

Namibia Power Corporation (Proprietary) Limited

Fitch Ratings has affirmed Namibia Power Corporation (Proprietary) Limited's (NamPower) Long-Term Issuer Default Rating (IDR) at 'BB' with a Negative Outlook. A full list of rating actions is below.

NamPower's rating is constrained by the Namibian sovereign (BB/Negative) under Fitch's government-related entities (GRE) rating criteria, and parent and subsidiary linkage (PSL) rating criteria. NamPower's Standalone Credit Profile (SCP) is 'bbb-', reflecting the company's monopolistic position in transmission and energy trading in Namibia and strong financial profile.

Key Rating Drivers

Strong GRE Links: Fitch assesses the government's ownership and control of the company as 'Strong' under its GRE criteria. This is due to the government's full ownership of the company through The Ministry of Mines and Energy and Ministry of Public Enterprises. The track record and expectations of support are 'Strong', with the most significant elements of support including government-guaranteed debt – about 5.1% of total debt at end-June 2021 (FYE21) – and historical government grants for infrastructure and fuel.

Fitch deems the socio-political and financial implications of a default by NamPower 'Strong', given the essential character of electricity supply and significant development needs for electricity infrastructure.

'bbb-' SCP: NamPower has a strong capital structure, driven by over NAD9 billion of liquid investments (over 75% with short-term maturities) compared with NAD761 million debt at FY21 and Fitch expected negative free cash flow (FCF) of an average NAD1.7 billion over the next four years. This enables NamPower to maintain a net cash position throughout the rating horizon, which is consistent with the current SCP.

Reliance on Imported Energy: Fitch expects NamPower to remain reliant on imported electricity, with a gradual reduction over the medium term and more significant reduction from 2025 with the expected increase from new generation capacity. The level of energy imports was about 66% in FY21, slightly higher than in FY20. About half of imports are from Eskom with the remaining from Zimbabwe Power Company, Zambia Electricity Supply Corporation (ZESCO) and Southern African Power Pool (SAPP).

Near-term Profitability Dependent on Ruacana: Ruacana hydro power plant represents about 37% of installed capacity available to NamPower (including imports) and its production varies depending upon the flow of river Kunene. This variation in production has a direct impact on NamPower's total cost of electricity supply.

Annual production from Ruacana can vary from a low of 900 GWh to around 1,500 GWh and we estimate that a 1 GWh variation in Ruacana production leads to on average NAD1 million variation in profits for NamPower. While NamPower is regulated under a cost-reflective framework, its strategic intent is to keep tariff increases inflation linked, which can result in a lag in cost recovery and consequently variation in profitability.

Capex Drives Negative FCF: NamPower is undertaking five power generation projects as well as transmission projects aimed at reducing its reliance on imported electricity. These projects will increase capex to about NAD1.5 billion in FY22 and NAD3 billion in FY23 and FY24, from

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BB	Negative	Affirmed 9 Feb 22
National Long-Term Rating	AAA (nam)	Stable	Affirmed 9 Feb 22
National Short-Term Rating	F1+ (nam)		Affirmed 9 Feb 22

[Click here for full list of ratings](#)

Applicable Criteria

- [Corporate Rating Criteria \(October 2021\)](#)
- [Sector Navigators - Addendum to the Corporate Rating Criteria \(October 2021\)](#)
- [Corporates Recovery Ratings and Instrument Ratings Criteria \(April 2021\)](#)
- [National Scale Rating Criteria \(December 2020\)](#)
- [Parent and Subsidiary Linkage Rating Criteria \(December 2021\)](#)
- [Government-Related Entities Rating Criteria \(September 2020\)](#)

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less than NAD500 million on average over the last four years. The majority of this will be funded through NamPower's substantial cash and liquid assets. The projects will also increase operating costs in the medium term by about NAD300 million on average.

Gradual MSB Impact: The modified single buyer (MSB) model came into effect in Namibia in September 2019. Fitch does not expect the MSB model to negatively affect NamPower's SCP. The MSB model allows independent power producers to generate and sell electricity output directly to regional electricity distributors, large industrial and mining companies, including municipalities, compared with the single buyer model where electricity output could only be sold to NamPower.

These agreements are initially limited to 30% of customers' energy consumption. NamPower retains its monopolistic transmission position through the unbundling of the tariff structure, including reliability charge, and remains the supplier of last resort. Forecast capacity under MSB to come online by FY23 is estimated around 60 MW, but this could vary due to project uncertainties and readiness.

