



# Investor Presentation: BNP Paribas High Yield & Leveraged Finance Conference

Harbour Energy plc

January 2022

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# A global independent O&G company

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

**\$15-16/boe**  
Operating cost<sup>1</sup>  
(2022F)

**c.\$1.3 bn<sup>2</sup>**  
Total capex (inc.decom)  
(2022F)

**c.1.0x**  
Leverage ratio<sup>4</sup>  
(YE 2021)

**c.950 mmboe**  
2P reserves + 2C  
resources<sup>3</sup>  
(YE 2021)

**\$200m per annum**  
Dividend Policy

**Net Zero 2035**  
Commitment<sup>5</sup>



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



# Key credit highlights



**A diversified business of scale underpinned by high quality and resilient assets**

1



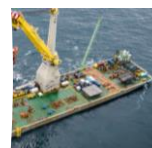
**A cash generative portfolio with a significant degree of operational control and strong focus on managing costs and profitability**

2



**ESG leadership, a clear and tangible emission reduction strategy and strong HSE track record**

3



**High value and low risk infrastructure-led investment opportunities to sustain production**

4



**A strong balance sheet underpinned by a well-funded financial profile, active commodity price risk management and prudent capital allocation policy**

5



**Successful and proven track record of delivering M&A and integration**

6



**Experienced management and technical teams with proven track record of financial and operational delivery combined with strong corporate governance**

7

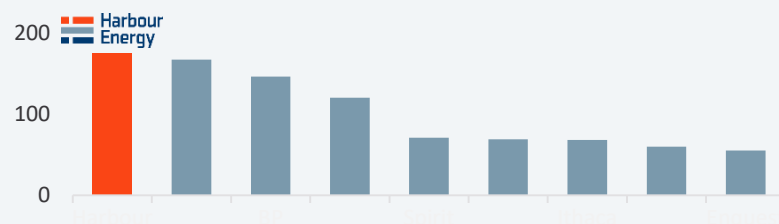
# Europe Assets – a diversified business of scale underpinned by high quality and resilient assets

## Significant asset diversification

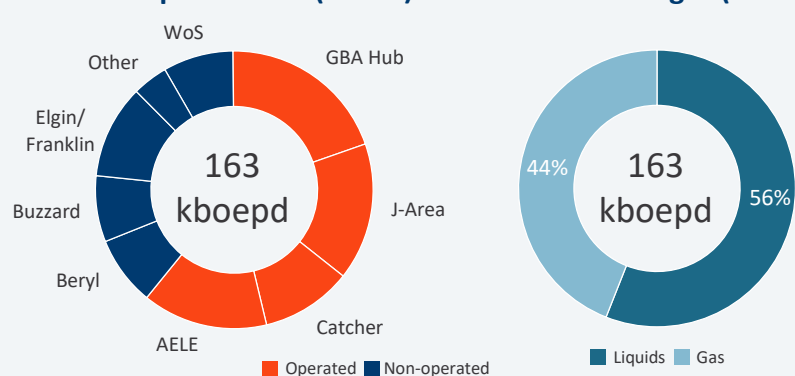
- >90% of Group's production from the UK
- No single asset accounts for >20% of production
- Balance between oil & gas
- Operate >50% of UK production, including significant operated interests in four major hubs
- High quality forward investment portfolio

