Company: **Tullow Oil plc**

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Presenters: **Aidan Heavey, Ian Springett, Paul McDade, Angus McCoss**

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Aidan Heavey: Good morning and welcome to the Half-Yearly Results Presentation. I know we've done a Capital Markets Day a few weeks ago so there's a not a huge amount of new information in here, but really what we want to do is just go through some of the progress that we've made over the last six months. In West Africa in particular one of the key areas is Jubilee and as you all are aware we have issues in the delay of the gas plant but it hasn't affected our production for the first six months of the year and we're still on track of maintaining our target of 100,000 barrels of oil a day from Jubilee in the second six months of the year and the government have made progress with the gas plant and we expect that to be functioning in the fourth quarter of this year.

The TEN Project which is a major project, about a third complete is on track and on budget, so we see no problem with that in first oil in 2016 as planned. The West African production as Paul will go through has been very, very solid in the first six months of the year and discoveries like the new discovery we've just had in Gabon will help to maintain that in the years to come. East Africa, again we've had some good discoveries in the South Lokichar Basin and that has helped to underpin the development plans that we've had for Northern Kenya and we've a very aggressive programme going forward which Angus will take you through. On the development front we signed in February the MOU with the Ugandan government and we've been working very closely now with the Ugandan government and the Kenyan government to move the project forward as quickly as possible and we expect the FID in 2015-2016, so it's very good progress and everybody seems to be cooperating incredibly well to get this project moving.

On the corporate side we have sold some of our assets. Last year we obviously saw Bangladesh. We still haven't completed the sale of the Pakistan assets. We're waiting on government approval. We have sold some of the UK assets and we have some very good offers now in place for the remainder of the European assets and we hope to have deals done on those in the second half of this year. That sales process does affect the comparisons in our numbers, obviously the financial numbers. One of the key things going forward and we will talk about it on the Capital Markets Day is the strength of our balance sheet and one of the features of Tullow is a very strong and robust balance sheet and that was strengthened last year and earlier this year with the bond issues. The cash flows is very important to us and Paul will obviously take you through those, but the key producing assets in West Africa which are our core, we average around 66,000 barrels of oil a day, that has been very, very strong and that is where the bulk of our cash flow comes from and it's where our high margin production comes from.

The other assets, the UK assets, we've had some issues with some of the fields which Paul will take you through. So I think overall it's just basically steady as she goes. It has been very solid progress through the main assets in the first six months and year. We have a very good exploration programme for the second six months.

I will now hand you over to Ian who will take you through some of the numbers.

Ian Springett: Thanks Aidan and good morning ladies and gentlemen. We'll start out with just a quick look at strategy and the funding implications of how we deliver that strategy. From a production and cash flow perspective we continue to deliver solid, high margin production that more than funds our exploration programme, funds our taxes and our dividends and our interest costs; and in future of course we plan to significantly add to that cash flow and production when the TEN project comes on stream and also with continued emphasis on operating efficiency in time in the future with our developments in East Africa.

From an exploration perspective, the second green bullet there we've had significant success over the last couple of years with onshore rift basins and going forwards we plan to further high grade our activity sets shifting the emphasis somewhat away from deepwater and plan for more cost effective annual exploration spend more in the range of $600-800 million per annum and Angus will talk about that more a bit later.

From a portfolio management perspective we continue to progress our agenda on portfolio management as talked about, perhaps not as quickly as originally expected in tough markets, but the objective nevertheless remains to exit less strategic, more mature assets such as Bangladesh in the North Sea in the short term and to trim our equity on certain future developments, for example TEN currently.

On major projects we've making good progress there. The TEN Project is both on time and on budget which is very good from a sort of funding perspective with first oil and the revenue from that expected in the first half or mid-2016; and from the East African perspective the major development spend for that will not occur until after 2016.

In the balance sheet in the meantime we work very hard as Aidan said to diversify and strengthen our balance sheet. We issued the $650 million bond back in November, the second bond in March. We also extended our corporate facility to $650 million also in March. Recently we also took our LCs, our letters of credit which were previously embedded in our corporate RBL facility and we took those out to a separate facility giving some $300 million of additional RBL capacity. So overall very solid cash flow which will enable us to execute our strategy despite difficult market conditions of farming down exploration licence and development assets, so very good shape from a sort of cash flow and funding perspective.

Looking at our half year results, two or three main themes here I think. First of all solid delivery of sales revenue, of gross profit and cash generated from operations, very much in line with expectations and indeed when you add back the portfolio activity, Bangladesh and some temporarily deferred production in Gabon, then our results in the first half of '14 are virtually identical to those of the first half of '13.

Secondly we have obviously a loss after tax and that has been impacted really by two main things: the first being the higher level of exploration write-offs, some $226 million higher in total than the first half of 2013 and Angus will talk a bit more to that; but also loss on disposal which actually is connected with Uganda and two elements which we disclosed in the trading statement around contingent consideration and related to a licence payment, so those impacts gave us a loss after tax.

Also though from a debt perspective our net debt is $2.8 billion but our headroom is $2.3 billion and I will explain later why we do not expect that headroom to decrease in the second half of the year, so we expect that $2.3 billion headroom to be maintained actually at 31st December and I will explain why in a little bit.

Sources and use of funds, the usual chart here. I think it’s important to explain some of the moving parts though, so our cash inflow was $728 million which is less than the $905 million we had on the first page for cash inflow, cash from operations, the reason being simply working capital differences, purely timing differences and largely around liftings in Ghana, milestone payments, payments in advance for work done in Ghana and also part receivables, so really just a timing thing there. At the same time our cash outflows in the first half of 2014 in terms of taxes in particular, a bit higher than normal because actually we have certain payments to certain governments for taxes which are first half based if you like, so the annual payment is in the first half; and also our dividend payments, the second dividend, the 8p a share rather than the 4p a share is already paid in the first half of the following year and then by contrast our significant Norway tax repayment is received in the second half of the year rather than the first, so payments there which means that our debt drawdown of $944 million is higher than you kind of might expect and certainly much higher than you have on an annualised basis. In fact when we take our debt facility headroom of $2.3 billion then our forecast as I said before is that we have $2.3 billion of headroom at 30th June, $300 million of extra debt capacity by taking the LCs out of the debt facility and we think that at the year end our headroom will still be $2.3 billion, so only $300 million drawdown in the second half.

