Harbour Energy




Investor Presentation

Harbour Energy plc




September 2023

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H1 2023 Highlights

Delivering our strategy

H1 2023 Highlights

Delivering our strategy of building a global diversified oil and gas company

Maximising the value of our production base

- A safe and responsible operator
- Robust performance from our operated UK hubs
- Active management of our cost structure
- High return, short cycle drilling opportunities progressed

Good momentum on organic growth and diversification projects

- Mexico: Zama UDP approved; oil discovery at Kan
- Indonesia: Multi-well exploration campaign to commence in October
- UK CCS projects Viking and Acorn awarded Track 2 status

Strong financial position and disciplined capital allocation

- Significant free cash flow generation
- Net debt reduced to zero
- Material shareholder distributions
- Optionality for value-accretive, meaningful M&A

196 kboepd
H1 2023 production

$15/boe
H1 2023 unit operating cost

c.$250m[1]
shareholder distributions made in H1 2023

Zero
Net debt (30 June 2023)

[1] This comprises: the 2022 final dividend of c.$100m paid in May 2023; c.$40m of the 2022 $100m buyback executed in Q1 2023; and c. $110m of the 2023 $200m buyback executed in H1 2023.

Harbour Energy

Operational review

Maximising the value of our production base

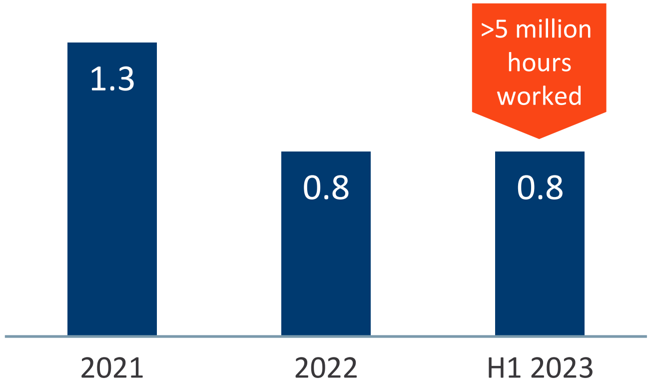
A focus on safe and responsible operations

Safety is our top priority

- Building a strong safety record and culture
- No significant injuries or process safety events
- Significant reduction in high potential incidents

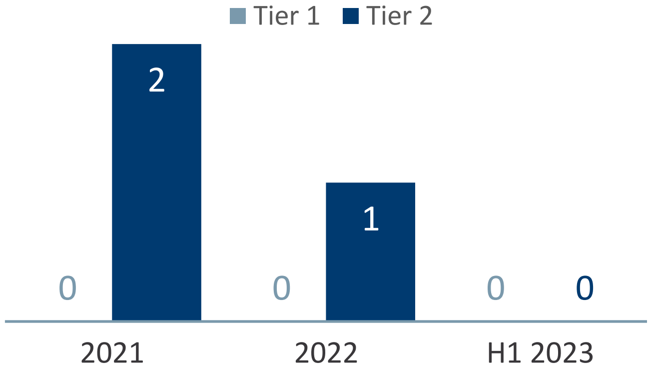
Strong occupational safety record

TRIR (per million hours worked)[1]



Improved process safety performance

Events (Tier 1 and Tier 2)[1]

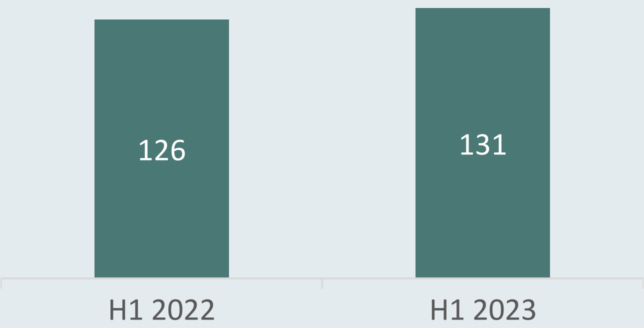


Playing a key role in the energy transition

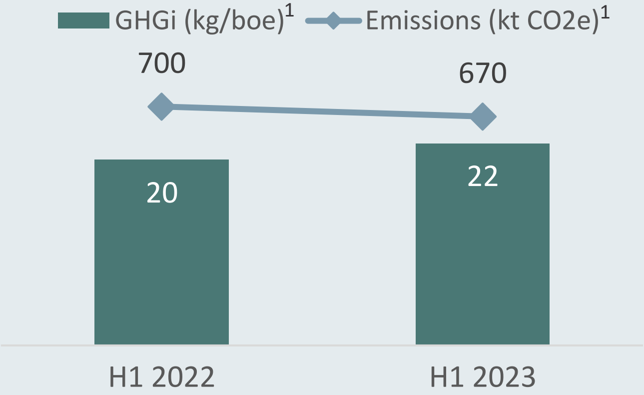
- Committed to halving our emissions by 2030[2] and net zero by 2035
- Using our skills, experience and infrastructure to deliver CCS
- Responsibly decommissioning O&G infrastructure

Energy transition spend[3]

