



# Capital Markets Day

Tullow Oil plc | 2020 Capital Markets Day  
25 November 2020



# 2020 Capital Markets Day

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Delivering enhanced value and cashflow

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Maximise value from large resource

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### KENYA AND EMERGING BASINS

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Underpinned by a robust financial framework

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Investing in stable, sustainable production

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### ENVIRONMENT, SOCIAL, GOVERNANCE

Retaining a strong focus

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### CONCLUSIONS

## Presenters



**Rahul Dhira**  
Chief Executive Officer



**Les Wood**  
Chief Financial Officer



**Wissam Al-Monthiry**  
Managing Director, Ghana



**Julia Ross**  
Director, People and Sustainability

# A year of significant change: Putting Tullow back on track

## Leadership

New CEO, leadership and lean organisation

## Operational turnaround

Focus on asset integrity, process safety, maintenance and reliability

## Cost focus

Ghana operating costs and corporate G&A significantly reduced

## Capital discipline

Flexible opportunities identified to allocate future investment capital

## Capital structure

Successful RBL redeterminations and Uganda proceeds received

## ESG focus

Continue to create lasting social and economic benefits

## Maximising value

New plans to deliver material value and cash flow

# Highly experienced, diverse and committed leadership team

## Rahul Dhir

Chief Executive Officer

Joined Tullow 2020; formerly Delonex, Cairn India, Morgan Stanley

## Les Wood

Chief Financial Officer

- Commercial & Planning
- Finance
- IR & Corporate Affairs
- M&A
- Oil Marketing
- Tax
- Treasury

Joined Tullow in 2014 as VP Commercial; formerly at BP

## Wissam Al-Monthiry

Ghana

- Health & Safety
- Integrated technical functions
- Stakeholder & JV Management

Joined Tullow in 2020; formerly at BP and Goldman Sachs

## Mike Walsh

General Counsel

- Information Systems
- Insurance
- Internal Audit & Risk
- Legal

Joined Tullow in 2020; formerly at Delonex, Cairn India

## Julia Ross

People & Sustainability

- Shared Prosperity
- Human Resources
- Internal Comms.

Joined Tullow in 2001; formerly Corporate Finance at Tullow

## Jean-Medard Madama

Non-op

- Gabon, Cdl, EG
- Non-op technical
- Stakeholder & JV Management

Joined Tullow in 2012; formerly at Schlumberger

## Amalia Olivera-Riley

Exploration

- Africa
- NFE and ILX<sup>1</sup>
- South America
- Subsurface

Joined Tullow in 2019; formerly at Repsol and ExxonMobil

## Madhan Srinivasan

Kenya

- Development concept
- Licence renewal
- Stakeholder & JV Management

Joined Tullow in 2014; formerly at Essar Energy and BP

### Senior Leadership Team (SLT)

### Technical Advisors & Auditors

### Well Engineering

Baringa  
Partners in Performance  
Striatum

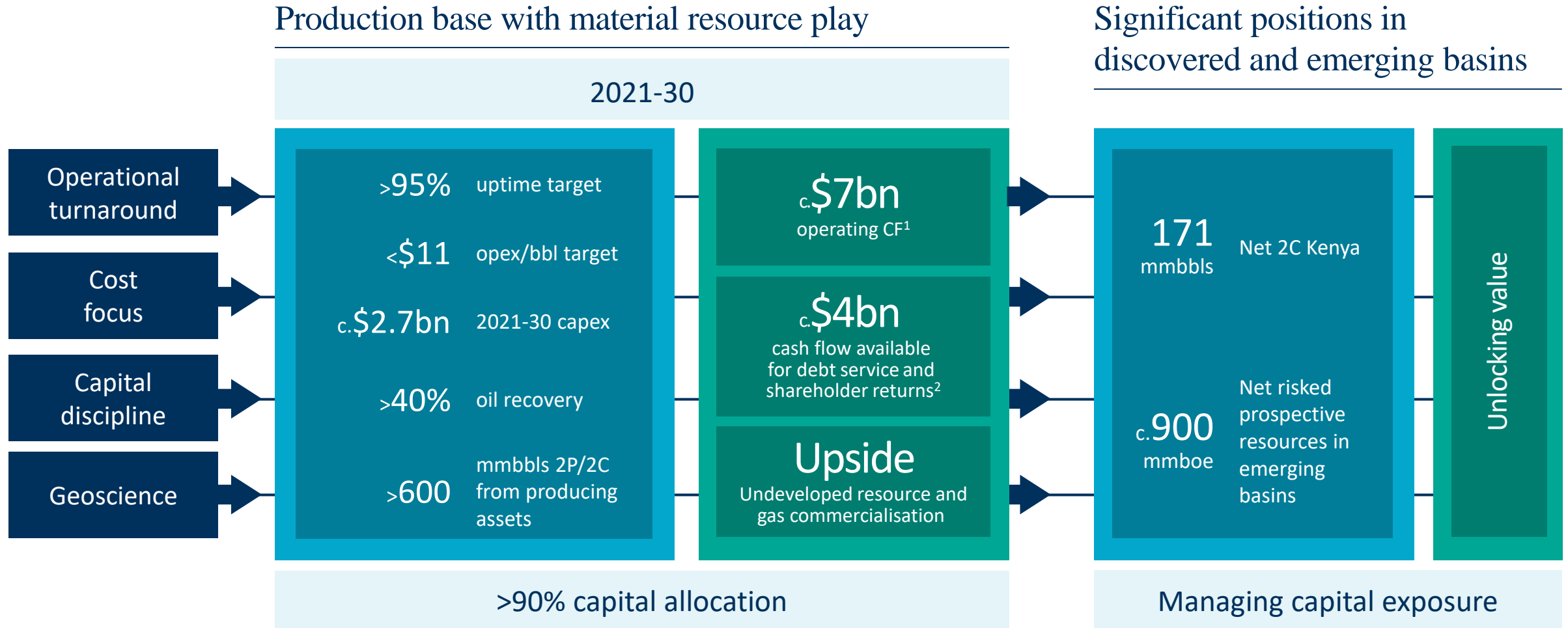
### Subsurface & Geoscience

Intera Petroleum Consultants  
TRACS

<sup>1</sup> Near-field exploration and infrastructure-led exploration



# New approach delivers material value and cash flow



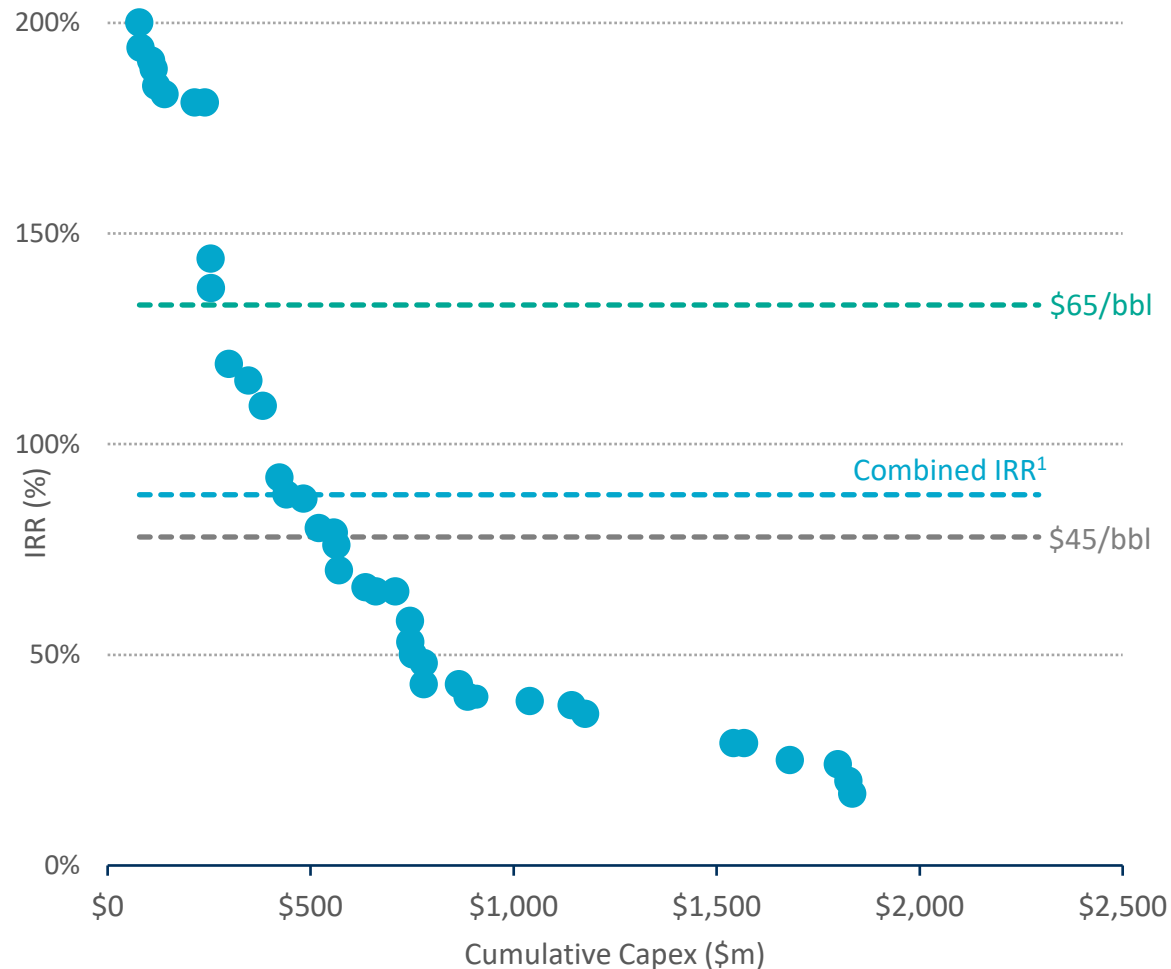
<sup>1</sup> Cash flow from operating activities, before debt service, capital investment and decommissioning expenditure

<sup>2</sup> Cash flow from operating activities less capital investment and decommissioning expenditure

<sup>1&2</sup> Based on \$45/bbl in 2021, \$55/bbl flat nominal in 2022+

# Well defined and profitable investment opportunities

## Attractive portfolio of African production investments



<sup>1</sup> Based on \$45/bbl in 2021, \$55/bbl flat nominal in 2022+

>80%  
IRR on  
investment  
portfolio<sup>1</sup>

c.\$11/bbl  
Average  
development cost

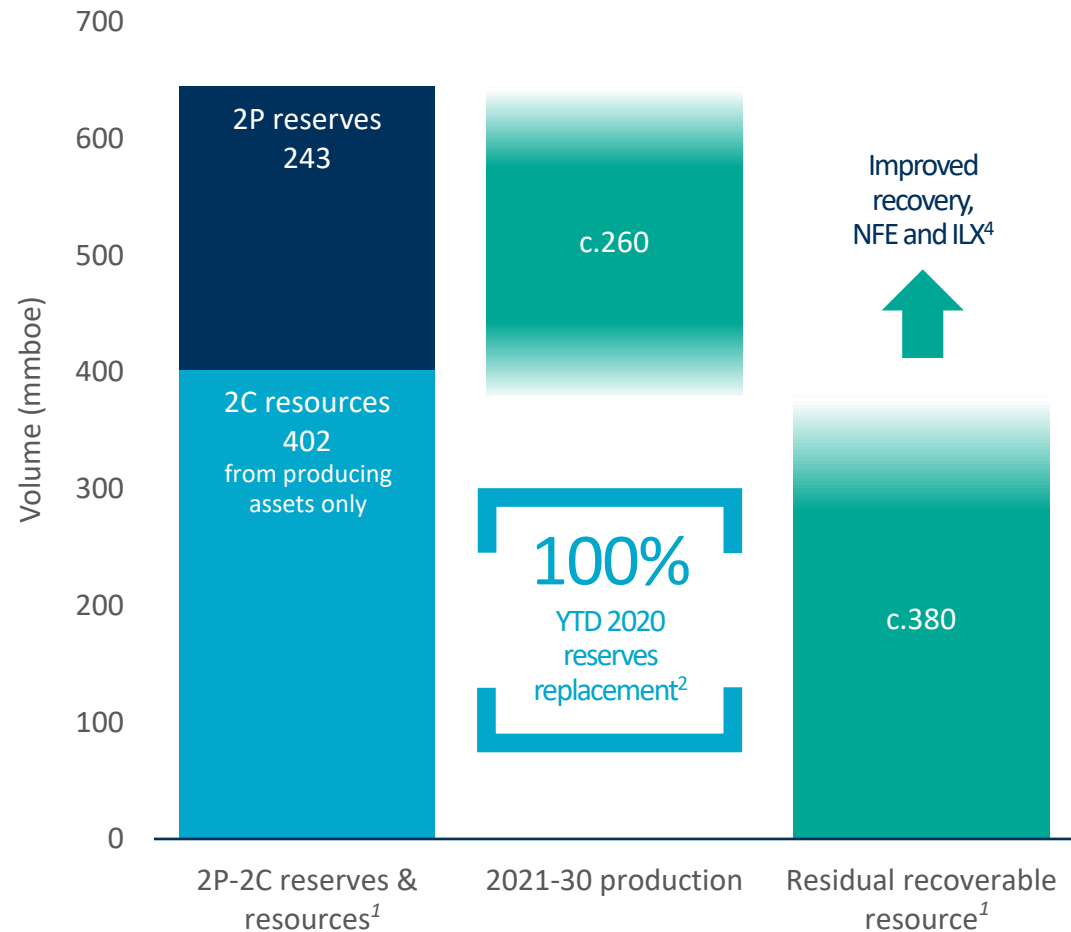
## Value accretive producing assets

- Significant improvement in reliability and profitability
- More than 60 well-defined and de-risked investment options identified
- Short payback projects and a self-funded cashflow profile
- Prioritising investments in producing assets (>90% of Group capex)
- Average IRR of >130% at \$65/bbl and >70% at \$45/bbl
- Significant value creation for host governments

