

# KenGen Media Report

November 1-2, 2011



# KenGen News

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# Industry News

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Capital FM	November 1, 2011	<a href="http://bit.ly/rRyKAh">http://bit.ly/rRyKAh</a>	Kenya Power meets KETAWU
Easy FM	November 1, 2011	<a href="http://bit.ly/snzd20">http://bit.ly/snzd20</a>	COTU to represent KETAWU in crisis meeting
Homeboyz Radio	November 1, 2011	<a href="http://bit.ly/uTgVWxm">http://bit.ly/uTgVWxm</a>	KETAWU withdraw strike
KISS FM	November 1, 2011	<a href="http://bit.ly/vEKbDU">http://bit.ly/vEKbDU</a>	Kenya power worker to strike if agreement is not reached

# KenGen eyes Sh1.3 billion from carbon credit trading

BY MUGAMBI MUTEGI

Kenya Electricity Generating Company (KenGen) is targeting to earn \$13 million (Sh1.3 billion) annually from trading in carbon credits after the completion of seven renewable power-producing projects by 2013.

The state owned power generator is targeting to produce an additional 438 megawatts from wind, geothermal and hydroelectricity power plants that would help reduce carbon emissions to the environment.

This would see it generate about two million tonnes of carbon credits annually with the potential of earning it the Sh1.3 billion based on the current price of \$6.5 (Sh650) per tonne.

"Carbon credit has now become a common source of finance to an extent that reducing public debt with carbon-backed loan schemes for financ-

ing green energy projects is becoming a norm," said KenGen chief executive, Mr Eddy Njoroge.

Carbon trading involves the purchase of carbon credits from firms that emit less carbon dioxide, mainly by Europe and Asia, which have exceeded their emission limits.

These projects include 393 megawatts of geothermal power at Ol Karia, 5.1 megawatts (wind power) and 40 megawatts of hydro power. This would be funded by a Sh45.8 billion from two private financiers — Japan International Cooperation Agency and German-based KFW.

The Sh1.3 billion would be a boost to KenGen whose electricity revenues stood at Sh14.3 billion in the year to June. Its net profit stood at Sh2 billion in the year to June compare to Sh3.2 billion in a similar period last year.

KenGen, which is the largest suppli-



**KenGen chief executive Eddy Njoroge addresses shareholders at a past AGM. The company targets to earn Sh1.3 million annually from trading in carbon credits.**

er of power into the country's electricity grid, plans to use 10 per cent of this amount — as is the case with all projects — for development of the communities where the projects are based with the rest being invested in expanding power generation.

The move is another gain in Kenya's participation in the global carbon credits market at a time when the government is setting up the Nairobi Climate Exchange, the first carbon emission reduction units trading platform in Africa.

Locally, Mumias Sugar Company, East Africa Portland Cement Company and Kenya Power as well other smaller companies are among institutions participating in the carbon trading market.

In the six months to December last year, Mumias earned Sh161 million carbon credit sales to Japan Carbon Finance from distributing 1.25 million energy saving bulbs locally, which saved the country 50 megawatts in electricity.

Mumias, has already sold 43,0000 tonnes of carbon credits earned from the sugar waste run electricity generation plant that is used to produce 35MW for its factory.

International banks such as Standard Bank and JP Morgan are seeking a piece of Kenya's carbon market including up-front payments for credits.

Business Daily  
November 2, 2011

Kenya Electricity Generating Company (KenGen) is targeting to earn \$13 million (Sh1.3 billion) annually from trading in carbon credits after the completion of seven renewable power-producing projects by 2013.

## MONEY &amp; MARKETS

**STOCK** Analysts expect national carrier's rights price to come down to Sh20 a unit

# KQ may discount shares by 22pc in rights issue

BY DAVID MUGWE

Kenya Airways is expected to discount its shares by up to 22 per cent in the forthcoming rights issue, analysts at NIC Securities have predicted in a research note to investors.

This would put the national carrier's rights issue price at about Sh20 per share in the offer expected to raise Sh23 billion, according to the NIC analysts.

"Given the recent performance of the stock within the levels of Sh24 to Sh26, we expect the rights price to come in at about Sh20, which represents a 22 per cent discount," said NIC Securities in the research note sent out last week.

