



# Tullow Oil plc

Overview Presentation  
April 2020



# Disclaimer



This presentation contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business.

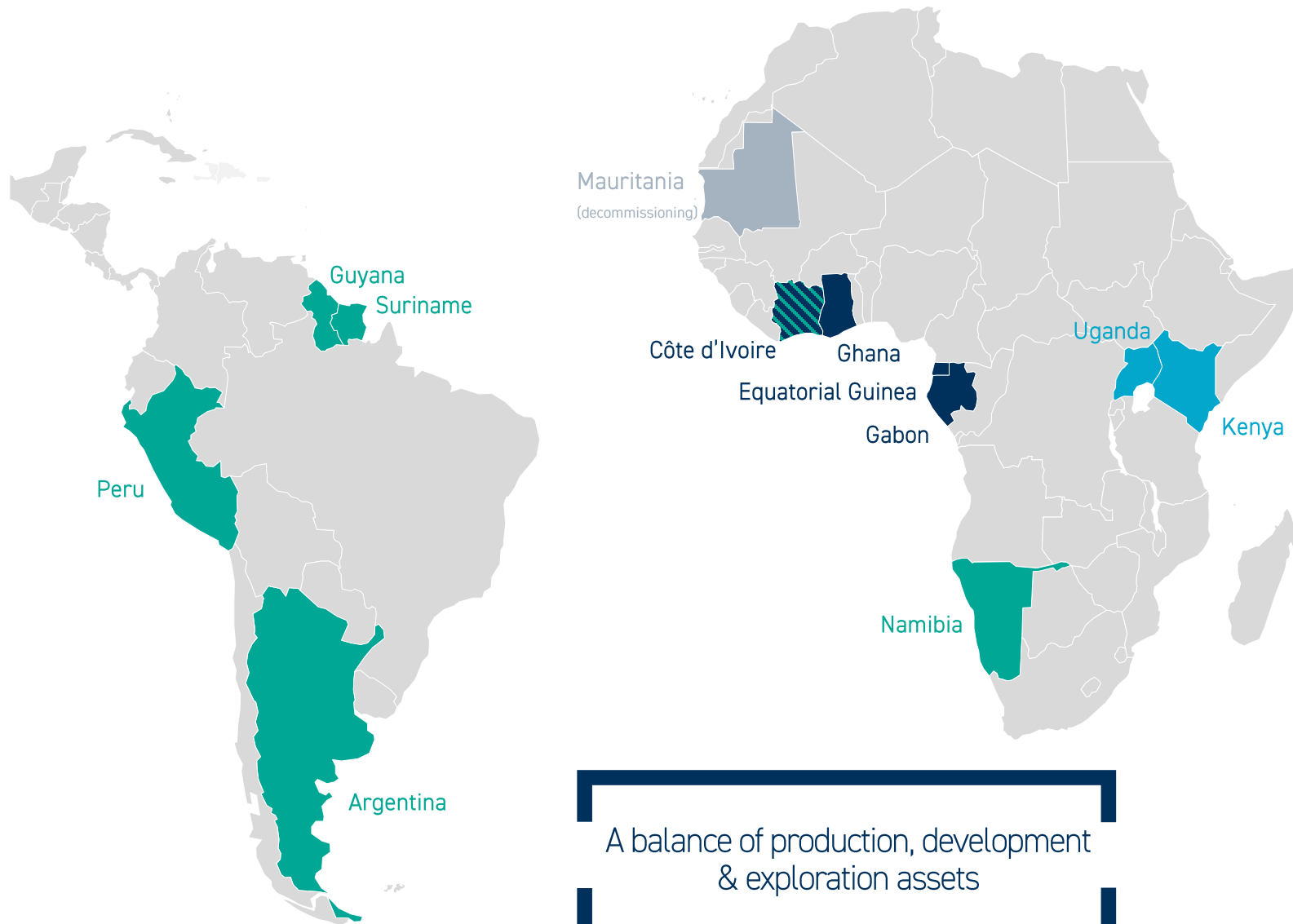
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The Group undertakes no obligation to revise any such forward-looking statements to reflect any changes in the Group's expectations or any change in circumstances, events or the Group's plans and strategy. Accordingly no reliance may be placed on the figures contained in such forward looking statements

# INTRODUCTION

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# Our portfolio of assets



## Production

Ghana: Flagship low-cost producing assets: Jubilee & TEN  
Non-op: stable, cash-generative production

## Development

Kenya: Significant scale project progressing towards FID  
Uganda: Sale of Ugandan interests agreed to Total for \$575m cash

## Exploration

Extensive acreage in frontier, proven systems and near field producing regions

# Executive leadership





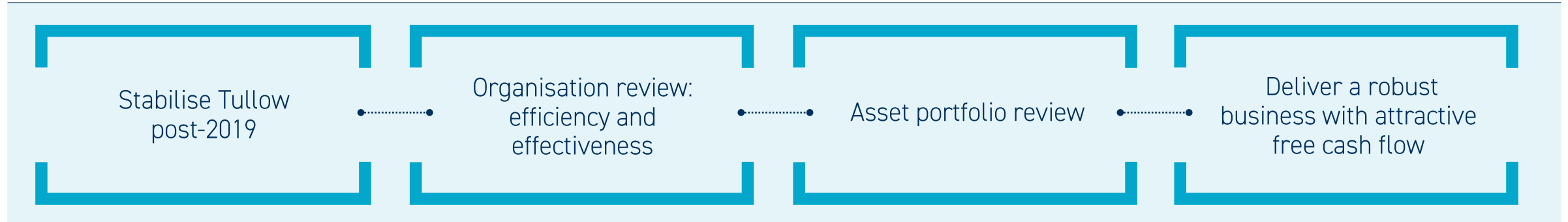
# Strategic progress so far in 2020

- 2020 oil production on track
  - New leadership delivering improvements
  - Integrated approach to production management
- Financial strategy fit for purpose
  - Sale of Ugandan interests first step to realising in excess of \$1 billion proceeds
  - Capital structure being shaped to be more conservative
- Tullow reserves and resources verified
  - Reserves and resources base verified by external auditors
  - New development opportunities identified in producing fields
- Organisation being changed to a lean, centralised structure
  - Planned closure of two satellite offices, key technical staff retained
  - Business and technical functions being centralised in London
- Government relationships prioritised
  - Active and regular engagement with key African stakeholders
  - Shared Prosperity agenda reaffirmed as key priority
- Disciplined exploration
  - Exploration focus on Africa and South Atlantic margins
  - In depth analysis of prospects in Guyana

