



ISSUED CAPITAL
Shares **372.1M**
Options **7.0M**

KPS CONTRACT
CAPACITY
292MW

HYDRO CONTRACT
CAPACITY
6MW

NOVAPOWER PEAKING
CAPACITY
10MW

22 February 2018

PACIFIC ENERGY REPORTS FURTHER GROWTH AND CONFIRMS GUIDANCE

Highlights

- Revenue from Operations up 3% to \$30.0 million
- Underlying EBITDA up 3% to \$21.0 million
- Cash flow from operating activities up 3% to \$17.3m
- Interim dividend of 1 cent fully franked
- Dividend Reinvestment Plan activated
- On track to meet forecast underlying EBITDA of \$43 – \$44 million

Power generation specialist Pacific Energy Limited (“Pacific Energy” or the “Company”), today announced a 3% increase in underlying earnings before interest tax depreciation and amortisation (“EBITDA”) to \$21.0M for the six months ended 31 December 2017 following a similar increase in revenues compared to the previous corresponding period.

Reported EBITDA was down 4% to \$20.3 million. Reported EBITDA for the first half of FY18 includes a charge of approximately \$0.7m in business acquisition and due diligence expenses, and the previous corresponding period included a one-off profit on the sale of a listed investment of \$0.8m. Both of these items have been eliminated in determining underlying EBITDA.

Managing Director’s Comment

Pacific Energy’s Managing Director, Mr Jamie Cullen commented that results were largely in line with forecast and that results for the full year would benefit from a stronger second half.

“During the six month period we remained busy installing and commissioning newly secured contracts and contract expansions, which, together with work scheduled for commissioning early in the second

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half is expected to lead to a record second half result as well as for the full year”.

Mr Cullen said that there had been increased price competition in the market over the last year and as a result the Company had secured less new work than expected, however the business’ strong and compelling fundamentals – financial, technical and operational – remained in place and were continuing to deliver growth for shareholders.

Since the same time last year, the Company has increased its contracted capacity by 51MW to 308MW, or 20%, and once fully installed and operating, the Company’s results will continue to build and deliver on guidance.

From 1 July 2017 to the date of this report, the Company’s KPS subsidiary secured contracts for new power stations and contract extensions/terminations for the following clients:

- Saracen Metals Pty Ltd for a 5MW expansion to the existing Carosue Dam power station, along with a contract extension to 2021;
- Regis Resources Ltd for a 4MW expansion to the existing Garden Well power station, along with a contract extension to 2023 together with a contract extension to 2020 at the Duketon site;
- Newmont Tanami Pty Ltd for a 2MW expansion to two existing power stations located in the Northern Territory, along with an extension of the contract term for each to 31 December 2018;
- Sandfire Resources Ltd for a three year contract for a new 4MW diesel-fuelled power station located at the Monty site in Western Australia;
- Aragon Resources Pty Ltd for a 3MW expansion to the existing Fortnum power station in Western Australia; and
- In November 2017 Newmont Tanami Pty Ltd notified KPS that it had been unsuccessful with its tender to supply two new gas-fuelled power stations which will replace KPS’s existing diesel fuelled power stations. As a result, the existing diesel-fuelled power station assets will be relocated to the Company’s head office facility and redeployed, on or after 31 December 2018, depending on the date of successful commissioning of the replacement power stations.

Cash Flow & Dividends

The Company generated record half-year cash flow from operating activities of \$17.3 million.

Capital expenditure of \$14m was higher than anticipated due to contract expansions that were secured during the half year. The Company expects only a modest level of capital expenditure during the second half.

The acquisition of NovaPower Pty Ltd was completed in December 2017. Final consideration of \$7.9m was funded from existing bank facilities and this increased the Company’s gearing level at 31 December 2017. Notwithstanding, the Company’s balance sheet remains conservatively geared with a net debt to enterprise value ratio of 16%, compared to 13% at 30 June 2017.

The Company has also maintained its interim dividend payout at 1 cps fully franked and has activated its dividend reinvestment plan.

Outlook

With the Company on track to meet its full year EBITDA guidance of \$43 - \$44 million, there is a

continuing focus on pursuing the existing tender pipeline and new opportunities in both Australia and Africa, as well as considering acquisition opportunities for long term power generation assets and businesses.

Financial Report – Result Summary

The table below provides a comparison of the key results for the six months to 31 December 2017 with the corresponding previous six months to 31 December 2016:

Comprehensive Income Statement	Change	6 months to 31 December 2017 \$'000	6 months to 31 December 2016 \$'000
Revenue from operations	3%	29,968	29,019
Underlying EBITDA	3%	21,046	20,461
Reported EBITDA	(4%)	20,336	21,277
Reported profit after tax attributable to members	(11%)	8,034	9,006

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 292MW of contracted capacity at 22 mine site locations across Australia.

Pacific Energy Victorian 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.

NovaPower, a wholly owned subsidiary of Pacific Energy Limited, owns and operates the 10MW Nova gas-fired power generation plant in Traralgon, Victoria. Nova is a high-efficiency/low emissions gas-fired power station which generates in quick response to electricity demand in peak periods.