## Largest Producer in the UK today<sup>1</sup>

2021F, kboepd



## Diversified production (2021F) Balance of oil vs gas (2021F)



### West of Shetlands



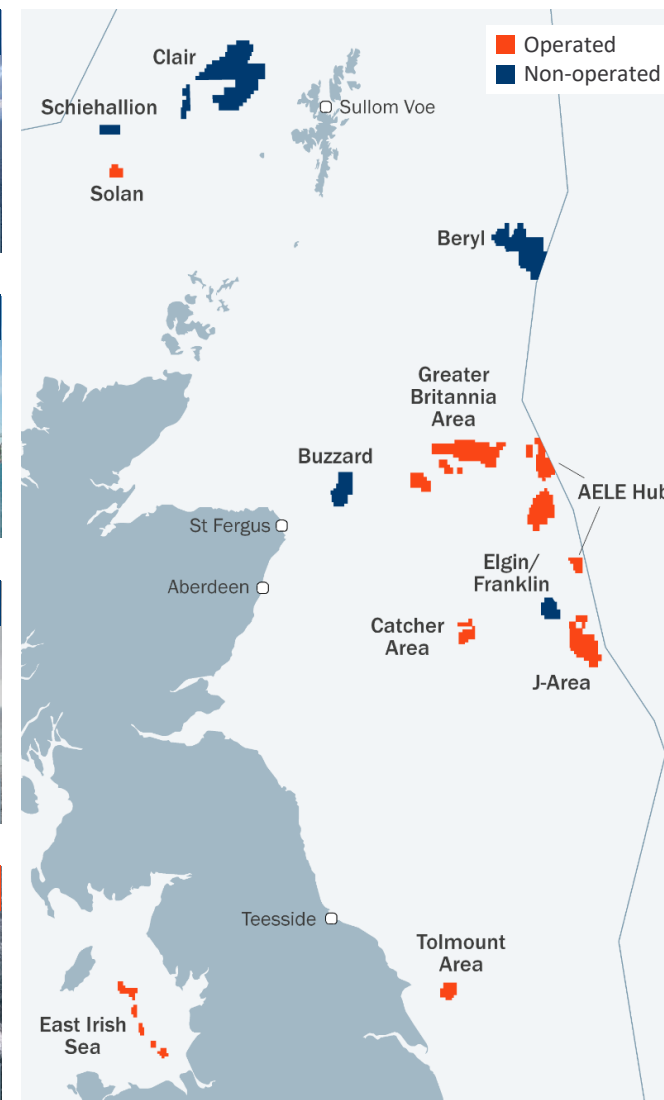
### Buzzard



### Elgin Franklin



### Catcher Area



### Beryl Area



### Greater Britannia Area



### AELE



### J-Area

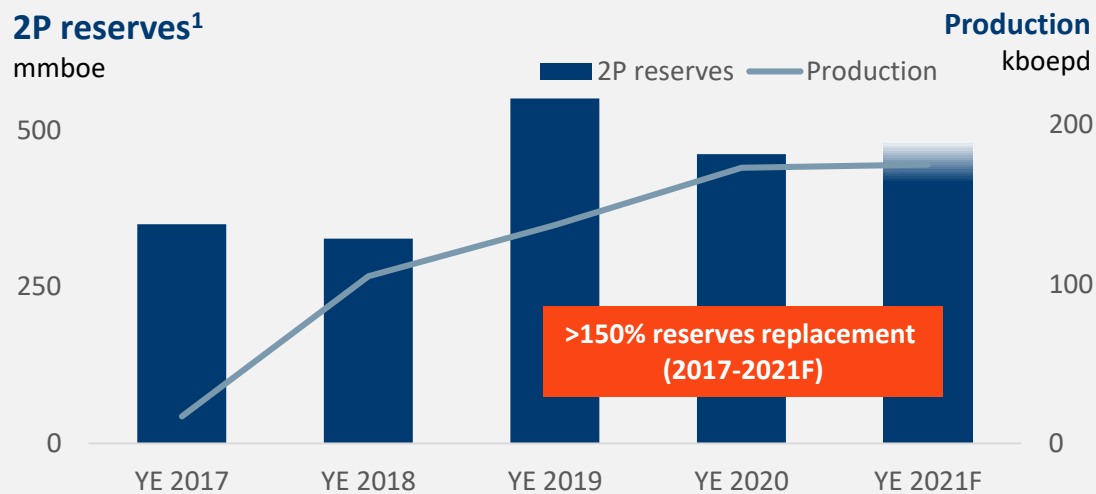


<sup>1</sup> Source: WoodMackenzie, Company estimates

# Significant near term value creation

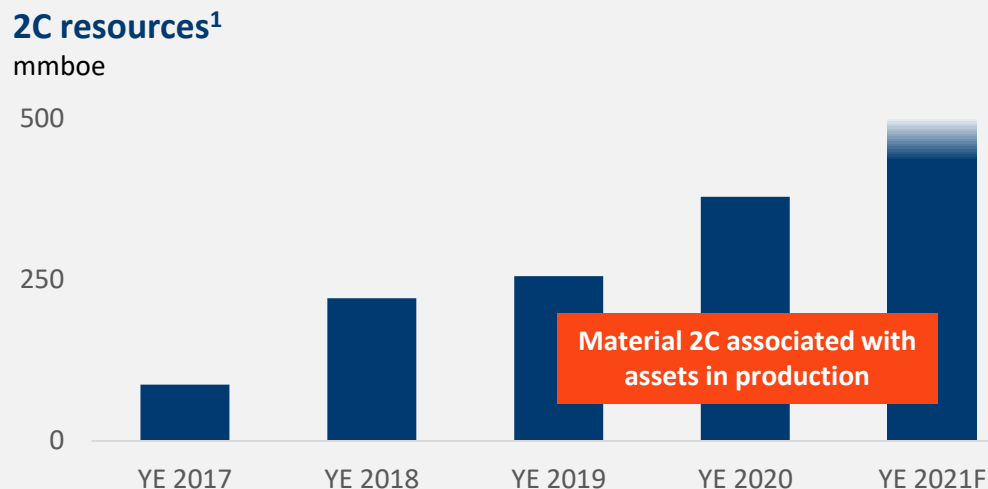
## Track record of reserves replacement

- 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

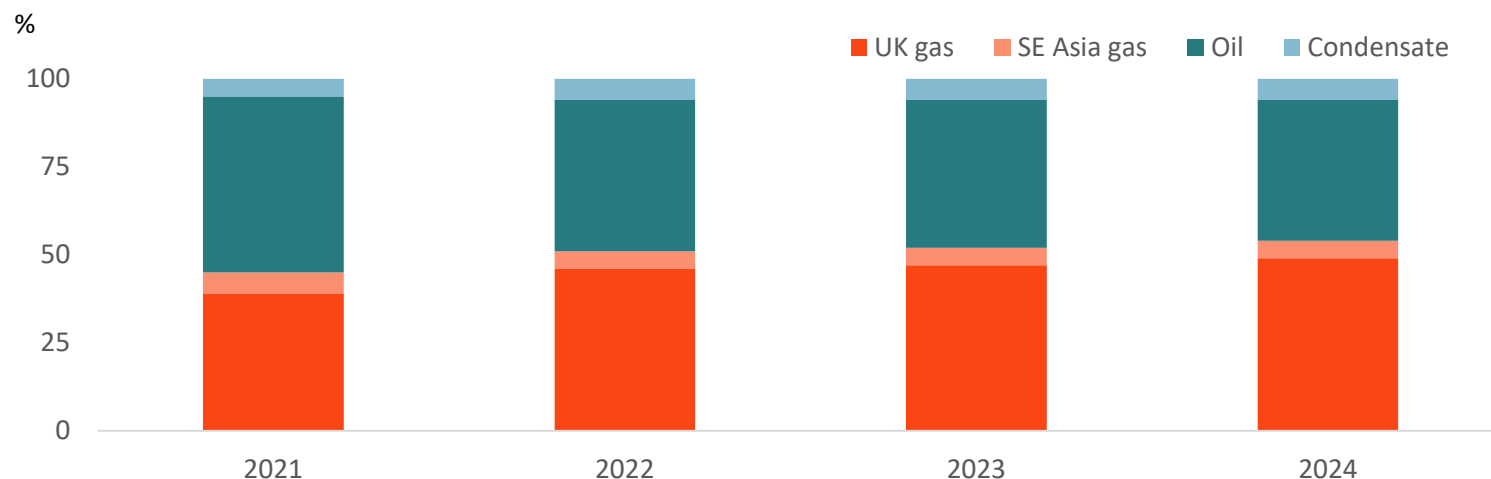


<sup>1</sup> YE 2017-YE 2020 are as per the Company's CPR; YE 2021 is preliminary estimate subject to year-end reserves and resource audit. YE 2021F 2C resources exclude Harbour's Falkland Islands' interests and reflects Tuna farm down to 50%

# A diversified portfolio and disciplined hedging, underpins resilient revenue generation

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

### Production



### Crude marketing, UK gas sales

- Balanced and diverse portfolio (phase, quality, location, sales logistics)
- Majority of grades attract premium to Brent
- c.90% of UK gas realises day ahead NBP pricing<sup>1</sup>

