

2020

# Half-Year Results Presentation August 2020



# Agenda

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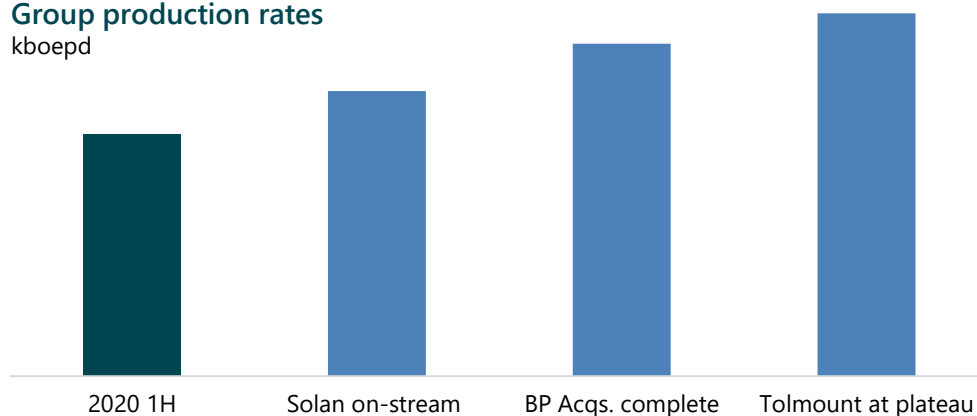
1. Opening remarks ..... Tony Durrant
2. Financial results, Refinancing ..... Richard Rose
3. Operational performance ..... Stuart Wheaton
4. Exploration pipeline ..... Dean Griffin
5. Look forward ..... Tony Durrant

# Executive summary

## 2020 1H – response to COVID-19

- ✓ Free cash flow positive; expenditure minimised
- ✓ Near-term production growth
- ✓ Future potential preserved
- ✓ Balance sheet reset
- ✓ BP Acquisition renegotiated and progressing

Group production rates  
kboepd



## Long term refinancing

- Heads of Terms agreed with subset of creditors
  - All debt facilities to be refinanced with non amortising facilities
  - Maturities extended to March 2025
  - 8.34% harmonised interest rate
  - New equity to fund BP Acquisitions and further debt reduction
- Resets capital structure and materially improves financial position

**Significant near-term production growth and strengthening balance sheet**

# BP Acquisitions

## Step change for Premier, materially accretive to value and credit metrics

- Proposed acquisition of BP's interests in the Andrew Area and Shearwater field

### STATUS

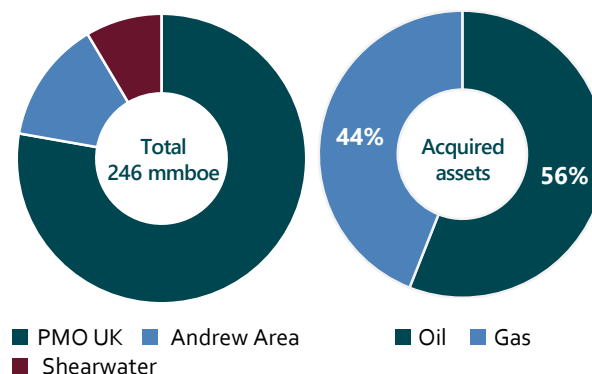
- Terms revised and approved by creditors
  - \$210m completion consideration
  - Up to \$115m contingent
  - BP to retain bulk of abex
- Assets outperforming
- Integration and transition work well advanced
- JV and Regulatory approval processes progressing
- Conditional on equity funding and shareholder approval
- Targeting Q4 2020 completion

### VALUE-ACCRETIVE

- Strengthens UK business
- Adds proforma 19 kboepd<sup>2</sup> (2020) of cash generative production
- Adds 55 mmboe<sup>2</sup> of 2P+2C at <\$6/boe
- Accelerates use of Premier's \$4.1bn of tax losses
- Accelerates debt reduction and materially improves financial position
- Reduces covenant leverage ratio (cov. net debt/EBITDA) towards 1x by 2024<sup>1</sup>

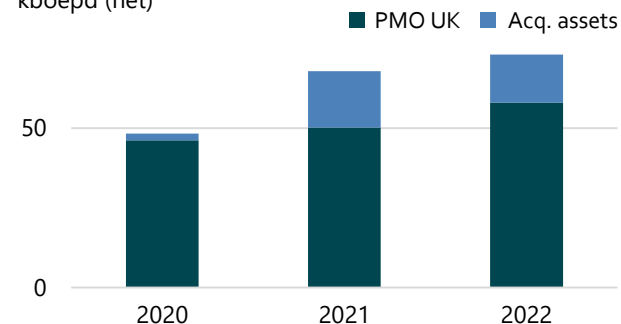
### Proforma 2P+2C (UK only)<sup>2</sup>

mmboe as at 1.1.20



### Proforma production (UK only)<sup>2</sup>

kboepd (net)



<sup>1</sup> Company estimates, assumes 18 month forward curve and then \$65/bbl from 2022

<sup>2</sup> Data for BP assets based on CPRs

# 2020 1H Financials

|                                                   | 2020 1H      | 2019 1H |
|---------------------------------------------------|--------------|---------|
| Production (kboepd)                               | <b>67.3</b>  | 84.1    |
| Operating cost/boe                                | <b>11.4</b>  | 10.3    |
| Lease cost/boe                                    | <b>7.1</b>   | 6.3     |
| <b>Cash flow (\$m)</b>                            |              |         |
| Operating cash flow (post tax)                    | <b>349</b>   | 550     |
| Net lease payments                                | <b>(81)</b>  | (98)    |
| Interest and fees                                 | <b>(105)</b> | (128)   |
| Capex (inc. decom pre-funding)                    | <b>(166)</b> | (133)   |
| Other (inc. disposals)                            | <b>28</b>    | (4)     |
| <b>Free cash flow<sup>1</sup></b>                 | <b>25</b>    | 188     |
| <b>Balance sheet</b>                              |              |         |
| Accounting net debt (\$m)                         | <b>1,974</b> | 2,151   |
| <b>P&amp;L (\$m)</b>                              |              |         |
| EBITDAX                                           | <b>352</b>   | 680     |
| (Loss)/profit before one off charges <sup>2</sup> | <b>(32)</b>  | 121     |
| (Loss)/profit after tax                           | <b>(672)</b> | 121     |

**Robust cash flow despite collapse in commodity prices**

<sup>1</sup> Before movement in joint venture balances

<sup>2</sup> Exceptional non-cash items total \$639m

<sup>3</sup> 2021 and 2022 UK hedged gas price includes option floors excluding premiums

## Hedging

### Oil hedging

|                        | Q3 2020 | Q4 2020 |
|------------------------|---------|---------|
| % of production        | 25      | 19      |
| Average price (\$/bbl) | 63      | 50      |

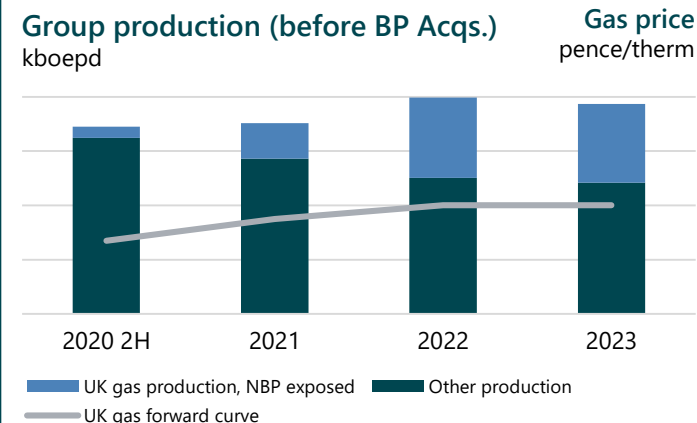
### UK gas hedging<sup>3</sup>

|                     | 2020 2H | 2021 | 2022 |
|---------------------|---------|------|------|
| % of production     | 41      | 31   | 10   |
| Av. price (p/therm) | 52      | 41   | 42   |

