

# KENYA POWER AND LIGHTING COMPANY (KPLC)

Bloomberg: KPLL KN



3rd February 2026

## HY 2025/26 Results Highlights

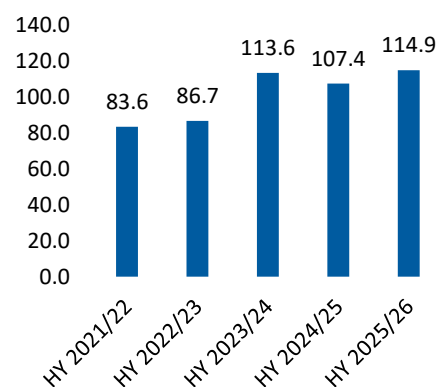
### Income Statement

- Revenue from electricity sales increased by 6.9% rising to KES 114.9 billion in HY 2025/26 from KES 107.4 billion in HY 2024/25, an increase of KES 7.4 billion, supported by higher electricity demand and improved distribution efficiency during the period of review.
- Total electricity unit sales increased by 10.5% to 6,086 GWh, while distribution efficiency improved from 76.35% to 77.97%, reflecting enhanced network performance and loss reduction initiatives.
- Cost of sales increased by KES 5.3 billion to KES 76.7 billion, largely driven by higher electricity demand, as total energy purchases increased by 8.3% to 7,807 GWh during the period.
- As a result, gross profit rose by 5.9% to KES 38.2 billion from KES 36.0 billion.
- Other income declined by 10.4% reaching KES 3.0 billion from KES 3.4 billion.
- Operating expenses climbed 6.0% to KES 25.2 billion compared to KES 23.7 billion in HY 2024/25, primarily driven by higher provisions for expected credit losses following growth in customer debt levels, increased depreciation arising from capitalisation of completed network projects, and staff related cost movements.
- Operating profit grew 2.2% to KES 16.0 billion from KES 15.7 billion.
- Finance costs edged down by 25.0% to KES 1.5 billion from KES 2.0 billion, reflecting lower interest expenses following scheduled loan repayments and reduced debt levels.
- Profit before tax rose by 5.5%, reaching KES 14.8 billion, from KES 14.1 billion in HY 2024/25.
- Profit after tax increase by 4.3% KES 10.40 billion in HY 2025/26** from KES 9.97 billion in HY 2024/25.
- Earnings per share (EPS) improved by 4.3%, rising to KES 5.33 in HY 2025/26 from KES 5.11 in HY 2024/25.
- The Board of Directors announced an interim dividend of KES 0.30 per share (from KES 0.20), subject to withholding tax, to be paid on or about 27<sup>th</sup> March 2025 for shareholders on register at the close of business on 23<sup>rd</sup> February 2026.

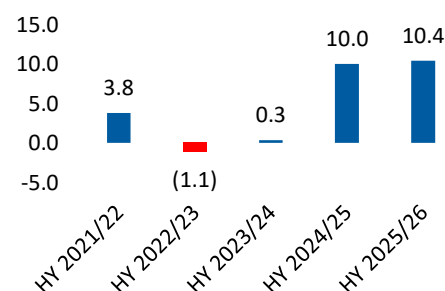
Key data	
<b>RECOMMENDATION</b>	<b>HOLD</b>
Target Price (KES)	16.00
Market price (KES)- 03/02/26	15.45
Upside	3.6%
No. of shares (Mn)	1,951.5
Market Cap (KESmn)	30,150.2
Free float	92.795%
Dividend yield	1.9%
P/E	2.90
P/B	-
YTD Change	13.6%
Min 52 weeks KES	5.70
Max 52 weeks KES	15.80

Source: Bloomberg and Faida Analysis

### Revenue (KES billions)



### Profit/Loss for the year (KES billions)



Source: Company Financials

## Balance Sheet

- As of 31 December 2025, the company reported a stable financial position, with total assets increasing modestly to KES 396.0 billion from KES 388.9 billion in June 2025, reflecting steady growth over the six-month period.
- Property and equipment remained almost unchanged at KES 288.6 billion, while other non-current assets declined by 5.1% to KES 3.2 billion from KES 3.3 billion.
- Current assets increased by 7.3% to KES 105.3 billion from KES 109.3 billion in June 2025.
- On the liabilities side, non-current liabilities slightly decreased by 0.8% to KES 161.0 billion, while current liabilities remained relatively flat at KES 117.8 billion, indicating manageable short-term obligations.
- Shareholders' equity grew 8.1% to KES 118.2 billion from KES 109.3 billion.
- Total borrowings reduced by 6% to KES 84.23 billion as at 31<sup>st</sup> December 2025.
- The working capital position also improved, with negative working capital reducing from KES 19.21 billion in 30 June 2025 to KES 12.54 billion in 31 December 2025.
- KPLC's liquidity position improved, with the current ratio rising from 0.82x in HY 2024/25 to 0.89x in hy 2025/26, reflecting stronger working capital management and higher operating cash flows. Despite this improvement, liquidity remained constrained as the ratio stayed below the industry benchmark, indicating continued reliance on efficient cash flow timing and disciplined short-term liability management.

