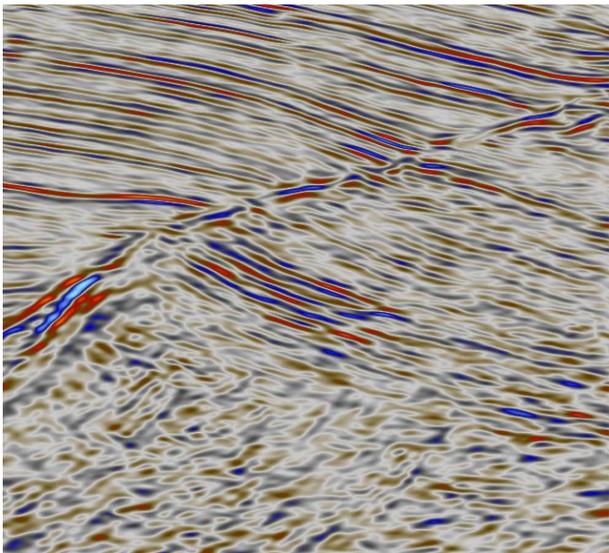


## 2018 Half -Year Results



# 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.

# Highlights

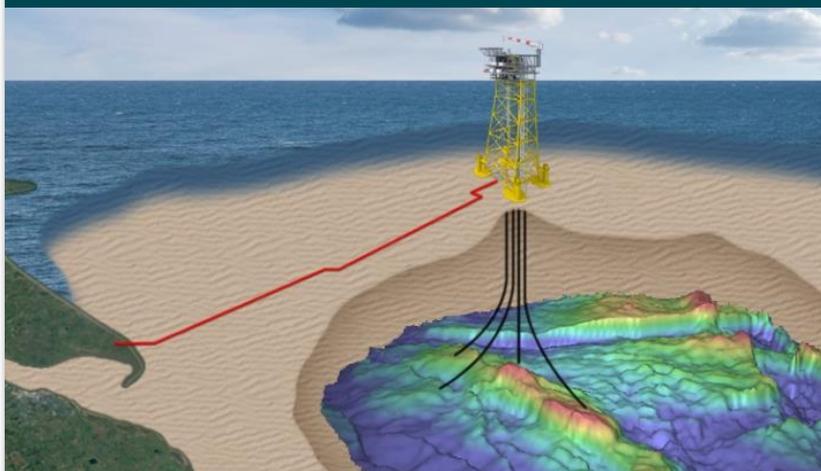
## Catcher at plateau



## New exploration acreage captured

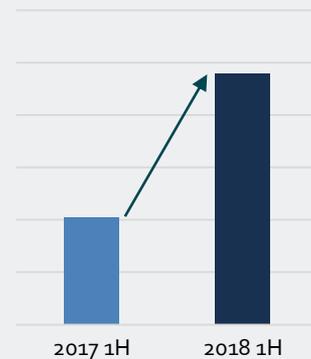


## Tolmount Main sanctioned

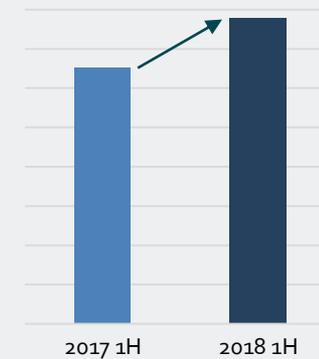


## Improving financial position

Profit after tax



EBITDA



# Delivery against 2018 targets

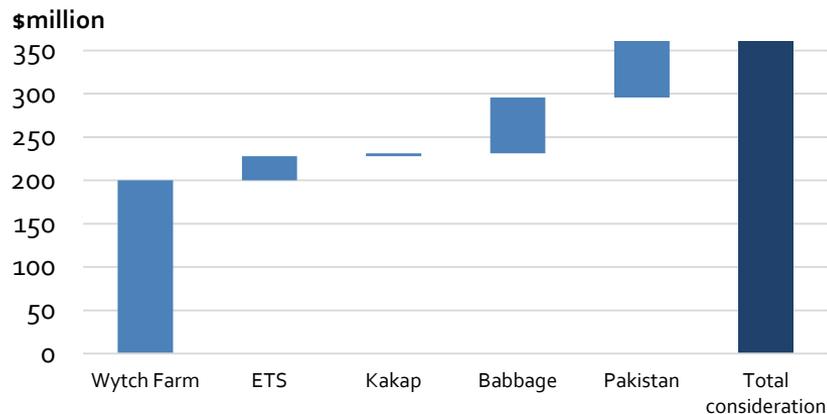
Production	76.2 kboepd in 1H; 86.2 kboepd in July Guidance of 80-85 kboepd unchanged	✓
Cost base	Opex of \$17.2/boe, 5% below budget Forecast full year opex of \$17-\$18/boe and capex of \$380m unchanged	✓
Catcher Area	Plateau production rates of 60 kbopd achieved Evaluating options to increase production	✓
Tolmount Main	Tolmount Main sanctioned, key contracts awarded Platform construction to start in December	✓
Future growth projects	LOIs in place with key contractors for Sea Lion Focus on securing funding for Sea Lion ahead of FID	✓
Exploration and appraisal	Significant new exploration awards (Mexico, Indonesia) First Zama appraisal well to spud in Q4	✓
Non-core disposals	ETS and Kakap disposals completed; Babbage Area sale announced Complete Pakistan and Babbage Area transactions	✓
Net debt reduction	Step change in free cash flow generation On track to deliver full year net debt reduction of \$300m-\$400m	✓

# Finance highlights and priorities

## 2018 1H highlights

- Profit after tax more than doubled
- Robust operating cash flow
- Stable operating costs
- Further non-core disposals
- Early exchange of convertible bonds
- Net debt reduced

## Over \$350m from announced and completed disposals



## Priorities

### 1. Debt reduction

- Targeting 2.5x EBITDA by end Q1 2019, reducing thereafter

### 2. Fund selected projects without compromising balance sheet

- Maintain capital discipline
- Targeting >20% IRR

### 3. Protect downside through hedging

#### Oil hedging

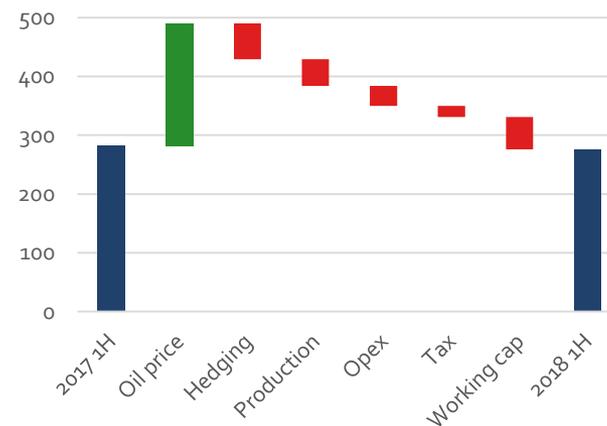
Oil swaps/ forwards	2018 2H	2019 1H	2019 2H
Volume (mmbbls)	4.0	2.6	1.5
Average price	\$60/bbl	\$66/bbl	\$69/bbl

