NamPower Investors Briefing

31 July 2019

AGENDA

- Introduction
- Corporate Strategy
- Projects Update
- Financial Overview
- Way Forward

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Corporate Strategy

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Reflecting on 2014 – 2018 Corporate Strategy & Business Plan

Strengthened transmission network	• built **810km** of transmission lines resulting in 11,673km length of transmission network
Increased installed local generation capacity	• Local installed capacity in Namibia increased from 375.5MW to **606 MW**
Collaborated with private sector to deliver renewable capacity	• 117MW from IPPs connected • 129MW from IPPs committed
Ensured continuous supply during a volatile environment	• Ensured continuous supply and avoided load shedding during the supply constraints
Maintained a strong financial position and investment grade rating	• debt to equity ratio of 9:91. • maintained a local investment grade (Zaf) rating • debt service cover ratio above 4

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Strategic Direction 2019-2023

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Vision

"To be the leading electricity service company of choice in SADC"

Mission

"To provide the electricity needs of our customers, fulfil the aspirations of our staff and satisfy the expectations of our stakeholders in a competitive and evolving environment"

Strategic Pillars

Unlocking the value of electricity sector collaboration

Ensuring security of supply

Optimizing financial sustainability

Driving organisational & operational excellence

Values

Customer focus; Integrity; Teamwork; Accountability; Empowerment; Health, Safety, Environment

Corporate Strategy Brief

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- **Ensure Security of Supply**
  - Seize local generation capacity opportunities
  - Deliver least cost supply mix
  - Leverage regional market opportunities
  - Strengthen transmission network
  - Support GRN in strategic projects

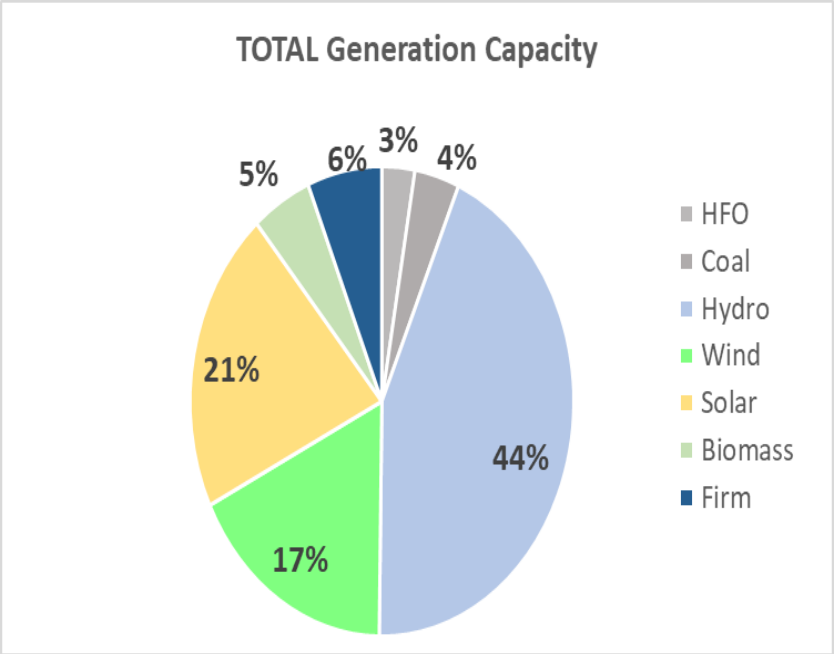
- **Unlock the value of electricity sector collaboration**
  - Develop the electricity industry
  - Accelerate electrification
  - New products and services (new markets)

- **Optimise financial sustainability**
  - Forming financial and technological new partnerships (new thinking)
  - New sources of funding

- **Drive Organisational and Operational efficiency**
  - New thinking & innovation to meet demands and seize new opportunities.

