

# KAPCO – 26 Years of Excellence & Way Forward!



October 26, 2023

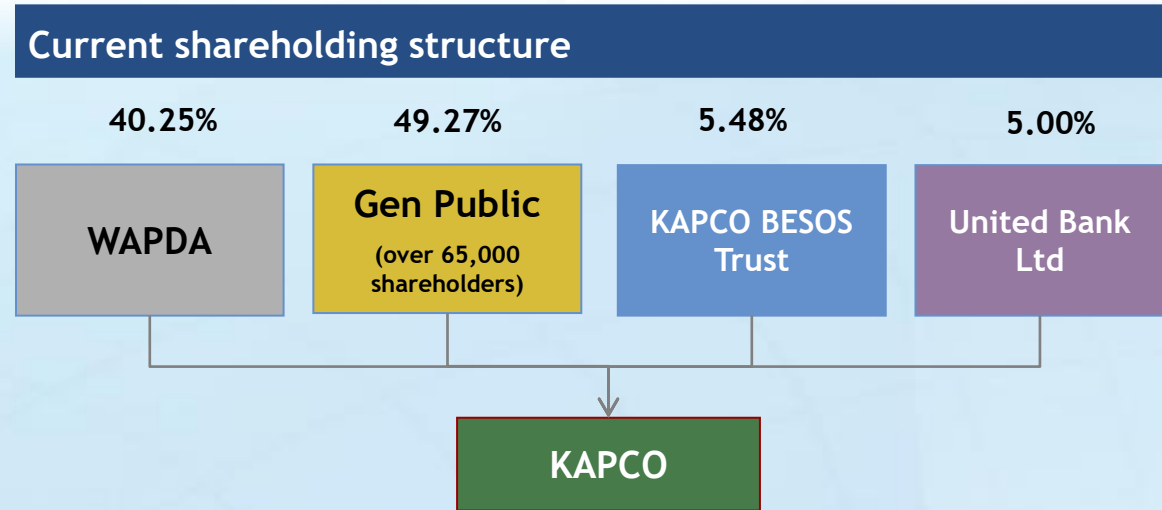


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# KAPCO - A Symbol of Successful Public Private Partnership

# KAPCO - Overview

➤ Construction	By WAPDA - 5 Phases (1985-1996)
➤ Company Incorporation	April 1996 (to acquire Power complex from WAPDA)
➤ Privatisation	June 1996 - Thru International Competitive Bidding - 36% shares sold to National Power UK with management control
➤ Listing	2005 - Listed on Stock Exchanges
➤ PPA	25 Years till Jun 2021 (extended till Oct-2022 thru settlement)
➤ Generation License	Initial expiry - 21-Sep-21 Extended till 21-Sep-24
➤ Capacity	1600 MW (ADC 1345MW)
➤ Fuel	Only Multi Fuel Plant - LSFO, Gas/RLNG, HSD
➤ Technology	CCGT - 10 Gas Turbines, 5 Steam Turbines
➤ Certifications	ISO 19001 – 2015 Quality Management System ISO 14001 – 2015 Environment Management ISO 45001 – 2018 Occupational Health & Safety Management



- *KAPCO is the shining example of Privatisation - Public Private Partnership.*
- *KAPCO is being managed and operated according to best international utility practices since its privatization in 1996.*
- *Total dividend payment since 1996: **Rs. 154.3 billion (Rs. 175.3/share)**. Since listing in 2005 **Rs. 118.7 billion (Rs. 134.9/share)***
- *KAPCO paid around **Rs. 71 billion** of tax to Govt of Pakistan*



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# KAPCO - Techno Commercial Strengths

# KAPCO - Techno Commercial & Strategic Importance

## Technical

- Included in approved IGCEP 2022-31 based on technical strengths
- Optimum size machines and lesser ramp-up Quick Start, can support peaking demand
- 10 Gas Turbines with HRSG, 5 Steam Turbines
- 6 units are connected at 132 KV system
- 9 Units connected at 220 KV system
- 4 auto transformers with 500 MVA Auto Transformer capacity
- Multi-Fuel / Fuel Flexibility
- KAPCO Complex (EB-1) highest efficiency among furnace oil based power plants in the country

## Useful/ Technical Life

- An independent study has been conducted by M/S Ramboll UK on the remaining useful of major equipment of KAPCO Plant
- Based on the study, assessed plant life is more than 10 years