Flexibility to manage capital investment

# Material producing asset resource

## Well-defined supply with replenishment potential<sup>3</sup>



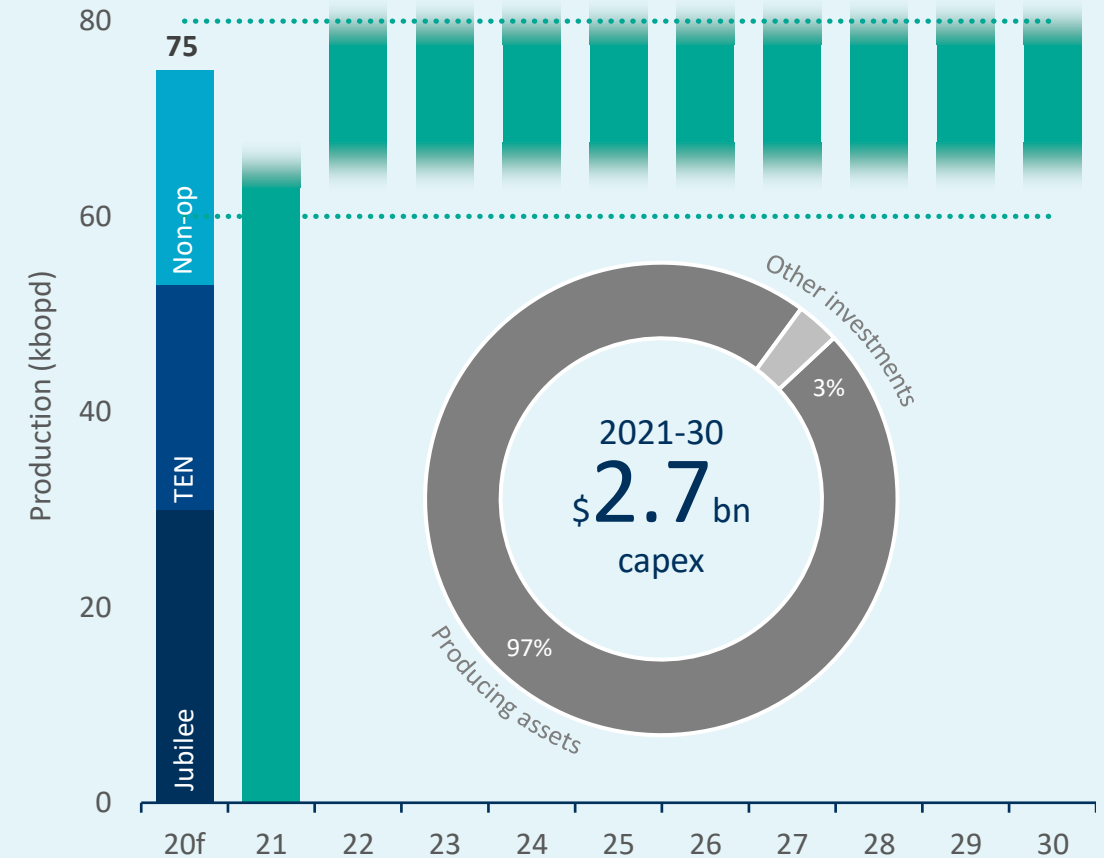
<sup>1</sup> 2C resources from producing assets only, excludes Kenya and Guyana

<sup>2</sup> As at 30 September

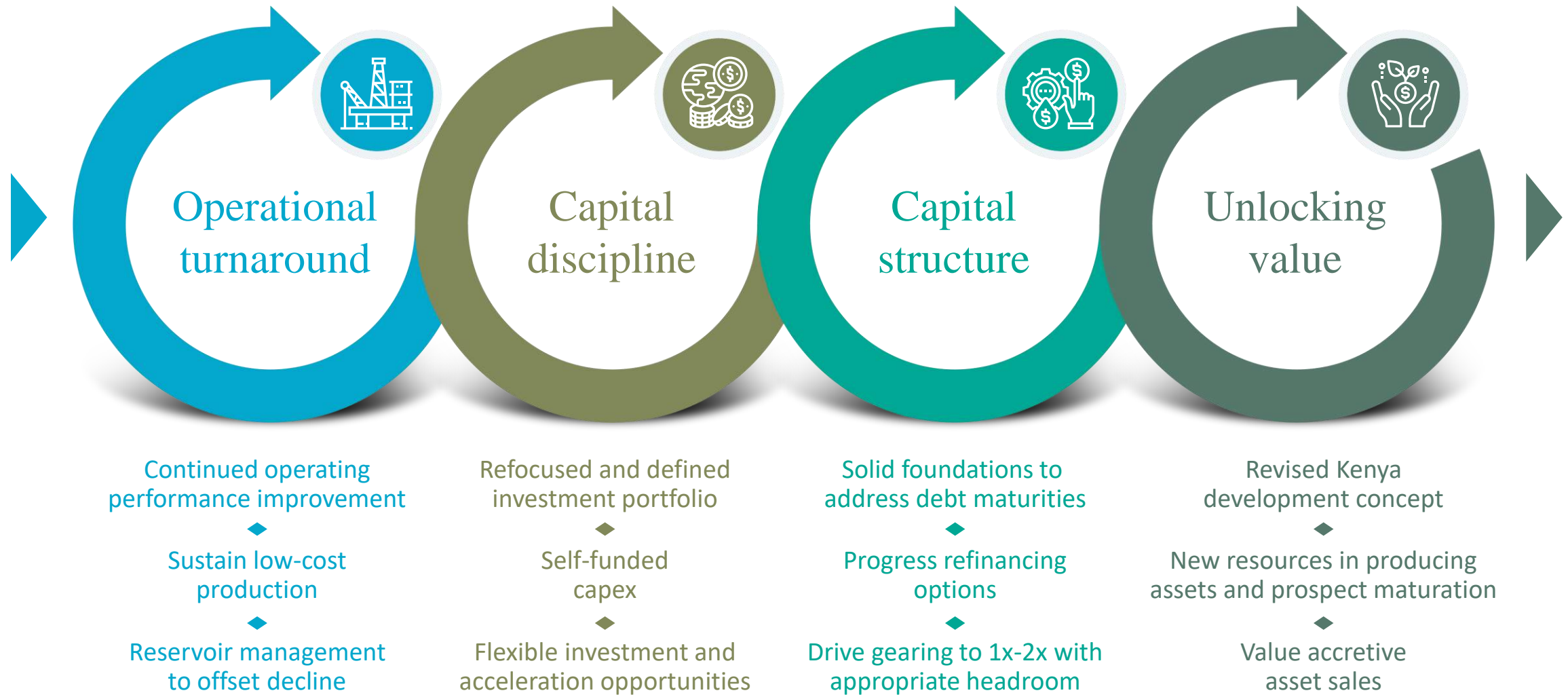
<sup>3</sup> All numbers Tullow working interest

<sup>4</sup> Near-field exploration and infrastructure-led exploration

## Visible production with acceleration potential<sup>3</sup>



# Roadmap to creating a resilient, self-funded business





# Operational turnaround: Improving production efficiency and reliability

Wissam Al-Monthiry  
Tullow Oil plc | 2020 Capital Markets Day

# Operational turnaround to deliver value and cash flow



**Health and safety** – Remains our highest priority



**Commercial and relationship focus** – Government and Joint Venture (JV) collaboration



**Organisational capability** – Team strengthened and integrated



**Facilities reliability** – Enhanced maintenance and asset integrity

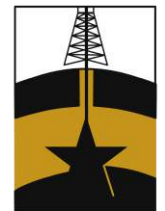


**Drilling efficiency** – Reduce well complexity and rig downtime



**Competitive operating costs** – Continuous improvement

## JV partners



**GNPC**



**PetroSA**

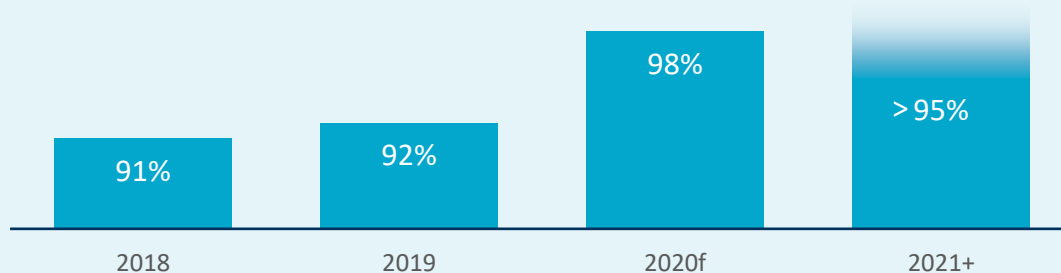
# Focus on enhancing oil production

## Production efficiency

- Closely integrated Tullow oversight
- Improvement to processing systems reliability
  - Defect elimination process
  - Well optimisation
  - Maintenance and integrity management
- Sustaining performance by embedding efficiencies

## Improved uptime performance in Ghana

Uptime (%)

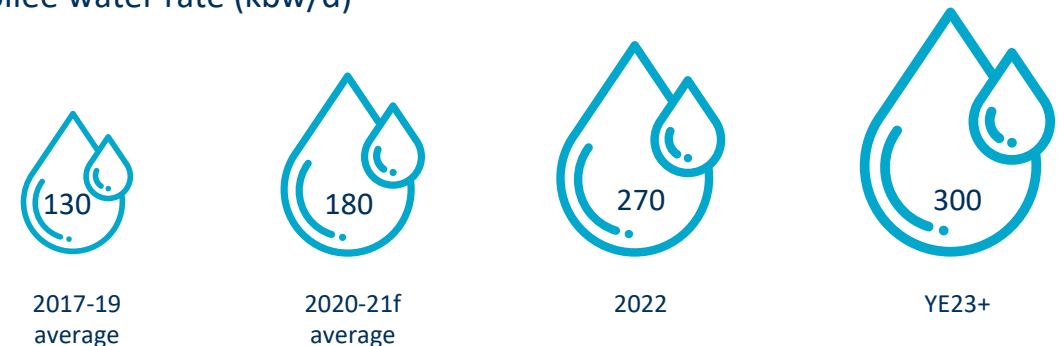


## Water injection efficiency

- Water injection remains a key area of focus on Jubilee
- Greater water injection volumes to sustain reservoir pressure and improve sweep efficiency
- Three water injection pumps operational on Jubilee with injection capacity building up to >300kbw/d
- Aligning full system infrastructure to sustain capability

## Addressing water injection reliability and capacity

Jubilee water rate (kbw/d)



# Improving gas offtake performance

## Opportunity

- Higher gas export improves reservoir management, enhances oil production and minimises emissions
- Delivers material value for Ghana

## 2020 Progress

- Record levels of gas export built up over 2020
- Improvements in facilities reliability through targeted interventions
- Onshore gas demand stabilising
- Alignment with Government on projected gas offtake

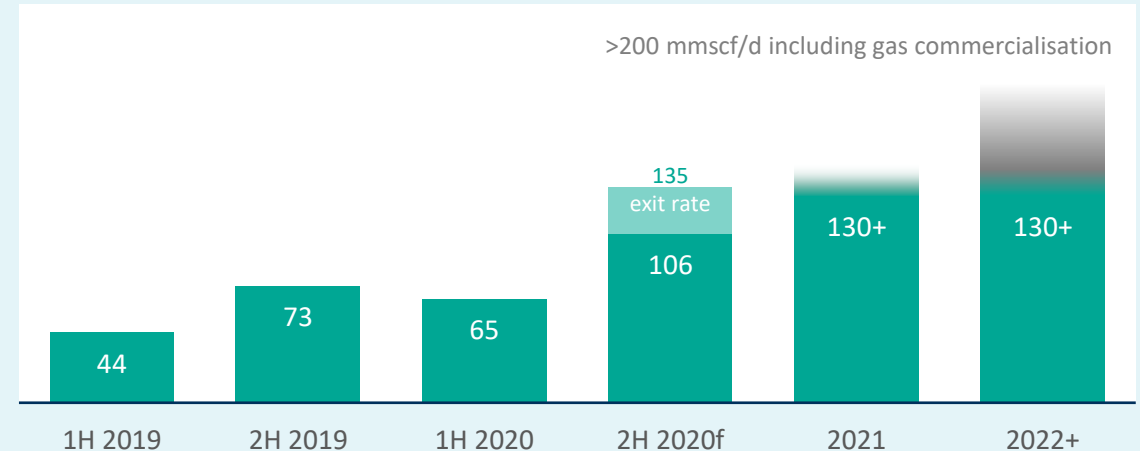
## Forward plan

- Maintain gas performance with sustained facilities uptime
- Debottleneck gas handling capacity on Jubilee FPSO
- Target to increase gas offtake beyond 130mmscf/d

Integrated delivery: subsurface, operations, commercial and Government

## Reliable gas offtake supports oil production

Gas rate (mmscf/d )



## Growing gas processing capacity

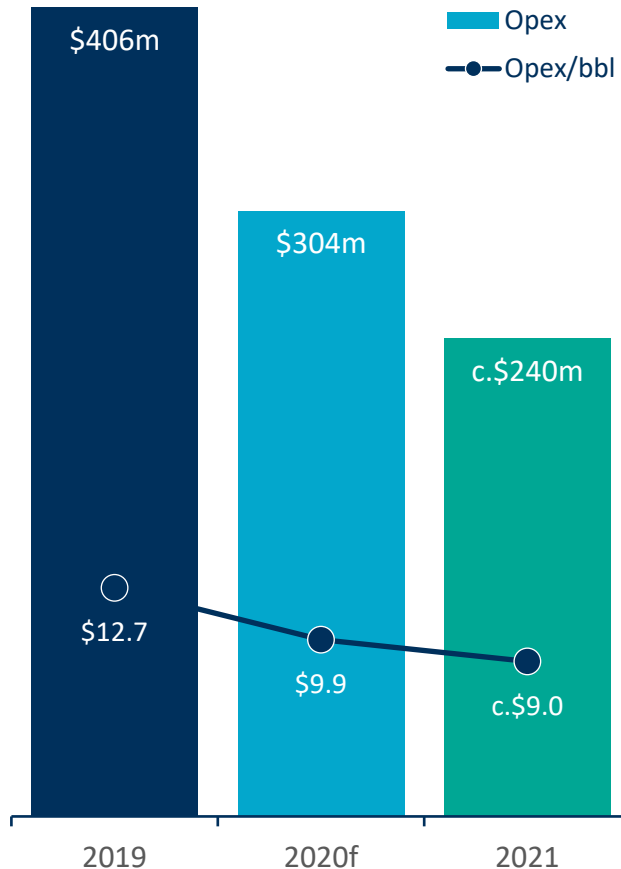
Gas rate (mmscf/d)



# Driving down costs for a low cost operation

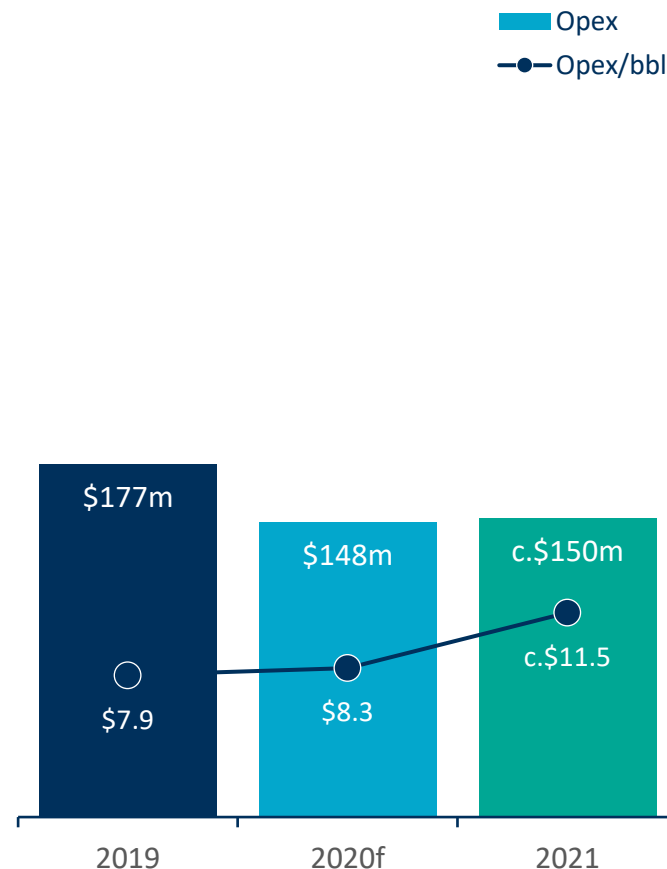
## Jubilee<sup>1</sup>

Asset operating costs (gross)



