

August 2019

# 2019 Half-Year Results

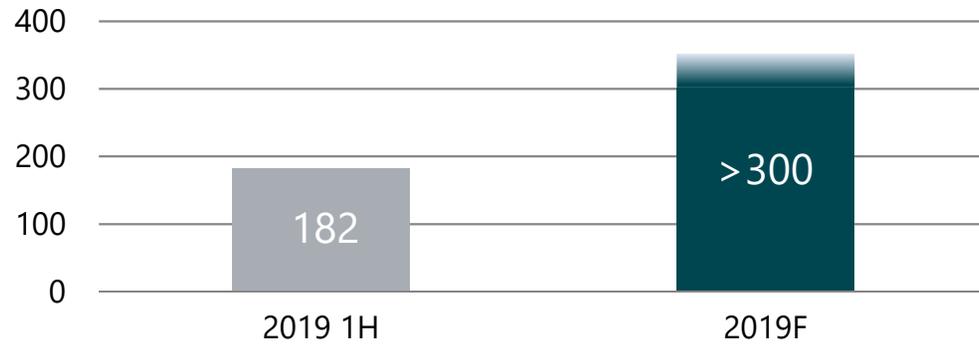


# 2019 1H highlights

1.  
Significant  
debt  
reduction



Free cash flow generation (\$m)



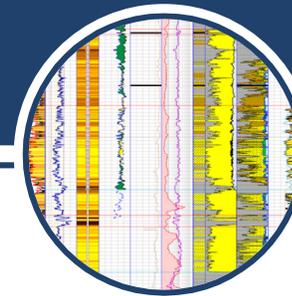
2.  
Record 1H  
production



3.  
Zama  
successfully  
appraised



4.  
Tolmount  
on schedule,  
below budget



5.  
New licence  
capture

# Delivery against 2019 targets

DELIVER	Production	Record 84.1 kboepd; very high Group operating efficiency Guidance of 75-80 kboepd reiterated
	Tolmount	Premier's next growth project progressing under budget On schedule for first gas end 2020
	Strengthening Balance Sheet	\$182m free cash flow generation; 35% higher cash margins On track to deliver full year net debt reduction of >\$300m
	HSE	No serious injuries, spills or process safety events GHG intensity reduced
EXPLOIT	Field life extensions	Catcher reserves upgrade planned for YE19 Successful intervention and infill drilling campaigns
	Near field additions	Positive drilling results at BIG-P; Tolmount East drilling ahead Catcher plateau extended, approval of satellite fields imminent
GROW	Pre-developments	Zama sale initiated following successful appraisal campaign Sea Lion funding progressed and farm-down process launched
	Exploration & appraisal	Andaman Sea position enhanced Entry into Alaska North Slope appraisal project

# Strengthened commitment to ESG

- ✓ Climate Change Committee established
- ✓ Climate Change Policy aligned with TCFD recommendations
- ✓ Initiated review of operations to identify further opportunities to reduce emissions

**8.3** kg CO<sub>2</sub>e/boe  
Catcher GHG intensity 2019 1H



## Examples of actions being taken to reduce future emissions

- Tolmount will be powered by a gas micro-turbine
- Solan will be gas powered following P3 completion
- Committed to minimise (by design) Scope 1 GHG emissions from Sea Lion FPSO
- OPT Power Buoy (Huntington) deployed; will help minimise environmental impact of decommissioning

## Strong performance during 2019 1H

- Catcher very low GHG intensity
  - New build FPSO
  - Modern gas recovery and treatment system
- Better use of gas power generation at Huntington
- Active LDAR (leak detection and repair) programmes to minimise fugitive gas emissions
- High operating efficiency

## Group GHG intensity

kg CO<sub>2</sub>e/boe



# Financial priorities and highlights

## Priorities

- Continued debt reduction, targeting leverage ratio of 1.5x
- Maintain low cost base and capital discipline
- Fund selected projects without compromising balance sheet
- Protect downside through hedging
- Refinance by May 2021

**\$121m**  
2019 1H net profit

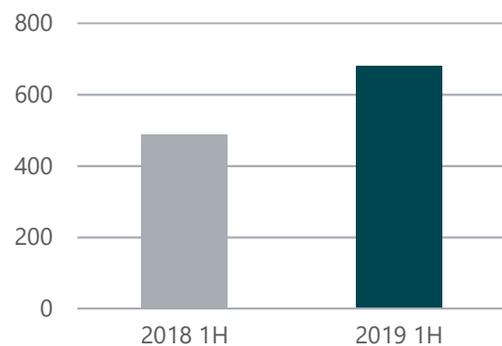
43% of 2019 2H hedged at  
**\$69/bbl**

**35%**  
higher cash margins in 2019 1H



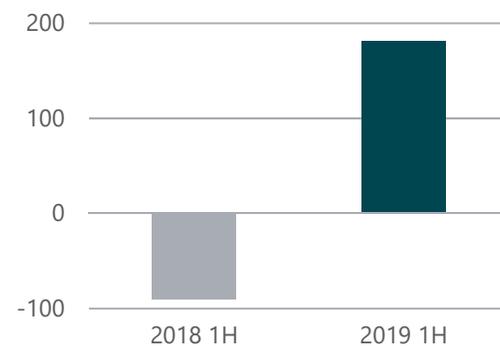
## Increased EBITDAX

EBITDAX (\$m)



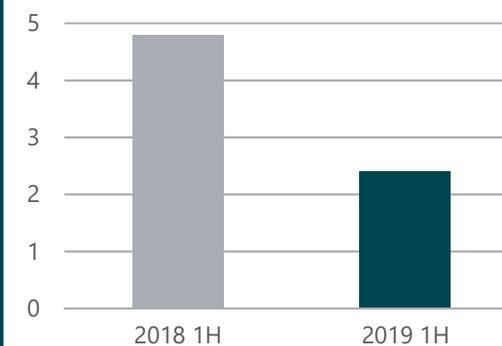
## Increased free cash flow

Free cash flow (\$m)



## Strengthening balance sheet

Covenant leverage ratio (Net debt/EBTIDA)



