KenGen
Kenya Electricity
Generating Company Plc.

THE UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

The Board of Directors of the Kenya Electricity Generating Company PLC is delighted to announce the financial results for the half-year ended 31 December 2018.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Half Year ended 31 December	
	2018	**2017**
	Kshs. million	**Kshs. million**
Revenue	22,185	22,323
Reimbursable Expenses (Fuel and Water costs)	(4,145)	(4,342)
Revenue less Reimbursable Expenses	**18,040**	**17,981**
Other Income	211	125
Other Gains-net	649	988
	18,900	**19,094**
Expenses		
Depreciation & Amortisation	(5,133)	(5,194)
Operating Expenses	(4,980)	(4,648)
Steam Costs	(1,667)	(1,793)
Operating Profit	**7,120**	**7,458**
Finance Income	242	251
Finance Costs	(1,340)	(1,628)
Profit Before Tax	**6,022**	**6,081**
Income Tax Expense	(1,898)	(1,986)
Profit After Tax	**4,124**	**4,095**
Other Comprehensive Income- Net Gains on Revaluation of Treasury Bonds	12	2
Total Comprehensive Income	**4,136**	**4,097**
Basic and Diluted Earnings Per Share (Kshs)	**0.63**	**0.62**

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2018	**At 30 June 2018**
	Unaudited	**Audited**
	Kshs. million	**Kshs. million**
ASSETS		
Property, Plant and Equipment	341,985	328,082
Other Non-current Assets	19,972	19,859
Current Assets	30,846	31,412
	392,803	**379,353**
EQUITY AND LIABILITIES		
Share Capital	16,488	16,488
Share Premium	22,151	22,151
Reserves and Retained Earnings	152,964	151,465
Non-current Liabilities	179,662	168,370
Current Liabilities	21,539	20,879
	392,803	**379,353**

CONDENSED STATEMENT OF CASH FLOWS

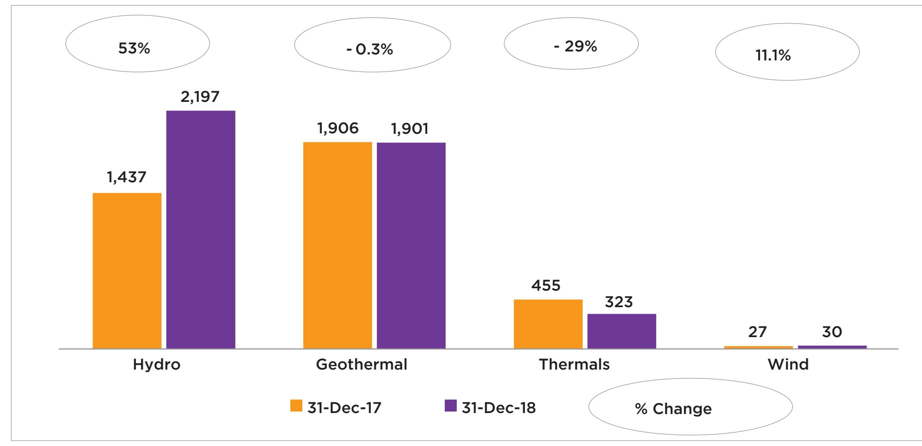
	Half year ended 31 December	
	2018	**2017**
	Kshs. million	**Kshs. million**
	Unaudited	Unaudited
Balance at 1 July	3,383	7,831
Net Cash generated from operating activities	24,568	1,337
Net Cash used in investing activities	(18,895)	(5,416)
Net Cash used/generated from financing activities	(293)	(3,501)
Balance at December	**8,763**	**701**

Basis of Preparations
The condensed financial statements for the six-months period ended December 31, 2018 have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the company's audited financial statements for the year ended June 30, 2018.

Performance Review
The Company recorded a stable performance and reported a 1% growth in Profit After Tax from Kshs.4,095 million in the previous period to Kshs.4,124 million for the six months to 31 Dec 2018, despite revenue largely remaining unchanged at Kshs.22,185 million for the period compared to Kshs.22,323 million reported for the previous period.

