



# Investor Briefing & Results Announcement

*For the Period ended 31 March 2022*

26<sup>th</sup> July 2022



# Agenda

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**Business Review**

**Dr. James Mworia - Chief Executive Officer**

**Financial Review**

**Risper Alaro - Group Finance Director**

**Outlook**

**Dr. James Mworia - Chief Executive Officer**

**Q & A**

# Business Review

Chief Executive Officer: Dr. James Mworia





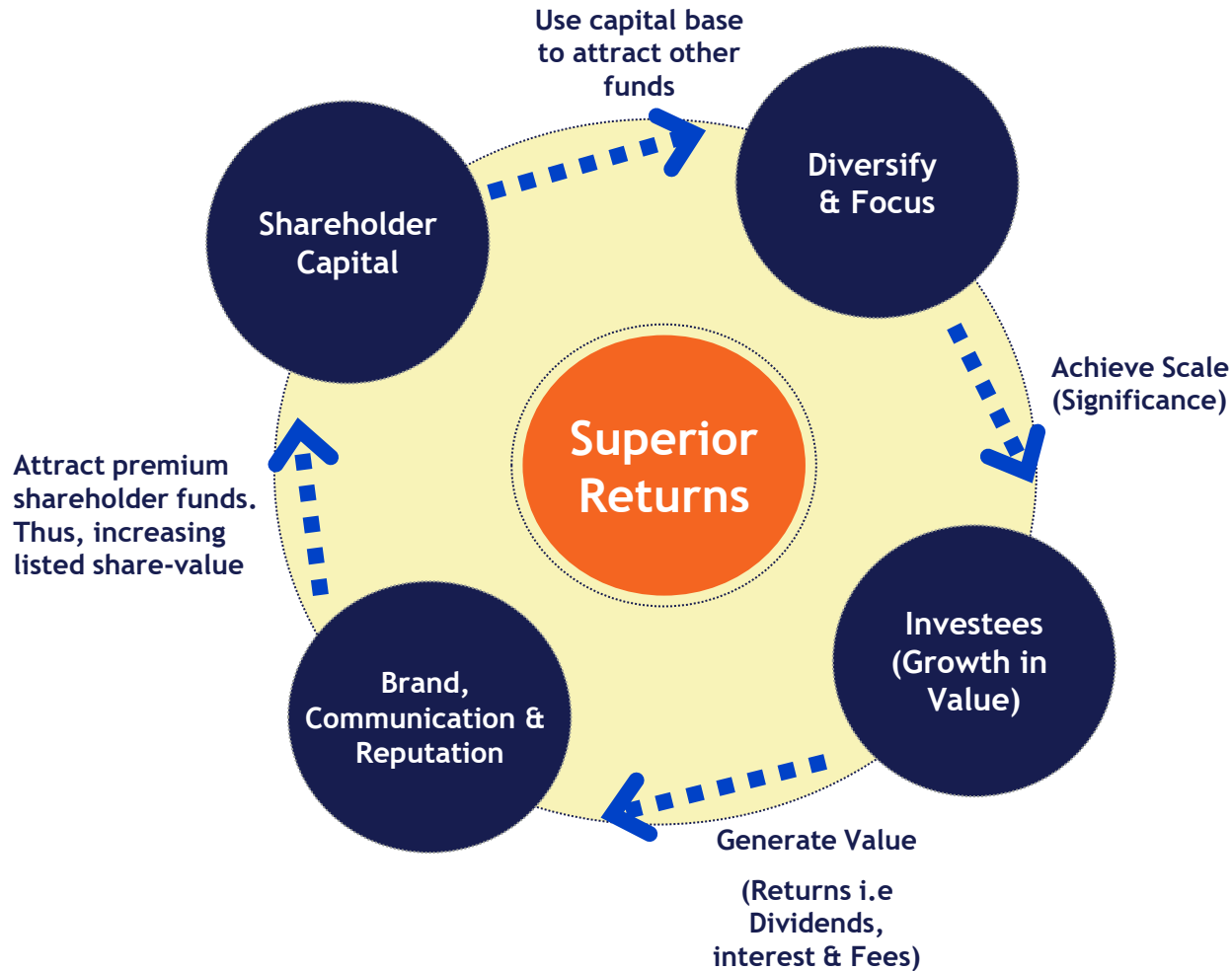
# Business Review

## Section 1: *About Centum*



# Our business model

We are investors. We find good opportunities make them great and exit to monetize value created to lock in superior returns for our stakeholders.



## Deploy capital

- Identify compelling opportunities and Deploy capital through innovative investment structures.



## Create and grow value

- Institutionalize robust governance structures and enhance process efficiencies.
- Leverage on our networks to grow products and scale up markets
- Resolve operational challenges
- Optimize capital structures



## Monetize value

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



# Company Snapshot (1/2)



**KES 6.6 Bn** Market Capitalisation<sup>(1)</sup>



**KES 41.3 Bn** Net Asset Value<sup>(2)</sup> translates to Kes 62.1 NAV per share



**3.3x** NAV growth between FY2011 - FY2022



**Kes 22 Bn** Retained earnings generated between Mar 2011 and March 2022



**39%** Cost-to-income ratio achieved in the period to March 2022 a decline from **46%** in FY2021

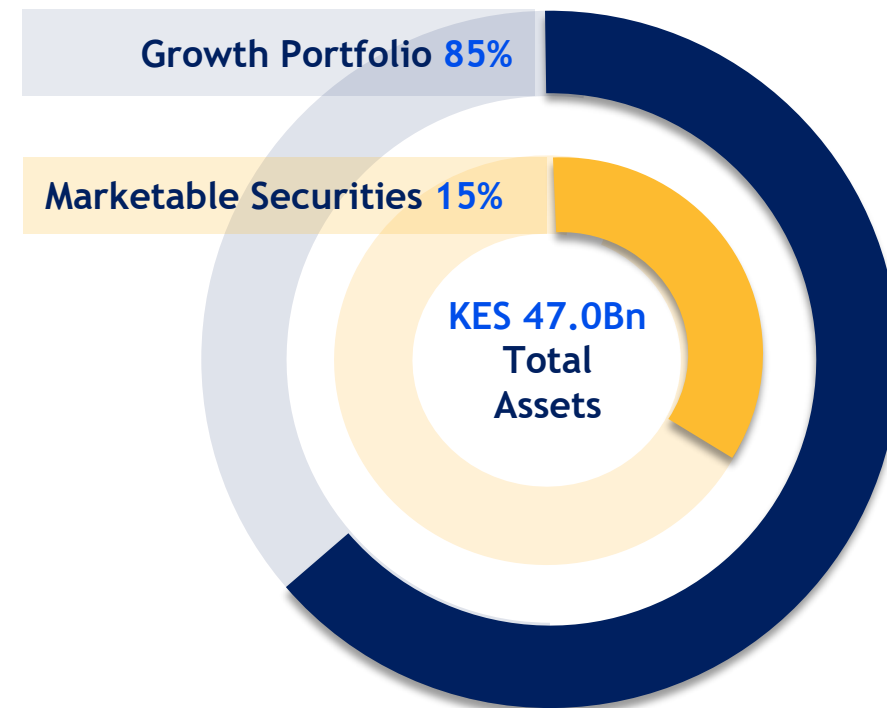


**0%** Long Term Gearing<sup>(2)</sup>



**A<sub>(KE)</sub><sup>+</sup>, A<sub>(KE)</sub><sup>1</sup>** National scale Long and Short-term ratings affirmed on account of strong financial profile<sup>(3)</sup>

## Portfolio Allocation - 31 March 2022



1. Share price as of 19 July 2022

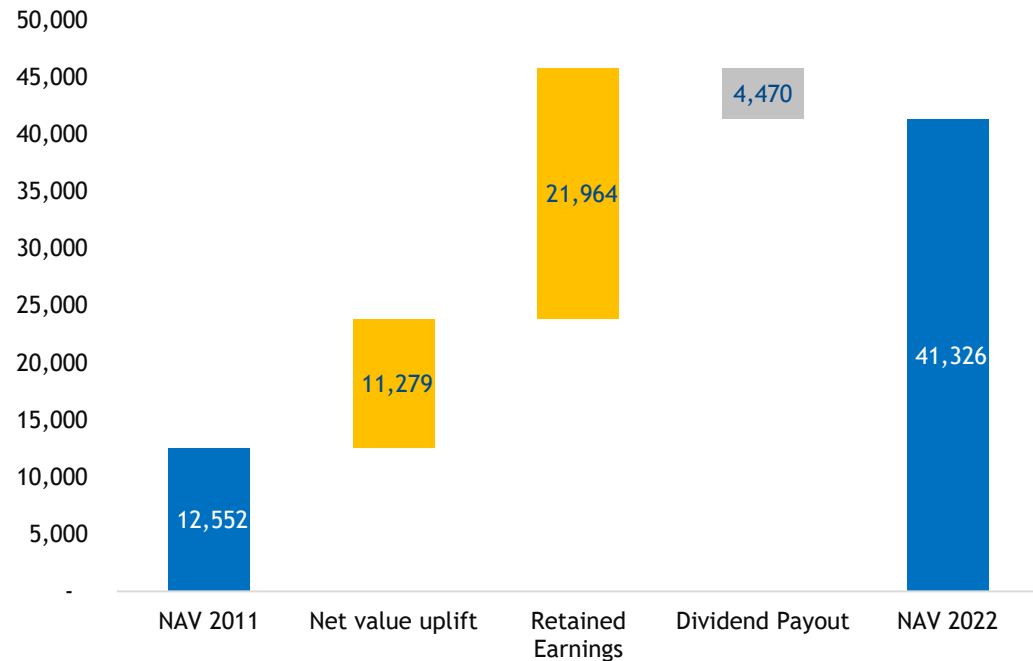
2. As at 31 March 2022

3. Rating accorded by Global Credit Ratings (GCR) in Dec 2021

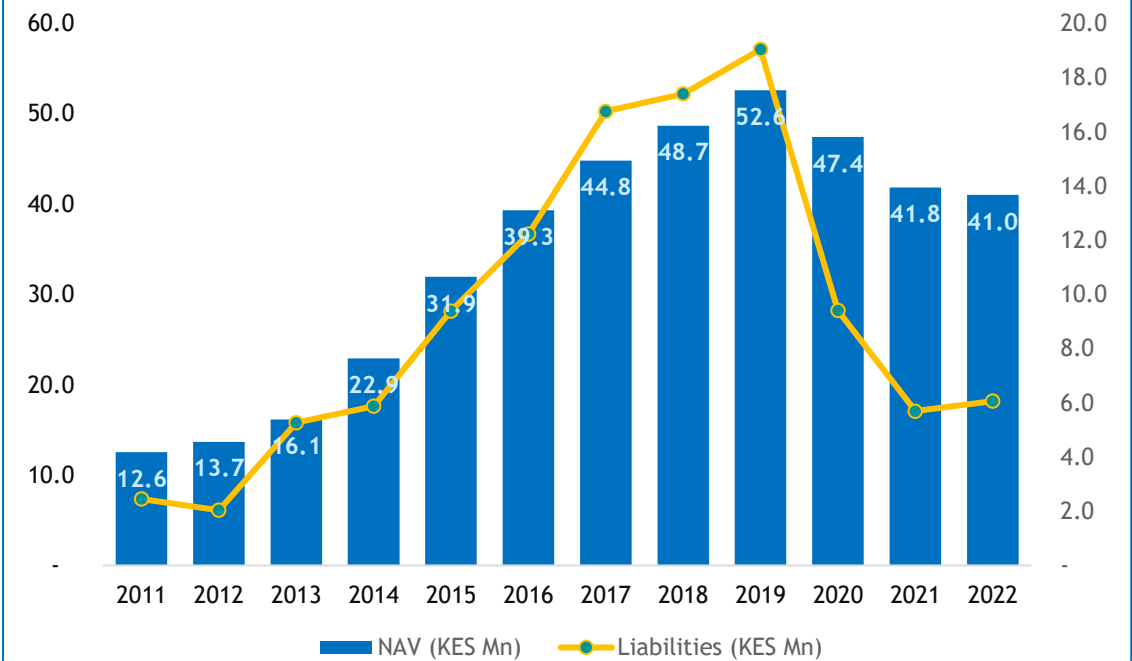
# Company Snapshot (2/2)

Following an ambitious debt funded growth cycle, the focus under Centum 4.0 shifted to deleveraging and liquidity build up to rationalize risk, preserve and grow shareholder value

Shareholder value evolution (KES Mn)



Deleveraging the balance sheet to preserve value





# Business Review

## Section 2: *Centum 4.0 Strategy Update*





# FY2022 Key focus areas

## Objective



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.
  - **USD 21.4 million** off balance sheet guarantee was dropped following favourable ruling on an *Excise Duty Claim* against the bottling companies sold in Sep 2019. This reduced Centum's contingent liabilities by **c. Kes 2.7 billion**.
  - **15% of total portfolio** was held in marketable securities on 31 March 2022, up from **6%** at commencement of Centum 4.0 strategy in March 2019.



Growing long term value

- In line with our **active portfolio management** approach, each of the portfolio companies have value creation plans and we are closely supporting management team to execute such initiatives as *capital restructuring, efficiency improvement, market and product diversification*.
- In FY2022, the private equity portfolio recorded a value uplift of **Kes 1.2 Bn** vs a revaluation loss of **Kes 541 Mn** in FY2021.



Enhancing shareholder returns

- Marketable securities portfolio generated an average annualized **gross return** of **14%p.a** in FY2022, exceeding the NSE 20 index performance at **-13.4%** over the same period.
- **116%** year-on-year growth in Company net profit which has increased by **Kes 626 million**.



# Strategy Overview | Key Assumptions

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 and 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 and 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 outcomes | FY2020 - FY2022

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

- Inflation at **7.08%** in May 2022; CBR recently reviewed to **7.5%** from **7%** for the first time since 2016.

- **25%** currency depreciation from KES 100/USD in March 2019 to KES 125/USD today (June 2022)

- Debt ceiling breached and has had to be reviewed from **Kes 9 Trn** to **Kes 10 Trn**.

