Privatization Authority
Unlocking Value, Enhancing Productivity

Issue 1: June 2026

The Privatization Journal

Unlocking Value for National Development

The Kenya Pipeline Company IPO: A Landmark Chapter in Kenya's Economic Transformation

The Kenya Pipeline Company (KPC) Initial Public Offering (IPO) marked a defining moment in Kenya's economic transformation journey and the evolution of regional infrastructure ownership

Inside this issue

More than a capital markets transaction, the IPO represents a bold step towards deepening regional integration, unlocking investment in strategic infrastructure, and positioning KPC for its next phase of growth.

The offer introduced a unique ownership model that reflects KPC's role as a regional asset. Shares were allocated to local institutional investors, regional East African Community (EAC) investors and retail investors, creating a broader ownership base aligned with the company's regional footprint and long-term growth ambitions.

For decades, KPC has served as the backbone of East Africa's petroleum supply chain, transporting and storing fuel products that power industries, businesses and households across the region. Today, the company supplies more than 91 percent of petroleum products consumed in Uganda, Rwanda, South Sudan, Burundi, the Democratic Republic of Congo and parts of northern Tanzania.

The strategic significance of KPC's transformation has been recognised at the highest levels of government. Speaking during the IPO process, President William Ruto described KPC as a regional asset whose value extends beyond Kenya's borders.

"I am happy that Uganda is prepared to invest with us because that Kenya Pipeline facility is not just a Kenyan facility; it is a regional asset."

The President noted that the IPO would unlock approximately KSh106.3 billion in value for the Government of Kenya, creating additional fiscal space to support priority national development projects while reducing reliance on expensive borrowing.

Echoing this sentiment, the Cabinet Secretary for the National Treasury Hon. John Mbadi described the listing as an opportunity to maximise the value of a strategic national asset.

"We have realised that we have a very mature asset whose value we need to optimise. KPC has been kept in the vault for

Cont'd on page 2

From page 1

too long; we have to open the vault and allow KPC to be taken to the NSE and compete with big brothers like Safaricom."

The participation of regional investors, including Uganda and Rwanda, underscores KPC's strategic importance to East Africa's energy ecosystem. Their investment reflects a shared commitment to regional energy security and strengthens collaboration across markets that depend on KPC's infrastructure to support economic activity and trade.

For Uganda, the investment represents more than a financial stake. According to the Minister of Energy and Mineral Development for Uganda, Ruth Nankabirwa, the acquisition has fundamentally changed Uganda's relationship with one of the region's most important energy corridors.

Her remarks highlight the broader regional integration benefits of the IPO, with participating countries becoming active stakeholders in infrastructure that supports economic growth, energy security and cross-border trade.

Beyond its traditional petroleum transportation business, KPC is also expanding its contribution to the region's development agenda. The company is investing in bulk Liquefied Petroleum Gas (LPG) infrastructure to support access to cleaner cooking energy across East Africa. At the same time, it is leveraging its extensive fibre optic network to provide connectivity infrastructure that supports digital transformation and economic growth.

These initiatives reflect KPC's evolution from a pipeline operator into an integrated energy and logistics company that is supporting both industrial growth and sustainable development.

As East Africa continues to integrate its markets and strengthen regional trade links, KPC remains at the centre of this transformation. Through strategic infrastructure investments, enhanced governance, regional partnerships and a broader ownership structure, the company is helping shape a future where reliable energy, efficient logistics and shared prosperity drive economic growth across the region.

The IPO is therefore more than a milestone for KPC. It is a statement of confidence in Kenya's capital markets, a catalyst for regional integration and a powerful example of how strategic infrastructure can be leveraged to accelerate economic transformation across East Africa.

Her remarks highlight the broader regional integration benefits of the IPO, with participating countries becoming active stakeholders in infrastructure that supports economic growth, energy security and cross-border trade.

The IPO is therefore more than a milestone for KPC. It is a statement of confidence in Kenya's capital markets, a catalyst for regional integration and a powerful example of how strategic infrastructure can be leveraged to accelerate economic transformation across East Africa.

FOREWORD FROM THE MD

As Kenya pursues its development aspirations, privatization continues to contribute meaningfully to the country's economic transformation, fiscal sustainability, and public value

Dear Stakeholders,

The successful privatization of Kenya Pipeline Company (KPC) through a landmark Initial Public Offering (IPO) represents more than a historic transaction; it is a powerful demonstration of how privatization can serve as a catalyst for Kenya's economic transformation.

By unlocking Ksh.106.3 billion in value, the KPC IPO showcased the ability of well-executed privatization transactions to mobilize investment, deepen capital markets, enhance enterprise efficiency, and create opportunities for broader citizen participation in wealth creation. It reaffirmed that privatization is not merely a divestiture process, but a strategic tool for driving sustainable economic growth, strengthening public finances, and expanding ownership of national assets.

As Kenya pursues its development aspirations, privatization continues to contribute meaningfully to the country's economic transformation, fiscal sustainability, and public value by unlocking capital for priority investments, improving the performance and competitiveness of enterprises, and broadening opportunities for citizen participation in wealth creation.

Building on this achievement, the Privatization Authority remains committed to creating more opportunities for Kenyans to participate meaningfully in the ownership of strategic enterprises. Our objective is to ensure that privatization attracts investment while democratizing wealth, enabling ordinary citizens, local institutional investors, and future generations to share in the success of high-performing enterprises.

To realize this vision, we are intensifying public awareness and stakeholder engagement initiatives across the country. Through these efforts, we aim to equip Kenyans with the knowledge, confidence, and information needed to participate actively in future privatization transactions and benefit from the opportunities they create.

