

2018

Annual Results Presentation



2018 Highlights



DELIVER

- Record Group production, high uptime
- Catcher – successful execution
- Net debt reduced, profitability restored



EXPLOIT

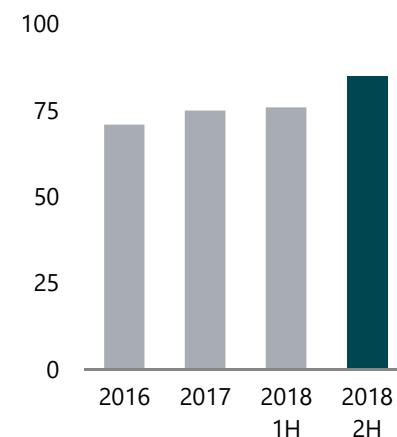
- Field life extensions
- Near field additions
- Optimal use of new technology



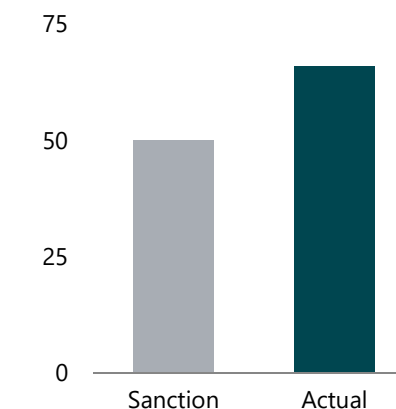
GROW

- Tolmount Main sanctioned
- Zama appraisal commenced
- Successful capture of new licences

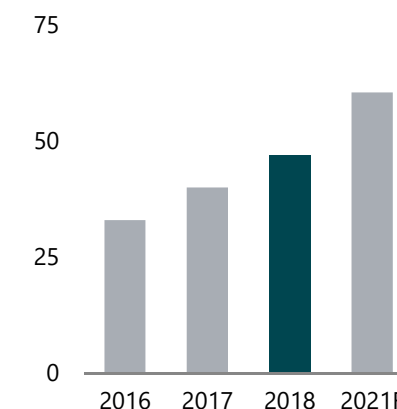
Group production
kboepd



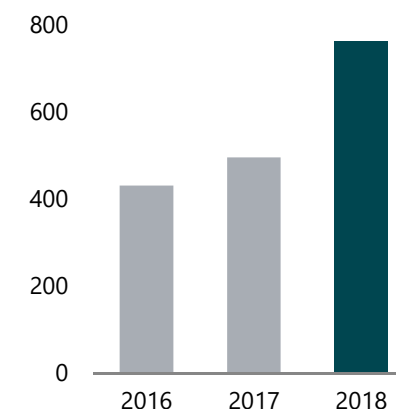
Catcher plateau production
Kboepd (gross)



UK production
kboepd



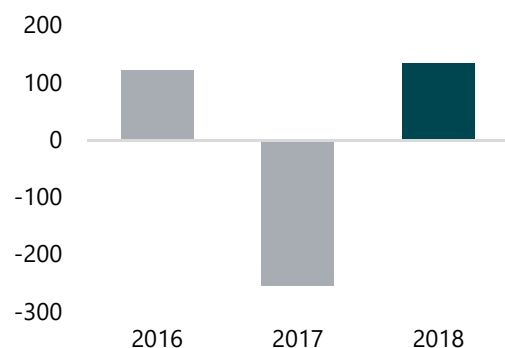
Operating cash flow
\$m



Financial highlights

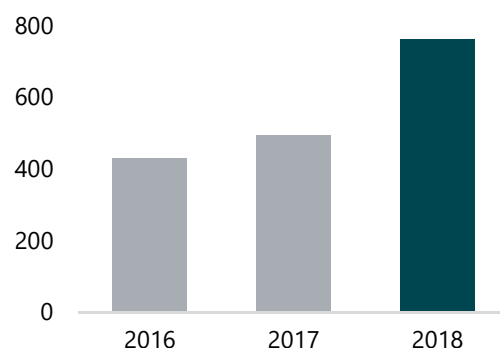
Return to profit

Net profit (\$m)



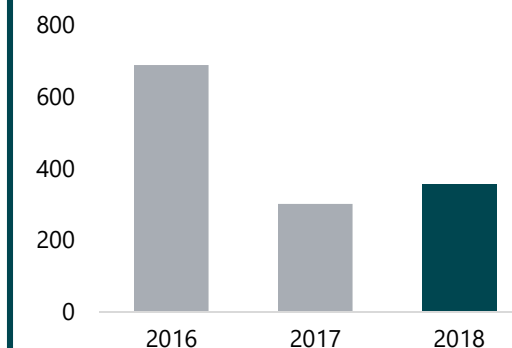
Increased operating cash flow

Operating cash flow (\$m)



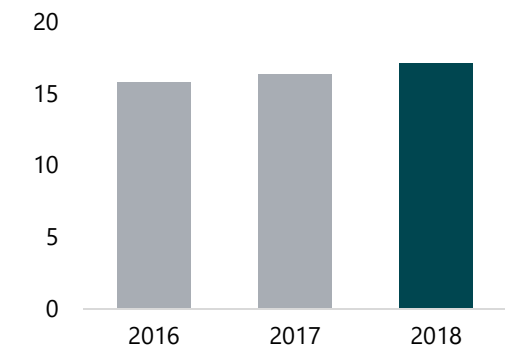
Capital discipline maintained

Total capital expenditure (\$m)



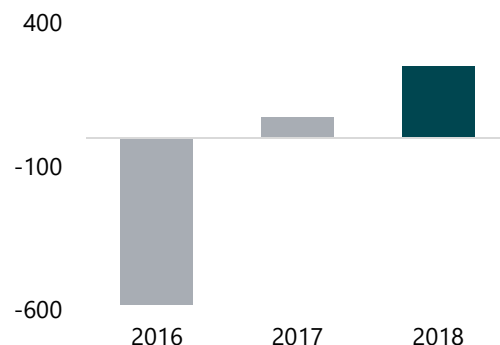
Low and stable cost base

Operating cost (incl. leases) (\$/boe)



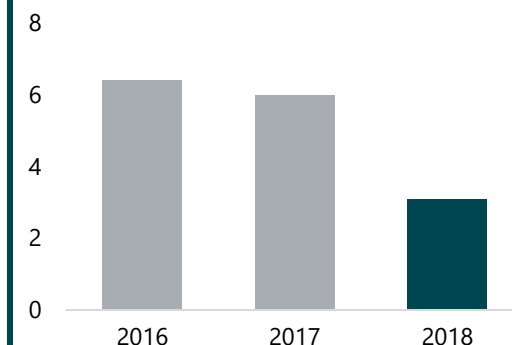
Increased free cash flow

Free cash flow (\$m)



Strengthening balance sheet

Covenant leverage ratio (Net debt/EBTIDA)



2018 Financials

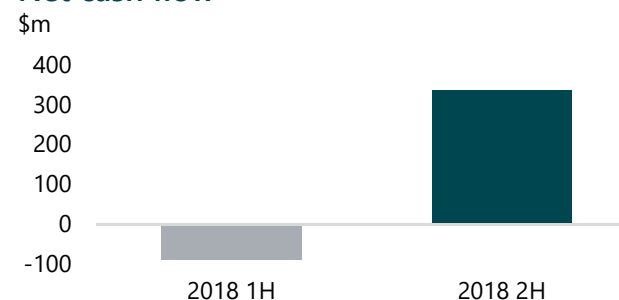
Catcher increased oil rates delivered a step up in operating cash flow and profits in the second half of 2018

	FY 2018	FY 2017
Production (kboepd)	80.5	75.0
P&L (\$m)		
Sales revenue	1,438	1,102
Operating costs	(497)	(448)
EBITDA	882	590
Profit/(loss) before tax	184	(348)
Net profit/(loss)	133	(254)
Cash flow (\$m)		
Operating cash flow	777	475
Interest and fees	(229)	(310)
Capex (inc. decom pre-funding)	(370)	(318)
Disposals	73	202
Net cash flow	251	71
Balance sheet		
Accounting net debt (\$m)	2,331	2,724
Covenant leverage ratio	3.1x	6.0x

Realised pricing

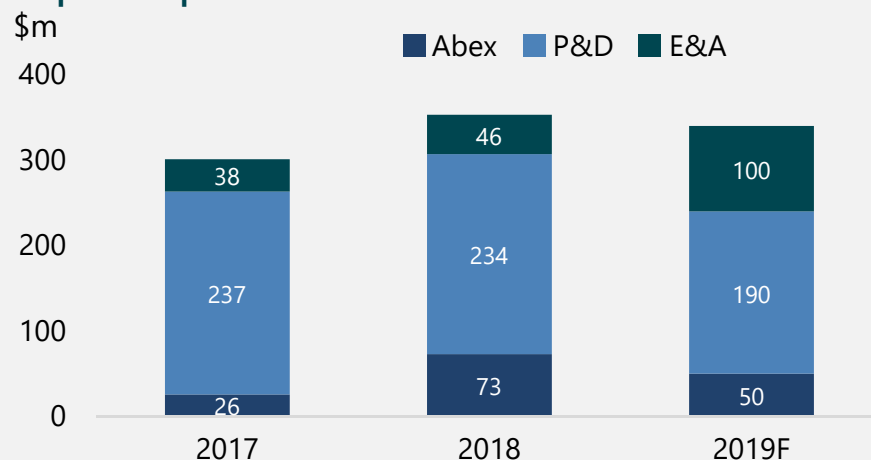
	2018	2017
Oil (pre hedge) (\$/bbl)	67.9	52.9
Oil (post hedge) (\$/bbl)	63.5	52.1
UK gas (p/therm)	57	47
Indonesia gas (\$/mmscf)	11.2	8.4

Net cash flow



Disciplined spend

Capital expenditure



Capex

- Tolmount capex minimised through partnership with Kellas Midstream
- Development capex lower year-on-year with completion of Catcher
- E&A spend heavily weighted towards appraisal (Zama, Tolmount East)
- Significant abandonment costs continue to be deferred

