



**ROCKROSE**  
ENERGY

# 2019 Final Results Presentation

7<sup>th</sup> April 2020

Opportunities. *Enhanced.*

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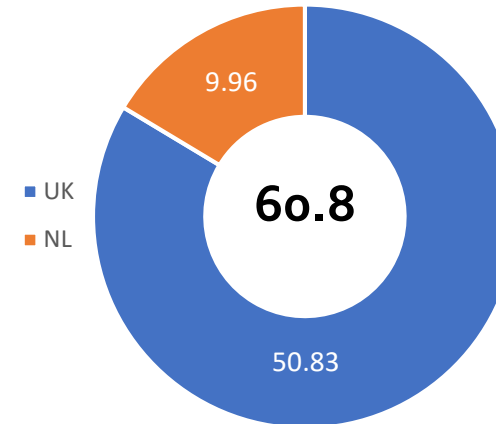
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# Introduction

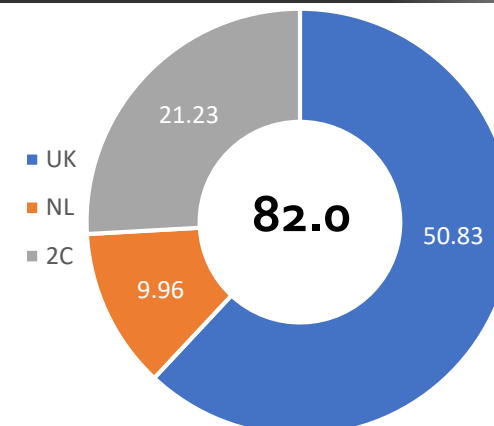
- **North Sea oil and gas independent founded in 2015**
  - Designed to do business in the harsh environment of sub-\$50 per barrel oil prices
  - Standard listing on the Main Market of the London Stock Exchange
  - Market Capitalisation ~US\$123m\*
- **Four years of rapid growth**
  - Built through a series of acquisitions
  - Pro forma 2019 production ~19,356 boepd
  - 2P reserves of 60.8 Mmboe plus estimated 2C resources of 21.2 MMboe
- **Cash generative with a strong balance sheet**
  - Pro forma adjusted EBITDA US\$162m in FY 2019
  - Net cash position of US\$376m (US\$60m restricted) at 31 December 2019
  - Total dividend of 85p/share (60p interim, 25p final) for FY 2019

\* At the close of business on 3 April 2020 at US\$1.25 : £1.

2P Reserves (MMboe)



2P + 2C Resources (MMboe)



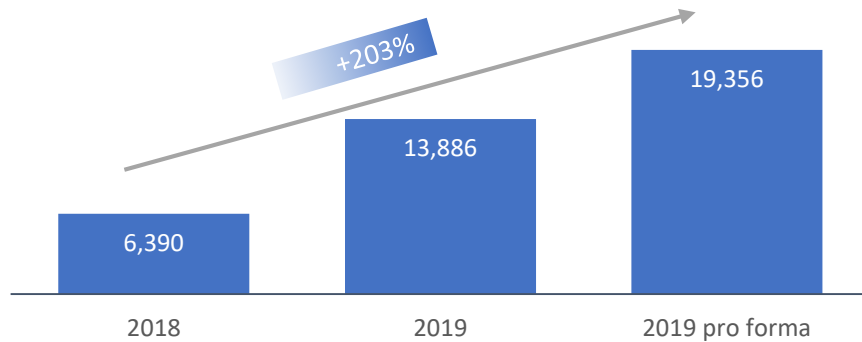
Source: Company Estimates, RockRose Internal Year End 2019 Reserves and Resources

