

PRIVATIZATION OF QUAID-E-AZAM SOLAR POWER (PVT.) LIMITED

THE TRANSACTION

AUGUST 2017



In collaboration with

HAIDERMOTABNR

EY

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**INVESTMENT CONSIDERATIONS AND
PROGRESS TO DATE**

Salient features of the transaction

Strategic Sale


Strategic sale of 100% shares of QASP along with management control to a qualified local and/or international bidder









Transfer of Assets

At conclusion of the transaction, complete assets of QASP, rights and related obligations to be transferred to the successful bidder

Legal Framework

Punjab Privatization Board Act 2010 and Punjab Privatization Board (Sale of Shares) Regulations 2015



 CAPACITY 100 MW	 CAPACITY FACTOR 18.27%
 25Y LEVELIZED TARIFF US c14.97/kWh	 GUARANTEED USD EQUITY IRR OF 17%
 FY2016 REVENUE PKR 2.95 Bn	 FY2016 ASSETS PKR 16.7 Bn
 1ST SOLAR POWER PLANT IN PAKISTAN	 CREDIT RATING AA- (JCR-VIS)

Key Investment Considerations



ATTRACTIVE TARIFF

1

The tariff of **US c 14.97/kWh** is particularly attractive in view of the recent moves by NEPRA to rationalize returns for renewable generation



POWER EVACUATION

2

Availability of **transmission infrastructure** in proximity to the plant, resulting in ease of power evacuation



EXPANSION OPPORTUNITY

3

The incoming investor will have an **excess land of 150 acres** available which could be utilized for expansion (other uses)



RETURN ON EQUITY

4

A guaranteed **US\$ return of 17% p.a.** as part of the approved upfront tariff



GUARANTEED OFF-TAKE

5

Guaranteed off-take for 25 years, protected under the Implementation Agreement

Key Investment Considerations (Cont.)



ZERO CONSTRUCTION RISK

6

There's **no construction risk** as the plant is constructed using **latest technology** with **satisfactory operations for the last 2 years**



NO FUEL COST

8

Absence of fuel results in **reduced receivables compared to thermal plants**



OPTIONS TO ENHANCE RETURNS

7

Options for **debt refinancing** and **enhancing operations** and **managerial efficiency**

