



MEDIA/ASX RELEASE

25 November 2014

Chairman's Address to Shareholders

www.titanenergyservices.com.au

ASX ticker: TTN

Good afternoon fellow shareholders

Thank-you for joining us today for your company's Annual General Meeting.

Titan recently published its annual report for the 2014 financial year and I hope you have now had the opportunity to view it.

Today I would like to provide an update of our company, including recent initiatives aimed at addressing the changing market conditions we currently face, positioning Titan to grow and prosper.

Following this, Managing Director – Jim Sturgess will address the company's FY14 performance and FY15 prospects in detail.

In FY14 prevailing economic conditions became increasingly difficult in the mining and oil and gas sectors, notwithstanding that the coal seam gas (CSG) sector remained relatively buoyant with the ongoing capital expenditure relating to the major CSG-LNG projects in Gladstone.

Into FY15 we have seen a clear transition as the CSG-LNG projects leave the construction phase and move into the production phase with a focus on sustainability, efficiency and operating margins as first gas is shipped. While we had been anticipating this change, the lull in activity as companies move to the production phase has been dramatic. The slowing of activity in the mining and oil and gas sectors and the transition to the CSG production phase has led to the slowing of growth and increased competition. There are still significant opportunities for Titan as the major CSG-LNG projects are consolidating suppliers under extended scopes of work and contract tenure in line with operation and maintenance programs, as well as the significant recent progress on coal related infrastructure assets in Queensland. Titan is well positioned to capture some of these opportunities with our turn-key multi-disciplined service offering and achieve our revised full year guidance of \$10 - \$12m¹ but it is not a formality, with significant hard work and application required.

While economic conditions have been difficult, as a Board we remain committed to safety. To this end, during the year TTN embarked on a journey to drive significant improvement in our safety culture, with the ultimate objective of ensuring zero harm to our people, customers, suppliers and the communities in which we operate.

We engaged a leading safety consultant to assist us with this journey and their support has been invaluable in helping us to understand our existing safety culture and what is required to achieve the safety culture vision we have for Titan. Along with significant improvement in our safety leadership, we have implemented new processes and systems, and the overall result is that we have seen a steady and continuous improvement in our Total Reportable Injury Frequency Rate (TRIFR) and we are on track to achieve a sustainable world class result of which we can all be very proud.

As I mentioned earlier, I want to update you on the actions we have been taking to respond to current market conditions.

Over the past few months the Board and Executive team have spent a significant amount of time considering a broad range of options to restructure and reposition Titan to compete given the current market conditions and challenges. While we continue to work on a variety of options across all aspects of our business, I can report to you the initial outcomes of this process.

We are currently implementing a plan to consolidate our business operations in conjunction with a significant enhancing and integration of our sales capabilities. We believe this will provide a more flexible, robust business capable of competing strongly in the future market opportunities we see.

The plan includes, consolidating our business and organisational structure into two key reporting units, being Oilfield services and Accommodation Services, enhancing our sales capacity in targeted geographic markets and across our Accommodation Services offering with additional dedicated resources.

While we are not in a position today to provide an update of other initiatives we are still considering, I can assure you that the Board and Executive have left no stone unturned in looking at options to ensure the continued success of our company.

Historically our business has been forecasted based on a low level of contracted business. As we move into the production phase of Queensland CSG, it is becoming more difficult to forecast future revenues and profits. While we see a high value pipeline of opportunities that we believe we are well positioned to compete for there is significant hard work and application required to convert these opportunities to our bottom line.

The current share price is disappointing for us all, however the long-term strategy and underlying industry fundamentals support a 20-plus year development which we remain confident will deliver strong shareholder returns into the future.

We look forward to reporting on our progress during the year ahead.

I will now hand over to Jim Sturgess.

¹ Excludes expected expenditure in relation to the realisation of the contingent liability relating to the retention payment to key personnel of up to \$1.9m remaining under the Hofco acquisition agreement.

ENDS

For investor or media inquiries:

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About Titan

Titan Energy Services Limited (ASX: TTN) provides diversified energy and infrastructure services to the oil and gas, mining, pipeline, rail, road and infrastructure sectors.

Through its operating businesses Atlas Drilling, Hofco Oilfield Services, Resources Camp Hire (RCH), BASE Transport & Logistics and Nektar Remote Hospitality, Titan provides expertise in CSG drilling, drilling equipment hire, camp hire and camp management, water and waste transport and catering services.

Titan operates four drilling rigs, is a leading provider of oilfield down-hole tool rental in Australia and overseas, operates and rents remote self-contained camps, provides water and waste logistics services, manages camp catering and camp management contracts.