



CENTUM

tangible wealth

HY 2023

Investor Briefing & Results Announcement.

For the Period ended 30 September 2022

November 29, 2022

Agenda.

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

FINANCIAL REVIEW

Risper Alaro – Group Finance Director

OUTLOOK

Dr. James Mworira – Chief Executive Officer

Q & A



BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer





BUSINESS REVIEW

Dr. James Mworia – Chief Executive Officer

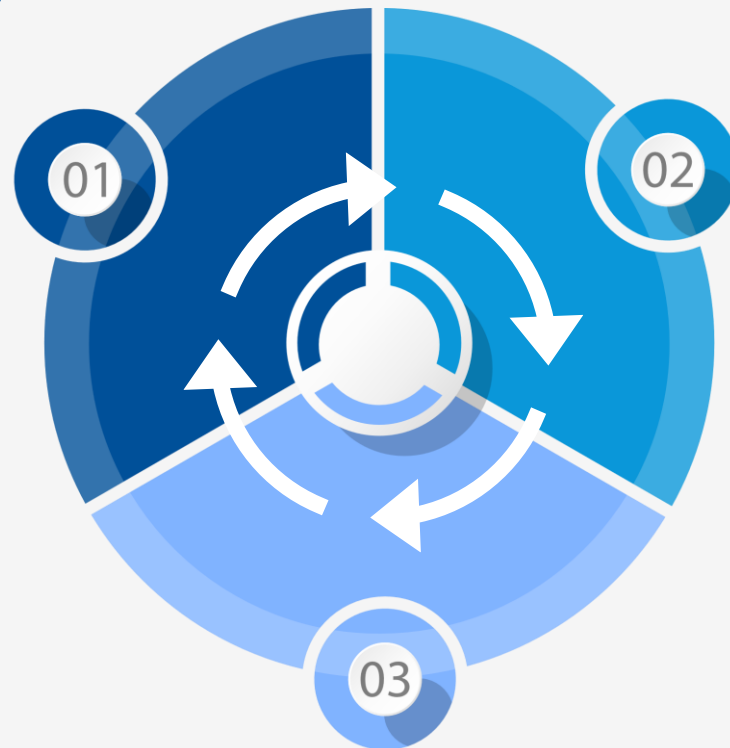
About Centum.



Our Business Model.

Deploy Capital

Identify compelling **opportunities** and deploy capital through innovative investment structures.



Create & Grow Value

- **Institutionalize** robust governance structures
- **Enhance** process efficiencies.
- **Grow** products and scale up markets
- **Resolve** operational challenges
- **Optimize** capital structures

Monetise Value

- Annuity **income streams** (dividends & interest)
- **Repayment of** shareholder **loans** from third party capital raise
- **Equity exits** at a gain on initial investment

Our Competitive Advantage.

IDENTIFY

Identifying and or creating high quality investment opportunities

A **high-quality portfolio** comprising assets with potential for both significant cash yield and capital gains.

GROW

Deep expertise and local knowledge that is key for portfolio value creation

Current portfolio is held at an average of **2.1x** multiple on net cost invested.

EXIT

Strong track record of successful exits at a premium to the asset carrying value

10 exits made in the period 2009-2022 at **3.7X** money back on average.

Company Snapshot.



Market Capitalisation ⁽¹⁾

KES
5.7 billion



Net Asset Value ⁽²⁾

KES
39.8 billion
translates to
KES60 NAV per share



Shareholders Equity Value Growth
(since 2009)

10X



Annualized Return on Shareholders' Equity
(Mar 2009 – Sep 2022)

20%



Cost-to-Income Ratio
(period to Sep 2022)

37%
an improvement from
39% in FY2022



Long Term Gearing ⁽²⁾

0%



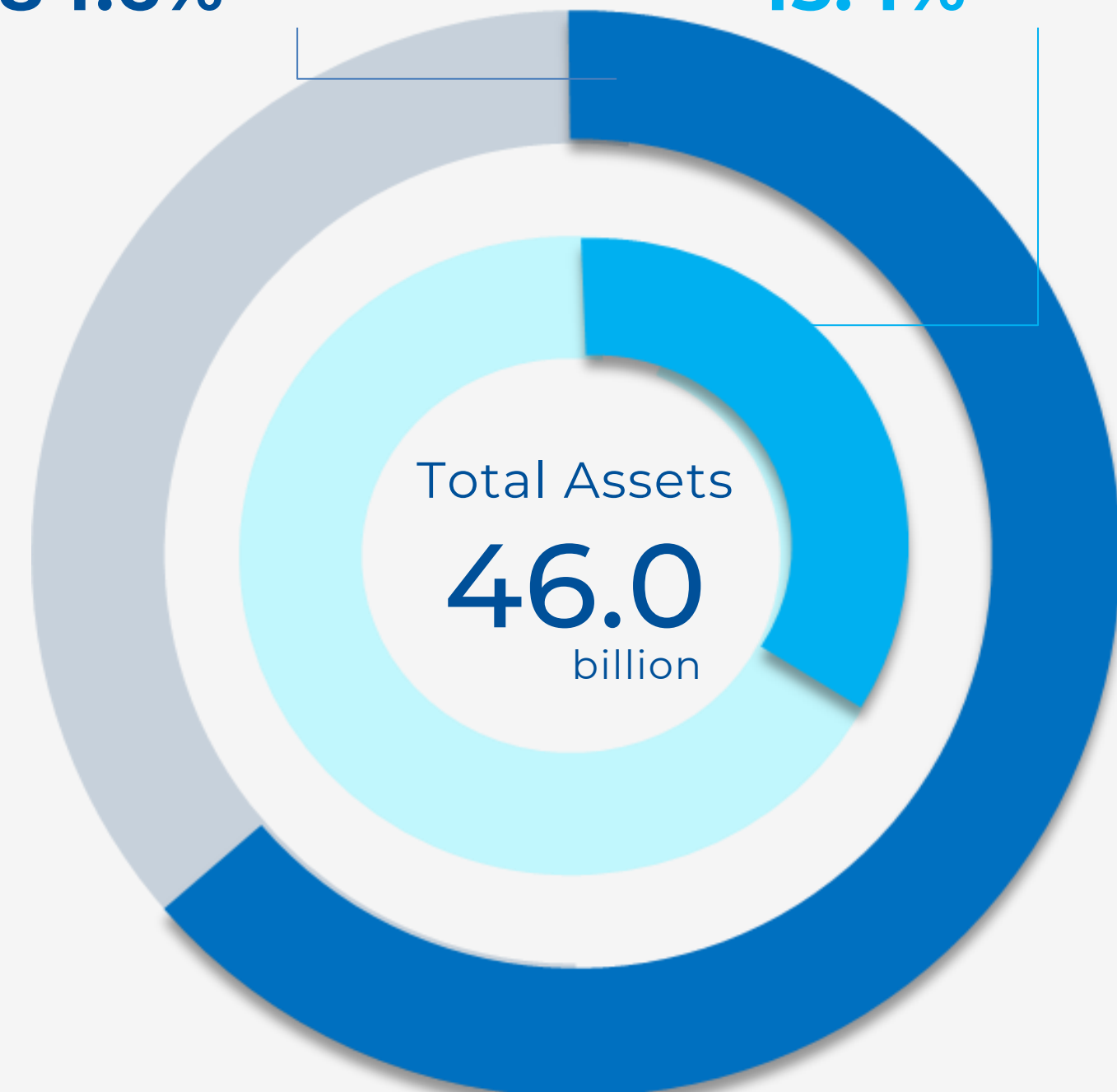
National scale Long and Short-term ratings affirmed on account of strong financial profile ⁽³⁾

A+_(KE), A1_(KE)

Portfolio Allocation as of 30 September 2022

Growth Portfolio
84.6%

Marketable Securities
15.4%



⁽¹⁾ Share price as of 18 November 2022

⁽²⁾ As at 30 September 2022

⁽³⁾ Rating accorded by Global Credit Ratings (GCR) in October 2022

2009 -2022 Snapshot.

Annualized Return

20%

Dividend Distribution

KES
4.5 billion

Growth in Shareholders' Equity

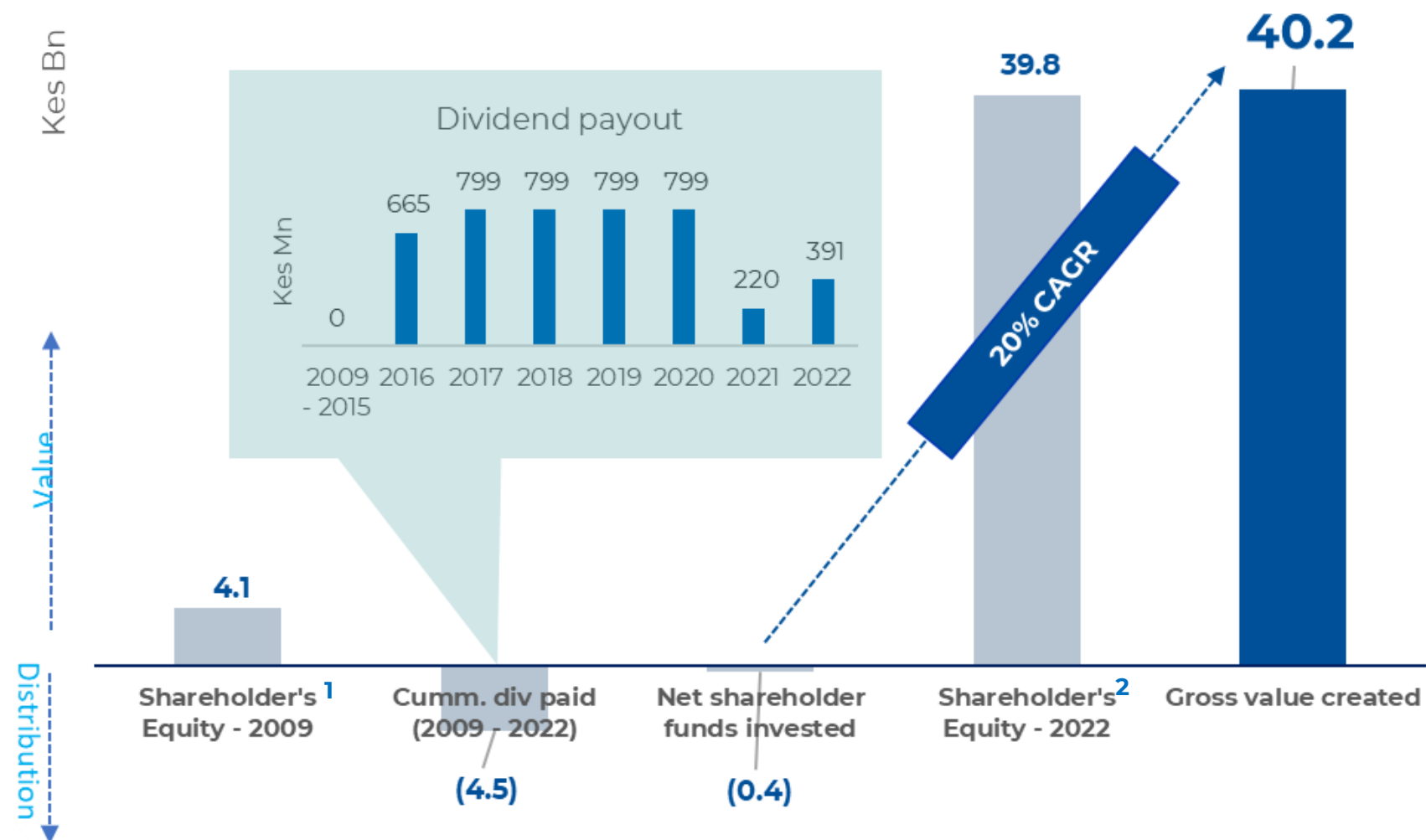
10X



Company Snapshot.

- The shareholders' equity value at March 2009 was **KES 4.1 billion**
- Centum has since made dividend distributions to shareholders amounting to **KES 4.5 billion**
- With new equity capital raised between 2009 - 2022, Centum has distributed **KES 400 million in excess** of the original equity value.
- As at 30 September 2022, the shareholder equity value was **KES 39.8 billion**
- Thus the **gross value created** for shareholders over the 2009 – 2022 period was **KES 40.2 billion**
- This represents an annualized return on equity of **20% p.a** against the NSE 20 Index return of **-3.75%** in the period.

Centum Shareholders' Value Creation and Distributions
(Mar 2009 – Sep 2022)



Sources:

⁽¹⁾ Page 42 of 2008/09 Centum Annual Report (https://www.centum.co.ke/images/docs/Annual_Report_2008_2009.pdf)

⁽²⁾ HY2022/23 Financial Statements

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Centum 4.0 - Strategy Update.



Strategy Evolution – Our Journey.



SUSTAINABLE GROWTH

Focus on building **sustainable** and resilient businesses with **decentralized** core operations.

Business organized into:

1. Growth Portfolio

- Private Equity
- Real Estate

2. Marketable Securities



DEPLOY, DEVELOP & MANAGE

- Driving **value creation** in portfolio companies & realizing gains through partial or full exit
- Commenced investments in infrastructure and early stage greenfield companies



ACTIVE PORTFOLIO INVESTOR

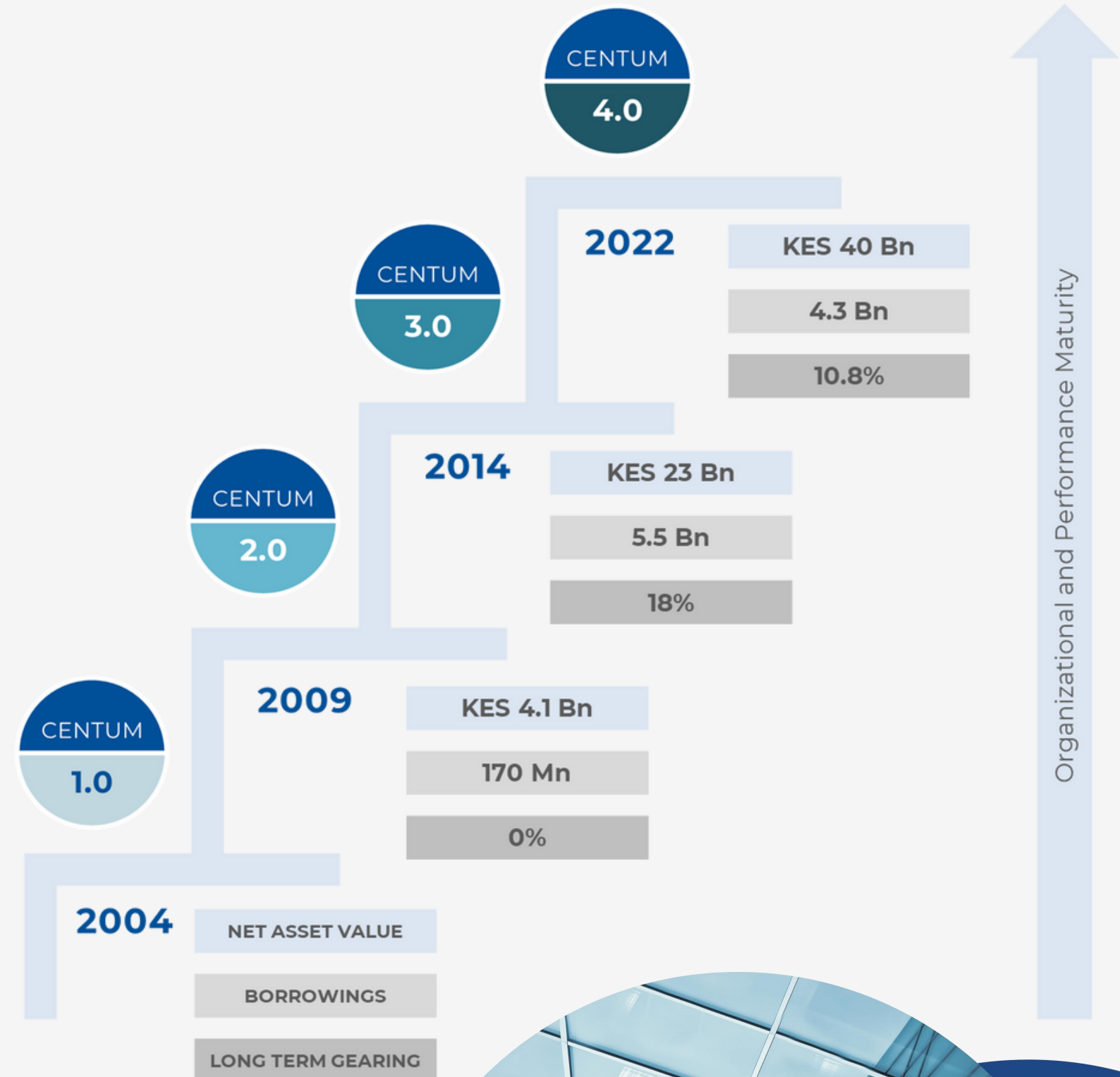
Business **Re-Organization**:

- Private Equity (PE): Acquiring minority stakes in market leading companies
- Quoted PE: Investment in listed securities
- Real Estate: Master planned nodes



PASSIVE PORTFOLIO INVESTOR

Portfolio Manager acquiring minority stakes in market leading publicly traded companies.



