



TRANSCORP POWER PLC

FY 2025

Earnings Report Update

**PREPARED BY:
SAVEST RESEARCH**

 +234 913 444 6070

 globaladvisory@savest-financial.com

 www.savest-financial.com

Company Overview

Transcorp Power Plc is a power generation company focused on producing and selling electricity in Nigeria. Its core asset is a gas-fired open-cycle thermal power plant with installed capacity of 972MW. Incorporated in 2012 and headquartered in Lagos, it operates as a subsidiary of Transnational Corporation of Nigeria Plc. It targets reliable baseload supply nationwide.

MD/CEO Peter Ikenga stated that Transcorp Power's FY2025 performance underscores its commitment to operational excellence, sustainable growth and expanded generation capacity, with average available capacity rising from 417MW to 550MW despite transmission constraints. He reaffirmed confidence in delivering long-term shareholder value while collaborating with the Transmission Company of Nigeria to strengthen grid evacuation and support national energy development

CEO's Commentary

Revenue/Profitability Summary

Million NGN(₦), except EPS	FY 2025	Q4 2025	YOY
Revenue from contracts with customers	398,268.48	89,727.68	30.18%
Gross profit	181,862.37	62,193.93	27.88%
Operating profit	125,050.70	31,001.12	9.66%
Profit before income tax	120,017.67	28,841.48	5.94%
Profit for the year	91,417.22	22,992.81	14.25%
Earnings per share	12.19	3.07	14.25%

Cost/Expenses Summary

Million NGN(₦)	FY 2025	Q4 2025	YOY
Cost of sales	216,406.11	27,533.75	32.17%
Impairment loss on financial assets	11,565.90	3,876.76	42.63%
Administrative expenses	44,530.85	26,601.13	121.65%
Finance cost	10,707.47	2,061.22	8.61%
Income tax expense	28,600.45	5,848.67	-14.05%

Cash Flow Summary

Million NGN(₦)	FY 2025	Q4 2025	YOY
Net cash from operations	56,300.36	-1,523.04	2.65%
Net cash used in investing	-7,290.95	2,713.40	67.14%
Net cash used in financing	-55,125.59	-6,117.33	-76.40%
Closing cash balance	2,219.51	-5,418.90	-73.37%