Kenya Airways (KQ) is expected to announce details of the planned rights issue which already has shareholders' approval but is awaiting the Capital Markets Authority (CMA's) sanction.

The airline's communications manager, Chris Karanja, said he could not comment on the NIC report to avoid breaching CMA guidelines.

Eric Musau, an analyst with Standard Investment Bank said KQ's financial results announcement expected this week would be key in determining the level of demand for the rights

offer. "The shares are already trading at a discount," said Mr Musau.

If the NIC prediction is true, it means KQ will issue about 1.15 billion shares to raise the targeted amount. Shareholders approved an increase of the company's issued shares to 10 billion at an AGM held mid last month.

Electricity distributor Kenya Power priced its shares at a 29.5 per cent discount for its rights issue in December last year.

Standard Chartered shares sold at a discount of 39 per cent in a rights issue floated in August last year, while KCB rights sold at a 21 per cent discount in June last year.

NIC also said it expects the rights issue to commence in this month.

The move could see the airline's number of shares outstanding increase to 1.6 billion from the current 491 million.

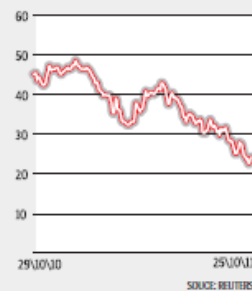
This will also put the airline into the league of Barclays, Equity, KCB and Co-operative banks, KenGen, KenolKobil, Kenya Power, British American, Mumias Sugar and Safaricom which have a free float of over 1 billion shares at the Nairobi Securities Exchange (NSE).

The counters are favourites of foreign investors because of their high liquidity.

Yesterday, the stock closed at an



Kenya Airways share price



average price of Sh23 with 480,500 shares traded.

The carrier traded a total of 1.187 million shares at an average price of Sh23.25 last week.

"As the rights issue date approaches we expect to see increased activity on the counter with swings in the share price. Investors can gain on these price movements in the short term," said NIC Securities.

Passengers from Nairobi alight from a Kenya Airways Embraer 190 flight on its maiden trip to Kisumu on Sunday. KQ operating results last week showed that passenger volumes increased by 18.2 per cent. (JACOB OWI)

Samuel Gichohi, a senior research analyst at the stockbrokerage firm said that in the event the airline decided to raise Sh23 billion, the rights issue had "a high possibility of being successful" even though shares at Nairobi bourse have performed poorly this year.

This is because about half of the rights issue would be taken up by the government and KLM, who are strategic investors in the company and will not want to see their stake diluted.

"Considering that the airline has done quite well over years, the rights issue would be coming from a company with a good reputation," said Mr Gichohi.

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Business Daily  
November 2, 2011

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# Hot Kabambe wins KenGen

**BY FRANCIS MUREITHI**

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A Zambian national living in Kenya, Modesai Kabambe, won the ninth edition of the Rift Valley Open KenGen Squash tournament when he beat Ken Mwangi 3-0 in a thrilling final at the Rift Valley Sports Club at the weekend.

Kabambe, who has dominated the tournament for a long time, won the first set 11-5 and went on to repeat the same feat in the second before wrapping up the victory in an emphatic 11-6 scoreline.

## Full results

**Main Cup** - Finals: Modesai 3 Ken Mwangi 1; Semi-finals: Modesai 3 Ngunjiri 0; Leo Kaya 3 Ken Mwangi 0; Quarter-finals: Modesai 3 Lepinen 0; Moses Kangwana 1 David Ngunjiri 3; Kaya 3 Enos Muguku 0; Bothwell Ongweo 0 Ken Mwangi 3;

**Plate** - Finals: Talal Mohammed 0 Parason Karengathi 3; Semis: Talal 3 Washington Wanyang 0; Tauseef 2 Karengathi 3; Quarters: Karengathi 3 Betty Musyoka 0; Rizwan Khan 2 Tauseef Khan 3; Jobics Mireri 1 Washington Wanyang 3; Talal 3 Wilson Kamau 0

## Women winners

Betty Musyoka 15 points, Flora Bilali 13, Maureen Nyaraituba 9, Pamela Cherop 6, Maureen Macheru 4, Frida Kitegi 2

Daily Nation  
November 2, 2011

A Zambian National living in Kenya, Modesai kabambe, won the ninth edition of the Rift valley Open KenGen squash tournament.

