

THE KENYA POWER AND LIGHTING COMPANY PLC

THE AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2022

The Directors of the Kenya Power and Lighting Company Plc announce the audited financial results of the Company for the year ended **30 June 2022** as follows:

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	2022 Kshs Million	2021 Kshs Million
Revenue from contracts with customers	157,353	144,120
Cost of sales	(115,208)	(94,220)
Gross Margin	42,145	49,900
Other income	13,296	7,046
Transmission & distribution costs	(38,026)	(39,861)
Operating Profit	17,415	17,085
Interest income	396	163
Finance costs	(12,688)	(9,050)
Profit Before Tax	5,123	8,198
Income tax (expense)/credit	(1,619)	(6,708)
Profit After Tax	3,504	1,490
Other comprehensive income	(499)	787
Total comprehensive income for the year	3,005	2,277
Basic and diluted earnings per share (Kshs)	1.80	0.76

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	2022 Kshs Million	2021 Kshs Million
Assets		
Property, plant and equipment	272,336	277,305
Other Non-current assets	2,685	4,495
Current assets	54,687	49,406
	329,708	331,206
Equity and Liabilities		
Shareholders' equity	60,179	57,174
Non-current liabilities	159,098	158,147
Current liabilities	110,431	115,885
	329,708	331,206

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	2022 Kshs Million	2021 Kshs Million
Cash generated from operating activities	28,551	33,489
Net Cash used in investing activities	(12,252)	(18,229)
Net Cash generated from financing activities	(14,374)	(13,118)
Increase in cash and cash equivalents	1,925	2,142
Cash and cash equivalents at beginning of year	6,053	3,908
Effect of foreign exchange rate changes on cash and cash equivalents	103	3
Cash and cash equivalents at close of year	8,081	6,053

PERFORMANCE OVERVIEW

Trading Performance

The Company recorded a profit before tax of Kshs.5,123 million for the year ended 30 June 2022, which is mainly driven by a 6.9% growth in sales, and a 1.5% improvement in system efficiency to 77.57%. This performance was enhanced by a 4.6% reduction in operating costs based on the continued deployment of strategic cost management initiatives.

Basic electricity revenue (excluding foreign exchange surcharge and fuel recovery) recorded a decline of 0.27% from Kshs.125,927 million the previous period to Kshs.125,584 million. This, and a 40.2% increase in finance costs due to the depreciation of the Kenya shilling against major world currencies, resulted in a 37.5% decline in profit before tax compared to the previous trading period.

Non-fuel power purchase costs increased by 4.75% from Kshs.76,037 million the previous year to Kshs.79,648 million due to increased electricity uptake from new generation plants during the period.

Fuel power purchase costs increased from Kshs.11,184 million to Kshs.26,488 million because of the increased dispatch of electricity from thermal energy plants from 876 GWh to 1,539 GWh.

This increase in dispatch from thermal plants was due to inadequate electricity generation from hydro sources owing to failed rains, unavailability of key geothermal plants, the interruption of the Loyangalani-Suswa transmission power line, and an increase in fuel prices globally during the year.

Operating expenses reduced by 4.6% from Kshs.39,861 million to Kshs.38,026 million mainly due to effective cost management and rigorous resource optimisation initiatives implemented during the year.

Finance costs increased from Kshs.9,050 million to Kshs.12,688 million, attributable to the depreciation of the Kenya Shilling against major world currencies.

Profit

The Company reported a profit before tax of Kshs.5,123 million compared to Kshs.8,198 million the previous year.

Future Outlook

In the next two years, the commercial debts secured by the Company between 2014 and 2016 to undertake strategic capital investments in the network will mature enabling the Company to restructure its balance sheet.

This reduction in debt will provide the Company with headroom to explore innovative financing strategies like bonds and green financing to fund high-impact projects that will sustain the Company's growth momentum.

The Company is accelerating its turn-around strategy to continue providing relevant solutions as the market leader, in a highly dynamic operating environment. To achieve this, the Company will grow alternative business lines with a particular focus on the fiber business in this financial year.

Kenya Power is positioning itself to take advantage of the opportunities in the e-mobility segment, which is growing at a rapid pace and to establish Kenya and KPLC as forerunners in this important segment.

Appreciation

The Board of Directors wishes to thank the Company's shareholders, customers, management team, staff and all stakeholders for their invaluable support.

BY ORDER OF THE BOARD

I. BORE
COMPANY SECRETARY

27 October 2022