

2020

# Creating a resilient UK independent oil and gas company of scale with a global footprint

March 2021

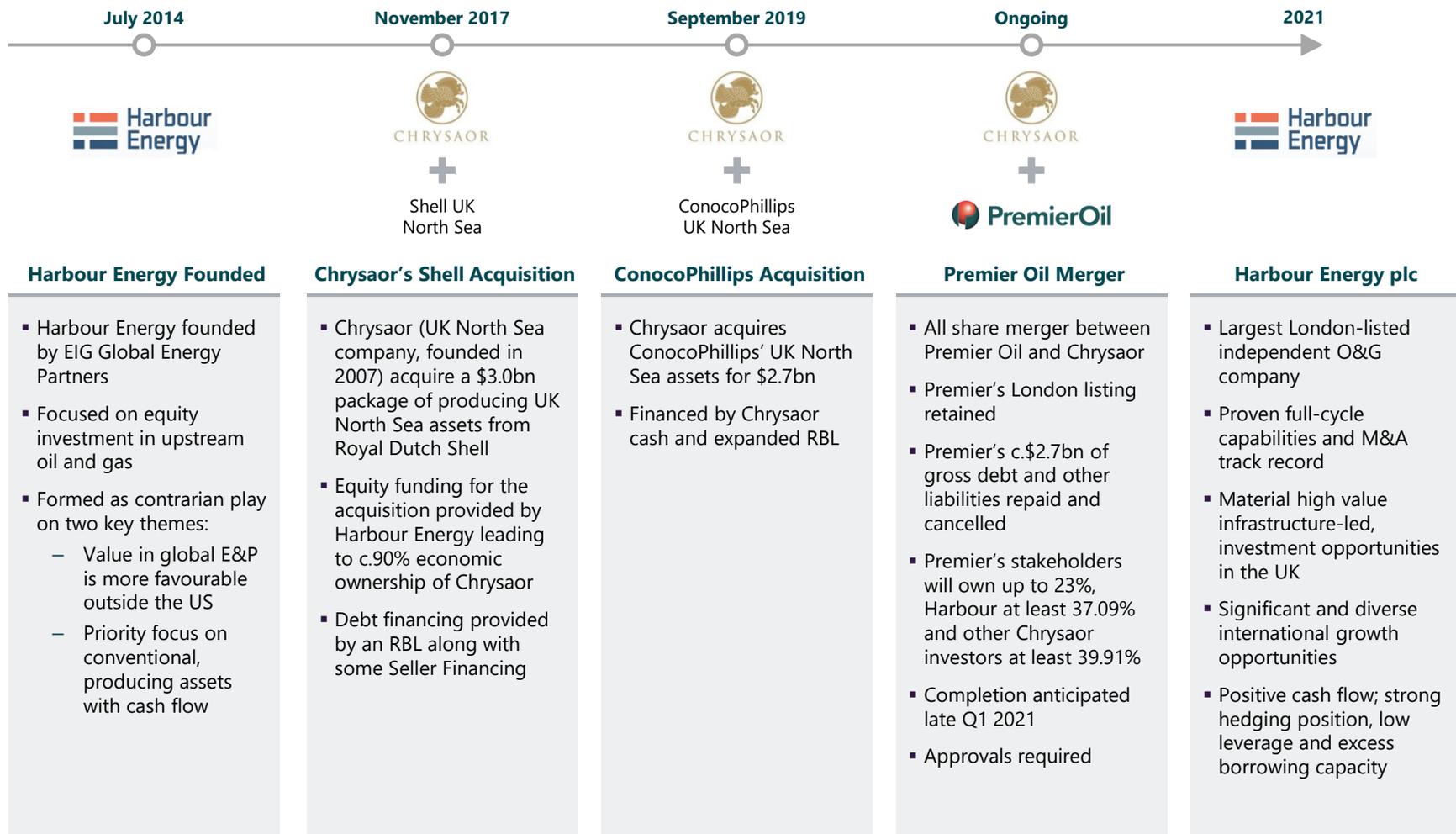


# Chrysaor & Premier Merger: Milestones to Completion

Timing	Milestone	
<b>6 Oct 2020</b>	Transaction announcement	
<b>3 Nov 2020</b>	Creditor support announced	
<b>23 Nov 2020</b>	RBL syndication completed	
<b>30 Nov 2020</b>	Norway (MPE) regulatory approval received	
<b>3 Dec 2020</b>	European Commission merger control clearance received	
<b>16 Dec 2020</b>	Publication of Prospectus, Shareholder Circular and Notice of General Meeting	
<b>12 Jan 2021</b>	General Meeting of Premier's shareholders – shareholder approval received	
<b>22 Feb 2021</b>	Restructuring Plan Creditor Meetings	
<b>Q1 2021</b>	Other regulatory (UK, Falkland Islands) and antitrust (Vietnam and Mexico) approvals	
<b>March 2021</b>	Completion and readmission to listing by end Q1 2021	