## TEN

Asset operating costs (gross)



## Cost savings being delivered

Reduction of equipment vulnerabilities

Continuous opportunity identification with consultant support

Maximise leverage through the supply chain

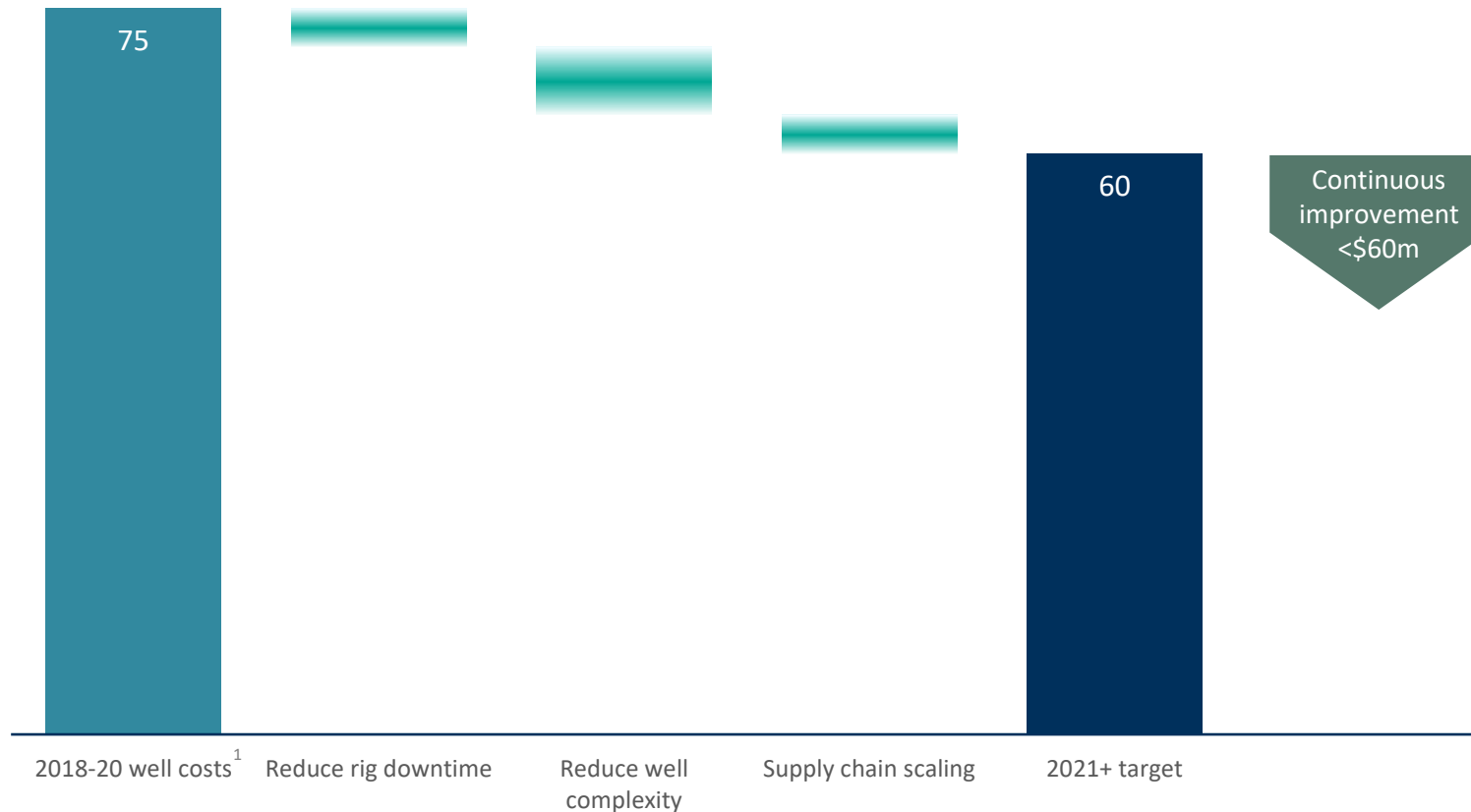
Cost-driven performance management

<sup>1</sup> 2019 and 2020 include opex associated with turret remediation

# Delivering improved drilling performance

Driving future drilling costs down by c.20%

Drilling cost per well (\$m gross)



<sup>1</sup> Normalised for 2021 rig rates

Top quartile drilling performance

Simplified well design and reduced completion complexity

Improved rig reliability through enhanced maintenance assurance

Integrated planning across subsurface, drilling and projects teams

Advanced alignment with JV Partners on well targets



# Ghana:

## Maximise value from large resource

Wissam Al-Monthiry  
Tullow Oil plc | 2020 Capital Markets Day

# Building blocks to unlock value and cash flow

## Operational turnaround

Safely maximise production efficiency

## Cost focus

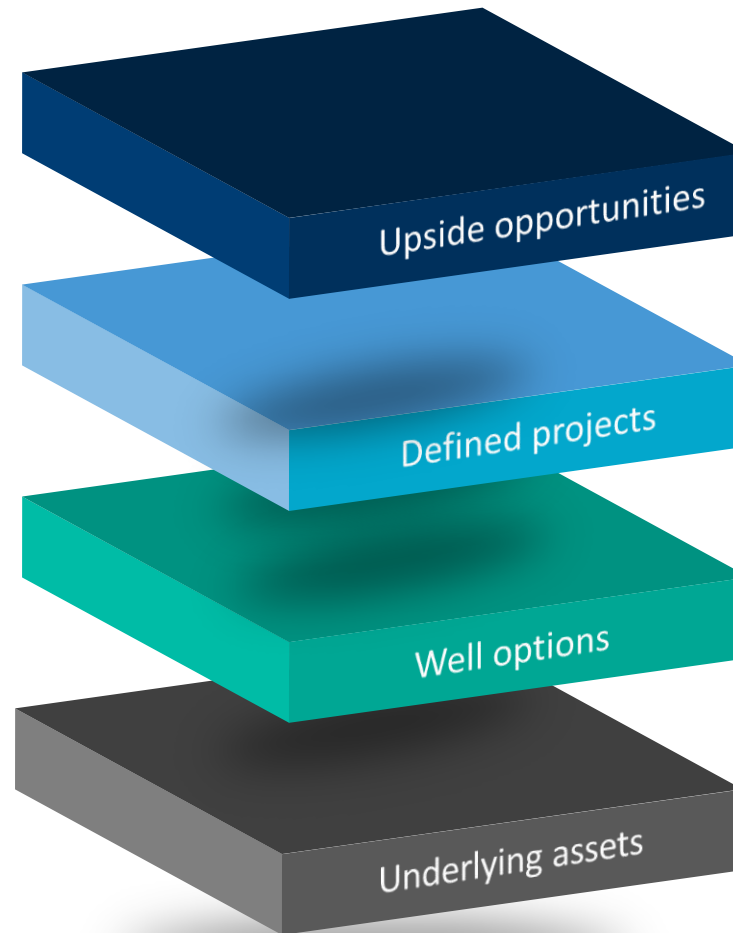
Delivering a sustainable low-cost business and organisation

## Capital discipline

Allocate capital to high return, short cycle development opportunities

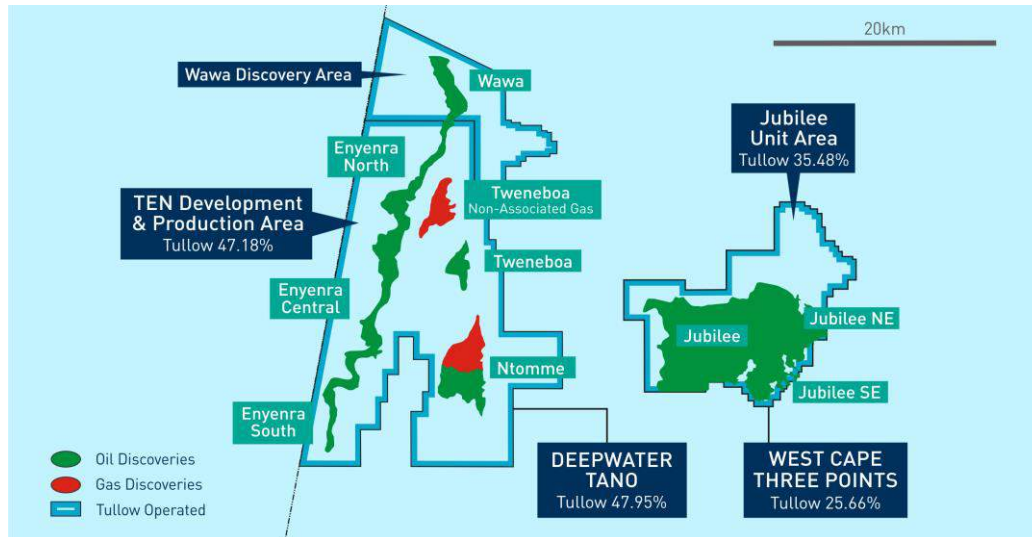
## Geoscience

Maximise recovery and deliver significant upside opportunities within licence



- Options to increase field recovery, develop near-field and ILX discoveries and commercialise the significant gas resources
- Plans in place to develop discovered resource base over the next 10 years
- Low-cost opportunities identified to pursue from 2021 to build production and cash flow
- High quality portfolio of oil producing fields and infrastructure provides solid platform

# Substantial Ghanaian resource base across two areas



Only 393 mmbbls produced  
c.14% recovery

Wells: 25 producers,  
18 water inj. and four gas inj.

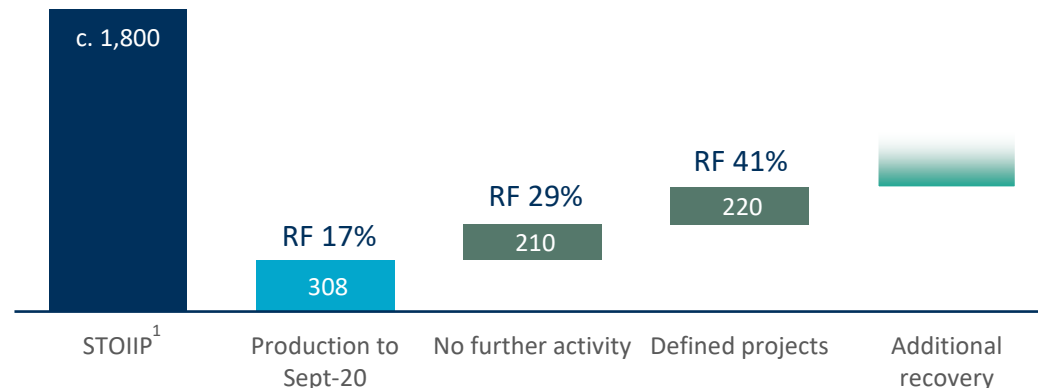
Two FPSOs and subsea  
infrastructure in place

More than >550mmbbls gross  
yet to be produced

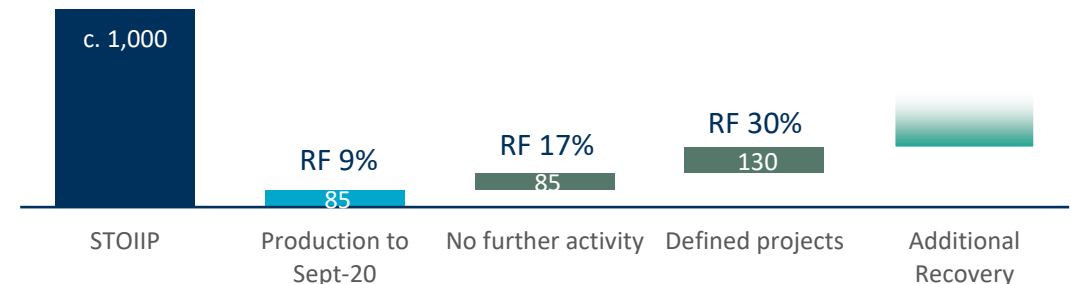
Potential to increase RF<sup>2</sup>  
to unlock additional reserves

Near-field opportunities  
present significant upside

## Jubilee gross volumes (mmbbls)



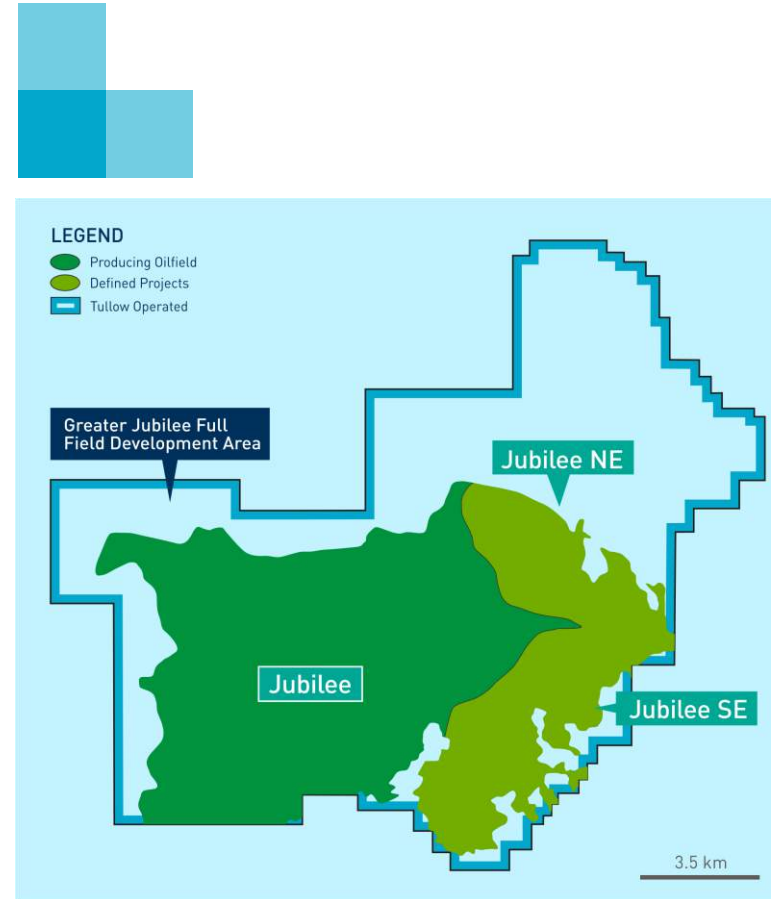
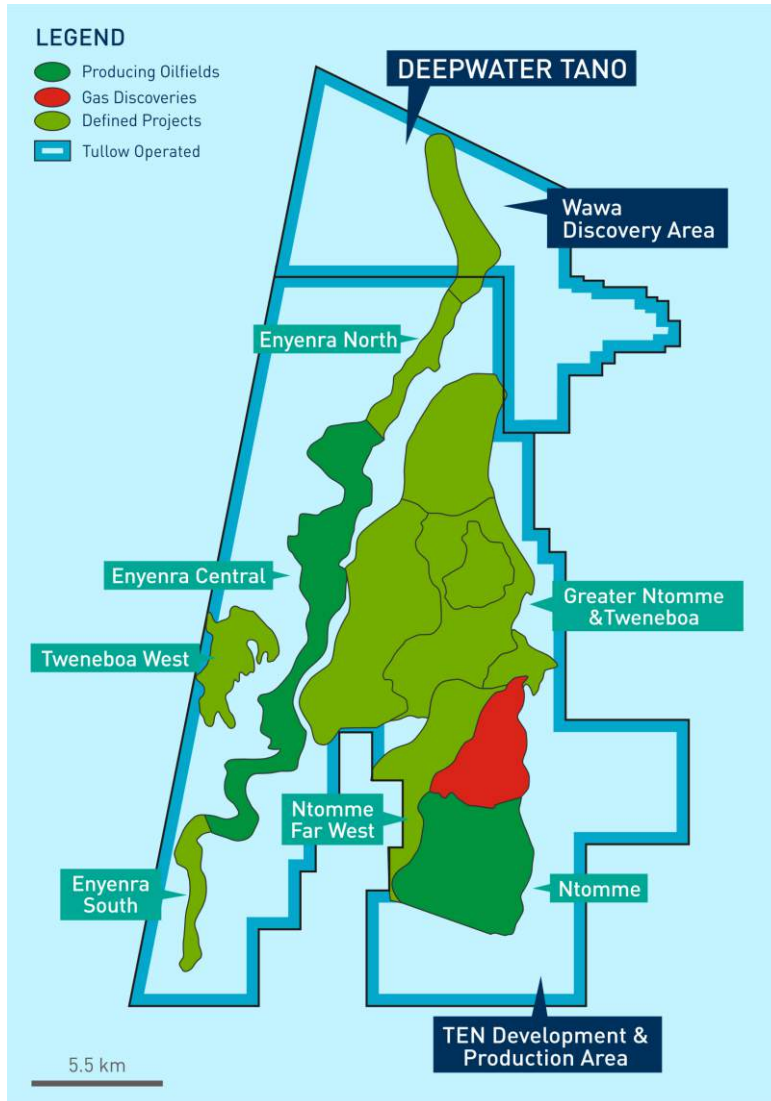
## TEN gross volumes (mmbbls)



