

## THE UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 AND FULL YEAR ENDED 30 JUNE 2019

The Directors of the Kenya Electricity Generating Company PLC announce the unaudited results for the half-year ended 31 December 2019 and full year ended 30 June 2019 as shown below:

**PBT FOR SIX MONTHS**  
KShs 6,278M  
**+4.3%**

**EPS FOR SIX MONTHS**  
KShs 1.24  
**+96.8%**

The condensed financial statements are as follows:

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months		Twelve months	
	31 Dec 19 Unaudited KShs Million	31 Dec 18 Unaudited KShs Million	30 June 19 Unaudited* KShs Million	30 June 18 Audited KShs Million
<b>Revenue</b>	<b>22,361</b>	<b>22,185</b>	<b>45,966</b>	<b>45,290</b>
Reimbursable expenses (fuel and water)	(3,447)	(4,145)	(10,192)	(9,406)
<b>Revenue net of reimbursable expenses</b>	<b>18,914</b>	<b>18,040</b>	<b>35,774</b>	<b>35,884</b>
Other income	479	211	619	274
Other net gains	246	158	3,179	(1,050)
	<b>19,639</b>	<b>18,409</b>	<b>39,572</b>	<b>35,108</b>
<b>Expenses</b>				
Depreciation & Amortisation	(5,708)	(5,133)	(10,360)	(10,148)
Steam costs	(1,661)	(1,667)	(3,357)	(3,549)
Operating expenses	(5,569)	(4,980)	(10,571)	(9,969)
<b>Operating Profit</b>	<b>6,700</b>	<b>6,629</b>	<b>15,284</b>	<b>11,442</b>
Finance Income	723	733	1,423	3,341
Finance Costs	(1,145)	(1,340)	(5,054)	(3,037)
<b>Profit Before Tax</b>	<b>6,278</b>	<b>6,022</b>	<b>11,653</b>	<b>11,746</b>
Income Tax Expense	1,892	(1,898)	(3,769)	(3,855)
<b>Profit After Tax</b>	<b>8,170</b>	<b>4,124</b>	<b>7,884</b>	<b>7,891</b>
Other Comprehensive Income- Net (loss)/gain on revaluation of Treasury Bonds	(3)	12	(62)	(623)
<b>Total Comprehensive Income</b>	<b>8,167</b>	<b>4,136</b>	<b>7,822</b>	<b>7,268</b>
<b>Basic and Diluted Earnings Per Share (KShs)</b>	<b>1.24</b>	<b>0.63</b>	<b>1.20</b>	<b>1.20</b>

### CONDENSED STATEMENT OF FINANCIAL POSITION

	31 Dec 2019 Unaudited KShs. million	30 June 2019 Unaudited* KShs. million	30 June 2018 Audited KShs. million
<b>ASSETS</b>			
Property, Plant and Equipment	349,722	346,737	328,082
Other Non-current Assets	19,475	21,056	19,859
Current Assets	31,396	33,629	31,412
	<b>400,593</b>	<b>401,422</b>	<b>379,353</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital	16,488	16,488	16,488
Share Premium	22,151	22,151	22,151
Reserves and Retained Earnings	164,492	156,326	151,465
Non-current Liabilities	177,836	180,860	168,370
Current Liabilities	19,626	25,597	20,879
	<b>400,593</b>	<b>401,422</b>	<b>379,353</b>

### CONDENSED STATEMENT OF CASH FLOWS

	Six Months		Twelve Months	
	31 Dec 2019 Unaudited KShs. million	31 Dec 2018 Unaudited KShs. million	30 June 2019 Unaudited* KShs. million	30 June 2018 Audited KShs. million
Balance at 1 July	9,324	3,383	3,383	7,831
Net Cash generated from operating activities	8,827	24,568	30,585	17,509
Net Cash used in investing activities	(8,564)	(18,895)	(28,808)	(14,843)
Net Cash used/generated from financing activities	(4,275)	(293)	4,094	(7,144)
Effects of exchange rate changes on cash and cash equivalents	(83)	-	(70)	29
<b>Balance at end of period</b>	<b>5,229</b>	<b>8,763</b>	<b>9,324</b>	<b>3,383</b>

\* The Audit of the financial statements for the year ended 30 June 2019 is not complete pending the appointment of the Auditor-General. After consultation with the Capital Markets Authority (CMA) and the Office of the Auditor-General (OAG), we are pleased to present the same unaudited financial statements for the period ended 30 June 2019 alongside the unaudited half year results for the period ended 31st December 2019.

