2020 Half Year Results

Tullow Oil plc | 2020 Half Year Results

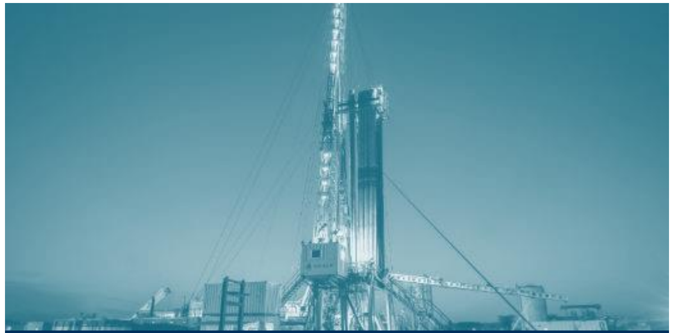
9 September 2020

2020 Half Year Results

Agenda

Overview and priorities

Operations and business review



Financial review

Business strategy update

Presenters

Rahul Dhir
Chief Executive Officer

Les Wood
Chief Financial Officer

OVERVIEW & PRIORITIES

Tullow Oil plc | 2020 Half Year Results

2020 Half Year Results overview

Operations

- Strong operational performance across the portfolio
  - → Production guidance range updated to 73-77,000 bopd
- Ghana – operational outperformance underpinned by:
  - → Increased gas offtake by GNGC, and
  - → Support of Government of Ghana in management of COVID
- Non-op - diversified portfolio delivering stable and sustainable production
- Exploration – reducing activity given market context

Financial

- Challenging first half, significantly mitigated by improved operations, hedging and cost reductions
- 2020 full year free cash flow neutral at current oil prices subject to year-end working capital

Portfolio Management

- Uganda – $575 million asset sale progressing as planned
- Kenya – farm-down suspended, strategic review under way
- In excess of $1 billion of asset sale proceeds still targeted despite challenging market conditions

Strategic

- Developing strategy and execution plans to maximise value
- Business priorities defined
- Capital Markets Day in 4Q 2020 to demonstrate the full potential of the business

Our business priorities

Safe and reliable operations	Competitive cost base with low breakeven	Capturing full asset potential	Robust capital base	Committed to sustainability and Shared Prosperity
Delivering leading performance	Highly cost effective, efficient and profitable business	Value optimisation for all assets in all aspects	Delivering a conservative capital structure that is fit for purpose	Net zero delivery plan in progress with decarbonisation options identified

OPERATIONS & BUSINESS REVIEW

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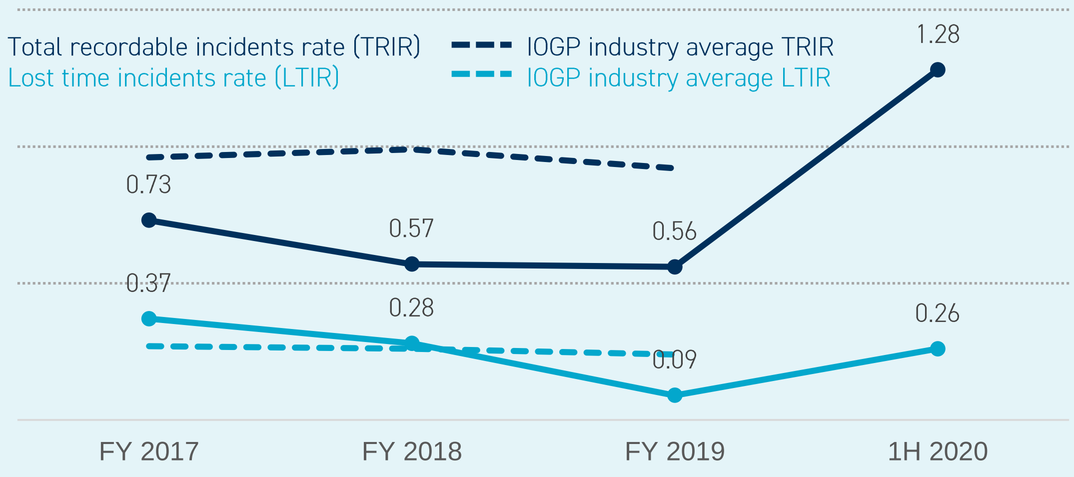
Commitment to health and safety

COVID-19

- Close co-operation with Government of Ghana
- Successful management of outbreak offshore Ghana (mid 2020)
  - → Both FPSO operations impacted
  - → Managed responsibly and effectively
  - → No disruption to production
- Business continuity plans in place for all operations
- Business operations running as normal

Safety



- Six non-critical incidents
  - → 50% in Côte d'Ivoire seismic operations
- Reinvigorated leadership
  - → Revised Safety Improvement Plans

Improved operational performance in Ghana

Materially improved performance

Production

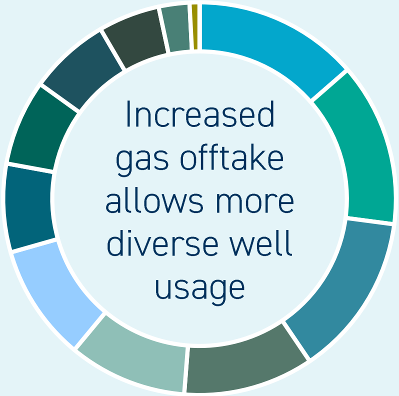
- Production in line with expectations
  - → Ntomme-09 on stream reduces risk to downside
  - → Ghana expected to deliver over 53,000 bopd net in 2020
- Low operating costs at $9/bbl[1]
- Capital flexibility at very low oil prices – 2020 drilling suspended

