OPG Power Ventures Plc

FY22 Results Investor Presentation

Continued focus on deleveraging and profitability & positioning for sustainable growth

7 October 2022

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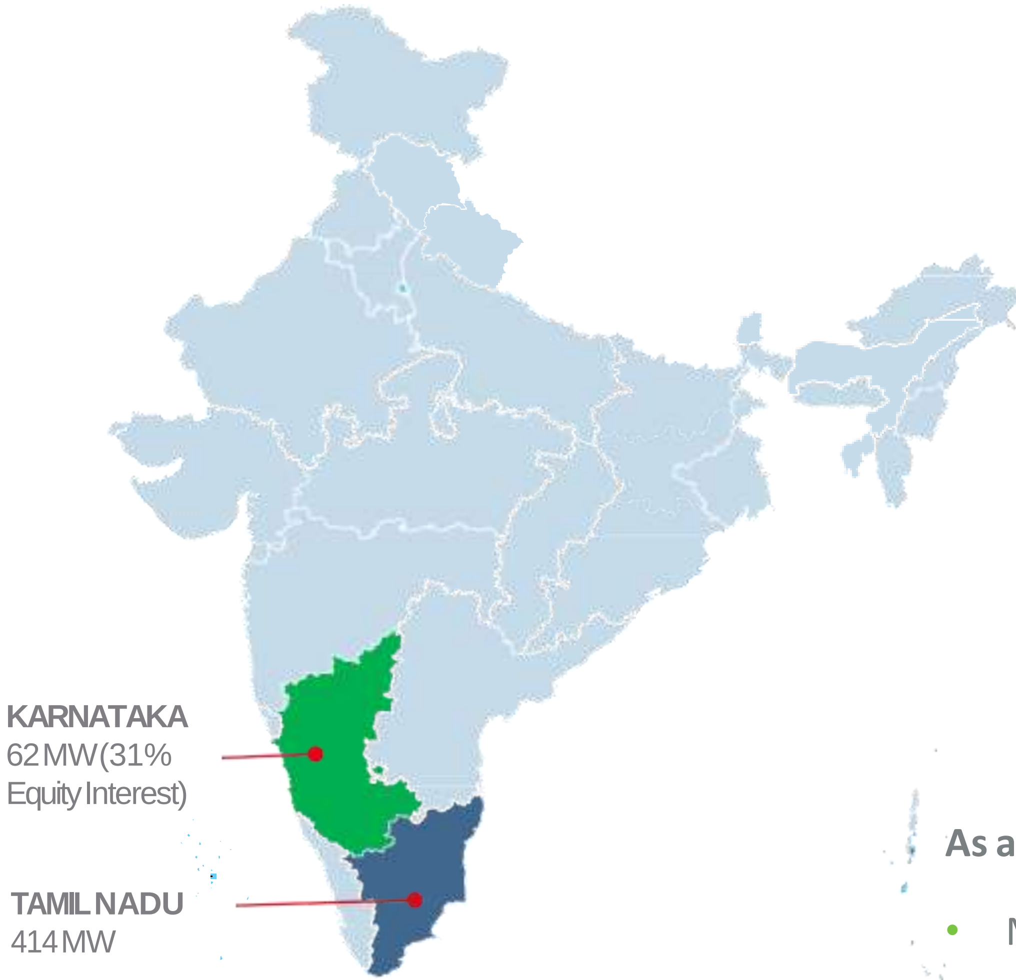
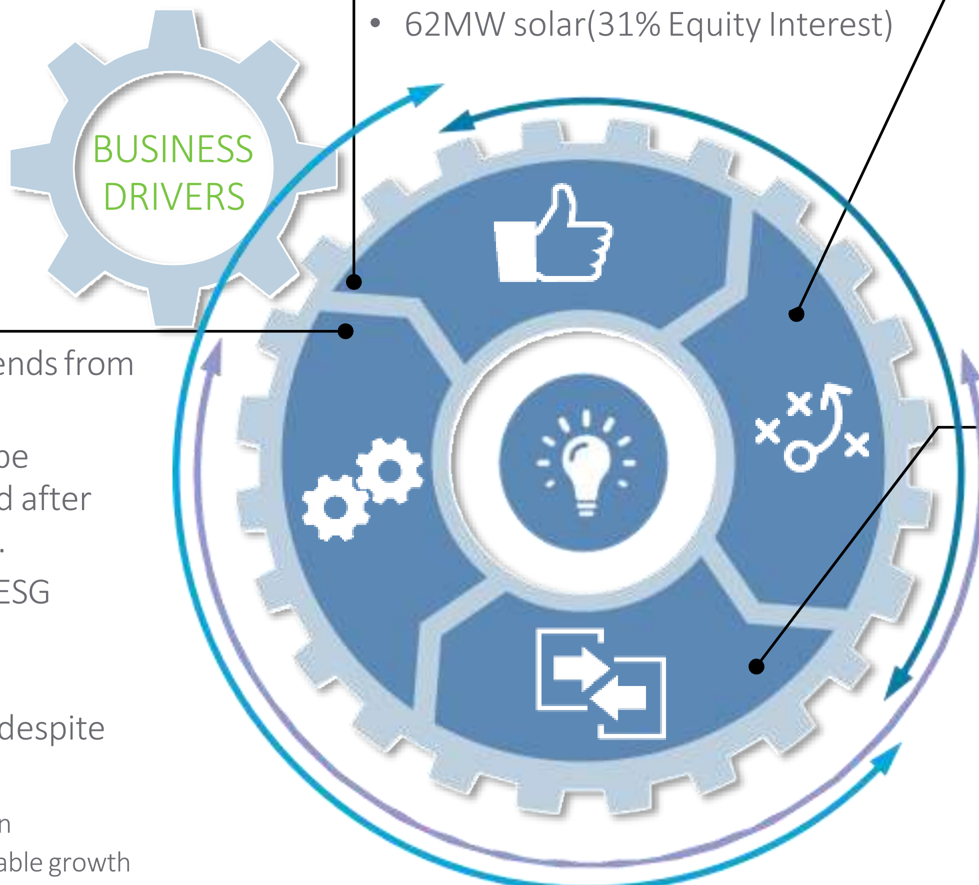
A DEVELOPER AND OPERATOR OF POWER PLANTS



