

# **NCONDEZI ENERGY**

## **Company Update**

**Shares and AJ Bell Investor Evening  
Manchester, October 10, 2019**

# DISCLAIMER



This document, which is personal to the recipient, has been issued by Ncondezi Energy Limited (the “Company”). This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company, nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of the Company. In particular, this document and the information contained herein does not constitute an offer of securities for sale in the United States.

This document is being supplied to you solely for your information. The information in this document has been provided by the Company or obtained from publicly available sources. No reliance may be placed for any purposes whatsoever on the information or opinions contained in this document or on its completeness. No representation or warranty, express or implied, is given by or on behalf of the Company or any of the Company’s directors, officers or employees or any other person as to the accuracy or completeness of the information or opinions contained in this document and no liability whatsoever is accepted by the Company or any of the Company’s members, directors, officers or employees nor any other person for any loss howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith.

Nothing in this document or in the documents referred to in it should be considered as a profit forecast. Past performance of the Company or its shares cannot be relied on as a guide to future performance.

Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company’s or, as appropriate, the Company’s directors’ current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

This document has been prepared in compliance with English law and English courts will have exclusive jurisdiction over any disputes arising from or connected with this document.

The African power development sector is one of the fastest growing sectors in Africa today

**Ncondezi is a leading Mozambican power development company**

- Advanced stage integrated 300MW coal fired power plant and mine development project (the “Ncondezi Project” or “Project”)
- Located in in Tete, northern Mozambique – regional energy growth hub

**Targeting delivery of first power onto the Mozambican grid by 2023 through a 25 year offtake agreement to meet existing demand**

- Provides guaranteed revenue stream for the life of the project

**Focused on providing reliable, affordable and accessible baseload energy**

- Secures against affects of water drought and intermittency of new renewables

**Equipped with state-of-the-art emission controls technologies to meet the most stringent emission standards**

**World class developer China Machinery Engineering Corporation (“CMEC”) and technology provider General Electric (“GE”)**

- Binding Joint Development Agreement (“JDA”) signed in July 2019

**Support from top levels of government in Mozambique and China**

**Clear roadmap to material Project de-risking and unlocking of value over next 3 to 12 months**

**Proposed JV with GridX provides the opportunity to expand into the growing captive solar and battery storage sector**

## Corporate Information

**Listing:** AIM Market, London Stock Exchange (ticker NCCL)

**Sector:** Power development

**Shares in issue:** 325m

**Share price:** GBp 5.05 (as at 9 Oct, 2019)

**Market Cap:** GBP 16.4m

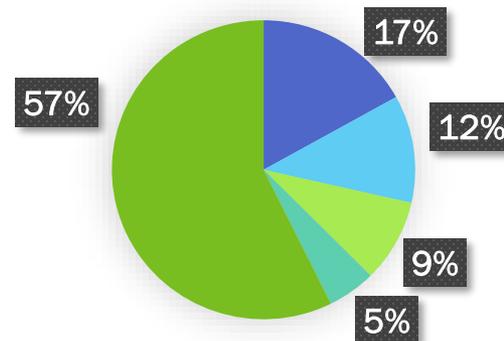
**Cash:** US\$1.5m (Sept 2019)

**Nomad & Joint Broker:** Liberum Capital

**Joint Broker:** Novum Securities

## Shareholder Breakdown

■ Africa Finance Corporation
 ■ Scott Fletcher  
■ Polenergia
 ■ Michael Haworth (Chairman)



## Board of Directors

Michael Haworth  
*Non Executive Chairman*

- Founding Ncondezi investor in 2008
- Senior Partner at Greenstone Resources, a private equity fund in the mining and metals sector
- Previously Head of Mining and Metals Corporate Finance in London for JPMorgan

Hanno Pengilly  
*Chief Executive Officer*

- Led power project and mine development programmes
- Joined March 2010

Jacek Glowacki  
*Non Executive Director*

- Previously CEO & Chairman of Polenergia Group, a leading private Independent Power Producer in Poland
- Previous operating experience includes General Manager of Nowa Sarzyna, the first private greenfield gas project in Poland, and Chief Production Engineer at Cracow Combined Heat and Power Plant, owned by EDF

