



2021 Annual Results

Harbour Energy plc

17 March 2022

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2021 Highlights



- ➔ Completion of merger with Premier; realisation of synergies progressing as planned
- ➔ Production of 175 kboepd
Strong Q4 production of 214 kboepd following completion of maintenance programmes
- ➔ Opex of \$15.2/boe and total capex of \$935 million, lower than forecast
- ➔ Successful drilling at J-Area, Elgin Franklin, AELE, Beryl (UK), and Natuna and Tuna (Indonesia)
- ➔ Tolmount (UK): start up underway
- ➔ Portfolio aligned with strategy; exits from Brazil exploration and Sea Lion (Falkland Islands)
- ➔ Continued focus on safety and the environment
No serious injuries or significant spills; GHGi reduced to 17 kgCO₂e/boe (net of offsets)
- ➔ Free cash flow of \$678 million, reducing net debt¹ and leverage to \$2.3 billion and 0.9x
Introduction of an initial \$200 million annual dividend

¹ Excludes unamortised fees



Operational overview

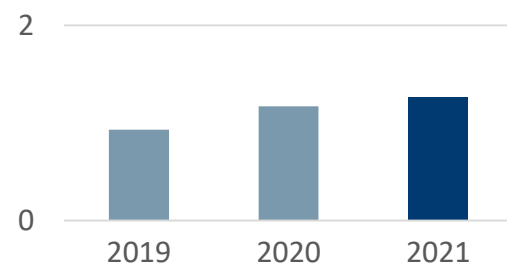
Linda Z Cook

Safety is our top priority

- Standardised safety-related policies and procedures, adopting best practice
- Established clear priorities: Process Safety and Lifesaving Rules
- Comprehensive HSES audit programme
- Assurance and governance, including at Board level, over our activities
- Inaugural Global HSES Day and CEO Safety Award

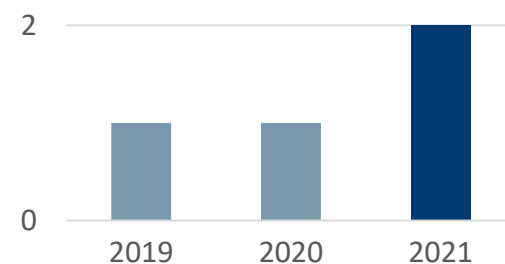
TRIR¹

Per million hours worked



Process safety¹

Tier 2 events



¹ TRIR (Total Recordable Injury Rate), process safety and LTIR (Lost Time Injury Rate) are reported on a gross operated basis. TRIR and LTIR are per million hours worked.

Judy and Britannia (UK) surpassed 7 years and Gajah Baru (Indonesia) 10 years without a LTIR¹

North Sea Well Services completed work on 36 wells without a recordable injury

Vietnam Well Services completed 82 well interventions without a recordable injury or high potential incident

Achieved record low maintenance backlog on Greater Britannia



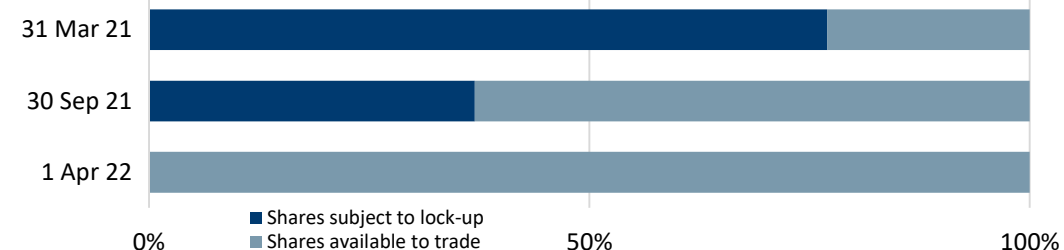
Successful completion of merger with Premier...

... and integration and realisation of synergies progressing as planned

Scale

- Largest UK listed independent O&G Company
- Member of FTSE 250

Shares subject to lock-up



Diversification & Integration

- Complementary UK asset base
- High quality SE Asia production
- Substantial synergies

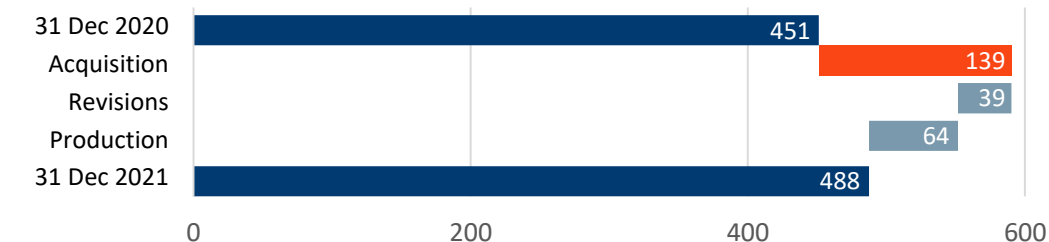
Integration progressing well; synergies confirmed ... starting to be realised



