

THE UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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 2020.

Summary Statement of Profit or Loss and Other Comprehensive Income

	Half Year ended 31 December	
	2020	2019
	Unaudited	Unaudited
	KShs. million	KShs. million
Revenue	21,801	22,361
Reimbursable Expenses (Fuel and Water costs)	(1,234)	(3,447)
Revenue net of Reimbursable Expenses	20,567	18,914
Other Income	180	479
Other (Losses)/Gains-net	(382)	246
	20,365	19,639
Expenses		
Depreciation & Amortisation	(5,738)	(5,708)
Steam Costs	(1,527)	(1,661)
Operating Expenses	(5,825)	(5,569)
Operating Profit	7,275	6,700
Finance Income	829	723
Finance Costs	(1,232)	(1,145)
Profit Before Tax	6,872	6,278
Income Tax Expense	(1,817)	1,892
Profit After Tax	5,055	8,170
Other Comprehensive Income- Net Gains on Revaluation of Treasury Bonds	(4)	(3)
Total Comprehensive Income	5,051	8,167
Basic and Diluted Earnings Per Share (KShs)	0.77	1.24

Summary Statement of Financial Position

	As at	At
	31 December 2020	30 June 2020
	Unaudited	(Audited)
	KShs. million	KShs. million
ASSETS		
Property, Plant and Equipment	353,686	352,430
Other Non-current Assets	31,875	26,459
Current Assets	41,547	34,038
	427,108	412,927
EQUITY AND LIABILITIES		
Total Equity	216,370	211,319
Non-current Liabilities	182,614	184,552
Current Liabilities	28,124	17,056
	427,108	412,927

Summary Statement of Changes in Equity for the year ended 31 Dec 2020.

	Share capital & Share Premium	Other reserves	Retained earnings	Total Equity
	KShs Million			
As at 1 July 2020	38,639	67,236	105,444	211,319
Total comprehensive income for the period	-	(4)	5,055	5,051
Transfer of excess depreciation	-	(1,391)	1,391	-
Deferred tax on excess depreciation	-	348	(348)	-
As at 31 Dec 2020	38,639	66,189	111,542	216,370
As at 1 July 2019	38,639	69,696	86,629	194,964
Total comprehensive income for the period	-	(3)	8,170	8,167
Transfer of excess depreciation	-	(1,531)	1,531	-
Deferred tax on excess depreciation	-	459	(459)	-
As at 31 Dec 2019	38,639	68,621	95,871	203,131

Summary Statement of Cash Flows

	Half year ended 31 December	
	2020	2019
	Unaudited	Unaudited
	KShs. million	KShs. million
Balance at 1 July	5,374	9,324
Net Cash generated from operating activities	13,818	8,827
Net Cash used in investing activities	(6,852)	(8,564)
Net Cash used from financing activities	(1,483)	(4,275)
Effects of exchange rate changes on cash and cash equivalents	(62)	(83)
Balance at 31 December	10,793	5,229

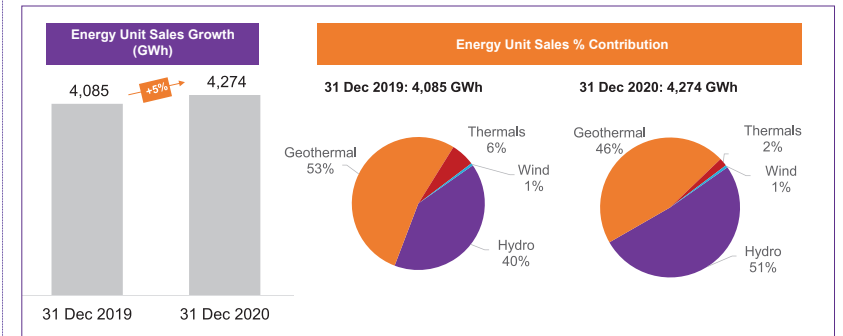
Basis of Preparations

The condensed financial statements for the six-months period ended December 31, 2020 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, 2020.

Operational Overview

Energy Unit sales increased by 5% for the half year ended 31st December 2020. The increase was as a result of gradual growth in national demand for electricity that saw peak demand reach 1,976 MW during the period compared to 1,882 MW in the previous year. Energy sales contribution from Hydro increased to 51% for the period compared to 40% in December 2019. This was attributable to favourable hydrology with our main Dams recording full reservoir capacity. Turkwel Dam reached its historical highest level of 1,148.35 meters above sea level on 30th October 2020. Increased Hydro production displaced thermal generation whose contribution declined from 6% during the previous period to 2% for the period ended 31st December 2020.

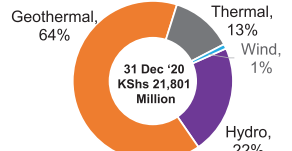
Units sold (GWh)



Financial Performance

Total Revenue declined by 3% from KShs 22,361 million in the period ending 31st December 2019 to KShs 21,801 million for the period ended 31st December 2020, mainly attributable to reduced fuel revenue charge following displacement of thermal generation. Revenue from geothermal operations continued on growth trajectory and increased by 14% supported by additional generation capacity from Olkaria V and revenue diversification from the Ethiopia project.

Revenue by source

Source	31 Dec 2020	31 Dec 2019	Change	Revenue Contribution by source (6 Months to 31 Dec 2020)
	KShs Million	KShs Million	%	
Hydro	4,807	4,474	7%	 <p>31 Dec '20 KShs 21,801 Million</p>
Geothermal	14,056	12,280	14%	
Thermal	2,736	5,410	-49%	
Wind	202	197	3%	
Total	21,801	22,361	-3%	

Net Revenue (Revenue less reimbursable expenses) increased by 9% from KShs 18,914 million in December 2019 to KShs 20,567 million for the period under review, primarily because of Olkaria V and revenue diversification from the Ethiopia project.

Expenses were maintained at the same level despite the increased operations associated with the Olkaria V geothermal power plant, increasing marginally by 1% from KShs 12,939 million reported in the previous year to KShs 13,090 million. The Company will continue to optimise operating costs by leveraging on digital transformation across its business operations.

Other income decreased by 62% attributable to impact of COVID-19 on income from consultancy and Olkaria Geothermal Spa, as well as carbon credit sales which contributed KShs 34 million in the previous period.

Other net gains/(losses) relate to net gains(losses) on foreign exchange valuations following the depreciation of the Kenya Shilling. This amount decreased from a gain of KShs 246 million to a loss of KShs 382 million mainly attributable to the weakening of the Kenya Shilling against other major currencies.

Finance income increased by 15% from KShs 723 million to KShs 829 million, largely due to an interest on delayed electricity receivables.

Finance costs increased by 8% from KShs 1,145 million to KShs 1,232 million, largely due to foreign exchange fluctuation attributable to the weakening of the Kenya Shilling against other major currencies.

Profit before tax increased by 9% from KShs 6,278 million in December 2019 compared to KShs 6,872 million in December 2020, attributable to revenue from Olkaria V 165MW power plant.

Outlook

We aim at delivering Olkaria I Additional Unit 6 geothermal power plant, which will add 83.3MW to the national grid by September 2021. We also target to scale up diversification of revenue streams through exploration of further regional and local opportunities.

Dividend

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

Gratitude

We appreciate the Government of Kenya and all our stakeholders for their invaluable contribution to the Company's performance.

By Order of the Board

REBECCA MIANO (MRS.), MBS
MANAGING DIRECTOR & CEO

25 February 2021