



# 55<sup>th</sup> Annual General Meeting

16<sup>th</sup> September 2022



# Agenda

---

## Chairperson's Report

**Dr. Donald Kaberuka - Chairman, Board of Directors**  
(Represented at this AGM by the Vice Chairperson - Dr. Laila Macharia)

## Business Update

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

## Financial Review

**Risper Alaro - Group Finance Director**

## Q & A

**Dr. Donald Kaberuka - Chairman, Board of Directors**  
(Represented at this AGM by the Vice Chairperson - Dr. Laila Macharia)

## Formal Business

**Mical Agina - Company Secretary**



## Chairperson's Report

**Dr. Laila Macharia**

# Governance update



# The Board of Directors & Company Secretary

---



**Dr. Donald Kaberuka**  
Board Chairperson



**Dr. Laila Macharia**  
Board Vice Chairperson



**Dr. James Mworia**  
Chief Executive Officer



**Mr. Andrew Musangi**  
Non-Executive Director



**Dr. Moses Ikiara**  
Independent Non-Executive Director



**Hon. William Byaruhanga**  
Independent Non-Executive Director



**Ms. Susan Wakhungu Githuku**  
Non-Executive Director



**Ms. Catherine Mturi-Wairi**  
Independent Non-Executive Director



**Ms. Catherine Igathe**  
Non-Executive Director



**Mr. Christopher G. Huka**  
Representative of Kenya  
Development Corporation Ltd. (KDCL)



**Ms. Mical Agina**  
Company Secretary,  
Head of Legal & Tax

# Board Changes

---



## Ms. Catherine Mturi-Wairi

- Ms. Catherine Mturi-Wairi was appointed to the board following the exit of Ms. Mary Ngige.
- Ms. Mturi-Wairi is a respected business leader who brings with her three decades of experience in finance and accounting.
- She has a track record of developing and executing successful business strategies, strengthening investment portfolios, and driving organizational success.
- Ms. Mturi-Wairi holds an MBA in Strategic Management from United States International University (USIU) and a BSc. in Finance and Accounting from USIU. She is a Certified Public Accountant of Kenya, a Certified Public Secretary of Kenya, a Certified SAP Consultant and a member of the Institute of Directors of Kenya. At the Institute of Certified Public Accountants of Kenya (ICPAK), Ms. Mturi-Wairi serves on the ad-hoc Review Committee as well as the Public Finance and Taxation Committee for the ICPAK Coast Branch. She is also a member of the Institute of Certified Secretaries, Kenya Institute of Management, Women in Marine Sector in East and Southern Africa and Association of Women Accountants of Kenya.

# Our Governance Model

---

## Governance Culture and Practices

- ✓ The Board has adopted the guiding principles under the Code of Corporate Governance Practices for Issuers of Securities to The Public, 2015 (the Code).
- ✓ Although the Code is on “Apply or Explain” model, we strive for utmost compliance as a strong foundation for value creation in the Company and its portfolio companies.
- ✓ During the period, the Company engaged independent consultants to undertake a robust Governance Audit and Legal & Compliance Review and the findings of this review have been published on our website ([www.centum.co.ke](http://www.centum.co.ke)). The report concluded that we have in place appropriate and adequate governance structures and that we are in compliance with the legal and regulatory framework and in line with good governance practices for the interest of all stakeholders.

## Board Structure

- ✓ The Company’s board of directors is structured in a manner that optimizes the delivery of its mandate and its functions through relevant committees that meet regularly to consider various matters in requisite detail and provide their reports and recommendations for adoption by the whole board.
- ✓ The Board is well diversified with members who are experienced and skilled in various fields who offer invaluable business and sector perspectives.

## Centum’s and Subsidiary Boards roles

- ✓ Our business objective is to create independent, successful, well managed enterprises with their independent governance structures. The role of the Centum Plc board and its committees is to oversee this process and ensure its success.
- ✓ The Centum Plc board is independent of the boards of its portfolio companies and there is a clear chart of authority that sets out the authority mandates of the boards and management of portfolio companies vis a vis the board and management of Centum Plc as an investment company.

# Centum 4.0 Strategy update





# Centum 4.0 Strategy

---

The Financial Year ended 31 March 2022 marked the end of three years into the Centum 4.0 Strategy period.

Our key focus under the strategy remains:

1. Growth and preservation of shareholder wealth; and
2. Generating a sustainable stream of annuity cash income (dividend and interest from the investment portfolio).

# Centum 4.0 Strategy | Progress on financial objectives

## Strategic Pillars (FY2022 - FY2024)

### Returns & Dividend Pay-out:



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

### Capital Structure & Liquidity:



- Repay long term debt and reduce leverage.
- Enhance marketable securities portfolio to grow sustainable annuity cash income sufficient to cover all fixed obligations.

### Operating Costs:



- Maintain operating costs below 30% of annuity income earned

## Achievements to date | FY2020 - FY2022

- Net Asset Value at 31 March 2022 was Kes 41.3 Bn against the strategy target of Kes 47.6 Bn.
- Dividend declared between FY20 and FY22 amounted to Kes 1.4Bn against the target of Kes 1.6 Bn for the period.
- At the start of Centum 4.0 strategy (April 2019), total debt stood at Kes 16Bn. We have since paid down Kes 13 Bn of long term debt, resulting in 60% decline in finance costs over the strategy period.
- We have reduced contingent liabilities by Kes 2.7Bn.
- Annuity Cash income fully covered operating costs and finance costs, translating to an operating profit of Kes 551Mn, 125% up from Kes 245 Mn in FY2021.
- 39% cost-to-income ratio achieved in FY2022 an improvement from prior year's 44%.

# Centum 4.0 | Progress on non-financial objectives

## Strategic Pillars (FY2022 - FY2024)

### Portfolio Focus:



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

### Organizational Effectiveness:



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

## Achievements to date | FY2020 - FY2022

- Our Growth portfolio comprised **85%** of our total investment portfolio as at 31 March 2022.
  - Our strategy for this segment is to invest in growth companies that meet the underlying consumer demand in the markets that they operate in, thereby offering significant scope for growth in value.
  - Our Marketable Securities Portfolio (MSP) and cash value stood at **Kes 7.25Bn** as on 31 March 2022, comprising **15%** of total portfolio against our strategic target allocation of **20% - 30%**.
  - The objective of MSP to generate cash returns, and this explains why this portfolio is almost fully allocated to a diversified high-yielding government and corporate debt instruments spread out across the African continent.
- 
- All portfolio companies currently have separate and **independent operations** and **governance systems** in line with the target **supervisory parenting model** under Centum 4.0.

