THE KENYA POWER AND LIGHTING COMPANY PLC
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

The Board of Directors of the Kenya Power and Lighting Company Plc presents the Company's audited financial results for the year ended **30 June 2020** as summarised below:

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020 Kshs Million	2019 Kshs Million
Revenue from contracts with customers	133,258	133,141
Cost of sales	(87,499)	(90,153)
Gross Margin	**45,759**	**42,988**
Other income	7,387	8,586
Transmission & distribution costs	(47,834)	(41,043)
Operating Profit	**5,312**	**10,531**
Interest income	123	118
Finance costs	(12,477)	(10,315)
(Loss)/Profit Before Tax	**(7,042)**	**334**
Income tax credit/(expense)	6,103	(72)
(Loss)/Profit After Tax	**(939)**	**262**
Other comprehensive loss	(396)	(1,165)
Total comprehensive loss for the year	**(1,335)**	**(903)**
Basic and diluted earnings per share (Kshs)	**(0.48)**	**0.13**
Dividend Per Share	**Nil**	**Nil**

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	2020 Kshs Million	2019 Kshs Million
Assets		
Property, plant and equipment	276,860	277,067
Other Non-current assets	5,781	6,717
Current assets	42,626	44,711
	325,267	**328,495**
Equity and Liabilities		
Shareholders' equity	54,897	56,231
Non-current liabilities	152,895	156,583
Current liabilities	117,475	115,681
	325,267	**328,495**

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	2020 Kshs Million	2019 Kshs Million
Cash generated from operating activities	23,561	26,839
Net Cash used in investing activities	(16,241)	(20,948)
Net Cash generated from financing activities	1,977	(3,626)
Increase in cash and cash equivalents	9,297	2,265
Cash and cash equivalents at beginning of year	(5,426)	(7,603)
Effect of foreign exchange rate changes on cash and cash equivalents	37	(88)
Cash and cash equivalents at close of year	**3,908**	**(5,426)**

PERFORMANCE OVERVIEW

Trading Performance

The Company recorded a loss before tax of Kshs 7,042 million for the year ended 30 June 2020 compared to a profit of Kshs 334 million the previous year. This is mainly attributable to additional provisions for electricity and other receivables of Kshs 3,268 million as well as impairment for slow and non-moving inventories of Kshs 3,654 million. In addition, the Company incurred unrealised foreign exchange losses of Kshs 3,531 million due to depreciation of the Shilling against major foreign currencies.

Total revenue in the period amounted to Kshs 133,258 million compared to Kshs 133,141 million the previous year, representing a marginal increase of 0.09%. Revenue growth in the second half of the year was impacted by the Covid-19 pandemic which resulted in reduced business activities leading to lower electricity consumption. Consequently, unit sales remained largely unchanged at 8,171 GWh for the period under review compared to 8,174 GWh the previous year.

Fuel cost decreased by 39.5% from Kshs 18,289 million the previous year to Kshs 11,061 million due to lower utilization of thermal plants. Units generated from thermal plants decreased by 416 GWh from 1,298 GWh the previous year to 882 GWh, a 32% decrease.

Transmission and distribution costs increased from Kshs 41,043 million in 2019 to Kshs 47,834 million in 2020 mainly due to an increase in provisions for trade and other receivables owing to declined revenue collections during the height of the COVID-19. In addition, the Board approved the change in accounting estimation for slow moving and obsolete stock taking a more prudent view which resulted in increased impairment for inventories.

Finance costs and interest income

During the year, finance costs increased by 20.96% from Kshs 10,315 million the previous year to Kshs 12,477 million due to an increase in unrealised foreign exchange losses due to the depreciation of the Kenya Shilling. Owing to improved bank balances, finance income increased to Kshs 123 million from Kshs 118 million realized the previous period.

Profit/Loss

The Company recorded a loss after tax of Kshs 939 million compared to a profit of Kshs 262 million the previous year, after taking into account a tax credit of Kshs 6,103 million. The tax credit was largely due to a decrease in resident corporate income tax rate from 30% to 25% as one of the measures undertaken by the government to cushion businesses from the negative impact of the COVID-19 pandemic.

Dividend

The Directors do not recommend payment of a dividend to shareholders for the year ended 30 June 2020.

