# Capital Markets Day Presentation

## Harbour Energy plc

December 2021

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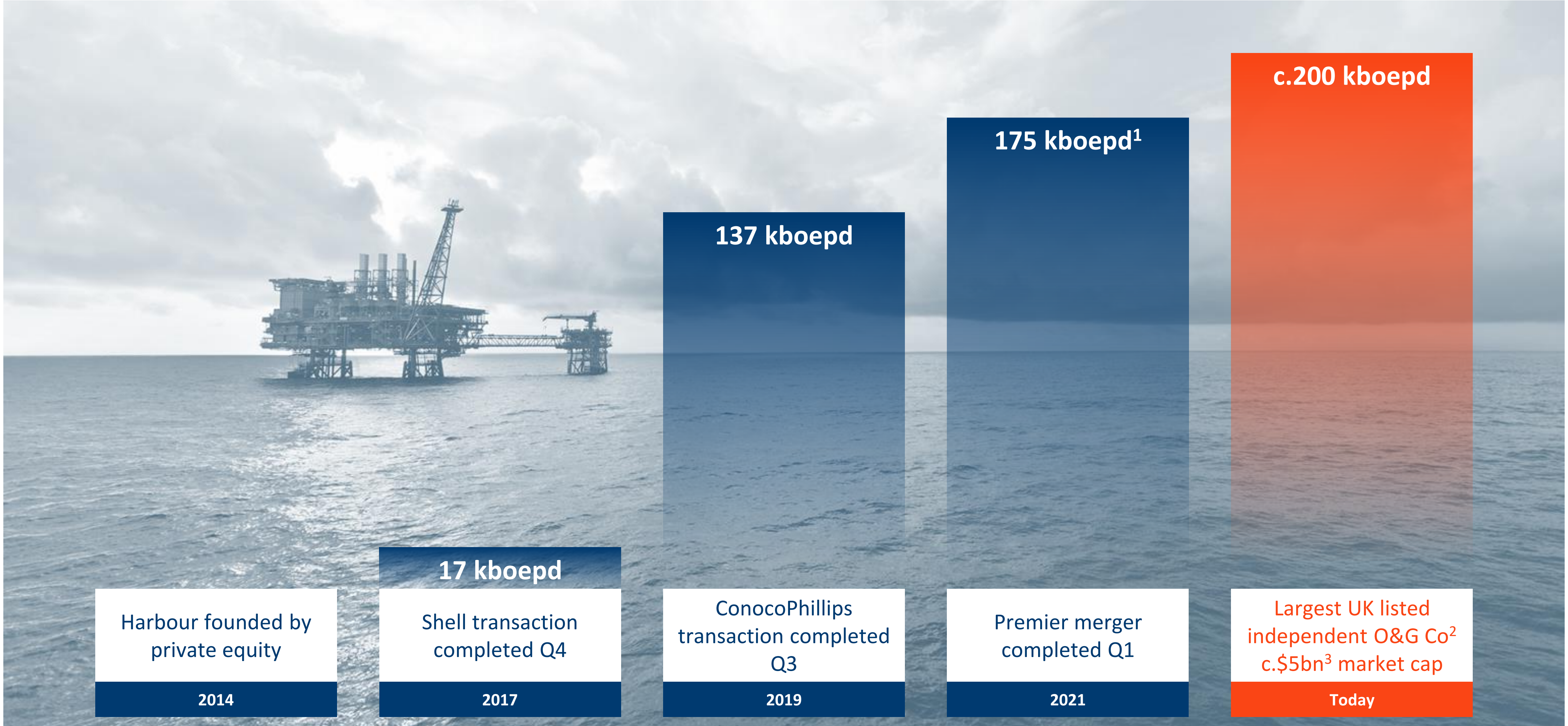
# Introduction and Strategy

Linda Z Cook

# Agenda

| Est. GMT timings | Topic | Presenter |
|---|---|---|
| 12.00 | Introduction and Strategy | Linda Z Cook, CEO |
| 12.20 | Operations and Portfolio Overview | Phil Kirk, President & CEO Europe |
| 12.40 | Guidance and Capital Allocation | Alexander Krane, CFO |
| 13.05 | Wrap up of First Session | Linda Z Cook, CEO |
| 13.05 | Q&A | Linda Z Cook, Phil Kirk, Alexander Krane |
| Break | | |
| 14.00 | Introduction to Session Two | Linda Z Cook, CEO |
| 14.00 | Asset Deep Dives – Europe | Bob Fennell, EVP Europe Operations & Global Technical Services |
| 14.20 | Asset Deep Dives – International | Stuart Wheaton, EVP International |
| 14.35 | Concluding Remarks | Linda Z Cook, CEO |
| 14.35 | Q&A | All presenters |

# Evolution of Harbour




[1] Production is provided on a reported basis so includes Premier's portfolio from 31 March 2021 [2] By market capitalisation and production [3] as at 4 December 2021

# Harbour at a glance

## A global independent O&G company

**c.200 kboepd**
**(2022-2024)**

**$15-16/boe**
Operating cost[1]
(2022F)

**c.950 mmboe**
2P reserves + 2C resources[3]
(YE 2021)

**c.$1.3 bn[2]**
Total capex (inc.decom)
(2022F)

**$200m per annum**
Dividend Policy

**c.1.0x**
Leverage ratio[4]
(YE 2021)

**Net Zero 2035**
Commitment[5]


[1] Assumes $1.35/£ exchange rate [2] pre-tax [3] Preliminary estimate subject to year end reserves and resource audit; excludes Harbour's Falkland Islands' interests
[4] Net debt / pro forma EBITDAX [5] Includes our share of Scope 1 and Scope 2 CO2e emissions from operated and non-operated assets

# Our leadership

## Majority independent board

## Senior management

**Phil Kirk**
*Executive Director*
*President & CEO Europe*

**Linda Cook**
*Executive Director*
*Chief Executive Officer*

**Alexander Krane**
*Executive Director*
*Chief Financial Officer*

**R. Blair Thomas**
*Chairman*
n

**Simon Henry**
*Senior Non-Executive Director*
i a h

**Anne Marie Cannon**
*Non-Executive Director*
i a r

**Steve Farris**
*Non-Executive Director*
h

**Alan Ferguson**
*Non-Executive Director*
*Chair, Audit and Risk Committee*
i a r

**Andy Hopwood**
*Non-Executive Director*
i h n

**Margareth Øvrum**
*Non-Executive Director*
*Chair, HSES Committee*
i h a

**Anne L. Stevens**
*Non-Executive Director*
*Chair, Remuneration Committee*
i n r

**Glenn Brown**
*EVP Subsurface and Portfolio*

**Stuart Cooper**
*EVP Strategy, Commercial and Business Development*

**Howard Landes**
*General Counsel*

**Andrew Osborne**
*Special Projects*

**Gill Riggs**
*Chief Human Resources Officer*

**Stuart Wheaton**
*EVP International*

**Bob Fennell**
*EVP Europe Operations and Global Technical Services*

i Independent Director  a Audit and Risk Committee  h HSES Committee  n Nomination Committee  r Remuneration Committee

# Our investment proposition

**Exposure to pure-play upstream, global O&G company**

**Diverse, cash generative producing portfolio of scale**

**Positioning for the energy transition**

## A unique investment opportunity

**Conservative financial risk management policy**

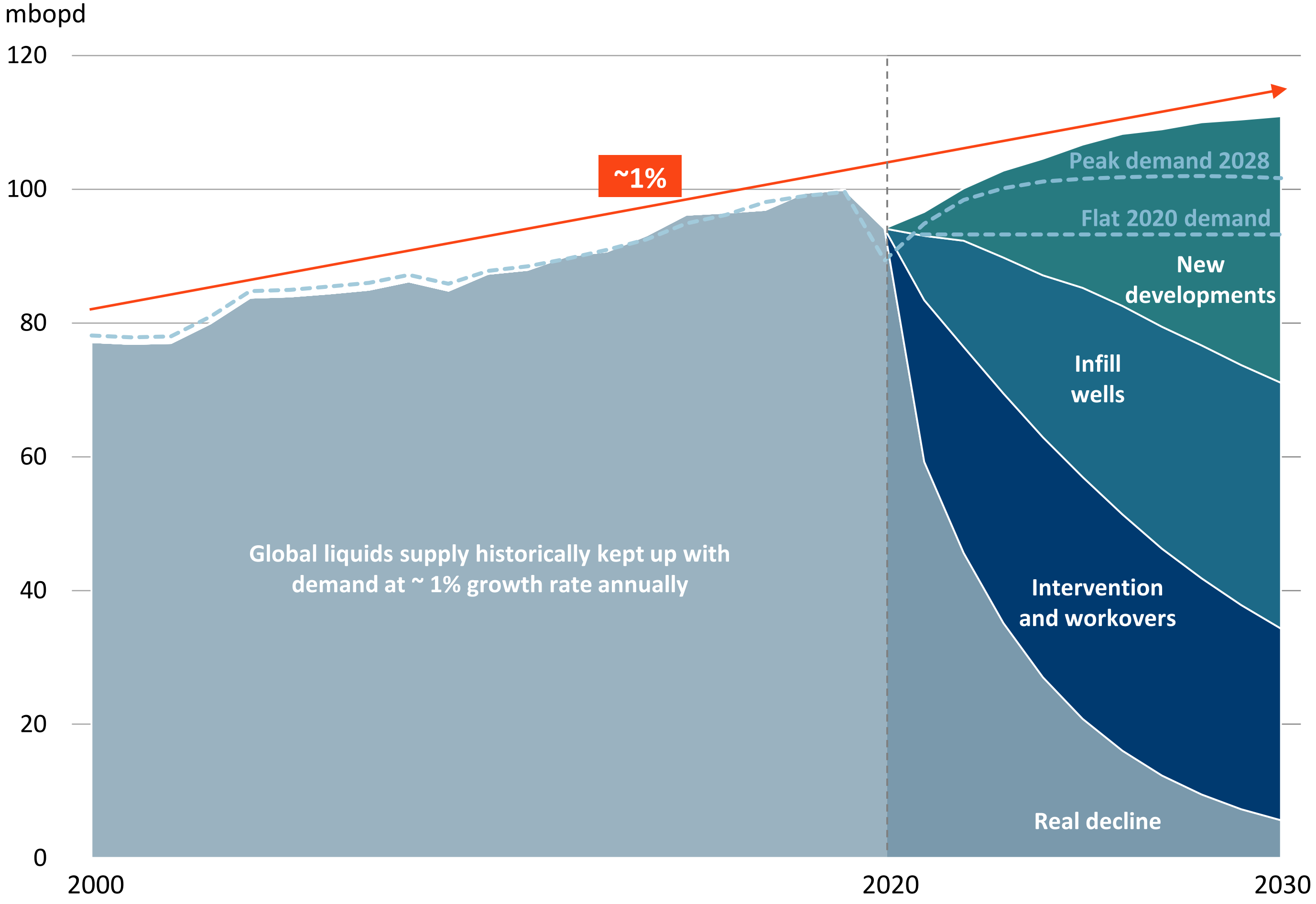
**Shareholder returns through dividends**

**Track record of creating value through M&A**

# The macro environment: oil has a continuing role in the global energy system

## Continued investment required to offset natural decline

Global oil demand and supply[1]




[1] Source: Rystad Energy

### KEY THEMES

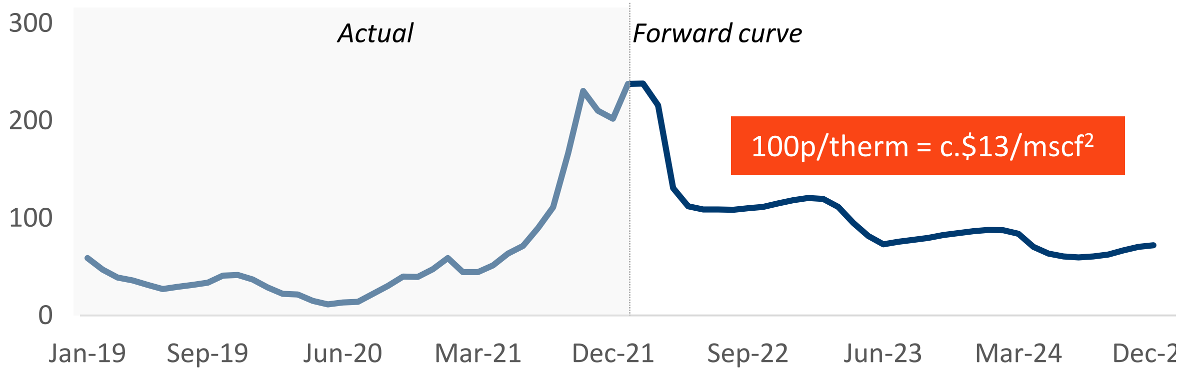
- Energy transition: pace of renewable energy supply and affordability
- Long term demand uncertainty
- New supply is still required to offset production declines
- Access to traditional financing challenged
- Reduced upstream investment, capital allocation
- Redistribution of assets and consolidation

# The macro environment: outlook for European gas market remains strong

## Reduced supply and strong demand has driven prices higher, underlining the importance of domestic production

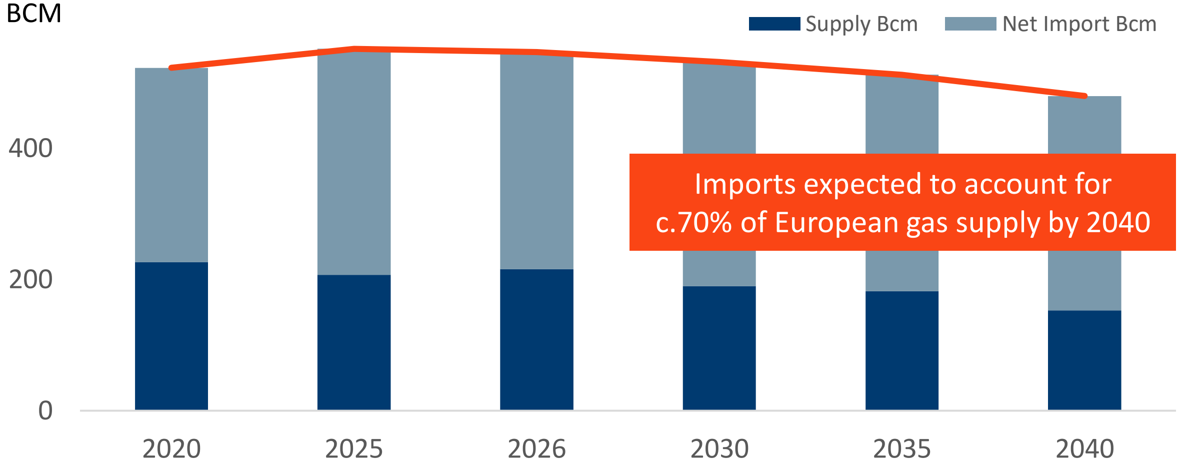
### NBP actual / forward curve[1]

p/therm




### European gas supply and demand[1]

BCM




## KEY THEMES

- Reduced European, particularly UK, gas production
- Recent Russian exports at low levels
- Strong European demand has kept storage low
- Strong international LNG demand
- Weak renewable energy output; unseasonal weather

[1] Source: Rystad, Bloomberg [2] Assumes standard conversion and $1.35/£ exchange rate

# Strategy: create value by continuing to build a global, diversified O&G company

**Focused on** Value creation | Cash flow | Distributions

### Safe, reliable and environmentally responsible operations

- Clear ESG strategy, owned by the CEO and Board
- Safety as number one priority
- Environmental considerations embedded in decision making
- Commitment to Net Zero by 2035

### Realise value from our cash generative UK portfolio

- Leverage major hub positions and operational control
- Inventory of near field opportunities
- Synergies from recent acquisitions
- Potential for third party volumes
- Technology to increase recovery and lower costs

### Diversify and grow via selective investments and disciplined M&A

- Proven track record of executing large scale M&A and integration
- Focus on high quality, cash generative, producing assets
- Establish material production base outside the UK

### A robust balance sheet, prudent capital allocation and a diversified capital structure

- Disciplined hedging
- Prudent capital allocation
- Consistent access to debt markets
- Maintain strong liquidity
- Pay a sustainable dividend out of free cash flow

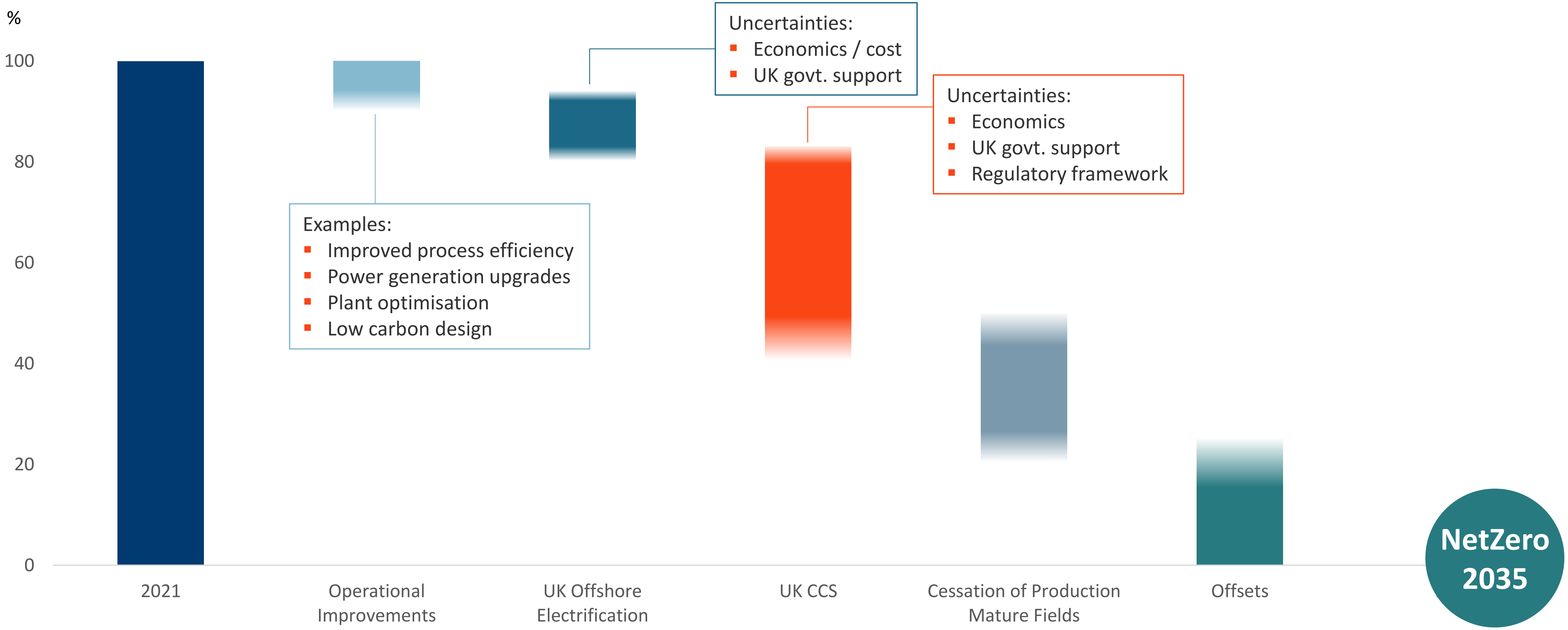
# Harbour's strategic scope

| Harbour will… | Harbour will not… |
| --- | --- |
| Focus on upstream oil and gas production | Invest in non-strategic midstream, power, renewables |
| Grow to at least two regions of scale | Stay of scale in one region, acquire multiple small positions |
| Ensure a balance of oil and gas production | Undertake a significant shift towards oil or gas |
| Maintain a high degree of operational control | Build largely non-operated, minority equity positions |
| Reduce net greenhouse gas emissions to zero by 2035 | Seek to acquire or develop high emissions barrels |
| Seek to acquire production with undeveloped 2P reserves | Undertake high risk, multi-billion dollar, long lead time projects |
| Undertake near field / infrastructure-led low risk exploration | Undertake greenfield / new country exploration |
| Ensure leverage remains <1.5x on average through the cycle | Over-extend its balance sheet |

# Potential path to Net Zero 2035

**Our Net Zero commitment includes our share of Scope 1 and Scope 2 $CO_2$e emissions from operated and non-operated assets**