The slide we used at the Capital Markets Day, important to reiterate the significant work we’ve done to strengthen our balance sheet. We’ve built up a lot of debt capacity. That debt capacity has also been turned out. We don’t expect to use that debt capacity but it’s good to have that in terms of ensuring (a) we diversify our funding sources and give us that headroom and financial strength. In that I think it’s important that in the space of the last six months or so we have opened up a new source of debt with the bond market. Then as I say given how cash flows are front end loaded in the first half, we do expect that $2.3 billion facility to be maintained. What we’ve done with the LCs effectively is that they were in the debt facility. We now have the financial capacity because the performance of the Jubilee field, because we’ve got that financial capacity it makes sense to take the LCs out and actually in doing that not only will we take them out of the facility and create $300 million of headroom, but we also state about $2.5 million of interest costs per annum, so it's actually a good move to make, so a good place to be.

Capital expenditure, our current forecast is $2.1 billion for 2014. I think probably by year end that probably will approach $2 billion. I think it's important to recognise that we allocate our capital based on the opportunity set in front of us. That capital allocation is very much on those opportunities that add the most value and we have a very disciplined approach to overall levels of capital spend which I think is particularly important in current markets. Angus will talk to us some more as I said before about the change in emphasis of exploration spend away from deepwater frontier activities and more towards areas where we've already had success and there's less reliance on farming down licence entry positions. As I said that means our exploration spend we think will be more in the $600-800 million range in 2015 and beyond. We see that as appropriate in today's marketplace and really irrespective of level of D&O spend.

If you look at the chart, the split between E&A spend, development spend, it really does vary over time. If we'd extend this chart further back and looked at 2009-2010, when Jubilee was under development then it will look very much like what we have in 2014, so really the split is all about, as I say it's value-based and we choose to spend our money according to market conditions and the opportunities in front of us.

So finally on financial performance overall, the highlights, in financial performance we talked about strong revenue in cash flow particularly from our core West African production. Our balance sheet has been significantly strengthened. What that means is certainly and with portfolio management the ongoing TEN farm-down, we're in a very good position. It's our desire to farm down TEN but we don't have to if we don't want to because we're going to have such a strong balance sheet and good, solid cash flow. On that basis we're in a good position from a cash flow perspective, so strong balance sheet and good prospects for the future.

So with that I'll hand over to Paul.

Paul McDade: Thanks Ian, good morning. I think as Aidan mentioned we've made significant progress across all of the operations in the first half of 2014 and I think as you saw at the Capital Markets Day the team we have at Tullow is pretty strong and pretty deep and I think that's why we just continue to make progress across all the operations. Before I go into the detail again I just mentioned we continue to focus heavily on health & safety, security, the sustainability aspects of our business and our operations which are kind of fundamental to our reputation as a well-respected operator and also that's what provides the basis in terms of our licence to operate, so although we don't talk about it a lot here, a lot of that underpins what we do talk about here and as you know is pretty important to what we do.

As Aidan mentioned core production continues to perform and deliver very significant cash flow. There's a lot of growth in the portfolio which we will talk about and also the non-core assets we're well underway in terms of getting them out of the business and refocusing, making sure they're not absorbing capital and refocusing teams onto the core assets. With respect to production, West African production is on track. The full year guidance remains 64-68, all we've done is narrowed the guidance slightly as we get into the second half of the year. The real delta on the first half versus the second half for West Africa is really just around Gabon. As we mentioned before we've got some licences which we are in discussions around those with the government which means that we're not booking the production for those in the first half, we'll book that in the second half so there's an under-booking in production in the first half and there will be an over-booking of production in the second half, so really that's why full year guidance is on track and the portfolio as I'll show you is working well. In the North Sea, I think in the trading statement we flagged up we've got one or two wells in the North Sea portfolio which are not performing well and based on that, the full year guidance is down about 2,000 barrels a day from what we set at the beginning of the year and guiding about 13,000-14,000 for the full year.

I have separated out, it's the first time we've shown it this way, separated out the West African core portfolio with the kind of I'd say the North Sea production which is assets kind of held for sale that are in the process of divestment. A couple of things really, just one, there's a big difference between the margins and the value of these barrels versus the boes, so it's important to get that transparency; but more importantly as we go through, as Aidan mentioned the deal with Pharaoh will complete some time in the third, fourth quarter. We have announced the sale of Braga, the non-core production in Norway. We are well advanced in the negotiations with one of the factories in the Netherlands, so as we go through the next 18 months we would hope that that 13,000-14,000 barrels a day will decline to zero, so really what we want to do is use the West African production base as the foundation that one is focused on for cash flow; and then that's what we'll be building and measured against, so I think it's appropriate to show it this way going forward.

So let me kind of move on and talk about some of the areas in the boxes here which are going to provide the future growth. If we look at Ghana, Jubilee was strong in the first half, 103,000 barrels a day and we're on track for 100,000 barrels a day over the full year. The area we talk a lot about is the gas plant, that we need to be there to export gas to. That hasn't impacted us in the first half. We've met our targets but as we go into the second half we now expect that gas plant to start taking probably some commissioning gas in the third quarter and we expect it to be up and running and operational by the fourth quarter, so that's kind of the stage we're at. We're just close to basically making the connections and starting to flow some commissioning gas; and then assuming smooth commissioning we should see the gas plant up and running and starting to take material volumes of gas in the fourth quarter and again we've mentioned before in the meantime the gas has been disposed through both injection and very, very limited flaring. So that gas plant being in place and operational will then all us to get back and focused onto utilising the full capacity of the FPSO and working on the debottlenecking of the FPSO, some of the stuff we showed you at the Capital Markets Day in 2015.

The other big area of focus which again we touched on in the Capital Markets Day is the full field development of Jubilee. There's a long way to go in Jubilee in terms of exploiting the resources around the ground and if you look at the pie charts which are useful, it shows that with Jubilee oil we've only produced about 10% of the potential of that field to date, so there's a lot way to getting a lot of cash flow still to focus on. With regard to TEN it's on track, on budget for our target of mid-2016. The project today is about 30% complete and by year end we expect it to be about 50% complete. Eight of the ten wells that we'll have available for start-up have already been drilled and the recent wells that we've drilled and highlighted have come in pretty well, so it's looking good and we've just got two further wells to drill and then we'll move on to completion of those wells. The FPSO is making good progress in Jurong Shipyard in Singapore. I think we've already cut off the front end and ready to prepare for the turret being applied, so that's making very good progress. In the area of local content which is important for this project, we've really made some big, significant advances over and above what we were able to achieve in Jubilee, so whilst that maybe is not important in terms of the numbers we're talking about here, it's very important with regard to our relationship with Ghana because you find in Ghana if you look at the press, a lot of the focus is not necessarily on the 80,000 barrels a day, it's on the local content that we're pursuing at the moment and we're making very good progress on that. So again if you look at the scale of the business here we've got over 2 billion barrels of boes to play for and if you consider it that way, we're only 5% of the way through the potential resource within Ghana.