$m



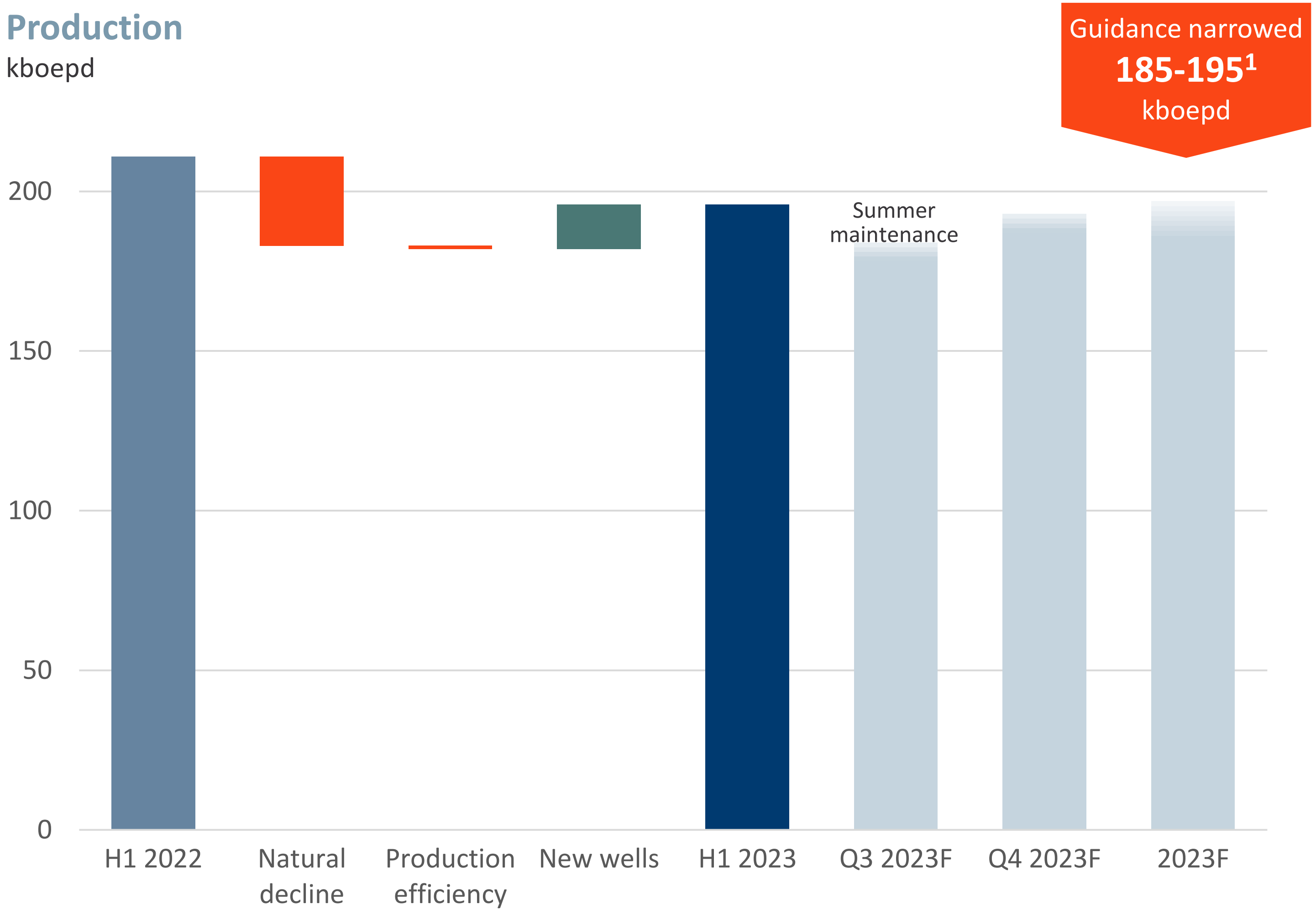
Emissions



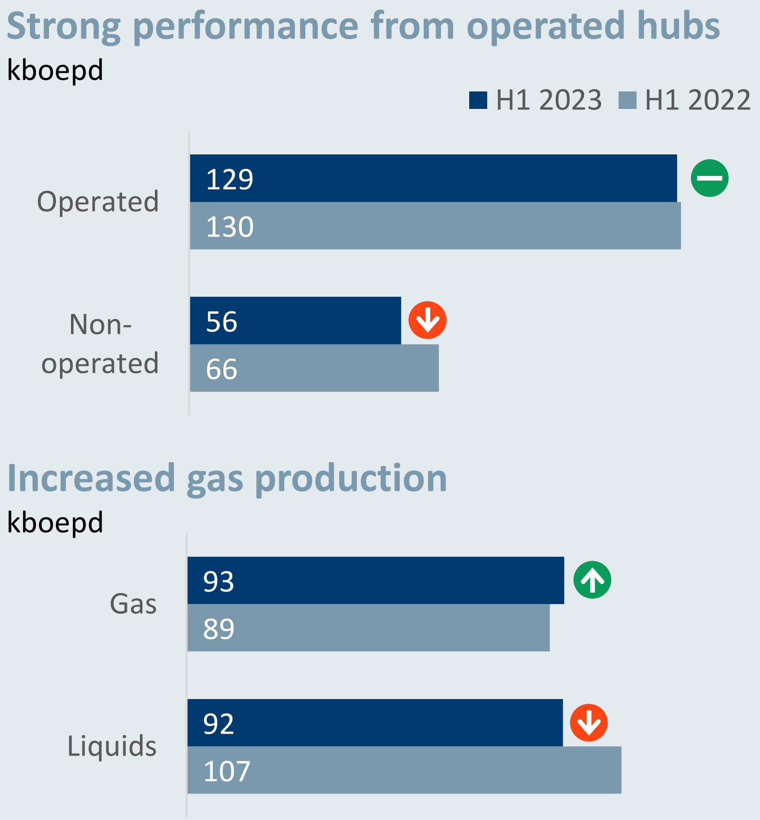
[1] Safety, emissions and GHG KPIs are reported on a gross operated basis. Appointed operator assets Catcher and Tolmount are included in our safety KPIs but excluded from our emissions and GHGi KPIs.
[2] This is against a 2018 baseline. [3] Energy transition spend includes decommissioning, CCS and emission reduction projects.

A robust production performance…

… underpinned by a diverse, cash generative production base with a good balance of oil and gas



UK Production



[1] This includes a full year's contribution from Vietnam. In August, we agreed the sale of our Vietnam business and are targeting completion by year-end 2023.

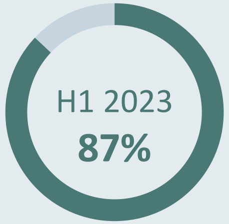
A proactive operator with competitive operations in the UK

Active management of cost structure to protect margins and ensure a sustainable and competitive business

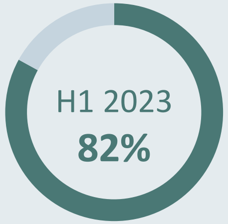
Efficiency

Reliable operations, especially at operated J-Area, GBA & Catcher hubs

Operating efficiency[1]



Production efficiency[1]

