



Morgans Business Breakfast

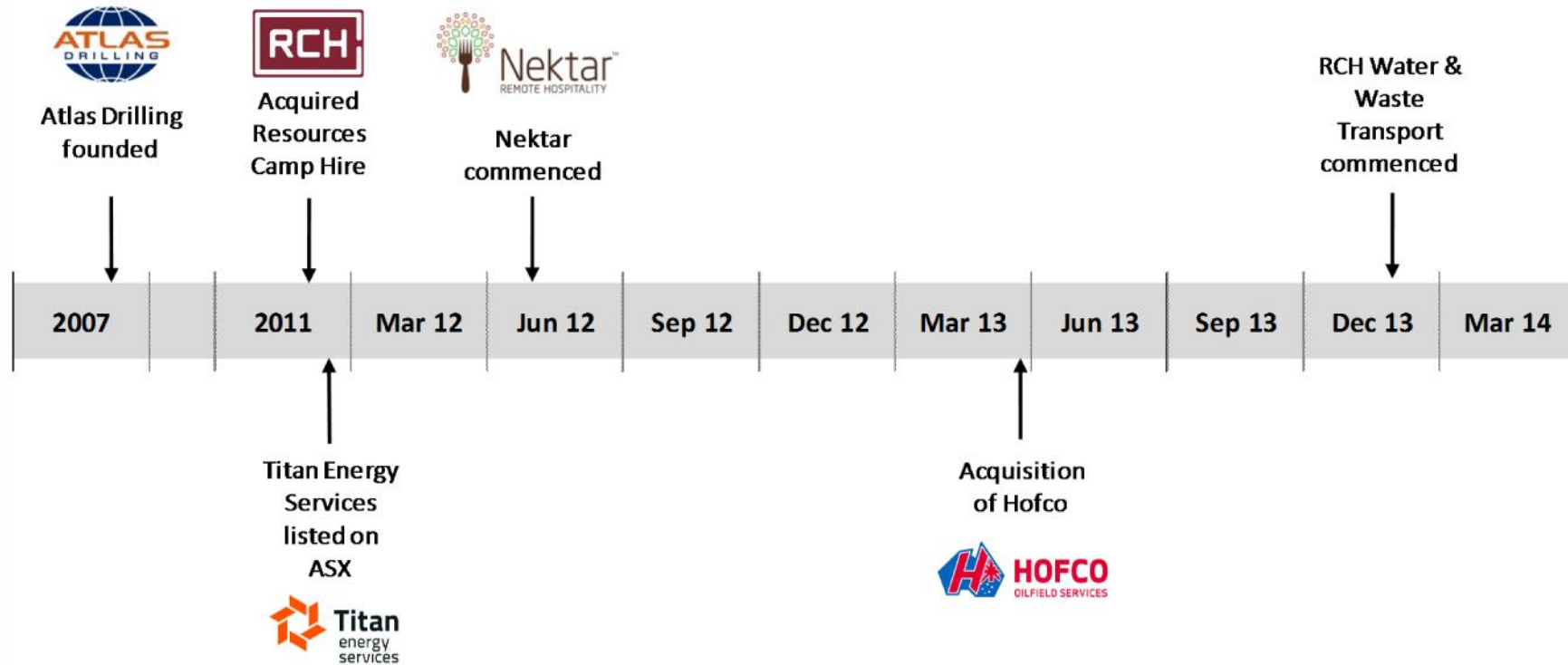
Jim Sturgess

19 March 2014

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1. Titan history

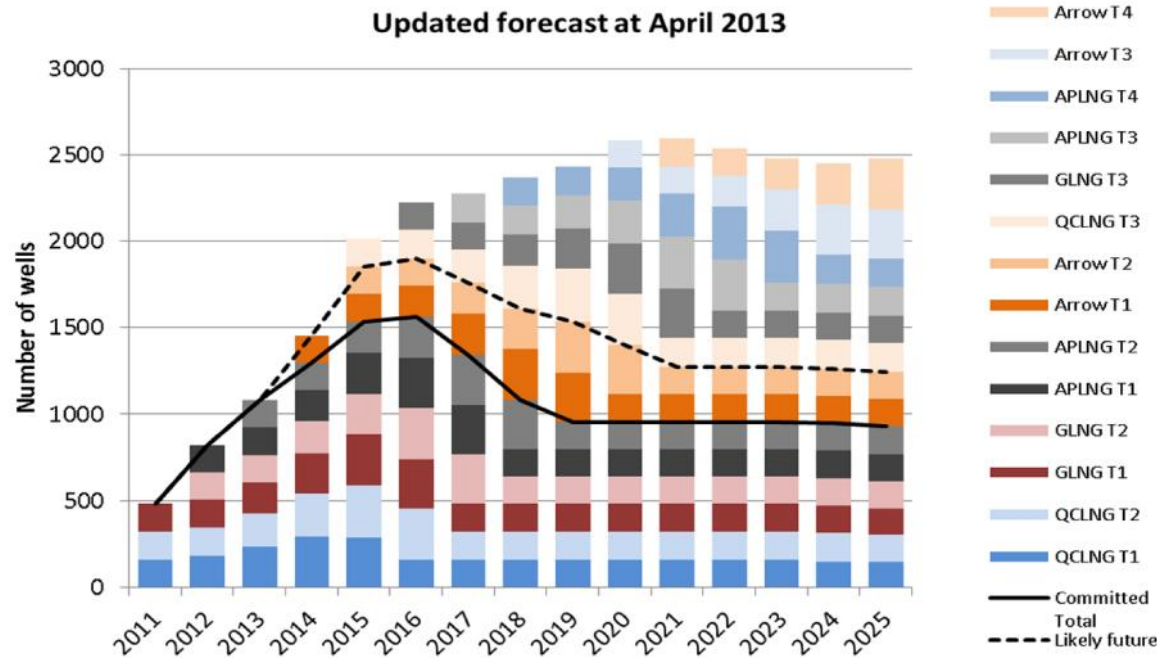


2. Titan overview (ASX:TTN)

- Titan is an energy and infrastructure services group focused on the growing Qld CSG industry
- Grouped with mining services stocks, but different
- TTN is diversifying
- 20+ year story

The Titan Energy Services Group			
			
<ul style="list-style-type: none"> • 4 rigs under contract • 3 owned rigs, 1 hired • High utilisation • 'Blue chip' customers 	<ul style="list-style-type: none"> • 979 rooms - Dec 2013 • New start-up water & waste transport business • Experiencing good growth 	<ul style="list-style-type: none"> • Organic