# Centum 4.0 Strategy | Dividend Policy



## Dividend Policy

Our policy is to pay 30% of annuity cash income

Efforts to enhance future dividend distribution

Enhance recurrent annuity cash income

Adopt an efficient operating structure and reduce finance cost through debt reduction

Higher cash operating profit leading to enhanced dividend payout

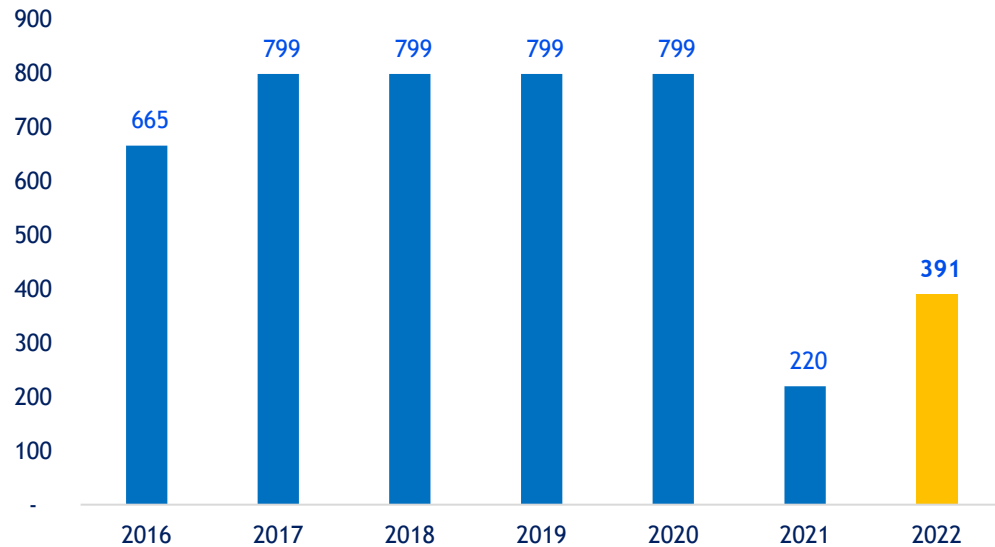
Dividend pay-out drivers	31 March				Management Focus
	Kes Mn	2020	2021	2022	
<b>Investment income</b>	<b>3,695</b>	<b>1,517</b>	<b>1,662</b>	<b>10%</b>	Exit low cash yielding assets with limited growth outlook and reinvest proceeds to higher yielding securities to enhance cash returns
<i>Annuity income (Dividend and interest)</i>	<i>1,212</i>	<i>1,411</i>	<i>1,303</i>		
<i>Other investment income (Capital Gains)</i>	<i>2,483</i>	<i>106</i>	<i>359</i>		
Operating expenses	(895)	(669)	(570)	-15%	Opex reduced by Kes 100 million y-o-y. Target is to reduce the cost-to-income ratio to less than 30%.
<i>Cost-to-annuity income ratio</i>	<i>74%</i>	<i>44%</i>	<i>39%</i>	<i>-5%</i>	
Finance costs	(1,815)	(603)	(540)	-10%	Finance cost reduced by 10% y-o-y. Target is to fully pay down debt and reduce finance costs to nil.
<b>Operating profit</b>	<b>986</b>	<b>245</b>	<b>552</b>	<b>125%</b>	<b>With less than 30% cost-to-income ratio, zero finance costs and improved cash income; we expect a higher operating net cash profit to be available for distribution.</b>
Dividend pay out	799	219	391	79%	78% y-o-y increase in dividend pay-out on the back of improved operating profit
Dividend % of annuity income	66%	16%	30%		
Dividend % of operating profit	81%	89%	71%		On average, we have paid out 80% of operating profits as dividend to shareholders

# FY2022 First & Final Dividend

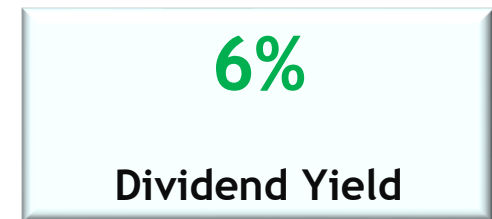


- In FY2022, the company generated cash annuity income (dividend and interest income) of **Kes 1.3Bn** from the portfolio.
- Our dividend policy is to pay out **30% of annuity income** to shareholders.
- In line with the policy, the Board of Directors of the Company proposes to pay **Kes 391 million**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

Centum Annual Dividend Pay out (Kes Mn)



**Total dividend pay out over the years**



# Sustainability Report



**CENTUM**  
FOUNDATION








# Environmental, Social and Governance (ESG) Pillars

ESG considerations remain at the centre of our investment decisions, portfolio management and value creation activities.

Our efforts on sustainability are focused around six (6) UN Sustainable Development Goals.

The Board has enhanced its oversight on both action and reporting on our sustainability impact.

ESG Pillar	UN Sustainable Development Goals	Why it matters to us
1) Education		Ensures inclusive and equitable quality education and promotes lifelong learning opportunities for all
2) Gender equality		We acknowledge that gender diversity has a positive impact on the performance of teams and businesses as a whole
3) Infrastructure		Rapid urbanization in Kenya as is across many African cities, has huge implications for water use and wastewater management.  Clean, affordable and reliable energy sources enhance the quality of life and support growth of enterprises
4) Housing		We appreciate the need to develop safe and affordable housing developments with a view to enhancing inclusive and sustainable urbanization
5) Entrepreneurship		Sustainable economic growth is driven by inclusive, full and productive employment and decent work for all

# Our ESG efforts in a snapshot

Our investment objectives are anchored on sustainable development. We make conscious decisions to ensure responsible investing anchored on social, environmental and governance factors.

## ESG in a Snapshot

### Gender Diversity

**40%**

Composition of women in our Board

**34%**

of senior management are women

**39%**

of total staff are women

### Education

**300**

Total Scholarships advanced by FY2022

### Water & Wastewater Management

**80%**

Wastewater is recycled for reuse across our mixed-use developments

### Green Energy

**1.2MW**

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

**Ksh 28 Mn**

Annual savings from solar energy






# ESG | Highlights of Impact




## How we contribute

1. Ksh. 180 million+ in school infrastructure and establishment of a Vocational Training Centre.
2. 300+ scholarships to bright but underprivileged students.
3. 6,866 young people accessing free online courses on our Ajiry e-learning platform


School infrastructure upgrade at Mathari Primary (Nairobi) and Timboni Primary (Vipingo, Kilifi)

 **Ksh 180 MILLION**  
Cost of Rebuilding Old Mathari Primary School.

---

 Project increased number of classrooms from **8 to 32**

---

 **311** Number of additional pupils enrolled at Mathari Primary School



Beneficiaries of our scholarship programs have interactive sessions with the Centum team



Ajiry's free e-learning platform



A total of **366 free online courses** have been uploaded to the platform. These include **60 certified cyber-security courses**.

