



ISSUED CAPITAL

Shares 369.7M

Options 8.5M

KPS CONTRACT

CAPACITY

228MW

HYDRO CONTRACT

CAPACITY

6MW

25 August 2015

PACIFIC ENERGY REPORTS STRONG EARNINGS; SEES GROWTH IN FY16 WITH RECENT CONTRACT WINS; MAINTAINS DIVIDEND

- Revenue of \$45.8 million
- EBITDA of \$30.8 million
- Adjusted NPAT¹ of \$14.8 million; Reported NPAT of \$12.0 million
- FY15 Final Dividend of 1.5 cents fully franked declared
- Total Dividend of 2.5 cents fully franked maintained for FY15
- FY16 EBITDA forecast to increase circa 10%, underpinned by recent contract wins
- Strong Balance sheet

Power generation company Pacific Energy Limited (“Pacific Energy” or “the Company”), today announced a 10% dip in EBITDA for the year ended 30 June 2015 to \$30.8 million on slightly lower revenues of \$45.8 million. Adjusted EBITDA² was also down by 10%, to \$31.5 million.

In analysing the lower Adjusted EBITDA result, the following principle factors have been identified in addition to a 4% fall in revenues that occurred in subdued trading conditions:

- The previous year’s result included \$2.0 million in one-off gains - a \$1.3 million receipt from settlement of a claim relating to the Victorian hydro power operations plus a \$0.7 million one-off early contract termination receipt from a customer;

¹Adjusted profit after tax equates to the reported net profit after tax pre non-cash amortisation charges, non-cash employee share and option expense, one-off CEO resignation payment and the related tax effect.

²Adjusted EBITDA equates to EBITDA pre non-cash employee share and option expense, impairment of intangible assets, and a one-off CEO resignation payment.

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- Due to lower levels of construction activity in the KPS business together with a 9% increase in total electricity generated, a greater level of general and preventative maintenance was performed during the year. Together, these factors saw maintenance and consumables expenditure increase by approximately \$1.5 million; and
- The impact of required rectification works on the waste heat recovery system by supplier, Bowman Energy Recovery Systems, temporarily deferred the roll-out of the waste heat recovery units at the Garden Well and Moolart Well power stations.

Managing Director's Comment

Pacific Energy's Managing Director, Mr Jamie Cullen commented that despite the modest fall in earnings, Pacific Energy's result was credible given the current mining climate.

"On a relative basis, I think the business has stood out as being quite resilient in a sector that has been going through a most difficult time" he said. "Like most companies exposed to natural resources, we have been impacted by the downturn, but have stabilised with our balance sheet intact, with quality income under long term contracts in place and with growth opportunities in the new year ahead."

Mr Cullen added that he expects a stronger result in FY16 with forecast EBITDA growth of circa 10%.

"During the year Pacific Energy's contracted power capacity fell back to 210MW late in the first half, however we have recently managed to build that back up to 234MW as a result of several contract wins. This is an 11% increase in contracted power capacity and, together with the conversion of the Tropicana power station from diesel to gas and re-starting the roll out of waste heat recovery units, will keep our operational teams busy and lead to increasing results" he said.

Projects recently completed or due for completion in the 2016 financial year that will contribute to earnings growth include:

- AngloGold Ashanti Australia Limited – conversion of existing KPS 44MW diesel fuelled Tropicana power station to gas fuelled power station;
- Saracen Gold Mines Pty Ltd – conversion and expansion of existing KPS 10MW diesel fuelled Carosue Dam power station to an 11MW dual fuelled (up to 80% gas, 20% diesel) power station;
- Saracen Metals Pty Ltd – new 14MW gas fuelled power station at the Thunderbox Gold Project;
- Metals X Limited – restart of existing KPS 8MW diesel fuelled power station at the Bluebird Gold Project; and
- Regis Resources Ltd - roll out of waste heat recovery units at Garden Well and Moolart Well.

Cash Flow & Dividend

The Company generated operating cash flow of \$25.2 million, up marginally from the prior year. This enabled debt to be reduced after payment of dividends and the year's capital expenditure requirements. The dividend rate of 2.5 cents per share has been maintained, representing a 6.25% fully franked yield based on a 40 cent share price.

The Company's net debt position at 30 June 2015 was \$20.2 million, representing a conservative gearing ratio of 18.5% to net tangible assets. Total bank facilities amount to \$65 million and the Company's balance sheet remains in a healthy position moving into the new financial year.

Outlook

Completion of work on hand will lead to increasing earnings during the 2016 financial year as the projects come on line. Most will be completed by the end of the first half, with the exception of the Tropicana gas conversion which will progressively ramp up from February 2016 to June 2016.

Both the Tropicana gas conversion project and the recently awarded Saracen Thunderbox gas power station require new gas generation equipment to be purchased. These purchases, together with other miscellaneous equipment requirements, will contribute to an estimated capital expenditure requirement of around \$30 million in FY16.

The Company has recently had several existing contracts extended and is currently in a range of discussions on both brownfield expansion projects with current customers and new greenfield projects, particularly in the gold sector. Management is optimistic that new contracts will be awarded during the year, further increasing contracted power capacity installed at site.

In addition, there are an increasing number of enquiries and requests coming from international projects, mostly owned by Australian listed companies as well as multinationals. Pacific Energy will pursue these projects in an effort to expand the geographical reach of its operations.

There are a range of other strategic alternatives being evaluated in the broader energy infrastructure sector as the Company looks to expand the nature and extent of its operations.

Financial Report – Result Summary

The table below provides a comparison of the key results for the twelve months to 30 June 2015 as reported, against the preceding twelve months to 30 June 2014:

Statement of Profit or Loss	% Change	Appendix 4E 12 months to 30 June 2015 \$'000	Comparison 12 months to 30 June 2014 \$'000
Revenue from operations	(4%)	45,796	47,947
Adjusted EBITDA	(10%)	31,503	34,959
EBITDA	(10%)	30,833	34,380
Income tax expense	(20%)	5,237	6,522
Adjusted profit after tax attributable to members	(14%)	14,782	17,169
Reported profit after tax attributable to members	(19%)	11,959	14,690
Dividends declared	1%	9,239	9,154

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 228MW of contracted capacity at 20 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 2015 \$'000	Comparison 12 months to 30 June 2014 \$'000	Comment
Profit after tax attributable to members	11,959	14,690	
Add back non-cash charges and one-off items:			
Amortisation of purchased contracts and associated rights	2,260	2,416	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.
Employee share and option expense	313	63	
CEO resignation payment	357	-	One-off payment to the previous CEO upon his resignation in December 2014.
Tax expense / (benefit) of non-cash and one-off items	(107)	-	Tax benefit of the non-cash and one-off items.
Adjusted profit after tax attributable to members	14,782	17,169	