

2016 Annual Results

9 March 2017



Forward-looking statements

This presentation may contain forward-looking statements and information that both represents management's current expectations or beliefs concerning future events and are subject to known and unknown risks and uncertainties.

A number of factors could cause actual results, performance or events to differ materially from those expressed or implied by these forward-looking statements.

Agenda

2016 highlights	.....	Tony Durrant
Financial results	.....	Richard Rose
Refinancing update	.....	Richard Rose
Production update	.....	Tony Durrant
Portfolio potential	.....	Robin Allan
Outlook	.....	Tony Durrant

2016 highlights

Strong production performance



71.4 kboepd, above guidance, driven by high operating efficiency across the portfolio

Reduction in cost base



\$15.8/boe opex, 10% under budget;
Other savings in capex and G&A costs

Re-focussing the portfolio



Value accretive E.ON acquisition completed;
Disposal programme for non-core assets

Progressing Catcher



On target for mid-year sailaway and Q4 first oil;
Project costs down 29% against sanction

Increased 2P reserves and 2C resources



2P reserves increased to 353 mmboe;
Reserves and resources up by 10% to 835 mmboe

Financial performance



Net debt reduced from peak levels
Profits of \$123m for full year (2015: \$ 1.1 bn loss)

Refinancing substantially complete



Liquidity preserved and covenants headroom expanded;
Debt maturities re-set at 2021 or beyond

Financial results

Richard Rose



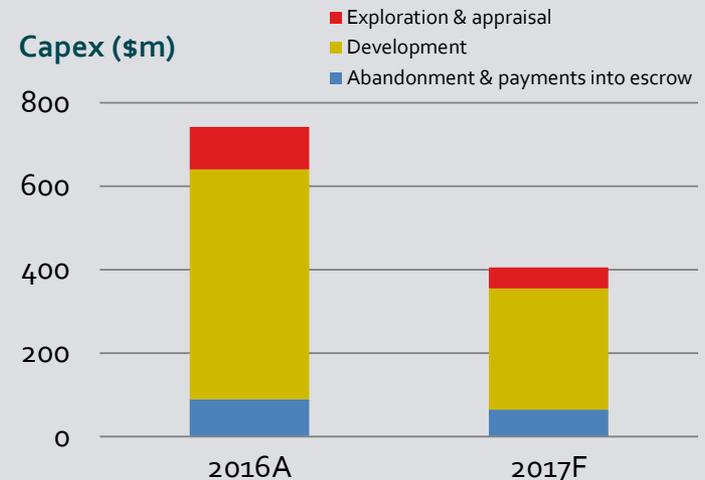
Financial highlights and outlook

2016 highlights

- Profitable and positive operating cash flow
- Low and stable operating costs of \$15.8/boe
- Reduced capex commitments
- Net debt down from peak in Q3 2016

Outlook

- Refinancing expected to complete by end of May
- E.ON acquisition to reach payback earlier than anticipated
- Cash flow positive in 2017; accelerated debt reduction once Catcher on-stream
- Targeting Net Debt/EBITDA <3x by end 2018



Opex (\$/boe)

	2015	2016	2017F
UK	30.0	24.4	21.4
Vietnam	11.7	8.7	10.9
Indonesia	10.0	10.1	10.1
Pakistan	3.7	3.7	4.0
Group	15.5	15.8	15.9

Positive operating cash flow

	12 months to 31 Dec 2016 \$m	12 months to 31 Dec 2015 \$m
Working Interest production (kboepd)	71.4	57.6
Entitlement production (kboepd)	66.1	53.4
Realised oil price (US\$/bbl) – post hedge	52.2	79.0
Realised int'l gas price (US\$/mcf) – post hedge	4.9	6.0
Realised UK gas price (p/therm) – post hedge	47.6	-
	\$m	\$m
Cash flow from operations	492	903
Taxation	(61)	(94)
Operating cash flow	431	809
Capital expenditure	(678)	(1,070)
Decommissioning cash escrow	(62)	-
Acquisitions / disposals	(119)	220
Finance and other charges, net	(152)	(101)
Net cash in (out) flow	(580)	(142)
Net Debt	(2,765)	(2,242)

Capital expenditure (\$m)

	2016	2017F
Exploration	\$102	\$50
Development	\$550	\$290
Abandonment	\$27	\$50
Total	\$678	\$390

2017 liquids and UK gas hedging

Oil hedges	% hedged	Price (\$/bbl)
Fixed price oil hedges	21%	50.8
Oil option sales	16%	50.7

UK gas hedges	% hedged	Price (p/therm)
Fixed price	41%	49.6

Return to profit 2016

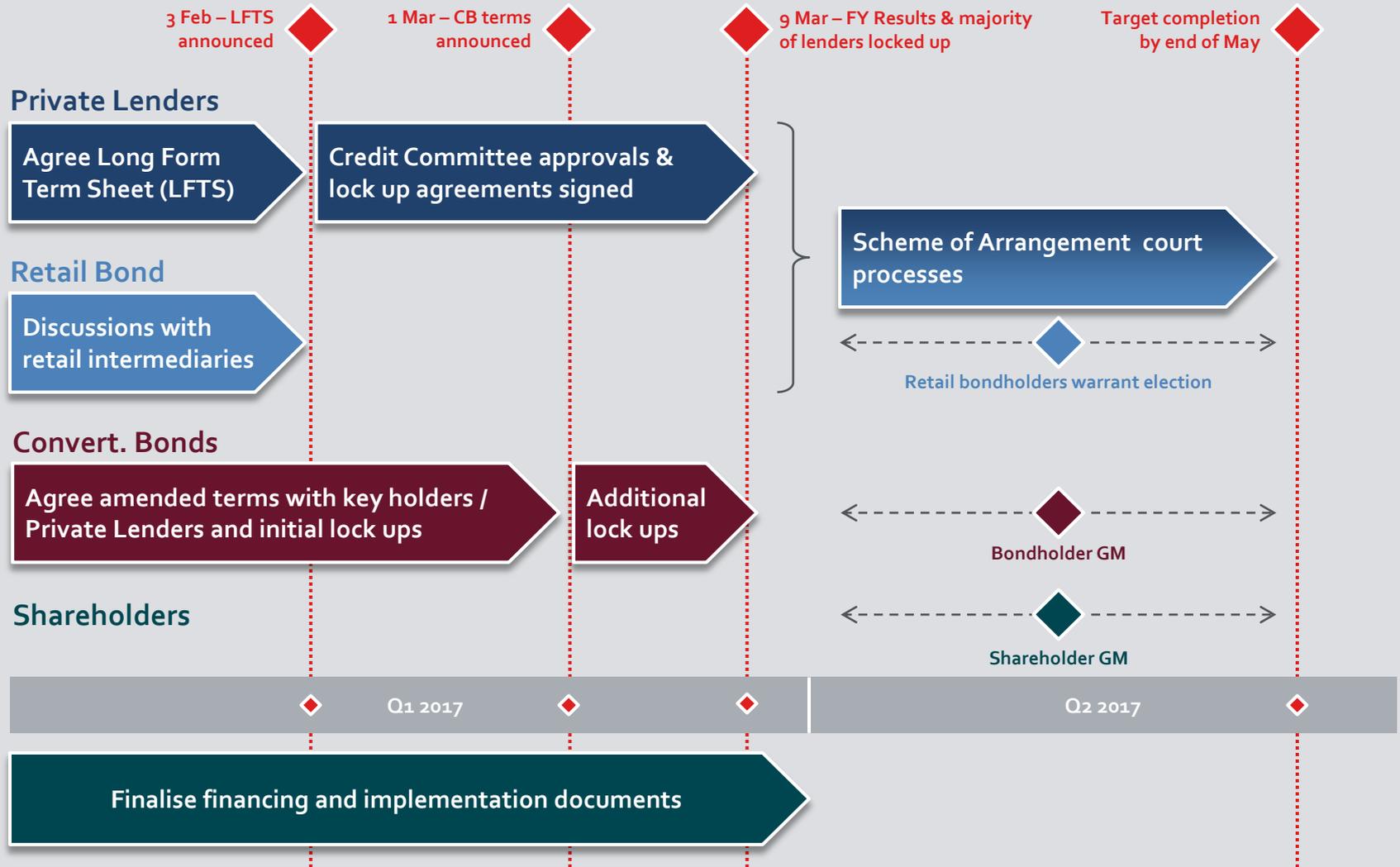
	12 months to 31 Dec 2016 \$m	12 months to 31 Dec 2015 \$m
Sales and other operating revenues	983	1,099
Cost of Sales	(773)	(661)
Impairments	(556)	(1,024)
Gross profit/(loss)	(345)	(586)
Exploration/New Business	(58)	(109)
Reduction in decommissioning estimate	76	-
General and administration costs	(24)	(14)
Gain (loss) on disposals (incl. E.ON excess over acquired value)	207	1
Operating profit/(loss)	(145)	(708)
Financial items	(245)	(122)
Profit/(loss) before taxation	(390)	(830)
Tax credit/(charge)	522	(241)
Loss from discontinued operation	(9)	(33)
Profit/(loss) after taxation	123	(1,104)
EBITDAX¹	526	752

