

## Insight: Power Sector & Generation May'25

### May'25 generation up 1%YoY / 21%MoM

- Power generation in May'25 rose 21%MoM to 12,755GWh, continuing the upward trend seen over the past two months. After hitting a seasonal low of 6,945GWh in February, generation recovered to 8,409GWh in March and further improved to 10,511GWh in April. May marked the highest monthly generation in FY25 so far, driven by rising temperatures and seasonal demand pickup.
- Cumulatively, 11MFY25 power generation stood at 113,413GWh, reflecting a slight 0.2% YoY decline compared to 113,598GWh in the SPLY.

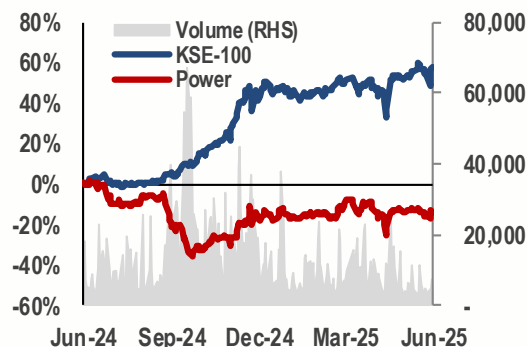
### Power Generation during May'25

- Hydel generation witnessed a sharp rebound in May 2025, increasing by 1.1xMoM and 24%YoY to 4,844GWh, becoming the largest contributor to the power mix at 38%, owing to improved water availability and seasonal demand. Coal-based generation also remained strong at 2,209GWh—up 26%YoY and contributed 17% to the mix. Meanwhile, generation from expensive fuels like furnace oil continued to decline, down 68%YoY and 76%MoM to just 20GWh, comprising a mere 0.2% of the mix.
- Power generation has already begun to show improvement, supported by rising temperatures and gradual recovery in economic activity. With the recent reduction in electricity tariffs and seasonal demand picking up, generation is likely to remain elevated in the final quarter of FY25, reinforcing a more sustainable energy outlook and ensuring better capacity utilization for producers.
- Despite the short-term recovery in grid-based generation, structural challenges remain. Persistently high tariffs are encouraging consumers to shift toward solar power, which may reduce overall grid demand and place upward pressure on future tariffs.

### Cost of Generation reported at PKR 7.8/Kwh in May'25

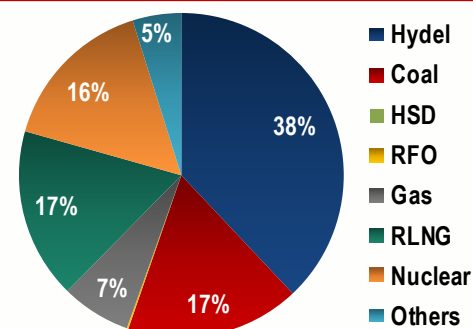
- In terms of cost, average fuel cost declined to PKR 7.8/kWh in May, down 22%MoM and 11%YoY, due to the higher share of low-cost hydel and nuclear energy and a reduction in imported commodity prices. This improved cost efficiency in generation is expected to support affordability and reduce fiscal pressure on the sector.

### 12 Month Relative Performance of Power



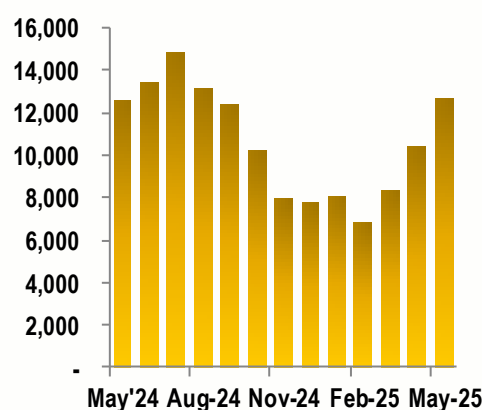
Source: PSX and TSL Research

### Fuel Mix (%) for May'25 Power Generation



Source: NEPRA and TSL Research

### Monthly Power Generation (GWh) - YoY



Source: NEPRA and TSL Research

### Taurus Research

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### Other updates related to the sector

