



THALASSA HOLDINGS
(AIM:THAL)
Share price 203p

Statoil Contract Update

Date: 16th June 2014
Sector: Oil Equipment, Services & Distribution
Market Cap: c£50m (US\$85)
www.thalassaholdingsltd.com

The AIM quoted marine geophysical group has issued a positive update on the significant seismic survey being undertaken for Statoil, a contract originally announced in February 2013.

The Group's subsidiary WGP Group (www.wgp-group.com) has completed mobilisation for the first 2014 permanent reservoir monitoring ("PRM") survey over the Snorre field in the North Sea. The first good shot point has been achieved and production is underway.

- Mobilisation

Statoil's D- PMSS™ unit has been mobilised on the M/V Siem Sailor (<http://tinyurl.com/lpw8ym5>) platform supply vessel, which will be used for the duration of the survey programme. This first survey is expected to conclude in June 2014. This is expected to be followed by the first survey over the Grane field, commencing by 1 September 2014, and the second survey over the Snorre field, commencing by 1 October 2014

- Significant contract

The significance of this contract is such that the successful mobilisation should not be understated. The seismic acquisition contract for Statoil is for an initial fixed term until the end of 2017, with Statoil's option to extend by two further terms of two years each.

The total seismic acquisition contract value, excluding any extensions, is approximately US\$32m and up to approximately US\$65m if Statoil exercises the options to extend the contract by a further four years.

The letter of intent also covers Statoil's purchase of a bespoke dual portable modular source system ("D-PMSS™"), which WGP shall maintain and operate throughout the duration of the acquisition contract. The value of this contract is approximately USD\$19.8m.

- Share price and estimates

Contrary to what is implied by the weak share price of late, all appears to be going well with Thalassa. The recent fall in the share price results in the shares trading on a cash-adjusted PER of only 12.6x full year 2014 house broker estimates.

House broker estimates for the Financial Year ending December 2014 remain as previously, being for revenue of US\$36.5m, pre-tax profit US\$5m and eps of 16.9 cents. For 2015, estimates are currently for revenue of US\$41.6m and eps of 20.8 cents.

With a meaningful cash pile to deploy over the coming years and some exciting developments in the pipeline we still anticipate that actual results will be substantially different!

Time for patience!?





SMALL CAP SHARE COMMENT
Commissioned Commentary

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