



# Half Year Results Presentation

Cairn Energy PLC

September 2019



# Disclaimer

These materials contain forward-looking statements regarding Cairn, our corporate plans, future financial condition, future results of operations, future business plans and strategies. All such forward-looking statements are based on our management's assumptions and beliefs in the light of information available to them at this time.

These forward-looking statements are, by their nature, subject to significant risks and uncertainties and actual results, performance and achievements may be materially different from those expressed in such statements. Factors that may cause actual results, performance or achievements to differ from expectations include, but are not limited to, regulatory changes, future levels of industry product supply, demand and pricing, weather and weather related impacts, wars and acts of terrorism, development and use of technology, acts of competitors and other changes to business conditions.

Cairn undertakes no obligation to revise any such forward-looking statements to reflect any changes in Cairn's expectations with regard thereto or any change in circumstances or events after the date hereof.



# Introduction

Simon Thomson  
Chief Executive



# Strategic Delivery

**Delivering Full Cycle  
E&P Business**

**Capital Discipline  
and Active Portfolio  
Management**

**Multiple Catalysts  
for Shareholder Value**





# Core Values

- Commitment to working according to core values; Respect, Relationships and Responsibility
- Recognise challenges associated with climate change will require significant transition to alternative energy sources
- Oil and gas will continue to play a critical role; Cairn will help to meet that demand safely and responsibly
- Our (non-operated) Catcher and Kraken assets come under the EU Emissions Trading Scheme Regulations
- Alignment with TCFD (Task Force on Climate-related Financial Disclosures) recommendations

## Committed to:



United Nations Global Compact; continue to work to better understand and respond to climate change associated challenges facing the industry and continue to work to global standards



Extractive Industries Transparency Initiative (EITI), promoting transparency of payments in the oil, gas and mining sectors



International Finance Corporation (IFC) Performance Standards on Social and Environmental Sustainability

**The Board and Company Executives conduct all operations, and assess any new business opportunities, within the framework of our core values**

# Finance

James Smith

Chief Financial Officer

# Financial Overview

## H1 2019 Summary

- Net oil and gas production: ~23,700 boepd\*
- Oil and gas sales revenue: \$257m
- Average realised sales price: \$68/boe (before \$0.75/boe hedging gain)
- Average production cost: \$17/boe
- Cash inflow from oil and gas production: ~\$200m (adjusted for working capital movements)
- Operating profit: \$60m

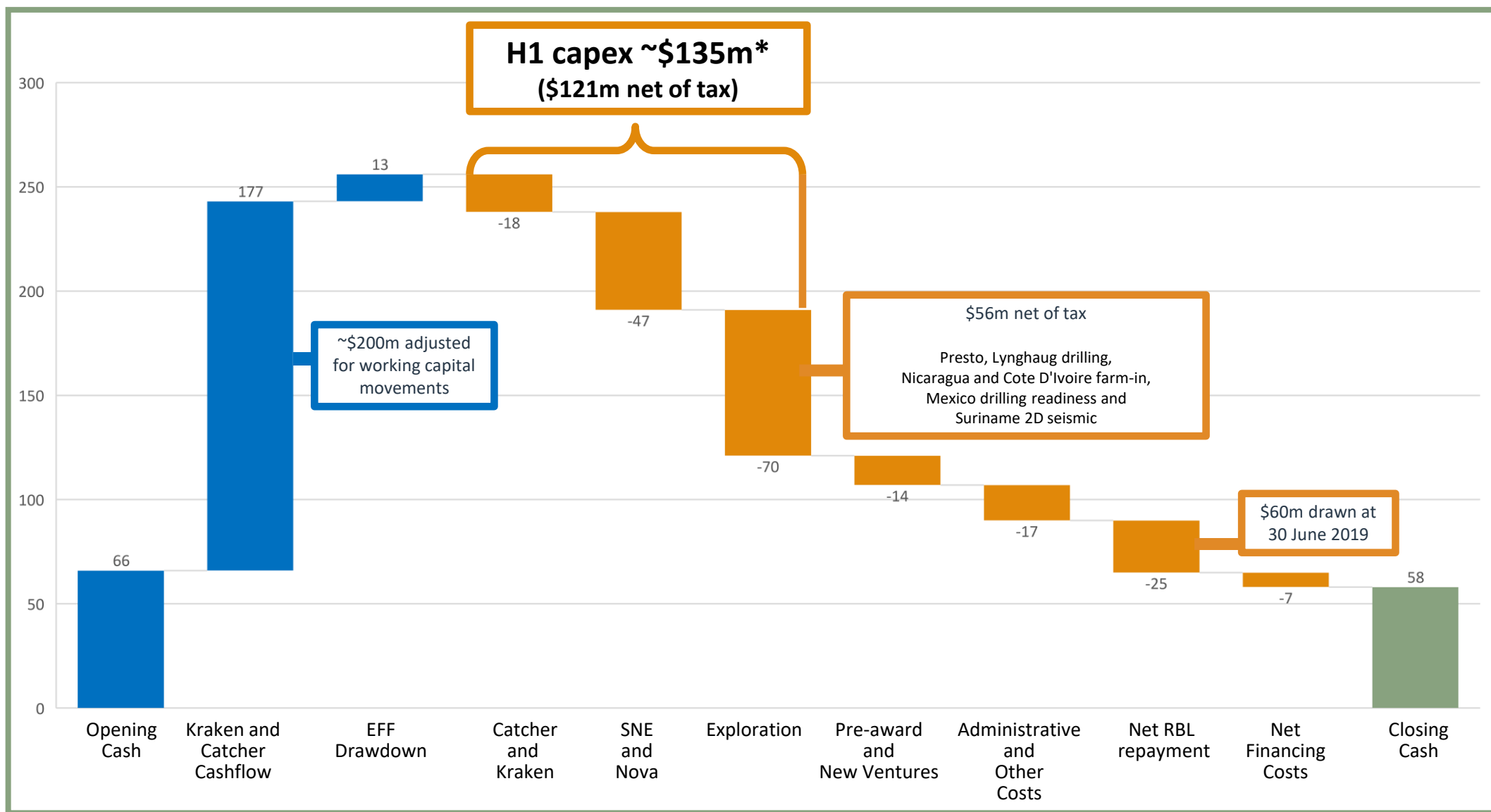
## Updated full year 2019 Guidance

- Net Production: 21,000 to 23,000 bopd
- Average production costs: ~\$18/bbl
- Hedging strategy:
  - H2 2019: 8,400 bopd - \$67/bbl to \$83/bbl\*\*
  - H1 2020: 6,300 bopd - \$64/bbl to \$77/bbl\*\*
  - H2 2020: 5,600 bopd - \$60/bbl to \$69/bbl\*\*

\* Shown before deduction of FlowStream rights to production, currently at 4.5% Kraken volumes

