



**Dr. Wilfred D. Kiboro**  
*Chairman*

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# Group Chairman's Statement

## Dear Stakeholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Group's financial and non-financial performance report for the year ended 31st December, 2022.

### Economic and Business Environment

2022 was a very difficult year from an economic and business perspective. The major factors that contributed to this economic slump in East Africa included the ballooning wage bill, the devaluation of the currency and increase in public debt.

The economies of East Africa largely contracted with the growth in Kenya decelerating more than earlier estimates from 7.6% in 2021 to 4.8% in 2022; Uganda's GDP was at 4.6% in 2022 compared to 6.0% in 2021 and Rwanda's GDP shrunk from 10% in 2021 to 6.9% in 2022. Tanzania's economy marginally grew from 4.3% in 2021 to 4.6% in 2022. This was caused by commodity price shocks resulting from drought and war, decreased disposal incomes and reduced spending by private sector during the elections.

The situation in Kenya, which contributes 70% of the Group turnover, was made worse with the country experiencing the worst drought in 40 years impacting more than 5 million people resulting in devastating effects on food security and livelihoods. This led to stunted growth in sectors of the economy that are our major advertising clients. Agriculture which contributes 21.2% of Kenya's GDP decelerated from -0.4% in 2021 to -1.6% in 2022. The education sector was also negatively impacted with more than 7,000 private schools shutting down in the last 4 years, highlighting the struggles of such a major sector amid economic hardships caused by the Covid-19 pandemic.

The above scenario in East Africa mirrored the challenges in global economic recovery. The world's real GDP



## 5 million

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growth decelerated to 3.4% in 2022 from a growth of 6.0% in 2021. This was caused by post Covid-19 tightening of monetary policies; resurgence of Covid-19 in China and the Russian-Ukraine war that pushed energy and food prices up significantly.

In the wake of the above operating environment, the region's media landscape went through perhaps one of its worst years in history with some media houses either closing down or being at the verge of collapse. Media continued to face challenges from the digital disruption, significant government pending bills, political uncertainty and attacks on press freedom in the East African region. In addition to this, the rise in the price of fuel and newsprint significantly increased our cost base. The Group responded to these challenges by accelerating our digital transformation, radically changing our business model and implementing tight cost management measures.

Nonetheless, the outlook is positive with the resumption of rains and in a generally peaceful environment enabling quick resumption to economic activity. Further, East Africa's exposure to the war in Ukraine through direct trade linkages is not significant, with Russia and Ukraine accounting for a small percentage of total goods traded. Similarly, tourists from the

two countries do not account for a significant share of East Africa's tourism market. It is encouraging to witness the tourism sector bouncing back in the region.

### Political Landscape

Kenya underwent general elections in 2022, that were largely peaceful with minimal violence. However, there was a lot of uncertainty post voting including an intense court battle at the Supreme Court that slowed down domestic spending and economic activity with the private sector adopting a watch-and-wait approach.

NMG played its rightful role in its mission to be a trusted partner to African democracies, a champion of the ordinary person in his/her interaction with the government of the day, a voice for the rule of law and respect for human rights. NMG reported extensively on the elections by providing accurate, un-biased and truthful information to the public. Our coverage, including through NMG's *Mimi Mkenya Initiative*, was guided by our editorial policy to cover all candidates fairly, objectively but fearlessly and hold leaders accountable to a set of issues important to the country and the Kenyan people. It was therefore encouraging to observe the emergence of socio-economic issues as key focus areas of the electoral campaign.

As a result, election content across our platforms drove a 13% growth in our digital footprint, with a 65% increase in overall website traffic. *Nation.Africa*, which hosted the Group's election portal and relayed real time election results, garnered a 44% growth in unique users and a 62% increase in page views during the electioneering period.

Nonetheless, journalists continued to face physical attacks, intimidation and profiling during the election. We partnered and worked closely with media sector organisations such as Media Owners Association (MOA), Media Council of Kenya (MCK), Editors Guild, Kenya Union of Journalists (KUJ), civil society, among others to condemn the attacks and call for an end to the same.





