



seplat

30 MARCH 2017

2016 **FULL YEAR** RESULTS

IMPORTANT NOTICE

DISCLAIMER

FORWARD-LOOKING STATEMENTS

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth, strategies and the oil and gas business. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company and must not be relied upon in any way in connection with any investment decision.



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Introduction

Austin Avuru – CEO

2016 FULL YEAR PERFORMANCE REVIEW

AN UNPRECEDENTED SET OF CHALLENGES FACED IN 2016 BUT STRONG FUNDAMENTALS REMAIN

FUNDAMENTALS REMAIN STRONG

- Net W.I production 25,877 boepd does not reflect potential of the portfolio (force majeure)
- Net W.I 2P reserves 462 MMboe; 2P + 2C volumes 552 MMboe
- Low unit cost of production at ca. US\$9/boe

FINANCIALS

- Revenue US\$254 million; gross profit US\$72 million; net loss after tax US\$166 million
- Cash from operations US\$172 million vs capex spent US\$52 million
- Continued to deleverage – gross debt US\$676 million; cash at bank US\$160 million

ALTERNATIVE EXPORT ROUTE

- Established longer-term export route via Warri refinery jetty - nearing completion of upgrades to double barging volumes to a steady 30,000 bopd in Q2
- Supporting government on completion of Amukpe - Escravos pipeline – will offer 3rd export route. With multiple options available in H2 route to market will be significantly derisked

GAS BUSINESS

- Gas revenues broke through US\$100 MM for first time, demonstrating robustness
- Oben gas plant Phase II expansion takes gross Company capacity to 525 MMscfd
- Headroom to increase contracted gas sales and handle 3rd party volumes in future

2017 OUTLOOK AND STRATEGIC PRIORITIES

PROACTIVE APPROACH AND MANAGEMENT ACTIONS LEAD TO IMPROVED PERFORMANCE OUTLOOK

OPERATIONAL

Stabilise exports via the Warri refinery jetty at 30,000 bopd gross

- Complete jetty upgrades
- Increase exports in Q2 onwards

Access additional export route to fully delink from Forcados

- Amukpe - Escravos pipeline
- Support government to achieve completion in H2 2017

Optimise production performance at all assets

- De-water crude to export spec
- Ensure all operations remain safe and secure

FINANCIAL

Preserve liquidity buffer and maximise cash flow

- Strong focus on cost reduction
- Allocate capital only to most FCF +ve short-cycle projects

Continue to deleverage the balance sheet

- Retirement of legacy NPDC receivables
- Optimise capital structure

Maintain discretion and flexibility over spend

- Minimal firm commitments
- Dial up or dial down work programme as appropriate

GAS BUSINESS

Maximise Oben gas plant capacity expansion

- Complete additional GSA's
- Current wells capable of around 400 MMscfd

FID for ANOH gas project

- Upstream and midstream elements
- Leverage experience at Oben for repeatability gains

Complete other gas projects in current portfolio

- Sapele gas plan rehabilitation
- Oben AG compression

The image shows two men in blue work uniforms and white hard hats with red lights, working on industrial machinery. One man is using a tool on a component of the machine. A semi-transparent white box with a fine grid pattern is overlaid on the bottom left of the image, containing the company logo and title information.

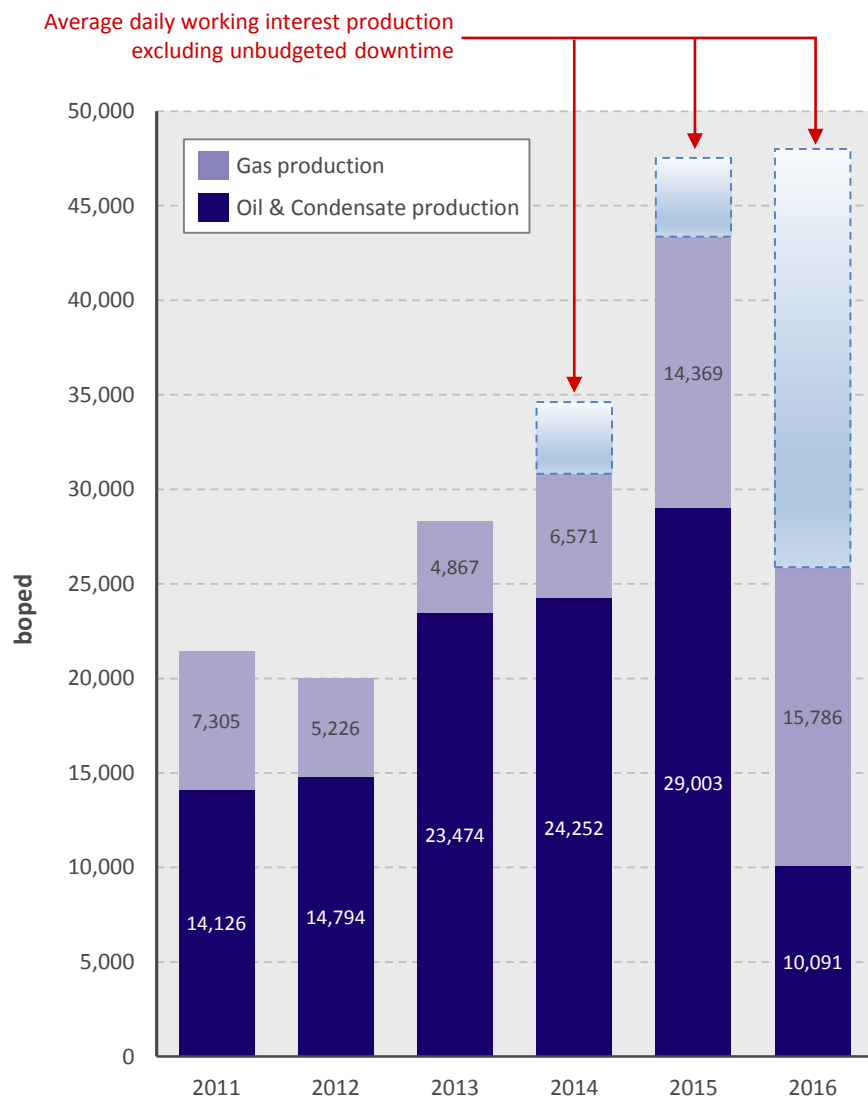
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Operations Update

