Tullow Oil plc

Tullow Oil plc | 2022 Full Year Results

8 March 2023

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.

Whilst Tullow believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Group's control or within the Group's control where, for example, the Group decides on a change of plan or strategy.

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Building on a strong performance in 2022

Financial review

- Material revenue growth
- Increasing oil price upside as hedges roll off
- Continued focus on cost and capital discipline
- Strong cash flow generation
- Deleveraging progress supporting range of refinancing options

Operations review

- Industry leading safety performance
- Positive impact on host countries through shared prosperity initiatives
- Ghana pre-emption paid back in-year, supporting c.90% 2P reserves replacement
- Continued strong drilling performance and further improvements in production efficiency
- Significant milestone of first gas commercialisation in Ghana

Strategy

- Production growth in 2023 driven by Jubilee South East
- Significant equity accretion on core business plan as debt is repaid
- Long term gas sales agreement in Ghana and TEN Plan of Development
- Opportunity to realise material value in Kenya
- Infrastructure-led exploration strategy to unlock value from significant prospective resource base

Presenters

Rahul Dhir
Chief Executive Officer

Richard Miller
Chief Financial Officer

FINANCIAL REVIEW

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Growing financial strength in 2022

Financial performance	2021	2022
Production (kboepd)	59.2	61.1
Realised price after hedging ($/bbl)	63.3	88.0
Revenue ($m)	1,285	1,783
Gross profit ($m)	647	1,086
Profit / (loss) after tax ($m)	(81)	49
Capital investment ($m)	263	354
Free cash flow ($m)	245	267[1]

Key metrics	YE21	YE22
Net debt ($bn)	2.1	1.9
Cash gearing (times)	2.2	1.3
Headroom ($bn)	0.9	1.1

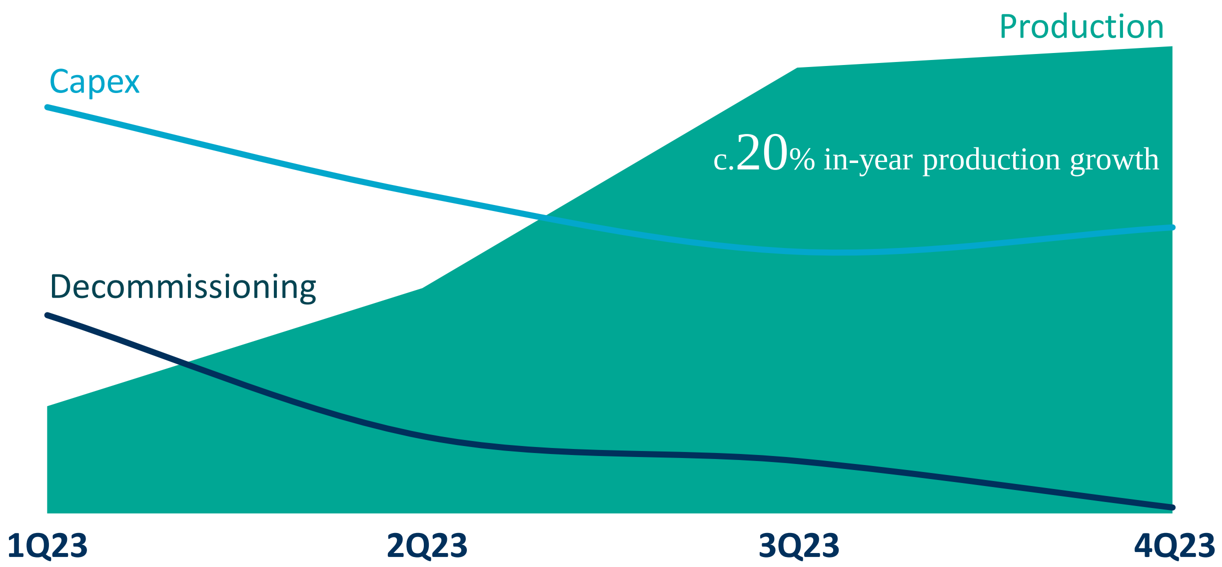
2023 guidance

Production	58-64 kboepd
Capex[2]	c.$400 million
Decommissioning	c.$90 million
Free cash flow[3]	c.$200 million (c.$100 million at $80/bbl)
Cash gearing[3]	c.1x by YE23 (c.1x by YE24 at $80/bbl)

[1] Free cash flow before debt amortisation and including a $75 million payment from TotalEnergies following Ugandan parliamentary approval of the Uganda Final Investment Decision (FID), a payment of $76 million to HiTec Vision in relation to the purchase of Spring Energy in 2013 and total consideration of $126 million for the pre-emption related to the sale of Occidental Petroleum's interest in the Jubilee and TEN fields in Ghana to Kosmos Energy.
[2] Capex breakdown: c.$300 million in Ghana, c.$40 million in Gabon, c.$20 million in Côte d'Ivoire, c.$10 million in Kenya and c.$30 million on exploration and appraisal activities
[3] At $100/bbl