Critical operating KPIs

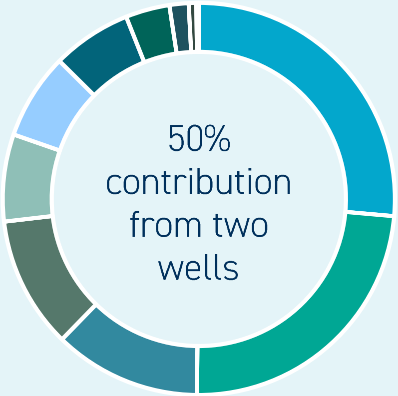
- Higher gas export allows greater well optimisation and use of higher GOR wells
  - → GNGC currently nominating 115 mmscfd vs 56 mmscfd average for 2019
- Strong focus on facilities performance and FPSO uptime[2]
  - → TEN - 99% YTD 2020 vs 96% FY 2019
  - → Jubilee – 96% YTD 2020 vs 88% FY 2019
- Good water injection reliability provides pressure support
  - → Jubilee water injection optimised: current 190 kbwpd versus 110 kbwpd in 2019
  - → Joint task force with partners
  - → Improved reliability

[1] Including 2020 turret remediation and COVID related specific costs
[2] Excluding planned shutdowns

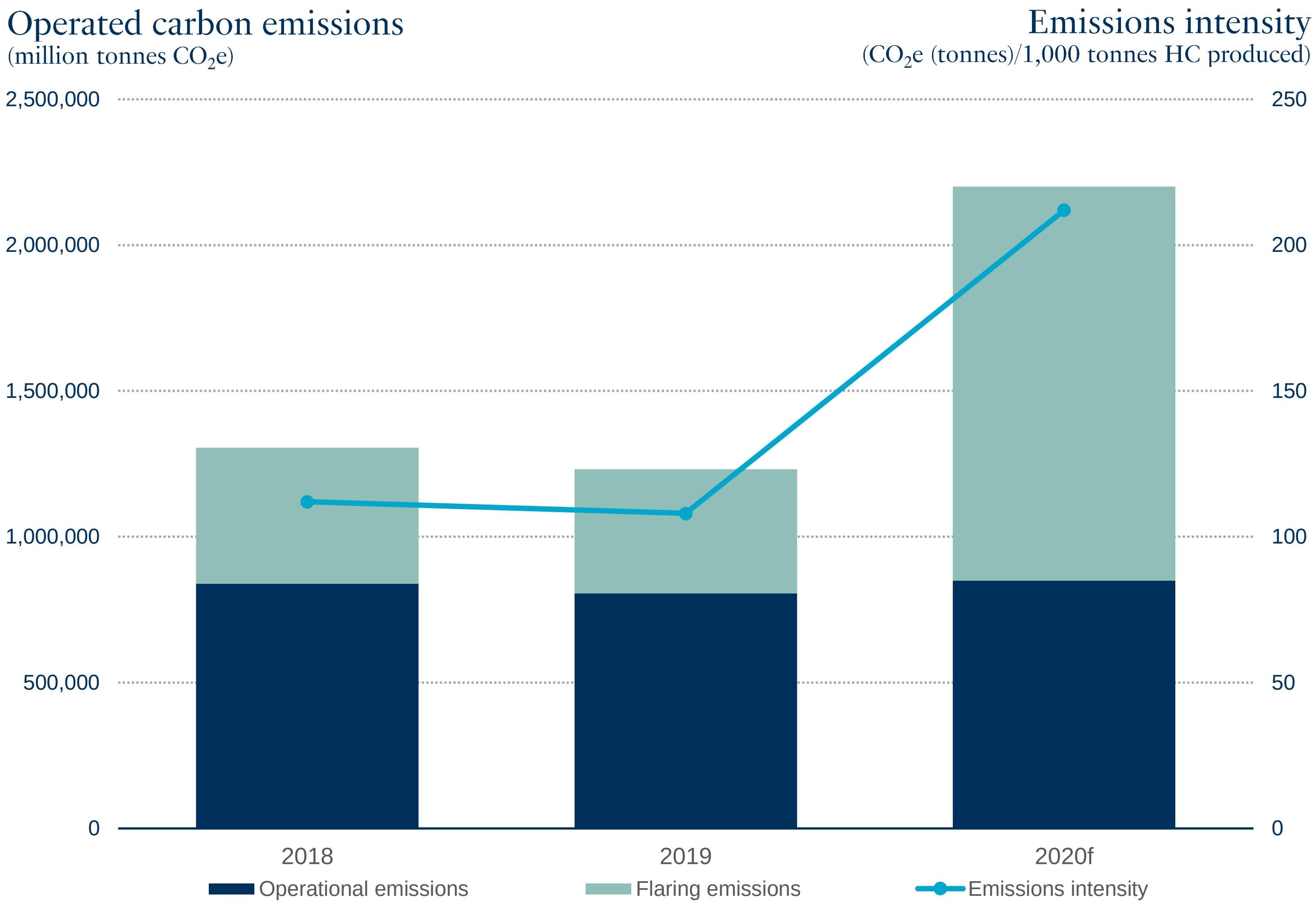
2020 Jubilee wells contribution



2019 Jubilee wells contribution



Monitoring our carbon emissions



Full disclosure on ESG can be found in our online Sustainability Report

Emissions assessment

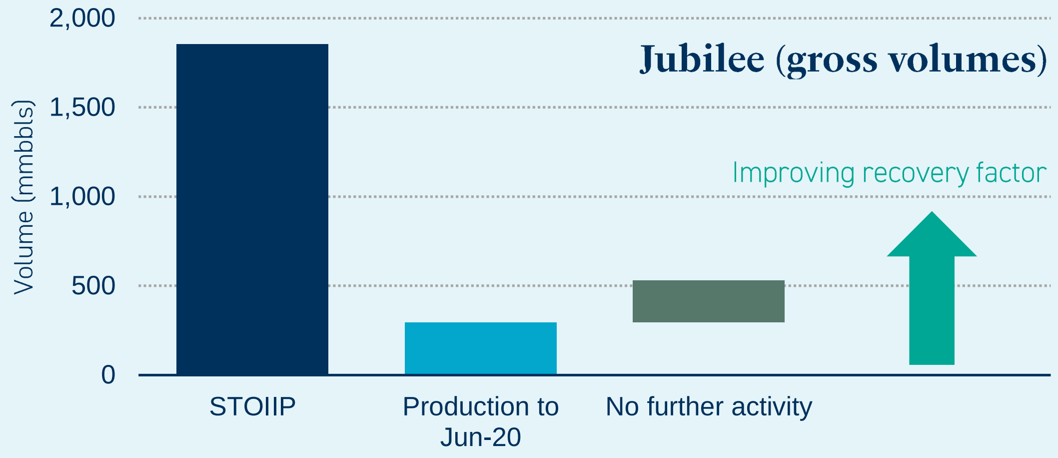
- Net zero delivery plan in progress with decarbonisation options identified
