A POWERFUL PLATFORM

Nathan Wise – Chief Executive Officer

Tag Pacific Limited Annual General Meeting 2014

30 October 2014

TAGPAC.COM
MPOWER.COM.AU

Strategically investing in power

A Tag Company

The power sector offers attractive growth opportunities in the years ahead

Strategically investing in power

Our mission is to invest in the power industry to create and enhance value and achieve above average returns

SUMMARY

- Overview – a powerful platform
- Full year results
- MPower and divisional wrap-up
- Power convergence update

OVERVIEW

- Principal investment is MPower Group, a successful leader in quality integrated power systems and products
- MPower Group consists of:
  - MPower Projects
  - MPower Products
  - MPower Pacific
  - Supported by MPower Business Services

Integration

- FY2014 was the first full financial year following the integration of the MPower Group
- A number of non-recurring legacy matters relating to previous management were dealt with
- Significant investment made to integrate the group and lay the foundation for future growth

OVERVIEW

A powerful platform

- MPower represents a powerful base with exciting growth potential
- Broad and unique offering in the power sector
- Aligned to the trend towards power convergence
- A talented team with unmatched capability and experience
- Proven track record of delivering mission critical projects for top tier customers
- Gradual improvement expected in underlying business, but forecasting continues to be very difficult
- Exposure to future growth in off-grid power systems and energy storage systems

OVERVIEW – INVESTMENT PROGRAM

Tag is an investment company at heart

- Improving MPower's performance has been prioritised in recent times
- Accordingly, our quest for new power related investments has been delayed
- Intention is to expand further, both within and beyond the MPower horizon
- Now actively seeking new opportunities to invest

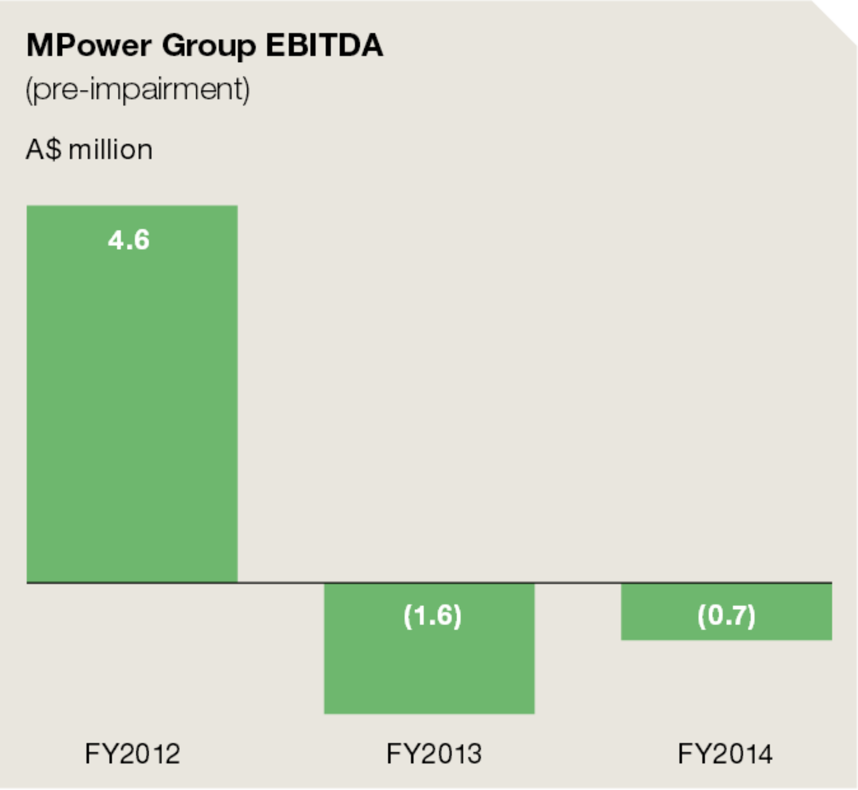
OVERVIEW – FULL YEAR RESULTS

	Year to 30 June 2014 A$'000	Year to 30 June 2013 A$'000
Revenue from ordinary activities	**54,650**	**64,171**
Other income	**47**	**5**
Loss after tax attributable to members	**(5,624)**	**(2,719)**

- Statutory loss includes two non-cash items totalling $3.1 million:
  - – Impairment against intangibles ($1.3 million)
  - – Reassessment of deferred tax assets ($1.8 million)

