



**CENTUM**

*tangible wealth*

**CENTUM INVESTMENT COMPANY PLC**  
**INVESTOR PRESENTATION**



**May 2018**

# Content

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- 2 Portfolio Highlights
- 3 Financial Overview
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# Overview of Centum

## Centum At A Glance

**27.6**

**KES Billion**

Market Capitalisation <sup>(1)</sup>

**62.5**

**KES Billion**

Total Assets <sup>(2)</sup>

**46.4**

**KES Million**

Net Asset Value <sup>(2)</sup>

**6**

**Active Sectors**

(RE, Power, FS, FMCG,  
Agribusiness, Education) <sup>(3)</sup>

**25%**

**Annualised Return**

FY14 - HY18

**19%**

**CAGR on NAV**

FY14 - HY18

**27%**

**Net Debt to Equity**

A(Long Term) A1(Short Term) <sup>(4)</sup>

**0.5%**

**Cost Efficiency**

**23.5%**

**CAGR NAV/Share**

FY14 - HY18

1. Share price as of 30<sup>th</sup> April 2018 as per Nairobi Securities Exchange.









2. As at 30 Sept 2017.

3. Healthcare sector in advanced development stages

4. Rating awarded by Global Credit Rating Company (GCR)

# Overview of Centum

## Track Record

COMPANY	HOLDING	VALUE CREATION PLAN
	23%	<ul style="list-style-type: none"> <li>Demonstrating ability to exit at attractive valuations in public equity markets</li> <li>Acquired 23% of listed company in 2009 for USD 5M</li> <li>Exited in 2010 for USD 14M in a highly illiquid counter delivering an IRR of 56%</li> </ul>
	14%	<ul style="list-style-type: none"> <li>Demonstrate ability to create attractive regional growth plans</li> <li>Assisted the expansion of the insurance business in South Sudan, Rwanda and DRC</li> <li>Assisted the business raise USD 60 M growth capital in 2012 from 3 PE funds at 10x Centum's entry valuation in 2003 and exited</li> </ul>
	60.2%	<ul style="list-style-type: none"> <li>Demonstrating ability to take companies public to realise price discovery</li> <li>Listed the company in May 2012</li> <li>Assisted the business expansion into the Francophone market</li> </ul>
	15%	<ul style="list-style-type: none"> <li>Demonstrating ability to complete Leverage Buyouts</li> <li>Assisted strategic technical partner complete an LBO with local banks in 2010</li> <li>Realised proceeds of USD 3.2M and reinvested USD 2.2M to increase Centum's shareholding from 9% to 15% in the highly profitable monopolistic airline caterer</li> </ul>
	53.9%	<ul style="list-style-type: none"> <li>Demonstrating ability to drive large value creation plans in minority positions</li> <li>Led the process of merging 3 of the country's 6 Coca-Cola bottling plants in order to create a platform to drive further efficiency and growth with, through the merger Centum increased its shareholding from 32% to 42% and cement its position as the single largest shareholder</li> </ul>
	10%	<ul style="list-style-type: none"> <li>Demonstrating ability to exit from non-performing assets</li> <li>Exited in a secondary buyout to two PE funds in 2010 at a loss of 30%</li> </ul>
	25%	<ul style="list-style-type: none"> <li>Demonstrating ability to execute a non-arm's length transaction</li> <li>Exited stake to the pre-existing management and shareholders achieving an IRR of 31%</li> </ul>
	73.4%	<ul style="list-style-type: none"> <li>Demonstrating ability to attract international investors</li> <li>Exited stake to an investor achieving an IRR of 29%</li> </ul>

# Overview of Centum

## Centum 3.0 Strategic Objectives

	Centum 3.0 Strategic Objectives	Achievements as at HY2018
<b>RETURN</b>	<ul style="list-style-type: none"> <li>• Generate 35% annualised return between FY 14 and FY 19</li> <li>• Consistently outperform the market</li> </ul>	<ul style="list-style-type: none"> <li>• 25% annualised return achieved between FY 14 and HY 18 as compared to NSE average return of -4% over the same period</li> </ul>
<b>FOCUS</b>	<ul style="list-style-type: none"> <li>• Develop and scale investments across key sectors</li> <li>• Optimise portfolio in line with sector focus</li> </ul>	<ul style="list-style-type: none"> <li>• Active in six sectors (<i>Real Estate, Power, Financial Services, FMCG, Agribusiness and Education</i>) with Healthcare sector in advanced development stages</li> </ul>
<b>SCALE</b>	<ul style="list-style-type: none"> <li>• Grow total assets to KES 120 Bn (USD 1.2 Bn) by end 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Total assets of KES 62.5 Bn (USD 605 Mn) as at end March 2017</li> <li>• 19% CAGR on NAV between FY 14 and HY 18</li> </ul>
<b>BRAND</b>	<ul style="list-style-type: none"> <li>• Develop sector expertise across key sectors</li> <li>• Build a track record of project development in targeted sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Sector specific expertise enhanced in Real Estate and Healthcare sectors</li> </ul>
<b>COSTS</b>	<ul style="list-style-type: none"> <li>• Maintain costs below 2.0% of total assets</li> </ul>	<ul style="list-style-type: none"> <li>• Cost efficiency of 0.5% achieved</li> </ul>

# Content

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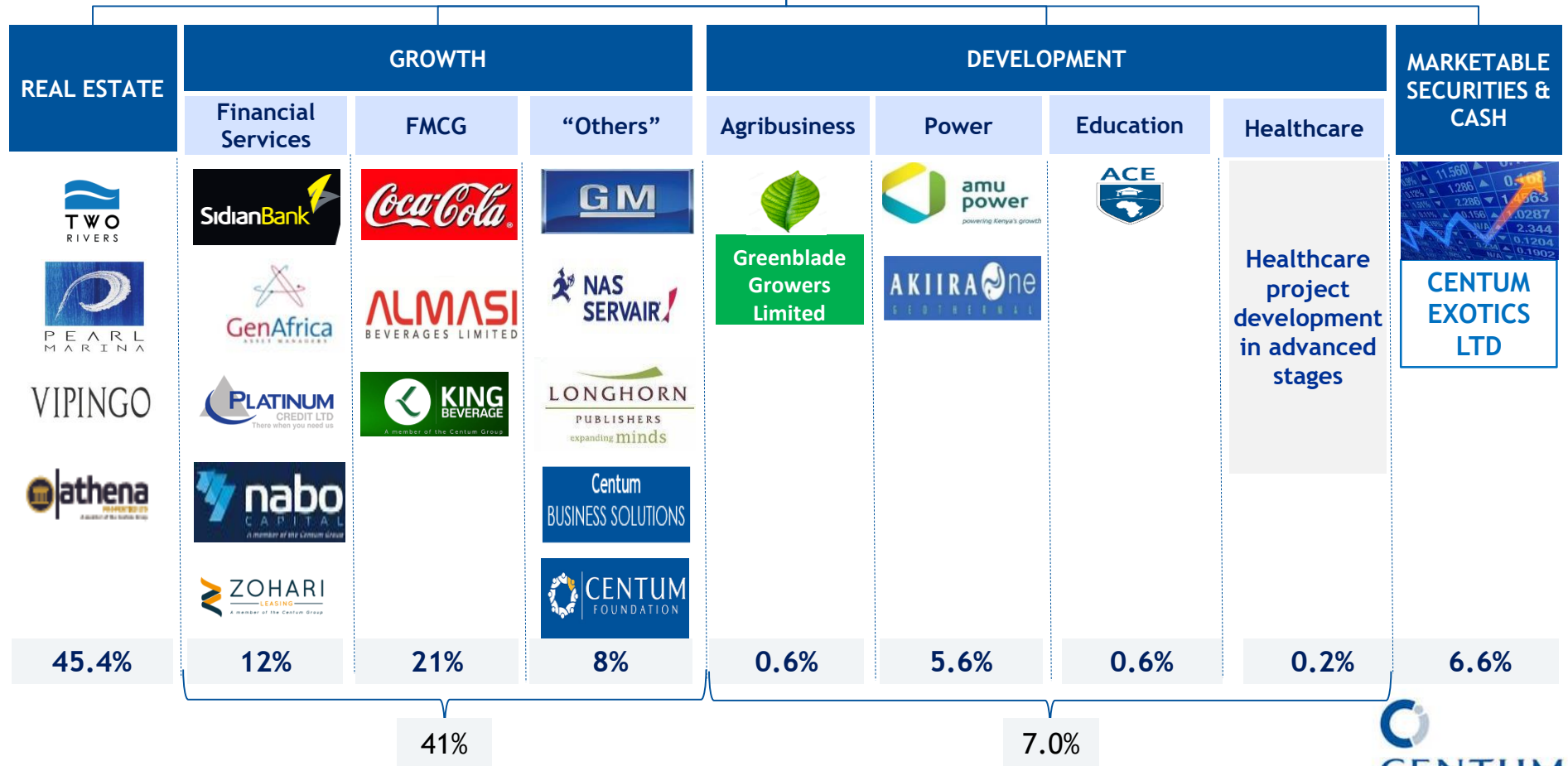
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# Portfolio Snapshot

Total Assets as at 30<sup>th</sup> Sep 2017

Centum Investment Company Plc.