# 2019 1H Financials

Higher Catcher production delivered a step up in operating cash flow and profits

	2019 1H	2018 1H
Production (kboepd)	<b>84.1</b>	<b>76.2</b>
Operating cost/boe	<b>10.3</b>	<b>11.3</b>
Lease costs/boe	<b>6.3</b>	<b>5.9</b>
<b>Cash flow (\$m)</b>		
Operating cash flow <sup>1</sup>	544	316
Lease payments	(98)	(91)
Interest and fees	(127)	(126)
Capex (inc. decom pre-funding)	(133)	(219)
Disposals and warrants	(4)	30
<b>Net cash flow</b>	<b>182</b>	<b>(90)</b>
<b>P&amp;L (\$m)</b>		
Sales revenue	883	643
Operating costs <sup>1</sup>	(157)	(138)
EBITDA <sup>1</sup>	680	488
Profit/(loss) before tax	130	(14)
<b>Net profit</b>	<b>121</b>	<b>98</b>
<b>Balance sheet (\$m)</b>		
Accounting net debt (\$m)	<b>2,151</b>	<b>2,652</b>
Covenant leverage ratio	<b>2.4x</b>	<b>4.8x</b>

## Realised pricing

	2019 1H	2018 1H
Oil (pre hedge) (\$/bbl)	<b>67.4</b>	66.5
Oil (post hedge) (\$/bbl)	<b>68.3</b>	61.6
UK gas (p/therm)	<b>44</b>	49
Indonesia gas (\$/mmscf)	<b>11.3</b>	9.7

## Impact of IFRS16 on 2019 1H results

Income Statement (\$m)	2019 1H
Opex	↓ <b>97</b>
DD&A	↑ <b>121</b>
Net finance costs	↑ <b>20</b>
Net profit impact	↓ <b>45</b>
Cash flow (\$m)	2019 1H
Operating cash flow	↑ <b>98</b>
Lease payments	↑ <b>98</b>

- Free cash flow and covenant calculation not impacted by IFRS16

<sup>1</sup> 2018 1H restated for the impact of IFRS16

# Maintaining financial discipline and flexibility

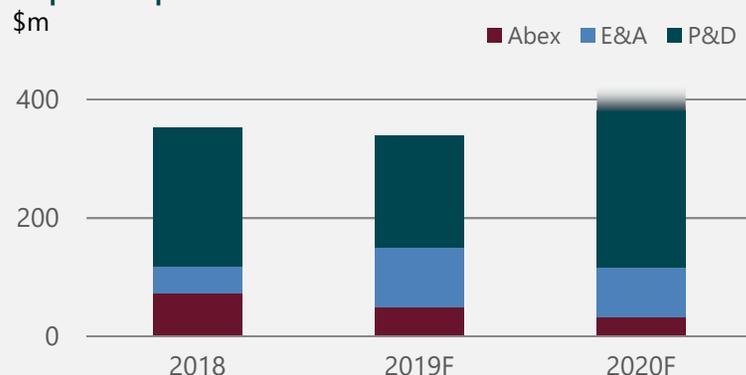
## Capital discipline

- P&D expenditure focused on high return, quick payback projects
- Financing partnerships to reduce balance sheet exposure
- Targeted exploration spend
- Ability to flex and control capex as operator

## Tight cost control retained

- No cost inflation on contract renegotiation

## Capital expenditure



## Active hedging programme

- Supported higher cash margins in 1H
- Protects debt reduction and capital investment programme

## Oil hedging

Swaps/forward	2019 2H	2020 1H
% of forecast ent't production	43	24
Average price (\$/bbl)	69	66

## UK gas hedging

Swaps/forward	2019 2H	2020 1H
% of forecast production	16	26
Average price p/therm	62	53

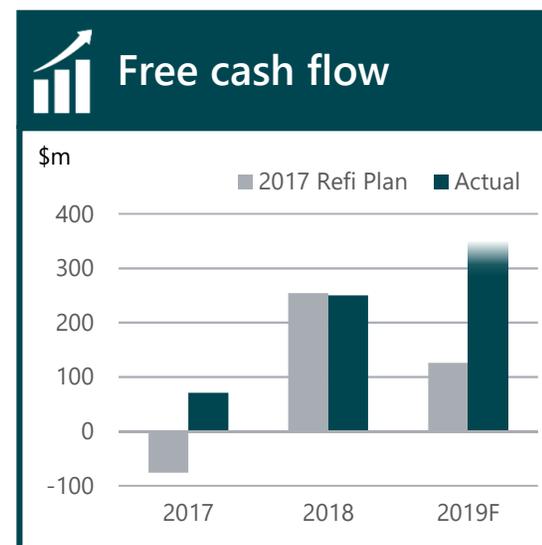
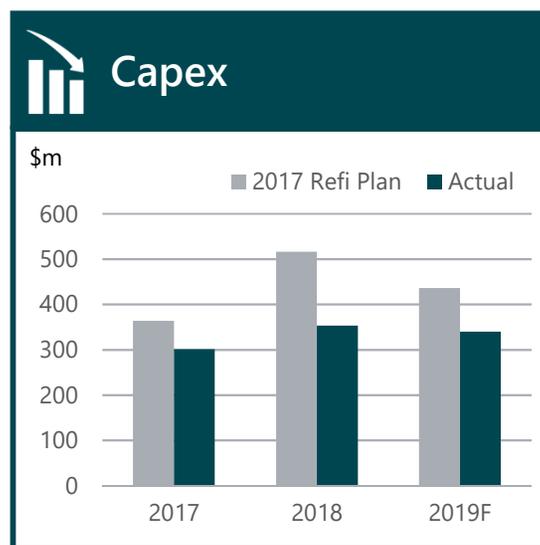
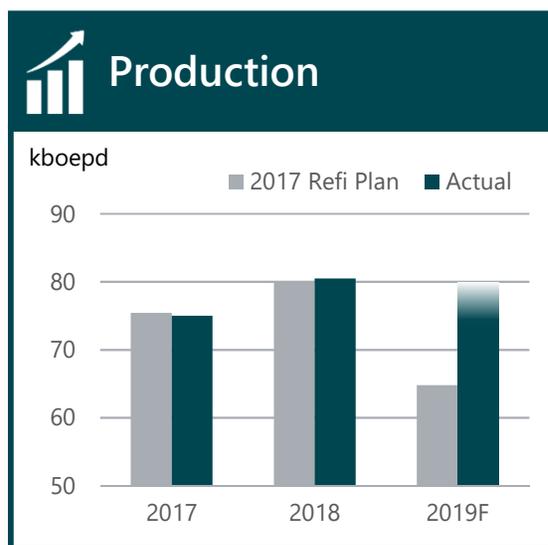
## Indonesia gas hedging

Swaps/forward	2019 2H	2020 1H
% of forecast ent't production	40	39
Average price (\$/BBtu)	9.3	9.3

# Cash flow performance

- Year end 2019 net debt is expected to be c. \$2bn, representing:
  - Accounting leverage ratio of 2x EBITDAX
  - Covenant leverage ratio of 2.3x
  - FCF yield of 48%
  - FCF/Net debt of 16%
- Substantial outperformance against 2017 refinancing plan