Jay Smulders – Technical Director

WORKING INTEREST PRODUCTION

UNDERPINNED BY A STRONG PLATFORM OF PRODUCING FIELDS

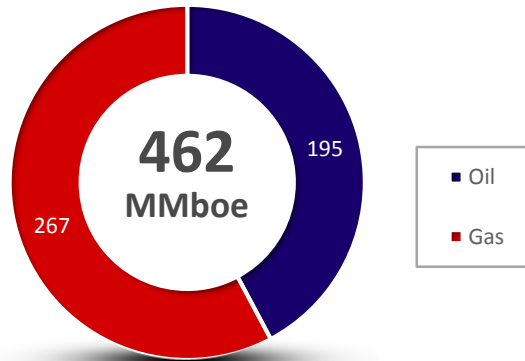


- Average working interest production in 2016 25,877 boepd (-40% year-on-year)
 - Liquids production -65% at 10,091 bopd⁽¹⁾
 - Gas production +10% at 95 MMscfd
- Force majeure declared at Forcados terminal on 21 February 2016
 - 19% uptime on oil production at OMLs 4,38 and 41
 - Terminal reconciliation losses 10%
- Prior to force majeure Company working interest production was consistently >52,000 boepd
- FY 2017 production guidance will be provided when force majeure conditions are lifted and production operations can be normalised

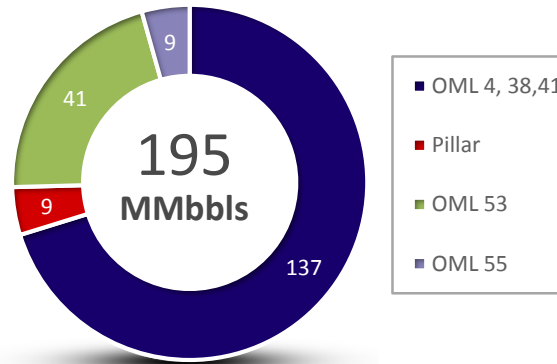
RESERVES AND CONTINGENT RESOURCES AT 31/12/16

A SIGNIFICANT RESERVE AND RESOURCE BASE OFFERS GOOD FUTURE GROWTH POTENTIAL

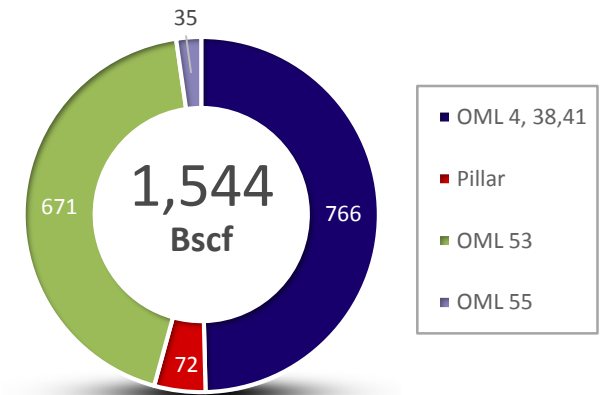
TOTAL WI 2P RESERVES (MMboe)



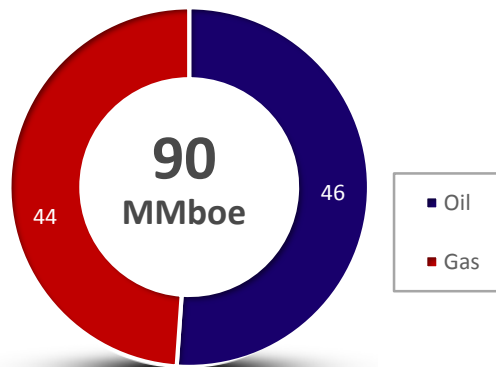
TOTAL WI 2P OIL RESERVES (MMbbls)



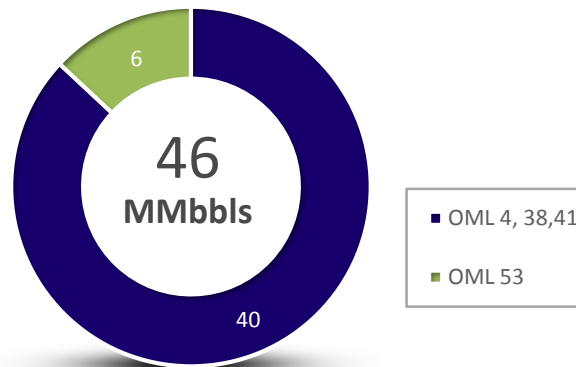
TOTAL WI 2P GAS RESERVES (Bscf)



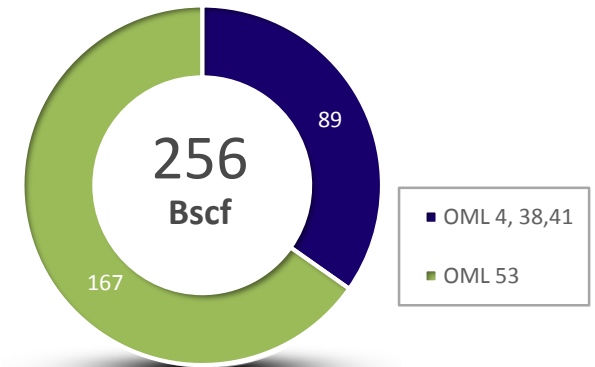
TOTAL WI 2C RESOURCES (MMboe)



TOTAL WI 2C OIL RESOURCES (MMbbls)



TOTAL WI 2C GAS RESOURCES (Bscf)

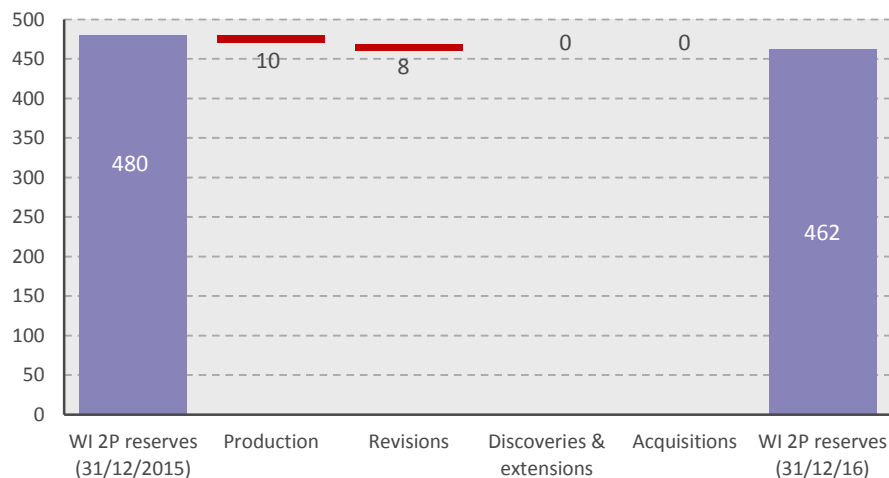


Note: Volumes stated at 31/12/16 based on independent estimates from DeGolyer & MacNaughton

