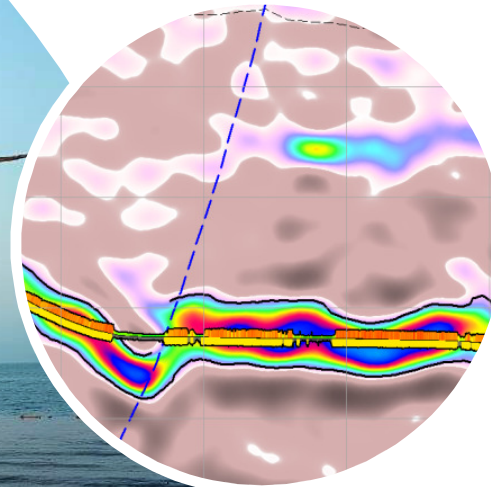


# 2016 Half-Year Results

18 August 2016



# Forward-looking statements

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

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

# Agenda

**2016 1H highlights** ..... Tony Durrant

**Operations update** ..... Robin Allan

**Finance** ..... Richard Rose

**Outlook** ..... Tony Durrant



# 2016 1H highlights

Tony Durrant

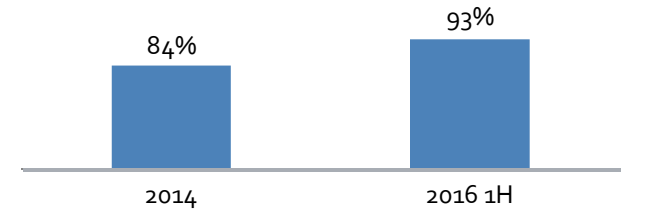




# 2016 1H highlights

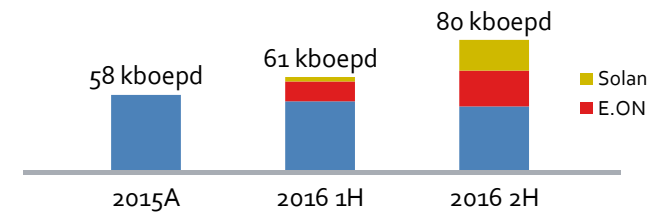
1

High production efficiency



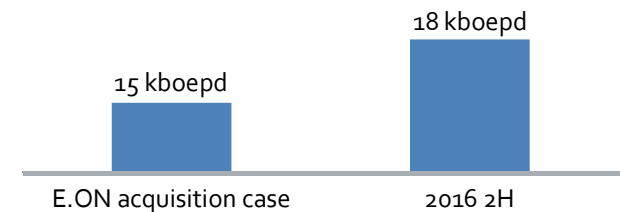
2

Step change in production



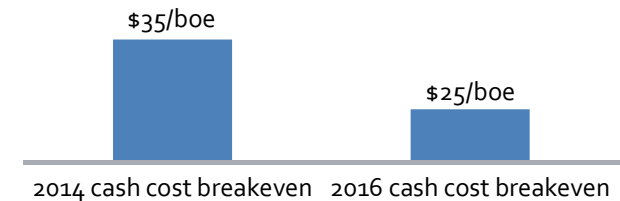
3

Continued portfolio upgrading



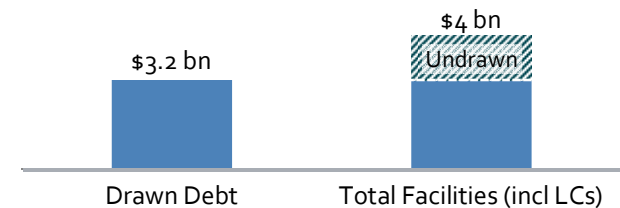
4

Cost reductions delivered



5

Refinancing in progress



# Operations update

Robin Allan



# Asia – providing cash flow for the business

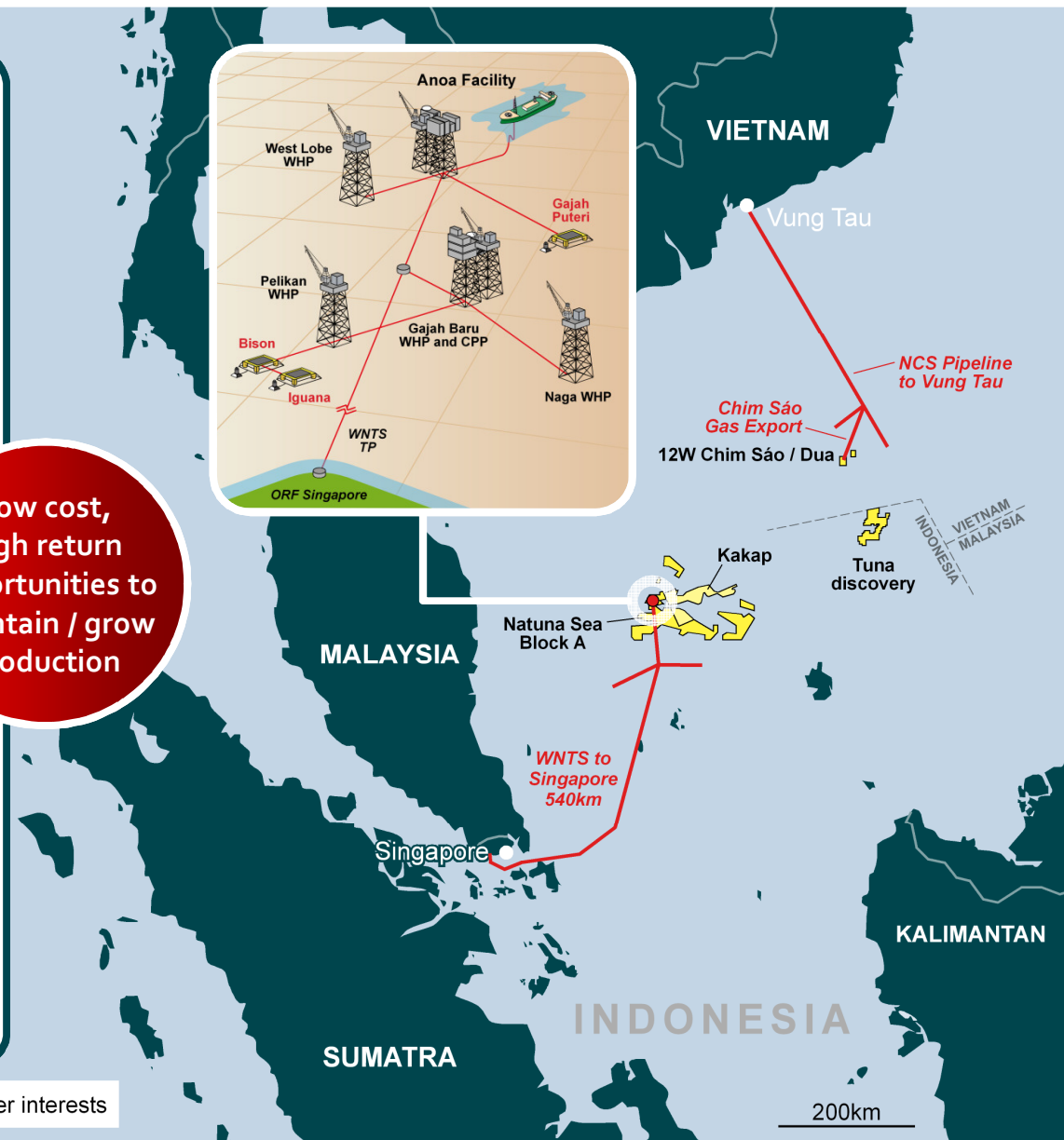
## Indonesia

- 97% production efficiency
- Strong demand (44% of GSA 1, record GSA 2 delivery)
- \$9/boe opex
- Increase demand post 2020
  - Quick payback, high return projects
  - Bison, Iguana, Gajah Puteri
- Longer term growth opportunities
  - Tuna, 3rd party business

## Vietnam

- 90% production efficiency
- \$9/boe opex
- Further cost reductions
  - Renegotiation of vessel and helicopter contracts
  - Revised terms for FPSO agreed
