



CENTUM

tangible wealth



Investor briefing

Half year ended 30 September 2014

Agenda

- 1 Strategic Objectives and Progress
 - James Mworira, Group CEO
- 2 Financial Performance
 - Risper Mukoto, Director Finance & Operations
- 3 Outlook
- 4 Q & A

Agenda

1 Strategic Objectives and Progress

- Our Business
- Performance Update
- Centum 3.0 Strategy Update

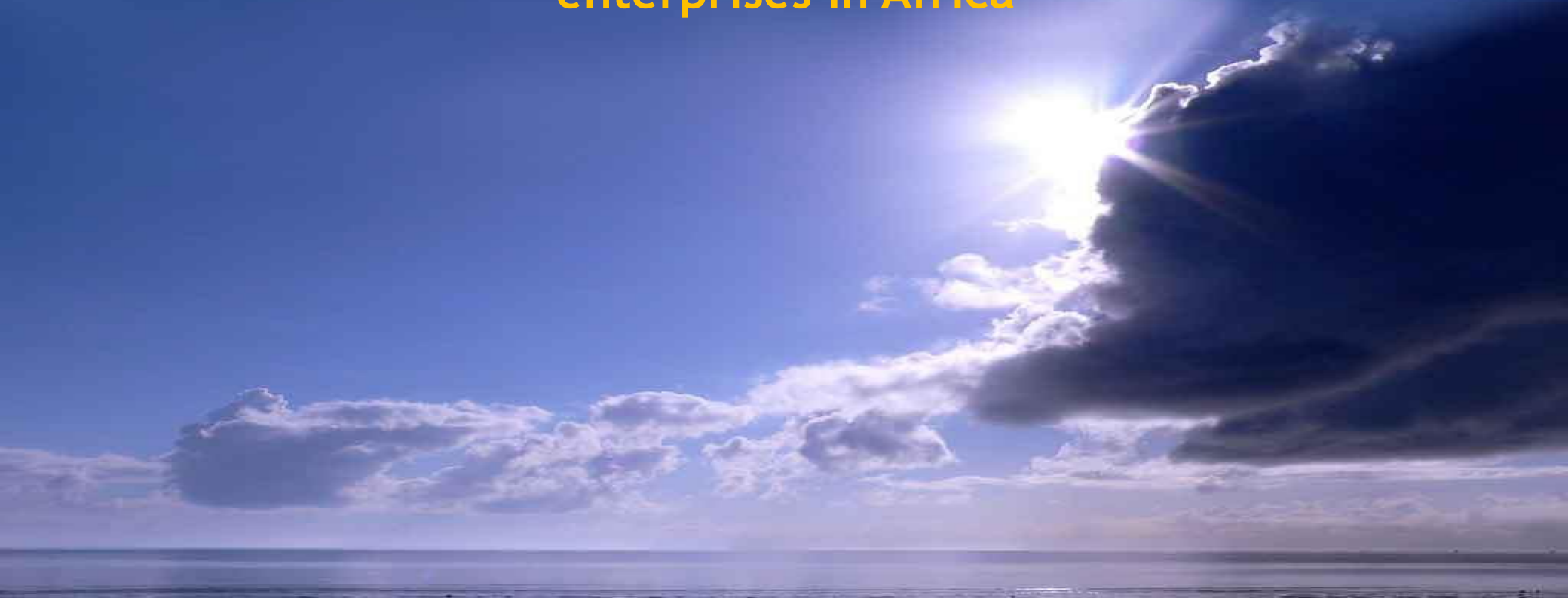
2 Financial Performance

3 Outlook

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Our Mission

To create real tangible wealth by providing the channel through which investors access and build extraordinary enterprises in Africa