**>\$700 million**  
Expected debt  
reduction 2018-19<sup>1</sup>



- Engaging early with banks/bondholders to optimise refinancing, due by May 2021

<sup>1</sup> Excludes proceeds from potential disposals

# Strong 1H performance

## Catcher (50% op)

- 35.1 kboepd (net)
- 99% operating efficiency
- Plateau extended to 2021



## Huntington (100% op)

- 6.8 kboepd (net)
- Scale squeeze
- Power Buoy installed



## Elgin Franklin (5.2% non-op)

- 6.5 kboepd (net)
- Interventions, infills
- Field life extended to 2039



## Chim Sáo (53.1% op)

- 12.4 kboepd (net)
- Successful interventions
- Opex savings

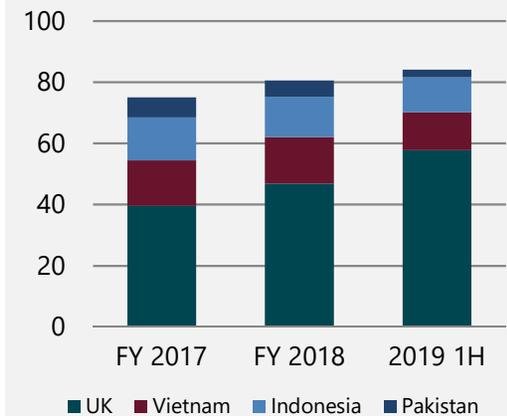


## NSBA (28.7% op)

- 11.1 kboepd (net)
- BIG-P progress
- Gajah Baru 8 yrs without LTI



## Group production (kboepd)



# Top tier operating efficiency

## UK operating efficiency

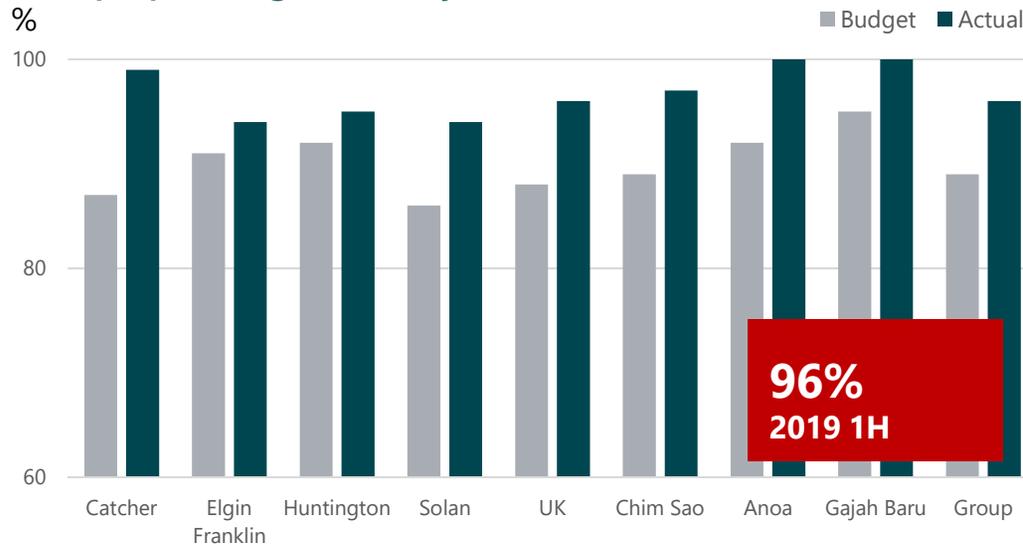
- UKCS operating efficiency improved for sixth consecutive year
- PMO 3 year average (2016-2018) 80% compared to UKCS of 74%
- PMO 2019 1H UK operating efficiency of 95%



## UKCS operating efficiency trend



## Group operating efficiency



- Continued investment in asset integrity through the cycle
- Underpinned by 99% operating efficiency at Catcher
  - New build FPSO
  - Plant/reservoir management
  - Excess well deliverability
- Real time monitoring and optimisation

# Incremental investments generating \$650m NPV



## Approved investments

- Converting resources into the production base

Asset	Activity	Timing
Elgin Franklin	Infill programme	Ongoing
Chim São	Well intervention campaign	2019
Ravenspur North	2 Infill wells	2019/20
Solan	Third development well (P3)	2020
Catcher Area	19 <sup>th</sup> well, Catcher North, Laverda	2020



## Asset opportunities being matured

- Investments expected to be approved within next 12 months
- Additional upside (not listed here) still to be fully defined

Asset	Activity	Timing
NSBA	2 infill wells and a side track	2021
Chim São	2 infill wells, well interventions	2021
Catcher Area	4 infill wells	2021/2
Solan	Water Injection side track	2022
Elgin Franklin	2 infill wells	2022
Tolmount	5 <sup>th</sup> well, Tolmount East	2022/23