- High return, low cost projects include infill drilling in 2017

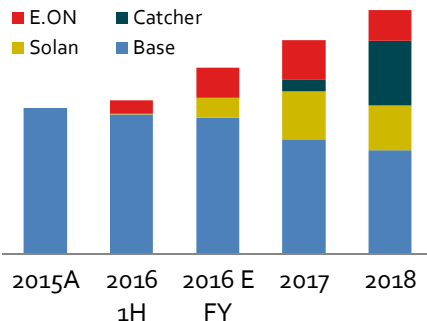
Low cost,  
high return  
opportunities to  
maintain / grow  
production



# UK North Sea – growth story

## UK overview

- 88% production efficiency
- UK drives production growth:



- Strong operating base
- Tax advantaged position

## Wytch Farm (30.1%)

- Long life field
- Infill opportunities



## Solan (100% op)

- Plateau production of 20-25 kboepd
- Opex <\$10/bbl

## Huntington (100% op)

- Increased equity
- Production exceeding budget

## Catcher (50% op)

- On track for first oil 2017
- 20% cost reduction secured

## Elgin-Franklin (5.2%)

- Long life field
- Rates of >130 kboepd (gross)
- On-going infill drilling and well intervention programme

## Glenelg (18.57%)

- Recommended production in May
- Rates of >20 kboepd (gross)

## Tolmount (50% op)

- Low cost, high return project
- Significant area upside

## Babbage (47%)

- Moving to unmanned
- Cobra potential tie-back

Premier interests  
 Producing fields  
 Pipeline interests



# Solan on-stream

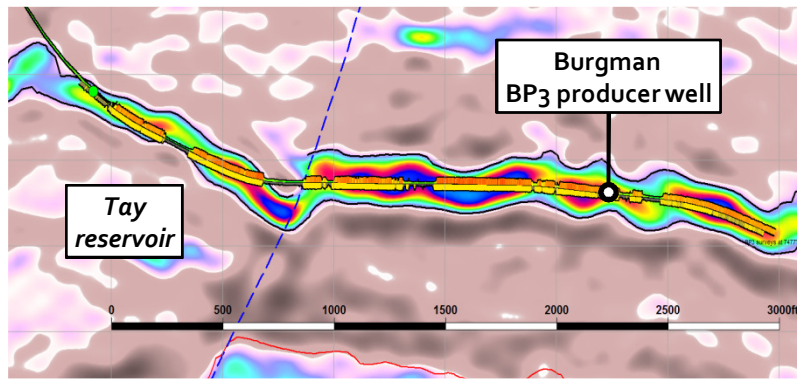
- First oil achieved 12 April
- First tanker offload completed end July
- P2 tied in; both water injector wells online
- Plateau rates of 20-25 kboepd
- Generating significant cash flows for the group

opex  
of <\$10/bbl  
(plateau  
rates)



