

TRANSCRIPT

MR. NGANGA NJINU

Report:	KENYA
Company:	TRANSCENTURY
Sector:	INFRASTRUCTURE
Interviewee:	MR. NGANGA NJINU
Position:	CEO
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Interview

1. **We always like to start our interviews with a bit of background.**

- **Tell us a bit about yourself and career until now.**

TransCentury was started about 22 years ago. It started from the basic premise that at that point the capital was scarce, and it was very hard for the common person to get an opportunity to buy into a business or participate in the equity of a business. There were few individuals with sufficient capital to run most of the industry and this led a few local entrepreneurs to sit down and come up with a solution that allowed them to bring together a couple of people, pool capital, and actually be able to do more as a group. That was the genesis of TransCentury and that is what in Kenya is called “Chama” or an investment group, a group that comes together, pools together money, and does something bigger than what one does individually. TransCentury at that point had 29 individuals and they raised about 200,000 dollars which was used to buy their first investment. It didn’t go very well but they liked the concept, so they withdrew from that and they went on to the next investment, and the rest is history. They started buying companies and with time felt the need to put structures in place hence introduced a management team which is the current TransCentury.

The company started by looking at every opportunity out there, however, over the history of TransCentury we’ve clarified our strategy and focused on infrastructure. As we continued to work in this market that we understand very well, we saw the under-penetration of key infrastructure, around 10 years ago Kenya’s electrification level was at around 20 percent but we knew that it had to grow to 50, 60, 70 percent, and we saw that opportunity to participate in the improvement of the infrastructure. Out of that we invested in great brands, only focusing great brands because we believed that we could deliver good quality infrastructure with products manufactured locally and with projects done by local Africans with our engineering firms. We can do it all; whether it’s engineering or whether it’s providing that specific solution that ordinarily will not be found in mass products coming from abroad. That is how TransCentury has developed in a nutshell. We have built this fantastic platform that we have today with some great brands that are impossible to replicate I would say. Yes, it’s been a joy being part of Africa’s transformation.

2. TransCentury was founded in Kenya 22 years ago and is already present across 14 countries in Africa.

• What are the competitive advantages of TransCentury that made it so successful in the region?

I look at the success from four angles. The first thing is people; we focus and get people on board who are passionate about Africa. We get people with deep operational experience, if you look at the people here, it's an investment company but there are people who have had a lot of experience in operations. We look at people who are not afraid to dare to do what hasn't been done before. It's not by accident we've succeeded by putting people first. Second is clarity of our focus, we focus on infrastructure, we can live that, understand it every day, research it. We try and understand what can be done, what can be improved, which is great for us. The third thing is our understanding of Africa. We have a very good understanding of Africa and remain have remained focused on this. And then of course is our platform, we've been able to put together a platform of some of the greatest brands with no doubt about our quality of products and services. We've in the past not only served the African market but our portfolio units have exported products to as far as Asia.

3. One of the main pillars of H.E. President Kenyatta's government is to work towards building infrastructure in Kenya to boost the country's industry and ease exportation.

• What is the role of TransCentury on this matter?

Great. If you notice by design, we are both in the development of infrastructure and manufacturing. I think those two go hand in hand, it's vitally important to have great infrastructure to be able to manufacture efficiently, competitively and particularly export. We participate in infrastructure by production of very good products that are used for infrastructure development, and development of infrastructure project itself, bringing into the country some specific technologies or products that increase the longevity of our infrastructure and improve its use. For example, we are known for introducing in the market rapid pothole patching technology, weigh in motion, traffic control systems etc. This provides additional value for us when it comes to supporting government in infrastructure development.

4. Kenya is the leading country in East Africa when it comes to electricity access, reaching 56% in 2016 and targets universal access in the near future.

• How is TransCentury assisting in the improvement of this figure?

One of our first investments was in cable manufacturing and over the years we've had a tremendous experience in this. We are doing our part participating in the increase of power generation capacity where we are involved in the development of generation capacity and generation assets. We have a construction company that has built a significant number of thermal power plants in the region and are proud of that. Beyond that, we also believe that you have to have accessibility to the right products and have therefore invested in a robust distribution system that helps the local person be able to access quality products like cables, transformers and switch gear in addition to access to good installers who are called "fundi"/ technicians, we recognize that the government can distribute power however if people are not able to connect it into their houses, then the electrification drive does not meet its objective. Regarding technology, we look at the right products for the local market, which helps in improving efficiency and electrification.

5. Kenya is known as the Silicon Savannah for its innovative tech start-ups. Our report, as you can see from the cover, will be called the ‘cradle of innovation’.

