



Tullow Oil plc

Tullow Oil plc | 2021 Full Year Results
9 March 2022



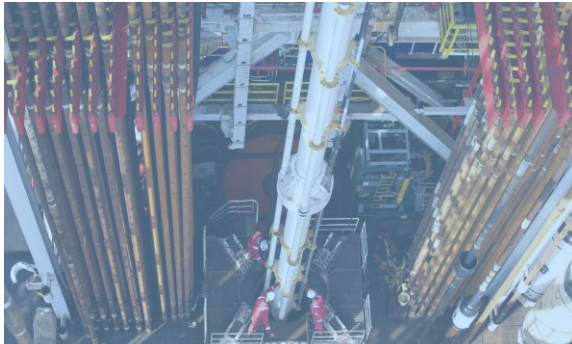
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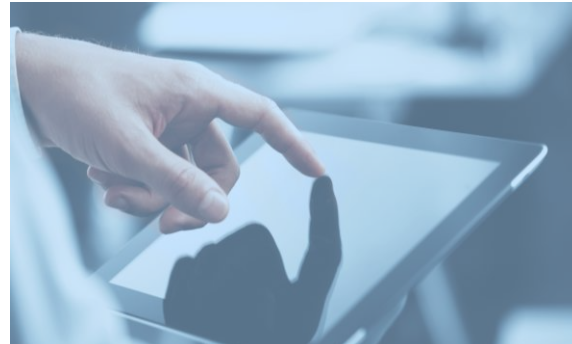
The Group undertakes no obligation to revise any such forward-looking statements to reflect any changes in the Group's expectations or any change in circumstances, events or the Group's plans and strategy. Accordingly no reliance may be placed on the figures contained in such forward looking statements.

2021 Full Year Results

Agenda



Overview



Financial



Operations



Conclusion

Presenters



Rahul Dhir
Chief Executive Officer



Les Wood
Chief Financial Officer

OVERVIEW

Tullow Oil plc | 2021 Full Year Results

Transformational 2021 is a solid foundation for future growth



Transformational 2021

- ✓ Balance sheet refinanced
- ✓ Notable production growth at Jubilee and Simba (Gabon)
- ✓ Strong performance in Ghana across key operational areas (FPSO uptime, water injection, gas processing)
- ✓ Reduced G&A, operating and drilling costs
- ✓ Commitment made to Net Zero (Scope 1 and 2) by 2030
- ✓ Portfolio further optimised, including asset sales in Gabon and EG
- ✓ Revised Kenya development plan submitted

Positioning for growth in 2022

- Investment in Jubilee to increase production
- Reposition TEN for future growth
- Complete Ghana pre-emption
- Deliver Jubilee O&M transformation
- Realise value from Kenya
- Commercialise Ghana gas resources
- Deliver near-field exploration upside around operated and non-operated portfolio
- High impact exploration well in Guyana

Clear path to value creation

- Business plan set to deliver c.6% CAGR production growth 2021-25
- At \$75/bbl the deleveraging to <1.5x is accelerated to year-end 2023
- Social and economic contribution:
 - Tax payments
 - Production sharing
 - Local content
- Culture focused on:
 - Individual accountability and integrity
 - Continuous improvement
 - Cost discipline
- Potential platform for value M&A

Building a better future through responsible oil and gas development

FINANCIAL

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Delivering our stated financial strategy



Comprehensive refinancing completed

\$1.8bn
Bond issue

Material portfolio management

>\$700m
Completed asset sales

Significant cost base reduction

>\$125m
Annual cash G&A savings

Delivering well costs below plan

c.\$55m
Average cost per well in 2021

Further deleveraging achieved

2.2x
Gearing

Strong liquidity headroom maintained

\$0.9bn
No near-term debt maturities

We have the
financial stability
and flexibility to
reduce our debt,
invest in our assets
and grow our
business to deliver
value

Strong financial performance in 2021



Financial performance	2020	2021
Production (kboepd)	74.9	59.2
Realised price (\$/bbl)	50.9	62.7
Revenue (\$m)	1,396	1,273
Adjusted EBITDAX (\$m)	804	961
Operating Cash Flow (\$m)	598	711
Capital Investment (\$m)	288	263
Free Cash Flow (\$m)	432	245
Loss After Tax (\$m)	(1,222)	(81)

Key year-end metrics	YE20	YE21
Net Debt (\$bn)	2.4	2.1
Gearing (times)	3.0	2.2
Headroom (\$bn)	1.0	0.9

Strong EBITDAX and cash flow generation

Continued deleveraging strengthens balance sheet

Material headroom with no near-term debt maturities

A transformed balance sheet following comprehensive refinancing

Disciplined capital allocation framework

Deleveraging

Continued focus on net debt reduction
Gearing target of <1.5x

Focused investment

Targeting near-term production growth
>90% towards producing assets

High returns

Deep inventory of investment opportunities
Identified projects with short pay-back

Capital flexibility

Self-funded business
Flexible investment range of \$150-450m p.a.

Unlocking value

Defined actions to drive value in 2022
Limited capital requirements/short pay-back

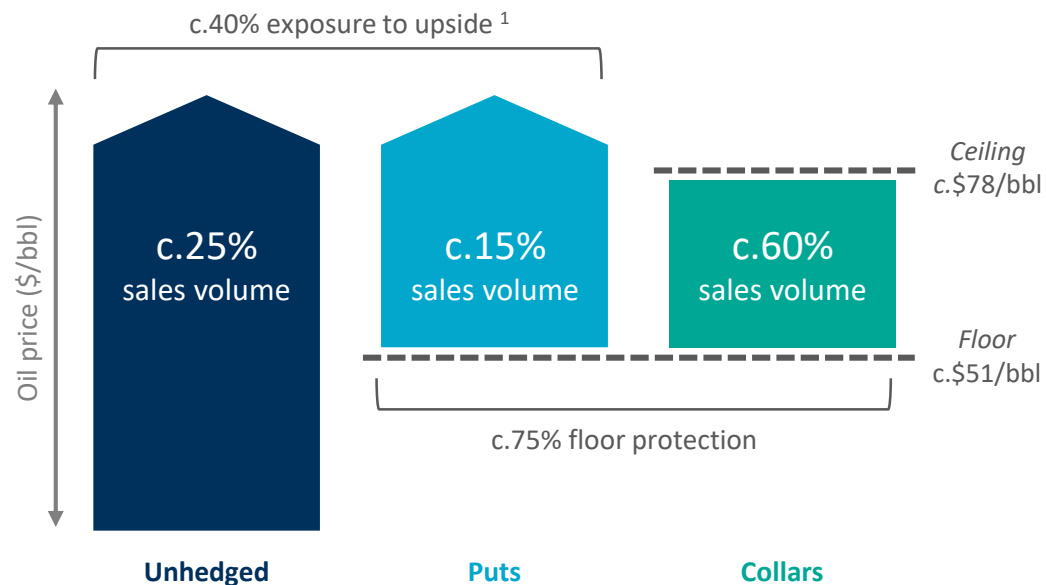
Inorganic opportunities

Value accretive, demonstrably deleveraging
Focus on core geographies

Prudent financial
framework
expected to result
in material value
creation

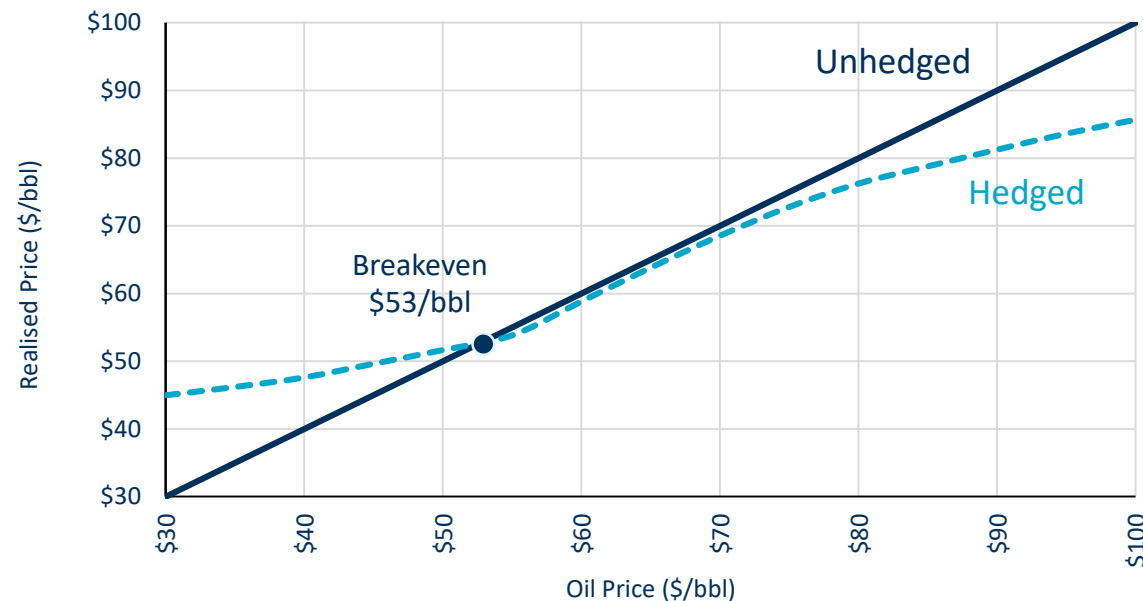
Prudent commodity price risk management

2022 Hedge Portfolio Summary



Material downside protection with meaningful upside participation

Hedged vs. Unhedged Price Realisation



c.\$89/bbl realised price after hedging in January & February

¹ Increases to c.45% following completion of the pre-emption of Kosmos' acquisition of Occidental Petroleum's assets in Ghana

