



KenGen

Kenya Electricity
Generating Company Ltd.

THE AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2016

The Board of Directors is pleased to announce the financial results for the year ended 30 June 2016

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016 Kshs' mil	30 June 2015 Kshs' mil
REVENUE		
Electricity revenue	29,544	25,602
Steam revenue	6,856	3,689
Other income	2,210	666
	38,610	29,957
EXPENSES		
Operating expenses	(8,948)	(8,447)
Steam Costs	(3,167)	(3,689)
EBITDA	26,495	17,821
Depreciation & Amortisation	(10,224)	(6,479)
EBIT	16,271	11,342
Compensating tax	(2,431)	-
Interest income	556	359
Finance costs	(3,132)	(3,011)
PROFIT BEFORE TAX	11,264	8,690
Tax (expense)/credit	(4,521)	2,827
PROFIT FOR THE YEAR	6,743	11,517
Other Comprehensive Income	(296)	54,247
TOTAL COMPREHENSIVE INCOME	6,447	65,764
EARNINGS PER SHARE		
-Basic (Shs.)	3.07	5.24
-Diluted (Shs.)	1.08	1.75

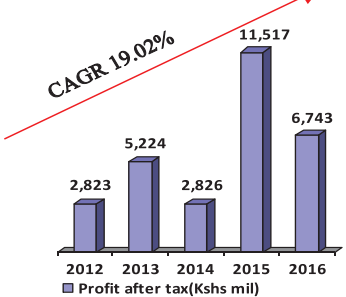
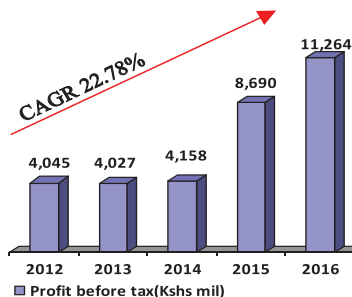
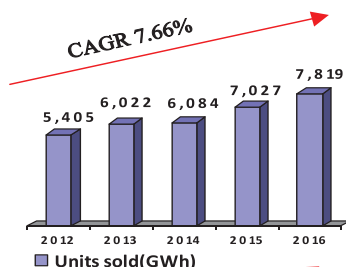
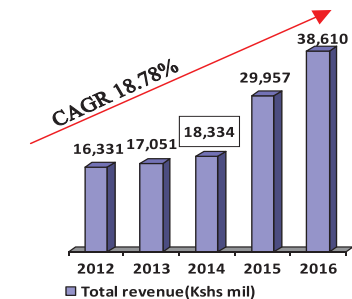
CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	30 June 2016 Kshs'mil	30 June 2015 Kshs'mil
ASSETS		
Property, Plant and Equipment.	320,933	305,379
Other Non-current Assets	24,400	15,772
Current Assets	21,916	21,369
	367,249	342,520
EQUITY AND LIABILITIES		
Share Capital	15,610	5,496
Share Premium	21,056	5,040
Reserves and retained earnings	136,077	131,058
Non-Current Liabilities	176,316	178,446
Current Liabilities	18,190	22,480
	367,249	342,520

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016 Kshs' mil	30 June 2015 Kshs' mil
Balance at 1 July	3,292	4,628
Net cash generated from operating activities	29,256	12,525
Net cash used in investing activities	(22,690)	(27,859)
Net cash generated from financing activities	(3,102)	13,998
Balance at June	6,756	3,292

Historical performance highlights



Basic of Preparations

The condensed financial statements for the year ended 30 June 2016 have been prepared in accordance with International Accounting Standards and audited by PricewaterhouseCoopers on behalf of the Auditor-General.

Operational Overview

We added 15MW of Wellhead power plants to our fleet bringing our total installed capacity to 1,623MW. However, the increase was partly offset by the decommissioning of a total of 9MW at our two isolated off-grid thermal plants of Garissa and Lamu which were connected to the National Grid.

Total electricity sales volume grew by 11% from 7,027GWh in 2015 to 7,819GWh in 2016. This increase is attributable to growth in sales from Geothermal and Hydro segments arising from the completion of the projects and favourable hydrological conditions respectively as shown in Table I.