**6,866 youths** have enrolled to take the listed courses with a 48% to 52% ratio of men to women, respectively.

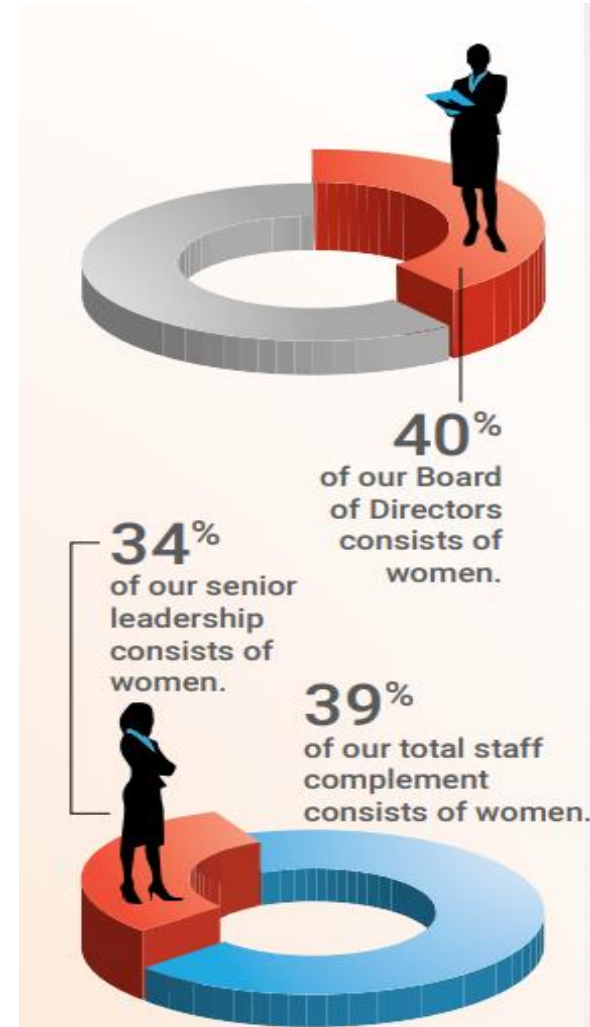
# ESG | Highlights of Impact



“At Centum, the diversity of our workforce is a source of a wide array of skills and expertise, creates broad networks and fosters an inclusive and open corporate culture.”

## How we contribute

1. We are committed to providing and promoting equal opportunities and ensure that diversity and inclusion are incorporated in our corporate culture.
2. Over the years, Centum has continuously increased the proportion of women sitting on its Board and in Senior Management.



# ESG | Highlights of Impact



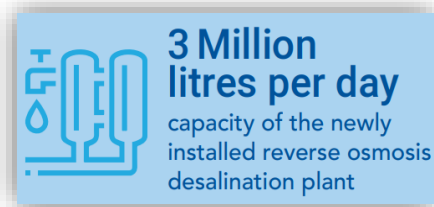
## How we contribute

1. 2+ million litres of wastewater recycled daily at Two Rivers
2. 3 million litres of sea water desalinated plant at Vipingo
3. Supplied 1+ million litres of treated water to Githogoro informal settlement
4. Kes 20+ million towards conservation in the Upper Tana Nairobi Water Fund.



**2M litres**  
Two Rivers water treatment plant's capacity per day

**85%**  
of grey water is recycled and treated to WHO standards.



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



**Kes 20 million**  
funding commitment



The Nature Conservancy

WaterFund  
Upper Tana-Nairobi



## How we contribute

1. 1.2 MW Solar plant at Two Rivers.
2. Reduced carbon emissions at Vipingo
3. Akiira Geothermal Plant.



## Green Energy at Two Rivers

Sustainability has been a key consideration in the development of the Two Rivers precinct, with an installed solar energy capacity of 1.2 MW. This complements the grid supply that is distributed by Two Rivers Power Company, a licensed electricity distributor. Annual savings are approximated at Ksh 28 million from the use of solar power within Two Rivers Development. Additionally, the use of solar power reduces the amount of carbon dioxide emissions by 535 tonnes per annum

## Green Energy at Vipingo

Our water desalination plant at Vipingo is powered by solar energy. The use of solar power is estimated to reduce the amount of carbon dioxide emissions by over 535 tonnes per annum.

## Akiira Geothermal Plant.

We contribute to the expansion of renewable energy through our investment in a proposed 140 MW geothermal field. Geothermal energy provides a clean renewable energy source that could dramatically improve our environment. Our investment in Akiira will have a big contribution to the reduction of air emissions from fossil fuels and to offset the air emission of fossil fuel-fired power plants.



## Business Review

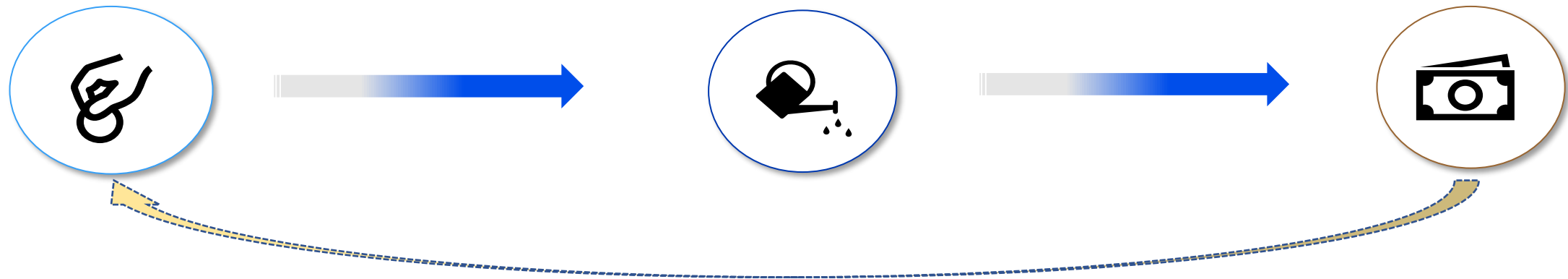
**Dr. James Mworira - Chief Executive Officer**

# Business Review



# Our Business Model

Centum is an investment company that creates shareholder value by driving the process of creating underlying value in our investment portfolio. Our focus is to generate superior returns for our long-term shareholders by providing them with access to otherwise inaccessible investment opportunities



