



CENTUM

tangible wealth

FY2023 Investor Briefing & Results Announcement

For the Period ended 31 March 2023.

July 28th 2023

www.centum.co.ke



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 Mworira – Chief Executive Officer

Section 1:

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** business process efficiencies
- **Grow** products and scale up markets
- **Resolve** operational challenges
- **Optimize** capital structures

Monetize 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 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 **2.6x** 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
6.0 billion



Net Asset Value⁽²⁾

KES
36 billion
translates to **Kes 54.4NAV** per share



Net growth in shareholder funds since 2009

KES
38.2 billion



Cumulative dividends⁽³⁾
distribution consistently made since FY2016

KES
4.9 billion



Cost-to-income ratio achieved

38 %
An improvement from **39%** in FY2022



Long Term Gearing

0 %



National scale Long and Short-term ratings affirmed on account of strong financial profile⁽⁴⁾

A+_(KE), A1_(KE)

Portfolio Allocation as of 31 March 2023

Growth Portfolio
85%

Marketable Securities
15%



⁽¹⁾ Share price as of 24 July 2023; 660.7 million shares outstanding

⁽²⁾ As at 31 March 2023; 661.4 million shares outstanding

⁽³⁾ Includes FY2023 proposed dividend

⁽⁴⁾ Rating accorded by Global Credit Ratings (GCR) in October 2022

FY 2009 – FY 2023 Snapshot.

Annualized
Return

18.3%

Dividend
Distribution

KES
4.9 billion

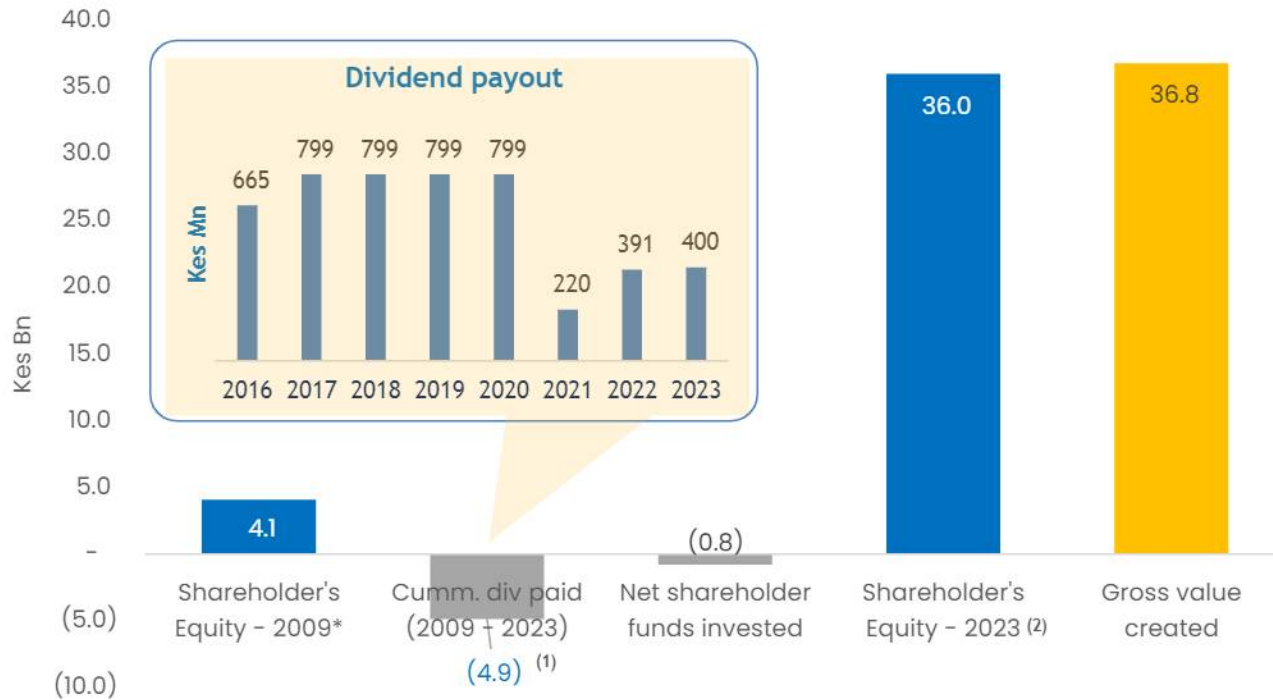
Growth in
Shareholders' Equity

9X

Company Snapshot.

- The shareholders' equity value at March 2009 was **Kes 4.1Bn.**
- Centum has since made dividend distributions to shareholders amounting to **Kes 4.9Bn.**
- No new equity capital was raised between 2009 – 2022. Thus, the total dividend distributions have exceeded the original shareholder funds invested by **Kes 800Mn.**
- At 31 March 2023, the shareholder equity value was **Kes 36 billion.**
- The **gross value created** for shareholders over the 2009 – 2022 period was **Kes 36.8 billion.**
- This represents an annualized return on equity of **18.3% p.a.** against the NSE 20 Index return of -3.93% in the period.

Centum Value creation and distribution (FY2009 – FY2023)



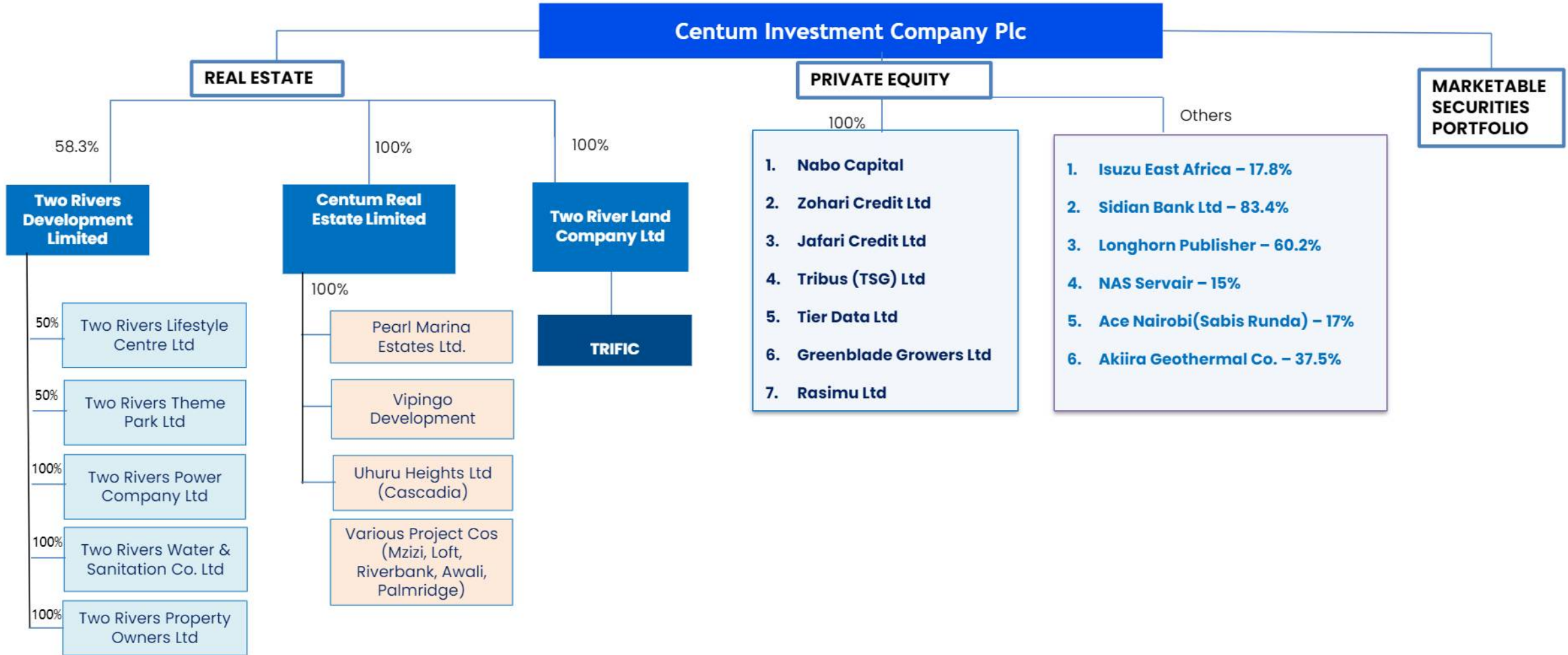
Sources:

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

(2) FY023 Financial Statements

Company Overview -

Group corporate structure. – as of 31 March 2023



BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Section 2:

Strategy Update and Performance Overview.