# The evolution of Harbour Energy plc

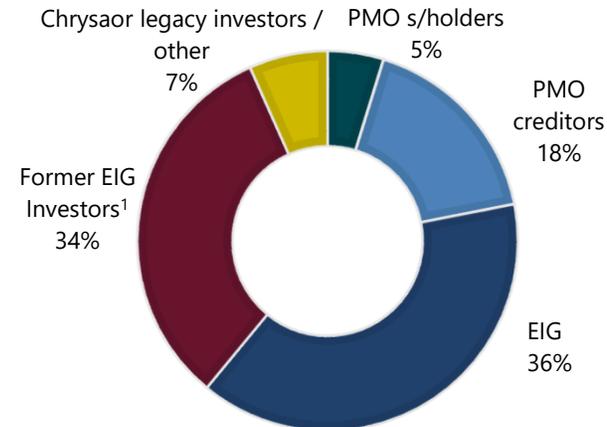
Asset base underpinned by Shell & ConocoPhillips North Sea asset acquisitions and merger with Premier Oil



# FTSE Inclusion and Investability Weighting<sup>1</sup>

- Harbour is expected to meet all FTSE inclusion criteria upon readmission in April
- Enlarged issued share capital expected to enter FTSE All Share in June with >23% investability weighting, rising to c. 64% in December
- Approximately 10% of the investability adjusted free float of the LSE Main Market is tracked by UK index / quasi index funds
- Enlarged ISC of Harbour will be considered in the September review for FTSE Index Inclusion

## Pro forma ownership structure



<sup>2</sup> Former EIG Investors consist of global investors, sovereign wealth funds, pension funds and other asset managers

	Ownership	Ownership subject to lock-up	Length of lock-up
<b>Premier shareholders</b>	5%	None	N/A
<b>Premier creditors</b>	18%	TBC	Small holders (< 2.7%): none; Large holders: 3-6 months
<b>Former EIG Investors<sup>(1)</sup></b>	34%	>30%	6 months
<b>Chrysaor legacy investors / other</b>	7%	7%	6 months
<b>EIG</b>	36%	36%	12 months

<sup>1</sup> Ultimate determinations on eligibility, index ranking and weighting will be made by FTSE and that numbers are estimates only and based on the current register

# Highly experienced leadership team and Board



## Linda Cook

*CEO,  
Executive Director*

- Currently Managing Director and Executive Committee member of EIG Global Energy Partners and CEO of Harbour Energy
- Retired from Royal Dutch Shell in 2010, at which time she was a Board of Directors and Executive Committee member
- During her 29 years with Shell she held positions including CEO of Shell Gas & Power, Executive Director & CEO of Shell Canada, EVP Strategy & Finance for Global Exploration & Production



## Phil Kirk

*President & CEO of Europe,  
Executive Director*

- Currently CEO of Chrysaor, which he founded in 2007
- Oil & Gas UK Board member
- Established CH4 Energy in 2002 and was MD there until its sale to Venture Production in 2006
- After qualifying as a chartered accountant he joined Hess where he held several roles including head of finance, N.W. Europe



## Alexander Krane

*CFO,  
Executive Director*

- Currently Investment Director at Aker ASA
- CFO of Det Norske responsible for all financial functions as well as strategy, business development and M&A between 2012 and 2016. After the merger with BP Norway in 2016, he remained CFO of the merged entity, Aker BP, until 2019
- Started his career at KPMG, working in both Norway and the US. After working at Norse Energy Corp as Group Controller, he joined Aker ASA as Corporate Controller in 2010

## R. Blair Thomas

*Chairman, Nomination  
Committee Chair*

- >30 years' experience in investment management with a focus on energy and infrastructure
- Blair is the CEO of EIG and chairs the Investment and Executive Committees

## G. Steven Farris

*NED*

- Chairman and CEO of Apache Corporation since 2009 and 2002, respectively, until retirement in 2015
- NED of Chrysaor since 2017 and has been a member of the Harbour Board since 2015

## Simon Henry

*Senior INED*

- 35 years in an executive career with Shell, retiring as CFO and Executive Director in 2017
- He has since developed a portfolio of non-executive and advisory roles, in both the public and private sector

## Anne Stevens

*INED, Chair Remuneration Com.*

- >30 years' experience in manufacturing, management and executive roles
- Previously Exec. VP of Ford, CEO of Carpenter Technology, CEO of GKN Aerospace and chairman, CEO and principal of SA IT

## Anne Marie Cannon

*INED*

- >35 years' experience in the oil and gas sector through senior roles within investment banking and quoted companies
- Deputy Chair of Aker BP ASA, NED at STV Group and advisor at PJT Partners
- Currently NED at Premier Oil

