



PRELIMINARY RESULTS PRESENTATION

Cairn Energy PLC

10th March 2020





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

Strategic Execution

Operational *Delivery*

- Strong production performance
- Final Investment Decision (FID) on Senegal development
- Reserve additions from Senegal, Kraken and Catcher
- Mexico exploration success with ENI

Financial *Flexibility*

- Cash flow generation at upper end of guidance
- Net cash
- Undrawn RBL debt facility
- Continued fiscal discipline

Capital *Allocation*

- Norway sale
- Ireland and Nicaragua exits
- UK North Sea – South of Nelson swap
- India arbitration award expected summer 2020

Executing Strategy Responsibly – ESG Our Approach

RESPECT

RELATIONSHIPS

RESPONSIBILITY

RESILIENCE



**BEHAVING
RESPONSIBLY
TOWARDS THE
ENVIRONMENT**



**BEHAVING
RESPONSIBLY
TO PEOPLE**



**BEHAVING
RESPONSIBLY
TO SOCIETY**



**RESPONSIBLE
GOVERNANCE**

- Engaged with operating partners in UKCS to ensure compliance with EUETS requirements
- Cairn committed to supporting UK Government's target of reducing greenhouse gas emissions to net zero by 2050
- Identify and pursue opportunities to reduce carbon intensity and greenhouse gas emissions throughout supply chain
- Make positive social impact and support UN sustainable development goals
- Programmes to build local capacity, participation and mobilisation of communities, including climate adaption projects
- KPI linkage between greenhouse gas emissions and remuneration
- Compliance with and publication of all taxes and payments to governments
- Zero tolerance of Anti Bribery and Corruption matters
- Global energy transition identified as a principal risk
- Portfolio tested under different economic scenarios – resilient to transition impacts
- Aligned with TCFD recommendations

Committed to Working to Key External Standards



Resilient Portfolio in Energy Transition

Cairn will target only those resources capable of playing a part in the future global energy mix, when hydrocarbon demand is expected to be materially lower

- Capital allocation always a competition between:
 - Sustaining a low-breakeven production base,
 - Investing in compelling exploration opportunities, and
 - Returns to shareholders
- Independent economic scenarios reflecting IEA Sustainable Development Scenario for <2°C temperature rise and halving of global oil demand by 2050
- Various transition scenarios: smooth; undisciplined (consistent oversupply); and disruptive (market shocks resulting from accelerated change)
 - Scenarios based on oil price, country risk and cost of capital impact
 - Existing portfolio tested against all scenarios: each asset delivers at least 10% IRR

Finance

JAMES SMITH

Financial Overview



2019 Results

- Net oil production ~23,000 bopd*, at upper end of guidance (2018: 17,500 bopd)
- Oil and gas sales revenue: \$504m
- Average realised oil sales price: \$65.70/bbl (before \$1.42/bbl hedging gain)
- Average production cost: \$17.4/boe
- FY 2019 cash inflow from oil and gas production: \$390m
- Operating profit from continuing operations: \$87m (before non-recurring items)

2020 Guidance

- Net Production: 19,000 to 23,000 bopd
- Average production cost: targeting <\$20/boe
- Hedging strategy:
 - H1 2020 hedging: 5,478 bopd collars \$64/bbl to \$79/bbl**;
2,547 bopd swaps at \$62/bbl
 - H2 2020 hedging: 4,824 bopd collars \$60/bbl and \$70/bbl**;
2,304 bopd swaps at \$62/bbl

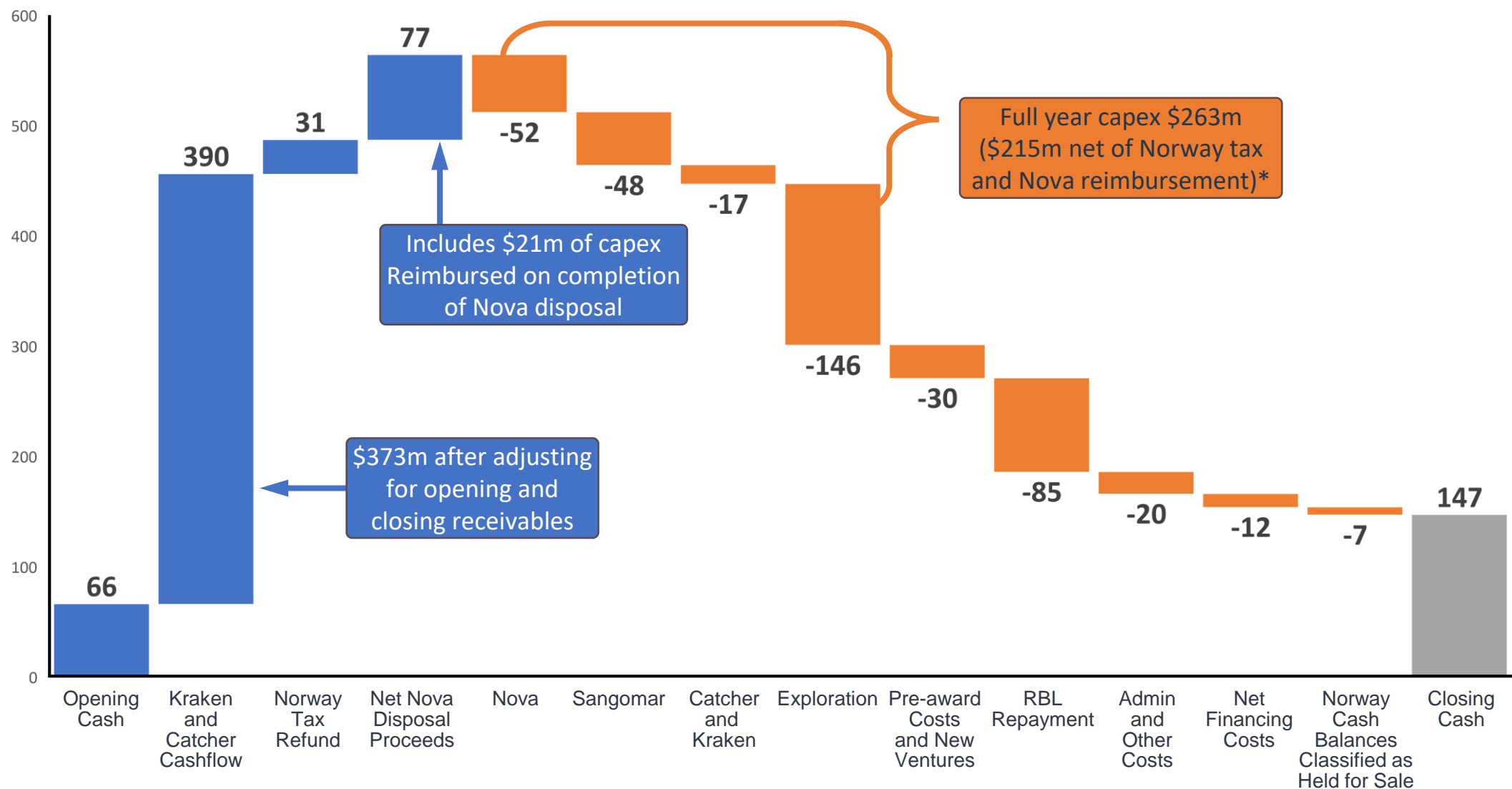


Financial Overview

Funding Position

- Cash at 31 December 2019: \$147m
- \$108m proceeds from Norway disposal received Q1 2020
- \$575m RBL remains undrawn
- Senegal – Sangomar Phase 1 development sanctioned, work underway to expand RBL facility
- Funding plan does not take account of any proceeds from result of Indian arbitration, expected in summer 2020