- Additional emissions in 2020 driven by short-term increase of flaring in Ghana
- Increased flaring currently necessary for better reservoir management and sustained production

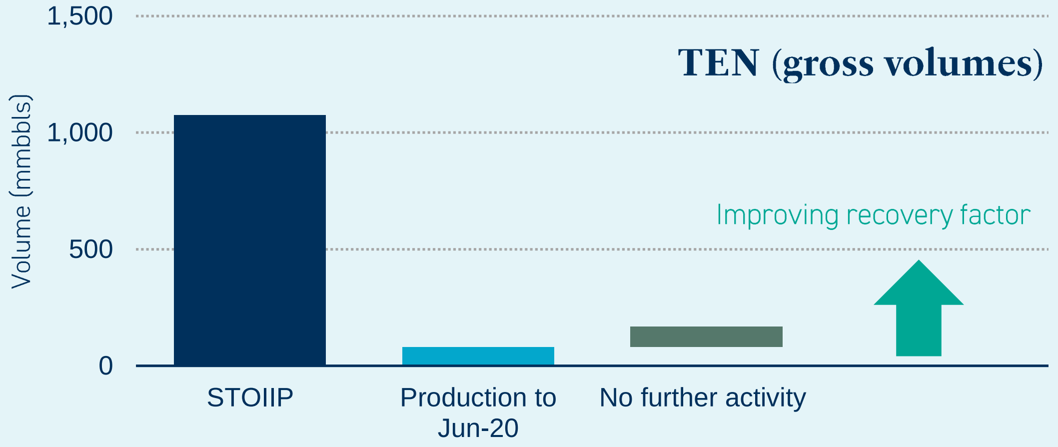
Growing value in Ghana

Deep and diverse development inventory

- Maximise subsurface potential
  - → Less than 15% of STOIIP produced to date
- New development opportunities in TEN and Jubilee robust at $35/bbl
- Using a "lower for longer" oil price mindset
- Extensive infrastructure in place – incremental economics compelling
- Plan to restart Jubilee infill drilling in 2021
- Accelerated Jubilee South-East development being evaluated
- Strong engagement with JV partners
- Material value creation for Govt. of Ghana

Sub-surface optimisation

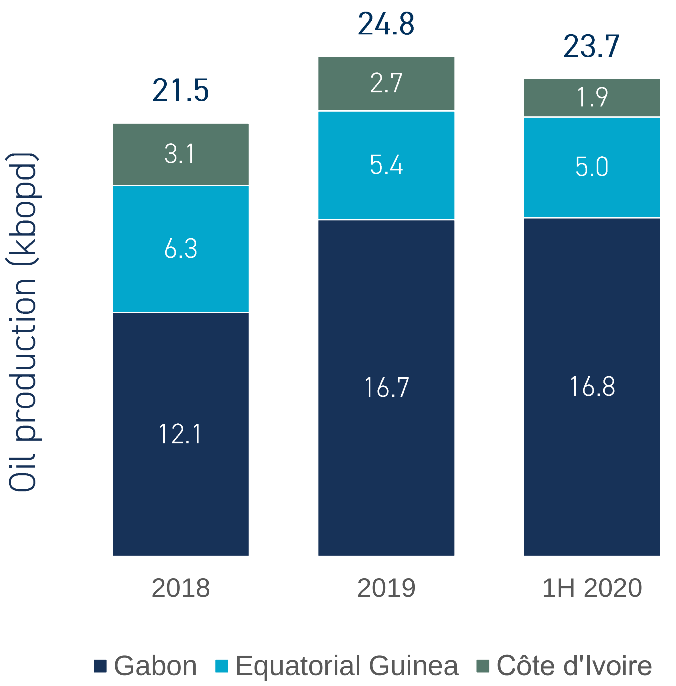




Diverse Non-Op investment opportunities

Extracting maximum value

- Potential for sustained production @ c.24,000 bopd for medium term
- Annual investment of up to $100 million required
- Sustainable operating costs of c.$18/bbl