RESERVES MOVEMENT YEAR-ON-YEAR AND CONTINGENT RESOURCES

A SIGNIFICANT RESERVE AND RESOURCE BASE OFFERS GOOD FUTURE GROWTH POTENTIAL

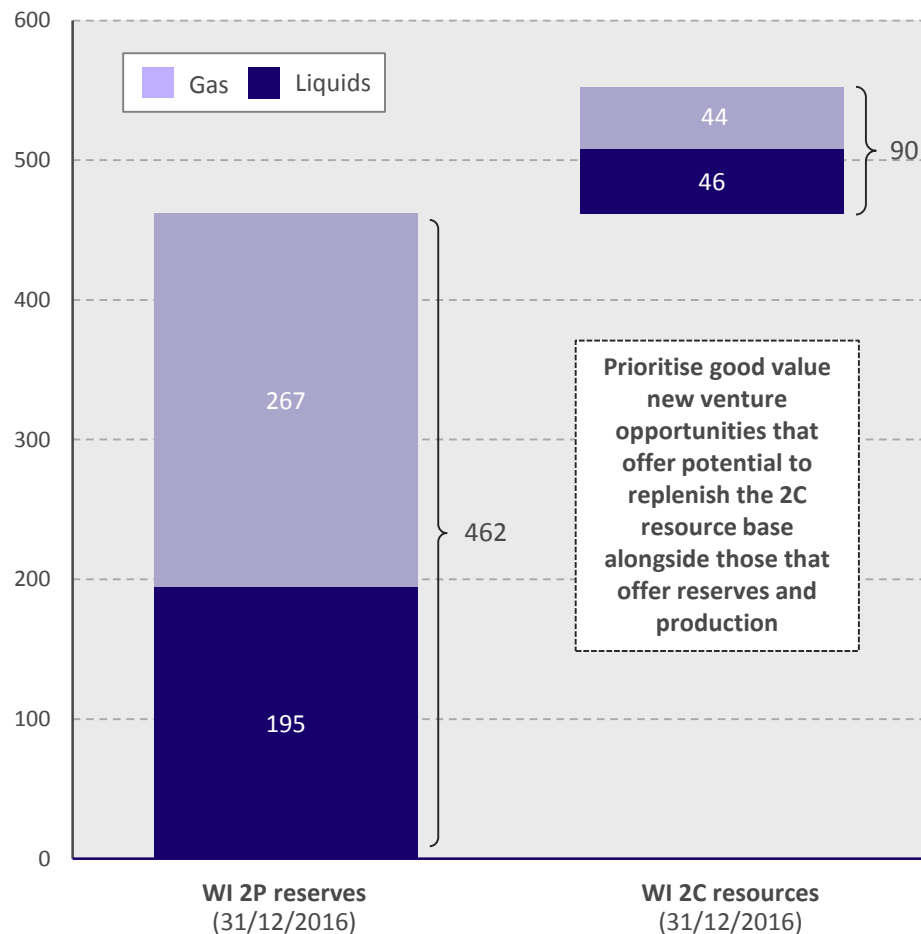
YEAR-ON-YEAR MOVEMENT IN WI 2P RESERVES (MMboe)



Working interest 2P reserves down -3.8% year on year

- 2P liquid reserves down -6.5%
- 2P gas reserves down -1.8%
- Main driver of downward revision is re-assessment of booked reserves attributed to the revision of commercial terms at OML 55 where Seplat now holds a revenue interest until a discharge sum of US\$330 million has been paid
- Oil reserves at core OMLs 4,38,41 flat and gas reserves adjusted by production in the year
- Gas reserves at OML 53 up +26% year-on-year

TOTAL WI HYDROCARBON RESERVES & RESOURCES 552 MMBOE

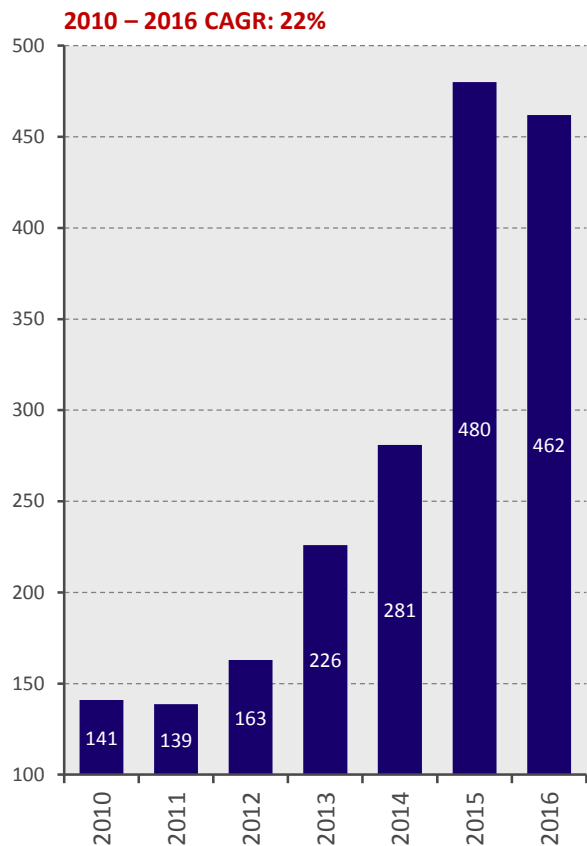


Note: Volumes stated at 31/12/15 and 31/12/16 based on independent estimates from DeGolyer & MacNaughton