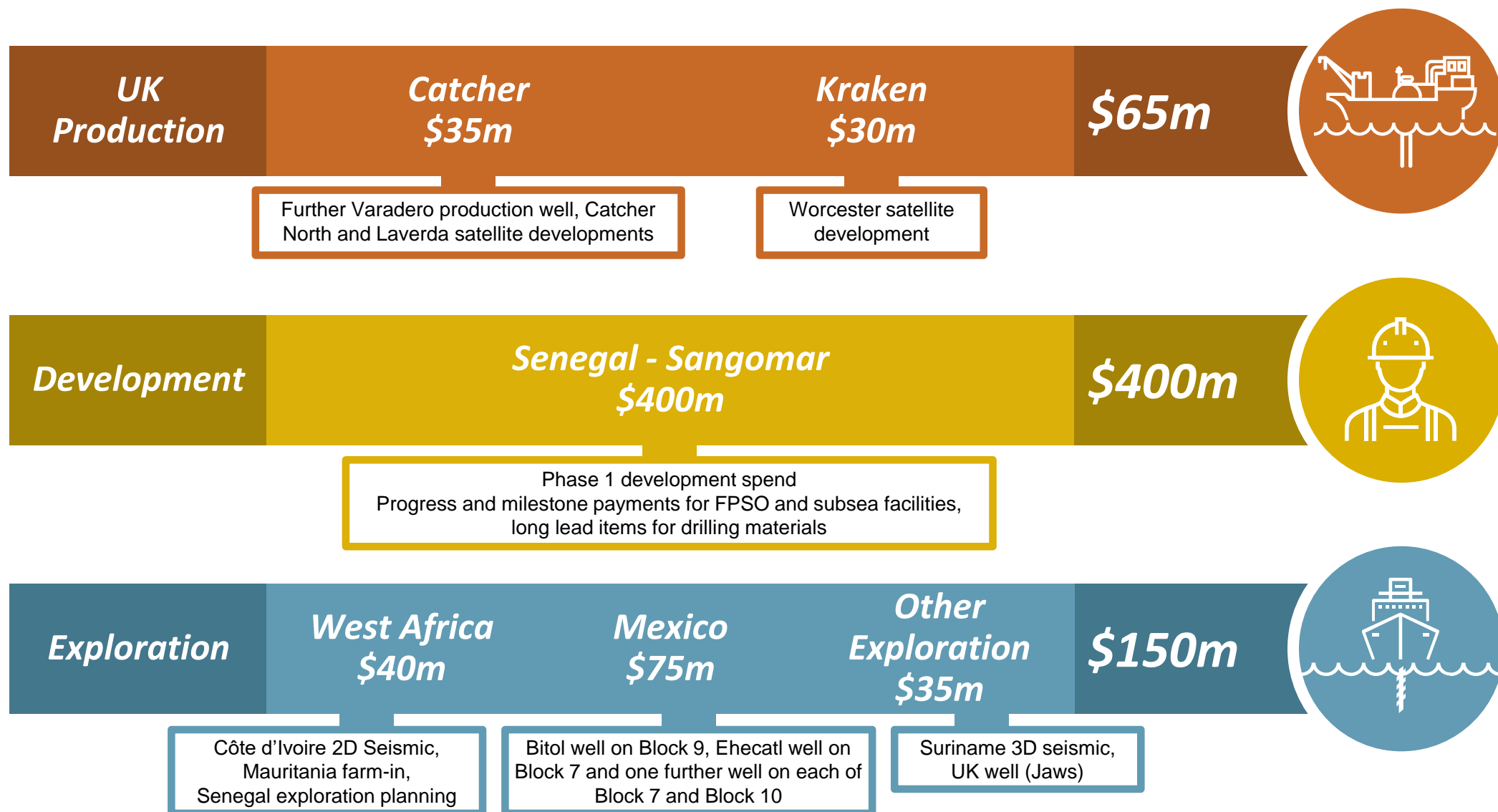
FY 2019 Cashflow



* Remaining cash outflows in respect of the previous year's capital programme increased from \$27m to \$40m at the start of 2020



2020 Capital Expenditure Full Year Guidance



Senegal



Senegal Fiscal Terms

- Senegal direct participation via Petrosen
- 75% cost recovery limit
- Sliding scale of government production share, depending on production levels
- 33% corporation tax

Sangomar Phase 1 Development

First Oil	H1 2023
Reserves & Resources	2P 99mmboe, 2C 109mmboe (net)
Working Interest	40% expected to reduce to 36.44%, following Petrosen back in

Production Plateau	100,000 bopd capacity
Gas	60 mmscf/d into local market from 2025
Phase 2	Additional s400 wells to extend plateau

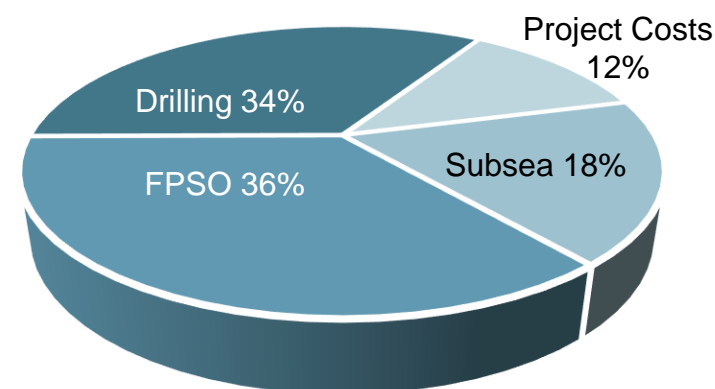
Crude Quality:	29-32°API, sweet (parity to Brent)
----------------	------------------------------------


Capital Expenditure	\$4.1bn gross
Production costs:	\$10/bbl life of field (\$16/bbl Phase 1)
Break Even oil price	\$35/bbl life of field (\$41/bbl Phase 1)

Sangomar Production	Gov. Share
0 – 50,000 bopd	15%
50,000 – 100,000 bopd	20%
100,000 – 150,000 bopd	25%
150,000 – 200,000 bopd	30%
200,000+ bopd	40%

Capex	Gross	Cairn Net
2020	\$1.1 BN	\$390M
2021	\$1.3 BN	\$470M
2022	\$1.0 BN	\$370M
2023	\$0.7 BN	\$270M

MOD Terms



The background of the slide is a photograph of the Armada Kraken offshore oil rig. The rig is a large, complex structure with multiple levels, red and yellow scaffolding, and large white storage tanks. It is situated on a dark-hulled ship with a red deck. The ship is moving through the ocean, creating a white wake. The text "ARMADA KRAKEN" is visible on the side of the ship's hull.