## Group Chairman's Statement (continued)

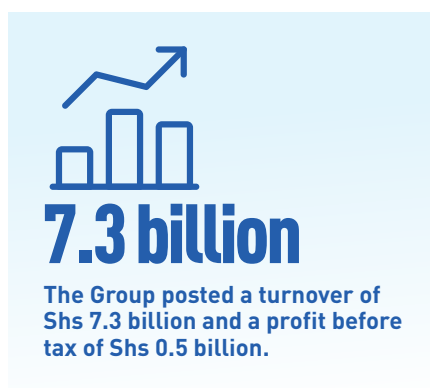
During this period, as members of MOA, we teamed up with MCK and the Kenya Editors Guild to organise the Presidential Debate 2022 Series to collectively entrench the culture of Presidential Debates as one of the cornerstone pillars of our democracy and electoral process for the benefit of the Kenyan people. During these debates, the public listened to the candidates and assessed their priorities once they assumed office. In that way, they catalysed issue-based elections; provided an opportunity for candidates to debate, interact and engage; and enabled Kenyans to make informed decisions.

I am pleased to share that various reports of the Kenyan election observer missions appreciated the role that media played in elections. The EU Election Observer Mission in Kenya General Elections Final Report stated that 'when combining all six levels of elections, private TV channels allocated a more balanced coverage to both main coalitions'. The report further stated that 'the media provided gender-sensitive reporting and an adequate coverage of women candidates'.

The political landscape in the rest of the East African region continued to be fairly stable except the ongoing fighting in Eastern part of the Democratic Republic of Congo (DRC). We welcome the move by the member states of the East Africa Community to deploy the East Africa Community Forces (EACRF) to fight the rebels and stabilize the country.

### Organisational Transformation

In my previous statement, I indicated that the Group's business model was undergoing radical changes to enable it to transform into a modern, digital content company. Indeed, in 2022, NMG's transformational journey entered an accelerated phase through implementation of a number of critical projects to respond to the digital disruption faced by media. The Group worked with FT Strategies (the subscription consultancy arm of the Financial Times of London) experts who successfully transformed the FT's business model in the face of



such disruption. These initiatives included clearly defining the Group's North Star, the Newsroom Integrated Project and development of a new content strategy.

The North Star project was launched with the aim of exponentially growing our digital revenue over the next 5 years by transforming into the most trusted, empowering and innovative content platform in Africa. This transformation is anchored on our organisation culture, customer life cycle, data and tech capabilities, product innovation and brand awareness. In this regard, I am pleased to inform you that going forward the Group will be working towards realising the following North Star:

*"Transform into Africa's Most Trusted Innovative Content Platform Inspiring 500 Million Daily Interactions Delivering USD 55 Million in Digital Revenues by End of 2027."*

We are committed to putting audiences at the heart of our operation, and one of the foundations of this is the Newsroom Integration Project. Bringing together the editorial talent in our newsroom will strengthen our content operation and the depth of our expertise to the benefit of all platforms and brands, thereby making the Group an even more competitive business. The first phase of this engagement is complete and it entailed transforming the newsroom into an audience-led operation and co-design a new departmental structure that optimises newsroom productivity and fosters a digital-first mindset and a customer-centric editorial approach.

As an extension of the Newsroom Integration Project, we also embarked on defining NMG's content strategy informed by the findings from extensive research that delved into user needs, the process of creating content and content performance on our platforms. We now have a blueprint that will guide the creation, delivery and monetisation of premium content on our digital platforms.

### Financial Performance

The Group posted a turnover of Shs 7.3 billion and a profit before tax of Shs 0.5 billion (2021 was Shs 7.6 billion and Shs 0.7 billion). The suppressed business environment resulting from global supply chain constraints occasioned by the Russia-Ukraine war, escalation of basic commodities prices, increased fuel costs and drought experienced across the region adversely affected the Group's performance.

The Group registered growth in digital revenue and continues to focus on product innovation across our channels and platforms to drive audience acquisition, engagement and optimal monetisation of our expansive digital footprint. This will be done alongside upholding the Group's strong presence in print and broadcast media by continuously offering unique and relevant content to our audiences.

### Dividends

The Directors recommend the payment of a final dividend of Shs 1.50 per share on the issued and paid-up share capital adjusted for treasury shares (190,295,163 ordinary shares of Shs 2.50 each), subject to approval by shareholders at the Annual General Meeting. No interim dividend was paid during the year.