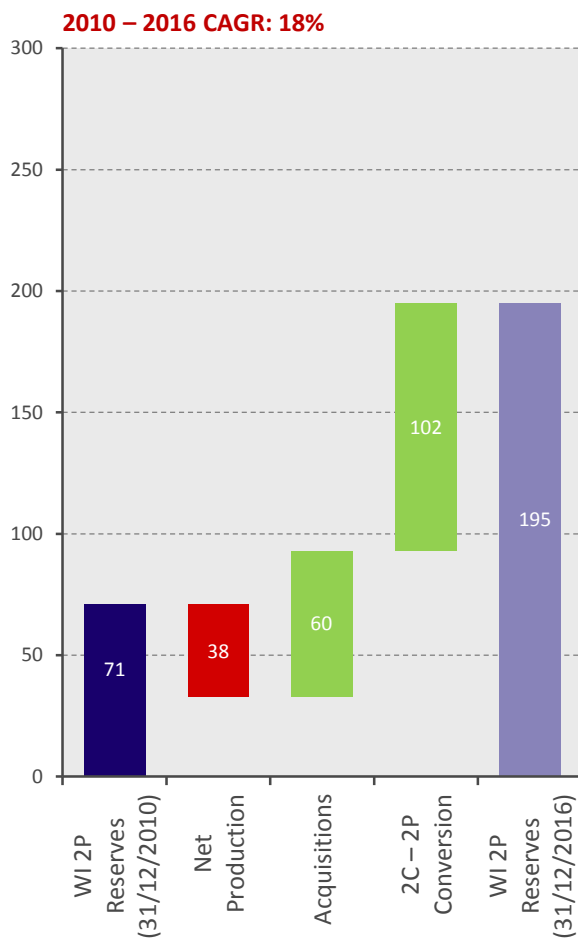
TRACK RECORD OF CONSISTENT RESERVES GROWTH

SINCE 2010 SEPLAT HAS CONVERTED 102 MMBBLS OIL AND 80 MMBOE GAS FROM 2C RESOURCES TO 2P RESERVES

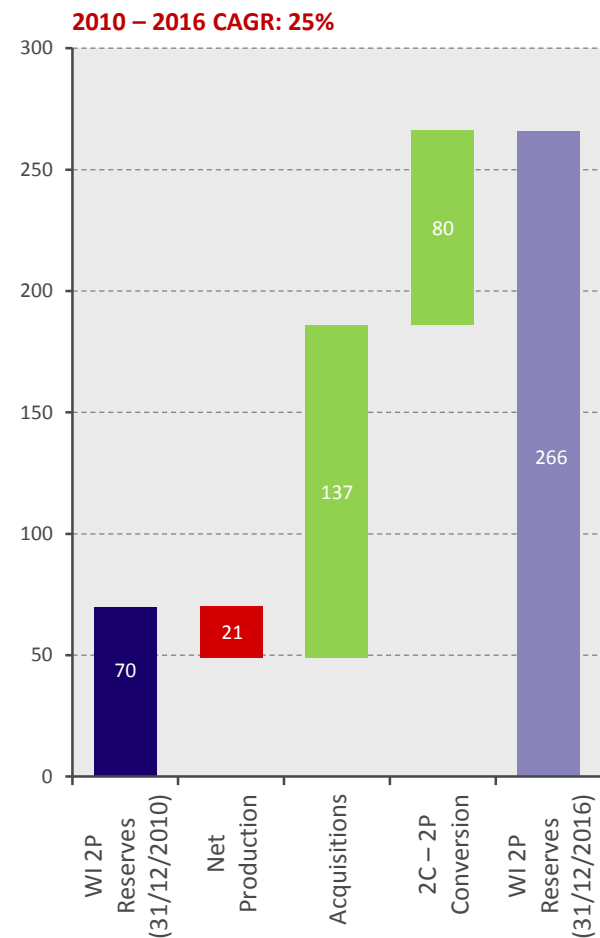
WI 2P RESERVE GROWTH (MMBOE)



WI 2P OIL RESERVE BASE 2010 – 2016 (MMBBL)^(1,2)



WI 2P GAS RESERVE BASE 2010 – 2016 (MMBOE)^(1,2)



Source: Company information.

(1) Volumes stated at 31 December 2010 based on estimates from Gaffney Cline & Associates

(2) Volumes stated at 31 December 2016 and for acquisitions based on independent estimates from DeGolyer & MacNaughton

CURRENT AND PLANNED EXPORT ROUTES FOR OIL PRODUCTION

DIVERSIFICATION OF CRUDE EXPORT ROUTES TO MITIGATE CONCENTRATION RISK IN THE FUTURE

1 Forcados Terminal

- Historically the primary export terminal for OMLs 4,38,41 and OPL 283
- Reliant on 3rd party operated Transforcados pipeline to transport oil
- Under force majeure since 21 February 2016

2 Warri Refinery

- Alternate route established mid 2016 utilising Seplat owned 100,000 bopd capacity pipeline from Rapele manifold to Warri refinery
- Access to tank farm with crude sold FOB at refinery jetty to Mercuria
- Jetty upgrades to increase export capacity to 30,000 bopd

3 Escravos Terminal

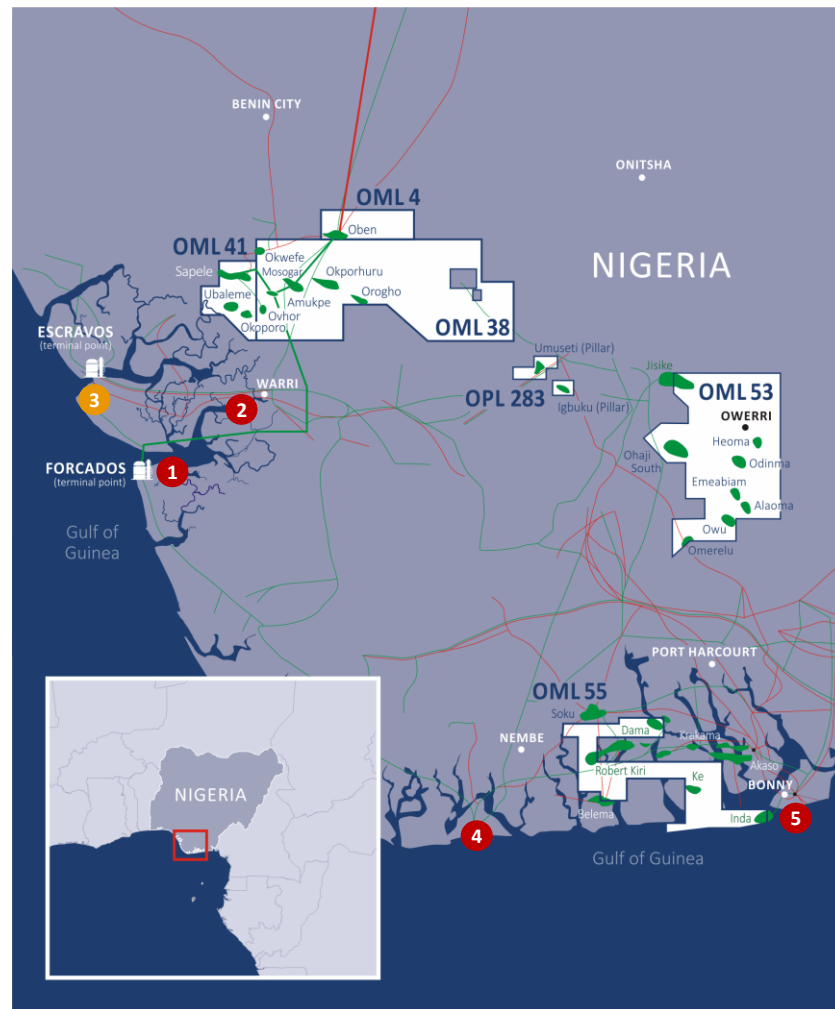
- New 160,000 bopd export pipeline to connect western assets to Escravos terminal – anticipated in H2 2017
- Short tie-in distance for OMLs 4,38,41 production from Amukpe manifold located on OML 4