Centum 4.0 – Operating Context.

We had a bearish outlook on the economic environment which underpinned Centum 4.0 strategic focus on risk reduction and capital preservation.

Centum 4.0 - Assumptions

GDP

- Projected subdued Kenya's economic growth (average: 5.2%) on the back of global slow down and the local political environment

INFLATION & INTEREST RATES

- Inflation to remain high at around 6.5% on average on account of imported inflation, general rise in fuel prices
- Rising interest rate driven by inflation pressures

EXCHANGE RATE

- Persistent currency depreciation owing to widening fiscal deficit and growing public debt service

FISCAL DEFICIT & PUBLIC DEBT

- Fiscal deficit may only narrow on account of government austerity, but the sustained public debt service pressure would counter any improvements in the gap

Actual Operating Environment

(Centum 4.0 period | Apr 2019 – Sep 2022)

- GDP growth rates : (2020: **-0.3%**), (2021: **+7.5%**), (2022: **+5.5%**)

- Inflation recorded at **7.48%** in October 2022, up from **5%** in Apr 2019

- CBR increased to **8.5%** from 7% followed by upward adjustment of lending rates

- Fed rate hiked by 375bps since March 2022 leading to rise in LIBOR & SOFR

- KES/USD FX rate has depreciated by **25%** since March 2019 and shed off **KES 7.0** in the recent April – September 2022 period.

- UGX gained **5%** in the quarter ending September 2022

- Public debt estimated at **64.2%** against a proposed ceiling of 55%. This has driven up the public debt service to **54%** of domestic revenues, further widening the fiscal deficit.

Performance Overview – Strategic Pillars & Progress Highlights.



Strategic Pillars (FY 2022 – FY 2024)

Key Objectives

Achievements (FY 2020 - 2022)

Returns & Dividend Payout

- Generate 20% annualized return and grow NAV to KES 70Bn by FY2024
- Distribute to shareholders a minimum of 30% annuity cash income.



- **KES 2.2Bn** dividend distribution made in Centum 4.0 strategy period
- **KES 39Bn Net Asset Value** is at **57%** of target closing NAV by FY24

Capital Structure & Liquidity

- Pay down KES 3.0Bn balance of debt
- Generate sufficient annuity cash income to cover OPEX, Finance Cost, and Dividend Payment



- Long term Debt reduced **by KES13Bn** from KES 16.1Bn. Further repayment is scheduled in **2HY2023** from exit proceeds

Operating Costs

- Maintain Operating Costs below 30% of annuity income earned



- Operating Costs reduced by **22%** in HY2023 following improved efficiency
- **37% Cost-to-Income Ratio** achieved in HY2023, down from 39% in the prior year

Portfolio Focus

- Allocate 75% - 80% of assets to growth portfolio (PE & RE)
- Scale up marketplace securities portfolio to 20% - 30% of total portfolio



- Accelerated Cash generating capacity and monetization of real estate portfolio to rebalance the portfolio
- Marketable Securities Portfolio and Cash Value stood at **KES 7.0Bn**, comprising **15.4% of total portfolio** against our strategic allocation of **20% - 30%**

Organizational Effectiveness

- Fully adopt a supervisory approach to portfolio management with portfolio companies attaining operational independence and are prepared for exit



- All Portfolio Companies currently have separated and have **independent operations** and **governance systems** in line with the target **supervisory parenting model** under Centum 4.0

HY 2023 Key Focus Areas.

Objectives.

Balance Sheet Strengthening Deleverage and Build Up Liquidity

Status.

- We have maintained **zero long-term debt** at Company level in line with Centum 4.0 deleveraging objective
- Off balance sheet contingent exposures continue to reduce as the guaranteed debt facilities at TRDL and Vipingo Development Ltd. were paid down by **USD 5.2 million**.
- Strong liquidity profile as **15.4% of total portfolio** is held in marketable securities of which **90%** was allocated to fixed income securities as of 30 Sep 2022

Investment Activity

- Within the period, we reallocated **USD 11.5 Mn** of our MSP portfolio to Eurobonds of **USD 15.75 million** face value thereby improving portfolio diversification in terms of currency, geography and liquidity, while locking in an **upside potential of 37%**.
- Significantly advanced on the exit of Sidian Bank with completion expected in December 2022
- Real estate portfolio remains self-sufficient with strong liquidity and has continued to execute projects without capital calls to Centum

Enhancing Shareholder Returns

- Marketable securities portfolio generated an average annualized **gross return of 14%p.a in HY2023**
- Ongoing implementation of value creation initiatives to enhance capital gains and annuity cash return across the portfolio

HY 2022 / 23 – Company Total Return Statement.

KShs. Mn	1HY 2023	1HY 2022	%Δ
Dividend income	194	134	45%
Interest income on marketable securities	368	335	10%
Interest income on shareholder loans	102	363	(72%)
Other investment income	49	154	(68%)
Total Income	713	987	(28%)
Operating expenses	(255)	(328)	22%
Finance cost	(215)	(233)	8%
Impairment of assets	-	(413)	100%
Profit after tax	244	12	1859%
Other Comprehensive Income	(1,402)	(296)	(374%)
Total return for the period	(1,158)	(283)	(309%)

Opening NAV	41,326	41,822
Return on opening NAV	(2.8%)	(0.7%)

Utilization of annuity income (KShs. Mn)	1HY 2023	1H 2022	%
Annuity income	664	974	100%
Cash operating expenses	(255)	(328)	(34%)
Finance costs	(215)	(255)	(26%)
Residual operating income available for distribution	195	390	40%

- **A 20x improvement in profit after tax was recorded, driven by:**

- A 45% increase in dividend income on Private Equity portfolio & 10% increase in interest income on marketable securities. The annualized yield on MSP portfolio was **c. 14%**.
- A reduction in interest income from shareholder loans was recorded following renegotiation of some of the loans. Recorded an increase in dividend income.
- Operating costs declined by 22% reflecting cost savings from the organization restructuring carried out in November 2021. Cost efficiency Improved to 37% from 39% in FY2022.
- Finance Costs declined by 8% following the cancellation of USD 21.4 million bank guarantee previously issued in favor of Coca Cola Beverages Africa.
- No impairment provisions were recorded in the period.

- **Total Return for the period declined compared to the previous period.** This was driven by an increase in other comprehensive loss recorded that was driven by:

- Fx translation differences on the back of Kenya Shillings depreciation against both UGX (0.7Shs) and USD(7Shs) in respect to our USD liabilities & UGX assets.
- Increased finance costs at subsidiary level with the upward adjustment of lending rates in line with the rising interest rates

The private equity portfolio was not revalued in the period.

Company Debt Levels.

Centum continues to maintain low gearing levels and enhanced liquidity to improve overall credit profile.

Key considerations for the assigned 2022 rating | October 2022.

KShs. Mn	Mar-2020	Mar-2021	Mar-2022	Sep-2022
Bond II	6,448	-	-	-
Stanbic OD	1,084	1,019	1,010	1,072
Stanbic RCF Facilities	21	3,106	3,150	3,207
Total	7,553	4,125	4,160	4,279
Cash and Equivalents	(2,912)	(867)	(1,019)	(303)
Net Debt	4,641	3,258	3,141	3,975
Net Asset Value	47,439	41,822	41,322	39,776
Net Debt to Equity	9.78%	7.79%	7.60%	10.0%

Credit Rating Announcement

GCR affirms Centum Investment Company Plc's national scale long-term and short-term Issuer ratings of A+(KE)/A1(KE); Outlook Stable

Rating Action

Johannesburg, 17 October 2022 – GCR Ratings ("GCR") has affirmed Centum Investment Company Plc's national scale long and short term Issuer ratings of A+(KE) and A1(KE) respectively; Outlook Stable.

Rated Entity / Issue	Rating class	Rating scale	Rating	Outlook / Watch
Centum Investment Company Plc	Long Term Issuer	National	A+(KE)	Stable Outlook
	Short Term Issuer	National	A1(KE)	

Positive Factors

- ✓ Relatively sizeable portfolio with a significant chunk in high quality liquid portfolio (MSP) that generates sufficient Annuity Income to cover OPEX and Finance Costs
- ✓ Strong track record in exiting mature assets at a premium to carrying valuations
- ✓ Active management efforts to rebalance the portfolio and scale down the real estate composition
- ✓ Low on-balance sheet gearing with active plans to further reduce debt

Negative Factors

- Significant exposure to real estate in terms of portfolio value
- Contingent liability exposures arising from issued bank and corporate guarantees
- Macroeconomic risks in the prevailing environment of rising inflation, rising interest rates and a weakening Kenya Shilling



BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Portfolio Updates.



Portfolio Snapshot.

Total Assets - KES 46 Bn | Total NAV – 39.8 Bn | NAV Per Share – KES 59.8

GROWTH PORTFOLIO – 86.4%

Sector Diversification

1. Financial Services (3)
2. Technology (2)
3. Services (1)
4. Real Estate (2)
5. Automotive (1)
6. Power (1)
7. Education (2)
8. Agribusiness (1)



Total Assets: **KES 38.9 Bn**

NAV Per Share: **Kes 49.1**

MARKETABLE SECURITIES – 15.4%



Total Assets: **KES 7.0 Bn**

NAV Per Share: **KES 10.7**

Portfolio Summary.

<i>Growth Portfolio Assets</i>	<i>Sector</i>	<i>% of company owned</i>	<i>Initial Cost of invest</i>	<i>Investment Date</i>	<i>Cash Distribution since inception (KES Mn)</i>	<i>Cash Distribution Apr - Sep 2022 (KES Mn)</i>	<i>Net Cost of Investment (KES Mn)</i>	<i>Carrying Value (KES Mn) Sep 2022</i>	<i>Multiple on Net Cost (MOC)</i>
Sidian Bank	Financial Services	82.20%	4,765	2009	0	0	4,765	2,776	0.6x
Longhorn Publishers	Consumer	60.20%	750	2009	276	0	474	656	1.2x
Isuzu E.A	Manufacturing	17.80%	978	2009	1,244	180	0	2,999	4.3x
NAS Servair	Financial Services	15.00%	182	2009	828	12	0	859	9.3x
Green Blade Growers	Agribusiness	100.00%	561	2016	0	0	561	241	0.4x
ACE	Education	16.40%	1,006	2017	0	0	1,006	974	1.0x
Nabo	Financial Services	100.00%	454	2013	20	20	414	538	1.2x
Zohari	Financial Services	100.00%	260	2016	8	0	252	244	1.0x
TSG	Service	80.00%	7	2017	0	0	7	69	10.3x
Akiira	Power	37.50%	1,972	2016	0	0	1,972	1,072	0.5x
Amu Power	Power	50.00%	2,000	2016	0		2,000	0	0.0x
Centum Real Estate	Real Estate	100.00%	7,804	2010	5,212	0	2,591	22,324	3.5x
Two Rivers Development	Real Estate	58.00%	2,653	2010	0	0	2,653	5,001	1.9x
Totals			21,391		7,588	212	14,695	37,753	2.1x



BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Portfolio Updates:
Growth Portfolio



Growth Portfolio – Centum RE

Investment profile.

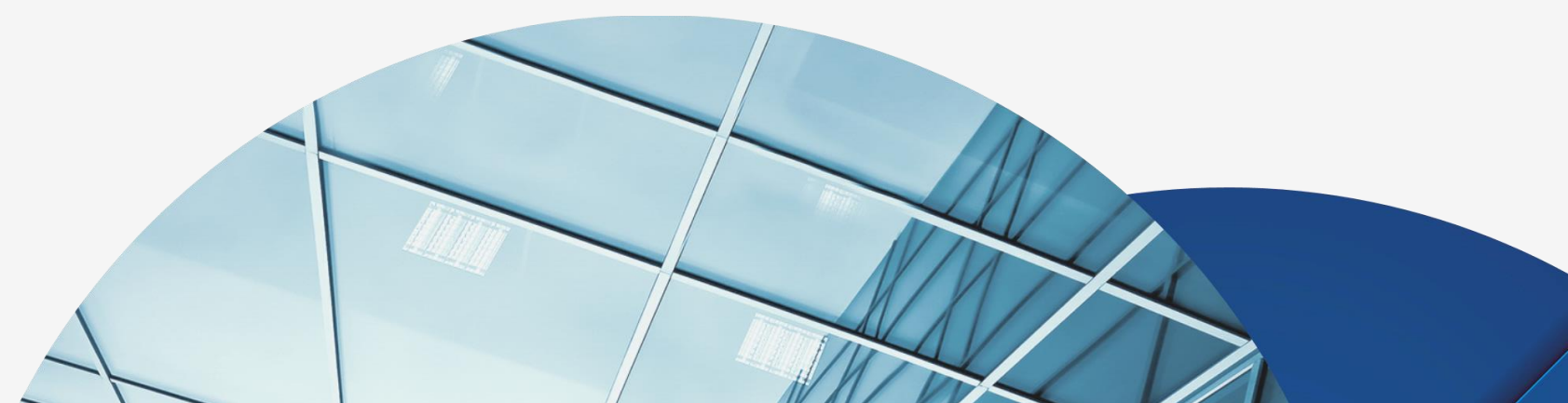


Centum has recouped 67% of its initial investment in Centum Real Estate Limited and expects to recoup the balance over Centum 4.0 Strategy period ending March 2024

Capital invested	2011 to 2019	FY20	FY21	FY22	HY23	Total
Capital injected	6,419	1,107	278	-	-	7,804
Returned	-	-	(4,787)	(426)	-	(5,212)
Balance to be returned	6,419	1,107	(4,509)	(426)	-	2,591

