

THE UNAUDITED RESULTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017

The Board of Directors of the Kenya Electricity Generating Company Limited (KenGen) is pleased to announce the financial results for the six months period ended **31 December 2017**.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017

	31 Dec 2017 (Unaudited) Kshs' mil	31 Dec 2016 (Unaudited) Kshs' mil
REVENUE		
Electricity revenue	14,924	14,676
Steam revenue	3,154	2,465
	18,078	17,141
Other income	535	598
	18,613	17,739
EXPENSES		
Operating expenses	(4,648)	(4,392)
Steam Costs	(1,793)	(1,279)
EBITDA	12,172	12,068
Depreciation & Amortisation	(5,195)	(4,529)
EBIT	6,977	7,539
Interest income	732	632
Finance costs	(1,628)	(1,605)
PROFIT BEFORE TAX	6,081	6,566
Tax expense	(1,986)	(1,941)
PROFIT FOR THE PERIOD	4,095	4,625
Other Comprehensive Income	2	2
TOTAL COMPREHENSIVE INCOME	4,097	4,627
EARNINGS PER SHARE		
- Basic (Shs.)	1.86	2.10
- Diluted (Shs.)	0.62	0.74

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	31 Dec 2017 (Unaudited) Kshs'mil	30 June 2017 (audited) Kshs'mil
ASSETS		
Property, Plant and Equipment	324,128	323,843
Other Non-current Assets	23,718	23,715
Current Assets	29,947	29,639
	377,793	377,197
EQUITY AND LIABILITIES		
Share Capital	16,488	16,488
Share Premium	22,151	22,151
Reserves and retained earnings	148,621	144,524
Non-Current Liabilities	172,045	173,941
Current Liabilities	18,488	20,093
	377,793	377,197

CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	31 Dec 2017 Kshs' mil	31 Dec 2016 Kshs' mil
Balance at 1 July	7,831	6,756
Net cash generated from operating activities	(341)	6,994
Net cash used in investing activities	(5,416)	(5,954)
Net cash generated from financing activities	(1,373)	(1,251)
Balance at 31st December	701	6,545

Basis of Preparations

The condensed financial statements for the six-months period ended December 31, 2017 have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the company's audited financial statements for the year ended June 30, 2017.

Performance Review

Total Revenue

The Company earned Kshs 18,613 million during the period compared to Kshs 17,739 million in the previous period from electricity sales and other income which represented a growth of 4.93%. This was due to higher energy revenues from geothermal and increased steam revenue following the completion of the Olkaria -Suswa transmission line.

Electricity Revenue

Electricity sales increased from Kshs 14,676 million to Kshs 14,924 million due to growth in revenues from geothermal generation.

Table 1: Summary of Electricity Revenue

	Dec 2017 Kshs'mil	Dec 2016 Kshs'mil
Capacity Revenue	10,401	10,863
Energy Revenue	4,178	3,613
Recoverable Forex adjustments	345	200
Total	14,924	14,676

Table 2: Revenue by Source (Kshs' million)

	Capacity		Energy		Total	
	Dec 2017	Dec 2016	Dec 2017	Dec 2016	Dec 2017	Dec 2016
Hydro	3,404	3,918	693	668	4,097	4,586
Geothermal	5,572	5,225	2,956	2,477	8,528	7,702
Thermal	1,425	1,720	304	229	1,729	1,949
Wind	-	-	225	239	225	239
Sub total	10,401	10,863	4,178	3,613	14,579	14,476
Forex Recovery	-	-	-	-	345	200
Total	10,401	10,863	4,178	3,613	14,924	14,676

Steam Revenue

Steam revenue increased from Kshs 2,465 million to Kshs 3,154 million due to completion of new wellheads plants and improved power evacuation following completion of Olkaria-Suswa transmission line.

Expenses

Operating expenses increased by 5.83% from Kshs 4,392 million to Kshs 4,648 million mainly due to costs associated with maintaining existing and new power plants.

Steam costs increased from Kshs 1,279 million to Kshs 1,793 million. This follows the completion of Olkaria -Suswa transmission line which helped improve dispatch of geothermal hence steam utilization.

Depreciation and amortisation expenses increased by 14.7% from Kshs 4,529 million to Kshs 5,195 million due to capitalization of completed Wellheads and Wells towards the end of the last financial year.

Finance Income/ Expense

Interest income increased from Kshs 632 million in December 2016 to Kshs 732 million in December 2017 due to investment of surplus funds earmarked for capital projects during the period. Interest expenses recorded an increase due to completion and capitalization of Wellheads which were commissioned during the period.

Profitability

The Earnings Before Interest, Taxes, Depreciation & Amortisation (EBITDA) increased from Kshs 12,068 million to Kshs 12,172 million by 1%. Despite growth in EBITDA, the Profit Before Tax (PBT) declined from Kshs 6,566 million to Kshs 6,081 million due to increased depreciation and amortisation cost.

Dividend

The Board of Directors does not recommend payment of an interim dividend.

Going Forward

KenGen continues to pursue its geothermal led expansion strategy and is on course to complete the ongoing construction of the 158MW Olkaria V power plant by 2019. The Company has put in place measures to improve revenue while optimizing costs in the second half of the financial year.

KenGen is committed to implementing the planned projects pipeline in order to meet future electricity demand for the nation while enhancing value for our distinguished shareholders.

BY ORDER OF THE BOARD

REBECCA MIANO (MRS), OGW
MANAGING DIRECTOR & CEO

23 February 2018