



Trading Update: 6 months to 30 June 2019

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GETECH Group plc
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("Getech" or the "Company" and with its subsidiaries the "Getech Group")

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Getech (AIM; GTC) provides geoscience and geospatial products and services to companies and governments who use them to de-risk exploration programmes and improve their management of natural resources. The Group's activities focus on a suite of data, knowledge and analytical products, the value of which are enhanced through services that leverage Getech's products and technical skills.

The Company produces this trading update ahead of the publication of its interim results on or around 30 September 2019.

Operational update

Development of Globe remains on time and to cost - Globe 2019 was released to customers at end-July. In H1 2019 Getech completed the upgrade of its software products to ArcGIS Pro, added to its data holdings and began feasibility work on the potential to enhance MultiSat.

Gravity & Magnetic and Geospatial Service teams continued to be fully utilised and work to reposition Geoscience Services was rewarded with further governmental engagement and new contracts from customers expanding their investment in exploration.

Getech is exploring a range of organic and acquisitional opportunities to further enhance and extend its product and service offering.

H1 2019 - revenue, sales, costs and cash

Revenue in H1 2019 is expected to total £2.5 million (H1 2018: £2.9 million). In addition, in H1 2019 Getech closed £1.6 million of new forward sales (H1 2018: £1.4 million). A significant portion will unwind to revenue in H2 2019.

- Lower H1 revenue in large part reflects a near-term reduction in the size of the Geoscience Services team, a step taken in Q4 2018 to address the team's lossmaking position.
- Higher new forward sales of products and services grew Getech's order book by £1 million (30 June 2019: £3.0 million; 30 June 2018: £2.0 million) and increased the level of annualised recurring revenue by £0.8 million (30 June 2019: £2.3 million; 30 June 2018: £1.5 million).
- The total value and diversity of data sales in H1 2019 rose year-on-year.

Cost savings that resulted from the restructuring and relocation of Geoscience Services were partly used to expand investment across Getech's workforce. Inclusive of this, the total cost base ^[1] in H1 2019 is expected to have reduced by 10% to £3.2 million (H1 2018: £3.5 million).

Getech expects the net impact of the reduction in cost base and revenue to have a neutral impact on the Group's profitability position when compared to H1 2018.

Capital discipline, and the settlement of receivables, increased cash to £3.0 million at 30 June 2019 (30 June 2018: £1.9 million; 31 Dec 2018: £1.4 million). Cash at 30 June 2018 included tax credits totalling £0.6 million. Receipt of tax credits in 2019 is due in H2 2019.

Overall, the Company continues to trade in line with current market expectations.

Outlook

Getech is growing its baseline of recurring revenue by broadening its customer base and expanding its geographic reach. This has required focused new sales and marketing campaigns for software and Globe, whilst developing a range of opportunities in the markets of data, geospatial, geoscience and gravity and magnetic services. This investment has been rewarded with an expansion of the sales pipeline and new focus regions include Southeast Asia, Japan and UAE.

For Globe and software, Getech is working with a strong list of new customer trials. In data, with the bar set by a record sales performance in H2 2018, the Group is managing a portfolio of high-value opportunities; key catalysts for which lie in H2 2019. In services, H1 2019 projects have entered H2 2019 with new phases of work and Getech continues to add new customers.

With global macroeconomic uncertainty driving crude price volatility, Getech's oil and gas customers continue to carefully manage the release of their investment budgets. The Group's focus therefore is to keep its tangible and growing sales pipeline in step with its customers' key business requirements.

Jonathan Copus, Getech CEO, commented:

"We have reshaped Getech around a suite of high-value products and skills. This is changing the mix and timing of our sales and revenues. In H1 2018 and H1 2019 a large proportion of new sales that we closed relate to forward contracts that secure revenue for future periods. Most of this revenue is also recurring in nature. Superimposed on this are steps that we are taking to strengthen our service offering, which in the near-term prioritise profitability over top-line growth. As a result, although H1 2019 revenue was lower than in H1 2018, new sales have strengthened Getech's forward earnings path. By covering an ever-larger portion of our costs with forward and recurring revenue, this means that event-driven 'spot' sales, such as high-value data, can be used to maximise profitability."

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

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Notes to Editors:

The Getech Group provides the expertise, support and knowledge that companies and governments need to better discover, develop and manage natural resources. Our data-rich products, GIS solutions and government advisory services help our customers to achieve their business goals of cost control, operational excellence, regulatory compliance and environmental responsibility.

For more information, please visit our website at www.getech.com

^[1] Cost base is measured as: cost of sales, administrative costs and development costs capitalised, less depreciation and amortisation, and adjustments for movements in inventories, foreign exchange and non-cash provisions. These are Getech's cash operating costs.

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