### Indonesian gas hedging

- 46% hedged at c.\$8/mscf for 2020 2H

### Group production (before BP Acqs.)

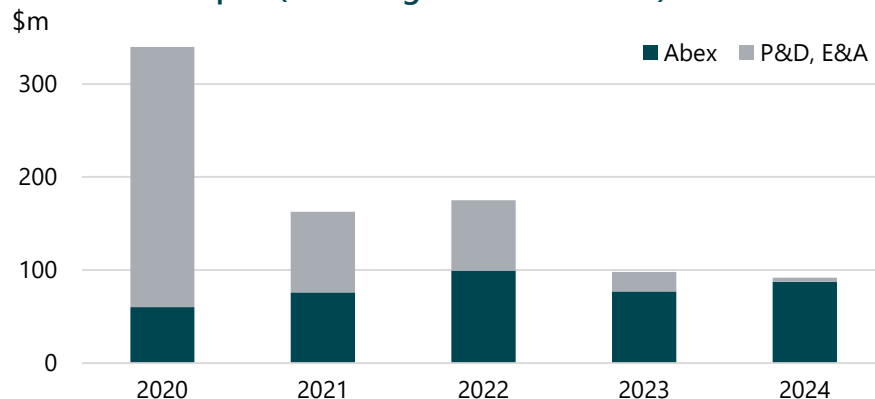


# Cost control, expenditure minimised

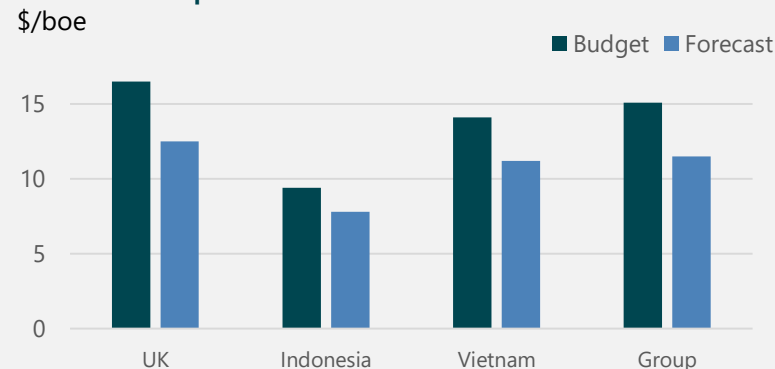
## Ability to flex expenditure to ensure free cash flow positive through the cycle

- Maintained tight control of opex and continued cost discipline
- COP brought forward from loss making fields
- Ability to flex and control capex as operator
- Discretionary spend, including exploration, deferred
- Capex with quick pay back prioritised
- Right sizing future spend (Sea Lion, Tuna)

### Committed capex (including abex tax credits)



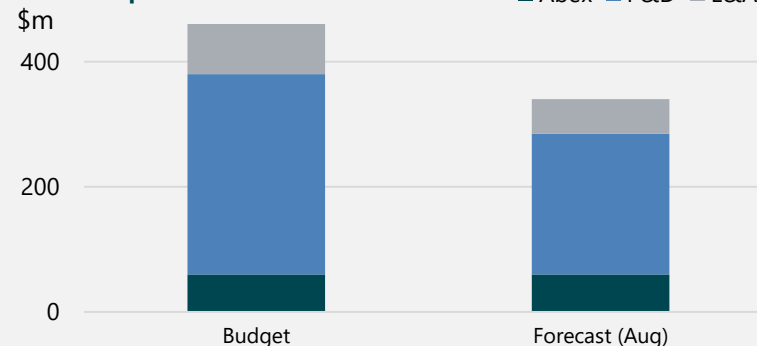
### 2020 Field opex



**2020F capex reduction  
c. \$130 million**

**2020F opex reduction  
c. \$110 million**

### 2020 capex



# A long term refinancing

Resets the Group's capital structure and improves financial position

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Comprehensive, refinancing | <ul style="list-style-type: none"> <li>All existing facilities to be refinanced, including LCs and crystallisation of cross currency swaps</li> <li>Non-amortising</li> <li>Maturities extended from May 2021 to March 2025</li> </ul>                                                                                                                                                                                               |
| Covenant profile           | <ul style="list-style-type: none"> <li>Covenant profile to be reset to provide sufficient headroom in a prolonged lower commodity price environment</li> </ul>                                                                                                                                                                                                                                                                       |
| Coupon                     | <ul style="list-style-type: none"> <li>New, harmonised interest rate of 8.34%</li> <li>Weighted average margin uplift of 1.40%</li> <li>Introduction of LIBOR floors</li> </ul>                                                                                                                                                                                                                                                      |
| Equity                     | <ul style="list-style-type: none"> <li>\$230m equity raise to fund the BP Acquisitions and to pay transaction costs</li> <li>A concurrent additional \$300m equity raise, of which \$205 million would be underwritten by creditors who would convert debt into shares subject to clawback</li> <li>Creditors to enter lock up agreements to restrict sale of any shares acquired</li> <li>Minimum equity raise of \$325m</li> </ul> |
| Implementation             | <ul style="list-style-type: none"> <li>Refinancing to be implemented via Restructuring Plans</li> <li>Completion expected during Q4 2020</li> </ul>                                                                                                                                                                                                                                                                                  |

**<1x** covenant leverage ratio by  
YE2024 (18m fwd curve, \$65/bbl LT)

**2.2x** covenant leverage ratio by  
YE2024 (18m fwd curve, \$55/bbl LT)

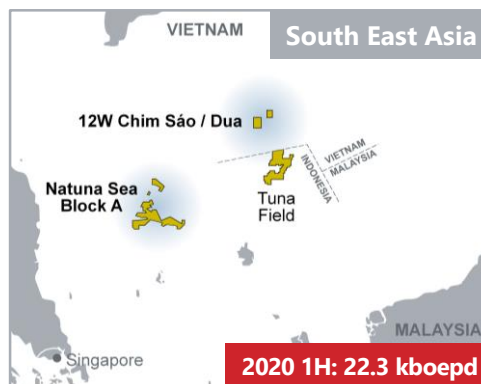
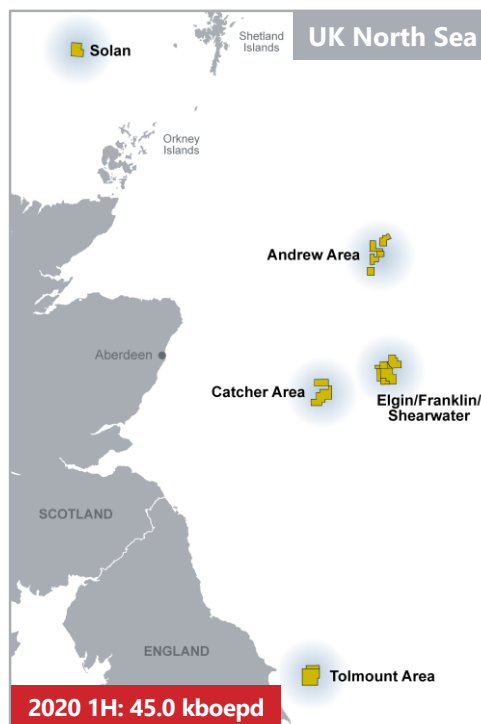
# Production and operations overview

## 2020 1H

- 2020 1H: 67.3 kboepd
- High operating efficiency with COVID-19 impact managed
- Successful well interventions and infill drilling campaigns
- Low, stable cost base
- Consolidated UK portfolio now centred on 5 hubs (4 operated)
- GHG intensity tracking below budget

## Outlook

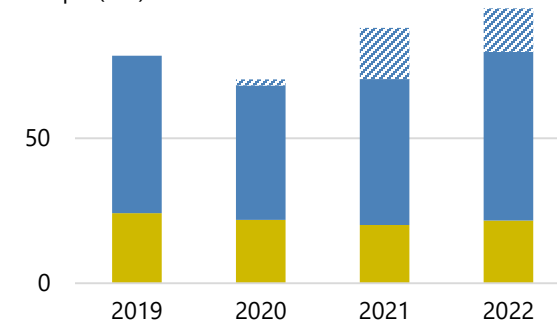
- Rising production profile
  - Increased contribution from tax advantaged UK assets
  - Stable Asia production
- High number of infrastructure-led opportunities
- Improved emissions performance



## Group production<sup>1</sup>

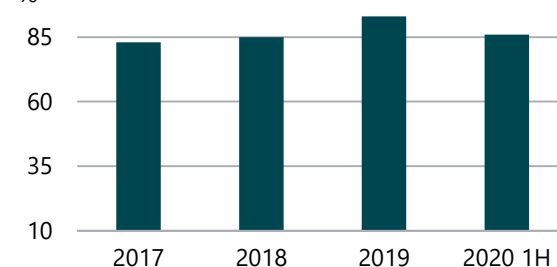
kboepd (net)