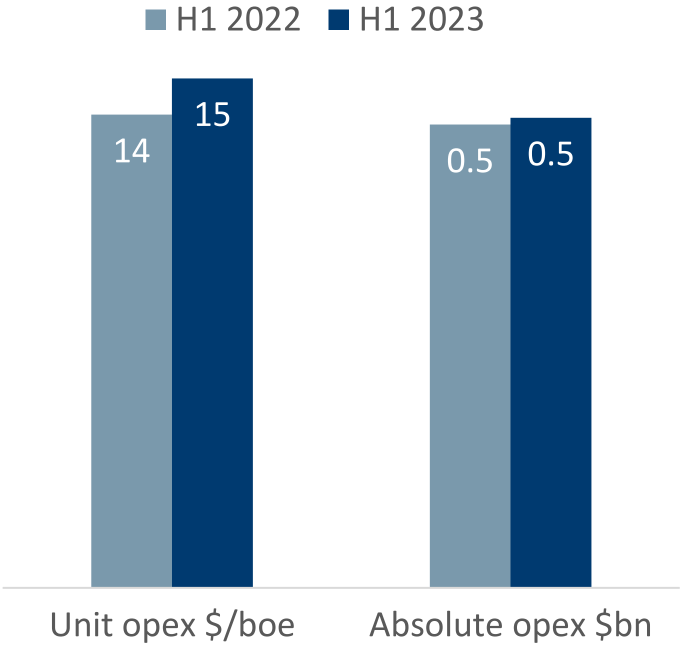


77%
average UK production efficiency (2020-2022)[2]

Cost base

- Leveraging operational control and scale to drive cost savings, including in our supply chain
- UK organisation review expected to deliver annual savings of c.$50m from 2024
- Optimisation of decommissioning activities
- Capital and resources focused on investment opportunities aligned with our strategy

UK operating costs



3 strategic partnerships
formed with our key contractors in the UK in 2023

c.$18/boe
average UKCS operating cost (2020-2022)[3]

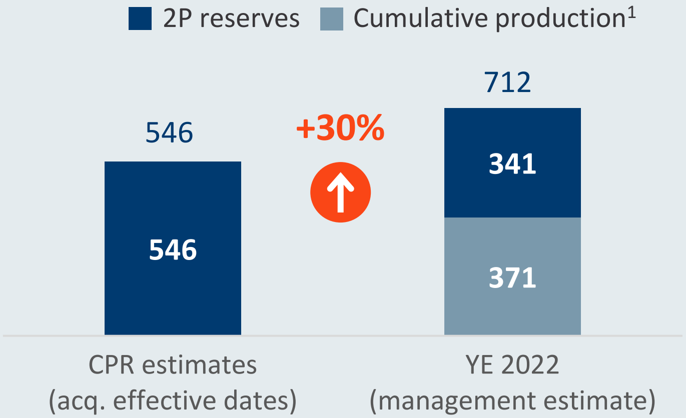
[1] Production efficiency includes impact of losses from planned shutdowns, operating efficiency excludes losses from planned shutdowns. [2] Source: NSTA. [3] Source: NSTA (2020 & 2021) and WoodMac (2022).

Maximising value of our UK portfolio through targeted investment…

… and realising the upside of our existing assets to support production and cash flow generation

Track record of adding reserves

Shell/Conoco UK acquisitions
mmboe




Armada producing life materially extended

Proactive operatorship

- Production acceleration activities
- Improving uptime, cost structure
- Third party business to extend producing life

Six operated UK hubs
accounting for c.70% of our UK production

Potential to improve recovery

- Infill drilling and well interventions
- Application of production technology
- Secondary recovery (water injection, gas lift)

200-300 mmboe
upside potential if recovery improved by 10% across operated hubs

Converting resources into reserves

- Near-field satellite tie-backs
- Collaboration with other operators e.g. Leverett
- Clustering small discoveries

204 mmboe
of UK 2C resource at year-end 2022

Infrastructure led exploration

- Robust opportunities close to our hubs
- Low risk, high return, quick payback
- E.g. Jocelyn South (J-Area), Gilderoy (GBA)

5 exploration wells
planned across UK/Norway in Q3 2023-Q1 2024

[1] Cumulative production is total production from acquisition effective date to year-end 2022.

2023 drilling programme is H2 weighted

Converting UK 2P reserves into production and targeting significant resource additions internationally

	2023 — Today	Q1 2024
NORTH SEA		
J-Area	J06; x3 Talbot	Joc. S
GBA	Leverett appraisal	Callanish F6
Tolmount Area	Tol. E.; Earn	
Beryl Platform	Bravo well; B66; Bravo well; Alpha wells	Alpha wells
Beryl Subsea	Storr well; S65; Continuous drilling programme, including 2x Nevis wells	Continuous drilling programme, including 2x Nevis wells
Clair Phase 1	Platform wells; Platform wells	Platform wells
Clair Ridge	Platform wells; Platform wells	Platform wells
Schiehallion	x2 subsea wells; x2 subsea wells	x2 subsea wells
Elgin Franklin	EIH	EIH
Buzzard	x2 NTM wells	
Decommissioning	P&A programme	P&A programme
INTERNATIONAL		
Norway (op)		Ametyst
Norway (non-op)	JDE & Ringhorne	JDE & Ringhorne
Andaman Area (Indonesia)	x3 wells (Layaran, Halwa, Gayo)	x3 wells (Layaran, Halwa, Gayo)
Chim Sao (Vietnam)	17XP & S23P	
Block 30 (Mexico)	Kan & Ix	

Development | Workover | E&A | P&A | Partner-operated EPL-related deferrals | → Rig arrival delays

Talbot: 1st of 3 development wells successfully completed

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Organic growth and diversification

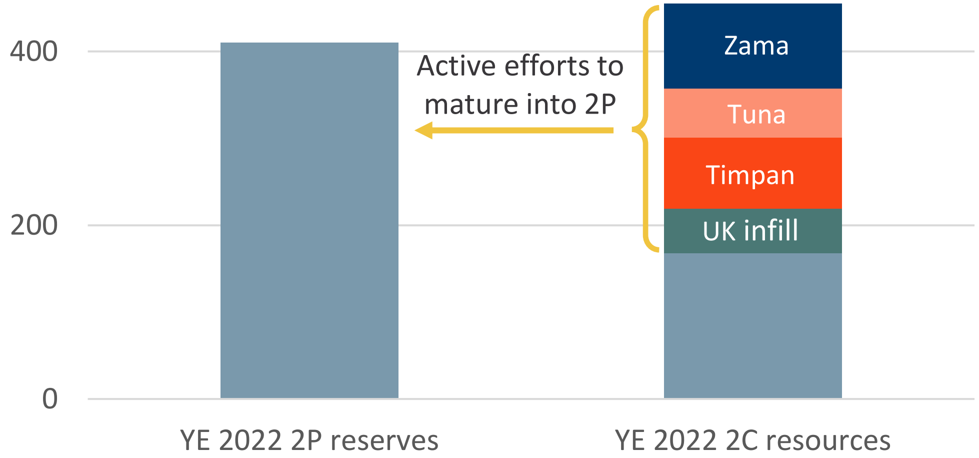
Growing portfolio of strategic investment opportunities

