

Beach Energy Posts Strong Profit Turnaround and Reserves Uplift

Record production and sales volumes, higher realised oil prices and reduced operating costs helped Beach post a statutory net profit after tax (NPAT) of \$388 million for the 2016-17 financial year. This compares with a statutory net loss after tax of \$589 million in 2015-16.

Beach increased underlying NPAT by 353% from the previous year, to \$162 million.

In releasing its Preliminary full year results today, Beach said its 2016-17 statutory NPAT recognised a \$150 million reversal of past impairments due to reserve increases, cost savings, capital reductions and sustainable performance improvements. This impairment reversal reinforces an improved outlook for Beach.

Beach announced a 2P (proved and probable) reserves replacement ratio of 179% with year-end 2P oil and gas reserves of 75 MMboe, 7% higher than the prior year. The company identified success in new discoveries, field extensions, strong production and lower operating costs as key contributors to the strong reserves booking.

Chief Executive Officer Matt Kay said the turnaround in underlying profit had been generated by record production and sales volumes, modestly higher realised oil prices and lower operating costs.

“Beach increased production by 9% during the year to a record 10.6 MMboe, boosted sales revenue by 16% to \$649 million and completed major infrastructure upgrades,” he said.

“At the same time, Western Flank operated field costs were reduced by 15%, Cooper Basin JV field operating costs were down 20% and our cash flow breakeven was reduced by 39% to US\$16/bbl.”

Mr Kay said realised oil prices during the period had risen by 13% to \$68/bbl.

“Beach is in a robust funding position with net cash of \$198 million and available liquidity of \$698 million. This will enable us to continue to invest in growth,” he said.

“In the coming year we expect to participate in up to 78 wells and commence production from more than 20 currently cased and suspended wells. These activities are expected to enable us to maintain production above 10 MMboe through to 2019-20.”

Beach will increase its final dividend to one cent per share fully franked, compared with half a cent in the prior corresponding period. This lifts the full year dividend to two cents per share, fully franked.