

# Interim Results 2022

Pharos Energy

14 September 2022

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# Introduction

Jann Brown

Chief Executive Officer





**PHAROS**  
ENERGY

**Cash flow**

**Growth**

**Returns restored**

## Corporate



- Production guidance on track
- Strong cash generation
- Investment into assets
- Share buyback programme
- Regular dividends to be resumed in 2023
- Net Zero commitment

## Vietnam



- 3-well drilling programme starting this month
- Maintaining production levels
- Supporting the request for licence extensions
- Block 125:
  - Basin opening play
  - Seismic substantially complete
  - Well planning underway
  - Farm-in parties in discussion

## Egypt



- Development drilling programme with rig on long-term contract
- Further value enhancements under review
- NBS well in Q4 2022
- Fully carried for all joint venture costs

# Financial review

**Sue Rivett**

Chief Financial Officer

# 1H 2022 Financial summary

## Production

Vietnam 5,861  
Egypt 2,101 <sup>(1)</sup>

**7,962 boepd <sup>(1)</sup>**

13%

Vietnam 5,429  
Egypt 3,718

1H 2021: 9,147 boepd

## Revenue

**\$129.6m<sup>(2)</sup>**

78%

1H 2021 : \$72.9m<sup>(2)</sup>

## Cash Generated by Operations

**\$57.0m**

213%

1H 2021: \$18.2m

## Cash Opex

Vietnam \$16.5m  
Egypt \$6.3m  
Group \$22.8m

**\$15.82/ bbl**

7%

Vietnam \$15.3m  
Egypt \$9.1m  
Group \$24.4m

1H 2021: \$14.74/bbl

## Cash Capex

**\$14.9m**

57%

1H 2021: \$9.5m

## Balance Sheet

Vietnam	\$365.1m
Egypt	\$81.2m
Net Liabilities	\$(93.3)m
Total BS	\$353.0m
1H 2021: Total BS	\$306.1m

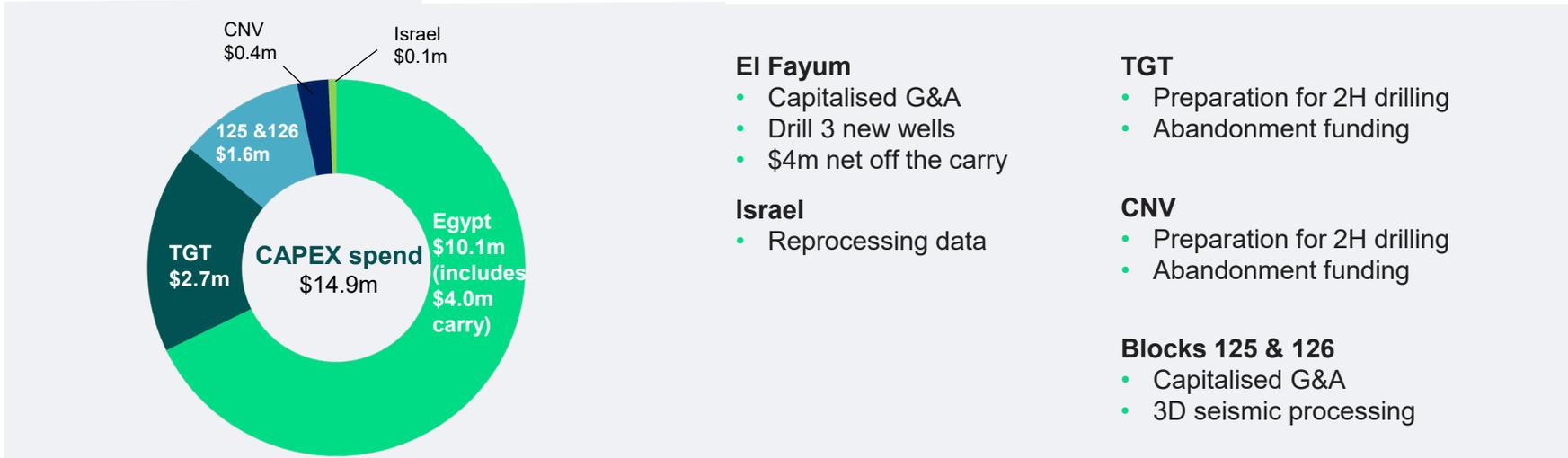
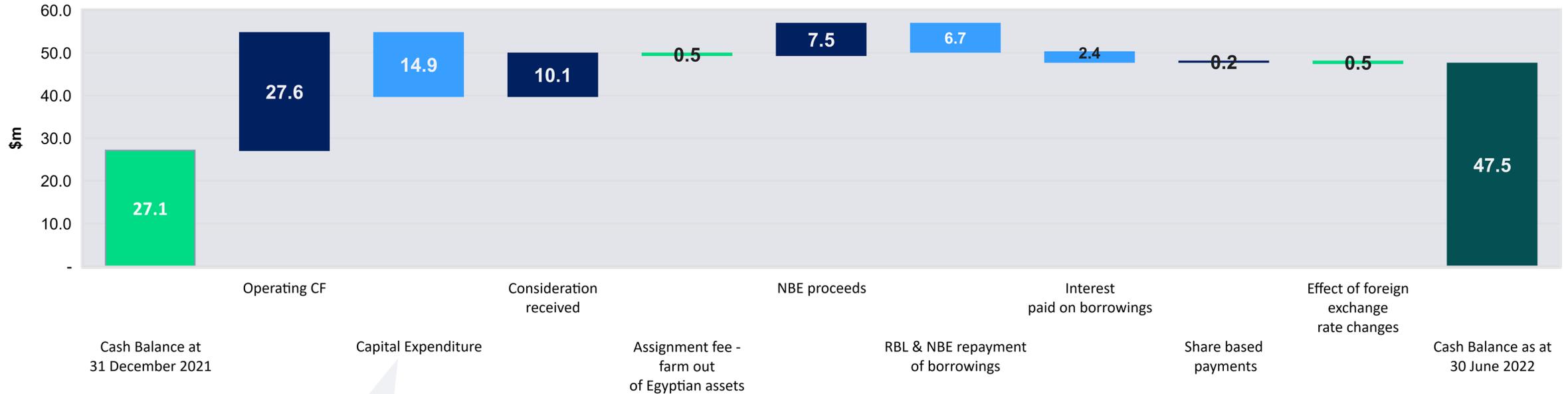
Note:

(1) From 21 March 2022 includes 45% Pharos share of production; 1H 2022 100% production: 3,142 boepd

