EnQuest PLC, 21 November 2019

Operations update

Strong production growth, up c.26% year on year; $213 million reduction in net debt year-to-date; net debt:EBITDA[1] of c.1.7x

Production up c.26% year on year, driven by Magnus acquisition and improved Kraken uptime

- Group production averaged 68,501 Boepd in the ten months to end October 2019; full year 2019 guidance of 63,000 Boepd to 70,000 Boepd remains unchanged
  - Improved production efficiency at Kraken resulted in average gross production of 34,286 Bopd

Net debt further reduced during the period

- At 31 October 2019, net debt was reduced to $1,561 million (30 June 2019: $1,638 million) with cash and available bank facilities amounting to $213 million (30 June 2019: $249 million)
  - Net debt:EBITDA[1] ratio of 1.7x, significantly ahead of target to be below 2x by the end of 2019
  - The Group's senior credit facility has reduced to $535 million following the voluntary early repayment of $45 million in October
  - Net debt is expected to be below $1.5 billion at the end of 2019

2019 cash flow underpinned by oil price hedges

- By the end of October, c.13.4 MMbbls of oil hedges had been settled, with c.12.1 MMbbls achieving an average floor price of c.$66/bbl. For the remaining two months of 2019, c.2.4 MMbbls of oil hedges are in place, with c.2.2 MMbbls hedged at an average floor price of c.$64/bbl

[1] based on last twelve months EBITDA to end October 2019 and net debt at 31 October 2019

EnQuest Chief Executive, Amjad Bseisu, said:

"The Group has continued to deliver on its targets for the year against its strategic priorities of deliver, de-lever and grow. Production at the end of October was 68,501 Boepd, with Kraken in particular performing strongly. Production efficiency at Kraken has been over 90% in the last few months.

"We have generated strong cash flows in the period and materially reduced our debt, with our net debt:EBITDA ratio at 1.7x, and we now look to reduce it further to the range of 1.0 to 1.5x.

"The safety of our people is our priority. Both Thistle and Heather remain shut in whilst remediation plans are underway to restart production safely, which we expect to occur during the first half of 2020.

"Drilling has now started at Magnus and we have recently placed the drilling contract for the 2020 programme for the Worcester wells in Kraken's Western Flank. We continue to assess options to develop the significant potential within our reserves and resources across our portfolio, particularly at Kraken, Magnus and PM8/Seligi."

Production details

Net daily average production on a working interest basis	1 Jan' 2019 to 31 Oct' 2019	1 Jan' 2018 to 31 Oct' 2018
	(Boepd)	**(Boepd)**
Northern North Sea	29,041	17,742
Central North Sea	6,898	6,160
Kraken	24,172	22,156
Total UKCS	**60,111**	**46,058**
Total Malaysia	**8,390**	**8,210**
Total EnQuest	**68,501**	**54,268**

Northern North Sea operations

Average production in the ten months to end October 2019 of 29,041 Boepd was 64% higher than the same period in 2018, primarily driven by the contribution from additional equity in Magnus.

At Magnus, production performance was in line with expectations with production efficiency to the end of October remaining at around 80%. The planned two-well drilling programme has commenced with well slot recovery activity. First oil is expected in the first quarter of 2020. A number of economic, drillable targets have been identified to start to develop the Group's estimated 50 MMboe of 2C resources at the field. With material reserves and resources, Magnus provides significant opportunity for long-term, low-cost reserves and production increases.

Single compressor operations have impacted production in the period at Heather. While shut down to undertake repair work on the compressors, the facility suffered a small fire in one of the compressor modules which was extinguished quickly. With safety being EnQuest's top priority, the facility remains shut down while EnQuest progresses compression recovery operations. EnQuest can also confirm that the Health & Safety Executive subsequently issued a Prohibition Notice in October. We are undertaking our own independent investigation and collaborating with the regulators to support their investigation to ensure that the necessary reassurances are provided to prevent recurrence and that requirements of the Prohibition Notice are met in full.

On Thistle, as part of an ongoing subsea monitoring and inspection programme, a deterioration in the condition of a metal plate connecting one of the redundant storage tanks to the facility's legs was identified in October. With no immediate remediation solution available, the offshore installation manager took the proactive decision to down man the platform as a preventative safety measure. EnQuest had already planned to remove the tanks on behalf of the decommissioning partners in 2020, with initial tendering having started earlier in 2019. This programme has now been accelerated, with contracts for the subsea and heavy lift operations actively being progressed. Further subsea and platform surveys will continue to take place to inform the project team's decisions and actions to return Thistle safely to production.

The Group is targeting production to return at both Heather and Thistle during the course of the first half of 2020.

At the Dons fields, production for the period was slightly below the Group's expectations driven by lower than expected water injection efficiency reflecting water injection pump failures and gas lift interruptions. Water injection was resumed late in the third quarter and reservoir pressures are recovering.

EnQuest has continued to achieve high plant availability and deliver safe and stable operations at the Sullom Voe Terminal. Following the completion of consultation with the Group's employees at the terminal, the previously announced organisational changes are expected to be concluded by the end of 2019. These changes are essential to ensure the terminal remains competitive for existing and future business, delivering the required level of service to its customers, helping Maximise Economic Recovery in the UKCS and providing long term employment opportunities.

