



# Clean Energy for the Future

## FY 2016 – Preliminary Financial Results

9 February 2017





# Disclaimer

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This presentation contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward looking statements.

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## 1. Headlines



## Operations

- Group production up 5% to 67,050 boepd
- Q4 Egypt production up 31%
- 2P reserves increased to 132 Mmboe - 115% 2P reserve to production replacement ratio
- Mocha-1 well in primary objective and under evaluation
- Zora Gas Field well intervention under review

## Financials

- Company maintained profitability at \$33m despite lower realized prices and currency devaluation charge
- Continued successful cost reduction with G&A and opex down 43% & 7%
- Capex halved to \$122m

## Liquidity

- Ongoing difficulties with collections, impacting liquidity and cash reserves
- Egypt collection at 64% – total trade receivables at \$982m
- Focus on short term cash preservation
- Sukuk maturity October 2017- under evaluation
- Capex in Egypt to remain balanced with collections

## Arbitration

- Pearl PCL heard in September and outcome due imminently
- NIOC pleadings heard in November, outcome due in 2017



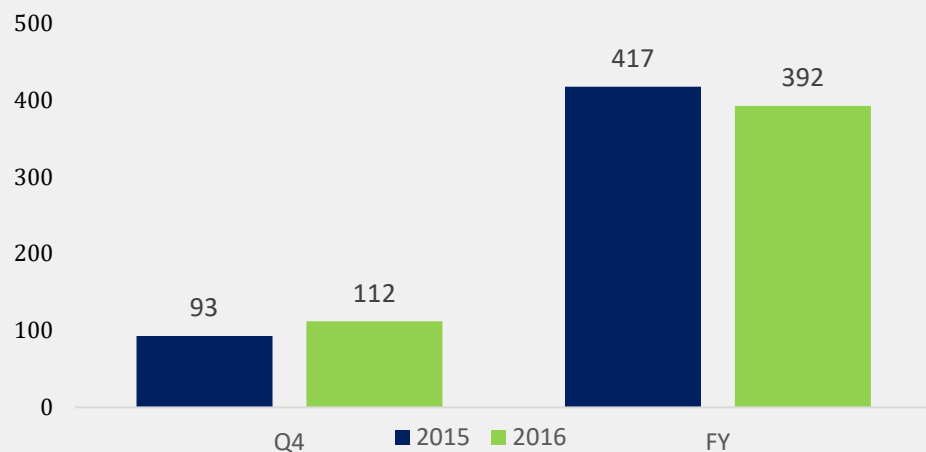


## 2. Financial Update

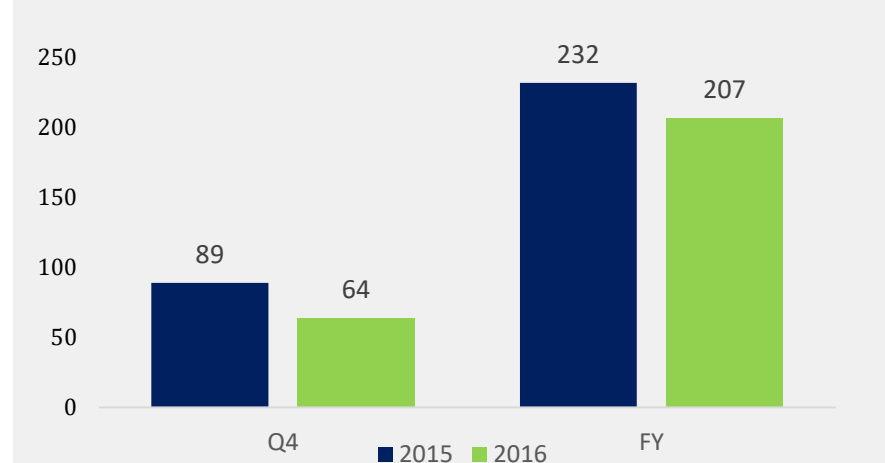


# Financial Highlights

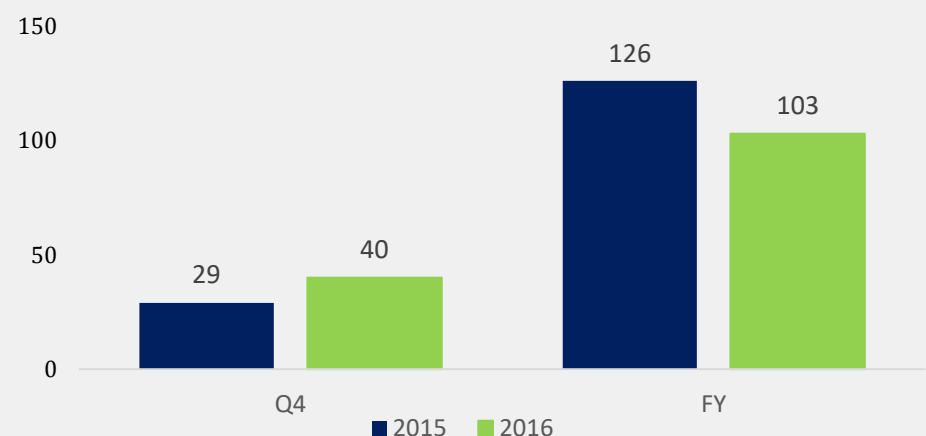
## Gross Revenue (million USD)



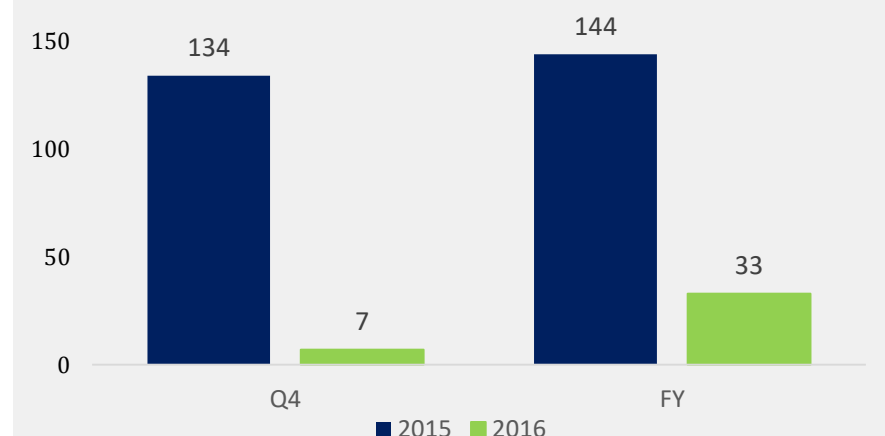
## EBITDA (million USD)



## Gross Profit (million USD)



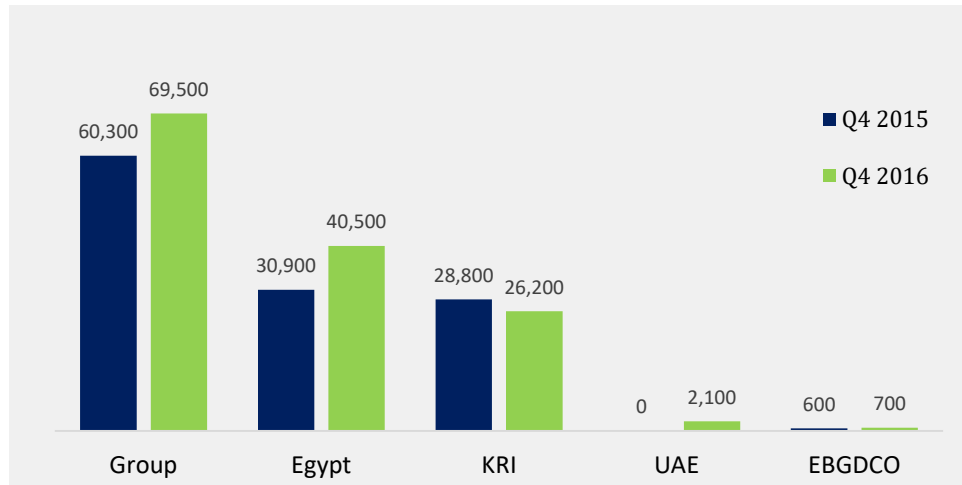
## Net Profit (million USD)