Operating and lease costs



Operating and lease costs

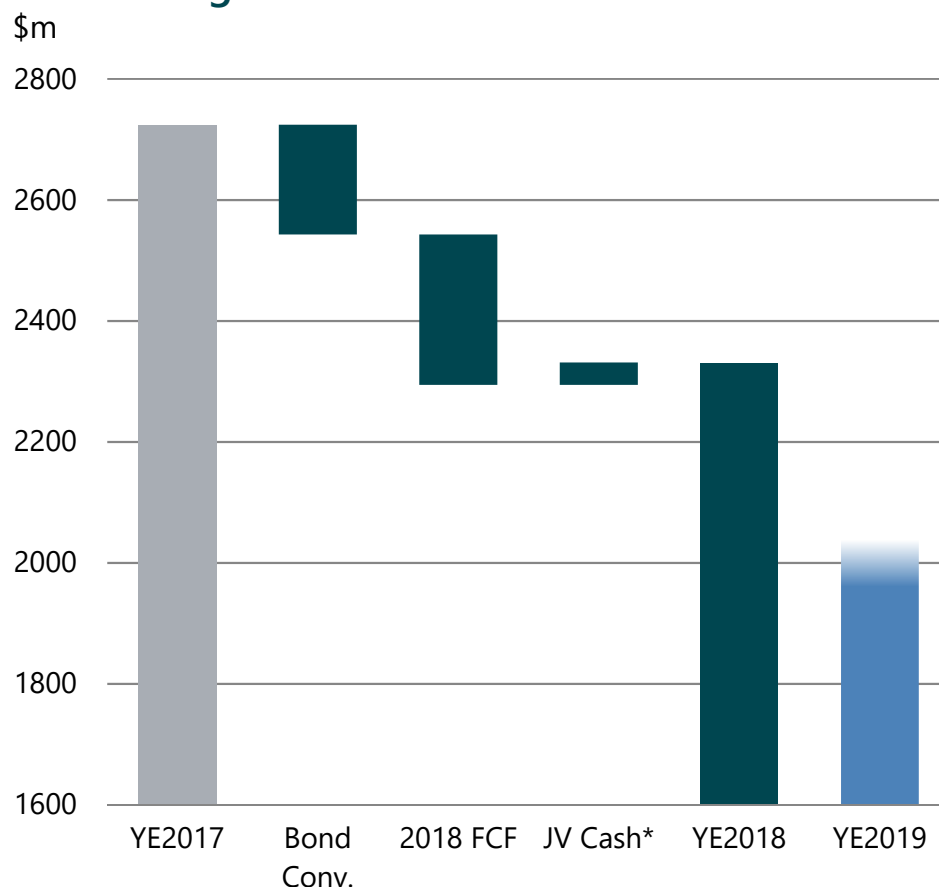
- Strong cost control across the Group
- Slightly higher per boe metrics due to portfolio effects and disposals
- Lease costs relate to Catcher, Huntington and Chim São FPSOs

30%
Higher cash margins in
2019

Net debt reduction continuing

Targeting leverage ratio of 1.5x over the cycle

Accounting net debt



- Significant debt reduction in 2018
- Further debt reduction this year driven by improved cash margins and cost control
- Leverage to commodity prices after hedging
 - \$5/bbl move in price results in c. \$60m move in free cash flow
- Material liquidity of >\$400m retained
- Protection against adverse interest rate movements through \$1bn US LIBOR options

At oil prices above
\$45/bbl
generate positive free cash flow

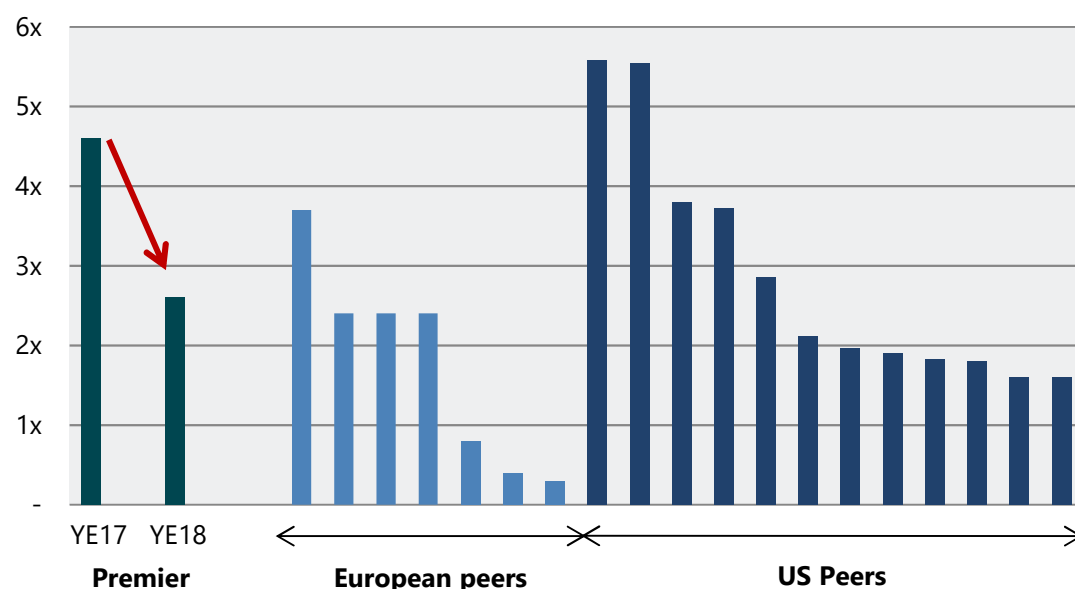
2019 Finance priorities



DELIVER

- Continued debt reduction
- Maintain low cost base
- Fund selected projects without compromising balance sheet
- Protect downside through hedging
- Refinance by 2021 at lower cost

Estimated leverage ratios using accounting net debt as at year-end 2018 ¹



¹ Company, Bloomberg estimates

Oil hedging

- 40% of 2019 oil production hedged at an average price of \$69/bbl

UK gas hedging

- 25% of 2019 UK gas production hedged at an average price of 61p/therm

HSFO hedging

- 25% of 2019 Indonesian gas production hedged at an equivalent average price of c.\$11/mmscf
- 35% of 2020 Indonesian gas production hedged at an equivalent price of c.\$10/mmscf

Group production – two core areas

2018 record of 80.5 kboepd

- New Catcher production
- High operating efficiency

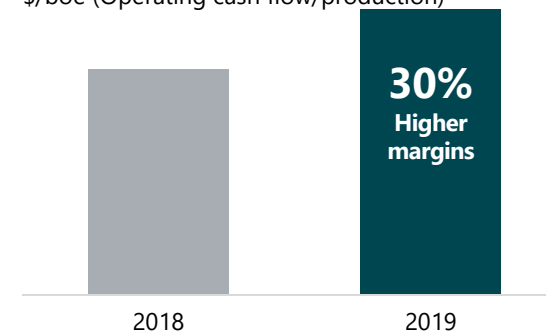
2019 guidance of 75 kboepd

- Underlying 5% increase after adjustment for disposals
- Improved cash margins
- Strong start to the year, averaging 89 kboepd ytd



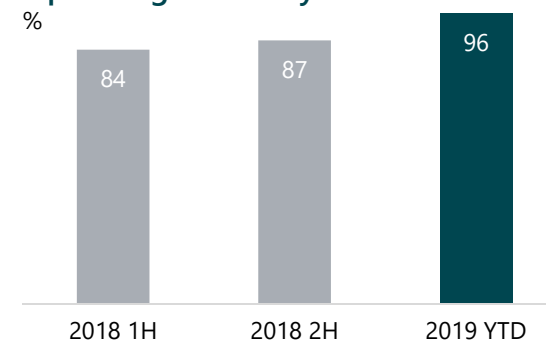
Improved cash margins

\$/boe (Operating cash flow/production)



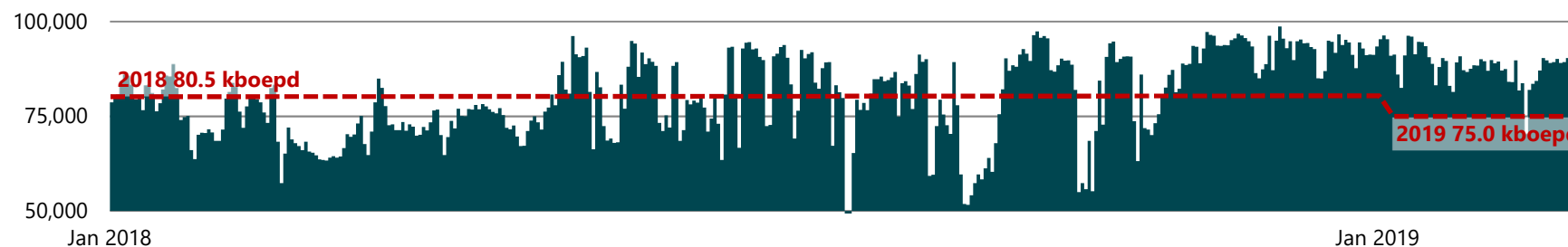
Operating efficiency

%

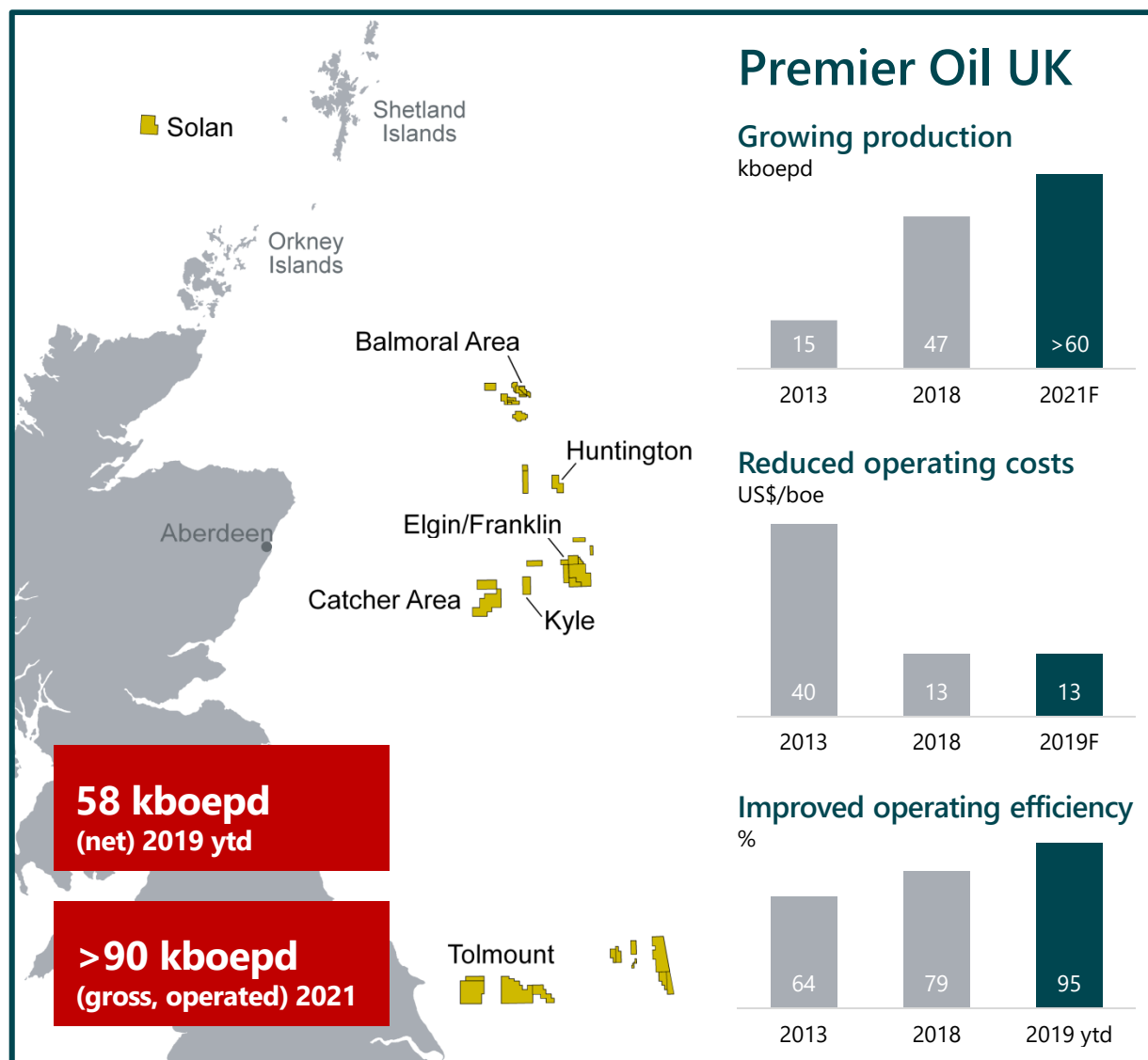


Group production profile (2018 to 2019 ytd)