Aman Sachdeva  
*Non Executive Director*

- President CEO of Synergy Consulting, a global infrastructure advisory and project finance company which has closed projects worth over US\$12bn
- Clients include the World Bank as well as a number of state owned power utilities
- 27 years' experience in infrastructure industry, specialising in the energy sector

Estevão Pale  
*Non Executive Director*

- Previously CEO of Companhia Mocambicana de Hidrocarbonetos, a leading state owned gas company in Mozambique
- Previously National Director Mines and Energy in Mozambique between 1996 and 2005

# MOZAMBIQUE IS A KEY GROWTH MARKET



## Mozambique is rich in conventional and renewable energy sources

- Large resources of coal (+20Bt) and gas (85tcf)
- 7.5 GW of renewable potential (5.6 GW hydro, 1.1 GW wind and 0.6 GW solar)

## Leading energy generator and exporter in the Southern African Region

- Projected domestic energy demand growth of 10x over next 25 years<sup>1</sup>
- Largest exporter into South Africa

## \$40bn development of offshore gas fields potentially transformational

- Over 4x current GDP
- LNG exports from 2022

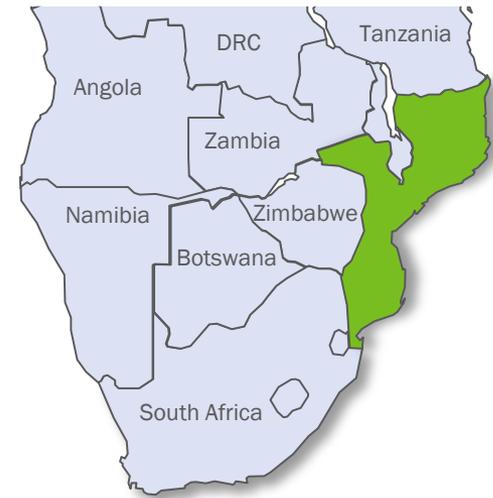
## Power generation a key development sector for Mozambique

- Targeting universal access to electricity in Mozambique by 2030
- Establish Mozambique as a southern African energy powerhouse

## Mozambique targeting over 1,200MW of new power generation by 2023

- Includes 650MW of new coal power generation

## World Bank has led over \$730m in financing for new transmission connections in Mozambique in 2019



Note: <sup>1</sup>Electricidade de Moçambique press statement, 18 October 2018  
Source: Publicly available information, EDM 10 Year Strategy Paper (2018)

# OVERVIEW OF MOZAMBIQUE GRID

## Transmission system is developed as 3 independent networks

- Northern, central and southern
- Compromising its ability to link supply and demand centres