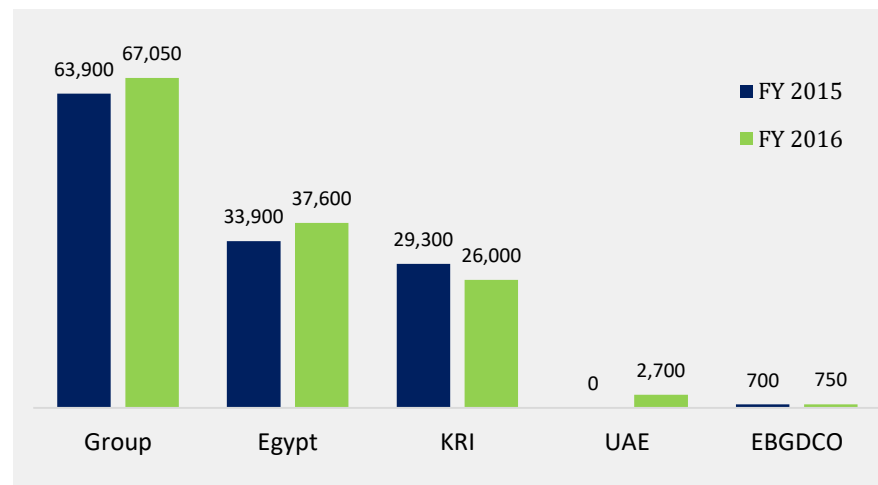


# Production & Realized Prices (boepd)

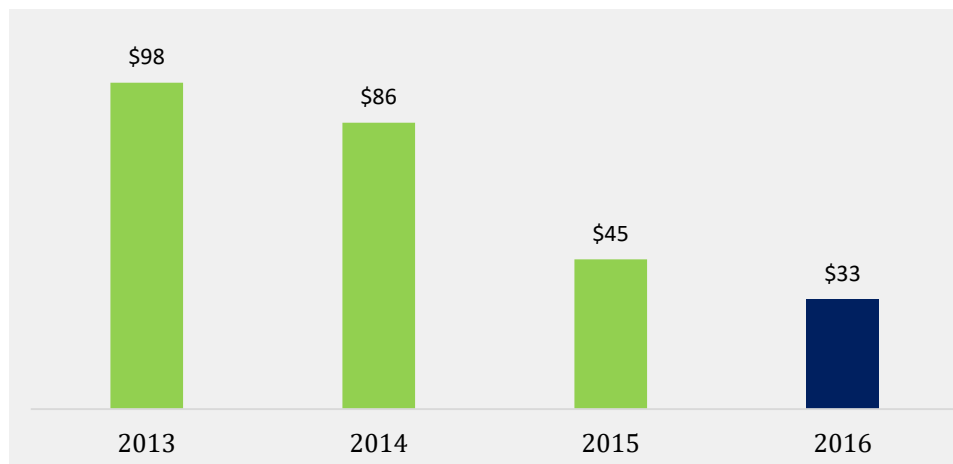
## Q4 2016 Vs Q4 2015



## FY 2016 Vs FY 2015



## Average Realized Prices (USD/boe)



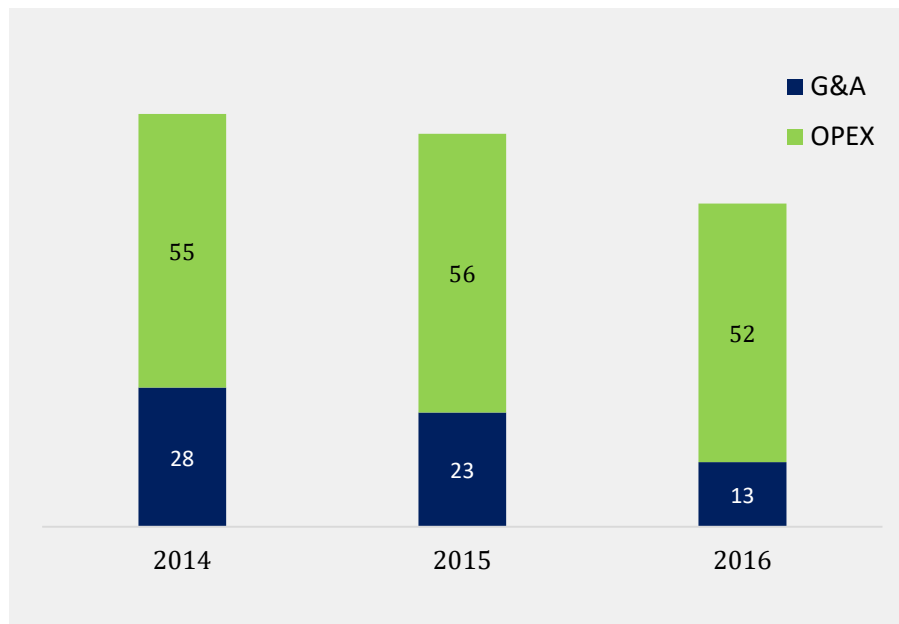
## Average Realized Prices (USD/boe)





