

19 November 2015

ASX ticker: TTN

Chief Executive Officer's Address to Shareholders

Thank-you Shaun and good afternoon everyone.

Today I will start with a brief overview of the Group performance during FY2015, followed by discussing the current trading position and our outlook for FY2016.

FY2015 results

As presented in the Group's Annual Financial Report the results exclude the discontinued operations of Hofco Oilfield Services that was divested in May 2015.

- Revenue \$43.0m, decreased 51% on the prior year;
- Earnings before interest, tax, depreciation and amortisation (EBITDA) loss of \$36.5m – this includes impairment and other non-recurring charges of \$30.4m;
- Significant non-cash write down of assets including \$5.3m of intangibles, \$0.7m of inventory and \$21.4m of property plant and equipment;
- Safety continues as a high priority for the Company with TRIFR (Total Recordable Injury Frequency Rate) reduced to 7.6 being a strong improvement from FY2014 TRIFR of 11.7.

From an operations perspective the 2015 financial year achievements included:

- New drilling contracts in the Arckaringa Basin, South Australia and the Canning Basin in Western Australia;
- Significant organisational restructure with personnel levels set to meet current business operations, FTE's down to 48 from 230 this time last year;
- Consolidation of three business units into one Accommodation Services, combining Resources Camp Hire, Nektar Remote Hospitality and Base Transport and Logistics;
- Cessation of discretionary spend on opex and capex;

Corporate activities during the year included:

- January 2015 – \$4.3m equity capital raising used to repay \$1.9m of deferred lease commitments and an employee retention payment related to Hofco Oilfield Services of \$2.2m;
- January 2015 – restructure of temporary accommodation camp lease arrangements including security arrangements;
- May 2015 – Sale of Hofco Oilfield Services for \$13.5m and repayment of \$8.6m senior debt facilities. The Company had no borrowings at 30 June 2015 and today has no borrowings;

Safety and Risk Management

Our Directors and Management are committed to Titan's safe operations as we strive to achieve zero harm impact to our clients, personnel, the communities and environments within which we operate. Focusing on our safety culture across the business will continue to deliver a safer workplace for all stakeholders.

The safety journey is ongoing with changes to operating methods constantly under review and employee engagement fundamental to the successful delivery of safer operations.

The Company's risk management framework and review processes have been updated with refresher training for all employees.

Oilfield Services

During the year Atlas Rig 1 and Rig 2 completed drilling programs for a tier one operator, while Rig 3 was engaged by a junior explorer to undertake a drilling program in the Arckaringa Basin, South Australia. Rig 3's drilling program was completed successfully during the period October 2014 to March 2015.

In April 2015, Atlas Rig 2 secured a contract for an initial firm three well program located in the Canning Basin, Western Australia, drilling exploration wells. Mobilisation for this drilling program occurred in June 2015 with drilling operations commencing in July 2015.

Rig 2 has now completed the first and second wells and is shortly relocating to commence the third and final well. This program is scheduled for completion prior to Christmas and the beginning of the West Australian wet season, at which point the rig will be stacked.

Although not yet contracted Rig 2 is expected to continue to work in Western Australia following the wet season, with the Atlas team currently meeting with Buru Energy and a number of potential new clients to discuss future opportunities in the region.

Rig 1, Rig 3 and Rig 4 are currently stacked in our Roma facility and are being actively marketed to a range of customers for a number of different projects and applications.

Discussions continue with Tier One and Tier Two operators, and junior exploration companies to identify future opportunities where Atlas can utilise its rigs to deliver and execute successful drilling programs.

Accommodation Services

During the 2015 financial year several contracts for portable temporary accommodation ended as the industry moved from construction phase to production phase in the CSG/LNG sector. By April 2015 all accommodation rooms were returned to the Roma facility with no new contracts awarded during the remainder of the financial year.

Camp management, catering and housekeeping services were provided to two permanent camps representing 400 rooms until contract completion in March 2015 and April 2015. There are currently no active camp management, catering and housekeeping services contracts in place.

The water and waste cartage services were also impacted during the year and with the reduced level of activity across the industry there are no contracts for these services at present.

Recent tender opportunities and inquiries from potential clients reflect a preference for turnkey solutions with one contracted supplier delivering the full range of remote camp services. Clients are also requesting a broad range of pricing and camp configuration options, including dry-hire arrangements and varied room style accommodation availability, with flexible service delivery a key factor in client considerations. The pipeline activity remains strong however decisions are still not forthcoming as clients wait for approvals to proceed with committed projects.

Opportunities identified for Accommodations Services are from a range of industries, including construction, civil works, pipeline, rail, road and mining opportunities in Queensland and throughout Australia and Papua New Guinea.

Cash flow

Managing the Group's cash flow during the financial year has been a high priority given the significant reduction in revenue and has necessitated amongst the matters mentioned above a capital raising and the sale of Hofco Oilfield Services.

On behalf of Titan I would like to acknowledge the ongoing contribution of our primary supplier of temporary accommodation units for participating in the reorganisation of the Company's leasing arrangements through rental deferrals and unit handbacks.

The Group's cash flow will remain constrained until sector activity improves and as noted in the Annual Report the Group continuously reviews a suite of options including refinancing, business combinations and/or disposal of businesses or assets to ensure sufficient working capital is available to continue operations.

The impact of the industry sector downturn affected all business units during the financial year as reflected in our results. The Company is still feeling these affects with the 2016 financial year expected to continue to challenge the Company.

FY2016 Outlook

FY15 was challenging to say the very least, and while there have been some signs of improvement and new opportunities identified over the past six months, decisions are still not occurring to confirm start dates for identified drilling programs or accommodation services projects. Recent industry merger and acquisition activity has further impacted timing of these decisions.

Competition for our services remains very high and as clients continue to reduce their costs the impact is flowing to providers including Titan, resulting in a reduction in profit margins across the business.

Our short-term strategy is focused on identifying new opportunities to diversify revenue streams, providing innovative, flexible, cost effective solutions to our customers, preparing for future growth and executing and managing all aspects of service delivery to meet client expectations.

The philosophy driving the business strategy of creating a diversified group that provides relevant turnkey solutions to the oil and gas, mining, pipeline, rail, road and infrastructure sectors has not changed. The long term strategy remains sound, underpinned by 20 year+ Queensland CSG-LNG project commitments as well as pipeline, infrastructure, rail, road and mining opportunities in Queensland and throughout Australia.

The subdued market conditions continue to create uncertainty as to the timing of anticipated increases in demand for the Group's services and forecasting future results remains challenging. The Group continues to investigate new financing arrangements, capital raising options and/or asset divestments in order to provide additional funding whilst the present challenging market conditions persist.

Guidance for FY2016 is not able to be provided, however, updates will be provided to shareholders as new opportunities are confirmed.

I would like to take this opportunity to thank our Directors, Shaun, Mark and Stephen for their ongoing commitment and support during the past twelve months. I also extend my personal thanks to the Titan team who start each day with a smile on their face as we work through our current challenges.

Thankyou.

I will now hand back to Shaun Scott for the formal part of the meeting.

ENDS

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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. Titan provides expertise in oil and gas drilling, temporary camp accommodation and management, catering services and water and waste.

Atlas Drilling – specialist provider of drilling services to coal seam gas and oil exploration, production and well work overs;

Accommodation Services - (Resources Camp Hire – RCH; Nektar Remote Hospitality and BASE Transport & Logistics) providing remote camp solutions including accommodation, catering, camp management including water and waste services.