Material free cash flow generation in second half of 2023

Reduction in capex and decom spend as production increases

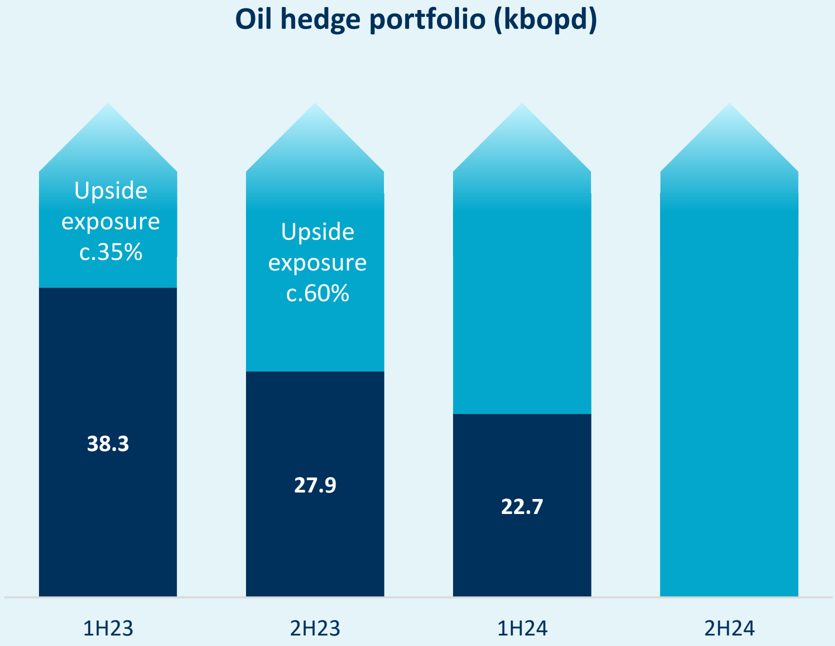


Jubilee South East infrastructure investment complete in 1H23

Majority of decommissioning spend complete in 1H23

Production step up in 2H23 from Jubilee South East wells

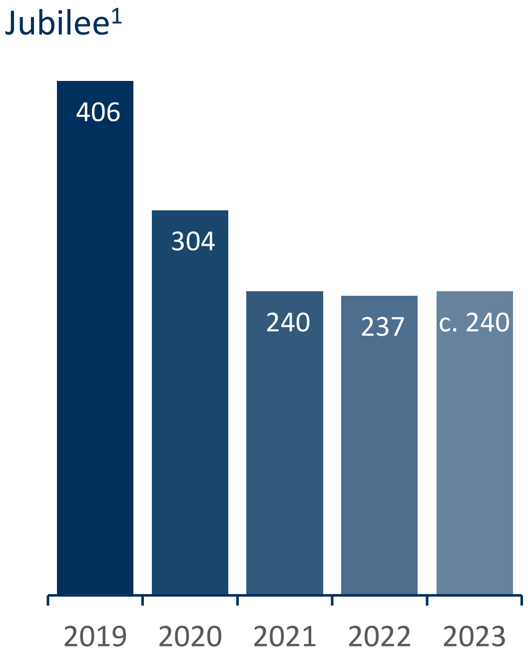
Increasing exposure to oil price upside

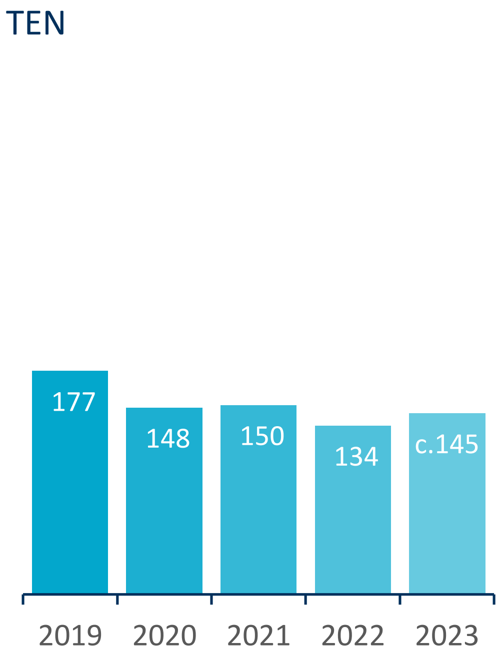


Increasing oil price upside exposure as hedged volumes step down in May

Maintaining low costs despite inflationary pressures

Gross asset operating costs ($m)