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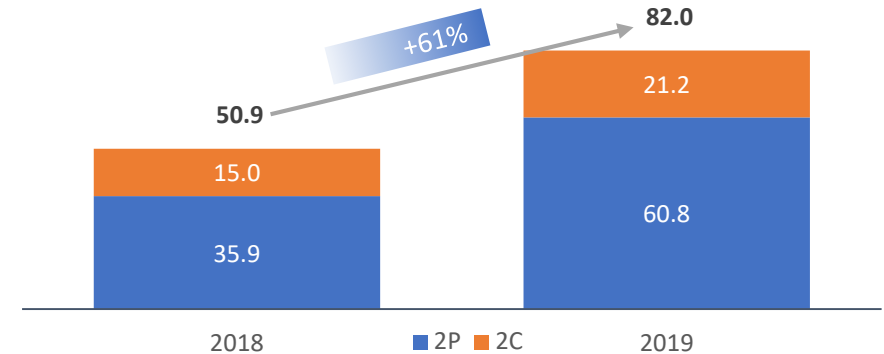


# 2019 Operational Highlights

## Production (boepd)

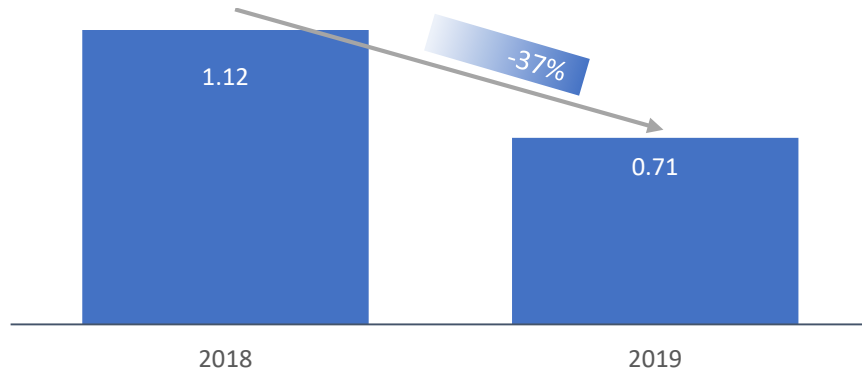


## Reserves and Resources (MMBOE)\*



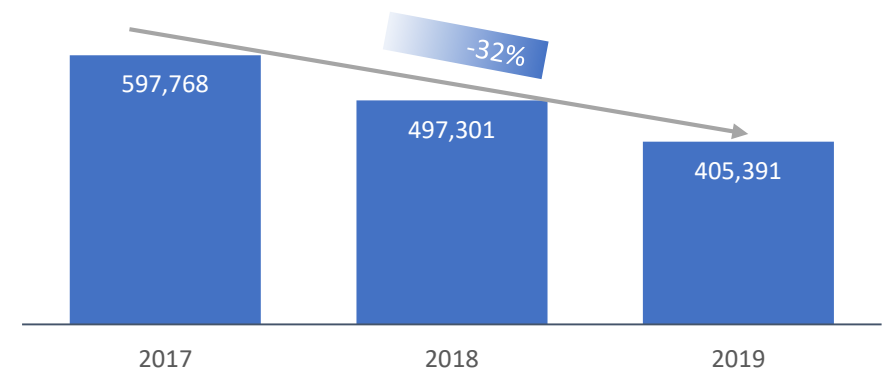
\* Source: ERCE Competent Persons Report (2P Reserves), internal estimates (2C Resources).

## HSE Reportable Events Frequency (TRIF)\* - Operated Assets



\* Total Recordable Injury Frequency (TRIF) per 200,000 man hours.

## Emissions Performance (CO<sub>2</sub> tonnes) - Operated Assets\*

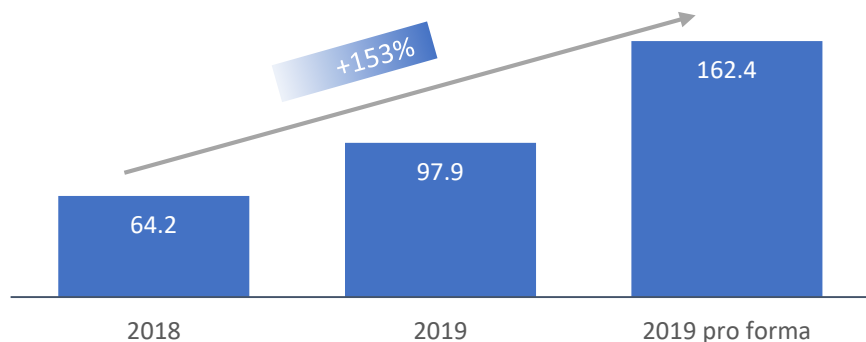


\* Operated by Marathon Oil UK prior to July 2019.