# Strategy Overview | Progress highlights so far...

## Strategic Pillars (FY2022 - FY2024)



### Returns & Dividend Pay-out:

- Generate 20% annualised return and grow NAV to Kes 70Bn by FY2024;
- Distribute to shareholders a minimum of 30% of annuity cash income



### Capital Structure & Liquidity:

- Pay down Kes 3.0 Bn 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 marketable securities portfolio to 20% - 30% of total portfolio



### Organizational Effectiveness:

- Fully adopt a supervisory approach to portfolio management which will ensure companies attain operational independence and are well prepared for exit.

## Achievements | FY2020 - FY2022

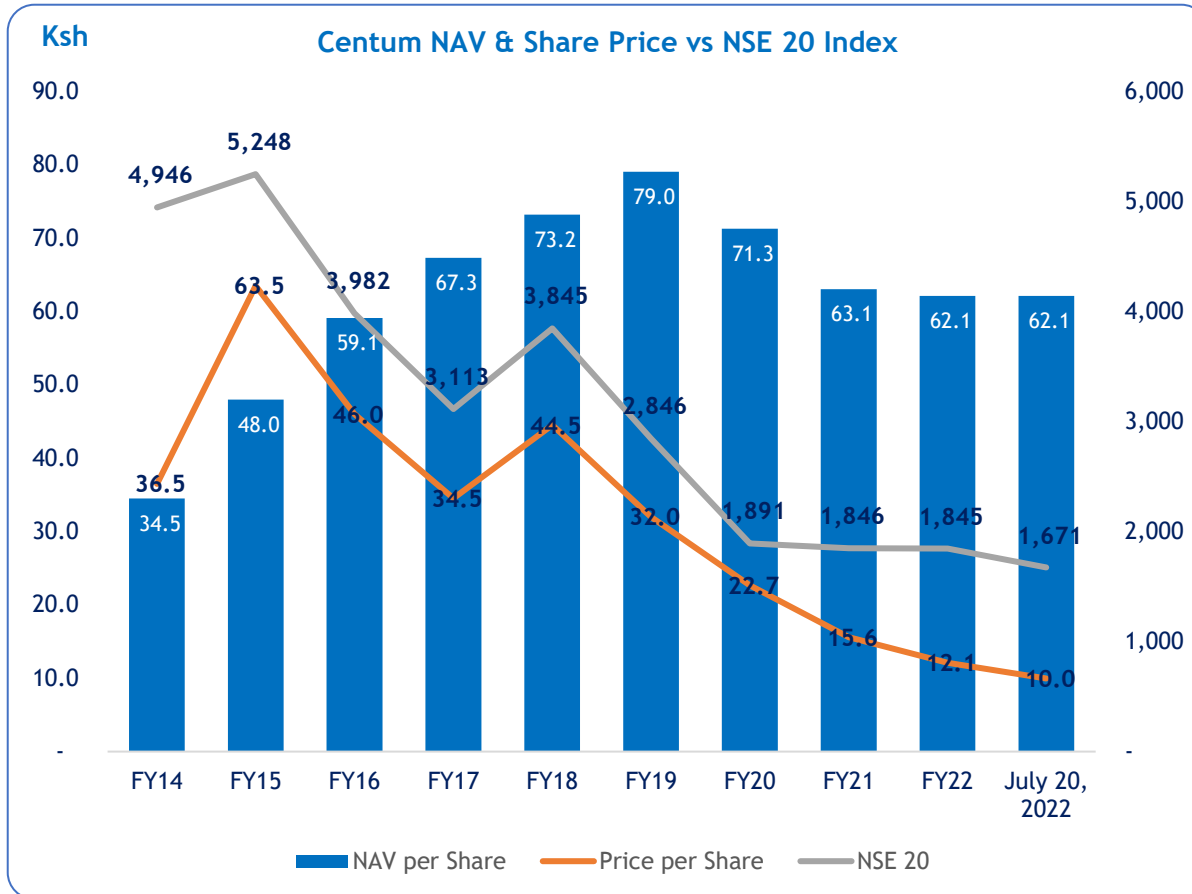
- **86% achievement** - Net Asset Value at 31 March 2022 was Kes 41.0 Bn against the strategy target of Kes 47.6 Bn.
- **87% achievement** on dividend pay out having declared Kes 1.4Bn against the target of Kes 1.6 Bn between FY20 and FY22.
- **Kes 13 Bn** long term debt repaid from Kes 16Bn in March 2019, **81%** achieved.
- **Cash income fully covered** operating costs and finance cost, translating to an operating profit of Kes 592Mn, **142%** up from Kes 245 Mn in FY2021.
- **39% cost-to-income** ratio achieved in FY2022 versus a strategy ceiling of 30%. That's is **77%** on target and an improvement from prior year's 43%.
- Ongoing capital raise at TRDL and Centum RE to rebalance allocation within the growth portfolio as well beef up MSP for enhanced sustainable annuity income.
- Marketable Securities Portfolio and cash value stood at Kes 7.25Bn, comprising **15%** of total portfolio against our strategic target allocation of **20% - 30%**.
- 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.

Financial

Non-Financial



# Shareholder value | Preserving NAV in an elevated risk environment



NSE Market metrics	Mar-2019	Mar-2022
NASI Dividend Yield	4.5%	6.3%
NASI Price to Earnings	11.0x	7.2x
NSE Index return	◀..... -13.4% .....▶	
Centum Share Price return	◀..... -23.7% .....▶	
Centum NAV return	◀..... -7.3% .....▶	

- During the first 36 months of the Centum 4.0 strategy period, the NSE-20 Index **declined by 13.4%** reflecting a sustained bear run.
- Centum share price followed the trend with relatively higher volatility thus **shedding off 23.7%**.
- However, the fundamental value of the company has largely been preserved with **-7.3% NAV return** being less than the **market's -13.4% return** - an indication that underlying portfolio companies' fundamentals remained resilient.

# FY2021/2022 Company Total Return Statement

Kes Mn	Mar 2022	Mar 2021	%Δ
Dividend and interest income	1,303	1,411	(8%)
Other investment income	359	106	237%
Operating expenses	(529)	(669)	(21%)
Finance cost	(540)	(603)	(10%)
<b>Operating profit</b>	<b>592</b>	<b>245</b>	<b>142%</b>
Impairment of assets	(531)	(1,071)	(50%)
<b>Profit (Loss) after tax</b>	<b>(21)</b>	<b>(607)</b>	<b>(97%)</b>
Unrealised gains/(losses)	(227)	(4,212)	(95%)
<b>Total return for the year</b>	<b>(248)</b>	<b>(4,819)</b>	<b>(95%)</b>

<b>Opening NAV</b>	<b>41,822</b>	<b>47,439</b>
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<b>Return on opening NAV</b>	<b>(0.6%)</b>	<b>(10.2%)</b>	<b>+ 9.6%</b>
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- Operating cash profits increased by 142% on the back of reduced finance costs and operating costs.
- We aim to grow the annuity cash income base by increasing the pool of cash yielding assets.
- Total return is additionally impacted by revaluations. Active asset management to drive portfolio value creation is an equally important focus area.
- In FY2022, we mitigated value erosion and the total return improved by 9.6% year-on-year.
- Below is an analysis of the utilization of cash returns during the year:

Utilization of annuity income	March 2022		March 2021	
	Ksh Mn	%	Ksh Mn	%
Annuity income	1,303	100%	1,411	100%
Cash operating expenses	(513)	(39%)	(654)	(46%)
Finance costs (exc. forex losses)	(451)	(35%)	(582)	(41%)
<b>Residual operating income available for distribution</b>	<b>339</b>	<b>26%</b>	<b>175</b>	<b>12%</b>

# Business Review

## Section 3: *Portfolio Updates*





# Portfolio Snapshot

Centum Investment Company Plc. (31 March 2022)

Total Assets - KES 47 Bn | Total NAV - 41.3 Bn | NAV Per Share - Kes 62.1

A. GROWTH PORTFOLIO: 85%

B. MARKETABLE SECURITIES: 15%

## Sector diversification

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



Total Assets: Kes 39. Bn

NAV Per Share: Kes 51.2

Total Assets: Kes 7.5 Bn

NAV Per Share: Kes 10.9

# Shareholder value | NAV decomposition and its drivers

Portfolio Assets	Value Per Share				Change in NAV	Comments
	Kenya Shillings	Mar-22	Mar-21	Mar-19		
Sidian Bank*	4.32	3.86	4.79	(0.47)	Revaluation loss, now recovered on the higher negotiated exit price	
Isuzu East Africa	4.30	3.50	2.92	1.38	Reflects underlying strong performance	
Longhorn Publishers	0.87	1.01	1.50	(0.63)	Market prices decline	
NAS Servair	1.24	0.32	1.27	(0.03)	Dampened performance due to Covid-19. Post Covid recovery reflected	
ACE Holdings	1.44	1.40	1.03	0.41	Additional follow-on funding	
Akiira Geothermal	1.71	1.64	2.32	(0.61)	Impairments	
Amu Power	-	-	3.03	(3.03)	Impairments driven by significantly delayed project implementation	
Greenblade Growers	0.43	0.30	0.37	0.06	Operating losses; asset is now breaking even and scaling up	
Almasi Beverages			14.23	(14.23)		
Nairobi Bottlers			9.99	(9.99)	Exited and proceeds applied to debt reduction and increasing MSP	
King Beverage			0.80	(0.80)		
Centum Real Estate	32.20	32.77	35.85	(3.65)	Increased deferred tax provision on CGT rate changes from 5% to 30%	
Two Rivers Development	9.17	11.10	16.45	(7.28)	Impact of finance costs at TRLC and TRDL	
Marketable Securities Portfolio (MSP) + Cash	11.26	11.32	6.15	5.11	Enhanced MSP from exit proceeds	
Other PE assets	1.41	1.84	2.60	(1.19)		
<b>Gross portfolio total</b>	<b>68.4</b>	<b>69.1</b>	<b>103.3</b>	<b>(34.9)</b>		
Less: Borrowings per share*	(6.3)	(6.2)	(24.3)	18.0	Debt repayment comprising Kes 6.6Bn bond and Kes 7.8Bn RMB facility	
<b>Total NAV per share</b>	<b>62.1</b>	<b>62.9</b>	<b>79.0</b>	<b>(17)</b>		

\*The ongoing exit of Sidian Bank at **Kes 4.3Bn (59% higher than carrying value)**, will result in recovery of previously booked revaluation losses on the asset and add **Kes 2.4 per share** to the current NAV per share of Mar 2022 at Kes 62.1 per share.

# Track record | Cash yield over the years

Portfolio Assets	Sector	Stake	Initial Cost of investment (KES Mn)	Investment Date	Cash Distribution since inception (KES Mn)	Cash Distribution Apr - Mar 2022 (KES Mn)	Net Cost of Investment (KES Mn)	Carrying Value (KES Mn) Mar-22	Multiple on Net Cost (MOC)
Sidian Bank	Financial Services	84.0%	4,765	2009	0	0	4,765	2,777	0.58x
Longhorn Publishers	Consumer	60.20%	750	2009	276	0	474	572	1.21x
Isuzu E.A	Manufacturing	17.80%	978	2009	1,110	134	0	2,999	Infinite
NAS Servair	Financial Services	15.00%	182	2009	828	0	0	859	Infinite
Green Blade Growers	Agribusiness	100.00%	561	2016	0	0	561	273	0.49x
ACE	Education	16.40%	1,006	2017	0	0	1,006	960	0.95x
Nabo	Financial Services	100.00%	454	2013	0	20	434	514	1.18x
Zohari	Financial Services	100.00%	260	2016	4	4	252	245	0.97x
TSG	Service	80.00%	6	2017	0	0	6	50	8.29x
Akiira	Power	37.50%	1,972	2016	0	0	1,972	1,014	0.51x
Centum Real Estate	Real Estate	100.00%	7,804	2010	4,514	269	3,021	22,239	7.36x
Two Rivers Development	Real Estate	58.00%	2,653	2010	0	0	2,653	6,245	2.35x
<b>Totals</b>			<b>21,391</b>		<b>6,732</b>	<b>427</b>	<b>15,144</b>	<b>38,749</b>	<b>2.56x</b>



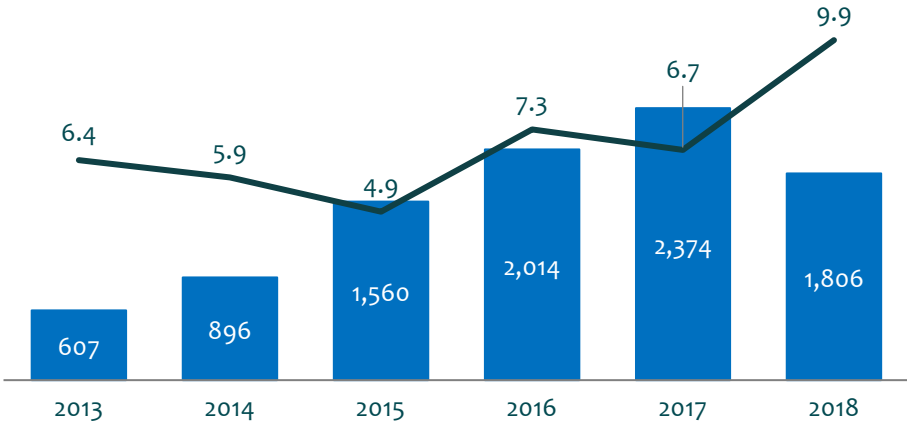
# A. Growth Portfolio



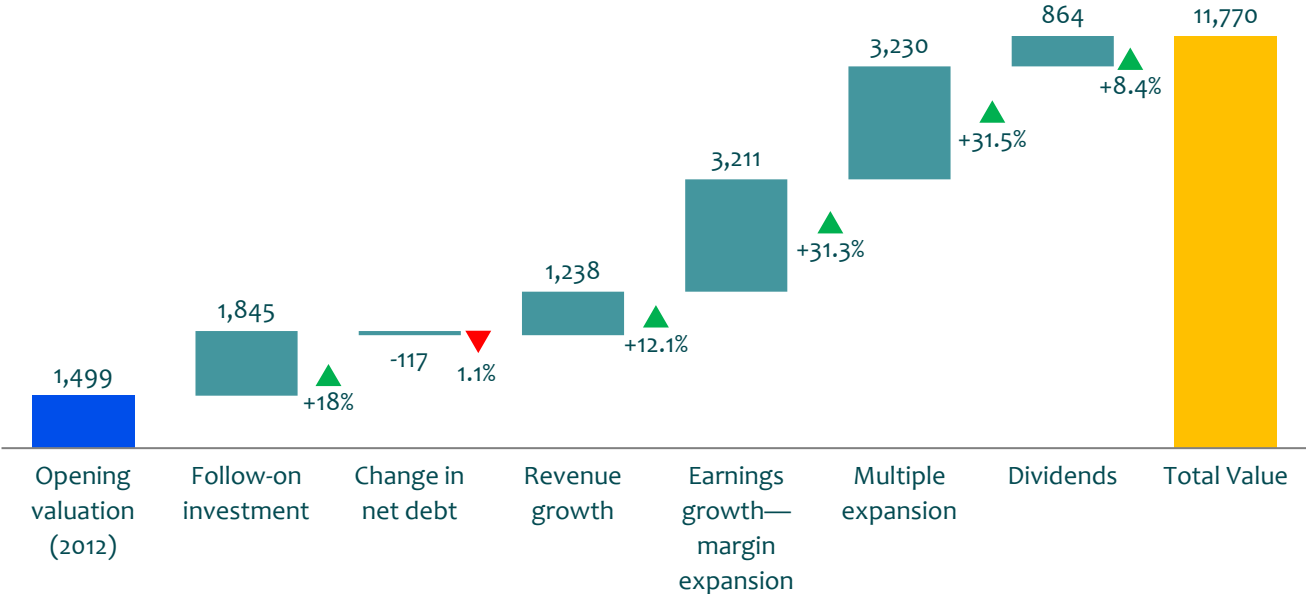
# Track record | Almasi Bottlers case study



