MEDIA/ASX RELEASE

31 January 2013

Titan Energy Services announces $4.3m first half EBIT, ahead of previous market guidance

Highlights

- Record 6 months to 31 December result – above guidance
  - $4.3 million EBIT December half year, in-line with guidance announced on 22 January 2013
  - EBIT more than 15% above HY guidance ($3.5m-$4.0m) and more than 500% up on Previous Corresponding Period (PCP)
- Improved shareholder returns
  - HY earnings per share of 7.96 cents – more than 400% improvement on PCP
  - Fully franked 2 cents per share interim dividend declared, equal to FY12 full year dividend
- Atlas Drilling performing strongly
  - 98% rig utilisation for H1 FY13 (73% in FY11)
  - Fourth Rig acquired and under contract with APLNG – due to become operational during H2
- Resources Camp Hire (RCH) growth
  - RCH room capacity has increased approximately 110% since June – 496 rooms at 31 December 2012
  - 78% H1 room utilisation, demand remains strong
- Catering business established and performing well
  - Nektar Remote Hospitality growth from start-up to six contacts
  - Approximately 16,000 man days catered
- Outlook – strong growth prospects
  - Full year guidance upgraded during January 2013 trading update
  - Now targeting $9m - $10m EBIT, c130% - 150% increase compared to FY12 EBIT

Results summary

Results ($million unless stated otherwise)	**Actual HYDec 12**	**Actual HYDec 11**	**Growth**
Revenue	29.6m	15.0m	**97%**
EBITDA	6.5m	2.4m(1)	**171%**
Margin	22.0%	16.0%	
EBIT	4.3m	0.7m	**514%**
Margin	14.5%	4.7%	
Dividend – interim dividend fully franked	2 cents/share	n/a	**n/a**

Note 1: EBITDA includes share based expenses associated with the company's performance rights plan and employee share issue.

Results overview

TITAN Energy Services (TTN) today announced record first half results.

The diversified oil and gas services company, which focuses on the coal seam gas industry, performed strongly during the six months to 31 December 2012 to record earnings before interest and tax (EBIT) of $4.3million – 514% year-on-year growth.

TTN recorded a $0.7million result during the previous corresponding period (PCP) and initially targeted a $3.5million-$4million first half EBIT for HY13.

The actual EBIT result of $4.3million was more than 15% higher than TTN's initial guidance and was in line with the previously released unaudited result.

When TTN released unaudited results on 22 January 2013, the company also upgraded its full year guidance to $9million-$10million in EBIT, compared to the $3.9million result achieved during 2011/12.

The company said today it continued to expect EBIT within that range, with the recent wet weather in Queensland expected to have only a minor impact on drilling operations in the Atlas Drilling business. The impact is likely to be at a level well below the wet weather allowance already factored into TTN's full year guidance range.

Revenue almost doubled during the first half to $29.6million, compared to a $15million result during the PCP.

Profit results, before and after tax, also increased significantly, which led to strong growth in earnings per share (EPS). EPS reached 7.96 cents during the first half of 2012/13, compared to 1.36 cents during the first half of 2011/12.

TTN's directors declared an interim dividend of 2.0 cents per share fully franked, which represents a 25% return of net profit after tax to shareholders.

Managing director Jim Sturgess said the company's core business units had all performed strongly during the first half.

"With just six months of the financial year completed, TTN has already surpassed some of the profit and sales milestones it established during 2011/12, its inaugural year as a public company," he said.

"Pleasingly, our three core business units all built on their previous successes and contributed to our healthy year-on-year growth.

'The two established businesses – Atlas Drilling and RCH – recorded strong utilisation rates, while continuing to expand, while our start-up catering business, Nektar, is winning new contracts and developing rapidly.

"This highlights our ability to grow our core businesses and, at the same time, leverage our experience and relationships to expand beyond our traditional drilling business into a diversified services company focused on the CSG industry."

Safety

Titan continues to invest and focus on safety. During the six months to December, two lost time incidents (LTIs) occurred within the Atlas business. When combined with other recordable incidents, these LTIs resulted in a twelve month rolling total recordable incident frequency rate per million hours worked (TRIFR) of 13.7.

At 31 December 2012, the rigs were operating on the following LTI free days:

- Rig 1: 646 days
- Rig 2: 553 days
- Rig 3: 98 days

Dividend

Titan's Board is pleased to announce it has determined to pay a half year dividend for FY13 of 2.0 cents per share fully franked. The dividend is in line with the details contained in the company prospectus from November 2011.