Growing portfolio of strategic investment opportunities

… provide the potential to significantly diversify our business

Our projects in Mexico and Indonesia have the potential to materially increase our reserves life

Indicative reserve additions[1]
mmboe



Mexico

c.100 mmboe 2C[1]

Zama
- 12% non-operated interest
- FDP approved by regulator
- FEED to commence shortly ahead of potential FID in 2024

Kan oil discovery
- 30% non-operated interest
- Appraisal planning underway

Indonesia

c.140 mmboe 2C[1]

Tuna
- 50% operated interest
- Initial FDP approved
- Working with partner to enable FEED to commence

Andaman II
- Play opening Timpan-1 gas discovery
- Follow up drilling to start in H2 2023

Good momentum on our UK CCS projects which could provide a stable, long term income stream

Viking CCS
- 60% operated interest, partnered with bp
- One of largest planned CCS projects globally
- Progressing to FEED following Track 2 award

Acorn
- 30% non-operated partner in Acorn
- Targeting 5 mtpa CO_2 by 2030

c.300 mt 2C[2]

[1] Net to Harbour's working interest as at year-end 2022. The c.100 mmboe of 2C resource in Mexico does not include Kan which was a discovery in H1 2023. Indonesia 2C resource includes Natuna Sea Block A 2C resource, Tuna and Timpan
[2] Gross contingent storage capacity associated with the Viking fields only.

Harbour-led Viking CCS awarded Track 2 status in July

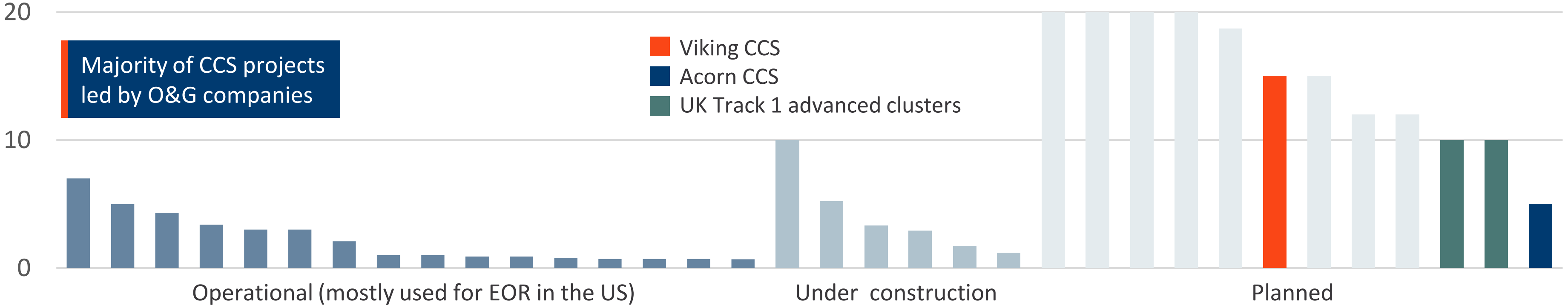
Uniquely positioned to deploy skills and infrastructure to accelerate UK CCS

Viking is vital to the UK's capture target of 20-30 mtpa by 2030

- Award of Track 2 status allows Viking to move to FEED and due diligence with DESNZ[1] ahead of potential FID
- 300 mt gross contingent CO_2 storage independently audited
- Emitter agreements for up to 10 mtpa CO_2 by 2030 and 15 mtpa by 2035
- Through Associated British Ports, potential to access shipped emissions
- Partnership with bp enhances skills and experience
- LOGGS capacity at >30 mtpa is globally significant
- Potential to deliver a long term, stable income stream for Harbour

Viking is one of the largest planned CCS projects in the world[2]

Capture rate, mtpa



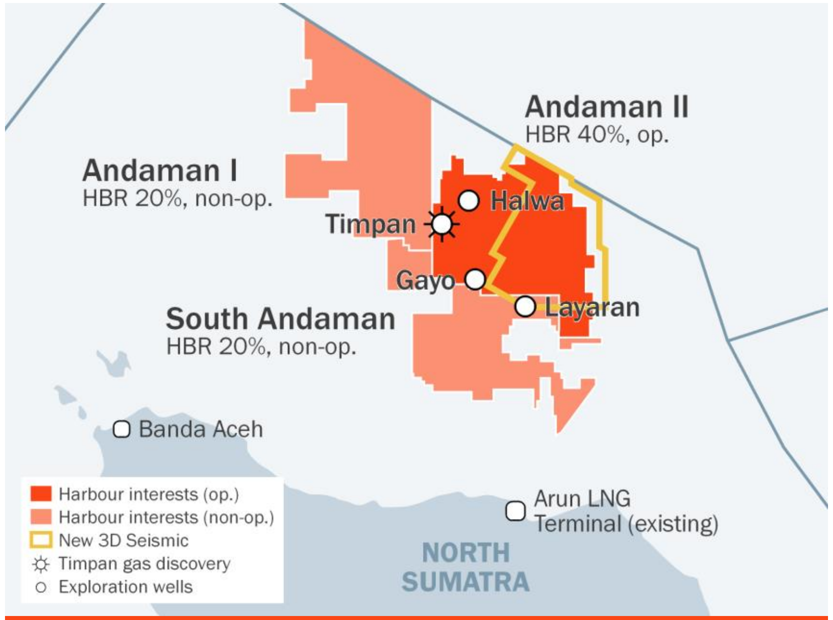
UK's 1st carbon storage licence round: Two new licences offered with potential to increase storage by more than 50%

[1] Department of Energy Security and Net Zero. [2] Source: IEA Projects Database

