

## **PRESS RELEASE**

### **Centum pays out cash dividend for FY2021 to cushion shareholders**

July 27 2021

**Nairobi, Kenya.** Centum Investment Company Plc shareholders are set to get a KES 218 million dividend payout for the financial year ended March 31 2021, in line with the company's policy of paying to investors a portion of its annual investment income.

The dividend payment of Sh0.33 per share is on the back of a Sh245 million cash operating profit that the company recorded in the year.

"The dividend is intended to cushion our shareholders from the effects of the difficult economic conditions while allowing the company to retain liquidity," said the Centum Investment PLC chief executive, Dr James Mworira.

The Group CEO added that the company is in a strong liquidity position of KES7.5 billion held in its High Yield Portfolio as at the end of March 2021.

"The Company has a strong balance sheet, and a portfolio of quality assets with low gearing. The Company is therefore well positioned to take advantage of emerging opportunities, particularly in the private equity and High Yield Portfolio," said Dr Mworira.

The adverse impact of the Covid-19 pandemic on the financial performance of the business transcended 2020 into the year ended 31 March 2021. Fortunately, the business sustained the core focus of the Centum 4.0 strategy that aims at building business resilience by strengthening the balance sheet through a process of reducing debt, enhancing liquidity, switching to more cash flow generative assets that are less susceptible to market movements and value preservation.

We are 24 months into the Centum 4.0, the last 12 months of which have been plagued by the corona virus global pandemic which has made the business environment quite challenging. Nonetheless, we have made major strides towards achieving our objectives for the strategy period as highlighted below.

We had targeted to pay down the entire long-term debt of KES 16 billion that was outstanding as of 31 March 2019. We, as at the end of the current financial year, have paid down KES 13 billion and reducing our debt to KES 3 billion. This is an 81% achievement of target.



In Centum 4.0, we had targeted to enhance the High Yield Portfolio to KES 7.5 billion by March 2021. We are pleased that we achieved the target with a closing portfolio value of KES 7.5 billion. The objective of this portfolio is to generate a consistent cash income to cover dividend to shareholders, operating costs, and the balance to meet reinvestment requirements.

We achieved a significant milestone in 2021 following the reorganization of our real estate holdings (excluding our 58% stake in TRDL) under Centum RE. Centum RE is now an independent portfolio company with an independent board and management team. Centum RE in the period distributed to the Company KES 4.5 billion in the form of interest and capital repayment. This distribution represents 58% of the KES 7.8 billion we have invested in Centum RE. This business is on track to make additional distributions in the year to March 2022 on the back of a robust sales pipeline.

The decision to pay down the debt on the Company balance sheet and increase the marketable securities portfolio has significantly improved the resilience of the balance sheet, the recurring cash flow position of the Company and the liquidity position which will enable the company to take advantage of opportunities as they emerge.

At a consolidated level, the consolidated profit before tax reduced from KES 5.44 billion to a loss of KES 2.33 billion for the year ended 31 March 2021. This is mainly on account of consolidating the performance of Two Rivers Development Limited (TRDL), which booked a loss of KES 1.85 billion. A balance sheet restructuring is underway to reduce the interest paying debt held by TRDL and Two Rivers Lifestyle Centre and is expected to be completed by the end of the current financial year, which will lead to a significant improvement in the performance of the 58 percent-owned subsidiary.

In the prior year, the company had recorded exceptional items including an investment income of KES 2.2 billion, being realized gain from the disposal of beverage assets, which boosted its net earnings. No gain on disposal has been recorded in the current period.

The Covid-19 pandemic narrowed the window for any major exits or new investments, but ongoing vaccination campaigns both locally and globally are offering hope for re-opening of economies.

“The government has announced plans to vaccinate majority of the population against the Covid-19 pandemic and our hope is that this will help to fully re-open our economy as is happening in the developed countries,” said Dr Mworia.

In addition, Dr Mworia noted that the portfolio companies have started to witness a strong recovery in performance across the portfolio companies and is looking forward to the recovery contributing to improved performance in the current financial year.

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