\*\* Weighted average floor and ceiling prices

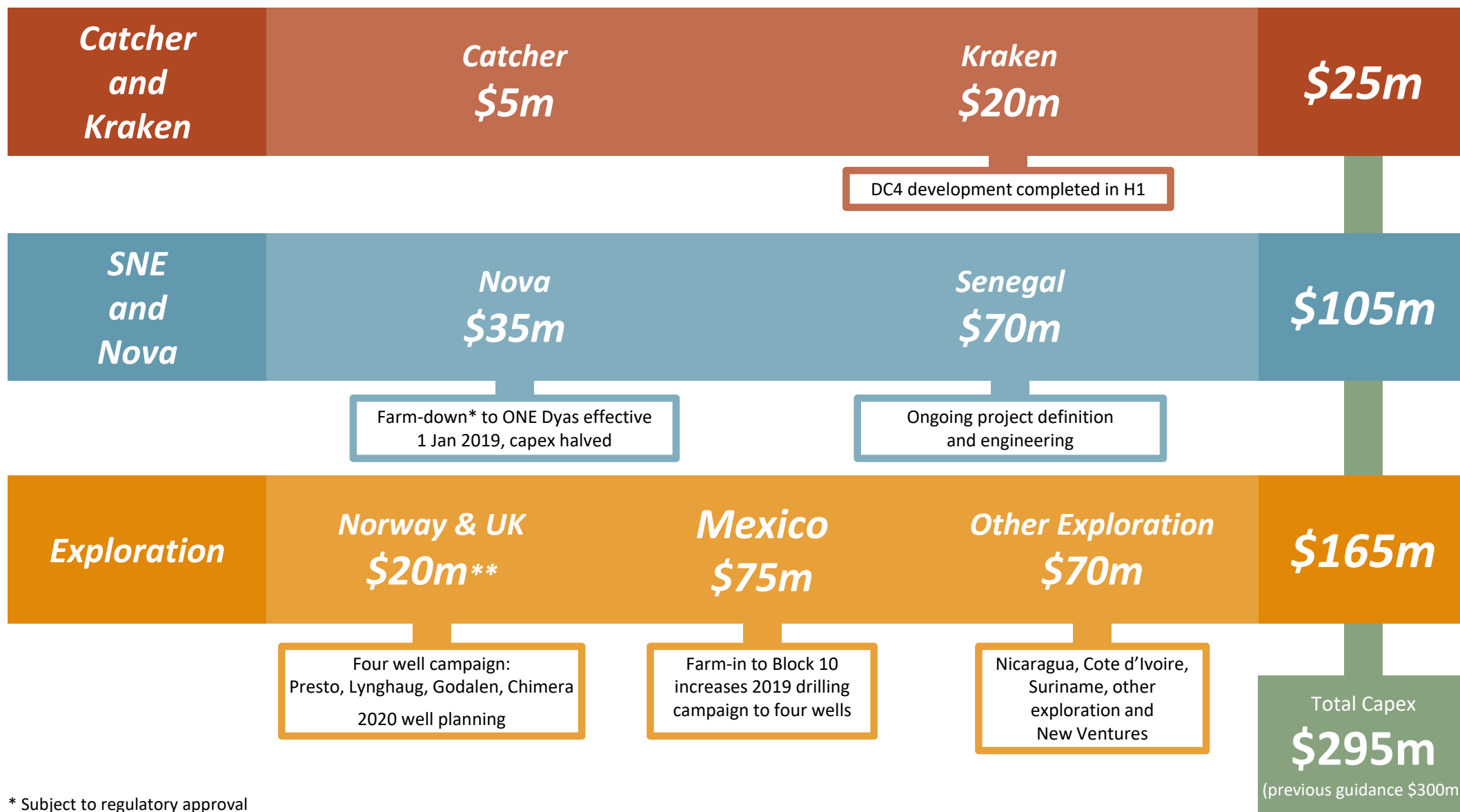
# H1 2019 Cashflow



\* Remaining cash outflows in respect of H1 2019 activities post 30<sup>th</sup> June 2019 are expected to be \$25m



# 2019 Capital Expenditure Full Year Guidance



\* Subject to regulatory approval

\*\* Net of Norwegian exploration tax rebate

# Delivering Long Term Sustainability

Strong cashflow generation and balance sheet to support future investment

H2 focus on SNE project approval and financing

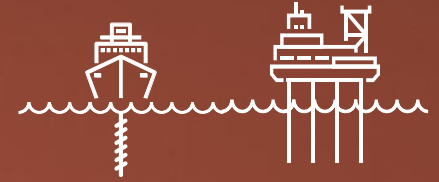
Continued portfolio management to optimise capital allocation



# Production and Development

Paul Mayland

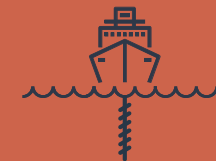
Chief Operating Officer





# UK Production

Production



## H1 2019 Summary

- H1 production (net) ~22,950 bopd (~23,700 boepd)
- Full year guidance upgraded to 21,000 – 23,000 bopd (net)

## Catcher

- Exceptional production efficiency of >95%
- Excess Production Amendment with BWO has allowed continued production above nameplate FPSO capacity

## Kraken

- Significantly improved FPSO performance versus 2018 has resulted in production efficiencies of >80% during Q2 2019
- Proactive initiatives with FPSO contractor to drive further improvements in FPSO performance