Table 1: Growth in Electricity Sales

Source	Units Sold		Change %
	30 June 2016 GWh	30 June 2015 GWh	
Hydro	3,784	3,308	14%
Geothermal	3,543	3,104	14%
Thermal	435	578	-25%
Wind	57	37	54%
Total	7,819	7,027	11%

Financial Overview

Electricity revenue grew by 15% from Kshs.25,602 million to Kshs.29,544 million. This was mainly attributed to the contribution from additional capacity from 280MW geothermal power plants which for the first time was operational for the full year.

Table 2: Total Revenue

	30 June 2016 Kshs 'mil	30 June 2015 Kshs 'mil	Change %
Capacity revenue	21,262	19,102	11%
Energy revenue	7,672	6,206	24%
Forex recovery	610	294	107%
Electricity revenue	29,544	25,602	15%
Steam Revenue	6,856	3,689	85.8%
Other Income	2,210	666	232%
Total revenue	38,610	29,957	29%

Total revenue increased by 29 % from Kshs.29,957 million to Kshs.38,610 million which was boosted by earnings from new geothermal capacity, steam and commercial drilling services. The new revenue streams show our strong commitment to diversify revenue sources and improve shareholder returns.

The operating expenses increased by 6% from Kshs.8,447 million in 2015 to Kshs.8,948 million in 2016 due to increased operational scope and capacity building. Depreciation and amortization expenses increased by 58% mainly due to revaluation of assets and full year depreciation of Olkaria 280MW.

The Company registered growth of 49% in EBITDA from Kshs.17,821 million to Kshs.26,495 million due to improved revenues and optimization of expenses resulting in significant growth in operating profit. EBIT grew by 43% from Kshs.11,342 million in 2015 to Kshs.16,271 million in 2016.

Compensating tax of Kshs.2,431 million is a provision that arose from payment of dividends of Kshs.5,735 million paid to the government during the year in accordance with section 7A(5) of the Income Tax Act Cap 470.

Profit before tax recorded a growth of 30% from Kshs.8,690 million in 2015 to Kshs.11,264 million in 2016 as a result of revenue growth. However, profit after tax for the year declined by 41% from Kshs.11,517 million to Kshs.6,743 million due to tax charge for the year compared to tax credit the previous year. Last year the company benefited from investment allowances following the completion of Olkaria 280MW plants.

Total assets increased by 7% from Kshs.342,520 million in June 2015 to Kshs.367,249 million in June 2016, due to investments in 15 Units of Wellheads and drilling of additional wells to secure steam for the upcoming power plants.

Rights Issue

The Company successfully raised Kshs.26,495 million through a Rights Issue which improved the Equity base of the company. This will provide the much needed foundation to support future growth of the company.

Future Outlook

To sustain our current growth direction and in line with our strategy, we continue with our investments plan to drive geothermal and wind generation capacity growth. Our well equipped and highly motivated workforce, coupled with requisite funding from our Partners for the projects in the pipeline, KenGen is well positioned to deliver on its goal to be the market leader in the provision of competitively priced electricity.

KenGen's current project pipeline, when implemented will deliver an additional 706MW by 2020. These projects comprise of 10MW Wellheads completed in the first quarter of 2016/17 and 140MW Olkaria V whose funding has been secured and the ground breaking is expected in first half of 2016/17. Projects whose funding has also been secured and under procurement include 70MW Olkaria I Unit 6, 80MW Meru Wind Phase I and 10MW Ngong Wind Phase III. Other projects include 140MW Olkaria VI, Olkaria I Rehabilitation 6MW, Olkaria I AU & IV topping plant 60MW among others.

Dividend

In view of pipeline of projects enumerated above, the Board of Directors does not recommend payment of dividends for the year.

We take this opportunity to thank the shareholders, the Government of Kenya, County Governments, Business Partners and other stakeholders for their unwavering support which has enabled KenGen to provide clean, affordable energy for the nation and enabled us to realize impressive growth in the current year.

BY ORDER OF THE BOARD

ENG. ALBERT MUGO, MBS
MANAGING DIRECTOR & CEO

19 October 2016