Growth

- 157% 2P reserves replacement
- International growth options

2P reserves¹, mmbœ

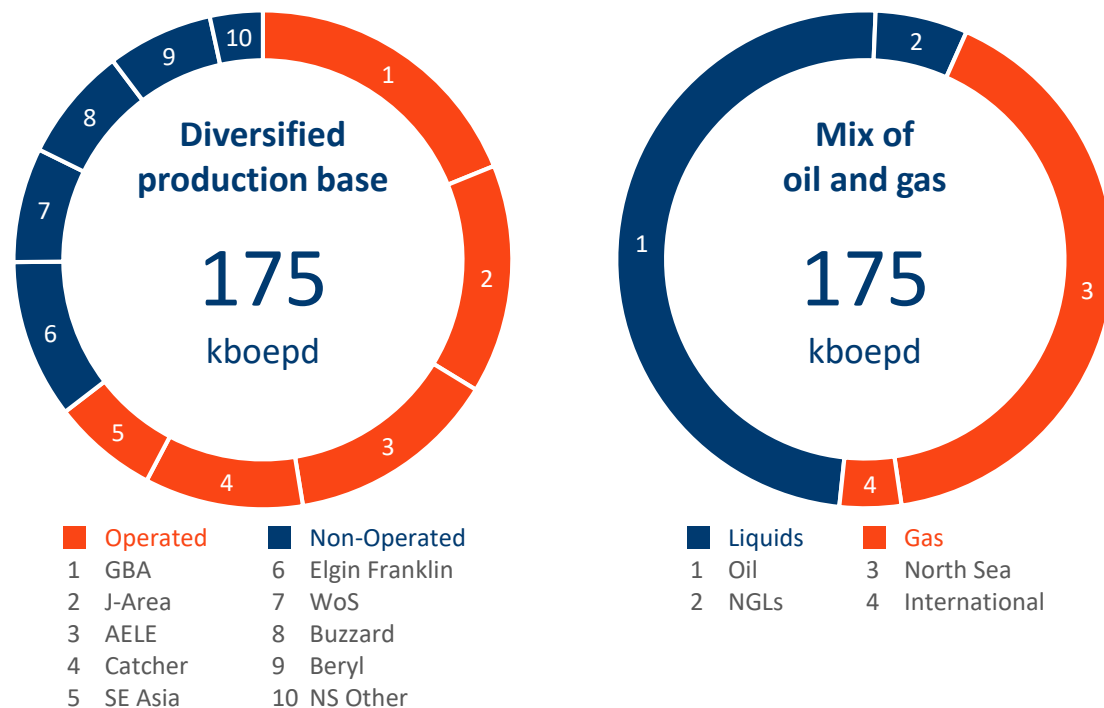


¹ Harbour management estimates

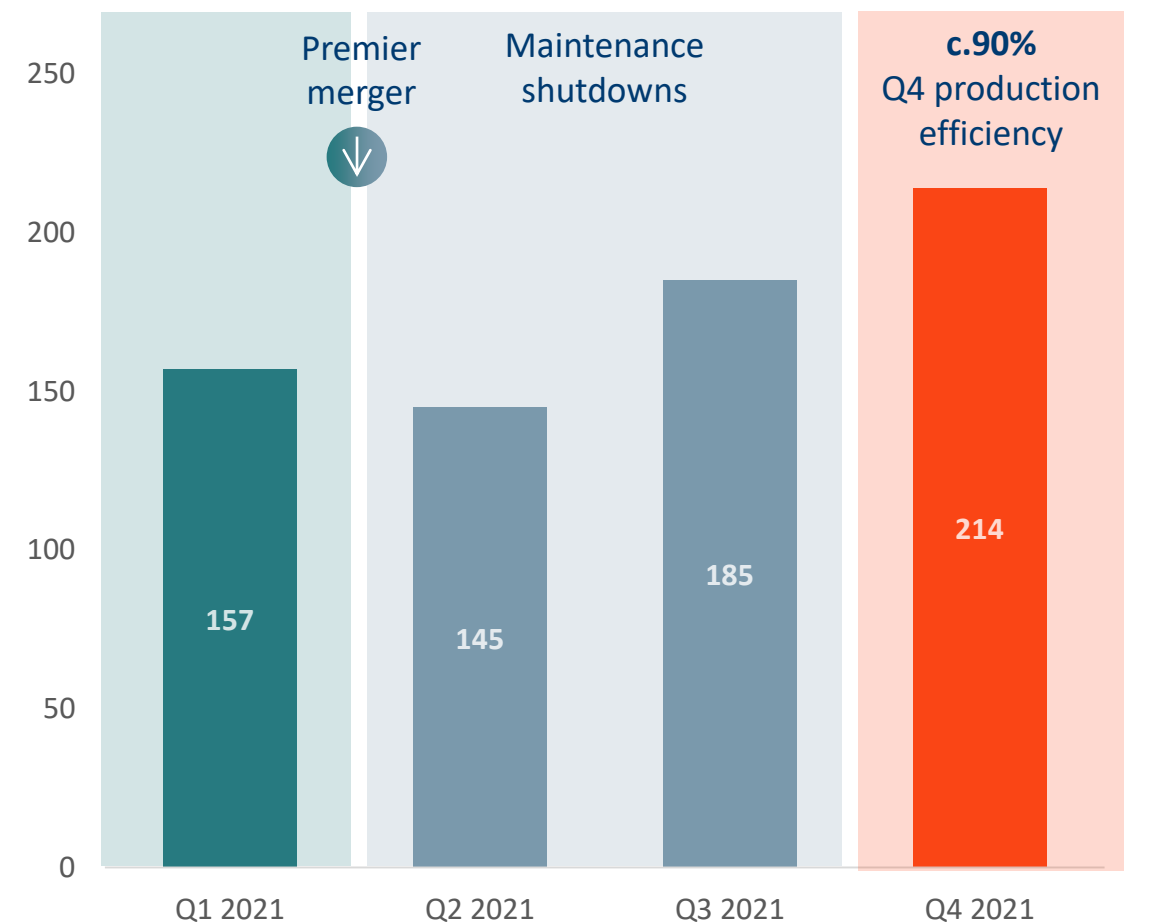
2021 Production of 175 kboepd

Production increased to 214 kboepd in Q4

- Full contribution from Premier portfolio
- Extended maintenance shutdowns complete
- Strong operational performance
- Drilling activity returned to pre-COVID levels
- Improved operating margins

