



# Tullow Oil plc

Tullow Oil plc | Half Year Results  
15 September 2021



# 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.

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

# OVERVIEW

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# Tullow: A leader in Africa



Tullow is a leading African Oil & Gas Company



We are committed to responsible & safe operations



We maximise value through operational excellence and technical expertise in engineering, subsurface and exploration



Our West African producing assets generate material cashflow



We have opportunities to unlock value from Kenya and exploration



We deliver tangible social and economic benefits to our host nations



We have a continued focus on costs and capital discipline



We have a sustainable capital structure and are focussed on reducing debt



Our platform for growth is expected to deliver tangible increase in equity value



Continued delivery of our business plan can create material value for our investors, our host nations and our people

# Positive steps during a transitional year

## Significant progress in 1H

- ✓ Reliable operating performance
- ✓ Consistent gas offtake in Ghana
- ✓ Production at top end of range
- ✓ Drilling programme commenced
- ✓ Revised Kenya development plan
- ✓ Exploration portfolio rationalised
- ✓ Continued focus on cost
- ✓ Comprehensive debt refinancing
- ✓ Asset sales completed
- ✓ Target for Net Zero by 2030

We are delivering our stated business plan

## Near-term catalysts

- Organic growth from existing assets
- Revised Kenya development plan
- Deploy second rig in Ghana
- Potential TEN strategic wells
- Infrastructure-led exploration (ILX)
- Gas sales agreement in Ghana

Line of sight to organic and upside opportunities

## Clear path to value creation

- Plan supports material deleveraging
- Equity value growth opportunities
- Social and economic contribution:
  - Tax payments
  - Production sharing
  - Local content
- Culture focused on:
  - Individual accountability and integrity
  - Continuous improvement
  - Cost discipline
- Potential platform for M&A

Focus on growth and returns for all our stakeholders

# Building a better future for our host countries



## RESPONSIBLE OPERATIONS

Low cost and capital efficient operations that ensure the safety and wellbeing of our people while minimising our environmental impact



## TRUSTED PARTNER

Generate material revenues for Governments through exports and be a trusted Partner to help meet domestic energy needs



## NET ZERO

Targeting Net Zero by 2030 by reducing carbon emissions, helped by the elimination of routine flaring by 2025



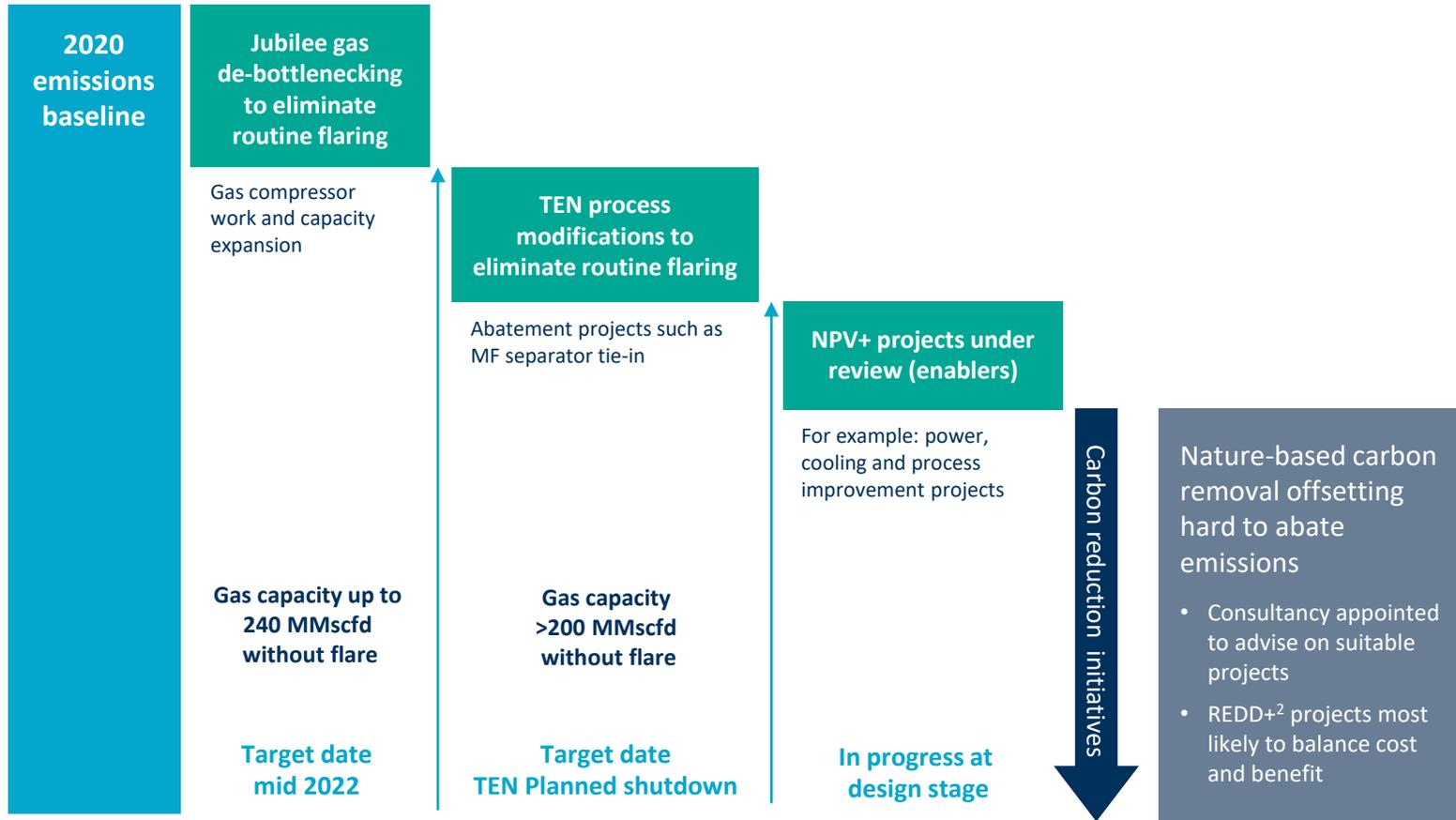
## SHARED PROSPERITY

Committed to developing local content & skills and investing in social projects to improve the everyday life of communities



We believe the ongoing development of hydrocarbons in Africa will build a better social and economic future for our host nations

# Targeting Net Zero by 2030 (Scope 1 & 2)



JV Partner collaboration | Alignment with government priorities | Governance and executive incentives