Total Assets - KES 62.5Bn



# Portfolio Snapshot

Top 5 Portfolio Companies at 30<sup>th</sup> Sep 2017

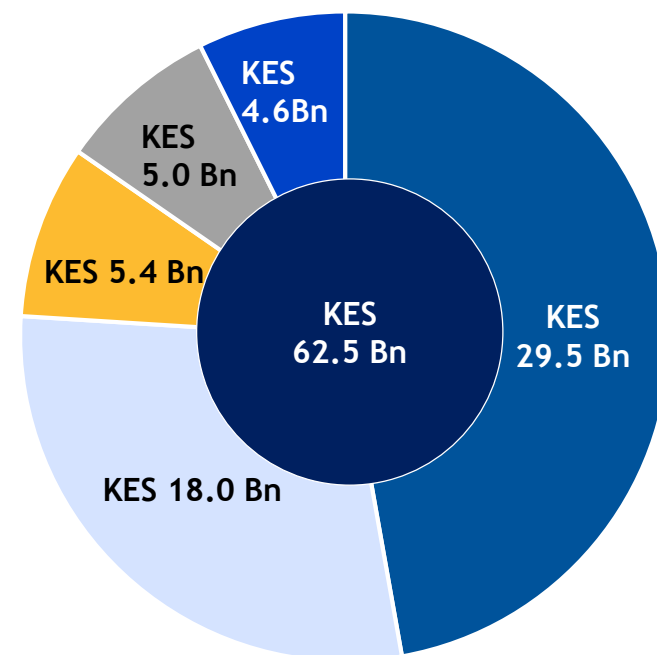
Portfolio Company	Centum's Stake	Sector	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)
Two Rivers Development Limited	58.3%	Real Estate	16.7	23.7%
Almasi Beverages Limited	53.9%	FMCG	10.4	14.9%
Vipingo Development Limited	100%	Real Estate	8.2	11.8%
Nairobi Bottlers	27.6%	FMCG	6.4	9.1%
Isuzu (E.A.) Limited	17.8%	Others	4.3	6.2%
<b>Total</b>			<b>46.0</b>	<b>65.7%</b>



# Portfolio Valuation Methodology

Valuation Methodology Description	
Net Asset Value	<ul style="list-style-type: none"> <li>Value derived as an investee's book value of equity multiplied by Centum's shareholding</li> </ul>
Fair Value: Multiples	<ul style="list-style-type: none"> <li>Market multiples of comparable listed companies used</li> <li>Mostly applied on private equity investments</li> </ul>
Fair Value: Recent Price	<ul style="list-style-type: none"> <li>Value inferred from recently transacted portions of the asset</li> <li>This approach is preferred where a reference price exists from a transaction closed in the recent 12 months</li> </ul>
Cost	<ul style="list-style-type: none"> <li>Assets carried at cost of acquisition</li> </ul>
Market Price	<ul style="list-style-type: none"> <li>Asset values based on prevailing market prices on the reporting date</li> <li>Applies to listed securities</li> </ul>

## Portfolio Breakdown by Valuation as at HY 2018



- Net Asset Value
- Fair Value: Multiples
- Fair Value: Recent Price
- Cost
- Market Price

# Portfolio Highlights

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## 1 Real Estate Portfolio

## 2 Growth Portfolio

- FMCG
- Financial Services
- Others

## 3 Development Portfolio

- Power
- Agribusiness
- Education
- Healthcare

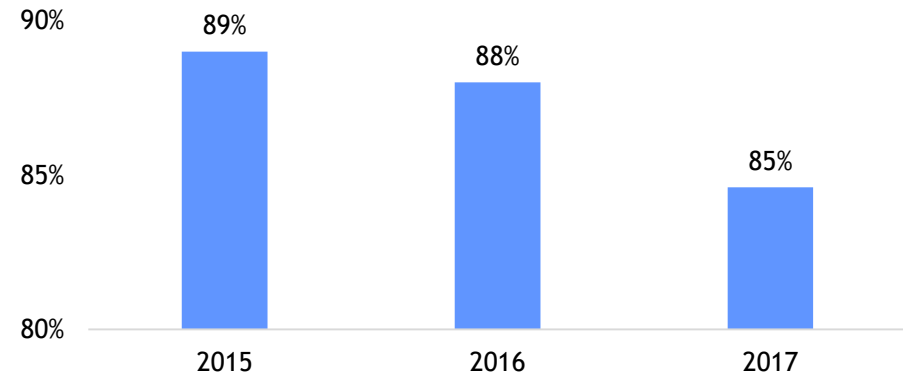
## 4 Marketable Securities Portfolio

# Real Estate Portfolio

## Sector Snapshot

- ❖ In 2017, the performance of the real estate sector in Kenya softened as a result of political uncertainty due to the extended electioneering period resulting in investors adopting a wait and see attitude, reduced credit supply due to the capping of interest with the number of active mortgage accounts dropping by 1.5% to 24,085 from 24,458 in 2015
- ❖ The retail and commercial office sector performance dropped mainly as a result of an oversupply of 3.2 mn SQFT of office space in Nairobi, and challenges facing local retailers on finance and supply chain management, especially with Nakumatt and Uchumi leading to the closure of some of their stores hence affecting occupancy levels in key retail facilities
- ❖ Carrefour expansion to major retail spaces with the opening of 5 branches highlights a positive outlook in the retail space
- ❖ In 2018, the key drivers of the sector are expected to be demographics, housing deficit, sustained infrastructural development, tourism and a better operating environment.
- ❖ In addition, the Kenyan government has rolled out plans to building 500,000 decent, low cost, homes which underscores the growth expected within real estate sector

### Occupancy Rates of Commercial Offices in Nairobi, 2015 - 2017



**17.4%** The 6-year CAGR of land prices locally

**The sector performance decreased due to the operating environment experienced in 2017. The sector outlook going into 2018 is expected to be positive due to an enhanced operating environment**

# Real Estate Portfolio

## Real Estate Assets

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### Two Rivers Development Limited

**Stake: 58.3%**

A premium and mixed use world class master planned urban precinct spread across 101 acres of land, anchored by the 67,000 SQM Two Rivers Mall located in Gigiri area, Nairobi which is a strategic location within the diplomatic zone of Nairobi

Two Rivers development is an award winning development with the latest being a commendation by African Property Award and has received active Government Support with the tagging as a vision 2030 project and is set to be the preferred regional destination in East Africa



### Vipingo Development Limited

**Stake: 100%**

A master planned mixed use modern precinct and anchored by an industrial park is set on 10,254 acres in Vipingo area at the coast of Kenya

Vipingo Development is interconnected to port of Mombasa, Mombasa International Airport, the LAPSSET project and the Mombasa Nairobi Highway and is set to be a model for new East African cities

Vipingo Development's vision is to develop the most competitive/ lowest cost location of doing business in Kenya



### Pearl Marina Development Limited

**Stake: 100%**

Pearl Marina is a 389 acre mixed use waterfront destination providing first world experiences incorporating villas, apartments, retail, entertainment, schools, a hospital, hotels and market resorts and is located along a 4 Kilometer shore line of Lake Victoria between Kampala and Entebbe in Uganda



# Real Estate Portfolio

## High Level Real Estate Progress Overview

	Two Rivers 101.31 acres, Nairobi	Pearl Marina 389 acres, Garuga	Vipingo 10,254 acres, Kilifi
Acquire Land	✓	✓	✓
Master Plan and Obtain Approvals	✓	✓	✓
Attract Investors at Development Level	✓	Discussions Underway	Discussions Underway
Develop Trunk Infrastructure	✓	✓	Phase 1 to commence in FY 2019
Develop Strategic In fill Developments	✓	✓	Anchor developments to commence in FY 2019
Avail Construction Ready Sites/ Bulk Land Sales	✓	✓	✓
Provide Urban Management	✓	-	-

Significant focus on asset monetisation through sales of construction-ready sites and bulk land sales across the portfolio