- Gabon
  - → 2H 2020 production constrained by Opec+
  - → Near-term developments defined at Simba, Ruche, Ezanga and Tchatamba South
  - → Material exploration follow-up potential
- Equatorial Guinea
  - → Okume/Ceiba next development phase matured
- Côte d'Ivoire
  - → Espoir next development phase matured

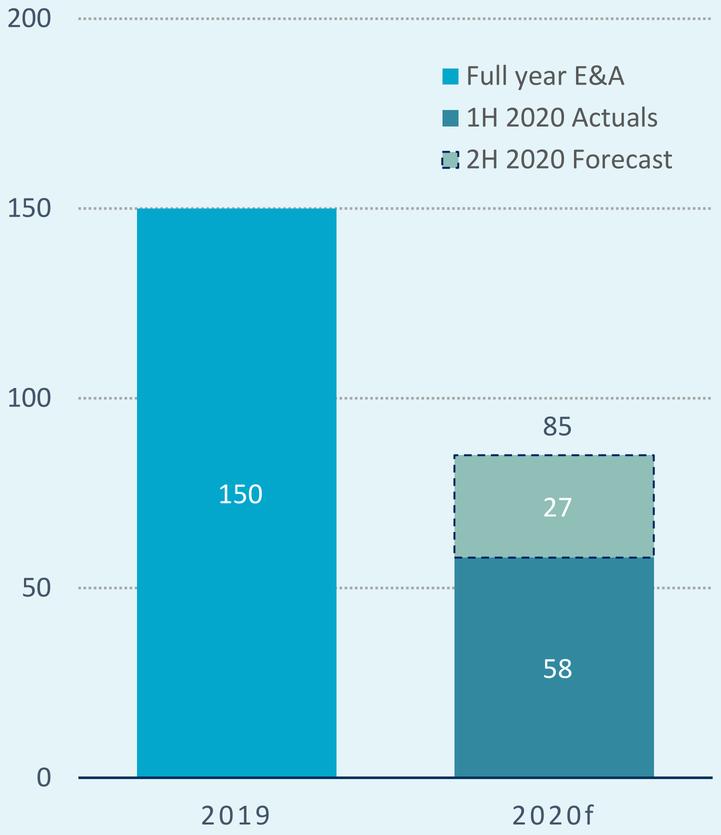
Diversified portfolio

- → 6 operators
- → 31 fields
- → 4 FPSOs
- → 6 platforms
- → 13 onshore sites
- → 6 terminals
- → Gross production > 135 kbopd
- → Growth opportunities across key assets being pursued

Minimising exploration spend in short-term

- Significant high-grading of exploration portfolio
  - → Active management through relinquishments and deferrals
  - → Disciplined rationalisation to unlock value and preserve future options
- Focussed portfolio with material equity
  - → Guyana post-drill integration and inventory development
  - → Planning GVN-1 well in Suriname 1Q 2021
  - → Argentina seismic acquisition and prospect inventory development
  - → High grading near-field potential in areas of existing operations
- Lean, fit-for purpose team focussed on disciplined programme delivery with minimal capital spend

Exploration expenditure



East Africa: realising value in challenging times

Uganda

- $575 million sale to Total progressing as planned
- Shareholder approval received; Operatorship agreed
- Good progress being made to satisfy remaining deal conditions
- Transaction completion and proceeds expected in 4Q 2020

Kenya

- Working closely with Government of Kenya and Joint Venture Partners
- Force Majeure withdrawn and licence extension granted
- Comprehensive project review proposed to make robust at low oil prices
- Farm down suspended pending comprehensive review of development concept and strategic alternatives for the asset

Working to deliver robust capital structure

Robust long term capital structure

- Managing our debt maturities is a key priority

Parallel and inter-related workstreams

- Delivering balance sheet and value accretive disposals
- Maximising the value and cash generation from our assets
- Evaluating a broad range of refinancing alternatives