In this edition, we reflect on the impact of the KPC IPO and highlight the Authority's ongoing efforts to unlock value, broaden economic participation, and contribute to Kenya's long-term development agenda. We also explore how privatization continues to support innovation, competitiveness, and inclusive prosperity in line with the nation's aspirations for economic transformation.

Thank you for your continued support and partnership as we advance this important journey together.

Enjoy the read.

Dr. Janerose Omondi
Acting Managing Director
Privatization Authority

Privatization Authority
Unlocking Value, Enhancing Productivity

From Commission to Authority: Kenya's New Approach to Privatization

The transformation of the Privatization Commission into the Privatization Authority in 2025 opened a new chapter in Kenya's efforts to unlock value from public assets, deepen capital markets, and attract investment into strategic sectors of the economy.

The establishment of the Authority under a new privatization framework set out by the Privatization Act, No. 18 of 2025, reflects the Government's commitment to modernizing the management of state-owned enterprises and creating a more efficient process for implementing Privatization transactions.

The transition from the Privatization Commission to the Privatization Authority was driven by the need to create a more responsive and efficient privatization framework. Under the previous regime, privatization processes often involved lengthy approval procedures that slowed transactions and limited the pace of reform. The new framework seeks to provide greater clarity, strengthen institutional oversight, and improve decision-making efficiency while maintaining transparency and accountability.

At the heart of this shift is a recognition that privatization is not simply about selling government assets. Rather, it is about improving efficiency, attracting capital, enhancing corporate governance, and enabling strategic enterprises to reach their full growth potential while supporting national economic development.

The Authority's evolution reflects a broader shift in economic policy that reduces state commercial activities in favour of strategic partnerships, private investment and market-led growth that benefits all Kenyans

Importantly, the revised framework also introduces mechanisms to safeguard the public interest throughout the privatization process. Enhanced governance structures, oversight mechanisms, and opportunities for public participation are intended to ensure that transactions are conducted transparently and deliver long-term value to citizens and the economy.

The Authority's role is to oversee and implement approved privatization transactions using a range of approaches, including initial public offerings (IPOs), strategic investor partnerships, asset sales, and other transaction models suited to each enterprise's specific circumstances.

A significant milestone in this transformation journey was the successful privatization of Kenya Pipeline Company (KPC) through an initial public offer. The transaction demonstrated the potential of privatization to broaden investment opportunities for Kenyans, deepen participation in the capital markets, and unlock value from mature public assets.

The transaction also reinforced the principle of citizen participation by enabling local institutional and retail investors to acquire ownership in one of the country's most strategic infrastructure companies. Beyond raising capital, the KPC IPO demonstrated how Privatization can support wealth creation while strengthening corporate governance and accountability through public listing requirements.

The Authority is now focused on advancing the implementation of additional transactions approved under the Government's Privatization programme. These include enterprises operating in sectors such as energy, manufacturing, agriculture, logistics, hospitality and public services.

As Kenya seeks innovative ways to finance development, strengthen public enterprises, and stimulate economic growth, the Privatization Authority has emerged as a key institution for unlocking the value of public assets and expanding opportunities for investment and wealth creation.

The Authority's evolution reflects a broader shift in economic policy: from direct state participation in commercial activities to creating an enabling environment where strategic partnerships, private investment, and market-led growth can flourish for the benefit of all Kenyans.

The Making of a Public Limited Company: The KPC IPO Journey

The Kenya Pipeline Company (KPC) Initial Public Offering (IPO) marked the culmination of one of the most significant privatization transactions in Kenya's history.

While the IPO captured public attention as the country's largest share offering in nearly two decades, the path to listing was years in the making and reflected a deliberate policy shift toward unlocking value from strategic state assets, broadening public ownership, and strengthening Kenya's capital markets.

KPC was first included in Kenya's Privatization Programme in 2009. However, like many state-owned enterprises earmarked for divestiture, KPC's divestiture progressed slowly due to evolving policy priorities, regulatory requirements, and changing market conditions.

Momentum accelerated in 2025 as the Government renewed its commitment to privatization as part of a broader strategy to unlock value from mature public assets, attract investment, and strengthen fiscal sustainability.

In July 2025, the Cabinet approved the proposed privatization of KPC, paving the way for the next phase of the process.

A critical milestone was the adoption of Sessional Paper No. 2 of 2025, which set out the policy justification for the transaction and outlined the Government's strategic objectives for the divestiture.

The Sessional Paper recognized KPC as a commercially successful enterprise with strong growth potential and argued that broader ownership would enhance corporate governance, improve access to capital, and support regional expansion ambitions.

The policy proposal subsequently advanced through the legislative process, culminating in the National Assembly's approval of the privatization framework on 1 October 2025.

The enactment of the Privatization Act, 2025 provided the legal framework required to implement privatization transactions more efficiently while strengthening transparency, accountability, and oversight.

The new law also formally established the Privatization Authority as the institution responsible for overseeing and implementing approved privatization transactions.

Working alongside the National Treasury, the Capital Markets Authority, transaction advisers, and other stakeholders, the Privatization Authority played a central role in guiding the transaction from approval through execution.

Its mandate included ensuring compliance with the 2025 Privatization Act, coordinating approvals, safeguarding the public interest, and overseeing KPC's transition from a state corporation to a publicly listed company.

The Authority also helped ensure that the transaction aligned with national objectives to broaden share ownership, deepen capital markets and promote public participation in wealth creation.