■ SE Asia ■ UK ■ BP assets



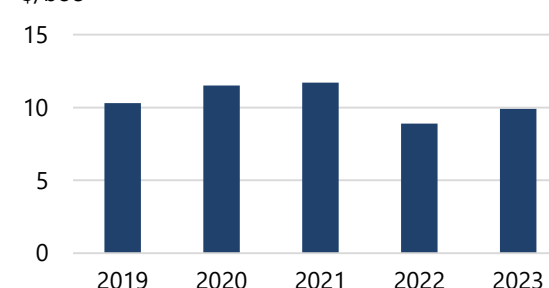
## Operating efficiency

%



## Field opex

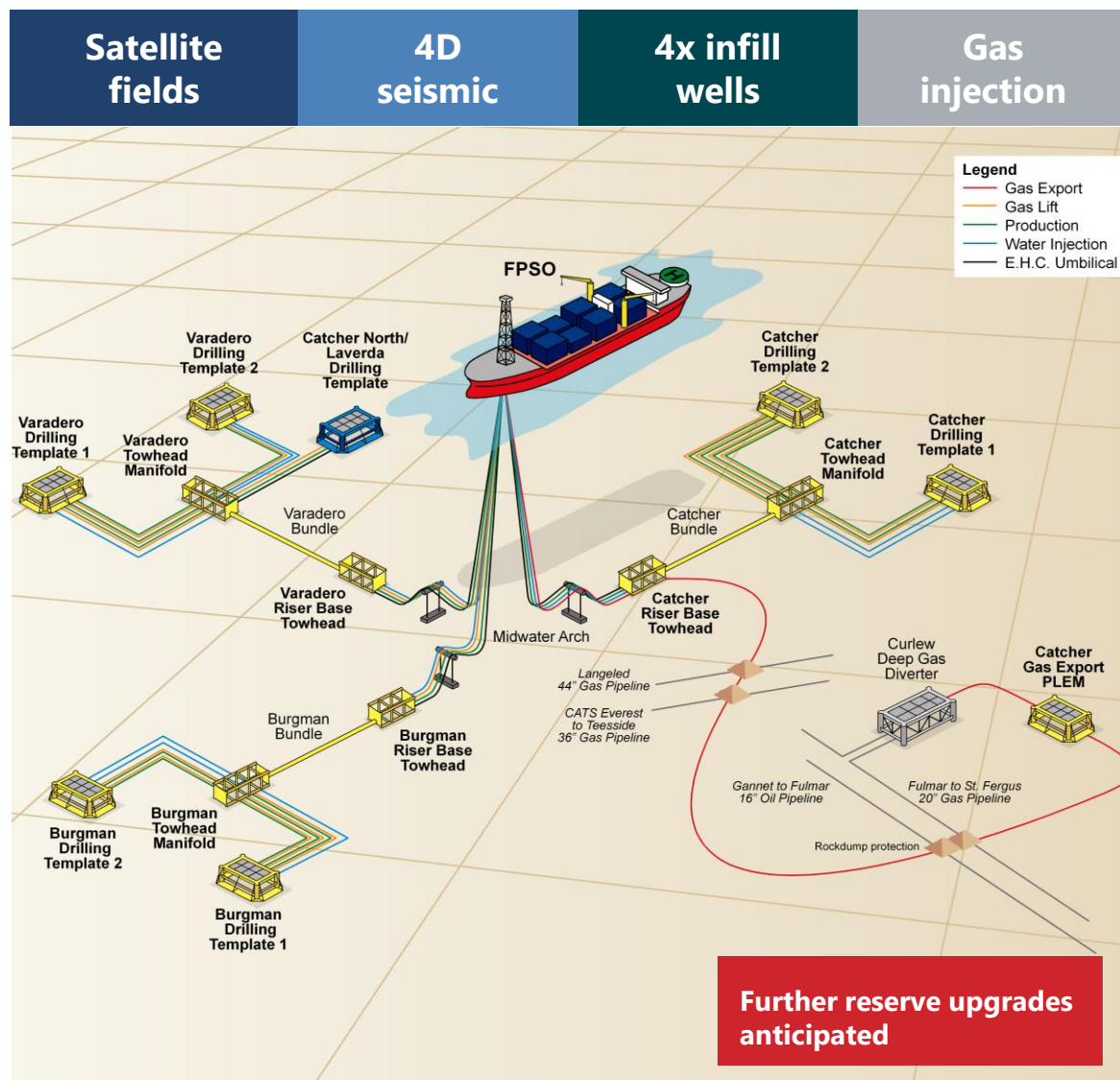
\$/boe



<sup>1</sup> Assumes BP Acquisitions complete in Q4 2020, BP data based on CPRs



# Catcher at oil plateau rates



## 2020 1H

- 28.4 kboepd, 80% OE
- >\$2/bbl premium to Brent
- Low field opex (<\$7/boe)
- Low GHG intensity: 7 kgCO<sub>2</sub>e/bbl
- Varadero well drilled
- Trial gas re-injection project; positive results to date

## Outlook

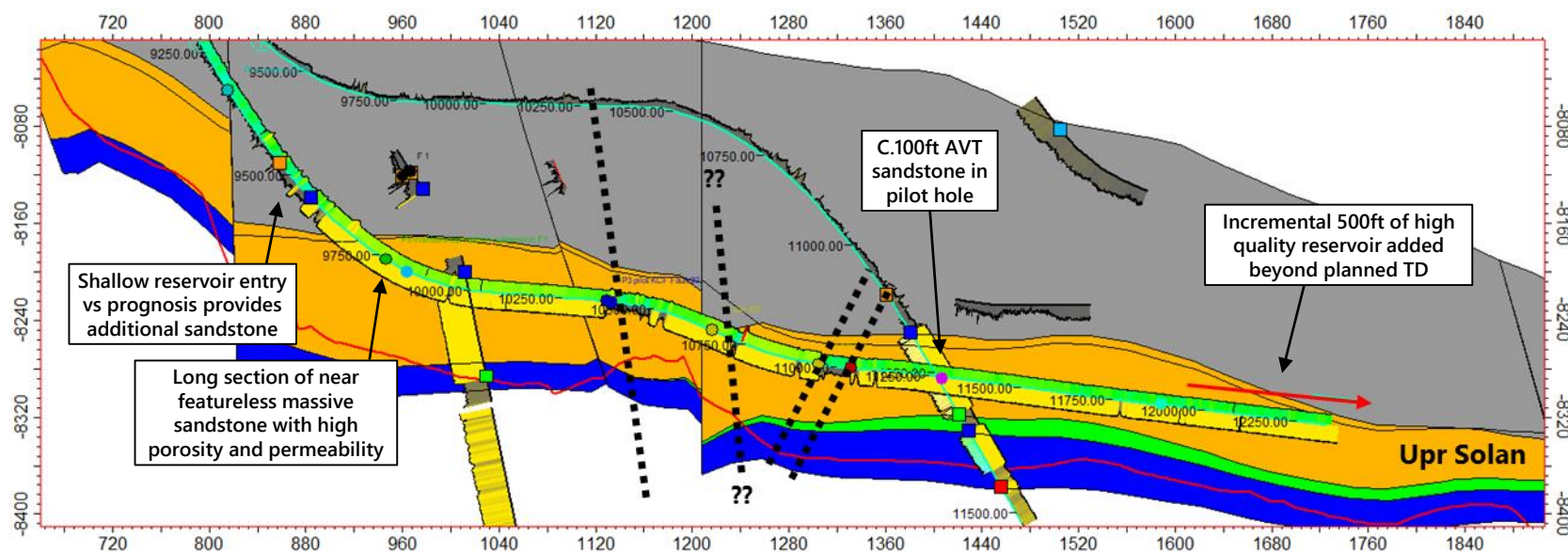
- Hopper of high return investments available
- Significant upside in recovery factor



# Solan P3: near-term production growth

- Pilot well drilled Q2 2020
- Successful horizontal well
  - 2,340 feet of net sand encountered vs 2,150 feet forecast
  - Positive signs of connectivity to water injector pressure support
  - Reservoir properties at higher end of expectations
- Well operations complete
- Subsea installation on schedule
- First oil on track for September

**P3 adds c.10 kbopd  
to Q4 Group production**



# Andrew Area<sup>1</sup>: a planned operated hub

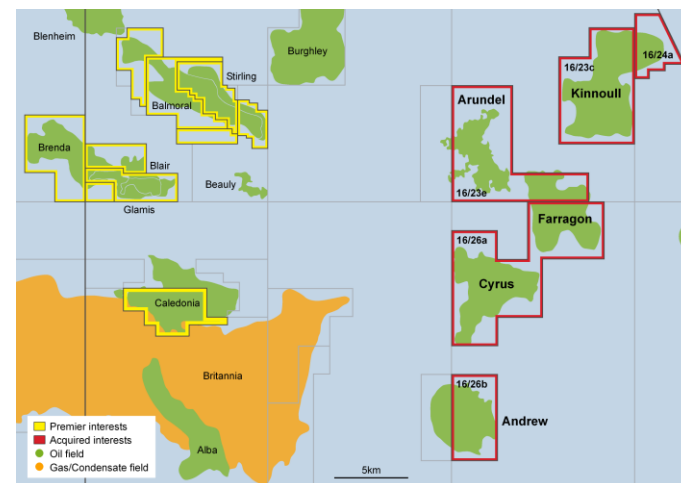
Delivers near-term production with future development opportunities

## 2020 1H

- 16 kboepd (net), ahead of expectations driven by high operating efficiency at 87%
- Low opex of US\$17/boe
- Low emissions <13 kgCO<sub>2</sub>e/boe (forecast for 2020)
- Transition planning and integration work well advanced

## Outlook

- Investment opportunities exist to extend life and add value
- Reduced cost base forecast under Premier ownership
- Field life supported to 2026 or 2029 with LC project<sup>2</sup>



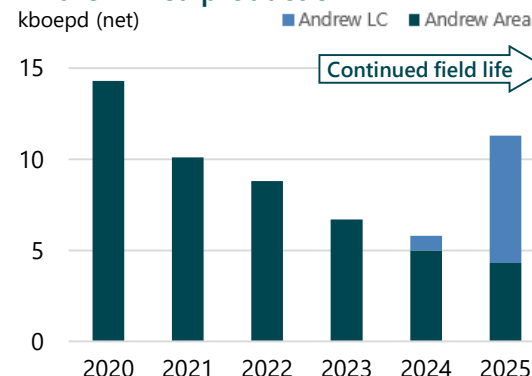
**Andrew LC 2C resources**  
**c.50 BCF<sup>2</sup> (net)**