The Board has also declared that the company's Dividend Reinvestment Plan (DRP) will apply in respect to the half year dividend and a 5% discount will apply to the price of shares issued under the DRP.

A timetable for the payment of the dividend is set out below:

31 January 2013	Announcement of Dividend and shares commence trading on a 'cum basis'
6 February 2013	Shares commence trading on an 'ex basis'
12 February 2013	Record date and final date for submission of DRP election forms
13 February 2013 to 26 February 2013	DRP pricing period
4 March 2013	Dividend payment date

The shares issued under the DRP will rank equally with existing shares issued by the company.

The DRP price per share will, in accordance with the plan rules, be the arithmetic average of the daily volume weighted average market price (VWAP) of all shares sold on the ASX during the pricing period (the ten ASX trading days commencing on Wednesday 13 February 2013) excluding the sale of shares which are sold otherwise than in the ordinary course of trading and which the Board determines should be excluded on the basis that they are not genuinely reflective of supply and demand. If no shares are sold on a trading day, the average daily VWAP on that day will be deemed to be the last price at which shares are sold on the ASX automated trading system.

The calculated DRP price per share will be announced on Wednesday 27 February 2013.

Shareholders wishing to participate in the DRP will need to submit their DRP election forms with Link Market Services Limited no later than 5.00pm AEST on Tuesday 12 February 2012.

Information about the DRP and a complete copy of the DRP rules can be found on the company website at www.titanenergyservices.com.au.

Outlook

Mr Sturgess said TTN was well placed to build on the foundations established during the first half.

"The first half results were better than expected and we are now expecting a stronger result for the second half of the year.

"We have significantly increased RCH's room capacity, grown the Nektar business from start-up to currently operating under six contracts and are in the process of building a fourth Rig for Atlas.

"This lays a solid platform for full year results.

"As outlined previously, TTN now expects EBIT in the range of $9m to $10m for the full year.

"If we achieve the top end of this range, EBIT will have grown slightly more than 150% on FY12.

"The CSG sector remains robust, with all significant projects in Queensland progressing towards production.

"Our strategies for the future are to:

- Capitalise on the opportunities this creates by leveraging our CSG-LNG industry knowledge and contracts
- Build a more diverse business by expanding our equipment hire service and, where sensible opportunities arise, acquire complementary CSG services business
- Expand our existing business units and grow market-share; and
- In the future, tap into new geographies outside our core Queensland market and into unconventional oil and gas markets."

Mr Sturgess said delivery of TTN's full year growth target was dependent on robust demand and no further significant wet weather events throughout Queensland.

Further details on TTN's half year results, were included in the preliminary result announcement released on 22 January 2013, and attached in the Appendix.

ENDS

For investor or media inquiries:

Mr Jim Sturgess
Managing Director
Tel: 0402 890 654

About Titan

Titan Energy Services Limited (ASX: TTN) is a diversified oil and gas services business with a focus on the rapidly growing CSG-LNG industry in eastern Australia.

Titan was established in 2007, through its wholly owned subsidiary Atlas Drilling. In September 2011, Titan acquired the Resources Camp Hire (RCH) business, a provider of flexible, innovative temporary accommodation solutions to the oil and gas sector, and the remote infrastructure construction sector. It recently commenced its own catering company, Nektar Remote Hospitality.

Titan currently manages 496 remote accommodation rooms, operates three drilling rigs (with a forth Rig under construction), owns and hires equipment (including pumps and ancillary drilling tools) and owns and deploys transport assets including trucks, trailers and loaders.

APPENDIX

Summary Results

Annual Result ($ million unless otherwise stated)	**HY Dec 13**	**HY Dec 12**	**Variance (%)**
Total Revenue	29.6	15.0	97%
Statutory EBITDA	6.5	2.4	171%
EBITDA margin - %	22.0%	16.0%	
Depreciation	2.2	1.7	29%
EBIT	4.3	0.7	514%
EBIT margin - %	14.5%	4.7%	
Interest	0.9	0.3	200%
NPBT	3.3	0.4	725%
Tax Expense	1.0	0.1	900%
NPAT	2.3	0.3	667%
Basic earnings per share - cents	7.96	1.36	485%