



Beach Energy Limited  
ABN 20 007 617 969  
25 Conyngham St, Glenside 5065, South Australia  
GPO Box 175, Adelaide 5001, South Australia  
T: +61 8 8338 2833  
F: +61 8 8338 2336  
beachenergy.com.au  
info@beachenergy.com.au

## ASX release

12 September 2018

Ref: #044/18

### 2018 Good Oil Conference Presentation

For information, attached is the presentation that Beach Energy will present at today's 2018 Good Oil Conference in Perth, Western Australia. Also available from the Beach Energy website.

**For further information contact the following on +61 8 8338 2833:**

Investor Relations      Nik Burns, Investor Relations Manager

Media                      Rob Malinauskas, Head of Corporate Affairs and Community Relations



BEACH ENERGY LIMITED

# 2018 Good Oil Conference

12 September 2018



## Disclaimer

This presentation 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.

Underlying EBITDAX (earnings before interest, tax, depreciation, amortisation, evaluation, exploration expenses and impairment adjustments), underlying EBITDA (earnings before interest, tax, depreciation, amortisation, evaluation and impairment adjustments), underlying EBIT (earnings before interest, tax, and impairment adjustments) and underlying profit are non-IFRS measures that are presented to provide an understanding of the performance of Beach's operations. They have not been subject to audit by Beach's external auditors but have been extracted from audited financial statements. Underlying profit excludes the impacts of asset disposals and impairments, as well as items that are subject to significant variability from one period to the next. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated. References to "Beach" may be references to Beach Energy Limited or its applicable subsidiaries. Unless otherwise noted, all references to reserves and resources figures are as at 30 June 2018 and represent Beach's share.

Certain FY19 planned activities are subject to joint venture approvals. References to planned activities beyond FY19 are subject to finalisation of work programs, joint venture approvals and Board approvals.

## Reserves disclosure


Beach prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers. The reserves and contingent resources presented in this report were originally disclosed to the market in ASX release #034/18 from 2 July 2018. Beach confirms that it is not aware of any new information or data that materially affects the information included in this presentation 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: 1.389 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 and third party royalties.