## Switchyard Facility

- KAPCO has 132KV-220KV switchyard (500MVA) which is being used by NPCC without any contractual arrangement
- KAPCO Power House is primary source for feeding to remote areas of Layyah, Chowk Azam, Rang Pur, Kot Sultan, Noor Ahmad Wali, Shadan Lund, Tounsa Sharif etc (15 Grid Stations owned by MEPCO, 1 Consumer Grid Station, 1 FESCO Grid Station)
- Low Voltage problem may also aggravate incase of feeding from alternate source especially in summer peak

## Energy Security

- KAPCO has blackstart facility to support in case of countrywide blackout
- Multi-Fuel/ Fuel Flexibility [Gas / FO / HSD]
- KAPCO has the largest oil storage capacity by any IPP (LSFO 156KT, HSD 40ML). 6 Treatment Plants
- KAPCO is key national & strategic asset and can play its role in the fuel/ energy security of the Country
- KAPCO has dedicated pipelines for Fuel Supply and Gas/RLNG supply (300MMCFD)

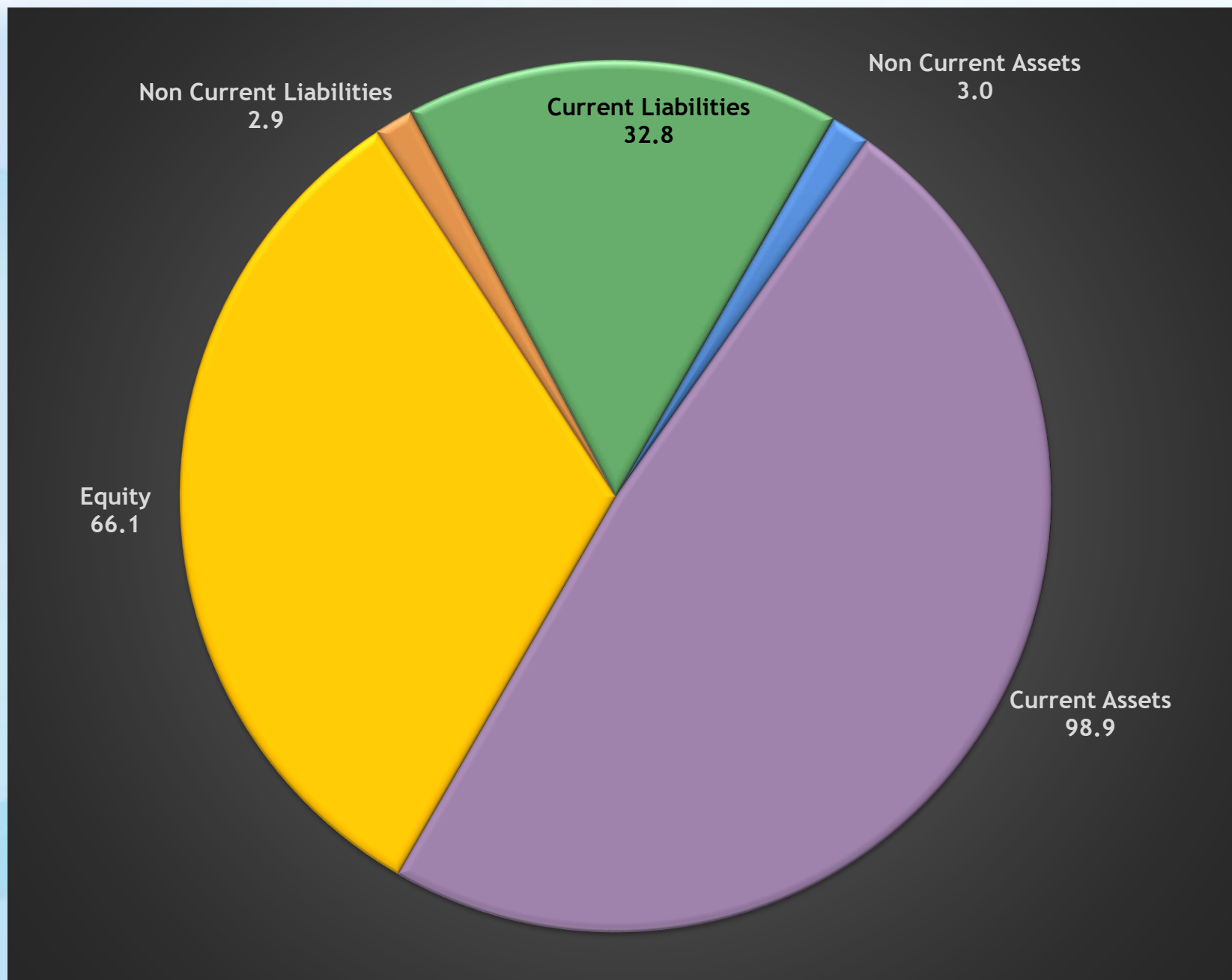


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# KAPCO - Financial Performance 2022-23

