

# Kenya Electricity Generating Company (KenGen)

Bloomberg: KEGC KN



16th February 2026

## HY 2025/26 Results Highlights

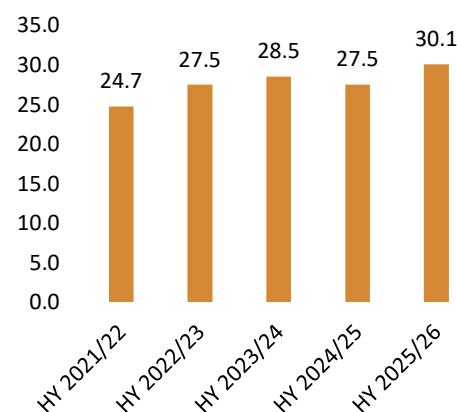
### Income Statement

- Total revenue increased by 9.4% rising to KES 30.1 billion in HY 2025/26 from KES 27.5 billion in HY 2024/25, an increase of KES 2.6 billion. This growth was driven by improved plant availability, stronger operational performance and higher grid demand.
- After deducting reimbursable (fuel and water) costs, revenue less reimbursable expenses rose from KES 23.4 billion in December 2024 to KES 24.8 billion in December 2025.
- During the half year ended 31st December 2025, total electricity generated increased to 7,805 GWh, up from 7,210 GWh in the same period of 2024. National electricity demand rose to 2,439 MW from 2,305 MW, while electricity supply increased to 4,461 GWh, compared to 4,299 GWh in HY 2024/25. This reflects sustained growth in both demand and generation, highlighting KenGen's continued capacity to support Kenya's expanding power requirements.
- Other income decreased by 17.2% to KES 502 million from KES 600 million, primarily due to fewer consultancy engagements compared to prior period.
- Operating expenses climbed 7.4% to KES 19.0 billion compared to KES 17.7 billion in HY 2024/25, primarily driven by higher depreciation expense arising from additional asset capitalization as well as increased plant operating and steam costs.
- Despite the cost pressures, operating profit rose by 6.4% to KES 7.1 billion from KES 6.6 billion.
- Finance income declined by 37.3% to KES 1.5 billion from KES 2.4 billion, because of prevailing lower market interest rates compared to prior period.
- Finance costs decreased by 11.0% to KES 1.1 billion from KES 1.0 billion, due to continued debt repayments.
- Profit before tax edged down by 4.5%, reaching KES 7.6 billion from KES 8.0 billion in HY 2024/25.
- Profit after tax saw a significant drop of 20.2% to KES 4.2 billion in HY 2025/26** from KES 5.3 billion in HY 2024/25.
- Earnings per share (EPS) dropped by 20.0% to KES 0.64 in HY 2025/26 from KES 0.80 in HY 2024/25.
- KenGen **did not declare an interim dividend** for the period. However, the company's shareholders received a final dividend of KSh0.90 per ordinary share for the financial year ended 30th June 2025 on 12th February 2026 following shareholder approval at the 73rd Annual General Meeting.

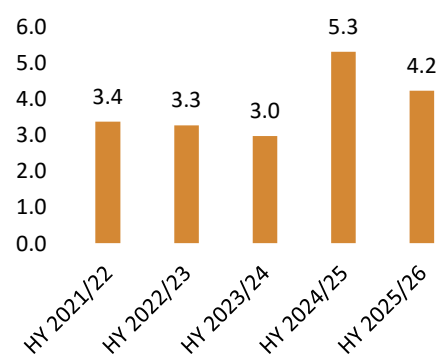
Key data	
<b>RECOMMENDATION</b>	<b>BUY</b>
Target Price (KES)	11.00
Market price (KES)- 16/02/26	9.54
Upside	15.3%
No. of shares (Mn)	6,594.5
Market Cap (KESmn)	63,307.4
Free float	29.217%
Dividend yield	9.4%
P/E	6.00
P/B	0.22
YTD Change	3.9%
Min 52 weeks KES	4.50
Max 52 weeks KES	10.75

