



getech

Financial and Operational  
results

*6-months to 30 June 2018*

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# Highlights 6-months to 30 June 2018

## Operational

- Sales team focused on account management and multi-year subscriptions
- Operations focused on continuous product and service enhancement
- Henley and London to merge in H2, Leeds office on market

## Financial

- Total sales closed £4.3 million – a 39% increase on H1 2017
- Multi-year product subscriptions add £1.4 million to recurring revenue pipeline
- H1 revenue recognition £0.2 million below H1 2017
- Post tax loss of £280,000 (H1 2017: £227,000 loss)
- Net cash plus receivables flat across period (£3.9 million)

## Outlook

- FY sales are typically geared to H2 – H2 2018 opening with a \$0.9 million data sale
- Budgets set in 2017 have constrained 2018 Exploration and New Ventures spend
- Optimistic that preparations for 2019 work programs will generate new demand

# Geoscience and GIS for natural resources

Getech provides geoscience and geospatial products and services to companies and governments, which they use to de-risk exploration programmes and improve their management of natural resources

We have reshaped our activities around a suite of data, software and information products

We add further value through services that leverage our products and geoscience-geospatial skills

This product-led strategy targets growth in high-margin recurring-revenue opportunities

We are focused on our customers' needs

We are focused on diversification



## **Geoscience knowledge**

We map the structures and systems that shape the Earth's crust



## **Geospatial expertise**

Create, store, integrate, manipulate, analyse and visualise

# Products at the heart of our business

Products: c70% of revenue, potential to be recurring, strong margin



## Geo-information Products

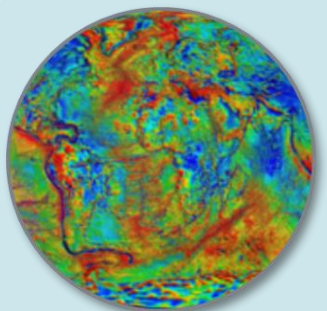
### Reduce exploration risk

- Plate movements
- Past climate
- Reservoir-Source quality

- When was oil & gas most likely to form?
- Which locations are best for exploration?

### Market potential

- c. 100 super-majors & large independents



## Data products

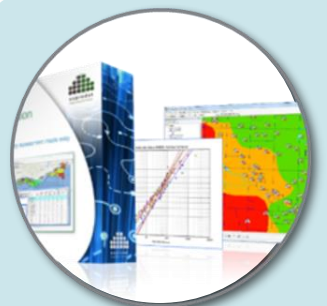
### See and understand

- Visualise crust's structures
- Understand oil & gas basin evolution

- Where are the oil and gas basins?
- When were the basins active?

### Market potential

- All O&G and Mining exploration companies



## Software

### Save time and money

- Play-based exploration
- US shale production
- Data integration

- Which locations are lowest risk?
- How many wells & pads to drill?
- How much reserve can I book?

### Market potential

- Super majors to small independents (c. 1k US onshore operators)

## Services

### Geoscience

#### Integrated G&G Service

- Regional studies
- Seismic & well analysis
- Government advice
- License rounds

### Gravity & Magnetics

#### World G&M experts

- Data compilation
- Data reprocessing
- Value-add analysis
- Largest global dataset

