



seplat

27 JULY 2017

# 2017 **HALF-YEARLY** RESULTS

# IMPORTANT NOTICE

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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 & activity update

Austin Avuru – CEO

# HIGHLIGHTS AND OUTLOOK


PROACTIVE MANAGEMENT IN DIFFICULT CONDITIONS HAS STABILISED THE PLATFORM FOR LONG TERM GROWTH



## PROTECTED THE CORE BUSINESS IN DIFFICULT CONDITIONS...


- Upgraded Warri refinery alternative export route to 30,000 bopd gross capacity
- Grown the gas business (H1 revenues US\$54 million, up +15% y-o-y)
- Continued to de-leverage and successfully extended RCF
- Diligently preserved liquidity buffer
- Kept downward pressure on cost base (G&A down 27% year-on-year)

**FORCE MAJEURE LIFTED IN JUNE AND FULL PRODUCTION RESUMED**



## ...NOW TRANSITIONING BACK INTO "BUILD AND GROW" MODE...

- Design work programme to drill out highest cash return production opportunities
- Access to the Amukpe-Escravos pipeline will significantly de-risk distribution of oil production to market
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- Return to profitability and FCF +ve
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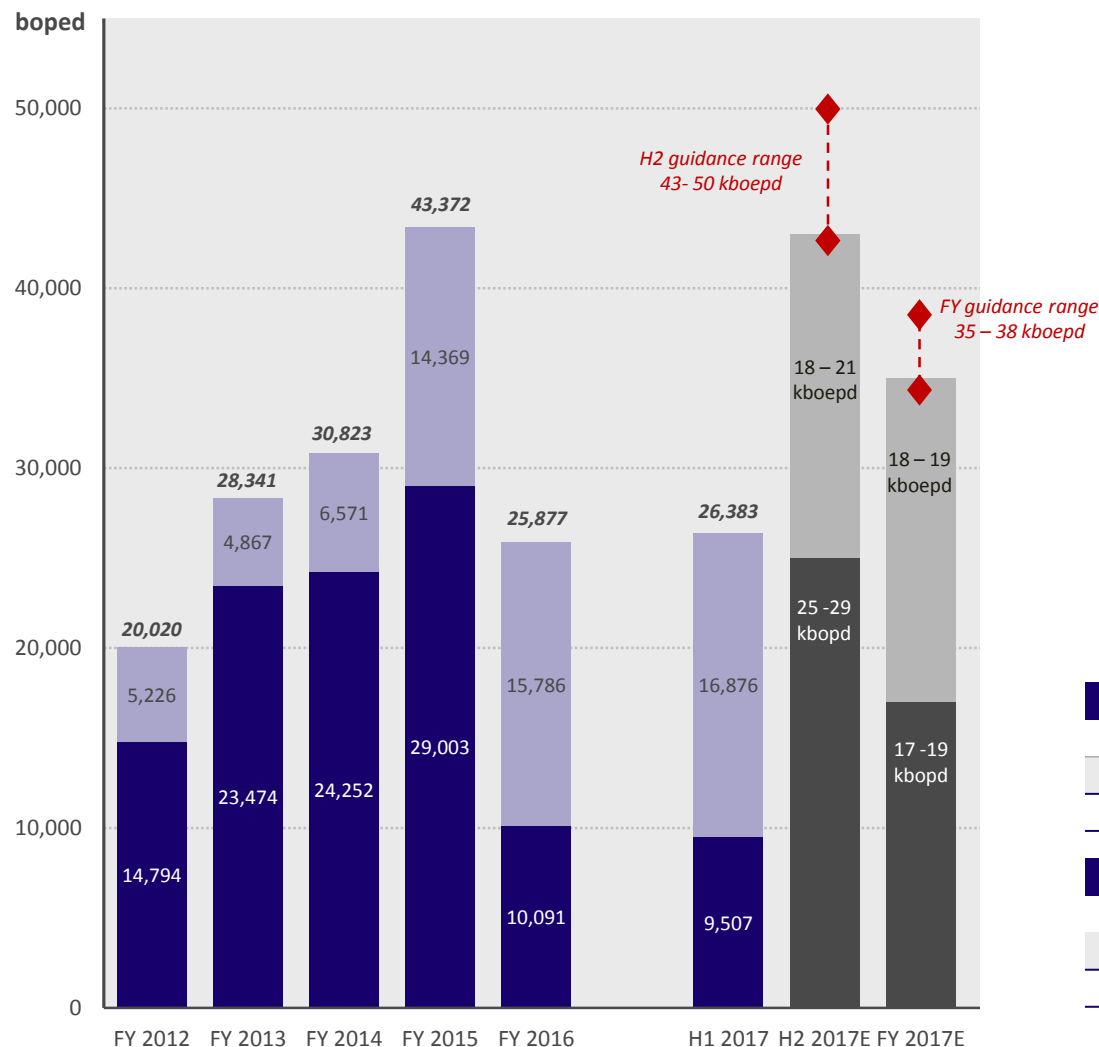
## ...WITH FUTURE GROWTH OPPORTUNITIES TO TRANSFORM