Significant free cash flow upside in current oil price environment



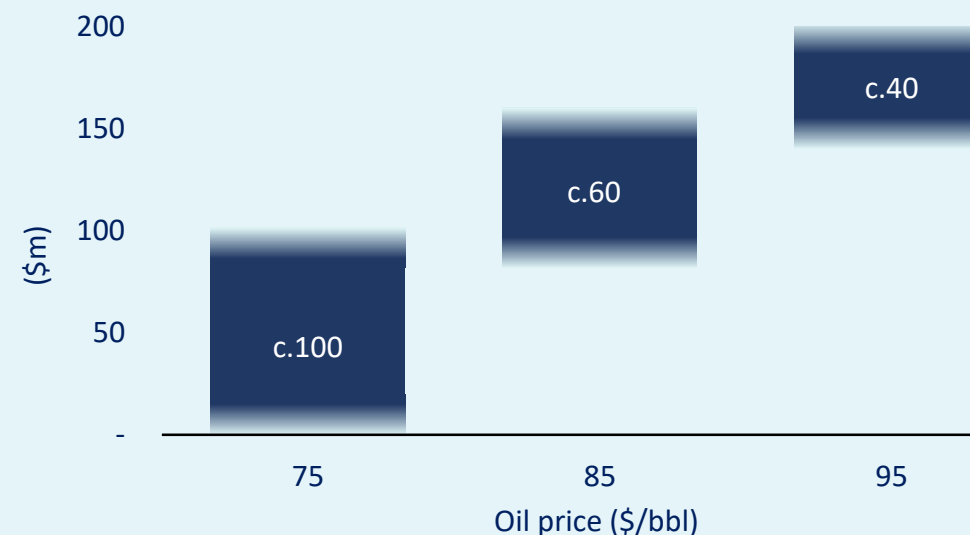
Material cash flow drivers year-to-date

- \$89/bbl average realised oil price in January and February
positive impact from high oil price at the start of the year
- \$75m Uganda FID consideration triggered
material cash flow contribution secured in February
- \$76m payment following Norwegian arbitral decision
in relation to the purchase of Spring Energy in 2013

c.\$100m free cash flow guidance
at \$75/bbl maintained

Upside exposure from sustained
constructive oil price environment

2022 free cash flow oil price sensitivities (\$m)

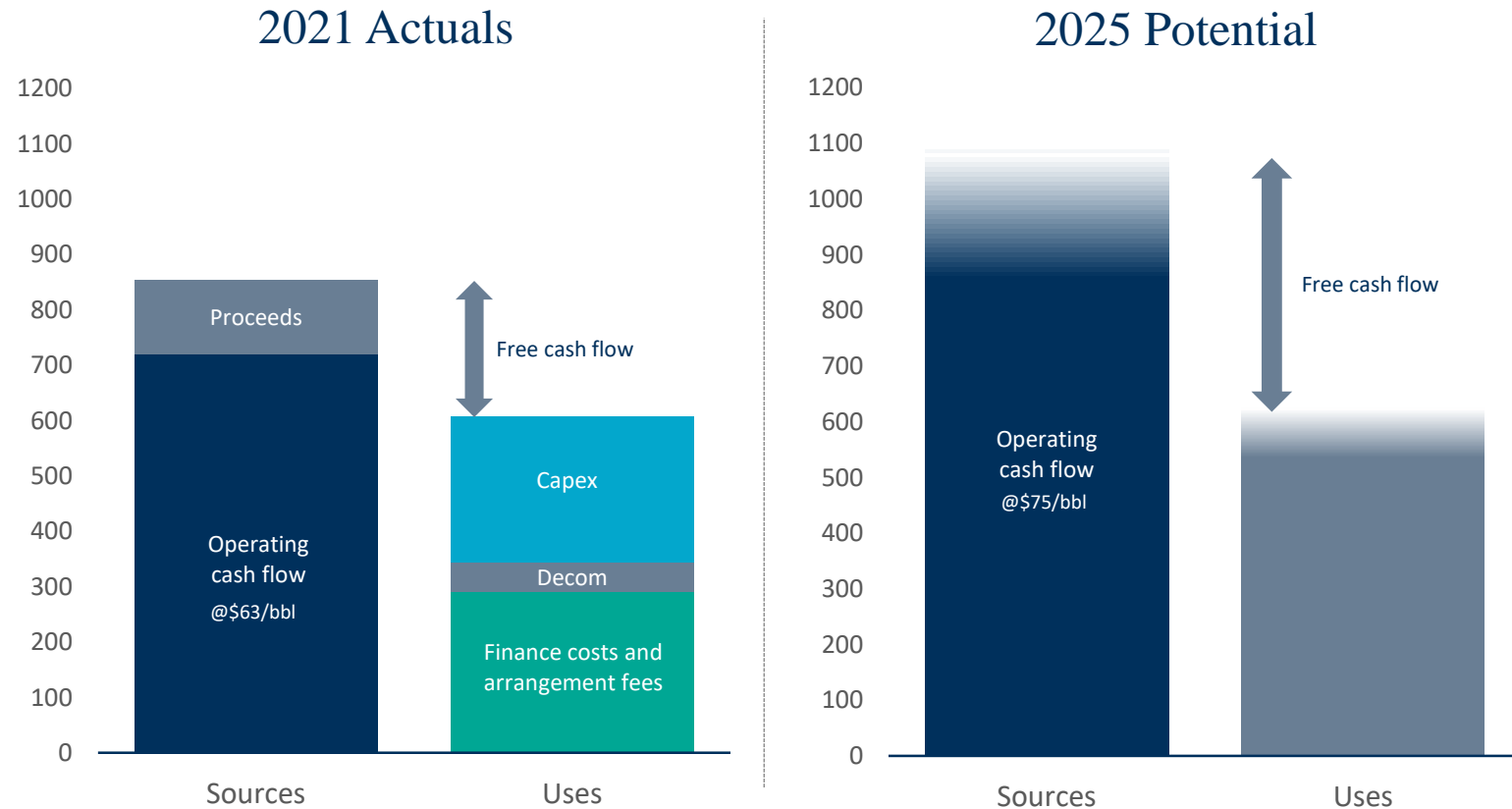


2022 Group capex allocation (\$m)



Asset base expected to deliver underlying cash flow growth

Sources and uses of cash (\$m)



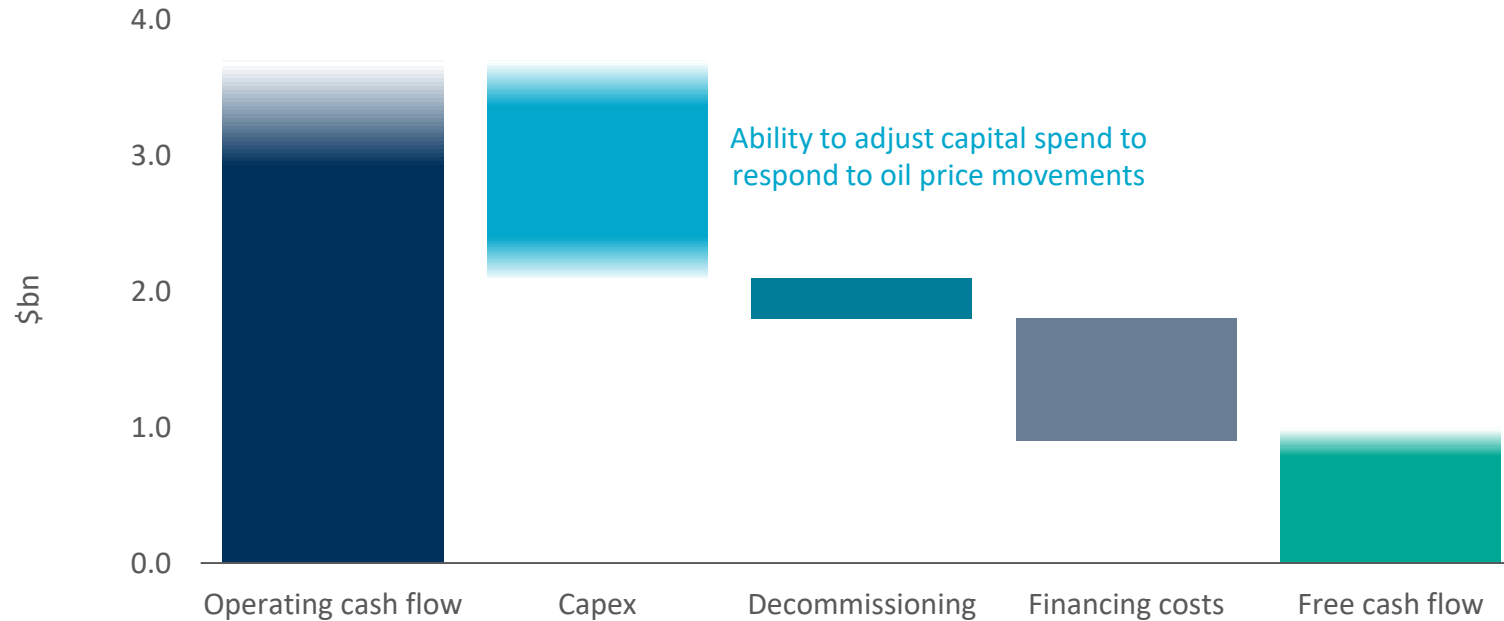
Business plan to deliver

- ↑ Step up in production and further cost reduction
- ⬆ Continued strong oil price can further boost operating cash flow
- ← Continued self-funded capital investment in high-return projects
- ↓ Decommissioning costs expected to drop significantly post 2022
- ⬇ Potential to reduce annual financing costs through refinancing