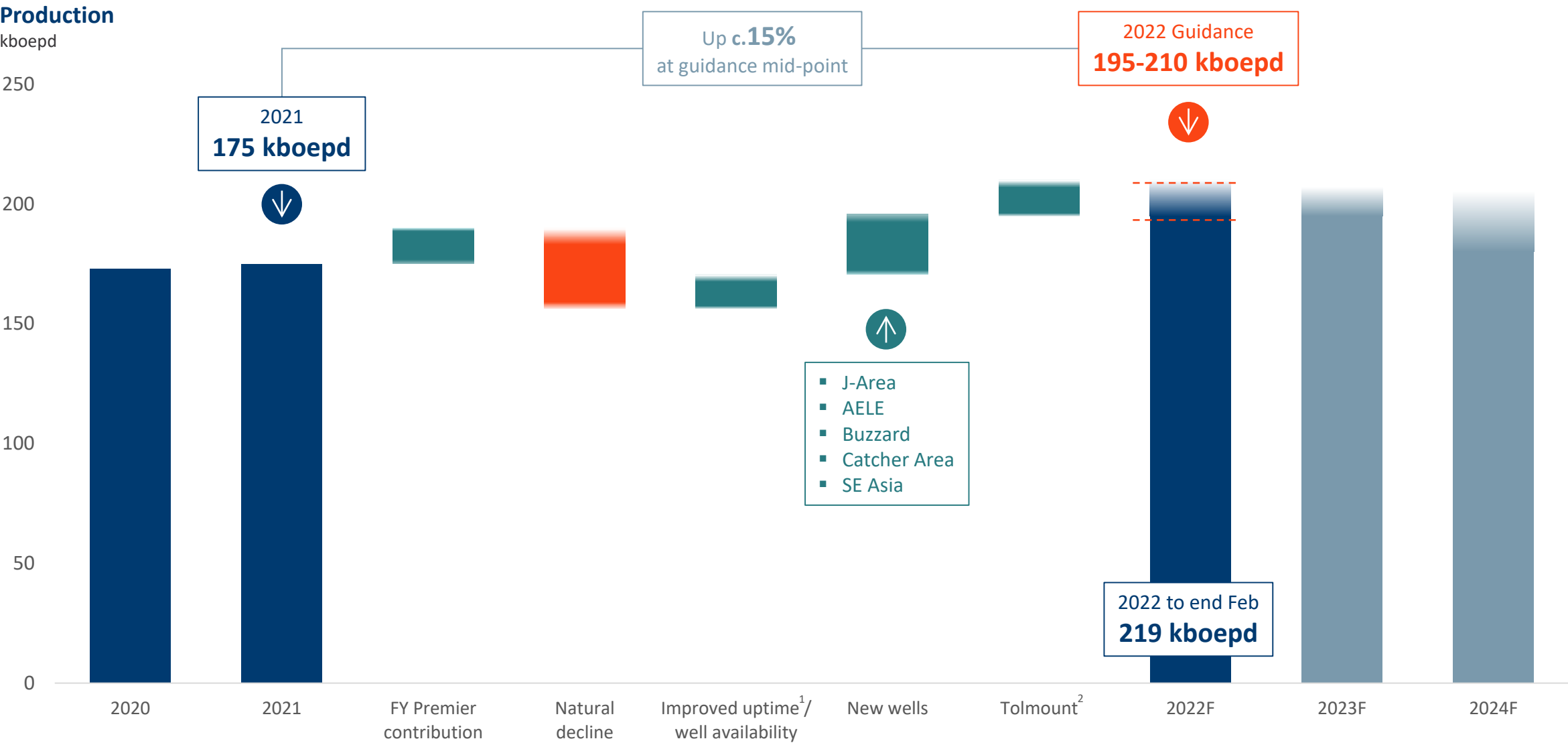


Production
kboepd



¹ Reflects both planned and unplanned shutdowns

2022 Production up c.15% due to full year from Premier, new wells on-stream and improved uptime



¹ Maintenance programmes planned at J-Area, Catcher, Beryl, Clair and Chim Sao ² Assumes production start up end Q1 2022

Tolmount: Start-up operations underway

- ✓ ATEX inspection and repair campaign concluded
- ✓ Testing and commissioning of platform largely complete
- ✓ Start-up underway, key steps include:
 - ✓ Platform handover to ODE (duty holder) initiated
 - Back-gassing of export pipeline imminent
 - Well-to-pipeline line-up and testing
- 🔥 First production
 - All four wells available at first gas
 - Initial rates of c.20 kboepd (net) expected

Tolmount: Will increase UK domestic gas production by 6%



Harbour's 50% share:

- Expected to contribute c.15 kboepd to full year production
- Estimated net reserves of 24 mmboe at year end 2021
- Tolmount East sanctioned; first gas expected 2023

2022 Activities: prioritising our best capital projects

Short cycle, high value opportunities to maintain production while generating material free cash flow

	2022 Drilling & Intervention Schedule			
	Q1	Q2	Q3	Q4
North Sea				
J-Area	Jade S.	JM Sidetrack		J06
	Dun.	Judy WHP RD		
Catcher Area		Laverda, Catcher North and Burgman Far East		
Tolmount Area				Tolmount East
Clair Ridge	x5 Development Wells			
Beryl				Platform Drilling
		Subsea Drilling		
Norway	Ginny			Ringhorne
INTERNATIONAL				
NSBA (Indonesia)		GBA-1	PKA-4	
Andaman II (Indonesia)		Timpan		
Chim Sao (Vietnam)			S-22P/23P	17XP
Block 30 (Mexico)			Wahoo and Pike	

Development Workover Exploration

Almost all 2022 drilling & development projects breakeven at <\$35/bbl, 35p/therm

- 23 development and infill wells plus several well interventions
- Production optimisation projects include Brodgar compression, Catcher gas re-injection
- Talbot, Tuna, Zama, Beryl Tertiary and Clair Phase III being progressed towards FID
- 2C portfolio maturation at J-Area, Greater Britannia Area and AELE
- c.\$1.3 billion capex programme:
 - \$800 million P&D
 - \$200 million E&A
 - \$300 million decommissioning

International growth opportunities ...

... which could add materially to our future production



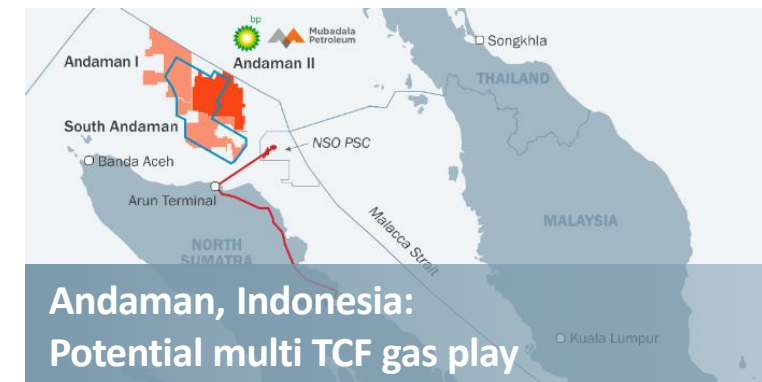
Tuna, Indonesia:
Positive appraisal results

- Extensive data acquisition programme, including 3 drill stem tests in 2021
- Technical and commercial work initiated: development concept comprises gas sales to Vietnam and liquids offloaded to market via FPSO
- Plan of development submission targeted by year end with potential FID in 2023



Zama, Mexico:
Robust economics, long life field

- 12.39% interest in Zama unit
- 150 kbpd plateau (gross), <\$5/boe capex
- Low GHG intensity
- Working with partners to refine Unit Development Plan
- FEED expected to be initiated during 2022, FID possible in 2023



Andaman, Indonesia:
Potential multi TCF gas play

- Partners: Mubadala, BP
- Large 4 way dip closed structure; strong AVO response
- Timpan exploration well planned to spud in Q2 2022