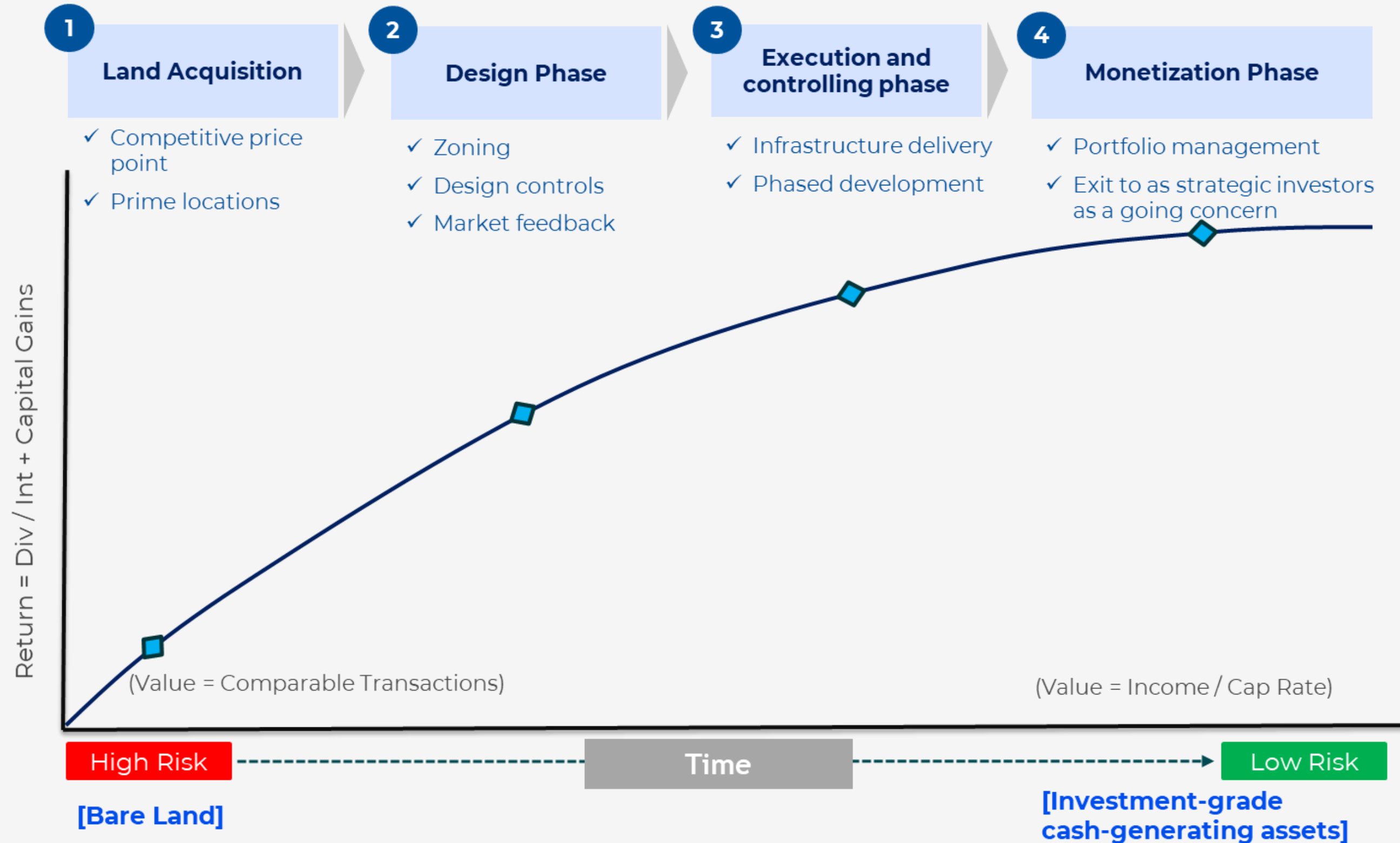
Centum will fully recoup its initial investment in Centum Real Estate of KES 7.8bn and have exposure to KES 23 bn of profits at no incremental cost to Centum.

- Centum made an initial investment of Kes 7.8Bn in Centum RE, largely in form of shareholder loans to fund land acquisition and development of infrastructure and amenities.
- Centum RE has since returned KES 5.2bn from sale of development rights and borrowings at subsidiary level.
- Centum RE has signed contracts worth KES 6bn for sale of development rights from which 42% of the collections will be sufficient to repay 100% of Centum's initial investment.



Growth Portfolio – Centum RE

Our Original Investment Thesis.



Growth Portfolio – Centum RE

Progress along the Value Curve.

As a Master Developer of large mixed-used destinations, Centum RE's value creation process entails the following critical steps:

VALUE CREATION STAGE

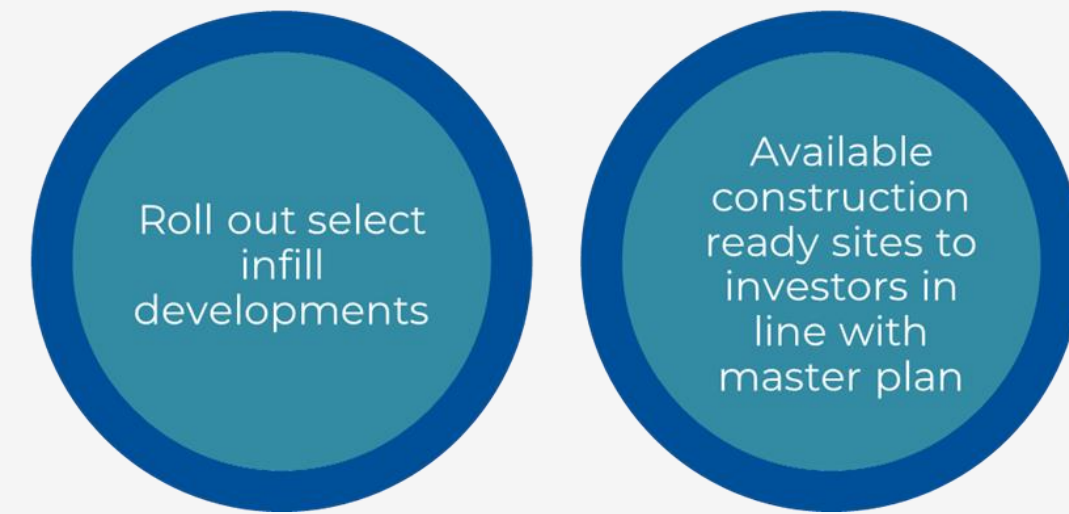


We have pursued value creation across and banks.

This is where our competitive advantage lies, and these stages often pose significant barriers to entry to competitors:

- Two Rivers Development: Duration 2013-2017
- Pearl Marina Development: Duration 2013 - 2017
- Vipingo Development: Duration 2016-2019

MONETISATION STAGE



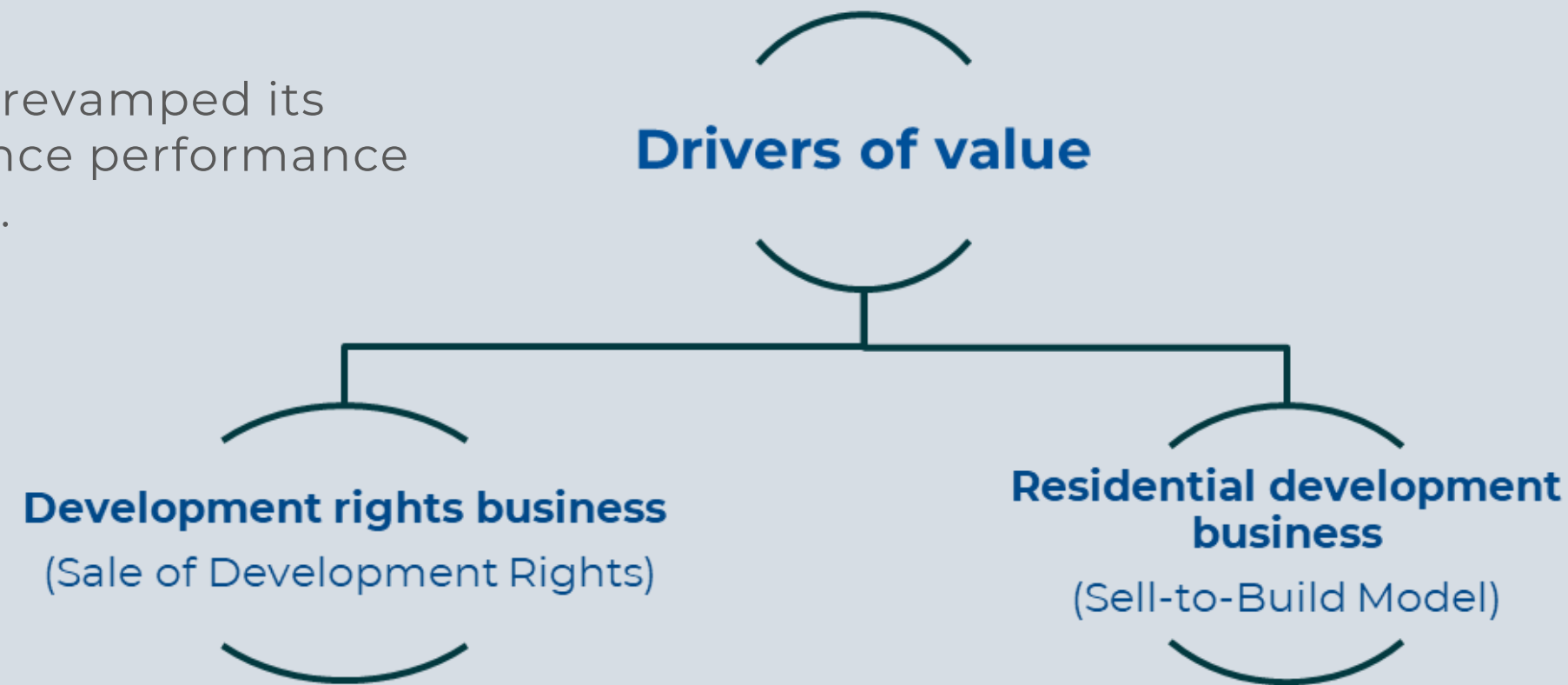
We are now focused on active monetization to cash out the value created.

- Our present focus is on rolling out residential infill developments to meet assessed market demand.
- Based on our experience and market uptake, the affordable housing segment presents the most compelling opportunity.
- Sale of development rights on shovel ready sites is another avenue for cash realization at no additional cost.

Growth Portfolio – Centum RE

Strategies for Value Monetization.

Centum Real Estate has revamped its business model to enhance performance around key value drivers.



- Increase sales velocity within our land bank
- High margin business with low cost of sales
- Target to realize over Kes 10Bn over Centum 4.0

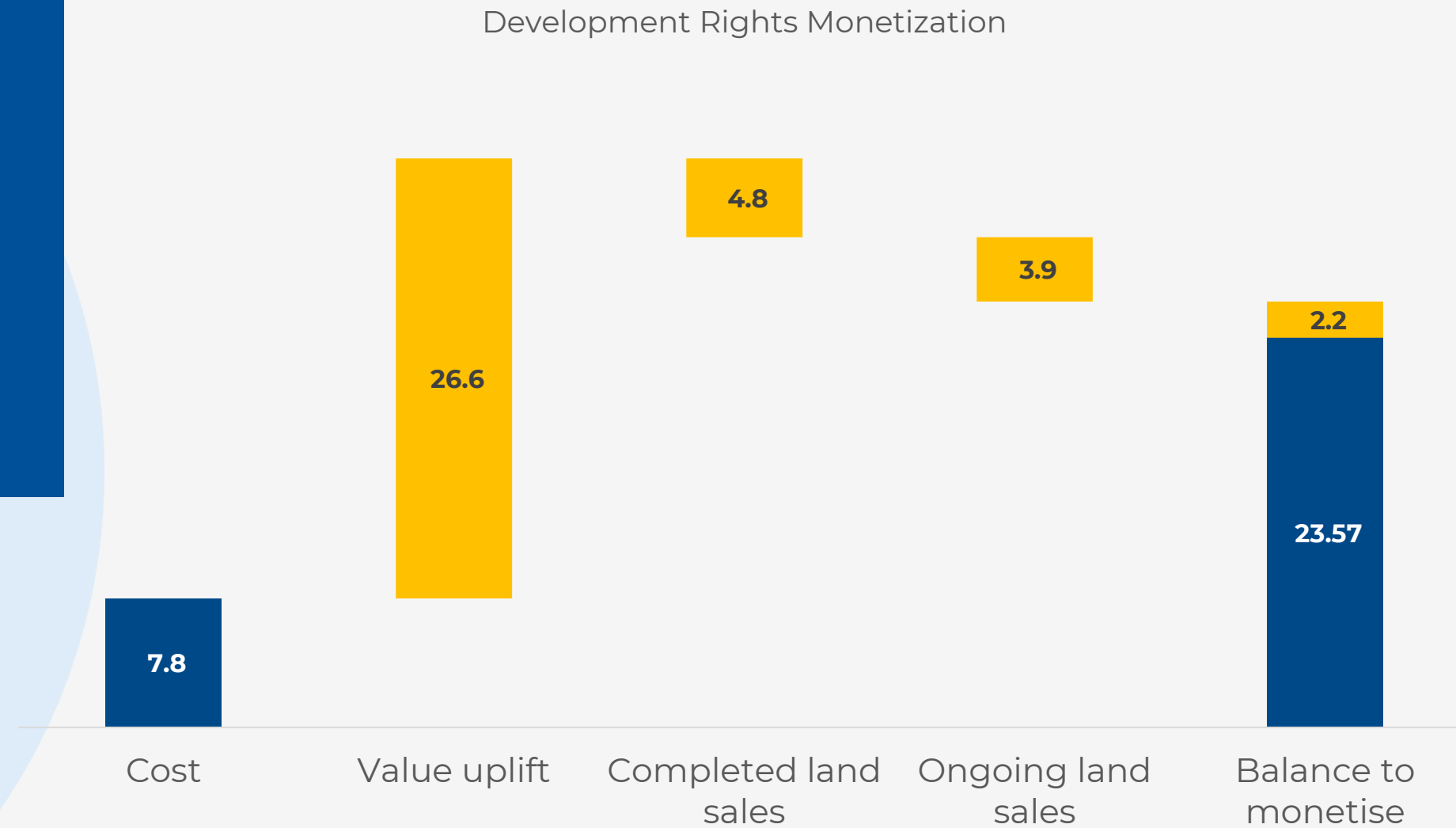
- We pursue a sell-to-build model
- We pre-sell at least 30% of units and collect 10% of sales price before construction with the balance sold during construction
- The business will now focus development of affordable houses within our master planned precincts with an aim to grow to other locations within East Africa

Growth Portfolio – Centum RE

Value Creation Progress.



Centum RE has KES 23.57Bn in value to be monetized through outright sales and development of residential units.



The balance of KES 23.5Bn represents the platform for incremental value as we continue to validate more residential projects.

Growth Portfolio – Centum RE

Sale of Development Rights.

The development rights business segment focuses on monetizing the Centum RE landbanks. Since revaluation gains have previously been recognized to mark the value of these parcels to market, this activity does not have any further impact on the P&L but is a key contributor to generating operating cash flows for the business.

Contracts	FY20	FY21	FY22	HY23	Total
At start of period	-	432	689	1,123	-
Value of contracts signed	432	2,723	2,149	3,360	8,664
Completed transactions	-	(2,466)	(1,714)	(125)	(4,305)
Ongoing contracts	432	689	1,123	4,359	4,359

Profitability of signed contracts					
Value of contracts	432	2,723	2,149	3,360	8,664
Cost of acquisition + infra	(45)	(286)	(410)	(641)	(1,382)
Profit on disposal	387	2,437	1,739	2,719	7,282

Value of contracts	432	2,723	2,149	3,360	8,664
Collections	-	(2,700)	(1,521)	(546)	(4,767)
Receivable	432	23	628	2,814	3,897

Completed transaction	FY20	FY21	FY22	HY23	Total
Sale value	-	2,466	1,714	125	4,305
Cost of acquisition + infra	-	(259)	(327)	(36)	(622)
Profit on disposal	-	2,208	1,387	89	3,684
Previously recognised FV gains	-	(2,446)	(1,276)	(42)	(3,764)
Incremental profit	-	(238)	111	47	(80)

Development rights sales : Cash Proceeds and Utilization

	KES'mn
Total value of contracts	8,664
Collections to date:	
- Completed transactions	(4,305)
- Ongoing transactions	(462)
Total collections	(4,767)
Receivable	3,897

The receivable of KES 3.8bn is expected to be received within the next 12 to 36 months

Use of proceeds	KES'mn
Debt service (3 rd party)	2,868
Taxes	369
Distributions to Centum	1,530
Total	4,768

Average price on contracted sales achieved at 1.1X of carrying value and 6.6X on cost.