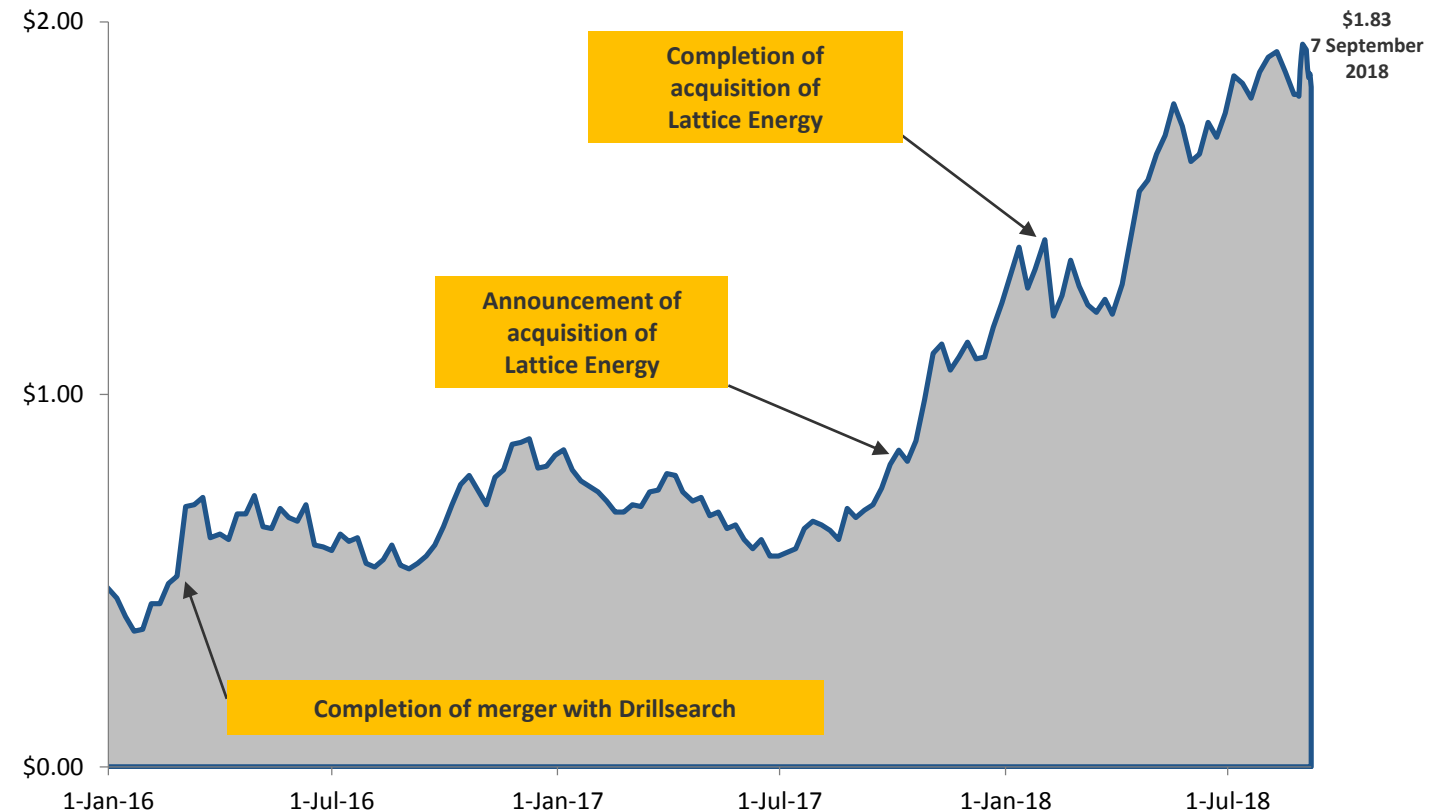
# Beach Energy Market Details

*A true E&P Growth Story*



- Headquartered in Adelaide, 
- Listed on the Australian Securities Exchange under ticker “BPT”
- Constituent of the S&P/ASX 200 Index
- Market capitalisation:
  - \$4.2 billion at 7 September 2018
- Share price:
  - \$1.83 at 7 September 2018
  - +143% from Entitlement Offer<sup>1</sup> issue price of \$0.75
- Shares outstanding:
  - 2.277 billion ordinary shares

Beach Energy Share Price Performance (\$/share)



1. \$301 million 3 for 14 pro-rata accelerated non-renounceable entitlement offer undertaken in FY18 to partially fund the acquisition of Lattice Energy

## Transformational Lattice acquisition

- Integration almost complete and done safely
- Synergy and efficiency target increased to \$60 million p.a
- Material increase in company size and geographic footprint

## Excellent FY18 operational performance

- 96 wells drilled at a success rate of 82%
- Annual production of 19.0 MMboe, up 80%
- More than 60% of June quarter revenues from oil and liquids

## Historic full year result

- Sales revenue of \$1.25 billion, up 92%
- Underlying NPAT<sup>1</sup> \$302 million, up 86%
- Final dividend of 1.0 cent per share

## Strong cash flow and balance sheet

- Operating cash flow of \$663 million, up 108%
- Net gearing of 25.9% at 30 June 2018, well ahead of initial target
- Expect net gearing to fall below 20% by the end of FY19

## 2P reserves more than quadrupled

- 320% increase in 2P reserves to 313 MMboe
- More than one third due to underlying asset performance
- 2P reserves life increased from 7 years to 11 years

## Focus turns to accelerating growth

- New portfolio contains multiple high return organic growth options
- FY19 capital expenditure of \$460 – 540 million
- Medium term production target of > 30 MMboe by FY21

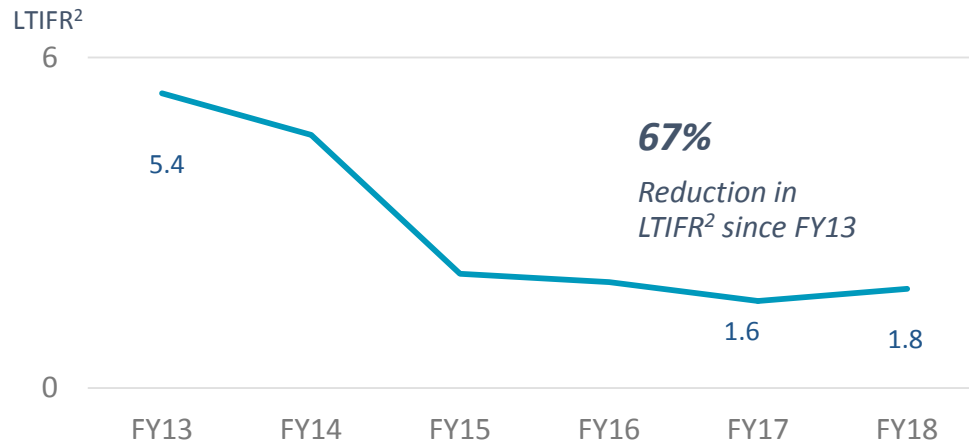
1. Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit by Beach's external auditors, however have been extracted from the audited financial statements.

# Health, Safety and the Environment

Strong safety and environmental performance a key priority

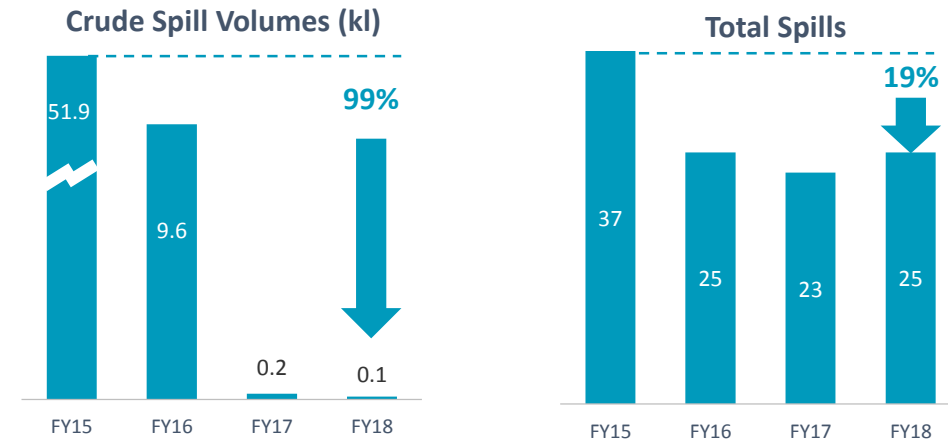


## Safety Performance<sup>1</sup>



- Maintaining strong safety performance following integration of Lattice assets
- Strong contractor performance with zero LTIs for FY18
- Process safety review of all assets complete

