



KenGen
Energy for the nation



Kenya Electricity Generating Company PLC FY2018 Financial Results Presentation

Friday 26th October 2018

www.kengen.co.ke

2017/18 Highlights

Financial Year 2017/18 Highlights

Energy Sold
7,989 GWhs
▲ 5.7%



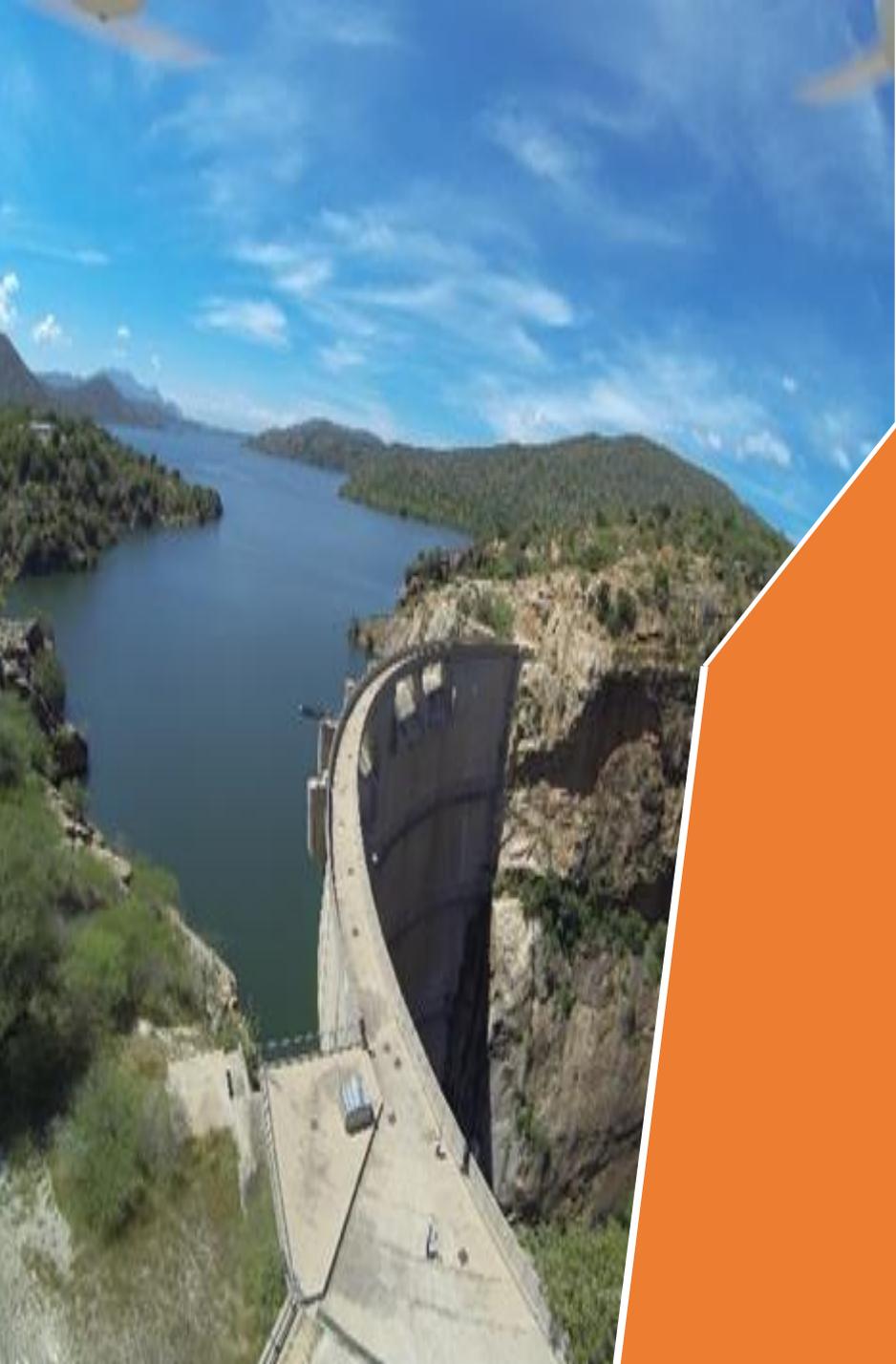
Revenue
KShs 45,290 Mn
▲ 4.2%



PBT
KShs 11,746 Mn
▲ 2.5%



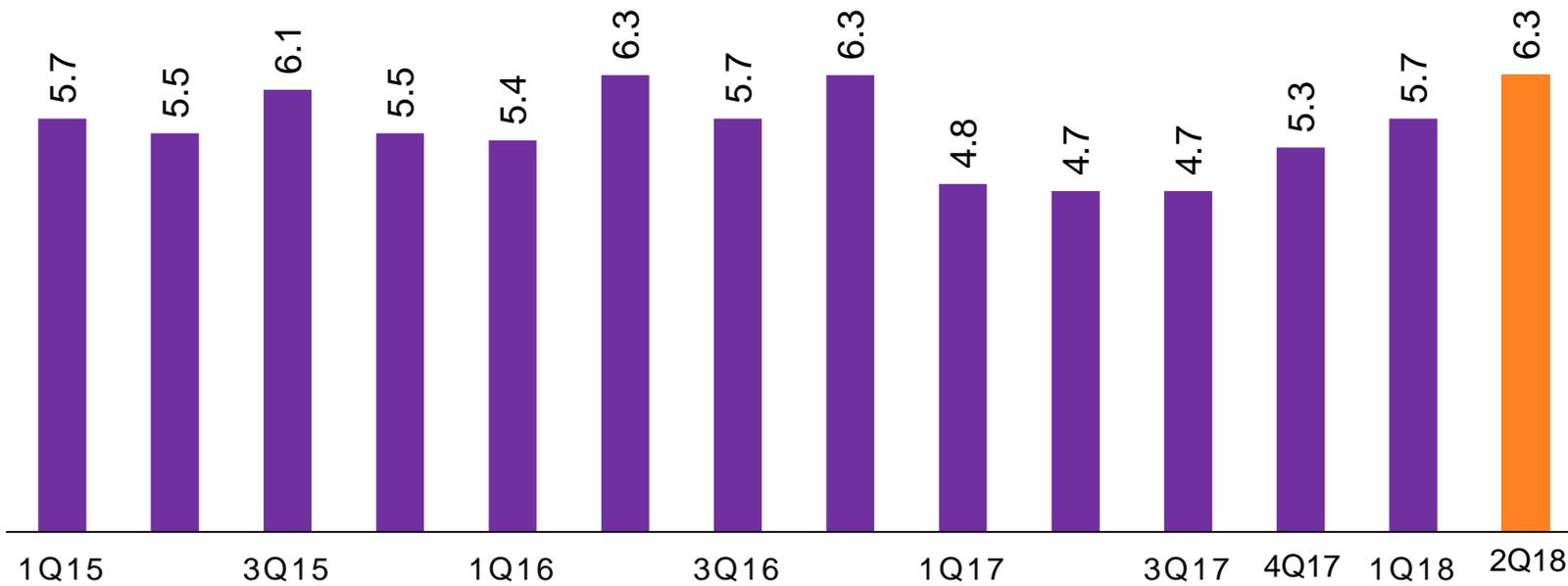
Dividend
KShs 0.40
33% pay-out



Business Environment

Kenya's growth recovery has been swift

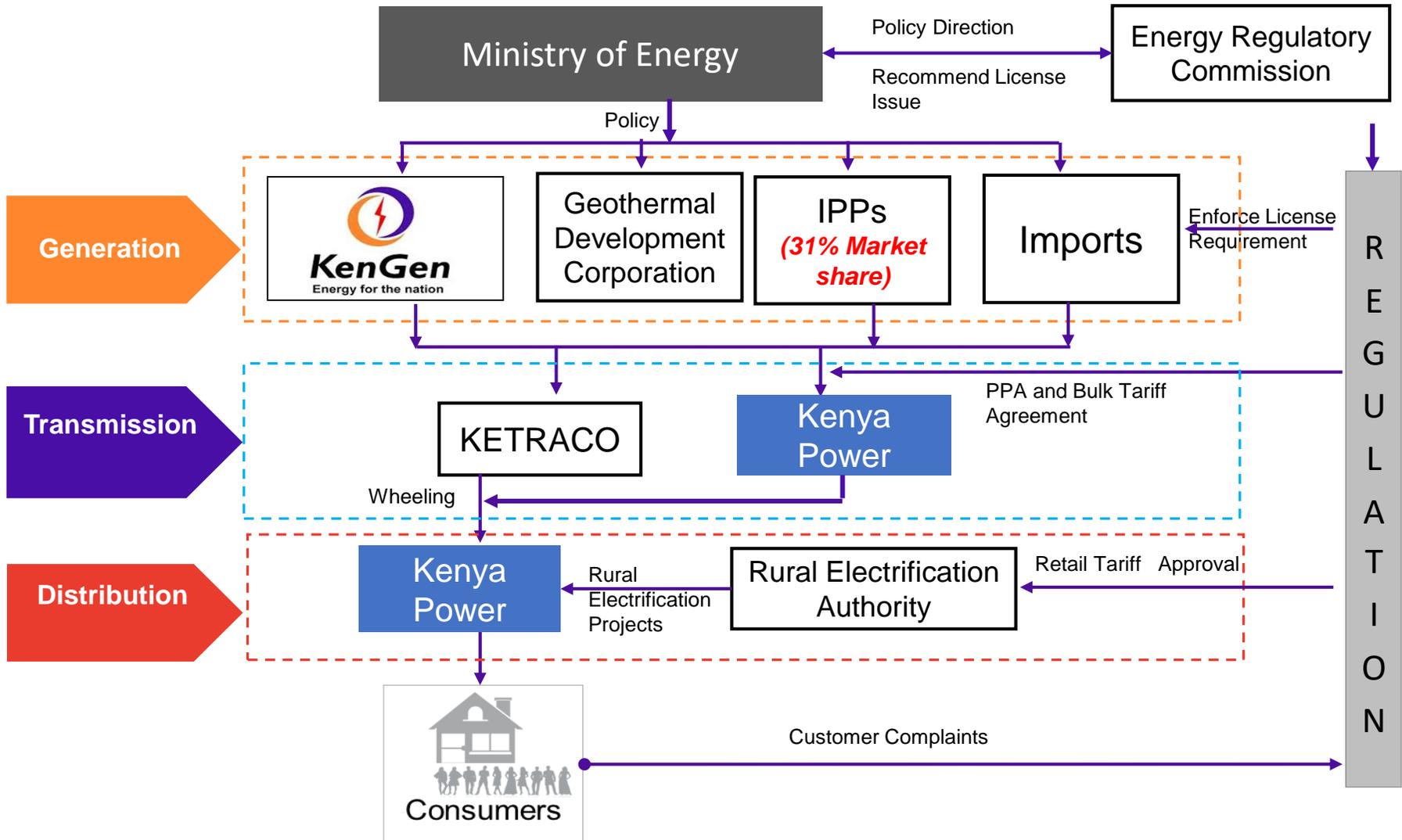
Real GDP Growth, % Year-on-Year



- Strong recovery from 2017's headwinds, with Year-on-Year growth accelerating to 6.3% in 2Q18;
- Projected GDP to average 6.1% by 2020
- Manufacturing, contributed 9.6% and grew by 3.1%

Source: KNBS