Refinancing

Richard Rose



Refinancing – timetable to implementation

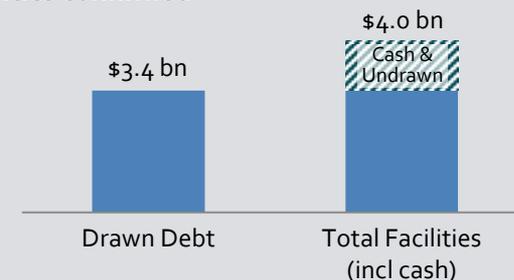


Refinancing terms

Debt type	Key amended terms
Private lenders (\$3.3bn) <ul style="list-style-type: none"> • RCF & LC: \$2.5bn • Term Loans¹: \$314m • USPP¹: \$380m • Schuldschein: \$130m 	<ul style="list-style-type: none"> • Total facilities confirmed • Alignment of maturity dates to 31 May 2021 • Amendment of financial covenants • Enhanced economics • A security package • Corporate governance controls
Retail bonds (£150m)	<ul style="list-style-type: none"> • Maturity date extended to 31 May 2021 • Enhanced economics • Security package, ranking alongside the private debt facilities
Convertible bonds (\$245m)	<ul style="list-style-type: none"> • Maturity date extended to 31 May 2022 • Interest rate to remain at 2.50% • Conversion price reset • Equity warrants • No cash amendment fee • Issuer call after 1 year at 140% of conversion price

¹ FX as at when facilities entered into

Facilities confirmed¹



Maturities extended¹

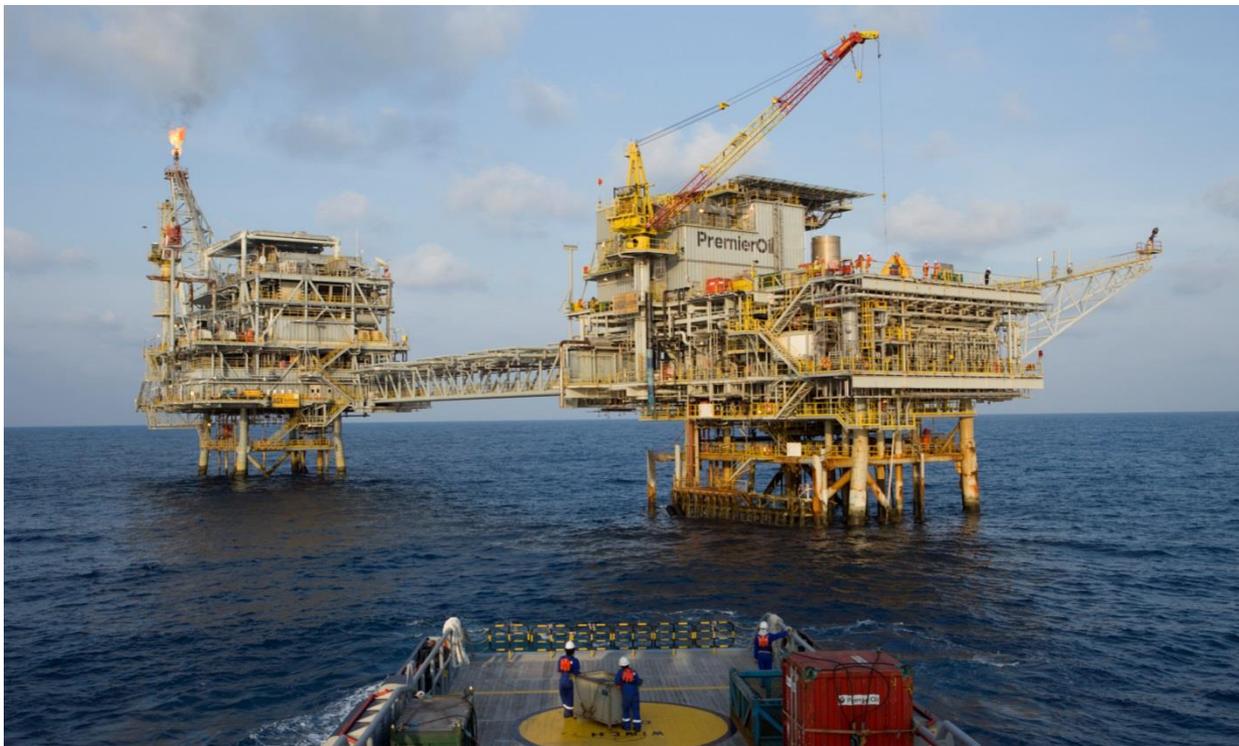


Outlook

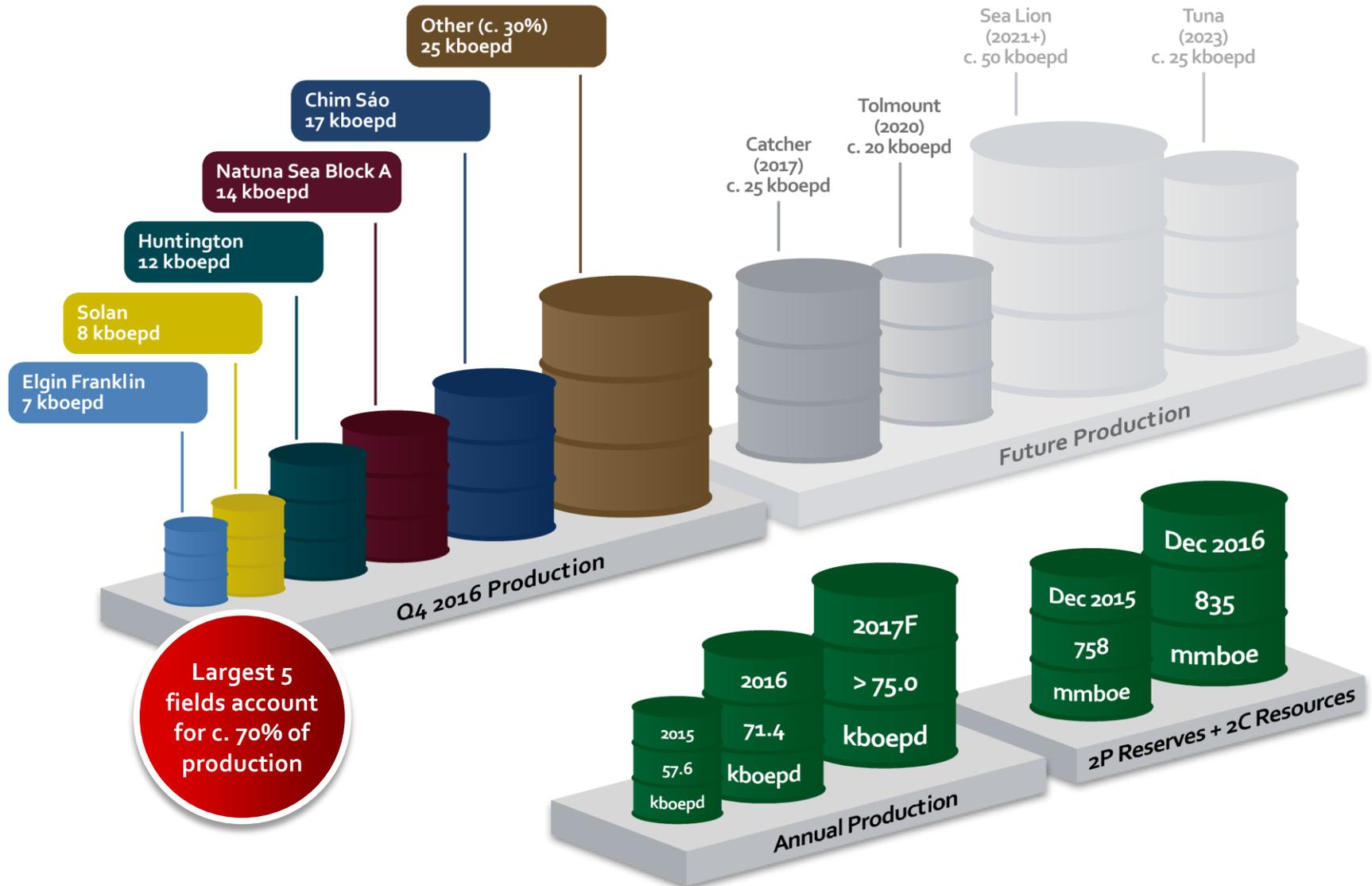
- Cash and undrawn facilities of \$593m
- Cash flow positive at forward curve; debt reduction accelerating once Catcher on-stream
- Targeting Net Debt/EBITDA <3x by end 2018