Financial Summary

Namibia Power Corporation (Proprietary) Limited

(NADm)	Jun 20	Jun 21	Jun 22F	Jun 23F
Gross revenue	6,892	6,550	6,733	7,048
Operating EBITDA (before income from associates)	1,354	790	574	520
Free cash flow margin (%)	14.3	7.4	-6.9	-34.3
FFO interest coverage (x)	13.0	2.2	10.4	11.8
FFO net leverage (x)	-6.3	-45.5	-13.5	-10.4

F - Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

NamPower's ratings are the same as Namibia Water Corporation's (NamWater; BB/Negative). The IDRs are constrained by the Namibian sovereign in accordance with Fitch's GRE and PSL Criteria. Their SCPs of 'bbb-' benefit from monopoly positions and strong financial profiles.

Among its international peer group, which includes Eskom Holdings SOC Ltd (Eskom, B/Stable), PGE Polska Grupa Energetyczna S.A. (BBB+/Stable) and Saudi Electricity Company (A/Stable), NamPower's financial profile is the strongest in terms of funds from operations (FFO) net leverage. NamPower's net cash position is due mainly to cash generated from operations supported by cost-reflective tariffs, on average, and a large cash buffer due to historical delays in capex for new generation capacity. However, NamPower has a weaker business profile due to smaller scale, weaker market trends, volatile profitability and significant reliance on load factors at Ruacana and imported electricity.

Navigator Peer Comparison

Issuer	Business profile										Financial profile			
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Position and Cash Flow Profile	Regulation	Market Trends and Risks	Asset Base and Operations	Profitability and Cash Flow	Financial Structure	Financial Flexibility				
Eskom Holdings SOC Ltd.	B/Sta	bb+	b+	b+	b	bb	b+	ccc	ccc	ccc				
Namibia Power Corporation (Proprietary) Limited	BB/Neg	bb+	bb+	bb+	bb+	bb	bb+	bb+	a-	bbb				
PGE Polska Grupa Energetyczna SA.	BBB+/Sta	a-	a-	bbb	bbb	bbb+	bb	bbb	a	bbb+				
Saudi Electricity Company	A/Sta	bbb+	bbb	bbb-	bb	bbb-	bbb-	bb+	a-	bbb				

Source: Fitch Ratings.

Name	Business profile										Financial profile			
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Position and Cash Flow Profile	Regulation	Market Trends and Risks	Asset Base and Operations	Profitability and Cash Flow	Financial Structure	Financial Flexibility				
Eskom Holdings SOC Ltd.	B/Sta	4.0	1.0	1.0	0.0	3.0	1.0	-3.0	-3.0	-3.0				
Namibia Power Corporation (Proprietary) Limited	BB/Neg	1.0	1.0	1.0	1.0	0.0	1.0	1.0	5.0	3.0				
PGE Polska Grupa Energetyczna SA.	BBB+/Sta	1.0	1.0	-1.0	-1.0	0.0	-4.0	-1.0	2.0	0.0				
Saudi Electricity Company	A/Sta	-1.0	-2.0	-3.0	-5.0	-3.0	-3.0	-4.0	0.0	-2.0				

Source: Fitch Ratings.

Worse positioned than IDR In line with IDR Better positioned than IDR

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- Positive rating action on Namibia's sovereign ratings.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Negative rating action on Namibia's sovereign ratings.

Namibia sovereign rating sensitivities (15 July 2021):

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Public Finances:** Failure to achieve clear progress towards stabilising government debt-to-GDP in the medium term or a faster near-term increase in government debt/GDP than our current projections;
- Macroeconomic Performance, Policies and Prospects:** Prolonged economic growth weakness post-pandemic and/or further downward revision to trend growth;
- External Finances:** Increased external vulnerabilities for example from significant widening of the current account deficit or a sustained decline in international reserves.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- Public Finances:** Credible fiscal plans and evidence of stronger ability to implement fiscal reforms sufficient to stabilise the government debt/GDP trajectory in the medium term;
- Macroeconomic Performance, Policies and Prospects:** Stronger medium-term growth, for example resulting from improved prospects for the mining sector.