## Environmental Performance<sup>1</sup>



- Lowest ever crude spill volumes
- Total spill events remain low after almost doubling production
- Initiated a review of TCFD<sup>3</sup> recommendations

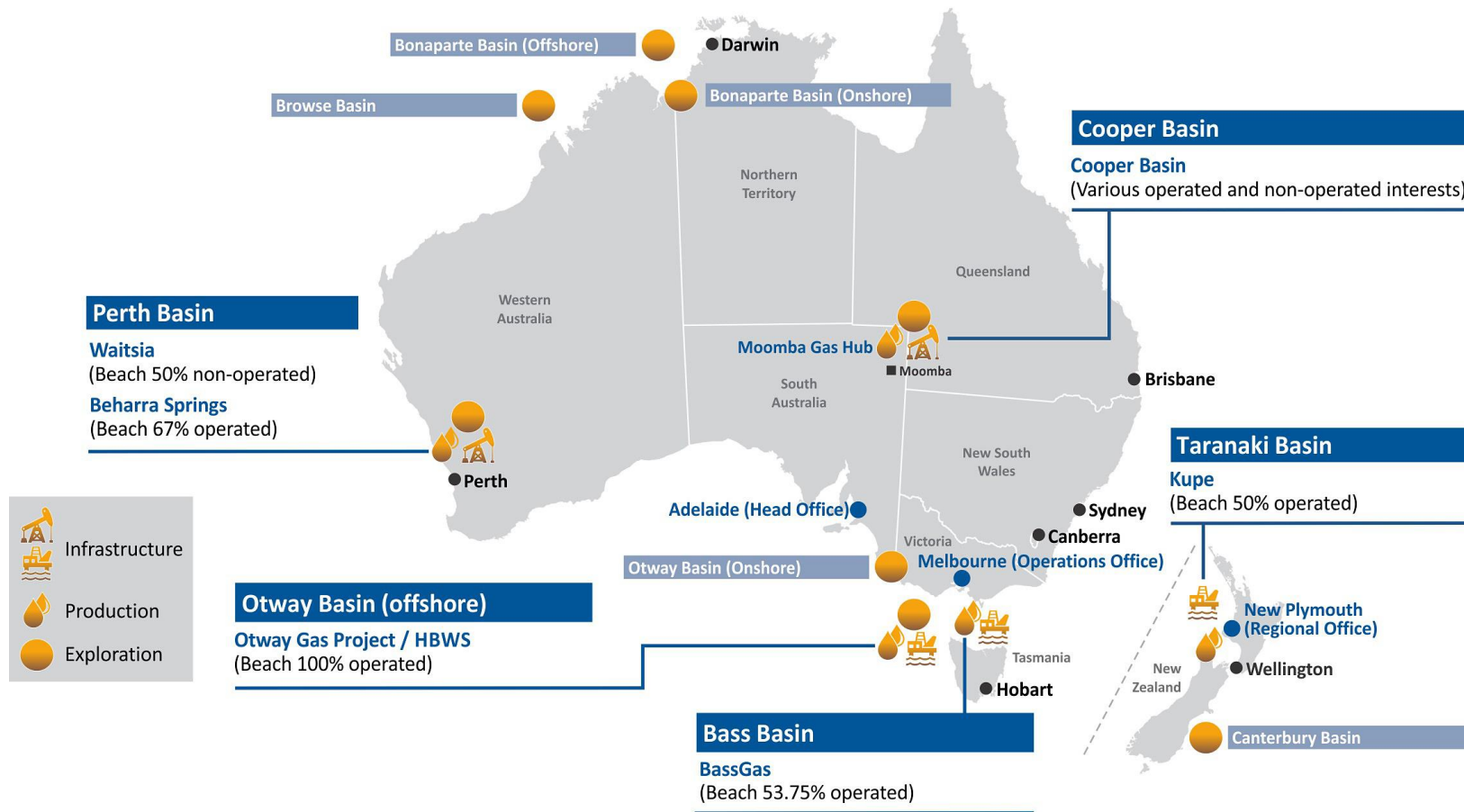
1. Includes Lattice from 1 Jan 2018.

2. LTIFR: Lost Time Injury Frequency Rate, calculated as lost time injuries per million hours worked (Beach employees and contractors).