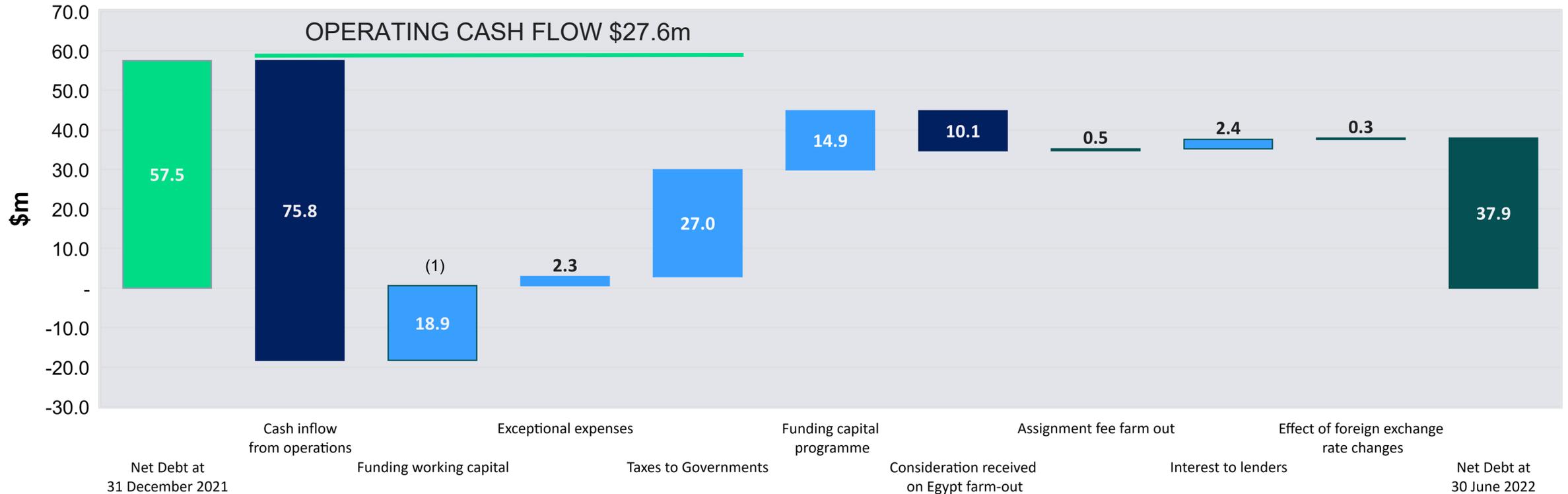
(2) Stated before hedging loss of \$17.3m (1H 2021: \$13.7m loss)

**Net debt to EBITDAX 0.51 (1H2021: 1.26)**

# 1H 2022 Cash flows



# 1H 2022 - Net debt in focus ↓ down \$19.6m from 2021



Note:

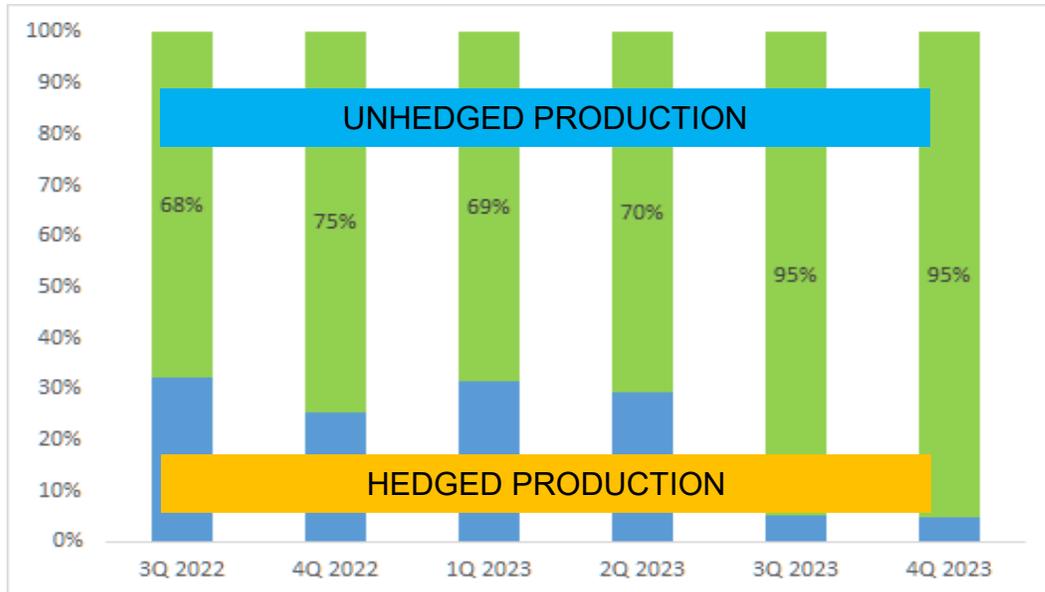
(1) Comprised of: \$4.4m increase in inventory, \$10.4m increase in receivables (inclusive of \$7.0m Third Amendment invoice for El Fayum), \$4.0m decrease in payables

Net debt to EBITDAX 0.51 (1H 2021: 1.26)

# Hedging strategic objectives

- Protect RBL covenants – 35% of Vietnam RBL production volumes
- Protect revenues in low commodity price testing
- Preserve upside exposure where possible
- Range of products used Zero Cost Collars and Swaps
- Layering in protection to down side

Percentage of 2H 2022/ FY 2023 – Estimated Group Production Hedged/Unhedged



Swaps	3Q22	4Q22
Production hedge per quarter kbbls	90	90
Average value of hedge - \$/bbl	72.5	72.5

Collars	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Production hedge per quarter kbbls	60	60	180	180	30	30
Average floor of hedge - \$/bbl	64.0	64.0	65.3	65.3	65.0	65.0
Average ceiling of hedge - \$/bbl	86.7	86.7	102.9	102.9	115.2	115.2

# Egypt

## Fiscal term improvements

- 3rd Amendment Approved in January – Cost recovery increase from 30% to 40%
- Back payment - Additional revenue invoice issued to EGPC for \$7.0m
- Go forward – Extra 20% revenue in full recovery mode