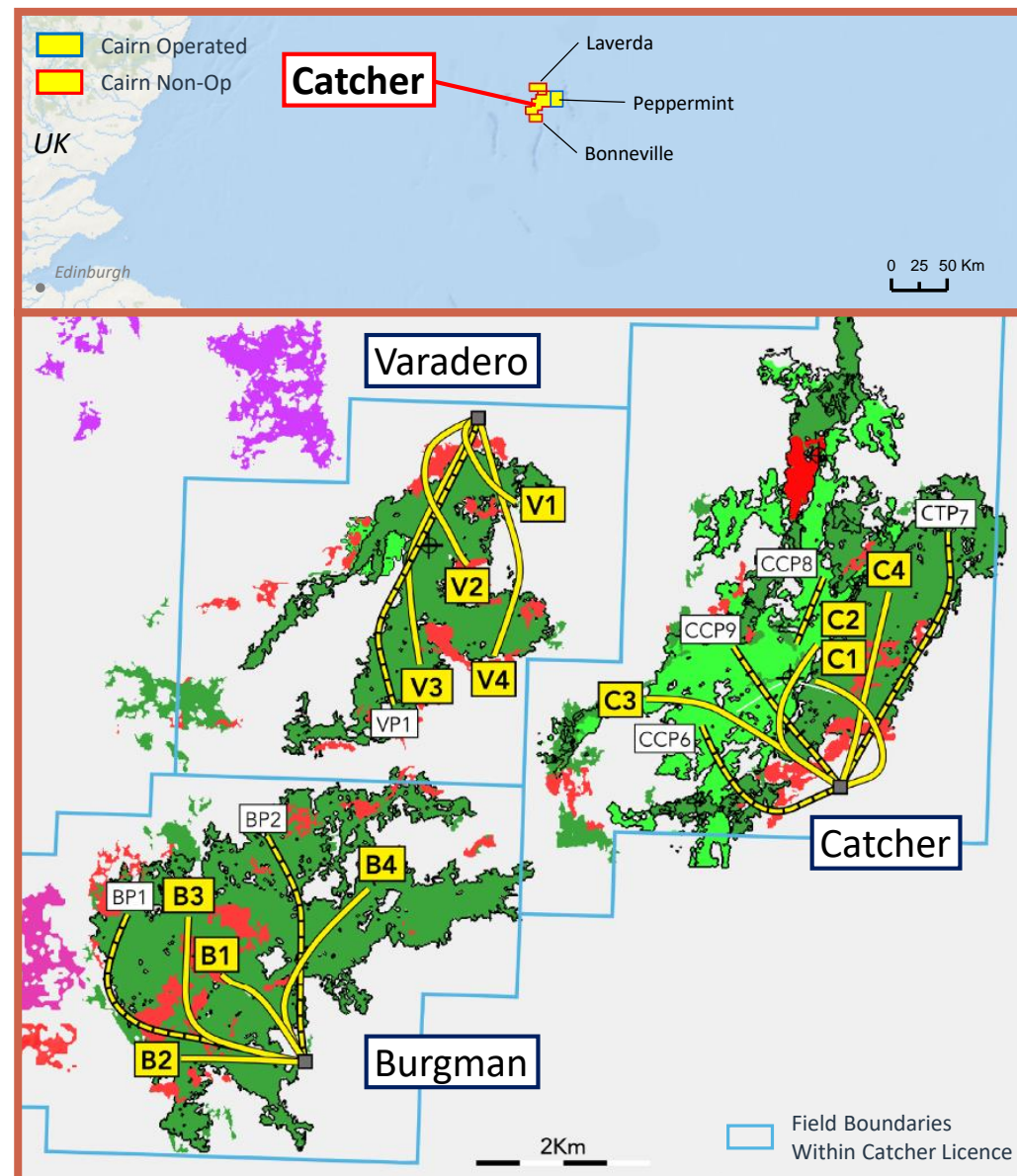
# UK Production – Catcher

Production



## Catcher (Cairn 20% WI, Premier Operated)

- Average gross production:  
H1 2019 ~66,600 bopd (net ~13,300 bopd)
  - Small reserves upgrade expected at Year End
- Formal approval for satellite fields granted by UK Oil & Gas Authority (OGA)
  - Catcher North and Laverda reserves to be booked at Year End
  - In conjunction with Varadero infill well, will form the basis of 2020 three well drilling programme
- JV fully aligned by equalising equity in Laverda / Catcher North to be consistent with that on main fields
- Strong appetite for Catcher crude remains across NW Europe





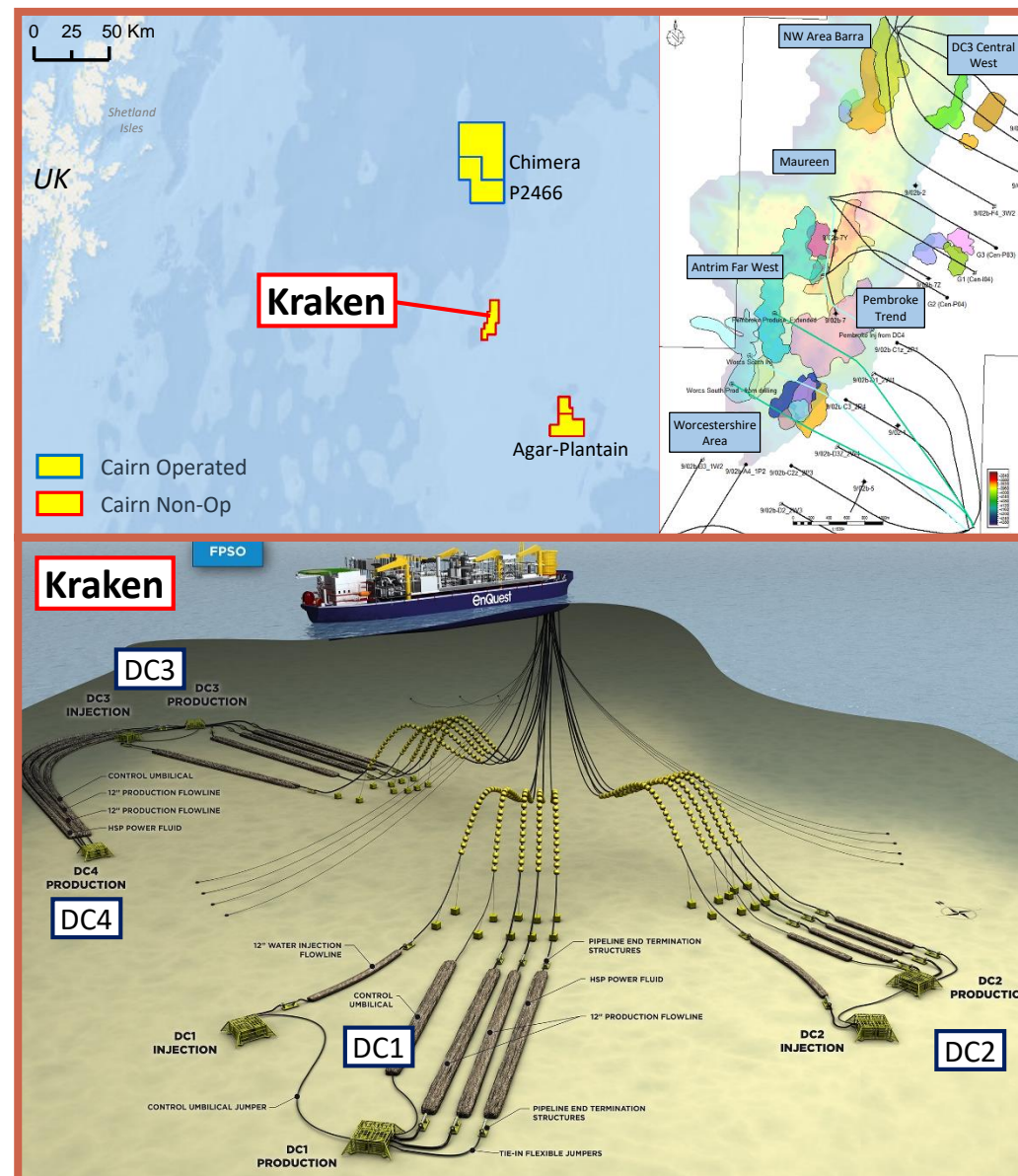
# UK Production – Kraken

Production



## Kraken (Cairn 29.5% WI, EnQuest Operated)

- Average gross production:  
H1 2019 ~32,700 bopd (net ~9,650 bopd)
- 3 DC4 wells successfully commissioned in Q1 2019
- Q2 2019 full suite of well tests conducted, confirmed total well capacity >47,000 bopd
- Field water-cut stabilised and reservoir voidage improving
- Western flank development
  - Single producer and injection pair planned for 2020 from DC2 template
  - Further western potential being evaluated
- Kraken crude pricing continues to strengthen