start-up business • Commenced in April 2012 • 9 contracts • Experiencing good growth 	<ul style="list-style-type: none"> • Provider of specialist drilling equipment to the oil and gas sector • Growth potential through investment

3. QLD CSG – the future



- Current wells ~1,000 per annum
- Wells forecast to peak in 2016 at ~1,900 ¹
- Ongoing number of wells expected to be ~1,300 per annum ¹
- Additional short term growth by expanding the business into NT and SA

Source: ACIL Allen

(1) Well numbers based on 8 LNG trains

4. Future focus areas

COOPER BASIN

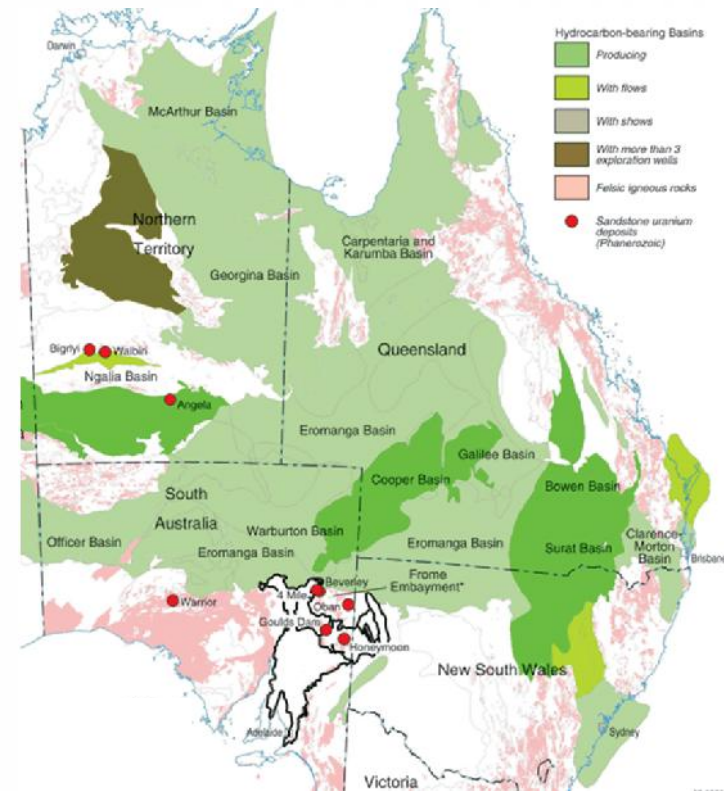
- RCH, Atlas and Hofco experienced in Cooper Basin
- Origin \$252m farm into Senex’s Cooper Basin project
- Santos spending \$800m on infrastructure upgrades (Adelaide advertiser)

