



THE KENYA POWER AND LIGHTING COMPANY PLC

UNAUDITED TRADING RESULTS FOR SIX MONTHS

PERIOD ENDED 31 DECEMBER 2022

Kenya Power

The Board of Directors of The Kenya Power and Lighting Company PLC announce the following unaudited accounts for the half-year period ended **31 December 2022**:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

	31.12.2022 Kshs Million	31.12.2021 Kshs Million
Revenue from contracts with customers	86,666	83,566
Cost of sales	(66,079)	(55,306)
Gross Margin	20,587	28,260
Other income	6,789	2,991
Operating costs	(21,724)	(19,036)
Operating Profit	5,652	12,215
Interest income	151	221
Finance costs	(7,392)	(6,777)
(Loss)/Profit Before Tax	(1,589)	5,659
Income tax (Credit)/expense	444	(1,844)
(Loss)/Profit for the period	(1,145)	3,815
Basic and diluted earnings per Share	KShs.(0.59)	KShs.1.96

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	31.12.2022 Kshs. Million	30.06.2022 Kshs. Million
Assets		
Property and equipment	267,978	272,336
Other non-current assets	2,829	3,253
Current assets	61,378	54,915
	332,185	330,504
Equity and Liabilities		
Shareholders' Equity	59,031	60,179
Non-current liabilities	159,052	159,710
Current liabilities	114,102	110,615
	332,185	330,504

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022

	31.12.2022 Kshs. Million	31.12.2021 Kshs. Million
Cash generated from operating activities	7,517	14,978
Net Cash used in investing activities	(3,898)	(4,398)
Net Cash generated from financing activities	(4,660)	(8,286)
(Decrease)/Increase in cash and cash equivalents	(1,041)	2,294
Cash and cash equivalents at beginning of the year	8,081	6,053
Cash and cash equivalents at 31st December	7,040	8,347

Key Highlights for the Half-Year Ended 31 December 2022

In the half year trading period ended 31 December 2022, Kenya Power has reported a decrease in the earnings before tax from a profit of KShs.5,659 Million in the similar period previous year to a loss of KShs.1,589 Million. This drop is attributable to increased foreign exchange losses, and the implementation of the 15% reduction of the end user electricity tariff as recommended by the Government in January 2022.

As a result of the tariff reduction, the basic electricity revenue for the six months period decreased by KShs.6,696 Million. On a positive note, the Company recorded a 4.4% growth in electricity sales to 4,764GWh for the period compared to a similar period last year. The growth in sales was driven mainly by growing energy demand occasioned by increased economic activities and an expanded customer base.

Operating costs increased from KShs.19,036 Million to KShs.21,724 Million due to increased foreign exchange losses arising from revaluation of outstanding payments to power generators denominated in foreign currencies as a result of the depreciation of the Kenya Shilling.

Non-fuel power purchase costs increased from KShs.40,487 Million to KShs.43,881 Million owing to additional electricity purchases made during the period to support growth in demand. Similarly, fuel costs increased from KShs.10,871 Million the previous period to KShs.15,081 Million attributable to significant increase in fuel prices during the period under review.

Finance costs increased to KShs.7,392 Million from KShs.6,777 Million resulting from a rise in unrealised foreign exchange loss arising from revaluation of foreign denominated loans as a result of depreciation of the Shilling against major currencies.

Improving performance

The Company projects to improve its business performance in the second half of the financial year by retaining the unwavering focus on increasing electricity sales, enhancing system efficiency, and prudently managing its resources. To support these efforts, we are also taking measures to enhance employee productivity and transform customer experience.

We will continue to focus on provision of reliable power supply by strengthening the electricity network, and sustain the connectivity drive through strategic initiatives such as the Last Mile Connectivity Project with a goal of securing future business growth while also achieving universal access in line with the Government's development agenda.

Looking ahead, we are excited to tap into new growth frontiers in the areas of electric mobility and energy storage that will not only drive demand growth but also boost the sustainability agenda. By diversifying our revenue streams and leveraging our strengths, we will propel the Company to the next phase of growth and secure its position as the leading energy utility in the region.

Collaboration is key to our success, and we are actively working with other energy sector players to pursue a cost-reflective power tariff. Our goal is to ensure that sector revenue requirements are adequately provided for while balancing the important need for affordable electricity. This will enhance the sustainability of the sector and provide sufficient resources for a sustainable energy supply-demand balance, and to maintain the network to ensure quality and reliable electricity supply.

To mitigate against the impact of the fluctuation in foreign exchange rates that have continued to adversely affect the financial performance, we are pursuing several initiatives including allowing a section of our customers whose income is in foreign currency (USD and EURO) to settle their electricity bills in these currencies.

We are confident that our continued focus on the key areas as highlighted, will enable us to achieve our objectives and create value for our shareholders.

BY ORDER OF THE BOARD

IMELDA BORE
COMPANY SECRETARY
February 27, 2023