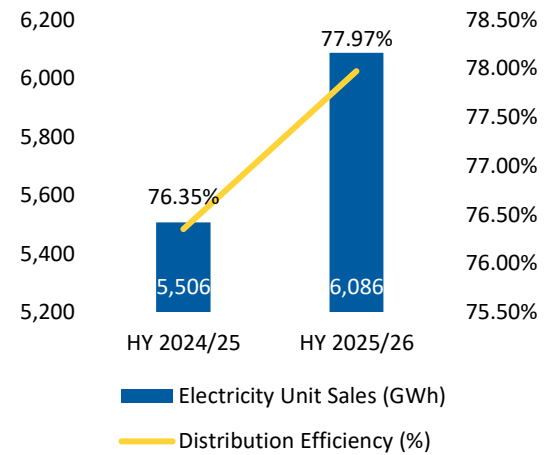
## Cash flows

- Cash generated from operating activities climbed 20.9% to KES 14.1 billion in HY 2025/26 from KES 11.7 billion in HY 2024/25.
- Net cash used in investing activities rose by 16.9% KES 10.7 billion from KES 9.1 billion.
- Cash outflows from financing activities decreased by 15.2% to KES 4.9 billion from KES 5.8 billion.
- Cash and cash equivalents at the end of the year declined by 12.6% to KES 6.2 billion in HY 2025/26 from KES 7.1 billion in HY 2024/25.

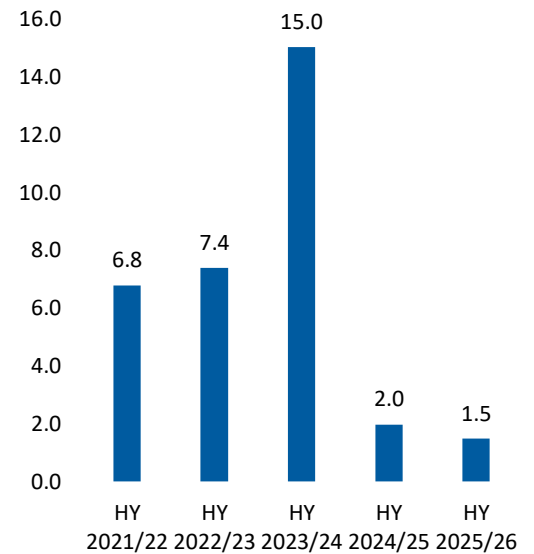
## Outlook

- KPLC's HY 2025/26 results indicate stable operational performance and moderate growth, supported by rising electricity demand and improved network efficiency. Revenue from electricity sales grew 6.9%, driven by a 10.5% increase in electricity unit sales and improved distribution efficiency from 76.35% to 77.97%, signaling that KPLC is successfully reducing losses and enhancing service delivery. Gross profit growth of 5.9% and a 4.3% increase in profit after tax to KES 10.4 billion reflect sustained profitability, despite higher operating costs linked to provisions for credit losses and staff-related expenses.

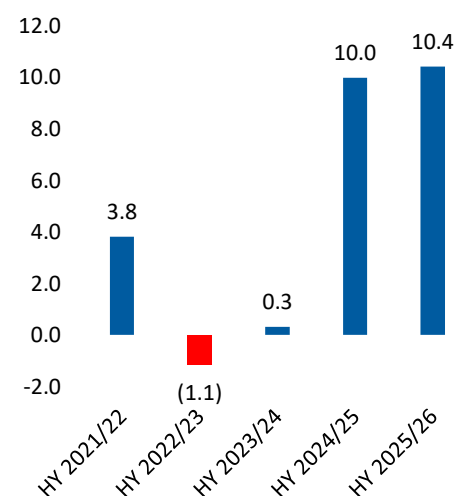
## Electricity Unit Sales and Distribution Efficiency



## Finance costs (KES billions)



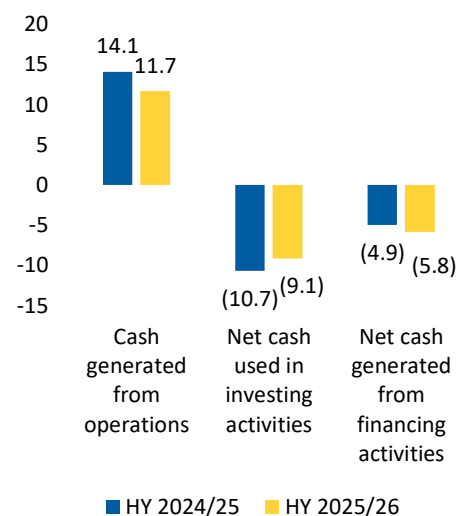
## Profit/Loss for the year (KES billions)