Andaman Sea (Indonesia) campaign targeting multi-TCF of gas

Demonstrate commercial viability of Andaman II licence and test the extension of the play into South Andaman

Well positioned to access major natural gas markets[2]



Harbour is operator of Andaman II and partnered with bp and Mubadala; Mubadala is operator of South Andaman

- 2022 Timpan-1 gas discovery de-risked a potential multi-TCF gas play
- Four well campaign to start in October
- Drilling 2023/24; Harbour cost c.$110 million[1]
- Encouraging results from new 3D seismic acquisition across eastern part of Andaman II

Drilling campaign targets four additional prospects

Q4 2023 **Layaran** S. Andaman → YE 2023 **Halwa** Andaman II → H1 2024 **Gayo** Andaman II → H2 2024 **TBC** S. Andaman → **Multi TCF** potential

[1] Success case for four wells, including full data acquisition and testing [2] Circles proportional to annual natural gas consumption by country

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Financial review and 2023 guidance

Strong financial position and disciplined capital allocation

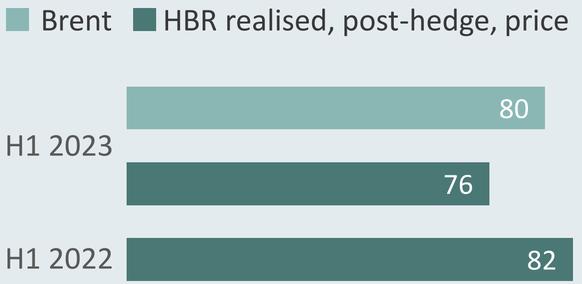
Greater flexibility around hedging strategy going forward

Materially higher exposure to commodity prices, especially UK NBP, with hedging volumes set to reduce from 2024

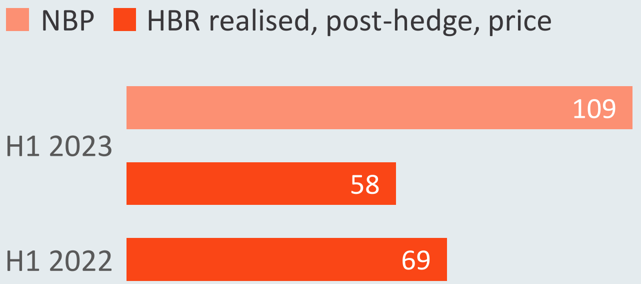
Realised prices

Lower realised pricing driven by fall in commodity prices and historical hedging programme

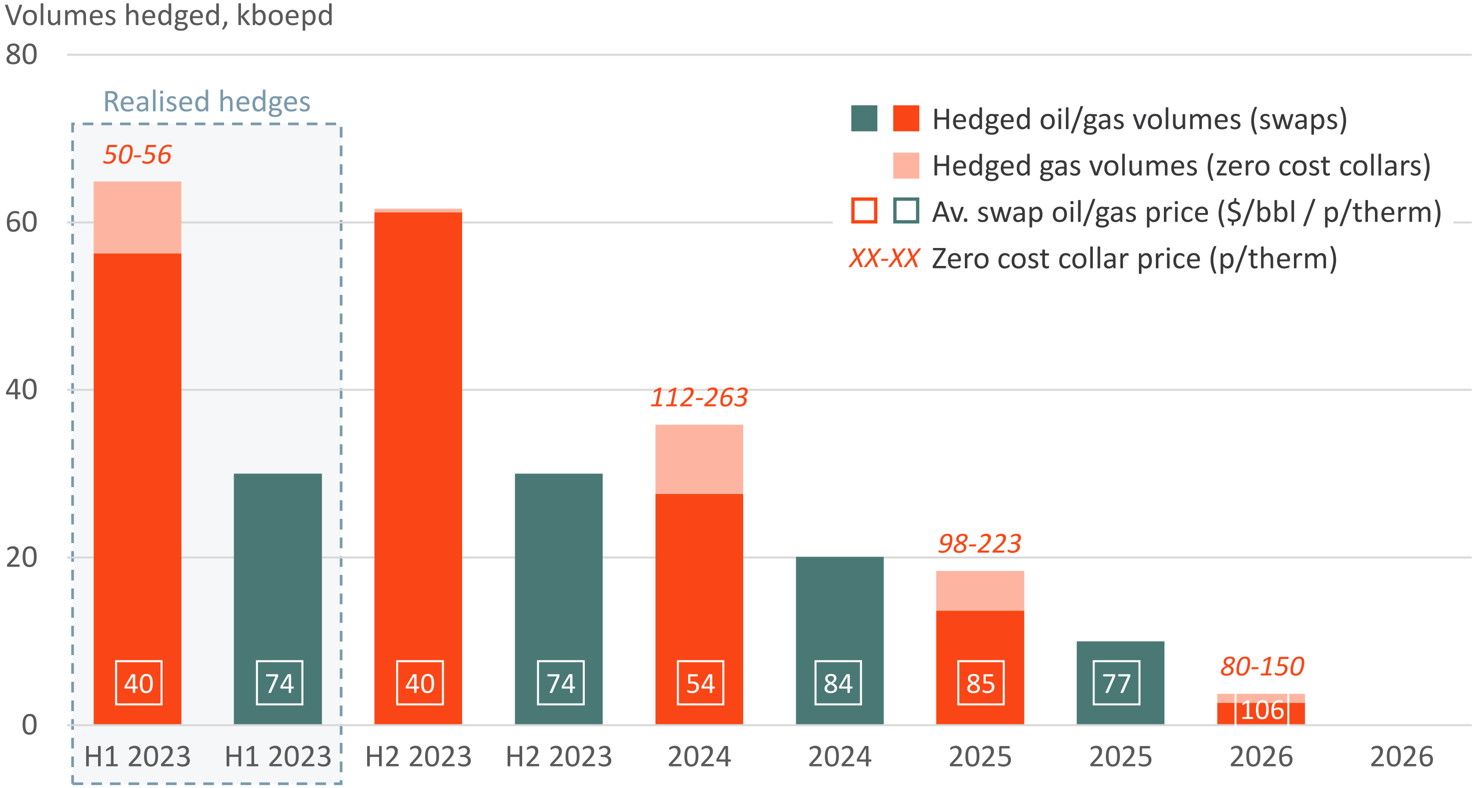
Oil price $/bbl



UK gas price, pence/therm



Hedging profile



Greater flexibility

with hedging requirements now linked to the amount drawn on the RBL; no requirements to hedge when <10% drawn