Overview of the Generation Capacity (5 years)

	Existing MW	Development MW	TOTAL MW	% Contrb Capacity
NamPower	**399**	**150**	**549**	**69%**
Hydro	347		347	44%
Coal	30		30	4%
HFO	22		22	3%
Wind		40	40	5%
Solar		20	20	3%
Biomass		40	40	5%
Firm (HFO)		50	50	6%
IPPs	**122**	**124**	**246**	**31%**
Solar	117	30	147	18%
Wind	5	94	99	12%
	521	**274**	**795**	



Generation Projects

- Omburu PV Power Project
- Otjikoto Biomass Power Project
- Lüderitz Wind Power Project
- Firm Power (Anixas II) Project
- 20MW Solar PV IPP
- 50MW Wind IPP

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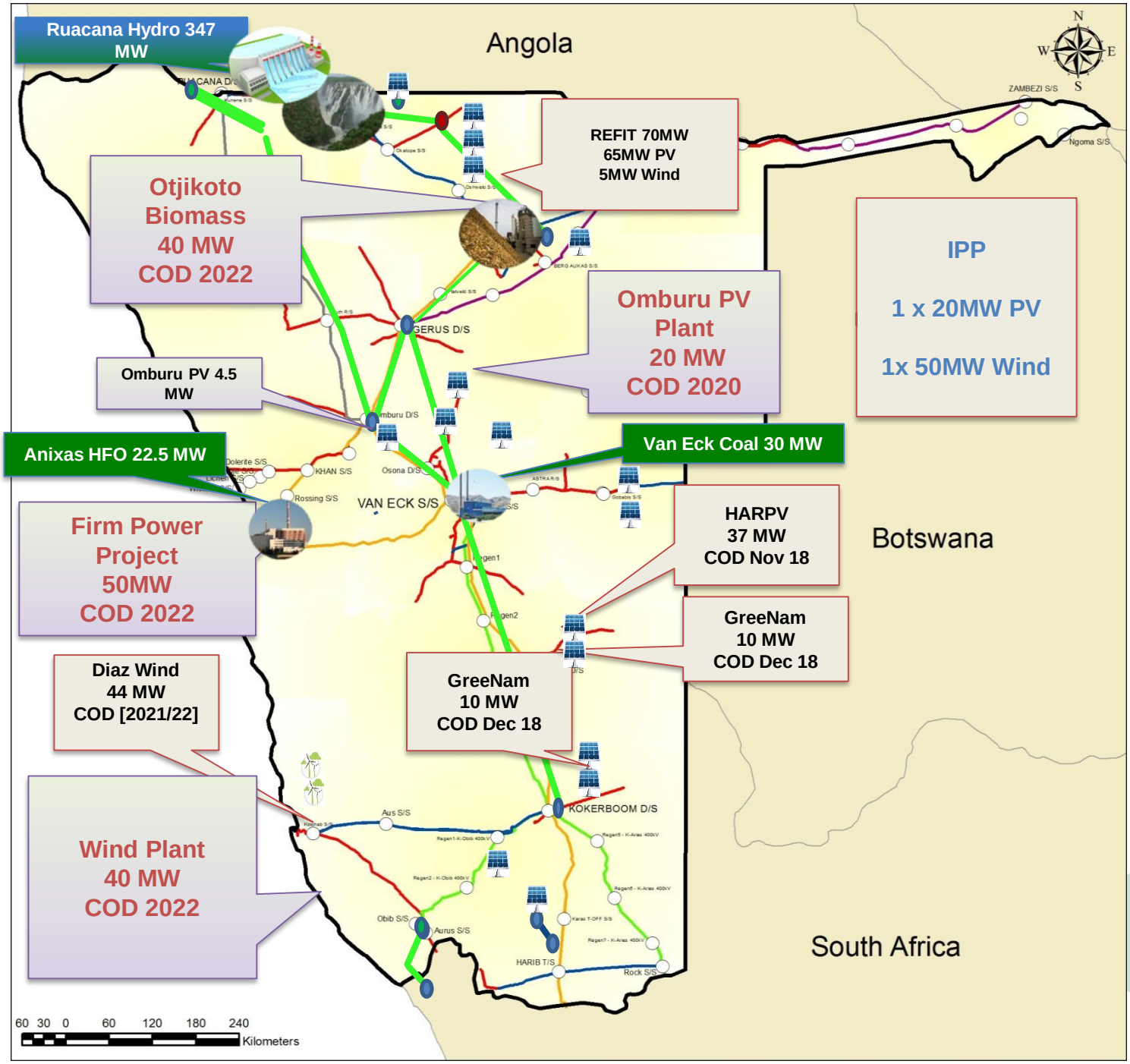
Generation Projects



