



# Wilson HTM Investor Presentation

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# 1. Titan Overview (ASX:TTN)

- Titan is an energy and infrastructure services group focused on the growing Qld CSG industry
- Since listing on ASX, Titan has:
  - Acquired and integrated RCH in September 2011
  - Signed solid contracts for its drilling business Atlas
  - Demonstrated a track record of delivering on its earnings guidance – 3 upgrades
  - Acquired Hofco Oilfield Services in March 2013
- Titan will continue to examine opportunities to grow/diversify organically and through acquisition

## The Titan Energy Services Group



- 4 rigs under contract
- 3 owned rigs, 1 hired
- High utilisation
- ‘Blue chip’ customers



- 623 rooms - May 2013
- Servicing CSG construction and production projects
- Experiencing good growth

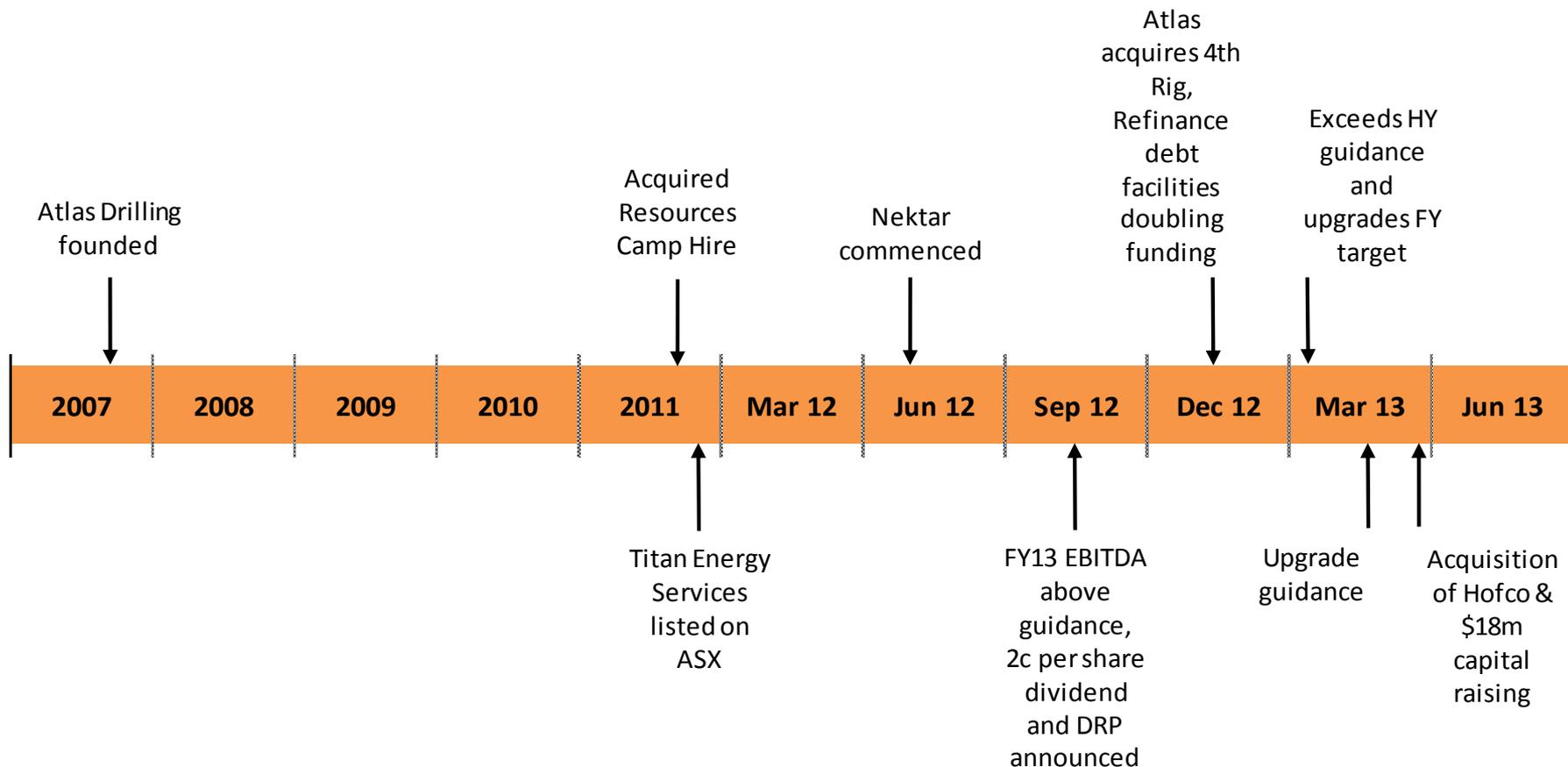