The IPO established a broad-based ownership structure that reflected KPC's strategic role in East Africa's energy ecosystem.

The offer enabled participation by local institutional investors, retail investors, and regional investors from across the East African Community.

The transaction successfully raised KSh106.3 billion through the sale of a 65 percent Government stake, making it one of the most significant capital market transactions in Kenya's history and the first major state divestiture since Safaricom's listing.

The IPO also broke new ground as the first public offering conducted through a fully digital trading platform, expanding accessibility and participation.

The successful listing marked more than a change in ownership structure. It signaled KPC's transition to a commercially driven public company subject to the governance and disclosure requirements of a listed entity.

With access to capital markets and a broader shareholder base, KPC is now better positioned to pursue its long-term strategic ambitions, including expanding regional infrastructure and growth in emerging energy opportunities, such as liquefied petroleum gas (LPG) infrastructure.

The transition was formally completed on April 22, 2026, when KPC ceased operating as a state corporation and became a fully commercial public limited company.

Beyond KPC itself, the transaction demonstrated the practical application of Kenya's new privatization framework. It showcased how policy reform, legislative action, and institutional oversight can work together to unlock value from public assets and expand investment opportunities for citizens.

As the Privatization Authority advances the implementation of future transactions under the Privatization Programme, the KPC IPO will serve as a landmark case study demonstrating how strategic Privatization can support economic transformation, deepen capital markets, and expand public participation in wealth creation.

One People, One Destiny: How the KPC IPO united the East African region

When the Government of Kenya floated 65 percent of its shareholding in Kenya Pipeline Company (KPC) to the public through an Initial Public Offering (IPO), the transaction was far more than the privatization of a strategic national asset. It became one of the clearest demonstrations yet of East Africa's growing economic integration and the potential of regional capital markets to mobilize investment across borders.

For decades, KPC has been more than a Kenyan company. Its infrastructure transports petroleum products that power industries, businesses, and households throughout East Africa. From Uganda and Rwanda to South Sudan, Burundi, and the eastern Democratic Republic of Congo, the company's operations underpin regional energy security, trade, and economic growth.

It was therefore fitting that KPC's ownership would ultimately reflect the regional role it plays.

A defining feature of the KPC IPO was the deliberate effort to engage investors beyond Kenya's borders. Soon after the share offer launched, government officials, transaction advisors, and KPC executives embarked on investor roadshows in Kampala, Uganda, and Kigali, Rwanda, to present the investment opportunity to pension funds, financial institutions, fund managers, and business leaders.

The investor engagements generated significant interest and reinforced regional investors' appetite for opportunities that combine strong commercial fundamentals with strategic regional importance.

Speaking in Kigali, Rwanda, the Principal Secretary in the State Department for Public Investments and Asset Management, Cyrelle Wagunda Odede said, "Sustaining KPC's regional role will therefore require greater efficiency, innovation, and strategic partnerships aligned with East African integration goals. Maintaining and upgrading this infrastructure requires capital. By bringing in equity capital, KPC will strengthen its balance sheet without incurring new debt. A well-capitalized KPC is not only good for Kenya – it collectively strengthens the East African region's competitiveness as a transit and logistics hub."

In many respects, the KPC share offer transformed customers, partners, and neighbouring countries into stakeholders with a direct interest in the company's long-term success.

In Uganda, participation in the IPO was viewed as both a commercial investment and a strategic energy-security decision.

Uganda's Minister of Energy and Mineral Development, Ruth Nankabirwa, described the investment as "a deliberate strategic decision aimed at strengthening regional energy cooperation and safeguarding national interests." She added that the investment would enhance access security, improve affordability, and reinforce long-term supply stability for Uganda and the wider region.

Similarly, Uganda's Permanent Secretary at the Ministry of Energy, Irene Bateebe, noted that the investment was "a strategic step toward strengthening regional energy security while deepening economic collaboration between Uganda and Kenya."

These sentiments reflected a broader reality that East Africa's economies are increasingly interconnected, and that strategic infrastructure assets such as KPC play a critical role in supporting regional growth and resilience.

In Uganda, participation in the IPO was viewed as both a commercial investment and a strategic energy-security decision.

Uganda's Minister of Energy and Mineral Development, Ruth Nankabirwa, described the investment as "a deliberate strategic decision aimed at strengthening regional energy cooperation and safeguarding national interests." She added that the investment would enhance access security, improve affordability, and reinforce long-term supply stability for Uganda and the wider region.

Similarly, Uganda's Permanent Secretary at the Ministry of Energy, Irene Bateebe, noted that the investment was "a strategic step toward strengthening regional energy security while deepening economic collaboration between Uganda and Kenya."

These sentiments reflected a broader reality that East Africa's economies are increasingly interconnected, and that strategic infrastructure assets such as KPC play a critical role in supporting regional growth and resilience.

Regional participation in the KPC IPO sent a powerful signal that East Africa's investment future is increasingly interconnected.

The success of the IPO offers valuable lessons for future privatization transactions across East Africa.

First, it demonstrated that regional infrastructure assets can attract significant cross-border investor interest when backed by a clear investment case and a transparent governance framework.

Second, it underscored the importance of investor engagement. The roadshows in Kampala and Kigali helped raise awareness, address investor concerns, and reinforce confidence in the transaction.

Third, it showed that Privatization can be used not only as a tool for raising capital.

As KPC embarks on its next phase of growth, including regional pipeline expansion and investments in new energy infrastructure, its shareholder register now reflects the interconnected future of East Africa's economy. While the company remains proudly Kenyan at its core, its ownership structure increasingly mirrors the region it serves.

