

THE AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2015

The Board of Directors is delighted to announce the audited results for the year ended 30 June 2015.

OPERATIONS

	30 June 2015	30 June 2014
Installed capacity (MW)	1,611	1,337
Units sold (GWh)	7,020	6,084

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	30 June 2015	30 June 2014
	Shs' million	Shs' million
Revenue		
Electricity Revenue	25,602	17,424
Other Income	625	651
	26,227	18,075
Operating Expense	(8,406)	(7,018)
EBITDA	17,821	11,057
Depreciation & Amortisation	(6,479)	(4,727)
EBIT	11,342	6,329
Interest Income	359	416
Finance Costs	(3,011)	(2,588)
Profit Before Tax	8,690	4,158
Tax Income/(Expense)	2,827	(1,332)
Profit for the year	11,517	2,826
Other Comprehensive Income	54,247	1,244
Total Comprehensive Income	65,764	4,070
Earnings Per Share		
-Basic (Shs.)	5.24	1.29

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	30 June 2015	30 June 2014
	Shs' million	Shs' million
ASSETS		
Property, Plant and Equip.	305,379	209,236
Other Non-current Assets	15,772	13,339
Current Assets	<u>21,369</u>	<u>27,631</u>
	<u>342,520</u>	<u>250,206</u>
EQUITY AND LIABILITIES		
Share Capital	5,496	5,496
Reserves	136,098	71,214
Non-Current Liabilities	178,446	148,300
Current Liabilities	<u>22,480</u>	<u>25,196</u>
	<u>342,520</u>	<u>250,206</u>

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	30 June 2015	30 June 2014
	Shs' million	Shs' million
Balance at 1 July	4,628	3,997
Net cash generated from operating activities	12,525	12,107
Net cash used in investing activities	(27,859)	(59,959)
Net cash generated from financing activities	<u>13,998</u>	<u>48,484</u>
Balance at June	<u>3,292</u>	<u>4,628</u>

ECONOMIC OVERVIEW

The country's Gross Domestic Product (GDP) grew by 5.3% in 2014 compared to 5.7% in 2013. This performance was supported by increased government and private sector consumption, low fuel oil prices, increase in export of goods and services and the stability of the Shilling against major currencies except the Dollar.

OPERATIONS OVERVIEW

We are happy to report that KenGen registered a historic milestone in capacity expansion, revenue and profitability following the completion of the additional capacity totalling 274MW from geothermal and Wind as shown below.

	Installed Capacity (MW)				Production (GWh)			
	2015	2014	New Capacity	% Change	2015	2014	Variance	% Change
Hydro	820	820	-	0%	3,308	3,946	(638)	(16%)
Geothermal	509	256	253	99%	3,104	1,297	1,807	139%
Thermal	256	256	-	0%	574	824	(250)	(30%)
Wind	26	5	21	420%	34	17	17	100%
Total	1,611	1,337	274	20%	7,020	6,084	936	15%

During the year, electricity generation increased as a result of new geothermal plants which became fully operational in the second half of the year. This has significantly reduced generation from expensive thermal plants and over reliance on hydro generation plants which are vulnerable to unfavourable weather conditions.

FINANCIAL PERFORMANCE

Our total revenue grew from Shs 18,491 million in June 2014 to Shs 26,586 million in June 2015, an increase of 44% propelled by new capacity and additional generation. Operating revenue increased from Shs 18,075 million to Shs 26,227 million as a result of increase in capacity and energy revenues which recorded major gains as shown below.

Revenue growth

	2015	2014	Variance	
	Shs mil	Shs mil	Shs mil	%
Capacity	19,102	13,242	5,860	44%
Energy	6,206	3,655	2,551	70%
Other income	1,278	1,594	(316)	(20%)
Total	26,586	18,491	8,095	44%

Electricity revenue growth by source

	Capacity			Energy			Total		
	2015	2014	Var.	2015	2014	Var.	2015	2014	Var.
	Shs mil	Shs mil		Shs mil	Shs mil		Shs mil	Shs mil	
Hydro	7,677	7,579	1%	1,368	1,271	8%	9,045	8,850	2%
Geothermal	8,260	2,421	241%	3,930	1,477	166%	12,190	3,898	213%
Thermal	3,165	3,242	(2%)	602	799	(25%)	3,767	4,041	(7%)
Wind	-	-	-	306	108	183%	306	108	183%
Total	19,102	13,242	44%	6,206	3,655	70%	25,308	16,897	50%

Geothermal contributed significantly to both capacity and energy revenue growth in the year under review compared to previous year. Wind generation also realized remarkable increase.

Operating expenses increased by Shs 1,388 million from Shs 7,018 million to Shs 8,406 million owing to the costs associated with operating and maintaining the newly completed plants. Depreciation & amortisation expenses also increased by Shs 1,751 million from Shs 4,728 million to Shs 6,479 million. Financing cost increased by Shs 423 million from Shs 2,588 million to Shs 3,011 million mainly due to interest on borrowings for the completed plants.

EBITDA grew by 61% from Shs 11,057 million in June 2014 to Shs 17,821 million in June 2015. EBIT also registered a growth of 79% from Shs 6,329 million to Shs 11,342 million driven mainly by increased revenue.

Profit before tax increased from Shs 4,158 million in June 2014 to Shs 8,690 million in June 2015, an increase of 109% while profit after tax increased by 308% from Shs 2,826 million to Shs 11,517 million propelled by capacity growth, improved performance, and tax credit from capital allowances enjoyed by the Company following the commissioning of 280MW Geothermal plants, Wellheads in Olkaria and Ngong wind.

Other comprehensive income increased from Shs 1,244 million to Shs 54,247 million due to revaluation surplus from property, plant and equipment net of deferred tax.

Our asset base increased by 37% from Shs 250,206 million in June 2014 to Shs 342,520 million in June 2015. This was due to completion of new plants and revaluation of existing property, plant and equipment which resulted in a surplus of Shs 77,203 million after revaluation by independent professional valuers in line with international best practice.

DIVIDEND

The Board of Directors is recommending for approval by shareholders a final dividend of 65 cents per ordinary share of Shs 2.50 par value.

FUTURE OUTLOOK

Beyond the 280MW, which took exactly 30 months to complete since the ground- breaking in July 2012, we are now focusing on the Horizon II projects which include the implementation of 511MW geothermal and wind projects comprising of 25MW well head, 140MW Olkaria V, 140MW Olkaria VI, 70MW Olkaria I Unit 6, Olkaria I rehabilitation from 45MW to 50.7MW, 50MW Wellhead leasing and the 80MW Meru wind projects. This supports our target contribution of 844MW towards the 5000MW+ Government goal. We currently have equivalent of 400MW of steam available to support the new geothermal projects and drilling of additional steam wells is ongoing.

In preparation to raise additional funds required to support the above projects, we affirm that the plans for the capital restructuring are at an advanced stage. The Government which owns 70% of the share capital of the company has expressed its willingness to participate in the capital restructuring plan.

We take this opportunity to convey our sincere gratitude to the Government, Development Partners, bankers and other industry stakeholders for the continued support we have received in our endeavour to deliver affordable power to Kenyans.

CLOSURE OF REGISTER AND DATE OF PAYMENT

The Register of Members will be closed from Thursday, 17th December 2015 to Friday, 18th December 2015, both dates inclusive.

If approved, the dividend will be paid, less withholding tax where applicable on or about Thursday, 11th February 2016 to the shareholders whose names appear in the Register of Members at the close of business on Wednesday, 16th December 2015.

BY ORDER OF THE BOARD

ENG. ALBERT MUGO
MANAGING DIRECTOR & CEO

12th October 2015