# Real Estate Portfolio

## Focus Activities Across Portfolio

	Two Rivers	Pearl Marina	Vipingo
<b>Sale of Bulk Rights/ Serviced Land</b>		<ul style="list-style-type: none"> <li>43 acres of fully serviced land available</li> </ul>	<ul style="list-style-type: none"> <li>Finalised master plan on 1,150 acres for an industrial park with a net developable area of 850 acres. Phase 1A has 280 acres and a net developable area of 180 acres</li> <li>Target launch before end of March 2019</li> </ul>
<b>Sale of Bulk Unserviced Land</b>	<ul style="list-style-type: none"> <li>Not applicable (all land is fully serviced)</li> </ul>	<ul style="list-style-type: none"> <li>Legal process &amp; documentation ongoing for sale of 35 acres for an international hospital</li> <li>Advanced negotiations ongoing on 15 acres for international school</li> <li>Advanced negotiations ongoing for sale of 10 acres for development of a sports and recreation centre</li> </ul>	<ul style="list-style-type: none"> <li>2,519 acres available for sale in FY2019/2020</li> </ul>
<b>Strategic Infill Developments</b>	<p>Complete projects</p> <ul style="list-style-type: none"> <li>Two Rivers Development - 42% equity stake exit to 40% AVIC &amp; 2% ICDC</li> <li>Two Rivers Mall - 50% equity stake exit to Old Mutual Properties</li> </ul> <p>Ongoing projects</p> <ul style="list-style-type: none"> <li>196 Riverbank Apartment project with a target launch of FY2019</li> </ul>	<p>Complete projects</p> <ul style="list-style-type: none"> <li>Luxury Villas</li> </ul> <p>Ongoing projects</p> <ul style="list-style-type: none"> <li>Mid-market apartment project with total 116 units and phase 1 with 39 units currently under development with target launch in FY2019.</li> </ul>	<ul style="list-style-type: none"> <li>Residential and Commercial “Lifestyle Centre” currently under development</li> <li>Retail and Commercial Centre under development</li> <li>Phase 1 of Industrial Park currently under development with target launch in FY2019</li> <li>Water desalination plant already in progress</li> </ul>

# Real Estate Portfolio

## Real Estate Sector Contribution

Real Estate Sector Contribution, HY 2018	
Sector NAV Contribution (KES Mn)	19,600
Sector NAV Contribution (%)	42%
Sector NAV Per Share Contribution (KES)	29.5

Real Estate Portfolio Companies	% Stake	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)	Entity Total Assets (KES Mn)	Entity Debt (KES Mn)
Two Rivers Development Ltd.	58.3%	16.7	23.7%	29,408	4,102
Vipingo Development Ltd.	100%	8.2	11.8%	8,138	-
Pearl Marina Development Ltd.	100%	4.0	5.7%	7,537	-
Uhuru Heights Ltd.	100%	0.4	0.5%	839	-
Athena Properties Ltd.	100%	0.2	0.3%	257	-

# Real Estate Portfolio

*Valuation as at HY2018*

PORTFOLIO COMPANIES	CENTUM'S STAKE	SECTOR	CARRYING VALUE (KES MN) 31 MAR 2017	CARRYING VALUE (KES MN) 30 SEP 2017	VALUATION METHOD
Vipingo Development Limited	100.0%	Real Estate	5,713	7,794	NAV
Two Rivers Development Limited	58.3%	Real Estate	11,053	8,795	NAV
Two Rivers Lifestyle Centre Limited	29.2%	Real Estate	4,221	4,446	NAV
Uhuru Heights	100%	Real Estate	835	835	NAV
Centum Development Limited ( <i>Pearl Marina Limited</i> )	100.0%	Real Estate	4,178	6,322	NAV
Athena Properties Limited	100.0%	Real Estate	26	133	NAV
Broll	30.0%	Real Estate	-	37	NAV
<b>Total</b>			<b>26,023</b>	<b>28,362</b>	



# Portfolio Highlights

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## 1 Real Estate Portfolio

## 2 Growth Portfolio

- FMCG
- Financial Services
- Others

## 3 Development Portfolio

- Power
- Agribusiness
- Education
- Healthcare

## 4 Marketable Securities Portfolio

# Growth Portfolio

## FMCG Sector Snapshot

- ❖ Consumer spending growth expected to remain low over 2018 due to lingering negative impacts from extended from 2017, namely high inflation and political unrest
- ❖ Spending on essential items will continue to dominate the consumer sector due to the country's lower-middle income band
- ❖ Kenya's economy to is expected to expand at a faster pace in the coming quarters, but the pace of expansion will remain limited compared to previous years
- ❖ In line with this gradual recovery, real household spending is forecasted to grow by just 4.8% in 2018 compared to 4.9% in 2017
- ❖ Consumption is likely to be majorly driven by the young population

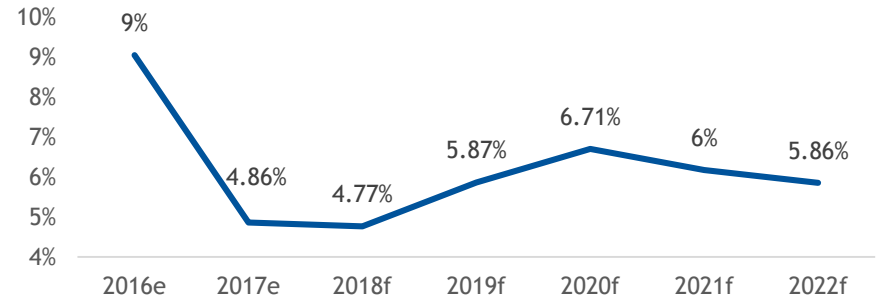
**KES 4.56Tn**

Kenya's forecasted total household spending for 2018

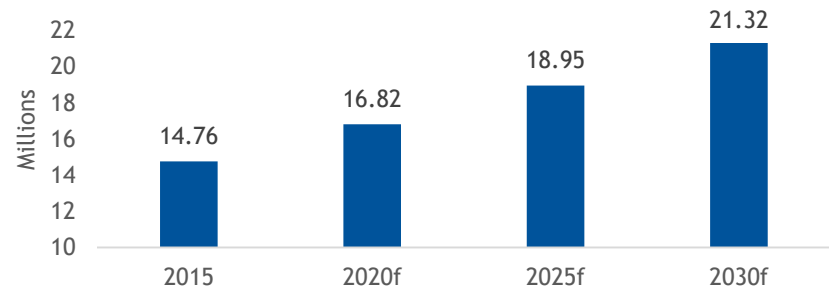
**12.3m**

Current estimate of number of households in Kenya

**Total household spending, % y/y  
2016 - 2022F**



**Total Population in Millions, 20-39 Years  
2015 - 2030F**



**Consumer spending is likely to remain low due to the effects of the 2017 operating environment but is expected to pick going into 2018 due to the enhanced operating environment**

# Growth Portfolio

## Fast Moving Consumer Goods



### Nairobi Bottlers Limited

**Stake: 27.6%**

The largest of the Coca Cola franchise bottlers in Kenya and is engaged in the manufacturing, packaging, distributing and selling of Coca-Cola range of products

FMCG Sector Contribution, HY 2018	
Sector NAV Contribution (KES Mn)	11,134
Sector NAV Contribution (%)	24%
Sector NAV Per Share Contribution (KES)	16.7



### Almasi Beverages Limited

**Stake: 53.9%**

The holding company owning three of Kenya's six Coca-Cola bottling franchises and is involved in the manufacturing, packaging, distributing and selling of Coca-Cola range of products

FMCG Portfolio Companies	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)	Entity Total Assets (KES Mn)	Entity Debt (KES Mn)
Almasi Beverages Limited	10.4	14.9%	8,230	1,329
Nairobi Bottlers	6.4	9.1%	Not Disclosed	Not Disclosed



### King Beverage Limited

**Stake: 100%**

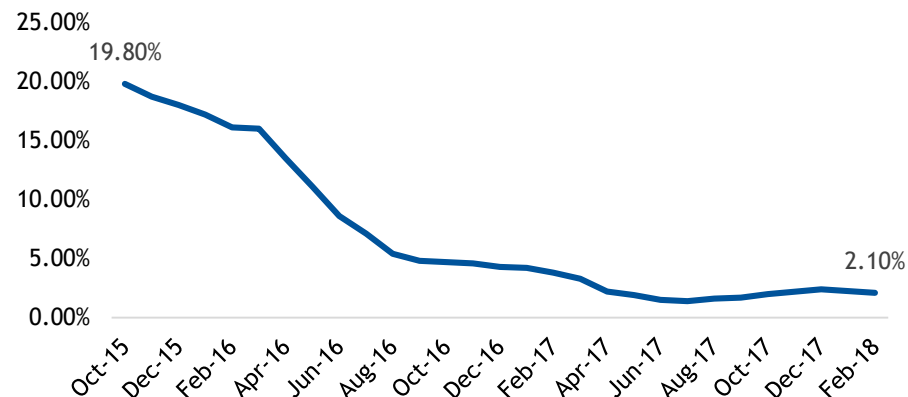
The sole distributor for Carlsberg Brands and selected EFME & Grays spirits in Kenya