## The Deal for 55%

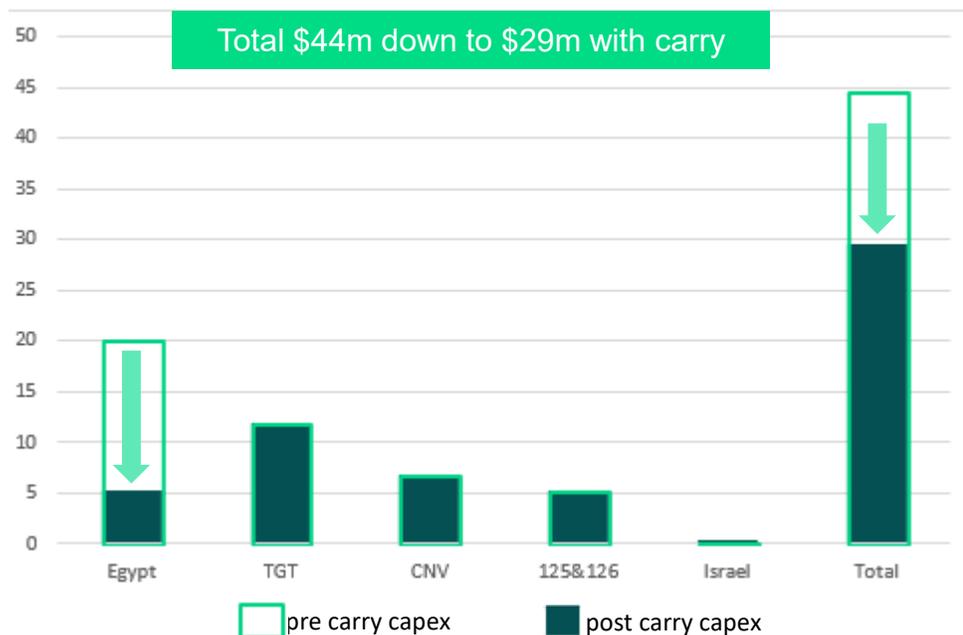
• Cash consideration	\$5.0m
• Capex, opex and G&A carry, as adjusted *	\$37.0m
• Contingent consideration up to (\$62-\$90.5/bbl)	\$20.0m
	Up to \$20m over 4 years (2022-25)

## Carry

• Full carry *	\$37.0m
• Utilisation to 30 June 2022	
• Capex	\$4.0m
• Opex/G&A	\$3.1m
	\$7.1m
• Remaining carry at 1 July 2022	\$29.9m
• Expected to utilise additional	\$13.9m in 2H 2022
• Remaining carry to be utilised in 2023	\$16.0m

\* Adjusted for working capital and interim period adjustments from effective economic date 01/07/2020 and completion date. The interim period adjustments amount is the best estimate as at 30/06/2022

# 2022 Cash Capex Forecast



## Vietnam

- TGT 2-well programme from Sep 22
- CNV well Q4
- Block 125 – 3D seismic interpretation, long lead items for the commitment well in 2023

## Egypt

- Farm-down to fund the 2022 development programme in full after completion
- IPR to carry our 45% interest, carry continues into 2023 up to the cap

# 2022/2023 Key Considerations

## Egypt

- Revenue to be received direct
- Receivables balance / EGP v USD
- Modest Pharos costs

\$m	2022	2023
Carry \$37m	21.0	16.0
Contingent consideration	-	5.0
Assignment fees	-0.5	-2.2
Deal fees	-1.7	-
Royalty payment \$5m	-3.5	-1.5

## Vietnam

- Low breakevens
- Fast payback for 3 well drilling campaign 2H 2022

## Group

- Capital programme funding for 2022 of \$29m
- Reduced G&A costs
- Share buyback \$3m in 2H 2022
- Capital allocation
- Return to modest dividends in 2023

# Operational Review

**Mohamed Sayed**

Group Head of Technical,  
General Manager – Middle East

# Vietnam



# Vietnam

## TGT & CNV Production

1H 2022 Production net **5,861 boepd**

Vietnam 2022 net production guidance

**5,000 – 6,000 boepd**

### TGT field

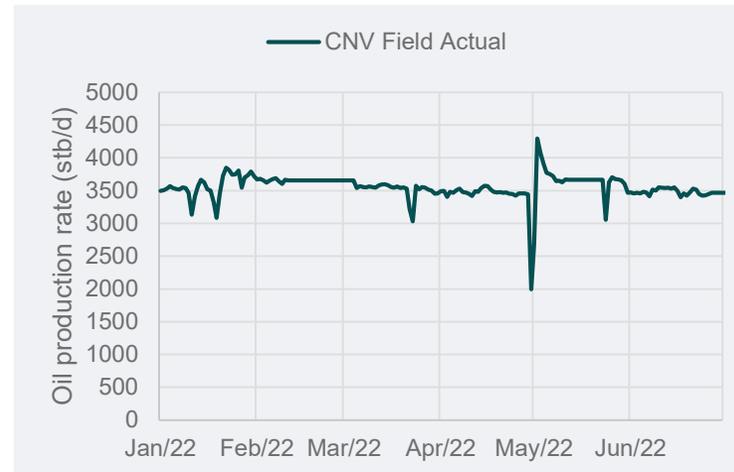
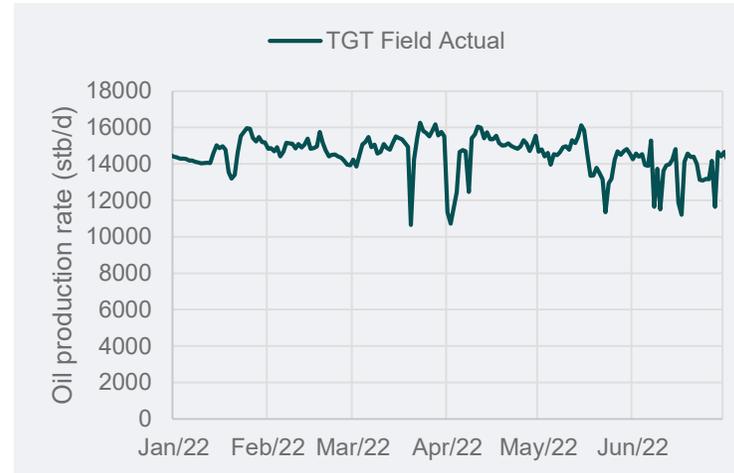
1H 2022 Production net **4,490 boepd**

