Tullow Oil plc

January Trading Statement

2023 free cash flow ahead of expectations
Start-up of Jubilee South East drives production and cash flow growth
On track to continue material debt reduction

24 January 2024 - Tullow Oil plc (Tullow) issues the following statement in advance of the Group's 2023 Full Year Results scheduled to be announced on 6 March 2024. The information contained herein has not been audited and may be subject to further review and amendment.

Rahul Dhir, Chief Executive Officer, Tullow, commented today:
"Continued delivery of our business plan in 2023 resulted in a major inflection point as we moved from a period of investment focus to delivery of free cash flow growth. We are on track to deliver c.$600 million free cash flow over the next two years to achieve our stated target of c.$800 million of free cash flow from 2023 to 2025 at $80/bbl. The debt facility agreed with Glencore is a strong endorsement of our business plan and we have no material uncovered debt maturities until May 2026. At the same time our assets are expected to deliver production growth, while we continue to maintain our laser focus on operational excellence and capital discipline."

2023 Performance – Delivery during a transformative year

Operational

- Full year working interest production averaged c.63 kboepd in 2023, including c.6 kboepd of Jubilee gas.
- Water injection issues at Jubilee encountered in 2023, have now been resolved.
- Excellent drilling performance with four Jubilee producer and three Jubilee water injection wells brought onstream.
- Start-up of Jubilee South East marking a material step up in Jubilee production that surpassed 100 kbopd.
- Gabon swap agreement and licence extensions boost reserves and centre portfolio around Tchatamba production hub.
- Continued portfolio optimisation through sale of Orinduik licence in Guyana to focus on core production assets.

Financial

- Revenue of c.$1.6 billion (including c.$140 million hedge costs) at an average realised oil price (post-hedging) of $77.5/bbl.
- Capital and decommissioning expenditure were c.$380 million and c.$70 million, respectively.
- Underlying operating cash flow[1] of c.$800 million and free cash flow of c.$170 million, ahead of guidance.
- Net debt reduction of c.$250 million resulting in year-end net debt of c.$1.6 billion and gearing of 1.4 times, ahead of target of 1.5 times.
- Gross debt reduction of c.$400 million from tenders of the 2025 and 2026 notes combined with annual amortisations.
- Executed material step in refinancing strategy with new $400 million debt facility agreed with Glencore.
- Ghana gas commercialisation via interim gas sales agreement, delivering c.$30 million revenue.

2024 Outlook – Focus on free cash flow generation

Operational

- Group working interest production expected to average between 62 to 68 kboepd, including c.7 kboepd of gas.
- Five Jubilee wells (three producers and two water injectors) expected to come onstream in 2024. This will conclude the activity planned at the start of the drilling programme approximately six months ahead of schedule with excellent drilling performance.
- Later in 2024, Tullow and its Joint Venture Partners intend to take a drilling break in Ghana while existing well stock sustains production at Jubilee, and TEN decline continues to be effectively minimised. Drilling is expected to resume in 2025, and the procurement process for a new rig will commence in 2024.
- Activity in the non-operated portfolio will focus on infill drilling and an infrastructure-led exploration well at the Simba licence.

[1] Cash flow from operating activities including lease payments, before capital investment, decommissioning expenditure and debt service.

Financial

- 2024 capital expenditure of c.$250 million with approximately 60% allocated to Jubilee and 25% to non-operated assets.
- Decommissioning spend of c.$50 million for UK and Mauritania; c.$20 million provisioning for Ghana and Gabon.
- Cash taxes expected to be c.$350 million at $80/bbl with payments weighted to the first half of the year.
- Hedge portfolio protects c.60% of forecast sales volumes at weighted average price of $58/bbl through the year; material uncapped exposure to oil price upside from June once legacy hedges have rolled off, with c.20% of sales volumes capped at weighted average price of $114/bbl for the period June to December.
- Forecast free cash flow of $200-300 million at $80/bbl, with the range largely driven by timing of revenue receipts for 18 to 19 cargoes lifted in Ghana during the year.
- Year-end net debt expected to be less than $1.4 billion; cash gearing of net debt to EBITDAX expected to be around one times at $80/bbl.
- On track to deliver targeted c.$800 million free cash flow over 2023 to 2025 period, with over $600 million free cash flow expected to be generated over 2024 to 2025 at $80/bbl.

2024 Guidance	FY 2024
Group production (kboepd)	62-68
Ghana oil (kbopd)	*48*
Jubilee oil (kbopd)	*39*
TEN oil (kbopd)	*9*
Non-operated portfolio oil (kbopd)	*11*
Gas production (kboepd)	*7*
Group capital expenditure ($m)	250
Ghana	*160*
Jubilee	*145*
TEN	15
Non-operated portfolio	60
Kenya	10
Exploration	20

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Notes to editors

Tullow is an independent energy company that is building a better future through responsible oil and gas development in Africa. The Company's operations are focused on its West-African producing assets in Ghana, Gabon and Côte d'Ivoire, alongside a material discovered resource base in Kenya. Tullow is committed to becoming Net Zero on its Scope 1 and 2 emissions by 2030 and has a Shared Prosperity strategy that delivers lasting socio-economic benefits for its host nations. The Group is quoted on the London and Ghanaian stock exchanges (symbol: TLW). For further information, please refer to: www.tullowoil.com.

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