Liquidity and Debt Structure

Strong Liquidity: As at end-December 2021, NamPower had Fitch-defined cash and cash equivalents of approximately NAD3.4 billion and around NAD7.1 billion in liquid assets. This compares favourably with short-term debt of NAD214 million and Fitch's expectation of FCF of negative NAD462 million at end June 2022.

ESG Considerations

Fitch does not assign an ESG credit relevance score to NamPower as the rating is equalised with that of the Namibian sovereign.

Liquidity and Debt Maturities

Namibia Power Corporation (Proprietary) Limited – Liquidity Analysis

(NADm)	2022F	2023F	2024F
Available liquidity			
Beginning cash balance	9,149	8,473	5,962
Rating case FCF after acquisitions and divestitures	-462	-2,421	-2,612
Total available liquidity (A)	8,686	6,052	3,350
Liquidity uses			
Debt maturities	-214	-90	-88
Total liquidity uses (B)	-214	-90	-88
Liquidity calculation			
Ending cash balance (A+B)	8,473	5,962	3,262
Revolver availability	0	0	0
Ending liquidity	8,473	5,962	3,262
Liquidity score (x)	40.6	67.4	37.9

F – Forecast

Source: Fitch Ratings, Fitch Solutions Namibia Power Corporation (Proprietary) Limited

Scheduled Debt Maturities (NADm)	Original 30 June 2021
2022	214
2023	90
2024	88
2025	84
Thereafter	285
Total	761

Source: Fitch Ratings, Fitch Solutions Namibia Power Corporation (Proprietary) Limited

Key Assumptions

Fitch's Key Assumptions within our Rating Case for the Issuer

- National energy demand to increase at around 2% CAGR between FY22 and FY25
- MSB sales all behind the meter contributing low single digits percentage of total demand
- Average system loss factor of around 8% and distribution loss factor of around 12%
- Revenue to increase by 5.2% on average between FY22 and FY25
- Average Ruacana load factor of 30%
- Imports around 64% of total demand on average
- Average EBITDA margin of 7.5%
- Increase in capex to over NAD2.5 billion a year over FY22-FY25
- Net working capital outflow of approximately NAD200 million per year over FY22-FY25
- No dividend distribution forecast for FY22-FY25

Financial Data

Namibia Power Corporation (Proprietary) Limited						
(NADm)	Historical			Forecast		
	Jun 19	Jun 20	Jun 21	Jun 22F	Jun 23F	Jun 24F
Summary income statement						
Gross revenue	6,580	6,892	6,550	6,733	7,048	7,588
Revenue growth (%)	-0.2	4.8	-5.0	2.8	4.7	7.7
Operating EBITDA (before income from associates)	1,123	1,354	790	574	520	434
Operating EBITDA margin (%)	17.1	19.6	12.1	8.5	7.4	5.7
Operating EBITDAR	1,123	1,354	790	574	520	434
Operating EBITDAR margin (%)	17.1	19.6	12.1	8.5	7.4	5.7
Operating EBIT	340	533	-95	-744	-870	-1,024
