



Kenya Power

THE KENYA POWER AND LIGHTING COMPANY PLC UNAUDITED TRADING RESULTS FOR SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

The Board of Directors of the Kenya Power and Lighting Company PLC announce the following unaudited accounts for the half-year period ended **31 December 2021**:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

	31.12.2021 Shs Million	31.12.2020 Shs Million
Revenue from contracts with customers	83,566	69,014
Cost of sales	(55,306)	(45,578)
Gross Margin	28,260	23,436
Other income	2,991	3,569
Net operating costs	(19,036)	(20,132)
Operating Profit	12,215	6,873
Interest income	221	60
Finance costs	(6,777)	(6,601)
Profit Before Tax	5,659	332
Income tax expense	(1,844)	(194)
Profit for the period	3,815	138
Basic and diluted earnings per Share	Shs 1.96	Shs 0.07

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	31.12.2021 Shs Million	31.12.2020 Shs Million
Assets		
Property and equipment	273,223	272,146
Other non-current assets	3,887	4,013
Current assets	51,241	43,904
	328,351	320,063
Equity and Liabilities		
Shareholders' Equity	60,989	55,035
Non-current liabilities	158,666	152,836
Current liabilities	108,696	112,192
	328,351	320,063

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021

	31.12.2021 Shs Million	31.12.2020 Shs Million
Cash generated from operating activities	14,978	7,882
Net Cash used in investing activities	(4,398)	(4,151)
Net Cash generated from financing activities	(8,286)	(5,916)
Increase/(decrease) in cash and cash equivalents	2,294	(2,185)
Cash and cash equivalents at beginning of the year	6,053	3,908
Cash and cash equivalents at 31st December	8,347	1,723

Key Highlights for the Half -Year Ended 31 December 2021

Kenya Power has reported a net profit before tax of Shs 5,659 Million in the half year trading period ended 31 December 2021, compared to Shs 332 Million realised in a similar period last year. This growth is mainly attributable to an increase in sales, enhanced system efficiency, and lower operating costs.

Electricity sales recorded a 366GWh increase to 4,562GWh, an 8.7% growth compared to a similar period last year. This was driven by an increase in customer connectivity, as well as improved supply quality and reliability due to enhanced preventive maintenance works, network refurbishment, and accelerated faulty meter replacements.

This, combined with a 2.33% improvement in system efficiency which stood at 77.13% as at 31 December 2021, led to a 12.9% increase in electricity revenue which grew to Shs 69,447 Million.

Operating costs decreased from Shs 20,132 Million to Shs 19,036 Million as a result of enhanced cost management and resource optimization initiatives that the Company is implementing as part of its turn-around strategy.

Non-fuel power purchase costs increased from Shs 38,123 Million incurred in the previous period to Shs 40,487 Million mainly due to additional unit purchases to support increased demand.

Similarly, fuel costs increased from Shs 4,618 Million to Shs 10,871 Million mainly due to a 314 GWh increase in units purchased from thermal plants to 709 GWh due to low hydrology resulting from delayed rains, and an upsurge in fuel prices.

Finance costs increased to Shs 6,777 Million from Shs 6,601 Million the previous period mainly due to a rise in unrealised foreign exchange loss resulting from the depreciation of the Kenya shilling against major currencies.

Overdue customer debt, for the first time in five years, recorded a reduction of Shs 900 Million as a result of enhanced field presence, continued Government intervention with state agencies, and increased customer engagements. In the second half of the year, the business will primarily focus on domestic and SME customers who currently account for 67% of the Company's outstanding debt.

Kenya Power continues to roll out a proactive strategy to enhance its cash position which is premised on the prioritization of payments of outstanding obligations. As a consequence, the Company reduced trade and other payables by over Shs 4,000 million. In addition, the business cleared overdrafts amounting to Shs 3,595 Million.

Further to this, the Company closed the first half of the financial year with a cash position of Shs 8,347 Million which includes ring-fenced funds projects, receipts from Government for the Last Mile, and street lighting programmes, as well as funds for scheduled loan repayments.

Dividend

The Directors do not recommend the payment of an interim dividend for the period.

Building on the Momentum

As we mark a century of service to Kenyans, we are using this opportunity to take stock of the state of our business which is operating in a highly dynamic and complex environment, whilst laying the foundation for the Kenya Power of the future.

As a consequence, the business is at the height of concerted reforms aimed at enhancing its ability to deliver on its core mandate, by making it more efficient, agile and customer led. It is envisioned that these reforms will buttress the business and guarantee its sustainability.

To build on the gains made on the turn-around strategy, which was launched in the last financial year, the business will in the second half, escalate initiatives aimed at growing sales, revenue collection, enhancing system efficiency, manage costs and importantly, improve customer experience.

In particular, we are focusing on reducing billing complaints by improving the entire billing value chain. This is in addition to improving employee accountability and productivity. Similarly, we will continue to make investments in the network so as to increase its reliability, and continuously improve our connectivity process in order to onboard more customers to the grid.

These internal initiatives are being complemented by on-going sector reforms which will create synergies within the energy value chain to enable this critical sector to effectively deliver on its mandate of providing affordable, clean, reliable, and sustainable power to Kenyan homes and businesses to support social and economic growth.

BY ORDER OF THE BOARD

OCHIENG J
Ag. COMPANY SECRETARY
February 25, 2022