

THE HUB POWER COMPANY LIMITED



INVESTOR PRESENTATION

SEPTEMBER 2021

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Corporate Footprint



Revenue

54,639

PKR M



Net Profit

33,688

PKR M



No. of Employees

744



Hubco runs regular CSR programs in the fields of:



Education



Livelihood



Philanthropy



Health



Infrastructure

PKR **95** Million

- With a strong footprint established over the years, Hubco is the first and largest IPP in Pakistan

Operating Businesses



Hub Plant

1292 MW



Narowal Plant

225 MW



Laraib Plant

84 MW



Imported coal-based
CPHGC Plant

1320 MW



Local coal mining
SECMC

3.8 MTPA



Operations &
Maintenance

1601 MW

- Hubco has a combined power generation capacity of 2920 MW which will enhance to 3581 MW on completion of growth projects

Growth Projects



Local coal-based
TEL & ThalNova Plants

660 MW



Local coal mining
SECMC

11.4 MTPA



ENI Pakistan (Prime)

13.8 MM boe

10 MW Solar



Operations &
Maintenance

1980 MW

**Vision
2025**



**Water
Recycling &
Renewables**

- Hubco aspires to capitalize on growth opportunities and is currently in the process of developing various projects in power and water



Stable returns based on capacity payments from long-term offtake agreements



Strong historical earnings



Tremendous earnings growth potential from investments in new large projects in power and mining



Strong technical capabilities developed over two decades



Future growth strategy targeted at water, renewables and O&M services which offer great potential

(more information about Company's Business Model on Slide 13: Business model and strategy)

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BUSINESS OVERVIEW

GROWTH DRIVERS

FINANCIAL OVERVIEW

Milestones



Government of Pakistan and World Bank developed a strategy for private investment in the Pakistan power sector



The Hub Power Company Limited (HUBCO) is incorporated in Pakistan as a limited liability company to undertake the project



Hub (1,292 MW)
Construction completion of the oil-fired IPP – 1st in the history of Pakistan



Laraib (84MW)
Run-of-the-river hydro power plant at Mirpur AJ&K – Pakistan's 1st hydro IPP



O&M Narowal (225 MW)
HUBCO (HPSL) undertakes O&M of Narowal Plant on 22 April 2016



Growth projects:

1. COD of SECMC Phase I
2. Financial close of SECMC Phase II
3. Acquired 38.3% equity stake and management control in ThalNova Power Thar (Pvt.) Ltd
4. Exercised call option to increase equity stake in CPHGC from 26% to 47.5%



ENI Pakistan
All upstream operations and renewable energy assets of ENI Pak acquired in a JV with ENI's local employees (50:50)

1985 1988 1991 1995 1997 2011 2013 2015 2016 2018 2019 2020 2021

Completion of feasibility study of 1,292 MW oil-fired power project in an area near the Hub River estuary



Financial close of Hub Power Plant, 1st project funded by the World Bank



Narowal (225 MW)
Completion of HUBCO-Narowal Power Plant, a Thermal Power Project



Subsidiaries established:

1. Hub Power Services Ltd. (HPSL)
2. Hub Power Holdings Ltd. (HPHL)
3. Narowal Energy Ltd. (NEL)

O&M Hub (1,292 MW)

HUBCO (HPSL) undertakes O&M of Hub Plant on 1 August 2015

Growth projects:

1. China Power Hub Generation Company (CPHGC)
2. Sindh Engro Coal Mining Company
3. Thar Energy Limited



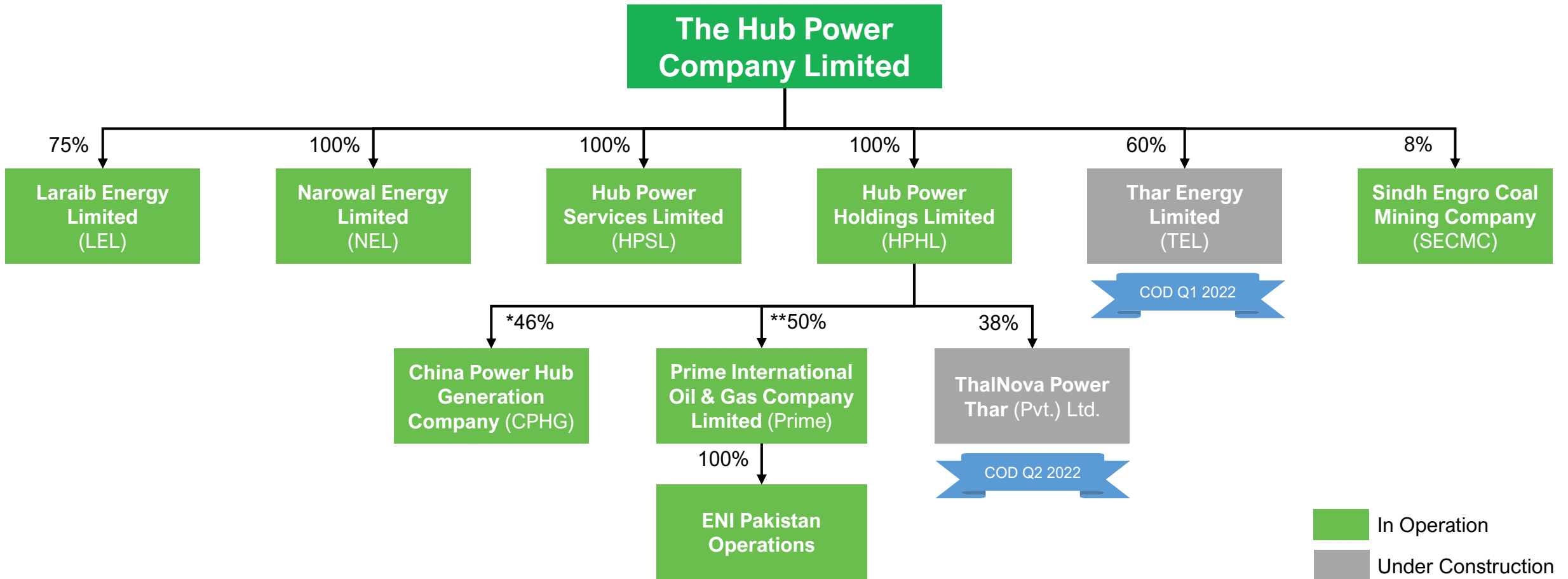
O&M Lairab (84 MW)
HUBCO (HPSL) undertakes O&M of Lairab Plant on 23 March 2018



Financial Close:
1. Thar Energy Limited (TEL)
2. ThalNova Power Thar Limited (TNPTL)



Capital Structure



* HPHL's shareholding in CPHGC is 47.5%. However, under the terms of an MOU each of the existing shareholders (HPHL and CPIPIL) would transfer 1.5% of their stakes to Government of Balochistan (GoB) resulting in HPHL's final beneficial interest of 46%

** In March 2021, Prime (a 50:50 joint venture of HPHL and ENI local employees) executed Sale and Purchase Agreements to acquire all the upstream operations and renewable energy assets owned by ENI in Pakistan

Board of Directors



M. Habibullah Khan
Chairman



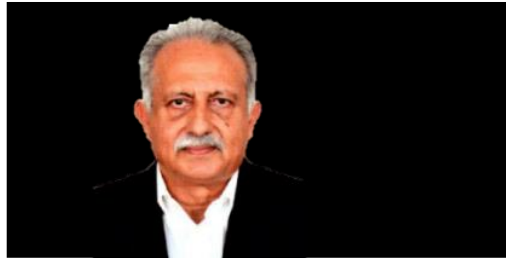
Kamran Kamal
Director and CEO



Aly Khan
Director



Aleeya Khan
Director



Shafiuddin Ghani Khan
Director



Manzoor Ahmed
Director



Ejaz Sanjrani
Director



Saad Iqbal
Director



Nadeem Inayat
Director

Leadership Team



Kamran Kamal
CEO HUBCO

Energy technology and policy specialist with experience in several different areas, including business strategy and large-scale infrastructure project structuring