Production & Development

PAUL MAYLAND

UK Production



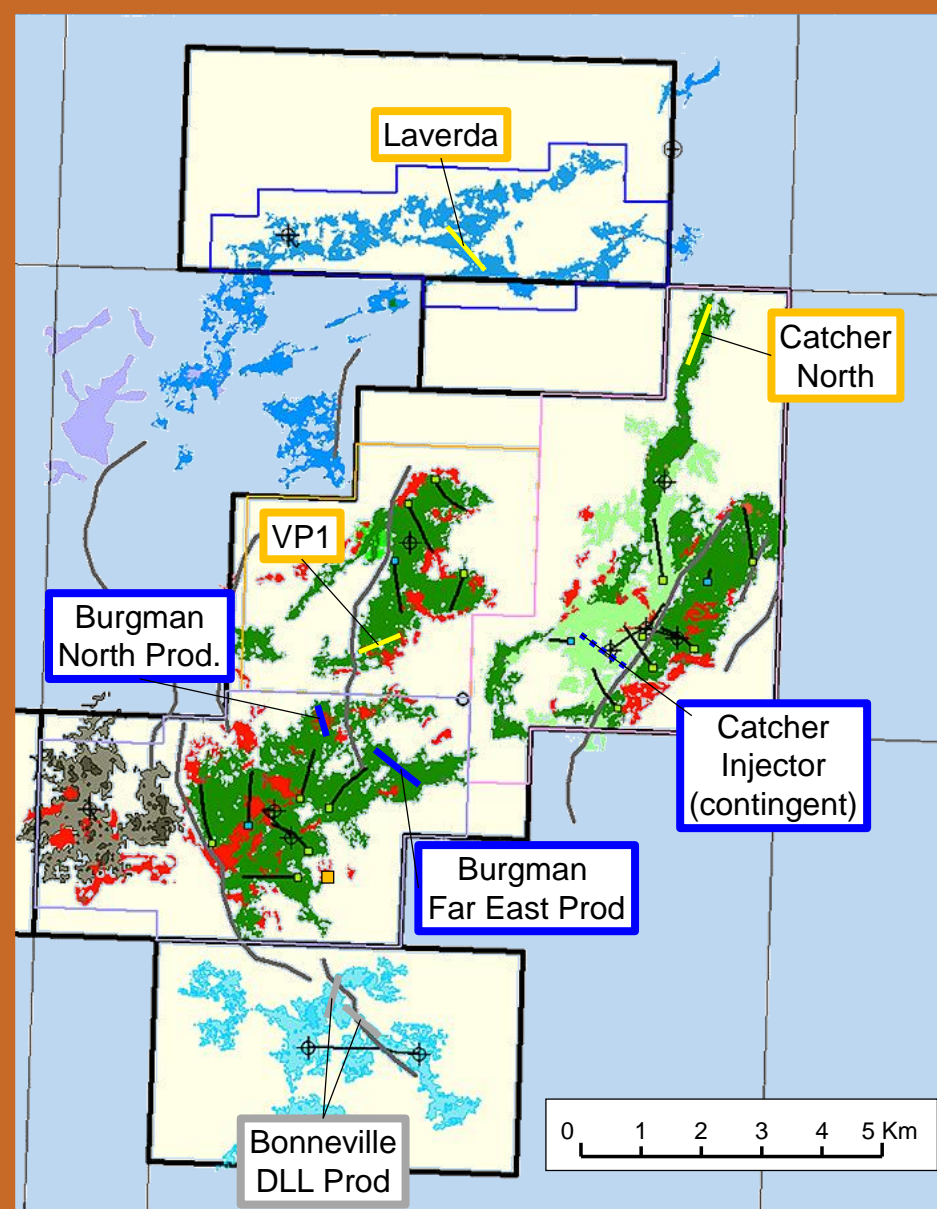
- Net oil production ~23,000 bopd, at upper end of guidance (2018: 17,500 bopd)
- Focus on maximising production from both fields through FPSOs and maturing new opportunities
- Continue to look for opportunities to reduce emissions and improve overall HSE performance
- Production guidance for 2020 is 19,000 – 23,000 bopd net
- Both crudes currently realising strong market pricing



Catcher

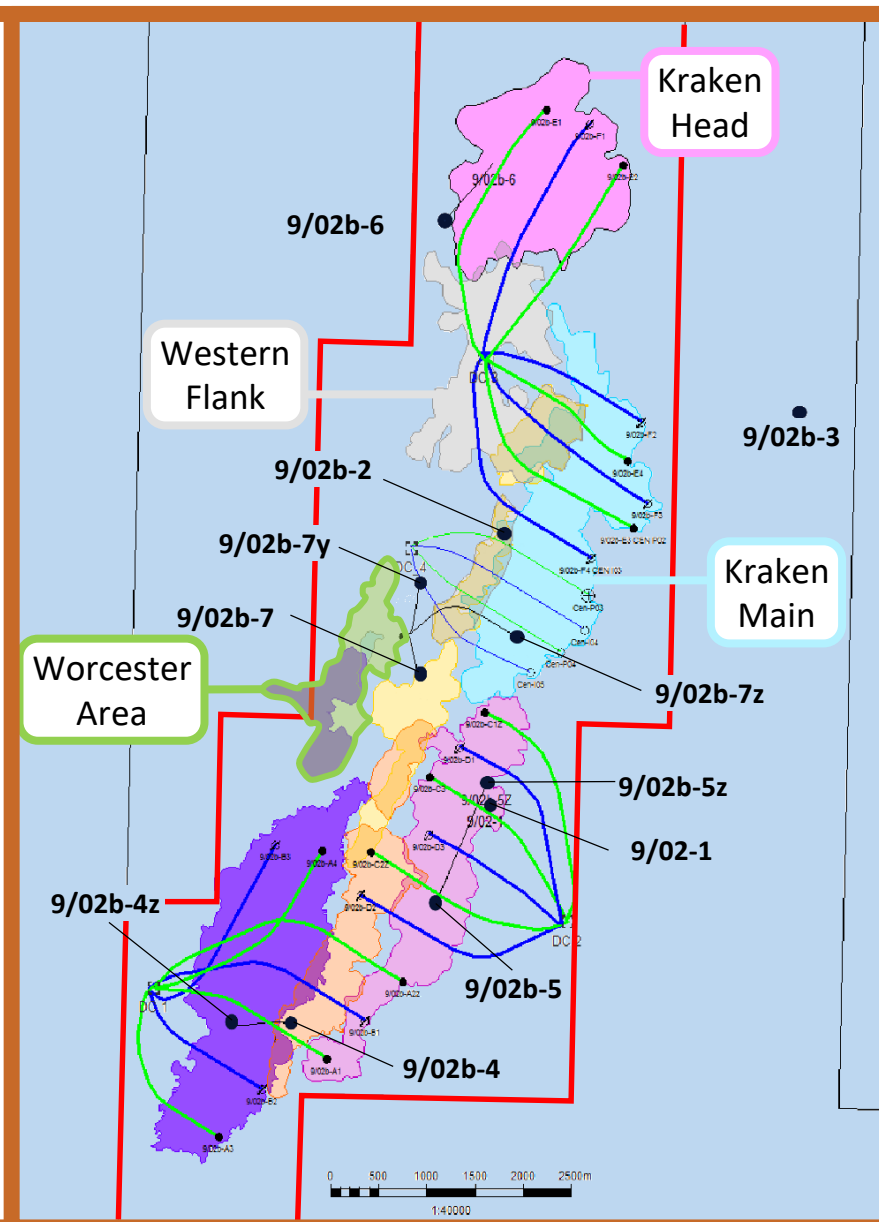


- Cumulative production ~40 mmbbls
- Production efficiency >90% and generally >95%
- 2020 drilling will deliver 3 new production wells
- Water-cut is below FDP expectations, which has resulted in improved ultimate recovery and a reserves increase of ~ 10%
- Small reserve additions associated with Catcher North and Laverda moved from Contingent Resources to Reserves