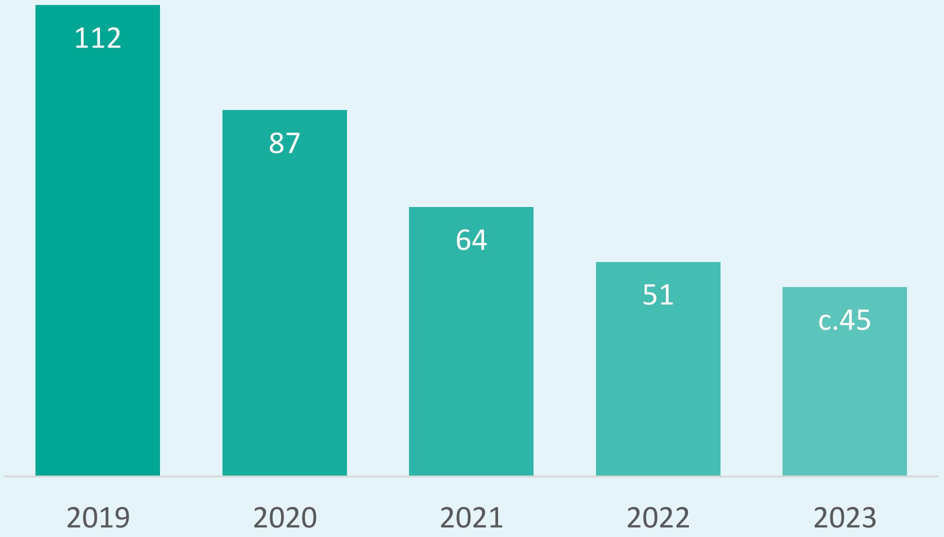




2023 gross opex c.30% lower than in 2019

2023 opex c.$9/bbl across Jubilee and TEN

Net G&A costs ($m)