## Alan Ferguson

*INED, Chair Audit & Risk*

- >20 years of executive experience in mining and automotive industries
- Previously Group FD of Inchcape, the BOC group and CFO of Lonmin
- NED & ARC Chair at AngloGold Ashanti and Marshall Motor Holdings

## Margareth Øvrum

*INED, Chair HSES Committee*

- 39 years with Equinor, including 16 years on Executive Committee
- NED & ESG/Sustainability Committee member at TechnipFMC and FMC Corp
- Former NED of Alfa Laval, Atlas Copco, Ratos & Siemens Norway

## Andy Hopwood

*INED*

- >40 years experience in the global oil and gas industry gained during his long association with BP
- Retired from BP in 2020, having spent 10 years serving as a member of BP's Executive Team and COO of Upstream

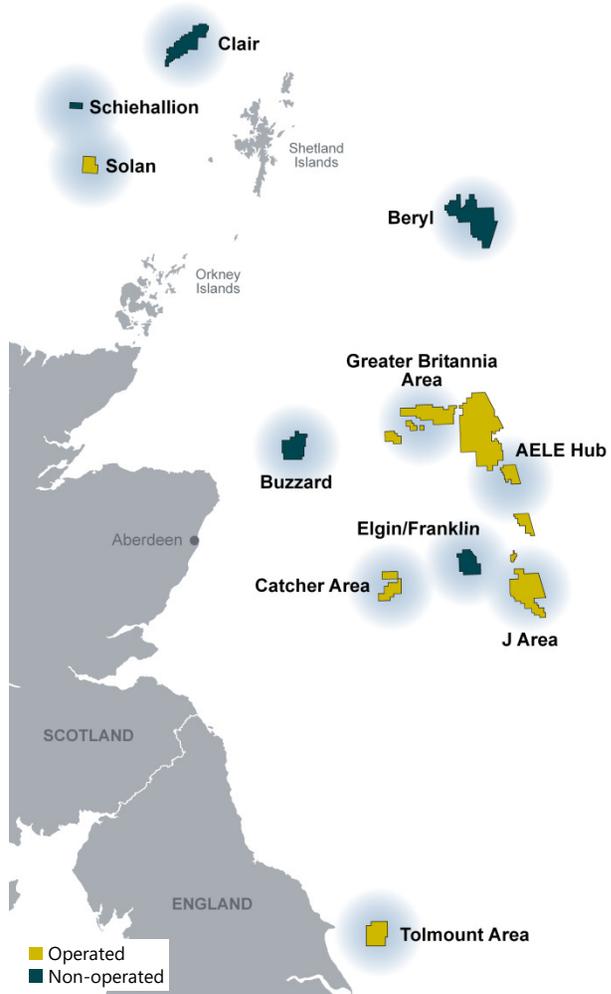
# Harbour Energy: a new, unique investment opportunity

<p><b>1</b> UK's largest-listed independent O&amp;G company</p>	<ul style="list-style-type: none"> <li>▪ Combined production of 235 kboepd for first 11 months of 2020</li> <li>▪ Significant international growth opportunities</li> <li>▪ Upper quartile of FTSE250</li> <li>▪ Competitive within peer group of large, international, independent O&amp;G companies (AkerBP, Lundin, Apache, Hess, Marathon, etc)</li> </ul>
<p><b>2</b> A diversified UK business of scale with significant operated position</p>	<ul style="list-style-type: none"> <li>▪ Largest UK oil and gas producer</li> <li>▪ High quality operated hubs: Britannia, J-Area, AELE, Catcher and Tolmount</li> <li>▪ Interests in other UK producing hubs: Clair, Buzzard, Beryl, Elgin-Franklin and Schiehallion</li> <li>▪ Low UK operating costs</li> <li>▪ Access to infrastructure</li> </ul>
<p><b>3</b> Combines two highly complementary businesses</p>	<ul style="list-style-type: none"> <li>▪ Potential substantial cost synergies: UK operations, G&amp;A, financing costs</li> <li>▪ Potential material tax synergies: accelerates use of Premier's \$4.1bn tax losses</li> <li>▪ Complementary UK positions plus global footprint</li> <li>▪ Balance between oil and gas</li> <li>▪ High degree of operational control</li> <li>▪ Opportunity to combine strategies related to reducing carbon footprint</li> </ul>
<p><b>4</b> A stable platform for future growth</p>	<ul style="list-style-type: none"> <li>▪ Producing assets generate free cash flow for re-investment</li> <li>▪ Combined portfolio of organic investment opportunities – capital allocation drives higher returns</li> <li>▪ Global footprint enables broader set of organic and inorganic growth options</li> </ul>
<p><b>5</b> A strong financial position</p>	<ul style="list-style-type: none"> <li>▪ Strong balance sheet and sustainable financing structure</li> <li>▪ Positions the business for a potential investment grade credit rating</li> <li>▪ Expected to offer a dividend to shareholders in the near-term, subject to market conditions</li> </ul>

