



EnQuest PLC, 4 February 2021

Operations update

2020 performance in line with guidance; strong cash generation

Expect 2021 production to be between 46,000 Boepd and 52,000 Boepd

Signed an agreement with Suncor Energy UK Limited to acquire its entire 26.69% non-operated interest in the producing Golden Eagle area for an initial consideration of \$325 million (see separate announcement issued)

- Upon completion, provides immediate incremental production of c.10 kboepd, c.18 MMboe¹ of 2P reserves and c.5 MMboe¹ of 2C resources
- Provides significant value enhancement in excess of US\$100 million NPV(10)¹ at a long-term oil price of US\$50/bbl, primarily related to accelerated partial use of EnQuest's tax losses

¹ EnQuest estimates

Good 2020 performance in challenging environment; net debt reduced to \$1,280 million

- Average Group production was 59,116 Boepd
 - Kraken average gross production of 37,518 Bopd was above the top end of guidance reflecting high FPSO uptime throughout the year
 - Lower production at PM8/Seligi reflected the impact of the detached riser system at the Seligi Alpha platform
- Operating expenditure is expected to be approximately \$330 million, with unit opex of c.\$15/Boe
- Cash capital expenditure is expected to be approximately \$130 million
- Free cash flow generation of approximately \$210 million
- At 31 December 2020, net debt including PIK was \$1,280 million (2019: \$1,413.0 million), with cash and available facilities of \$284 million
 - The Group's senior credit facility reduced to c.\$377 million (including payment in kind) following the voluntary early repayment in 2020 of the \$65 million amortisation due in April 2021

2021 outlook

- 2021 average net Group production is expected to be between 46,000 Boepd and 52,000 Boepd; Kraken gross production is expected to be between 30,000 Bopd and 35,000 Bopd (21,150 Bopd to 24,675 Bopd net)
- Operating expenditure is expected to be approximately \$265 million
- Combined cash capital and abandonment expenditure is expected to be approximately \$120 million
- EnQuest has hedged c.4.0 MMbbls of oil, primarily against the very low sulphur fuel oil pricing benchmark, with an average floor price of c.\$53/bbl and an average ceiling price of \$62/bbl

EnQuest Chief Executive, Amjad Bseisu, said:

"We are delighted to have agreed the acquisition of a material interest in Golden Eagle, a high-quality, low-cost UK North Sea development. This is a great start to 2021, building on our good performance in 2020 and the acquisition and operatorship of a material interest in the Bressay field that concluded in January.

"During 2020, our operations remained materially unaffected by the COVID-19 pandemic and the Group delivered in line with its production guidance, with a particularly strong performance at Kraken.

"Our focus on cost control and capital discipline, combined with an improving oil price environment, saw the Group deliver free cash flow breakeven of c.\$32/Boe and generate free cash flow of c.\$210 million.

"We transformed our business in 2020, significantly lowering our operating costs and re-focusing the portfolio on the highest value assets. As such, I am confident we are well placed to succeed in a changing world."

Production details

Average daily production on a net working interest basis (Boepd)	1 Jan 2020 to 31 Dec 2020	1 Jan 2019 to 31 Dec 2019
	(Boepd)	(Boepd)
UK Upstream		
- Magnus	17,416	18,267
- Kraken	26,450	25,172
- Other Upstream ¹	6,468	5,644
UK Upstream	50,334	49,083
UK Decommissioning²	2,346	10,870
Total UK	52,680	59,953
Total Malaysia	6,436	8,653
Total EnQuest	59,116	68,606

¹ Other Upstream: Scolty/Crathes, Greater Kittiwake Area and Alba

² UK Decommissioning: Heather/Broom, Thistle/Deveron, the Dons, Alma/Galia

Magnus

Average production in 2020 was 17,416 Boepd, 5% lower than 2019. This decrease reflected gas compressor and seawater lift pump availability, combined with natural declines, partially offset by two new wells which came onstream during March and good production and water injection efficiency, which both averaged around 80%.

Kraken

Average gross production in 2020 of 37,518 Boepd was c.5% higher than in 2019 and ahead of the top end of guidance. The floating, production, storage and offloading vessel performed well throughout 2020, with better than expected production efficiency of 87% and high water injection efficiency of 91%. Successful drilling at Worcester resulted in a new producer-injector pair coming onstream late in the second quarter. Overall subsurface and well performance has been good, with the rate of water cut evolution remaining stable.

Other upstream assets

Production in 2020 averaged 6,468 Boepd, c.15% higher than in 2019, driven by a strong performance from Scolty/Crathes, partially offset by lower production at the Greater Kittiwake Area and natural declines.

Alba has continued to perform in line with Group expectations.

Midstream¹

Safe and reliable performance at the Sullom Voe Terminal and its related infrastructure has continued with 100% service availability maintained throughout 2020.

Working with all stakeholders, the Group remains ahead of its plan to optimise safely and sustainably the terminal facilities to meet existing and future customer needs.

