PACIFIC ENERGY LIMITED
POWER GENERATION

2015 ANNUAL GENERAL MEETING



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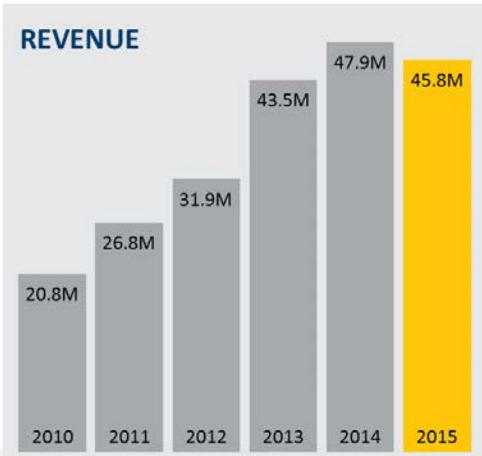
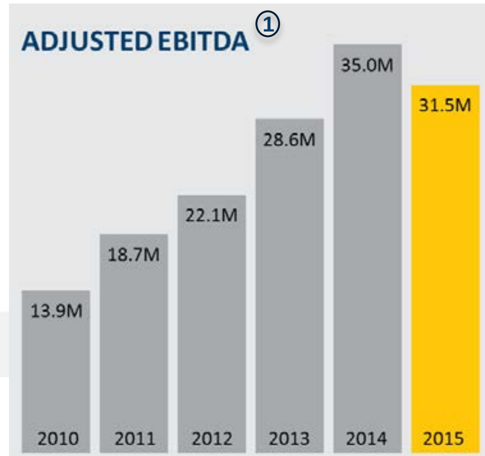
FY15 Highlights

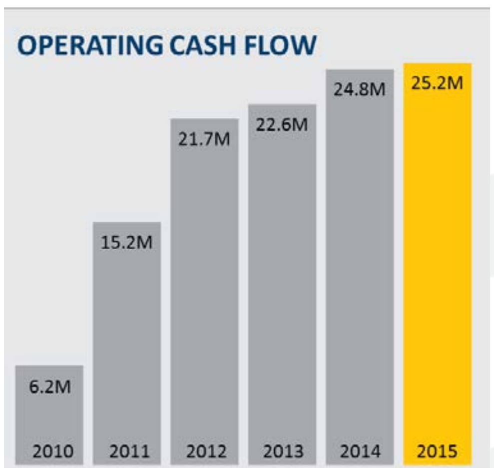
Results	▪ EBITDA $30.8m on sales revenue of $45.8m ▪ NPAT $12.0m ▪ Whilst both down slightly from last year a resilient set of results ▪ Dividend maintained at 2.5 cents per share (6.25% fully franked at 40c share price)
Financial Position	▪ Balance Sheet in sound position ▪ Conservative gearing at 18.5% (net debt to NTA) ▪ Net debt $20m Vs Net Tangible Assets $109m (Net Assets $130m) ▪ Continuing good cash generation from operations – up marginally to $25.2m, fully funding capex, dividends and debt reduction ▪ Strong improvement (77%) in working capital position
Operations	▪ Excellent safety performance ▪ Outstanding equipment reliability – almost 100% reliability factor ▪ Delivering savings to clients - industry leading fuel efficiency through innovation and technology, with diesel, gas, dual fuel and waste heat recovery options