### GIS

#### Esri Gold Partner

- Implementation
- Spatial data management
- Development of custom solutions



# Products and Services - focused on the customer



# Some of our Customers and Geographies

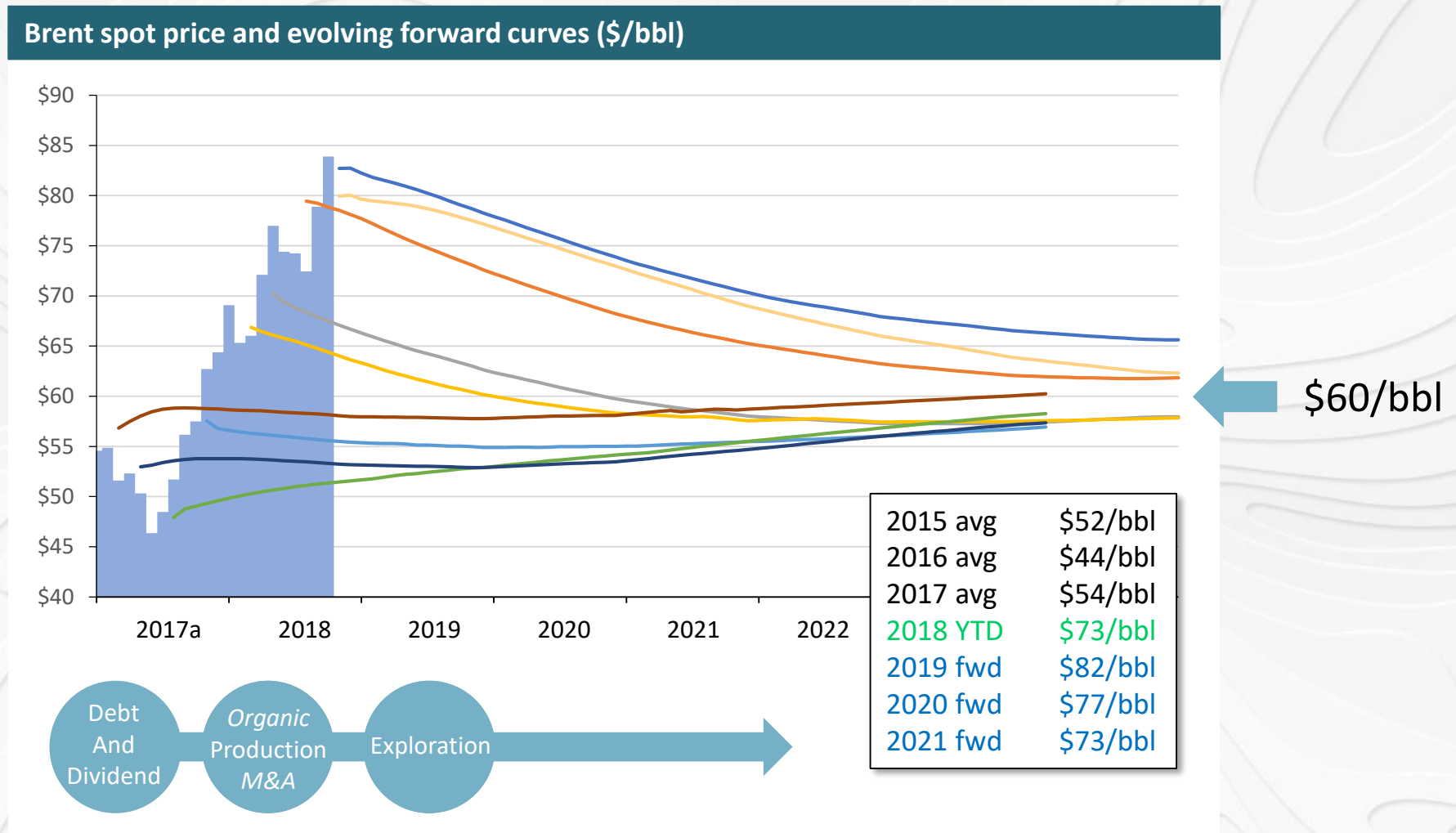




# Crude market and our customers



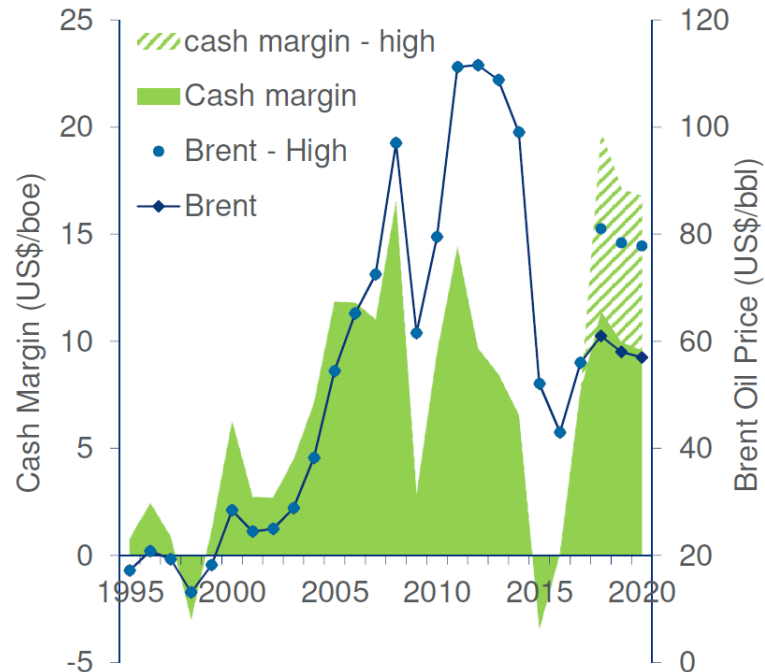
# The shape of the crude price curve is important