<sup>1</sup> Stock Tank Oil Initially In Place

<sup>2</sup> Recovery Factor

# Well-defined, high return drilling opportunities



## Comprehensive review completed

Highly efficient investments with short paybacks and high returns

Economies of scale identified

Minimal additional infrastructure required

Revised investment phasing to maximise recovery

Unit development costs of c.\$12/bbl

Optimising capacity of both FPSOs

Development work supported by expert 4D seismic analysis

# Defined set of opportunities to sustain production



## Rich drilling options<sup>1</sup>

**26**  
wells planned  
over 2021-30

**10-15**  
kbopd  
initial production  
rate per well

**1-2**  
year payback

**>90%**  
IRR

## Defined projects

Jubilee  
South East

Jubilee  
North East

**140**  
mmbbls oil



**2022**  
Producer/ injector pair



**2023**  
Two producers online



**2024+**  
Follow-on wells  
in SE and NE



**23**  
wells planned  
over 2021-30

**10-15**  
kbopd  
initial production  
rate per well

**1-2**  
year payback

**>70%**  
IRR

Ntomme  
Far West

Enyenra  
North

Enyenra  
South

**90**  
mmbbls oil



**2022-24+**  
Projects progressing  
towards FID

<sup>1</sup> Based on \$45/bbl in 2021, \$55/bbl flat nominal in 2022+  
All numbers on a gross basis

# Additional opportunities to deliver upside

## Maximising recovery<sup>1</sup>

## Significant opportunity to commercialise gas resource<sup>1</sup>



### Additional oil recovery in Jubilee

- Targeting more than 40% ultimate recovery in Jubilee
- Around 100mmbbls of additional recovery potential

c.1TCF  
of recoverable gas resource

Already connected to onshore  
infrastructure

### Greater Ntomme Tweneboa (GNT) Area

- More than 350mmbbls of undeveloped STOIP
- Utilising existing subsea infrastructure

Long term supply  
potential (10+ years)

Multiple gas  
commercialisation options

### Tweneboa West

- More than 30mmbbls of undeveloped STOIP
- Fast development, tie back to existing infrastructure

Dedicated JV taskforce  
to progress

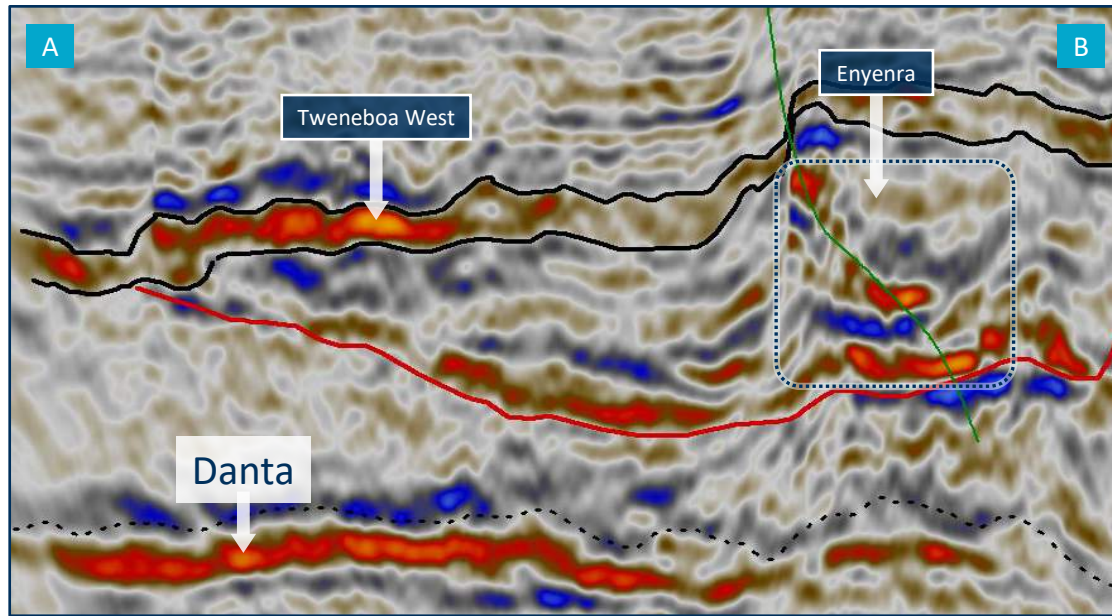
<sup>1</sup> All numbers on a gross basis



# Near-field and infrastructure-led opportunities

## Ghana

- Several near-field prospective opportunities identified
- Low risk, commercially attractive, accelerated tie-in targets
- Estimated volumes >100mmboe STOIP (gross)
- Discussions with Government on access commenced

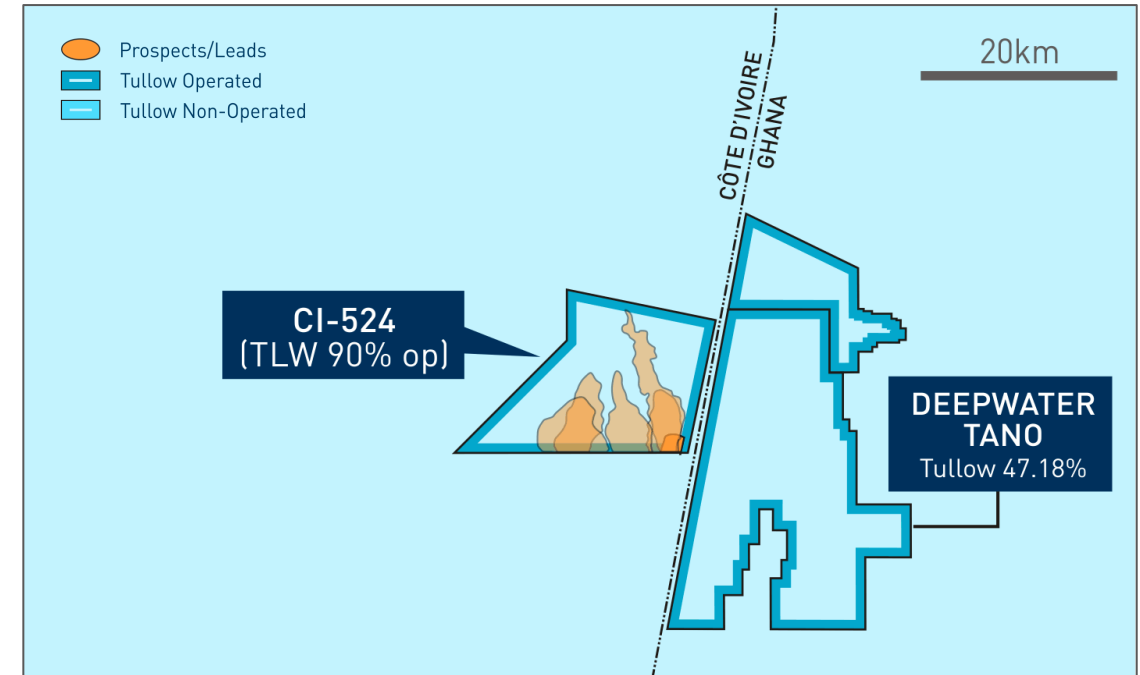


Seismic anomalies (reds) representing reservoir

2km

## Côte d'Ivoire

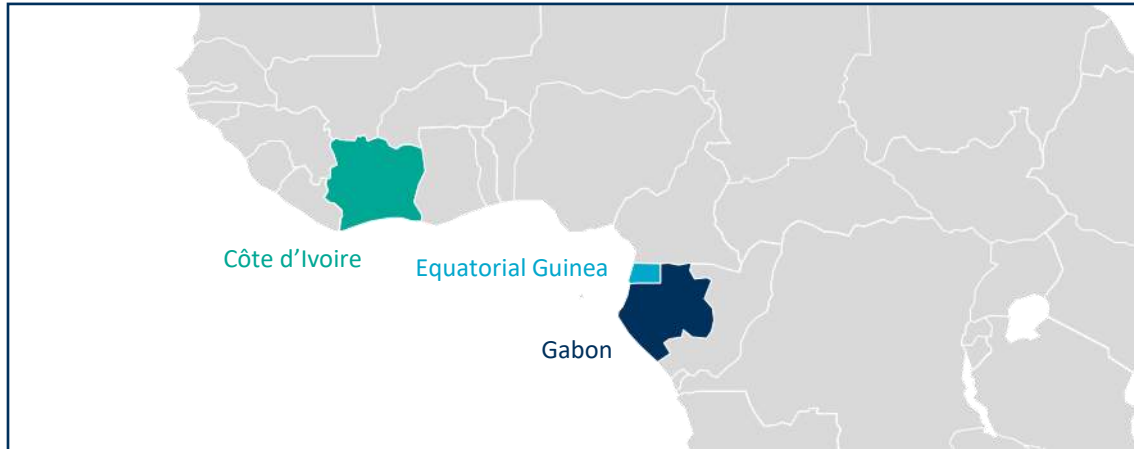
- Underexplored block adjacent to TEN field infrastructure
- Westward extension of proven plays in TEN/Jubilee
- Current focus: seismic re-processing and prospect maturation



# Non-op: Investing in stable, sustainable production

Rahul Dhiri  
Tullow Oil plc | 2020 Capital Markets Day

# Non-op: Stable production from existing resource base



Sustainable production  
22 - 25 kboepd

Stable cash flow;  
Self-funded portfolio

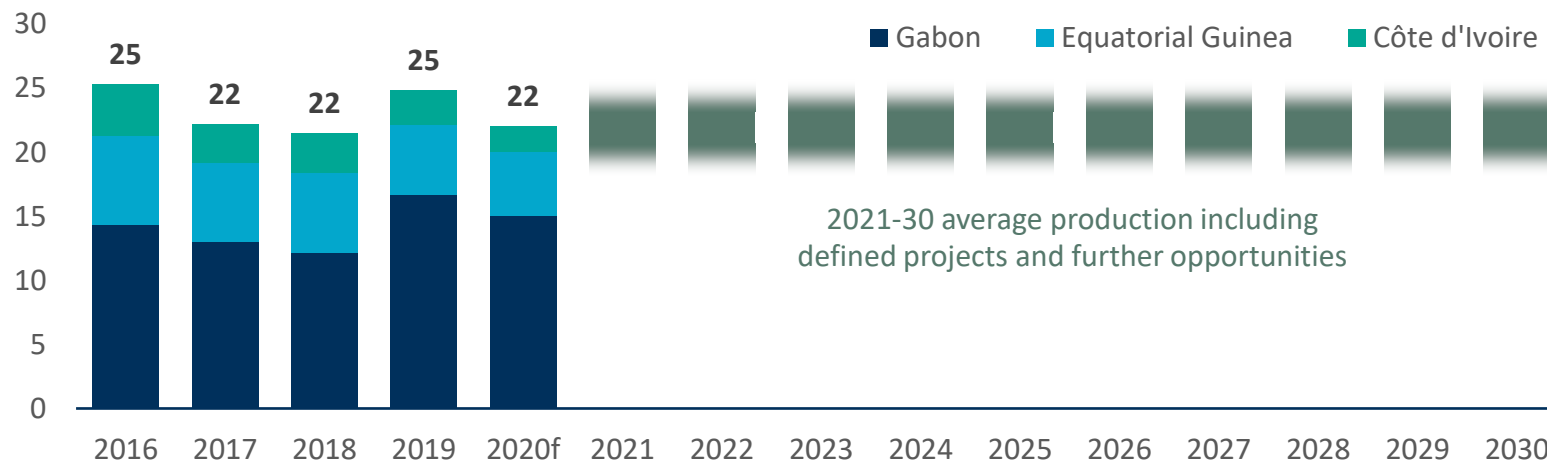
Strong JV  
partnerships

Proven execution  
capability

Access to  
infrastructure

Near field  
opportunities

## Mature fields with defined opportunities for stable production (kboepd)<sup>1</sup>



### Gabon (c.15kboepd 2020)

- Light oil, 23 fields, off/onshore
- Working interest range 7.5-57.5%

### Equatorial Guinea (c.5kboepd 2020)

- Light oil, five fields, offshore
- Working interest 14.25%

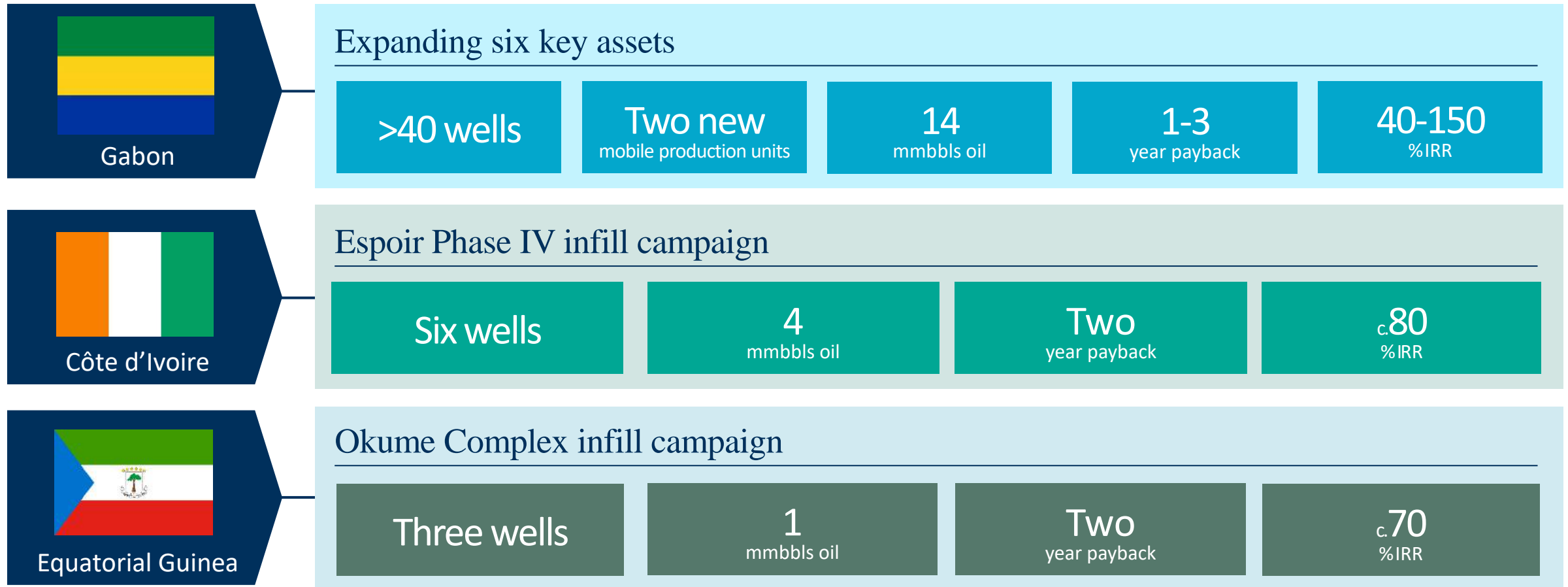
### Côte d'Ivoire (c.2kboepd 2020)