# Senegal SNE – Oil and Gas Field

Development



**Estimated P50 STOIIIP 3.6 bn boe**

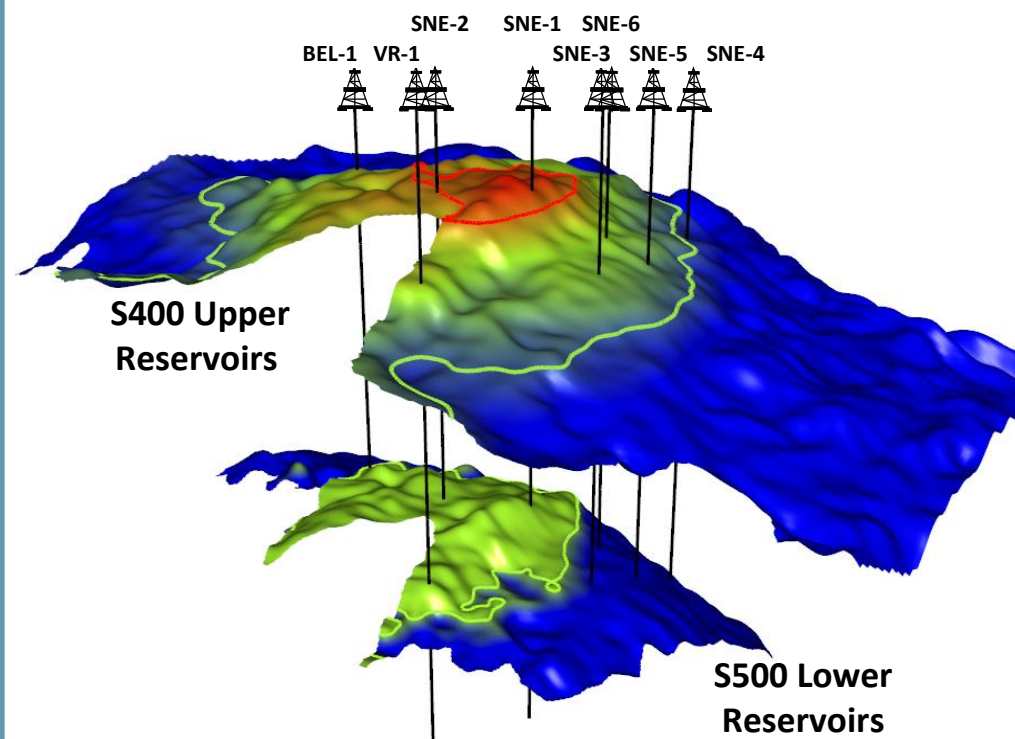
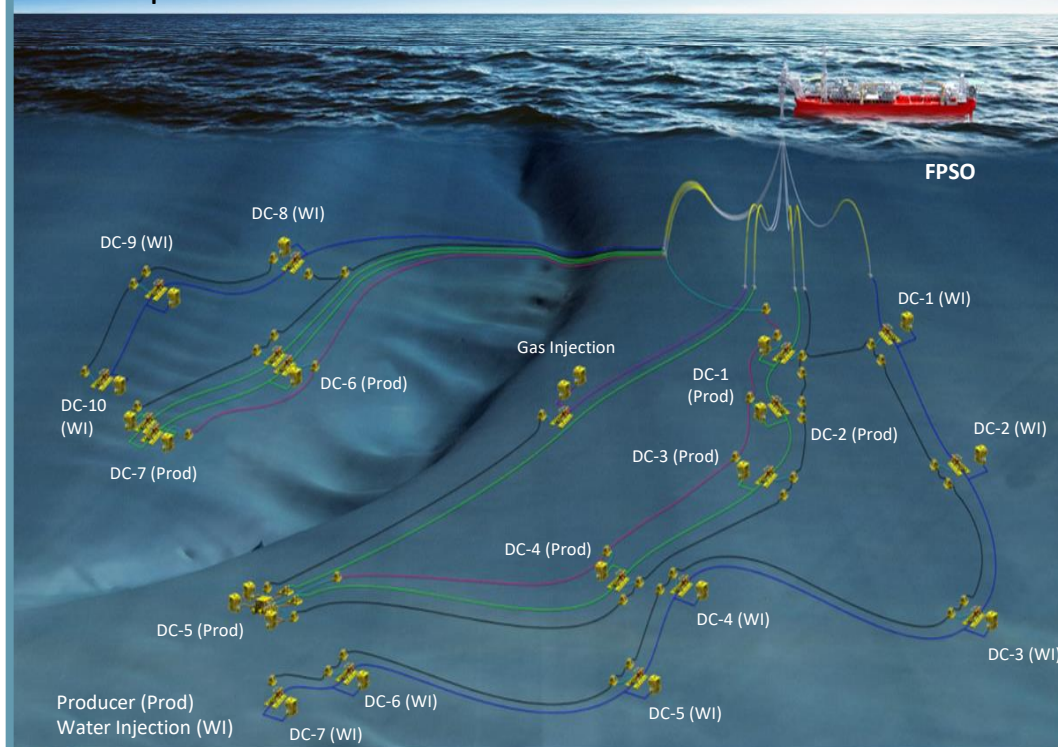
**Phase 1**  
**2C Resources**  
**230 mmbbls**

**Phase 1a Gas**  
**2C Resources**  
**~ 200 Bcf**

**Phase 2**  
**2C Resources**  
**~130 mmbbls**

**Phase 3**  
**2C Resources**  
**~123 mmbbls**

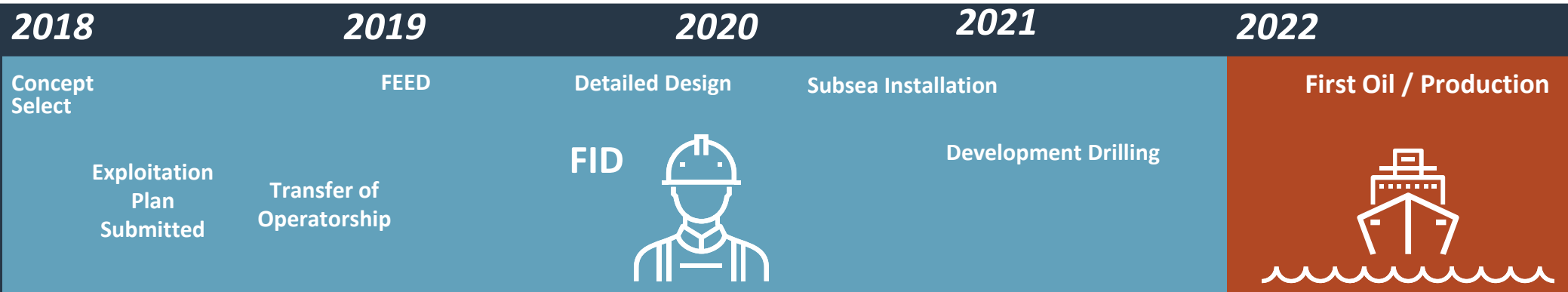
**SNE Development Schematic**





## Cairn 40% WI, Woodside Operated

- Sanction H2 2019, targeting first oil 2022
- High definition 3D marine seismic survey commenced Q3 2019
- Joint Venture submitted updated Exploitation Plan in August to Ministry of Petroleum and Energy
- Diamond Offshore awarded development drilling contract Q2 2019
  - Phased drilling programme Q1 2021
  - Ocean BlackRhino and Ocean BlackHawk drillships
- Halliburton and BHGE awarded Drilling Services Contracts
  - Further to earlier award of Drilling and Completions Fluids Services contract to Halliburton
- Environmental and social impact assessment (ESIA) approved





## FEEDs complete

### Subsea

- Awarded to Subsea Integrated Alliance (SIA)
- Riser Pipeline and SPS technical deliverables completed
- Manufacturing slots committed to protecting delivery of trees / wellheads to support start of drilling



### FPSO

- Awarded to Modec for conversion of existing VLCC tanker
- Design and Safety studies, HAZID/ENVID completed
- Scope included 3<sup>rd</sup> party verification
- RFQs issued for main packages and shipyard conversion/integration





# Norway – Nova Oil Field

Development



## Cairn 10%\* WI, Wintershall Dea Operated

- Development on schedule
  - Completed installation of subsea pipelines and umbilicals
  - Two subsea templates installed
  - 65km of pipelines laid in preparation for Gjøa platform tie-back
- First oil targeted 2021
  - Reserves 80 mmboe gross
  - Peak production (net to Cairn) ~5,000 bopd with associated gas
- Further satellite developments to Gjøa submitted to NPD, likely positive impact on Nova field life

\* Subject to regulatory approval





# Exploration

Eric Hathon

Exploration Director







**Deliver consistent, material NAV growth  
through exploration**

Strict fiscal  
discipline in  
assessing new  
ventures

Build and  
high grade a  
portfolio of  
material  
prospects

Maintain  
exposure to  
potentially  
transformational  
opportunities

Discover  
commercial  
quantities of  
hydrocarbons  
efficiently

Screen

Scope

Assess

Offer

Captured

Portfolio



# Dynamic Exploration Portfolio

Exploration



- Robust drilling schedule, up to 14 wells 2019 – 2020
- Approximately 50% wells operated
- Early entrant in frontier and immature basins
- Significant position in underexplored / emerging basins



