

## HALF YEAR MILESTONES ACHIEVED

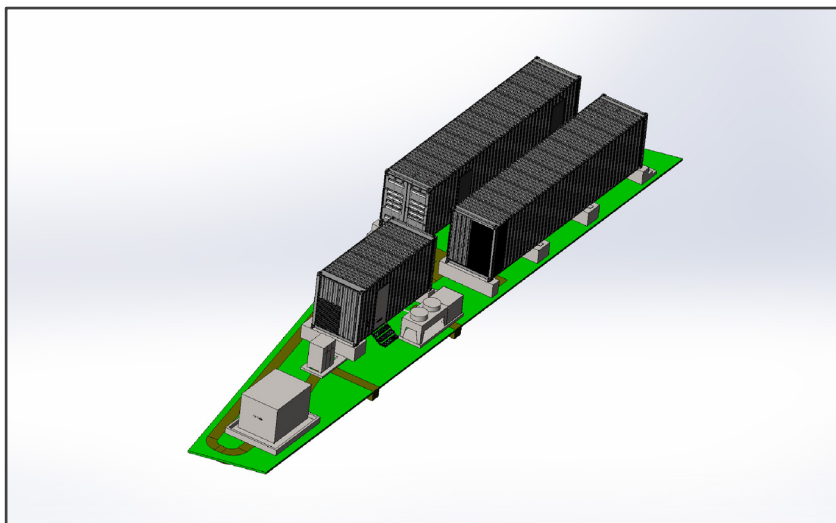
- **Leading renewables integrator MPower achieves half year milestones**
- **Energy storage expertise further enhanced**
- **Growth in distributed power sector continues**
- **MPower's financial performance improves**

### Sydney – 28 February 2018 – Tag Pacific Limited (ASX: TAG)

The revolution in the Australian power sector continues to be the subject of daily media coverage and this plays neatly into the niche areas where MPower has developed expertise in renewable energy, hybrid systems and energy storage. MPower's integration capability in the new era power sector is strategic and unique in that its solutions are engineered in-house and encompass work for blue chip enterprises; power utilities; and leading energy providers.

MPower's innovation and technical excellence drove the group forward during the half year under review and included work on numerous ground-breaking projects:

- A landmark 5.6 MWh energy storage contract underway in the Cook Islands. The project is intended to provide increased flexibility for the island's electricity utility to manage the increasing renewable generation feeding into the grid.
- A hybrid residential power system trial that will run in parallel to the grid with the aim of eliminating electricity usage from the grid by integrating the latest battery storage technology.



**MPower's next generation battery energy storage capability was launched during the period under review**

Tag Pacific Limited  
ABN 73 009 485 625

Phone +61 2 8275 6000  
Fax +61 2 8275 6060

Suite 3204  
Level 32 Australia Square  
264 George Street  
Sydney NSW 2000

GPO Box 4032  
Sydney NSW 2001  
Australia

[TAGPAC.COM](http://TAGPAC.COM)  
[MPOWER.COM.AU](http://MPOWER.COM.AU)

**mpower**  
A Tag Company

## ASX ANNOUNCEMENT (continued)

- Sophisticated off-grid DC power systems for the Northern Gas Pipeline, featuring solar PV arrays, battery energy storage and control systems.
- NSW's largest grid support battery that will augment the grid in times of peak demand, potentially delaying the need for major capital expenditure associated with growing power demand in a residential area.

Revenue for the first half of the 2018 financial year was \$21.7 million, 3% below the prior comparative period and 22% above revenue for the second half of the 2017 financial year. MPower's net operating expenses were 22% lower than the immediately preceding six months and this together with a strong project order book at the start of the year helped to deliver a marginally positive EBITDA for MPower for the period. By way of comparison, MPower had a negative of EBITDA of \$1.8 million for the 2017 financial year.

The Tag Pacific Limited after-tax loss for the half year was just under \$1.0 million after taking head office and listing costs into account.

