



Enteq Upstream

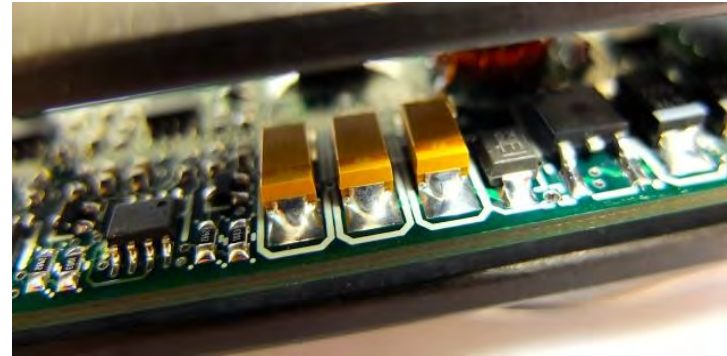
End of year results presentation

Year ended 31 March 2019

Reach & Recovery Technologies
For Upstream Oil & Gas

Supplier of Measurement While Drilling equipment to directional drilling service companies

- An MWD system is operated during the drilling of EVERY directional oil or gas well
- MWD allows the well to be drilled to the target location and to maximise drilling efficiency
- Enteq sells or rents specialist equipment to the drilling company
- Directional Drilling services market is @ \$10bn
- MWD supply market is @ \$200m

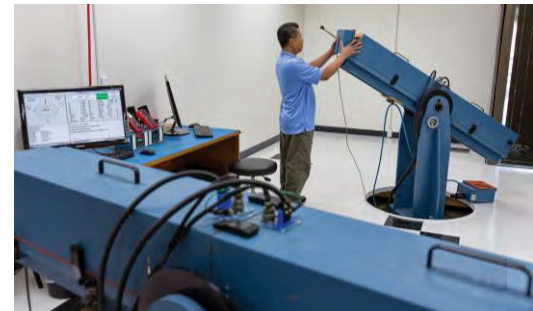


- Significant growth in both revenue and adjusted EBITDA
- Growth in both North American and International markets
- Positive adjusted earnings per share
- Investment in Engineering, IP & Rental Fleet
- New product and technology releases

<i>\$m</i>	2018/19	2017/18
Revenue:		
North America	9.3	6.0
International	0.9	0.5
Total	10.2	6.5
Adjusted EBITDA	2.5	0.2
Cash	11.9	15.5
Overheads	4.2	4.1

- WTI crude within \$50 - \$70 price range
 - Economic for major US production fields
- USA Rig Count currently approx. 980
 - June 18 : 1050 Mar 17 : 840
- Current market and oil price stability encourages cautious optimism, however
 - Pricing and efficiency pressure on North American Oilfield Service Sector
 - Increasing International activity but trade sanctions causing pricing pressures
- Opportunities remain for Enteq in North America land drilling through new technology and rental fleet
- New customers poised for increased activity in international markets with new technology.

- UK
 - Board / Senior Management
 - International Business Development
 - Sponsored engineering project
 - Serviced office & remote engineering
- Houston
 - Electronic & focused mechanical manufacturing capability
 - R&D/engineering team
 - Sales & Customer support
 - Administration
 - Owned facility and some outworking on engineering
- Total Head Count
 - 33 employees (unchanged from March 2018)
 - Including 3 development engineers now based in UK