- **How are you making the most of modern technology to expand your business?**

We have quite an experience and have seen success as we deploy technology in various ways. First, in terms of mapping and understanding our clients and understanding their ordering cycles. For example, in our cable business, we’ve introduced a system that allows us to understand where all new buildings are and what stage they are at to be able to bring products to our clients just in time and to save them inventory costs. We are also able to understand what kind of buildings they are building and whether we should propose specific use of high technology products i.e. fire-retardant cable, which are high technology products. We’ve also deployed technology in terms of innovation. In our product range we have products such as Aerial Bundled Conductors (ABC) that effectively mitigate the need to cut down trees when installing overhead power distribution cables, a practice that has traditionally been followed. We have more efficient transformers manufactured in our plant and distributed in the region. We are re-engineering and localizing them so that they’re affordable and serve the specific need in the market. Again, I talked about very specific solutions to increase the longevity of our infrastructure and to understand the lifecycles of our infrastructure.

6. CSR plays a major role in TransCentury’s mission in the country.

- **Which initiatives have you launched in Kenya to empower the community around you?**

We believe in the development of infrastructure and development of industry. The electrification drive for example will ride on the technical capability of our people. The industrial scale gap in Kenya is something that we are very keen on and very passionate in closing. We have invested a lot in terms of partnering with the Technical & Vocational Institutes with the objective of pushing for more training and giving the opportunity to get hands on experience in our factories and our sites. We figure there’s going to be a shortage as we do the Big Four and we have a part to play in that. Also, we have invested in scaling up technicians who install products that come from our factory or any other factories. We don’t just teach them the technical aspect of it, but we teach them how to run businesses too. Some of these are small businesses so if they’re going to be in business for long, they must have business acumen that keeps their business profitable. They’re going to improve their skill set and spread the word, that is where we focused a lot of our efforts. Also, in every project site we have we ensure empowerment of the community around us through donations of sustainable infrastructure i.e. when we do roads, we do boreholes, that are donated to the community. This present a long-term support to the community.

7. H.E. President Kenyatta’s Big Four project focuses on socio-economic reforms that can transform the country and present major opportunities for local and foreign investors.

- **Which opportunities is the Big Four agenda going to bring to the private sector?**

First, we are a couple of steps ahead because we have invested heavily in manufacturing. We have tripled our capacity in the last couple of years because we believe that manufacturing is the solution. We are playing our part and we have the experience and we know that we can compete as the infrastructure improves and are better placed than importation. All in all, the opportunities are massive in the private sector, from supply of inputs to the Big Four Agenda, materials inputs and during construction phase to support the industry when operational, to the new factories coming up. In addition to the supportive industry, from packing and transport. Agriculture is something that hasn’t been organized in Kenya, but we are looking ways of increasing output in agriculture solutions that improve your tilling methods or your farming

methods presenting enormous opportunity for us. The processing and storage front also present other untapped opportunities which we continue to explore, and all require infrastructure. For our trading business and specialized engineering businesses, we see lots of work in storage and specialized equipment while our manufacturing side of it, we feel the supportive industry will develop us we manufacture more efficiently.

8. East Africa has become the biggest regional attractor of FDI, with Kenya leading way.

• For the Forbes reader and the discerning investor, why is now the best time to invest in Kenya?

I think the reasons to invest in Kenya are many. Everybody knows that Kenya has a huge young and educated work force that is looking for opportunity and that is excited and ready for innovation. In fact, this work force actually drives innovation. If you want to do something great and you want to discover how to do business in this region, this is the work force to engage, the time is now, the population is ready. When you're looking at East African communities with populations of 130 million and 430 million, you're looking at a region where every country has its economic development agenda, whether it's 2020 or 2030. But if you look at Kenya in terms of the progress that has been made in electrification infrastructure, free education, innovation, you see it's already ahead. And as everybody is positioning themselves, I don't think these opportunities will be there forever. I think it is time to enter and position oneself. At this point even the regional economies around Kenya feel comfortable that we have a good source of product. Kenya is at an inflection point and one cannot forget the effort that has gone into improving the factors of production. A lot of other countries talk about it but the kind of money that has gone into putting everything in place in Kenya is significant and demonstrates commitment and progress.

Please detail a little bit more about the projects and investments that you're doing for the future in Kenya?

In Kenya specifically we have tripled our capacity in the manufacturing of cables and transformers. We're investing in a matrix where we have future products because we believe that any good quality green product that is in London or in New York can be made for the local market. If you want a cable that doesn't smoke when it burns and puts people in danger, that's a cable we're going to use here, and we can make it locally. We're able to localize most of our products. We are developing projects in power, in Africa of course, and we have a couple of those projects in the pipeline. We're able to develop them using our in-house expertise with our construction company and a company that supplies products into the power generations sector. That is what we're working on. We have a long history of Public Private Partnerships (PPPs) with Government and working together in the process of developing and improving transformative infrastructure in the region.
