PACIFIC ENERGY LIMITED

ASX : PEA

HY17 RESULTS PRESENTATION

FEBRUARY 2017

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HY17 Highlights

Financial

- EBITDA up 23% to $21.3m (underlying EBITDA up 18% to $20.5m)
- NPAT up 23% to $9.0m
- 23% increase in EPS
- Interim dividend maintained at 1.0 cps fully franked
- Gearing (net debt:NTA) down from 32% to 27%
- Balance sheet in good health and able to support further growth
- Operating cash flow up 31% to $16.9m
- Confident of meeting full year EBITDA guidance of $40m - $41m

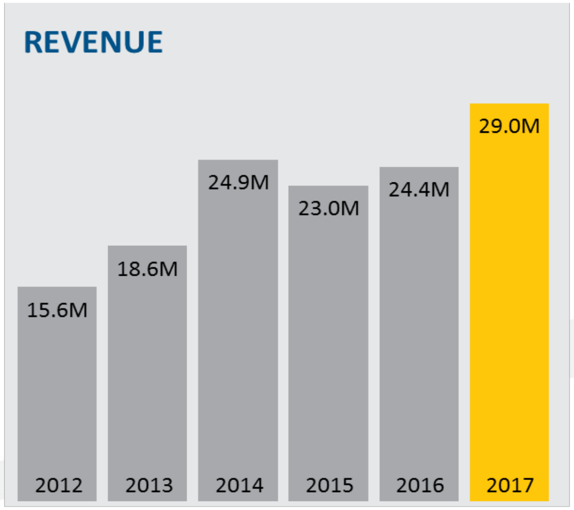
PEA is a sector stand out with annuity style income and excellent earnings visibility under long term contracts.

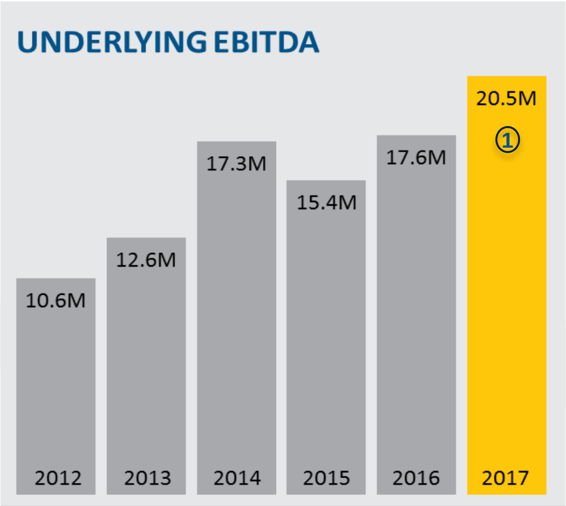
Operating

- Record level of contracted capacity – 258MW following new brownfields (expansions) and greenfields contracts
- African expansion strategy progressing well - advanced stages of tender process on two projects; submitting proposals on several others
- Robust tendering activity covering traditional Western/Central Australian market as well as Queensland and Africa – expect to hear results for 125+MW of tenders/proposals in coming months
- Excellent reliability, availability and fuel efficiency achieved in the field