Central North Sea operations

Average production in the ten months to end October 2019 of 6,898 Boepd was 12% higher than the same period in 2018, driven by a better than expected flush production at Scolty/Crathes following the successful completion of the pipeline replacement project in September. Both Scolty and Crathes wells are now online and performance remains strong.

High levels of production and water injection efficiency in the Greater Kittiwake Area have delivered a good production performance in the period.

Production efficiency at Alma/Galia has been strong at over 95% to the end of October, offset by normal reservoir declines. The focus remains on production optimisation and cost reduction, with preparatory decommissioning plans ongoing.

Output from Alba remains in line with expectations.

Kraken

Average gross production in the ten months to the end of October was 34,286 Bopd. Production efficiency has been in excess of 90% since the Group completed pipework repairs in August and maintaining strong production efficiency remains the Group's operational priority.

Overall subsurface and well performance remains strong and the Group continues to optimise production through improved injector-producer well management. Water cut levels have remained stable and are below the Group's original assumptions that underpinned the year end 2018 2P reserves estimates, providing increased confidence in long-term production.

Since first production, more than 24 million barrels of oil have now been produced and 49 cargoes offloaded from the FPSO, with 22 of these cargoes offloaded in 2019. Pricing remains robust, with some cargos seeing premiums to Brent.

Initial Worcester targets in the Western Flank have been high-graded. A rig contract has been placed for the development drilling in the second quarter of 2020 of a producer-injector pair through spare capacity in the existing DC2 sub-sea infrastructure. In total, the Western Flank Area provides a near-field, economic, development opportunity, with around 100 MMbbls of STOIIP and the Pembroke, Antrim and Barra areas are being evaluated. In addition, the Group is starting to review the potential for developing the Maureen sands which lie directly beneath the existing reservoir.

Malaysian operations

Average production in Malaysia in the ten months to end October 2019 was 8,390 Boepd, 2% higher than the same period in 2018. Production has increased from PM8/Seligi as a result of high production efficiency of over 90% and better than expected performance from the Group's idle well restoration programme. This commenced earlier than planned and has seen 11 wells restored to production. The Group's 2019 two-well drilling programme completed in September, while the planned asset rejuvenation activity for the year has also concluded.

At the end of 2018, the Group had c.20 MMboe of 2P reserves and c.68 MMboe of 2C resources. A large number of low-cost drilling and workover targets have been identified and are being assessed.

Liquidity and net debt

At the end of October 2019, net debt was $1,561 million, down $213 million from $1,774 million at 31 December 2018, reflecting strong operational performance and a higher realised oil price. Total cash and available facilities were $213 million, including ring-fenced accounts associated with Magnus, the Oz Management facility and other joint venture accounts totalling $74 million.

EnQuest continues to meet its senior credit facility amortisation through a combination of early and scheduled repayments. In September, the Group repaid the final $35 million of the scheduled October amortisation and later in October, made an early voluntary repayment of an additional $45 million associated with the $120 million April 2020 scheduled amortisation. These payments have reduced the Group's outstanding credit facility to $535 million. By the end of 2019, net debt is expected to be below $1.5 billion.

By the end of October, c.13.4 MMbbls of oil hedges had been settled. Approximately 12.1 MMbbls had an average floor price of c.$66/bbl, while c.1.3 MMbbls associated with the Oz Management facility had an average floor price of c.$56/bbl. For the remaining two months of 2019, EnQuest has c.2.4 MMbbls of oil hedges in place. Approximately 2.2 MMbbls are hedged at an average floor price of c.$64/bbl, with a further c.0.2 MMbbls hedged with an average floor price of c.$56/bbl, in accordance with the Oz Management facility agreement.

2019 outlook

Group production for the ten months to the end of October is above the mid-point of guidance at 68,501 Boepd. Performance at Kraken and Scolty/Crathes is expected to largely offset the loss of production following the Thistle and Heather platform safety-related shutdowns. As such, the Group continues to expect 2019 production to grow by around 20%.

Ends

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Capital markets day presentation to analysts and investors
EnQuest is hosting a capital markets day presentation for analysts and investors today at 13:00 – London time. The presentation and Q&A will also be accessible via an audio webcast, available on the investor relations section of the EnQuest website at www.enquest.com. A conference call facility will also be available at 13:00 on the following numbers:

Conference call details:

UK: +44 (0) 844 571 8892 or +44 (0) 800 376 7922

International: +44 (0) 207 192 8000

Confirmation Code: EnQuest

Notes to editors

ENQUEST

EnQuest is an independent production and development company with operations in the UK North Sea and Malaysia. The Group's strategic vision is to be the operator of choice for maturing and underdeveloped hydrocarbon assets by focusing on operational excellence, differential capability, value enhancement and financial discipline.

EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. Its UK operated assets include Thistle/Deveron, Heather/Broom, the Dons area, Magnus, the Greater Kittiwake Area, Scolty/Crathes, Alma/Galia, Kraken and the Sullom Voe Terminal; EnQuest also has an interest in the non-operated Alba oil field. At the end of June 2019, EnQuest had interests in 17 UK production licences and was the operator of 15 of these licences. EnQuest's interests in Malaysia include the PM8/Seligi Production Sharing Contract and the Tanjong Baram Risk Services Contract, both of which the Group operates.