Kenyan Power Sector Institutional Framework



Source: ERC

Energy Sector Key Programs

.....Opportunity for KenGen to export power and expand customer base

Electricity Regional Trade

- 1,100km (500kV HVDC) Ethiopia- Kenya transmission line initiated
- Kenya–Uganda (127km), Kenya-Tanzania (94km), 400kV planned transmission lines

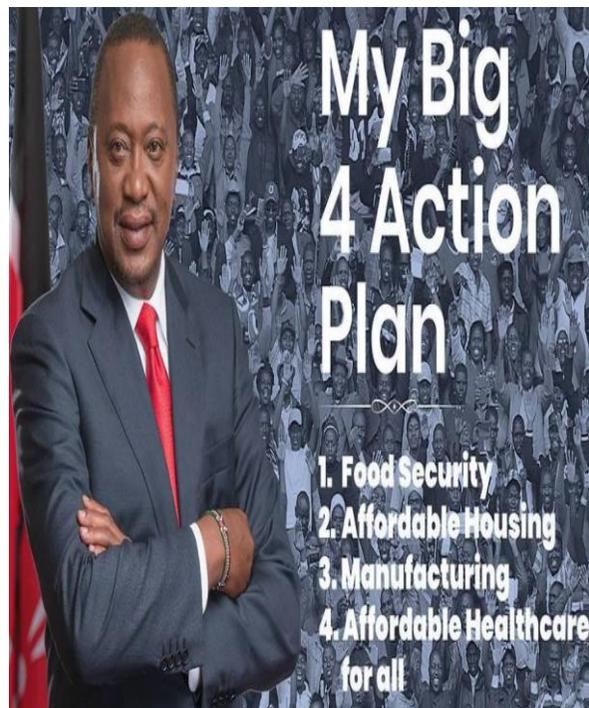
System reinforcement and Upgrades

- 5,000 of HV transmission lines and 65 HV Substations
- Construction of an Ultra-modern Dispatch and Control Centre
- Universal access to electricity from current ~70%

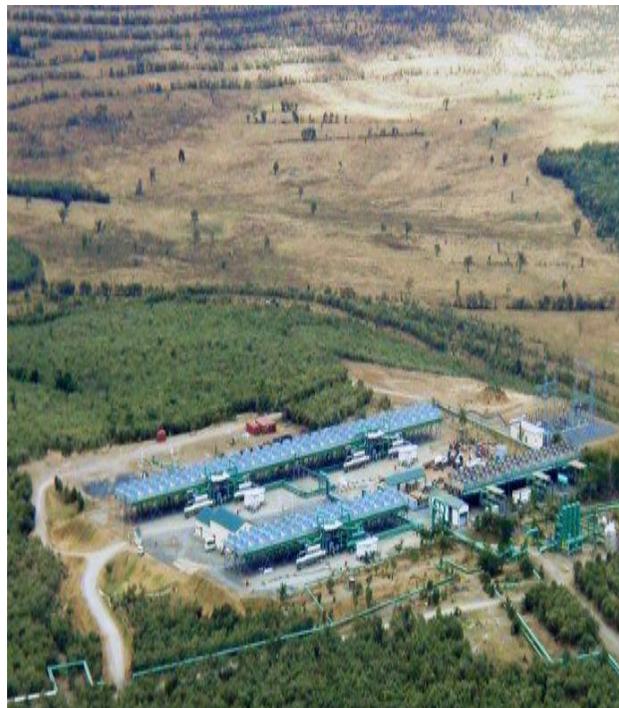
Energy Bill 2017, enactment and implementation

Emerging Opportunities

*.....Improved political climate expected to upswing economic growth.
Other notable economic drivers include;*