Growth Portfolio – Centum RE

Residential Developments.

The residential developments business has achieved cash breakeven and is on course to generating a total return of KES 4.5 billion over the next 24 to 36 months.



Centum RE has generated KES 4.5Bn in cash return potential on completed projects and those under development.

Achieving a 2X value on the value of the land.

KES 4.5 bn
Total cash return from 2,077 units

KES 2.2 Billion
Developer Margin

- Of the 2,107 units, we have sold 83% and collected more than 53% of the sales value
- The collections have been utilized to fund construction and have now surpassed the level of contractor payments

KES 2.2 Billion
Own Land Monetized

Value Uplift
KES 1.0 Billion

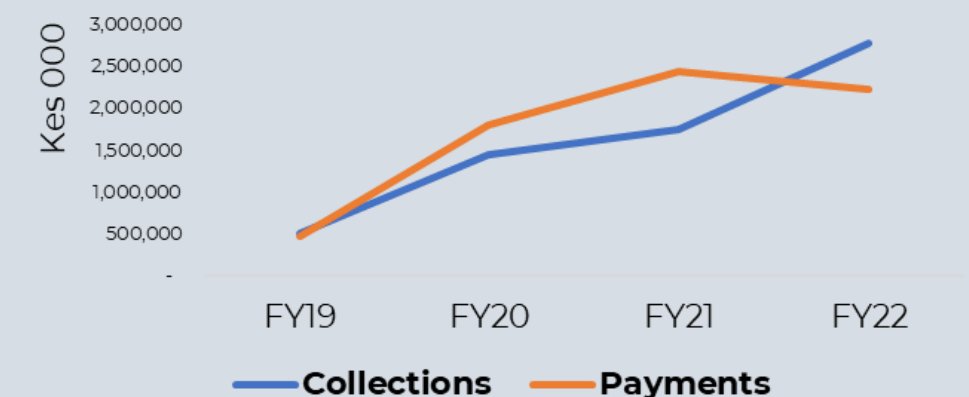
Cost + Infra
KES 1.2 Billion

- The land sold to the project is sold at an incremental value uplift;
- The residential projects are currently being undertaken on own land banks
- The residential developments have activated and opened up the sites, making them attractive and enabling the sale of Kes 8.6bn in development rights to 3rd party developers.

Total units under development	2,107
Sold units	1,724

	KES Mn
Value of sold units	15,534
Cash collected	(7,755)
Receivable	7,779
Unsold units	3,758
Cost to complete	(7,080)
Cash return	4,457

Collections vs Payments



Growth Portfolio – Centum RE

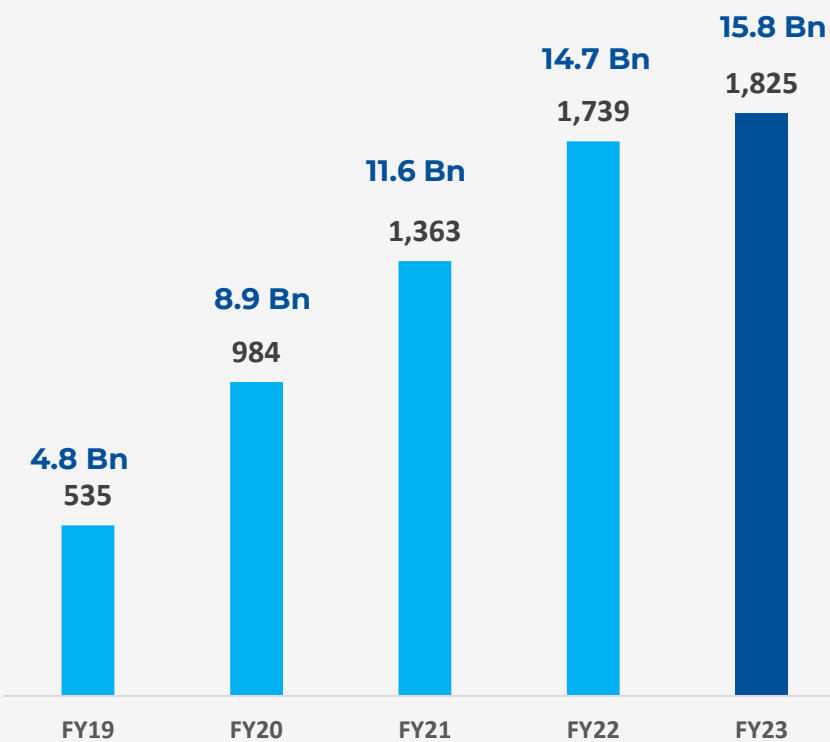
HY 2023 Performance Highlights.



Residential UNIT SALES

KES 15.8 Billion

Value of Units Pre-Sold To Date

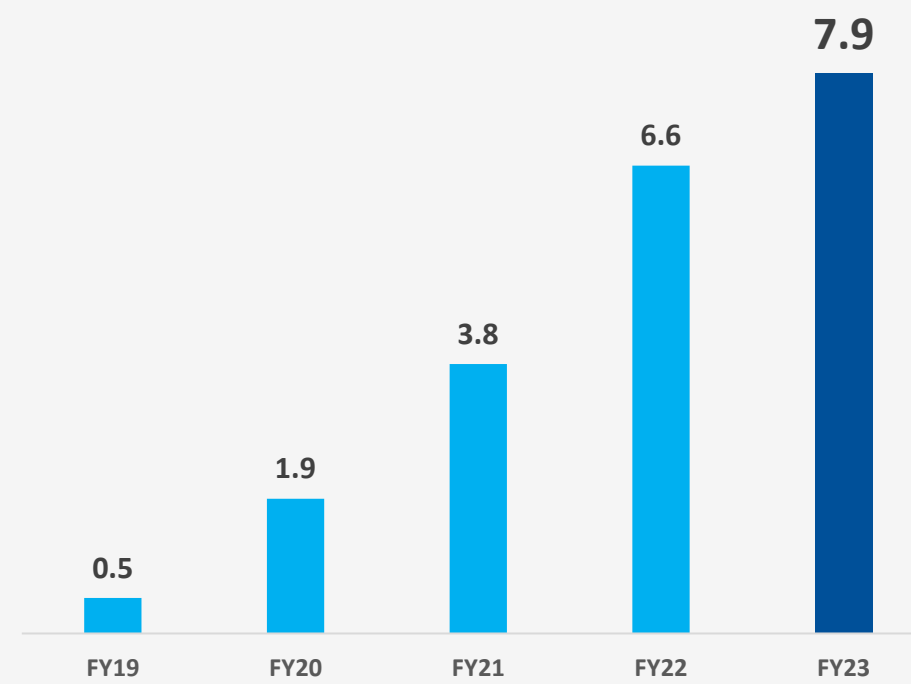


Units Pre-Sold

Residential COLLECTIONS

KES 7.9 Billion

Deposits Collected To date
on Pre-sold Units

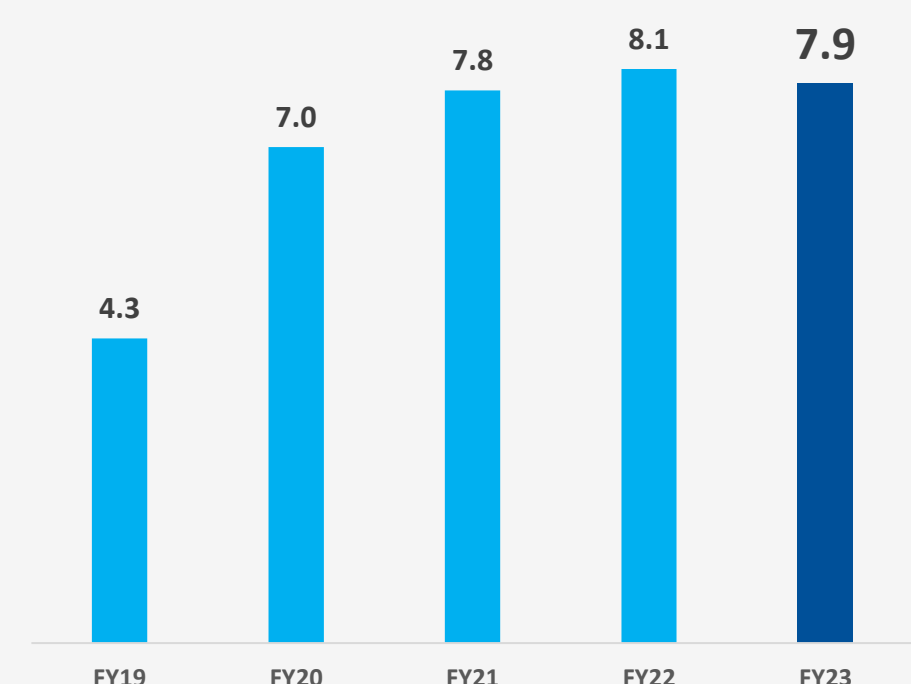


Deposits Collected in Billion KES

Receivable from Signed SALES CONTRACTS

KES 7.9 Billion

Value of Development Rights Pipeline



Deposits Collected in Billion KES

Growth Portfolio – Centum RE

Residential Development.

Reconciling the investor basis Gross Profit to the IFRS Gross Profit.

	FY19	FY20	FY21	FY22	HY23	Total		FY19	FY20	FY21	FY22	HY23	Total
Total units	2,077	2,077	2,077	2,077	2,077	2,077	Total units	2,077	2,077	2,077	2,077	2,077	2,077
Units sold	535	449	298	345	92	1,719	Total units sold	535	449	298	345	92	1,719
% progress	26%	47%	62%	78%	83%	83%	% progress	26%	47%	62%	78%	83%	83%
							Units recognised in P&L	-	-	27	304	79	410
Accrual basis (assuming revenue is recognised at contract stage)							IFRS Basis						
Income statement							Income statement						
Revenue	4,835	4,057	2,693	3,118	831	15,534	Revenue	-	-	457	1,849	898	3,204
Cost (incl. land)	(4,322)	(3,627)	(2,407)	(2,787)	(743)	(13,886)	Cost (incl. land at cost)	-	-	(333)	(1,514)	(720)	(2,567)
Profit	513	430	286	331	88	1,648	Gross profit	-	-	124	335	178	637
Add back: land profit	268	225	149	173	46	861							
Gross profit	781	655	435	504	134	2,509							
Balance sheet							Balance sheet						
Receivable	4,323	6,935	7,872	8,202	7,779		Inventory	630	3,281	6,606	7,557	7,632	
Cash	45	(319)	(1,014)	(461)	25		Cash	45	(319)	(1,014)	(461)	25	
Total assets	4,368	6,615	6,858	7,741	7,805		Total	675	2,962	5,592	7,097	7,657	
Liabilities	3,855	5,672	5,629	6,181	6,157		Deposits	478	2,230	3,391	4,430	4,551	
Profit (Retained earnings)	513	943	1,229	1,560	1,648		Liabilities	197	732	2,077	2,207	2,470	
Total	4,368	6,615	6,858	7,741	7,805		Profits (Retained earnings)	-	-	124	459	637	
	-	-	-	-	-		Total	675	2,962	5,592	7,096	7,657	

Contracts under our residential units business are long-term in nature (> 12 months) as such under IFRS, the payment and delivery of the product don't happen within the same financial year and therefore the revenue and corresponding profit are recognized in different financial periods.

1. Revenue:

Under IFRS only units that have met the revenue recognition criteria are recognized (unit is 100% paid and handed over);

2. Receivable:

Under IFRS the balance of the value of closed sales is an off-balance sheet asset.

3. Deposits:

These are the periodic payments received from customers as per the sales contracts. Under IFRS these are disclosed as liabilities (deferred revenue).

Over time, the two views will converge as the project delivery period reduces and collections increase with increased mortgage uptake.