### Share Buyback

The NMG Board of Directors resolved to propose to its shareholders the purchase of up to ten percent (10%) of its issued and paid-up share capital (adjusted for treasury shares) in a share Buyback Programme in accordance with the provisions of the Companies



## Group Chairman's Statement (continued)

Act and the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002. This will give NMG shareholders the option to cash in on their investments. The Buyback Programme is subject to regulatory and shareholder approvals.

A share buyback occurs when a company purchases a portion of its issued shares from its investors. It is one of the ways for a company to return funds to shareholders, effectively reducing the number of issued shares and increasing the proportional rights of any single share. The share buyback seeks to offer the shareholders an alternative option to realise value from their investment.

### Thought Leadership

The previous year saw the Group strengthen its leadership position in driving critical conversations through convening impactful thought leadership forums to empower development of the region and Africa.

In this regard, the Group hosted a series of country-specific forums. In Kenya we hosted the *Nation Leadership Forums (NLF)* for the 6th year in a row, the first ever *Sustainable Energy Conference*, the *Small and Medium-sized Enterprises (SME) Expo and Conference* and the *Nation-Huawei Job Fair*. In Uganda, we convened *The Economic*



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*Summit* while in Tanzania we held the *Mwananchi Thought Leadership Forums*. These dialogue forums delved into key areas such as green cities, youth unemployment, agriculture, education, health, Micro Small Medium Enterprises (MSMEs), economy, manufacturing, technology, among others.

The Group continued steadfastly dispensing its role in shaping the future of the African continent as the 'Media of Africa for Africa' by convening the fourth edition of the *Kusi Ideas Festival*. Last year the festival returned to Kenya in the capital city under the thick canopy of Kenya's most celebrated and protected green space, the Karura Forest. *Kusi Ideas Festival*, whose theme revolved around, "The Climate Change Challenge: Exploring African Responses and Solutions" explored the impact of the climate change as a growing threat to lives and livelihoods in Africa - from its impact on our food security to the African initiatives and innovations needed to protect the continent. This edition took place on 8th - 9th December 2022, on the backdrop of COP-27, which had just been concluded in Egypt.

The conference attracted 50 speakers, from across the African continent. It was co-supported by H.E. Dr. William Ruto, President of the Republic of Kenya and attracted participation from H.E. Paul Kagame, President of the Republic of Rwanda, H.E. Philip Mpango, Vice President of the Republic of Tanzania, Prince Rahim Aga Khan, Aga Khan Development Network, Hon. Rosalinda Soipan Tuya, Minister for Environment and Forestry, H.E. Anne Waiguru, Chair, Council of Governors, H.E. Ambassador Meg Whitman, United States Ambassador to Kenya, Prof. Patrick Verkooijen, CEO Global Centre on Adaptation, among other

stakeholders including representatives from the diplomatic community, experts, innovators, academia, entrepreneurs, and captains of industry. It was attended by 524 in-person delegates, 3,449 virtual delegates with a TV reach of 1.83 million and over 28 million users on social media.

### Sustainability Agenda

Throughout our existence, the Nation has stood tall and firm amidst political, economic and social turbulence to carry out the important purpose of 'positively influencing society'. Decades later, we are quite proud of this heritage of creating value for communities around us, and still privileged to deliver on this and other developmental responsibilities. Indeed, over the last six decades, NMG through partnerships has invested significant resources through thought leadership forums, rigorous campaigns, airtime, newspaper space, staff time off work, financial resources, etc to address societal issues such as environment, hunger, education, health, and other community development issues.

Hence, as we journey towards becoming a more agile, customer-centric and data-driven organisation, the Group's purpose will continue to be the anchor in driving our business sustainability through championing lasting benefits for the community. The objective is to continue entrenching the Group as a strategic and sustainable partner of choice.

It is for this reason that the Nation Media Foundation was established with the objective of enabling the Group to accelerate our contribution and scale up initiatives towards attainment of the Sustainable Development Goals in the areas of: Education and Literacy; Natural



## Group Chairman's Statement (continued)

Resource Management and Climate Change; Health; Media Development; and Community Development through Entrepreneurship and Humanitarian Relief. The Foundation institutionalizes our efforts into consistent, deliberate, and targeted interventions through the shared value approach that will have a wider reach and bring about sustainable transformation in society.