# Catcher – ahead of plan

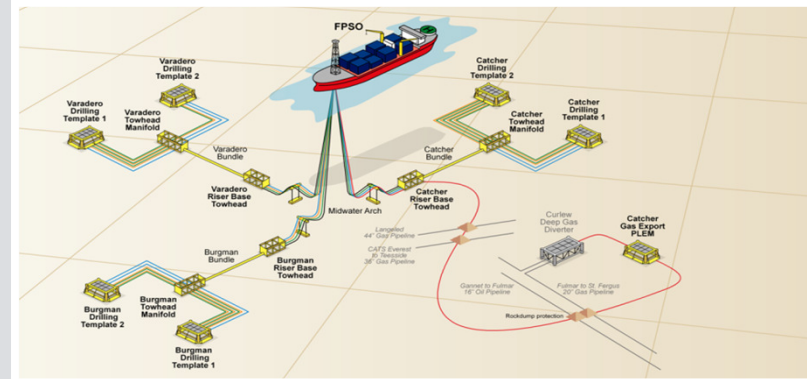
## Drilling



- 6 wells drilled with excellent operational performance
- Pre-drill predictions for reservoir quality and flow rates at or above prognosis
- Drilling programme below budget



## Subsea



- Templates, flowline bundles, midwater arches and gas export pipeline installed
- Buoy and moorings system installed
- Hook up of risers in progress
- Installation complete by Q4 2016
- Subsea programme below budget



# Catcher hull in Keppel's yard, Singapore



- ✓ Hull join and infill blocks completed
- ✓ Blast and coat of tanks completed
- ✓ Welding completed
- ✓ First topsides module lift on track for September



# Catcher topsides on track for September lifting; >90% mechanically complete

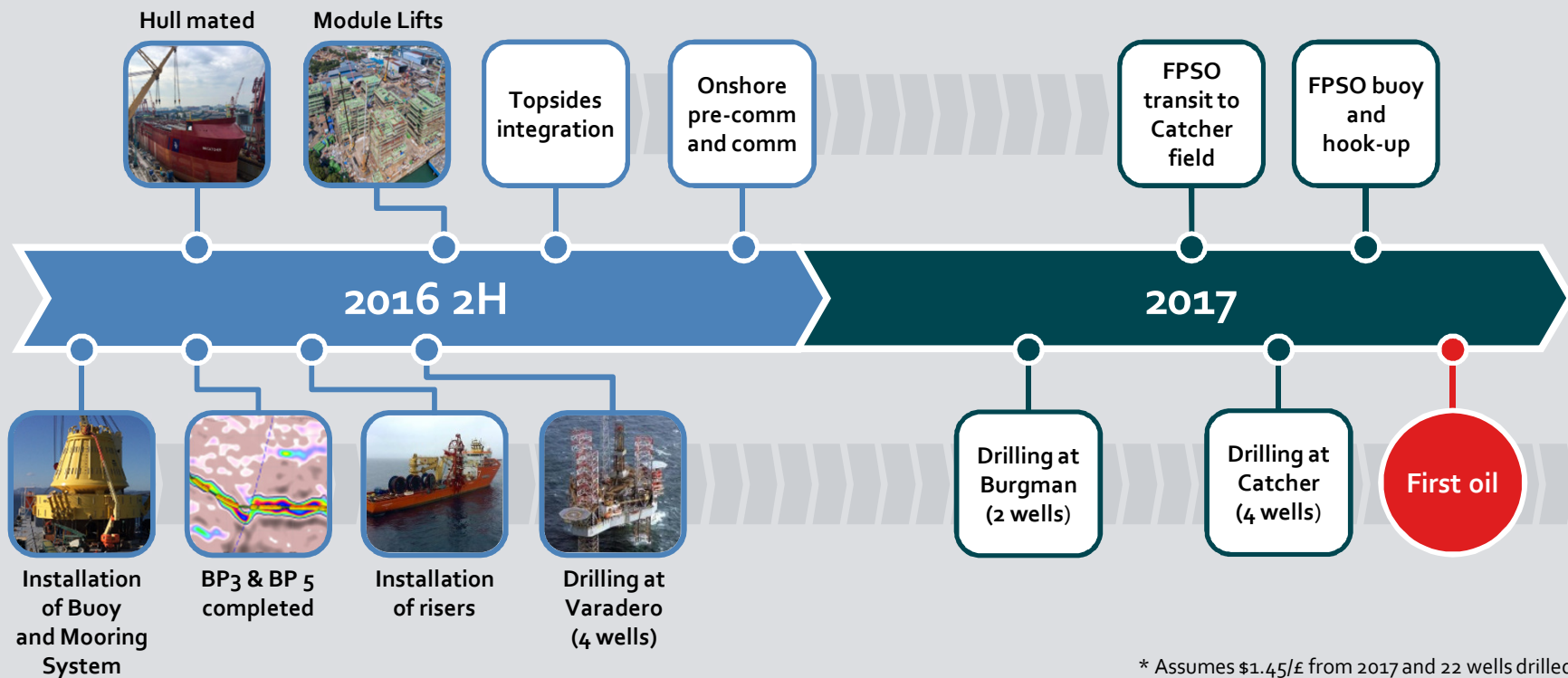
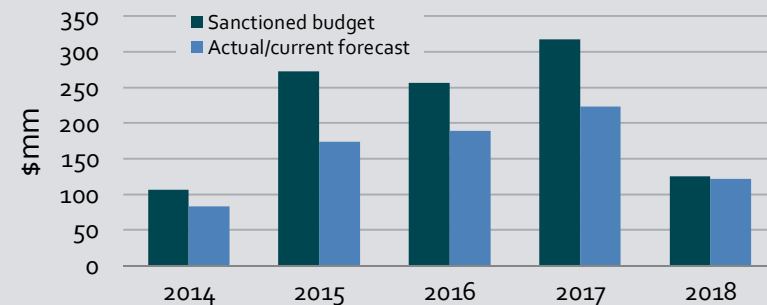




