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Increased electricity sales lead to improved basic revenue

Increase in electricity sales resulted to 11% growth in basic revenue for the first half of the financial year ending December 2015 for Kenya Power.

Basic revenue rose to Shs.41.7 billion by December 2015 from Shs.37.6 billion realised in a similar period in 2014.

"The growth in basic revenue resulted from a growth in customer base which increased by 6 percent," Dr. Ben Chumo, the Managing Director and Chief Executive Officer said. "Our drive to connect more households has borne fruit. Together with an uptake in economic activities, we have seen our unit sales rise".

As a result of increased use of geothermal generated power sources compared to more expensive thermal sources, income from fuel cost recovery declined almost by half to Shs.7.5 billion from Shs.16.7 billion realised in a similar period in 2014. This decrease saw the total electricity revenue drop to Shs.53.5 billion from Shs.55.2 billion realised in 2014.

The decline also resulted from macroeconomic factors including the depreciation of the shilling against the dollar during the period under review, Dr. Chumo said.

Operating profit decreased by 12.9% to Shs.7.59 billion from Shs.8.65 billion recorded for a similar period ending December 2014. The drop was largely attributed to rise in power purchases with addition of new power to the grid and the ongoing power system reinforcement project implemented to stabilise the electricity network.

Consequently, transmission and distribution costs rose by 25 percent to Shs.13 billion from Shs10.5 billion.

"We continue to see organic growth in form of sales expansion both from new customers connected as well as from increased uptake by existing customers which gives us confidence. The upfront cost we are bearing in terms of network refurbishment under *Boresha* program is to ensure that we have a robust network system that will ensure we enhance our quality of supply, making it more reliable resulting to more sales," Dr. Chumo added.

Profit before tax was recorded at Shs. 5.73 billion in December 2015 compared to Shs. 6.87 billion for a similar period in 2014, a 16.6% decrease, which was caused by growth in finance cost of network reinforcement projects.

"We remain confident that there is room for growth for the Company. Going into 2016, we are confident that as the macro environment corrects to achieve a stable outlook we will realise the rewards of our ambitious growth plans. Already the company has been able to achieve an above 80% efficiency with continued system stabilisation" said Dr. Chumo

The number of customers connected increased to 4,180,742 as at December 2015 compared to 3,017,495 in 2014.

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