# 2018 1H Financials

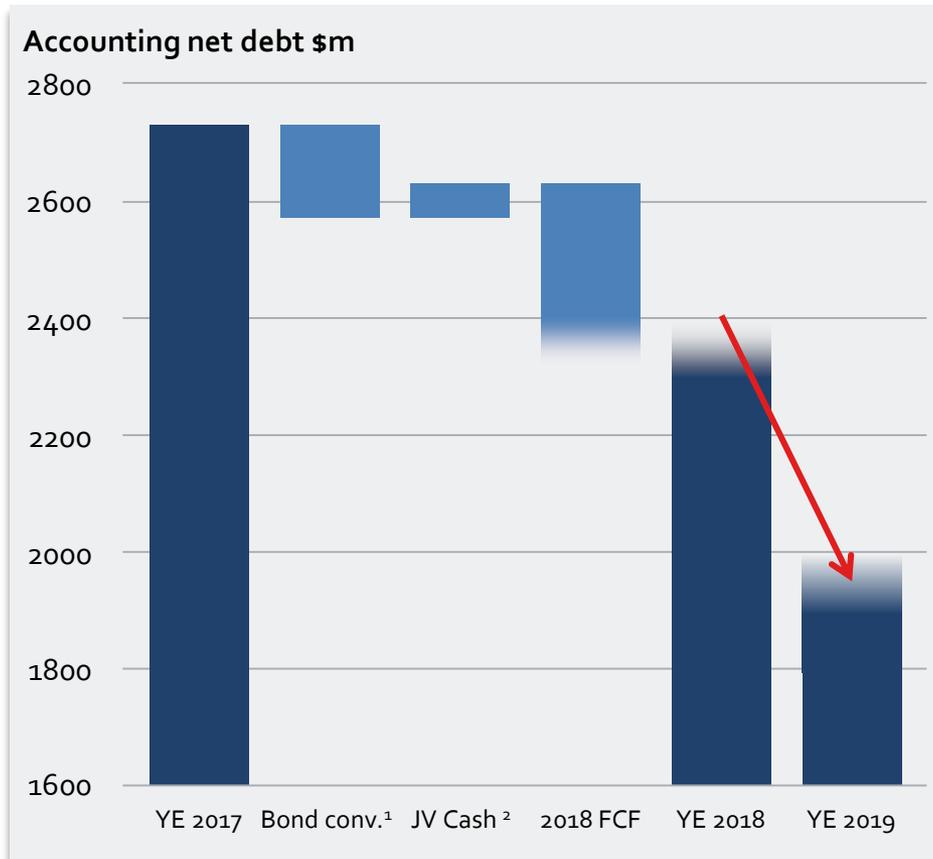
	6 months to 30 June 2018	6 months to 30 June 2017
Production (kboepd)	76.2	82.1
Opex per Barrel (\$/boe)	17.2	14.7
<b>P&amp;L and cash flow</b>		
	<b>\$m</b>	<b>\$m</b>
Sales revenue	643	566
Operating costs	237	218
EBITDA	389	326
Net profit	98	41
<b>Balance sheet</b>		
Accounting net debt	<b>2,652</b>	<b>2,738</b>

Realised prices	2018 1H	2017 1H
Oil (post hedge) (\$/bbl)	61.6	49.9
UK gas (p/therm)	49	46
Indonesia gas (\$/mmscf)	9.7	8.6

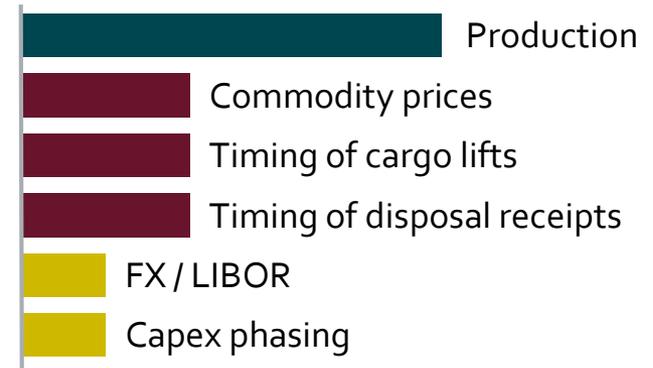
## Operating cash flow



# Acceleration of debt reduction



## Factors influencing 2018 debt reduction



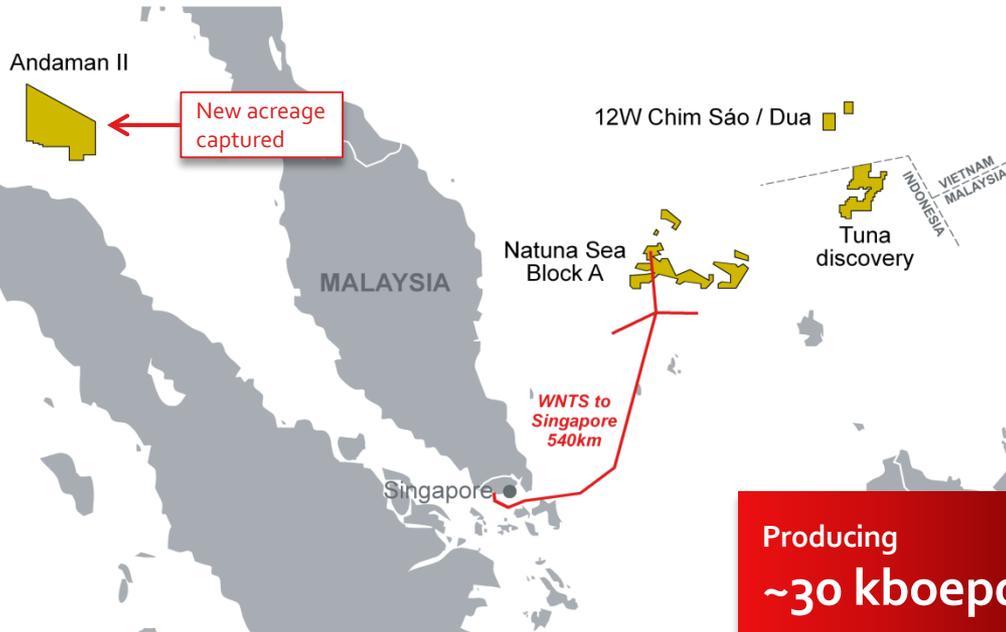
FY 2018  
Debt Reduction  
**\$300-400m**

Covenant leverage ratio forecast to fall to 3x EBITDA by YE 2018 and to 2.5x by end Q1 2019

<sup>1</sup> Conversion of US\$237 million bonds reduces accounting net debt by US\$181 million

<sup>2</sup> One off movement in gross joint venture cash balances of \$52 million

# Asia production



Producing  
~30 kboepd

**Chim Sáo (op, 53.13%)**

- >16 kboepd 2018 1H
- Opex <\$10/boe
- Ongoing well interventions
- Crude sold at premium to Brent

**Natuna Sea Block A (op, 28.67%)**

- Increased market share of GSA1
- Opex <\$7/boe

**BIG-P (op, 28.67%)**

- On schedule and budget
- First Gas Q3 2019

INDONESIA

JAVA

# UK production

## Catcher (op, 50%)

- On plateau



Solan

Shetland Islands

Orkney Islands

Aberdeen

## Solan (op, 100%)

- High uptime
- 2020 infill drilling

## Huntington (op, 100%)

- Well intervention programme
- FPSO lease extended to 2020



Balmoral Area

Huntington

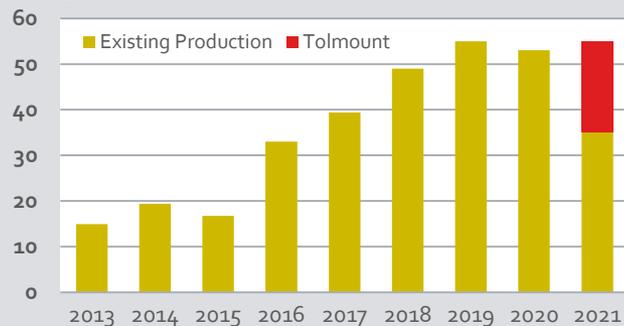
Elgin/Franklin

Catcher Area

Kyle

- Maximising uptime
- Infill drilling / well intervention
- Extending field life

kboepd



Sustaining

~50 kboepd

## Elgin-Franklin (5.2%)

- Long life field
- Low opex
- Ongoing infill drilling



Tolmount

# Catcher Area at plateau production

## Production

- Plateau production of 60 kbopd achieved
- Record day rates up to 70 kboepd
- 7.6 mmbbls produced to date with 15 cargo offloads