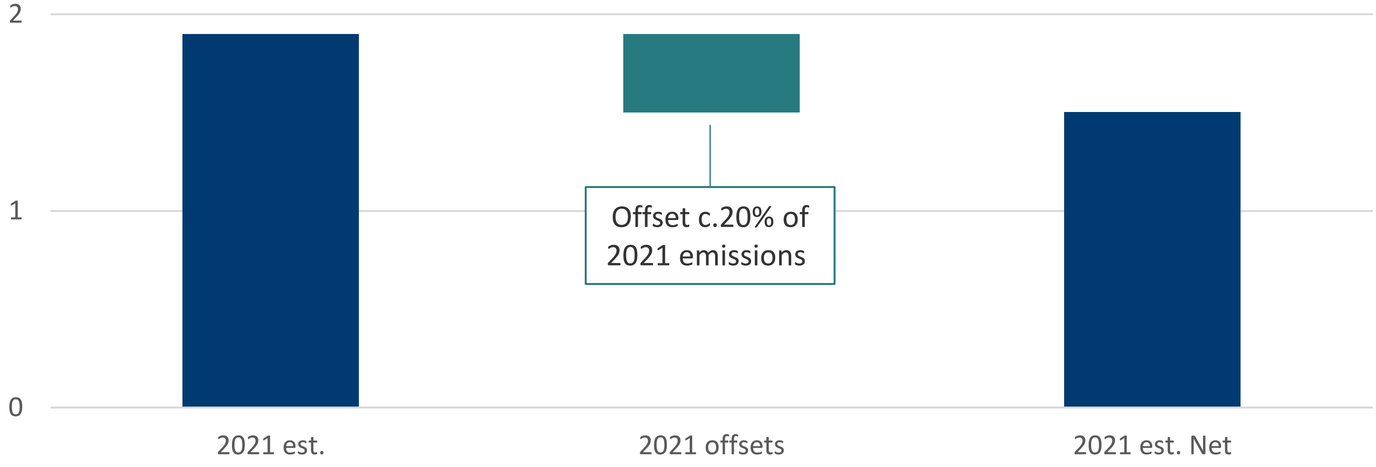
## Existing portfolio, Scope 1 and Scope 2 emissions



# Path to Net Zero: a look at 2021

## Net GHG emissions

$mtCO_2e$, Scope 1 and Scope 2 emissions




Forestry Conservation

Landfill Gas

## 2021 achievements

- Standardised baseline emissions
- Include carbon cost in all economic analysis
- Emissions reduction opportunities
  - Operational improvements
  - UK electrification, CCS
- Emissions reduction incentives in compensation and main debt facility
- World Bank Zero Routine Flaring Initiative 2030
- 2021 ESG Reporting: TCFD[1], CDP, GRI[2]
- Acquiring 1st offsets – 1.2m $tCO_2e$
  - 400k $tCO_2e$ pa 2021-2023 (c.20% of Harbour emissions pa)
  - Total cost c.$11m (c.$10/t)
  - Two projects in Brazil
    - Forestry conservation
    - Landfill gas capture – Waste to Power
    - Both certified (VCS, CDM)

[1] Task Force on Climate-Related Financial Disclosure
[2] Global Reporting Initiative

# The current environment is favourable for M&A led growth

## Even though commodity prices are high, multiple opportunities exist for well-capitalized buyers

- Major oil and gas companies shifting strategies and re-allocating capital
- Global independents streamlining to core regions
- Small companies need scale and diversification
- Private companies looking for liquidity

Over >$80 billion[1] of possible divestments in near to mid term

## Limited competition

- Proven track record of large scale M&A and integration
- Operating capability
- Strong balance sheet
- Geographic flexibility

Well positioned to take advantage of market opportunities

## Our criteria

- Value
- Conventional, producing assets
- Portfolio effects (margins, reserves life, GHG intensity)
- Financial effects (cash flow accretive, affordability)

Disciplined approach…will only transact if value accretive to shareholders

[1] Sources: Broker, HBR management estimates

# A track record of value creation via M&A and integration

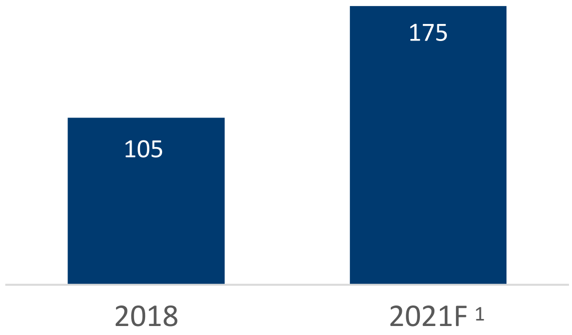
| | Harbour transactions | | |
|---|---|---|---|
| | Shell | ConocoPhillips | PremierOil |
| Improving production performance | ✓✓✓ | ✓✓✓ | ✓✓ |
| Reinvestment to add reserves | ✓✓✓ | ✓✓✓ | ✓ |
| Diversifying the portfolio | ✓ | ✓ | ✓✓ |
| Managing operating costs | ✓✓ | ✓✓ | ✓ |
| Extending field life | ✓✓✓ | ✓✓ | ✓ |
| Reducing decommissioning costs | ✓✓ | ✓✓✓ | ✓✓ |
| Realising financial synergies | ✓✓ | ✓✓ | ✓✓✓ |

✓✓ Relative magnitude of impact

# Track record of delivery and value creation

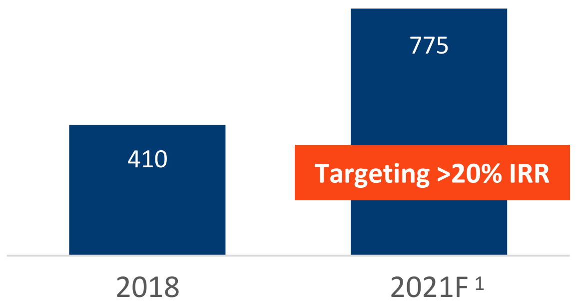
## Material growth 1.7x

Production
kboepd



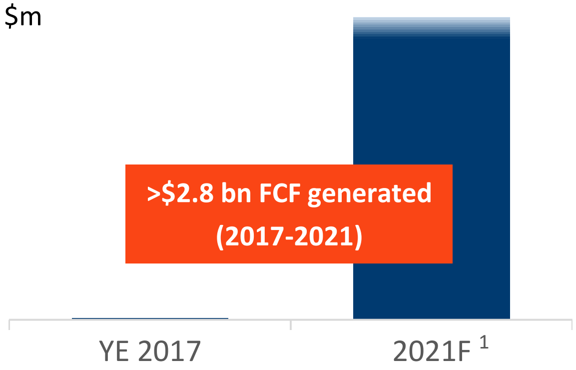

## Targeted capex at attractive IRR

Total capex (ex decom.)
$m



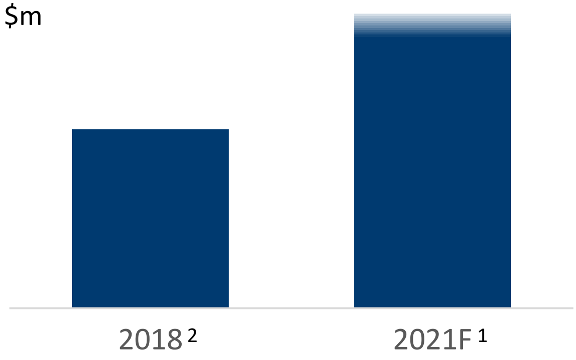

## Robust free cash flow

Cumulative FCF[2]
$m



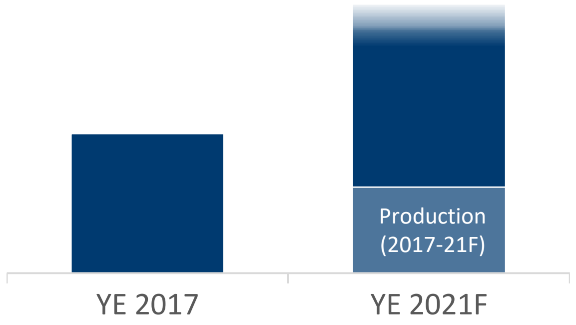

## Higher profits

EBITDAX
$m



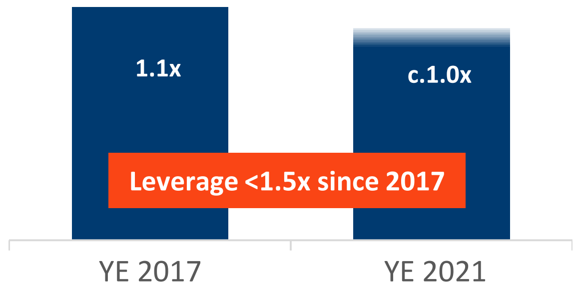

## c.150% reserves replacement

2P reserves
mmboe




## Prudent leverage policy

Leverage
Net debt/EBITDAX [3]




[1] 2021F are provided on an reported basis with Premier's portfolio contributing from 31 March 2021. [2] FCF is after capex, tax, interest, working capital, integration costs and excludes acquisition considerations, debt repayment and issuance of new debt .
[3] For 2017, EBITDAX is calculated by annualising the 2 months of EBITDAX generated from the Shell assets in 2017. For 2021, EBITDAX includes 12 months of EBITDAX generated from the Premier assets.

# Operations and Portfolio Overview

Phil Kirk

# Strong cash generation through the cycle

## A reliable and safe operator
- c.200 kboepd
- High operating efficiency

## A strong focus on managing costs
- Opex/boe within target range
- Significant decommissioning competence

## High quality forward investment portfolio
- IRRs far exceed hurdle rates
- Individual breakevens <$35/boe

## Cash generative
- Tax efficient asset base
- High margin barrels

## Prudent capital allocation
- Track record of value accretive M&A
- Robust balance sheet

# A strong Health, Safety, Environmental and Security (HSES) culture

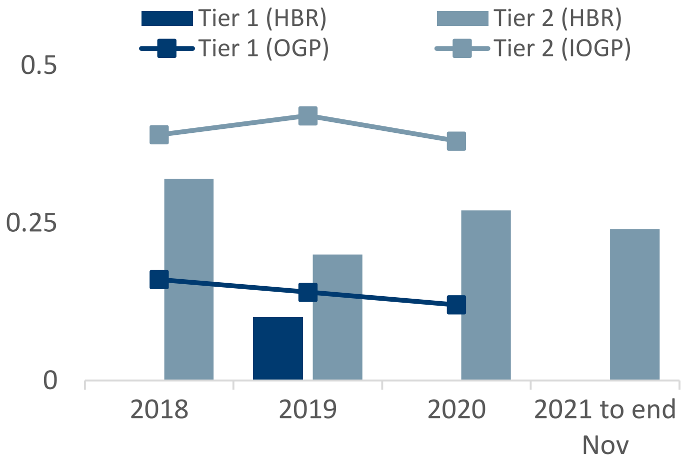
## Harbour is committed to operating responsibly and securely, never compromising our HSES standards

- Focus on safe and reliable operations, prevention of major accidents, protecting the workforce
- Maintain operational integrity to prevent the release of hazardous material from primary containment
- Proactively address the impact on society and the climate
- Measure, report and verify performance metrics

### Process safety[1,2]

Loss of Primary Containment

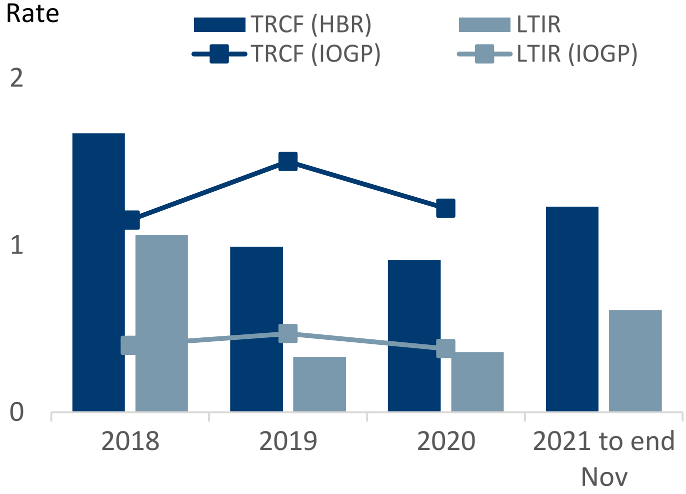
Tier 1, Tier 2 Incident rate




### Occupational safety[1,3]

TRCF, LTIR

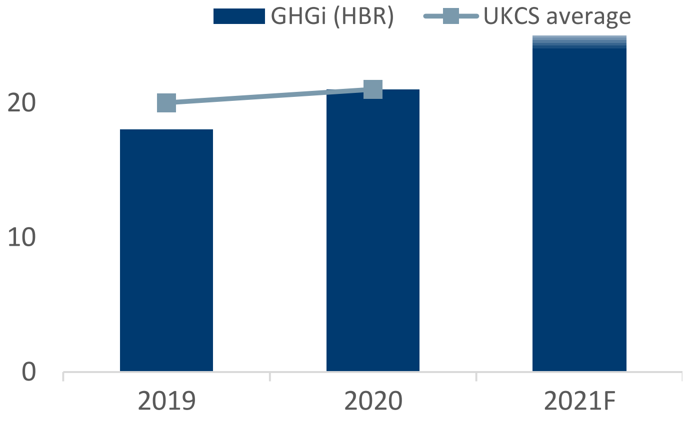
Rate




### Greenhouse gas emissions intensity

Scope 1 and 2, net, operated & non-operated[4]

KgCO2e/boe

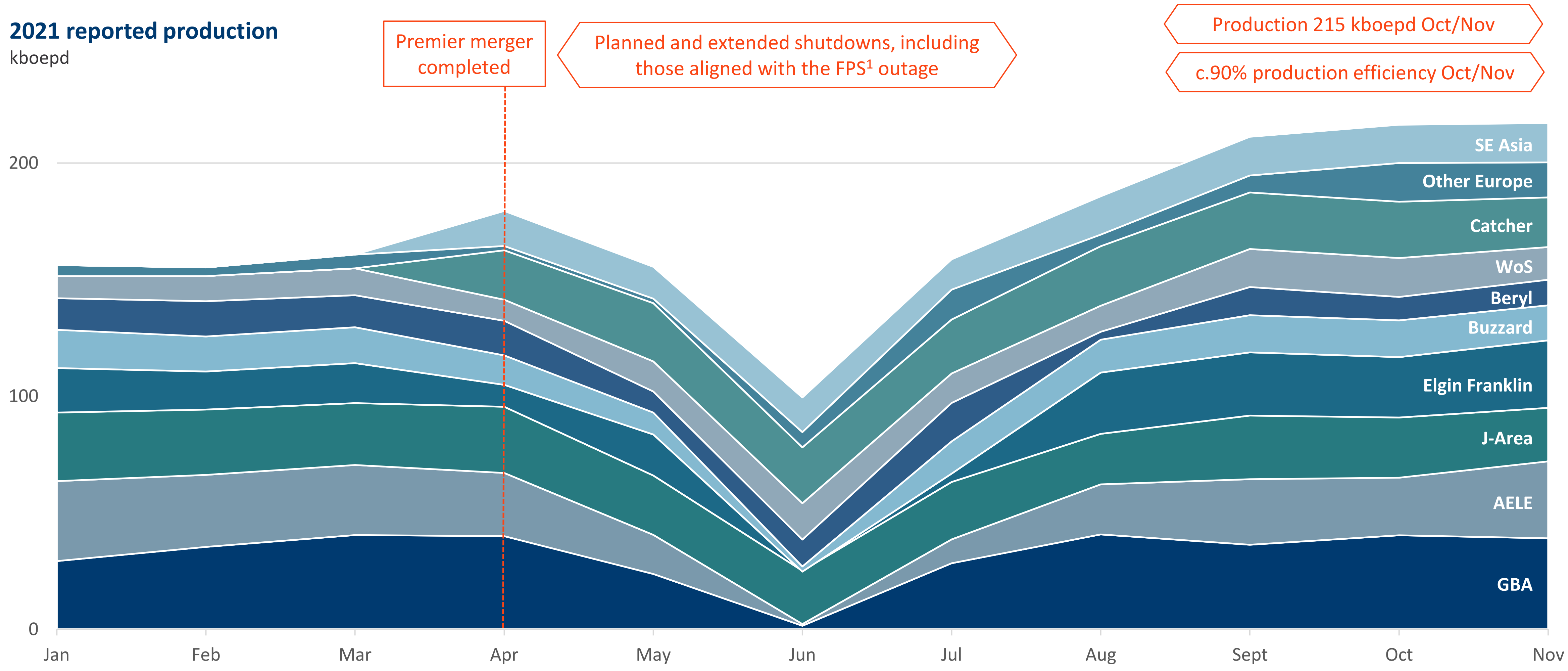



[1] Process and Occupational safety KPIs measured across Harbour's operated portfolio on a proforma basis benchmarked against the median IOGP – International Association of Oil & Gas Producers – performance
[2] PSE (Process Safety Event) rate is number of Tier 1 and Tier 2 events per million drilling and production hours worked, calculated on the preceding 12 months of hours worked
[3] TRCF is Total Recordable Case Frequency per million hours worked, LTIR is Lost Time Injuries per million hours worked. Both are calculated on the preceding 12 months of hours worked.
[4] Source for UKCS average is O&G UK and is $CO_2$e static Scope 1 combustion only; Harbour GHGi data is provided on a reported basis and includes Premier's portfolio from 31 March 2021

# Production returned to >200 kboepd, with improved uptime and addition of Premier assets

## 2021F of 175 kboepd, consistent with guidance of 170-180 kboepd

**2021 reported production**
kboepd




[1] FPS stands for Forties Pipeline System. Oil from GBA, AELE, Buzzard and Elgin Franklin is exported via FPS; these fields account for >100 kboepd of Harbour's production today
[2] GBA is Greater Britannia Area; AELE is Armada, Everest, Lomond and Erskine; WoS is West of Shetland and comprises Clair, Schiehallion and Solan; Other Europe includes East Irish Sea; SE Asia comprises Natuna Sea Block A and Chim Sao

# Tolmount gas project, UK Southern North Sea (Harbour 50%, operator)

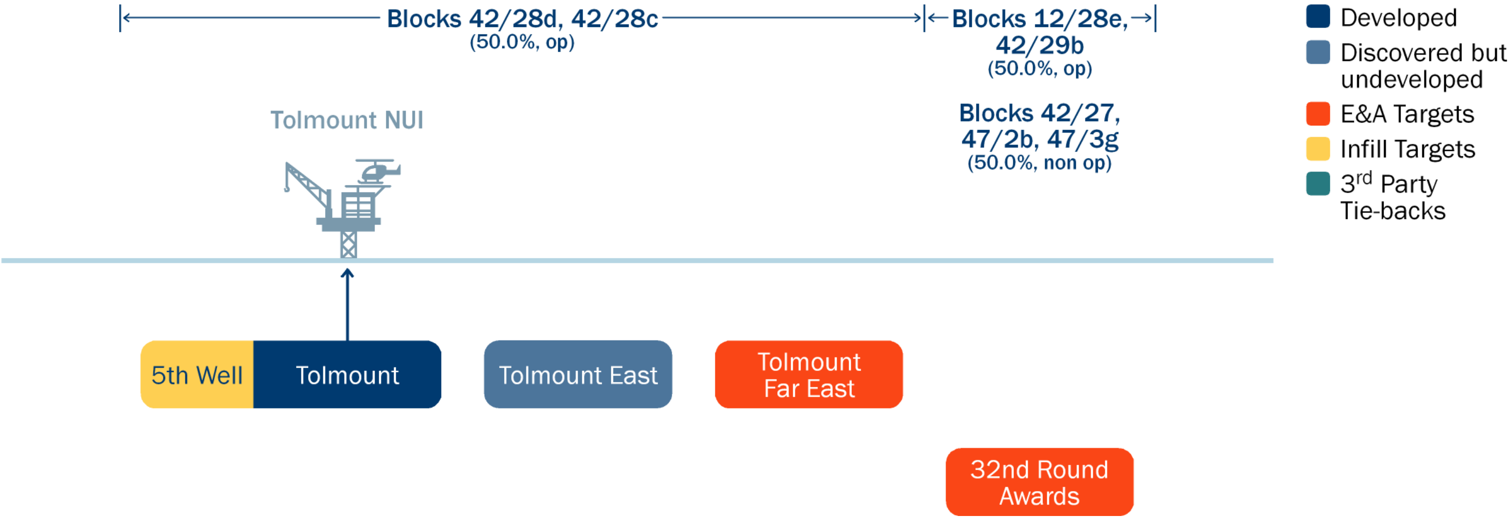
## Tolmount production expected to start up in Q1 2022 with initial rates of c.20 kboepd