- 2017 budgets were set against much lower crude prices - queue of cash flow priorities
- Log-run prices are an important driver for exploration sentiment

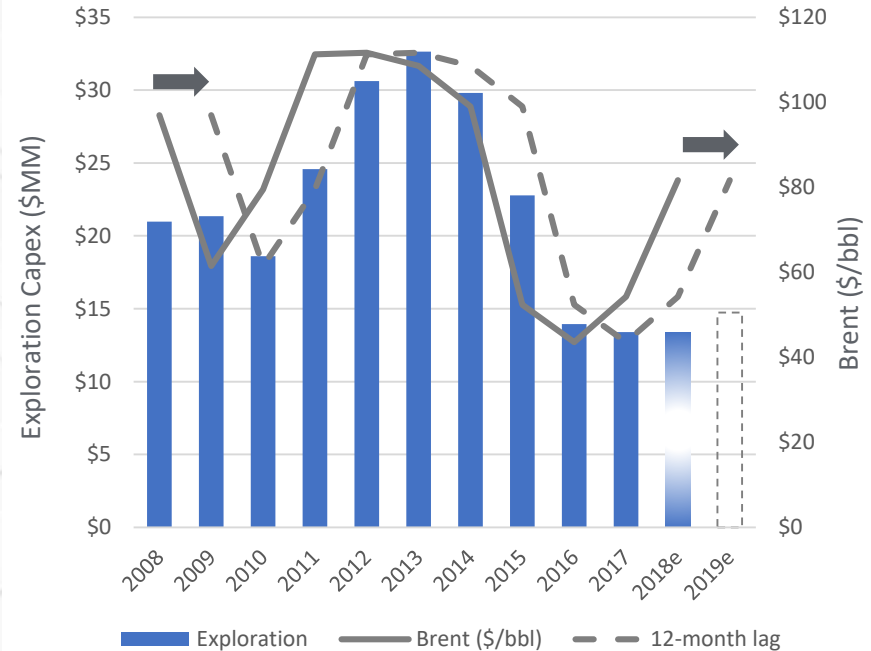
# \$60/bbl outlook as good as at any time in past 20 years

## Customer cash margin



Source: Wood MacKenzie

## Super Major exploration capex and Brent

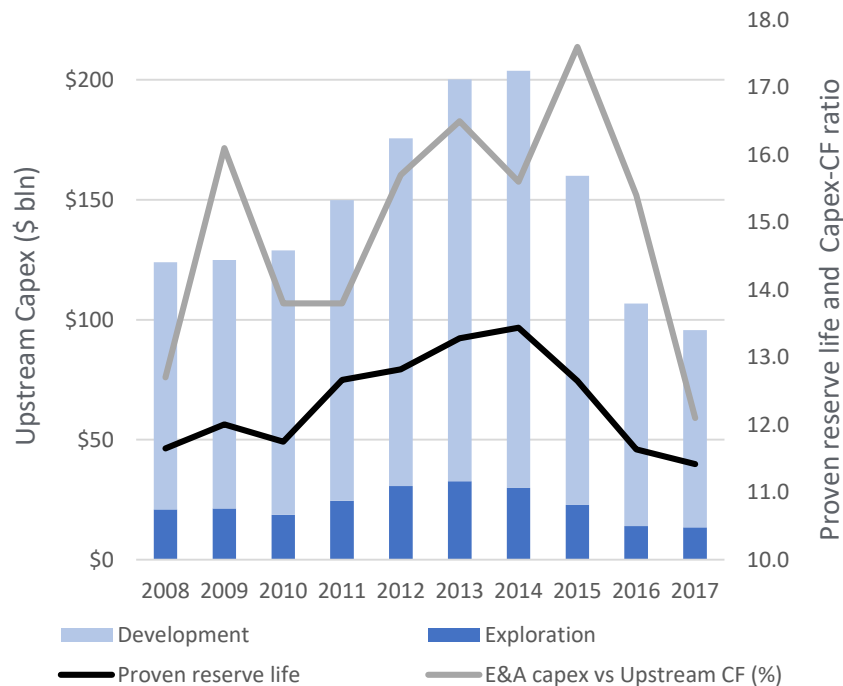


Source: BP, Chevron, ConocoPhillips, Eni, Equinor, ExxonMobil, RDS, Repsol, Total