Material free cash flow generation with choices to further deleverage, grow our business and provide returns

Deleveraging accelerated

Sources and uses of cash 2022-25 (\$75/bbl flat nominal)

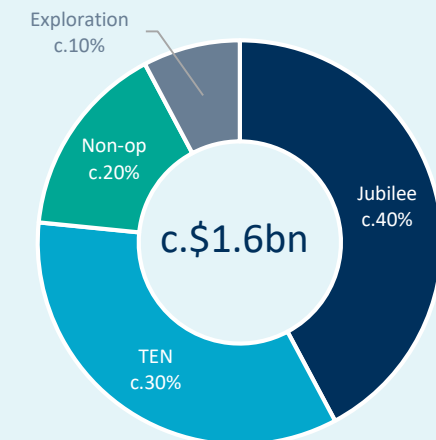
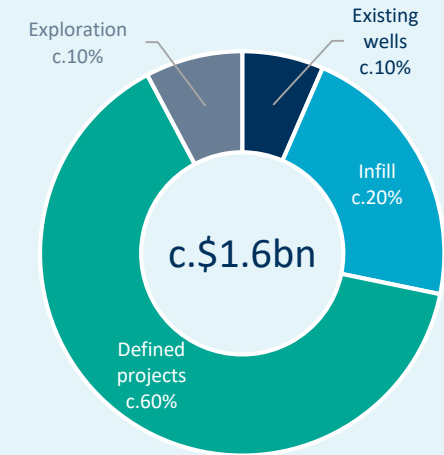


Material operating cash flow generated to fund the business

Gearing of <1.5x by year-end 2023 at \$75/bbl

Current price environment further accelerates deleveraging

Value focused capital allocation (%)



OPERATIONS

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Commitment to health and safety

Health and safety

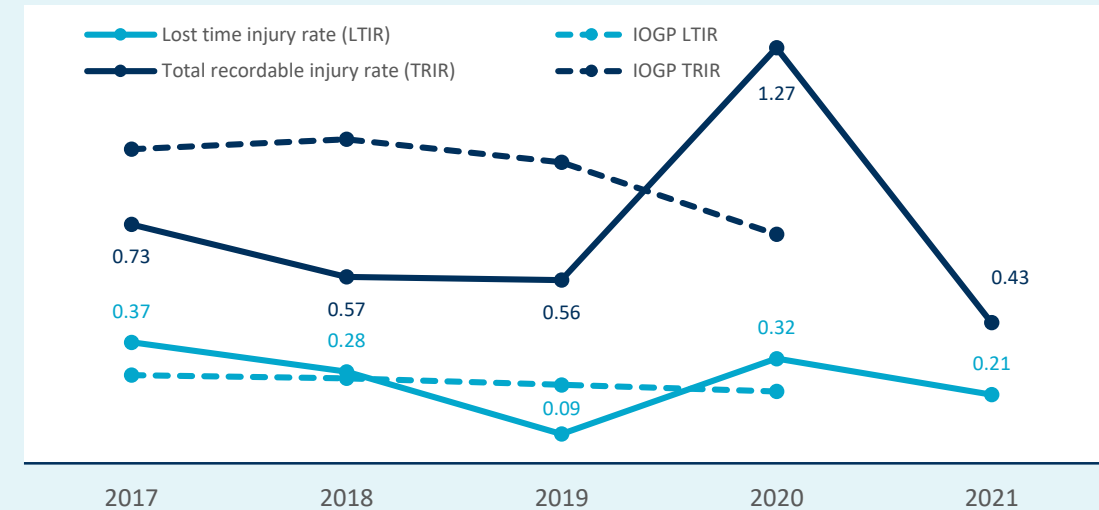
Marked improvement in EHS performance, despite increased activity levels, achieved through:

- Implementation of a safety improvement plan
- Active leadership interventions
- Good reporting culture

COVID-19 mitigation remained top of mind across our entire business:

- Rapid and decisive action ensured no impact on safe production operations
- COVID-19 management burden reduced towards end of 2021, driven by high levels of workforce vaccination

Safety Performance



- Significant improvement in safety performance
- One lost time injury and one separate recordable injury in 2021 - both minor
- Excellent process safety performance with zero Tier 1 and zero Tier 2 Losses of Primary Containment in 2021

Focus on a sustainable future

Sustainable value creation in 2021

Shared Prosperity

- \$207 million local supplier spend in 2021, 5-year total \$1.2 billion
- First 100% Ghanaian owned, crewed and flagged vessel - Flat Confidence, contracted to support offshore operations
- >7,800 students across Ghana, Kenya, Guyana and Suriname benefitted from educational initiatives

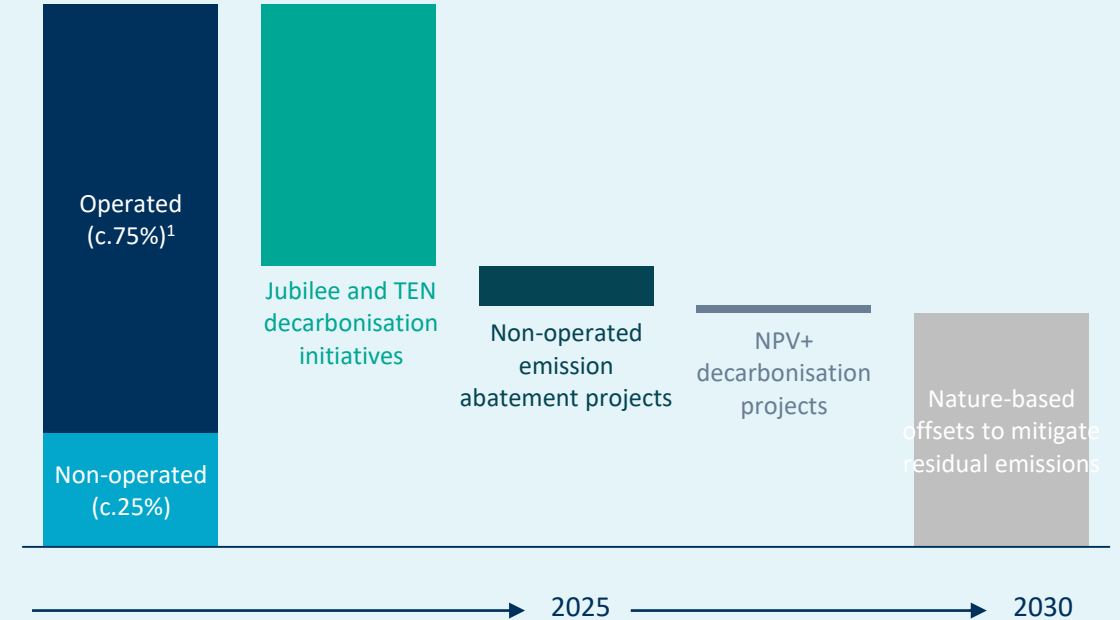
Environmental Stewardship

- >65% reduction in non-routine flaring associated with unplanned outages
- 88% reduction in water consumption per tonne of hydrocarbon produced
- Carbon offsetting of hard to abate emissions -MOU signed with Ghana Forestry Commission

Equality and Transparency

- \$445 million total socio-economic contribution in our host countries, 5-year total \$2.9 billion
- \$234 million paid to host countries in taxes
- c.75% localisation in Ghana

2030 Net Zero Pathway (Scope 1 & 2)



Elimination of routine flaring targeted by 2025

Operated assets decarbonisation initiatives include the re-motoring and re-wheeling of compressors alongside gas and water capacity expansion

¹ Net equity basis

Delivering reliable production performance

Wells



Five wells brought on stream in 2021: two Jubilee producers, one Jubilee gas injector, one TEN gas injector and Simba infill well



