

# FY2018 Investor Presentation



# Content

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## Centum Overview

Portfolio Highlights

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Financial Overview

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Outlook

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# Overview of Centum

## Centum at a Glance

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**25.2**  
**KES Billion**  
Market Capitalisation <sup>(1)</sup>

**66.1**  
**KES Billion**  
Total Assets <sup>(2)</sup>

**48.7**  
**KES Billion**  
Net Asset Value <sup>(2)</sup>

**6**  
**Active Sectors**  
(RE, Power, FS, FMCG,  
Agribusiness, Education) <sup>(3)</sup>

**23%**  
**Average**  
**Annualised Return**  
FY14 - FY18

**21%**  
**CAGR on NAV**  
FY14 - FY18

**23%**  
**Net Debt to Equity**  
A(Long Term) A1(Short  
Term) <sup>(4)</sup>

**1.3%**  
**Cost Efficiency**

**21%**  
**CAGR NAV/Share**  
FY14 - FY18

1. Share price as of 29<sup>th</sup> August 2018 as per Nairobi Securities Exchange. Central Bank of Kenya spot rate USD/KES 100.6778 on 29<sup>th</sup> August 2018

2. As at 31<sup>st</sup> March 2018. Central Bank of Kenya Spot Rate - USD/KES 100.8472 on 29<sup>th</sup> March 2018

3. Healthcare sector in advanced development stages









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

# Overview of Centum

## Centum 3.0 Strategic Objectives

	Centum 3.0 Strategic Objectives	Achievements as at FY18
<b>RETURN</b>	<ul style="list-style-type: none"> <li>Generate 35% annualised return between FY14 and FY19</li> <li>Consistently outperform the market</li> </ul>	<ul style="list-style-type: none"> <li>23% average annualised return achieved between FY14 and FY18 as compared to NSE average return of -3% 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 (Real Estate, Power, Financial Services, FMCG, Agribusiness and Education) 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 <b>KES 66.1 Bn</b> (USD 655.4 Mn) as at end March 2018</li> <li><b>20.8% CAGR</b> on NAV between FY14 and FY18</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 <b>Real Estate, Agribusiness and Healthcare</b> 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 <b>1.3%</b> achieved</li> </ul>

# 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>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>

# Exits Undertaken in FY 2018



Investment Year	2013	2012
Initial Investment	KES 1,050 mn	KES 767 mn
Total Dividends	KES 322	KES 404 mn
Exit Proceeds	KES 2,324 mn	KES 2,692 mn
IRR	29%	31%
Times Money Back	2.5X	4.0X

Note: GenAfrica and Platinum Credit were initially classified under the Growth Portfolio



# Content

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Centum Overview

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**Portfolio Highlights**

Financial Overview
















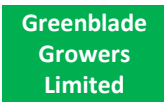




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Outlook

*pg. 55*

# Portfolio Snapshot

Centum Investment Company Plc.  
Total Assets (31st March 2018) - KES 66.1 Bn

REAL ESTATE	GROWTH			DEVELOPMENT				MARKETABLE SECURITIES & CASH
	Financial Services	FMCG	"Others"	Agribusiness	Power	Healthcare	Education	
 TWO RIVERS   VIPINGO DEVELOPMENT LIMITED A member of Centum Group   PEARL MARINA   athena PROPERTIES LTD A member of the Centum Group	 SidianBank   NABO CAPITAL   ZOHARI LEASING A member of the Centum Group	 Coca-Cola Beverages Africa Nairobi, Kenyan Limited   ALMASI BEVERAGES LIMITED   KING BEVERAGE A member of the Centum Group	 ISUZU EAST AFRICA   NAS SERVAIR   LONGHORN PUBLISHERS LIMITED expanding minds   Centum BUSINESS SOLUTIONS   CENTUM FOUNDATION	 Greenblade Growers Limited	 amu power powering Kenya's growth   AKIIRA GEOTHERMAL LIMITED	<p>Healthcare project development in advanced stages</p>	 ACE	 CENTUM EXOTICS LTD
45.9%	10.5%	21.5%	7.0%	0.4%	5.4%	0.2%	0.9%	8.2%
	39.0%			6.9%				

Total Assets have grown by 7.3% to KES 66.1 Bn as at 31 March 2018



# Portfolio Highlights

## NAV Breakdown

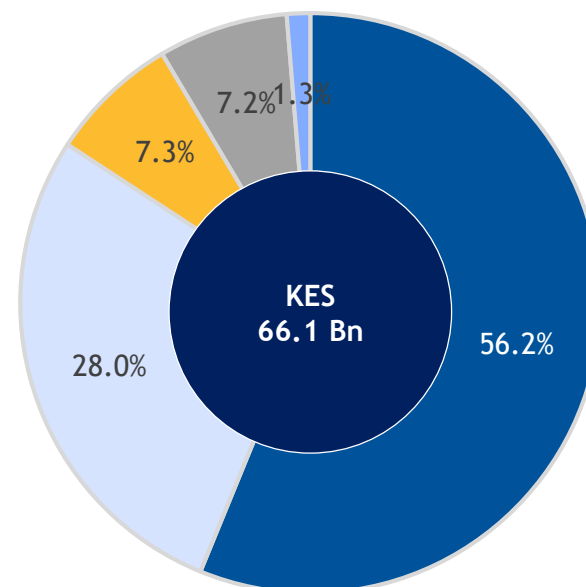
### NAV Breakdown by Portfolio Class - FY18

Portfolio Class	Total Assets (KES Mn)	Total Liabilities (KES Mn)	Total NAV (KES Mn)	NAV Per Share (KES)	NAV Per Share (%)
Growth Portfolio	25,090	(3,187)	21,903	32.91	45.0%
Real Estate Portfolio	30,302	(10,497)	19,805	29.76	40.7%
Marketable Securities, Cash and Other Liquid Assets	5,393	(243)	5,150	7.73	10.6%
Development Portfolio	5,301	(3,474)	1,827	2.74	3.7%
<b>Total</b>	<b>66,087</b>	<b>(17,401)</b>	<b>48,686</b>	<b>73.16</b>	<b>100%</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 FY2018



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

# Top 8 Portfolio Companies as at 31<sup>st</sup> March 2018

Rank	Portfolio Company	Carrying Value KES mn	Valuation Basis	Effective Multiple
1	Two Rivers Development Limited*	12,357	Net Asset Value	-
2	Almasi Beverages Limited	8,697	EBITDA Multiple	6.94x
3	Vipingo Development Limited*	8,659	Net Asset Value	-
4	Nairobi Bottlers Limited	5,078	EBITDA Multiple	6.94x
5	Sidian Bank Limited	3,890	Price to Book multiple	1.16x
6	Marketable Securities	3,687	Market Prices	-
7	Isuzu East Africa Limited	2,470	Fair Value: Recent Price	-
8	GenAfrica Asset Managers Limited**	2,324	Ongoing transaction	-
	<b>Total</b>	<b>47,162</b>		

\*The NAV basis for Two Rivers Development Limited and Vipingo Development Limited represents the underlying property valuation at 31 March 2018. Property valuations are carried out by independent valuers.

\*\*Exited post year end

Central Bank of Kenya Spot Rate - USD/KES 100.8472 on 29th March 2018

# Portfolio Highlights

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## 1 Real Estate Portfolio

### 2 Growth Portfolio

- FMCG
- Financial Services
- Others

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### 3 Development Portfolio

- Power
- Agribusiness
- Education
- Healthcare

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### 4 Marketable Securities Portfolio

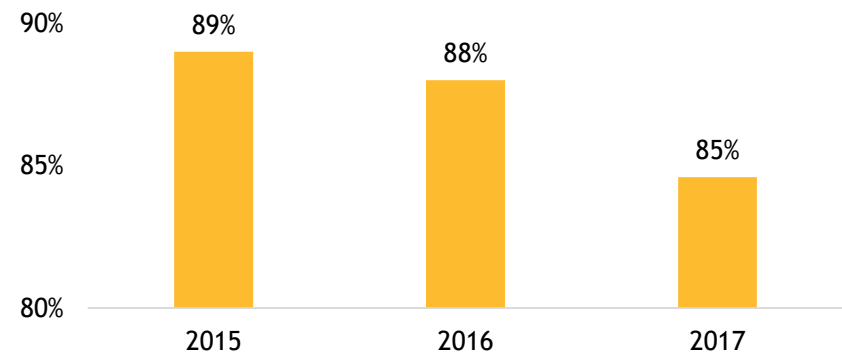
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# Real Estate Portfolio