- Light oil and gas, two fields, offshore
- Working interest 21.3%

<sup>1</sup> All numbers Tullow working interest

# Non-op: Diverse set of low-risk projects

## Defined investment options and projects<sup>1</sup>



<sup>1</sup> All numbers Tullow working interest

# Kenya and emerging basins: Material value to unlock

Rahul Dhir  
Tullow Oil plc | 2020 Capital Markets Day

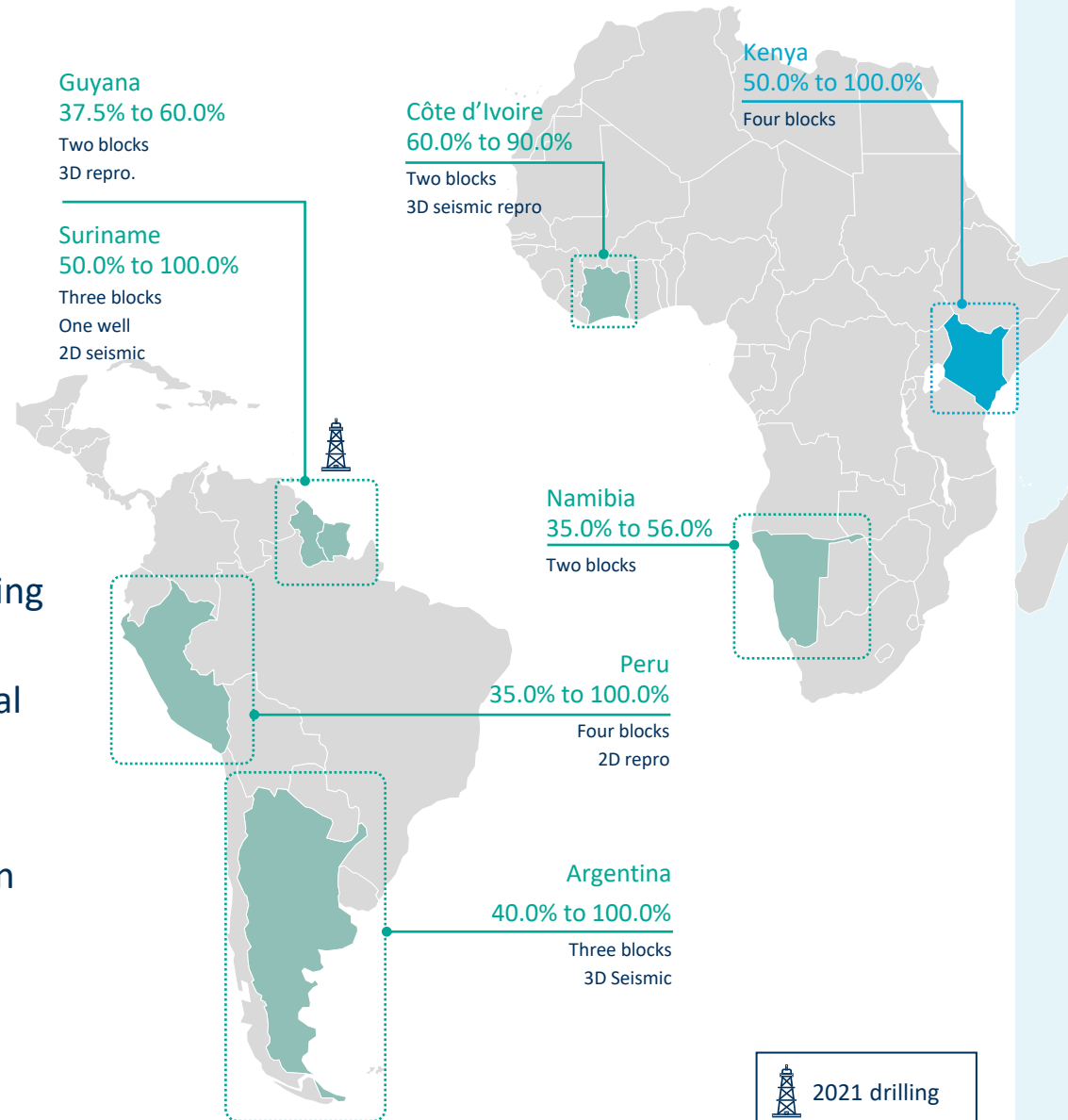
# Unlocking value across the portfolio

## Kenya

- Material recoverable resource base
- Licences extended
- Development plan being revisited for low oil prices

## Emerging basins

- Material positions in emerging oil provinces
- Significant intellectual capital being invested
- Suriname well (GVN-1)
- Guyana prospect maturation
- Argentina 3D seismic



## Kenya

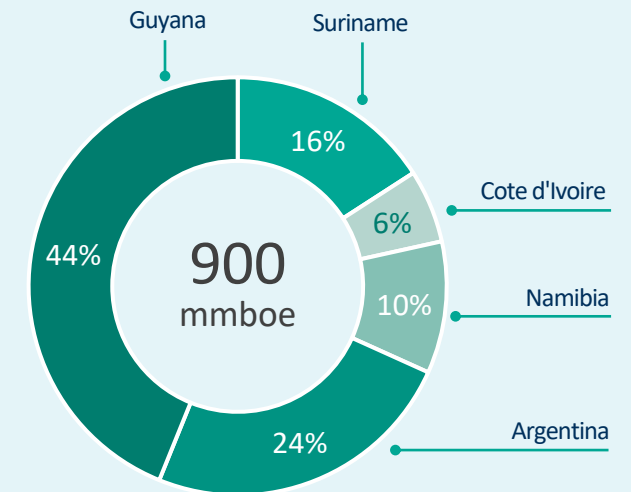
1.5

Billion barrels  
Gross STOIP

171

Million barrels  
2C working interest resources

## Prospective net risked resources in emerging basins

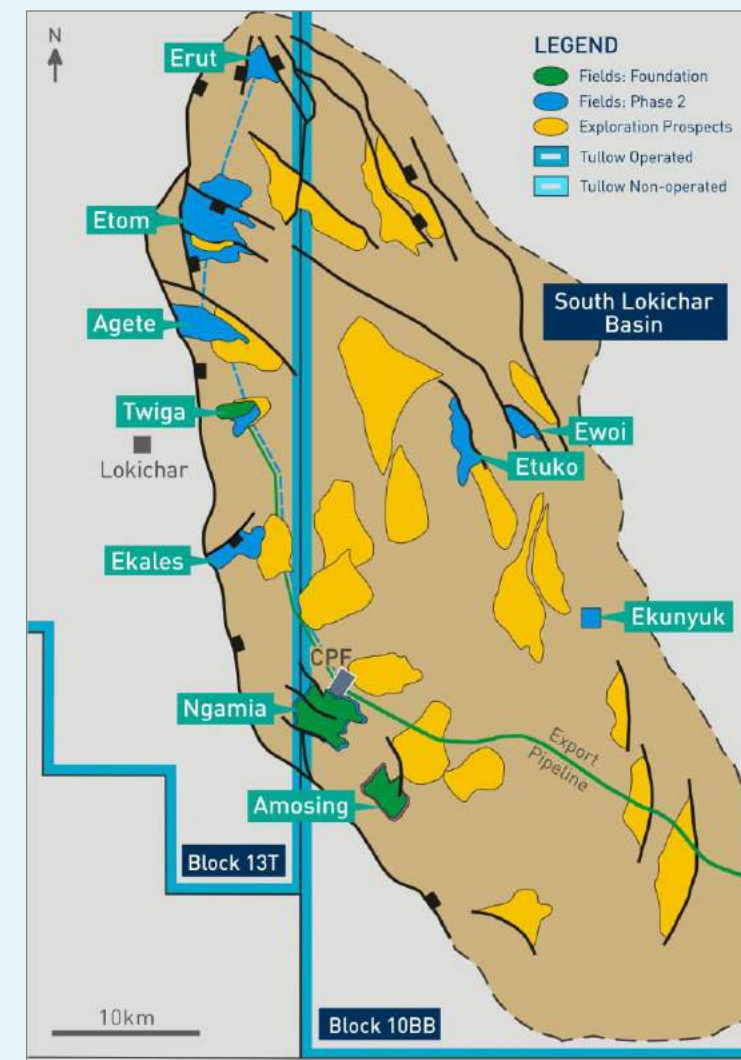




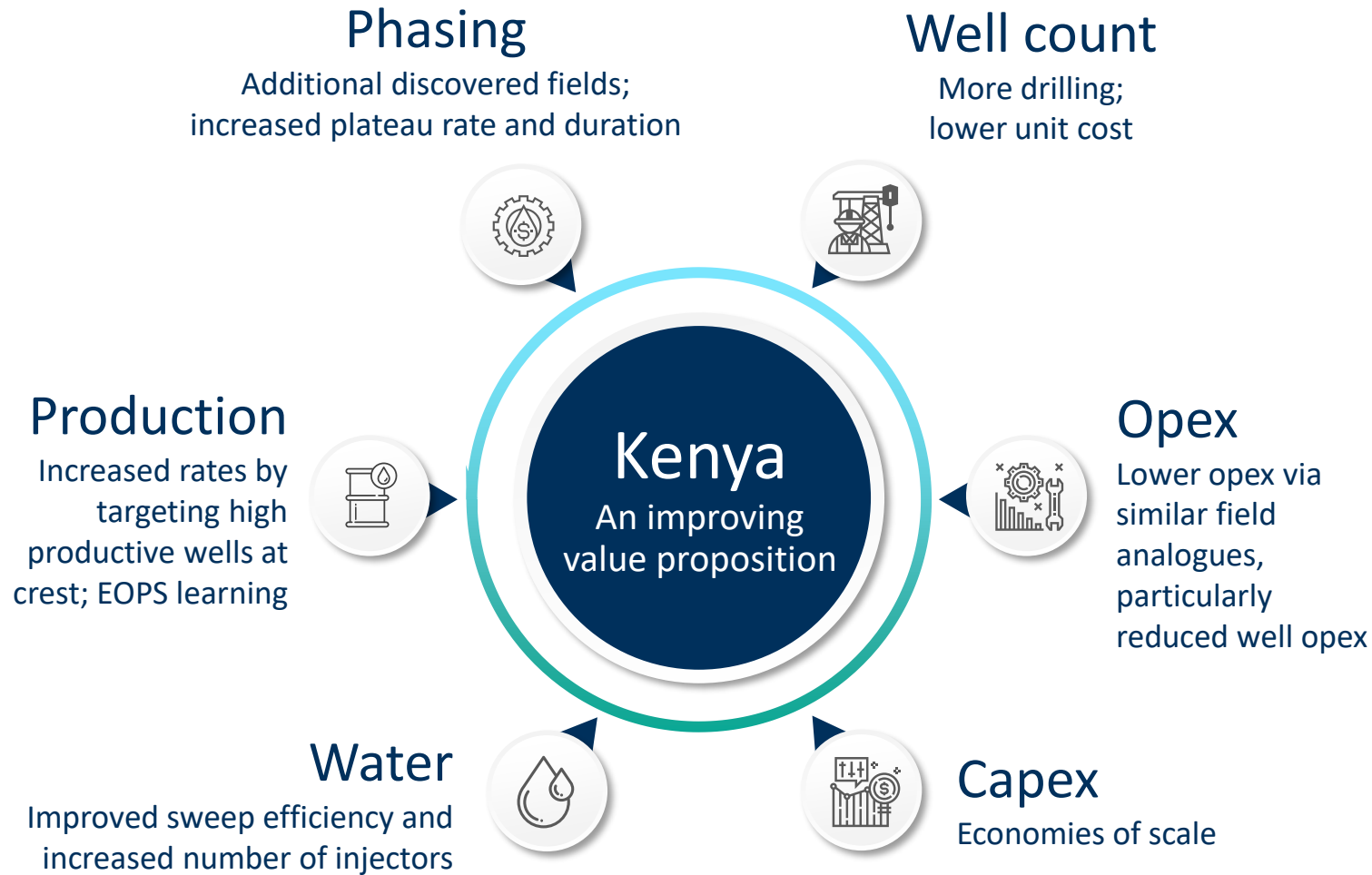
# Kenya development concept under review

## Ingredients for a profitable low-cost project

Material high quality onshore resource base	1.5 billion bbls STOIIIP (gross)	<ul style="list-style-type: none"> <li>• Shallow, productive reservoirs</li> <li>• Light waxy crude</li> <li>• Large onshore acreage position</li> </ul>
Licences extended	December 2021	<ul style="list-style-type: none"> <li>• Conditional on approval of budgets</li> <li>• Plan to fully review development concept</li> <li>• Ensure project robust to low oil prices</li> </ul>
Significant progress made to date	Technical	Upstream and midstream FEED; upstream bids; pipeline tender
	EOPS	Critical data; first crude export; stakeholder engagement
	Commercial	Key agreements drafted; regional and international interest for pipeline financing
	Land and water	80% pipeline gazetted; ESIA work ongoing