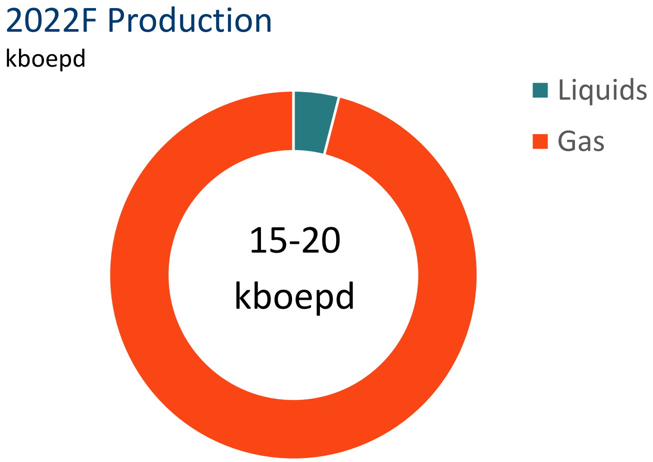
### Inspect and repair campaign >97% complete

- >2,250 unique items inspected; c.100 remaining
- Over 1,200 faults found; nearly 700 repairs undertaken
- c.150 repairs outstanding before system commissioning
- Critical long lead items delivered offshore
- Valaris Norway in place at platform to support
- Schedule impacted by number of repairs, COVID & weather
- First gas expected Q1 2022

### Drilling campaign safely completed

- Four development wells completed and available for production
- Third well encountered shallower gas water contact
- Initial production rates of c.20 kboepd
- Preliminary estimated net reserves 20-30 mmboe (c.25-50% lower than at sanction)
- Tolmount East sanctioned; first gas 2023



# Adding new production in 2022 to offset decline – predominantly natural gas

**Tolmount +15-20 kboepd**
First gas expected Q1 2022

**J-Area +8 kboepd**
Jade South tied in to production in Q1 2022
RD well targeting first gas in Q3 2022

**AELE +4 kboepd**
LAD well tied into production

**Buzzard +3 kboepd**
First oil from Buzzard Phase II in December 2021

**Catcher Area +3 kboepd**
First oil from Catcher North and Laverda
Gas reinjection programme

**Elgin-Franklin +2 kboepd**
EIG first gas in Q4 2021

**Beryl +1 kboepd**
Storr well tied into production

**SE Asia + 2 kboepd**
2021 Natuna Sea Block A drilling campaign
2022 Chim Sao x2 infill wells

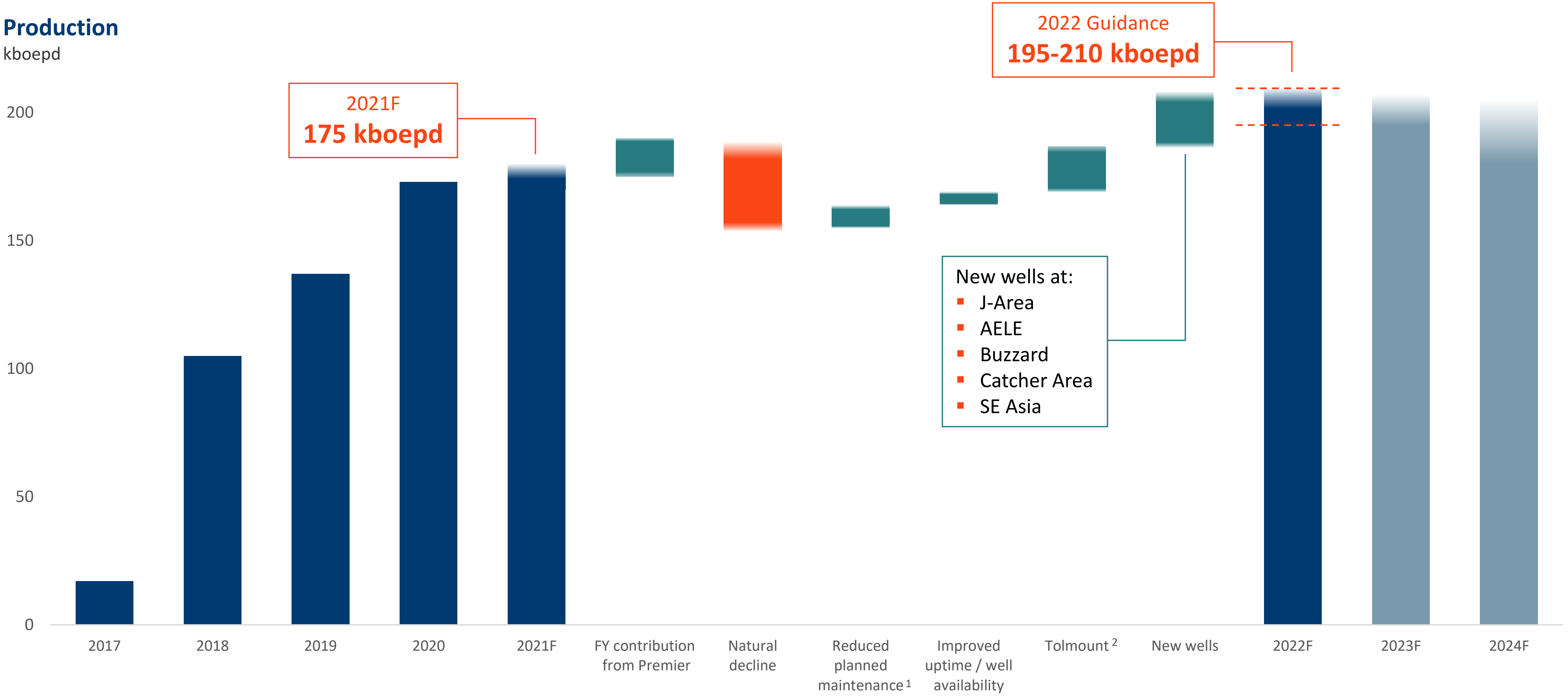

**UK gas production accounts for >70% of new production in 2022**

**Production benefitting from return of activity post COVID**

# Good project visibility to sustain production around current levels in near term

## Higher production in 2022 due to full year from Premier's portfolio, less downtime and new wells on-stream

**Production**
kboepd



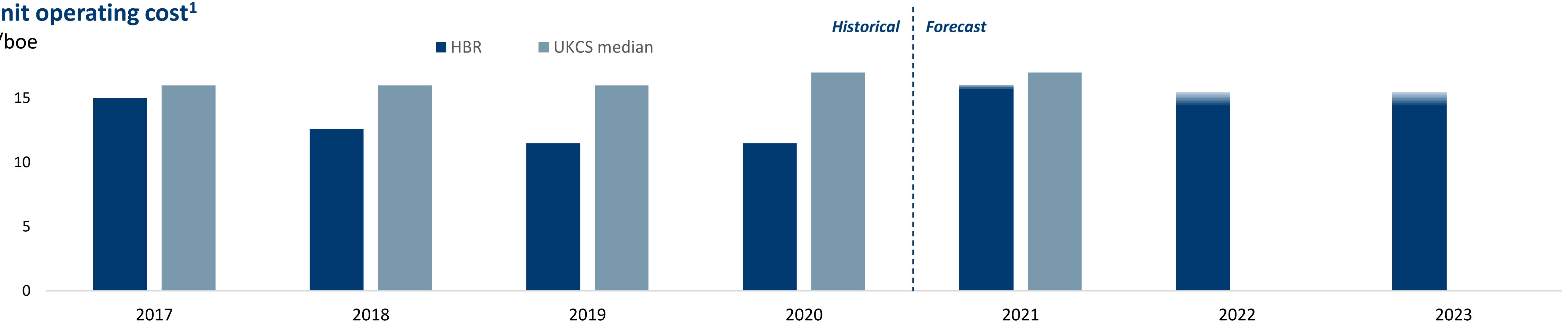

[1] Maintenance programmes planned at J-Area, Catcher and Chim Sao [2] Assumes production start up in Q1 2022

# Operating costs broadly flat on an absolute basis

## Harbour's operating costs remain below that of the UKCS average

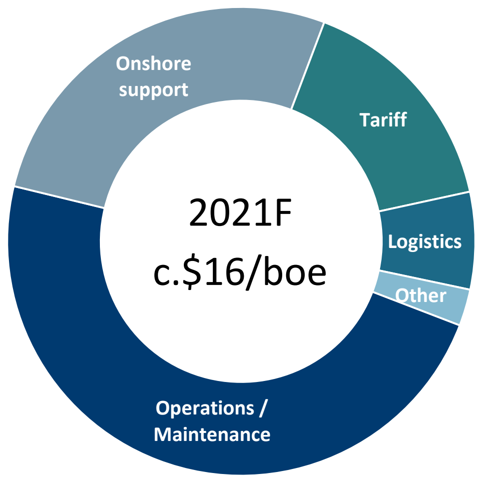
**Unit operating cost[1]**

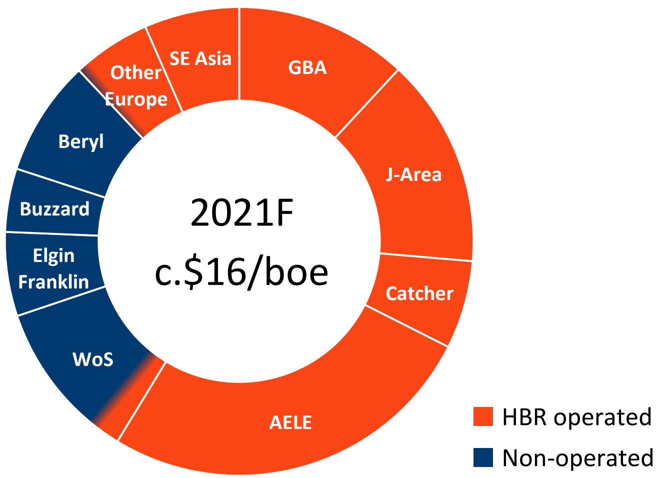
$/boe




**Breakdown of Group 2021 operating costs (excludes lease costs)**

$m




Targeting opex of
**c.$15-$16/boe[2]**
(2022-2024)

**>90%**
Group opex in GBP
(2022-2024)

[1] UKCS data sources from OGA website. [2]Assumes FX rate of $1.35/£

# High value, infrastructure-led investment programmes

## Adding reserves and extending field life via targeted reinvestment programmes

| | Plant mods / reservoir mgt | Infill targets / well work | Near field additions | Exploration upside | Third party business |
|---|---|---|---|---|---|
| **Operator of key hubs with material upside** | | | | | |
| GBA[1] (HBR, 26%-87.5%) | ✓ | ✓ | ✓ | | ✓ |
| AELE-Hub[1] (HBR, 32%-100%) | ✓ | ✓ | | ✓ | |
| J-Area (HBR, 67%-67.5% | ✓ | ✓ | | ✓ | ✓ |
| Catcher Area (HBR, 50%) | ✓ | ✓ | ✓ | | |
| Tolmount Area (HBR, 50%) | | ✓ | ✓ | ✓ | ✓ |
| SE Asia (HBR, 28.7%-53.1%) | ✓ | ✓ | | ✓ | |
| **Non-operated interests in long life, high quality fields with established operators** | | | | | |
| Elgin Franklin (Total, 19.3%) | | ✓ | | | |
| Buzzard (CNOOC, 21.7%) | | ✓ | | | |
| Beryl (Apache, 34-49%) | | ✓ | ✓ | ✓ | ✓ |
| WoS Hub[3] (BP, 7.5%-10%) | | ✓ | ✓ | | |

[1] Assumes $70/bbl, 90p/therm in 2022, $65/bbl, 60p/therm in 2023 and $60/bbl, 55p/therm long term [2] Greenfield capital includes spend on Zama and Tuna

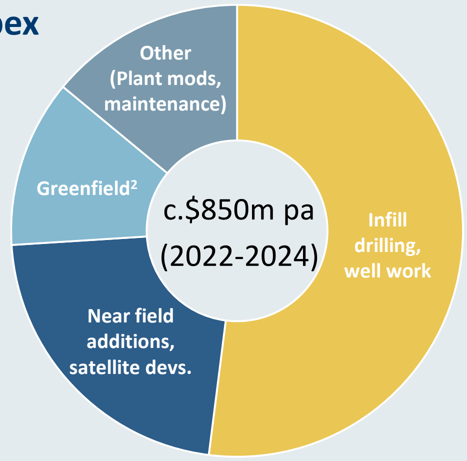
[3] Includes Harbour 100% operated Solan field

## Prioritising highly profitable investments

- >80% in the UK
- >80% infrastructure / hub-led
- c.70% operated
- Most investment far exceeds Harbour's hurdle rates:
  - >40% of 2022 P&D capex has an IRR>100%[1]
  - >40% of 2022 P&D capex breaks even below $30/bbl / 30p/therm

**P&D capex**

$m

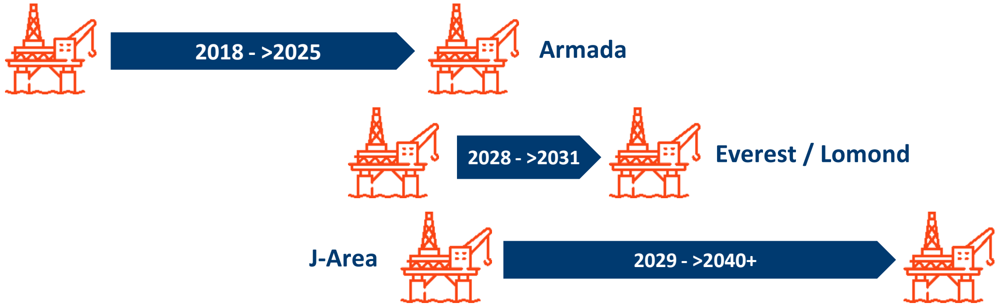


# Significant competence in decommissioning

## >$500m of savings and cost reductions since 2017

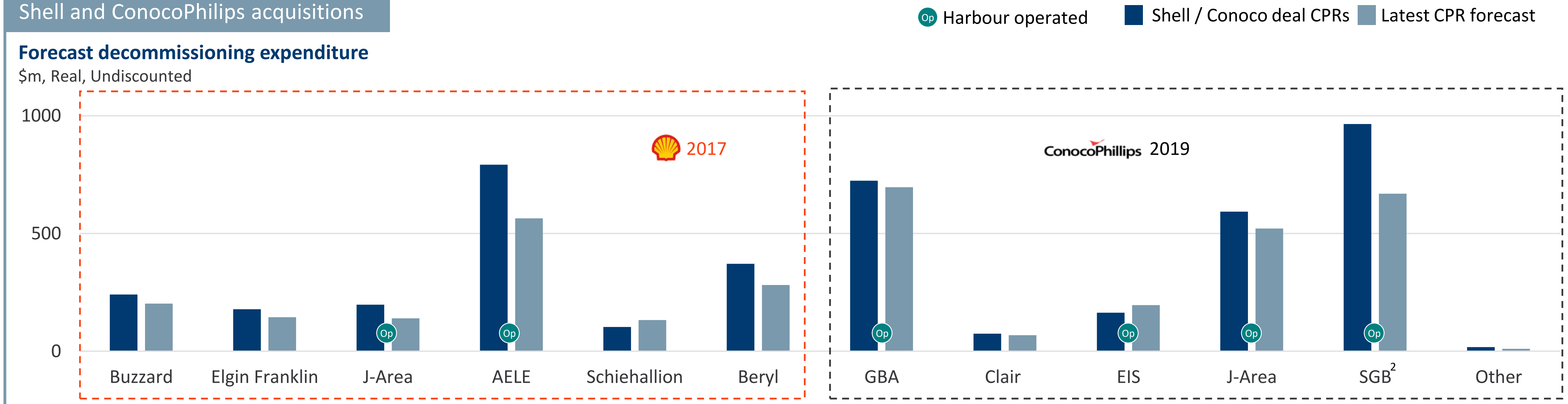
- Strong operational control over portfolio
- Opportunities to extend field life, defer decommissioning
- Leveraging in house experience and expertise
- Future decommissioning costs reducing

### Track record of extending field life and deferring decommissioning[1]




### Shell and ConocoPhillips acquisitions

**Forecast decommissioning expenditure**
$m, Real, Undiscounted




[1] Chrysaor's 2017 Shell CPR / at sanction estimates and current management estimates [2] SGB comprises the Southern Gas Basin assets acquired from Conoco

# Our emissions reduction activities

## >1 million tonnes $CO_2$e reductions forecast through sanctioned or planned projects (2021-2035)

### c.$150m forecast spend on emission reduction activities (2022-24)

- Projects reviewed as part of annual budget process
  - Improved process efficiency
    - GBA to single train operations
    - Flare ejectors
    - North Everest single train operations
  - Power generation and compression upgrades
    - North Everest and GBA low compression
  - Energy efficiency
    - Chim Sao retirement of LP boiler
  - Plant optimisation
  - Fugitive emissions detection
  - Low Carbon design
    - Catcher, Tolmount
- Most projects have low cost and robust returns
- Projects screened at a wide range of potential carbon costs

### North Sea electrification

- Leading a study with Shell, BP and TotalEnergies to evaluate options for electrification of the UK Central North Sea
- Partial electrification of Greater Britannia Area, Judy and North Everest could result in reducing emissions by >200,000 tonnes $CO_2$e annually (c.10% of Harbour's current emissions)

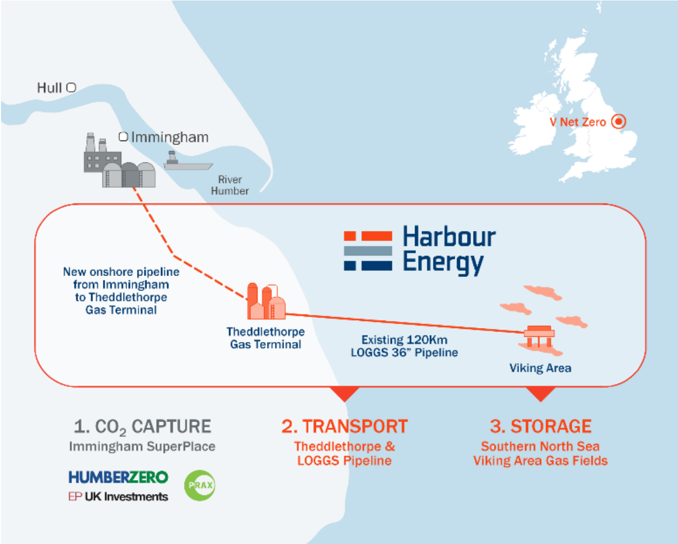
Methane surveys

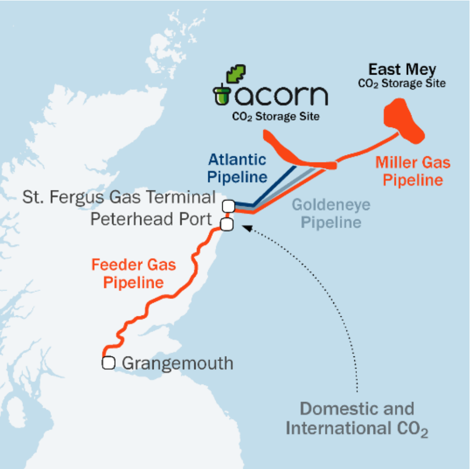
# CCS projects: V Net Zero & Acorn

## Exploring the potential for CCS projects to support a lower carbon economy in the UK and generate revenue from importation

### V Net Zero – Low cost low risk $CO_2$ transportation and storage project led by Harbour

- The Humber is the UK's most energy intense industrial area emitting c.20 million tonnes $CO_2$ pa
- Track 2 Cluster with first storage by 2027 enabling key blue hydrogen generation with immediate industrial use
- Aim to transport and store >10 million tonnes $CO_2$ pa by 2030
- V Net Zero selected as preferred $CO_2$ Transportation & Storage provider by:
  - HumberZero (Phillips 66 Humber Refinery and Vitol's VPI Immingham power plant)
  - EPUKI's South Humber Bank Power Plant
  - Prax's Lindsey Oil Refinery