Looking at the other, again it was good at the Capital Markets Day with the opportunity to kind of go through in a little bit more detail the rest of the West African portfolio, how important it is in many dimensions and the whole portfolio effect of those assets and as you can see from the slide and the statement basically there's a continued set of activity ongoing which is all focused as we said about keeping those assets around 30,000 barrels a day or above as we look out to the future which builds on that foundation cash flow and production. Overall when you combine those West African assets with Jubilee, we're churning just shy of $2 billion of pre-tax operating cash flow and then when TEN comes on stream, we've effectively got a regional business of net 100,000 barrels a day with the potential to exceed that and a $2.5 billion pre-operating tax flow business, so it's a kind of major regional business in West Africa.

If we move to East Africa where we're really focused on building a second kind of major regional full cycle business, the resources found to date have the potential gross of about 300,000 barrels a day or thereabouts. We are currently focused at the moment in Kenya on the E&A activity that Angus will talk about, we've got the four rigs running, continuous improvement there in terms of making progress in those wells and important well tests and a lot of focus on the appraisal of the discoveries and preparing for the development of South Lokichar as well as the basin opening activities that Angus will go into in a bit more detail. In terms of the development, the timing is coming together. We signed the MOU with the Government of Uganda earlier this year which clearly defines an export pipeline as a key part of the overall Lake Albert development and acknowledges that if there is a refinery it will be limited to around

30,000 barrels a day in the initial stage. We've seen the Government of Uganda get much more proactive around the pipeline and there has been quite a lot of bilateral talks between the Government of Kenya and the Government of Uganda around how they interface with the two sections of that regional pipeline, the Kenyan section and the Ugandan section, so that's really good and really what we're finding is the Ugandan JV, the Kenyan JV and the two governments are now all pretty aligned on getting progress to the earliest possible first oil. So I'd say there's a lot more to come from Kenya in terms of upside and Angus will flag that but already we have the basis of a kind of major second regional business in East Africa.

So in summing up really as Aidan stated good progress across all aspects of the business in the first half and again just as important, in terms of progressing the assets that are core is to divest the assets that are non-core and as I said the Pharaoh deal is going to complete within the year. The sale of our non-core production in Norway has been signed, an SPA has been signed. We're close to signing the first SPA on the Dutch assets, so with that I'll hand over to Angus.

Angus McCoss: Good morning everybody. I'd just like to start with a summary of the results in the first half of the year from the Exploration & Appraisal. Clearly we continue to be able to find our own oil, 14 successful results there listed there in green, three technical discoveries and eight dry holes. Amongst the 14 successes that we've had, we have six new oil accumulations, three in East Africa in Kenya; Ewoi, Amosing, Ekunyuk; a new well that we're announcing today, a new discovery Igongo in Gabon in West Africa; and a couple of successes in the North Atlantic with Hanssen and Vincent, new discoveries there. On the dry hole side of note there perhaps the Agete-2 appraisal result is a new piece of information for you. That was an appraisal well we drilled in Kenya which was a little bit bold and went outside the bounds of the field and drilled the water leg, but nonetheless helps us define the size of that accumulation. Then Tapendar as we've previously advised was a dry hole, an important result for us in Mauritania and has helped us shift our emphasis in exploration which I will go on to explain in the next few slides. But overall it's a cost effective way to add feed stock to Tullow Oil and continues to create value for the company. We approach exploration as you know through campaigns. This allows us to hedge the annual variability of our performance.

Just a little bit more on the campaign approach to exploration, if you look at the bottom left hand corner of this slide you see we start off with our exploration business development, our new ventures in Africa and the Atlantic, opening new frontiers, starting with big concepts, big geology, big ideas but based on our geological databases, on our know-how, knowledge and expertise and our business networks in Africa and the Atlantic. We then apply a value test, a value filter and select which frontier plays we proceed with, that's moving up the green arrow to the blue box there in the middle where we test our frontier plays and our basins, again as I said applying them in our exploration in campaigns to hedge and phase the risks. We adapt to the outcomes, the results that we get from drilling, the geoscience outcomes but also adapt to the business environment and I'll talk about that a little bit more in a moment, particularly in this high cost environment we have, particularly for the ultra-deep water and the complex wells, so we adapt to those feedbacks. Nonetheless we do have success in opening new frontiers, every two or three years we open a new basin, whether we open Ghana, Kenya, Uganda. We're opening these basins, these significant new areas every two or three years. Some of these tests will fail and then we'll retire those campaigns down into the bottom right hand corner of this diagram. That allows us to refocus. We might retire the campaigns if they're overly complex or overly costly, if they land up with a sub-economic result or simply because there's no oil there. But many of the successes have led us to move forward up the curve particularly as I've said in Uganda and in Ghana and now in Kenya. Again they passed the value test. We move on and take them forward into the core campaigns up in that green box in the top right hand corner where have our high success rates in the drill-out phase where we've had up to 80% success rates in Uganda and Ghana and are now enjoying those levels of success in the drill-out phase in Kenya in the South Lokichar Basin. We get feedback from the successes too, it's not just feedback from the dry holes but where we're having success, we build on that knowledge and put that information back into the new ventures, back into exploration business development so that we can build on those successes and ultimately monetise our discoveries to add value through that new oil that we find for Tullow.

So that was a bit on the campaign approach. A little bit more detail on the campaigns. They fall into these categories, on the left hand side there our focus on exploration business development in Africa and the Atlantic, opening new frontiers for oil. We will review typically 100 opportunities a year but only 3% of those will get through, so it's a pretty ruthless screening, a screening on value principally, is there oil there but also a serious look at the non-technical risks involved, so a very ruthless screening programme going on there. We look at invest about 10% of our capex going forward in that sort of activity and as Ian mentioned earlier, going forward we will be looking at investing about $600-800 million in the total exploration and appraisal programme with the last couple of years we've been more at the billion dollar level.

Moving to the middle of the diagram, the frontier campaigns. These are the campaigns that generate the future core campaigns. These are the higher risk activities. We are undertaking them in the South Atlantic in Uruguay and Namibia, in the Guianas margin, in French Guiana, Surinam and Guyana; and also in the Central Atlantic margins particularly of Mauritania and Guinea. We look to invest going forward about 25% of our expex, our exploration capex in that sort of activity. That is the part of the activity programme that we would look to farm down, look for carries. That's tricky at the moment in the state of the market. The pharma market is saturated full across the industry, so that has been a challenge of late but it remains our intent to dilute our exposures in the frontier riskier campaigns.