Interim target of 40-45% reduced emissions<sup>1</sup> by 2025

Target elimination of routine flaring by 2025

Long-term gas offtake options support Net Zero target

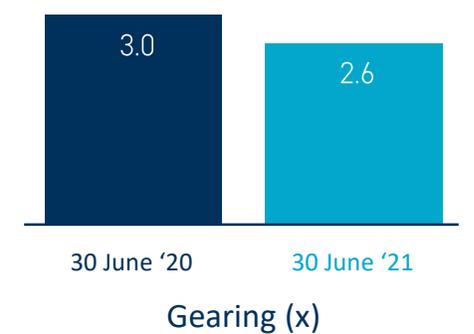
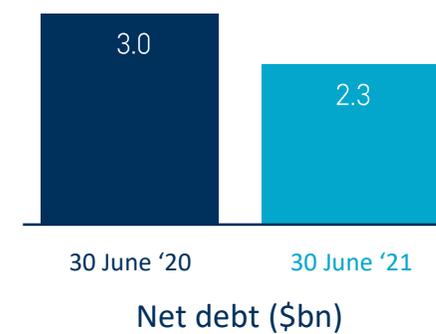
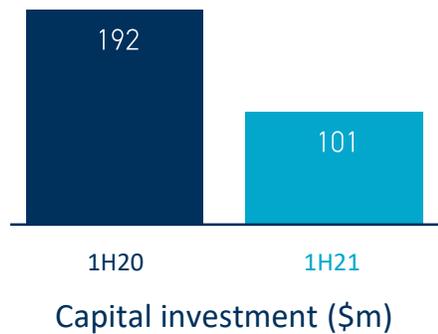
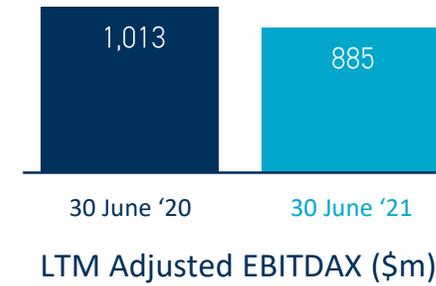
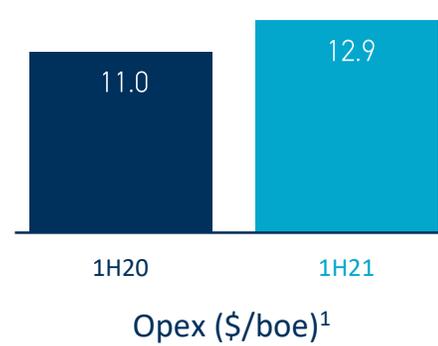
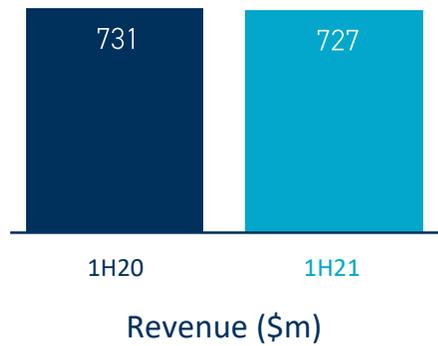
<sup>1</sup> Net equity emissions

<sup>2</sup> Reducing emissions from deforestation and forest degradation in developing countries

# FIRST HALF RESULTS

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# 2021 Half Year Results



<sup>1</sup> Includes costs associated with COVID-19 and shuttle tanker operations, normalised cost excluding these items was \$11.6/boe

<sup>2</sup> Loss after tax materially impacted by impairments of \$1.4 billion

# 2021 Guidance

## Key guidance figures

**58-61**kboepd  
Production

c.\$**260**million  
Capex

c.\$**90**million  
Decommissioning

c.\$**13**/boe  
Opex<sup>1</sup>

c.\$**50**million  
Net G&A

c.\$**0.6**billion  
Underlying operating cash flow

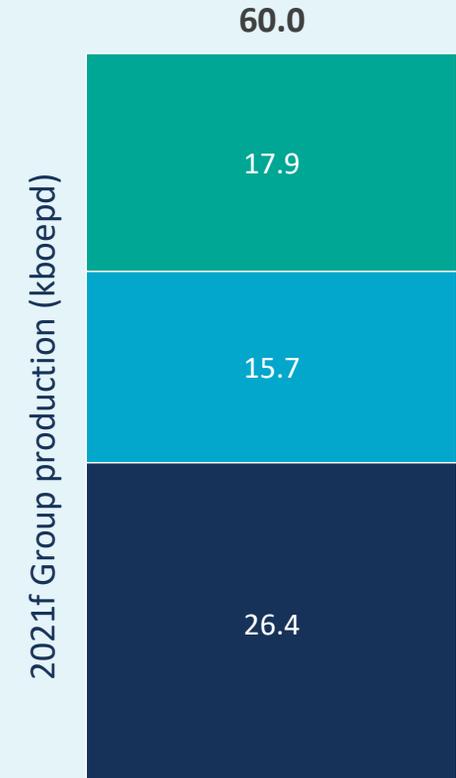
c.\$**0.1**billion<sup>2</sup>  
Free cash flow

*At \$60/bbl & 60kboepd*

<sup>1</sup> Includes costs associated with COVID-19 and shuttle tanker operations, normalised cost excluding these items was \$11.6/boe

