

PRESS RELEASE

GCR affirms Centum's A⁺_(KE) and AI_(KE) credit rating, cites strong liquidity

20 October 2022

Nairobi, Kenya. Global Ratings Company (GCR) has affirmed the credit ratings of Centum Investment Company Plc, citing its strong liquidity and ongoing debt reduction strategy.

In its announcement dated 17th October 2022, GCR has affirmed Centum's national scale, long and short-term Issuer ratings of A⁺_(KE) and AI_(KE) respectively, with a stable outlook.

The Johannesburg-based GCR Ratings (www.gcrratings.com) is licensed by the Capital Markets Authority to issue independent credit ratings to Kenyan firms.

“Centum's investment portfolio is sizeable in regional terms, with a valuation as per GCR's calculation of just over KES 42bn (including less risky marketable securities and net proceeds from the Sidian Bank exit). GCR considers Centum's track record of exiting mature investments successfully as a rating strength,” noted the international credit rating company.

Centum has a diversified portfolio of investee companies spread across different sectors of the economy including real estate, financial services, automotive, publishing and agriculture.

The fully owned real estate development arm, Centum RE, is rated BBB⁺_(KE) by GCR.

“The affirmation of our rating, with a stable outlook, is a strong vote of confidence in the company's fundamentals and our business model. It gives us the assurance to continue executing the Centum 4.0 strategy,” said the Centum Group CEO Dr James Mworira.

“However, we continue to acknowledge that part of Centum's strategy for FY19-FY24 remains to rebalance its portfolio, aimed at reducing its exposure to real estate investments,” noted GCR concerning Centum's strategic asset allocation.

The ratings firm notes that whilst investment activity (both acquisitions and exits) has been broadly limited since the onset of the pandemic, Centum has space to resume sales and buyouts with more frequency, thereby unbundling its most mature assets to redeploy the capital into new opportunities.

Centum's financial profile, GCR notes, is a positive ratings factor.

The Nairobi Securities Exchange-listed company's strategy is to completely de-gear the balance sheet by FY24, and has committed to apply part of the proceeds (KES2.3bn) from the sale of its investment in Sidian Bank to debt repayment in FY23.

Ends.//