## FPSO

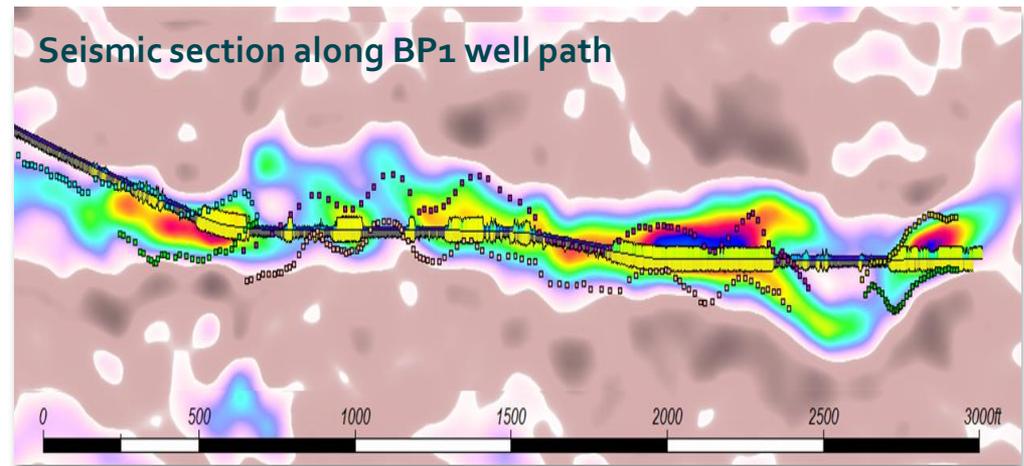
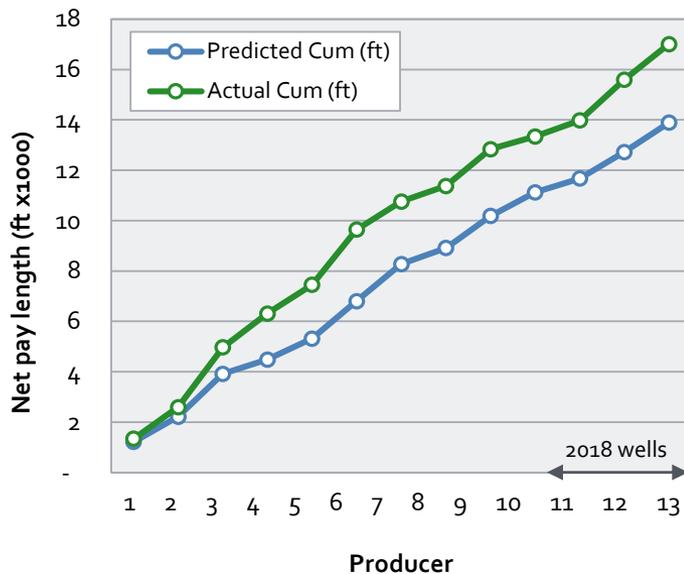
- Oil plant stable
- Gas and water injection plants commissioned

## Wells

- Good reservoir communication
- High delivery capacity: >100 mbd
- Final 2 Burgman producers online Q3

## Outlook

- Maximise uptime
- Evaluate options to increase production



# Catcher upside

## 1. Reserves upside being assessed

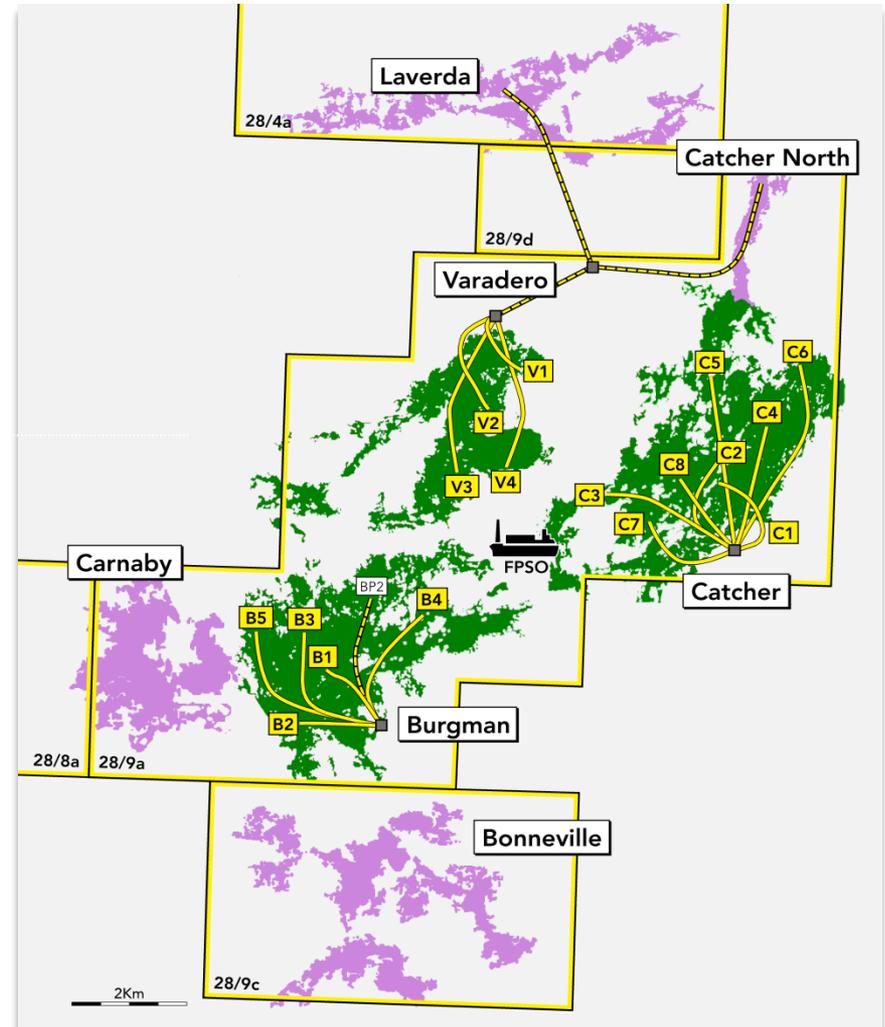
- Positive production results
- Well-connected sands
- Good pressure support
- Reservoir quality above expectations

## 2. Infill drilling

- 4D seismic acquisition
- Burgman East
- Cromarty and Tay targets at Catcher
- Varadero Infill West

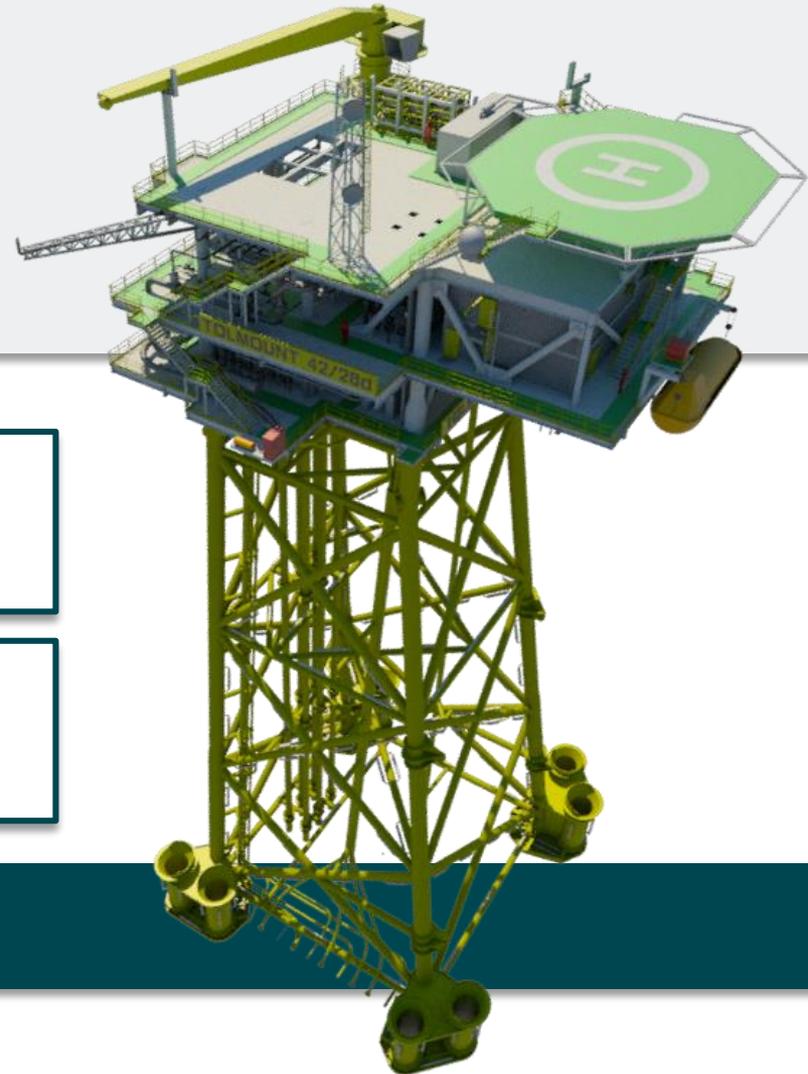
## 3. Tie back of near-field discoveries