Producing portfolio

Tony Durrant



Production overview



Chim Sáo, Vietnam (53.125%, operator)

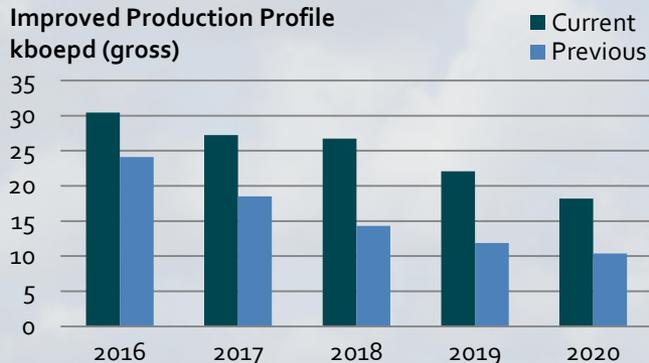
2016 highlights

- Operating efficiency of 94%
- \$8.7/boe operating cost
- Strong reservoir performance
- Reduction in FPSO lease rate
- Reserves increase of 13 mmboe

Outlook

- 2 infill wells planned in 2017
- Field life extended to 2028

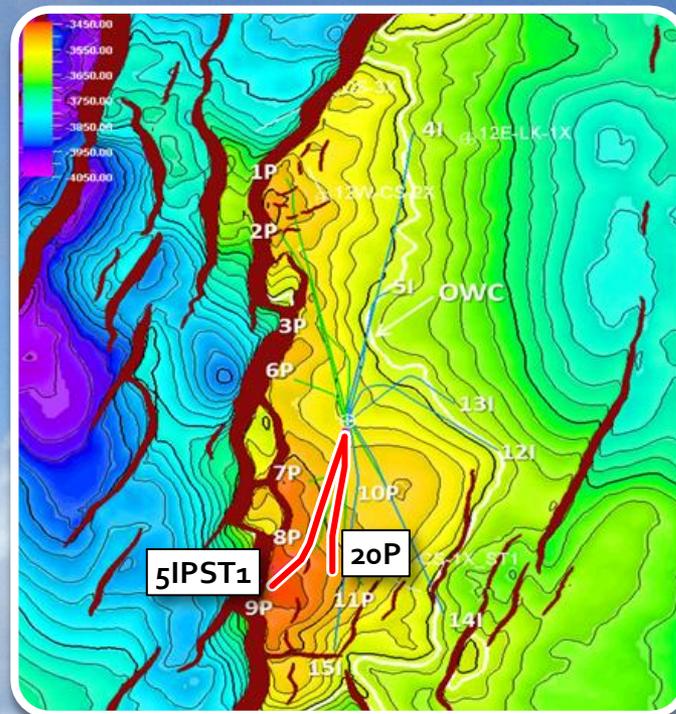
Improved Production Profile
kboepd (gross)



55 mmboe
at sanction

57 mmboe
produced
to date

59 mmboe
reserves
remaining



Natuna Sea Block A, Indonesia (28.67%, operator)

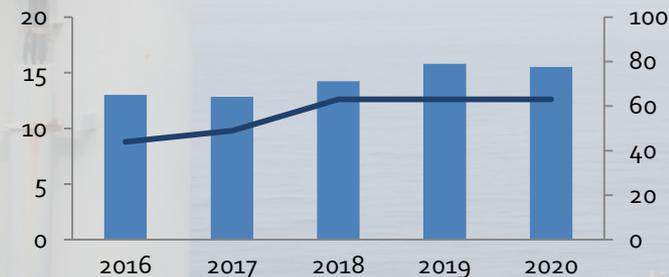
2016 highlights

- Singapore demand above take or pay
- 44% of GSA vs 41% contractual share
- Record deliveries under GSA2
- Operating efficiency >90%
- Opex of \$8.3/boe

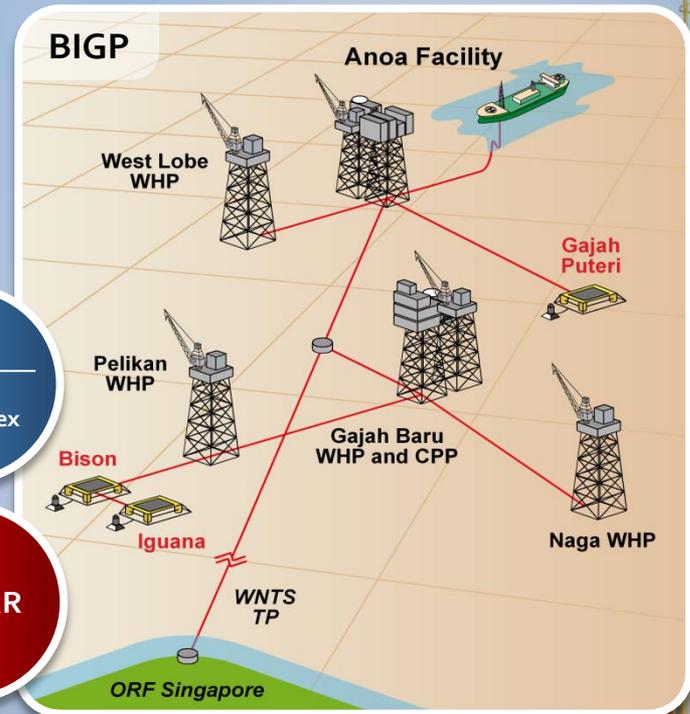
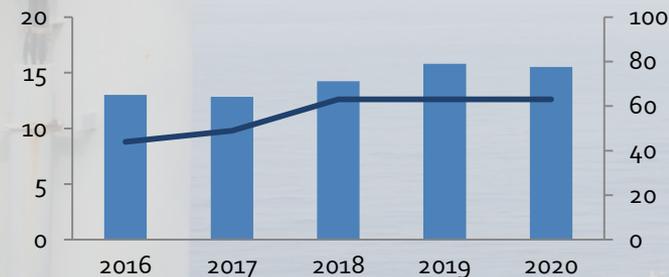
Outlook

- Singapore demand stable
- GSA1 market share increasing
- Lama well tied into production (Q3 2017)
- Gajah Baru infill drilling opportunities
- BIGP first gas 2019

NSBA Production net to PMO (kboepd)



Market Share GSA1 (%)



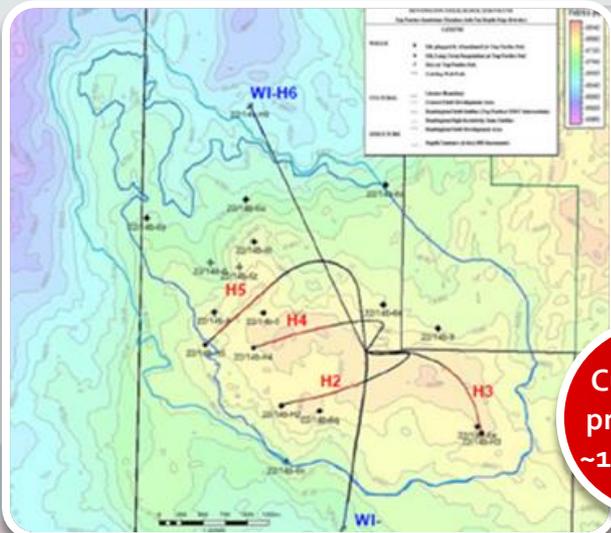
Huntington, Central North Sea (100%, operator)

2016 highlights

- Increased equity to 100%
- Production significantly increased
 - High operating efficiency
 - Strong reservoir performance

