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Strong operational and financial performance positions Beach well for future

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Beach Energy's half year results demonstrate the company is well positioned to deliver its strategy, in particular in the areas of optimising its core in the Cooper Basin, growing the company and maintaining financial strength.

The company continued to maintain a strong financial position with its cash position of $164 million held relatively constant over the past six months, despite the continued challenging oil price. In addition, average operating cash costs have reduced by 11% to $23 per barrel of oil equivalent.

Earlier this year Beach announced a new $530 million debt facility, which was an increase of $210 million, and further strengthens the balance sheet.

The half year results have been directly impacted by a 49% reduction in the average oil and liquids price compared to the previous corresponding period, with sales revenue down 36% to $272 million. The conditions have resulted in impairment adjustments of $609 million to Beach's oil and gas assets. Impairment adjustments resulted in a net loss after tax of $600 million and underlying net profit after tax was $9 million, down 88%.

It is important to remember that impairment does not impact the company's cash position, which as outlined above, remains strong.

Acting Chief Executive Officer Neil Gibbins said Beach's operational performance over the last six months has been pleasing and strong.

"Our half year production was 4.5 MMboe with oil production from the Western Flank's ex PEL 91 permit increased by 10% due to well connections and an investment in infrastructure," Mr Gibbins said.

"We also delivered a successful exploration program in the Windorah Trough with a five-well exploration program completed and five new field discoveries made. During the first half of FY16 we brought four wells online and we anticipate fracture stimulation and flow testing during the second half of the financial year," he said.

Mr Gibbins said Beach's growth strategy has made significant progress to date with all formal approvals required for the proposal to merge Beach and Drillsearch granted.

"From 1 March 2016 the integration of Beach and Drillsearch will commence and over time the merger will start to deliver a range of synergies and benefits.

"Some of the benefits will include full ownership of the Western Flank oil permits ex PEL 91 and PEL 106, an increased gas and gas liquids footprint in the Cooper Basin, expansion of Beach's Nappamerri Trough unconventional acreage and data and an increase in Cooper Basin footprint of around 19,000 square kilometres.

"The combined entity will become Australia's largest onshore oil producer by a significant margin," Mr Gibbins said.

In the sustained lower oil price environment, Beach has placed a strong focus on operating efficiencies and cost savings. This has resulted in an 11% reduction in operating cash costs and a 34% reduction in corporate costs, compared to the previous corresponding period.

Beach's strong balance sheet, together with its reduced cost base across the business, places the company in a strong position to manage through a period of continued low oil prices.

Beach is also pleased to record fifteen months free of lost time injury at the end of the half year, which is a testament to the dedication of all staff to ensure that safety across all aspects of the business remains the highest priority.

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