

# NPPMCL

National Power Parks Management  
Company (Pvt) Limited



## NPPMCL Privatisation Teaser

November 2019

# NPPMCL at a glance

## Pakistan's leading operator of combined cycle power plants

### Company overview

- Government of Pakistan ("GoP") took the initiative to establish 2 Re-gasified Liquefied Natural Gas ("R-LNG") power plants with combined capacity of approximately 2,453 MW (Gross RSC) into the national system through its own resources in 2015 to address the growing energy needs of Pakistan.
- National Power Parks Management Company (Pvt) Limited ("NPPMCL") is owned by Pakistan Development Fund Limited ("PDFL"), which is in turn owned by the Ministry of Finance, GoP. NPPMCL owns and operates two power plants: **Haveli Bahadur Shah ("HBS") Power Plant** which commenced combined cycle commercial operation in May 2018 and **Balloki Power Plant** which commenced combined cycle commercial operation in July 2018.
- The power plants were established under Pakistan's Power Generation Policy 2015 with long-term 30-year power purchase agreements ("PPA") signed with Central Power Purchasing Agency (Guarantee) Limited ("CPPA").
- The tariffs of the power plants have been agreed with 16% IRR (in USD terms) on equity investment as per current tariff determination (based on an assumed debt to equity ratio of 70:30)<sup>(2)</sup>.

### Tariff structure

Tariff component	Indexation
Fuel cost component	Actual fuel price determined by OGRA each month
Variable O&M (foreign)	USD to PKR & US CPI
Fixed O&M (foreign)	USD to PKR & US CPI
Fixed O&M (local)	Pakistan CPI
Cost of working capital	Adjustments for KIBOR variations and regulated fuel price
Return on equity	USD to PKR
Principal repayment	USD / EUR / YEN / GBP to PKR
Interest / Mark-up payments (LCY / FCY)	<ul style="list-style-type: none"> <li>Adjustment for relevant LIBOR / KIBOR or other applicable interest rate benchmark</li> <li>Adjustment for variation in PKR / foreign currency (USD / EUR / YEN / GBP) rates as applicable</li> </ul>

Source: Company filings, Company website.

Note: For more information, please refer to <https://www.nppmcl.com>.

(1) Combined Cycle efficiency at Reference Site Conditions ("RSC").

(2) Please refer to the following Tariff Determination documents: <https://www.nppmcl.com/wp-content/uploads/2017/10/HBS-Tariff-Determination.pdf>; <https://www.nppmcl.com/wp-content/uploads/2017/10/Balloki-Tariff-Determination-.pdf>.

(3) FY2019 financials are based on management accounts and are unaudited.

(4) Increase in operating fixed assets primarily as a result of transfers from capital work-in-progress of PKR74,931m (USD466m) as construction of the plants was completed.

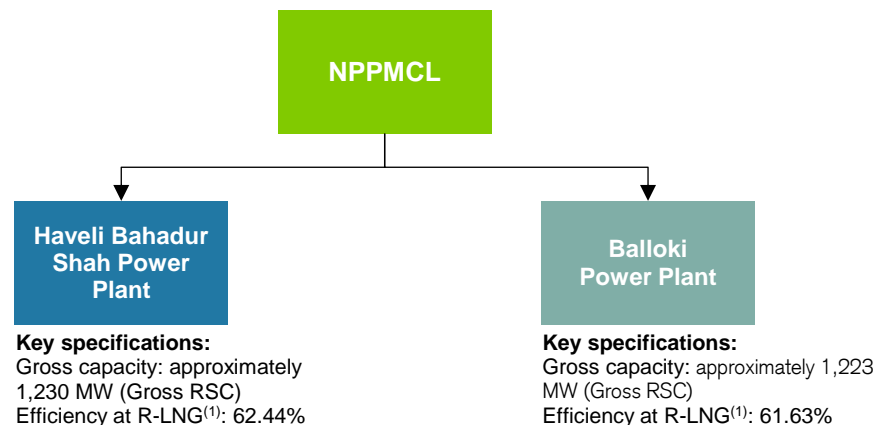
(5) Increase largely due to drawdown of working capital facility of PKR22,230m (USD138m) and addition of a PKR10,384m (USD65m) Stand-by Letter of Credit encashed by Sui Northern Gas Pipelines Limited ("SNGPL").

(6) Increase is due to a long term loan of PKR32,738m (USD204m) from Pakistan Development Fund Limited ("PDFL"), a wholly owned investment company by Ministry of Finance.

