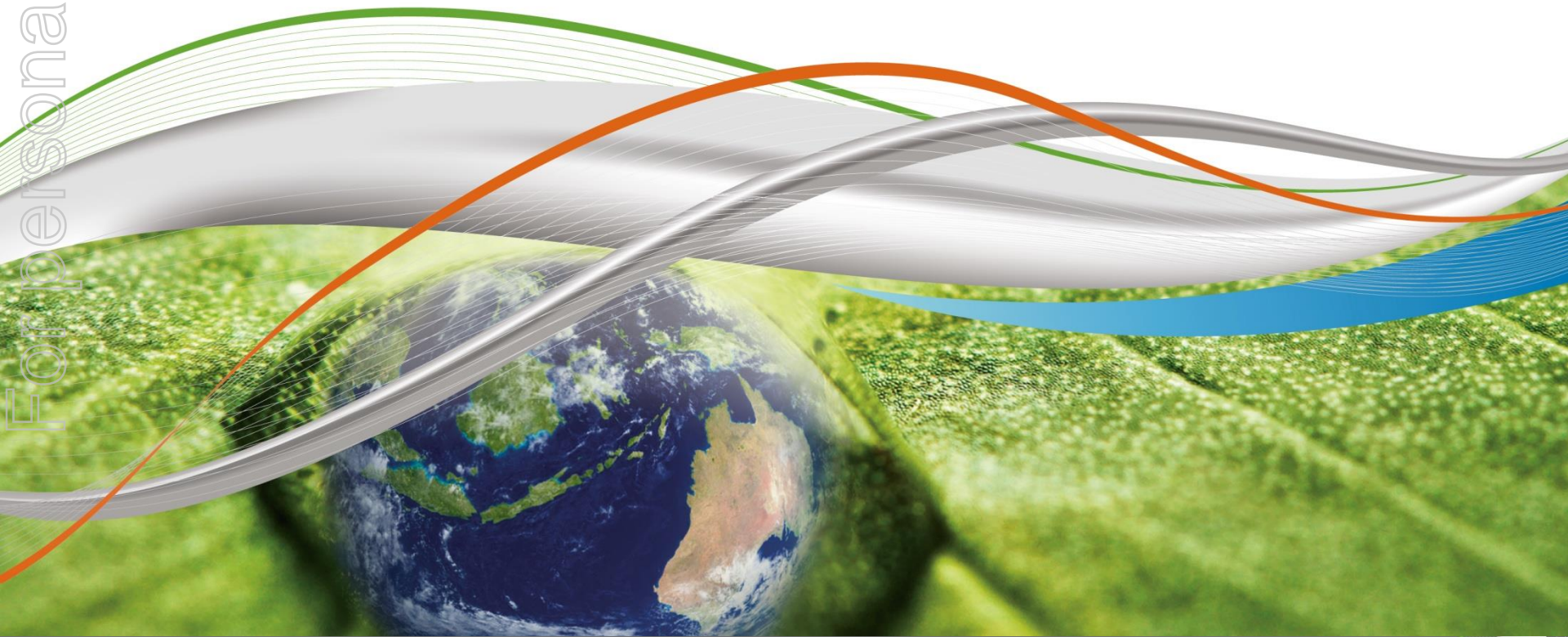


# Pacific Environment Limited

(ASX code: PEH)

**Company update**  
May 2013

For personal use only



# Disclaimer

The information in this presentation does not constitute personal investment advice. The presentation is not intended to be comprehensive or provide all information required by investors to make an informed decision on any investment in Pacific Environment Limited ABN 42 122 919 948 (Company). In preparing this presentation, the Company did not take into account the investment objectives, financial situation and particular needs of any particular investor.

Further advice should be obtained from a professional investment adviser before taking any action on any information dealt with in the presentation. Those acting upon any information without advice do so entirely at their own risk.

This presentation does not constitute an offer or invitation to purchase securities in the Company. Recipients of this presentation who intend to consider investing are reminded no reliance may be placed for any purpose on the information or opinions contained in this presentation or any other document or oral statement, or on the completeness, accuracy or fairness of that information or those opinions.

Whilst this presentation is based on information from sources which are considered reliable, no representation or warranty, express or implied, is made or given by or on behalf of the Company, any of its directors, or any other person about the accuracy, completeness or fairness of the information or opinions contained in this presentation and no responsibility or liability is accepted by any of them for that information or those opinions or for any errors, omissions, misstatements (negligent or otherwise) or for any communication written or otherwise, contained or referred to in this presentation.