### CNV field

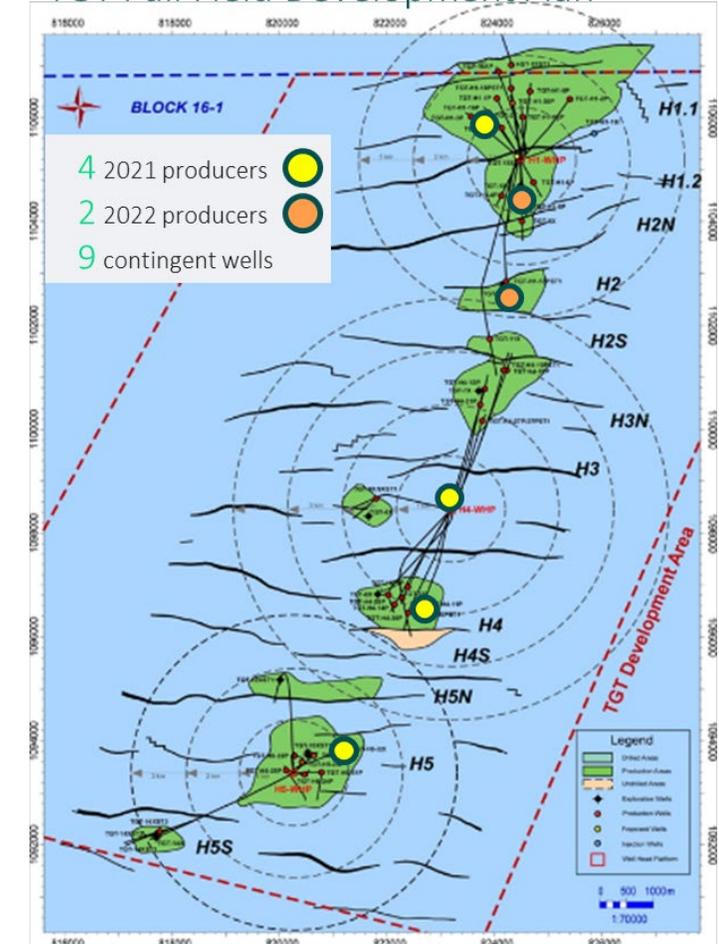
1H 2022 Production net **1,371 boepd**

- Rig contracted for this year’s drilling programme, which includes two TGT and one CNV well
- CNV Revised Full Field Development Plan approved by MOIT
- 1H 2022 operations focused on well intervention programme to manage production improvements proactively

## 2022 Production Performance



## TGT Full Field Development Plan



(1) Six development wells have been approved in the FFDP. The JOC has completed the drilling of four development wells in 2021, the remaining two wells have been approved in the 2022 budget cycle and are planned for drilling in 2022.

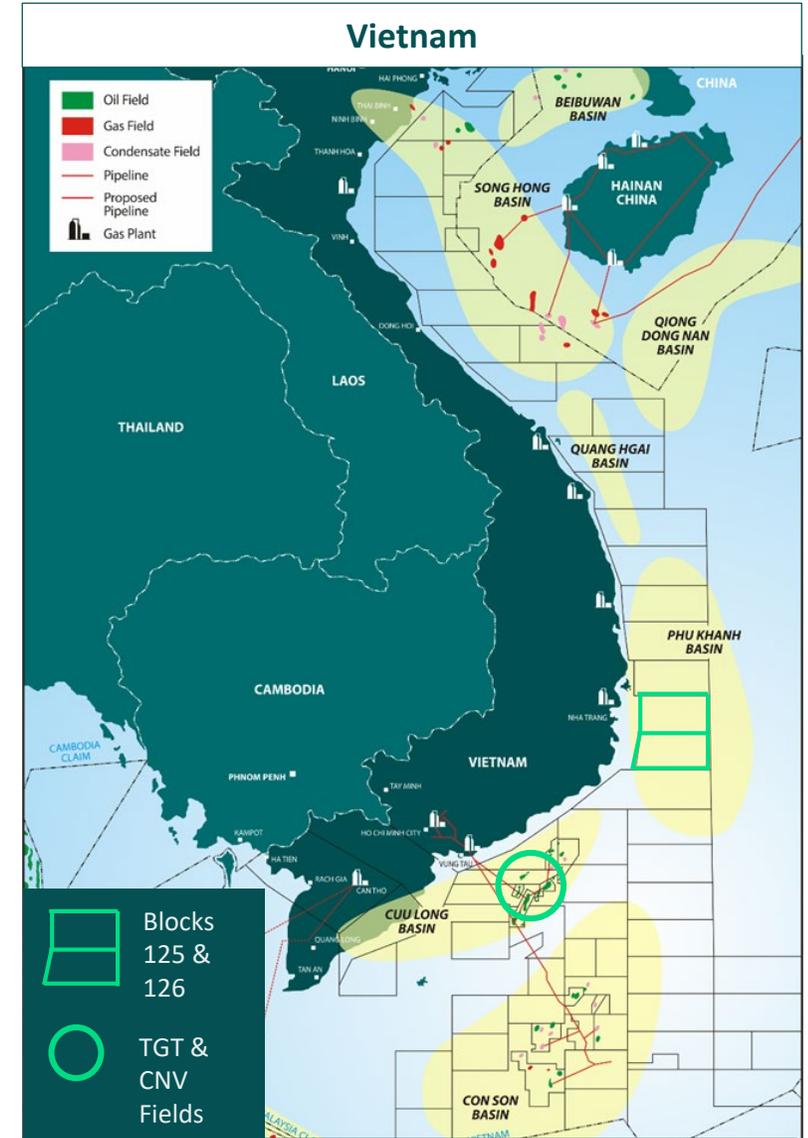
# Vietnam – Activities

## TGT

- ✓ Significant well intervention activity
- ✓ FPSO gas turbine compressor issue fixed
- ✓ 2 firm wells (H1-35P and TGT-11XPST) scheduled for 3Q 2022
- ✓ Request for extension out to 2031 under preparation, which includes modest updates to the Full Field Development Plan (FFDP)
- ✓ Targeting move of 1.3 mmboe Net 2C Resources to Net 2P Reserves\*