## 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

## 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



### **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



### **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

# Real Estate Portfolio

## Valuation as at FY18

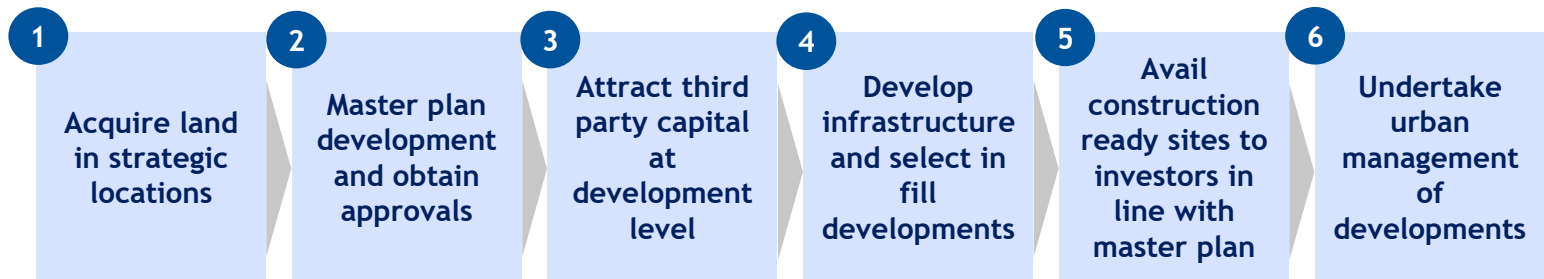
Portfolio Company	Centum's Stake	Sector	Carrying Value KES mn 31 <sup>st</sup> March 2018	Carrying Value KES mn 31 <sup>st</sup> March 2017	Valuation Method
Vipingo Development Limited	100%	Real Estate	6,153	5,040	NAV
Two Rivers Development Limited	58.30%	Real Estate	12,357	12,316	NAV
Uhuru Heights	100%	Real Estate	282	261	NAV
Rasimu Limited	100%	Real Estate	710	756	NAV
Centum Development Limited ( <i>Pearl Marina</i> )	100%	Real Estate	3,537	861	NAV
Athena Properties Limited	100%	Real Estate	-	25	NAV
Broll	30.00%	Real Estate	37	-	NAV
<b>Total</b>			<b>23,077</b>	<b>19,259</b>	

# Real Estate Portfolio

## Real Estate Sector Strategy Overview

Our real estate strategy seeks to master develop attractive sites across the region and provide commercial impetus for investors to establish city-shifting developments therein

### Overview of Centum's Value Creation Process in Real Estate



Progress Against Strategy

	1	2	3	4	5	6
	✓	✓	✓	✓	✓	✓
	✓	✓	Discussions underway for 3 <sup>rd</sup> party capital	Phase 1 commenced in Q1 FY19	✓	-
	✓	✓	Discussions underway for 3 <sup>rd</sup> party capital	Phase 1A complete. Infill developments in market validation	✓	-



# Real Estate Portfolio

## Real Estate Portfolio Contribution

### Real Estate Sector Contribution, FY18

Sector NAV Contribution (KES Mn)	19,805
Sector NAV Contribution (%)	40.7%
Sector NAV Per Share Contribution (KES)	29.76

Real Estate Portfolio Companies	% Stake	NAV Per Share (KES)	NAV Per Share (%)	Total Assets (KES Mn)	Total Liabilities (KES Mn)
Two Rivers Development Ltd.	58.30%	14.76	20.17%	29,619	5,052
Vipingo Development Ltd.	100%	7.35	11.3%	9,019	-
Pearl Marina Development Ltd.	100%	5.05	6.9%	7,468	-
Rasimu Limited	100%	1.01	1.4%	750	-
Uhuru Heights Ltd.	100%	0.40	0.5%	862	-
Athena Properties Ltd.	100%	0.23	0.3%	264	-

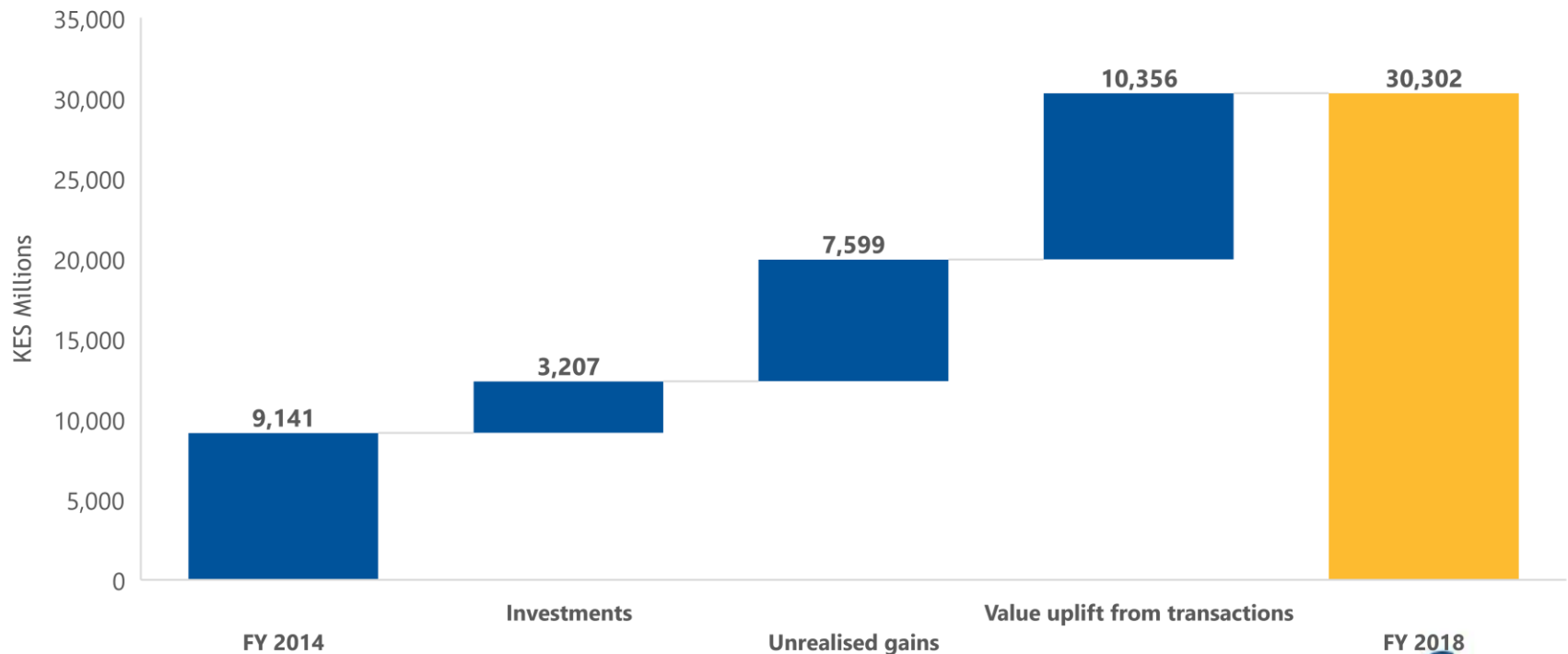
Central Bank of Kenya Spot Rate - USD/KES 100.8472 on 29<sup>th</sup> March 2018

# Real Estate Portfolio

## Value Realization Profile FY14 to FY18

Significant value uplift to KES 30.3 Bn has been realized through transactions during Centum 3.0 Strategic Period

Real Estate Value Drivers (KES Mn) FY14 - FY18



# Real Estate Portfolio

## Two Rivers Development Ltd.



### Value Drivers

- As at 31st March 2018, the Two Rivers Retail Centre was 75% let, with an average footfall of 320,000 per month. Main anchor tenant has seen a 37% increase in turnover and main sub anchor tenants have indicated that these are their best performing stores.
- Two Rivers Office Towers, 9% of the space is currently let, with 72% under negotiation
- Two Rivers Power and Two Rivers Water & Sewerage Co. operational; Turnover of KES 261mn in FY18
- City Lodge opened in February 2018 - their 1st flagship hospitality centre outside South Africa



### Outlook

- Near-term strategy is to realize value through
  - ✓ Gross target plot sales of KES 2 billion in FY2019
  - ✓ Engaging 3rd party developers/ investors to unlock additional projects within the precinct (Amphitheater, 5-Star Hotel)
- Riverbank Apartments expected to break ground in FY19
- Theme Park Phase II to include additional rides
- Victoria Bank completion in FY19
- The urban management company is expected in the next 5 years to service a population of 6,000 comprising residents, TRLC tenants & office occupants.