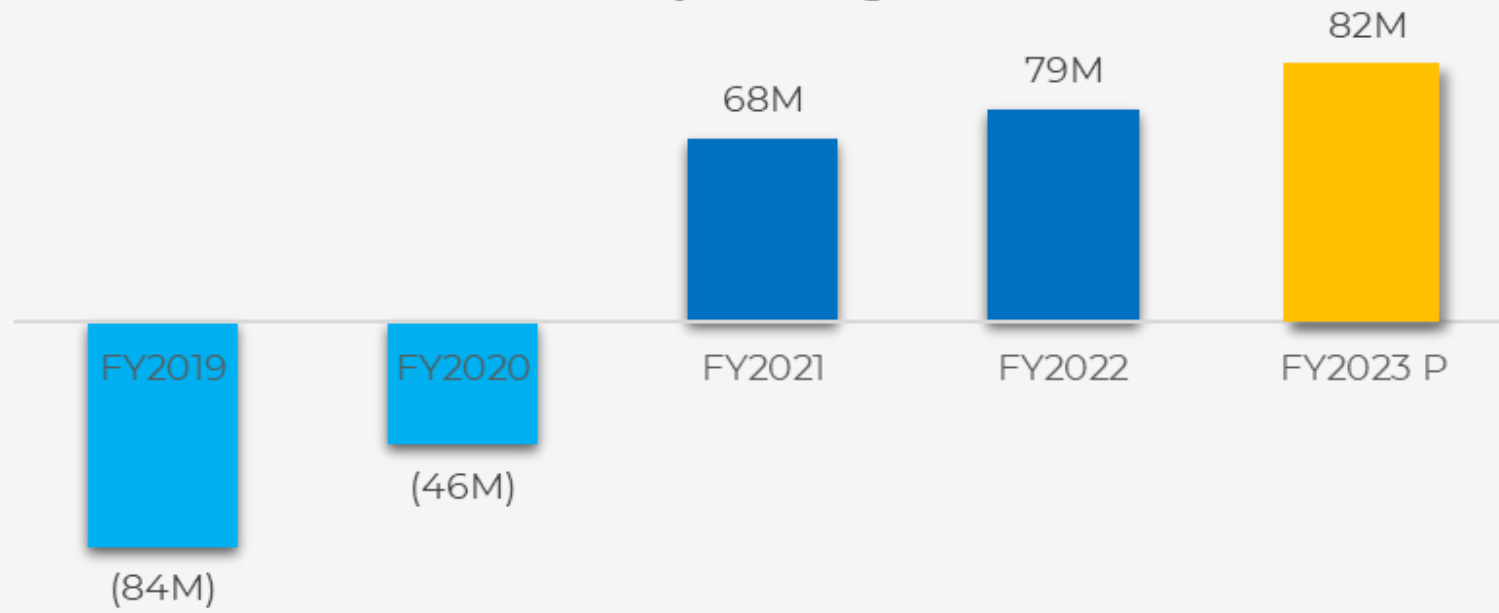


Growth Portfolio – Centum RE

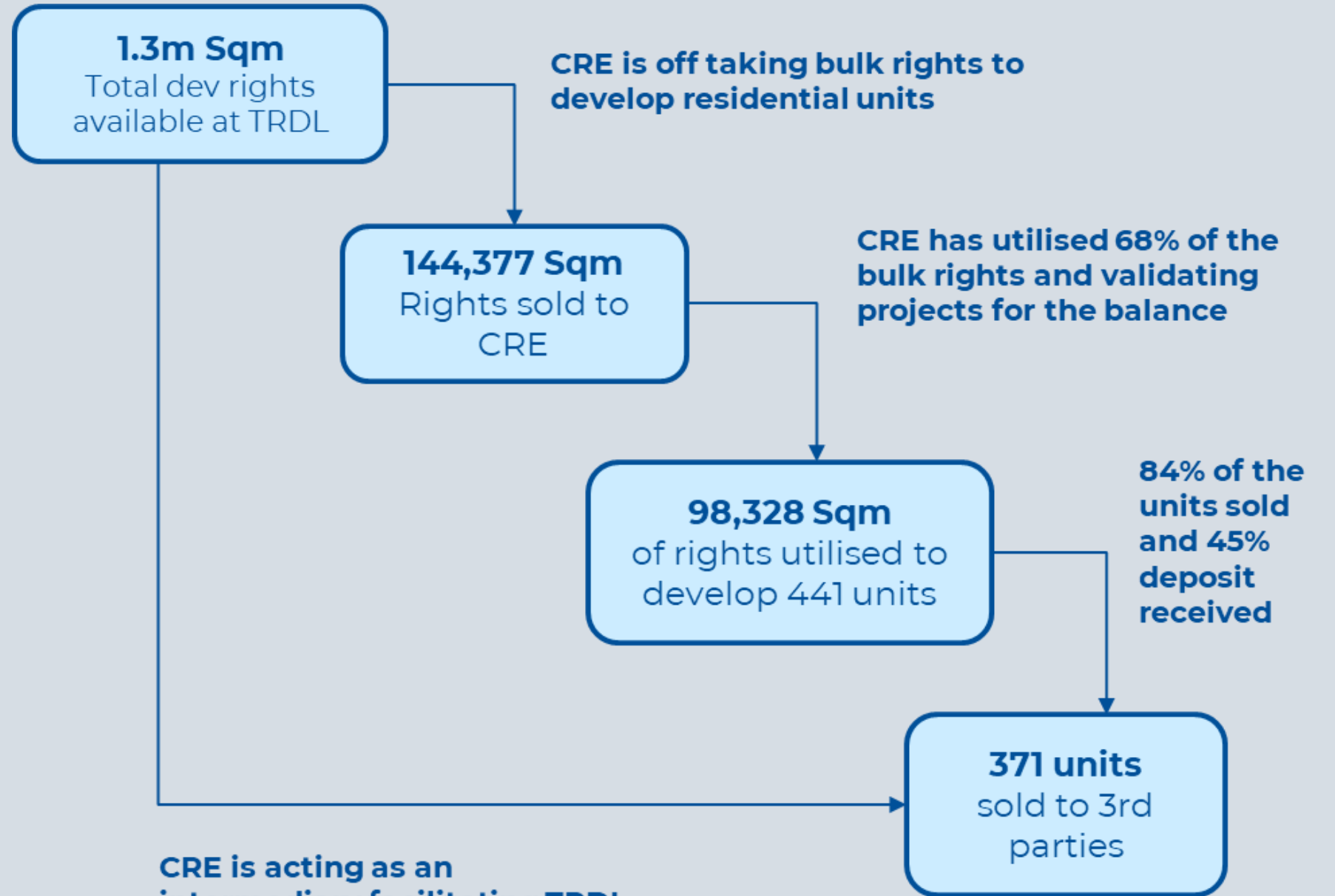
Two Rivers Development.



TRDL Operating Profit



- TRDL has sold development rights to Centum RE for residential unit projects (**Loft, Mzizi & Riverbank**).
- The projects are more than **80% sold on average**, indicating strong demand for the destination.
- Over the **next 12 – 36 months**, Centum RE is expected to roll out more **affordable housing units** at Two Rivers, thereby generating liquidity for the TRDL;
- The sale of development rights primarily contribute to the operating **cash flows of TRDL** than to its profitability since gains on value of the property was already recognized in prior periods. However these sales generate cash flows to meet the company’s investment and debt service requirements.

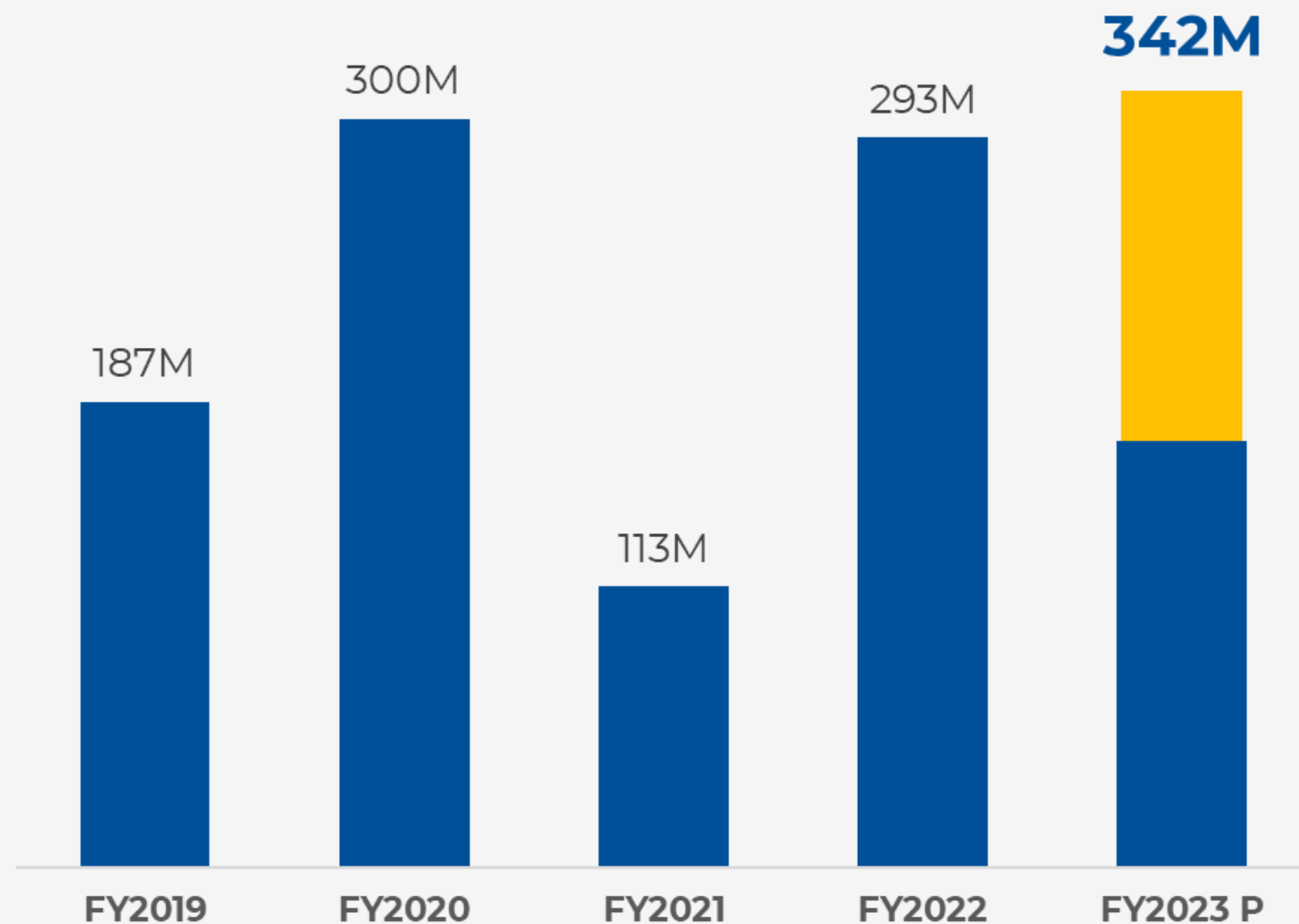


CRE is acting as an intermediary facilitating TRDL to monetise its bulk rights and earning an incremental developer profit



Growth Portfolio – Two Rivers Mall.

TRLIC (The Mall) Operating Profit



- The business is on track to achieving pre-covid operating profit levels;
- The launch of the Cinema (largest screen in East Africa) is expected to continue driving footfall;
- Occupancy has ramped up in 1H 23 with new tenants coming and total occupancy set to hit over 90% for the offices and retail space.

Growth Portfolio – Sidian Bank.

Transaction Date:

- We are on course to conclude the sale of our entire stake in Sidian Bank to access Bank Nigeria
- The bulk of the key milestones have been met
- The expected proceeds are Kes 4.3Bn

Progress on key milestones

- Signing of Share Purchase Agreement [**Done**]
- Public announcement [**Done**]
- Regulatory approvals [**Received 4 out of 5**]
- General conditions fulfilment [**Ongoing**]
- Completion [**To be Announced**]

Kes 1.5Bn is expected to be booked in realized gains on completion of the exit and this will be largely applied towards repayment of the company's USD liabilities to mitigate forex risk exposure.

	Kes Mn
Sidian exit proceeds	4,300
Carrying value at 30 Sep 2022	(2,776)
Expected realized gains	1,524

Planned USD Debt repayment (USD Mn)	10 Mn
Kes equivalent of debt repayment (Kes Mn)	1,250

Growth Portfolio – Longhorn Publishers.

Performance Highlights

Debt Reduction **22%**

Revenue Growth (FY22 vs. FY21) **40%**

PAT Growth (FY22 vs. FY21) **4X**

Market & Product Growth

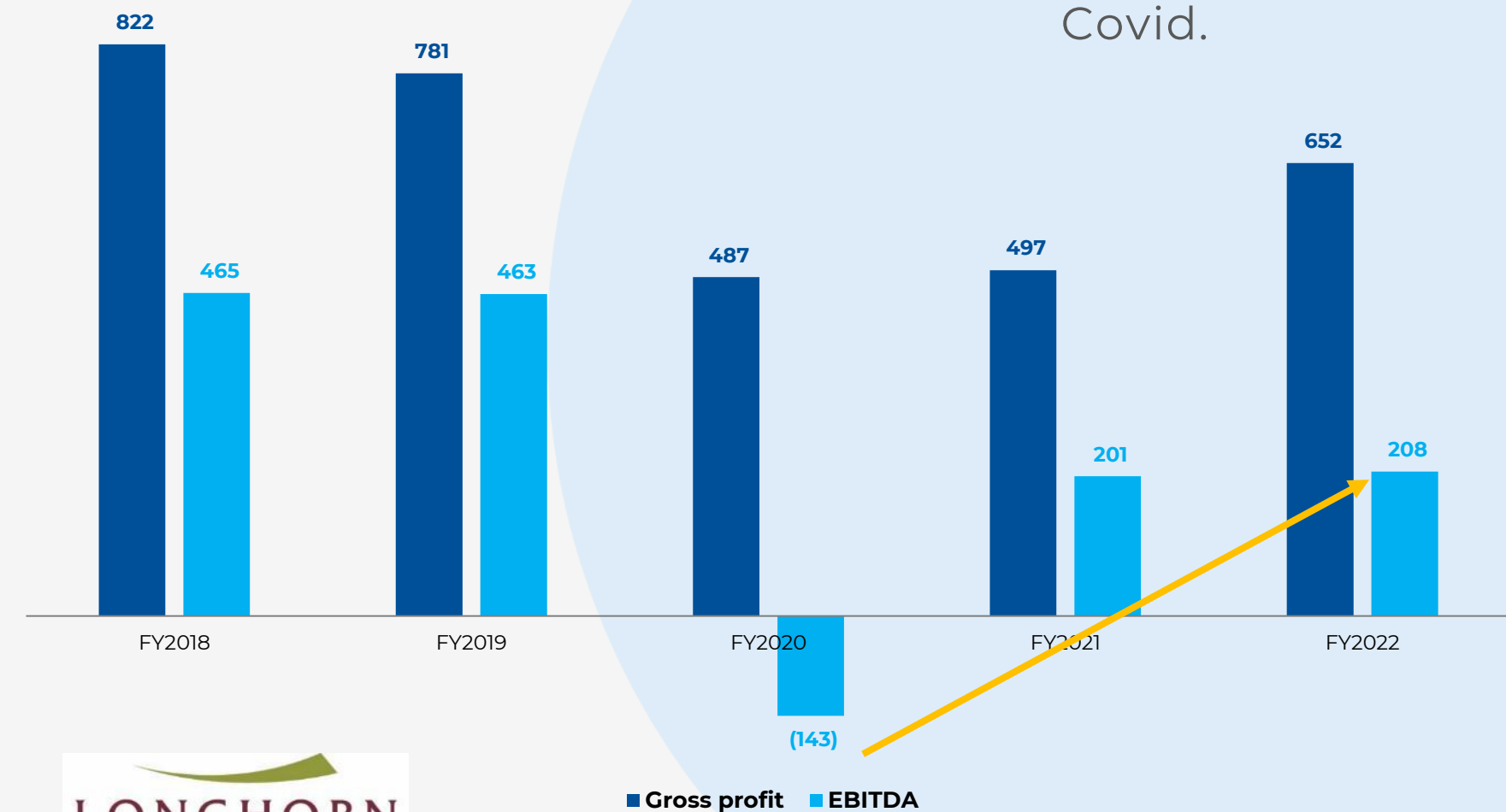
9 markets
with most recent expansion into **West Africa**

Active focus on **digital** channels of delivery and **diversifying customer base**

Carrying Value based on Market Price

KES 656 Mn

Longhorn EBITDA trend (Kes Mn)



Continued Business recovery post Covid.

Growth Portfolio – Isuzu East Africa.

**Isuzu Market Share
remains on the growth
trajectory.**

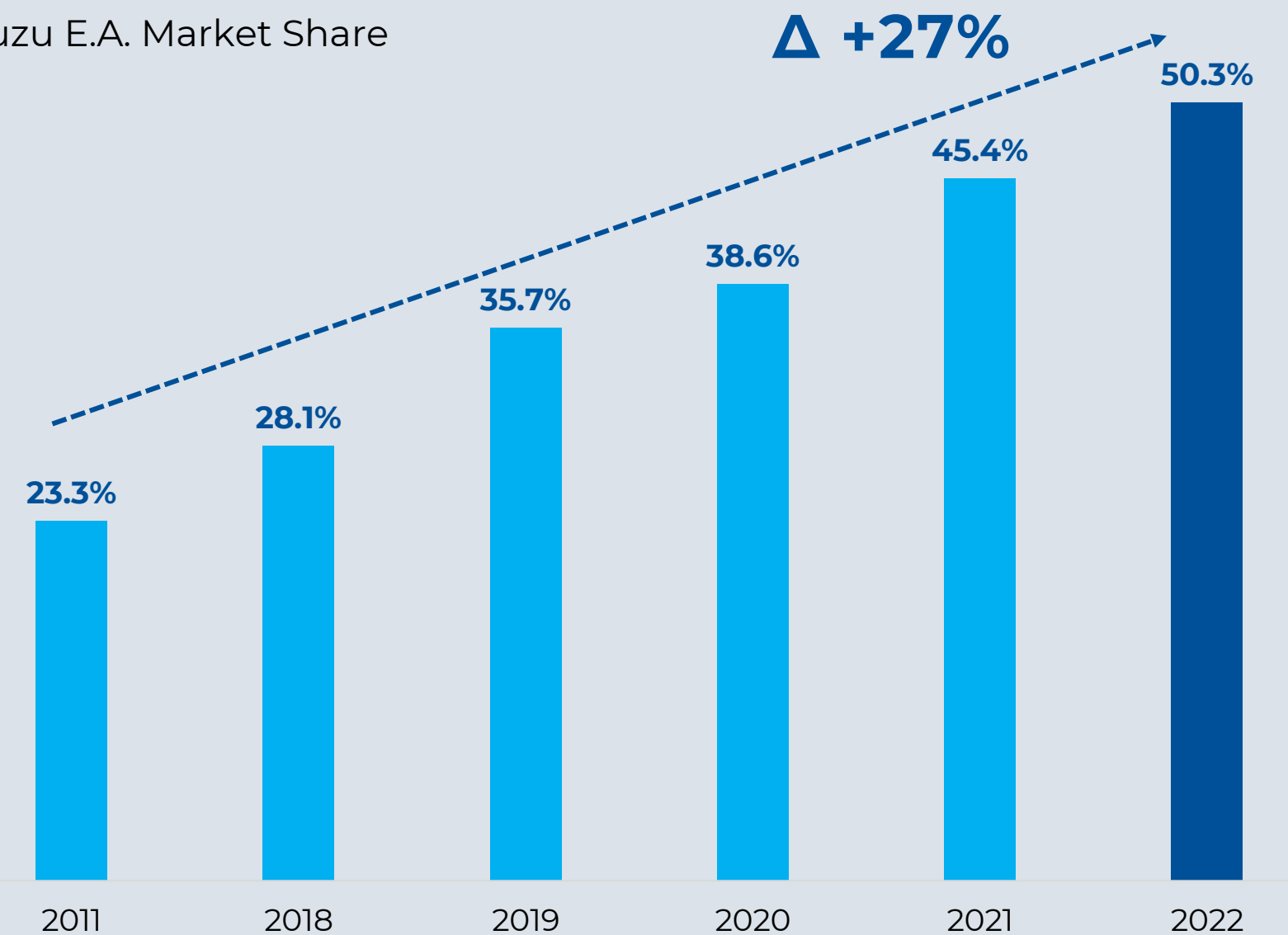
With the enhanced production capacity, we expect continued improvement in profitability.