Six new wells to be drilled in Ghana in 2022

Gas management



Gas offtake from the Government of Ghana averaging **c.85** mmscfd



Targeting increased gas offtake beyond **135 mmscfd**

Uptime



High efficiency from Ghana FPSO's, averaging **>97%**



Embedding efficiencies to sustain good performance

Water injection



Sustained water injection rates on Jubilee of **>200** kbwpd

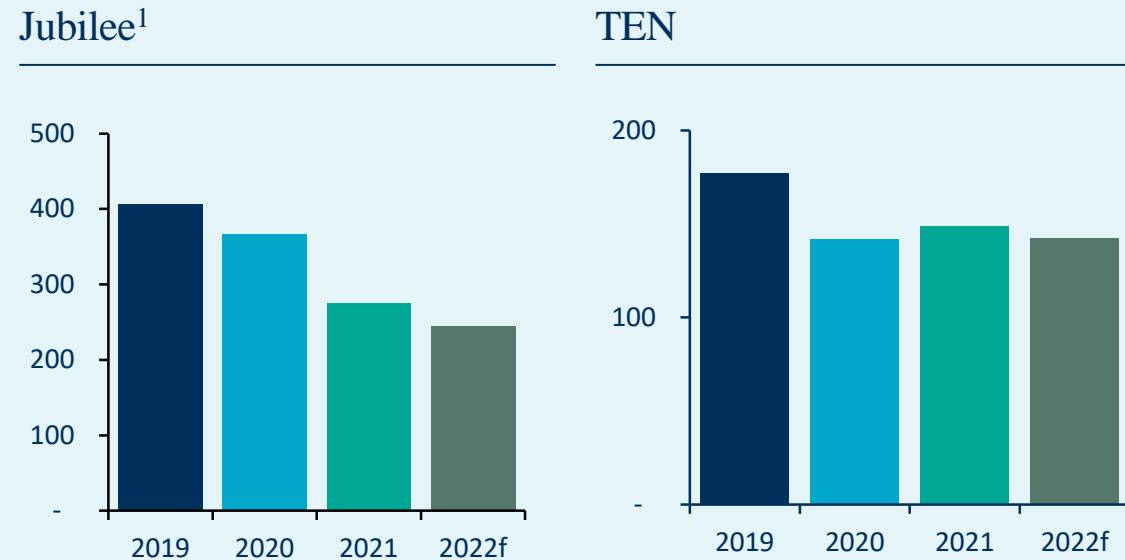


Targeting additional capacity in 2022-23

Self-operating the Jubilee FPSO will lead to greater control and integration, delivering lower costs and sustained reliability

Operational turnaround: opex and drilling

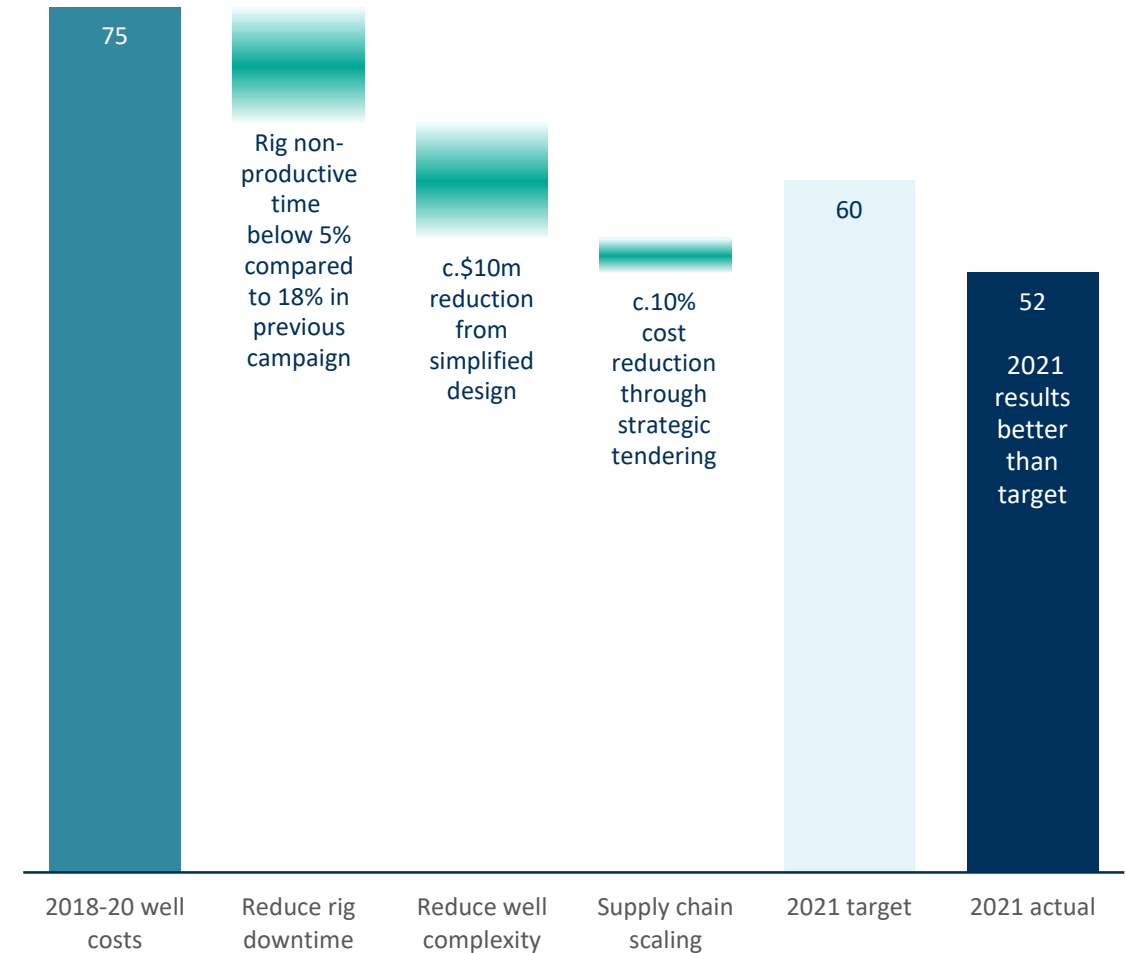
Sustainable reduction in operating costs (\$m)



Jubilee O&M transformation provides platform for further operating cost reduction

Second rig consideration for early 2023

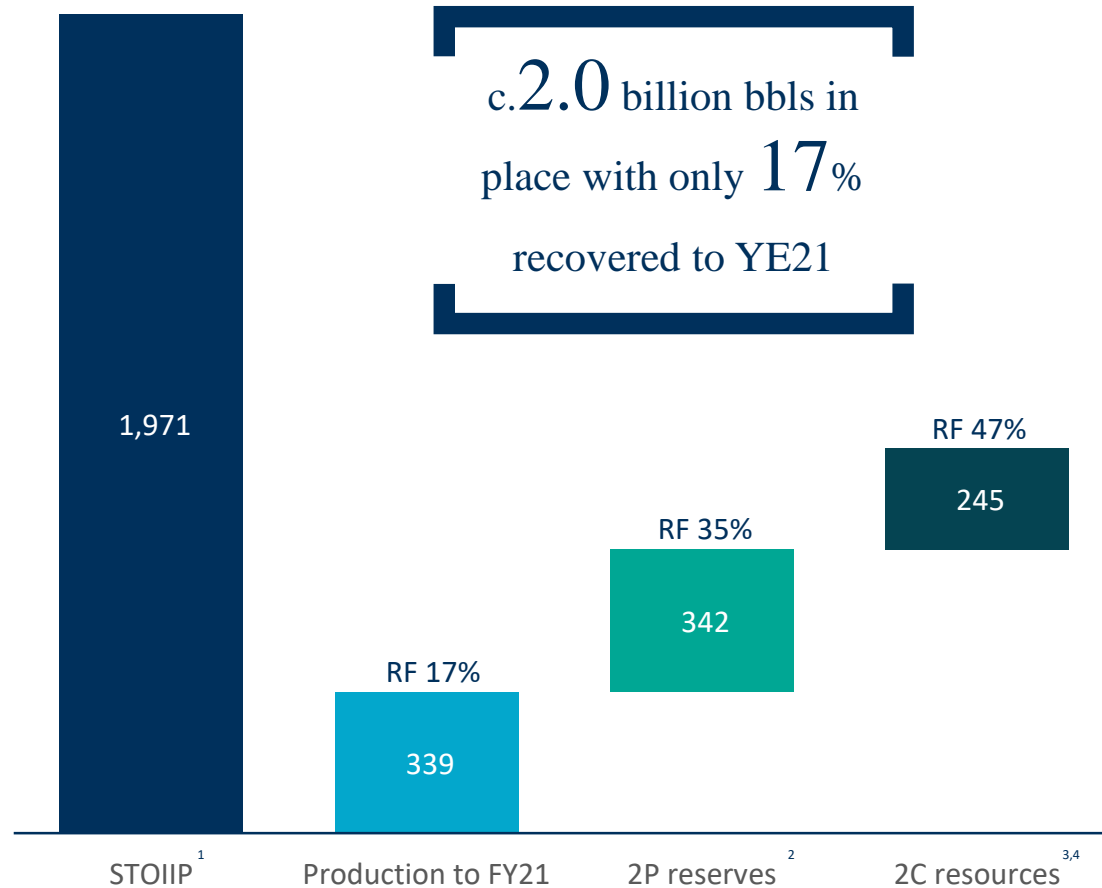
2021 wells: average cost reduction of >20%