Kraken

- Cumulative production >25 mmbbbls with significant remaining potential
- Production efficiency > 85% in H2 2019 and continuing to improve
- 2020 will deliver two new wells in Worcester area on west
- Water-cut has stabilised – optimisation continues to maximise oil production
- Partial write-back of reserves on main field coupled with new addition from Worcester moving Contingent Resources to Reserves



Senegal – Delivered Sangomar FID



From discovery to development

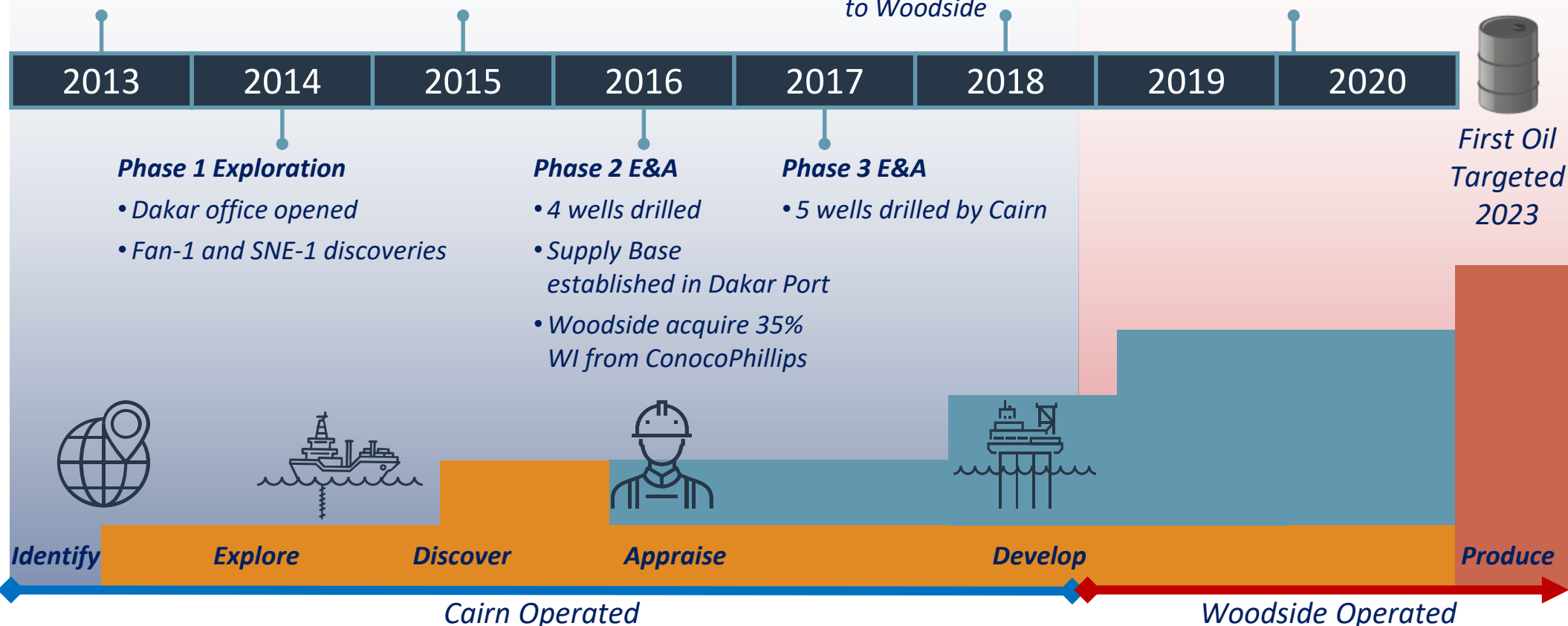


*Farm-in with FAR
for 65% operated
Farm-down 25%
to ConocoPhillips*

*JV submit 3 year
Evaluation Plan
Acquire 3D seismic*

*Evaluation Report and
Exploitation Plan submitted
Transfer of Operatorship
(for Development phase)
to Woodside*

*JV and Government sign
Final Investment
Decision (FID)*



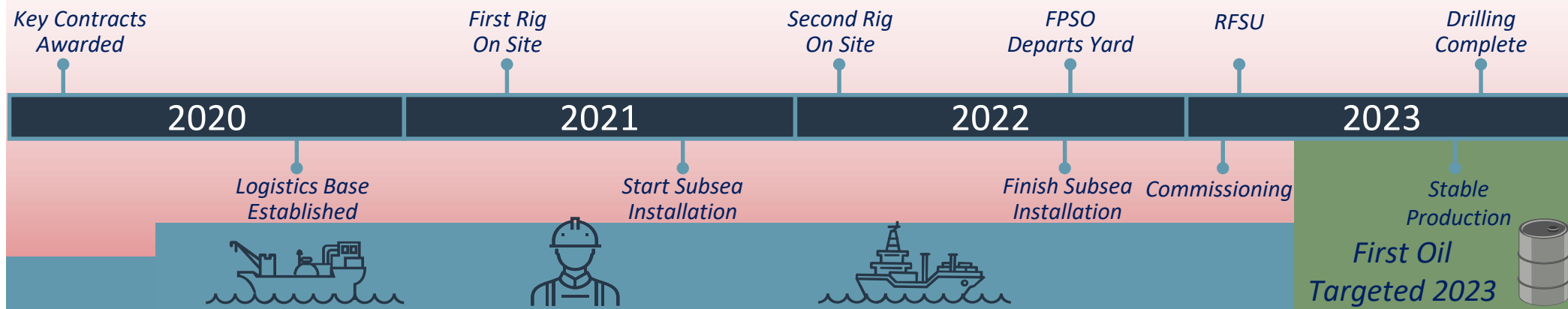
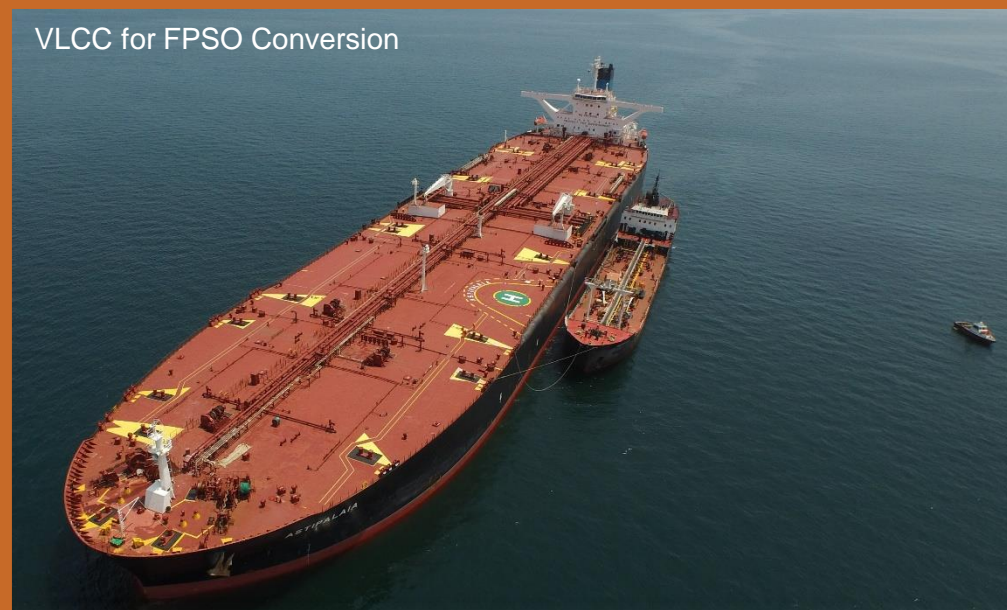
Senegal – First Oil Development



