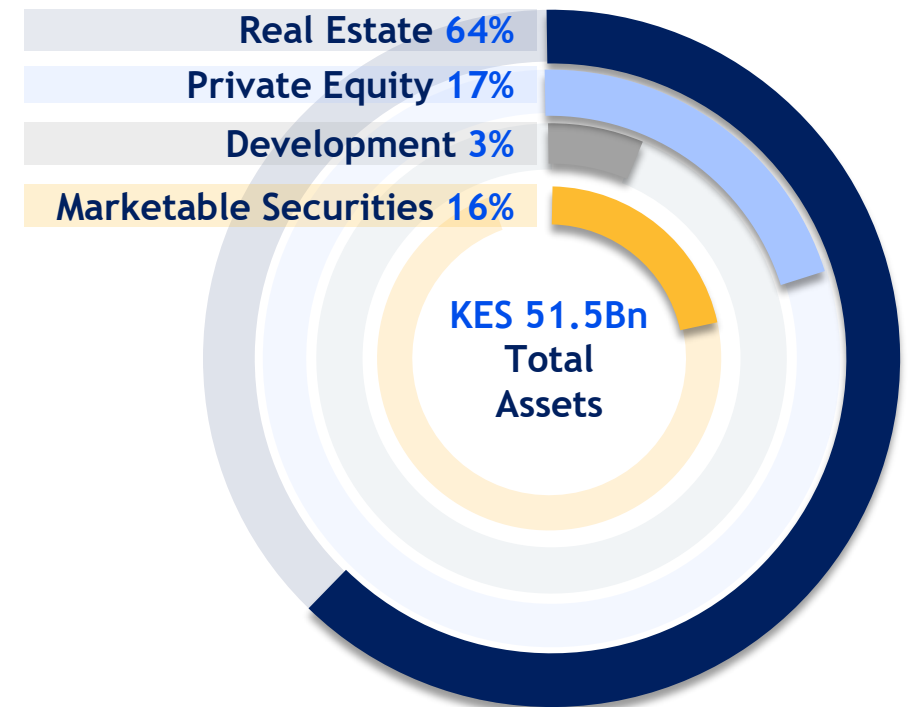
**Q & A**

# About Centum

## Company Snapshot



### Portfolio composition - 30 September 2020



1. Share price as of 30 September 2020

2. As at 30 September 2020

3. Rating accorded by Global Credit Ratings (GCR) in Sep 2020

# Centum 4.0 Strategy

## Underlying Themes for HY 2020/2021

### Objective



Balance sheet strengthening: Deleverage and build up liquidity



### Status

Achieved the strategic objective of zero long-term debt at company level

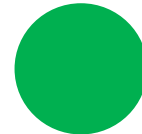
- Maturing KES 6.6 billion bond redeemed on 8 June 2020.
- Early repayment of USD 75 million RMB facility saved the group approximately **Kes 300 million** in potential FX losses. **Kes 892m** reduction in finance cost.
- Marketable securities and cash holdings of **Kes 8.3 Billion** as at 30 Sep 2020.



Portfolio monetization



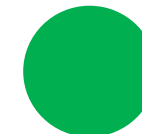
- Completed **reorganization of the real estate business** unit into Centum Real Estate Limited (100% stake, HoldCo for fully owned RE assets) and Two Rivers Development (58% stake)
- Centum Real Estate paid **Kes 3.75 Billion** of shareholder loans to Centum in the period April 2020 to Sep 2020, compared to **nil** repayment in a similar prior period. We expect further bulk land sales going forward.
- **Active portfolio management** to build resilience in PE portfolio companies.



Returns to Centum shareholders



- **Kes 1.6 billion cash dividend** paid in FY2020 and FY2021 representing Kes 1.2 per share for each of the years.
- **Capital preservation**: focus was on capital preservation; **-2.7%** return achieved which compares favorably with market performance.

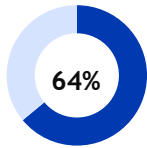


# Centum 4.0 Strategy: HY 2020/2021

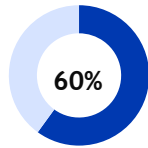
## Key Updates and Performance Drivers



### Real Estate



of Total Assets



of Net Asset Value

**Kes 3.75 billion**  
Shareholder Loans Repaid

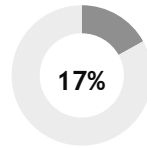
**Kes 4.2 billion**  
Profit potential of units under construction

**KShs. 1.7 billion**  
Value of new sales in last six months

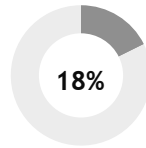
**Kes 650 million**  
Cash collection over the last six months



### Private Equity



of Total Assets



of Net Asset Value

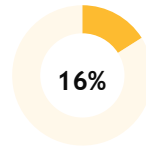
**KShs 8.1 billion**  
Total Assets

**5 out of 8**  
Portfolio companies remained profitable in HY2020/21

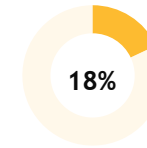
**Cash sufficiency**  
Despite covid-19 impact, all portfolio companies remained self funded with no capital calls to Centum



### Marketable Securities & cash



of Total Assets



of Net Asset Value

**Kes 8.3 billion**  
Total MSP Assets + Cash

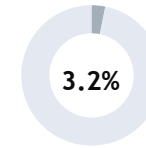
**Kes 1.74 billion**  
Included as Cash & cash equivalents

**79%**  
Allocated to Fixed Income and Cash for capital preservation

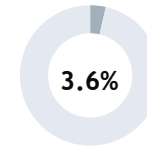
**11.5%**  
Annualized cash return generated on MSP to Sep 2020



### Development



of Total Assets



of Net Asset Value

**KShs 1.6 billion**  
Total Assets

**Geothermal Positive findings**  
Geoscientific studies concluded on Akiira with positive finding.

**67%**  
Increased production efficiency at Greenblade Growers significantly improving Gross Margins.

# Centum 4.0 Strategy Progress

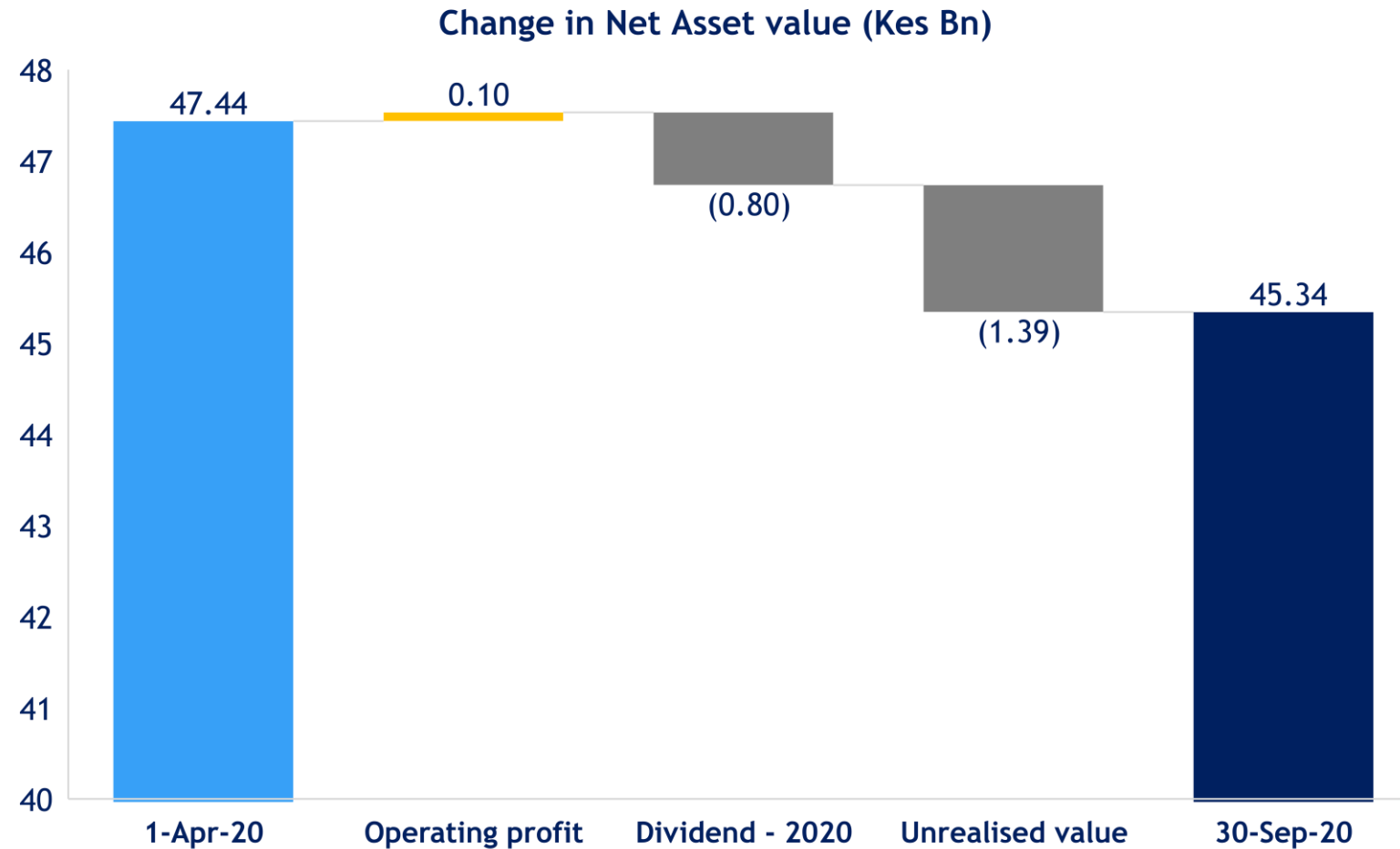
## Company Total Return Statement

KShs. Millions	HY2021	HY2020	%Δ
Investment income	729	3,022	-76%
Operating expenses	(299)	(312)	-4%
Finance costs	(335)	(1,228)	-73%
Impairment of assets	-	(2,286)	100%
<b>Profit before tax</b>	<b>95</b>	<b>(804)</b>	<b>112%</b>
Income tax expense	-	(800)	100%
<b>Profit after tax</b>	<b>95</b>	<b>(1,604)</b>	<b>106%</b>
Unrealised gains	(1,392)	58	-2500%
<b>Return for the year</b>	<b>(1,297)</b>	<b>(1,546)</b>	<b>16%</b>
<b>Total comprehensive (loss)/ income</b>	<b>(1,297)</b>	<b>(1,546)</b>	<b>16%</b>
<b>Return on opening NAV</b>	<b>-2.7%</b>	<b>-2.9%</b>	