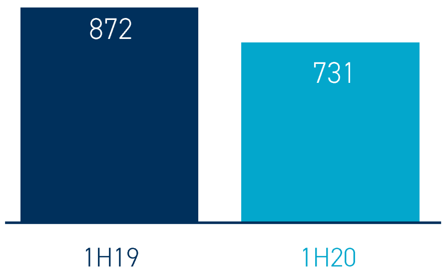
Credit facilities

- Proactive engagement with RBL banks on redetermination

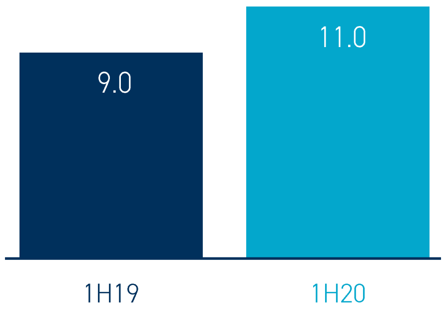
FINANCIAL UPDATE

Tullow Oil plc | 2020 Half Year Results

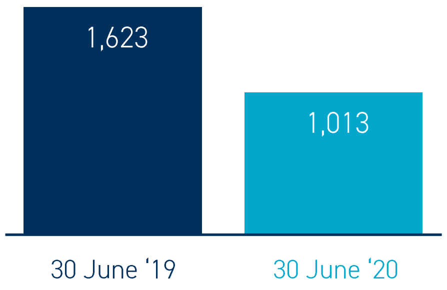
2020 Half Year Results



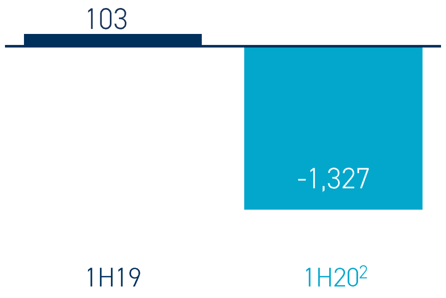
Revenue ($m)



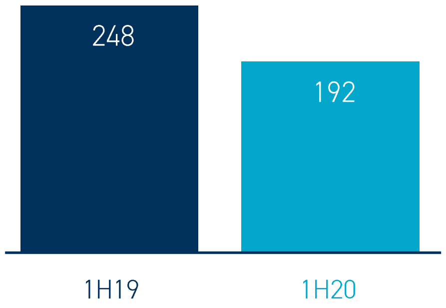
Opex ($/boe)[1]



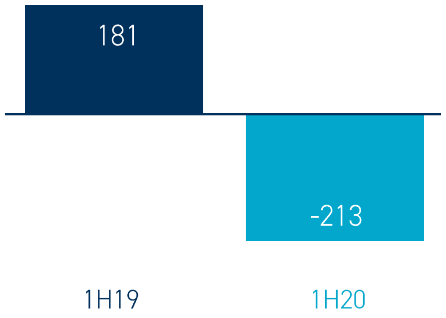
LTM Adjusted EBITDAX ($m)



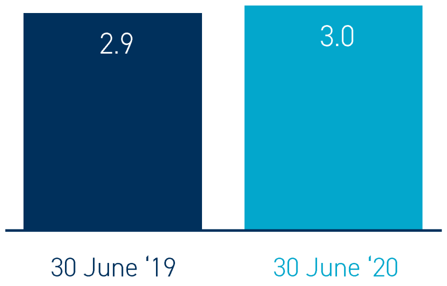
Profit after tax ($m)



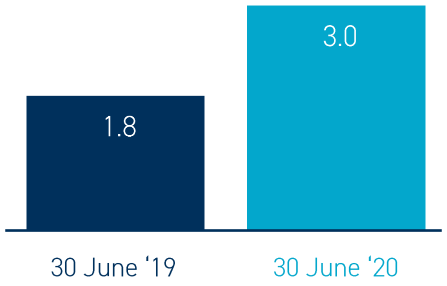
Capital investment ($m)



Free cash flow ($m)



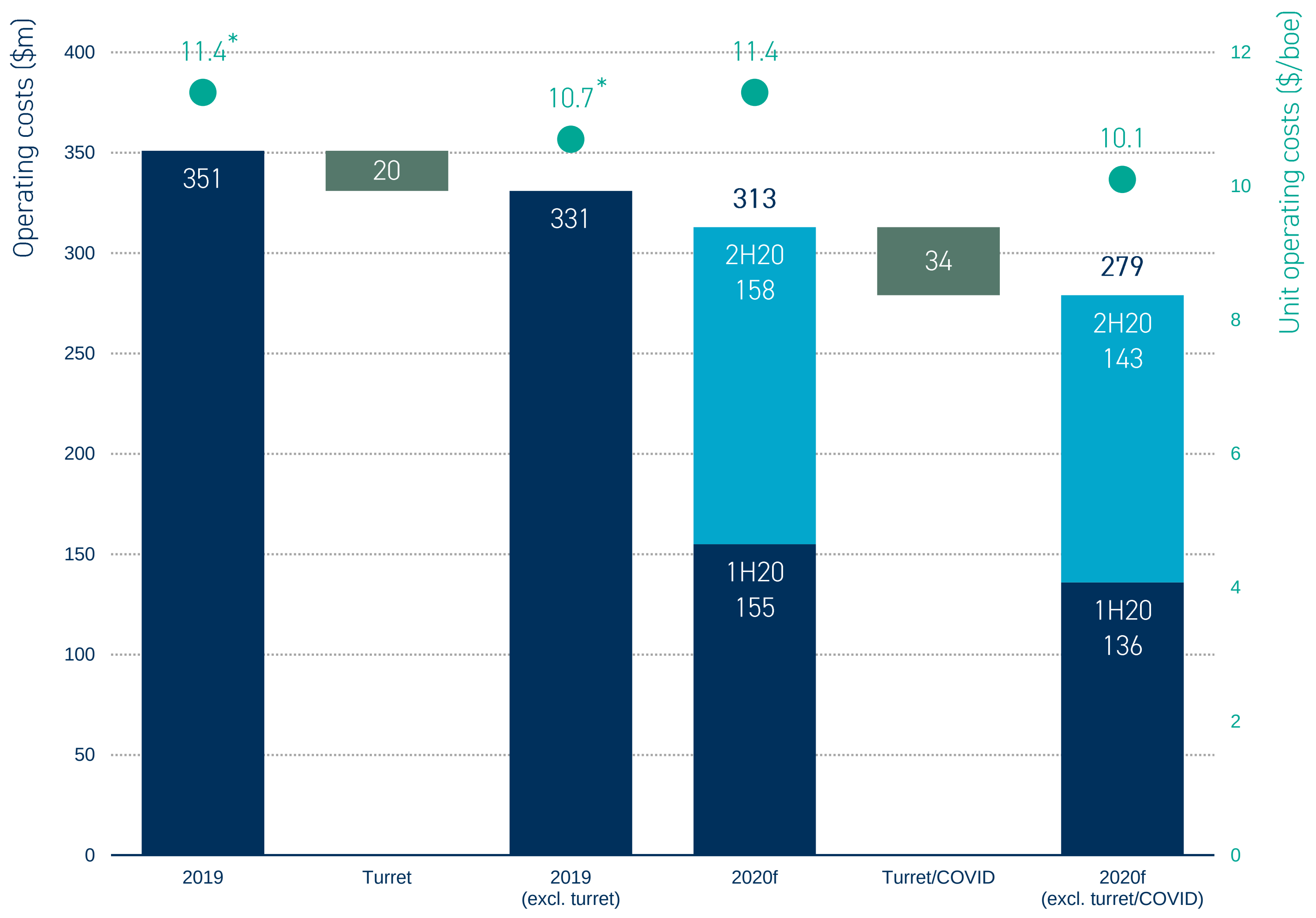
Net debt ($bn)