# Real Estate Portfolio

## Two Rivers: Project Pipeline



### Riverbank Apartments



- 196 units over a GBA of 46,000m<sup>2</sup> with a gross sales target of **KES 5Bn**
- 3<sup>rd</sup> Party funding for Riverbank Apartments is **KES 2Bn**
- Market validation ongoing with a view to break ground in 2018

### Two Rivers Theme Park Phase II



- Phase 2 of the theme park is currently under construction following the acquisition of permits and approvals from the various regulators

# Real Estate Portfolio

## Vipingo Development: Overview

### Strategic Pillars

### Outlook

#### Value Uplift

- To realize a **target return of 30%**

#### Sale of Unserviced Land

- Sale of circa **3,000 acres** of un-serviced land
  - ✓ Expressions received for 1,000 acres as at 31st March 2018

#### Sale of Serviced Land

- Sale of **180 acres of serviced land** and profitably open up the site through an Investment Park comprised of:
  - ✓ Light Manufacturing
  - ✓ Export Processing Zone,
  - ✓ Warehouse/Logistics Park
  - ✓ Commercial Centre
- *Realised sales of 25 acres in FY18*

#### Infill Projects

- Sale of **1,152 apartments** with a view of developing critical mass within the precinct
- The target market for the residential product is:
  - ✓ *The Ridge Homes* catering to the affordable housing sector
  - ✓ *Awali Estate* focused on mid-market

# Real Estate Portfolio

## Vipingo Development: Project Pipeline

### Commercial Developments

#### 1. Investment Park



- Spread over 180 acres, the Investment Park consists of:
  - Light Manufacturing
  - Export Processing Zone
  - Warehouse/Logistics Park
  - Commercial Centre
  - Sales Target: KES 4.1 Bn

#### 2. Vipingo Commercial Centre

- 3,252 Gross Lettable Area with retail on ground floor and offices on level 1

#### 3. Infrastructure - Water & Power

- Significant investment to be made to ensure adequate water supply through installation of a desalination plant
- Power infrastructure to include solar power and a substation

### Residential Developments

#### 1. The Ridge Homes



- 1,000 apartments on 20 acres
- Sales Target: KES 1.5 Bn

#### 2. Awali Estate



- 152 units on 30 acres
- Sales Target: KES 2.6 Bn

**All the projects have gone through the market validation stage and have met the threshold for our investment thesis in the Real Estate portfolio**

# Real Estate Portfolio

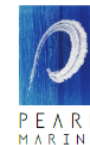
## Vipingo Development: Progress Update

	Investment Park	Commercial Centre	Residential Precincts (Awali & The Ridge Homes)
Acquire Land	✓	✓	✓
Master Plan and Obtain Approvals (NEMA*, PPA2)	✓	✓	✓
Services (Water & Power Connections)	✓	-	-
Market Validation	Ongoing	Ongoing	Ongoing
Fundraising	KES 2Bn 3 <sup>rd</sup> party capital secured	Discussions Underway	Discussions Underway
Infrastructure	Construction Underway	Commence in FY 2019	Commence in FY 2020

\*National Environment Management Authority (NEMA)

# Real Estate Portfolio

## Pearl Marina: Overview



### Strategic Pillars

### 5 Year Project Outlook

#### Sale of Un-serviced Land

- Sale of circa **165 acres** over the 5 years, generating **USD 69.5 Mn** in net cashflow

#### Sale of Infill Projects

- Sale of circa **600 residential units** over 5 years, generating **USD 36 Mn** in net cashflow
- Current infill projects on the 46-acre serviced land include:
  - ✓ The current villas
  - ✓ West Pearl Duplexes
  - ✓ West Pearl Townhouses
  - ✓ West Pearl Apartments
  - ✓ Lake View Apartments
  - ✓ Pearl Townhomes
  - ✓ West Pearl Villas
  - ✓ Vista Lago Apartments

#### Value Uplift

- Uganda National Roads Authority mobilized and on-site to develop the access road linking the development to the Entebbe-Kampala Highway
- Targeted key social amenities
  - ✓ International school
  - ✓ Sports facilities
  - ✓ Medical Facilities





# Real Estate Portfolio

## Pearl Marina: Project Pipeline



To develop critical mass within the development, focus is on developing the robust pipeline of projects having secured 3<sup>rd</sup> party capital of USD 5mn, while raising additional capital at the project level



### 1. Vista Lago

- 40 units with a Gross Built-up Area of c. 6,900 SQM
  - Sales Target: USD 9.2 mn



### 3. West Pearl Town Houses

- 53 units with a Gross Built-up Area of c. 11,660 SQM
  - Sales Target: USD 12.7 mn



### 2. West Pearl Villas

- 20 units with a Gross Built-up Area of c. 6,000 SQM
  - Sales Target: USD 6.6 mn



### 4. Pearl Estates Town Houses

- 126 units with a Gross Built-up Area of c. 31,500 SQM
  - Sales Target: USD 36.9 mn

# Portfolio Highlights

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1 Real Estate Portfolio

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2 Growth Portfolio

- FMCG
- Financial Services
- Others

3 Development Portfolio

- Power
- Agribusiness
- Education
- Healthcare

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4 Marketable Securities Portfolio

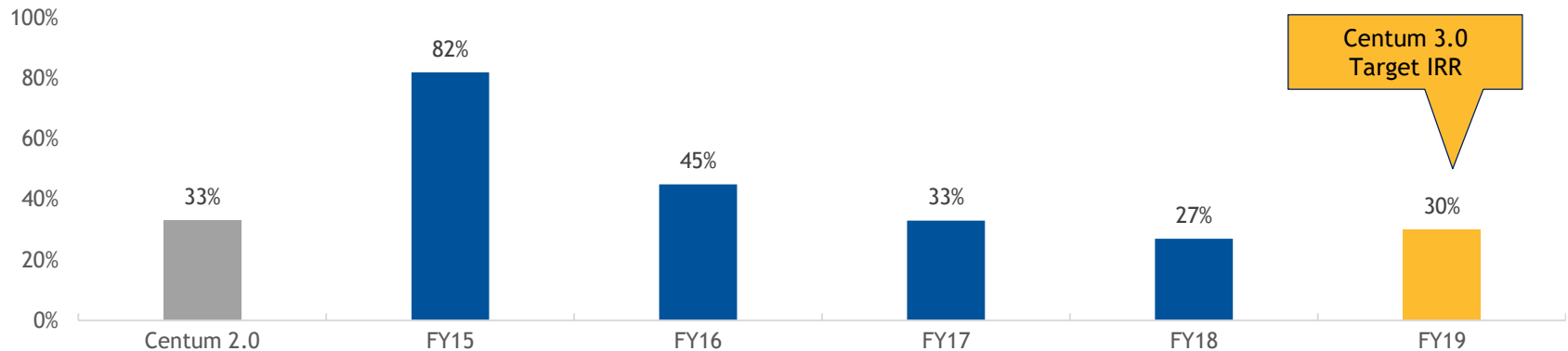
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# Growth Portfolio

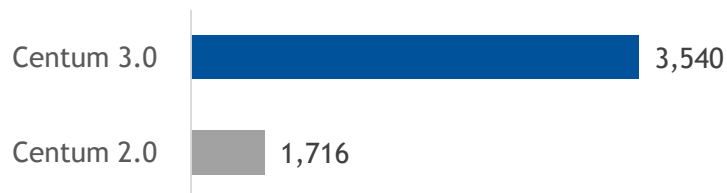
## Performance over Centum 3.0

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

### Growth Portfolio IRR



### Portfolio Dividend Received (KES Mn)



Note: Centum 2.0 represents the Strategic Period FY10 - FY14; Central Bank of Kenya Spot Rate - USD/KES 100.8472 on 29th March 2018