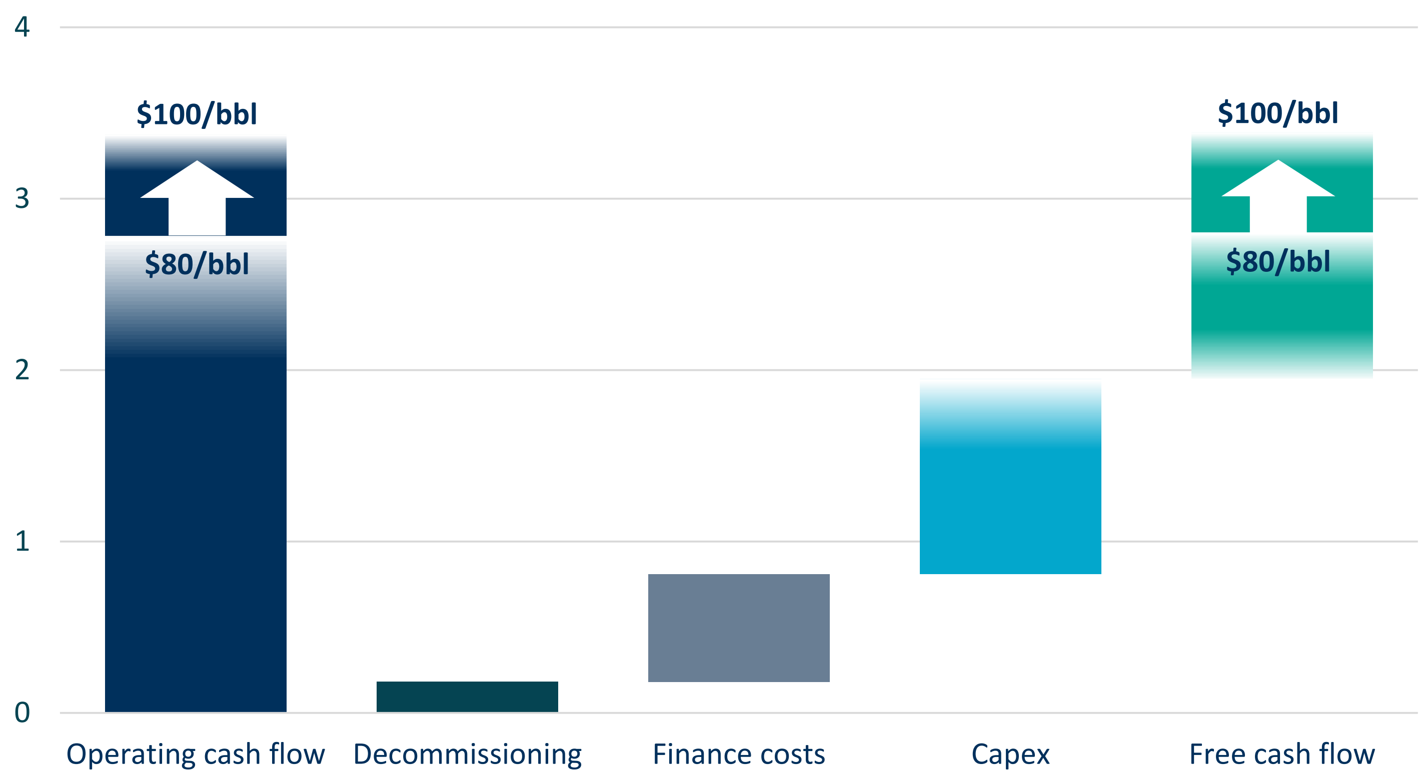


Forecasting a fourth consecutive year of net G&A reductions in 2023

[1] 2019 and 2020 include opex associated with turret remediation. 2021 includes opex associated with CSV campaign and shutdown

Long term plan underpinned by material 2P reserves base

Sources and uses of cash 2023-25 ($bn)



Up to $1.5 billion free cash flow based on 2P reserves only at $100/bbl in 2023-25

Further upside potential from contingent payments in Uganda, Gabon and Equatorial Guinea

OPERATIONS REVIEW

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Leveraging our unique position to build a better future

Material contribution to economic growth and tangible social benefits in our host nations

Shared Prosperity

6,000+ secondary and tertiary students supported with Tullow STEM scholarships, bursaries and after school support in Ghana, Kenya, Guyana and Suriname

$173 million spent with local suppliers in 2022

Equality and Transparency

$468 million paid to host governments in 2022

c.75% localisation in Ghana, target of 90%

Progress on decarbonisation in 2022

$15 million invested on decarbonisation initiatives as part of a $45 million multi-year programme

Feasibility study for a nature-based carbon offset project completed

Letter of Intent signed with the Ghana Forestry Commission with FID expected in 2023

Zero routine flaring by 2025 – On track

Net Zero (Scope 1 & 2) by 2030 – On track

Material reserves and resources underpinning growth potential

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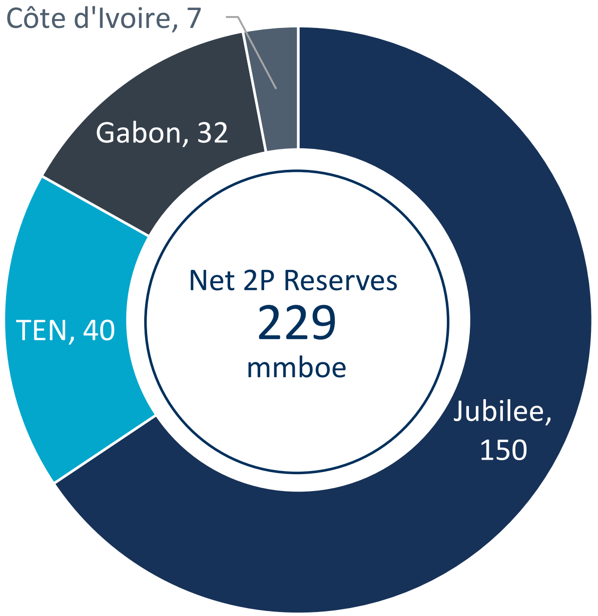
Reserves at 31 December 2022

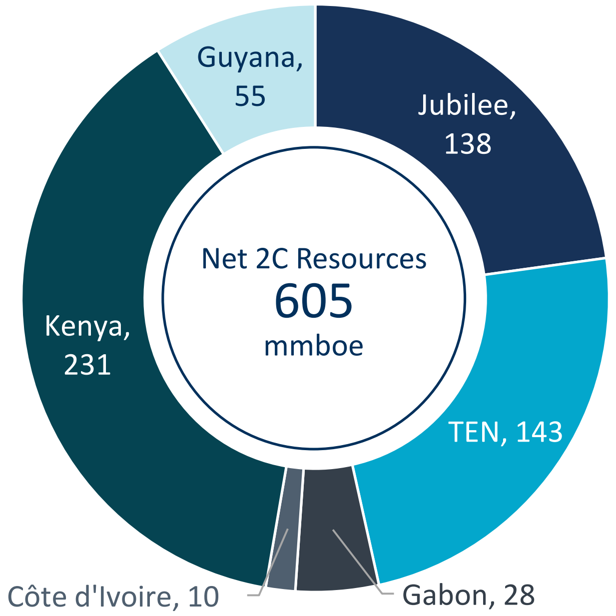


$3.9 billion 2P NPV10[1]