- Costs at cyclical low + Unbudgeted crude price strength = Strong cash margins
- In each cycle exploration spending moves at a lag to crude price recovery
- 2019 expectation is for measured capex growth and continued capital discipline

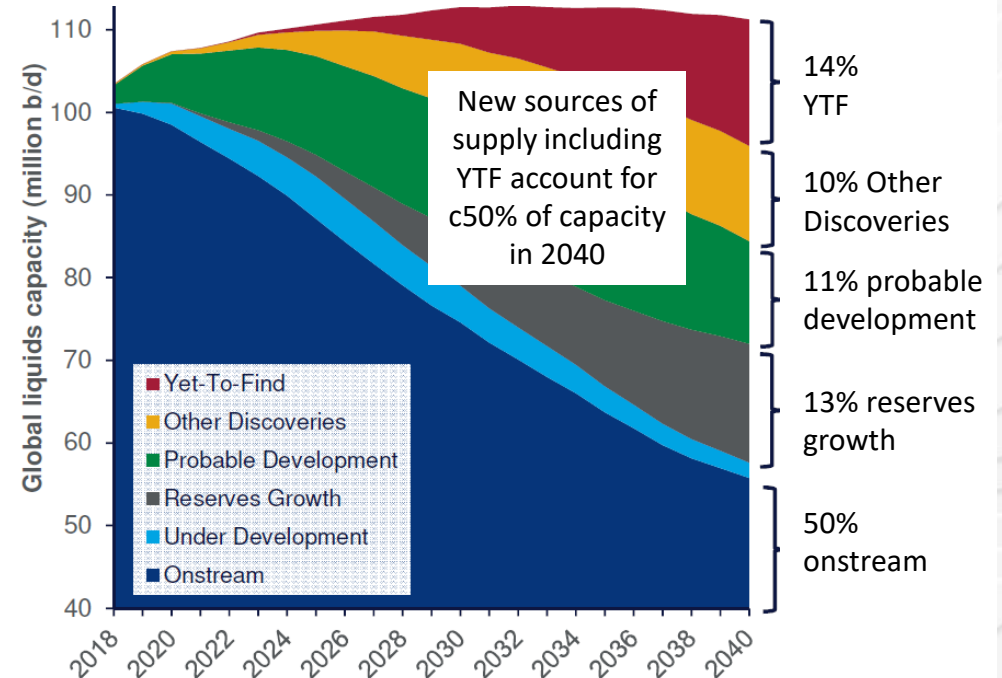
# Reduced spending has longer-term consequences

Super Major upstream capex and proven reserve life



Source: BP, Chevron, ConocoPhillips, Eni, Equinor, ExxonMobil, RDS, Repsol, Total

Global liquids production capacity – by development status



Source: Wood Mackenzie Oil Supply Tool (H1 2018 dataset)

- Both exploration and development investment have been reduced
- Reserve lives are falling - reserve replacement rates (ex North America) are below 100%
- Future liquids supply depends on conventional yet-to-find volumes



# **Operational Review**

## **6 months to 30 June 2018**



# Continuous product and service enhancement

## **Investment throughout the cycle – shaped to our customers' needs**

- £0.5 million capitalised investment
- Investment is focused on our customer's most pressing commercial needs
- Rewarded with £1.4 million of new multi-year contracts

**Globe** – annual release cycle, completed on time and to cost, new content and analytic tools

**Data** – Irish Atlantic Data and upgrades, Sierra Leone round close delayed due to election

**Software** – New functionality, support for Esri 10.6 release

**Gravity & Magnetic Solutions** - running at full capacity

**GIS Services** - new Super Major support contract, continued diversification beyond oil & gas

**Geoscience Services** – significant restructuring, on the road to resetting profitability

## **Additional investment in operational delivery, training, sales and marketing**

- Significant H2 campaigns in software and information products
- Expansion in product training and support for our customers





# **Financial Review**

## **6 months to 30 June 2018**

# A simple profitability formula

H1/H2 revenue weighting 40:60

Total Costs                      c. £7 million per year  
    c. 85% fixed

Revenue                              > £7 million = FCF +ve  
    < £7 million = FCF –ve

(pre financing and w.c.)

