



Half-year Results

EnQuest PLC

Results for the six months ended 30 June 2023

5 September 2023

Unless otherwise stated, all figures are on a Business performance basis and are in US Dollars.

Comparative figures for the Income statement relate to the period ended 30 June 2022 and the Balance sheet as at 31 December 2022. Alternative performance measures are reconciled within the 'Glossary - Non-GAAP measures' at the end of the Financial Statements.

EnQuest Chief Executive, Amjad Bseisu, said:

"Strong operational performance, including the efficient return to service of Kraken, has enabled free cash flow generation totalling \$140 million in the first half of 2023, driving further reduction in EnQuest net debt to \$592 million. Within the core business, we have a significant work programme in the second half of the year, including further drilling at Magnus and at Golden Eagle and a continuation of well plug and abandonment activities at Heather and Thistle, which we expect to deliver in line with 2023 guidance.

"EnQuest continues to play an active role in supporting the UK's twin objectives of delivering energy security and decarbonisation. Following the successful awards of carbon capture and storage licenses, I'm delighted that the Board has established a commitment for EnQuest to reach net zero for scope 1 and scope 2 emissions by 2040.

"The UK's oil and gas sector faces significant challenges and loss of competitiveness due to uncertainty following the adverse changes to the fiscal regime. While we appreciate the Government's intentions to improve the attractiveness of the sector through the Energy Security Investment Mechanism, we believe timely legislative reform is required to restore confidence in the UK oil and gas sector to protect jobs and deliver both energy security and decarbonisation.

"As we navigate the challenges posed by the EPL, we remain focused on further strengthening our Balance sheet, to unlock organic and inorganic growth opportunities, as well as our differentiated tax advantage, to grow the business and deliver returns to shareholders."

H1 2023 performance

- Group net production averaged 45,480 Boepd (2022: 49,726 Boepd)
- Revenue and other operating income of \$732.7 million (2022: \$943.5 million) and adjusted EBITDA of \$399.2 million (2022: \$536.3 million) reflects lower realised oil prices of \$75.8/Boe (2022: \$89.9/Boe) and lower production
- Operating costs were \$162.7 million (2022: \$208.4 million), reflecting higher lease charter credits reflecting unplanned downtime at Kraken, as well as lower maintenance and well intervention costs at Magnus and at PM8/Seligi
- Reported profit before tax was \$112.9 million (2022: \$182.6 million). Reported loss after tax was \$21.2 million (2022: profit of \$203.5 million) driven by the impact of the UK Energy Profits Levy
- Reported cash generated from operations was \$370.4 million (2022: \$522.7 million); with cash capital expenditure of \$80.0 million (2022: \$54.7 million) and cash abandonment expenditure of \$29.3 million (2022: \$28.2 million)
- Free cash flow generation, including favourable working capital movements, of \$140.0 million (2022: \$332.1 million)

- Awarded four carbon storage licences by the North Sea Transition Authority

End June EnQuest net debt reduced by \$125.0 million from year end; EnQuest net debt to adjusted EBITDA maintained at 0.7x

- At 30 June 2023, EnQuest net debt reduced to \$592.1 million (end 2022: \$717.1 million). EnQuest net debt to last-12 months adjusted EBITDA ratio as at 30 June 2023 remains at 0.7x, as it was at the end of 2022
- At the end of June, \$247.0 million (end 2022: \$400.0 million) remained outstanding on the Group's senior secured debt facility ('RBL') following accelerated repayments totalling \$153.0 million
- At 30 June, EnQuest retained strong liquidity with total cash and available facilities of \$385.2 million (end 2022: \$348.9 million)
- At 31 August 2023, EnQuest net debt increased to \$615.2 million due to the July payment of \$50 million contingent consideration in relation to the Golden Eagle acquisition.
- The outstanding RBL, which matures in April 2027, was reduced by a further \$7.0 million to \$240.0 million
- In August 2023, the Group agreed a term loan facility totalling \$150.0 million, maturing in July 2027, which will rank junior to the existing RBL as a secured second lien instrument within the capital structure. The loan proceeds, which can be used for general corporate purposes, provide an additional source of liquidity for the Group in advance of the October settlement of the 7% Sterling retail bond
- The remaining October 2023 7% Sterling retail bond in issue is £111.3 million and is expected to be settled in cash at maturity

Guidance and outlook

- 2023 average net Group production is still expected to be within the guidance range of 42,000 Boepd to 46,000 Boepd reflecting strong first half performances across the majority of the portfolio and the efficient return to service at Kraken, which mitigated losses associated with a period of production shut-in following the decision to accelerate maintenance work originally planned for the third quarter
- Operating costs, cash capital and abandonment expenditures are all expected to be in line with prior guidance of c.\$425 million, c.\$160 million and c.\$60 million, respectively, with operating costs expected to be higher in the second half of the year in line with increased activity
- EnQuest has hedged a total of c.3.8 MMbbls in the second half of 2023 with an average floor of c.\$60/bbl through the use of put options. For the first half of 2023, the Group hedged a total of c.5.9 MMbbls with an average floor price of c.\$57/bbl and an average ceiling price of c.\$76/bbl applicable to 3.1 MMbbls
- EnQuest has hedged a total of c.3.2 MMbbls in 2024 and a total of 0.1 MMbbls in 2025 through the use of put options, all with the same floor of \$60/bbl

Production and financial information

Business performance measures	For the period to 30 June 2023	For the period to 30 June 2022	Change%
Production (Boepd) ¹	45,480	49,726	(8.5)
Revenue and other operating income (\$m ²)	732.7	943.5	(22.3)
Realised oil price (\$/bbl) ^{2,3}	75.8	89.9	(15.7)
Operating costs (\$m)	162.7	208.4	(21.9)
Average unit operating costs (\$/Boe) ³	19.7	22.7	(13.2)
Adjusted EBITDA (\$m) ³	399.2	536.3	(25.6)
Cash expenditures (\$m)	109.3	82.9	31.8
Capital	80.0	54.7	46.3
Abandonment	29.3	28.2	4.0
Free cash flow (\$m) ³	140.0	332.1	(57.8)
	30 June 2023	31 December 2022	
EnQuest net debt (\$m) ³	(592.1)	(717.1)	(17.4)

Statutory IFRS measures	For the period to 30 June 2023	For the period to 30 June 2022	Change%
Reported revenue and other operating income (\$m ¹)	770.4	838.8	(8.2)
Reported gross profit (\$m)	287.1	252.8	13.6
Reported profit/(loss) after tax (\$m)	(21.2)	203.5	-
Reported basic earnings/(loss) per share (cents)	(1.2)	11.1	-
Cash generated from operations (\$m)	370.4	522.7	(29.1)
Net increase/(decrease) in cash and cash equivalents (\$m ⁵)	(18.1)	99.5	-

Notes:

¹ Production figure for first half of 2023 includes 660 Boepd associated with Seligi gas

² Including realised losses of \$22.2 million (2022: realised losses of \$162.3 million) associated with EnQuest's oil price hedges

³ See reconciliation of alternative performance measures within the 'Glossary - Non-GAAP measures' starting on page 32. Note, EnQuest defines net debt as excluding finance lease liabilities

⁴ Including net realised and unrealised gain of \$15.4 million (2022: net realised and unrealised losses of \$267.0 million) associated with EnQuest's oil price hedges

⁵ Excludes foreign exchange impact of \$(0.3) million (2022: \$(16.4) million)

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