## Zambian Kabamba retains Nakuru Open squash title

By BERANEHA

Zambian Modesai Kabamba retained the KenGen-sponsored Nakuru Open Squash Championships after he thrashed Ken Mwangi of Nairobi 3-1 in an entertaining final at Rift Valley Sports Club (RVSC) at the weekend.

The event sponsored to the tune of Sh300,000, saw the Zambian smash Moses Lepiro of Nakuru 3-0 in the quarters and went ahead to defeat Das Ngumiri 3-1 in the semis.

Kabamba received Sh20,000 presented to him by Rift Valley Sports Club director Obura Karuki in the presence of KenGen Chief Communications Manager Grace Chepkwony and Chief Human Resource Officer John Kemei, RVSC team manager Ashford Kinuthi and the tournament director Inos Muguku. Mwangi took home Sh10,000 for finishing second.

In the semi-finals, Mwangi beat Lem Keya of Nairobi 3-0, while in the quarter-final matches, Keya dismissed Ezus Muguku of RVSC 3-0, Bethwell Ojwangi lost 3-1 to Ken Mwangi, while David Ngumiri beat Moses Kangwira 3-1.

Chepkwony promised to sponsor the event next year since it has grown in magnitude. Organisers of the event led by Muphuti appealed to Kenya Squash and Rackets Association to include the competition in their annual calendar of events.

He said this would enhance the chances of the main sponsor KenGen increasing their sponsorship package in next year's edition.

In the plate competition, Peterson Karuki defeated Mohammed Talal 3-0 to lift the title.

### SIX POINTS

Karuki dismissed Betty Mwayoka 3-0 in the quarters before hitting Tsaf Khan 3-2 in the semis, while Talal floored Wilson Kamau 3-0 in the quarters before beating Washington Wanyang 3-0 in the semis.

Other quarter-final matches saw Tsaf Khan beat Brian Khan 3-2 as Jobita Mwiriri lost 3-1 to Wanyang.

In the women's category, which was played in a round robin, Betty Mwayoka was the winner with a total of 13 points. She took home Sh10,000.

She was followed by Florence Bilali of Nakuru with 13 points. Bilali took home Sh5,000, while Maureen Nyarigata, who finished third on nine points, pocketed Sh1,500.

Pamela Cherop was fourth with six points, while Maureen Macharia and Frida Kitegi followed with four and two points.



Modesai Kabamba in action during Nakuru Open Squash tournament. PHOTO: BONGEKE THORPE (STANDARD)

The Standard  
November 2, 2011

Zambian Modesai Kabamba retained the KenGen-sponsored Nakuru Open Squash Championships after he thrashed Ken Mwangi of Nairobi 3-1 in an entertaining final at Rift Valley Sports Club (RVSC) at the weekend.

  
**ALY KHAN'S**  
**HIGHLIGHTS**



More info at  
[www.rich.co.ke](http://www.rich.co.ke)

## Altech's Symphony buyout props Access Kenya

THE NSE20 rallied a further 28.91 points to close at 3536.25. The index has now rallied 7.911% since 14th October.

The Nairobi all share firmed 0.76 points to close at 73.47. Market Cap was 936.79b versus 927.00b last time.

Equity Turnover was 223.92m versus 202.959m. Safaricom and EABL were the heavy hitters in the volume charts and both closed unchanged. Access Kenya floated 7.14% higher as investors digested the chatter that AlTech are set to pay \$60m for Symphony Technologies a De Gama Rose Enterprise.

The shilling was last at 98.492 having traded below 98.00 during today's session.

In Agriculture, The Agricultural niche has been the area of our performance in 2011. Kakuzi rallied 8.666% to close at 81.50

Rea Vipingo rallied 6.598% to

close at 21.00 Rea Vipingo has closed at a 58 month high. Rea Vipingo has posted a 26.201% return in 2011.

Sasini Tea improved 1.45% to close at 13.95 and traded 575,500 shares. Sasini Tea has posted a +13.97% return in 2011.

Williamson Tea retreated 0.333% off an all time high of 300.00 to close at 299.00 and traded 11,800 shares. Williamson Tea is the top performer at the Nairobi Stock Exchange having posted an 81.104% return in 2011 when the final dividend is included.

