



# KenGen

Kenya Electricity  
Generating Company Ltd.

## THE UNAUDITED RESULTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2015

The Board of Directors is pleased to announce the financial results for the six months period ended 31 December 2015

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2015

	31 Dec 2015 (Unaudited) Kshs' mil	31 Dec 2014 (Unaudited) Kshs' mil
<b>Revenue</b>		
Electricity Revenue	14,757	11,659
Steam Revenue	2,479	-
Other Income	998	352
	<b>18,234</b>	<b>12,011</b>
Operating Expense	(3,998)	(3,942)
<b>EBITDA</b>	<b>14,236</b>	<b>8,069</b>
Depreciation & Amortisation	(4,519)	(3,074)
	<b>9,717</b>	<b>4,995</b>
<b>EBIT</b>	<b>9,717</b>	<b>4,995</b>
Interest Income	289	172
Finance Costs	(1,622)	(1,377)
<b>Profit Before Tax</b>	<b>8,384</b>	<b>3,790</b>
Tax Income/(Expense)	(2,716)	1,138
<b>Profit for the year</b>	<b>5,668</b>	<b>4,928</b>
Other Comprehensive Income	(15)	4
<b>Total Comprehensive Income</b>	<b>5,653</b>	<b>4,932</b>
Earnings Per Share		
<b>-Basic and diluted (Shs.)</b>	<b>2.58</b>	<b>2.24</b>

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	31 Dec 2015 (Unaudited) Kshs' mil	30 June 2015 (Audited) Kshs' mil
<b>ASSETS</b>		
Property, Plant and Equip.	312,912	305,379
Other Non-current Assets	20,206	15,772
Current Assets	21,891	21,369
	<b>355,009</b>	<b>342,520</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	5,496	5,496
Reserves	140,323	136,098
Non-Current Liabilities	187,911	178,446
Current Liabilities	21,279	22,480
	<b>355,009</b>	<b>342,520</b>

### CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2015

	31 Dec 2015 (Unaudited) Kshs' mil	31 Dec 2014 (Unaudited) Kshs' mil
Balance at 1 July	3,292	4,628
Net cash generated from operating activities	10,836	4,827
Net cash used in investing activities	(12,238)	(12,203)
Net cash generated from financing activities	674	(694)
<b>Balance at December</b>	<b>2,564</b>	<b>(3,441)</b>

#### Basis of Preparations

The condensed financial statements for the six months period ended 31 December 2015 have been prepared in accordance with International Accounting Standard 34(IAS34) "Interim Financial Reporting" and reviewed by Deloitte & Touche Certified Public Accountants.

The condensed financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain items of property, plant and machinery.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the company's audited financial statements for the year ended 30 June 2015.

#### Performance Overview

We are pleased to announce KenGen's financial results for the six months period ended 31 December 2015. We delivered strong growth in revenues across most areas of focus. The results reflect the full impact of the 280MW Olkaria geothermal plants which became fully operational in December 2014.

#### Energy Unit Sales Analysis (GWh)

	Dec-15	Dec-14	Variance	
Hydro	1,844	1,693	151	9%
Geothermal	1,820	1,352	468	35%
Thermal	220	330	(110)	(33%)
Wind	30	8	22	275%
<b>Total</b>	<b>3,914</b>	<b>3,383</b>	<b>531</b>	<b>16%</b>

Energy unit sales from geothermal grew by 35% while energy sales from hydro plants grew by 9% as a result of favourable hydrological conditions. Wind generation grew by 275% following the completion of Ngong 20.4MW plants. Olkaria 280MW and Ngong Wind had full impact during this period. Thermal generation declined by 33% because geothermal was given priority dispatch to the national grid.

#### Total Revenue

	Dec 2015 Kshs'mil	Dec 2014 Kshs'mil	Variance Kshs'mil	%
Electricity Revenue	14,757	11,659	3,098	27%
Interest Income	289	172	117	68%
Steam revenue	2,479	-	2,479	100%
Other Income	998	352	646	184%
<b>Total</b>	<b>18,523</b>	<b>12,183</b>	<b>6,340</b>	<b>52%</b>

Total revenue increased by 52% to Kshs18,523mil in December 2015 from Kshs12,183mil in December 2014. This is attributable to new capacity, additional units generated, steam handling, steam sales and commercial drilling services.

#### Electricity Revenue

	Dec 2015 Kshs'mil	Dec 2014 Kshs'mil	Variance Kshs'mil	%
Capacity revenue	10,456	8,301	2,155	26%
Energy revenue	3,892	2,948	944	32%
Forex adjustments	409	410	(1)	0%
<b>Total</b>	<b>14,757</b>	<b>11,659</b>	<b>3,098</b>	<b>27%</b>

Electricity revenue grew by 27% to Kshs14,757mil in December 2015 compared to Kshs11,659mil in December 2014 as a result of growth in capacity and energy revenue.