Gearing (x)

[1] *Includes turret remediation and COVID related costs,*
[2] *Loss after tax materially impacted by impairments of $1.4 billion*
[NB] *1H19 also includes Corporate Business Interruption insurance*

Pursuing lower steady state operating costs



*Excludes insurance barrels, when included 2019 opex/boe = $11.1/boe and 2019 opex/boe (excl. turret) = $10.5/boe

Key drivers for 2020 opex

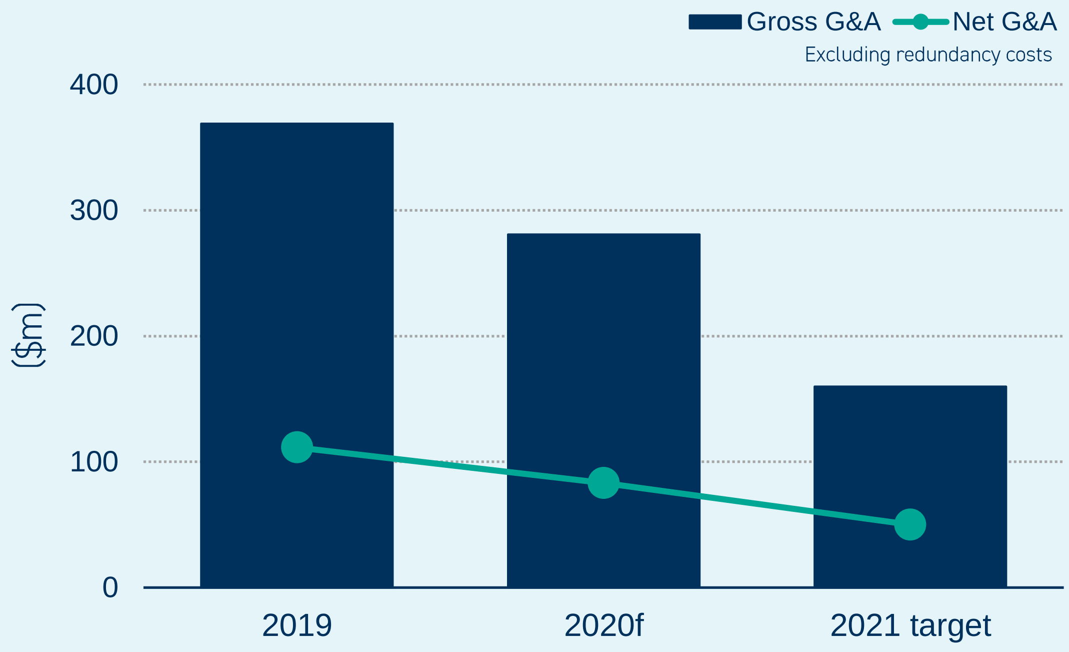
- Additional COVID related costs
- Delayed CALM buoy costs
- Lower FPSO O&M costs
- Reduced staff costs
- Non-op: Deferral of shut-downs

