



OUR STORY

Mind Speak Forum

Presentation by;
Rebecca Miano (Mrs.), OGW
MD & CEO, KenGen

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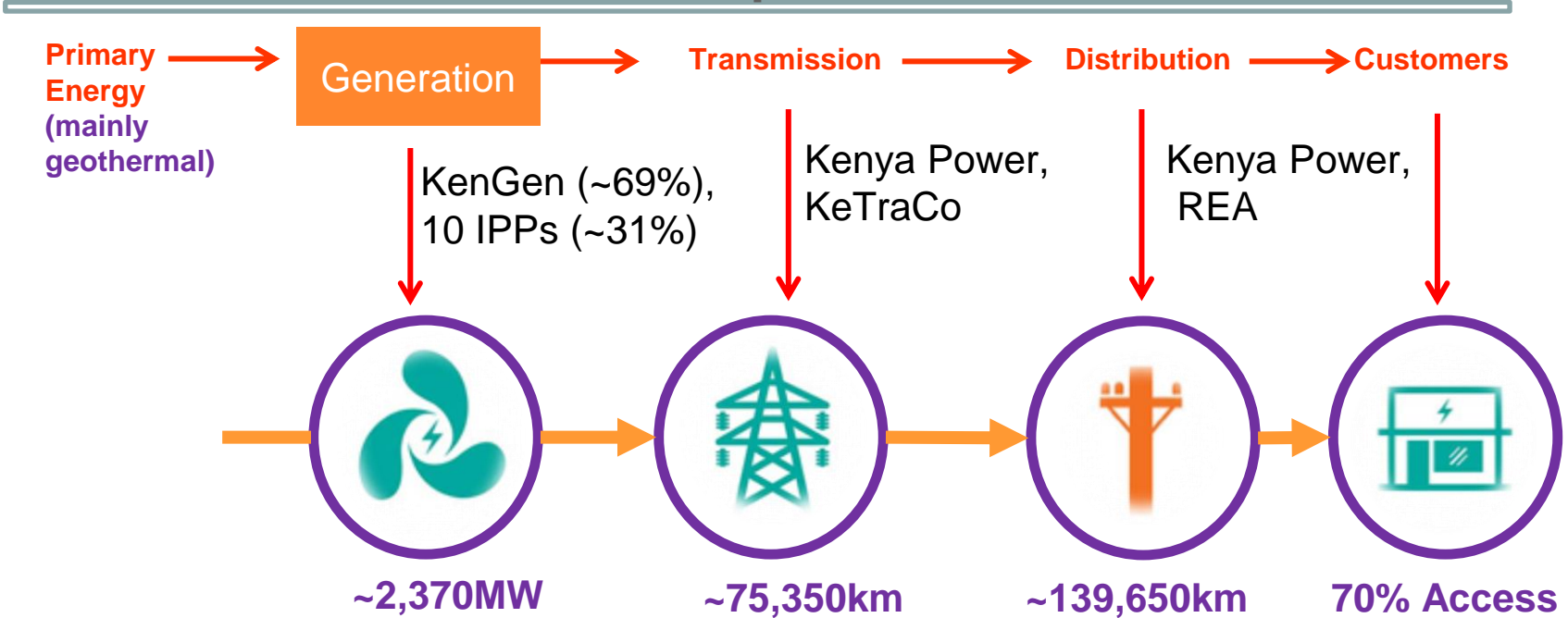
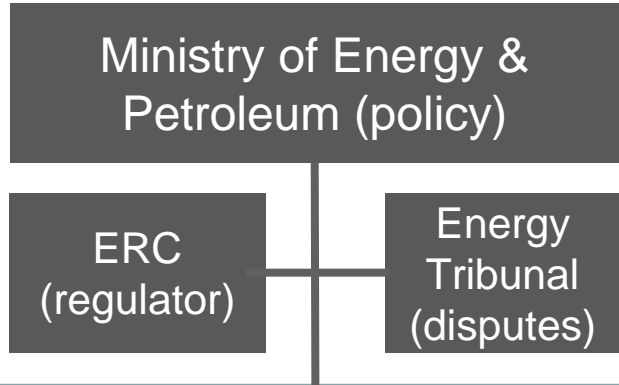
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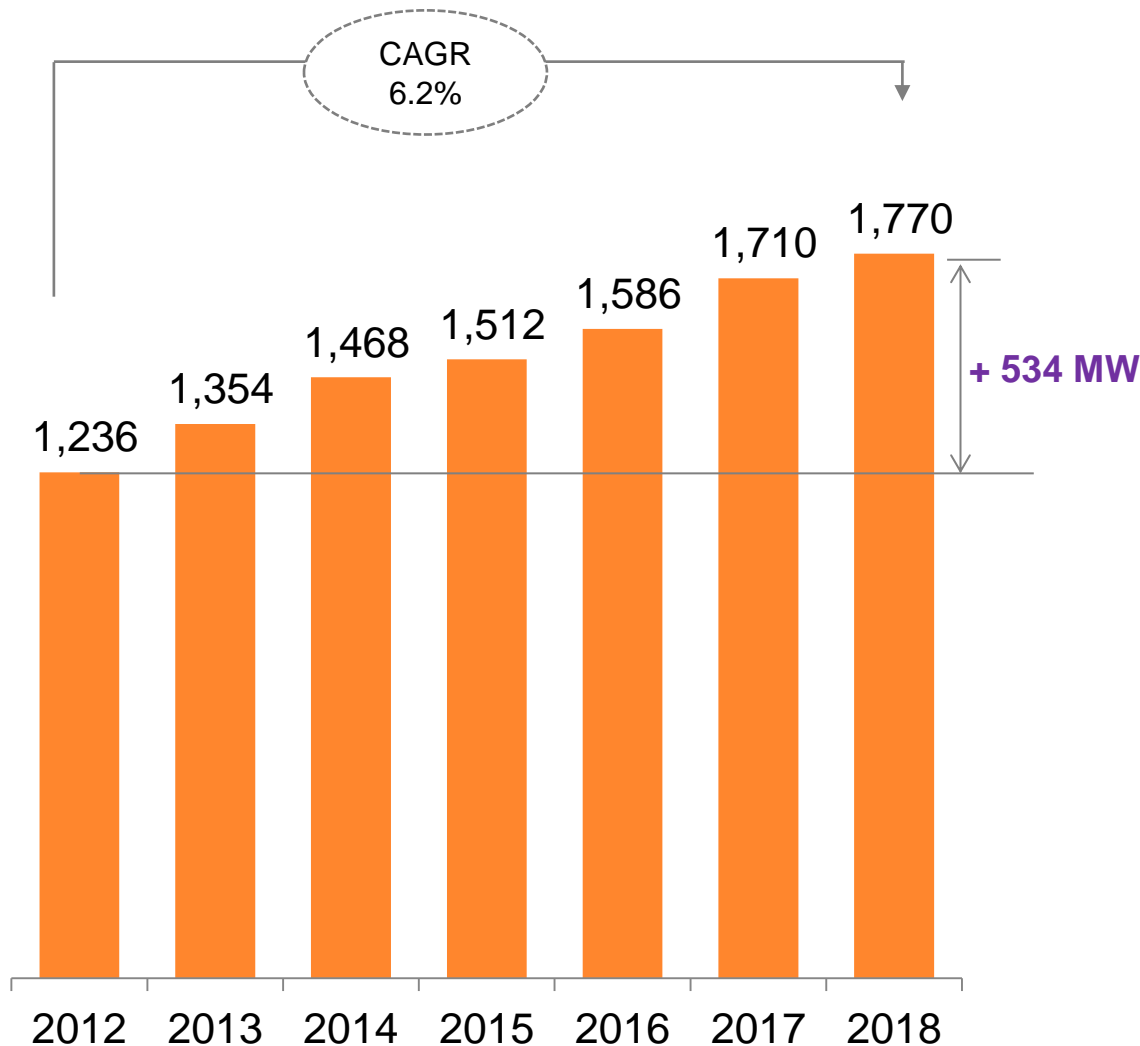
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KENYA ELECTRICITY SECTOR VALUE CHAIN