### Key financials

	In PKRm				
	FY2017	FY2018	FY2019 <sup>(3)</sup>		
(Financial year ending on 30 June)	NPPMCL	NPPMCL	HBS	Balloki	NPPMCL
Cash	19,943	13,174	1,106	1,602	2,708
Operating fixed assets	764	75,254 <sup>(4)</sup>	76,119	73,350	149,469
Capital work in progress	99,214	64,275	16	166	182
<b>Total assets</b>	<b>135,782</b>	<b>211,947</b>	<b>130,878</b>	<b>120,275</b>	<b>251,153</b>
<b>Total debt</b>	<b>1,629</b>	<b>65,352</b>	<b>32,499</b>	<b>37,373</b>	<b>69,872</b>
Short term debt	1,629	32,614 <sup>(5)</sup>	18,062	19,072	37,134
Long term debt	–	32,738 <sup>(6)</sup>	14,437	18,301	32,738
<b>Total liabilities</b>	<b>19,439</b>	<b>92,171</b>	<b>54,017</b>	<b>58,449</b>	<b>112,466</b>
<b>Total equity</b>	<b>116,343</b>	<b>119,776</b>	<b>76,861</b>	<b>61,826</b>	<b>138,687</b>
Share capital	0.1	0.1	26,500	26,500	53,000
Advance against shares	116,500	116,500	35,670	27,830	63,500
Accumulated (loss) / profit	(157)	3,276	14,691	7,496	22,187
<b>Key debt matrix</b>					
Debt/Equity	0.0x	0.5x	0.4x	0.6x	0.5x
Net debt/Equity	net cash	0.4x	0.4x	0.6x	0.5x
Net debt	(18,314)	52,178	31,392	35,772	67,164

### Corporate structure

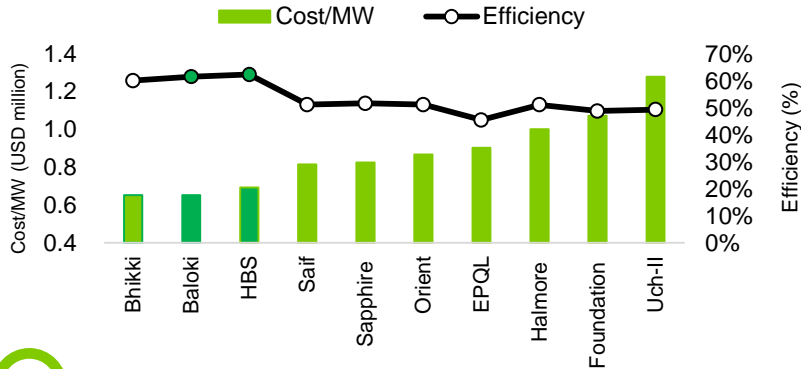


# NPPMCL at a glance

## Key investment considerations

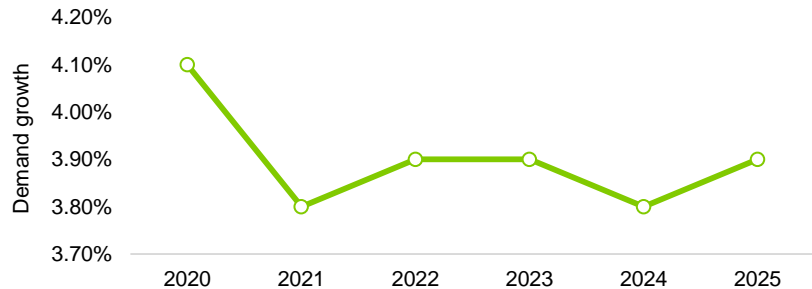
### 1 Highly efficient power generation assets<sup>(1)</sup>

- HBS and Balloki Power Plants are among some of the most efficient power plants in the country and were developed at one of the lowest cost/MW of c. USD 0.6m/MW in Pakistan.



### 2 Strong investment climate and demand in power sector

- The GoP allows for unhindered repatriation of dividends and the availability of foreign exchange as per Power Generation Policy 2015<sup>(2)</sup>.
- Potential of the Pakistani power sector due to growth in demand for power in the Country. The following chart illustrates Pakistan's projected demand growth over the next five years<sup>(3)</sup>.



Source:  
 (1) NEPRA Tariff Determination for Balloki and Haveli Bahadur Shah.  
 (2) Power Generation Policy 2015.  
 (3) NEPRA State of Industry Report 2018.  
 (4) Project Documents.  
 (5) Company information.

### 3 Robust contractual framework<sup>(4)</sup>

- HBS and Balloki Power Plants have take or pay provisions safeguarded under the PPA. All payment obligations of the CPPA are guaranteed by the GoP under the Implementation Agreement.
- The Plants offer a 16% USD based IRR on equity based on the National Electric Power Regulatory Authority ("NEPRA") approved tariff with an assumed debt to equity ratio of 70:30.
- NPPMCL has signed a 15 year Gas Supply Agreement with Sui Northern Gas Pipelines Limited ("SNGPL") for its Balloki and HBS Plant for ~200 MMCFD each which may be extended for another 15 years at the discretion of NPPMCL.
- Balloki Power Project was developed by Harbin Electric International led consortium while HBS Power Plant was developed by Power China led consortium.
- The Company has also contracted the services of world renowned contractors including General Electric under Long Term Service Agreement ("LTSA") and TNB Remaco and SEPCO III for O&M services.