Accordingly, neither the Company nor any of its directors, officers, employees, advisers, associated persons or subsidiary undertakings are liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon any statement in, or as a result of any admission in, this presentation or any document supplied with this presentation, or by any future communications in connection with those documents and all of those liabilities, losses and damages are expressly disclaimed.

Any opinions expressed reflect the Company's position at the date of this presentation and are subject to change. No assurance is given by the Company that any capital raising or debt financing referred to in this presentation will proceed.

All amounts are in Australian dollars unless otherwise stated.

# Company Snapshot

<b>Shares on issue:</b>	98m	<b>Top 20 holdings:</b>	64.7%
<b>Market Cap:</b>	\$5.4m*	<b>Share price:</b>	\$0.055
<b>Revenues FY12:</b>	\$10.5m	52 week high	\$0.065
<b>Revenues HY FY13:</b>	\$6.7m	52 week low:	\$0.025

\* Based on last traded share price of \$0.055 (as at 13/05/2013)

# Company History

- Pacific Environment listed in Feb 2008, following the roll up of 4 Environmental consulting businesses
- A combination of the GFC, a lack of company integration, and a poorly executed acquisition strategy led to weak performance and a loss of shareholder value
- New Board and Executive appointments were made between April and December 2012
- Since then the turnaround strategy has been aimed at transitioning the old business into a new model capable of sustained profitability
- The first step in the transition was to address the underlying issues that have caused poor performance since listing

# Transitional Stage

These initiatives have been the focus for the board and management in the 2013 financial year:

- Reduction of corporate and consultant costs
- Consolidation of the four business streams into one operating unit, to break down silos and enable better leverage across units
- Introduction of a company wide Intranet to ensure sharing of information and an aligned approach to market
- Introduction of performance based pay bonuses and options for staff, and a common performance management system
- Increased focus on sustained business development
- Introduction of business unit plans, utilisation goals and uniform measurements
- Revitalisation of the Toxikos business
- Restructuring of debt arrangements to accommodate growth



# Transition Results

The early stages in the implementation of the turnaround strategy are already beginning to reflect positively in the business through:

- Best ever half year performance for revenue and profit
- Improved staff engagement across the group
- Leveraging on the strength of our knowledge base
- Stronger than expected performance of the revitalised Toxikos business unit

# Board and Management

## **Murray d'Almeida**

**Non-Executive Chairman** (appointed May 2012)

- More than 35 years of diverse national and international business experience.
- Founded and built Retail Food Group (ASX:RFG) to more than 300 stores worldwide
- Current directorships include Beacon Hill Resources Limited, MRS Consulting Limited
- Previous directorships include Hyperion Asset Management Limited, Capricorn Resources NL, Allied Brands Limited, Golden Pacific Resources Limited

Murray brings an acute commercial focus, strong governance and an outcomes focused approach to strategy.

## **Robin Ormerod** B Sc (Hons)

**Managing Director**

- Recognised leading pioneer in air quality consulting in Australia and New Zealand.
- 30 years experience at the top level of air quality and atmospheric science consulting
- Co-founded Pacific Air & Environment, a founding company of Pacific Environment

Robin's technical expertise and experience provide the board with a detailed insight into the industry.

# Board and Management (cont'd)

**Adam Gallagher** B Econ M Com GDip IS GDip ACG MAICD ICSA  
**Director/Company Secretary**

- Strong background in capital markets, corporate consulting and governance.
- Executive Director of a boutique investment fund that specialises in investing in and assisting ASX small caps across a range of sectors.

Adam brings a market focus through his experience and knowledge in strategy formulation and advice, market communications, and corporate transactions to drive shareholder value.

**Peter White** B Maths GAICD  
**Chief Executive Officer**

- Strong career history in growing consulting, solutions and services companies
- Experience in working in large multi national as well as privately owned companies.
- Experience across a broad range of industries in Australia, Asia, and Europe.

Peter's focus is to enable the company for growth through strengthening the consulting business, expanding its technology offerings, and through executing an acquisition initiative aligned to the company's strategy.



# Company Structure

Company consists of 75 people, structured across four revenue generating business units:

- Consulting
- Technologies
- Monitoring
- Toxicology

Supported by a core corporate function consisting of the Board, CEO, Finance, and Administration

Offices in all mainland state capitals.



# Consulting

Three key practice areas of specialty:

- Air quality (including dust and odour)
- Carbon and Climate
- Acoustics

A reputation for excellence in regard to quality work, technical leadership and 'can do' problem solving for industry.