# UK: a business of scale generating material cash flows

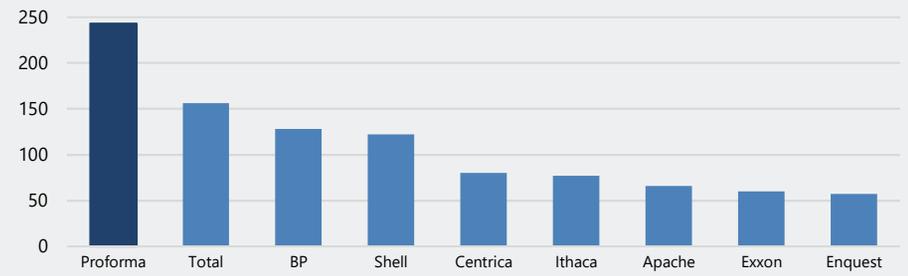
**607 mmbae**  
UK 2P reserves<sup>1</sup>

**436 mmbae**  
UK 2C resource<sup>1</sup>

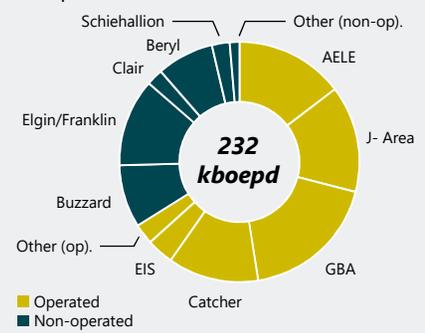


- Diversified, tax-efficient asset base
- Balance of oil vs gas
- Low, stable operating costs
- Significant interest in major UK long life, hub assets
- High degree of operating control
- High value, infrastructure-led investment opportunities

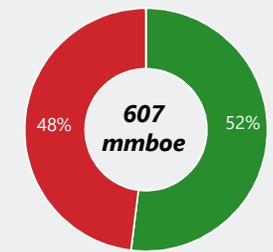
**Largest producer in the UK (2019)<sup>2</sup>**  
2019, kboepd



**Diversified UK production (2020 1H)**  
kboepd



**Balance of UK oil vs UK gas**  
2P reserves as at 30 June 2020<sup>1</sup>



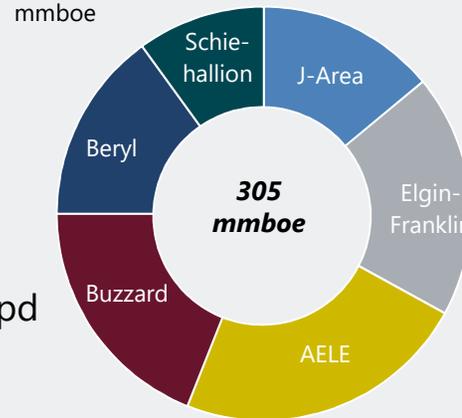
<sup>1</sup> Chrysaor's CPR as at 30 June 2020; Premier's YE 2019 2P+2C less 2020 1H production  
<sup>2</sup> Woodmac for peers

# Shell asset acquisition: a track record in creating value

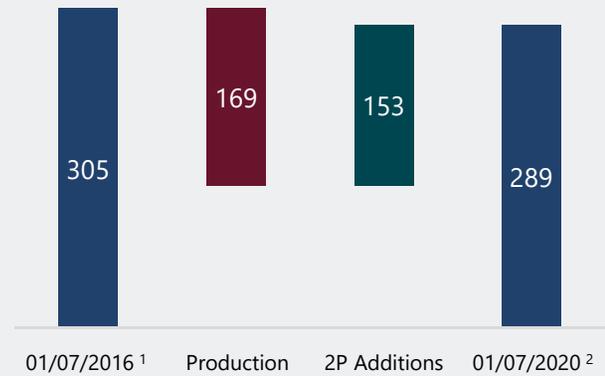
## Key transaction metrics<sup>1</sup>

- Effective date: 1 July 2016
- Acquisition price: \$3.0 bn
- CPR<sup>1</sup> 2P reserves: 305 mmboe
  - Oil / gas split: 58% / 42%
- \$/boe paid: <\$10
- 2017 production rate: 120 kboepd
- \$/boepd paid: c. \$25,200

