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Harbour Energy PLC
23 January 2025

Harbour Energy plc

("Harbour")

Trading and Operations Update

23 January 2025

Harbour Energy today provides the following unaudited Trading and Operations Update for the year ended 31 December 2024, ahead of announcing its Full Year Results on 6 March 2025.

Actuals to 31 December 2024 reflect the completion of the Wintershall Dea transaction on 3 September 2024 and include approximately four months of contribution from the acquired portfolio.

Linda Z Cook, Chief Executive Officer, commented:

"2024 was a transformational year with the completion of the Wintershall Dea transaction delivering a step change in our scale and geographic diversification, improving our margins, increasing our reserve life and expanding our resource base significantly.

"Looking to 2025, we will continue to prioritise safe and efficient operations as we complete the integration of our new business units, mature our significant 2C resource base and maintain disciplined capital allocation. With our high quality portfolio, financial strength and strong team, we are well-positioned for continued execution of our strategy."

2024 Operational highlights

- Completed transformational acquisition of the Wintershall Dea asset portfolio (the "Acquisition"); integration progressing as planned
- Materially increased and diversified production, averaging 258 kboepd (2023: 186 kboepd), up c.40 per cent and in line with guidance. Production was split approximately 40% liquids, 45% European gas and 15% non-European gas. On a proforma basis, production was 479 kboepd
- Unit operating costs averaged 16.5/boe (2023: 16.4/boe), in line with guidance
- Total recordable injury rate of 1.0 per million hours worked (2023: 0.7), reflecting a TRIR of 1.6 from the newly acquired assets for the last four months of 2024
- Successful start-up of the Fenix (Argentina) and Talbot (UK) projects, and development wells on stream at Skarv and Njord (Norway) and Greater Britannia and AELE (UK)
- Progress at new developments supporting future production, including Maria Phase 2 and Dvalin North (Norway), and commencement of a multi-pad drilling campaign at the Aguada Pichana Este licence in the unconventional Vaca Muerta play (Argentina)
- Successful results from all six infrastructure-led exploration and appraisal wells drilled in the North Sea, including at Storjo and Sabina (Norway) and the Gilderoy and Jocelyn South discoveries (UK), with the latter expected on-stream in Q1 2025
- Significantly increased and diversified 2P reserves and 2C resources providing a platform for organic reserve replacement; key growth projects advanced:
    - Mexico: Zama FEED nearing completion; successful appraisal drilling at the Kan discovery
    - Argentina: Acquired a 15 per cent interest in the Southern Energy FLNG export project; commercial agreements progressed ahead of a potential investment decision
    - Indonesia: Multi-well Andaman Sea exploration and appraisal campaign completed with material gas discoveries at Layaran and Tangkulo; 60% operated interest in Central Andaman licence secured
- Active management of enlarged CCS portfolio with a focus on building a competitive business with long term cash flow potential. Final investment decision (FID) taken for the Greensand Future project in Denmark, marking Harbour's first CCS project to reach this milestone. Decision made to exit the Camelot licence in the UK
- Post period end, agreed sale of Vietnam business to EnQuest for 84 million (effective date 1 January 2024), with completion targeted during 2025. This is consistent with ensuring our capital and resources are deployed in line with our strategy as we continue to actively manage our portfolio

2024 Financial highlights

- Significantly higher revenue of c. 6.1 billion (2023: 3.7 billion), driven by increased production. Realised post-hedging oil, European and non-European gas prices of 82/bbl, 11/mscf and 4/mscf, respectively (2023: 78/bbl, 7/mscf, 13/mscf)
- Increased EBITDAX of c. 4.1 billion (2023: 2.7 billion). Pre- and post-tax income anticipated to be impacted by material non-cash accounting charges largely driven by adverse changes to the UK fiscal regime
- Estimated total capital expenditure (of c. 1.8 billion (2023: 1.0 billion), including c. 0.3 billion of decommissioning, in line with guidance
- Anticipated to be broadly free cash flow neutral in 2024, excluding one-off acquisition related costs and distributions. This reflects a material negative working capital movement and an unplanned outage at East Irish Sea in the UK in Q4
- Shareholder distributions of 0.2 billion (2023: 0.4 billion) resulting in c. 1.2 billion returned to shareholders through dividends and share buybacks over the last three years
- Estimated net debt of 4.7 billion at 31 December, unchanged from 30 September with a favourable foreign exchange rate movement offsetting cash outflow during Q4
- Debt structure transformed with the reserves-based debt facility replaced with unsecured, lower cost and more flexible bank facilities; corporate and senior unsecured issue credit ratings upgraded to investment grade Baa2, BBB- and BBB- from Moody's, S&P and Fitch, respectively

2025 Guidance and outlook[1]

- 2025 production of 450-475 kboepd, materially higher than in 2024, reflecting a full year's contribution from the Wintershall Dea portfolio and broadly stable production in the UK
- 2025 unit operating costs of c. 14/boe, significantly lower than 2024 due to a full year's contribution from Wintershall Dea's lower cost portfolio
- Total capital expenditure (including decommissioning spend) of c. 2.4-2.6 billion, with the increase on 2024 reflecting the addition of the Wintershall Dea portfolio partially offset by materially reduced capital investment in the UK and lower exploration and appraisal spend in Indonesia and Mexico
- At Brent oil prices of 80/bbl and European and UK natural gas prices of 13/mscf, estimated 2025 free cash flow of c. 1.0 billion[2]
- Post year-end, Harbour has continued to execute its hedging policy, securing additional Brent oil and European natural gas hedges for 2025, 2026 and 2027
- In line with our increased annual dividend policy, Harbour expects to pay 455 million in total dividends, comprising a 227.5 million final dividend for 2024 and a 227.5 million 2025 interim dividend

Upcoming events
Harbour plans to host a Capital Markets Update on Thursday 6 March 2025 following its Full Year Results.

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[1] 2025 guidance does not include the impact of the sale of Harbour's Vietnam business. 2025 guidance assumes a US dollar to GBP sterling exchange rate of1.25/£, US dollar to Euro exchange rate of1.1/€ and a Norwegian NOK to US dollar exchange rate of NOK11/

[2] A 5/bbl change in 2025 Brent oil prices or a 1/mscf change in 2025 European gas prices impacts free cash flow by c. 115 million. Free cash flow sensitivity assumes mid-point of production and capex guidance. A 1:1 conversion rate for /mmbtu to /mscf has been assumed.

Appendix:

Hedging schedule[1]

	2025		2026		2027	
	Volume	Average Price	Volume	Average Price	Volume	Average Price

	mmboe	/mscf	mmboe	/mscf	mmboe	/mscf
Europe and UK gas	36	14	21	12	3	11
	mmbbl	/bbl	mmbbl	/bbl	mmbbl	/bbl
Oil	16	77	13	73	0	-

[1] As at 21 January 2025

Group production

Reported production reflects approximately four months' contribution from the Wintershall Dea portfolio. Proforma production reflects 12 months´ contribution from Wintershall Dea portfolio.

	1 Jan - 31 December 2024 (net, kboepd) reported	**1 Jan - 31 December 2024 (net, kboepd) proforma**
UK	149	149
Norway	52	178
Germany	10	30
Argentina	21	61
Mexico	4	11
North Africa	12	38
SE Asia	11	11
Total Group	**258**[1]	**479**[1]

[1] Total might not equal sum of component parts due to rounding. Total includes c.0.1 kboepd (reported) and c.0.5 kboepd (proforma) from Denmark.