## Deploy capital

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

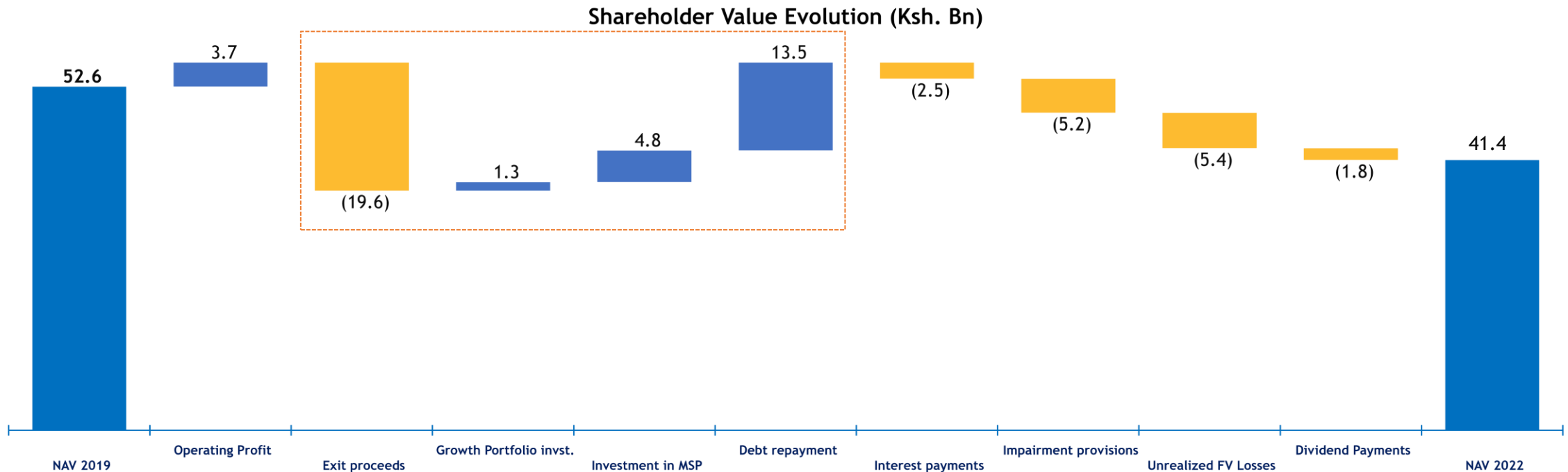
## Create & grow value

- Institutionalize robust governance structures
- Enhance process efficiencies.
- Grow products and scale up markets
- Resolve operational challenges
- Optimize capital structures

## Monetize value

- Annuity income streams (dividends & interest)
- Repayment of shareholder loans from third party capital raise
- Equity exits at a gain on initial investment

# Our Business Model | Preserving value in an elevated risk environment



- At the onset of Centum 4.0, we anticipated a difficult economic environment which turned out to be the case and this was further exacerbated by the global Covid -19 pandemic.
- Our focus in Centum 4.0 shifted to deleveraging the balance sheet and building up liquidity to rationalize risk and preserve and grow shareholder value.
- We booked **Kes 5.2Bn** impairment provisions in relation to Amu Power (due to ongoing litigation and environmental license revocation), Akiira Geothermal (owing to project delays) and Centum Business Solutions Limited (following organization restructuring). These accounting provisions were made for the sake of prudent portfolio valuation and Centum maintains legal interests in both Amu Power and Akiira Geothermal and are working to recover the maximum possible value.
- Unrealized revaluation losses booked amounted to **Kes 5.4 Bn**, reflecting depressed market multiples occasioned by the difficult economic environment. We expect continued recovery and unwinding of the fair value losses as we seek to exit some of the assets at their intrinsic value which is higher than the carrying values. A more recent example is Sidian Bank for which we have locked in an exit price of **Kes 4.3Bn** which is 59% above the carrying value as at 31 March 2022.



