

CENTUM INVESTMENT COMPANY PLC
FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The Board of Directors of Centum Investment Company Plc is pleased to announce the audited financial results of the Company and Group for the year ended 31 March 2024 as set out below:

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

Table with 5 columns: KES '000, 2024, 2023, 2024, 2023. Rows include Trading business, Real estate, Two Rivers investment operations, Financial services, Investment operations, Two Rivers Special Economic Zone, Profit/(loss) before income tax, Profit/(loss) for the year, Total comprehensive income for the year, and Earnings per share.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2024

Table with 5 columns: KES MILLION, 2024, 2023, 2024, 2023. Rows include Investment Portfolio, Assets held for sale, Other assets, Cash and cash equivalents, Total Assets, Borrowings, Other liabilities, Total Liabilities, Total Equity, and Total Equity and Liabilities.

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

Table with 5 columns: KES MILLION, 2024, 2023, 2024, 2023. Rows include Opening cash and cash equivalents, Net cash from operations, Net cash used in generating from investing activities, Net cash used in financing activities, Closing cash and cash equivalents, and Cash and cash equivalents.



CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY AS
AT 31 MARCH 2024

Table with 5 columns: KES MILLION, 2024, 2023, 2024, 2023. Rows include Share capital, Treasury shares, Share premium, Other reserves, Retained earnings, Proposed dividends, Non-controlling interests, and Total.

Centum is an investment holding company with a business model focusing on identifying compelling investment opportunities, adding value to scale them up and at an appropriate time and price, monetizing the value created during the holding period.

COMPANY PERFORMANCE

The company recorded a significant improvement in performance for the financial year 2023/24 despite a very challenging macroeconomic environment. Profit after tax stood at Kes 556Mn compared to a loss of 61Mn in the prior year.

This performance was driven by a dual focus during the year on:

- (i) Reallocation of a portion of the marketable securities portfolio to higher yielding opportunities and to repayment of debt.
- (ii) Execution of value creation plans which led to improved performance and valuations of the portfolio companies.

Investment income stood at Kes. 1.15Bn, compared to Kes. 2.13Bn in the prior year. This drop was on account of asset reallocation whereby interest earning securities in our marketable securities were liquidated to fund Centum's equity investment in Two Rivers Land Company SEZ Limited as well as to make debt repayments.

Operating and administrative expenses grew by 13%, on account of additional investment resources and reflecting the impact of rising inflation and implementation of Finance Act 2023 provisions in the period. Finance costs reduced by 36%, reflecting the debt repayments that the company continued to make during the financial year.

The growth in total return was attributed to improved performance and valuations of the portfolio companies. This was reflective of the various value creation initiatives executed over the Centum 4.0 strategy period coming to fruition.

Total assets grew by 15% with the growth in portfolio value. Total liabilities increased by 22% on account of deferred tax liability recognized in the period and deferred revenues. NAV per share increased by 14% from Kes 54.71 as of 31st March 2023 to Kes. 62.42 as of 31 March 2024.

COMPANY CASH FLOWS

The company generated Kes 3.1Bn from operations which comprised dividend and interest income as well as shareholder loan repayments to Centum by portfolio companies. The net follow on investments made in the period was Kes 2.3Bn while Kes 1.1Bn was applied towards principal debt repayment, interest payments as well as dividend payment.

In line with the Company's focus on deleveraging, debt was reduced by 13% to close at Kes. 1.9Bn. Net debt to equity reduced to 1.3% from 4% as at 31st March 2024. Post March 2024 year end, Centum has made further debt repayment to the tune of Kes 1.1Bn to cut down finance costs given the current high interest rate environment.

CONSOLIDATED PERFORMANCE

The Consolidated performance aggregates the financial performance of our subsidiaries line by line and our proportion of the performance of associates and joint venture entities within the group.

The consolidated performance after tax stood at a profit of Kes. 2.6Bn compared to a loss of Kes 7.3Bn in the prior year. This was attributable to the improved profitability recorded from most of the investment segments in the year. The performance of Two Rivers reflected the interest costs incurred in the two months of the year prior to sale of assets in May 2023 and foreign exchange losses which accounted for 52% of the finance costs.

Other comprehensive loss net of tax of Kes 62Mn was recorded from a loss of Kes 1.7Bn in the prior period. This was on account of unrealized currency translation movements in respect to UGX and USD denominated assets. The consolidated total comprehensive income increased to Kes. 2.5Bn from a loss of Kes. 9Bn in the prior period.

SHARE BUYBACK UPDATE

Centum initiated the share buyback program on the 6th of February 2023 at an offer price of Kes 9.03. As of 26th July 2024, 9.7Mn shares had been purchased under the buyback program, comprising 24% of the volume traded. The share buyback provided shareholders with liquidity at a time when there was limited liquidity on the NSE.

DIVIDEND

The Board of Directors has proposed a first and final dividend of Kes 0.32 per share in respect of the year ended 31 March 2024 (2023: Kes 0.60), amounting to Kes 210 Mn (2023: Kes 400Mn) to be considered by shareholders for approval at the next Annual General Meeting. This proposal is in line with the Company's policy of paying out 30% of total annuity income generated in any financial year. In FY2024, the business generated Kes 692 million in annuity income which comprises dividend and interest income earned from the portfolio.

CONCLUSION AND OUTLOOK

Financial year 2023/24 marked the close of the Centum 4.0 strategy period. The focus during this period was preservation of shareholder value against the backdrop of a difficult economic environment characterized by the Covid-19 pandemic, global geopolitical conflicts that disrupted supply chains and had a spiral effect in local and regional key economic indicators. The period saw rising and sustained interest rates, depreciating Kenya shillings and extended period of US Dollar illiquidity.

The average shareholder return generated in Centum 4.0 was -3.6% p.a which was 6.8% higher than the NSE 20 index performance over the same period, which was -10.4%. We believe that the core objective of preservation of shareholder value in the face of economic headwinds was largely achieved.

As we transition into the new strategy period named Centum 5.0, our focus is on optimization of the value of the current portfolio of investments. We are working towards scaling up the various businesses and monetizing them to realize a minimum of their carrying values.

For further information please visit the Centum website (www.centum.co.ke)

By Order of the Board,

Signature of Dr. James Mworira

Dr. James Mworira, CFA, CGMA
Group Chief Executive Officer and Managing Director