Strategy Evolution – Our Journey:

Kes 38.3Bn shareholder value created has been achieved through diverse strategies as the business adapted to the economic environment over the different growth stages.



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

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



DEPLOY, DEVELOP & MANAGE

Business **Re-Organization**:

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

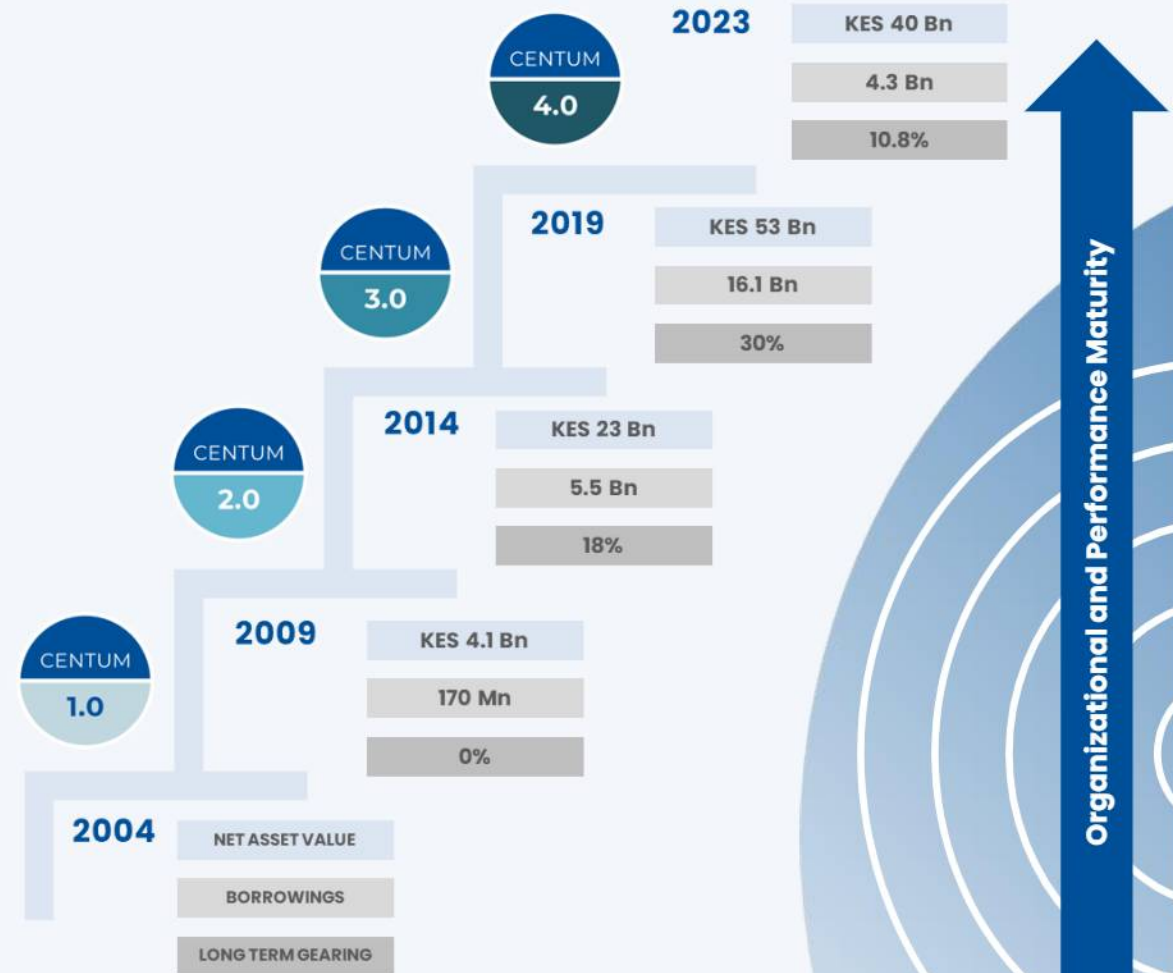


ACTIVE PORTFOLIO INVESTOR

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



PASSIVE PORTFOLIO INVESTOR



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 – March 2023)

- GDP growth rates : 2020: -0.3%; 2021: +7.5%; 2022: +5.3%; Q1 2023: +5.3%.
- **Inflation** recorded at **8.5%** in 1H 2023, up from **6.3%** in Apr 2019;
- **CBR** increased to **10.5%** in July 2023 from 7% in July 2022. Banks have subsequently followed by upward adjustment of lending rates.
- **Fed rate** hiked by 475bps since March 2022 leading to rise in USD LIBOR & SOFR
- **KES/USD FX rate** has depreciated by **45%** since March 2019. Over the last 12 months, the local currency has **weakened by Kes 27.5/USD** thereby driving up the cost of USD denominated liabilities.
- KES has also **weakened by 27%** in the last 12 months **against the UGX.**
- **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.

Strategy Overview –

Progress Highlights.

Strategic Pillars (FY 2022 – FY 2024)

Key Objectives

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.



Capital Structure & Liquidity

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



Operating Costs

- Maintain Operating Costs below 30% of annuity income earned



Portfolio Focus

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



Organizational Effectiveness

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



Achievements (FY 2020 – FY 2023)

- **Kes 2.6Bn** dividend distribution; **on target**.
- **Kes 37.4 Bn** FY2023 closing NAV achieved. Good progress made towards closing the gap in FY2024.
- **Total debt** has been **reduced by Kes 14Bn** from Kes 16.1Bn in March 2019 to Kes 2.2Bn in March 2023.
- Contingent **liabilities reduced by Kes 1.0Bn** in FY2023 following the reduction of the bank guarantee that had been issued in favour of Coca Cola Beverages Africa Limited (CCBA) in relation to the sale of our stake in the bottling companies.
- Operating costs reduced by **10% in FY2023** following improved cost efficiency.
- **38% cost-to-income ratio** achieved in FY2023, down from 39% in the prior year. Focus is on the enhancement of annuity income with no major increase in Opex.
- Growth portfolio formed **85%** of the total portfolio as at 31 March 2023 while Marketable Securities made up **15%**.
- Marketable Securities Portfolio and cash amounted to **Kes 6.3 Bn** as at 31 March 2023 and generated **15.5%** annualized return for the period.
- All portfolio companies currently have separate and **independent operations and governance systems** in line with the target **supervisory parenting model** targeted under Centum 4.0.

FY 2023 Key Focus Areas.

Objectives.

Balance Sheet Strengthening
Deleverage and Build Up Liquidity

Investment Activity

Enhancing Shareholder Returns

Status.

- We have maintained **zero long-term debt** at Company level in line with Centum 4.0 deleveraging objective. Closing debt position was **Kes 2.2Bn** in March 2023 down from **Kes 16.1Bn** in March 2019
- Off balance sheet contingent exposures reduced by **Kes 1.0Bn** upon a partial cancellation of the CCBA guarantee and conversion of the same into KES denominated balance of **Kes 662Mn**.
- Marketable securities portfolio provides liquidity and generated **Kes 1.0 Bn** recurrent cash return in the period ended 31 March 2023. **15.5%** annualized total return.
- We allocated **USD 11.5 Mn** of our MSP portfolio to Eurobonds within the period, thereby improving portfolio diversification in currency, geography and liquidity. By close of FY2023, we had exited the Eurobond positions and realized a **33%** annualized total return from the opportunity.
- Received **Kes 1.7Bn** proceeds from the repayment of shareholder loans during the year.
- Working with portfolio management teams, we continued to implement **value creation initiatives** across the private equity portfolio which registered **Kes 2.0 Bn** value uplift in the period.
- Marketable securities portfolio generated an average annualized **gross return of 15% p.a. in FY2023**.
- Achieved **Kes 1.3Bn in annuity income**, 30% of which is distributable to shareholders.
- Implemented the share buyback program which has enhanced trading liquidity and provided a floor price for those looking to sell down their holdings.

Company Performance Highlights - Total Return Statement.

The primary objective of Centum as an investment company is to **grow and preserve shareholder value** as measured by the Net Asset Value (NAV) of the company.