<sup>2</sup> Includes expected \$75million payment from Total for Uganda FID

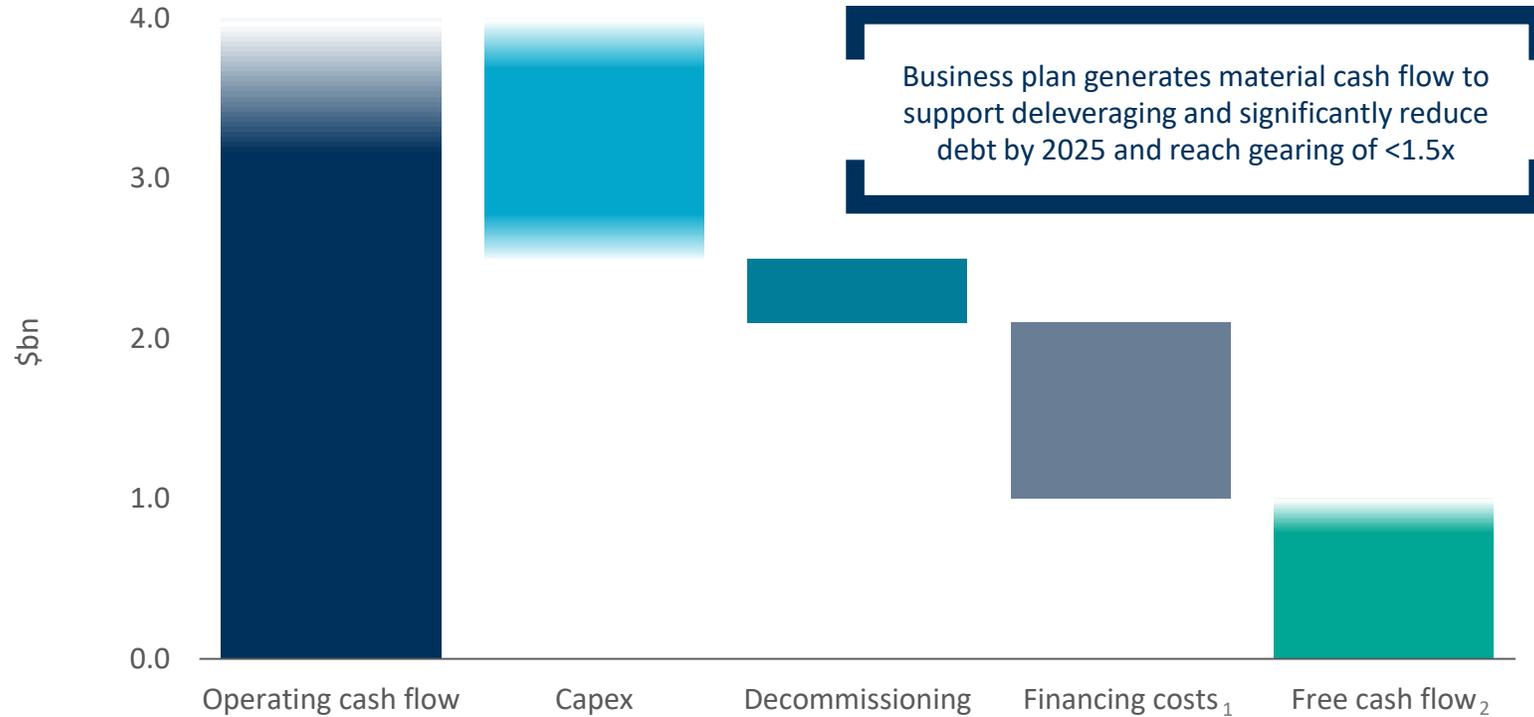
## Group production breakdown



■ Jubilee ■ TEN ■ Non-operated

# Business plan supports deleveraging target

## Sources and uses of cash 2021-25 (\$65/bbl flat nominal)



Revenue and cash flow underpinned by material three-year hedging programme

Comprehensive refinancing has resulted in simplified capital structure

Ability to adjust capital spend to respond to volatile oil price movement, whilst still achieving target gearing

<sup>1</sup> Includes c.\$60 million of fees in 2021 associated with refinancing activities  
<sup>2</sup> Includes \$75 million proceeds from Uganda FID payment in 2021

# MAXIMISING VALUE FROM OUR ASSET BASE

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# Delivering reliable production performance

## Wells

- ✓ First new Jubilee production well onstream delivering good rates  
Group production guidance narrowed upwards



»»» Jubilee water injector; Jubilee producer and TEN gas injector;  
Simba (Gabon) acceleration well

## Gas management

- ✓ Gas offtake from the Government of Ghana  
averaging **c.110** mmscfd



»»» Targeting increased gas offtake beyond **130 mmscfd**

## Uptime

- ✓ High efficiency from Ghana FPSO's, averaging **>98%**



»»» Embedding efficiencies to sustain good performance

## Water injection

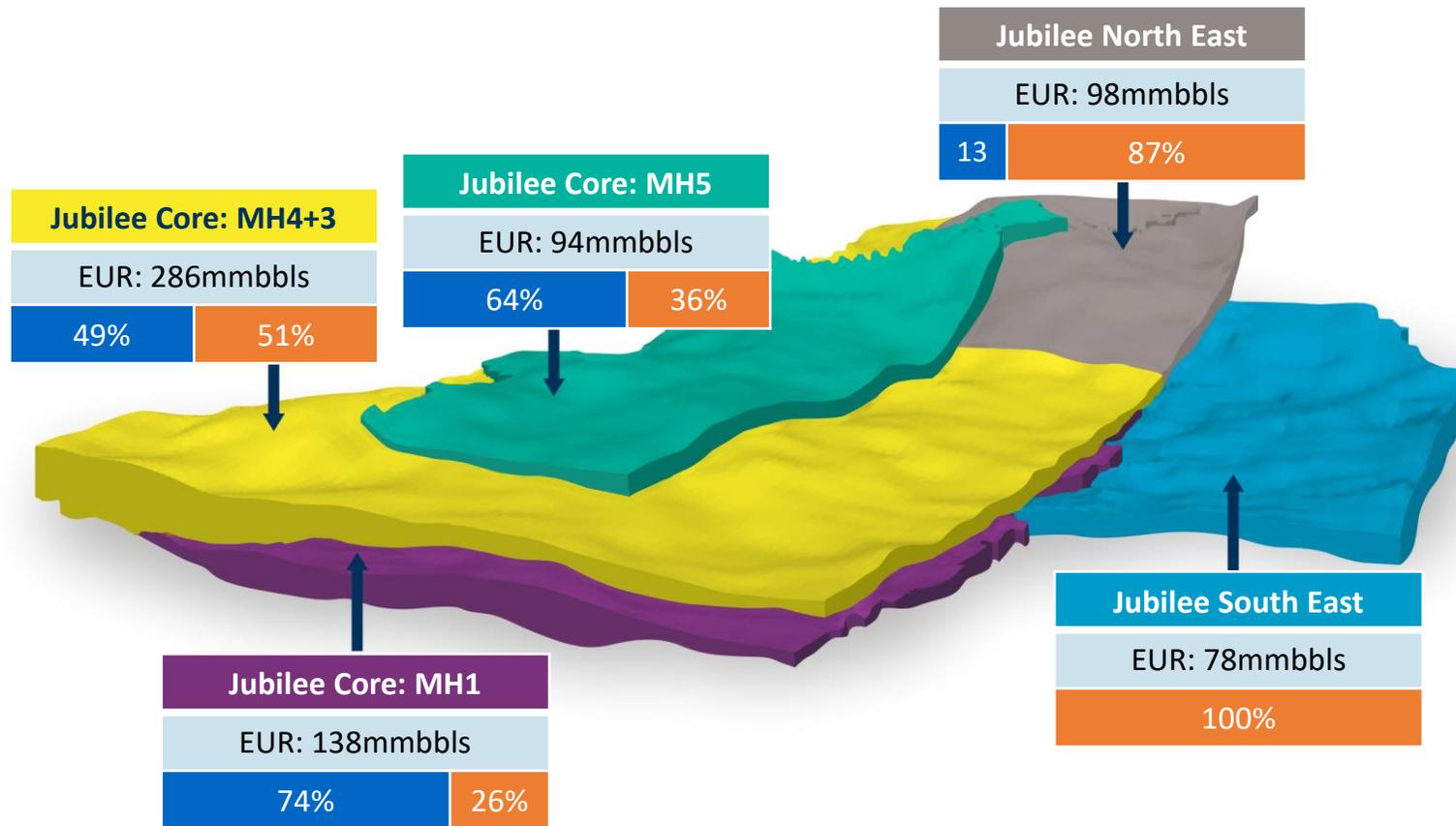
- ✓ Sustained water injection rates on Jubilee of **>200** kbwpd



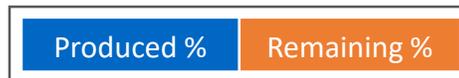
»»» Targeting additional capacity in 2022-23

Reliable operations are delivering production at the top end of guidance

# Jubilee - Extensive untapped remaining resource



**KEY**



EUR – Expected Ultimate Recovery  
 All EUR numbers million standard barrels, gross field as of 31 July 2021

<sup>1</sup> Business Plan recovery of 38% based on licence period (2P recovery of 34% based on licence period;  
 2P and 2C recovery of 46% based on TRACS 31 December 2020 audit report plus historical gross production)

Jubilee has nearly **2 billion barrels** oil initially in place  
 Targeting recovery of **c.40%** of oil initially in place<sup>1</sup>