Outlook

- FPSO lease extension discussions underway



Currently producing
~15 kboepd



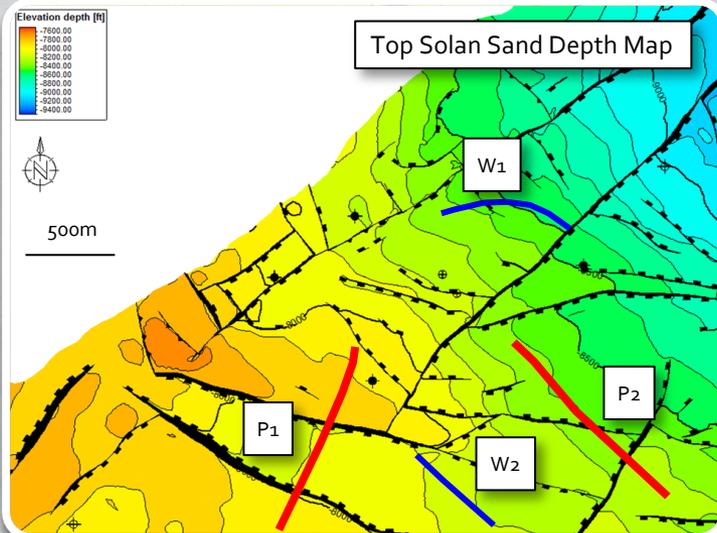
Solan, West of Shetlands (100%, operator)

2016 highlights

- First oil achieved
- Operational concept working well
- Central reservoir on prognosis

Outlook

- Eastern area of field under-performing
- Secured Transocean Spitzbergen rig at competitive rate to install 2 ESPs in P1



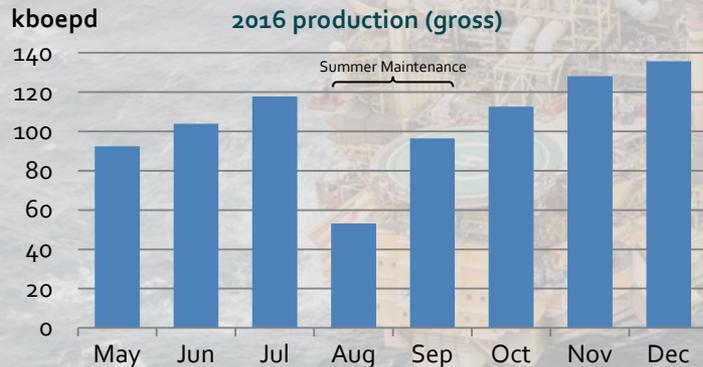
Elgin-Franklin, Central North Sea (5.2%)

2016 highlights

- 105 kboepd for 8 months to 31 December 2016
- Strong winter gas demand
- Low opex of \$6.3/boe

Outlook

- Long field life; production forecast to continue until 2037
- 350 mmboe remaining reserves
- Ongoing infill drilling, well intervention programme & exploration upside

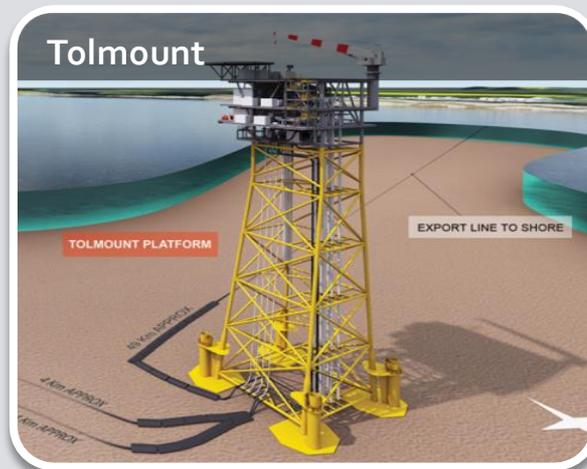
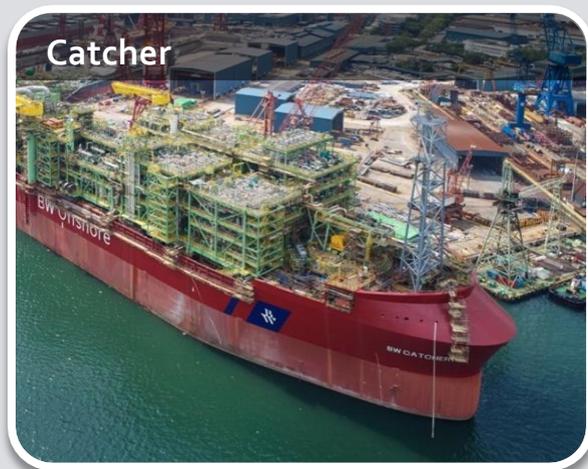


Portfolio potential

Robin Allan

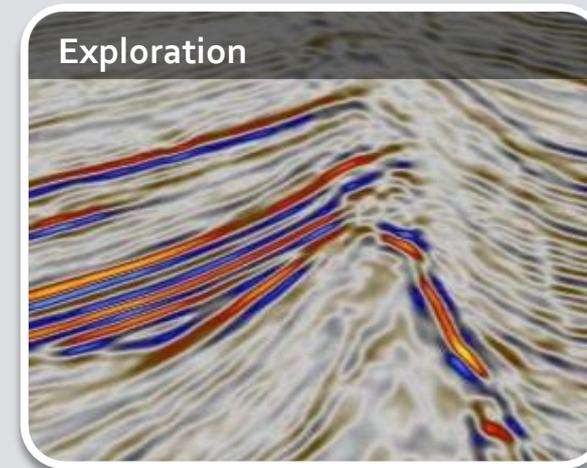
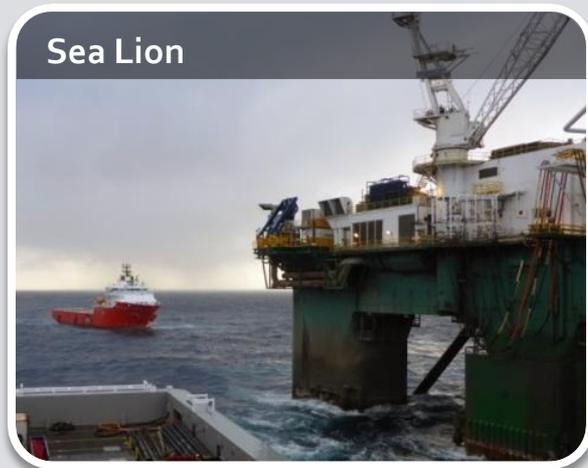


Portfolio potential



Cash flows prioritised towards debt reduction and selective reinvestment

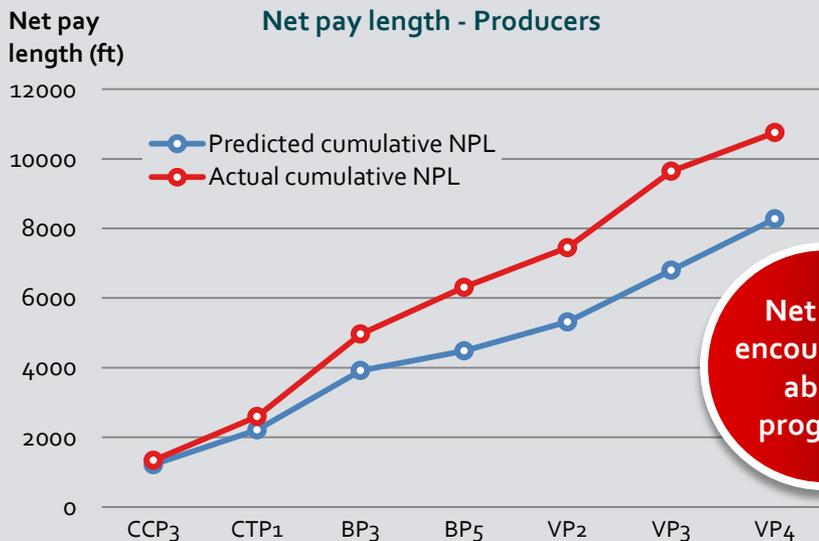
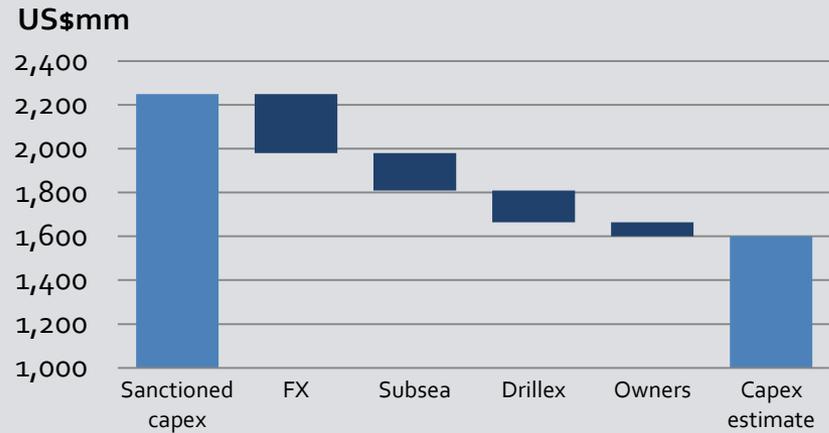
700 mmbob of discovered but undeveloped reserves & resources