International
Growth

Leverage existing
global footprint

Selective investment
in growth projects

Disciplined approach
to M&A

GHG emissions – progress towards Net Zero 2035



Key achievements in 2021



Measure

- Standardised base line emissions
- Increased climate reporting via TCFD, CDP, SASB



Reduce

- Emissions of 1.6 mtCO₂e, 6% lower than target
- Signed World Bank Zero Routine Flaring Initiative



Offset

- Purchased our first carbon offsets
- Offset more than 25% of our 2021 emissions, reducing our net GHGi to 17kgCO₂e/boe



Incentivise

- Emissions reduction incentives included in compensation and debt facility
- Include carbon costs in all economic analysis



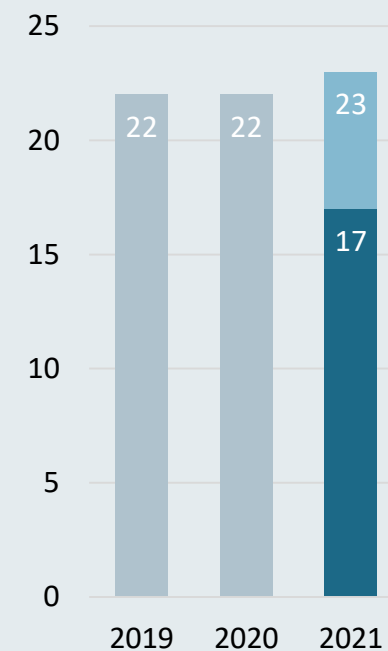
Invest

- M&A screened for emissions intensity
- Exploring the potential for CCS projects and partial electrification of the UKCS



GHG intensity (Scope 1 and 2)

kgCO₂e/boe



■ Excluding Offsets

■ Including Offsets



Financial results and guidance

Alexander Krane

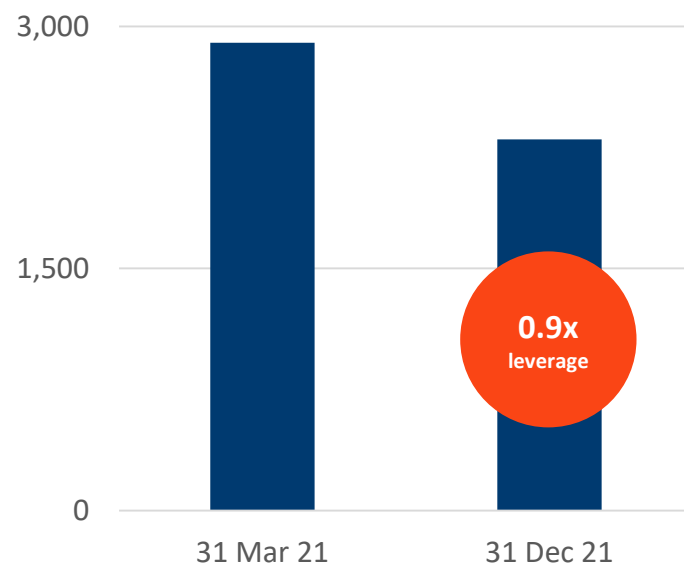
Delivering against our capital allocation priorities

Safeguard balance sheet

- Targeting leverage of less than 1.5x through the commodity price cycle
- Ensure significant liquidity
- Disciplined hedging programme

Net debt¹

\$ million

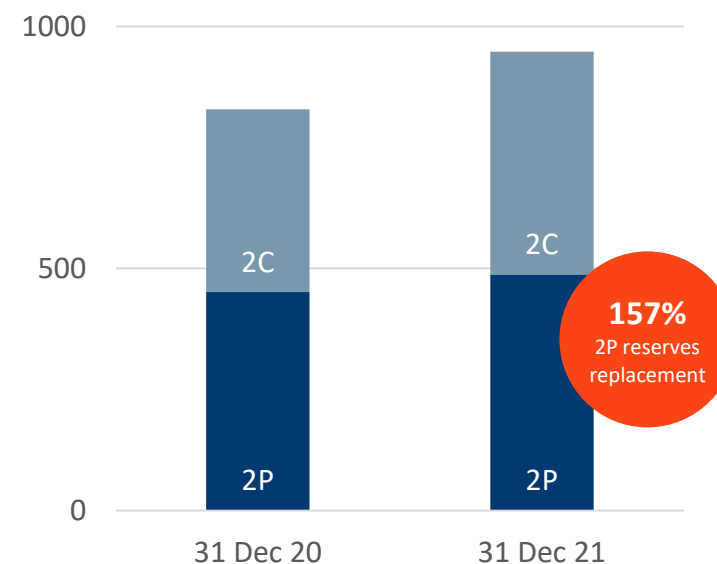


Ensure a robust & diverse portfolio

- Focused investment to underpin cash generation
- Establish material production base outside the UK
- Target reserves life of 8-12 years

2P reserves and 2C resources

mmboe

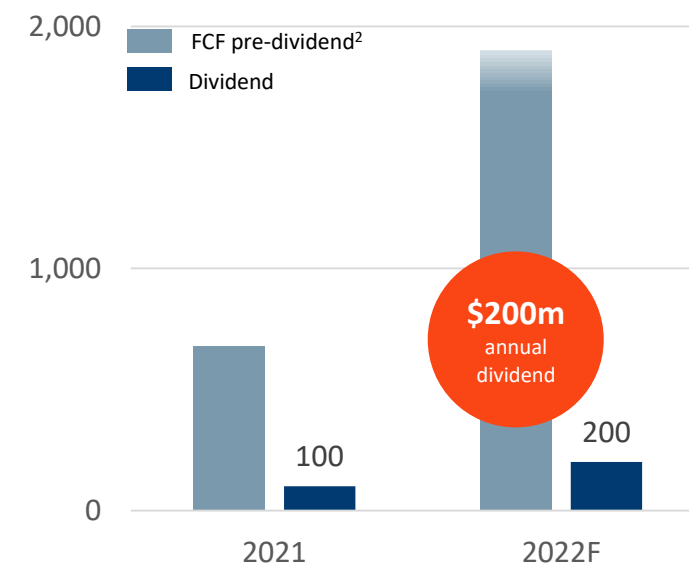


Deliver shareholder returns

- Aim to deliver both growth and income to shareholders
- Annual dividend initiated
- Additional shareholder returns to be considered in line with our capital allocation policy