Centum Total Return Statement	FY2020	FY2021	FY2022	FY2023	Total
	Kes Mn	Kes Mn	Kes Mn	Kes Mn	Kes Mn
Annuity income (dividend and interest earned)	1,212	1,411	1,308	1,331	5,262
Realized Gains & other investment income	2,483	106	354	801	3,744
Total Income	3,695	1,517	1,662	2,132	9,006
Operating costs	(895)	(669)	(529)	(512)	(2,605)
Finance costs	(1,815)	(603)	(540)	(459)	(3,417)
Operating profit	985	245	592	1,162	2,985
Impairment provisions	(3,580)	(1,071)	(531)	(955)	(6,137)
Profit/ (loss) before tax	(2,595)	(826)	61	207	(3,152)
Profit/ (loss) after tax	(3,391)	(606)	(21)	(61)	(4,079)
Other comprehensive income for the year	(971)	(4,212)	(227)	(4,869)	(10,279)
Total Return	(4,362)	(4,818)	(248)	(4,930)	(14,358)
Opening Net Asset Value	52,600	47,438	41,821	41,326	52,600
Closing Net Asset Value	47,438	41,821	41,326	35,968	35,968
Return on Equity	-8.29%	-10.16%	-0.59%	-11.93%	-6.82%
Return on NSE 20 Index	-31.00%	-30.44%	0.36%	-12.30%	-18.35%
Outperformance	22.71%	20.28%	-0.95%	0.37%	11.52%

Performance Highlights:

- The Company **consistently recorded operating profits** in each of the past four financial years. In FY2023, the operating profit doubled to **Kes 1.2Bn** from Kes 592Mn in the prior year.
- We recognized **impairment provisions of Kes 954Mn** in the year. This included the settlement of Kes 334Mn on closure of the final account in respect to the sale of Centum's stake in the bottling companies to CCBA. The balance related to full provisions for the balance of assets previously held by Centum Business Solutions Limited.
- **Operating costs reduced on improved efficiency while finance costs reduced on account of lower debt levels.**
- Unrealized value movements booked through OCI included **Kes. 3.9Bn** in respect of the mark-down of our equity value in TRDL following the impairment provisions it made on its assets. TRDL is now held at nil value in the Centum company balance sheet. The movement also includes **Kes 1.6Bn of deferred tax** recognized. The net value increase in the rest of the portfolio was **Kes.0.6Bn.**
- Relative to NSE 20 index, Centum's **return on NAV in FY2023 was -12%**, approximately in line with the market performance..

Company performance highlights – Profit/(loss) vs. Cash Flows.



Cumulatively **Kes 28 Bn free cash flows** generated from operations (FY2020 – FY2023).

Performance Highlights:

- The Company's cash generating capacity remains strong having realized total net cash proceeds of **Kes 3.2 Bn** in FY2023.
- **Kes 696Mn** was generated from recurrent operations while **Kes 2.5Bn** was generated from portfolio trading activity and repayment of shareholder loans by portfolio companies such as Centum Real Estate.
- The cash generated in FY2023 was applied as follows:
 - Debt and Interest payments
 - Dividend payment
 - Share buyback
 - Investment

Cumulatively over the Centum 4.0 Strategy period, Kes 28Bn was generated in cash and applied as follows:

- ✓ **Kes 2.9 Bn interest payment**
- ✓ **Kes 2.2 Bn dividend payment**
- ✓ **Kes 37 Mn Share buyback**
- ✓ **Kes 8.3 Bn reinvested**
- ✓ **Kes 15.2 Bn debt repayment**

Reconciliation of profit/(loss) to cash flows	FY2020	FY2021	FY2022	FY2023	Total
	Kes Mn	Kes Mn	Kes Mn	Kes Mn	Kes Mn
Profit/ (loss) before tax	(2,595)	(826)	61	207	(3,153)
Add back/(deduct) Non-cash items:	2,903	1,787	628	489	5,807
Net cash from recurrent operations	308	961	689	696	2,654
Proceeds from portfolio disposals (net of tax)	18,775	-	-	830	19,605
Proceeds from shareholder loan repayments	-	3,579	426	1,717	5,722
Net free cash flows generated from operations	19,083	4,540	1,115	3,243	27,981
Use of funds:					
Debt and interest payments	(11,817)	(3,729)	(396)	(2,102)	(18,044)
Dividend payments	(735)	(763)	(257)	(415)	(2,170)
Share buyback	-	-	-	(37)	(37)
Net cash flows used in investing activities	(4,800)	(2,073)	(305)	(1,099)	(8,277)
Total cash utilization	(17,352)	(6,565)	(958)	(3,653)	(28,528)
Net cash flows for the period	1,731	(2,025)	157	(410)	(544)
Opening cash/(overdraft) balance	144	1,875	(149)	10	144
Closing cash/(overdraft) balance	1,875	(149)	10	(400)	(400)
Comprised of:					
Bank Balances	2,912	867	1,020	348	
Overdraft utilized	(1,037)	(1,016)	(1,010)	(748)	
Closing cash/(overdraft) balance	1,875	(149)	10	(400)	

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Section 3:

Debt Review.



Debt Review - Company Debt Analysis.

Kes 15.2Bn of debt was repaid in the Centum 4.0 period, thereby reducing Debt to Equity ratio from 30.7% to 5.4%.

(a) Debt analysis

	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023
	Kes Mn	Kes Mn	Kes Mn	Kes Mn	Kes Mn
Stanbic Bank Facilities					
Revolving credit facilities/ Term Loan	16,036	6,448	3,106	3,150	1,500
Overdraft Facility	108	1,037	1,016	1,010	744
Total	16,145	7,486	4,122	4,159	2,244
Less: Liquid Marketable Securities	(2,105)	(7,804)	(7,075)	(6,318)	(3,686)
Net Debt	14,039	(318)	(2,953)	(2,159)	(1,443)
Liquidity / Total Debt Coverage	0.1x	1.0x	1.7x	1.5x	1.6x
Liquidity / Short term Debt Coverage	19.4x	7.5x	7.0x	6.3x	5.0x
Equity	52,600	47,439	41,822	41,326	41,651
Debt to Equity	30.7%	15.8%	9.9%	10.1%	5.4%

(b) Centum Secured Contingent Liabilities

CCBA Guarantee	Nil	USD 34.4Mn	USD 34.4Mn	USD 13Mn	Kes 662Mn
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(c) Corporate Guarantees issued for Subsidiary facilities

Two Rivers Development Ltd Term Loan (Nedbank)	USD 30.0 Mn	USD 30.0 Mn	USD 26.6 Mn	USD 25.0 Mn	USD 25.0 Mn
Vipingo Development Ltd Term Loan (Stanbic)	Nil	Nil	Kes 4.1Bn	Kes 4.1Bn	Kes 3.0Bn
KES/USD FX Rate	100.75	104.69	109.51	114.95	132.33
Total CICP off-balance sheet exposure [b+c] (Kes Mn)	3,023	6,742	10,780	8,468	6,970

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Section 4:

Portfolio Updates.



Portfolio Snapshot.

Total Assets – KES 41.7 Bn | Total NAV – 36 Bn | NAV Per Share – KES 54.4

A. GROWTH PORTFOLIO – 85%

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 35.4 Bn** NAV Per Share: **Kes 44.9**

B. MARKETABLE SECURITIES – 15%



Total Assets: **KES 6.3 Bn** NAV Per Share: **KES 9.5**

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Section 4:

Portfolio Updates – Growth Portfolio Review.



Portfolio Review – FY2023 Summary Carrying Value.

Centum's Portfolio Summary – 31 March 2023	Nature of Business	Sector	% of company owned	Equity Value	Shareholder loans	Total Carrying Value	Valuation method
				Kes Mn	Kes Mn	Kes Mn	
Centum Real Estate	Sale of development rights on proprietary mixed-use land and residential developments and sale	Real Estate	100.00%	16,519	5,317	21,836	Net asset value
Two Rivers Development Limited	Sale of development rights on proprietary mixed-use land	Real Estate	58.30%	-	-	-	N/A
Sidian Bank	Banking	Financial Services	82.20%	4,238	32	4,270	Recent transaction price
Isuzu East Africa	Automotive assembly	Manufacturing	17.80%	3,490	0	3,490	EBITDA multiple
NAS Servair	Airline Catering	Service	15.00%	778	0	778	EBITDA multiple
Green Blade Growers	Horticulture farming for export	Agribusiness	100.00%	133	174	307	Net asset value
ACE Holdings	Holdco fo SABIS Int'l school in Nairobi	Education	16.40%	999	0	999	Net asset value
Nabo Capital	Fund manager	Financial Services	100.00%	379	93	472	Net asset value
Zohari Leasing	Equipment leasing	Financial Services	100.00%	164	28	192	Net asset value
Tribus Group	Security and facilities management	Service	80.00%	53	11	65	Net asset value
Tier Data	ICT infrastructure and services	ICT	100.00%	0	10	10	Net asset value
Akiira Geothermal	Geothermal power development	Power	37.50%	0	866	866	Cost
Longhorn Publishers	Books publisher	Consumer	60.20%	428	0	428	Market price
Marketable Securities	Diverse portfolio of fixed income securities	Fixed Income Securities	100.00%	4,453	1,839	6,292	Market price
Totals				31,635	8,369	40,004	

Note: Valuations reviewed by RisCura (www.riscura.com).