## Andrew Area Lower Cretaceous

- LC discovered in 1974 and appraised in 1998 with A11z LC
- Gas production facilities installed in 2014 produced via A11z since; stimulated 2018
- Plan to optimise development plan post completion
- Provides upside in a recovering macro environment

## Andrew Area production<sup>2</sup>



<sup>1</sup> Andrew, Cyrus, Kinnoull, Arundel and Farragon produce through the Andrew platform; Farragon is subject to pre-emption by joint venture partner

<sup>2</sup> Based on CPR estimates

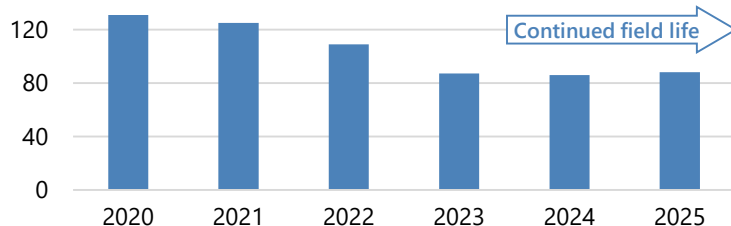
# UK long-life gas-condensate production

## Elgin-Franklin: one of the world's largest HPHT developments and the UK's largest producing field

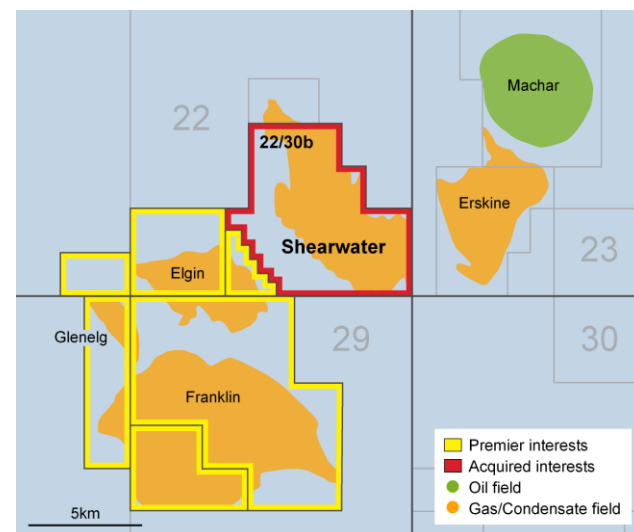
- Total operated, Premier 5.2%
- 2020 1H: 7.3 kboepd (net), very high OE of 99%
- 2020 1H: opex of c.\$7/boe
- Ongoing infill drilling, well intervention programmes
- Long field life; Operator targeting extending to 2040+

### Production

kboepd (gross)



**Elgin Franklin passed  
1 bn boe  
produced in 1H**



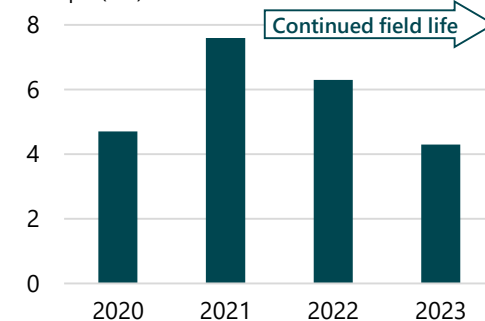
## Shearwater: a significant new UKCS hub with extensive near field opportunity set

- Shell (op. 28%), Exxon (44.5%), BP (27.5%)
- 2020 1H: 4.4 kboepd (net), 86% OE
- 2020 1H: opex of c.\$8/boe excl. tariffs
- 3 well infill programme underway
  - 1st well at TD
- Significant 3<sup>rd</sup> party income, opex sharing
- Hub plans extending COP out to 2030



### Shearwater production<sup>1</sup>

kboepd (net)

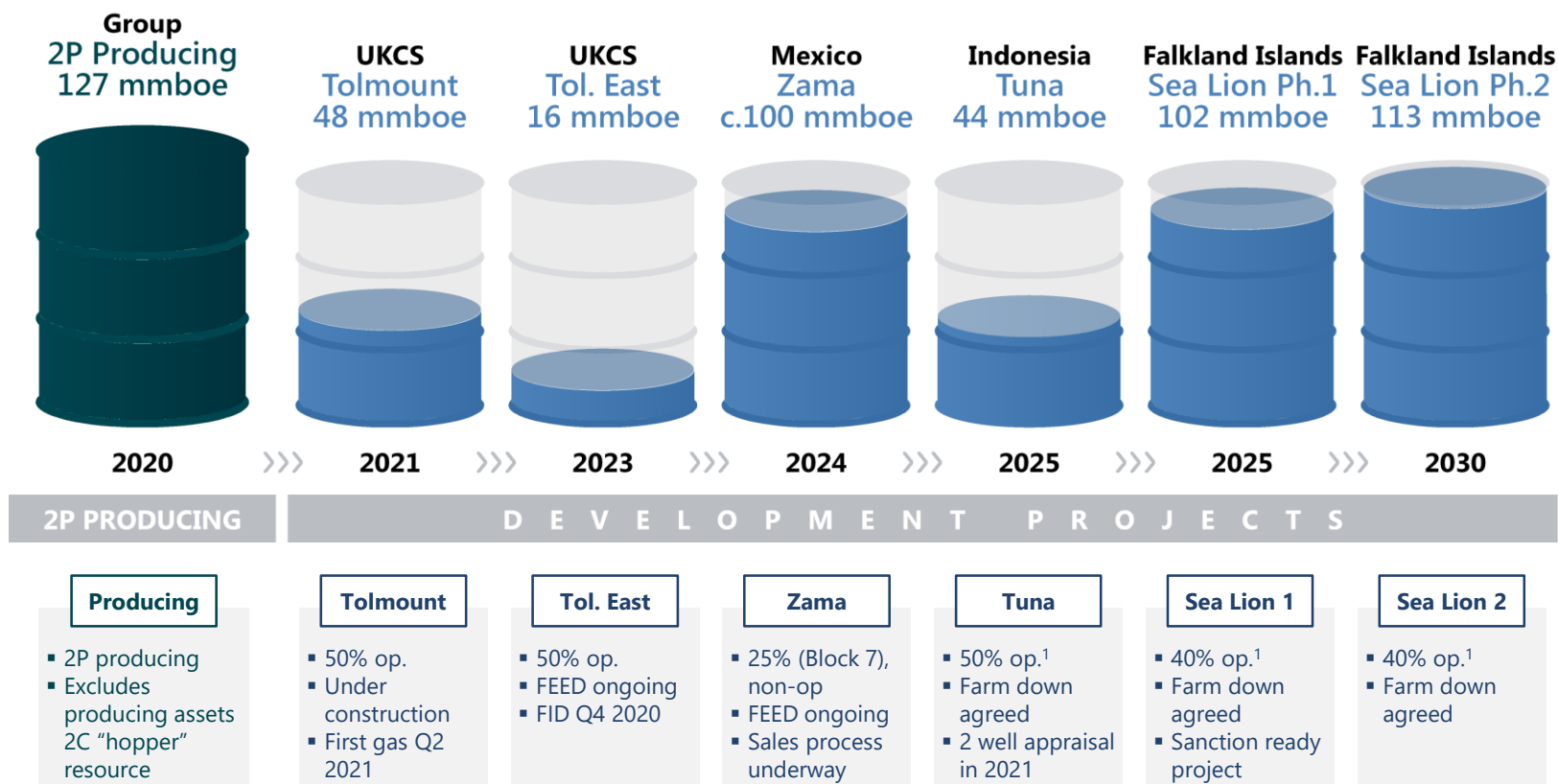


<sup>1</sup> Based on CPR estimates



# Growth projects with material upside potential

- Large, operated equity stakes in high quality projects, providing growth optionality
- Participation optimised via farm downs
- Ability to flex and control capex as operator
- Significant value in development portfolio



<sup>1</sup> Reflects post farm down equity

# Zama, Mexico: a world-class asset

## A world-class development asset

- 810 mmboe (P50, gross), shallow water
- Light 28° API, large, high quality reservoir
- Planned plateau 150 kbopd (gross)
- Unit capex <\$5/bbl
- Low GHG intensity: <8 kgCO<sub>2</sub>e/bbl (plateau)
- Robust PSC driven economics at lower oil prices