NORTHERN TERRITORY

- RCH has established an office in Darwin
- 29 Pending mines in the pipeline, 13 current
- Significant increase in on-shore petroleum exploration licences

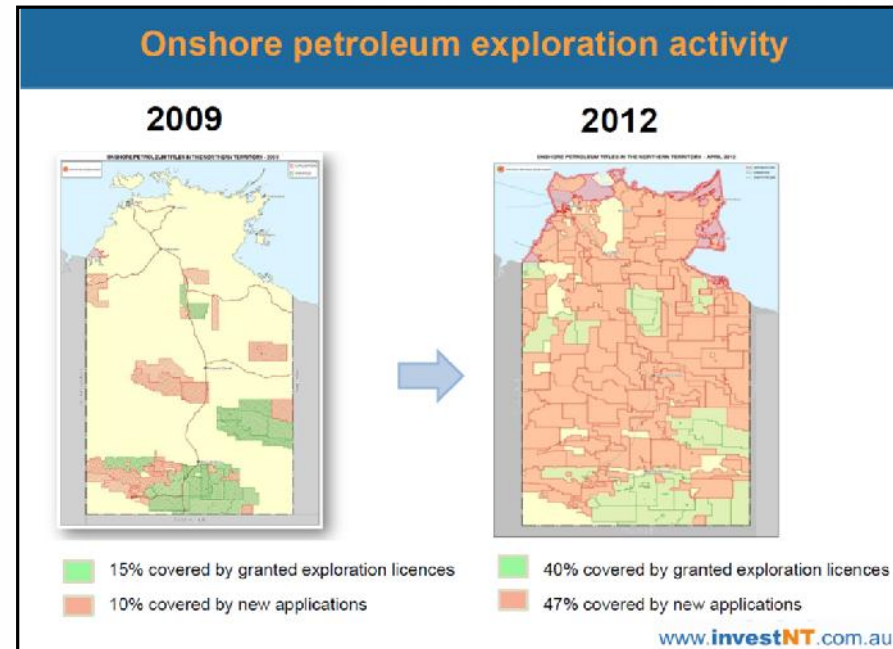
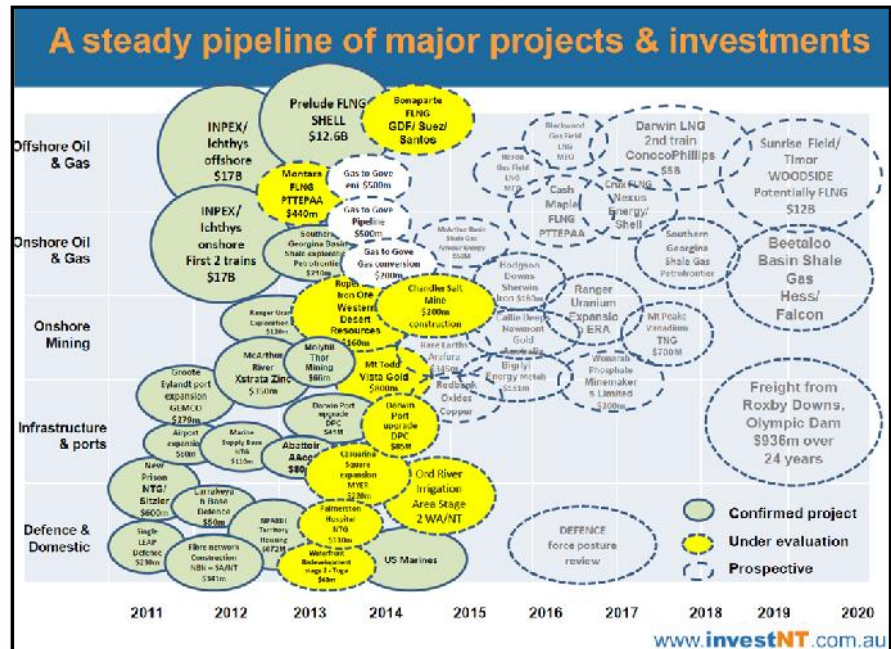
NEW SOUTH WALES