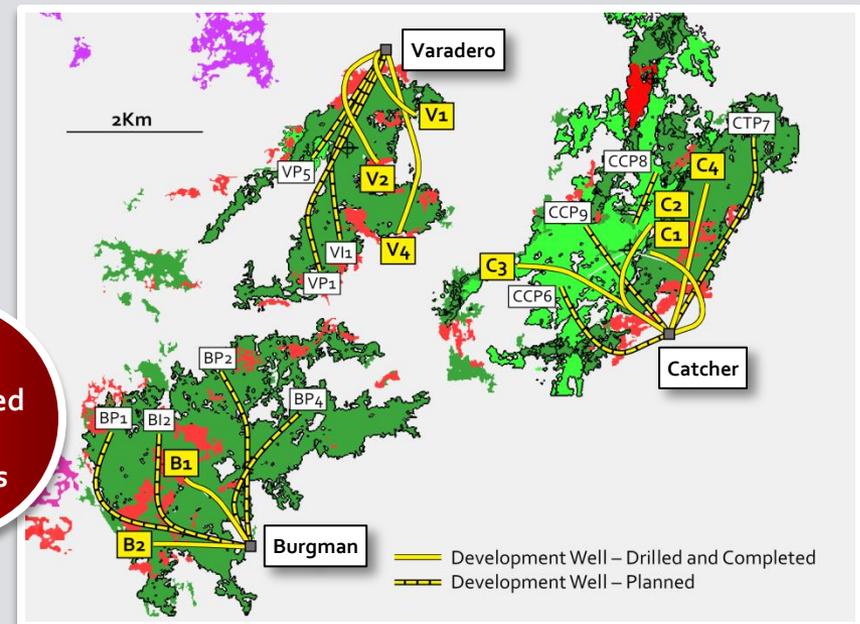
Catcher – under budget, start up 2017 2H

2016 Highlights

- Subsea installation programme successfully completed below budget
- 9 wells completed to date with excellent operational performance
- Fabrication of FPSO hull completed and all topside modules lifted onto vessel
- Capex reduced by 29% to \$1.6bn



Net pay encountered above prognosis

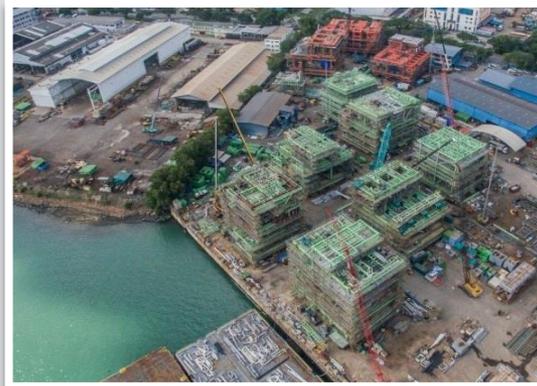


Catcher FPSO progress since 2015

March
2015



June
2016



March
2017



Catcher outlook

Yard-based pre-commissioning and commissioning of FPSO



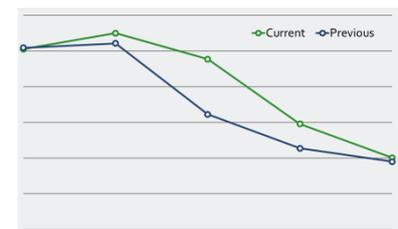
FPSO sailaway and transit to North Sea



FPSO hook up & final commissioning



Improved production profile anticipated



Today

2017

First oil

2018

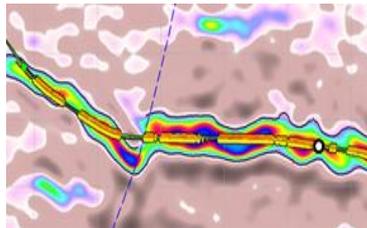
Drilling at Varadero

• 1 well



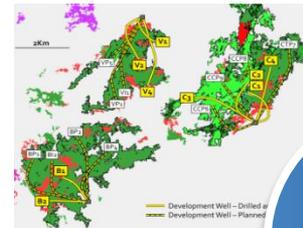
Drilling at Burgman

• 2 wells



Drilling at Catcher

• 4 wells



Drilling at Burgman

• 2 wells



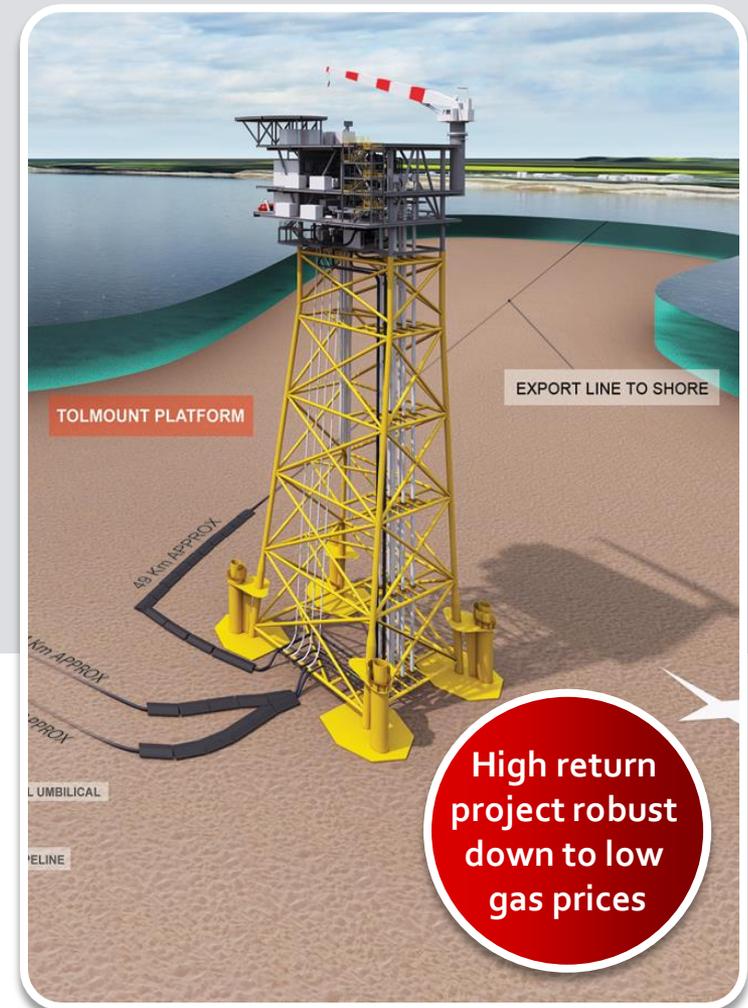
12 wells on-stream at first oil

Well count reduced to 20

Tolmount – next phase of growth

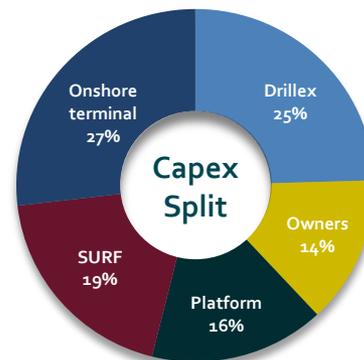
Timetable to sanction

- Most significant discovery in SNS since 1997
- Concept selected Q1
 - Standalone, normally unmanned
 - 4 platform wells
 - 48km x 20" gas export to onshore
- Offshore FEED contract awarded; engineering commenced
- Potential 3rd party infrastructure funding
- FID targeted for Q1 2018