c.90% 2P Reserves replacement

>10 years reserves life
based on 2023 production

Resources at 31 December 2022

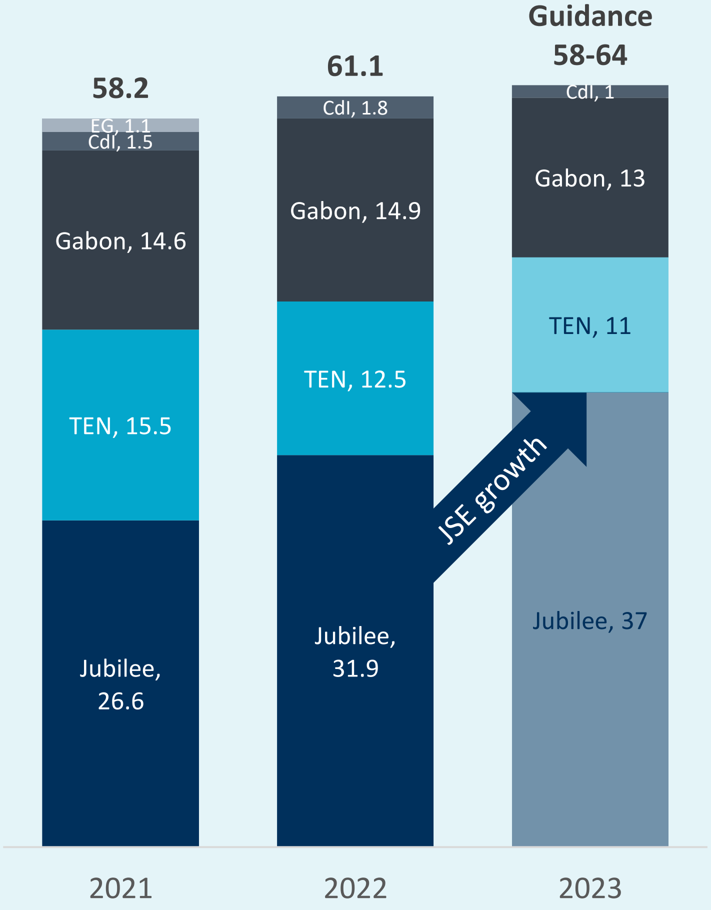


43 mmboe 2C resources added
through Ghana pre-emption

Significant gas resources in Ghana
earmarked for development

Kenya expected to be materially de-risked through farm-down to strategic partner

Net Group production (kboepd)



[1] Based on independent reserves audit report as of 31/12/2022

Commitment to health and safety

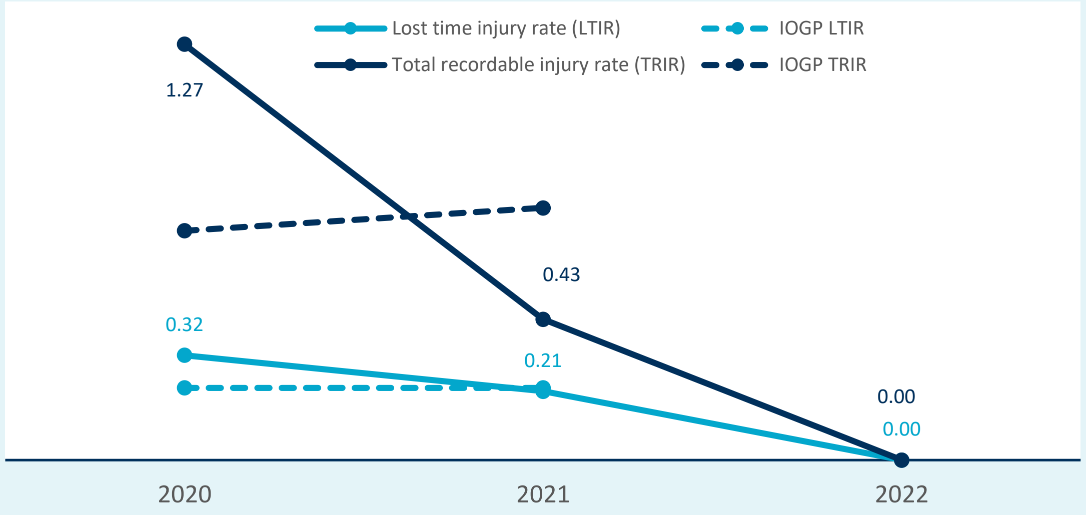
Health and safety

Safe operations are at the forefront of our daily work and decision-making

Continuous reinforcement of our safety leadership, culture and practices

Process Safety Fundamentals programme and Process Safety Risk Assessment training