# Growth Portfolio

## Valuation as at FY18

Portfolio Company	Centum's Stake	Sector	Carrying Value KES mn 31 <sup>st</sup> March 2018	Carrying Value KES mn 31 <sup>st</sup> March 2017	Valuation Method	Implied Discount <sup>4</sup> Multiple
Almasi Beverages Limited	53.88%	FMCG	8,697	7,716	FV: Multiples - EV <sup>1</sup> /EBITDA	6.94x
Nairobi Bottlers Ltd	27.60%	FMCG	5,078	4,388	FV: Multiples - EV <sup>1</sup> /EBITDA	6.94x
Sidian Bank Limited	77.02%	Fin. Services	3,890	3,232	FV: Multiples P/B <sup>2</sup>	1.16x
Isuzu (E.A.) Ltd	17.80%	Others	2,470	3,027	FV: Recent price	
Platcorp Holdings Limited	25.00%	Fin. Services	-	2,651	FV: Recent price	
GenAfrica Investment Management Ltd	73.35%	Fin. Services	2,324	1,404	Ongoing Transaction	
Nabo Capital Limited	100.00%	Fin. Services	494	765	Net Asset Value	
NAS Servair	15.00%	Others	856	765	FV: Multiples	4.19x
Longhorn Kenya Limited	60.20%	Others	763	738	Market price	
Centum Business Solutions Limited	100.00%	Others	399	219	NAV	
Others			119	363	Cost	
<b>Total</b>			<b>25,090</b>	<b>25,787</b>		

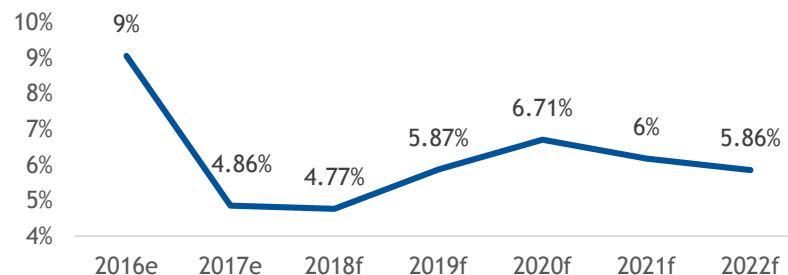
1. EV - Enterprise Value; 2. P/B - Price to Book; 3.FV - Fair Value 4. An illiquidity discount of 30% is applied to all multiples; Central Bank of Kenya Spot Rate - USD/KES 100.8472 on 29th March 2018

# Growth Portfolio

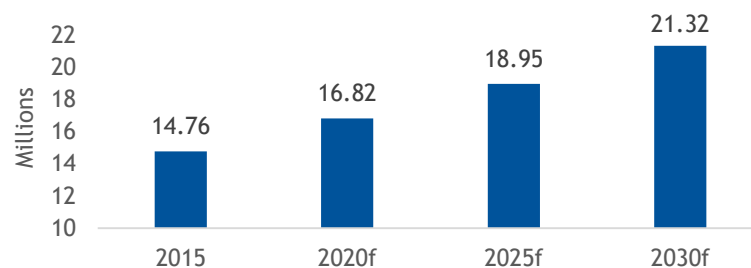
## Fast Moving Consumer Goods Sector Snapshot

- ❖ 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

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



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



**KES 4.56Tn**

Kenya's forecasted total household spending for 2018

**12.3m**

Current estimate of number of households in Kenya

**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 Portfolio



### 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



### 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



### King Beverage Limited

**Stake: 100%**

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

### FMCG Sector Contribution, FY18

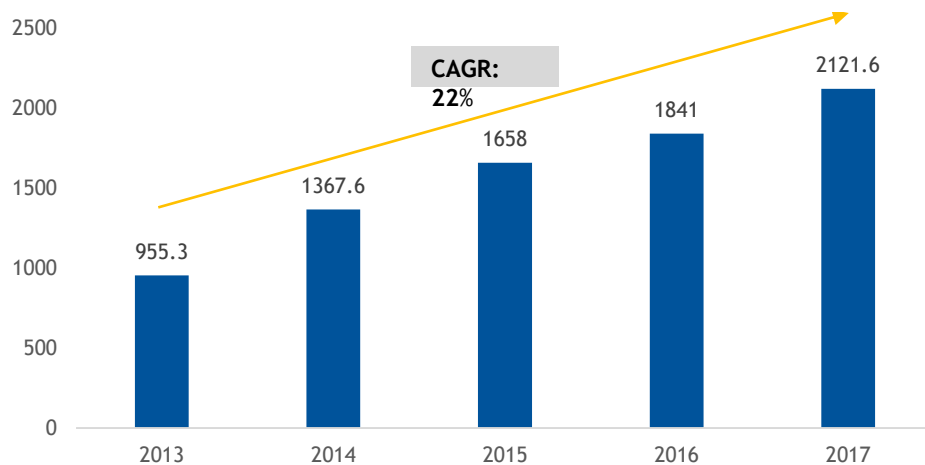
Sector NAV Contribution (KES Mn)	12,097
Sector NAV Contribution (%)	25%
Sector NAV Per Share Contribution (KES)	18.18

FMCG Portfolio Companies	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)	Entity Total Assets (KES Mn)	Entity Debt (KES Mn)
Almasi Beverages Limited	10.91	15.0%	10,891	1,457
Nairobi Bottlers	7.26	9.9%	NA	NA
King Beverage Limited	0.01	0.0%	267	14

# Growth Portfolio

## Robust Growth in Earnings - Bottlers

Centum's Share of Almasi Bottlers Limited & Nairobi Bottlers Limited EBITDA (KES mn), 2013 - 2017



Bottlers' Contribution to NAV, FY18

Bottlers NAV Contribution to Growth Portfolio (%)	55%
Bottlers NAV Contribution to Total Portfolio (%)	25%

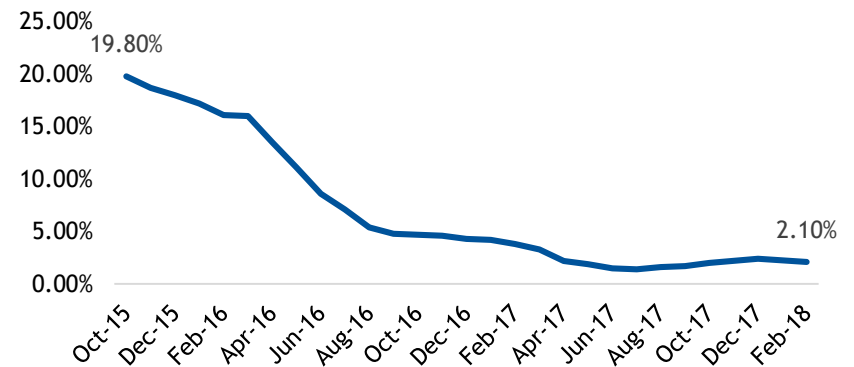
- ABL is currently the fastest growing bottling company in Kenya with an active outlet base of over 55,000 & with the potential to grow to over 90,000 outlets
- ABL sales volumes grew by 10% vs prior year mainly driven by uptake of PET and increased availability of product within its territory
- Focus going forward is the continued territory rationalization and efficiencies optimization, which is expected to realize ABL an increased EBITDA of circa KES. 400 Mn in the current year.
- NBL continues to invest in additional production capacity with the recent launch of the 28,000 bph Nitro Hotfill Juice Line that will support NBL's growing demand growth in volumes and continued product innovation

# 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 Portfolio

---



### Sidian Bank Limited

**Stake: 77.0%**

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



# Sidian Bank

## Accelerated Growth in Non-funded Income

KES mn	2013	2014	2015	2016	2017
Loan Book	8,694	10,454	12,519	13,571	11,409
Customer Deposits	9,165	12,065	13,380	13,685	12,761
Shareholders Funds	1,868	2,432	3,837	3,869	3,447
PAT	360	514	373	28	(422)
Valuation (KES B)	56	2,556	3,969	3,232	3,891



- The bank is on track to position itself as a leading bank in trade finance solutions and growing its non-funded income lines. Non-funded income now accounts for 28% of total income on average. Trade finance balances have grown 9x from KES 1.06Bn (as at 31st March 2017) to KES 9.72Bn (as at 31st March 2018).
- To fund this growth, the bank mobilized a KES 1.5Bn rights issue.
- Benefits realization from recent investments in ICT is reflected in growing channels income and increased operational efficiencies.

