

# TULLOW OIL PLC

## 2021 ANNUAL GENERAL MEETING – CEO STATEMENT

**16 June 2021** – Tullow Oil plc (Tullow) issues the following statement from its CEO, Rahul Dhir, ahead of its Annual General Meeting (AGM) today. Due to Covid-19 restrictions, the meeting will be held via an audio cast. Instructions for joining the audio cast can be found at the end of this statement or within the [Notice of Meeting](#).

### **Rahul Dhir, Chief Executive Officer, Tullow Oil plc, commented today:**

“Dear Shareholders,

Today will be my first AGM since joining Tullow as CEO and I wanted to take the opportunity to reflect on my first year and provide an update on recent events and current operations.

#### **A year of significant change**

When I joined in July last year, I said that I was excited at the opportunity to lead Tullow and re-build an exceptional company. We have since taken necessary steps to transform the business and, after a year of significant change, I believe we have emerged as a new company with a fundamentally different approach. We have shifted our focus away from exploration and development and long-cycle capital commitments to a production focused company with a robust, cash generative business plan.

At our Capital Markets Day in November 2020 I laid out our 10-year business plan which focuses over 90% of our capital investment in our high margin production assets in West Africa. This will generate material cashflow to self-fund high return, fast payback investment opportunities and reduce debt – even at low oil prices. The delivery of this business plan required us to address several fundamental aspects of the business and I am proud to report that we have made excellent progress on the following:

- Reducing our cost base: we are delivering cost savings across the business including annual G&A cash savings of \$125 million. We are becoming a performance focused organisation where every barrel matters and every dollar counts.
- Improving operational performance: our ongoing operational turnaround is delivering more reliable and consistent operating performance with 98% average uptime year-to-date at Jubilee and TEN and better utilisation of our existing infrastructure.
- Rigorous capital allocation: we are focusing on high return and fast payback investments in our production assets and have significantly reduced capital allocation to long-cycle projects.
- Reducing our debt: We have sold our interests in Uganda, Equatorial Guinea and the Dussafu Marin permit in Gabon, raising over \$700 million in proceeds. This asset sale programme puts us well on the way to realising c.\$1 billion over two years through assets sales and cost reductions.
- Simplifying our capital structure: we recently completed a comprehensive debt refinancing which gives us the financial stability to deliver our business plan.
- Strong ESG focus: we announced in March that we aim to become Net Zero (Scope 1 & 2) by 2030 as part of our commitment to sustainability. In addition, we maintain our commitment to social investment and developing local content.

These changes required a great deal of work from everyone at Tullow and I would like to recognise the vital part that our Chair, Dorothy Thompson, played in making Tullow a much more efficient and effective organisation. Dorothy led the Company through its most turbulent time and I thank her on behalf of all our staff for her tireless efforts in securing Tullow’s future.

#### **Good operational progress across the Group**

Group production to the end of May 2021 averaged c.62,000 bopd, in line with expectations. This figure reflects the completion of the sale of our Equatorial Guinea interests on 31 March 2021, with no production from these assets recorded past the first quarter. On 9 June 2021 we announced the sale completion of the Dussafu Marin permit in Gabon and we will adjust our full year guidance to reflect both these divestments in our upcoming Trading Statement on 14 July 2021.

In Ghana, our operational improvement plan is delivering results with 98% average uptime year-to-date across both the Jubilee and TEN FPSOs. As we have previously stated, reliable gas offtake and water injection are an important part of our strategy to optimise reservoir performance and address production decline. We continue to enhance the capacities of both systems to support long-term stable production. I am pleased to report that production performance continues to be supported by reliable gas offtake from the Government of Ghana which is regularly averaging between 110 – 130 mmscfd. We also continue to see improved water injection rates in excess of 200 kbwpd.

In line with our plans outlined at our Capital Markets Day, we announced in April that we started a multi-year drilling campaign in Ghana. In 2021, we are planning to drill four wells in total, consisting of two Jubilee production wells, one Jubilee water injector well and one TEN gas injector well. We have successfully drilled the first Jubilee production well and the Jubilee water injector well, and the reservoirs encountered are in line with expectations. The rig will now carry out the completion of these two wells with tie-in and start-up of both wells expected in the third quarter of 2021.

In Kenya, licence extensions were granted for Blocks 10BB & 13T until end 2021. Tullow and its JV Partners have been working to deliver a full field development plan that is sustainable and economic at low oil prices. The technical work is now complete and has been aided by the dynamic data gathered through the Early Oil Production Scheme which ended in 2020. Resource volumes are now being audited and a detailed project plan will be prepared for discussion with the Ministry of Mining and Petroleum and the Government of Kenya.