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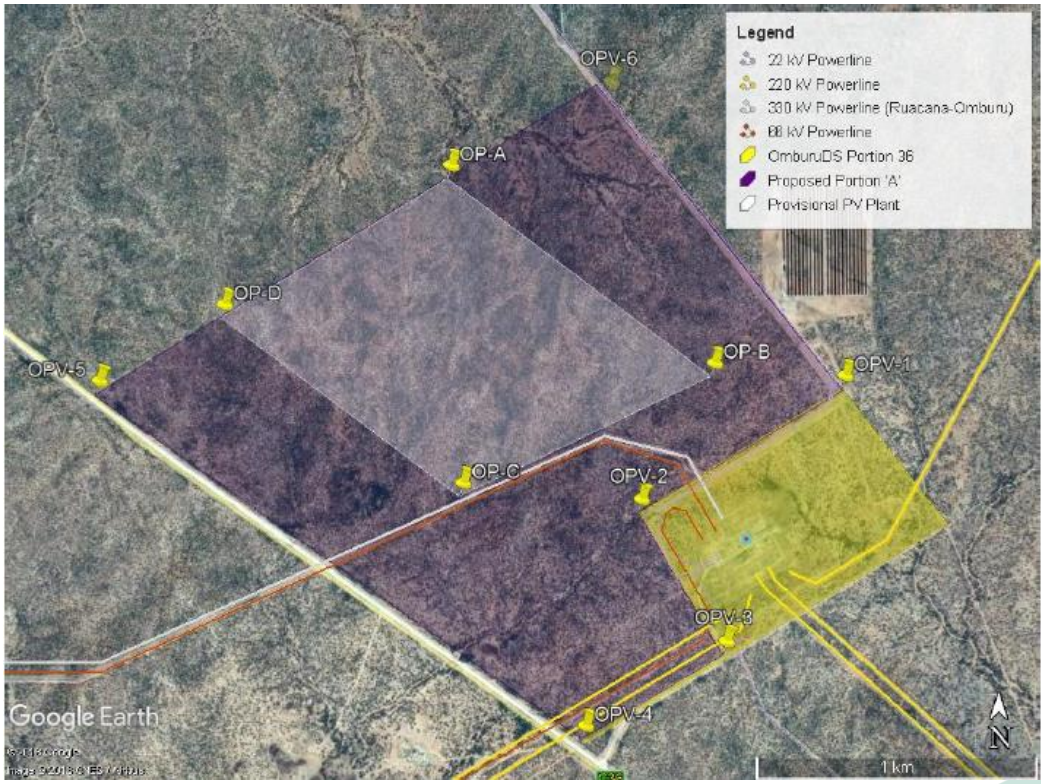
Omburu PV Power Project

Project Description

❑ Technical:

- Size: 20 MW (export capacity)
- Availability: 99%
- Lifetime: 25 years
- Storage ready



❑ General:

- COD: 2020
- Cost: NAD 500 Million
- Nearest Town: Omaruru (± 12km)

❑ Procurement Method:

- EPC Contractor to be procured on Open International Bidding (Single stage, no prequalification) utilising FIDIC EPC/Turnkey Projects (Silver Book) Contract Suite.

Omburu PV Power Project

Progress to-date and Next Steps

❑ Completed activities:

- Land lease signed and land procurement process almost complete;
- Amendment to Environment Clearance obtained from MET;
- Site testing for Geotechnical Study completed;
- Technical Advisor / Owners Engineer appointed;
- Transmission Connection Agreement signed;
- EPC Bidding Documents approved by Policy Unit; and
- EPC Bidding Documents submitted to CPBN for approval.

❑ Next Steps:

- Compile and submit Generation License to ECB;
- Finalise land transfer process;
- Finalise geotechnical study; and
- CPBN to commence with procurement activity.

Otjikoto Biomass Power Project

Project Description

❑ Technical:

- Size: 40 MWe or 2 x 20 MWe
- Site area: ±44 ha
- Grate fired boiler technology
- Fuel: Encroacher Bush Wood Chips
- Availability: 85~92%
- Capacity factor (CF): 60~70%
- Lifetime: 25 years

❑ General:

- COD: 2023
- Cost: NAD 1.9 Billion

❑ Procurement Method:

- EPC Contractor to be procured on Open International Bidding (Two stage with prequalification) utilising FIDIC EPC/Turnkey Projects (Silver Book) Contract Suite.
- Fuel Suppliers (several) to be procured on Open National Bidding.