# 2019 Financial Highlights

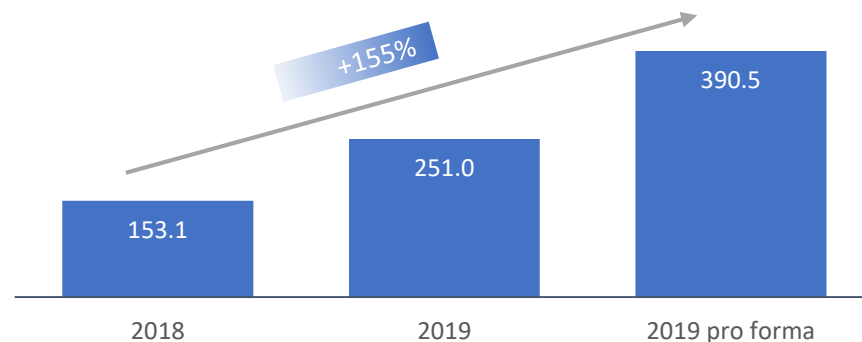


## EBITDA\* (\$MM)

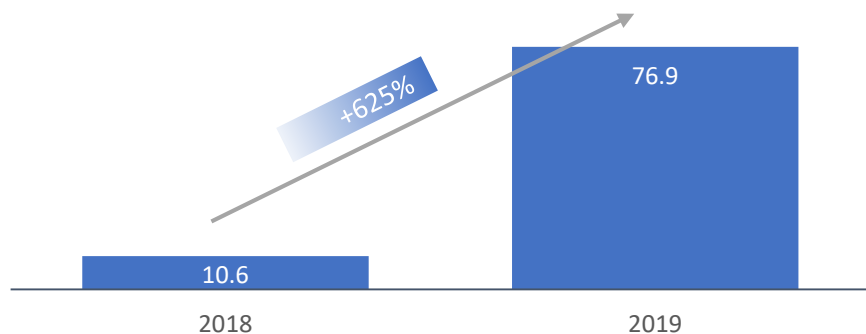


\* Adjusted EBITDA is calculated on a business performance basis. Refer to the alternative performance measures definition in the glossary to the Annual Report.

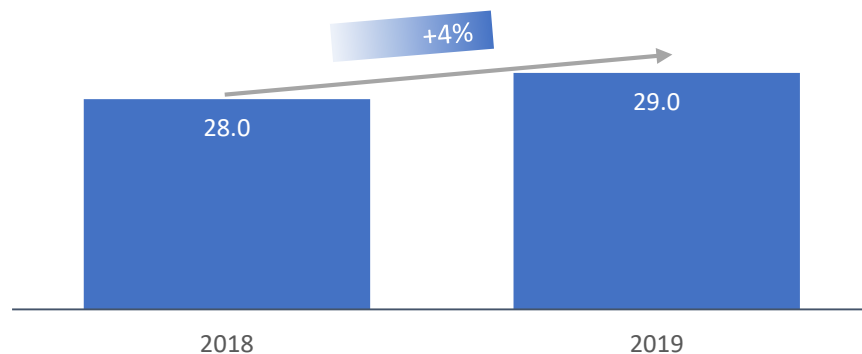
## Revenue (\$MM)



## Capital Expenditure (\$MM)



## Unit OPEX(\$/boe) \*



\* Non-IFRS measure. Refer to the alternative performance measures definition in the glossary to the Annual Report.