Produced **less than half** of the EUR to date

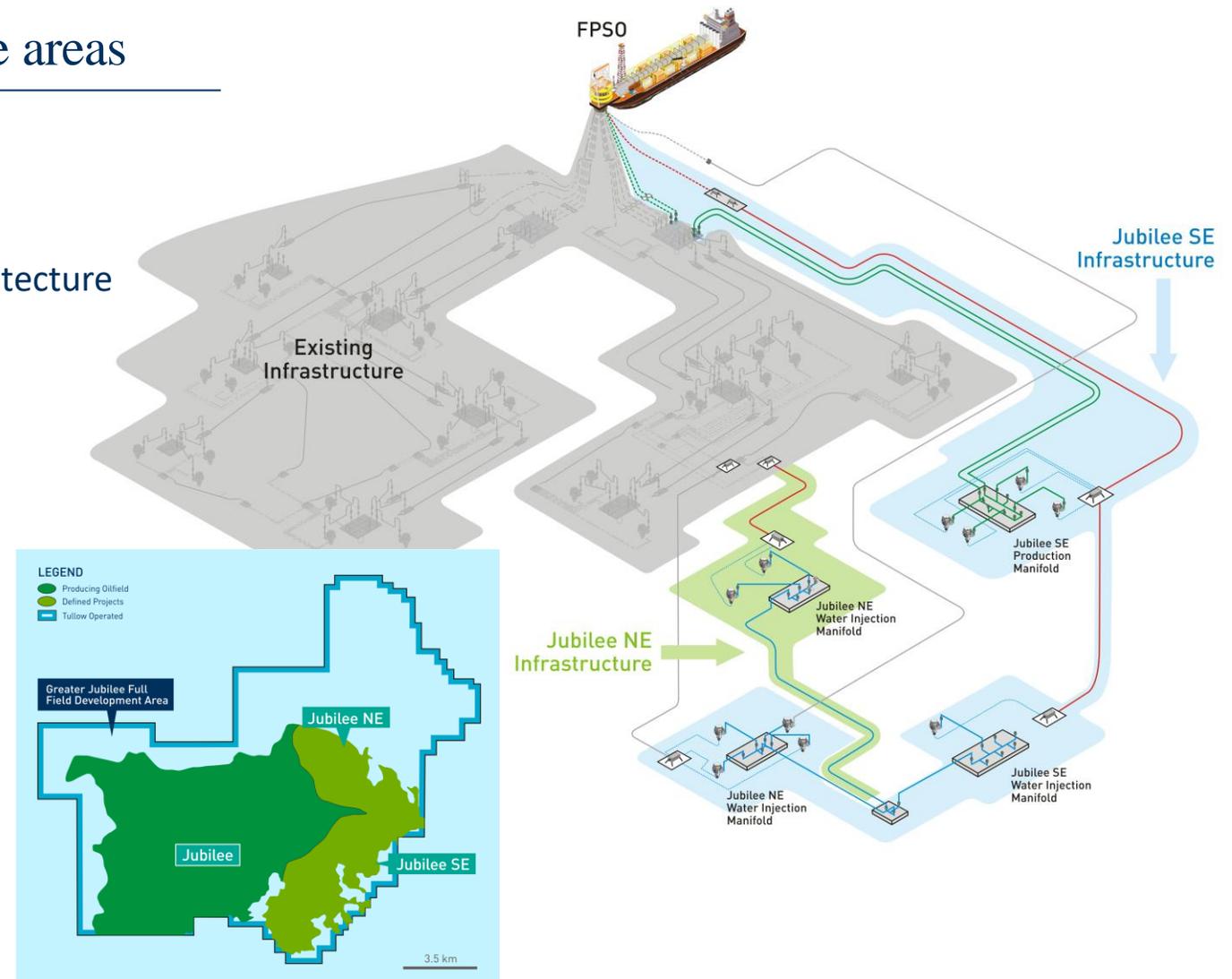
Two subsea projects sanction for development:  
**Jubilee North East**  
**Jubilee South East**

# Eastern Jubilee – Sanctioned projects near existing infrastructure

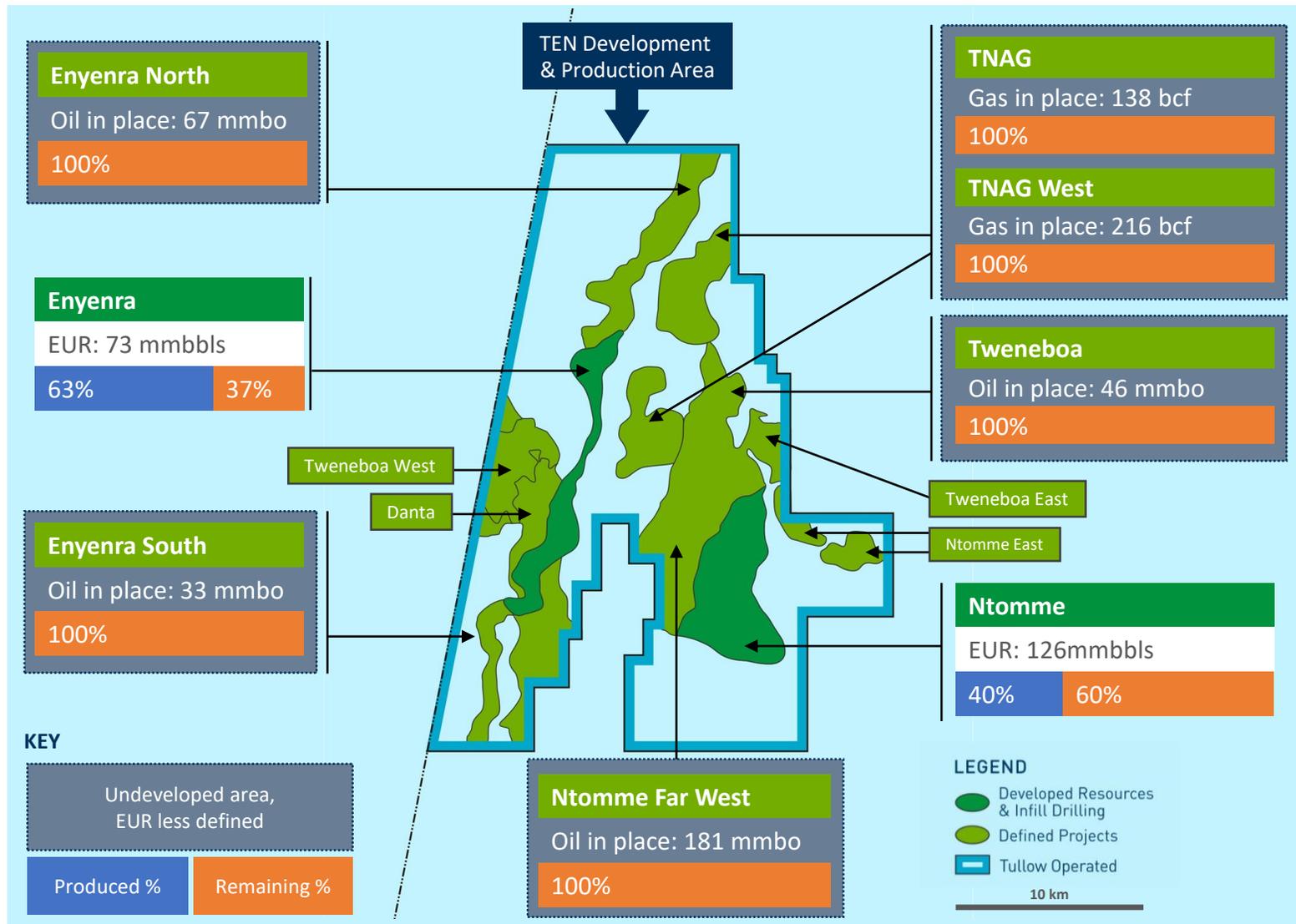
## Highly profitable projects east of Jubilee core areas