### Shell Trading offtake agreements (UK only)

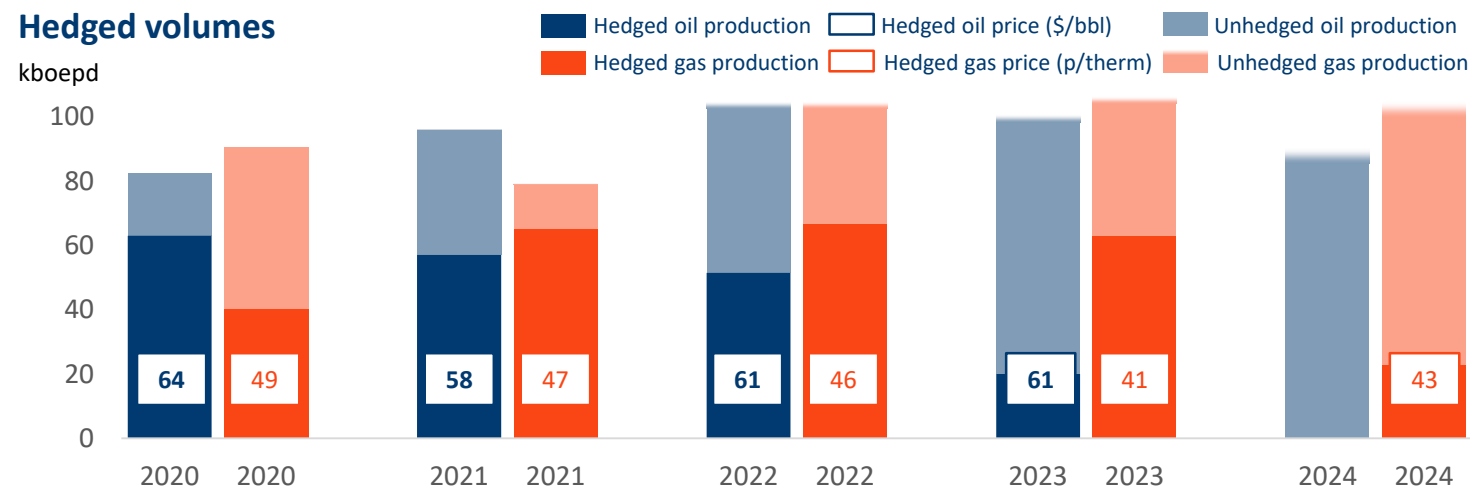
- Early repayment of Shell Junior Facility will provide increased control over UK marketing

### Indonesia gas sales

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

## Over \$3.6 bn of revenue secured via hedging out to 2025

### Hedged volumes



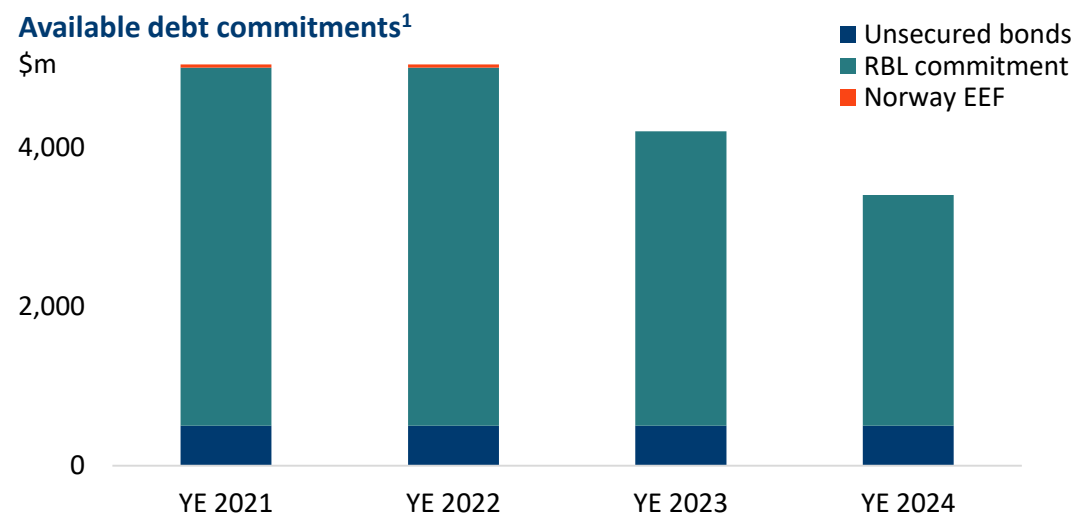
### Hedging programme as per RBL requirements

- Minimum: rolling 50-40% 2 year
- Maximum: rolling 70-60-50-40% 4 year
- Variance within the min./max. levels driven by commodity prices and M&A activity