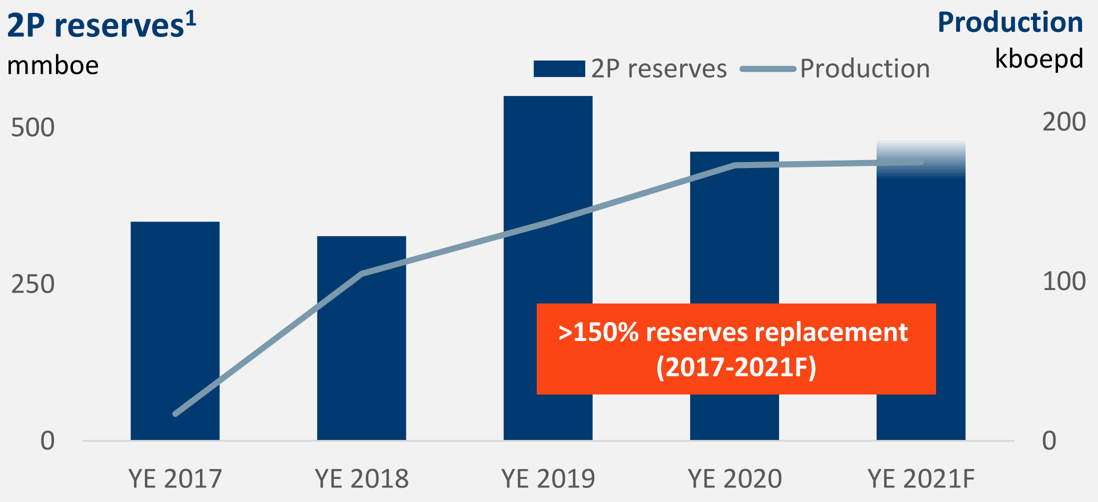

### Acorn – The Scottish Cluster – CCS & Hydrogen Project in St Fergus, Scotland

- Scottish cluster Track 1 reserve
- Industry partnership, led by Storegga with Shell as lead developer
- Phase 1 will capture $CO_2$ emissions from St Fergus gas terminals
- Designed to generate low carbon hydrogen from natural gas landed at St Fergus
- Additional $CO_2$ volumes from decarbonising Scottish heavy industry in the central belt and key petrochemicals complexes including Grangemouth

# Significant near term value creation

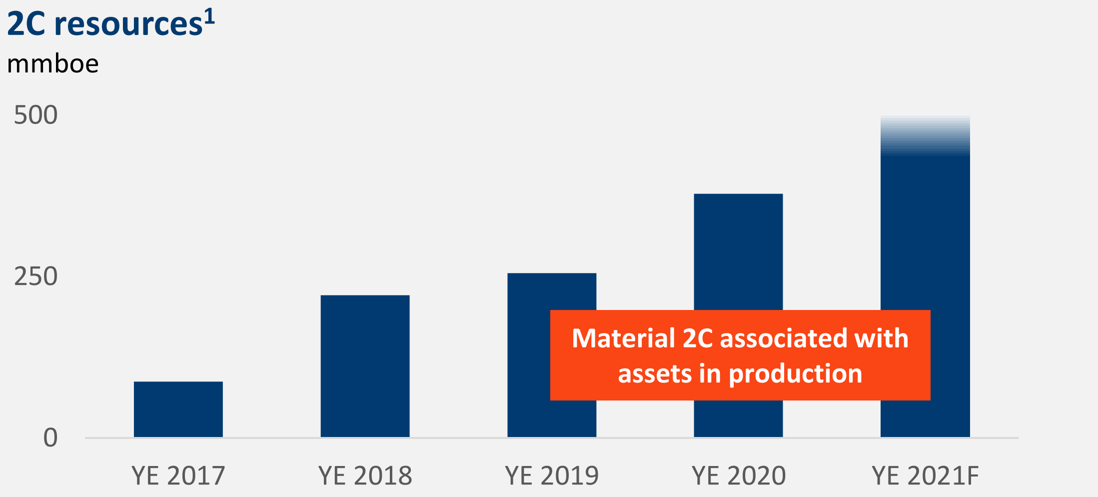
## Track record of reserves replacement

- Reserves replacement supported by reinvestment and M&A
- Proven track record in converting reserves and resources into production
- Production has grown and reserves life sustained while continuing to generate free cash flow




## Significant exploitation opportunities

- Highly ranked opportunities within existing production to add reserves, extend field life
- Significant prospective resource close to infrastructure




[1] YE 2017-YE 2020 are as per the Company's CPR; YE 2021 is preliminary estimate subject to year-end reserves and resource audit. YE 2021F 2C resources exclude Harbour's Falkland Islands' interests and reflects Tuna farm down to 50%

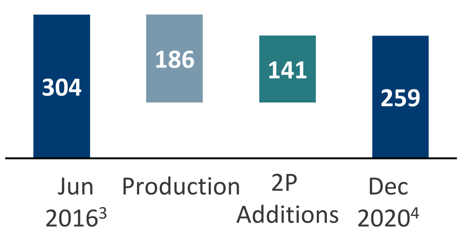
# Successful history of delivering value-accretive M&A and post transaction integration

## Key Highlights

| Strong reserves replacement[2] | ▪ c.75% reserve replacement for Shell assets<br>▪ c.30% reserve replacement for Conoco assets despite COVID drilling break |
|---|---|
| **Material cost reduction** | ▪ Unit opex actively managed<br>▪ Below original CPR opex/boe forecasts |
| **Production outperformance** | ▪ Production consistently above original CPR profiles over 2018-2020 for Shell<br>▪ Production consistently above original CPR profiles since acquisition for Conoco assets |

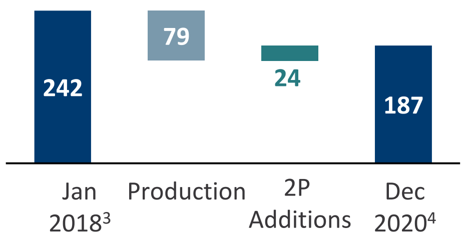
Shell

**CPR[1] 2P Reserves** (mmboe)

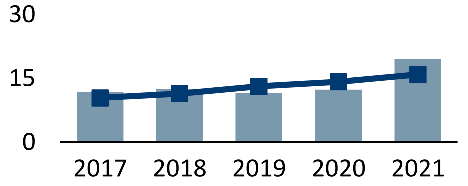



ConocoPhillips

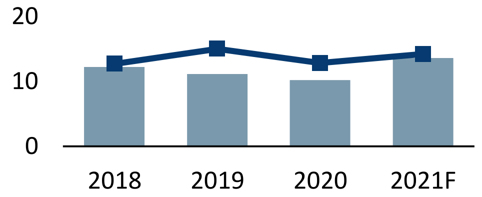
**CPR[1] 2P Reserves** (mmboe)




**Operating cost** ($/boe)

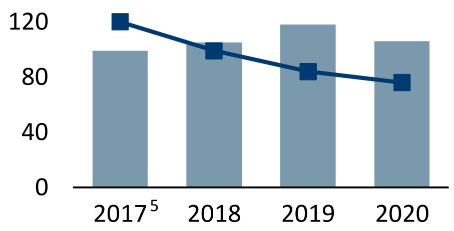



**Operating costs** ($/boe)

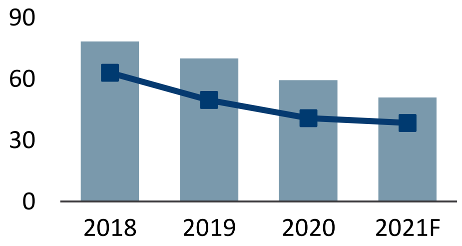



Actual — Original CPR Profiles

**Production** (kboepd)




**Production** (kboepd)




Actual — Original CPR Profiles

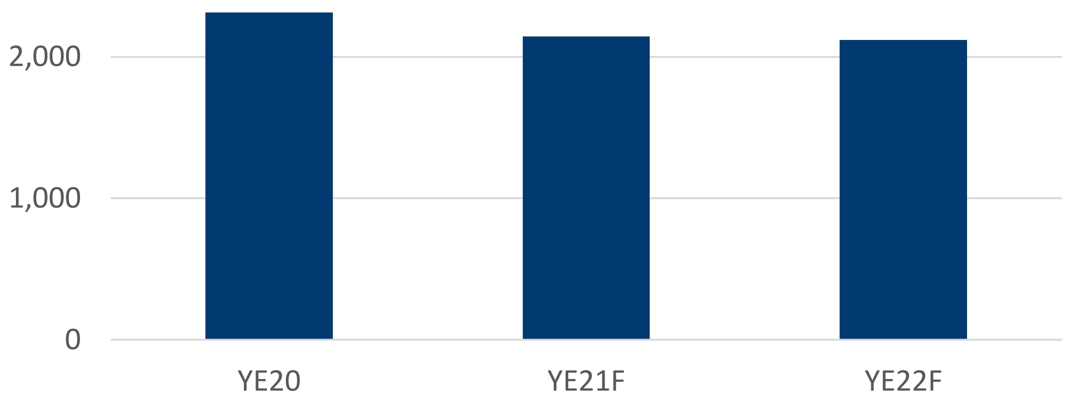
[1] CPR stands for Competent Persons Report, which sets out an independent evaluation of the Company's reserves [2] Total reserves replacement for the period Jul-2016 to Dec-2020 for Shell assets, total reserves replacement for the period Jan-18 to Dec-2020 for Conoco assets; [3]Chrysaor's CPR as at 1 July 2016 for Shell assets, Chrysaor's CPR as at 1 Jan 2018 for Conoco assets ("Original CPR Profiles"); [4]Chrysaor's CPR as at Dec-2020 ("Latest CPR"); [5]2 months ownership annualised, production impacted by 3 week FPS shutdown

# Significant operational synergies being realised from the Premier merger

## Right sizing the organisation

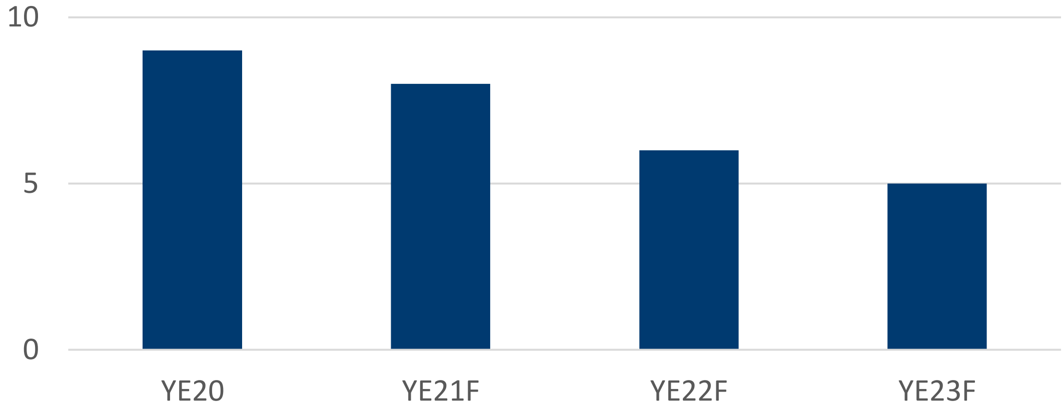
### Headcount

# FTE




## Rationalising our offices

### Number of offices




## Operational synergies, especially in the UK

| | |
|---|---|
| **Contracts & Procurement** | Integration and renegotiation of contracts, suppliers and contracting strategies |
| **Logistics & Materials** | Capture the benefits of scale by eliminating duplication in supply chain |
| **Operations** | Aligning back office and operating models and adopting best practice across the combined portfolio |

# Guidance and capital allocation

Alexander Krane

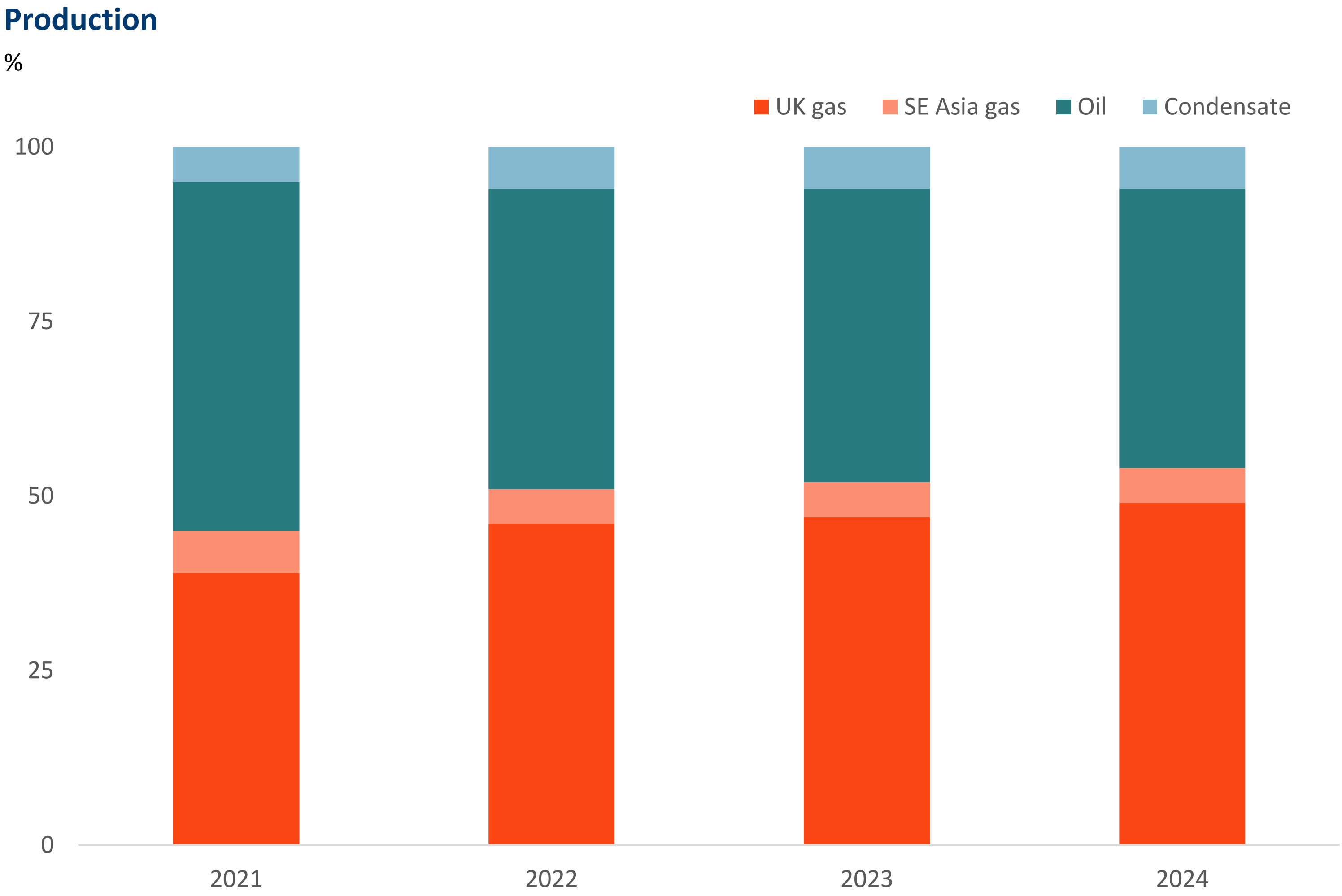
# Strong cash generation through the cycle…

## …underpinned by prudent capital allocation and a robust financial framework

- ✓ A reliable and safe operator
- ✓ A strong focus on managing costs
- ✓ High quality forward investment portfolio
- ✓ Cash generative
- ✓ Prudent capital allocation

# A balanced and diversified portfolio underpinning resilient revenue

## UK gas an increasing part of Harbour's production mix




### Crude marketing

- Diverse portfolio in terms of quality, location and sales logistics
- Majority of grades routinely attract premium to Brent

### UK gas sales

- c.90% of UK gas realises day ahead NBP pricing[1]

### Shell Trading offtake agreements (UK only)

- Early repayment of Shell Junior Facility will provide Harbour with increased control over its UK marketing

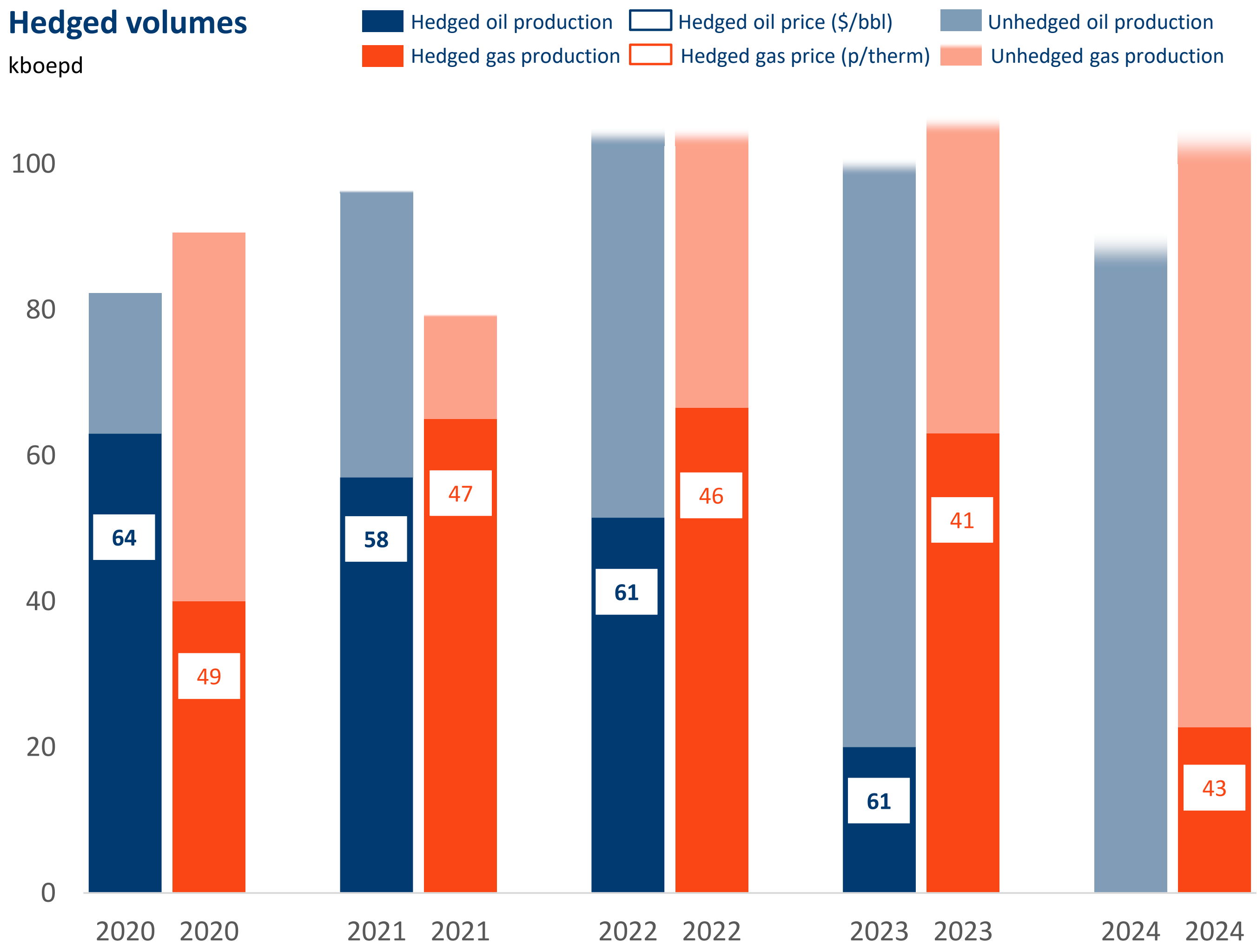
### Indonesia gas sales

- Sold under USD reserves based gas sales agreements into Singapore; linked to Brent via HSFO

