



ISSUED CAPITAL
Shares 366.2M
Options 5.1M

KPS CONTRACT
CAPACITY
210MW

HYDRO CONTRACT
CAPACITY
6MW

13 August 2014

PACIFIC ENERGY DELIVERS RECORD EARNINGS AND FINAL DIVIDEND INCREASE

- Revenue for FY14 of \$47.9M, an increase of 10 per cent on prior twelve-month period
- \$35.0M Adjusted EBITDA¹ – up 22 per cent on prior twelve-month period
- \$17.1M Adjusted NPAT² – in-line with prior twelve-month period
- FY14 Final Dividend of 1.5 cents fully franked declared
- Record Total Dividend of 2.5 cents fully franked for FY14 – expected to recur
- Perth Workshop and Office Complex completed on budget – Total Cost of \$12.6M
- Outlook: FY15 EBITDA guidance \$33M - \$35M
- New Contract negotiations in progress

Power generation company Pacific Energy Limited (Pacific Energy), today announced record earnings from its Kalgoorlie Power Systems (KPS) and hydro-electric businesses for the twelve-months ended 30 June 2014 with a 22 per cent increase in Adjusted EBITDA¹ to \$35.0M.

The robust earnings growth was generated on record revenues for the year of \$47.9M, an increase of 10 per cent on the previous corresponding period.

Managing Director's Comment

Pacific Energy's Managing Director, Mr Adam Boyd said: "Pacific Energy has delivered another record earnings result predominantly through the earnings contribution from 95MW of power station capacity construction completed by KPS in late FY13. This new installed capacity was seamlessly commissioned by early FY14 and confirmed the exceptional performance of the KPS construction team during FY13. In addition to this incremental earnings contribution, the KPS business continued to achieve 'benchmark' power station availability, reliability and fuel efficiency performance across our fleet portfolio.

"The KPS resource sector target market was characterised by a significant and well publicised reduction in new resource project development activity relative to prior periods during FY14. Further, our high quality resource company clients continued to prosecute a broad cost cutting agenda to

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improve mine project profitability. Power generation comprises approximately 20-35% of total costs at hard rock mining and processing operations and KPS is continuing to work with our client base to reduce power supply costs. The following initiatives highlight the Company's commitment to partner with our resource sector clients to achieve lower-cost electricity costs and include:

- Negotiations to convert the KPS 44MW Tropicana Gold Project power station from diesel to gas fuelled with AngloGold Ashanti Australia Limited;
- Retro-fit of the Garden Well and Moolart Well diesel fuelled power stations with our exclusive Waste Heat Recovery fuel efficiency technology for Regis Resources Limited; and
- The initiation of a new testing program to demonstrate the reliable performance of our Waste Heat Recovery technology on the proprietary KPS dual fuel generation solutions.

"KPS also used the curtailment of new power station construction to optimise the business' operating and maintenance cost activities. This initiative has resulted in the expansion of the EBITDA Margin of the KPS business. Further we focused on the completion of a significant capability expansion via the construction completion of our new Perth Workshop & Office Complex.

Perth Workshop & Office Complex Completed

"The Company commenced construction of a Perth Workshop and Office Complex (PWOC) in late FY13 on its 2 hectare site located 30km north of the Perth CBD. The PWOC achieved Practical Completion in July 2014 and KPS operations are planned to commence at this location from October 2014. The PWOC construction was completed on-time and budget. This significant strategic investment will achieve a number of positive outcomes for the Company including:

- Increased KPS project delivery capacity and productivity;
- Enhanced cost competitiveness for all KPS power generation solution offerings; and
- Reduction of the KPS accommodation footprint and related cost.

"The Company's head office will also re-locate from its leased office accommodation in the Perth CBD to the PWOC, further reducing leased accommodation costs.

"KPS will retain its primary Kalgoorlie workshop location and maintain its existing high quality maintenance and service capability for our existing WA Goldfields located resource sector clients.

Future Growth & Dividend

"Looking forward, the Pacific Energy Board is very positive about the future opportunities presenting to the KPS business. A number of new tender opportunities and new/restart resource projects are advancing and seeking to procure electricity supply solutions. The competitive advantage of KPS electricity supply offering places the business in a privileged position to secure these new power generation opportunities.

"The Company generated significant surplus cashflow during FY14 validating the benefits of the production exposed nature of KPS revenues, business model and quality client base. The Pacific Energy Board declared and paid an interim FY14 fully franked dividend of 1 cent per share and has declared a final FY14 fully franked dividend of 1.5 cents per share, delivering a total FY14 fully franked dividend of 2.5 cents. The Pacific Energy Board expects to be able to maintain this annual dividend payment quantum in future years.

"Future dividends will be subject to numerous commitments, working capital requirements, other expenditure commitments (including acquisitions, new development, and capital expenditure obligations) and the availability of franking credits.

Financial Report – Result Summary

The table below provides a comparison of the key results for the twelve months to 30 June 2014 as reported, against the preceding twelve months to 30 June 2013:

Statement of Profit or Loss	% Change	Appendix 4E 12 months to 30 June 2014 \$'000	Comparison 12 months to 30 June 2013 \$'000
Revenue from operations	10%	47,947	43,532
Adjusted EBITDA ¹	22%	34,959	28,621
EBITDA	23%	34,380	27,839
Income tax expense	309%	6,522	1,596
Adjusted profit after tax attributable to members ²	(1%)	17,106	17,314
Reported profit after tax attributable to members	12%	14,690	13,073
Dividends declared	152%	9,154	3,634

¹Adjusted EBITDA equates to EBITDA pre employee share and option expense and impairment of intangible assets (refer Note 8 in the Financial Report)

²Adjusted profit after tax equates to the reported net profit after tax pre non-cash amortisation charges, "one off" asset sale gains/(losses) and the related tax effects.



End.

About Pacific Energy

Pacific Energy is an ASX listed (ASX: PEA) power generation project developer and owner.

Headquartered in Perth, Western Australia, Pacific Energy is focused on the development, ownership and maintenance of mine site and renewable energy power stations.

Kalgoorlie Power Systems, a wholly owned subsidiary of Pacific Energy Limited, is a leading provider of power generation infrastructure to the mining and resources sector in Australia. The business operates a build, own, maintain execution model with 210MW of contracted capacity at 19 mine site locations across Australia.

Pacific Energy Hydro, a wholly owned subsidiary of Pacific Energy Limited, owns and operates 6MW of hydro power generation capacity located approximately 70 kilometres east of Melbourne, Victoria. The Company's hydro assets commenced operation in 1992 and comprise two separate power stations located at the Cardinia Reservoir and Blue Rock Dam.

ASX ANNOUNCEMENT (CONTINUED)



ANNEXURE - TWELVE MONTH RESULTS

RECONCILIATION OF REPORTED NPAT TO ADJUSTED NPAT

Description	Appendix 4E 12 months to 30 June 2014 \$'000	Comparison 12 months to 30 June 2013 \$'000	Comment
Profit after tax attributable to members	14,690	13,073	
Add back non-cash charges and one-off items:			
Amortisation of purchased contracts and associated rights	2,416	4,237	Non cash amortisation of the notional value of electricity supply contracts acquired as part of the KPS acquisition (2009). These electricity supply contract notional values are amortised over their remaining contract term.
Profit/(loss) on sale of investments and property, plant and equipment	-	6	Non-recurring asset sales of property, plant and equipment and listed investments.
Tax expense / (benefit) of non-cash and one-off items	-	(2)	Tax benefit of the non-cash and one-off items.
Adjusted profit after tax attributable to members	17,106	17,314	