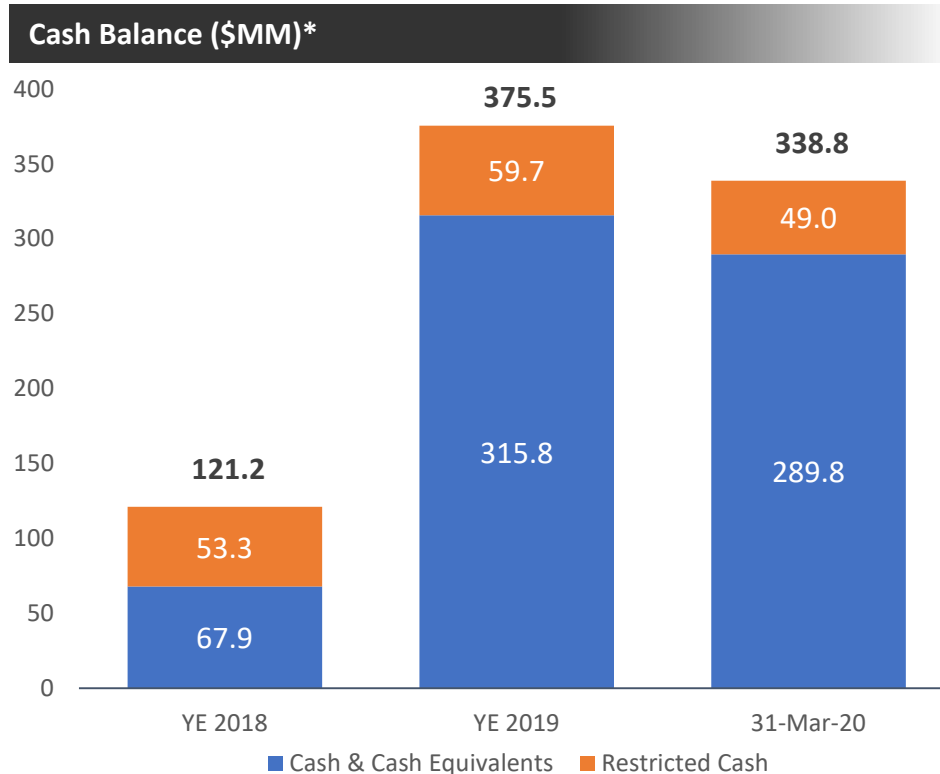


# Financial Position

- Strong balance sheet
- 2020 capital expenditure outlook
- Managing operating costs



# Strong Balance Sheet



\* Figures presented in USD and converted at the prevailing exchange rate. \$11.7 million of the reduction in cash between 31 December 2019 and 31 March 2020 is due to exchange rate differences. 31 Mar 2020 respectively.

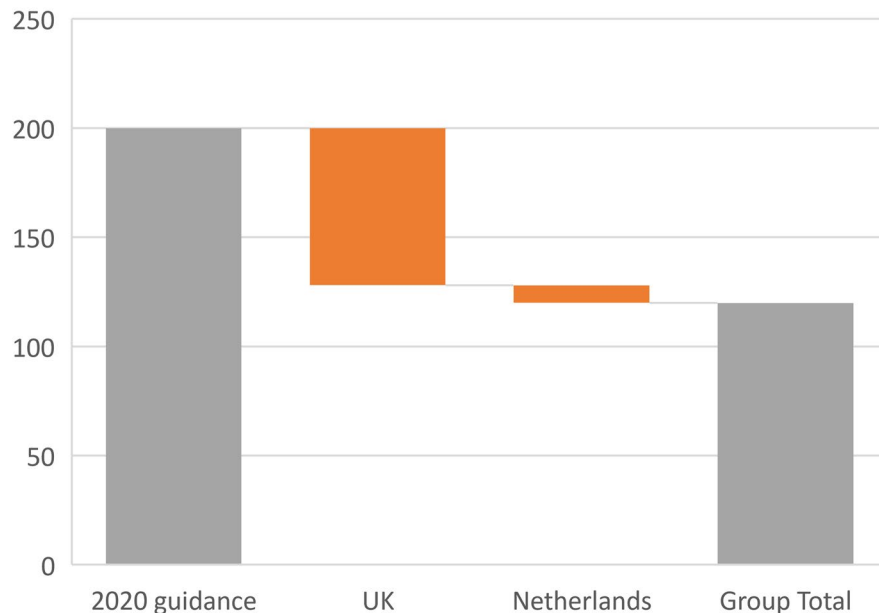
- **Debt free with significant cash on hand.**
  - The Company generated cash from operating activities of \$100.6m in 2019, up from \$77.4m in 2018.
  - 210% uplift in net cash achieved after capital expenditure of \$76.9 million, abandonment expenditure of \$9.4 million (before tax relief) and dividend payments of 60p/share.
  - Cash increase of \$239.1 million as a result of the Marathon acquisition.
- **Restricted cash reduced**
  - The Group has now replaced all cash securities held in trust in respect of DSAs with decommissioning surety bonds.
  - At the end of 2019, the Group had in issue \$206.5 million of surety bonds with A rated surety providers.