- Jubilee South East
  - Subsea production loop and water injection manifold
  - Infill well opportunities require only minimal tie-in architecture
  - First oil and water injection expected in 2023
  - IRR of c.50% at \$55/bbl flat nominal
- Jubilee North East
  - Single subsea water injection manifold addition
  - Supports existing and future infill production wells
  - Water injection planned for 2023
  - IRR in excess of 100% at \$55/bbl flat nominal

Defined projects with combined expected ultimate recovery (EUR) of **>170 mmbbls**



# Significant additional resource potential from TEN fields



TEN has approximately **1 billion barrels** oil initially in place

Targeting recovery of **c.30%** recovery of oil initially in place<sup>1</sup>

Produced **less than a third** of EUR to date

Concentrating on biggest and most cost-effective “pools”

Better utilization of FPSO capacity

Strategic wells to better define resource base

Significant value potential from non-associated gas

EUR – Expected Ultimate Recovery  
TNAG – Twaneboea Non-Associated Gas

<sup>1</sup> Business Plan recovery of 27% based on licence period (2P recovery of 20% based on licence period; 2P and 2C recovery of 47% based on TRACS 31 December 2020 audit report plus historical gross production)

# Non-operated portfolio – Collaborative approach creates value

## Portfolio highlights

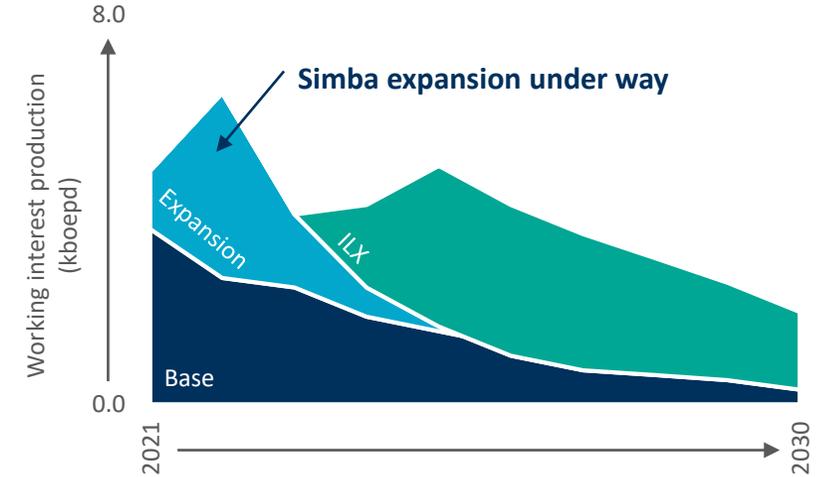
**Steady production & positive cash flow** influenced by infrastructure-led exploration (ILX)

Diverse **low-risk investment options** and projects with access to infrastructure and near field potential

Sales of Equatorial Guinea and Dussafu Marin permit completed 1H21, receiving **\$133 million** up front consideration

## Simba – high-value near field project delivery

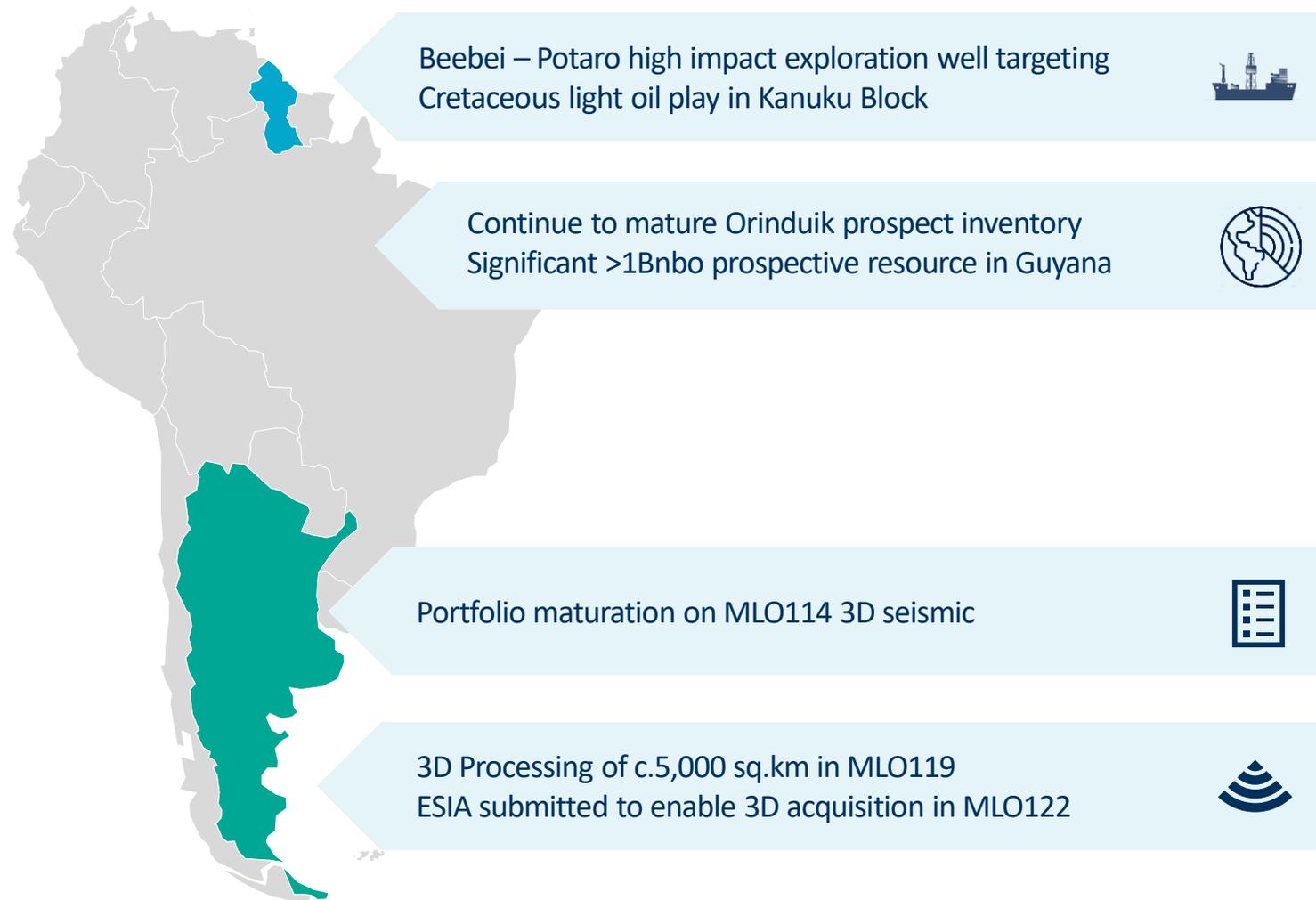
- Field significantly exceeding sanction case:
  - Expected recovery almost 5x higher
  - Material near field prospects
  - Short cycle development to first oil
  - Project paybacks in six months
- 2021 expansion:
  - Second production well onstream
  - Installation of larger tieback line
- Preparing ILX programme:
  - Three potential exploration wells
  - Two potential discovery development wells



