



Investor Update

March 2021



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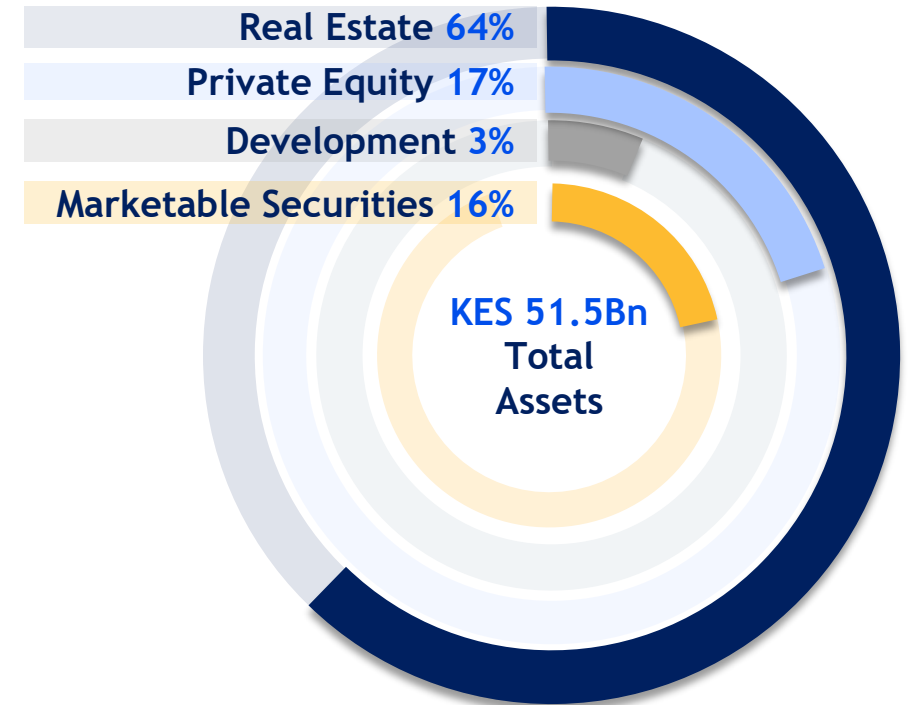
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Company Overview

Centum at a Glance

- 
KES 11.3Bn Market Capitalisation⁽¹⁾
- 
KES 45.3Bn Net Asset Value⁽²⁾
- 
11x NAV growth FY2009- FY2020
- 
3 Business Segments of Focus: *Centum Real Estate, Private Equity & Marketable Securities*
- 
30% Centum 4.0 target annualized cost-to-income ratio
- 
0% Long Term Gearing⁽²⁾
- 
A_(KE)⁺, A_(KE)¹ National scale Long and Short-term ratings affirmed on account of strong financial profile⁽³⁾

Portfolio composition - 30 September 2020



1. Share price as of 26 February 2020

2. As at 30 September 2020

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

Company Overview

Evolution of our business

Centum Investment Plc is the leading listed investment company in East Africa and has been in existence since 1967. The Company is listed on the Nairobi Securities Exchange and the Uganda Securities Exchange

23%

2019 - 2020 period return on shareholder funds comprising:

- ✓ Kes 41Bn growth in NAV
- ✓ Kes 3.9Bn dividends distributed

Centum 1.0

Passive portfolio investor

Portfolio manager acquiring minority stakes in publicly traded market leading companies

Centum 2.0

Active portfolio investor

Re-organized business into:

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

Centum 3.0

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

Centum 4.0

Sustainable growth

Focus on building sustainable and resilient businesses with decentralized core operations. Business organised into:

- Private Equity
- Real Estate
- Marketable Securities

Increasing maturity

	31 March 2009	31 March 2014	31 March 2019	31 March 2020	Sep 2020
Total Assets	Kes 4.6 Bn	Kes 29 Bn	Kes 72 Bn	Kes 57 Bn	Kes 52 Bn
Net Asset value	Kes 4.1 Bn	Kes 23 Bn	Kes 53 Bn	Kes 47 Bn	Kes 45 Bn
Long Term Gearing	0%	18%	30%	16%	0%

2009

2014

2019

2020

2024

Company Overview

Our investment philosophy

Centum's twin objectives are:

To give investors access to otherwise inaccessible investment opportunities

&

To grow net asset value and enhance cash return to the shareholders



Private Equity

Invest in companies where we can achieve significant value growth and regular cash returns



Real Estate

Pursue market-led infill developments and sale of development rights at significant value uplift



Marketable Securities

Optimise income, preserve capital and optimise capital growth subject to market conditions



Development

De-risking projects by taking them through the development phase, then pursue financial close at an attractive return on seed capital.