## Latin America

- Mexico
- Suriname
- Nicaragua



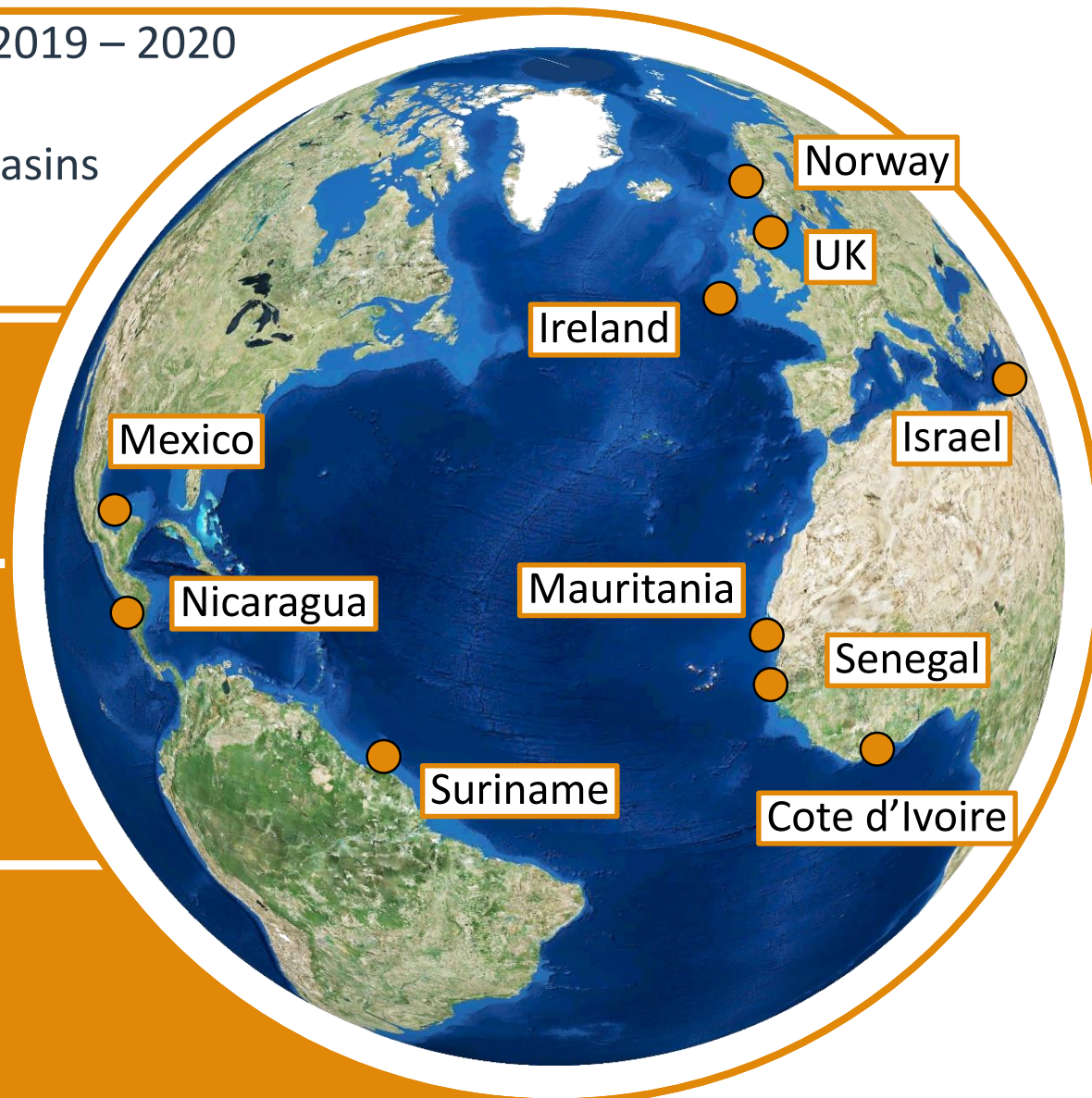
## Africa / Mediterranean

- Mauritania
- Senegal
- Cote d'Ivoire
- Israel



## NW Europe

- UK
- Norway
- Ireland



# 2019 Norway Drilling Programme

Exploration



- Three wildcat tests with material volume potential
- Targeting new plays and significant play extensions
- No HSE events

## Completed

### PL885 Presto

- Cairn 30% WI, Equinor Operated
- March 2019 Dry Hole
- Cretaceous Agat sands
- Stratigraphic trap
- 55m excellent net reservoir
- Trap failure

### PL758 Lynghaug

- Cairn 50% WI, (Operator)
- July 2019 Dry Hole
- Jurassic Åre sands
- Tilted fault block
- 50m excellent net reservoir
- Migration failure

### PL842 Godalen

- Cairn 40% WI, (Operator)
- August 2019 Dry Hole
- Jurassic Rogn and Melke sands
- Fault trap
- Rogn reservoir absent
- 40m Melke reservoirs
- Reservoir, migration failures



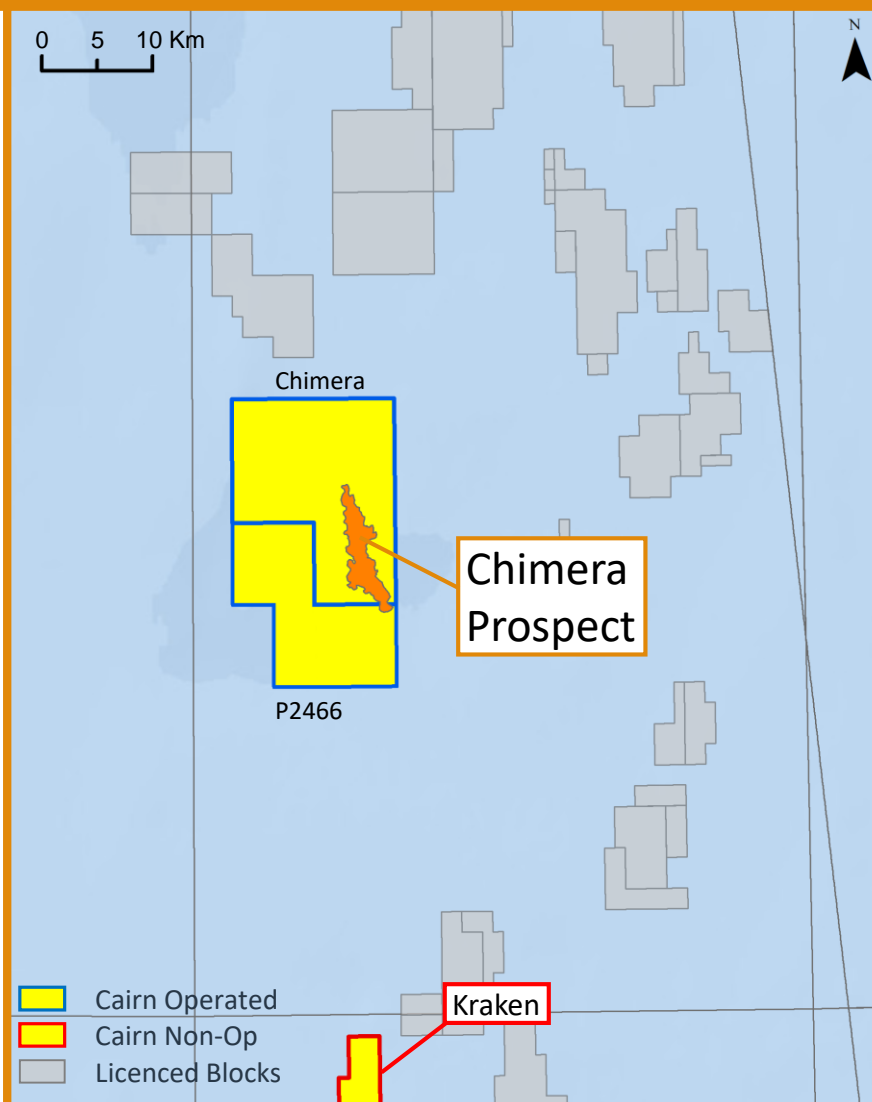
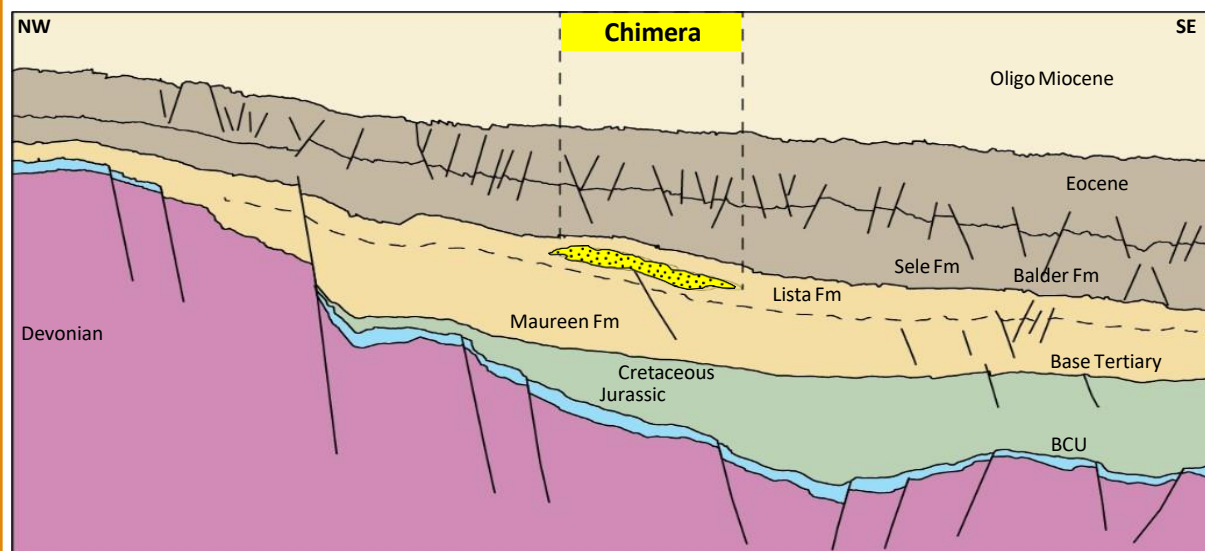
# UK Northern North Sea, Chimera