Abdul Nasir
CFO

Seasoned finance executive with an excellent track record. He has been associated with Hubco for over 25 years



Farrukh Rasheed
VP HR & Digitization

Has over 15 years of experience in the areas of Human Resources, Operational Excellence and Project Development



Saleemullah Memon
CEO TEL & ThalNova

Worked with Engro Corporation for 16 years and has diverse experience in the areas of finance, agri-marketing, business development and supply chain management



Amjad Raja
VP Operations

Over 20 years of experience working in the Power Sector in various capacities including execution of O&M contracts, implementation of engineering & safety initiatives such as Six sigma and DuPont Safety Management System



Fayyaz Bhatti
VP Strategic & Regulatory Affairs

Shares a 10 year long association with HUBCO in specialized roles owing to his diverse experience in Finance and Regulatory Affairs

Shareholder	No. of shares (m)	% ownership
Mega Conglomerate	253	19.5
Fauji Foundation	110	8.5
Allied Bank	57	4.4
National Bank	47	3.6
Others	830	64.0
Total	1,297	100.0

Commitment to minority shareholders

We are committed to creating value for minority shareholders and acting in their best interests through:



Strong corporate governance



Transparent reporting



Independent directors on the board (6 out of 11 directors)

(more information about Corporate Governance on Slide 19: Risk management)

Dividend policy

Pay out surplus cash as a dividend to shareholders after appropriate allocation to any investment requirements

(more information about dividends is on slide 36: Capital structure / debt)

Capital raising, buyback, and M&A history

Year	Transaction
1994	IPO of Hubco
2008	Acquisition of 74.95% controlling equity stake in Laraib Energy Limited
2017	Demerger of Narowal Plant into Narowal Energy Limited, a wholly owned subsidiary of Hubco
2019	Acquisition of 38.3% controlling stake in ThalNova Power Thar (Pvt.) Ltd
2019	Rights Issue in Hubco
2019	Exercise of a call option to increase equity stake in CPHGC from 26% to 47.5%
2021	Acquisition of all upstream operations and renewable energy assets of ENI Pakistan in a 50:50 JV with ENI's local employees

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- **Risk management**
- **ESG awards and recognition**
- **COVID-19 precautions**
- **COVID-19 business impact**

GROWTH DRIVERS

FINANCIAL OVERVIEW

Long-term offtake contracts generate revenue and cash flows at contracted rates over a period of decades



Power Generation

- 2,921 MW in operation (represents 8% of country's total installed capacity)
- 660 MW under construction



Operations & Maintenance

- 1,601 MW currently in execution
- 1,320 MW to be undertaken
- 660 MW under construction to be added
- Bidding for outage management of power plants in Pakistan and abroad



Mining

- 3.8 MTPA Thar Coal Mine in operation
- Mine being expanded to 15 MTPA



Exploration & Production

- 13.8 MM boe
- 10 MW Solar Power Generation

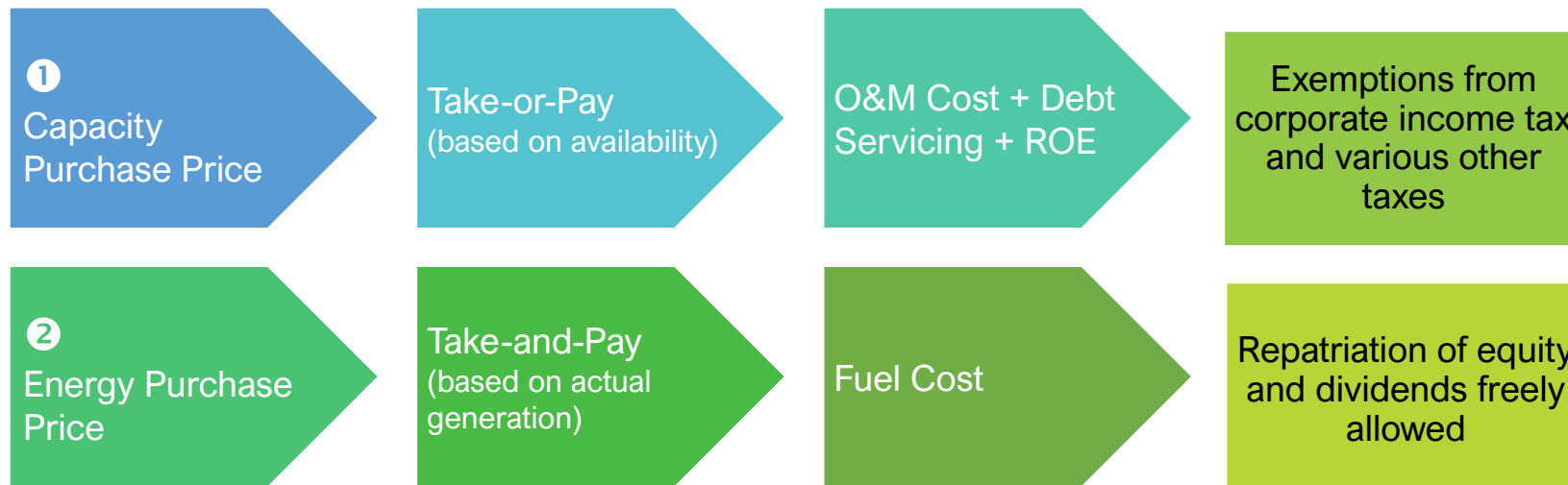
- IPP's revenues are based on a two-tier tariff designed on recovery of costs, debt servicing and return on capital
- All key commercial risks (fuel price, interest rate, exchange rate, change of taxes, etc.) are passthrough to the Power Purchaser
- Owner mainly assumes performance risks like availability, timely COD, efficiency, etc.
- Essentially an IPP's profitability is derived from Return on Equity component of its tariff