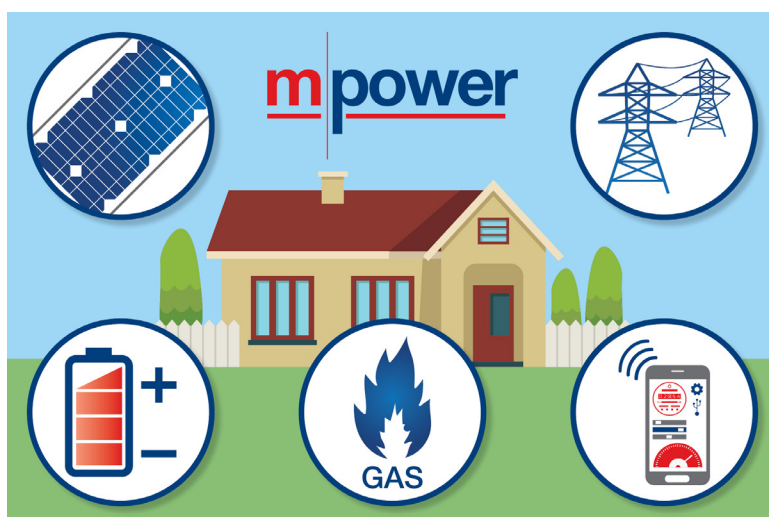


**MPower is currently delivering a 5.6 MWh battery energy storage system for the Cook Islands incorporating lithium ion technology**

## ASX ANNOUNCEMENT (continued)

Management continues to focus on improving MPower’s prospects and has made progress on a number of fronts. The prospective bid pipeline for projects continues to increase and runs into the hundreds of millions of dollars including large scale solar opportunities being pursued by the Broadspectrum MPower Solar Consortium. The confirmed order book includes a range of high specification projects, but the aspiration is for a much higher level of activity in the medium term. Business development resources are well coordinated and are working aggressively to achieve this outcome.

Many of the opportunities available to MPower stem from the next generation battery energy storage capability developed by MPower and launched during the period under review. The continuing expenditure on solution development is significant. MPower is making advances in broadening its capacity to provide renewable and other power solutions and is investing in its capability to develop an ongoing competitive advantage. This aligns with the market’s move towards micro-grids in off-grid scenarios and with solar and battery solutions becoming ubiquitous as product and technology costs diminish. Current and past projects are a tangible showcase of MPower’s capacity to design and build complex power systems with innovation that integrates multiple power technologies – and MPower has established an enviable reputation for reliability.



**MPower has developed hybrid residential power systems that integrate solar PV, energy storage and micro gas generation and cogeneration**

MPower’s distribution activities continue to sharpen its focus on batteries and solar componentry, particularly for off-grid situations in Australia, New Zealand and the Pacific. Battery storage for existing rooftop solar systems is considered by some commentators to be flavour of the month, but market acceptance is not yet in top gear. Meanwhile the proprietary Bardic emergency lighting range is gaining traction as its new innovations become more recognised.



## ASX ANNOUNCEMENT (continued)

Significant progress has been made in containing costs across MPower and this is reflected in noticeably lower employment and operational costs for the half year. Net operating expenses were in fact 22% down on the second half of the 2017 financial year and further improvements are anticipated during the remainder of 2018. Opportunities to rearrange operating premises and facilities to create a centre of technical excellence are also under active consideration.

The balance sheet continues to be well controlled. The group's operating cashflow for the half year was positive and the cash balance at 31 December 2017 was \$5.4 million (2017: \$3.9 million). Natural cash flow cycles relating to project activities are expected to result in greater cash outflows in the second half. Borrowing levels remained relatively unchanged throughout the period.

The group holds very significant intellectual property, including solution and development work that has been undertaken, but no intangibles of any material consequence are capitalised on the consolidated balance sheet. Future tax benefits are also not capitalised on the balance sheet. Franking credits of \$7.4 million are available for use at a later date.

The sweet spot for MPower is in integrating solutions that will cater for the inevitable move away from centralised power generation towards multiple sources of distributed renewable energy. Managing the complexities and challenges that arise from intermittent power generation being fed into existing power networks or micro-grids is a core competency of the group. To achieve its objectives, the group is considering alternative ways to ease the constraints it has on both its physical and financial resources. This could involve either an injection of capital or some other form of corporate activity in which the company would be strengthened and able to pursue the huge opportunities that it foresees in the dynamic and changing distributed power environment.

### For further information please contact:

Peter Wise  
Chairman  
Tag Pacific Limited  
T: +61 2 8275 6000

Nathan Wise  
Chief Executive Officer  
Tag Pacific Limited  
T: +61 2 8275 6000

## 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 over time.