Almasi EBITDA in million Ksh<sup>1</sup> and Adj.<sup>2</sup> EV/EBITDA multiple 2013-2018



Value creation attribution in million KSH



Impact

**1.2X**

Increase in annual physical cases from 12.8 million in 2013

**5.4%**

Gross revenue CAGR over 2013 to 2019

**22.8%**

EBITDA margins achieved as at 2018 up from 10.3% in 2012

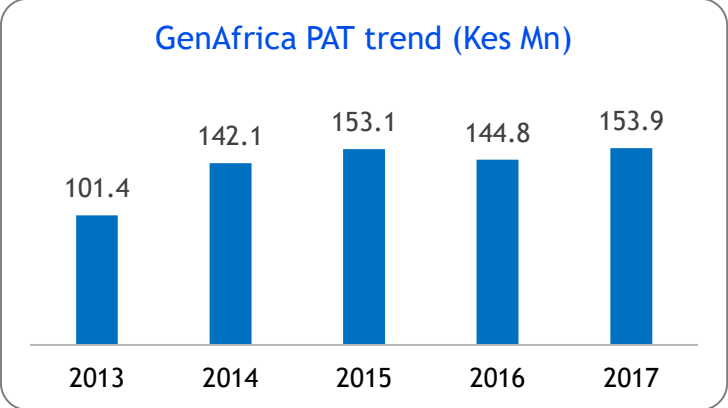
**3X**

EBITDA growth in 5 years

1. Kenya Shillings  
2. Adjusted



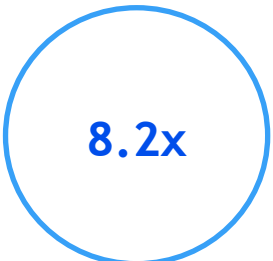
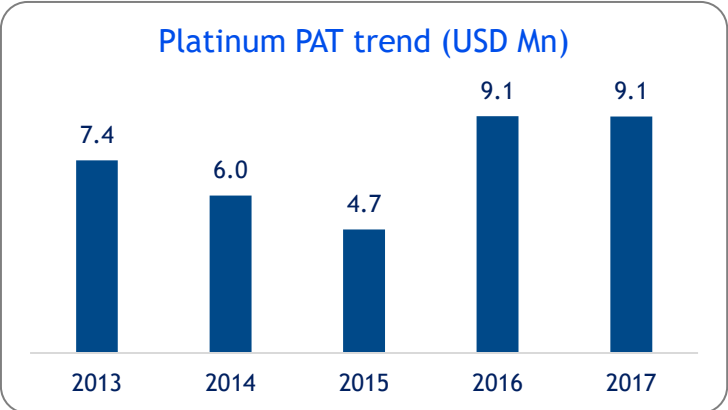
# Track record | GenAfrica and Platinum Credit



Exit Enterprise Value



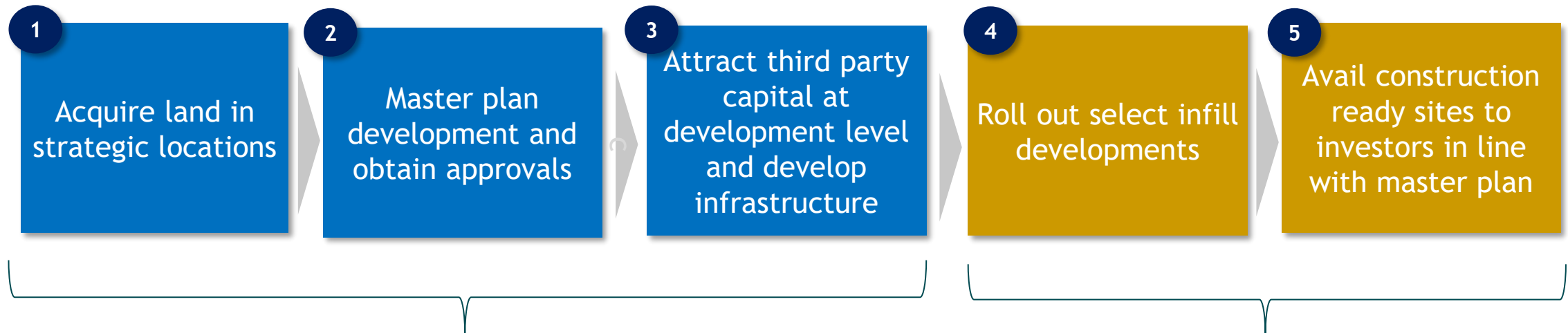
Implied P/E



Increased overheads following fast expansion (2013-2015)  
Benefits of growth realized (2016-2017)

# 1. Centum Real Estate (1/4) | Value creation stages

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



**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

- Present focus is on rolling out residential infill developments to meet assessed demand.
- **Based on our experience and market uptake the affordable housing segment presents the most compelling opportunity.**

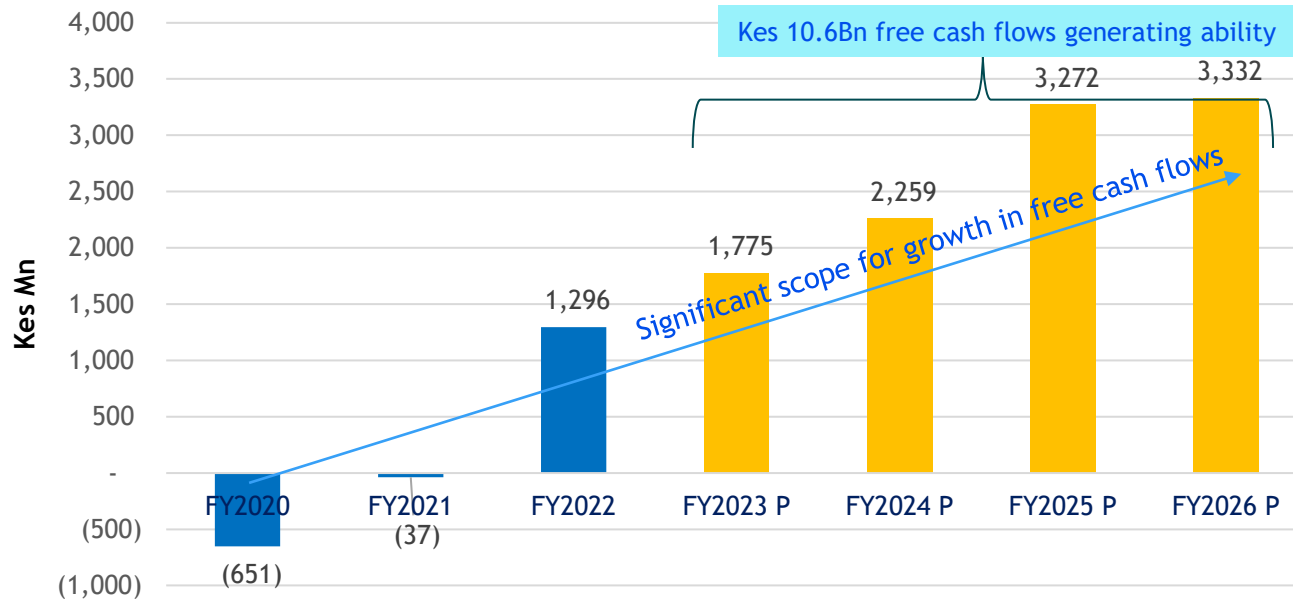
Stage completed

Current Stage



# 1. Centum Real Estate (2/4) | Growth opportunity

## Centum Real Estate value enhancement opportunity



- In FY2022, Centum RE generated **Kes 1.3 Billion** in free cash flows.
- There is significant opportunity to scale up the residential units business targeting the mid-market rental segment.
- From the current projects under development and signed sales of development rights, Centum RE has capacity to **generate Kes 10.6Bn in net free cash flows**, to be realized progressively between FY2023 - FY2027.
- Management focus is on **enhancement of efficient project delivery** and pursuing a **low capital intense model** to unlock the potential free cash flows faster.

## Centum Real Estate gearing summary

Financial Metrics	March 22	March 21
Borrowings	Kes 5.8 Bn	Kes 6.7 Bn
Less: Cash holdings	(Kes 1.6 Bn)	(Kes 1.6)
<b>Net Borrowing</b>	<b>Kes 4.2Bn</b>	<b>Kes 5.0Bn</b>
Total Assets	<b>Kes 40.9 Bn</b>	<b>Kes 39.6</b>
Assets coverage over debt	<b>9.6x</b>	<b>7.9x</b>

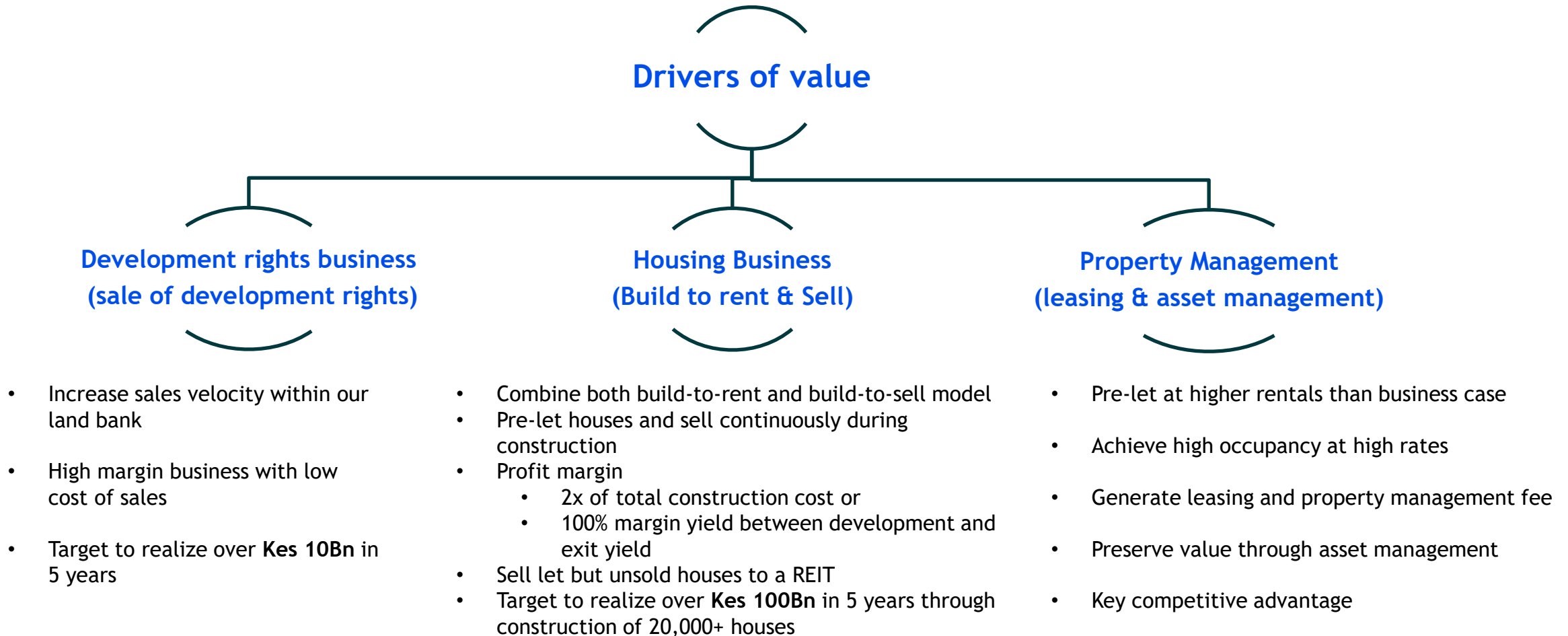
- ✓ The Centum RE group generates sufficient cash flows to meet debt service and has an adequate asset base that covers all outstanding debt by **9.6x**.
- ✓ Projected free cash flows by business segment is as follows:

## Centum Real Estate Free Cash Flows (actual & outlook) (Kes Bn)

	FY2020	FY2021	FY2022	FY2023 P	FY2024 P	FY2025 P	FY2026 P
Residential Units	(0.97)	(1.49)	0.50	0.81	1.26	2.21	2.22
Development rights	0.32	1.46	0.79	0.97	1.00	1.06	1.12
<b>Total FCF</b>	<b>(0.65)</b>	<b>(0.04)</b>	<b>1.30</b>	<b>1.78</b>	<b>2.26</b>	<b>3.27</b>	<b>3.33</b>