Investment cycle



Deploy capital

- Identify compelling opportunities from...
- Our proprietary networks and ..
- Rigorous evaluation process, then...
- Deploy capital through innovative investment structures



Create value

- Institutionalize robust governance structures and enhance processes
- Leverage on our networks to grow products and markets
- Resolve operational challenges
- Optimize capital structures



Monetize value

- Annuity income stream in form of dividends and interest
- Repayment of shareholder loans from third party capital raise
- Equity exit at a gain on initial investment

Redeploy retained proceeds into new opportunities

Business Update



Our portfolio

Three distinct and independent business segments



Real Estate

Managed by

CENTUM 



Real Estate

Strategic Pillars



Key focus areas



Residential Projects (Infill & 3rd party JVs)

- ✓ **Two** projects completed and handed over in FY2021 - Awali, 74 units (Vipingo, KE) and Mirabella, 22 units (Pearl Marina, UG)
- ✓ **1,478 units** under construction.
- ✓ **72%** sold, **35%** of revenues collected.
- ✓ Ongoing projects expected to be completed over the remainder of our strategy period | FY2022 - FY2024



Land Monetisation

- ✓ **Kes 2bn** worth of land sales made in FY2021.
- ✓ Transactions closed at carrying value which reflect the most recent market valuation.
- ✓ Since value uplift was recorded in previous periods upon revaluation, current impact of land sales is a **boost in Centum's liquidity** as opposed to profitability.

Real Estate

Infill Projects: Performance update | Feb 2021



Pearl Marina, UG

Total Approved Schemes

1,239 Units

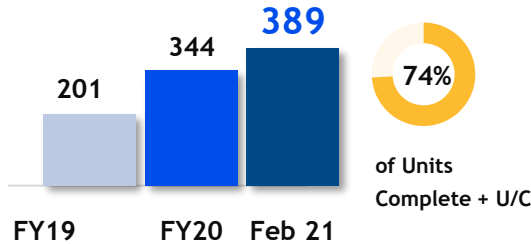
Completed

26 Units

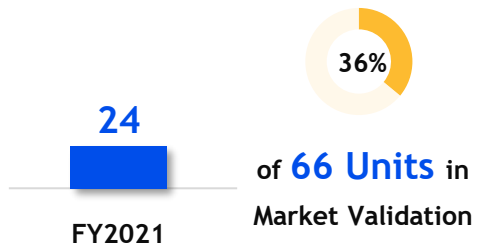
In Construction

498 Units

Sales Progress



Under Market Validation

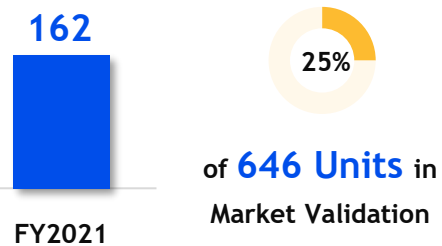
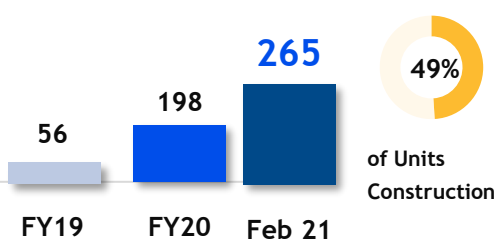