As at 6 October 2022:

- Market cap: £28.5 million
- 400.7 million shares issued

CONSISTENT DELIVERY ON POTENTIAL



01. STRONG EXISTING ASSETS BASE

- 414MW thermal
- 62MW solar(31% Equity Interest)

02. WELL POSITIONED

- Strong electricity demand in India
- Although there is YoY increase in per capita consumption of electricity in India, still very low compared with developed countries.
- YoY increase in demand in line with GDP growth

03. DECREASING DEBT PROFILE

- Decreasing gross debt to £43.3m in FY22 from £46.6m FY21 and £56.8m FY20,
- Net Debt decreased to £6.9m in FY22 from £16.2m FY21 and £53.4 m FY20
- Chennai plant to be debt free in June 2024.
- Gearing ratio is 3.9%, one of the lowest in the industry
- 0.32x Net Debt/Adjusted EBITDA

04. POTENTIAL

- Track record of dividends from FY17 to FY19.
- Dividend policy will be revisited by the Board after situation normalises.
- Potential for further ESG focused growth
- Strong EBITDA and profitability margins despite spike in coal prices

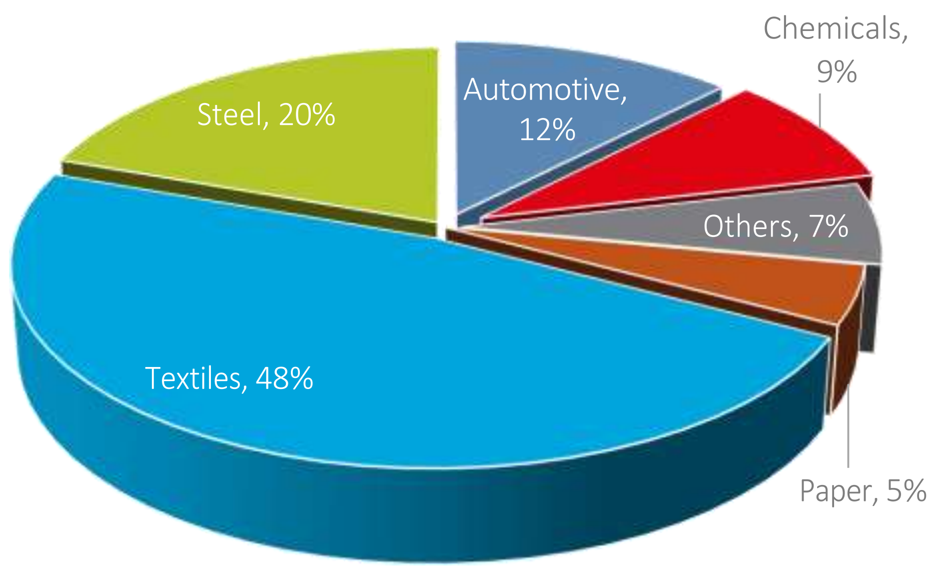
Starting position
Delivery and stable growth
Moving forward