Exploration



## Cairn 45% WI, (Operator)

- Well Objectives:
  - Primary objective Paleocene Heimdal turbidites
  - Secondary objective Eocene turbidites
- Total depth 1,940m MD; water depth 135m
- Gross mean prospective resources ~150 mmmboe
- Spud targeted September 2019
- Duration ~25 days





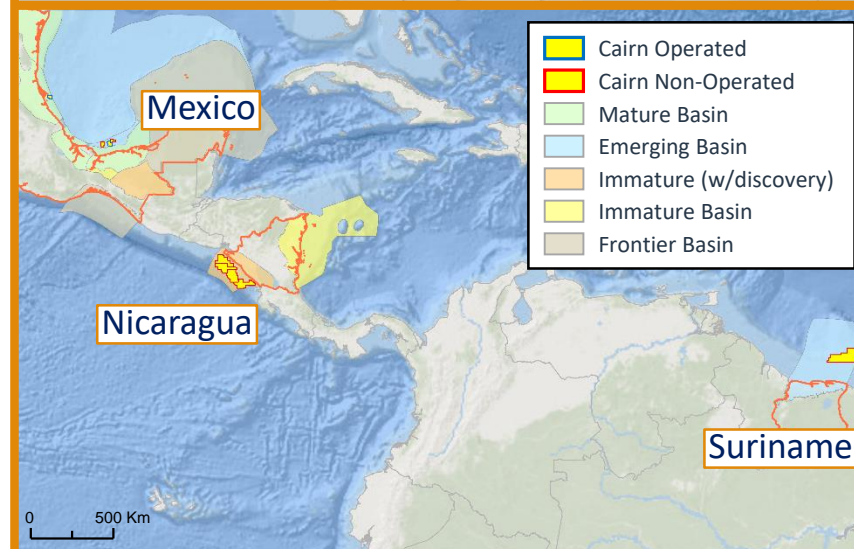
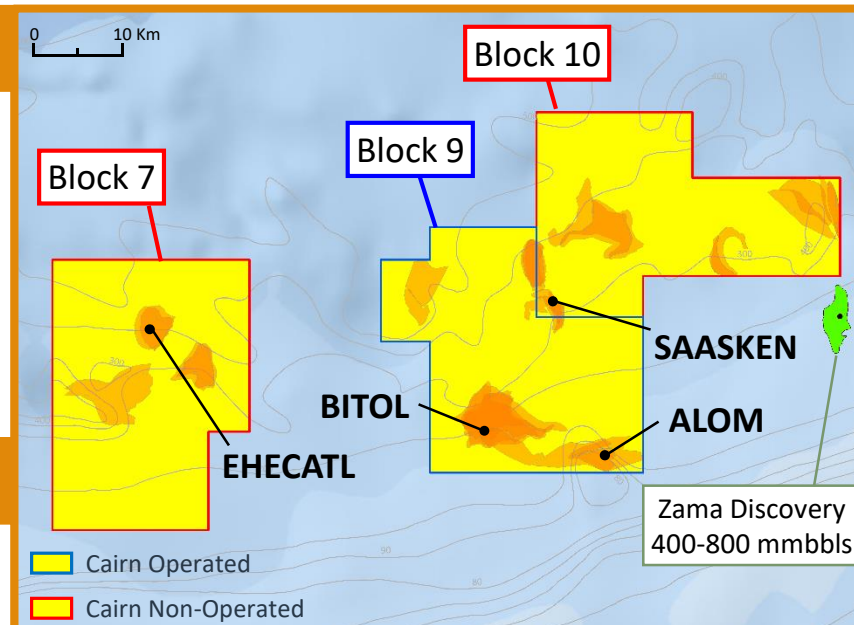


### Leaders or fast followers in underexplored/emerging basins

- Mexico
  - Sureste and Tampico-Misantla Basins
  - Cenozoic oil plays
  - World class source rock
  - Zama play fairway