- Atlas contracted to drill for Metgasco
- NSW faces gas shortage by 2016 (imports 95%)
- Santos looking to spend \$500m on CSG over the next 3 years



Source: Geoscience Australia

4. Northern Territory investment pipeline

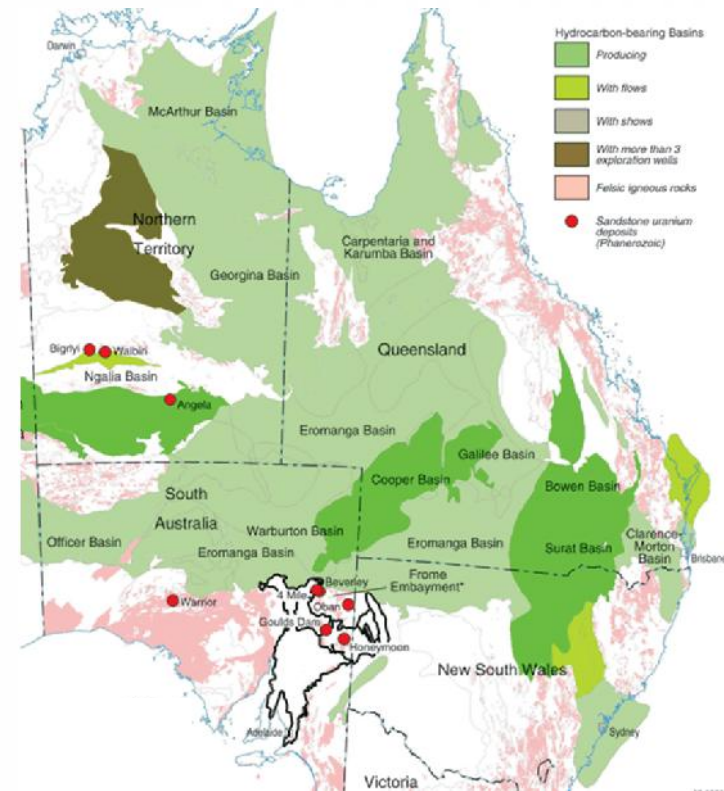


- Steady pipeline of projects
- Significant onshore petroleum exploration activity
- Medium term opportunity

4. Future focus areas (Cont'd)

NEW SOUTH WALES

- Atlas contracted to drill for Metgasco
- NSW faces gas shortage by 2016 (imports 95%)
- Santos looking to spend \$500m on CSG over the next 3 years



Source: Geoscience Australia

5. State of Origin

Current state of play	QLD	NSW
Jobs	29,443	210
Wells	4,842	230
Investment	\$64B	minor projects underway
Land access agreements	4,037	287
Community contributions	~\$110m	<\$1m

QLD VS NSW

Source: APPEA, December 2013

- Contribution of CSG to the Qld economy is significant
- Almost 30,000 direct jobs, >4,000 land access agreements
- NSW only produces 5% of its domestic gas
- Gas contracts expire in 2016 and 2017
- Balanced analysis of CSG impacts is required