# CAPEX & OPEX

## G&A / OPEX (million USD)

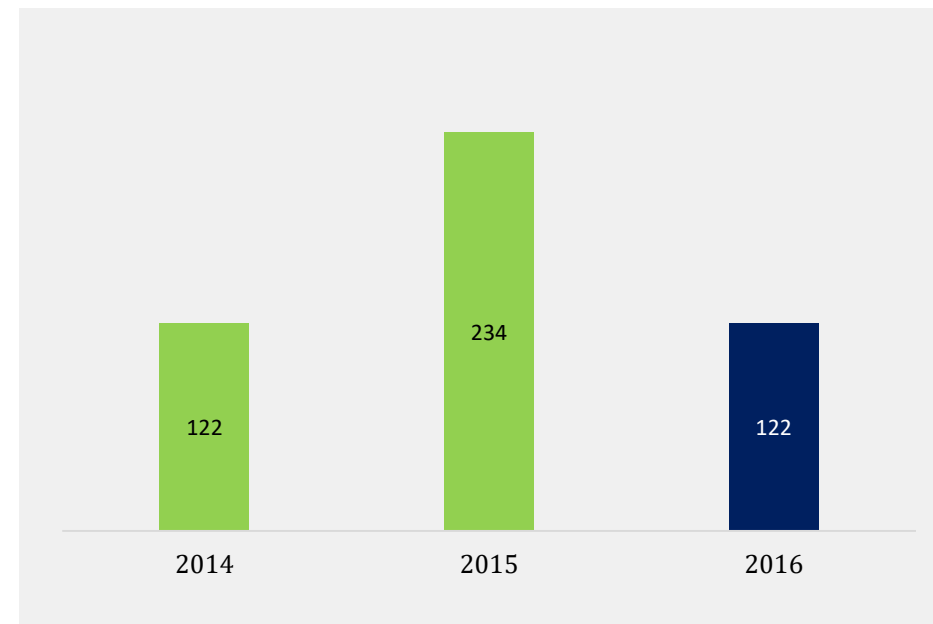


### G&A / OPEX

#### Reduced operating expense and G&A

- G&A 43% lower
- OPEX 7% lower

## CAPEX (million USD)



### CAPEX

- Capex reduced by 48% in 2016
- All non-critical capex deferred in Egypt

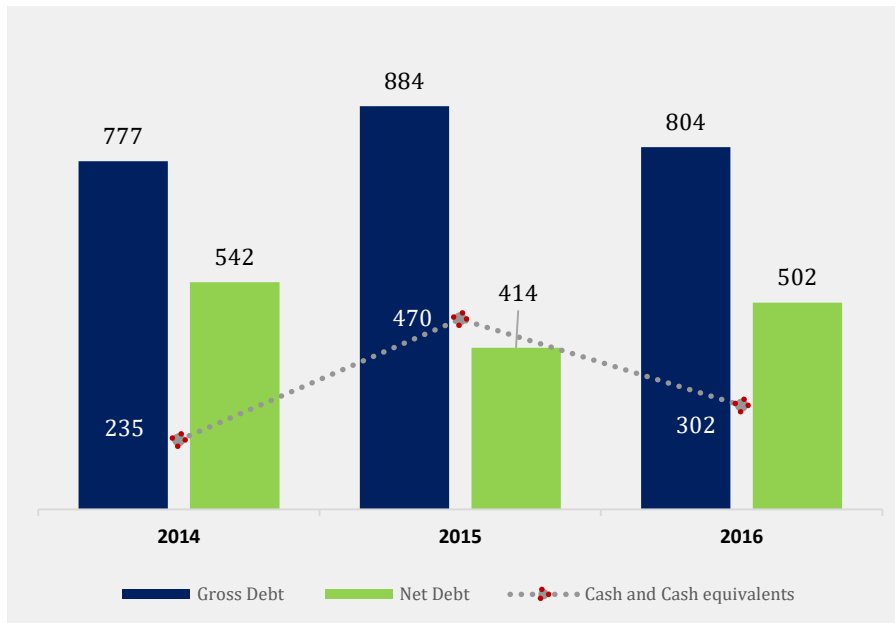
**GPEA** – all annual investment commitments largely fulfilled

