

2017 Full Year Results

8 March 2018



Forward-looking statements

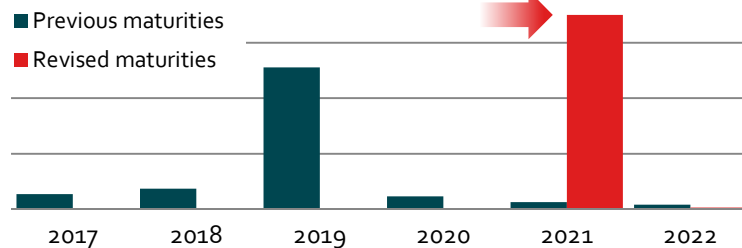
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A number of factors could cause actual results, performance or events to differ materially from those expressed or implied by these forward-looking statements.

2017 highlights

1

Comprehensive
refinancing completed



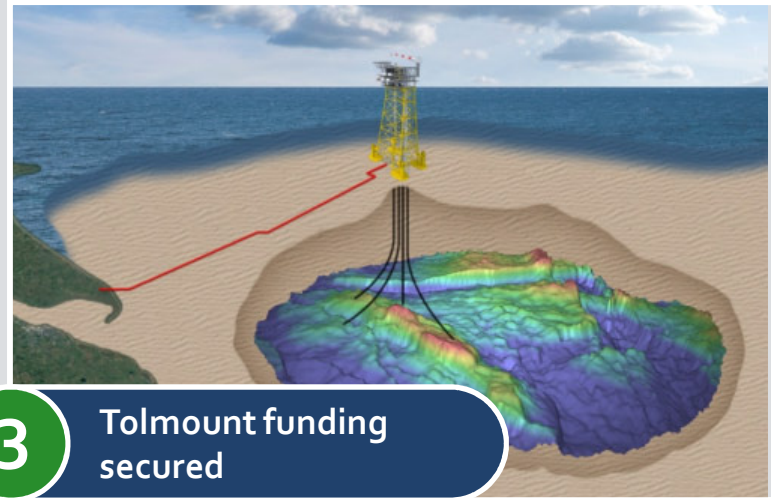
2

400-800 mmbbls Zama
discovery, Mexico



3

Tolmount funding
secured

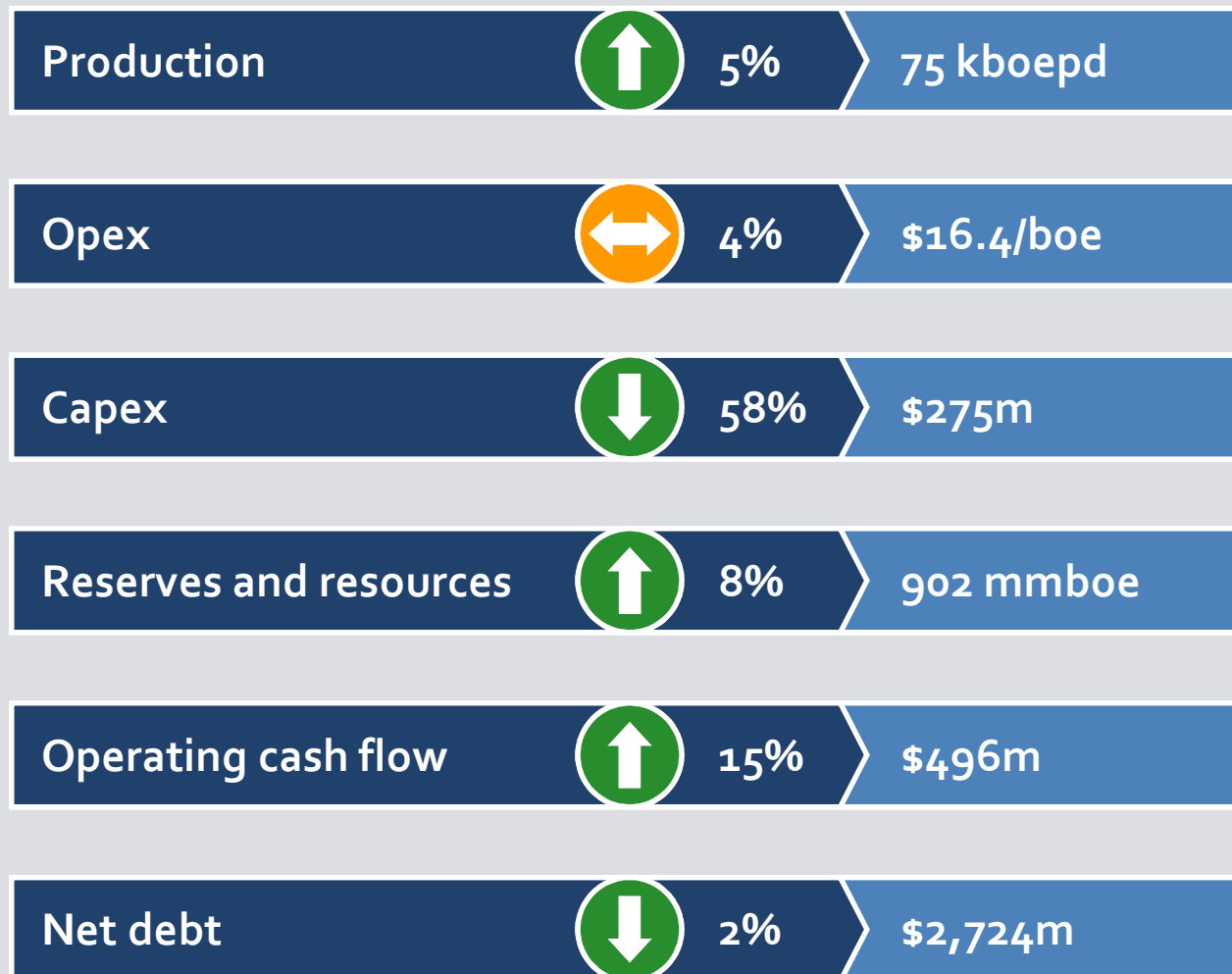


4

First oil achieved from
Catcher



2017 performance



Asia production portfolio

Chim Sáo (op, 53.125%)



Producing
>30 kboepd

- Active well intervention programme
- Ongoing reservoir optimisation
- Infill drilling opportunities
- Crude sold at premium to Brent

Natuna Sea Block A (op, 28.67%)



- GSA1 market share increasing
- Improving gas price
- BIGP first gas 2019
- Optimise exploitation of Lama gas



Long life, low opex assets

UK production portfolio

- Reserves upgrade
- FPSO lease extended
- Cost reductions secured
- Current production >10 kboepd

Huntington (op, 100%)



Elgin-Franklin (5.2%)



- One of the UK's largest producing fields
- Long field life (COP 2035+)
- Active well intervention programme
- Exploration upside

UK
production
>50 kboepd
2019-22

- Lower opex (manning project underway)
- Infill drilling opportunities
- Potential 3rd party business

Solan (op, 100%)



B Block (op, various)