4 Brass Terminal

- Export route for OML 53 and OPL 283 crude

5 Bonny Terminal

- Export route for OML 55 crude



● Existing ● Planned

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DELIVERING A 30,000 BOPD EXPORT ROUTE VIA WARRI REFINERY

DIVERSIFICATION OF CRUDE EXPORT ROUTES TO MITIGATE CONCENTRATION RISK IN THE FUTURE

Progress made in 2016

- Oil production from OMLs 4,38,41 sent via 100,000 bopd Seplat owned pipeline to Warri refinery tank farm
- Sold FOB at the jetty to Seplat's offtaker Mercuria
 - 100,000 barrel parcels barged to mother-tanker moored offshore
 - Volumes not subject to reconciliation losses
 - US\$11/bbl cost with scope to reduce
 - 3 MMbbls evacuated via this route in 2016 (1.4 MMbbls Seplat equity crude)



Upgrades to deliver 30,000 bopd export route in Q2 2017

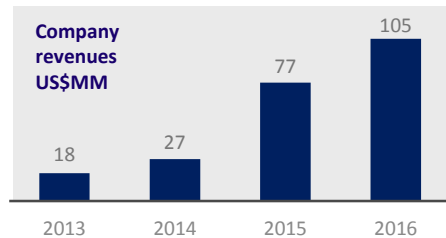
- Piping configuration at the tank farm modified to allow for simultaneous production and vessel loading via one jetty
- Two additional jetties are being upgraded to increase frequency of barging operations
 - First jetty upgrade nearing completion and second jetty upgrade to be completed later in Q2
- Upgrades have also been made to the liquid treatment facility that will increase volume of dry crude available for export via alternative routes and at the same time eliminate costs incurred for injecting wet crude into the Forcados pipeline
- Intend to keep Warri refinery export route available for the foreseeable future and run in parallel with exports via the Forcados Terminal when force majeure is lifted

SCALING UP OUR GAS BUSINESS

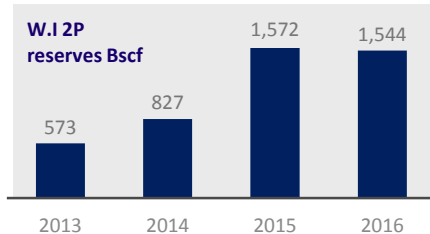
SEPLAT IS A KEY SUPPLIER OF GAS TO THE DOMESTIC MARKET AND UNDERPINS SIGNIFICANT POWER GENERATION

Key trends

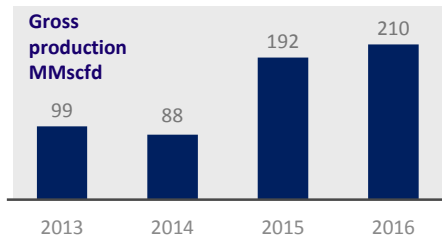
Gas revenues



Gas reserves

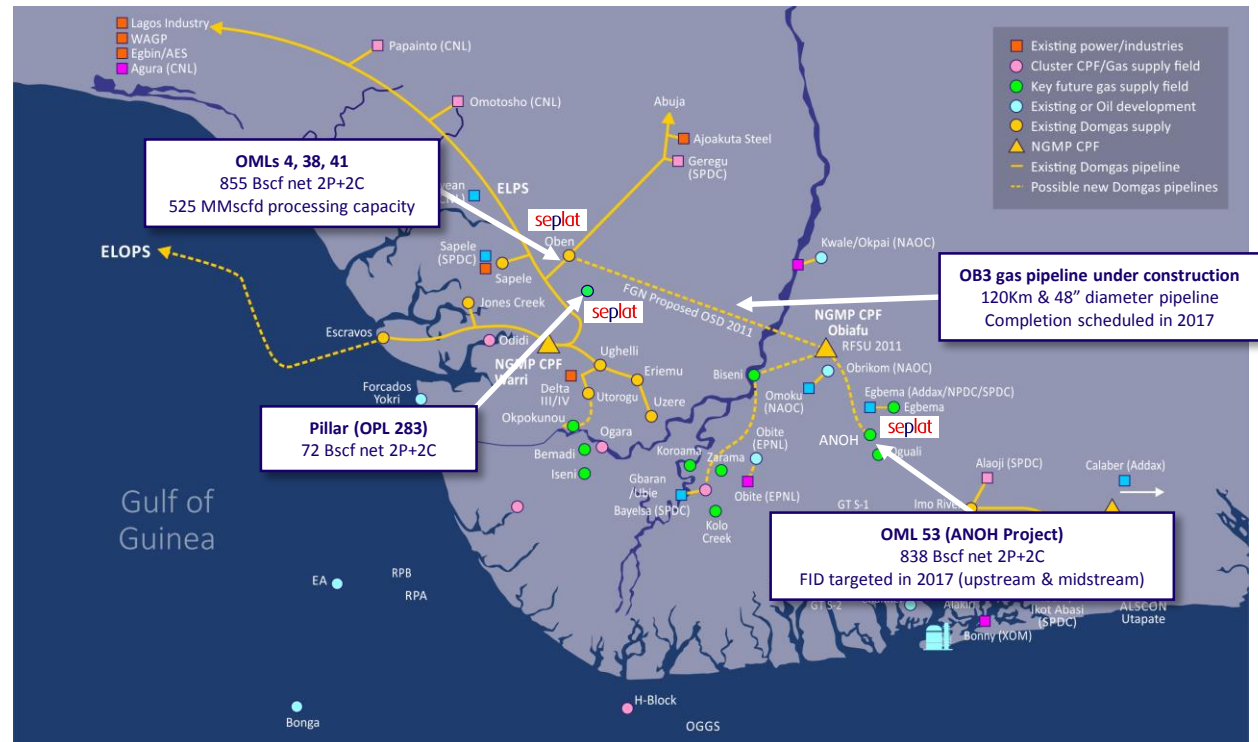


Domestic market supply



Current infrastructure and planned future expansion

- Seplat's Oben hub is strategically positioned to access main demand centres
- OML 53 (ANOH) a critical project in boosting future domestic supply
- Seplat is positively helping reshape Nigeria's domestic gas landscape