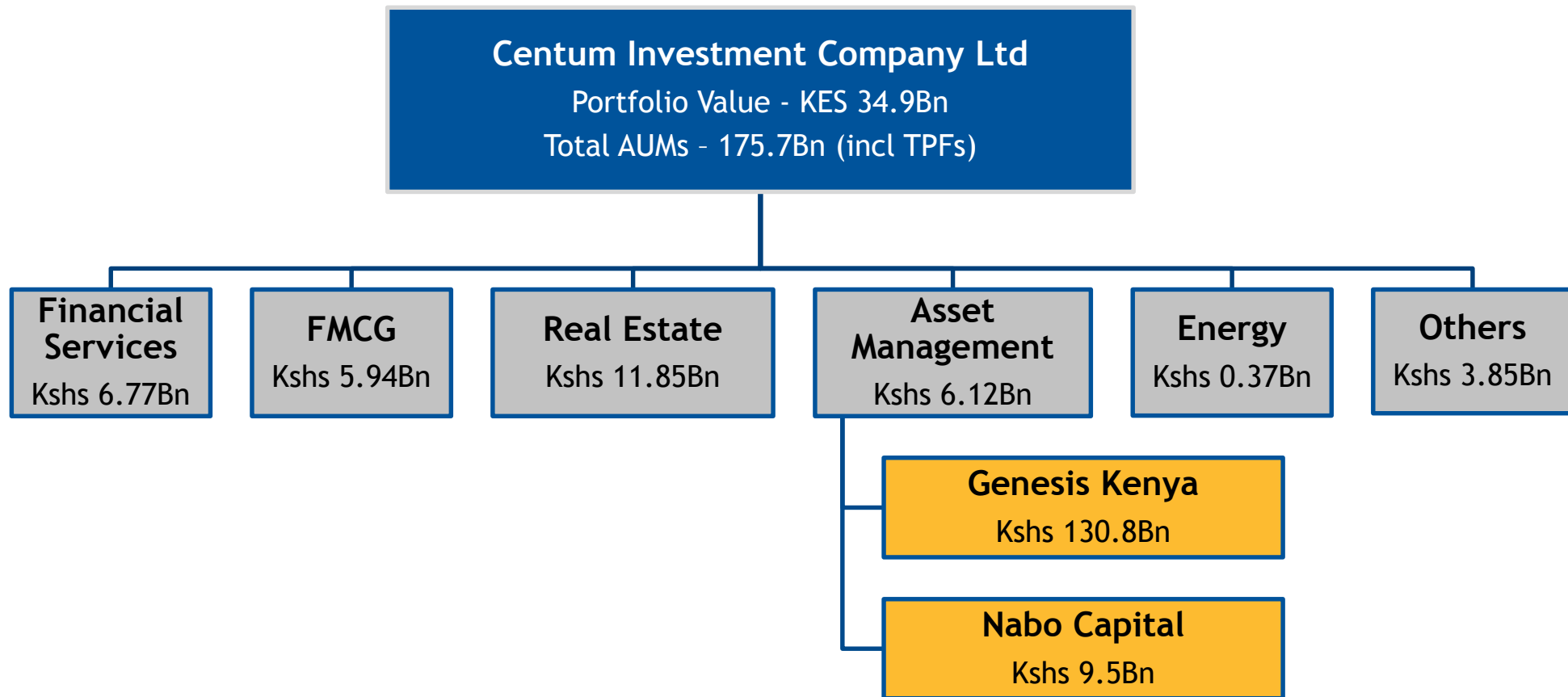


We are a channel providing investors with access to a portfolio of otherwise inaccessible, quality, diversified investments



Our Business

We invest across the following sectors



As at 30 September 2014

Total AUM Kes 175.7 Bn (including third party funds)

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FY2015-19 - Centum 3.0 Strategy Themes

1 RETURN



- Generate 35%+ annualized return over the strategic period

2 FOCUS



- Develop, scale and grow investment capabilities in the 8 new sectors, Agriculture, Education & Health, Energy, Financial Services, FMCG and ICT and further grow our existing Real Estate investments

3 SCALE



- To grow Centum Total Assets Kshs 120Bn [USD 1.38Bn] by 2019
- Total AUMs including third party AUMs to Kshs 720Bn [USD 8.28Bn]

4 BRAND



- Develop teams with sector expertise
- Build a track record of project development in our targeted sectors