Two Rivers, KE & 3rd Party JVs

3,486 Units

Nil

540

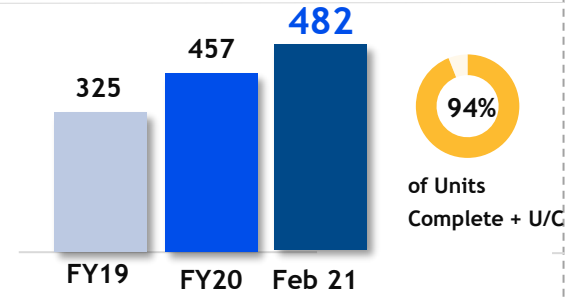


Vipingo, KE

1,407 Units

74 Units

440 Units



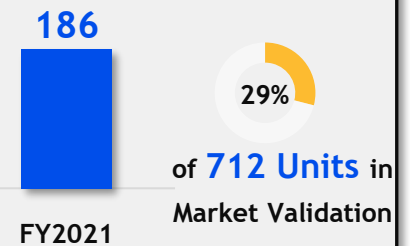
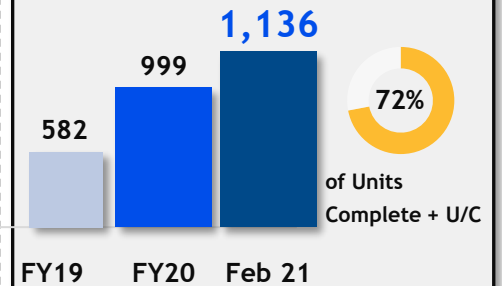
nil
FY2021

Total

6,132 Units

100 Units

1,478 Units



Real Estate

Revenue and profitability | Sale of land & residential projects

1 Infill Projects

Kes Millions	Sep-19	Mar-20	Sep-20	Feb-21
Revenue potential of units sold (Kes M)	5,867	7,574	9,235	10,082
Deposits collected (Kes M)	1,249	1,973	2,623	3,532
% achieved	21%	26%	28%	35%
Profit potential of ALL units under development (Kes M)	3,610	3,674	4,183	4,228

2 Land Sales

- ✓ **KES 4.5 billion:** Cumulative value of bulk land sales closed.
- ✓ **KES 2.0 billion:** Cash collected from land sales.

Impact of Centum Real Estate business activities on Group performance in FY2021

Sale of residential projects

- ❖ Deposits collected during the development period are booked as **Unearned Revenue** which is a liability on the developer's books.
- ❖ The value of units under construction reflect as **Inventory** (work in progress - *WIP*) in the balance sheet during the development period.
- ❖ Revenue from ongoing projects will reflect on the group's income statement in future periods as we transfer ownership of the units to the purchasers.

Sale of Land/ Development Rights

- ❖ Land holdings are classified as investment property and revalued them annually to reflect the prevailing market value in our books.
- ❖ The value movement from annually property revaluations are recognized in the income stamen as gain or loss in the relevant accounting period.
- ❖ In FY2021, we have closed land sale transactions worth Kes 2.0Bn at approximately the carrying values hence these have not significantly impacted group profitability in this period.
- ❖ The sales proceeds have however boosted liquidity and enable us to pay down a portion of long-term borrowing.

Private Equity

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CENTUM 



Private Equity

Value Drivers FY2021



1

Annuity Cash return to Centum

2

Profitability

3

Deal Activity & Valuations

- Annuity cash income has been improved in the current year by 75% compared to prior year following deployment of the excess cash into the marketable securities portfolio
- Portfolio companies have not made any capital calls from Centum on account of Covid-19 impact and have remained self-sufficient on their liquidity reserves.
- 5 out of 8 portfolio companies remained profitable in the period
- No exits were planned nor conducted in FY2021. In the prior year, exited assets worth Kes 19.6Bn and booked gains on disposal amounting to Kes 12.5Bn in the consolidated accounts.
- No pressure to exit any of the portfolio companies in the current environment as asset values are expected to be impacted by lower earnings and depressed market multiples.

Private Equity

Key Portfolio Updates



- Quality of loan book has improved with a target to lower the NPL ratio to less than 10%.
- Average liquidity ratio maintained above 40% in 2020 against a statutory minimum of 20%.
- 38% growth in total assets with Kes 4Bn growth in loan book between Sep 2019 and Sep 2020.



- Maintained profitability and dividend distribution despite declined business.
- Ongoing facility improvement to enhance production capacity and efficiency.
- Revenue growth expected from strategic partnerships with financial institutions to enhance customers access to credit.



- Performance in FY20/21 impacted by school closure due to covid-19. Significant turnaround expected following the re-opening of schools.
- Expansion into francophone markets with DRC & Cameroon contributed Kes 94m to the top line in six months period to Dec 2020.
- Scaling up digital learning products such as SOMO and E-Learning platforms to diversify and enhance revenues.