But as I said we have successes from this strategy and every two or three years it delivers a new core area for us to focus on. In the green right hand side of this diagram are core areas in East African Rift Basins where we're having considerable success currently. The North Atlantic Continental Shelf will focus around Norway and the success we've had there on Barents Sea, I will come onto that more in a minute; and of course the West African Margin where we've had success in Ghana and look for other opportunities in that area. We intend to spend about 65% of our exploration capex in that area, but again as we move from left to right across this diagram we are applying that value test. Is this a value-adding opportunity for us to take forward to a higher level of investment?

This slide for those of you who were at the Capital Markets Day will remember us briefing you on the shift of emphasis within the exploration portfolio of Tullow. Basically it's a left to right shift in these geological settings, basically on the left part of this diagram tends to be more complex, more costly and the shift has generally been away from well complexity towards lower complexity and thus lower cost and lower exposure. I really want to emphasise that point, that it's to do with wealth complexity and wealth cost and the exposure to these wells rather than say deepwater per se. There are some very high value opportunities in Jubilee type settings where we've a lot of experience in drilling in Jubilee deepwater conditions and deepwater geology, so it's not really a deepwater thing per se, it's avoiding the complex, high exposure activities.

So a very clear shift of emphasis. We are able to make this shift because of our large portfolio and also the large size of our licences. We don't have postage stamp licences in proven provinces. We have large licences in which we can move and adapt to the business environment and adapt to the well results.

Just three slides now before I end on some of the core activities that we're investing in at the moment. Kenya and Ethiopia, really a hot campaign for us. We're on the brink of opening a world class oil province here. Parallel approach, focus at two scales: one at the South Lokichar Basin scale where we've had a lot of success so far with drilling out that basin, appraising it and testing it. We've discovered about 600 million barrels of oil P mean gross resources. Flow tests have been good with confirmed good productivity, a high success rate on the wildcats and we've got wells drilling. Etom-1 is drilling at the north end of the basin at the moment and Ekosowan will spud in the fourth quarter. On the frontier exploration side in Kenya we will be testing more of these basins. We have an inventory of about a dozen basins. As I said one of them is pretty intensively drilled out as you see on this map with the South Lokichar success but we're pursuing these other basins. How many more of these basins are petroleum basins? Perhaps three or four of these dozen basins are petroleum basins and that would be a great way to multiply the success that we've enjoyed so far. But it's not plain sailing as frontier exploration comes with risks. In the Chew Bahir basin in Ethiopia we found a large thickness of volcanic rocks in the lake basin there, but undeterred we moved through the inventory of basins. We're looking forward to drilling in the Kerio Central Basin and the Kodos well, the Epir well in the North Kerio Basin and the Engomo well will test the Turkana NW basin, all in this year so some exciting basin testing wildcats coming up. In 2015 five more sub-basins to be tested, a total of eight new basins to be tested in the next 18 months.

In the North Atlantic, in Norway really three areas to look at but two themes, the Barents Sea, the Norwegian Sea and the North Sea are the three areas but the two themes here really are frontier exploration in the Barents Sea where we've had some good success, a major find at Wisting basking that up with the discovery at Hanssen, so that Wisting cluster is coming together as we target that potential of 500 million barrels in the Wisting cluster. In the Norwegian Sea and the North Sea our near infrastructure exploration hasn't been so successful. There what we're doing is drilling in a more mature area, trying to crack open the new plays and the sub-plays in amongst the infrastructure. The attraction of exploring in there of course is the ease of commercialising discoveries and of course the rebate of 78% encourages us, incentivises us to explore in that area. But being a more mature area it does come with risks associated with that.

West Africa. Our focus is on near field exploration in our producing heartlands. In the top right hand corner there the focus is on extending the plateaus, production plateaus, near infrastructure exploration in Ghana and Gabon where we made the Igongo discovery which we're announcing today and you see the diagram on the left hand side just south of the Echira field, 90 metres of net hydrocarbon pay. This is a field which is typical in size of those onshore Gabon. The maximum field size in that area is around 50 million barrels, so it's not a giant discovery but what's good about this is this is new oil in a producing heartland, so all the fields around about are typically 20 years old and this is new oil in the midst of infrastructure, so very high value, a very high value discovery.

We're also doing frontier exploration in amongst these producing heartlands and our Sputnik well which is a large, material pre-salt target. You see there we're targeting sandstone reservoirs beneath the salt and this play is broadly related to the carbonate pre-salt plays in Brazil and Angola but here in Gabon we expect the reservoirs to be sandstones. It's actually a well-established play onshore in Gabon as you see from the top left hand figure, this play is already established in onshore Gabon.

So just to wrap-up there, the highlights of good progress in the year to date with 14 successful wells. We're on track, we're on progress. We're aiming for that 200 million barrels average a year and we continue to add value to the portfolio. We execute the strategy in a campaign approach which allows us to hedge the annual variability, it allows us to phase the risks of the various campaigns and allows us to focus on that operational delivery through the campaign approach. I mentioned the shift of emphasis. The shift of emphasis is towards our high value, lower cost onshore campaigns which are proving very successful and the lower complexity offshore opportunities to maximise value. Finally much more to come in 2014 and beyond, this year we've got three basin opening wildcats in Kenya. We've got the Sputnik well offshore, Gabon and several other wells coming up in the next year in Norway, so a lot to look forward to and good results so far.

So with that thank you and I'll hand over to Aidan.

Aidan Heavey: Thanks Angus. I think we'll just go straight into questions. I think really what we're showing today is steady progress. We've got a good, solid business. The strategy is working. We know the market is a bit quiet, it's suffering from boredom but it needs some activities somewhere to get it moving again but I think we have a very solid business and we keep delivering upon our core strategy, so I will hand you over to questions.

Moderator: To enable everyone to ask a question, could we just have one question per person to start with please?

Jamie Maddock: Thank you, Jamie from Morgan Stanley. With regards to the $600-800 million that you had set for the revised exploration budget, how has that number been determined? I recall I seem to think you had a risk estimate goal for resource additions per year and that was based upon an average finding cost. I'm just trying to think about how you set that number and what variables have gone into it? Thanks.

Angus McCoss: Jamie, one of the key things we consider is the opportunity set and we've certainly no shortage of opportunities. What we have found, so from our frontier campaigns is that the most successful campaigns have fortuitously been in our lower cost environments, so that's where we're focusing. So we've kind of landed on our feet in that of the frontier campaigns that we undertook, the ones that are doing best are actually the lower cost ones, so that allows us to bring our costs down. It just so happens to fit with where we are in the industry and where we are in the life cycle of making investment choices between exploration and development, so it's quite fortuitous actually that we made the breakthrough in Kenya particularly.