Carrying Value
FY 2022
KES 3.0Bn

Implied EBITDA
Multiple
7.99X

2022 Market Share	+5%
Net Profit	+13%
Dividend Pay-Out	+34%

Isuzu E.A. Market Share



Growth Portfolio – NAS Servair.

- **Business is back to profitability following and advancing towards full recovery**
- **NAS resumed dividend distributions in HY2023 after 2 years freeze**



2022 1HY NAS Performance Highlights.

Revenue

+54%

Gross Profit

+54%

Dividend

+100%

Average Pre-Covid PAT

KES 900Mn

Carrying Value FY22

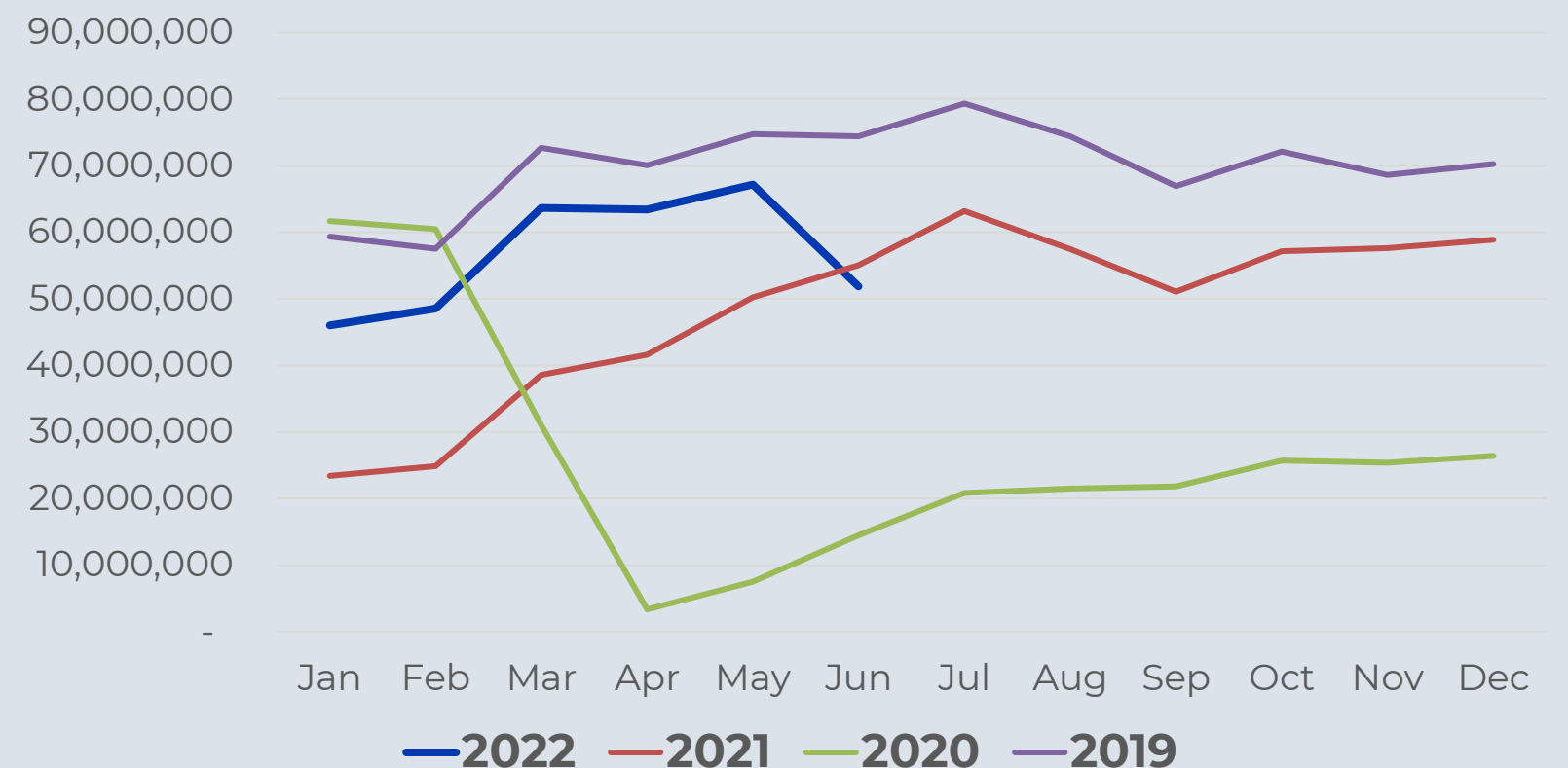
KES 859Mn

Implied P/E Multiple

7.12X

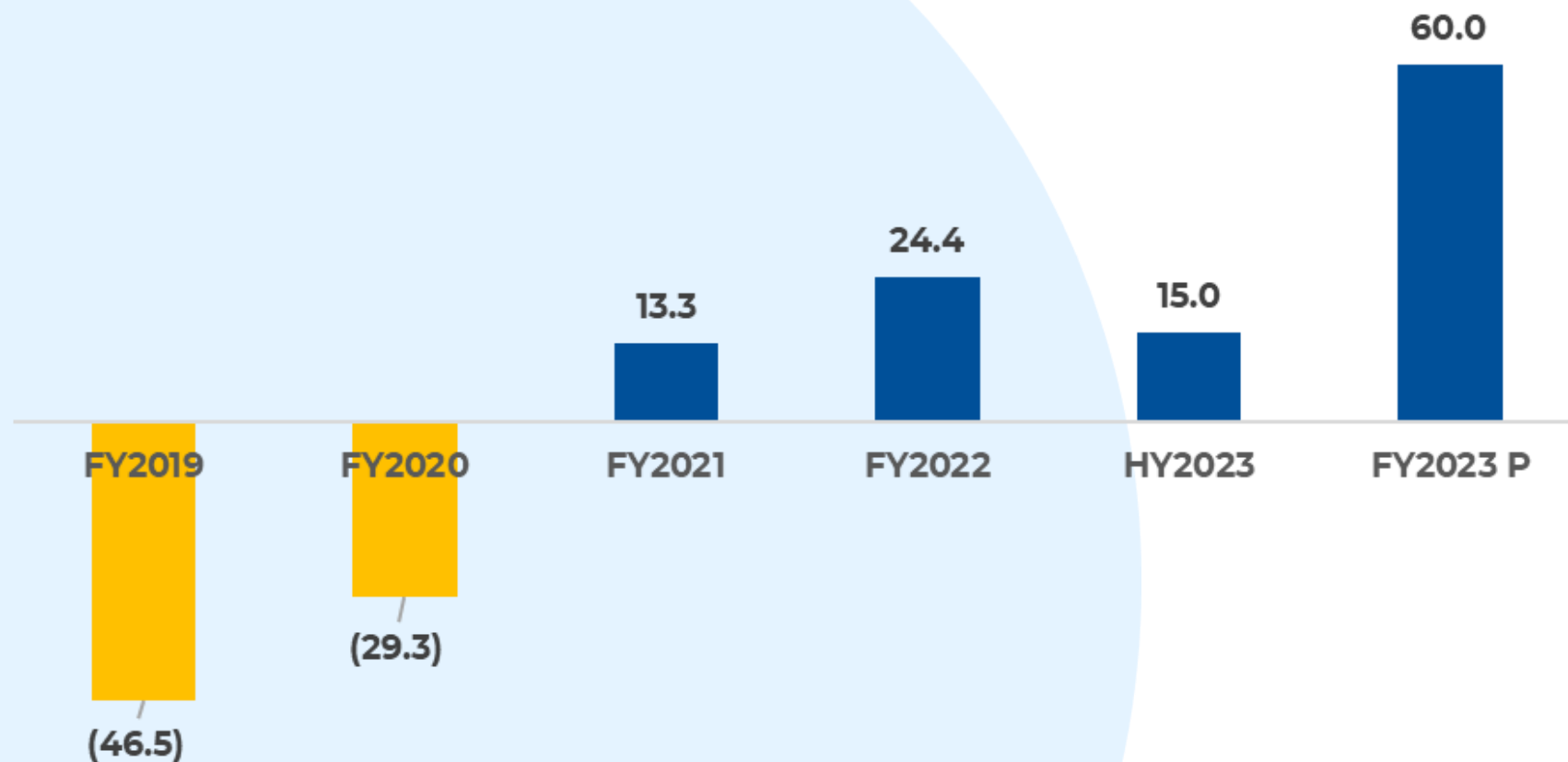


Air Travel Numbers (Passenger throughput)



Growth Portfolio – Greenblade Growers.

Greenblade EBITDA trend (Kes Mn)



Carrying Value
KES 273Mn

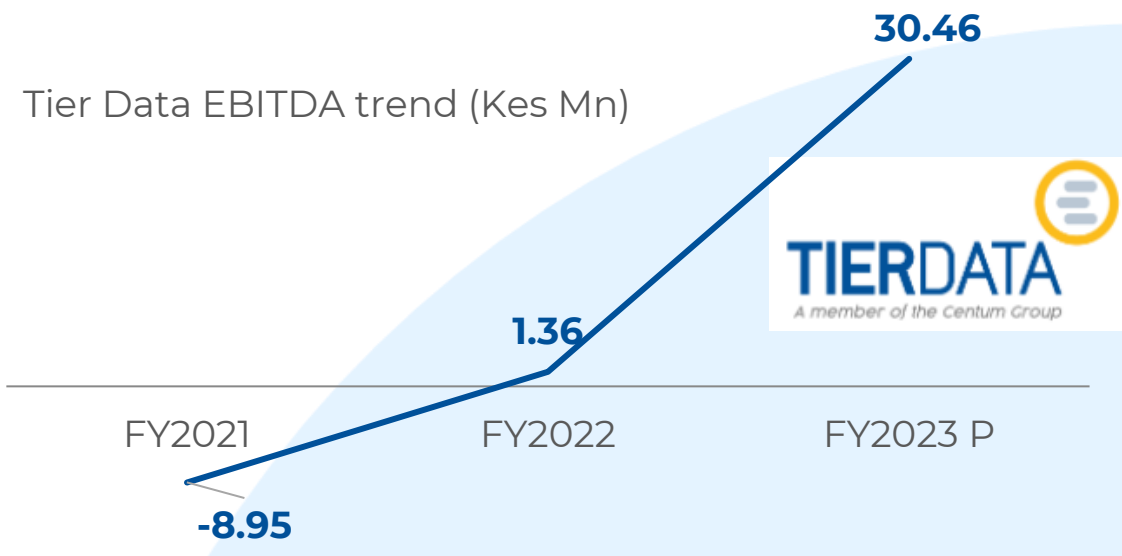
Implied EBITDA
Multiple
2.7X

Key Value Drivers:

- Production Capacity Expansion
- Sustainable >60% Gross Margins

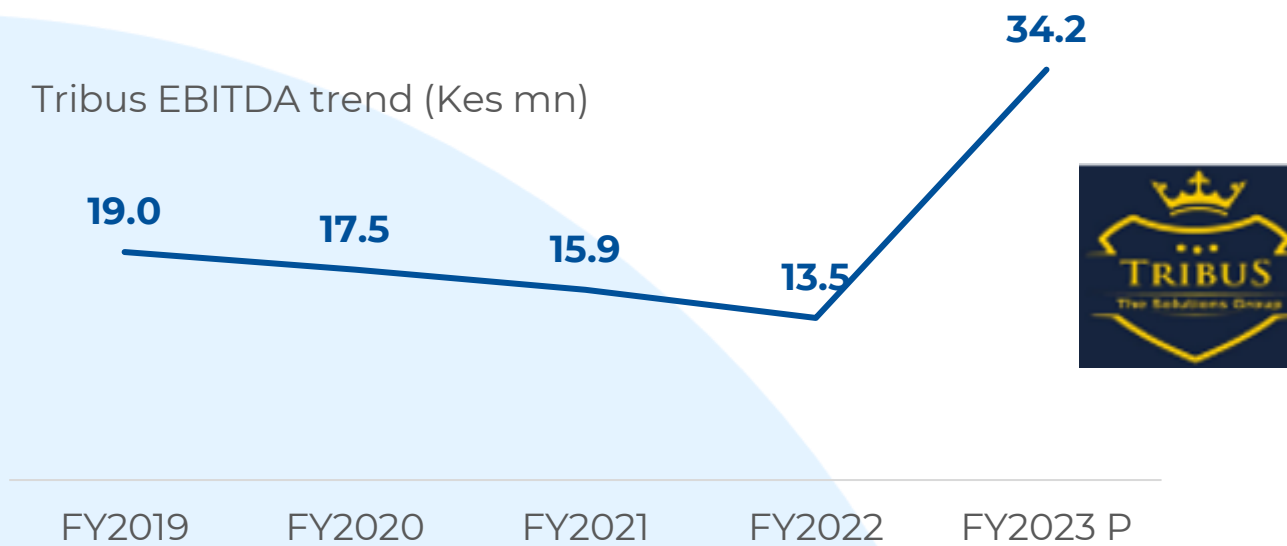
- Management has expanded the farm's water storage capacity by sinking an additional dam to mitigate the risk of water shortage.
- The business continues to growth the product basket to diversify between Chives, Mint, French Beans etc.
- Expansion activities over the past 12 months are expected to start contributing to profitability in 2HY2023

Growth Portfolio – Tier Data and Tribus.



A **relatively new company** set up to offer a bouquet of ICT services

- Current **offerings** include:
 - ✓ **Revenue Stadia:** Revenue assurance solution for real estate developers for rent and levies collections as well as smart metering for water and electricity billing and collection
 - ✓ **Real CRM:** a sales and customer management tool for real estate developers
 - ✓ **FlyNet:** an Internet Service Provider (ISP) offering quality, reliable and high-speed home internet to residential developments



Provided specialist **security and facilities management solutions**

- Current offerings include:
 - ✓ **Facility management:** Cleaning and technical maintenance of retail, offices and other commercial facilities.
 - ✓ **Security:** Guarding and security consultancy services
 - ✓ **Training:** Training on safety and security
 - ✓ **Security technology:** management of security infrastructure, cyber-security service

Tier Data and Tribus are B2B service providers which could leverage on the growth of Centum Real Estate business as well as rope in other third-party developers to grow their markets and product offering.



BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

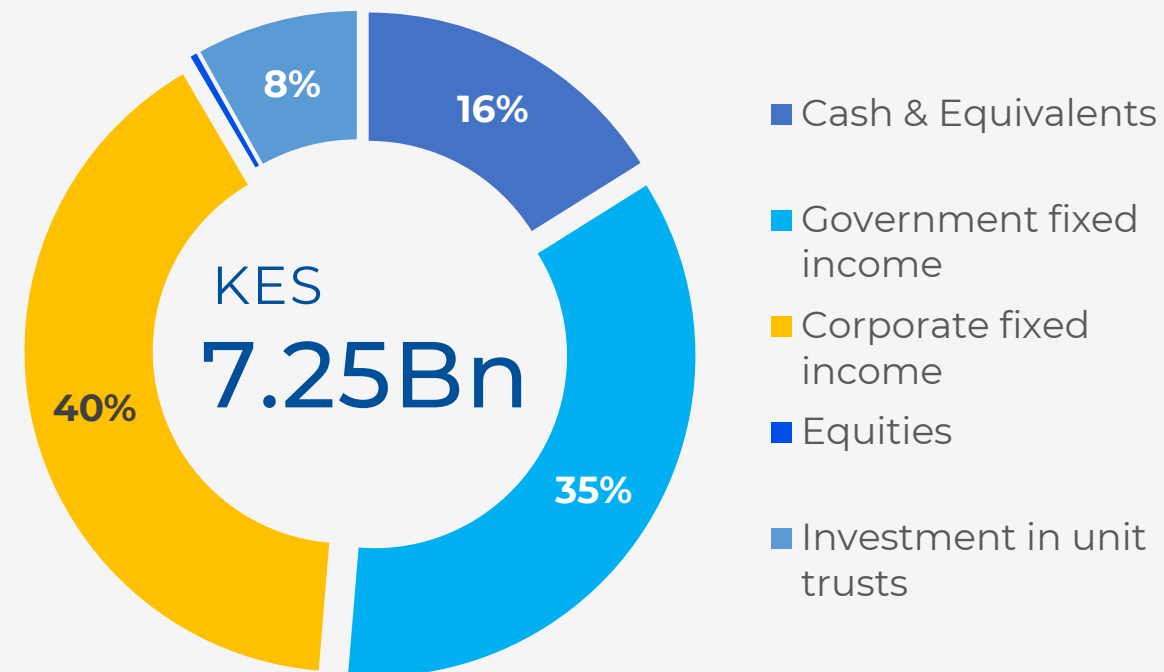
Portfolio Updates:
Marketable Securities

Managed By:

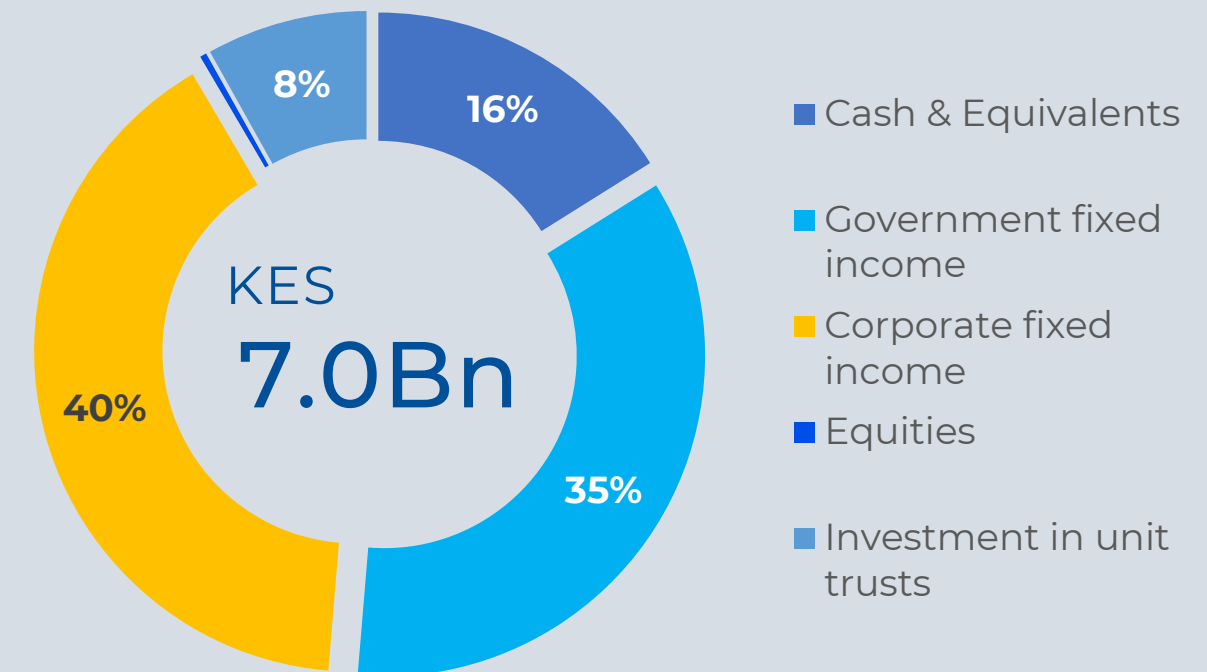


Marketable Securities – Portfolio Diversification.

Asset Allocation | 31 March 2022



Asset Allocation | 30 September 2022

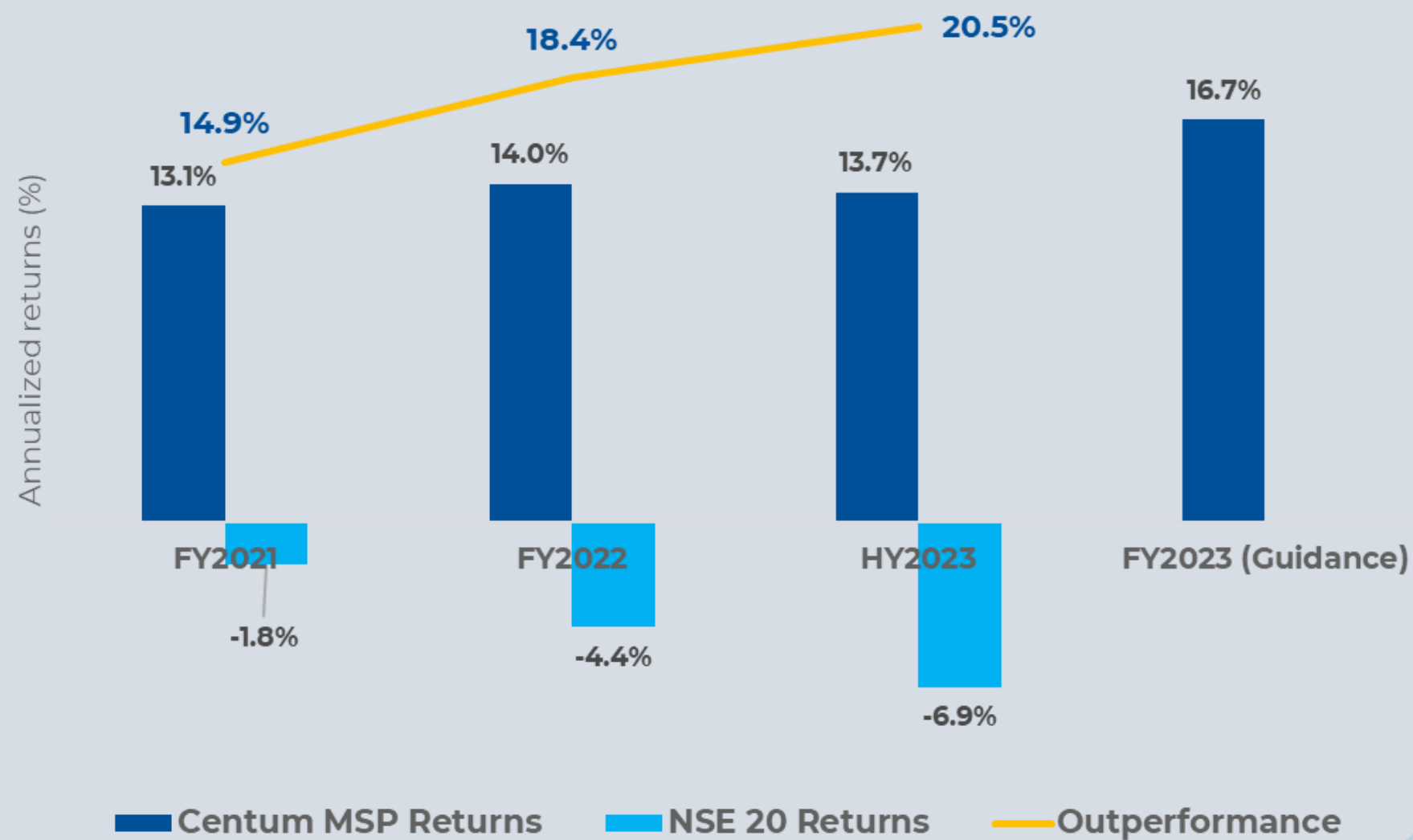


Centum MSP Allocation as on:	Mar 2022	Sep 2022	Nov 2022
	Kes M	Kes M	Kes M
Cash	1,019	303	117
Government bonds	2,538	1,780	2,084
Corporate fixed income	3,083	4,351	4,297
Equities	24	10	45
Mutual Funds	585	538	679
Total	7,249	6,982	7,222

- Interest rate volatility in the fixed income markets was experienced in August and September 2022, leading to some capital erosion.
- Strong recovery has been seen in October and November 2022 with the unrealized losses now fully reversed & unrealized gains recorded.

Marketable Securities – Portfolio Returns.

Centum MSP Returns vs NSE 20 Index



The marketable securities portfolio has **consistently outperformed** the market on the back of active management and diversification.

- In the prevailing macro environment, we expect a strong performance of the fixed income asset class.
- **91%** of the portfolio is currently allocated to fixed income.
- In the HY2022/23 period we diversified the portfolio by geography and currency by reallocating **Kes 11.5 million** to Eurobond securities. These now comprise about **20%** of the MSP and are expected to improve the overall yield of the portfolio.



BUSINESS REVIEW

Dr. James Mworia – Chief Executive Officer

Share Buy Back Proposal.



Share Buy Back Announcement.

Salient Features of the Proposed Share Buyback

Buyback Method	On-market (Nairobi Securities Exchange)
Buyback Period	18 months
Maximum Price	Kes 9.03
Minimum Price	Kes 0.5
Treatment of shares bought back	Held as treasury shares (not cancelled)
Required Approvals	Regulator and Shareholders

The Board of Directors has passed a resolution approving an on-market Share Buyback Scheme in line with the CMA Guidelines.

Benefits to shareholders who wish to sell:

- ✓ Provides market liquidity
- ✓ Offer price sets the floor price over the Buyback period.

Benefits to shareholders who wish to hold:

- ✓ Enhanced stake in the company with no additional investment
- ✓ Enhanced NAV per share and dividend per share.

Next Steps

CMA Approval of the circular

Shareholders approval at an EGM

Buyback opens

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

ESG Considerations
and Impact.

ESG Highlights and Impact.



THE GLOBAL GOALS

180 million+
in school infrastructure and establishment of Vocational Training Centre

2,300+
scholarships to bright but underprivileged students

6,866 young people
accessing free online courses on our Ajiry e-learning platform

School Infrastructure

Mathari Primary (Nairobi) and Timboni Primary (Vipingo, Kilifi)

Project increased number of classrooms from **8 to 32**

311 in additional pupils enrolled at Mathari Primary School



Beneficiaries of our scholarship programs have interactive sessions with the Centum team



Ajiry's free e-learning platform



- A total of **366 free online courses** have been uploaded to the platform. These include 60 **certified cyber-security courses**.
- **6,866 youths** have enrolled to take the listed courses with a 48% to 52% ratio of men to women, respectively.



ESG Highlights and Impact.

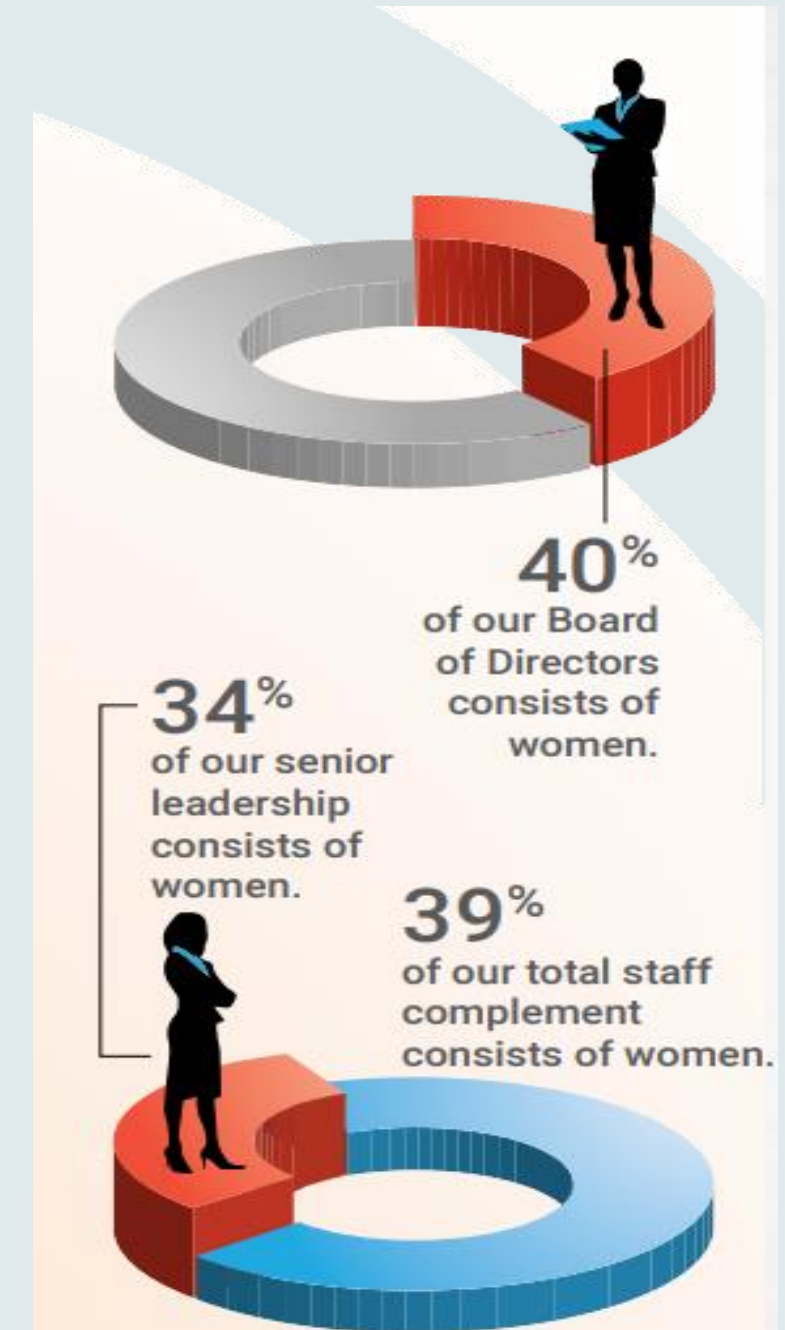


THE GLOBAL GOALS

“At Centum, the diversity of our workforce is a source of a wide array of skills and expertise, creates broad networks and fosters an inclusive and open corporate culture.”

We are committed to providing and promoting **equal opportunities** and ensure that **diversity and inclusion** are incorporated in our corporate **culture**.

Over the years, Centum has continuously **increased the proportion of women** sitting on its Board and in Senior Management.



ESG Highlights and Impact.