# 1. Centum Real Estate (3/4) | Key value drivers

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

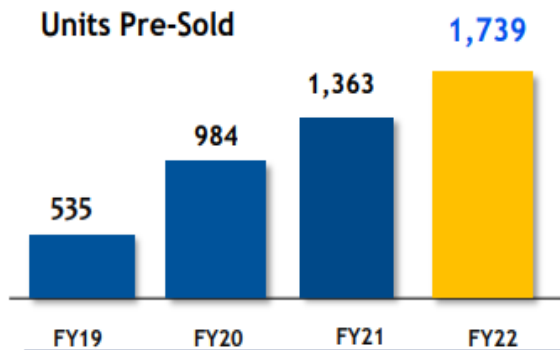


# 1. Centum Real Estate (4/4) | FY22 performance highlights



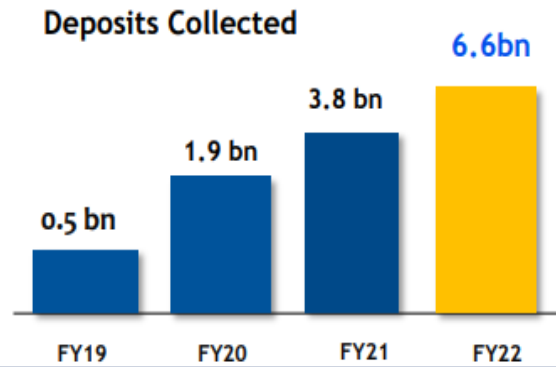
Residential Unit Sales

**KES 14.8 Billion Shillings**  
Value of Units Pre-sold to date



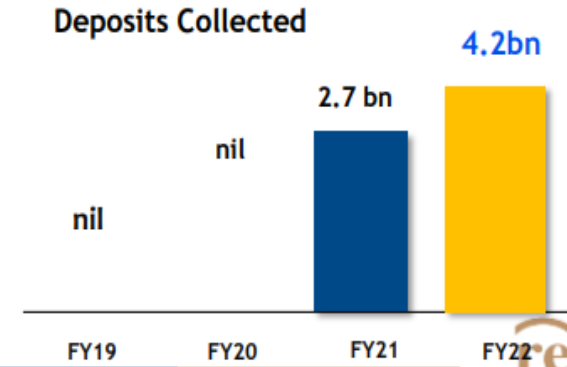
Residential Unit Deposit Collections

**KES 6.6 Billion Shillings**  
Deposits Collected to date on Pre-sold units



Development Right Collections

**KES 8.2 Billion Shillings**  
Value of Development Pipeline



**Kes 1.3 Billion**  
Free Cash Flows  
generated

# 2. Two Rivers Development (1/2) | Value opportunity

TRDL has an opportunity to capitalize on its competitiveness to realize value

Market opportunity

- Estimated 1.5 million households in Nairobi are tenants with 197,000 annual growth in demand for housing.
- Mid-market segment have the highest demand for housing in the range of Kes 40,000 - Kes 60,000 monthly rent.
- 867,000 SQM at Two Rivers is earmarked for residential developments, largely to cater for this segment.

Two Rivers Competitiveness

- Master planned development-ready site with 1.3 Mn SQM available.
- Superior location: prime 101-acre mixed use urban node located within Kenya’s Diplomatic Blue Zone in Nairobi
- Infrastructure including power, ICT, roads, water and waste management

Two Rivers Development Valuation	Completed Sales
Monetized Bulk (Sqm)	157,906
Total sales proceeds	2,858
<b>Average selling price (Kes/Sqm)</b>	<b>18,101</b>
Balance of bulk (Sqm)	1,355,760
Carrying value	12,975.50
<b>Average carrying value (Kes/Sqm)</b>	<b>9,571</b>
<b>Market Price/ Carrying Value multiple</b>	<b>1.9x</b>

Ongoing residential projects at the Two Rivers mixed use development



The ongoing capital raise will fund further development of the Two Rivers Residential node in response to pent-up demand for housing in the neighborhood.

TRDL Location attractiveness underscored by sales and collections on projects under development

Units Sold	Total Project Size	Phase 01 Size	Phase 01 Sold	% Sold
No. of Units	2,248	811	573	71%

Revenue and Collections	Sales	Deposits Collected	% Collected	Receivables
Kes Billions	7.44	2.34	31%	5.10



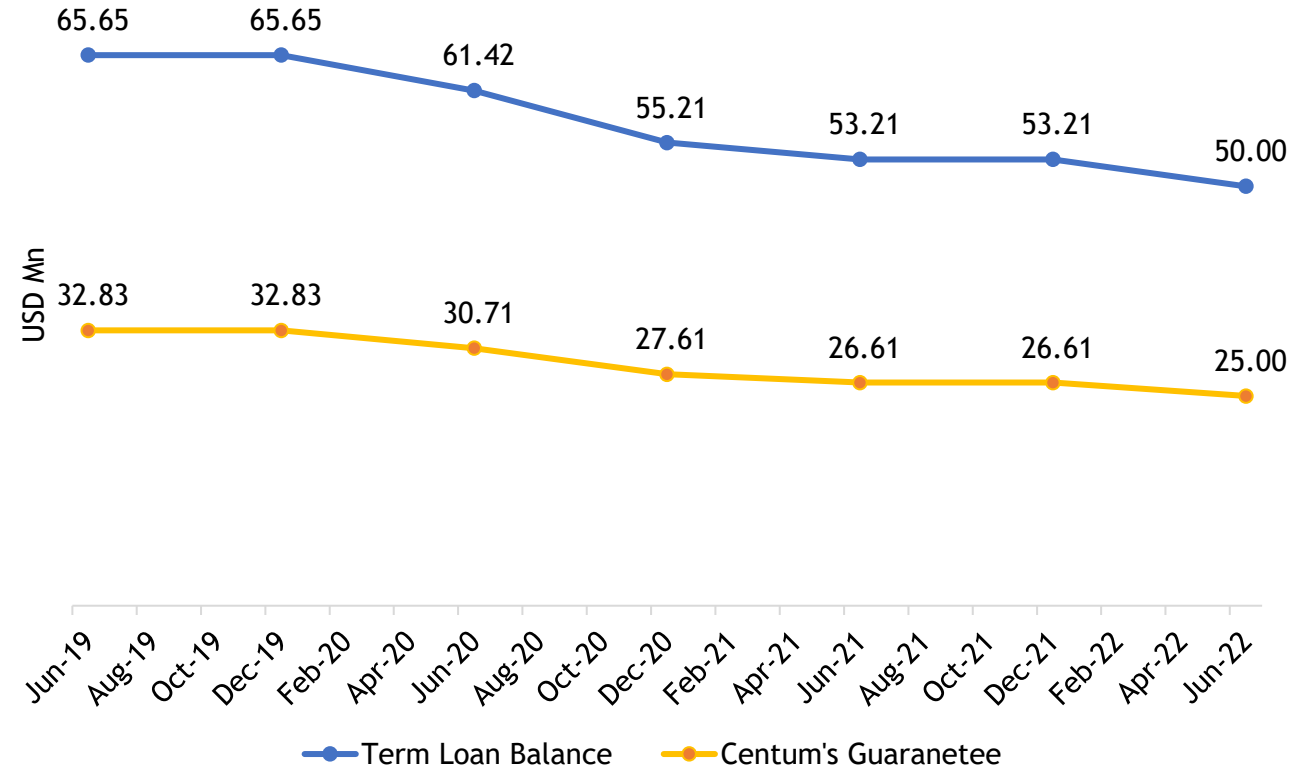
## 2. Two Rivers Development (2/2) | Capital structure

### Two Rivers Development Limited gearing summary

Debt Coverage		March 2022
Total Assets		Kes 20.8 Bn
Borrowings		Kes 10.2 Bn
Assets coverage over debt		2.0x

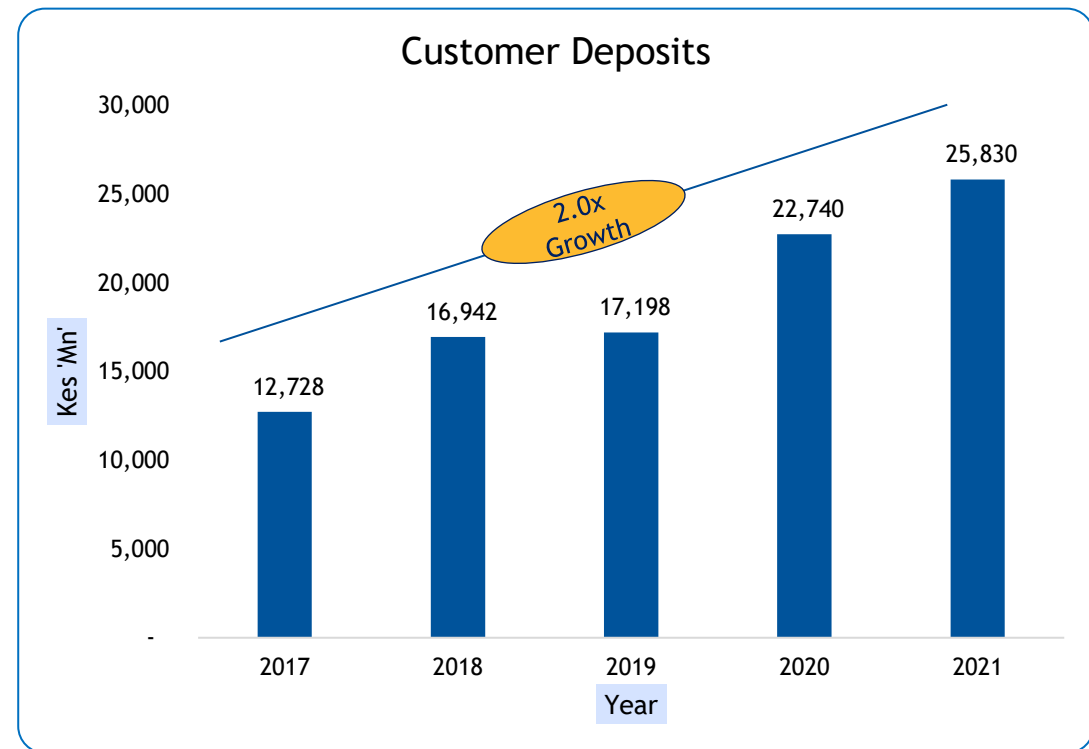
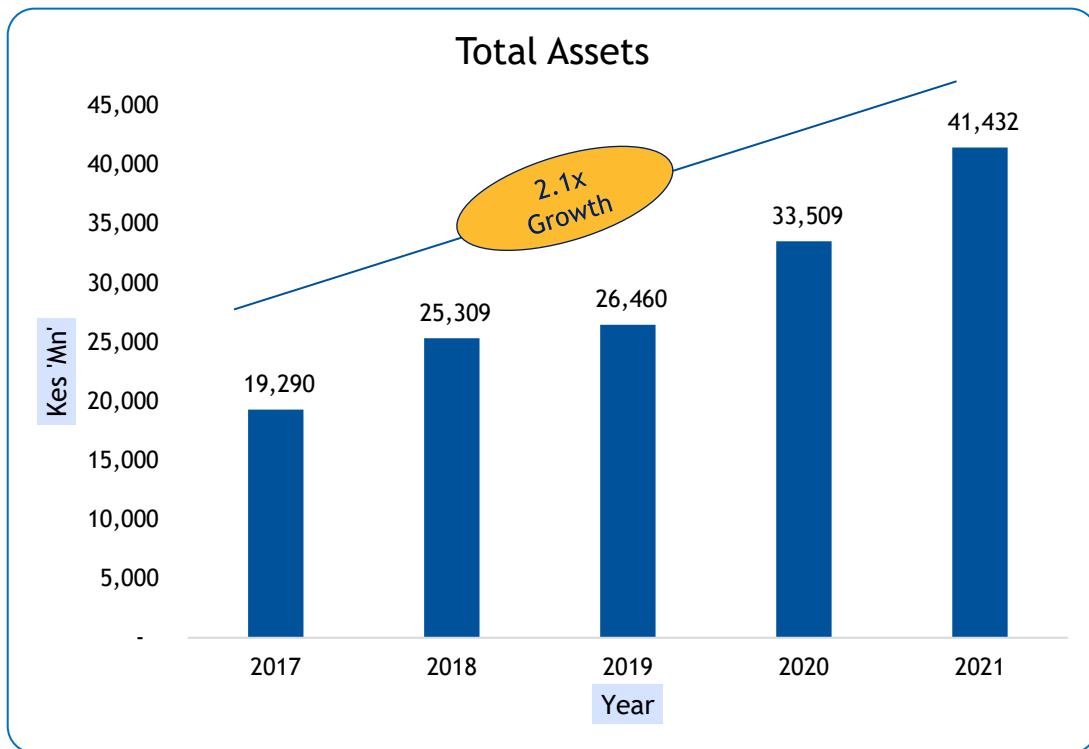
- CICP's off balance sheet exposure to TRDL has been gradually reducing in line with debt repayment.
- Upon completion of the ongoing non-recourse capital raise at TRDL, the corporate guarantee to TRDL will fall off.