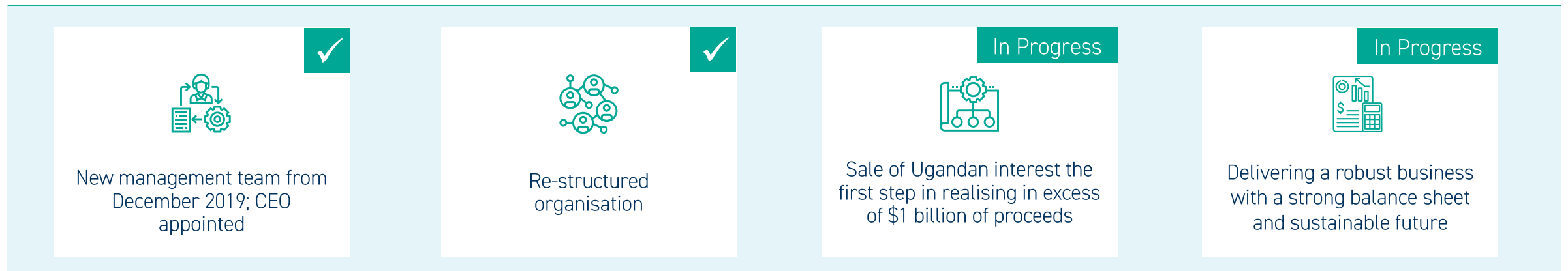


# Business Review – framework & outcomes

## Framework

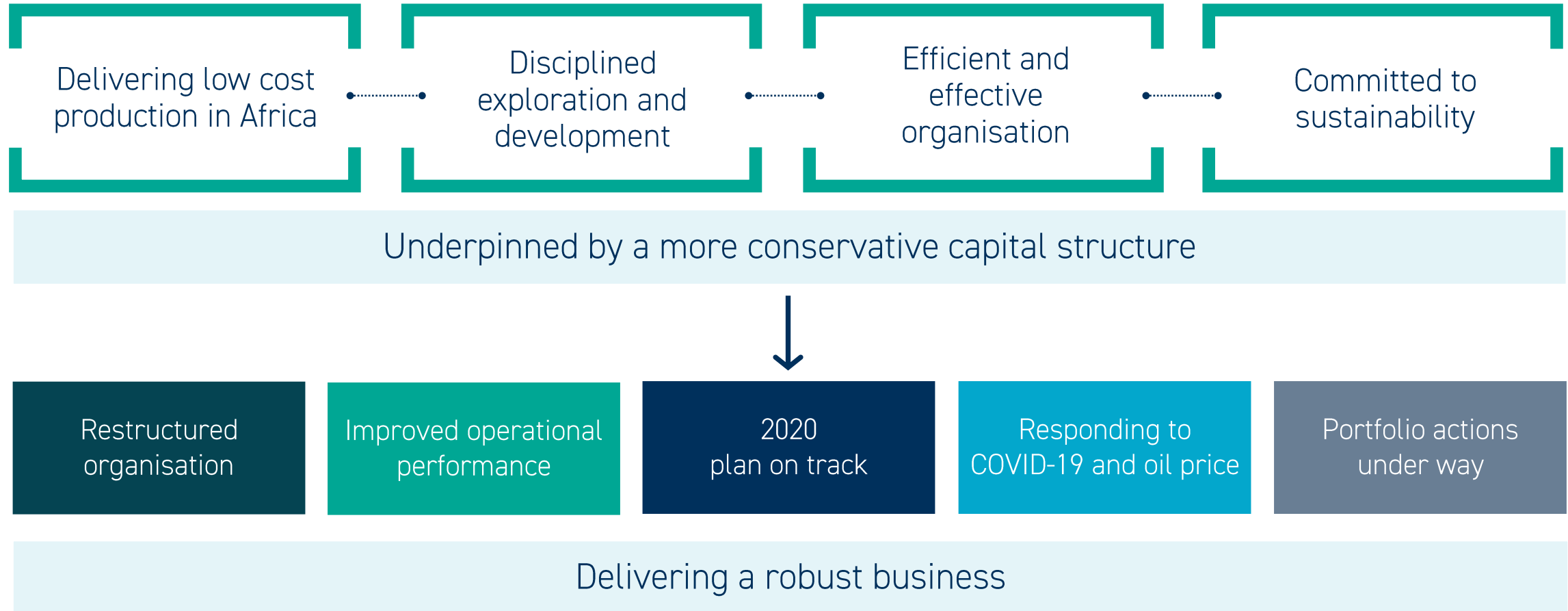


## Outcomes



# Looking forward to a sustainable future

## A focused strategy





# FINANCIAL UPDATE

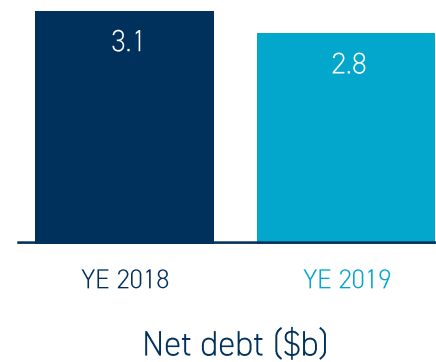
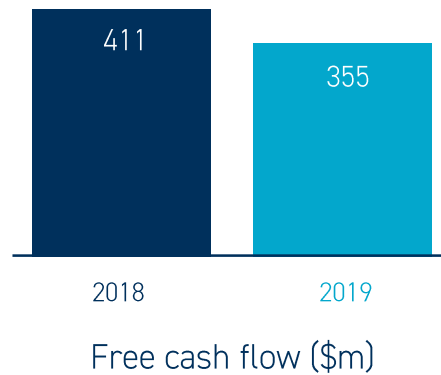
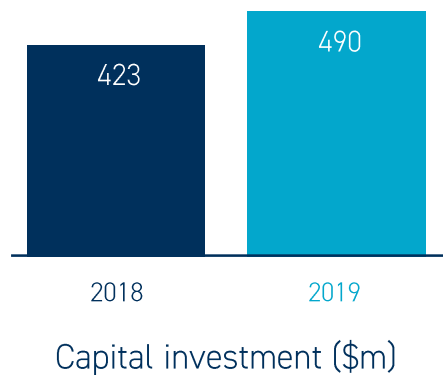
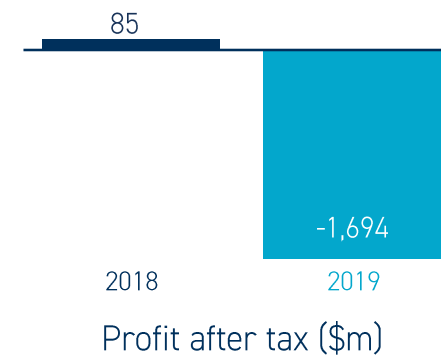
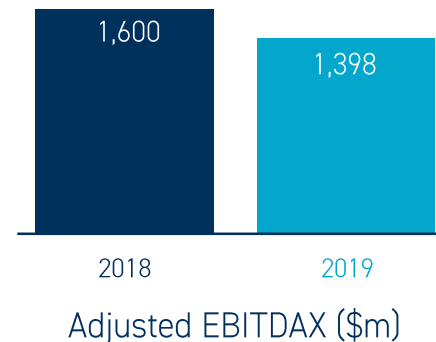
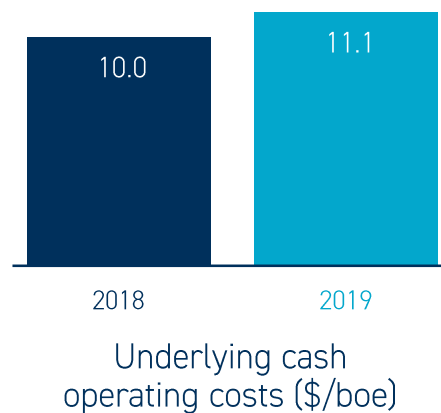
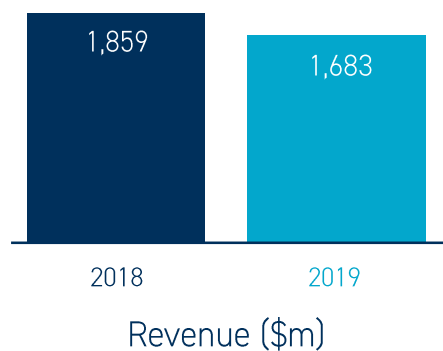
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# Financial strategy

- Balance sheet
  - More conservative approach to gearing and maintaining appropriate headroom
- Portfolio management
  - Proactively manage asset base to balance risk and deliver value
- Commodity risk management
  - Reduce volatility impact through sustained hedging programme
- Capital allocation
  - Apply strict capital allocation criteria to create value across the business
- Free cash flow focus
  - Optimise revenue, control costs and manage working capital to deliver free cash