In that sense, the KPC IPO was about more than shares and capital markets. It was a statement that East Africa's economic future will be built not only on trade and infrastructure but also on shared investment, shared ownership, and shared prosperity.

For a region pursuing deeper integration, the KPC IPO may ultimately be remembered not merely as a successful privatization but as a milestone on the journey toward a truly interconnected East African market.

Privatization in Kenya:
Unlocking Value, Expanding Participation, and Strengthening State-Owned Enterprises

By Dr. Janerose Omondi

Lately, there has been a lot of talk about the privatization of large national companies - a subject so consequential for our nation's economic trajectory, especially its role in strengthening Kenya's competitiveness and unlocking value in our State-owned enterprises (SOEs). At the heart of this discussion is the Kenya Pipeline Company (KPC), which, in some quarters, is considered the country's 'family silver' given its strategic positioning in Kenya's economic landscape. KPC underwent a legally mandated process toward partial public ownership and a listing on the Nairobi Securities Exchange (NSE).

Global experience over the past three decades indicates that privatization has increasingly shifted from full divestitures toward more structured mixed-ownership approaches. The Organisation for Economic Cooperation and Development (OECD) notes that such approaches often involve partial listings, phased divestitures, and the retention by the state of significant minority or majority stakes where a continued public-interest rationale exists. While concerns were raised about potential loss of national control or distributional outcomes, others view privatization as a mechanism to address operational inefficiencies.

Privatization should not be understood as a wholesale divestment of public assets or as a panacea for all structural challenges. It generally involves the selective transfer of ownership or management rights in commercial public enterprises to private or public markets, conducted within defined legal and regulatory frameworks. In Kenya, this process is governed by the Privatization Act, No. 18 of 2025, which sets requirements for transparency, valuation, oversight, and public interest. The framework is intended to ensure that privatization processes are structured, accountable, and guided by economic considerations and public-interest objectives.

State-owned enterprises (SOEs) play an important role in Kenya's economy. However, as with many large public institutions globally, they may face structural constraints, including bureaucratic processes and limited access to capital. Policy initiatives such as partial public listings are intended to introduce market-based discipline, improve operational efficiency, and expand access to managerial and technical expertise. Kenya has prior experience with this approach, as companies including Safaricom, Kenya Commercial Bank, and KenGen have undergone public listings and subsequently operated as publicly traded entities.

Listing public enterprises on the Nairobi Securities Exchange also provides a mechanism for broader participation in the ownership of national assets. Public offerings allow individual investors, pension funds, and domestic institutional investors to acquire shares in strategic enterprises. This broadening of ownership can contribute to financial inclusion and the development of domestic capital markets, both of which are relevant to long-term economic growth and financial stability.

From a fiscal standpoint, structured privatization may ease pressure on public finances by reallocating resources to priority areas such as education, healthcare, and infrastructure. When appropriately designed, such approaches aim to balance the efficient use of public resources with continued oversight of strategically important national assets.

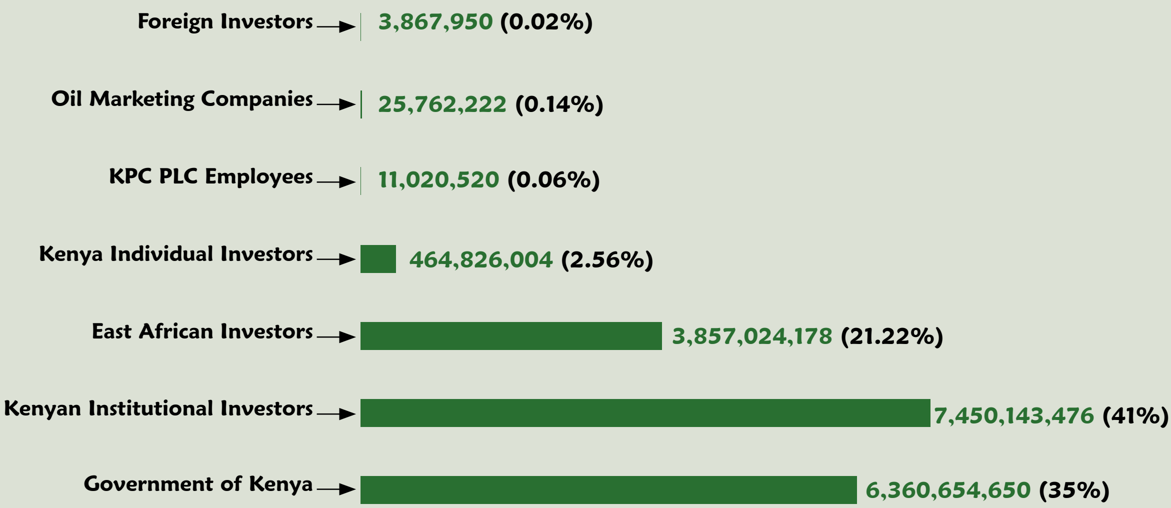
The Kenya Pipeline Company (KPC) is a central component of the country's petroleum logistics network, operating storage and pipeline infrastructure that links Mombasa to inland markets and generates substantial revenues. While KPC remained profitable under state ownership, various assessments and stakeholder input identified areas for improvement, including the need for system upgrades, capacity expansion, and diversification. The initial public offering (IPO) and the retention of a government shareholding are intended to provide access to additional capital and expertise to support these objectives, rather than to transfer control of strategic national infrastructure.