Top quartile safety performance

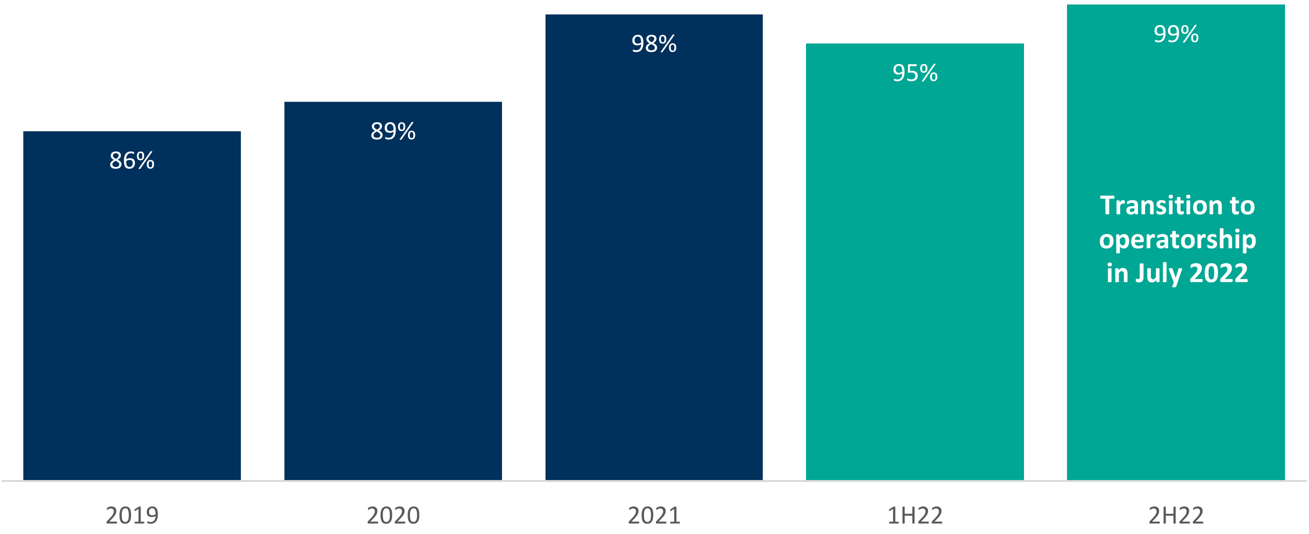


Zero lost time injuries in 2022

Zero recordable injuries in 2022

Relentless focus on operational excellence

Jubilee FPSO uptime evolution



Successful transition complemented by a multi-year transformation plan aimed at sustaining already realised benefits and delivering further improvements

Immediate impact of O&M Transformation

c.20% reduction in maintenance and inspection backlog

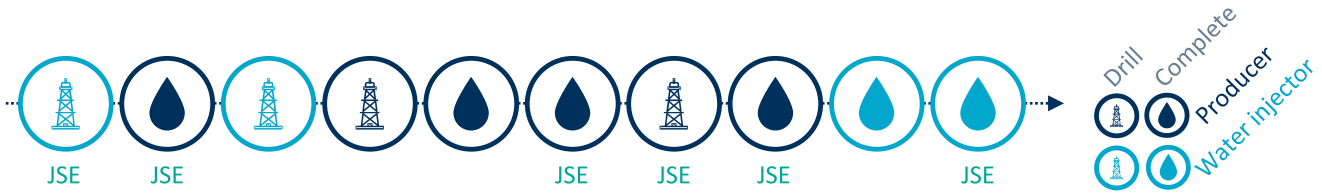
c.50% reduction in number of contracts and increase local content

c.30% lower Jubilee O&M costs in 2H22 compared to 1H22

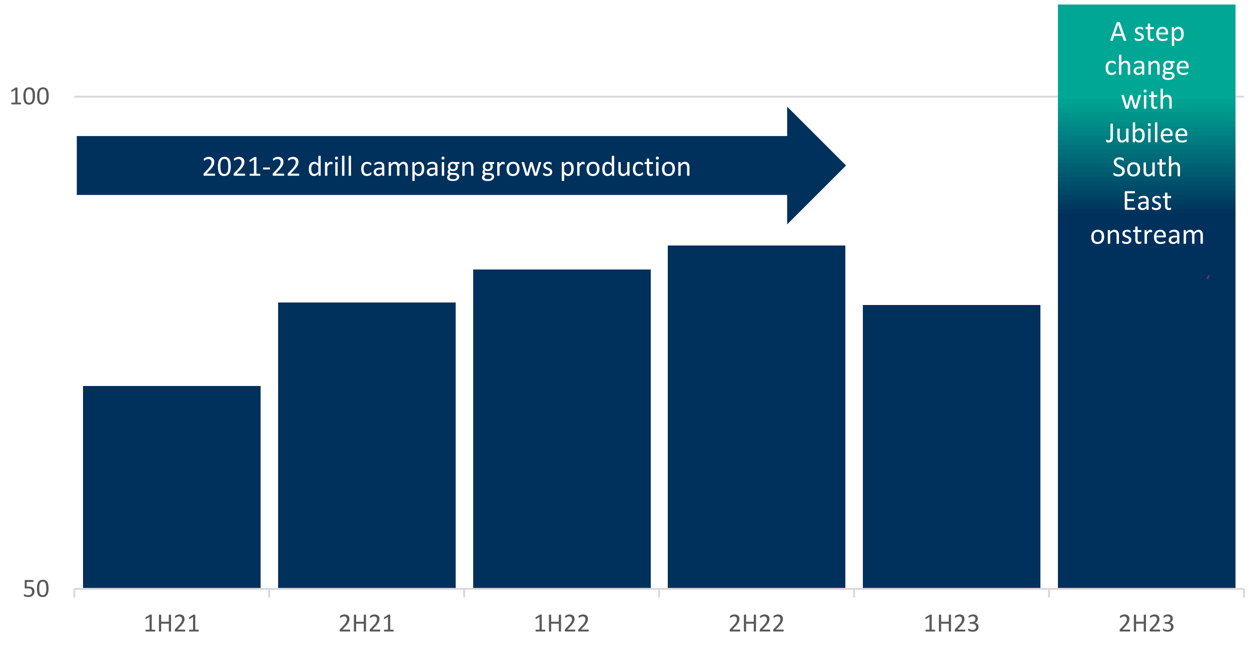
c.23% lower forecast Jubilee O&M costs in 2023 compared to 2021