15-20% USD indexed IRR

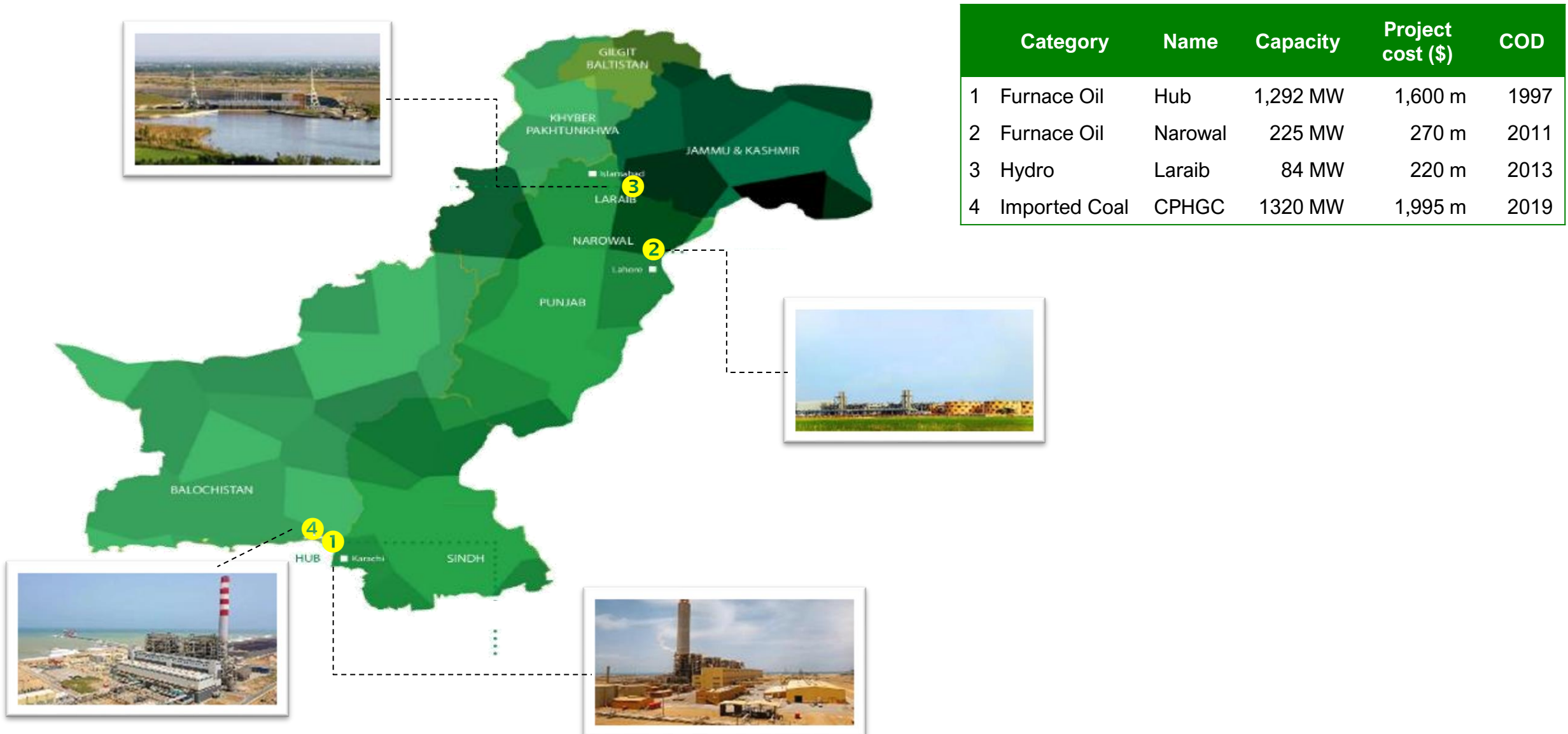
Power Purchaser Obligations fully backed by GoP

Exemptions from corporate income tax and various other taxes

Repatriation of equity and dividends freely allowed



Project portfolio and geographic footprint





Hub Plant

Sponsors	Hubco
Project cost	US\$ 1,600 MN
Scope	4x323 (1,292MW) Gross
Location	Mouza Kund, Lasbela, Baluchistan
Technology	Thermal Power Plants
Offtaker	Central Power Purchase Authority (CPPA-G)
PPA term	30 Years
COD	31 March 1997



Narowal Plant

Sponsors	Hubco
Project cost	US\$ 270 MN
Scope	Gross Capacity 224.79 MW (Reciprocating Engines 11x18.4 and Steam Turbine 1x16.5)
Location	Mouza Poong, Mureedkay-Narowal Road, District Narowal, Punjab
Technology	Thermal Power Plants
Offtaker	Central Power Purchase Authority (CPPA-G)
PPA term	25 Years
COD	21 April 2011



Laraib Energy Limited (LEL)

Sponsors	Hubco
Lender	ADB, IDB, IFC, Proparco, NBP and HBL
Equity ratio	25:75
Project cost	US\$ 220 MN
Scope	Total gross capacity of 84 MW comprising of 4 Kaplan Bulb turbines of 21 MW each
Location	Village Lehri, District Mirpur, AJK
Technology	Run-of-the-river hydro power plant
Offtaker	Central Power Purchase Authority (CPPA-G)
EPC	Sambu Construction Company
COD	March 23, 2013



China Power Hub Generation Company (CPHGC)

Sponsors	JV of China Power International Holdings (CPIH) and Hubco
Lender	Bank consortium led by China Development Bank (CDB)
Equity ratio	CPIH (via CPIPL) - 51%, Hubco (via HPHL) - 46% and the Gov't of Baluchistan - 3%
Project cost	\$1,995m
Scope	2x660 (1,320MW) Gross with Barge Jetty (coal transshipment capacity of 4.2 MTPA)
Location	Mouza Kund, Lasbela, Baluchistan (adjacent to Hubco's existing 1,292MW power plant)
Technology	Super-critical
EPC	Consortium: Northwest Electric Power Design Institute (NWPDI) and TEPC (power plant), China Harbour Engineering Company (jetty)
COD	August 17, 2019

Environment

- Our 84 MW New Bong Escape Hydropower Project, Laraib Energy, is registered under CDM project of UN and the Company continues to ensure compliance to ESMP (Environment & Social Management Plan) as well.
- The Company strictly conforms to National Environmental Quality Standards (NEQS) with regards to air emissions from our all our sites.
- The Company ensures that wastewater from our sites strictly conforms to NEQS. We regularly report our effluent and emission results to Provincial Governments on Self-Monitoring and Reporting Technique (SMART).
- HUBCO Head Office was certified as Green Office by World Wildlife Federation (WWF).

Social

- Hubco is committed to operate within ethical framework and contribute to the socio-economic development of the country and improve the quality of life of the local communities.
- Our social investments are primarily centered in areas near our plant sites with full involvement, contribution and engagement of the community. As part of our CSR initiatives, we are managing a series of programs in the fields of:
 - Health
 - Education
 - Infrastructure
 - Livelihood

Governance

- Compliance with the Best Practices of Code of Corporate Governance.
- Regular and transparent stakeholder communications.
- Code of Business Ethics sets out the core principles the Company expects its employees to live by. The conduct of employees is evaluated on how our employees continue to live by these core principles.
- Zero-tolerance policy against corruption.
- Business Continuity and Disaster Recovery Plans ensure endurance of our business operations in a face of a natural calamity or an incident.
- Annual CEO Performance Review.
- Speak Up Policy provides a framework to promote a responsible and secure manner to speak up.
- Succession Plan for the positions of CEO, CEO Direct Reports and Business-Critical Roles in place to ensure the continued business excellence.

UN Sustainable Development Goals

HUBCO's CSR strategy incorporates several goals consistent with the UN SDGs:



- Free medical camps are provided by HUBCO for local communities. Each year, thousands of patients are provided with free medical consultation and free medicines through these camps.
- Free eye screening of approximately 1300 students carried out every year
- A mobile medical van is operated to cover 28 villages within Balochistan providing free medical services and medicines to local communities
- A local health care institute is supported to provide free of cost treatment to underprivileged mentally ill patients

- HUBCO has established numerous schools in partnership with TCF, where more than 1,500 children from villages are now studying
- HUBCO regularly funds scholarships of 20 female students of Sardar Bahadur Khan Women University (SBKWU) in Quetta
- HUBCO sponsors a 2 year Technical Training Apprenticeship Program for youngsters in the region.
- HUBCO, in collaboration with KDSP sponsors education of differently abled children

- HUBCO works with a local charity to support the transgender community through donations and also finances treatment of HIV positive transgenders
- HUBCO ensures equal employment opportunities for men & women with a zero-tolerance policy towards all forms of violence and harassment at work

- HUBCO has installed a Reverse Osmosis (RO) Treatment plant in school campuses for providing safe & clean drinking water to the students
- HUBCO supplies clean water to three neighboring villages of Hub Plant with 38,500 gallons daily
- Waste-water effluent from HUBCO's plant sites strictly conforms to National Environmental Quality Standards (NEQS).

- HUBCO strictly conforms to National Environmental Quality Standards (NEQS) with regards to Air Emissions from all its sites
- HUBCO's head office is Green Office Certified by WWF
- Waste-water effluent from HUBCO's plant sites strictly conforms to National Environmental Quality Standards (NEQS).