OVERVIEW – FULL YEAR RESULTS

MPower result



- EBITDA (pre-impairment) improvement of $0.9 million over FY2013
- Gross margin contribution only slightly down from $15.4 to $15.0 million despite lower sales
- Operating costs substantially reduced by $1.3 million
- Still some way off historical performance levels

OVERVIEW – FULL YEAR RESULTS

- FY2014 result below expectation
- Result impacted by legacy management issues and soft trading conditions
- Some project award and delivery timelines pushed out
- Solar continues to be impacted by uncertain policy environment
- First quarter FY2015 revenue down on prior period

What's being done

- New business development resources on board
- Targeting major projects with significant value-add opportunities
- Constant activity regarding new product initiatives
- Operating costs substantially reduced
- New digital presence, including online ordering capability (launched last month)
- Investment program returning to the fore

OVERVIEW – ROBUST BALANCE SHEET

- Balance sheet remains strong
- Total assets of $44.8 million at 30 June 2014
- Shareholders' equity of $24.1 million at 30 June 2014
  - NTA of 23.4cps
  - Net assets of 25.7cps
- Healthy cash balance at year end
  - $11.3 million cash held at year end
  - Includes unusually high temporary cash receipts for projects
  - $1.4 million bank loan repaid after year end
- Low level of intangibles
  - $2.2 million at 30 June 2014
- No full year dividend paid
  - $7.4 million in franking credits available for future dividends

SPOTLIGHT ON MPOWER

- Reputation for delivering reliable power solutions for critical applications
- Presence across Australia, NZ and Fiji
  - Established infrastructure
  - 8 distribution centres
- 140 employees at year end
- Diverse capabilities across different power systems:
  - Turnkey projects
  - Product distribution
  - Design and engineering
  - Installation and commissioning
  - Asset management

MPOWER – BY DIVISION

Specialised power systems for the Mining, Oil & Gas sector

- Established reputation for reliability amongst global oil & gas giants
- Track record of winning significant contracts against international competition
- Four major projects managed during FY2014:
  - Inpex Ichthys (Central Processing Facility)
  - Inpex Ichthys (Floating Production, Storage and Offloading vessel)
  - Gorgon administration buildings (Chevron)
  - Yarnima (BHP)
- Roy Hill contract (circa $1.9 million) commenced July 2014
- Continued strong prospects both locally and internationally

MPOWER – BY DIVISION

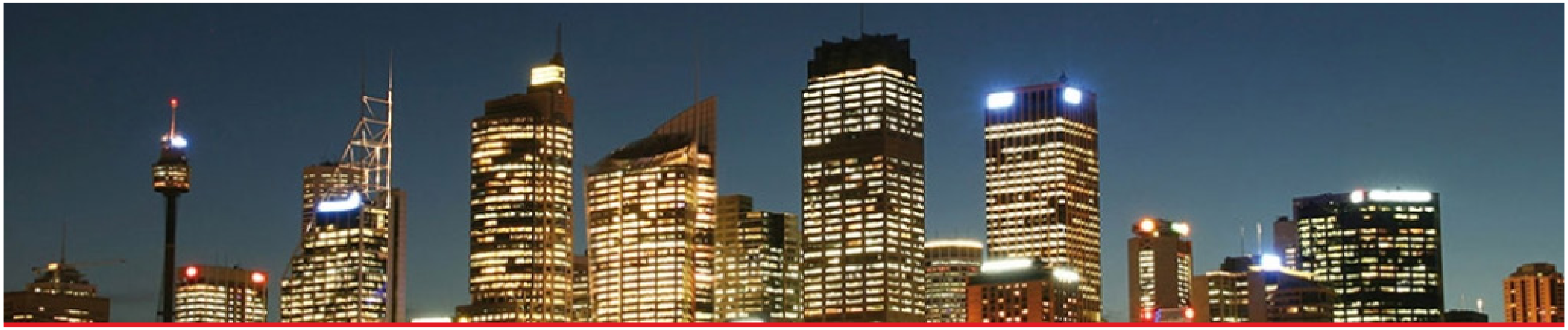
Solar power systems

- Track record of designing and constructing solar power systems for commercial and industrial applications
  - Particular strength in remote off-grid power solutions
- Top Australian supplier of quality solar system componentry
- Significant expertise developed in power conversion and grid stability capabilities
  - Pioneers of a remote Grid Stability System for a government utility
- Recent investment in additional resources led to award of Weipa contract ($4 million)
- Primarily targeting off-grid opportunities
  - Less susceptible to changes to government policy
  - More specialised than grid-connect and less competitive
- Energy storage emerging as an exciting area
  - Several significant energy storage project opportunities in the pipeline