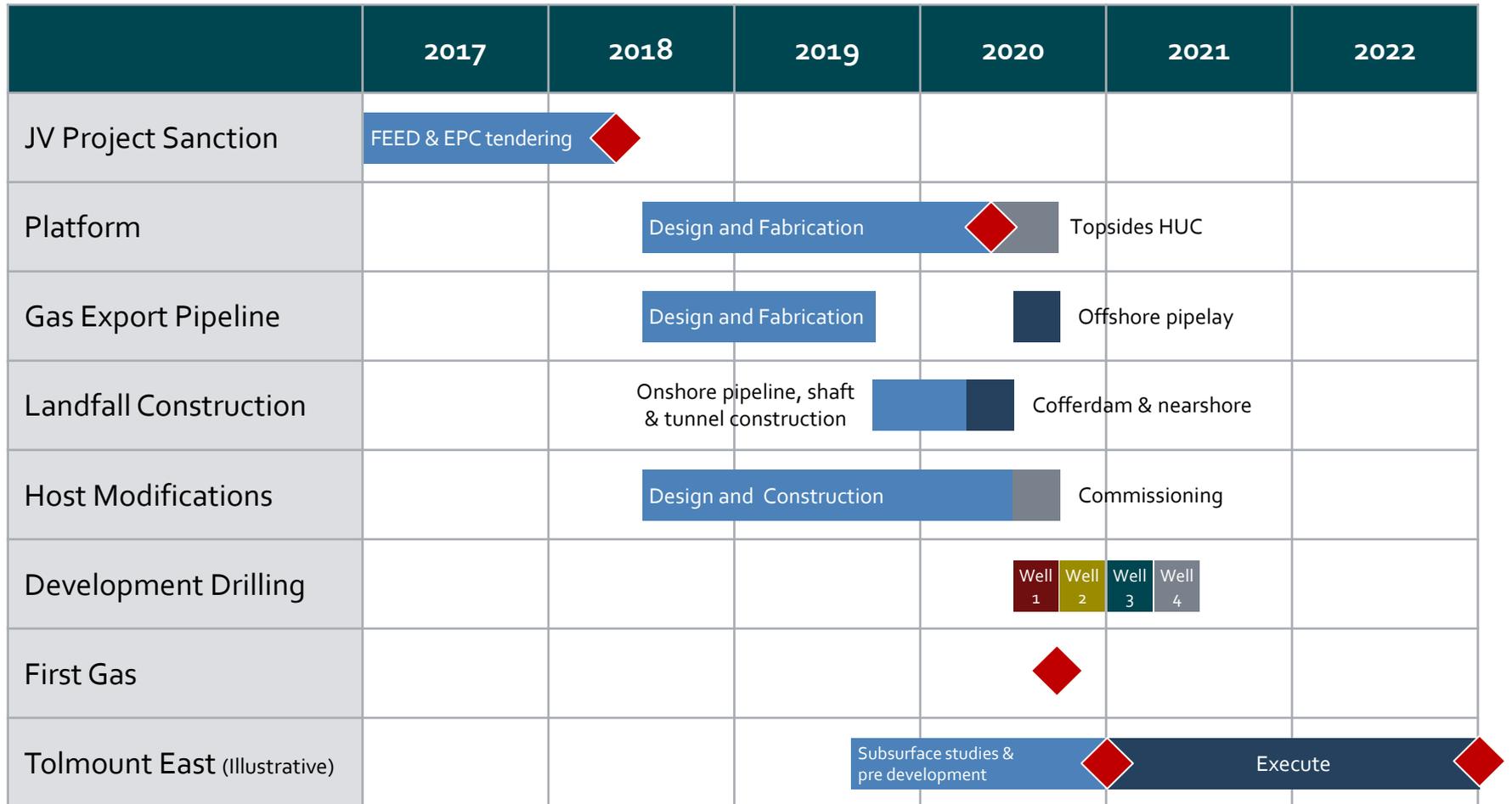


Indicative metrics

- ~1 Tcf potential (GTA)
- Capex ~\$550m
- Designed for daily peak production of 300 mmcf/d
- First gas 2020



Tolmount – project timeline



Tolmount – future phases planned

Tolmount East

- Subsea tie-back or small platform

Tolmount Far East

- Subsea tie-back or small platform to Tolmount or Tolmount East

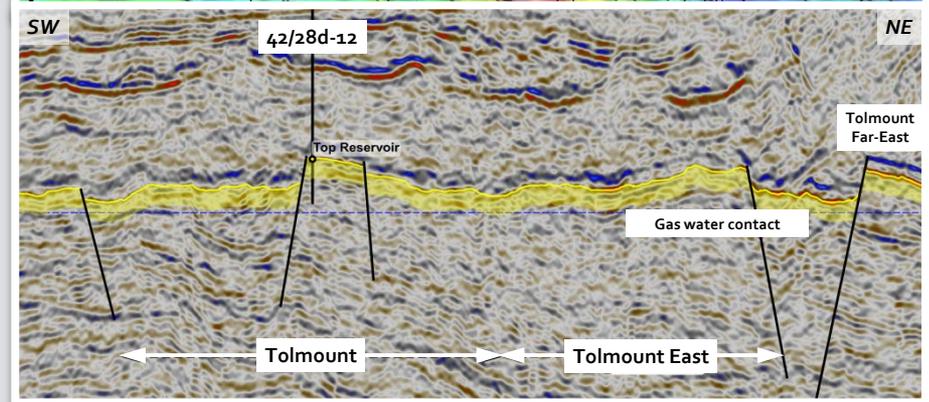
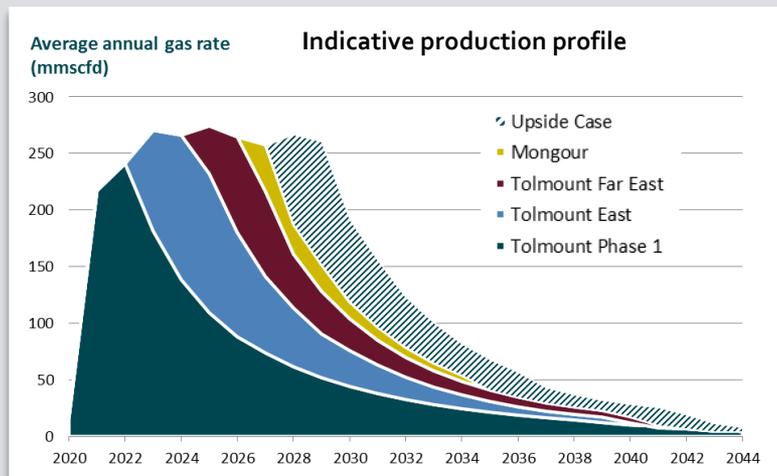
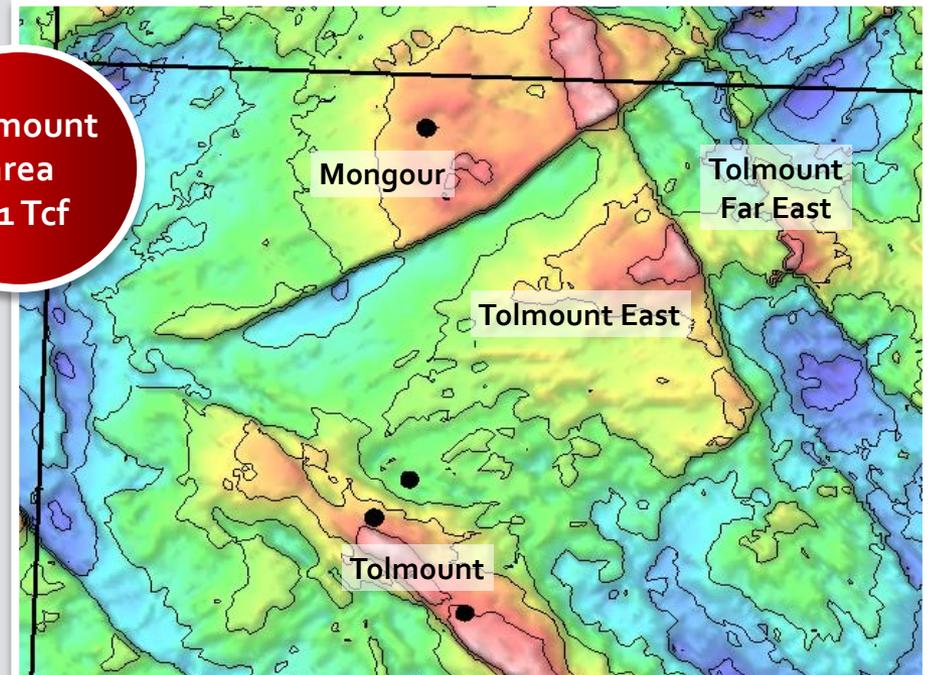
Mongour

- Subsea tie-back or extended reach well from Tolmount East

3rd party business potential

- A new hub with 20+ year life

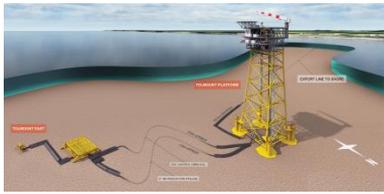
Tolmount area
~ 1 Tcf



Southern Gas Basin: portfolio of opportunities

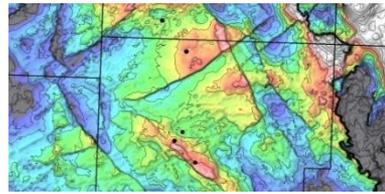
Tolmount Main (50% op)

- On path to sanction



Tolmount Area (50% op)

