

# TULLOW OIL PLC

## TRADING STATEMENT AND OPERATIONAL UPDATE

**29 JULY 2020** – Tullow Oil plc (Tullow) issues this statement to summarise recent operational activities and to provide trading guidance in respect of the financial half year to 30 June 2020. This is in advance of the Group's Half Year Results, which are scheduled for release on Wednesday 9 September 2020. The information contained herein has not been audited and may be subject to further review and amendment.

### **Rahul Dhir, Chief Executive Officer, Tullow Oil plc, commented today:**

*"Since becoming CEO on 1 July, I have been impressed by the quality of Tullow's people and the potential of our assets and I am confident that we can build Tullow into a competitive and successful business once again. Despite the challenging external environment in the first half of the year, Tullow has performed well; delivering production in line with forecast, agreeing the sale of the Ugandan assets and re-shaping the Group's structure and cost base. In the second half of 2020 our focus will remain on continuing to deliver safe and reliable production from West Africa, reducing debt and building a cost effective and efficient organisation that can compete in a low oil price environment."*

### **OPERATIONAL UPDATE**

- The impact of COVID-19 has been managed safely across our business with no impact on our operated production.
- Group working interest production in the first half of 2020 averaged 77,700 bopd in line with expectations; full year guidance has been narrowed to 71,000-78,000 bopd reflecting continued good performance across the portfolio.
- In the first half of 2020, gross Jubilee production averaged 84,700 bopd (net: 30,000 bopd), gross TEN production averaged 50,900 bopd (net: 24,000 bopd) and net production from the non-operated portfolio was 23,700 bopd.
- Ghana operational performance has been strong in the first half with uptime on both FPSOs in excess of 95 per cent.
- Completion operations on the Ntomme-9 production well at TEN are ongoing; the well is due onstream in August.
- The impact of COVID-19 on the Kenya work programme and fiscal framework has led the Joint Venture to call Force Majeure on its licences which will delay FID and impact the ongoing farm-down process. Constructive discussions are ongoing with Government regarding next steps.
- In Suriname, the drilling of the Goliathberg-Voltzberg North prospect (GVN-1) in Block 47 is planned for the first quarter of 2021. A rig is expected to be contracted shortly for this Upper Cretaceous prospect.

### **FINANCIAL UPDATE**

- Revenue for the first half of 2020 is expected to be c.\$0.7 billion with a realised oil price of \$52/bbl, including hedge receipts of \$131 million.
- At 30 June 2020, net debt is expected to be c.\$3.0 billion and liquidity headroom and free cash are expected to be c.\$0.5 billion; full year free cash flow is forecast to break even at the current forward curve.
- Capital and decommissioning expenditure guidance for 2020 remains unchanged at c.\$300 million (1H20: \$192 million) and c.\$65 million (1H20: \$38 million) respectively.
- As a result of lower near-term oil price forecasts, and a revision in the Group's long-term oil price assumption from \$65/bbl to \$60/bbl, the Group expects material impairment and exploration write-offs to be recorded at the half-year in the range of \$1.4-1.7 billion (pre-tax).
- At 28 July, 60 per cent of 2020 sales revenue hedged with a floor of \$57/bbl, 44 per cent of 2021 sales revenue hedged with a floor of \$51/bbl.

### **UGANDA TRANSACTION UPDATE**

- Sale of Ugandan assets for \$500 million in cash on completion and \$75 million in cash following FID, plus post first oil contingent payments, expected to complete before year-end.
- Shareholder approval of the transaction confirmed at the General Meeting on 15 July with over 99 per cent of the 56 per cent votes cast in favour.
- Transaction completion remains subject to the Government of Uganda and the Uganda Revenue Authority entering into a binding Tax Agreement that reflects the agreed tax principles and the Government of Uganda approving the transfer of Tullow's interests and Block 2 Operatorship to Total.
- This transaction represents an important first step to raising in excess of \$1 billion proceeds from portfolio management in what continues to be a challenging external environment for asset sales and farm downs.

## SENIOR MANAGEMENT

- Rahul Dhir joined Tullow as Chief Executive Officer on 1 July 2020.
- Dorothy Thompson will resume her role as Non-Executive Chair of the Board after a short transitional period.
- Mike Walsh has been appointed as General Counsel & Director, Risk, Compliance & IS, effective 3 August 2020, reporting to the CEO. Mike joins Tullow from Delonex Energy Limited where he was General Counsel.

## PRODUCTION GUIDANCE

Group average working interest production	H1 2020 actual (bopd)	FY 2020 forecast (bopd)
Ghana	54,000	51,600
<i>Jubilee</i>	30,000	28,100
<i>TEN</i>	24,000	23,500
Equatorial Guinea	5,000	4,700
Gabon	16,800	16,700
Côte d'Ivoire	1,900	2,000
<b>Oil production</b>	<b>77,700</b>	<b>75,000</b>

## CONTACTS

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### Notes to editors

Tullow is an independent oil & gas, exploration and production group, quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 70 exploration and production licences across 15 countries.

For further information, please refer to our website at [www.tulloil.com](http://www.tulloil.com).

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