

**MEDIA/ASX RELEASE**

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**Trading Update**  
**Titan Energy Services Achieves Strong Growth in FY14**

*www.titanenergyservices.com.au*

ASX ticker: TTN

TITAN Energy Services (TTN) today has updated its full year earnings target and announces further contract wins that will support continued earnings growth in FY15.

Unaudited trading results for the 12 months to 30 June 2014 point to EBIT in the order of \$18.5m, a result well above the \$14.5m EBIT achieved during FY13 but lower than TTN's targeted range for FY14 (\$19.5m - \$21m).

Since our last update, an important camp contract including water, waste and catering scheduled to commence in late May, has only recently mobilised to the field. While this contract delay is the key reason for our earnings revision it will mean the FY15 year will start with a strong four month (plus 3 month option) contract.

Second half profit growth was also affected by:

- Lower camp room rates, largely driven by larger volume opportunities and lower rates for ablation style rooms in the CSG sector. The company continues to target opportunities outside CSG; and
- The unexpected cancellation of a drilling contract for Atlas Rig 3.

"While we are disappointed we have not reached our growth targets for the year our 28% increase on FY13 EBIT represents another successful year for the group and its shareholders," managing director Jim Sturgess said.

"Trading results were solid and we are pleased with the progress being made in several key strategic areas, such as diversification and growth.

"During FY14, we built on our strengths, launched a new business, continued to integrate and expand the acquired Hofco business and took steps to diversify into new geographies.

"The investments and progress we have made highlight the emphasis we have placed on building for the future and on capitalising on the growth opportunities that we see."

The company is capitalising on the synergies that exist between its business units, with the water and waste operation securing new contracts in conjunction with the Nektar catering business and RCH.

These new contracts include the second 200-man permanent camp at Bungaroo and a recently secured 60-man camp, plus an additional 40-man overflow camp for an existing client.

The Bungaroo camp is now fully operational with Nektar experiencing good utilisation rates and set to benefit further during FY15, as the number of man-days-catered is increasing each month.

The water and waste business now has four trucks and six trailers, servicing 570 rooms for water and 370 rooms for waste.

Forty ablution rooms for which there was little demand have been handed back to the lessor to improve overall utilisation and EBIT in the future.

In line with TTN's overall diversification strategy, Nektar, a start-up during FY12, is poised for expansion into new geographies and is actively tendering for business in Western Australia and the Northern Territory.

In the Atlas drilling business, Rig 1 is contracted until the end of August, plus a three-month option.

Rig 2 has just been re-contracted for three months, plus a three-month option.

Rig 3 and Rig 4 are currently being marketed to prospective clients.

TTN continues to expand Hofco's product range and its newly acquired drill pipe has already been hired to an Atlas client for the duration of their drilling program.

### **FY15 Outlook**

Mr Sturgess said the company would provide guidance on its growth target for FY15 when audited FY14 results are released in August.

"We start the new year with solid foundations across our core business units and with strategies in place to drive future growth.

"Specifically, these strategies are geared towards:

- Capitalising on strong growth opportunities in the CSG sector and other unconventional gas markets;
- Expanding our products and services, through organic growth and via strategic acquisitions that create shareholder value;
- Further diversification into complementary businesses and markets; and
- Building on the solid platforms that have already been established within our core business units."

"Already, we have a solid pipeline of new business and are looking forward to another strong year of growth."

ENDS

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