Consistency





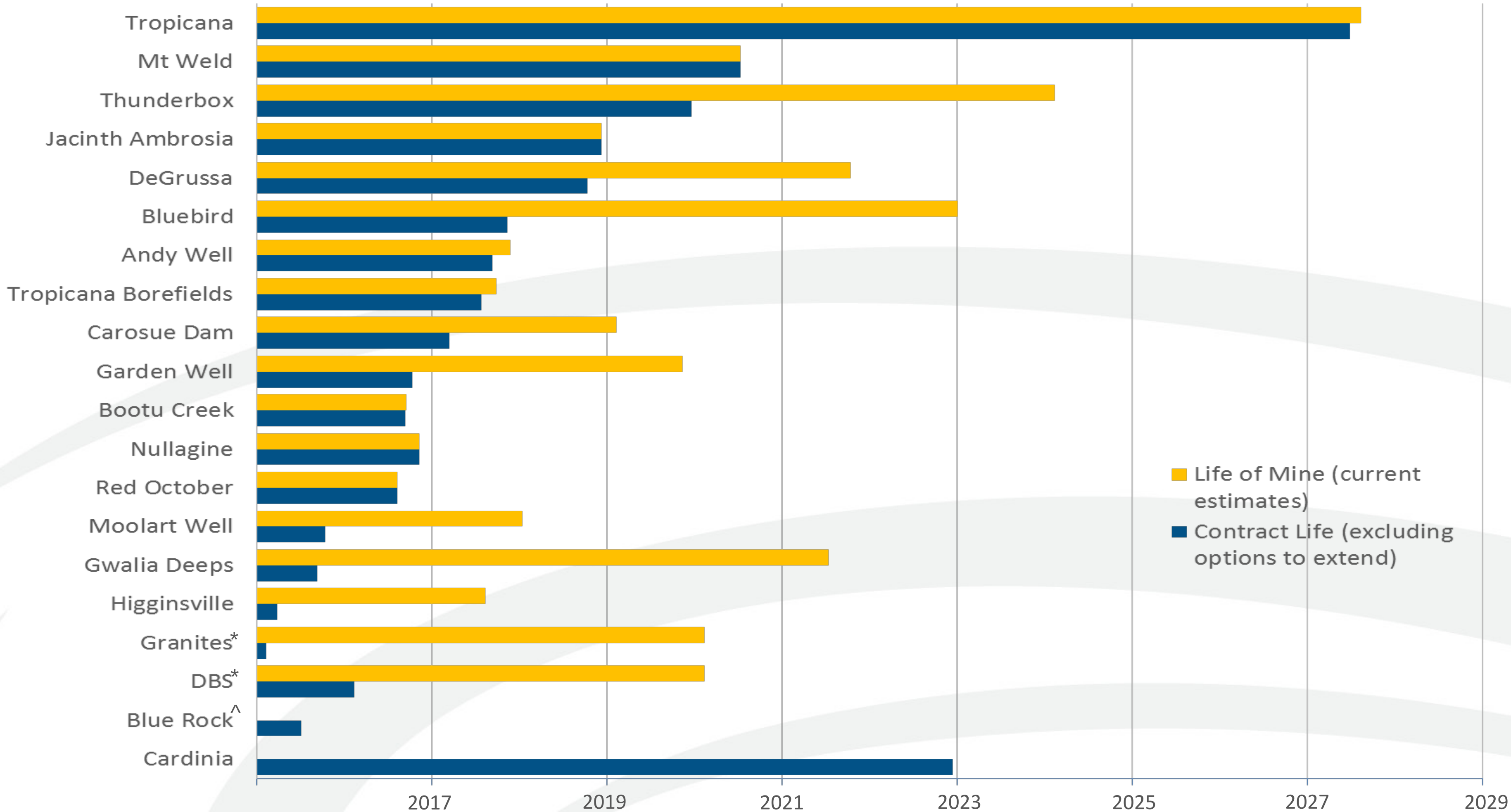
① Adjusted EBITDA equates to EBITDA pre impairment of intangibles, non-cash employee equity issue expenses and 2015 termination payment.