THE GLOBAL GOALS

2+ million litres of wastewater recycled daily at Two Rivers

3 million litres of sea water desalinated plant at Vipingo

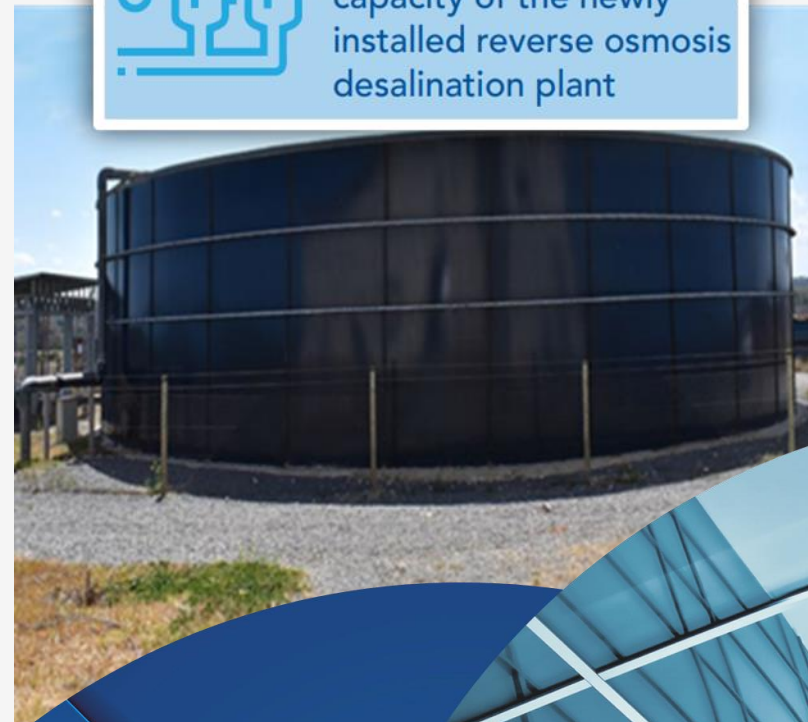
Supplied 1+ million litres of treated water to Githogoro informal settlement

KES 20+ million towards conservation in the Upper Tana Nairobi Water Fund.

Newly installed reverse osmosis desalination plant



 **3 Million litres per day**
capacity of the newly installed reverse osmosis desalination plant



2M litres
Two Rivers water treatment plant's capacity per day



85%
of grey water is recycled and treated to WHO standards.



ESG Highlights and Impact.



THE GLOBAL GOALS

1.2 MW

Solar Plant at Two Rivers

Reduced Carbon emissions

at Vipingo

Akiira Geothermal Plant

Green Energy at Two Rivers

Sustainability has been a key consideration in the development of the Two Rivers precinct, with an installed solar energy capacity of 1.2 MW. This complements the grid supply that is distributed by Two Rivers Power Company, a licensed electricity distributor. Annual savings are approximated at Ksh 28 million from the use of solar power within Two Rivers Development. Additionally, the use of solar power reduces the amount of carbon dioxide emissions by 535 tonnes per annum

Green Energy at Vipingo

Our water desalination plant at Vipingo is powered by solar energy. The use of solar power is estimated to reduce the amount of carbon dioxide emissions by over 535 tonnes per annum.

Akiira Geothermal Plant.

We contribute to the expansion of renewable energy through our investment in a proposed 140 MW geothermal field. Geothermal energy provides a clean renewable energy source that could dramatically improve our environment. Our investment in Akiira will have a big contribution to the reduction of air emissions from fossil fuels and to offset the air emission of fossil fuel-fired power plants.

1.2MW

Solar energy capacity at Two Rivers

Ksh28M

annual saving from solar use



FINANCIAL REVIEW

Risper Alaro – Group Finance Director



Financial Review – HY2022/23 Company Total Return Statement.

KShs. Mn	1HY 2023	1HY 2022	%Δ
Dividend income	194	134	45%
Interest income on marketable securities	368	335	10%
Interest income on shareholder loans	102	363	(72%)
Other investment income	49	154	(68%)
Total Income	713	987	(28%)
Operating expenses	(255)	(328)	22%
Finance cost	(215)	(233)	8%
Impairment of assets	-	(413)	100%
Profit after tax	244	12	1859%
Other Comprehensive Income	(1,402)	(296)	(374%)
Total return for the period	(1,158)	(283)	(309%)

Opening NAV	41,326	41,822
Return on opening NAV	(2.8%)	(0.7%)

Utilization of annuity income (KShs. Mn)	1HY 2023	1H 2022	%
Annuity income	664	974	100%
Cash operating expenses	(255)	(328)	(34%)
Finance costs	(215)	(255)	(26%)
Residual operating income available for distribution	195	390	40%

- **A 20x improvement in profit after tax was recorded, driven by:**

- A 45% increase in dividend income on Private Equity portfolio & 10% increase in interest income on marketable securities. The annualized yield on MSP portfolio was **c. 14%**.
- A reduction in interest income from shareholder loans was recorded following renegotiation of some of the loans. Recorded an increase in dividend income.
- Operating costs declined by 22% reflecting cost savings from the organization restructuring carried out in November 2021. Cost efficiency Improved to 37% from 39% in FY2022.
- Finance Costs declined by 8% following the cancellation of USD 21.4 million bank guarantee previously issued in favor of Coca Cola Beverages Africa.
- No impairment provisions were recorded in the period.

- **Total Return for the period declined compared to the previous period.**

This was driven by an increase in other comprehensive loss recorded that was driven by:

- Fx translation differences on the back of Kenya Shillings depreciation against both UGX (0.7Shs) and USD(7Shs) in respect to our USD liabilities & UGX assets.
- Increased finance costs at subsidiary level with the upward adjustment of lending rates in line with the rising interest rates

The private equity portfolio was not revalued in the period.



Financial Review – Company Statement of Financial Position.

KES million	Sep '22	Mar '22
Investment portfolio	42,204	42,694
Assets held for sale	2,776	2,776
Cash and cash equivalents	303	1,019
Other assets	639	472
Total Assets	45,922	46,960
Borrowings	4,279	4,159
Other Liabilities	1,867	1,476
Total Liabilities	6,146	5,635
Total Equity	39,776	41,326
Total Capital and Liabilities	45,922	46,960
NAV per share (KES.)	59.77	62.10

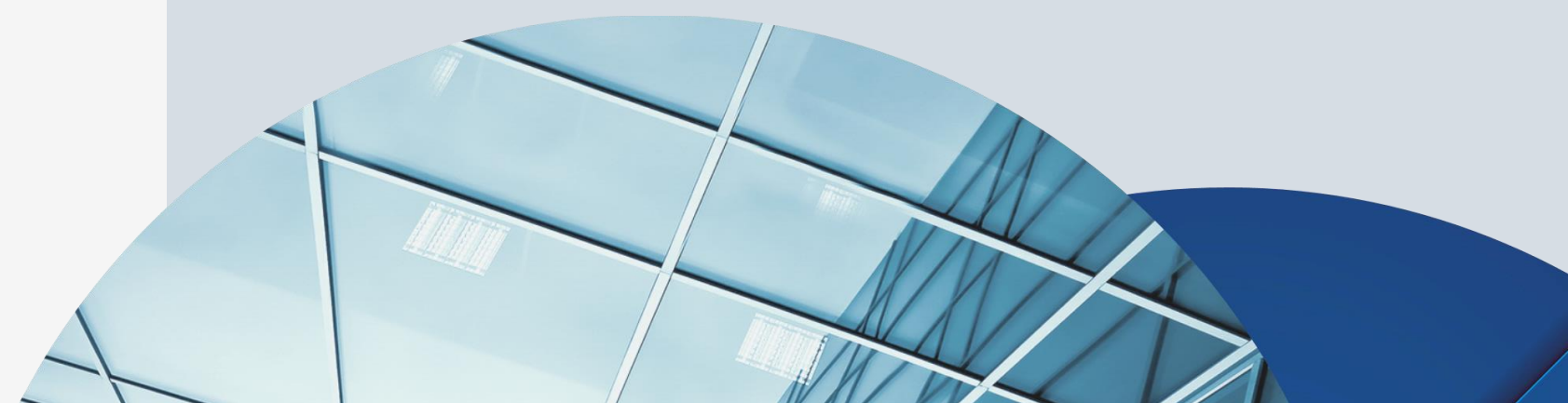
- 4% decline in NAV driven by:
 - a) unrealized Fx translation movements in some of the subsidiaries and an increase in cost occasioned by the rise in interest rates. The PE portfolio was not revalued in the half year.
 - b) reclassification of proposed dividends from equity to payables following shareholders approval at the AGM
- Cash holdings at the beginning of the period was redeployed to other higher yielding securities within the marketable securities portfolio.
- No additional borrowings in the period. The movement in the period represent FX revaluation on USD component.



Financial Review – Company Cash Flow Statement.

KShs. Mn	1HY 2023	1H 2022
Cash flows from operating activities		
Net cash generated from operating activities	161	776
Cash flows from investing activities		
Purchase of property and equipment	(0.4)	-
Investments in subsidiaries (equity)	-	(180)
Net debt investment in subsidiaries	(19)	56
Net investment in government securities and corporate bonds	(804)	(716)
Net proceeds from sale of (investment in) shares in quoted investments	8	(67)
Net proceeds from sale of (investment in) shares in unquoted investments	95	(100)
Net cash used in investing activities	(720)	(1,008)
Cash flows from financing activities		
Interest paid on borrowings	(215)	(255)
Dividends paid	(4)	-
Net cash generated from financing activities	(218)	(255)
Net decrease in cash and cash equivalents	(778)	(486)
At start of period	10	(149)
At end of period	(768)	(635)
<i>Comprised of:</i>		
Bank balances	303	298
Overdraft balance	(1,072)	(934)
Net (overdraft) cash balances	(768)	(635)

- **Kes 161Mn net cash flows generated from operations.**
Decline in net cash generated from operating activities due to timing differences in receipt of dividend income from portfolio companies as well as repayment of shareholder loans by subsidiary companies..
- Cash balance held at the beginning of the year was redeployed to fixed income securities within MSP.



FINANCIAL REVIEW

Risper Alaro – Group Finance Director

Consolidated Financial Statements.

For purposes of compliance with the Company's Act requirements.



Financial Review – Consolidated Income Statement.

Kes '000	1H23 A	1H22 A	% Δ
(Loss)/Profit from Trading businesses	(22,593)	183,724	-112%
Loss from Real Estate operations	(267,992)	(141,807)	-89%
Loss from Two Rivers investment operations	(984,472)	(342,371)	-188%
Operating profit from Financial Services	385,244	210,460	83%
Operating loss from Investment operations	(344,746)	(606,612)	43%
Loss before tax	(1,234,559)	(696,606)	-77%
Income tax	(56,175)	34,499	-263%
Loss after tax	(1,290,734)	(662,107)	-95%
Other comprehensive income/(loss)	(260,550)	418,486	-162%
Total Comprehensive Income	(1,551,284)	(243,621)	-537%

Attributable to:

Owners of the parent	(1,042,447)	(176,642)
Non controlling interests	(508,837)	(66,979)

- Performance for the period was impacted by the depreciation of the Kes against the USD & UGX in the period resulting in an increase in unrealized forex losses as well as translation differences recognized for the period.
- We are on course to pay off our dollar denominated exposures in Centum and Centum Re in the short term.
- The liquidity expected through the sale of development rights by TRDL will be applied towards its debt repayment.



Financial Review – Consolidated Income Statement.

KShs. Mn	1HY 2023	1HY 2022	%
Operating profit from trading subsidiaries	43	255	(83%)
Operating (loss)/ profit from Centum Real Estate	(5)	82	(106%)
Operating (loss)/ profit from Two Rivers Development	(3)	69	(104%)
Operating profit from financial services subsidiaries	385	210	83%
Operating loss from investment operations	11	(351)	103%
Total Group operating profit	431	266	62%
Interest expenses	(1,149)	(1,322)	13%
Unrealized forex revaluation losses	(517)	(48)	(967%)
Gain on disposal of subsidiary with retention of joint control	-	407	(100%)
Total Group Loss before Tax	(1,235)	(697)	(77%)
Income tax (expense)/credit	(56)	34	(263%)
Total Group Profit/(Loss) after Tax	(1,291)	(662)	(95%)
Other comprehensive income	(261)	418	(162%)
Total comprehensive income	(1,551)	(244)	(537%)

Attributable to:

Owners of the parent	(1,042)	(177)	(490%)
Non-controlling interest	(509)	(67)	(660%)
Total comprehensive income	(1,551)	(244)	(537%)

Earnings per share	(1.18)	(0.89)	
---------------------------	---------------	---------------	--

- **The Group operating profit increase by 62% compared to the prior period.**
- **Consolidated loss after tax increased to Kes 1.3Bn from Kes 662Mn in the prior period.**

This was driven by:

1. Unrealized Fx losses of Kes 517M on account of the impact of depreciation of the Kes. against the USD in the period in respect to our USD denominated liabilities in the Group. This unrealized value movement accounted for 96% of the decline in after tax performance.
 2. A prior year exceptional item amounting to Kes 407Mn relating to the gains recognized on disposal of a subsidiary was recognized.
 3. Interest expenses declines in line with repayment of debt in the period.
- The total comprehensive loss increased to Kes 1.6Bn from Kes 244Mn in the prior period. Driven by recognition of unrealized translation loss of Kes 261Mn on account of the depreciation of the Kes. against the UGX in the period in respect to our UGX denominated assets.

Financial Review – Consolidated Statement of Financial Position.

KShs. Mn	Sep 2022	Mar 2022
Property, plant and equipment	3,257	3,238
Investment property	40,874	41,193
Inventory - Residential houses under construction	7,632	7,551
Right of use assets	76	127
Goodwill and intangible assets	1,622	1,671
Investment portfolio:		
- Associates	984	979
- Joint ventures	910	1,117
- Unquoted equity investments	5,426	5,469
- Quoted investments	10	8
- Government securities and corporate bonds	3,854	4,083
Loans and advances	-	-
Inventory	703	738
Receivables and other assets	7,591	7,236
Cash and cash equivalent	1,265	2,396
Total	74,206	75,804
Assets held for sale	43,977	43,030
Total assets	118,183	118,833
Borrowings	20,190	20,626
Customer deposits	-	-
Payables, accruals and other liabilities	4,335	3,966
Deferred income - Real Estate	5,402	4,739
Lease liability	92	144
Deferred tax liabilities	4,126	4,409
Total	34,146	33,884
Liabilities associated with assets held for sale	38,637	37,580
Total liabilities	72,783	71,464
Net asset value	45,401	47,370

- The consolidated statement of financial position aggregate Assets and Liabilities across the group as at 30 September 2022.
- The Assets and Liabilities of Sidian Bank are classified as held for sale owing to the ongoing transaction to exit the bank.



OUTLOOK

Dr. James Mworira – Chief Executive Officer



Outlook HY 2022/23.

We are optimistic that the key value drivers we embarked on in HY2023 will be closed during the second half of FY2023.

Key Focus Areas



Growth Portfolio

- Focus on monetizing value created by converting illiquid assets into cash and redeployment of the same to new opportunities.
- Completion of the sale of Sidian Bank to unlock liquidity and returns in 2HY2023.
- Accelerate the traction of sale of development rights within Centum Real Estate and enhance cash distribution to Centum.
- Identify attractive new investment opportunities for capital redeployment.

Marketable Securities Portfolio

- Maintain the average cash return yield on the portfolio above 15% p.a.
- Preserve and grow the portfolio value to the strategic target level of above 20% in order to generate a sizeable long-term return to cover company's recurrent obligations.

Cost Efficiency

- Keep the operating costs below 30% of annuity cash income per the Centum 4.0 strategic objectives.

Capital Structure

- Pay down USD denominated debt and mitigate forex risk exposure.
- Pursue regulatory approvals of the share buyback program prior to consideration for approval by the shareholders.

Q & A





CENTUM

tangible wealth

HY 2023

Investor Briefing & Results Announcement.

For the Period ended 30 September 2022

November 29, 2022

Centum Investment Company Plc
9th Floor South Tower, Two Rivers
P.O. Box 10518 – 00100
Nairobi Kenya

Tel: (+254) 20 228 6000 /
(+254) 709 902000

Email: investorelations@centum.co.ke