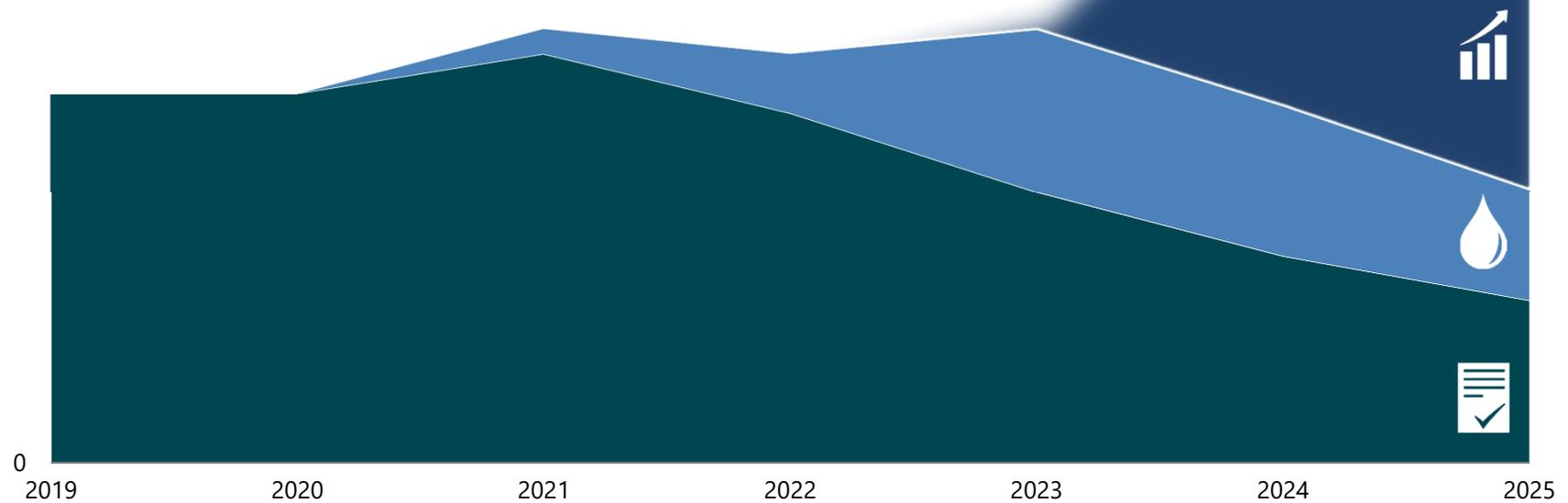
# Delivers a new base profile

- Investment characteristics
  - Low cost, rapid payback projects (typically less than 1 year)
  - High return on capital (IRR>20%)
  - Robust at low oil prices
- Maintains production at 75-80 kboepd out to 2024

## Indicative production profile

kboepd

100



# Tolmount – on track

Gross resource  
**500 Bcf**

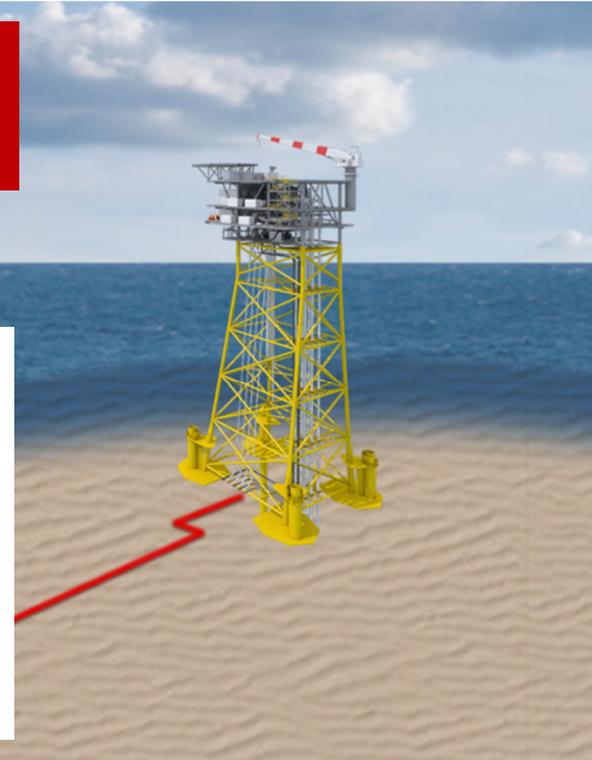
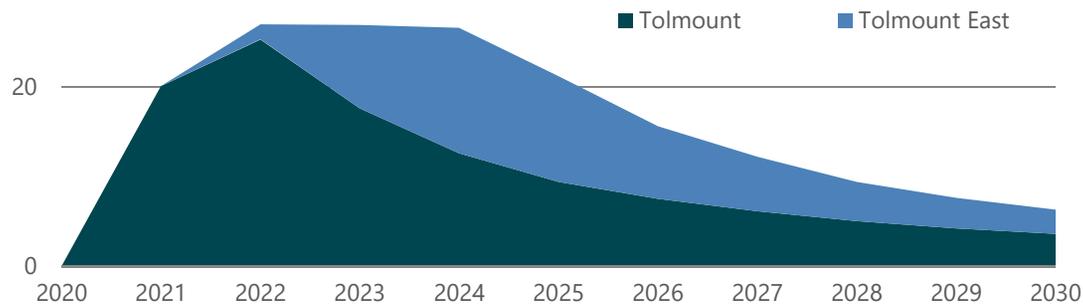
Net Capex  
**\$120 m**

Payback  
**<1 year**

Gross Peak Production  
**58 kboepd**

## Tolmount: Premier's next UK growth project

kboepd (net, Premier 50% op.)



Platform construction  
(Rosetti's Ravenna yard)



Platform sailaway Q2 2020

Pipelay (Saipem's Castoro Sei)



Pipelay to commence in mid-2020

Offshore installation  
(Heerema's Sleipner)



Offshore installation  
scheduled for Q2 2020

Centrica's Easington Terminal



Modifications underway

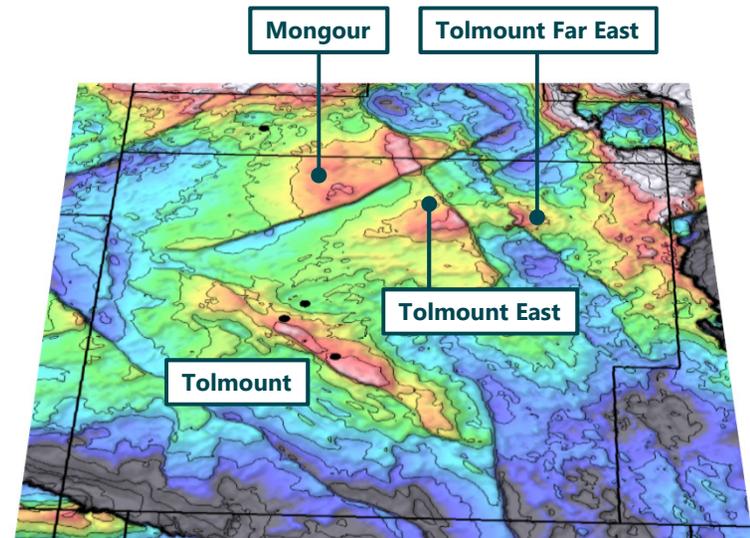
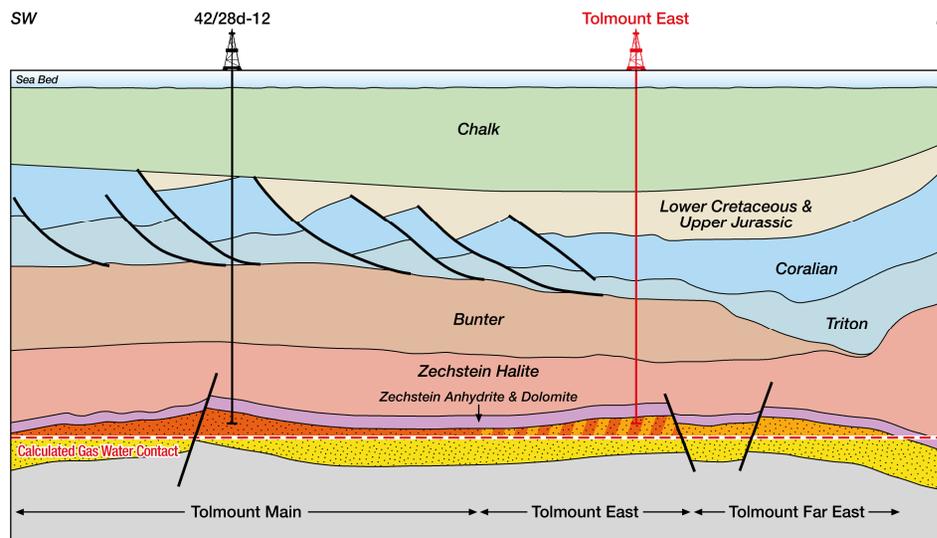
Enso 123