## Pre-development work well advanced

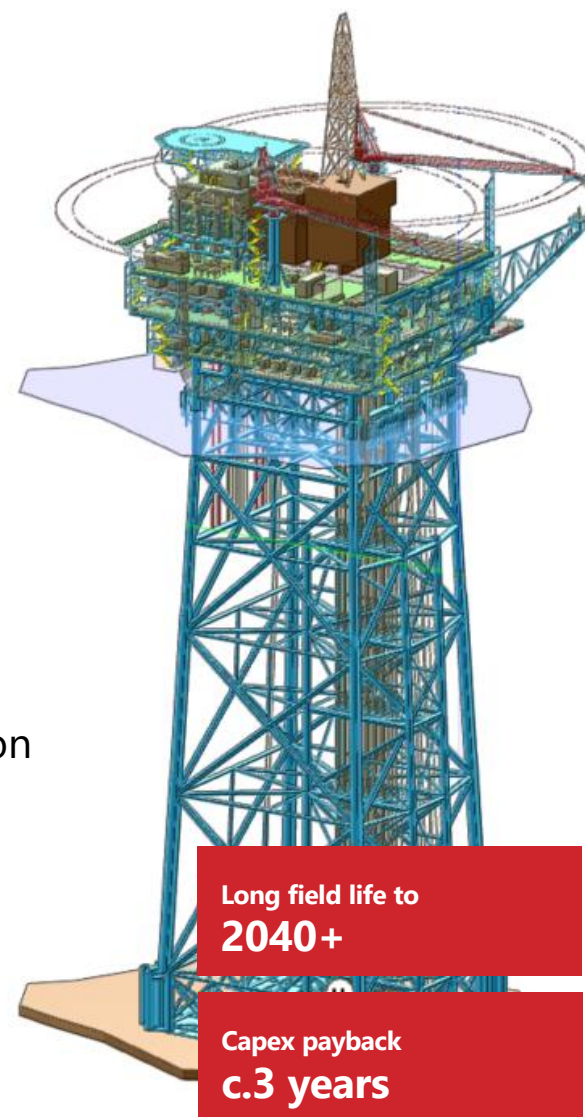
- Facilities FEED finalised 2020 2H
- Draft FDP to be finalised by Jan. 2021
- FDP submitted once unitisation resolved

## Unitisation

- Ministry of Energy (SENER) instruction to submit a Unitisation Agreement by Jan. 2021
- Zama Development Area determined; Pemex re-engaged

## Sales process

- Interrupted by COVID-19 and unitisation
- Discussions to resume in Q4 2020 once unitisation process is more advanced



Long field life to  
**2040+**

Capex payback  
**c.3 years**

# Tolmount Main, UK: a robust project



Low Carbon by Design



Carbon Neutral by Commitment

- Premier 50% operator
- 500 Bcf gross resource
- Modest capex of c. \$120m (net)
- >50 kboepd gross peak rates
- Low field opex of 11p/therm
- Low carbon <1 kgCO<sub>2</sub>e/boe
- First gas Q2 2021

**<2 years**

Tolmount Main payback

**c.\$500m<sup>1</sup> net FCF**

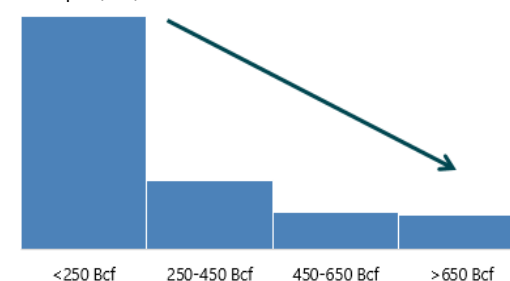
Tolmount Main (2020-2025)

## Partnership with Kellas

- Dana and HGSL will pay for the platform, pipeline and terminal upgrades
- Tolmount gas will use the facilities in return for a production based tariff

## Tariff structure

kboepd (net)



|                                      | 2020 |    |    |    | 2021 |    |    |    |
|--------------------------------------|------|----|----|----|------|----|----|----|
| Tolmount                             | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |
| Offshore platform installation       |      |    |    |    |      |    |    |    |
| Final tie-ins platform-pipeline      |      |    |    |    |      |    |    |    |
| Platform commissioning               |      |    |    |    |      |    |    |    |
| Terminal works                       |      |    |    |    |      |    |    |    |
| Mobilise drilling rig                |      |    |    |    |      |    |    |    |
| Batch drill top sections             |      |    |    |    |      |    |    |    |
| Drill+complete wells 1-4             |      |    |    |    |      |    |    |    |
| Optional 5th well                    |      |    |    |    |      |    |    |    |
| Tie-in wells, pipeline commissioning |      |    |    |    |      |    |    |    |
| First Gas                            |      |    |    |    |      |    |    |    |
| Full Terminal scope completed        |      |    |    |    |      |    |    |    |

<sup>1</sup> Assumes 45 pence/therm long run

# Tolmount pipeline installation complete

View down shaft to tunnel start – 20.5m depth



View along tunnel from shaft base to beach – 144m long



Castor-Sei pipeline lay barge – completed operations late July



Cofferdam complete on the beach at Easington – June





# Tolmount platform loaded out

Jacket and topsides loadout – early August



Pile offloading on to transport barge



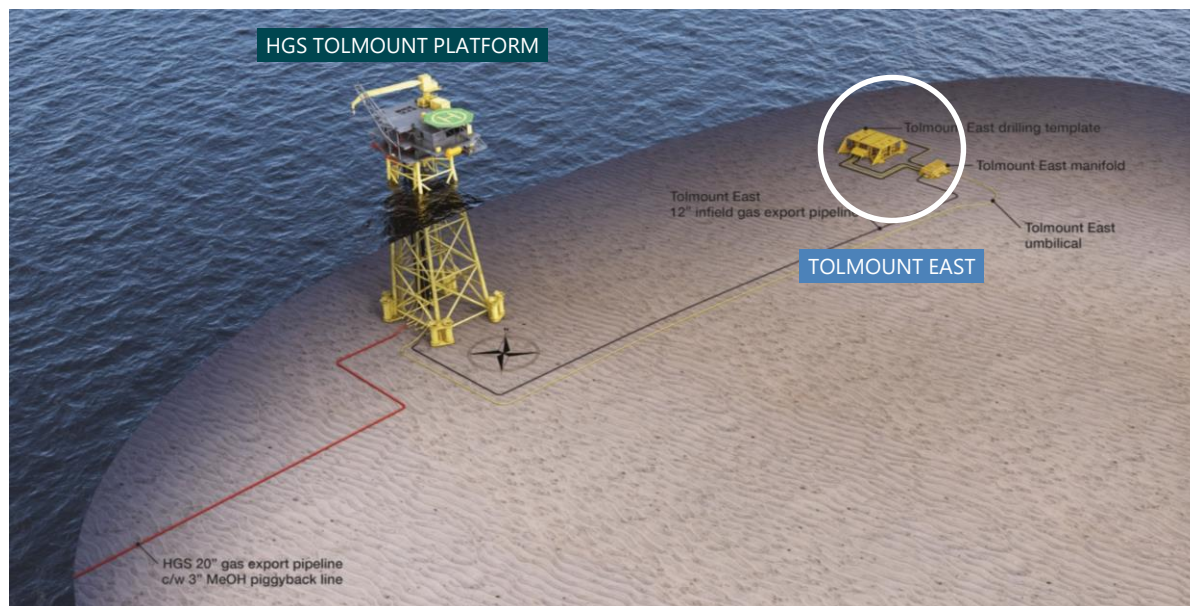
Manifold and separator



Topsides transportation to barge

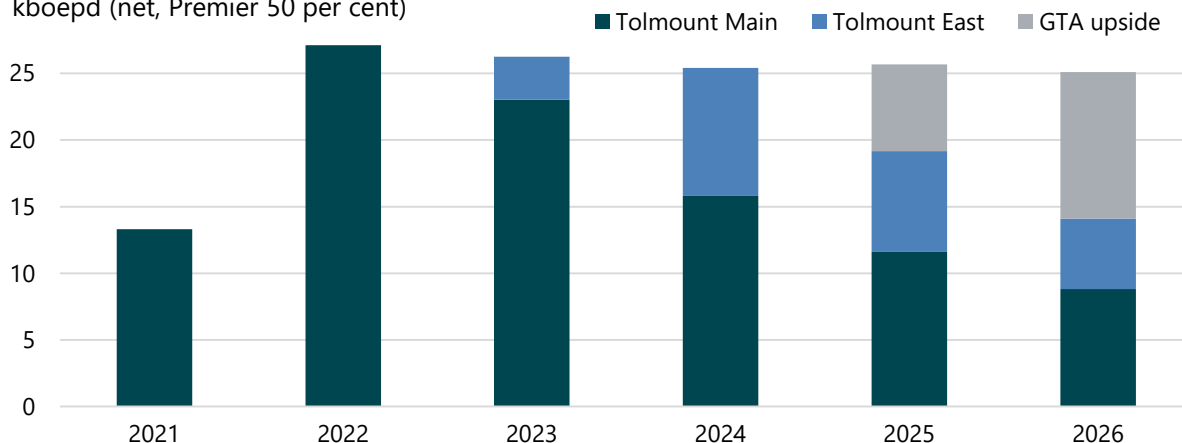


# Tolmount East development

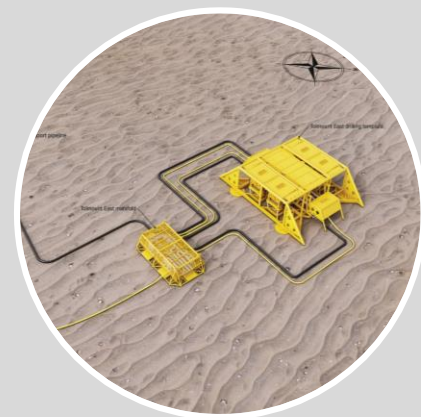


## Tolmount production profile

kboepd (net, Premier 50 per cent)



## TOLMOUNT EAST



- 160 Bcf P50 gross resource (including Mongour)
- Subsea tie-back; FID 2020 2H
- Designed for electric power
- Payback <2 yrs
- Extends Tolmount plateau production