- Regular advocacy through different forums such as IPPAC, Pakistan Business Council, OICCI, etc. to timely apprise the relevant Government departments and Regulators of all issues that may have an adverse impact on the Industry.
- To mitigate the operational risks, necessary strategies have been developed and substantial investments are continuously being made to ensure the reliability of all operating plants.
- Since 2008, when the Company initiated its rating process, Hubco has maintained long-term and short-term entity rating at AA+ and A1+ respectively. These ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.
- Significant representation of Independent Directors on the Board – six out of eleven directors are Independent.
- The Board has established three Committees to conduct smooth operations of the Board and assist in decision making and risk management. All three committees are chaired by non-executive directors:
 - Board Audit Committee (BAC)
 - Board Nomination & Compensation Committee (BNCC)
 - Board Investment Committee (BIC)
- In order to avoid any known or perceived conflict of interest, formal disclosure of vested interests is encouraged under the Code of Business Ethics. The Code and the Policy not only comprises of the principles provided under the regulatory requirements but also encompasses global best practices.

Awards and recognition

- Certificate of Merit awarded by Institute of Chartered Accountants of Pakistan for Best Corporate Report, 2020
- Gender Diversity at Workplace Award by the CFA Society Pakistan's 17th Corporate Excellence Award, 2020
- Notable Growth in Women Empowerment Award at the OICCI Women Empowerment Awards, 2020
- Corporate Excellence Award conferred by the Management Association of Pakistan (MAP), 2019 and 2020
- Pakistan Stock Exchange Top-25 Companies for the years 2012, 2013, 2017
- GE Digital Global Innovator of the Year Award in the Optimizing Operations Category, 2017
- Laraib Energy Limited selected as a case study by World Bank at the 7th World Hydropower Congress
- Thar Energy Limited showcased as Power Deal of the Year at Asset Asian Award, 2019
- 9th CSR Award for Community Development, Education & Scholarship for extensive philanthropic programs 2017
- Best Corporate Report Award for the 2015-16 Annual Report ICAP and ICMAP
- Green Office Certification by WWF – Pakistan
- Annual Environmental Excellence Award by the National Forum for Environment and Health, 2016
- CSR Business Excellence Award by the National Forum for Environment and Health, 2015
- SAFA Best Presented Annual Report Award, 2012

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- **Macroeconomic and industry trends**
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- **Market share and competitive advantages**
- **Future Growth Strategy**

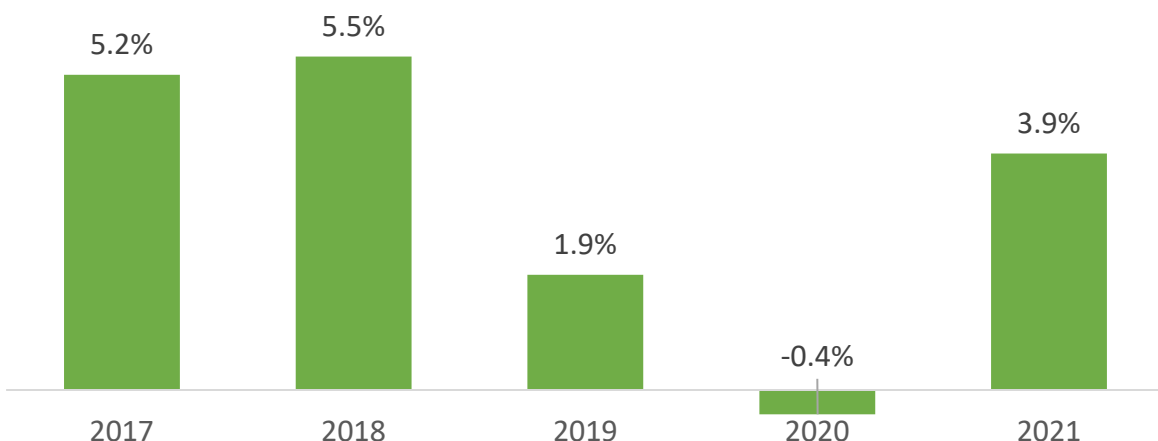
FINANCIAL OVERVIEW

Country overview

Demographics (in mil)	FY 21	Macro data	FY 21
Area (km ²)	796,095	GDP growth	3.9%
Population	217	Real GDP PPP (\$ bil)	1,077
– Aged less than 35 years	76%	Real GDP PPP / capita (\$)	5,224
Labor force	70	FDI (\$ million)	1,751
Urban population	80	Rating / Outlook	B3 Stable

GDP Growth Trend

Due to the adverse impact of COVID-19, Pakistan's economy registered negative growth for the first time in 68 years last year and recovered in 2021



Significant progress in recent months

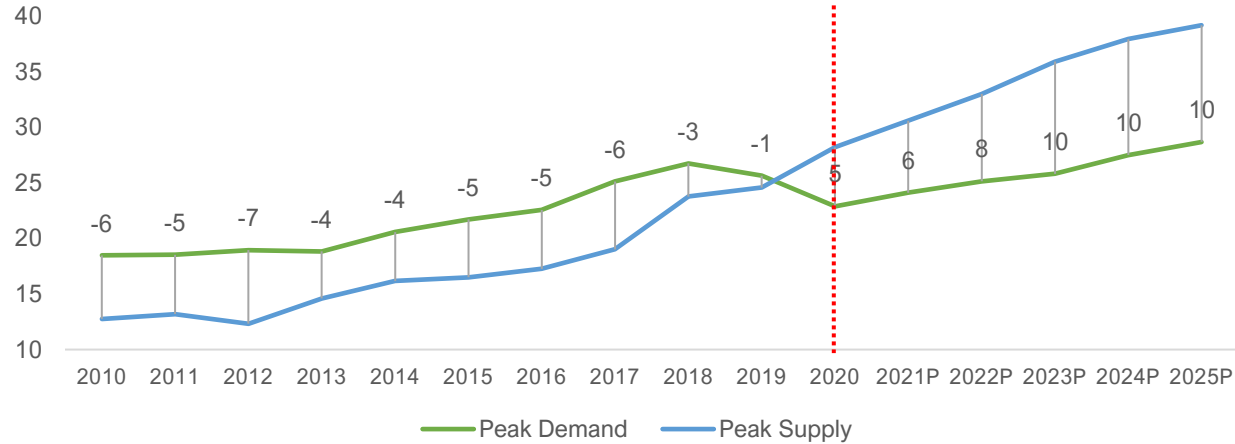
Positive outlook as macroeconomic conditions improve and structural reforms in fiscal management and competitiveness take effect

- In FY 2021, the economy robustly recovered from contraction caused by lockdown measures in last year. GDP of the country increased by 3.9%.
- The move to a market-based exchange rate led to a significant shrinking of the current account deficit, and better fundamentals facilitated capital inflows.
- The fiscal deficit narrowed to 4.2% of GDP in Jul-Apr FY21, with the primary balance continued to remain in surplus.
- The pre-COVID strengthening of external and fiscal fundamentals had begun to lead to recovery in economic activity, amid improving market sentiment.
- Inflation during Jul-Mar FY21 remained 8.8%, which is significantly lower as compared to 10.9% last year.
- SBP has kept policy rate unchanged at 7% on account of lower inflation and broad-based rebound.
- SBP's foreign exchange reserves rose from \$12.2 billion last year to \$23.6 billion in June 2021.