STEADY GROWTH IN ELECTRICITY DEMAND



Source: Kenya Power

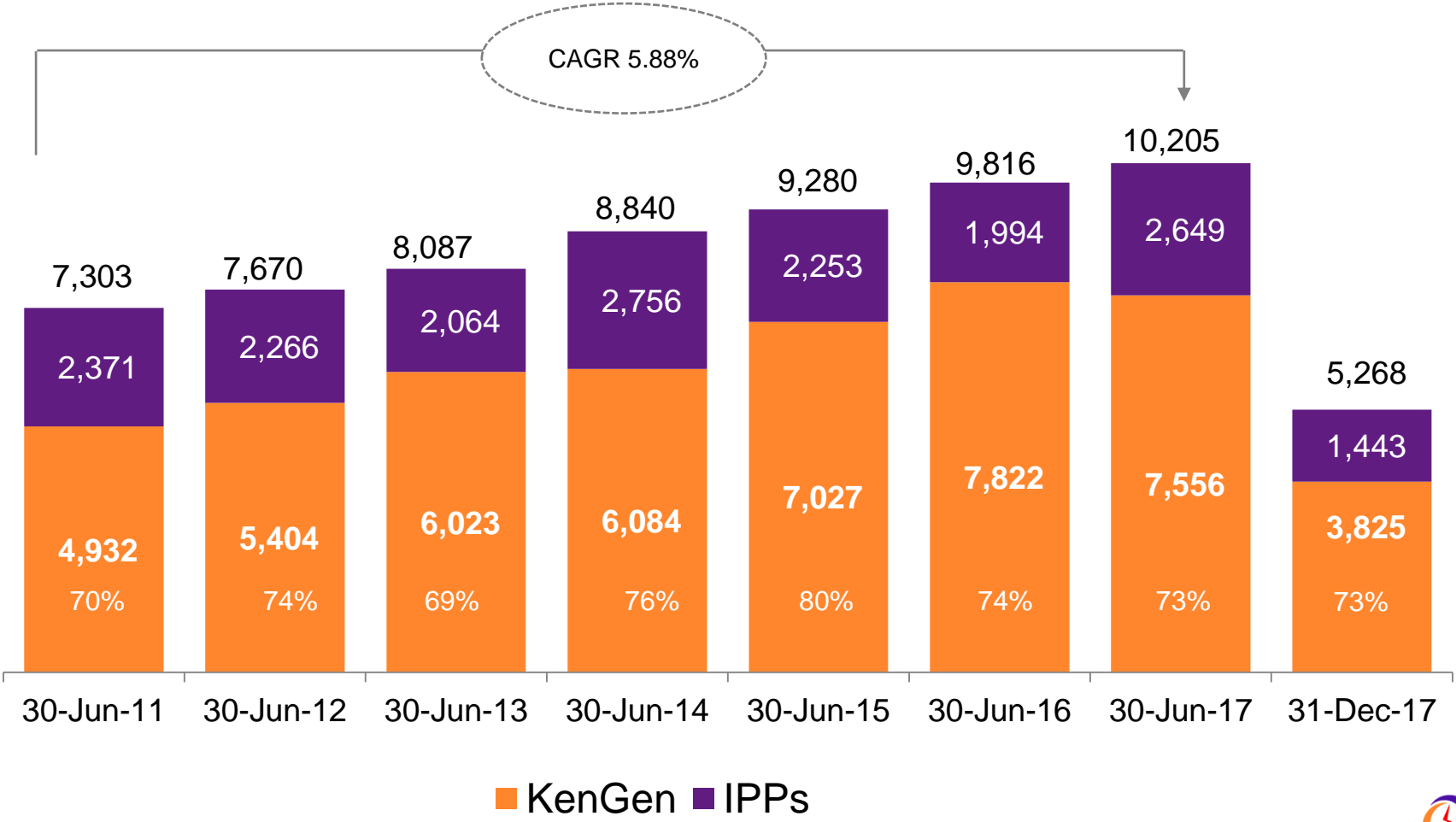
Power demand is projected at between 2,600 MW by 2022,

Demand driven by:

- 1. Economic activity** (power consumption is expected to grow between 1.0 - 1.2 x GDP growth)
- 2. Increased electricity access**
Last mile Project targeting additional 3 million by 2020
- 3. Implementation of Vision 2030 Projects**
 - SGR and Isiolo Airport now operational
- 4. Devolution** – economic activities across 47 devolved governments

