

# THE KENYA POWER AND LIGHTING COMPANY PLC

## AUDITED FINANCIAL RESULTS

### FOR THE YEAR ENDED 30 JUNE 2024

The Board of Directors of the Kenya Power and Lighting Company Plc announce the audited financial results of the Company for the year ended 30 June 2024 as follows:

#### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	2024 Kshs Million	2023 Kshs Million
Revenue from contracts with customers	231,124	190,975
Cost of sales	(150,606)	(143,576)
<b>Gross Margin</b>	<b>80,518</b>	<b>47,399</b>
Other income	7,250	9,096
Operating costs	(46,278)	(37,282)
<b>Operating Profit</b>	<b>41,490</b>	<b>19,213</b>
Interest income	1,494	507
Finance costs	682	(24,154)
<b>Profit/(Loss) Before Tax</b>	<b>43,666</b>	<b>(4,434)</b>
Income tax (expense)/credit	(13,586)	1,241
<b>Profit/(Loss) After Tax</b>	<b>30,080</b>	<b>(3,193)</b>
Other comprehensive income	391	403
<b>Total comprehensive income for the year</b>	<b>30,471</b>	<b>(2,790)</b>
<b>Basic and diluted earnings per share (Kshs)</b>	<b>15.41</b>	<b>(1.64)</b>

#### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	2024 Kshs Million	2023 Kshs Million
<b>Assets</b>		
Property, plant and equipment	275,775	267,974
Other Non-current assets	4,256	4,709
Current assets	78,055	81,042
	<b>358,086</b>	<b>353,725</b>
<b>Equity and Liabilities</b>		
Shareholders' equity	87,314	56,843
Non-current liabilities	165,278	164,607
Current liabilities	105,494	132,275
	<b>358,086</b>	<b>353,725</b>

#### CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	2024 Kshs Million	2023 Kshs Million
Cash generated from operating activities	28,374	32,651
Net Cash used in investing activities	(24,837)	(13,760)
Net Cash generated from financing activities	(11,208)	(8,593)
<b>Increase in cash and cash equivalents</b>	<b>(7,671)</b>	<b>10,298</b>
Cash and cash equivalents at beginning of year	18,430	8,081
Effect of foreign exchange rate changes on cash and cash equivalents	(406)	51
<b>Cash and cash equivalents at close of year</b>	<b>10,353</b>	<b>18,430</b>

#### PERFORMANCE OVERVIEW

##### Business Performance

The Company registered a profit before tax of KShs.43.67 billion for the year ended 30 June 2024, compared to a pre-tax loss of KShs.4.43 billion in the previous trading period. This performance was primarily driven by 21% increase in revenue notably from the commercial and industrial sector, and decreased finance costs due to the strengthening of the Kenya Shilling against major global currencies.

Electricity sales increased by 21%, from KShs.190.98 billion to KShs.231.12 billion in the year under review. This growth is attributed to improved sales primarily from the 447,251 new customers connected to the grid during the year, as well as increased economic activities, particularly in the manufacturing sector. Implementation of a revised cost-reflective base tariff structure in April 2023 also contributed to the improved sales.

During the year, finance costs decreased by KShs.24.84 billion, mainly due to unrealised foreign exchange gain of KShs.7.88 billion, compared to a loss of KShs.16.87 billion in the previous period, as a result of loan revaluations. This gain was due to the appreciation of the Kenyan Shilling against the US Dollar and Euro, both of which represent approximately 90% of our loan portfolio.

Power purchase cost increased from KShs.143.58 billion the previous year to KShs.150.61 billion. This growth was driven by additional units purchased to support rising demand, as well as the high exchange rate earlier in the financial year.

While the Company's revenues are billed entirely in Kenya shillings, power purchase contracts are predominantly denominated in foreign currencies. As a result, the strengthening of the Shilling in the second half of the year led to an increase in cost of sales that was lower than the growth in revenue, thus contributing to the higher gross margin.

Operating expenses rose to KShs.46.28 billion, up from KShs.37.28 billion in the previous year. This increase in transmission and distribution expenditure was occasioned by a 92% rise in wheeling charges for the expanding transmission network and the recruitment of additional technical staff to support business operations. Staff costs were also impacted by the implementation of provisions from the 2023 Finance Act and inflation-related adjustments. Through careful cost management and zero-based budgeting, we aim to maintain stable margins despite inflationary pressures.

The Company has made significant strides in enhancing its financial performance and position, as evidenced by increased sales revenue and improved working capital position. Although the working capital remains negative, it has shown consistent improvement, increasing from negative KShs.74.85 billion in the FY 2019-2020 to negative KShs.27.44 billion by the end of the year under review. This positive trend reflects the Company's ongoing commitment to optimising its financial resources and strengthening its overall financial performance.

##### Dividend

In view of the improved financial performance, the Board is delighted to recommend to shareholders, a first and final dividend of KShs.0.70 per ordinary share for the year ended 30<sup>th</sup> June 2024, subject to withholding tax where applicable, to shareholders in the register at the close of business on 2<sup>nd</sup> December 2024. If approved, the dividend will be paid on or about 31<sup>st</sup> January 2025.

##### Future Outlook

Looking ahead, Kenya Power is steadfast in its commitment to delivering long-term value through operational excellence and sustainable growth. We will continue to fortify the core fundamentals that drive our business, ensuring profitability for our shareholders while consistently delivering value to our customers.

In the medium term, our focus will be on implementing high-impact projects and initiatives detailed in our Strategic Plan, ensuring they are fully resourced as we cultivate a culture of operational excellence within our workforce. By empowering our teams and achieving meaningful outcomes, we aim to build a prosperous future that benefits all stakeholders connected to our mission.

The expected growth will be supported by a balanced allocation of resources to effectively serve our customers, secure revenues, and leverage high-impact investments that enhance our shareholder value proposition.

The recent resurgence in the Company's share price reflects renewed investor confidence, and we are determined to uphold this trust by maintaining robust, resilient and dynamic business strategies.

##### Appreciation

We thank our shareholders, customers, employees and all stakeholders for their continued support.

#### BY ORDER OF THE BOARD

I. BORE  
COMPANY SECRETARY  
28 October 2024