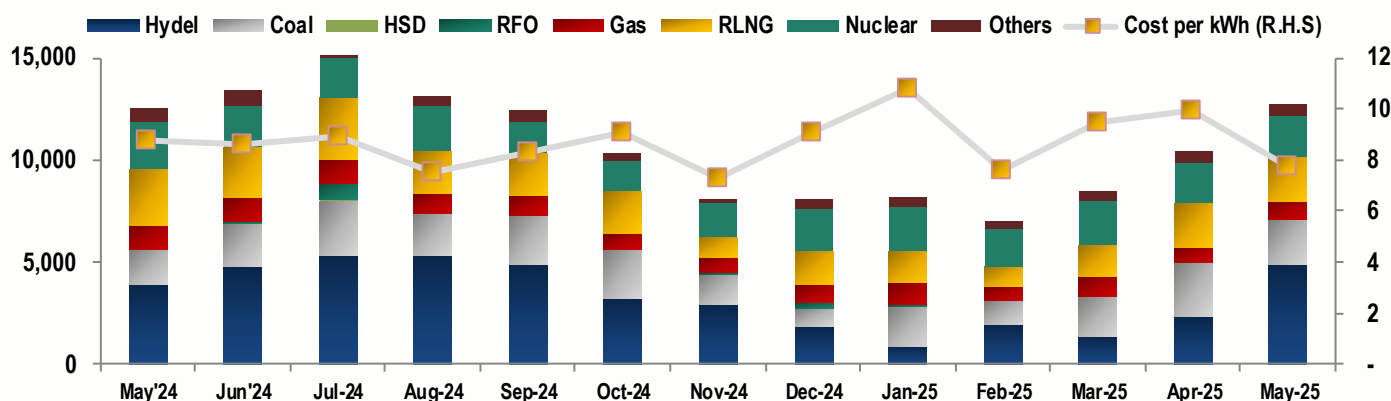
- › Pakistan has finalized term sheets with 18 commercial banks—including Meezan Bank, HBL, NBP, and UBL—for a PKR1.275Tn Islamic finance facility aimed at settling circular debt without adding to public debt. Structured at 3M KIBOR minus 0.90%, the loan will be repaid over six years. PKR683Bn will retire Power Holding Limited's debt and PKR569Bn will clear IPP arrears. Annual repayments of PKR323Bn will be funded via the PKR2.83/kWh debt surcharge.
- › Moreover, as per Nepra Pakistan's base power tariff will decrease by PKR 1.49/kWh (-4.2% YoY) to PKR 34.01/kWh, while the overall Power Purchase Price (PPP) falls by PKR 1.01/kWh to PKR 26.34/kWh, driven by lower capacity payments, reduced energy costs, and projected 2.8% YoY demand growth. This growth is supported by post-tariff demand surges and captive user grid shifts. Additionally, 900MW in south-north transmission expansion by Aug-25 is expected to improve utilization of cost-efficient coal plants and lower tariffs further. However, challenges persist due to underutilized imported coal capacity, RLNG contract rigidity, and unreformed public sector inefficiencies, highlighting the need for structural reforms beyond tariff relief going forward.

Power Generation for the month of May'25

Generation Mix	May'25	May'24	YoY	Apr'25	MoM	11MFY25	11MFY24	YoY
Hydel	4,844	3,906	24%	2,306	1.1x	34,562	35,144	-2%
Coal	2,209	1,754	26%	2,579	-14%	21,701	18,092	20%
Furnace Oil	20	62	-68%	83	-76%	368	2,165	-83%
Gas	883	1,110	-20%	842	5%	10,251	10,274	0%
RLNG	2,168	2,748	-21%	2,157	1%	20,015	21,318	-6%
Nuclear	2,012	2,360	-15%	1,882	7%	21,069	21,157	0%
Import from Iran	36	50	-28%	32	13%	407	330	23%
Wind Power	433	445	-3%	478	-9%	3,315	3,425	-3%
Solar	116	125	-7%	115	1%	1,114	911	22%
Bagasse	34	57	-40%	37	-8%	611	667	-8%
<b>Total (GWh)</b>	<b>12,755</b>	<b>12,617</b>	<b>1%</b>	<b>10,511</b>	<b>21%</b>	<b>113,413</b>	<b>113,598</b>	<b>-0.2%</b>

Source: NEPRA and TSL Research

Power Generation and Cost trend MoM



Source: NEPRA & TSL Research

## SECP Research Entity Notification Number: REP-040

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To arrive at our period end target prices, TSL uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: <https://jamapunji.pk/>

### Frequently Used Acronyms

<b>TP</b>	Target Price	<b>DCF</b>	Discounted Cash Flows	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DDM</b>	Dividend Discount Model
<b>SOTP</b>	Sum of the Parts	<b>P/E</b>	Price to Earnings ratio	<b>P/Bv</b>	Price to Book ratio
<b>P/S</b>	Price to Sales	<b>EVA</b>	Economic Valued Added	<b>BVPS</b>	Book Value per Share
<b>EPS</b>	Earnings per Share	<b>DPS</b>	Dividend per Share	<b>DY</b>	Dividend Yield