NATIONAL ENERGY CONSUMPTION (GWhs)

On average, we account for 74% of energy consumed



Source: Kenya Power

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COMPANY HIGHLIGHTS

KenGen

The Company has tremendously invested in clean, renewable and sustainable energy generation, currently 88% of all generated energy by KenGen is from clean energy

KenGen HIGHLIGHTS

70% GoK *owned*

- 13.0% Foreign Investor shareholding
- 8.4% Institutional investors
- 8.6% Local Individuals

1,631 MW Installed Capacity

- Representing 70% of national installed capacity
- 84% is renewable energy

KShs 34 *Billion Full Year 2017 Revenue*

- Stable Revenues guaranteed through Long-term PPAs

KShs 55 *Billion Market Capitalization*

- Stable Share Price at NSE. 32.3% gain since 1st July 2017.

1,500 MW POTENTIAL STEAM RESOURCES IN OLKARIA

- Kenya ranked 9th in Global Geothermal energy producers
- One of the world's lowest cost developers of geothermal power

DIVERSIFIED GENERATION TECHNOLOGY

Hydro



818MW

Geothermal



534MW

Wind



26MW

Thermal

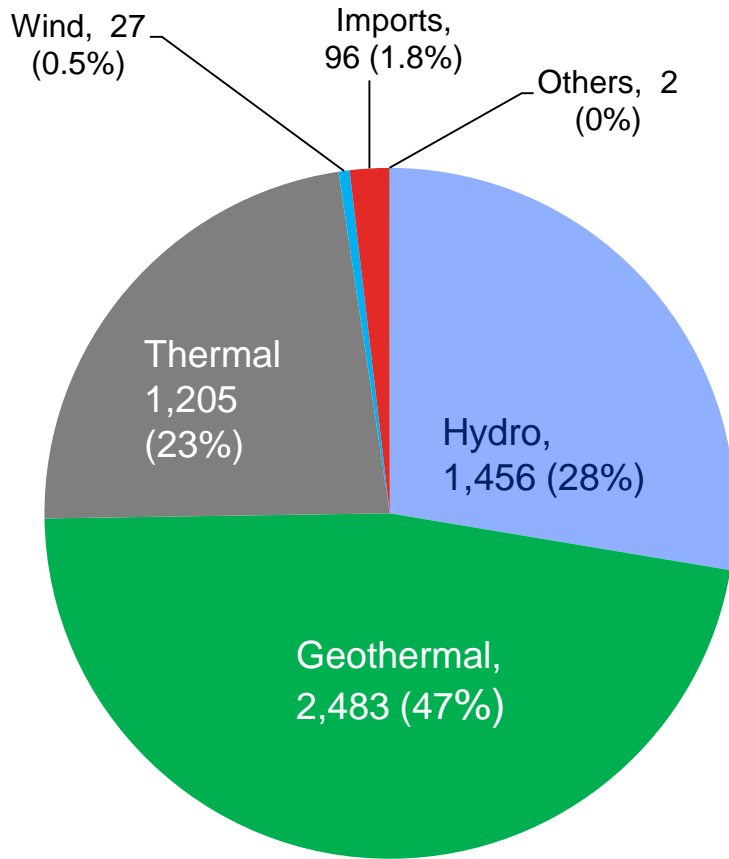


253MW

Total Installed Capacity of 1,631 MW

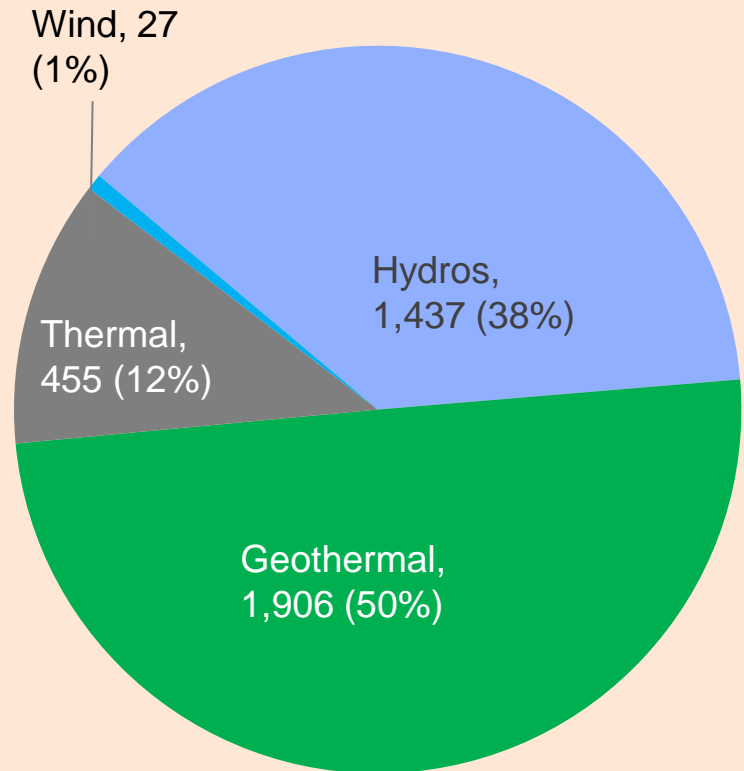
ENERGY SOLD (GWhs) BY GENERATION MODE (Six Months to 31st Dec 2017)

NATIONAL MIX



88% Green

KenGen MIX



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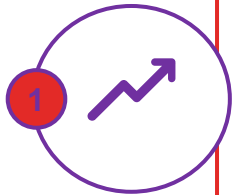
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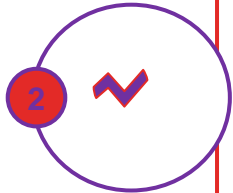
Ongoing Project Pipeline

OUR STRATEGIC ASPIRATIONS



Capacity increase

- Increase our capacity by 2,500MW to **remain relevant market player** (50+% share) by 2025 focusing on geothermal
-