KenGen has operated under a mixed-ownership structure, with the government retaining a majority stake and private investors a significant minority shares. Under this arrangement, the company has expanded its renewable energy capacity and accessed a range of development financing options. This is often cited as an example of how mixed-ownership models, when combined with established governance and accountability frameworks, can support operational expansion and investment in ways.

The Government recognizes that privatization processes may attract public interest and scrutiny, particularly with respect to ownership structures, asset valuation, and the protection of workers and consumers. These considerations are addressed within Kenya's legal and institutional framework through rigorous valuation standards, disclosure obligations, independent oversight, stakeholder consultation, and appropriate social safeguards. Where concerns have arisen, parties have exercised their constitutional right to seek judicial redress, and the courts have adjudicated such matters in accordance with the law. This underscores the Government's commitment to transparency, accountability, due process, and prudent stewardship of public assets.

KPC IPO by the Numbers

Who Owns KPC PLC?



East Africa's Largest Public Share Offer Yet

Kshs.
103.454
billion

transferred to the National Infrastructure Fund

70,000+

Investors participated

21.22%

Regional Ownership

Kshs.
165,377,020,900

Current Market Capitalisation of KPC PLC

11.81
billion

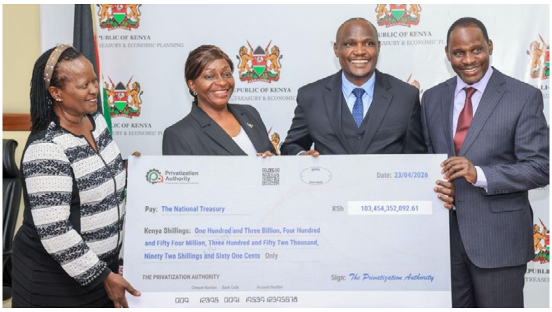
Shares offered

105.7%

Oversubscribed

Kshs.
106.3
billion raised through the IPO

Pictorial



Left to right: Privatization Authority Board Director, Irene Wanyoike and Privatization Authority Acting Managing Director, Dr. Janerose Omondi hand over a cheque of KShs. 103.454 billion in proceeds from the recent Kenya Pipeline Company (KPC) Initial Public Offering (IPO) to the National Treasury Cabinet Secretary, Hon. FCPA John Mbadi and the Principal Secretary in the State Department for Public Investment and Assets Management, Mr. Cyrell Wagunda.

L-R Former Kenya Pipeline Company MD Mr. Joe Sang, National Treasury CS, Hon. FCPA John Mbadi Ng'ongo, EGH, Principal Secretary National Treasury, Hon. Dr. Chris Kiptoo Chairman, Nairobi Securities Exchange Mr. Kiprono Kittony and Privatization Authority CEO Dr. Janerose S. Omondi share a light moment during the launch of Kenya Pipeline Company IPO Opening at Nairobi Securities Exchange.

Hon. FCPA John Mbadi Ng'ongo, EGH during the launch of Kenya Pipeline Company IPO Opening at Nairobi Securities Exchange.

President William Ruto rings the bell to signal the commencement of trading of Kenya Pipeline Company (KPC) PLC shares at the Nairobi Securities Exchange.

KPC brand ambassadors engage stakeholders during the on-ground activations, enhancing awareness of the IPO offerings.

Hon. FCPA John Mbadi Ng'ongo, EGH, participates in a panel discussion moderated by Jimmy Mbogoh, providing insights into the results of the Kenya Pipeline Company Initial Public Offering (IPO).

Privatization Authority Board Members during the announcement of the Kenya Pipeline Company Initial Public Offering (IPO) results.

Mrs. Mutesi Linda Rusagara, the State Minister for Public Investment and Resource Mobilization, Ministry of Finance and Economic Planning.

One-on-one with the KPC MD

Inside Kenya Pipeline Company PLC's transition to a listed, market-driven energy infrastructure giant

Following the successful Initial Public Offering and listing of Kenya Pipeline Company PLC, we sat down with Acting Managing Director, Pius Mwendwa to reflect on the outcome of the transaction and what lies ahead for one of East Africa's most strategic infrastructure assets.

Q1: With the IPO complete and KPC officially listed, what does this moment represent for the company?

It is a defining milestone in KPC's evolution. We have transitioned from a fully state-owned enterprise into a publicly traded company with a broad and diverse shareholder base.

The IPO attracted exceptional demand, with a 105.7% oversubscription of the share offer. That outcome is a clear signal of investor confidence in our fundamentals and long-term outlook.

Operationally, this marks the beginning of a new governance era. We now operate under the Capital Markets Authority's oversight, with enhanced disclosure obligations, stronger board independence, and a more market-responsive decision-making structure.

Q2: Regional and institutional investors featured prominently in the final allocation. What significance does that hold post-listing for the company?

The shareholder mix reinforces KPC's position as a regional infrastructure platform rather than a purely domestic utility.

The entry of strategic investors such as the Uganda National Oil Company (UNOC), which acquired a 20% stake, aligns us directly with key regional demand centres. It deepens integration with Uganda, Rwanda, and South Sudan, where we already play a critical logistics role.

Post-IPO, this alignment becomes even more important because it anchors long-term throughput volumes and strengthens our regional commercial relationships.

Q3: Investors are now shareholders. What should they expect in terms of returns and performance going forward?

Shareholders should expect a stable, defensive, and cash-generative business model.

KPC is underpinned by regulated pipeline tariffs and consistent regional fuel demand.

Between 2021 and 2025, throughput grew by 8.45% year-on-year, driven by strong export demand from regional countries signalling KPC push to diversify revenue from the local economy. Revenues increased by a Compound Annual Growth Rate (CAGR) of 8.36% from Kshs.27.99 billion in 2020/2021 to Kshs.38.59 billion in 2024/25.