Targeting Jubilee production in excess of 100 kbopd in 2023

2023 drill schedule focussed on Jubilee and driving production growth



Jubilee 2021-23 production (gross, kbopd)



JSE project delivery on time and on budget

Install new production manifold and water injection manifold

Four JSE wells in 2023

Seven further JSE wells in plan

Gross JSE development capex of c.$1bn at a cost of c.$12/bbl

Increase of Jubilee production by c.25% over the year

Managing TEN decline whilst preparing new plan of development

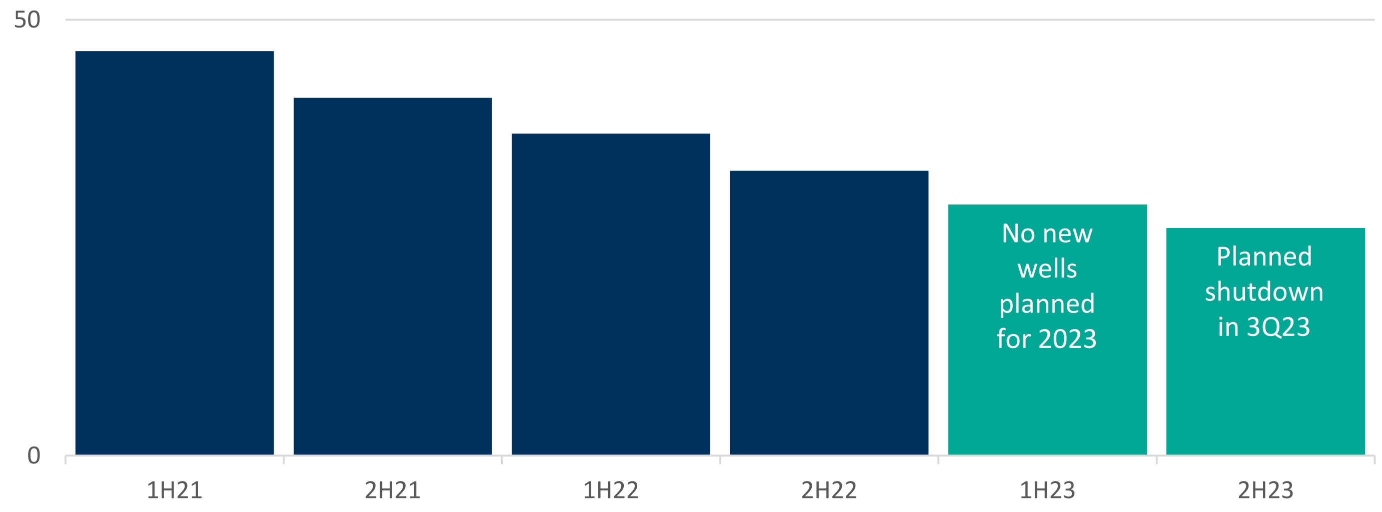
Focus on strong operational uptime and gas handling improvements in 2023

Interim gas sales agreement → New GSA → Long term gas sales agreement (GSA)

Gas processing improvements → TEN PoD → Infrastructure to support GSA and new drilling

TEN 2021-23 production (gross, kbopd)

Annual decline reduced from c.30% to c.15%



Material upside potential

- Infill drilling, particularly on Ntomme
- Phased development of new areas near existing infrastructure
- Development of significant gas resources
- Drilling of prospective resources