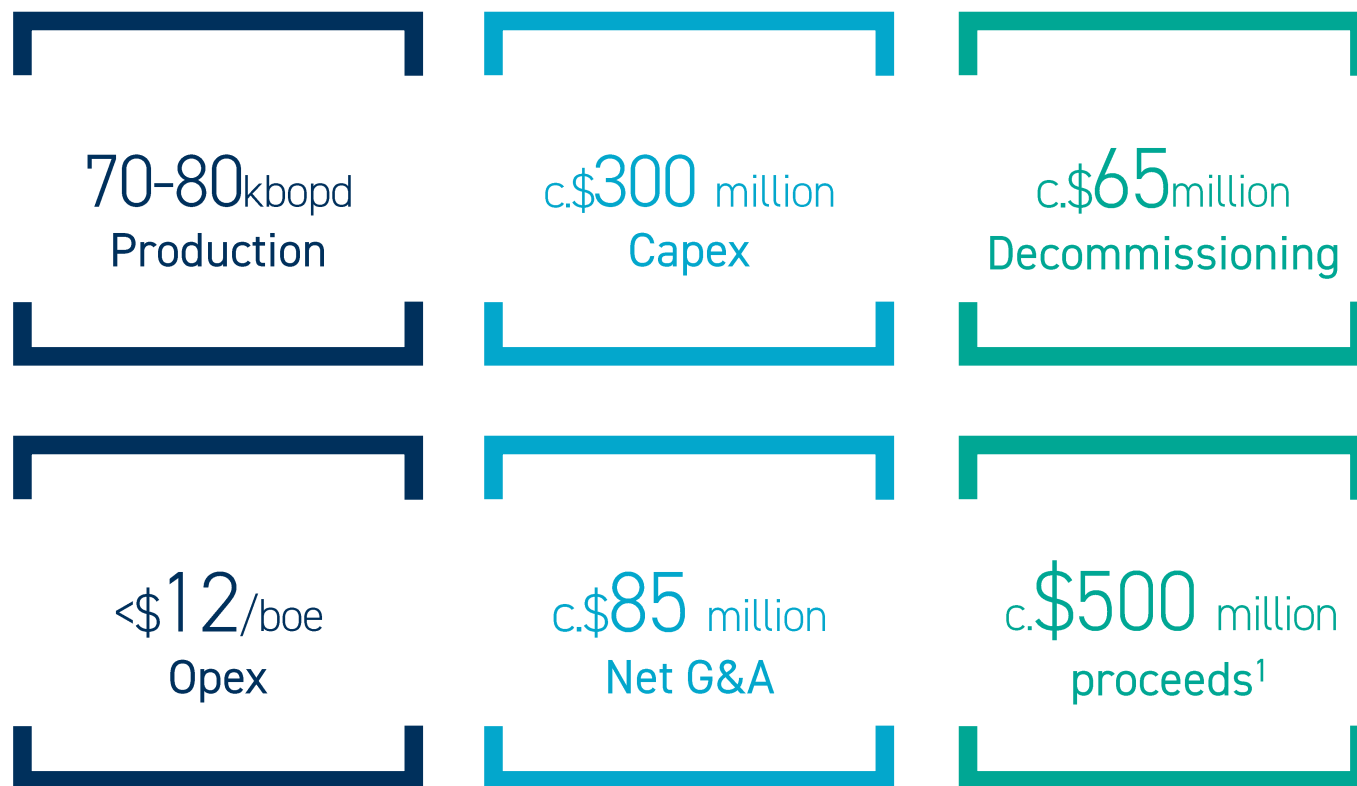


# 2019 Full Year Results



# 2020 Guidance

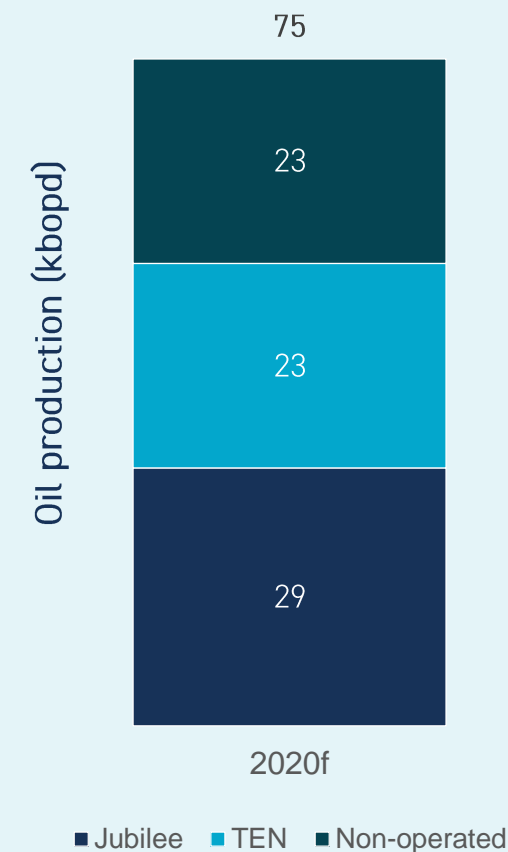
## Key guidance figures



Further review of costs resulted in additional capex and decommission savings in 2020

<sup>1</sup> Assuming completion of sale of Uganda interests to Total in 2020

## Group production breakdown



# Sale of Uganda interests to Total



- Delivering against ambitions laid out at Full Year Results
  - First step in raising in excess of \$1 billion of proceeds
- Proactive portfolio management strategy
  - Fair value achieved in a challenging external environment
- Cash is key to managing liquidity
  - Proceeds to reduce Tullow's net debt, strengthen balance sheet and move towards a more conservative capital structure
- Prioritising free cash flow
  - Realising significant proceeds with no additional expenditure going forward
- Supportive Government
  - A clear route to completion (targeting 2H 2020), tax principles agreed with Ugandan authorities (binding tax agreement to be entered into with GOU/URA) with all payments expected to be net of tax

Tullow has agreed to  
sell its entire stake in  
the Lake Albert  
Project in Uganda to  
Total for