Portfolio Review - Updates and Outlook: Centum RE.

1



CENTUM^{re}

Centum's Stake | 100%

Carrying Value | Kes 21.8 Bn

Strategic Focus:

Centum Real Estate has two distinct business segments



- Increase sales velocity within our land banks with a target to realize over **Kes 10Bn** worth of sales by March 2024.
- Accelerate the collection of receivables on sales made.
- Focus on monetization of the value created to date and fully repay debt and Centum's capital invested.

- Focus on affordable markets segments where there is significant demand.
- Leverage on economies of scale and accelerated speed of delivery to enhance margins.
- 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;

Portfolio Review - Updates and Outlook: Centum RE.

A

Sale of Development Rights



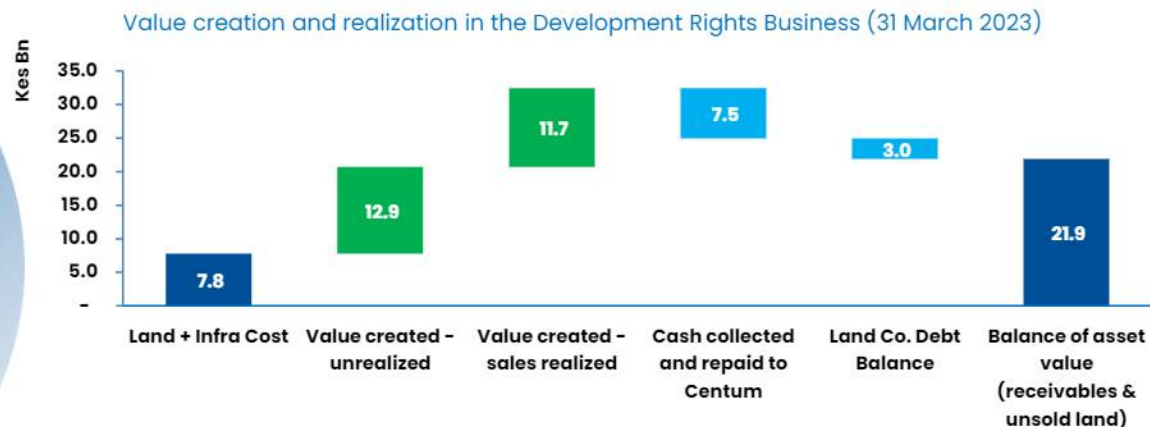
Centum's Stake | 100%

Carrying Value | Kes 22.0 Bn

A. Development rights	Mar 2023 Kes Mn	Mar 2022 Kes Mn
Cummulative signed sales at start of the year	4,561	2,888
New sales signed during the year	6,247	1,672
Cummulative sales	10,808	4,561
Cummulative cash collected at start of the year	(3,992)	(2,601)
Cash collected in the year	(2,581)	(1,391)
Cummulative cash collections	(6,573)	(3,992)
Balance receivable	4,235	568
Use of proceeds		
Opening balance	-	2,601
Cash collected in the year	2,581	1,391
Total proceeds available for distribution	2,581	3,992
Used for bank debt repayment - principal	(864)	(1,921)
Upstreamed to Centum	(1,717)	(2,071)
Total utilized	(2,581)	(3,992)

- **Kes 7.8Bn: Initial capital** from Centum invested in land acquisition, master planning and infrastructure.
- **Kes 24.6Bn: Total value created**, of which **Kes 10.8Bn** worth of sales have been made and the balance of unsold land is **Kes 12.9Bn**.
- **Kes 7.5Bn** has been collected from the sales made and the cash repaid back to Centum (96% of the initial capital).
- **Kes 22.0Bn** is the value of the remaining assets in the Centum RE LandCo, comprising **Kes 4.2Bn** of receivables and **Kes 17.3Bn** unsold inventory of development rights.

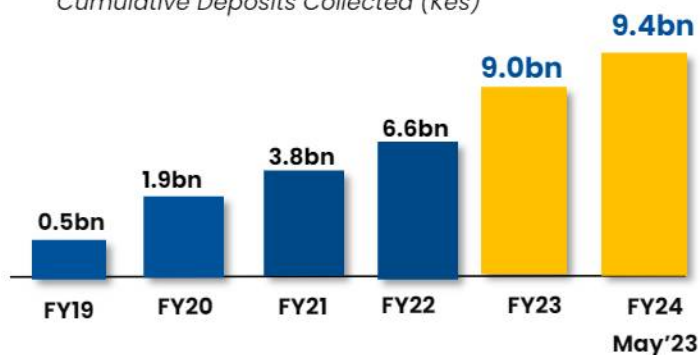
Shareholder distributions by Centum RE	Mar 2021 Kes Mn	Mar 2022 Kes Mn	Mar 2023 Kes Mn
Cummulative cash distributions to Centum	3,732	5,803	7,520



Portfolio Review – Updates and Outlook: Centum RE.

- ✓ Cumulative sales value : KES 16.9 Billion
- ✓ Cumulative collections : KES 9.4 Billion

Cumulative Deposits Collected (Kes)



Strategic Focus:

- Focus on the affordable market segment and deliver 1,000 units every year to generate a sustainable EBITDA of Kes 2Bn annually

B

Sale of Residential Units



1,947

Number of residential units sold cumulatively



Kes 5.4Bn

Embedded equity value of projects completed and those under development

A. Residential development business - ongoing projects	Mar 2023	Mar 2022
	Kes Mn	Kes Mn
Cummulative signed sales at start of the year	14,112	11,315
Cummulative cash collected at start of the year	(6,648)	(3,778)
Cummulative receivables at start of the year	7,463	7,537
New sales signed during the year	2,034	3,562
Cash collected in the year	(2,443)	(2,871)
Total outstanding receivables	7,055	8,229
Value of unsold inventory	4,854	4,613
Total asset value	11,908	12,842

Less:

Cost to completion	5,632	6,297
Borrowings (outstanding bond less sinking fund)	808	1,113
Total obligations	6,439	7,410
Net equity value (profit potential)	5,469	5,432

Attributable to:

Completed projects	1,355	617
Ongoing projects	4,114	4,815
Net equity value (profit potential)	5,469	5,432

Capital Raise:

- As a stand-alone business, Centum RE's residential sales segment has created significant value.
- Our focus is to unlock this value through an exist of this business segment.

Two Rivers International Finance & Innovation Centre (TRIFIC).

2



TRIFIC is the first-ever **business services Special Economic Zone (SEZ)** in Kenya, offering new and exciting prospects for global, regional, African and Kenyan **service-oriented business enterprises** seeking a base to competitively **access international markets**.



Key Stakeholders:



Key Milestones:

- i. Land acquisition completed
- ii. Completed the acquisition of utility infrastructure entities (Power & Water)
- iii. SEZ gazettement obtain
- iv. Advancing discussions with interested investors
- v. Building up a pipeline of potential off-takers

- Centum, through a fully owned subsidiary (Two Rivers Land Company Limited), has acquired the development rights that had been offered for sale by Two Rivers Development Limited (TRDL).
- Two Rivers Land Company Ltd then proceeded to secure gazettement of the area as a Special Economic Zone where it intends to develop offices and residential offerings that could attract multinationals service companies seeking to set up operations in the region.
- Two Rivers Development Limited made impairment provisions for the balance of its unsold assets resulting to its net asset value being nil. Accordingly, Centum has carried its equity value in TRDL at zero.

Portfolio Review – Updates and Outlook: Sidian Bank.

3



Centum's Stake | 83%

Carrying Value | Kes 4.27 Bn



Strategic Focus:

- Maximize the **growth opportunities** following the end of cap on lending rates and the reintroduction of risk-based pricing.
- Grow customer base on the back of digital banking channels.
- Sustain growth of the non-funded income revenue segment.
- Double profitability in 2023 and resume making dividend distributions.
- The enhanced profitability is expected to result in value uplift to Centum. Possibly a **partial exit** of our stake would be considered

Portfolio Review - Updates and Outlook: ISUZU.