Dividend, FCF²

\$ million

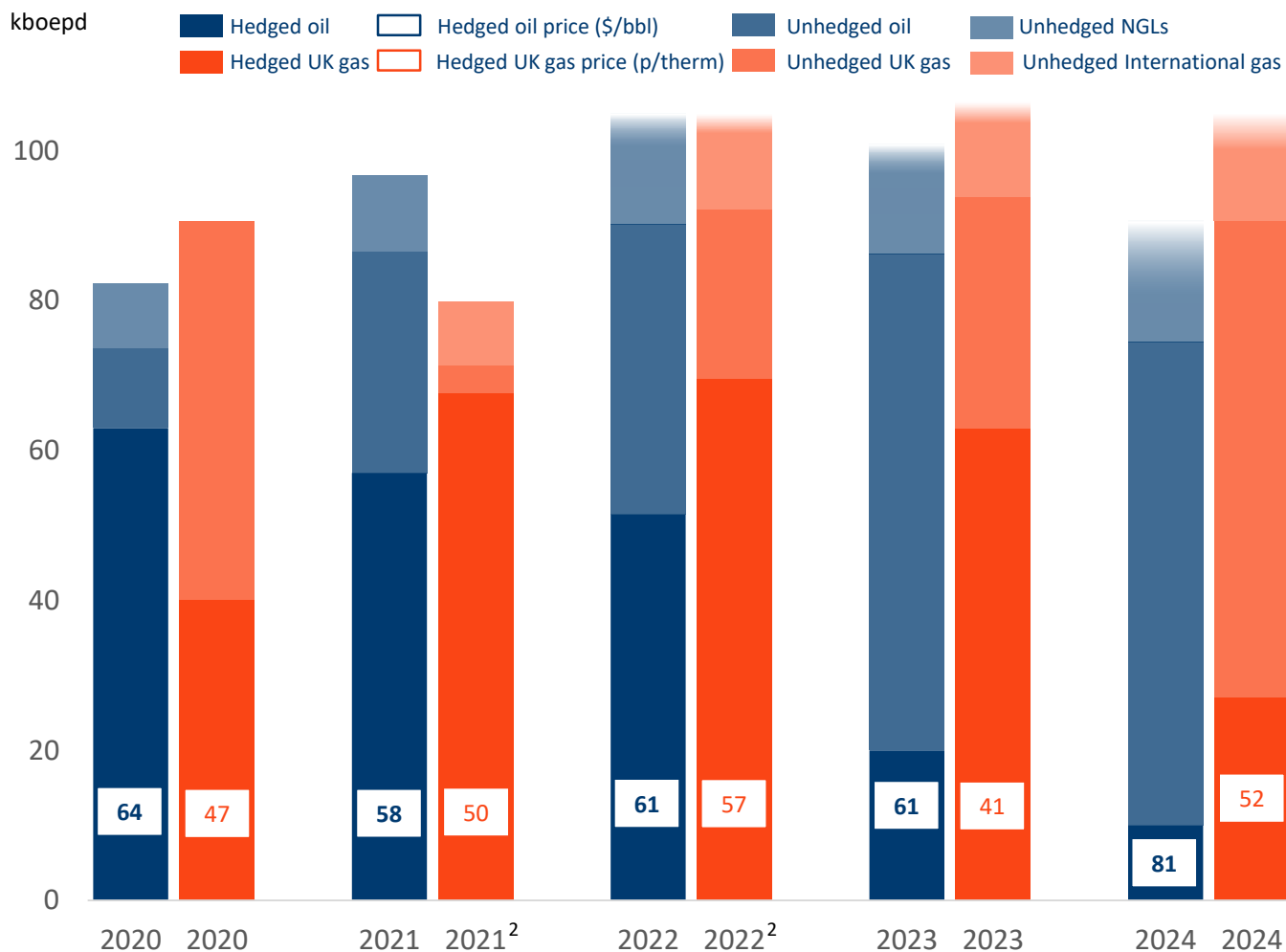


¹ Net debt excludes unamortised fees; ² FCF after tax, pre dividend; assumes \$100/bbl and 200 pence/therm

Increased flexibility around hedging as leverage reduces

Increased exposure to commodity prices in 2022 with higher production and less hedging

Hedging position¹, production



- Hedging programme as per RBL requirements
 - Minimum: rolling 50-40% 2 year
 - Maximum: rolling 70-60-50-40% 4 year
- No margin agreements
- Took advantage of recent strength in prices to increase hedging in 2024
 - 4 kboepd of UK gas sold forward at 102 pence/therm in 2024
 - 10 kboepd of oil sold forward at \$81/bbl in 2024

¹Reflects Harbour's hedged position as at March 2022 ²Hedged UK gas volumes includes 1 mmbse and 1.1 mmbse of gas in 2021 and 2022 respectively hedged via straight puts

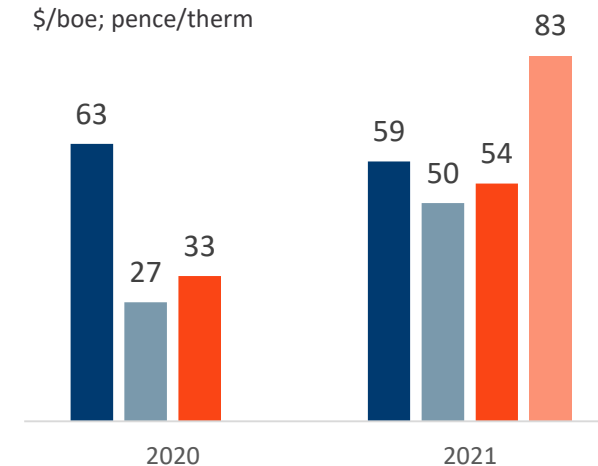
Income statement

Return to profitability and increased operating margins¹

\$ million	FY 2021	FY 2020
Revenue & other income	3,618	2,438
Cost of operations	(976)	(707)
DD&A	(1,371)	(1,222)
Other cost of sales	(106)	82
Impairment of PP&A and goodwill	(117)	(1,055)
Exploration costs written off and expense	(305)	(174)
G&A	(103)	(49)
Operating profit / (loss)	640	(687)
Net financing costs	(326)	(291)
Profit / (loss) before tax	314	(978)
Tax	(213)	200
Profit / (loss) after tax	101	(778)
EBITDAX	2,431	1,784