A cost effective organisation

Restructuring of cost base well advanced

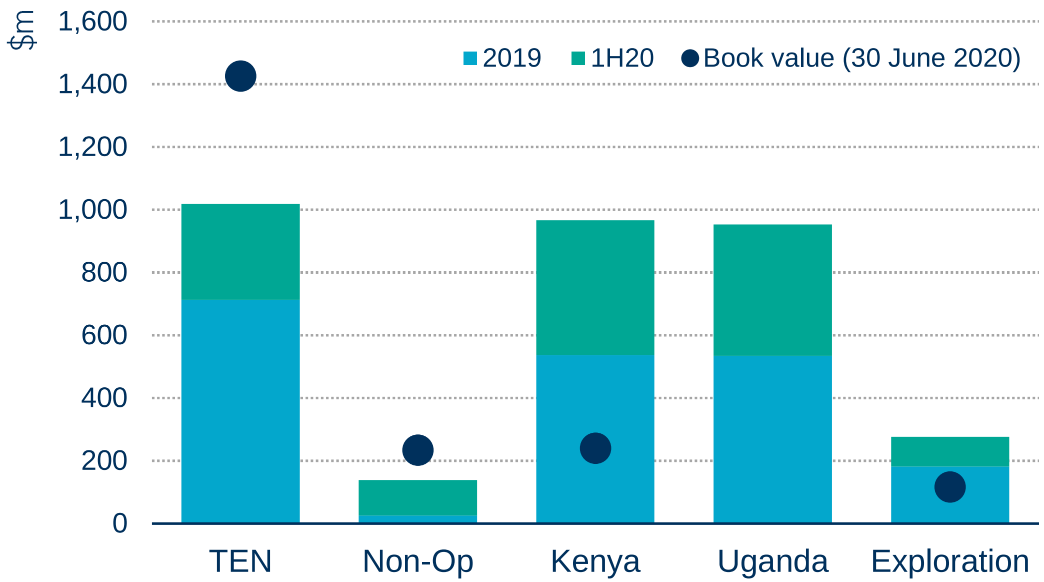
- Delivering sustainable annual cash savings >$125 million
  - → Now expect to deliver >$350 million of cash savings
    - → Significantly in excess of previous target of $200 million over 3 years
  - → Sustainable reduction in opex, capex and net G&A
- Significant headcount reduction
  - → Includes sale of Uganda and activity curtailment
  - → Streamlining organisation to reduce complexity
- Further cost review ongoing
  - → Supported by external experts
  - → Reviewing entire cost base including supply chains
  - → Application of extensive benchmarking and analytics

Targeting
>50% reduction
of net G&A



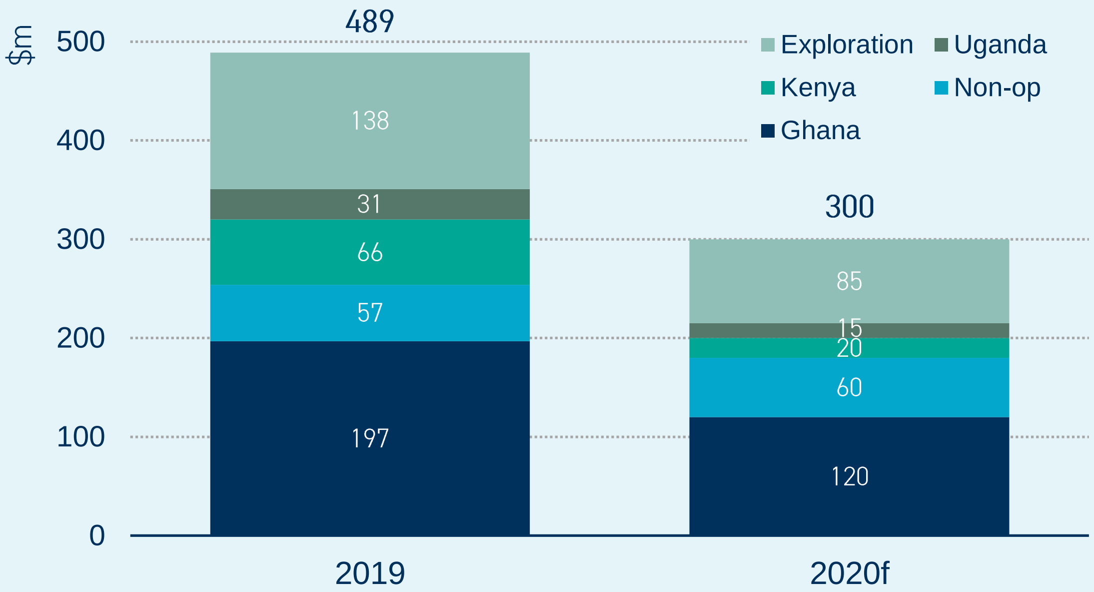
Strict capital discipline in future

Impairments and write-offs



- Significant impairments and write-offs recorded in 2019 and 1H20
  - → Driven by lower short-term and long-term oil prices
  - → Historical sanctioning/appraising of projects at high oil prices
  - → Material delays to project FIDs in East Africa
  - → Unsuccessful exploration activity

Ability to flex capital expenditure



- Demonstrated ability to reduce 2020 capital to respond to environment:
  - → Jubilee SE deferred
  - → Pause in Ghana drilling
  - → Material reduction in exploration activity
- 2021 capital allocation will primarily be on production related activities
- Increased focus on infrastructure led development and exploration