Kapchorua Tea rallied by a Maximum limit of 9.64% to close at 125.00

In Commercial and Services, Safaricom closed unchanged at 3.00 and traded 22,713m shares worth 68.141m. Safaricom has seen good volume of late ahead of its imminent first half earnings release.

Access Kenya rallied 7.14% to close at 6.00 and traded 38,900 shares. Seven Seas and now Symphony has helped the share bounce of late.

Kenya Airways retreated 2.127% to close at 23.00 and traded a 22.25-24.00 range and 480,500 shares

worth 11.151m. TPS Serena firmed 2.586% to close at 59.50 and traded 50,500 shares.

Uchumi closed unchanged at 8.95 and traded 163,200 shares.

Among Banks, KCB firmed 1.108% to close at 18.25 and was trading at 18.50 +2.49% at the close. KCB traded a 17.90-18.65 range and 663,000 shares worth 12.112m. HFCK closed unchanged at 16.00 and traded 700,700 shares worth 11.232m.

Barclays Bank rallied a further 2.7118% to close at 15.15 and traded 705,900 shares worth

10.7m. Coop Bank rallied 2.422% to close at 14.80. Coop Bank was trading at 15.00 +3.81% at the finish line.

Equity Bank bounced 1.265% to close at 20.00 and traded 251,700 shares. CFC Stanbic bounced 8.419% to close at 44.00 StanChart shaved off a shilling to close at 179.00

Centum closed 2.714% better at 15.70 and traded 109,400 shares.

In Industrial and Allied, EABL closed unchanged at 155.00 and traded a 155.00-157.00 range and 325,300 shares worth 50.425m.

KPLC rallied 3.878% to close at 18.75 and traded 400,800 shares.

KenGen eased back 5 cents to close at 10.65 KenolKobil rallied 3.333% to close at 10.85 and traded 139,900 shares. Total closed at 16.35 and traded 8,100 shares. Mumias Sugar edged 1.428% lower to close at 6.90.

The Star  
November 2, 2011

KenGen eased back 5 cents to today's session.

# Kenya Power strike talks yet to end

BY WINFRED KAGWE

KENYA POWER and the Kenya Electrical Trade and Allied Workers Union were last evening still locked in a meeting aimed at forestalling a planned workers strike.

The union secretary general, Ernest Nadome, gave an indication that the discussions were unlikely to end soon even as power consumers worry about supply interruptions. "We still maintain our stand. The negotiations are

tough...they are putting nothing much on the table," said Nadome.

The strike, which was to start on Monday, was put on hold after the union officials agreed to negotiate with the management.

Kenya Power did not comment on the meeting's likely outcome. It had issued a statement on Monday indicating that the strike had been called off.

"Our position is that if the negotiations will not yield anything positive or it will not have ad-

dressed the issues in dispute, then we will proceed with the strike," Nadome said on Monday.

The union is protesting against poor remuneration of workers and failure by the company to review salaries as stated in a previous collective bargaining agreement.

They say the management had agreed to increase the salaries by up to 13 per cent annually but it is now offering a seven per cent increment.

The Star  
November 2, 2011

Kenya Power and the Kenya Electrical Trade and Allied Workers Union were last evening still locked in a meeting aimed at forestalling a planned workers strike.

## Kenya urged to adopt nuclear energy

BY JESSE MWANGI

THE solution to Kenya's power problems lies in nuclear energy, a commissioner in the Energy Regulation Commission has said.

Karanja Kabage said the country is currently producing 1550 mega watts of power which is far below the required amount.

Speaking at Kangari Catholic Church during a fund drive Karanja said if nuclear energy becomes a reality, erratic power interruptions in the country will be done away with.

"The government is exploring of ways to produce nuclear power to complement the hydro energy so as to end the power outages that has almost become a night mare to Kenyans especially in the industries with electricity driven machines," he said.

To bridge this shortfall, Karanja said the committee, through the Ministry of Energy, is exploring how the country can have nuclear power by 2020.

Karanja is aspiring to become governor of Nairobi next year.

He said the committee is prospecting for oil and gas as alternative sources of energy, to supplement wind, hydro and geothermal.

Karanja, who had accompanied former Cabinet minister J J Kamothe to Kigumo, urged Kenyans to effectively use the energy resources that they have.

The Star  
November 2, 2011

The solution to Kenya's power problems lies in nuclear energy, a commissioner in the Energy Regulation Commission has said.

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