# 2020 Capital Expenditure Outlook

- Certain projects are expected to be deferred by the operators into 2021 and capital expenditure in 2020 is expected to be at least 40% below previous guidance of ~\$200 million as a result.
- To help protect our expenditure programme, we have hedged 63 million therms at €0.53/therm in 2020, 54 million therms at €0.41 in 2021, and 54 million therms at €0.45 in 2022.
- Including 455,000 bbl hedged at \$65.70 in Q1, RockRose has hedged ~20% of anticipated 2020 output (oil equivalent basis).

Group CAPEX outlook (US\$MM)



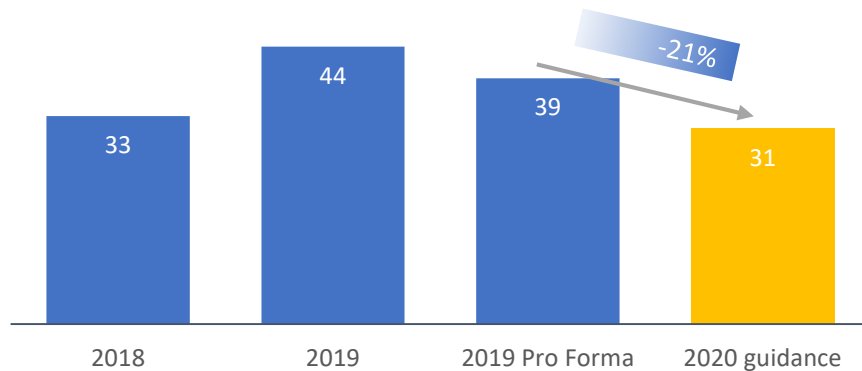
Noble Houston Colbert on location at West Brae



