



PROFIT WARNING ANNOUNCEMENT

THIS ANNOUNCEMENT IS MADE PURSUANT TO PARAGRAPH G.05 (1) (F) AND (2) OF THE FIFTH SCHEDULE TO THE CAPITAL MARKETS (SECURITIES) (PUBLIC OFFERS, LISTING AND DISCLOSURES) REGULATIONS, 2002

The Board of Directors of The Kenya Power & Lighting Company Limited (the "Company") wishes to inform shareholders of the Company, potential investors and the general public that the Company's net earnings for the financial year ended 30th June 2018 are projected to be more than 25% lower than those reported for the financial year ended 30th June 2017.

The warning is based on the un-audited results for the financial year ending 30th June 2018 and the evaluation made by the Board, with reference to figures and information currently available.

Revenue growth in the year was constrained by the depressed economic environment, poor hydrological conditions in 2017 and the protracted electioneering period. This slow business environment led to a significant decline in the Company's financial performance. In addition, increased financing costs and delayed review of retail electricity tariffs led to reduced earnings.

The Board and Management are undertaking a number of key strategic initiatives to improve the financial results of the Company going forward. These include:

- i. revision of our corporate strategy so as to focus on improving customer experience, financial sustainability and power supply management by leveraging on technology and innovation;
- ii. diversification of the Company's existing revenue streams; and
- iii. engagement with stakeholders to spur demand.

The measures above together with improvement of operational and network efficiency are expected to improve returns to our investors and drive the future success of the Company.

ENG. JARED OTHIENO
AG. MANAGING DIRECTOR & CEO

DISCLAIMER

This announcement has been issued with the approval of the Capital Markets Authority pursuant to the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations 2002 as amended. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of the statements appearing in this announcement.