Looking forward, KPC PLC's revenue is forecasted to grow at a CAGR of 10.4%, from Kshs. 41.3 billion to Kshs. 68.0 billion in 2030, compared to the historical CAGR of 8.36%, primarily driven by increased volumes, improved utilization, and targeted diversification. The focus is disciplined growth, efficiency, and value creation for shareholders.

Q4: The IPO did not directly fund KPC. How will expansion be financed now that you are listed?

That is correct. The IPO was an offer for sale of part of the Government's shareholding in the company, so KPC did not retain the proceeds.

However, listing strengthens our financial profile significantly. With a low gearing position and strong internal cash generation, we now have improved access to capital markets and structured financing options.

This enables us to fund our KSh 110 billion expansion programme without equity dilution, supported by asset-backed financing and predictable cash flows.

Q5: How has KPC changed internally after listing?

The transformation is both structural and cultural.

We are now Kenya Pipeline Company PLC, a regulated listed entity with enhanced transparency requirements and continuous disclosure obligations. Decision-making is faster, more commercially oriented, and aligned to shareholder expectations.

At the same time, employees who participated in the IPO are now shareholders.

That has strengthened ownership culture and sharpened performance focus across the organisation.

Q6: There were concerns before the IPO about transparency and potential risks. How do you respond now that the company is listed?

We are focused on expansion, diversification, and regional integration.

Key priorities include upgrading our 1,342 kilometres pipeline network, expanding into LPG infrastructure through development of our Mombasa land, and extending connectivity through projects such as the Eldoret–Kampala pipeline.

We are also exploring adjacent opportunities such as fibre optic infrastructure, which leverages existing pipeline corridors.

Importantly, we are committed to reinvesting approximately 50% of profits to sustain long-term growth.

Q7: What does increased participation by foreign and regional investors mean in the post-IPO phase?

It elevates KPC into a regional infrastructure asset with global investor participation.

This broadens our capital base and strengthens governance discipline. It also aligns KPC with broader East African energy security objectives.

From a national perspective, proceeds from the divestiture are channelled to the National Infrastructure Fund, supporting public investment priorities while reducing pressure on fiscal resources.

Q8: There were concerns before the IPO about transparency and potential risks. How do you respond now that the company is listed?

Listing has actually strengthened transparency significantly.

We are now subject to continuous market disclosure, statutory audits, and investor scrutiny under CMA regulations. This removes ambiguity and ensures that performance, risks, and strategy are fully visible to the market.

If anything, the post-listing environment enhances governance discipline rather than weakening it.

Q9: Who ultimately benefits from the KPC IPO's outcome?

The benefits are broad-based.

Kenyans who participated in the IPO are now direct owners of a profitable infrastructure company. Institutional and regional investors gain exposure to a stable, cash-generating asset. Employees benefit through ownership alignment. And the country benefits from strengthened capital markets and infrastructure funding channels.

KPC has consistently been profitable, posting a pretax profit of KShs 12 billion in the financial year ended 30th June 2025. Over the five-year period to 30th June 2025, KPC recorded progressively strengthened financial performance characterised by growing revenues and improving operating profits, and a substantial uplift in total comprehensive income following the acquisition of Kenya Petroleum Refineries Limited (KPRL). We expect stronger performance as we execute our expansion strategy.

Q10: Now that the IPO is behind you, what is your core assurance to shareholders?

Our commitment is straightforward: disciplined execution, transparency, and value creation.

Every investment decision will be measured against clear financial returns. Every project will be tracked for efficiency and impact. And every shilling will be accounted for under stronger governance and market oversight.

This listing is not the end of a process; it is the beginning of a more accountable, more efficient, and more growth-focused KPC.

From the Expert's Desk

Following the successful conclusion of the Kenya Pipeline Company (KPC) Initial Public Offering (IPO), one of the defining questions is what made the transaction resonate so strongly with investors and what lessons it offers for the future of Kenya's capital markets.

As Lead Transaction Advisor, Rina Hicks, Operations Director and Corporate Finance Advisory Lead at Faida Investment Bank, played a central role in structuring and executing the landmark transaction.

In this interview, she reflects on what made the KPC IPO unique and shares key insights that could help shape future public offerings in Kenya.

Q1. The KPC IPO has been described as one of the most consequential capital market transactions in Kenya's recent history. Beyond the amount raised, what made this IPO unique?

The uniqueness of the KPC IPO lay in its ability to achieve multiple national objectives simultaneously. It unlocked value from a mature state asset, broadened public participation in wealth creation, deepened Kenya's capital markets, and strengthened regional integration through participation by investors from across East Africa.

Unlike traditional privatisation transactions, the KPC IPO was structured to balance government interests, institutional investment, regional ownership, employee participation and retail investor access. It demonstrated that privatisation can be both a financing mechanism and a tool for democratising ownership of strategic national assets.

Q2. This was Kenya's first fully digital IPO. What lessons did Faida Investment Bank draw from deploying an end-to-end e-IPO model?

The biggest lesson is that technology can significantly expand participation in capital markets when barriers to entry are removed. Technology significantly helped to also increase efficiencies in the entire application process.

The combination of web-based platforms, USSD channels, and digital payment solutions enabled investors to participate from virtually anywhere. However, technology alone is not enough. Investor education remains critical. Future transactions will benefit from earlier public sensitisation, simplified onboarding processes and enhanced investor support during the application period.

The KPC IPO demonstrated that retail investors are willing to participate in capital markets when the process is clear, convenient, accessible, and transparent.

