



## The Financial Analysis of Geregu Power Plc.

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**Executive Summary:** Geregu Power Plc “The company or GPP” is a Nigerian power Generation Company that operates a thermal power plant in Ajaokuta, Kogi State. It is one of the successor companies to the unbundled Power Holding Company of Nigeria, PHCN in 2013 as part of government power sector reforms. The nameplate capacity for their power plant in Kogi is 435 megawatts (MW) in the three fired units which utilizes natural gas for power generation. Amidst the myriad challenges in the power generating sector, which spans inadequate gas supply, transmission challenges as well as distribution and collections inefficiencies, the company is still able to turn out excellent financial performance by supplying their customers with power.

### Article History

Received: 14.12.2024

Accepted: 01.01.2025

Published: 31.01.2025

Adequate power generation in Nigeria has a positive impact in Nigeria’s GDP. The company aims to accelerate economic growth through sustainable power generation in Nigeria by supplying electricity to the national grid and this plays a vital role in meeting the growing demand for power in the country. Another important contribution to the macroeconomic is the supply of clean energy. As part of the global steer to reduce carbon emissions, the Geregu Power Plant utilizes gas turbines as a clean energy source to generate power which is cleaner and a more sustainable energy source

As part of the growth strategy for the company, the sum of \$100 million (USD) was invested to carry out a major overhaul to ensure 100 percent efficiency of the power plant and to increase the capacity to 435MW. This achievement was the short-term strategy of the company. The look ahead for the power plant in the medium-term is to increase its capacity to 1300MW, the front-end engineering design (FEED) for this expansion is ongoing.

In 2023, the company recorded a 74% growth in revenue which was better than the 32% decline in 2022 against the previous year. Despite the challenges in sales faced over the years, the company has been able to maintain good financial prudence. This is evident in its gross profit margin over the years, gross Profit Margin 2020: 42.55%, 2021: 46.99%, 2022: 48.60%, and 2023: 51.46%.

The company liquidity to asset ratio is trending upward, 2020: 1.98, 2021: 1.92, and 2022: 2.05. The financial resilience of the company booster’s investor’s confidence. Also, profitability and liquidity trends indicate potential for favorable dividend distributions (Return on Assets 2020: 16.78%, 2021: 16.95%, 2022: 8.32%, 2023: 13.40%). Nevertheless, a balanced approach to capital allocation is essential to align dividend payouts with strategic objectives and capital reinvestment needs.

Geregu performance at the Nigeria stock exchange to enable the firm raise capital enhances its growth opportunities, research and development, marketing, and capital expenditures. The company’s performance at the stock market is also highly commendable, that is in 2022 the shares initially listed at N110 per share and N275 billion in market capitalization and rose to about N1000 Per share in 2024.

In conclusion, Geregu Power Plc stands poised at the nexus of opportunity and challenge. By addressing areas of concern and implementing recommended strategies, the company can strengthen its financial position, enhance operational efficiency, and emerge as a frontrunner in Nigeria's dynamic energy landscape.

**Keywords:** Geregu Power Plant, Financial analysis; Nigeria; capital expenditures.

### Cite this article:

Umah, I., Charles, S. O., Umaigba, A., (2025). The Financial Analysis of Geregu Power Plc. *ISAR Journal of Economics and Business Management*, 3(1), 115-128.

## Introduction

The Geregu Power Plant was acquired by Amperion Power Distribution Ltd in 2013 as part of the latest of the National Integrated Power Project (NIPP) facilities to be commissioned by the former president Goodluck Jonathan. This generating power plant facility is located in Ajaokuta, Kogi State, Nigeria. It was constructed by the Federal Government of Nigeria and commissioned into service on February 16, 2007. Geregu power plant is one of Nigeria's leading GENCOs that uses gas turbine as a clean energy source to generate power.

The plant is owned and operated by Amperion Power Distribution Company Limited, which holds an 80% stake, with the remaining 20% retained by the Federal Government of Nigeria

The Geregu Power Plant consists of three simple cycle natural gas-fired SIEMENS V94.2 STG5-2000E gas turbine generator units with a total capacity of 435MW, which was increased from 415MW after overhaul of the plant in 2016. The plant gets its from Seplat through NNPC Gas Infrastructure Company (NGIC) network of gas pipeline, covering over 135km, 24" underground pipeline in the Niger Delta transported at 35bar pressure and reduced to 25bar operating pressure. The plant supplies power directly to the national grid via the Transmission Switchyard. The national grid serves as a "power pool" to which all the power plants and load centres are connected.

Geregu Power PLC is listed on the Nigerian Stock Exchange and is the first company in the energy/power sector to be listed. The company was initially listed in October 2022 at N110 per share and N275 billion in market capitalisation. It's share price in less than two years has increased to about N1000 per share.

Geregu power is a company focused on sustainable power generation using gas turbine technology in the energy sector. They offer electricity production and supply infrastructure development, utilizing clean energy sources to provide reliable power. The company primarily serves sectors that require a consistent and efficient electricity supply. It currently produces an average of 10% of Nigeria's electricity.

## Macro-Economic Analysis

### Economic Standards and Performance

Macroeconomic performance of a country is very important is very important in driving investment flow into the economy. It encompasses various indicators and factors that provide insights into the health and stability of the economy.

Several events over the past years such as the covid pandemic, Russian/Ukraine war, Israel/Palestine war have affected the global economy negatively. Also, in 2023 Nigeria faced a challenging time with the subsidy removal, and the sudden depreciation of the naira against global currencies. Inflation in Nigeria as at April 2024 is in early thirties and growing with attendant impact on the consumer purchasing power.

Despite the economic challenges experienced, the non-oil sectors continue to show some level of growth while sustaining the economy during this challenging period. According to national bureau of statistics, Nigeria's gross domestic product (GDP) showed encouraging signs of growth this year. The power sector in 2023 had a notable growth rate of c36.01%, indicating the importance of energy in driving economic growth.

### Impact of Power Generation on Nigeria's GDP

Stable power generation is a catalyst for economic growth. In Nigeria, this is not any different. It has a significant impact on Nigeria's economy, and its history is marked by various developments and challenges. Over the years, the country has expanded its power generation capacity, with 23 power-generating plants connected to the national grid as of 2022, capable of generating 11,165.4 MW of electricity. However, the electricity sector in Nigeria has faced numerous challenges, including a chronic electricity shortage that has affected the country for many years.

Research done by Bala.U, Chindo.S and Yakubu.M (2022) on "Impact of Electricity Power on Economic Growth in Nigeria: Evidence from ARDL Bounds Approach" demonstrates the impact of electricity power supply on Nigeria's GDP. Figure below shows average yearly electricity power supply from 1981 to 2019 and GDP over the same period. The trend for both variables show a positive relationship over the period under review. This infers that a steadier supply of electricity will cause an increase in economic activities in the country thereby driving higher economic growth.

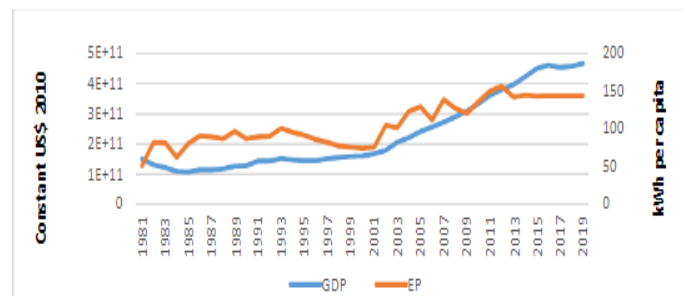


Figure 1. Trend of Electricity Power Consumption and Gross Domestic Product (1981-2019).