- Organic start-up business
- Commenced in April 2012
- 8 contracts secured
- Experiencing solid growth



- Rental provider of drilling equipment to the oil and gas sector
- Growth potential under Titan ownership

# 2. Titan History



# 3. Titan Strategy

## LEVERAGE

- Capitalise on significant expenditure in the CSG-LNG industry over next 20+ years; and
- Extensive CSG-LNG industry knowledge and contacts

## DIVERSITY

- by business (Drilling, Camps, Catering, Rental, etc)
- by geography (Qld , NT, SA & others)
- by industry segment (CSG, rail, road, pipeline, etc)

## GROWTH

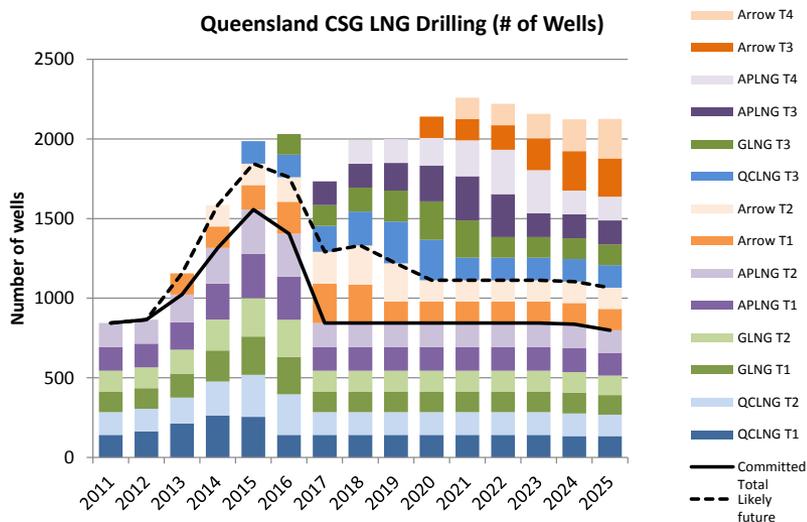
- RCH Room growth as demand dictates
- Nektar to also target permanent camps and business outside CSG
- Expand Hofco's rental offering and improve utilisation
- Examine new opportunities to grow organically and through acquisition