[1] Less costs associated with NTS (National Transmission System) entry

# Hedging programme

## Increasing exposure to commodity prices as leverage reduces and integration of Premier concludes




### Hedging programme as per RBL requirements

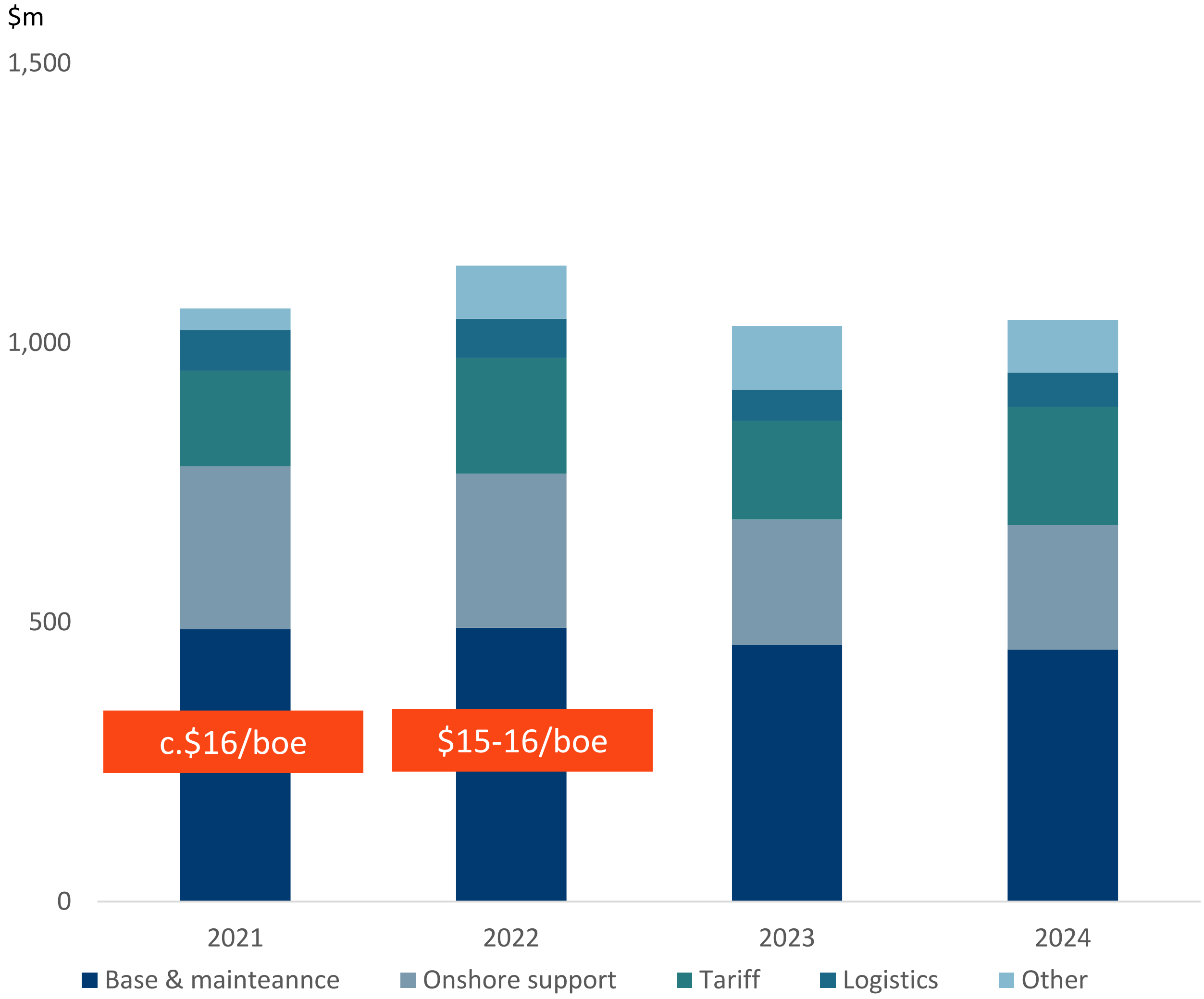
- Minimum: rolling 50-40% 2 year
- Maximum: rolling 70-60-50-40% 4 year

### Flexibility within the hedging programme

- Variance between the min./max. levels driven by:
  - Commodity price backdrop
  - M&A activity

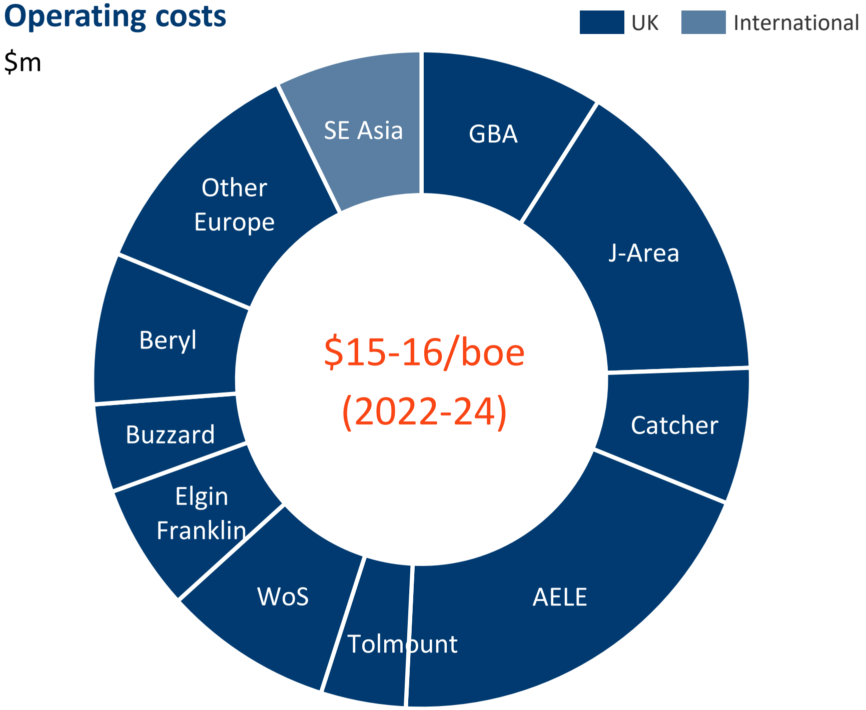
# Operating costs broadly stable

## Total opex




- Underlying base operating costs broadly flat, yet to see inflation
- Operating costs expected to stay broadly stable at c.$15-$16/boe[1] near term
- Operating synergies from Premier merger still to be realised

## Operating costs




[1] Operating costs includes CCS and integration costs, excludes lease costs and Tolmount tariff; assumes $1.35/£ exchange rate

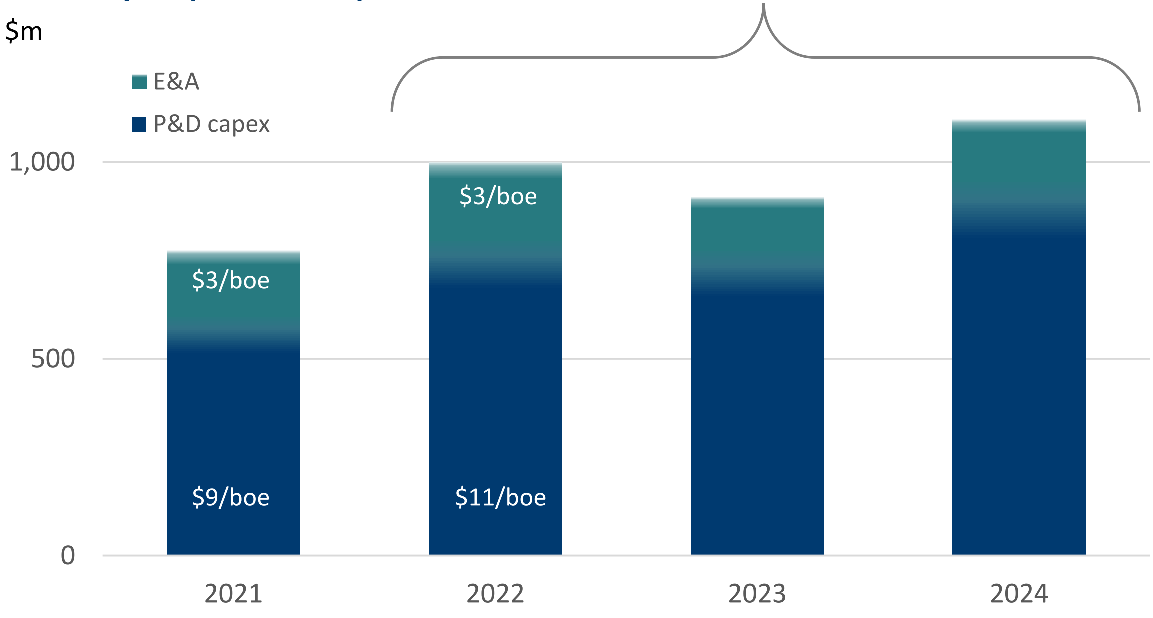
# Infrastructure led capex portfolio with short cycle payback

## P&D Capex

$m

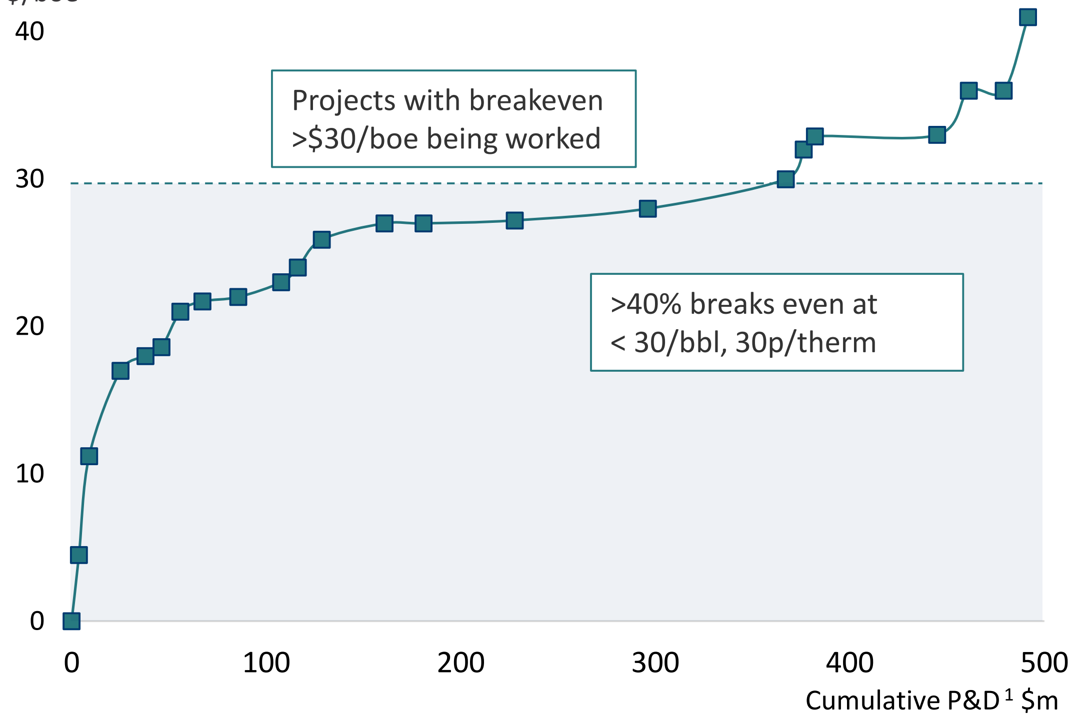

## Total capex (ex decom.)

$m




## 2022 P&D project break-evens

$/boe




- Ability to flex and control capex as Operator
- Capex dominated by small, low risk, infrastructure led projects with high IRR and low breakevens
- Potential for international growth through high-quality projects with robust economics

[1] Excludes $300m of 2022 P&D capex comprising small projects, modifications, maintenance, integration costs

# Managing our decommissioning programme

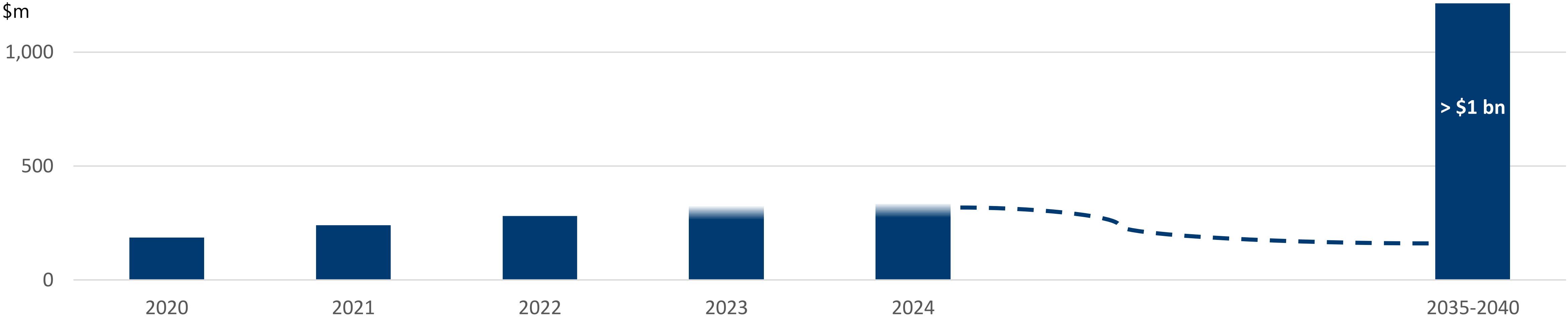
- Strong operational control over portfolio provides opportunity to extend field life and drive down decommissioning costs
- Almost 50% of our decommissioning spend in the UK occurs from 2035
- Decommissioning spend in the UK is tax deductible

**c.$200m pa post-tax UK decom. (2021-2025)**

**c.$100m pa post-tax UK decom. (2025-2034)**

**Harbour decommissioning liability**


**Harbour decommissioning UK (pre-tax, nominal, undiscounted)**

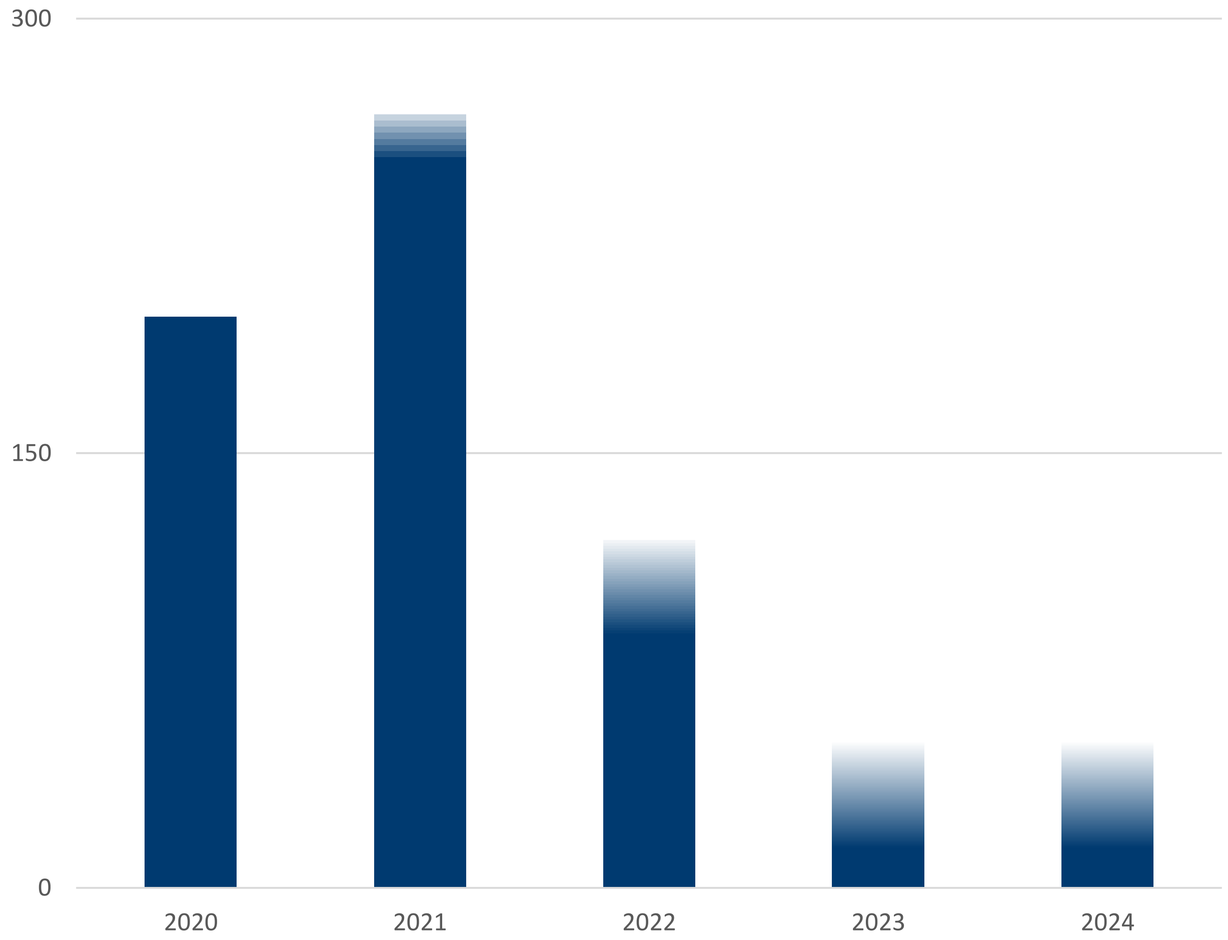


# A tax efficient asset base

- Harbour is corporate tax paying in all jurisdictions in which it has production operations
- Harbour has c.$4 bn of UK tax losses as a result of historic investment
- UK tax losses expected to be fully utilised within the next five years
- 78% tax refund in Norway exploration[1]
- As a result, Harbour expects to have a low effective Group cash-tax rate in the near term

**Group cash tax paid[2]**

**$m**



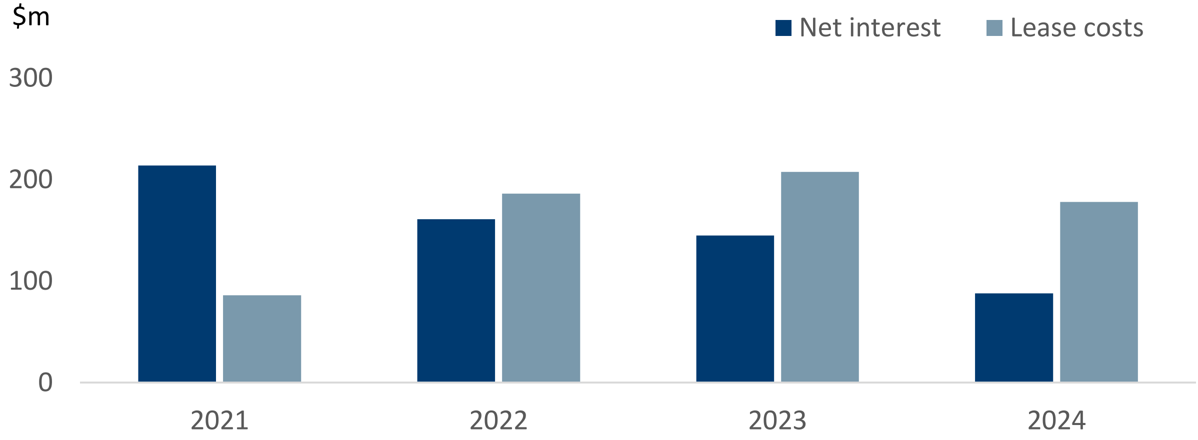

[1] Subject to latest legislation impacts [2] Assumes $70/bbl, 90p/therm in 2022, $65/bbl, 60p/therm in 2023 and $60/bbl, 55p/therm long term

# Financing and capital structure

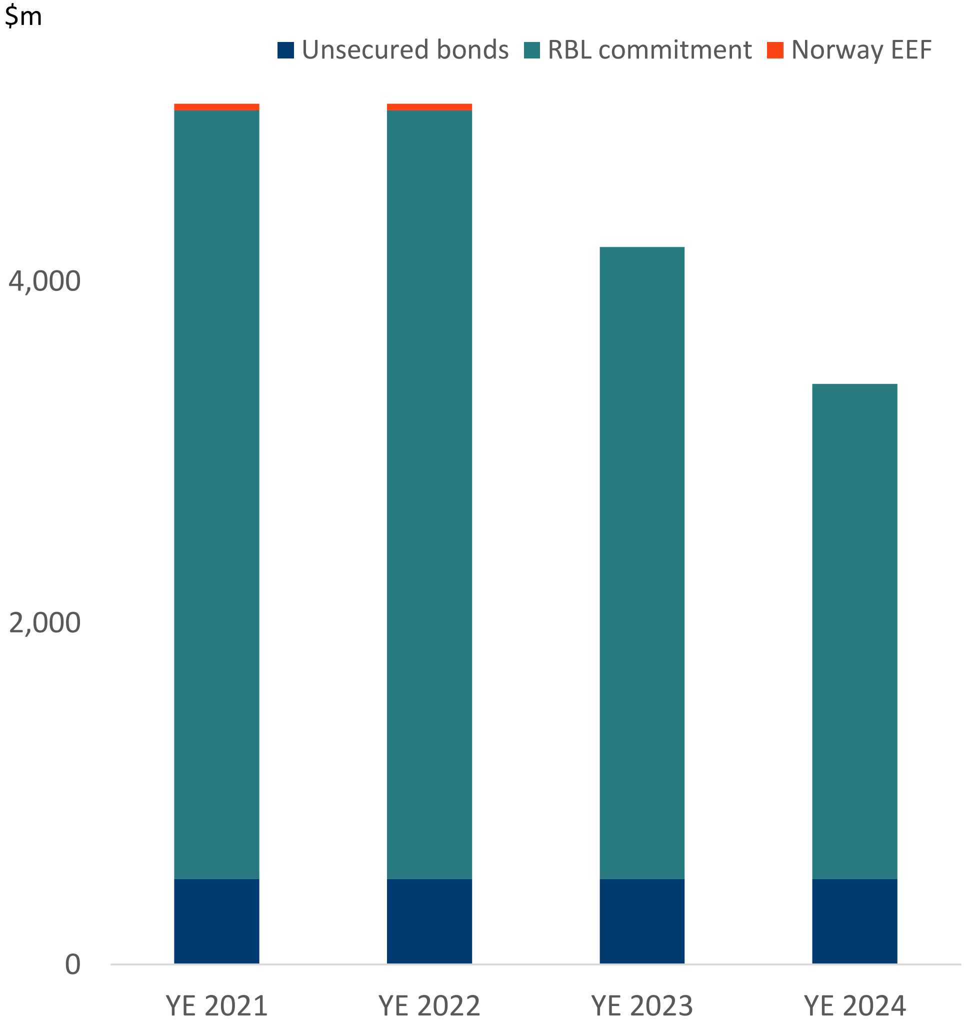
## A diversified capital structure and low financing cost

- $4.5bn Reserve Based Lending Facility, including $1.25bn of LCs
  - 7-year tenor to November 2027
  - Straight line amortization from 2022
  - Margin adjustment incentive linked to carbon emission reductions
- $500m unsecured bonds
  - Coupon 5.5% 5 year-tenor NC2
  - Maturity October 2026
- <5% average cost of debt
- Lease costs include Catcher and Chim Sao FPSO costs and Tolmount fixed tariff

### Net financing costs, lease costs




### Available debt commitments[1]




[1] RBL available drawing amount will be the lower of the commitment or borrowing base amount that is subject to an annual redetermination.