5 COSTS



- To maintain costs below 2.0% of total assets

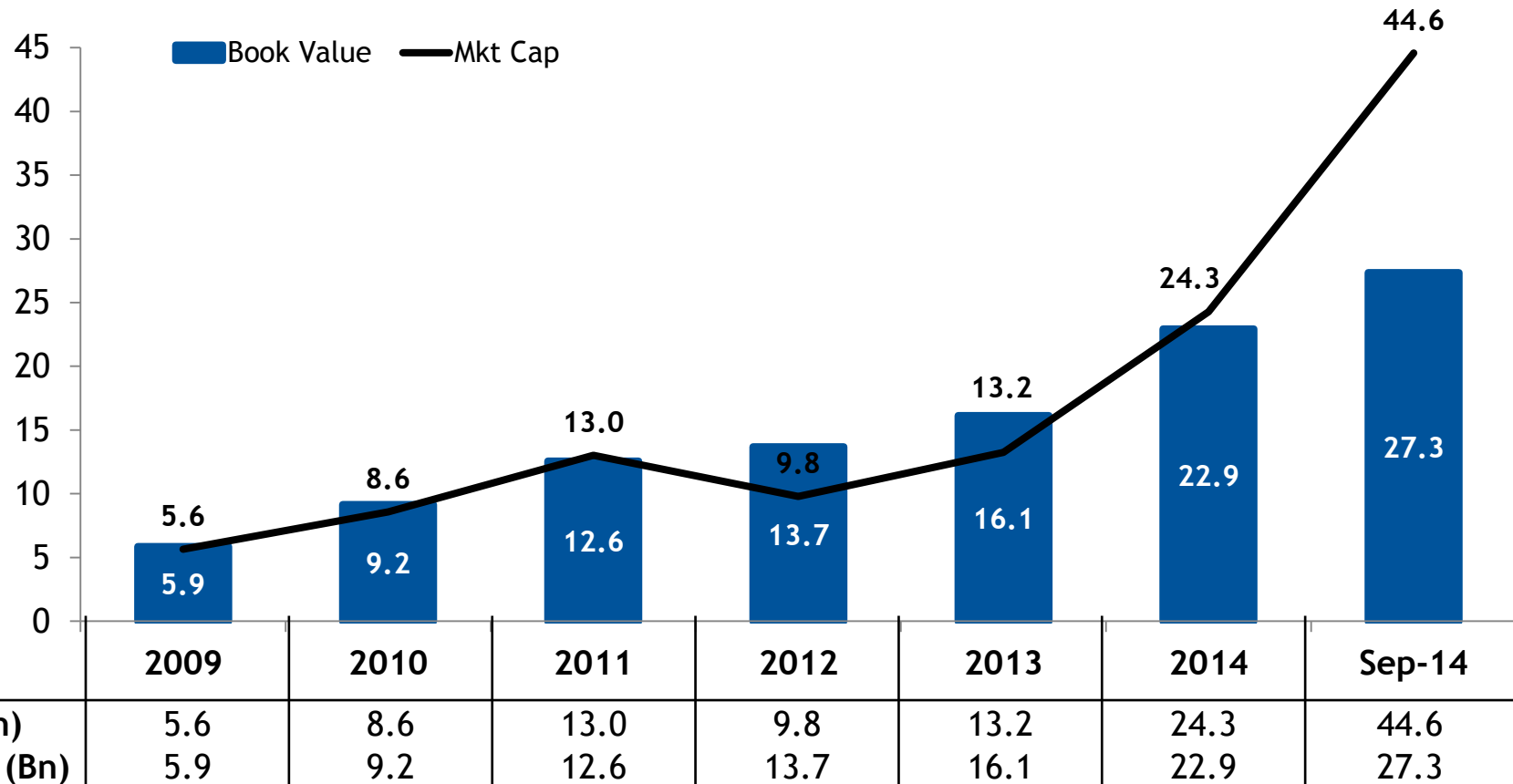
Return

22% average outperformance against the NSE over 5.5 years. HY2015 return higher than the full year performance of FY2010-2013.

Year	Total Return Kshs M	Centum NAV Return	NSE 20 Return	Centum Out performance
2010	3,298	56%	43%	13%
2011	3,395	37%	-4%	41%
2012	1,133	9%	-13%	22%
2013	2,451	19%	44%	(26%)
2014	6,800	42%	2%	40%
HY2015	4,403	19%	6%	13%
Geometric Average		33%	11%	22%
Aggregated Return		457%	86%	371%

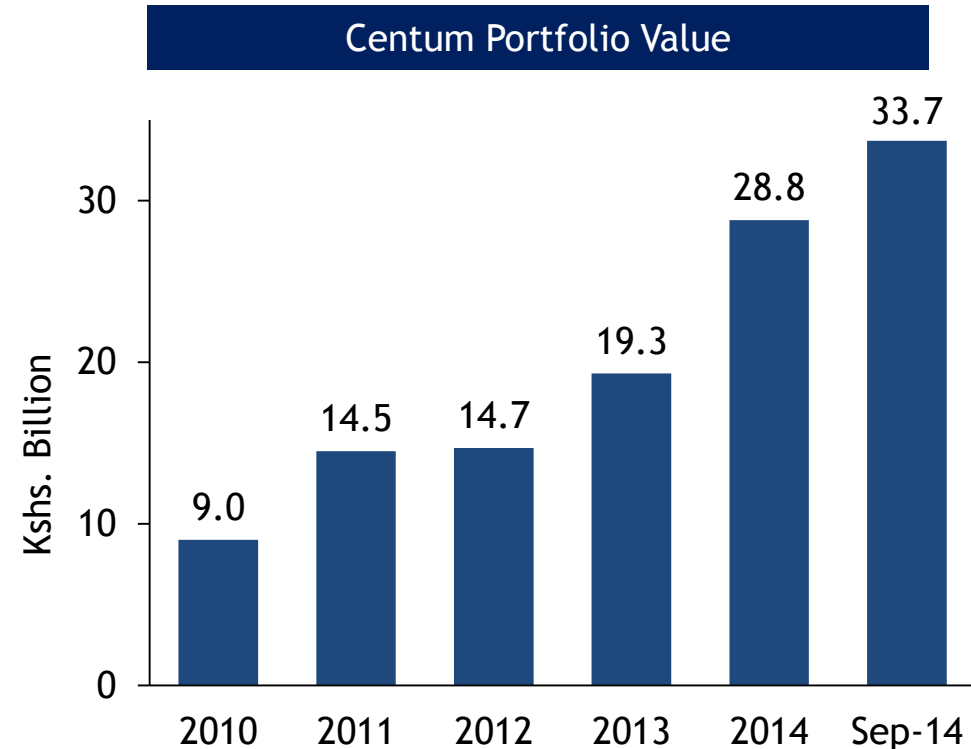
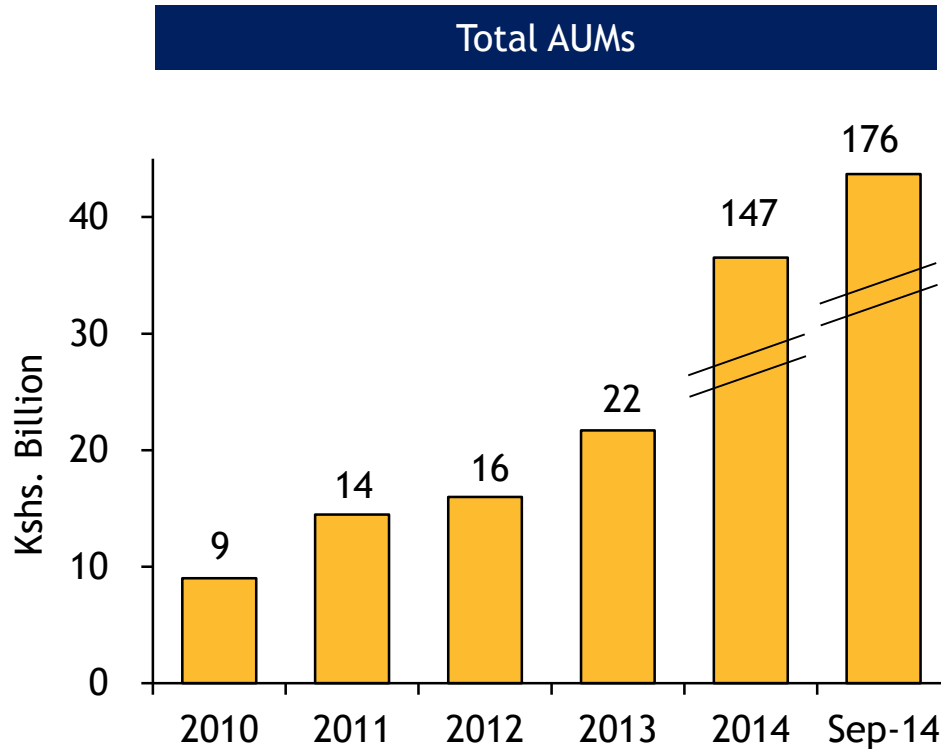
Performance