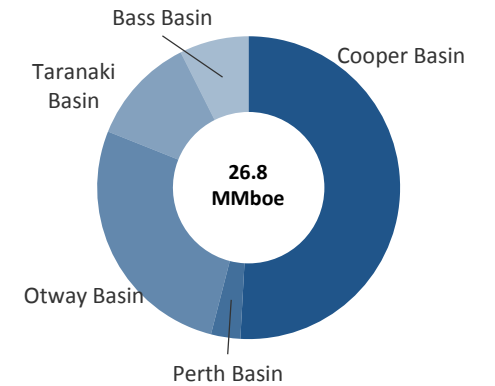
3. Task Force on Climate-related Financial Disclosures

# Transformed Beach Energy portfolio

Expanded footprint with five production hubs and significant gas processing infrastructure

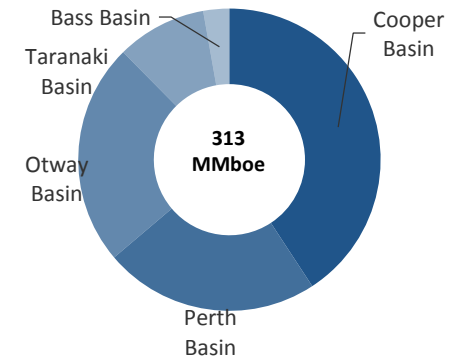


## FY18 Pro Forma Production<sup>1</sup>



- Beach operates ~70% of production

## FY18 2P Reserves<sup>2</sup>



1. Pro forma FY18 defined as a Beach FY18 reported production of 19.0 MMboe plus H1 FY18 Lattice production of 7.9 MMboe. H1 FY18 Lattice production was not consolidated within the accounts of Beach. This information is provided for information purposes only and should not be relied upon.  
 2. Beach 2P oil and gas reserves as at 30 June 2018. Further information and additional disclosures are provided in ASX Release #034/18 from 2 July 2018.

# FY19: Delivering on our strategic objectives

*To deliver sustainable growth in shareholder value*



## OPTIMISE COOPER BASIN CORE



- Achieve best in class HSE performance
- Participate in up to 87 wells in Cooper Basin JV
- Participate in up to 43 Western Flank wells
- Drill up to 15 horizontal oil wells
- Further cost and production efficiencies

## GROW EAST COAST GAS BUSINESS



- Commence drilling Black Watch development well
- Prepare for Enterprise and Artisan exploration wells
- Increase gas drilling in Cooper Basin
- Target medium term production growth
- Repricing of ~80% of currently contracted gas volumes to east coast market prices by the end of 2021

## EXPAND BEYOND COOPER BASIN



- Progress Waitsia commercialisation
- Prepare for Beharra Springs Deep drilling
- Progress Kupe compression project
- Progress frontier exploration opportunities
- Evaluate further organic and inorganic opportunities

## MAINTAIN FINANCIAL STRENGTH

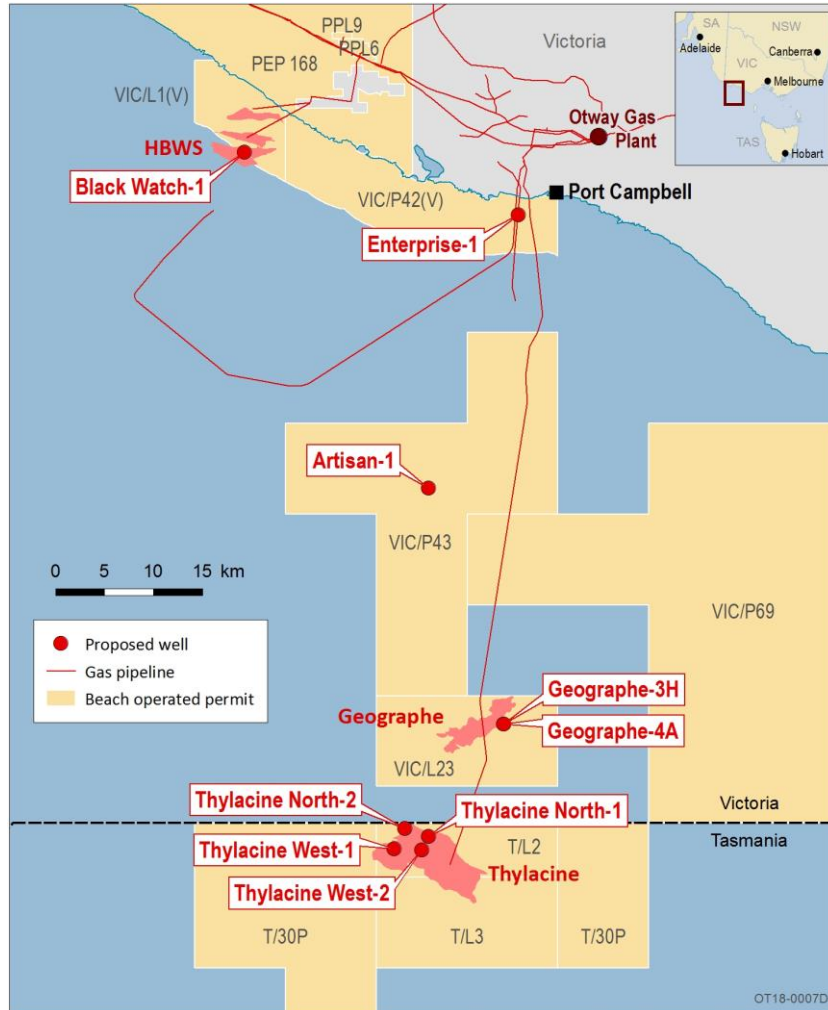


- Targeting net gearing below 20% by the end of FY19, before any divestments
- Increase investment in value-accretive growth opportunities
- Remain flexible in capital expenditure
- Maintain strong liquidity position
- Potential sale of ~30% of Victorian Otway permits