# A robust financial framework

## Long term value creation at Harbour Energy

### Operational inputs

- Responsible and safe operator
- Operational excellence
- Organic investments / Value accretive M&A
- Robust risk management

**Strong operating cash flows**

### Capital allocation priorities

**1 Safeguard balance sheet**

- Target leverage of less than 1.5x across the cycle
- Ensure significant liquidity
- Disciplined hedging programme

**2 Ensure a robust and diverse portfolio**

- Focused investment to underpin cash generation
- Establish material production base outside the UK
- Target reserves life of c.8-12 years

**3 Shareholder returns**

- Pay a dividend of $200m per annum from free cash flow through the cycle
- Aim to deliver both growth and yield to shareholders

# 1 Safeguard balance sheet

**Conservative philosophy**

## Protecting the business from volatility

- Balance sheet tested under a range of price scenarios
- Disciplined approach to hedging
- Prudent capital allocation
- Robust risk management and corporate governance

**Diversified capital structure**

## Ensuring liquidity through the cycle

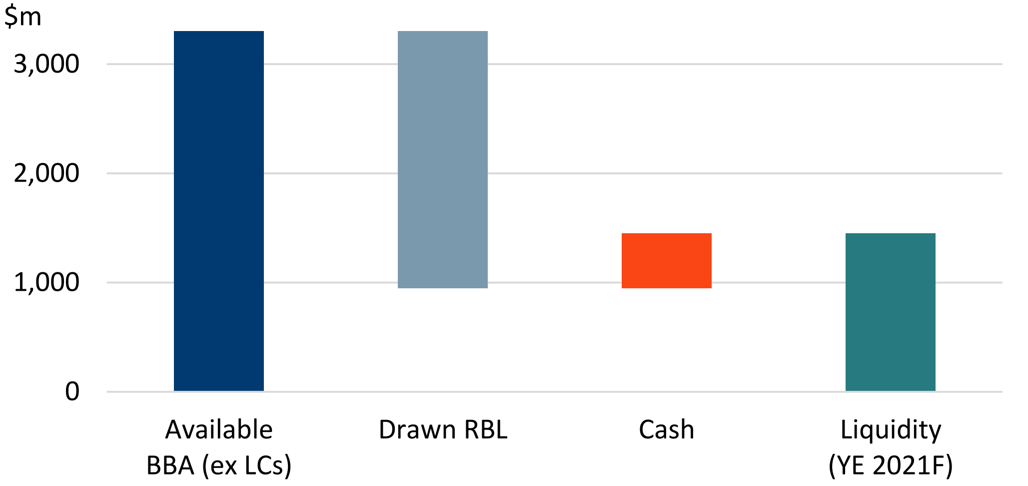
- Significant availability from cash and debt sources
- Competitive cost of capital
- Financial flexibility and resilience
- Increasing presence in international bond markets
- BB credit ratings obtained

**Counter cyclical approach**

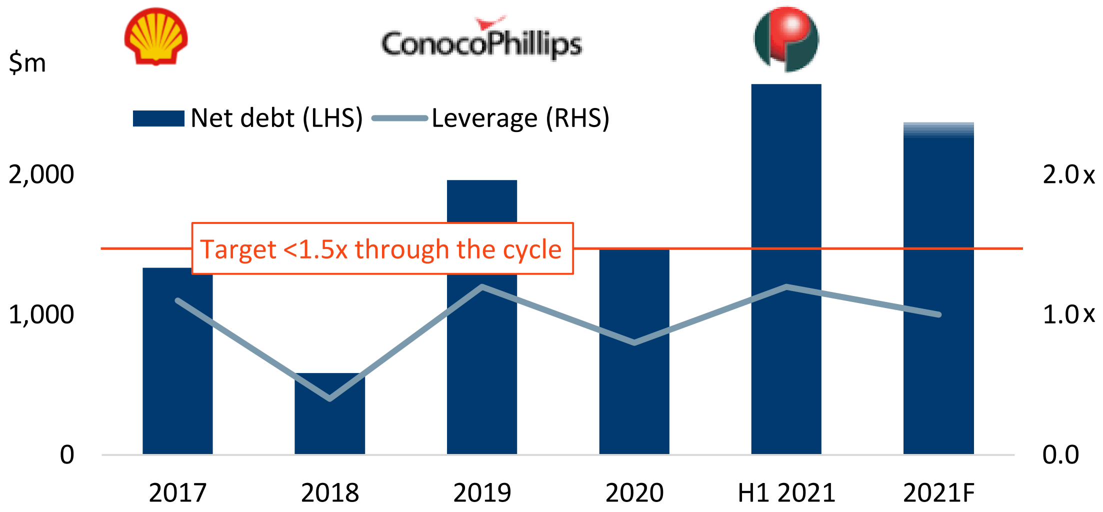
## Take advantage of market movements

- Leverage to move counter cyclically
- Capacity to take advantage of M&A opportunities that align to strategic drivers
- Repay debt when prices are high, ensuring capital discipline, financial resilience and credit worthiness

## Significant liquidity, no material near term debt maturities




## Track record of rapid debt pay down post transactions



# 2 Ensuring a robust and diverse portfolio

## Reinvestment in the portfolio and M&A competes for capital with shareholder returns and strengthening of the balance sheet

**Production capex**

**Operator of key hubs with material upside**
- Infill drilling, near field additions, plant mods, ILX
- Fast payback, high IRR / PIR, robust at low prices
- Ability to high grade opportunities drives higher returns

**Growth projects**

**Diverse portfolio of growth projects**
- Selective investment in growth projects, ideally with control and leveraging the Group's proven skill set and capabilities
- Material NAV, impactful production growth and reserves replacement

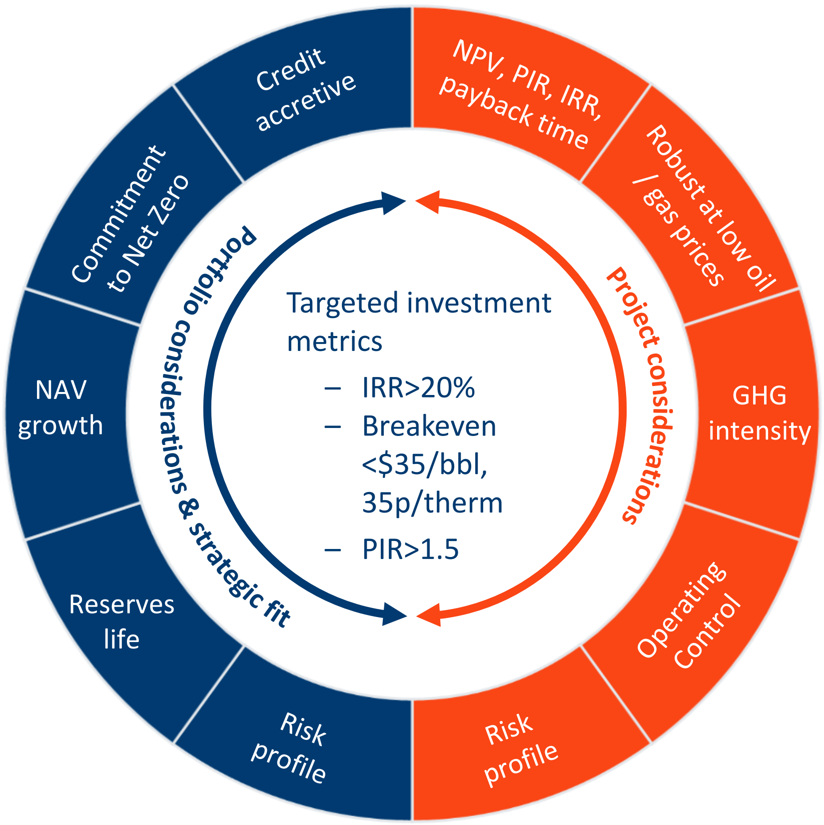
**M&A**

**Attractive international M&A opportunity set**
- Conventional, cash generative oil/gas production
- Robust margins, pathway to scale, accretive to reserves life and GHG intensity
- Value accretive to shareholders

**Energy transition**

**2035 Net Zero commitment**
- Investment in operations to reduce emissions
- Exploring initiatives to realise a step change in emissions
- Offset increasing proportion of residual emissions

Capital allocation considerations for portfolio reinvestment and M&A



# 3 Shareholder returns

## An annual sustainable dividend of $200m, equating to 16p/share[1] today

| | |
|---|---|
| **Capital allocation** | **Prudent capital allocation**<br>▪ Balance sheet strength (leverage <1.5x)<br>▪ Maintain cash generative portfolio<br>▪ Growth projects / M&A which meet investment hurdles<br>▪ Returns to shareholders |
| **Dividend Policy** | **An annual dividend of $200 million (16 pence/share[1])**<br>▪ Sustainable through the cycle<br>▪ Affordable from cash flow<br>▪ Clearly defined and predictable |
| **Annual review** | **Dividend Policy reviewed annually in the context of Harbour's capital allocation priorities; the Board may:**<br>▪ Revise the dividend level and / or<br>▪ Supplement the annual dividend through a special dividend or share buybacks |

### Proposed dividend timetable

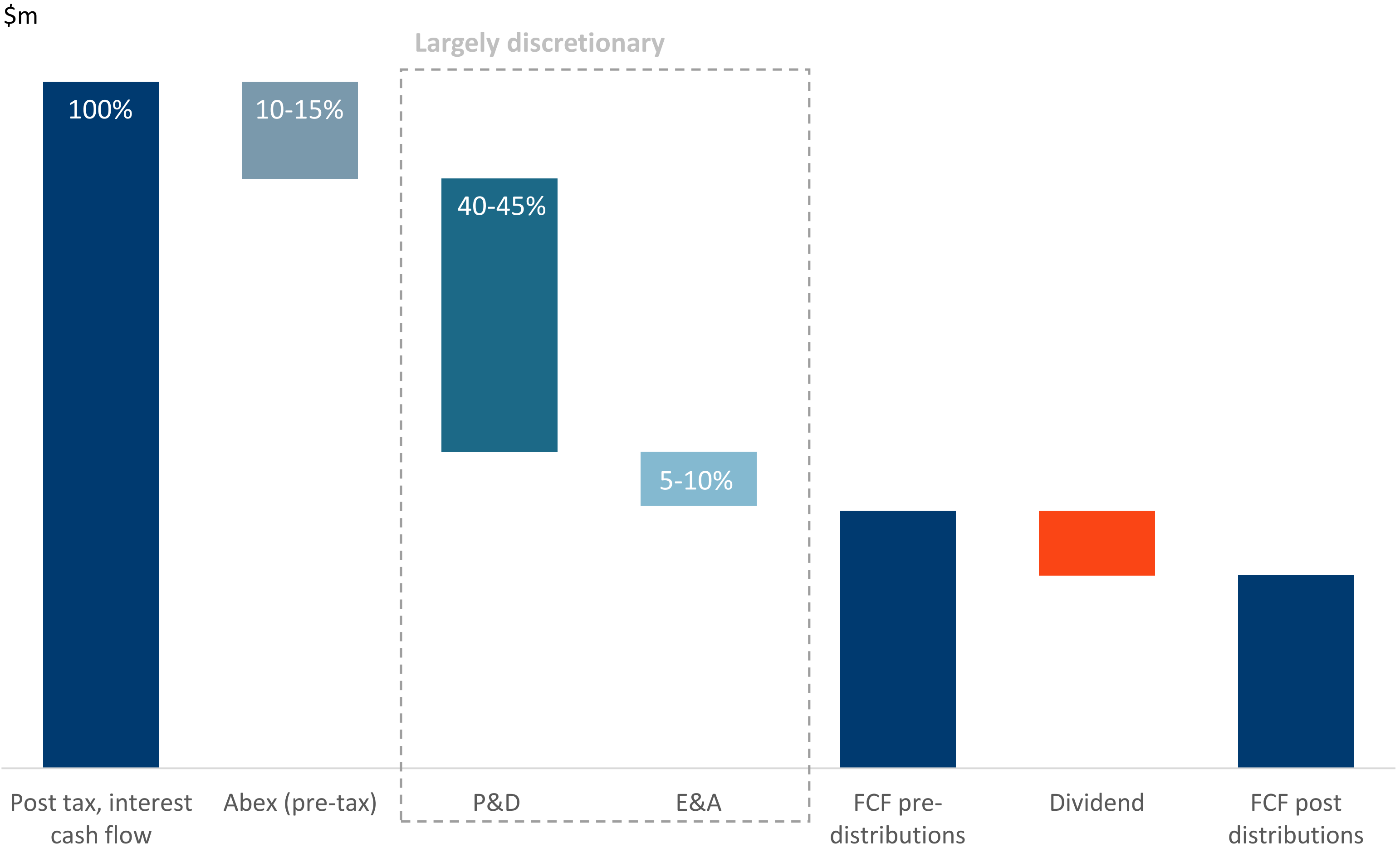
- For 2021, a final dividend of $100m (8p/share[1]) to be paid in May 2022 post AGM and shareholder approval
- First interim dividend of $100m to be paid in November 2022 following Half Year Results in August
- Going forward, payments will be made on the basis of 1/2 interim and 1/2 final

[1] This assumes a $1.35/£ exchange rate and is based on 925.5 million shares in issue

# Three year (2022-2024) capital allocation outlook

## Balancing investment in attractive projects with a sustainable dividend policy and debt repayments

### Illustrative three year capital allocation[1]




**Over 2022-2024, Harbour's business:**

- Delivers production of c.200 kboepd over the period
- Generates free cash flow every year
- Pays an annual dividend of $200 million
- Retains a strong balance sheet, with potential to be debt free in 2025
- Maintains optionality to execute high quality growth / M&A projects which exceed our investment hurdles

[1] Assumes $70/bbl, 90p/therm in 2022, $65/bbl, 60p/therm in 2023 and $60/bbl, 55p/therm long term

# Guidance

| | FY 2021[1] Guidance | 2021[1] Forecast | FY 2022 Guidance |
|---|---|---|---|
| **Production** | 170-180 kboepd | 175 kboepd | 195-210 kboepd |
| **Operating cost** | 15-16 $/boe | c.16 $/boe | 15-16 $/boe |
| **Capital expenditure (ex decom.)** | c.1.1 $bn | 775 $m | 1.0 $bn |
| **Decommissioning expenditure** | | 250 $m | 300 $m |

[1] 2021 numbers are provided on a reported basis with Premier's portfolio contributing from 31 March 2021

# Wrap up of first session

Linda Z Cook

# Well positioned for value creation

**Exposure to pure-play upstream, global O&G company**

**Diverse, cash generative producing portfolio of scale**

**Positioning for the energy transition**

## A unique investment opportunity

**Conservative financial risk management policy**

**Shareholder returns through dividends**

**Track record of creating value through M&A**

# Q&A

# Agenda

| Est. GMT timings | Topic | Presenter |
|---|---|---|
| 12.00 | Introduction and Strategy | Linda Z Cook, CEO |
| 12.20 | Operations and Portfolio Overview | Phil Kirk, President & CEO Europe |
| 12.40 | Guidance and Capital Allocation | Alexander Krane, CFO |
| 13.05 | Wrap up of First Session | Linda Z Cook, CEO |
| 13.05 | Q&A | Linda Z Cook, Phil Kirk, Alexander Krane |
| Break | | |
| 14.00 | Introduction to Session Two | Linda Z Cook, CEO |
| 14.00 | Asset Deep Dives – Europe | Bob Fennell, EVP Europe Operations & Global Technical Services |
| 14.20 | Asset Deep Dives – International | Stuart Wheaton, EVP International |
| 14.35 | Concluding Remarks | Linda Z Cook, CEO |
| 14.35 | Q&A | All presenters |

# Asset deep dive - Europe

Bob Fennell

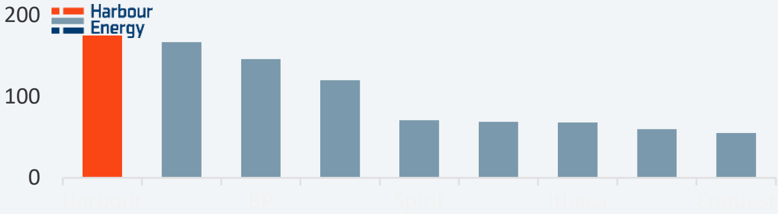
# Europe Assets

## Priorities

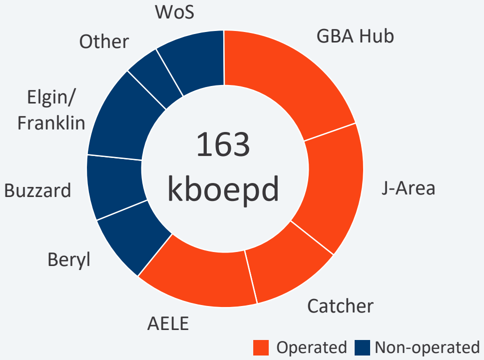
- Safe and reliable operations
- Cost management
- Reduction of emissions
- Delivery of high quality forward investment portfolio

### Largest Producer in the UK today[1]

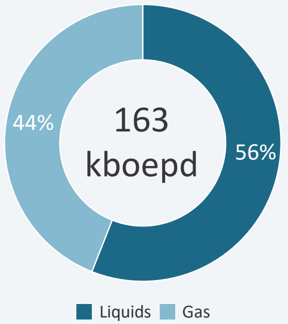
2021F, kboepd




### Diversified UK production (2021F)




### Balance of UK oil vs gas




**West of Shetlands**

Clair - multi-decade oil field

**Buzzard**

Flagship UK oil production

**Elgin Franklin**

Flagship HPHT development

**Catcher Area**

Continued outperformance


**Beryl Area**

Cash generative, material upside

**Greater Britannia Area**

Our largest producer

**AELE**

Late life field optimisation

**J-Area**

High value, short cycle

[1] Source: WoodMackenzie, Company estimates

# Greater Britannia Area – our largest producer

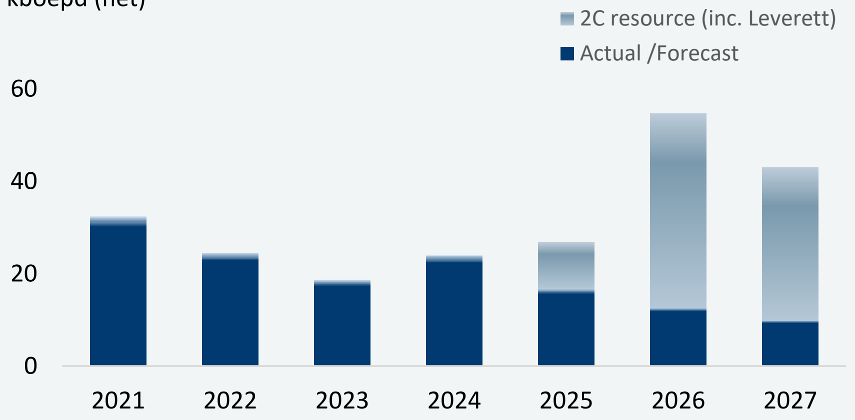
- Harbour operated, 26%-87.5% interest
- 2021F: c.32 kboepd (44% liquids, 56% gas)
- High operating efficiency
- Infill well outperformance, most recently Callanish F5
- Significant exploitation opportunities
- 3rd party opportunities; Finlaggan start up Q4 2021
- Rejuvenated area plan and partner relationship
- Emissions reduced through plant optimisation
- Cessation of production in 2040+

