

## Centum's Growth and Success since Listing on the NSE (1967)



Two Rivers Mall by Centum

**L**isting on the Nairobi Securities Exchange (NSE) bears a number of benefits to the issuer, investors, shareholders and the economy at large. Here is Centum's story:

Centum Investment Company Plc, formerly Industrial Commercial Development Corporation Investment (ICDCI), was incorporated in 1967 as an affiliate of Industrial and Commercial Development Corporation (ICDC). In the same year, Centum was listed on the NSE, then known as the Nairobi Stock Exchange.

This was barely four years after Kenya had attained her independence. The new government was encouraging locals to participate in nation building through ownership. Individually, they could not afford stakes in blue chip companies. To this end, ICDCI was formed to fundraise from locals and invest in companies. This was also happening on the backdrop of foreign-owners exiting local companies due to the change of guard.

With that mandate, Centum (then ICDCI) sought to raise capital through public issuance of shares, coupled with a series of rights issues in 1990 and 1998. This resulted in a rise in the issued shares from four million to 665 million, with an approved share capital of Ksh. 800 million. Being listed on the NSE provided Centum access to capital that enabled it to make various acquisitions, some of which are still in its portfolio as legacy assets.

Besides raising public equity, Centum has been able to raise additional capital through issuance of public debt instruments. The company successfully issued a Ksh. 4.2 billion Bond (Centum Bond I), which became the largest private placement in Kenya's history at the time. 20% of

the target amount (Ksh. 1 billion) was raised through a public offer, making it the first privately placed bond to be issued to the public. The bond was listed in January 2013 on the NSE.

Centum Bond I was later retired in 2017 with investors in the equity linked component (ELN) realising an annual internal rate of return of 14.9 percent. In 2013, the company offered to the public and listed on the Fixed Income Market Segment ("FISMS") of the NSE a Ksh. 6 billion Bond ("Centum Bond II), which was 138 percent oversubscribed. At the time, Centum had developed a pipeline of attractive investment opportunities in the financial services, real estate and power sectors, but lacked the capital to carry out the investments. This bond would accord the company the ability to invest in these opportunities.

Through access to various forms of capital via the NSE, Centum has been able to achieve considerable growth during its key strategic periods (Centum 1.0, 2.0 and 3.0). Its total assets over time have increased from Ksh. 8.1 billion to Ksh. 66.1 billion in the past decade. Also, the company has registered tremendous portfolio diversification into key

sectors (financial services, real estate, consumer goods, publishing, agribusiness, education), and has significantly contributed to the economic growth in East Africa. It provides employment to over 5,000 people across the region.

With its 50+ years of public scrutiny as a listed entity, Centum has undergone effective management and board transitions that have enabled it to sustain growth over the years.

The board and management believe that sound and effective corporate practices are fundamental to its operation, ability to attract and maintain investments while protecting the rights of shareholders and stakeholders. To this end, the company has been recognised as a sound example of effective corporate governance evidenced by the more than a dozen governance and financial reporting awards over the last 10 years.

Many would term listing on NSE as a tedious process mired in extensive regulation and scrutiny. However, listing offers a platform to mobilise capital while fostering good cooperate governance, which enable companies to achieve sustainable success - like Centum!

**Don't be left behind. Seize the myriad opportunities available at NSE. Talk to us today and Discover Opportunity!**

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