# 4. Qld CSG Well Profile

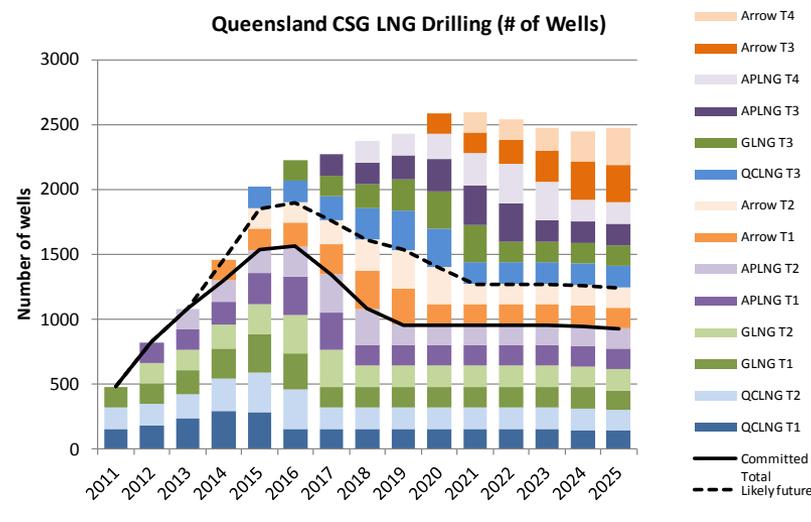
## QLD CSG - NO. OF WELLS

### Previous forecast



Source: ACIL Tasman

### April updated forecast

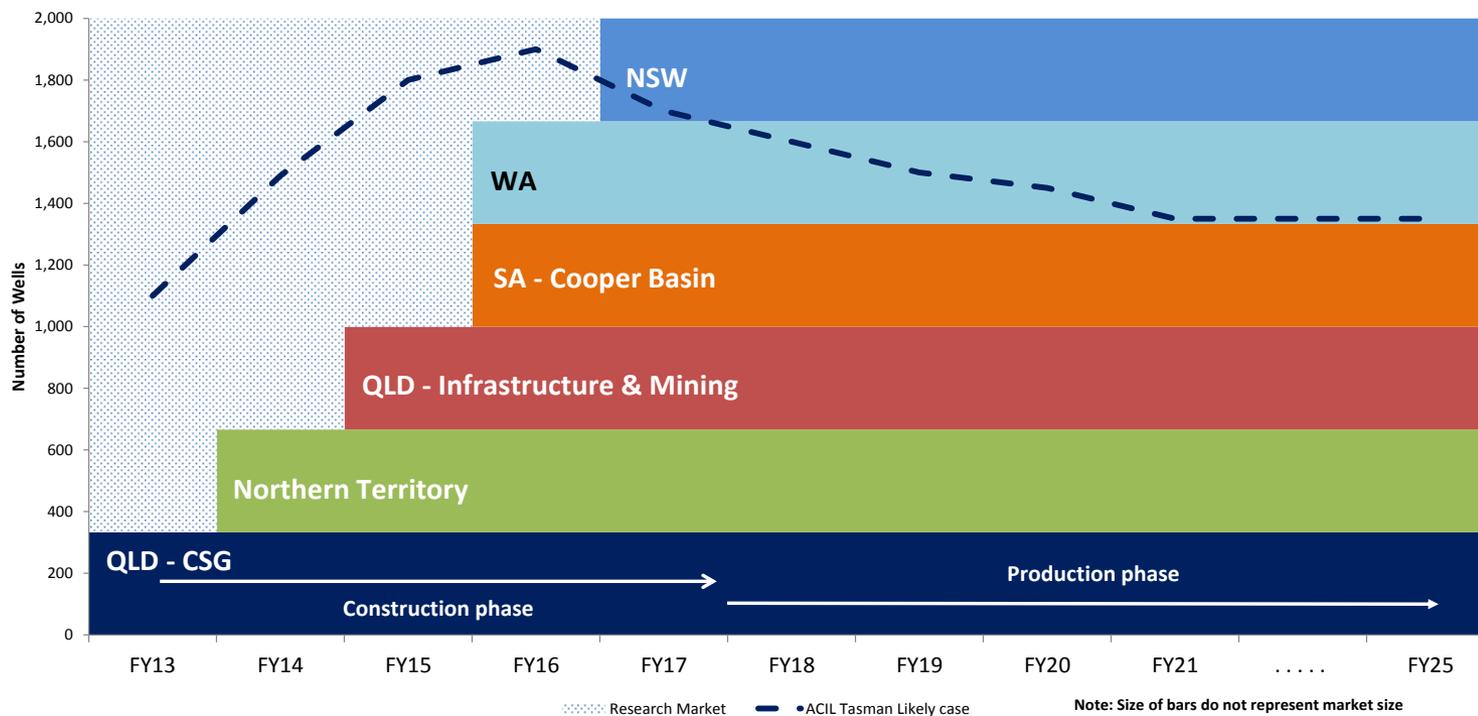


Source: ACIL Tasman

- Revision due to updated timing of production and changes to expected flow rates and well life
- Revised forecast 15% increase in number of wells required