Require supporting Infrastructure - Power

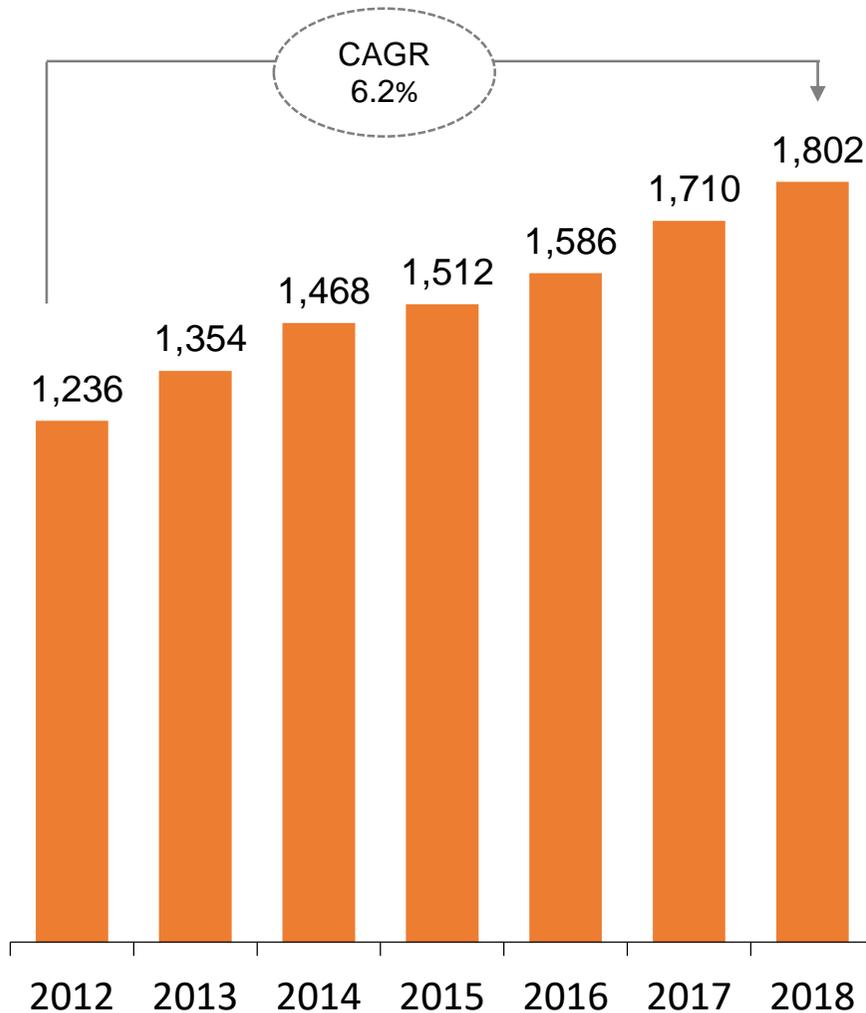


Special Economic Zones



Increased focus on Manufacturing

Steady growth in Electricity Demand (MW)



Power demand is projected to increase driven by:

- **Economic activity**
- **Increased electricity access**
- **Implementation of Vision 2030 Projects**
- **Devolution – 47 counties**

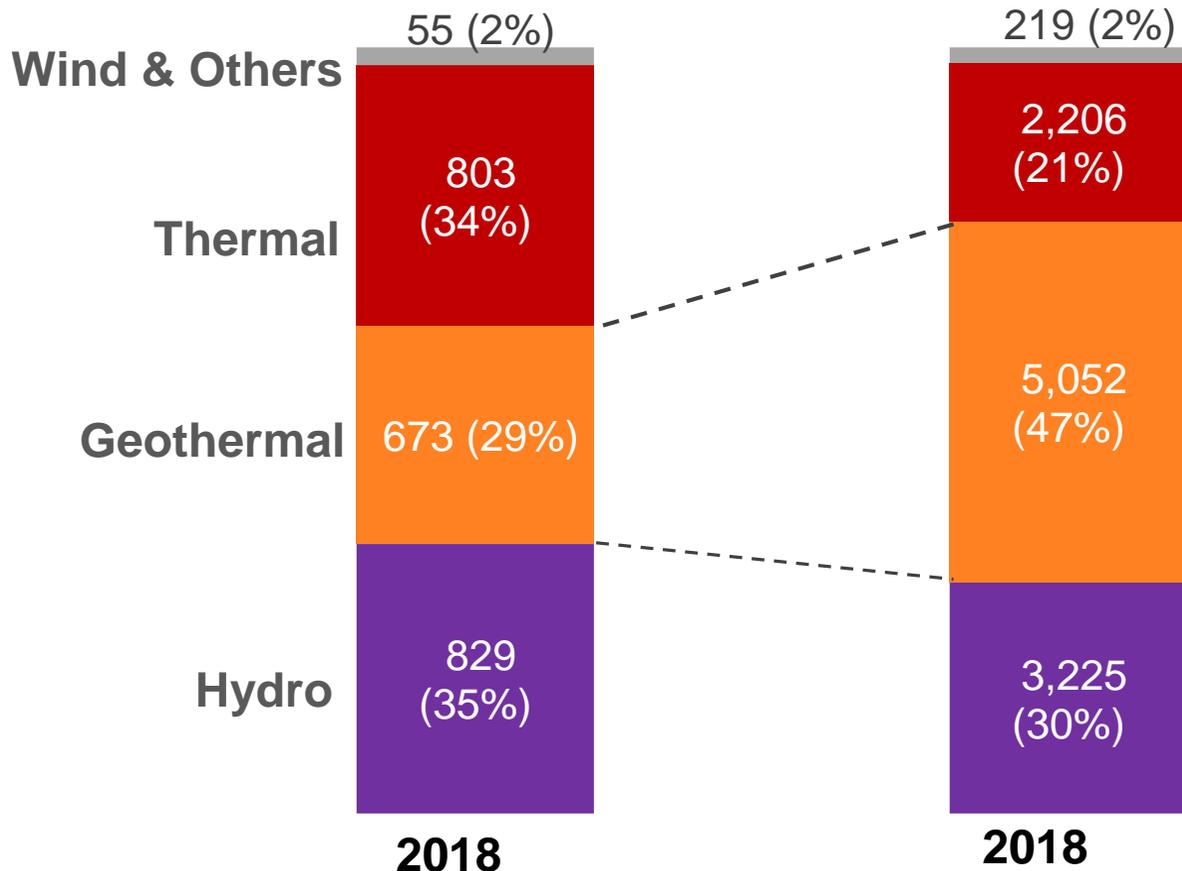
National Installed Capacity & Output Mix - 2018

Installed Capacity – MW (%)

2,359 MW

Generation Output – GWh (%)

10,702 GWhs



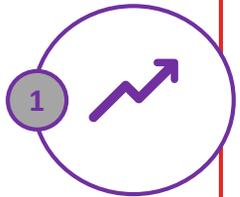
- Kenya - one of the lowest cost developers of geothermal power in the world
- Geothermal - Kenya's reliable base load