6. Tunnel vision

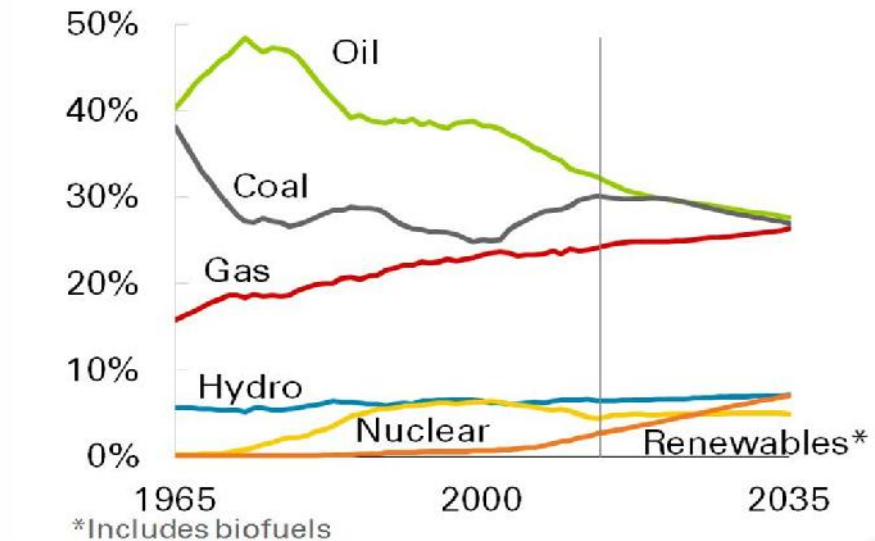
	QLD CSG	Legacy Way	NSW CSG	North West Link
Average length	n/a	4.6 kms	n/a	14 kms
Average depth	800m	~40m	800m	~50m
Wells / tunnel drilled	4,842	1	230	1
Rock volume drilled	182,000 m ³	1,235,000m ³	8,500m ³	2,500,000m ³



7. Coal Seam Gas – the facts

- Australia approaching 20% larger than GFC (5 yrs ago) ¹
- Resources about 50% of growth, CSG a major component of resources growth ¹
- \$60 billion being invested in three CSG projects in QLD
- Gas is expected to be the fastest growing global fossil fuel

Shares of primary energy



© BP 2014

8. Coal Seam Gas – the facts

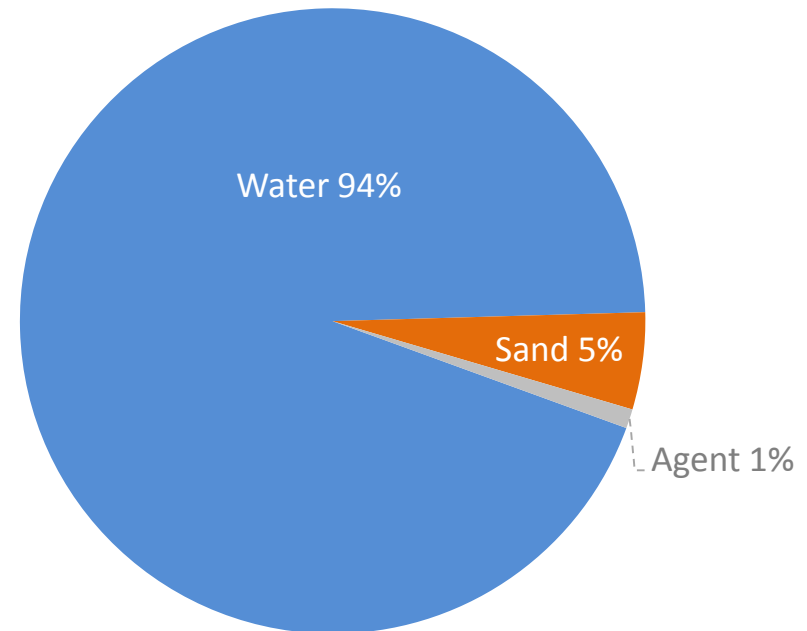
NOT TOXIC / CLEAN

- Natural gas which is used for cooking, heating, electricity generation
- 5.4m homes use natural gas (>60%) ¹
- Over 32 gas fired power stations providing 21% of generation capacity ¹
- Emits 50% less greenhouse gases than coal

ENVIRONMENTALLY RESPONSIBLE

- Coal seams usually well below Great Artesian Basin
- Cement and Steel casing protect water bore aquifers
- Water produced treated to highly regulated Australian Standards
- Fracking fluid 99% water and sand
- Agent (< 1%) – household products people use daily

Composition of frac fluid



Note:

(1) Source: BREE 2012 Australian Energy Projections

9. Half Year highlights

NPAT OF \$5.0M

- 117% increase on previous corresponding period (pcp)

EBIT OF \$8.0M

- 86% increase on pcp
- 1H EBIT result impacted by:
 - Rig 1 down time for upgrade and recontracting
 - Repairs undertaken on Rig 3
 - Deferral of rooms contracts

SHAREHOLDER RETURNS

- Earnings per share 10.2 cps, 55% improvement on pcp
- 3.5cps interim dividend, paid on 7 Mar 2014