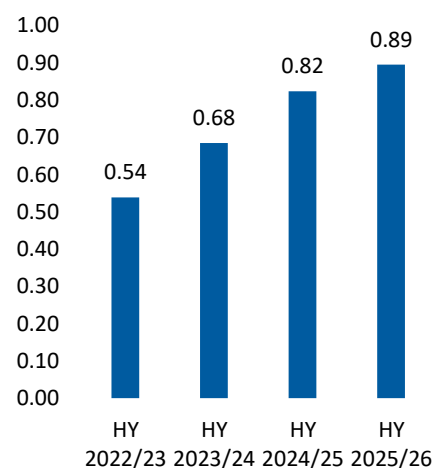
Source: Company Financials

- The balance sheet shows moderate asset growth, a reduction of 6% in total borrowings, and an improvement in the negative working capital position from KES 19.2 billion to KES 12.5 billion, indicating strengthening balance sheet fundamentals.
- Liquidity remains constrained, as the current ratio of 0.89** is below the industry benchmark, and cash and cash equivalents fell 12.6% to KES 6.2 billion, indicating limited short-term financial flexibility.
- Looking forward, KPLC is focused on **safeguarding supply adequacy to meet growing electricity demand while accelerating its loss reduction programme**, building on the improvements in distribution efficiency seen in HY 2025/26. The company is also advancing grid modernization and digitisation initiatives to enhance service reliability, operational efficiency, and the customer experience. These strategic investments are expected to support sustainable growth, optimize cash flow management, and maintain profitability, even as operational costs and working capital pressures remain key considerations.

### Cashflows

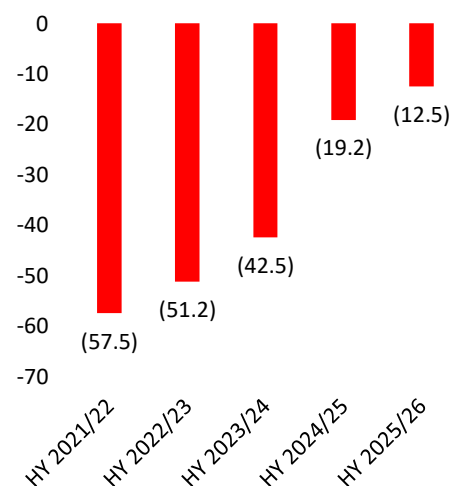


### Current ratio



	Net Profit Margin (%)	Gross profit (KES Bn)	Gross profit margin (%)	Total assets (KES Bn)	Shareholders' equity (KES Bn)
HY 2021/22	4.6%	28.3	33.8%	320.1	55.2
HY 2022/23	-1.3%	20.6	23.8%	322.2	59.0
HY 2023/24	0.3%	30.5	26.9%	363.2	57.2
HY 2024/25	9.3%	36.0	33.6%	368.6	97.3
HY 2025/26	9.1%	38.2	33.2%	397.0	118.2

### Working Capital Trend (KES billions)



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Source: Company Financials

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## Glossary of Terms

**Net Interest Margin (NIM)** - Net interest margin is a measure of the difference between interest paid and interest received, adjusted for the total amount of interest-generating assets held by the bank. It is calculated as: Net Interest Income/Average Interest Earning Assets

**Basis points (bps)** – one hundredth of a percentage i.e. 1.0%=100bps or 1bps=0.01%

**Target price** – Analyst estimate of the fair value or intrinsic value of the company

**Cost of Funds**-This is the effective average interest rate paid on interest earning liabilities. It is calculated as Total Interest Expense/ Average Interest Earning Liabilities

**Loan Yield**- This is the effective average interest rate received on average loans and advances. It is calculated as Interest on Loans and Advances/Average Loans and Advances

**Cost of Risk** – This ratio measures the amount of risk involved in lending. It is calculated as: Net Impairment Provisions/Average Gross Loans in the period

**Non-performing loans**-These are loans that have been classified as impaired. The CBK classifies loans into five categories i.e. Normal, Watch, Substandard, Doubtful and Loss depending on performance of the loan. The last three i.e. sub-standard, doubtful and loss are referred to as non-performing loans. Under IFRS, these classified as stage 3 loans.

**Non-performing loans (NPL) Ratio** - This is the proportion of NPLs in the loan book. It is calculated as Gross NPLs/Gross Loans

**Non-funded/Non-Interest Income**– This represents the income that is not classified as interest income.

**Non-Funded/Non-Interest Income Ratio**. This represents the proportion of total operating income that is not classified as interest income. It is calculated as Non-Interest Income/Total Operating Income

**Composite market share (Market share Index)** - This is a weighted composite index comprising of assets, deposits, capital size, number of deposit and loan accounts. The composite market share is used by CBK to classify banks into three groups:

- Tier 1(Large Size Bank); Composite market share of 5.0% and above
- Tier 2(Medium Size Bank); Composite market share of between 1.0% and 5.0%
- Tier 3(Small size Bank); Composite market share of less than 1.0%

## Recommendation

BUY – Minimal risks to catalysts

SELL- Risks outweigh the catalysts

NEUTRAL – This is where the positives and negatives in a company almost balance out. You can accumulate for the long term.



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