A DIVERSE INDUSTRIAL CAPTIVE POWER SHAREHOLDERS

Pioneer in Group captive model

- Captive power shareholders are from different sectors like textile, automotive, paper, chemical/petrochemical, foundry and steel.
- Robust tariffs as majority of generation is sold directly to Industries.
- Multi-year sales contracts
- Improved cash cycle
- One of the largest group captive players in India

Customer Split based on Quantum

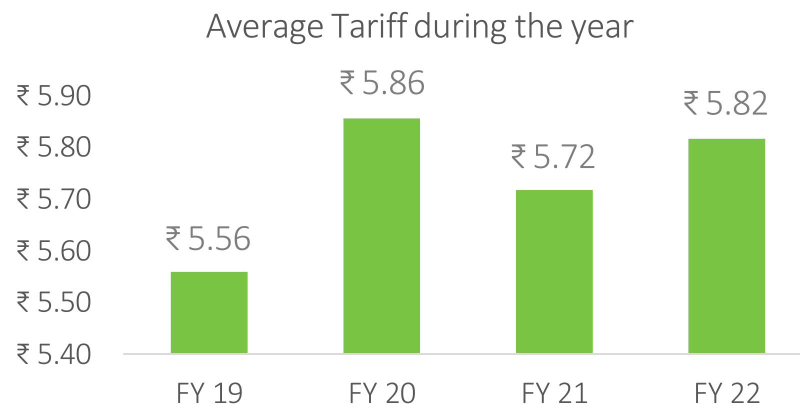


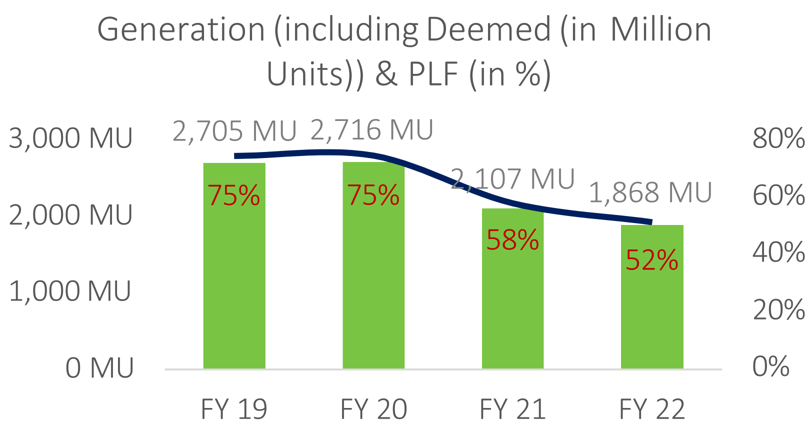
FY22 FULL YEAR HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

Generation impacted by

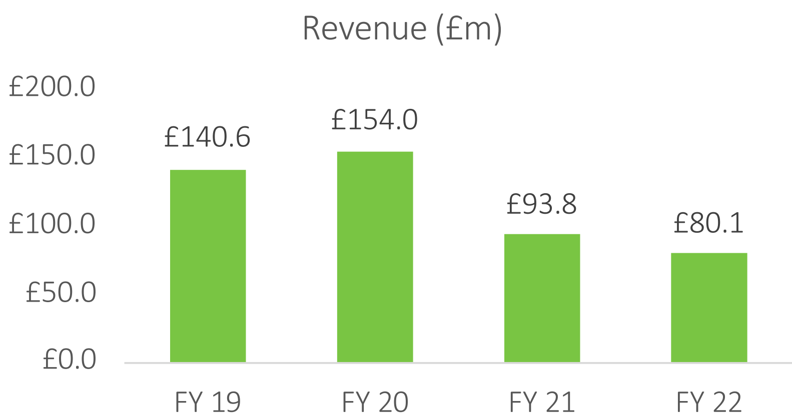
- Increase in coal prices due to the ongoing war between Russia and Ukraine
- No tariff hike by State Utility during the year – a key determinant to OPG's CPP tariff





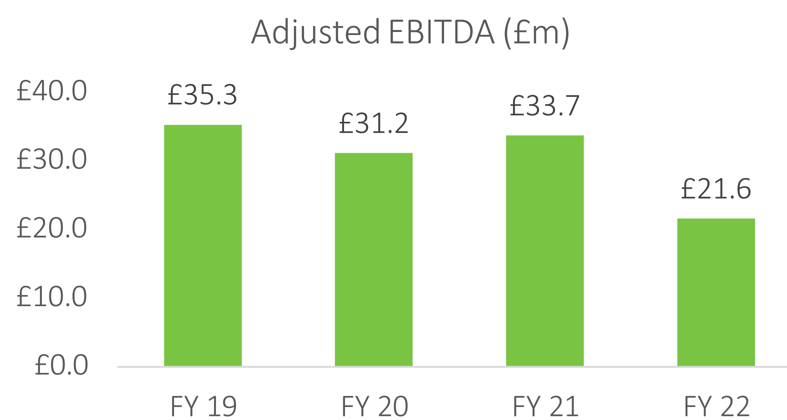
- Average Tariff improved in FY 22 due to pass through of high fuel costs
- Average Tariff continue to improve due to state mandated pass through of high coal costs to government customer.