Source: Author's compilation 2021

The financial performance of Geregu Power Plant in Nigeria is closely tied to the overall economic conditions of the country. As a power generation company, Geregu Power Plc contributes to Nigeria's macroeconomic performance by providing a reliable and sustainable source of electricity.

Geregu Power Plc aims to accelerate economic growth through sustainable power generation in Nigeria by supplying electricity to the national grid managed by the Transmission Company of Nigeria (TCN), the company plays a vital role in meeting the growing demand for power in the country.

As seen in the figure above, access to reliable electricity is crucial for economic activities, as it powers industries, businesses, and households, enabling productivity and economic development. It also attracts foreign investors to set up manufacturing facilities which will in turn promote job opportunities and increase other economic activities.

Another important contribution to the macroeconomic is the supply of clean energy. As part of the global steer to reduce carbon emissions, the Geregu Power Plant utilizes gas turbines as a clean energy source to generate power which is cleaner and a more sustainable energy source.

The use of gas turbines are also more efficient and reliable means of generating electricity, ensuring more stable supply of electricity.

Geregu Power Plc's commitment to sustainable power generation and its role in meeting Nigeria's electricity needs position the company as a key player in the country's power sector. The company's success in meeting performance targets set by the Bureau of Public Enterprise (BPE) has been recognized and commended by stakeholders, including lawmakers in the Senate.

The economic performance of Geregu Power Plc is reflected in its financial results. The company has reported impressive revenue growth, with a 42% increase in revenue during the first nine months of 2023, despite challenging economic conditions, this growth demonstrates the company's ability to navigate the macroeconomic environment and generate positive financial outcomes.

Overall, the macroeconomic performance of the Geregu Power Plant is intertwined with Nigeria's economic growth and stability. By providing sustainable power generation, contributing economic activities, and meeting performance targets, Geregu Power Plc plays a significant role in Nigeria's macroeconomic landscape.

### Latest Industry Update

According to Vanguard Newspaper, The Nigerian Electricity Regulatory Commission, NERC, ordered the Bureau of Public Enterprises, BPE to register the Independent System Operator as an entity with the corporate affairs of Nigeria within thirty (30) days. This entity would be distinct from the Transmission Company of Nigeria (TCN). It is important to note that unbundling of The Transmission Company of Nigeria was actually stated in the Electricity Act 2023 and the order from NERC was to formalize the process.

There is a sense that this move will help to attract the capital needed to drive the effectiveness and efficiency of electricity supply in Nigeria. There are a number of considerations for this development and we would try to look at the merits and demerits of this regime.

There is a heightened believe that unbundling would potentially improve the overall performance and reliability of the power transmission system. The new entity, ISO would now be responsible for managing the national grid, while the Transmission Service Provider (TSP) would focus on delivering bulk electricity. This separation of roles could lead to better coordination, improved system management, and enhanced accountability.

The downside of this unbundling of TCN, though it would make the power sector more market-driven, may however worsen the already challenging inflation number in the country.

However, the success of this restructuring will depend on various factors, including effective implementation, adequate resources and proper oversight.

### Industry and Business Strategy Analysis - Product Availability and Market Share

Short- and medium-term plan to increase power generation.

Geregu power plant was inherited with a sub-optimal capacity of 90MW in 2013 and with an available capacity of 414MW. In furtherance of its goals and objectives, the sum of \$100 million (USD) was invested to carry out a major overhaul to ensure 100 percent efficiency of the power plant and to increase the capacity to 435MW. This achievement was the short-term strategy of the company.

Lookahead for the power plant in the medium-term is to increase its capacity to 1300MW, the front-end engineering design (FEED) for this expansion is ongoing. This entails converting the existing cycle infrastructure to a combined cycle plant by installing a steam turbine with a capacity of 300MW.

Other planned areas to be considered in the medium-term are:

- To expand capacity through acquisition of existing power plants in other locations in Nigeria
- Development in renewable energy, using solar and wind power to provide sustainable energy to Nigerians.

### Performance in the Nigeria stock exchange market

Geregu power plant entered the Nigeria stock exchange in October 2022 and officially became the first electricity generating company to be publicly listed on the Nigerian Exchange. This move was to enable the firm raise significant amounts of capital through an initial public offering and subsequent funding rounds to fund general corporate operations, growth opportunities, research and development, marketing, and capital expenditures.

In 2022 the shares initially listed at N110 per share and N275 billion in market capitalization and have risen to about N1000 Per share in 2024.

The graph below from trading view shows the share price trend of Geregu in the past one year.



Figure 2: GPL Stock Market Performance

Source: Nigeria Stock Exchange

The company's share price on the stock market has performed phenomenally well in the last one year. Over the past year, the share price has appreciated by over 209.60%. Geregu Power after it was listed by introduction in the Nigerian Stock exchange, it has appreciated by a whopping 809.09%. Geregu Power shares reached its all-time high at NGN 1,000.00 on March 28, 2024. The share price has relatively been stable over the last three months with a bump of 150.63% within this period.

The impressive performance in the stock market gives the firm an opportunity for easy access to capital for expansion, higher share valuation, reduce corporate debt, and better visibility and access to patient capital.

### Business Life Cycle in Nigeria

The business cycle for a power generating companies in Nigeria like Geregu Power Plc, Transcorp Power Limited, Egbin Power Plc, Kainji Hydroelectric Plc, Shiroro Hydroelectric Power Station, Olorunsogo Power Plc is that it typically would mirror the broader economic patterns and trends in the country. The different stages that operators and new entrants might see are:

**Start Up Stage:** Here the commercial and technical feasibility is carried out and the project is delivered post the feasibility, front end engineering design, detailed engineering design and capital raise stage, construction, commissioning and handover and the operate phase kicks in. At this stage the entity has started generating cash and the asset would start contributing to EBITDA.

**Expansion Phase:** Here the entity is a going concern, operating and delivering power to the distribution companies. During periods of economic boom, rapid urbanization, industrial expansion, increased consumer demand for power creates a supply gap in the economy. This increased demand for power by the end user and last mile clients presents a business opportunity for the Power Generating companies to expand their production possibility frontier, (PPF) leading to higher revenues and profits. This would also incentivize both existing and new entrants to invest in the sector in effort to catch in on the business opportunities presented by the power supply gaps.

**Peak Phase:** At the peak of the business cycle, economic activities are at its peak and the demand for power moderates and stabilizes. Demand for power is met by sufficient supply of power. The power generating companies continue to operate at near full nameplate capacity and generating steady revenues and profitability year on year. These companies operating at this stage spend on maintenance, infrastructure upgrade, and increased drive for operational efficiency in effort to increase profitability. Here investing in additional capacity does not make good business sense.

**Contraction Phase:** During period of economic slowdown or shocks, the demand for power would more likely than not decrease. This is because industrial complexes and the production engines of the economy will dial down their capacity, and so would the household and the business spending on power stagnate or decline. The generating companies would witness decrease in demand for power resulting in lower revenues. Here the entity goes into self-preservation mode and employ cost cutting measures, operations optimization and scale down in capital expenditure. At this stage the entity may explore options for diversification of revenue stream.