## CNV

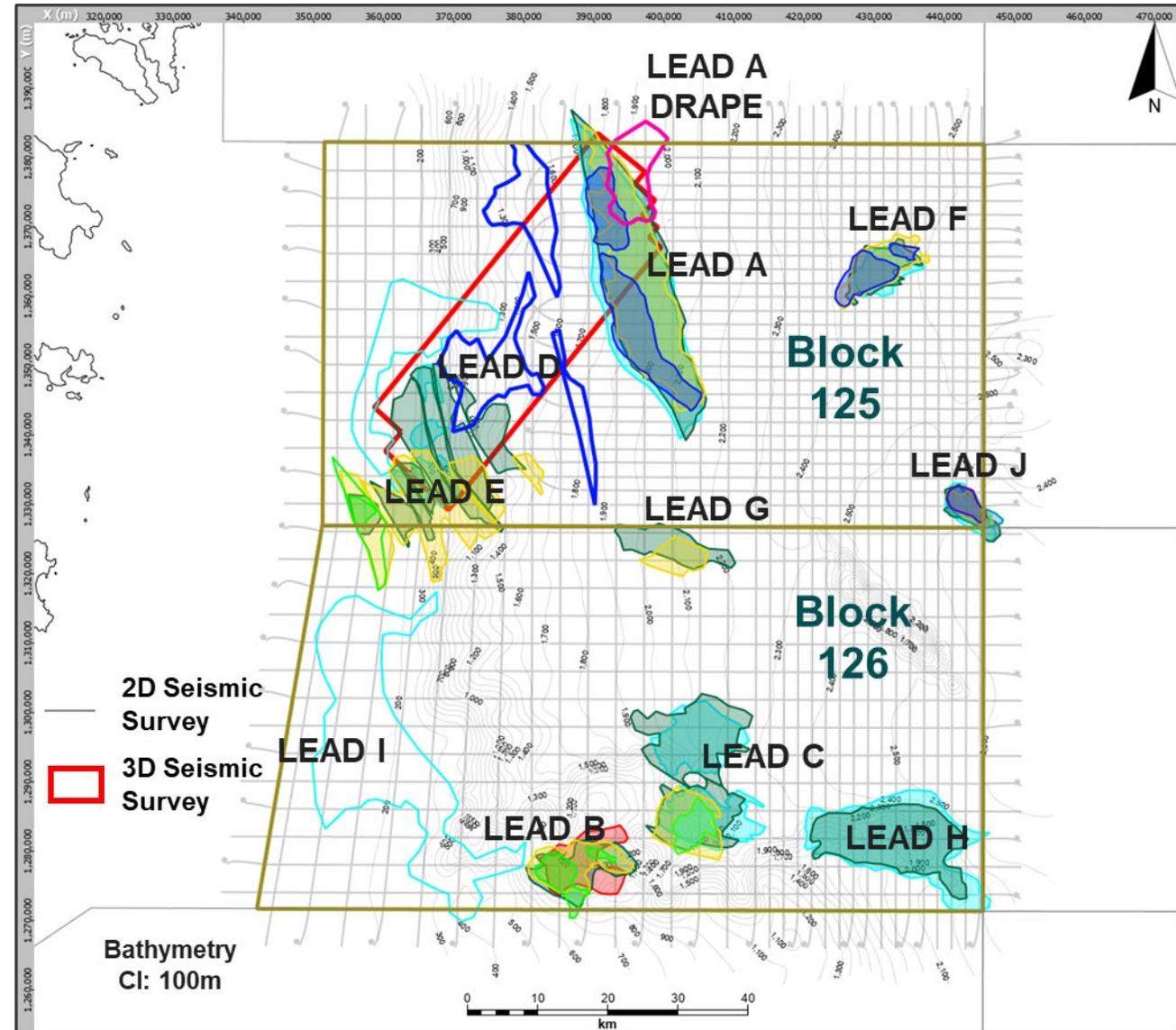
- ✓ Routine maintenance & optimisation projects
- ✓ 1 additional lateral from well 2P scheduled for 4Q 2022
- ✓ Request for extension out to 2032 under preparation, which includes modest updates to the Full Field Development Plan (FFDP)
- ✓ Targeting move of 0.7 mmboe Net 2C Resources to Net 2P reserves\*



Note: \* The reserves numbers are based on YE 2021 reserve report.

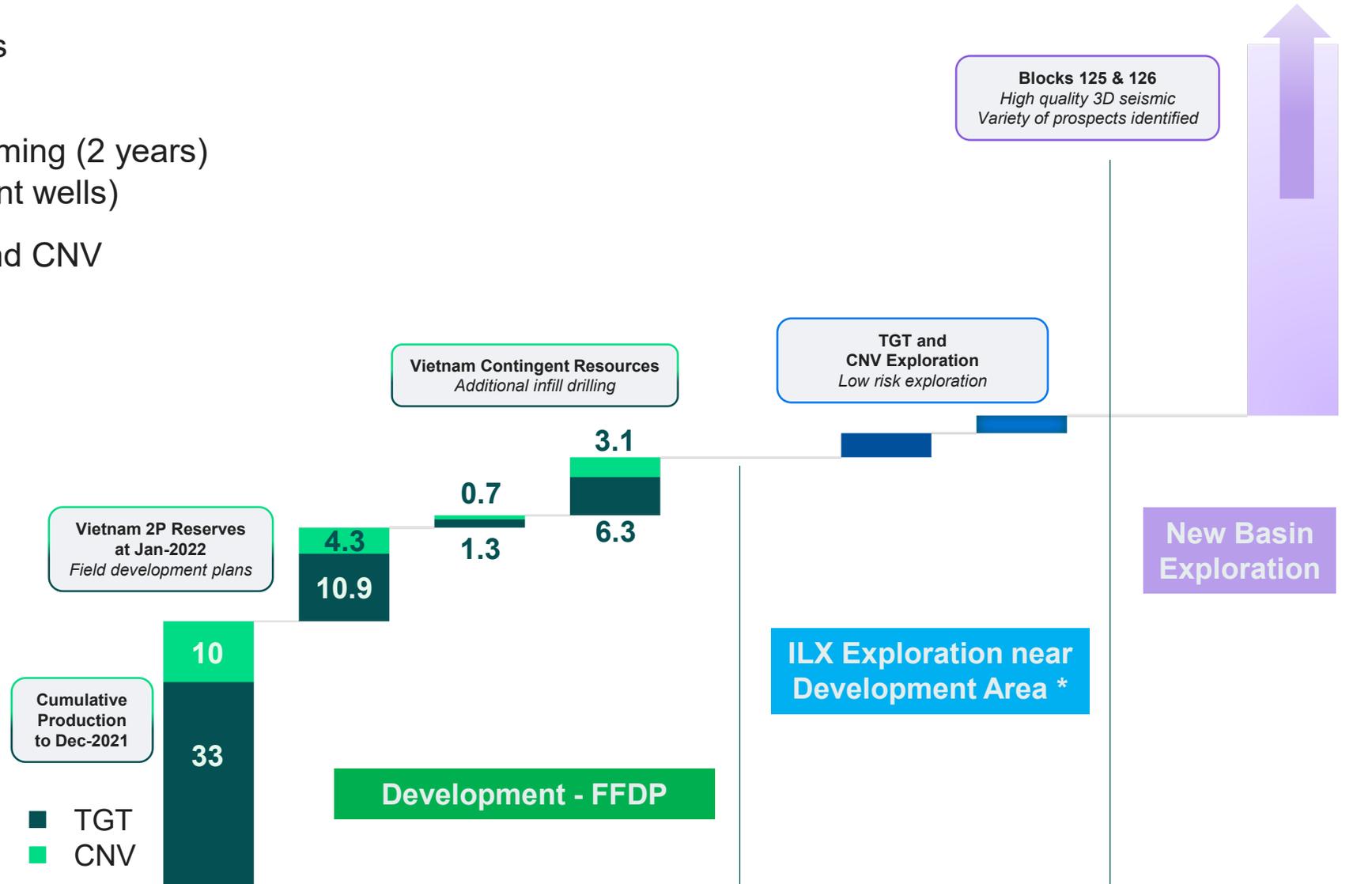
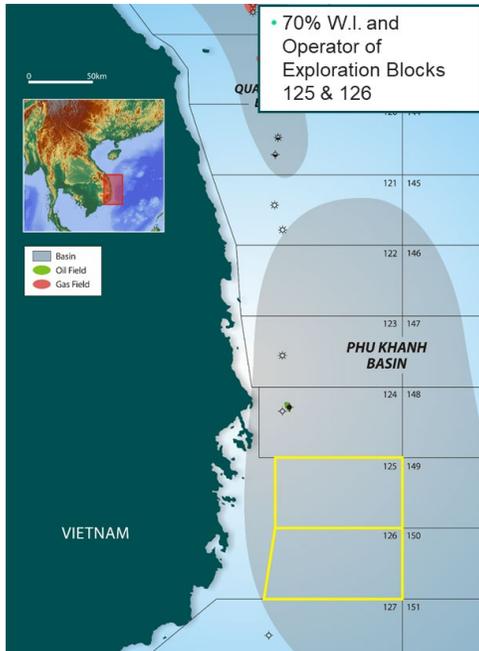
# Vietnam Exploration – Block 125