- Nigeria remains the most prolific oil and gas opportunity set in SSA
- Leverage Seplat's unique position and strong track record to access new production and development assets in the Niger Delta
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**BUSINESS UNDERPINNED BY STRONG OIL AND GAS FUNDAMENTALS**

# WORKING INTEREST PRODUCTION – GUIDANCE RESUMED

UNDERPINNED BY A STRONG PLATFORM OF PRODUCING FIELDS



- Average working interest production in H1 2017 +3% year-on-year at 26,383 boepd (H1 2016: 25,695 boepd)
  - Liquids production of 9,507 bopd driven by force majeure conditions
  - Gas production up +19% year-on-year at 101 MMscfd even despite condensate handling constraints during force majeure (H1 2016: 85 MMscfd)
- Force majeure lifted at Forcados terminal on 6 June 2017
  - Production at OMLs 4,38 and 41 quickly restored to pre force majeure levels
- Working interest production guidance reinstated<sup>(1)</sup>
  - Predicated on no major force majeure event in H2 and uptime range of 75% to 85%

H2 working interest production guidance	
Oil	25 – 29 kbopd
Gas	110 - 130 MMscfd
<b>Total</b>	<b>43 – 50 kboepd</b>

FY working interest production guidance	
Oil	17 – 19 kbopd
Gas	105 - 115 MMscfd
<b>Total</b>	<b>35 – 38 kboepd</b>

<sup>(1)</sup> Before reconciliation losses, volumes measured at the LACT unit

# ACTIVITY UPDATE

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

### Amukpe to Escravos export pipeline

- Completion of 160,000 bopd pipeline government priority
- Seplat has agreed joint operating model with pipeline owners
- MOU signed with pipeline operator Pan Ocean (and approved by NAPIMS) to work in partnership on completion of pipeline, negotiation with Escravos terminal operator (Chevron) and operation and maintenance of the pipeline
- Anticipated to be fully operational in Q1 2018

### Forcados terminal

- Force majeure lifted on 6 June
- Production at OMLs 4,38,41 rapidly restored to pre force majeure levels
- Export route has remained open with normal levels of maintenance and upkeep

### Warri refinery export route

- Completed repair and upgrade of two jetties as planned
- The upgraded jetties will enable sustained exports of 30,000 bopd (gross) if required in the future
- Intend to keep route open for the foreseeable future

### OML's 4, 38, 41

- Commenced workover of the Orogho-7 production well
- Upgrades to liquid treatment facility will allow injection of export grade crude into available export routes
- Planning forward work programme to drill out highest cash return near term production opportunities