② Current

Visibility - Weighted average contract length over 4 years

Portfolio of power stations in WA, NT, SA and VIC under contracts as far out as 2028



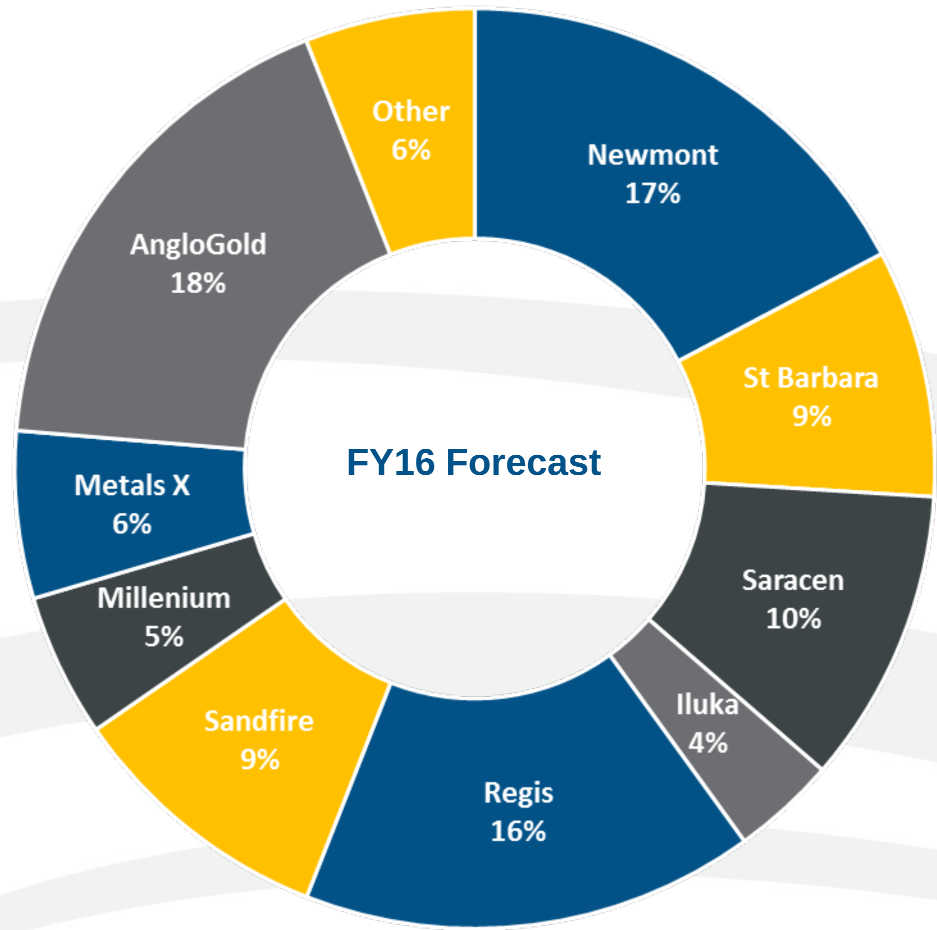
* On site since January 2008, contracts currently renewed annually

^ 6 months notice by either party

Stable Client Base

- Over 85% of revenue from clients with All In Sustaining Cost Margin exceeding 40%