# 5. Titan Growth Opportunities

Forecast QLD CSG drilling activity & Titan National Development plans

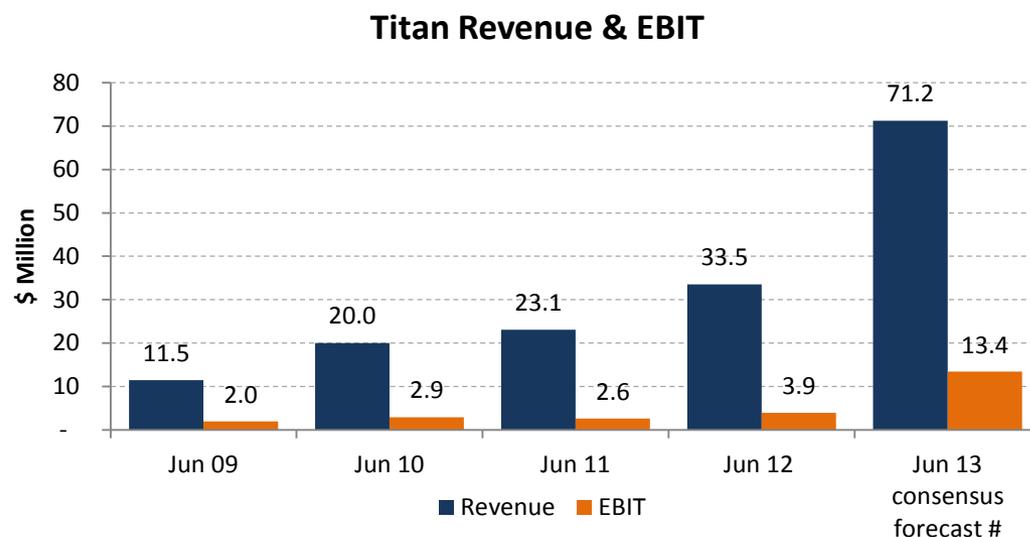


- Research and sales effort currently being conducted in a number of new markets
- Future growth beyond Qld CSG expected to come from geographic and industry diversification

# 6. Revenue & EBIT History

## EBIT GROWTH IN FY13 DUE TO:

- Strong growth in RCH room numbers
- Rapid growth in Nektar
- Half year contribution from Hofco
- Atlas rigs achieved strong utilisation



Note:

# Consensus forecast derived by averaging current broker forecasts for Titan

# 7. Atlas Drilling Overview

## BUSINESS STRATEGY

- Ensure rigs are continuously contracted
- Develop strong relationships with key clients
- Expand the business with top tier clients with long term work
- Explore opportunities in work over rigs

## CURRENT BUSINESS

- Operating for 6 years in CSG-LNG industry
- 4 Rigs operating under contract
- 3 Rigs owned, 1 Rig hired
- 1 Rig with QGC and 3 Rigs with APLNG

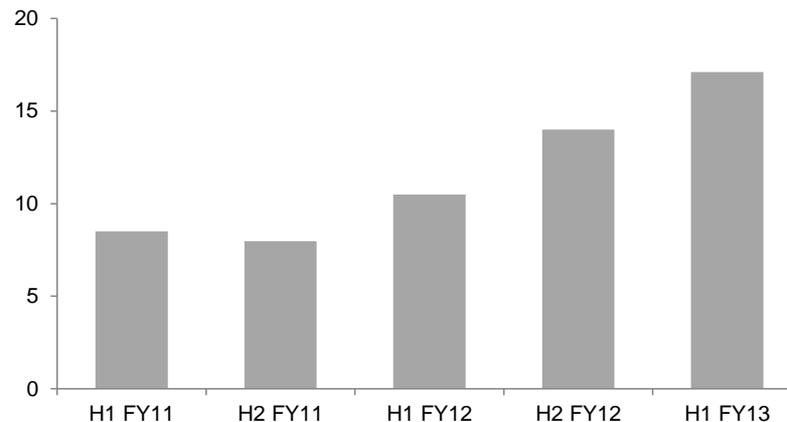
Note:

(1) The Rig 3 contract involves Atlas Drilling operating the rig on behalf of a third party under an operating and maintenance contract. When the Rig is working for a third party, such as APLNG, the Rig is rented by Atlas Drilling.

+ Denotes option to extend beyond this date

Rig#	Client	Term	Start	End	Comments
Rig 1	QGC	~12 months	Sept 2012	Sept 2013+	24 Well (to Sept 2013) + 6 month option
Rig 2	APLNG	6 months	May 2013	Nov 2013+	6 month option
Rig 3 <sup>(1)</sup>	APLNG	6 months	Dec 2012	Nov 2013	6 month option exercised
Rig 4	APLNG	12 months	June 2013	May 2014+	1 year option

Atlas revenue (\$m)



# 8. RCH Overview

## BUSINESS STRATEGY

- Capitalise on Qld CSG in the short term
- Explore preferred supplier status with CSG majors
- Expand relationships with existing key clients
- Explore opportunities in other markets – NT, SA, etc

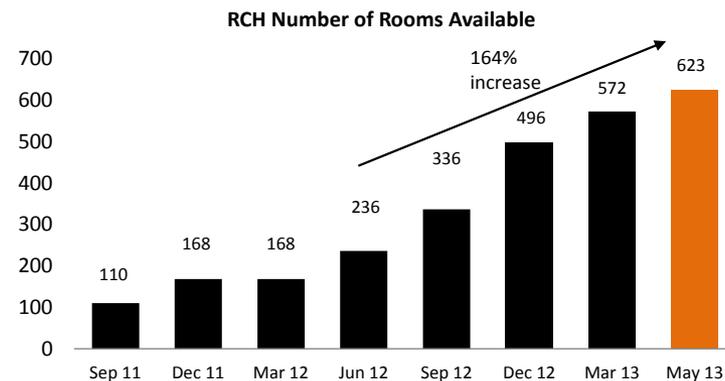
## CURRENT BUSINESS

- Acquired in September 2011 with capacity of 110 rooms
- Grown to current capacity of 623 rooms primarily through operating lease arrangements
- Current contracts range from 3 to 18 months (average ~6 months)
- Additional camps ordered for delivery to service future contracts

### MAJOR CUSTOMERS



The image displays five logos for major customers: Australia Pacific LNG (red and orange stylized waves), Leighton (blue square with orange triangle), Daracon Group (blue text with horizontal lines), Energy Drilling Australia (blue and orange stylized waves), and GTI General Trade Industries (yellow and black logo with the tagline 'ACHIEVING EXCELLENCE, WITH PRIDE').



# 9. Nektar Overview

## BUSINESS STRATEGY

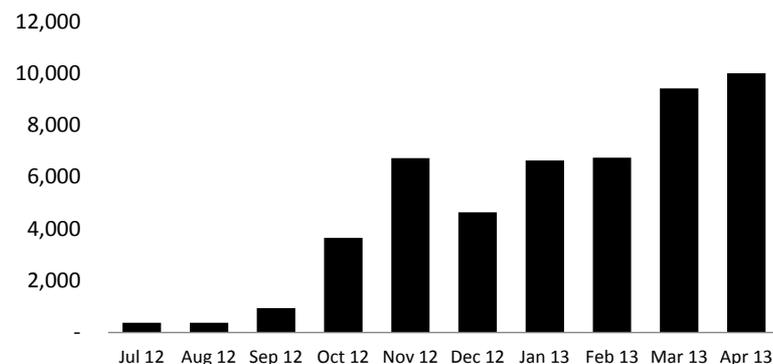
- Low capital intensive business which targets remote catering opportunities throughout Australia
- Expand into different geographical and industry segments
- Target temporary and permanent catering and camp management
- Offer high quality catering and camp management services to remote accommodation service providers