OPERATIONAL HIGHLIGHTS



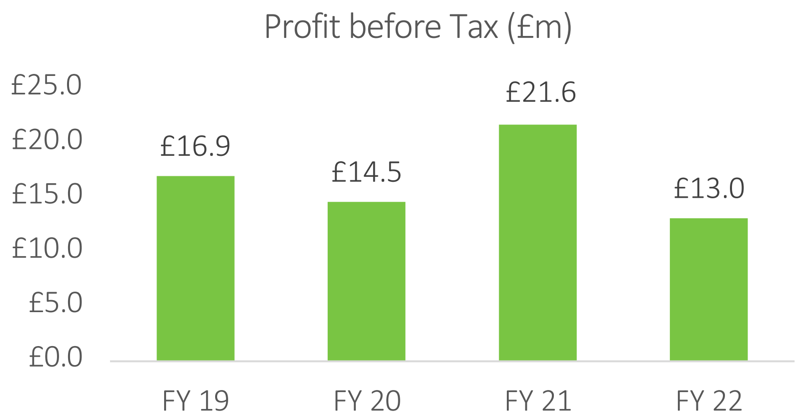
- Revenue decreased due to decrease in generation
- Revenue will continue to be impacted by high coal prices.

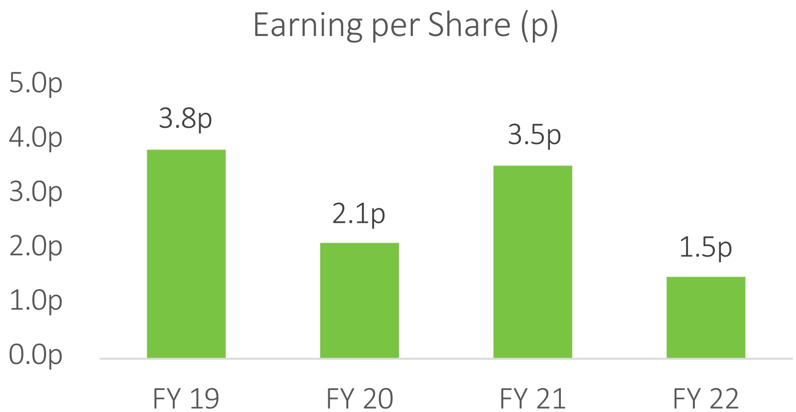
- Adjusted EBITDA declined in real terms but increased in as a percentage of revenue .
- Testimony to the success of cost control measures adopted by the company.



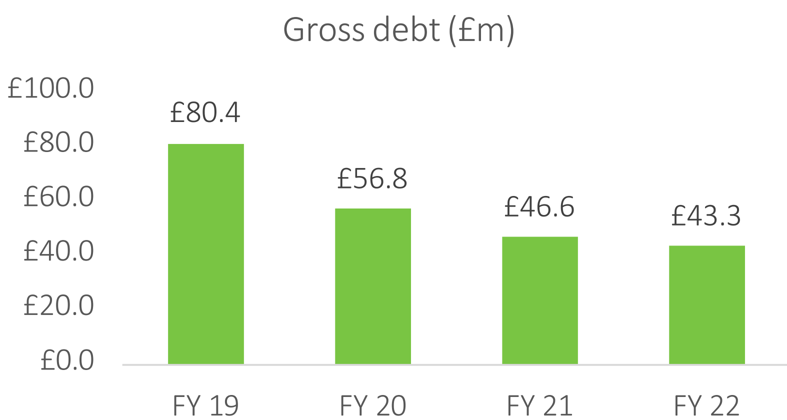
OPERATIONAL HIGHLIGHTS

- Profit before taxes, decreased to £13m due to lower generation and higher input costs.
- The fall was cushioned by lower finance costs in FY22 as compared to previous years.
- Remained mostly in line with FY19 and FY20 numbers