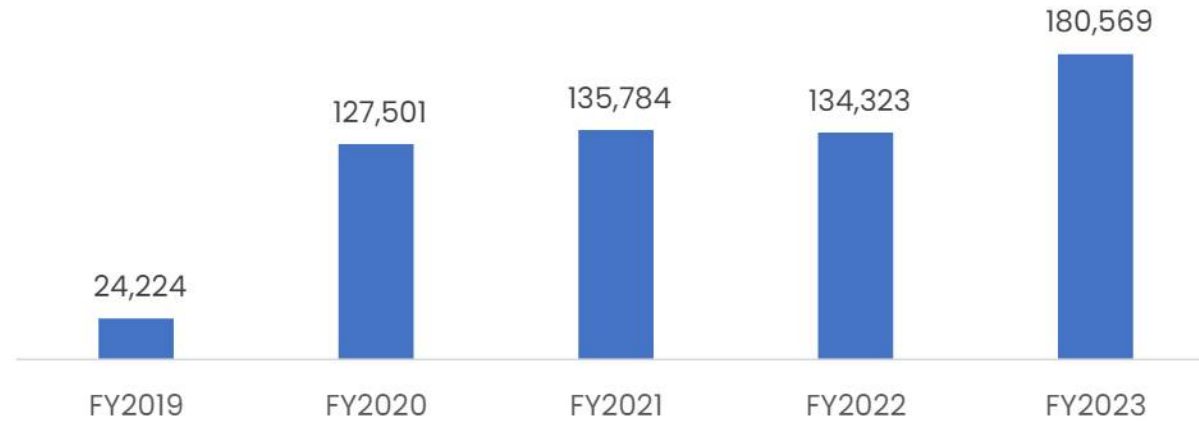
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ISUZU
EAST AFRICA

Centum's Stake | 17.8%

Carrying Value | Kes 3.5 Bn

Dividends paid to Centum (Kes 000)



Market share

51%

Strategic Focus:

- The business is exploring avenues for revenue **diversification** through the growth of after sales Service & Repairs segment.
- Enhanced EBITDA is expected to provide room for **enhanced dividend distribution** as well as some value uplift.
- Centum to continuously review any additional scope for **value creation** and if deemed fit, to exit at the right price.

Portfolio Review – Updates and Outlook: Nas Servair.



Centum's Stake | 15%

Carrying Value | Kes 778Mn

Dividends paid to Centum (Kes 000)



Strategic Focus:

- Position for **full business recovery** following rebound in air travel activity to the pre-covid level.
- **Diversify revenue streams** to in train services, office catering and form strategic partnerships for home deliveries .
- The business has resumed **dividend distribution** following the post-covid recovery and the pay-out is expected to hit pre-covid levels in FY2024.
- Centum to continuously review any additional scope for **value creation** and if deemed fit, to exit at the right price.

Portfolio Review - Updates and Outlook: Greenblade Growers.

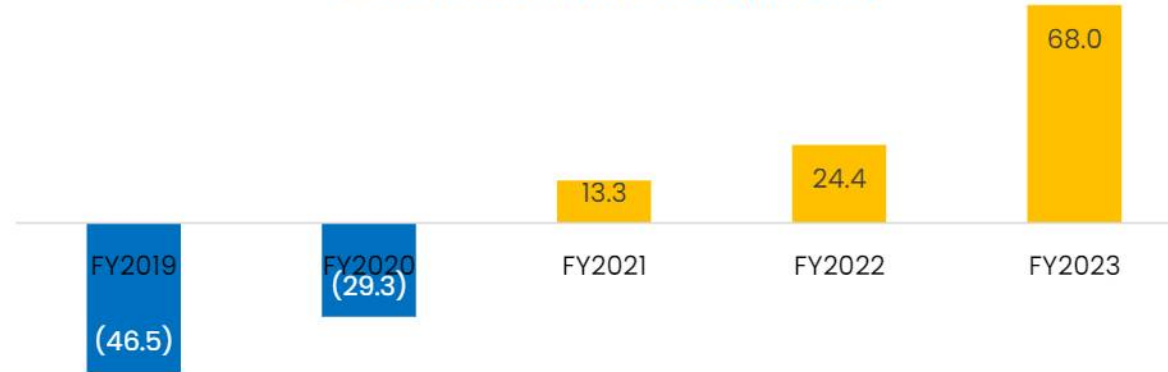
6



Centum's Stake | 100%

Carrying Value | Kes 307Mn

Greenblade EBITDA Trend (Kes Mn)



Strategic Focus:

- **Market expansion:** Grow market reach to the broader Europe, Middle East and Asia and increase the number of active customer base.
- **Product expansion:** Diversify product offering to include French Beans, Broccoli, Sugar Snaps, Snow Pease and Lemon Grass. Also looking to grow nuts at the coast and avocados at Pearl Marina (UG) in the medium-term expansion plan.
- **Production:** Sustain production and processing efficiencies to guarantee quality output and high margins. Increase the area under production to satisfy the existing demand in export markets.
- **Financial performance:** Enhance PAT from the current **Kes 15Mn** per month to **Kes 40Mn per month** which would result in a significant value uplift.

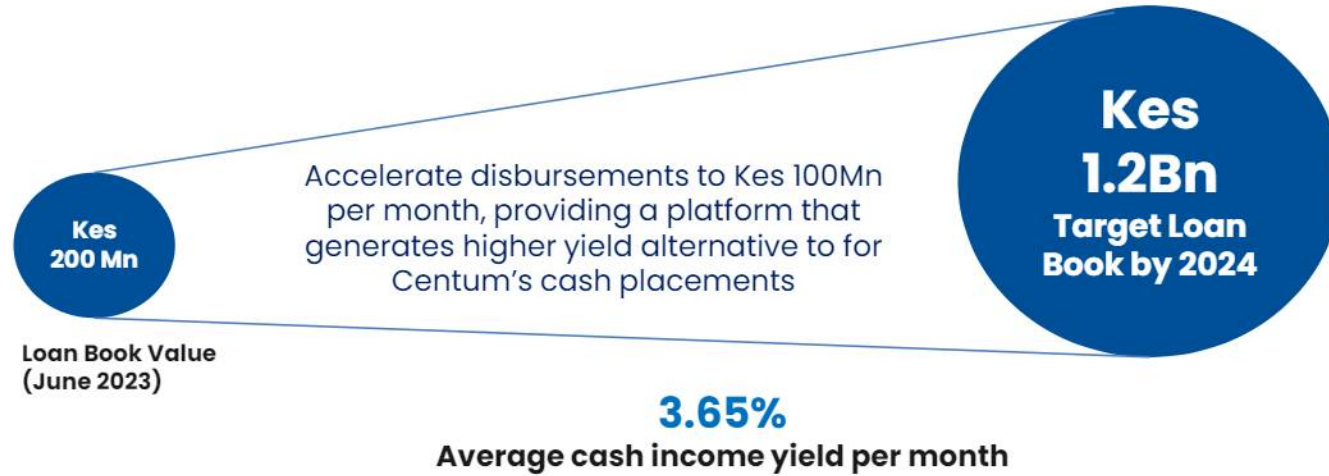
Portfolio Review - Updates and Outlook: Jafari Credit.

7



Centum's Stake | 100%

Carrying Value | NIL



Strategic Focus:

- **Growth:** Sign up additional government agencies and avail the loan products to a wider pool of civil servants.
- **Productivity:** Accelerate loan book growth to a disbursement level of Kes 100Mn per month and grow the loan book to Kes 1.3Bn in the short term and Kes 3.6Bn in the medium term.
- **Financial Performance:** Maintain the average book yield at 3.7% per month to achieve an annual PAT of c. Kes 500Mn.
- **Return and Liquidity:** Jafari provides a channel for Centum to deploy liquidity into high yield loan book portfolio, thereby enhancing the recurrent cash returns.

Portfolio Review - Updates and Outlook: Tribus.

8



Centum's Stake | 80%

Carrying Value | Kes 65 Mn

Notable Clients Signed Up:

- World Bank
- IMF
- US Embassy
- British High Commission
- International Org. for Migration (IOM)
- WFP Kenya
- WFP Regional
- AMREF
- Canadian High Commission
- Australian High Commission
- Swedish Embassy
- European Union
- ECHO
- European Investment Bank (EIB)
- Equity Bank Group
- CARE International
- RTI
- Centre for Civilians in Conflict

Key Service Offering

Security Management, Training & Consultancy

- Emergency Preparedness
- Response Support
- Crisis Decision-Making Psychology
- Hostile Environment Training
- Personal Security
- Security Audit & Assessment
- Cyber Security Awareness
- CCTV Installation & Maintenance

Specialized Manufacturing



Information Technology

Our technical department is divided into the following categories:

- Cybersecurity & Remote Monitoring
- Software & Application Development
- Technical Hardware Services

Guarding, Cleaning and Front Office Admin

We support the sustainability functionality and safety of grounds, buildings, infrastructure and real estate. Our services encompass:

- Customer Service
- Soft Services
- Hard Services
- Security Services

Strategic Focus:

- **Grow annual profit** after tax to Kes 120 million by March 2026.
- Commence making **dividend distributions** to Centum by FY2025

Portfolio Review - Updates and Outlook: Longhorn Publishers.