Phase 1 FID

- Sangomar Field Development 25-year Government of Senegal Exploitation Authorisation
- Targeting 2P recoverable oil reserves of 231 mmbbls (gross)
- 23 wells – production, gas and water injectors
- FPSO capacity 100,000 bopd
- Water Depth 800-1,100 m
- Life of the field total recoverable resources ~500 mmbbls with development planning for gas export to shore
- Progressing to first oil H1 2023

VLCC for FPSO Conversion



Exploration

ERIC HATHON

Active Exploration Portfolio



- Strict fiscal discipline
 - Norway Sale
 - Nicaragua Exit
 - Ireland Exit

- Build and high grade a portfolio of material prospects
 - Material frontier play potential – Mauritania entry
 - UK North Sea JV with Shell

- Maintain exposure to potentially transformational opportunities
 - Côte d'Ivoire
 - Senegal
 - Suriname
 - Israel

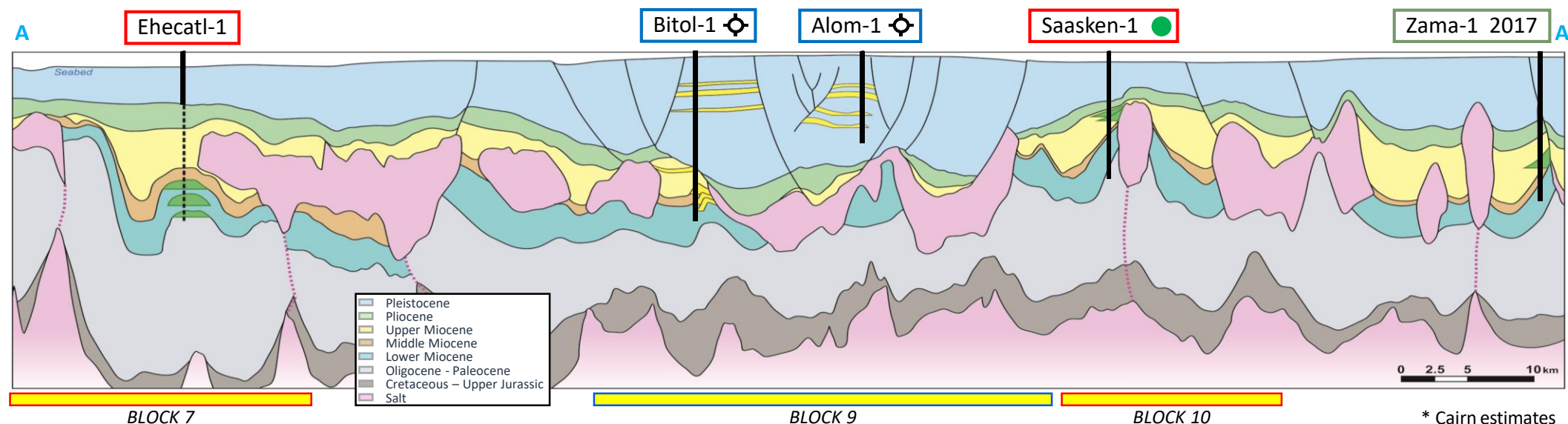
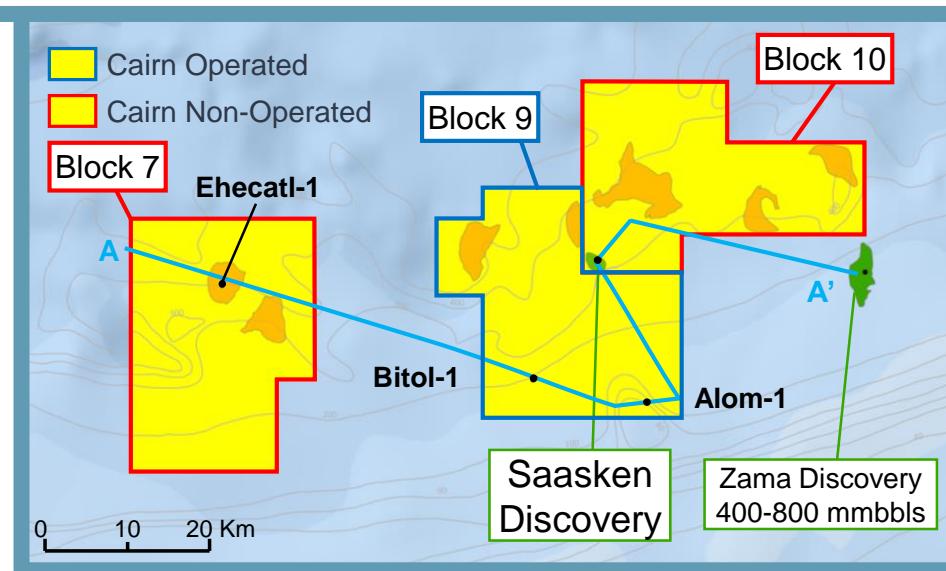
- Discover commercial quantities of hydrocarbons efficiently
 - Mexico exploration success with ENI

Deliver material NAV growth through exploration and monetise through development or divestment

Mexico – Drilling Programme



- Multiple prospect campaign in an emerging basin
 - Four blocks, two operated and two non-operated
 - Drilling fourth well in a six well campaign
 - One oil discovery to-date
 - Significant learnings from each well
 - Industry leading knowledge base in Sureste basin
 - Will inform future activity