# Kenya project redesign for low oil prices



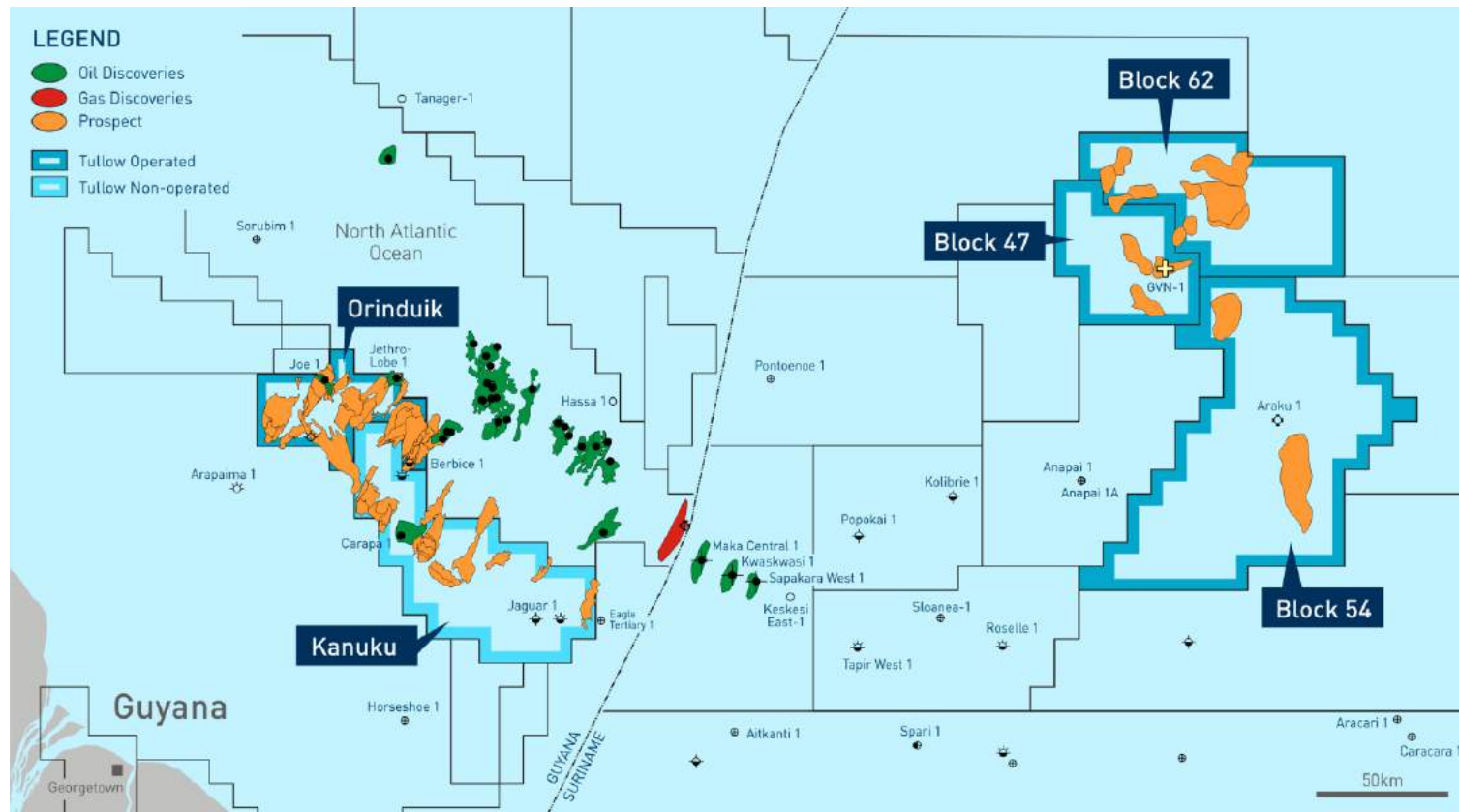
**Licence extensions**  
will provide time to evaluate options

**Feedback**  
from farm down process is being  
incorporated

**Economics**  
to be improved through  
development concept and cost  
optimisation

# Guyana/Suriname: Material positions in emerging basins

Generating value through opportunity identification and maturation



**Industry hot spot with multi-billion-barrel discoveries**



**Leveraging core expertise in turbidite plays**



**Strong relationships with host governments**



**Suriname – GVN-1 well with significant follow-up**



**Guyana – Prospects maturing for drilling campaign**



# Suriname: Goliathberg-Voltzberg North-1

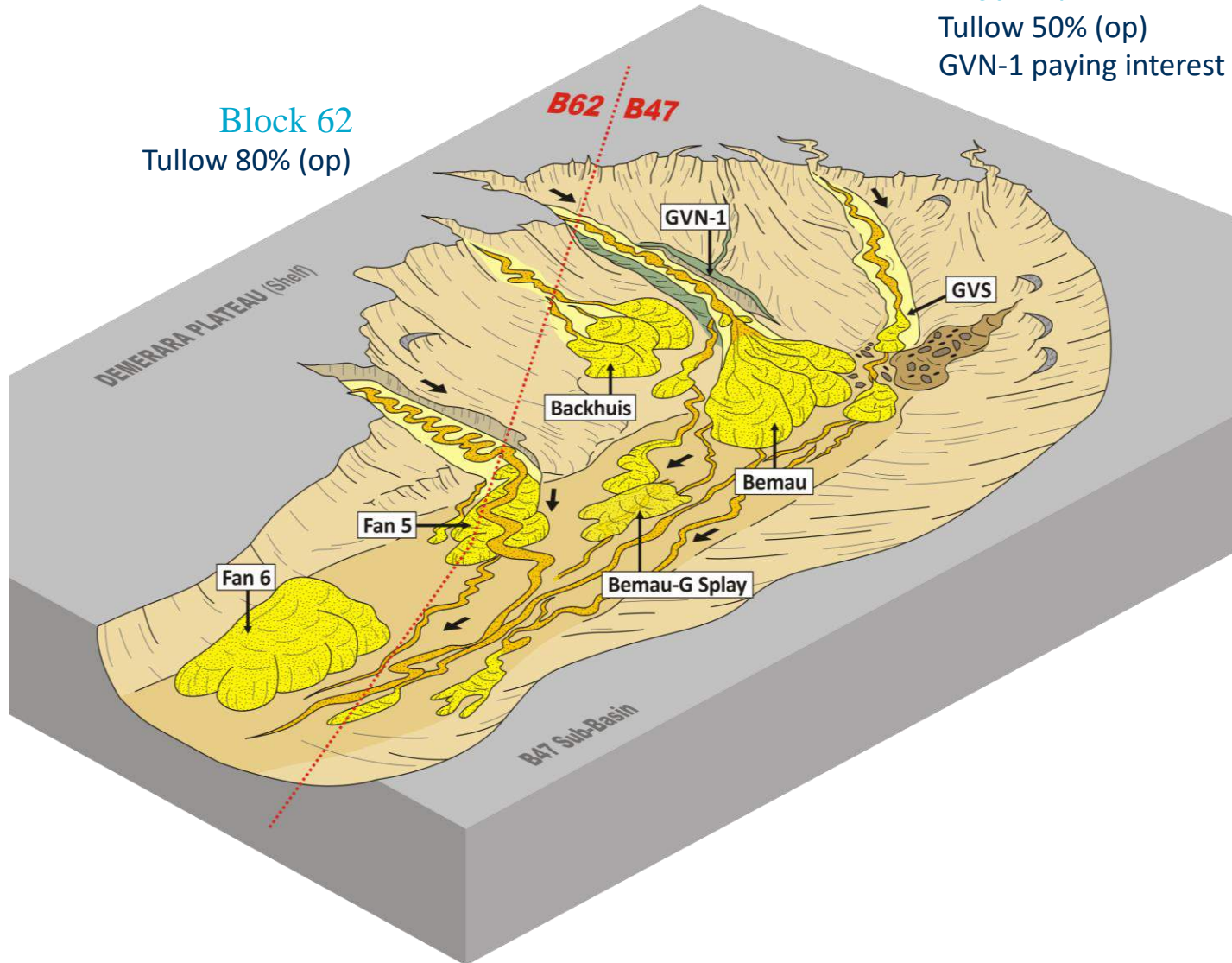
## Block 47

Tullow 50% (op)

GVN-1 paying interest c.36%

## Block 62

Tullow 80% (op)



## Planning for 1Q21 spud

Upper Cretaceous turbidite play

Dual targets in excess of  
400mmboe (gross)<sup>1</sup>

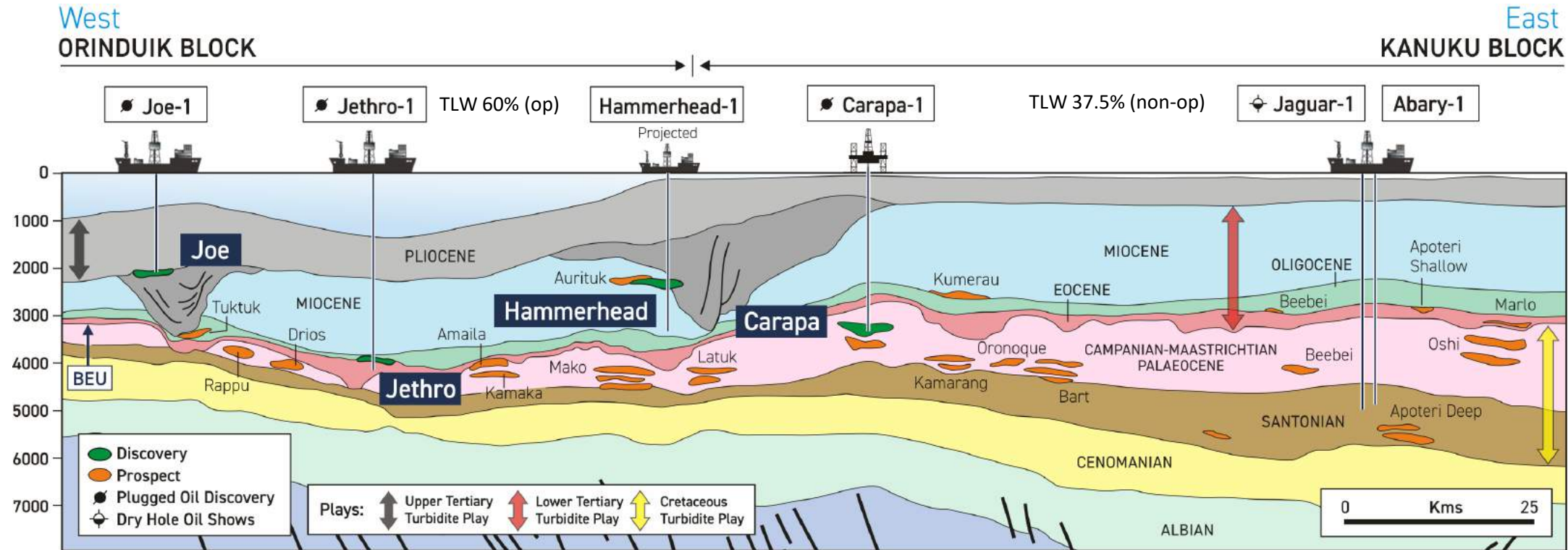
Testing extension of working  
hydrocarbon system

Potential to de-risk >1bnboe (gross) in  
follow-up prospects<sup>1</sup>

<sup>1</sup>Pmean recoverable



# Guyana: Material equity in prospective blocks



Inboard of >8bnboe discoveries in  
Guyana-Suriname basin

Large portfolio of prospects – total over  
2bnboe net recoverable

Three plays proven on Tullow acreage

High grading drill candidates for Kanuku 2022  
and Orinduik 2022+

# Environment, Social and Governance: Retaining a strong focus

Julia Ross

Tullow Oil plc | 2020 Capital Markets Day



# Focused on reducing GHG emissions

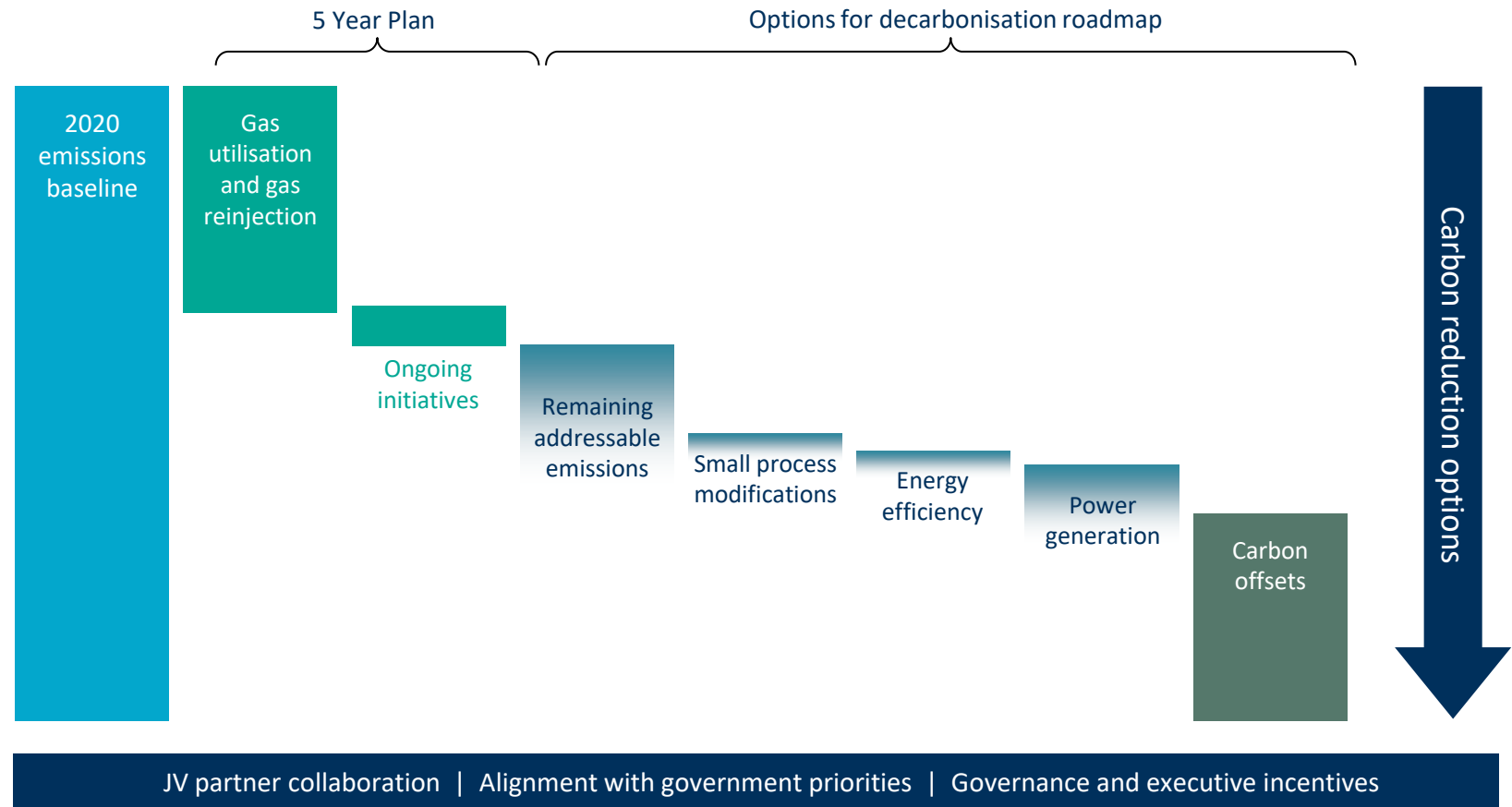


Higher 2020 emissions intensity, from increased flaring in Ghana

Long-term gas offtake options support elimination of flaring

Net Zero delivery plan being developed

## Net Zero (Scope 1 and 2) commitment – possible decarbonisation levers



# Creating lasting social and economic benefits

## Social investment in Ghana

>500

educational  
scholarships

3,000

bursaries



**\$10 million** committed over 5 years to Government of Ghana's flagship Free Senior High School initiative, providing access to education for all