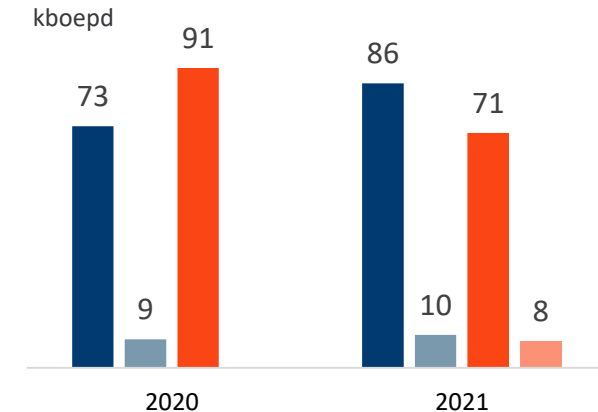
Realised pricing

\$/boe; pence/therm



Production

kboepd



Oil NGLs UK gas International gas

¹ Operating margin is defined as revenue including hedging less operating costs per barrel of oil equivalent produced

Statement of financial position at year end

A robust balance sheet underpinned by a well funded financial profile and prudent capital allocation

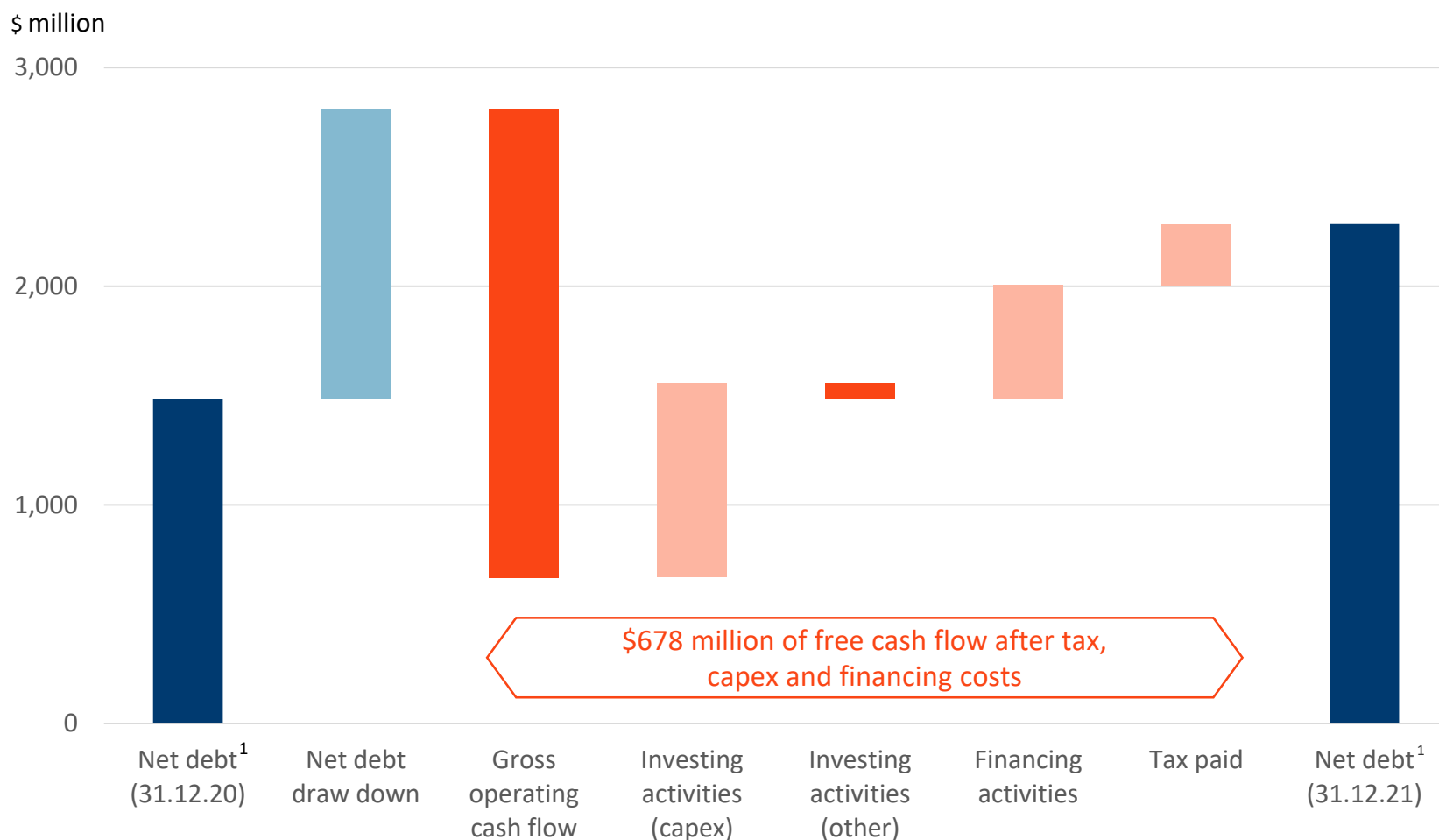
Assets	YE 2021	YE 2020
	\$ million	\$ million
● Goodwill	1,327	990
Other intangible assets	873	454
Property, plant and equipment	7,247	6,522
● Right of use assets	552	132
● Deferred tax asset	1,938	-
Other assets	1,869	940
Cash	699	445
Total assets	14,505	9,483

Equity and liabilities	YE 2021	YE 2020
	\$ million	\$ million
Equity	474	1,068
Borrowings	2,886	2,182
Decommissioning provisions	5,354	4,197
Deferred tax liabilities	187	1,031
● Lease liabilities	654	141
● Other liabilities / provisions	4,950	864
Total equity and liabilities	14,505	9,483

- Goodwill of \$339m recognised in relation to the Premier merger principally relating to the ability to deliver synergies
- Deferred tax asset is recognised to the extent that taxable profits are expected to arise against which the tax losses can be used
- Lease liabilities, Right of use assets mainly relating to the Catcher and Chim Sao FPSOs
- Includes hedging loss