Source: Kenya Power, KNBS



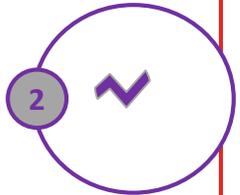
Our Strategic Score Card

Our Strategic Focus



Capacity increase

- Increase our capacity to **remain relevant market player**
-



Value creation

- Provide adequate **return to shareholders**
-



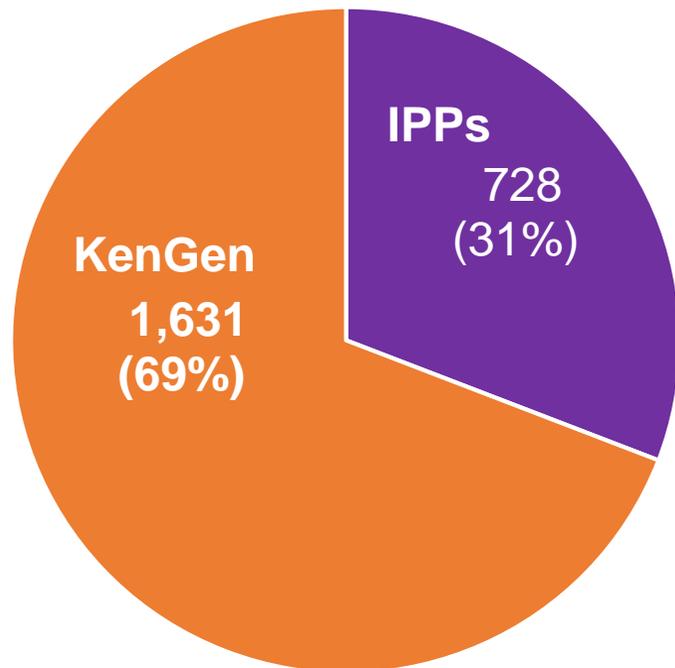
Lower tariffs

- Profitably supply **cheaper renewable (green) electricity** to the economy

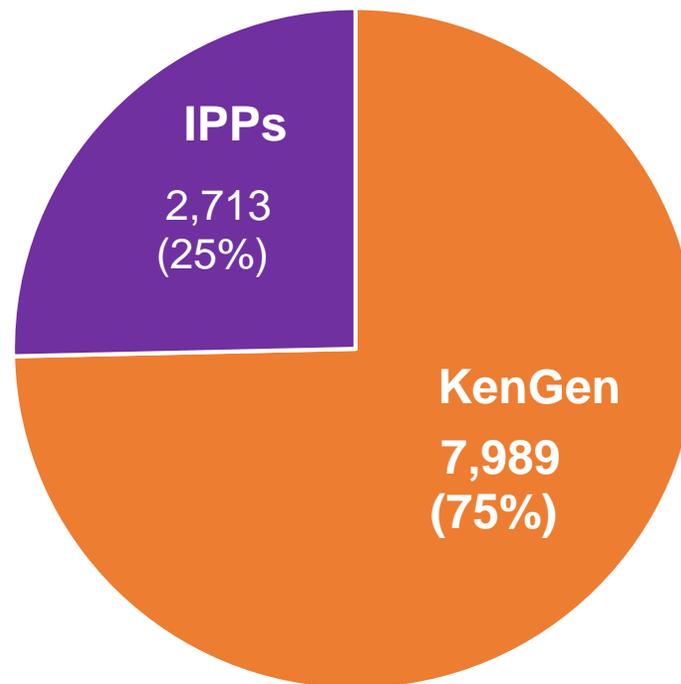
KenGen Market Share - 2018

... Our strategy is to continue being a major player in the power generation market in Kenya ...

Installed Capacity (MW)

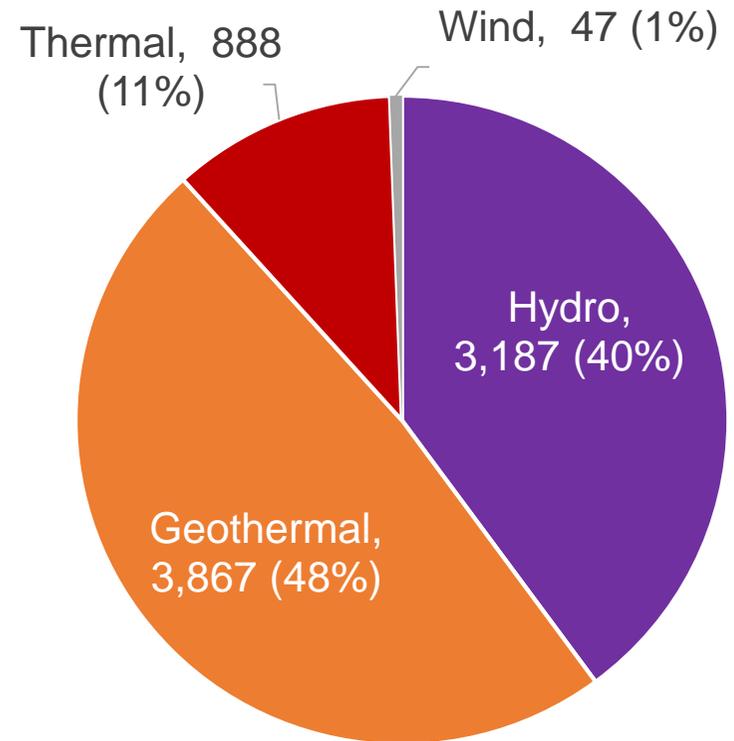
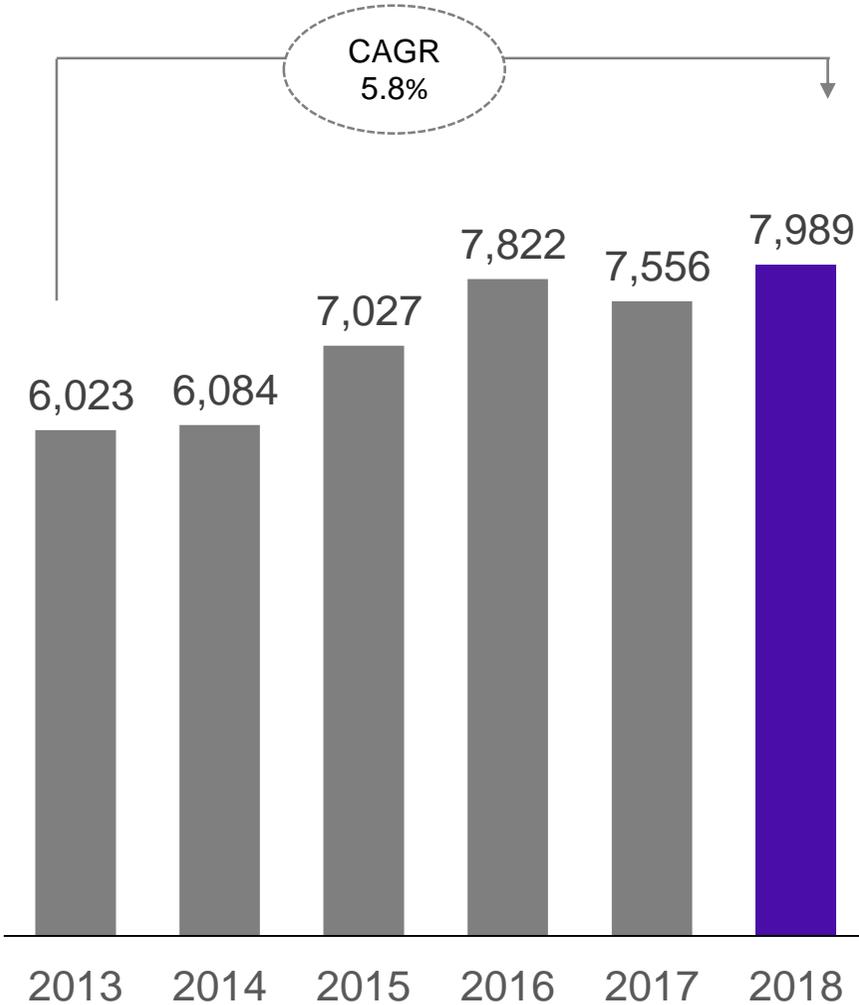


Generation Output (GWhs)



KenGen Energy Mix – 2018 (GWhs)

89% of our generation output is renewable



Shared Prosperity and Social Impact

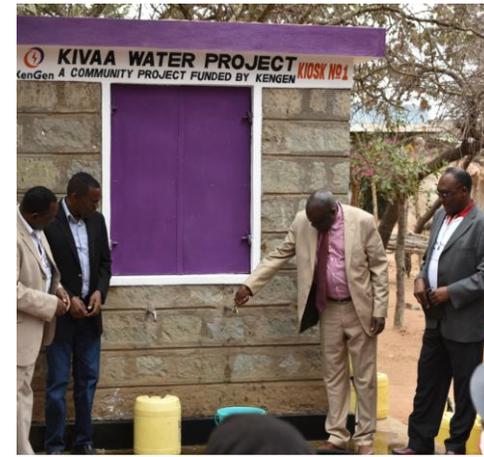
...,for sustainability and social license