MPOWER – BY DIVISION

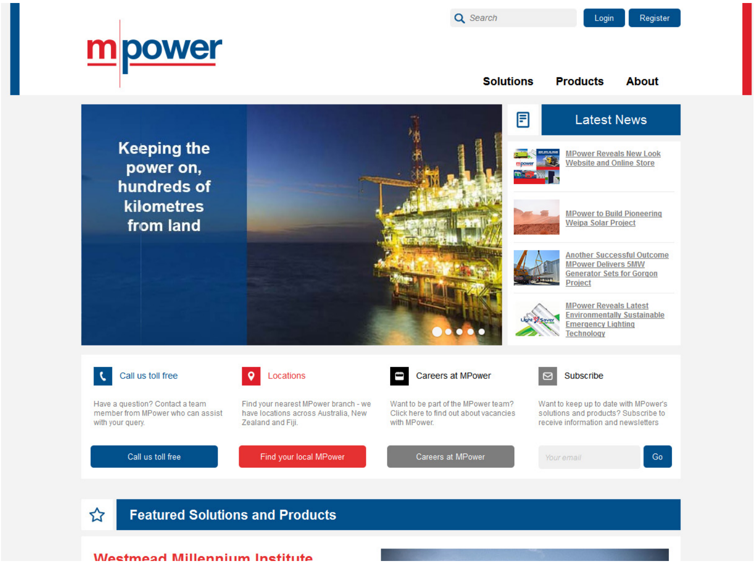
Commercial power systems

- Large and loyal installed base of back-up power systems
- Completed several commercial power systems during the year
- Recognised as a leading systems integrator
- Specialists in critical applications where there is a greater value-add
  - Hospitals, data centres, airports
- Growing asset management division
  - Awarded significant service contract with Essential Energy



MPOWER – BY DIVISION

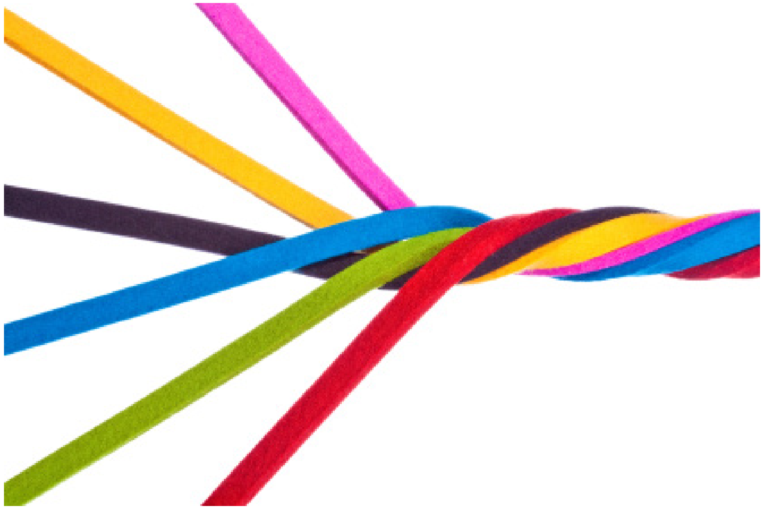
Distribution & wholesaling activities



- Established infrastructure across Australia, New Zealand & Fiji
- Diverse range of power products
  - Batteries, emergency lighting, portable and standby generators, solar panels, inverters
- Mix of proprietary brands and third party products
- Improved results over FY2013 but still below historical levels
- Online ordering platform launched for wholesale customers
- Diverse range of power products
  - Full range available online at www.mpower.com.au
  - Ability for transaction volumes to increase without increasing fixed costs
- New product initiatives are driving increased enquiry levels

POWER CONVERGENCE TREND

The power convergence trend continues and remains a strategic focus for MPower



What does this mean?

- As power technologies converge, there's a growing need for companies with capabilities across multiple technologies and applications
- Examples include off-grid hybrid systems, demand management, energy storage and distributed generation

OFF-GRID POWER SYSTEMS

Off-grid power systems are a good example of where power convergence comes into play

What is an off-grid power system?