OBEN PHASE II GAS PLANT EXPANSION

SEPLAT IS A KEY SUPPLIER OF GAS TO THE DOMESTIC MARKET AND UNDERPINS SIGNIFICANT POWER GENERATION



- Benefit of Phase I expansion felt in 2016 and reflected in production
- Phase II expansion adding 225 MMscfd processing capacity (increasing total Company processing capacity to a minimum of 525 MMscfd)
- Final stages of commissioning being completed
- In advanced discussions to finalise additional gas sales agreements
- Current well stock capable of delivering around 400 MMscfd (gross)
- Additional processing capacity available for 3rd party volumes (future tariffing revenue)

GAS CAPACITY AND CONTRACTED VOLUMES

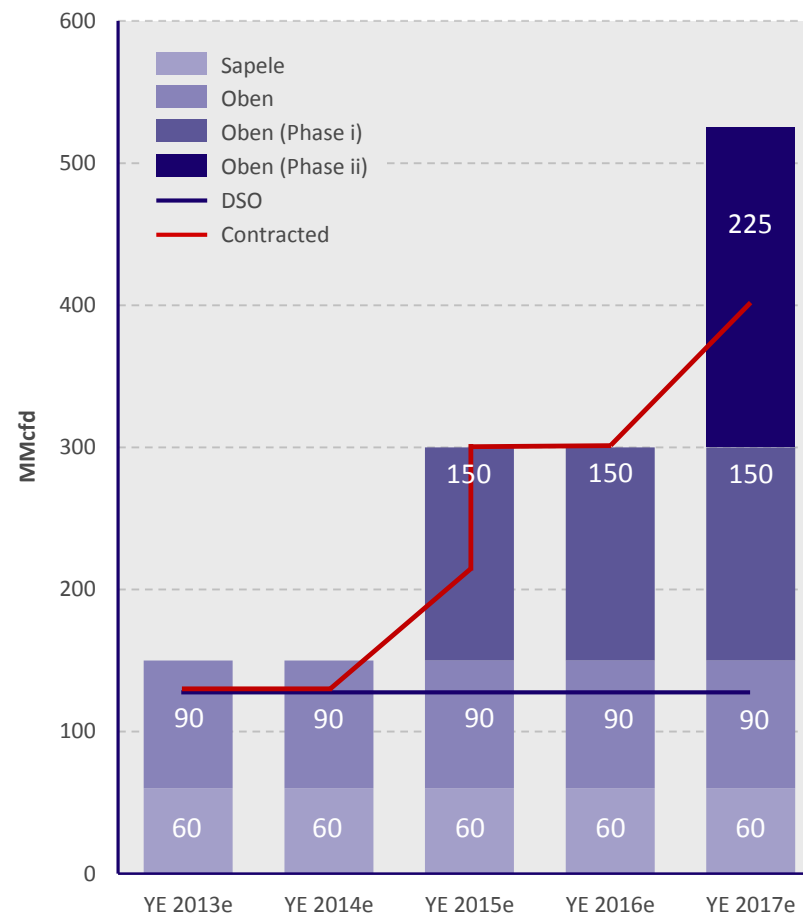
COMMERCIALISING AND DEVELOPING A STRATEGIC RESOURCE

- Demand for sales gas continues to out-strip available supply
- Commercial pricing moving beyond US\$3.50/Mscf
- New and existing gas sales agreements such as Azura Edo IPP – underpin investments to further upgrade the Oben gas plant
- Seplat is strategically positioned to capitalise on the expanding the gas market

Off-takers	Volume (MMcfd)	Duration (years)	Status
Domestic Supply Obligation (DSO)			
• Sapele Power Plant	50	10	GSA signed
• Geregu Power Plant	80	10	GSA signed
Nigeria Gas Corporation (NGC) - Firm	100	2	GSA signed
- Variable	<140	2	GSA signed
New Gas to Power Projects			
• Azura Power	116	15	GSA signed
• Other**	<200	5-15	-
Liquids extraction for LPG			
• Kaego-Virile JV	5	10	GSA signed

(**) Still under negotiation

GAS PLANTS CAPACITY AND CONTRACTED VOLUMES



PRESERVING A HIGH DEGREE OF FLEXIBILITY IN 2017

VALUE ADDING WORK PROGRAMME IN THE CURRENT CHALLENGING ENVIRONMENT

Immediate focus

- First priority is to complete jetty upgrades at Warri refinery and step-up exports via that route
- When Forcados terminal re-starts full production can be restored quickly – however timing remains uncertain. Longer term the Amukpe to Escravos pipeline can provide a high volume alternative route
- Complete full flow performance test of upgrades to liquid treatment facility at earliest opportunity – significant efficiency and cost gains

Development activity in 2017 will be dependent on the level of crude oil volumes monetised

- Have an extensive inventory of production drilling opportunities within the existing portfolio
 - Can implement a number of work programmes and dial-up or dial-down activity at short notice
 - Sapele Shallow (ca 500 MMbbls STOIP)
 - Ohaji South oil leg
- Have full discretion over work programmes – no onerous commitments

Continue to drive the gas business forward

- Realise benefit of past investments at Oben gas processing plant expansion
 - Contract additional sales volumes to allow for increased production
- ANOH gas and condensate development FID
- Complete Oben AG compression and Sapele gas plant rehabilitation



