

Major Shift Ahead for Power Companies

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The Minister of Power, Mr. Adebayo Adelabu disclosed recently at the Nigeria Economic Summit (NES), that President Bola Tinubu has approved a N4 trillion Bond to settle legacy debts owed to the power generation companies (GenCos) and gas suppliers in Nigeria's electricity sector. The announcement signals strong government's commitments to address a critical problem that the industry and its value chain face. The intervention represents a structural reset that could fundamentally change the operating environment for listed and unlisted power companies.

What the Bond Means

The bond is a marketable instrument backed by the full faith of the Federal Republic of Nigeria. This makes it highly liquid and versatile in use. GenCos or gas suppliers receiving the instruments can:

1. Sell them in the secondary market to raise immediate liquidity. This will help to reduce debt from their balance sheet, settling outstanding obligations to suppliers and lenders, thereby improving credit profiles and reducing financing costs. The fact that interest rate is declining in the market means that the company can sell the bond at a low discount rate, like the existing FGN bonds in the market.
2. Use them as collateral to borrow funds from financial institutions at low interest rate if they do not want to sell the bond immediately.
3. Retain them and earn steady interest, offsetting borrowing costs and, in some cases, turning these historically indebted operators into net interest earners.

For operators already listed on the NGX, such as Transcorp Power and Gereg Power, the implications are transformative. With more predictable cash flows, they can reward shareholders through higher dividend payments and reinvesting in capacity expansion to grow the business. This will enhance their attractiveness to institutional investors and retail investors.

Why It Matters Now - Impact on the Sector

Nigeria's power sector has long been constrained by circular debt, with GenCos unable to recover full payments for electricity generated and supplied, creating a domino effect across power transmission and distribution, also to the gas suppliers. Clearing these arrears immediately strengthens operational capacity. Importantly, it sends signals to the public about the commitments of the Federal Government (FGN) to revive this critical sector of the Nigerian economy. Meanwhile, the Minister noted that the sector's revenue is already improving. With industry's revenue which increased by 70% to N1.7 trillion in 2024 and is expected to cross N2trillion in 2025. Coupled with cost-reflective tariffs being gradually introduced for select customer segments, this provides a more stable commercial base for growth.

Secondary Beneficiaries

The debt clearance has multiplier effects beyond GenCos or gas suppliers.

- **Nigerian Exchange Group (NGX):** With power sector leaders like Geregu and Transcorp better capitalised, market activity could rise, potentially lifting valuations and attracting new listings.
- **Banks:** By accepting bonds as collateral or structuring repo transactions, lenders can deepen their relationships with the sector while limiting default risk.
- **Investors:** Pension funds and international institutions will see the instruments, and by extension, the sector, as investable, given sovereign backing.
- **Government itself:** The attractive equity valuation in listed power companies provides a window for partial divestment, raising capital while strengthening governance through broader shareholder participation. Taxable profit will increase as the operators will pay less interest on loans, leading to increase in tax revenue for the government.

Positioning for the Future

Beyond near-term balance sheet repair, the reform in the sector is very timely. The global Artificial Intelligence (AI) and Digital Infrastructure boom rely heavily on stable

electricity. And for Nigeria to benefit from this global revolution, there must be in place an efficient electricity sector. Data centres, high-performance computing, and bitcoin mining all require stable, efficient power generation and supply. With over 230 million people in Nigeria¹, rising digital adoption, and government-backed sector reforms, a stable electricity market could anchor data centre development, power AI training clusters, and create a globally competitive digital economy.

Industry Leaders in a Transforming Market

Transcorp Power Plc and Geregu Power Plc are two generation companies (GenCos) whose shares are listed on the floor of the Nigerian Exchange (NGX). They offer members of the public direct opportunity to invest in the country's electricity value chain. The two groups have total installed power generation capacity of about 2,373² megawatts (MW) as shown on the table below. The combined installed capacity of the two groups represents about 17.42% of the total industry size 13,625MW according to the Nigerian Electricity Regulatory Commission (NERC) Report for Q4, 2024³.