### OPL 283

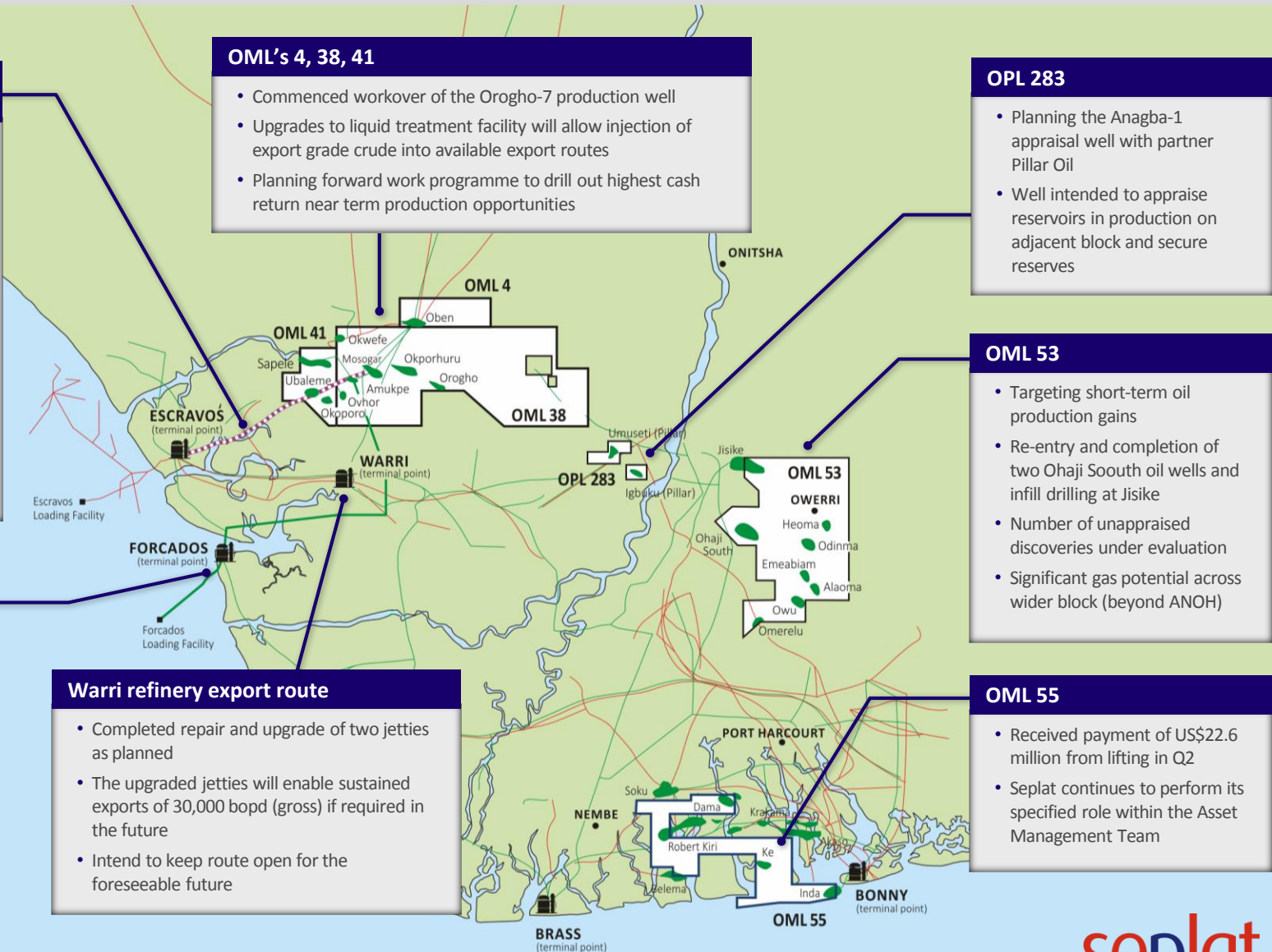
- Planning the Anagba-1 appraisal well with partner Pillar Oil
- Well intended to appraise reservoirs in production on adjacent block and secure reserves

### OML 53

- Targeting short-term oil production gains
- Re-entry and completion of two Ohaji South oil wells and infill drilling at Jisike
- Number of unappraised discoveries under evaluation
- Significant gas potential across wider block (beyond ANOH)