- Company PBT increase from loss of KShs 804m to profit of KShs 95m.
- Prior Year exceptions included
  - ✓ Gain on disposal of bottlers KShs 2.2b
  - ✓ Impairment provision of KShs 2.3b
  - ✓ Income Tax on Gain of KShs 0.8b
- Investment income
  - ✓ Lower dividends received as companies withheld cash
  - ✓ Total Interest income from MSP of KShs 280m and KShs 323m from inter company loans.
- Revaluation losses of KShs 1.4b driven by lower business performance and decline in multiples due to Covid-19 impact.
- Cost containment measures effected by company reducing operating expenses by 4%
- Finance Costs declined 73% driven by debt payment through redeeming of KShs 6b bond.

# Centum 4.0 Strategy Progress

## NAV Movement | April - September 2020



Excluding dividend payout, the decline in NAV is 2.7%, occasioned by fair value movements as on 30 September 2020.

# Centum 4.0 Strategy Progress

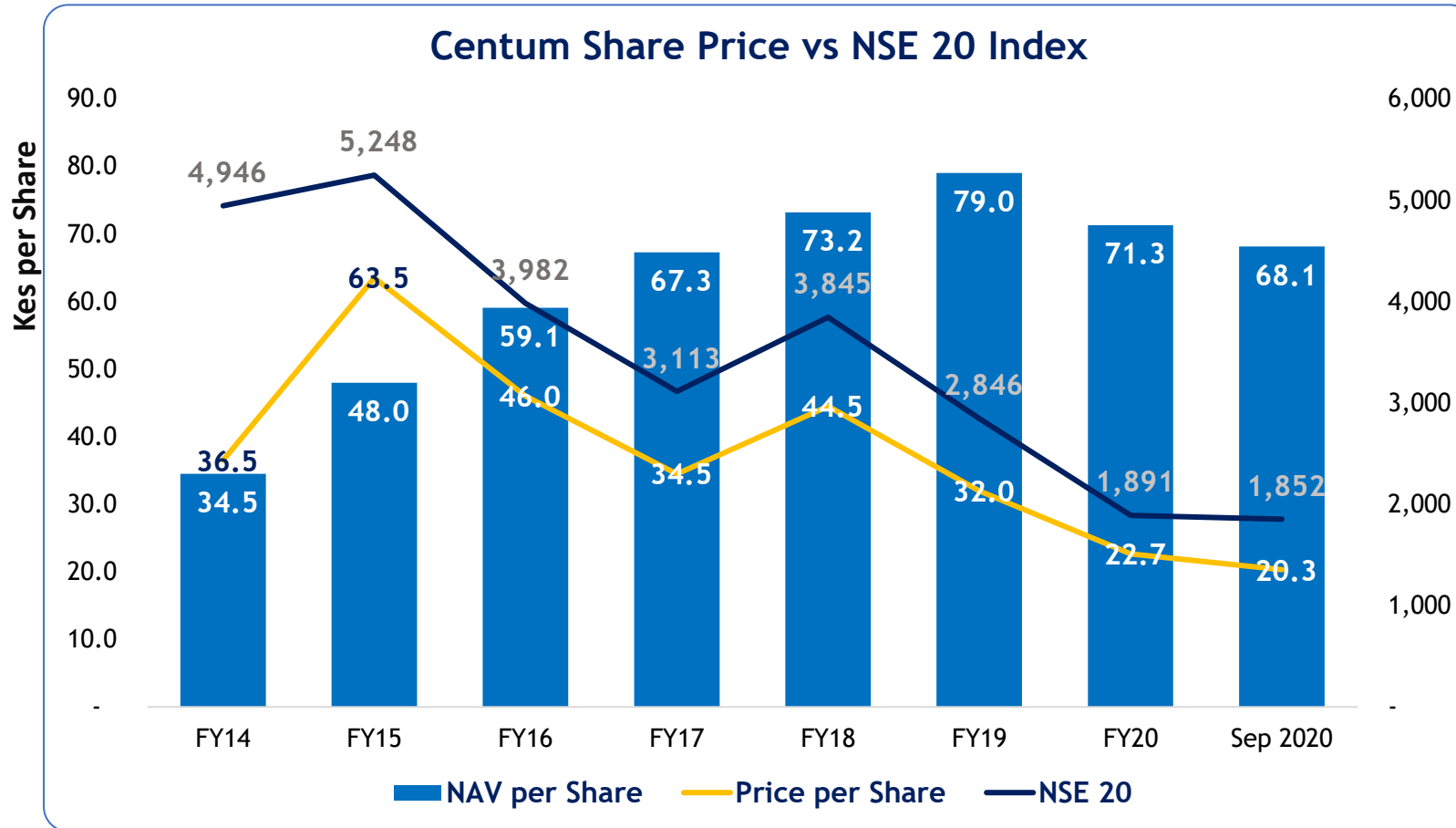
## Company NAV | Business Segment Contribution

Kes M	Private Equity		Real estate		TRDL		MSP		Total	
	Sep-20	Mar-20	Sep-20	Mar-20	Sep-20	Mar-20	Sep-20	Mar-20	Sep-20	Mar-20
Investment portfolio	9,836	10,235	26,312	29,846	6,486	7,034	2,902	2,902	45,536	50,017
Marketable securities	-	-	-	-	-	-	3,623	3,151	3,623	3,151
Cash and cash equivalent	-	-	-	-	-	-	1,743	2,912	1,743	2,912
Receivables and prepayments	470	629	-	-	-	-	-	-	470	629
PPE and intangible assets	134	142	-	-	-	-	-	-	134	142
<b>Total assets</b>	<b>10,440</b>	<b>11,006</b>	<b>26,312</b>	<b>29,846</b>	<b>6,486</b>	<b>7,034</b>	<b>8,269</b>	<b>8,965</b>	<b>51,506</b>	<b>56,850</b>
Borrowings	-	-	3,065	6,722	522	763	-	-	3,587	7,486
Deferred tax liabilities	58	88	799	869	231	238	-	-	1,087	1,196
Other liabilities	415	730	1,074	-	-	-	-	-	1,488	730
<b>Total liabilities</b>	<b>473</b>	<b>818</b>	<b>4,937</b>	<b>7,592</b>	<b>753</b>	<b>1,001</b>	<b>-</b>	<b>-</b>	<b>6,163</b>	<b>9,411</b>
	-	-	-	-	-	-	-	-	-	-
<b>Net asset value</b>	<b>9,967</b>	<b>10,188</b>	<b>21,375</b>	<b>22,254</b>	<b>5,733</b>	<b>6,032</b>	<b>8,269</b>	<b>8,965</b>	<b>45,344</b>	<b>47,439</b>
<b>NAV/Share (Kes)</b>	<b>15.0</b>	<b>15.3</b>	<b>32.1</b>	<b>33.4</b>	<b>8.6</b>	<b>9.1</b>	<b>12.4</b>	<b>13.5</b>	<b>68.1</b>	<b>71.3</b>



# Centum 4.0 Strategy Progress

## Share Price, Market Performance & NAV



Centum’s share price has declined over the past 6 years in pace with the overall bearish performance of local equities market.