Q3. The IPO attracted strong participation from Kenya, Uganda, and Rwanda. What does this tell us about the future of regional capital markets integration?

For a long time, when we spoke about East African Integration, the conversation lived almost entirely in the trade and infrastructure space; one-stop border posts, the standard gauge railway, free movement of goods and so on. What the KPC IPO showed us, quite powerfully, is that the capital markets can also serve as a powerful integration tool.

We saw the participation of institutional investors from Uganda and Rwanda, not as a courtesy, but because they recognized value. That tells me that confidence in cross-border investment is no longer theoretical; it's happening and that's the kind of signal that builds a strong regional market.

My hope is that KPC becomes a reference point rather than an exception; that future transactions, whether IPOs or bond offers, treat the region as one investable market. The appetite has shown itself. Now it's on us, as market participants and regula-

President William Ruto rings the bell to signal the commencement of trading of Kenya Pipeline Company (KPC) PLC shares at the Nairobi Securities Exchange.

tors across the region, to keep thinking through and building the infrastructure for the future - settlement, custody, harmonised disclosure - that makes this the norm rather than the headline.

Q4. Many Kenyans view privatisation primarily as a government revenue-raising exercise. What broader economic value did the KPC transaction create?

The value extends far beyond the proceeds generated.

The IPO introduced stronger governance requirements, increased transparency, enhanced accountability, and greater operational discipline. Listed companies operate under rigorous disclosure obligations and shareholder scrutiny, which often drives improved performance over the long term.

Equally important, the transaction gave ordinary citizens an opportunity to own a stake in a strategic national asset and participate directly in its future growth.

This IPO also demonstrated to future potential issuers that the region has capacity to absorb investable opportunities. It showed that liquidity exists in our market, and that what investors are looking for are credible opportunities to invest in.

Q5. KPC has now transitioned from a state corporation to a publicly listed company. What governance shifts should investors expect?

The most significant shift is accountability.

The board now operates within a framework governed by capital markets regulations and shareholder expectations. Decision-making becomes more transparent, disclosures become more frequent, and directors are accountable not only to government but to all shareholders.

Investors should expect greater emphasis on performance, risk management, corporate governance, and long-term value creation.

Q6. What were the most important lessons from managing a transaction of this scale that could shape future privatisation programmes?

Three lessons stand out.

First, early stakeholder engagement is critical. Successful privatisation requires early and consistent communication with investors, regulators, employees, policymakers, and the public.

Second, transparency builds confidence. Investors respond positively when information is readily available and the transaction process is clearly understood.

Third, privatisation works best when positioned as a growth and ownership opportunity rather than simply an asset sale. The KPC IPO succeeded because investors could clearly see the company's growth prospects and strategic relevance.

Q7. What role can investment banks play in helping Kenya accelerate future privatisation transactions?

Investment banks play a critical role as transaction advisors, structuring partners, and market intermediaries.

Beyond valuation and execution, investment banks help governments prepare assets for market, identify appropriate transaction structures, engage investors, manage regulatory processes, and maximise value for taxpayers.

As Kenya advances its privatisation agenda, early engagement with transaction advisors can help ensure assets are appropriately structured, investor confidence is strengthened, and transactions are executed efficiently and transparently.

Q8. Looking back, what is the single most important legacy of the KPC IPO?

If I had to choose one thing, it would be this: KPC proved that strategic state assets can move into public ownership without losing sight of national development goals; that privatisation and public good are not opposites, if properly structured. It established a credible blueprint for future privatisations, demonstrated the power of digital technologies in mobilising investor participation and capital raising, expanded public participation in wealth creation, and brought East African capital markets closer together.

But if you ask me what stays with me personally, it's the fact that the IPO was not just about listing a company. It was about reimagining the relationship between government, citizens, and investors. Proving that when structured well, that partnership can create long-term economic value.

How Kenya's largest and First Electronic IPO Opened the Door for Everyday Citizens to Own a Stake in a Profitable National Asset

The privatization of the Kenya Pipeline Company (KPC) was a watershed moment in Kenya's capital markets history, not only for its scale, but also for its innovation and intent. It was the country's first electronic Initial Public Offering (e-IPO) and a deliberate step toward widening participation in national wealth creation by enabling ordinary Kenyans to own shares in one of the most strategically important and consistently profitable state-owned enterprises.

Structured as a mass-market offering, the KPC IPO was intentionally designed to reach far beyond institutional investors and engage retail participants across the country. The introduction of electronic application channels, alongside traditional platforms, fundamentally changed how Kenyans accessed capital markets. For the first time, citizens could apply for shares seamlessly through digital systems, reducing paperwork, travel costs, and the friction that had historically limited participation.

To support this nationwide uptake, extensive roadshows were conducted across urban centres, peri-urban towns, and rural markets. These engagements were aimed at demystifying share ownership and bringing investment education directly to citizens. From busy trading hubs to smaller communities, the message remained consistent: Kenyans could directly participate in owning a critical national infrastructure asset listed on the Nairobi Securities Exchange (NSE).

The response was emphatic. The IPO was oversubscribed by 105.7%, reflecting both strong investor confidence in KPC's fundamentals and pent-up demand among investors seeking credible long-term investment opportunities.

Importantly, the offering lowered the traditional barriers to entry in capital markets. At Nairobi's bustling Bee Centre market, trader Zipporah Tesma captured the sentiment of many first-time investors who encountered the IPO through public engagement campaigns. She highlighted how the structure of the offer allowed participation at accessible levels, noting that even small investors could enter the market with as little as KShs. 900 for 100 shares.