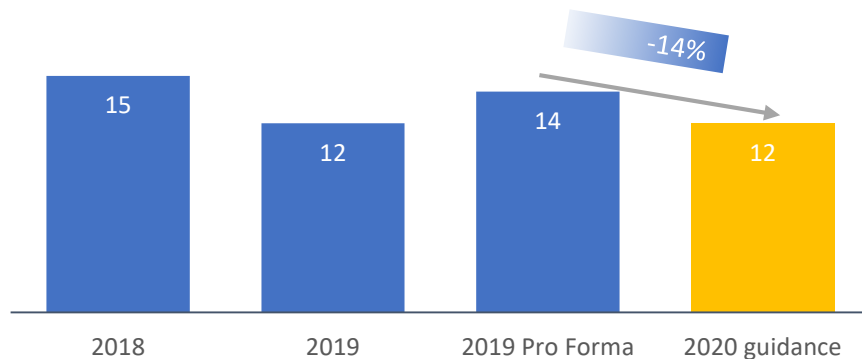


# Managing Operating Costs

Unit OPEX (\$/boe)\* - Oil



Unit OPEX (\$/boe)\* - Gas

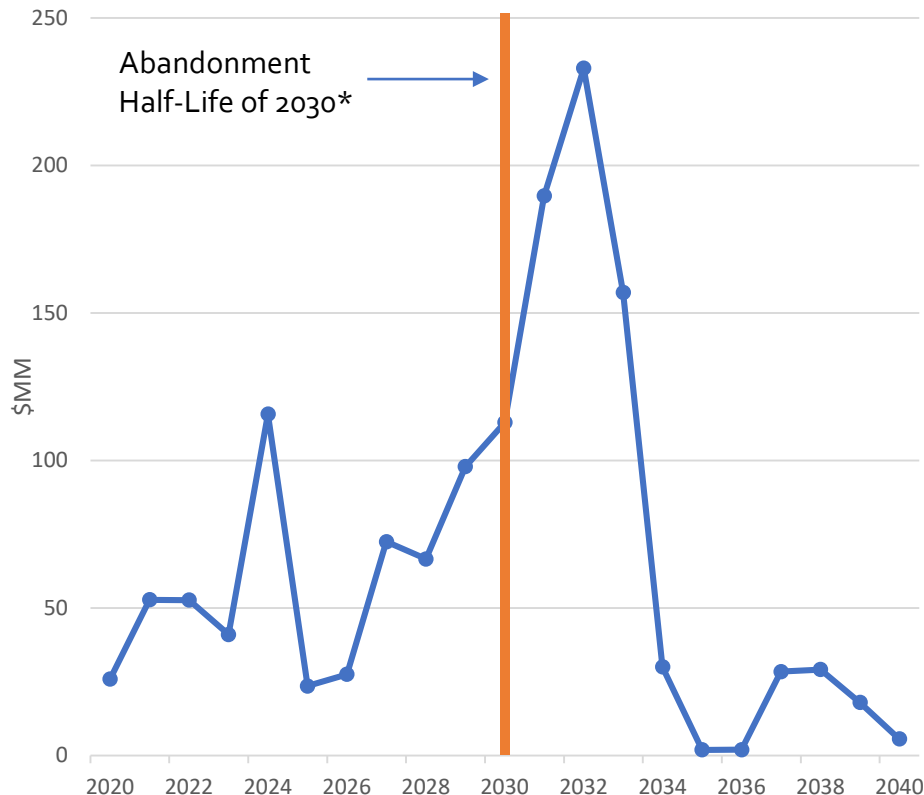


## Improved outlook for 2020

- Unit OPEX for oil was adversely affected in 2019 by lower than expected production in the second half
- This was largely due to a planned maintenance shutdown at Foinaven lasting 34 days longer than anticipated.
- Production efficiency has improved across our portfolio and is expected to lead to lower unit OPEX costs for oil in 2020.
- An extensive cost review has been conducted for 2020 whereby non-critical work scopes have been deferred, generating cost savings versus original budgets.
- RRE will continue to monitor operating costs closely and challenge the Operators where required

# Abandonment

## ABEX Costs (\$MM)



\* Abandonment half-life is the date at which half of the Group's abandonment expenditure has been incurred.

### ■ Half-life extended to 2030

- Cessation of production (CoP) at East Brae and Brae Alpha extended by 2 years to 2023 and 3 years to 2030 respectively.
- This has helped extend RockRose's overall abandonment half life to 2030
- Focus on optimising decommissioning strategies – e.g. by plugging and abandoning wells prior to CoP.
- Cost saving initiatives implemented through lessons learnt on Brae Bravo.