Income statement reflects strong underlying profitability…

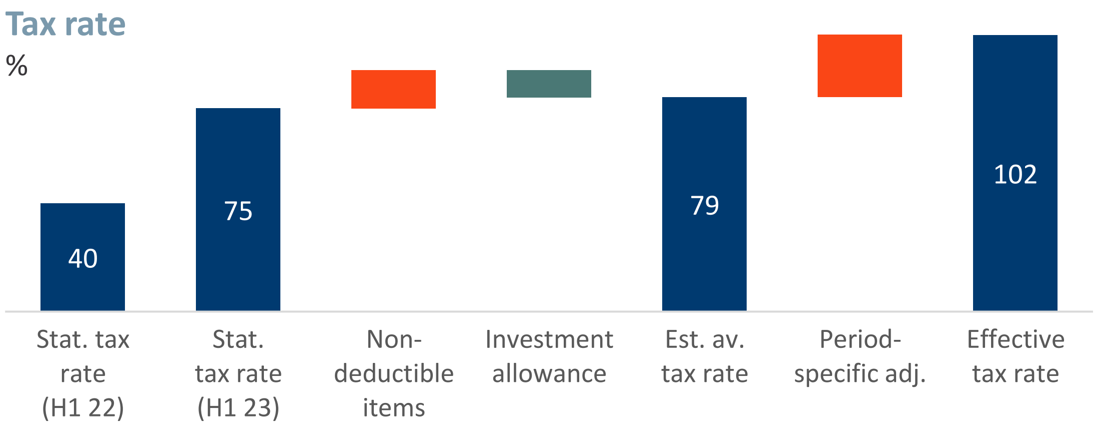
…offset by period-specific, non-cash UK tax charges

$ million	H1 2023	H1 2022
Revenue & other income	**2,016**	**2,670**
Operating costs	(546)	(542)
DD&A	(728)	(762)
Other cost of sales[1]	50	(60)
Impairments & other expenses[2]	(47)	(15)
G&A	(91)	(43)
Operating profit	**654**	**1,247**
Net financing costs	(140)	(117)
FX financing (loss)/ gain	(85)	360
Profit before tax	**429**	**1,490**
Tax	(437)	(506)
(Loss) / profit after tax	**(8)**	**984**
EPS (cents/share)	**(1)**	**106**
EBITDAX	**1,428**	**2,024**

- Revenue lower due to lower commodity prices, especially NBP, and lower oil volumes
- Increase in financing costs driven by accounting impact from the unwinding of the discount on our decommissioning provisions
- Net FX financing loss driven by the revaluation of GBP denominated balances on our balance sheet due to the strengthening pound against the US dollar

Tax

- Increase in effective tax rate to >100%, driven by the introduction of the EPL and period specific non-cash UK tax charges



[1] Other cost of sales is primarily composed of hydrocarbon inventory balances. [2] Impairments and other expenses includes early project costs related to CCS, write off in respect of the Ix well in Mexico and impairments.[3] G&A costs include corporate overheads, depreciation of non-oil and gas assets, external consultants and redundancy provision.

Balance sheet significantly delevered and equity increased

Net cash balance sheet

Assets	30 June 2023 $ million	YE 2022 S million
Goodwill	1,327	1,327
Other intangible assets	955	880
Property, Plant, Equipment	5,506	5,690
Right-of-use assets	607	735
● Deferred tax asset	381	1,407
Other assets	1,555	2,027
Cash	494	500
Total assets	**10,825**	**12,566**

Equity and liabilities	30 June 2023 $ million	YE 2022 S million
● Equity	1,414	1,021
● Borrowings	515	1,238
● Decommissioning provisions	4,291	4,141
● Deferred tax liabilities	1,062	397
Lease liabilities	733	825
● Derivative liabilities	1,254	3,451
Other liabilities	1,556	1,493
Total equity and liabilities	**10,825**	**12,566**

- Reduction in borrowings reflects that we were undrawn on the RBL as at 30 June 2023
- Significant reduction in derivative liabilities reflects hedges realised during the period, the shift down in the forward curve and the strengthening of the UK pound sterling. This then had a corresponding impact on deferred tax which swings from a net asset to a net liability in the period.
- The increase in decommissioning provisions is mainly due to an increase in estimate for Solan, unwinding of the discount and strengthening of the pound offset by decommissioning spend in the period
- Increase in equity driven by reduction in unrealised derivative liabilities net of share buybacks and dividends