# Growth Portfolio

## Financial Services Sector Snapshot

- ❖ Private sector credit growth dropped from its peak of about 25% in mid-2014 to 2% in February 2018
- ❖ The slowdown in credit growth is broad based, with credit contraction effects largely experienced by Small and Medium Enterprises and individuals
- ❖ Since the conclusion of the elections in August 2017, the interbank rate has declined by 190 basis points from 8.1% to 6.3% as at February 2018, suggesting improvement in the liquidity situation among banks
- ❖ The rise in NPLs contributed to tighter lending conditions in 2017. The NPL ratio increased to 11.4 percent in February 2018, up from 10.6 percent December 2017 and 7.8 percent in 2016. This rise in NPLs was broad based across sectors, however, trade, personal & households, manufacturing and real estate had the highest level of NPLs

### Private Sector Credit Growth in Kenya October 2015 - February 2018



**1.8%**

Private sector credit growth as at February 2018

**11.4%**

NPL ratio of the banking sector in February 2018

**Private sector credit dropped to 2% in February 2018 with the slowdown being broad-based and partly caused by a rise in NPLs to 11.4%. We anticipate a repeal/ modification of interest capping law which is expected to spur the private sector credit growth**

# Growth Portfolio

## Financial Services



### Sidian Bank Limited

**Stake: 74.8%**

A leading tier III bank SME focused commercial bank in Kenya providing an array of financial services to individuals and enterprises



### Zohari Leasing Limited

**Stake: 100%**

Zohari Leasing is an SME focused tailored leasing solutions company across various sectors by funding an array of assets including motor vehicles, agricultural equipment, ICT equipment and retail fit-outs through operating leases, finance leases and lease buy-backs



### Nabo Capital Limited

**Stake: 100%**

Nabo's core business revolves around the management of traditional asset classes such as equities, money markets, fixed-income portfolios, alternative asset classes such as real estate, securitizations and private instruments. In addition, Nabo provides investment advisory services to corporate, partnership, institutional and private clients, including structured products for debt and equity capital markets and has clients who include endowments, sovereign entities, private clients and institutions



### GenAfrica Limited

**Stake: 73.4%**

GenAfrica is a pension-fund focused asset manager and the second largest asset manager in the region, providing specialist investment management services to institutional clients in Kenya and Uganda. We are in the process of exiting the asset to Kuramo Capital. Currently awaiting regulatory approval



# Growth Portfolio

## Financial Services Sector Contribution

Financial Services Sector Contribution, FY 2017	
Sector NAV Contribution (KES Mn)	6,230
Sector NAV Contribution (%)	13.4%
Sector NAV Per Share Contribution (KES)	9.4

Financial Services Portfolio Companies	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)	Carrying Value (KES Mn)	Attributable Debt (KES Mn)
Sidian Bank	3.1	4.4%	3,022	979
Platcorp Limited	3.6	5.1%	Not Disclosed	Not Disclosed
GenAfrica Investment Management	2.1	3.0%	1,404	16
Nabo Capital	0.6	1.0%	513	89

# Growth Portfolio

## Others



### Longhorn Publishers Limited

**Stake: 60.2%**

The second largest publisher in Kenya and is also listed on the Nairobi Securities Exchange. Longhorn Publishers is the first publisher in Kenya to digitize all its books with its books already listed on platforms such as Amazon among others



### Isuzu East Africa

**Stake: 17.8%**

Involved in the assembly of trucks, pick-ups and bus chassis via a complete knock down (CKD) kit process and imports new completely built units (CBU) for sale for the Isuzu, Chevrolet and Opel brands . Also deals in after sales service, motor vehicle repairs and part sales



### Nas Servair Limited

**Stake: 15%**

A fully integrated catering provision, on- site catering services and utilities. Nas Servair is the main airline caterer serving in Kenya's largest two international airports and offers meals to over 30 international airlines

### “Others” Contribution, HY 2018

NAV Contribution (KES Mn)	4,483
NAV Contribution (%)	9.7%
NAV Per Share Contribution (KES)	6.7

“Others” Portfolio Companies	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)
Isuzu EA Limited	4.3	6.2%
Longhorn	1.3	1.8%
NAS Servair	1.1	1.6%

# Growth Portfolio

Valuation as at HY2018

PORTFOLIO COMPANIES	CENTUM'S STAKE	SECTOR	CARRYING VALUE (KES MN) 31 MAR 2017	CARRYING VALUE (KES MN) 30 SEP 2017	VALUATION METHOD	IMPLIED DISCOUNT <sup>4</sup> MULTIPLE
Almasi Beverages Limited	53.9%	FMCG	7,716	8,230	EV <sup>1</sup> /EBITDA	6.77x
Nairobi Bottlers Ltd	27.6%	FMCG	4,388	4,449	EV/EBITDA	5.70x
Sidian Bank Limited	74.8%	Fin. Services	3,233	3,022	P/B <sup>2</sup>	1.06x
Isuzu (E.A.) Ltd	17.8%	Others	3,027	3,027	FV <sup>3</sup> : Recent Price	
Platcorp Holdings Limited	25.0%	Fin. Services	2,651	2,384	FV: Recent Price	
GenAfrica Investment Management Ltd	73.4%	Fin. Services	1,404	1,404	FV: Multiples	0.90%
Nabo Capital Limited	100.0%	Fin. Services	765	513	NAV	
NAS Servair	15.0%	Others	765	765	EV/EBITDA	3.90x
Longhorn Kenya Limited	60.2%	Others	743	861	Market price	
Centum Business Solutions	100.0%	Others	219	299	NAV	
Others			7	74	Cost	
<b>Total</b>			<b>24,919</b>	<b>25,028</b>		

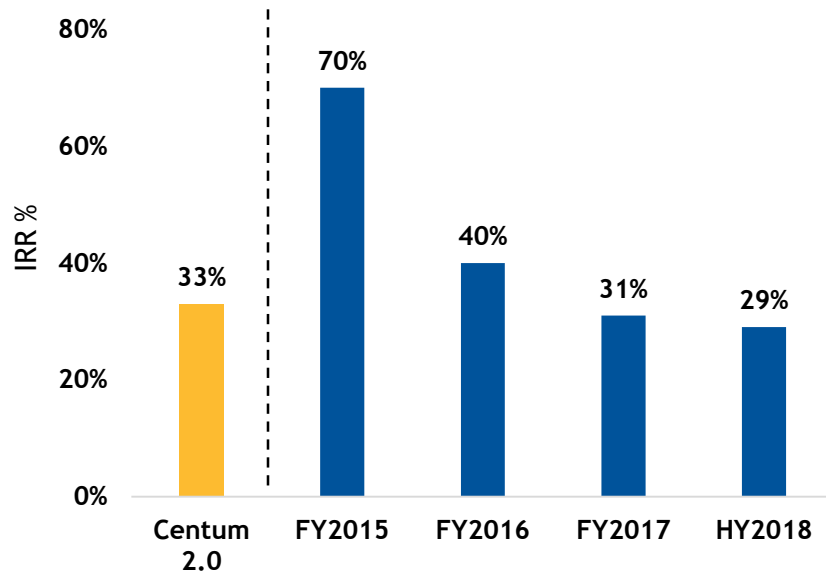
1. EV - Enterprise Value; 2. P/B - Price to Book; 3.FV - Fair Value 4. An illiquidity discount of 30% is applied to all multiples



# Growth Portfolio

## Return Performance over Centum 3.0

### Growth Portfolio IRR, Centum 2.0 and FY 2015 - HY 2018



Growth Portfolio remains a significant driver of returns for the Group reflecting the success of our active portfolio management strategy

- **FMCG** (Almasi Beverages & Nairobi Bottlers) constitutes **16.7%** (\$107.89 Mn) of sector NAV
- **Financial Services** constitutes **13.4%** (\$60.37 Mn) of sector NAV
- “Others” constitutes **9.7%** (\$43.44 Mn) of sector NAV

Note: Centum 2.0 represents the Strategic Period FY2010 - FY2014

# Portfolio Highlights

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## 1 Real Estate Portfolio

## 2 Growth Portfolio

- FMCG
- Financial Services
- Others

## 3 Development Portfolio

- Power
- Agribusiness
- Education
- Healthcare

## 4 Marketable Securities Portfolio

# Development Portfolio

## Power Sector Update



- ❖ Both Amu Power (1,050 MW coal power) and Akiira (140 MW geothermal power) projects are steadily progressing towards financial close with a numerous key project documentation already in place
- ❖ Notably, in August 2017, both Akiira and AMU Power were awarded Letters of Support from the Government of Kenya