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Finance Update

Roger Brown - CFO

FINANCIAL SUMMARY

2016 PERFORMANCE REFLECTS LOW OIL PRICE ENVIRONMENT AND UNPLANNED 3rd PARTY INFRASTRUCTURE DOWNTIME

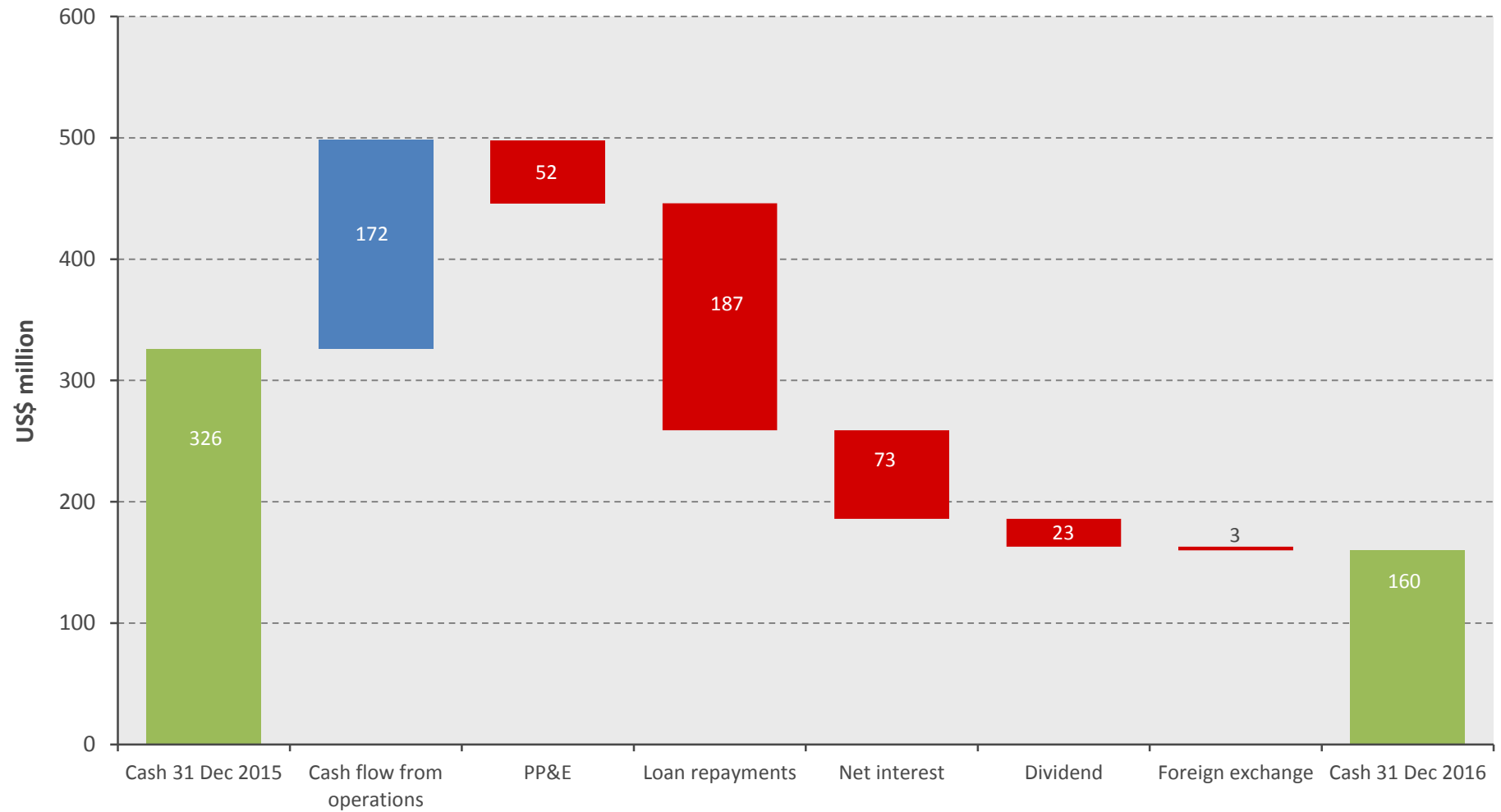
US\$ million	FY 2016	FY 2015	Y-o-Y
Revenue	254	570	-55%
Cost of sales	(182)	(321)	-43%
Gross profit	72	249	-71%
G&A	(78)	(97)	-21%
Financing fees in G&A	(15)	(24)	nm
Impairment & fair value adjustments	(36)	22	nm
FX (loss)/gain	(101)	8	nm
Interest on receivables	51	-	nm
Net finance costs	(66)	(71)	-7%
(Loss)/Profit before tax	(173)	87	nm
(Loss)/Profit after tax & non-controlling interest	(166)	66	nm
Capex incurred	52	152	-66%
Cash flow from operations	172	38	nm
Net debt	516	573	-10%
Cash at bank	160	326	-51%

	FY 2016	FY 2015
Gross Oil Sales	133	444
Net hedging revenue	0	16
(Over)/Under-lift	16	34
Gas sales	105	77
Total Revenue	254	570

- Decreased crude handling charges and royalties reflect reduced levels of production
- Decreased DD&A charge for oil and gas assets reflect reduced levels of field investments
- Includes reversal of fair value gain on oil price hedging in 2015, impairments and OML 25 costs
- FX loss includes US\$86 million of Government receivables, which after interest reduces to US\$35 million
- A net tax credit of US\$6.7 million was recognised in the year
- Reduction in capex compared to prior year reflects adjustments to work programme in response to lower oil price environment and terminal shut-in.
- Despite the significant interruptions to oil production, all financing obligations were met during the year
- US\$700 term-loan reprofiling was concluded to set a more evenly balanced repayment schedule over the remaining loan life
- Preserved liquidity buffer