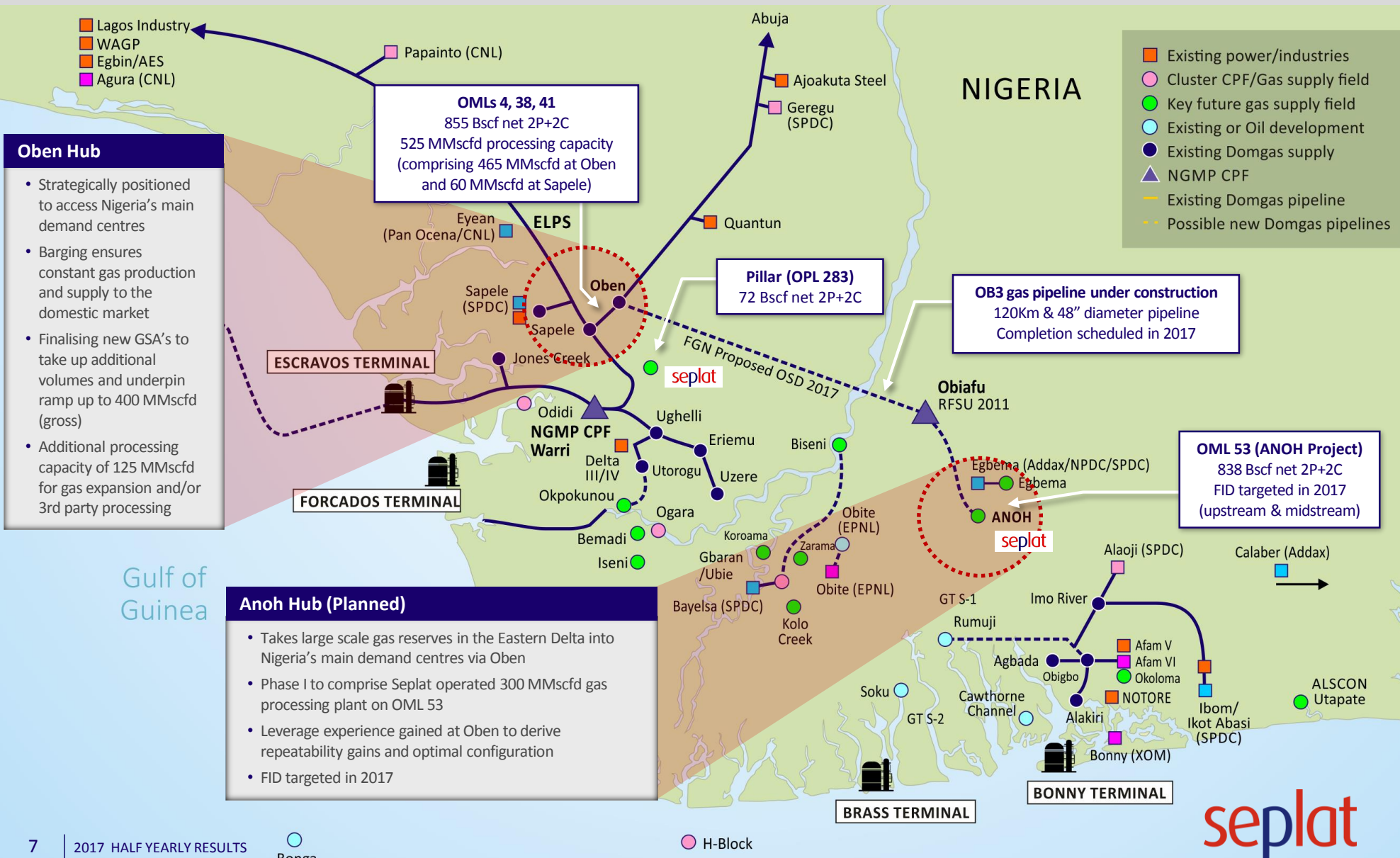
### OML 55

- Received payment of US\$22.6 million from lifting in Q2
- Seplat continues to perform its specified role within the Asset Management Team