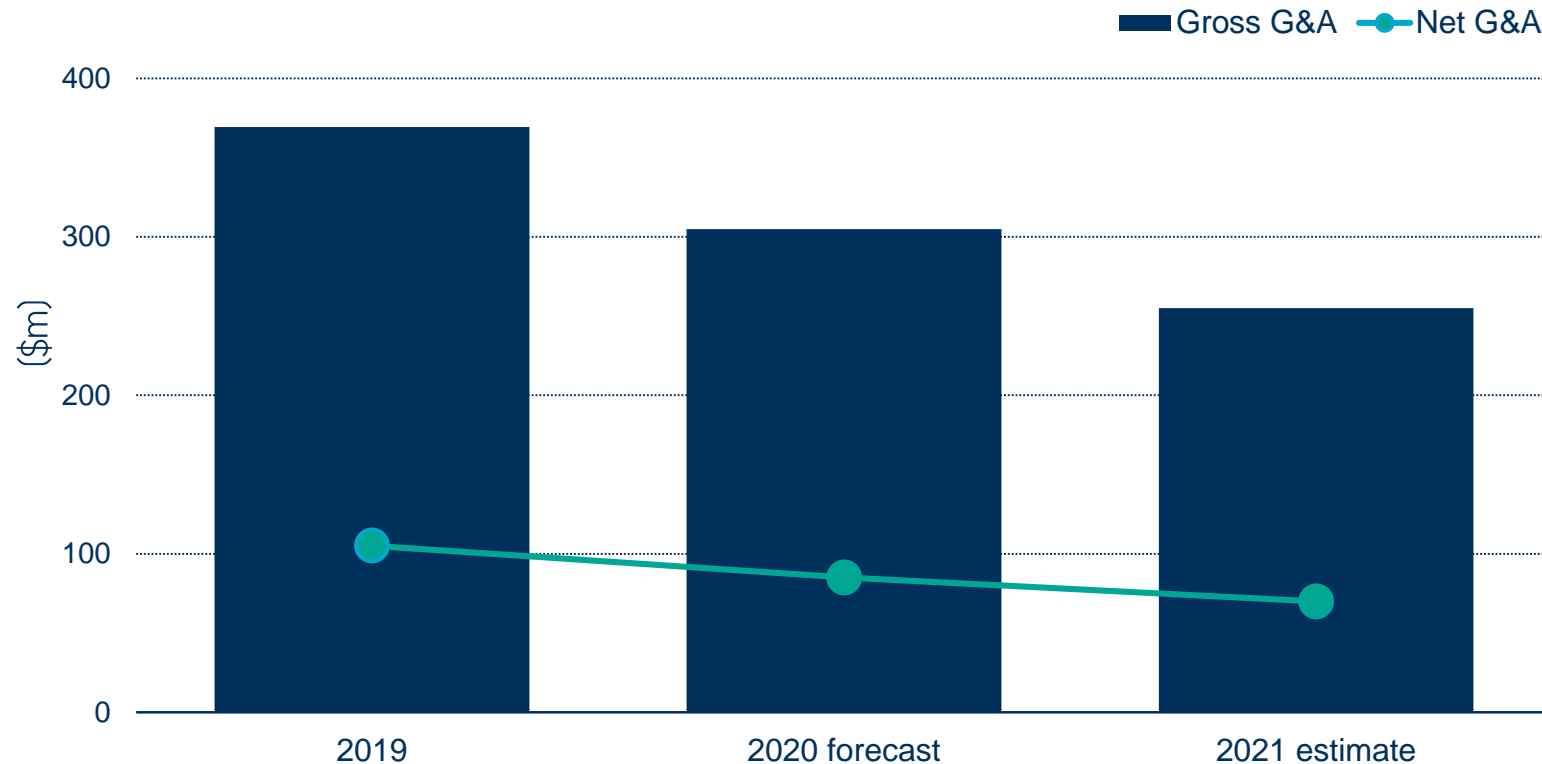
**\$575 million**

in cash plus post  
first oil contingent  
payments



# Reducing our cost base

## Gross and net G&A reductions

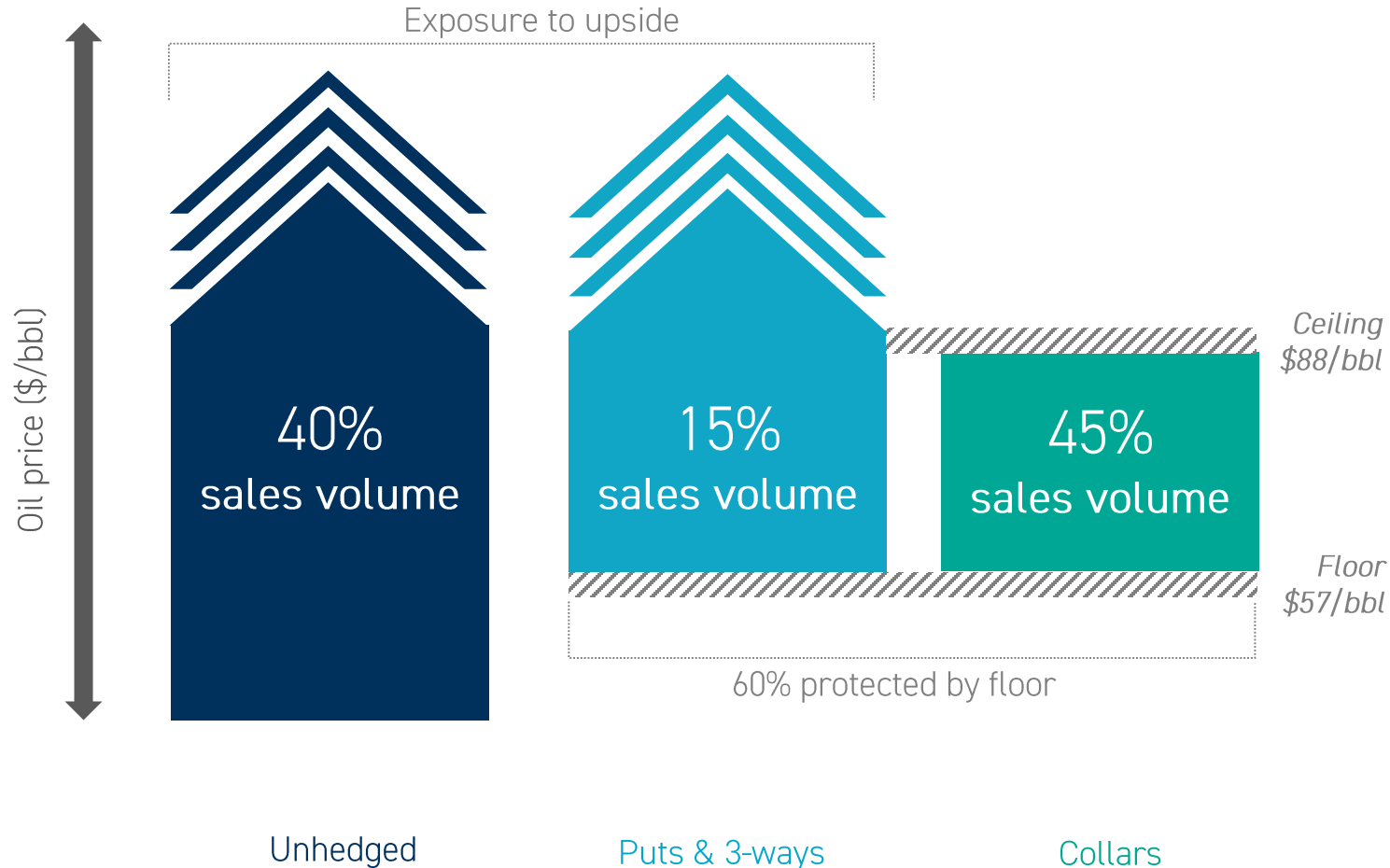


Targeting  
**\$200m net**  
cash savings over  
three years

- Efficient and effective organisation
- 35% headcount reduction so far
- Proposed office closures in Dublin and Cape Town
- Savings being realised across opex, capex and net G&A

# Prudent commodity risk management

## 2020 hedging position



**\$57/bbl floor**  
for 60% of 2020  
sales volumes

- Hedging policy:
  - 60% hedged in current year
  - 30% hedged in year 2
- Systematic layering in of hedges for an average cost of \$3/bbl

# Targeting a more conservative capital structure

## Capital structure – current position

Facility	Maturity	Outstanding (YE 2019)
Convertible bonds	2021	\$300 million
Senior notes	2022	\$650 million
Reserves based lending (RBL)	2024	\$1,345 million
Senior notes	2025	\$800 million

## RBL – successful March 2020 RBL redetermination



### Liquidity:

- c.\$700m headroom is appropriate in light of reduced capital commitments

### Managing liquidity:

- Portfolio management key component of managing liquidity
- Sale of Uganda interests first step in realising in excess of \$1 billion of proceeds