# Growth Portfolio

## Financial Services Sector Contribution

### Financial Services Sector Contribution, FY18

Sector NAV Contribution (KES Mn)	5,557
Sector NAV Contribution (%)	11.8%
Sector NAV Per Share Contribution (KES)	8.66

Financial Services Portfolio Companies	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)	Carrying Value (KES Mn)	Attributable Debt (KES Mn)
Sidian Bank	4.68	6.4%	21,834	445
Nabo Capital	0.58	0.8%	559	-
GenAfrica*	3.40	4.7%	578	-

\*Exited post-year end

Central Bank of Kenya Spot Rate - USD/KES 100.8472 on 29<sup>th</sup> March 2018

# 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 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, FY18

NAV Contribution (KES Mn)	4,232
NAV Contribution (%)	8.7%
NAV Per Share Contribution (KES)	6.36

“Others” Portfolio Companies	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)
Isuzu EA Limited	3.54	4.8%
Longhorn	1.15	1.6%
NAS Servair	1.24	1.7%

# Portfolio Highlights

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1 Real Estate Portfolio *pg. 12*

2 Growth Portfolio *pg. 26*

- FMCG
- Financial Services
- Others

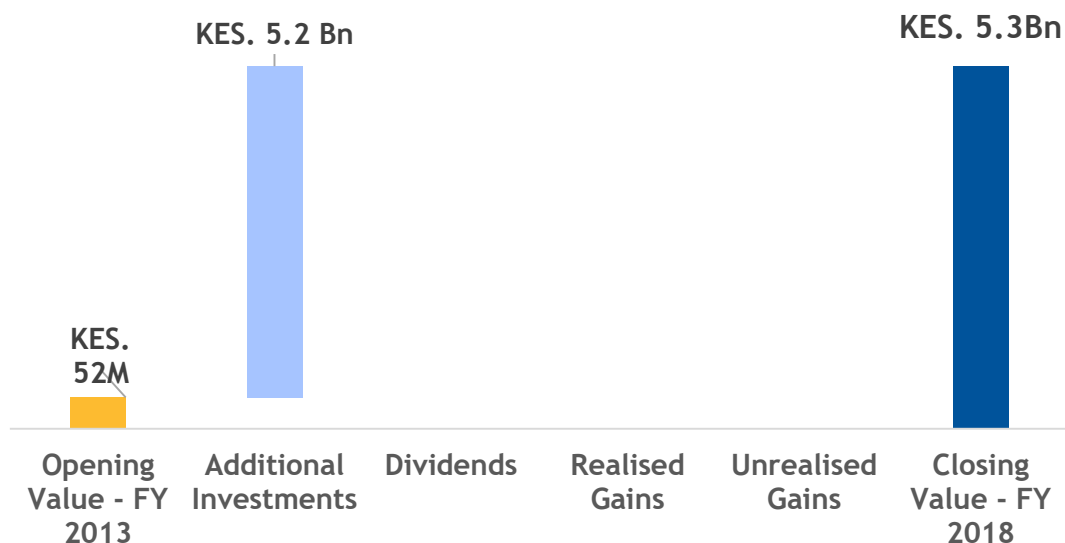
3 Development Portfolio

- Power
- Agribusiness
- Education
- Healthcare

4 Marketable Securities Portfolio *pg. 42*

# Development Portfolio Investment & NAV Contribution

## Additional Investments During Centum 3.0



- The Objective: To move from development to commercial operation and attract third party capital at a value uplift to our carrying value
- Assets are carried at cost.

## Development Portfolio NAV Contribution, FY18

Portfolio Companies	Sector	NAV Per Share Contribution (KES)	NAV Per Share Contribution (%)
Akiira Geothermal	Power	2.14	3%
Amu Power	Power	-	-
Greenblade Growers	Agribusiness	0.07	0.1%

# Development Portfolio

## Valuation as at FY18

Portfolio Company	Centum's Stake	Sector	Carrying Value KES mn 31 <sup>st</sup> March 2018	Carrying Value KES mn 31 <sup>st</sup> March 2017	Valuation Method
Amu Power Ltd	51.00%	Energy	2,103	2,144	Cost
Akiira Geothermal Limited	37.50%	Energy	1,491	1,347	Cost
ACE Holdings Limited	16.40%	Education	556	295	Cost
Greenblade Growers Limited	100.00%	Agribusiness	185	269	NAV
Zohari Leasing Limited	100.00%	Fin. Services	213	208	NAV
King Beverage Limited	100.00%	FMCG	471	310	Cost
Others - Healthcare, Agribusiness Dev. Cost			281	178	Cost
<b>Total</b>			<b>5,301</b>	<b>4,233</b>	

# Development Portfolio

## Priorities in FY19 (1/2)

**Greenblade  
Growers  
Limited**

<b>Completed</b>	<ul style="list-style-type: none"> <li>▪ The objective is to establish a business that can achieve an EBITDA of KES. 200M by 2022</li> <li>▪ Acquired land, Opened up 20Ha for cultivation, Established packhouse</li> <li>▪ Produced in excess of 105 tonnes of fresh produce</li> <li>▪ Acquired 6 export clients, partnered with 250 small scale farmers</li> <li>▪ Annual revenue of KES.58M in FY18</li> </ul>
<b>Next steps</b>	<ul style="list-style-type: none"> <li>▪ Focus on expanding the Out-grower program to achieve a diverse product mix</li> <li>▪ Target Gross Revenue of approximately KES. 200M.</li> </ul>



<b>Completed</b>	<ul style="list-style-type: none"> <li>▪ The objective is to establish a business that can achieve an EBITDA of KES. 400m by 2022</li> <li>▪ Construction completed</li> <li>▪ Obtained curriculum approval, recruited teachers</li> </ul>
<b>Next steps</b>	<ul style="list-style-type: none"> <li>▪ Launch of the school in September 2018</li> <li>▪ Enrolling 250 students by the end of the first academic year</li> </ul>



<b>Completed</b>	<ul style="list-style-type: none"> <li>▪ PPA secured, EPC and O&amp;M contracts, Debt term sheets secured, NEMA Approvals</li> <li>▪ Transaction with General Electric</li> </ul>
<b>Next steps</b>	<ul style="list-style-type: none"> <li>▪ Awaiting Resettlement Action Plan and Fuel Supply Agreement and Generation License</li> <li>▪ Achieving Financial Close for the Project by March 2019</li> </ul>



# Development Portfolio

## Priorities in FY19 (2/2)

---



<b>Completed</b>	<ul style="list-style-type: none"> <li>PPA secured, Debt term sheets secured, NEMA Approvals</li> <li>Drilled 2 of 5 exploratory wells</li> </ul>
<b>Next steps</b>	<ul style="list-style-type: none"> <li>Drilling Well 03, a key milestone to achieving financial close</li> <li>Awarding Operations &amp; Maintenance and Engineering, Procurement &amp; Construction Contracts</li> <li>Achieving Financial Close for the Project by March 2019</li> </ul>

### Healthcare

<b>Completed</b>	<ul style="list-style-type: none"> <li>The objective is to establish a business that can achieve an EBITDA of Kes. 1.0B by 2022.</li> <li>Feasibility study completed, site identified</li> </ul>
<b>Next steps</b>	<ul style="list-style-type: none"> <li>Fundraising debt and equity</li> <li>Breaking ground on the first healthcare facility by March 2019</li> </ul>

