



INVESTOR PRESENTATION | Third Quarter 2022 Results Update

# WALDORF PRODUCTION UK PLC



WALDORF  
PRODUCTION

30 November 2022



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# COMPANY & OPERATIONS UPDATE

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WALDORF  
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# WALDORF: A PRODUCTION-FOCUSED OIL & GAS INDEPENDENT

## INTRODUCTION

- › Private oil & gas company with a diversified portfolio of producing and development assets
  - Owners comprise group of Norwegian investors and management/directors
  - Highly acquisitive company with growth delivered by focused M&A strategy and near-term value enhancement across the company's existing portfolio
  - Established through the acquisition of Endeavour Energy UK in late 2019
  - Transformational acquisition of interests in Catcher and Kraken from Cairn Energy completed in November 2021, generating material cash flow growth
  - USD 300m bond issue in October 2021 to finance acquisition from Cairn Energy and refinance existing debt
  - Waldorf Production Limited's previously announced acquisitions of MOL UK (completed on 10<sup>th</sup> November 2022) and Alpha Petroleum (closed on 4<sup>th</sup> November 2022) further diversify the group's asset portfolio, with the Cheviot gas development providing significant medium-term growth optionality
  - Completed the acquisition of minority interest in two US Gulf of Mexico producing fields (Stonefly and Praline). Currently producing c.500 bopd
- › Highly cash generative portfolio
  - 3Q 2022 production modestly lower than forecast due to TARs deferred from 2Q; FY2022 net production now expected to be at lower end of previous guidance
  - YTD 2022 Free Cash Flow of USD 218m (prior to financing activities and earn-out payment)
- › Strategy to grow through acquisition of producing assets, leveraging the shift in market and ownership structures in the North Sea and targeted international geographies

## DIVERSIFIED UK PORTFOLIO





# WALDORF: WPUK 3Q 2022 TRADING UPDATE

## 3Q 2022 YTD OPERATING CASH FLOW, PRIOR TO DEBT SERVICING AND EARN OUT PAYMENT, OF USD 218M<sup>3</sup>

- › Strong cash flow generation in 2022 YTD, driven by steady production performance (in line with guidance) and a buoyant commodity price environment
- › 3Q 2022 YTD Opex per barrel remains modestly above Waldorf's guidance range, primarily as a result of increasing fuel/power costs
- › FY2022 Capex anticipated to come in below guidance, with drilling activity at the Greater Catcher Area successfully completed in November, whilst the 3-well Alba drilling program is now delayed into 2H2023
- › Net Debt position of USD 91m (unrestricted cash only), placing the Company comfortably within its Net Debt: EBITDA covenant test. In addition, the company holds restricted cash of USD 95m
- › A dividend of USD 76m was declared and paid after the reporting period on 5<sup>th</sup> October 2022. We retain a conservative balance sheet and strong cash flow generation across the portfolio
- › Following the Chancellor's announcement on 17 November, WPUK's future profits from January 2023 will be subject to a 35% Energy Profits Levy ("levy") (increase from 25% in 2022). The lifespan of the EPL has also been extended until March 2028 (previously December 2025). At current commodity prices, management estimates c.USD 30m impact of the Energy Profits Levy for 2022<sup>2</sup>. We are working on understanding the impact for 2023 and future years as we finalise budgets for the year towards year end



# DELIVERING ON THE PLAN PREPARING FOR THE FUTURE

## KRAKEN



- › The Floating, Production, Storage & Offloading (FPSO) vessel continues to deliver excellent production and water injection efficiency
- › YTD 2022 production in line with forecast
- › Q3 maintenance shutdown successfully completed in September
- › Seismic under interpretation to mature drilling targets
- › Plans to secure a rig for 2024+ drilling programme are being advanced by the Operator

## CATCHER



- › The FPSO continues to deliver good safety and operational performance
- › YTD 2022 production in line with forecast including gas export
- › 2022 drilling campaign concluded with rig demobilisation on 20 November
- › Successful result on Burgman Far East, first oil production expected in January 2023
- › 2024 drilling targets being evaluated and LLI commitments required in 2023 budget

## ALBA



- › Ongoing focus on late life maintenance and asset integrity
- › Maintenance TAR successfully completed in Q3 2022
- › Operational decision to reduce water injection mid year has impacted 2H2022 production
- › Resumption of drilling now expected to occur in 2H2023 with a campaign of 3 infill wells
- › JV working closely to manage OPEX, including fuel gas costs