# Catcher schedule

- Plateau rates of 50 kboepd (gross)
- \$1.8bn total project cost
- Potential savings from reduced well count, contingency release and FX
- On track for FPSO sail-away summer 2017

Capex - 20% reduction in costs secured \*

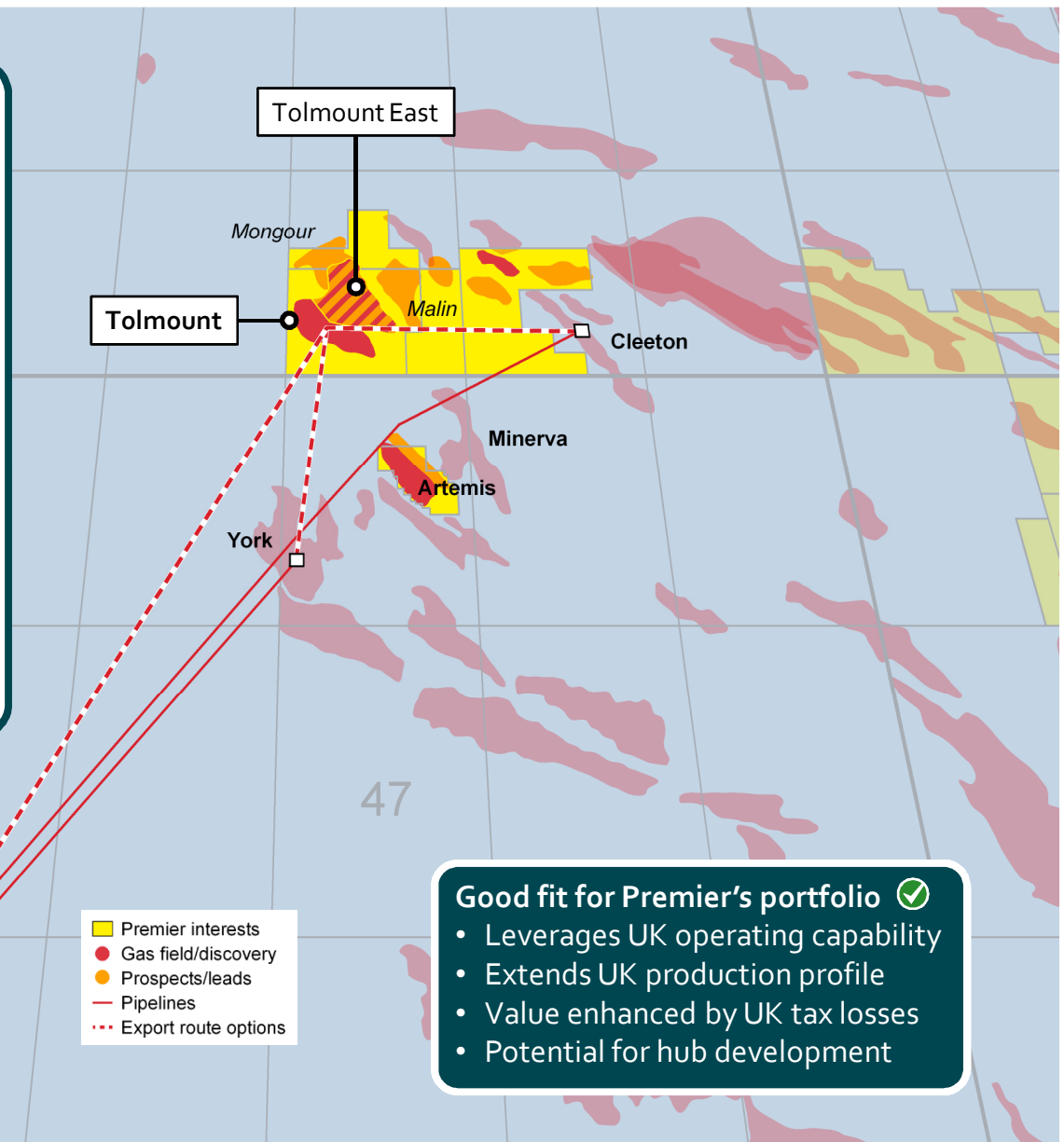


\* Assumes \$1.45/£ from 2017 and 22 wells drilled

# Tolmount – significant UK development opportunity

## Overview

- Premier operated, 50%
- Discovered in October 2011
  - 61 metre gas column
  - Flowed on test at 51 mmscfd
- 2 appraisal wells in 2013
  - No further appraisal required
- 450 bcf of resource
  - Largest UK gas discovery since Breagh in 1997
- Significant upside: East Tolmount >250 Bcf, Malin



## Good fit for Premier's portfolio ✓

- Leverages UK operating capability
- Extends UK production profile
- Value enhanced by UK tax losses
- Potential for hub development