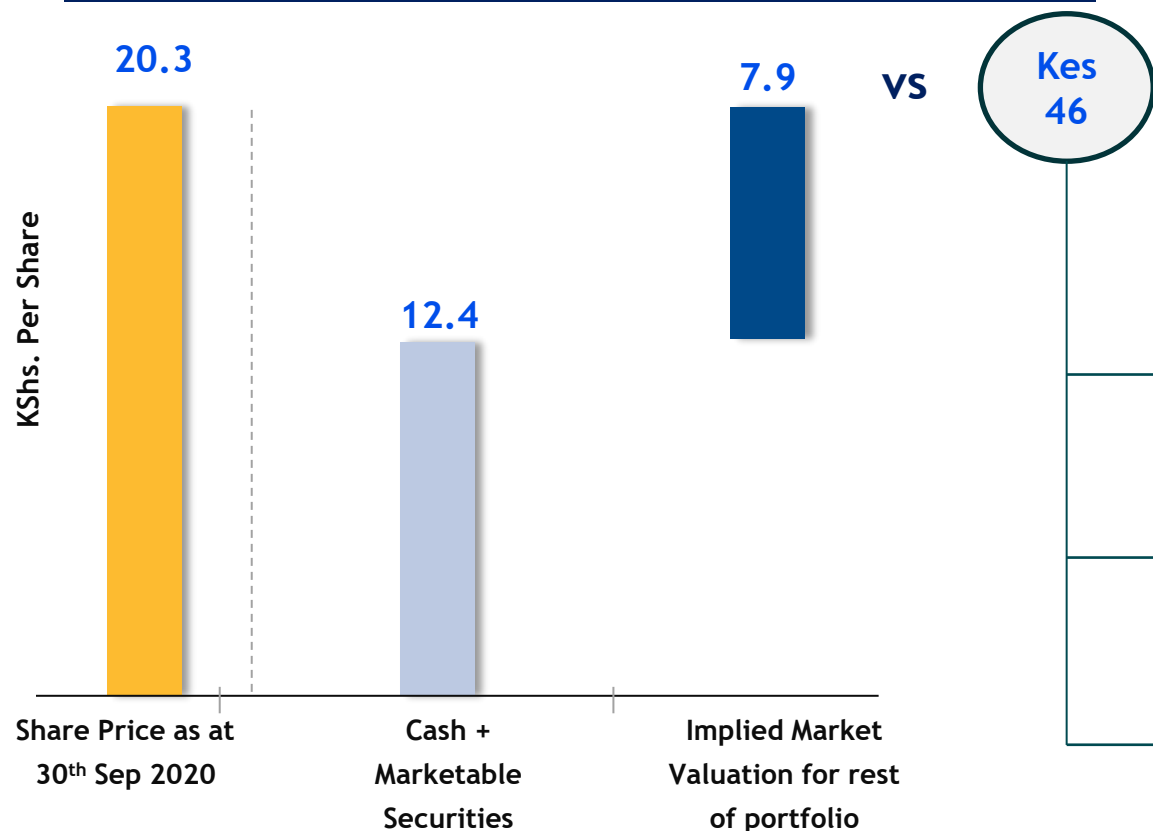
Thus, our market capitalization does not reflect the intrinsic value of the underlying portfolio of assets.

2.7% decline in NAV vs 2% decline in NSE 20 and 12.85% decline in MSCI EFM Africa ex ZA between March and Sep 2020.

# Centum 4.0 Strategy Progress

## Significant opportunity for value investors

### Simulated share price attribution to our portfolio



### Asset contribution to Centum's NAV per Share | September 2020

Portfolio Assets	NAV/Share		Valuation Methodology	Multiple   Discount
	Sep 2020	March 2020		
<b>Marketable Securities</b>	<b>12.4</b>	<b>14</b>	Market price	na
Sidian Bank	3.15	3.88	PB Multiple	0.51x   20%
Isuzu East Africa	3.67	3.67	EBITDA Multiple	6.51x   30%
Longhorn Publishers	1.17	1.30	Market price	na
NAS Servair	0.92	0.92	EBITDA Multiple	4.17x   30%
ACE Holdings	1.40	1.40	Cost	na
Other Private Equity Assets	2.07	2.19	Cost	na
<b>Private Equity</b>	<b>12</b>	<b>13</b>		
Vipingo Development	18.07	23.11	Market comparison	na
Pearl Marina	11.38	8.52	Market comparison	na
Other Real Estate Assets	2.82	1.30	Cost	na
<b>Centum Real Estate</b>	<b>32</b>	<b>33</b>		
Akiira	2.21	2.18	Cost	na
Amu Power	-	-	na	na
Greenblade Growers	0.24	0.20	Cost	na
Other Development Assets	-	0.04	Cost	na
<b>Development</b>	<b>2</b>	<b>2</b>		
<b>Total for PE and Centum RE Portfolios</b>	<b>47</b>	<b>49</b>		
Two Rivers Development	8.61	9.10	Market comparison; DCF for Mall	na
<b>Total NAV per Share</b>	<b>55.7</b>	<b>58</b>		

# Centum 4.0 Strategy Progress

## Company Cash Flows

Kes M	Sept '20	Sept '19
Opening cash and cash equivalents	2,912	252
Net cash from operations	3,908	19,776
Net cash used in investing activities	(934)	(663)
Cash generated from/ (used in) financing activities	(4,143)	(7,420)
Closing cash and cash equivalents	1,743	11,945

- Centum received its first cash distribution from Centum Real Estate of **Kes 3.75 billion** in repayment of shareholder loans.
- Prior period cash mainly consist of proceeds from disposal of the bottlers.
- Kes 6.6 billion** spent on repayment of Centum Bond including accrued interest.
- Short-term borrowing of **Kes 2.5 billion** expected to be repaid within the next 6 to 12 months.

# Portfolio Review



# Centum Real Estate Limited

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**CENTUM**

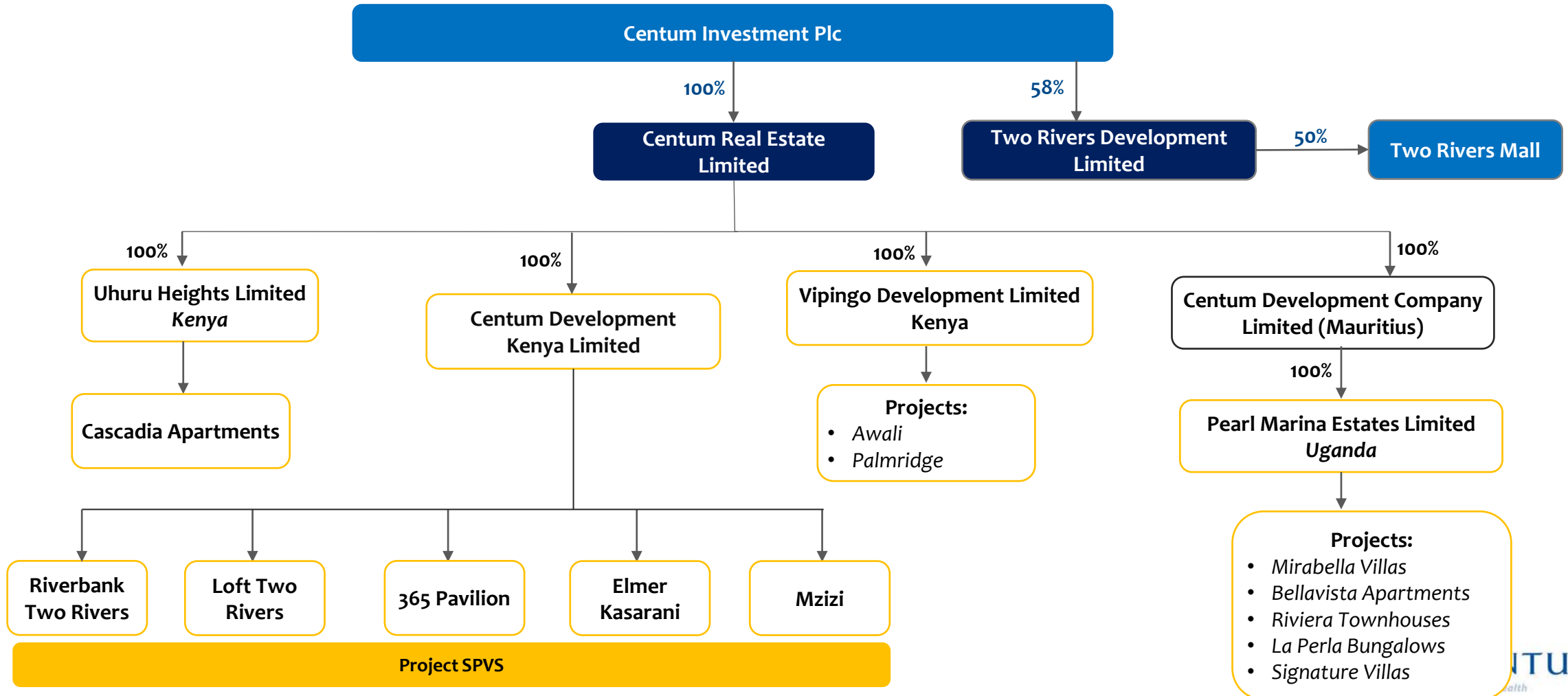


# Centum Real Estate

## Organization structure | Centum Real Estate Limited



We completed the consolidation of real estate assets under Centum Real Estate Limited - a HoldCo which is 100% owned by Centum Investment Plc. This structure excludes Two Rivers which we hold separately alongside other investors.



