



Transcorp Power FY 2024 Report: Higher Top-line Earnings Cushioned Cost Pressure.



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Key Highlights.

Although gas shortages, coupled with aged infrastructure and vandalism, consistently triggered incessant grid collapses in 2024, Transcorp Power – an upstream power sector player – doubled its power generation and energy delivery, improving its financial performance in FY 2024. Revenue and profit before tax rose by +115.27% and +114.73% to N305.94bn and N113.29bn in FY 2024, respectively, with higher liquidity and retained earnings. However, the company has yet to exit the ballooning trade receivables trap, which doubled to N298.39bn in FY 2024 from N145.21bn in FY 2023 (see table 1).

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Table 1:

KEY HIGHLIGHTS			
	FY 2023 (N'bn)	FY 2024 (N'bn)	Growth Rate (%)
Revenue	142.12	305.94	115.27%
Gross Profit	75.42	142.21	88.56%
Profit Before Tax	52.76	113.29	114.73%
Profit After Tax	30.23	80.01	164.67%
Earnings per Share	4.03	10.67	164.76%
Total Assets	223.39	396.78	77.62%
Shareholder's Equity	57.86	126.62	118.84%
Borrowings	37.31	37.60	0.78%
Cash and Cash Equivalent	6.37	8.34	30.93%
Trade and other Receivables	145.21	298.39	105.49%

Source: Financial Statement, Proshare Research

Ratios

Beyond absolute numbers, Transcorp Power's ratios showed strong shareholder return, efficient asset utilisation, lower financial risk and robust liquidity. However, the lower gross profit margin highlighted its cost pressure as the cost of sales spiked by +145.48% to N163.73bn (see table 2).

Table 2:

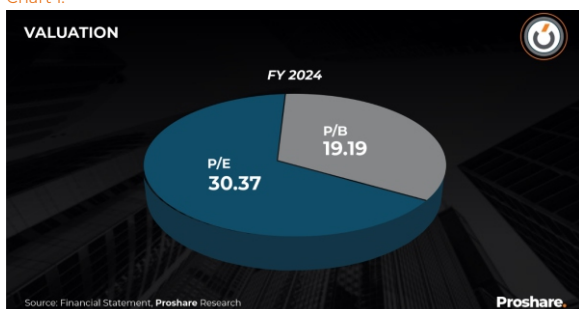
RATIOS		
	FY 2023	FY 2024
Gross Profit Margin	53%	46%
Net Profit Margin	21%	26%
Return on Equity	52%	63%
Return on Assets	14%	20%
Current Ratio	1.21x	1.34x
Acid-test Ratio	1.20x	1.33x
Inventory Turnover Ratio	37.90x	69.09x
Debt-to-equity Ratio	0.64x	0.30x

Source: Financial Statement, Proshare Research

Valuation

The group's price-to-earnings and price-to-book value stood at 30.37x and 19.19x in 2024, suggesting the market sentiment outpaced the corporate fundamentals (see chart 1).

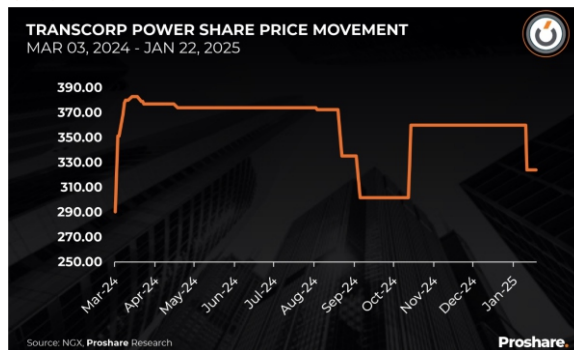
Chart 1:



Share Price Movement.

Following the post-listing rally in March, Transcorp Power's share price remained flat at N373.90 and N372.40 from April to August 2024. The share price further shed some weight in September and October to a support level of N301.70 but recovered in December to end the year at N359.90. Despite the flattened pattern, the share price returned 24% in 2024, underperforming the benchmark all-share index return of 37.65% in 2024 (see chart 2).

Chart 2:



Closing Thought.

Transcorp Power Plc's financial performance suggests resilience despite the industry's structural challenges. Given Nigeria's growing population and energy deficiency, the industry's largely untapped market offers an opportunity for the power-generating company (Genco) to enlarge its market share further to sustain higher returns for investors. Although Proshare analysts expect Transcorp Power Plc to sustain its positive earnings and financial performance in 2025 amidst gas shortages and frequent grid collapses, liquidity concerns might linger due to compounding unremitted interest on electricity bills from NBET, valued at N72.20bn as of FY 2024.

For further updates on **Transcorp Power Plc**, follow the company **Proshare Investor Relations (IR) Portal**.

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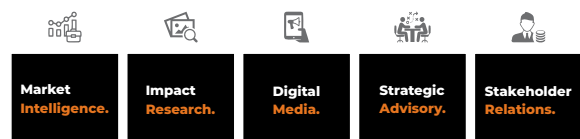
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