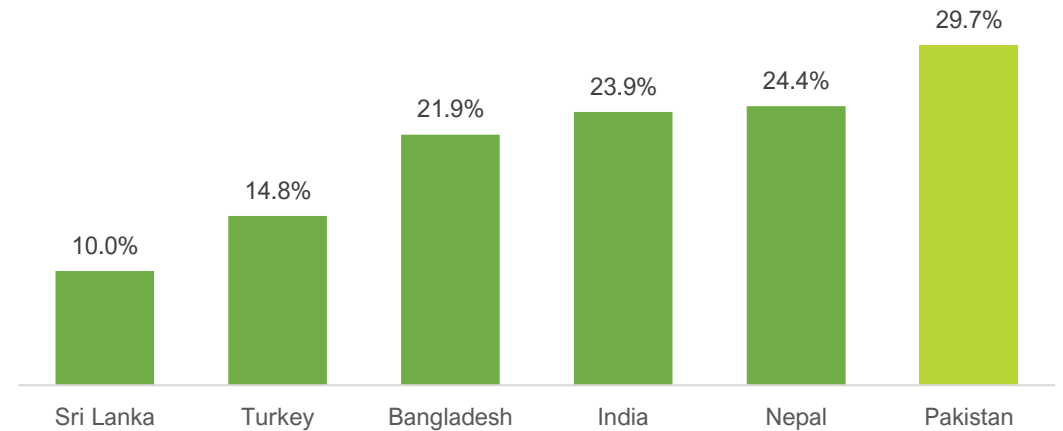
Industry trends

Over 10,000 MW of power generation has been added in the last 3 years; however, overall energy planning in the industry remained fragmented across the energy value chain, with little focus on reducing losses and upgrading Transmission and Distribution capacity

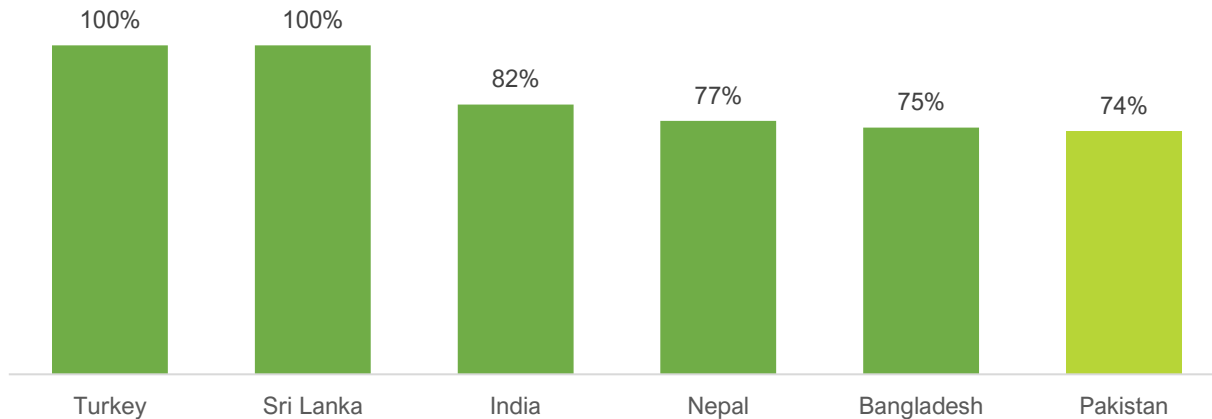
Peak Demand vs Peak Supply (GW)



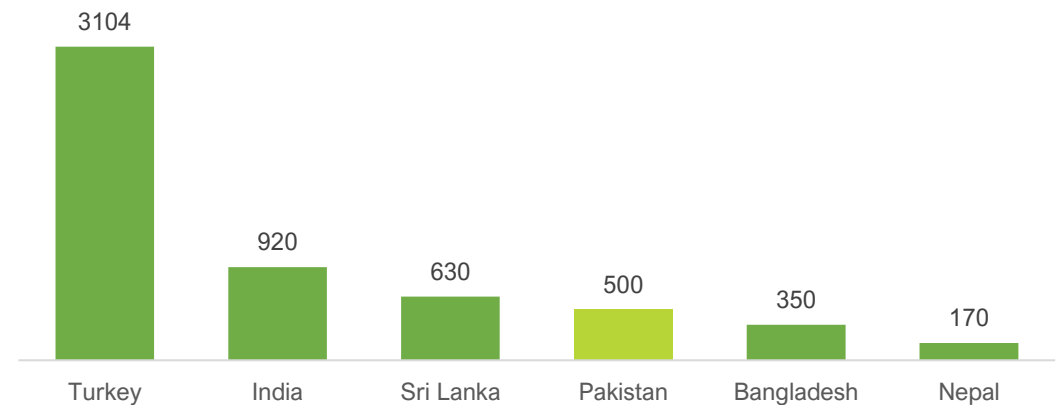
AT&C Losses



Electrification Rate



Per Capita Consumption (kWh)



Per-capita electricity consumption in Pakistan stood at 448 KWh against a global average of 3,132 KWh in 2014 (World Bank). 29% of the population in a country with the world's 6th-largest population did not have access to electricity in 2017.

- The government committed to increase **participation from private sector** to ensure electricity access by 100% of the population
- **Transparent regulatory environment** and **one-window facility** for private generation projects
- Market risk mitigated by contracting **long-term US Dollar indexed tariffs** (25-30 years) with changes in fuel and taxes as pass-through items
- **Income tax exemptions** also available to private investors, as well as **repatriation of dividends**
- **Abundant potential** in Hydro, Coal and Renewable power generation. Target is to increase Renewable Energy share in overall energy mix to 20% by 2025, and to 30% by 2030
- Efforts being focused to address the issues of the sector including **Anti-Theft Campaign, Advanced Metering Infrastructure, Aerial Bundled Cables, New Grid Stations** and **Transmission Lines**
- **Governance reforms** underway to tackle the issue of Circular Debt
- **Immediate opportunities** available for investment in privatization of various Distribution Companies (DISCOs), privatization of Public Sector RLNG Plants and Long-Distance Transmission Lines

There is a huge potential for investment in Pakistan Power and Energy Sector with lucrative returns available to HUBCO which has decades of local business knowledge and experience.

Investment projects



Category	Name	Capacity	Project cost (\$)	COD / Acquisition	
1	Thar Coal	Thar Energy	330 MW	520 MN	2022(E)
2	Thar Coal	ThalNova	330 MW	527 MN	2022(E)
3	Coal Mining	SECMC	15 MTPA	1,259 MN	2019*
4	E&P	ENI (Prime)	13.8 MM boe	N/A	2021



*Phase I of 3.8 MTPA
(E) = Expected



Thar Energy Limited

Sponsors	JV of Hubco, Fauji Fertilizer Company (FFC) and China Machinery Engineering Corporation (CMEC)
Lender	Bank consortium led by CDB and Habib Bank Ltd. (HBL)
Equity ratio	Hubco - 60%, FFC - 30% and CMEC - 10%
Project cost	\$520m
Scope	1x330 MW
Location	Energy park in Thar Block-II at the southeast of Sindh province, Pakistan
Technology	Sub-critical with Circulating Fluidized Bed (CFB) Boiler
Offtaker	Central Power Purchase Authority (CPPA-G)
Coal supplier	Sindh Engro Coal Mining Company (SECMC)
EPC	CMEC
Project milestones	Construction start: May 2018; Financial close: Jan 2020; COD: 2022



ThaNova Power Thar (Pvt.) Limited

Sponsors	JV of Hubco, House of Habib (HoH), CMEC and Descon
Lender	Bank consortium led by CDB and HBL
Equity ratio	Hubco - 38%, HoH - 26%, Novatex - 25%, CMEC - 10% and Descon - 1%
Project cost	\$527m
Scope	1x330MW
Location	Energy park in Thar Block-II at the southeast of Sindh province, Pakistan
Technology	GE/Alstom sub-critical with CFB Boiler
Offtaker	Central Power Purchase Authority (CPPA-G)
Coal supplier	Sindh Engro Coal Mining Company (SECMC)
EPC	CMEC
Project milestones	Construction start: May 2019; Financial close: Sep 2020; COD: 2022



Sindh Engro Coal Mining Company (SECMC)