Components



Systems



Solutions



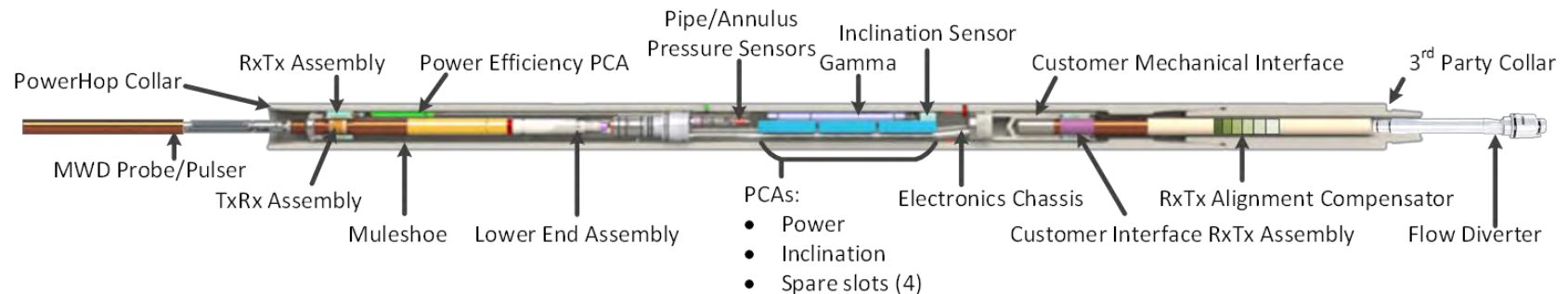
- Technology agreements
- IP Acquisitions
- Internal development

ONGOING PRODUCT ENHANCEMENT

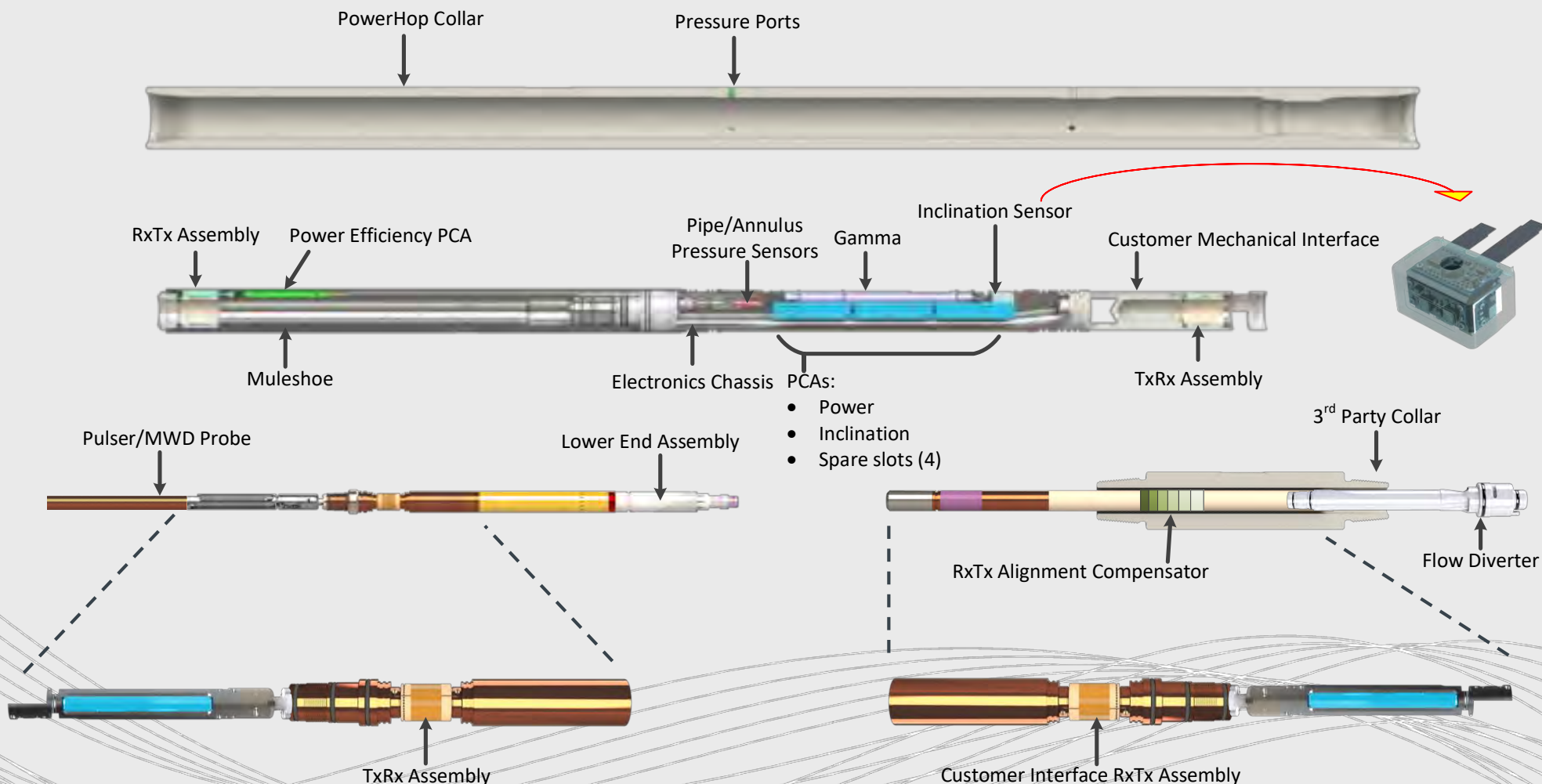
- Communication
 - Connectivity
 - Higher data rates
 - Near bit
- Formation Evaluation
 - Gamma
 - Resistivity
 - Logging While Drilling