2020 Guidance

Key guidance figures

73-77kbopd
Production

c.$300 million
Capex

c.$65million
Decommissioning Costs

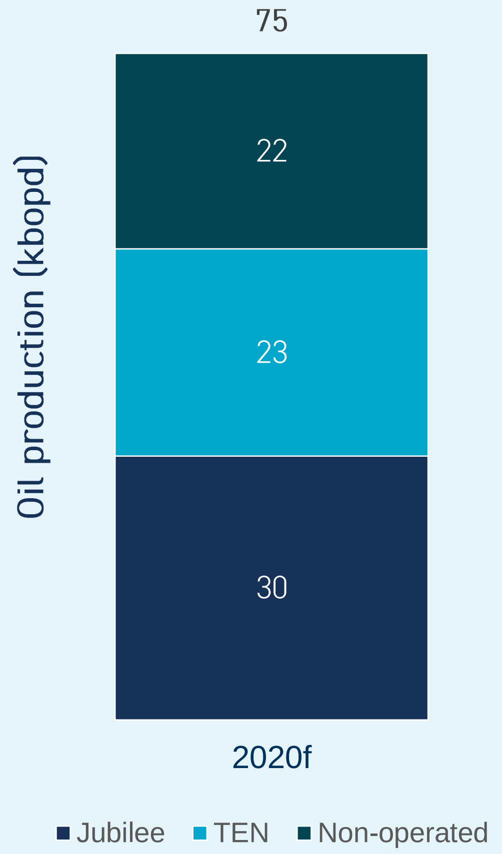
<$12/boe
Opex

c.$85 million
Net G&A

FCF breakeven
at forward curve*

Further review of costs resulted in additional capex and decommissioning savings in 2020

Group production breakdown



*Excluding Uganda proceeds and subject to working capital adjustments

Conservative capital structure priorities

Capital structure

Facility	Maturity	Outstanding (30 June 2020)
Convertible bonds	2021	$300 million
Senior notes	2022	$650 million
Reserves based lending (RBL)	2024	$1,505 million
Senior notes	2025	$800 million

Reserves based lending (30 June 2020)

Managing liquidity:

- Portfolio management key component of managing liquidity
- Sale of Uganda interests first step in realising in excess of $1 billion of proceeds
- c.$500 million headroom is appropriate in light of reduced capital commitments

Priorities

Reduce cost base

Uganda proceeds

RBL redetermination

Value optimisation

Further asset sales

Refinancing review

Financial conclusions

Balance sheet

- More conservative approach to gearing and maintaining appropriate headroom
- Gearing elevated, current liquidity headroom and free cash of c.$500 million

Portfolio management

- Proactively manage asset base to balance risk and deliver value
- Targeting in excess of $1bn of proceeds, Uganda completion expected before year end

Commodity risk management

- Reduce volatility impact through sustained hedging programme
- Critical downside protection in the first half of 2020

Capital allocation

- Apply strict capital allocation criteria to create value across the business
- Reviewing entire opportunity set to deliver value and cashflow at low oil prices

Free cash flow focus

- Optimise revenue, control costs and manage working capital to deliver free cash
- Group forecast to be free cash flow neutral in 2020 at current prices, sensitive to WCAP

CONCLUSION

Unlocking Tullow's true potential

Rigorous and detailed review of value optimisation for all assets

Strong capital discipline and focus on costs

Ghana

- Large diverse portfolio of investment opportunities
- Very attractive returns, robust at low oil prices

Accelerating investment plans

Non-Op

- Self-sustaining business with diversity of investment opportunities
- Delivering good cash flows @ $100 million pa investment

Work with JV partners to add value, minimise net G&A cost to Tullow

Exploration

- Attractive opportunities in portfolio in Africa and South America
- Opportunities to farm down and bring in new partners

Minimise capital at risk whilst preserving upside potential

Kenya

- Potential for attractive returns if project redefined
- Ongoing engagement with Government

Work with partners and Government to create robust project at low oil prices

Capital Markets Day in 4Q20 to demonstrate full potential of business

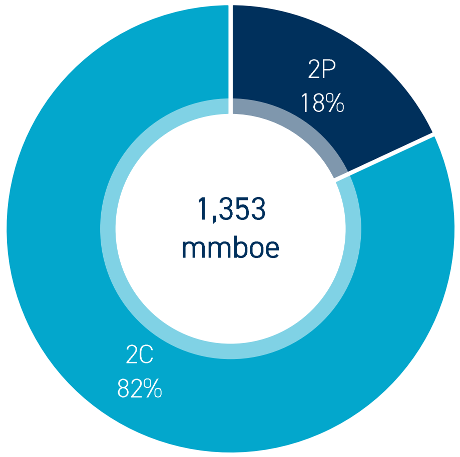
KEY DATA

Tullow Oil plc | 2020 Half Year Results

2020 Key data

Oil production (kboepd)	2020 forecast
Ghana	53.0
Jubilee	*30.0*
TEN	*23.0*
Equatorial Guinea	4.7
Gabon	15.2
Côte d'Ivoire	2.1
Group total	**75.0**

Group Reserves and Resources (at 30 June 2020)



Operating costs[1] ($/boe)	2020 forecast
Ghana[2]	9
Equatorial Guinea	17
Gabon[3]	18
Côte d'Ivoire	20

2020 hedge structure	Bopd	Bought put (floor)	Sold call	Bought call
Collars	32,500	$57.72	$79.32	-
Three-way collars (call spread)	12,000	$56.42	$77.82	$87.68
Total / weighted average	**44,500**	**$57.37**	**$78.91**	**$87.68**

Depreciation ($/boe)	2020 forecast
Ghana	22
Equatorial Guinea	8
Gabon[3]	7
Côte d'Ivoire	16

[1] Data on a working interest basis
[2] Including turret remediation and COVID related costs
[3] Includes royalties

2021 hedging position at 30 June 2020: c.24,000 bopd hedged with an average floor price protected of c.53/bbl

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