The market value added to shareholder wealth was 14Bn since as at 31 March 2014
 Every Shilling invested in Centum shares in 2009 was worth Kshs 7.91 on 30 Sep 2014



Portfolio Value and Total AUM Growth

Total AUMs increased by Kshs 22.5bn over the 6 months period to Kshs 175.7bn



Cash flows and gearing

Reduction in overall gearing due to higher return on invested capital relative to cost of debt

Kes. M	2010	2011	2012	2013	2014	FY2015
Operating inflows	1,722	2,349	6,619	2,547	4,146	3,168
Operating outflows	(199)	(305)	(309)	(380)	(463)	(476)
Cash from operations (Net cash flows available for debt service)	1,523	2,044	6,310	2,167	3,683	2,691
Interest paid	44	148	230	344	660	390
Debt Service Coverage	34.61	13.81	27.43	6.30	5.58	6.90
Total Debt	-	1,988	1,000	4,149	5,492	6,228
Net Asset Value (NAV)	9,157	12,552	13,685	16,137	22,936	27,338
Gearing (%)	-	15.84%	7.31%	25.71%	23.94%	22.78%
Centum Credit Rating (Long term)				A-	A-	A

Business Unit performance highlights

Kes. M	PE	AM	RE	HY2015	HY 2014
Activity					
Realization proceeds	12	1,867	0	1,879	901
Investments	(88)	(1,132)	(695)	(1,915)	(1,656)
Net investments	76	(735)	695	(36)	(755)
Return					
Gross Return	3,022	1,526	364	4,912	1,853
Total Return	2,826	1,487	90	4,403	1,195
Return on equity	23%	28%	2%	19%	7.0%
Cost efficiency				0.71%	0.80%
Financial Position				Sept'2014	Mar'14
AUM	17,031	138,998	11,853	167,882	24,788
Portfolio value	17,031	6,469	11,853	34,909	21,688
Net asset value	15,093	6,115	6,574	27,339	17,332

Brand - Key Awards

Our passion for excellence

1. Financial Reporting Excellence (FiRe) Awards 2014

Centum won the following award at the 2014 FiRe award ceremony;

- i. *Winner - Corporate Governance*

2. Champions of Governance Awards

Centum was feted with two awards at the ICPSK Champions of Governance Awards 2014;

- i. *James Mworira was awarded CEO of the Year.*
- ii. *Fred Murimi was awarded the Certified Company Secretary of the Year.*