Otjikoto Biomass Power Project

Progress to-date and Next Steps

❑ Completed activities:

- Procurement of project Site completed;
- Transmission Connection Agreement signed;
- Environmental Impact Assessment currently being finalised with minor updates;
- Site testing for Geotechnical Study completed;
- Procurement Documents for the Owners Engineer approved by the CPBN;
- Fuel Supply Strategy and FSA Term Sheet have been approved by the Board; and
- Prequalification Documents for EPC Contractor are completed.

❑ Next Steps:

- Finalise the detailed technical specifications for the EPC Contractor;
- Finalise the Environmental Impact Assessment and submit to MET;
- Compile and submit Generation License to ECB for approval;
- CPBN to commence with the prequalification of the EPC Contractors;
- Finalise the Fuel Supply Agreement based on the approved Fuel Supply Strategy; and
- Finalise the Funding Strategy.

Luderitz Wind Power Project

Project Description

❑ Technical:

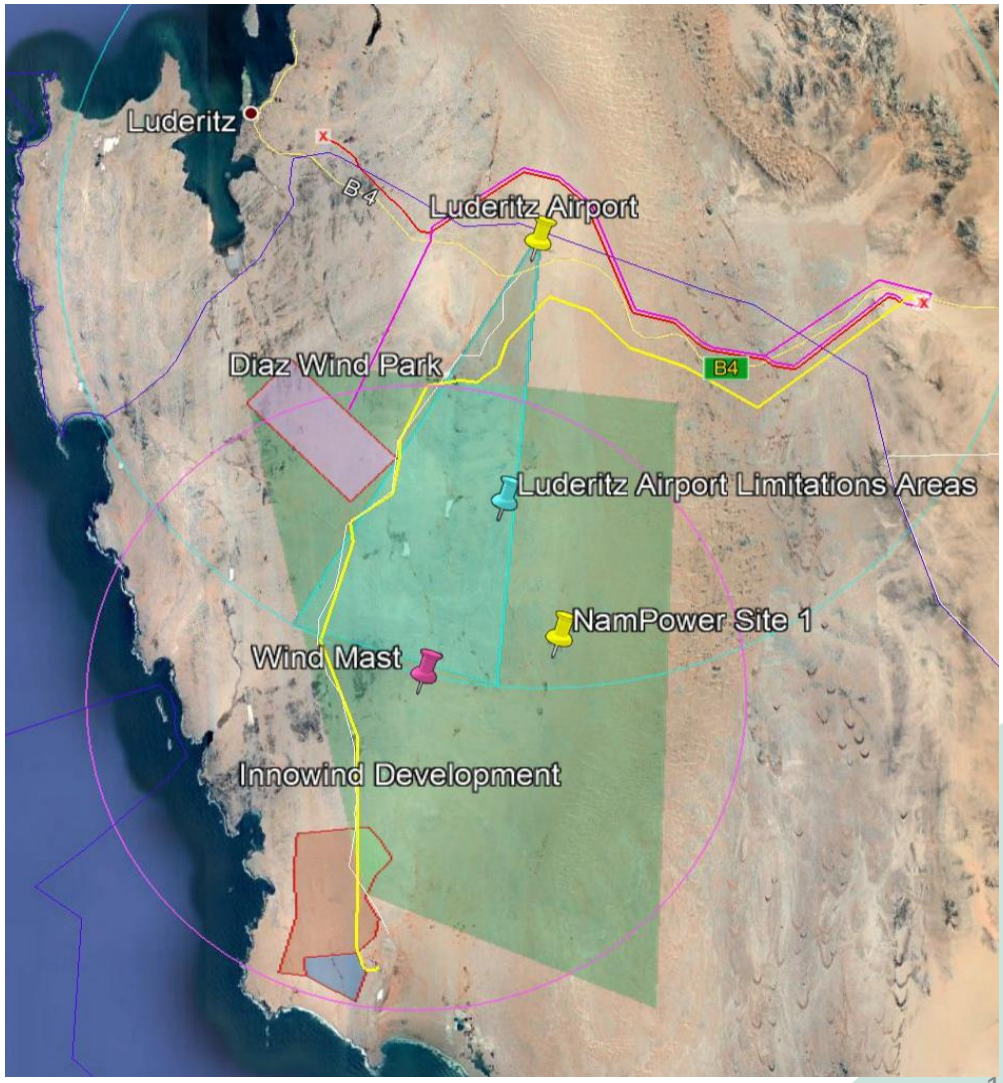
- Size: 40 MW (export capacity)
- Availability: ±95%
- Capacity factor >50%
- Lifetime: 25 years