Total Installed Power Generation – Geregu Power Plc and Transcorp Group	
Plants	Capacity (Megawatts (MW))
Ugelli Power Plant	972
Afam Power Plant	966
Geregu Power Plc	435
Total	2,373

Strategic Positioning

Together, Transcorp and Geregu are not only the largest listed GenCos but also the most strategically positioned to benefit from Nigeria's sector reforms. Their scale, transparency, and operational efficiencies differentiate them from unlisted peers. As the government clears N4tn of GenCo debts and implements cost-reflective tariffs,

¹ <https://www.worldometers.info/world-population/nigeria-population/>

² <https://transcorppower.com/> <https://www.geregupowerplc.com/>

³ https://nerc.gov.ng/wp-content/uploads/2025/03/2024_Q4-Report.pdf

both operators are positioned to capture increased liquidity and increase power generation capacities⁴. Beyond stabilising Nigeria's grid, their listing on the NGX enhances investors' confidence, making them the leaders of Nigeria's evolving power generation landscape. In the next sections, we will take a cursory look at the operations of the two companies.

Transcorp Power Plc

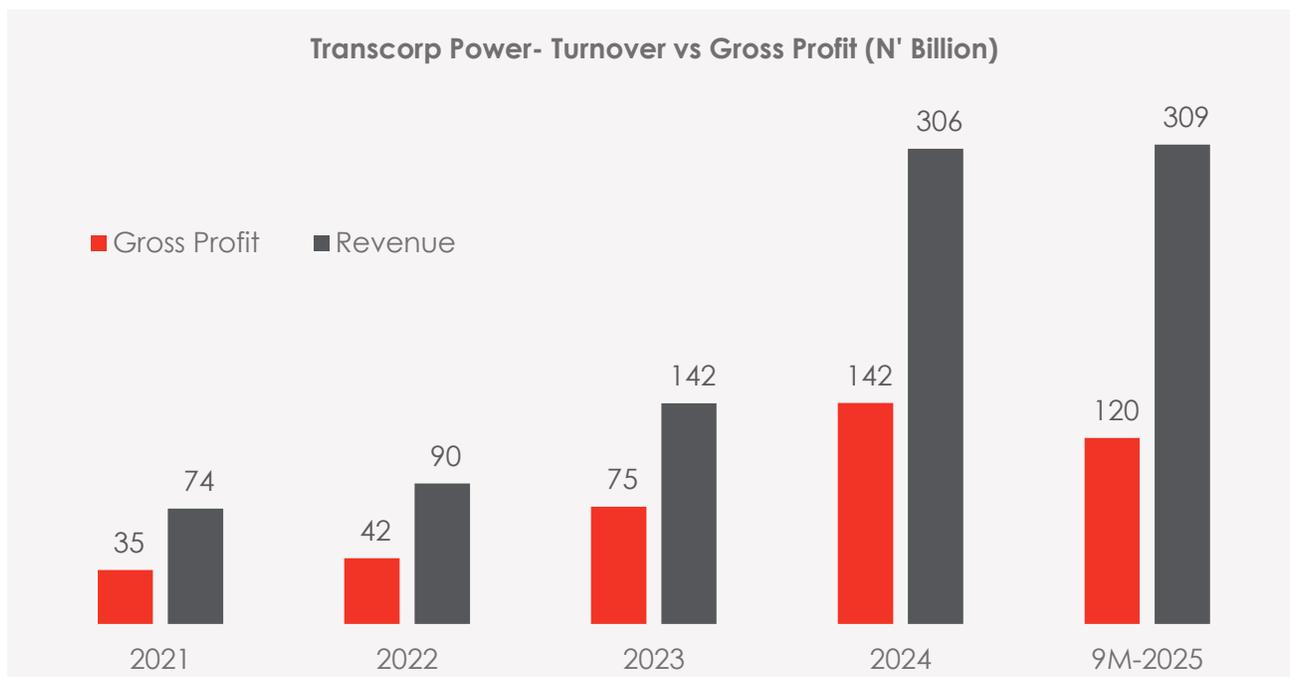
Transcorp Power Plc operates the Ughelli Power Plant, the largest fossil-fuel-based power station in Nigeria, with an installed capacity of 972MW. Since its acquisition in 2013, the company has grown daily output by more than 500% and now aims to expand capacity to 3,000MW over the next five years. As a subsidiary of Transnational Corporation Plc, it benefits from strong corporate backing and technical expertise of the group. Its scale, operational depth, and growth ambitions place it at the center of Nigeria's power sector revitalisation efforts. The table below shows key shareholders of Transcorp Power Plc.

