# 2017/18 Highlights

## Financial Year 2017/18 Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Sold</td>
<td>7,989 GWhs</td>
<td>▲ 5.7%</td>
</tr>
<tr>
<td>Revenue</td>
<td>KShs 45,290 Mn</td>
<td>▲ 4.2%</td>
</tr>
<tr>
<td>PBT</td>
<td>KShs 11,746 Mn</td>
<td>▲ 2.5%</td>
</tr>
<tr>
<td>Dividend</td>
<td>KShs 0.40</td>
<td>33% pay-out</td>
</tr>
</tbody>
</table>

Full Year Results to 30 June 2018
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
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

Source: Ketraco
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

<table>
<thead>
<tr>
<th>Year</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,236</td>
</tr>
<tr>
<td>2013</td>
<td>1,354</td>
</tr>
<tr>
<td>2014</td>
<td>1,468</td>
</tr>
<tr>
<td>2015</td>
<td>1,512</td>
</tr>
<tr>
<td>2016</td>
<td>1,586</td>
</tr>
<tr>
<td>2017</td>
<td>1,710</td>
</tr>
<tr>
<td>2018</td>
<td>1,802</td>
</tr>
</tbody>
</table>

CAGR 6.2%
### National Installed Capacity & Output Mix - 2018

| Source: Kenya Power, KNBS |

#### Installed Capacity – MW (%)

- **2018**: 2,359 MW

| Source: Kenya Power, KNBS |

#### Generation Output – GWh (%)

- **2018**: 10,702 GWhs

| Source: Kenya Power, KNBS |

#### Wind & Others

| Source: Kenya Power, KNBS |

- **2018**: 55 (2%)

| Source: Kenya Power, KNBS |

#### Thermal

| Source: Kenya Power, KNBS |

- **2018**: 803 (34%)

| Source: Kenya Power, KNBS |

#### Geothermal

| Source: Kenya Power, KNBS |

- **2018**: 673 (29%)

| Source: Kenya Power, KNBS |

#### Hydro

| Source: Kenya Power, KNBS |

- **2018**: 829 (35%)

| Source: Kenya Power, KNBS |

### Key Points

- **Kenya** - one of the lowest cost developers of geothermal power in the world
- **Geothermal** - Kenya’s reliable base load
Our Strategic Score Card
Our Strategic Focus

1. **Capacity increase**
   - Increase our capacity to remain relevant market player

2. **Value creation**
   - Provide adequate return to shareholders

3. **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)**
  - KenGen: 1,631 (69%)
  - IPPs: 728 (31%)

- **Generation Output (GWhs)**
  - KenGen: 7,989 (75%)
  - IPPs: 2,713 (25%)
KenGen Energy Mix – 2018 (GWhs)

89% of our generation output is renewable

CAGR 5.8%

<table>
<thead>
<tr>
<th>Year</th>
<th>Hydro</th>
<th>Geothermal</th>
<th>Thermal</th>
<th>Wind</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>6,023</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>6,084</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>7,027</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>7,822</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>7,556</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>7,989</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hydro, 3,187 (40%)
Geothermal, 3,867 (48%)
Thermal, 888 (11%)
Wind, 47 (1%)
Shared Prosperity and Social impact

..., for sustainability and social license

- 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**

- **Pass through revenue**: 9,623
- **Total Revenue**: 45,290
- **Pass through costs**: (159)

**Operating Revenue**
- **Steam revenue**: 6,222
- **Electricity revenue**: 29,286

**Fuel charges**: 9,247
**Water charges**: 159
**Revenue Net of Reimbursable costs**: 35,884
Electricity Revenue - Capacity

Total of KShs 21,140 Million in Capacity Revenue

% Availability Factors

- Hydro
  - 2017: 94.1%
  - 2018: 93.9%
  - Change: -0.2%

- Geothermal
  - 2017: 90.2%
  - 2018: 91.4%
  - Change: 1.2%

- Thermal
  - 2017: 85.0%
  - 2018: 79.9%
  - Change: -5.1%

Revenue in Kshs Millions

- Hydro
  - 2017: 7,583
  - 2018: 7,120
  - Change: -6.1%

- Geothermal
  - 2017: 10,931
  - 2018: 11,177
  - Change: 2.2%

- Thermal
  - 2017: 3,200
  - 2018: 2,843
  - Change: -11.2%
Electricity Revenue - Energy

Total of KShs 8,146 Million in Energy Revenue

Units sold (GWhs)

- 4.6%

17.8%

1.9%

-25.6%

<table>
<thead>
<tr>
<th>Year</th>
<th>Hydro</th>
<th>Geothermal</th>
<th>Thermal</th>
<th>Wind</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>5,171</td>
<td>5,935</td>
<td>564</td>
<td>520</td>
</tr>
<tr>
<td>2018</td>
<td>604</td>
<td>395</td>
<td>604</td>
<td>395</td>
</tr>
</tbody>
</table>