❑ General:

- COD: 2022
- Cost: NAD 1.1 Billion
- Nearest Town: Lüderitz (± 20km)

❑ Procurement Method:

- EPC Contractor to be procured on OIB (Two stage) utilising FIDIC EPC/Turnkey Projects (Silver Book) Contract Suite



Luderitz Wind Power Project

Progress to-date and Next Steps

❑ Completed activities:

- Procurement of ESIA and Bird Monitoring services completed; awaiting approval for site access;
- Wind mast services have been procured, awaiting approval for site access;
- Micro-siting services have been procured, site visits and study underway;
- Namibia Civil Aviation Authority Clearance has been submitted;
- Bids for Technical Advisor/Owner's Engineer were received;
- Land lease agreement has been received from MET; and
- Procurement of additional wind masts and LiDAR for alternative sites are underway.

❑ Next Steps:

- Conclude bid evaluation and appoint Technical Advisor/Owners Engineer;
- Compile and submit Generation License to ECB for approval
- Install Wind Mast at Site 1 to start wind measurement campaign;
- Finalise Land Lease Agreement with MET and provide Notice to Proceed to appointed Consultants/Contractors; and
- Procure Contractor to perform a detailed geotechnical and hydrological study.

Firm Power (Anixas II) Project

Project Description

❑ Technical:

- Size: 50 MWe
- Technology options:
  - ICRE: HFO/LFO
  - Aero-GT: LFO
- Fuel: Liquid fuel (LFO/HFO)
- Lifetime: 25 years
- Availability: >92%
- Capacity factor: <10%
- CNG/LNG future retrofit option

❑ General:

- COD: 2021
- Cost: N$1.2 billion

❑ Procurement Method:

- EPC Contractor to be procured on OIB (Two stage) utilising FIDIC EPC/Turnkey Projects (Silver Book) Contract Suite

Firm Power (Anixas II) Project

Progress to-date and Next Steps

❑ Completed activities:

- Technical Advisor/Owners Engineer:
  - Expression of Interest for shortlisting Consultants was completed;
  - Detailed Proposals for the RfP bid were received.
- RfP to procure the ESIA Consultant was issued to shortlisted Consultants – (closing date 26 July 19);
- The transmission connection study is on-going with typical generator data;
- Engagement of MET to determine the required ESIA process completed; and
- Quotations received for the supply and installation of an Automated Weather Station at Project site.

❑ Next Steps:

- Conclude the bid evaluation to appoint the Technical Advisor/Owners Engineer;
- Compile and submit Generation License to ECB for approval;
- Conclude procurement process and appoint ESIA Consultant;
- Appoint supplier for Automated Weather station and conduct installation; and
- Compile the technical specifications and start EPC procurement process.

20 MW Solar PV IPP Projects

NamPower to procure Independent Power Produces to develop 20 MW Solar PV Plants

❑ Project Overview:

- Size: 20 MW (export capacity)
- Availability: ±99%
- Lifecycle : 25 years
- Technology : Single-axis tracking, crystalline silicon/thin-film modules
- Target COD : March 2021
- Investment: N$ +/- 400 million

❑ Progress:

- Bidding Documents Complete
- Land procurement tentatively agreed for one site
- Power Purchase Agreement and Transmission Connection Agreement updated
- Bid almost ready to go to market

50 MW Wind IPP Projects

NamPower to procure Independent Power Produces to develop 50 MW Wind Plants

❑ Project Overview:

- Size: 50 MW (export capacity)
- Availability: ±95%
- Lifecycle: 25 year
- Target COD: June 2022
- Investment : N$ 1242 million
- Location : ± 20km from Lüderitz Town

❑ Progress:

- Preliminaries Transmission studies completed to ascertain the adequacy of existing infrastructure to evacuate power for all planned projects
- Identify suitable site for Wind IPP projects, Site 1 ±22 KM from Lüderitz.