KenGen
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- Mirira Primary School Water and Rehabilitation of class rooms
- 400,000 seedlings for reforestation
- KenGen Benefitted 650+ secondary and university students
- KenGen Employee Giver Initiative

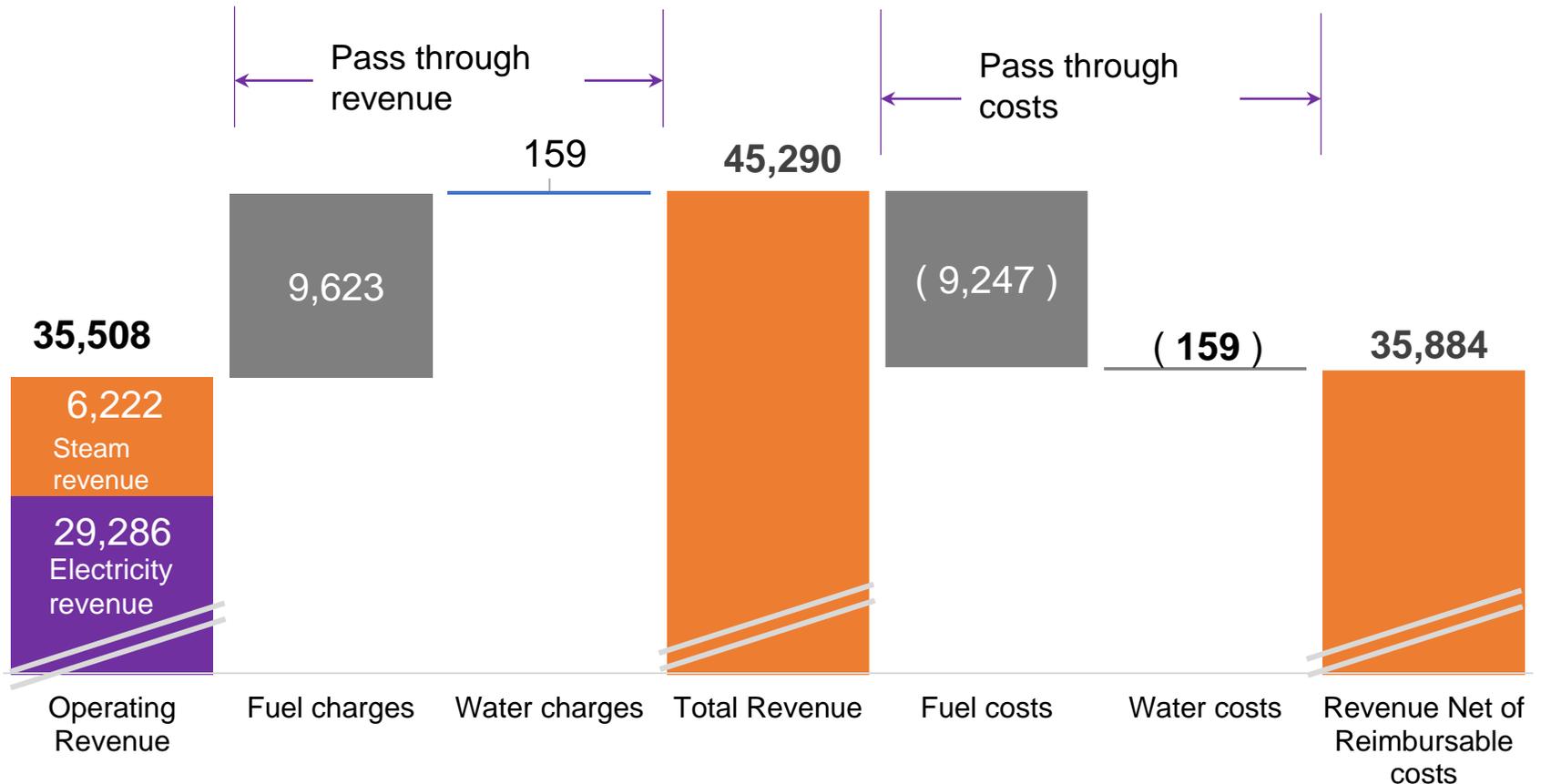




Financial Review

Net Operating Revenue

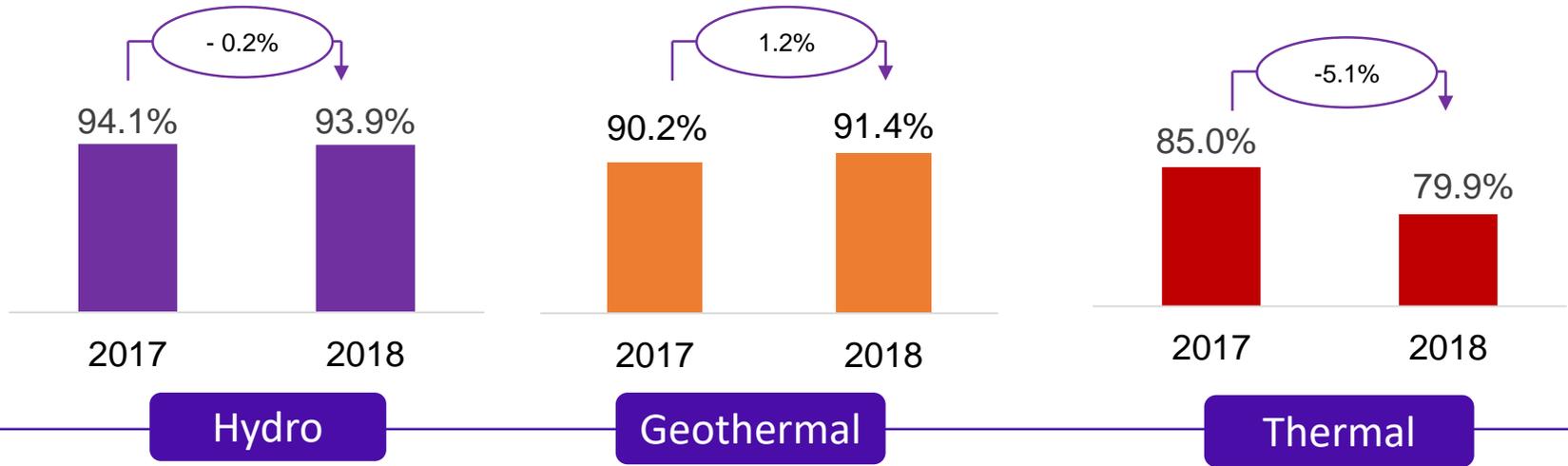
KShs Millions



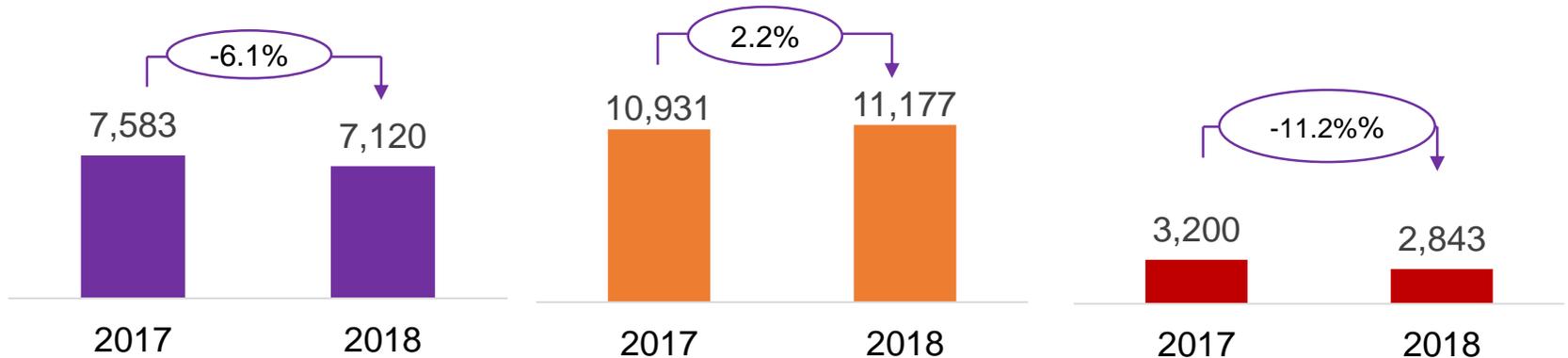
Electricity Revenue -Capacity

Total of KShs 21,140 Million in Capacity Revenue

% Availability Factors



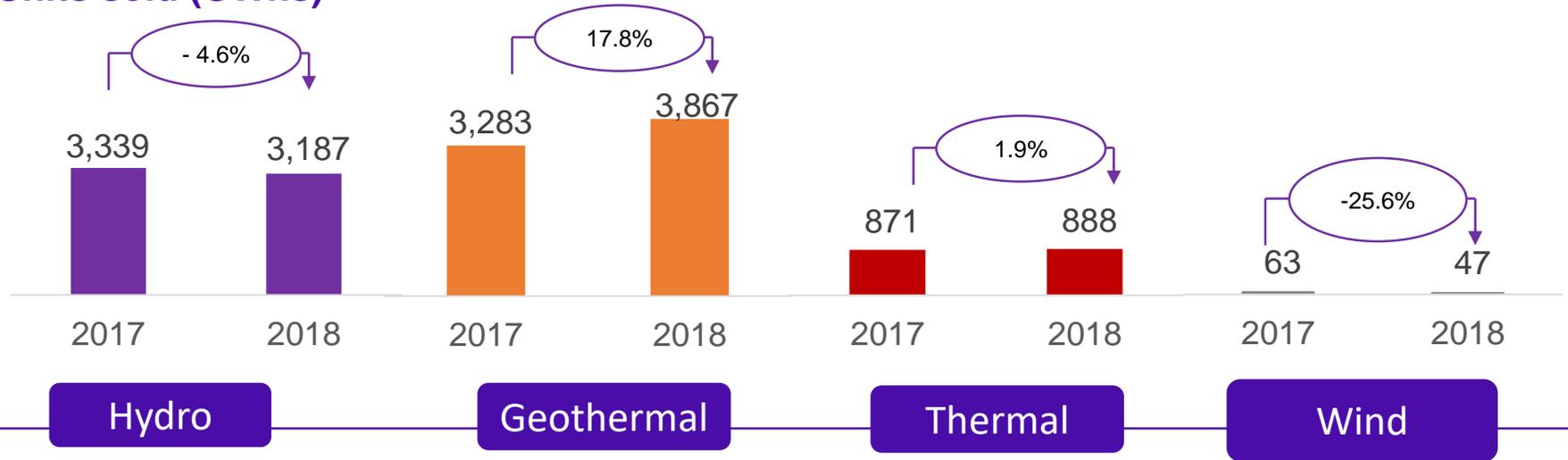
Revenue in Kshs Millions



