

Harbour Energy plc
“Harbour”
2021 Capital Markets Day
9 December 2021

Harbour Energy plc, the global independent oil and gas company, will host its first Capital Markets Day today at midday GMT.

The presentation will provide more detail around Harbour’s strategy, the strength of its asset base, the cash flow potential of the business and its capital allocation plans. Details include its forward investment programme, path to Net Zero by 2035 and the introduction of a \$200 million annual dividend policy.

Today Harbour also provides a 2021 performance update, 2022 guidance and its medium-term outlook.

2021 Performance Update¹

- Production of 215 kboepd in October / November; full year forecast of 175 kboepd, in line with guidance (170-180 kboepd)
- Forecast unit operating cost of c.\$16/boe and total capital expenditure of c.\$1bn, including decommissioning
- Tolmount (UK) project start-up expected Q1 2022 at net rates of 20 kboepd; reserves anticipated to be downgraded reflecting drilling results; Tolmount East sanctioned
- Successful drilling at J-Area, Elgin Franklin, Everest and Beryl in the UK, and Natuna Sea Block A and Tuna in Indonesia, supporting future production
- Alignment of the portfolio with Harbour’s strategy, including exits from Brazil exploration acreage and the Sea Lion project in the Falkland Islands
- Net Zero 2035 activities include emissions reduction actions, progress on UK offshore electrification and CCS studies, and offsetting c.20% of 2021 emissions
- Integration on track, material synergies expected to be realised
- Debut \$500m bond issuance completed in October with a coupon of 5.5%; forecast year end net debt of \$2.3-2.4bn excluding unamortised fees and leverage of 1.0x, reflecting \$500-600m of free cash flow generation for the year
- Introduction of a dividend policy of \$200m (16 pence/share²) annually to be paid in two equal instalments, starting with a final dividend of \$100m (8 pence/share²) for 2021 to be paid in May 2022 following shareholder approval

2022 Guidance

- Production of 195-210 kboepd, with the midpoint representing an increase of 16% vs 2021
 - 15-20 kboepd from Tolmount (first gas Q1 2022)
 - New production from J-Area, Catcher, Buzzard in the UK and Chim Sao in Vietnam
- Unit operating cost of \$15-16/boe

¹ 2021 metrics are provided on a reported basis and include Premier’s assets from 31 March 2021

² This assumes a \$1.35/£ exchange rate and is based on 925.5 million shares in issue

- Expected total capital expenditures of c.\$1.3bn
 - \$800m P&D (Production and Development) targeting infrastructure-led, high value projects
 - \$200m E&A (Exploration and Appraisal) includes the high impact Timpan-1 well (Indonesia) and two commitment wells in Mexico
 - \$300m decommissioning (pre-tax), primarily in the UK Southern North Sea
- Materially higher free cash flow at current commodity prices, supported by increased production

Medium Term Outlook (2022-2024)

- Harbour’s strategy is to continue building a global diversified oil and gas company by reinvesting in its existing asset base while aiming to establish material production in another region over time
- Production expected to average c.200 kboepd
- A continued focus on safety as well as progress towards Net Zero by 2035
- Annual capital expenditure of c.\$1.3bn, broadly split \$800-900m P&D, \$100-200m E&A and \$300m decommissioning
- Free cash flow positive every year, after investment programme and shareholder distributions, at current forward commodity prices
- Shareholder distributions of \$200m per annum; policy reviewed annually within the context of Harbour’s capital allocation priorities
- Strong balance sheet retained, with potential to be debt free in 2025 at current forward commodity prices
- Optionality to undertake acquisitions with a strong strategic fit and potential for value creation

Linda Z Cook, CEO, commented:

“Harbour is ending 2021 in a strong position. We’re producing 200 kboepd with good visibility to sustain production around this level near term. Together with our robust balance sheet, this enables us to introduce a \$200 million annual dividend and fund reinvestment in our portfolio while retaining significant optionality over our future capital allocation. I am proud of all the Harbour team has accomplished over our first eight months as a company. We remain committed to producing oil and gas responsibly and to the continued execution of our strategy.”

Details of Harbour’s Capital Markets Day

Harbour will host a virtual presentation and Q&A session for investors and analysts at 12.00pm (GMT) today, accessible via its website (harbourenergy.com/investors).

Alternatively, if you would like to join the presentation and Q&A via telephone, please use the numbers below:

- Tel: +44 (0)20 3936 2999
- Access code: 479455

A replay of the webcast will be available on Harbour’s website after the event.

Enquiries

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Appendix 1

The below sets out Harbour's 2021 guidance, 2021 full year forecast and 2022 guidance for production, unit operating costs and capital expenditure.

	2021 Guidance ³	2021 Forecast	2022 Guidance
Production (kboepd)	170-180	175	195-210
Operating cost (\$/boe)	15-16	c.16	15-16
Capital expenditure (P&D, E&A, \$m)	1,100	c.775	1,000
Decommissioning (\$m)		c.250	300

³ 2021 metrics are provided on a reported basis and include Premier's assets from 31 March 2021

Cautionary Statement

The information contained within this announcement is deemed by Harbour to constitute inside information as stipulated under the Market Abuse Regulation. By the publication of this announcement via a Regulatory Information Services, this inside information is now considered to be in the public domain. The person responsible for arranging the release of this announcement on behalf of Harbour is Howard Landes (General Counsel).

This announcement contains forward-looking statements, including in relation to the financial condition of the Harbour group (the "Group") and the results of operations and businesses of the Group. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "ambition", "anticipates", "aspire", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". Although the Group believes that the expectations reflected in such forward-looking statements are reasonable, these statements are not guarantees of future performance and are subject to a number of risks and uncertainties and actual results, performance and events could differ materially from those currently being anticipated, expressed or implied in such forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to, those identified in the "Risks and Uncertainties" section of the Group's Half Year Results. Forward-looking statements contained in this announcement speak only as of the date of preparation of this announcement and have not been audited or otherwise independently verified. Past performance should not be taken as an indication or guarantee of future results and no reannouncement or warranty, express or implied, is made regarding future performance. The Group therefore cautions against placing undue reliance on any forward-looking statements.

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