# Centum Real Estate Limited

## Strategic Pillars



Under Centum 4.0, Centum Real Estate is pursuing a three-pronged strategy to deliver Kes 16 Billion cash to Centum Investment Plc

Pillar	Objective	Achievement
<p>1</p> <p><b>Infill Projects</b></p>	<p>To generate a cash return of <b>Kes 9 billion</b> to Centum over the strategy period.</p>	<ul style="list-style-type: none"> <li>✓ Market validated projects of 1,482 units under construction with a profit potential of <b>Kes 4.2 billion</b>.</li> <li>✓ Increased sales* from <b>999 units</b> at March to <b>1,086 units</b> at Sep 2020.</li> <li>✓ Increased deposits collected from ongoing projects from <b>Kes 1.95 billion</b> at March 2020 to <b>Kes 2.6 billion</b> at Sep 2020.</li> </ul>
<p>2</p> <p><b>Repayment of Shareholder Loans</b></p>	<p>Financed by the sale of bulk land within our current land bank.</p>	<ul style="list-style-type: none"> <li>✓ <b>KES 3.0 billion</b>: Gross value of bulk land sales closed to date.</li> </ul>

*\*Units pre-sales and bulk land sales are not yet reflected on the 1HY2021 income statement. Under IFRS 15, unit sales and profits to be booked progressively as seller and buyers fulfil their obligations.*

# Centum Real Estate Limited

## Infill developments cash potential



Key Metrics	Sep 2019	March 2020	Movement	Sep 2020	Movement
No. of Units U/C	1,316	1,442	126	1,482	40
No. Sold	797	999	202	1,086	87
% achieved	61%	69%	9%	73%	4%
Revenue potential of sold units	5,867	7,574	1,707	9,235	1,661
Deposits collected*	1,249	1,973	724	2,623	650
% achieved	21%	26%		28%	
Profit potential of units U/C	3,610	3,674	65	4,183	508
Balance of Sales to collect	4,618	5,600	982	6,612	1,012
Cost to complete	6,419	5,217	(1,202)	5,400	184
Cost coverage	0.7x	1.1x		1.2x	

Centum Real Estate Limited has locked in **Kes 10.1 billion** or **63%** of their five-year **Kes 16 billion** targeted cash distribution to Centum. The funds will flow up as the projects and land transactions are completed.

**Kes 4.2Bn** profit potential of units under construction includes Kes 2.2 Bn to be realized from residential unit developments and Kes 2.0 Bn value of own land to be unlocked through sale of those residential units.

\*Deposits relate to residential units only. An additional **Kes 369 Mn** has been collected on land sales to date.



# Centum Real Estate Limited

## Fund raising | Kes 4Bn Bond issue is underway



Issuer	Centum Real Estate Limited (subsidiary of Centum Investment Plc)
Purpose	Bridge funding for the construction of residential development projects
Tenor	3 years
Amount	KES 4,000,000,000 (with a KES 2bn green shoe option)
Description	Secured Zero Coupon Notes
Currency	KES
Interest rate/coupon	Zero coupon
Discount rate	3 year Treasury bond plus the margin
Security	<ul style="list-style-type: none"><li>• Floating charge over the receivables and any unsold units within funded projects.</li><li>• Fixed charge over a sinking fund managed by the trustee.</li></ul>
Embedded options	<ul style="list-style-type: none"><li>• Conversion of the outstanding amount into housing units</li><li>• Equity linked component with variable return based on project IRR.</li></ul>
Credit Rating	Short term and long term issuer ratings of A2 <sub>(KE)</sub> and BBB+ <sub>(KE)</sub> by Global Credit Ratings (GCR).
Status	The Bond is currently underway <a href="https://bond.candrgroup.co.ke/">This is a restricted offer for eligible investors only. To subscribe, visit https://bond.candrgroup.co.ke/</a>

# Two Rivers Development



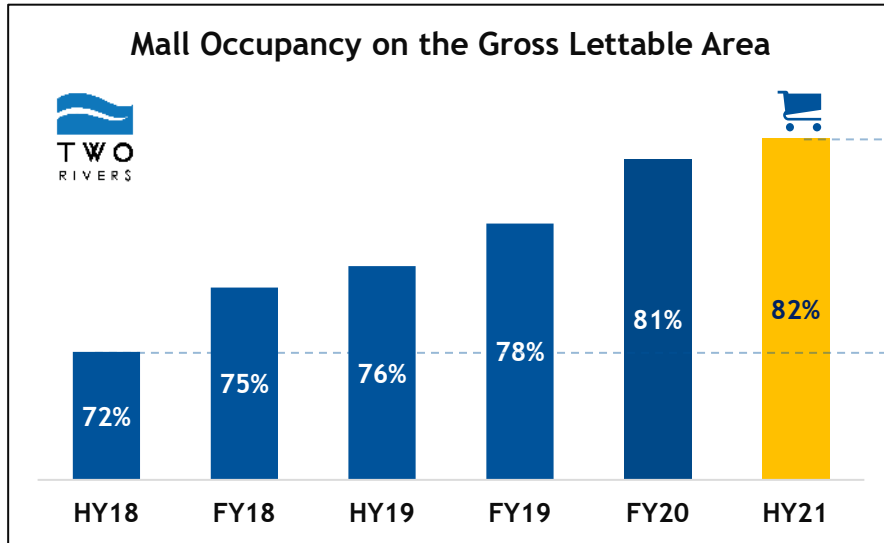
# Two Rivers Development Strategic objectives



Pillar	Objective	Achievement
1 Monetization of the Land Bank	<ul style="list-style-type: none"><li>To generate cash through sale of bulk development rights.</li><li>Use proceeds in debt reduction</li></ul>	<ul style="list-style-type: none"><li><b>Kes 1.9 billion</b> in sales of development rights under negotiation.</li></ul>
2 Rentals	<ul style="list-style-type: none"><li>Management of rental assets such as Two Rivers Mall and Theme Park</li></ul>	<ul style="list-style-type: none"><li>Growth in mall letting from <b>81%</b> in April 2020 to <b>82%</b> in Sep 2020 despite the impact of COVID-19;</li><li>Completion of 4DX cinema construction.</li></ul>

# Two Rivers Development

## Two Rivers Lifestyle Centre update as at 30 September 2020



+1% on  
59,032 sq.  
metres



The first 4DX cinema and the largest Imax screen in East and Central Africa, set on the mall rooftop and expected to drive higher traffic.



# Private Equity

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CENTUM 



# Private Equity Portfolio Highlights | HY2020/21



## 1 Profitability

- **5 out of 8 assets** remained profitable in the period, including Isuzu, Sidian, Nabo Capital.

## 2 Liquidity

- Portfolio companies demonstrated resilience in the the covid-19 environment, preserving sufficient cash to remain self funded.
- As a result, no dividend payments were made by portfolio companies to Centum in H1 FY2021.

## 3 Market Leadership

- The assets maintained their **leading market positions** with all of the portfolio companies either retaining or growing their market shares in the period.

# Private Equity

## Sidian Bank



26% growth in loan book and significant improvement in asset quality as NPL ratio drops from 20% to 12%

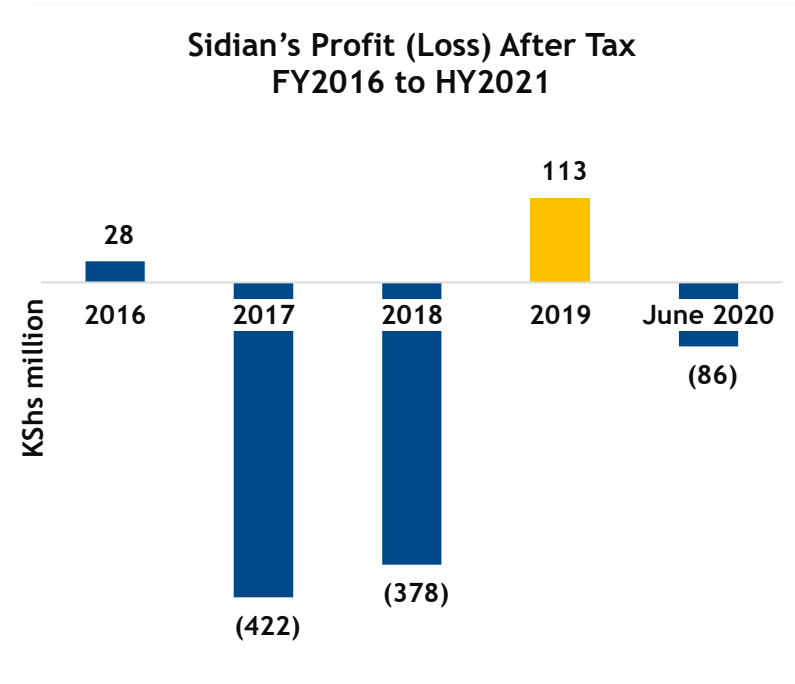
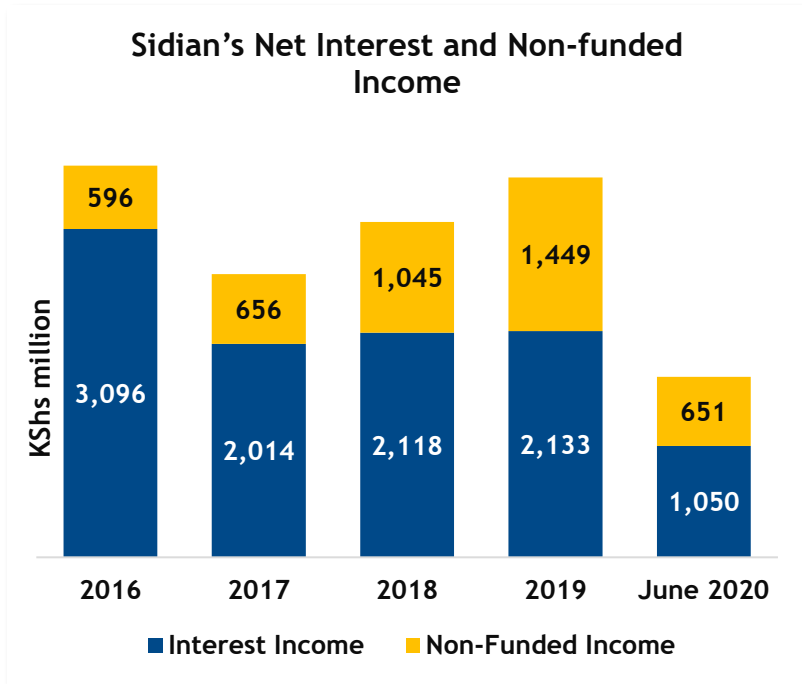
### September 2020 update

12% NPL ratio ▼ -6%

38% NFI contribution to total revenues

46% Liquidity Ratio

Improved performance in 2HY20 expected to unwind the loss.