## Strategic local content in Ghana

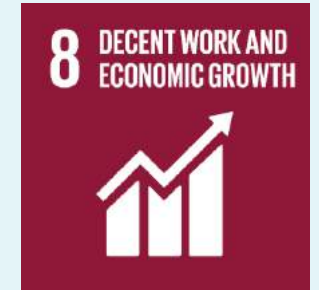
- \$1.5bn spent with local suppliers since 2015
- c.30% of supply chain expenditure has been with indigenous companies over last three years



Targeted development: focus on marine sector led to first Ghanaian owned and flagged Offshore Supply Vessel



Upgrading aviation infrastructure at Takoradi Airport Air Force Base creating an enhanced operational base for oil and gas sector and beyond



c.25%

of Ghana's gas demand for domestic power supplied at zero cost, providing access to electricity to 6.7 million individuals

Shared Prosperity for all stakeholders

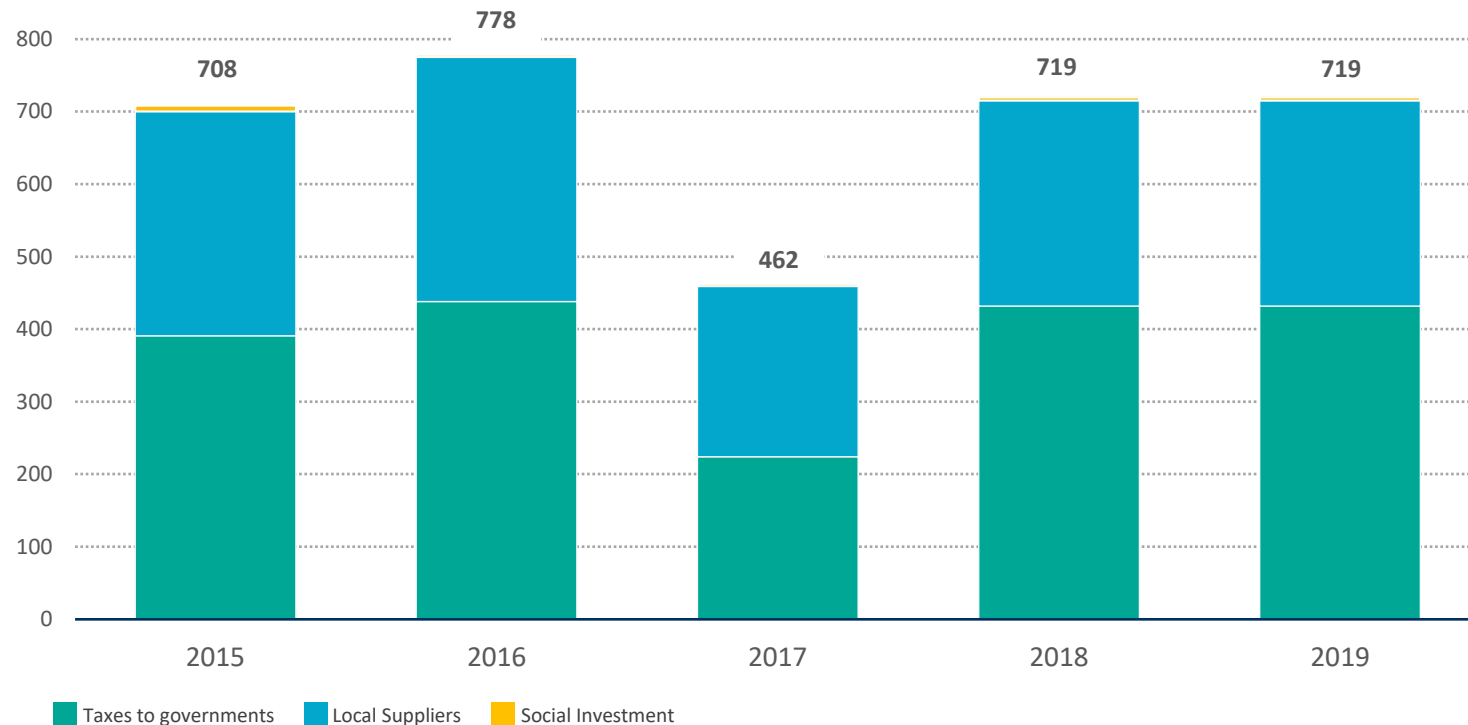
# Strong internal and external transparency and governance



c.\$3.4bn

socio-economic contribution 2015-19

Socio-economic contribution (\$m)



First oil company to publicly support contract transparency

Leading disclosure on Modern Slavery in Transparency in the Supply Chain Report

Human Rights Policy embedded in Code of Ethical Conduct

Strong Anti-Bribery and Corruption governance

Female Board representation at 33%

Workforce Advisory Panel meeting regularly with Board

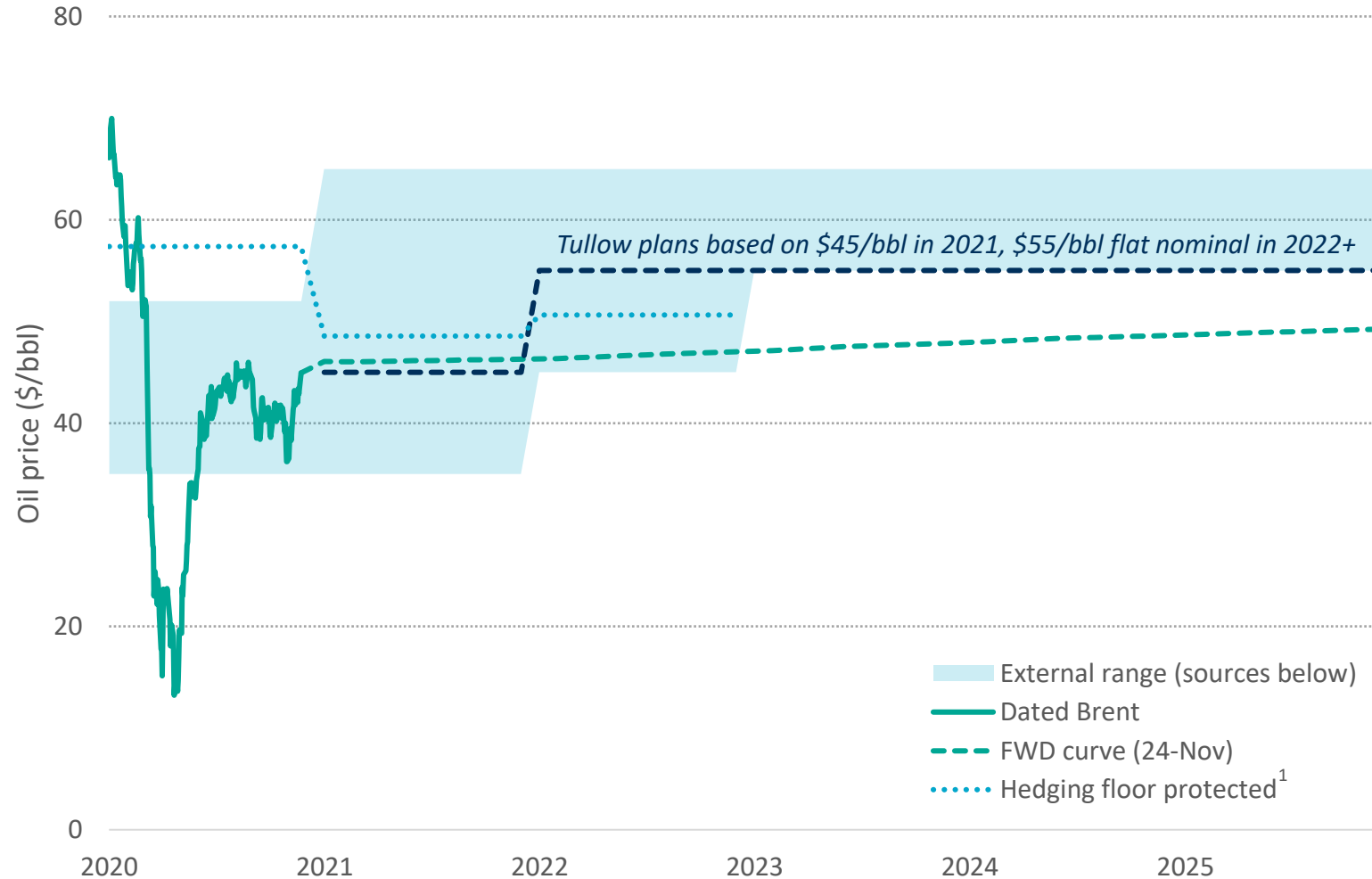


# Financials:

## Underpinned by a robust financial framework

Les Wood  
Tullow Oil plc | 2020 Capital Markets Day

# Oil market context: a volatile backdrop



<sup>1</sup> 2020: 60% hedged at \$57/bbl, 2021: 54% hedged at \$49/bbl, 2022: 3% hedged at \$51/bbl

Sources: Bloomberg, Tullow data and External range based on: Arden, Auctus, BAML, Barclays, Berenberg, BMO, BNP, Canaccord, Cenkos, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, Hannam, Investec, Jefferies, JPM, Morgan Stanley, Mackie Research, Mirabaud, Panmure Gordon, Pareto, Peel Hunt, RBC, Shore Capital, Societe Generale, Stifel, UBS and WH Ireland

## 1H20

Dramatic crash and rebound  
following OPEC+ deal

## Hedging

remains a key  
risk management tool

## \$55/bbl

in line with low end of  
external range

# New approach underpinned by a robust financial framework

## Strengthened balance sheet...

- Drive Net Debt to \$1.0bn - 1.5bn
- Gearing at lower end of range of 1-2x
- Liquidity headroom of no less than \$500m

... resilient to oil price  
volatility

## Disciplined capital allocation...

- >90% of investment focused on producing assets
- Flexible \$150-450m capital expenditure range
- Managing capital exposure to Kenya and emerging basins

... with flexibility to respond  
to oil price environment

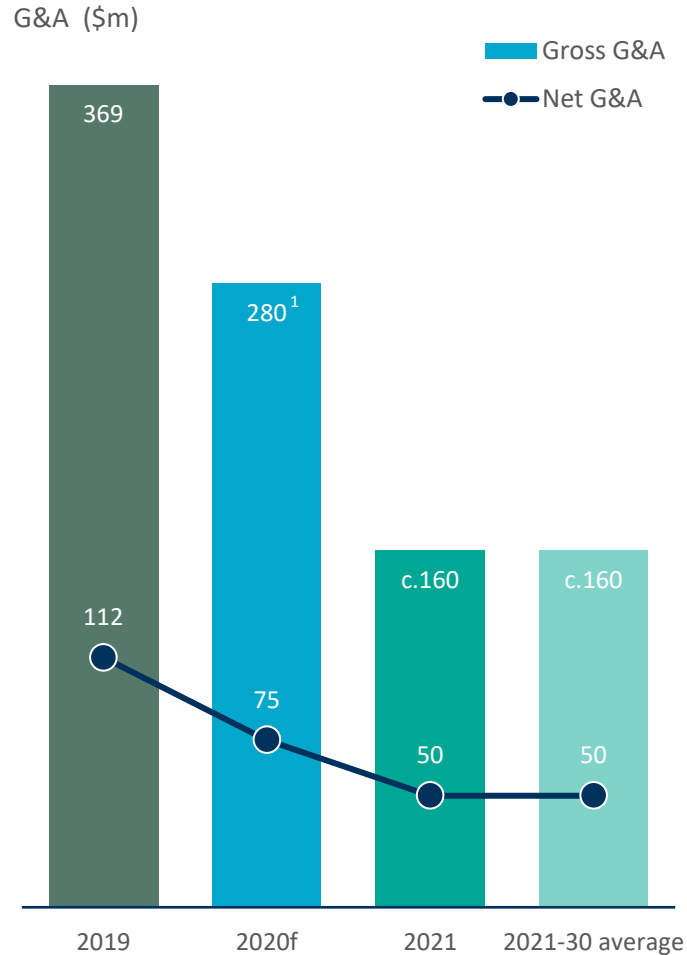
## Focused on value creation...

- Prioritise investments with high returns and short payback
- Maximise value from producing asset portfolio
- Unlock value in discovered resource and emerging basins