**Trough Phase:** Here the economy is at its lowest point as economic activities grind to a halt or at an all-time low. There is a general environment of job losses, bankruptcies, reduced wages, and general economic uncertainty. In this phase, household income is depressed and companies are likely to witness a drastic drop in the consumption of power at factories. The power generating companies in this phase would be faced with the challenges of excess capacity, and more likely to be price takers as consumers go into austerity mode. The economy is in serious margin compression climate and decreased household purchasing power.

**Recovery Phase:** Like spring after winter, the economy turns the corner and goes into recovery mode. The sector starts to see demand for power gently pick up as industrial plants start to ramp up. Capital expenditure starts to happen and recovery of customers. Here this phase marks the new expansion cycle creating the part for growth.

### Nigerian Electricity Demand Outlook

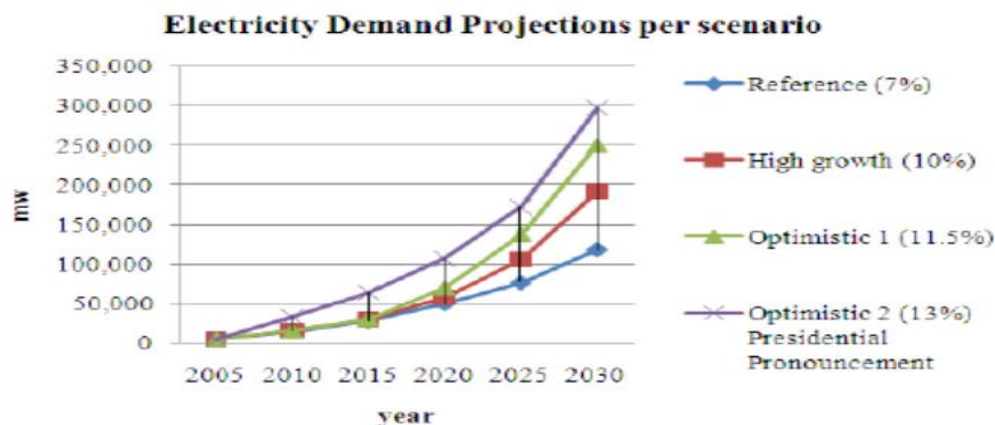


Figure 3: Projected electricity demand between 2005 and 2030.

Source: [www.energy.gov.ng](http://www.energy.gov.ng)

The projected growth scenario above is based on: GDP growth rate with the main driver of growth being manufacturing sector, and Nigeria transiting from an agrarian economy to industrialized country.

### The Company Competitiveness - Geregu Power Plc

Geregu Power Plc has strategically established a competitive edge in the Nigerian power sector through operational excellency, financial strength especially as it is listed on the Nigeria stock exchange, and a commitment to sustainable energy practices. Below are the synthesized key points that highlight the company's competitive advantages:

#### 1. Commitment to Sustainable Power Generation:

Geregu Power Plc aims to accelerate economic growth in Nigeria by focusing on sustainable power generation. The company is at the forefront of using combined cycle gas turbine (CCGT) plants, which are recognized for being a safe, clean, and efficient mode of generating power. This commitment not only aligns with global environmental goals but also ensures the company's long-term viability in the energy market. Its medium-term goal to increase power capacity to 1,300MW is an indication of their commitment to sustain power generation.

#### 2. Operational Excellence and Capacity:

The power plant operated by Geregu Power Plc consists of three simple cycle natural gas-fired SIEMENS V94.2 STG5-2000E gas turbine generator units, with a total installed capacity of 435MW. Each turbine unit can produce 145 MW, contributing to an average of 10% of Nigeria's power supply. This significant capacity and the company's ability to exceed performance targets set by the Bureau of Public Enterprise (BPE) demonstrate Geregu Power's operational excellence and reliability as a power provider.

3. **Strategic Investments and Performance:** Geregu Power's success is attributed to its strategic long-term investment plan and its belief in the objectives of the Federal Government's power sector reform program. The company has met and surpassed the performance targets, which is a testament to its focus on key operational areas and its ability to improve the plant's capacity by engaging the original plant contractors, SIEMENS, for revamps

4. **Financial Strength and Market Confidence:** The company's financial strength is evident from its listing on the Nigerian Stock Exchange, being the first power company to be listed. With an initial listing at ₦100 per share in 2022, its shares rose tremendously to about ₦1,000 per share in 2024. Geregu Power Plc stands out for its strong financial position and growth potential, which is a significant competitive advantage in attracting investment and maintaining market confidence.

#### 5. Vision for Regional Leadership and Innovation:

Geregu Power Plc has a vision to be the leading provider of integrated power supply in the region. The company recognizes the importance of infrastructure development and seeks to identify and leverage the competitive advantages of the region. Geregu Power is committed to being part of the rapid innovation in electric power development, aiming to enhance the availability of products, services, and innovations in the sector. Also, the use of renewable energy such as solar and wind in generating electricity is being considered to provide sustainable power.

6. **Market Position:** As a generation company (genco), Geregu Power Plc is considered one of the more financially stable entities within the on-grid power sector, which also includes the Transmission Company of Nigeria (TCN) and distribution companies (discos). This market position allows Geregu to be seen as a "darling" of the power sector, with better financials than its counterparts in distribution.

### Income Statement

	2023	2022	2021
Turnover	82,908,807	47,619,370	70,956,864
Gross Profit	42,660,953	23,140,894	33,342,812
EBITDA	31,139,640	14,820,314	29,535,435
PBT	24,389,919	15,168,471	29,512,423

Source: Annual Financial statement 2023,2022 and 2021

### Balance Sheet

	2023	2022	2021
Tangible Net Worth (TNW)	45,153,908	49,103,269	59,938,635
Gross Debt	20,858,990	32,995,338	9,280,820
Cash & Cash Equivalent	70,256,343	51,631,751	3,954,864
Current Assets	145,688,559	136,030,962	74,833,099
Total Assets	182,042,548	174,030,962	114,821,313
Current Liabilities	70,936,787	48,448,681	38,868,753
Total Liabilities	136,888,640	124,927,135	54,882,678



## Profitability Ratio

	2023	2022	2021
Gross Profit Margin	70.58%	68.15%	46.61%
Operating Profit Margin	37.56%	31.12%	41.61%
Net Profit Margin	19.36%	21.36%	28.96%

## Solvency

	2023	2022	2021
Debt/TNW	303.16%	254.42%	91.56%
Debt/EBITDA	67%	223%	31%
Interest Service Cover	2.1405	2.0231	30.78

## Liquidity

	2023	2022	2021
Current Ratio	2.05	2.81	1.92
Quick Asset Ratio	2.04	2.79	1.92
Operating Cashflow	55,565,135	8,423,059	32,907,956
Investment Cashflow	5,318,748	1,138,462	-632,585
Financing Cashflow	-42,761,565	37,958,113	-33,101,275

## Efficiency Ratio

	2023	2022	2021
Inventory Turnover	10	12	0
Payable Days	724	1,166	295
Receivable Days	212	590	361
Cash Conversion Cycle	-503	-565	66

## Analysis of the Financials

## Revenue &amp; Margin

The company's top line performance and profitability in the last three years has been very impressive. In 2023, the company recorded a 74% growth in revenue year on year, this performance is prominent on account of the decline in topline in 2022. Sales in 2022 decline by 32% against prior year. The less than expected performance was as a result of the force majeure (FM) declared by Shell Petroleum Development Company, SPDC on the Trans

Forcados Pipeline, the gas supply to the plant ceased. This resulted in the company not having access to gas from July 2022 to November 2022 when the gas pipeline was restored. Normal operations started in December 2022.