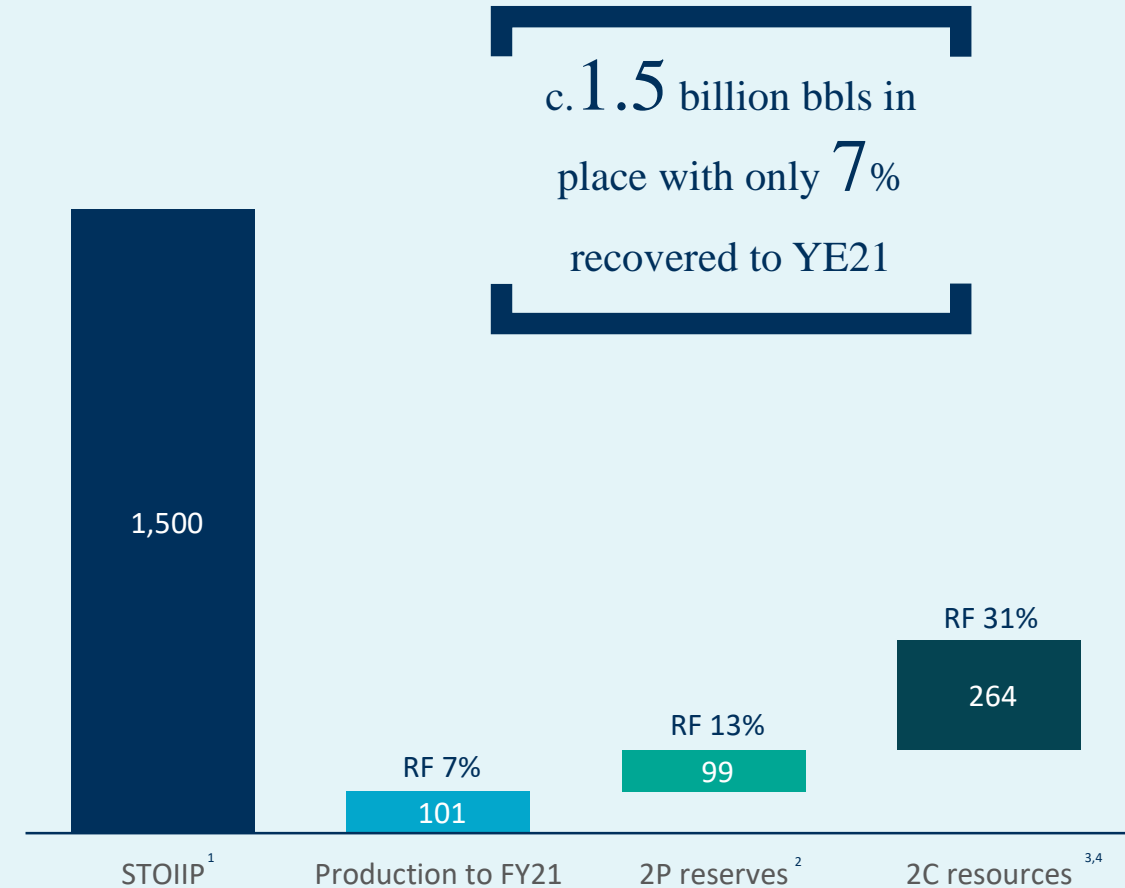
¹ 2019, 2020 and 2021 gross operating costs include operating costs associated with OOSYS

Significant Ghana resource potential

Jubilee gross oil volumes (mmbbls)



TEN gross oil volumes (mmbbls)



Note: RF = Recovery Factor

¹ Gross Stock Tank Oil Initially In Place (STOIIP) 2P and 2C

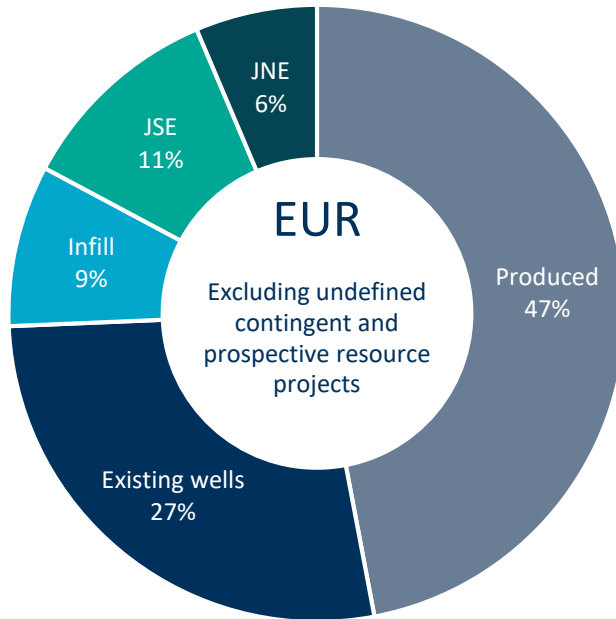
² 2P reserves based on licence period

³ STOIIP and reserve volumes at 31 December 2021, based on TRACS audit report

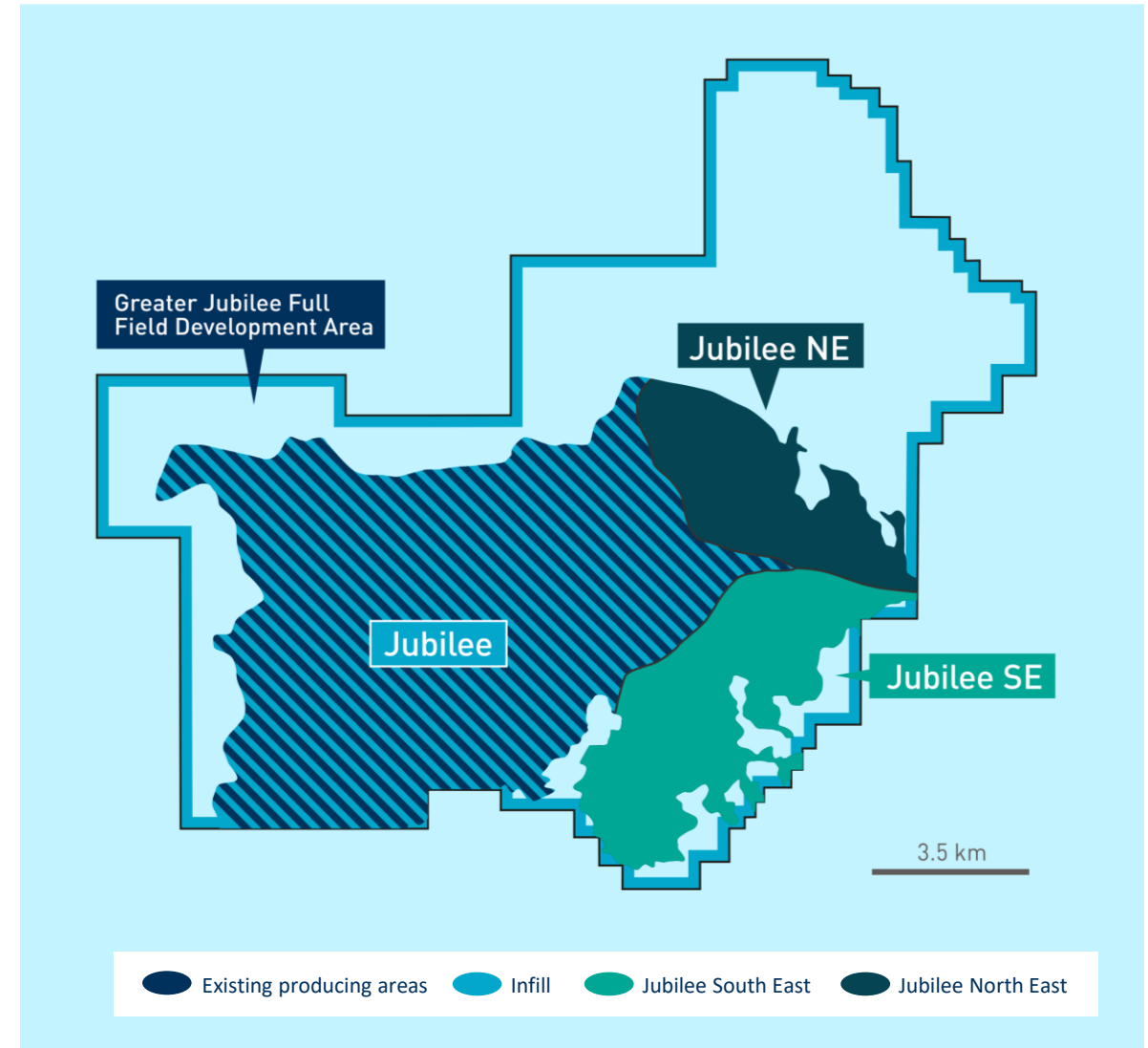
⁴ 2C based on technically recoverable oil, life of field

