EnQuest PLC, 21 May 2020

Operations update

Strong production supports full year 2020 guidance with forecast free cash flow breakeven unchanged at c.$33/Boe

Strong production performance

- Group production averaged 65,938 Boepd in the four months to end April 2020, above the top end of the Group's full year 2020 production guidance, which remains unchanged at between 57,000 Boepd to 63,000 Boepd
    - Group performance remains materially unaffected by COVID-19
    - Kraken average gross production of c.38,000 Bopd, up c.36% year on year reflecting improved FPSO performance and continued strong reservoir and well performance
    - Better than expected performance from Scolty/Crathes
    - Magnus wells completed and onstream in March

Effective liquidity management

- At 30 April 2020, net debt including PIK reduced further to $1,364 million (end 2019: $1,413 million), with cash and available facilities amounting to $289 million (end 2019: $289 million)
    - No senior credit facility amortisations due in 2020
    - For the full year, EnQuest has hedged approximately 8.1 MMbbls of oil, or c.40% of entitlement production, with an average price of c.$45/bbl

On track to deliver in 2020 and beyond

- Implementation of 2020 cost savings on track; forecast free cash flow[1] breakeven remains unchanged at c.$33/Boe for 2020, which equates to c.$25/Boe for the remainder of the year
- Continue to target free cash flow breakeven of c.$27/Boe for 2021

[1] Free cash flow: net change in cash and cash equivalents less net (repayments)/proceeds from loan facilities. $/Boe based on working interest production

EnQuest Chief Executive, Amjad Bseisu, said:

"EnQuest has responded well to the challenges of COVID-19 and the downturn in oil prices.

"Our continued focus on operational excellence has ensured our operations remain materially unaffected by the ongoing COVID-19 pandemic. Performance at Kraken and Scolty/Crathes has been ahead of expectations, while production at Magnus and PM8/Seligi has also been good, with the two new wells drilled on Magnus coming onstream in March.

"We also took decisive, early action to reduce costs and the implementation of our cost reduction programme is progressing well.

"With the strong performance in the year to date and continued focus on delivering our cost programme, we expect that for the remainder of the year we need to realise an average oil price of around $25/Boe to achieve free cash flow breakeven, and remain confident in meeting our targets."

Production details

Net daily average production on a working interest basis	1 Jan' 2020 to 30 Apr' 2020	1 Jan' 2019 to 31 Apr' 2019
	(Boepd)	**(Boepd)**
Northern North Sea	21,106	34,766
Central North Sea	9,382	6,742
Kraken	26,871	19,772
Total UKCS	**57,359**	**61,280**
Total Malaysia	**8,578**	**8,693**
Total EnQuest	**65,938**	**69,973**

Northern North Sea operations

Production in the four months to end April averaged 21,106 Boepd, 39% lower than the same period in 2019. This decrease was primarily driven by the decision not to restart production at the Heather/Broom and Thistle/Deveron fields, which contributed c.9,000 Boepd in the same period in 2019. Magnus production was impacted by gas compressor performance, although this was partially offset by good production efficiency. The two new Magnus wells came onstream in late March and are performing in line with expectations. Production at the Dons was lower as a result of lower water injection, gas compression downtime and underlying natural declines. At the Sullom Voe Terminal, the Group continues to see stable operations and plant availability.

Work continues on the redundant crude oil storage tanks at Thistle, with removal expected to be completed later this year. The process of securing regulatory approvals for the cessation of production for the Heather/Broom and Thistle/Deveron fields is underway; once approved, these assets will be classed as being in the decommissioning phase. EnQuest will retain 37.5% of the decommissioning liability at Heather; 63.0% of the decommissioning liability at Broom; and has a decommissioning-related obligation equivalent to 6.1% of gross decommissioning costs at Thistle/Deveron.

Central North Sea operations

Average production in the four months to end April 2020 of 9,382 Boepd was 39% higher than the same period in 2019, driven by significantly improved performance at Scolty/Crathes following the completion of the pipeline replacement project during 2019. This was offset by lower production at the Greater Kittiwake Area as a result of gas lift availability, and natural declines at Alma/Galia and Alba.

Preparation for decommissioning continues at Alma/Galia ahead of the expected cessation of production in the third quarter.

Kraken

Gross production during the first four months of 2020 averaged 38,115 Bopd, above the top end of guidance. The FPSO vessel continues to perform well, with production efficiency remaining high at above 80%. Subsurface and well performance continues to be strong, with the aggregate water cut remaining stable. Drilling at Worcester in the western area is progressing in line with expectations, with the new wells expected to come onstream around the middle of the year.

Malaysian operations

Average production in Malaysia in the four months to end April 2020 of 8,578 Boepd was in line with the same period as in 2019. PM8/Seligi production efficiency remained high, averaging c.95%, with the Group's idle well restoration activities and higher gas sales contributing to production in the period. As previously disclosed, Tanjong Baram was shut-down ahead of the termination of the small field risk service contract on the 3rd March 2020.

Liquidity and net debt

At 30 April 2020, net debt reduced to $1,364 million, down c.$49 million from $1,413 million at 31 December 2019, reflecting a combination of high production and robust pricing, particularly in the first quarter as a result of the impact of the Group's hedging programme. Total cash and available facilities were $289 million.

No further amortisation payments on the senior credit facility are due in 2020.

For the full year, EnQuest has hedged approximately 8.1 MMbbls of oil with an average price of c.$45/bbl. In the first four months of the year, c.2.9 MMbbls of oil hedges with an average floor price of c.$65/bbl, c.0.5 MMbbls with an average floor price of $52/bbl and a further c.0.7 MMbbls with an average price of c.$31/bbl were settled. From May, EnQuest has hedges in place for c.4.0 MMbbls with an average floor price of c.$33/bbl.

COVID-19 update

As a responsible operator, EnQuest has continued to monitor the evolving situation with regards to the spread of COVID-19 and has enhanced its procedures accordingly to minimise risks to its people and operations, including the investment in testing capacity for its workforce prior to offshore mobilisation. The Group continues to work 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.

While it is difficult to forecast the impact of COVID-19, at the time of publication of EnQuest's operational update, the Group's day-to-day operations continue without being materially affected. The situation will continue to be monitored.

Board Committee changes

With effect from 21 May 2020, Howard Paver, Senior Independent Director, will replace Laurie Fitch as Chair of the Remuneration Committee. Laurie remains a member of the Committee.

2020 outlook

The Group has made a positive start to the year with average production of 65,938 Boepd, above the top end of the full year 2020 guidance range. The planned maintenance shutdown at Kraken is now expected to take place over the summer, while drilling at Worcester is progressing in line with expectations, with completion expected around the middle of the year. Cessation of production plans for Heather/Broom and Thistle/Deveron are continuing to be developed with partners and the regulators, while decommissioning of Alma/Galia remains on schedule to start in the second half of the year.

The Group reaffirms 2020 production guidance of between 57,000 and 63,000 Boepd.

As previously disclosed, the Group has taken decisive action to lower its cost base across the business, with significant reductions in its operating and capital expenditure and remains committed to targeting free cash flow breakeven of c.$33/Boe in 2020 and c.$27/Boe in 2021.

Operating costs for 2020 remain unchanged at c.$335 million, equating to c.$15/Boe for the year.

Cash capital expenditure for 2020 remains around $120 million, with this broadly spilt between the concluded drilling programme at Magnus, the ongoing two-well drilling programme at Kraken and the phasing of cash payments into 2020.

Ends

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