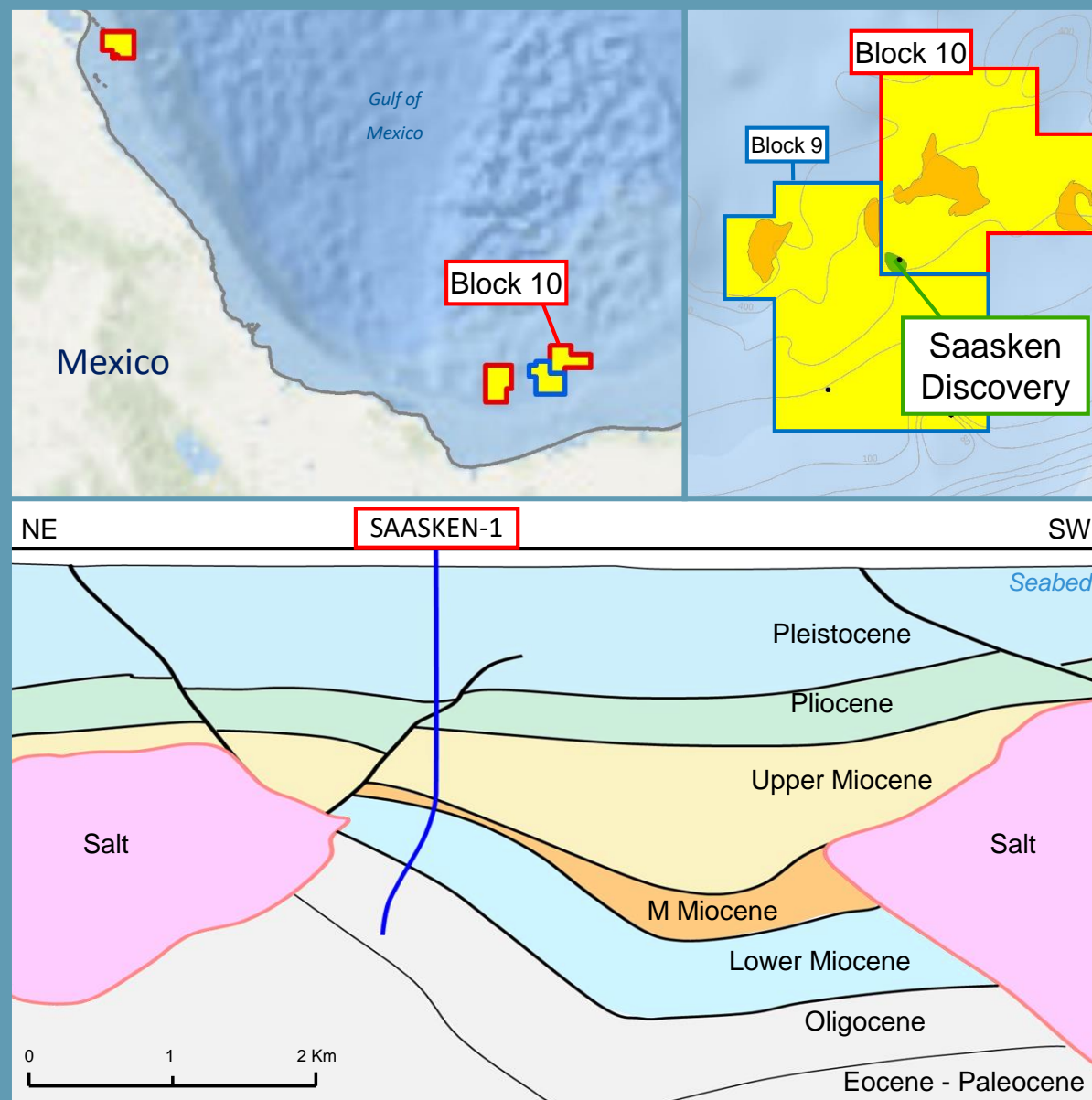


Mexico – Completed Wells

Saasken-1 Discovery

- Block 10 (Cairn 15%¹, ENI 65% Operator and Lukoil 20%)
- Oil discovery in high porosity Upper Miocene to Lower Pliocene turbidite reservoirs
- Preliminary estimates 200 – 300 MMBO in-place²
- 80m net pay² in three reservoir units
- All sands oil-filled to base in wellbore
- Excellent reservoir characteristics and good quality oil
- Drilled to 3,830m vertical depth, 340m WD

¹ Subject to signature of revised Production Sharing Contracts
² Operators estimates

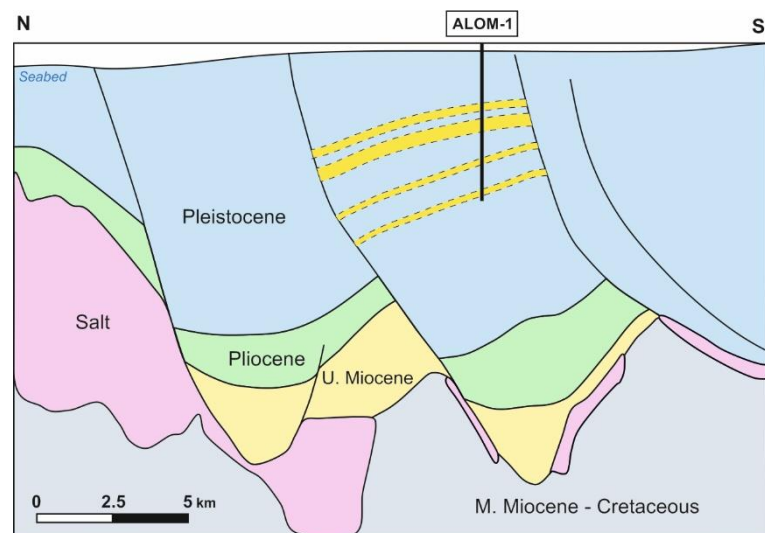


Mexico – Completed Wells



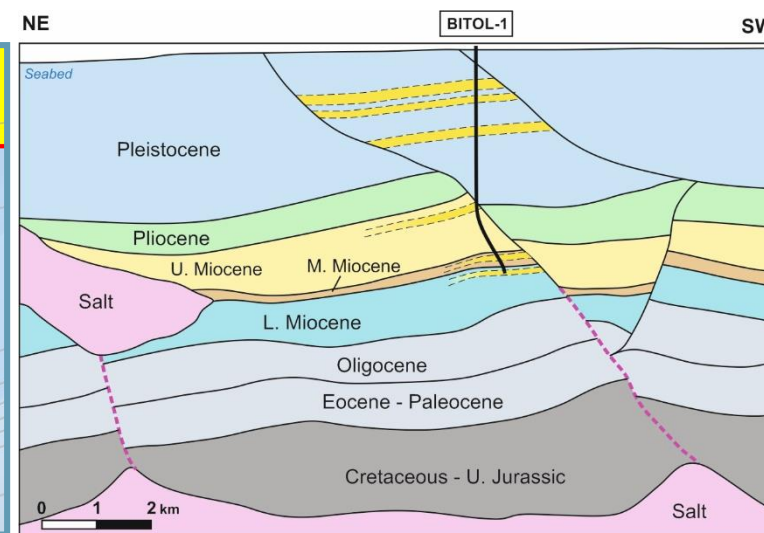
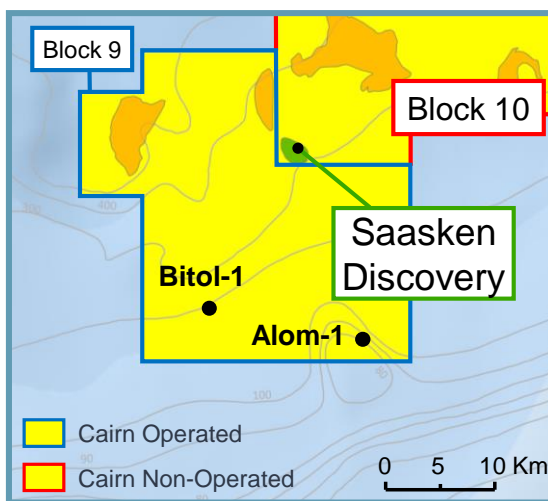
Alom-1

- Spud Q4 2019
- Drilled to 2,288m vertical depth, 114m WD
 - No HSE incidents
- Objective: Pleistocene shallow marine sands
 - ~500 m gross sand interval, wet
 - Geophysical anomaly
 - Trap Failure



Bitol-1

- Spud Q4 2019
- Drilled to 5,339m vertical depth, 162m WD
 - No HSE incidents
- Primary objectives: Lower Pliocene to Lower Miocene turbidites
- Preliminary results
 - Sands developed in target levels with good reservoir properties
 - Reservoirs found water bearing but with thermogenic oil and gas shows

