

THALASSA HOLDINGS
(AIM:THAL)
Share price 57pDate: 21st January 2013
Sector: Oil Equipment, Services
& Distribution
Market Cap: c£6.8m
www.thalassaholdingsltd.com**Highly positive contract news**

The AIM quoted marine seismic operations business, has announced some positive contract news.

Its subsidiary, WGP Energy Services Ltd, has entered into a contract with SMG Ecuador, the Ecuador business of State Sevmorgeo Company www.sevmorgeo.com ("SMG"), the Russian geological sea survey company, with an initial value of US\$4.175m.

The contract involves the provision and operation of Thalassa's Portable Modular Source System ("PMSS") as part of seismic data acquisition surveys being conducted in Ecuador by SMG Ecuador.

The surveys are scheduled to commence on 14th February 2013 and last until 15th June 2013 with work on pre-mobilisation already underway.

THAL has conducted surveys with SMG before in the Arctic in 2011 and 2012 however, this is the first time operations have taken them outside Europe.

- Use of PMSS

The PMSS™ equipment is installed on vessels in order to provide the seismic (sound) source to allow Oil and Gas Exploration & Production companies to primarily perform Permanent Reservoir Monitoring ("PRM") or Life of Field Seismic.

The equipment is also extremely versatile giving THAL the opportunity to use the equipment more widely than if they were restricted only to PRM work.

- Geographical expansion

Up to now the Group's focus has been in the North Atlantic and Arctic regions, with operations restricted to the summer months. In order to smooth out returns one of the Group's key aims has been to increase activities in the Southern hemisphere, being counter cyclical to the Northern hemisphere seasons, or in equatorial regions where there is less seasonal variance. The latest contract news is therefore evidence of their efforts coming to fruition.

- Broker estimates

Current house broker estimates for the year ending December 2013 provide for revenue of US\$15.3m and underlying profit before tax of US\$1.8m resulting in forecast 2013 earnings per share of 12.9 cents or approx 8.11p. This results in a forward multiple of a lowly 7x at the current share price.

The valuation looks all the more modest if one considers that shares in the Group continue to trade close to tangible book value (Current market cap £6.8m vs. tangible net asset value of £5.8m, or US\$9.3m equivalent at 30th June 2012, which included US\$1.9m of cash). This also assumes that no value is currently being assigned to the highly skilled people!

With the seismic market in excellent shape, the valuation still looks very modest!

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