Highly profitable largely undeveloped areas east of Jubilee core

Significant recovery potential (mmbbls)

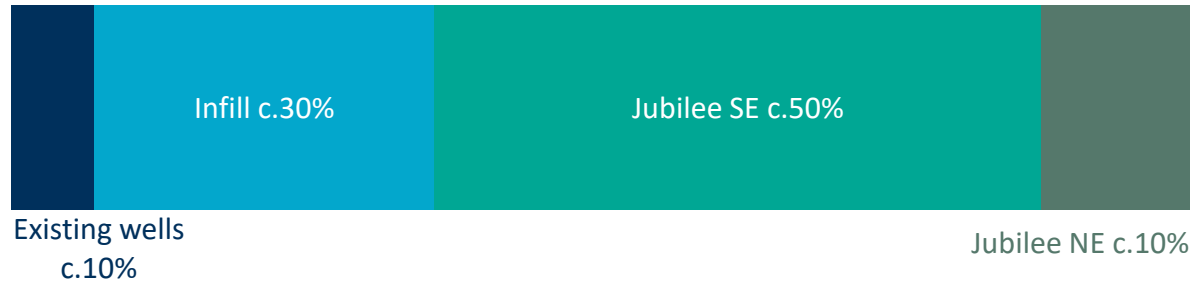


Defined projects in the largely undeveloped areas east of Jubilee core have a combined estimated ultimate recovery (EUR) of >170 mmbbls

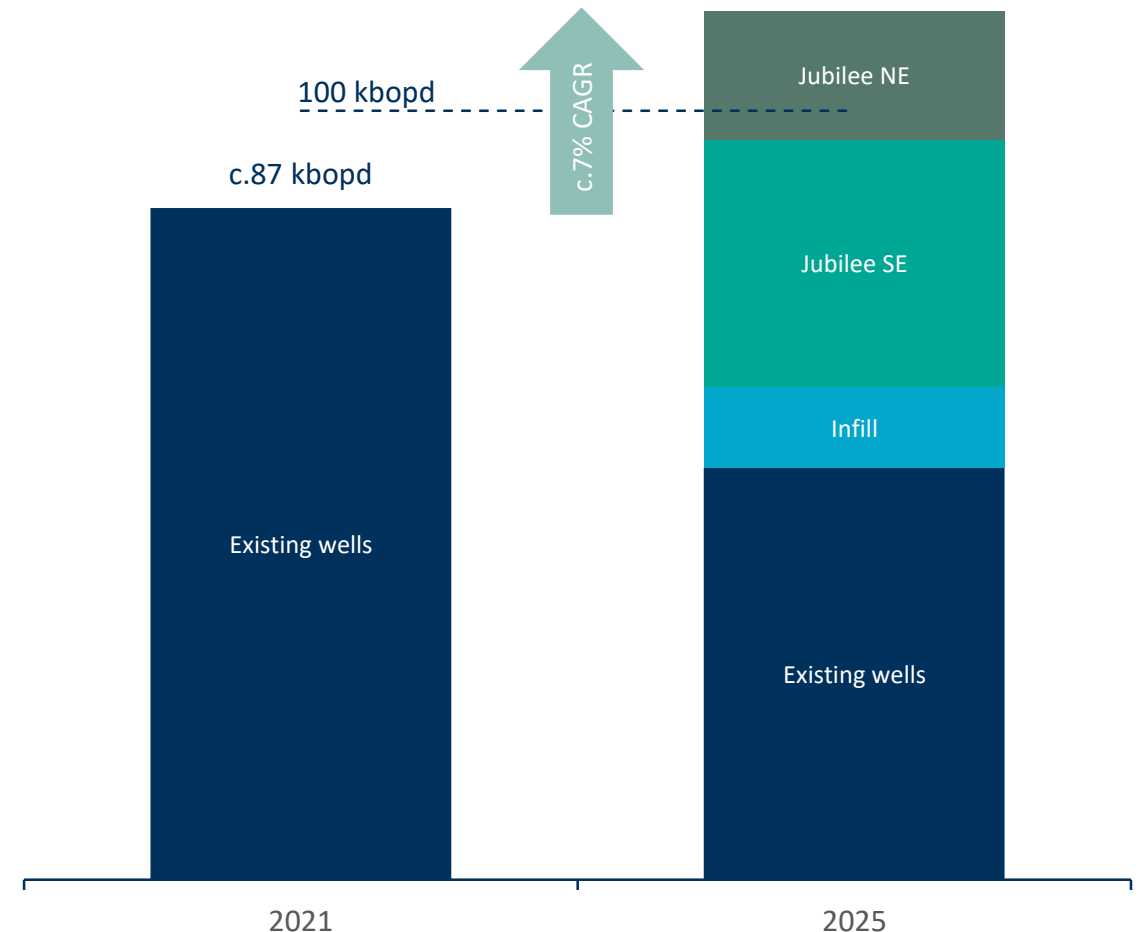


Jubilee production growth from addition of undeveloped areas

Capex allocation 2022-25 (%)



Gross production growth 2021-25 (kbopd)



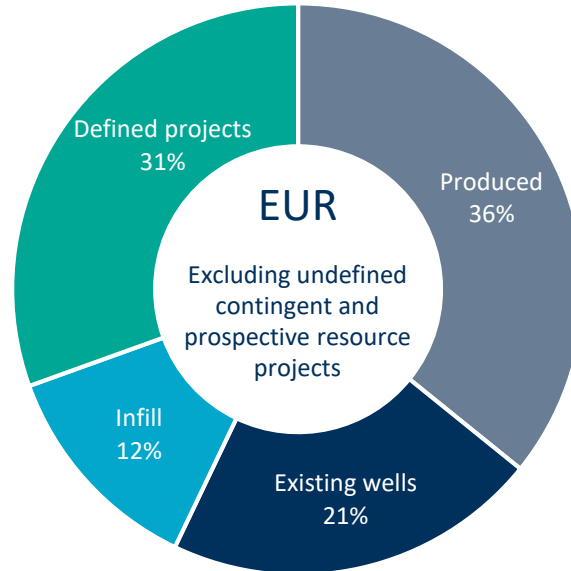
c.\$700 million net Tullow capex 2022-25

Limited capex exposure to access significant resource

2022 work programme focused on infrastructure for Jubilee SE and Jubilee NE

TEN investment focused on material resource potential

Significant recovery potential (mmbbls)