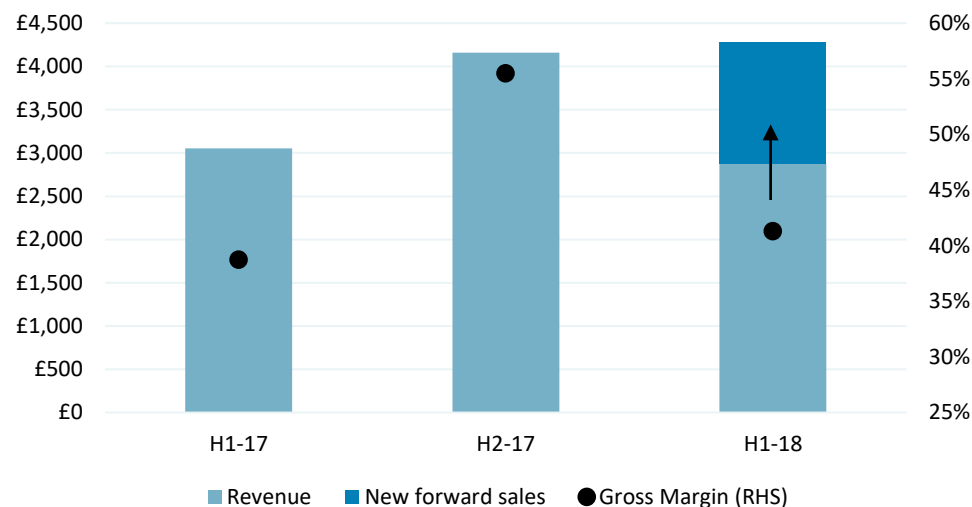


# H1 2018 – Financial summary

H1 total sales closed	£4.3 million	up 39%
H1 revenue	£2.9 million	down 6%
new forward sales	£1.4 million	zero in H1 2017
H1 revenue	£2.9 million	£0.2 million less
cash costs	£3.5 million	down 4%
Post tax loss	£0.2 million	flat year-on-year
post tax cash flow	£0.08 million	
investment	£0.50 million	
debt repayments	£0.15 million	
Net cash @ 30 June	£1.4 million	£1.8 million @ 31 Dec 2017
Net cash + receivables	£3.9 million	£3.9 million @ 31 Dec 2017

# Multi-year licenses – continued capital discipline

## Revenue recognition and forward sales



## Total sales closed £4.3 million

- 39% year-on-year rise

## Driven by new multi-year license agreements

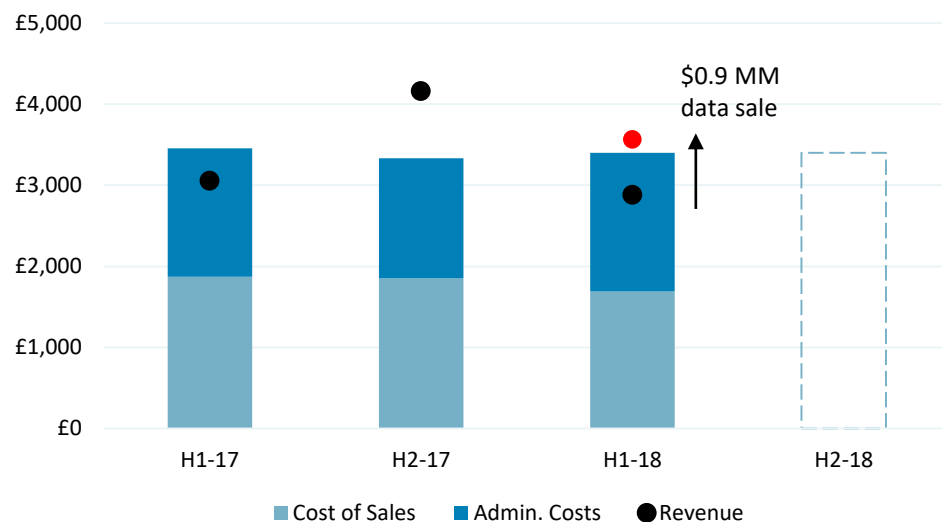
- H1 Revenue £2.9 million (H1-17 £3.1 million)
- H1 incr. in FWD sales £1.4 million (H1-17: flat)