### Power Sector Contribution, HY 2018

Sector NAV Contribution (KES Mn)	1,371
Sector NAV Contribution (%)	3%
Sector NAV Per Share Contribution (KES)	2.1

Power Portfolio Companies	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)
Akiira Geothermal	2.1	3%
Amu Power	-	-

# Development Portfolio

## Agribusiness Sector Update



- ❖ Greenblade Growers continues to export fresh herbs the European markets from its 120 acre farm in Ol Kalau, Nyandarua County
- ❖ As at HY2018, the Business had produced in excess of 51 tonnes of fresh produce
- ❖ Going forward, focus is on expansion of the out-grower scheme and product mix, and the continued scaling up of arable portions of the land and to develop targets for selling sub-exports kits to local market
- ❖ We continue to explore other opportunities in the sector

### Agribusiness Sector Contribution, HY 2018

Sector NAV Contribution (KES Mn)	159
Sector NAV Contribution (%)	0.3%
Sector NAV Per Share Contribution (KES)	0.2



# Development Portfolio

## *Education & Healthcare Sector Updates*



### Education

- ❖ Through our investment in ACE Holdings, we are seeking to establish a platform of high quality schools across the region
- ❖ The first school, to be operated by our internationally renowned partners, SABIS, is currently under construction
- ❖ K-12 School is scheduled to open in Sept 2018, and will cater for students from kindergarten to Grade 5 in its first year
- ❖ We continue to evaluate opportunities for additional schools across the region

### Healthcare

- ❖ Our project development efforts with respect to establishing a world class healthcare delivery platform continue to progress

# Development Portfolio

*Valuation as at HY2018*

PORTFOLIO COMPANIES	CENTUM'S STAKE	SECTOR	CARRYING VALUE (KES MN) 31 MAR 2017	CARRYING VALUE (KES MN) 30 SEP 2017	VALUATION METHOD
Amu Power Ltd	51.0%	Energy	2,144	2,144	Cost
Akiira Geothermal Limited	37.5%	Energy	1,347	1,371	Cost
King Beverage Limited	100.0%	FMCG	310	395	Cost
ACE Holdings Limited	40.0%	Education	295	359	Cost
Greenblade Growers Limited	100.0%	Agribusiness	269	269	NAV
Zohari Leasing Limited	100.0%	Fin. Services	203	190	NAV
Others			78	289	Cost
<b>Total</b>			<b>4,647</b>	<b>5,017</b>	

# Portfolio Highlights

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## 1 Real Estate Portfolio

## 2 Growth Portfolio

- FMCG
- Financial Services
- Others

## 3 Development Portfolio

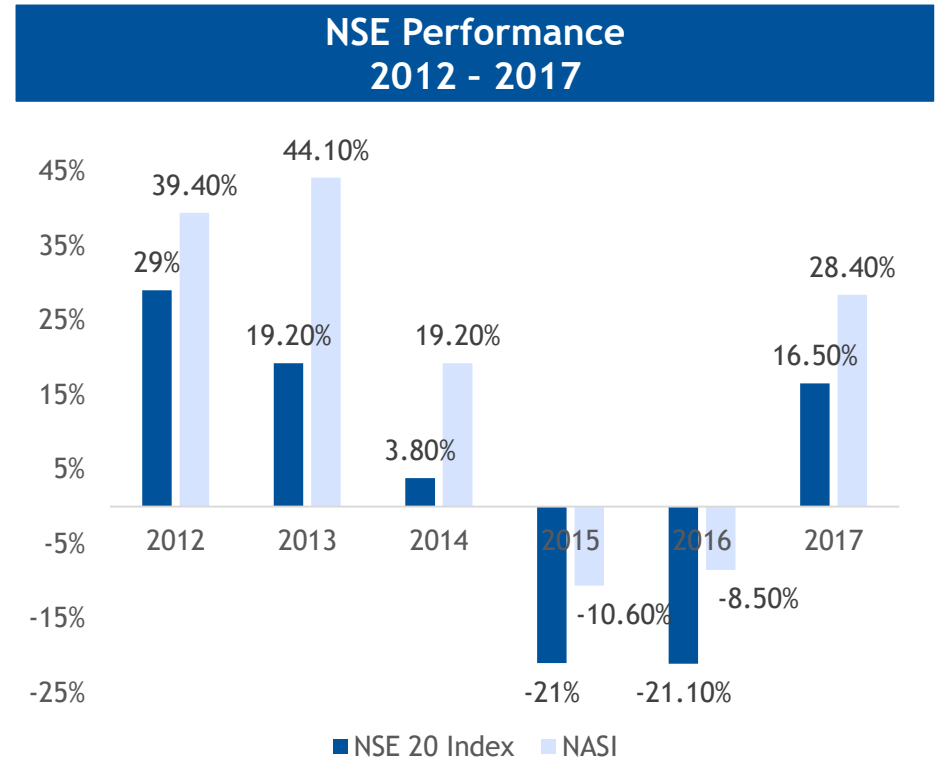
- Power
- Agribusiness
- Education
- Healthcare

## 4 Marketable Securities Portfolio

# Marketable Securities

## Snapshot

- ❖ During the year 2017, the Kenyan equities market was on an upward trend, with NASI, NSE 25 and NSE 20 gaining by 28.4%, 21.3% and 16.5%, respectively. This performance was driven by gains in large-cap
- ❖ Following 2017's bull-run, the market came close to its historical average with NASI P/E currently at 13.9x compared to the historical average of 13.4x
- ❖ Equity turnover in 2017 rose by 14.3% to USD 1.7 bn from USD 1.4 bn in FY'2016. Foreign investors turned net sellers with net outflows of USD 117.1 mn compared to net inflows of USD 88.8 mn recorded in FY'2016, which can be attributed to negative investor sentiment
- ❖ Equities market activity in 2018 to be driven by expected strong GDP growth rate for the year at between 5.3% - 5.5% supported by agriculture, real estate and manufacturing sectors, faster growth in corporate earnings compared to 2017, attractive valuations for long-term investors, with the market forward P/E of 12.3x compared to a historical average of 13.4x, and improved investor sentiment due to a stable business operating environment



12%

Expected earnings growth for the year 2018

All NSE indices recorded positive results in 2017. A stable operating environment and growth in corporate earnings is expected to boost activity in the current year

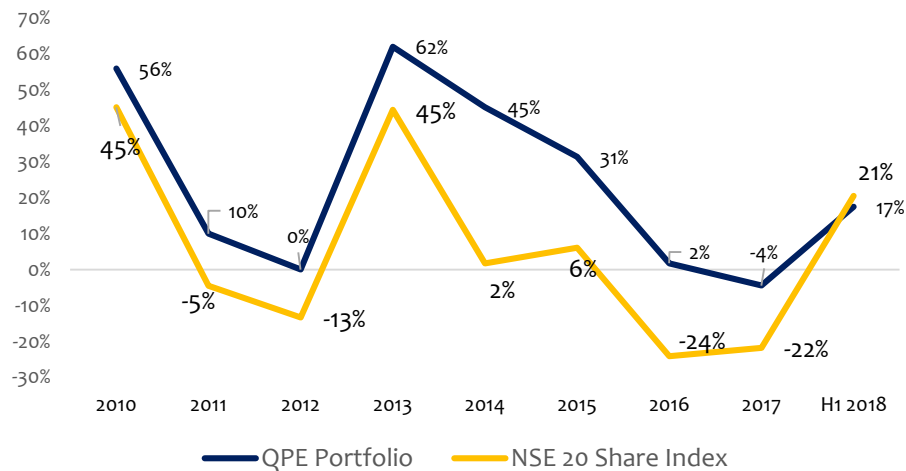


# Marketable Securities

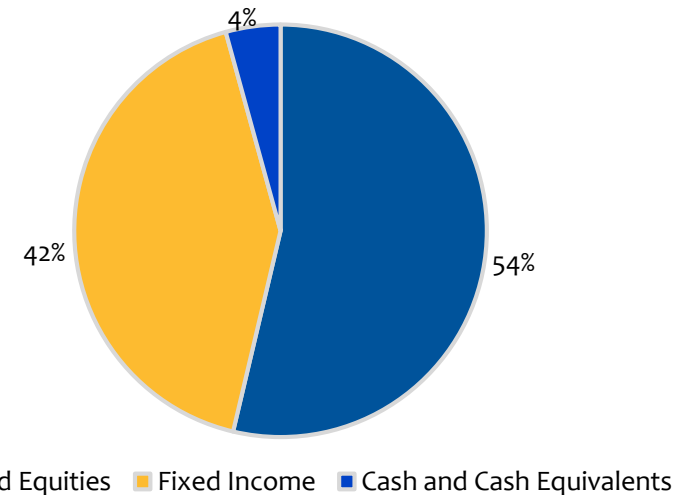
As at HY2018

Marketable Securities portfolio comprises our investments in quoted securities and fixed income instruments

