

KAPCO – Legacy of Excellence & Way Forward!



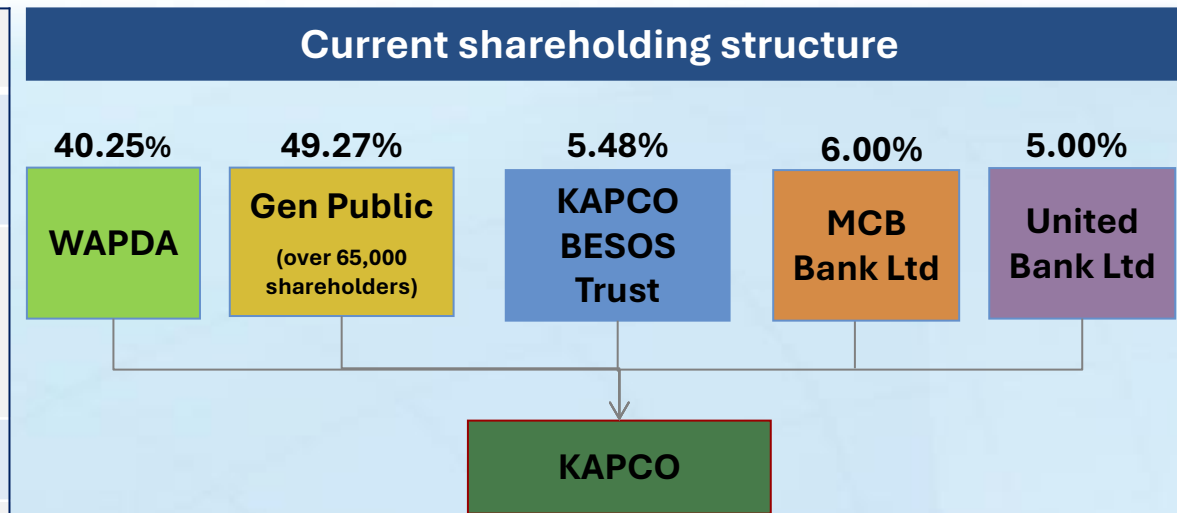
October 24, 2024



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 - 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 via settlement agreement)
➤ Generation License	Initial expiry – 21-Sep-21 extended for 3 years till 21-Sep-24. Company has applied for further extension of 7 years in June-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