**Zora Project** – completed and brought on-stream



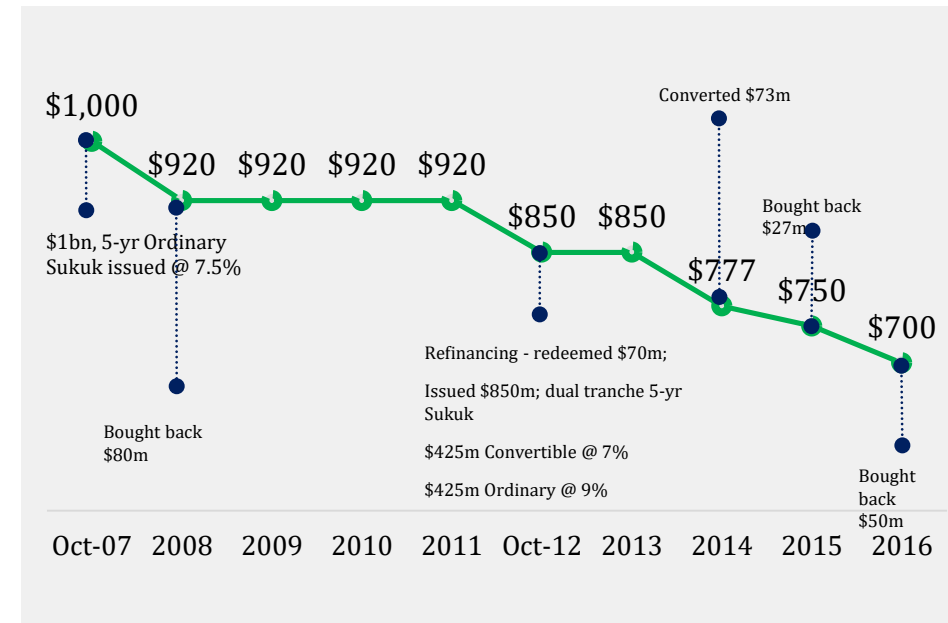
# Liquidity and Debt

## Gross Debt & Cash Balance (million USD)



- Decline in total debt
- Sukuk maturing in October 2017
  - \$50m sukuk buy back
  - \$14m quarterly profit payment
- Preservation of cash – matching investments against collections

## Sukuk History (millions)



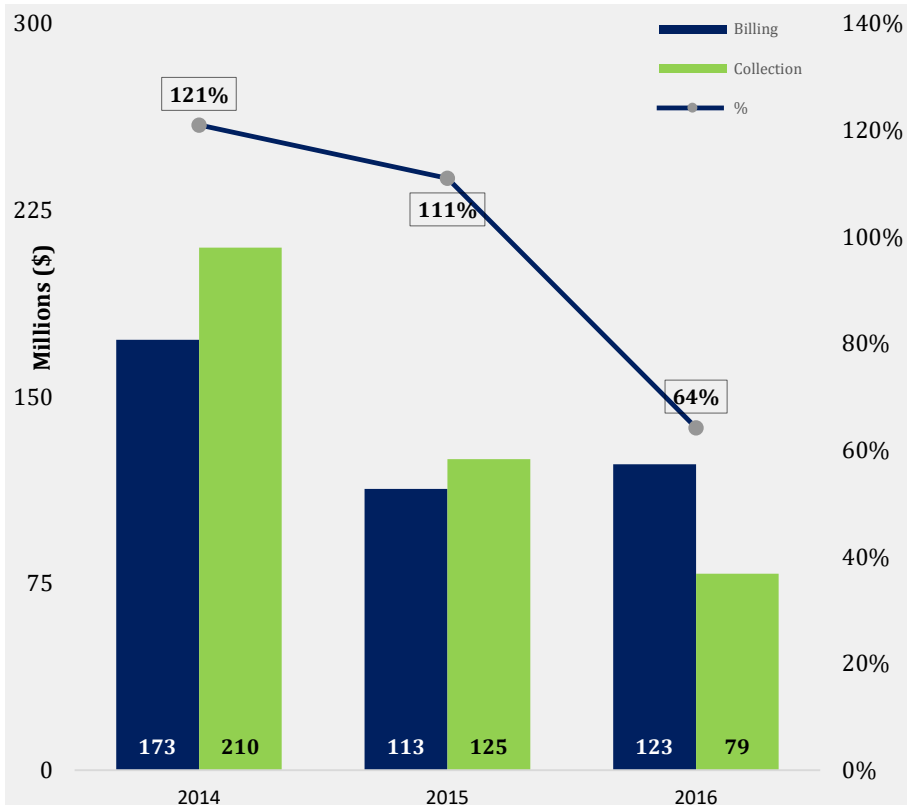
- Collections has been unreliable; watching closely with industry payment anticipated in Q1
- Total collections of \$200m– long-term uncertainty remains
  - Collections at 129% at KRI;
  - 64% in Egypt