Future Outlook

The Company has initiated a business turnaround and transformation strategy to expeditiously improve the financial and operational aspects of the business, while balancing social responsibilities to enhance business sustainability.

The turnaround strategy is geared towards improving overall business performance by meeting customer expectations, growing sales, ramping up revenue collection to improve cash flow, managing costs, and enhancing system efficiency.

Appreciation

The Board appreciates the support of its customers, shareholders, the Government, business partners and employees during the trading period.

BY ORDER OF THE BOARD

I. BORE
COMPANY SECRETARY

25th February 2021

THE KENYA POWER AND LIGHTING COMPANY PLC
UNAUDITED TRADING RESULTS FOR SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

The Board of Directors of the Kenya Power and Lighting Company Plc announce the following unaudited accounts for the half-year period ended **31 December 2020**:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	31.12.2020 Kshs. Million	31.12.2019 Kshs. Million
Revenue from contracts with customers	69,014	69,607
Cost of sales	(45,578)	(45,516)
Gross Margin	**23,436**	**24,091**
Other income	3,568	3,801
Transmission & distribution costs	(18,675)	(22,977)
Operating Profit	**8,330**	**4,914**
Interest income	60	59
Finance costs	(8,057)	(3,835)
Profit Before Tax	**332**	**1,139**
Income tax expense	(194)	(447)
Profit for the period	**138**	**692**
Basic and diluted earnings per Share	**Kshs.0.07**	**Kshs.0.35**

CONDENSED STATEMENT OF FINANCIAL POSITION

	31.12.2020 Kshs. Million	31.12.2019 Kshs. Million
Assets		
Property and equipment	272,146	275,707
Other non-current assets	4,013	4,849
Current assets	43,904	45,227
	320,063	**325,783**
Equity and Liabilities		
Shareholders' Equity	55,035	56,923
Non-current liabilities	152,836	154,722
Current liabilities	112,192	114,138
	320,063	**325,783**

CONDENSED STATEMENT OF CASH FLOWS

	31.12.2020 Kshs. Million	31.12.2019 Kshs. Million
Cash generated from operating activities	7,964	8,806
Net Cash used in investing activities	(4,151)	(7,171)
Net Cash generated from financing activities	(5,998)	(2,213)
Decrease in cash and cash equivalents	(2,185)	(578)
Cash and cash equivalents at beginning of the year	3,908	(5,426)
Cash and cash equivalents at 31st December	**1,723**	**(6,004)**

KEY HIGHLIGHTS FOR THE HALF -YEAR ENDED 31 DECEMBER 2020

Electricity sales grew marginally by 0.7 percent from 4,167 GWh recorded in a similar period in 2019 to 4,196 GWh in the period under review. The curtailed growth is attributed to the slow recovery of electricity demand following a sharp decline in energy consumption at the onset of the COVID-19 pandemic.

Non-fuel power purchase costs increased from Kshs. 37,190 million in the previous period to Kshs. 38,123 million due to additional generation. Fuel cost decreased from Kshs. 7,153 million to Kshs. 4,618 million owing to less thermal generation.

Transmission and distribution costs decreased to Kshs. 18,675 million from Kshs. 22,977 million the previous period due to ongoing cost management initiatives.

Finance costs increased to Kshs. 8,057 million from Kshs. 3,835 million the previous period due to the depreciation of the Kenya shilling against major foreign currencies leading to an unrealised foreign exchange loss.

Profit before Tax

The Company recorded a profit before tax of Kshs. 332 million for the period compared to Kshs. 1,139 million the previous period.

Enhancing Our Performance

As the Company approaches a century of service to customers, business focus remains on the successful implementation of the Company's turn-around strategy which is anchored on five focus areas: customer-centric service, growing sales, enhancing revenue collection, managing costs, and enhancing system efficiencies.

The Company's recovery strategy is being fortified by the entrenchment of a high performance and customer centered culture in order to register sustainable growth.

We are also building a business that is focused on continuous improvement by leveraging technology and deploying innovative solutions to improve the customer's experience.

In order to enhance our responsiveness to emerging and existing customer requirements, and improve operational efficiency, we have enabled our offices in the Counties to function as fully fledged business units. These initiatives are underpinned by a winning corporate culture for exemplary service delivery.

BY ORDER OF THE BOARD

I. BORE
COMPANY SECRETARY

25th February 2021