- Targeting deferral of COP to 2021
- Continuing positive cash flow



Tax advantaged cash flows

Financial highlights and outlook

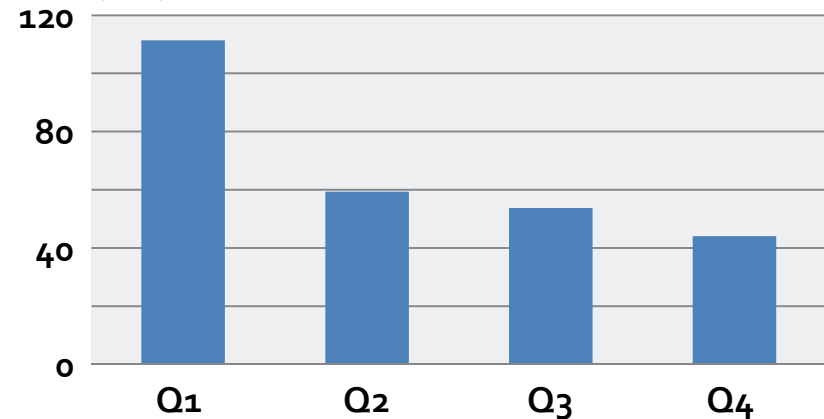
2017 highlights

- Comprehensive refinancing completed
- Positive free cash flow of \$71m
- Operating costs of \$16.4/boe
- P&D and exploration capex 58% lower at \$275m
- \$300m non-core disposals announced
- Cash and undrawn facilities of >\$500m

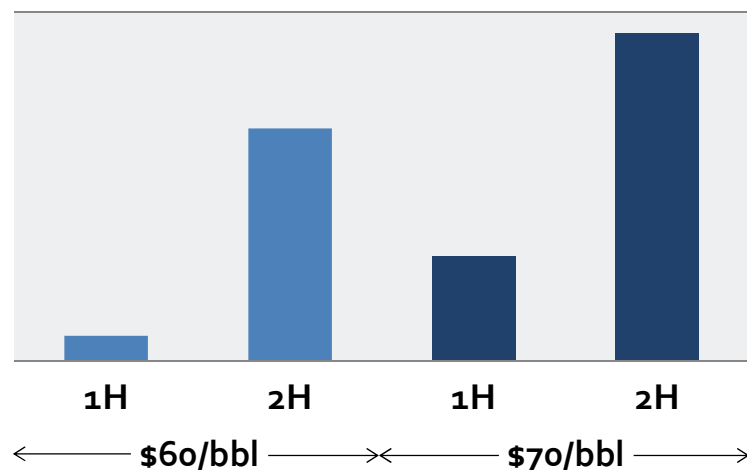
2018 outlook

- Early exchange of convertible bonds
- Stable operating cost base at \$17-18/boe
- P&D and exploration capex of \$300m
- Debt reduction accelerates through year
- Return balance sheet to investment grade metrics by year-end 2018

2018 P&D capex
(\$m)



2018 FCF Profile

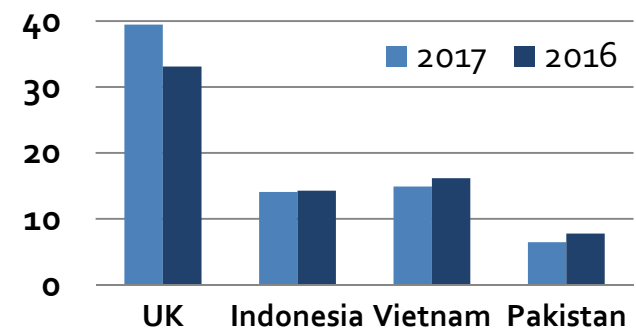


2017 Financials

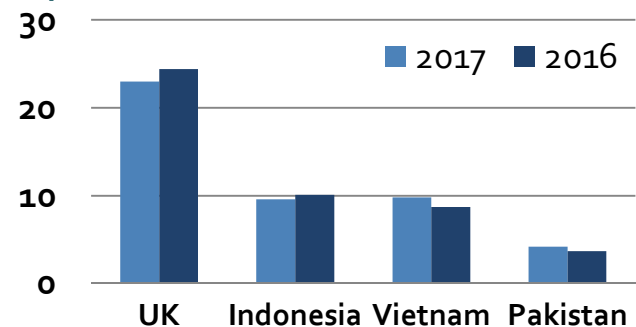
	12 months to 31 Dec 2017	12 months to 31 Dec 2016
Production (kboepd)	75.0	71.4
Opex per Barrel (\$/boe)	16.4	15.8
P&L and cash flow	\$m	\$m
Sales revenue	1,102	983
Net (loss)/profit	(254)	123
Operating cash flow	496	431
Interest and fees	(309)	(152)
Capex	(275)	(663)
Abandonment	(26)	(16)
Decom pre-funding	(17)	(61)
Disposals/(Acquisitions)	202	(119)
Net cash flow	71	(580)
Balance sheet		
Accounting net debt	2,724	2,765

Realised prices	2017	2016
Oil (post hedge) (\$/bbl)	52.1	52.2
UK gas (p/therm)	47.2	47.6
Indonesia gas (\$/mmscf)	8.4	7.8

Production (kboepd)



Opex (\$/boe)



Portfolio management

- Seek opportunities with strategic fit within existing geographic units
 - Focus on operated long-life assets
 - Material working interest
 - Critical mass locally
 - UK tax optimisation
 - Covenant accretive
- Dispose of non-core assets to accelerate debt repayment



2017 highlights

- Completed sale of Wytch Farm interests for \$200m
 - Non-operated, reducing opportunity set
 - Released \$75m LCs
 - Book gain on disposal of \$133m
- Announced \$65.6m sale of Pakistan
 - Non-operated, small stakes; declining production
- Announced sale of interest in ETS for up to \$31.6m
 - E.ON legacy asset; non-core
- Sale of interest in Kakap
- Rationalisation of UK exploration licences

**\$300m
of non-core
disposals
announced**



Capital expenditure and abandonment

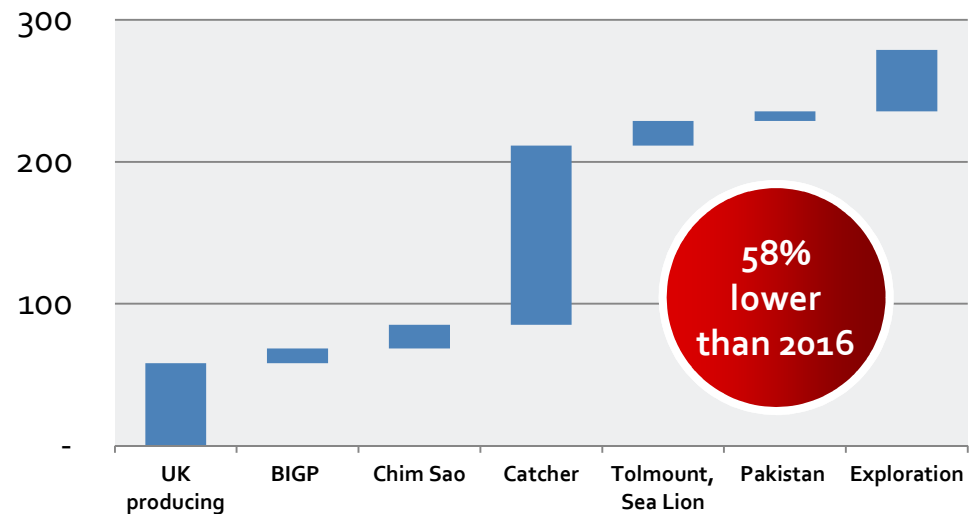
P&D capex and exploration spend

- 2017: \$275m, 60% lower than 2016
 - \$126m Catcher drilling and subsea
 - \$17m Chim Sáo infill wells
 - \$38m exploration, includes Zama well
- 2018 guidance of \$300m
 - \$170m Catcher drilling and tie-in of Phase 2 wells, FPSO first oil payment
 - \$32m BIGP EPCI, drilling LLIs
- 2019 significantly lower committed capex