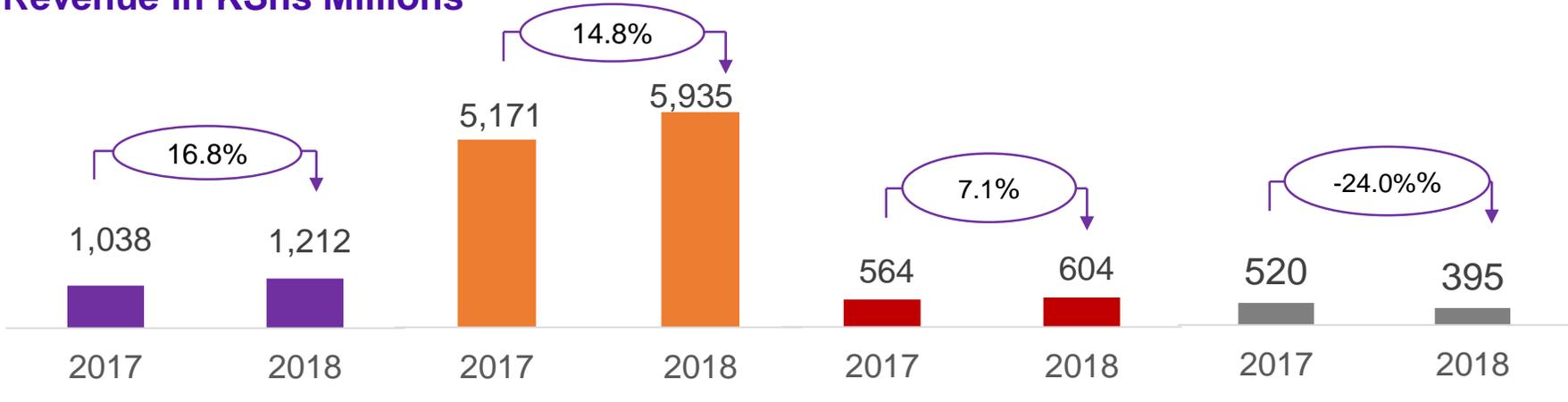
Electricity Revenue - Energy

Total of KShs 8,146 Million in Energy Revenue

Units sold (GWhs)



Revenue in KShs Millions



Financial Performance to 30 June 2018

Summary Income Statement (KShs Millions)

	30-Jun-17	30-Jun-18	% ▲
Electricity Revenue	29,007	29,286	1.0%
Steam Revenue	5,189	6,222	20%
Fuel Charge	9,069	9,623	6%
Water Charge	167	159	-5%
Total Revenue	43,432	45,290	4%

Fuel Costs	(8,813)	(9,247)	5%
Water Costs through	(167)	(159)	-5%
Net Revenue	34,453	35,884	4%

Operating expenses	(21,804)	(23,668)	9%
Operating Profit	13,545	11,442	-16%
EBITDA	22,789	21,590	-5%
EBITDA Margin	66%	60%	