### Reduction of CICP guarantee exposure in line with TRDL debt repayment

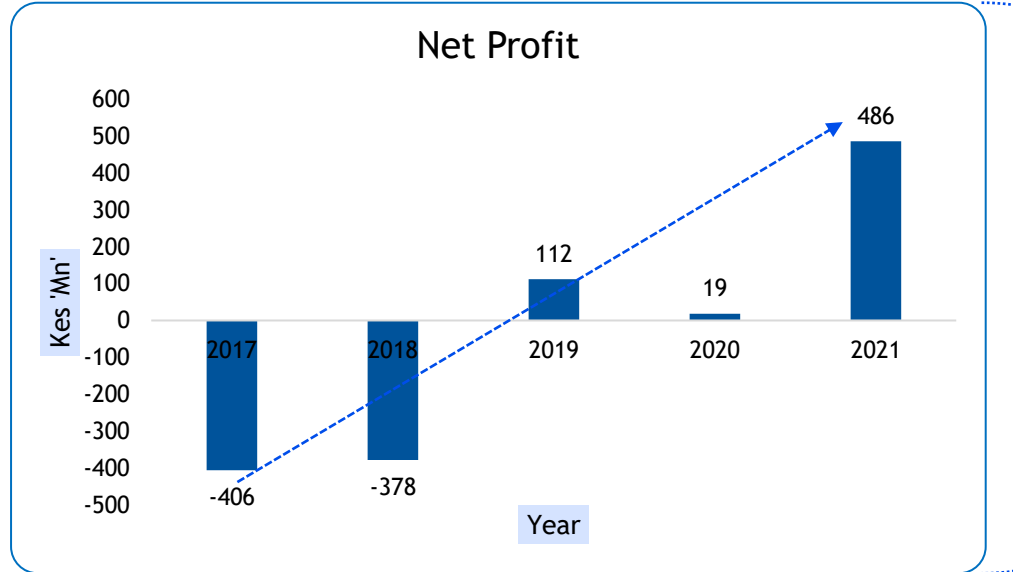


# 3. Sidian Bank (1/3)

Five-years of consistent growth in assets and customer deposits



# 3. Sidian Bank (2/3)



**+ Ksh 892 Mn**  
 Enhancement in profitability leading to growth in value



### 2021 Highlights

**5.2%**  
 Net Interest Margin

**68%**  
 Cost to Income Ratio

**40**  
 Branches

# 3. Sidian Bank (3/3) - Comparable valuation

Sidian Bank comparables	Share price performance				
	Mar' 2014	Mar' 2019	Jun' 2022	Return (2019 - 2022)	Return (2014 - 2022)
Market returns between 2019 and 2022	Kes	Kes	Kes	%	%
NCBA	47.95	33.05	25.75	-22%	-46%
Diamond Trust Bank Kenya Ltd	201.49	130.00	50.50	-61%	-75%
Stanbic Holdings Plc	109.00	100.00	99.00	-1%	-9%
I&M Holdings Ltd	31.25	28.38	17.00	-40%	-46%
<b>Average return</b>				<b>-31%</b>	<b>-44%</b>
<b>KCB Bank</b>	<b>47.25</b>	<b>44.05</b>	<b>38.7</b>	<b>-12%</b>	<b>-33%</b>

**Valuation highlights:**

- Kes 4.3Bn | Expected exit proceeds
- Kes 2.7Bn | Pre-exit Carrying Value
- 10.6x | Implied P/E multiple
- 59% | Exit Premium to Carrying Value

Sidian Bank Review	Mar' 2019	Jun' 2022	Return
	Kes M	Kes M	%
Sidian Bank value	3,315	4,300	
Gain / (Loss)		985	30%

**Simulation of value under various scenarios:**

<b>1) Sale in 2019 and investing in a portfolio of the listed comparable</b>			
Gain / (Loss)	3,315	2,284 (1,030)	-31%
<b>2) Sale in 2019 and investing proceeds in KCB</b>			
Gain / (Loss)	3,315	2,912 (403)	-12%

- ❑ The average market return of the pool of Kenyan listed comparable banks was -31% whereas that of KCB Bank was -12% between 2019 and June 2022.
- ❑ For the Sidian Bank holding period (2014-2022), Kenyan listed banks **lost 44% in value** between 2014 and 2022.
- ❑ The exit of Sidian Bank has been achieved at **comparatively superior valuation** considering the market performance of the banking sector over the holding period.



# 4. Longhorn Publishers

22%  
Debt reduction between June 2020 and December 2021 on the back of improved cash flows from operations.

**Strong recovery from Covid-19 Impact**

▲ 3.3x  
Revenue growth HY21 v HY20

▲ 130 Mn  
PAT growth in HY21 vs HY20

**Market & Product Growth**

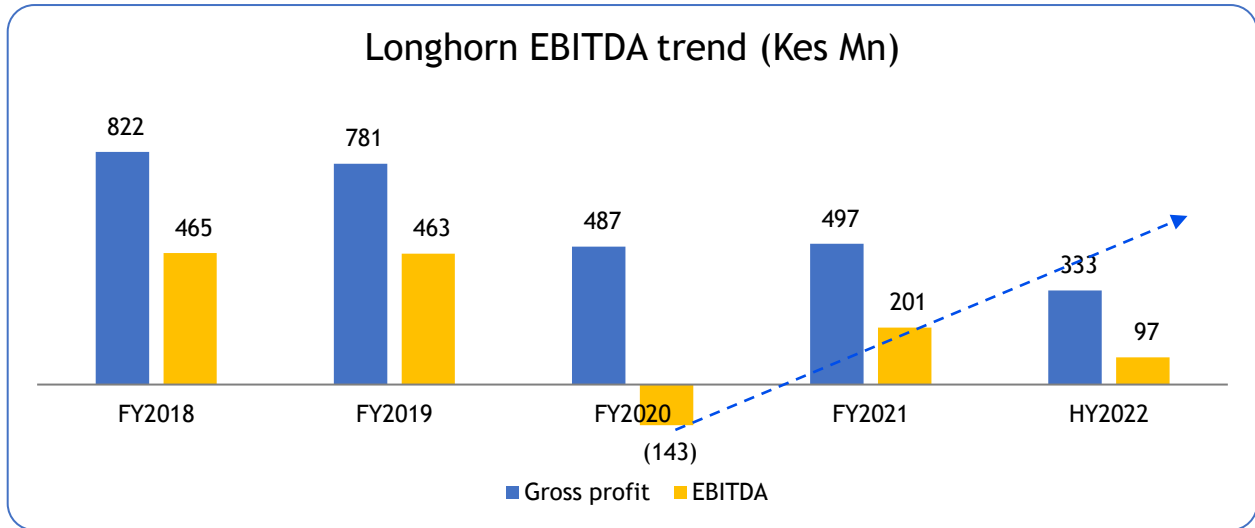
9 markets  
With most recent expansion into **west Africa.**

Focus is on **digital** channels of delivery and **diversifying customer base.**

**Kes 572 Mn** | Carrying value based on market price

**Kes 201 Mn** | FY2021 EBITDA

**9.7x** | Implied EV/EBITDA



✓ Following a dip in EBITDA in FY2020 due to the Covid disruptions of the school calendars, Longhorn's profitability showed recovery in FY2021 and we expected an even better performance in FY2022.

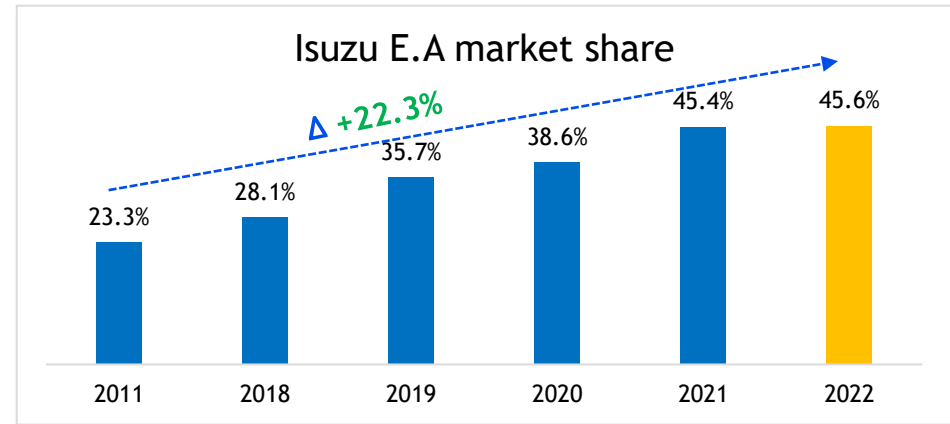
✓ The business is reviewing its product mix to focus on profitable offerings with a target of more 50% Gross Margin.

# 5. Isuzu East Africa



Isuzu recorded an average PAT of Kes 1.3 Bn in the pre-covid period. The business was slightly impacted by supply chain disruptions during Covid but has remained resilient and is now well on the path to full recovery

Renewal of partnership between Eliud Kipchoge and Isuzu E.A.



Net Sales |  $\Delta$  +50%  
 Net Profit |  $\Delta$  +40%

Average Pre-Covid PAT | Kes 1.3Bn  
 Carrying Value FY22 | Kes 3.0Bn  
 Implied EBITDA multiple | 7.99x



Isuzu's ultra-modern factory in Kenya with capacity to produce 11,000 new vehicles per year.

# 6. NAS Servair

**Core business :** Inflight catering

**New product :** Home deliveries in partnership with Jumia online shop

Average Pre-Covid PAT | Kes 900 Mn

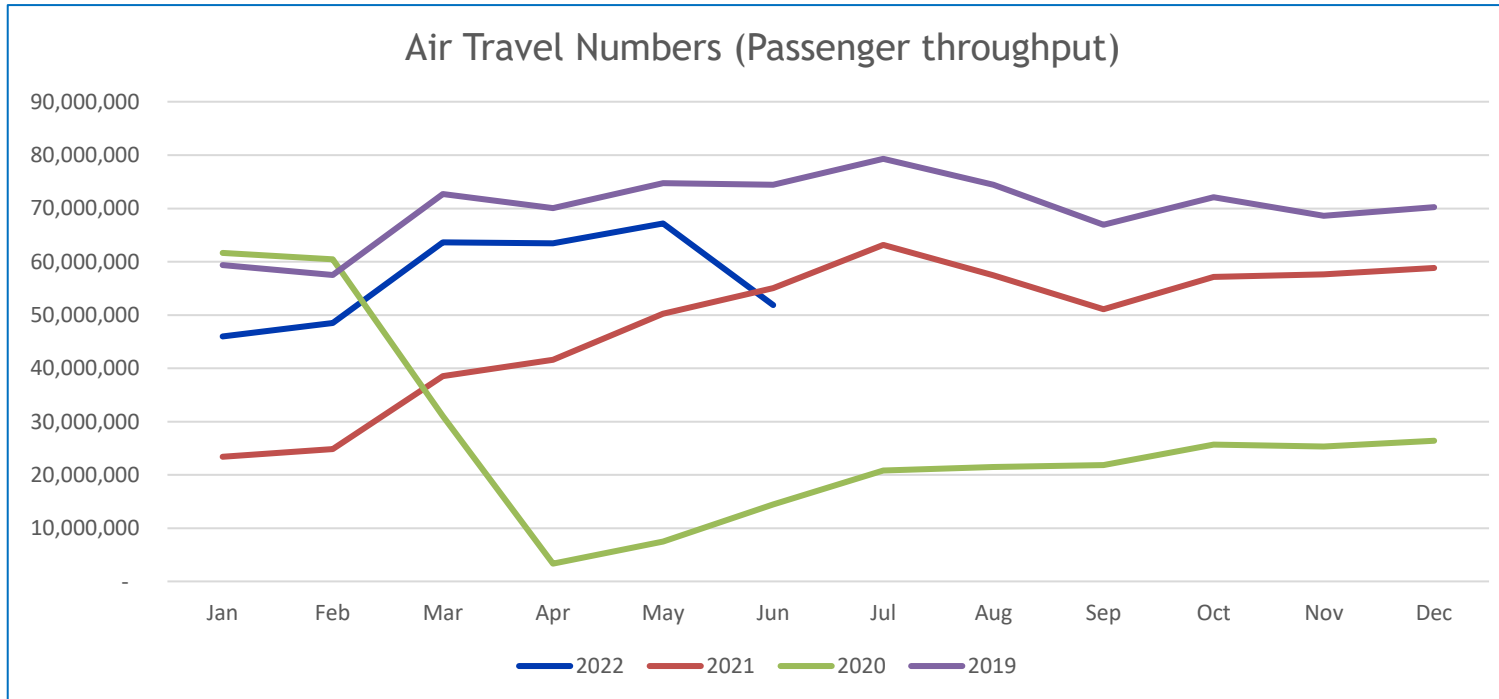
Carrying Value FY22 | Kes 859Mn

Implied P/E multiple | 7.12x

### 2022 Q 1 NAS Performance highlights

✓ Revenue | +54%

✓ Gross Profit | +54%



There are indication of recovery in airline travel as 2022 passenger throughput approach pre-covid levels



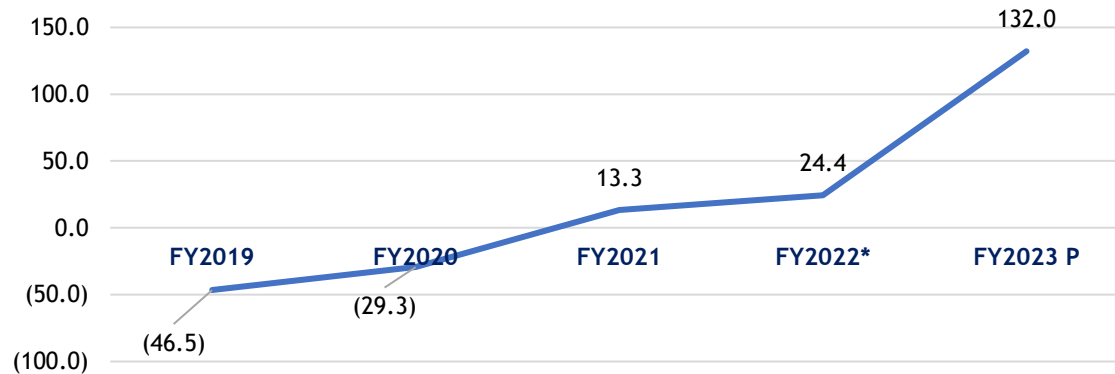
# 7. Greenblade Growers



- ✓ Kes 273Mn | Carrying Value
- ✓ Kes 100Mn | Annualized EBITDA potential
- ✓ Kes 2.7x | Implied EBITDA multiple
- ✓ Zero Debt

Greenblade Growers has established a cash generating business with **positive EBITDA over the past three years** and still has scope for exponential growth.