Value creation

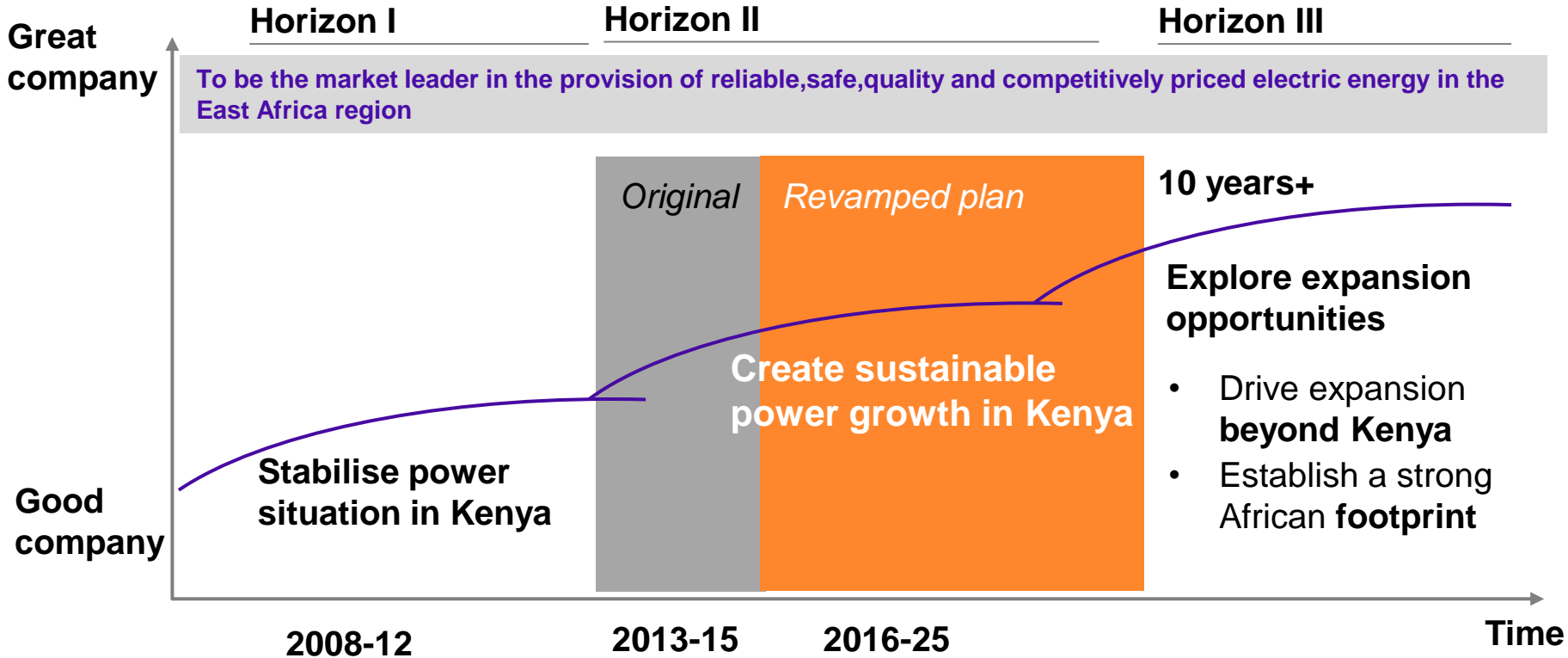
- Provide adequate **return to shareholders** – targeting a Return On Invested Capital of 10%
-



Lower tariffs

- Profitably supply **cheaper renewable (green) electricity** to the economy

Our Strategic Focus is to Grow Supply ahead of Projected Demand



- Delivered **325+MW**
- Less dependency on Hydros

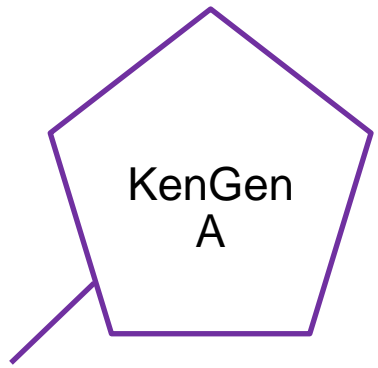


- Delivered **375+MW** in renewables

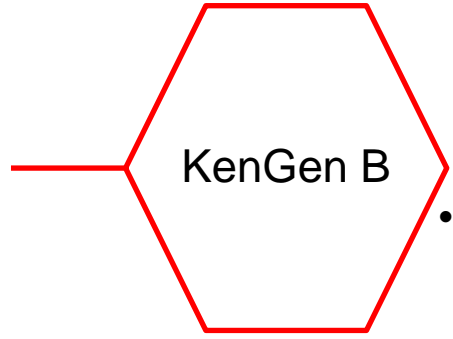
- Deliver **2,500MW** (720 MW in the short-term)
- **Shareholder** Value creation
- Lower **tariffs**
- **Diversify** business (KenGen C)

THE “NEW KENGEN” A THREE TIER BUSINESS MODEL

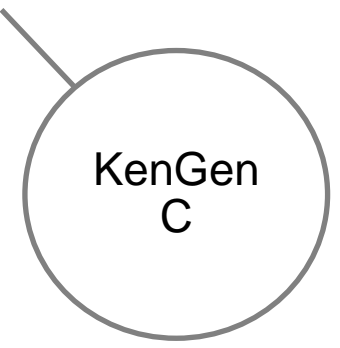
.....for Strategy Execution



- Operating units
- Future plants financed on balance sheet



- **SPVs with ring-fenced risks and cash flows**
- Owned by KenGen or jointly with a partner



- Diversified portfolio
 - Consultancy
- Engineering-related service provision

UNIFIED APPROACH TO STRATEGY EXECUTION



Build Capacity, Relationships, Resources, Capability and Leadership



KenGen's reputation and identity is the platform that inspires investors' and stakeholders' confidence in us.

Be present
in all things.