# Portfolio Highlights

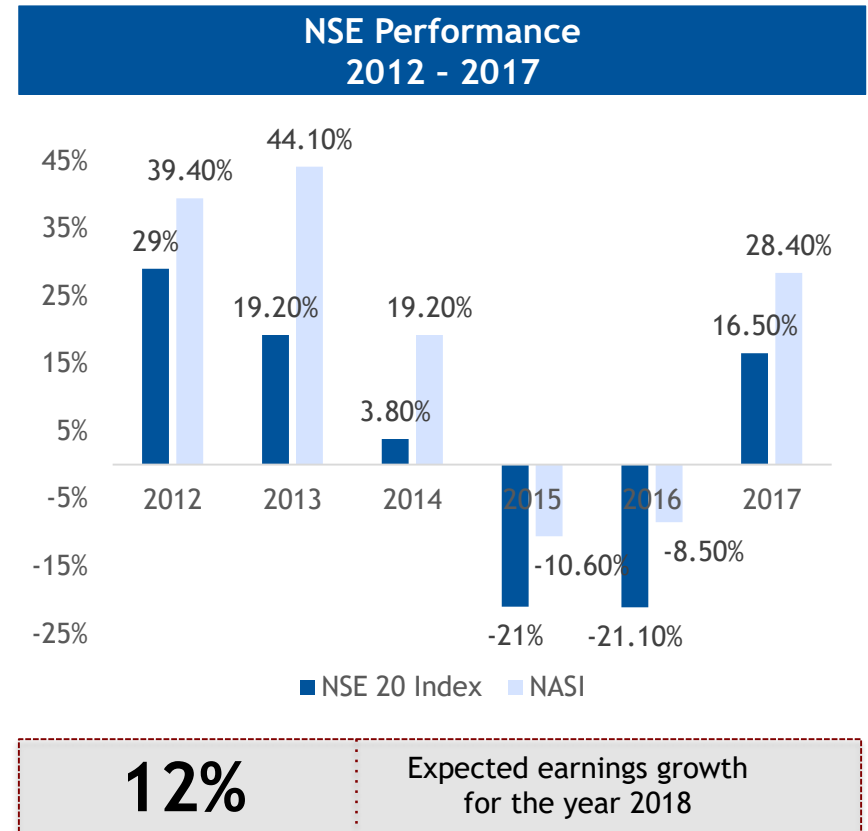
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- 1 Real Estate Portfolio *pg. 12*
- 2 Growth Portfolio *pg. 26*
  - FMCG
  - Financial Services
  - Others
- 3 Development Portfolio *pg. 37*
  - Power
  - Agribusiness
  - Education
  - Healthcare

## 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



**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

## Valuation as at FY18

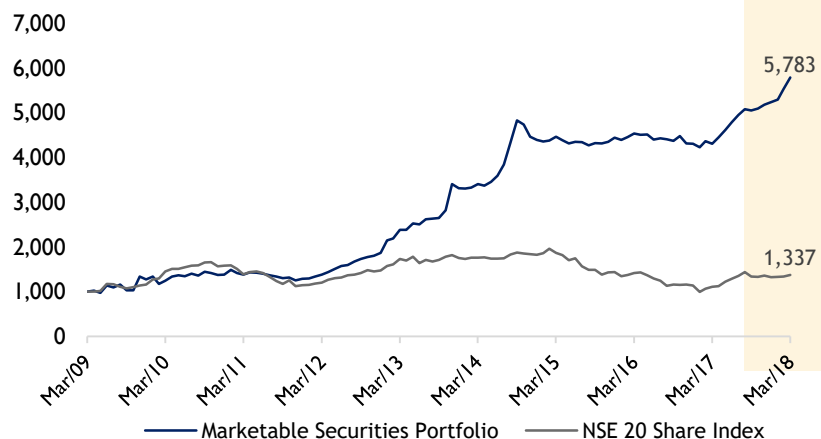
Portfolio Company	Centum's Stake	Sector	Carrying Value KES mn 31 <sup>st</sup> March 2018	Carrying Value KES mn 31 <sup>st</sup> March 2017	Valuation Method
Centum Exotics Limited	100%	Marketable Securities	3,589	3,134	Market Price
Centum QPE	100%	Marketable Securities	98	100	Market Price
Receivables	100%		1,271	622	Cost
Cash	100%		1,078	2,447	Cost
<b>Total</b>			<b>6,036</b>	<b>6,303</b>	

# Marketable Securities

## Portfolio Return & Track Record

### MSP vs NSE 20 - Long Term Track Record

*Growth of 1,000 Investment from March 2009 [5.8x]*



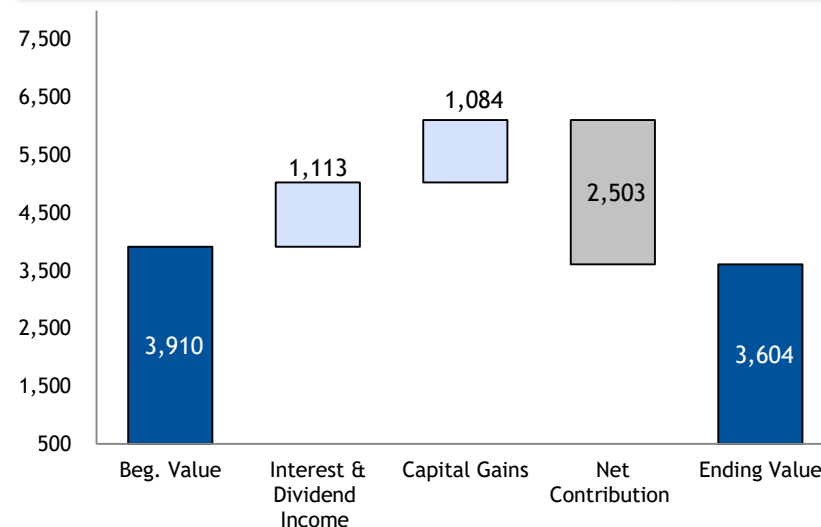
### Annualized Returns (%) over Centum 3.0

	Centum 2.0	FY 15	FY 16	FY 17	FY 18
Marketable Securities Portfolio	34%	31%	2%	-5%	36%
NSE 20 Share Index	13%	6%	-24%	-22%	24%
Spread	21%	25%	26%	17%	11%

### Marketable Securities Contribution FY18

Total Portfolio (KES Mn)	5.40
NAV Contribution (%)	10.6%
NAV Per Share Contribution (KES)	7.75

### Contribution to Group Liquidity over Centum 3.0



- **Track Record of Superior Returns:** Significant outperformance over the strategy period achieved with low correlation to the stock market
- **Liquidity:** Mandate focused on preserving portfolio value while generating cash and additional liquidity for the group from income and capital gains

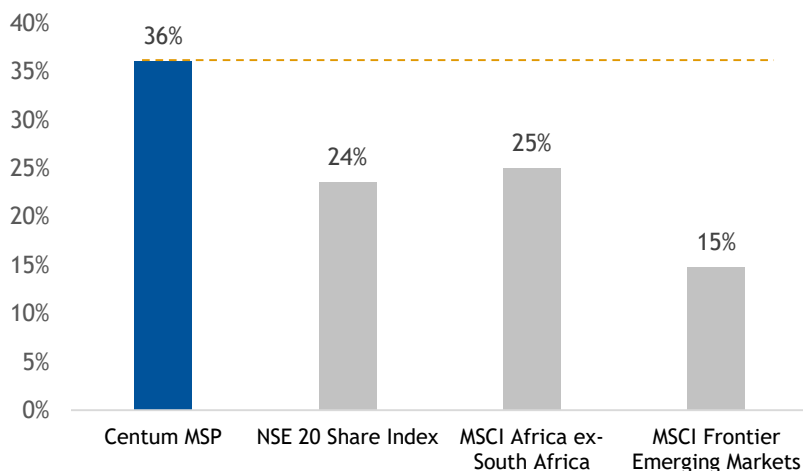
Source: Bloomberg; Returns data in line with Centum's Financial Year



# Marketable Securities Portfolio Performance

## Portfolio Returns & Attribution - FY18

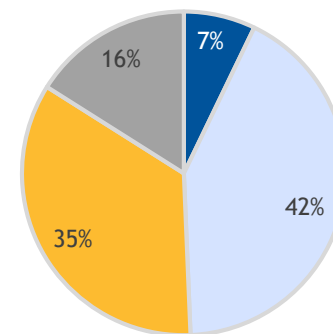
*MSP vs. Primary & Secondary Benchmarks - FY 18*



*MSP Portfolio Returns Attribution - FY 18*

Contribution Summary			
Asset Class	Avg Wgt (%)	Return (%)	Contrib (%)
Equity	42%	69%	29%
Fixed Income	35%	10%	3%
Mutual Funds	16%	20%	3%
Cash and Equiv.	7%	2%	0%
<b>Total</b>	<b>100</b>	<b>36%</b>	<b>36%</b>

## Portfolio Diversification by Asset Class (%)



■ Cash & Equivalents ■ Equities ■ Fixed Income ■ Mutual Funds

- **Performance FY18:** MSP showed strong outperformance vs. primary and secondary benchmarks, driven by performance of equity investments
- **Diversification:** The portfolio is well diversified by geography and asset class, to dampen volatility while taking advantage of prevailing market conditions