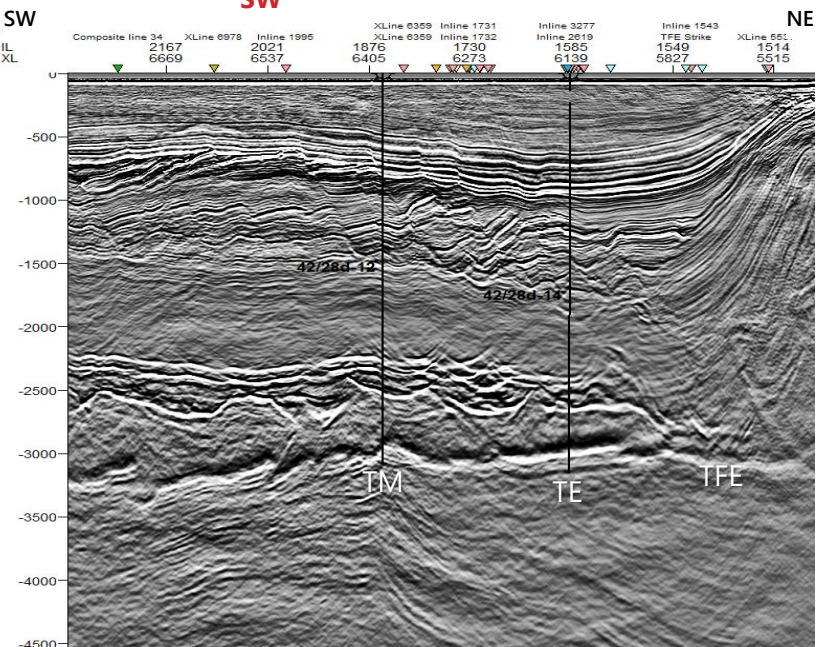
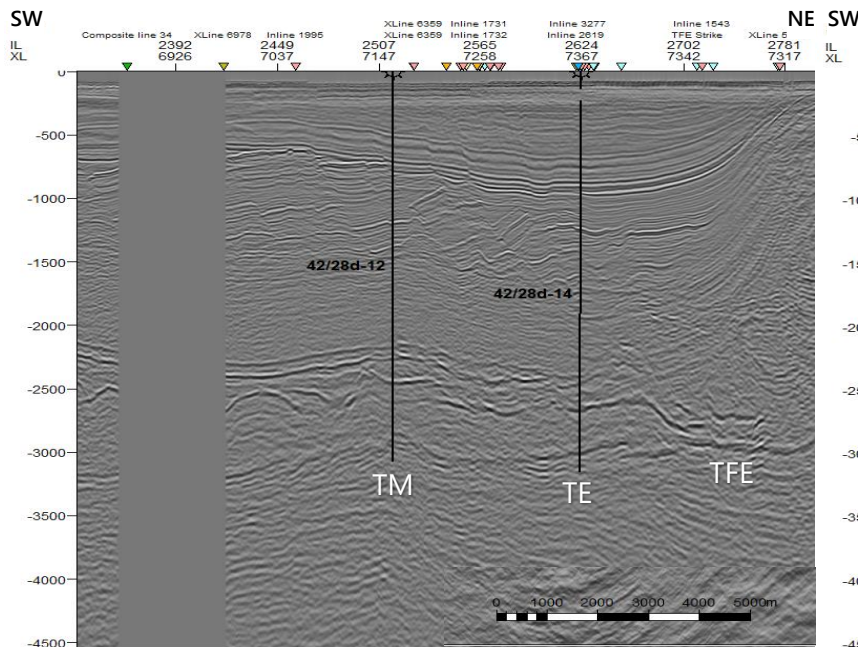
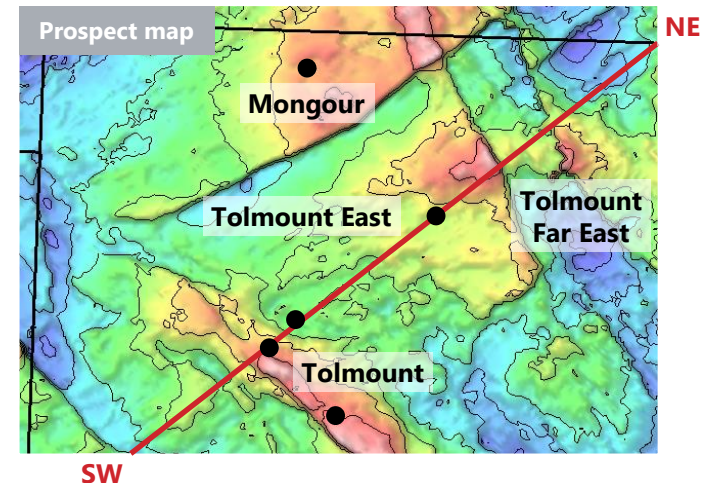
**Attractive 40% IRR**  
Tolmount East



# Greater Tolmount Area

- Final products from 2019 3D seismic acquisition across Greater Tolmount Area received
- High value, infrastructure-led exploration inventory being matured on new 3D data, including Tolmount Far East and prospectivity to the east and west of the Tolmount FDA (field development area)

## Major uplift in imaging on new 3D vs legacy



# Andaman, Indonesia: LNG scale gas resource

## Andaman II (Premier 40%, op)

- Partners: Mubadala 30%, BP 30%
- Prospective resource: >6 TCF + 200 mmbbls condensate
- Two main prospective areas: Timpan and Sangar clusters
- First exploration well planned for 2022

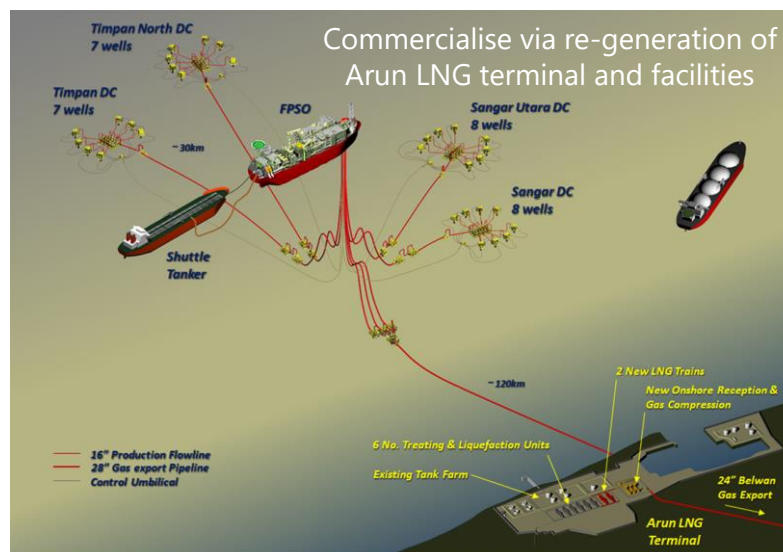
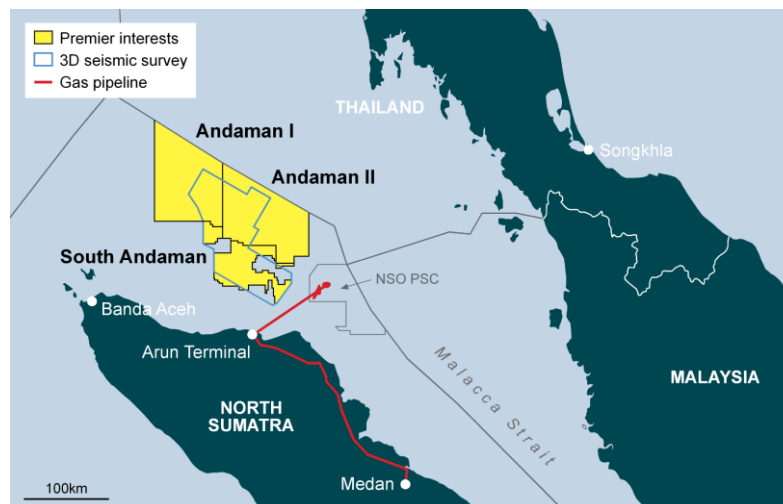
## South Andaman (Premier 20%)

- Partner: Mubadala 80% (op)
- Prospective resource: c.6 TCF + 200 mmbbls condensate
- First exploration well planned for 2022

## Andaman I (Premier 20%)

- Partner Mubadala 80% (op)
- Additional prospectivity identified

**>12 TCF**  
of amplitude supported  
gas resource (gross)



2014

Acquired operatorship  
of Andaman II JSA

2018

Awarded Andaman II  
(2017 Licence Round)