- 3D seismic processing is substantially complete
- Variety of Leads in shallow to deep waters identified, being worked up to Prospects
- Well location(s) to be presented to the Management Committee in December 2022
- Well planning has started to meet the timeline of drilling in September 2023
- Encouraging farm-in interest from a number of parties



# Value Growth in Vietnam

- Continue to develop 2P reserves
- Licence extension:
  - 2C to 2P through additional timing (2 years)
  - Additional drilling (9 Contingent wells)
- Exploration/ Appraisal in TGT and CNV
- 125/126 exploration



Note: Production, Reserves, Contingent and Prospective Resources figures are Pharos net working interest. | \* ILX : infrastructure-led exploration

# Egypt



# Egypt

## Egypt Production

1H 2022 Production net\*

2,101 bopd

Egypt 2022 net production guidance

1,350 - 1,800 boepd

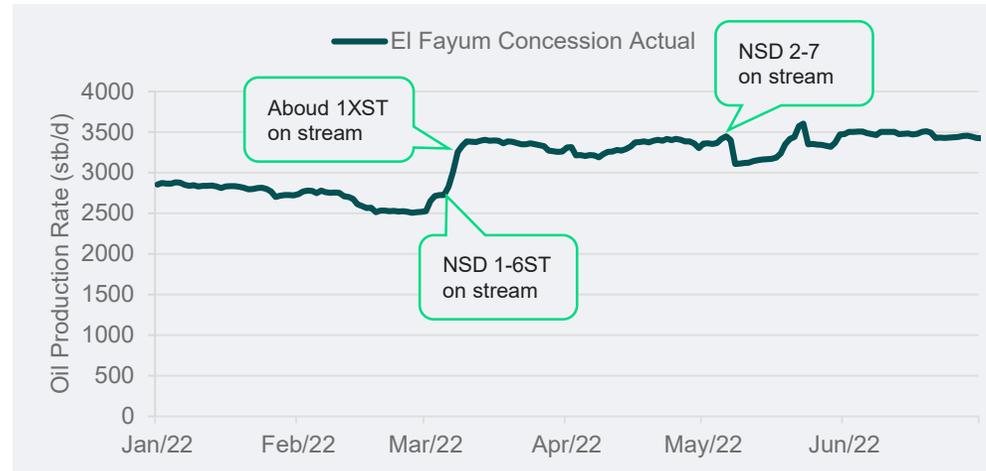
Gross oil production increased from c.2,800 bopd in January to c.3,400 bopd in June

## El Fayum Activities

- The transaction with IPR and transfer of operatorship completed on 21 March 2022
- Four wells brought online until end of August, two drilled and awaiting completion and two more wells planned for 2022
- Drilling rig secured on long term contract
- Workover rig continue to restore production through well repairs and recompletions

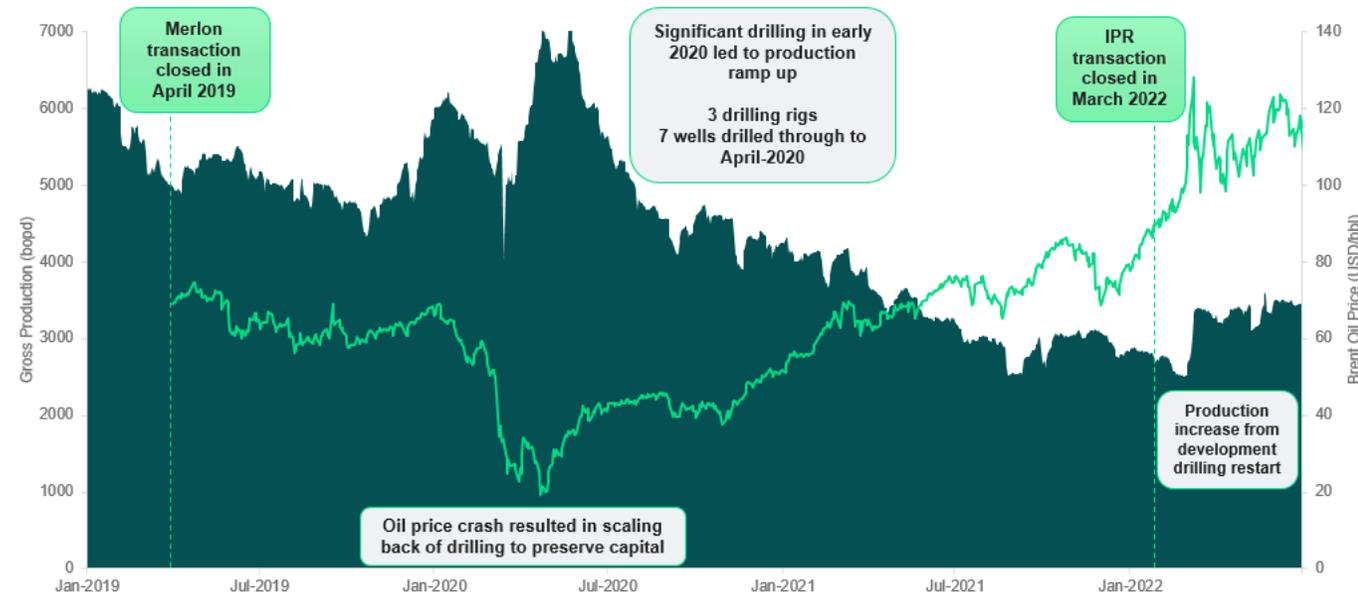
\*Production from El Fayum from 1 January to 30 June 2022 averaged 3,142 bopd gross and 2,101 bopd net to Pharos.