## Northern grid a key growth area

- Mining, Agriculture, Onshore LNG processing
- Exports

## North and central grids' dependence on hydro power exposes it to the effects of water droughts

- 25% capacity reductions

## Increased intermittency created by new solar generation

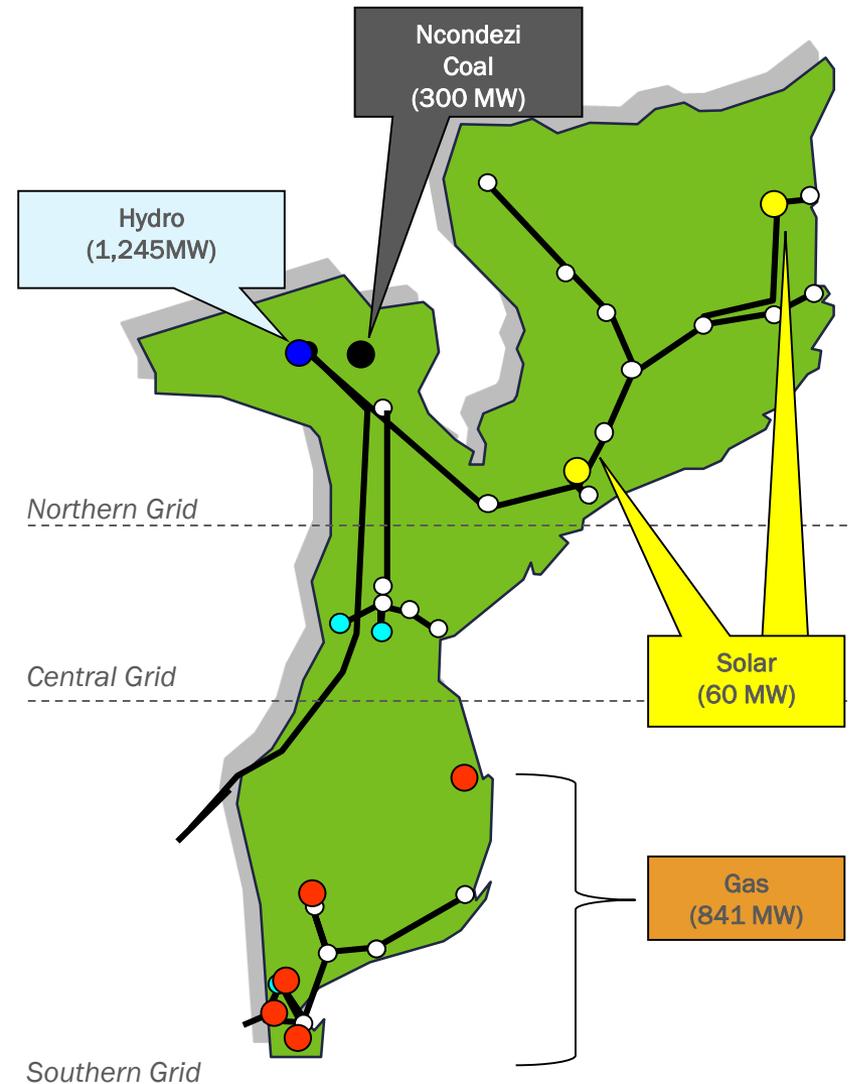
## Planned expansion into neighbouring Malawi and Zambia

## Coal an ideal choice

- Resources close to existing infrastructure
- Diversifies generation mix
- Provides stable baseload power
- Scalable

Source: Publicly available information, EDM 10 Year Strategy Paper (2018)

## Key Power Generation Projects



# PROJECT OVERVIEW

- 4.0Bt JORC coal resource
- Planned open pit coal mine
- 1.5Mtpa production
- +25 year life of mine



Coal Mine

2km conveyor



Power Plant

- 300MW generating capacity
- Reliable 24 hour supply
- Power 480,000 UK households<sup>1</sup>



National Grid

- 25 year Power Purchase Agreement
- EDM 100% offtaker
- US\$ denominated

## *\$1bn Integrated Power Plant & Mine Project*



Transmission Line

92km connection

2,000,000 MWh per annum

- Dedicated transmission connection onto the grid
- 220 kV lines

Note: <sup>1</sup> based on OFGEN 2017 TDVC medium Profile Class 2 usage of 4,200 kwh

# NCONDEZI KEY ADVANTAGES



## Energy security

- Secures Mozambique against drought
- Balances intermittency of renewables

## Energy affordability

- Centralised generation
- Integrated project
- Large indigenous resource base
- Location