Operating EBIT margin (%)	5.2	7.7	-1.5	-11.0	-12.3	-13.5
Gross interest expense	-172	-141	-83	-57	-45	-54
Pretax income (including associate income/loss)	1,050	355	1,644	-159	-450	-751
Summary balance sheet						
Readily available cash and equivalents	8,880	8,857	9,149	8,473	6,008	3,967
Total debt with equity credit	1,824	1,429	761	547	457	569
Total adjusted debt with equity credit	1,824	1,429	761	547	457	569
Net debt with equity credit	-7,056	-7,428	-8,388	-7,926	-5,551	-3,398
Summary cash flow statement						
Operating EBITDA	1,123	1,354	790	574	520	434
Cash interest paid	-114	-91	-83	-57	-45	-54
Cash tax	-551	-334	-287	0	0	0
Dividends received less dividends paid to minorities (inflow/(out)flow)	0	0	1	0	0	0
Other items before FFO	218	165	-320	13	13	13
Funds flow from operations	1,415	1,710	702	1,172	953	720
FFO margin (%)	21.5	24.8	10.7	17.4	13.5	9.5
Change in working capital	88	-332	459	-122	-221	-219
Cash flow from operations (Fitch defined)	1,503	1,379	1,160	1,050	732	501
Total non-operating/nonrecurring cash flow	0	0	0			
Capex	-276	-311	-679			
Capital intensity (capex/revenue) (%)	4.2	4.5	10.4			
Common dividends	-61	-83	0			
Free cash flow	1,166	985	481			
Net acquisitions and divestitures	5	2	5			
Other investing and financing cash flow items	-737	-111	1,070	0	46	459
Net debt proceeds	-202	-509	-634	-214	-90	112
Net equity proceeds	0	0	0	0	0	0
Total change in cash	232	367	923	-676	-2,464	-2,042
Leverage ratios						
Total net debt with equity credit/operating EBITDA (x)	-6.3	-5.5	-10.6	-13.8	-10.7	-7.8
Total adjusted debt/operating EBITDAR (x)	1.6	1.1	1.0	1.0	0.9	1.3
Total adjusted net debt/operating EBITDAR (x)	-6.3	-5.5	-10.6	-13.8	-10.7	-7.8
Total debt with equity credit/operating EBITDA (x)	1.6	1.1	1.0	1.0	0.9	1.3
FFO adjusted leverage (x)	2.3	1.2	4.1	0.9	0.9	1.3
FFO adjusted net leverage (x)	-8.9	-6.3	-45.5	-13.5	-10.4	-7.6
FFO leverage (x)	2.3	1.2	4.1	0.9	0.9	1.3
FFO net leverage (x)	-8.9	-6.3	-45.5	-13.5	-10.4	-7.6
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-331	-392	-674	-1,512	-3,153	-3,113
Free cash flow after acquisitions and divestitures	1,171	987	487	-462	-2,421	-2,612
Free cash flow margin (after net acquisitions) (%)	17.8	14.3	7.4	-6.9	-34.3	-34.4
Coverage ratios						
FFO interest coverage (x)	6.9	13.0	2.2	10.4	11.8	8.3
FFO fixed charge coverage (x)	6.9	13.0	2.2	10.4	11.8	8.3
Operating EBITDAR/interest paid + rents (x)	9.8	14.8	9.5	10.1	11.5	8.1
Operating EBITDA/interest paid (x)	9.8	14.8	9.5	10.1	11.5	8.1
Additional metrics						
CFO-capex/total debt with equity credit (%)	67.3	74.7	63.3	-84.5	-529.5	-459.2
CFO-capex/total net debt with equity credit (%)	-17.4	-14.4	-5.7	5.8	43.6	76.9

Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator

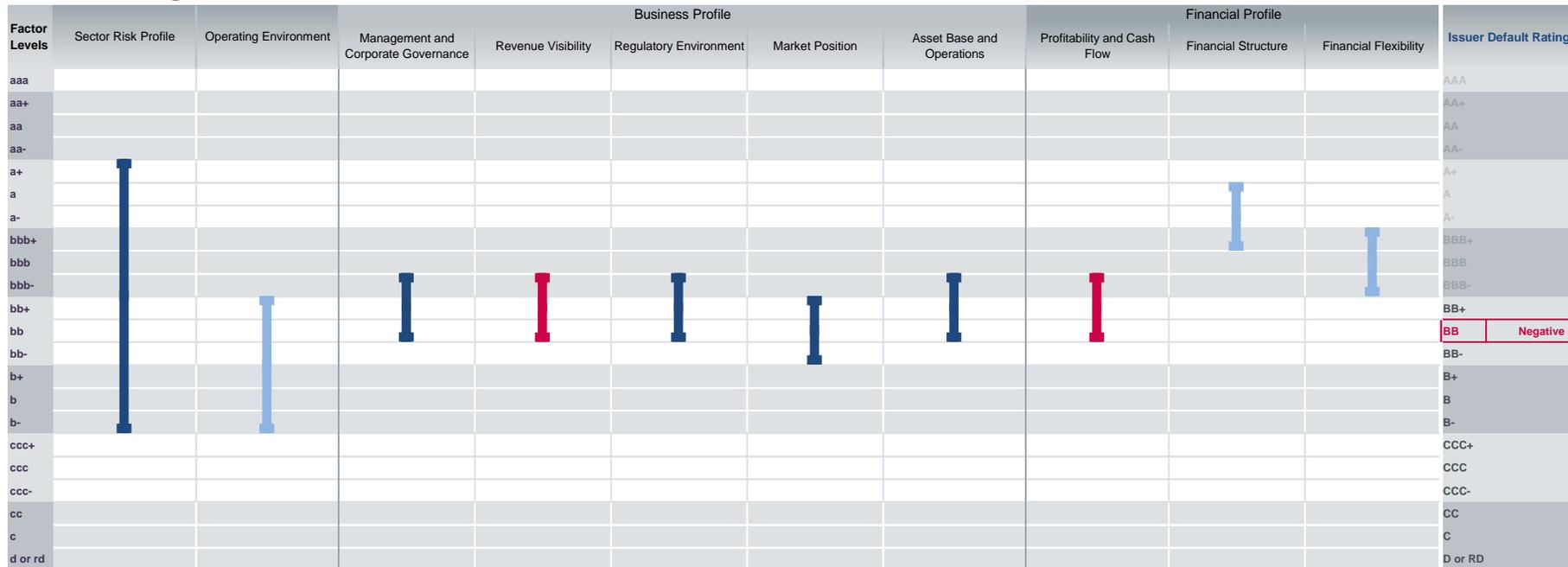
FitchRatings

Namibia Power Corporation

ESG Relevance:



Corporates Ratings Navigator
EMEA Utilities



Bar Chart Legend:

Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		↑	Positive
■	Higher Importance	↓	Negative
■	Average Importance	↕	Evolving
■	Lower Importance	□	Stable

Operating Environment

bbb-	Economic Environment	bb	Below-average combination of countries where economic value is created and where assets are located.
bb+	Financial Access	a	Strong combination of issuer-specific funding characteristics and the strength of the relevant local financial market.
b-	Systemic Governance	bbb	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'bbb'.
ccc+			

Revenue Visibility

bbb	Size and Integration	a	Top-tier position in more than one market. Vertically integrated (typically including generation, transmission, distribution and supply).
bbb-	Earnings from Regulated Network Assets	bb	Less than 25% of EBITDA comes from high-quality regulated network assets.
bb+	Quasi-Regulated Earnings	b	Small amounts of income from quasi-regulated assets or long-term contracts.
bb			
bb-			

Market Position

bbb-	Fundamental Market Trends	bb	Markets with structural challenges.
bb+	Generation and Supply Positioning	bb	Weak position in the merit order; limited hedging. Own generation not in balance with marginal position in supply and services.
bb	Customer Base and Counterparty Risk	bb	Structurally challenged economy in area served; high counterparty risk; supply operations with high doubtful debt levels.
bb-			
b+			

Profitability and Cash Flow

bbb	Free Cashflow	bbb	Structurally neutral to negative FCF across the investment cycle.
bbb-	Volatility of Profitability	bb	Lower stability and predictability of profits than utility peers.
bb+			
bb			
bb-			

Financial Flexibility

a-	Financial Discipline	bbb	Financial policies less conservative than peers but generally applied consistently.
bbb+	Liquidity	aa	Very comfortable liquidity; no need to use external funding in the next 24 months even under a severe stress scenario. Well-spread debt maturity. Diversified sources of funding.
bbb	FFO Interest Coverage	bb	3.5x
bbb-	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging.
bb+			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

bbb	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb-	Governance Structure	bbb	Good governance track record but board effectiveness/independence less obvious. No evidence of abuse of power even with ownership concentration.
bb+	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bb	Financial Transparency	bb	Financial reporting appropriate but with some failings (eg lack of interim or segment analysis).
bb-			

Regulatory Environment

bbb	Regulatory Framework and Policy Risk	bb	Opaque or overly demanding frameworks with limited track record, short-term tariffs; significant political risk.
bbb-	Cost Recovery and Risk Exposure	bbb	Tariff setting that may limit efficiently incurred cost and investment recovery, with moderate regulatory lag, price and volume risk.
bb+			
bb			
bb-			

Asset Base and Operations

bbb	Asset Quality	bbb	Mid-range asset quality not likely to affect opex and capex requirements compared with peers.
bbb-	Asset Diversity	bb	Limited diversification by geography, generation source, supplied product.
bb+	Carbon Exposure	a	Energy production mostly from clean sources and low carbon exposure (< 300gCO ₂ /kWh).
bb			
bb-			

Financial Structure

a+	FFO Leverage	bbb	5.0x
a	FFO Net Leverage	a	3.0x
a-			
bbb+			
bbb			

Credit-Relevant ESG Derivation

Namibia Power Corporation has no ESG rating drivers				Overall ESG	
key driver	0	issues	5		
driver	0	issues	4		
potential driver	0	issues	3		
not a rating driver	0	issues	2		
	0	issues	1		