- Future phases in planning



Ravenspurn North Deep (5% carried interest)

- Play-opening carboniferous well



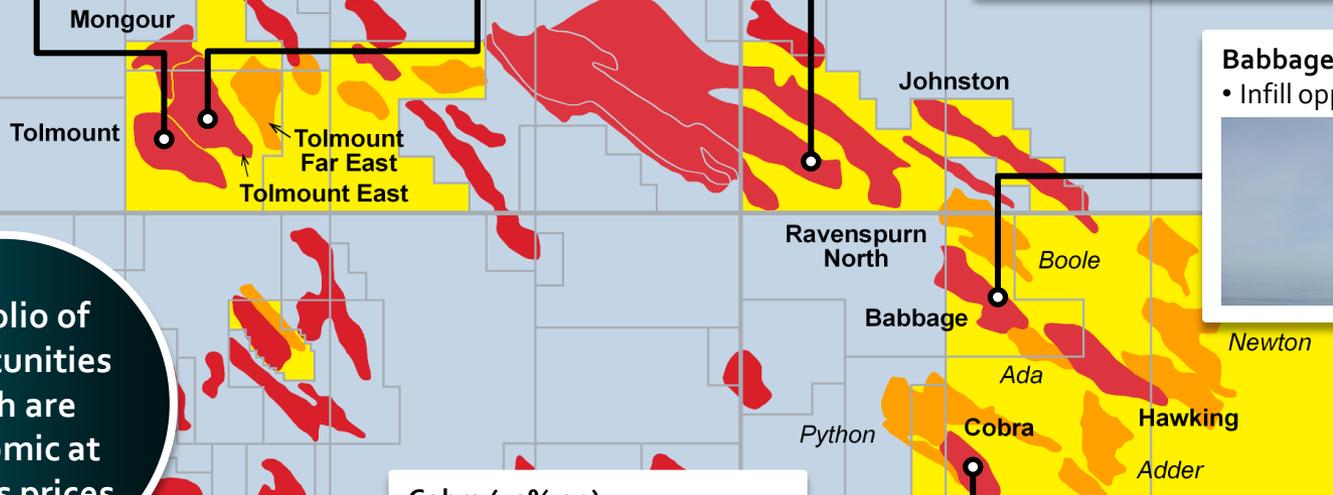
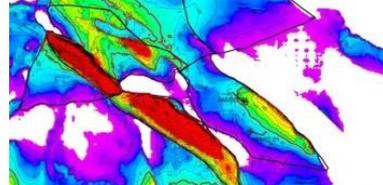
Babbage (47% op)

- Infill opportunities



Cobra (50% op)

- Appraisal planning underway



Portfolio of opportunities which are economic at low gas prices

10km

- Premier interests
- Gas field/discovery
- Prospects/leads

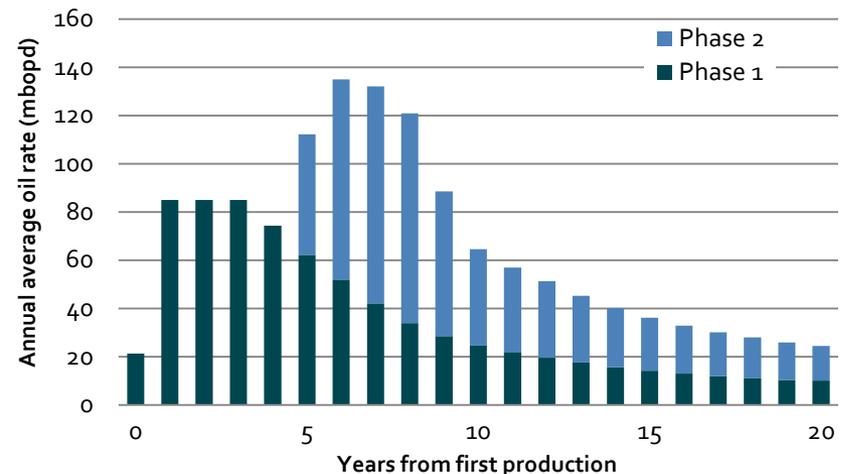
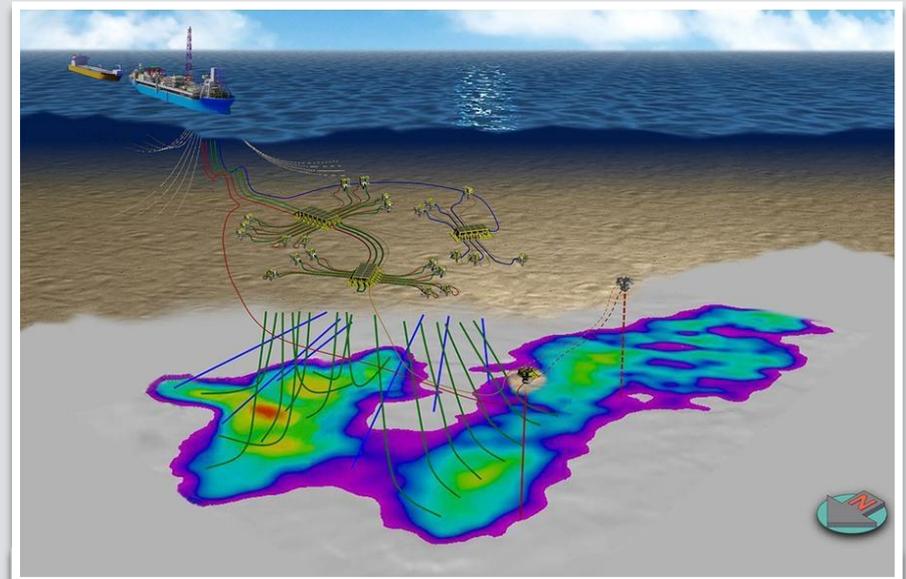
Sea Lion

Highlights

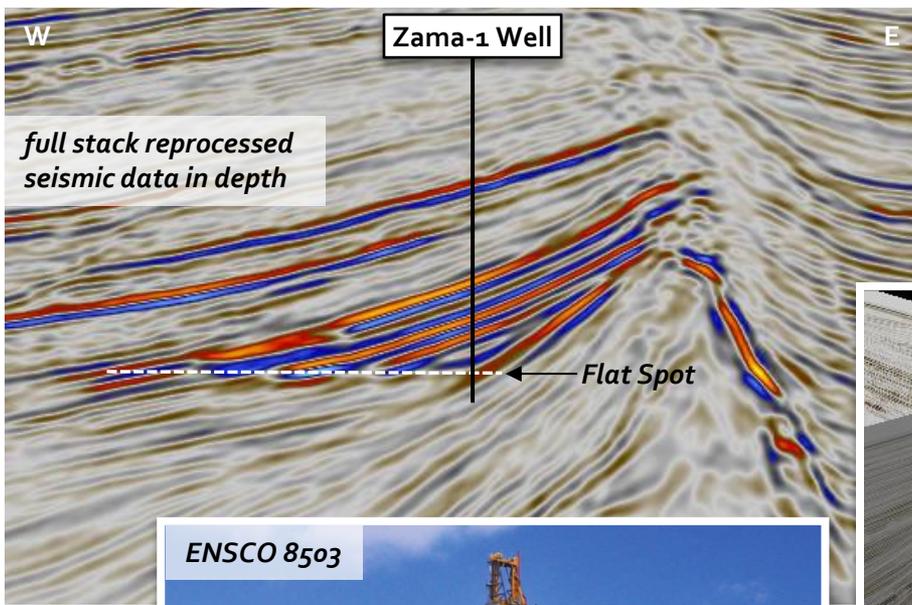
- FEED substantially completed
- Breakeven reduced to \$45/bbl
 - Capex to first oil reduced to \$1.5bn
 - Field opex reduced to \$15/bbl
 - Indicative FPSO cost of \$10/bbl (LOF)