kboepd



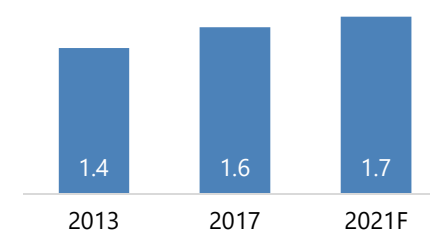
UK production



UKCS¹

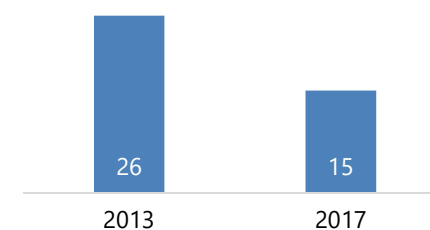
Extending Basin life

mboepd



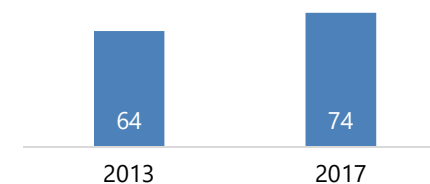
Reduced operating costs

US\$/boe



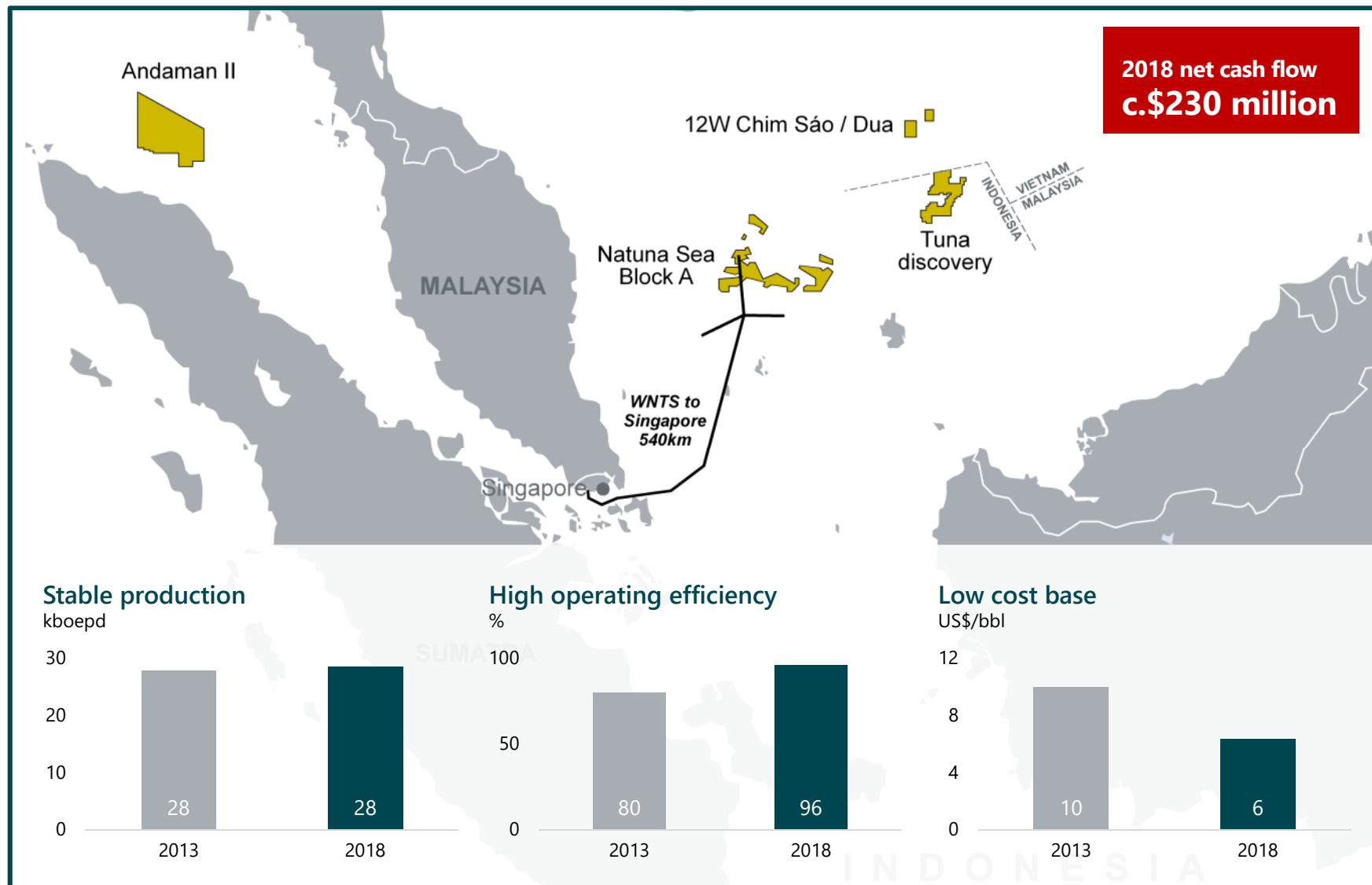
Improved operating efficiency

%



¹ Company, Oil & Gas UK estimates

South East Asia production



Chim Sáo (53.125% operated interest)

Discovered Chim Sáo in 2006; acquired additional 25% stake for \$72 million in 2009



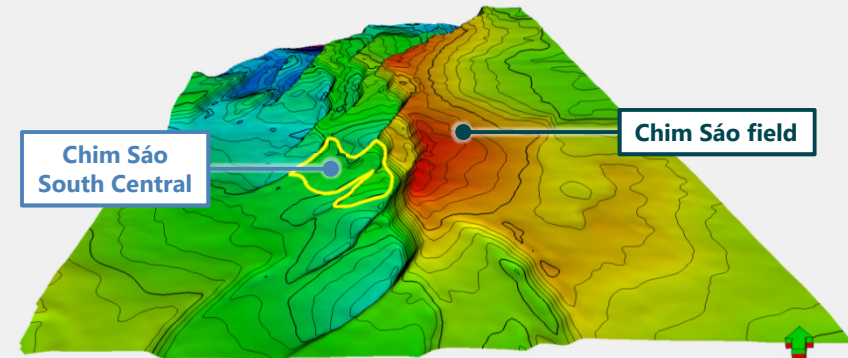
DELIVER

- 15.2 kboepd (net), uptime>90%
- Low cost base (\$5/boe opex, \$6/boe lease)
- \$3/bbl premium to Brent; \$4/bbl 2019 ytd
- Two years of production without a LTI



EXPLOIT

- Infill drilling
- Well intervention
- Near field addition (Chim Sáo South Central)



Chim Sáo South Central

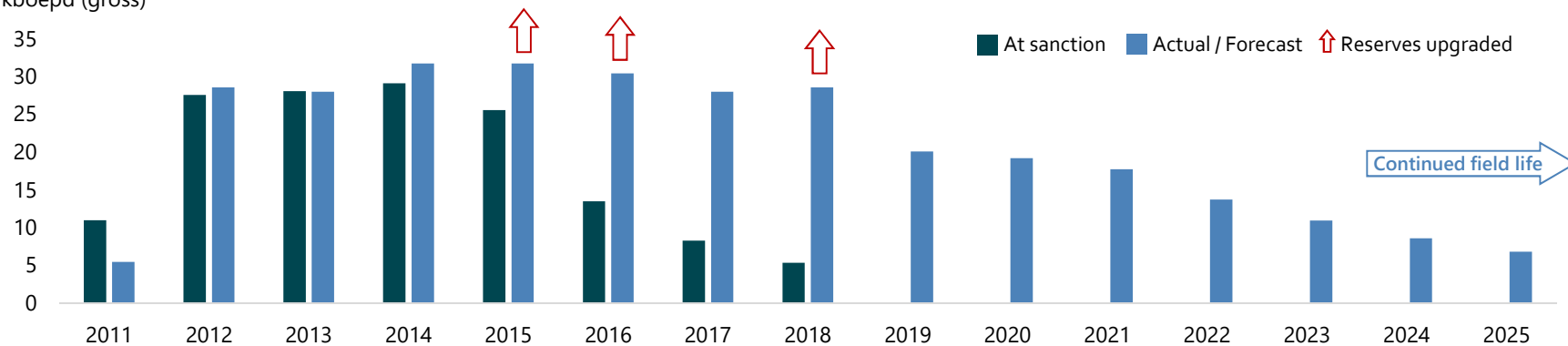
At sanction
55 mmboe

Produced to date
77 mmboe

Remaining
45 mmboe

Chim Sáo production

kboepd (gross)



Natuna Sea Block A (28.67% operated interest)

Dominant position in the Natuna Sea delivering gas in Singapore under long term gas sales agreements



DELIVER

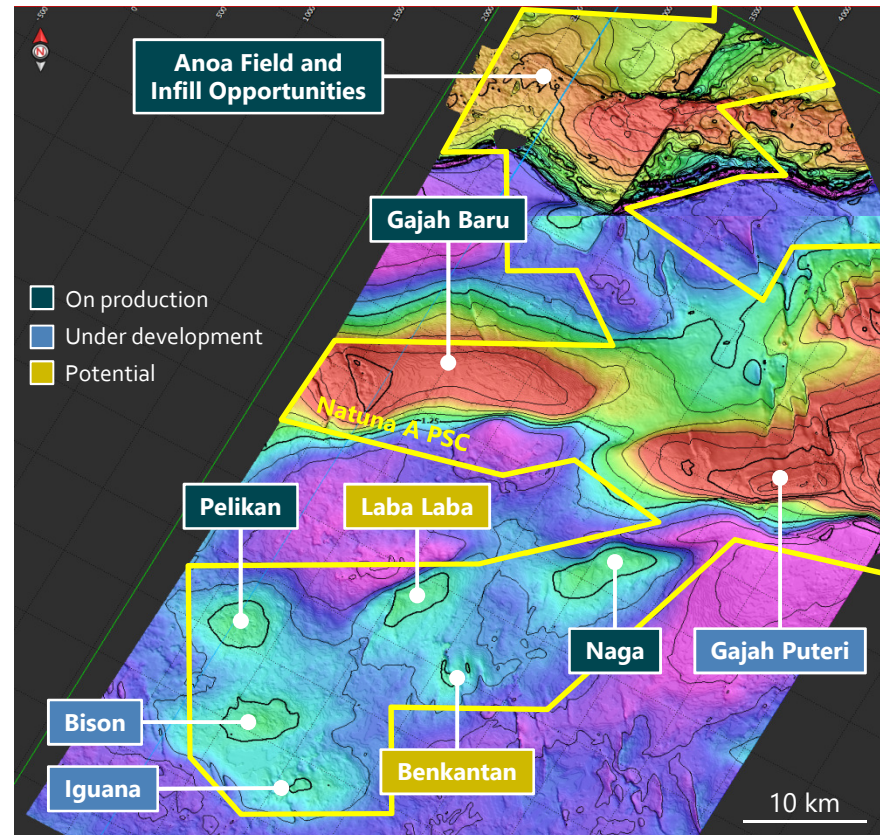
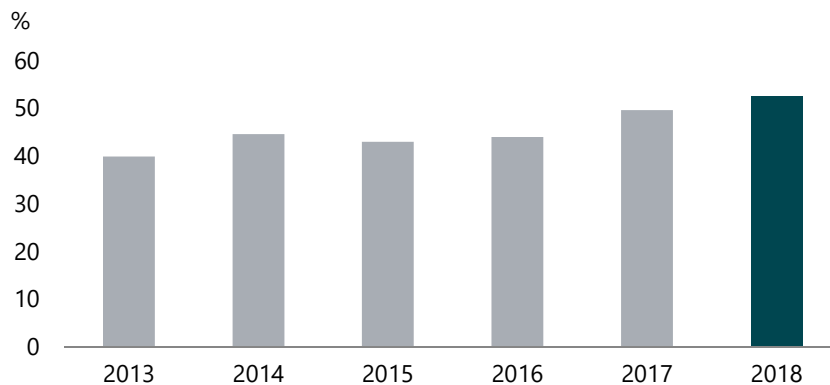
- 13.2 kboepd (net); increased share of GSA1
- High quality offtake contracts
- Low operating cost of US\$7/boe