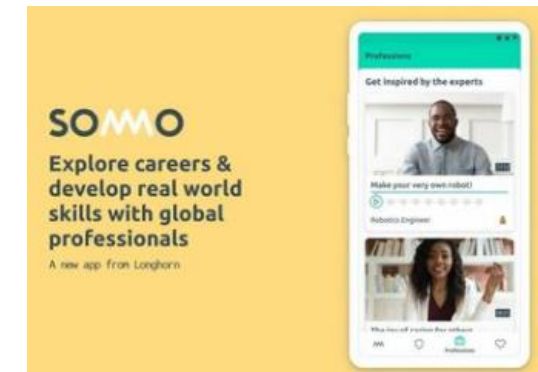
Digital and geographical diversification present the next growth frontiers

- ❑ Extended schools closure in Kenya has significantly reduced business activity
- ❑ Performance expected to improve going forward driven by increased focus on digital products and regional diversification.
- ❑ Schools expected to fully re-open in January 2020, which will ramp up business activity.


9 markets  
Geographical  
operations

24.5%  
Market Share in KE

Diversification to digital products



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100+	200000	250+	5
COURSES	LEARNERS	SCHOOLS	PARTNERS



# Private Equity

## Isuzu East Africa



Isuzu has continued its market dominance at 40% market share

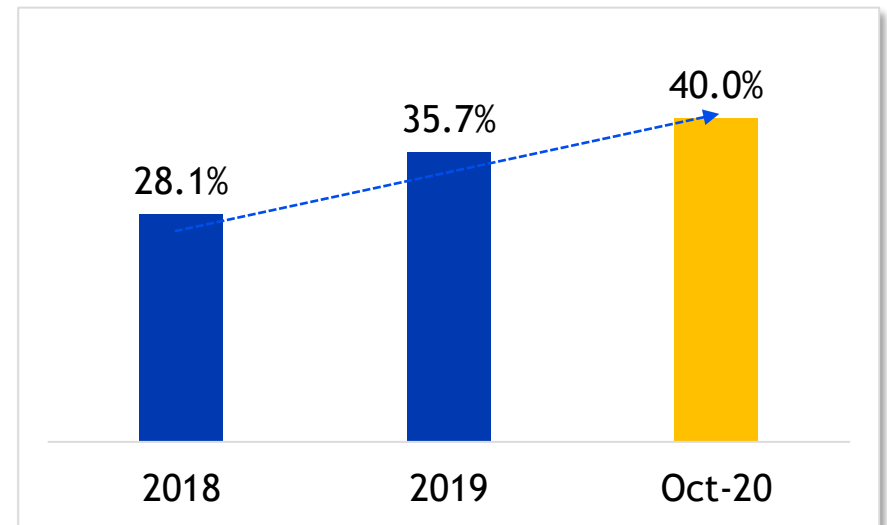
Strategic partnership with consumer financiers to boost sales...



**Kes 2.6 Bn**  
Carrying Value

**5%**  
Dividend Yield

**+4.3%**  
Market share gained in 2020



Source: Kenya Motor Industry Association (KMI)



# Private Equity

## NAS Servair



### Market leadership in airline catering

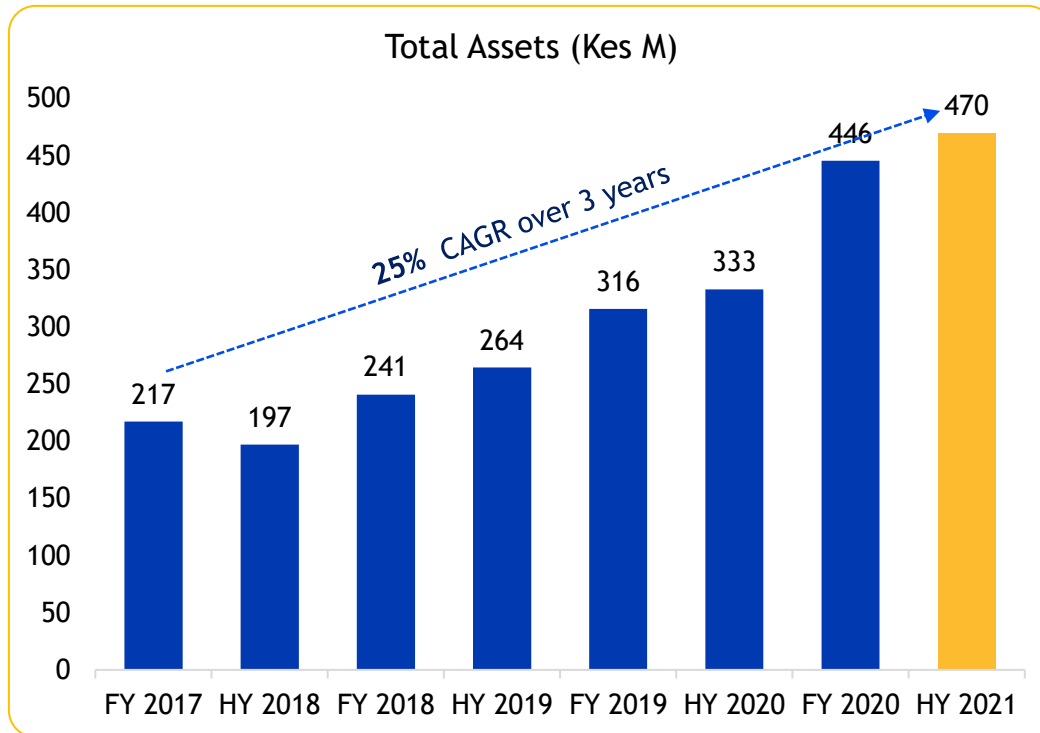
- ❑ Provides in-flight airline catering with **> 90% market share**.
- ❑ Business has been impacted by reduced air travel due to Covid-19.
- ❑ Expected recovery over the next 6 - 12 months as activity gradually resumes.
- ❑ Currently focusing on **diversification** of revenue streams into corporate catering and in-train catering (e.g for SGR).



