THE KENYA POWER AND LIGHTING COMPANY PLC UNAUDITED TRADING RESULTS FOR SIX MONTHS PERIOD ENDED31 DECEMBER 2023

The Board of Directors of the Kenya Power and Lighting Company Plc announce the unaudited accounts for the half-year period ended **31 December 2023**:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023

	31.12.2023 Ksh Million	31.12.2022 Ksh Million
Revenue from contracts with customers	113,552	86,666
Cost of sales	(83,028)	(69,793)
Gross Margin	**30,524**	**16,873**
Other income	3,655	6,788
Operating costs	(19,726)	(18,009)
Operating Profit	**14,453**	**5,652**
Interest income	1,108	151
Finance costs	(15,023)	(7,392)
Profit /(Loss) before Tax	**538**	**(1,589)**
Income tax (expense)/ Credit	(219)	444
Profit/ (Loss) for the period	**319**	**(1,145)**
Basic and diluted earnings per Share	**Ksh 0.16**	**Ksh (0.59)**

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	31.12.2023 Ksh Million	30.06.2023 Ksh Million
Assets		
Property and equipment	267,225	267,974
Other non-current assets	4,343	4,709
Current assets	91,644	81,042
	363,212	**353,725**
Equity and Liabilities		
Shareholders' Equity	57,162	56,843
Non-current liabilities	171,946	164,607
Current liabilities	134,104	132,275
	363,212	**353,725**

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

	31.12.2023 Ksh Million	31.12.2022 Ksh Million
Cash generated from operating activities	14,483	7,517
Net Cash used in investing activities	(7,405)	(3,898)
Net Cash generated from financing activities	(5,858)	(4,660)
Increase/(Decrease) in cash and cash equivalents	**1,220**	**(1,041)**
Effect of foreign exchange rate changes on cash and cash equivalents	110	-
Cash and cash equivalents at beginning of the year	18,431	8,081
Cash and cash equivalents at 31st December	**19,761**	**7,040**

Key Highlights for the Half -Year Ended 31 December 2023

In the half year trading period ended 31 December 2023, Kenya Power & Lighting Company Plc recorded a profit before tax of KSh.538 Million compared to a loss before tax of KSh.1,589 Million realized in the similar period in December 2022, an increase of KSh.2,127 Million. The improved profitability is attributed to increased revenue resulting from increased electricity sales.

Revenue from electricity sales increased by 31% from KSh.86,666 Million to KSh.113,552 Million. Additionally, the adoption of a more cost-reflective tariff review in April 2023 as well as the growth in unit sales by 129 GWh.

Non-fuel power purchase costs increased by KSh.9,788 Million in comparison to the preceding similar period. This increase is attributed to the depreciation of the Kenyan shilling against major global currencies, in which the Power Purchase Agreements (PPAs) are denominated. Over the six-months, there was an increase in units purchased from renewable sources by 240 GWh, while units purchased from thermal generation sources reduced by 93 GWh from 650 GWh in a similar period in 2022 to 557 GWh leading to a decrease in fuel cost recoveries by KSh. 2,048 Million.

Operating costs increased by Ksh.1,717 Million, from KSh.18,009 Million to KSh.19,726 Million primarily due to; higher wheeling charges as enhanced in the tariff review, increase in depreciation and higher staff costs as a result of onboarding additional resources to reinforce our field operations, enhance overall operational efficiency, and improve service to customers.

Finance costs increased by KSh.7,631 million, rising from KSh.7,392 million incurred in a comparable period the previous year to KSh.15,023. This increase is attributed to the rise in unrealized foreign exchange losses on loan revaluations, a consequence of the weakening of the Kenya Shilling against major foreign currencies in which most of the loan portfolio is denominated.

Business Outlook

To build on the positive gains and further strengthen the operational performance, during the second half of the year, the Company will intensify the deployment of initiatives that are aimed at bolstering sales, optimizing revenue collection, enhancing system efficiency, managing costs, and notably, enhancing the customer experience.

Additionally, we will step up our investments in the network to fortify its reliability and continuously refine our connectivity procedures to seamlessly onboard more customers to the grid. This aligns with our core mission of providing affordable, clean, reliable, and sustainable power to Kenyan households and enterprises, thereby bolstering social and economic advancement for our country.

In spite of the strong operational performance, the Company continues to face the negative impact of the depreciation of the Kenyan shilling against major global currencies. The Company is exploring various ways to mitigate this impact including leveraging on the balance sheet restructure where proceeds from the transfer of part of the transmission line assets will be applied to offset on-lent loans which are entirely denominated in foreign currency and contribute a significant portion of the unrealized forex loss. The Company is also in the process of reviewing its forex mitigation strategy in light of the evolving forex market dynamics.

Towards the latter part of the half-year, the Company unveiled its Five-Year Strategic Plan, serving as a compass for our medium-term operations. This plan is crafted to adapt to the evolving operational landscape, driving business growth while upholding our stature as a market leader and fulfilling our socio-economic obligations within the national development framework.

The Strategic Plan encompasses projects and initiatives geared towards enhancing the Company's competitive edge, ensuring profitability, expanding electricity access, and refining the reliability and efficiency of power distribution.

BY ORDER OF THE BOARD

IMELDA BORE
COMPANY SECRETARY
February 23, 2024