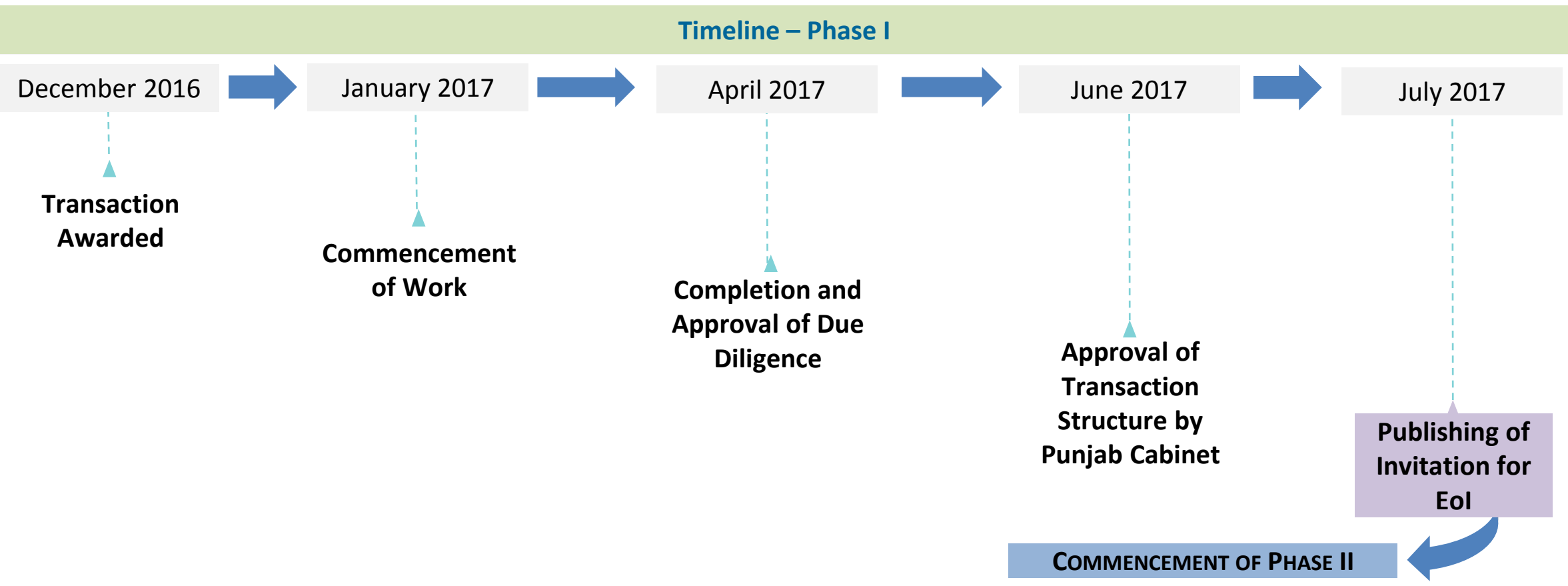


CONTRACTUAL EMPLOYEES

9

As of December 2016, there are a total of 66 employees, **all hired on a contractual basis**

Transaction Progress – Phase 1





WAY FORWARD

Way Forward – Transaction timelines

Items of work/activities	August				September				October			
Weeks	1	2	3	4	5	6	7	8	9	10	11	12
DOMESTIC & INTERNATIONAL ROADSHOWS	We are HERE											
SUBMISSION OF EOI & PROCESSING FEE & ISSUANCE OF RSOQ	<i>Although EOI and processing fee can be submitted anytime before SOQ submission deadline, it is highly recommended to obtain RSOQ asap to avoid submission delays</i>											
DEADLINE FOR SUBMISSION OF EOI & SOQ						15th Sept						
EVALUATION & ANNOUNCEMENT OF SOQ'S & PRE-QUALIFIED BIDDERS AND ISSUANCE OF BID DOCUMENTS												
DUE DILIGENCE COMMENCEMENT / ACCESS TO DATA ROOM AND SITE INSPECTION FOR PRE-QUALIFIED BIDDERS												
PRE-BID MEETING (IF REQUIRED)												
SUBMISSION OF COMMENTS, CLARIFICATIONS ON BIDDING DOCUMENTS FROM PREQUALIFIED BIDDERS												

Way Forward – Transaction timelines (Cont.)

Items of work/activities	November			
Weeks	1	2	3	4
DATA ROOM CLOSURE AND DUE DILIGENCE COMPLETION	█			
ISSUANCE OF FINAL BIDDING DOCUMENTS AND ANNOUNCEMENT OF BIDDING DATE	█			
SUBMISSION OF EARNEST MONEY AND ALL RELEVANT APPROVALS	█			
BIDDING PROCESS AND EVALUATION OF BIDS		█		
GOVERNMENT OF PUNJAB APPROVAL		█		
ANNOUNCEMENT OF SUCCESSFUL BIDDER / ISSUANCE OF LOA			█	
FINALIZATION OF SPA (FILLING IN BLANKS)			█	
EXECUTION OF SPA / PAYMENT OF PURCHASE PRICE/ TRANSFER OF SHARES AND MANAGEMENT CONTROL				█

Ensuring Transparency

- The entire process starting from the appointment of Financial Advisors to managing the **transaction bidding process is transparent** as it entails competitive, transparent bidding process overseen by an independent body / organization
- **Punjab Privatization Board Act 2010 and Punjab Privatization Board (Sale of Shares) Regulations 2015 to be followed** throughout the transaction process
- **Stringent requirements for the qualification of suitable bidders** to ensure that only relevant stakeholders are involved
- **Invitation to media and press** together with prominent civil society leaders to witness the bidding
- **Video recordings** at every stage of the bidding process
- The process will be designed such that the **highest bidder is selected as the successful bidder**
- **Auctions of 4G and DTH licenses to be made benchmark** which followed a comprehensive transparent process

Media to be embedded at every stage of the process