- Catcher North, Laverda – plans well advanced



# Tolmount Main (Operator, 50 per cent)

- ✓ Sanctioned in August
- ✓ Reserves to be booked at year-end
- ✓ Key contracts awarded
- ✓ Platform construction to start Q4
- ✓ Funding secured



Gross  
Reserves  
**500 Bcf**

Gross  
Peak Production  
**58 kboepd**

Net Capex  
**\$120 m**

Net Cash Flow  
**>\$1 Bn**

IRR  
**>100%**

Area Potential  
**1 Tcf**

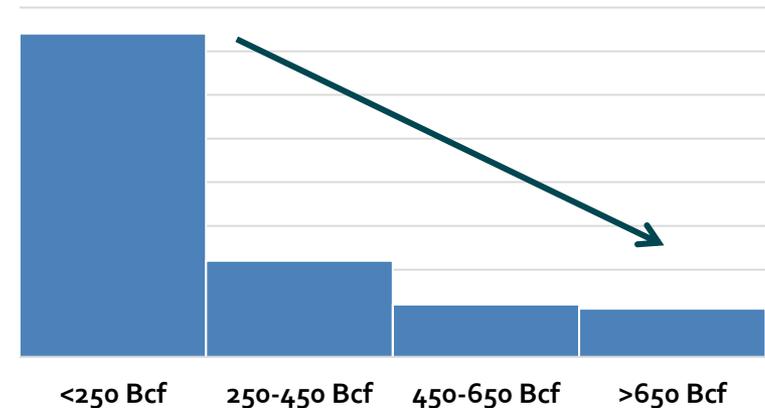
Robust economics, capital efficient

# Tolmount infrastructure

## Infrastructure partnership

- Dana and HGSL will own the platform and export pipeline and pay for the terminal upgrades
- Tolmount gas will use the facilities in return for a production based tariff
- \$10/boe average tariff based on 500 Bcf (Tolmount Main)

## Tariff structure



### Terminal **centrica**

- Commercial agreement signed with CSL's Easington terminal



### Platform and Topsides



- EPCIC contract awarded to Rosetti
- Transportation and installation by Heerema

### Pipeline

- Saipem selected as EPCI pipeline contractor

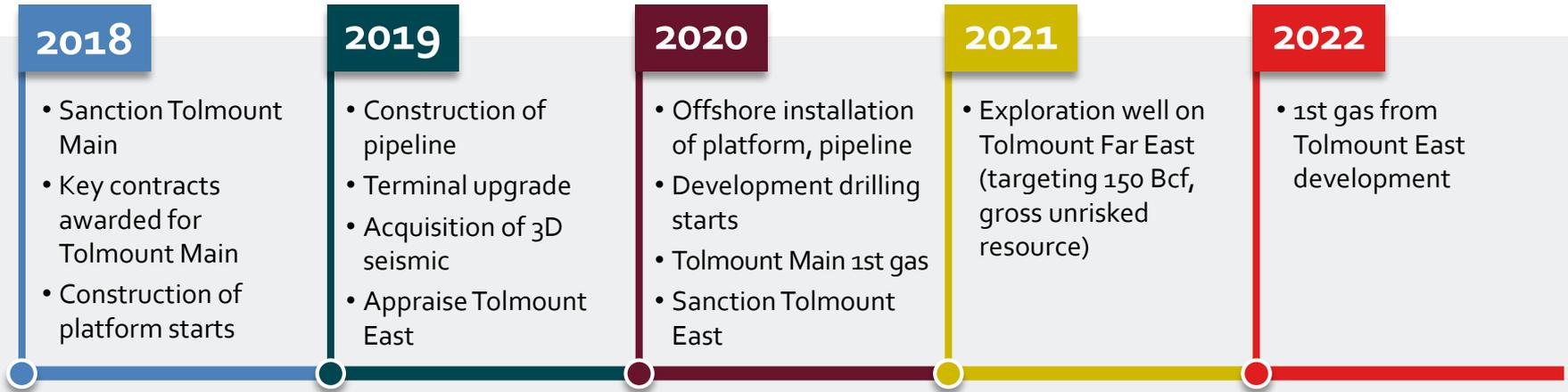


### Drilling and wells

- LOI awarded to Ensco
- 4 wells plus options

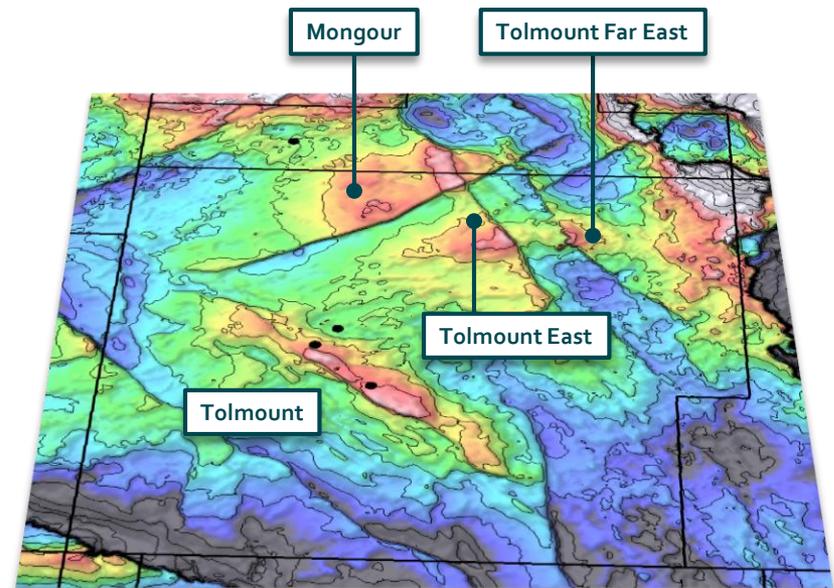
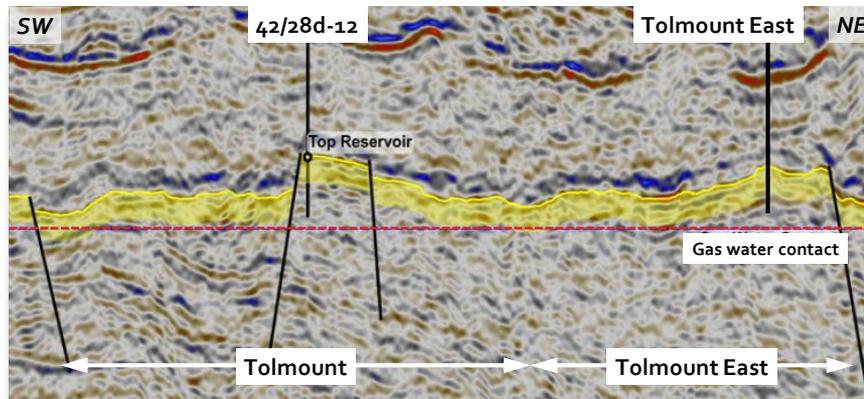


# Tolmount upside



## Tolmount East

- 220 Bcf, gross unrisked resource
- Testing extension to Tolmount Main
- Structural closure above gas/water contact