PowerHop

- Wireless Power & Data Downhole Connectivity
 - Enables connection from standard Enteq MWD to additional sensors and 3rd party Logging Tools
 - New Pressure, Gamma & Inclination sensors
- Patents approved / released
- Enabling technology for growth of customers into the into the \$10bn directional services market.
- Will attract additional, larger, International customers
- Launched at OTC in May 2019. Trials and commercial in 2020
- @ \$2m investment with excellent return potential

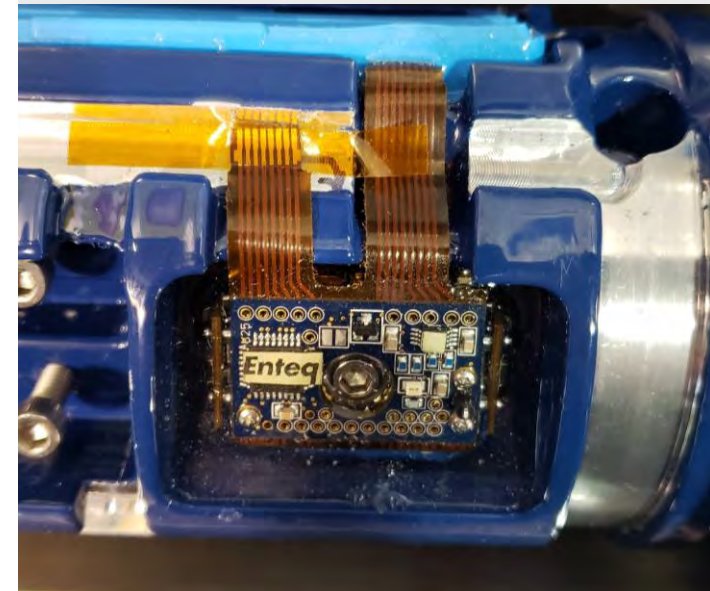


PowerHop Assembly



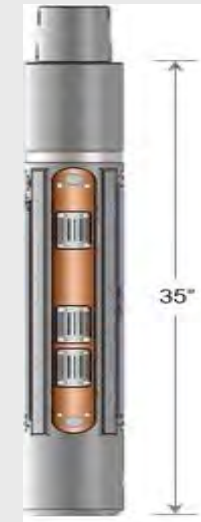
“Geowells”

- A novel low cost MEMS based inclination sensor
- Sponsored project from Innovate UK with partners in Imperial College, London and Beijing Petroleum University
- Completed on-time and on-budget (post year end)
 - £484k spent; £337k grant reclaimed
- IP / Patents applied for by Enteq
- Further funding available for trials in China
 - Applications in Geothermal drilling as well as Oil & Gas
- Enhances Enteq product platform
- Commercial returns expected as part of broader solution in 2020