# Victorian Assets

Key assets supplying Australian east coast domestic market



Otway Gas Project

## FY19 Objectives

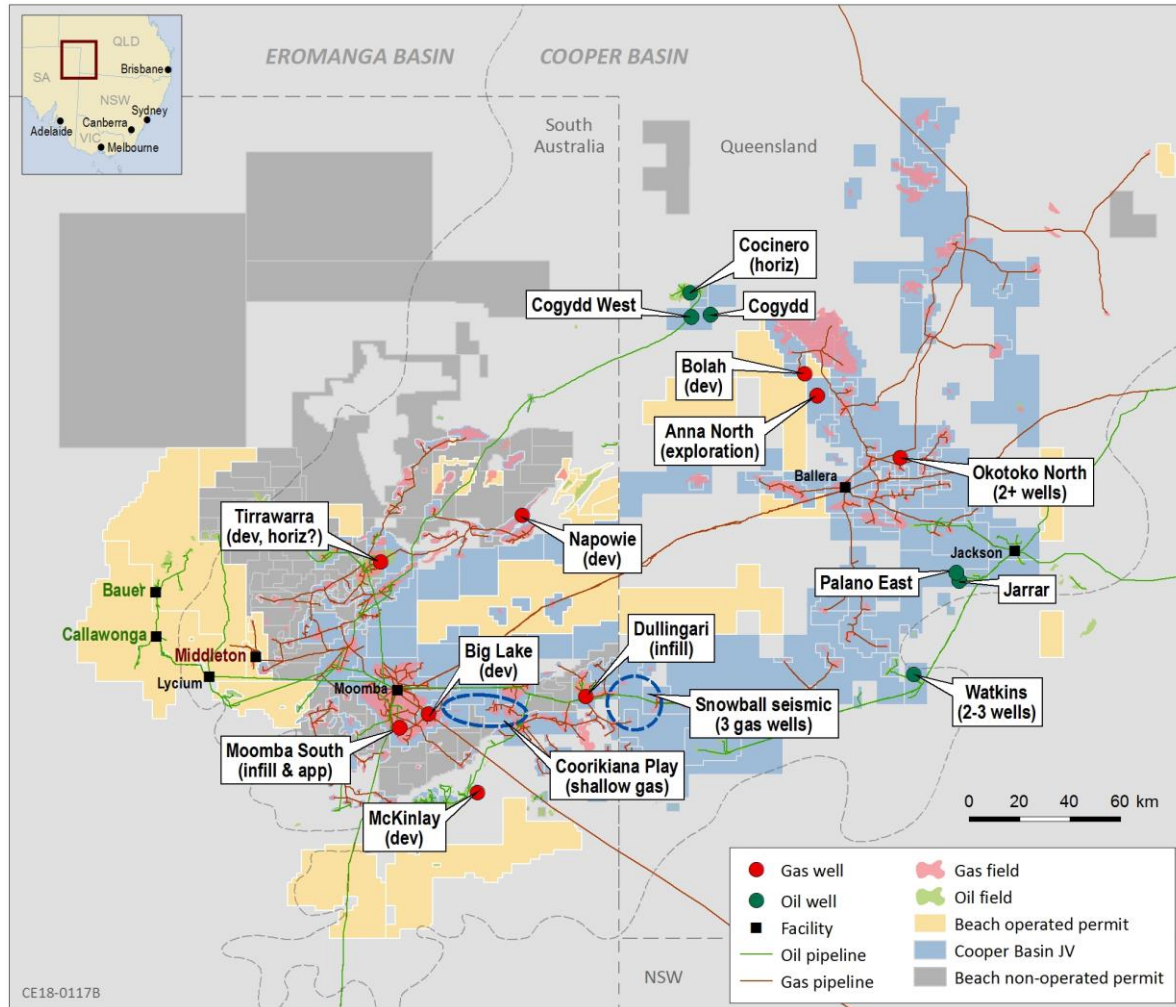
- Maximise production at BassGas and Otway Gas Project
- Re-initiating development and exploration activity in the Otway Basin
- Potential sale of ~30% interest in Victorian Otway permits

## FY19 Activities

- Drill Black Watch development well in H2 FY19
- Prepare for Enterprise and Artisan exploration wells in FY20
- Optimise Geographe/Thylacine field development plans

