

THALASSA HOLDINGS
(AIM:THAL)
Share price 138pDate: 26th April 2013**Sector:** Oil Equipment, Services
& Distribution

Market Cap: c£22m

www.thalassaholdingsltd.com**Statoil contract signed and the future looks
very bright indeed**

The AIM quoted marine seismic operations business has confirmed that the final contract between its WGP subsidiary and Statoil ASA (STL:OSL) has been executed. This follows the announcement on 27th February 2013 of a letter of intent with Statoil to provide long-term seismic acquisition services for permanent reservoir monitoring of the Snorre and Grane oil fields in the Norwegian sector of the North Sea.

The procurement process for the dual portable modular source system ("D-PMSS") has already commenced, with Statoil agreeing to meet all costs incurred by WGP in the event that final contracts were not executed.

- Initial contract value in excess of US\$50m plus potential for material extensions!

The seismic acquisition contract will be 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 first survey is scheduled to start on 1st October 2013 over the Snorre field.

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

- Innovative equipment purchase by the client de-risks things

Statoil will also purchase 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 to THAL is approximately USD\$19m with delivery of the system is anticipated to occur by 1st October 2013.

We commented previously on the innovative financing solution which is extremely attractive to both Statoil and Thalassa.

- Broker forecasts

For the year ending December 2013 house broker estimates are currently for revenue of US\$28.6m, pre-tax profit to US\$2.4m and eps to 16.9 cents (11p at current ex-rates), resulting in a one year PER of approximately 12.5x at the current share price (138p). It's also worth noting that these estimates are only based on contracted revenue, so there is clear scope for upgrades. For 2014 estimated revenue is \$20.6m, pre-tax profit US\$3.0m and eps 21.3 cents (13.77p) resulting in a 2 year PER of 10x.

The recent placing which raised approximately £5.4m at a price of 120 pence per share was well supported by both leading institutional investors and the Executive Chairman.

- Growing pipeline of enquiries

While the Statoil contract was already factored into house broker forecasts, the high profile nature of this is clearly contributing to the growing pipeline of enquiries for both permanent reservoir monitoring activity and niche projects requiring bespoke solutions. With some material contracts already underpinning the next few financial years and cash in the

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