Low-risk with compelling economics and ILX IRRs of >60%

# Unlocking value from selective emerging basins

## Emerging basins of Guyana and Argentina

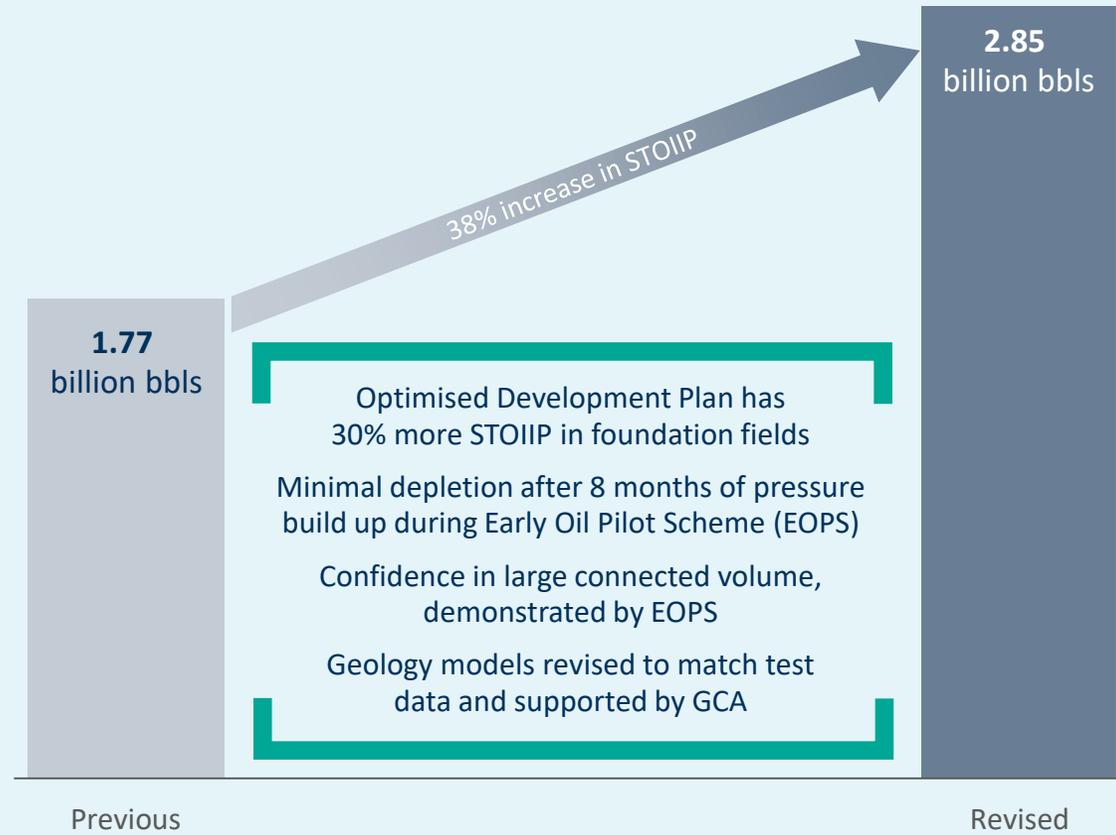


Opportunities to extract value from selected emerging basins to generate near term upside

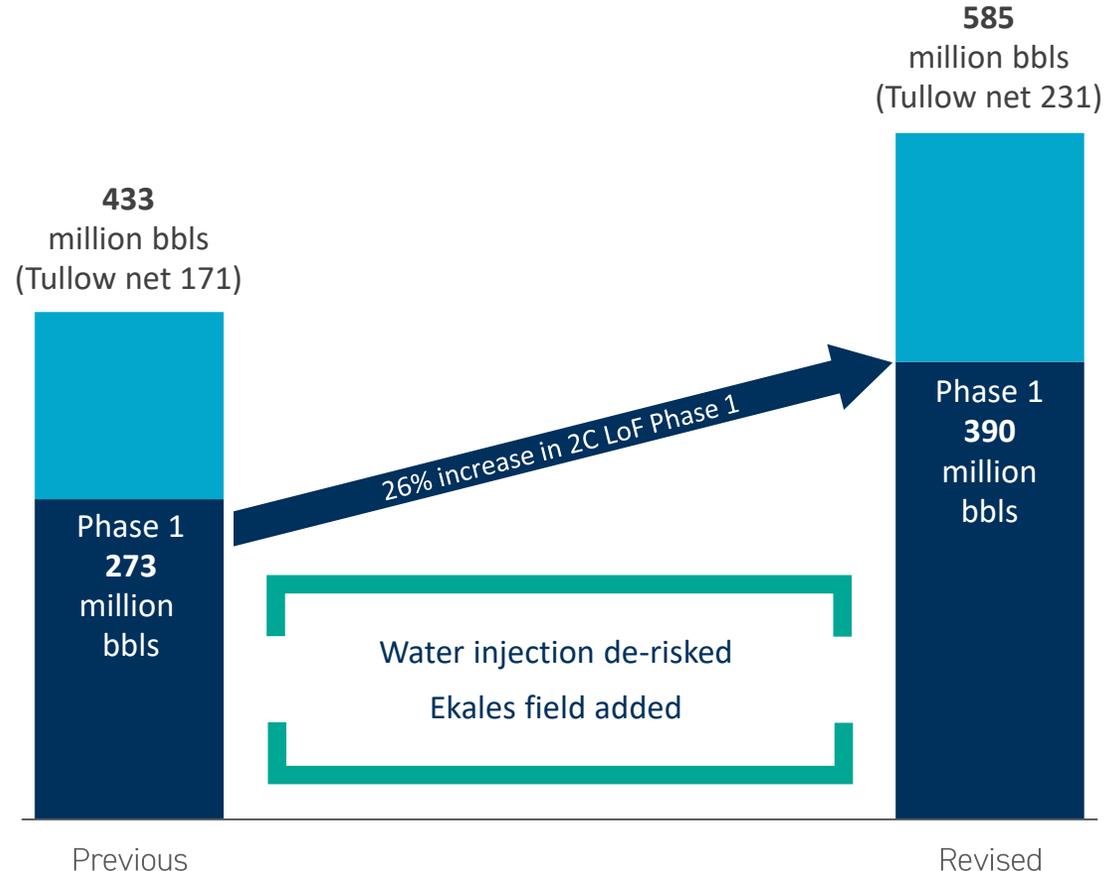
Plan to limit c.\$50m capital exposure from historic commitments