# Portfolio Snapshot



## Portfolio Assets

## Highlights

Private Equity  
Managed by:  
**CENTUM**

Real Estate  
Managed by:  
**athena**

Marketable Securities  
Managed by:  
**NABO CAPITAL**

Growth Portfolio  
Held for capital gains

Cash Yield Pool  
Held for liquidity i.e regular cash income

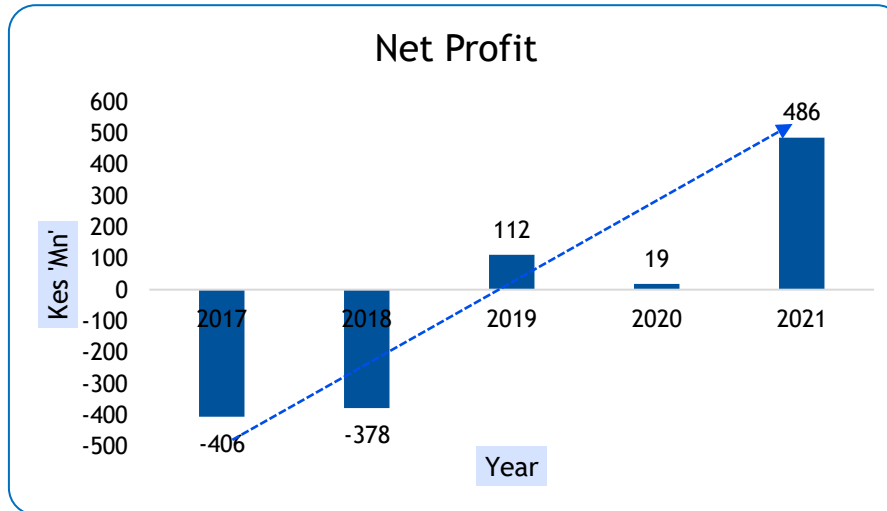
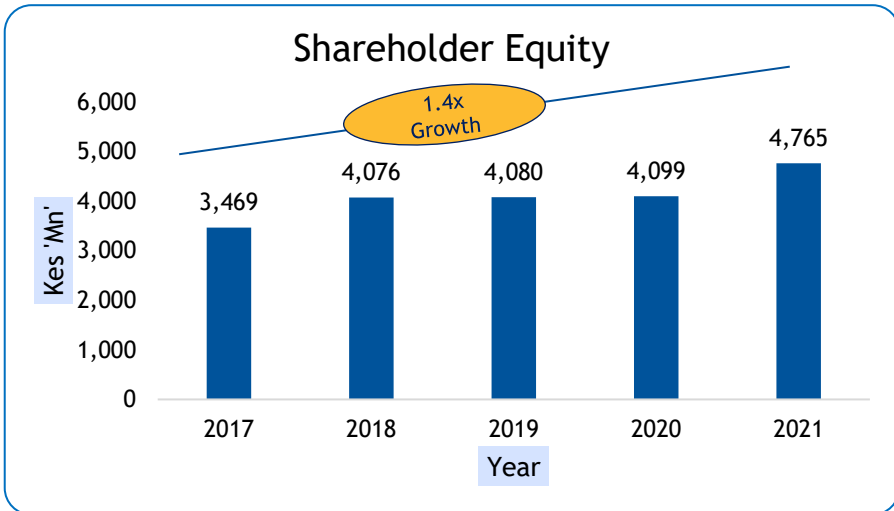
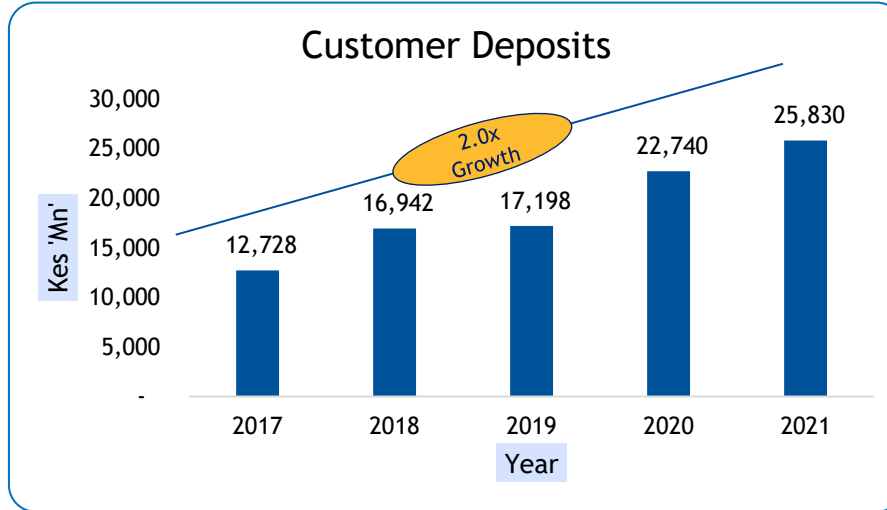
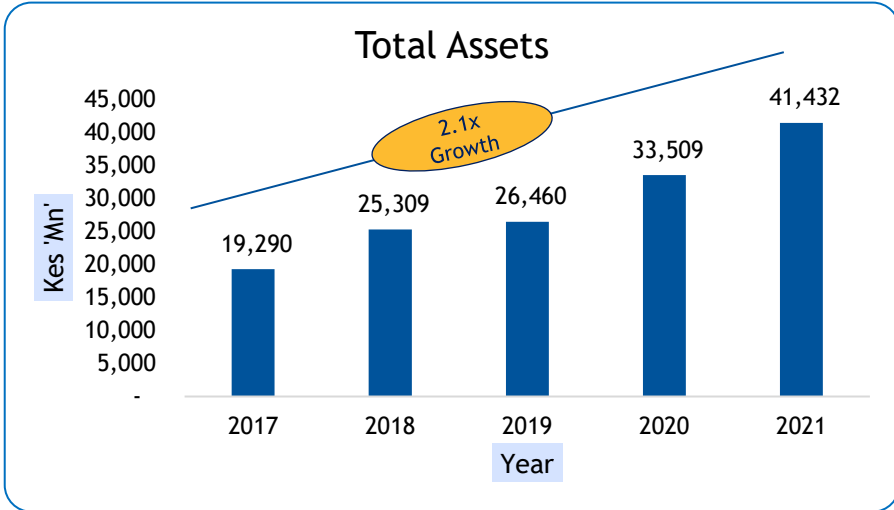
- Growth portfolio was 85% of total portfolio value at 31 March 2022.
- The total carrying value was Kes 38.7Bn which was 2.56x of the net cost of our investment (Kes 15.1Bn).
- Net cost of the portfolio is derived as the original cost of investment less cumulative cash distributions back to Centum.
- Cumulative cash distribution from the current portfolio was Kes 6.7Bn at 31 March 2022 from an original cost of Kes 21.Bn, indicating a strong cash generating capacity.
- Marketable securities made up 15% of the total portfolio at 31 March 2022 with a 90% allocation to fixed income securities.
- In FY2022, MSP generated 14% return and outperformed the NSE by 18%.

# Portfolio Snapshot | Growth and cash distribution over time

Portfolio Assets	Sector	Stake	Initial Cost of investment (KES Mn)	Investment Date (Year)	Cash Distribution since inception (KES Mn)	Net Cost of Investment (KES Mn)	Percentage of Net Cost	Carrying Value (KES Mn)	Multiple on Net Cost (MOC)
					(Mar 2022)	Mar-22	%	Mar-22	
Sidian Bank	Financial Services	84.00%	4,765	2009	0	4,765	31%	2,777	0.58x
Centum Real Estate	Real Estate	100.00%	7,804	2010	4,783	3,021	20%	22,239	7.36x
Two Rivers Development	Real Estate	58.00%	2,653	2010	0	2,653	18%	6,245	2.35x
Akiira	Power	37.50%	1,972	2016	0	1,972	13%	1,014	0.51x
ACE	Education	16.40%	1,006	2017	0	1,006	7%	960	0.95x
Green Blade Growers	Agribusiness	100.00%	561	2016	0	561	4%	273	0.49x
Longhorn Publishers	Consumer	60.20%	750	2009	276	474	3%	572	1.21x
Nabo	Financial Services	100.00%	454	2013	20	434	3%	514	1.18x
Zohari	Financial Services	100.00%	260	2016	8	252	2%	245	0.97x
Tribus	Service	80.00%	6	2017	0	6	0%	50	8.33x
Isuzu E.A	Manufacturing	17.80%	978	2009	1,244	0	0%	2,999	Infinite
NAS Servair	Financial Services	15.00%	182	2009	828	0	0%	859	Infinite
<b>Totals</b>			<b>21,391</b>		<b>7,159</b>	<b>15,144</b>	<b>100%</b>	<b>38,747</b>	<b>2.56x</b>

We hold a portfolio of high quality assets with a strong capacity to generate cash returns and significant scope for growth in value

# Portfolio Update | Sidian Bank Value Creation



Centum supported Sidian Bank's management to create and grow value driven by the following key levers:

- Brand:** We transitioned from the K-Rep brand to the Sidian Brand with a unique niche in trade finance and SME lending. The enhanced brand equity supported market penetration in terms of loan book growth and customer deposits mobilization.
- Systems, process & people:** We recruited top talent, enhanced process efficiencies and inculcated a customer centric culture.
- Technology:** We invested in a revamped ICT infrastructure and developed award winning online and mobile banking platforms to broaden the bank's customer touch points.
- Capitalization:** We supported the bank's capital raise by injecting follow-on equity and enabling access to additional Tier I & Tier II capital from other financial investor to grow the loan book.