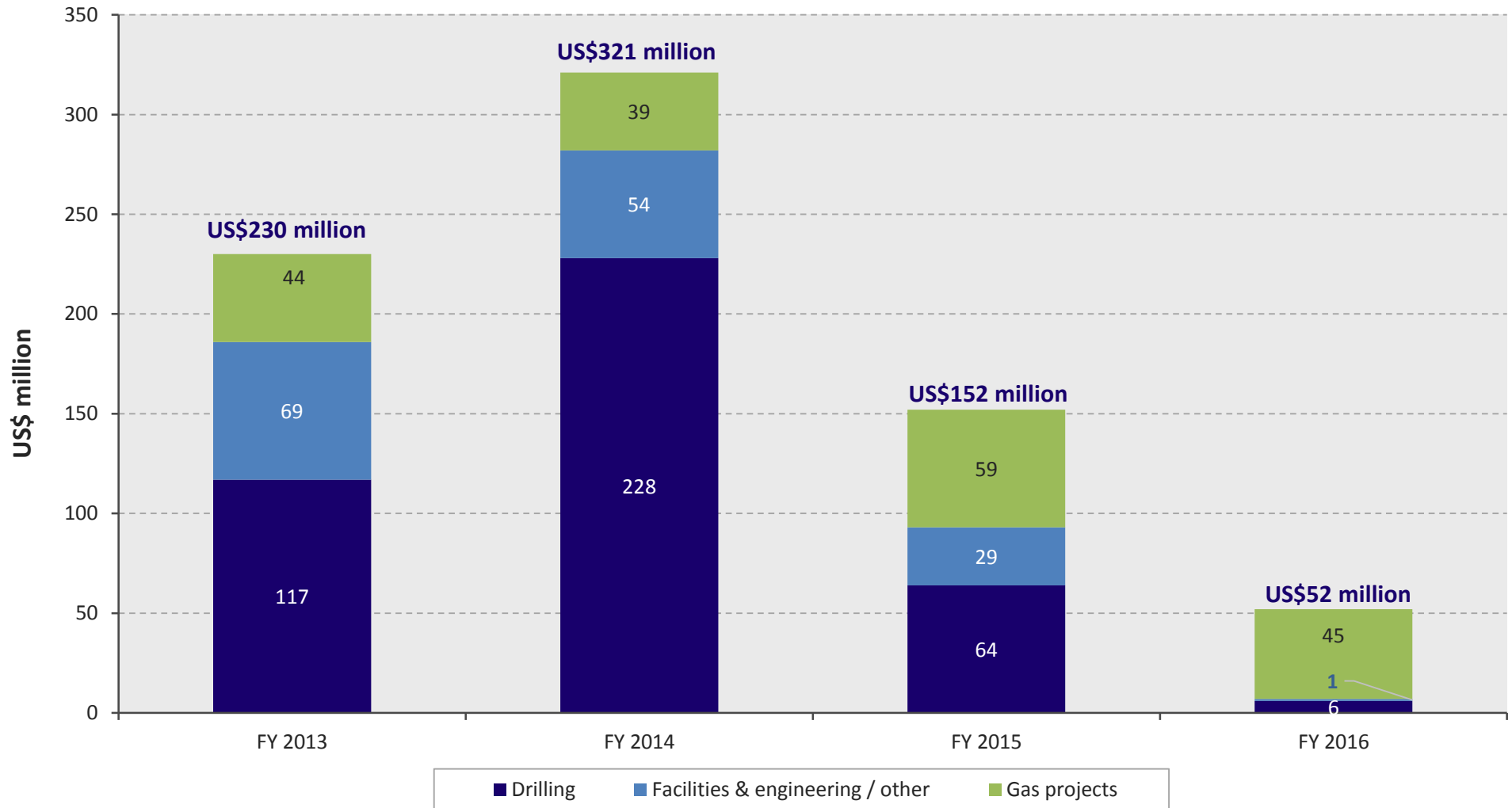
CASH RECONCILIATION

UNDERPINNED BY A ROBUST CAPITAL STRUCTURE



CAPITAL EXPENDITURES

2016 CAPEX OF US\$52 MILLION BELOW GUIDANCE OF US\$130 MILLION – DISCRETION MAINTAINED OVER SPEND



NPDC RECEIVABLES

PROGRESS MADE TOWARDS ADDRESSING THE NPDC RECEIVABLES BALANCE

NPDC RECEIVABLE BALANCE AS AT 31 DECEMBER 2016

	US\$ million
Opening balance at start year	492
Add net expenditure in 2016	48
	540
Less cash received in 2016	(116)
Less gas receipts in 2016	(97)
Crude handling charges formally offset	(59)
Headline receivable	268
FX loss net of interest charge	(29)
Impairment	(10)
Net receivable	229

- Pursuant to the agreement signed in July 2015 Seplat has continued to withhold and offset gas revenues attributable to NPDC's 55% interest
- A total of US\$272 million towards the settlement of outstanding cash calls have now been formally netted off the outstanding receivables balance
- Receivables have been discounted to reflect the impact of time value of money
- Partially mitigating the US\$77 million FX loss is the interest of US\$48 million, which is being charged to NPDC in accordance with provisions of the JOA
- The commercial position does not follow the accounting treatment as receivables are determined in the functional currency i.e. USD. This will form part of the "value for money" process currently underway with NPDC.
- Seplat has continued discussions with NPDC to ensure further reduction of outstanding receivables in 2017

CAPITAL STRUCTURE AND HEDGING

SUCCESSFUL DEBT REPROFILING IN 2016 UNDERSCORES THE QUALITY OF SEPLAT'S ASSET BASE

Facility (US\$ million)	Refinanced in 2015	Repayment	As at 31 Dec 2016
7-year secured term facility	700	(199)	501
3-year secured RCF	300	(125)	175
Gross debt	1,000	(324)	676
Cash and cash equivalents			160
Net debt			516

- Completed negotiations with existing Nigerian lenders in September 2016 to set a more evenly balanced repayment schedule over the remaining loan life
 - Initial seven-year facility had a sculpted repayment schedule set in January 2015 which was front-ended (ie. three years on a seven-year facility)
- Lenders approved the deferment of H2 2016 and 2017 principal repayment obligations totalling US\$150 million until the end of 2017
- Discussions underway with corporate lenders to extend the corporate facility to end 2018

Hedging

- 2016 hedging – 6.0 million barrels at US\$41.8/bbl. Net 2016 hedging revenue US\$10.3 million
- 2017 hedging – 1.99 million barrels for H1 at US\$47/bbl and 1.70 million barrels for H2 at US\$48/bbl; combined weighted average strike price of US\$48.38/bbl

FINANCE SUMMARY

A STRONG FOCUS ON FINANCIAL DISCIPLINE

- Revenues impacted by the shut-in of the Forcados terminal after operator, Shell Nigeria, declared force majeure in February. Gas revenues more prevalent in 2016 results and accounted for 41% of total revenues (2015: 14%). Gas revenues are de-linked to oil price with a 19% increase in the average realised gas price of US\$3.03/Mscf (2015: 2.55/Mscf)
- Flexibility of work programme resulted in a significant adjustment in Capex to US\$52 million (2015: US\$152 million)
- NPDC receivable has started to fall with significant progress in funding package to reduce receivables and fund cash calls going forward. Year end net NPDC receivable was US\$229 million
- Net debt at year-end of US\$516 million
- Owing to the exceptional circumstances as a direct result of force majeure events at the Forcados terminal no dividend is being declared as we selectively deploy available capital into the portfolio of production opportunities and preserve a liquidity buffer
- Our financial strategy continues to be driven by preservation of the financial capability and also flexibility that is required to realise the value of our enlarged asset base



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Q&A

2016 Full Year Results



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