



23 February 2017

## PACIFIC ENERGY CONTINUES GROWTH WITH RECORD HALF YEAR RESULT

### Highlights

- Revenue from Operations up 19% to \$29.0 million
- EBITDA up 23% to \$21.3 million
- Underlying EBITDA up 18% to \$20.5 million
- NPAT up 23% to \$9.0 million
- Capex reduced to \$7.9 million from \$27 million
- Interim dividend of 1 cent fully franked
- Confident of meeting full year EBITDA guidance of \$40 – \$41 million
- Strong tendering pipeline expected to lead to new contracts

Power generation specialist Pacific Energy Limited (Pacific Energy), today announced earnings before interest, tax, depreciation and amortisation (EBITDA) of \$21.3M for the six months ended 31 December 2016 following a 19% increase in revenues. Underlying EBITDA was up by 18% to \$20.5 million.

### Managing Director's Comment

Pacific Energy's Managing Director, Mr Jamie Cullen commented that results were largely in line with forecast.

"The new capacity we brought on line last year has delivered the growth we expected and we remain confident of meeting our full year guidance. Importantly for the business, recent tendering activity on new projects has been strong and there are several expansion opportunities with existing customers. With our ability to guarantee fuel efficiency, coupled with exceptional remote power reliability, we have a reasonable expectation of securing new long term contracts in the coming months that will lock in further growth for the years ahead".

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Mr Cullen said that in addition to its traditional market in Western and Central Australia, the Company has recently bid projects in Queensland as well as in several African countries.

“Progress with our recent African expansion strategy has been pleasing to date. We have already submitted bids on several projects and so far have been nominated as the successful bidder on one of these, subject to final contract negotiations. The project requires a hybrid power station (10MW of heavy fuel oil generators together with 5MW of solar) under a long term contract, expected to commence in March 2018. We have capitalised on our strategic solar alliance with juwi Renewable Energy in progressing this opportunity.”

From 1 July 2016 to the date of this report, new power station contracts and contract extensions were secured with the following companies:

- A 5MW diesel fuelled power station under a five year contract with Westgold Resources Limited's wholly owned subsidiary, Aragon Resources Pty Ltd at the Fortnum Gold Project located in Western Australia;
- Newmont Tanami Pty Limited for a combined 8MW expansion to two existing power stations, both located in the Northern Territory, along with a 12-month extension of the contract term;
- Restart of an existing 5MW power station (2.5 year contract) for OM (Manganese) Ltd at the Bootu Creek Manganese Mine located in the Northern Territory;
- St Barbara for a new eight year contract for the existing 16MW diesel fuelled power station located at the Gwalia Gold Mine in Western Australia; and
- Saracen Metals Pty Ltd for a 1.5MW expansion to the existing Thunderbox power station in Western Australia.

## Cash Flow & Dividends

The Company generated record cash flow from operating activities of \$16.9 million, up 31% from the prior year.

These operating cash flows were used to fund capex of \$7.9 million, fund the final dividend payment and reduce debt. At 31 December 2016 the Company's gearing ratio (net debt:NTA) had reduced in line with budget to a level of 26%.

The interim dividend rate of 1.0 cent per share has been maintained and is fully franked.

## Outlook

The Company is on track to meet its full year EBITDA guidance of \$40 - \$41 million, which is based largely on contracts in hand.

There is potential to secure new power station contracts as a result of a strong tendering pipeline, with the Company at various stages in a number of tender processes amounting to a combined requirement of over 100MW. Additionally, growth may arise from expansion opportunities with several existing customers who are currently in discussions with the Company.

The directors are pleased with the Company's African expansion strategy to date, with numerous projects identified as requiring remote power, several having being tendered and the first contract considered to be imminent.

The Company moves into this potential new growth phase in a sound financial position, with a solid balance sheet, conservative (and reducing) gearing and reliable cash flow from operations.

## Financial Report – Result Summary

The table below provides a comparison of the key results for the six months to 31 December 2016 with the corresponding previous six months to 31 December 2015:

Comprehensive Income Statement	Change	6 months to 31 December 2016 \$'000	6 months to 31 December 2015 \$'000
Revenue from operations	19%	29,019	24,430
Underlying EBITDA	18%	20,461	17,306
Reported EBITDA	23%	21,277	17,306
Reported profit after tax attributable to members	23%	9,006	7,296

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 252MW of contracted capacity at 21 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.