Shareholding Structure- Transcorp Power Plc as at December 2024		
Shareholders	Number of Shares	Proportion of Ownership
Transnational Corporation Plc	3,824,435,342	50.99%
Rich Point Limited	2,418,608,587	32.25%
Woodrock Energy Resources Ltd	489,790,951	6.53%
Other Public Shareholders	767,165,120	10.23%
Total	7,500,000,000	100.00%

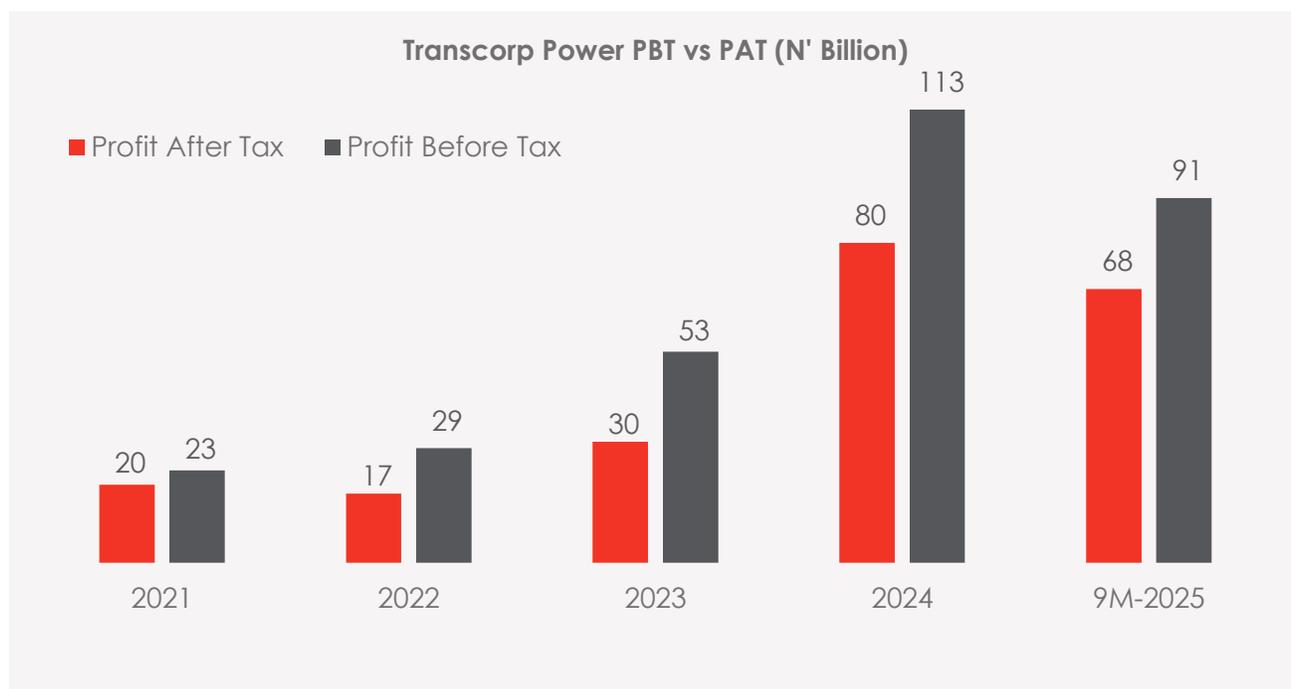
⁴ <https://www.geregupowerplc.com/>, <https://transcorppower.com/tpp/about-us/>, <https://transcorppower.com/press-release/transcorp-power-plc-achieves-record-revenue-of-n305-9bn-reports-165-profit-after-tax-growth-for-fy-2024/>