Revenue in KShs Millions

16.8%

14.8%

7.1%

-24.0%

<table>
<thead>
<tr>
<th>Year</th>
<th>Hydro</th>
<th>Geothermal</th>
<th>Thermal</th>
<th>Wind</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,038</td>
<td>1,212</td>
<td>564</td>
<td>520</td>
</tr>
<tr>
<td>2018</td>
<td>1,212</td>
<td>395</td>
<td>604</td>
<td>395</td>
</tr>
</tbody>
</table>
## Financial Performance to 30 June 2018

### Summary Income Statement (KShs Millions)

<table>
<thead>
<tr>
<th></th>
<th>30-Jun-17</th>
<th>30-Jun-18</th>
<th>% ▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Revenue</td>
<td>29,007</td>
<td>29,286</td>
<td>1.0%</td>
</tr>
<tr>
<td>Steam Revenue</td>
<td>5,189</td>
<td>6,222</td>
<td>20%</td>
</tr>
<tr>
<td>Fuel Charge</td>
<td>9,069</td>
<td>9,623</td>
<td>6%</td>
</tr>
<tr>
<td>Water Charge</td>
<td>167</td>
<td>159</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>43,432</td>
<td>45,290</td>
<td>4%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30-Jun-17</th>
<th>30-Jun-18</th>
<th>% ▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>(21,804)</td>
<td>(23,668)</td>
<td>9%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>13,545</td>
<td>11,442</td>
<td>-16%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>22,789</td>
<td>21,590</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>66%</td>
<td>60%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>30-Jun-17</th>
<th>30-Jun-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Finance costs</strong></td>
<td>(2,084)</td>
<td>304</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>11,461</td>
<td>11,747</td>
</tr>
<tr>
<td>Tax Expense</td>
<td>(2,455)</td>
<td>(3,855)</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>9,006</td>
<td>7,891</td>
</tr>
<tr>
<td>EPS</td>
<td>1.37</td>
<td>1.20</td>
</tr>
<tr>
<td>DPS (KShs)</td>
<td>Nil</td>
<td>0.40</td>
</tr>
</tbody>
</table>

**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**

- **Operating**
  - Opening Balance, 1 July 2017: 7,831
  - Cash Generated by operations: 17,510

- **Investing**
  - Capex expenditure: 14,621
  - Other investing activities: 221

- **Financing**
  - New borrowings: 4,949
  - Debt repaid: 8,954
  - Net interest payments: 3,110

- **Closing Balance, 30 June 2018**: 3,383
# Statement of Financial Position

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2017 Restated</th>
<th>30 June 2018</th>
<th>% Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment</td>
<td>323,843</td>
<td>328,083</td>
<td>1%</td>
</tr>
<tr>
<td>Other Non-current Assets</td>
<td>10,130</td>
<td>9,368</td>
<td>-8%</td>
</tr>
<tr>
<td>Financial asset at fair value</td>
<td>13,117</td>
<td>10,490</td>
<td>-20%</td>
</tr>
<tr>
<td>Current Assets</td>
<td>29,640</td>
<td>31,412</td>
<td>6%</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>376,730</strong></td>
<td><strong>379,353</strong></td>
<td><strong>1%</strong></td>
</tr>
</tbody>
</table>

## Equity and Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2017</th>
<th>30 June 2018</th>
<th>% Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>16,488</td>
<td>16,488</td>
<td>0%</td>
</tr>
<tr>
<td>Share Premium</td>
<td>22,151</td>
<td>22,151</td>
<td>0%</td>
</tr>
<tr>
<td>Reserves and Retained Earnings</td>
<td>144,197</td>
<td>151,465</td>
<td>5%</td>
</tr>
<tr>
<td>Non-current Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>127,884</td>
<td>121,288</td>
<td>-5%</td>
</tr>
<tr>
<td>Deferred Income Tax</td>
<td>42,057</td>
<td>45,496</td>
<td>8%</td>
</tr>
<tr>
<td>Trade &amp; other payables</td>
<td>3,860</td>
<td>1,586</td>
<td>-59%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>20,093</td>
<td>20,879</td>
<td>4%</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>376,730</strong></td>
<td><strong>379,353</strong></td>
<td><strong>1%</strong></td>
</tr>
</tbody>
</table>
Debt Profile as at 30th June 2018

......, affordable concessionary borrowings for growth

Gross debt by source of funding

- GoK Guaranteed (32%)
- GoK On-lent (49%)
- DFIs (4%)
- Infrastructure Bond (12%)
- Commercial (3%)

Debt Maturity Profile (KShs Million)

- 2018: 8,954
- 2019: 10,833
- 2020: 11,797
- 2021: 10,231
- 2022: 10,231

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

Funding currency

- USD: 46%
- EUR: 16%
- JPY: 30%
- KES: 8%
Future Outlook
Capacity Growth Focused On Renewables

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

Currently under implementation

- Olkaria V, 165 MW
  - Commissioning 2019
- Olkaria I AU 6, 83 MW
  - 2021
- 476 MW

Comprising of wind, solar and geothermal sources
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

- Operational Excellence
- Timely Project Delivery
- Innovative Partnerships
- Protect our Revenue
- Additional installed capacity

Improve Shareholder value
KenGen Recognition

- 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

Annual Wellness Champion Challenge
THANK YOU