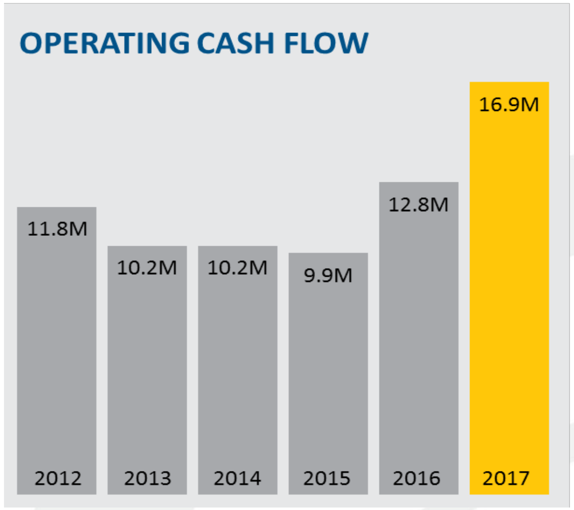
Consistency

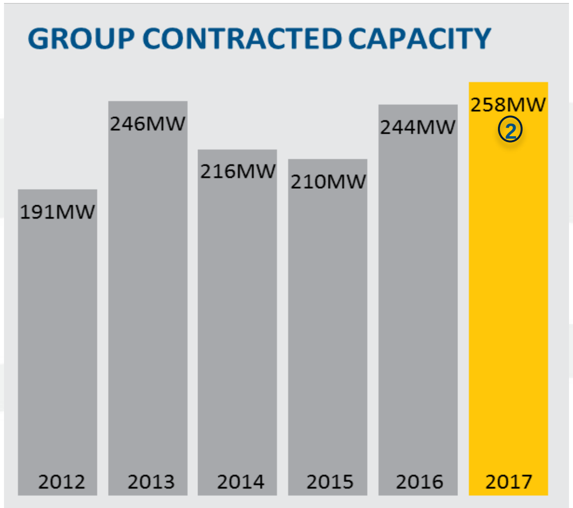
- **Against the headwinds of the mining downturn in recent years, PEA has been stable and dependable**





1 Underlying EBITDA equates to EBITDA before recognising profit on sale of other assets and investments.





2 Current

Supported by Strong Balance Sheet

	Dec 16 $m's	Jun 16 $m's
Cash	8.6	5.8
Receivables	6.6	6.6
PP&E	155.6	154.9
Intangibles	24.7	25.2
Other	1.0	1.9
TOTAL ASSETS	**196.5**	**194.5**
Current liabilities (ex debt)	6.3	6.2
Current debt	5.8	5.8
Non current debt	33.3	36.2
Deferred tax	9.5	8.4
Other	1.1	1.1
TOTAL LIABILITIES	**56.0**	**57.7**
NET ASSETS	**140.5**	**136.8**
NET TANGIBLE ASSETS	**125.3**	**120.0**

- **KEY RATIOS**

	Dec 16	June 16
Current Ratio	1.3	1.2
Net Debt:Net Assets	21.8%	26.5%
Net Debt:NTA	26.6%	32.0%

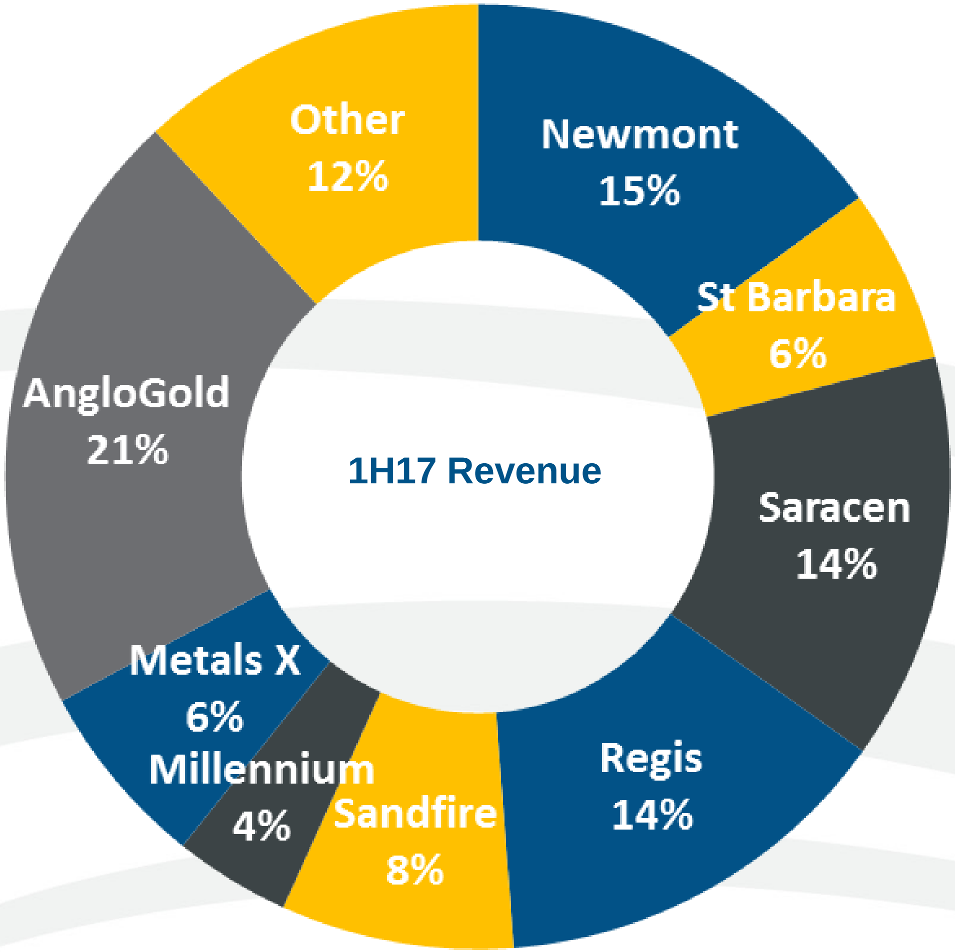
- Net Debt $30.6m
- Total Debt Facilities $63m
- Significantly lower capex compared to HY16 ($8m Vs $27m)
- In the absence of any major unbudgeted capex in FY17, gearing at 30 June 2017 expected to reduce to 22% as strong operating cash flows continue