Good progress on the project continues to be made with two tangible milestones recently achieved. Firstly, the first berth at the Lamu Port was commissioned in May 2021 by H.E. The President of Kenya. This is an important part of the broader Lamu Port and Lamu Southern Sudan-Ethiopia Transport corridor project. Secondly, the public hearing was recently held for the pipeline Environmental and Social Impact Assessment for the midstream project. Overall, the Kenya development project continues to receive significant Government support and is making good progress. I look forward to providing further updates covering the revised development plan and our strategy in the second half of the year.

Finally, our exploration team continues to focus on unlocking value from the substantial risked resources in the emerging and maturing basins of Guyana, Suriname, Argentina and Côte d'Ivoire.

### **Comprehensive refinancing underpins financial resilience**

In May, we fully addressed our near-term debt maturities with a comprehensive refinancing of our capital structure. We successfully issued a five-year \$1.8 billion high-yield bond which, along with cash on balance sheet, allows us to repay and redeem bonds that were due in 2021 and 2022 and repay and cancel our Reserves Based Lending (RBL) facility. We also agreed a \$600 million Super Senior Revolving Credit Facility which will primarily be used for working capital purposes. A \$800 million high-yield bond due in 2025 is now our nearest-term material debt maturity. Our new capital structure and maturity schedule provides the financial stability to deliver on our business plan.

Hedging continues to be an important part of our financial risk management strategy protecting against oil price volatility. We are building on this prudent approach with an increase in the amount of production entitlement we protect to 75% for a period of 24 months from completing our debt refinancing in May, and to 50% for another 12 months beyond that. We have been implementing our hedge requirements over the last few weeks and we have now secured over 60% of the necessary hedge volumes. Of the new hedges that have been completed post the high-yield bond issue, we have achieved our target floor of c.\$55/bbl and weighted average collars of c.\$69/bbl, with most recent hedge collars in excess of \$70/bbl. Our total portfolio, when including our previous near-term hedge position, has weighted average collars of c.\$51-68/bbl, giving us robust downside protection as well as access to upside. We remain on track to add the remaining hedge volumes by year end.

### **Clear runway to deliver our plan and take the business forward**

At our Capital Markets Day, we outlined a business plan that can deliver strong cash flows and reduce debt to achieve equity value growth. With the refinancing of our debt now completed, we now have the financial stability and time we need to deliver this plan. We are moving forward positively to deliver our vision of Tullow as an Africa-focused oil and gas production company, with a deep inventory of investable opportunities in our portfolio.

I am committed to continuing to re-build and grow our exceptional business and further enhance our investment proposition for all investors. Tullow is uniquely placed to create material value for host nations, work closely and collaboratively with local communities and enhance local content where we work. We recognise our role in reducing emissions and we have a clear route to achieve significant improvements in our performance by 2025, ahead of being Net Zero on our scope 1 & 2 emissions by 2030.

Our focus therefore is on delivery and we have the team in place to deliver success.

Finally, I would like to thank our investors, our host nations and our staff for the support and commitment during this transformational year. I look forward to sharing our continued progress with you."

**Rahul Dhir, Chief Executive Officer, Tullow Oil plc**

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## **AGM AUDIO CAST**

### **12:00pm (BST)**

In light of social distancing measures aimed at reducing the transmission of the COVID-19 virus in the UK, please note that attendance in person at the AGM is not possible and shareholders have been asked to vote in advance by proxy. Continued shareholder engagement is very important to us and therefore we have arranged a live audio-cast of the AGM. Shareholders can listen to the meeting and ask questions throughout via audiocasting, using your smartphone, tablet or computer.

**Instructions to join:** Join by either downloading the dedicated "Lumi AGM" app or by accessing the AGM website, <http://web.lumiagm.com>. Whether you use the app or the website, **you will be asked to enter a meeting ID which is 149-244-292**. You will then be prompted to enter your unique Shareholder Reference Number (SRN) and PIN. Your PIN and your Shareholder Reference Number, which starts with a C or G and is 10 digits long, is available on the email broadcast sent to you if you are an online user or on the Form of Proxy if you elected for hard copy mailing. Access to the meeting via the app or website, and the ability to submit questions, will be available from 11a.m. on 16 June 2020. The meeting will formally start at 12 noon.

**Downloading the app:** Download the latest version of the Lumi AGM app onto your smartphone from the Google Play Store™ or the Apple® App Store. We recommend that you do this in advance of the AGM. Please note that the app is not compatible with certain older devices.

**Guest access:** Non-shareholders can listen to the audio cast of the AGM as guests using the link and meeting ID above, but guests will not be able to ask questions.

Download all AGM documents and audio cast guide: [www.tulloil.com/agm](http://www.tulloil.com/agm)

## CONTACTS

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### Notes to editors

Tullow is an independent oil & gas company, quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 50 exploration and production licences across 10 countries, including Ghana where it operates the Jubilee and TEN fields. In March 2021, Tullow committed to becoming Net Zero on its Scope 1 and 2 emissions by 2030.

For further information, please refer to our website at [www.tulloil.com](http://www.tulloil.com).

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