At KenGen, we recognize that stakeholders open the doors for us to serve and deliver. Company resolves to Be Present in engagement with both internal and external stakeholders

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FINANCIAL PERFORMANCE TO 31 DEC 2017

Summary Income statement

(Figures in millions)	31-Dec-16	31-Dec-17	% Chg.
Electricity Revenue	14,676	14,924	2%
Non-Electricity Revenue	3,063	3,689	20%
Total Revenue	17,739	18,613	5%

Operating expenses	(10,200)	(11,635)	-14%
Operating Profit	7,539	6,977	-7%
EBITDA	12,068	12,172	1%
<i>EBITDA Margin</i>	68%	65%	

Finance costs	(973)	(897)	-8%
Profit Before Tax	6,566	6,081	-7%
Tax Expense	(1,941)	(1,986)	2%
Profit After Tax	4,625	4,095	-11%

Better energy and Steam revenues owing to;

- Completion of wellhead plants
- Improved evacuation in Olkaria

- Increased steam costs due to improved dispatch
- Higher depreciation on completed wellheads and capitalization of steam wells

- Slight increase in interest income on surplus fund earmarked for projects

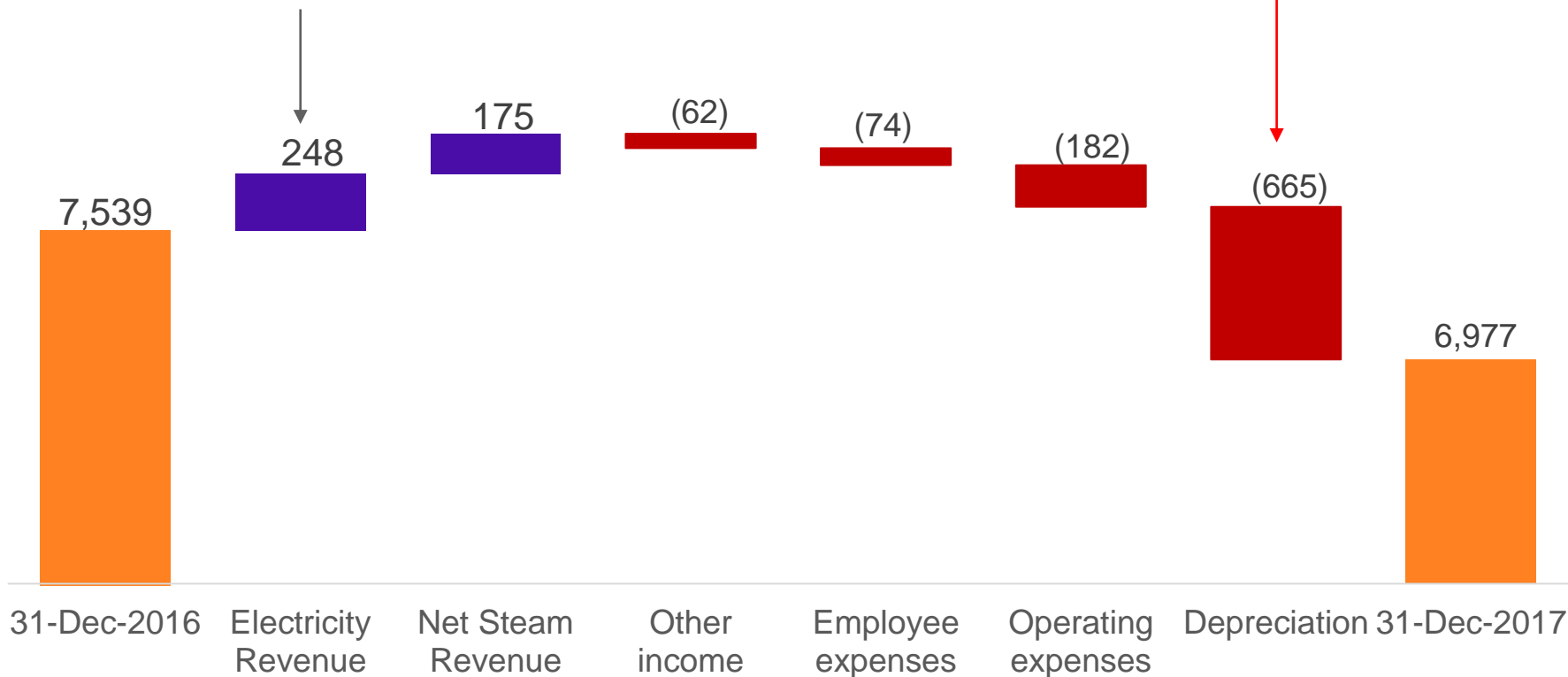
OPERATING INCOME ATTRIBUTES

15% increase in Depreciation resulted in lower Operating Profit

Capacity Revenue – KShs 462 Million
 Energy Revenue + KShs 565 Million
 FX Adjustment + KShs 145 Million

KShs 35 Billion capitalized costs in FY2016/17 relating to;