Greenblade EBITDA trend (Kes Mn)



\*The business made an operating loss of Kes 24Mn in the first six months of FY2022 and an **operating profit of Kes 48Mn in the second half of the year**, netting out to Kes 24mn EBITDA in the year.

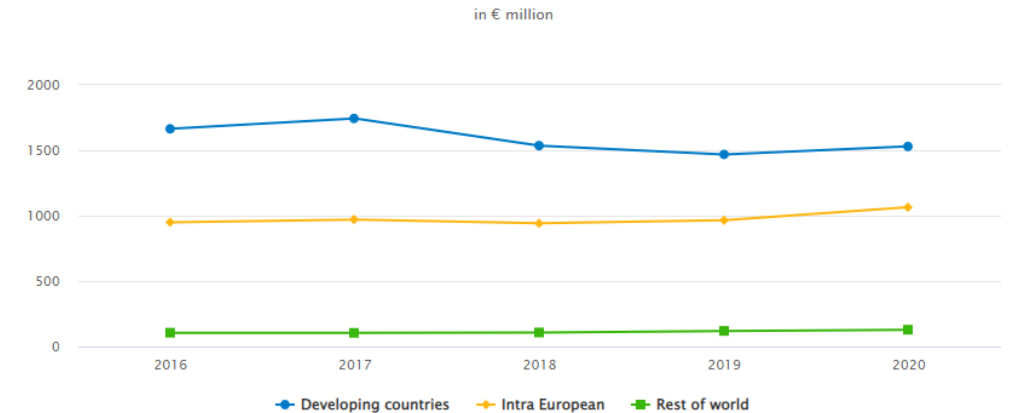
The negative EBITDA made in the first 6 months was occasioned by water shortage that hampered production. Adjusting for this impact, the business has demonstrated capacity to achieve **Kes 100Mn annual EBITDA**.

Management has expanded the farm's water storage capacity by sinking an additional dam to mitigate the risk.

## Market opportunity

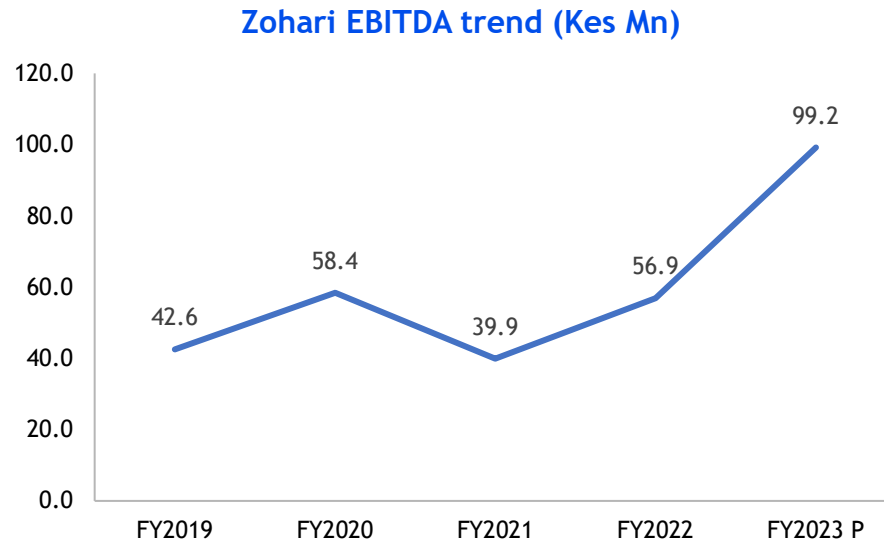
- ✓ **Over EUR 1.5 Billion** market exists in Europe alone, representing the value of fresh herbs imports from developing countries in 2020.
- ✓ Management has embarked on rapid **production expansion** to meet the sizeable demand for Chives and other fres herbs.

Figure 1: European imports of herbs and spices by origin





## 8. Zohari Leasing

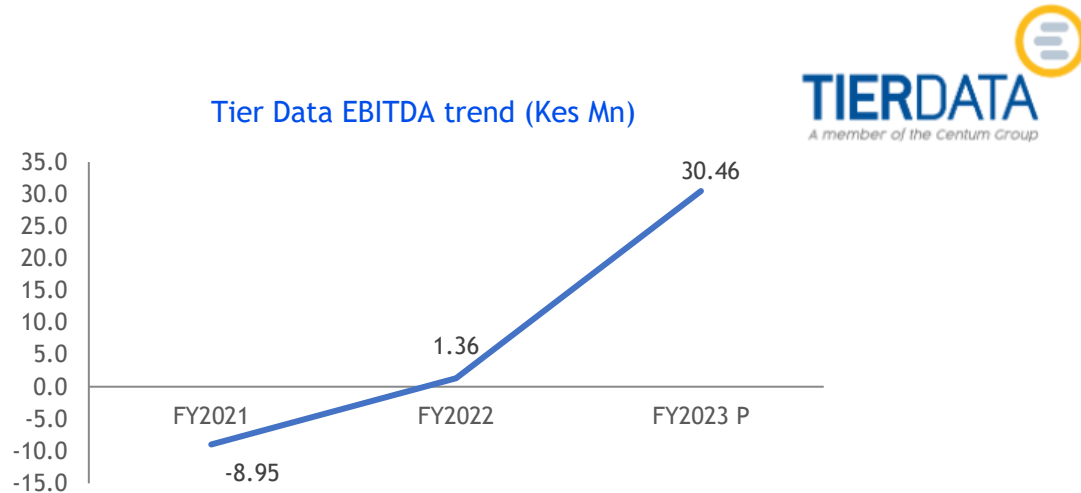


- Zohari provides asset leasing a cross diverse sectors such as financial services, real estate, manufacturing and agribusiness.
- The business is valued at Net Asset Value in the books of Centum and as at 31March 2022 was carried at **Kes 245 Mn**.
- At the FY2022 EBITDA of **Ks 57 Mn**, this implies a **4.3x** EBITDA multiple.

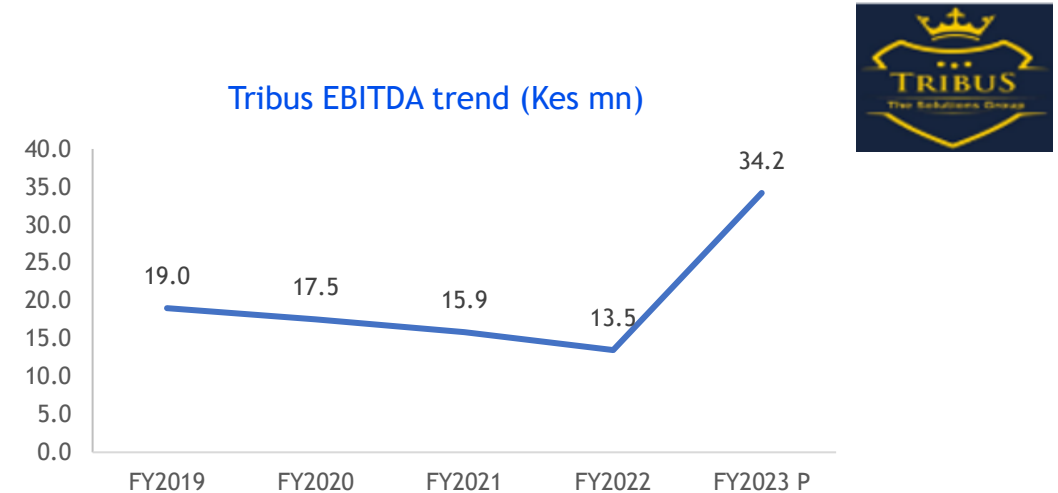
**+43%** | Year-on-year growth in EBITDA

# 9. Other portfolio companies

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



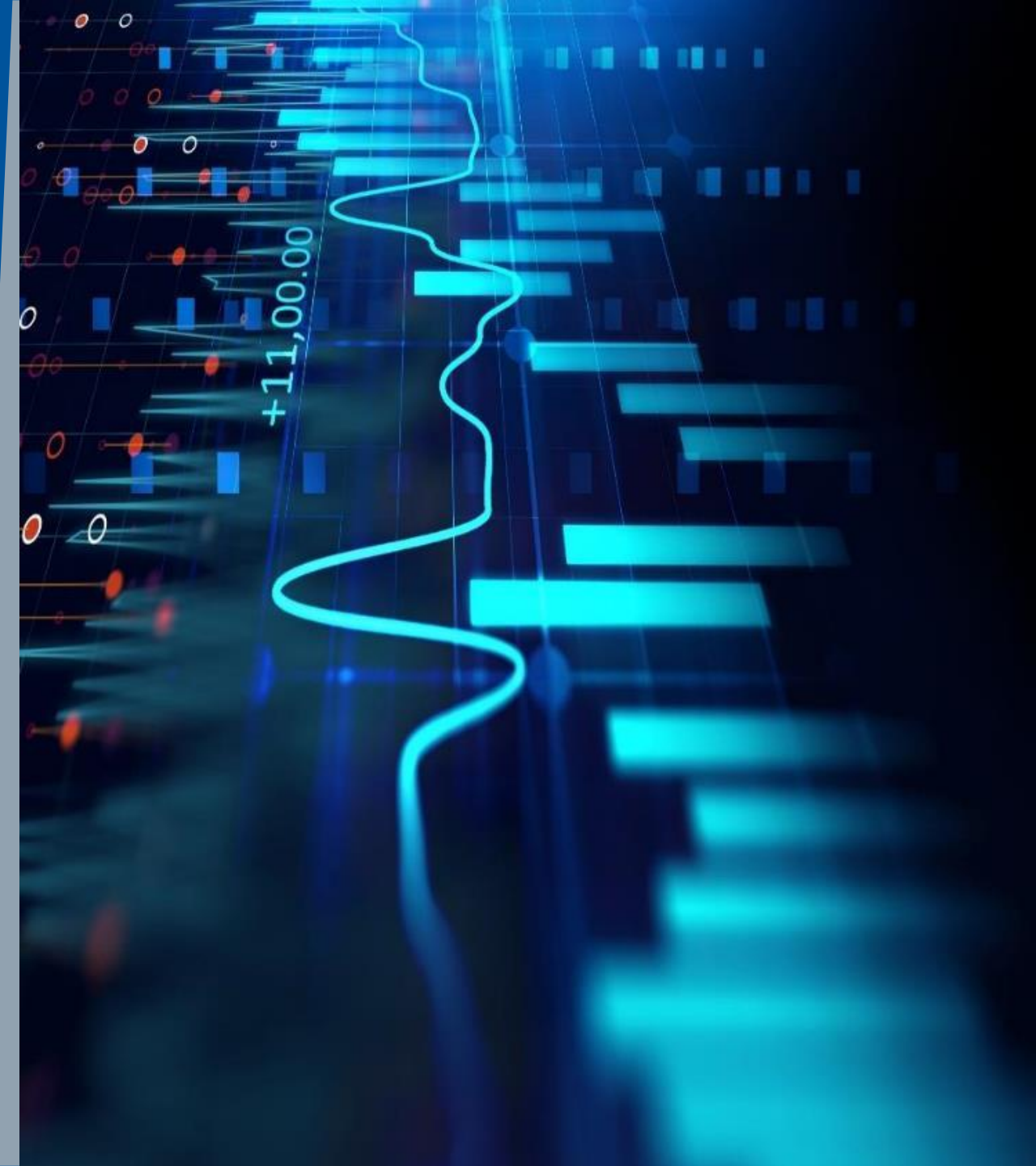
- ❑ A relatively new company set up to offer a bouquet of ICT services
- ❑ Current offerings include:
  - Revenue Stadia:** Revenue assurance solution for real estate developers for rent and levies collections as well as smart metering for water and electricity billing and collection.
  - Real CRM:** 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.