# Balance Sheet - Breakup June 30, 2023

Rs in Billion



## Current Assets

Description	2023	2022
PIB/Sukuk	50.1	54.1
Trade Receivables	26.6	62.2
Fuel Inventory & Stores	15.5	9.9
Advances, deposits, Tax	4.8	6.6
Cash & Bank	1.9	1.0
	<b>98.9</b>	<b>133.8</b>

## Current Liabilities

Description	2023	2022
Bank Finances	22.1	37.4
Trade & other payables	9.6	21.5
Dividend	1.1	1.0
Contract liability	-	4.6
Tax, Others	-	1.9
	<b>32.8</b>	<b>66.3</b>

# Financial Performance: 2023 vs. 2022

Rs in Million

	2022-23	2021-22
<b>Generation (GWh)</b>	<b>588</b>	<b>4,980</b>
Revenue	25,435	136,600
Cost of Sales	(26,004)	(128,068)
<b>Gross Profit</b>	<b>(569)</b>	<b>8,532</b>
Administrative Expenses	(843)	(977)
Other Expenses	(1,360)	(277)
Other Income	15,844	12,619
<b>Operating Profit</b>	<b>13,072</b>	<b>19,897</b>
Finance Cost	(6,253)	(4,373)
<b>Profit Before Tax</b>	<b>6,819</b>	<b>15,524</b>
Tax	(2,861)	(5,630)
<b>Net Profit</b>	<b>3,959</b>	<b>9,894</b>
<b>EPS (Rs / Share)</b>	<b>4.50</b>	<b>11.24</b>

## Main Reasons for Variance in net profit:

- ✓ No revenue post Oct-22 due to PPA expiry;
- ✓ Fixed Cost (including salaries) post PPA period;
- ✓ FV loss on PIBs and Sukuk - Rs. 1.0 billion
- ✓ Insurance, WPPF, WWF and additional income tax charged to P&L. Previously they were pass-through
- ✓ Tax rate increased from 33% to 39% (previous PPA rate 36%)





**Way Forward!**

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**Tariff Update & Diversification Plans**

# Tariff Update

## ➤ **Generation license:**

Generation License extended till 21-Sep-2024. If CTBCM is implemented then there will be no need to extension of generation license, otherwise, extension will be applied before expiry,

## ➤ **IGCEP (2022-31)**

IGCEP (2022-31) was approved by NEPRA in Feb-2023 and included **minimum 500MW** capacity from KAPCO till 2026 due to system constraints.

## ➤ **Tariff Submission & Provisional Tariff**

Revised Tariff was submitted in Mar-2023 and NEPRA issued provisional tariff on 4-Aug-2023 on take-and-pay' basis for 500MW in line with IGCEP.

## ➤ **Review Petition for Provisional Tariff**

Being aggrieved with the provisional tariff, the Company submitted a Review Petition before NEPRA to record its reservations.

## ➤ **Public Hearing for Final Tariff**

NEPRA conducted public hearing for Final Tariff on 3-Oct-2023 where KAPCO management presented its case adequately by highlighting the significant of KAPCO Plant (including its switchyard and blackstart facility). Final Tariff determination is expected to be issued soon

# Way Forward

## CTBCM

- GOP has kicked start Competitive Trading Bilateral Contract Market (CTBCM). However there are some delays in implementation and it is expected to be fully implemented by Jun-2024.
- Company would like to participate in the CTBCM especially the Energy blocks for which NEPRA doesn't give tariff.
- Also we are exploring the B2B options

## Diversification

- KAPCO has retained a significant amount of PIBs/Sukuk for the purpose of diversification/investment in Power Sector.
- Company is exploring brown field and green field options including the renewable projects and indigenous fuel projects, especially the Solar Power Project.
- The strong balance sheet of the Company gives an edge to make a big ticket investment.
- WAPDA, being a major shareholder, strongly supports plans for diversification.



*THANK YOU*