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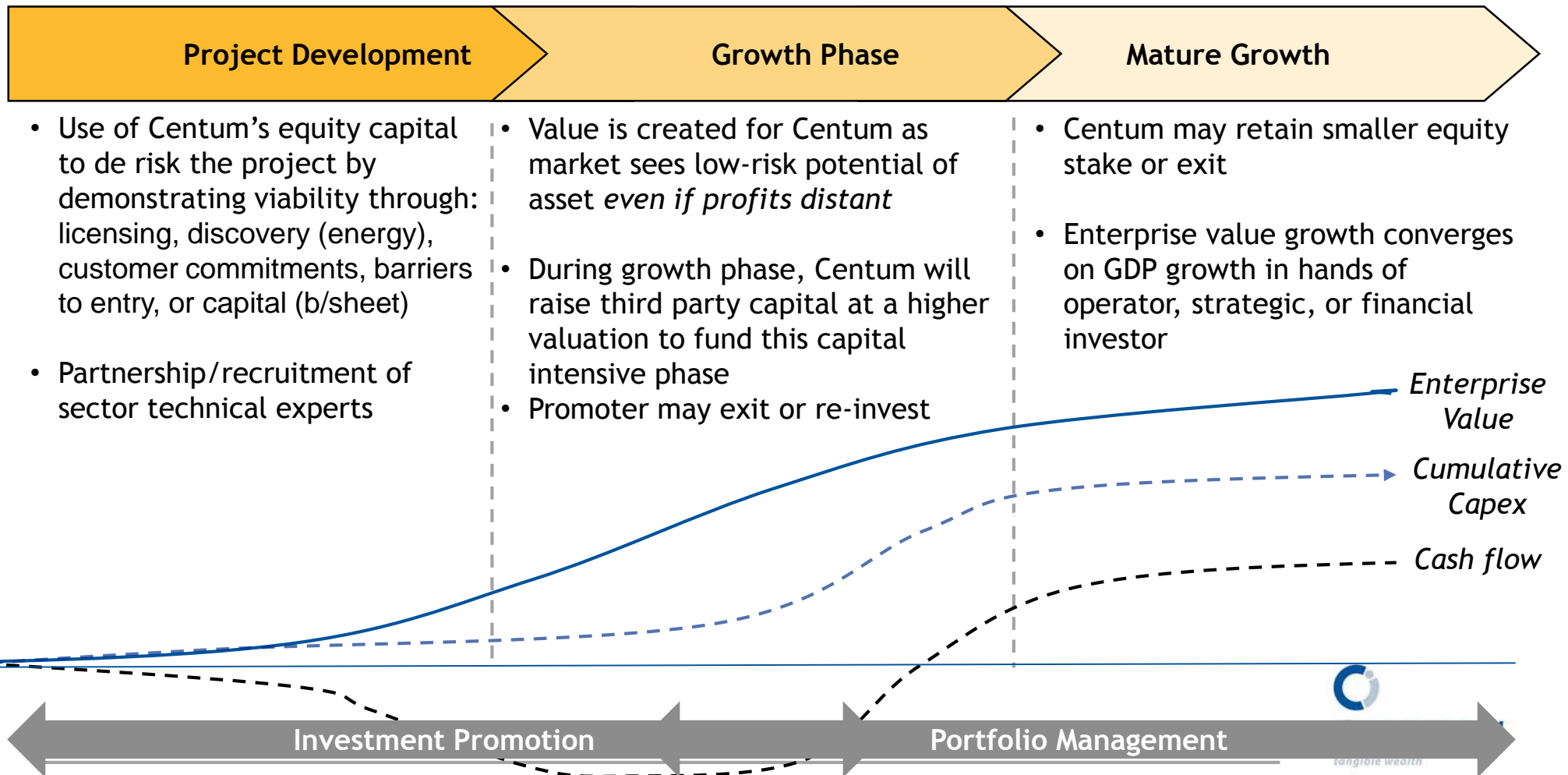
Our Centum 3.0 Strategy vs. Previous Strategy: Summary of Key Changes

We are a developer & promoter of investment grade opportunities

	<u>CENTUM 2.0</u>	<u>CENTUM 3.0</u>
Focus	Developed three business units, with PE having no specific sector focus	Focus will be placed on 8 priority sectors
Approach	Portfolio manager looking for growth capital and consolidation opportunities	Active promoter and developer of high quality investment grade opportunities
Ownership	Focused on control or minority stakes in key sectors	Interested primarily in majority stakes, where Centum can exert significant influence. Control of process of value creation is more important than control of ownership
Targets	Preference to invest in current or near-off market leaders	Preference to creating and building up market leaders, not investing in incumbent leaders where values are high
Competition	Open to investing alongside or into other PE funds	Interested in supplying investment grade assets to mid- and large- cap PE funds
Perspective	Long-term value creation	Disproportionate value creation in development phase, often coupled with longer term value creation post-development
Return	Target annual return of 30%-35%	Target annual return of 35%+