# Building confidence in Kenya resources & recovery

2.85 billion bbls STOIP<sup>1</sup> confirmed by independent auditor<sup>2</sup>



2C of 585 million bbls represents c.20% of oil-in-place

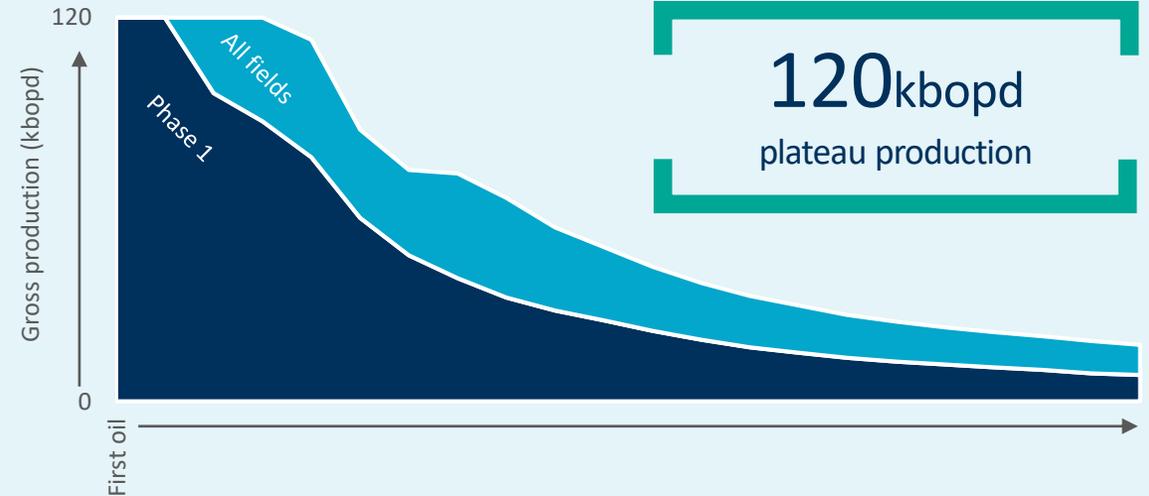


<sup>1</sup> - Stock Tank Oil Initially In Place  
<sup>2</sup> - Gaffney Cline Associates

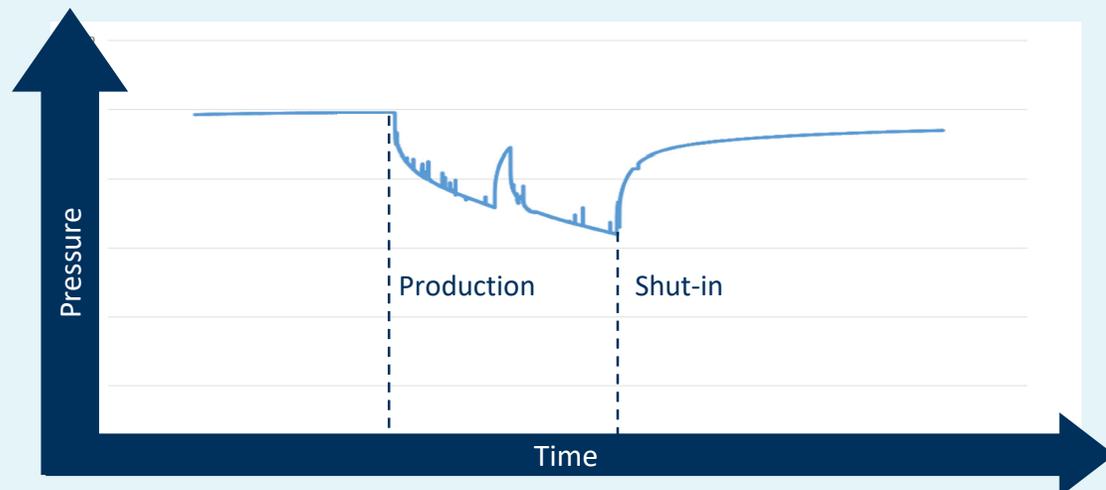
# Kenya optimisation has created a robust project

## Plateau production rate of 120kbopd based on EOPS productivity data

- Flowrates from Amosing and Ngamia EOPS wells provided confidence of potential in the core development areas
- Amosing IP c.1,500bbls/day (500 psi drawdown)<sup>1</sup>
- Ngamia IP c.900bbls/day (500 psi drawdown)<sup>1</sup>
- Prioritise more production and injector wells at the crest of the field to deliver more economic barrels
- Pressure build-up in EOPS wells shut-in for eight months demonstrates continuity and connectivity of the field



## Bottom-hole pressure – Ngamia 8, EOPS well, Zone 2 Performance



<sup>1</sup> IP – Initial Production

<sup>2</sup> Overall project costs inclusive of capex and opex

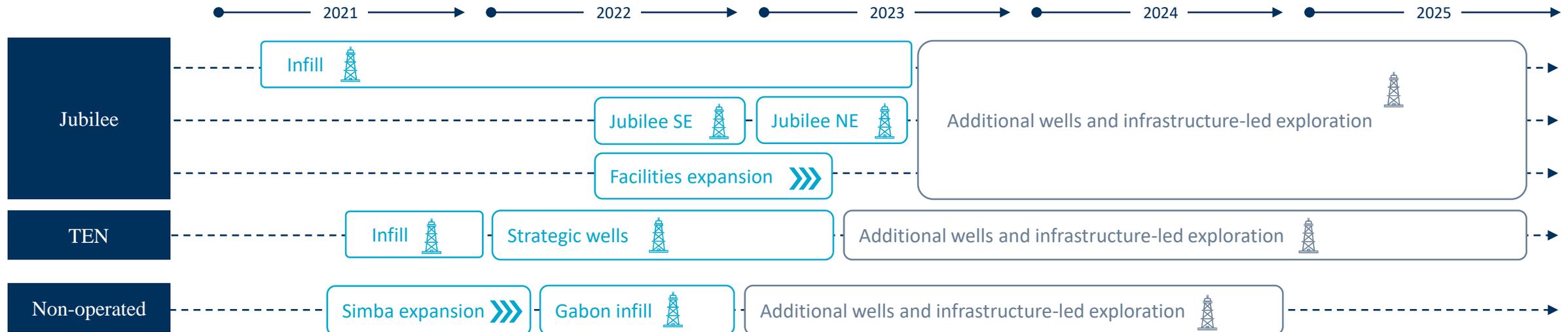
## Progressing the project

- Draft Field Development Plan (FDP) submitted to the Government of Kenya
- On track to meet licence extension commitments at year end
- Actively seeking strategic partners
- Work ongoing to finalise environmental, commercial and fiscal agreements

Gross project capex to first oil of c.\$3.4bn  
Overall project costs<sup>2</sup> reduced from c.\$31/bbl to c.\$22/bbl

