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Analysts:

Kenya Electricity Generating company PLC (KenGen)

Renaldo D'Souza

+254 (20) 2222651

Renaldo.DSouza@sterlingib.com

Susan Makena

+254 (20) 2222651

Susan.Makena@sterlingib.com

Elizabeth Njenga

+254 (20) 2222651

Elizabeth.Njenga@sterlingib.com

FY2019 & HY2020 Earnings Update

Justina Vuku

+254 (20) 2222651

Justina.Vuku@sterlingib.com

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For queries call: +254 (20) 315414; 2244077 or

Email: research@sterlingib.com

Website www.sterlingib.com

Bloomberg Code: SCLK <GO>

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Key Financial Performance highlights

FY 2019 – (Year ended June 2019)

- **Profitability** – Profit after tax relatively flat at KES.7.88Bn FY2019 compared to KES.7.89Bn FY2018 (-0.13%)
- **Revenue** – Improved by 1.49% year on year to KES.45.97Bn from KES.45.29Bn.
- **Operating Expenses** – Up 6% to KES.10.57Bn. Depreciation and amortization costs increased by 2% to KES.5.71Bn from KES.5.13Bn while steam costs declined to KES.3.36Bn from KES.3.55Bn FY2018 (-5.4%).
- **Operating Profit** – Increased by 33.6% to KES.15.28Bn from KES.11.44Bn FY2018 driven by other income and net gains. Finance costs however increased by 66.4% in FY2019, resulting in a relatively flat profit after tax.
- **Earnings per share (EPS)** – Flat at KES.1.20, Similar to KES.1.20 FY2018.
- **Dividends** – Recommendation to be made once the audit of the financial statements is completed following the appointment of the auditor general.

HY 2020 – (Six Months to December 2019)

- **Revenue** – Revenue net of reimbursement fees increased by 4.8% from KES.18.04Bn HY2019 to KES.18.91Bn HY2020, mainly driven by a 6.4% increase in electricity revenue following the completion of 165MW Olkaria V geothermal power plant.
- **Operating Profit** – Up 1.1% to KES.6.7Bn as a result of increased operating expenses from KES.4.98Bn to KES.5.57Bn (+11.8%).
- **Profit After Tax** – Significant increase from KES.4.12Bn HY2019 to KES.8.17Bn HY2020 (+98.1%) as a result of capital allowances arising from the completion of Olkaria V 165MW.
- **Net Cash and cash equivalents** - declined by 40.3% from KES.8.76Bn to KES.5.23Bn due to lower disbursement from borrowings of KES.1.9Bn following the completion of Olkaria V and payment of dividends of KES.1.85Bn.
- **Earnings per share (EPS)** – Edged to KES.1.24 from KES.0.63.
- **Dividend** – The board does not recommend an interim dividend for the period ended 31st December 2019.

Financial Performance

Financial Summary	HY2019	HY2020	% Change
Balance Sheet (KES.Bn)			
Property, Plant and Equipment	341.99	349.72	2.3
Other Non-Current Assets	19.97	19.48	2.5
Current Assets	30.85	31.40	1.8
Reserves and Retained Earnings	152.96	164.49	7.5
Non-Current Liabilities	179.66	177.84	1.0
Current Liabilities	21.54	19.63	8.9
Income Statement (KES.Bn)			
Revenue net of reimbursable expenses	18.04	18.91	4.8
Other Income and net gains	0.86	0.73	15.1
Operating expenses	4.98	5.57	11.8
Operating Profit	7.12	6.70	5.9
Finance Income	0.24	0.73	204.2
Finance Costs	1.34	1.15	14.2
Profit Before Tax	6.02	6.28	4.3
Income Tax expense	1.90	-1.89	199.5
Profit After Tax	4.12	8.17	98.3
EPS	0.63	1.24	96.8

Source: Company Filings

FY2020 Outlook

- We anticipate improved performance FY2020 as a result of increased electricity revenues following the completion of Olkaria V 615MW.
- We expect geothermal drilling and consultancy services in Ethiopia and Kenya to result in positive contribution to financial performance in the short term.

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