Source: Bloomberg and Faida Analysis

### Revenue (KES billions)



### Profit after tax (KES billions)



Source: Company Financials

**DISCLAIMER:** The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

## Balance Sheet

- As of 31 December 2025, KenGen reported a stable financial position, with total assets remaining unchanged at KES 505.3 billion, compared to KES 505.6 billion in December 2024
- Property, plant, and equipment increased slightly by 1.0% to KES 433.7 billion.
- Other non-current assets declined by 23.2% to KES 17.3 billion while current assets rose modestly by 1.5% to KES 54.3 billion, reflecting steady liquidity management over the period.
- On the liabilities side, non-current liabilities decreased by 2.9% to KES 194.8 billion, while current liabilities increased by 35.8% to KES 27.7 billion, indicating higher short-term obligations but still manageable relative to total assets.
- Shareholders' equity slightly declined by 0.6% to KES 282.8 billion, with other reserves dropping by 2.6% to KES 114.4 billion, but retained earnings grew 5.5% to KES 129.8 billion, reflecting accumulated profitability.
- KenGen's working capital showed some fluctuation over the past five half-year periods, rising from KES 23.8 billion in HY 2021/22 to a peak of KES 32.9 billion in HY 2024/25, before moderating to KES 26.6 billion in HY 2025/26.
- The current ratio mirrored this trend, increasing from 2.09x in HY 2021/22 to 2.55x in HY 2024/25, before declining to 1.96x in HY 2025/26.
- During HY 2025/26, capital expenditure increased 162% to KShs 11.8 billion, reflecting accelerated investments in renewable energy projects.
- Debt levels declined 7.8% to KShs 112.4 billion, supported by principal repayments and a stronger Kenya Shilling against the Japanese Yen, improving the company's leverage and financial flexibility.

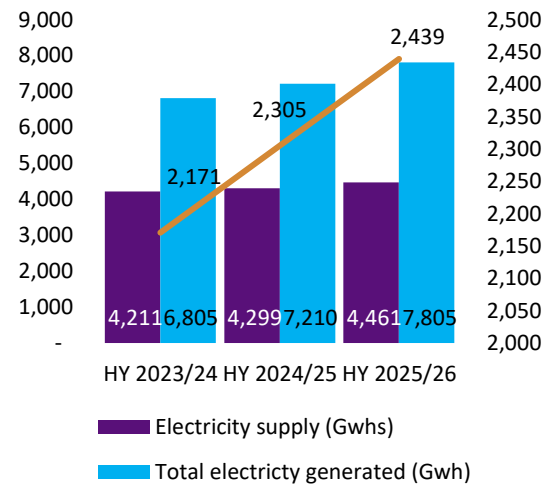
## Cash flows

- During the half year ended 31 December 2025, KenGen recorded stronger operating cash flows, with net cash generated from operating activities rising to KES 14.5 billion, up from KES 9.2 billion in HY 2024/25.
- Investing activities saw higher outflows, with net cash used increasing to KES 11.8 billion from KES 4.5 billion.
- Financing activities recorded a net outflow of KES 4.2 billion, slightly higher than the KES 3.0 billion outflow in HY 2024/25.

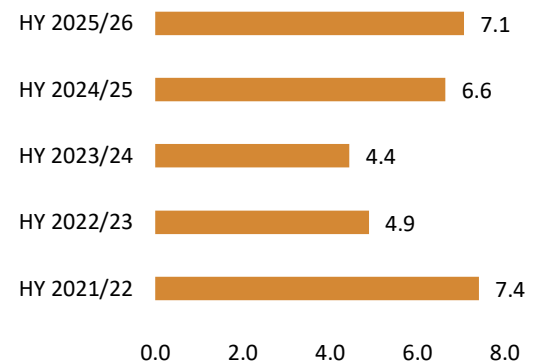
## Debt Profile as of 31<sup>st</sup> December 2025

- As of 31 December 2025, KenGen's **total borrowings stood at KES 112.4 billion**, with a weighted average maturity of 13.5 years and a weighted average cost of debt of 2.18%, reflecting favorable financing terms. The company's debt is well-structured by type, with government-guaranteed loans accounting for 21.2%, government on-lent loans form the largest portion at 70.0%, while commercial borrowings make up 8.8%.
- Borrowings are also diversified across key currencies to mitigate foreign exchange risk, particularly exposure to the Japanese Yen. The repayment schedule is staggered over multiple years, with notable obligations in FY 2025 and FY 2026, ensuring manageable cash flow requirements.