Drilling starts Q2  
2020

# Tolmount East – drilling ahead

- Spudded 8 August; results expected October 2019
- Testing extension to Tolmount structural closure above gas water contact
- On success, tied back to Tolmount for first gas in 2023
  - Benefits from low tariff structure
  - Quick pay-back
  - De-risks Tolmount Far East

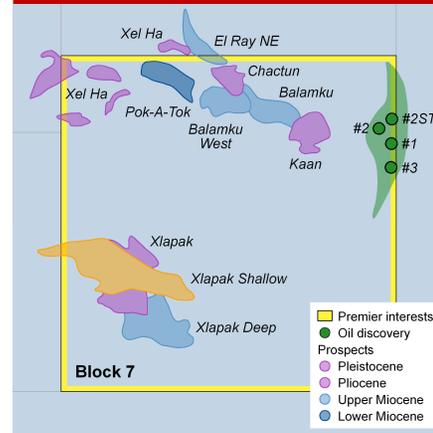
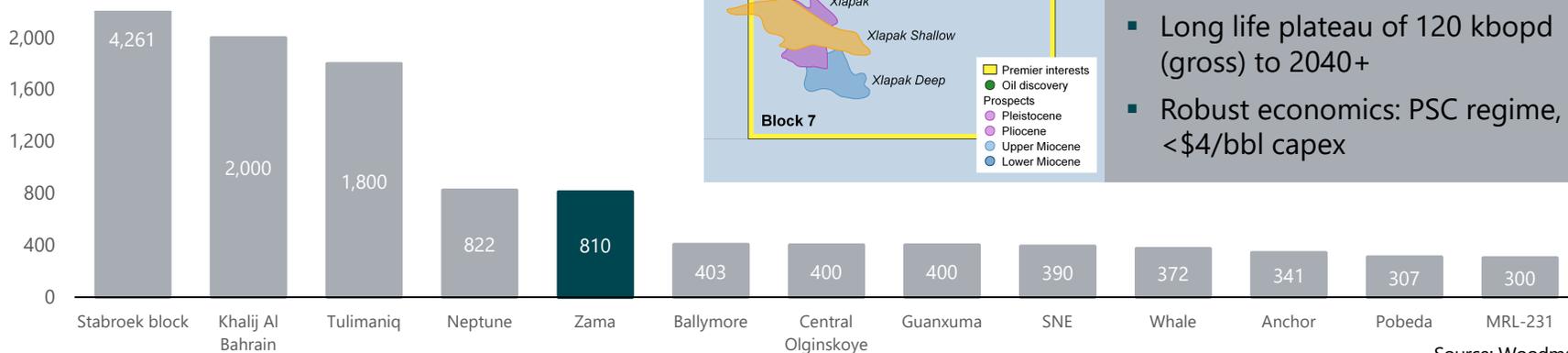


# Block 7 Zama oil field successfully appraised

- Sales process underway for Premier's 25% interest in Block 7
  - Highly-marketable asset
  - Materially strengthens balance sheet
- Optimal time to monetise
  - Appraisal campaign completed
  - Significant resource upgrade
  - Modest capital investment to date
- FDP submission targeted for 2020



Largest offshore oil discoveries in last 5 years  
mmbbbls



### Indicative development

- Simple, conventional development plan
- Peak gross production of 150–175 kboepd
- Long life plateau of 120 kboepd (gross) to 2040+
- Robust economics: PSC regime, <\$4/bbl capex

Source: Woodmac

# Disciplined approach to exploration and appraisal

650 mmbc of net prospective unrisks resource to be drilled in the next three years

- Target under-explored, emerging plays in proven hydrocarbon provinces
  - Expanded South Andaman Sea position
  - Successful entry into the Alaska North Slope
- Drill high impact wells within a strict capital discipline framework (c. \$75m per annum)
- Current industry conditions favour cost effective acreage acquisition
- Focused on maximising value through divestment or future development

2019 2H	<b>UKCS</b>	Tolmount East drilling ahead
2020	<b>Alaska</b>	Malguk-1 appraisal well
	<b>UKCS</b>	4D seismic over Catcher Area
	<b>Brazil</b>	Ceara 717 exploration well
2021	<b>Mexico</b>	Block 30 exploration well
	<b>Alaska</b>	Malguk-1 appraisal well side-track
	<b>Indonesia</b>	Andaman Sea drilling starts
	<b>Brazil</b>	Ceara 661 exploration well
2022	<b>Mexico</b>	Block 30 2 <sup>nd</sup> exploration well
	<b>UKCS</b>	Tolmount Far East well



