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Beach delivers record quarterly production and focusses on growth

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Beach Energy continued its trend of operational excellence during the fourth quarter of FY16 and further strengthened its balance sheet, positioning the company for future growth.

Record quarterly production of 2.7 MMboe was achieved due to the merger with Drillsearch and various successful field development activities.

Increased production and higher winter gas demand resulted in record sales volumes of 3.1 MMboe, up by 17% from the last quarter.

Quarterly sales revenue increased by 39% to \$167 million due to higher oil prices and increased production.

With the Drillsearch business successfully integrated this quarter, around \$40 million in annual pre-tax synergies will be realised in FY17.

Capital expenditure was down 36% to \$24 million due to proactive management of discretionary expenditure.

Chief Executive Officer, Matt Kay, said Beach's record performance positioned the company well in the current oil price environment to drive further organic and inorganic growth.

"Our financial position continues to strengthen. We generated \$45 million of free cash flow this quarter and increased our cash reserves by \$29 million over the past year, despite significantly lower oil prices," Mr Kay said.

"We ended the quarter with cash reserves of \$199 million and access to a further \$350 million of undrawn debt facilities.

"Beach is in an excellent financial position," he said.

Beach also announced today that FY17 capital expenditure is expected to be within the range of \$180 – \$200 million.

"Our active capital program for FY17 will allocate more than half of our capital spend to discretionary organic growth opportunities. Approximately two thirds of this will be directed to Beach's highly profitable Western Flank oil and gas portfolio, including the drilling of up to 16 exploration wells," Mr Kay said.

Beach also announced that total FY17 capital expenditure in the Santos operated SACB and SWQ joint ventures would be 35% below FY16 levels and 65% below FY15 levels.

"We are working closely with Santos to realise an optimal capital and operating cost program for the Cooper Basin, with good progress being made. Beach will allocate capital to those areas that provide strong returns to shareholders," Mr Kay said.

Production for FY17 is expected to exceed volumes achieved in FY16, with guidance in the range of 9.7-10.3 MMboe. This reflects increased production from the merger with Drillsearch and a range of field development activities. Significant development activities include an expansion of the Bauer facility and a gas compression project at the Middleton facility.