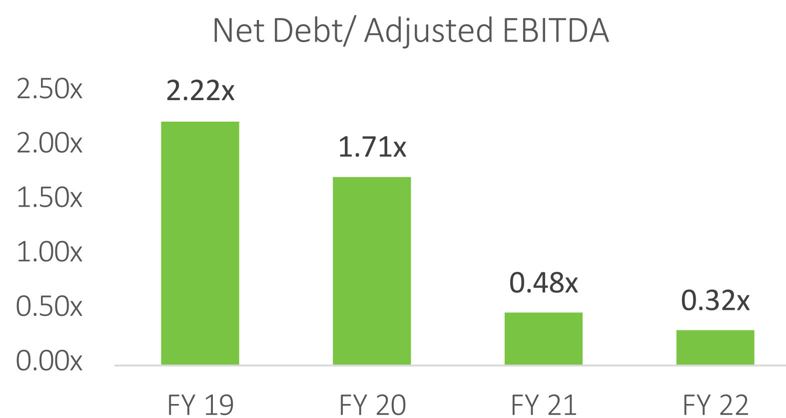


OPERATIONAL HIGHLIGHTS

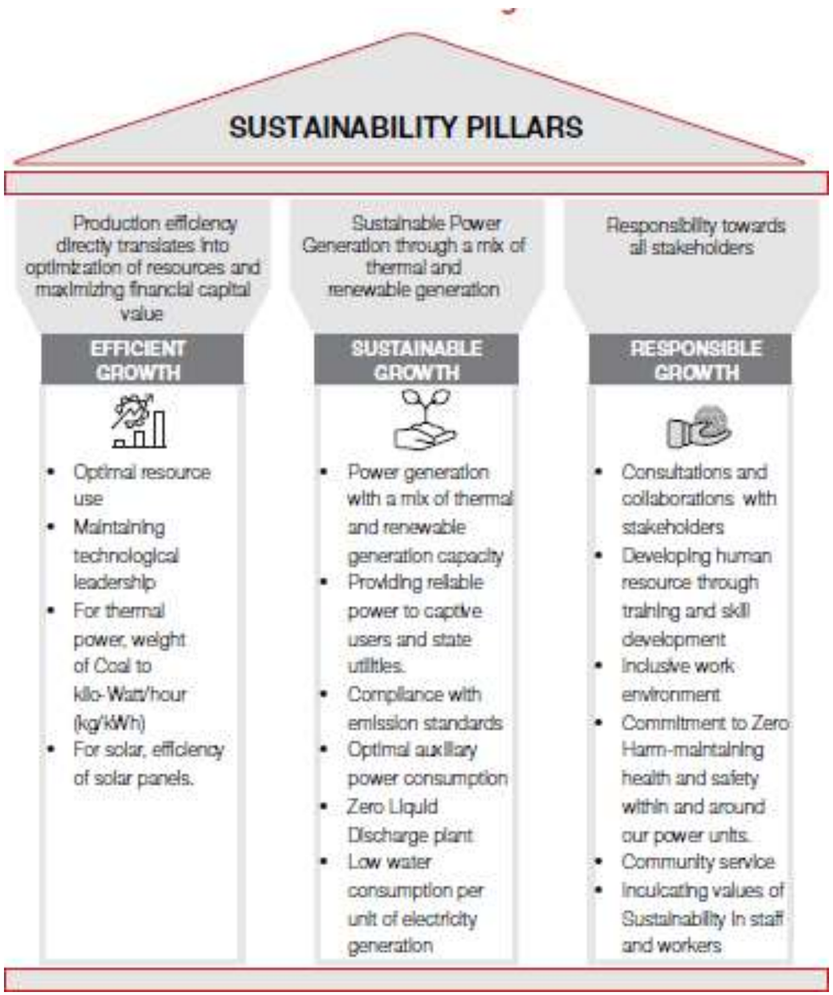


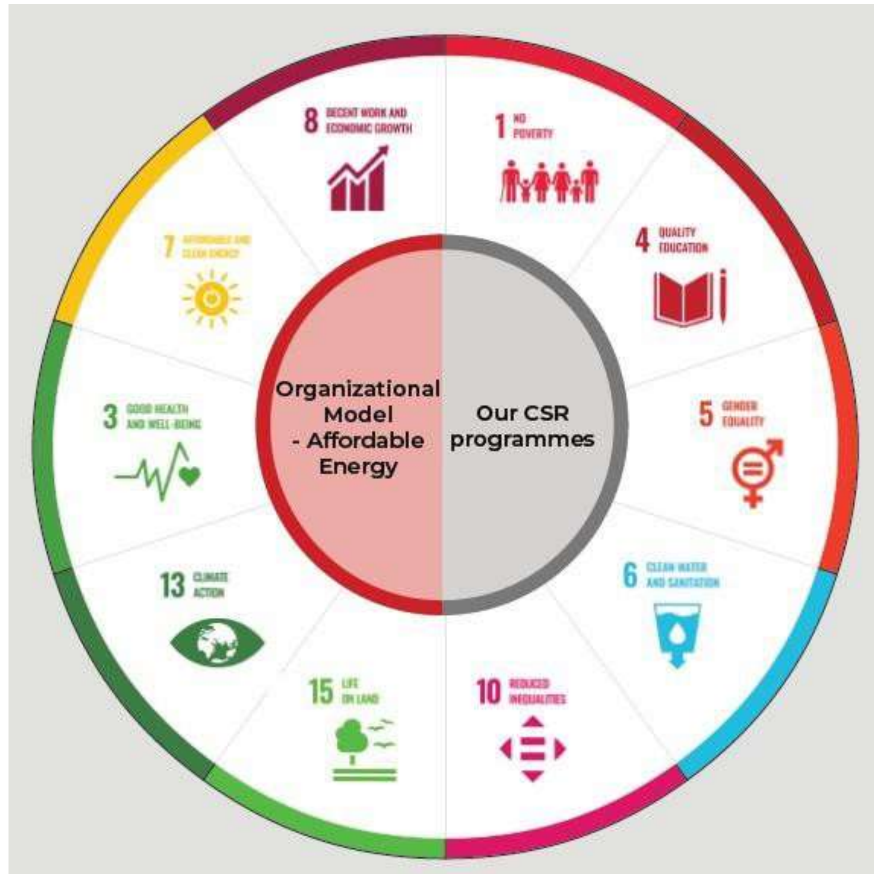
- Gross debt continued to decrease due to continued debt servicing.
- Slated to decrease further and the plant will be debt free by June 2024.
- Deleveraging is a key goal of the company