## Reserve diversification<sup>1</sup>

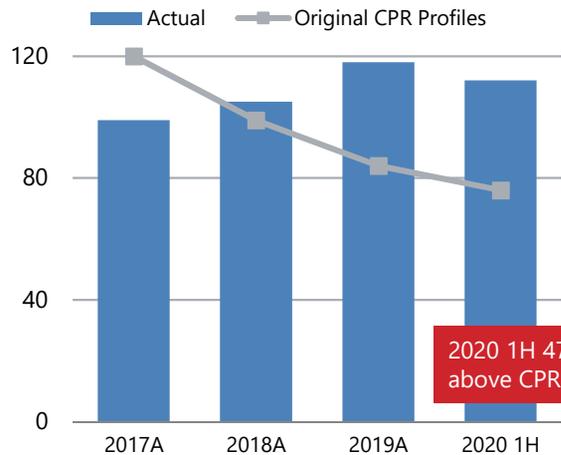


## CPR 2P Reserve replacement - 90%



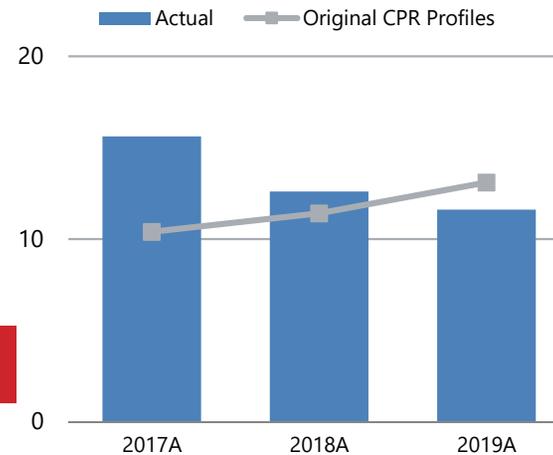
## Production

kboepd



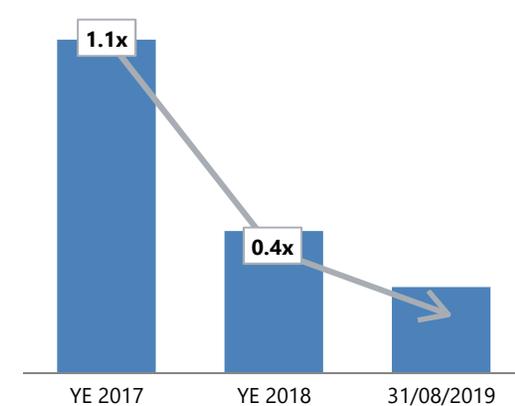
## Operating cost

\$/boe



## Deleveraging profile post Shell acquisition

Net Debt (\$m) Net Debt / EBITDA



<sup>1</sup> Chrysaor's CPR as at 1 July 2016 ("Original CPR Profiles") <sup>2</sup> Chrysaor's CPR as at 30 June 2020 <sup>3</sup> 2017A reflects 2 month ownership period only, production impacted by 3 week FPS shutdown

# Path to Net Zero by 2035

## 1 Low Carbon by design

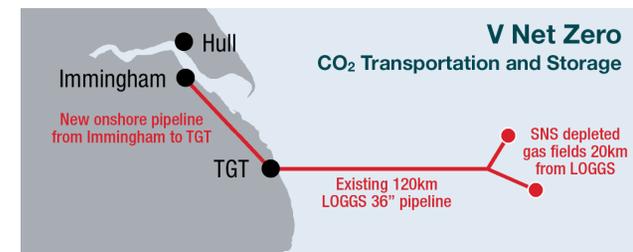
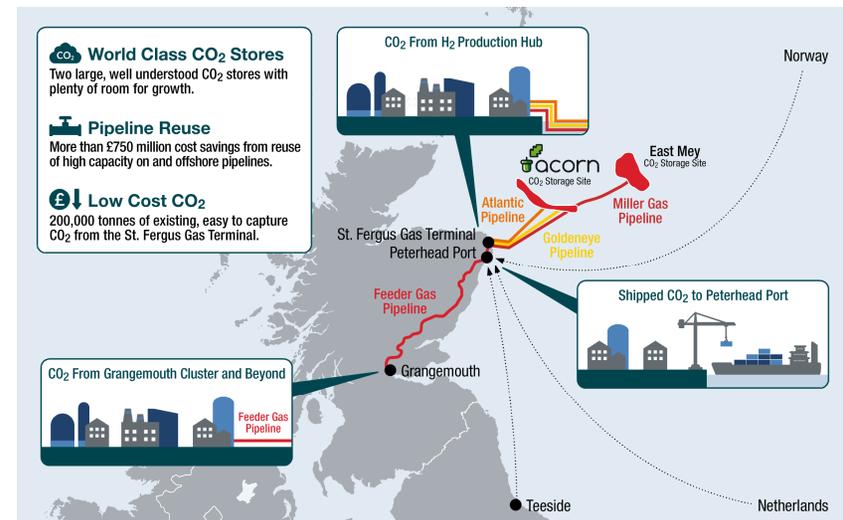
- Measure, manage and minimise emissions
- Improve plant operational efficiency and minimise all venting and flaring
- Electrification of platforms and connection to renewable sources where possible
- Brown field modifications, best available technology
- Leverage supply chain collaboration