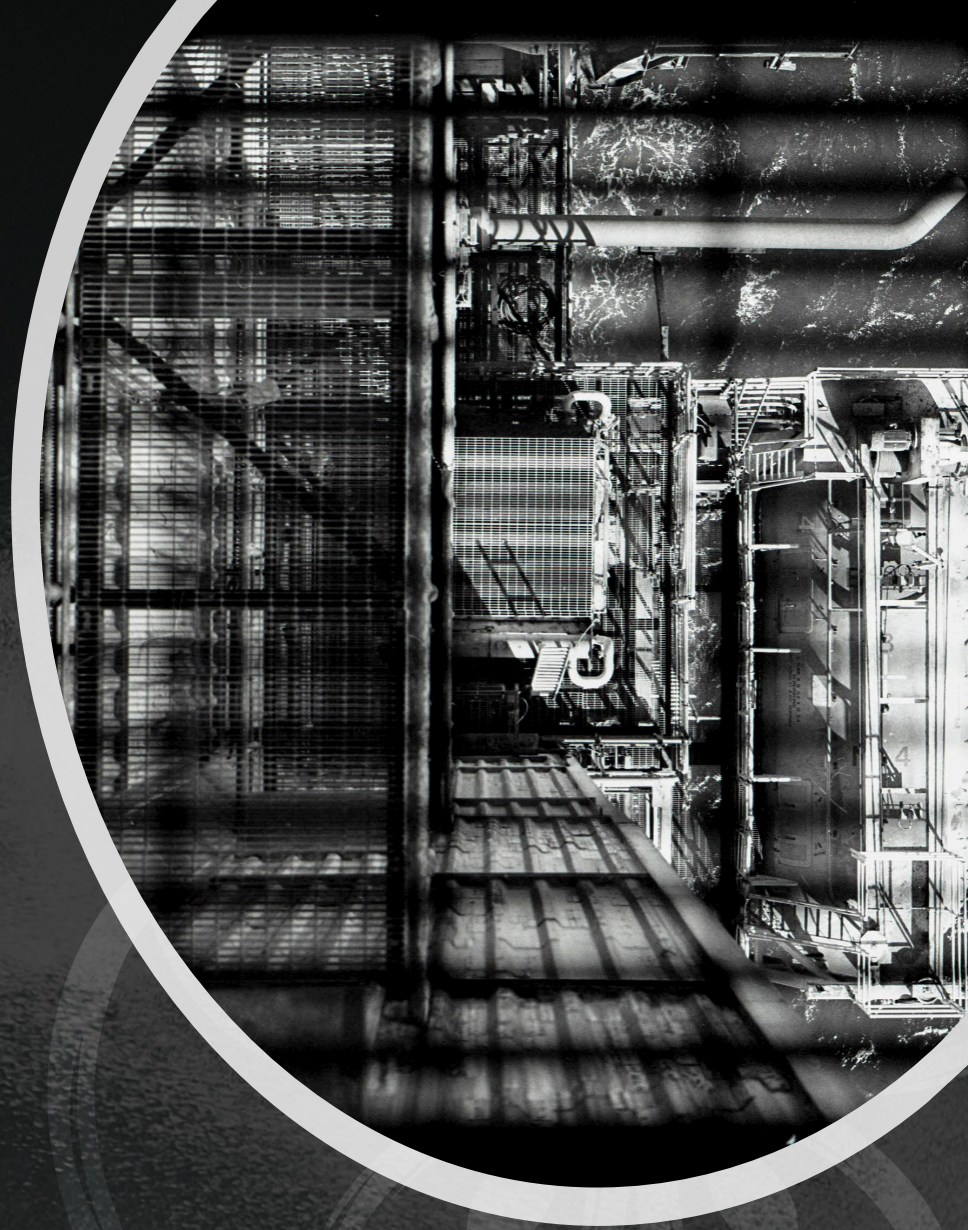
### ■ UK tax paid history

- UK abandonment expenditure covered by tax paid history, meaning RockRose expects to get a ~60% rebate on spending in the Greater Brae Area and a ~40% rebate elsewhere.