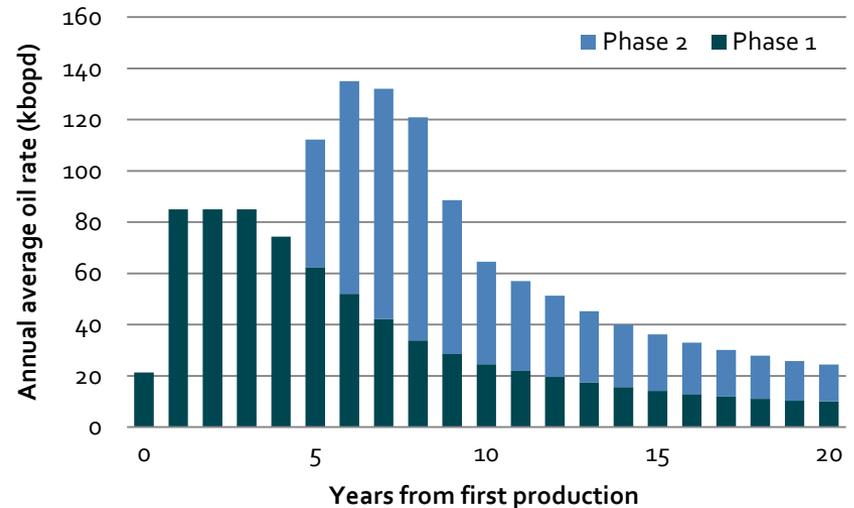
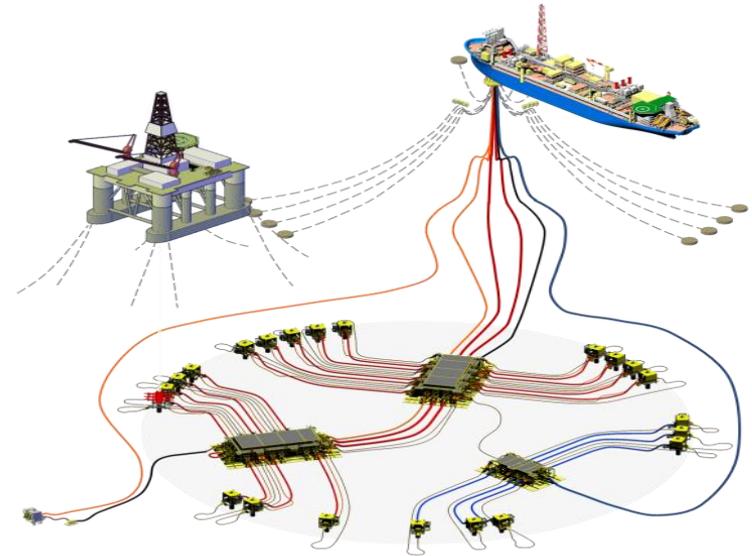


# Sea Lion update

## LOIs with key contractors

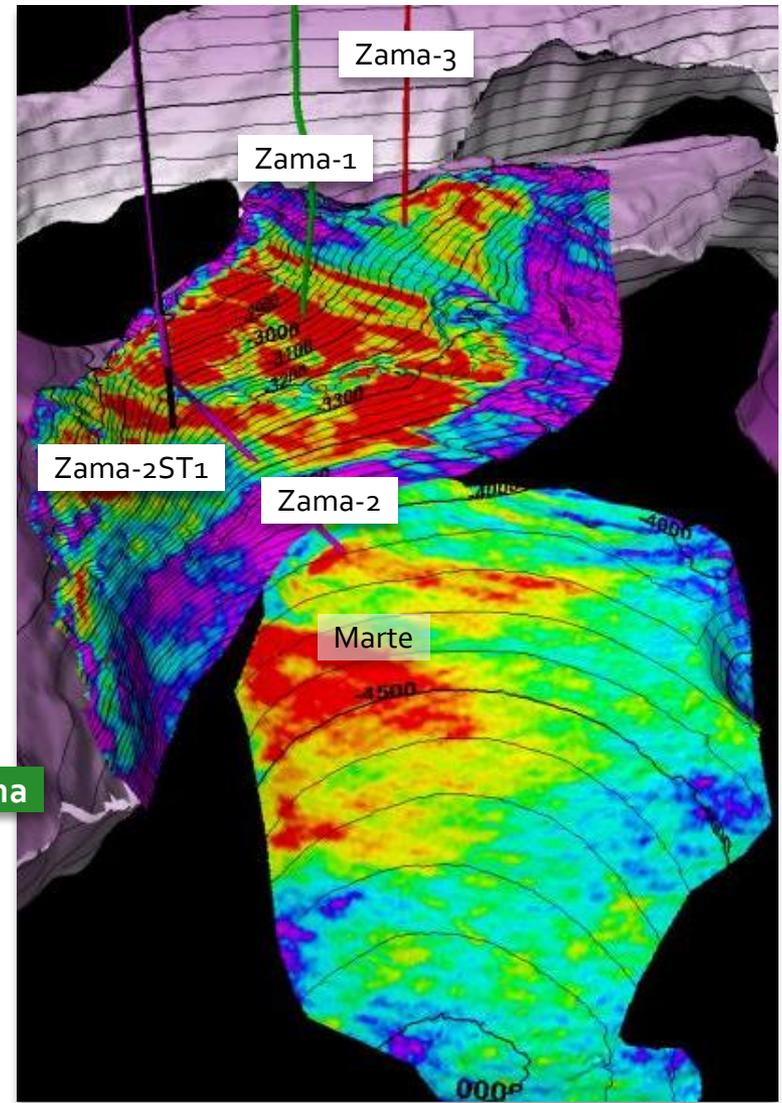
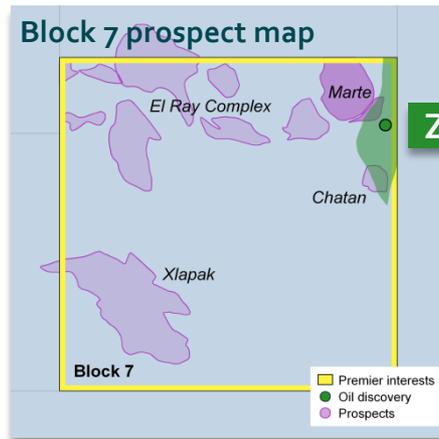
✓ FPSO	✓ Drilling Rig	✓ ✓ SURF / SPS
✓ Well Services	✓ Subsea Installation	✓ Helicopter Services

- Focus remains on securing funding ahead of FID
  - Vendor loan notes
  - Senior debt (export credit agencies and project finance providers)
- Next phase of contracting
  - Supply vessels
  - Onshore logistics



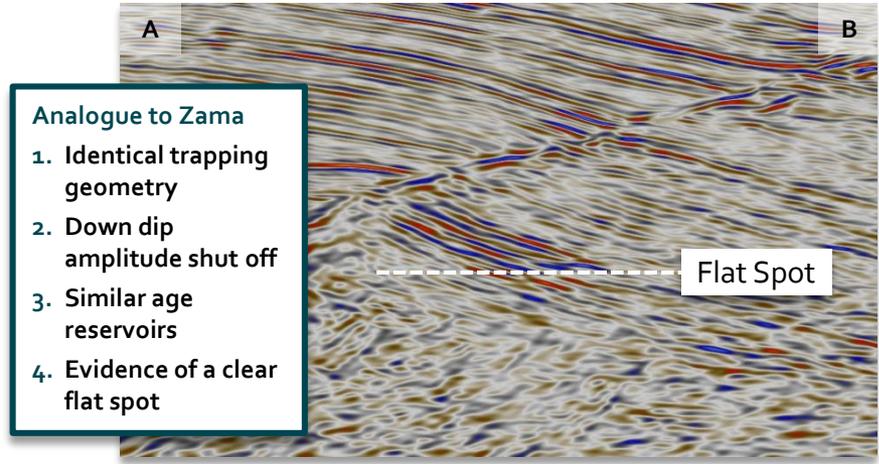
# Mexico: Block 7, Zama appraisal

- Zama-1 discovery made in 2017
  - 400-800 mmbbls (P<sub>90</sub>-P<sub>10</sub>); API 30°
- Zama appraisal programme to start in Q<sub>4</sub>:
  - **Zama-2**: tests OWC and Marte prospect
  - **Zama-2ST**: tests reservoir distribution and will be flow tested
  - **Zama-3**: tests lateral reservoir continuity
- Ensco 8503 rig contracted
- Comprehensive logging, sampling and testing programme