Source: Bloomberg; Returns data in line with Centum's Financial Year

# Content

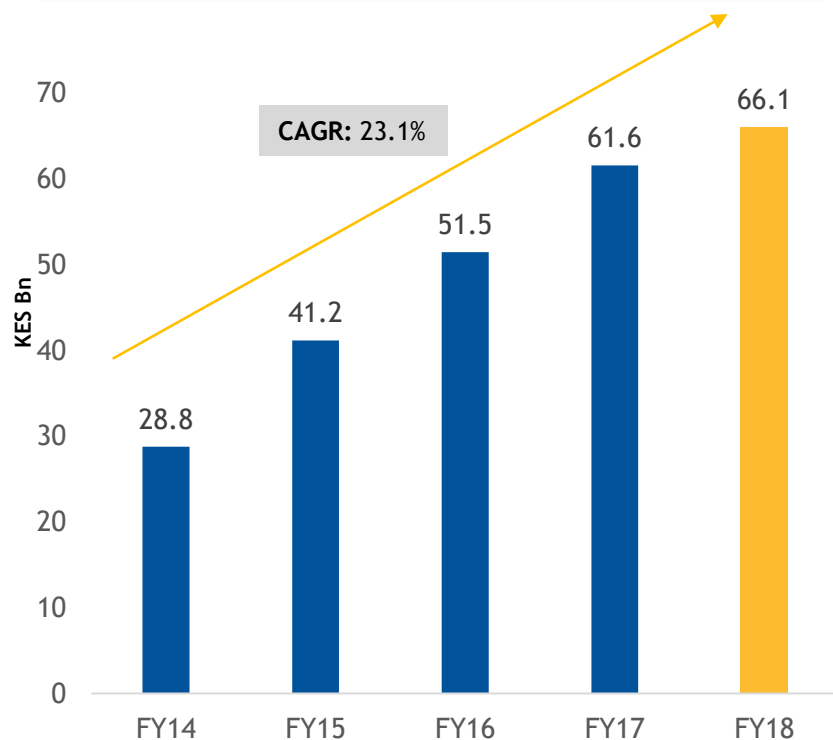
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<b>Financial Overview</b>	
Outlook	<i>pg. 55</i>

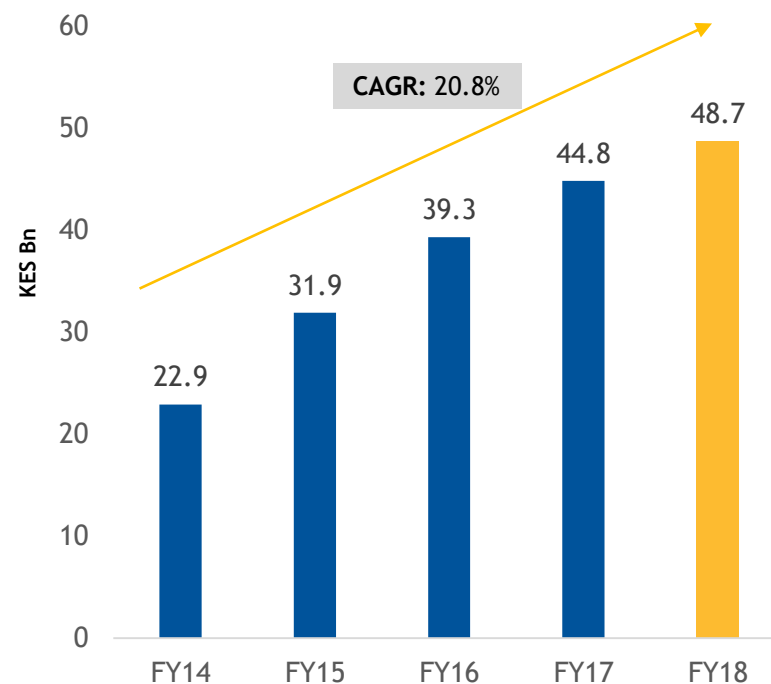
# Financial Overview

## Our Performance

### Total Assets, FY14 - FY18



### NAV, FY14 - FY18 (KES Bn)



For the period FY14 to FY18, Total Assets have increased by 2.3x while NAV exhibited a 2.1x growth over the same period



# Financial Overview

## 5 Year Total Return Snapshot

KES. Millions	FY2014	FY2015	FY2016	FY2017	FY2018
Dividend Income	1,789	1,318	2,671	1,765	2,040
Interest Income	40	77	676	1,326	1,347
Realised Gains	149	5,326	990	1,063	9
Other Income	11	(40)	8	146	133
<b>Total Income</b>	<b>1,989</b>	<b>6,681</b>	<b>4,345</b>	<b>4,300</b>	<b>3,529</b>
Portfolio Costs	(431)	(867)	(877)	(798)	(854)
Finance Costs	(462)	(669)	(1,511)	(1,754)	(1,646)
<b>Profit Before Tax</b>	<b>1,096</b>	<b>5,145</b>	<b>1,957</b>	<b>1,749</b>	<b>1,030</b>
Income Tax	(48)	(278)	(87)	(178)	12
<b>Profit for the Year</b>	<b>1,048</b>	<b>4,867</b>	<b>1,870</b>	<b>1,571</b>	<b>1,041</b>
Unrealised Gains	5,752	4,136	5,506	4,588	3,636
<b>Total Return</b>	<b>6,800</b>	<b>9,003</b>	<b>7,376</b>	<b>6,160</b>	<b>4,677</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

#### FY18

- Kes 1.4bn dividends following exit of Platcorp.
- Excluding effect of one off costs, portfolio costs would have been 15% low.

# Financial Overview

## Company Liquidity

**Kes 4.6Bn**

*Cash and marketable securities representing 6.96% of total company assets*

**Cash and equivalents**  
held by Centum

**Kes 1.08Bn**

**Listed securities**  
Held on Centum balance sheet

**Kes 98m**

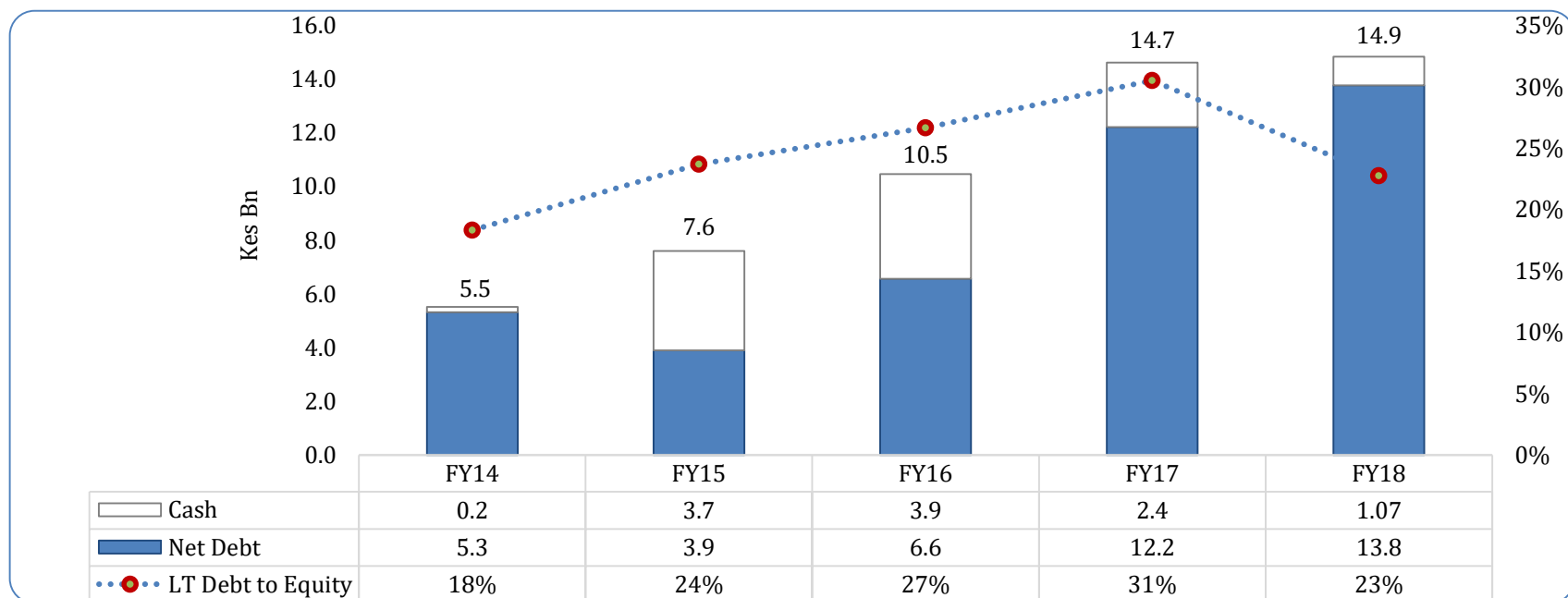
**Listed securities**  
Held through 100% owned subsidiary

