

THE KENYA POWER AND LIGHTING COMPANY LIMITED UNAUDITED TRADING RESULTS FOR SIX MONTHS PERIOD ENDED 31 DECEMBER 2016

The Directors are pleased to announce the unaudited trading results of the Company for six months period ending 31st December 2016 as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31.12.2016 KShs. Million	31.12.2015 KShs. Million
Revenue		
Non-fuel revenue	45,795	41,665
Foreign exchange adjustment	2,531	4,419
Fuel cost recovered	6,183	7,463
Other income	<u>5,060</u>	<u>3,155</u>
Total Revenue	<u>59,569</u>	<u>56,702</u>
Operating Expenditure		
Power purchase costs (non-fuel)	26,109	24,951
Foreign exchange	3,156	3,021
Fuel costs	6,226	8,072
Transmission & distribution costs	<u>16,157</u>	<u>13,065</u>
Total Operating Costs	<u>51,648</u>	<u>49,109</u>
Operating Profit	<u>7,921</u>	<u>7,593</u>
Finance income	-	723
Finance costs	<u>(2,281)</u>	<u>(2,579)</u>
Profit Before Tax	<u>5,640</u>	<u>5,737</u>
Income tax expense	<u>(1,439)</u>	<u>(1,974)</u>
Profit After Tax	<u>4,201</u>	<u>3,763</u>
Earnings per Share - Basic	<u>KShs.2.15</u>	<u>KShs.1.93</u>
Diluted earnings per Share	<u>KShs.2.15</u>	<u>KShs.1.93</u>
Dividend Per Share	<u>KShs.Nil</u>	<u>KShs.0.20</u>

STATEMENT OF FINANCIAL POSITION

	31.12.2016 KShs. Million	31.12.2015 KShs. Million
Non-current assets		
Land, property and equipment	246,762	219,314
Recoverable foreign exchange adjustment	6,163	7,795
Net retirement benefit asset	<u>3,263</u>	<u>6,414</u>
	<u>256,188</u>	<u>233,523</u>
Working Capital		
Current assets	43,037	48,672
Current liabilities	<u>(50,208)</u>	<u>(42,093)</u>
Net working capital	<u>(7,171)</u>	<u>6,579</u>
Total Net Assets	<u>249,017</u>	<u>240,102</u>
Equity and non-current liabilities		
Shareholders' Equity	69,231	64,626
Non-current liabilities	<u>179,786</u>	<u>175,476</u>
Total equity and non-current liabilities	<u>249,017</u>	<u>240,102</u>

STATEMENT OF CASH FLOWS

	31.12.2016 KShs. Million	31.12.2015 KShs. Million
Cash generated from operating activities	12,083	12,722
Net cash used in investing activities	(13,730)	(24,571)
Net cash used in financing activities	<u>(2,931)</u>	<u>(2,804)</u>
Decrease in cash and cash equivalents	<u>(4,578)</u>	<u>(14,653)</u>
Cash and cash equivalents at 1st July	<u>5,503</u>	<u>28,231</u>
Cash and cash equivalents at 31st Dec.	<u>925</u>	<u>13,578</u>

REVIEW OF TRADING RESULTS

The Company recorded a profit before tax of KShs.5,640 million during the period under review, compared to KShs.5,737 million realised the same period the previous year, a decrease of KShs.97 million or 1.7%. This decrease is attributed to a decline in finance income by KShs.723 million as result of reduced bank balances.

Electricity revenue (excluding foreign exchange surcharge and fuel recovery) grew by KShs.4,130 million or 9.9% from KShs.41,665 million to KShs.45,795 million. This is attributed to sales growth due to expanded customer base.

The power purchase costs (excluding fuel and foreign exchange costs) increased from KShs.24,951 million to KShs.26,109 million. This increase is due to the rise in unit purchases from 4,532 GWh the previous year to 4,786 GWh, an increase of 254 GWh or 5.6%.

Fuel cost, which is a pass-through component, decreased by KShs.1,846 million or 22.9% from KShs.8,072 million the previous period to KShs.6,226 million due to a decline in the unit cost of fuel.

Due to expansion and maintenance of the Company's electricity network to improve the quality of service to customers, the transmission and distribution expenditure increased from KShs.13,065 million incurred the previous period to Shs.16,157 million.

Finance costs decreased to KShs.2,281 million during the year compared to KShs.2,579 million. The decrease is attributable to the reduced short term borrowings arising from restructuring of the balance sheet.

Cash balances decreased significantly due to aggressive implementation of capital projects.

Profit After Tax

The Company recorded a net profit after tax of KShs.4,201 million for the period compared to KShs.3,763 million realised the previous period.

Dividend

The Directors recommend no payment of interim dividend for the period.

FUTURE PROSPECTS

The Company is focused on implementation of key capital projects to ensure reliable power supply to our customers and connect new customers, generating higher sales that will improve the top line. These efforts will leverage on the strategic approach that focuses on meeting growing demand for power, through expansion and continual upgrade of the distribution network.

During the last financial year, the Company initiated construction of 36 new substations and associated distribution lines across the country. The new infrastructure will expand the network, enhance the system's flexibility and reliability of power supply. The projects are at various stages of implementation with some scheduled for completion in the current financial year. Similarly, the Company will prioritise infrastructure maintenance to increase its capacity to absorb the additional power that is being injected to the grid through new power generation projects.

As a Company together with our strategic partners, we are focused on advancing the country's socio-economic agenda by ensuring all Kenyans enjoy the full benefits associated with access to electricity. In the first half of the financial year, through the Government initiatives such as National Connectivity Projects and Last Mile, we have connected over 800,000 new customers. This is geared towards achieving 70% connectivity by end of this year and universal access to electricity by the year 2020. The connectivity is expected to accelerate economic growth at the micro-economic level and improve the quality of lives. At the same time, we have implemented public lighting, a government funded project, which has enhanced security and provided an avenue for a 24 hour economy.

With a more stable and robust distribution network that has considerably enhanced supply reliability and increased growth in customer base through new connections, the prospect looks brighter going forward.

We are confident that in cooperation with all our stakeholders, including the Government, our employees, customers and development partners, the overall performance of the Company will be sustained.

BY ORDER OF THE BOARD



DR. KEN TARUS
Ag. MANAGING DIRECTOR & CEO

February 23rd, 2017