



EnQuest PLC, 19 March 2020

Operations update

Ahead of EnQuest's 2019 full year results announcement scheduled for 26 March 2020, the Group is providing the following operations update given the recent market volatility. The Group has reviewed each of its assets and related spending plans in light of the current lower oil price environment. EnQuest's updated working assumption is not to re-start production at the Heather and Thistle/Deveron fields. Total combined production from these fields in 2019 was c.6,000 Boepd.

At the same time, the Group is implementing a material operating cost and capital expenditure reduction programme. This quick and decisive action will significantly lower EnQuest's cost base, with Group free cash flow breakeven targeted at c.\$38/Boe in 2020 and \$35/Boe in 2021.

Production

Production this year to 17 March has been good, averaging c.65,500 Boepd, with Kraken in particular performing ahead of expectations at c.39,000 Bopd (gross). As a result of the field shutdowns outlined above, 2020 full year production guidance is now expected to be in the range of 57,000 to 63,000 Boepd. Kraken forecast gross production remains unchanged at 30,000 to 35,000 Boepd.

Cost control and capital discipline

For 2020, the Group is targeting base operating expenditure savings of c.\$150 million, which would lower operating costs by c.30% to c.\$375 million. In 2021, the Group is targeting unit operating expenditures of c.\$15/Boe. These savings are driven primarily by cost savings at Heather and Thistle/Deveron, but also through the removal of non-critical and discretionary operating expenditures and support costs.

2020 cash capital expenditure is also expected to be reduced by c.\$80 million to c.\$150 million. The majority of the Group's 2020 programme relates to the recently concluded drilling programme at Magnus and the two-well programme now underway at Kraken, with approximately \$50 million of 2020 cash capital expenditure relating to the phasing of cash payments into 2020.

The Group's 2021 capital expenditure programme is expected to reduce further, although production is also likely to be impacted as a result.

Liquidity and net debt

The Group retains significant liquidity with cash and available facilities of \$268.2 million at 28 February 2020. There are no further repayments of the Group's senior credit facility due in 2020, with the facility maturing in October 2021. Net debt was \$1,367 million at the end of February 2020.

EnQuest has hedged c.20% of 2020 entitlement production with c.2.9 MMbbls of oil at an average floor price of c.\$65/bbl and, in accordance with the Sculptor Capital facility agreement (previously known as the Oz Management facility), c.1.1 MMbbls hedged at an average floor price of c.\$52/bbl.

EnQuest Chief Executive, Amjad Bseisu, said:

"Over the last few years, EnQuest has made significant progress in strengthening the business with our three world-class assets in Kraken, Magnus and PM8/Seligi, and a materially reduced debt position. Given the prevailing low oil price environment, we are taking decisive action to reduce operating and capital expenditure in 2020 and beyond, with a view to targeting cash flow breakeven of c.\$35/Boe in 2021. While these actions have reduced our production expectations, free cash flow has improved and with no senior credit facility amortisations due in 2020 and long-dated bond maturities, we are positioning ourselves to manage through the current low oil price environment."

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Notes to editors

This announcement has been determined to contain inside information. The person responsible for the release of this announcement is Stefan Ricketts, General Counsel and Company Secretary.

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, both 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 price performance cannot be relied upon as a guide to future performance.