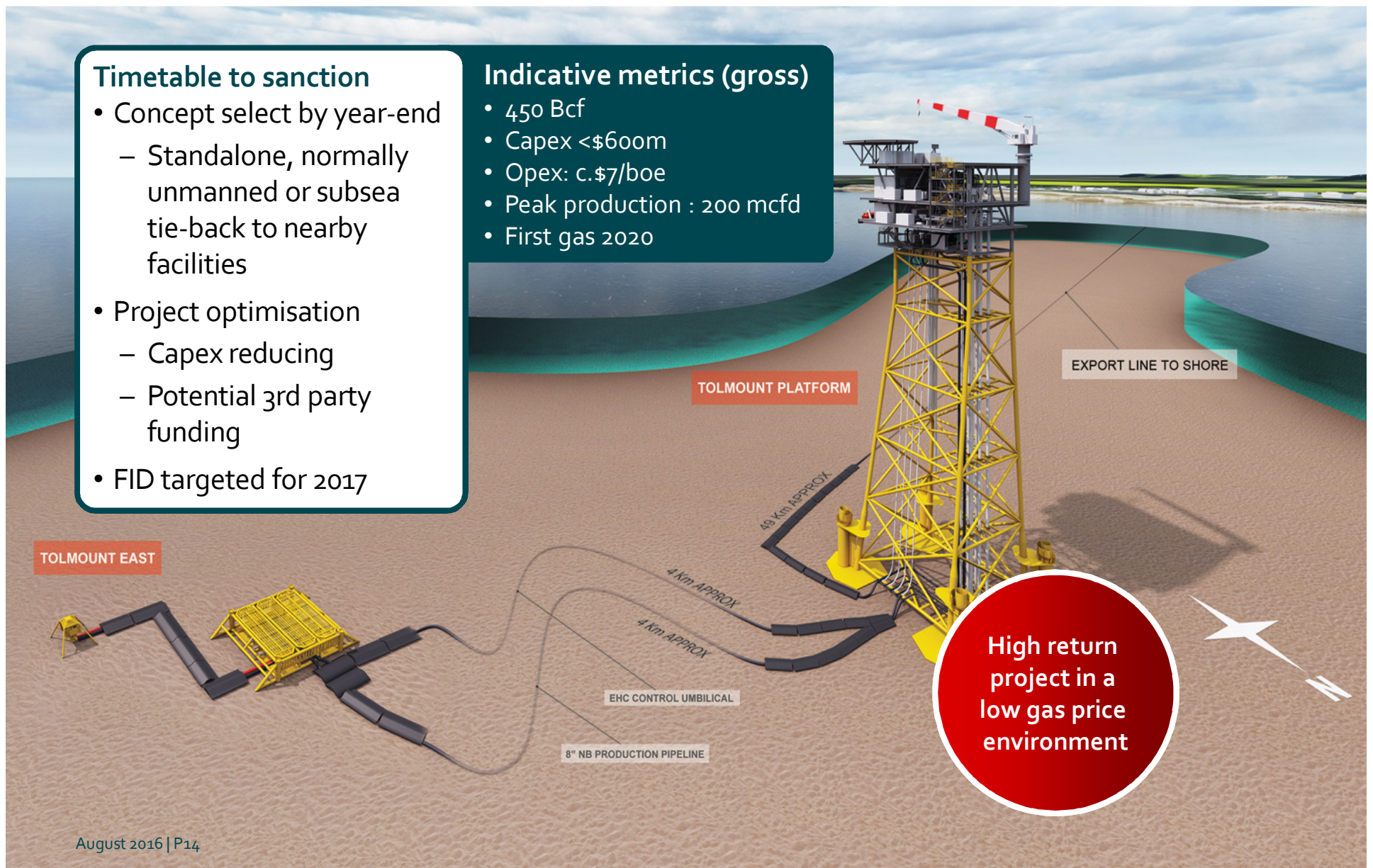
# Tolmount – illustrative development solution