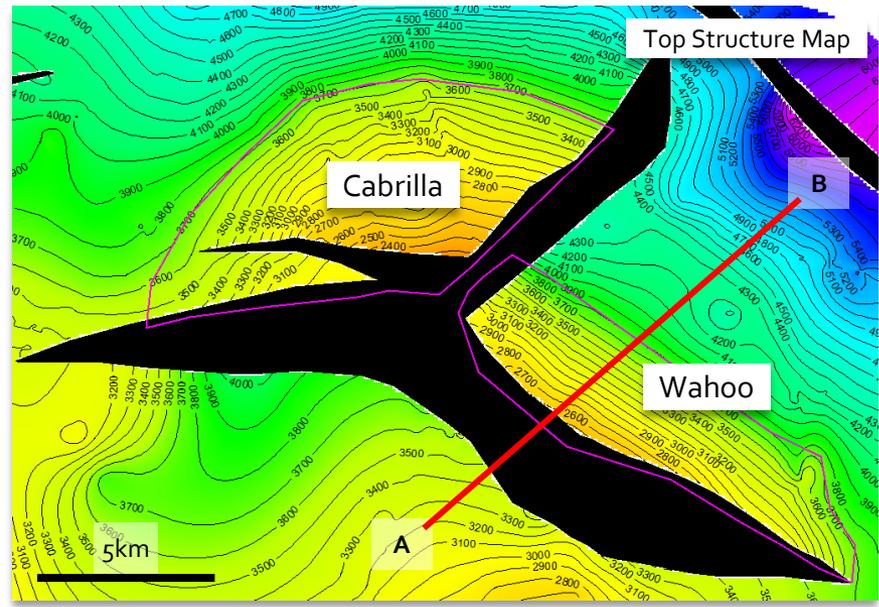
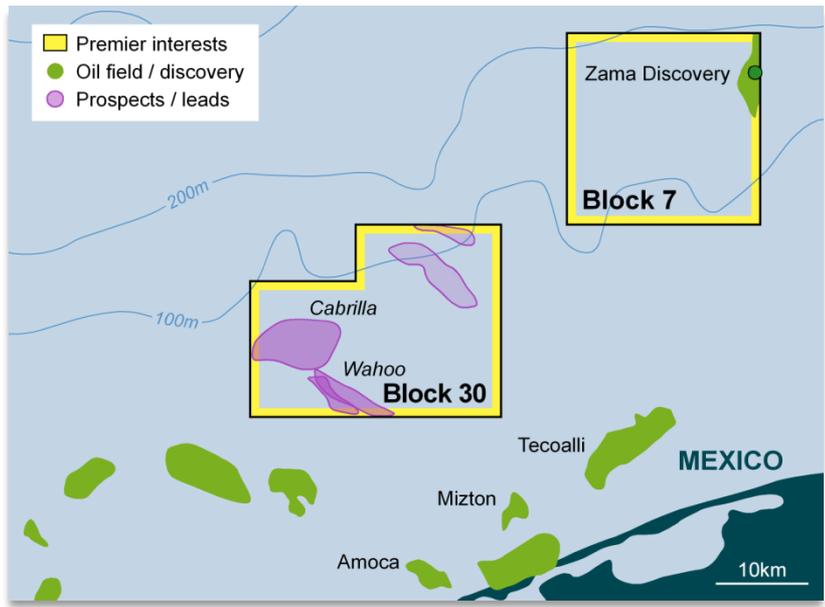


# Mexico: Block 30 exploration, Wahoo & Cabrilla

- Awarded 30% interest in Round 3.1
- South west of Zama discovery
- Wahoo: Flat spot similar to Zama
- 3D seismic acquisition planned ahead of drilling activity in 2020/21



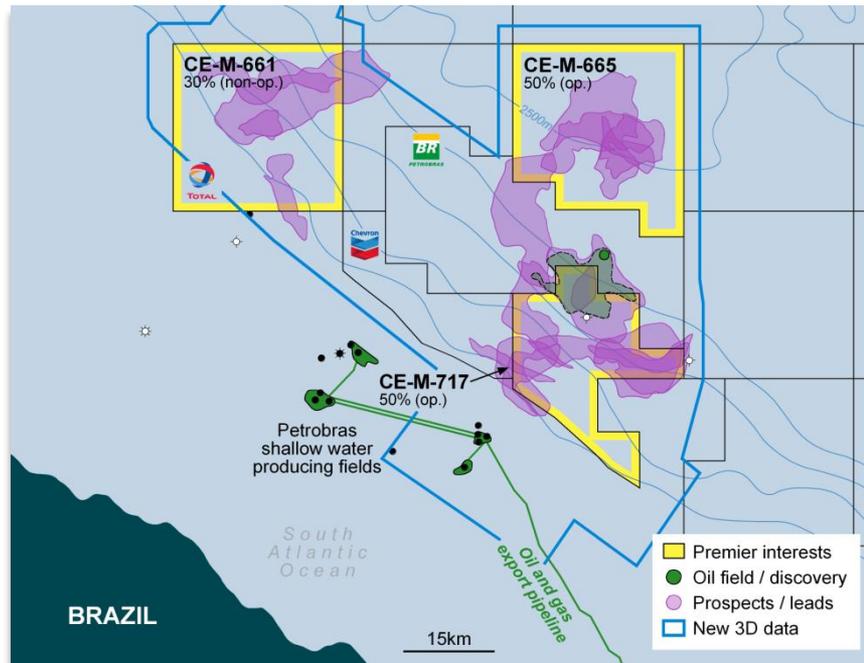
**Block resource potential**  
**300-400 mmbbls**



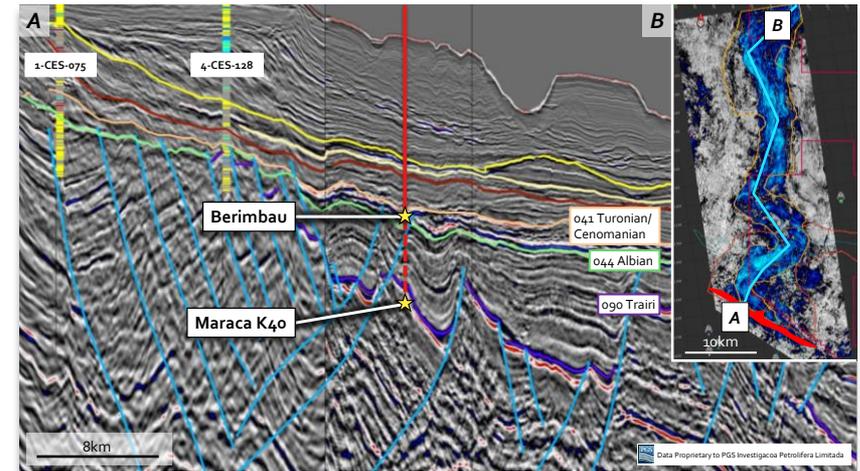
# Brazil: Ceará Basin

- High impact prospects in stacked targets matured for drilling
  - Berimbau/Maraca (Block 717)
  - Itarema/Tatajuba (Block 661)
- Drilling operations planned for 2020