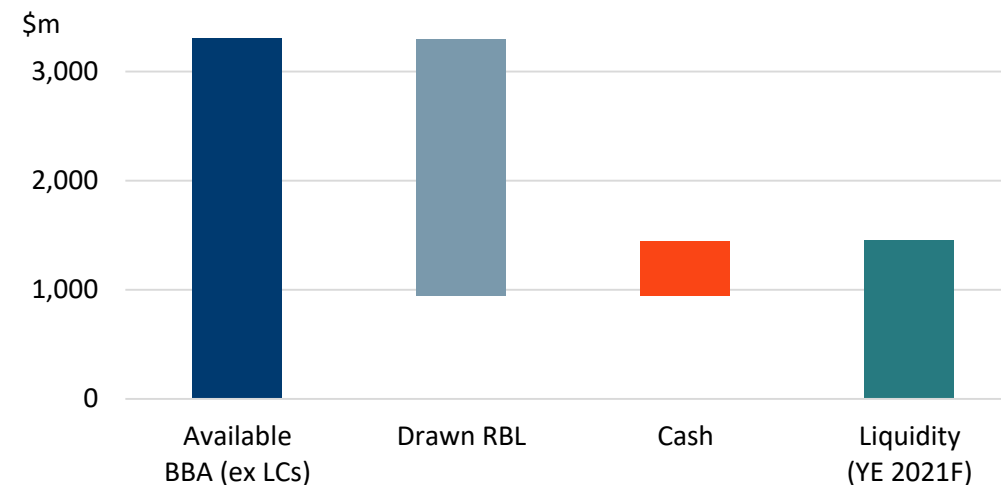
## A strong financial position

- Net debt and leverage expected to reduce to \$2.3-\$2.4bn and 1.0x as of YE 2021
- Significant liquidity, well in excess of \$1bn as of YE 2021
- \$4.5bn RBL, including \$1.25bn of LCs and \$500m unsecured bonds
  - <5% average cost of debt
  - Annual redetermination of RBL facility with borrowing base availability of \$3.3bn as of Jun 30, 2021

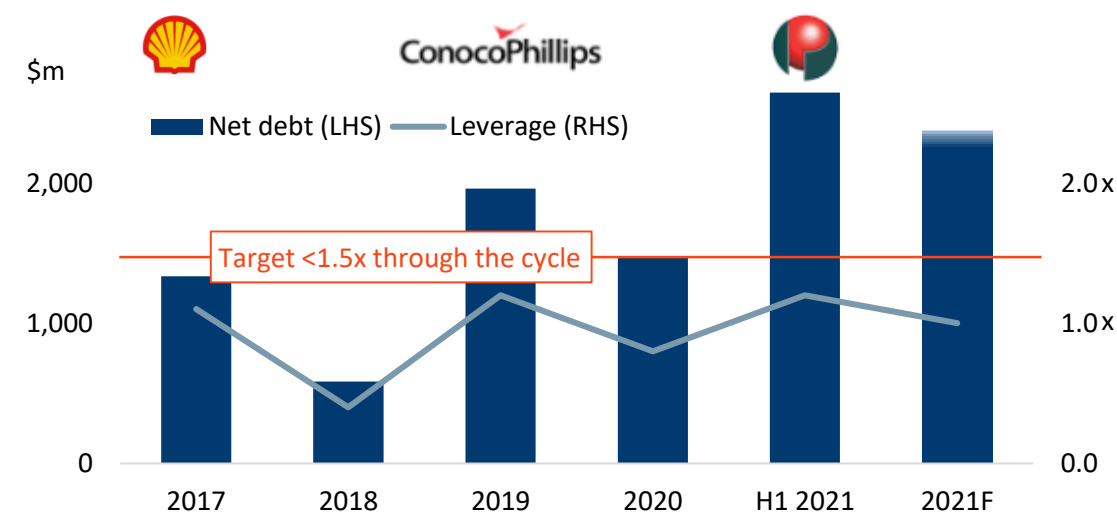
## A diversified capital structure and low financing cost