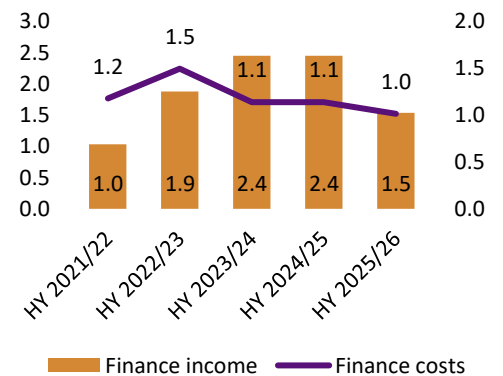
## Trend in Electricity Demand, Supply, and Generation



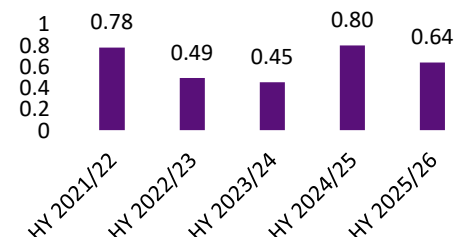
## Operating profit (KES billions)



## Finance Income and Finance costs (KES billions)



## Earnings per share (KES)



Source: Company Financials

## Outlook

- Looking ahead, KenGen is well positioned to advance its renewable energy portfolio under the G2G 2034 Strategy, with a project pipeline of approximately 253 MW. Key initiatives include the Olkaria I Rehabilitation Project of 63 MW, Seven Forks Solar of 42.5 MW, Olkaria VII of 80 MW, and multiple hydropower and wellhead generation projects, complemented by a 200 MWh Battery Energy Storage System and the Raising of Masinga Dam Project to enhance storage and grid reliability. These initiatives are expected to support industrial growth, strengthen grid stability, and accelerate Kenya's clean energy transition.
- Operationally, the company demonstrated strong execution in HY 2025/26, dispatching 4,462 GWh, up 4%, primarily from geothermal. Revenue rose to KES 30.1 billion, an increase of 9.4%, while operating cash flows nearly doubled, underscoring the strength of the underlying business. KenGen supplied 57% of national demand and extended the Muhoroni GT Power Purchase Agreement to stabilize electricity supply in the Western region.
- The company's renewable leadership is anchored by stable baseload generation from geothermal, which grew to 754 MW, and hydro, which rose to 826 MW, complemented by intermittent wind and solar contributing 652 MW representing 25% of total capacity. National generation rose to 7,805 GWh, 94% of which came from renewable sources.
- Capital expenditure accelerated to KES 11.8 billion, reflecting strategic investment in renewable capacity, while debt declined 7.8% to KES 112.4 billion, improving leverage and financial flexibility.
- KenGen is also implementing governance reforms under the Government Owned Enterprises Act, modernizing oversight while protecting government and minority shareholder interests. Class B (majority) shareholders will appoint four independent directors through a defined selection panel, while Class A (minority) shareholders will elect two independent directors through voting. Additional board representation includes one director each for the National Treasury and the Ministry of Energy, alongside the Managing Director & CEO. These reforms, supported by changes to the Articles of Association approved at the February 2026 Extraordinary General Meeting, are expected to strengthen board independence, accountability, and strategic oversight.
- Overall, KenGen's strong operational performance, disciplined financial management, and strategic renewable investments position the company to capture sustained demand growth, enhance grid reliability, and deliver long-term shareholder value while leading Kenya's green energy transition.

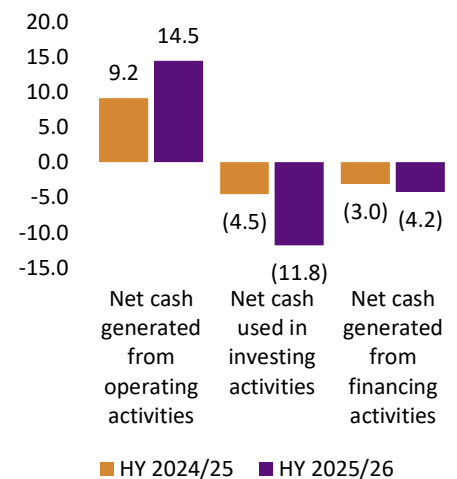
## Analyst

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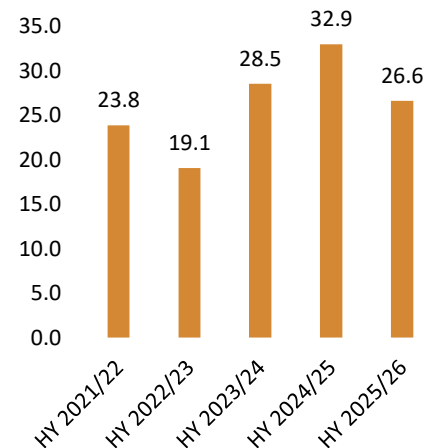
## Cashflows (KES billions)



## Current ratio



## Working capital trend (KES billions)



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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