



## Divestco Reports 2014 Q4 and Annual Results

April 30, 2015, Calgary, AB (TSX-V: DVT) – Divestco Inc. (“Divestco” or the “Company”), an exploration services company dedicated to providing a comprehensive and integrated portfolio of data, software and services to the oil and gas industry worldwide, today announced its financial and operating results for the three months and year ended December 31, 2014.

### Financial Highlights

#### Overall Performance and Operational Results

Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended December 31				Year ended December 31			
	2014	2013	\$ Change	% Change	2014	2013	\$ Change	% Change
Revenue	\$ 19,012	\$ 10,395	\$ 8,617	83%	\$ 36,120	\$ 33,979	\$ 2,141	6%
Operating Expenses <sup>(1)</sup>	5,773	5,251	522	10%	23,054	23,073	(19)	0%
Other Loss (Income)	(21)	17	(38)	N/A	(207)	1,683	(1,890)	N/A
EBITDA <sup>(2)</sup>	13,260	5,127	8,133	159%	13,273	9,223	4,050	44%
Finance Costs	479	215	264	123%	1,663	1,007	656	65%
Depreciation and Amortization	2,529	1,454	1,075	74%	9,134	6,889	2,245	33%
Income before Income Taxes	10,252	3,458	6,794	196%	2,476	1,327	1,149	87%
Income Tax Recovery	-	-	-	N/A	(31)	-	(31)	N/A
Net Income	\$ 10,252	\$ 3,458	\$ 6,794	196%	\$ 2,507	\$ 1,327	\$ 1,180	89%
Per Share - Basic and Diluted	0.15	0.05	0.10	200%	0.04	0.02	0.02	100%
Funds from Operations <sup>(2)</sup>	\$ 13,274	\$ 5,189	\$ 8,085	156%	\$ 13,181	\$ 11,282	\$ 1,899	17%
Per Share - Basic and Diluted	0.20	0.08	0.12	150%	0.20	0.17	0.03	18%
Class A Shares Outstanding	67,096	67,050	N/A	N/A	67,096	67,050	N/A	N/A
Weighted Average Shares Outstanding Diluted	67,096	67,004	N/A	N/A	67,081	66,905	N/A	N/A

<sup>(1)</sup> Includes salaries and benefits, G&A and shared-based payments but excludes depreciation and amortization and other loss (income)

<sup>(2)</sup> See the “Non GAAP Measures and Additional GAAP Measure” sections of the Company’s Management Discussion and Analysis filed on the Company’s website and on SEDAR.

#### Q4 2014 vs. Q4 2013

Divestco generated revenue of \$19.0 million in Q4 2014 compared to \$10.4 million in Q4 2013, an increase of \$8.6 million (83%) mainly related to new seismic data surveys and international work. A majority of these contracts were in place prior to the downturn in commodity prices. Operating expenses increased by \$0.5 million (10%) to \$5.8 million in Q4 2014 from \$5.3 million in Q4 2013. This was due to higher demand for third party contractors to carry out a majority of the field work and international work in the processing and land management services divisions. Finance costs increased by \$264,000 (123%) to \$479,000 in Q4 2014 mainly due to a higher cost of debt related to a \$4.5 million bridge loan secured by the Company at the end of September 2014. Depreciation and amortization (\$2.5 million) increased by \$1 million (74%) mainly due to the growth of the seismic data library (Company’s policy is to amortize 40% of participation survey costs immediately upon delivery of new seismic data to participants and the balance over six years straight-line).

## **Year Ended December 31, 2014 vs. Year Ended December 31, 2013**

The Company generated revenue of \$36.1 million compared to \$34.0 million in 2013, an increase of \$2.1 million (6%) due to stronger commodity prices for the majority of 2014, an increase in international work and the acquisition of new seismic data. Operating expenses decreased by \$19,000 (less than 1%) to \$23.1 million for 2014 due to lower salaries and benefits (\$0.9 million or 6% decrease) and occupancy costs offset by increased reliance on third-party contractors. The increase in these third-party costs was related to higher demand for services to carry out a majority of the field work and international work (certain services are contracted out and rebilled to the client). Finance costs increased by \$0.7 million (65%) to \$1.7 million in 2014 mainly due to a higher cost of debt due to the amortization of the remaining deferred finance charges related to debt the Company repaid in Q3 2014 with the proceeds of a new bridge loan. Depreciation and amortization (\$9.1 million) increased by \$2.2 million (33%) mainly due to higher amortization of new seismic data acquired in 2014.

### **Business Seasonality**

Although the Company's Software & Data segment has relatively constant recurring revenue throughout the year from its license and subscription sales, some of the Company's other segments experience revenue fluctuations due to seasonal influences on oil and gas industry activities.

Seismic data acquisitions are usually completed in the winter season when the ground is frozen allowing access of heavy equipment with minimal disruption of agricultural fields. This affects the timing of recognition of revenues in the Seismic data segment. Additionally, the Services segment normally exhibits a noticeable reduction in sales in the spring and summer months and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. To the extent possible, Divestco minimizes these fluctuations by performing specific types of contract work appropriate for lower-activity months.