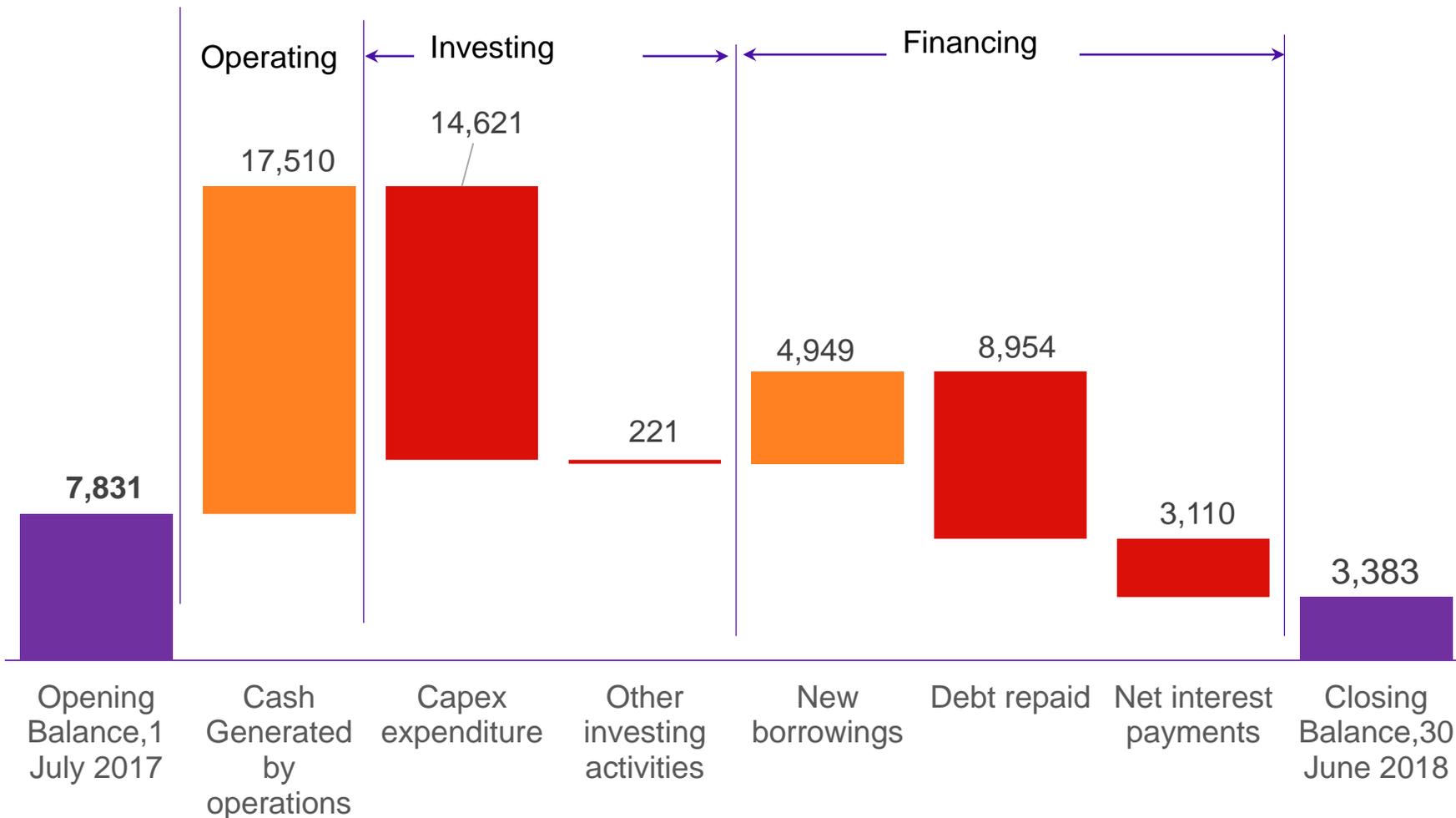
Net Finance costs	(2,084)	304	
Profit Before Tax	11,461	11,747	2%
Tax Expense	(2,455)	(3,855)	57%
Profit After Tax	9,006	7,891	-12%
EPS	1.37	1.20	-12%
DPS (KShs)	Nil	0.40	

Better energy and Steam revenues owing to;

- Completion of wellhead plants
- Improved evacuation from Olkaria upon completion of Olkaria – Suswa line
- Increased steam costs due to improved dispatch
- Higher depreciation on capitalization of completed wellheads
- Slight increase in interest income and a lower interest expense owing to reduced closing balance of the Infrastructure Bond

Summary of Cash Flows

KShs Millions



STATEMENT OF FINANCIAL POSITION

....stable, largely unchanged

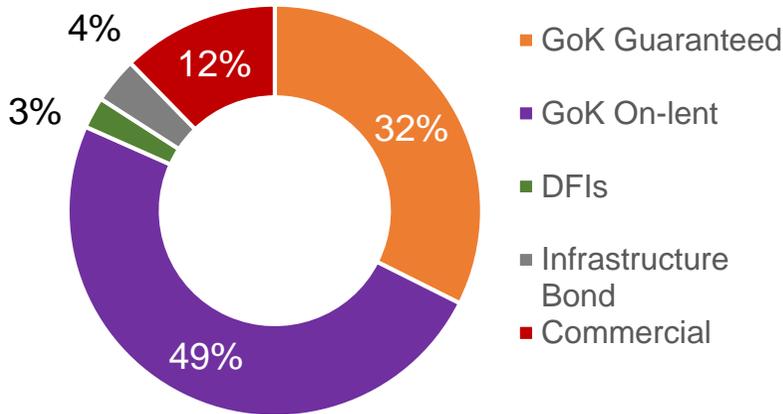
KShs Millions

	30 June 2017 Restated	30 June 2018	% Movement
ASSETS			
Property, Plant and Equipment	323,843	328,083	1%
Other Non-current Assets	10,130	9,368	-8%
Financial asset at fair value	13,117	10,490	-20%
Current Assets	29,640	31,412	6%
TOTAL ASSETS	376,730	379,353	1%
EQUITY AND LIABILITIES			
Share Capital	16,488	16,488	0%
Share Premium	22,151	22,151	0%
Reserves and Retained Earnings	144,197	151,465	5%
Non-current Liabilities			
Borrowings	127,884	121,288	-5%
Deferred Income Tax	42,057	45,496	8%
Trade & other payables	3,860	1,586	-59%
Current Liabilities	20,093	20,879	4%
TOTAL EQUITY AND LIABILITIES	376,730	379,353	1%

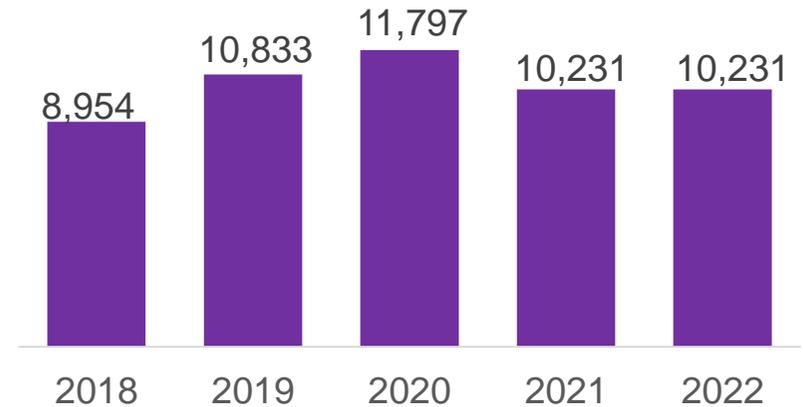
Debt Profile as at 30th June 2018

.....,affordable concessionary borrowings for growth

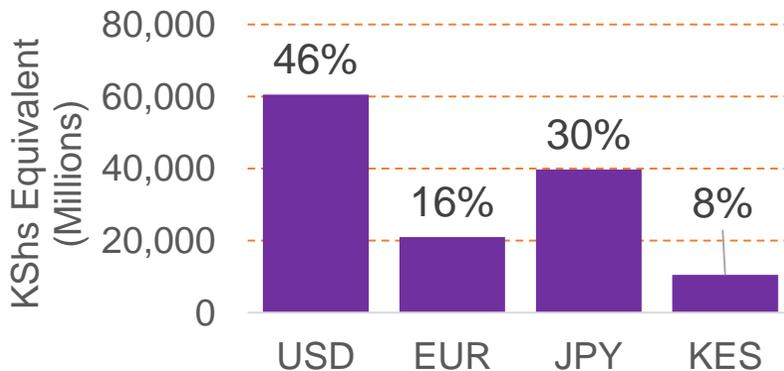
Gross debt by source of funding



Debt Maturity Profile (KShs Million)