A national presence with diverse customer base spread across agriculture, energy, mining, industrial and other sectors.



# Technologies

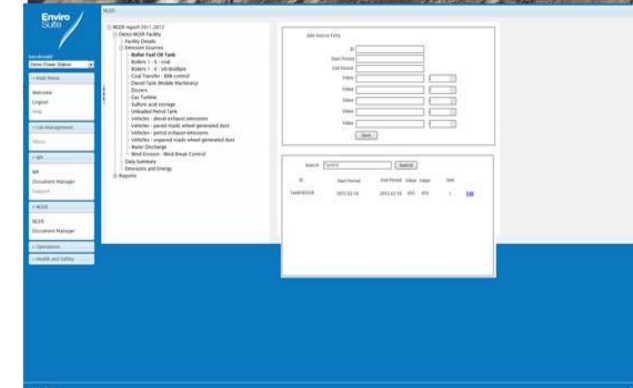
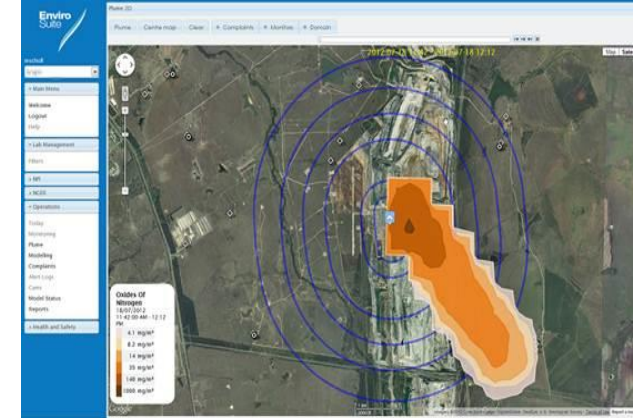
Emerging division of the business specialising in technology to provide key solutions to industry in:

- Improving operational efficiencies
- Ensuring regulatory compliance and management of the impacts on health and amenity issues
- Managing environmental reporting

Revenue model compliments the consulting income base through annuity contracts of 3 to 5 year duration

Recent sales to Australia's largest businesses in the iron ore, coal, and aluminium sectors, as well as port operations

The business is well placed to further expand within the Australian marketplace followed by a focus on export





# Monitoring

Specialising in:

Monitoring of emissions (from industrial stacks); and  
Ambient monitoring for mining and industry

Measurement of emissions as required by regulation.

Growth in ambient air quality monitoring in response to  
industry demand and commercial opportunities.

New Brisbane facility in 2012 has improved operations and  
logistics.

National and offshore contracts, positioned for growth.



# Toxicology

Specialist services in toxicology:

- Assessment of human health risks;
- Ecological chemical exposure risks; and
- Chemical registration

Forms the Toxikos business unit, which has undergone a complete re-building in past 6 months

New leader Hugh Scobie – Board qualified (only 2 in Australia), moved from Canada