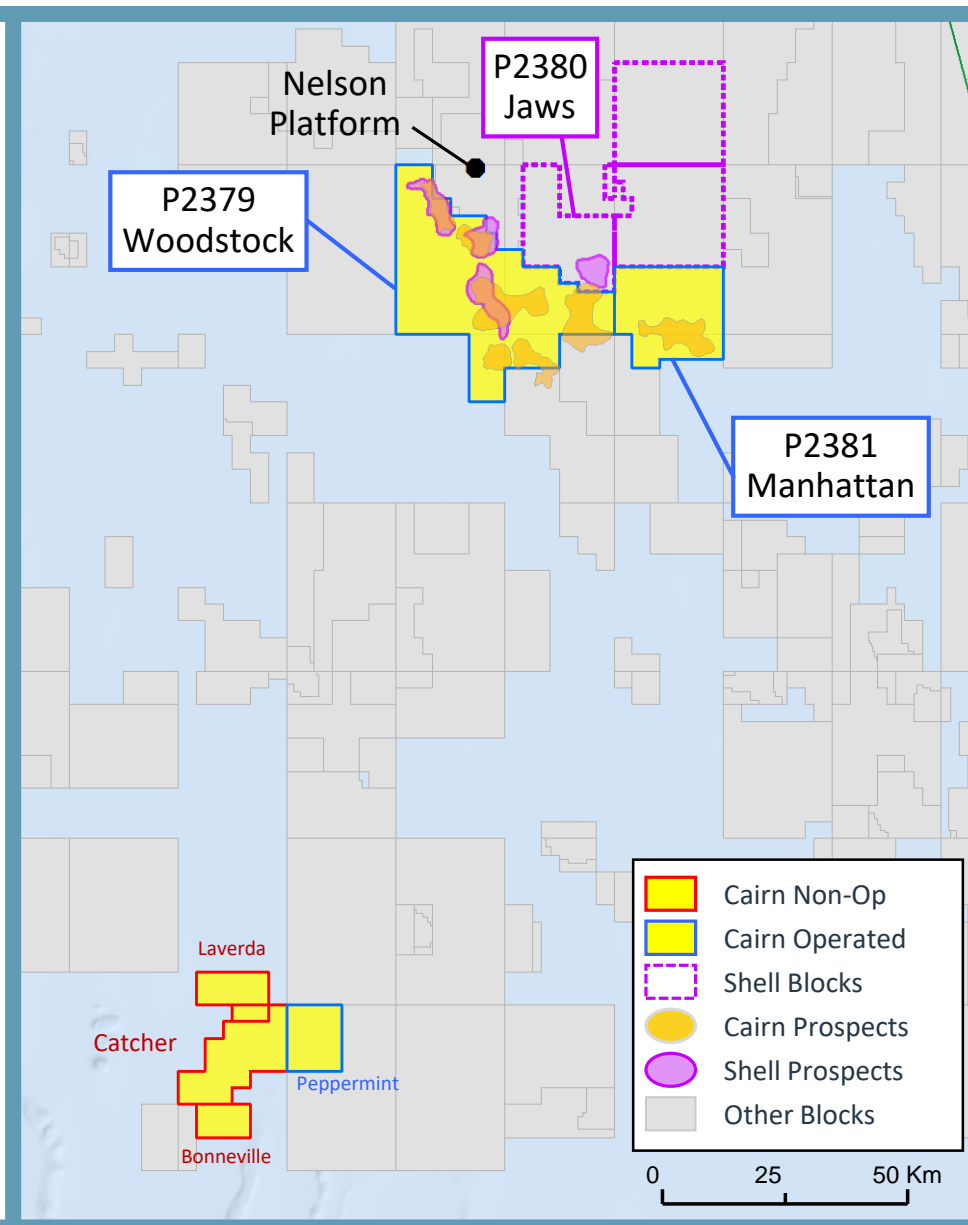


UK North Sea – South of Nelson Swap



Infrastructure-led Exploration (ILX)

- Cross-assigned interest with Shell in vicinity of Nelson platform, 50:50
 - P2379 - Cairn 100% WI
 - P2380 - Shell 100% WI
- Jurassic Fulmar sandstone play - prolific in area
- High NPV barrels
- Potential for near term production
- Multiple prospects with success
- Collaboration with host operator
 - Knowledgeable in play
 - Reduces cycle time to first production
- Planning for 2 wells: H2 2020/H1 2021



West Africa



Mauritania Block C-7

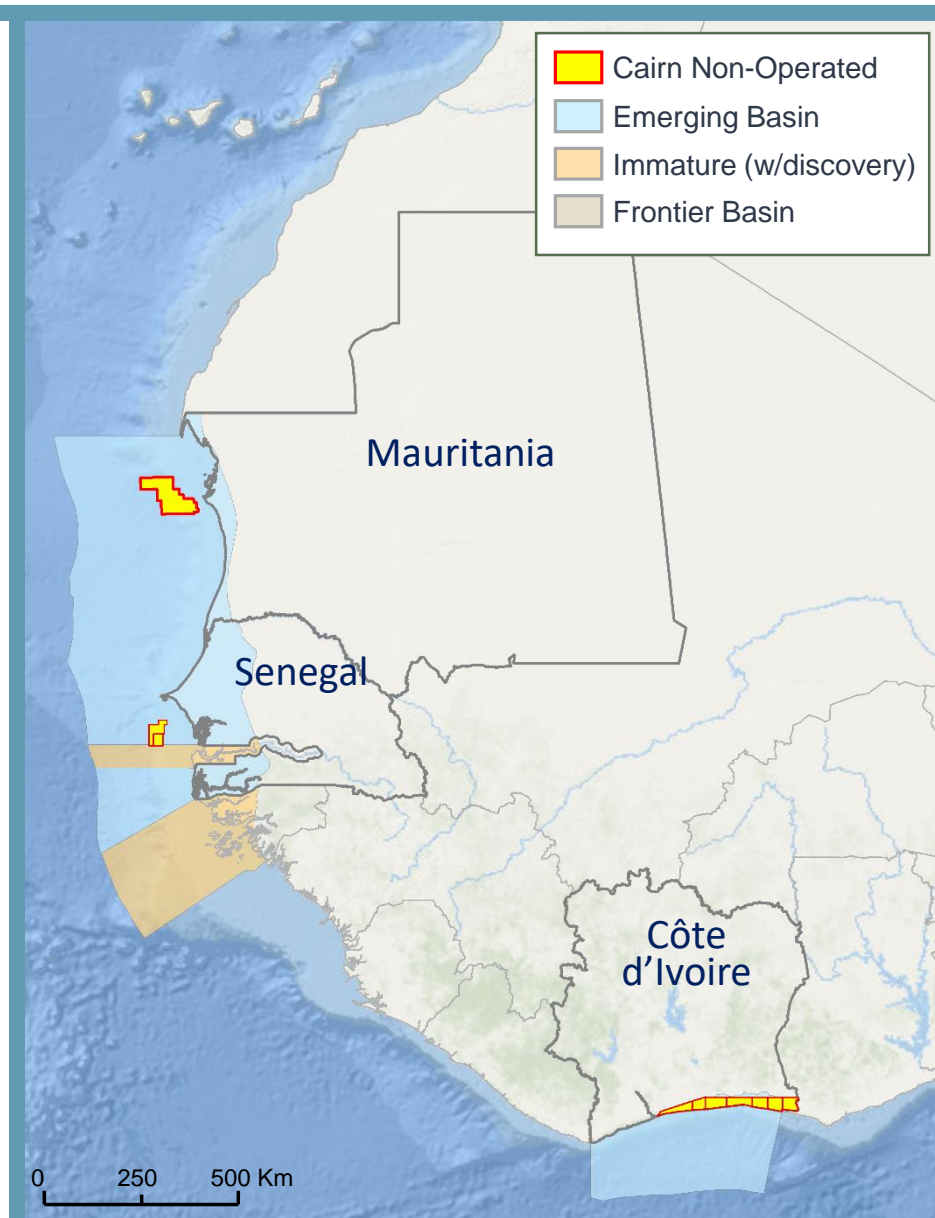
- Exercised option to enter block C-7*
 - Cairn 40%, Total 50% (Operator), SMH 10%
- Potential high impact turbidite sand play
 - Apparent Direct Hydrocarbon Indicator
 - Downdip discovery in same stratigraphic interval provides calibration

