



OFFICE OF THE CABINET SECRETARY

Talking Notes

Share Transfer Agreement Signing Ceremony on Acquisition of Kenya Petroleum Refineries Limited (KPRL) by Kenya Pipeline Company Limited (KPC) held at the National Treasury 27th October 2023.

Ladies and Gentlemen,

I am very pleased to be present at this historic and auspicious occasion. Today, we will be signing the Share Transfer Agreement on the takeover of Kenya Petroleum Refineries Limited by Kenya Pipeline Company Limited.

The Kenya Petroleum Refineries Limited and Kenya Pipeline Company are limited liability companies wholly owned by the Government of Kenya.

Following the Cabinet approval of the acquisition of Kenya Petroleum Refineries Limited by Kenya Pipeline Company on 18th July 2023 by way of share transfer, my Ministry adopted a multi-disciplinary approach and set up a Steering Committee to implement the Cabinet approval on the takeover. The Steering Committee has prepared the Share Transfer Agreement and other attendant transfer instruments that will be signed today. Let me take this early opportunity to congratulate the Steering Committee



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and its Technical team for working tirelessly to ensure the acquisition process has been successful to this point.

Ladies and Gentlemen,

It is important for me to mention what benefits will arise from the acquisition of KPRL by KPC.

As per my earlier statements on the matter, the acquisition will primarily facilitate Kenya Pipeline Company to expedite operations which are focused on pipelines and storage capacity for petroleum and petroleum products in the country and the region.

Some of the immediate opportunities are:

- Accelerate proliferation of per capita use of Liquefied Petroleum Gas (LPG) through the development of LPG bulk import handling and storage facilities at the Kenya Petroleum Refineries Limited.
- Upgrade / rehabilitation of Kenya Petroleum Refineries Limited and planned capacity enhancement of the pipeline system.
- Increase storage capacity for the country.
- Enhance Mombasa as the dominant trading hub in East Africa; and
- Manage petroleum and petroleum products price hikes.



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The acquisition is therefore expected to enhance petroleum supply chain infrastructure and thereby result in security of supply and cost-efficiency through reduced demurrage costs. The acquisition is also aimed at enhancing efficiency as well as foster synergy in the petroleum value chain by optimizing the use of existing downstream petroleum infrastructure.

Ladies and Gentlemen

The acquisition of Keya Petroleum Refineries Limited by Kenya Pipeline Company is symbiotic. It is envisaged that the financial performance of both institutions will improve. Moreover, the operationalization and growth of KPRL under the new shareholder will bring social and economic benefits to the coast region and to Kenya at large.

Ladies and Gentlemen,

Currently Kenya Petroleum Refineries Limited Facilities are leased by Kenya Pipeline Company who operate and manage the facility. The acquisition therefore changes the arrangement in that Kenya Pipeline Company shall own Kenya Petroleum Refineries Limited. KPRL shall remain a legal entity as a subsidiary of KPC. In line with Kenya Kwanza agenda of jobs creation, there shall be no loss of employment because of this acquisition.



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You may wonder why the Government has approved the change from leasing to ownership through share transfer, yet the leasing arrangement was working. Under the lease arrangement, the operations of the lease were limited in certain respect, necessitating the Government to convert KPRL as a subsidiary of KPC to facilitate enhanced operations and seamless management.

Among the objectives of the State Department for Petroleum is to ensure security of supply of petroleum products, therefore the Ministry is committed to ensuring that the acquisition ensures business continuity and furtherance of the mandate of KPC to grow revenues and business diversification to support the national development Agenda.

Ladies and Gentlemen

It therefore urges the parties concerned to continue collaborating in the next steps of the completion of the share transfer process and management of post-acquisition activities. I look forward to seeing the takeover responds to the expectations and start bearing fruits and become a success story in the days to come.

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