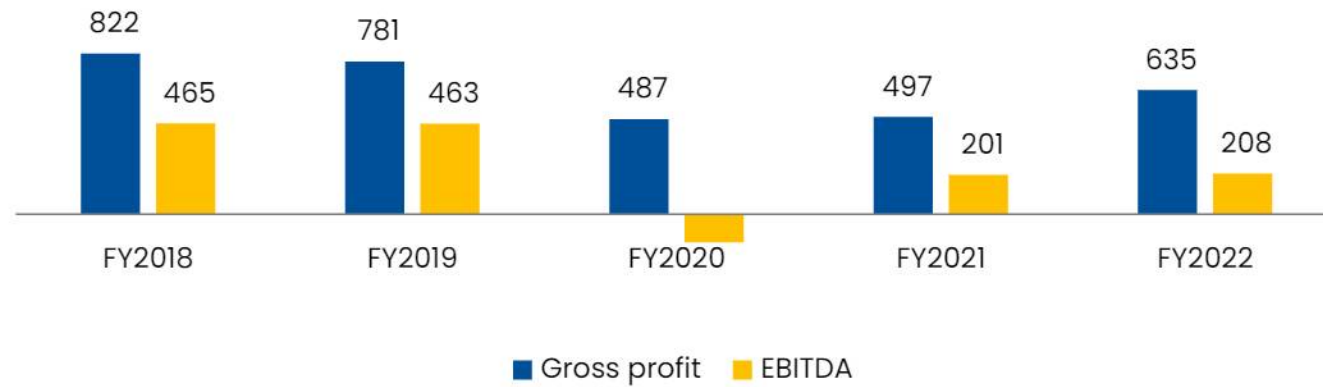
9



Centum's Stake | 60.2%

Carrying Value | Kes 428 Mn

Longhorn GP and operating profit (Kes Mn)



Strategic Focus:

- Pursue growth through increased **retail sales and digital products** to reduce reliance on government purchases.
- Geographical and **diversification** to mitigate concentration risk.
- Centum to **pursue exit** to a strategic investor.

Portfolio Review - Updates and Outlook: Akiira Geothermal.

10



AKIIRA
GEOTHERMAL
LIMITED

Centum's Stake | 37.5%

Carrying Value | Kes 866 Mn



Project milestones and update:

- Resources availability confirmed.
- Secured interest on a proposed partnership in joint development with a leading geothermal player. Joint Development Agreement being finalized.
- Active investor engagement is underway. A financial close will enable Centum to monetize its investment in the project.

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

Section 4:

Portfolio Updates – Marketable Securities.

Managed by:



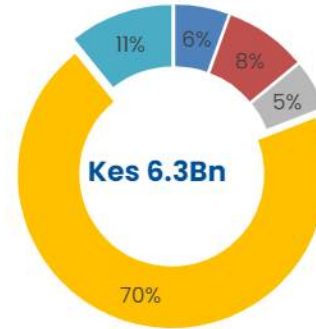
Portfolio Review - Updates and Outlook: Marketable Securities Portfolio.

10

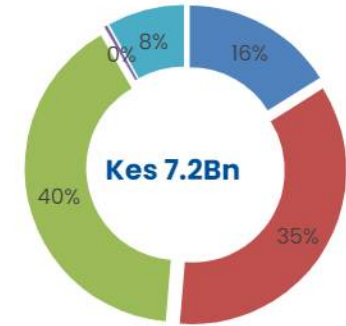


Marketable Securities Portfolio

Mar 2023



March 2022



Strategic Focus:

- Marketable securities portfolio is held for **liquidity** of the overall investment portfolio. The portfolio has yielded an **average return of 15.5%p.a** against our minimum target of 14%p.a, generating Kes 1.0Bn in cash returns.
- The portfolio is allocated to diverse **fixed income securities** which provides a regular cash return for purpose of funding Centum’s operating costs, finance costs and distributions to shareholders.
- The NSE return over the review period (Apr 2022 to March 2023) was -12.5%. Thus, Centum’s MSP outperformed by 28% owing to our active management strategies.
- As we unlock liquidity across the rest of our portfolio, we expect to enhance Marketable Securities portfolio to be and **maintain** it in the **range of 10% - 20% of the total portfolio value** in line with our strategic asset allocation objective.

BUSINESS REVIEW

Dr. James Mworira – Chief Executive Officer

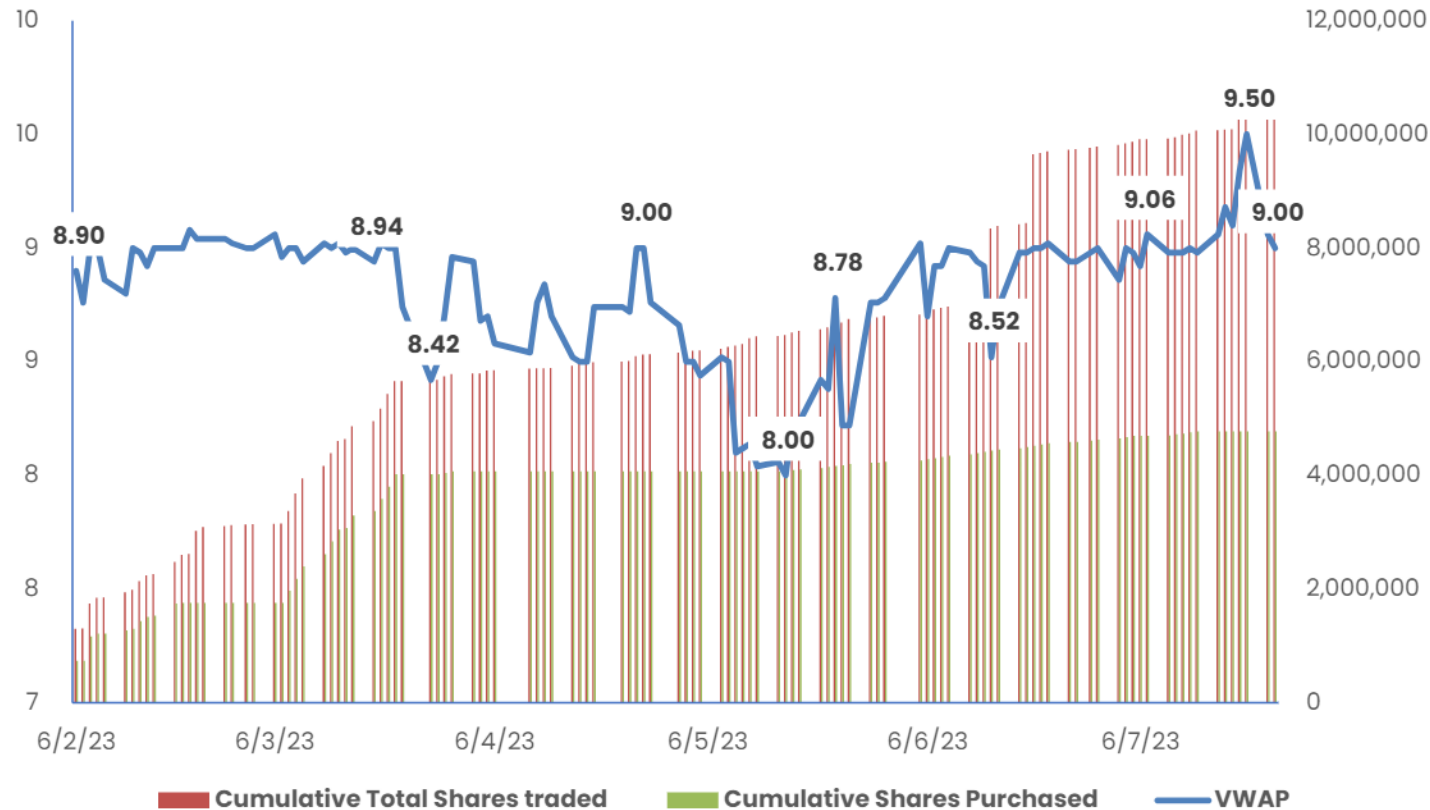
Section 5:

Share Buyback Update.