## COLUMBUS

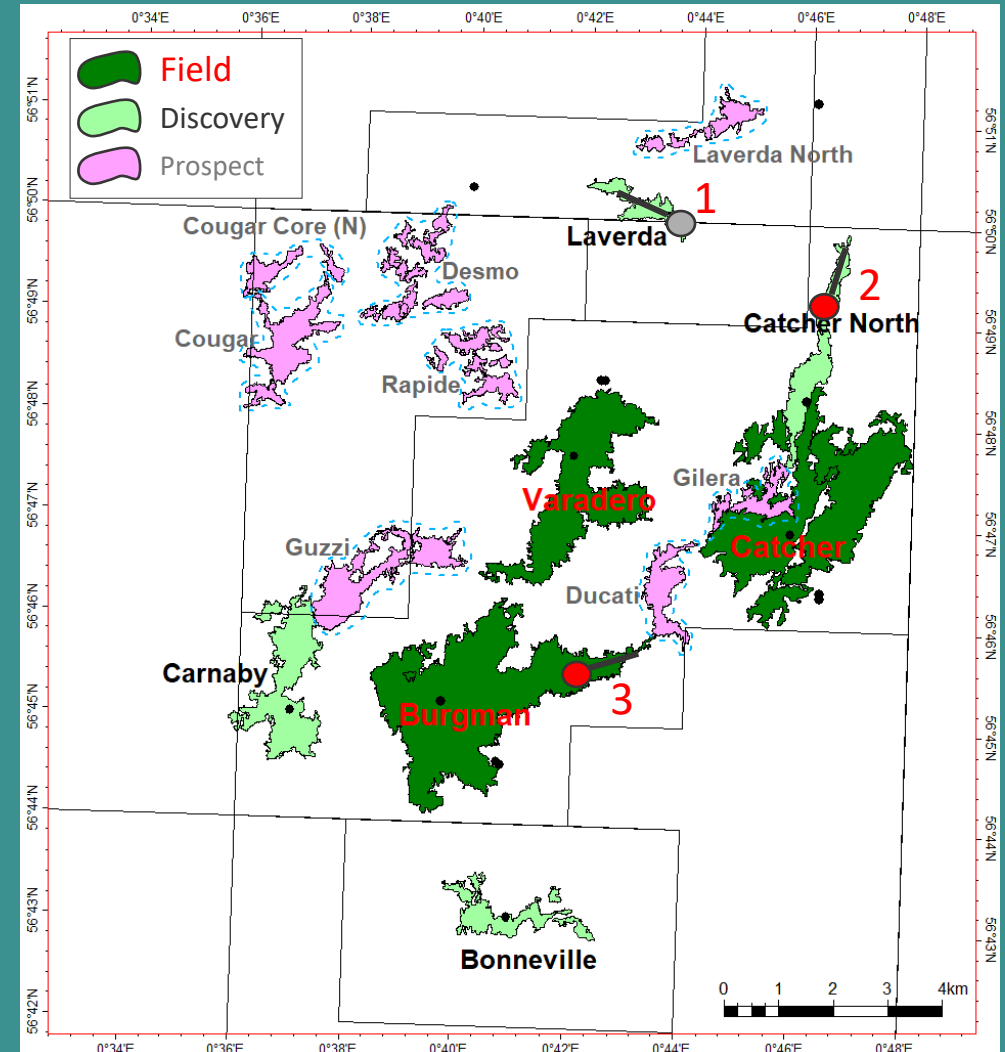


- › Decline now slowing following faster initial depletion, connection to larger GIIP
- › Lower rates partially compensated by better Shearwater uptime
- › Still benefitting from high gas prices following payback
- › Predictable future production

# 2022 DRILLING CAMPAIGN RESULTS

## › 2022 drilling campaign:

- 1) Laverda appraisal
  - Encountered gas bearing reservoir at the lower end of prognosis, not completed
- 2) Catcher North
  - Targeted reserves in NE extension of Catcher Field
  - Well encountered reservoir within prognosis, completed as gas condensate producer
  - First gas achieved Oct 2022, with rates ~ 3mmscf/d
- 3) Burgman Infill (Burman Far East)
  - Targeted reserves in an undeveloped region in the Burgman Field
  - Well encountered high productivity, oil bearing sands, tested at rig constrained stable rates of ~2,500 bopd
  - First oil expected in Jan 2023







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# 3Q 2022 UPDATE

## UNAUDITED STATEMENT OF FINANCIAL POSITION

Unaudited Statement of Financial Position					
Assets	30 Sept 2022	31 Dec 2021	Equity & Liabilities	30 Sept 2022	31 Dec 2021
	USD M	USD M		USD M	USD M
Property, Plant & Equipment	796	756	Equity	308	200
Deferred Tax Asset	153	153	Bond	200	275
Receivables and other assets	198	289	ARO Provision	208	323
Cash & Cash Equivalents	204	160	Lease Liabilities	236	193
			Other Liabilities	399	367
	<b>1,351</b>	<b>1,358</b>		<b>1,351</b>	<b>1,358</b>