- Business was significantly affected by suspension of air-travel due to covid-19 pandemic.
- Management has diversified into corporate catering, railway catering and home deliveries.
- Recovery is expected in line with air travel activities which are beginning gradually pick up.

Private Equity

Key Portfolio Updates



AFRICA CREST EDUCATION
HOLDINGS

- ACE holds our investment in SABIS School Runda which has experienced 8% increase in student enrollment in the current financial year.
- The school continues to witness increasing demand and projects to break even in the next financial year.



- 12.5% turnover growth recorded y-o-y.
- Significant production efficiencies achieved leading to reduction of cost of sales by 106% and improvement of GP margin from 18% to 64%.
- Positive EBITDA achieved for the first time since inception. Business to sustain positive cash flows and start paying dividends going forward.



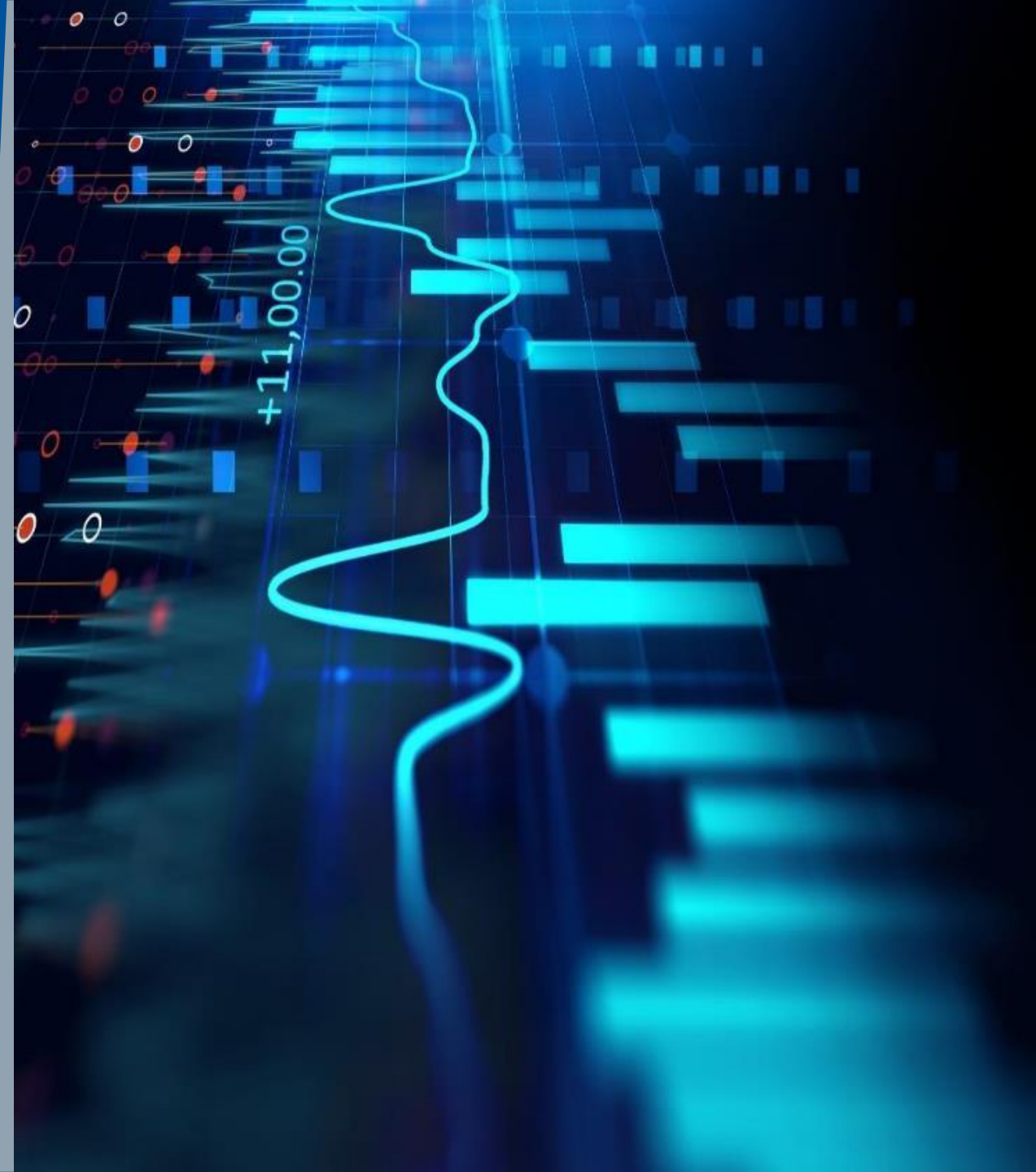
- Increase in lease book by Kes.65 million
- Continued and active reduction of funding costs through the use of internal generated funds
- Focus is now to build up of a pipeline/new business in line with the 2021 calendar year



