THE KENYA POWER AND LIGHTING COMPANY PLC UNAUDITED TRADING RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The Board of Directors of The Kenya Power and Lighting Company Plc is pleased to announce the unaudited financial results for the half-year period ended 31 December 2024.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2024

	31.12.2024 Ksh Million	31.12.2023 Ksh Million
Revenue from contracts with customers	107,425	113,552
Cost of sales	(71,376)	(83,028)
Gross Margin	**36,049**	**30,524**
Other income	3,362	3,655
Operating costs	(23,736)	(19,726)
Operating Profit	**15,675**	**14,453**
Interest income	361	1,108
Finance costs	(1,971)	(15,023)
Profit before tax	**14,065**	**538**
Income tax expense	(4,095)	(219)
Profit for the period	**9,970**	**319**
Basic and diluted earnings per Share	**Ksh 5.11**	**Ksh 0.16**

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	31.12.2024 Ksh Million	30.06.2024 Ksh Million
Assets		
Property and equipment	276,280	275,774
Other non-current assets	3,996	4,256
Current assets	88,292	78,056
	368,568	**358,086**
Equity and Liabilities		
Shareholders' Equity	97,284	87,314
Non-current liabilities	163,998	165,278
Current liabilities	107,286	105,494
	368,568	**358,086**

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2024

	31.12.2024 Ksh Million	31.12.2023 Ksh Million
Cash generated from operating activities	11,651	14,483
Net Cash used in investing activities	(9,134)	(7,405)
Net Cash generated from financing activities	(5,835)	(5,858)
(Decrease)/ Increase in cash and cash equivalents	**(3,318)**	**1,220**
Effect of foreign exchange rate changes on cash and cash equivalents	30	110
Cash and cash equivalents at beginning of the year	10,353	18,431
Cash and cash equivalents at 31st December	**7,065**	**19,761**

Key Highlights for the Half-Year Ended 31 December 2024

In the half-year trading period ended 31 December 2024, the Company recorded a profit before tax of KSh.14,065 million, representing an increase of KSh.13,527 million compared to KSh.538 million recorded in the corresponding period of the previous year. This growth in profitability is attributed to lower cost of sales and reduced finance costs owing to the stability of the Kenya Shilling against major foreign currencies during the period under review, and an increase in electricity sales by 5% from 5,225 GWh to 5,506 GWh.

The increase in electricity unit sales was driven by higher consumption as a result of improved network reliability, connection of new customers and improved outage resolution timelines supported by availability of critical materials including meters and transformers. Despite this increase, the overall electricity revenue reduced by 5.4% from KSh.113,552 Million in December 2023 to KSh.107,425 Million in December 2024. This reduction is attributed to lower passthrough costs as the Kenya Shilling remained stable during the period, and lower average yield as per the tariff reduction path embedded in the approved tariff.

Power purchase cost decreased by KSh.1,652 million to KSh.71,376 million in the period under review riding on the strengthening of the Kenya Shilling against major foreign currencies in which the majority of Power Purchase Agreements (PPAs) are denominated. This cost reduction was further supported by an optimized generation mix dispatched during the period. A total of 6,603 GWh of renewable energy was purchased, an increase from 6,199 GWh in the previous half-year period.

Operating expenses rose by KSh.4,010 million, from KSh.19,726 million in the previous half-year period to KSh.23,736 million. This increase is attributed to higher operational expenses including staff costs, depreciation and other maintenance costs incurred to support the expanded network.

Finance costs reduced by KSh.13,052 million, from KSh.15,023 million in December 2023 to KSh. 1,971 million in December 2024. This reduction is attributed to the strengthening of the Kenyan Shilling against major foreign currencies, which account for 90% of the loan portfolio, as well as a reduction in loan balances due to continued repayment. During the period, the company commenced repayment of the GoK On-lent loans that had remained on a repayment moratorium since March 2020.

The working capital position continued to improve during the review period, increasing by 30% from negative KSh.27,439 million in June 2024 to negative KSh.18,994 million in December 2024. This positive trend reflects the effectiveness of the working capital management initiatives put in place by the company aimed at optimizing financial resources towards achieving financial sustainability.

Interim Dividend

The Board of Directors is pleased to announce an interim dividend of KSh.0.20 per share. The interim dividend will be paid subject to withholding tax where applicable, on or about 11th April 2025 to shareholders registered in the books of the Company at the close of business on 28th February 2025.

Business Outlook

Looking ahead, we are committed to sustaining our improved financial performance through targeted initiatives that enhance efficiency, diversify revenue streams, and drive long-term growth. The Company is advancing the transformer metering project to improve energy balance and system efficiency. Additionally, we are well-positioned to capitalise on the anticipated lifting of the moratorium on new power generation contracts to increase electricity sales as peak demand increases.

The Company has commenced implementation of the Government's Digital Superhighway project, which involves rolling out last-mile fibre optic cable connectivity to approximately 6,000 government institutions nationwide. Further, the Company is leveraging on the World Bank performance-based Green Financing Programme to strengthen its balance sheet and mitigate against future foreign currency exposure.

At the core of our strategy is a commitment to powering people for better lives by inspiring our teams, improving processes, and maintaining a sharp focus on operational excellence.

We extend our heartfelt appreciation to our Shareholders, Customers, Employees and all other Stakeholders for their continued trust and support. Together, we will build on this momentum to deliver sustainable growth, strengthen shareholder value, and secure the Company's future success.

BY ORDER OF THE BOARD

I. BORE
COMPANY SECRETARY

30th January 2025