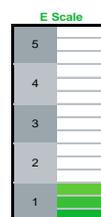
Credit-Relevant ESG Derivation

Namibia Power Corporation has no ESG rating drivers

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	0	issues	3
	0	issues	2
not a rating driver	0	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality		Emissions from operations	Asset Base and Operations; Profitability and Cash Flow
Energy Management		Fuel use to generate energy	Asset Base and Operations; Market Trends and Risks; Profitability and Cash Flow
Water & Wastewater Management		Water used by hydro plants or by other generation plants; effluent management	Asset Base and Operations; Market Trends and Risks; Profitability and Cash Flow
Waste & Hazardous Materials Management; Ecological Impacts		Impact of waste from operations	Asset Base and Operations; Profitability and Cash Flow
Exposure to Environmental Impacts		Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability and Cash Flow



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

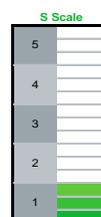
The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

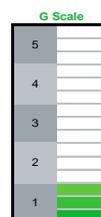
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability		Product affordability and access	Profitability and Cash Flow; Regulation
Customer Welfare - Fair Messaging, Privacy & Data Security		Quality and safety of products and services; data security	Profitability and Cash Flow
Labor Relations & Practices		Impact of labor negotiations and employee (dis)satisfaction	Profitability and Cash Flow; Financial Structure; Financial Flexibility
Employee Wellbeing		Worker safety and accident prevention	Profitability and Cash Flow; Financial Structure; Financial Flexibility
Exposure to Social Impacts		Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability and Cash Flow



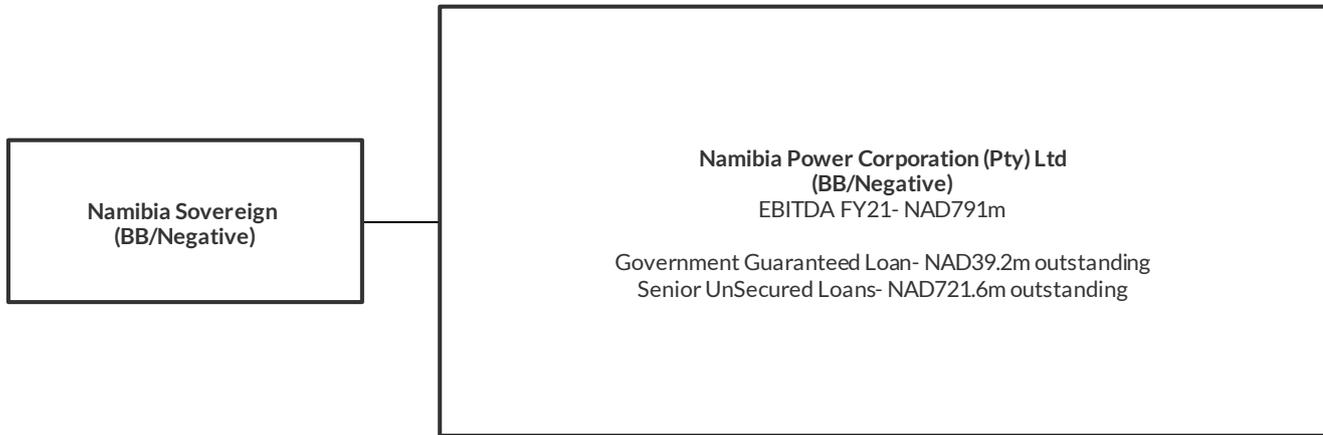
Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy		Strategy development and implementation	Management and Corporate Governance
Governance Structure		Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure		Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency		Quality and timing of financial disclosure	Management and Corporate Governance



CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Namibia Power Corporation (Proprietary) Limited

