



#### ISSUED CAPITAL

Shares 370.1M

Options 7.0M

#### KPS CONTRACT

CAPACITY

238MW

#### HYDRO CONTRACT

CAPACITY

6MW

25 February 2016

## PACIFIC ENERGY EXCEEDS FORECAST GROWTH; MAINTAINS FY16 INTERIM DIVIDEND

### Highlights

- EBITDA of \$17.3M – up 17% on pcp
- Adjusted NPAT<sup>1</sup> of \$8.7M – up 24% on pcp
- \$27M investment in equipment
- Interim cash dividend of 1 cent fully franked – in line with pcp
- Revised FY16 EBITDA guidance– previously 10% increase on FY15; now 14% increase
- Market conditions tightening

Power generation specialist Pacific Energy Limited (Pacific Energy), today announced earnings before interest tax depreciation and amortisation (EBITDA) of \$17.3M for the six months ended 31 December 2015.

The solid earnings result was generated on revenue of \$24.4M, which delivered an Adjusted NPAT<sup>1</sup> of \$8.7M. Statutory NPAT was \$7.3M.

### Managing Director's Comment

Pacific Energy's Managing Director, Mr Jamie Cullen commented that growth was generated from a number of previously announced contracts coming on line, together with good cost management.

“Given the current mining climate we are obviously very pleased with these results. Operationally our teams have been exceptionally busy working on new installations and will continue to be so for several months to come following the recent investment of \$27 million in equipment to 31 December and the forecast total of \$34 million for the full year”.

<sup>1</sup> Adjusted profit after tax equates to the reported net profit after tax before non-cash amortisation, non-cash employee share and option expense, 2014 CEO resignation payment and the related tax effects.

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Projects recently completed or due for completion in the remaining half of 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;
- Newmont Tanami Pty Ltd – 3.6MW expansion of the existing KPS 20MW diesel fuelled Dead Bullock Soak 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;
- Doray Minerals Limited for a 7MW dual fuelled power station at the Deflector Gold Project located in Western Australia; and
- Regis Resources Ltd - roll out of waste heat recovery units at Moolart Well.

The Company's labour expense was lower than the prior year due to a higher level of capitalization to bring various new assets into service for new contracts. Lower corporate overheads and improved cost management also helped to grow EBITDA above the prior period.

Mr Cullen said that "notwithstanding the solid result for the first half, we are seeing continuing difficult conditions in the broader mining sector with a limited number of new projects in the pipeline, a number of sites being forced to close and increased competition for what work is available. As a result we are being cautious in increasing our guidance from 10% EBITDA growth to 14% growth".

## **Cash Flow & Dividend**

The Company generated operating cash flow of \$12.8 million, up 29% from the six months to 31 December 2014. This, along with debt drawdowns enabled the Group to invest \$27 million in plant and equipment during the period, whilst maintaining an annual dividend rate of 2.5 cents per share.

As previously foreshadowed, the Company's net debt position at 31 December 2015 increased to \$36.3 million following the recent capex programme, representing a gearing ratio of 32.5% to net tangible assets. Total bank facilities amount to \$63 million and the Company's balance sheet remains in a healthy position.

## **Outlook**

Completion of work on hand will lead to increasing earnings during the remaining half of the 2016 financial year as the above projects come on line. The full year benefit will be realised in FY17.

The Company is responding to a number of tender and expression of interest requests. This includes several potential projects in Africa, where the Company is investigating opportunities for expanding its business.

The Company also continues to evaluate opportunities in the broader energy infrastructure sector as it 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 six months to 31 December 2015 as reported, against the preceding six months to 31 December 2014:

Comprehensive Income Statement	Change	6 months to 31 December 2015 \$'000	6 months to 31 December 2014 \$'000
Revenue from operations	6%	24,430	23,001
Adjusted EBITDA <sup>2</sup>	15%	17,609	15,368
EBITDA	17%	17,306	14,796
Reported profit after tax attributable to members	36%	7,296	5,347
Adjusted profit after tax attributable to members <sup>1</sup>	24%	8,653	6,973

<sup>1</sup> Adjusted profit after tax equates to the reported net profit after tax pre non-cash amortisation, non-cash employee share and option expense, 2014 CEO resignation payment and the related tax effects.

<sup>2</sup> Adjusted EBITDA equates to EBITDA pre employee share and option expense, 2014 CEO resignation payment and impairment of intangible assets.

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 238MW 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 - SIX MONTH RESULTS

### RECONCILIATION OF REPORTED NPAT TO ADJUSTED NPAT

Description	Appendix 4D 6 months to 31 December 2015 \$'000	Comparison 6 months to 31 December 2014 \$'000	Comment
<b>Profit after tax attributable to members</b>	<b>7,296</b>	<b>5,347</b>	
<b>Add back non-cash charges and one-off items:</b>			
Amortisation of purchased contracts and associated rights	1,054	1,130	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	303	246	Non-cash expense relating to the value of shares and options issued under employee incentive plans.
CEO resignation payment	-	357	
Tax expense / (benefit) of non-cash and one-off items	-	(107)	Tax benefit of the non-cash and one-off items.
<b>Adjusted profit after tax attributable to members</b>	<b>8,653</b>	<b>6,973</b>	