❑ Next Steps:

- Detailed Tx studies to determine best option to increase evacuation capacity;
- Install Wind Mast at identified Sites and commence with Wind Measurement; and
- Finalise Land Lease Agreement with MET.

Transmission Projects

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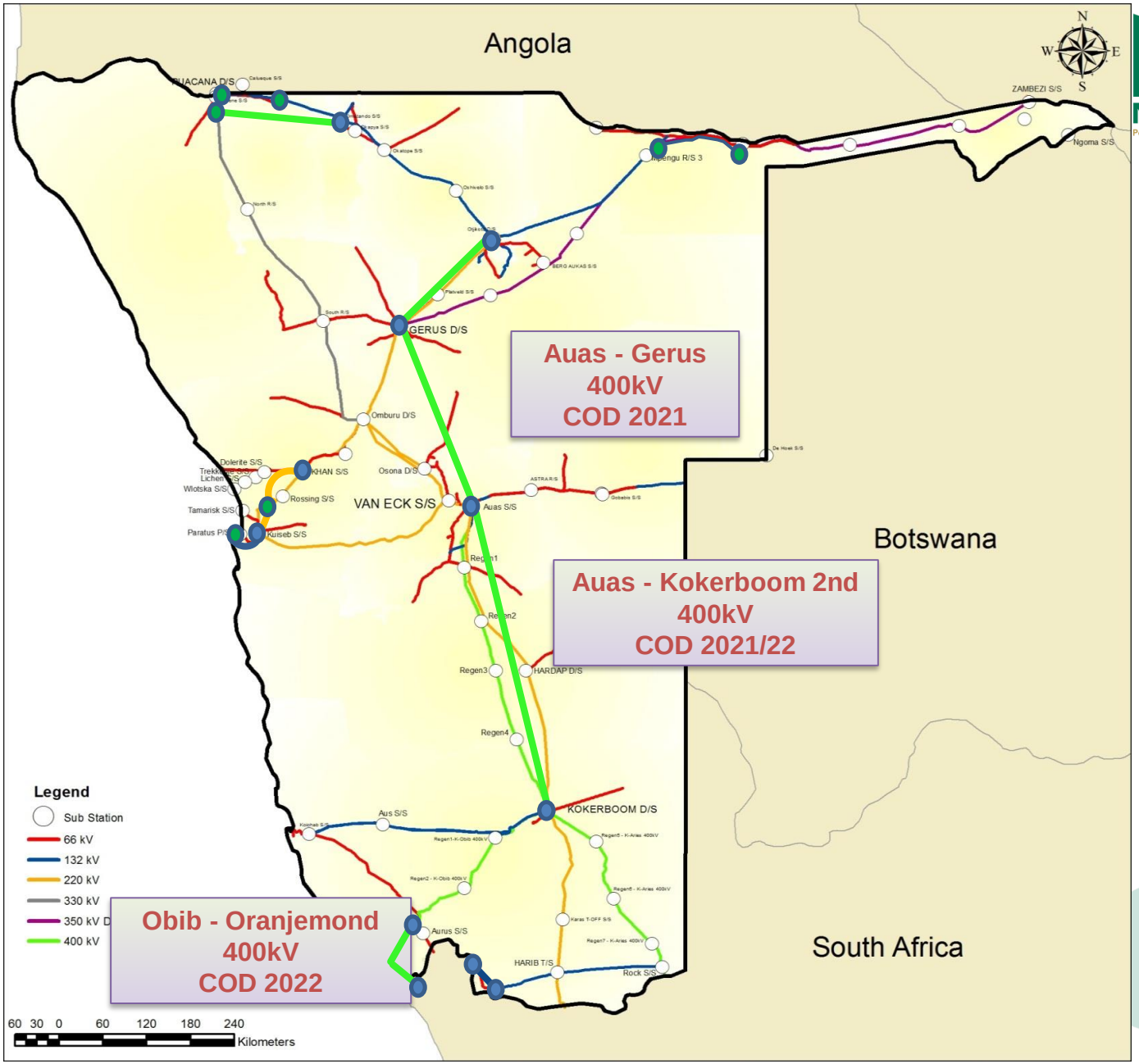
Transmission Projects