Peer Financial Summary

Company	Issuer default Rating	Financial statement date	Gross revenue (NADm)	Operating EBITDA (before income from associates) (NADm)	Free cash flow margin (%)	FFO interest coverage (x)	FFO net leverage (x)
Namibia Power Corporation (Proprietary) Limited							
	BB						
	BB	2021	6,550	790	7.4	2.2	-45.5
	BB	2020	6,892	1,354	14.3	13.0	-6.3
	BB+	2019	6,580	1,123	17.7	6.9	-8.9
Eskom Holdings SOC Ltd.							
	A(zaf)	2021	205,149	31,330	-14.3	1.2	9.3
	A(zaf)	2018	181,510	45,733	-24.2	1.2	9.5
	AAA(zaf)	2017	177,373	37,955	-21.0	1.6	7.2
PGE Polska Grupa Energetyczna S.A.							
	BBB+						
	BBB+	2020	191,681	24,543	8.5	16.5	1.2
	BBB+	2019	141,659	26,727	-1.3	19.0	1.7
	BBB+	2018	97,229	24,036	-6.3	17.8	1.7
Saudi Electricity Company							
	A						
	A-	2020	298,953	115,724	-1.1	5.6	4.3
	A-	2019	250,745	97,210	-1.7	6.8	3.6
	A	2018	231,320	82,671	-12.3	7.5	3.7
Namibia Water Corporation							
	BB						
	BB	2020	1,665	395	14.4	8.8	-3.3
	BB+	2019	1,625	406	15.3	6.6	-1.4
	BB+	2018	1,575	437	-2.6	11.7	-0.2

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

Fitch Adjustments and Reconciliation Table for Namibia Power Corporation (Proprietary) Limited

(NADm)	Notes and Formulas	Reported Values	Sum of Adjustments	Cash Adjustment	Other Adjustments	Adjusted Values
30 June 2021						
Income Statement Summary						
Revenue		6,550				6,550
Operating EBITDAR		803	-13		-13	790
Operating EBITDAR After Associates and Minorities	(a)	804	-13		-13	791
Operating Lease Expense	(b)	0				0
Operating EBITDA	(c)	803	-13		-13	790
Operating EBITDA After Associates and Minorities	(d) = (a-b)	804	-13		-13	791
Operating EBIT	(e)	-83	-13		-13	-95
Debt and Cash Summary						
Total Debt with Equity Credit	(f)	761				761
Lease-Equivalent Debt	(g)	0				0
Other Off-Balance-Sheet Debt	(h)	0				0
Total Adjusted Debt with Equity Credit	(i) = (f+g+h)	761				761
Readily Available Cash and Equivalents	(j)	9,150	-2	-3	2	9,149
Not Readily Available Cash and Equivalents		0				0
Cash Flow Summary						
Operating EBITDA After Associates and Minorities	(d) = (a-b)	804	-13		-13	791
Preferred Dividends (Paid)	(k)	0				0
Interest Received	(l)	601				601
Interest (Paid)	(m)	-83				-83
Cash Tax (Paid)		-287				-287
Other Items Before FFO		-332	13		13	-320
Funds from Operations (FFO)	(n)	702				702
Change in Working Capital (Fitch-Defined)		459				459
Cash Flow from Operations (CFO)	(o)	1,160				1,160
Non-Operating/Nonrecurring Cash Flow		0				0
Capital (Expenditures)	(p)	-679				-679
Common Dividends (Paid)		0				0
Free Cash Flow (FCF)		481				481
Gross Leverage (x)						
Total Adjusted Debt/Operating EBITDAR ^a	(i/a)	0.9				1.0
FFO Adjusted Leverage	(i)/(n-m-l-k+b)	4.1				4.1
FFO Leverage	(i-g)/(n-m-l-k)	4.1				4.1
Total Debt with Equity Credit/Operating EBITDA ^a	(i-g)/d	0.9				1.0
(CFO-Capex)/Total Debt with Equity Credit (%)	(o+p)/(i-g)	63.3%				63.3%
Net Leverage (x)						
Total Adjusted Net Debt/Operating EBITDAR ^a	(i-j)/a	-10.4				-10.6
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	-45.5				-45.5
FFO Net Leverage	(i-g-j)/(n-m-l-k)	-45.5				-45.5
Total Net Debt with Equity Credit/Operating EBITDA ^a	(i-g-j)/d	-10.4				-10.6
(CFO-Capex)/Total Net Debt with Equity Credit (%)	(o+p)/(i-g-j)	-5.7%				-5.7%
Coverage (x)						
Operating EBITDA/(Interest Paid + Lease Expense) ^a	a/(-m+b)	9.7				9.5
Operating EBITDA/Interest Paid ^a	d/(-m)	9.7				9.5
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	2.2				2.2
FFO Interest Coverage	(n-l-m-k)/(-m-k)	2.2				2.2

^aEBITDA/R after dividends to associates and minorities
Source: Fitch Ratings, Fitch Solutions, Namibia Power Corporation (Proprietary) Limited

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