Net debt and Cash flow statement

Harbour generated \$678 million of free cash flow in 2021, up c. 20% versus 2020



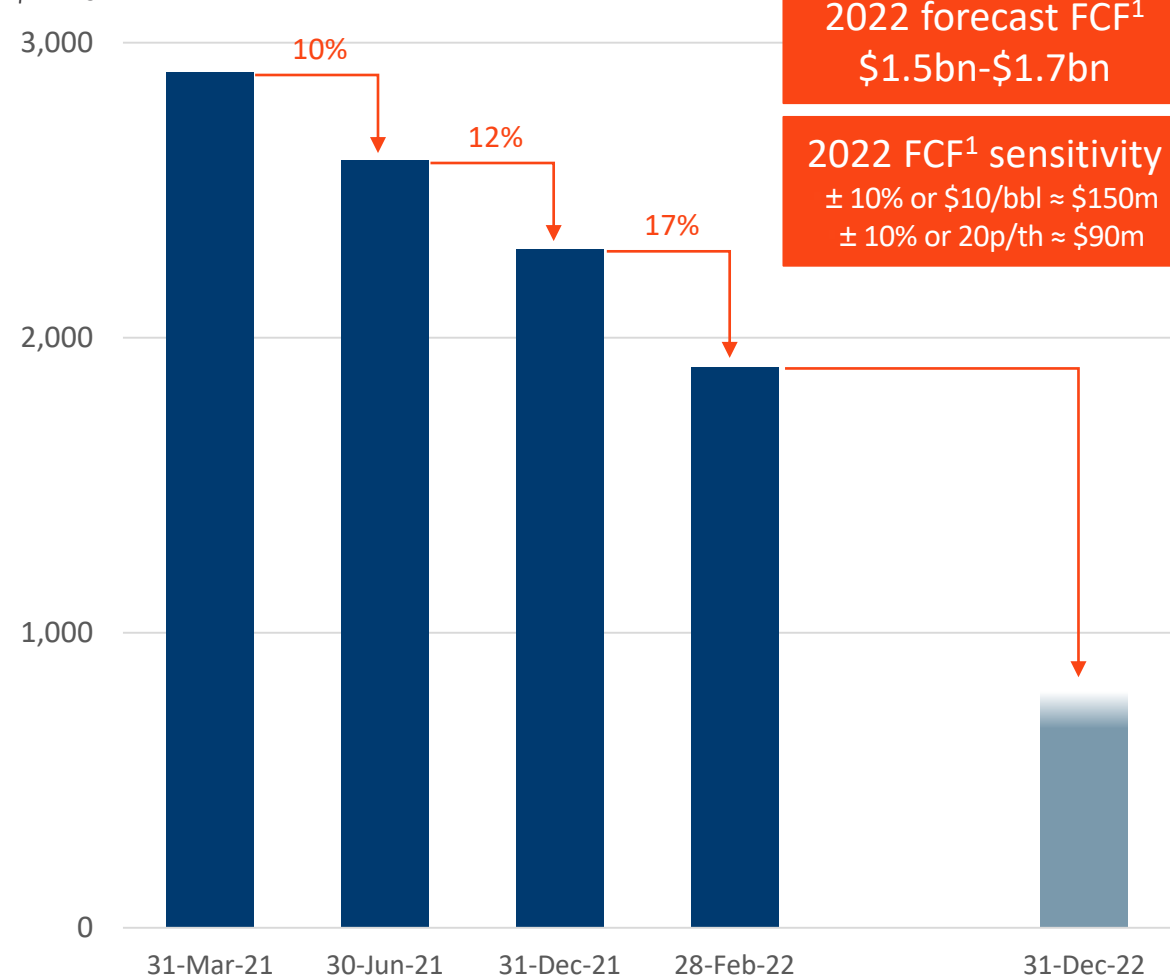
- \$1.3 billion net debt draw down, principally to fund merger
- Tax paid includes a Chrysaor 2020 liability as well as being in relation to Harbour's 2021 activities
- Financing activities comprises bank fees, lease costs and interest costs
- Positive free cash flow after capex, interests and leases

¹ Net debt excludes unamortised fees

Increased production and commodity prices to drive materially higher free cash flow in 2022

Net debt

\$ million



¹ FCF is defined as after tax and \$200m dividend; assumes \$100/bbl, 200p/therm in 2022 and mid point of 195-210 kboepd production guidance

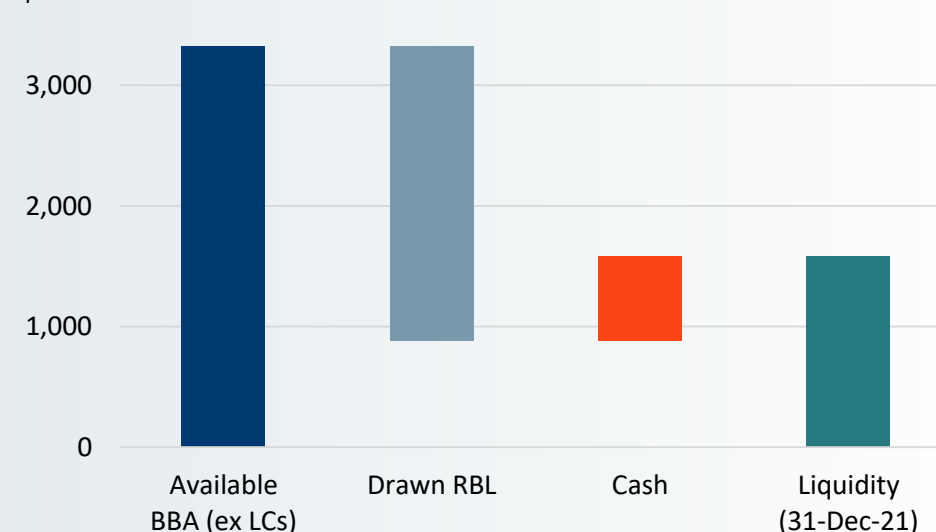
A diversified capital structure

- \$4.5 billion RBL, including sub-limit of \$1.25 billion for Letters of Credit
- \$500 million unsecured bonds
- <5% weighted average cost of debt