Share Buyback update.

Centum Share Buyback Update | Feb – July 2023



- Centum implemented the share buyback program from 6th Feb 2023 at the offer price of Kes 9.03 per share.
- 4.8 million shares have been purchased to date, comprising 7.2% of the maximum possible 66.5 million shares that may be purchased over the 18 months period.
- The total number of shares traded in the period was 10.5 million, thus the SBB purchases made up 45% of total trading activity.

BUSINESS REVIEW

Risper Alaro – Group Finance Director

Section 6:

Sustainability Report.





CENTUM

tangible wealth

ESG Report



We are delighted to present Centum's first ESG Report that highlights our impact in the context of global ESG frameworks.

In November 2021, the Nairobi Securities Exchange published **guidelines on ESG disclosures** aiming at improving and standardizing ESG information reported by listed companies in Kenya.

These guidelines put Environmental, Social and Governance data and ESG reporting firmly in the spotlight, to assess **how the NSE listed companies are making a contribution towards solving global sustainability challenges.**

Centum has prepared this report to provide insight into material ESG topics, trends and our performance against these topics. The work presented in this report is **the mapping of our ESG performance** against the relevant ESG frameworks i.e., **Global Reporting Initiative Standards and the Sustainable Development Goals.**

Centum group comprises of several businesses in diverse sectors, all varying in complexity and maturity. Collectively, we aim to positively impact the communities that we operate in. With sustainability at the core of every business' strategy and operations, we are ever so conscious of the need to and leave the world a better place for the future ecosystem.

About the Report.

We report against our impact in the identified material topics, which have been defined by our stakeholders and the Company's sustainability context.

We have considered all requirements and guidelines from the **Global Reporting Initiative standards** in preparation of our sustainability report, especially GRI reporting principles for defining report content and quality.



Environmental

The environmental impact of the company and its role as a steward of our natural environment as well as the key environmental related issues that impact its operations.

- **Climate change**
- **Greenhouse gas emissions**
- **Water management**
- **Natural Resources**

Governance

The policies, practices, and processes of the company and how it complies with the law and interacts with external parties.

- **Risk management**
- **Ethics & Integrity**
- **Anti-bribery & corruption**
- **Board diversity & independence**
- **Compensation**
- **Transparency**



Social

The social impact and interactions the company has with employees, suppliers, and customers and how our operations affect communities where we do business and vice versa.

- **Health & Safety**
- **Diversity & Inclusion**
- **Human rights**
- **Local community development**

A Snapshot Of Our Impact | FY 2023.

ENVIRONMENT

80%

of water recycled from facilities within Two Rivers

1.2 MW

Solar Power installed in two of our investee companies representing **>30%** of their needs.

>3,000

Trees grown over the year.

GOVERNANCE

50-50 Board Diversity

All staff and senior management were taken through trainings on ESG and the Data Protection regulations.

All portfolio companies have adopted the parent company's anti-corruption policies.



SOCIAL

>1,000

Direct Jobs Created

40%

women at senior management level

Zero

gender pay gaps

>350

Provision of scholarships to bright and needy students in Kilifi County

91%

procurement spend goes to local suppliers

FINANCIAL PERFORMANCE

Risper Alaro – Group Finance Director



Company Total Return Statement.

Kes Mn	Mar 2023	Mar 2022	%Δ
Dividend and interest income	1,331	1,303	2%
Other investment income	801	359	123%
Operating expenses	(512)	(570)	10%
Finance cost	(459)	(540)	15%
Operating profit	1,162	551	111%
Impairment of assets	(954)	(490)	(95%)
Income tax	(268)	(82)	(227%)
Profit (Loss) after tax	(61)	(21)	195%
Unrealised gains/(losses)	(4,869)	(227)	(2,042%)
Total return for the year	(4,930)	(248)	(1,888%)
Opening NAV	41,326	41,822	
Return on opening NAV	(11.9%)	(0.6%)	(11.3%)
NSE Index	(12.3%)	0.36%	
Outperformance	0.4%	(1.0%)	



Operating profit doubled from Kes 551Mn to Kes 1.2Bn on the back of revenue growth and cost reduction.

- Sustained annuity cash income earned from the marketable securities and private equity portfolios.
- 10% decline in operating expenses reflect efficiencies achieved from previous organization restructuring.
- 15% decline in finance costs was occasioned by the continued debt reduction by the company.
- We recognized **impairment provisions of Kes 954Mn** in the year. This included the settlement of Kes 334Mn on closure of the final account in respect to the sale of Centum's stake in the bottling companies to CCBA. The balance related to full provisions for the balance of assets previously held by Centum Business Solutions Limited.
- 3.9Bn of the unrealized losses relate to the full write down of the carrying value of Two Rivers in Centum's books. Kes 1.6Bn of the OCI movement relate to deferred tax recognized on cumulative revaluation reserves following the review of CGT rate from 5% to 15%.

Company Statement of Financial Position.

Kes Mn	Mar 2023	Mar 2022	%Δ
Growth portfolio:			
- Investment in Subsidiaries	21,991	25,019	(12%)
- Debt Investment in Subsidiaries	8,505	9,275	(8%)
- Unquoted Investments	4,687	4,947	(5%)
- Other assets	262	472	(44%)
Total growth portfolio	35,446	39,713	(11%)
Marketable securities portfolio			
- Government securities and corporate bonds	5,943	6,229	(5%)
- Cash and Equivalentents	348	1,019	(66%)
Total marketable securities	6,292	7,248	(13%)
Total Assets	41,737	46,960	(11.1%)

Kes Mn	Mar 2023	Mar 2022	%Δ
Borrowings	2,248	4,159	(46%)
Other Liabilities	3,521	1,476	139%
Total Liabilities	5,769	5,635	2%
Share Capital	886	922	(4.0%)
Retained Earnings	20,872	21,324	(2.1%)
Revaluation Reserves	14,211	19,080	(25.5%)
Shareholder Funds	35,968	41,326	(13.0%)
Equity and Liabilities	41,737	46,960	(11.1%)
NAV Per Share (KShs.)	54.44	62.10	(12.3%)

- ✓ The movement in the growth portfolio was largely as a result of our mark down of investment in TRDL. Our equity value in TRDL was Kes 3.9Bn as at 31 March 2022.
- ✓ The movement in our marketable securities was on account of capital reallocation.

- ✓ Borrowings decreased following debt repayment by Kes 2.0 Bn in the period.
- ✓ Other liabilities largely comprise deferred tax recognized on unrealized capital gains. The deferred tax liability was assessed at 15% from the previous 5% following the changes in Capital Gains Tax rate during the period.
- ✓ Changes in the share capital are due to the treasury shares acquired under the ongoing share buyback programme.

Company Cashflow Statement.

Kes Mn	Mar 2023	Mar 2022
Net cash generated from operating activities	2,413	1,116
Cash flows from investing activities		
Purchase of property and equipment	(8)	(7)
Investments in subsidiaries (equity)	-	(183)
Net debt investment in subsidiaries	(863)	(1,132)
Investment in government securities and corporate bonds	(4,692)	(4,038)
Proceeds from government securities and corporate bonds	5,238	4,987
Purchase of shares in quoted and unquoted investments	(208)	(1,183)
Proceeds from sale of shares in quoted and unquoted investments	265	1,250
Net cash used in investing activities	(268)	(305)
Cash flows from financing activities		
Repayment of borrowings	(1,742)	-
Interest paid on borrowings	(360)	(396)
Dividends paid	(415)	(257)
Share buyback	(37)	-
Net cash generated from financing activities	(2,554)	(652)
Net increase in cash and cash equivalents	(409)	159
At start of period	10	(149)
At end of period	(400)	10
Comprised of:		
Cash and cash equivalents	348	1,019
Overdraft	(748)	(1,010)
Closing cash and cash equivalents	(400)	10

- Net cash from operations was generated from annuity income and repayment of shareholder loans from the portfolio.
- Cash flows from investing activities represents the active trading activity within our marketable securities portfolio.
- Internally generated cash flows was applied towards debt repayment, dividend payment, interest payments and share buyback.

FINANCIAL PERFORMANCE

Risper Alaro – Group Finance Director

Consolidated Financial Statements.

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



Consolidated Income Statement.

