



# Enquest PLC, Trading and Operations Update

**EnQuest PLC, 23 January 2015. Trading and Operations Update.**

**2014 provisional production of 28,267 Boepd, up 17%**

**Renegotiated credit facility covenants, relaxed until mid-2017**

**Alma/Galia and Kraken remain on schedule**

**2015 production guidance of between 33,000 Boepd and 36,000 Boepd**

EnQuest PLC issues this statement to summarise recent business activities and to provide trading guidance in respect of the financial year ended 31 December 2014. This is in advance of the Group's Full Year Results, which are scheduled for release on 19 March 2015. The information contained herein has not been audited and may be subject to further review.

## Highlights

EnQuest has delivered a strong operational and financial performance in 2014, with provisional production of 28,267 Boepd, up 17% on the prior year, at the high end of EnQuest's guidance. This reflects the continuing strength of field reservoir performance, top quartile production efficiency from EnQuest's existing producing assets and an initial contribution from PM8/Seligi in Malaysia, the first production from outside the North Sea. With this level of production, EnQuest expects EBITDA for 2014 to be in the range of \$530 million to \$580 million.

In addition, with hedging in place for 2015, EnQuest has responded expeditiously to the low oil price environment. The 2015 total Group cash capital expenditure programme has been cut further and is anticipated to be in the region of \$600 million, with capital expenditure reductions from both new developments and existing fields. Operating cost per barrel is expected to be reduced by at least 10%, both as the result of cost savings and high margin barrels coming onstream. Control of the cost base has always been a focus for EnQuest and in this new macro environment, it is continuing to work with the supply chain and contractors to achieve additional cost savings.

Given changes in the oil price environment, EnQuest's lending banks have agreed to raise the net debt/EBITDA covenant on the credit facility to 5 times, and the ratio of financial charges to EBITDA is reduced to 3 times, both until mid-2017. EnQuest's financial position remains resilient, with net debt of approximately \$1.0 billion at the year end. The \$1.2 billion committed credit facility with the \$500 million accordion remains in place, with only a net \$100 million of utilisation, at the year end, after cash.

The lenders' continued commitment recognises the considerable cash flow generating potential of EnQuest's business, in particular from the Alma/Galia and the Kraken developments coming on stream in the next two years. Both of these projects remain on schedule. On Alma/Galia, mechanical completion on the vessel was achieved before Christmas and sailaway continues to be expected in March. The project remains on track for first oil in mid-2015. Production for 2015 is expected to be an average of between 33,000 Boepd and 36,000 Boepd.

## Amjad Bseisu, Chief Executive, EnQuest PLC said:

"The rapid change in the macro environment with respect to the oil price has affected all in the industry, not least EnQuest. However, with our strong production growth, the new developments coming on stream in the next two years and our available \$1.1 billion in funding under our facilities, we continue to demonstrate the strength and sustainability of EnQuest's production growth model.

I am very pleased that our production efficiency for 2014 has been approximately 90%, which is an exceptional performance and ranks EnQuest as one of the best operators in the North Sea. The business continues to perform very well operationally and is on course for another year of strong production growth."

## Additional Information

**Funding.** In 2013, EnQuest entered into a revolving credit facility ('RCF') of up to \$1.2 billion committed, plus a \$500 million accordion feature. In light of recent low oil prices and in order to provide flexibility for EnQuest's capital investment programme, the RCF lending banks have agreed to relax the existing credit facility covenants. The net debt / EBITDA covenant has been increased to 5 times and the ratio of financial charges to EBITDA is reduced to 3 times, both until mid-2017. As at 31 December 2014, EnQuest's net debt was approximately \$1.0 billion.

**2014 production, revenue and EBITDA.** EnQuest achieved provisional production for 2014 at the top end of its guidance range, 28,267 Boepd, up 17% on 2013. Revenue is expected to exceed \$950 million and EBITDA is expected to be in the range of \$530 million to \$580 million.

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