# Receivables & Collections

31 December 2016, total trade receivables is \$982 million

## Egypt

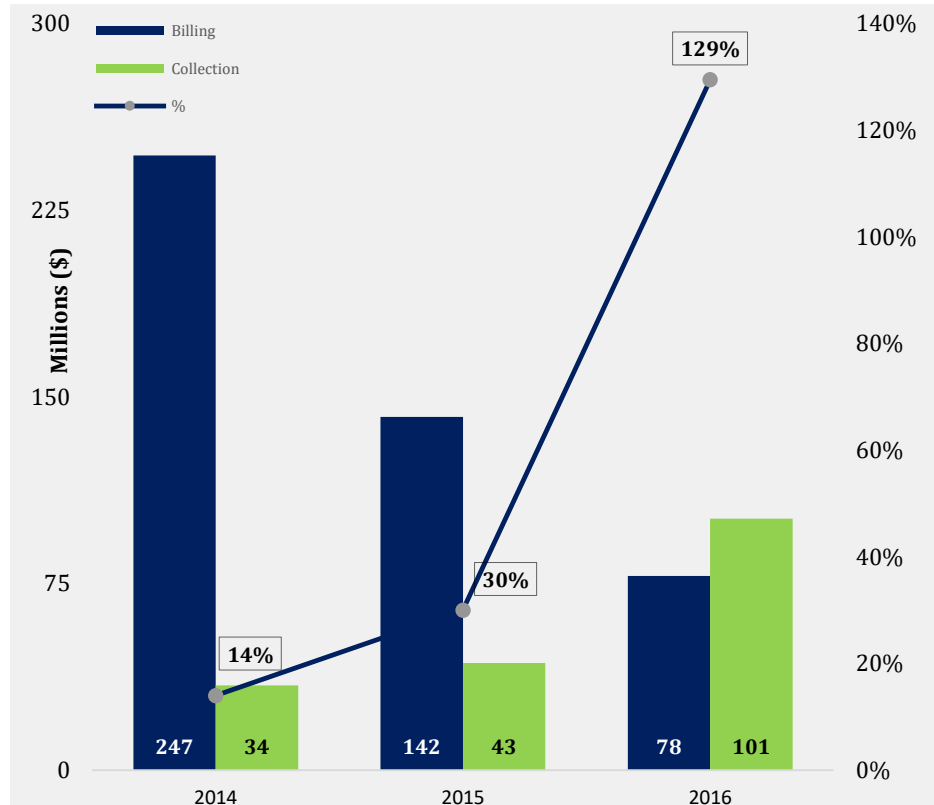


### Total Trade Receivable

\$233m	\$221m	\$265m
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Note: % calculated as collection divided by net revenue

## Kurdistan



### Total Trade Receivable

\$746m	\$727m	\$713m
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Note: % calculated as collection divided by net revenue