Sponsors	Public-Private Partnership between the Gov't of Sindh and Private Sector (Engro, Thal Limited, HBL, Hubco, CMEC and CPIM)
Equity ratio	Gov't of Sindh - 55%, Engro - 12%, Hubco - 8% and others - 25%
Project cost	\$1,259m for 3 phases
Scope	Phase I - 3.8 MTPA, Phase II - 7.6 MTPA and Phase III - 15 MTPA
Location	Thar Block-II
Technology	Engro Powergen Thar, Thar Energy Limited, ThalNova, Lucky, Siddiqsons, Bitra
EPC	CMEC
Hubco's participation	Board and board committees
Project milestones	COD for Phase I achieved on 10 July 2019; Financial close for Phase II achieved on 31 Dec 2019



ENI Pakistan

Sponsors	Joint Venture between HPHL and ENI Pakistan Local Employees (Prime International Oil Gas Company Ltd.)
Equity ratio	Hubco – 50%, ENI's local employees – 50%
Scope	Exploration & Production Business (13.8 MM boe) and Renewable Energy Business (10 MW solar power)
Location	Gas fields in Zone II and III, Sindh
Project milestones	SPA signed between ENI (Italy) and Prime on 8 March 2021; Transaction completion expected in Q4 2021

Partnerships and joint ventures



Indirect Lender and Guarantor of Hub Power Plant

Solicitation of support from governments of France, Italy, Japan, the United Kingdom and the United States for financing of the Private Sector Energy Development Fund Facility. In joint venture with Import/Export Bank of Japan, developed an Expanded Co-financing Operations Program to assist with the international commercial debt funding through provision of a partial guarantee.



Project Financing Facility for Laraib Plant

US\$ 98.3 million project financing facility. First project financing for a private hydro power project in Pakistan.



Technology Partner in various Projects

General Electric (GE) is HUBCO's partner in improving the Plants' reliability, availability & efficiency through implementation of Predictivity Enhancement and Performance Improvement (PEPI) at Hub plant on a profit-sharing basis. Hubco also has a collaboration agreement with GE to provide cost-effective O&M services to onshore & offshore plants in JV structure. In addition, Thar Energy Limited, a subsidiary of Hubco, has a Long-Term Service Agreement (LTSA) with GE for supply of spare parts and outage services for its 330MW plant under construction in Thar.



Joint Venture Partner and Co-Sponsor for 2x660 MW Imported Coal-based Power Plant at Hub

China Power International Holding Ltd (CPIH) is one of the top-five state-owned power corporations in China with total installed capacity of 28.11GW and with 20GW projects under development. The project is the only Joint Venture (JV) in CPEC with 100% Chinese project financing. Hubco is also planning to undertake O&M of the project in JV with CPIME (a sister concern of CPIH)



Joint Venture Partner and Co-Sponsor for 330 MW Indigenous Coal-based Power Plant at Thar

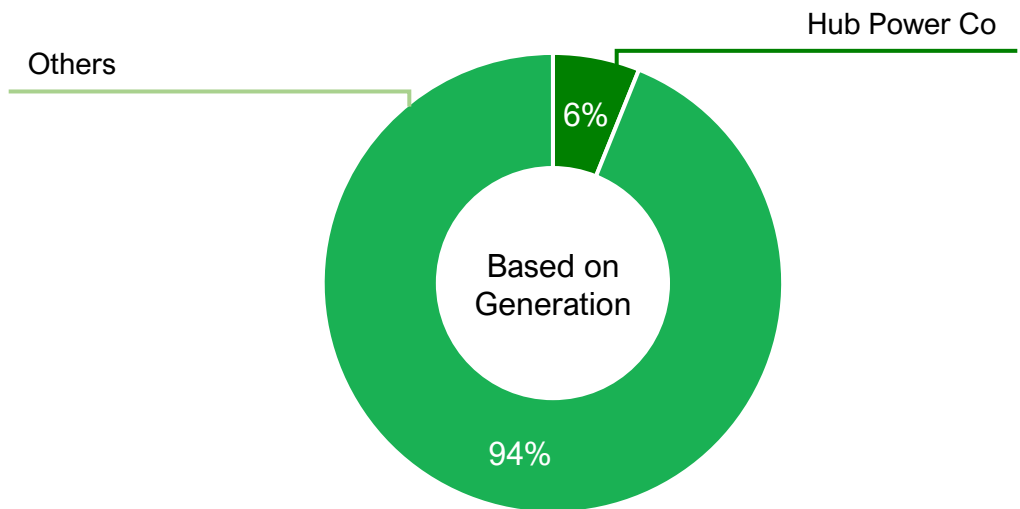
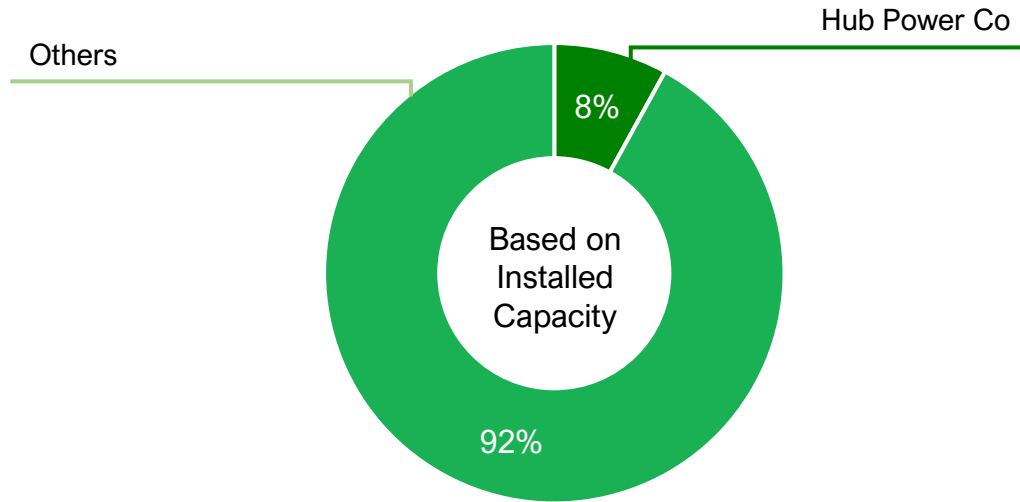
FFC is one of the largest industrial conglomerates in Pakistan with a diversified business portfolio in Fertilizers, Power Generation, Food Processing & Cement. 30% JV Partner in Thar Energy Limited.



Joint Venture Partner for 2x330 MW Indigenous Coal based Power Plant at Thar

China Machinery Engineering Corporation (CMEC) is a construction and engineering company, forming part of the China National Machinery Industry Corporation (Sinomach) group of companies. 10% JV Partner in Thar Energy Limited and ThalNova Power.