# Portfolio Update | Sidian Bank Exit

## Transaction Highlights

Kes 4.3Bn | Expected exit proceeds  
 Kes 2.7Bn | Pre-exit Carrying Value in Centum's books  
 10.6x | Implied P/E multiple  
 Kes 1.6Bn | Exit Premium to Carrying Value (Kes)  
 59% | Exit Premium to Carrying Value (%)

## Comparable banking sector performance

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

## Rationale for Exit

- 1. Relatively superior valuation:** The exit price we secured valued the bank at **10.6x P/E** and **1.1x P/BV**, both of which above the average market multiples of **4.56x** and **0.71x P/E** and **P/BV** respectively. The exit price is at Kes 1.6Bn premium to our carrying value hence will **enhance NAV per share by Kes 2.4.**
- 2. Enhancing our portfolio cash yield:** In line with Centum 4.0 strategy objective of **enhancing annuity cash income**, we seek to unlock the value of Sidian Bank and redeploy the capital to opportunities that we expect to yield superior recurring annuity cash income.
- 3. Need for a strategic investor:** The next phase of growth of Sidian Bank will require significant additional Tier I capital. Our current strategy is to pursue capital light opportunities hence the need to bring in a strategic investor like Access Bank to partner with Sidian for future growth.

# Performance Highlights



# FY2022 Financial Performance Highlights

## Company Performance Highlights

Increase in operating profit

**Kes 551 million**  
Operating profit

 **125%**

Loss after tax

**(Kes 21 million)**  
Net loss after tax

 **97%**

Total return on NAV

**- 0.6%**  
Total comprehensive income

 **+ 9.6%**  
Y-o-Y improvement

### Performance drivers

- Annuity cash income growth driven by strong MSP performance.
- Operating cost reduction realized from organization restructuring.
- Finance cost reduction realized from debt repayment.
- Kes 490Mn impairment provisions made, lower than last years Kes 1.1Bn.
- Unrealized revaluation losses narrowed to Kes 227Mn from last year's Kes 4.2Bn, an indication of stronger performance of the underlying portfolio

# FY2022 Financial Performance Drivers

---

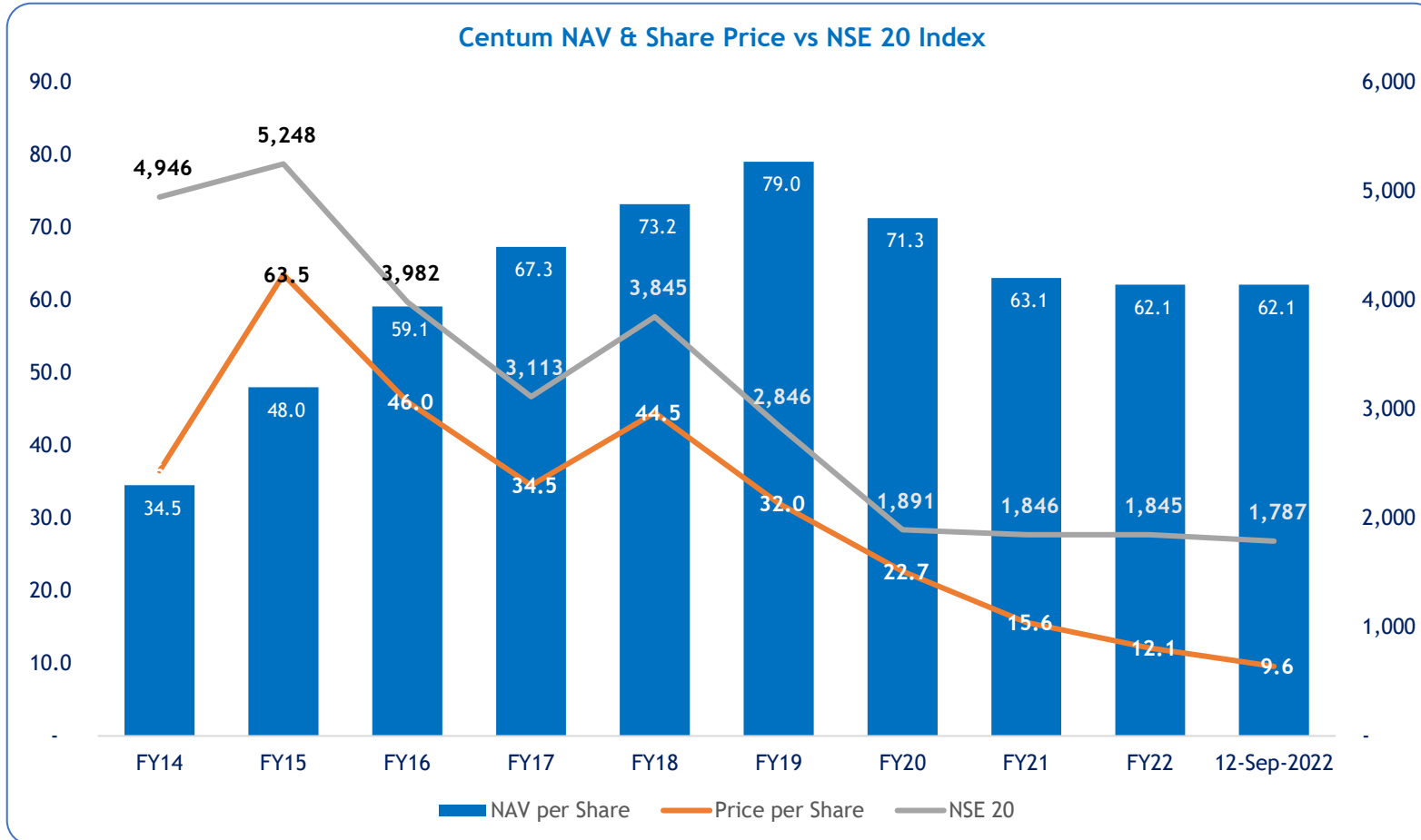
## Optimization of our Group structure

- During Centum 3.0 many of the companies were at infancy and therefore required a more hands-on approach to parenting which included provision of shared services from a centralized function which was structured under Centum Business Solutions Limited (CBS).
- A key Centum 4.0 focus area is operational effectiveness. Key to this was the adoption of a parenting model that would give greater autonomy and enhance the level of accountability for growth at portfolio company level.
- In this approach, portfolio companies have separate and independent governance and operational structures, which allows for the oversight of implementation of value creation strategies at portfolio management and Board level.
- The change in parenting model was important at this stage of maturity of our portfolio companies.