## Energy accessibility

- Target first power delivery by 2023

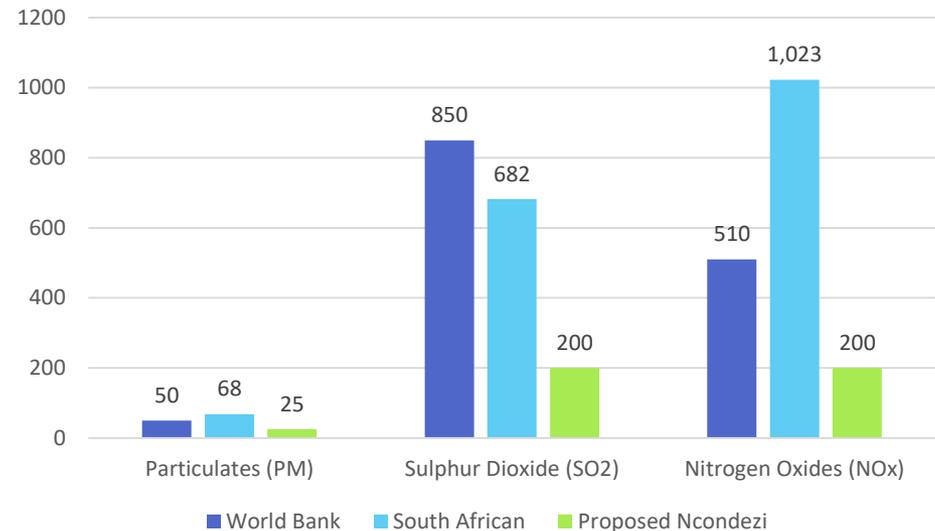
## Execution speed

- One of the most developed projects in Mozambique
- Co-development partners identified
- Sized to feed into existing grid infrastructure and demand

## Cleaner generation

- State-of-the-art emissions control technologies
- Compliant with OECD guidelines
- Proposed to meet the current draft IFC/World Bank most stringent emissions guidelines for coal plants
- Reduces dependence on dirtier fuels such as diesel, kerosene and charcoal

## Emission Standards<sup>1</sup>



*Note: Ncondezi Project located in Tete province which is demarcated as a non degraded air shed.*

*World Bank standards based on 2008 Promulgated standards for non degraded air shed. South African standards based on South African National Standards adjusted for 6% O<sub>2</sub>*

*Ncondezi standards based on IFC/World Bank 2017 draft guideline limits for degraded air shed*

# STRONG PROJECT SUPPORT



## Governments of Mozambique and China

- ✓ Selected as a key infrastructure project at the 2nd China-Mozambique International Cooperation Summit in 2019



## Ministry of Mineral Resources and Energy

- ✓ Agreed project work programme and timetable
- ✓ Power and Mine Framework Agreements signed
- ✓ Mining Concession granted – 5967C



ELECTRICIDADE  
DE MOÇAMBIQUE, E.P.

## Electricity of Mozambique

- ✓ Offtake contract Heads of Terms
- ✓ Project Delivery MoU



## Project Development & Technology Provider

- ✓ JDA signed
- ✓ Agreed process to deliver key development milestones



GE Power



## Cornerstone Investor

- ✓ Leading African infrastructure development fund
- ✓ US\$3.0bn in committed funding

# JDA WITH CMEC AND GE



JDA Signing Ceremony, 22nd July 2019, Beijing China

Right to Left: Ncondezi Chairman, Mr. Michael Haworth, CMEC President Mr. Han Xiaojun, and GE Steam Power President & CEO, Mr. Michael Kerouille

- Material de-risking event
- Project to be co-developed to Financial Close
- World class developers & operators of power projects
- Strong track record delivering in Africa
- CMEC to be main EPC and O&M contractor
- GE to be main technology provider for power project
- Ncondezi expected to retain 40% project equity
- Potential for reimbursement of historical costs and subscription price<sup>1</sup>