## QPE vs NSE 20 Gross Return (%)



## Portfolio Allocation by Asset



## Marketable Securities Contribution HY 2018

Total Portfolio	3,733
NAV Contribution (%)	8%
NAV Per Share Contribution (KES)	5.6

# Marketable Securities

*Valuation as at HY2018*

PORTFOLIO COMPANIES	CENTUM'S STAKE	SECTOR	CARRYING VALUE (KES MN) 31 MAR 2017	CARRYING VALUE (KES MN) 30 SEP 2017	VALUATION METHOD
Centum Exotics Limited	100%	Marketable Securities	3,134	3,339	Market Price
Centum QPE	100%	Marketable Securities	100	394	Market Price
Receivables	100%		300	94	Cost
Cash	100%		2,447	274	Cost
<b>Total</b>			<b>5,981</b>	<b>4,101</b>	

# Content

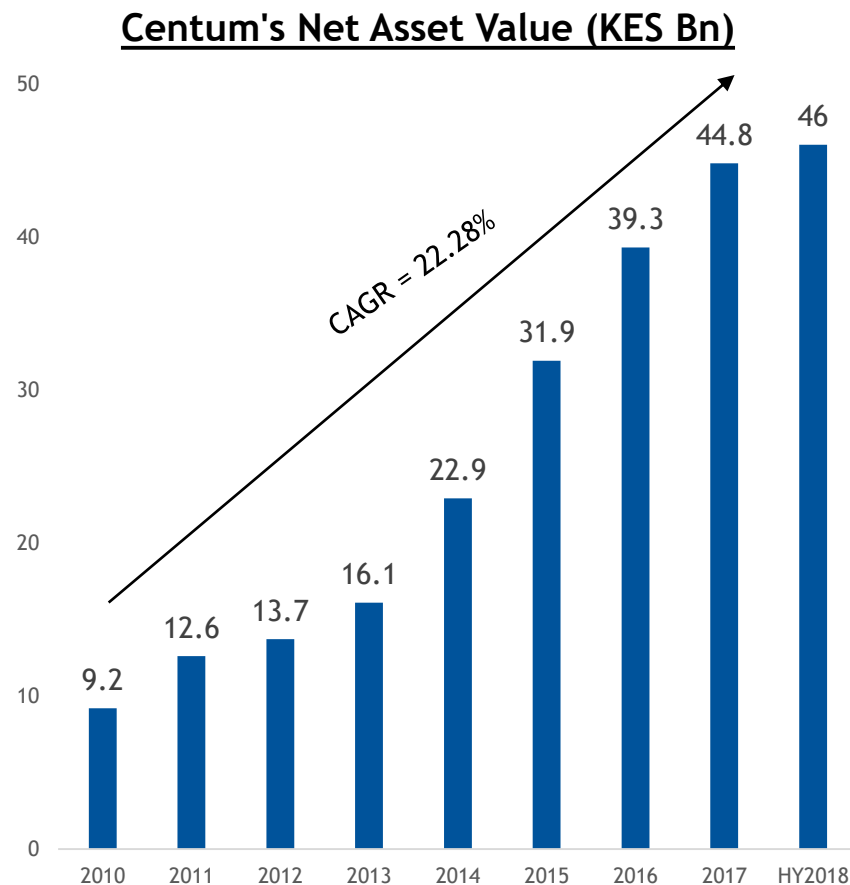
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- 1 Centum Overview
- 2 Portfolio Highlights
- 3 Financial Overview
- 4 Outlook

# Financial Overview

## Generating Market Beating Returns on Investment

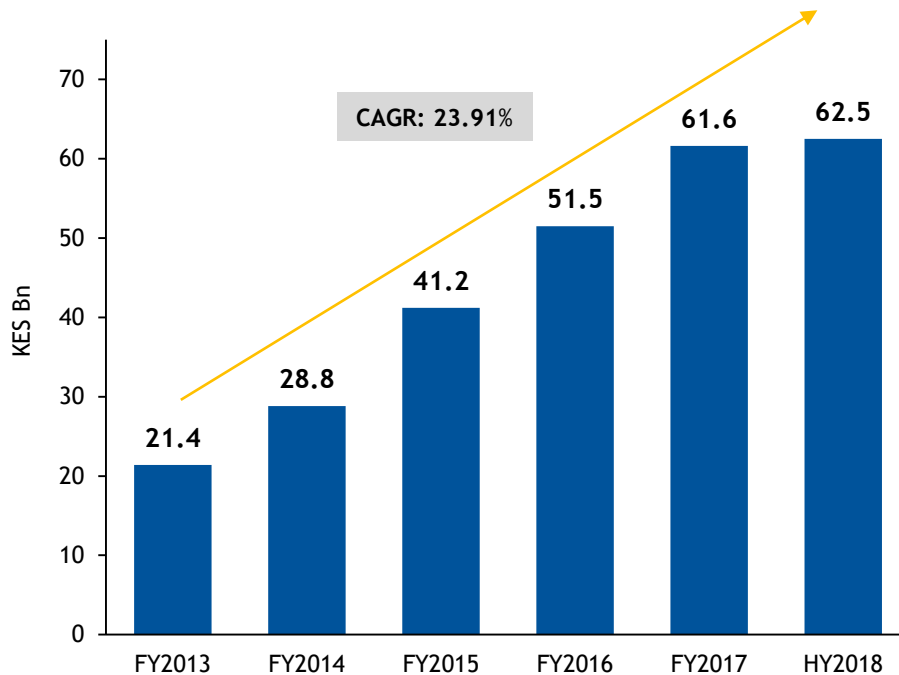
Year	Centum NAV Return (KES)	NSE 20 Return	Centum Outperformance
2010	56%	43%	13%
2011	37%	(4%)	41%
2012	9%	(13%)	22%
2013	19%	44%	(25%)
2014	42%	2%	40%
2015	39%	8%	31%
2016	23%	(24%)	47%
2017	16%	(22%)	38%
HY2018	5%	21%	(16%)



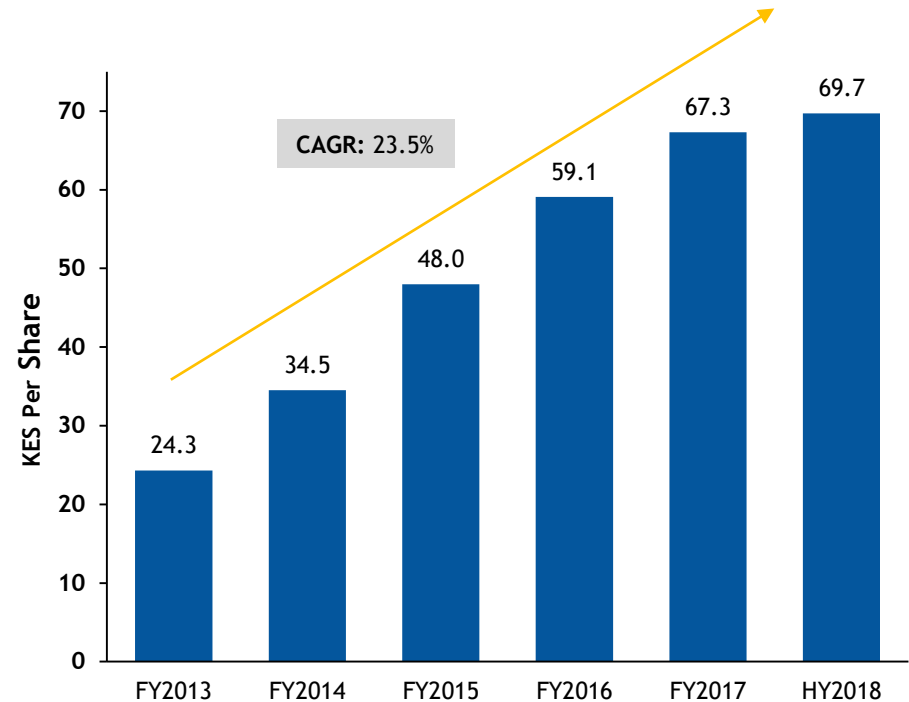
# Financial Overview

## Our Performance

### Total Assets, FY 2009 to HY 2018



### NAV Per Share, FY 2009 to HY 2018



**Total Assets have increased by 2.92x while NAV per share has increased by 2.87x over the current Strategic period Centum 3.0**

