

IPO Snapshot

IPO Size (BDT mn)	2376.0
Public Offer (Shares mn)	33.0
Shares for EII (mn)	13.2
Shares for Public (mn)	19.8
Offer Price	72.0
Face Value	10.0
Year End	December
Issue Date of the Prospectus	14-Dec-14
Sector	Fuel & Power

Source: CBL Research and Prospectus

Use of IPO Proceeds

Particulars	Amount (BDT mn)	Implementation Schedule
Full Redemption Of Preference Share	1490.0	Within 3 months
Repayment Of Long-Term Loan	792.0	Within 3 months
Working Capital	27.9	Within 1 months
Ipo Expenses	66.1	When required

Source: CBL Research and Prospectus

Financial Structure of the Company

Particulars	No. of Shares (mn)	Amount (BDT mn)
Authorized Capital	1000.0	10000.0
Paid-up Capital	296.9	2969.5
Pre-IPO Paid-up Capital	296.9	2969.5
Initial Public Offering	33.0	330.0
Post-IPO Paid-up Capital	329.9	3299.5

Source: CBL Research and Prospectus

Lock-In Provision

Shareholders Type	Number of Shares		Lock-In Period
	(mn)		
Sponsors/Directors	296.95		3 Years
EII	13.2		4 Months

Source: CBL Research and Prospectus

Company Overview

United Power Generation & Distribution Company Ltd.'s principal activity is to generate electricity by two gas fired power plants, one at DEPZ with 88 MW capacity and the other at CEPZ with 72 MW capacity and to sell generated electricity to the export processing industries located inside DEPZ and CEPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The company currently supplies excess electricity to REB, BPDB and some other private entities.

IPO Overview

United Power Generation & Distribution Company Ltd. (UPGDCL) has offered 33 mn shares to public through IPO of which 13.2 mn shares were subscribed by Eligible Institutional Investors (EII) and 19.8 mn shares were subscribed by general public. The company has raised a total amount of BDT 2376 mn through IPO. Of the IPO proceeds, BDT 1490 mn will be used for full redemption of preference share, BDT 792 mn for repayment of long-term loan, BDT 28 mn for working capital and 66 mn for IPO expenses.

Key Facts

- The company increased its power generation capacity from 85 MW to 160 MW in 2013. The expanded capacity has become fully available from March'14.
- The company currently (CY2014) sells around 40% of DEPZ and 20% of CEPZ's electricity to REB and BPDB at very low rate due to low demand from EPZs. Increase in demand from BEPZA will improve the company's profit margins.
- Due to repayment of debt securities, the company will save around BDT 282 mn as financial expenses.
- The company has installed 5 heat recovery boiler to produce steam. The commercial sales of steam is expected to start in Q3CY15. It will add BDT 150 mn of yearly net profit.
- The company enjoys income tax exemption for 15 years, starting from 2008.

Tariff Structure

Buyers	BDT/kwh
CEPZ	7.20
DEPZ	7.32
Ahad	9.42
KEPZ	7.20
Dhaka Thai	8.32
Lilac Fashions	9.42
Oil Knitting	7.51
REB	2.99
PDB	2.99

Source: CBL Research and Prospectus

Business Performance

UPGDCL's revenue and net profit stood at BDT 3396.1 million and BDT 1774.4 million respectively during the CY 2013. The firm's topline has posted growth of 3.75% which was accommodated by higher production and increasing electricity tariff rate per unit. The company generated 624 mn kwh of energy during CY 2013 (DEPZ project produced 278 mn kwh & CEPZ project produced 346 mn kwh). For DEPZ plant, the production capacity of the company increased in the last of the year of CY 2013 (increased to 41 to 88 MW) and for CEPZ plant the capacity increased in the middle of the year of CY 2013 (increased to 44 to 72 MW). The company's gross margin and net margin squeezed from 72.98% and 61.73% to 69.42% and 52.61% respectively during the CY 2013. The main reason of this decline was decrease in margins for non recurrent expenses like O&M and write off of accounts receivable.

Financial Summary

Particulars	2009	2010	2011	2012	2013
Revenue (BDT mn)	838.25	1778.49	2227.63	3273.49	3396.10
NPAT (BDT mn)	194.50	900.28	1062.27	2020.48	1774.43
Revenue Growth		112.17%	25.25%	46.95%	3.75%
Earnings Growth		362.88%	17.99%	90.20%	-12.18%
Gross Margin	54.79%	62.14%	59.80%	72.98%	69.42%
Net Margin	23.20%	50.62%	47.72%	61.73%	52.61%
ROE	18.47%	52.54%	39.42%	47.70%	28.93%
Pre-IPO Earning per share (BDT)	1.82	3.03	3.58	6.80	5.98
Post-IPO Earning per share (BDT)	0.59	2.73	3.22	6.12	5.38

Source: CBL Research and Prospectus

Comparison Between Peer Companies

Particulars	Summit Power	KPCL	SPPCL	BEDL	UPGDCL
Producer Type	IPP, QRPP	IPP, QRPP	IPP	IPP, RPP	CIPP
Total Capacity (MW)	310	265	86.4	76.5	160
Fuel Type	Gas, HFO	HFO (Duel Fired)	Gas	Gas, HFO	Gas
Consumers	BPDB, REB	BPDB	BPDB, REB	BPDB	DEPZ, CEPZ, BPDB, REB
Tenure	15, 5	5	15	15	30
Tariff Rate	Fixed	Fixed	Fixed	Fixed	Variable
EPS (BDT) (Annualized)	2.7	6.4	4.6	3.1	7.1
P/E(x) (Forward)	12.6	9.9	10.3	10.3	10.1 (At Offer Price)

Source: CBL Research and Annual Reports