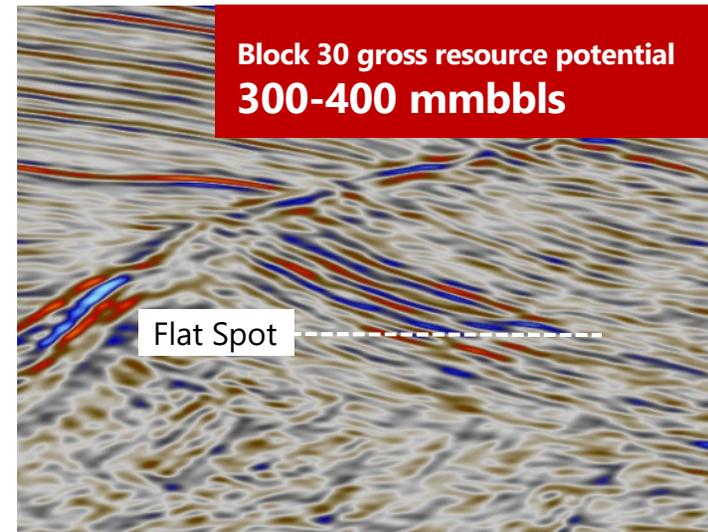
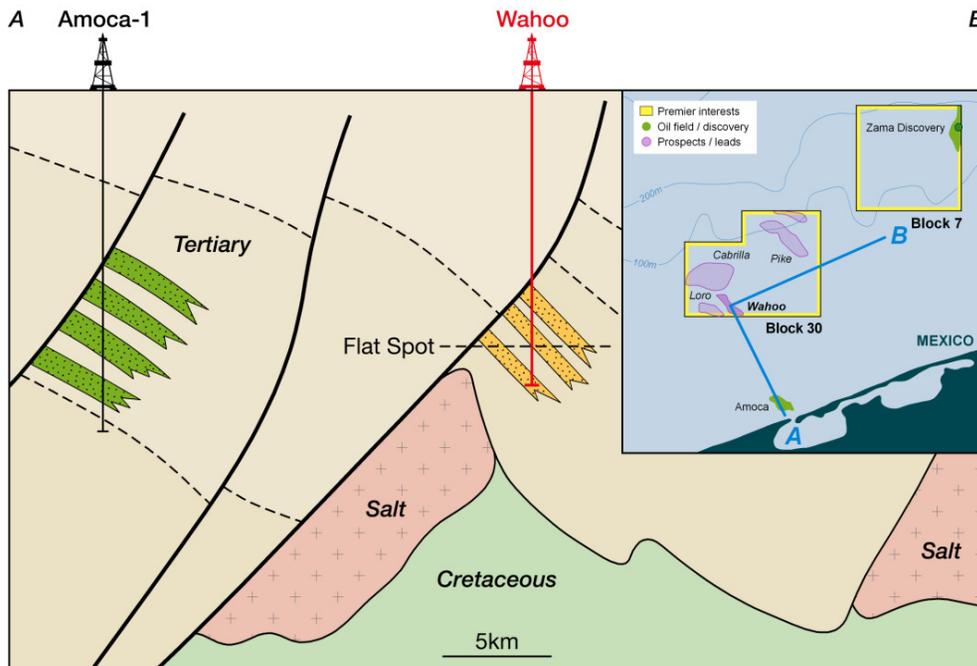
# Material acreage position in Mexico beyond Block 7

## Block 30 (Sureste Basin) (Premier 30%, non op)

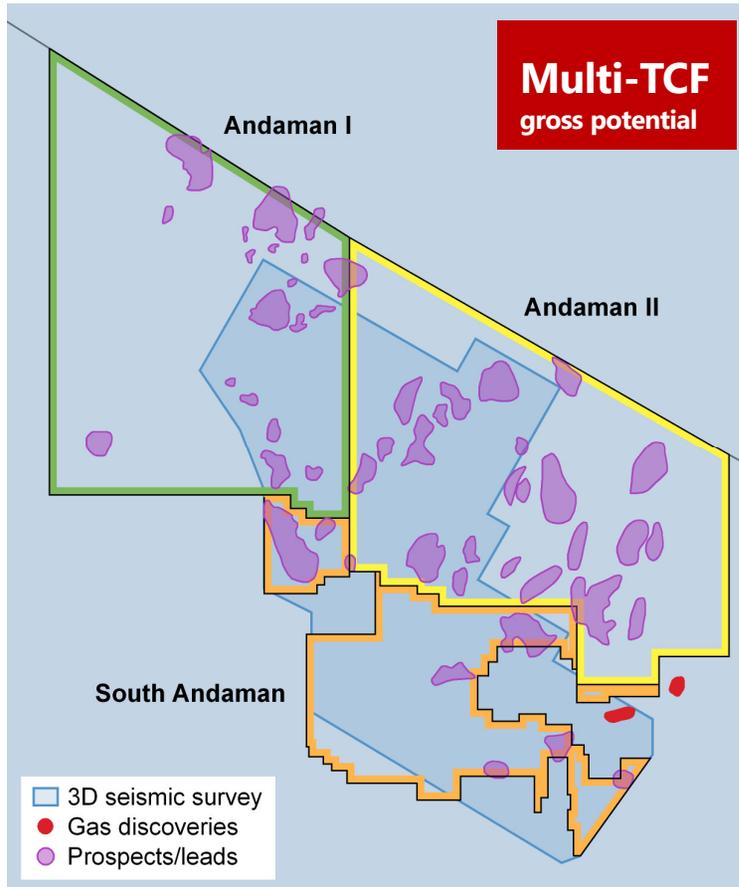
- Block-wide 3D seismic survey completed
- Wahoo flat spot similar to Zama
- Drilling activity targeted for end 2020/early 2021
- Significant follow on potential

## Blocks 11 & 13 (Burgos Basin) (Premier 100%, op)

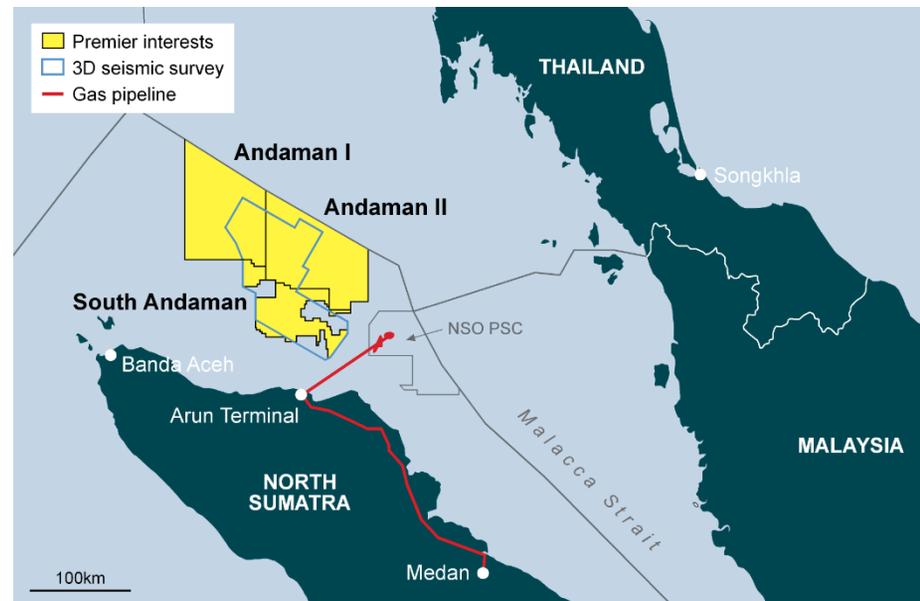
- Reprocessing of existing 3D seismic scheduled to complete in Q1 2020