Reduce  
net debt

Strengthen  
balance sheet

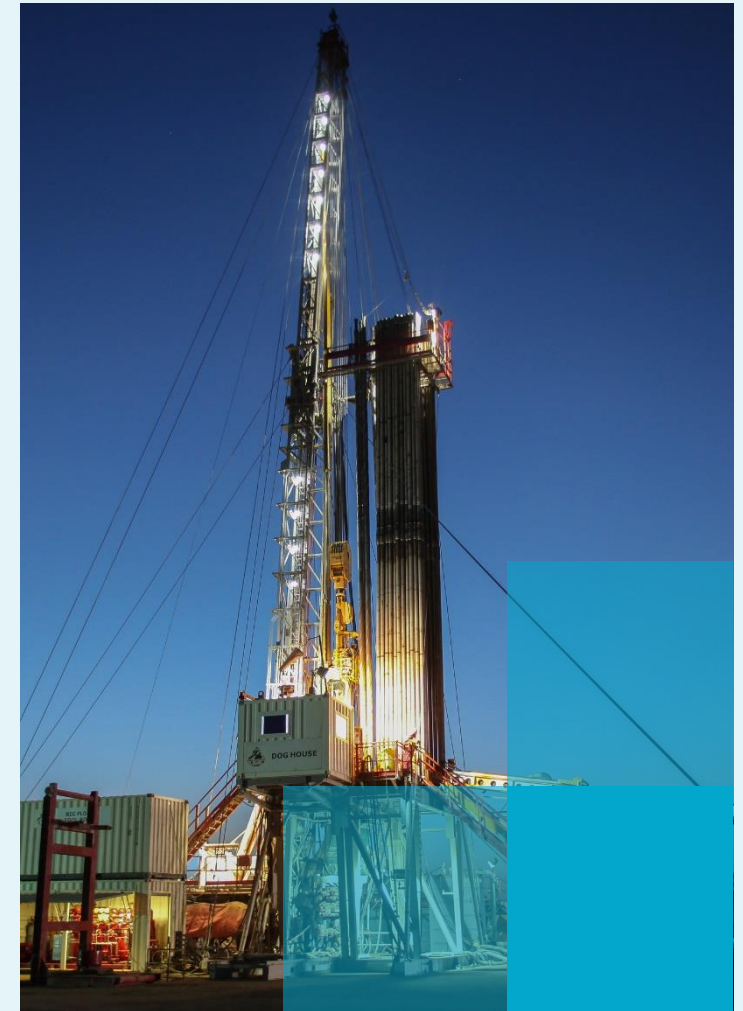
Secure  
a more conservative  
capital structure

# OPERATIONS

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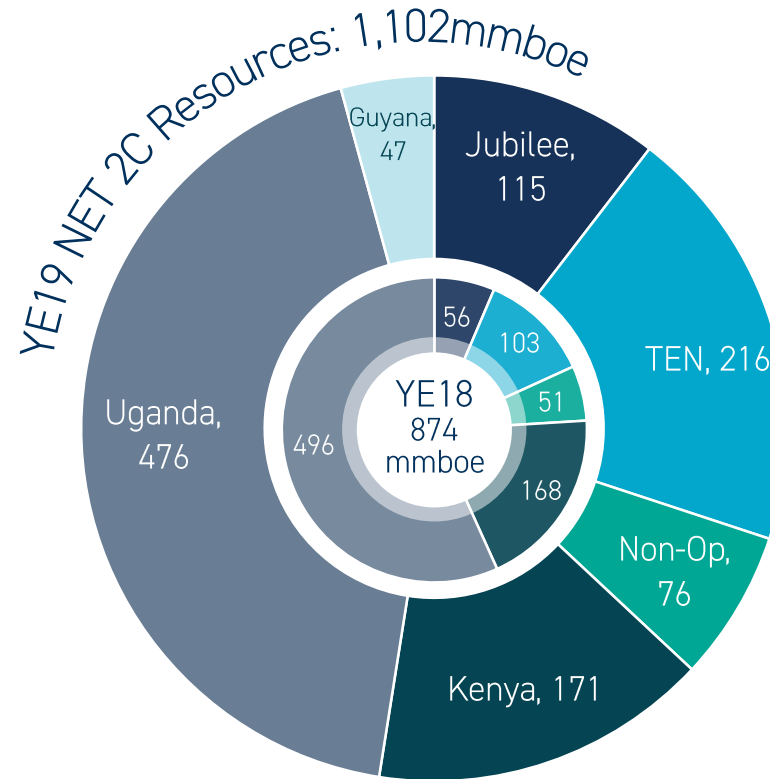
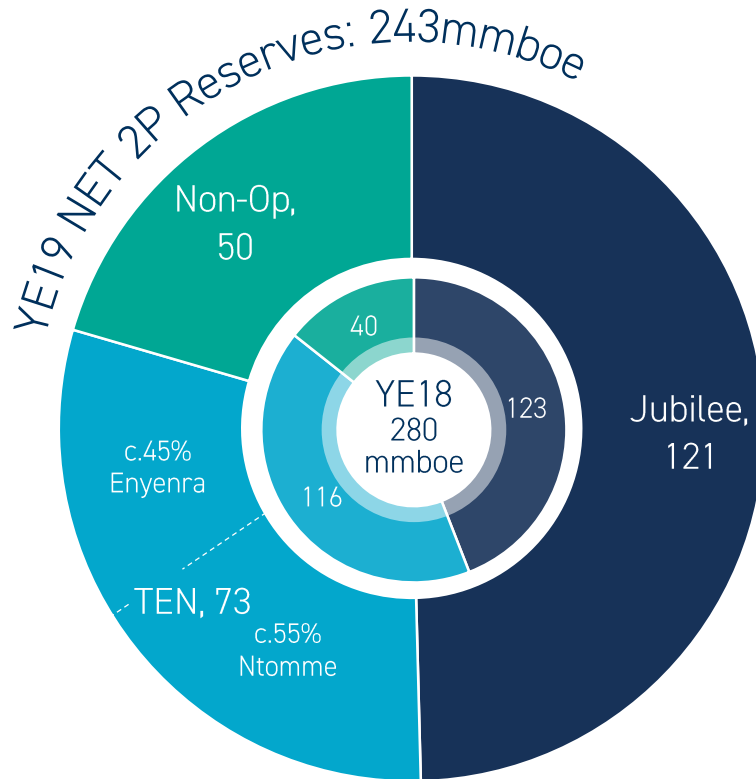
# Operating priorities

- Safe operations
  - Continuous improvement
- Stabilising production
  - Addressing operational challenges and improving performance
- Controlled and integrated operations management
  - Subsurface
  - Well delivery
  - Production and maintenance
  - Commercial
  - Fully integrated planning
- Focused development
  - Progressing Project Oil Kenya





# Audited group reserves and resources

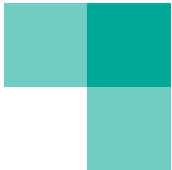


Robust, independently  
audited reserves and  
resources base

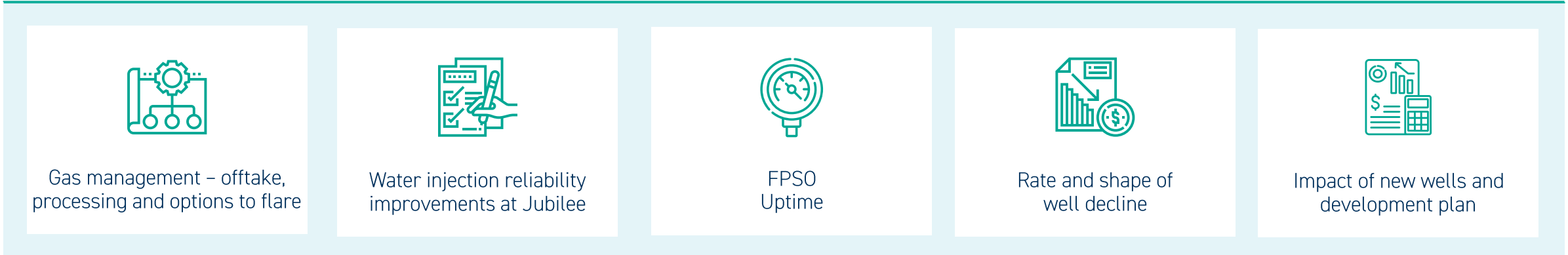
- 2P Reserves:
  - Jubilee: Reserves remain flat
  - TEN: Reduction due to Enyenra downgrade
  - Non-op: 25% reserves increase
- 2C Resources:
  - Jubilee: Increase from new opportunities
  - Ntomme: Increase from new opportunities
  - Enyenra: Transfer from reserves
  - Non-op: Increase from new opportunities across portfolio