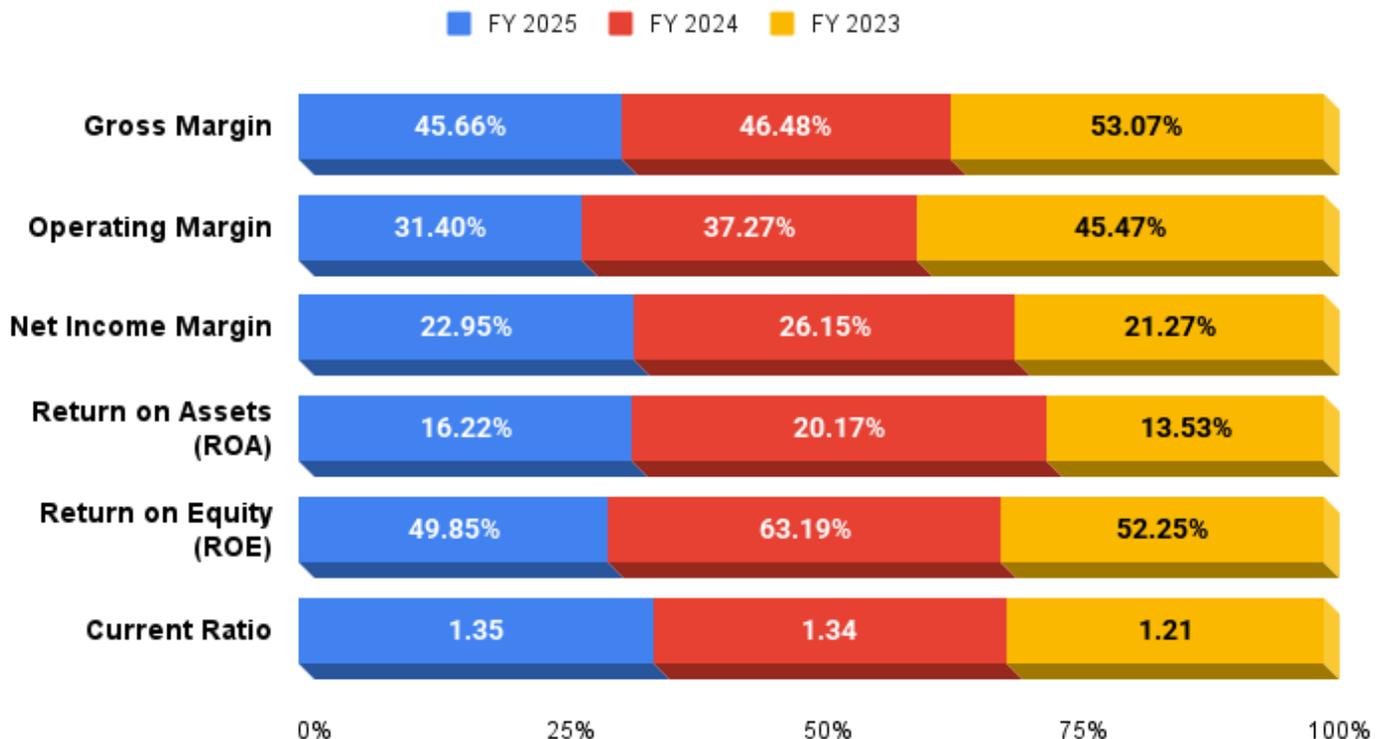
Key Items of Financial Position Summary

Million NGN(₦)	31st Dec, 2025	QOQ	YOY
Total non-current assets	89,433.92	-4.54%	1.99%
Total current assets	474,045.03	7.00%	53.37%
Total assets	563,478.96	4.99%	42.01%
Total non-current liabilities	28,020.34	-27.30%	-30.55%
Total current liabilities	352,059.84	4.16%	53.20%
Total liabilities	380,080.18	0.94%	40.69%
Total equity	183,398.78	14.50%	44.84%

Segment Performance by Revenue

Million NGN(₦)	FY 2025	Q4 2025	% Revenue	YOY
Capacity charge	104,398.78	21,483.26	26.21%	4.36%
Energy delivered	293,851.71	68,239.92	73.78%	42.73%
Ancillary services	18.00	4.50	0.005%	0.00%

Margin and Efficiency Analysis



Performance Highlights

- Revenue growth was robust, driven primarily by higher energy delivered volumes and improved international sales contribution. Energy-based revenue was the dominant driver, supported by increased dispatch levels and stronger cross-border demand, while capacity charges provided stable baseline income.
- Gross profit advanced by 27.9%, underpinned by topline expansion despite a faster 32.2% rise in cost of sales. The principal cost driver was natural gas expenditure, which grew in line with higher generation output and fuel price dynamics. Nevertheless, gross margin compression was moderate, indicating that pricing discipline and operational efficiency partially offset input-cost pressures.
- Operating profit increased by 9.7% year-on-year, reflecting earnings resilience despite a substantial 121.7% rise in administrative expenses and higher impairment charges. The performance was supported by revenue scale and incremental operating leverage, although margin expansion was constrained by new operating and maintenance cost lines, elevated corporate social responsibility expenditure, and increased professional and regulatory compliance costs.
- Net profit strengthened by 14.3%, supported by a lower effective tax rate, which declined from 29% to 24%. The improvement was largely attributable to higher deductible income, deferred tax benefits, and optimized tax planning. Earnings quality remained strong as growth was primarily operational rather than driven by one-off items, reinforcing sustainability of bottom-line performance.
- Earnings per share increased by 14.2%, mirroring profit growth and stable share capital structure. The absence of dilution signals effective equity management and ensures that profitability gains translated efficiently into shareholder value, reinforcing the company's attractiveness from a return-per-share perspective.
- Balance-sheet strength improved notably, with total assets rising by 42.0%, primarily driven by a 57.0% surge in trade and other receivables and a 45.2% increase in financial investments. Equity expanded by 44.8%, supported by retained earnings growth and revaluation reserves, indicating enhanced capital adequacy and stronger book value positioning.
- Leverage metrics improved materially as net debt declined by 2.7% while equity growth outpaced liability expansion. The gearing ratio reduced from 19% to 13%, reflecting disciplined debt repayments and improved capital structure efficiency. This deleveraging trend enhances financial flexibility and reduces sensitivity to interest-rate volatility.
- Cash flow from operations increased modestly by 2.6%, supported by higher profitability and non-cash adjustments such as depreciation and impairment provisions. Although investing outflows reduced significantly due to lower capital expenditure, financing cash outflows increased because of higher dividend distributions and principal repayments.

Concerns Raised

- Working-capital pressure intensified as trade receivables expanded by 75.6%, significantly outpacing revenue growth. The concentration of receivables with a single government-linked counterparty heightens credit and liquidity risk, despite improved expected credit-loss modeling. Elevated days-past-due balances may constrain short-term cash conversion efficiency.
- Administrative expenses more than doubled, rising 121.7%, largely due to new operating cost classifications, increased maintenance activities, and expanded corporate and regulatory spending.
- Liquidity weakened materially, with cash and cash equivalents declining by 73.4% year-on-year due to higher dividend payouts and debt servicing commitments. While operating cash generation remains positive, reduced cash buffers may limit near-term flexibility for unexpected capital or maintenance requirements.
- Asset base contraction in property, plant, and equipment of 10.1%, combined with impairment charges on turbines, signals potential aging infrastructure and efficiency risks. Sustained underinvestment or delayed capital replacement could affect long-term generation reliability and cost efficiency if not counterbalanced by targeted modernization initiatives.

OUR INSIGHT

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The company delivered solid operational performance, driven by volume-led revenue expansion, improved asset utilization, and stronger bottom-line conversion supported by tax efficiency and deleveraging. Profitability remains resilient despite rising administrative and fuel costs, while equity growth and lower gearing enhance financial stability, supporting a cautiously positive long-term investment outlook. However, elevated receivables concentration, weakening liquidity buffers, escalating overheads, and potential infrastructure aging remain key watchpoints for sustained earnings quality and cash-flow durability.

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INVESTMENT ADVISOR & INTER-DEALER BROKER

INDIVIDUALS

FAMILY OFFICES

INSTITUTIONS

CONTACT US



+234 913 444 6070



globaladvisory@savest-financial.com



Scan the QR Code to access our
website

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