## 2 Carbon Neutral by Commitment

### Investment in Carbon Capture Usage & Storage (CCUS)

- Acorn CCS & Hydrogen project, St Fergus, Scotland
  - Industry partnership, led by Pale Blue Dot Energy
  - Phase 1 will capture c. 340,000 tonnes/year of CO<sub>2</sub> emissions from St Fergus gas terminals
  - Acorn Hydrogen is being designed to generate 200 MW of low carbon hydrogen from natural gas landed at St Fergus
- V Net Zero Project, England
  - Aim to develop critical low carbon infrastructure in the Humber region using LOGGS 36" trunkline to enable rapid deployment of CO<sub>2</sub> transport and storage
  - Link in to Humber Zero Project and wider area plans to accelerate and provide redundancy

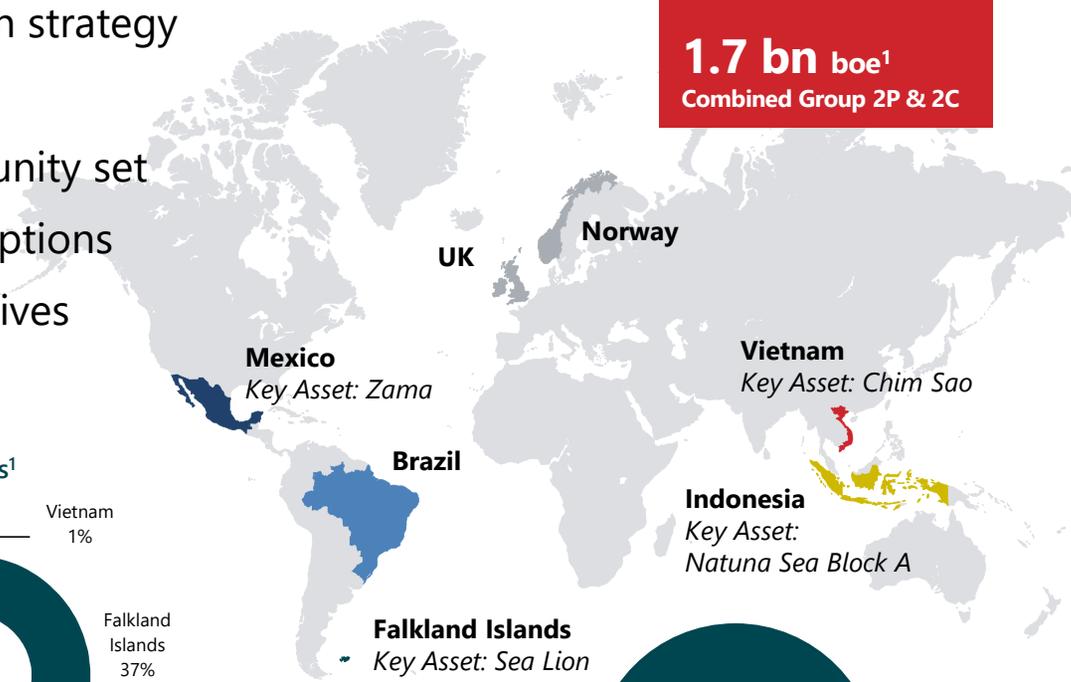
### Investment in Carbon Offsets for an increasing-portion of the Group's residual emissions year-on-year



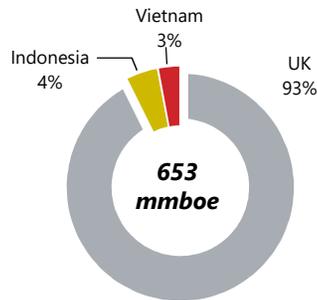
# A platform for future growth

- Ability to pursue a fully funded growth strategy
- Broad set of organic growth options
- A growing international M&A opportunity set
- Diversity provides increased growth options
- Ability to high-grade opportunities drives higher returns

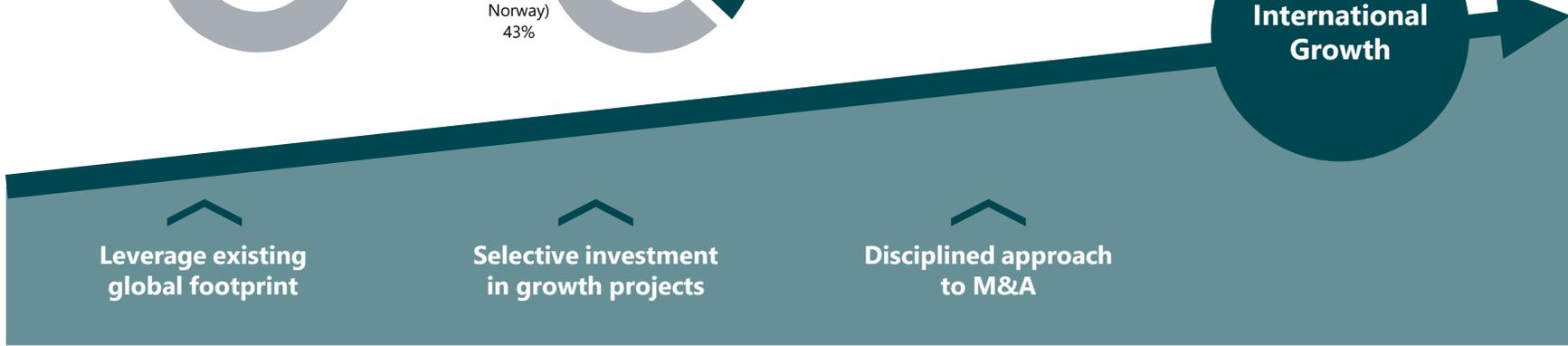
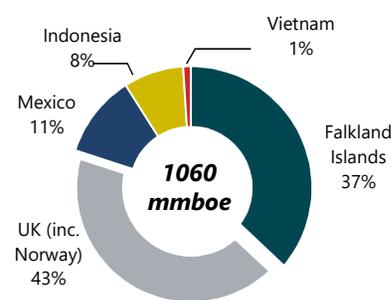
**1.7 bn boe<sup>1</sup>**  
Combined Group 2P & 2C



