



ASX Announcement

2021 Investor Update

Reference #045/21

Date

28 September 2021

Key highlights

- Production target base case of 28 MMboe in FY24, excludes exploration success and pre-FID projects¹
- Growth is fully funded and delivered through development projects already in execution phase
- Drilling completed at Geographe 4 and 5 – both wells intersected reservoir in-line with pre-drill expectations²
- Signed Heads of Agreement (“HOA”) with bp for all 3.75 million tonnes of Beach’s share of expected LNG volumes from Waitsia Gas Project Stage 2, targeting final SPA in H2 FY22
- Additional organic opportunities within the portfolio have potential to maintain plateau production through all gas facilities
- On track to deliver “25 by 25” operated emissions target with Moomba Carbon Capture and Storage (“CCS”) to potentially deliver the next step change in emissions reduction
- Maintaining conservative balance sheet with net gearing expected to peak at <10%³ in FY22
- Liquidity increased to ~\$650 million⁴ following successful refinance and upsizing of revolving debt facility to \$600 million
- Targeting material stable free cash flow from eight gas plants by FY24
- Surplus cash flows to drive capital management optionality

Beach targets material production growth from FY24

Beach Energy Limited (ASX: BPT, Beach) today released its 2021 Investor Update, outlining the Company’s low-risk strategy targeting production of 28 MMboe in FY24, which excludes exploration upside and pre-FID projects outside of Enterprise.

¹ Base business includes pre-FID of the Enterprise pipeline project. The Enterprise 1 well was drilled in H1 FY21 and the pipeline tie-in to the Otway Gas Plant is expected to achieve FID in H2 FY22.

² Geographe 4 is located in production license VIC/L23 (Beach: 60% and operator, O.G. Energy 40%), offshore Victoria, encountered 79 metres of net pay (TVD) in the primary targets of the Flaxman and Waarre Formations from 4,680 to 4,887 metres measured depth. Wireline evaluation confirmed the presence of gas in communication with the main field, as expected. Geographe 5 is located in production licence VIC/L23 (Beach: 60% and operator, O.G. Energy 40%), offshore Victoria, encountered 1,660 metres net gas pay in overall horizontal section of 2,143 metre MD in Thylacine member.

³ Refer to pricing assumptions on page 3. Brent oil price of US\$65.00 per barrel, US\$67.50 per barrel and US\$67.00 per barrel in FY22 – 24 respectively, 2. AUD/USD exchange rate of 0.80 in FY22 and 0.75 from FY23.

⁴ Pro-forma liquidity position as at 31 August 2021

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This targeted growth, which represents a compound annual growth rate (CAGR) of 13%, incorporates Beach's sustainability focus to deliver a 25% emissions reduction from FY18 baseline by 2025 and an aspiration to reach net zero emissions by 2050.

Beach Energy Managing Director and CEO Matt Kay said the Company's diversified base business is slated to deliver material gas production growth in the near-term, through the recently completed Kupe Inlet Compression project, future connection of the Offshore Otway wells and delivery of the Waitsia Stage 2 Gas Project.

"Beach's corporate strategy focuses on filling our gas plants and supplying gas into the tightening Australian East Coast, New Zealand gas and international LNG markets," Mr Kay said.

"The successful delivery of first gas from the Kupe Inlet Compression project and the recently signed HOA with bp for all our marketed Waitsia Stage 2 LNG volumes represent the first runs on the board as we look to deliver our growth strategy.

"The offshore Otway and Waitsia Stage 2 developments are expected to provide significant production uplifts over the next two years, with the first of the offshore Otway wells on track to be connected in early 2022 with the recent Geographe 4 and Geographe 5 results meeting pre-drill expectations.

"Once complete, this investment program is expected to see Beach's gas business generate material stable free cash flows from our eight plants by the end of 2023, providing us with multiple free cash generation options."

Mr Kay said Beach's base case scenario provides production uplift targeting 28 MMboe in FY24, a 27% increase on the midpoint of FY22 guidance.

"We have built a business that is no longer reliant upon Western Flank upside, with base production growth not banking on FY22 exploration drilling success, although we do retain upside potential across all of our five basins," Mr Kay said.

"Material cash flows from our stable gas business will provide Beach with optionality, including re-investment into our high returning gas assets to maintain plateau production, maximising the value of our infrastructure and other capital management decisions."

Mr Kay said that emissions reduction was a core objective for the Company, with an established operated emissions reduction program and an aspiration to achieve net zero emissions by 2050.

"We are taking pragmatic steps forward in relation to decarbonising our operations, as we seek to deliver on our initial "25 by 25" objective to reduce Scope 1 and 2 operated emissions by 25 per cent by FY25," Mr Kay said.

"In addition, we have completed FEED studies for the Moomba CCS project, which is being led and operated by our joint venture participant Santos.

"This is a nation-leading project, which represents a true step-change opportunity in our emissions reduction agenda."

Webcast details

Management will host a pre-recorded presentation on Tuesday 28 September commencing at 9:00am Australian Eastern Standard Time (AEST). The presentation will be followed by a live Q&A session.

Investors wishing to access the webcast may do so via the Investor Centre on the Beach Energy website (www.beachenergy.com.au).

Authorisation

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

Disclaimer

This 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: COVID-19 risks, 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.

Free cash flow in this release is defined as cash flows from operating activities plus cash flows from investing activities less cash flows from acquisitions and divestments less lease liability payments.

All references to dollars, cents or \$ in this release 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 2021 and represent Beach's share.

References to planned activities in FY22 and beyond FY22 may be subject to finalisation of work programs, government approvals, joint venture approvals and board approvals.

Due to rounding, figures and ratios may not reconcile to totals throughout this release.

Assumptions

FY22 guidance is uncertain and subject to change. FY22 guidance has been estimated on the basis of the following assumptions: 1. various other economic and corporate assumptions; 2. assumptions regarding drilling results; and 3. expected future development, appraisal and exploration projects being delivered in accordance with their current expected project schedules.

The production and capital expenditure forecasts beyond FY22 within this presentation are not guidance and is subject to change. Outlook has been estimated on the basis of the following economic assumptions: 1. Brent oil price of US\$65.00 per barrel, US\$67.50 per barrel and US\$67.00 per barrel in FY22 – 24 respectively, 2. AUD/USD exchange rate of 0.80 in FY22 and 0.75 from FY23, 3. various other economic assumptions and corporate assumptions, 4. assumptions regarding drilling results, and 5. expected future development, appraisal and exploration projects being delivered in accordance with their current expected project schedules.

These future development, appraisal and exploration projects are subject to approvals such as government approvals, joint venture approvals and Board approvals. Beach expresses no view as to whether all required approvals will be obtained in accordance with current project schedules.