Andrew Whittock: Andrew Whittock from Liberum. Ian, I just wondered if you could say something about the Ugandan capital gains tax issue and I'm mainly interested in the sort of timing of any payments Tullow might have to make. Should we expect anything ahead of the completion of arbitration proceedings for example?

Ian Springett: I think Andrew our view on Uganda and clearly we've only just received the result of the tribunal. We don't agree with the result. We are filing to have a notice of appeal both to the tribunal in the Ugandan courts and also a stay in terms of potential international arbitration as well. I think our view remains very strongly that we've paid $142 million originally back in 2012. We think that's more than enough in terms of what we believe our liabilities are, so our view is this matter will get resolved over time and it really depends upon whether we come to some formal negotiated settlement with the government or whether we go ultimately to arbitration. But our strong view and the legal opinion we have is that the principal elements of this, we have a very strong case.

Aidan Heavey: I think the first day on that was this morning and we won that, so let's postpose further.

Brendan Warn: Good morning guys, it's Brendan Warn from BMO. Just one question but just in two parts, just with TEN and the farm-down, when do you get to a point where you draw a line under the farm-down process and just in terms of net debt gearing or EBITDA interest coverage for 2015, you were very clear for 2015 under a full career of TEN, where would gearing, EBITDA, interest coverage go to?

Ian Springett: I think our view remains that whilst farming down TEN is consistent to our strategy and our preferred outcome, we intend to manage our business to enable TEN to either be farmed down or to stay with that level of equity – whichever is the best result from a value perspective. As we said we continue to be in negotiations with interested parties. I think our view certainly is that for every day that progresses, TEN looks better and better. It's on time, it's on budget and so this isn't a decision that we have to farm down. The decision of does it make sense to farm down and just from a kind of overall funding and a concentration perspective, it makes sense but it's not absolutely essential. The other thing is that we will as we do our business planning for ’15 and ’16 and beyond, we will manage our capital very closely with reference to what we think the appropriate level of net debt EBITDA is through that period and that will incorporate being comfortable with an appropriate level of net debt EBITDA with and without TEN.

Michael Alsford: Thanks, it’s Michael from Citi. A couple of questions around the same theme, just on I guess the Kenya programme. Could you talk about I guess the implications on volumes for Agete in itself in terms of structure and if there’s any read-across or any concern around migration north to Etom; and more specifically on Etom, this looks like a large feature when you look at it on the map but you only carry sort of 20 million barrels or so of pre-drill estimate for Etom, so could you maybe square that circle for me and really how we bridge the gap from what has been discovered in terms of Kenya? You talk about just over 600 million barrels and getting to a billion barrels in the Lokichar, how do we get there if Etom looks like the larger feature that you haven’t drilled yet and it’s only 20 million barrels? Thanks.

Angus McCoss: First on Agete, as I mentioned earlier I think what happened there was it a bold outboard down dip appraisal well and it landed in the water leg. Obviously we try and drill as few appraisal wells as possible and that means pushing these appraisal locations to the limit, in this case it was the first one that stepped beyond the oil-water contact, so I wouldn’t read too much into that. It’s more down just to the location of that well. The Etom trap is an important one from as you’ve picked up from an oil charge perspective. The question mark really is: has oil managed to migrate all the way up into that north corner of the basin? A similar question sits around the undrilled Ekosowan prospect in the far south of the basin, so Etom and Ekosowan are the last wells to be drilled on the current prospect inventory in the extreme north and extreme south of the basin. What we do find is that at the tips of these basins, the extreme north and extreme south, there’s quite a lot of faulting, it’s quite complex. At the moment we’re acquiring a 3D seismic survey from the far south end all the way up towards the north and we’re finding that seismic is incredibly valuable in defining the fault patterns and defining the prospects and that’s really helping with the appraisal programme and it will be instrumental and fundamental to the development. But so far so good, it’s looking good. We won’t have the final process interpreted results really in until next year, but so far it’s looking good. So I really can’t add much more texture to the shape and size of the blob, the map, blob of Etom at the moment. That definition is improving as we acquire more data, but overall what we feel is that for all of the exploration wells and the appraisal wells to date, we're still sitting at around about 600 million barrels mean discovered. Some of those wells like Agete-2 have come in with a little bit of a negative, but others have been more positive and we're just oscillating around that 600 million barrel mean. So we're keeping steady on our guidance. Your other question is then where does the upside come from? The upside is still always there above the mean because that guidance to 600 is a mean value. We may find that some of our outboard appraisal wells and we've only really drilled Agete and Ngamia-3 which we mentioned as outboard wells, so most of the appraisal wells so far have been up dip and we're looking for the edge against the basin bounding fault, so there's a lot of upside to come in drilling outboard and down dip and we may be able to push these water contacts deeper, so that's one source of the potential in the upside. The other one is that we are getting hints of some interesting new plays. There's some evidence coming in of stratigraphic trapping potential as we suspected we might see and so our seismic interpreters are working with that data, they work with it in the 3D and that's why we feel we can still mention the billion barrel number which is a sort of typical upside for an East African tertiary rift basin but I would emphasise it is an upside. It's unproven but there are ways to get there through exploratory appraisal and new plays.

Caren Crowley: Good morning gentlemen, Caren Crowley from Davy. I was wondering if you could update us on your current thinking with regard to your South America portfolio given the shift away from complex high cost exploration?

Angus McCoss: Hi Caren. The Guianas are absolutely one of our frontier campaigns. They're getting a lot of focus, particularly our operated activities in Surinam but also our Block 31 opportunity with Inpex in Surinam is coming up. We've proven that there's oil in these basins. We know that the Surinam Basin on the west side of the plateau has oil in it and we know that the French Guiana Basin has oil in it and we found 72 metres of pay in Zaedyus-1, so the industry is at a very, very early stage of frontier exploration in these basins and we've got a commanding acreage position. It's really quite an enviable position to have in a new oil basin with such large acreage positions and opportunities in our licence set which allow us to adapt to the cost environment, so we are able to move within our licence set into the shallower water, lower cost, less over pressured, less complex well setting and that's really where the focus is at the moment, so that shift of emphasis that I talked about from a global exploration point of view is particularly relevant in the Guianas, so we're able to leverage the discoveries and knowledge we have from the basin but take on these plays in a lower cost setting.