Market share




Unique competitive advantages

- Strategic location at Hub
- Footprint across the entire country
- Diversification into different fuels / renewables
 - Imported coal
 - Local coal
 - Hydro
- Self O&M of operating assets – strong technical expertise based on experience of over two decades and partnership with GE
- Vertical integration through investment in Thar coal mining
- Only IPP with 4 projects worth approx. US\$4 bn, all listed under China-Pakistan Economic Corridor (CPEC)



HUBCO'S FUTURE GROWTH STRATEGY

A SHIFT TO GREEN ENERGY

- Pakistan's total solar and wind potential is 2.9 Million MW and 132 GW respectively
 - The new energy policy aims to increase the share of renewables in the energy mix of Pakistan to 30% by the year 2030
 - Hubco plans to shift its portfolio's focus from fossil fuel-based power generation to renewables
 - Hubco is exploring new ideas to exploit the potential of renewable energy for housing societies using the concepts of distributed generation, district cooling / heating and smart grids
 - Moreover, Hubco intends to shift away from B2G towards B2B
- 



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HUBCO'S FUTURE GROWTH STRATEGY

WATER SOLUTIONS

- Despite having the world's largest glaciers, Pakistan is world's 36th most water stressed country
- Water availability in Pakistan is highly seasonal with 85% of annual river flows occurring during June September period
- Being at the tail-end, Karachi is the most affected with a supply shortfall of 550 MIGD
- Solving Karachi's water issues is among the top priorities of GOP and GOS
- Hubco with assistance of multilateral institutions, is at advanced stages in development of 35 MGD waste-water recycling project in Public Private Partnership (PPP) model
- Successful advancement of the project from development to construction phase will open up further opportunities for scaling-up at same location and other locations within the vicinity of Karachi

Karachi's Current Water Situation

1,100 MIGD

Karachi's demand for water for over 20 million people

550 MIGD

Karachi's current water shortfall

850 MIGD

Karachi's projected water shortfall by 2027

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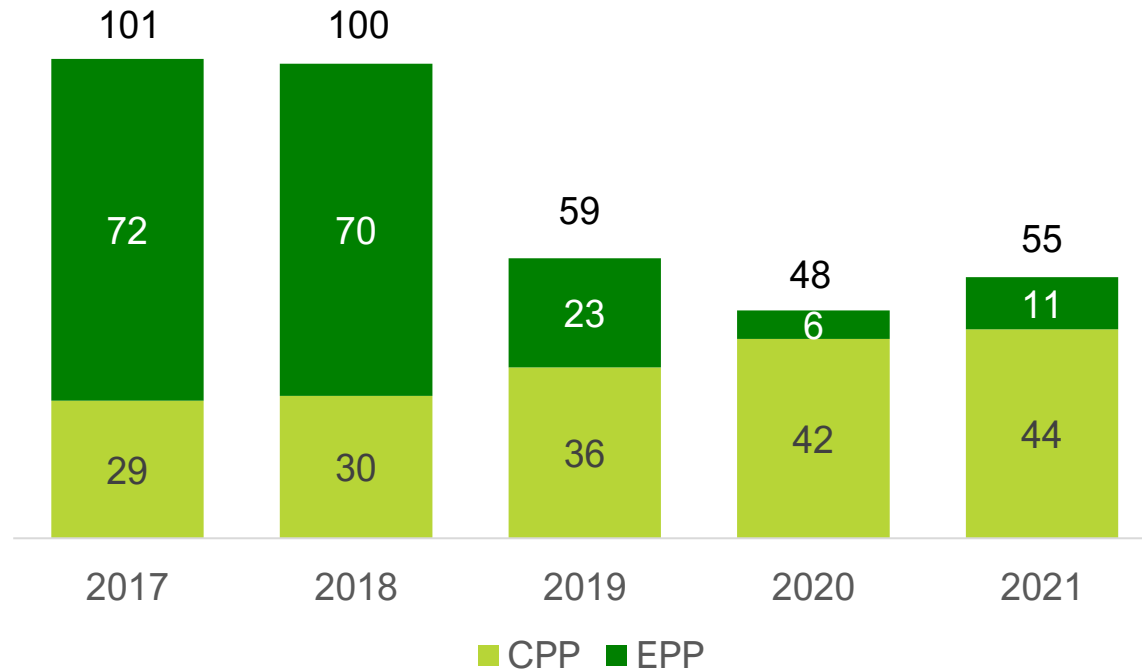
GROWTH DRIVERS

FINANCIAL OVERVIEW

- **Key financial data**
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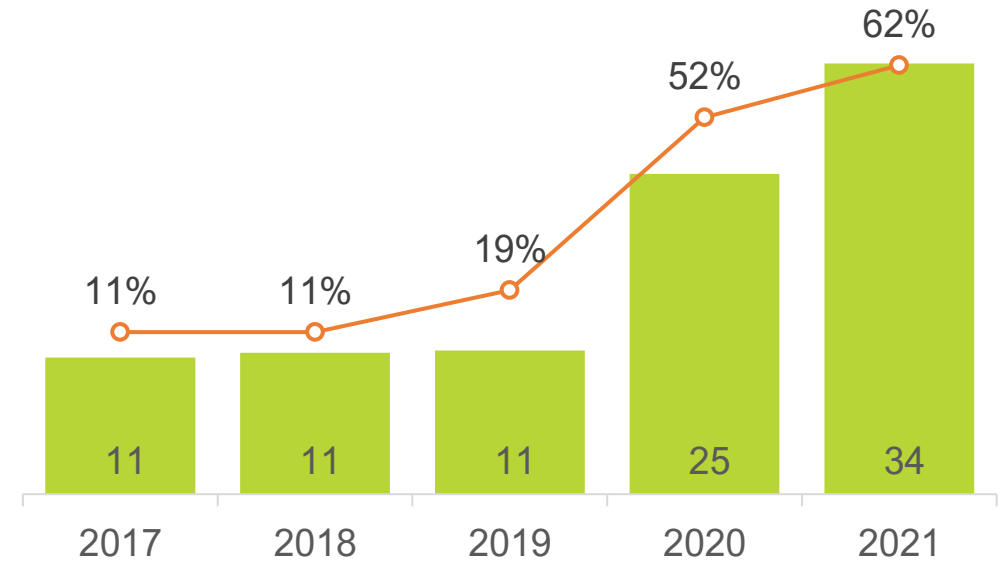
Key financial data

Revenue (PKR b)



- The decrease in turnover over the years is mainly due to the lower dispatch to the Company’s RFO-based units. However, the impact of this is reflected only in Energy Revenue (EPP) which represents the pass-through fuel cost.
- The Capacity Revenue (CPP) has shown an increasing trend mainly on account of devaluation of the Rupee.

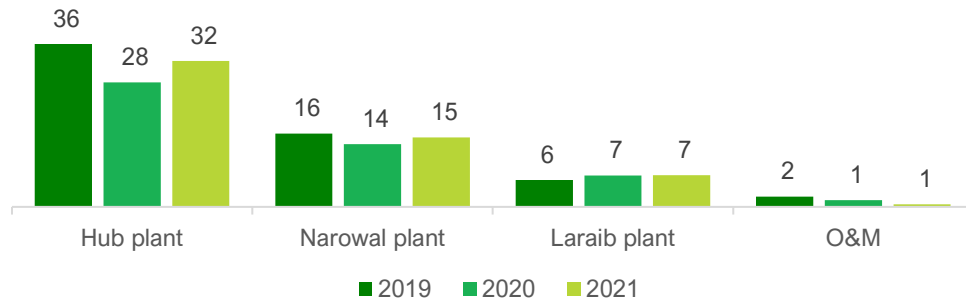
Net profit (PKR b)



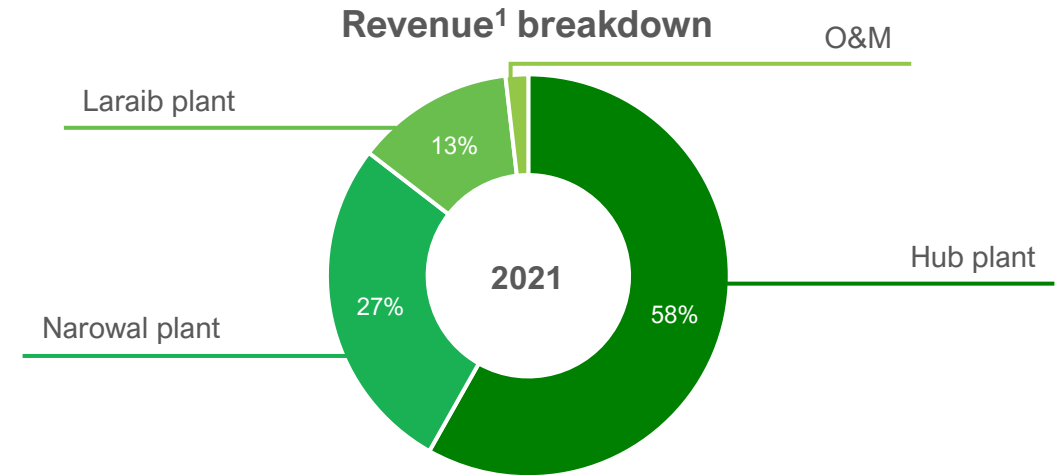
- The net profit has remained stable over the years up to 2019.
- The significant surge from 2020 onwards is attributable to share of profit from 1320 MW imported coal-based CPHGC plant, which commenced commercial operations in August 2019.

