



ASX Announcement

Beach Energy FY21 Half Year results

Reference #006/21

Date

15 February 2021

Significant commercial and exploration achievements

- Achieved Final Investment Decision for the ~250 TJ per day Waitsia Gas Project Stage 2, paving the way for Beach to enter the global LNG market in H2 CY23. On 12 February 2021, the Final Investment Decision became unconditional
- Discovered material liquids-rich gas volumes at the Enterprise field, with net 2P Reserves of 21 MMboe¹ (34 MMboe gross), de-risking several exploration prospects in the vicinity of the Otway Gas Plant
- Announced two opportunistic bolt-on acquisitions during the downturn, including Senex Energy's Cooper Basin portfolio² and Mitsui's Bass Basin assets³, which provide a platform for further synergies and growth

Operational summary

- Production of 13.0 MMboe, in line with H1 FY20, and pro forma⁴ production of 13.7 MMboe (up 6%)
- New contract signed with Diamond Offshore for the Ocean Onyx rig with the rig now at the Artisan 1 site

Financial summary

- Net profit after tax (NPAT) of \$128.7 million
- EBITDAX of \$446 million, at a margin of 63% on sales revenue
- EBITDA of \$407 million
- Balance sheet remains strong with \$114 million of cash and \$290 million of undrawn loan facilities at 31 December 2020
- Interim dividend of 1 cps, fully franked
- Strong safety performance including achievement of 1 million hours injury free

¹ Refer to ASX announcement #004/21 from 15 February 2021 "Enterprise Exploration Success Delivers Material 2P Reserves Booking". Evaluation date of reserves as at 15 February 2021.

² The contracted acquisition of Senex Energy's Cooper Basin portfolio remains subject to third-party consents.

³ The contracted acquisition of Mitsui's Bass Basin assets was announced subsequent to the end of the period and remains subject to regulatory approvals and third-party consents.

⁴ Pro forma includes production from Senex Energy's Cooper Basin and Mitsui's Bass Basin assets, with effective date of 1 July 2020.

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Beach delivers EBITDAX of \$466 million; increased confidence on delivering five-year outlook targets

Beach Energy has today released its FY21 Half Year results, in which the Company delivered a sound NPAT of \$129 million.

EBITDAX of \$446 million generated a revenue sales margin of 63%, while EBITDA of \$407 million was impacted by a \$39 million exploration expense, primarily relating to Ironbark, Wherry and Bonaparte assets.

Despite NPAT falling 53 per cent on the corresponding half, reflecting the 40 percent decline in realised oil price, production remained steady at 13.0 MMboe.

Western Flank oil production was up ~8% on the corresponding period following the FY20 drilling program, which saw 27 horizontal oil wells drilled across the Western Flank oil fields. However, we have seen higher than expected decline rates in a number of these wells. The Company is focused on understanding the reasons for this prior to deciding the optimum production strategy for these assets.

Beach Energy Managing Director Matt Kay said that while the performance of the Western Flank oil fields were not as we had expected, the Company's first half was one that delivered key milestones across the portfolio.

"When you take stock of what has happened in the past six months, it's extremely pleasing to see we have well and truly set the foundations for growth," Mr Kay said.

"It's not every day you can look back at a half and say you reached FID at an LNG project the scale of Waitsia, delivered a material liquids rich gas discovery in the Otway Basin and executed two value-accretive acquisitions."

"Most importantly, the first half of FY21 was our safest on record, with the Company achieving a record one-million hours injury free."

Mr Kay said the achievements in the first half only increased the Company's confidence around its five-year targets.

"Growth is happening at Beach and it's happening across our strategically diverse portfolio of assets. All of our growth assets have targeted IRRs of more than 20% and asset lives averaging more than 15 years," Mr Kay said.

"The announcement of FID on Waitsia Stage 2 just prior to Christmas is a game-changer for Beach and the decision became unconditional last week.

"Working with our joint venture participants, we continue to progress the project towards first gas in the second half of calendar year 2023. Waitsia is set to supply high quality, long-life reserves to both the global LNG and west coast domestic gas markets and will create more than 200 jobs in the construction phase.

Beach is also progressing towards FEED on Trefoil following the contracted acquisition of Mitsui's interests – one of two key acquisitions for Beach in FY21.

The imminent commencement of the Otway Basin offshore campaign will mark a significant milestone for Beach.

Having signed a new contract with Diamond Offshore for the Ocean Onyx, the Company now looks forward to the commencement of the offshore Otway campaign in the coming weeks, with the rig currently on site at the Artisan 1 location.

Updated FY21 guidance

The following table summarises the prior and updated guidance for FY21

	Prior FY21 guidance	Pre-acquisition guidance	Updated guidance (pro forma ⁵)
Production (MMboe)	26.0 – 28.5	25.5 – 26.5	26.5 – 27.5
Capital expenditure (\$ million)	\$650 - 750	\$720 – 760	
Underlying EBITDA (\$ million)	\$900 – 1,000	\$900 - 950	
Unit operating cost (\$ per boe)	\$8.25 – 8.75	\$9.00 – 9.40	
Unit DD&A (\$ per boe)	\$17.50 – 18.00	\$16.50 – 17.50	

FY21 production guidance has been updated from 26.0 – 28.5 MMboe to 25.5 – 26.5 MMboe. The updated guidance reflects first half actuals and the most up to date estimate for the second half period. Pro forma production guidance of 26.5 – 27.5 MMboe reflects the recent contracted acquisition of Senex Energy's Cooper Basin and Mitsui's Bass Basin assets, both with an effective date of 1 July 2020.

Other financial pro forma guidance assumes a completion date of 1 January 2021 for accounting purposes.

Authorisation

This release has been authorised for release by the Beach Energy Board.

Disclaimer

This ASX Release contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Reserves disclosure

Beach prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 update to the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers.

The reserves and resources information in this report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr David Capon (General Manager Development - Victoria, New Zealand and NT). Mr Capon is a full-time employee of Beach Energy Limited and has a BSc (Hons) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers. He has in excess of 25 years of relevant experience. The reserves and resources information in this presentation has been issued with the prior written consent of Mr Capon as to the form and context in which it appears.

⁵ Pro forma includes production from Senex Energy's Cooper Basin and Mitsui's Bass Basin assets, with an effective date of 1 July 2020.

Beach most recently released reserves information in its 2020 Annual Report. Information about the acquisition of Senex is contained in ASX announcement 037/20 from 3 November 2020: "Beach expands Cooper Basin Portfolio" and the acquisition of Mitsui's interests in the Bass Basin are contained in ASX announcement 002/21 from 27 January 2021: "FY21 Second Quarter Activities Results".

Information about the Enterprise 1 discovery reserve booking are included in the ASX announcement #004/21 from 15 February 2021: "Enterprise Exploration Success Delivers Material 2P Reserves Booking". Beach confirms that it is not aware of any other new information or data that materially affects the information included in this report and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane: 5.816 TJ per kboe, LPG: 1.398 bbl per boe, condensate: 1.069 bbl per boe and oil: 1 bbl per boe. The reference point for reserves determination is the custody transfer point for the products. Reserves are stated net of fuel, flare & vent and third-party royalties.