# Andaman Sea: low cost entry, new regional play



- Expanded position in the South Andaman Sea gas play
  - Low upfront costs
  - No well commitments
- 3D survey completed; encouraging initial results
  - Prospectivity of DHIs on 2D seismic confirmed
  - Further upside identified
  - Final results/interpretation during 2020
- 2 well programme targeted for 2021 (Andaman II and South Andaman)



Asset	Operator	Interest	Partners
Andaman II	Premier	40%	Mubadala, Kris Energy
Andaman I	Mubadala	20%	Mubadala
South Andaman	Mubadala	20%	Mubadala

# Alaska: prolific super basin, renewed industry interest

Cost effective entry into an emerging play in a proven oil province

## Alaska North Slope

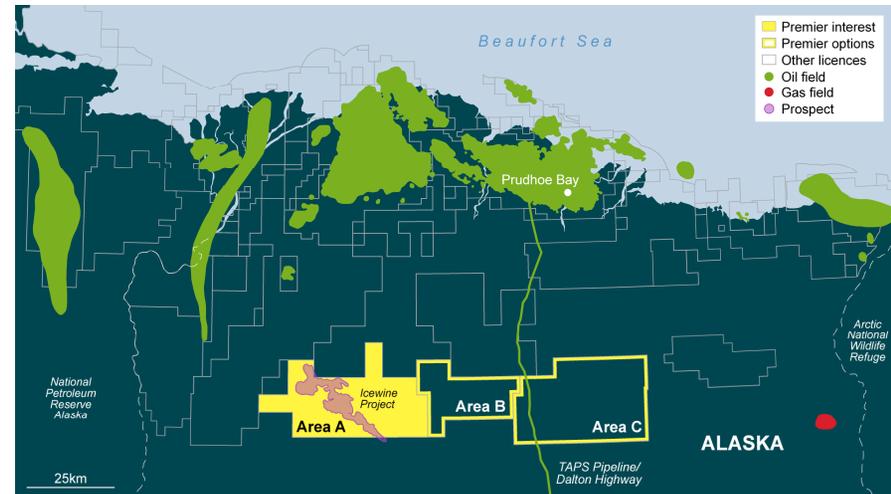
- Historical focus has been on the deeper Jurassic/Triassic Ellesmerian Play
- Under-explored conventional Cretaceous Brookian play unlocked through technological advances

## The transaction

- Farmed in for a 60 per cent interest in Area A
  - \$9.2m carry (partners' share of appraisal cost)
- On completion of appraisal, option to acquire 50 per cent of Area B or C
  - \$7.5m carry (partners' share of seismic acquisition)

## Indicative time line

- Vertical appraisal well (Q1 2020)
- Lateral side-track to appraisal well (Q4 2020)
- Development drilling (2024)
- First oil in 2024/2025



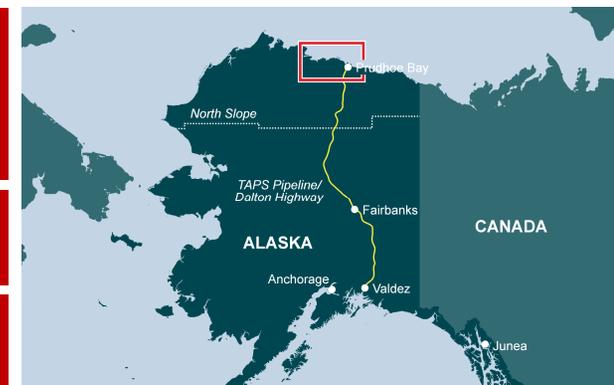
Major ANS Licence holders



**>4bn bbls**  
discovered in  
Brookian play  
since 2013

Emerging play in  
proven basin

Close to  
infrastructure



# Area A, Alaska North Slope

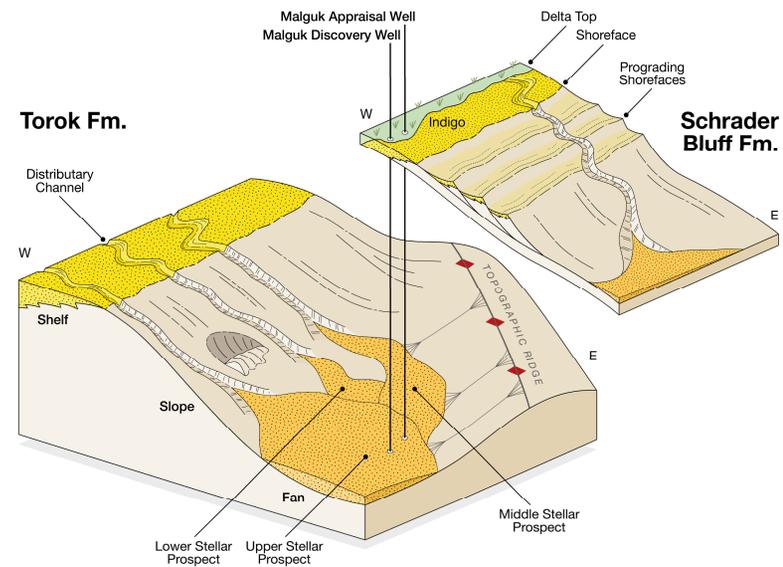
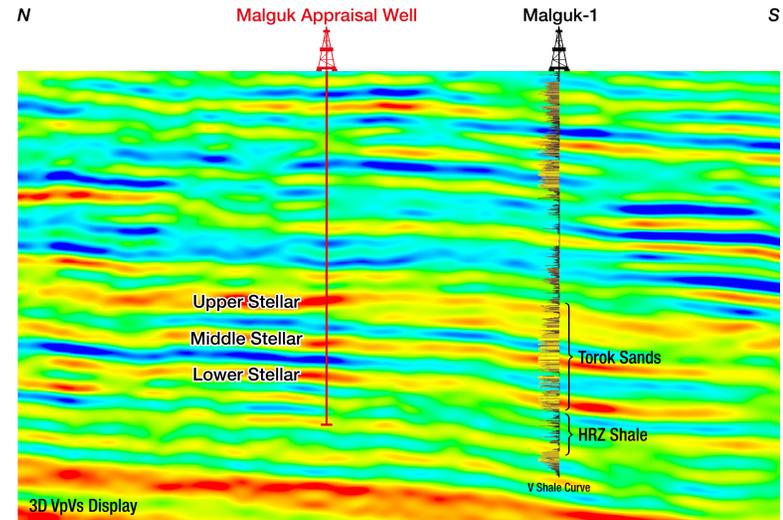
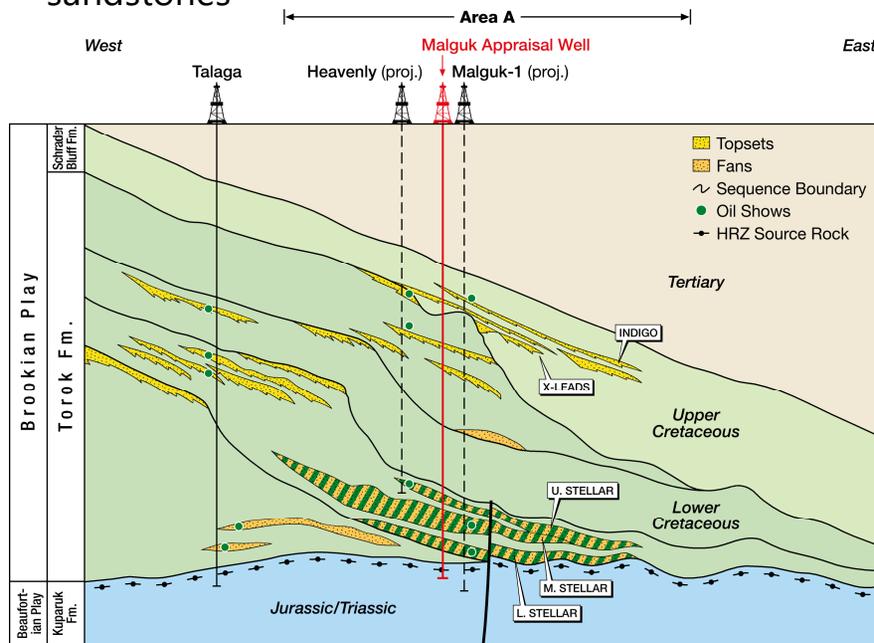
## Malguk-1 discovery (1991)

