

CASE STUDY



COMPANY SPOTLIGHT



Market capitalisation at time of purchase	Market capitalisation at time of sale	Industry Sector
\$148m	\$461m	Energy Infrastructure / Utilities

PACIFIC ENERGY LIMITED (ASX: PEA)

Pacific Energy was a provider of remote power generation solutions focused on the Australian mining, resources and regional infrastructure sectors. The company owned and operated power stations supplying electricity to remote mining operations, industrial customers and regional communities under long-term contracted arrangements. Its business model is centered on build-own-operate energy infrastructure with high recurring revenues and long asset lives.

WHY DID WE INVEST?

- **Essential Infrastructure with Recurring Revenue:** Pacific Energy operated critical power infrastructure servicing remote mines and industrial operations where reliable electricity supply was essential to customers' operations. Long-term contracted revenue provided earnings visibility and resilience.
- **Exposure to Growth in Resources & Energy Demand:** Expansion in Australian mining activity and remote infrastructure development supported increasing demand for outsourced power generation solutions.
- **Strong Cash Generation & Contracted Earnings:** The company's operating model generated predictable cashflows underpinned by multi-year power purchase agreements, creating an attractive infrastructure-like earnings profile.
- **Operational Expertise & Market Position:** Pacific Energy had developed a strong reputation in remote power solutions, technical capability and disciplined project execution, creating competitive advantages in a specialised market niche.

ENTRY PRICE

- Began initially purchasing shares in August 2015 at \$0.38 and continued to purchase over time with an average purchase price of \$0.49.

COMPANY SPOTLIGHT



Pacific Energy Limited (ASX:PEA) - Share Pricing



Source: S&P Capital IQ

WHY DID WE SELL – Acquisition by QIC

- In 2019, Pacific Energy received an acquisition proposal from infrastructure investor QIC Private Capital. The proposal recognised the strategic value of the company's contracted power generation platform and growth opportunities in distributed and renewable energy.
- The acquisition valued Pacific Energy at approximately \$470 million, representing a substantial premium to the prevailing market price and crystallising value for shareholders.
- Following completion of the takeover and subsequent orderly disposal of remaining holdings, we exited the position in line with our value realisation strategy.

INVESTMENT OUTCOME

- Began initially purchasing shares in August 2015 at \$0.38 and continued to purchase over time with an average purchase price of \$0.49.
- Received circa \$0.17 in dividends per share over the investment period.
- Sold at an average sale price of \$0.962 with the last sale in November 2019 at \$1.005 in the scheme.
- Gain of 103.3% on our investment over the period, equating to a money weighted IRR of approximately 32.7%.