Another prominent hire is Dr Lyn Denison, ex EPA

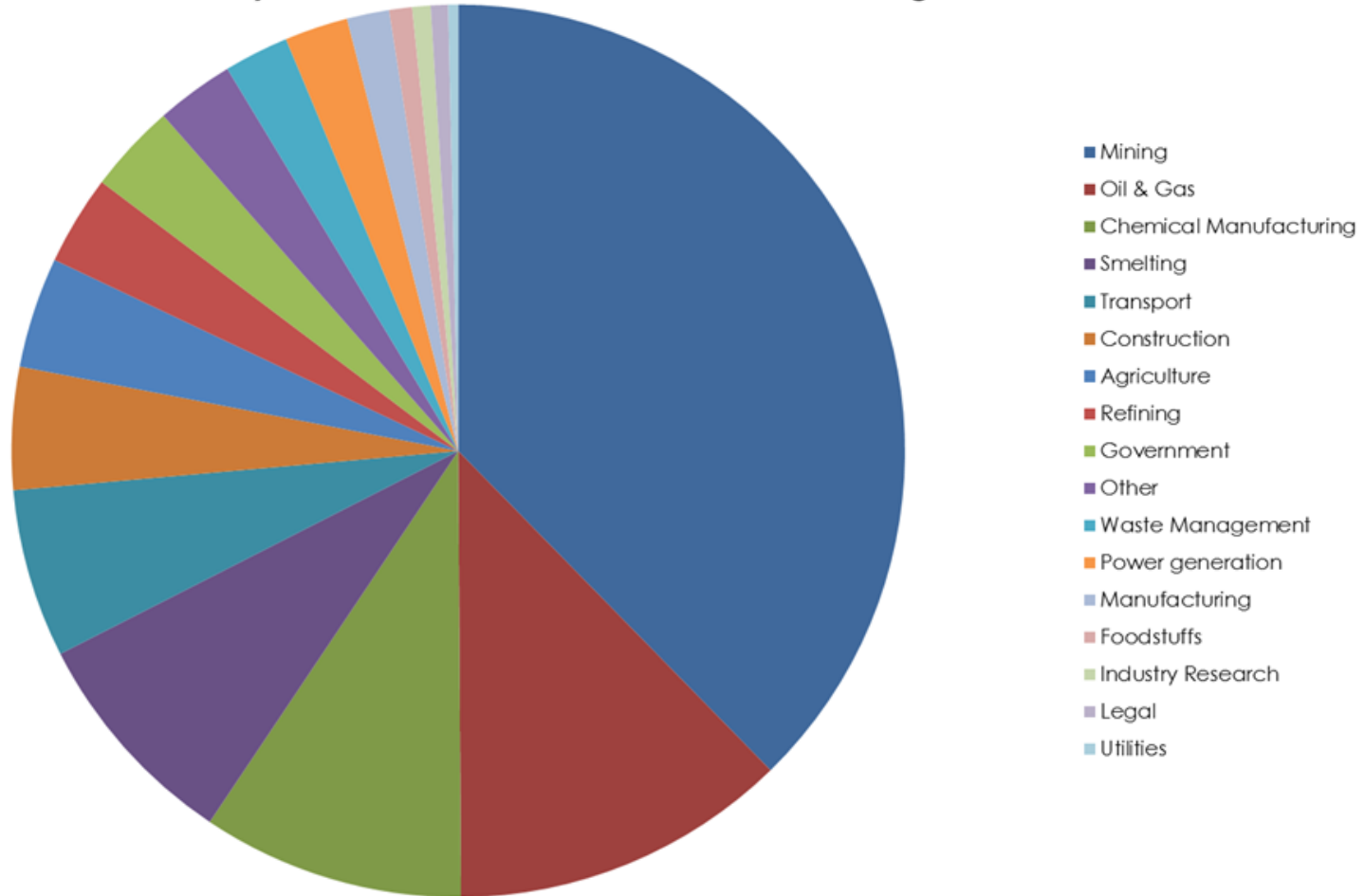
Business unit now back on a sound commercial basis and expanding quickly

National and offshore projects including major MARPOL projects



# Diverse client base

Revenue by sector for Pacific Environment Q1 through Q3 FY13





# People – Our Intellectual Capital

- Highly qualified – 27% consulting staff with PhDs, and 23% with Masters degrees
- Our key staff have extensive international experience and reputation
- Some of our experts have unique accreditations within Australia
- Our employees have published hundreds of papers
- Our people are in high demand as conference and course presenters, and university teaching roles
- Intellectual 'wellspring' for our R&D



# Positive Strategic Steps in FY2013 to date

- Stabilisation of consulting business
- Rebranding and consolidation of subsidiaries
- Restructured term debt
- Retained and incentivised key staff
- Focus on increased utilisation
- Bottom line reporting for all business units
- Higher revenue projects signed
- Annuity revenue streams established



# FY2014 Commercial Objectives

- Increase revenues and profitability
- Strong focus on business development
- Foster and develop most profitable parts of the consulting business
- Reduce term debt
- Further diversify client base across industry sectors
- Technologies commercialisation and expansion
- Increase percentage of annuity revenues
- Continue with acquisition strategy
- Improve market engagement and communication

# Acquisition Strategy

- Board has developed a sound process for evaluating potential acquisitions
- Due Diligence filters are in place
- Focus on profit accretive companies in the broad Environmental Services and Technologies sector
- Rigorous process for integration into the existing company structure post acquisition
- Several businesses have been evaluated in the past six months with discussions progressing though as yet incomplete

# Investor Highlights

- Board and management committed to growth and profitability
- Turnaround strategy already showing in results
- Increasing revenues and profitability with best ever half for revenue and profit achieved in first half of 2013 financial year
- Low market cap
- Focused on growth, profitability and diversification of income streams
- Reputation for excellence in our core businesses
- Actively seeking and reviewing strategic acquisitions



## **For more information:**

Visit our website: [www.pacific-environment.com](http://www.pacific-environment.com)

Or contact:

Peter White (CEO)

Ph: 02 9870 0900

Email: [peter.white@pacific-environment.com](mailto:peter.white@pacific-environment.com)