- Jurassic/Triassic target
- 251 feet of conventional light oil pay found in the Torok sandstones in the shallower Brookian Play but not flow tested

**> 1bn bbls  
STOIP**

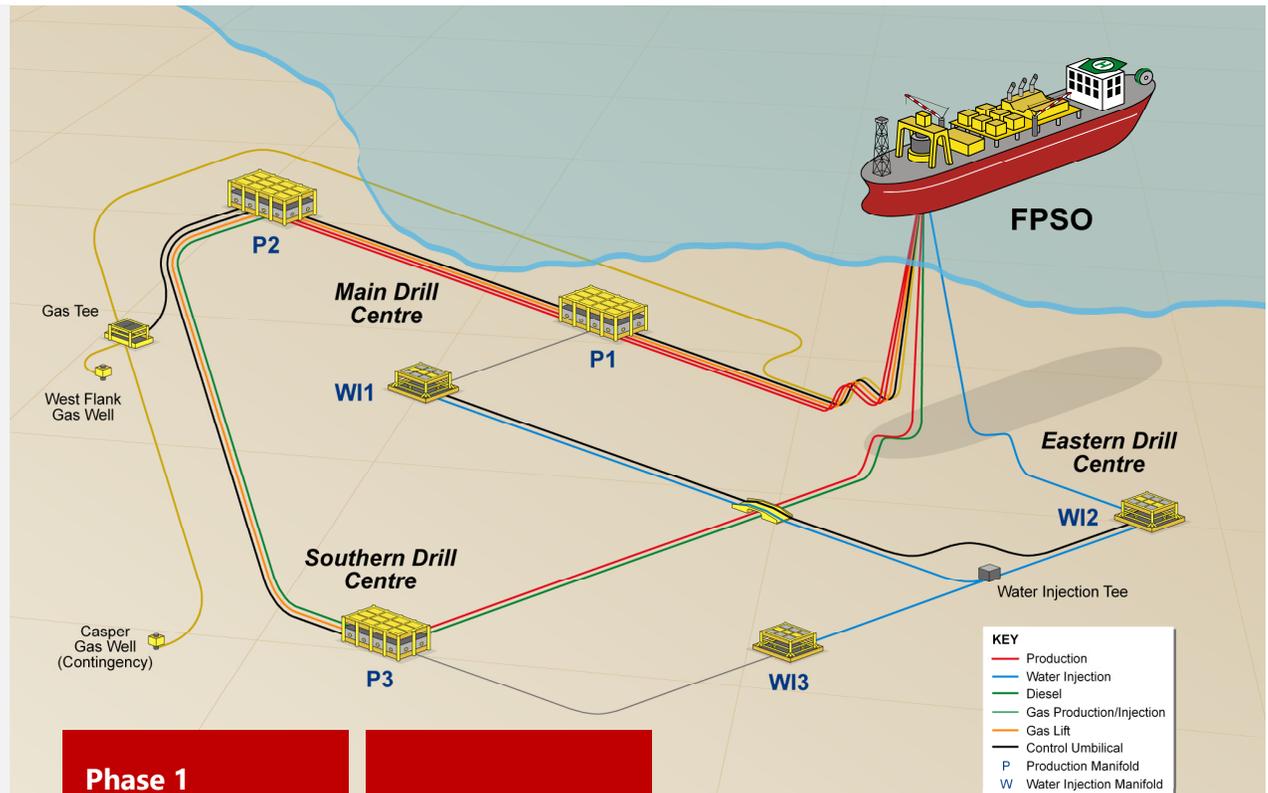
## Appraisal well (Q1 2020)

- Test reservoir deliverability of Torok sandstones
- Additional prospectivity in Schrader Bluff sandstones



# Sea Lion – the opportunity

- World scale development
- Conventional new build FPSO/subsea development
  - Substantially de-risked
  - Best available technology
- Tier 1 supply chain in place
  - Value engineering complete
  - Vendor funding agreed
- Project optimised
  - Reserves increased to 250 mmbbls
  - \$1.8bn pre-first oil capex (gross)
  - Substantial value
  - Rapid payback, high capital efficiency
- Supportive government with attractive fiscal regime



**Phase 1  
cash breakeven  
~\$40/bbl**

**Peak annual FCF  
>\$1.5bn**

### Financing plan advanced

- PIM, Expert Reports submitted to Export Credit Agencies
- Vendor funding agreed with main contractors
- Farm down process launched



# Key takeaways and 2H outlook

## Key takeaways

- Strong positive free cash flow driving debt reduction
- Much improved credit metrics, in line with peers
- Multiple opportunities for low cost investment in producing assets
- Portfolio management to crystallise development asset value
- Building material new positions in emerging plays

## 2H outlook



August 2019



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