In 2021, the company recorded an impressive growth of 32.19% year on year. The performance of 2023 was underwhelming when compared to 2021 as it only recorded a growth of 16.8% between both years. The very low sales number of 2022 has magnified the topline growth for 2023.

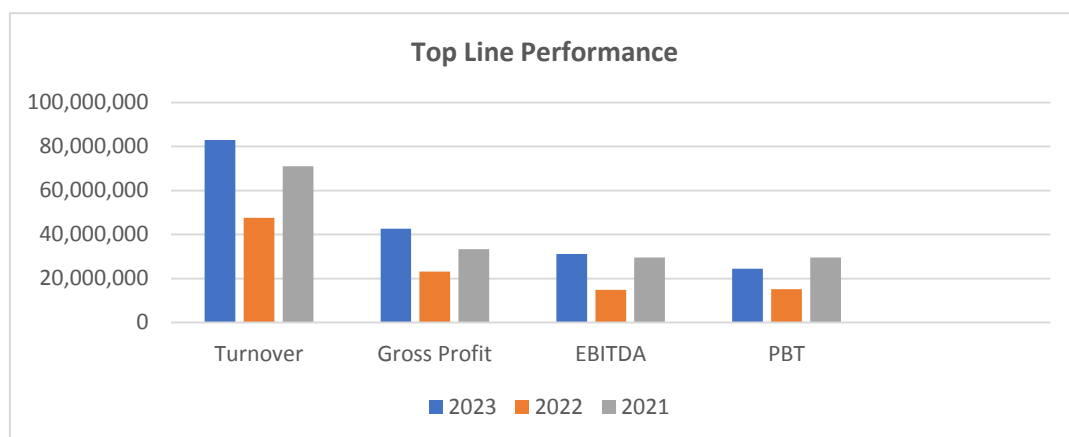
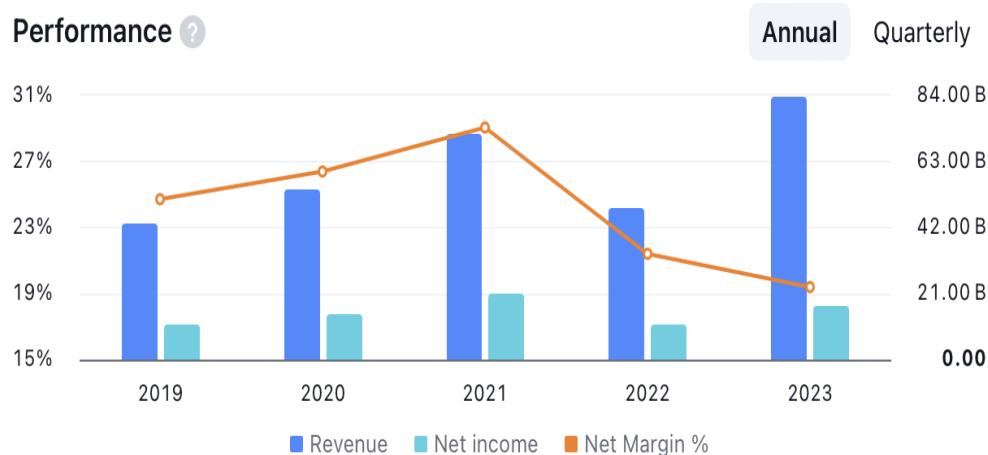


Figure 4: Geregu Power Plc Top Line Performance

Source: Annual Financial statement 2023,2022 and 2021

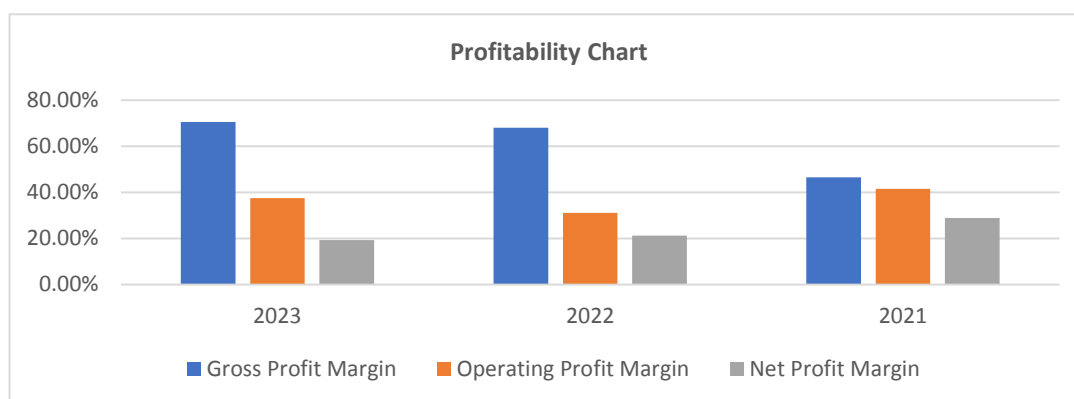


**Figure 5: Geregu Power Plc Revenue, Net Income and net margins**

Source: [www.traddeview.com](http://www.traddeview.com)

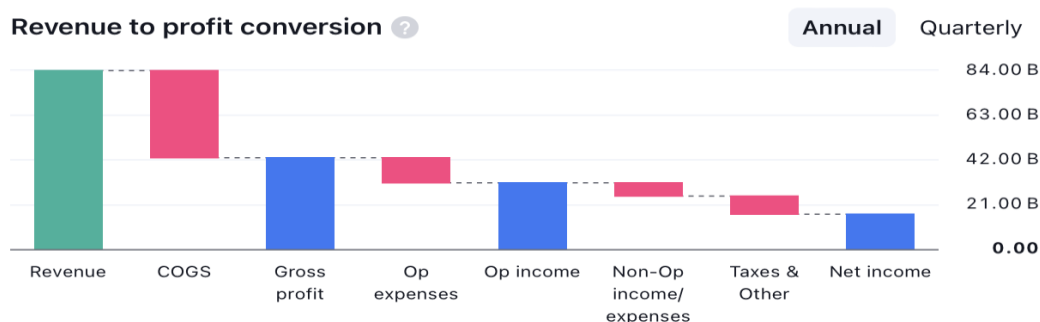
### Profitability Ratio

	2023	2022	2021
Gross Profit Margin	70.58%	68.15%	46.61%
Operating Profit Margin	37.56%	31.12%	41.61%
Net Profit Margin	19.36%	21.36%	28.96%



**Figure 6: Geregu Power Plc profitability chart**

Source: Annual Financial Statement 2023, 2022 and 2021



The above table and chart demonstrate the profitability of Geregu Power Plc in the three years under consideration. Gross Profit

margin has consistently grown year on year. 2021 the operating profit did not perform optimally as seen in the subsequent years.