# Ghana – Making significant improvements

## Management and accountability

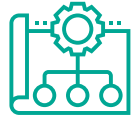


## Realistic forecasting assumptions



# Ghana – Year-to-date production performance

## Delivering against key forecasting assumptions



Gas management – offtake, processing and options to flare

- Jubilee gas handling increased to c.175 mmscfd
- Govt. nominations policy changed - 125 mmscfd from Jubilee/TEN
- Flaring approval up to 90 mmscfd



Water injection reliability improvements at Jubilee

- System optimisation during planned maintenance
- Operating at design capacity
- Water injection taskforce in place



FPSO Uptime

- YTD Jubilee and TEN uptime of >95%
- Working to remain at these levels
- Focus on continuous improvement



Rate and shape of well decline

- Fields performing in line with expectations
- Integrated subsurface understanding
- Enyenra field reassessment

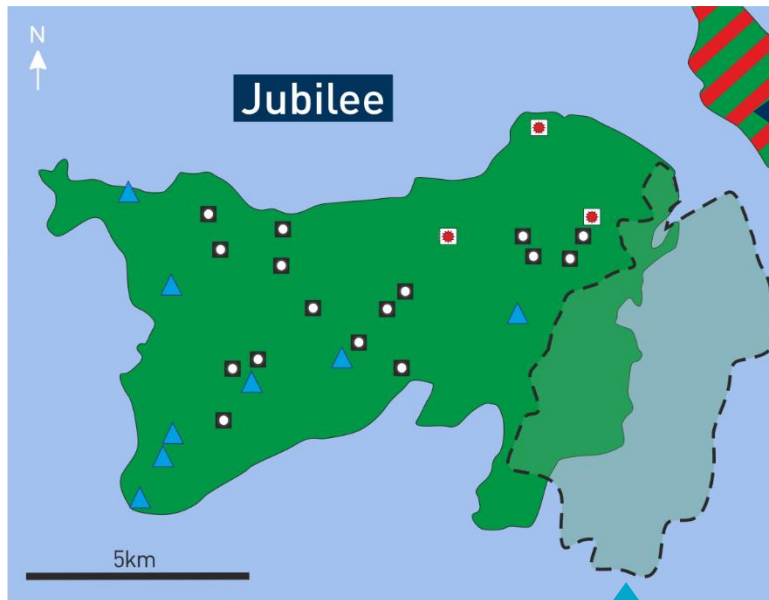


Impact of new wells and development plan

- Ntomme producer well ongoing
- Next well: Jubilee water injector
- Ongoing optimisation of well selection and drilling schedule

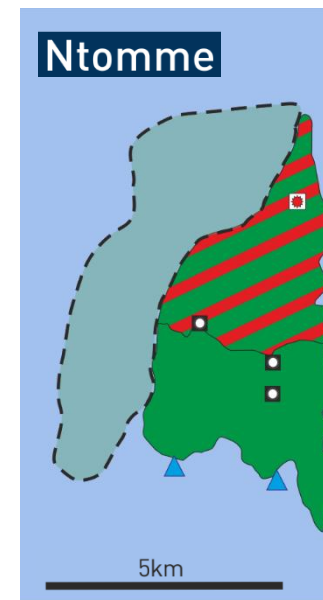
Jubilee and TEN YTD production in line with guidance; operational improvements delivering results

# Ghana – Future production delivery



## Robust Jubilee Reserves

- Reserves additions in 2019 almost offsetting production
- Multiple future drilling opportunities in under-developed North East area
- South East area development under way



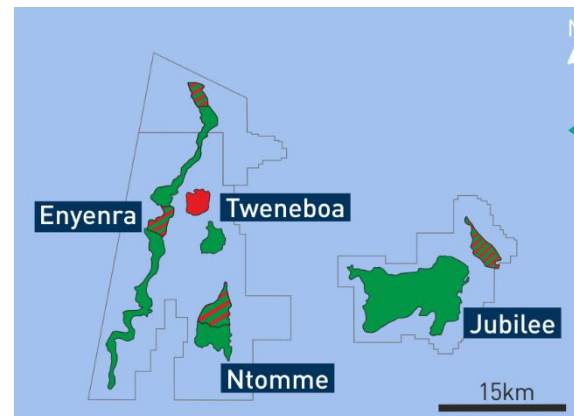
## Ntomme opportunities

- 2P reserves remain robust
- Drilling of new production well ongoing; tie-in Q2 2020
- Focus on further development opportunities
- 4D seismic identified reserves addition opportunities in Ntomme Far West

## Jubilee South East

### Phase 1:

- Four wells + manifold + subsea infrastructure
- Estimated ultimate recovery of 57 mmbo gross reserves
- Expected to deliver peak rate of 15 kbopd gross production



## Enyenra reassessment

- 2P reserves reduction; reserves transferred to 2C
- Working to improve subsurface understanding and re-evaluate development plan
- Focused on low cost development to maximise value

**LEGEND:**

Oil Discovery	Gas Condensate & Oil Discovery	Production Well	Gas Injector
Gas Discovery		Water Injector	

# Non-operated portfolio

## Reliable cash-generative production

### Stable

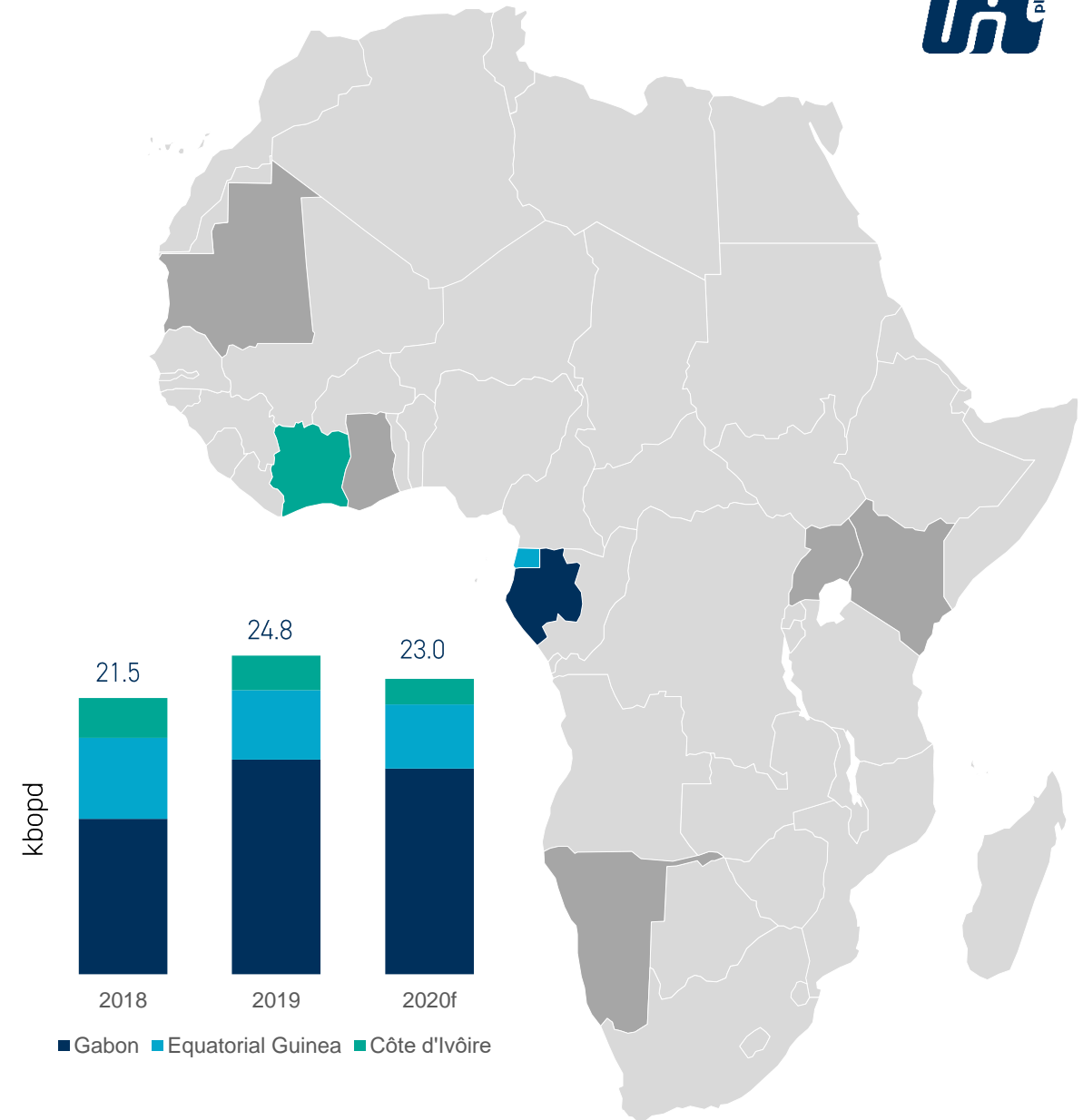
Continued good performance, in line with guidance