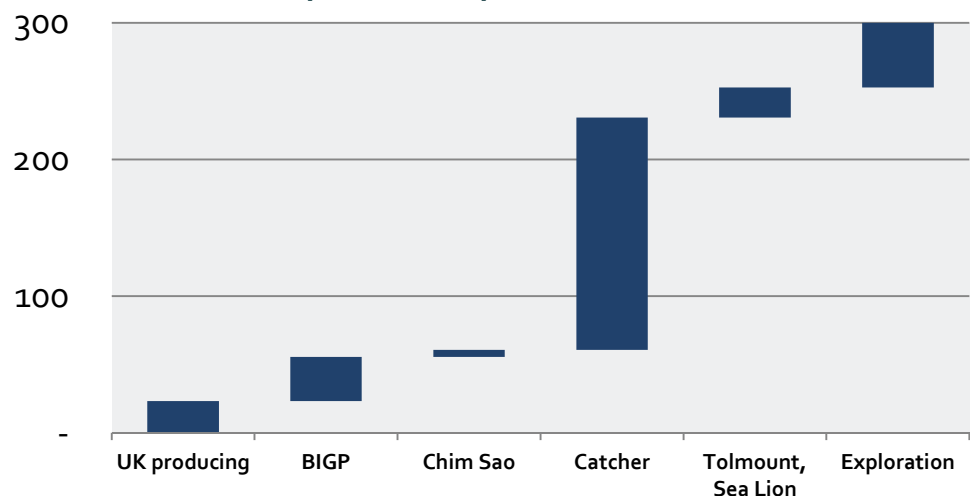
Abex

- 2018 guidance of \$80m (pre-tax), principally across UK assets
- Continuing to defer COP dates across portfolio
 - Huntington, B Block, Ravenspurn North, Chim Sáo, Babbage
- UK tax history shelters UK abandonment costs

2017 P&D capex and exploration (\$m)



2018 P&D capex and exploration (\$m)



Hedging

Hedging policy

- 30-50% of future oil and gas volumes on a rolling 12-18 month basis
- Minimum required under lender agreement is 20%

Liquids hedging

- Progressively increased as oil price rose
- 50% of 2018 oil production hedged

UK gas hedging

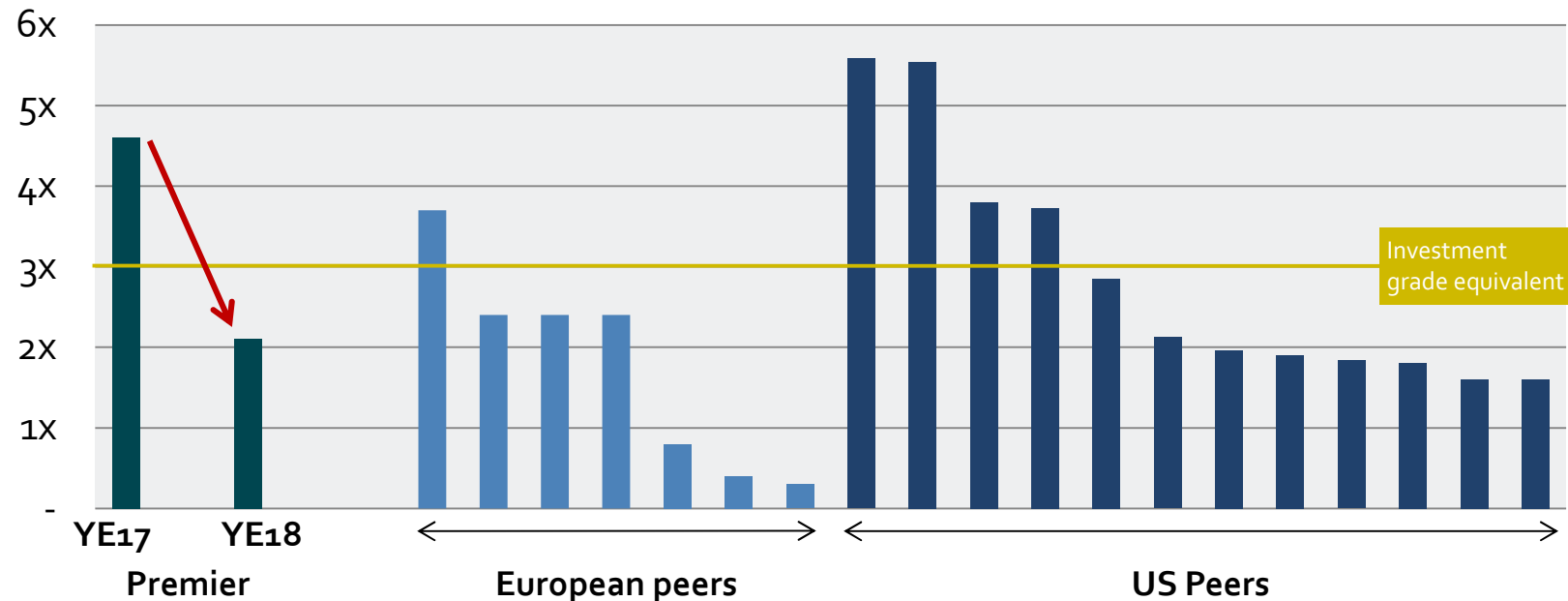
- 29% of UK gas production hedged at 47p/therm

60% of oil
production
exposed to
upside

Oil hedging		2018 1H	2018 2H
Swaps / Forwards	Volumes	40%	40%
	Average price	\$56.4/bbl	\$60.1/bbl
Options	Volumes	20%	7%
	Average floor price	\$54.7/bbl	\$60.6/bbl

Net debt

Estimated leverage ratios using accounting net debt as at year-end 2018¹



- Net debt of \$2.72bn, reduced from year-end 2016 position
- Early conversion of Convertible Bonds in January 2018
- Average cost of debt c. 7%
 - >50% fixed
- Non-amortising debt
- Targeting covenant net debt/EBITDAX ratio of 2.5x by end Q1 2019 (at \$65/bbl)

Catcher – the journey to first oil



What we achieved in 2017

- FPSO hull and topsides completed and integrated
- Sailaway of FPSO from Keppel yard
- HSE Acceptance of Safety Case
- Drilling and completion of 6 wells
- Successful tie-in of wells and deployment of subsea control pods
- Hook up of STP buoy to FPSO
- Successful pull in of all risers, umbilicals and installation of swivel stack