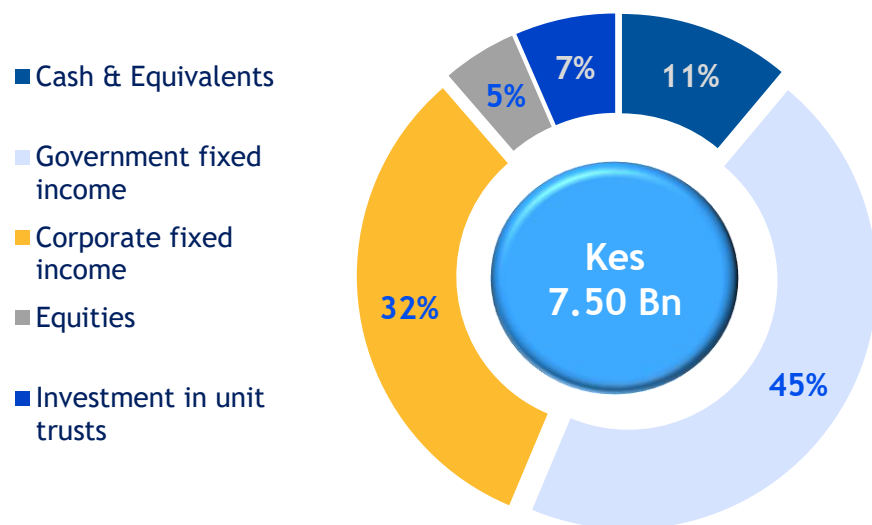
# Marketable Securities

Managed by

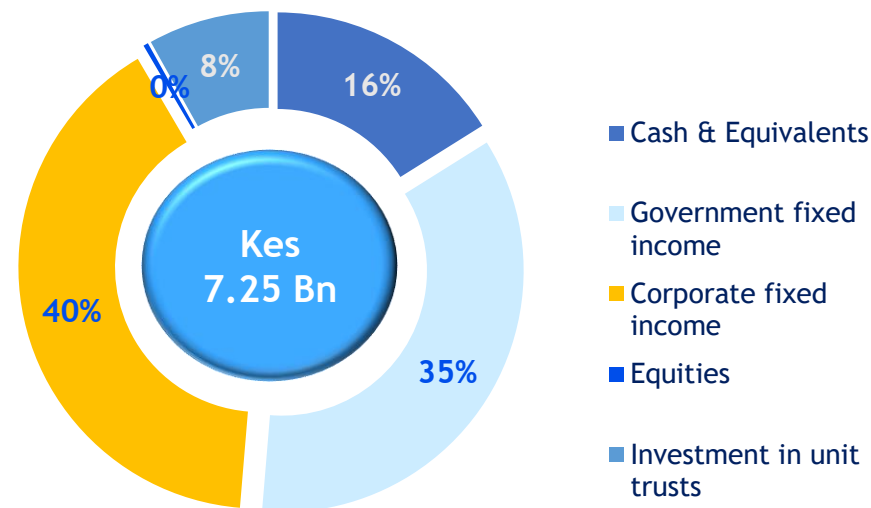


# Marketable Securities | Portfolio diversification

## Asset Allocation | 31 March 2021



## Asset Allocation | 31 March 2022

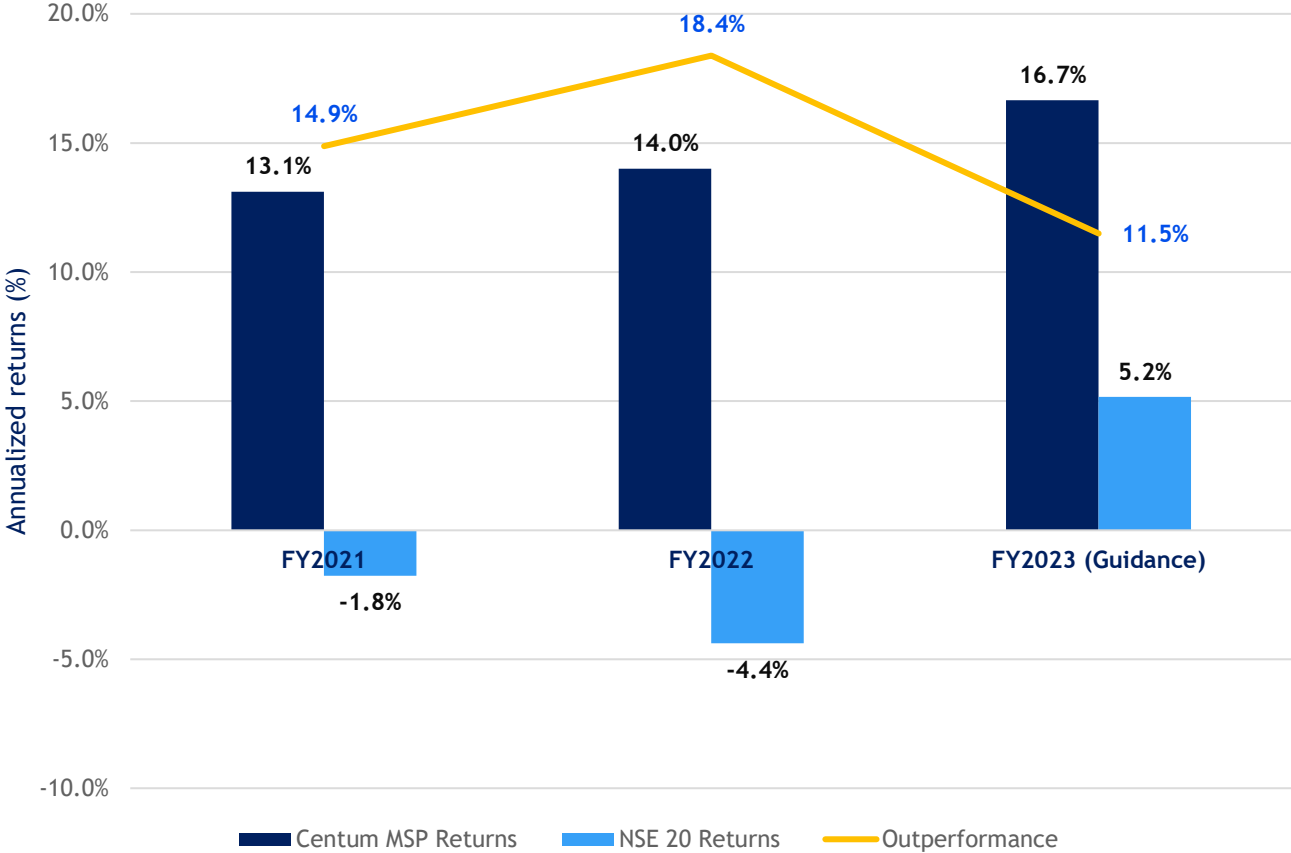


MSP asset mix (Kes Mn)	March 2021	March 2022
Cash & Equivalents	867	1,019
Government fixed income	3,266	2,538
Corporate fixed income (3rd Party)	1,931	1,347
Corporate fixed income (related parties)	651	1,736
Equities	349	24
Investment in unit trusts	470	585
<b>Total portfolio</b>	<b>7,534</b>	<b>7,248</b>

Marketable securities portfolio provides liquidity in the overall investment portfolio while generating a stable regular cash yield.

# 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.



# ESG Considerations and Impact



**CENTUM**  
FOUNDATION

# Environmental, Social and Governance (ESG) Considerations

Our investment activities and operations are designed with due regard to Environmental, Social and Governance Considerations to contribute towards the achievement of the UN Sustainable Development Goals

## ESG in a Snapshot

### Gender Diversity

40%

Composition of the Centum Board of Directors is made up of women

### Education

300

High School Scholarships advanced by Centum and Vipingo Development

### Water and Wastewater Management

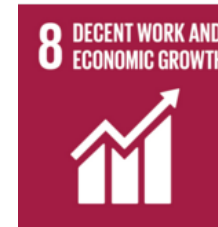
80%

Wastewater is across Vipingo and Two Rivers mixed use developments is recycled for reuse

### Solar Energy

1.2MW

Installed solar capacity at Two Rivers, translating to 535 tons of carbon emissions reduction



# ESG | Highlights of Impact



- 300+ scholarships awarded to date to Vipingo residents
- Every year, the Vipingo Scholarship Programme supports 50 bright but needy students to transition to secondary schools.
- Centum sponsors 5 top performing and needy students at the Alliance High School. The first cohort sat their KCSE exams in 2021 and have secured admission to top local and international Universities for further studies.



# ESG | Highlights of Impact



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

Installed Sea Water Desalination Plant provides potable water for the development and the communities around Vipingo.



# Financial Performance

Group Finance Director: Risper Alaro





# Company Statement of Comprehensive Income

Kes Mn	Mar 2022	Mar 2021	%Δ
Dividend and interest income	1,303	1,411	(8%)
Other investment income	359	106	237%
Operating expenses	(529)	(669)	21%
Finance cost	(540)	(603)	10%
<b>Operating profit</b>	<b>592</b>	<b>245</b>	<b>142%</b>
Impairment of assets	(531)	(1,071)	50%
<b>Profit (Loss) after tax</b>	<b>(21)</b>	<b>(607)</b>	<b>(97%)</b>
Unrealised gains/(losses)	(227)	(4,212)	95%
<b>Total return for the year</b>	<b>(248)</b>	<b>(4,819)</b>	<b>95%</b>
<b>Opening NAV</b>	<b>41,822</b>	<b>47,439</b>	
<b>Return on opening NAV</b>	<b>(0.6%)</b>	<b>(10.2%)</b>	<b>9.6%</b>

The total return statement represents the performance of Centum as an investment holding company. Income from the portfolio net of operating expenses and finance costs represent the operating performance of the company. The portfolio is held at fair value in the balance sheet and value movements each year are passed through the total return statement.

- **142%** growth in operating profit buoyed by a 10% increase in total income and reductions in operating costs and finance costs.
- We realized efficiencies with a decline in operating expenses **by 21%** following the restructuring in the period.
- Finance costs **declined by 10%** reflecting the savings made following debt repayments in prior year.
- An impairment provision of **Kes 531 million** made following a conservative assessment of the realizable value of some of the assets on the Company's balance sheet.
- In FY2022, we mitigated value erosion and the total return improved **by 9.6%** year-on-year.

# Company Statement of Financial Position

Kes Mn	Mar 2022	Mar 2021	%Δ
<b>Growth portfolio:</b>			
- Investment in Subsidiaries	22,243	26,258	(15%)
- Debt Investment in Subsidiaries	9,275	9,528	(3%)
- Unquoted Investments	4,947	3,585	38%
- Other assets	472	609	(23%)
- Asset held for sale	2,776	-	100%
<b>Total growth portfolio</b>	<b>39,713</b>	<b>39,982</b>	<b>(1%)</b>
<b>Marketable securities portfolio</b>			
- Government securities and corporate bonds	6,229	6,668	(7%)
- Cash and Equivalents	1,019	867	18%
<b>Total marketable securities</b>	<b>7,248</b>	<b>7,534</b>	<b>(4%)</b>
<b>Total Assets</b>	<b>46,960</b>	<b>47,516</b>	<b>(1.2%)</b>

Kes Mn	Mar 2022	Mar 2021	%Δ
Borrowings	4,159	4,122	1%
Other Liabilities	1,476	1,572	(6%)
<b>Total Liabilities</b>	<b>5,635</b>	<b>5,693</b>	<b>(1%)</b>
Share Capital	922	922	0.0%
Retained Earnings	21,324	21,578	(1.2%)
Revaluation Reserves	19,080	19,321	(1.3%)
<b>Shareholder Funds</b>	<b>41,326</b>	<b>41,822</b>	<b>(1.2%)</b>
<b>Equity and Liabilities</b>	<b>46,960</b>	<b>47,515</b>	<b>(1.2%)</b>
<b>NAV Per Share (KShs.)</b>	<b>62.10</b>	<b>62.85</b>	<b>(1.2%)</b>

- Total assets remained relatively unchanged.
- We have classified Sidian bank as an asset held for sale. We expect Kes 4.3Bn in proceeds which will be deployed towards reduction of debt and investment into our MSP portfolio.
- No movement in borrowings while other liabilities comprise Deferred Tax movements
- NAV per share slightly dropped by 1.2% to Kes 62.1 per share driven by the marginal total return movement.

# Company Cash Flow Statement

Kes Mn	Mar 2022	Mar 2021
<b>Net cash generated from operating activities</b>	<b>1,240</b>	<b>4,541</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(7)	(0)
Investments in subsidiaries (equity)	(183)	-
Net debt investment in subsidiaries	(1,253)	(988)
Investment in government securities and corporate bonds	(4,038)	(1,085)
Proceeds from government securities and corporate bonds	4,987	-
Purchase of shares in quoted and unquoted investments	(1,217)	-
Proceeds from sale of shares in quoted and unquoted investments	1,250	-
<b>Net cash used in investing activities</b>	<b>(460)</b>	<b>(2,073)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	3,063
Repayment of borrowings	-	(6,210)
Interest paid on borrowings	(402)	(582)
Dividends paid	(220)	(763)
<b>Net cash generated from financing activities</b>	<b>(621)</b>	<b>(4,491)</b>
<b>Net increase in cash and cash equivalents</b>	<b>159</b>	<b>(2,024)</b>
<b>At start of period</b>	<b>(149)</b>	<b>1,875</b>
<b>At end of period</b>	<b>10</b>	<b>(149)</b>
<b>Comprising:</b>		
Cash and cash equivalents	1,019	867
Overdraft	(1,010)	(1,016)
<b>Closing cash and cash equivalents</b>	<b>10</b>	<b>(149)</b>

- Kes 1.2 Bn cash flows generated from operations reflect income from marketable securities and dividend income from the growth portfolio.
- Kes 180 Mn follow on investment was made in a Sidian Bank rights issue during the year.
- Sale and purchases of government securities, corporate bonds and quoted shares reflect the trading activity in the marketable securities portfolio.
- No new borrowings or debt repayments were made in the year.
- Interest payments reduced in line with lower gearing level to the prior year.

# Consolidated Financial Statements

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





# Consolidated Income Statement

Summary (Kes Mn)	Mar 2022	Mar 2021	%Δ
Profit/(loss) from trading businesses	73,215	(529,034)	(114%)
Profit from financial services	691,657	329,858	(110%)
Profit from real estate investments	127,049	875,300	85%
Loss from Two Rivers Development group	(1,985,831)	(1,859,280)	7%
(Loss) from investment operations	(547,975)	(1,149,055)	(52%)
<b>Consolidated Profit/ (Loss)</b>	<b>(1,641,884)</b>	<b>(2,332,210)</b>	<b>30%</b>
(Loss)/profit for the year	(1,339,809)	(1,367,915)	2%
Other comprehensive income/(loss), net of tax	1,481,861	(86,555)	1,812%
<b>Total comprehensive income/(loss) for the year</b>	<b>142,052</b>	<b>(1,454,470)</b>	<b>110%</b>
<b>Earnings Per Share-Basic</b>	<b>(1.10)</b>	<b>(0.93)</b>	

## 1. Trading business:

Sales	2,303,649	995,792	131%
Direct and other operating costs	(2,075,138)	(1,323,181)	(57%)
<b>Operating profit from trading businesses</b>	<b>228,511</b>	<b>(327,389)</b>	<b>170%</b>
Finance costs	(155,296)	(201,645)	23%
<b>Profit/(loss) from trading businesses</b>	<b>73,215</b>	<b>(529,034)</b>	<b>114%</b>

## 2. Financial services:

Income from financial services	5,599,891	4,338,068	29%
Direct and other operating costs	(2,186,852)	(1,730,313)	(26%)
Finance costs	(2,721,382)	(2,277,897)	(19%)
<b>Profit from financial services</b>	<b>691,657</b>	<b>329,858</b>	<b>110%</b>

## 3. Real Estate

Gross profit from residential unit sales	334,723	124,418	169%
Fair value gains on investment property	513,068	1,638,662	(69%)
Gain/(loss) on disposal of investment properties	111,074	(237,907)	147%
Other income	99,204	297,990	67%
Operating costs	(449,339)	(392,179)	(15%)
<b>Operating profit from Real Estate operations</b>	<b>608,730</b>	<b>1,430,984</b>	<b>(57%)</b>
Finance costs	(481,681)	(555,684)	13%
<b>Profit from real estate investments</b>	<b>127,049</b>	<b>875,300</b>	<b>(85%)</b>

Kes Mn	Mar 2022	Mar 2021	%Δ
<b>4. Two Rivers Development</b>			
Sales and investment income	752,867	1,066,420	(29%)
Operating and administrative costs	(320,724)	(444,635)	28%
Share of loss from joint venture	(1,008,764)	(1,095,344)	8%
<b>Operating profit from TRDL operations</b>	<b>(576,621)</b>	<b>(473,559)</b>	<b>(22%)</b>
Finance Costs	(1,409,210)	(1,385,721)	(2%)
<b>Loss from Two Rivers Development group</b>	<b>(1,985,831)</b>	<b>(1,859,280)</b>	<b>(7%)</b>
<b>5. Investment operations:</b>			
Investment and other income	1,084,518	684,114	59%
Operating and administrative costs	(685,848)	(715,021)	4%
<b>Operating profit from Investment operations</b>	<b>398,670</b>	<b>(30,907)</b>	<b>1,390%</b>
Finance costs	(545,143)	(629,441)	13%
<b>(Loss)/profit before provisions</b>	<b>(146,473)</b>	<b>(660,348)</b>	<b>78%</b>
Share of loss on provisions	(150,163)	-	(100%)
Impairment provision on assets	(251,339)	(488,707)	49%
<b>(Loss) from investment operations</b>	<b>(547,975)</b>	<b>(1,149,055)</b>	<b>52%</b>

110% improvement in profitability driven by:

- Better performance of our financial services and trading businesses; Sidian Bank, Nabo Capital, Longhorn & Greenblade Growers.
- Improvement in operating profit at Centum RE. Lower value movements in investment property in line with the prevailing market conditions.
- Investment operations recorded an improvement in income. Provisions were made on conservative assessment of realizable value of some assets in the Company portfolio.
- Positive OCI movements reflective of the improvement in performance of the unquoted portfolio.