- Net debt to Adjusted EBITDA remains at comfortable levels.
- Company continues to preserve cash in uncertain times and scout for new opportunities.



EXTRACT FROM THE SECOND ESG REPORT





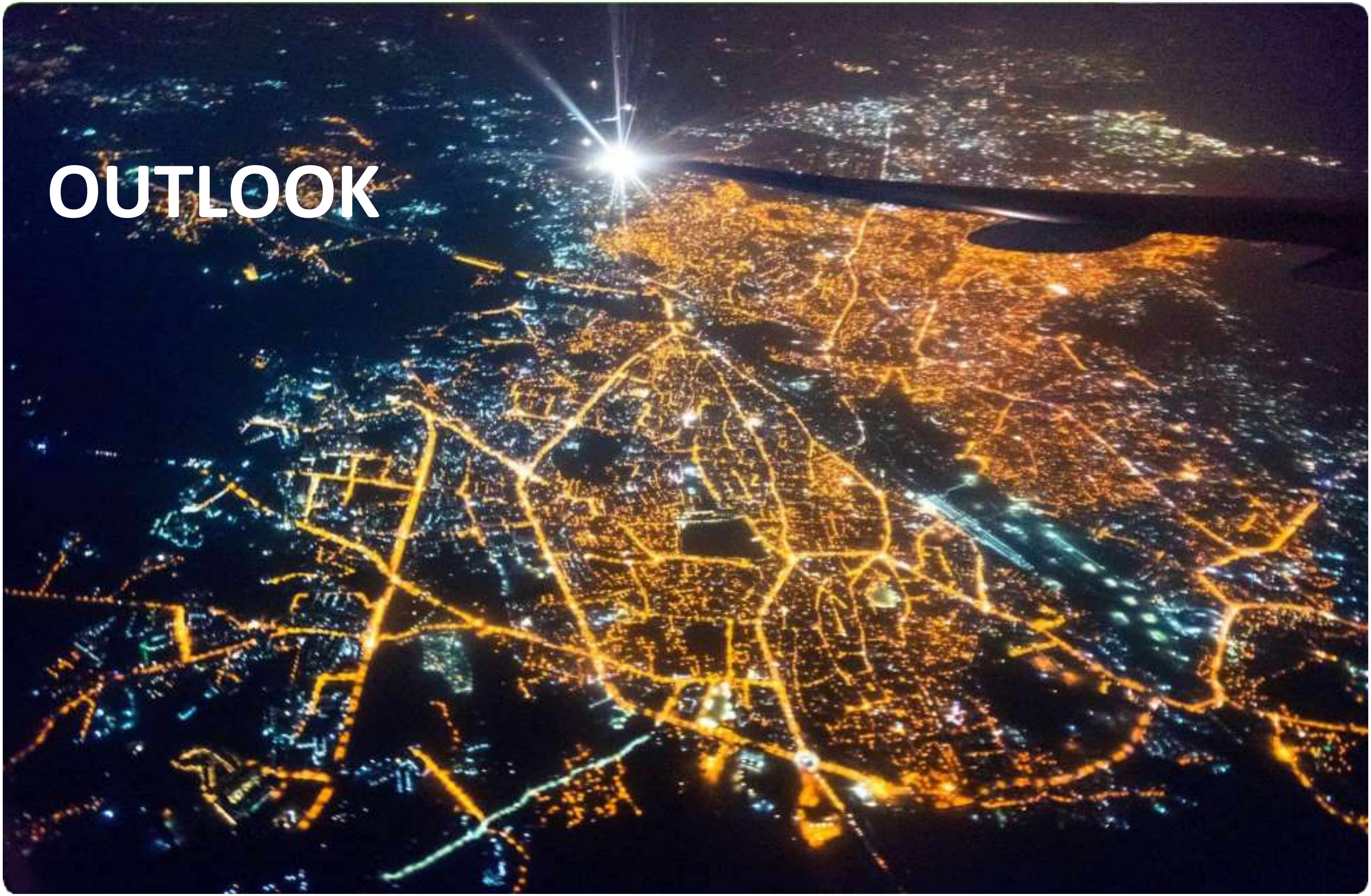
KEY PERFORMANCE HIGHLIGHTS

	Highlights			Common Size Analysis		
	FY 20	FY 21	FY 22	FY 20	FY 21	FY 22
Revenue	£154.0m	£93.8m	£80.1m	100.0%	100.0%	100.0%
Adjusted EBITDA	£31.2m	£33.7m	£21.6m	20.2%	36.0%	27.0%
Net Finance Costs	(£9.5m)	(£5.9m)	(£3.1m)	-6.2%	-6.3%	-3.8%