EXPLOIT

- BIG-P first gas
- Infill drilling, well workovers
- Perforation of bypassed reservoirs
- PSDM seismic reprocessing

Natuna Sea Block A GSA1 market share



YE2018 net 2P reserves
32 mmboe

2018 GSA1 market share
52%

Catcher (50% operated interest)

Discovered in 2010, increased stake via EnCore acquisition in 2012



DELIVER

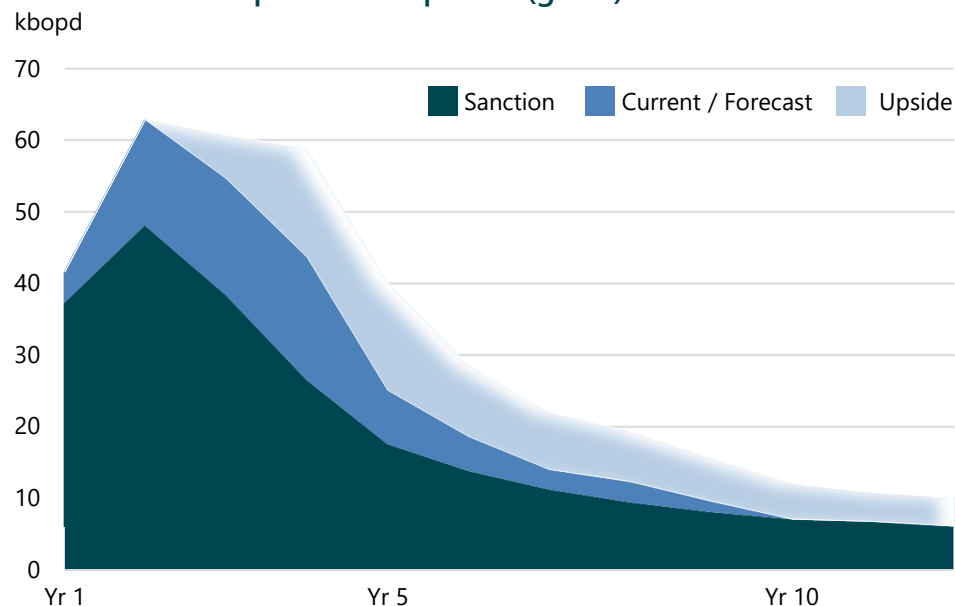
- Final acceptance certificate issued
- Increased oil rates of 66 kbopd (gross)
- High operating efficiency



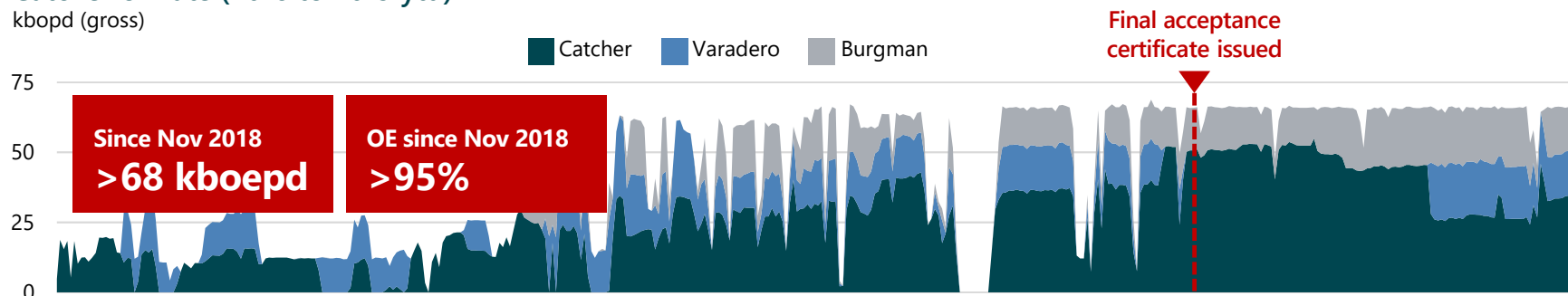
EXPLOIT

- Multiple infill drilling targets
- Upside in recovery
- Optimising performance with technology
- 4D seismic planned for 2020 1H
- Catcher North, Laverda sanction 2019 1H

Catcher Area oil production profile (gross)



Catcher oil rate (2018 to 2019 ytd)



Huntington (100% operated interest)

Acquired through Oilexco (2009), subsequently increased stake via partner defaults (2015) and E.ON acquisition (2016)



DELIVER

- 5.8 kboepd (2018); >6 kboepd 2019 ytd
- Reduced lease cost
- COP deferred



EXPLOIT

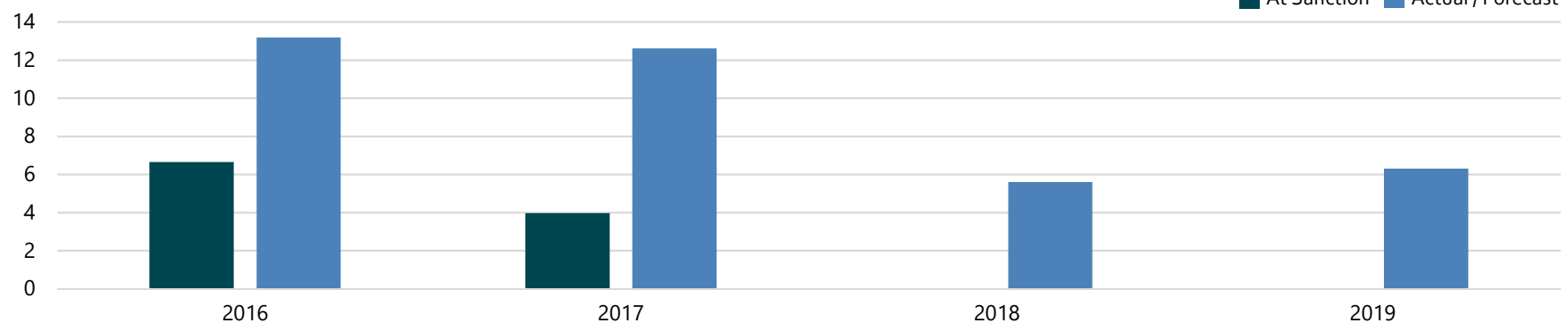
- Plant modifications to enable gas import
- Conversion of former producer to injector



Voyageur Spirit

Huntington production

kboepd



Elgin Franklin (5.2% non-operated interest)

Acquired as part of the \$120 million E.ON acquisition in 2016



DELIVER

- 6.7 kboepd (net), high operating efficiency
- Low operating cost (\$6/boe in 2018)
- Reserves increased (extended COP, 4 infills and alignment with operator)



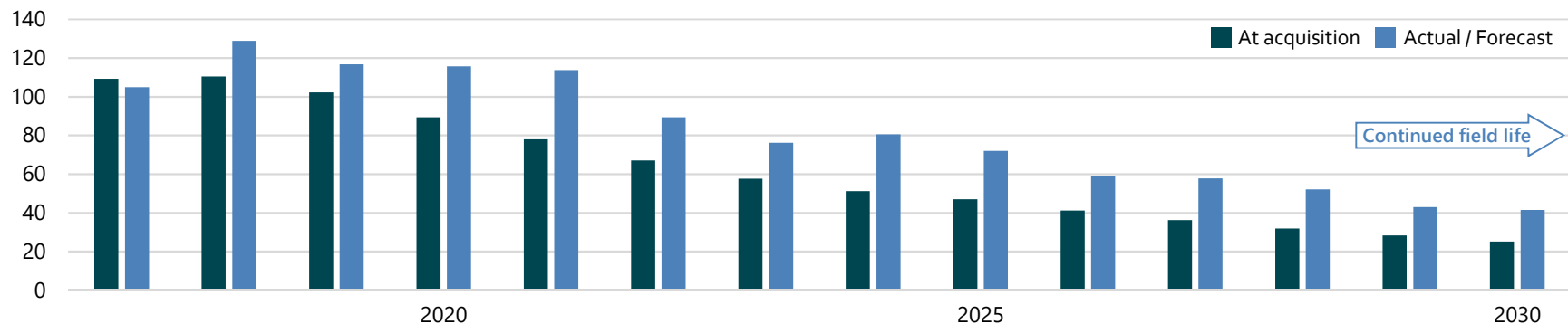
EXPLOIT

- Infill drilling
- Well remedial work
- Exploration upside



Elgin Franklin production profile

kboepd (gross)



Strong portfolio with material upside

Delivering value via infrastructure led operations and growth projects

EXPLOIT

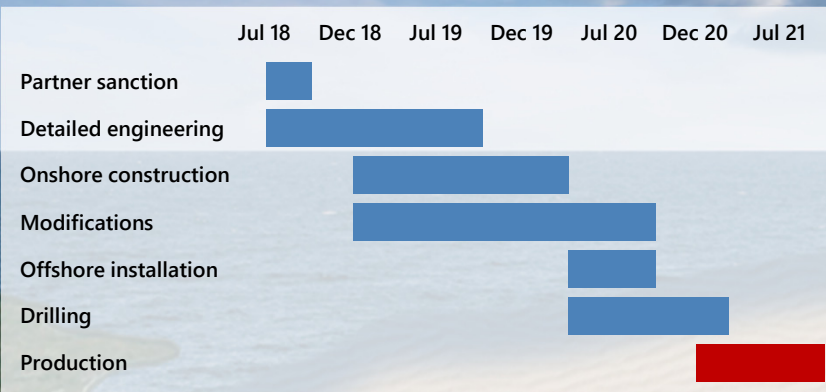
	Well intervention	Infill drilling	Near field additions	Exploration upside	Third party business	Field life extension
Catcher	✓	✓	✓	✓	✓	
Elgin Franklin	✓	✓		✓	✓	✓
Solan		✓			✓	✓
Huntington	✓					✓
Chim Sáo	✓	✓	✓			✓
NSBA	✓	✓	✓			