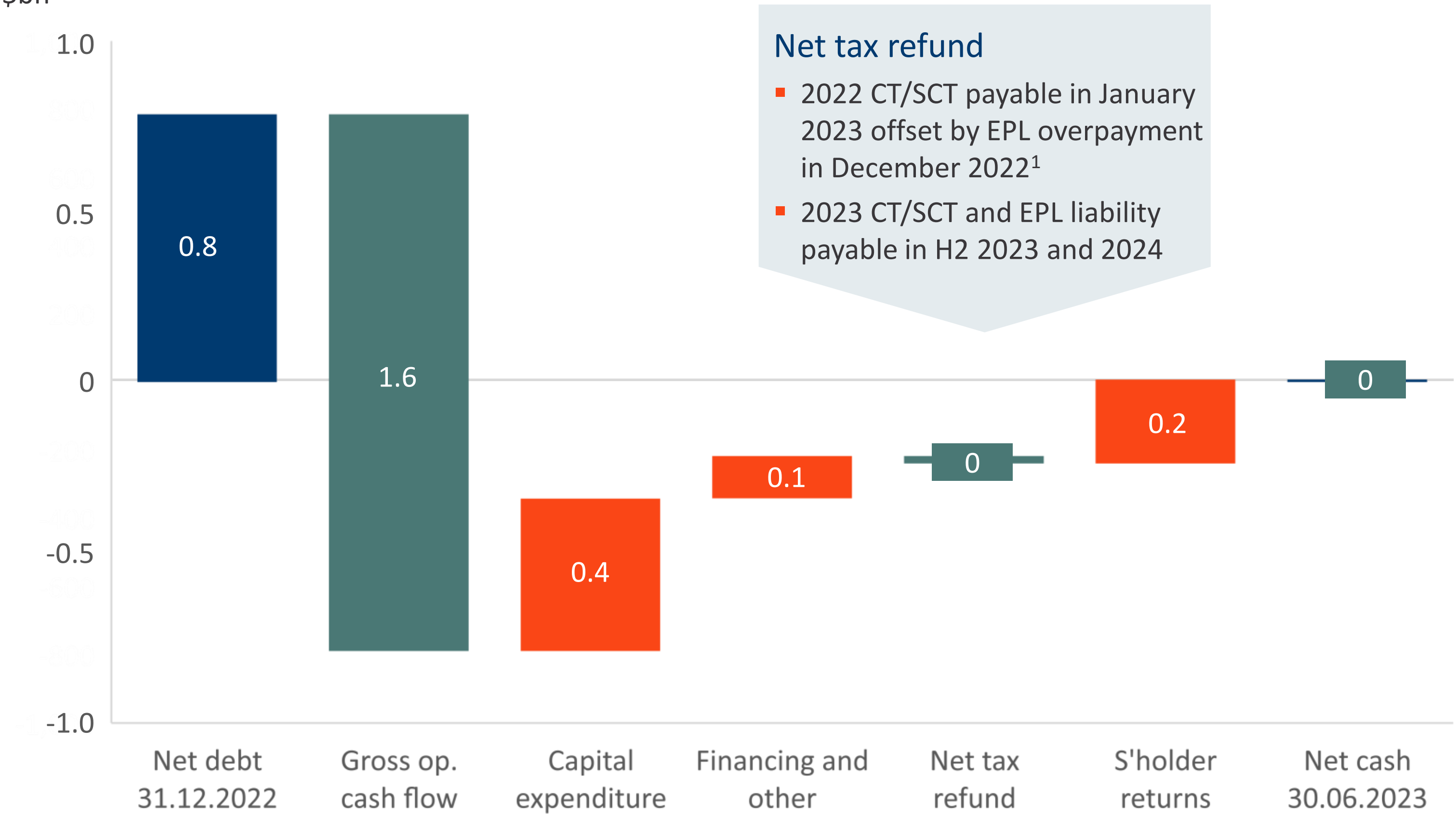
Robust financial position with significant cash generation...

... allowing for material shareholder distributions and targeted investment in our business