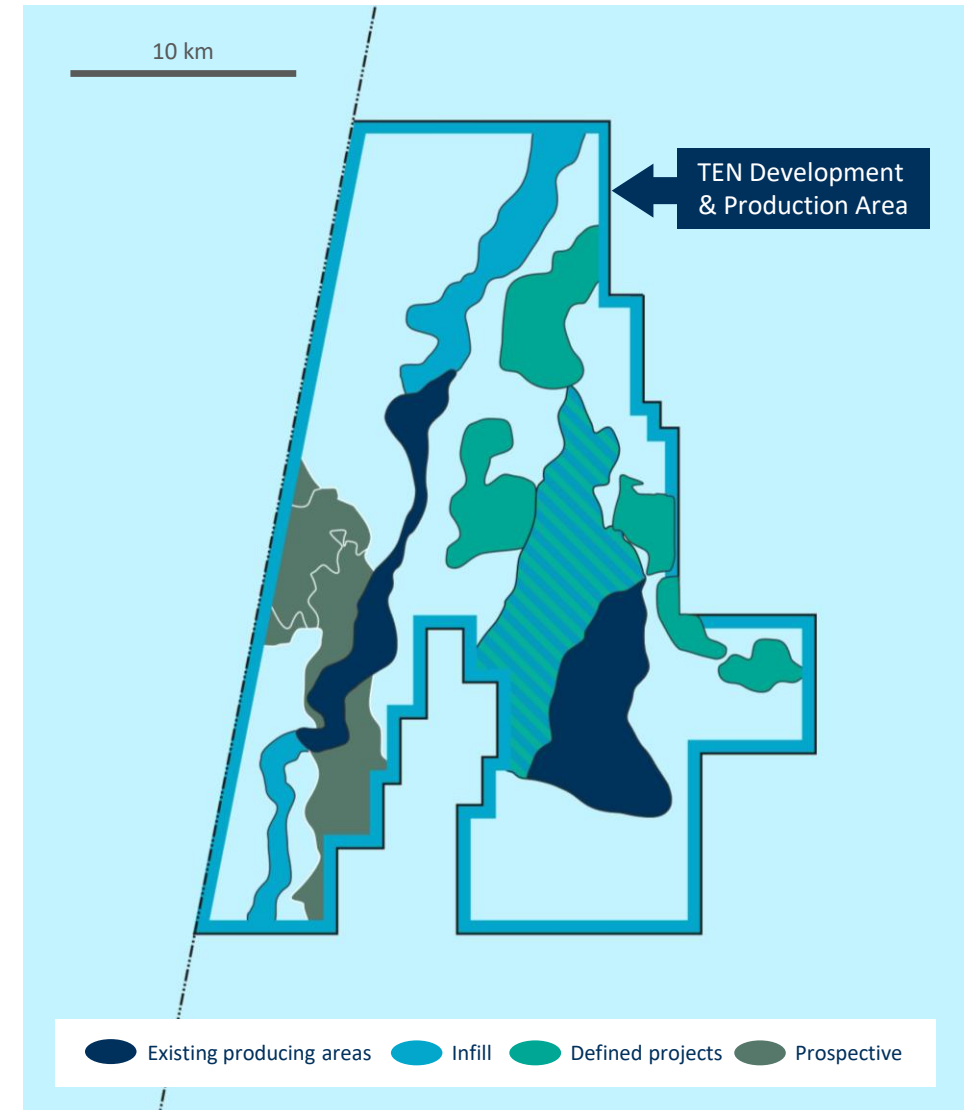
Enyenra and Ntomme

Significant infill drilling opportunities, targeting improved recovery

Tweneboa

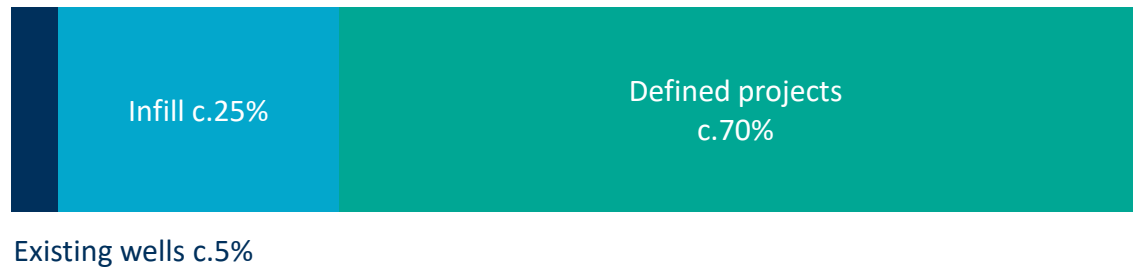
Defined projects target undeveloped reservoirs including: Tweneboa Gas (with condensate), Tweneboa Oil Reservoirs, Ntomme Far West

Considerable prospective resources identified for appraisal in the west of the licence



TEN production growth from new defined projects

Capex allocation 2022-25 (\$m)

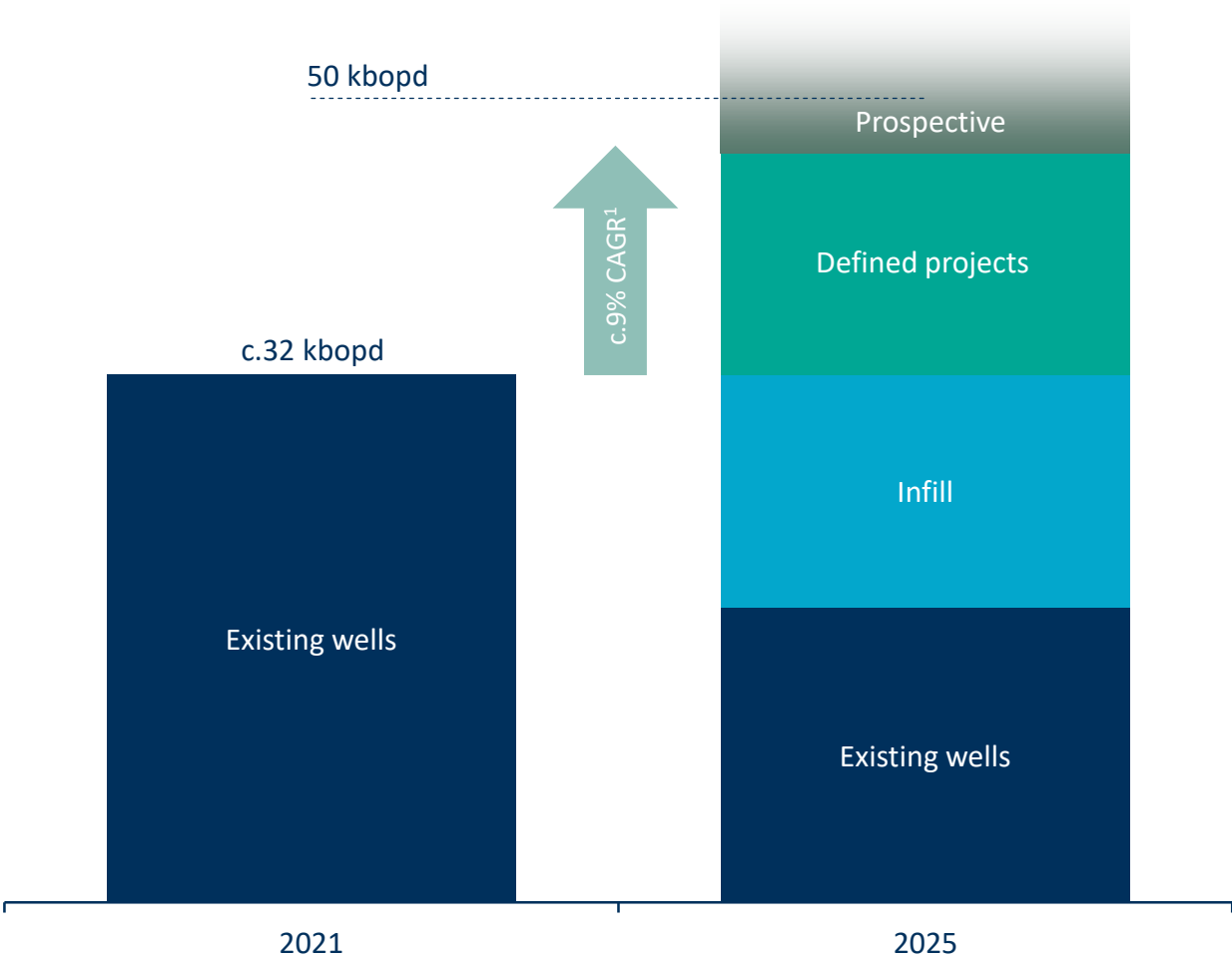


c.\$550 million net Tullow capex 2022-25

JV project to align and optimise development

Strategic targeting of Ntomme Riser Base in 2022

Gross production growth 2021-25 (kbopd)



¹ 2021-25 CAGR excludes additional production growth from undefined prospective resources

Low risk, stable production from non-operated portfolio

Capex allocation 2022-25 (\$m)



Existing wells c.15%

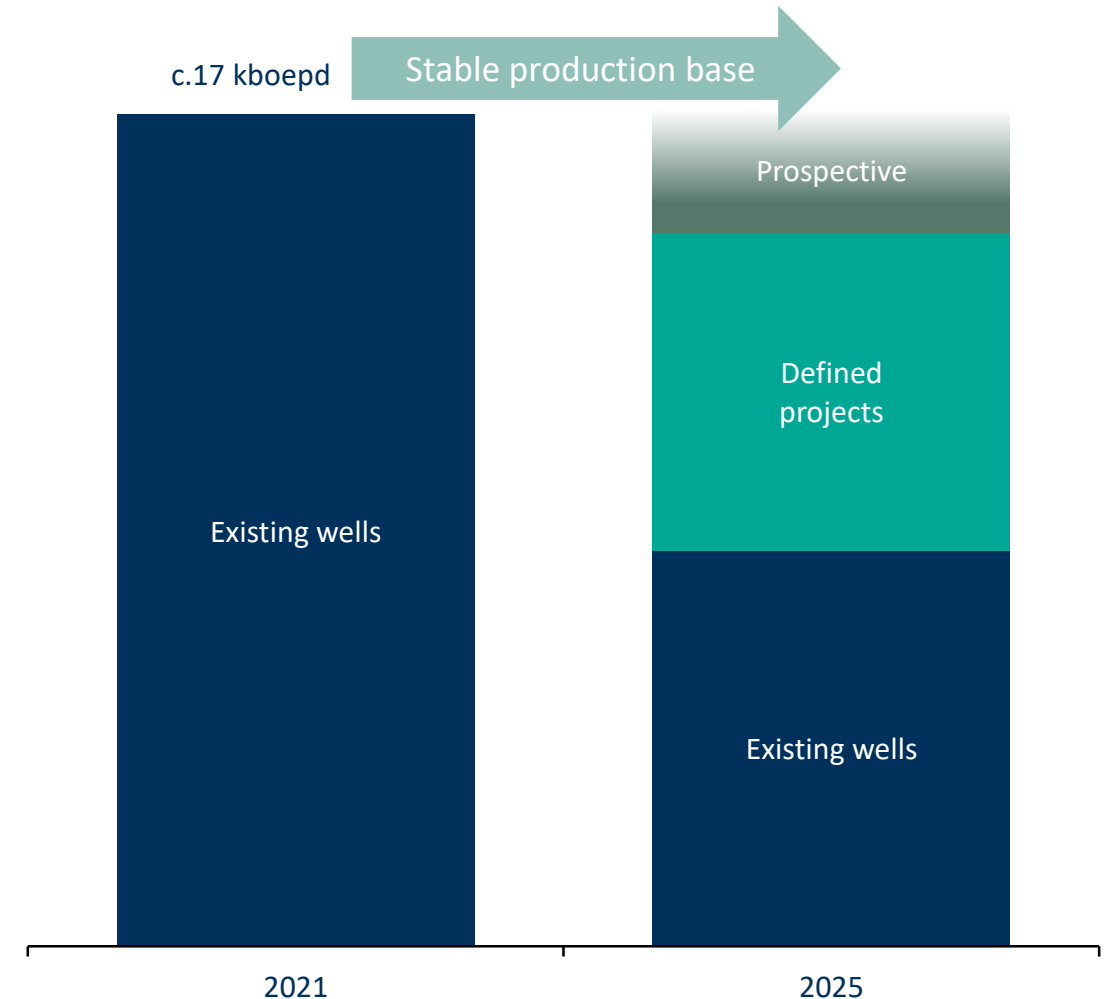
c.\$250 million net Tullow capex 2022-25