GROW

	Fully appraised	Infill drilling	Near field additions	Exploration upside	Third party business	Materiality
Tolmount Main	✓	✓	✓	✓	✓	✓
Zama				✓		✓
Sea Lion	✓	✓	✓	✓		✓
Tuna				✓	✓	✓

Tolmount Main – on track

Progressing as planned



Offshore installation
(Heerema's Sleipner)



First Steel Cut at Rosetti's
Ravenna yard



Ensko 123



Pipelay (Saipem's Castoro Sei)



Centrica's Easington Terminal



Tolmount Main – key milestones

Acquired 50% operated interest through E.ON acquisition in 2016; sanctioned August 2018

- Construction of Tolmount platform (Q4 2018)
- Easington terminal modifications (Q1 2019)
- Saipem pipeline ordered (Q2 2019)
- Platform sailaway and installation (Q2 2020)
- Drilling starts (Q2 2020)
- Terminal completion (Q4 2020)
- Final hook up, commissioning (Q4 2020)
- Tolmount First Gas (Dec 2020)



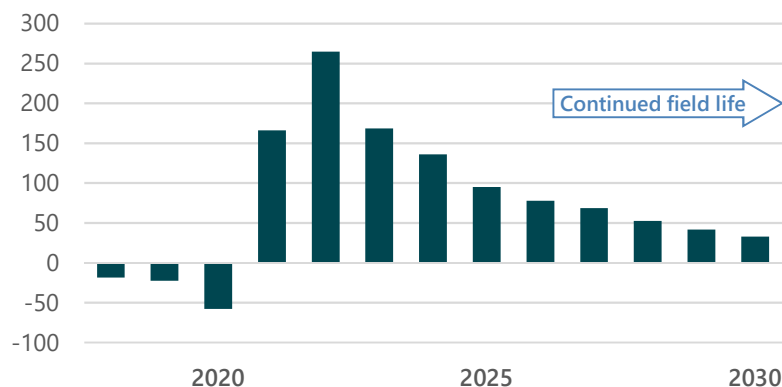
Net Capex
\$120 m

Payback
<1 year

Gross
Peak Production
58 kboepd

Net Cash Flow
>\$1 Bn

Tolmount Main Free Cash Flow profile (net to Premier)*
\$m



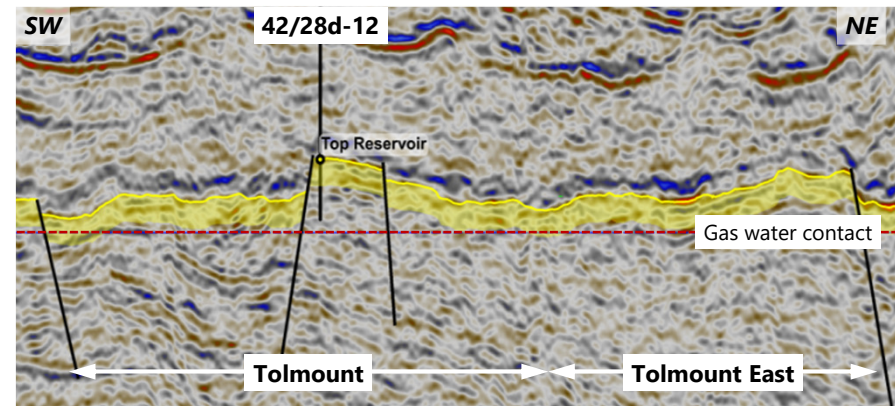
*Assumes 60p/therm

UK gas prices
p/therm

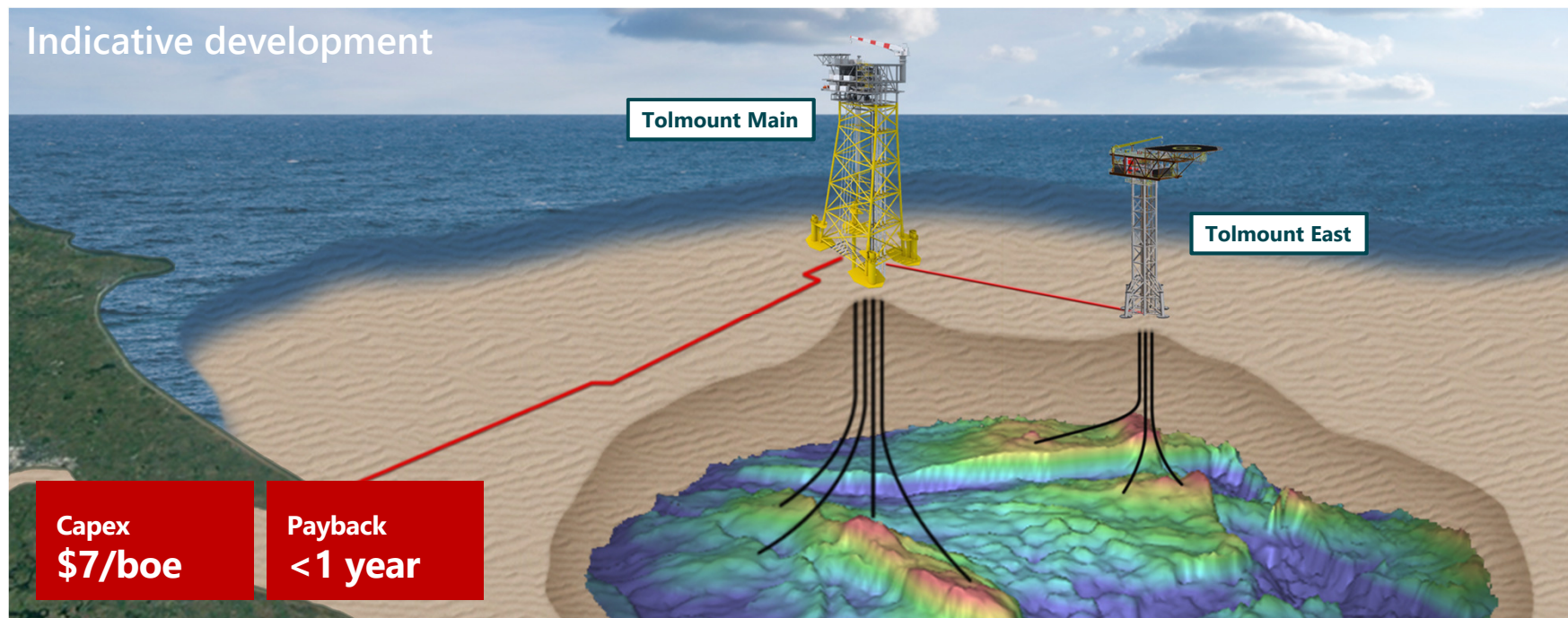


Tolmount East

- Spud July 2019
- Targeting up to 300 Bcf (gross)
- Testing extension to Tolmount Main
- Structural closure above gas water contact
- On success, tied back to Tolmount Main for first gas in 2023



Indicative development



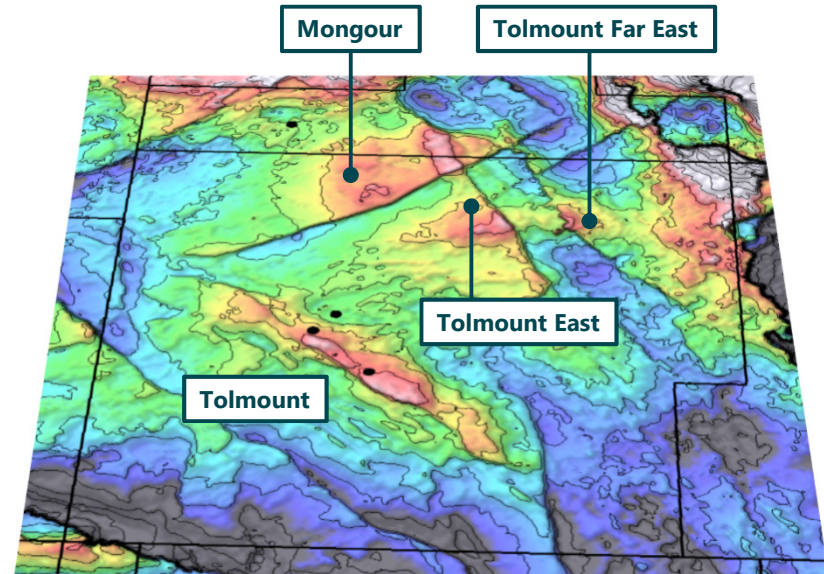
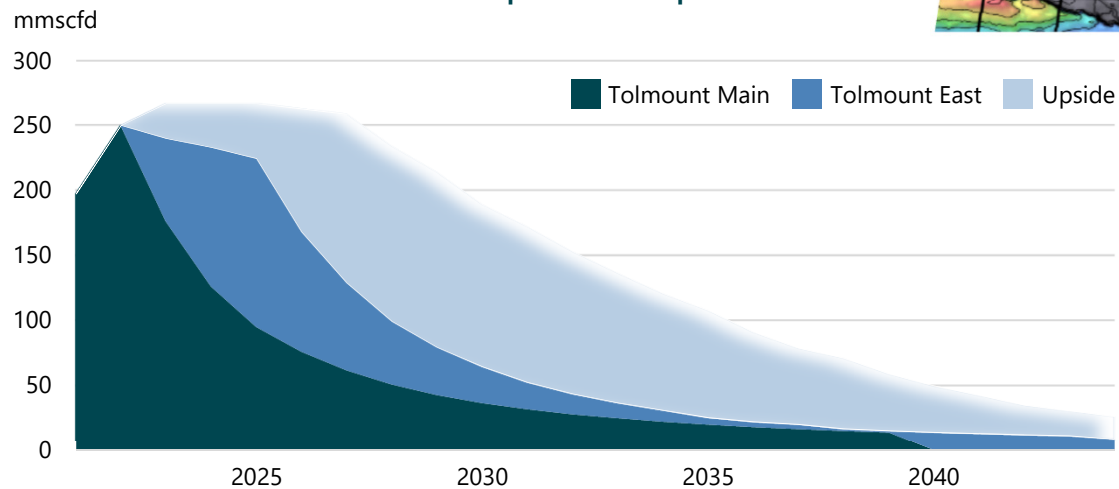
Greater Tolmount Area – upside

High value tie-backs with low tariff rates

- GTA 3D seismic survey to commence in Q2
- Infill drilling targets
- Exploration prospects
- 3rd party volumes

