

TransCentury Group lays foundation for the future

African Infrastructure Company, TransCentury Group, has announced its 3 year growth strategy that is largely driven by its Power Division's capacity expansion program, Engineering Division's strong and well balanced pipeline of projects and the newly established Infrastructure Division that will see TransCentury expand into power generation, annuity/toll road projects amongst others.

Speaking when he confirmed the Group's trading results, TransCentury's Chief Executive Officer Dr. Gachao Kiuna said the firm had already embarked on its growth strategy and had signed a Power Purchasing Agreement with Kenya Power for Geothermal power generation in Menengai.

The Group recorded a revenue of KES 10.2 billion and a net loss of KES 2.3 billion in 2014, the financial performance was adversely affected by a 36% drop in the revenue of the Engineering Division due to a number of delayed projects which have since commenced in Q1 2015. The sale of the stake in Rift Valley Railways (RVR) significantly contributed to the loss. The Group through its wholly owned subsidiary, Safari Rail Company Limited ("Safari Rail"), disposed of its entire 34% shareholding in KU Railways Holdings Limited ("KURH") on 31st March 2014 by exercising a PUT Option as this investment failed to meet return targets set by the Group. The Group realized USD 43.7m (KES 3.8bn) from the sale, which saw it recover its entire cash investment in RVR. "The funds have been redeployed towards debt reduction and growth capital in our existing Power and Engineering Divisions" said Dr. Gachao.

Despite a notable reduction of 12% in the London Metal Exchange (LME) prices, the Power Division recorded a 7% growth in revenue attributed to increased volumes driven by new markets. "Our expanded and modernized plant in Kenya will be fully commissioned by Q2 of 2015 and will provide additional capacity and flexibility to offer a wide product range to cover the Eastern and Central African region" Said Dr. Gachao

"2014 was a challenging year for the Group, which resulted in TransCentury making an operating loss for the first time in its history" Dr. Gachao said. "The exit from RVR was a bold decision and impacted negatively on our performance but has allowed us to redeploy significant capital recovered from the investment to kick start our growth strategy," he added.

"To support our investments in the operating companies, we have completed a corporate re-organization that has seen our subsidiaries restructured into two operational subgroups as follows:

1. **TransCentury Power**, a leading manufacturer of electrical cables, distribution and transmission equipment operating through 8 factories across East, Central and Southern Africa.
2. **TransCentury Engineering**, a leading mechanical and civil engineering firm with a presence across East and Central Africa.

"The reorganization's objective is to allow the operating companies to realize the revenue and cost synergies that exist between them," Dr. Gachao said.

TransCentury recently introduced a new division - **Infrastructure Projects Division** - the division will focus on critical energy and transport infrastructure projects to support key pillars of the domestic and export economy. The division features an active pipeline of high return infrastructure projects in partnership with key technical partners and Governments. TransCentury plans to invest up to KES 50 billion in the projects that will include power generation, oil pipelines and toll roads in the next three years.

Some of the green field infrastructure projects under the new Division include a 35MW Geothermal Power Plant in Menengai, near Nakuru town under the Or power 22 consortium. TransCentury Group has already secured the Project Implementation and Steam Supply Agreement (PISSA) with the Geothermal Development Company (GDC) and a 25 year Power Purchase Agreement (PPA) with Kenya Power.

The Group's Engineering Division has built a strong pipeline of projects, totaling more than KES 17 billion to date, that will see a robust growth of revenue in 2015. Civicon, the main subsidiary in this Division is currently working on a number of projects that include the Lake Turkana Wind Power Project, as the civil engineering contractor. The company has also been awarded a turnkey project to erect a KES 1.8 billion aluminum cans manufacturing plant near Emali along the Nairobi-Mombasa road, the project commissioned by Nigeria based GZ Industries for its GZI Kenya subsidiary will feature a green field plant to manufacture aluminum cans for beverage companies in Kenya and the COMESA region. The plant is expected to be commissioned in second quarter of 2015. Civicon was also recently shortlisted as the preferred bidder for lot 1 of the annuity roads program by the Kenyan Government along with its technical partner Eiffage Travaux a leading European construction and concession holding company operating over 2,000km of toll roads globally.

On working with the community around its businesses, TransCentury Group recently launched a strategic CSR program in support of Technical Training in the region. The program - TransCentury Technical Training Program ("TTTP") - will see the Company offer scholarships to technical students in select institutions in the Electrical & Mechanical Engineering and Building & Construction fields, in addition to offering Infrastructure support and internship opportunities. The programs objective is to bridge the existing skills gap and build a pool of skilled laborers for the rapidly growing infrastructure development space.

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Editors Notes

*TransCentury (TCL) is a Kenyan headquartered Infrastructure Company listed on the Nairobi Securities Exchange (NSE) with operations across East, Central and Southern Africa. The Company has three divisions: **TCL Power Division**: Manufacturer of Electrical Cables, Conductors, Transformers and Switchgears with 8 factories across the region and a wide distribution network, companies under this division include; East African Cables, Tanelec (Transformer and Switchgear plant in Arusha Tanzania and Zambia), Cableries du Congo (Cable plant in Kinshasa DR Congo), Kewberg (Specialized cable plant in Johannesburg, South Africa). Second division is **TCL Engineering & Contracting Division** a leading provider of Mechanical Engineering, Civil Engineering, Transportation, Logistics, Cranage & Erection services, companies under this division include Civicon group and Avery East Africa. Thirdly is **TC Infrastructure Projects Division** providing Critical Energy and Transport infrastructure projects focusing on supporting key pillars of the domestic and export economy.*

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