We also wish to inform our esteemed shareholders and other stakeholders that, following guidance by the CMA, the period within which the company is required to hold its Annual General Meeting for the year ended June 30, 2019 has been extended until further notice.

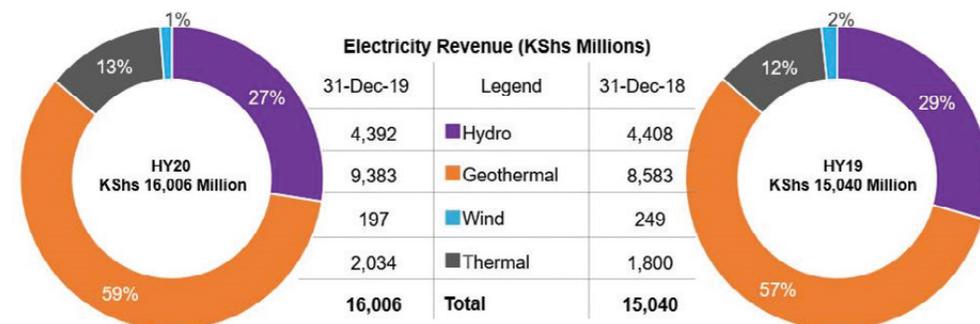
#### Basis of Preparations

The condensed financial statements for the six-months period ended December 31, 2019 has been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the company's unaudited financial statements for the year ended June 30, 2019 and the audited financial statements for the year ending 30 June 2018.

#### Business Commentary for the six months ended 31 December 2019

Revenue net of reimbursables increased by 4.8% from KShs. 18,040 million in 2018 to KShs. 18,914 million for the six months ended 31<sup>st</sup> December 2019. This growth was buoyed by a 6.4% increase in electricity revenue from KShs. 15,040 million earned in 2018 to KShs. 16,006 million for the six months ended 31<sup>st</sup> December 2019 following completion of 165MW Olkaria V geothermal power plant and 127% growth in other income from KShs. 211 million in 2018 to KShs. 479 million for the six months ended 31<sup>st</sup> December 2019 following rollout of our business diversification strategy that has seen the Company clinch two drilling contracts in Ethiopia.

#### Electricity revenue by source



Depreciation and amortization increased by 11.2% from KShs. 5,133 million to KShs. 5,708 million attributable to depreciation expense for Olkaria V and Right of use assets following adoption of IFRS 16. Operating profit remained flat, gaining marginally by 1.1% from KShs. 6,629 million to KShs. 6,700 million. Profit before tax rose by 4.3% from KShs 6,022 million to KShs. 6,278 million impacted by lower finance costs following final repayment of the infrastructure bond.

Profit After Tax increased by 98% from KShs. 4,124 million to KShs. 8,170 million for the six months to 31<sup>st</sup> December 2019. The increase is as a result of capital allowances arising from the completion of Olkaria V 165MW. This resulted into a tax credit of KShs. 1,892 million compared to a tax expense of KShs. 1,898 million in the previous period.

Net cash and cash equivalent declined from KShs. 8,763 million to KShs. 5,229 million attributable to lower disbursement from borrowings of KShs. 1,900 million following completion of Olkaria V and payment of dividends of KShs 1,846 million.

#### Our Good-to-Great (G2G) Strategy

We continue to focus on our revamped strategy which is to grow our core business of power generation amid an increasing competitive market. We also continue safeguarding and creating value for our stakeholders as well as providing a low cost tariff to our economy in support of the Government's Big Four Agenda. In addition, we are pursuing best operational practices and our power plants continue to deliver the lowest priced energy.

#### Outlook

We are continuing with our geothermal led growth strategy. We completed Olkaria V 165MW geothermal power plant in November 2019, construction of 83MW Olkaria 1 Unit 6 geothermal power plant is ongoing. We are also driving our business diversification strategy. We have ongoing geothermal drilling and consultancy services projects in Ethiopia and Kenya. These initiatives are expected to have positive contribution to our future performance.

#### Dividend

The Board of Directors does not recommend an interim dividend for the period ended 31 December 2019. The Board of Directors shall make a recommendation regarding any final dividend for the year ended 30 June 2019 once the Audit of the financial statements for the said period is completed following the appointment of the Auditor-General.

#### Appreciation

We acknowledge with appreciation the support we continue receiving from the Government and other stakeholders in our endeavor to deliver safe, clean, reliable electricity to the economy while optimizing stakeholder value.

#### By Order of the Board

**REBECCA MIANO (MRS), MBS**  
**MANAGING DIRECTOR & CEO**

27 February 2020