Outlook

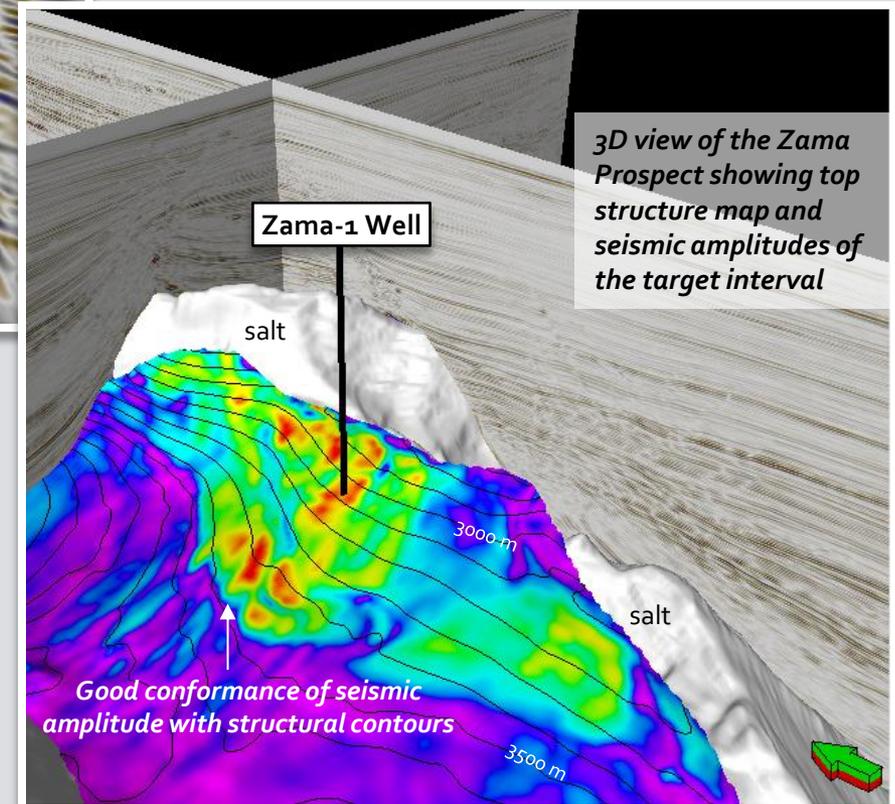
- Positive commercial and fiscal engagement with FIG
- Positive engagement with contractor market and export credit government funding sources
- Licence extension to April 2020



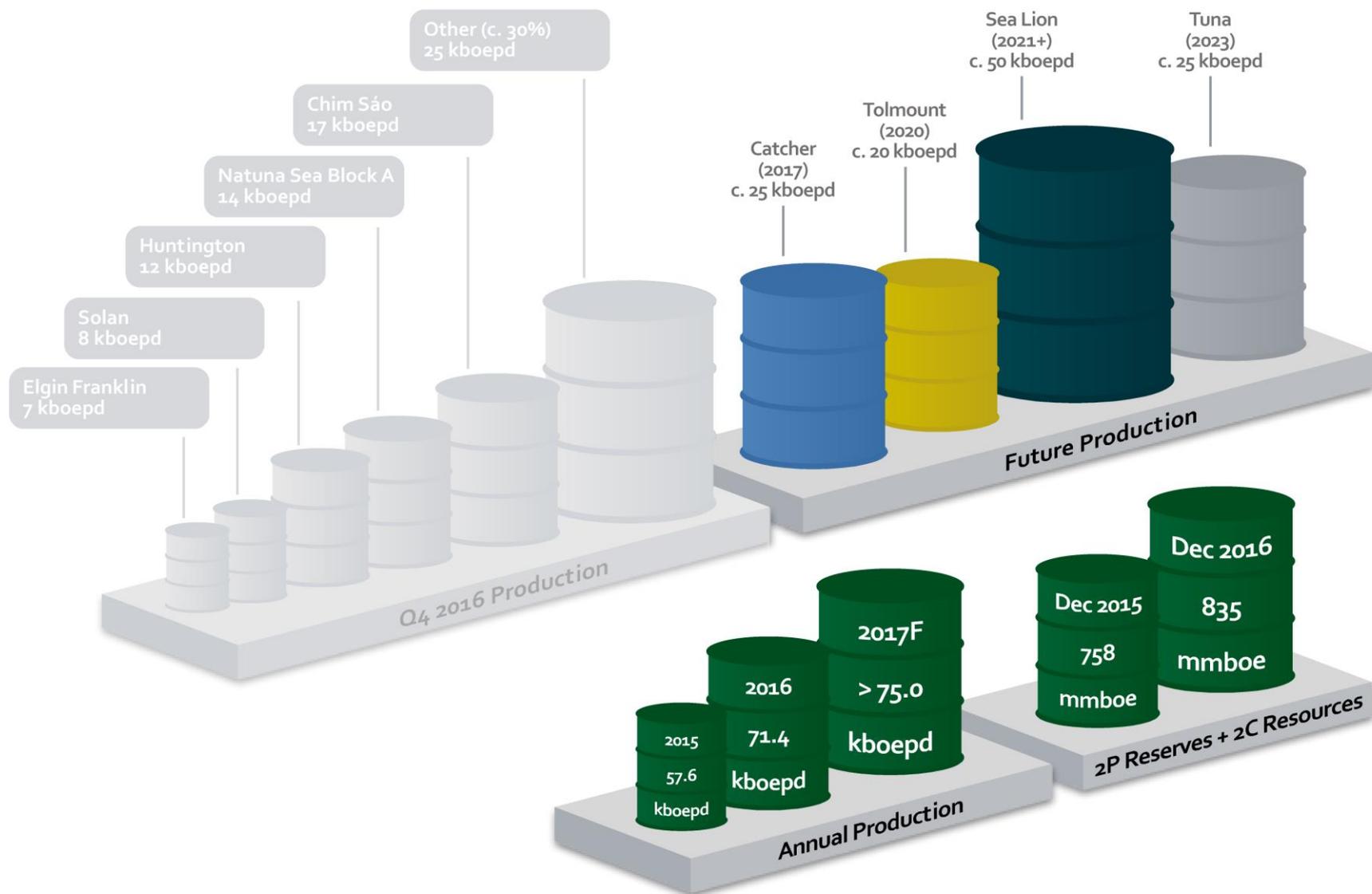
Exploration update – Mexico



- Exercised option to increase to 25% in Block 7, Mexico
- 100-500 mmbbl prospect in 165m of water
- Drilling Q2 2017, rig contracted



Portfolio potential



Outlook

Tony Durrant



2017 – Targets

Production	Maintain operating efficiency levels; Meet guidance of 75 kboepd (excluding Catcher)
Cost Base	Targeting further reductions in opex and G&A costs
Non-core disposals	Realise >\$100m from non-core disposals
Catcher	Deliver first oil in 2017; build on development drilling programme to optimise forward production; further cost reduction
Tolmount	Progress FEED and commercial discussions for Premier Board approval in Q4
Future Growth	Financing and commercial initiatives to bring Sea Lion to next phase in 2018
Exploration	Identify and test best prospects eg Mexico (2017)
Net debt reduction	Positive net cash flow, post disposals

Looking forward

Strategy

- Optimise quality producing assets in UK, Vietnam, Indonesia
- Falklands, Mexico, Brazil offer transforming upside
- Continuing programme of disposals



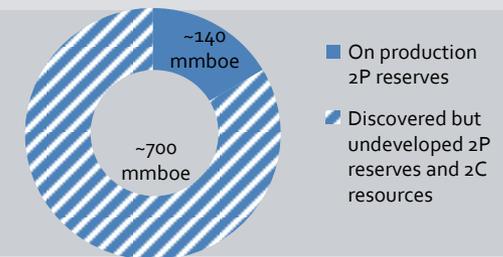
Financial flexibility

- De-leveraging from free cash flow
- Covenant and liquidity headroom
- Stable and low cost base



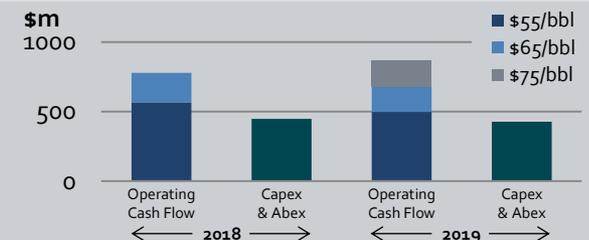
Selective growth opportunities

- Tolmount – high quality project
- Optimising Sea Lion
- Material exploration upside in SNS, Mexico & Brazil
- Potential UK acquisitions

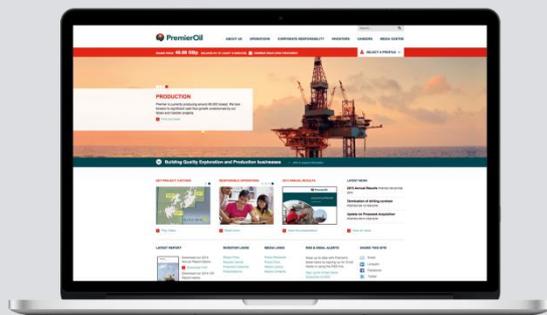


Forward Position

- 80-90 kboepd; \$15-20/bbl opex long-life asset base
- Balance sheet debt reduction
- Highly leveraged to further oil and gas price recovery



March 2017



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