Kenya Power

THE KENYA POWER & LIGHTING COMPANY LIMITED
TRADING RESULTS FOR THE YEAR ENDED 30TH JUNE 2018

The Directors of The Kenya Power & Lighting Company Limited announce the audited financial results of the Company for the year ended 30th June 2018 as follows:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018 KShs. Million	2017 Restated KShs. Million
Revenue		
Non-fuel revenue	95,463	91,952
Foreign exchange adjustment	9,322	6,682
Fuel cost recharge	21,069	22,108
	125,854	**120,742**
Power Purchases Costs		
Non-fuel costs	52,795	50,202
Foreign exchange costs	7,714	6,199
Fuel costs	23,591	24,076
Total power purchase costs	**84,100**	**80,477**
Gross Margin	**41,754**	**40,265**
Other operating income	8,670	8,130
Transmission & distribution costs	(39,628)	(34,745)
Operating Profit	**10,796**	**13,650**
Interest income	100	46
Finance costs	(7,807)	(6,040)
Profit before tax	**3,089**	**7,656**
Income tax expense	(1,171)	(2,376)
Profit after tax	**1,918**	**5,280**
Other Comprehensive Income/(Loss):	(68)	(741)
Total Comprehensive Income for the year	**1,850**	**4,539**
Basic and diluted earnings per share	**Shs. 0.98**	**Shs. 2.71**
Dividend per share	**Nil**	**Shs.0.50**

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	2018 KShs. M	2017 Restated KShs. M	2016 Restated KShs. M
ASSETS			
Property, plant and equipment	273,377	262,348	233,715
Other Non-current assets	8,658	7,595	8,550
Current assets	54,620	61,293	47,318
	336,655	**331,236**	**289,583**
EQUITY AND LIABILITIES			
Shareholders' equity	64,207	63,334	59,379
Non-current liabilities	166,190	189,074	180,091
Current liabilities	106,258	78,828	50,112
	336,655	**331,236**	**289,582**

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	2018 KShs. M	2017 KShs. M
Cash generated from operating activities	28,135	28,159
Net Cash used in investing activities	(27,733)	(39,520)
Net Cash generated from financing activities	(6,806)	4,701
Decrease in cash and cash equivalents	(6,404)	(6,660)
Cash and cash equivalents at beginning of year	(1,150)	5,503
Effects of foreign exchange rate fluctuations on deposits	(49)	7
Cash and cash equivalents at close of year	(7,603)	(1,150)

PERFORMANCE OVERVIEW

Trading Performance

During the year under review, the net profit before tax decreased by 59.7% to Shs.3,089 million from Shs.7,656 million (restated) in the previous year. This was mainly attributable to increased transmission and distribution costs as a result of maintenance activities on the expanded network.

Electricity sales grew by 2.3% from 8,272 million units the previous year, to 8,459 million units in the period under review due to an expanded customer base. This, combined with an improved average yield, led to 3.8% increase in sales revenue, from Shs.91,952 million the previous year to Shs.95,463 million.

Power purchase costs, excluding fuel and foreign exchange costs, increased by Shs.2,593 million from Shs.50,202 million the previous year, to Shs.52,795 million. This is attributable to an increase in units purchased from geothermal sources in the year by 602 GWh or 13.5% from 4,451 GWh the previous year to 5,053 GWh.

The fuel cost decreased by Shs.485 million (or 2.0%) from Shs.24,076 million the previous year to Shs.23,591 million due to improved energy mix following less utilization of expensive thermal plants during the year.

Transmission and distribution costs increased by 14.1 percent from Shs.34,745 million incurred the previous year to Shs.39,628 million. The rise was attributed to higher debtors' provisions, depreciation due to increased capital investment and the rising cost of doing business.

Finance costs and interest income

Finance income increased to Shs.100 million during the year compared to Shs.46 million realised the previous period due to increased bank balances. On the other hand, finance costs increased by 29.3% from Shs.6,040 million the previous year to Shs.7,807 million. This was caused by use of short term borrowings to bridge cash flow shortfalls.

Profit

The Company recorded a net profit before tax of Shs.3,089 million compared to Shs.7,656 million (restated) in the previous year, a decrease of Shs.4,567 million or 59.7%. The decrease was mainly attributed to increase in transmission and distribution costs by Shs.4,567 million and a rise in finance costs by Shs.1,767 million.

The net profit after tax was Shs.1,918 million compared to Shs.5,280 million the previous year, after taking into account a tax charge of Shs.1,171 million.

Dividend

The Directors do not recommend payment of a dividend to shareholders.

Annual General Meeting

The ninety- seventh Annual General Meeting of the Company is scheduled to be held on **Friday 21st December 2018** at 11 a.m. at Safari Park Hotel, Thika Road, Nairobi.

Future Outlook

As a matter of priority, the Company's management team is focusing on provision of quality power supply by strengthening our electricity network and streamlining internal processes to improve customer experience. In addition, we have embarked on implementation of the Company's new Corporate Strategic Plan which lays emphasis on improving employees' productivity; providing adequate, quality and reliable power supply; improving service delivery; and ensuring financial sustainability. The strategy was formulated in cognisance of the dynamic business environment, technological advancements and anticipated policy changes in the energy sector.

I am confident that we have the right initiatives and strategies in place to enable us realise our business goals.

Appreciation

I wish to express our appreciation to the Board of Directors, shareholders, the Government, business partners, our customers and employees for their support during the period.

BY ORDER OF THE BOARD

ENG. JARED OTHIENO
AG. MANAGING DIRECTOR & CEO

22 November 2018