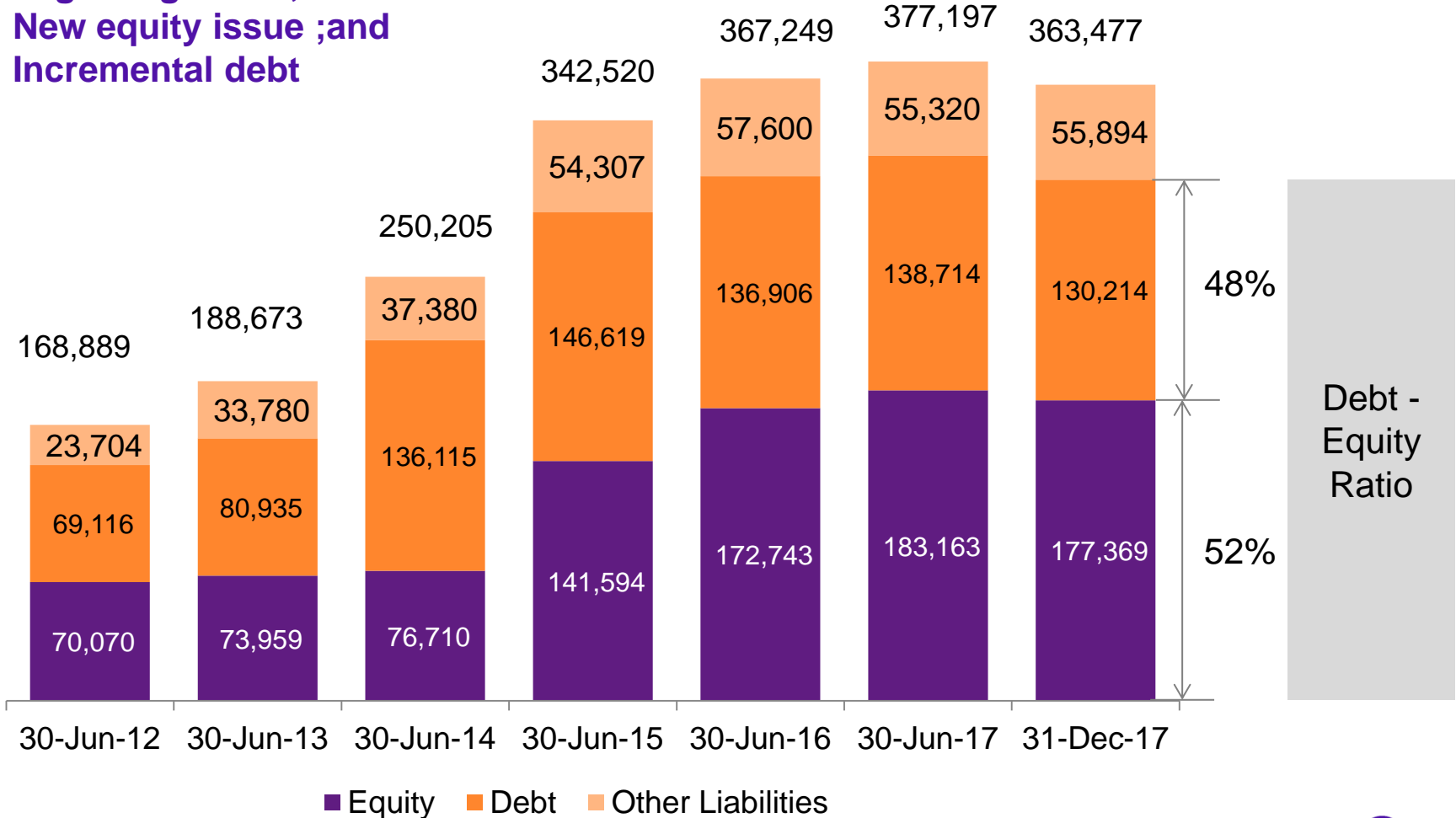
- Completed steam wells and wellhead modular plants
- Olkaria IV and IAU post commissioning works



BALANCE SHEET FUNDING

Balance Sheet expansion driven by;

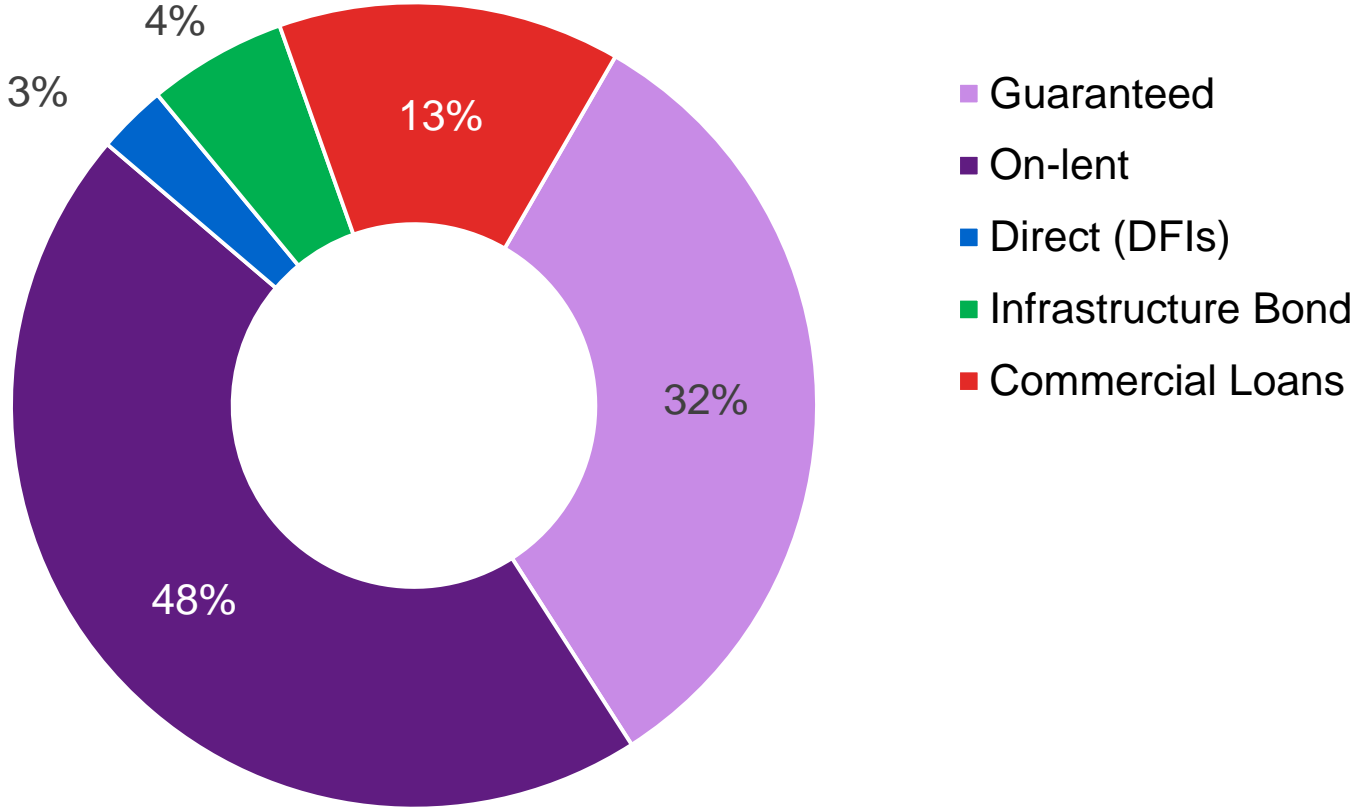
- Organic growth ;
- New equity issue ;and
- Incremental debt