Segment financials

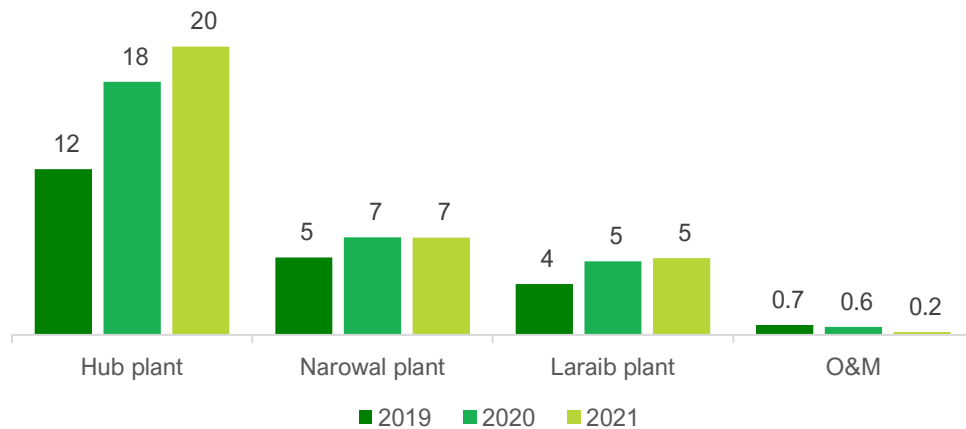
Revenue¹ (PKR b)



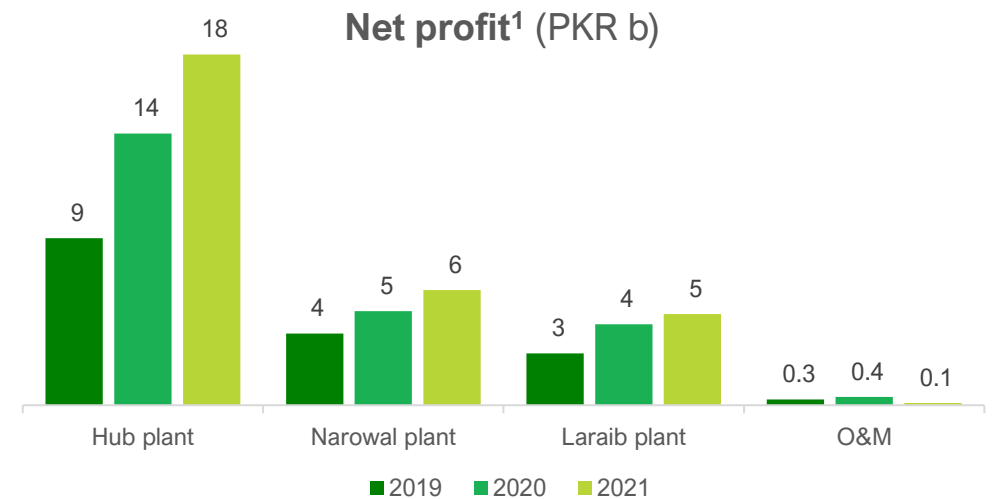
Revenue¹ breakdown



Gross profit¹ (PKR b)



Net profit¹ (PKR b)



(1) Excluding effects of eliminations, unallocated balances

Balance sheet summary and key financial ratios

Balance sheet		(PKR m)				
Fiscal year	2017	2018	2019	2020	2021	
Long-term investments	11,174	20,679	48,355	56,549	57,295	
Trade debts	73,662	82,683	66,256	75,031	72,206	
Total assets	114,983	136,617	153,728	164,521	160,008	
Equity	19,486	19,828	32,263	42,680	54,925	
Long-term loans	5,432	12,662	21,927	34,006	30,420	
Trade and other payables	66,222	79,821	56,273	55,981	41,817	
Short-term borrowings	20,901	21,776	41,112	29,914	27,069	

Key financial ratios		2017	2018	2019	2020	2021
Profitability ratios						
Net Profit margin		10.5%	11.2%	22.2%	36.9%	66.4%
Return on Equity		35.1%	43.6%	30.9%	27.1%	43.9%
Return on Capital Employed		26.8%	35.7%	29.4%	30.3%	33.8%
Liquidity ratios						
Current ratio		1.0x	1.0x	0.9x	1.1x	1.2x
Cash to current liabilities		0.01x	<0.01x	0.07x	0.01x	0.004x
Working capital (in millions)		-3,697	-3,666	-7,906	8,237	18,029

Cash Flow		(PKR m)				
Fiscal year	2017	2018	2019	2020	2021	
Cash flow from operating activities	3,318	6,939	117	415	7,180	
Cash flow from investing activities	(224)	(7,305)	(24,720)	(7,221)	4,223	
Cash flow from financing activities	(12,260)	(2,116)	12,153	11,203	(8,769)	
Net cash flow	(9,166)	(2,482)	(12,450)	4,397	2,634	
Cash and cash equivalents	(33,800)	(21,350)	(18,868)	(29,402)	(26,768)	

Capital structure ratios					
Fiscal year	2017	2018	2019	2020	2021
Financial leverage ratio	0.4x	0.7x	0.7x	0.8x	0.6x
Weighted-average cost of debt	5.5%	7.0%	9.9%	14.6%	9.1%
Debt-to-equity ratio	29:71	42:58	42:58	45:55	39:61
Interest coverage ratio	5.7x	4.9x	2.7x	2.1x	4.9x

- Hubco was recognized as a high-dividend-yield stock until 2015 when we decided to venture into a number of greenfield investments.
- The investments of approx. US\$ 400 million were planned to be funded primarily through debt.
- The plan was to utilize the considerable leverage available on the balance sheet to fund the investments which would allow the Company to embark on growth while maintaining at least a small payout to shareholders.
- This strategy also allowed the Company to capitalize on the arbitrage existing between the low interest rates on loans and the expected returns from the investments.
- The debt was structured in a way that cash flows from base business would be utilized to service interest while principal would be repaid once dividends start flowing from the investments in 4-5 years.
- In the last two years due to very high interest rates and significant rise in circular debt, the Company's liquidity position did not allow payment of dividends.
- Liquidity improved in the recently completed fiscal year due to (i) interest rate cut by almost 50%; (ii) settlement of 40% overdue receivables under revised agreement pursuant to negotiations with GoP
- As a result, the Company announced dividend of PKR 12 / share for the year ended June 30, 2021
- Liquidity is expected to further improve going forward due to the following factors:
 - Onset of dividends from CPGHC expected in 2022
 - Balance 60% payment of overdue receivables

- Power generation is a highly regulated sector in Pakistan and therefore Hubco's earnings are not subject to volatility due to market uncertainty
- Recently announced results for FY 2020-21 incorporate the earnings from base business and CPHGC which are expected to remain stable
- The earnings are expected to increase once the projects in execution (TEL, ThalNova, SECMC Phase II & III) achieve commercial operations and results of ENI Pakistan's operations are incorporated following transaction completion

THE HUB POWER COMPANY LIMITED



THANK YOU

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