Significant liquidity

- Cash and available undrawn facilities of \$1.6 billion

\$ million



Three year (2022-2024) capital allocation outlook

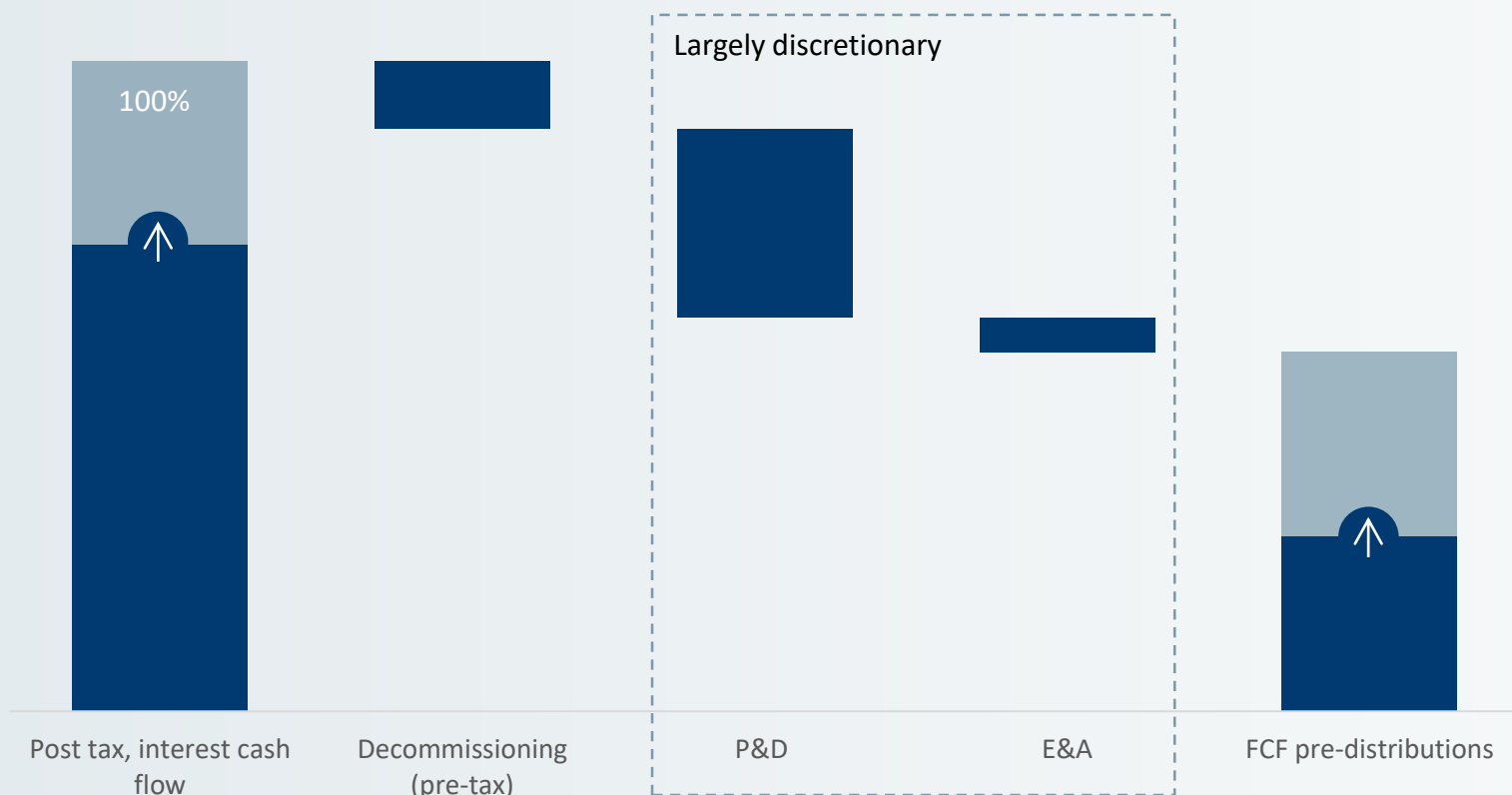
Well placed to deliver value creation, growth and shareholder returns



Illustrative three year capital allocation

\$m

■ CMD price assumptions¹
■ Current price sensitivity²



Over 2022-2024, Harbour's business:

- Delivers production of c.200 kboepd over the period
- Generates free cash flow every year
- Committed to an initial dividend of \$200 million per annum
- Potential to be net debt free 2023²
- Material optionality over additional shareholder returns and M&A

Additional shareholder returns to be considered with Half Year Results

¹ \$70/bbl, 90p/therm in 2022, \$65/bbl, 60p/therm in 2023 and \$60/bbl, 55p/therm in 2024

² \$100/bbl, 200p/therm in 2022, \$85/bbl, 150p/therm in 2023 and \$70/bbl, 100p/therm in 2024

Guidance

	2021 Guidance ¹	2021 Actual ¹	2022 Guidance
Production	170-180 kboepd	175 kboepd	195-210 kboepd
Operating Cost	15-16 \$/boe	15.2 \$/boe	15-16 \$/boe
P&D and E&A Capex		709 \$m	1,000 \$m
	1.1 \$bn		
Decommissioning expenditure		226 \$m	300 \$m

¹ 2021 numbers are provided on a reported basis with Premier's portfolio contributing from 31 March 2021



Outlook

Linda Z Cook

2022 Outlook

- ➔ Production of 195-210 kboepd, a c.15% increase versus 2021
Production of 219 kboepd to end February
- ➔ Tolmount (UK): start-up underway; initial rates of c. 20 kboepd (net) expected
- ➔ Opex and total capex guidance unchanged at \$15-16/boe and \$1.3 billion, respectively
- ➔ Drilling at Catcher, J-Area, Beryl (UK); Natuna and Andaman II (Indonesia); and Chim Sao (Vietnam)
- ➔ Continued progress to Net Zero by 2035, including activity on our UK CCS projects
- ➔ At \$100/bbl, 200p/therm, forecast free cash flow (after tax and \$200 million dividend) of \$1.5-1.7 billion with potential to be net debt free in 2023



Well positioned for value creation

**Pure play, upstream,
global O&G company**



**Diverse, cash
generative producing
portfolio of scale**



**Positioning for the
energy transition**



A unique investment opportunity



**Conservative financial
risk management policy**



**Commitment to
shareholder returns**



**Track record of creating
value through M&A**

Linda Z. Cook
Chief Executive Officer



Alexander Krane
Chief Financial Officer



Stuart Wheaton
EVP International



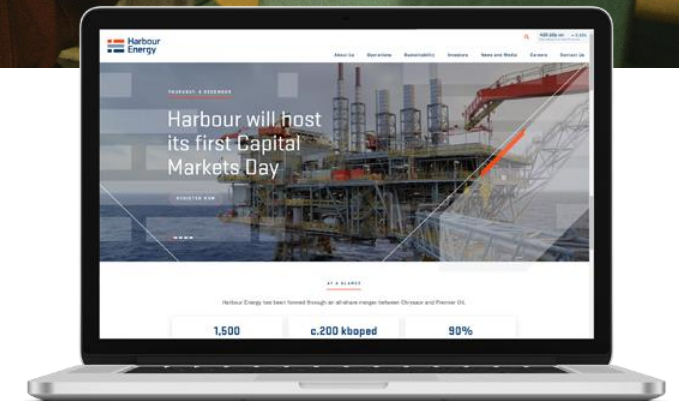
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