At Bit / Geotracker

- Technical co-operation with Well Resolutions Technology in Houston
 - Technical and marketing agreement in place for the 'At-Bit' technology with 'Short-Hop' connection and interface to Enteq MWD
 - Now introduced 'Azimuthal' Resistivity Tool for measurements very close to the Drill Bit.
- Enables customers to compete in broader market, currently dominated by major service companies.
- Improves efficiency of drilling.
- Enteq has commercial marketing agreement and will create 'pull through' for MWD equipment
- Commercial returns expected in 2020



FusionXT

- Technical co-operation with QDC in Houston
- Integrated Directional Sensor, and Downhole Interface Module with controllers utilising Enteq firmware
- Maintains differentiation from new market entrants
 - Offers competitive price and more compact format
- Reduces reliance on single source Directional Sensor supplier
- Technical , marketing and distribution agreement
- Will be marketed in parallel with Enteq existing product line



- 5 significant* new customers added during the financial year
 - Substantially changed customer base
 - Represented 15% of total 2019 revenue

** over \$100k in annual revenue*
- Customer concentration
 - Top 5 customers: 63%
 - Top 10 customers: 85%
- Enteq 'Rental' programme has allowed customers to grow operations and gain market share
 - Rental kits under contract have increased to 32 kits (14 at March 2018)
 - 40% of North American Revenue. (16% in year at March 2018)
- Broader US land markets
 - including Rockies / Colorado,
 - reduced concentration in the competitive Permian basin in Texas.

- **Steady international progress**
 - Sales increased to \$0.9m , (\$0.5m in y/e March 2018)
- **New customers**
 - Europe , China, Indonesia
 - Including Geothermal activity
- **Ongoing operations**
 - Europe, Russia, China, Oman, India
 - Delay in Saudi due to operational changes
- **Significant medium-term projects**
- **New technologies will increase international opportunity / market**
 - Requirement for integration with 3rd party LWD equipment
 - PowerHop will enable this

Income statement

	2018/19	2017/18
	\$m	\$m
Revenue	10.2	6.5
Gross profit	6.7	4.3
Overheads	(4.2)	(4.1)
Adjusted EBITDA	2.5	0.2
Depreciation & amortisation	(2.7)	(0.8)
Interest	0.2	0.2
SCO closure costs	-	(0.1)
Exceptional and other items	(0.2)	(0.1)
Loss before tax	(0.2)	(0.6)
Tax	0.1	-
Loss after tax	(0.1)	(0.6)
<i>Gross Margin</i>	<i>65%</i>	<i>67%</i>

	2018/19	2017/18
	\$m	\$m
Adjusted EBITDA	2.5	0.2
Change in net working capital	(1.5) ^a	2.6
Operational cash generated	1.0	2.8
Increase in rental fleet	(3.8) ^b	(2.2)
R&D expenditure	(1.3)	(0.7)
Capex	(0.2)	(0.2)
Interest and other	0.7	0.5
Net cash movement	(3.6)	0.2
Opening cash	15.5	15.3
Closing cash	11.9	15.5

a = Includes \$0.7m of strategic investment in "At Bit" inventory

b = During the year number of kits rose from 14 to 32

	31 March 2019	31 March 2018
	\$m	\$m
Intangibles (R&D capitalised)	2.4	1.2
Land & buildings (Freehold of SHO)	2.1	2.2
Plant & equipment	0.2	0.2
Trade & other receivables	2.3	2.1
Inventories held for resale	4.5	3.4
Inventories held for rental	3.4	2.1
Trade & other payables	(2.8)	(3.1)
Cash	11.9	15.5
Net assets	24.0	23.6

- Core market of USA land drilling stable
 - Maintain customer base and add new customers
- International markets stronger with more opportunities
 - Longer term projects but of a significant nature
- Increasing focus on marketing & investor communication
- Introducing new technologies will address broader market
- Ongoing investment in new products can transform scale

- Significant growth in revenue and adjusted EBITDA
- Continued investment in new technologies and rental fleet
- Focused use of cash for future returns
- Solid customer base, technology platform and balance sheet from which to take advantage of growth opportunities
- Gaining market presence
- The Oil & Gas directional drilling industry has a sustainable long term future

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