# Private Equity

## Zohari Leasing

Total Assets | 25% CAGR from FY2017 - HY2021



KShs. 470 million  
Total Assets  +8%

KShs. 18 million  
EBIT  +8%

**Sector diversification**  
consumer, agribusiness, business  
technology, construction  
equipment and healthcare

# Development

Managed by

CENTUM 



# Development Status Update on Akiira Geothermal



37.5% Stake

KShs. 1.45 billion

Carrying Value

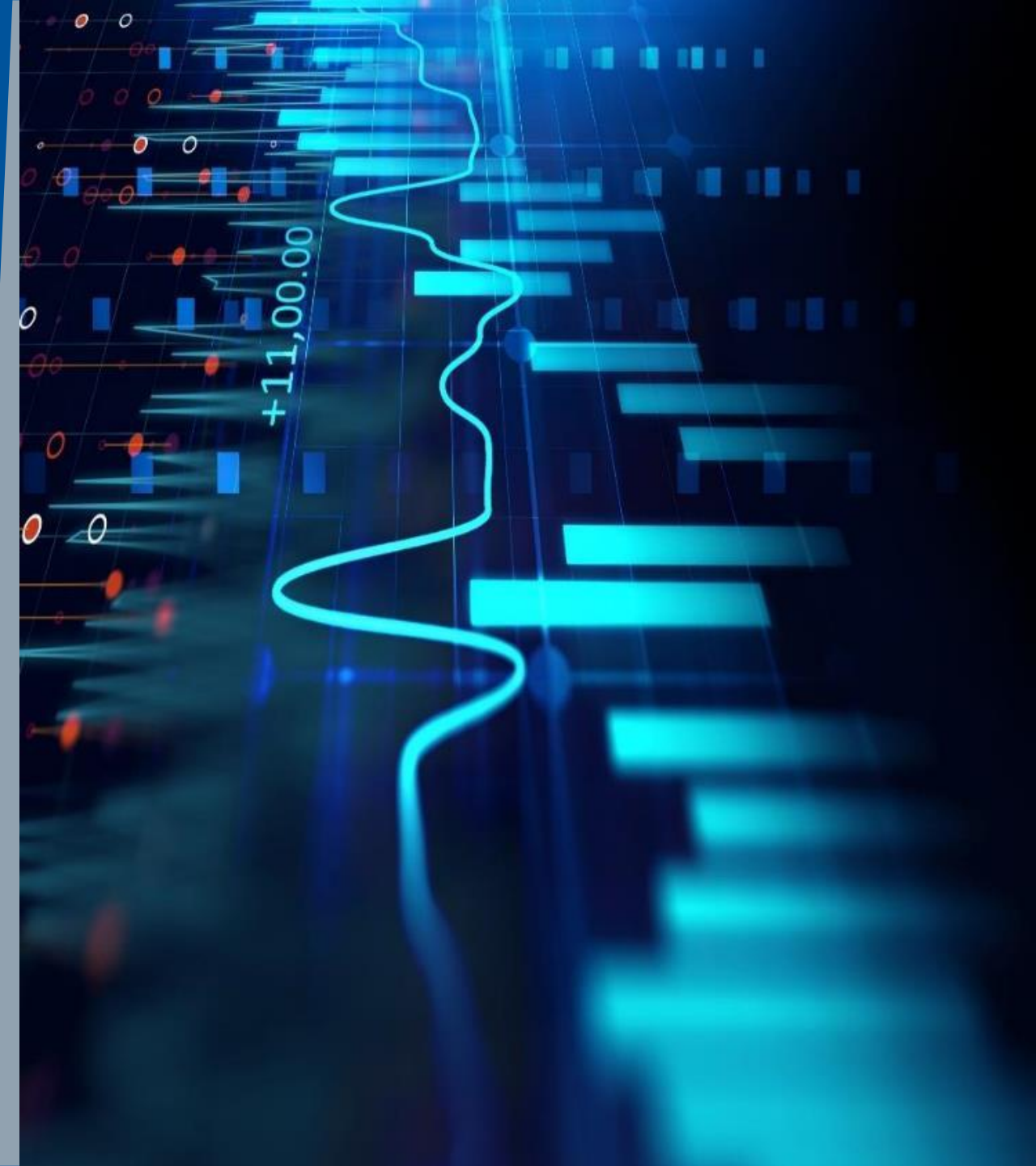
## Milestones to date

- ✓ Power Purchase Agreement (PPA)
- ✓ Government of Kenya Letter of Support
- ✓ Land acquired
- ✓ Commenced exploratory drilling

Geoscientific studies completed and reports showed significant resource potential.

# Marketable Securities

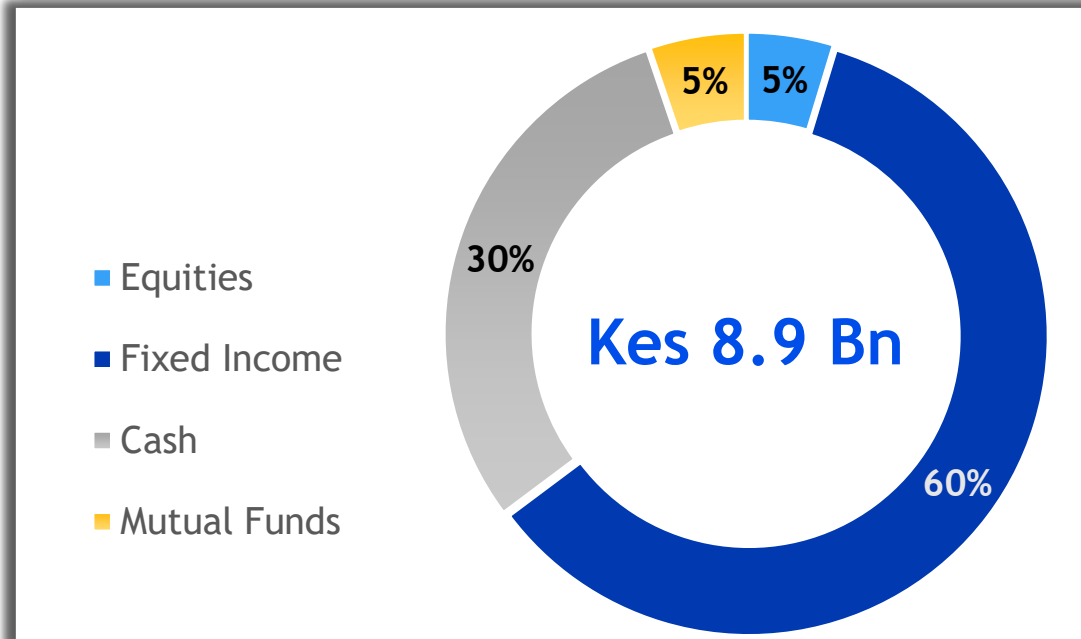
Managed by



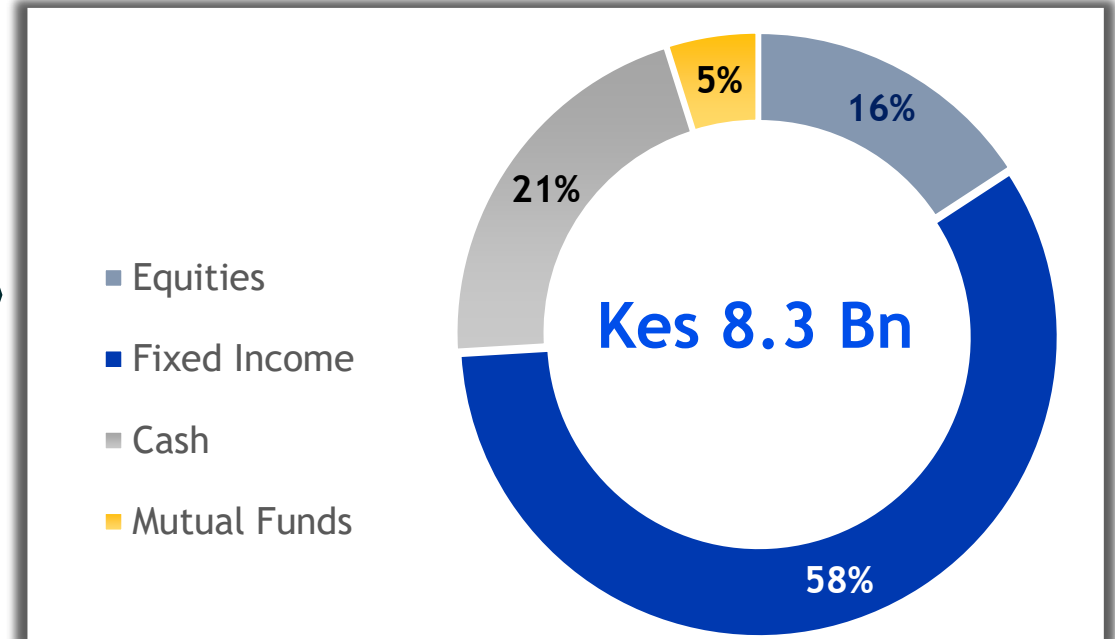
# Marketable Securities

## Portfolio Allocation and Performance Highlights

Portfolio composition | 31 March 2020



Portfolio composition | 30 September 2020



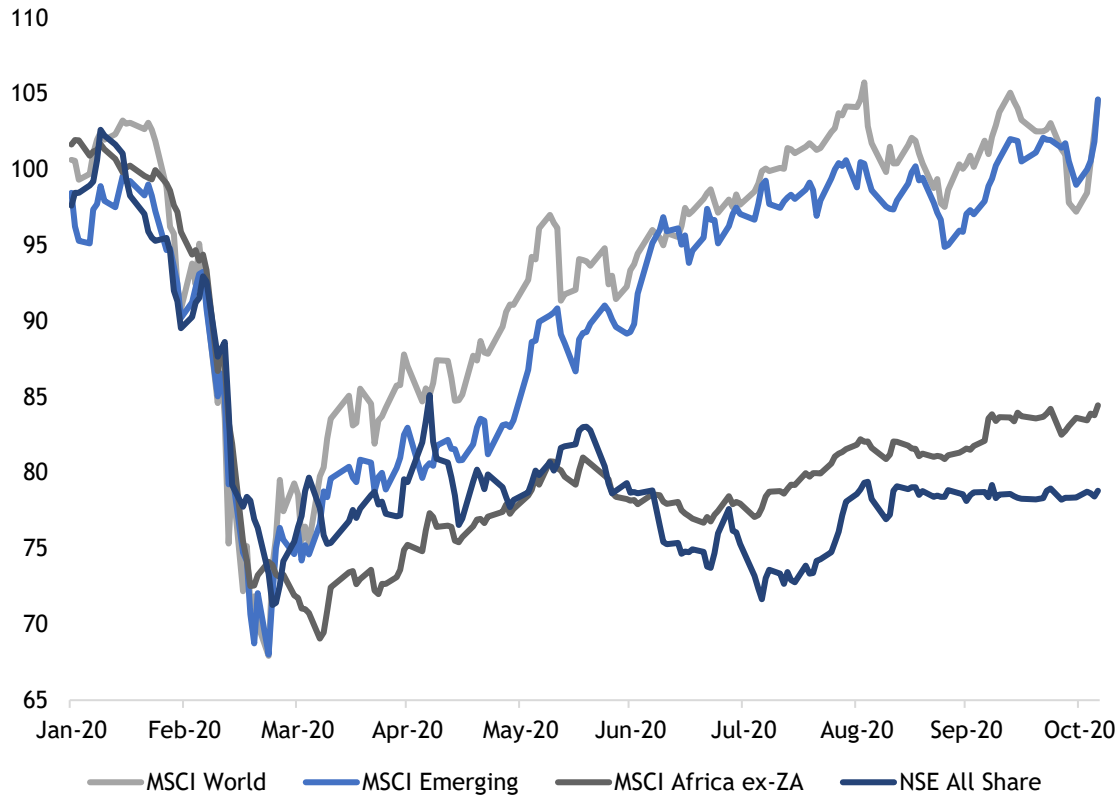
- 79% of the portfolio made up of Cash and Fixed Income at Sep 2020.
- KES 443 million cash return generated in HY2020/21.
- Annualized gross return achieved to September 2020 was 11.5%.