## 2022 Production Performance



Note: Well count excludes water injectors and water supply wells. Development includes appraisal wells

El Fayum Wells Drilled	2019	2020	2021	2022 YTD
Exploration	1	0	1	0
Development	15	7	1	5



# Egypt – Activities, reserves and resources

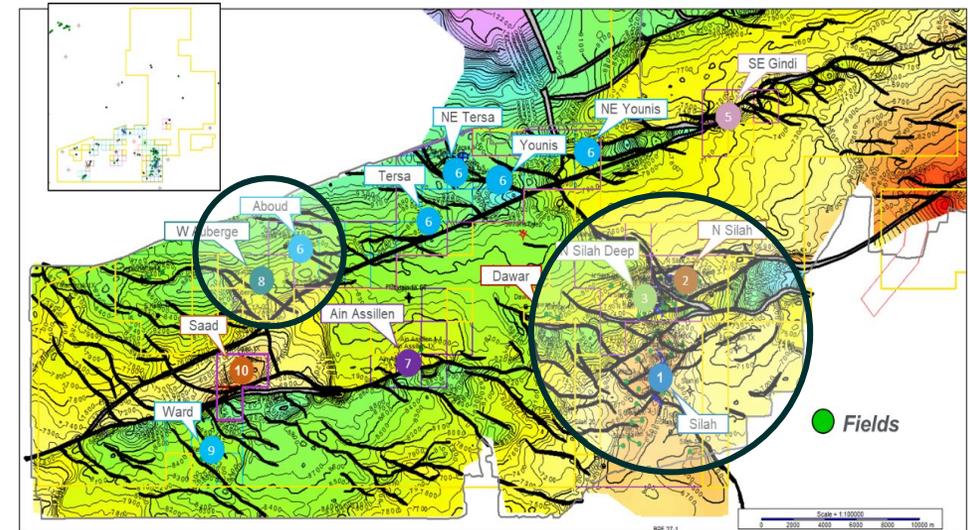
## El Fayum

- ✓ Ramp up activities post farm-out completion
- ✓ Significant well intervention activity
- ✓ 4 wells brought online since completion (till August), 2 wells drilled awaiting completion and 2 more planned in 2022
- ✓ Managing through supply chain interruptions

## North Beni Suef

- ✓ 1 commitment exploration well planned for 2022
- ✓ Acquisition of 3D seismic data
- ✓ Request extension to exploration period

## New Development Wells



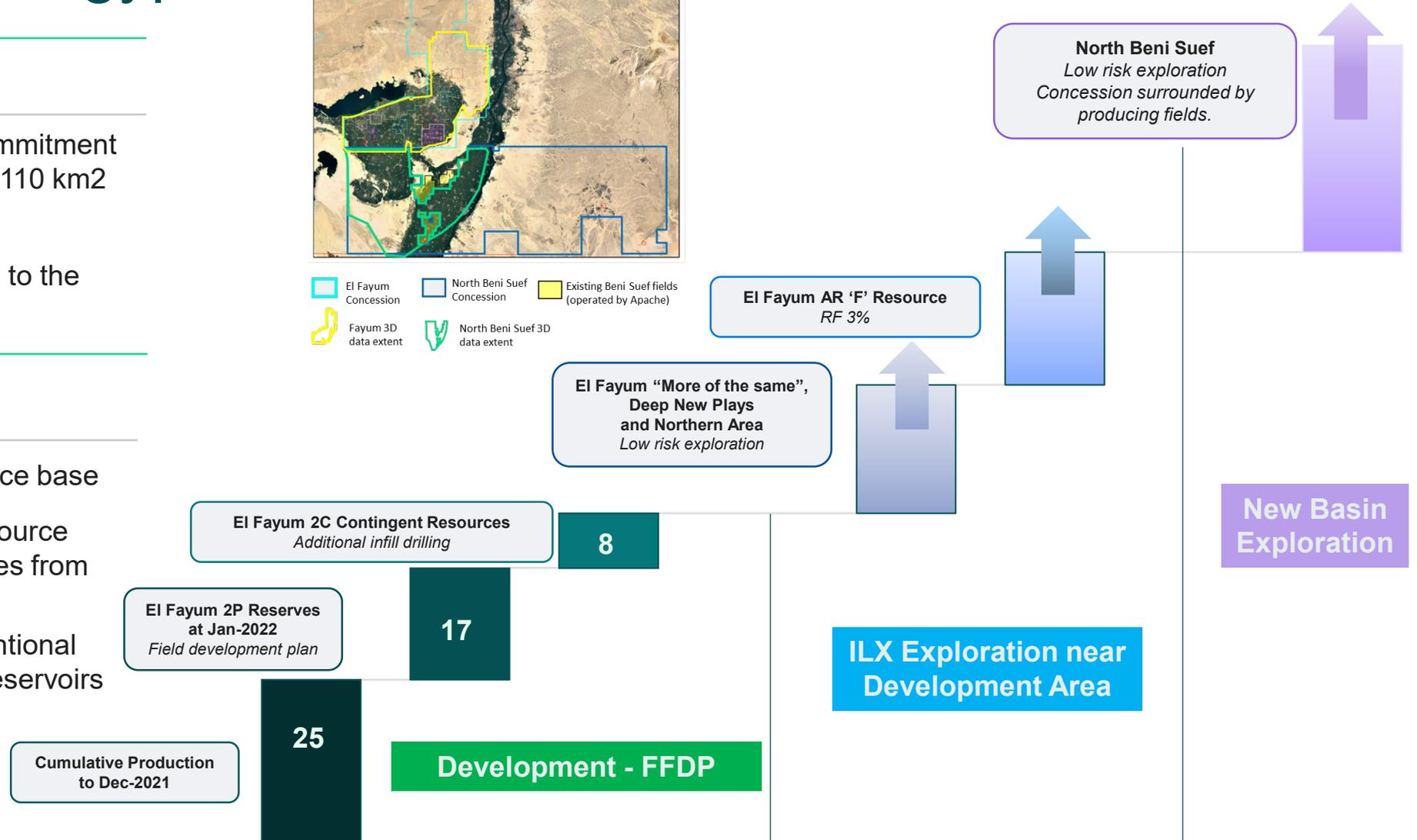
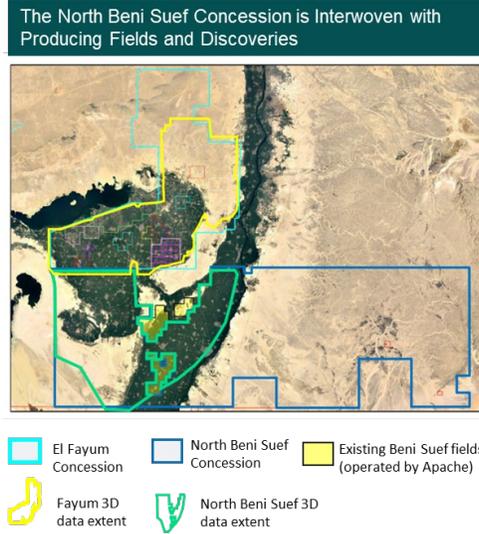
# Value Growth in Egypt

