EnQuest PLC, 24 November 2020

Operations update

Strong Kraken performance continues

- Group production averaged 60,777 Boepd in the ten months to end October 2020; full year production expected to be slightly below the mid-point of the 57,000 to 63,000 Boepd guidance range
  - As previously guided, Group production is lower in the second half compared to the first half of the year, reflecting the maintenance shutdown schedule as well as an unplanned outage at PM8/Seligi. The PM8/Seligi outage has no material impact on cash flow due to the Production Sharing Contract cost recovery mechanism
  - Strong production performance at Kraken resulted in average gross production of 37,783 Bopd. Full year production is expected to be slightly above the 30,000 Bopd to 35,000 Bopd (gross) guidance range
  - Operations continue to be materially unaffected by COVID-19

Positive free cash flow generation

- At 31 October 2020, net debt was c.$1,388 million (30 June 2020: c.$1,351 million) with cash and available bank facilities amounting to c.$268 million (30 June 2020: c.$270 million)
  - Free cash flow generation of c.$95 million for the ten months to 31 October 2020
  - The Group's senior credit facility has reduced to c.$385 million (excluding payment in kind) following the voluntary early repayment of $40 million in November
  - Retail and High Yield bond interest paid in kind
- By the end of October, c.11.4 MMbbls of oil hedges had been settled, with c.10.3 MMbbls achieving an average floor price of c.$43/bbl. For the remaining two months of 2020, c.0.7MMbbls of oil hedges are in place at an average floor price of c.$41/bbl

EnQuest Chief Executive, Amjad Bseisu, said:

"The Group has delivered production in line with guidance year to date, with Kraken continuing to perform well. We expect production to be slightly below the mid-point of the 57,000 to 63,000 Boepd guidance range for the full year 2020, reflecting the impact of the unplanned outage at PM8/Seligi.

"We have continued to generate positive free cash flows in the period and have again made a voluntary early payment of $40 million against the April 2021 scheduled amortisation of our senior credit facility. We remain focused on cost control and capital discipline to maintain free cash flow breakeven at around $33/Boe in 2020."

Production details

Net daily average production on a working interest basis	1 Jan' 2020 to 31 Oct' 2020	1 Jan' 2019 to 31 Oct' 2019
	(Boepd)	(Boepd)
Magnus	17,569	18,645
Kraken	26,637	24,172
Other North Sea	9,456	17,294
Total UKCS	**53,662**	**60,111**
Total Malaysia	**7,115**	**8,390**
Total EnQuest	**60,777**	**68,501**

Magnus

Production has been slightly lower than last year due to natural declines and sea water lift pump system issues, which have now been resolved. The Group completed its planned maintenance shutdown in October. Year to date production efficiency is 81% and water injection efficiency is 84%. The Group continues to focus on activities to improve production, including well interventions reservoir management and gas compression optimisation.

Kraken

Average gross production at 37,783 Bopd in the ten months to the end of October remains ahead of the top end of guidance and has increased c.10% year on year. Production efficiency year to date remains high at 86% with the floating, production, storage and offloading vessel continuing to perform well. In September, the shutdown was successfully completed, with essential maintenance undertaken as planned.

Overall subsurface and well performance remains good and production optimisation activities continue through improved injector-producer well management. Water cut rate evolution remains stable. The Group expects Kraken production to be slightly above the 30,000 Bopd to 35,000 Bopd (gross) full year guidance range.

Due to its low sulphur content, the Group continues to optimise sales into the shipping market and pricing has continued to improve, with recent cargoes returning to a premium to Brent.

Other North Sea operations

Average production in the ten months to end October of 9,456 Boepd was 45% lower compared to the same period in 2019. This was primarily driven by cessation of production ('CoP') at the Thistle/Deveron and Heather/Broom fields, which during the same period last year contributed c.7,000 Boepd. At the Dons, production continued to be impacted by a lack of gas lift which is no longer available from Thistle, combined with underlying natural declines. Alma/Galia ceased production at the end of June. These reductions were partially offset by continued strong performance on Scolty/Crathes, whilst Alba has performed in line with expectations. Stable operations and plant availability continue to drive a good performance at the Sullom Voe Terminal.

At Heather, preparations for decommissioning have continued with front end engineering activities being undertaken ahead of the resumption of the well abandonment programme in 2021.

On Thistle/Deveron, the CoP application has been accepted and the decommissioning phase has begun, with preservation visits to the Thistle platform taking place ahead of the planned well abandonment programme in 2021.

At the Dons, the Group remains focused on working with its partners and the regulator as it seeks the necessary approvals for CoP in the second quarter of 2021.

Following CoP at Alma/Galia on 30 June 2020, the EnQuest Producer FPSO moved off station in September and sailed to the oil terminal jetty at Nigg, where it is currently moored. The Group continues to evaluate options for the FPSO and will give further updates in due course.