# Well-defined projects support production potential

## Five-year activity outlook



## Rich infill drilling options & defined projects

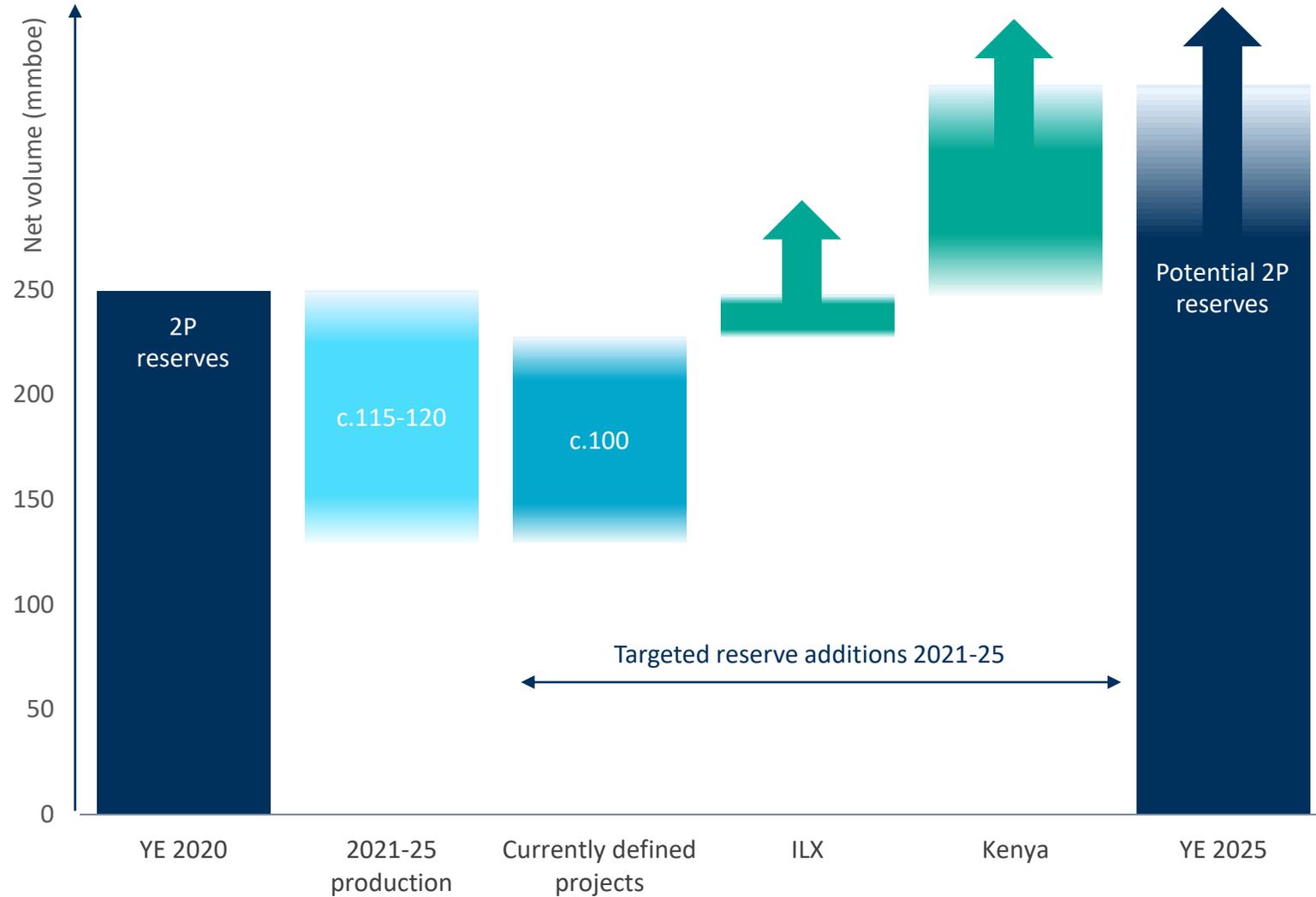
<h3>Ghana</h3> <ul style="list-style-type: none"> <li>Jubilee SE/NE</li> <li>Ntomme Far West</li> <li>Greater Ntomme Area (GNT)</li> <li>Tweneboa oil and TNAG<sup>1</sup></li> <li>Enyenra South and North</li> </ul>	<h3>Non-operated</h3> <ul style="list-style-type: none"> <li>Simba expansion</li> <li>Gabon infill</li> <li>Côte d'Ivoire infill</li> </ul>
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## Near-term upside potential

<h3>Infrastructure-led exploration</h3> <ul style="list-style-type: none"> <li>Upside to existing asset base</li> <li>Extending life of infrastructure</li> </ul>	<h3>Kenya</h3> <ul style="list-style-type: none"> <li>Optimised development plan</li> <li>Improved project economics</li> </ul>
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<sup>1</sup> Tweneboa non-associated gas

# Pipeline of projects to replenish and grow reserves



Set to deliver sustainable self-funded production

Visible reserves replacement from currently defined projects

Further potential reserves additions from ILX opportunities

Kenya represents upside value

# CONCLUSION

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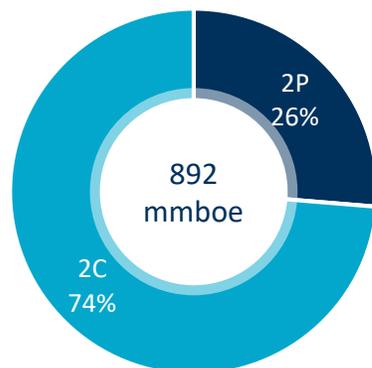
# KEY DATA

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# 2021 Key data

Production (kboepd)	2021 forecast
Ghana	42.1
<i>Jubilee</i>	26.4
<i>TEN</i>	15.7
Equatorial Guinea <sup>1</sup>	1.1
Gabon <sup>2</sup>	15.3
Côte d'Ivoire	1.5
Group total	60.0

## Group Reserves and Resources (at 30 June 2021)



Debt maturity profile (\$m)	2021	2022	2023	2024	2025	2026
Senior Secured Revolving Credit Facility	-	-	-	Undrawn 500	-	-
Senior Notes	-	-	-	-	800	-
Senior Secured Notes	-	100	100	100	100	1,400

Hedge portfolio as of 30 June	2H 2021	2022	2023	2024
Hedged volume (bopd)	40,000	23,400	20,000	6,800
Weighted average floor	\$48/bbl	\$48/bbl	\$55/bbl	\$55/bbl
Weighted average sold call	\$67/bbl	\$72/bbl	\$69/bbl	\$69/bbl
Premium spend per barrel (\$/bbl)	\$2.6/bbl	\$2.1/bbl	\$2.0/bbl	\$2.0/bbl

Operating costs <sup>3</sup> (\$/boe)	2021 forecast	Depreciation (\$/boe)	2021 forecast
Ghana	11	Ghana	19
Equatorial Guinea	23	Gabon <sup>4</sup>	4
Gabon <sup>2</sup>	24	Côte d'Ivoire	14
Côte d'Ivoire	25		

<sup>1</sup> Reflects completion of the sale of the Equatorial Guinea assets on 31 March 2021

<sup>2</sup> Reflects completion of the sale of the Dussafu Marin permit on 9 June 2021

<sup>3</sup> Data on a working interest basis

<sup>4</sup> Includes royalties