MSP Composition - Sep 2020	Kes M
Equities	1,305
Fixed Income	4,818
Cash	1,743
Mutual Funds	402
<b>Total</b>	<b>8,268</b>

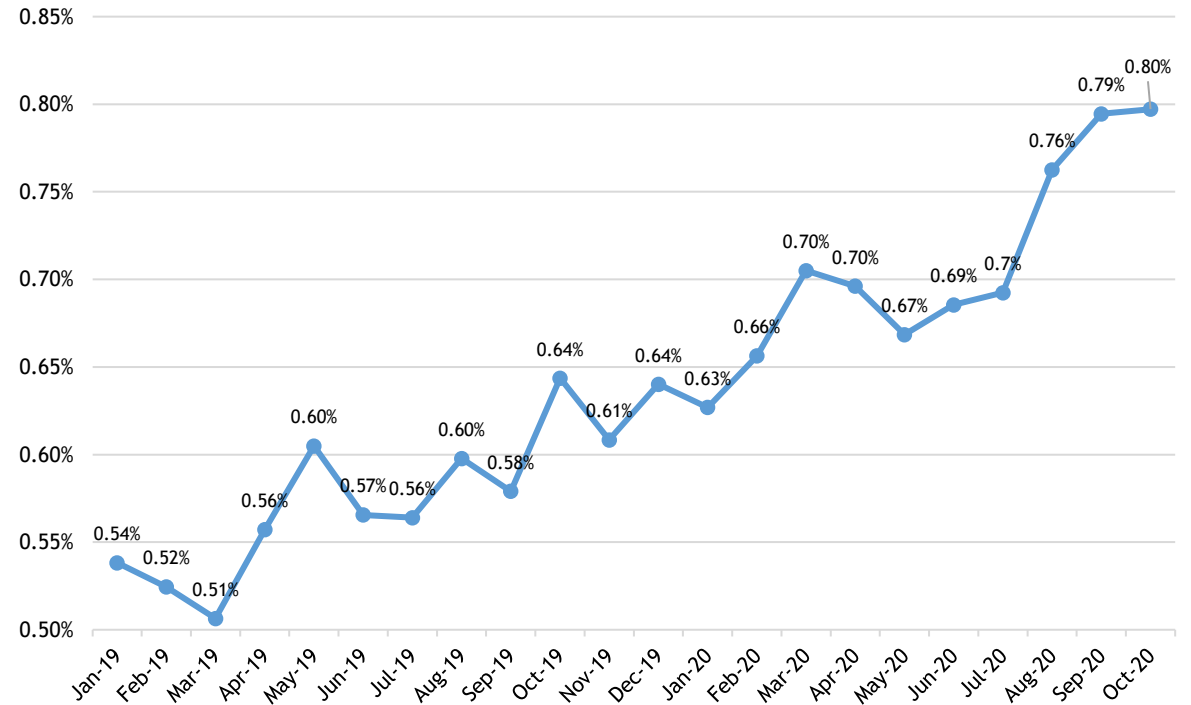
# Marketable Securities

## Strategy is to preserve value and optimize cash return

Dampened YTD Performance of Emerging Markets Equities



Yield on total Nabo Capital AUMs remain on an upward trajectory



Our MSP strategies continued to outperform emerging markets even in the uncertain covid-19 environment.



# CSR Engagement

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# Tackling Youth Unemployment



Ajiry  
we work



Young  
Africa  
Works



Ajiry's mission is to create empowerment and employment for individuals as well as small businesses/start ups

1

## Ajiry App

- Ajiry platform (<https://www.ajiry.com/jobs>) connects skilled job seekers to opportunities.
- To date, Ajiry has over **42,000 skills** listed, advertised **10,000+ job connections**.
- Over **13,000 successful hires** to formal and informal sectors.

## 3 Zero Contact Distribution System (ZCDS)

- Developed a system to enable the contactless distribution of food hampers during the covid-19 pandemic.
- Adopted by **10 partners**, including counties to safely distribute relief food.
- **75,000+** families reached through the system.

2

## Ajiry Learning

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Hone your skills while you stay at home.  
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# Covid-19 Mitigation

## Standing together with our communities

### Short- and long-term intervening measures to mitigate covid-19 impact



#### Githogoro water project

Over **10,000 families** now have access to clean water.



#### Food Donation

Food donation to **4300 families** so far in Nairobi and Kilifi county.



#### Zero contact food distribution system

So far being used in counties and other groups supporting the less fortunate with food.



#### Cash Donation of UGX 100 million Donation

Donated to the Uganda National Covid task force.



### Centum unveils app for food donations

**Kevin Babin**  
@kevinbabin

Centum Investment Limited subsidiary, Tigo In Tigo, has unveiled a zero contact distribution application that will aid the supply of relief food to the needy.

The platform, which is a joint partnership with the Standard Foundation Kenya, seeks to complement government's social distancing guideline that aims to control the spread of the Covid-19 through human-to-human contacts.

This is set to address the additional method of donations that are usually known to be overcrowded and sometimes messy.

Centum Investment Limited Group CEO James Mburia said the application will aid in the distribution and

supply foods donated by government, county government and organisations for the needy.

"As a team, we agreed all build apps will be based on an all-aid distribution project that we run using the app will be strictly at one-to-one. The application operates on a 3000 platform that allows users to access basic services without a need for a smartphone.

Once an organisation makes a donation, a unique QR is generated and sent to end users for collection through verification codes.

"Tigo Lead Cyber Security and APP Architect from Intra said will workers should visit the application's dashboard and generate the list of individuals whom they have identified as ready to assist.

"They then upload their IDs and numbers they are using in their programme into the distribution management system and assign collection points, whether it's large scale supermarkets,

small scale kiosks, or mobile time pickup points for those in remote areas," said Mburia.

The system is secure as it connects providers and users through one-to-one verification.

Project Lead Kwokyeu Catherine Ubiko said the platform was established after realizing traditional forms of relief such as paper vouchers, gift cards or large crowd distribution process would not work in a Covid-19 environment.

"We wanted to create an application that is easy to use, safer for the environment and individuals during the Covid-19 pandemic," said Mburia.

The programme is part of the Standard Foundation's "Young Africa Works Initiative" that seeks to mobilise five million Kenyan secure digital skills by 2025 in collaboration with the Centum Investment Limited through governments, private sector, entrepreneurs, educators, and young people.



# Financial Performance



# Consolidated Income Statement

KShs. Millions	HY2021	HY2020	%
Trading (loss)/profit	(404)	254	-259%
Operating income / (loss) from financial services	38	131	-71%
Investment income	417	12,391	-97%
Other income	(62)	23	-362%
Operating expenses	(503)	(697)	-28%
Finance costs	(1,331)	(2,037)	-35%
Share of losses in joint ventures and associates	(204)	(62)	230%
Provision for impairment of assets		(2,286)	
<b>Profit before tax</b>	<b>(2,049)</b>	<b>7,717</b>	<b>-127%</b>
Income tax credit/ (expense)	67	(926)	-107%
<b>Profit after tax</b>	<b>(1,982)</b>	<b>6,791</b>	<b>-129%</b>
Other comprehensive income, net of tax	268	(194)	-238%
<b>Total comprehensive income</b>	<b>(1,714)</b>	<b>6,597</b>	<b>-126%</b>
<b>Earnings per share</b>	<b>(2.09)</b>	<b>10.70</b>	
<b>Attributable to:</b>			
Owners of the parent	(1,122)	6,929	-116%
Non-controlling interest	(592)	(332)	78%
<b>Total comprehensive income</b>	<b>(1,714)</b>	<b>6,597</b>	

- Trading income declined due to
  - ✓ Disposal of Almasi in prior year
  - ✓ Impact of Covid 19 on trading businesses
- Operating Income from financial services
  - ✓ Profitability impacted by reduction in non-funded income at Sidian.
- Prior Year exceptions included
  - ✓ Gain on disposal of bottlers KShs 12b
  - ✓ Impairment provision of KShs 2.3b
  - ✓ Income Tax on Gain of KShs 0.8b
- Investment income
  - ✓ Lower dividends
  - ✓ Interest from MSP of KShs 280m.
- Sale of Residential Units
  - ✓ Moving forward expecting to recognize revenue and income from Centum RE.
- Finance costs reduced due to settlement of Centum Bond of KShs 6b.
- Share of loss of KShs 592m mainly attributable to Minority Shareholders of TRDL and Longhorn.