#### Capacity and energy revenue by source

	Capacity			Energy		
	Dec 2015 Kshs 'mil	Dec 2014	Var.	Dec 2015 Kshs 'mil	Dec 2014	Var.
Hydro	3,840	3,764	2%	750	828	(9%)
Geothermal	5,036	2,971	70%	2,631	1,736	52%
Thermal	1,580	1,566	1%	272	327	(17%)
Wind	-	-	0%	239	57	319%
<b>Total</b>	<b>10,456</b>	<b>8,301</b>	<b>26%</b>	<b>3,892</b>	<b>2,948</b>	<b>32%</b>

The 280MW Olkaria Plants, contributed significantly to capacity revenues while Wellheads and 20.4MW Ngong Wind plants contributed to energy revenue growth.

#### Steam Revenue

	Dec 2015 Kshs 'mil	Dec 2014 Kshs 'mil	Variance Kshs 'mil	%
<b>Steam resource maintenance services</b>	1,941	-	1,941	100%
<b>Steam sales</b>	538	-	538	100%
<b>Total</b>	<b>2,479</b>	<b>-</b>	<b>2,479</b>	<b>100%</b>

During the period under review, the Company entered into a long term steam resources and maintenance contract thereby sharing the steam revenue based on agreed method of determination. At the same time, revenue is generated from wells drilled by the Company using its own resources.

#### Other Income

	Dec 2015 Kshs 'mil	Dec 2014 Kshs 'mil	Variance Kshs 'mil	%
<b>Drilling services</b>	617	-	617	100
<b>Insurance compensation</b>	296	191	105	55
<b>Miscellaneous income</b>	85	161	(76)	(47)
<b>Total</b>	<b>998</b>	<b>352</b>	<b>646</b>	<b>184%</b>

Other income increased by 184% to Kshs998mil in December 2015 from Kshs352mil in December 2014. This was significantly impacted by KenGen's initiatives to diversify revenues. The initiatives undertaken during the period under review include commercial drilling services. Insurance income increased owing to compensation for Garissa power station and Wellhead cooling towers after a fire incident in 2014.

Operating expenses increased marginally by 1% from Kshs3,942mil to Kshs3,998mil while depreciation expenses increased by 47% from Kshs3,074mil to Kshs4,519mil as a result of the completion of Olkaria 280MW plants in December 2014 and additional depreciation from asset revaluation which was carried out in June 2015.

Interest income grew by 67% to Kshs289mil in December 2015 from Kshs172mil in December 2014. This is mainly attributable to interest earned on bank balances and treasury bonds.

Financing costs went up by 18% to Kshs1,622mil from Kshs1,377mil due to the expensing of interest on borrowings for completed projects to the Income Statement.

**EBITDA:** Earnings before interest, taxes, depreciation & amortisation grew by 76% to Kshs18,234mil from Kshs12,011mil due to improved revenue growth.

**EBIT:** Earnings before interest and taxes registered a growth of 95% from Kshs 4,995mil to Kshs 9,717mil during the period.

**PBT:** Profit before tax increased by 121% to Kshs8,384mil from Kshs3,790mil in December 2014.

**PAT:** Profit after tax grew by 15% to Kshs5,668mil compared to Kshs4,928mil in the same period last year. There was tax expense in December 2015 compared to tax credit in the previous period due to less tax allowance enjoyed by the Company from completed projects. Last year, we completed 280MW Olkaria and Ngong Wind 20.4MW resulting in tax allowances.

**Assets:** Total assets increased by 4% to Kshs355,009mil in December 2015 from Kshs342,520mil in June 2015 due to investments in Wellheads and drilling of additional wells to secure steam for the upcoming power plants namely: 70MW Olkaria I Unit 6, 140MW Olkaria V and 140MW Olkaria VI which are at an advanced stage of implementation.

#### Dividend

The Board of Directors does not recommend payment of an interim dividend.

#### Future Outlook

We are continuing with the execution of our G2G Strategy. To sustain our current growth direction, we are stepping up investments to drive geothermal generation capacity growth.

Plans for the implementation of 140MW Olkaria V, 140MW Olkaria VI, 70MW Olkaria I Unit 6, 25MW of Wellheads, Olkaria I Rehabilitation from 45MW to 50.7MW and the 80MW Meru Wind project are at an advanced stage. We have secured the required funding from development partners.

#### Rights Issue

Our plan to raise additional funds required to support the above projects through a Rights Issue is at advanced stage with a target date of June 2016 subject to approvals.

KenGen acknowledges the role that the Government and other stakeholders continue to play in supporting our endeavour to reduce the cost of power, deliver safe, clean, reliable electricity to the economy and maximize returns for our shareholders.

**BY ORDER OF THE BOARD**  
**ENG. ALBERT MUGO, MBS**  
**MANAGING DIRECTOR & CEO**