Strategic Transmission Projects

400kV lines

- **400kV Auas–Gerus:**
  - Provide security of supply to northern / north-eastern areas.
  - Provide capacity for wheeling path via HVDC interconnector to Zambia up to 300MW.
  - Reduce network losses on loaded 220kV system and bypass 400/220kV transformer bottleneck at Auas Substation.
- **400kV Auas–Kokerboom 2:**
  - Provide security of supply, network stability and sufficient capacity especially during peak times with Ruacana low Kunene river flow scenarios.
  - Allow maintenance and refurbishment opportunities on existing line and associated equipment.
- **400kV Obib–Oranjemond (Eskom):**
  - Provide security of supply and network stability as a 2nd main interconnector to the Eskom network as the main source of network strength / stability.
  - Reduce reliance upon the Eskom Aries Substation.
  - Provide network capacity for wheeling of energy.

Financing Overview

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Key Financial Ratios

	Actual YTD Mar - 2019	2018	2017	2016	2015
Gross Profit Margin	42%	49%	47%	28%	40%
DSCR (Covenant > 1.4)	4.69	8.32	5.42	2.78	4.18
Debtors Collection period	80 days	65 days	59 days	46 days	39 days
Current ratio	6.79	6.37	5.92	6.24	5
Debt: Equity (Covenant 65:35)	8:92	9:91	10:90	12:88	15:85
Net Debt : EBITDA (Covenant < 4)	-5.49	-3.28	-2.90	-17.21	-2.88

Estimated CAPEX

Base Case	Total NAD million	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
		NAD million				
Generation Projects	***5,600***	**842**	**2,089**	**2,600**	**-**	**-**
Omburu PV 20MW	555	365	190			
Wind 40MW	1,317	41	305	971		
Otjikoto Biomass 40MW	2,272	270	771	1,231		
Firm 50MW	1,388	167	823	398		
Transmission	***7,800***	**483**	**3,394**	**2,593**	**619**	**654**
Auas - Gerus 400kV	994	72	568	354		
Auas - Kokerboom 400kV	1,782	21	1,106	656		
Obib - Oranjemond 400kV	1,069	21	516	533		
Other Transmission	3,898	370	1,204	1,051	619	654
Other Capex	***1,300***	469	191	201	213	224
Total CAPEX Estimate	***14,700***	***1,794***	***5,674***	***5,395***	***832***	***878***
Exchange rate (Base Case)		14.74	15.48	16.25	17.07	17.92

Funding Requirement (FY2020-FY2024)

Description	Unit	Base Case	Scenario 1	Scenario 2	Scenario 3
Exchange Rate	NAD : USD	**14.74**	14.74	**15.48**	15.48
Cost Overrun	%	0%	**10%**	0%	**10%**
Tariff escalation	%	CPI	CPI	CPI	CPI + 0.5%
Capital Budget	NAD million	13,400	13,900	13,900	14,400
Sustaining Capital Budget	NAD million	1,300	1,300	1,300	1,300
Total Capital Budget	NAD million	**14,700**	**15,200**	**15,200**	**15,700**
Cash Available (FY2019)	NAD million	9,000	9,000	9,000	9,000
Interest received	NAD million	1,400	1,300	1,300	1,300
Existing Debt	NAD million	(1,750)	(1,750)	(1,750)	(1,750)
Minimum Cash Hold	NAD million	(1,500)	(1,500)	(1,500)	(1,500)
Total cash available	NAD million	7,150	7,050	7,050	7,050
Cash from Operations	NAD million	5,000	5,000	4,800	5,100
New Debt requirement	**NAD million**	**2,550**	**3,150**	**3,350**	**3,550**
Total Funds Required	NAD million	**14,700**	**15,200**	**15,200**	**15,700**

Way Forward

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Engagement Road Map

- **NamPower to raise ±N$ 2-3 billion**
  - Open to Investor's preference
  - Drawdown expectation FY2021 - FY2023

- **Potential Investors to express interest with NamPower**

- **Engagement with NamPower [August – November]**

- **Obtain indicative term sheets [October – November]**

- **Due diligence on selected projects**

Thank you