

KOT ADDU POWER COMPANY LIMITED PAKISTAN

SUCCESS STORY – PUBLIC PRIVATE
PARTNERSHIP

October 2016

Company Profile



1

Profound Background

- Plant was built by WAPDA in 5 phases (1985 -96)
- Incorporated as a public limited company in April 1996
- **The plant was privatized through an International Competitive Bidding (ICB) in 1996 and as a result International Power (later on GDF Suez) got 36% share. [Public Private Partnership Model]**
- The company was enlisted on all three stock exchanges of Pakistan through an IPO by the Privatization Commission selling 18% stake of the Government in 2005 which was highly over-subscribed.
- In 2013 GDF sold its stake to local strategic investors.

2

Largest IPP

- Largest IPP of Pakistan with installed capacity of 1,600MW (Dependable Capacity of 1,345MW)
- KAPCO installed capacity approximately 6% of Pakistan's total installed capacity and 17% of all IPPS

3

Best-in-Class Production Facilities

- European Class Turbines & Equipment - OEMs: GE, Siemens, ABB, FIAT
- 10 multi-fuel fired gas turbines and five steam turbines
- Not dependent on third party contracts for operations and maintenance
- LTSA & LTRA with OEMs.

4

Quality Certifications

- ISO 9001: 2008 (Quality Management System)
- ISO 14001: 2004 (Environmental Management System)
- OHSAS 18001: 2007 (Occupational Health & Safety Management System)

5

Key Agreements

- Power Purchase Agreement - WAPDA
- Oil Supply Agreement – Pakistan State Oil
- Gas Supply Agreement – Sui Northern Gas Pipeline Limited
- Facilitation Agreement – Government of Pakistan

6

Governance

- Independent Board (6 out of 7 directors are non-executive)
- Professional Management (3 General Managers & 7 Senior Managers to manage respective divisions & departments)

KAPCO - Key Achievements



1

Finance & Commercial

- Strong Balance Sheet (approx. USD 900 million). Replacement cost basis of assets – USD 1.2 billion
- Dividend paid since **privatization** – Rs 110 billion [**USD 1.5 billion**]. Average Dividend payout **86.0%** during last 5 years – average dividend payout since incorporation **76 %**;
- First time USD 45 million KIBOR to LIBOR SWAPS in Pakistan in 2011;
- Issuance of first Short Term Islamic Sukuk in Pakistan for Rs 1.5 Billion in June 2011. This transaction was awarded as highly commended Islamic deal in Pakistan by Triple A Asset Asia.
- Awarded “**Partners in Excellence**” Award by FBR in 2006.
- Ranked at no. 13 in the ‘Top Tax Payers’ List’ under Prime Minister’s Tax Payers Privileges and Honor Card Scheme 2013. The Only IPP paying income tax. Tax paid during last 5 years: **Rs 19 billion**. Since Inception: **Rs 33 billion**
- LTSA with Siemens: Saved ~ € 17m (30%), LTRA with GE: Saved USD 1.7m
- Over 30,000 store items including Strategic Spares, worth Rs 4.4 billion

2

Corporate

- KSE 100 Index Company
- Market Capitalization: Over Rs 67 billion (Over USD 643 million)
- Credit Rating: AA+ / A-1+ (JCR-Vis)

3

Technical & Operational

- Highly reliable plant – Average Availability during last 5 years: **86%**.
- Thermal Efficiency maintenance in spite of old plant: Average Thermal Efficiency during last 5 years: **43.9%**
- Innovative remedial measures to overcome compressor failure problems on Gas turbines
- Rehabilitation and modification of old Fuel Oil Treatment Plants by our own staff, for efficient treatment of LSFO/HSD
- Up gradation of 4 GE Gas turbines & 2 Siemens V94.2 to new state of the art design with improved efficiency
- Elimination of extremely hazardous chlorine gas usage
- Life time extensions of major control systems

KAPCO - Key Achievements



4 Health & Safety

- Safety is the first and foremost priority at KAPCO
- Maintenance of IMS certifications and regular internal and external safety audits
- No lost time accident during last 3 years. Safe Man hours 11.4 million (Permanent staff: 3.7 million, Contract staff: 7.7 million)

5 Human Resource

- Highly Experienced Manpower – Average working experience of Officers: 12 Years & Average working experience of Staff: 26 years
- Focused Employee Development – In house and outsourced trainings and development activities
- Reward and recognition system linked with Performance Management System

6 Information Technology

- Successful deployment of Virtualization and Cloud Computing saving future hardware server costs, relocation/ protection of data center, Active Hot DR site with offsite Backup. Bandwidth increased from 2Mbps to 15Mbps

7 Social Responsibility

- Significant contribution in CSR activities in the following areas:
 - **Medical** (Annual Medical and Free Eye Camp, provision of equipment to hospitals, Free Vaccination)
 - **Education** (Reconstruction of flood affected schools, construction of multipurpose halls in schools etc)
 - **General Welfare** (Fire Station for town including fire tender, construction/lighting of stadium etc)
 - **Catastrophes** (Corporate Donations/ Sponsorship on Tsunami 2005, Azad Kashmir Earthquake 2005, SWAT IDPs 2009, Floods 2010, Balochistan Earthquake 2013, IDPs of Waziristan 2014)



THANK YOU