Free cash flow of $1 billion

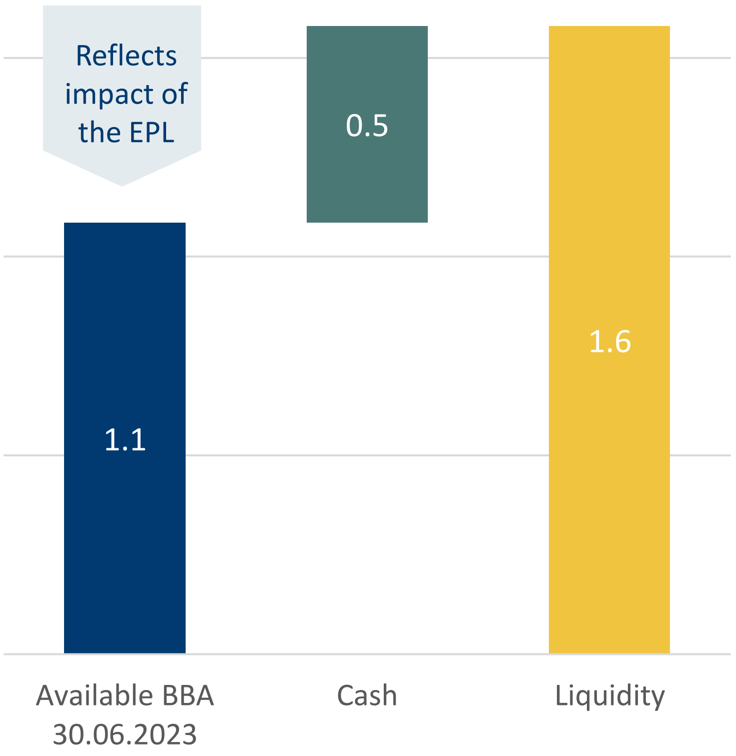
Net debt / cash flow

$bn



Significant liquidity

$bn

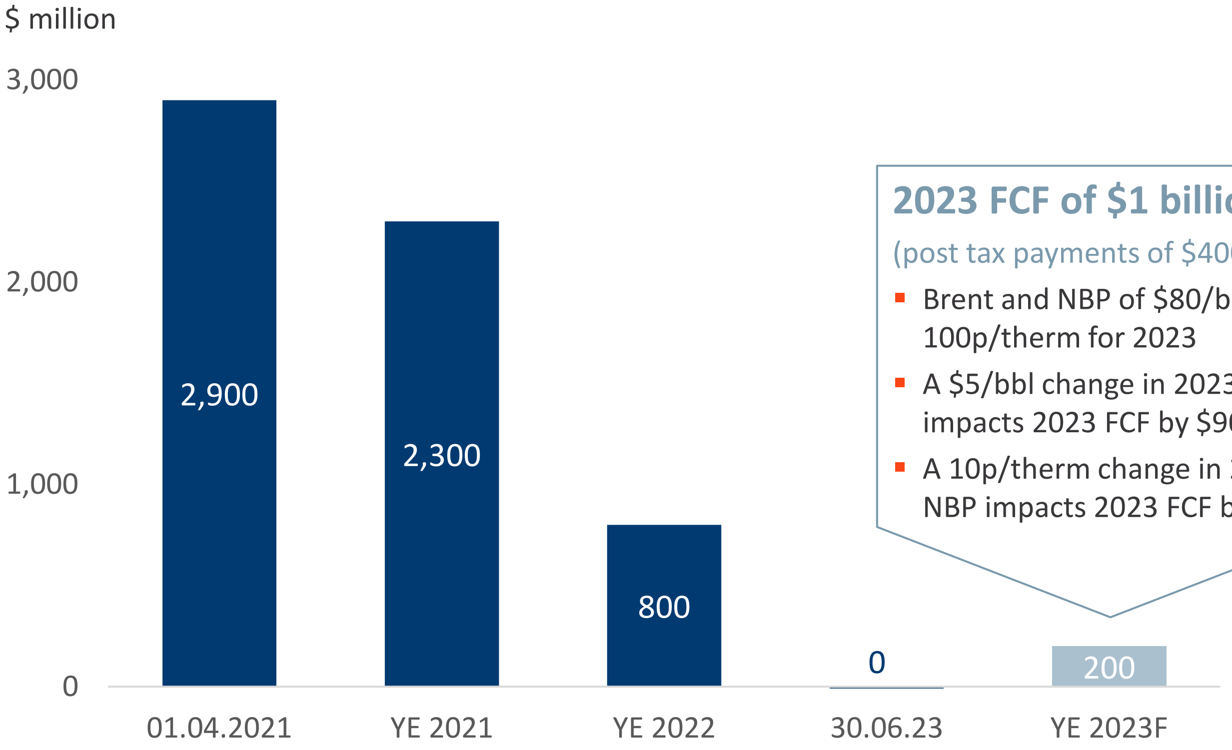


[1] The entity with the remaining 2022 EPL liability does not pay tax by instalments – due to that entity not paying CT/SCT because of tax losses – and will settle the 2022 EPL liability of $260m in October 2023

Building on our track record of rapid net debt reduction post M&A…

…whilst delivering material shareholder distributions

Net debt



2023 FCF of $1 billion[1]

(post tax payments of $400m)

- Brent and NBP of $80/bbl and 100p/therm for 2023
- A $5/bbl change in 2023 Brent impacts 2023 FCF by $90m
- A 10p/therm change in 2023 NBP impacts 2023 FCF by $50m

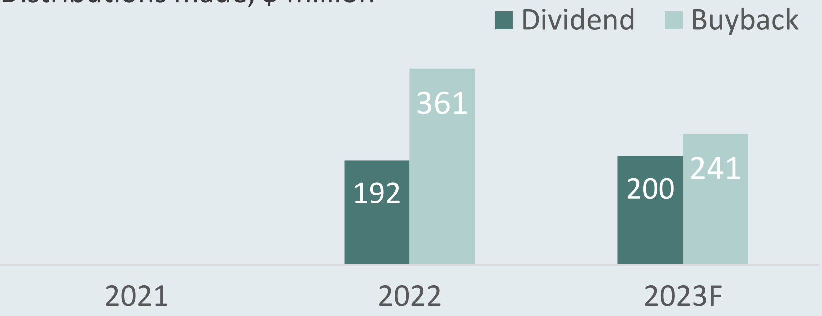
$2.9 billion

of net debt reduction since April 2021

Shareholder distributions

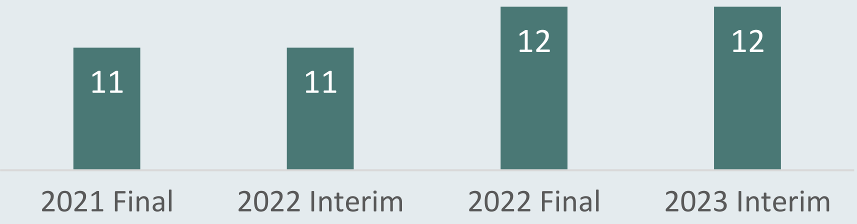
Annual $200m dividend complemented with buybacks

Distributions made, $ million



Dividend per share growth of 9% year-on-year

cents/share



$1 billion

of total shareholder returns announced since December 2021

[1] 2023 FCF of $1 billion does not include any proceeds from the sale of Harbour's Vietnam business which is targeting completion by year-end 2023.

2023 Guidance

2023 guidance (as at January 2023)	H1 2023 (Actual)	2023 guidance (as at August 2023)
Production	**Production**	**2023 Production**
185-200 kboepd	196 kboepd	185-195 kboepd[1]
Operating cost	**Operating cost**	**Operating cost**
c. $16/boe[2]	$15/boe	c. $16/boe[2]
Total capex	**Total capex**	**Total capex**
c. $1.1 billion	$0.4 billion	c. $1.0 billion

[1] This includes a full year's contribution from Vietnam. In August we agreed the sale of our Vietnam business and are targeting completion by year-end 2023.
[2] Original opex guidance reflects $1.2/£ FX rate. Updated opex guidance as at August 2023 reflects a higher sterling exchange rate of $1.25/£.

Production and hedging position

Group production

	H1 2023 (net, kboepd)	H1 2022 (net, kboepd)
J-Area	35	28
Greater Britannia Area	28	33
AELE hub	25	28
Elgin Franklin	21	26
Catcher	18	21
West of Shetlands[1]	14	15
Tolmount	13	6
Beryl	12	13
Buzzard	11	15
Other UK[2]	8	11
UK	**185**	**196**
International[3]	**11**	**15**
Total Group	**196**	**211**

Hedging schedule (as at 30 June 2023)

	2023H1		2023H2		2023FY		2024		2025		2026	
	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price
	(mmboe)	*(p/therm, $/bbl)*	*(mmboe)*	*(p/therm, $/bbl)*	*(mmboe)*	*(p/therm, $/bbl)*	*(mmboe)*	*(p/therm, $/bbl)*	*(mmboe)*	*(p/therm, $/bbl)*	*(mmboe)*	*(p/therm, $/bbl)*
UK gas												
Swaps / fixed price	10.19	40	11.26	40	21.45	40	10.08	54	4.99	85	0.97	106
Collars (put-call)	1.55	50 - 56	0.08	150 - 325	1.63	55 - 69	3.00	112 - 263	1.72	98 - 233	0.39	80 - 150
Options	0.0		0.0		0.0		0.0		0.0		0.0	
Oil												
Swaps	5.43	74	5.52	74	10.95	74	7.32	84	3.65	77	0.0	0

[1] West of Shetland comprises Clair, Schiehallion and Solan [2] Other UK includes East Irish Sea, Galleon and Ravenspurn North [3] international includes Chim Sao, Vietnam and Natuna Sea Block A, Indonesia

Harbour Energy

Summary

Well positioned for value creation

A pure play upstream global oil & gas producer

Safe and responsible operations

Playing a significant role in the energy transition

High quality, cash generative portfolio

Targeting high return, short cycle drilling opportunities

Portfolio of strategic investment opportunities

Organic diversification well underway

Robust financial position, strict capital discipline

Supports competitive shareholder returns and M&A optionality

Harbour Energy