DEBT PROFILE AS AT 31ST DECEMBER 2017

Affordable concessionary borrowings, Weighted Average Cost of Debt at 3.34%

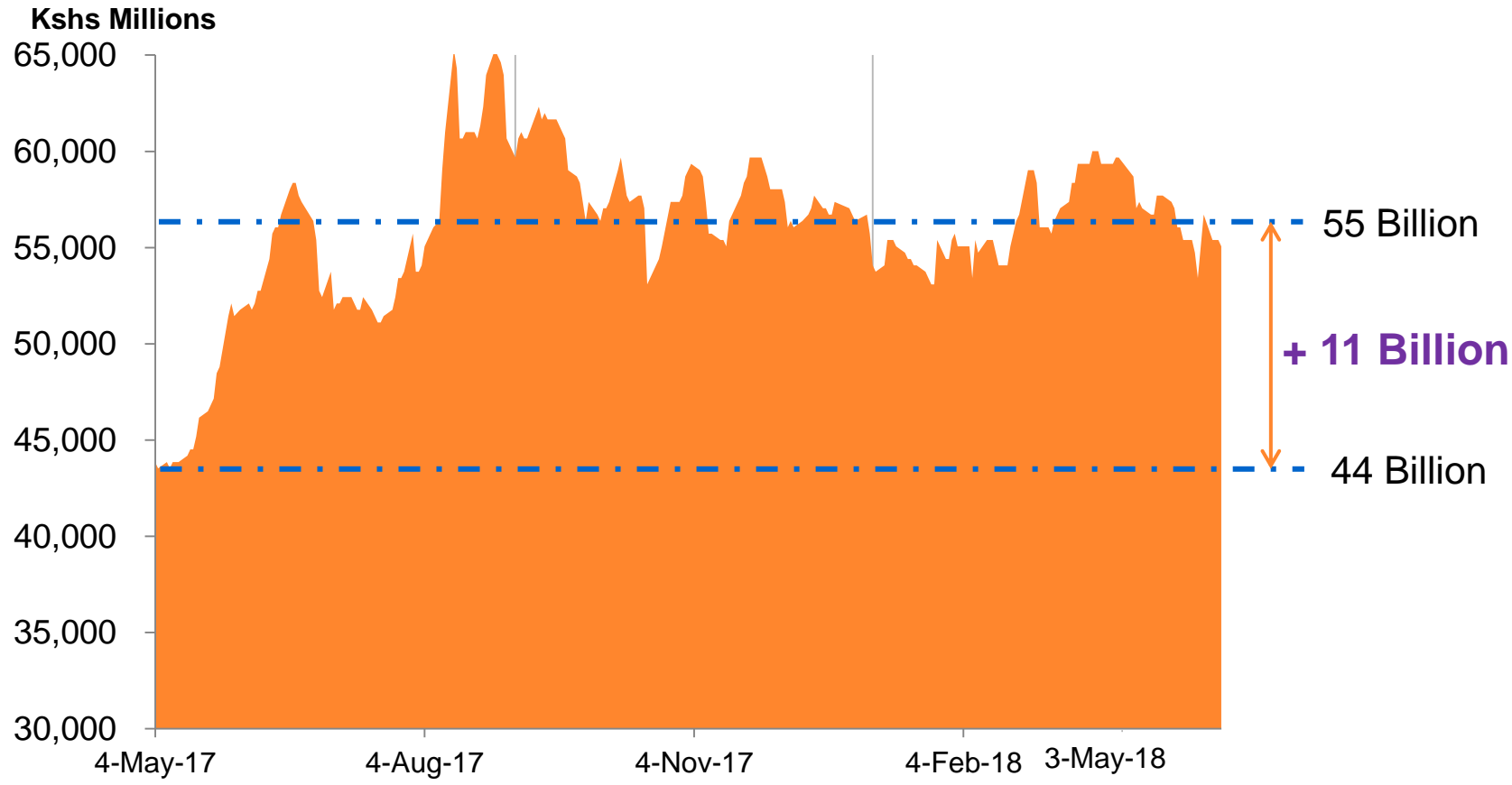
Gross debt by source of funding



80% of our debt draws from GoK support (32% Guaranteed and 48% On-lent)

SHAREHOLDER VALUE CREATION

KShs 11 Billion value created in in the last twelve months



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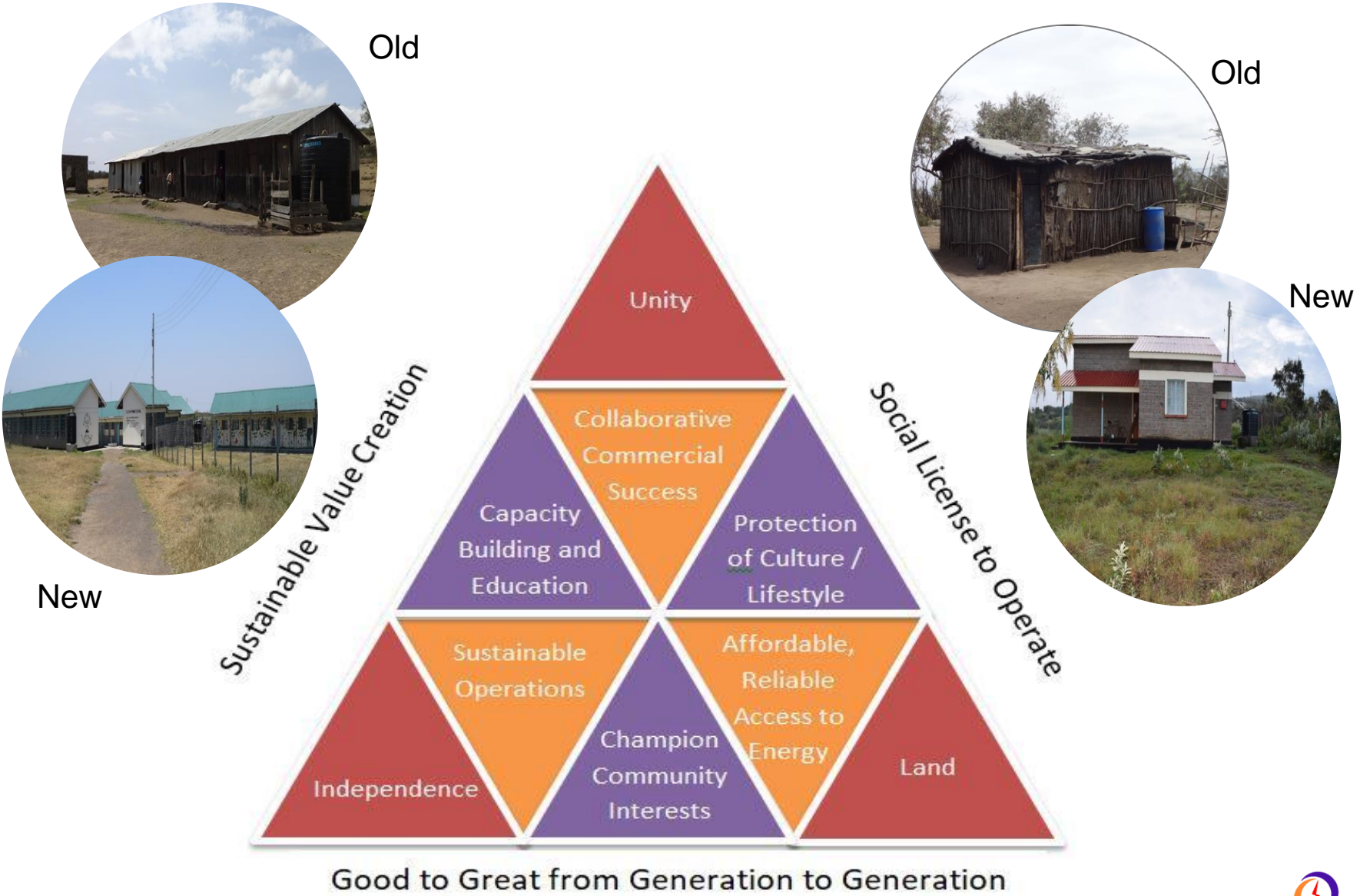
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VALUE BASED APPROACH TO COMMUNITY ENGAGEMENT



