



ASX Announcement

21 December 2017

Impact of United States 'Tax Cuts and Jobs Act'

The United States Congress has passed the Federal Tax Cuts and Jobs Act ('the Act') and it is anticipated that it will be signed into law shortly.

With the majority of its operations in the United States, the Navigator Global Investments Limited Group ('the Navigator Group') will be affected by the Act.

Key highlights of the Act which are expected to impact the Navigator Group are:

- reduction of the of the US Federal corporate tax rate from 35% to 21% for tax years beginning after 2017
- net operating losses ('NOLs') arising in tax years beginning after 2017 will have an indefinite carryforward and no carryback
- NOL deduction is limited to 80% of taxable income for losses arising in tax years beginning after 2017

There may be a number of other changes arising from the Act with the potential to impact the Navigator Group, however based on its current structure and operations, these potential impacts are expected to be relatively minor.

Navigator Global Deferred Tax Asset

As at 30 June 2017, the Navigator Group recognised a Deferred Tax Asset ('DTA') of US\$106 million. This DTA was determined based on the Navigator Group's total US carryforward NOLs and deductible temporary differences after applying an effective tax rate of 39.6% which represents the combined US Federal and State tax rates which applied to the Navigator Group as at that date

As a result of the reduction in the US Federal corporate tax rate and a corresponding reduction to the Navigator Group's effective tax rate which will apply from 1 January 2018, the carrying value of the DTA as at 31 December 2017 will be accordingly reduced. The amount of this reduction will result in a non-cash accounting income tax expense which will be recognised in the Navigator Group's income statement.

Future tax liabilities payable

Based on the current operations and tax position of the Navigator Group, the 80% restriction on the deductibility of NOLs arising after 1 January 2018 is not expected to impact on the utilisation of existing NOLs to reduce future tax liabilities. As such, we expect only nominal changes to the future timing of incurring and paying tax liabilities in the US as a result of the Act. However, given that the Act was only recently passed by Congress, this view could change depending on how the provision is interpreted.

In addition, the Navigator Group expects to benefit significantly from the lower US Federal corporate tax rate of 21% once it has utilised existing NOLs and enters a tax payable position.



For further information please contact:

Amber Stoney
Chief Financial Officer & Company Secretary
07 3218 6200