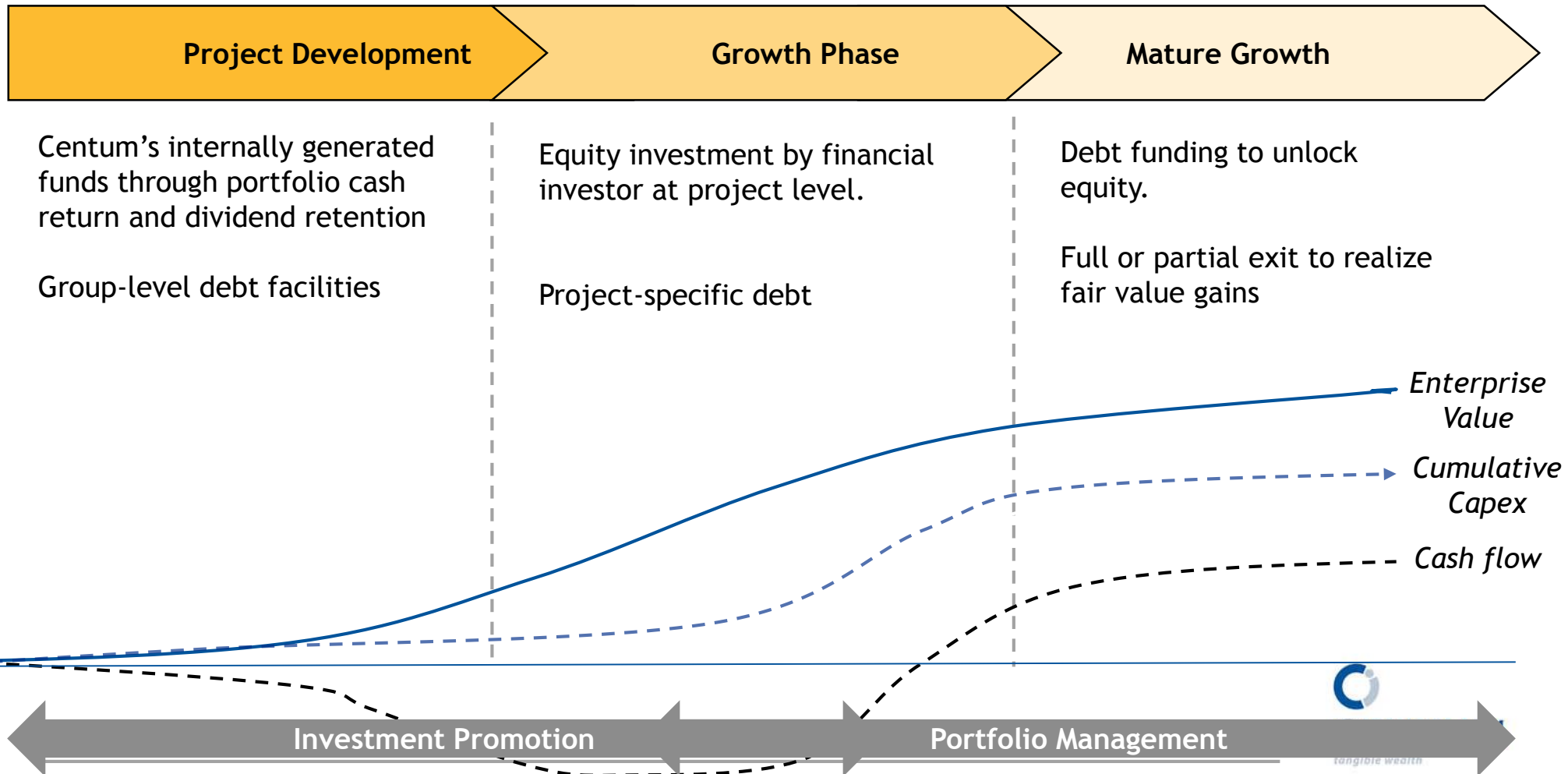
Developer of Assets

As developer and promoter, Centum realizes early-stage value by creating investment-grade opportunities for down-stream investors