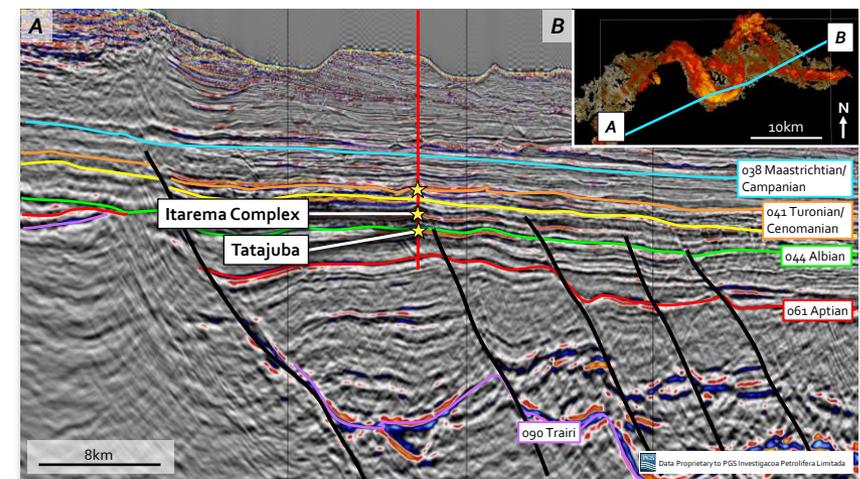
2 well campaign  
>500 mmbbls



## Block 717 (Premier, 50% operator)



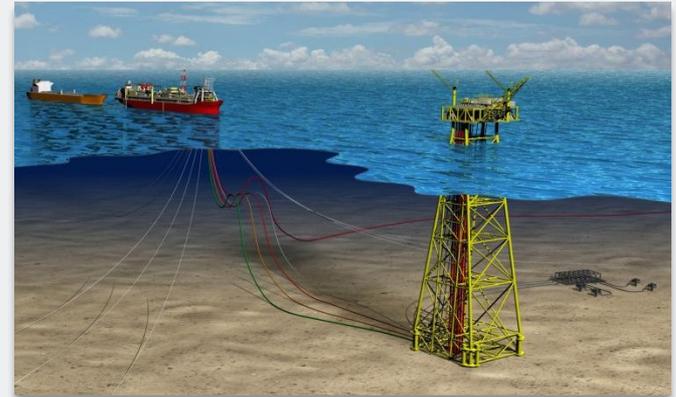
## Block 661 (Premier, 30%)



# Indonesia: Tuna appraisal and Andaman II exploration

## Tuna (Premier, 65% operator)

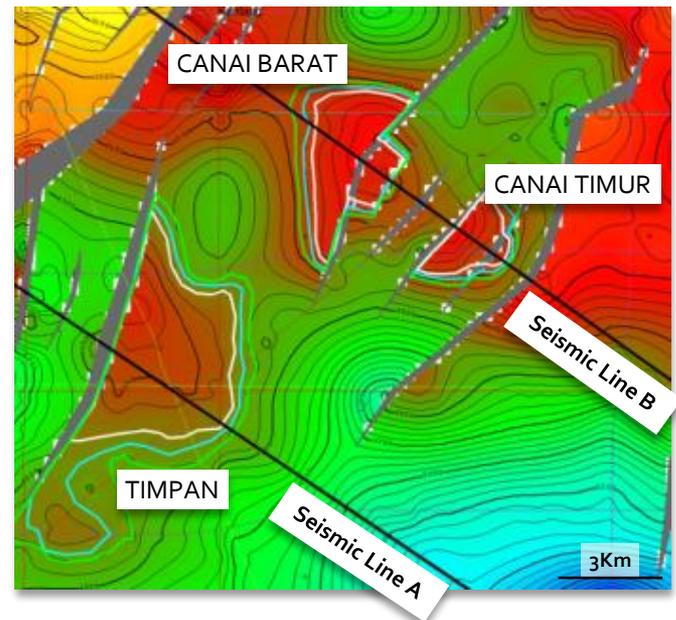
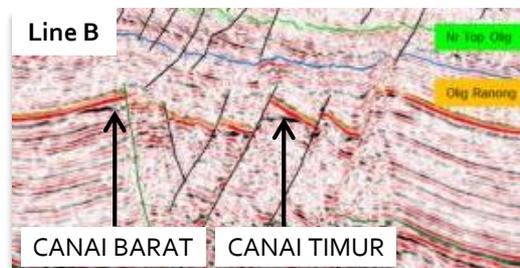
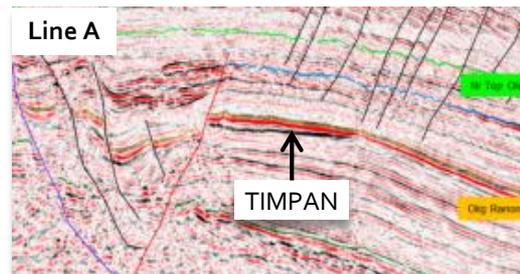
- Proven oil and gas discoveries (100 mmboe)
- Evaluation of potential development scenarios ongoing
- Outline development scheme confirmed to export gas to Vietnam
- Agreement signed with Vietnam and Indonesia Governments to access Vietnam infrastructure
- Farm-in offer agreed subject to contract



## Andaman II

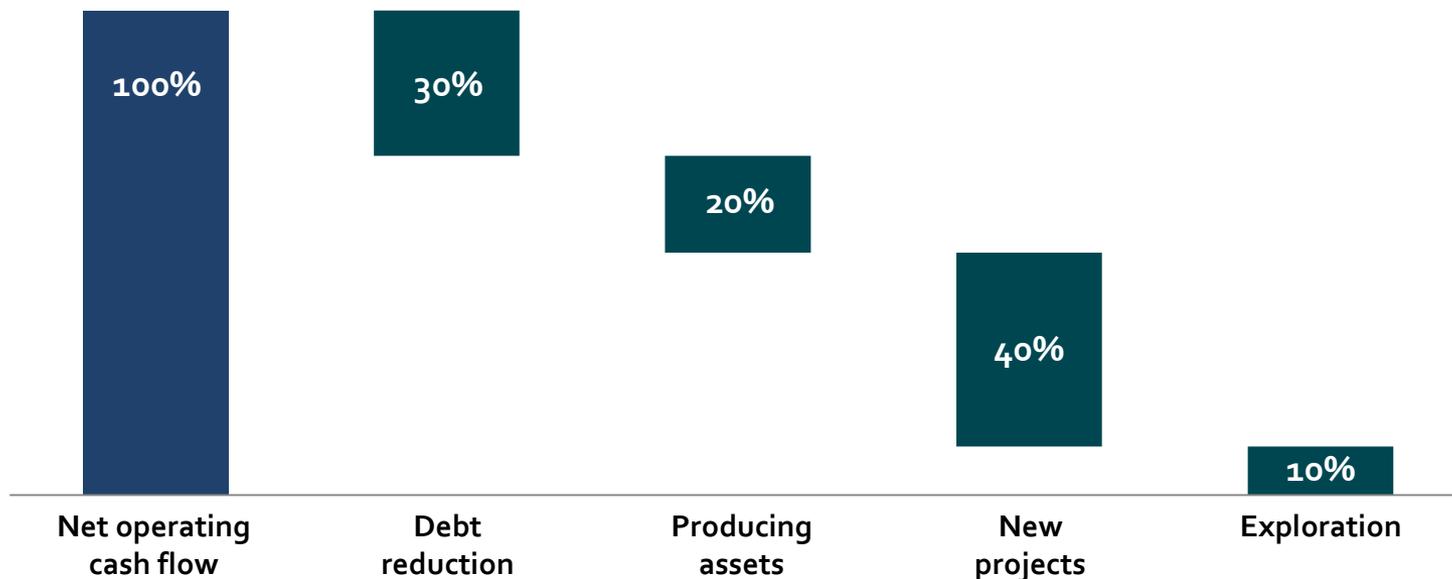
- Awarded in Q1 2018
  - Proven hydrocarbon basin
  - Oligocene sandstones gas target
  - Clear DHIs on 2D seismic
- Outlook
  - 3D seismic acquisition
  - Drilling targeted for 2021