Profit before Tax	£14.5m	£21.6m	£13.0m	9.4%	23.0%	16.2%
Tax expense	(£4.3m)	(£8.4m)	(£4.1m)	-2.8%	-9.0%	-5.1%
Profit from continued operations	£10.2m	£13.1m	£8.9m	6.6%	14.0%	11.1%
Profit/(Loss) from discontinued operations	(£2.1m)	£1.0m	(£2.9m)	-1.4%	1.1%	-3.7%
Profit for the year	£8.0m	£14.1m	£6.0m	5.2%	15.0%	7.5%
EPS from Continuing Operations (pence per share)	2.6p	3.3p	2.2p			

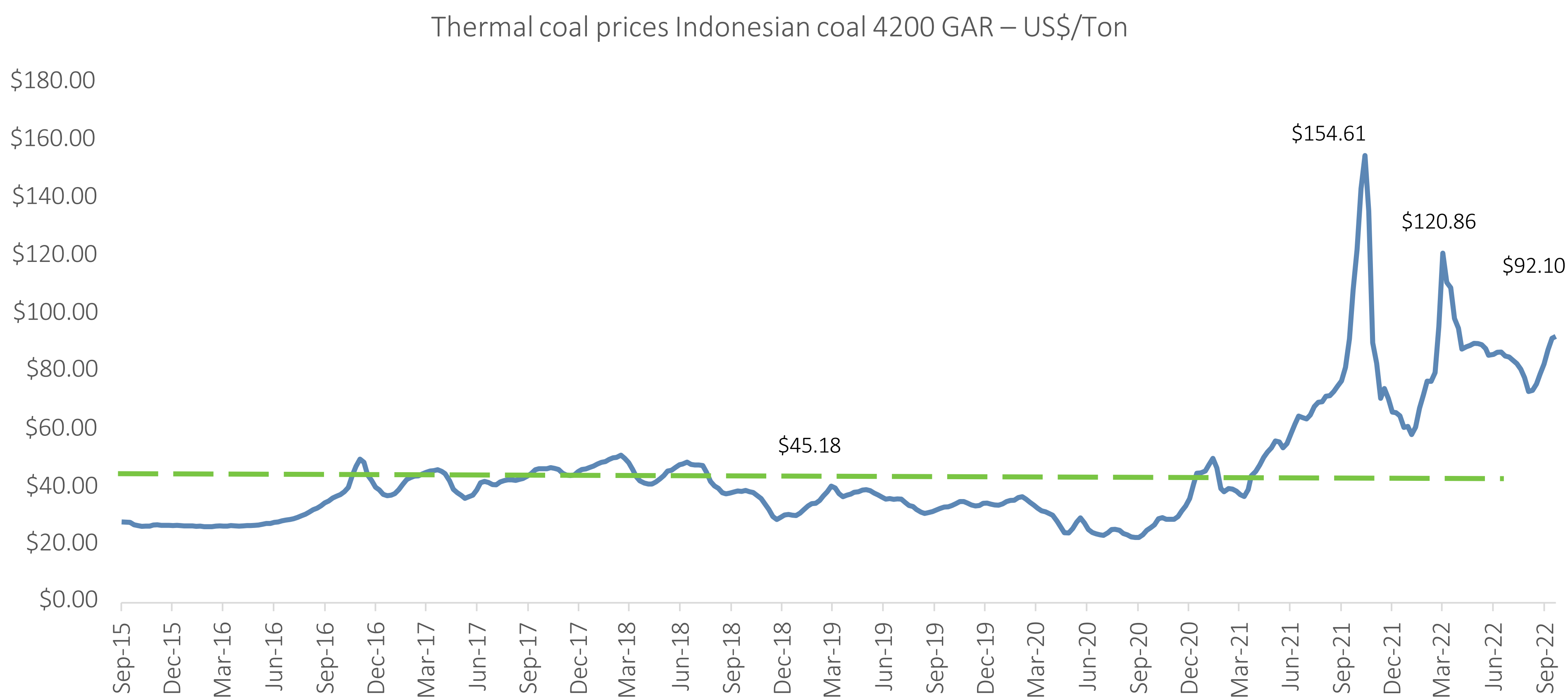
Cash flow from operations	£30.6m	£40.2m	£16.3m
Net Debt	£53.4m	£16.2m	£6.9m
Net Debt/Adjusted EBITDA	1.7x	0.5x	0.3x