First Oil
achieved
23 Dec 17

2017 successful full cycle delivery of Catcher

- Experienced project management team in delivery of FPSO projects

- World class contractors

- Early operations involvement in project

- Collaborative and strong relationship with key contractors

- Deployment of industry leading technology e.g. Geosteering

- Experienced well delivery team

- Subsurface design optimisation

- Favourable market conditions



On schedule



Forecast total capex
30% below budget



Plateau production
increased by 20%



Industry leading
outcome on HSE



Catcher Area commissioning status



Operations

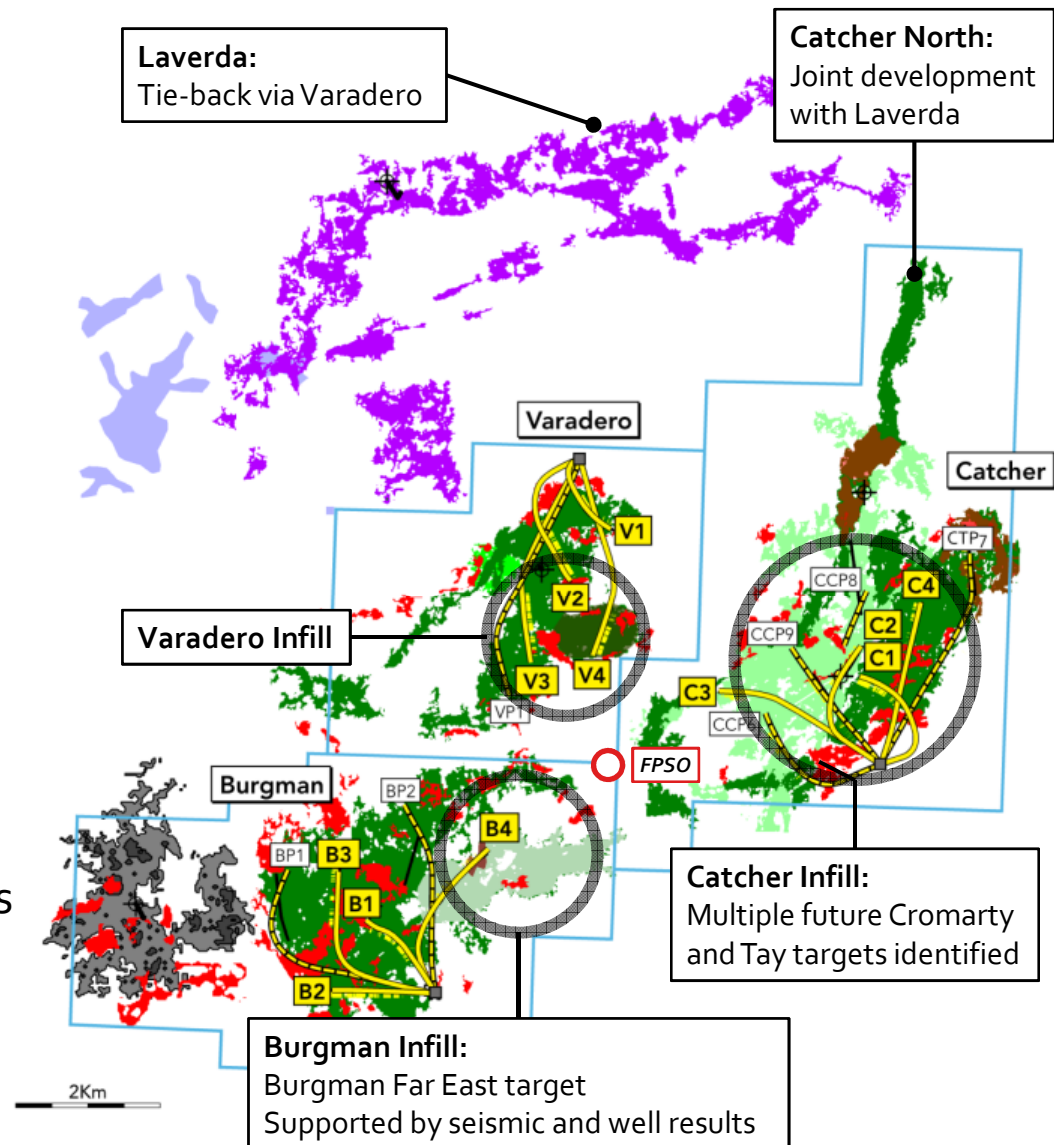
- Good uptime; oil plant up and stable
- Water injection commissioned
- Catcher, Varadero on-stream
- Burgman ready to produce
- Initial deliverability >60 kbopd
- Peak rate performance test Q2

**1.3 mmbbls
produced
since first oil**

**Sold at a premium
to Brent**

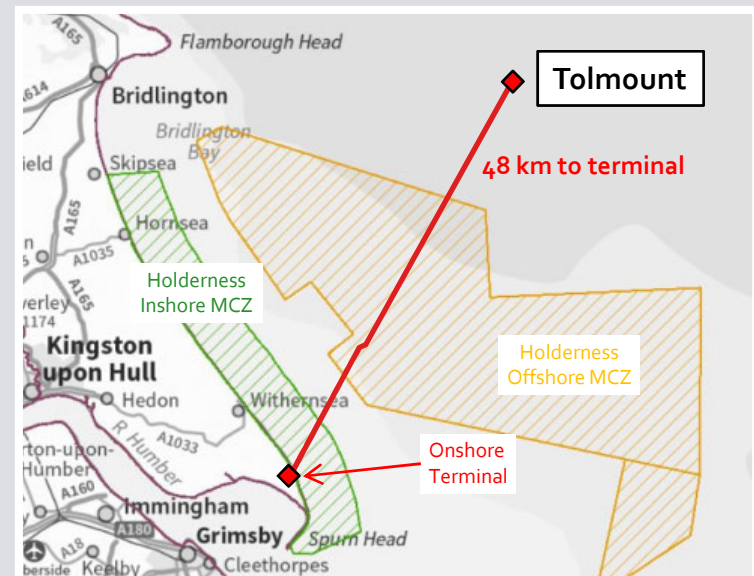
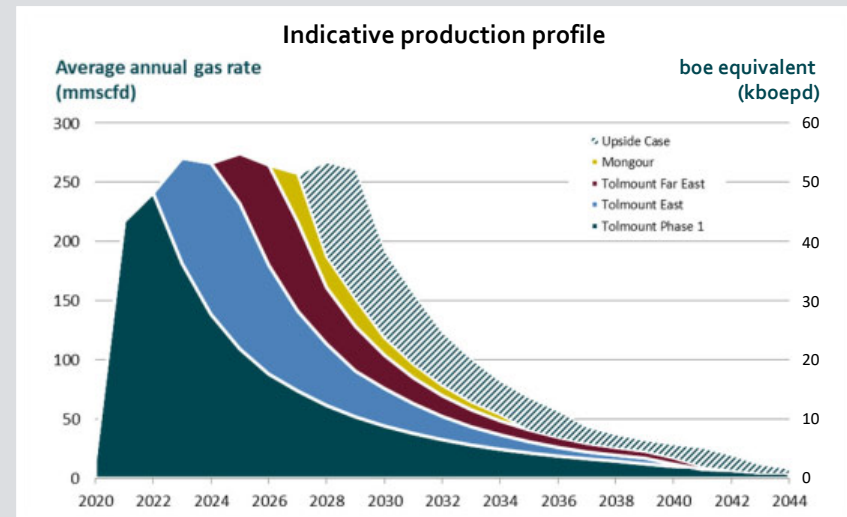
Catcher Area upside

