

STEADY PROGRESS AS HALF YEAR RESULT HOLDS THE LINE

- **MPower makes steady progress**
- **New initiatives under way**
- **Broadspectrum consortium opens up large scale solar**

Sydney – 27 February 2017 – Tag Pacific Limited (ASX: TAG) today released its half year result, underpinned by the steady performance of its MPower subsidiaries.

MPower delivered a broadly breakeven EBITDA result in line with the prior comparative period. The revenue and margin composition of the result is somewhat different from the prior comparative period with higher margins being attained on lower revenues.

MPower's project activities, particularly in the renewable and battery storage sectors, often incorporate an innovation component and this is a factor contributing to fluctuations in timing of revenue recognition and the firming of new contracts. Group revenue for the first half was \$22.4 million (2015: \$28.1 million). At the Tag Pacific Limited consolidated level, the after-tax loss for the period of \$1.3 million is in line with the prior comparative period.

The first half of the 2017 financial year has been punctuated by several successes and new initiatives:

- MPower and TrinaBEST formed an alliance that will see a range of TrinaBEST residential battery storage products launched across Australia. The range will target the expected uptake in residential battery storage by leveraging the well-known Trina brand. Delivery of the first shipment is imminent.
- MPower completed a ground-breaking battery storage project which sits alongside a 1MW solar PV farm at Karratha Airport in Western Australia. The \$1.7 million project incorporates advanced cloud prediction technology that anticipates cloud cover and enables the level of battery storage to be optimised.
- MPower achieved two significant milestones in the evolution of its Bardic emergency lighting range by launching a revamped range of advanced products and then reaching the first \$1.0 million in committed project orders. Delivery and revenue is staggered as the projects roll-out; and the project pipeline continues to grow.
- MPower's \$14 million solar farm project in Samoa has been energized and is undergoing final testing and finetuning. The 5MW project is the largest solar project undertaken by MPower and represents a substantial proportion of Samoa's generation capacity.

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ASX ANNOUNCEMENT (continued)

On top of the above successes, earlier this month MPower finalised the formation of a new consortium with Broadspectrum (Australia) Pty Ltd, a subsidiary of the global infrastructure company, Ferrovial. The parties have executed a binding Memorandum of Understanding to work together to jointly identify, pursue and construct large scale solar projects in Australia. In a move designed to target the expected future growth in this sector, Broadspectrum will lead the construction activities and MPower will lead the engineering and design activities, reflecting the strength that each party brings to the consortium. For many years MPower has punched above its weight; the relationship with Broadspectrum unlocks a new scale of opportunity that is expected to reap rewards moving forward.

MPower's distribution activities have advanced in recent months on the back of improvements introduced by new management. The focus is on batteries, solar componentry and the proprietary Bardic emergency lighting range. These activities are now more foreseeable than before and although not yet in positive territory, the month on month advances are noteworthy.

The bid pipeline for projects has substantially increased and is expected to result in an increased order book over time across a range of projects. Beyond the submitted bids, work is continuing on a host of other opportunities, including large scale solar opportunities being pursued by the Broadspectrum MPower Solar Consortium.

Tag has in the past commented that the reduction in the cost of both solar PV and battery storage, combined with technical improvements and changing community and business attitudes towards renewables, are factors that are driving the Group's investment focus. The way power is generated, sourced, stored and distributed is changing – and Tag sees its investment in MPower as a strategic one; and one that is central to these changes.

ABOUT

Tag Pacific Limited is a Sydney-based investment house listed on the Australian Securities Exchange with a focus on niche areas of the power industry. Tag has invested in a diverse range of companies and activities that have been brought together primarily to operate under the banner of MPower. The company's mission is to invest in the power industry in a manner that creates and enhances value and achieves above average returns.

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