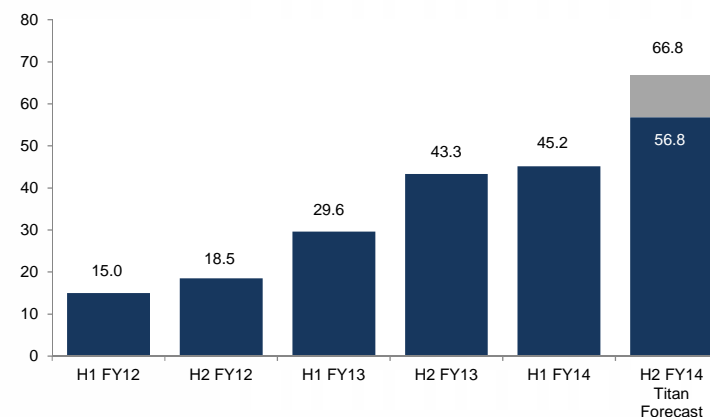
NET DEBT

- Net Debt \$10.6m, down from \$12.4m¹ at 30 June 2013

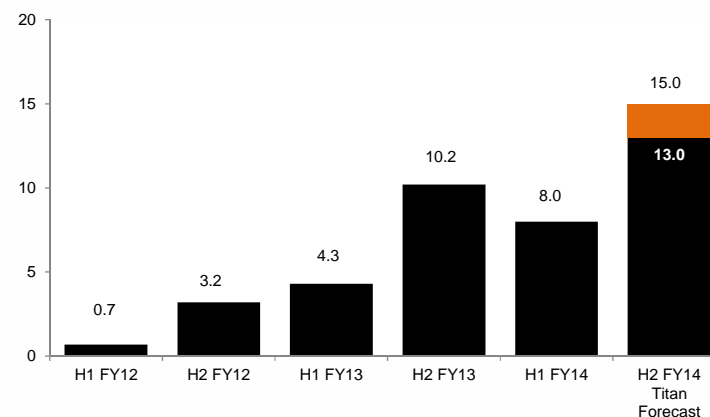
SAFETY

- No LTIs for 16 months
- TRIFR (12 month rolling) of 19.5 (FY13 – 17.9)

Titan Revenue (\$m)



Titan EBIT (\$m)



Note:

(1) Includes Hofco deferred consideration of \$5.8m

10. Outlook

GUIDANCE

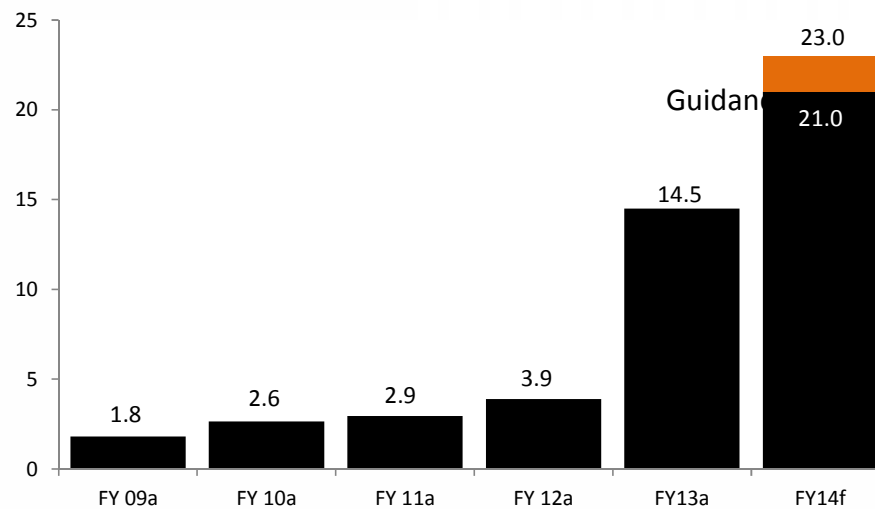
- FY14 earnings guidance of between **\$21 - \$23m EBIT** (FY13 - \$14.5m)

H2 FY14 RESULT DRIVEN BY

- Demand and capacity utilisation within RCH
- New water and waste transport business
- Growth in Nektar aligned to RCH and potential for growth in new markets
- Growth in Hofco rental revenues

Achieving this result is sensitive to significant adverse weather events

Titan Energy Services EBIT (A\$m)





Questions