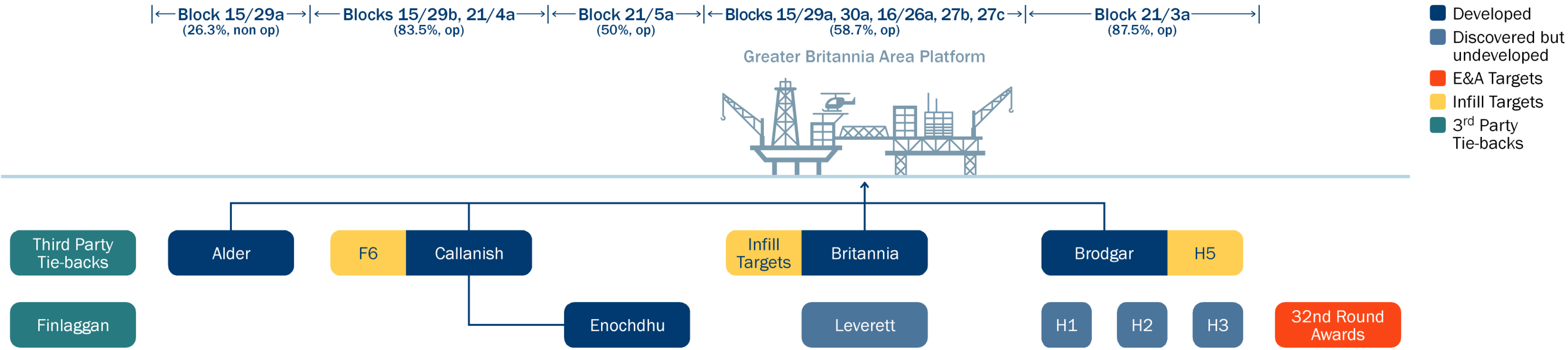
## Production, P&D capex

kboepd, $m (net)


## Production outlook

kboepd (net)



# J-Area – significant inventory of high value, short cycle opportunities

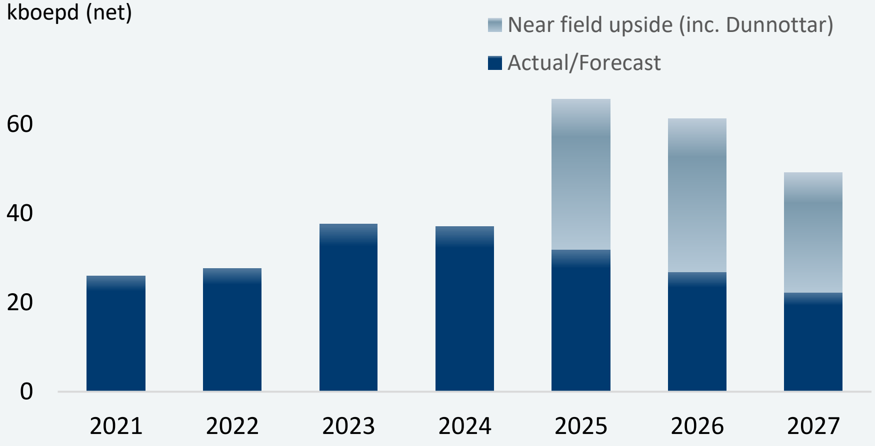
- Harbour operated, 67%-67.5% interest
- 2021F: c.26 kboepd (46% liquids, 54% gas)
- Reliable operations, strong asset integrity
- Active, diversified drilling programme (E&A, infill, near field tie-backs)
- Significant prospectivity within multiple, geological targets
- Exploring potential for electrification
- Cessation of production in 2040+

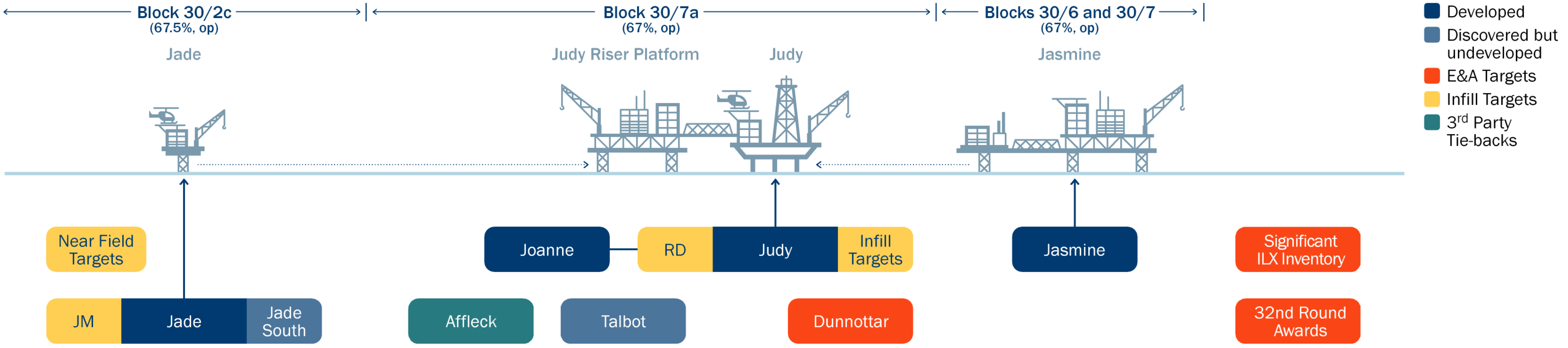
## Production, P&D capex

kboepd, $m (net)


## Production outlook: a material growth hub

kboepd (net)



# Catcher Area – continued outperformance, further reserves upgrades anticipated

- Harbour operated, 50% interest
- 2021F: c.17 kboepd[1] (98% liquids, 2% gas)
- Continued subsurface outperformance
- Improved reliability; potential for debottlenecking
- 3 wells (2 development, 1 infill) planned for 2022
- 4D seismic de-risks future tie-backs
- Gas reinjection programme approved
- Further reserves upgrade anticipated
- Low emissions

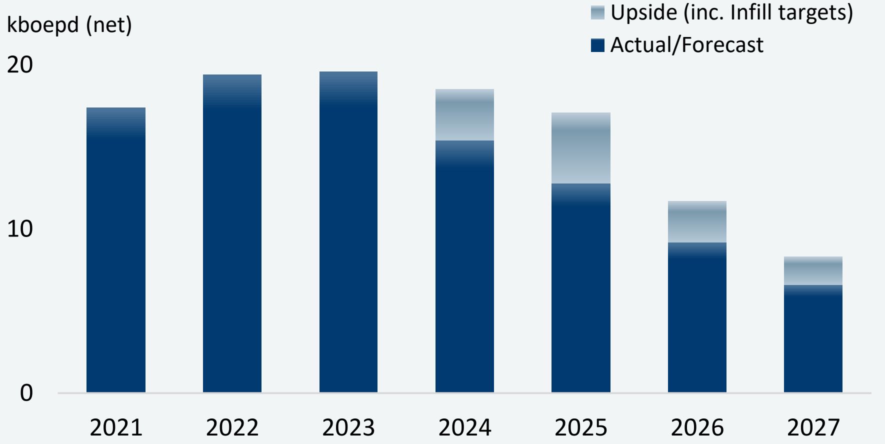
[1] Catcher production is on a reported basis and contributes to Harbour's production from 31 March 2021

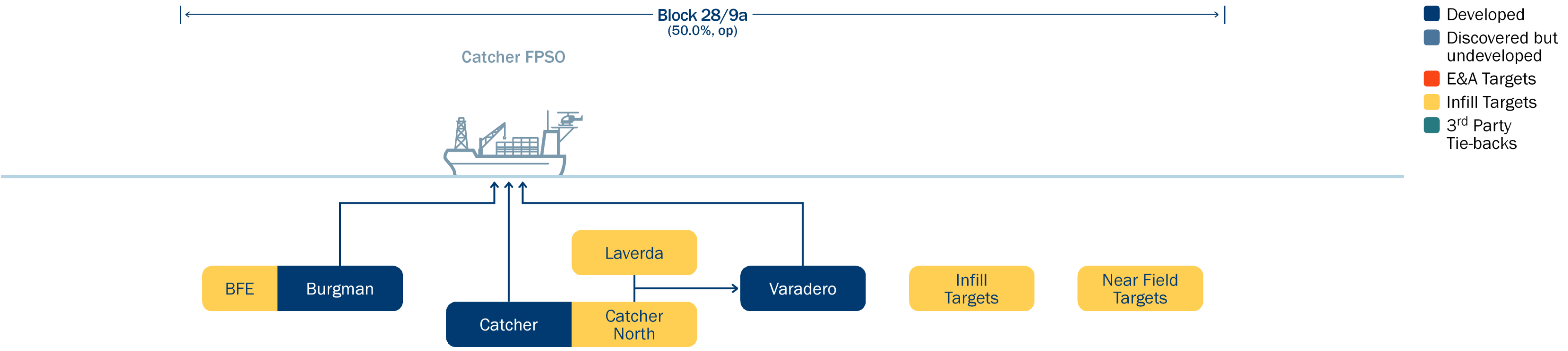
## Production, P&D capex

kboepd, $m (net)


## Production outlook

kboepd (net)



# AELE – late life field optimisation

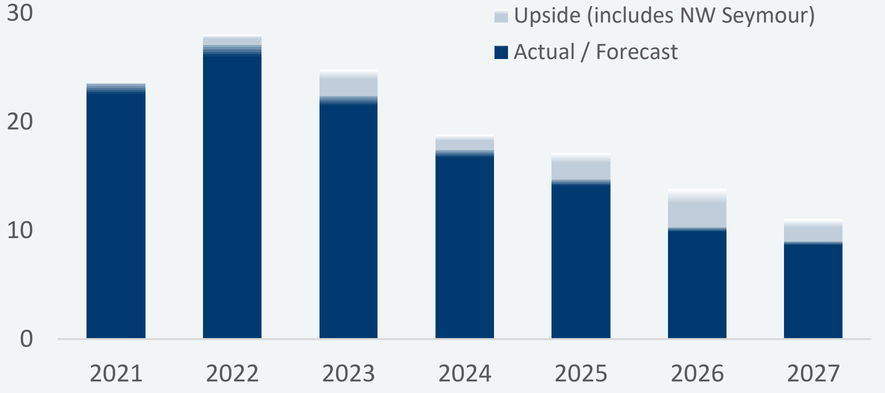
- Harbour operated, 100% interest[1]
- 2021F: 24 kboepd (c. 70% gas, 30% liquids)
- Improved production efficiency
- Generates positive free cash flow
- Innovative supply chain partnering
- Late life compression projects
- East Everest infill targets (LAD first gas Q1 2022)
- High risk, high potential Mickledore target

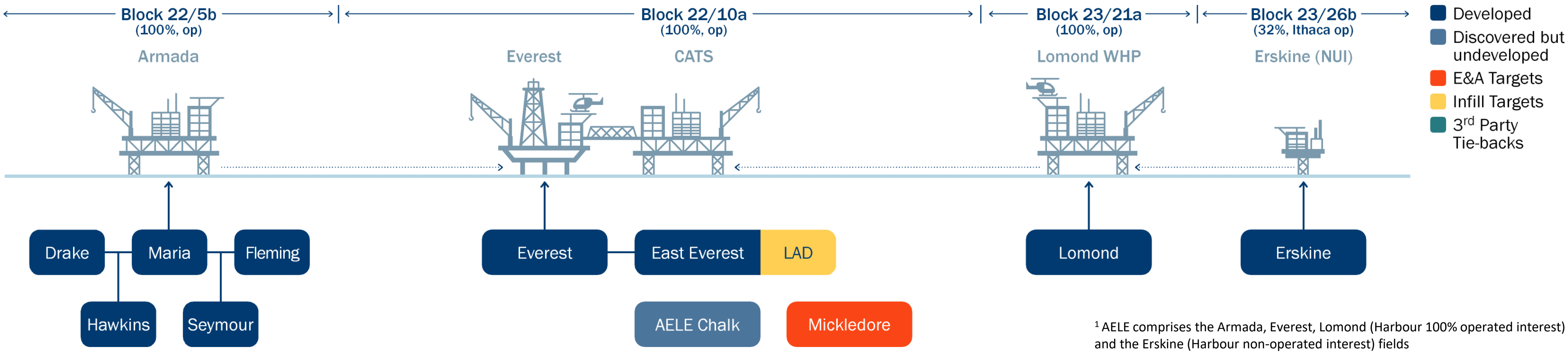
## Production, P&D capex

kboepd, $m (net)


## Production outlook

kboepd (net)




[1] AELE comprises the Armada, Everest, Lomond (Harbour 100% operated interest) and the Erskine (Harbour non-operated interest) fields

# West of Shetlands – Clair multi-decade oil field with material upside potential

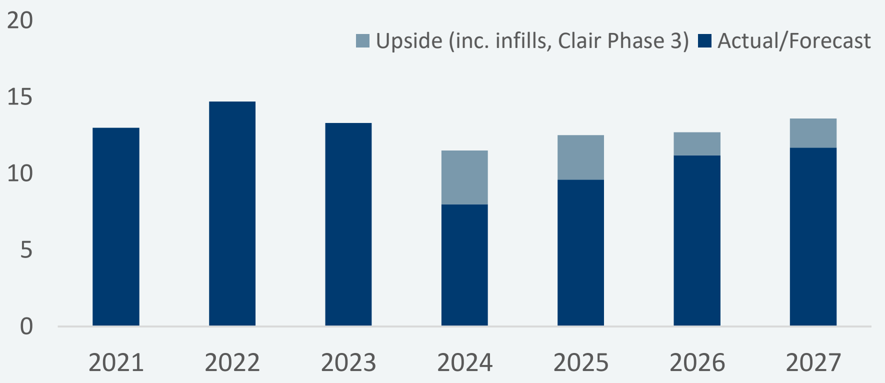
- BP operator of Clair, Schiehallion; Harbour operator of Solan
- 2021F: 13 kboepd (96% liquids, 4% gas)
- Active drilling programme at Clair Ridge
- Clair Phase 1 drilling to restart in 2022
- Optimised Clair Phase 3 development
- Schiehallion infill targets being matured
- Significant reserves potential at Clair
- Cessation of Production in 2055+ (Clair)

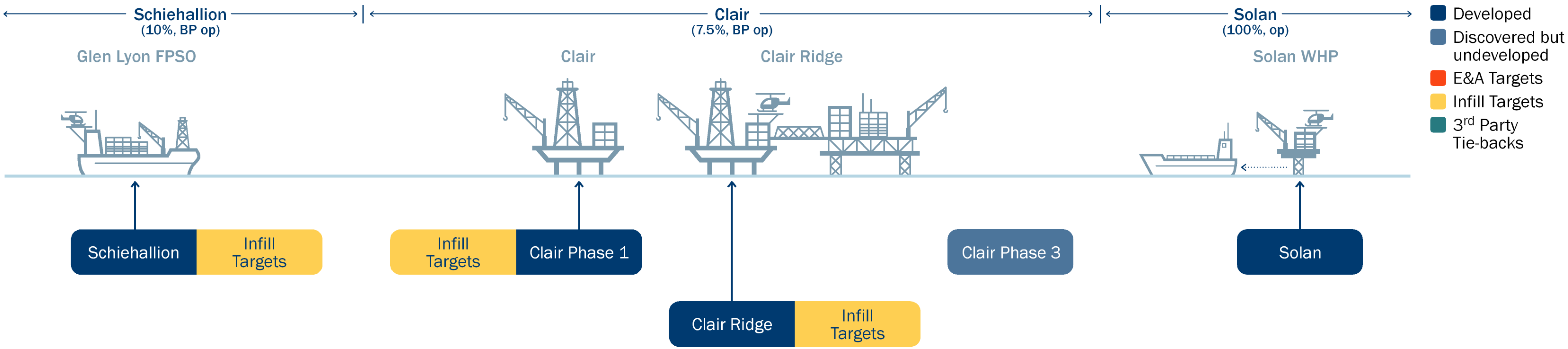
## Production, P&D capex

kboepd, $m (net)


## Production outlook

kboepd (net)



# Elgin Franklin – one of the world's largest HPHT developments

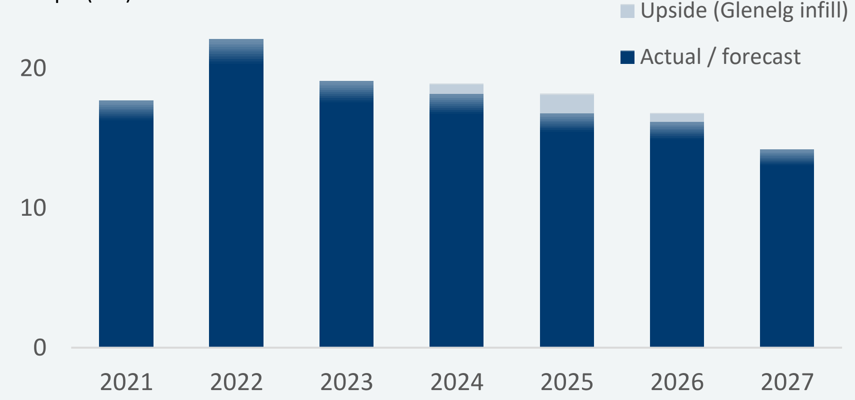
- TotalEnergies operator
- 2021F: 18 kboepd (61% gas, 39% liquids)
- UK's largest producing field
- Historically high operating efficiency
- Low operating cost
- Robust margins, highly cash generative
- Working with operator to review ILX potential
- Cessation of Production in 2040+

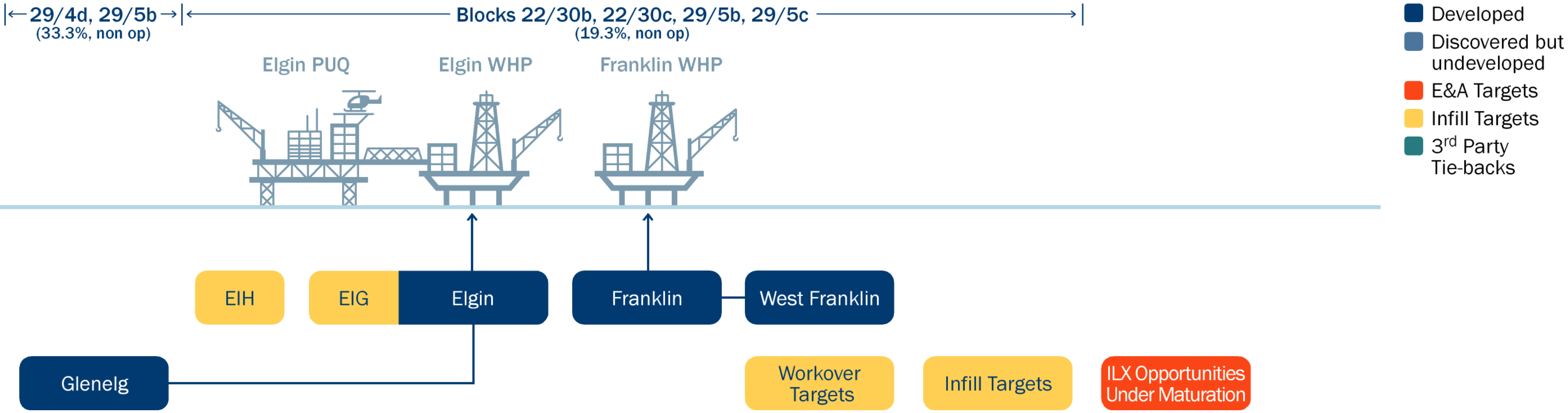
## Production, P&D capex

kboepd, $m (net)


## Production outlook

kboepd (net)



