Press Release

KPC Targets Regional Market With Increased Investment in Pump and Storage Capacity

Nairobi, 5th April 2018… The Kenya Pipeline Company has reported a 48.8 per cent growth in assets due to increased investment in property, plant installation and acquisition of new equipment. KPC's total asset base currently stands at Ksh. 105.8 billion ranking it among the largest firms in the region.

The company which held its Annual General Meeting (AGM) today, however posted a decline in Pre-tax profit to Ksh. 11.5 billion for the financial year ended June 2017 compared to Ksh. 12.1 billion the previous year.

The slight decline in profitability is mainly attributable to an increase in direct expenses which went up by Kshs 1.5 billion to meet the cost of key one-off initiatives such as maintaining the aging Mombasa – Nairobi Pipeline (Kshs 500 million), settlement of pending union arrears dating back to 2009 (Kshs 500 million); leasing of the Petrocity-Konza depot with depreciation cost also going up significantly after key capital intensive projects including Sinendet-Kisumu pipeline (Line 6) were capitalized. In addition to direct costs, there was a marked increase in litigation fees and compensation of the 2007 Triton-related case that amounted to Kshs 330 million with additional costs allocated for operational activities such as advisory services.

This notwithstanding, KPC recorded a 5% growth in product throughput volumes to 6.2 billion litres from 5.9 billion litres in 2015/2016 financial year.

KPC chairman John Ngumi says KPC has made significant investments to not only expand its pipeline network and storage capacity, but also secure and ensure adequate supplies for Kenya and the wider East African region.

"Over the last year, there has been a marked decrease in investment into East Africa's oil and gas exploration, a factor that is attributed to a decline in global oil prices. This makes KPC the most active investor within the wider oil and gas sector. Despite this decline, existing exploratory activities have continued pegged on the long-term view adopted by investors who have already struck oil and gas reserves in Kenya, Uganda and Tanzania. ” Mr. Ngumi added.

According to KPC Managing Director Joe Sang, KPC's overall performance is set to improve over the course of the current financial year with various projects set to be commissioned by June 2018.

“Evidently, KPC is gearing up towards a brighter future with key investments in both upstream and downstream oil operations. Our key focus is on the expansion of our pipeline network and expansion of our storage capacity to meet both local and regional demand. In 2018, we will commission the new Mombasa – Nairobi pipeline (Line V) which will in turn result in additional capacity and revenue.” Sang said.

Sang says key projects have already started yielding returns with the operationalization of the Sinendet – Kisumu pipeline having already generated an additional Kshs 858 million. Other key projects undertaken during the FY 2016/2017 include: construction of the Kisumu Oil Jetty which is complete awaiting commissioning, construction of Additional Storage Tanks at Nairobi Terminal, Leasing of Kenya Petroleum Oil Refineries Limited (KPRL) and Construction of Additional Loading Arms in Eldoret.

End.