One of the critical issues that is very close to our hearts is education, which forms the Foundation's Flagship Programme. The Education and Literary Programme is a nationwide intervention designed to respond to the challenge of low literacy, low book access levels and promoting a reading culture. Further, in view of the fact that we are consumers of newsprint, we aim to continue our focus on climate change programmes such as tree growing to progressively reduce our carbon footprint. We have already partnered with organisations such as Green Blue Foundation Africa, Family Bank, Kenya Forest Service for the Ngong Hills reforestation and counties like Machakos and Uasin Gishu for the restoration of water towers.

### Board Changes

The Board underwent some changes in the previous year. Anwar Poonawalla retired from the NMG Board. Poonawalla joined the board as a non-executive director in June 1989. During this time he was a member of the Audit, Risk and Compliance, the Nominations and Governance and the Human Resources Committees. The board sincerely appreciates Poonawalla's 33 years of selfless and dedicated service to the Board where it benefitted from his vast experience in governance, management, finance and strategy formulation.

### Our People

The Group's transformation is taking place by building a conducive environment where our team is empowered with the right skills and technology to unlearn, relearn and learn as we build the NMG of the future. Our focus is therefore on developing an open, empathetic and inclusive high performance culture that is fair, friendly and fun where everyone



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in the organisation is a champion of the transformation agenda.

### Looking Ahead

In a world where audiences have gone wholeheartedly digital-social-mobile, the only way we will deliver value to them is transforming into a trusted innovative media house that is relevant in their lives by being the provider of unique, high quality content at their convenience in their way. We recognise that this transformation requires us to shift from a brand to an audience and customer-centric led organisation serving both the traditionalists and the digital natives.

In this regard, the Group's future lies in continuously knowing where to focus while understanding platform vis-à-vis content and fixed vis-à-vis variable. This means changing our ways of working to entrench data in our decision-making approaches and new product development approaches that allow us to embrace (little) failures by failing fast but affordably. This will also involve reinventing our user experience to create personalised content and drive mobile engagement, leading (wo)man and machine and rebooting our people and culture while beefing up our engineering capacity through hiring new talent.

This future will take us to explore entry into new emerging markets. I am pleased to report that the Group has already begun this endeavour by convening the inaugural *The EastAfrican Business Conference and Trade Fair* in Kinshasa in the Democratic Republic of Congo (DRC). The Conference brought together businesses and captains of industry from across the East African region to explore investment opportunities in DRC. There

is great potential even for our business in DRC to expand bolstered by its joining of the East Africa Community. The Group is already putting in place measures to explore this potential and entry into DRC.

The Board has great confidence in management and staff to deliver this new transformative future. We have seen a lot of commitment, passion and drive deployed in shaping a new organisation that will place the business in a strong sustainable footing. Other media companies around the world have been able to transition to the digital space in the face of similar disruptions, and we are optimistic that NMG will be successful in this endeavour.

I want to greatly appreciate my fellow colleagues in the Board for their resilience, dedication and vision. Indeed their unwavering commitment and contribution has seen the Group continue pressing on the gas peddle in our transformation journey.

Let me end by taking this opportunity to applaud management and staff for their relentless efforts, passion and teamwork in rallying together to deliver not only on the promise of today but position the Group for a better tomorrow. To our shareholders, business partners, customers and other stakeholders, we are you and you are us. Thank you for trusting us to deliver to you everyday of our existence.

Ahsanteni sana.

**Dr. Wilfred D. Kiboro**  
Group Chairman





“Climate change is as important a reason as any for Africa to come together. Our shared lakes and rivers are either overflowing and causing disastrous floods, or drying out and plunging tens of millions of our people in hunger. To win the war against climate change will need the work of all of us as Kenyans, as Africans, and as global citizens. Though it is a worthy journey, it won’t be an easy one. As the African proverb says, “There are no shortcuts to the top of the palm tree.”

Dr. Wilfred D. Kiboro - Chairman, Nation Media Group PLC



**50**

**SPEAKERS**  
From 19 Countries



**524**

**IN-PERSON DELEGATES**



**3,449**

**VIRTUAL PARTICIPANTS**  
From 84 Cities and  
25 Countries



**1.83m**

**TV REACH**



**28.6m**

**USERS**  
On social media across  
31 countries worldwide

- Austria • Belgium • Cameroon • Canada • Ethiopia • Finland • France • Germany • India • Ireland • Ivory Coast • Japan • Kenya • Mexico • Netherlands • Nigeria • Russia • Rwanda • Singapore • Slovakia • South Korea • Tanzania • Uganda • United Kingdom • United States • United States