- Potential for reserves upside
 - Conservative initial recovery factor assumed
 - Positive production test results
 - Well-connected sands with good pressure support
 - Reservoir quality and sand quantity above predictions made at sanction
- Infill drilling opportunities
 - 4D seismic acquisition targeted for 2019
- Tie-back of near field discoveries
 - Laverda, Catcher North



Tolmount – high value project

- ✓ Adds significant resource – 540 bcf (100 mmboe)
- ✓ Provides next phase of UK growth – 50 kboepd peak production
- ✓ Low capex requirement – \$100m (Premier's share)
- ✓ Low life of field total project cost – \$20/boe
- ✓ Generates significant tax advantaged cash flows; >\$1bn of net cash flow
- ✓ Potential Area Recovery of c. 1Tcf



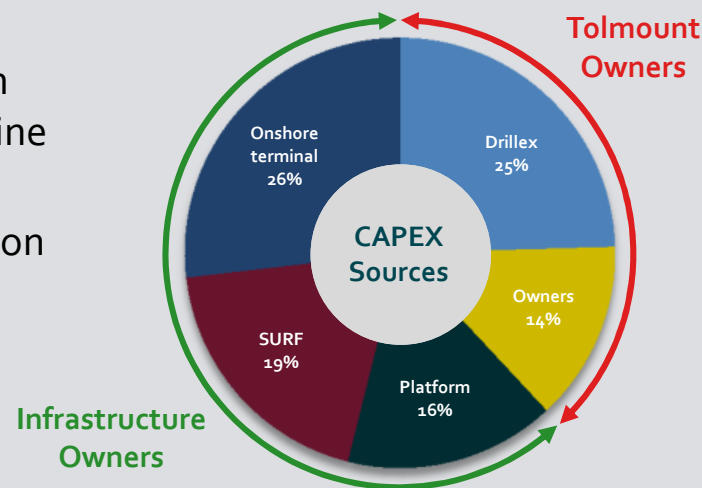
Tolmount Main project update

2017 highlights

- Key terms agreed for funding of Tolmount facilities
- Draft Field Development Plan submitted to OGA
- Project FEED nearing completion
- Final negotiations with platform, pipeline and drilling contractors
- Regulatory, environmental and planning statements submitted for public consultation
- Targeting project sanction 2018

Infrastructure joint venture

- Dana and CML will jointly own the platform and export pipeline
- Tolmount gas will use the facilities in return for production based tariff
- Premier's share of total capex reduced to \$100m



Tolmount Area Development

2018

- Sanction Tolmount Main
- New 3D seismic over Greater Tolmount Area

2019

- Construction of platform, pipeline, onshore mods starts
- Appraise Tolmount East

2020

- 1st development well on Tolmount Main
- Exploration well on TFE

2021

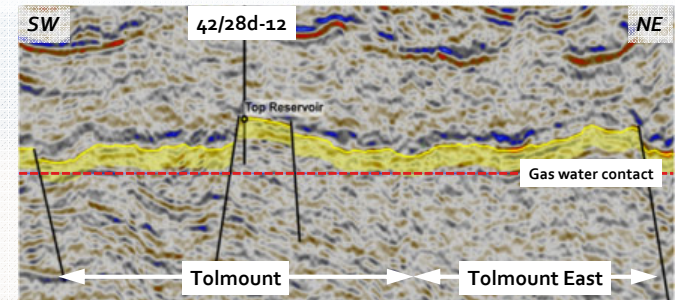
- 3 development wells on Tolmount Main
- Sanction Tolmount East

2022

- 1st gas from Tolmount East development

Tolmount East

- Subsea well tie-back
- 220 Bcf
- Extends Tolmount Main plateau



Mongour

Tolmount Main

- NUI and 4 wells
- 540 Bcf
- \$100m (net) capex

Tolmount Far East (TFE)

- 150 Bcf
- Subsea well tie-back

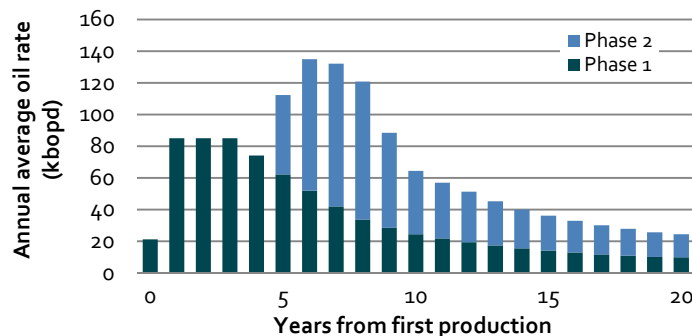
3rd party opportunities

- Platypus

Sea Lion – substantial progress

1 World scale resource

- 1 bn bbls in new province
- Well understood reservoir
- Highly marketable crude



3 World class contractor team

- Experienced in comparable projects
- Leveraging on past relationships and delivery of Catcher
- Opportunity to lock in supply chain at competitive rates
- Contractor interest aligned via provision of vendor financing

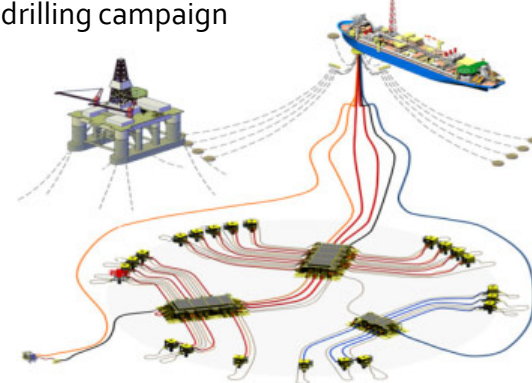
4 Regulatory interface well-advanced

- Environmental Impact Statement public consultation process nearing completion
- FDP substantially agreed; final update at sanction
- Alignment with FIG on key fiscal, commercial and regulatory items



2 Proven development concept

- Technically straightforward FPSO development (similar to Catcher)
- Extensive project development and engineering complete
- Supply chain and logistics proven after drilling campaign



Key metrics	Sea Lion Ph1	Catcher
Development Plan	FPSO+SPS	FPSO+SPS
FPSO oil capacity	85	60
FPSO liquid capacity	120	125
Drill Centres	1-2	3
Total wells	23	19
Producers	16	15
Injectors	6	4
Pre-first oil capex	\$1.5bn	\$1.3bn
Reserves/resource	220	96