Targeting  
>2 TCF



# Balanced capital allocation

## 7 year capital allocation 2018-2024



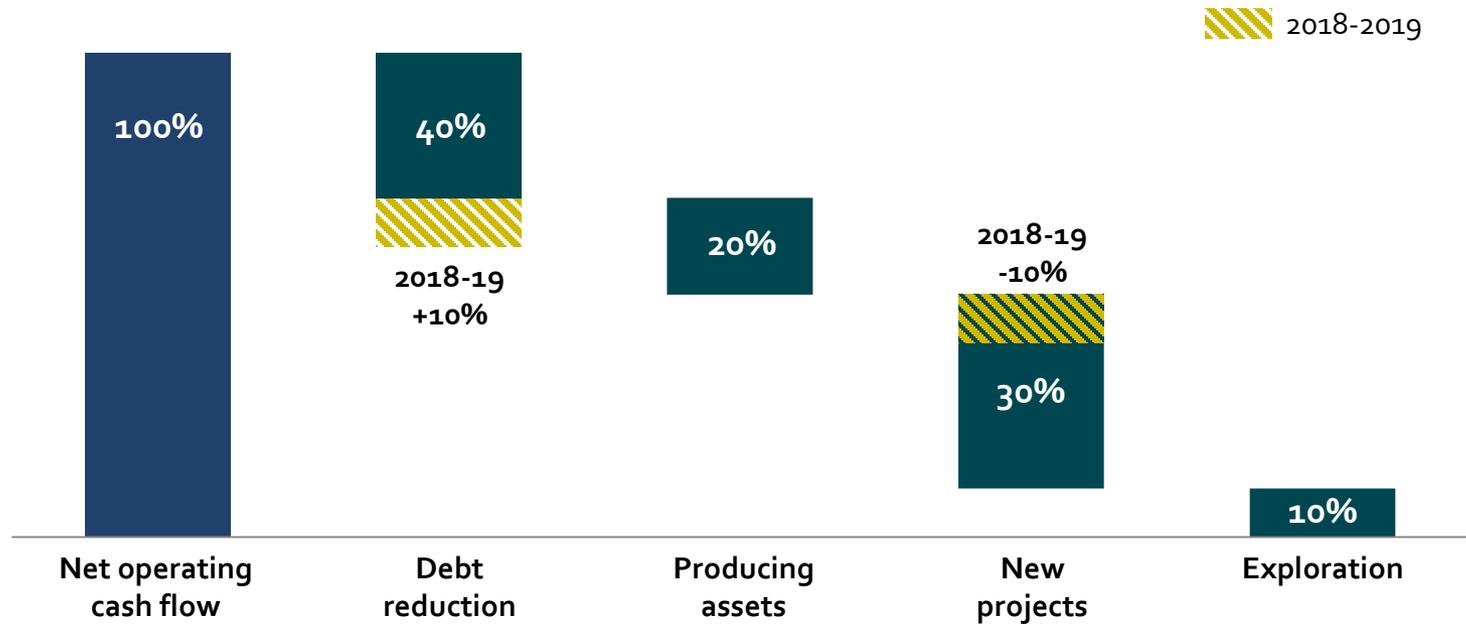
**At \$65/bbl  
the business  
will deliver**

- Positive free cash flow in all years to 2024
- Production > 100 kboepd at period end
- Covenant level of <1x at period end

**Reinvestment will be measured against cash returns to shareholders**

# Balanced capital allocation

## 7 year capital allocation 2018-2024

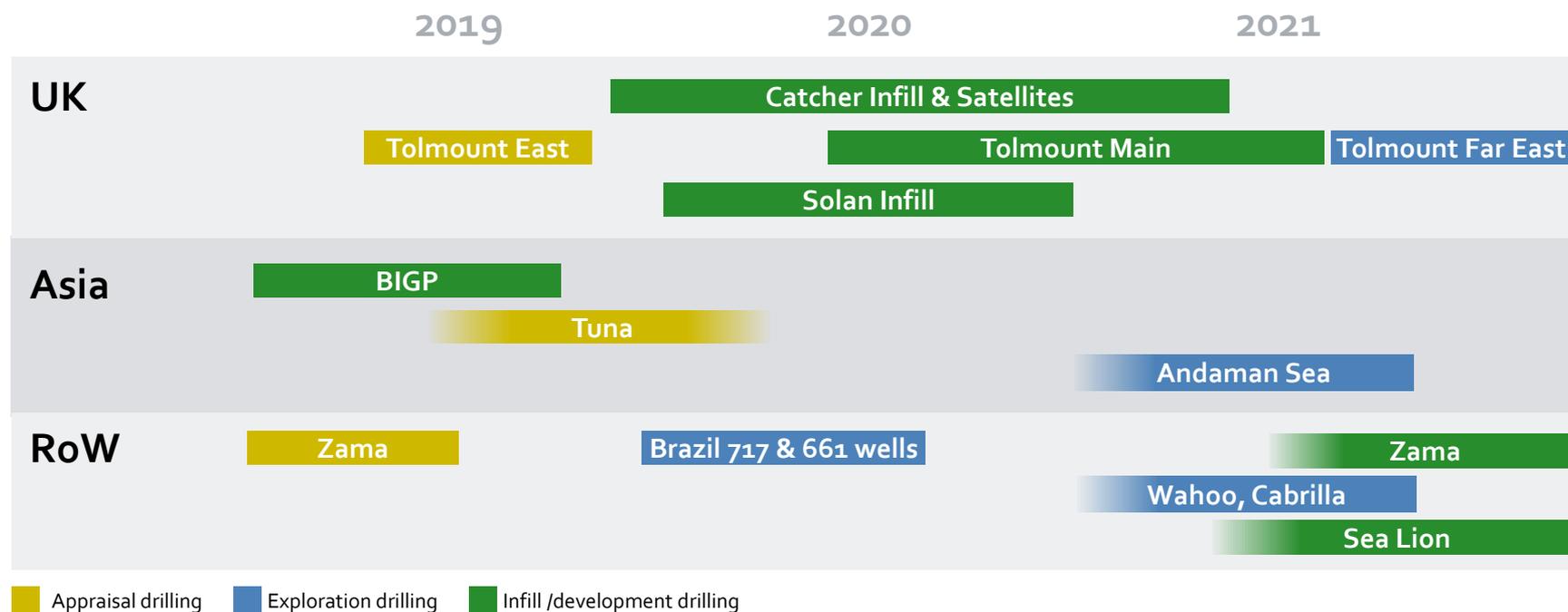


**At \$65/bbl  
the business  
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- Positive free cash flow in all years to 2024
- Production > 100 kboepd at period end
- Covenant level of <1x at period end

**Reinvestment will be measured against cash returns to shareholders**

# Future growth plans



## Near term resource base

- 200 mmboe of net undeveloped reserves/resources
- 165 mmboe of net contingent resource to be appraised
- 450 mmboe of net prospective resource to be drilled

# Q&A

## 1. Cutting of first steel for Tolmount platform



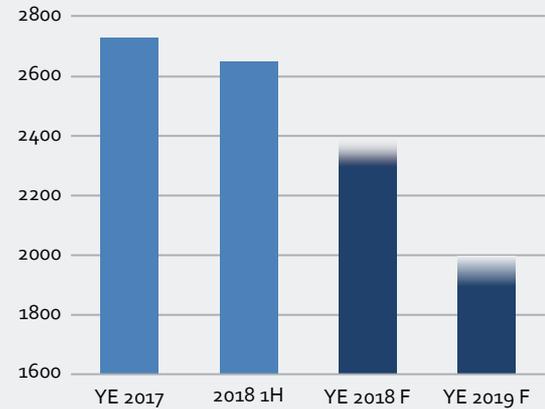
## 2. Increasing free cash flow generation



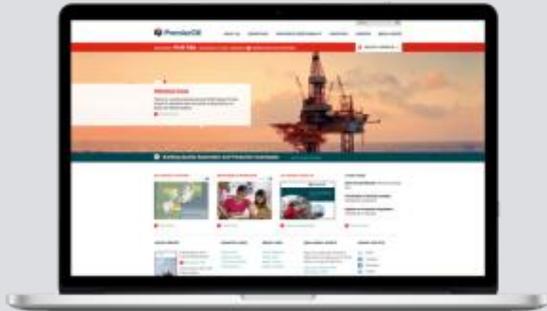
## 3. Zama appraisal



## 4. Debt reduction



August 2018



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