

# Centum Investment Company - Powering Kenya's Growth

Although Kenya has felt the impact of the Covid-19 pandemic, its economy remained resilient despite global volatility. Finance Minister Ukur Yatani recently announced that the country's GDP growth will be slightly less than 2.5% this year, meaning Kenya will not fall into recession, unlike much of the northern hemisphere. A strong rebound is anticipated in 2021, when GDP growth is forecast to hit 6.4%.



Dr Christopher Kirubi  
Chairman - Centum Investment  
Company

Growth will be driven by the country's powerhouse local industry, making companies like Centum Investment Company and its indomitable Chairman of the Investment Committee board and significant shareholder, Dr. Christopher J Kirubi, the lynchpin to a robust recovery.

Established in 1967 as a Nairobi-based investment company with just KES2 million (\$18,450) of paid-up capital, the company has since risen to become a leading vehicle for growth and diversification in East Africa. It is listed on exchanges in Nairobi and Kampala.

CEO James Mworira says the company has remained healthy despite the pandemic.

"Even with Covid situation I think we'll still have some growth; the Kenyan economy has proved to be quite resilient. We anticipate annual growth could hit between 5% and 7% post-Covid. As the economy grows, market opportunities expand in tandem, especially since we are serving the domestic market," he said.

Through its core focus is on four key areas - real estate, private equity, marketable securities, and greenfield infrastructure projects - the company is active in sectors including retail, power, education, financial services, and agribusiness.

During the 2019/20 fiscal year, Centum recorded \$97.7 million of pre-sales in its real estate business, while land sales hit \$25.8 million. Its private equity assets amounted to \$86.6 million by the end of the year, while marketable securities and cash assets stood at \$82 million. Centum's performance over the period FY14-FY20 is equally impressive: overall portfolio return of 32.8% in private equity, with 9 exits

realizing \$292.2 million in proceeds and \$228.3 million in gains; an overall portfolio return of 37% in real estate; a gain of \$32.8 million in marketable securities; and last but not least successfully raised two corporate bonds totalling \$93.1 million both of which were redeemed using internally generated funds.

Centum benefits from East Africa's best leaders at its helm. One of Africa's most prominent businessmen, Kirubi is a well-known name across the continent. The investment magnate and titan of industry got his start as a salesman at Shell before becoming an administrator at the state-owned transportation company Kenatco.

He moved into real estate investment in 1971 and his successes snowballed over the following decades. Today he chairs big-name brands including DHL Express Kenya, Haco Industries, and 98.4 Capital FM, among many others. He is also non-executive director of Bayer East Africa and Beverage Services of Kenya Limited. As the investment arm of his business acumen, Centum is also an important part of his portfolio.

Kirubi attributes much of his success to Kenya's open and liberalised economy.

"The biggest formula to success is commitment to what you do and the country you're in. If your politics are stable and the foreign exchange has freedom, it is a very big factor for wanting to invest in that country. Other countries are very restrictive and make investors think twice before going there," he said.

Anticipating trends and diversifying his portfolio has also played a critical role in his success, and Kirubi has set his sights on several emerging industries

including renewable energy - Kenya offers significant geothermal, solar, and wind resources with high potential for future growth and investment.

Already experienced in coffee production, Kirubi is also currently working to expand and diversify his agriculture business. He's focused on increasing production and export of bananas and avocados because domestic and international demand for both cash crops is rising, which should feed future growth.

This has created opportunities for new partnerships and international investors, including export partners for the avocado business, and food processing firms that could capitalize on Kenya's rich agricultural base to produce and manufacture fast-moving consumer goods.

"It's not enough to invest in our own resources, we need other support, and we believe that by creating an environment that is conducive to foreign business. I believe this country is open for investors, and within Africa, Kenya is the best investment destination. None of our neighbouring countries can compete with us. The future is in Africa, simply because the population is young and growing and demand levels are very high. The market is not yet saturated, and we expect to continue on an upwards growth trajectory," he said.

