



# Nurturing your investment in energy

## NEWSLETTER

### Hulisani at a glance

#### Compelling Investment Strategy

Our aim is to look specifically for investment opportunities in consistent, predictable and reliable inflation-linked long-term energy projects.

One of the key areas in which we invest is Independent Power Producers (IPPs). We invest in both primary and secondary projects which are complementary; we believe that a combination of these transactions in our portfolio will over time ensure a sufficiently diversified basket of assets with an attractive yield.

In the case of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), there is a sovereign guarantee in place that ensures payment. This means that in the event Eskom is not able to pay, government guarantees the obligations of Eskom.

We continually track trends in the energy sector and pre-empt market demand by ensuring that we are well placed to take up opportunities as and when they arise. Our targeted net annual return is in the range of





**CPI plus 6% to 8%.** Accordingly, we only conclude transactions where the target returns have the potential to exceed inflation by a significant margin.

We have hands-on involvement in each of our assets and evaluate and monitor operational performance, risk, management team, cash flow, return on investment, socio-economic impact, long-term sustainability and environmental considerations to ensure our stakeholders receive the best return from their assets.

Currently our focus is in South Africa where we are establishing and

building a reputation for reliability, credibility and innovation, thereafter we plan to move into other sub-Saharan African regions.

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## Highlights of the Year ending 28 February 2019

Dividends - up from  
**R18.1 million to R36.9 million**  
– an increase of **100%**

Cash generated from  
operations - up from minus  
**R31 million to R11 million**  
– an increase in the year of  
**R42 million**

## Projects Kouga Wind Farm

Hulisani has a **6.67%** interest in Kouga which is an operational 80 MW Wind Farm and was one of the first Wind Farms to be commissioned under the REIPPP Programme. This is in line with our investment strategy.

Kouga has 16 years remaining of its 20-year supply agreement with Eskom and produces approximately **300 million KWh** of electricity annually.





The Kouga Wind Farm Community Trust is a shareholder in the Wind Farm and, as a result of our socio-economic responsibilities, it will invest R32 million in the Kouga communities in the new financial year.

**Projects**  
**GRI**

An effective 25% shareholding in GRI Wind Towers, supports Hulisani’s strategy in advancing the use of wind power in South Africa’s renewable energy requirements.

The only wind tower manufacturer in South Africa, GRI currently produces over 150 towers per annum, creates over 300 jobs, improves skills, enforces local content and provides the opportunity for the export of additional components for the wind generating industry.

The plant is operating at full capacity and, being located in the Special Economic Zone of Atlantis, benefits from lower taxation and provides socio-economic benefits to the community.

**Outlook for the Future**

This year there have seen encouraging developments

regarding energy policy in South Africa which includes the imminent fifth round of REIPPP projects and the gas-to-power project.

The unbundling of Eskom into energy generation, transmission and distribution will provide further opportunities for IPPs in generation as transmission and distribution will largely remain the domain of Eskom and municipalities, respectively.

Captive power plants (power generated for a specific client) provide us with a valuable opportunity to enter this new reality and we will continue to partner with energy developers throughout Sub Saharan Africa to use South African manufactured towers.

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**CEO’s Desk**



**CFO’s Desk**



**CSI**

**Demystified any uncertainty around the intermittency of renewable energy**

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**Consumer choice is coming  
Unpacking our financial performance and outlook for the future.**

[Read more](#)

**Through continuous nurturing initiatives we aim to encourage the nation towards an environmentally friendly way of life.**

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