# SCALING UP OUR GAS BUSINESS

TOTAL OPERATED PROCESSING CAPACITY AT ANOH COMPLETION WILL BE CAPABLE OF SUPPORTING ~3,000MW POWER GENERATION





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# Finance update

**Roger Brown - CFO**

# FINANCIAL SUMMARY

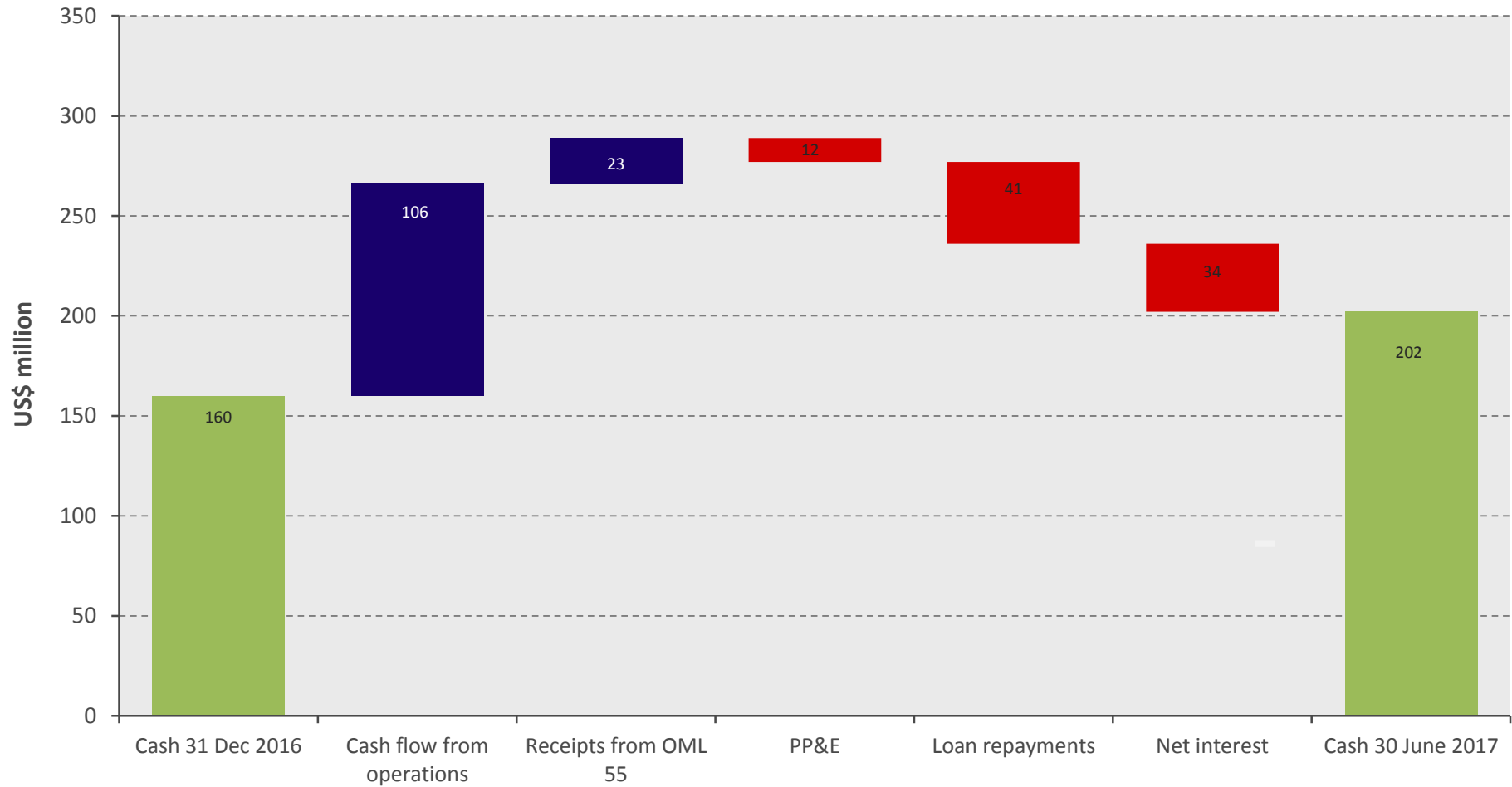
H1 2017 PERFORMANCE REFLECTS FORCE MAJEURE CONDITIONS AND CONTINUED LOW OIL PRICE ENVIRONMENT