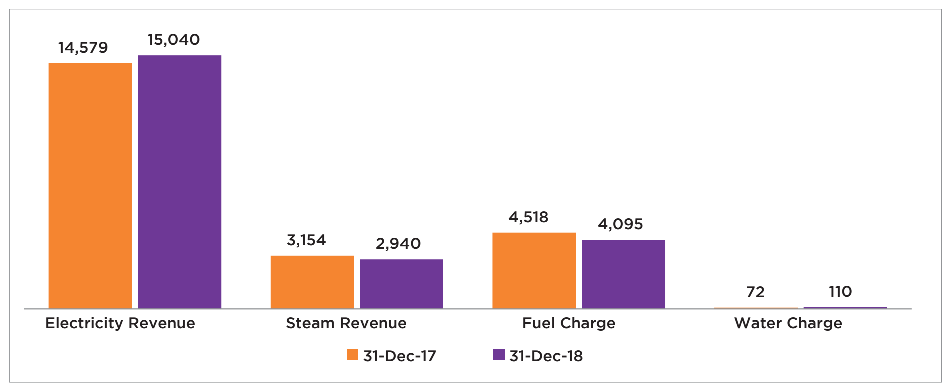
Key Highlights for the Period
- Electricity Units sales grew by 16% from 3,825GWh to 4,451GWh in the period under review driven by strong performance from geothermal and hydro plants following recent favorable hydrology that led to filling of our reservoirs. This boosted electricity generated from hydro plants by 53% in the period under review compared to similar period last year.

Electricity Unit Sales (GWhs)

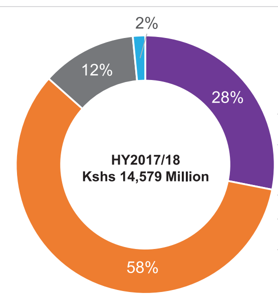


- Revenue from Electricity Sales grew by 3% in the period driven mainly by earnings from geothermal, hydro power plants and optimization of Kipevu I Thermal Plant. Some Wellhead Units underwent major maintenance which affected steam revenue performance. At the same time, improved dispatch from hydro generation displaced dispatch from thermal plants leading to a decline of 9% in fuel charge.

Revenue (Kshs 'Mil)

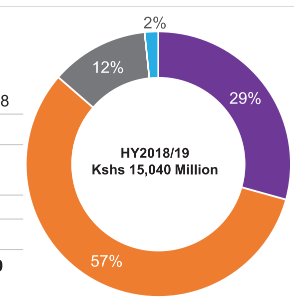


Electricity Revenue Contribution from our diverse generation sources



Revenue in Kshs Millions

31-Dec-17	Legend	31-Dec-18
4,097	Hydro	4,408
8,528	Geothermal	8,583
1,729	Wind	1,800
225	Thermal	249
14,579	**Total**	**15,040**



- Other Income was up by 41% driven by earnings from diversified sources including the Geothermal SPA, sale of water and others.
- Other Gains relate to movements in forex fluctuations on financial assets and other financial instruments. The gains declined by 34% from Kshs.988 million to Kshs.649 million reflecting the net effect of stronger shilling against other major currencies on valuation of borrowings and other transactions denominated in foreign currency.
- Operating Expenses increased by 7% from Kshs.4,648 million to Kshs.4,980 million mainly due to power plant operating & maintenance costs and provision for impairment of Garissa power plant assets after the region was connected to the National Grid.
- Net Finance Costs declined by 20% from Kshs.1,377 million to Kshs.1,098 million driven by reduced interest expenses due to loan repayments.

Future Outlook
We are on course to deliver the 165.4MW Olkaria V geothermal project by July 2019. Groundbreaking for 83MW Olkaria 1 Unit 6 geothermal project was held in December 2018 and implementation is under way with completion expected in 2021.In addition we continue implementing the planned projects pipeline as we pursue other revenue diversification sources including geothermal drilling and consultancy services.

Dividend
The Board of Directors does not recommend an interim dividend for the period.

Gratitude
We appreciate the support we continue receiving from the Government of Kenya and all our stakeholders for their invaluable contribution to the Company's success.

By Order of the Board

REBECCA MIANO (MRS), OGW
MANAGING DIRECTOR & CEO

21 February 2019