- No iron ore exposure – mostly gold, precious metals and mineral sands



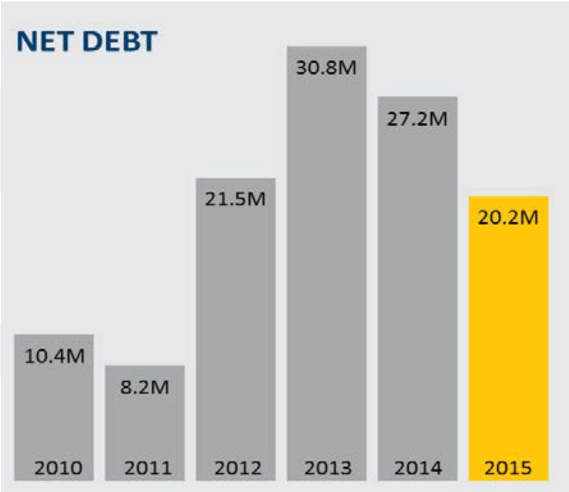
Supported by Strong Balance Sheet

	2015 $m's	2014 $m's
Cash	16.3	15.6
Receivables	5.5	6.6
PP&E	129.2	128.8
Intangibles	27.2	29.4
Other	0.9	1.0
TOTAL ASSETS	179.1	181.4
Current liabilities (ex debt)	4.2	5.3
Current debt	5.7	10.6
Non current debt	30.9	32.4
Deferred tax	6.9	6.1
Other	1.3	1.2
TOTAL LIABILITIES	**49.0**	**55.6**
NET ASSETS	**130.1**	**125.8**
NET TANGIBLE ASSETS	**109.3**	**101.9**

- **Key Ratios at 30 June**

	2015	2014
Current Ratio	2.29	1.45
Net Debt: Net Assets	15.5%	21.7%
Net Debt: NTA	18.5%	26.2%

- **Net Debt** **$20m**
- **Total Debt Facilities** **$65m**



Outlook

- After quiet first half with no new contracts, contracted power capacity has since stabilised and steadily increased, from intra year low of 210MW in December to 237MW (current).
- Growth in FY16 underpinned by recent contracts:
  - Tropicana – conversion of existing 44MW diesel fuelled power station to gas fuelled
  - Carosue Dam – conversion and expansion of existing 10MW diesel fuelled power station to 11MW dual fuelled
  - Thunderbox – new 14MW gas fuelled power station
  - Bluebird – restart of 8MW diesel fuelled power station
  - Moolart Well – roll out of waste heat recovery units

Outlook cont.

- Contract extensions also secured at Bootu Creek, Dead Bullock Soak and Higginsville sites
- Currently engaged in discussions on various brownfield and greenfield projects – more brownfield than greenfield opportunities
- KPS business well placed in current climate as it focusses on driving down fuel consumption costs and maintaining industry leading reliability through innovation and technology
- Can now offer solar hybrid solution through partnering with utility scale solar EPC provider – Sandfire's DeGrussa integrated diesel (KPS)/solar power station is one of the largest in the world at a mine site
- Looking to expand geographical reach to other countries with remote power requirements – currently addressing several international opportunities / enquiries
- Also looking for opportunities and acquisitions in the broader energy infrastructure market

Guidance

- **FY16 EBITDA expected to increase by around 10% - underpinned by long term contracts and new contracts in hand**
- **Results to 31 October ahead of budget and well on track to deliver forecast growth**
- **Second half will be stronger than first half as new installations come online. FY17 will receive the full year benefit of the projects completed during FY16**
- **FY16 Capex likely to be around $30M largely to fund new gas units for Tropicana and Thunderbox projects**
- **Expect dividend to be maintained (6.25% Fully Franked yield on 40 cent share price)**
- **Potential developments in geographical expansion and M&A**

Summary

FUNDAMENTALS	▪ Production phase exposure – ongoing and permanent requirement for power at operating mines ▪ Consistency and visibility in earnings across a diversified client base ▪ Long term contracts out to 2028
RESOURCE SECTOR COST FOCUS SUITS	▪ Demand for cost effective power solutions suits KPS business ▪ Market leading position in diesel, gas and dual fuel technology ▪ Introducing solar/diesel hybrid power capabilities
STRONG AND LONG TERM RELATIONSHIPS WITH SOLID CLIENTS	▪ Strong relationships with global and Australian based miners provide ongoing opportunities ▪ Profitable and stable clients with long term viable projects
OPPORTUNITIES FOR EXPANSION	▪ International markets for remote power supply – eg. Africa ▪ Looking at broader energy infrastructure opportunities ▪ Possible acquisitions
FINANCIAL HEALTH	▪ Balance sheet in good health with gearing < 20% (net debt $20m) ▪ Total debt facilities $65m at 30 June 2015 ▪ Consistent and strong cash flow from operations ▪ Continuing fully franked dividends

Conclusion

Thank You

Q&A