

## **Engro Powergen Qadirpur Limited**

### **Directors' Review to the Shareholders**

#### **Half Year Ended June 30, 2018**

The Directors of Engro Powergen Qadirpur Limited (EPQL) are pleased to present the unaudited financial information and a review of the Company's performance for the half year ended June 30, 2018.

#### **Operating Performance**

The EPQL Plant demonstrated a billable availability factor of 99.8% in 1H 2018 compared to 100.8% in the same period last year. It dispatched a total Net Electrical Output (NEO) of 803 GwH to the national grid with a load factor of 87% compared to 94% in 1H 2017. The decline in load factor this year was primarily on account of gas supplier's compressor issues which resulted in supply disruptions.

The Company maintained its high level of commitment towards Health, Safety & Environment (HSE) standards.

#### **Financial Performance**

Sales revenue for the period was PKR 6,032 Mn compared to PKR 6,152 Mn in the same period last year. The decrease in sales revenue is mainly attributable to a decline in load factor as explained above with a corresponding decline in the cost of generation.

Gross profit for the period stood at PKR 1,793 Mn as compared to PKR 1,682 Mn in the same period last year. This increase in gross profit is primarily on account of higher operations and maintenance cost absorption in 1H 2018 due to higher tariff indexation. Net finance cost for the period stood at PKR 109 Mn vs PKR 147 Mn in 1H 2017. The decrease in net financing cost is on account of higher interest income billed to the Power Purchaser on account of rising circular debt.

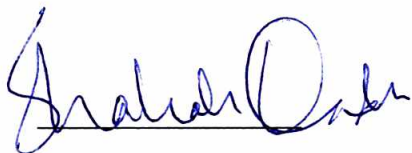
Overdue receivable from NTDC stood at PKR 4,756 Mn as on June 30, 2018 vs PKR 4,294 Mn as on December 31, 2017. Similarly overdue payable to SNGPL on June 30, 2018 was PKR 2,826 Mn vs PKR 1,716 Mn as on December 31, 2017.

The Company earned a net profit of PKR 1,590 Mn in 1H, 2018 as compared to PKR 1,546 Mn in 1H 2017. Earnings per share were of PKR 4.91 vs PKR 4.77 when compared to the same period last year.

### **Near term Outlook**

The relatively low gas prices for IPPs coupled with the recent surge in global oil prices will help gas based power plants to rise in the merit order on account of their relatively lower input costs, higher efficiencies and better environmental parameters. We foresee circular debt to remain a challenge for the federal government and the energy sector in the near future unless concrete policy measures are taken to address the underlying causes.

Going forward the Company will continue to maintain its focus on plant and equipment reliability and other performance improvement initiatives, thereby ensuring uninterrupted power supply to the national grid for the benefit of all stakeholders.



**Chief Executive Officer**



**Director**

**August 8, 2018**