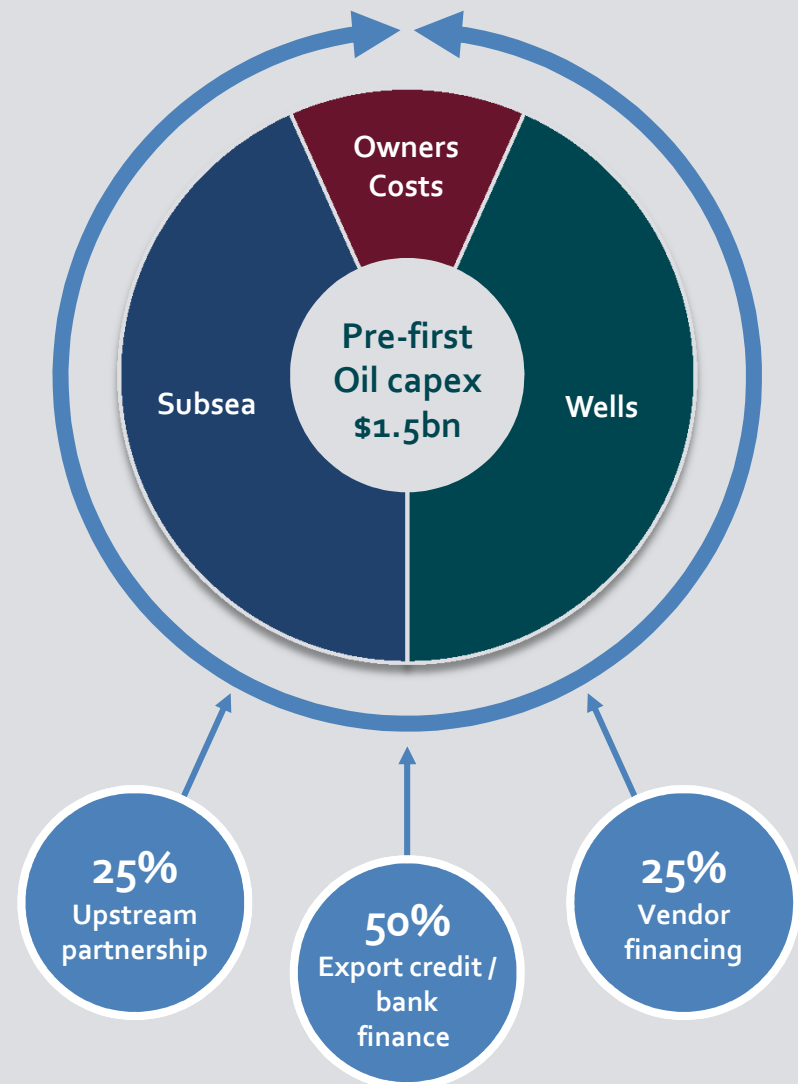
Sea Lion 2018 targets

- Select preferred contractors and secure vendor financing
 - LOIs signed for c. \$1.5 bn of total contracts value

- Drilling rig
- Well services
- Subsea equipment
- Subsea installation services
- Logistical support

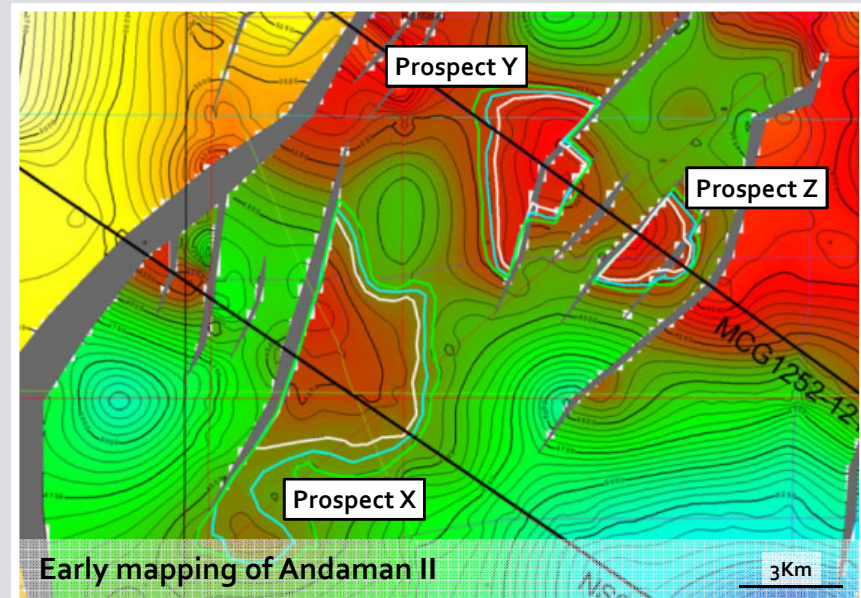
>\$400m
of vendor
loan
notes

- Secure senior debt funding
 - Export credit agencies and project finance providers
- Working towards year-end final investment decision



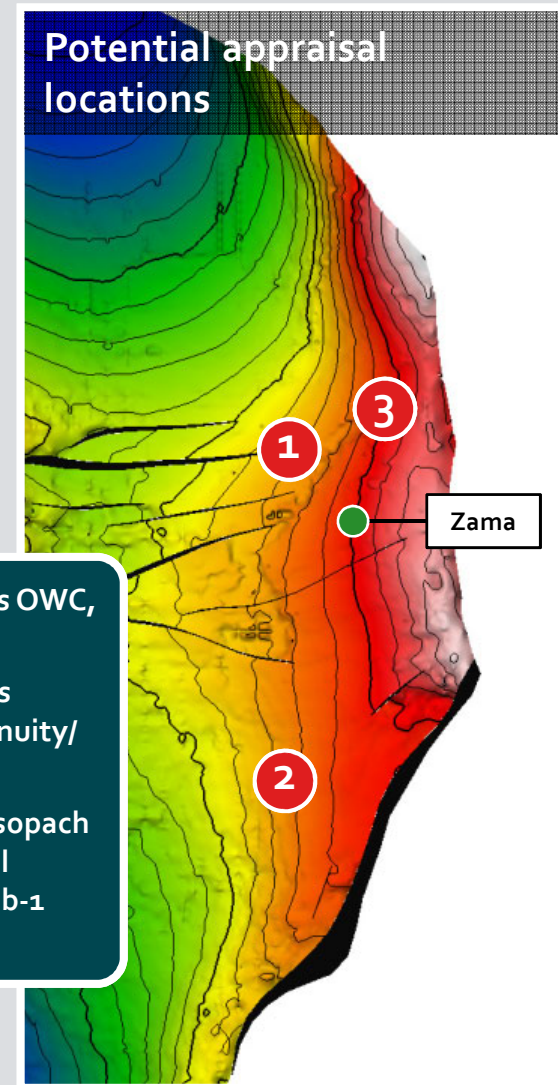
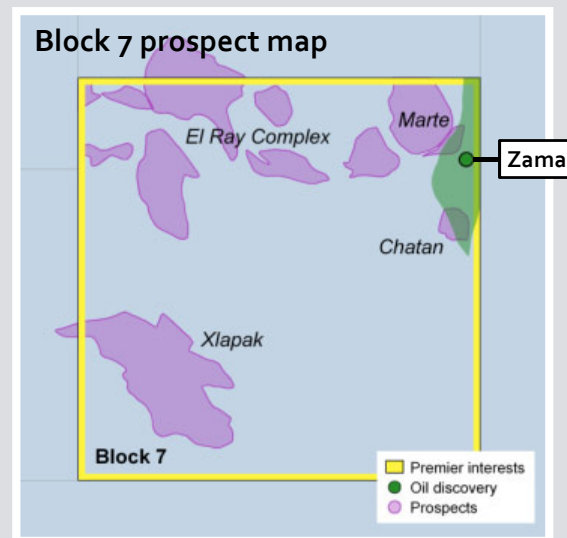
Refocused exploration portfolio