# Financial Overview

## 5 Year Historical Financials

KES Mn	FY2013	FY2014	FY2015	FY2016	FY2017	HY2018
<b>Growth portfolio</b>						
Gross income	89	279	1,961	12,190	13,479	6133
Direct and other operating costs	-	(134)	(1,258)	(10,887)	(11,818)	(5568)
<b>Gross profit</b>	<b>89</b>	<b>145</b>	<b>703</b>	<b>1,303</b>	<b>1,662</b>	<b>565</b>
Dividend income	156	320	488	178	216	52
Share of associates profits	263	393	448	1,074	1,347	195
<b>Core profit before realized gains</b>	<b>508</b>	<b>858</b>	<b>1,638</b>	<b>2,555</b>	<b>3,225</b>	<b>813</b>
Realized gains on disposal	1,172	-	5,531	1,286	948	0
<b>Profit before tax</b>	<b>1,680</b>	<b>858</b>	<b>7,169</b>	<b>3,841</b>	<b>4,173</b>	<b>813</b>
<b>Marketable securities and cash</b>						
Investment income	415	241	410	1,040	527	100
Realized gains	324	993	962	980	85	11
Portfolio costs	(87)	(102)	(17)	(55)	(84)	(5)
<b>Profit before tax</b>	<b>652</b>	<b>1,132</b>	<b>1,354</b>	<b>1,965</b>	<b>528</b>	<b>107</b>
<b>Real estate</b>						
Unrealized gains	1,605	3,050	1,737	5,119	6,452	2033
Share of Joint Venture Profits						373
Project Management fees & other levies						181
Realized gains	145	-	702	3,318	13	0
Portfolio costs	(151)	(174)	(359)	(477)	(203)	(382)
<b>Profit before tax</b>	<b>1,598</b>	<b>2,876</b>	<b>2,080</b>	<b>7,960</b>	<b>6,263</b>	<b>2206</b>
<b>Development portfolio</b>						
Income	-	-	37	54	135	88
Portfolio costs	-	(0)	(89)	(62)	(272)	(259)
<b>Loss Before tax</b>	<b>-</b>	<b>(0)</b>	<b>(53)</b>	<b>(8)</b>	<b>(137)</b>	<b>(170)</b>
<b>Total group operating income</b>	<b>3,930</b>	<b>4,866</b>	<b>10,551</b>	<b>13,758</b>	<b>10,826</b>	<b>2956</b>
Group operating and admin costs	(281)	(385)	(1,042)	(903)	(835)	(232)
Group finance cost	(401)	(469)	(692)	(1,982)	(1,048)	(557)
<b>Profit before tax</b>	<b>3,248</b>	<b>4,011</b>	<b>8,817</b>	<b>10,873</b>	<b>8,943</b>	<b>2167</b>
<b>Profit after tax</b>	<b>2,509</b>	<b>3,055</b>	<b>7,942</b>	<b>9,948</b>	<b>8,310</b>	<b>1631</b>

# Financial Overview

## 5 Year Historical Cash & Total Return Snapshot

Total Return in KES mn	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Annuity Income:</b>					
Dividend Income	283	1,738	1,318	2,177	756
Interest Income	108	40	77	676	196
Directors Fees & Allowances	-	9	9	8	6
<b>Total Income</b>	<b>391</b>	<b>1,787</b>	<b>1,403</b>	<b>2,860</b>	<b>958</b>
Administrative & Operating Expenses	(442)	(431)	(867)	(877)	(798)
Finance Costs	(401)	(460)	(752)	(1,487)	(1,689)
	<b>(843)</b>	<b>(890)</b>	<b>(1,619)</b>	<b>(2,365)</b>	<b>(2,486)</b>
<b>Net Annuity Income</b>	<b>(451)</b>	<b>896</b>	<b>(216)</b>	<b>495</b>	<b>(1,529)</b>
Dividend Income - Non Annuity	-	50	-	494	1,009
Gains On Disposal	1,433	149	5,327	990	1,063
<b>Gross Cash Return</b>	<b>982</b>	<b>1,095</b>	<b>5,111</b>	<b>1,979</b>	<b>544</b>
Tax	(36)	(48)	(278)	(87)	(178)
<b>Net Return</b>	<b>945</b>	<b>1,047</b>	<b>4,834</b>	<b>1,892</b>	<b>366</b>
Other Income	89	-	33	(23)	75
Interest Income - Subsidiaries	-	-	-	-	1,131
<b>IFRS Profit After Tax</b>	<b>1,034</b>	<b>1,047</b>	<b>4,867</b>	<b>1,868</b>	<b>1,571</b>
Gains Released On Disposal		(133)	2,395)	(955)	(721)
Revaluation Gains		5,886	6,530	6,461	5,309
<b>Total Return</b>	<b>1,034</b>	<b>6,800</b>	<b>9,003</b>	<b>7,375</b>	<b>6,160</b>

### Return Drivers

#### FY14

- Sale of TBL leading to payment of Kes 1.1Bn dividends by CEL

#### FY15

- Further sale of TBL, hence Kes 0.5Bn dividends from CEL
- Exit of UAP with Kes 5Bn gains
- Higher bonus on account of the significant cash returns generated
- AVIC investment in TRDL hence significant equity uplift

#### FY16

- Kes 1.4Bn CEL div from accumulated reserves
- High interest regime and tactical QPE portfolio allocation to cash
- OM transaction with Nabo earning arrangers fees, hence paying Kes 420mn div. Transaction also explains high unrealized value uplift
- Kes 6Bn bond issued hence increased finance cost

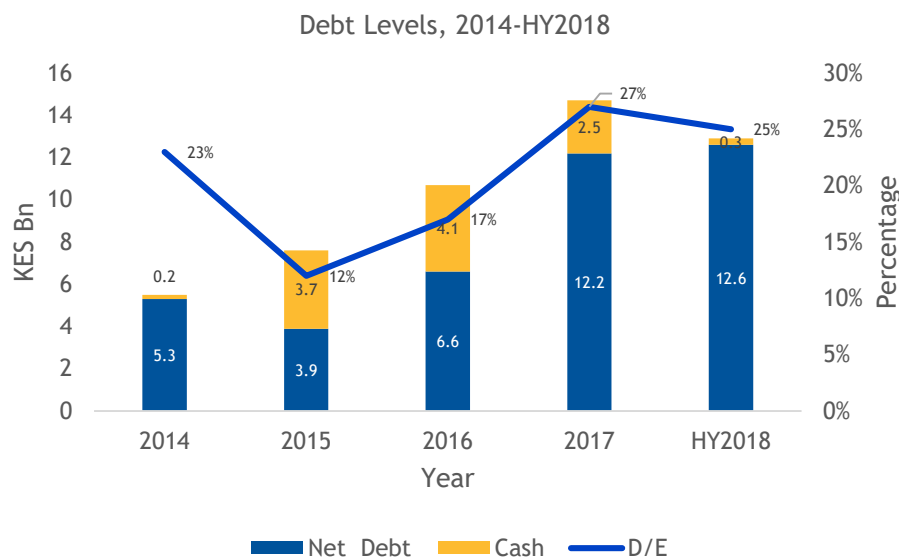
#### FY17

- Kes 1Bn of dividends from Investpool (Platcorp sale), Athena reserves and Almasi scrip
- Interest income from subsidiary loans
- Kes 1Bn gains on KWAL Exit

# Financial Overview

## Gearing & Finance Costs

### Debt Levels, 2014 - 2017



	2014	2015	2016	2017	HY2018
Long Term (KE)	A	A	A	A	A
Short Term (KE)	A1	A1	A1	A1	A1
Outlook	Stable	Stable	Stable	Positive	Positive

### Finance Costs

in KES mn	2014	2015	2016	2017
Interest expenses	394	647	1,372	1,546
Forex movements	2	(82)	20	60
Bond amortization	55	63	115	124
Other finance costs	10	42	-	19
<b>Total</b>	<b>462</b>	<b>669</b>	<b>1,507</b>	<b>1,748</b>

GCR accorded Centum a credit rating of A (long term) and A1 (short term) with a positive outlook