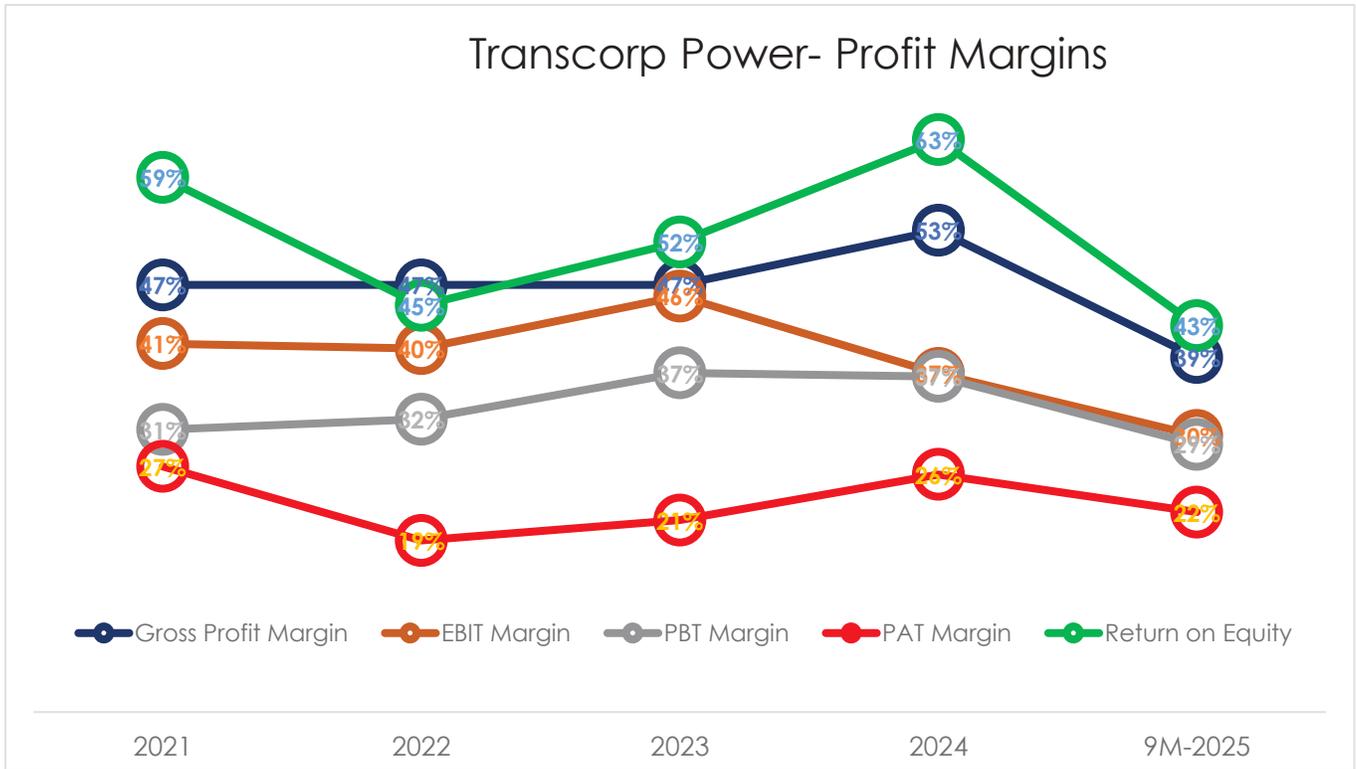
Financial Performance - Transcorp Power

A cursory look at the financial performance of Transcorp Power from 2021 to 2024, shows that the company delivered robust top-line and bottom-line growth. Revenue grew over 4x from N74 billion to N306 billion. As at 9 months ended September 2025, the company had delivered revenue, higher than what was delivered for Full Year (FY) 2024. This is a positive sign of what to expect from the company at the end of the year 2025. The company's revenue growth over the year was driven by a steady increase in its available power generation capacity following sustained investments in infrastructure and maintenance efficiency. Most noticeably, the sharp acceleration in revenue growth from 2023 through 9-month 2025 reflects capacity upgrades and improved reliability across gas-fired units. Gross profit also increased by 4x during the period of 2021-2024. As at 9 months ended September 2025, the company has delivered gross profit of N120billion, slightly lower than N140billion delivered in FY 2024. This shows that the company will likely surpass the FY 2024 Gross profit with wide margins.



Both Profit Before Tax (PBT) and Profit After Tax (PAT) followed the revenue growth trajectory. While PBT increased from N23billion in 2021 to N113billion in 2024, PAT increased from N20billion to N80billion during the same period. Margins remained healthy, with operating profit margin averaging 39% and PAT margin rising to 26% in 2024. Leverage reduced steadily, as debt-to-equity declined from 1.13x in 2021 to 0.30x in 2024, while interest cover improved sharply to 11.6x in 2024, signaling greater financial flexibility. As at 9 months 2025, the company delivered PBT and PAT of N91billion and N68billion respectively.