### Leaders or fast followers in underexplored/emerging basins

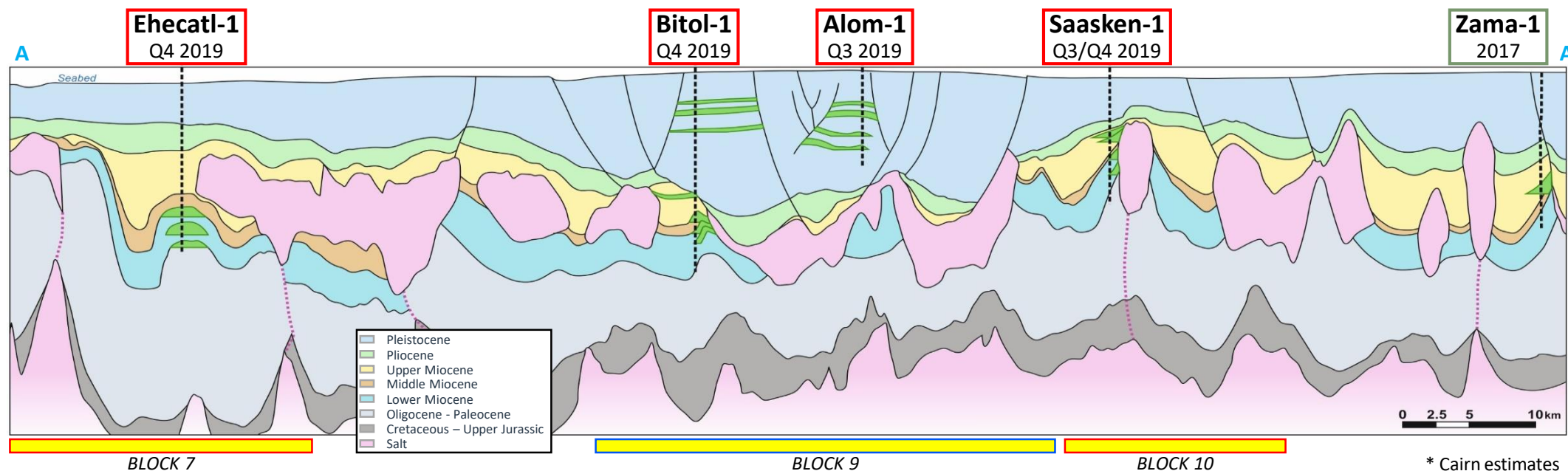
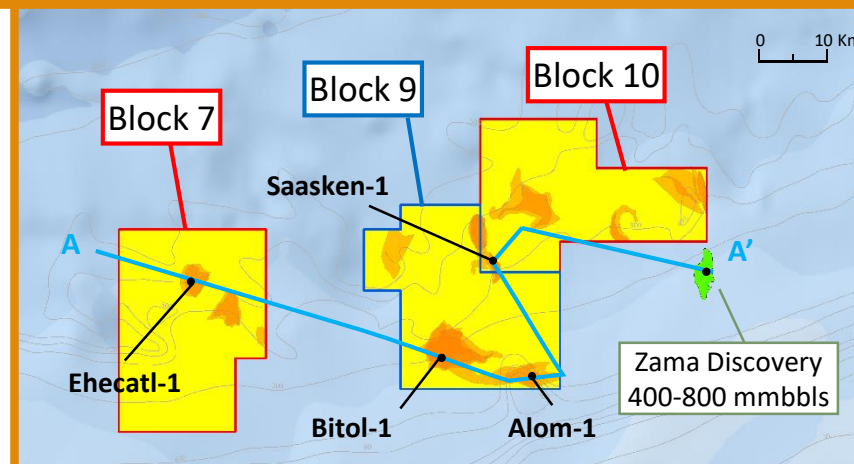
- Nicaragua
  - Sandino basin – Pacific coast
  - Tertiary carbonate build-up play
  - Secondary sandstone play
  - Oil prone source rock
  - Planning underway for play opening well
- Suriname
  - East Demerara Plateau
  - Upper Cretaceous clastic oil play
  - Maturing interpretation on newly acquired 2D seismic data





### Multiple prospects with the potential to build a production hub for Latin America

- Four blocks, two operated and two non-operated
- Six well programme 2019-2020, oil-focused portfolio
  - Targeting >700 mmboe gross mean resources
  - Testing variety of trap types and stratigraphic intervals
  - Offset by oil discoveries to the east and north
- Only five exploration wells drilled by IOCs in Sureste; >25 planned in next five years



# Mexico 2019 Drilling Campaign

Exploration



## Two wells targeting gross mean prospective resources of 320 mmbbls

### Block 9 (Cairn 50%\* WI, Operator)

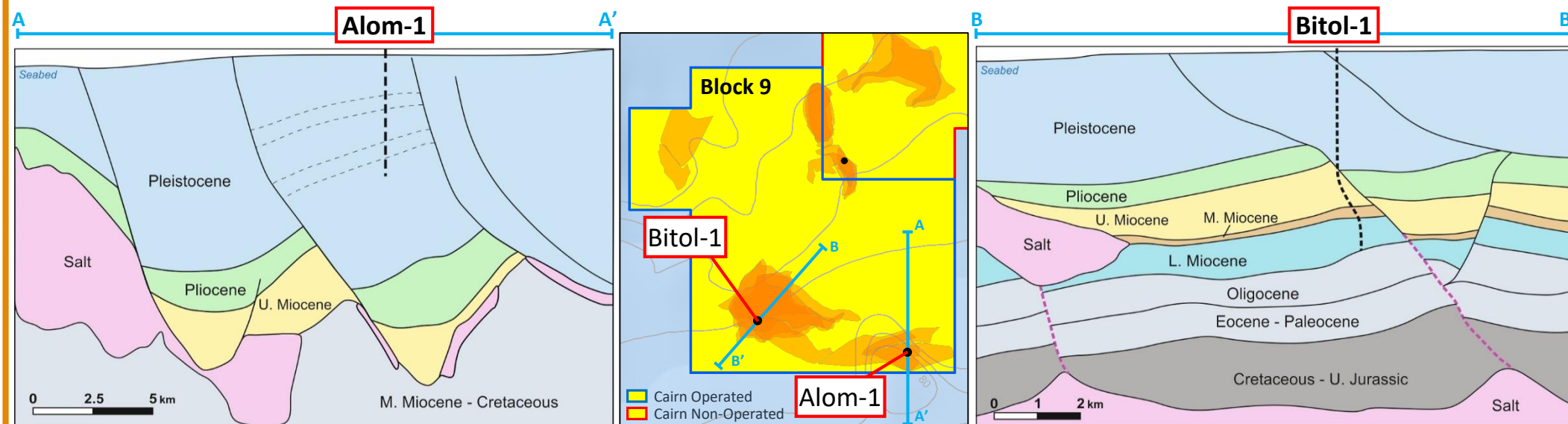
#### Alom-1

- Well Objectives:
  - Stacked shallow marine Pleistocene sand objectives
  - Total depth ~3,000m MD; Water depth ~115 m
- Gross mean prospective resources ~140 mmboe
- Spud planned for Q3 2019
- Duration ~45 days

### Block 9 (Cairn 50%\* WI, Operator)

#### Bitol-1

- Well Objectives:
  - Stacked Tertiary objectives
  - Total depth 5,200m MD; Water depth ~145 m
- Gross mean prospective resources ~180 mmboe
- Spud planned Q4 2019
- Duration ~75 days