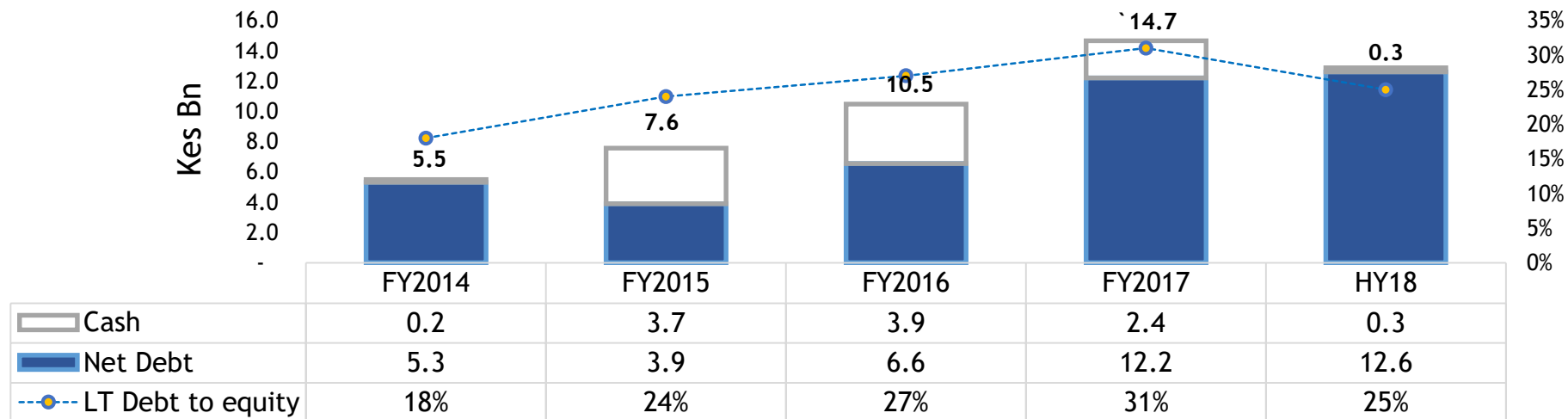


# Financial Overview

*Our cash generating capacity for debt service*

## DSCR COVERAGE RATIO

KES Mn	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	HY 2018
Operating Inflows	1,722	2,349	6,619	2,547	4,146	8,114	7,904	5,259	4,139
Operating Outflows	(199)	(305)	(309)	380)	(463)	(519)	(1,033)	(922)	(616)
Internally Generated Funds	1,523	2,044	6,310	2,167	3,683	7,595	6,871	4,336	3,523
Finance Costs	44	148	230	344	660	814	1,511	1,754	930
<b>Debt Service Coverage</b>	<b>34.6x</b>	<b>13.8x</b>	<b>27.4x</b>	<b>6.3x</b>	<b>5.6x</b>	<b>9.3x</b>	<b>4.5x</b>	<b>2.5x</b>	<b>3.8x</b>



Our DSCR ratios continue to remain above the 1.5x bond covenant

# Financial Overview

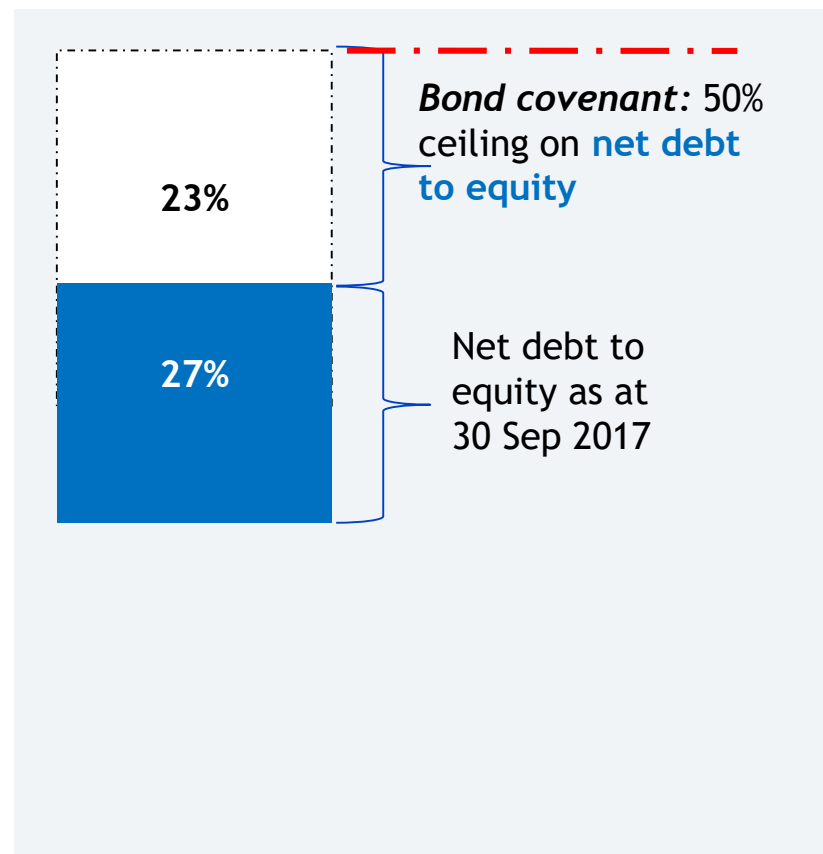
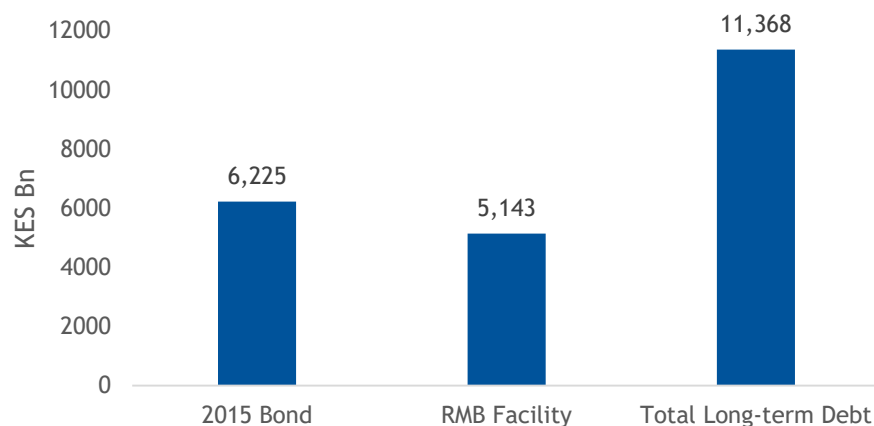
## Our Gearing & Debt Capacity

We redeemed the Kes 4.2 Bn 5-year corporate bond in Sep 2017, effectively deleveraging our balance sheet

Instrument	March 2017	Repaid	Addition	Sep 2017	Time to maturity
2012 Bond	4331	(4331)	-	-	N/A
2015 Bond	6,225	-	-	6,225	2 years
RMB Loan	3,118	(3118)	5,143	5,143	3.3 yrs
<b>TOTAL</b>	<b>14,656</b>	<b>(7,449)</b>	<b>5,143</b>	<b>11,368</b>	

Debt Ratio 24% → 21%

Facilities



# Content

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# Outlook

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## Real Estate

- Focus on delivery of strategic in-fill developments at Two Rivers (The Riverbank Apartments), Vipingo (Lifestyle Centre and Industrial Park) and Pearl Marina (apartments)
- Aggressive sales of construction ready sites as well as bulk land sales
  - Several large transactions in the pipeline across the portfolio
- Pursuing equity investors at development level for the Vipingo and Pearl Marina

## Growth Portfolio

- Positive growth outlook for majority of underlying portfolio companies on the back of our active portfolio management strategy
- Expect to close exits currently in the pipeline at valuations significantly higher than current carrying values of the respective assets

## Development Portfolio

- Construction of first school remains on track for launch in September 2018, with project development activities underway for additional locations in the region
- On Power, we continue to work towards achieving financial close

## Marketable Securities

- All NSE indices recorded positive results in 2017. A stable operating environment and growth in corporate earnings is expected to boost our activity in the year
- We anticipate investing a portion of proceeds from exits in the Growth Portfolio and Real Estate transactions into our Marketable Securities portfolio to increase its weighting in our overall asset allocation

# Disclaimer

Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those presented in this report. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage and sustain growth, intense competition in the various sectors the company has invested in, in regions of operation, including those factors which may affect our cost and proprietary advantage, wage increases, our ability to attract and retain skilled professionals, time and cost overruns on planned capital expenditures, geographic concentration, industry segment concentration, our ability to manage our regional operations, reduced demand for our subsidiaries services in our key geographical areas, disruptions in operational platforms or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our licenses and service contracts, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies in different countries where we plan to invest, and unauthorized use of our intellectual property and general economic conditions affecting the company. Additional risks that could affect our future operating results are described in our Annual Report for the fiscal year ended 31st March 2017, and in our half year report for period ended 30th September 2017. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the NSE, USE or CMA and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.

[investorelations@centum.co.ke](mailto:investorelations@centum.co.ke)

Centum Investment Company Plc  
9<sup>th</sup> Floor, Southern Tower, Two Rivers  
PO Box 10518-00100  
Nairobi, Kenya