### Valued partner

Subsurface expertise support across the portfolio

### Growth potential

Development expansion identified at Simba, alongside other opportunities





# Disciplined exploration activity

## Guyana

Data integration from 2019 campaign

## Suriname

Goliathberg-Voltzberg North spud 4Q20

## Côte d'Ivoire

2D onshore seismic programme

## Peru

Marina unsuccessful  
Data integration

## Namibia

Total planned drilling in  
adjacent block in 2020

## Argentina

Seismic operations in 2020

## Comoros

Potential 2021  
drill options

### KEY



2019 Wildcats



2019 Seismic



2020 Wildcats



2020 Seismic

## Focused team

New leadership team  
centralised in London

## Reinforcing our strategy

Near-field short-cycle, new plays in  
proven basins and selected frontier  
opportunities

## Rebuilding in Africa

Utilise existing rich dataset to  
build portfolio in a cost and time  
effective manner

# Project Oil Kenya

## Progress in 2019



- Commercial HOTs signed
- Upstream land gazetted
- Well tenders received

- FEEDs complete
- First crude shipment
- Draft water agreement



- First Lamu Port berth
- ESIs completed
- Financing launched
- Upstream EPC tenders issued

## Remaining deliverables for FID

### Joint Venture workstreams

- Tender, contractor selection & award of EPC contracts
- Completion of Project Finance
- Progress submitted Field Development Plan

### Government of Kenya responsibility

- Finalisation of Commercial and Water agreements
- Land acquisition
- Approval of ESIs
- Approval of Field Development Plan

# Sustainability

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# Committed to sustainability



Aligning and supporting the UN Sustainable Development Goals

## New Sustainability Report

Reporting in line with the Task Force on Climate related Financial Disclosures recommendations



Published end of March 2020

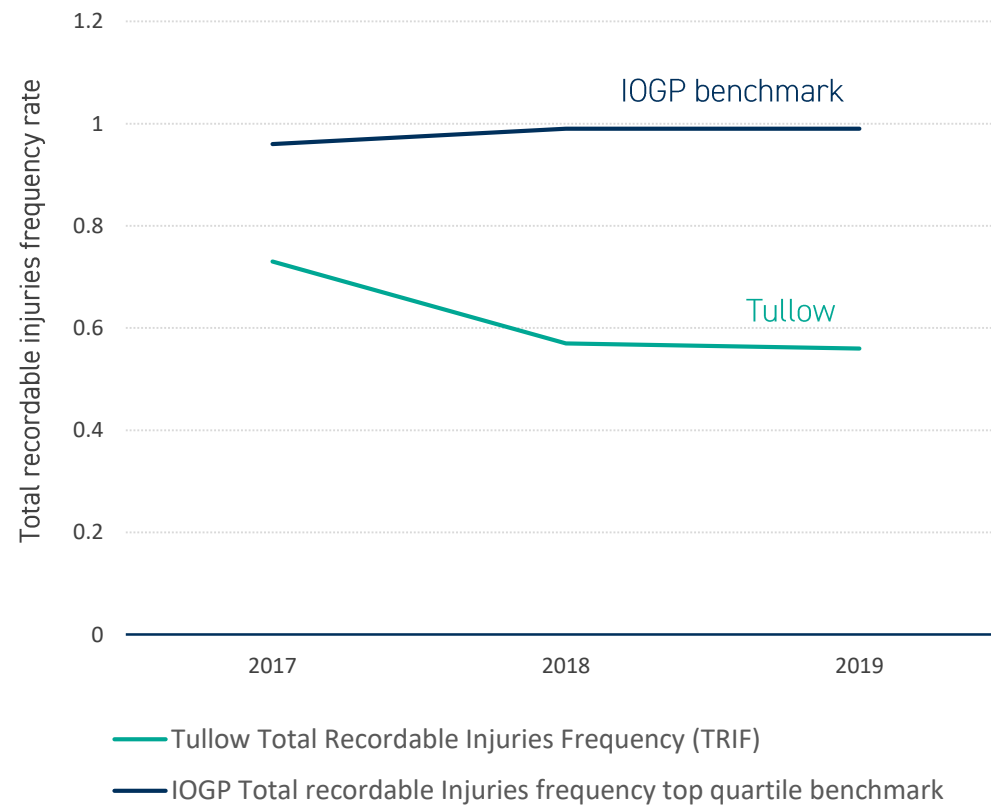


# Responsible Operations

- Top quartile safety performance
- 24% reduction in Process Safety events in 2019
- Zero Lost Time Incidents at Ghana and Kenya
- Process Safety Fundamentals IOGP\* working group
- >1,000 hours of process safety training

\*International Association of Oil and Gas Producers

## Top quartile safety performance



IOGP Life-saving rules adopted, applying industry-wide approach





# Shared Prosperity

## Socio-economic investment

- \$4.6 billion socio-economic contribution over last 5 years
- \$413 million in payments to government in 2019
- Gifted 125 bcf of gas to Ghana, sufficient to meet ~45% of domestic gas demand