## Liquidity and Debt

- During the year, we generated **Ksh 1.3 billion in annuity income**. This adequately covered our operating costs and debt service costs, with 30% of the amount (Kes 391 million) proposed for dividend distribution to shareholders.
- We did not increase the level of debt during the period. The marginal increase in debt compared to prior year was a result of translation of our \$15 million debt to Kenya Shillings as at year end. To counter the impact of currency volatility, we have allocated a portion of our marketable securities portfolio to hard currency liquid assets as a natural hedge.
- Off balance sheet exposure reduced in FY2022 by **Kes 2.7 billion** following a partial cancellation of the Bank guarantee issued to CCBA at the time of disposal of the Coca-Cola bottling companies. This was achieved following a ruling issued in favour of the bottlers on an Excise Duty tax claim.
- At portfolio company level, borrowings are aligned to the respective company's debt capacity. The borrowings at portfolio companies are secured by their respective assets and cash flows.

# Share Price to NAV Gap



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



# Closing the Share Price to NAV Gap

We focus on enhancing long term shareholder value

## Centum 4.0 Plan

## Management initiatives to enhance cash operating profit

1  
Monetize mature assets

- We have locked in an exit of Sidian Bank at Kes 4.3Bn which is Kes 1.6Bn above the carrying value as at 31 March 2022.
- Ongoing initiatives to take advantage of the unique opportunity in our real estate business to address the growing demands in the mid-market housing market will further unlock value of the real estate businesses.
- We have value creation plans for each of the companies we have invested in and continue to work closely with management to drive growth and prepare

2  
Debt reduction

- We plan to continue reducing debt on the balance sheet as we realize liquidity from exit of mature portfolio companies.
- Off balance sheet contingent liabilities reduced in the period following cancellation of the CCBA guarantee by USD 21.4Mn in FY2022.

3  
Enhance cash yielding assets pool

- Marketable securities performance was enhanced to 14% in FY2022 from 12% in FY2021 .
- Cash return of 12% achieved and we target to enhance this to above 14%.

# Financial Reporting (FiRe) Award



## 1<sup>st</sup> Runners Up in Integrated Reporting Category

“We continue to raise the bar in our integrated reporting as we aim to fully disclose financial and non-financial business information in a comprehensive, timely and accurate manner.

Our objective is to go beyond the minimum disclosure requirements in order to provide information that investors and the general public would find useful for decision making.”



## Financial Performance - FY2021/22

Risper Alaro - Group Finance Director

# Company Financial Statements



# Company Statement of Total Comprehensive Income

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

Kes Mn	Mar 2022	Mar 2021	%Δ
Dividend & interest income	1,303	1,411	(8%)
Other investment income	359	106	237%
Operating expenses	(570)	(669)	15%
Finance cost	(540)	(603)	10%
<b>Operating profit</b>	<b>551</b>	<b>245</b>	<b>125%</b>
Impairment provisions	(490)	(1,071)	54%
<b>Loss before tax</b>	<b>(61)</b>	<b>(826)</b>	<b>93%</b>
<b>Profit (Loss) after tax</b>	<b>(21)</b>	<b>(607)</b>	<b>97%</b>
Unrealised gains/(losses)	(227)	(4,212)	95%
<b>Total return for the year</b>	<b>(248)</b>	<b>(4,819)</b>	<b>95%</b>
<b>Opening NAV</b>	<b>41,822</b>	<b>47,439</b>	
<b>Return on opening NAV</b>	<b>(0.6%)</b>	<b>(10.2%)</b>	<b>+ 9.6%</b>

- A 95% improvement in total return from the prior year was recorded.
- 125% growth in operating profit was driven by a 10% increase in total income from 1.5Bn to 1.7Bn and reductions in operating & finance costs.
- Cost efficiencies were realized following the group restructuring in the year. Operating expenses declined by 15% in the period.
- Finance costs declined by 10% reflecting the savings made following debt repayments in prior year.
- Impairment provisions of Kes 490 million were made. These were a conservative assessment of the realizable value of some of the assets on the balance sheet mainly relating to reorganisation of some subsidiaries in the year.
- 95% improvement in unrealised value movement reflective of the improvement in performance of our portfolio companies.
- Return on opening NAV improved by 9.6% year-on-year.

# Company Statement of Financial Position

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

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

- Total assets remained relatively unchanged. The investment in Sidian Bank was classified as an asset held for sale. Kes 4.3Bn in proceeds are expected in the current year, which will be deployed towards reduction of debt and investment into our MSP portfolio.
- No movement in borrowings while other liabilities mainly comprise of deferred tax movements
- NAV per share slightly dropped by 1% to **Kes 62.1** per share.

# Company Cash Flow Statement

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

- Closed the year with a positive cash position net of overdraft.
- Kes 1.2 Bn cash flows generated from operations
- Kes 183 Mn follow on investment in the Sidian Bank rights issue made during the year.
- Sale and purchases of listed securities and corporate bonds reflect the trading activity in the marketable securities portfolio.
- No new borrowings taken up or debt repayments were made during the year.

# Consolidated Financial Statements

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





# Consolidated Statement of Total Comprehensive Income

Summary (Kes Mn)	Mar 2022	Mar 2021	%Δ
Profit/(loss) from trading businesses	73,215	(529,034)	114%
Profit from financial services	691,657	329,858	110%
Profit from real estate investments	127,049	875,300	85%
Loss from Two Rivers Development group	(1,985,831)	(1,859,280)	(7%)
(Loss) from investment operations	(547,975)	(1,149,055)	52%
<b>Consolidated Profit/ (Loss)</b>	<b>(1,641,885)</b>	<b>(2,332,211)</b>	<b>30%</b>
(Loss)/profit for the year	(1,339,809)	(1,367,915)	2%
Other comprehensive income/(loss), net of tax	1,481,861	(86,555)	1,812%
<b>Total comprehensive income/(loss) for the year</b>	<b>142,052</b>	<b>(1,454,470)</b>	<b>110%</b>
<b>Earnings Per Share-Basic</b>	<b>(1.10)</b>	<b>(0.93)</b>	

110% improvement recorded in Group performance.

- Better performance of our financial services and trading businesses; Sidian Bank, Nabo Capital, Longhorn & Greenblade Growers.
- Improvement in operating profit at Centum RE. Lower value movements in investment property in line with the prevailing market conditions.
- Investment operations recorded an improvement in income. Provisions were made in respect to receivables from restructured subsidiaries. A share of loss was recognized in respect to the investment in Akiira.
- Positive OCI movements reflective of the improvement in performance of the unquoted portfolio.
- A loss of **Kes 1.95Bn** recorded by TRDL was driven by debt service costs. TRDL is partnering with Centum RE to roll out mid-market housing developments within the Two Rivers precinct. Efforts are also ongoing review the company's capital structure and reduce the interest costs.