A capital efficient portfolio of assets in Gabon and Côte d’Ivoire

Gabon

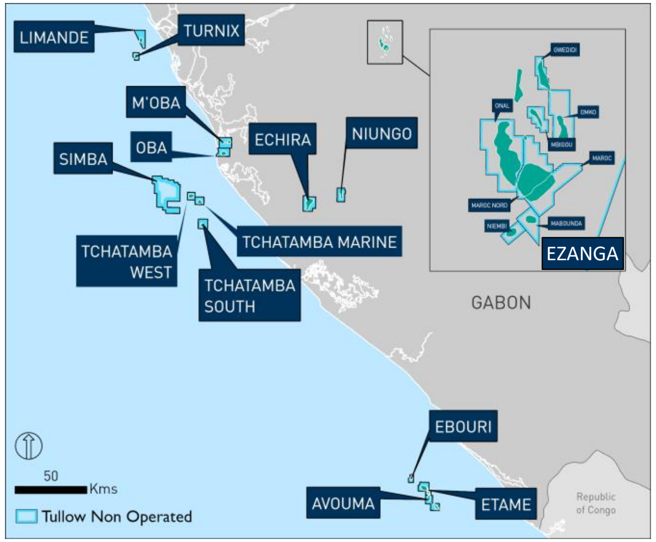
Focus on infill drilling, near-field developments and infrastructure-led exploration (ILX)

Capital efficient projects, IRRs typically >60% and quick payback

Significant infrastructure investment in 2022-23

Ongoing long term test of new Tchatamba ILX discovery shows good development potential

Several low risk ILX options enabling short cycle development through existing infrastructure



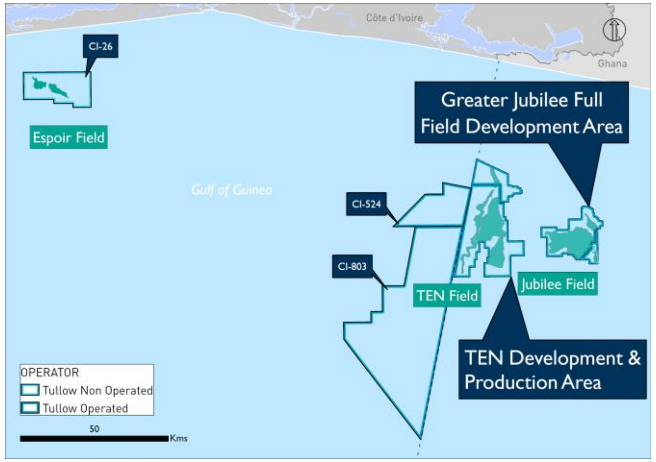
Côte d’Ivoire

Strategic position in Côte d’Ivoire adjacent to Group’s producing fields in Ghana.

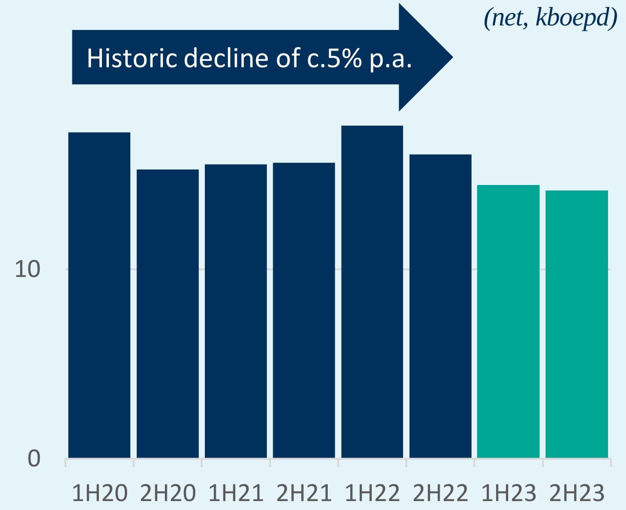
Espoir FPSO remediation ongoing

Preparing for CI-524 exploration well in 2024 in a highly prospective block

Secured new exploration licence CI-803 through a differentiated understanding of the Tano Basin



2020-23 Gabon and CdI production



Diverse portfolio of producing assets

Capital efficient projects

Leveraging subsurface understanding

Proven ILX strategy

STRATEGY

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Material near-term catalysts to unlock potential value

Kenya

Realise value from material discovered resource

Field Development Plan submitted to Government for approval

Gas

Deliver long-term gas sales agreement in Ghana

Exploration

ILX strategy to maximise value around producing licences

Unlock value from prospective resources in Guyana and Argentina

Deleveraging

Material deleveraging to provide financial flexibility

A compelling value proposition

Strong 2022 financials and transformational Jubilee South East development

Demonstrating business delivery

Material step up in free cash flow delivery in the second half of 2023

Near term cash flow growth

Significant equity accretion on core business plan as debt is repaid

A low debt business by 2025

Further material upside potential from clearly identified catalysts

Projects to unlock value

Q&A

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