Theepan Jothilingam: Good morning, it's Theepan from Nomura. One observation and then one question actually, but I was interested in your view. I think you've talked about the pharma market being saturated, the asset market being relatively difficult but I was just wondering whether there was a case that as a potential seller you should be thinking about sweeteners to do deals, whether on the asset side you would add some production to TEN from Jubilee or when you look to sweeten on farm-outs on licences maybe to reduce the stake in onshore East Africa pre-drill? Then the question actually onshore East Africa, just in terms of looking at new basins, could you just talk about the risks and characterising the differences in risks on Kerio Central, Kerio North and Turkana NW? Will there be any sort of read-through from either of the three well results there? Thank you.

Ian Springett: I think Angus will probably answer the second part but on the first part Theepan I think that as Paul indicated we're very clear I think on the value of our West Africa production, how important that is to us and I think we don't have any current plans around farming down in East Africa, so I think again back to the point that whilst we'd like to trim our portfolio in parts, it isn't essential and I think by giving away some of the stuff we covet to do that isn't necessarily I think how we see doing it. So all these things are part of the mix but I think our view right now is to sort of farm down TEN in the way we were farming down TEN and I think any other conversation, East Africa and our current conversations.

Angus McCoss: Theepan, on the relative risking of the basins, these 12 basins that we have in the portfolio in Kenya and Ethiopia, clearly the basins that are closest to the South Lokichar Basin are likely to have had more similar paleoenvironments and we know that during the Miocene when these sediments were deposited, it was a humid environment conducive to lakes developing and lakes are the key to the play. If we have lakes there's a good chance we have lake sediments which include rich source rocks and we've certainly found that in South Lokichar with a 200 metre thick rich source rock which is an absolutely world class starting point for any basin and obviously the basins that are closest to South Lokichar would tend to be likely to be of a similar environment, so obviously the Kerio Basin would be less risky say than the North

Turkana Basin at this juncture, but obviously the wells will help clarify that current interpretation.

[*Question off microphone*]

Angus McCoss: We've only really had the Chew Bahir wells that would fall into that category I think because the South Owo wells shows a lot of shale. The Chew Bahir two wells there, Gardim and Shimela, we found a lake basin. We found the lake shales but lava had flowed into the lakes and occupied much of the space in the basin so that obviously decreased the prospectivity. So unfortunately without a well in a basin, if we are the first to drill a well in a basin, we're going to be the ones who find that out, but that's the risk we take on. We know from South Lokichar, we know from Lake Albert that two out of these 12 basins are highly prospective and highly petroliferous and we've really only scratched the surface of this rift basin system. There's a lot to play for and we think on an expectation basis there's a fair chance of three or four of these basins coming in, so we do believe we're on the brink of opening a new oil province.

Thomas Adolff: Good morning, it's Thomas Adolff from Credit Suisse. Paul, you talked about a lower local content on TEN and obviously lower local content is what the industry is looking for helps with capex control, it helps with the timing. I wondered whether you can elaborate on the local content in terms of activity and man-hour reduction for TEN versus Jubilee on a like for like basis? A quick one on TEN on the disposal, I'm wondering because you've been talking with potentially interested partners for some time now whether they are happy with the structure of the deal. Is 20% enough for them or do they actually want to hire stake or do they want to hire stake and also a stake in Jubilee, i.e. something from the entire Ghana portfolio? Thank you.

Paul McDade: Sorry Thomas, if I was confusing there on local content. I think the point I was making not very clearly was that within Ghana local content is a key feature in a key area for Ghana with regard to the project and actually what we've managed to do in TEN without any impact on the capex is actually significantly increase local content on the TEN Project, so whilst we move Jubilee forward there was some commentary that maybe Ghana, because it moved so quickly, maybe Ghana lost out a little bit in terms of maximising local content, so we've been very conscious to ensure that where possible…offshore projects are difficult to maximise local content because you've got a big FPSO, a lot of sophisticated kit subsea but where possibilities have been there, we've really maximised and worked closely and our contractors have done a good job of actually maximising local content again with minimum impact to capex, all within our planned budget, so I guess the point I'm making is that locally, if you read the press locally there's a lot of positive press around local content which again might not appear to be an important factor but is an important factor because what can happen is if locally if they don't feel that local content is at the right level then they can start to impose unreasonably local content regulation which can then have the impact that you're talking about, so it's quite an important thing for us to manage within Ghana and get right. I think within the TEN, Ian can maybe comment as well but within the TEN disposal I would strongly differentiate between the non-core assets which it's quite important that we execute those disposals because the assets are non-core and the whole focus is on removing the from the portfolio and we've been quite successful in doing that or we are being successful and we will continue to be. Within TEN you've got to remove it and say it's quite a different farm-down. It's a core asset to Tullow and we're just trying to make choices around TEN about what is the right equity and what is the right value, so we are quite clear what structure we want in the deal and again back to the comment about Jubilee, we are very happy with our high margin Jubilee production, so we're clear on TEN what structure we want and we've got a successful project that's moving forward and being de-risked every day. So you need to put it in a very different camp to the core assets that it's quite important that we execute and push out the door.

Ian Springett: I totally agree with that. The only thing I would add, therefore by definition that defines the sorts of people who are interested in it. You won't find a major necessary interest in taking a 17%, 20% interest in TEN but nevertheless there are people who are interested in that and our conversations continue and over time there are some people who have been there from the start and some new people coming in.

James Thompson: Good morning gentlemen, it's James Thompson from JP Morgan. A quick question on Kenya and Uganda. If I scroll forward to 2020, about half the group's production is coming out of those basins and yet at this point in time the only route for that crew to get to market is going to be operated by third parties, built by third parties. I wondered what Tullow's position was on either taken equity or operatorship or just having an overall project management position of the infrastructure given the risks to the company if that does get delayed?