# Consolidated Statement of comprehensive income

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

- With exception of the TRDL sub-group, the consolidated profit before tax increased by 173% to close at Kes 343Mn in FY2022.

# Consolidated Statement of Financial Position

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

- The Consolidated Statement of Financial Position represents an aggregation of the assets and liabilities held by entities in which Centum has controlling stakes.

# Group Borrowings | Debt levels and coverage

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

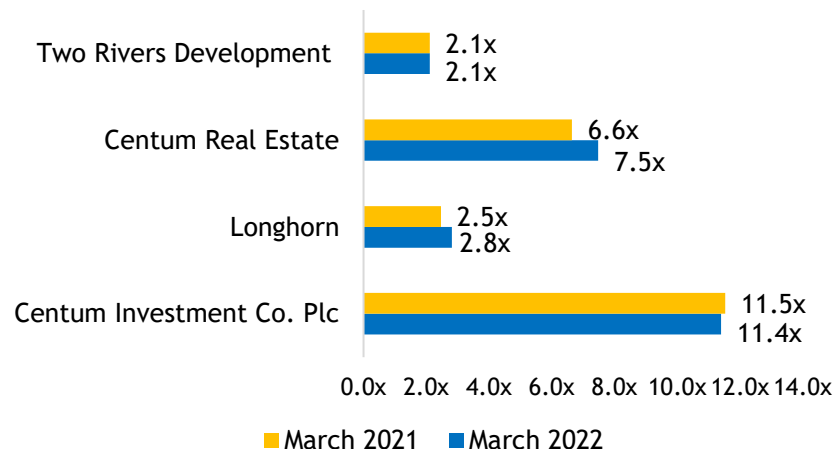
## Group debt coverage

Entity	Mar 2022	Mar 2021
Centum Invst Co. Plc	4,159	4,122
Longhorn	1,003	1,277
Centum Real Estate	5,253	5,966
Two Rivers Development	10,210	9,644
<b>Sub-total</b>	<b>20,626</b>	<b>21,009</b>
Sidian Bank	-	4,492
<b>Total</b>	<b>20,626</b>	<b>25,501</b>

Made up of:		
USD denominated	9,457	12,771
KES denominated	11,169	12,730
<b>Total</b>	<b>20,626</b>	<b>25,501</b>

## Centum and subsidiaries debt coverage



## Mitigation of the USD exposure:

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

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

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

**Outlook:  
Dr. James Mworira**



# Outlook | FY 2022/23

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

## Portfolio Aspect

## Key Focus Areas

### Growth Portfolio

- Implementation of value creation plans for each of our portfolio companies to realize growth objectives.
- To close on the sale of Sidian Bank to unlock capital and returns.
- Using our refined investment criteria, continue to scout for new attractive opportunities for capital deployment in the private equity space.
- Pursue the rental market opportunity at Two Rivers precinct and unlock growth and cash returns through Centum RE and TRDL

### Marketable Securities Portfolio

- Maintain the average cash return yield on the portfolio above 15% p.a.
- Preserve and grow the portfolio value to the strategic target level 20% - 30% in order to generate a sizeable long term return to cover company's recurrent obligations such as operating costs, finance cost and dividend.

# Outlook | FY2022/23

---

## Portfolio Aspect

## Key Focus Areas

### Cost Efficiency

- Keep the operating costs below 30% of annuity cash income per the Centum 4.0 strategic objectives.
- We expect to reduce our debt by at least 50% before the end of the 2023 financial year thereby reducing debt service costs

### Capital Structure

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

### Sustainability & ESG reporting

- Continue to monitor and report ESG considerations and key performance indicators as part of active portfolio management and value creation process.

# Formal Business





# Ordinary Business

---

3 (i) To adopt the Consolidated Audited Financial Statements for the financial year ended 31 March 2022 together with the Directors' and Auditors' reports thereon

---

3 (ii) To approve the Directors' recommendation to declare a first and final dividend of Kes 0.587 per ordinary share for the financial year ended 31 March 2022

---

3 (iii) To approve the directors' remuneration report for the financial year ended 31 March 2022

---

3 (iv) (a) To re-elect, in accordance with Article 88 of the Company's Articles of Association, Dr. Laila Macharia, a Director retiring by rotation and who being eligible, offers herself for re-election

(b) To re-elect, in accordance with Article 88 of the Company's Articles of Association, Mrs. Catherine Igathe, a Director retiring by rotation and who being eligible, offers herself for re-election. To approve the re-election of Dr. Moses Ikiara, a Director retiring by rotation.

(c) To elect, in accordance with Article 92 of the Company's Articles of Association, Ms. Catherine Mturi-Wairi, who was appointed during the financial year, to fill a casual vacancy on the Board. She retires in accordance with the provisions of Article 92 of the Company's Articles of Association, and being eligible, offers herself for election.

---

# Ordinary Business

---

d) Pursuant to section 769(1) of the Companies Act 2015, to ratify the appointment of the following directors as Audit Committee members:

- i. Ms. Catherine Mturi-Wairi [Chairperson];
- ii. Dr. Laila Macharia;
- iii. Mrs. Catherine Igathe;
- iv. Dr. Moses Ikiara; and
- v. Mr. Christopher Huka (representing Kenya Development Corporation Limited).

3 (v)

To approve the continuation in office as a Director by Dr. Donald Kaberuka, who has attained the age of seventy (70) years, until he next comes up for retirement by rotation.

3 (vi)

To appoint PricewaterhouseCoopers (PwC) as Auditors for the Company in accordance with Section 721(2) of the Companies Act, 2015;

To authorize the Board of Directors of the Company to fix the Auditors' remuneration in accordance with Section 724 of the Companies Act, 2015.

# Special Business

---

4

As a special resolution:

THAT with effect from the conclusion of this meeting, the Memorandum and Articles of Association of the Company be and are hereby amended by incorporating the proposed changes and new articles set out in the Annex to this Notice to align the Company's Memorandum and Articles of Association with the changes brought about by the repeal and replacement of the Companies Act (Cap 486) with the Companies Act (No. 17 of 2015).

---

5


To transact any other business that may legally be transacted at an Annual General Meeting and for which due notice has been given

---

THANK  
YOU

Q & A





Centum Investment Company Plc  
9<sup>th</sup> Floor South Tower, Two Rivers  
P.O. Box 10518 - 00100  
Nairobi Kenya

Tel: (+254) 20 228 6000 / (+254) 709 902000  
Email: [investorelations@centum.co.ke](mailto:investorelations@centum.co.ke)