FY22 DEVELOPMENTS AND HIGHLIGHTS

- FY22 revenue decreased by 14.66 per cent to £80.1 million from £93.8 million in FY21 primarily due to Covid-19 related disruptions and increased coal prices in second half of FY22 due to ongoing global conflict.
- Total generation (including deemed) in FY22 was nearly 1.9 billion kWh, 11.0 per cent lower than last year's generation of nearly 2.1 billion kWh.
- Adjusted EBITDA of £21.6 million (27.0 per cent margin) as compared with £33.7 million (36.0 per cent margin) in FY21.
- Profit before tax from continued operations was £13.0 million as compared to £21.6 million in FY21.
- Basic earnings per share 1.5 pence in FY22 as compared to 3.5 pence in FY21.
- Net debt reduced from £16.24 million in FY21 to £6.9 million in FY22.


OUTLOOK

INTERNATIONAL COAL PRICE TREND



Source: Argus

OUR PRIORITIES

Areas	Plan	Actions during the year
Cash flows	• Maximise cashflows from existing assets	• PLF & generation continue to be impacted. • Increase in Unit Tariff due to pass through of coal costs has led to TANGEDCO emerging as the key customer. • Coal prices and freight are expected to remain higher
Safety & Environment Performance	• Maintain internal standards - exceeding regulatory norms. • Continued improvement in Total Reported Injury Rate	• Exceeding in most parameters • Near Zero TRIR • ESG focused strategy
Sustainable & Deleveraged	• Consistent repayment of debt • Maintain discipline and position for robust growth opportunities	• Continue deleveraging strategy in line with debt repayment schedule • Conserve cash for repayment of debt and growth ESG focused projects • Revisit dividend policy when situation with coal & freight prices normalises

STRONG FUNDAMENTALS FOR INDIAN ECONOMY & POWER SECTOR

ECONOMIC AND SECTOR UPDATE

ECONOMY

- India's GDP has increased by CAGR of 3.7% over the past 5 years. The growth was severely impacted in FY20 and FY21 due to the Covid-19 induced lockdown. In FY 23, the Indian economy can grow by up to 7 per cent primarily driven by better agriculture production and a revitalised rural economy.
- The global economic crisis which was caused by Covid 19, was further compounded by the ongoing Russia-Ukraine war,
- The government's capital spending is increasing while the revenue expenditure is on a decreasing trend.
- Gross tax collection has improved totaling to INR 27.07 lakh crore (US$356.82 billion) in FY21–22, surpassing the government's revised target by a substantial margin. Improved economic activity and better compliance efforts in taxation have further aided in better revenues.
- The Benchmark interest rate is now hiked to a 3-year high at 5.90 per cent*
- The Indian Rupee has touched a record low of 81.86 to a dollar and so far has depreciated by nearly 9.4 per cent against the US Dollar this year..

POWER SECTOR

- India is the third largest producer and consumer of electricity in the world behind China and the US with generation of 1,484 billion units (BU) (FY21: 1,382 BU).
- The over 7% increase in generation was on account of recommencing of the economic activity post the covid lockdowns.
- The Central Government has used the Emergency clause to allow the cost of imported coal as a pass-through until December'22. This will allow OPG to earn additional revenue on power sales to TANGEDCO.
- Despite India's commitment at the UN Climate Change Conference in Glasgow (COP26), coal will remain a significant fuel source in the country's quest to provide power to all citizens.

* Source: Reserve Bank of India

KEY DRIVERS FOR POWER DEMAND

KEY DRIVERS OF DEMAND

- *24x7 Power for All initiative*
- *Development of 'smart cities'*
- *'Housing for All' scheme*
- *Industrial push through 'Make in India'*
- *Increasing urbanization*
- *Infrastructure requirements*
- *Government push on electric mobility, and overall strong economic growth*

THANK YOU

Questions?

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