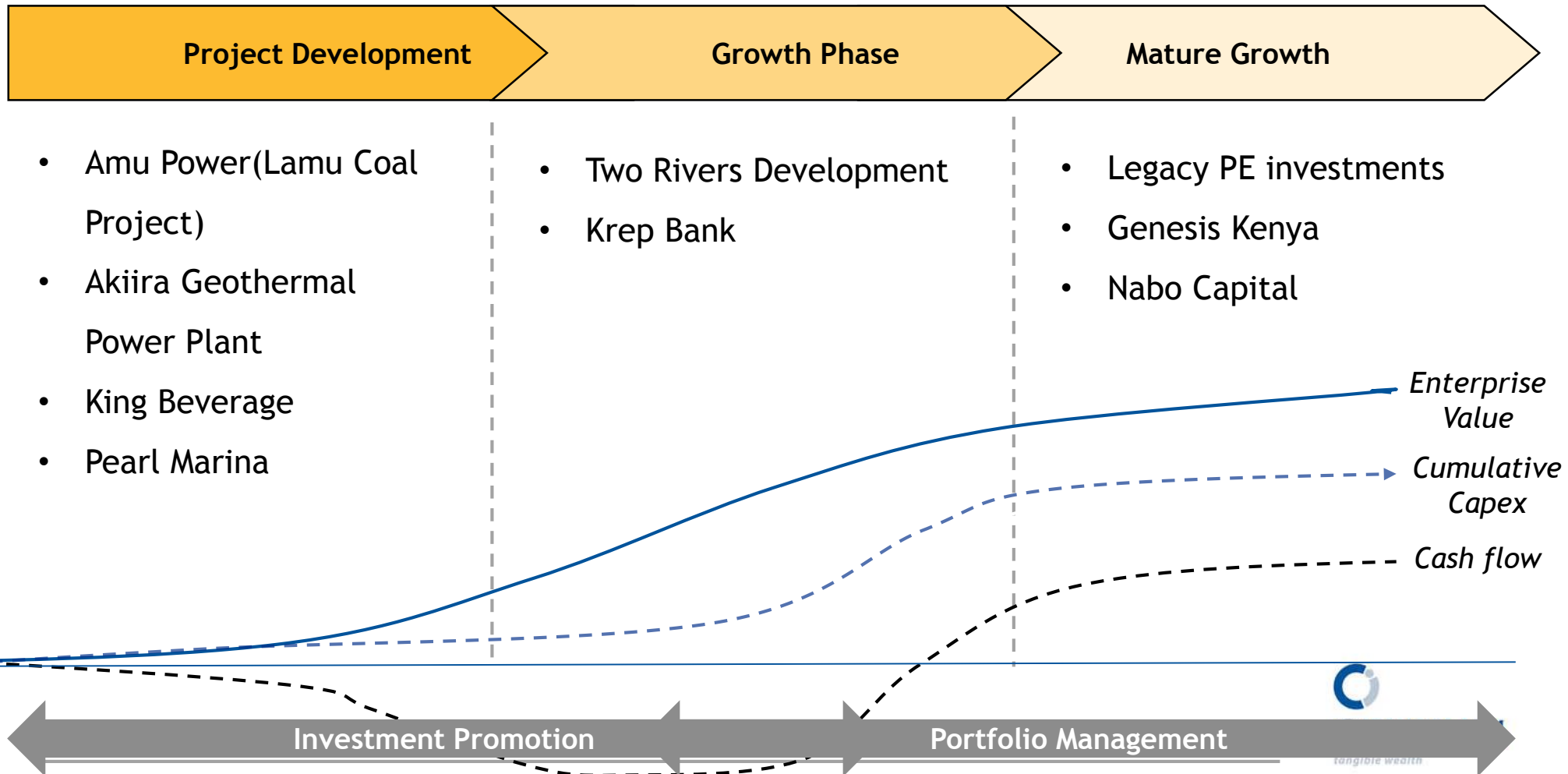
Funding Opportunities

As developer and promoter, Centum will fund projects during development phase but will invite financial investors after de-risking projects



Maturity of Centum Portfolio

Snapshot of the maturity of Centum's investment portfolio



Sector Update - Financial Services

Acquisition of majority shareholding in Krep Bank

Acquisition of majority stake in K-Rep Bank

- We have completed the acquisition of 66% shareholding in K-Rep Bank.
- The Bank is expected to deliver significant synergies within the Group.
- We intend on reposition the bank through revamping its strategy and
- Within the next 5 years, we intend on positioning the bank as a strong Tier-II bank

Acquisition of K-Rep bank expected to unlock some value in other financial services investee companies and position Centum as the foremost financial services powerhouse.



Sector Update - FMCG

Improved performance of FMCG business and launch of Carlsberg in Kenya

Improved financial performance of FMCG businesses

- There has been a significant improvement in the performance of our FMCG businesses especially **Nairobi Bottlers**, resulting in improved dividend income as well as Centum portfolio valuations.
- **Almasi Beverages** is in the process of installing a new RBG line, which is expected to deliver increased revenues.
- **KWAL** is in the final stages of the privatization process, with Distell SA having acquired 26% shareholding. Operating and governance improvements are expected after privatization.
- **King Beverage** - Centum established King Beverage as a distributor of premium alcoholic drinks in Kenya. The company is currently the sole distributor of Carlsberg brands in Kenya.



Sector Update - Real Estate

Two Rivers Update

- Two Rivers is a 100 acres real-estate development in Nairobi's Gigiri Diplomatic Green Zone. It is a large-scale mixed use development. The development is set to be one of the most attractive and prestigious destinations in Sub-Saharan Africa.
- Two Rivers Development has 851,000M² of approved bulk that comprises the Two Rivers Lifestyle Centre, Hotels, Apartments, Offices and recreational spaces.
- Two Rivers Lifestyle Centre will be the largest retail mall in Sub Saharan Africa, excluding South Africa with approximately 670,000 sq.ft retail gross leasable area (GLA), with 220 retail shops and over 3,600 parking bays.
- 51% of the GLA has been leased out and a further 20% is in final negotiations.
- The mall is expected to be completed in October 2015 with several key brands having signed on as tenants.



Sector Update - Real Estate

Carrefour signs up as Anchor Tenant at the Two Rivers Mall

- Carrefour have officially signed on as the anchor tenant of the Two Rivers Mall.
- Leasing 110,000 sq.ft, the Carrefour hypermarket shall be by far the largest in East Africa validating Two Rivers vision of being the number one commercial destination in East Africa



Majid Al Futtaim Retail- Carrefour Group Signs Up At Two Rivers Lifestyle Centre In Nairobi, Kenya

Sector Update - Asset Management

Asset management businesses delivered Kshs 337Mn in income

Rebranding of Centum Asset Managers to Nabo Capital

- Centum Asset Managers rebranded to Nabo Capital in order to better position it to attract high net worth investors.
- AUMs increased from Kshs 1.2 Bn to Kshs 9.5Bn in the last 6 months.
- Currently in the process of obtaining approval for Kenya's first Income-REIT (I-REIT).

Genesis Kenya

- Increase in AUMs have continued to increase since acquisition.
- Profitability of the business has also increased relative to the previous year.

Asset management business has delivered Kshs 337Mn in income which is entirely new business for the Group.



Sector Update - Power

Significant steps in the Power sector

Amu Power (Lamu Coal Power plant)

- Centum investment is the lead equity partner in the consortium that was awarded the tender to construct a 960Mw coal power plant in Lamu.
- The project is expected to cost approximately USD 2 Billion and will be structured as 75% debt and 25% equity
- Pricing per 7.56 US cents per kWh compared with an average of 25-30 US cents per kWh for Thermal plants.
- Amu Power expected to supply 35% of Kenya's installed capacity when complete.
- The project is expected to be structured as 75% debt and 25% equity
- Financial close is expected in July 2015
- To be completed in approximated 30 months.