Paul McDade: I think you're absolutely right, that piece of pipeline infrastructure is critical to the future commercialisation of both Uganda and Kenya but I think what we're very clear is that the important factors that are in the design both in terms of the technical design and then the execution design in terms of the impact locally in terms of getting rights of ways, getting the right route for the pipeline; and both within Kenya with Africa Oil and with Uganda with Total and CNOOC, we are, basically we as in terms of the partnerships and Tullow is very much at the heart of that especially in Kenya, we are defining the pipeline. So our overall plan is that when we get to sanction we will continue to work the engineering design for that pipeline so that whenever the commercial structure is put together and if there's a pipeline company of various equities, our equity partnership is put together, we will be able to in that way ensure that the pipeline in which they build is the pipeline that we actually require and it is going to be efficient and effective to the type of oil we have and the capacity and the flow capacity we have, so there's not a third party doing that work at the moment. Actually within Kenya it's ourselves, within Uganda it's a combination of ourselves, Total and CNOOC and that's also true in terms of the environmental and social aspects of where that pipeline routing goes, so we're kind of progressing that as well. I think what's going to happen is we continue to advance the kind of commercial structure and the financial structures with the governments. I think by the time that plays out we will be very well advanced on the first two items, so it's more than likely that whatever commercial construct a company has put in place that they will then adopt the work that we've done. We will of course be involved in some shape or form in the execution of that. I think of course it's a major risk. I think at the moment we feel like we have a good semblance of control over that major risk and then once the pipeline is in place, it will be varied and there will be some moving parts in terms of heating it and pumping it, but it's not a particularly…running pipelines is not a particularly complex business, so the ability to get high efficiency on a pipeline is not that difficult, so that's the current status.

Stuart Amor: Hi, Stuart Amor from RFC Ambrian. I was going to ask a question about the pipeline as well which is when are we going to get the next bits of news flow as to when that might move forward in a way that will de-risk the Ugandan and Kenyan projects?

Paul McDade: As I said the three components of the pipeline if you think about it are the technical design, the concept is complete for the full route. The pre-feed is almost complete. We're a bit further advanced I think in Uganda than Kenya but actually those two are dovetailing together, so the pre-feed and the pre-feed basically gives you the basic kind of flow assurance, the design, the pumping requirements and the route. When the pre-feed is finished we're doing some general environmental and social studies. That becomes very much more specific and you get down to kind of right of ways and ESIA submissions once you know the route which will be kind of around the middle of this year and then when we get into probably third and fourth quarter we will actually get into feed which will then run parallel with the ESIAs; and then the next step the feed runs probably for maybe about 12 months so let's say kind of third quarter '14 to third quarter '15 and the feed, the result of the feed is the tender packages that you then put out in the market, so that's all. There's no big step on that, it's just a continuum which is progressing to plan. I would say in Kenya it's almost ahead of the upstream which is good, it's where you want it to be and then as you'd imagine the whole financial and commercial construct is something that as I mentioned…what's really encouraging is there has been quite a series of meetings between the Ugandan and the Kenyan government and they are focusing on the need for as they see it a regional pipeline that will export Ugandan oil combined with Kenyan oil, but a regional pipeline in two parts where the Kenyan government will take responsibility for the section within Kenya and the Ugandan government will take responsibility for the section within Uganda, so that's progressing well; and also on the kind of commercial construct and ownership of what's likely to be two pipeline companies is kind of ongoing in the background and obviously is confidential so we're not really sharing too much of that at the moment with the market.

Thomas Martin: Thomas Martin at Canaccord. On Uganda in relation to the tax announcement, I wanted to try and understand a bit more about basically how you proceed now. I think your announcement was fairly strongly worded and you've stated that you are going to try and resolve the situation through a discussion in-country. What if you're unsuccessful in resolving that situation, given the importance of sanctity of contract to oil and gas companies, would that affect your plans, pace of progress to proceed with this development project in Uganda? If not, why not?

Ian Springett: I think first of all a good first step, we've just first heard that the stay has been approved. I think sanctity of contracts is very, very important to us and also this project in Uganda is a very significant and important project and I think sanctity of contract is important to us, it's important to Total, it's important to CNOOC and I think our view is that common sense will prevail.

Paul McDade: I think whilst we're spending money at the moment, the E&A spend is complete. Really the monies we're spending at the moment are the kind of things I've mentioned about feed studies and pre-feed and environmental studies, so they're not nearly as material as execution spend and we've got kind of 18 months before we'd get to FID or thereabouts, that sort of time, late '15 into the first half of '16. So absolutely as Ian said CNOOC and Total and Tullow are absolutely aligned. Contract sanctity is critical, so I think we've got another period where things can run in parallel, but I think as a partnership we are very clear – this matter needs to be resolved before you sanction that project. That doesn't stop us from continuing to get progress towards sanctions so we can run the two in parallel for a further period.

Moderator: Can we see if we've got any questions from the conference call please?

Operator: Yes. We will now take our first question from Sanjeev Bahl of Numis. Please go ahead.

Sanjeev Bahl: Hi. I just had one question on Gabon. I just wanted to know a bit more about the licence issue and why you've had to de-book 3,000 barrels a day of production? Also it sounds like you are booking revenues from that particular field. I don't think you've disclosed the name but will that continue into the second half if you haven't resolved the licence issues?

Paul McDade: Basically what it is we are in discussion with the government over a number of the licences and really while those discussions and ongoing effectively we are just not able to book the production associated with those licences. We've made very good progress in our discussion and the fact that we're forecasting full year including a full year for the licences kind of indicates to you we think early in the third quarter, sorry, within the third quarter we'll get that matter resolved. We will then kind of move forward on the licences and we will retrospectively book the production which we are not booking at the moment, so we don't see any material risk there at the moment, so good progress being made in discussions. I don't know if that answered it, I couldn't really hear the last part.

Sanjeev Bahl: The last part was just with regards to revenues, it sounds like you've booked revenues in the first half and that would continue in the second half of the year?

Paul McDade: No. So basically the revenue is the same as the production, so we haven't booked revenues which was one of the points that Ian was highlighting in terms of a like for like basis, it's difficult to compare and it will be easier on the full year, so we haven't booked revenue, we haven't booked production and we haven't booked obviously the respective revenue for those assets in the first half and likewise we will then see the revenue of the first half flow into the second half accounts.

Sanjeev Bahl: Ok, understood. Thanks.

Operator: We will now take our next question from Mark Wilson of Jefferies. Please go ahead.

Mark Wilson: Yes, hello. I'd just like to ask what is the write-down we should include for the exit of Sierra Leone and Liberia? Are there any comments Angus you'd like to make regarding the result of that campaign and possibly up to the north, the upcoming Guinea prospectivity?

Angus McCoss: Mark, I'll answer the second part of the question and hand over to Ian to go through the numbers on the write-downs with you. When I was explaining how our campaign approach is applied to exploration-appraisal I have referred to these retired campaigns, those that are unsuccessful. So the Sierra Leone venture falls into that category, so whilst we were making discoveries, we were finding oil in those wells. When we do the acid test on the commercial feasibility of taking those forward and developing them we decided that's not something we want to focus on, so we have retired that campaign. I would emphasise that retiring the campaign means that we are letting those licences lapse. It doesn't mean necessarily a country exit and it doesn't necessarily mean a lack of interest in the Jubilee play in West Africa. It's just that that particular licence, that particular venture ran its course. As we move further north to Guinea we have a large acreage position there and we have some large prospects principally

Fatala and Sylli and they are certainly Jubilee scale prospects. They're high risk, they're frontier exploration but they do make it through our very selective screening based on what we have learned about what works and what doesn't work in the West African Transform Margin Play, so the Guinea campaign is still very much alive and active and we intend to be drilling there within the next 12 months.