Funding currency



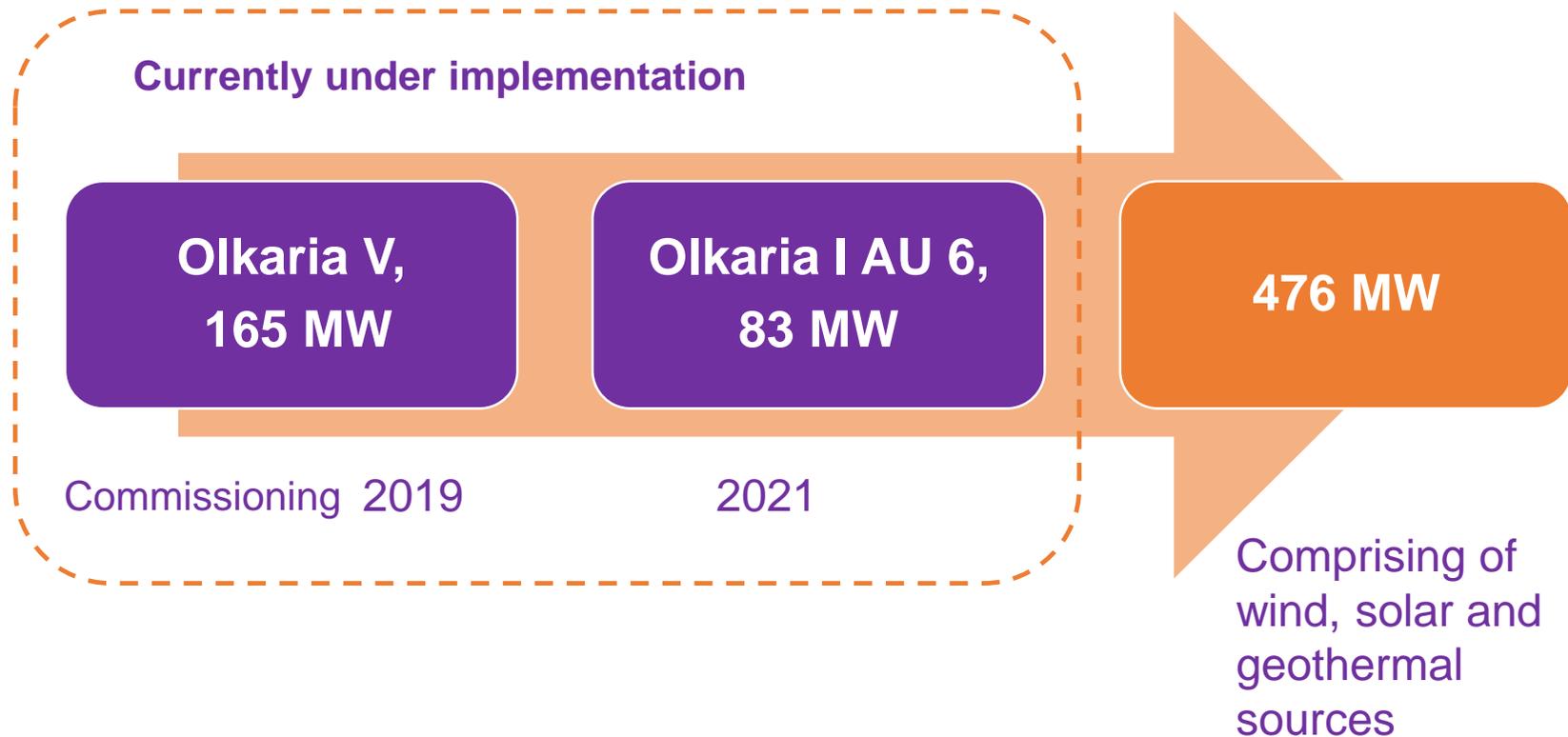
- **Weighted Average Maturity of 15.3 Years**
- **Weighted Average Cost of Debt of 3.10%**



Future Outlook

Capacity Growth Focused On Renewables

...To grow supply ahead of demand and retain market leadership



Olkaria V Construction Progress at site

Olkaria V Geothermal plant, 165.4 MW on course for commissioning in July 2019

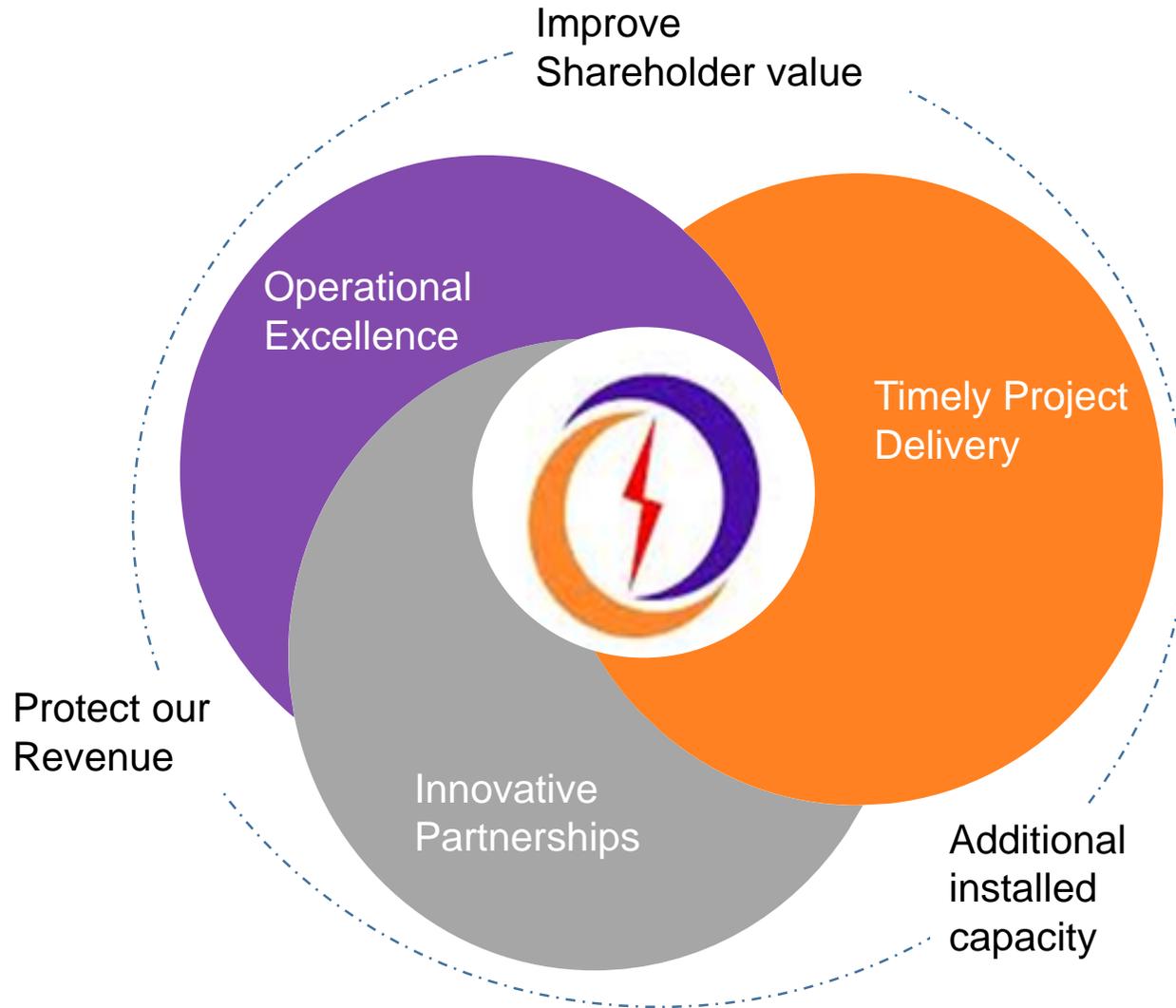


Clockwise from top left

1. Power House construction works
2. Electrical & Control Building Works
3. Steam field works
4. Generators arriving in Olkaria

2018/19 Key Initiatives

....Our Promise



KenGen Recognition



Annual Wellness Champion Challenge



- 2nd Runners Up -

Winner

Responsible Business Conduct

1st Runners Up

Leadership & Governance



Winner

State Corporations and
SAGAs - IFRS Category



Wellness Champion 2018

SAGAs – Semi Autonomous Government Agencies

THANK YOU