# Cooper Basin JV

Increased drilling activity to target reserves, production growth



## FY19 Objectives

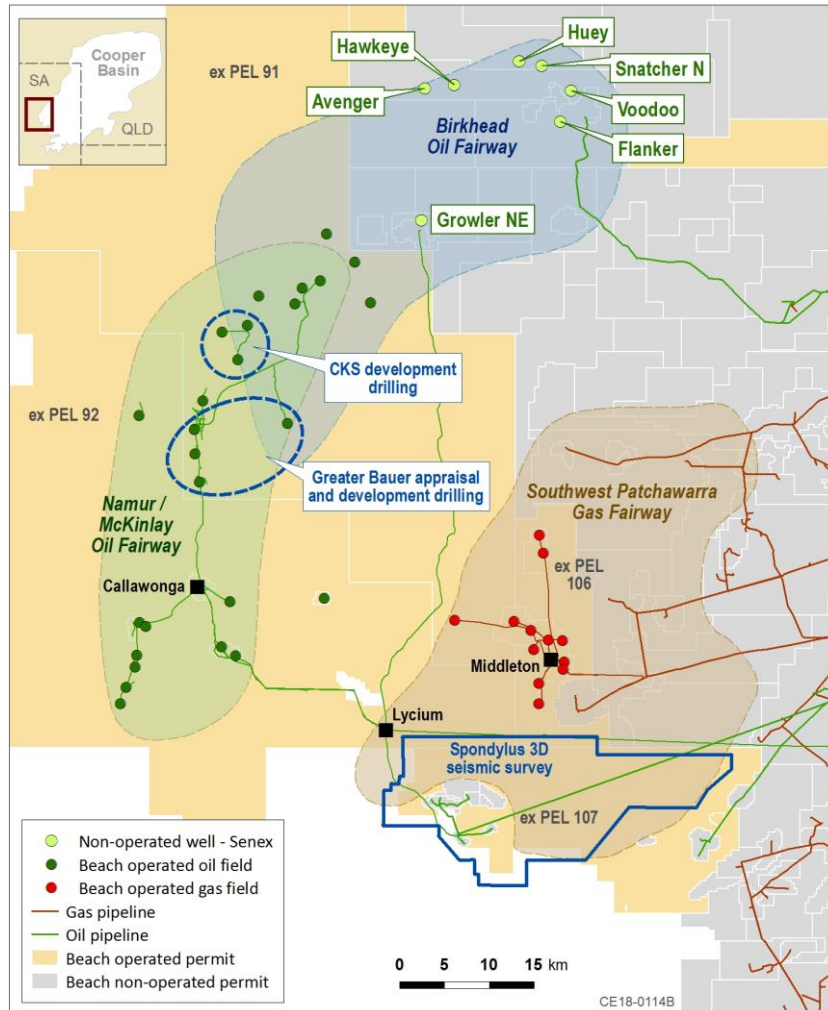
- Gas production – target increased production rates
- Oil production – increase oil production via development drilling and evaluate new horizontal drilling opportunities

## FY19 Activities

- Participation in up to 87 wells, 36% higher than FY18
  - 50 development wells (41 gas, 9 oil)
  - 37 exploration/appraisal wells (24 gas, 13 oil)
- Gas appraisal drilling and lower production costs to drive conversion of 2C contingent resources to 2P reserves

# Western Flank Oil and Gas

*Core asset with significant contribution to revenue*



## FY19 Objectives

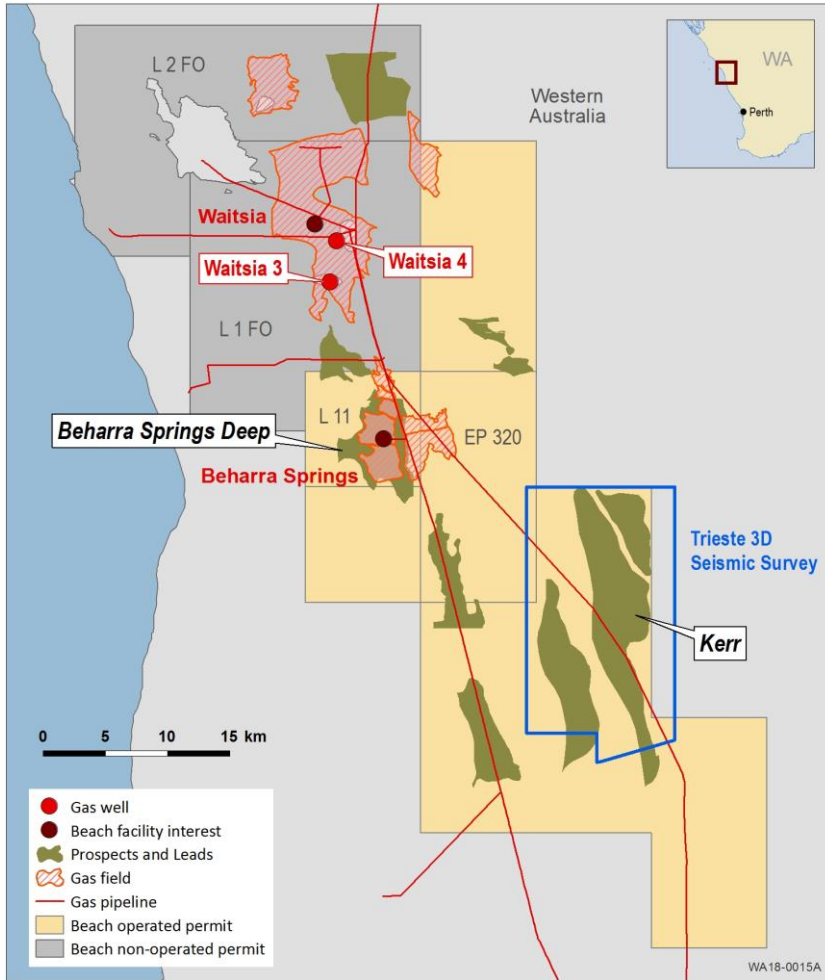
- Continuous focus on drilling efficiency
- Test lateral extent of Bauer field
- Expand use of horizontal drilling

