EnQuest PLC, 4 February 2020

Operations update

Strong 2019 production performance and cash generation with reduced net debt;

Expect 2020 production between 61,000 Boepd and 68,000 Boepd; 2020 senior credit facility amortisation repaid ahead of schedule; further debt reduction remains a key focus

2019 performance

Production up c.24% year on year, driven by Magnus acquisition and improved Kraken uptime

- Average Group production was 68,606 Boepd; towards the higher end of guidance of 63,000 to 70,000 Boepd
    - Continued strong performance at Magnus, with production efficiency of more than 80% combined with enhanced reservoir management, well interventions and plant debottlenecking
    - Kraken average gross production of 35,704 Bopd was above the top end of guidance reflecting improved FPSO performance
    - Production on Thistle and Heather impacted by shutdowns in the final quarter

Unit opex c.10% lower at c.$21/Boe

- Operating expenditure is expected to be approximately $525 million, with unit opex of c.$21/Boe
- Cash capital expenditure is expected to be approximately $240 million; below guidance of c.$275 million primarily due to phasing from 2019 in to 2020

Net debt reduced by c.$361 million to $1,413 million

- At 31 December 2019, net debt including PIK was $1,413 million, with cash and available facilities of $289 million
    - The Group has now repaid the entire senior credit facility amortisation due in 2020 following voluntary early payments of $75 million in December 2019 and $35 million in January 2020

2020 outlook

- 2020 average net Group production is expected to be between 61,000 Boepd and 68,000 Boepd; Kraken gross production expected to be between 30,000 Bopd and 35,000 Bopd
- Operating expenditure is expected to be approximately $525 million
- Cash capital expenditure is expected to be approximately $230 million
- EnQuest has hedged c.2.9 MMbbls of oil in the first quarter with an average floor price of c.$65/bbl. Also, in accordance with the Oz Management Facility agreement, the Group has a further c.1.1 MMbbls hedged across 2020 with an average floor price of c.$52/bbl

EnQuest Chief Executive, Amjad Bseisu, said:

“The Group has again delivered on its operational targets, growing production by 24%. Kraken performance in particular has been excellent, with production efficiency above 90% for much of the second half of the year.

“This performance has facilitated accelerated material repayments of the Group’s credit facility, with the Group’s year end net debt to EBITDA ratio expected to be below 1.5x. Following another early payment in January, we have now repaid the entire 2020 senior credit facility amortisation.

“Group production for 2020 is expected to be between 61,000 and 68,000 Boepd, primarily reflecting natural decline rates and the impact of the ongoing shutdowns at Thistle and Heather, which are expected to be partially offset by the new wells being drilled at Magnus and Kraken.

“I am delighted with the progress we have made at Kraken and in strengthening our balance sheet. We have now set a platform to use our capabilities for continuous improvement and to be able to enhance value for shareholders.”

Production details

Net daily average production on a working interest basis	1 Jan' 2019 to 31 Dec' 2019	1 Jan' 2018 to 31 Dec' 2018[1]
	(Boepd)	(Boepd)
Northern North Sea	27,237	19,293[1]
Central North Sea	7,544	6,353
Kraken	25,172	21,369
Total UKCS	**59,953**	**47,015**
Total Malaysia	**8,653**	**8,432**
Total EnQuest	**68,606**	**55,447**

[1] Includes net production related to 25% interest in Magnus until 30 November 2018 and 100% interest of Magnus from 1 December 2018, averaged over the 12 months to the end of December 2018.

Northern North Sea operations

Average production in 2019 was 27,237 Boepd, c.41% higher than 2018. This increase reflected additional equity interest in and a continued strong performance from Magnus, where production efficiency was over 80%, partially offset by shutdowns at Heather and Thistle and lower than expected water injection efficiency as a result of water injection pump failures and gas lift interruptions at the Dons. At the Sullom Voe Terminal, the Group has achieved high plant availability and delivered safe and stable operations during the year.

Central North Sea operations

Average production in 2019 of 7,544 Boepd was c.19% higher than 2018, driven by increased volumes from Scolty/Crathes following the successful completion of the pipeline replacement, offset by natural declines across the other assets.

Kraken

Average gross production in 2019 was 35,704 Bopd, above the top end of guidance. Performance at the FPSO vessel significantly improved through the year following a programme of targeted improvement initiatives. Overall subsurface and well performance was strong, with optimised production through improved injector-producer well management.

Malaysian operations

Average production in Malaysia in 2019 of 8,653 Boepd was c.3% higher than 2018, reflecting high production efficiency of 94% at PM8/Seligi and better than expected performance from the Group's idle well restoration programme.

Liquidity and net debt

At 31 December 2019, net debt was $1,413 million, down c.$361 million from $1,774 million at 31 December 2018, reflecting strong operational performance as well as higher realised oil prices. Total cash and available facilities were $289 million, including ring-fenced accounts associated with Magnus, the Oz Management facility and other joint venture accounts totalling $63 million.

Strong free cash flow generation enabled the Group to make early voluntary repayments of the senior credit facility, which was reduced by $325 million during the year, which included $120 million associated with the April 2020 scheduled amortisation. A further $35 million was repaid in January 2020 as an accelerated voluntary payment of the October 2020 amortisation. No further amortisation payments are due in 2020. At 31 January 2020, the senior credit facility, excluding payment in kind interest, totalled $425 million.

During the year, c.17 MMbbls of oil hedges were settled, with c.15 MMbbls achieving an average price of c.$66/bbl.

2020 performance and outlook

Production in January has remained strong. For the full year, the Group's net production is expected to be between 61,000 and 68,000 Boepd, which includes the impact of the Thistle and Heather shutdowns. Magnus and Scolty/Crathes are expected to continue to perform well, with Magnus benefitting from the ongoing drilling programme. Kraken gross production is expected to be between 30,000 and 35,000 Bopd. The two-well drilling programme in Kraken's Western Flank is expected to commence in the second quarter, with production contribution in the second half of the year partially offsetting the impacts of the planned maintenance shutdown and natural declines. The Group's current expectation is for economic production at Alma/Galia to cease around the middle of 2020, with the FPSO moving off-station shortly thereafter.

Operating expenditures are expected to be approximately $525 million, in line with 2019.

Cash capital expenditure of around $230 million includes the drilling programmes at Magnus and Kraken. The Group expects the spend to be weighted towards the first half of the year, with approximately $50 million of 2020 cash capital expenditure relating to a combination of deferred payments agreed with suppliers in prior periods and phasing of cash payments from 2019 to 2020.

EnQuest has hedged c.2.9 MMbbls of oil in the first quarter with an average floor price of c.$65/bbl. In accordance with the Oz Management Facility agreement, the Group has a further c.1.1 MMbbls hedged across 2020 with an average floor price of c$52/bbl.

EnQuest will announce its 2019 full year results on 26 March 2020.

Ends

For further information please contact:

EnQuest PLC Tel: +44 (0)20 7925 4900

Amjad Bseisu (Chief Executive)

Jonathan Swinney (Chief Financial Officer)

Ian Wood (Communications & Investor Relations)

Jonathan Edwards (Senior Investor Relations and Communications Manager)

Tulchan Communications Tel: +44 (0)20 7353 4200

Martin Robinson

Martin Pengelley

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 and Kraken; EnQuest also has an interest in the non-operated Alba producing oil field. At the end of December 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 and PM409 Production Sharing Contracts and the Tanjong Baram Risk Services Contract, all of which the Group operates.

Forward-looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectations and plans, strategy, management's objectives, future performance, production, reserves, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this announcement should be construed as a profit forecast. Past share performance cannot be relied upon as a guide to future performance.