## \$0.9 million data sale closed after 30 June

- Would have resulted in 16% H1 revenue growth
- Would have placed Group in profit

## H2 weighting to revenue and margins

## Costs largely fixed – profitability geared to H2 revenue



## Cost base 4% lower year-on-year

- On top of a 32% reduction across 2016/2017
- Change to mix - investment in sales and delivery
- Geoscience Service restructuring in H2 2018

## Smaller cost base, largely fixed in nature

- 85% of costs are 'fixed'

## Significant cash leverage to sales growth

# Cash flows – net cash plus receivables flat

## H1 cash flow analysis

	H1-18 £ '000	H1-17 £ '000
Cash flow from operations	-136	102
Working Capital	-396	-356
Cash tax receipts	608	572
<b>Net Operating Cash flow</b>	<b>76</b>	<b>318</b>
Investing Activities	-445	-500
M&A		-400
<b>Investing cash flow</b>	<b>-445</b>	<b>-900</b>
Financing cash flow	-154	-141
<b>Increase/(decrease) in cash</b>	<b>-523</b>	<b>-723</b>

	30 June 2018 £ '000	30 June 2017 £ '000	31 Dec 2017 £ '000
Net Cash	1,389	826	1,759
Receivables	2,526	2,799	2,121
	<b>3,915</b>	<b>3,625</b>	<b>3,880</b>

## Revenue £0.2 million below H1-17

- Does not reflect £1.4 million of forward sales
- H1 working capital £0.4 million negative
- H1 £0.6 million R&D tax credit

## Capital investment £0.5 million

- Globe and software
- Zero M&A cost (H1 2017: £0.4 million)

## Debt repayment £0.2 million

- Debt at 30 June 2018: £0.5 million
- Debt at 30 June 2017: £0.8 million

## Net cash outflow £0.5 million

- Revenue £0.2 million below H1 2017

## Net Cash and Receivables flat across the period

- c. 50% of forward sales invoiced at 30 June
- \$0.9 million data sale closed early in H2 2018

# Conclusions and Outlook

## **Customer capital discipline is expected to hold firm but reasons for optimism**

- Strength along the crude price curve
- New multi-year product sales

## **Getech commitment - investment through the cycle and capital discipline**

- Continuous product investment and customer collaboration
- Products and Services that move us to the front of the capex queue

## **FY sales are typically geared to H2**

- 40:60 sales ratio - H2 2018 opened with a \$0.9 million data sale
- Budgets set in 2017 have constrained 2018 Exploration and New Ventures spend
- Optimistic that preparations for 2019 work programs will generate new demand

## **Operational and Capital Management**

- Leeds office placed on the market in H1 2018
- Henley and London to merge in H2 2018
- c. £200,000 of exceptional costs in H2 2018 - we do not expect FY costs to exceed those in 2017