## North Beni Suef (NBS)

- Partners now plan to drill a commitment well in 4Q 2022 and acquire c.110 km<sup>2</sup> of seismic data
- Pursuing a one year extension to the exploration period from EGPC

## El Fayum Exploration

- Focusing on developed resource base
- Significant unconventional resource base AR-F supported by studies from US unconventional experts
- Large area unexplored Conventional exploration potential – Deep reservoirs and Northern Area



Note: Reserves, Contingent and Prospective Resources figures are 45% net to Pharos after farm-out completion

# ESG

Jann Brown

Chief Executive Officer



# Operating a sustainable business

## Environment

Hydrocarbon produced by equity share at 1H 2022

- 49 kg CO<sub>2</sub>e /boe
- 374 tonnes CO<sub>2</sub>e/1000 tonnes



## Carbon Disclosure Project

Continue to report transparently in the CDP's Climate Change and Water Security Questionnaire 2022



## Task Force on Climate-related Financial Disclosures

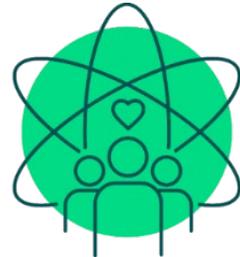
Continued work to align with TCFD's recommendations on Financial Disclosure



## Society

Community and charitable investments approved for 2022

- \$248,800
- 11 projects



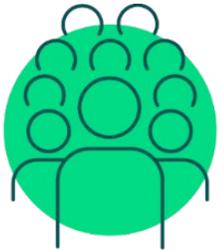
## Ethics

- 100% employees and relevant contractors undertaken anti-bribery and corruption (ABC) training



## People

- Zero Lost Time Injury in Vietnam & Egypt in 1H 2022
- 4/6 Board members are women



## Business

Pharos contributes to local economic development of host countries through oil sold domestically, and tax & royalties paid

- 100% El Fayum oil sold in Egypt

- \$38.6m Tax & royalty payments in 1H 2022 in Vietnam



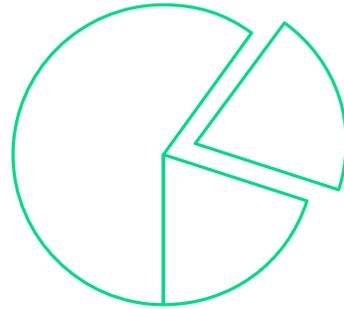
# Net Zero commitment

to achieve Net Zero Scope 1 and Scope 2 GHG emissions on all our assets by no later than 2050



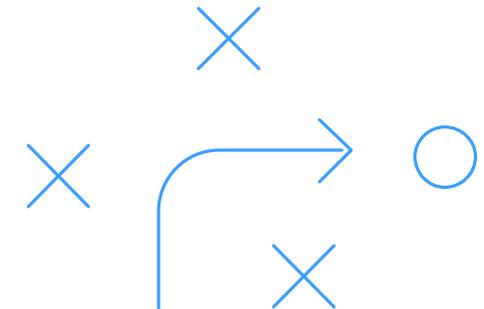
## Commitment

- Net Zero emissions by 2050
- Scope 1 and Scope 2
- All of our assets
- Future business developments will take this commitment into account



## Emissions Management Fund

- Support emissions management projects in line with our climate goals
- For every barrel sold at an oil price above \$75, \$0.25 will be set aside for this Fund



## Roadmap

- Roadmap in 2023 to include:
  - A baseline emissions inventory
  - Emission reduction frameworks
  - Targets over the short and medium term
  - Capital expenditure and resourcing

# Outlook

Jann Brown

Chief Executive Officer



# Shareholder returns

Stability and confidence to resume returns to shareholders, in the form of both share buybacks and dividends



\$3m share buyback programme commenced in July 2022, of which \$1.6m has been committed



Expect to return to regular dividend payments



Distributions to be based on Operating Cash Flow (OCF)\*, which takes into account:

- Oil price
- Tax, which is the main government take in Vietnam
- Working capital movements



Expect to declare a final dividend for 2022 based on 2022 OCF, to be approved by shareholders at the 2023 AGM



From 2023, plan to pay in two instalments, interim & final

\* Operating cash flow = Net cash from operating activities, as set out in the Interim Results press release.



# Conclusion & Outlook

## Responsible approach to capital allocation

### Near term focus on existing assets

- Wide range of significant opportunities in pipeline
- Development in both Vietnam and Egypt
- Low cost – high-ranked exploration in Egypt
- Basin opening play in Vietnam

### Ongoing focus on shareholders

- Share buyback ongoing
- Regular dividends from 2023

Targeting growth, cash flow and shareholder returns

# Q&A



# Appendix



# Egypt impact on 1H 2022 results

## Income Statement

• Back payment - Additional revenue invoice issued to EGPC	\$7.0m
• Revenue 100% to completion	\$10.5m
• Revenue 45% following completion	\$8.3m
• Loss on disposal (includes deal success fees and assignment fess)	\$5.8m

## Balance Sheet

\$m's	Dec 2021	June 2022
• Receivables EGPC	\$7.4m	\$14.9m
• Receivables IPR - Carry	-	\$29.9m
• Other receivables – IPR *	-	\$14.1m
• Net Asset Held for Sale	\$53.5m	-
• Property, plant & equipment	\$49.2m	\$78.7m
• Accrued Liabilities EGPC	-	\$3.1m

## Cash

	Dec 2021	June 2022
• Cash consideration received	\$2.0m	\$3.0m
• Carry used	-	\$7.1m
• EOS awards/Success fees	-	\$3.8m

\* \$4.7m current and \$9.4m non-current

## Investor Relations

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