- Generally speaking, off-grid power systems provide power to areas not serviced by the main power grid
- Off-grid power systems are usually remote and typically rely on inputs such as diesel and gas

Why focus on off-grid power systems?

- Traditional inputs such as diesel and gas are rising in cost while new technologies such as solar and energy storage are falling in cost
- End users are looking at ways to gain control over their power costs or obtain greater price certainty

OFF-GRID POWER SYSTEMS – CASE STUDY

Weipa solar project

The first of its size in Australia for a remote mining site

Weipa solar power plant site pre-construction (October 2014)

OFF-GRID POWER SYSTEMS – CASE STUDY

Weipa solar project

- In September 2014, MPower signed a contract with First Solar to construct a solar power plant for Rio Tinto Alcan's Weipa bauxite mine in North Queensland
- The Weipa project demonstrates how MPower can integrate renewable energy into remote off-grid power stations
- Involves the construction of a 1.7MW solar farm at a cost of $4 million
- A possible second stage, worth $17 million, is planned by First Solar but is not included in this contract
- Construction is underway and the project is scheduled to be completed in the first half of 2015

OFF-GRID POWER SYSTEMS – CASE STUDY

Why the Weipa project is important

- The mining sector has long relied on diesel for its power needs
- In mining applications, power availability is critical
- High operational cost if power fails or is interrupted
- In this case, a major miner is turning to solar to solve its power needs
- The first project of its size in Australia for a remote mining site
- Provides power price certainty over a long period
- MPower’s solution brings together multiple elements to provide an enhanced solution (ie convergence)
- Demonstrates capabilities around solar power, diesel mini-grids and grid stability
- Great reference site for the mining sector

SUMMARY

- Tag is strategically investing in power
- First full financial year following the integration of MPower
- MPower is exposed to significant growth areas
- Tag intends to expand further via its investment program

APPENDICES

SHARE INFORMATION

- 93.7 million shares on issue (ASX: TAG)
- 10.0 million listed options on issue (exercisable at $0.20) (ASX: TAGO)
- NTA of 23.4 cents per share at 30 June 2014

Shareholders

	ordinary shares	listed options
Anthony Australia (Wise family)	37%*	50%
Sharp & associates	14%	-
KV Management (Nominees)	7%	10%
1,600 shareholders	42%	40%

* Total relevant interest of 50%

PEOPLE

Board

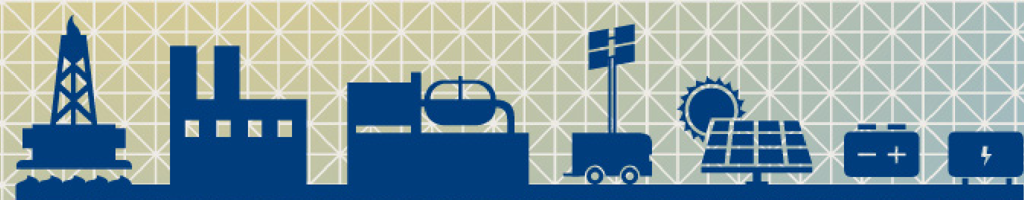
Peter Wise (Chairman)	**Robert Moran** (Non-executive)
Nathan Wise (Chief Executive Officer)	**Gary Weiss** (Non-executive)
Robert Constable (Non-executive)	**Richard Peterson** (Non-executive)
Gary Cohen (Non-executive)	**Darrell Godin** (Chief Financial Officer & Company Secretary)

Senior Management

Anthony Csillag	Managing Director, MPower Projects
Brian O'Malley	General Manager, MPower Batteries & Head of Sales, MPower Products
Dwayne Lange	General Manager, MPower Solar
Billy Lavery	Head of MPower Pacific
John McCudden	Commercial Manager, MPower Projects
Rodger Whitby	General Manager, Generation
Rina Tuioti	HR Manager
Wayne Foster	Commercial & Marketing Manager

ABOUT MPOWER

Power
Products and Solutions



Solutions

- → Oil, Gas & Mining Power Systems
- → Solar & Renewable Energy Power Systems
- → Standby Power Systems
- → Tri- & Co-generation Power Systems
- → Power Conversion & Storage Systems
- → DESMO Marine & Offshore HVAC Systems
- → Military Power Systems
- → Service for Critical Infrastructure

Products

- → Solar
- → Batteries
- → Generators
- → Emergency Lighting

mpower
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