## Timetable to sanction

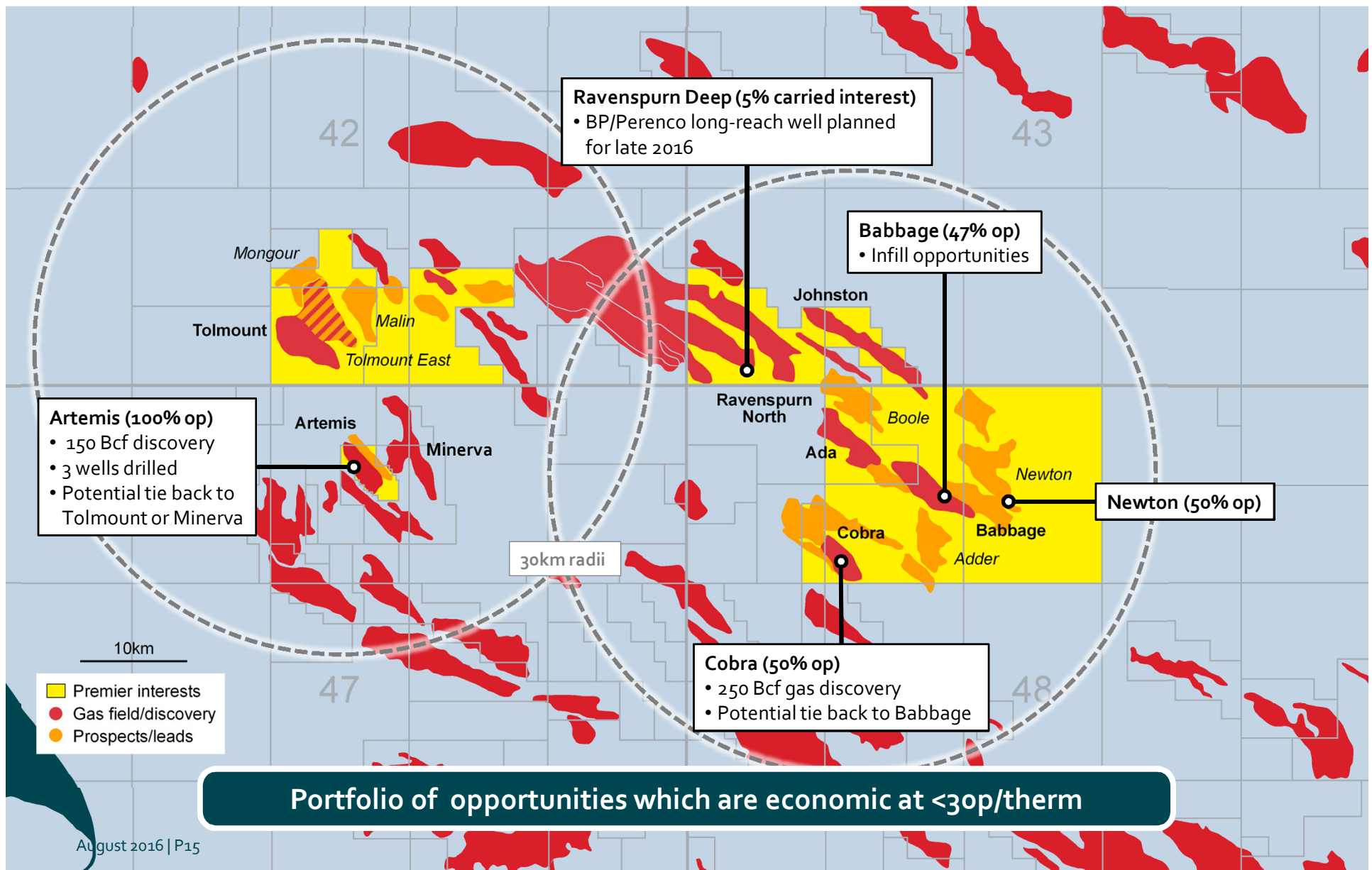
- Concept select by year-end
  - Standalone, normally unmanned or subsea tie-back to nearby facilities
- Project optimisation
  - Capex reducing
  - Potential 3rd party funding
- FID targeted for 2017

## Indicative metrics (gross)

- 450 Bcf
- Capex <\$600m
- Opex: c.\$7/boe
- Peak production : 200 mcf/d
- First gas 2020



# Southern Gas Basin: portfolio of opportunities





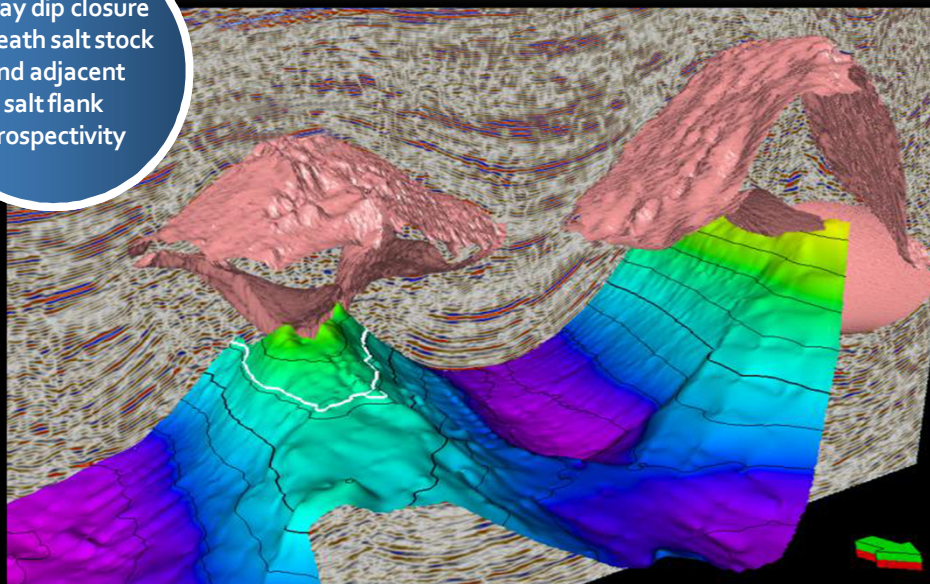
# Sea Lion Phase 1 – reducing breakeven price

- Licence extended to 2020
- FEED progressing well
  - Facilities capex and opex cost estimate reductions from FEED contractors' collaboration
  - Logistics and drilling cost estimate reductions following extensive market engagement
  - \$45/bbl current estimated breakeven price
- Forward programme to sanction depends on project economics and successful farm-down

Estimated  
capex to  
first oil now  
\$1.5bn

# Mexico – potential for material value creation

4-way dip closure  
beneath salt stock  
and adjacent  
salt flank  
prospectivity



- Sureste Basin is a prolific hydrocarbon province (62 bn bbls of proven oil)
- Awarded 2 high quality blocks in 2015 licensing round
- Current carried 10% interests; option to increase to 25%
  - Shallow water (<150m)
  - Same salt flanks and sub-salt plays as the US Gulf of Mexico
  - Multiple 100-150 mmbbls prospects identified