Group 2P Reserves<sup>1</sup>



Group 2C Resources<sup>1</sup>



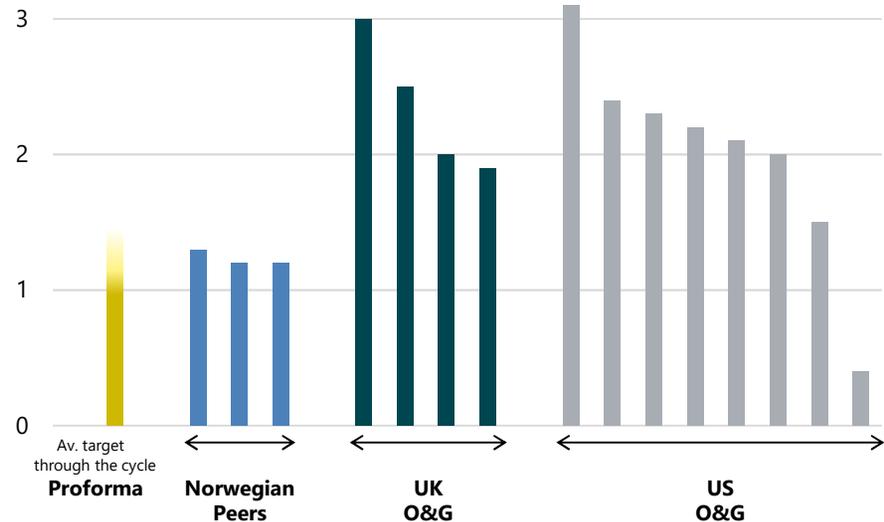
<sup>1</sup> Chrysaor's CPR as at 30 June 2020; Premier's YE 2019 2P+2C less 2020 1H production

# Strong financial position

- Simplified capital structure and strong balance sheet
- Expected proforma net debt on completion of \$3.2bn; no near-term debt maturities
  - 7 year RBL (2 year repayment grace period)
  - Shell Junior debt: First payment due June 2022
- Low average cost of debt of <5%<sup>1</sup>
- Financial flexibility and capital allocation optionality to fund further growth and shareholder returns

## Leverage – peer benchmarking<sup>2</sup>

Net Debt (ex. LCs) / EBITDA



## Robust Financial Framework

Targeting <b>conservative</b> leverage through the cycle	Expect <b>significant liquidity</b> at completion
Expectation to initiate a <b>dividend</b> for full year 2021	Potential for an <b>Investment Grade</b> credit rating

## Material proforma hedging programme

		2021	2022	2023
Oil	Average hedged price (\$/bbl)	60	60	-
	Volume hedged (mmboe)	16	1	-
UK Gas	Average hedged price (p/therm)	43	43	41
	Volume hedged (mmboe)	22	25	19

<sup>1</sup> Based on estimated commitments at completion and current LIBOR rates

<sup>2</sup> Peers data: Bloomberg leverage (Net debt/EBITDA) estimates for full year 2021

# Capital allocation priorities

1

## Balance sheet strength

- Targeting conservative leverage profile through the cycle
- Potential for an investment grade credit rating