## Significant liquidity, no material near term debt maturities



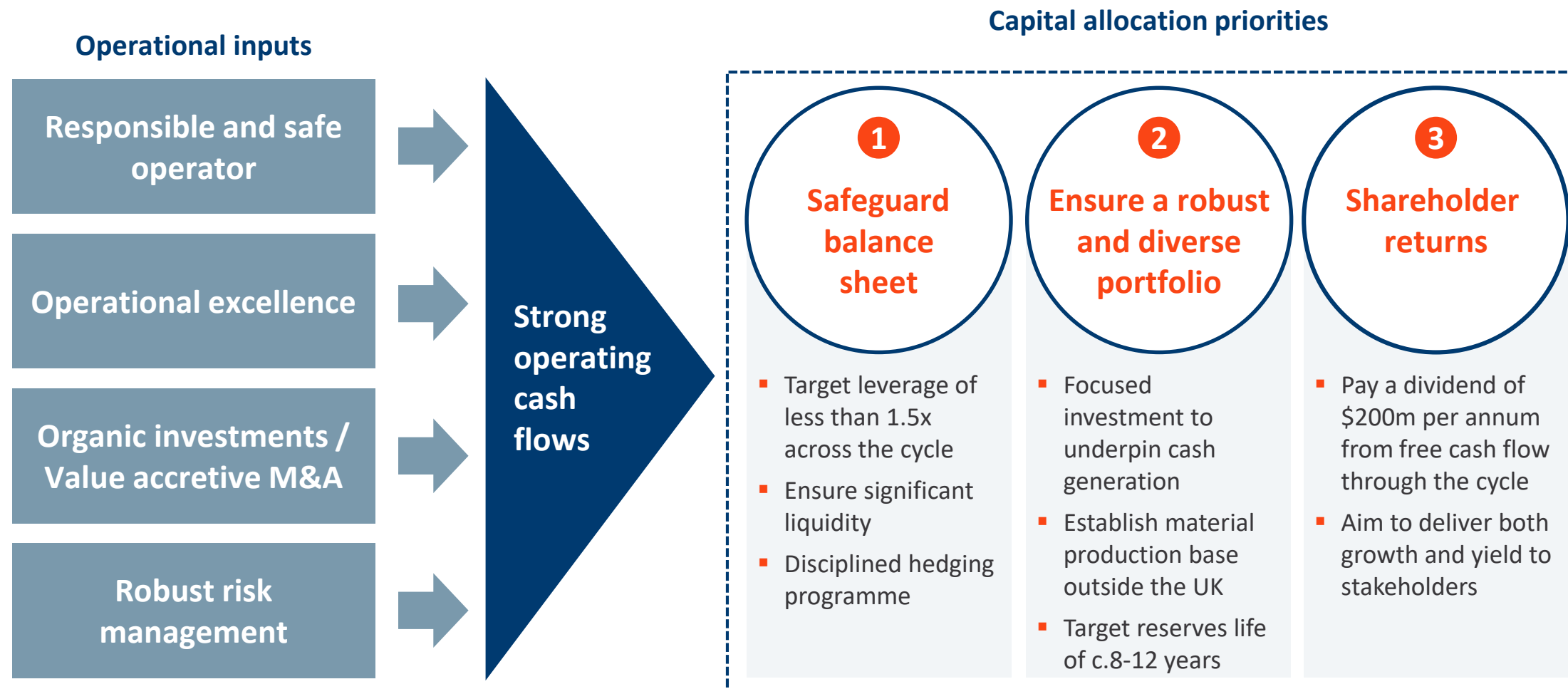
## Track record of rapid debt pay down post transactions