## CURRENT BUSINESS

- Established by Titan in April 2012
- Currently servicing 8 contracts equating to serving approximately 49,000 meal days in its first 10 months of trading
- Catering to ~ 80% of RCH camps
- Developed strong reputation for quality food and service

Nektar Man Days Catered \*



\* Number of days Nektar has catered x number of people catered per day

\*\* Reduction in days catered due to reduced manning levels over holiday period

# 10. Hofco Overview

## BUSINESS STRATEGY

- Continued expansion of down-hole tools available for rent
- Focus on CSG sector, potential to expand into alternative drilling markets
- Expand the business geographically
- Capitalise on existing Titan Group clients

## CURRENT BUSINESS

- Established in 1980, acquired by Titan in March 2013
- Market leader in CSG drilling rental equipment
- Specialised equipment with lower utilisation but high margin (c73% in FY12)
- Equipment hired on a day rate from 1 week to 12 months
- Customer responsible for replacement of lost equipment and refurbishment costs (low maintenance/servicing costs)

## MAJOR CUSTOMERS



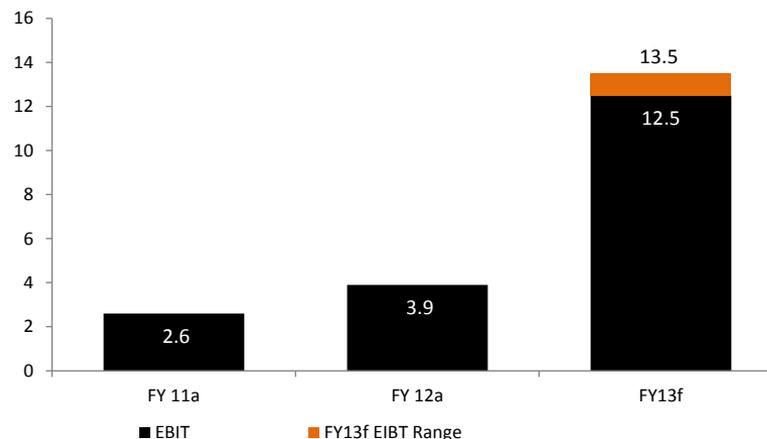
Non Magnetic Drill Collars

# 11. Outlook

## FY13

- Expecting a stronger second half of the year due to:
  - RCH starting the half year with 496 rooms, 110% capacity increase since June 2012
  - Continued growth within the Nektar business
  - Integration of Hofco results
- Titan’s full year EBIT forecast of \$12.5 - \$13.5m

Titan Energy Services Proforma EBIT (A\$m)



## FY14

- Rig 4 operating under 1 +1 contract
- Hofco contribution for the full year
- RCH weighted average rooms up substantially on FY13 (45% April YTD)
- Nektar aligned to RCH growth and potential growth in new markets
- Considering opportunities to grow/diversify organically and through acquisition



# Appendix 1

# Corporate snapshot

Share price	(closing price 6 June 2013)	1.45 cps
Ordinary shares on issue	(as at 6 June 2013)	47.5m
Market capitalisation	(as at 6 June 2013)	\$68.9m
Net Debt	(as at 31 December 2012)	\$10.3m
Enterprise value	(Market Cap + Net Debt)	\$79.2m
Shareholders	XLX	16.1%
	Board	11.3%
	High Net Worth	13.0%
	Institutions	23.5% (estimate)
	Other	36.1%
FY13 EBIT guidance <sup>(1)</sup>		\$12.5 - \$13.5m
FY13 EBIT multiple (Low)	(Enterprise Value / EBIT)	6.3x
FY13 EBIT multiple (High)	(Enterprise Value / EBIT)	5.9x

Note 1: Hofco's results only contribute from 1 January 2013.