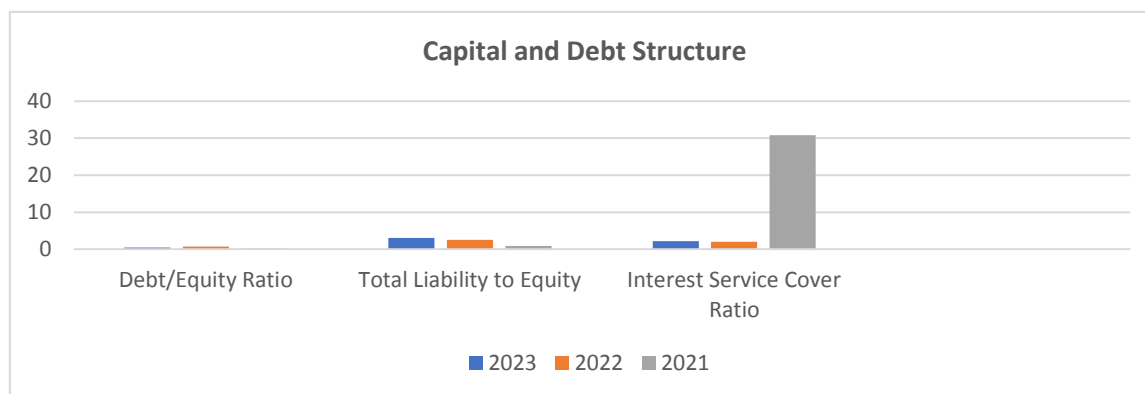
## Capital & Debt Structure

The debt-to-equity ratio is a key measure of the company's capital and debt structure. The proportion of debt and equity to its total

equity is reflective of how the company is funded. The table and graph below show the capital structure of the company year on year.

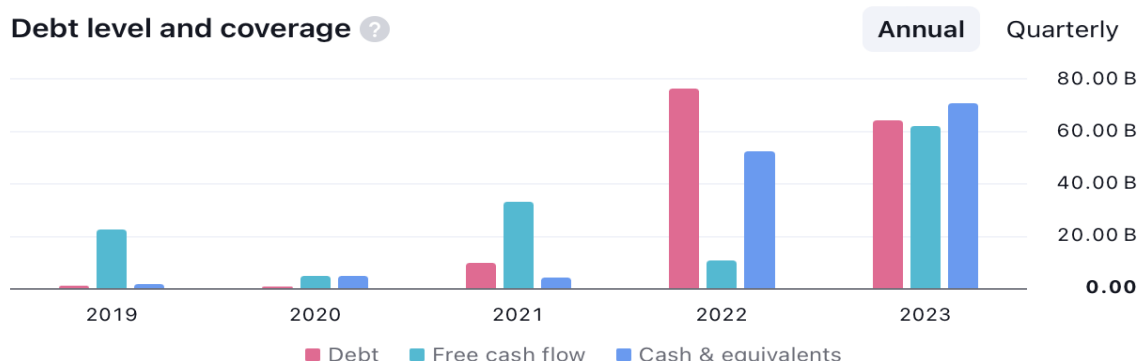
### Capital & Debt Structure

	2023	2022	2021
<b>Debt/Equity Ratio</b>	0.46195	0.67196	0.15484
<b>Total Liability to Equity</b>	3.03160	2.54417	0.91565
<b>Interest Service Cover Ratio</b>	2.1405	2.0231	30.78



**Figure 7: Geregu Power Plc Capital and Debt Structure**

Source: Annual Financial Statement 2023,2022 and 2021



**Figure 8: Geregu Power Plc Capital and Debt Structure**

Source: Tradingview.com

The company proportion of debt funding the company operation reduced from 67.19% in 2022 to 46.20% in 2023. The company has successfully leverage off its listing in the Nigerian Stock exchange in the prior year to access more equity compared to debt in 2022. It is also worthy to note that the company have started enjoying EBITDA benefits from the acquisition of the company by Amperion as well as the access to more capital from the Nigerian Stock exchange.

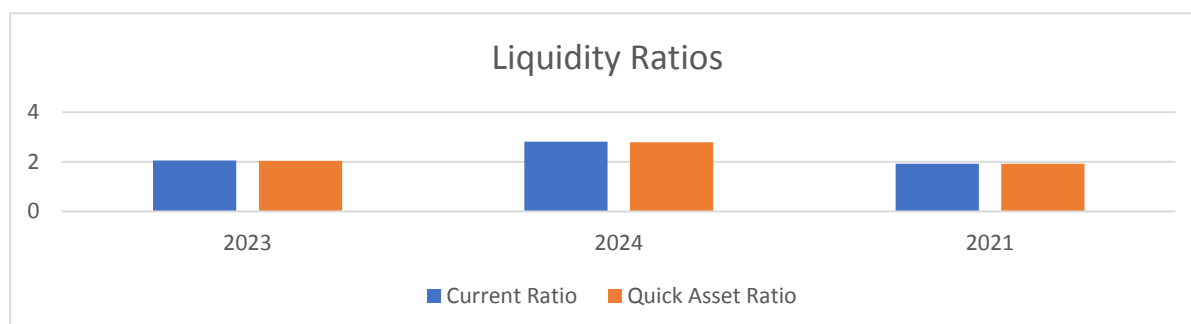
Their liability to equity has improved year on year with a slight bump in 2023. The company liabilities also slightly increased in 2023 which accounted for the bump in 2023.

The interest cover ratio was better in 2021 and significantly declined in 2022 and improved slightly in 2023. The interest cover clearly shows that the company is able to cover its interest expense from earning for the three years under consideration. The company operating profits are sufficient to cover its interest payment comfortably and is less likely to default on its loan obligations indicating healthy financial obligations.



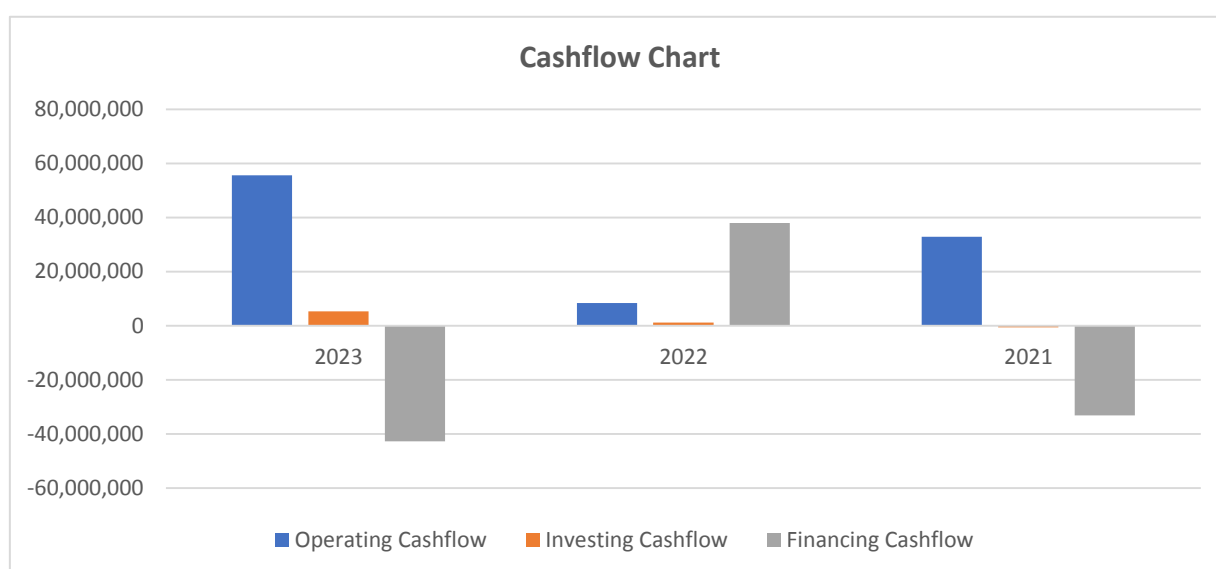
## Liquidity and Cashflow

	2023	2024	2021
Current Ratio	2.05	2.81	1.92
Quick Asset Ratio	2.04	2.79	1.92
Operating Cashflow	55,565,135	8,423,059	32,907,956
Investing Cashflow	5,318,748	1,138,462	-634,585
Financing Cashflow	-42,761,565	37,958,113	-33,101,275