### **Financial Position**

As at December 31, 2014, Divestco had a working capital deficiency of \$10.7 million (December 31, 2013: \$2.3 million deficiency), excluding deferred revenue of \$3.2 million (December 31, 2013: \$2.8 million). The increase in working capital deficit from the end of 2013 was primarily due to the reclassification of debt from long-term to current. The \$3.9 million increase in cash and \$6.6 million increase in accounts payable was due to a large seismic data library transaction realized in Q4 2014 and the completion/commencement of new seismic surveys (invoices for new seismic programs are issued based on meeting certain milestones).

As previously announced, the Company sold its land software assets on March 25, 2015. The proceeds were used to repay a \$4.5 million bridge that was due on March 31, 2015 and add to working capital. Management remains focused on putting a new long-term conventional banking facility in place and reviewing other non-strategic asset dispositions. However, the outcome of these events cannot be predicted at this time.

Mr. Stephen Popadynetz, CEO commented: "Divestco has remained committed to its strategy of reducing debt. Following one of our strongest quarters in years, Divestco continued to reduce its reliance on third party debt. In Q1 2015, we sold our land software assets and repaid a bridge loan to an arm's length lender, leaving the Company with no bank debt and a working capital injection. We are proud of this accomplishment; this has put our Company in a stable financial position as the industry continues to face low commodity prices. As well, despite the strong fourth quarter, Divestco is keenly focused on the low price environment facing many of our customers. To date, we have taken several measures to reduce our operating expenses through various austerity programs and will continue to review and make changes to our cost structure as required. While 2015 will be a challenging year, we are focused on the taking the steps necessary to weather the current downturn."

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## Operations Update and Outlook

The significant decline in West Texas Intermediate and Western Canadian Select benchmark oil prices has forced the majority of North American oil and gas producers to reduce their capital budgets considerably. This has also led to pressure being put on North American oil and gas service companies to discount their prices. Due to the uncertainty the industry is currently facing, Divestco has taken measures to reduce operating expenses and debt. Effective March 1, 2015, a salary austerity program was implemented and a restriction placed on all discretionary expenses. On March 25, 2015, the Company announced that it had sold its land software assets and used a portion of the total proceeds to fully repay a secured bridge loan. Management continues to have discussions with various parties on the sale of other non-strategic assets and putting a new banking facility in place.

## About the Company

Divestco is an exploration services company that provides a comprehensive and integrated portfolio of data, software, and services to the oil and gas industry. Through continued commitment to align and bundle products and services to generate value for customers, Divestco is creating an unparalleled set of integrated solutions and unique benefits for the marketplace. Divestco's breadth of data, software and services offers customers the ability to access and analyze the information required to make business decisions and to optimize their success in the upstream oil and gas industry. Divestco is headquartered in Calgary, Alberta, Canada and trades on the TSX Venture Exchange under the symbol "DVT".

Additional information on the Company is available on its website at [Divestco.com](http://Divestco.com) and on SEDAR at [sedar.com](http://sedar.com).

### For more information please contact:

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*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

*This press release contains forward-looking information related to the Company's capital expenditures, projected growth, view and outlook with respect to future oil and gas prices and market conditions, and demand for its products and services. Statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning applicable by Canadian securities legislation. Although management of the Company believes that the expectations reflected in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to have been correct because, should one or more of the risks materialize, or should the assumptions underlying forward-looking statements or forward-looking information prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Readers should not place undue reliance on forward-looking statements or forward-looking information. All of the forward-looking statements and forward-looking information of the Company contained in this press release are expressly qualified, in their entirety, by this cautionary statement. Except where required by law, the Company does not assume any obligation to update these forward-looking statements or forward-looking information if conditions or opinions should change.*

*In particular, this press release contains forward-looking statements pertaining to the following: Company's ability to keep debt and liquidity at acceptable levels, improve/maintain its working capital position and maintain profitability in the current economy; availability of external and internal funding for future operations; relative future competitive position of the Company; nature and timing of growth; oil*

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*and natural gas production levels; planned capital expenditure programs; supply and demand for oil and natural gas; future demand for products/services; commodity prices; impact of Canadian federal and provincial governmental regulation on the Company; expected levels of operating costs, finance costs and other costs and expenses; future ability to execute acquisitions and dispositions of assets or businesses; expectations regarding the Company's ability to raise capital and to add to seismic data through new seismic shoots and acquisition of existing seismic data; treatment under tax laws; and new accounting pronouncements.*

*These forward-looking statements are based upon assumptions including: future prices for crude oil and natural gas; future interest rates and future availability of debt and equity financing will be at levels and costs that allow the Company to manage, operate and finance its business and develop its software products and various oil and gas datasets including its seismic data library, and meet its future obligations; the regulatory framework in respect of royalties, taxes and environmental matters applicable to the Company and its customers will not become so onerous on both the Company and its customers as to preclude the Company and its customers from viably managing, operating and financing its business and the development of its software and data; and that the Company will continue to be able to identify, attract and employ qualified staff and obtain the outside expertise as well as specialized and other equipment it requires to manage, operate and finance its business and develop its properties.*

*These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including: general economic, market and business conditions; volatility in market prices for crude oil and natural gas; ability of Divestco's clients to explore for, develop and produce oil and gas; availability of financing and capital; fluctuations in interest rates; demand for the Company's product and services; weather and climate conditions; competitive actions by other companies; availability of skilled labour; failure to obtain regulatory approvals in a timely manner; adverse conditions in the debt and equity markets; and government actions including changes in environment and other regulation.*

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