"This is an opportunity for the youth to embrace another model of investment," she observed, reflecting a broader shift in perception where share ownership was no longer viewed as the preserve of institutional or high-net-worth investors, but as a practical wealth-building tool for ordinary citizens.

Beyond the IPO itself, the trajectory it set has continued to shape Kenya's retail investment landscape. The shift toward digital financial participation has since been reinforced by mobile-first investment platforms such as Ziidi, which have further simplified access to investing by allowing users to channel savings and investments through familiar mobile ecosystems. While not part of the KPC transaction, such innovations reflect the same underlying transformation: the democratization of investing through technology and reduced entry barriers.

The KPC IPO represented a rare convergence of public policy ambition, capital markets innovation, and financial inclusion, transforming a highly profitable state enterprise into a shared national asset. In doing so, it reinforced a powerful principle: that wealth generated from strategic national infrastructure can be more widely distributed through structured public ownership and inclusive market design.

Indeed, the KPC listing was more than a privatization transaction. It was a deliberate exercise in economic democratization and a milestone in Kenya's capital markets evolution, giving citizens across income levels a tangible stake in the country's growth story through its first fully digital IPO process.

FAQs

Frequently Asked Questions about The Privatization Authority and its Mandate

1.What is the Privatization Authority?

The Privatization Authority (PA) is a body corporate established under Section 8 of the Privatization Act, No. 18 of 2025. It is responsible for overseeing, coordinating, and implementing the privatization of public entities in Kenya.

2. What is Privatization?

Privatization refers to a transaction that results in a transfer (other than to another public entity) of assets, liabilities, or shares of a public entity. This includes full or partial transfer of ownership or control to the private sector.

3. How does the Privatization Authority operate?

The Authority is managed by a Board which consists of a chairperson appointed by the President, the Principal Secretary for the time being responsible for privatization or a representative designated in writing; the Attorney-General or a representative designated in writing; six other persons, not being public officers, appointed by the Cabinet Secretary through a competitive process; and the Managing Director of the Authority, who shall be an ex-officio member of the Board with no voting rights.

Under Section 9 of the Privatization Act, 2025, the Privatization Authority is mandated to:

(a) advise the government on all aspects of privatization of public entities;

(b) facilitate the implementation of government policies on privatization;

(c) implement the Privatization Programme;

(d) implement specific Privatization Proposals in accordance with the Privatization Programme;

(e) collaborate with other organisations, within or outside Kenya, as it may consider appropriate in furtherance of the objects of this Act;

(f) prepare long-term divestiture sequence plan;

(g) monitor and evaluate the implementation of Privatization Programmes in Kenya;

(h) take such measures as are necessary to ensure that the provisions of this Act are complied with; and

(i) perform any other functions under this Act or any other legislation as may be conferred, from time to time, on the Authority.

4. How are public assets privatised?

Under Section 34 of the Privatization Act, Public assets can be privatised through:

- Initial public offer (IPO) of shares;
- Sale of shares by public tender;
- Sale resulting from the exercise of pre-emptive rights; or
- Such other method determined by the Cabinet.

5. Why privatise public entities?

Under Section 6 of the Privatization Act, the purposes of privatization include:

- Implementing government fiscal policies and revenue raising measures
- Improving the infrastructure and delivery of public services through the involvement of private capital and expertise
- Enhancing and developing Kenya's capital markets
- Improving efficiency, profitability, and accountability of public entities
- Improving the regulation of the economy by reducing conflicts between the public sector's regulatory and commercial functions
- Broadening the base of ownership in the Kenyan economy by encouraging private ownership of entities

6. Who identifies public assets to be privatised?

Under Section 22 of the Privatization Act, 2025, the Cabinet Secretary for the National Treasury identifies entities and prepares the privatization programme, which sets out the public sector entities that are to be privatized.

The programme must then be approved by the Cabinet and ratified by the National Assembly, as well as be submitted to and approved by the National Assembly (with or without amendments). The approved Privatization Programme shall be published in the Kenya Gazette.

7. Who can participate in a privatization?

Under Section 32 of the Privatization Act, 2025, any person, whether Kenyan or non Kenyan, is eligible to participate in a privatization, unless other laws restrict the participation of non Kenyans.

The Cabinet Secretary may limit participation to Kenyans only or set a minimum level of Kenyan participation based on:

a) Strategic nature of the entity

b) National security interests

c) Economic empowerment and inclusion of Kenyan citizens

d) the potential impact of the privatization on public welfare, service delivery or access;

e) the risk of foreign dominance or monopolistic control; and

f) the national development goals and policies.

8. Are there any restrictions on entities being privatized?

Yes. Once a public entity is included in an approved Privatization Programme, it cannot:

- It shall not allow its assets to be dissipated
- Incur unusual liabilities or buy assets outside ordinary business without the National Treasury Cabinet Secretary's approval
- Disclose non public information that could advantage a bidder
- Undertake new major investments or disposals without approval
- Extend credit to anyone to buy its shares

9. What happens to the money from privatization?

Sections 38 and 49 of the National Infrastructure Fund Act,No. 4 of 2026 channel all proceeds from privatization to the National Infrastructure Fund.

Contact the Privatization Authority
Head Office:
10th Floor, Social Security House – Annex, Bishops Road, Off Ngong Road, Nairobi
P.O. Box 34542 – 00100, Nairobi, Kenya
Telephone: 020 8696800
Website: www.privatization.go.ke
Email: info@Privatization.go.ke

Privatization Authority @Privatization_authority @PrivatizationKE