

## THE AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2017

The Board of Directors is pleased to announce the financial results for the year ended 30 June 2017

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	30 June 2017 Kshs' mil	30 June 2016 Kshs' mil
<b>REVENUE</b>		
Electricity revenue	29,369	29,544
Steam revenue	5,189	6,856
Other income	882	2,210
	<b>35,440</b>	<b>38,610</b>
<b>EXPENSES</b>		
Operating expenses	(9,691)	(8,948)
Steam Costs	(2,796)	(3,167)
<b>EBITDA</b>	<b>22,953</b>	<b>26,495</b>
Depreciation & Amortisation	(9,244)	(10,224)
<b>EBIT</b>	<b>13,709</b>	<b>16,271</b>
Compensating tax	-	(2,431)
Interest income	1,242	556
Finance costs	(3,417)	(3,132)
<b>PROFIT BEFORE TAX</b>	<b>11,534</b>	<b>11,264</b>
Tax (expense)/credit	(2,477)	(4,521)
<b>PROFIT FOR THE YEAR</b>	<b>9,057</b>	<b>6,743</b>
Other Comprehensive Income	(610)	(296)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8,447</b>	<b>6,447</b>
<b>EARNINGS PER SHARE</b>		
-Basic (Shs.)	4.12	3.07
-Diluted (Shs.)	1.37	1.08

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	30 June 2017 Kshs'mil	30 June 2016 Kshs'mil
<b>ASSETS</b>		
Property, Plant and Equipment.	323,843	320,933
Other Non-current Assets	23,715	24,400
Current Assets	29,639	21,916
	<b>377,197</b>	<b>367,249</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	16,488	15,610
Share Premium	22,151	21,056
Reserves and retained earnings	144,524	136,077
Non-Current Liabilities	173,941	176,316
Current Liabilities	20,093	18,190
	<b>377,197</b>	<b>367,249</b>

### CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	30 June 2017 Kshs' mil	30 June 2016 Kshs' mil
Balance at 1 July	6,756	3,292
Net cash generated from operating activities	9,299	29,256
Net cash used in investing activities	(11,101)	(22,690)
Net cash generated from financing activities	2,877	(3,102)
<b>Balance at June</b>	<b>7,831</b>	<b>6,756</b>

#### Basis of Preparations

The condensed financial statements for the year ended 30 June 2017 has been prepared in accordance with International Financial Reporting Standards and audited by PricewaterhouseCoopers on behalf of the Auditor-General.

#### Performance review

In line with our strategy, we delivered on our commitment to grow our core generation business in 2017 by adding 10MW of Wellhead plants to the national grid. However, Lamu and Garissa power plants with capacity of 9MW were decommissioned bringing our total installed capacity to 1,631MW.

We continue to deliver strong results despite the challenging business environment. Electricity revenue decreased by 1% from Kshs 29,544 million in 2016 to Kshs 29,369 million in 2017 as shown below.

#### Electricity Revenue

	2017 Kshs 'mil	2016 Kshs 'mil	Change %	Comments
Capacity revenue	21,714	21,262	2%	Gain due to improved availability for Olkaria 280MW power plants
Energy revenue	7,293	7,672	(5%)	Reduction due to severe drought and evacuation constraints
Forex recovery	362	610	(41%)	Reduction due to conversion of loans into equity during the rights issue
<b>Total Electricity revenue</b>	<b>29,369</b>	<b>29,544</b>	<b>(1%)</b>	

Interest income registered a growth of 123% mainly attributable to earnings from investment of funds raised during the Rights Issue awaiting full implementation of earmarked projects.

Operating expenses which comprise employee, plant operation and maintenance expenses increased by 8% from Kshs 8,948 million in 2016 to Kshs 9,691 million in 2017 mainly driven by our continued investment in power capacity expansion to support future business and increased operational scope and capacity building.

Other factors which impacted our results include lower income from steam revenue compared to arrears of Kshs 1,613 million and lack of income from commercial drilling services which earned Kshs 1,502 million in the previous year respectively.

Our Profit after Tax grew by 34 % to Kshs 9,057 million from Kshs 6,743 million in 2016 which demonstrates our resilience to grow and sustain our business. These results were achieved in an environment characterised by severe drought which affected our hydro generation and power evacuation constraints which reduced Geothermal dispatch.

We grew our recorded earnings per share by 27% compared to the previous year, a positive outcome from operating our fleet efficiently. These results were driven by our continued cost discipline and successful implementation of our Revamped Strategy.

The power evacuation constraints experienced in geothermal have been resolved after the completion of Olkaria-Suswa line. This has enabled more electricity to be dispatched from the Olkaria plants thus mitigating the impact of low hydro generation due to the prolonged drought as well as help preserve the water in our dams.

#### Rights Issue

In March 2017, the rights issue achieved 100% success following issuance of the balance Rights totalling 351 million shares to Public Investment Corporation (PIC) of South Africa raising Kshs 2,300 million which improved our equity base and provided the much needed headroom to support the future growth of the Company.

#### Future Outlook

With the completion of Olkaria-Suswa line, we expect to dispatch all the power from Olkaria power plants. This will improve earnings for our shareholders and mitigate the hydrology risks.

Our revamped G2G strategy focuses on delivering 720MW of renewable energy by 2020. The ground breaking of Olkaria V 158MW was undertaken during the second half of the year and is expected to be completed by 2019.

Other projects at different stages of procurement are Olkaria I Unit 6 70MW, Olkaria I Rehabilitation 6MW, Ngong Wind Phase III 10MW, Meru Wind Phase I 80MW, Modular wellheads 50MW, Olkaria VI PPP 140MW and Olkaria I AU & IV topping plant 40MW among others.

#### Dividend

The Board of Directors does not recommend payment of a dividend due to investment in the projects shown above and cash flow needs.

#### Appreciation

We take this opportunity to thank our shareholders, Government of Kenya, development partners, KenGen employees and all other stakeholders for their continued support.

We are confident that we shall continue to execute our mandate to power the nation and to create value for our investors.

#### BY ORDER OF THE BOARD

**REBECCA MIANO (MRS), OGW**  
Ag. MANAGING DIRECTOR & CEO

17 October, 2017