Financial Snapshot – Transcorp Power Plc (N' Billion)					
	2021	2022	2023	2024	9M-2025
Revenue	74	90	142	306	309
Gross Profit	35	42	75	142	120
EBIT	30	36	65	114	94
PBT	23	29	53	113	91
PAT	20	17	30	80	68
Total Equity	34	38	58	127	160
Total Debt	45	43	37	38	35
Total Assets	155	168	223	397	537
Current Assets	89	102	153	309	443
Total Liabilities	121	130	166	270	377
Current Liabilities	101	95	127	230	338

Financial Ratio – Transcorp Power Plc					
	2021	2022	2023	2024	9M-2025
Revenue Growth	14%	22%	57%	115%	38%
Gross Profit Margin	47%	47%	53%	46%	39%
Operating Profit Margin	41%	40%	46%	37%	30%
PBT Margin	31%	32%	37%	37%	29%
PAT Margin	27%	19%	21%	26%	22%
Return on Equity	57%	46%	52%	63%	43%
Return on Assets	13%	10%	14%	20%	13%
Interest Cover (x)	3.80	8.19	8.40	11.6	23.65
Current Ratio (x)	0.89	1.07	1.21	1.34	1.31
Debt/Equity (x)	1.32	1.13	0.64	0.30	0.22
Earnings Per Share (N)	251.88	218.4	4.03	10.67	7.79

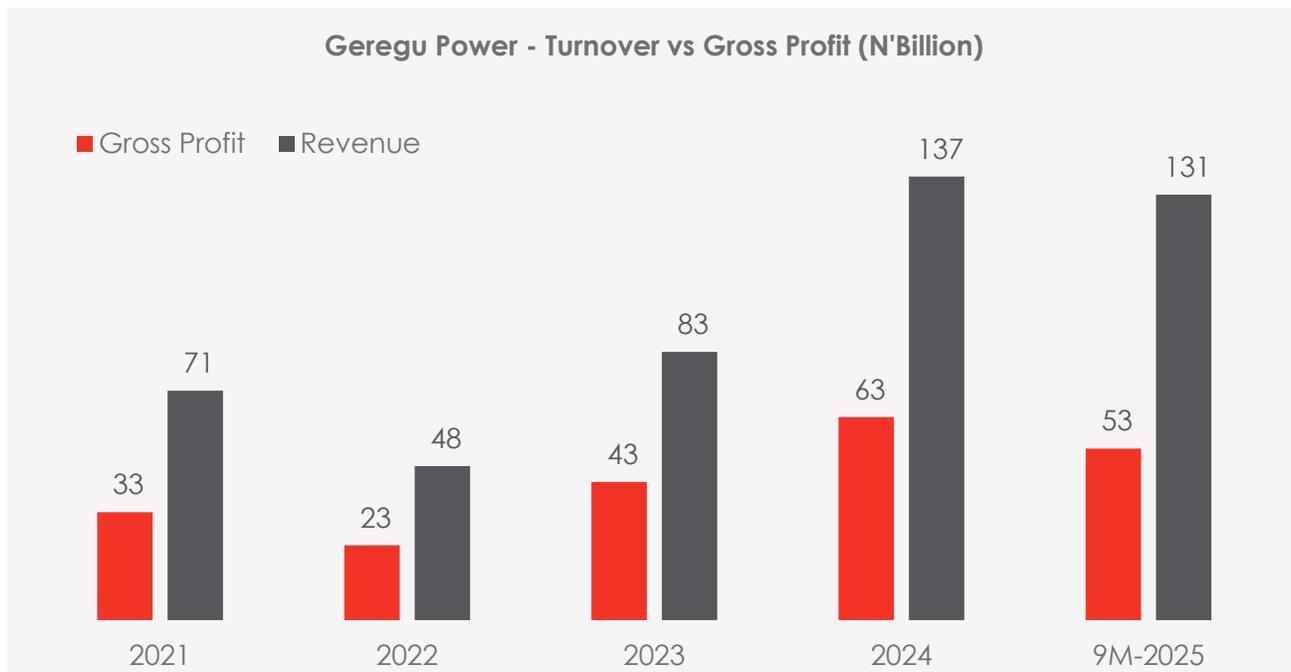
Geregu Power Plc

Geregu Power Plc is a one of the leading power generating company with an installed capacity of 435MW, representing about 3% of Nigeria's installed power generating capacity. Acquired in 2013, Geregu has positioned itself as a pioneer in transparency and efficiency, being the first GenCo to list its shares on the floor of the Nigerian Exchange (NGX). Its operations are anchored on Siemens gas turbines and a steady gas supply from Seplat, ensuring reliability.