2

## Ensuring a robust and diverse portfolio of production, reserves and resource

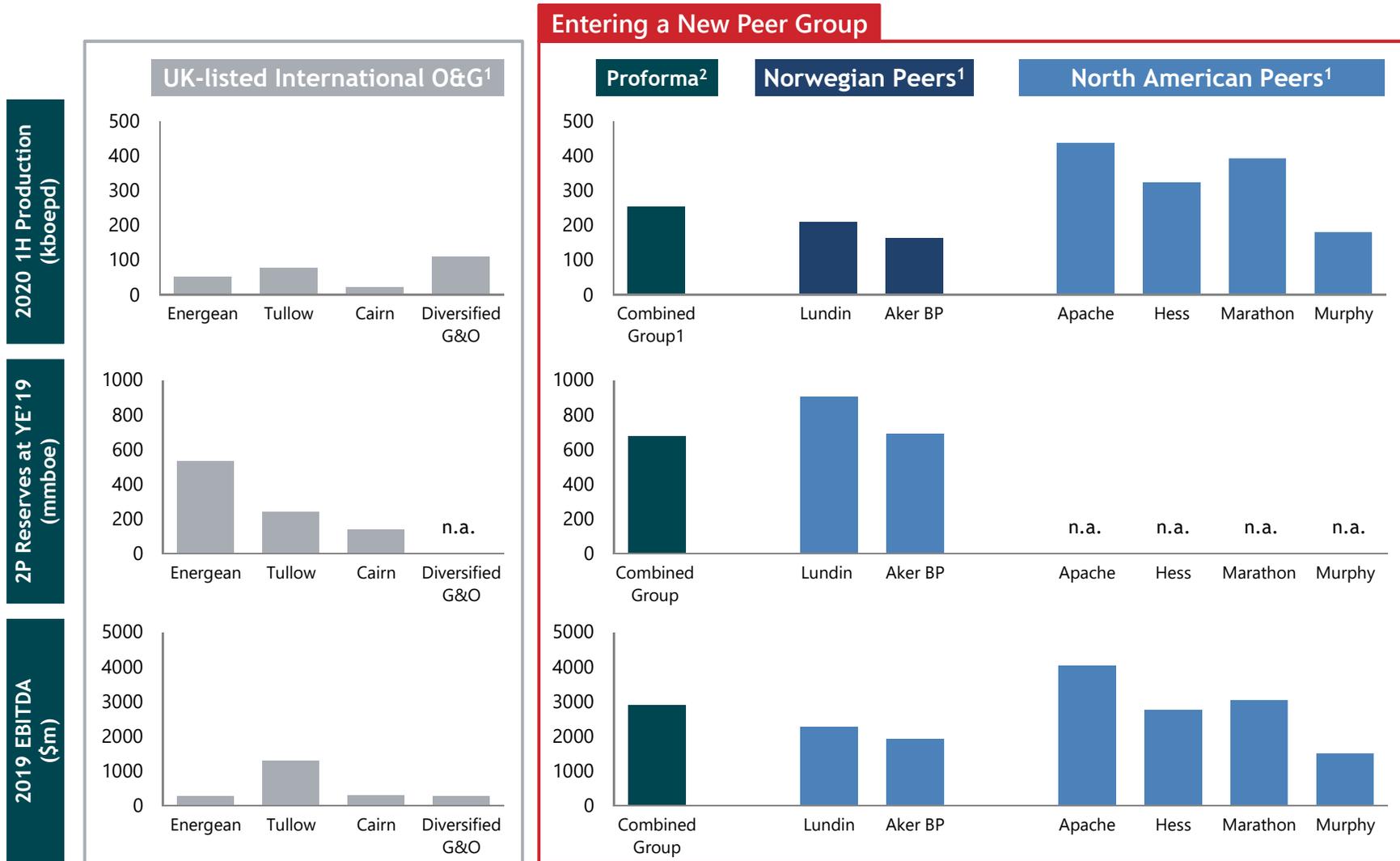
- Invest in the UK to maintain production and cash flow
- Leverage Premier's global footprint to achieve scale in another region

3

## Shareholder returns

- Expectation to deliver a sustainable dividend in the near-term

# Creating a new, independent O&G Company



<sup>1</sup> Company filings, FactSet. Note Energyan benchmark is a proforma figure including acquisition of Edison E&P; transaction signed, still to close

<sup>2</sup> Combined Group 2P reserves as per Chrysaor's CPR as at 30 June 2020 and Premier's YE2019 2P+2C less 2020 1H production

# Harbour Energy plc investment highlights



A UK-listed O&G company joining the US & European peer group of super independents



UK's largest independent oil & gas producer with material operated position



Diversified and low-cost asset base with an attractive global footprint



Strong balance sheet with stable and low cost financing structure



Financial flexibility and capacity to realise value from a top tier development portfolio, international exploration and disciplined M&A



Clear strategy to reduce carbon footprint

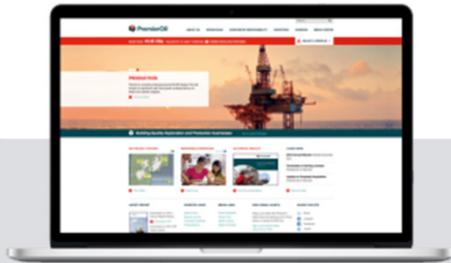


Potential to realise significant cost and tax synergies



Expected to offer a dividend to shareholders in the near-term, subject to market conditions

March 2021



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