Delivery of  
reprocessed 3D  
seismic across 2  
blocks

Confirm final  
drilling  
candidates

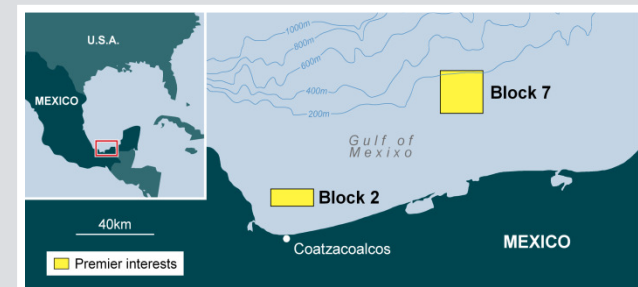
Tender for a  
moored, semi-  
sub rig for  
Block 7

First exploration  
well on  
Block 7

First exploration  
well on  
Block 2

2016 2H

2017 - 2018







# Finance

Richard Rose





# Financial highlights 1H

- Profitable and positive operating cash flow
- Continued cost reductions
- Benefit of lower \$/£ exchange rate
- Reduced capex commitments
- Free cash flow generation from Q4 2016
- Progress with banks on debt restructuring

US\$16.5/boe

Group operating costs in 2016 1H

# Cash flow in 2016 1H

	6 months to 30 June 2016	6 months to 30 June 2015
Working Interest production (kboepd)	61.0	60.4
Entitlement production (kboepd)	57.0	55.7
Realised oil price (US\$/bbl) - post hedge	48.6	83.7
Realised gas price (US\$/mcf) - post hedge	5.8	12.3
	\$m	\$m
Cash flow from operations	145	570
Taxation	(37)	(57)
<b>Operating cash flow</b>	<b>108</b>	<b>513</b>
Capital expenditure	(319)	(518)
Decommissioning cash escrow	(56)	
Acquisitions / disposals	(111)	83
Finance and other charges, net	(55)	(49)
<b>Net cash in (out) flow</b>	<b>(433)</b>	<b>29</b>
<b>Net Debt</b>	<b>(2,635)</b>	<b>(2,122)</b>

## Capital expenditure (\$m)

	2016 1H	FY 2016E
Exploration	\$69m	\$100m
Development	\$250m	\$630m
<b>Total</b>	<b>\$319m</b>	<b>\$730m</b>

## Liquids and UK gas hedging

2016 2H	% hedged	Average price
Oil	37%	\$65.2/bbl
Gas (UK)	29%	62p/therm
2017	% hedged	Average price
Oil	9%	\$45.8/bbl
Gas (UK)	21%	56p/therm

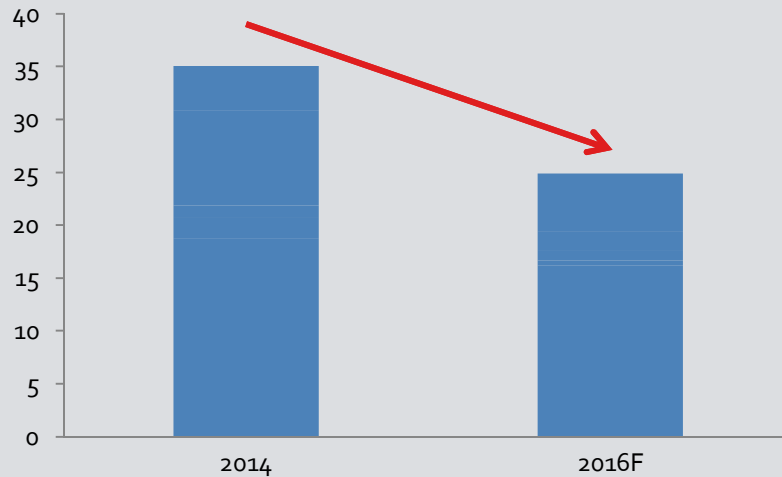
# Profitable first half

	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m
<b>Sales and other operating revenues</b>	<b>394</b>	<b>577</b>
Cost of sales	(355)	(684)
<b>Gross profit/(loss)</b>	<b>39</b>	<b>(107)</b>
Exploration/New Business	(15)	(52)
Reduction in decommissioning estimate	101	-
General and administration costs	(13)	(8) ●
Gain/(loss) on disposals (incl. E.ON negative good will)	85	-
<b>Operating profit/(loss)</b>	<b>197</b>	<b>(167)</b>
Financial items	(87)	(48)
<b>Profit/(loss) before taxation</b>	<b>110</b>	<b>(215)</b>
Tax credit/(charge)	63	(160) ●
<b>Profit/(loss) after taxation</b>	<b>173</b>	<b>(375)</b>
<b>EBITDAX</b>	<b>182</b>	<b>446</b>

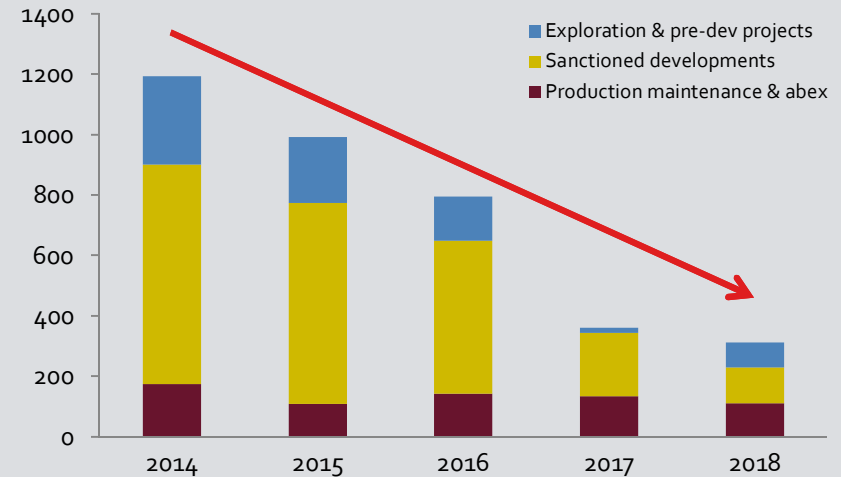
● Includes one off restructuring costs post-E.ON acquisition   ● \$4 bn of UK tax losses and allowances