# Consolidated Statement of Financial Position

KShs. millions	HY2021	FY 20
Property, plant and equipment	4,157	4,099
Investment property	41,568	41,181
Inventory - Residential houses under construction	4,257	3,016
Right of use assets	1,014	1,062
Goodwill and intangible assets	1,397	1,369
<b>Investment portfolio:</b>		
- Associates	1,469	1,450
- Joint ventures	2,686	2,890
- Unquoted equity investments	4,574	4,550
- Quoted investments	513	399
- Government securities and corporate bonds	11,183	8,913
Loans and advances	18,294	14,961
Inventory	548	621
Receivables and other assets	7,966	9,168
Cash and cash equivalent	8,850	8,182
<b>Total assets</b>	<b>108,476</b>	<b>101,861</b>
Borrowings	26,216	22,197
Customer deposits	21,641	17,460
Payables, accruals and other liabilities	4,639	3,971
Deferred income - Real Estate	2,937	2,223
Lease liability	1,203	1,270
Deferred tax liabilities	1,880	2,118
<b>Total liabilities</b>	<b>58,517</b>	<b>49,239</b>
<b>Net asset value</b>	<b>49,960</b>	<b>52,622</b>

- Inventory - Residential Units
  - ✓ Centum RE Inventory - residential projects increased by KShs 1.2b to KShs 4.2b
  - ✓ Expected to gradually convert to Costs of Sales as some residential units are handed over in H2.
  
- Deferred Income - Real Estate
  - ✓ Represents deposits received from bookings of residential units and for land transactions.
  - ✓ Expected to gradually convert to Revenue as some residential units are handed over and land sales are completed in H2.

# Company Income Statement

KShs. Millions	HY2021	HY2020	%Δ
Investment income	729	3,022	-76%
Operating expenses	(299)	(312)	-4%
Finance costs	(335)	(1,228)	-73%
Impairment of assets	-	(2,286)	100%
<b>Profit before tax</b>	<b>95</b>	<b>(804)</b>	<b>112%</b>
Income tax expense	-	(800)	100%
<b>Profit after tax</b>	<b>95</b>	<b>(1,604)</b>	<b>106%</b>
Unrealised gains	(1,392)	58	-2500%
<b>Return for the year</b>	<b>(1,297)</b>	<b>(1,546)</b>	<b>16%</b>
<b>Total comprehensive (loss)/ income</b>	<b>(1,297)</b>	<b>(1,546)</b>	<b>16%</b>
<b>Return on opening NAV</b>	<b>-2.7%</b>	<b>-2.9%</b>	

- Company PBT increased from loss of KShs 804m to profit of KShs 95m.
- Prior Year exceptions included
  - ✓ Gain on disposal of bottlers KShs 2.2b
  - ✓ Impairment provision of KShs 2.3b
  - ✓ Income Tax on Gain of KShs 0.8b
- Investment income
  - ✓ Lower dividends received
  - ✓ Total Interest income from MSP of KShs 280m and KShs 323m from inter company loans.
- Revaluation losses of KShs 1.4b driven by lower business performance and decline in multiples due to Covid-19 impact.
- Cost containment measures effected by company reducing operating expenses by 4%
- Finance Costs declined 73% driven by debt payment through redeeming of KShs 6b bond.

# Company Statement of Financial Position

KShs. millions	HY2021	FY 2020	%Δ
<b>Investment portfolio:</b>			
- Investment in Subsidiaries	28,731	30,236	(5%)
- Debt Investment in Subsidiaries	12,656	15,631	(19%)
- Unquoted Investments	4,126	4,126	0%
- Government securities and corporate bonds	3,455	3,151	10%
- Quoted Investments	191	23	730%
<b>Total Portfolio</b>	<b>49,159</b>	<b>53,167</b>	<b>(8%)</b>
Other Assets	604	771	(22%)
Cash and Equivalents	1743	2,912	(40%)
<b>Total Assets</b>	<b>51,506</b>	<b>56,850</b>	<b>(9%)</b>

KShs. millions	HY2021	FY 2020	%Δ
Borrowings	3,587	7,486	(52%)
Other Liabilities	2,575	1,925	34%
<b>Total Liabilities</b>	<b>6,162</b>	<b>9,411</b>	<b>(35%)</b>
Share Capital	922	922	-
Retained Earnings	22,281	23,984	(7%)
Revaluation Reserves	22,141	22,533	(1.7%)
<b>Shareholder Funds</b>	<b>45,344</b>	<b>47,439</b>	<b>(4%)</b>
<b>Equity and Liabilities</b>	<b>51,506</b>	<b>56,850</b>	<b>(9%)</b>
<b>NAV Per Share (KShs.)</b>	<b>68.14</b>	<b>71.29</b>	<b>(4%)</b>

Centum to receive distributions in the form of Dividends and Repayment Shareholder Loans from Centum RE and Other subsidiaries

Company has capacity to distribute dividends from accumulated Retained Earnings of KShs 22.1bn and Revaluation Reserves of KShs 22.2bn



# Company Cash Flow Statement

KES millions	HY 21	HY 20
<b>Cash flows from operating activities</b>		
<b>Net cash generated from operating activities</b>	<b>3,908</b>	<b>19,776</b>
<b>Cash flows from investing activities</b>		
Investments in subsidiaries (equity)	-	(45)
Net debt investment in subsidiaries	(461)	(501)
Investment in government securities and corporate bonds	(304)	-
Purchase of shares in quoted investments	(169)	-
Purchase of shares in unquoted investments	-	(117)
<b>Net cash used in investing activities</b>	<b>(934)</b>	<b>(663)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,550	1,394
Repayment of borrowings	(6,210)	(7,754)
Interest paid on borrowings	(483)	(1,060)
<b>Net cash generated from financing activities</b>	<b>(4,143)</b>	<b>(7,420)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,169)</b>	<b>11,693</b>
At start of period (March 2020/March 2019)	2,912	252
At end of period (Sep 2020/Sep 2019)	1,743	11,945

- Centum received its first cash distribution from Centum Real Estate of **Kes 3.75 billion** in repayment of shareholder loans.
- Prior period cash mainly consist of proceeds from disposal of the bottlers.
- Kes 6.6 billion** spent on repayment of Centum Bond including accrued interest.
- Short-term borrowing of **Kes 2.5 billion** expected to be repaid within the next 6 to 12 months.

# Company Statement of Financial Position

## Gearing & Liquidity

Kes. Mn	FY '16	FY '17	FY '18	FY'19	FY'20	HY'21
Short Term Debt	-	(982)	(3,482)	(108)	(7,486)	(3,587)
Long Term Debt	(10,475)	(13,674)	(11,360)	(16,036)	-	-
<b>Total Debt</b>	<b>(10,475)</b>	<b>(14,656)</b>	<b>(14,843)</b>	<b>(16,145)</b>	<b>(7,486)</b>	<b>(3,587)</b>
Cash and Cash Equivalents	3,849	2,447	1,078	253	2,912	1,743
Marketable Securities	2,673	3,133	3,566	3,781	6,053	6,526
<b>Net (Debt) / Cash Position</b>	<b>(3,953)</b>	<b>(8,094)</b>	<b>(10,198)</b>	<b>(12,110)</b>	<b>1,480</b>	<b>4,682</b>
Equity	22,936	44,808	48,686	52,600	47,439	45,344
<b>Net Debt to Equity</b>	<b>17%</b>	<b>18%</b>	<b>21%</b>	<b>23%</b>	<b>nill</b>	<b>nill</b>
<b>Long Term Debt to Equity</b>	<b>46%</b>	<b>31%</b>	<b>30%</b>	<b>31%</b>	<b>nill</b>	<b>nill</b>

- Bond redeemed in June 2020, leading to full repayment of long-term in HY2020/21.
- Reducing debt and improving liquidity resulted in stronger balance sheet with a **positive net debt**.
- **Kes 300 million** savings on potential FX losses on RMB USD debt repaid.
- **Kes 892 million** (73%) reduction in company finance cost compared to a similar period last year.
- Business units can utilize debt capital to the extent supported by their free cash flows.

# Outlook



# Outlook | 2HY 2020/21

## Strategic objectives



### Real Estate

- Monetization of underlying portfolio value and generate cash return to Centum.



### Private Equity

- Portfolio management for value creation.
- Redeployment into new opportunities.



### Marketable Securities

- Liquidity preservation and generating stable cash return to Centum.



### Development

- Drive value creation in the underlying assets and unlock value across the portfolio.

## Covid-19 Impact

- ✓ 60% of pre-COVID sales realized
- ✓ 90% of prior year cash collections achieved.

- ✓ No dividend payout as portfolio companies conserve liquidity.
- ✓ Attractive valuation of targets.

- ✓ Low dividend payout.
- ✓ Interest rate and FX volatility.

- ✓ No major impact.
- ✓ Scheduled milestones are on course.

## Management Focus

- ✓ Completes ongoing projects and recognize their profits, include the value of the land they sit on.
- ✓ Further pay down shareholder loans.


- ✓ Active portfolio management for continued resilience and value preservation.
- ✓ Support management to shorten business recovery and resume dividend payment.

- ✓ Maintain capital preservation strategies and stable cash returns.
- ✓ Optimize portfolio cash yield, taking advantage of opportunities during recovery

- ✓ Drive project milestones towards financial close.
- ✓ Cash realization or transition the assets to generating positive cash flows.

Q & A





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