# A robust financial framework

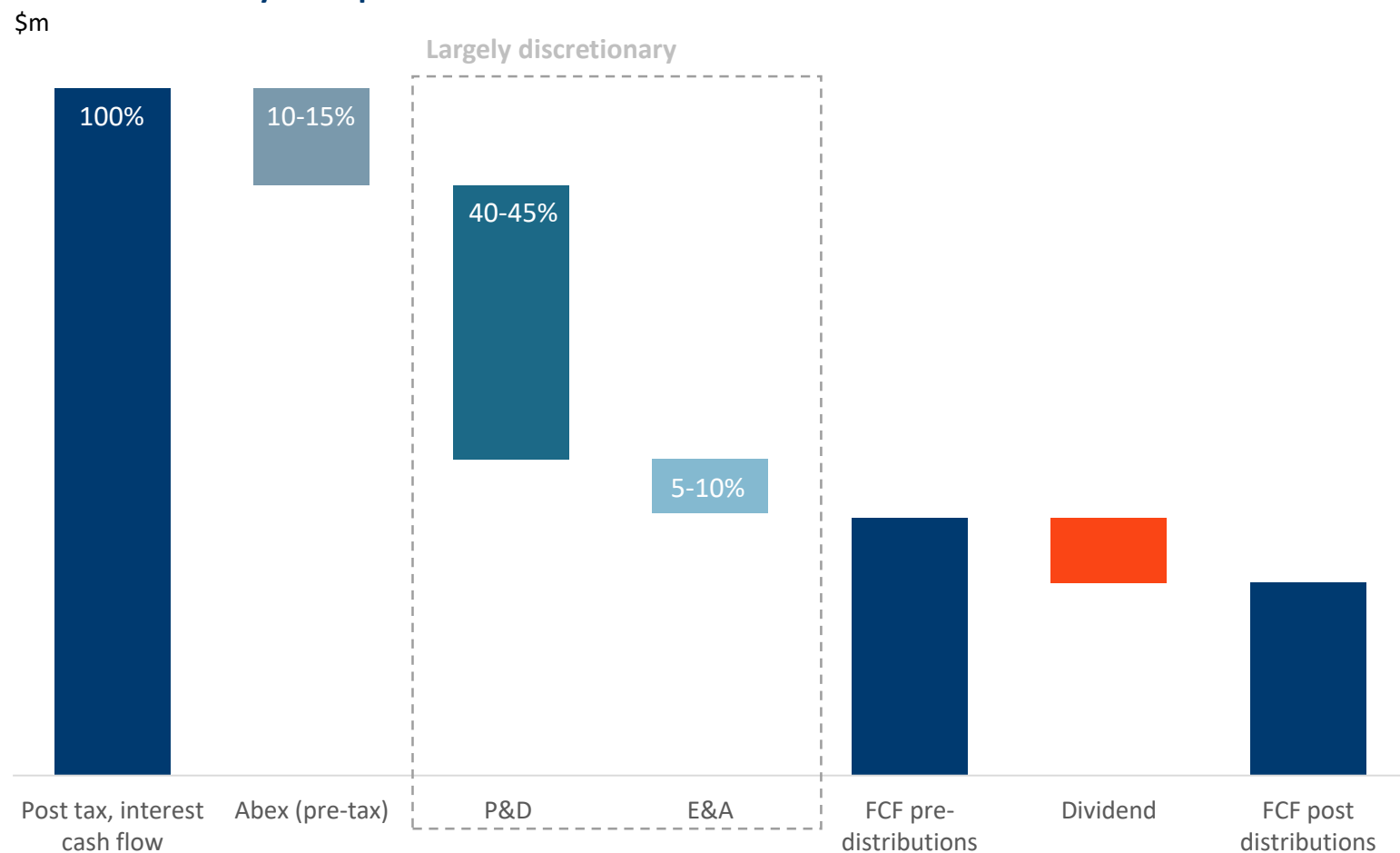
## Long term value creation at Harbour Energy



# 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<sup>1</sup>



### 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<sup>1</sup>
- ✓ Maintains optionality to execute high quality growth / M&A projects which exceed our investment hurdles

<sup>1</sup> Assumes \$70/bbl, 90p/therm in 2022, \$65/bbl, 60p/therm in 2023 and \$60/bbl, 55p/therm long term

# Guidance

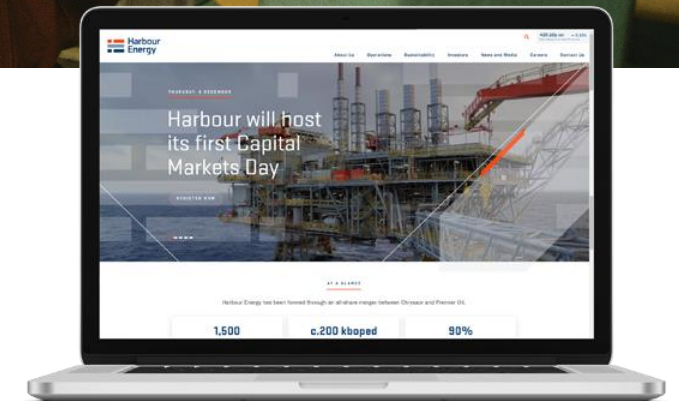
|                                 | FY 2021 <sup>1</sup><br>Guidance | 2021 <sup>1</sup><br>Forecast | FY 2022<br>Guidance |
|---------------------------------|----------------------------------|-------------------------------|---------------------|
| Production                      | 170-180<br>kboepd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

<sup>1</sup> 2021 numbers are provided on a reported basis with Premier's portfolio contributing from 31 March 2021



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