# Responsible Business

- Governance
- Environmental performance
- Social responsibility





## ▪ A Framework for Continuous Improvement

- Guided by our Responsible Operations Management System (ROMS) framework
- Each ROMS element overseen by a relevant member of our Operational Leadership team
- Health, environment, safety and security (HES&S) activities overseen by a Board-level HES&S Committee and ROMS Steering Committee
- Code of Conduct: holding employees, officers, directors and external parties to the same ethical standards

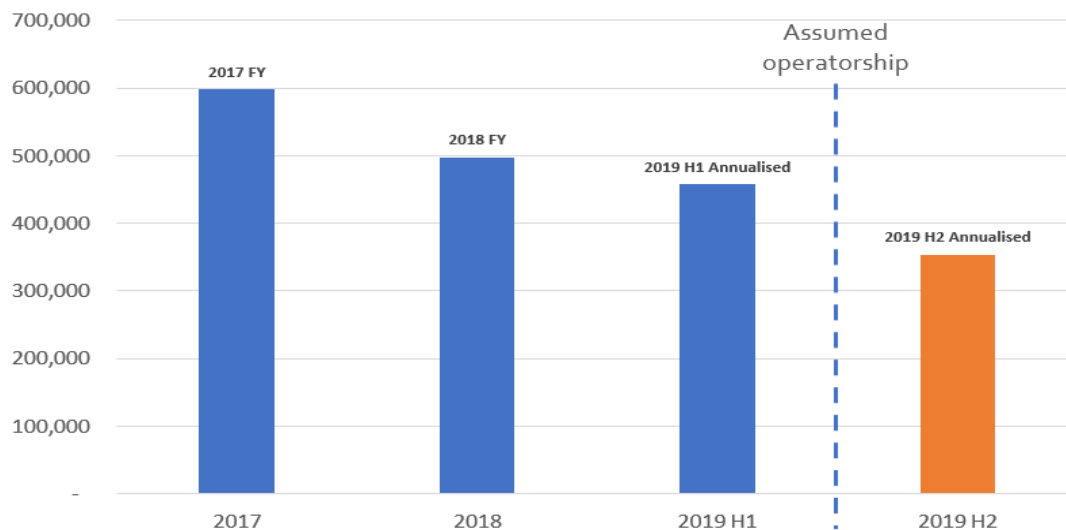
ROMS Elements	
01 Leadership and Accountability	02 Regulatory Compliance
03 Risk Assessment and Management	04 Management of Change
05 Design and Construction	06 Safe Work Practices
07 Training and Competency	08 Operations, Maintenance and Integrity Management
09 Operational Readiness	10 Emergency Preparedness and Communications Awareness
11 Event Management	12 Third-Party Services
13 Governance and Document Control	14 Audit and Improvement

# Environmental Performance

## ■ Safeguarding the Environment

- Reduced GHG emissions offshore by 20% and unnecessary hydrocarbon flaring
- Establishing our Net Zero Emissions Target in line with the Oil and Gas UK (OGUK) framework
- Cut operational waste to landfill by 40% and chemical discharge by 33%
- Robust plans and protocols in place to prevent oil spills

## CO<sub>2</sub> Emissions – Operated Assets



**Innovate Together**

### Net Zero Emissions Target

RockRose are committed to extracting oil and gas safely, efficiently and responsibly, seeking to not just minimise our impact on the environment but actively reduce it. We want to do our part by working towards making RockRose a net zero carbon emissions company.

Big or small, your ideas and solutions to help reduce our atmospheric emissions could form our next steps in meeting this challenge. If you have a thought on how to help reach our ambition, please go to 'The Rock' and fill in the idea proposal form.

We thank you for your time and effort to propose an idea and are committed to sharing and feeding back the outcome to you.



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# Social Responsibility

- **Supporting Our People**

- Improved offshore working conditions
- Introduced the offshore promotion assessment panels
- New Process Safety Training Matrix developed
- Offered training and ensured equal opportunities for all

- **Building Strong Communities**

- Supported local charities such as Absafe, Techfest, Maggie's, and Crisis
- Matched funds raised through employee-raised charitable activities
- Trained employees of the future through the Offshore Petroleum Industry Training Organization (OPITO) apprenticeship program
- Sponsored prize for Chemical Engineers at the University of Aberdeen





# Q&A



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