## FY19 Activities

- Participation in up to 43 wells (8 gas, 35 oil), a 65% increase on FY18
- Oil drilling: 18 development (15 Hz) and 17 exploration/appraisal wells
- Gas drilling: 8 exploration/appraisal wells to extend Middleton gas supply

# Perth Basin

*Building foundations for a material west coast gas business*



## FY19 objectives and activities

- Waitsia is a high quality, low cost gas resource, and is economic at current market prices
- Multiple commercialisation options being evaluated with operator Mitsui, making good progress
- Focus is on optimal value creation for the joint venture
- Multiple exploration targets for the Kingia/Hycliff Play discovery at Waitsia
- Beharra Springs Deep prospect enhanced by Waitsia 3 results
- Trieste 3D to mature large Kerr Structure to drillable status
- Impact exploration drilling planned for FY19/20

# New Zealand

*High performing asset with additional development opportunity*



## FY19 objectives

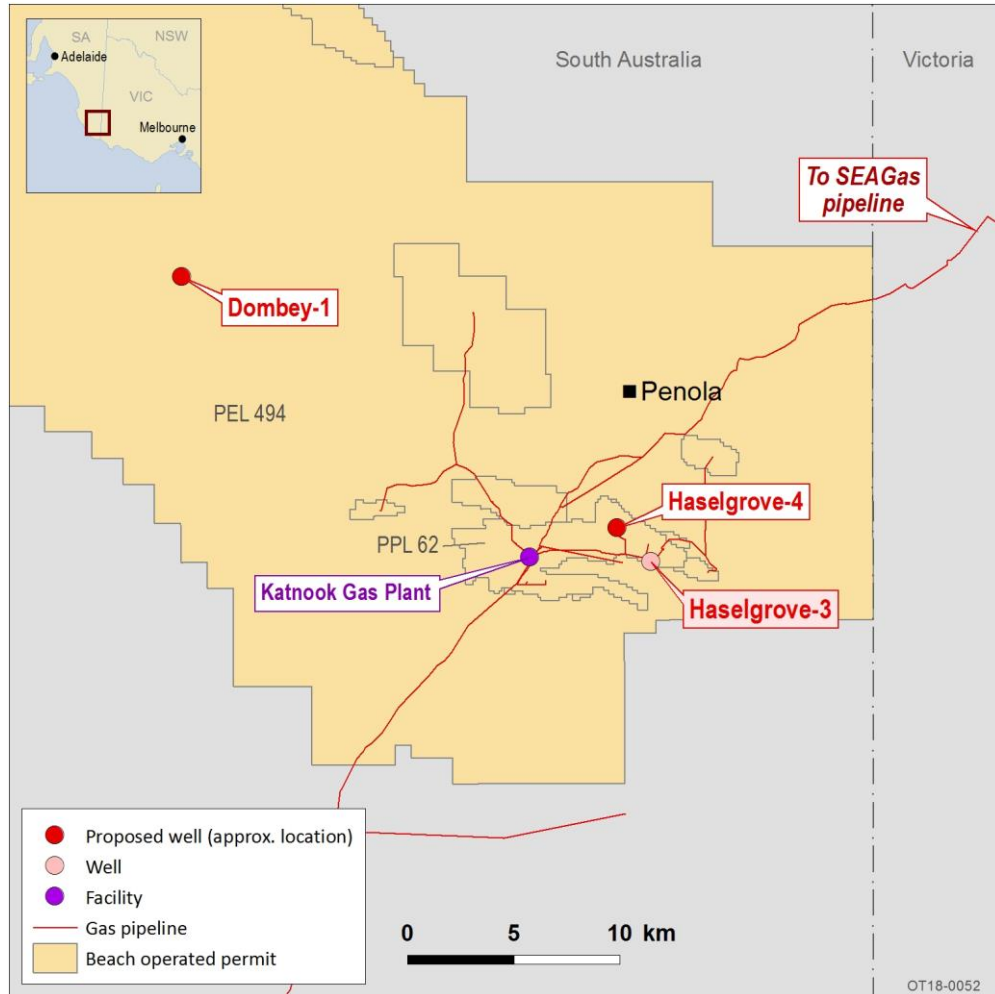
- Maximise production, specifically liquids
- Reduce direct operating costs
- Optimise free cash flow

## FY19 Key activities

- FEED entry on Kupe Compression Project
- Evaluate further infill drilling / appraisal opportunities