Senegal

- Cairn 40%, Woodside 35% (Operator), FAR 15%, Petrosen 10%
- 3D seismic acquisition completed
- Exploration well planned H1 2021

Côte d'Ivoire

- Cairn 30%, Tullow 70% (Operator)
- 2D seismic acquisition commenced Feb 2020
- Albian rift play with proven oil seeps

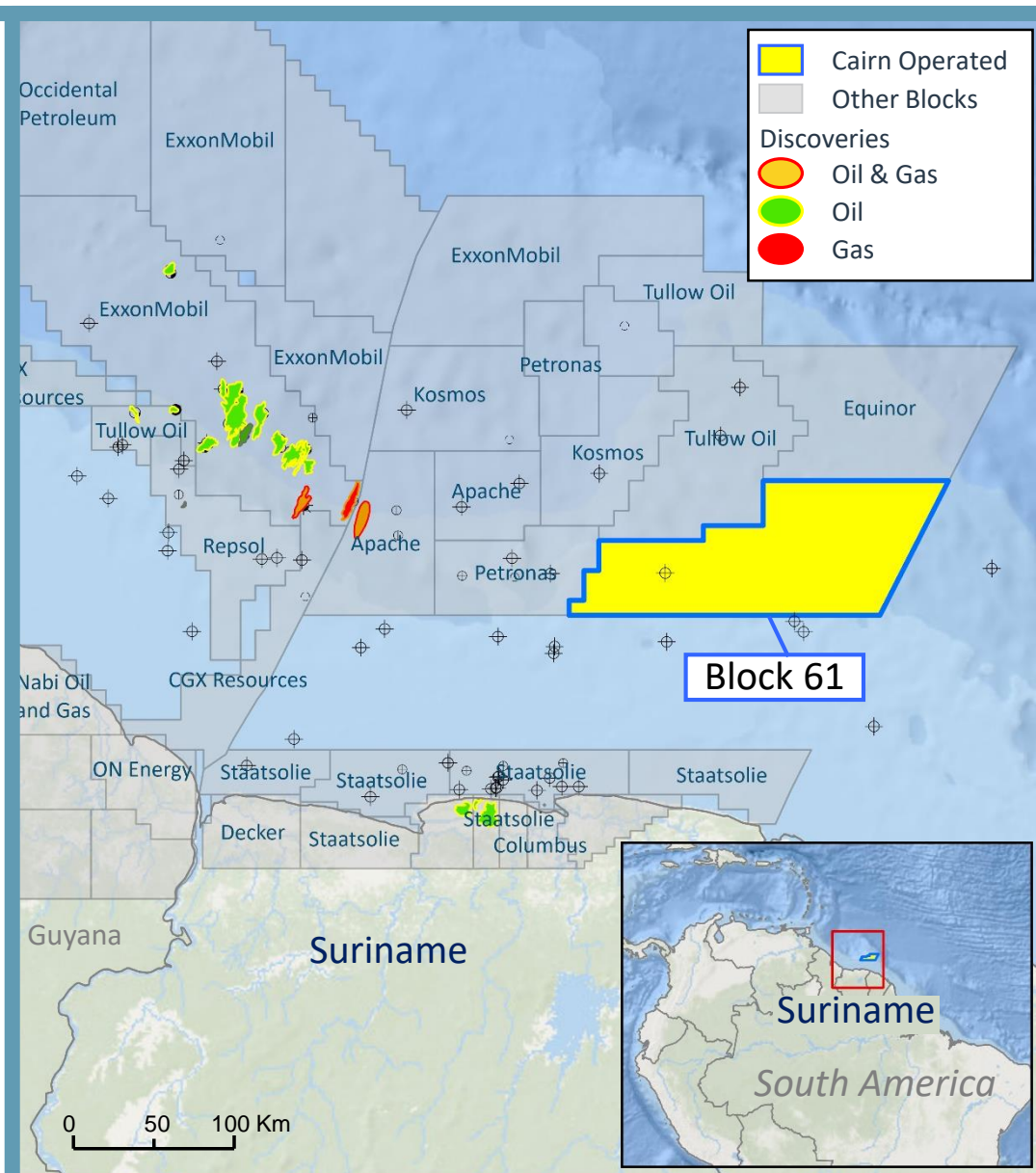


* Subject to Government approval

Suriname – Block 61



- Cairn 100%
- Largest block at 13,000 km²
- ~150 km offshore, water depth 60-1,100 m
- Under-explored, multiple plays to target
- Good operating environment
- ~12,000 km of 2D seismic over block
 - 4,500 km new acquisition
 - 7,000 km of reprocessed seismic
 - Interpretation at mature stage
- High-grading most prospective targets
- 3D seismic acquisition in planning phase



Forward Plan

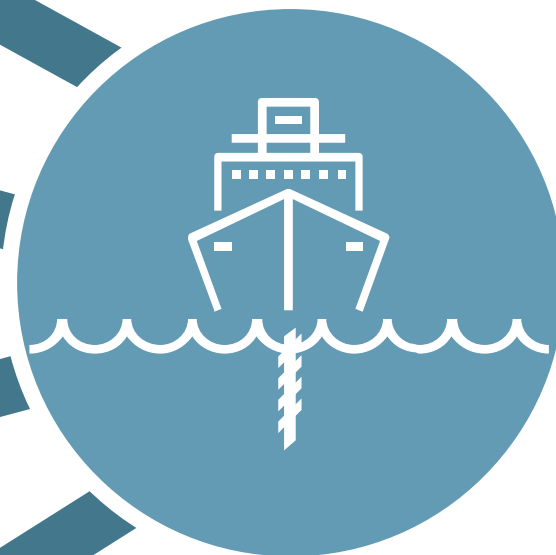


- Active drilling programme in Mexico
- Multi-well ILX drilling plan for UK North Sea

- Entry into high impact play in Mauritania

- Maturing evaluations in key Frontier plays
 - Acquiring 2D seismic onshore Côte d'Ivoire
 - Preparing for 3D acquisition offshore Suriname

- Capital discipline - exited basins/licences with:
 - Limited technical potential- Ireland
 - Capex above our fiscal discipline threshold-Nicaragua





Conclusion

SIMON THOMSON

Strategic Delivery From a Resilient Portfolio

Balanced business model generating sustainable free cash flow

Fiscal discipline and financial flexibility

Active portfolio management and capital allocation

Variable exploration expenditure – competition for capital with sustainable production opportunities and capital returns

Focus on generating further shareholder returns responsibly



Contacts

David Nisbet

Group Corporate Affairs

david.nisbet@cairnenergy.com

+44 (0)7711 146 068

Paula Pratt

Investor Relations Coordinator

paula.pratt@cairnenergy.com

+44 (0)131 475 3094

www.cairnenergy.com