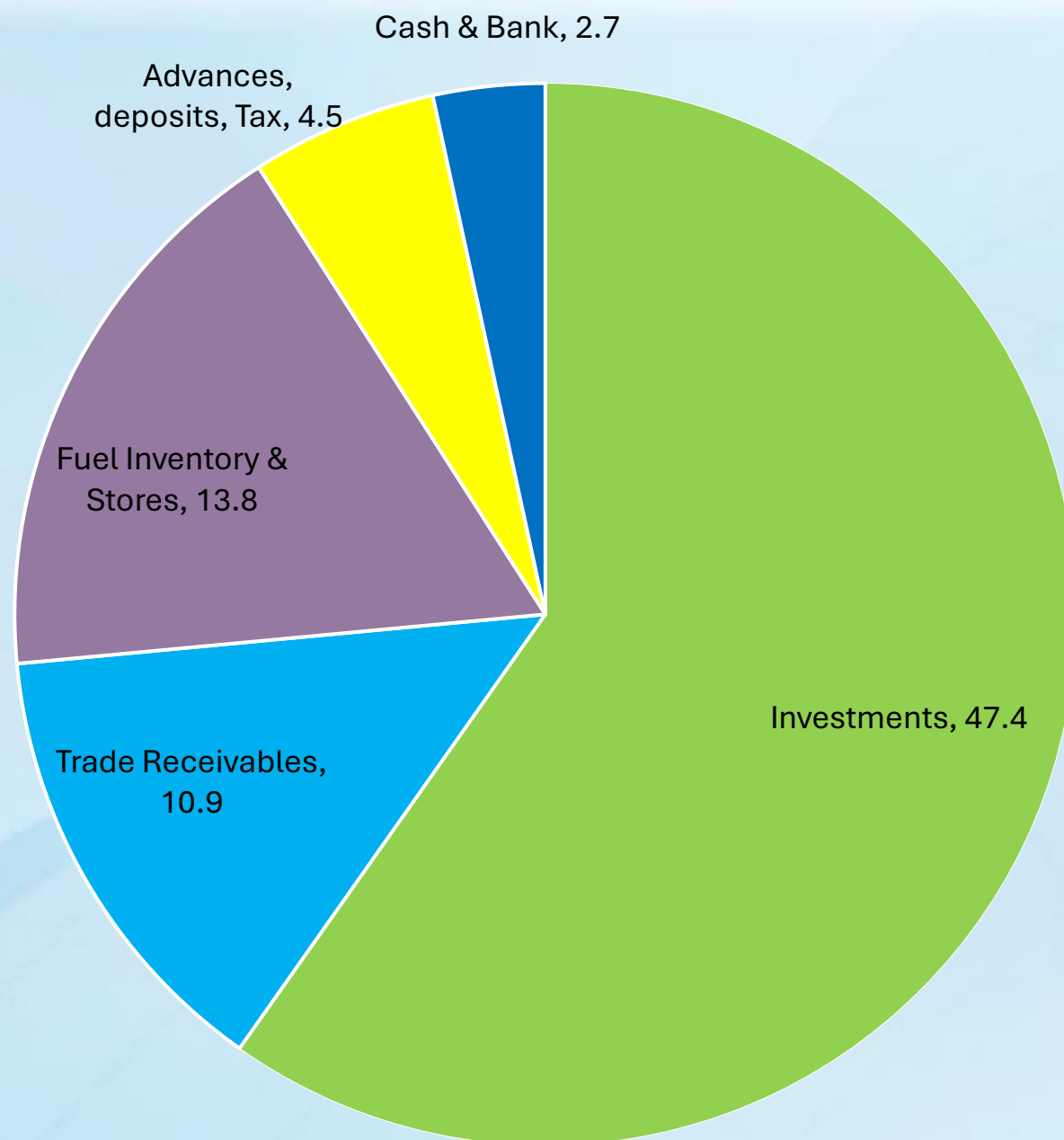
- KAPCO exemplifies the success of privatization through a Public-Private Partnership model.
- KAPCO is being managed and operated according to best international utility practices since its privatization in 1996.
- Total dividend payment since 1996: **Rs. 162 billion (Rs. 183.8/share)**. Since listing in 2005 **Rs. 126 billion (Rs. 143.4/share)**. KAPCO is one of the top dividend paying Company and same is also evident from its inclusion in PSXDIV20 index.
- KAPCO paid around **Rs. 72 billion** of tax to Govt of Pakistan



KAPCO – Financial Performance 2023-24

Balance Sheet – Breakup June 30, 2024

Rs in Billion



Current Assets

Description	2024	2023
PIB/Sukuk – Investments	47.4	50.1
Trade Receivables	10.9	26.6
Fuel Inventory & Stores	13.8	15.5
Advances, deposits, Tax	4.5	4.8
Cash & Bank	2.7	1.9
Total	79.3	98.9

Current Liabilities

Description	2024	2023
Bank Finances	9.9	22.1
Trade & other payables	7.1	9.6
Dividend	1.2	1.1
Total	18.2	32.8

Financial Performance: 2024 vs. 2023

Rs in Million

	2023-24	2022-23
Generation (GWh)	-	588
Revenue	-	25,435
Cost of Sales	-	(23,373)
Gross Profit	-	2,062
Plant maintenance and preservation costs	(4,161)	(2,617)
Administrative Expenses	(711)	(843)
Other Expenses	(439)	(1,360)
Other Income	14,630	15,830
Operating Profit	9,319	13,072
Finance Cost	(3,780)	(6,253)
Profit before levy and income tax	5,539	6,819
Levy - final tax	(2,178)	-
Profit before income tax	3,361	6,819
Income tax	952	(2,860)
Profit for the year	4,313	3,959
EPS (Rs / Share)	4.90	4.50

Key Drivers for Better Profitability:

- Rationalization of expenses (including SVSS to employees)
- Better return on investment (fixed rate instruments)
- Significant reduction in tax expense due to timely conversion of investments into Mutual Funds;



Way Forward!