- › NET DEBT TO EBITDA COVENANT MET WITH A POSITION OF 0.23X
- › End of 3Q 2022 Cash & Cash Equivalents position of USD 204m (bond amortization and interest paid prior to quarter-end)
- › Deferred Tax Asset of USD 153m recognized at year end 2021, additional c.USD 200m of unrecognized DTA likely to be crystallized at year end 2022 given current commodity prices
- › Closing Bond position of USD 200m reflecting the timing of bond capital and interest repayments prior to the quarter-end
- › Other liabilities include contingent payment provision to provide for future contingent payments under the Capricorn transaction; FY2022 Capricorn earn out payment due at end-1Q 2023
- › The USD 31m Shell prepay facility was renewed and fully drawn post quarter end; in addition, the Company accelerated receipt of USD 33m prior to the dividend distribution through a working capital facility. Total unrestricted cash on 4<sup>th</sup> October, prior to the dividend distribution was USD 153.3m

QUARTER ENDING  
30<sup>TH</sup> SEPT 2022

UNAUDITED  
CONSOLIDATED  
WPUK AND  
SUBSIDIARIES

STATEMENT OF  
COMPREHENSIVE  
INCOME &  
CASH FLOW STATEMENT

Statement of Comprehensive Income	2022 3Q YTD \$'000	2021 FY \$'000
Oil Sales	431,632	167,779
Gas and NGL Sales	28,993	10,786
Revenue	460,625	178,565
Cost of Sales	(106,461)	(85,218)
DD&A	(185,262)	(25,486)
Impairment Reversal	0	58,152
Gross Profit	168,901	126,014
G&A	(13,382)	(14,713)
Other Income	(28,560)	1,337
Foreign Exchange	(17,265)	(1,015)
Interest Expense	(47,711)	(8,170)
Gain/Loss on derivatives	(1,492)	(48,091)
Tax	0	128,934
<b>Net Profit/Loss</b>	<b>60,491</b>	<b>184,297</b>

Cashflow Statement	2022 3Q YTD \$'000	2021 FY \$'000
<b>Cashflow from Operating Activities</b>		
Cash (absorbed by) / generated from operations	217,887	-48,868
<b>Investing Activities</b>		
Net cash used in investing activities	-30,538	-145,886
<b>Financing Activities</b>		
Net cash generated from / (used in) financing activities	-131,365	243,889
<b>Net increase / (decrease) in cash</b>	<b>55,985</b>	<b>49,136</b>
Unrestricted Cash at beginning of period	53,330	4,194
<b>Unrestricted Cash at end of period</b>	<b>109,315</b>	<b>53,330</b>

QUARTER ENDING  
30<sup>TH</sup> SEPT 2022

UNAUDITED  
CONSOLIDATED  
WPUK AND  
SUBSIDIARIES

STATEMENT OF  
FINANCIAL POSITION

Statement of Financial Position	Sep-22 \$'000	Dec-21 \$'000
Cash and cash equivalent	109,315	53,330
Restricted cash	94,900	106,399
Accounts Receivable	2,035	24,172
Derivative financial instruments	0	0
Inventory and cash (JV)	35,333	13,815
Other current assets	160,872	251,371
<b>Current Assets</b>	<b>198,241</b>	<b>289,358</b>
Deferred Tax	153,007	153,007
Derivative financial instruments	0	0
Oil and Gas properties	795,652	755,688
Right of use assets	0	0
<b>Non Current Assets</b>	<b>948,659</b>	<b>908,695</b>
<b>TOTAL ASSETS</b>	<b>1,351,114</b>	<b>1,357,783</b>

Statement of Financial Position	Sep-22 \$'000	Dec-21 \$'000
Accounts Payable	8,232	21,734
Accruals (JV)	25,330	29,946
Bonds	100,000	100,000
Contingent Payment and WHT	0	75,792
Derivative financial instruments	5,238	20,942
Intercompany payables	0	0
ARO Liability (S/T)	(46)	339
FPSO Liability (S/T)	57,671	41,099
Corporation Tax	0	0
Other current liabilities	212,323	50,126
<b>Current Liabilities</b>	<b>408,748</b>	<b>339,979</b>
ARO Liability	208,097	323,101
Contingent Payment	144,203	146,502
Derivative financial instruments	3,781	21,220
FPSO Liability	178,539	152,023
Bonds	100,000	175,000
<b>Non Current Liabilities</b>	<b>634,621</b>	<b>817,846</b>
Equity	307,746	199,958
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,351,114</b>	<b>1,357,783</b>





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# WALDORF PORTFOLIO AT A GLANCE