Stable Client Base and Earnings Visibility

- Long term contracts in place - weighted average remaining contract duration approaching 4 years provides strong earnings visibility

- Approximately 80% of revenue from clients with All In Sustaining Cost Margin exceeding 30%

- Commodity exposure – mostly gold, copper, precious metals and mineral sands



Recent Contracts

- **The following new power station contracts/expansions have been secured since 1 July 2016:**
  - **Westgold - new 5MW diesel fuelled power station. Five year contract about to commence at Fortnum**
  - **Newmont - 8MW expansion underway at Tanami operations**
  - **OM Manganese - restart of 5MW power station at Bootu Creek**
  - **Saracen - 1.5MW expansion at Thunderbox power station**
- **Contract extensions have been secured with:**
  - **St Barbara – eight years**
  - **Newmont – one year**
  - **Others pending**

Outlook

- **Confident of achieving FY17 EBITDA guidance of $40m - $41m**
- **Record level of contracted power (258MW), almost all of which is fully installed and operating**
- **In addition to traditional western / central Australian market, now quoting work in Queensland and Africa**
- **Pipeline of new work tendered / priced now over 125MW – potential for material contract awards in coming months, subject to projects securing funding.**
- **Several existing customers also seeking more power generation capacity, so likely increases in requirements will result**
- **Strategic expansion into African markets well underway – bid / bidding various projects and confident of imminent contract success, subject to projects finalising funding**
- **Confident about finishing FY17 with guidance being met and having new long term contracts in hand to underwrite future growth**
- **Actively seeking opportunities for investment / acquisition in the broader energy and infrastructure market, with recurring revenue theme**

Summary

FUNDAMENTALS

- Steady and dependable business continues to deliver
- Provide an essential and permanent specialist service
- Visibility in earnings a key differentiator – long term contracts out to 2028

MINERS' COST FOCUS PLAYS TO KPS STRENGTHS

- Demand for cost effective power solutions suits KPS business
- Market leading position in diesel, gas, dual fuel and waste heat technology

STRONG AND LONG TERM RELATIONSHIPS WITH SOLID CLIENTS

- Long term relationships with global and Australian based miners
- Profitable and stable clients with long term viable projects

GROWTH PLUS NEW OPPORTUNITIES

- 2017 set to deliver record result based on contracted revenue
- New business established in Africa – expect roll out of KPS business model to generate growth
- Record amount of work tendered – expect contract success in second half
- Looking at broader energy infrastructure opportunities and acquisitions

FINANCIAL HEALTH

- Balance sheet in good shape
- Consistent and strong cash flow from operations
- Continuing fully franked dividends – 3.5% current yield (@ 70 cents per share)

Conclusion

Thank You
Q&A