**Figure 9: Geregu Power Plc Liquidity Chart**

Source: Annual Financial Statement 2023,2022 and 2021



**Figure 10: Geregu Power Plc Cashflow Chart**

Source: Annual Financial Statement 2023,2022 and 2021

The company's current ratio is healthy at an average of 2 times for the three years. The quick asset ratio is also very supportive of a healthy liquidity position of the company. This means the company is able to meet its short-term obligations with its short-term assets. This ratio is a positive for lenders, creditors, investors as the company's liquidity and short term financial health is good.

### Cashflow

In 2023, the company recorded negative cash flow from financing activities which means that the company has spent more cash on financing activities such as debt repayment, payment of dividend

or buying back stock than what it received. This number reflects the company's effort at reducing its debt in 2023, returning cash to shareholders and investing in its own stock.

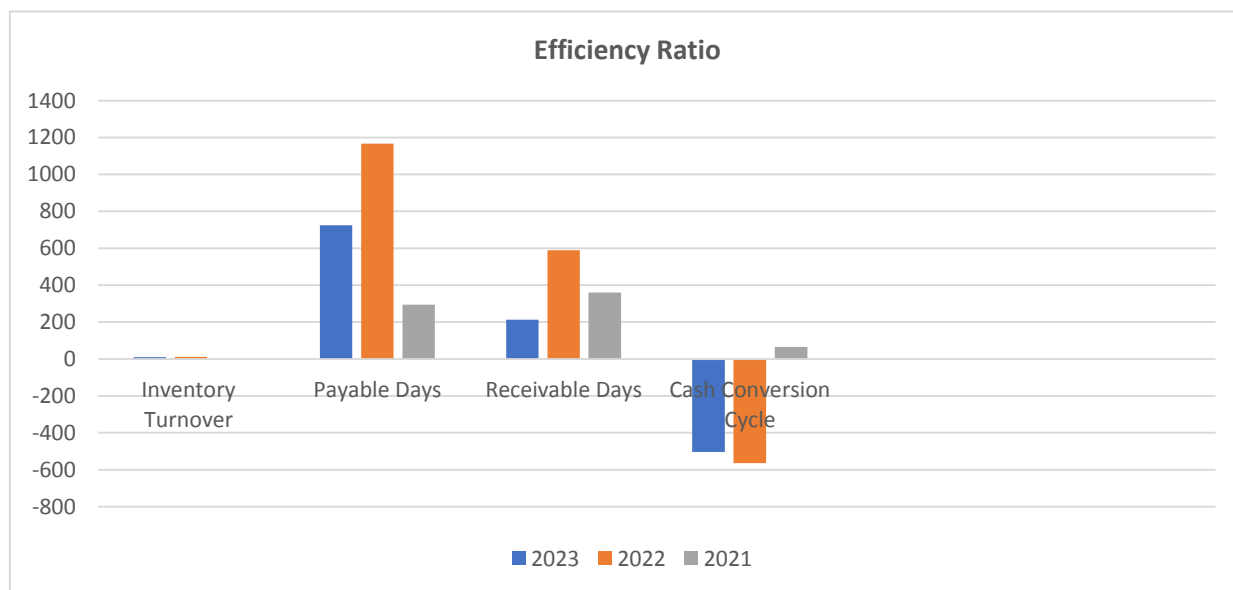
The cashflow from operation has significantly increased in 2023 compared to 2022 for obvious reasons. The force majeure declared by Shell in 2022 seriously impacted their topline and by extension cashflow from operations. 2023 was a lot better and this explained the improvement we have seen in the cashflow from operation. Again, the strategy of tapping the equity market also made it possible for the leap in cashflow from investing activities in 2023.

**Efficiency Ratio**

	2023	2022	2021
Inventory Turnover	10	12	0
Payable Days	724	1,166	295
Receivable Days	212	590	361
Cash Conversion Cycle	-503	-565	66

The company has been very efficient in its operations. The cash conversion cycle demonstrates the company's ability to efficiently manage its working capital, resulting in quicker cashflow from sales and inventory, which outweigh the time it takes to pay

suppliers. The longer payable days also goes to demonstrate this. It takes the company 212 days to collect its receivables which is typical in the industry in Nigeria.

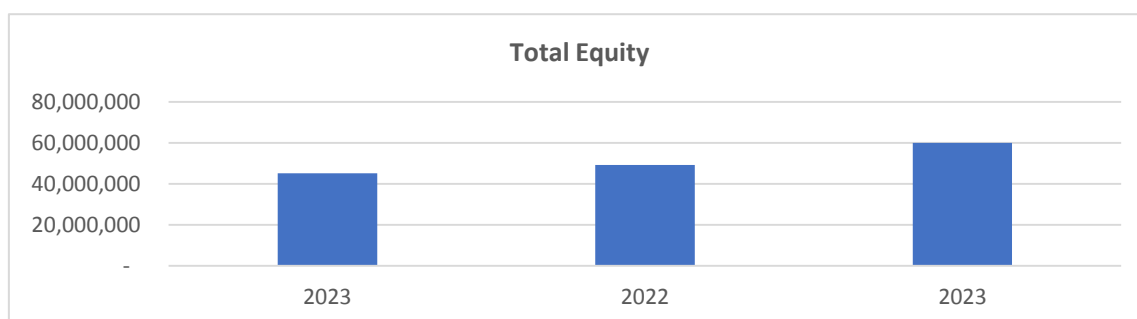


**Figure 11: Geregu Power Plc Efficiency Ratio**

Source: Annual Financial Statement 2023,2022 and 2021

The cash conversion cycle of GPP in 2023 and 2022 is negative which demonstrates the company's ability to efficiently manage its working capital and at the same time achieving faster cashflow

from sales and stock turnover. The company takes longer time to pay suppliers than it collects its receivables.