¹ Includes the Sullom Voe Terminal and Pipelines

UK Decommissioning

Average production of 2,346 Boepd was lower than in 2019, primarily reflecting the decisions to cease production at Heather/Broom and Thistle/Deveron, which together contributed c.6,000 Boepd during 2019. At the Dons, production was impacted by a lack of gas lift due to the cessation of Thistle and natural declines. As expected, Alma/Galia ceased production in June.

At Heather and Thistle/Deveron, cessation of production applications were approved with decommissioning activities commencing in preparation of the well abandonment programmes planned for 2021.

Malaysian operations

Average production in Malaysia during 2020 of 6,436 Boepd was c.26% lower than 2019. This reduction primarily reflects the impact of the detached riser system at the Seligi Alpha platform, which provides gas lift and injection to the Seligi Bravo platform. Following an initial investigation, partial operations were able to recommence, although production remained low throughout the fourth quarter.

Business development

Following the signing of a sale and purchase agreement for a 40.81% equity interest in and operatorship of the Bressay Oil Field in July 2020, the Group is pleased to confirm all conditions precedent have now been met and the

transaction has completed.

The Group has also signed an agreement with Suncor Energy UK Limited to acquire their entire 26.69% non-operated interest in the producing Golden Eagle area (see separate announcement issued).

Liquidity and net debt

At 31 December 2020, net debt was \$1,280 million, down c.\$133 million from \$1,413 million at 31 December 2019, reflecting strong free cash flow generation which enabled the Group to make early voluntary repayments of the entire \$65 million April 2021 amortisation of the senior credit facility. Total cash and available facilities were \$284 million, including ring-fenced accounts associated with Magnus, the Sculptor Capital facility and other joint venture accounts totalling \$108 million.

COVID-19 Update

The health, safety and wellbeing of our employees is our top priority. The Group remains compliant with UK, Malaysia and Dubai government and industry policy. The Group has also been working with a variety of stakeholders, including industry and medical organisations, to ensure its operational response and advice to its workforce is appropriate and commensurate with the prevailing expert advice and level of risk. The Group's day-to-day operations continue without being materially affected by COVID-19.

Board appointment

Liv Monica Stubholt is appointed as a Non-Executive Director of the EnQuest Board with effect from 15 February 2021. She will also become a member of the Audit Committee and the Safety, Climate and Risk Committee. Liv Monica is a corporate lawyer and has extensive experience in the energy industry and across public policy and governance.

2021 outlook (based on the Group's existing portfolio)

For the full year, the Group's net production is expected to be between 46,000 and 52,000 Boepd. This includes the anticipated cessation of production at the Dons field in the first quarter, continued low production at PM8/Seligi until repairs on the riser are completed during the second half of the year and natural declines across the portfolio. Kraken gross production is expected to be between 30,000 and 35,000 Bopd (21,150 and 24,675 Bopd net), reflecting natural declines.

At current foreign exchange rates and oil prices, operating expenditures are expected to be approximately \$265 million.

Combined cash capital and abandonment expenditure is expected to be around \$120 million, with capital expenditure primarily relating to license to operate activities and excludes costs associated with the PM8/Seligi riser incident repair, which is expected to be covered by insurance. Abandonment expenditure primarily reflects decommissioning programmes at Heather/Broom, including an acceleration of some work scopes, Thistle/Deveron and the Dons.

EnQuest has hedged a total of c.4.0 MMbbls for the first half of 2021 predominantly using costless collars, with an average floor price of c.\$53/bbl and an average ceiling price of c.\$62/bbl. c.3.3 MMbbls are directly hedged against the very low sulphur fuel oil ('VLSFO') Kraken pricing benchmark, with an equivalent average floor price of c.\$54/bbl and an average ceiling price of c.\$63/bbl. The remaining c.0.7 MMbbls are Brent hedges with an average floor price of c.\$50/bbl and an average ceiling price of c.\$57/bbl.

EnQuest expects to announce its 2020 full year results on 25 March 2021.

Ends

For further information please contact:

EnQuest PLC

Tel: +44 (0)20 7925 4900

Amjad Bseisu (Chief Executive)

Jonathan Swinney (Chief Financial Officer)

Ian Wood (Head of Communications & Investor Relations)

Jonathan Edwards (Senior Investor Relations & Communications Manager)

Tulchan Communications

Tel: +44 (0)20 7353 4200

Martin Robinson

Martin Pengelley

Harry Cameron

Notes to editors

ENQUEST

EnQuest is providing creative solutions through the energy transition. As an independent production and development company with operations in the UK North Sea and Malaysia, the Group's strategic vision is to be the operator of choice for maturing and underdeveloped hydrocarbon assets by focusing on operational excellence, differential capability, value enhancement and financial discipline.

EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm.

Please visit our website www.enquest.com for more information on our global operations.

Forward-looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectations and plans, strategy, management's objectives, future performance, production, reserves, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this announcement should be construed as a profit forecast. Past share performance cannot be relied upon as a guide to future performance.