

Marquee Network Assets Purchase and Financing Transaction in Nigerian Power



~NGN 10 Billion
Purchase of ~ 250,000 Meters
for Small Power Users

from

The Meron Consortium

with

~12 year financing

2018

Transaction Adviser



Transaction Parties

Abuja Electricity Distribution Company (AED Plc)

Abuja Electricity Distribution Company (AED Plc) is one of the most attractive newly privatised power assets in Nigeria with distribution operations covering the Federal Capital Territory, Niger State, Kogi State and Nassarawa State.

The company provides electricity to a coveted number and mix of customers. Its strategic transformation plan and favourable customer demographics are the foundation for improving service delivery to households, businesses and institutions in its territory; as well as sustainable revenue growth, expanding profit margins and strong cash flows to deliver attractive returns to its investors. This transaction positions AED Plc for a successful meter rollout to its Small Power User (SPU) customers who represent the majority of AED Plc's customer base.

The Meron Consortium

The Meron Consortium (Meron) have supplied over 8.5 million meters with significant delivery focus in the emerging markets of Nigeria, Zambia, Ethiopia, Uganda, Indonesia, Philippines, Nepal, Bangladesh, Malaysia and Vietnam. Their credibility, experience, technical and financial capability in mass metering projects in Nigeria and other emerging markets position Meron as one of the key drivers of the Nigerian Power Sector's path to recovery and sustainable viability.

Transaction Highlights

- Tailored and effective mass metering strategy (i.e. technically, commercially and operationally optimized) to enable / enhance AED Plc's loss reduction and sustainable cash generation program
- Robust two (2) stage procurement and three (3) stage negotiation process to identify the right counterparty for this long term partnership
- Supply, installation and financing were an interconnected value proposition which required integrated structuring

Key Learnings

- Strategically disciplined companies are financeable in today's challenging marketplace for the power sector
- Effective supply partnerships are contingent on a credibly and robustly run procurement process
- Long term financing is available if the transactions are effectively managed and adequately structured
- Financing transactions must be contextualized within an effective value creation program i.e. certainty of an optimized technical, commercial and operational solution

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