### 4 Experienced BoD & Management<sup>(5)</sup>

- BoD and Management possess deep industry knowledge that is required to run the state-of-the-art combined cycle plant operations.
- Senior management team and Board of Directors with long-standing experience in their respective fields.
- Proven execution and operation track record – successfully developed both greenfield plants in c.3 years from groundbreaking (2015) to commercial operations (2018).

# Overview of Haveli Bahadur Shah Power Plant

## Haveli Bahadur Shah Power Plant description

<b>Plant owner</b>	NPPMCL
<b>Location</b>	District Jhang, Punjab, Pakistan
<b>Capacity</b>	Approximately 1,230 MW (Gross RSC) generation capacity
<b>Primary fuel</b>	R-LNG
<b>Backup fuel</b>	High-speed diesel
<b>Technology</b>	<ul style="list-style-type: none"> <li>2 x GE H Class-9HA.01 Gas Turbines</li> <li>2 x Alstom Heat Recovery Steam Generators</li> <li>1 x Alstom Steam Turbine</li> </ul>
<b>COD</b>	<ul style="list-style-type: none"> <li>Simple cycle operation (760 MW): 18 July 2017</li> <li>Combined cycle commercial operation: 9 May 2018</li> </ul>
<b>Gas Supply Agreement</b>	With Sui Northern Gas Pipeline Limited in October 2016; term of 15 years (with 15 year option to extend) from date of commercial operations
<b>Power Purchase Agreement</b>	With CPPA in October 2016; term of 30 years from date of commercial operations
<b>Engineering, Procurement and Construction (“EPC”) Contract</b>	Awarded to Joint Venture of Power Construction Corporation of China and Qavi Engineers (Pvt.) Ltd in October 2015
<b>O&amp;M Agreement</b>	12 years, signed with SEPCOIII Electric Power Construction Corporation, a subsidiary of Power Construction Corporation of China, in May 2017

## Location map and Power Plant highlights



## Key milestones



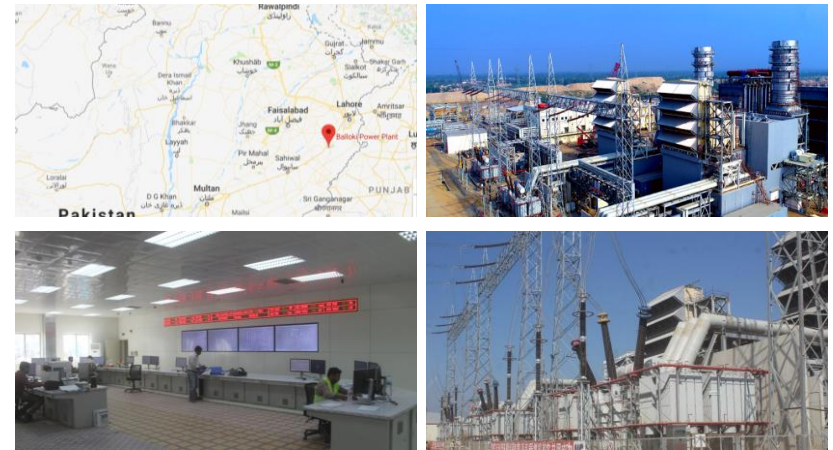
Source: Company filings, Company website.

# Overview of Balloki Power Plant

## Balloki Power Plant description

<b>Plant owner</b>	NPPMCL
<b>Location</b>	District Kasur, Punjab, Pakistan
<b>Capacity</b>	Approximately 1,223 MW (Gross RSC) generation capacity
<b>Primary fuel</b>	R-LNG
<b>Backup fuel</b>	High-speed diesel
<b>Technology</b>	<ul style="list-style-type: none"> <li>2 x GE H Class-9HA.01 Gas Turbines</li> <li>2 x Hangzhou Boiler Heat Recovery Steam Generators</li> <li>1 x Alstom Steam Turbine</li> </ul>
<b>COD</b>	<ul style="list-style-type: none"> <li>Simple cycle operation: 13 August 2017 (GT1) and 30 August 2017 (GT2)</li> <li>Combined cycle commercial operation: 29 July 2018</li> </ul>
<b>Gas Supply Agreement</b>	With Sui Northern Gas Pipeline Limited in October 2016; term of 15 years (with 15 year option to extend) from date of commercial operations
<b>Power Purchase Agreement</b>	With CPPA in October 2016; term of 30 years from date of commercial operations
<b>EPC Contract</b>	Awarded to a HEI-HRL Joint Venture (Joint Venture of Harbin Electric International Company Limited and Habib Rafiq (Pvt.) Ltd in November 2015
<b>O&amp;M Agreement</b>	12 years, signed with TNB REMACO, a subsidiary of Malaysia's Tenaga Nasional Berhad, in May 2017

## Location map and Power Plant highlights



## Key milestones



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