# Buzzard – flagship UK oil production

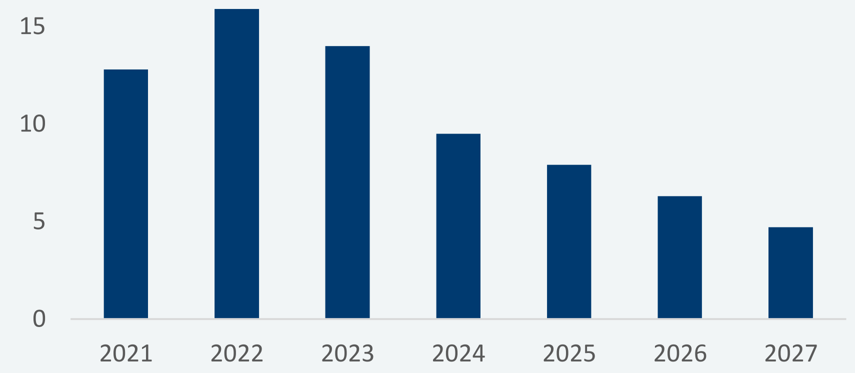
- CNOOC operator
- 2021F: 13 kboepd (99% liquids, 1% gas)
- c.90% operating efficiency (2019-2021)
- Buzzard Phase 2 wells on-stream (on schedule and below budget)
- Infill campaign targeting Northern Terrace (2023)
- Electrification potential
- Working with operator to review ILX potential
- Cessation of Production in 2033

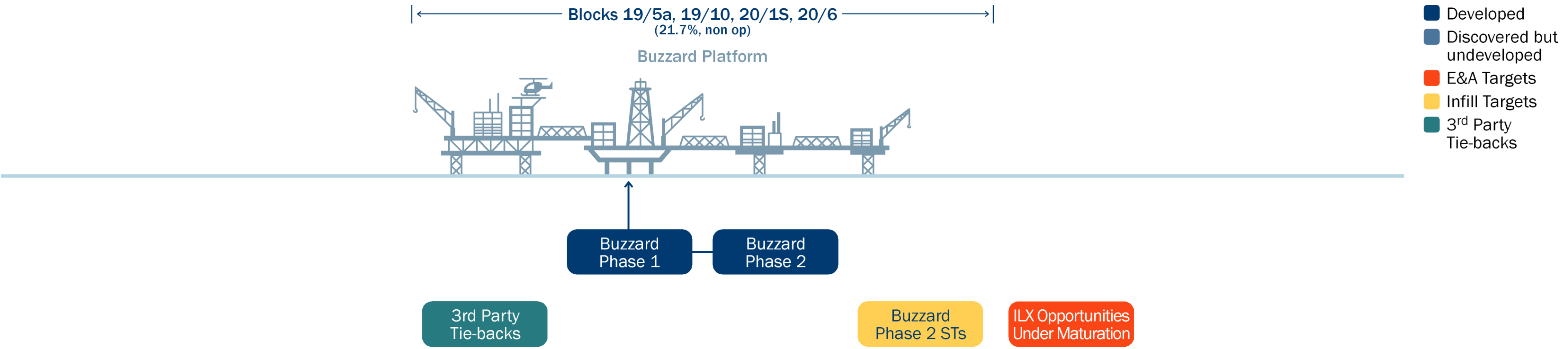
## Production, P&D capex

kboepd, $m (net)


## Production outlook

kboepd (net)



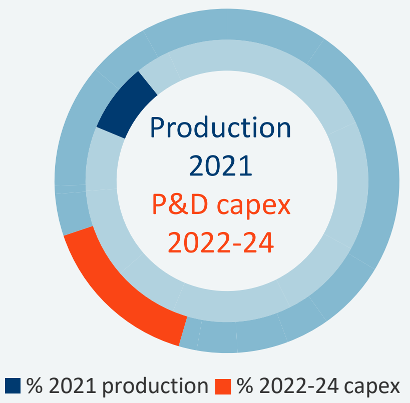
# Beryl – cash generative production with material upside

- Apache operator
- 2021F: 14 kboepd (88% liquids, 12% gas)
- Ongoing platform and MODU[1] infill drilling programme
- Targeting mid-2020s for start up from Tertiary fields
- 3rd party volumes potential
- Cessation of Production in 2035+

[1] Mobile offshore drilling unit

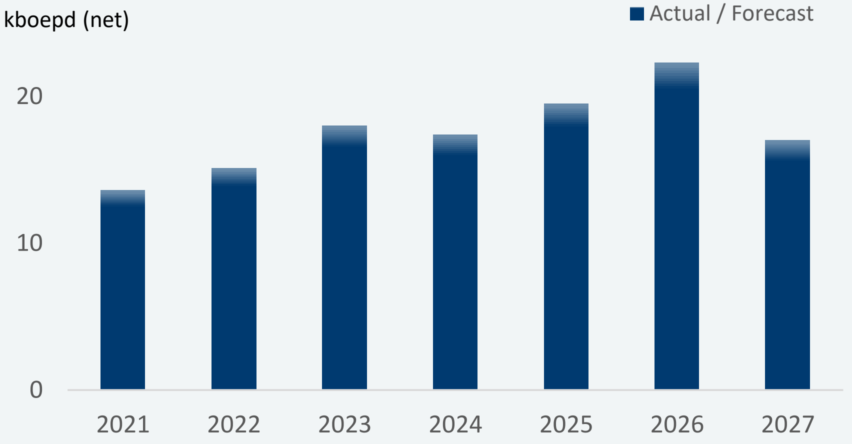
## Production, P&D capex

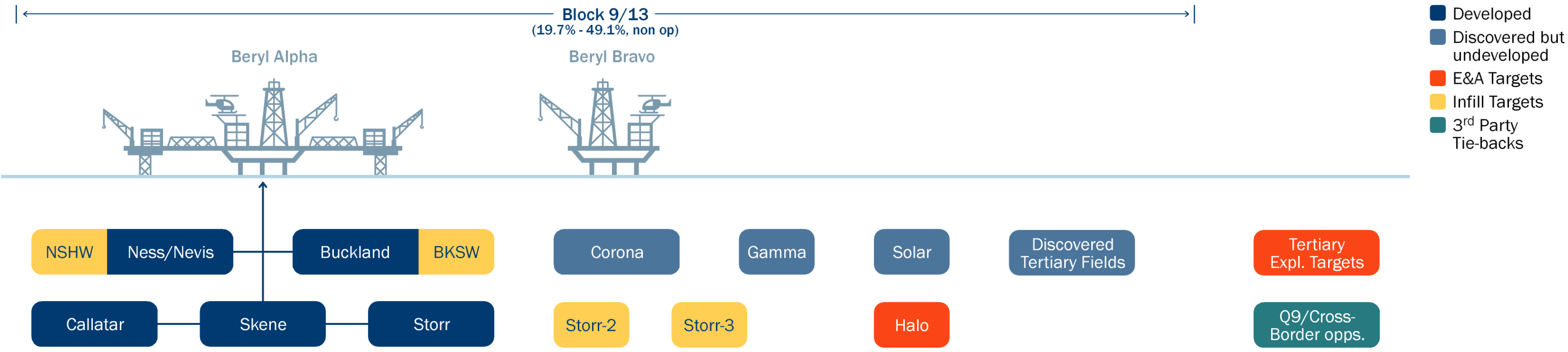
kboepd, $m (net)




## Production outlook

kboepd (net)



# Asset deep dive - International

Stuart Wheaton

# South East Asia – an operated, full cycle business

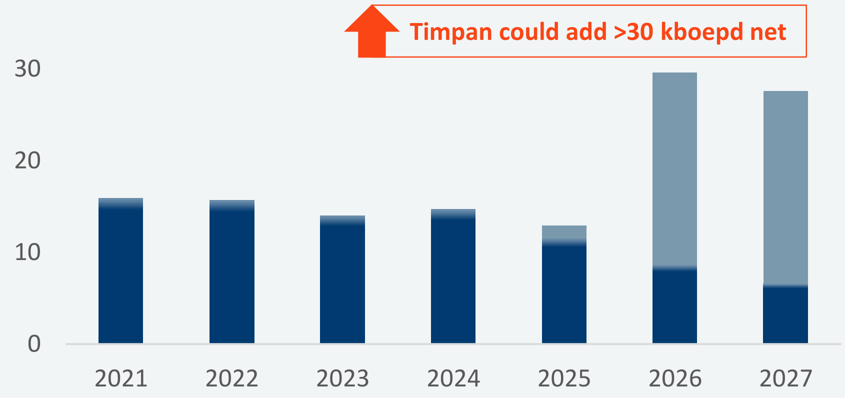
- Harbour operator of Natuna Sea Block A and Chim Sao
- 2021F: 12 kboepd[1] (69% gas, 31% liquids)
- Consistently high operating efficiency
- Robust margins
- Major supplier of gas to Singapore; strong gas market (>$12/mmbtu)
- Premium to Brent for Chim Sao crude
- Incremental, high value investment opportunities
- Material growth potential: Tuna, Andaman

## Production, P&D capex

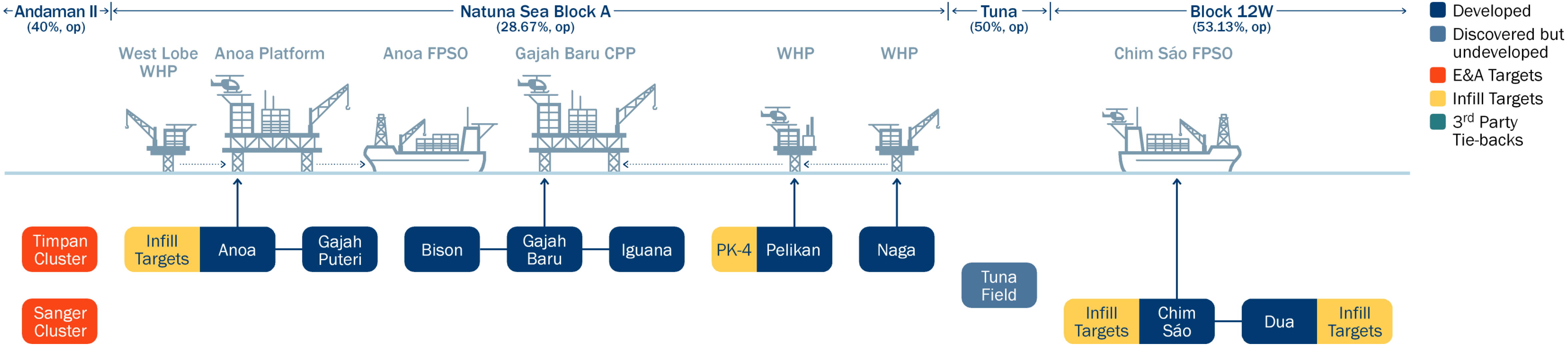
kboepd, $m (net)


## Production outlook

kboepd (net)




[1] SE Asia production is on a reported basis and contributes to Harbour's production from 31 March 2021



# Tuna, Indonesia – appraisal campaign completed

## Harbour 50% operated interest, carried through appraisal drilling

- ✔ Positive appraisal results, all objectives met
- ✔ High condensate yield confirmed
- ✔ Successfully delineated main reservoir
- ✔ Comprehensive data acquisition, including flow tests, to support development planning
- ✔ Gross resource > 100 mmboe (55/45% gas/liquids)

**Potential initial net rates**
>20 kboepd

**Breakeven[1]**
<$25/boe

## Illustrative timeline to Tuna first production

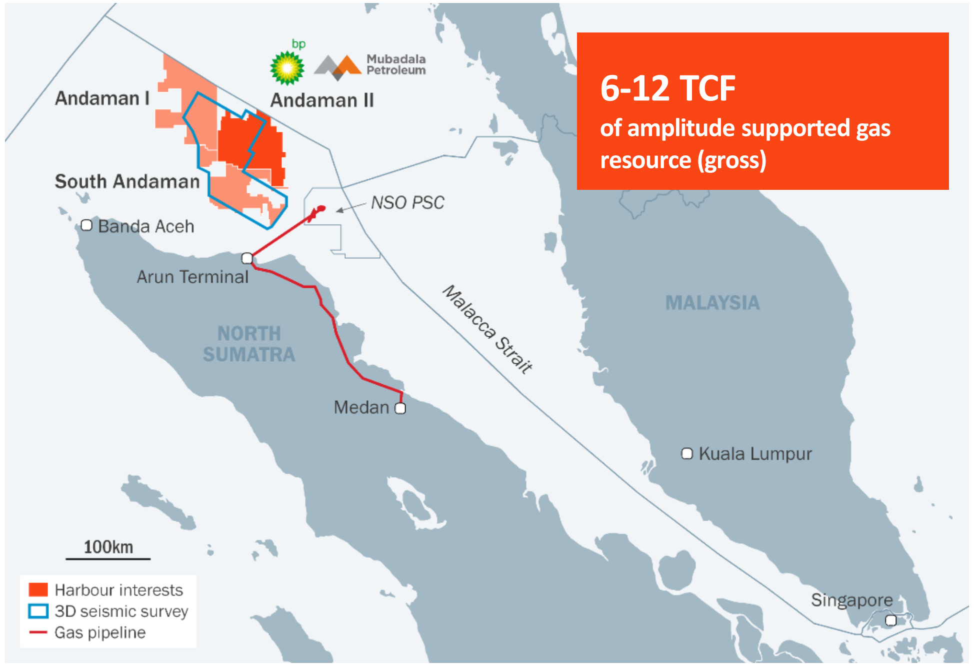
| Tuna discovery | MOU signed for gas to Vietnam | Farm down to 50%, op | Carried appraisal campaign | Final Investment Decision | First production |
|---|---|---|---|---|---|
| 2014 | 2017 | 2021 | 2021 | 2023 | 2026 |

[1] This assumes a FPSO tied back to WHP with gas sales exported to Vietnam.

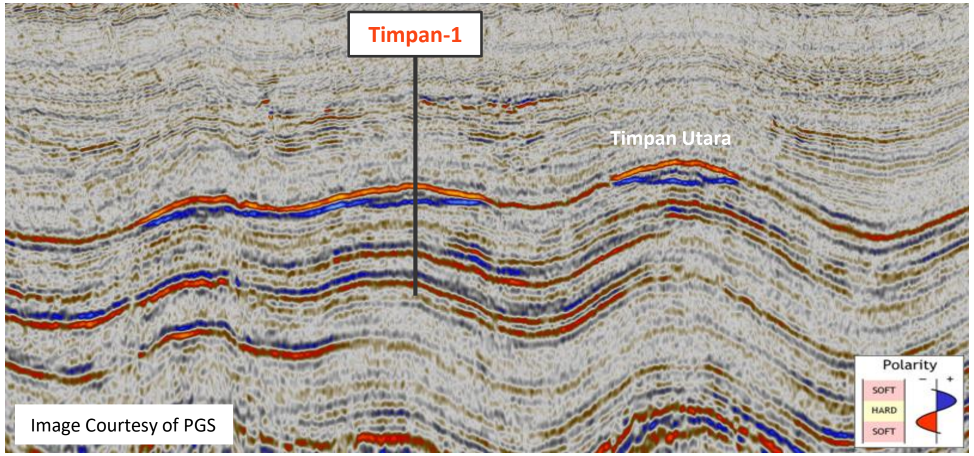
# Andaman II, Indonesia – multi TCF gas play

## High impact, low risk targeted exploration

- 40% operated interest
- Strong, supportive partnership – BP, Mubadala
- Timpan play opening well spuds Q2 2022
  - Well targeting c.300 mmboe (gross, Harbour 40% interest)
  - Low risk: large 4-way dip closed structure, strong amplitude response
  - Potential for accelerated first gas by 2026 (strong gas market)
- Gross play potential up to 12 TCF and 400 mmbbls condensate







# Mexico, Sureste Basin – a prolific hydrocarbon province

## Zama oil field, Block 7, Sureste Basin

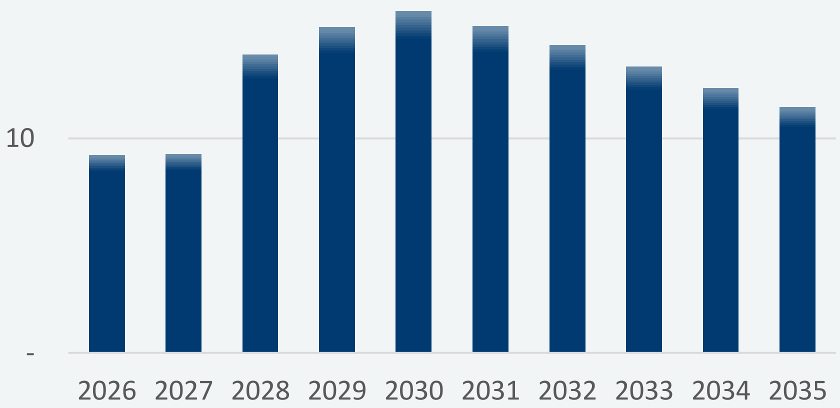
- 12.39% non-operated interest
- Working with Pemex to agree final terms of Zama unitisation and FDP ahead of FID targeted for 2023
- Robust economics:
  - 150 kbopd plateau
  - <$5/bbl capex
  - >25% IRR
- Low GHG intensity
- Long life field (2040+)

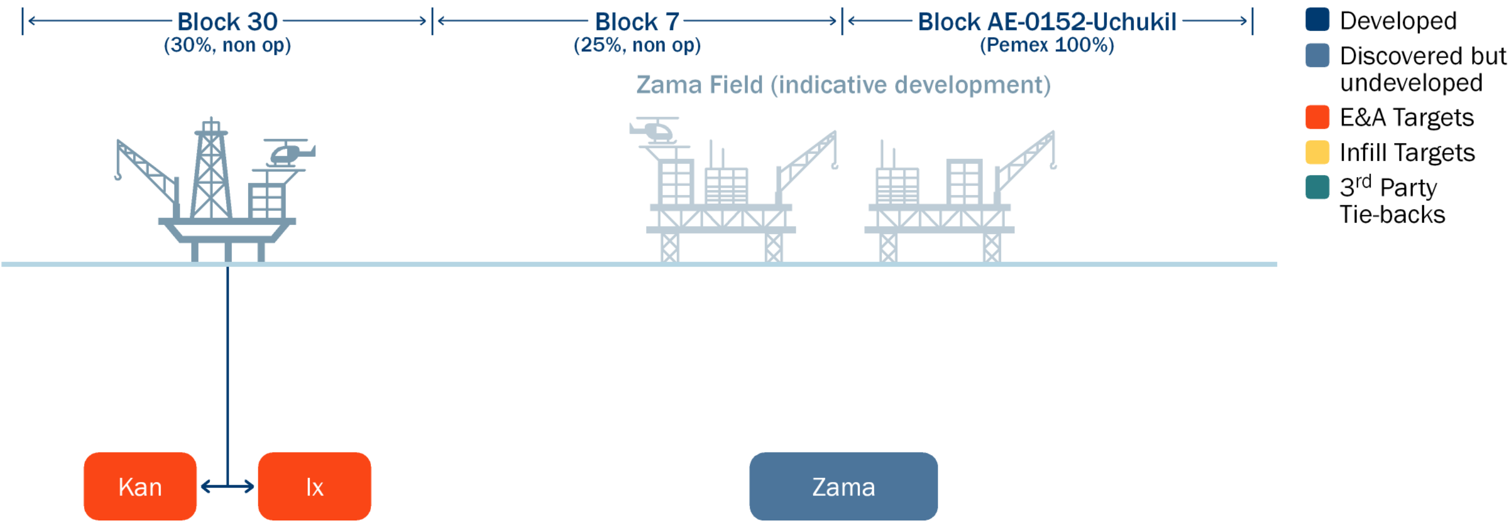
## Production, P&D capex

kboepd, $m (net)


## Zama illustrative production profile

kbopd (net)




## Block 30, Sureste Basin

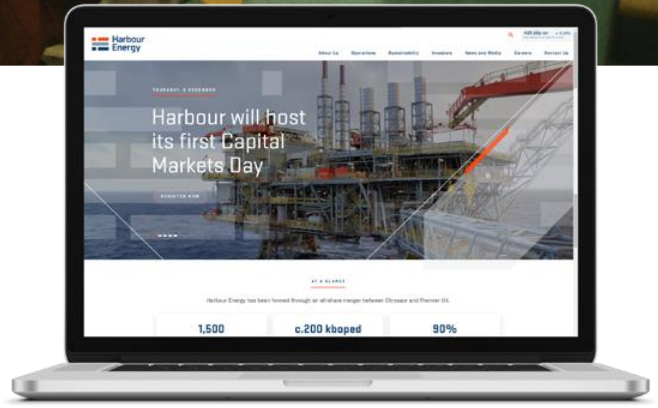
- 30% non-operated interest, WDEA operator
- Two shallow water exploration wells in H2 2022
  - Kan (Wahoo): c. 90 mmboe (gross, unrisked)
  - Ix (Pike): c. 75 mmboe (gross, unrisked)

# Concluding remarks

Linda Z Cook

# Well positioned for value creation

# Q&A


Harbour Energy

+44 (0)20 773 0111
investor.relations@harbourenergy.com

www.harbourenergy.com