- Repositioned towards emerging plays in proven hydrocarbon provinces
 - Early success in Mexico at Zama; looking to increase acreage footprint
 - Managed position in Brazil to focus on Ceara Basin; high impact prospectivity identified
 - Capture of Andaman II licence offshore Indonesia
- Retained high value infrastructure led exploration opportunities close to P&D assets
- Exited frontier and mature areas
- Rationalised E.ON portfolio
- Significantly reduced commitments



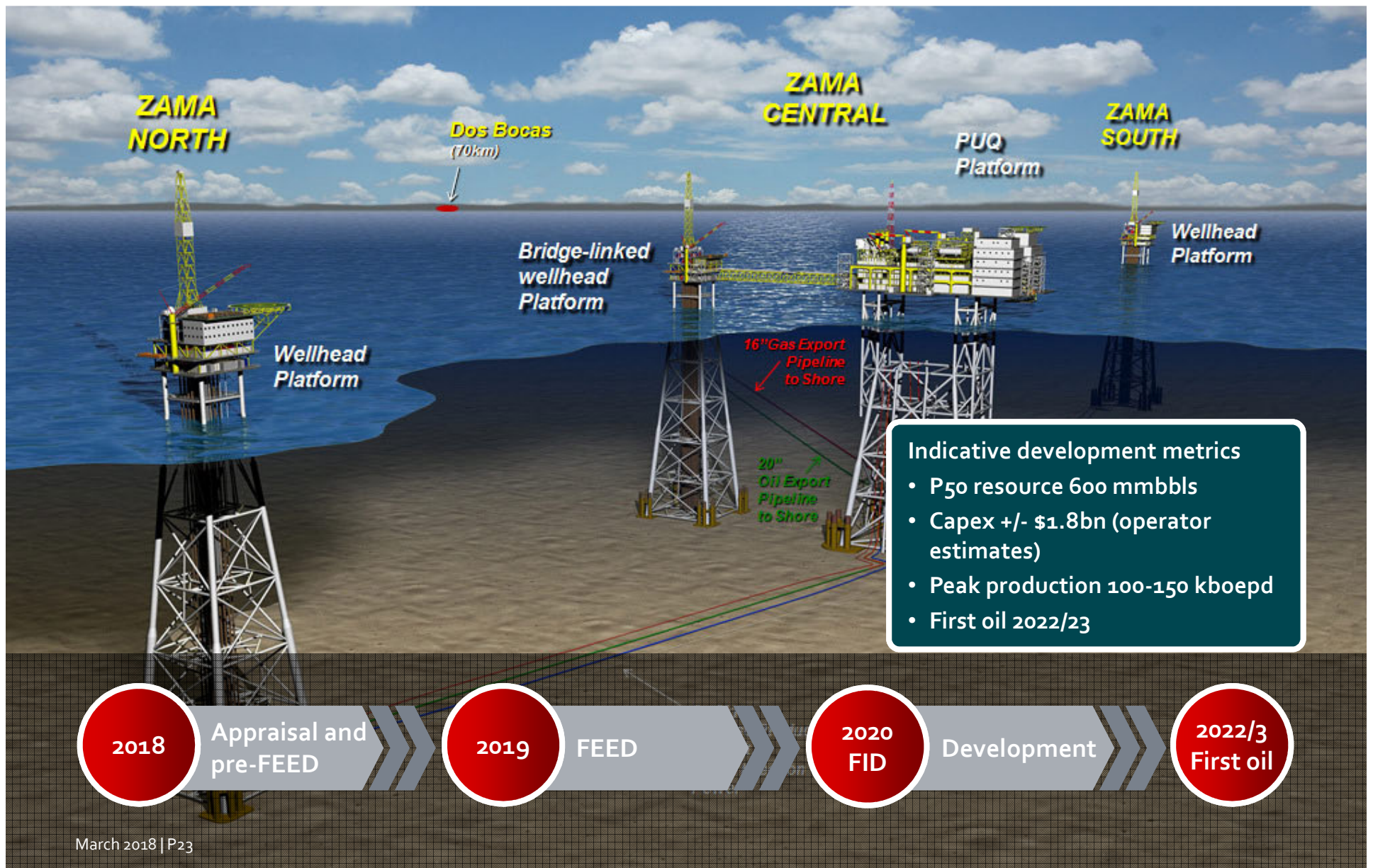
Mexico

- 2015: Awarded Blocks 2 and 7 in Mexico Round 1
- 2016: Increased interest in Block 7 to 25%
- 2017: Zama-1 discovery made on Block 7
 - 400-800 mmbbls¹ (P₉₀-P₁₀)
 - API 30°
- 2018/2019: Zama appraisal programme
 - Pemex to spud Asab-1 in Q2 2018
- Forthcoming Licensing Round