**Bar Chart of Total Equity (3 years)**

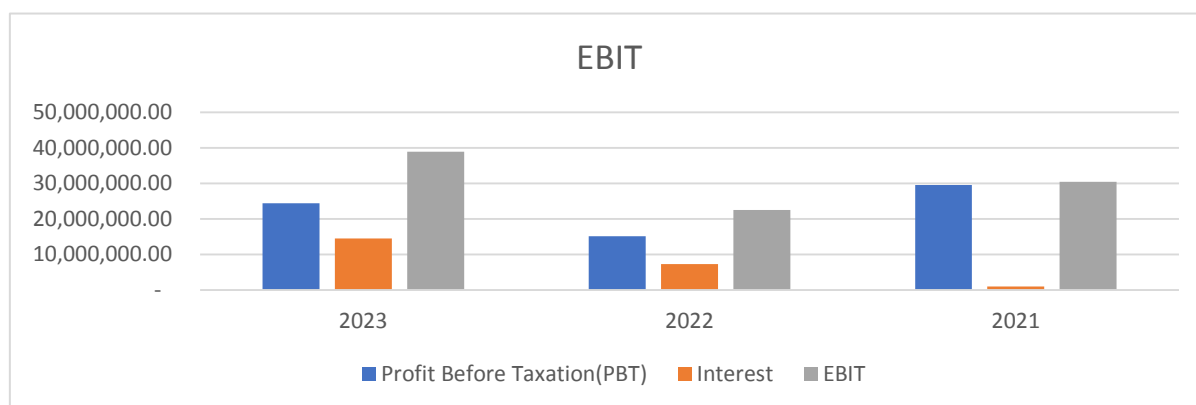
**Figure 12: Geregu Power Plc Total Shareholders Fund**

Source: Annual Financial Statement 2023,2022 and 2021

The company is growing its shareholders funds year on year which is an important signal to the market. There is a healthy mixture of debt and equity in the business which places it in a good pedestal

for further capital expansion. Furthermore, the company listing in the stock market enables it to easily access capital for expansion.

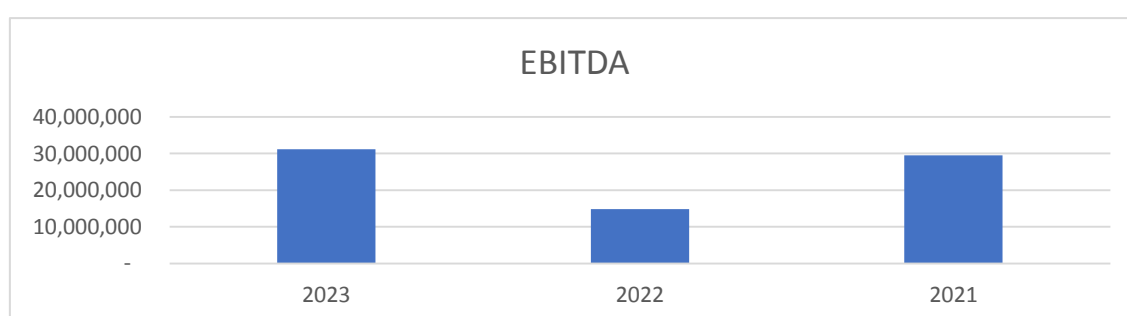
### Bar Chart of Total EBIT (3 years)



**Figure 14: Geregu Power Plc Total Shareholders Fund**

Source: Annual Financial Statement 2023, 2022 and 2021

### Bar Chart of Total EBITDA (3 years)



**Figure 15: Geregu Power Plc Total Shareholders Fund**

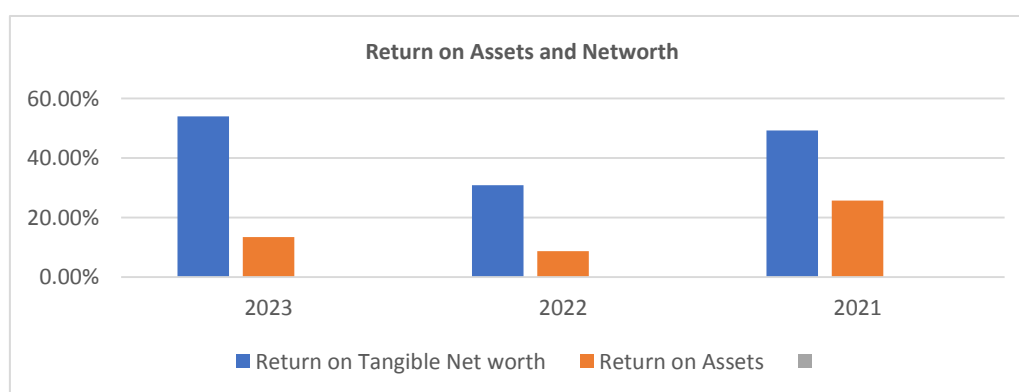
Source: Annual Financial Statement 2023, 2022 and 2021

The company's EBIT and EBITDA in the period under consideration continues to reflect the company's challenge in 2022 where it had feedgas shortage on account of the force majeure by Shell Petroleum Development Company of Nigeria Limited. The situation was however resolved and operations resumed in

December 2022. This explains the U-Shape performance as seen in the bar chart from 2021 to 2023. The earnings have improved and the business continues to contribute to the EBITDA which is very positive to investors and lenders.

### Returns

	2023	2022	2021
Return on Tangible Net worth	54.02%	30.89%	49.25%
Return on Assets	13.40%	8.72%	25.70%



**Figure 16: Geregu Power Plc Returns**

Source: Annual Financial Statement 2023, 2022 and 2021

The returns in the on net worth as well as asset is mixed. Whilst the RoA in 2023 was less than impressive comparing 2021 number and 2023. However, the RoNw Return grew though less than expected.

Table : Five Years Revenue

	Audited 2020	Audited 2022	Audited 2021	Audited 2023
	N'000	N'000	N'000	N'000
<b>Balance Sheet</b>				
Total Shareholders Equity	76,973,022	59,938,635	49,103,269	45,153,908
Total Debt	-	9,280,820	32,995,338	20,858,990
Total Liabilities	46,093,050	54,882,678	124,927,135	136,888,640
Total Assets	123,066,972	114,821,313	174,030,962	182,042,548
Current Assets	79,044,262	74,833,099	136,030,962	145,688,559
Account Receivables	73,045,064	70,146,503	76,944,928	48,065,048
Stock	725,978	5	506,175	639,072
Current Liabilities	39,873,389	38,868,753	48,448,681	70,936,787
Account Payables	39,360,272	30,427,393	48,475,953	48,376,319
Net Asset Value	2.67	2.09	1.393	1.330
<b>Income Statement</b>				
Total Revenue	53,676,666	70,956,864	47,619,370	82,908,807.00
Cost of sales	30,835,415	37,614,052	15,168,471	24,389,919.00
Gross Profit	22,841,251	33,342,812	32,450,899	58,518,888.00
Operating Income (EBITDA)	19,103,807	29,523,435	14,820,314	31,139,640.00
Profit Before Taxation(PBT)	20,648,737	29,512,423	15,168,471	24,389,919.00
Net Profit After Taxation(NPAT)	14,125,357	20,550,411	10,171,454	16,052,728.00
Finance Cost	26,945	959,076	7,325,577	14,547,595.00
Depreciation	4,274,646	4,611,308	2,556,178	2,578,752.00
<b>CashFlow Statement</b>				
Net Cashflow from Operating Activities	2,929,713.00	32,907,956	8,423,059	55,565,135.00
Net Cashflow from Investing Activities	1,350,003.00	(634,585)	1,138,462	5,318,748.00
Net Cashflow from Financing Activities	(683,644.00)	(33,101,275)	37,958,113	(42,761,565.00)

Table 1: Geregu Power Plc

Source: Annual Financial Statement 2023,2022 and 2021

## The Nigerian Stock Market

### Performance of the SWOOT Group members

The elite SWOOT Group is the major driver of the Nigerian Stock Exchange in terms of market capitalization. Dangote, Airtel Africa, Transcorp Power and Transcorp Hotels, BUA Group, Seplat, MTN Nigeria, Geregu Power etc are crucial members of this group. In terms of their performance January year to date, the top five members have performed incredibly well. Below is a summary of their performance:

- Geregu Power Plc appreciated by 151%
- Dangote Cement Plc grew by 115%
- BUA Foods Plc grew by 96.4%
- FBN Holdings appreciated by 51% while
- BUA Cement grew by 48%

Overall, Geregu Power Plc outperformed all the members of the SWOOT Group in terms of capital appreciation.