2019

9,276 km 3D seismic  
survey across acreage

2020

Farm in for 20% in S.  
Andaman, Andaman I

BP acquires 30%  
interest in Andaman II

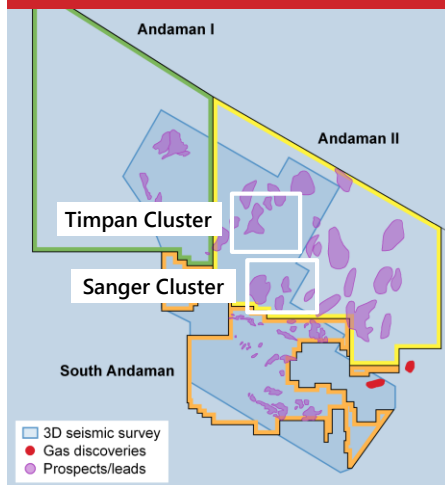


# Andaman II, Indonesia: play opening programme

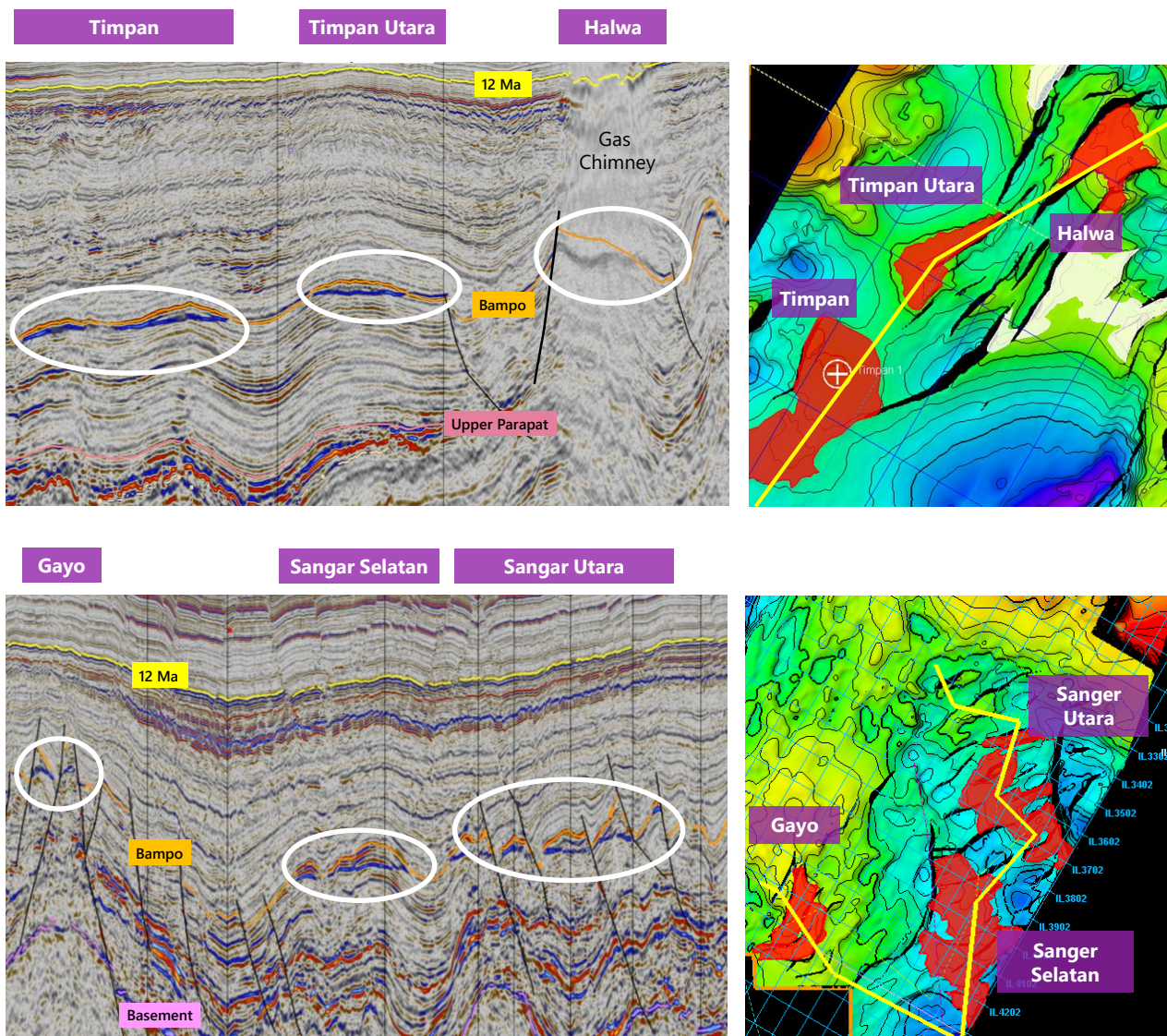
## Timpan and Sangar clusters

- Large 4-way dip-closed structures
- Strong AVO response
- Flat spots conform to structure
- Drilling<sup>1</sup> targeted for 2022

**>6 TCF**  
of amplitude supported gas  
resource (gross)



<sup>1</sup> Subject to joint venture approvals

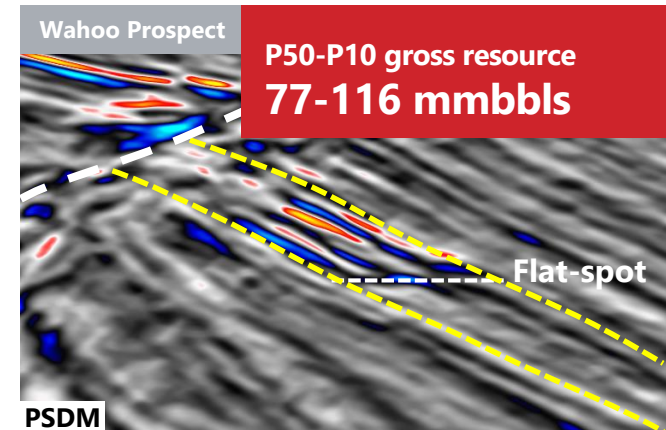
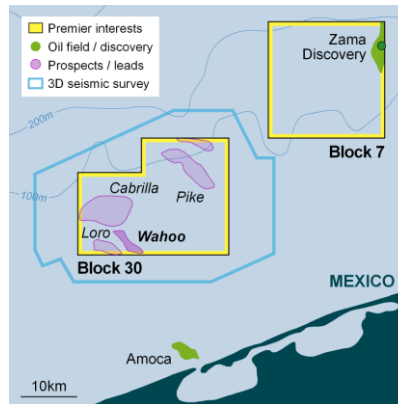




# Mexico: new 3D seismic data confirms prospectivity

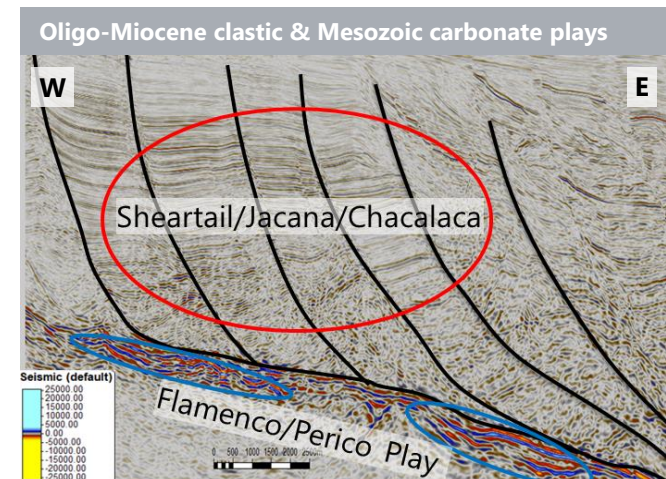
## Block 30, Mexico: new 3D seismic data validates Wahoo potential

- Premier 30%, WDEA (op. )
- Water depth of 35-150m
- New 3D data confirms Wahoo as a low risk prospect with a flat-spot
- Significant improvement in definition of Wahoo's deeper potential
- Confirms amplitude supported follow on potential at Cabrilla
- Drilling targeted for 2022