Kes Mn	Mar 2023	Mar 2022	%Δ
Profit/(loss) from trading businesses	(119,027)	73,215	(263%)
Profit from financial services	334,362	691,657	(52%)
Profit from real estate investments	2,018,458	127,049	1,489%
Loss from Two Rivers Development group	(7,090,362)	(2,289,881)	(210%)
(Loss) from investment operations	(1,394,755)	(397,812)	(251%)
Consolidated Profit/ (Loss) before tax	(6,251,324)	(1,795,772)	(248%)
(Loss)/profit for the year	(7,314,589)	(2,098,831)	(249%)
Other comprehensive income/(loss), net of tax	(1,777,136)	1,481,861	(220%)
Total comprehensive income/(loss) for the year	(9,091,725)	(616,970)	(1,374%)
Attributable to:			
Owners of the parent	(5,956,745)	111,132	(5,460%)
Non-controlling interest	(3,134,980)	(728,102)	(331%)
Earnings Per Share-Basic	(6.28)	(1.10)	

The consolidated income statement aggregates line by line 100% of the performance of our subsidiaries even where the Company holds less than 100%.



- The performance of the of the trading segment was driven by a reduction in the performance Longhorn.
- Under financial service, Sidian Bank posted strong performance at Kes 516Mn. Lower performance was reported by the other entities within the segment.
- Two Rivers Development passed impairment provisions of Kes 3.9Bn on its assets which contributed largely to its loss before tax.
- Loss from investment operations contained Kes 695Mn impairments discussed on the company P&L.
- Excluding the impact of TRDL, the rest of the group's performance improved from a PBT of Kes 344Mn to Kes 839Mn.

Kes'000	FY23	FY22 restated	%Δ
(Loss)/Profit from Trading business	(119,027)	73,215	-263%
Profit from Real Estate operations	2,018,458	127,049	1489%
Operating profit from Financial Services	334,362	691,657	-52%
Loss from Investment Operations	(1,394,755)	(547,975)	155%
Profit before Two Rivers operations	839,038	343,946	144%
Loss from Two Rivers Investment operations	(7,090,362)	(2,289,881)	-210%
Tax expense	(1,063,265)	(152,896)	-595%
Net loss after tax	(7,314,589)	(2,098,831)	-249%
Other Comprehensive income/(loss)	(1,777,136)	1,481,861	-220%
Total comprehensive income	(9,091,725)	(616,970)	-1374%

Consolidated Statement of Financial Position.

Kes Mn	Mar 2023	Mar 2022
Investment portfolio	7,736	11,655
Loans and advances	101	-
Cash and cash equivalents	543	1,196
Assets held for sale	42,947	43,030
Other assets	61,705	62,649
Total Assets	113,033	118,530
Borrowings	19,678	20,626
Liabilities directly associated with assets classified as held for sale	37,597	37,580
Other liabilities	18,640	13,712
Total Liabilities	75,915	71,918
Total Equity	37,118	46,611
Total Capital and Liabilities	113,033	118,530

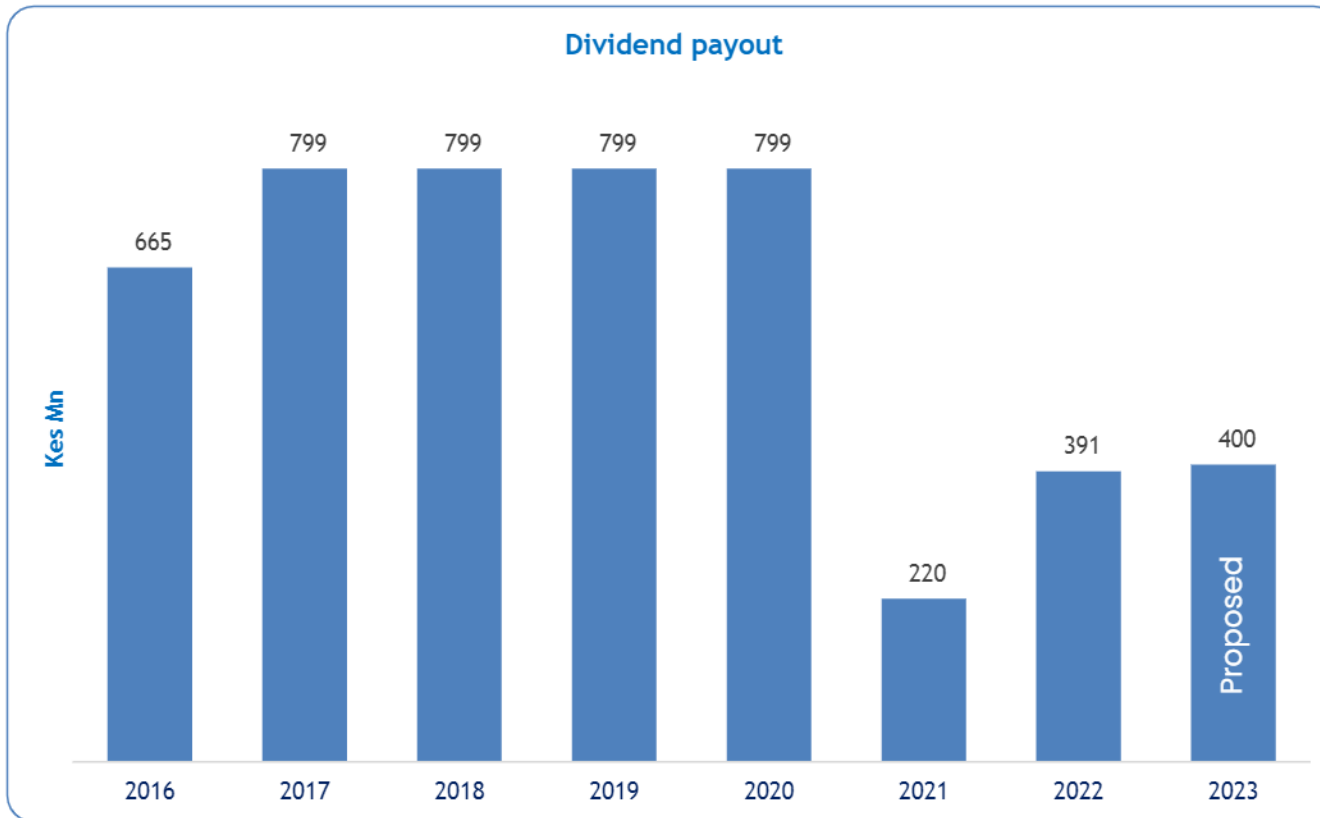
- The consolidated statement of financial position is the aggregation of assets and liabilities of difference portfolio companies in the group that are subsidiaries of Centum.

Proposed Dividend.



Proposed Dividend .

Consistent annual dividend pay-out



- Centum's dividend policy is to pay out **30% of annuity income.**
- Management proposes to pay out **Kes 400Mn** in dividends with respect to the performance of FY2023
- FY2023 Dividend Per Share of Kes 0.60 (FY2022 : Kes 0.587) which translates to a **6.7% yield** at current share price.

OUTLOOK

Dr. James Mworira – Chief Executive Officer



Outlook FY 2024.

As we progress into FY2024 which is the last year of our Centum 4.0 Strategy 5-year period, we are optimistic that the key initiatives that we have set out to pursue will positively impact shareholder value and returns.

Growth Portfolio

Key Focus Areas:

- **Implement the TRIFIC SEZ** opportunity at Two Rivers and attract sizeable investor interest to unlock the embedded value.
- **Accelerate** the **sale of development rights** within Centum Real Estate and enhance cash distribution to Centum.
- Accelerate the completion of existing Centum RE project portfolio and **pursue new avenues for growth** of the business' residential projects segment. This will enable us to attract strategic investors and monetize part of our stake in the business.
- **Scale up and position** each of the private equity portfolio entities for growth in revenue and profitability
- Identify attractive **new investment opportunities** for capital redeployment as we unlock capital from the above initiatives.

Outlook FY 2024.

As we progress into FY2024 which is the last year of our Centum 4.0 Strategy 5-year period, we are optimistic that the key initiatives that we have set out to pursue will positively impact shareholder value and returns.

Key Focus Areas:

Marketable Securities Portfolio

- Maintain the average cash return yield on the portfolio above **15% p.a.**
- Preserve and grow the portfolio value to generate a sizeable **cash returns** that covers the company's recurrent obligations and long-term liquidity requirements.

Capital Structure

- Fully **repay the balance of debt.**
- **Monitor** the effectiveness of the **share buyback program** and continue to implement the same if it is evaluated to positively impact shareholder value.

Q & A





CENTUM

tangible wealth

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