Ian Springett: Mark, it's Ian here. If I heard you correctly the exploration write-offs which would relate to the West African Transform Margin area if you like, I think Sierra Leone-Liberia were written off in prior periods. The main write-off this time round was in relation to Côte d'Ivoire which was $56 million.

Mark Wilson: So there isn't another write-down in the second half?

Ian Springett: On Côte d'Ivoire, that sorts it out.

Mark Wilson: Ok, thanks a lot guys.

Operator: We will now take our next question from Gerry Hennigan of Goodbody Stockbrokers. Please go ahead.

Gerry Hennigan: Hi, good morning. Can you comment on expectations around the Ugandan refinery in the context of discussions between the Ugandans and the Kenyans? Also maybe an operating cost, just regionally I noticed that operating costs per barrel for Ghana has trended down over the last 12 months or so. Do you think that's sustainable at about $8.50 per barrel?

Paul McDade: Gerry, in terms of the refinery, we watch that process with interest. I think the Ugandans are expecting kind of final bids in from the final two companies. It has been quite public that there was a shortlist I think of half a dozen and that's now down to two and they're hoping to get finalisation of some of that stuff this quarter, so that's as much as we know. I think the key aspect for us is around the scale of that refinery and that's where the MOU was incredibly important which defined it as 30,000 barrels a day in the first instance. With respect to the Ghana opex, I think what we should expect to see is certainly the Ghana opex be sustained at the current levels. What we're starting to see is a more stable state on Jubilee, even Jubilee is actually starting to take a bit of a burden from TEN because as you imagine within country we're starting to build capacity to handle the incoming TEN project and then I would certainly hope as TEN comes on stream in 2016 and then ramps up and is on plateau in 2017, I would hope to be seeing operating costs kind of at or below the current levels all things being equal as we spread some of our fixed infrastructure and fixed logistics across a gross over 200,000 barrels a day rather than a hundred at the moment, so our opex trending with Ghana has got some real potential in terms of value add through a reduction.

Operator: We will now take our final question from Anish Kapadia of TPH. Please go ahead.

Anish Kapadia: Good morning. I had a question on Norway and your assessment of the acquisition of Spring. When I look at it you've spent around $500 million if you include the expected contingent payment on Spring, probably plus a few hundred million dollars on exploration. On my count you've drilled around 12 wells, 10 non-commercial with a couple of the high profile successes with Wisting and Hanssen, so I was just wondering how do you assess that campaign? It seems like you've spent quite a lot of money for a relatively limited amount of net resource. Related to that for the Wisting area, what kind of size of resource do you need for a commercial development in that area of the Barents Sea? Thank you.

Angus McCoss: Hi An, it's Angus here. Certainly the highlight of the campaign has been the Wisting discovering the Barents Sea and the follow-up success we've had there with Hanssen. We look forward to two more wells in that Wisting cluster, Hassel and Bjaaland in the forthcoming period. What those wells are looking to do is to confirm what we believe to be around a 500 million barrel cluster which is certainly well in excess of the minimum commercial field size even for the Barents Sea. If we look at the price one might realise in a year or two's time on those sorts of barrels, you may get about $4 or $5 a barrel in a transaction looking at past transactions and discounting for the Barents Sea. We have 20%, that amounts to a resource potential of about 100 million barrels net to Tullow. 100 million barrels x $4 or $5 a barrel is $400 million or $500 million of value we see emerging from the success we're having in the Barents Sea which more or less covers the acquisition, so point forward we have the acquisition behind us and we have the benefit of a large acreage position with some great prospectivity in it; but also we have a great team. One of the key motives for that acquisition was to incorporate, include the Spring team in Tullow. There's some excellent geoscientists and some excellent North Atlantic commercial experts, so that has been an important value-add to the team. You're right in that we haven't had the level of success that we'd hoped for in the new infrastructure plays. As I highlighted in the presentation coming inboard, drilling in infrastructure plays might reduce costs but I always like to remind everyone that it still comes with considerable risk because it is a more mature area and what we're doing there is looking for new plays, new sub-plays. We know that they can emerge from mature areas. We only have to look at the success of Johan Sverdrup to be reminded of how a clever idea and a smart well can completely change the games, so we're looking for those sorts of opportunities in the near infrastructure environment. So it's early days but we feel that the acquisition has more or less washed its face with the success we've had in the Barents Sea.

Operator: We do have one further questions.

David Mirzal: David from SocGen. We've talked a lot today about costs and how strategy has evolved in the last two years about costs, so just as a final question to Angus and Paul, just a snapshot, so to you Angus on the drilling market and the seismic market and how you're seeing costs there? More specifically to Paul I suppose on the subsea market and the type of project that you've seen, a lot of projects both onshore and offshore from EPC contractors? Thanks.

Angus McCoss: As you're aware I and my colleagues here have stood on platforms recently in the last year and highlighted the issue of there has been a high cost structure in the industry but we've not been alone in giving that message. A lot of our colleagues in the EP industry have also been giving a similar message and it has had a consequence of turning the tide I think on the cost structure and industry. We are beginning to see that turn. We are beginning to see more rigs of opportunity, more availability on rigs and rig rates coming down; likewise more availability of seismic vessels and so forth. So I think we're seeing that turn happening at the moment which is good for our sector.

Paul McDade: I think with respect to the subsea market and FPSO and other developments, let's say associated markets, some of the order books are quite full so we're not seeing any…we're not in the market. If you look at TEN, TEN was contracted probably a year ago. We're around that market. I think when you talk to contractors their view is that the order book for today is looking pretty good but actually the outlook, I get a sense that they see a softening outlook, so really until we're back in the market tenders for things maybe in 2015 and then I think we will see some evidence of that softening market but it looks like it's coming. I think the subsea infrastructure market will be at the tail end. What you see is as Angus said the rigs are always at the absolute forefront. They are the first things that you see in a softening or a hardening market, they are the ones that go up and down and react much more quickly. Developments are longer scale events, so there tends to be a bit more of a lag. Your question is how long is that lag going to be.

Moderator: Thank you very much everybody. If you have any further questions then feel free to get hold of myself or James. Thank you very much for your time.