Stock Market Performance – Q1,2024

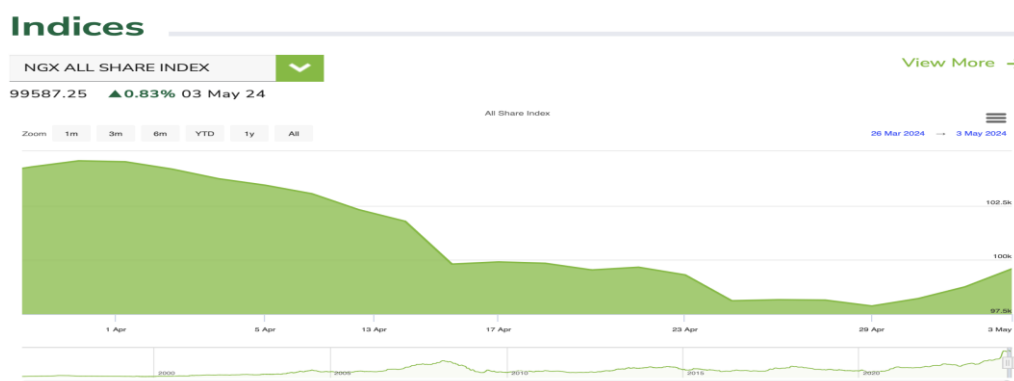


Figure 17: Stock Market Performance

Source: Nigerian Stock Market

## Market Activities

SNAPSHOT	Equities	Bonds	ETFs
ASI		99,587.25	
DEALS		9,297	
VOLUME		446,572,328	
VALUE		N 7,100,512,932.74	
EQUITY CAP		N 56,323,103,250,474.32	
BOND CAP		N 35,308,644,763,693.7	
ETF CAP		N 0	

Table 2: Market Activities

Source: Nigerian Stock Exchange

### NGX Market Capital

Stock	Market Capitalization
Dangote Cement	N11.7 trillion
Airtel Africa Plc	N8.27 trillion
BUA Foods Plc	N6.8 trillion
MTN Nigeria Plc	N4.87 trillion
BUA Cement Plc	N4.8 trillion
Transcorp Power Plc	N2.83 trillion
Geregu Power Plc	N2.5 trillion
Seplat Energy	N1.98 trillion
GTCO	N1.55 trillion
Zenith Bank Plc	N1.40 trillion
Transcorp Hotels Plc	N1.3 trillion
FBN Holding Plc	N1.28 trillion

Table 3: SWOOT Market Capitalization

Source: Nigerian Stock Exchange, NGX

### SWOOT Group members and Capitalization

Geregu Power Plc was listed in October 2022 on the main board of the Nigerian Stock Exchange, NGX. In January 2024, the company's stock appreciated by 7.52% and the company crossed the N1.0 trillion mark closing at N1.07 trillion. In a space of two years according to data from the NGX, the company shares appreciated to N1 trillion in January 2024 from N250 billion since it listing in October 2022. GPP outing in Q1, 2024 was very impressive appreciating to N2.5 trillion from N1.07 trillion in January 2024. It recorded over N1.5 trillion in capital appreciation during the quarter.

Other new entry into the elite SWOOT group of companies are Transport Power Plc, Transcorp Hotels Plc and FBN Holdings Plc in addition to Geregu Power Plc. Transport Power Plc was incentivized to list in the stock exchange after an impressive

performance by Geregu Power Plc. The company was listed in March 2024 on the NGX with a market capitalization of N1.98 trillion and eventually closed quarter 1 at N2.83 trillion. Transcorp Hotels Plc another member of Transnational Corporation Plc joined the elite SWOOT group after achieving market capitalization of N1.02 trillion in January 2024. FBH Holdings plc also joined the elite group in quarter 1,2024 after closing at N1.28 trillion in Q1,2024 according to data from the Nigerian Stock Exchange.

The top performing member of the SWOOT group in terms of market capitalization is Dangote Cement Plc, closely followed by Airtel Africa Plc, and BUA Foods Plc and MTN Nigeria Plc at third and fourth position respectively. Geregu Power Plc is in the seventh position which is very impressive for a power generating company. This clearly shows that the sector is very profitability and more likely to attract new entrants into the sector. With this impressive performance, the company will easily access private capital for capital expansion.

### Conclusion

Navigating Power Dynamics: A Comprehensive Analysis of Geregu Power Plc's Financial Performance and Strategic Imperatives

Disclaimer: The following analysis represents the personal opinion of the author based on the financial statements of Geregu Power Plc. Readers are advised to conduct their own research and seek professional advice before making any investment decisions.

Introduction: Geregu Power Plc, a prominent player in Nigeria's energy landscape, has weathered economic flux and industry challenges, showcasing resilience and adaptability. This analysis scrutinizes the company's financial performance from 2020 to 2023, shedding light on both achievements and areas for enhancement.

Profitability:

Despite a dip in net sales in 2021, Geregu Power Plc maintained robust gross profit margins, demonstrating prowess in cost

management (Gross Profit Margin 2020: 42.55%, 2021: 46.99%, 2022: 48.60%, 2023: 51.46%). The surge in net sales in 2022 drove commendable upticks in operating and pre-tax profits, highlighting the company's operational efficiency (Operating Profit Margin 2020: 35.59%, 2021: 41.61%, 2022: 31.12%, 2023: 37.56%). However, prudent management of financial leverage is crucial to mitigate risks associated with high debt levels (Debt to Equity Ratio 2020: 154.19%, 2021: 221.48%, 2022: 269.55%).

#### Liquidity and Asset Management:

Geregu Power Plc's upward trending current ratio reflects enhanced liquidity, bolstering financial resilience and investor confidence (Current Ratio 2020: 1.98, 2021: 1.92, 2022: 2.05, 2023: Not provided). However, declining inventory turnover suggests inefficiencies in inventory management, warranting operational recalibration to optimize working capital efficiency (Inventory Turnover 2020: 4248.03%, 2021: 8533.09%, 2022: 4835.97%, 2023: Not provided).

#### Shareholders' Payout Ratios:

While specific dividend data is unavailable, profitability and liquidity trends indicate potential for favorable dividend distributions (Return on Assets 2020: 16.78%, 2021: 16.95%, 2022: 8.32%, 2023: 13.40%). Nevertheless, a balanced approach to capital allocation is essential to align dividend payouts with strategic objectives and capital reinvestment needs.

#### Areas of Concern:

High fluctuations in inventory turnover and the increasing debt-to-equity ratio are notable concerns. Inconsistent inventory turnover indicates operational inefficiencies, potentially leading to excess

costs. The relatively high debt-to-equity ratio poses risks associated with financial leverage, necessitating prudent debt management practices.

In conclusion, Geregu Power Plc stands poised at the nexus of opportunity and challenge. By addressing areas of concern and implementing recommended strategies, the company can strengthen its financial position, enhance operational efficiency, and emerge as a frontrunner in Nigeria's dynamic energy landscape.

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