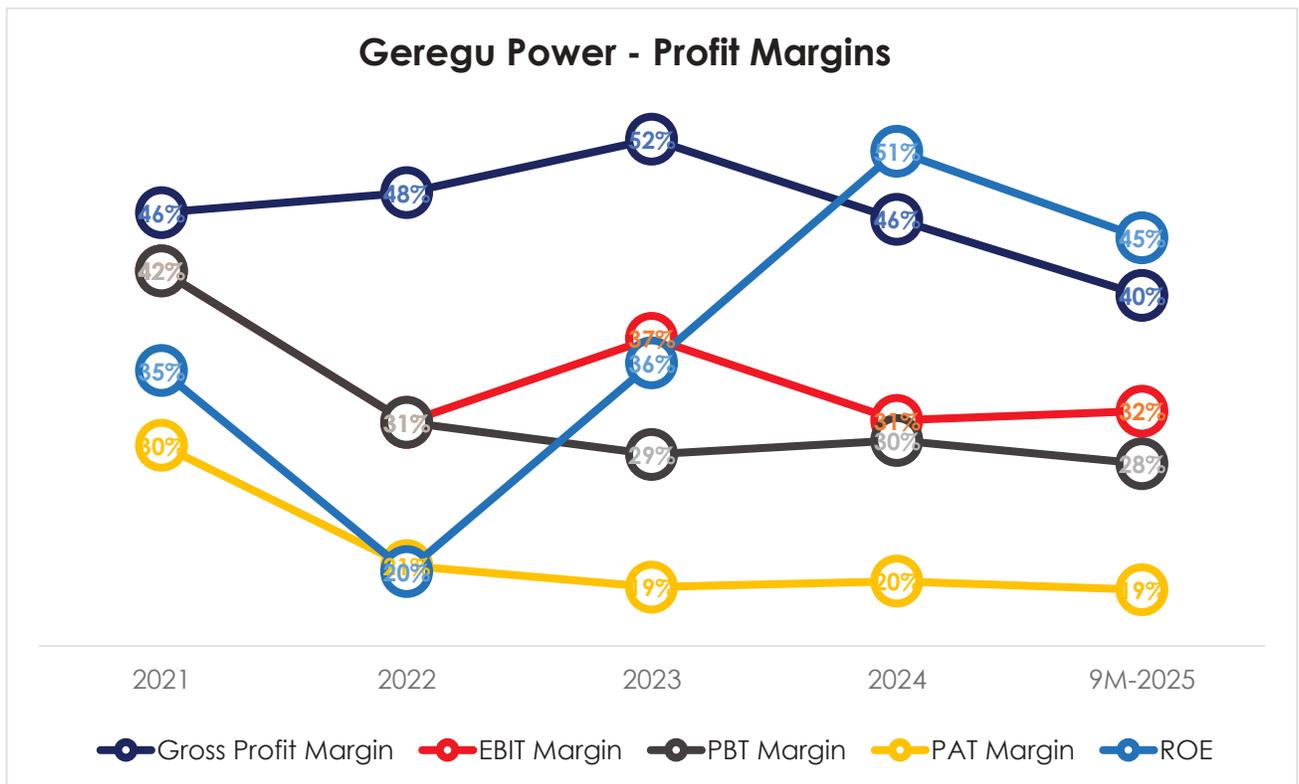
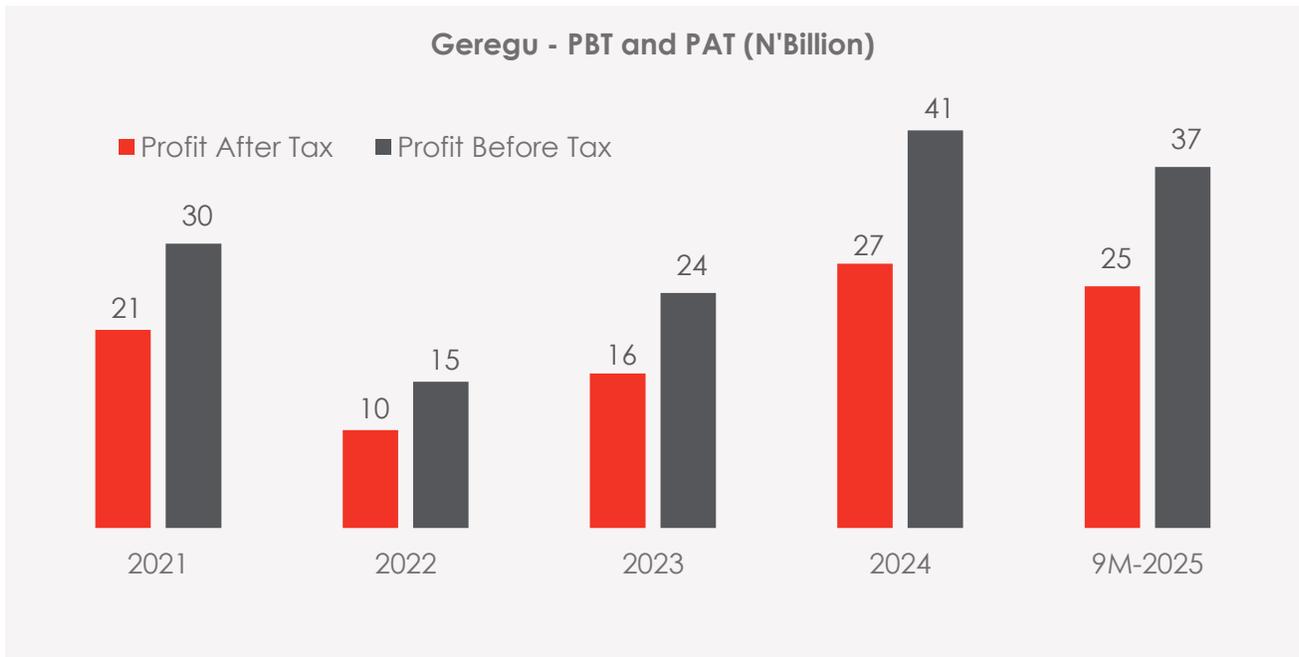
Shareholding Structure- Geregu Power Plc as at 31 December 2024		
Shareholders	Number of Shares	Proportion of Ownership
Amperion Power Distribution Limited	1,951,366,783.00	78.05%
Libreville Power Ltd	125,000,000.00	5.00%
Other Public Shareholders	423,633,217.00	16.95%
Total	2,500,000,000.00	100.00%