Tariff Update & Diversification Plans

PPA / Tariff Update

➤ Generation license:

Extension in Generation License till 21-Sep-2024 has expired and Company has applied for further extension of 7 years.

➤ Power Acquisition Plan (2023-27)

NEPRA approved Power Acquisition Plan in May 2024 whereby KAPCO plant (500MW capacity) is included due to system constraints.

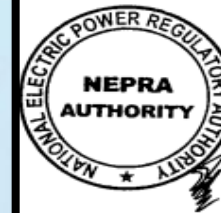
➤ Switchyard and black start facility

NTDC has intimated CPPA-G that it requires KAPCO's switchyard and black start facility for smooth and reliable operations of associated 220/132KV network for continuity of supply to MEPCO and associated region. Considering these transmission constraints, NEPRA has also allowed the extension of the Company's PPA while approving the Power Acquisition Plan (2023-2027).

(G). Decision of the Authority

In consideration of the above, the Authority approves the PAP to the extent of committed projects and 500 MW KAPCO which is required in lieu of the system constraints with the following directions:

- The tariff for the approved projects/procurements, if not already determined, shall be subject to separate tariff proceedings in accordance with the regulatory framework and subsequent proceedings.
- XW-DISCOs to ensure compliance of the next iteration of the PAP with the NEPRA (Electric Power Procurement) Regulations, 2022 including, but not limited to, alignment with the approved IGCEP, TSEP, Investment Plans, and Capacity Obligations Report.
- XW-DISCOs to submit financial analysis/impact of the projects proposed in the PAP on consumer end tariff including the power purchase price, capacity purchase price and energy purchase price within next iteration of the PAP.
- XW-DISCOs to submit status of evacuation arrangements for the projects proposed in the PAP on the performa attached (Annex-I) with the determination and clearly identify the mode of procurement for firm as well as indicative projects along with justifications thereof.
- XW-DISCOs to consider the impact of rooftop solar and captive generation in the next iteration of the PAP.



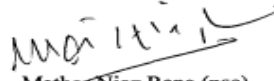
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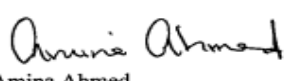
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- XW-DISCOs to ensure consultation with the IAA prior to submission of the PAP to the Authority especially with respect to timelines for conducting competitive auctions, where applicable, for proposed project in the PAP.
- XW-DISCOs to coordinate with KEL for reflection of the capacity quantum to be supplied to KEL from National Grid in the PAP so that no misalignment with respect to the quantum of supply is observed between the two PAPs.


Engr. Maqsood Anwar
Member


Rarique Ahmed Shaikh
Member


Mathar Niaz Rana (nsc)
Member


Amina Ahmed
Member

Way Forward

Diversification

KAPCO has retained investment of around Rs. 47 billion in Mutual Funds for the purpose of diversification in greenfield/ brownfield projects.

Following are the major developments during the year in this respect:

- KAPCO placed a bid to acquire equity stakes in Tenaga Generasi Limited, a 49.5 MW wind power project.
- Detailed technical and financial evaluation was conducted for bidding of 600MW Solar Project announced by PPIB. However, no bids were placed due to non-availability of foreign funding for the project.
- Due diligence of other wind, hydel and thermal projects is in progress and Company has signed non-disclosure agreements with these entities.
- KAPCO was pre-qualified for 2 solar projects of K.Electric. In September 2024, Company has placed bids for two greenfield Solar projects (120 MW Halkani and 150MW Metha Ghar).

The strong balance sheet of the Company gives an edge to make a big ticket investment. Further, WAPDA, being a major shareholder, strongly supports plans for diversification.

THANK YOU