Gross potential resource
> 1 Tcf

Greater Tolmount Area – indicative production profile



Sea Lion – a multi-phased project

Carry arrangements restructured in 2016 for Sea Lion Phase 1

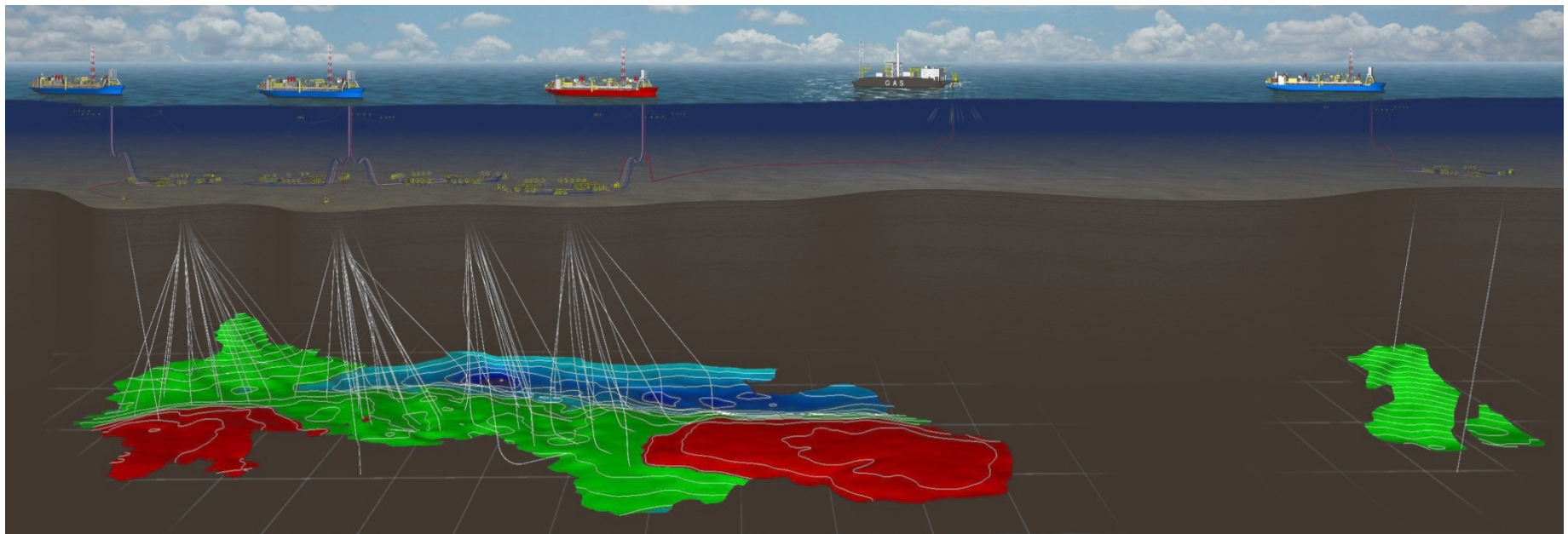
- Contractor LOIs being converted into fully termed contracts
- FEED to complete end Q1; onshore logistic projects underway
- Financing structure progressed; extensive due diligence nearing completion
 - Contractor financing matured
 - Preparing formal application for senior debt
- Progressing regulatory reviews and approval processes
- Environmental work completed; formal approval of EIS expected at sanction

**Total Basin
potential
~1 bn bbls**

**Gross resource
Phase 1
220 mmboe**

**Phase 1
cash breakeven
~\$45/bbl**

**Phase 1 pre-first
oil capex (gross)
\$1.5bn**



Zama development planning underway

Acquired interest via Mexico's Round 1 and subsequently exercised option to increase stake to 25%

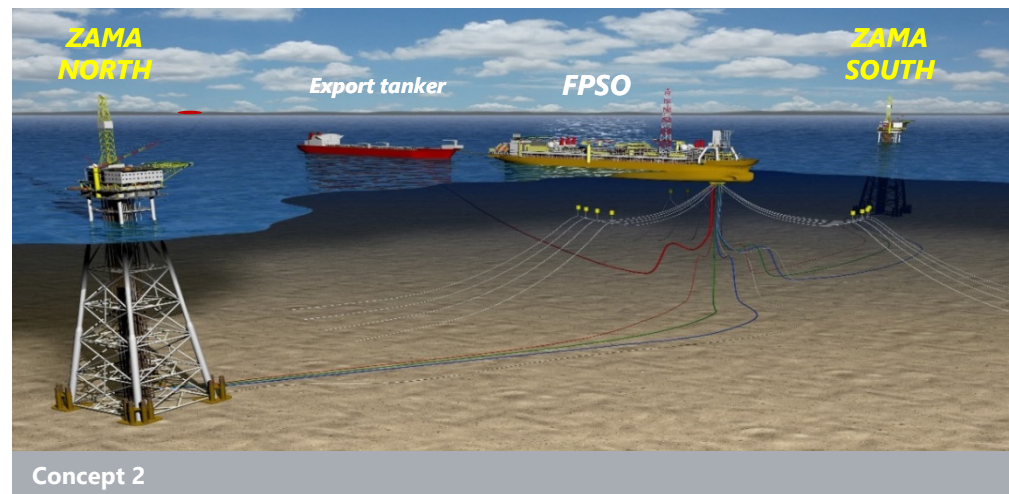
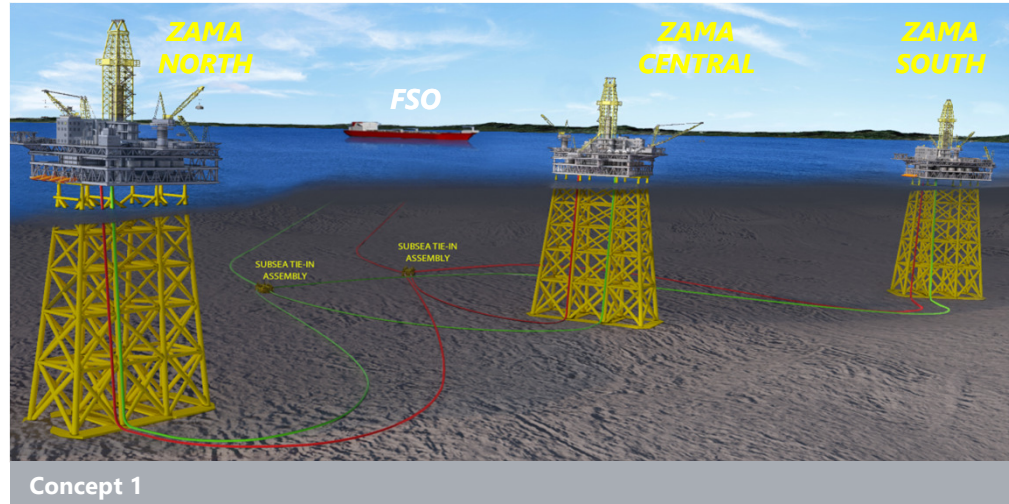
- McDermott & IO progressing early engineering work
- Appraisal results to be integrated ahead of concept select
- Targeting FID 2020

Peak production (gross)
175 kbopd

P50 resource (gross)
600 mmbbls

Capex (gross)
\$1.8bn¹

¹ Woodmac estimates

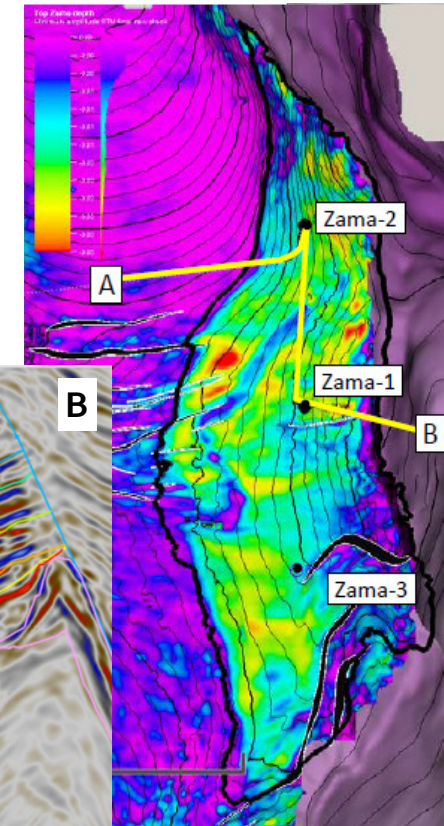
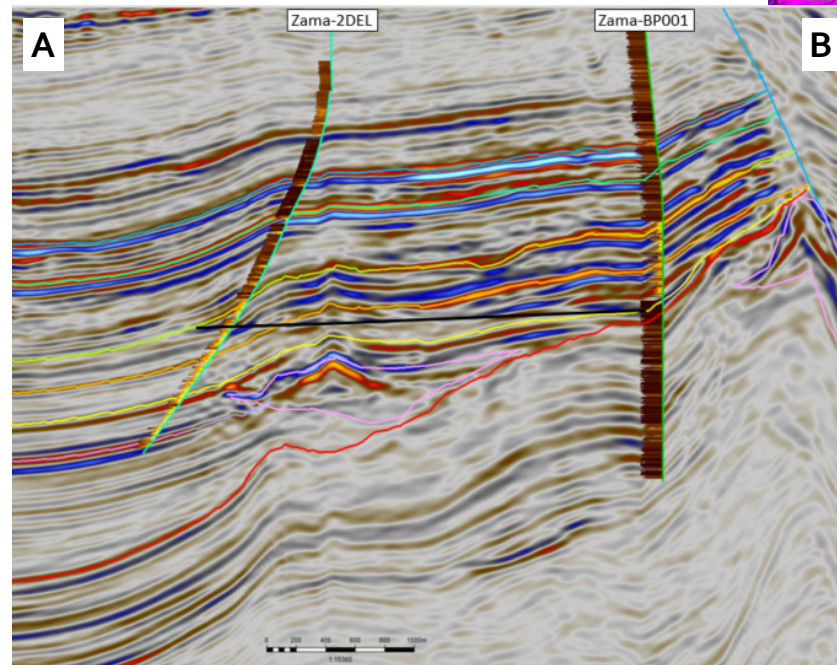


Zama drilling update

Programme ahead of schedule and budget

- Zama-2, down-dip, confirmed OWC, higher net to gross ratio
- Zama-2ST1 underway; results of flow tests expected early Q2
- Zama-3 will test lateral reservoir continuity
- Comprehensive logging, sampling and testing programme

>700 ft
of full-hole core recovered



Disciplined approach to exploration and appraisal

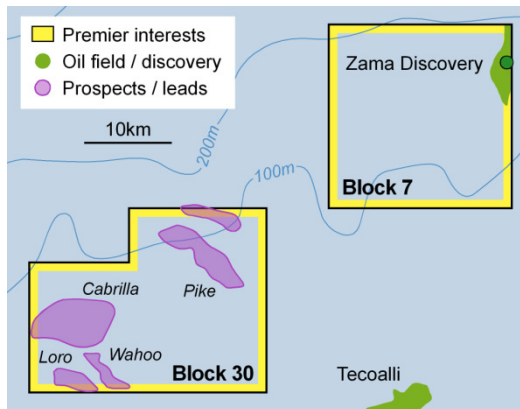
450 mmboe of net prospective resource to be drilled (excluding appraisal)