## Burgos Blocks 11 and 13: additional upside identified on new 3D seismic reprocessing

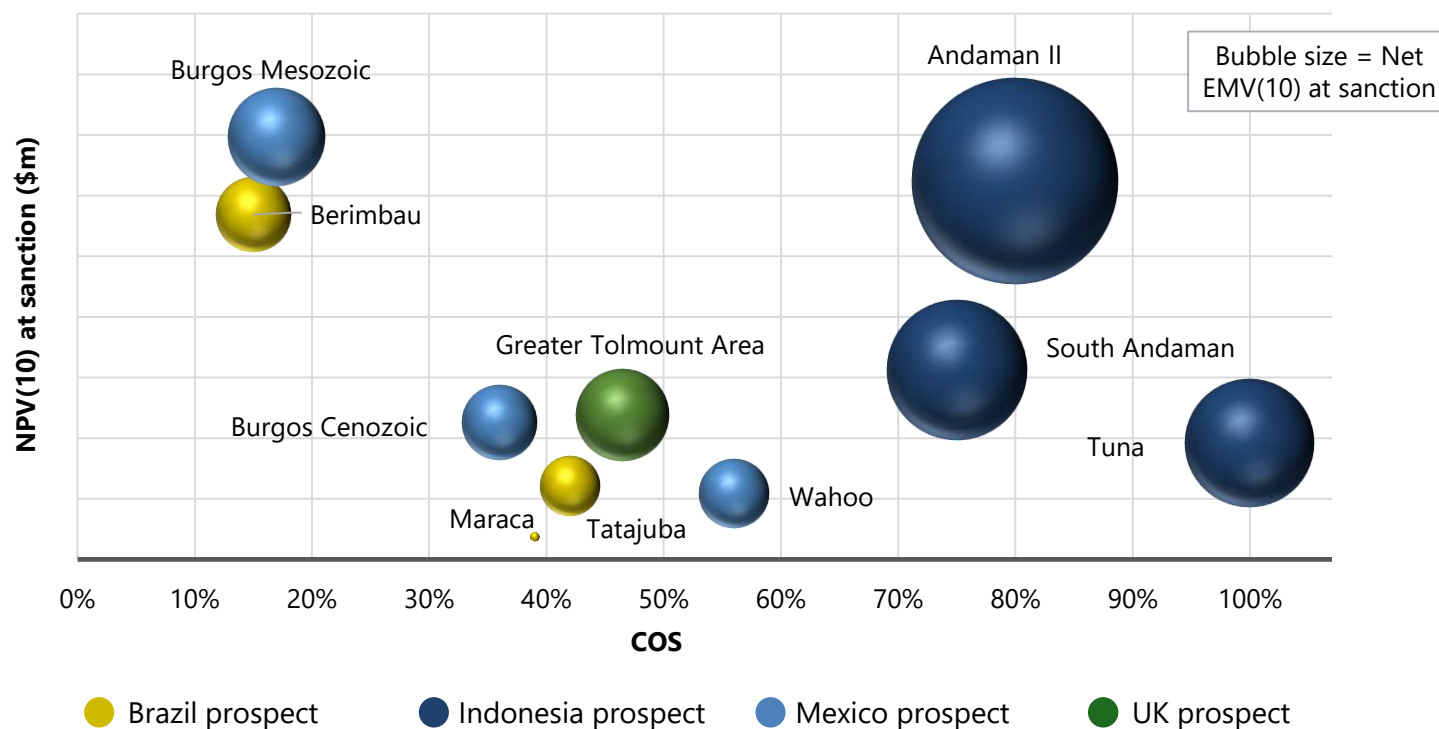
- Premier 100%
- Shallow water depth of up to 65m
- 3 Oligo-Miocene prospects (c.30-150 mmbbls each gross)
- Deeper Jurassic carbonate play analogous to the Arenque field
- Blocks captured with very attractive PSC terms
- Farm down prior to drilling to manage risk and cost



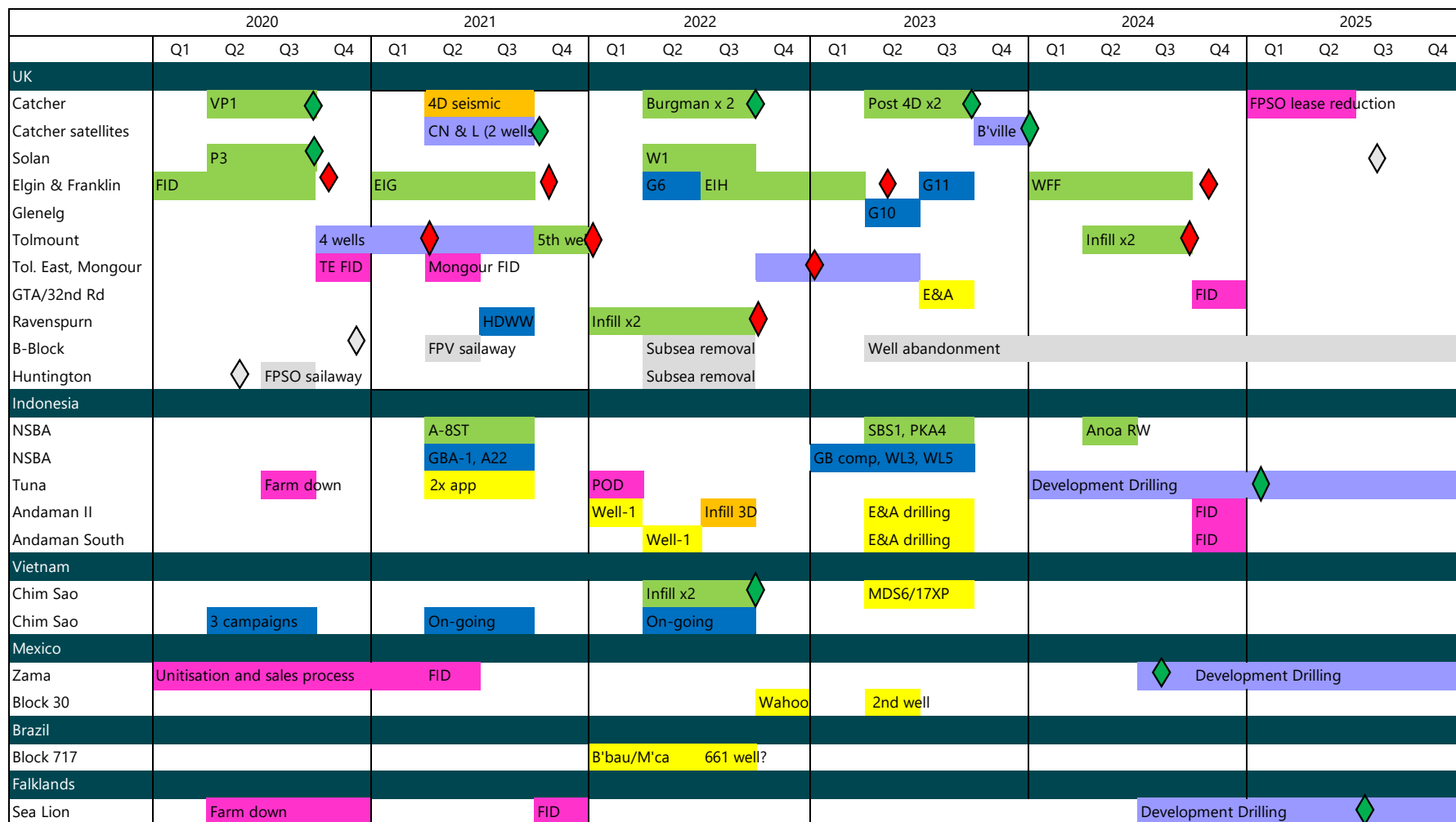
# Significant value to be realised from exploration

- Focused portfolio targeting emerging plays and discontinuities in proven hydrocarbon basins
- Significant position in the Andaman North Sumatran Basin; >12 TCF of amplitude supported gas identified
- High value, infrastructure-led exploration inventory being matured on new 3D data adjacent to the Tolmount field
- New 3D datasets over Mexico acreage confirm the potential of Sureste Block 30 and Burgos Blocks 11 and 13
- High impact drill ready prospects in Brazil

**Exploration Portfolio: COS vs Net NPV(10) at sanction vs Net EMV(10) at sanction**



# Activity: near term and future growth projects



Key

Seismic

E&amp;A

Dev. Drill

Infill drilling

Well work

Commercial



# Outlook



Resets Premier's capital structure and improves financial position



Strong near term production growth from a tax efficient, low opex, low emissions base; multiple opportunities for low cost investment in producing assets



Free cash flow generation continues de-leveraging process and supports next re-financing; covenant leverage ratio is materially reduced by YE2024



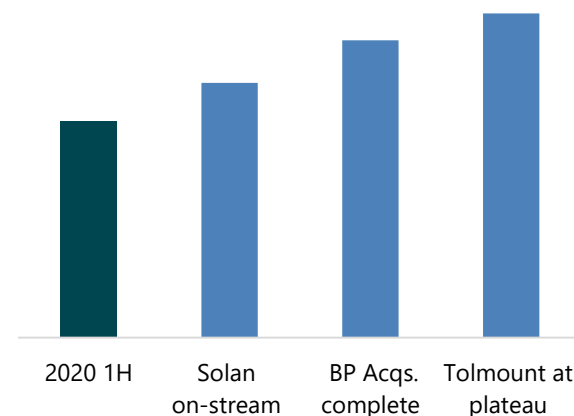
Creates headroom to manage a lower commodity price environment while providing flexibility to take advantage of any recovery



Highly attractive growth portfolio, realise value from part or full disposal where appropriate, and balance reinvestment against debt reduction

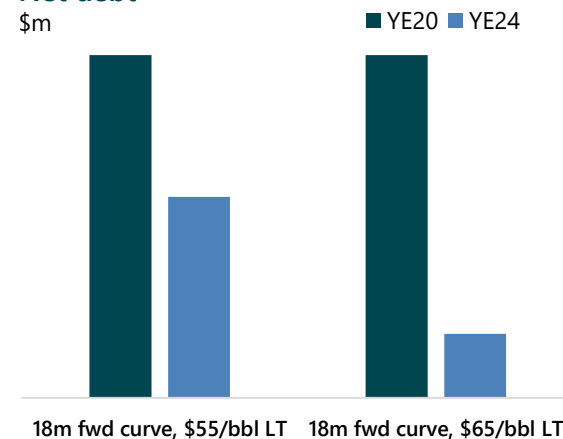
Group production rates

kboepd



Net debt

\$m





# Q&A

- If you are watching the presentation via the webcast, you may submit a question via the on-line facility
- Alternatively, if you are listening to the presentation through the conference call facility, press \* and then 1 on your telephone keypad to ask a question