# South Australian Otway Basin

## Haselgrove appraisal and Dombey-1 exploration drilling in FY19

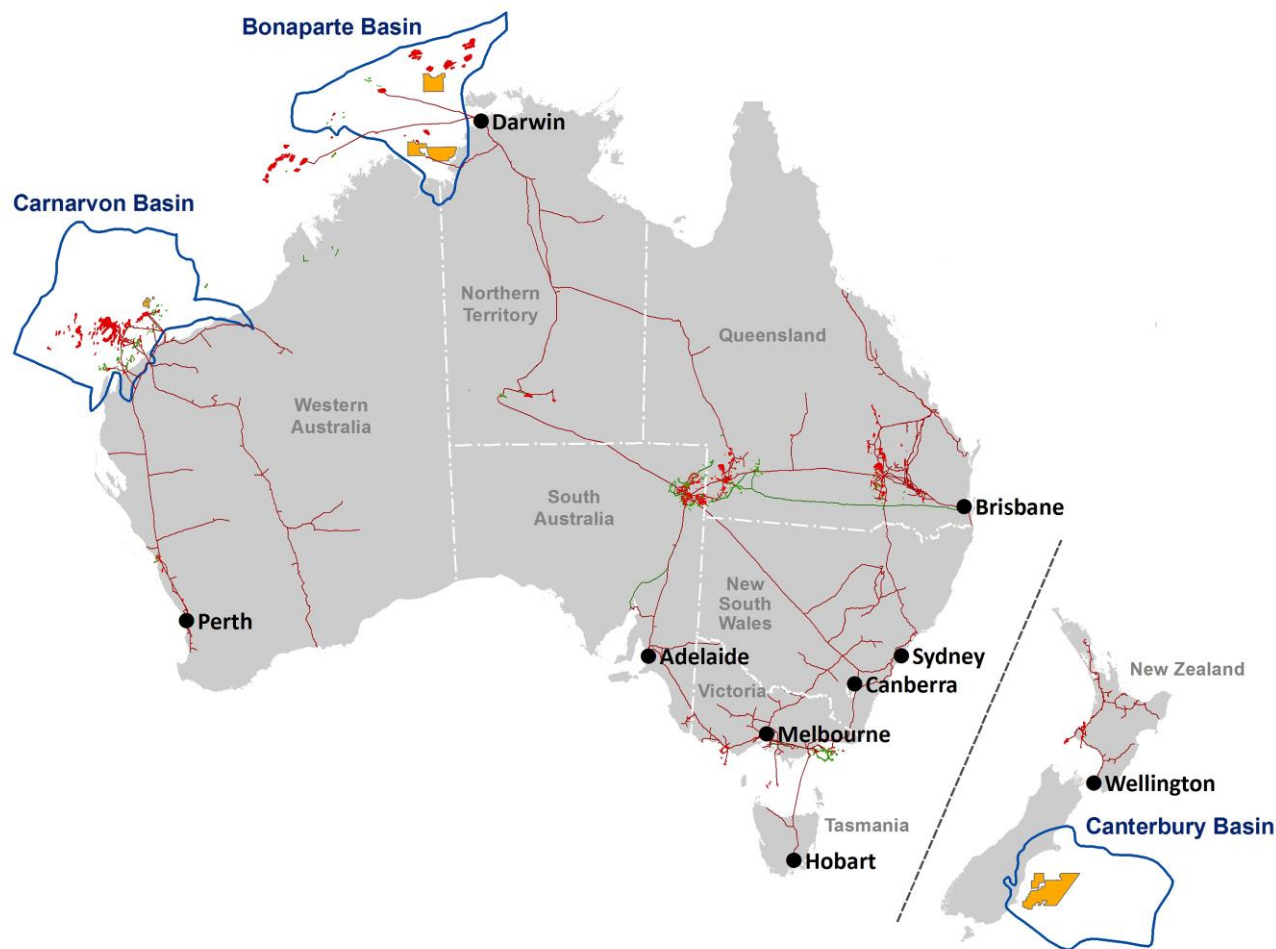


### FY19 Activities

- Drill Haselgrove-4 to appraise the Haselgrove Field
- Drill exploration well Dombey-1 (Beach 70% and operator)
- Sanction Haselgrove development project in FY19 with first gas targeted for FY20

# Frontier Exploration

*High impact exploration targets in portfolio*



## Bonaparte Basin

- Acreage position in two distinct play fairways
- Key Prospects: WA-454-P / Breakwater and Regatta North  
NT/P84 / Gulpener and Corona  
NT/P85 / Ines
- Continue evaluation in FY19

## Canterbury Basin

- Key Prospects: PEP 52717 / Barque  
PEP 38264 / Wherry and Gondola
- Farm-down process underway

## Carnarvon Basin

- Key Prospect: WA-359-P / Ironbark
- Farm-in subject to conditions

# Ready to accelerate organic growth



Financial position	Net debt well ahead of initial target
Opportunity Set	Portfolio of highly accretive organic growth opportunities
Investment growth	Disciplined acceleration in discretionary growth (\$460 – 540 million)
Production growth	Investment to drive medium term production (>30 MMboe by FY21)
Free cash flow	Continue to de-lever and deliver (net gearing below 20% by end FY19)





## 2018 Good Oil Conference



### **Beach Energy Limited**

25 Conyngham Street  
Glenside SA 5065 Australia  
T: +61 8 8338 2833  
F: +61 8 8338 2336  
[beachenergy.com.au](http://beachenergy.com.au)

### **Investor Relations**

Nik Burns, Investor Relations Manager  
Mark Hollis, Investor Relations Advisor  
T: +61 8 8338 2833