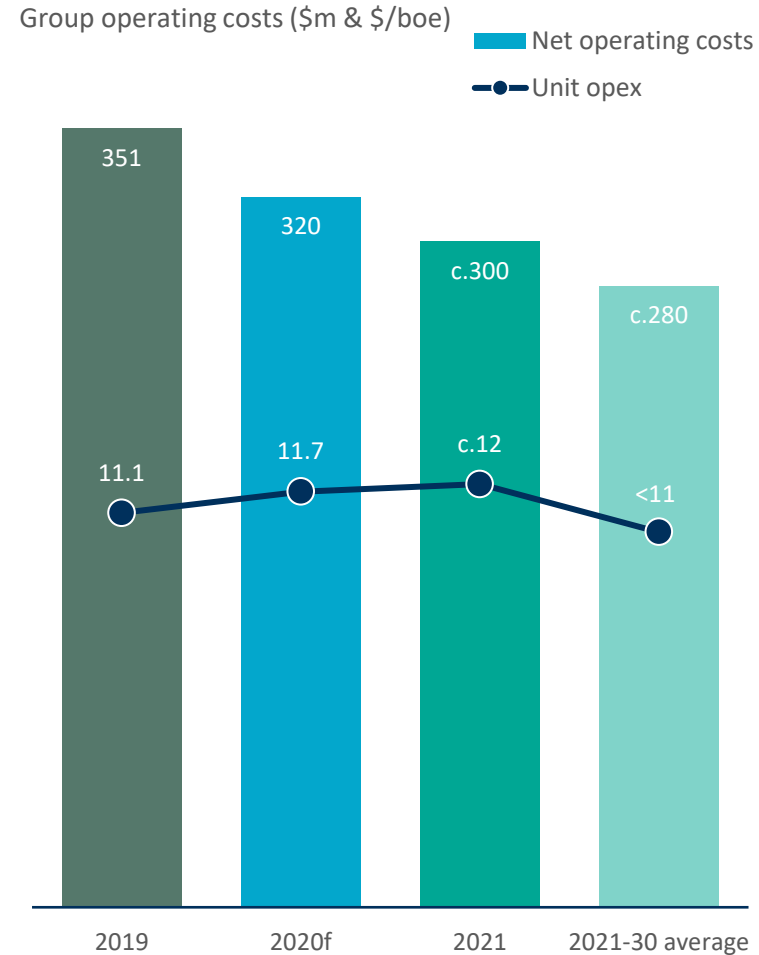
... with a clear set  
of priorities

# Delivering a sustainable lower cost business

## A lean organisation



## Pursuing lower steady state operating costs



## Annual cash cost savings of >\$125m

Headcount reduced by c.60%

Outsourcing of certain routine activities

Continue to pursue further efficiencies

## Operating cost reduction to <\$11/boe

Bottom-up review with external consultants

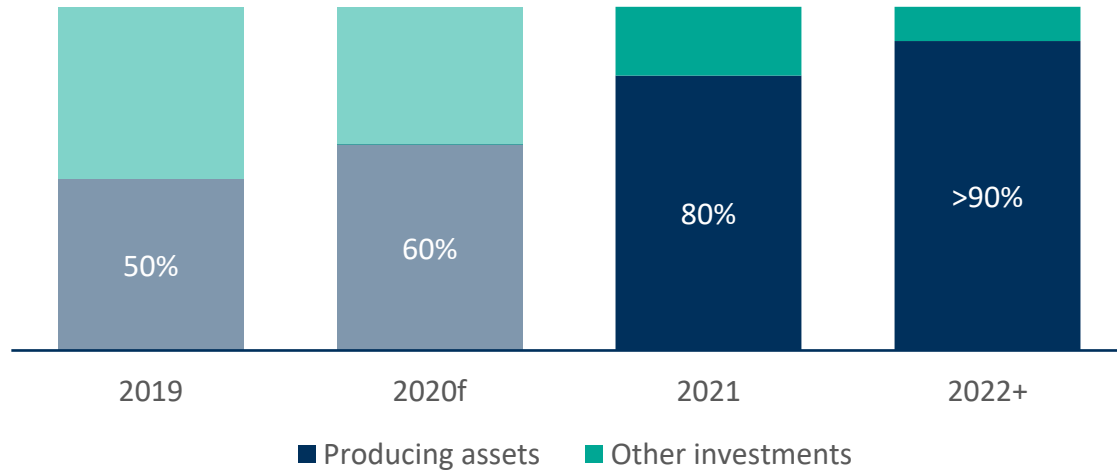
Requirement for shuttle tankers removed

Cost-driven performance management

<sup>1</sup> Excluding restructuring costs

# Disciplined capital allocation

## Increasing allocation towards producing assets

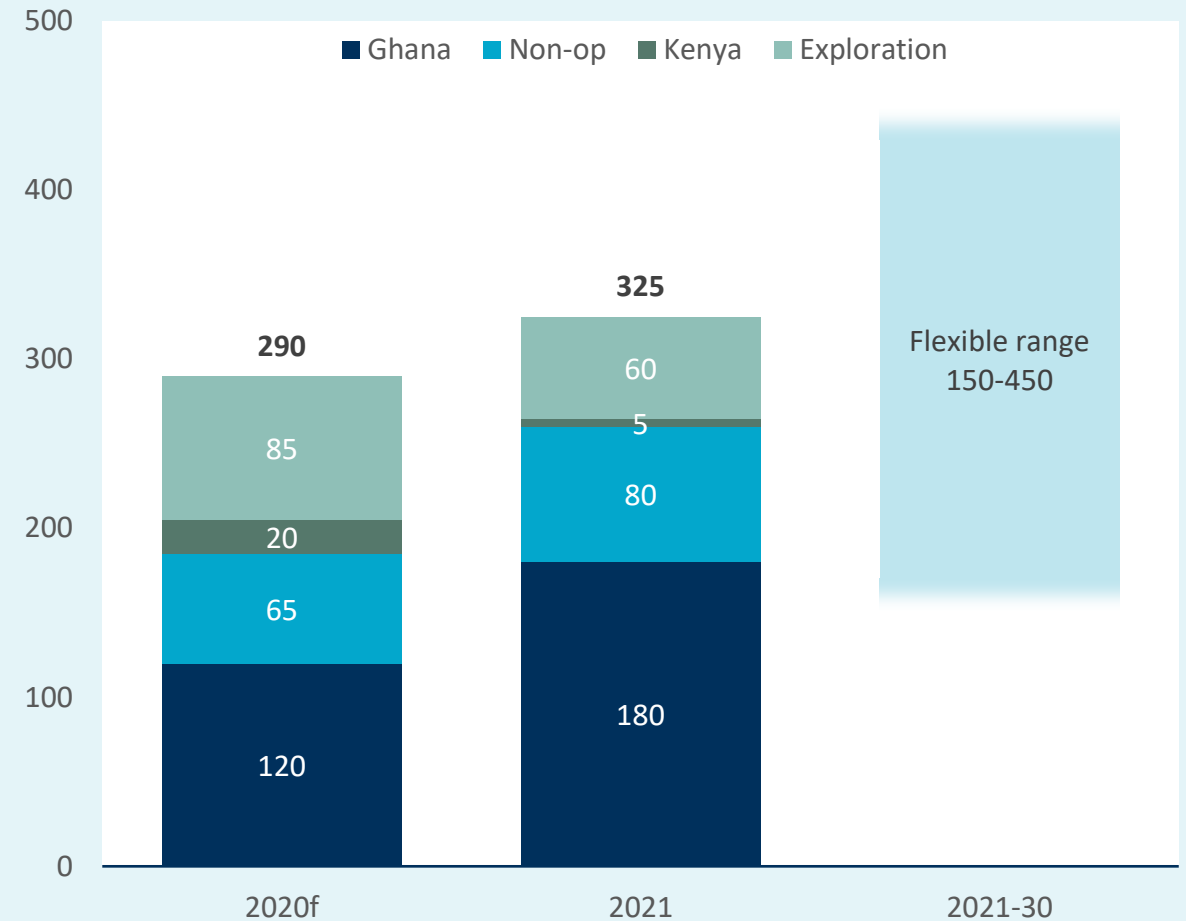


Ability to reduce capital to respond to volatile oil price environment

**2021** investing 80% of capital expenditure in producing assets

**2021-30** \$2.7bn of total investment

## Maintaining a flexible capex range (\$m)



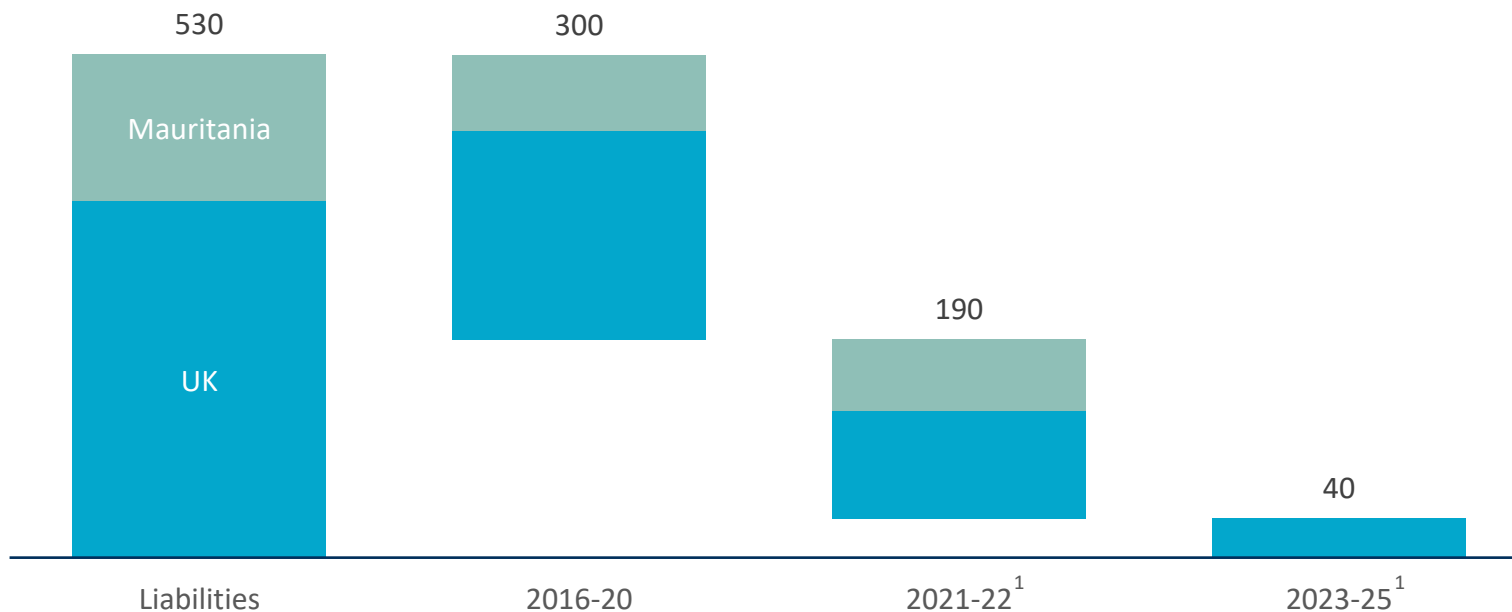
Note: Majority of exploration expenditure in 2020-21 relates to existing commitments



# Effectively managing decommissioning liabilities

- Innovative contracting and collaboration strategies yield costs savings
- Increased scope and COVID-19 effect on operations offset by cost savings
- Tullow-operated decommissioning obligations in the UK will be completed in 2020
- Expenditure offset by c.\$140 million UK tax relief

## UK and Mauritania decommissioning exposure (\$m)



<sup>1</sup> UK non-operated decommissioning liabilities post-2020

Annual  
decommissioning  
costs set to reduce  
materially from  
2022

# Material proceeds delivered from Uganda sale

## Sale of Ugandan assets

## Efficient execution



\$500m

Paid at completion:  
10 November

\$75m

Payment on Uganda FID

Contingent payments

Oil price related

- Good collaboration with the Government and Total
- Closed 7 months from signing
- Tax agreement up front
- Operatorship agreed promptly
- No JV Partner pre-emption
- Employee transfers to Total

Considering further asset sales provided they are value accretive and strengthen the balance sheet

Reduced net  
debt to \$2.4bn

All future Uganda  
capital exposure  
eliminated

No impact on RBL  
debt capacity

# New approach supports deleveraging and value creation

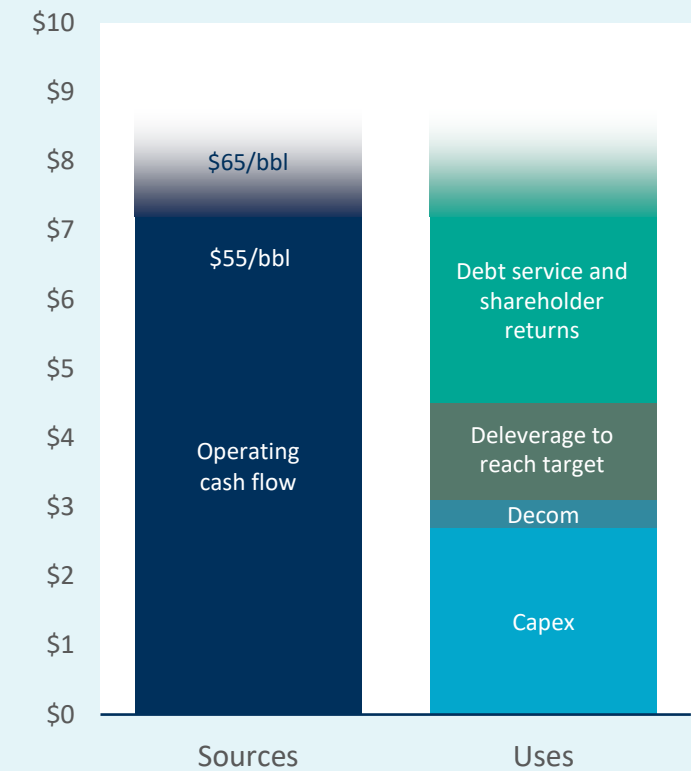


A clear path to deliver net debt in range of \$1-1.5bn and gearing at lower end of 1-2x range

Solid foundations in place to address debt maturities; advisors appointed to progress refinancing options

## Sources and uses of cash (\$bn)

2021-30



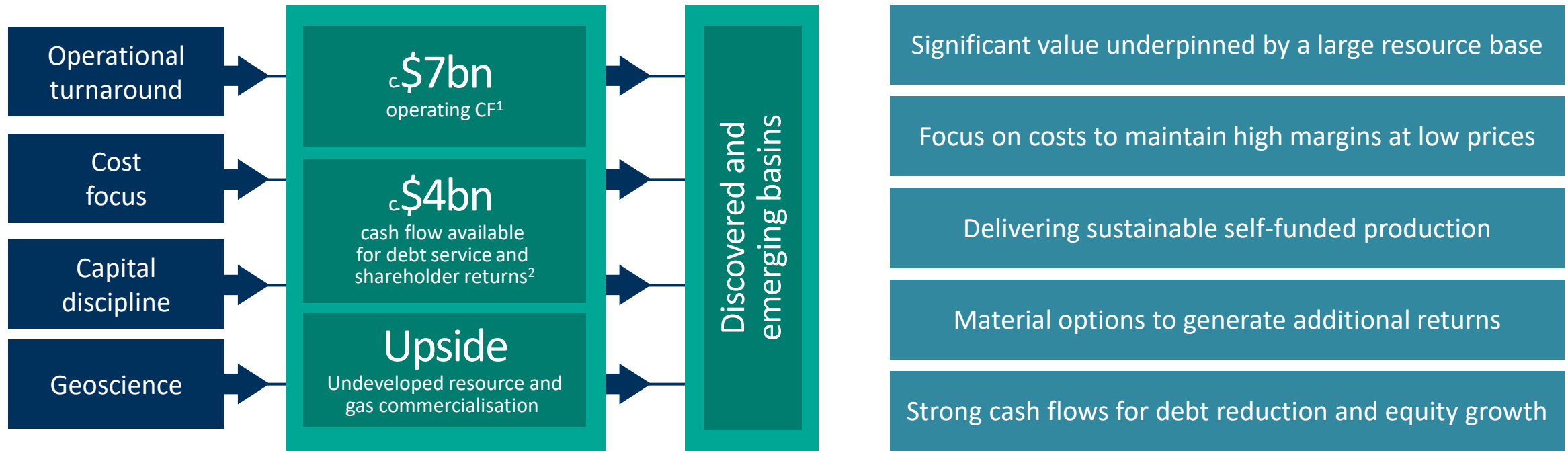
<sup>1</sup> As of 10 November 2020

<sup>2</sup> 10 year cumulative cash flow available for debt service assuming \$45/bbl in 2021 and \$55/bbl flat nominal 2022-30

# Conclusion

Rahul Dhiri  
Tullow Oil plc | 2020 Capital Markets Day

# New approach delivers material value and cash flow



<sup>1</sup> Cash flow from operating activities, before debt service, capital investment and decommissioning expenditure

<sup>2</sup> Cash flow from operating activities less capital investment and decommissioning expenditure

<sup>1&2</sup> Based on \$45/bbl in 2021, \$55/bbl flat nominal in 2022+

## Q&A

To ask a question, please dial into the conference call and enter the “Event Plus Passcode” shown below:

Free phone (UK): 0800 694 1461  
Tel: +44 (0) 203 009 5709  
Event Plus Passcode: 27 09 187

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