US\$ million	H1 2017	H1 2016	Y-o-Y
Revenue	132	153	-14%
Cost of sales	(78)	(84)	-7%
Gross profit	54	69	-22%
G&A	(30)	(42)	-29%
Financing fees in G&A	(6)	(7)	-14%
Impairment & fair value adjustments	(9)	(28)	nm
FX (loss)/gain	(1)	(28)	nm
Net finance costs	(34)	(16)	nm
(Loss)/Profit before tax	(26)	(58)	-55%
(Loss)/Profit after tax & non-controlling interest	(27)	(61)	-56%
Capex incurred	11	17	-35%
Cash flow from operations	106	40	165%
Net debt	432	598	-28%
Cash at bank	202	180	12%
NPDC Receivables	215	229	-6%

- Oil revenues US\$77 million after stock adjustments (H1 2016: US\$106 million) and gas revenues US\$54 million (H1 2016: 47 million)
- Decreased crude handling charges reflect reduced levels of evacuation through the Forcados terminal offset by barging costs
- Decreased operations and maintenance expenses reflect reduced levels of field investments
- Fair value adjustments represents the payments for crude oil price options and losses on crude oil price hedges charged to profit or loss
- FX loss is principally as a result of translation of Naira denominated monetary assets and liabilities
- H1 2016 reflects interest charge of US\$42 million and interest income of US\$26 million (US\$18 million on NPDC receivable)
- A deferred tax charge of US\$1.1 million was recognised during the period
- Reduction in capex compared to prior year reflects adjustments to work programme in response to lower oil price environment and terminal shut-in
- Financing reprofiling/extension agreements on existing loans to enable the business to rebuild cash on balance sheet
- Preserved liquidity buffer
- Continued to reduce NPDC receivables balance