Malaysian operations

Average production in Malaysia in the ten months to end October 2020 was 7,115 Boepd, 15% lower than the same period in 2019. This decrease was primarily driven by a detached riser at the Seligi Alpha platform which provides gas lift and injection to the Seligi Bravo platform. This resulted in a release of gas and a subsequent fire which initiated an automatic emergency shutdown of the PM8/Seligi field. The Group's safety systems and emergency response procedures were successfully implemented, with the fire extinguished quickly and all personnel onboard mustered safely. Following an initial investigation and safety assessment, partial operations were able to be recommenced within two days, with wells flowing under natural pressures. Production is currently at c.40% of normal levels with a single compressor train operational. Remediation activities to allow production to be returned to normal levels are currently being assessed, although production is expected to remain constrained through the first half of next year.

Business development and growth opportunities

Good progress has been made following the announcement in July that the Group had signed a binding sale and purchase agreement with Equinor for a 40.81% share in the Bressay oil field. The partners and the regulator have approved the Group as operator of the field and well abandonment activities that were scheduled to take place by Equinor have been completed. The Group continues to work closely with the regulator to extend the Bressay licenses as it progresses towards completion of the transaction.

Bressay is expected to offer the Group significant 2C resources of up to 115 MMbbls, net to EnQuest and provides the opportunity for a long-term, low cost, phased sub-sea tie back project, potentially to the Kraken field.

In addition to the 2C resources potential at Bressay, EnQuest has a large volume of reserves and resources within its portfolio, which provide opportunities for long term and low-cost drilling when conditions are supportive. At Magnus there remains a significant 2C resource base of c.38 MMbbls and around 250 million barrels of movable oil to evaluate. Kraken continues to offer further near-field opportunities through the evaluation and development of the western area, which holds an estimated 70-130 MMbbls of STOIIP and the Group will look to develop these prospects when oil prices are supportive. In Malaysia, the Group has c.22 MMboe of 2P reserves and c.76 MMboe of 2C resources.

On Block PM409 in Malaysia, we have been progressing prospects through geotechnical studies. These opportunities will be high graded ahead of potential drilling in the future.

COVID-19 Update

The health and safety of our employees is our top priority. The Group remains compliant with Dubai, Malaysia and UK government and industry policy. The Group has also been working with a variety of stakeholders, including industry and medical organisations, to ensure its operational response and advice to its workforce is appropriate and commensurate with the prevailing expert advice and level of risk. As part of EnQuest's ongoing assessment and evolution of its response, point of care testing has been made available on the Group's Magnus, Kraken, Northern Producer, Heather and Sullom Voe Terminal assets. The Group's day-to-day operations continue without being materially affected by COVID-19.

Liquidity and net debt

At the end of October 2020, net debt was c.$1,388 million, an increase of c.$37 million from c.$1,351 million at 30 June 2020. Free cash flow generation of c.$95 million for the ten months to 31 October 2020 has been partially offset by bond interest being paid in kind and strengthening of Sterling in respect of the retail bond. In September, the second payment of $17 million in relation to the Tanjong Baram termination was received from PETRONAS. Total cash and available facilities were c.$268 million, including ring-fenced accounts associated with Magnus, the Sculptor Capital facility and other joint venture accounts totalling c.$81 million.

EnQuest continues to focus on reducing its debt and to meet its senior credit facility amortisations early. In November, the Group voluntarily repaid $40 million of the scheduled $65 million April 2021 amortisation. This payment has reduced the Group's outstanding credit facility to c.$385 million (excluding payment in kind).

By the end of October, c.11.4 MMbbls of oil hedges had been settled. Approximately 10.3 MMbbls had an average floor price of c.$43/bbl, while c.1.1 MMbbls associated with the Sculptor Capital facility had an average floor price of c.$52/bbl. For the remaining two months of 2020, EnQuest has c.0.7 MMbbls of oil hedges in place at an average floor price of c.$41/bbl.

In October, under the existing terms of the 7.00 per cent. Extendable PIK Toggle Notes originally due 2022 (the "Retail Bond") and under the existing terms of the 7.00 per cent. PIK Toggle Senior Notes originally due 2022 (the "High Yield Bond"), the maturity date of the Retail Bond and that of the High Yield Bond were both automatically extended to 15 October 2023 (from 15 April 2022) as EnQuest's senior credit facility had not been repaid or refinanced in full.

2020 outlook

Performance at Kraken and Scolty/Crathes is expected to partially offset lower production at PM8/Seligi, Magnus and the Dons. As such, the Group expects full year production to be slightly below the mid-point of the 57,000 to 63,000 Boepd guidance range.

EnQuest continues to expect to achieve its 2020 targets with free cash flow breakeven for the full year of c.$33/Boe.

Board update

Farina Khan was appointed as a Non-Executive Director of the EnQuest Board with effect from 1 November 2020. She also became a member of the Audit Committee and the Safety and Risk Committee. Farina has over 20 years' experience in the oil and gas industry and was previously chief financial officer of the largest listed entity of PETRONAS.

Ends

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Notes to editors

ENQUEST

EnQuest is providing creative solutions through the energy transition. As 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.

Please visit our website www.enquest.com for more information on our global operations.

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