KENGEN CORPORATE SOCIAL INVESTMENT

The KenGen Foundation implements CSR programmes within the communities neighbouring our power stations across the country



Education

- Enable beneficiaries realise dreams and life goals through a holistic education
- Benefitted 650+ secondary and university students since 2005
- Supporting 90 university students and 93 secondary students



Environment

- Environmental conservation and sustainably safeguard the environment shared with other communities
- Best Corporate Category (State Agency) during the inaugural Tree Growing and Forest Conservation Awards



Water & Sanitation

- Ensure sustainable management and upscale community water projects
- Schools Green Initiative Challenge project is an afforestation competition for schools

KenGen Employee Giver Initiative

platform for Company's staff to participate in CSI activities, currently with 1150 "Givers" (48% of all staff)

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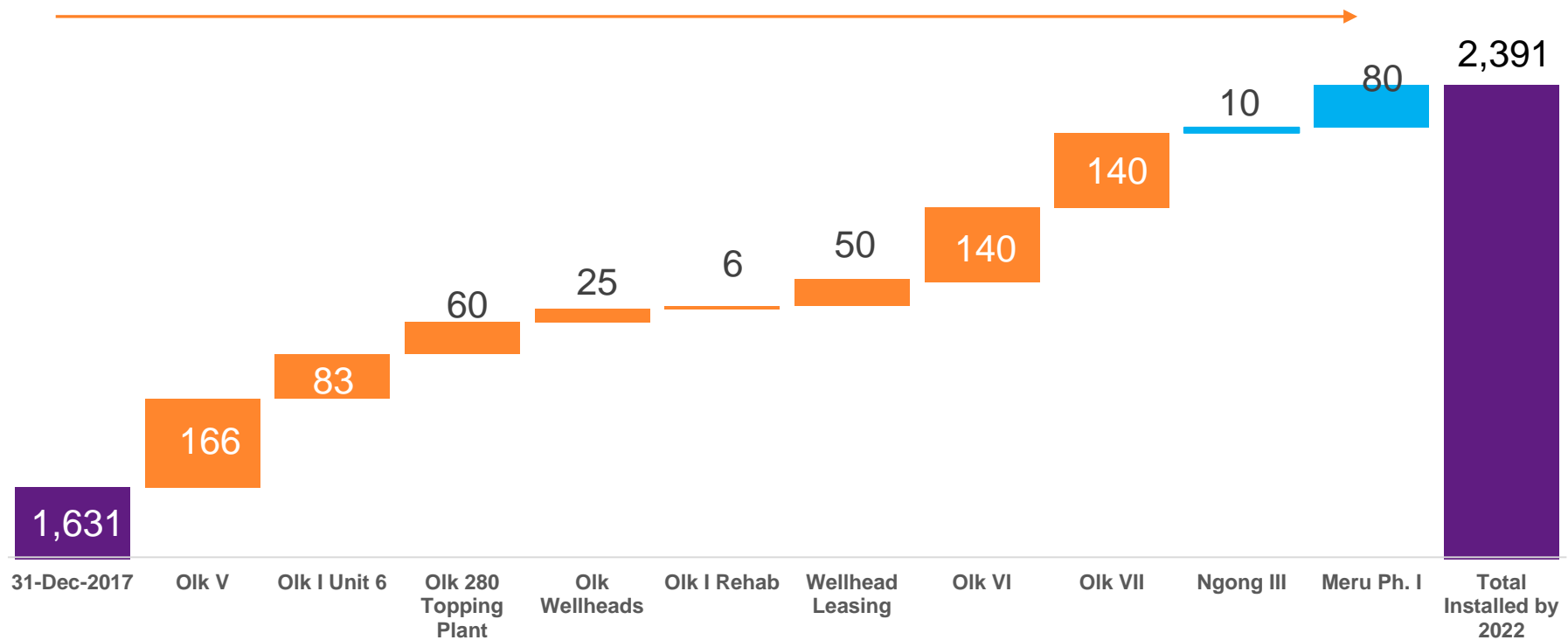
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Ongoing Project Pipeline

CAPACITY GROWTH FOCUSED ON RENEWABLES

760 MW of Renewable Geothermal and Wind at an investment of approximately 1.5 Billion USD



To grow supply ahead of demand and retain our market leadership

KENGEN PROJECT FUNNEL





KenGen
Energy for the nation

THANK YOU