Solid and reliable production base from diversified set of assets in Gabon and Côte d'Ivoire

Near-field exploration targeting prospective resources, strategy delivering success:
Simba expansion project (Gabon)
Wamba discovery 2021 (Gabon)

Further optimisation of the portfolio is a critical action for success in 2022

Net production 2021-25 (kboepd)



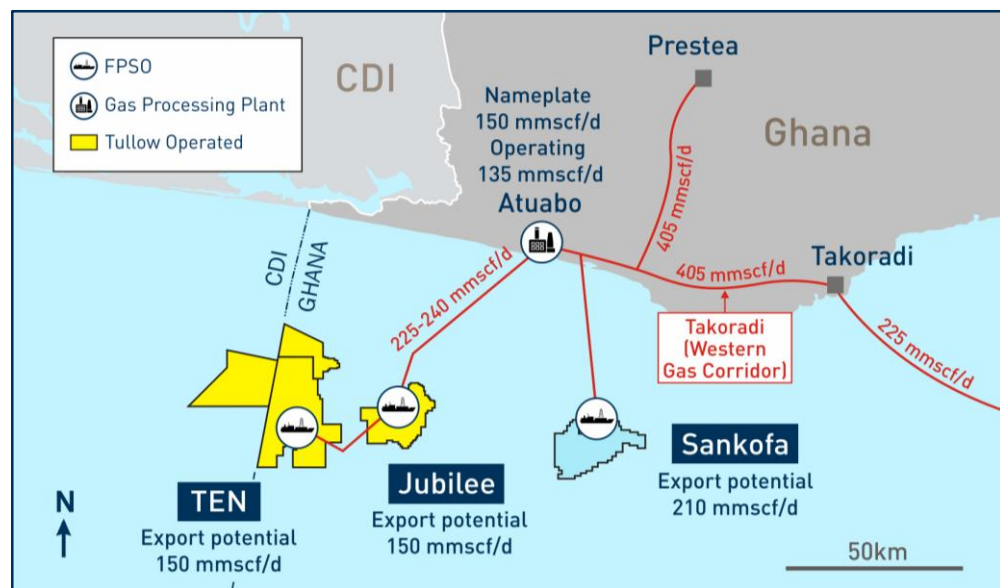
Catalysts to unlock value

Jubilee: Stable gas supply and tangible benefits

- Delivering >100mmscfd, c.30% of Ghana thermal power generation
- Expect to fulfil Foundation Gas (200BCF) by YE22, yielding >\$2bn to Ghana
- GSA discussions underway to deliver an additional 500BCF

TEN: Commercially advantaged gas

- Material resource with access to existing processing and pipeline infrastructure
- Supports Jubilee and TEN export potential of up to 240mmscfd
- Multiple commercial options with direct access to growing demand
- Strong collaboration with Government and Partners to realise potential



Realising value from Kenya

- 585 million bbls net 2C resource life of field
- 120 kbopd plateau production
- c.\$3.4 billion gross project capex to first oil
- 170 kbbls economic threshold for small oil pools
- Significant exploration upside

FDP submitted in December 2021,
constructive discussions with Government

ESIA approved by the National
Environmental Management Agency (NEMA)

Active engagement with potential
strategic partners

Exploration refocused to deliver value

West Africa:

Enhancing value of core producing areas

Focus on near-field and infrastructure-led exploration opportunities around producing fields

Gabon

Simba delivered 40% year-on-year production growth
ILX prospects matured for future drilling
Compelling economics: IRRs of >60% and paybacks withing six months

Cote d'Ivoire

Westward extension of producing play in Ghana, targeting >1bn boe STOIP potential

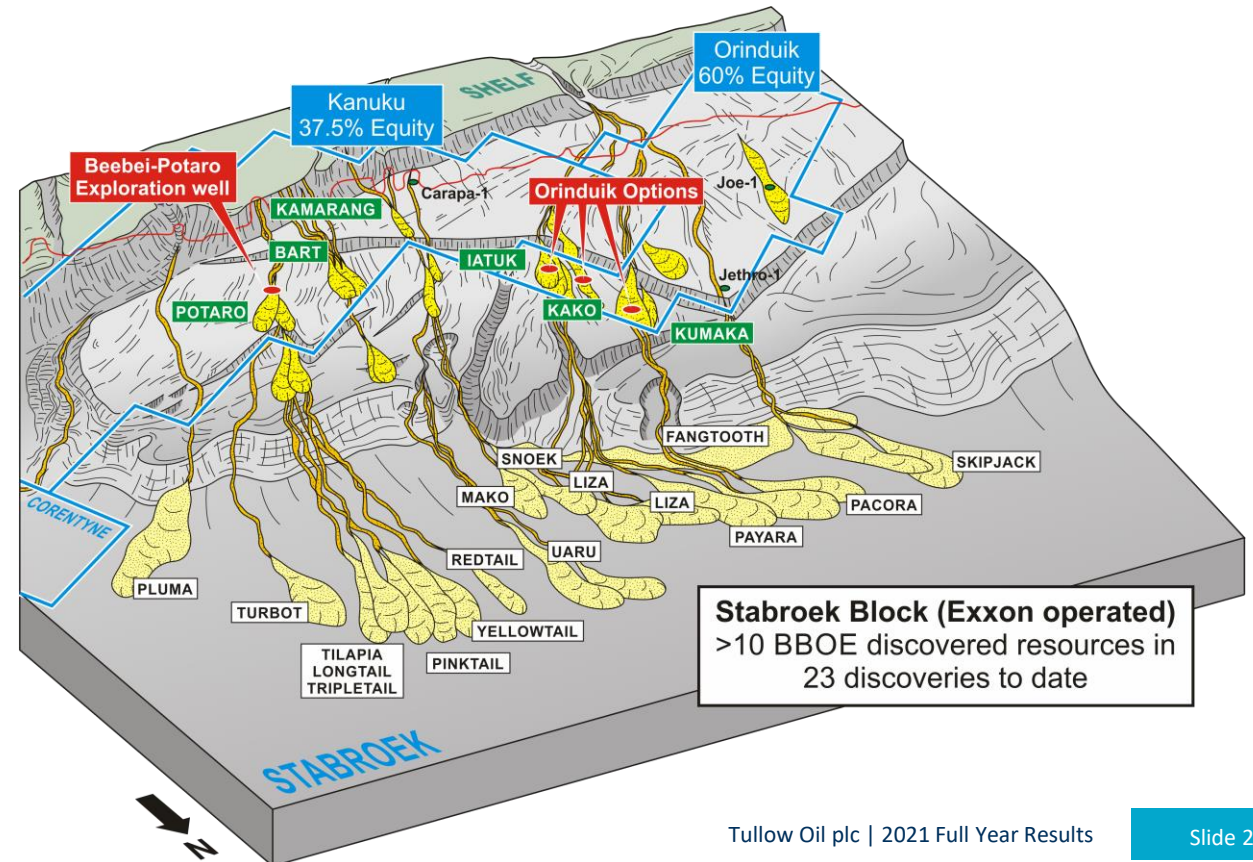
Ghana

Material prospective resource mapped in TEN
Deeper potential in Jubilee

Guyana:

Unlocking prospective resource base in emerging basins

Beebei-Potaro exploration well, targeting the Cretaceous light oil play of the Guyana-Suriname Basin



CONCLUSION

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A transformed business positioned to deliver growth

Rich portfolio of high return opportunities

- › c.\$1.6bn capex 2022-25
- › Investment in Jubilee to increase production
- › Reposition TEN for future growth

Operating performance and cost

- › O&M transformation
- › Strong drilling performance
- › High EBITDAX and OCF margins

Potential to accelerate deleveraging

- › At \$75/bbl the deleveraging to <1.5x gearing is accelerated to year-end 2023
- › The current price environment further accelerates debt and gearing reduction

Near term catalysts

- › Realise value from Kenya
- › Commercialise Ghana gas resources
- › Deliver near-field exploration upside in non-operated portfolio
- › High impact exploration well in Guyana

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