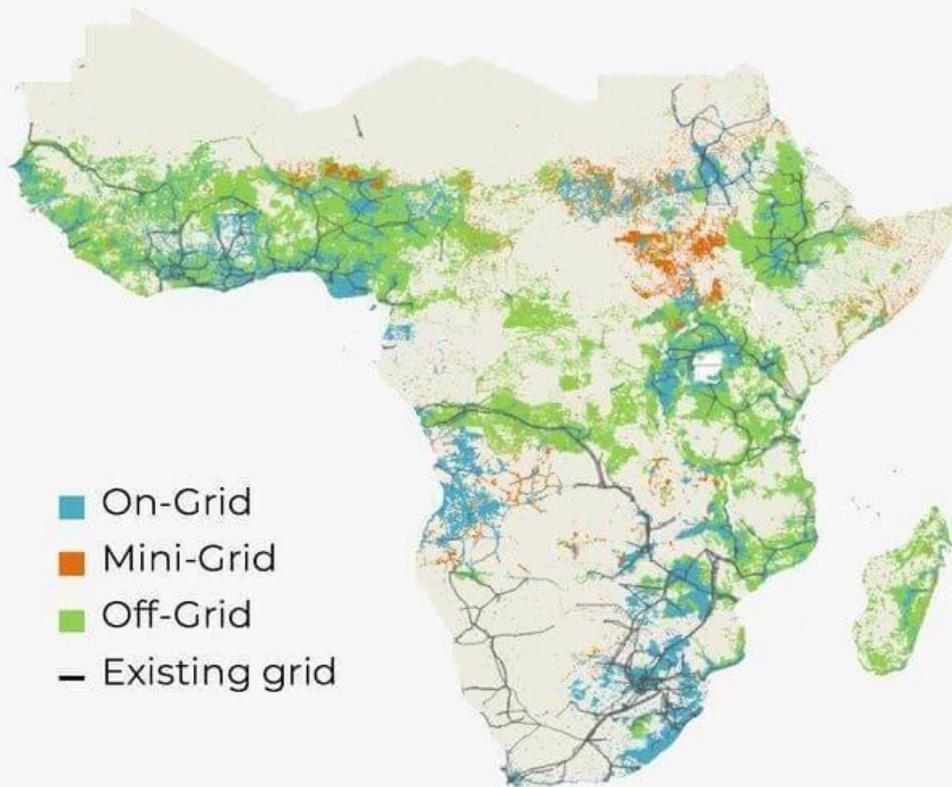
# CLEAR PATHWAY TO VALUE UNLOCK

## Key Milestones over next 12 months

Technical team site visits and final due diligence	Q4 2019
Receipt of updated EPC and O&M proposals	Q4 2019
Receipt of indicative financing terms from lenders	Q4 2019
Update Project Financial model and power tariff	Q4 2019
Finalise tariff offer with EDM	H1 2020
Finalisation of Ncondezi historic costs	Q2-Q3 2020
Finalisation of subscription price	Q2-Q3 2020
Finalise PPA and PCA	Q2-Q3 2020

# OFF GRID OPPORTUNITY

Least-cost solution for delivering universal electricity access in the Energy for All Case, 2030



- Grid access for 150 million additional people, with hydro accounting for the lion's share
- Decentralised solutions, mainly solar PV, for the remaining 450 million people in rural areas
- An additional \$26 billion per year is needed in electricity generation and grids

## Significant market demand for cost effective and reliable power in the African Commercial and Industrial (“C&I”) sector

- Strong economic case against traditional power generation such as diesel generators
- Solar PV modules expected to fall 37% by 2025<sup>1</sup>
- Battery storage systems costs forecast to fall by 67% by 2030<sup>2</sup>

## Signed term sheet with GridX Africa Development (“GridX”), to enter into a JV

- Offers strategic approach to new growth market
- Access to a portfolio of construction ready African C&I solar and battery storage projects

## Access to low risk annuity business with low capital barriers to entry, significant growth potential and near-term cashflows

### GridX an established player

- First solar battery project delivered in Q1 2019
- Pipeline of 15 projects at various stages of development

### Low capital projects with fast delivery

- Target average total capital requirement of US\$0.5-2.0m per project
- Lower capital barrier to entry compared with utility scale projects
- Expected construction timeframe within 12 months

### Significant funding is moving into the sector

- Approximately US\$130m raised for African captive energy solutions and storage over the last 12 months
- Over US\$4bn committed globally, including US\$1bn from World Bank
- Growth potential and sustainability goals driving major utilities and oil majors into the sector – Enel, Engie, EDF, Shell, Total

# CONCLUSION



**Thank You**

---