# Continued cost reduction

Falling cash cost break even  
(\$/boe)



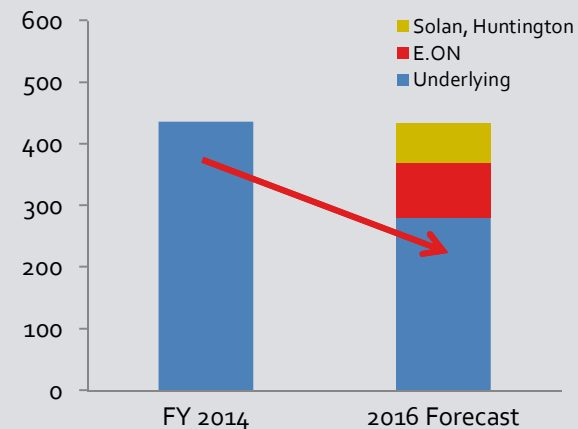
Significantly lower forward committed capex  
(\$mm)



Operating costs (\$/boe)

	2014	2015	2016 1H	2016F
UK	37.2	30.0	31.2	23
Indonesia	10.0	10.0	9.5	10
Pakistan	3.3	3.7	3.3	4
Vietnam	14.6	11.7	9.1	11
<b>Group</b>	<b>18.5</b>	<b>15.5</b>	<b>16.5</b>	<b>15-17</b>

Lower underlying operating costs (\$mm)



## Potential for further savings

- FPSO renegotiations
- Synergies post E.ON integration
- Collaboration with other operators
- Opex optimisation
- FX benefits

# Net debt and refinancing update

## Net debt

- Net debt of \$2.6 bn, flat on end Q1 position
- Net debt expected to peak in Q3 2016 at \$2.9 bn
- Net debt/EBITDAX ratio of 5.2x at 30 June 2016

## Progress with lending group

- Revised maturity profile
- Amended financial covenants
- Security
- Enhanced economics
- Liquidity preserved; cash and undrawn facilities of c.\$800m at 30 June

## Outlook

- Finalise full terms and implementation with lenders during H2
- Start to deleverage from Q4
- Target return to investment grade metrics as a priority (Net debt/EBITDAX<3x)
- Sufficient headroom to deliver Catcher and progress new investments





# Outlook

Tony Durrant



# Outlook

1

Continuing production growth

2

Catcher delivery

3

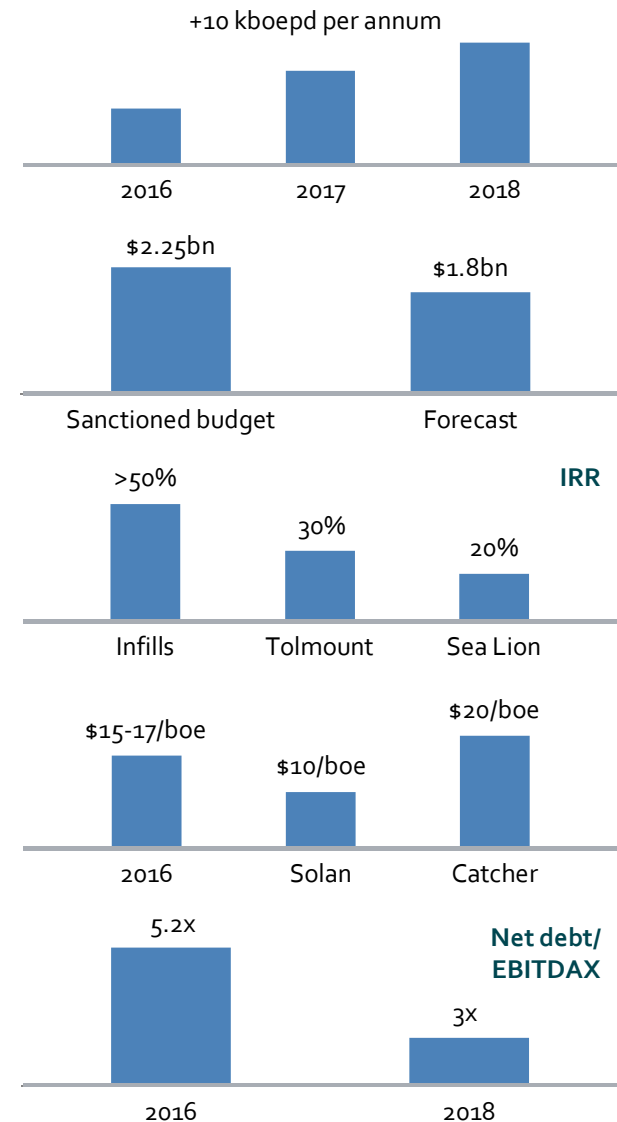
Select highest return projects for sanction

4

Maintain competitive cost base

5

Deliver debt reduction





August 2016

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