

TULLOW OIL PLC

JULY TRADING STATEMENT & OPERATIONAL UPDATE

Jubilee South East due onstream imminently, driving a positive step change in production and free cash flow generation

\$266 million gross debt reduction in 1H through bond buy back and amortisation

12 JULY 2023 – Tullow issues the following statement in advance of the Group’s 2023 Half Year Results scheduled for 13 September 2023. The information contained herein has not been audited and may be subject to further review and amendment.

Rahul Dhir, Chief Executive Officer of Tullow, commented today:

“This is an exciting time for Tullow and a pivotal moment in 2023 as we are on the cusp of the start-up of Jubilee South East, a project that demonstrates our operational capability and continued investment in Ghana’s world class Jubilee field. Gross production from the field is expected to exceed 100,000 bopd which will mark the outset of increased cash flow generation to materially deleverage our business.

“Our tender offer for the 2025 Notes marked an important step in addressing our debt maturities and reiterates our confidence in our business plan and outlook. It has also accelerated our deleveraging trajectory and we expect to continue this positive momentum in the second half of 2023 and beyond.”

Operations update

- First half 2023 Group production averaged c.53 kboepd. Net production in the first half of the year from the Jubilee and TEN fields averaged c.28 kbopd and c.11 kbopd, respectively, and net production from Gabon and Côte d’Ivoire averaged c.14 kboepd. Full year group guidance remains unchanged at 58-64 kboepd.
- Jubilee South East (JSE) is due onstream imminently. Three JSE producers and one JSE water injector are expected onstream this year to help sustain gross Jubilee production over 100 kbopd. Tullow and its Partners plan to maintain this increased level of production at Jubilee over the next few years through an ongoing infill drilling programme. Future drilling locations have been identified to further extend this plateau and realise the full potential of the significant Jubilee resource base.
- Planned TEN shutdown is underway, seeking to improve gas handling and support reduced flaring. The amended TEN Plan of Development is being finalised following good engagement with the Government of Ghana.
- Production efficiency across the TEN and Jubilee FPSOs has been high, averaging 97% uptime in the first half of 2023.
- Commercial terms for the long-term gas sales agreement are under discussion with the Government of Ghana. The agreement will not only enhance energy security in Ghana but also add another revenue stream for Tullow and result in the addition of c.150-200 bcf of net gas reserves on TEN.
- Approval has been received from the Government of Gabon for the cashless asset swap agreement announced in April. The asset swap with Perenco optimises Tullow’s equity ownership and places the Tchatamba facilities as a core production hub for the Group.

Financial update

- Total revenue in the first half, including the cost of hedging, of c.\$0.8 billion at a realised average oil price of c.\$81/bbl before hedging and c.\$74/bbl after hedging.
- Capital expenditure of c.\$200 million in the first half; full year capital expenditure guidance remains c.\$400 million.
- Decommissioning expenditure of c.\$40 million. Full year guidance is reduced to c.\$70 million due to deferrals into 2024. As previously announced, a further c.\$20 million will be paid into escrow in 2023 for future decommissioning obligations in Ghana and Gabon.
- Free cash flow of negative c.\$100 million in the first half, in line with expectations. Significant reversal expected in the second half of the year, with c.\$200 million free cash flow generated at \$80/bbl. Full year free cash flow guidance remains unchanged at c.\$100 million at \$80/bbl.
- Purchase of c.\$166 million of the 2025 Notes for c.\$100 million cash consideration announced in June, delivering value accretion of c.\$86 million from a combination of a c.\$66 million net debt reduction and coupon savings to maturity of c.\$20 million.

- Gross debt reduced by c.\$266 million in the first half of 2023 through a combination of the 2025 Notes purchase and annual amortisation of the 2026 Notes. Net debt at the end of the first half of 2023 was c.\$1.9 billion and is forecast to be c.\$1.7 billion at year-end.
- Commodity hedging policy reinstated to ensure 60% downside protection for the first year ahead, and 30% for the second year, whilst maintaining full upside exposure for no less than 60%, through appropriate instrument selection.

Oil hedge portfolio as of 30 June 2023	2023	2024
Hedged volume – protected downside (kbopd)	34.5	11.3
Hedged volume – capped upside (kbopd)	28.0	11.3
Weighted average floor protected	\$56/bbl	\$55/bbl
Weighted average sold call	\$75/bbl	\$75/bbl

Governance update

- Rebecca Wiles was appointed as a non-executive director of Tullow in June 2023. She brings deep technical and geoscience expertise alongside emerging markets experience in Africa to the Tullow Board. Following the departure of Mike Daly at the end of the 2023 AGM, Rebecca replaces this critical skill set on the Board.
- Over one million shares purchased by Tullow Directors demonstrates the Board’s confidence in the Group’s strategy. A summary of the purchases is shown below.

Member	Aggregated number of shares purchased in June 2023
Phuthuma Nhleko, Chairman	142,500
Rahul Dhir, Chief Executive Officer	360,900
Richard Miller, Chief Financial Officer	35,500
Roald Goethe, Non-Executive Director	750,000
Genevieve Sangudi, Non-Executive Director	100,000
Sheila Khama, Non-Executive Director	32,900

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Notes to editors

Tullow is an independent oil & gas, exploration and production group which is quoted on the London and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 30 licences across eight countries. In March 2021, Tullow committed to becoming Net Zero on its Scope 1 and 2 emissions by 2030. For further information, please refer to our website at www.tulloiloil.com.

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