Geregu Power Financial Performance

The revenue of Geregu Power grew from N71billion in 2021 to N137billion in 2024, despite a temporary dip in 2022. This strong growth in revenue continues into 9 Months ended September 2025 with a revenue of N131billion, 96% of the FY 2024 revenue. The gross profit also increased from N33bn in 2021 to N63billion in 2024. As at 9 months September 2025, the company recorded a gross profit of N53billion 84% of what was recorded in FY 2024.



Both Profit Before Tax (PBT) and Profit After Tax (PAT) followed the revenue growth trajectory. While PBT increased from N30billion in 2021 to N41billion in 2024, PAT increased from N21billion to N27billion during the same period. Margins remained healthy, with operating profit margin averaging 36% and PAT margin rising to 20% in 2024 from 19% in 2023. Leverage dropped from 2023 to 2024 and up to 9 months 2025 as debt-to-equity declined from 1.41x in 2023 to 1.25x in 2024 and further to 1.02x in 9 months 2025. Interest cover improved consistently from 1.93x in 2022 to 4.20x in 2024 while it improved further to 7.97x in 9 months 2025. As at 9 months 2025, the company delivered PBT and PAT of N37billion and N25billion respectively.



Financial Snapshot – Gereg Power Plc (N' Billion)					
	2021	2022	2023	2024	9M-2025
Revenue	71	48	83	137	131
Gross Profit	33	23	43	63	53
EBIT	30	15	31	43	42
PBT	30	15	24	41	37
PAT	21	10	16	27	25
Total Equity	60	49	45	53	56
Total Debt	9	48	64	66	58
Total Assets	115	174	182	243	273
Current Assets	75	136	146	171	207
Total Liabilities	55	125	137	191	217
Current Liabilities	39	48	71	151	181

Financial Ratio – Gereg Power Plc					
	2021	2022	2023	2024	9M-2025
Revenue Growth	32%	-33%	74%	65%	17%
Gross Profit Margin	46%	48%	52%	46%	40%
Operating Profit Margin	42%	31%	37%	31%	32%
PBT Margin	42%	31%	29%	30%	28%
PAT Margin	30%	21%	19%	20%	19%
Return on Equity	35%	20%	36%	51%	45%
Return on Assets	18%	6%	9%	11%	9%
Interest Cover - x	31.14	1.93	3.99	4.20	7.97
Current Ratio - x	1.93	2.81	2.05	1.13	1.14
Debt/Equity - x	0.15	0.97	1.41	1.25	1.02
Earnings Per Share (N)	8.2	4.1	6.4	11.0	10.4

Comparative Analysis

Both companies started from a similar base of about N70 billion in 2021, but their growth trajectories have since diverged. Transcorp Power expanded revenue from N74billion in 2021 to N306billion in 2024 a growth of 331%, while Geregu Power grew from N71billion in 2021 to N137billion, a growth of 92%. A cursory look at the profitability shows that while the PAT of Transcorp Power increased by 300% from N20billion in 2021 to N80billion in 2024, Geregu Power PAT increased by 29% from N21bn in 2023 to N29billion in 2024.

Transcorp Power recorded higher profit margins in 2024 than Geregu Power. Gross Profit Margin, EBIT Margin and PAT Margin for Transcorp Power stood at 46.4%, 37% and 26% respectively while that of Geregu stood at 45.99%, 31% and 20% respectively. As at 9 months ended September, Transcorp Power Gross Profit Margin and EBIT Margin stood at 39% and 30% lower than that of Geregu Power at 40% and 32%. However, the PBT Margin for Transcorp was 22% higher than the PBT Margin of 19% recorded for Geregu Power.

The Trailing Earnings Per Share (EPS) of Transcorp Power in September 2025 was N12 while that of Geregu is N11.33. Price to Earnings Ratio (P/E Ratio) for Transcorp Power is 28.49x at the current price of N342, lower than the 100.72x for Geregu Power at a current price of N1,141.50. We project a forward EPS of N12.50 and N12.88 for Transcorp Power and Geregu Power respectively. Our short-term target price of Transcorp Power is N405 while that of Geregu Power is N1,151. Therefore, we placed a rating of a BUY on Transcorp Share while we Placed a HOLD rating on Geregu Power stock in the short-term. However, the two companies represent strong long-term BUY opportunities given their strategic importance and the vital role of the power sector in the Nigerian economy.

Comparable Analysis				
	Full Year 2024		9 Months 2025	
	Transcorp	Geregu	Transcorp	Geregu
Revenue (N' Billion)	306	137	309	131
Gross Profit (N' Billion)	142	63	120	53
EBIT (N' Billion)	114	43	94	42
PBT (N' Billion)	113	41	91	37
PAT (N' Billion)	80	27	68	25
Total Equity (N' Billion)	127	53	160	56
Total Debt (N' Billion)	38	66	35	58
Gross Profit Margin	53%	46%	39%	40%
EBIT Margin	45%	31%	30%	32%
PBT Margin	21%	20%	22%	19%
Debt to Equity	0.64	1.25	0.22	1.02
Current Price (N)			342.00	1,141.50
Trailing EPS (N)			12.00	11.33
Trailing P/E Ratio			28.49x	100.72x
Target Price (N)			405	1,151
Rating			BUY	HOLD
Forward EPS – 2025 (N)			12.50	12.88
Forward P/E Ratio - 2025			27.36x	88.60x
Shares in Issue (Millions)			7,500	2,500

DISCLAIMER

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CONTACT US

- Research: Research@unitedcapitalplcgroup.com
- Securities Trading: Securities@unitedcapitalplcgroup.com
- Asset Management: Assetmanagement@unitedcapitalplcgroup.com
- Trustees: Trustees@unitedcapitalplcgroup.com
- Investment Banking: InvestmentBanking@unitedcapitalplcgroup.com
- Investors Relations: InvestorRelations@unitedcapitalplcgroup.com