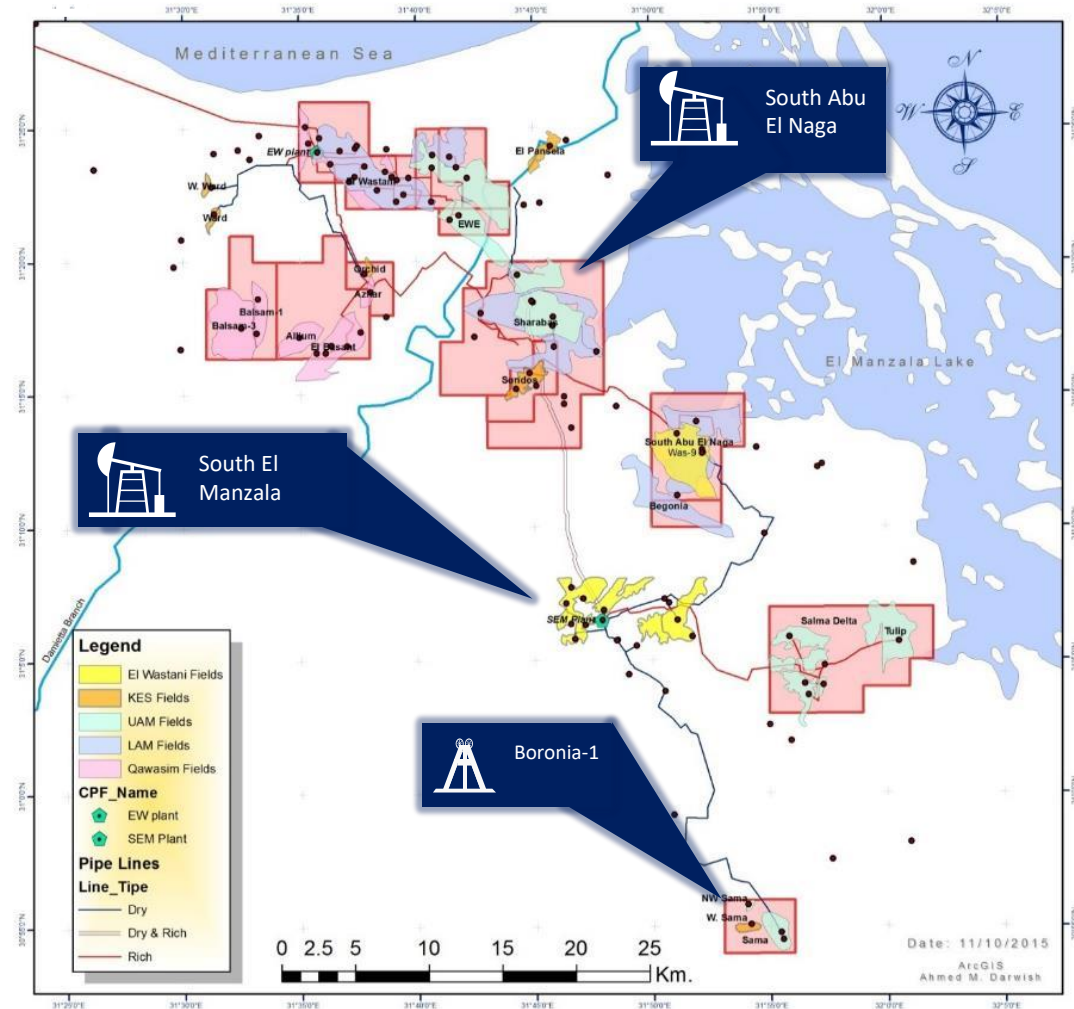


### 3. Country Performance



# Egypt: strength in numbers and progress

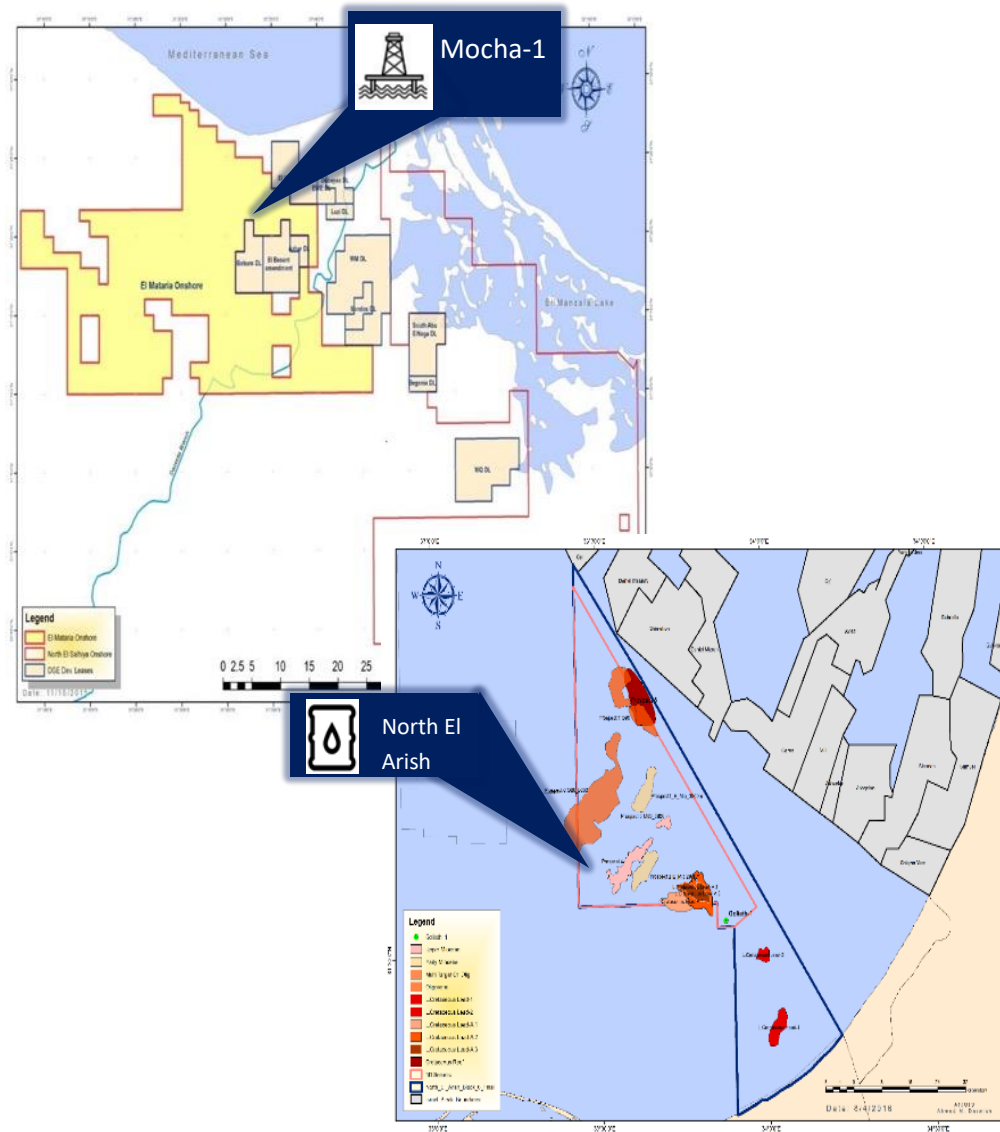
- Sustaining production at maximum plant capacity of 40,000 boepd
- Mocha-1 well in primary objective and under evaluation
- GPEA program delivered successfully with 19 wells successfully drilled
  - 5 exploration, 9 development and 5 recompletions in addition to 2 workovers
  - A further 11 exploration wells in the next 2 years





## Egypt: Growth potential

- BP-operated Mocha-1 (Block 3) reaching target depth
  - Discovered wet-gas in the Messinian M90 formation during drilling
  - Primary interval at 5400+ m under evaluation
- North El Arish (Block 6)
  - Substantial and material prospect inventory developed
  - Plans underway to drill the 1<sup>st</sup> offshore well in the block in 2018





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- Producing gas since February 2016.
- Production rate of Sharjah-2 well has declined from 2,650 boepd Q3 to 2,100 boepd Q4 2016
- Q4 workover deferred
- Further studies ongoing to review possible well intervention program and to determine what additional other work may be required to have an impact on the gas flow rates





- **Kurdistan Region of Iraq**

- Sept 2016 LCIA heard remaining contractual issues
- In limine issues concerning Consortium damage claims and KRG counterclaims
- Minor damages and losses claims by the Claimants
- Judgements expected shortly
- Quantum hearing expected in Q3 2017
- KRG withdrew claims to challenge Second PFA (14 October)

- **UAE Gas Project**

- Final hearing to determine damage claims took place on 3 November in The Hague
- Judgement expected in 2017





A photograph of a large industrial facility, likely a refinery or chemical plant, featuring several tall, cylindrical distillation columns. The columns are interconnected by a complex network of pipes, ladders, and platforms. The scene is set against a clear sky, and the overall color palette is dominated by the metallic greys of the equipment and the blue of the sky. A semi-transparent blue banner is overlaid at the bottom of the image.

## 4. Summary



1

Operations and cost efficiencies strong; collections weak

2

Potential for exciting medium-term opportunities in Egypt and development of world class assets in Kurdistan

3

Strong production with further supply expected to come on-stream in 2017

4

Short-to-mid term priorities are managing for margin and reviewing capex plans in light of reality of receivables

5

Sukuk refinancing – Under evaluation

6

Arbitration judgements expected imminently regarding ongoing issues with KRG and later in 2017 for NIOC



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