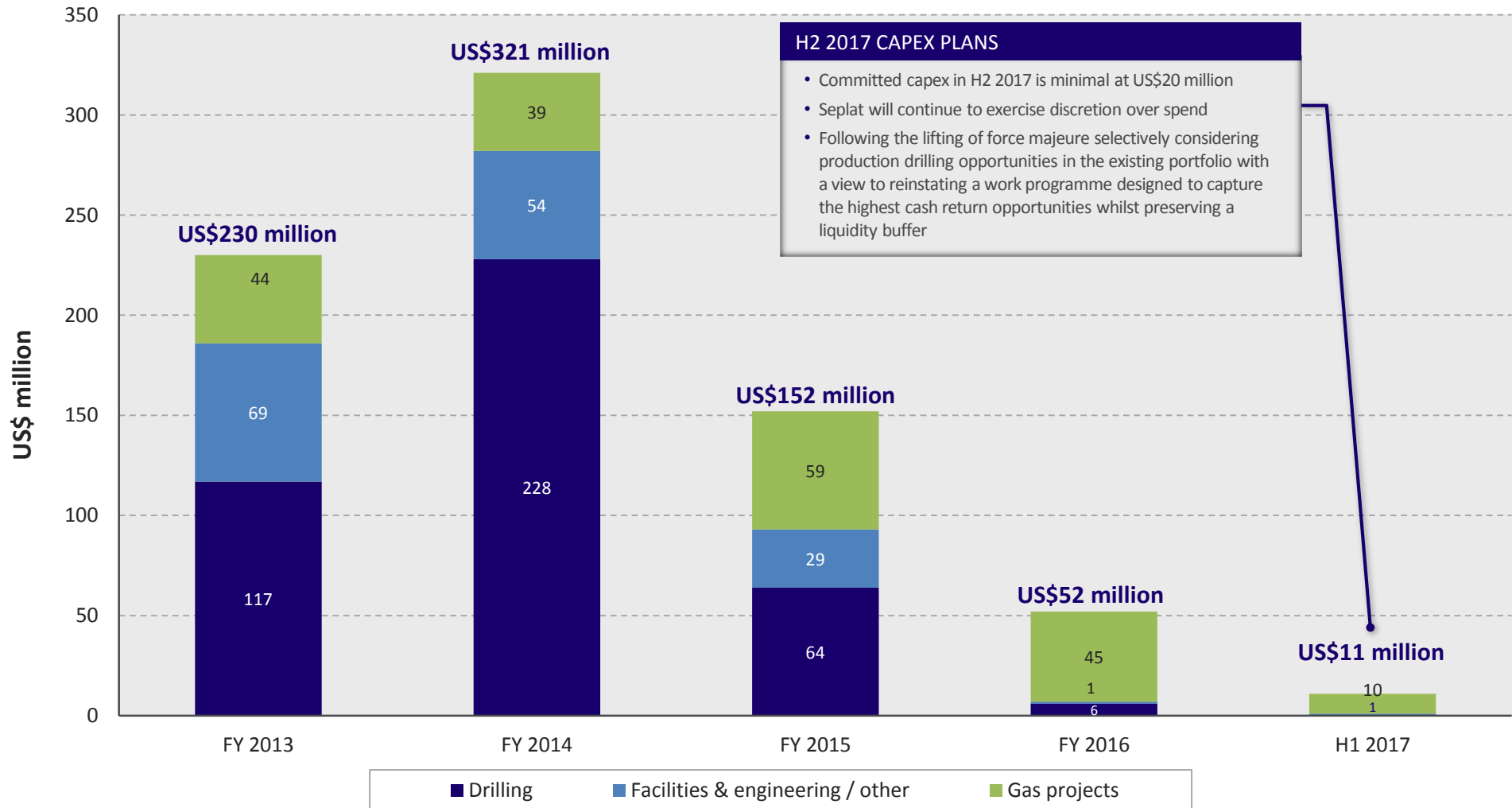
# CASH RECONCILIATION

DILIGENT PRESERVATION OF A LIQUIDITY BUFFER



# CAPITAL EXPENDITURES INCURRED

DISCRETION MAINTAINED OVER SPEND – H1 2017 CAPEX LIMITED AND HAVE MINIMAL COMMITMENTS IN H2 2017

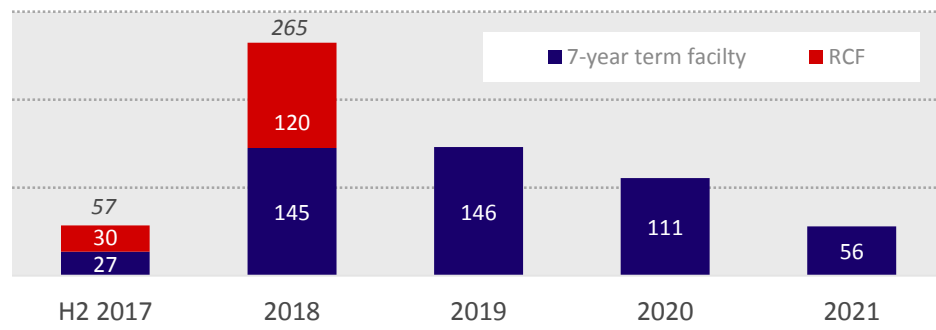


# CAPITAL STRUCTURE AND HEDGING

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

Facility (US\$ million)	Refinanced in 2015	Repayment	As at 30 June 2017	
7-year secured term facility (LIBOR +8.75%)	700	(215)	485	<ul style="list-style-type: none"> <li>Completed negotiations in September 2016 with Term Lenders to approve the deferment of H2 2016 and 2017 principal repayments of US\$150 million until the end of 2017</li> </ul>
Secured RCF (LIBOR +6.00%)	300	(150)	150	<ul style="list-style-type: none"> <li>Concluded a 30% oversubscribed one-year extension until 31 December 2018 and amended to amortise the principal balance of US\$150 million in five equal instalments commencing Q4 2017</li> </ul>
<b>Gross debt</b>	<b>1,000</b>	<b>(365)</b>	<b>635</b>	
<b>Cash and cash equivalents</b>			<b>202</b>	<ul style="list-style-type: none"> <li>Majority of cash is held in US Dollars</li> </ul>
<b>Net debt</b>			<b>433</b>	

## Debt Maturity Profile (US\$ million)



Year end  
balance


578      313      167      56      -

## Hedging

- H1 2017 hedging – 1.99 million barrels at US\$47.0/bbl
- H2 2017 hedging – 1.70 million barrels at US\$50.0/bbl

# CONCLUSIONS


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Q&A

2017 Half-Yearly Results



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