\* Subject to CNH approval



# Mexico 2019 Drilling Campaign

Exploration



## Two wells targeting gross mean prospective resources of 220 mmbbls

### Block 7 (Cairn 30% WI, ENI Operated)

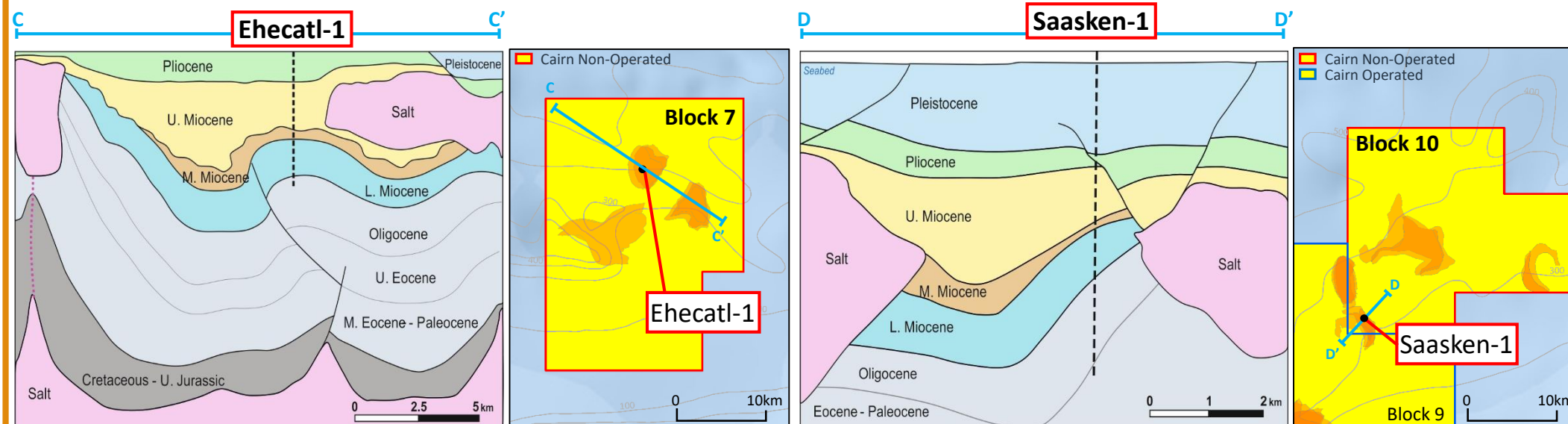
#### Ehecatl-1

- Well Objectives:
  - Lower Miocene primary target
  - Total depth ~4,400 m MD; Water depth ~420 m
- Gross mean prospective resources ~140 mmboe
- Spud planned for Q4 2019
- Duration ~70 days

### Block 10 (Cairn 15%\* WI, ENI Operated)

#### Saasken-1

- Well Objectives:
  - Stacked Pliocene and Lower Miocene primary targets
  - Total depth ~3,825 m MD; Water depth ~340 m
- Gross mean prospective resources ~80 mmboe
- Spud planned Q3/Q4 2019
- Duration ~60 days



\* Subject to CNH approval

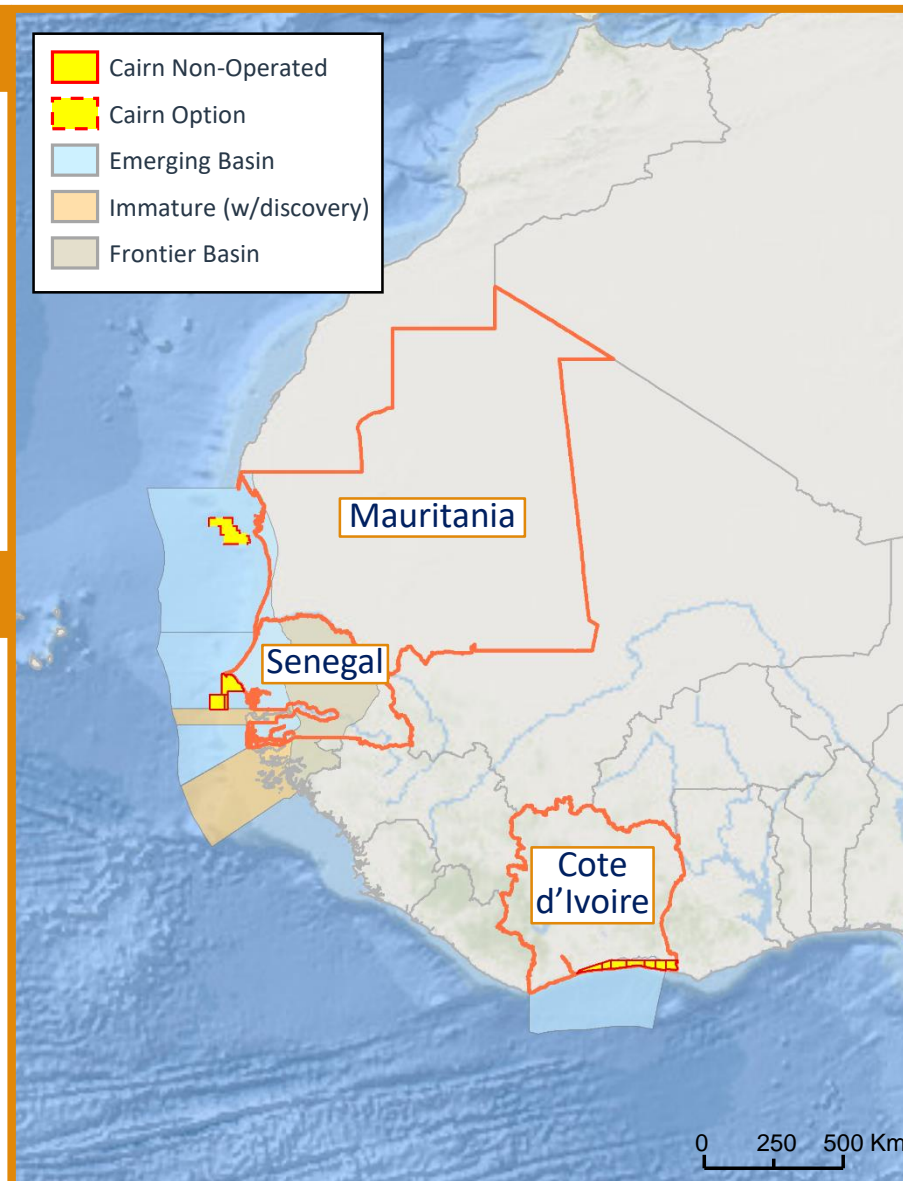


### Early entry to new plays in frontier and immature basins

- Mauritania
  - Block C7 – option to enter with Total as operator
  - Clastic oil plays
  - 4 Oil discoveries on block
  - Newly acquired 3D seismic
  - Neighbouring C18 well testing fairway 2019-2020

### Leaders or fast followers in underexplored/emerging basins

- Senegal
  - Remaining Albian prospectivity around SNE and FAN
  - New high resolution 3D seismic being acquired
- Cote d'Ivoire
  - Albian rift play onshore adjacent to established province
  - Proven oil seeps
  - 2D seismic acquisition expected to commence H2 2019









































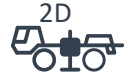



# Conclusion

Simon Thomson  
Chief Executive





# Active Programme Across Balanced Business

|  | 2019   |   |  | 2020  |  |  | 2021   |   |  | 2022   |   |  |
|--|--|---|--|---|--|--|--|---|--|--|---|--|
| <b>Developments</b><br>   | Nova Offshore Modifications Commence<br> Norway |   |  | Nova Development Drilling<br> Norway |  |  |  Norway Nova First Oil  |   |  |  |   |  |
|  | SNE FID<br> Senegal                            |   |  | SNE Development Drilling<br> Senegal |  |  |  |   |  | First Oil<br> Senegal |   |  |
| <b>Firm Wells</b><br>   |  Norway   |  Norway    |  Mexico<br> Mexico<br> Norway<br> UK<br> Mexico<br> Mexico |   |  Norway<br> Norway<br> UK |  |  |   |  |  |   |  |
| <b>Contingent Wells</b><br>    |  |   |  |   |  Norway<br> UK  |  Norway<br> Nicaragua |  UK<br> UK<br> Senegal |  Mauritania<br> Norway |  Cote d'Ivoire<br> Norway |  Mexico             |  Cote d'Ivoire |  Ireland |
| <b>Geophysical Surveys</b><br> 3D<br> 2D<br> 2D<br> 2D |  |  Senegal |  Cote d'Ivoire   |  Suriname                          |  |  |  |   |  |  |   |  |

## Strategic Delivery

**Delivering Full Cycle E&P Business**

**Capital Discipline and  
Active Portfolio Management**

**Multiple Catalysts for Shareholder Value**



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