**Kes 3.4bn**

# Financial Overview

## Company Gearing

KES million	FY2014	FY2015	FY2016	FY2017	FY2018
Operating Inflows	4,146	8,114	7,904	5,259	6,270
Operating Outflows	(463)	(519)	(1,033)	(922)	(667)
Internally Generated Funds	3,683	7,595	6,871	4,336	5,603
Finance Costs	660	814	1,511	1,754	1,646
Debt Service Coverage	5.6x	9.3x	4.5x	2.5x	3.4x



- Net Debt to Equity of 23% as at 31st March 2018, well below bond covenant requirement of 50%
- Debt Service Coverage required of 1.5x on bond covenant with a 3.4x coverage as at 31st March 2018

# Financial Overview

## Company Gearing & Debt Capacity

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

Debt KES Mn	31-Mar-17	Additions	Paid	Net Interest and FX Movements	31-Mar-18
Bond I	4,331	-	(4,331)	-	-
Bond II	6,225	-	(228)	408	6,405
Term Loan	3,118	5,139	(3,083)	(87)	5,087
<b>Total</b>	<b>13,674</b>	<b>5,139</b>	<b>(7,642)</b>	<b>321</b>	<b>11,492</b>

LT Debt Ratio

22%



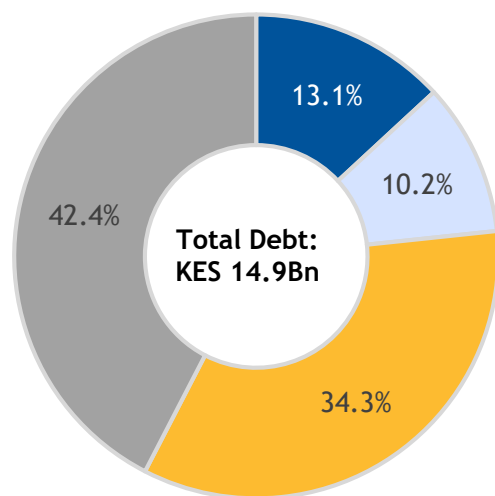
17%

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

# Financial Overview

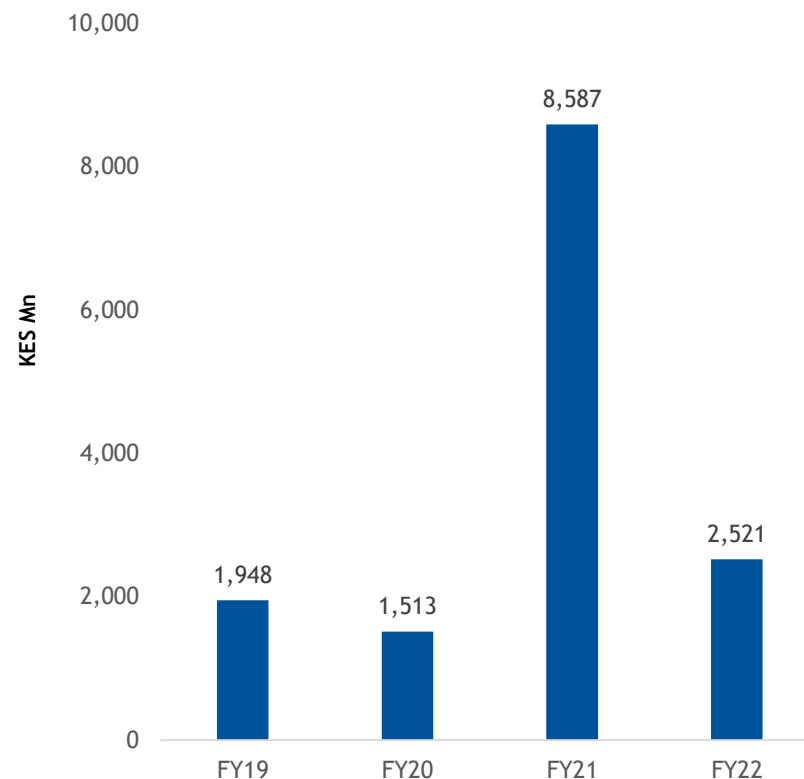
## Debt Profile

### Borrowings by Nature of Debt FY18 (KES Bn)



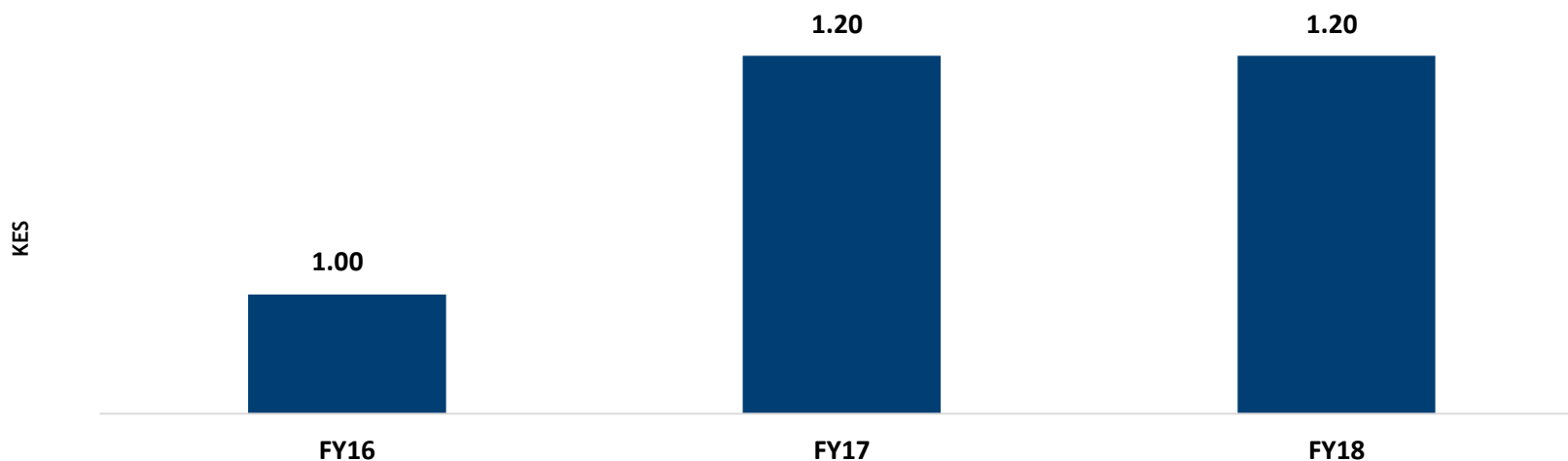
- Overdraft Facilities
- Bank Term Loans
- Revolving Credit Facilities
- Corporate Bond

### Debt Maturity Profile (KES Mn)



# Recommended Dividend: Stable Pay-out Despite Headwinds

Dividends Per Share (KES) FY16 - FY18



- Board recommended the payment of a dividend of KES 1.20 per share for financial year ended **March 2018**
  - Cumulative payout of **KES 798.5 Mn** recommended for **FY18**, similar to amount paid out in **FY17**

# Content

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## Outlook

# Near Term Priorities

*Narrow the gap between NAV & Share Price while continuing to grow NAV*

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## STEPS:

## APPROACH

---

1

Optimise Gross Return

- Robust exit pipeline of mature assets across the Portfolio to optimize Gross Return
- Portfolio enhancements across the four business lines

2

Asset Redeployment

- Invest exit proceeds with a focus on more cash generative assets than capital appreciation assets

3

Leverage 3rd Party Capital

- Raising 3<sup>rd</sup> Party Equity and Debt Capital (Non-recourse to Company) at the Portfolio/Project level and creating value uplift at Portfolio/Project level

4

Reduce Debt at Centum Level

- Utilize part of exit proceeds to completely pay down long-term debt as it matures

5

Progressively increase Dividend Yield

- Returns from cash generative assets and finance costs savings to be utilized towards higher dividend pay-outs with a 3X target growth



# 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 2018. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the NSE, USE or CMA and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.

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