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Consolidated statement of comprehensive income

38% increase in PAT due to increased dividend, fund management income & realized gains

Kes. m	HY2015	HY2014	Var
Dividend income	489	364	34%
Interest income	83	94	(12%)
Fund management	337	-	100%
Other income	8	4	100%
Realized gains	1,017	307	231%
Unrealized gains on bonds	(37)	369	(110%)
Income	1,897	1,198	58%
Portfolio costs	(677)	(219)	209%
Finance costs	(262)	(298)	(12%)
Share of Associate Profit	327	352	(7%)
Profit before tax	1,285	1,033	24%
Tax	(55)	(141)	(61%)
Profit after tax	1,230	892	38%
Other comp income	2,062	576	258%
Total comp income	3,291	1,468	124%

Comments

- Dividends - Improved dividend income from unquoted investments.
- Fund management Income - year-on-year increase due to inclusion of Nabo and Genesis not included in Prior Year.
- Realized gains - Realized gains attributable to quoted investment portfolio.
- Increase in portfolio costs on account of growth strategy.
- Improvement in performance & valuations of the investment portfolio

Group Statement of Financial Position

42% growth in total assets as at 30 September 2014

Assets

Kes M.	Sep 2014	Mar 2014
Investment property	11,655	10,960
Equipment & Intangibles	1,057	1,049
Investment in associates	3,965	3,901
Unquoted investments	10,006	7,569
Quoted investments	3,714	3,036
ELN Asset	9,537	843
Corporate bonds	668	1,071
Receivables	411	229
Cash & cash equivalents	997	844
Total Assets	42,010	29,502

Liabilities & Shareholder Capital

Kes M.	Sep 2014	Mar 2014
Borrowings	6,228	5,492
ELN Liability	9,537	843
Payables and accruals	1,469	1,244
Unclaimed dividends	29	29
Current income tax	7	(45)
Deferred tax liability	1,701	1,694
	18,972	9,258
Shareholder funds	23,038	20,244
Shareholder funds & liabilities	42,010	29,502

Group Cash flow Statement

Kes. M	HY2014	HY2014
Internally generated funds:		
Operating inflows	3,168	1,587
Operating outflows	(476)	(201)
	2,691	1,386
Investing activities:		
Equity & Investment Property	(2,838)	(1,697)
Equipment & intangibles	(16)	(8)
	(2,854)	(1,705)
Financing Activities:		
Interest paid	(390)	(287)
	(390)	(287)
Net Increase/(Decrease)	(606)	(606)
Opening cash	(477)	1,502
Closing cash & cash equivalents	(1,030)	896

Company statement of comprehensive income

16% increase in PAT driven by increased dividend income

Kes. m	HY2015	HY2014	Var
Dividend income	1,030	873	18%
Interest income	9	26	(65%)
Other income	4	8	(50%)
Realized gains	54	86	(37%)
Unrealized gains	0	0	0%
Income	1,096	994	10%
Portfolio costs	(247)	(178)	39%
Finance costs	(262)	(295)	(11%)
Profit before tax	587	521	13%
Tax	0	(14)	(100%)
Profit after tax	587	507	16%
Other comp income	3,816	688	455%
Total comp income	4,403	1,195	268%

Comments

- Dividends - Improved dividend income from investment portfolio.
- Increase in portfolio costs on account of growth strategy.
- Other comprehensive income - Improvement in performance & valuations of the investment portfolio

Company Statement of Financial Position

16% increase in total assets

Kes. M	Sep2015	Mar2014
Investment in subsidiaries	9,320	7,192
Equipment & Intangibles	1	967
Investment in associates	7,714	6,594
Unquoted investments	7,183	5,495
Quoted investments	608	686
Due from subsidiaries	8,101	7,546
Deferred Tax Asset	5	5
Receivables	8	65
Cash & cash equivalents	270	175
Total Assets	33,420	28,728

Kes. M	Sep2015	Mar2014
Borrowings	6,228	5,492
Payables and accruals	111	225
Unclaimed dividends	29	29
Current tax liability	3	45
	6,372	5,791
Shareholder funds	26,838	22,936
Equity & liabilities	33,210	28,728

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Looking ahead...

- **Private Equity**
 1. Develop platform opportunities in real estate, health care, education, power and FMCG
 2. A number of exits are in the pipeline
 3. Engage co-investors to participate in the various opportunities once the opportunities are sufficiently de-risked.
- **Real Estate**
 1. Completion of infrastructure and development of the Two Rivers Retail Mall
 2. Breaking ground on Phase One of the Pearl Marina project.
 3. set to roll out commercial mixed use developments to a number of other sites
- **Asset Management**
 1. Sustaining investment performance of the portfolio
 2. Development and roll out of new products: REITS, US Dollar Money Market Product, Africa CIS

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Centum Investment Company Ltd.
International House,
5th Flr. Mama Ngina St.
PO Box 10518-00100
Nairobi, Kenya

Tel +254 20 316303
Mobile +254 722 205339
Fax +254 20 223223
Email info@centum.co.ke
www.centum.co.ke