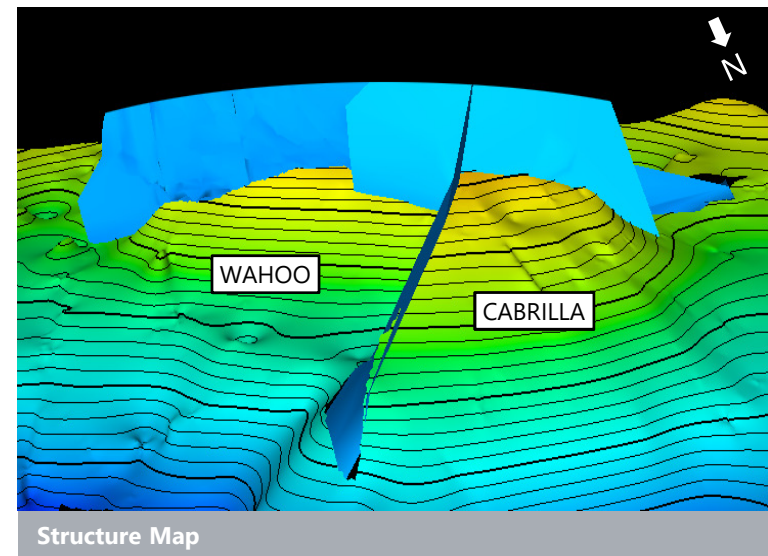
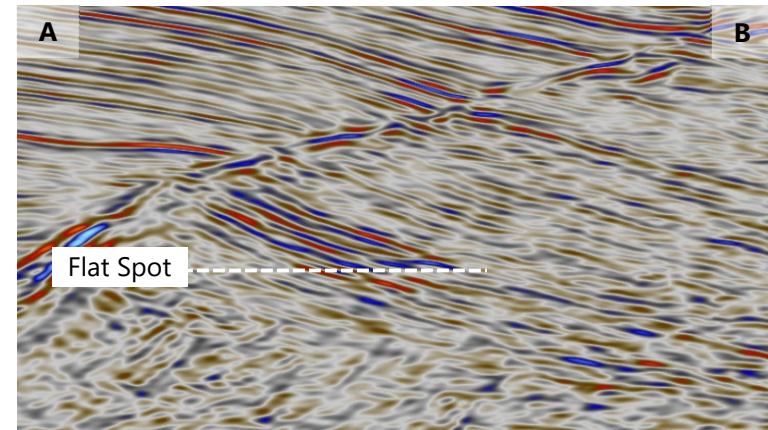
Block 30, Mexico (30% non-operated interest)

Secured 30% interest via Mexico's Round 3.1 in March 2019, most contested block

- Block-wide 3D seismic acquisition on track to start Q2 2019
- Drilling activity targeted for 2020
- Wahoo: Flat spot similar to Zama
- Significant follow on potential



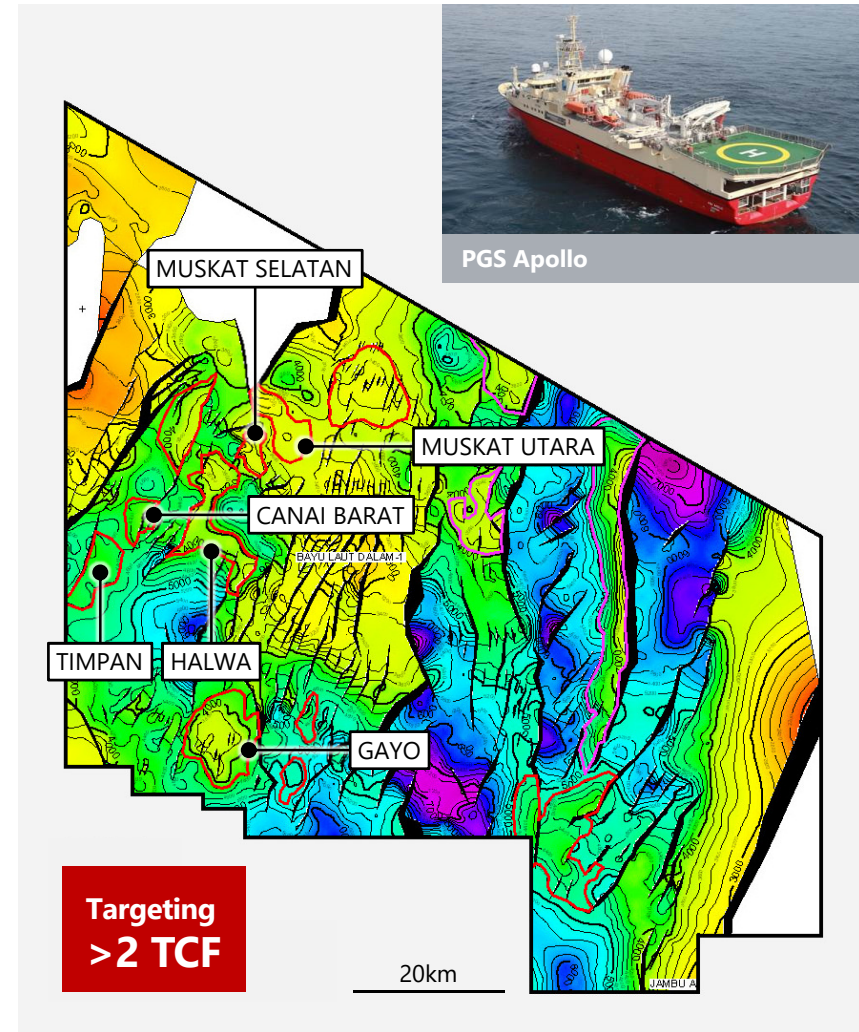
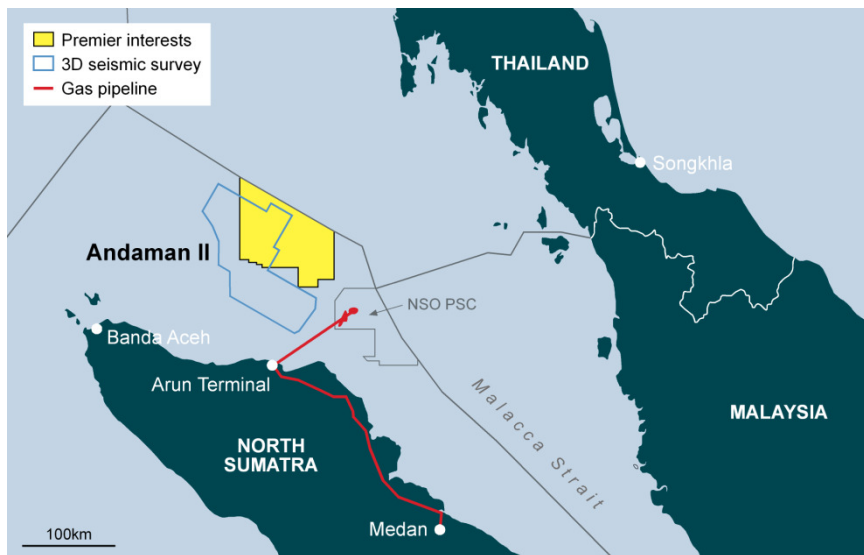
**Block resource potential
300-400 mmbbls**



Andaman II (40% non-operated interest)

Awarded 40% interest in the 2017 Indonesian Licence Round

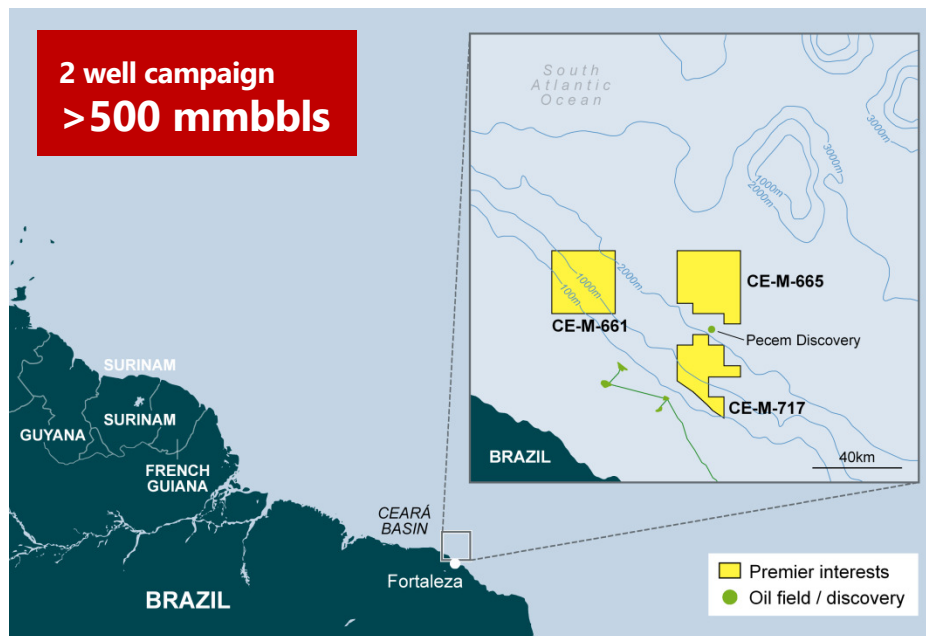
- Proven hydrocarbon basin
- Oligocene sandstones gas target
- Clear DHIs on 2D seismic
- 3D seismic acquisition commenced
- Drilling targeted for 2021
- Significant local demand for gas



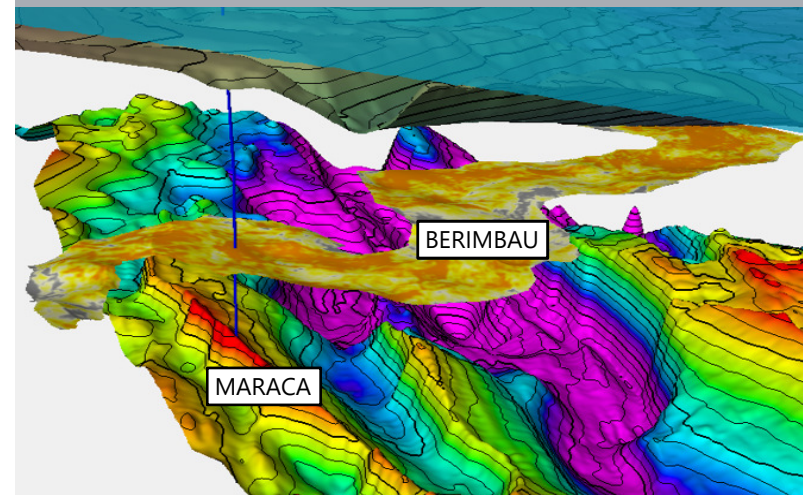
Brazil

Secured acreage in Ceara basin via Brazil's 11th Round

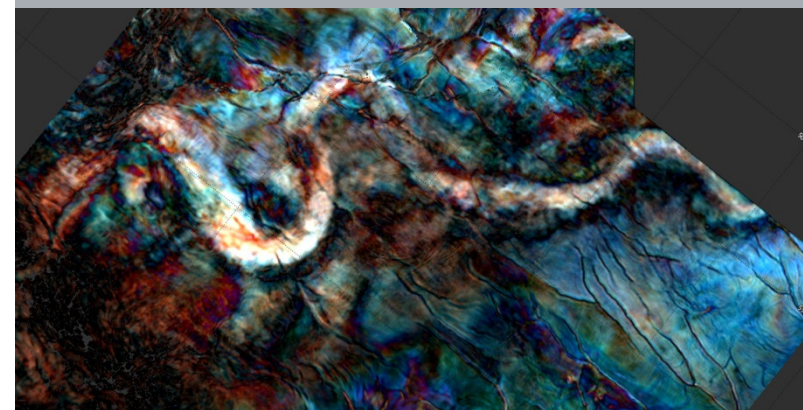
- High impact prospects in stacked targets matured for drilling
 - Berimbau/Maraca (Block 717)
 - Itarema/Tatajuba (Block 661)
- Drilling operations planning well underway for 2020