A loss of **Kes 1.9Bn** recorded by TRDL was driven by debt service costs. TRDL is partnering with Centum RE to roll out affordable and mid-market housing developments within the Two Rivers precinct. Efforts are ongoing to re-align the company's capital structure and reduce the interest expense burden.



# Consolidated Income Statement

Consolidated performance analysis	FY2022 Kshs'000	FY2021 Kshs'000	%Δ
Profit from trading business	73,215	(529,034)	114%
Profit from real estate operations	127,049	875,300	(85%)
Operating profit from financial services	691,657	329,858	110%
Operating loss from investment operations	(547,975)	(1,149,055)	52%
<b>Profit before tax (excl. TRDL)</b>	<b>343,946</b>	<b>(472,931)</b>	<b>173%</b>
Loss from Two Rivers investment operations	(1,985,831)	(1,859,280)	(7%)
<b>Group loss before tax</b>	<b>(1,641,885)</b>	<b>(2,332,211)</b>	<b>30%</b>

- With exception of the TRDL sub-group, the profit before tax increased by 173% to close at Kes 343Mn in FY2022.
- Operating loss in investment operations includes impairment provisions made on a conservative assessment of realizable value of some assets in the Company portfolio

# Consolidated Statement of Financial Position

Kes Mn	Mar 2022	Mar 2021
Investment portfolio	11,655	20,173
Loans and advances	-	20,423
Cash and cash equivalents	1,196	5,122
Assets held for sale	43,030	-
Other assets	62,952	63,714
<b>Total Assets</b>	<b>118,833</b>	<b>109,432</b>
Customer deposits	-	23,070
Borrowings	20,626	25,501
Liabilities directly associated with assets classified as held for sale	37,580	-
Other liabilities	13,257	13,813
<b>Total Liabilities</b>	<b>71,464</b>	<b>62,384</b>
<b>Total Equity</b>	<b>47,370</b>	<b>47,048</b>
<b>Total Capital and Liabilities</b>	<b>118,833</b>	<b>109,432</b>

- The Consolidated Statement of Financials Position represents an aggregation of the assets and liabilities held by entities in which Centum has controlling stakes.
- The growth reflects increase in the assets and liabilities of Sidian Bank and Centum RE due to increasing business activity.

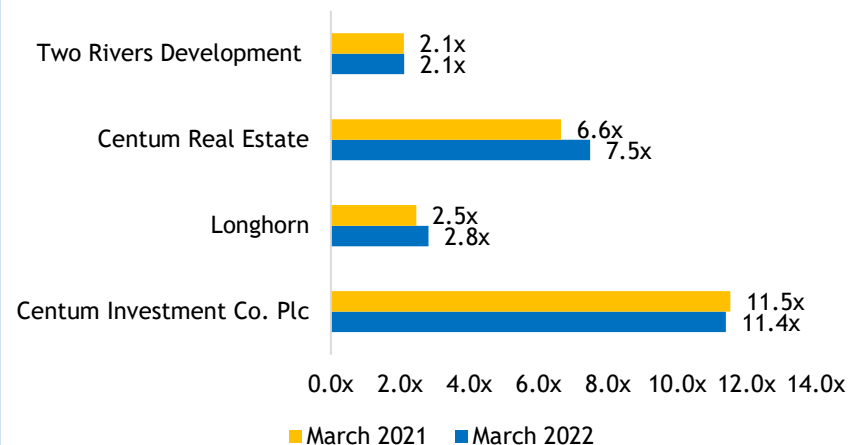
# Group Borrowings | Debt levels and asset coverage

Centum made a strategic decision to deleverage in the Centum 4.0 Strategy period. At portfolio level, borrowings is aligned to the respective company's debt capacity. Ongoing initiatives to re-align the capital structure at TRDL

## Centum and subsidiaries debt coverage

Entity	March 2022	March 2021
Centum Investment Co. Plc	4,159	4,122
Longhorn	1,003	1,277
Centum Real Estate	5,253	5,966
Two Rivers Development	10,210	9,644
<b>Sub-total</b>	<b>20,626</b>	<b>21,009</b>
Sidian Bank	-	4,492
<b>Total</b>	<b>20,626</b>	<b>25,501</b>
<b>Made up of:</b>		
USD denominated	9,457	12,771
KES denominated	11,169	12,730
<b>Total</b>	<b>20,626</b>	<b>25,501</b>

## Centum and subsidiaries debt coverage



## Mitigation of the USD exposure:

Foreign currency borrowings currently sit on CICIP and TRDL balance sheets and management has taken steps to reduce the net exposure over the coming months:

- USD 10Mn on CICIP balance sheet to be paid down as part of debt reduction initiative upon completion of the sale of Sidian Bank.
- CICIP is reallocating some of the marketable securities to USD assets to reduce net currency exposure.
- TRDL USD 50Mn debt to be paid down upon completion of the ongoing equity raise.

Debt with recourse to Centum:	March 2022				March 2021		
	Outstanding Amount (Kes Mn)	Guaranteed Amount (Kes Mn)	KES Equiv. Guarantee (Kes Mn)	% of Group Borrowings	KES Equiv. Guarantee (Kes Mn)	% of Group Borrowings	
TRDL's Term Loan	USD 53.21	USD 26.6	KES 3,059	15%	KES 3,023	14%	
Vipingo Term Loan	KES 2,900	KES 2,900	KES 2,900	14%	KES 4,779	23%	
<b>Total guaranteed debt</b>			<b>KES 5,959</b>	<b>29%</b>	<b>KES 7,802</b>	<b>37%</b>	

# Proposed Dividend

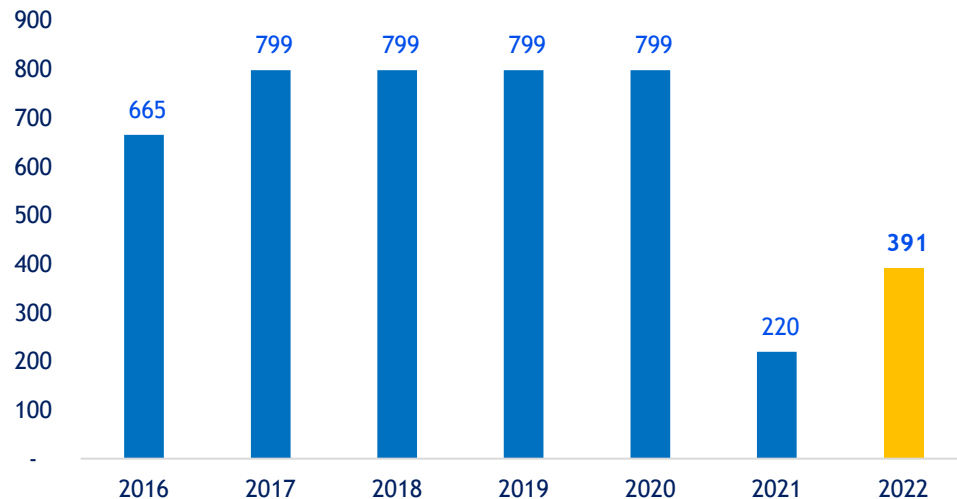


# FY2022 First & Final Dividend



- In FY2022, the company generated cash annuity income (dividend and interest income) of **Kes 1.3Bn** from the portfolio.
- Our dividend policy is to pay out **30% of annuity income** to shareholders.
- In line with the policy, the Board of Directors of the Company proposes to pay **Kes 391 million** with respect to the financial year ended 31 March 2022, translating to **Kes 0.587 per share** (FY2021: Kes 0.33 per share).

Centum Annual Dividend Pay out (Kes Mn)



Total dividend pay out over the years

**78%**  
Year-on-year Growth in Dividend Per Share

**6%**  
Dividend Yield



# Outlook



# Outlook | FY 2022/23

We are optimistic that the key value drivers we embarked on in FY2022 will be closed during FY2023 and significant progress be made towards our strategic objectives

## Portfolio Aspect

## Key Focus Areas

### Growth Portfolio

- Complete the Centum RE and TRDL capital raise to capitalize the growth opportunities across the two businesses and unlock value to our shareholders.
- Support management of portfolio companies to further optimize the businesses and maintain the upward trajectory on profitability and the cash generating power across our portfolio.
- To close on the sale of Sidian Bank to unlock capital and returns.
- Using our refined investment criteria, continue to scout for new attractive opportunities for capital deployment in the private equity space.

# Outlook | FY2022/23

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## Portfolio Aspect

## Key Focus Areas

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### 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


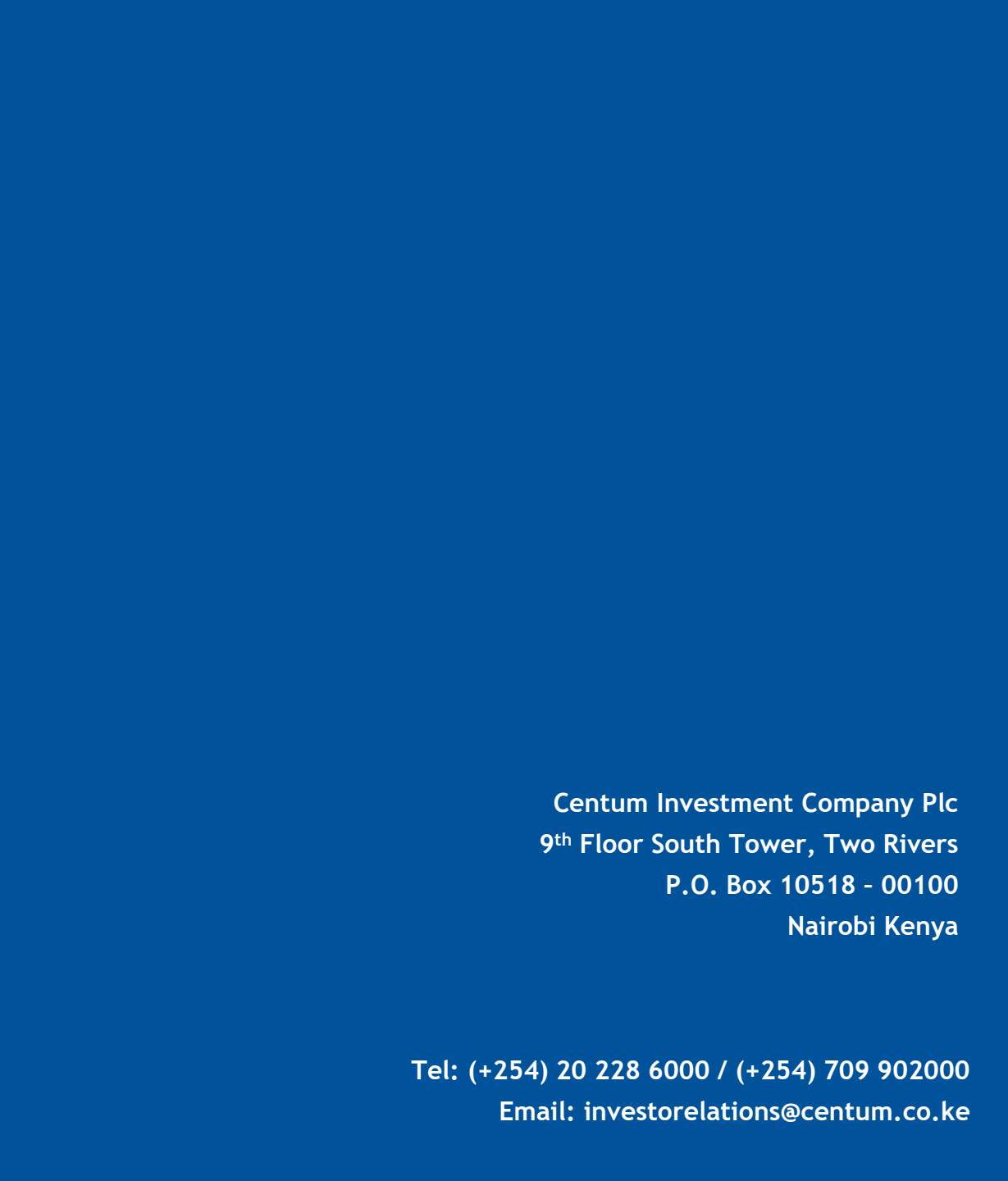
- Maintain zero long term debt and work towards fully deleveraging the Centum balance sheet.
- Target to make a distribution to shareholders at 30% of annuity cash income in line with the policy under Centum 4.0 strategy.



Q & A







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