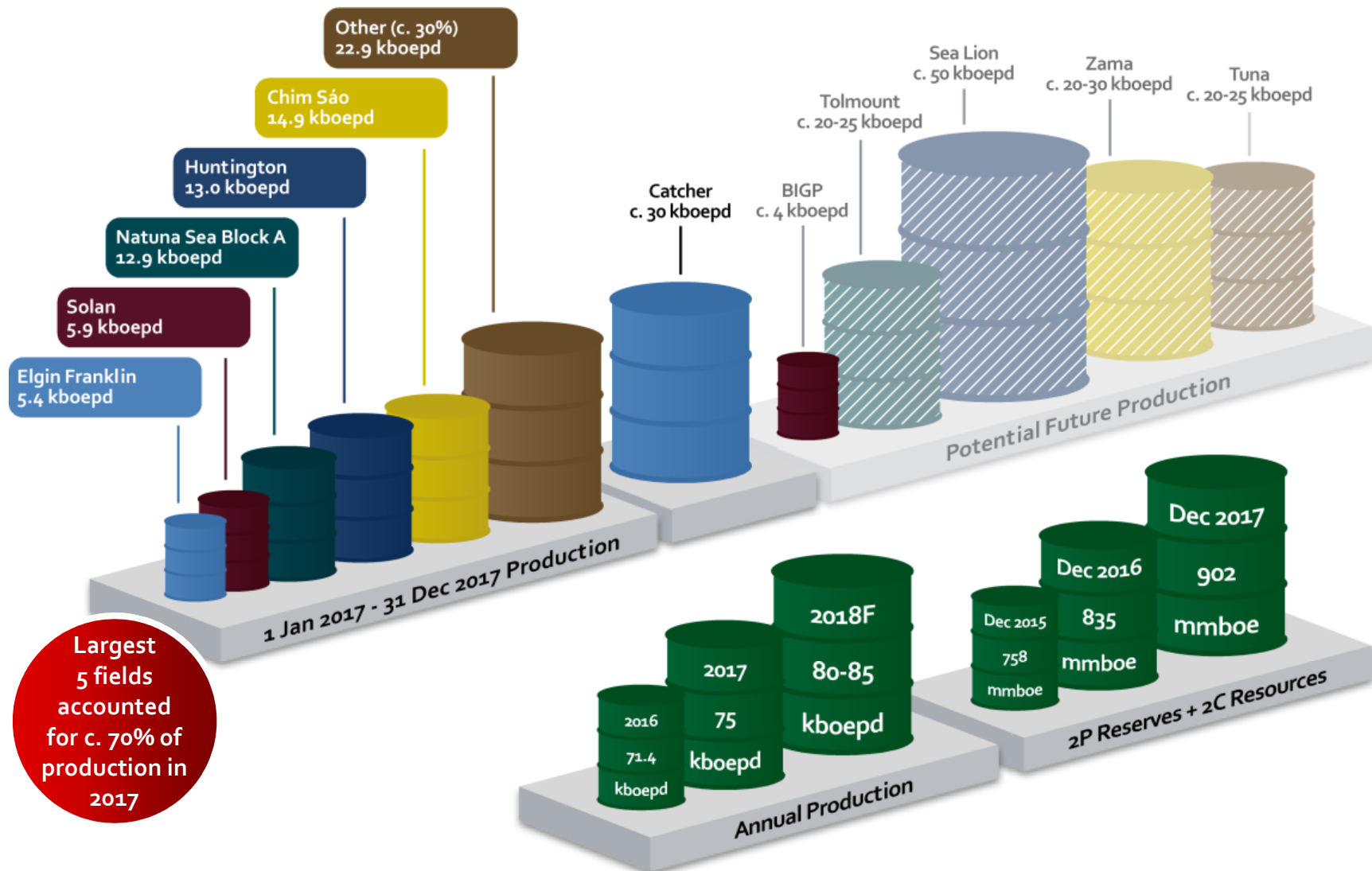


1. Northern, tests OWC, water sample
2. Southern, tests reservoir continuity/variability
3. Crestal, DST, isopach thick (potential location of Asab-1 Pemex well)

Indicative full field Zama development



The asset portfolio



Strategic framework, NAV focused

Debt reduction

- Priority in 2018/2019
- Targeting 2.5x EBITDAX by end Q1 2019

Producing assets

- Core operations in UKCS and Natuna Sea
 - Maintain cost base of <\$20/boe
 - Discretionary spend of \$100m per annum

Development

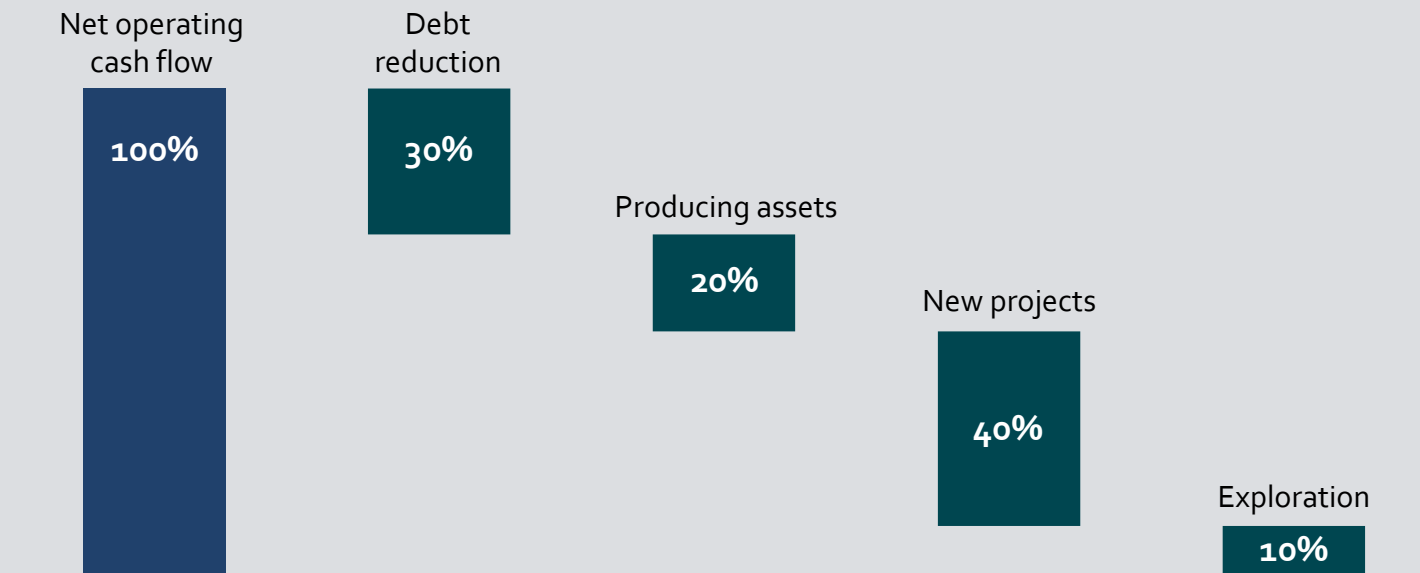
- Continue to leverage FPSO expertise
 - Targeting >20% IRR at \$65/bbl
 - Utilise leasing and other off balance sheet structures

Exploration

- Focus on proven but underexplored basins
 - Avoid high cost, deep-water areas
 - Minimise upfront commitments

Balanced capital allocation, returns driven

7 year capital allocation 2018-2024



A sustainable position

**At \$65/bbl
the business
will deliver**

- Positive free cash flow in all years to 2024
- Production > 100 kboepd at period end
- Covenant level of <1x at period end

2018 outlook

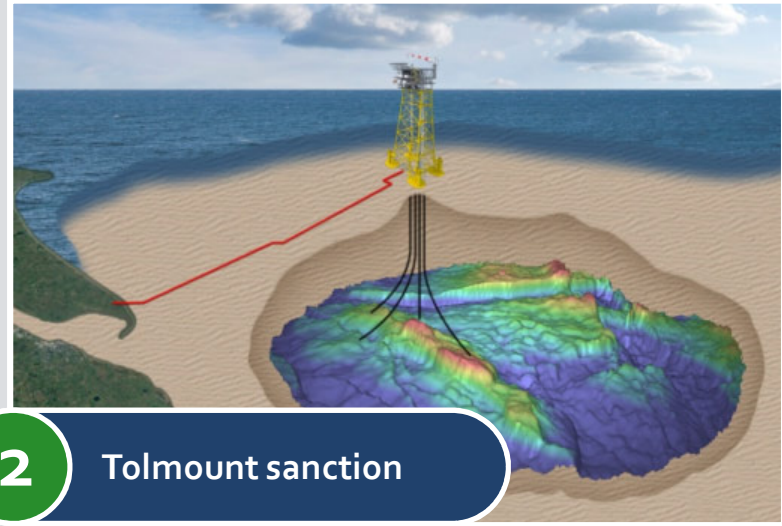
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Catcher ramp up to 60 kbopd



2

Tolmount sanction



3

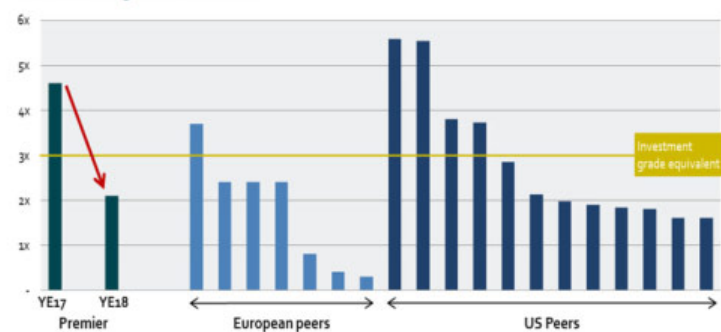
Zama appraisal



4

Debt reduction

Estimated leverage ratios as at YE2018¹





March 2018



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