Block 717 (Premier, 50% operator)



Block 661 (Premier, 30%)



Outlook



DELIVER Robust base business



EXPLOIT Significant low cost upside within existing assets

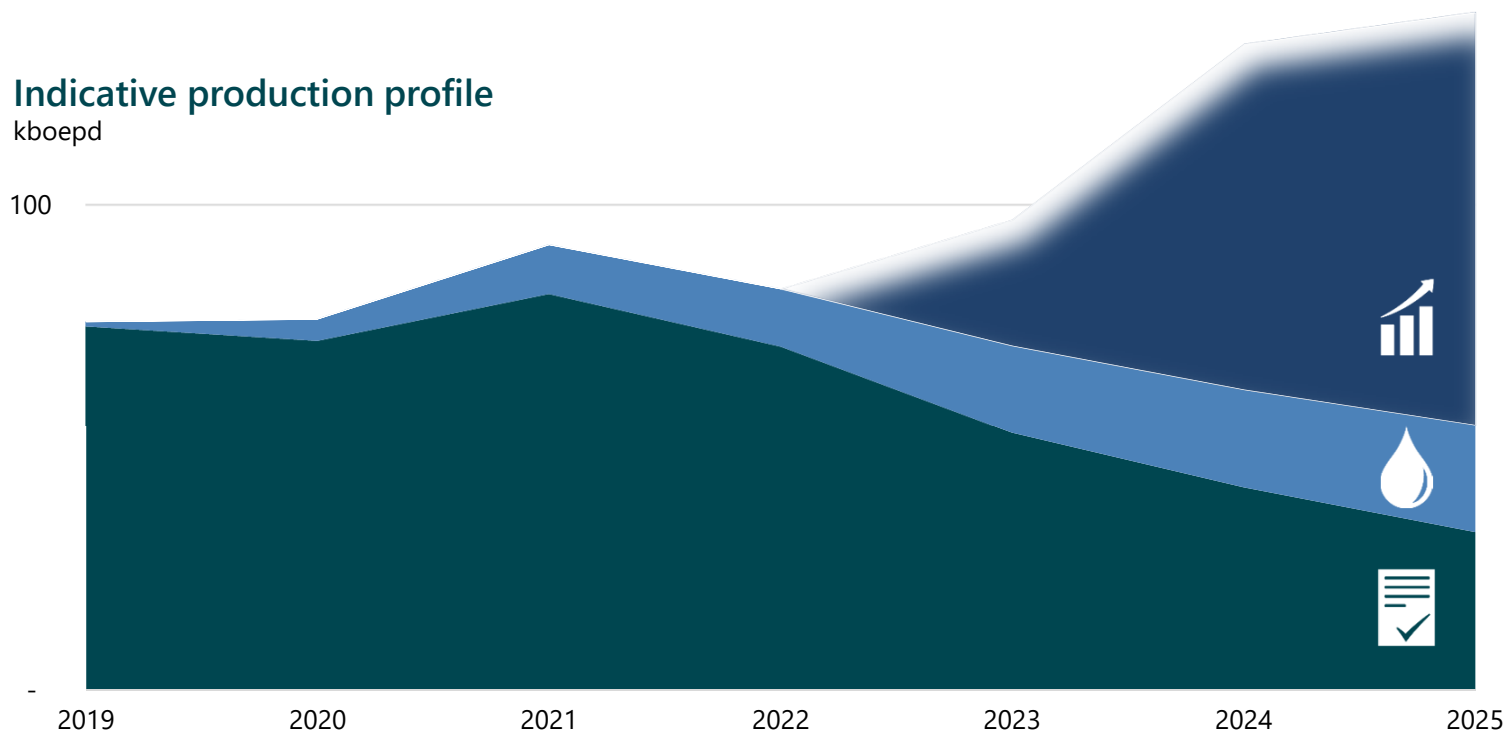


GROW Portfolio of projects underpinning future growth profile to 2030+

Indicative production profile

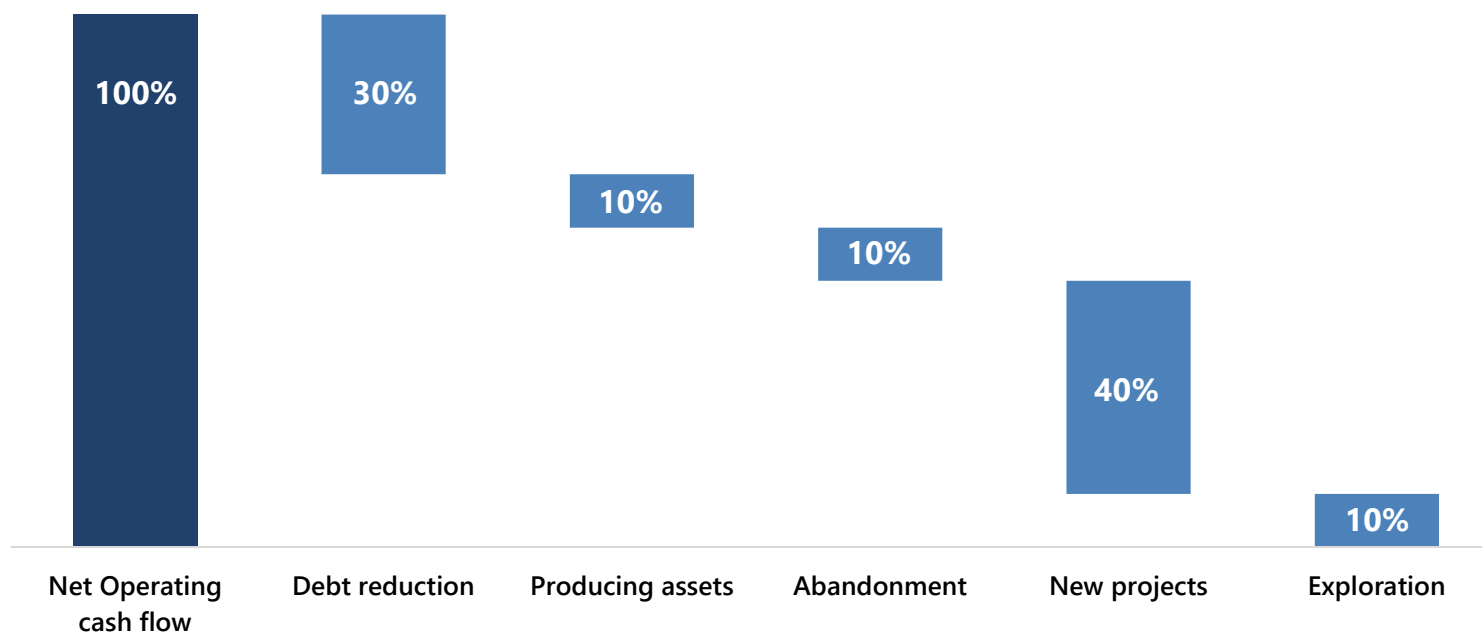
kboepd

100



Balanced capital allocation (2019 to 2025)

Reinvestment will be measured against cash returns to shareholders



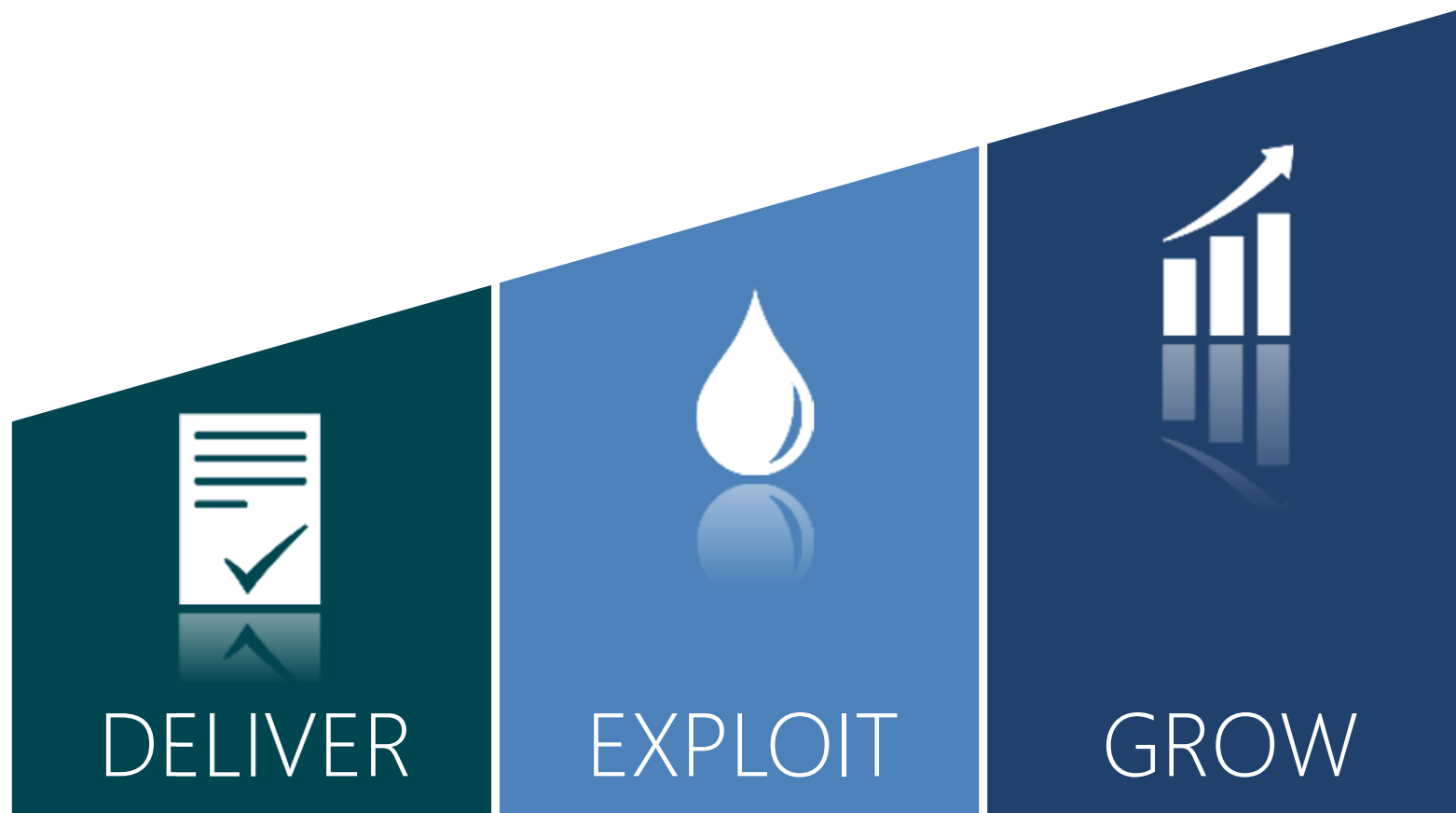
2018-2019 allocation

- Debt reduction 40%
- Producing assets / abex 20%
- New projects 25%

At \$65/bbl, the business will deliver

- Positive free cash flow in all years to 2025
- Production > 100 kboepd at period end
- Covenant level of < 1x at period end

Q&A



March 2019



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