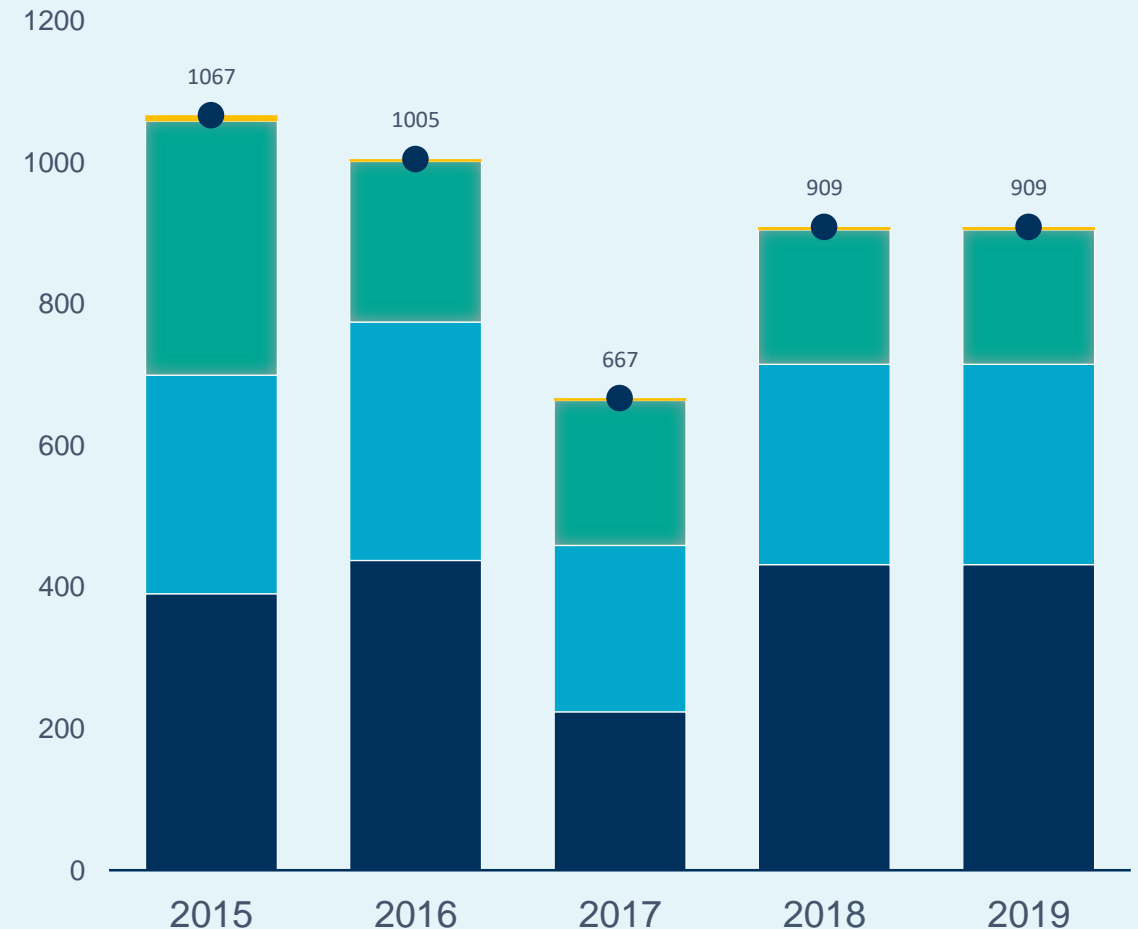
## Local Content

- \$1.5 billion spent with local suppliers over last 5 years
- Supported creation of 88,000 jobs and access to >\$4.5 million in financing for local businesses through Invest in Africa

## Building local skills

- >500 educational scholarships, 3000 bursaries supported since 2012

## Socio-economic Contribution (\$Million)



# Environmental Stewardship

- Climate Change designated Principal Risk owned by Board
- Reporting in line with Task Force on Climate related Financial Disclosures
- Portfolio robust to IEA scenarios
- 2020 Scorecard KPI: define strategy to achieve Net Zero emissions (Scope 1&2)
- Lower than sector average on carbon emissions intensity

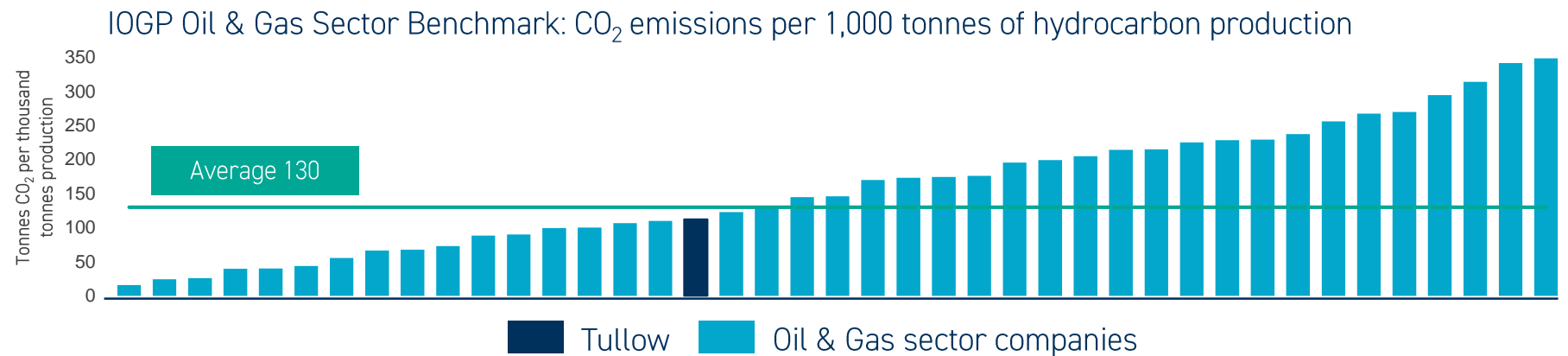
	Net present value of portfolio <sup>1</sup>	
	Stated Policies <sup>1</sup>	Sustainable Development Scenario <sup>2</sup>
Ghana	●	●
Non-op	●	●
Kenya	●	●
Uganda	●	●
Exploration	●	●

- +20-50% impact on NPV
- +10-20% impact on NPV
- 0 -9% impact on NPV
- -10 -20% impact on NPV
- -20 -30% impact on NPV

<sup>1</sup>2040 - \$103/bbl

<sup>2</sup>2040 - \$59/ bbl

Sensitivity analysis shows portfolio is robust in the IEA scenarios (WEO 2019)



<sup>1</sup> relative to Tullow's long-term corporate planning oil price of \$65/bbl

# Equality & Transparency

- First oil company to publicly support contract transparency
- Leading disclosure on Modern Slavery in Transparency in the Supply Chain Report
- Female Board representation at 38%
- African Board representation at 25%



Workforce Advisory Panel  
Established and meeting monthly to  
ensure regular feedback is heard

## Inclusion & Diversity progress in 2019

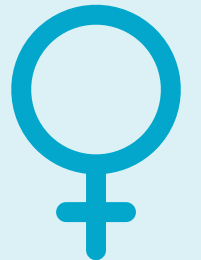
### AFRICAN representation in the workforce

51% of workforce  
64% of new hires  
18% of senior managers



### FEMALE representation in the workforce

32% of workforce  
45% of new hires  
20% of senior managers



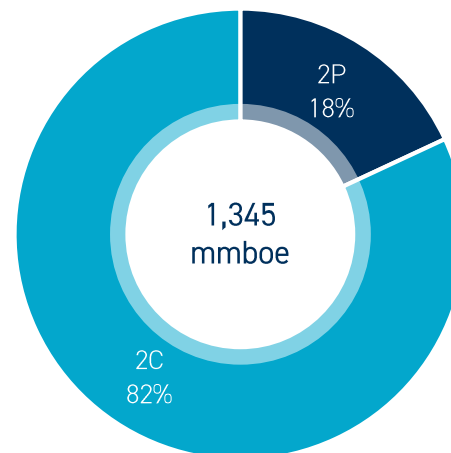
# Key data

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# 2020 Key Data

Oil production (kboepd)	2020 forecast
Ghana	52.0
<i>Jubilee</i>	<i>29.0</i>
<i>TEN</i>	<i>23.0</i>
Equatorial Guinea	5.0
Gabon	16.0
Côte d'Ivoire	2.0
<b>Group total</b>	<b>75.0</b>

Group Reserves and Resources (at 31 Dec 2019)
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Operating costs <sup>1</sup> (\$/boe)	2020 forecast
Ghana	9.0
Equatorial Guinea	20.0
Gabon <sup>2</sup>	22.0
Côte d'Ivoire	19.0

Depreciation (\$/boe)	2020 forecast
Ghana	22.0
Equatorial Guinea	5.0
Gabon <sup>2</sup>	9.0
Côte d'Ivoire	13.0

<sup>1</sup> Data on a working interest basis <sup>2</sup> Includes royalties

2020 hedge structure	Bopd	Bought put (floor)	Sold call	Bought call
Collars	33,000	\$57.60	\$79.21	-
Three-way collars (call spread)	12,000	\$56.42	\$77.82	\$87.68
<b>Total / weighted average</b>	<b>45,000</b>	<b>\$57.28</b>	<b>\$78.84</b>	<b>\$87.68</b>

2021 hedging position at 31 December 2019: c.22,000 bopd hedged with an average floor price protected of c.53/bbl

## **Tullow Oil plc**

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