## **We remain committed to making our capital work hard for the benefit of shareholders**

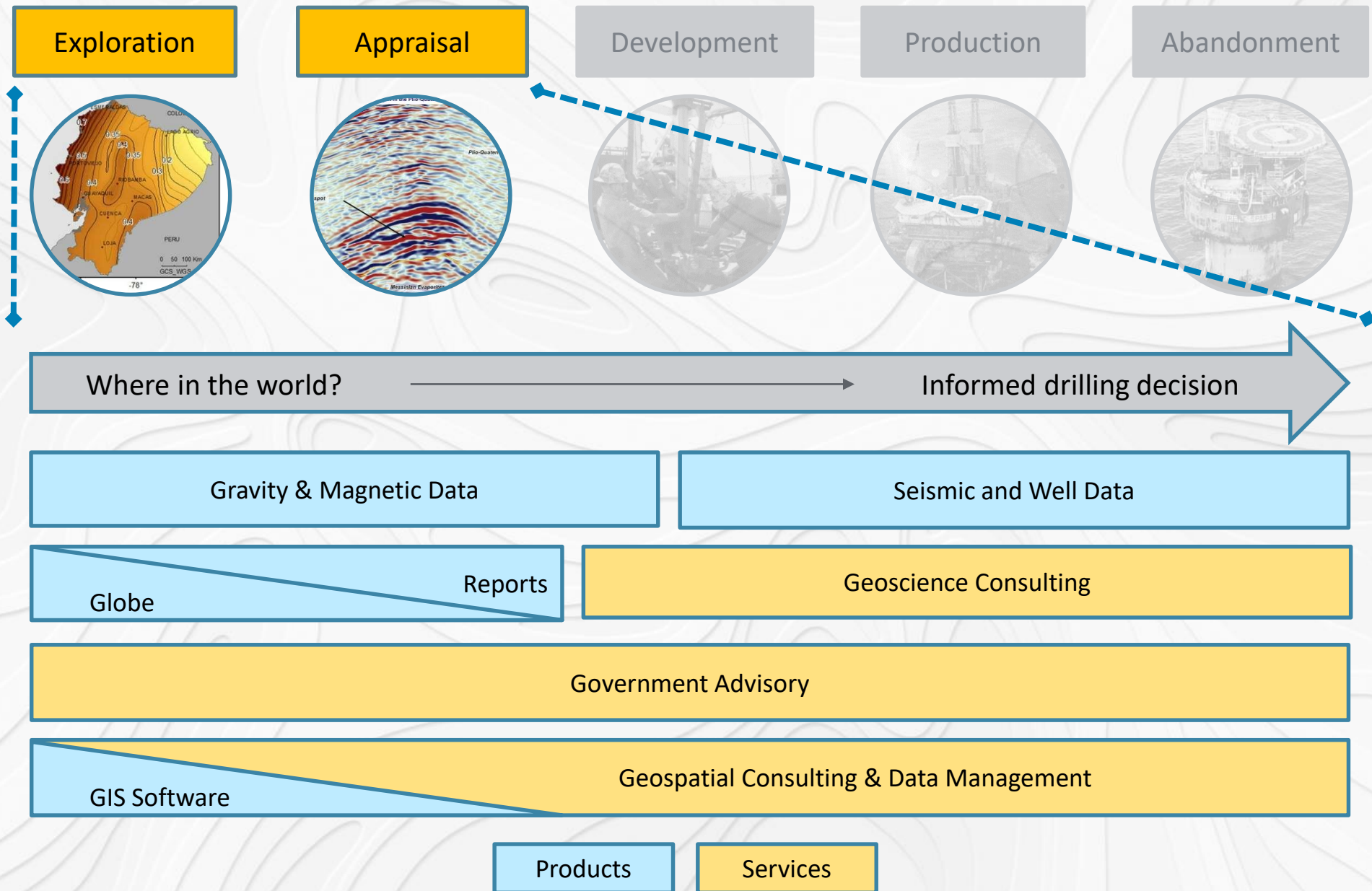






Getech  
some more detail

# Experts in the assessment of risk and opportunity



# Beyond exploration - Development to Abandonment

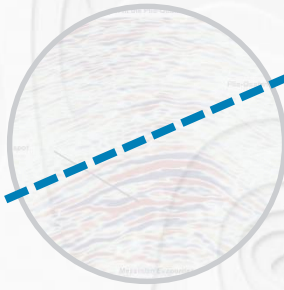
Exploration

Appraisal

Development

Production

Abandonment



## Production: Shale oil, share gas, CBM

Our **Unconventionals Analyst** software product simplifies complex reserve evaluation and well pad planning projects for resource play developments.

- *How much 1P, 2P and 3P can I book? What area between the wells can I book as “proved”?*
- *How many wells and pads do I need to drill my acreage?*
- *How many laterals do I need? What types of laterals?*
- *How can I improve my well plan to be more cost effective?*



## Operations Management: NCOC

We provide GIS platform services to the JV managing the multi-phase development of Kashagan, a huge oil field in Kazakhstan.

- We provide a remote service to implement and support a web-based mapping platform used to manage geospatial data
- Areas of focus include: *oil spill response, management of facilities, geotechnical investigations, vessel tracking*





# Natural Resources – Geospatial skills open doors