- Business continued to secure new clients for manned guarding services and facilities management services
- Business achieved profitability and will commence paying up dividends to Centum

Marketable Securities

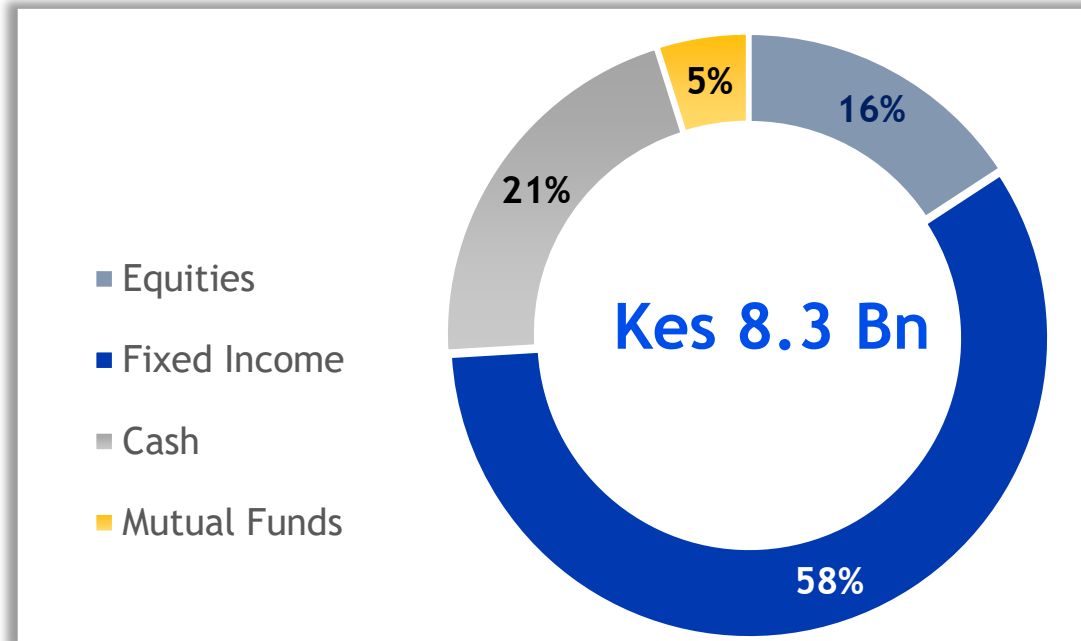
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Marketable Securities

Allocation and Performance Highlights

Portfolio composition



- Portfolio largely allocated to cash and fixed income for capital preservation.
- Active portfolio management enabled us achieve a **12.3%** average annualized return vs NSE 20 - **5.5%** return over the last 12 months.
- Medium term plan is to maintain the marketable securities portfolio at **10% - 20%** of the total portfolio in line with our current strategy.



Disclaimer

Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those presented in this report. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage and sustain growth, intense competition in the various sectors the company has invested in, in regions of operation, including those factors which may affect our cost and proprietary advantage, wage increases, our ability to attract and retain skilled professionals, time and cost overruns on planned capital expenditures, geographic concentration, industry segment concentration, our ability to manage our regional operations, reduced demand for our subsidiaries services in our key geographical areas, disruptions in operational platforms or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our licenses and service contracts, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies in different countries where we plan to invest, and unauthorized use of our intellectual property and general economic conditions affecting the company. Additional risks that could affect our future operating results are described in our Annual Report for the fiscal year ended 31 March 2018. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the NSE, USE or CMA and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.

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