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ASX Announcement/Media release

Beach Energy FY20 Full Year Results

Reference	#026/20	Date	17 August 2020

FY20 Highlights

- Ended the year with $50m Net Cash, highlighting Balance Sheet strength
- ROCE[1] > 19% because of high-margins from onshore oil and diversified pipeline gas business
- No write down of producing assets at reduced commodity prices
- 214% 2P organic reserves replacement ratio[2] and 352 MMboe of 2P reserves
- 178 wells drilled at a success rate of 81%
- Underlying NPAT $461 million and Statutory NPAT $501 million[3]
- Final Dividend 1 cent per share

Revised Growth Strategy

- Same plan at a prudent pace to manage the impact of COVID-19 and oil prices
- Waitsia Stage-2 FID anticipated in December 2020 quarter, gas from new 250 TJ/d facility to be processed into LNG at North West Shelf Facilities
- Waitsia Stage-1 expansion being commissioned, Beach Perth Basin joint ventures providing 40 TJ/d to WA domestic gas market in FY21 and seeking further domestic gas sales opportunities
- 6+ well offshore Victorian Otway Basin drilling campaign to commence by March 2021 via a new rig contract signed with Diamond Offshore
- Revised low-risk investment profile targeting 37 to 43 MMboe production in FY25 from existing portfolio
- 5-year outlook generates >$2 billion of FCF at lower price assumptions
- Significant Carnarvon Basin prospect, Ironbark, to be drilled by BP in Q2FY21

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Investor Relations	Nik Burns, Investor Relations Manager
Media	Rob Malinauskas, Head of Corporate Affairs and Community Relations

(1), (2) Refer to the additional reserves disclosure on page 4.

Beach demonstrates financial strength and significant progress on growth plans

Beach Energy has today released its FY20 Full Year results, as well as FY21 guidance, and an updated 5-year outlook that recommits Beach to a multi-year growth strategy.

In releasing its FY20 Full Year Results, Beach announced it had recorded a Net Profit After Tax of $501 million and ended the year with $50 million in net cash.

Managing Director Matt Kay said it was a year in which the company's robust financial position entering the COVID-19 pandemic means it is well positioned to succeed in the lower oil price environment and continue its actively-controlled growth program.

"In a year like no other, FY20 demonstrated the resilience of the Beach business," Mr Kay said.

"Our net cash balance sheet position, high margin oil business, stable gas revenues and dedicated staff delivered a strong full year result despite the choppy waters that confronted us in the second half of FY20. Our diverse business generated a 19% ROCE, and our excellent performance with the drill bit saw 178 wells drilled at an 81 per cent success rate, contributing to a 2P organic reserves replacement ratio of 214 percent.

"Given our high margin, high returning business, Beach was in an enviable position at the end of the financial year in which we had no material write downs and were able to maintain our final dividend at 1 cent."

Mr Kay said the strong operational performance of the business, with production of 26.7 MMboe, 2% higher than pro forma FY19 production (26.2 MMboe), was a testament to how Beach managed the impacts of COVID-19 across the business.

"FY20 was a year in which we made new gas discoveries in the Perth and Otway basins, we commissioned a new gas plant in South Australia and connected new supply to our Otway Gas Plant in Victoria, the first new supply to that plant in more than four years," Mr Kay said.

"Western Flank oil again hit new heights, producing as much as 23,000 barrels per day in the second half of FY20, and, significantly, Beach achieved an organic 2P reserves replacement above 200% for the third consecutive year.

"Our facilities performed at 98% reliability, a testament to the performance and the resilience of our workforce in FY20."

Mr Kay said the continued underlying performance of the business coupled with a net cash balance sheet meant Beach would continue to invest through the cycle – albeit at a measured pace with more $300 million of FY21 capex deferred.

"We have made prudent decisions in response to the current low oil price environment and COVID-19, slowing the pace of our current program and continuing to drive down operating costs – but importantly, our destination remains the same," Mr Kay said.

"We have an exciting program ahead of us, with our offshore drilling campaign in the Victorian Otway Basin expected to commence by March 2021 following the execution of a new rig contract with Diamond Offshore."

In the west, the Waitsia JV has made great progress, closing in on a Final Investment Decision of our Stage 2 development in the December quarter, which will see 250 TJ/day of processing capacity developed to supply gas and produce LNG through the North West Shelf while also committing to ongoing supply to the WA domestic market. Subject to the finalisation of various agreements and approvals, production is currently estimated to commence in late calendar 2023.

Mr Kay said Beach's revised low-risk investment profile has a target to deliver between 37 and 43 MMboe of production in FY25, while generating more than $2 billion of free cash flow at lower price assumptions.

"Beach has set itself up to be in a position of strength during this downturn. We expect to invest in our high-margin and diverse portfolio and target creating over $2 billion of free cash flow over the next 5 years," Mr Kay.

"Our current projections have Beach remaining in a net cash position through our peak investment years at around US$40/bbl Brent. This means Beach has the ability to pursue growth despite the current macro challenges."

FY21 guidance

The following table summarises our FY21 guidance:

Item	FY21 guidance
Production	26.0 – 28.5 MMboe
Capital Expenditure	$650 – 750 million
Underlying EBITDA	$900 – 1,000 million
DD&A	$17.5 - 18.0/boe
Field Operating Costs/boe	$8.25 – 8.75/boe

Reserves and contingent resources

The following table is a summary of reserves at 30 June 2019 (developed plus undeveloped, net to Beach):

MMboe	FY19	FY20	Change
1P reserves	201	**202**	**+1%**
2P reserves	326	**352**	**+8%**
3P reserves	514	**575**	**+12%**
2C contingent resources	185	**180**	**(2%)**

- 2P reserves increased by 8% from 326 MMboe to 352 MMboe
- 214% organic 2P reserves replacement ratio
- 263% organic 2P reserves replacement ratio average FY18 - 20
- 2P reserves life increased from 12.4 years to 13.2 years[4]
- Initial booking of 29 MMboe 2P reserves at Beharra Springs Deep
- 159% 2P reserves replacement ratio in Western Flank Oil
- Reserves includes impact of sale of interest in La Bella and Beharra Springs
- 75% of 2P reserves independently audited in FY20
- Long term oil price assumption reduced in-line with consensus forecasts
- As a sensitivity, a further 20% reduction in commodity (oil and gas) price assumptions would reduce 2P reserves by less than 3%

Footnotes

1. Return on contributed equity (ROCE) is defined as underlying net profit after tax (underlying NPAT) divided by the average of opening total equity and closing total equity

2. Organic 2P reserves replacement ratio is defined as 2P reserves additions, excluding acquisitions and divestments, for the period divided by reported production for the same period.

3. A reconciliation between net profit after tax and underlying profit is provided in the Appendix of the FY20 full year results presentation released to the ASX on 17 August 2020.

4. FY20 2P reserves life calculated as 352 MMboe 2P reserves, divided by FY20 production of 26.7 MMboe.

Disclaimer

This release contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: COVID-19 risks, price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates. Please refer to the Directors' Report in the FY20 annual report for more details specifically relating to COVID-19 risks.

Underlying EBITDAX (earnings before interest, tax, depreciation, amortisation, evaluation, exploration expenses and impairment adjustments), underlying EBITDA (earnings before interest, tax, depreciation, amortisation, evaluation and impairment adjustments), underlying EBIT (earnings before interest, tax, and impairment adjustments) and underlying profit are non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. The information has been extracted from the audited financial statements.

Free cash flow in this release is defined as cash flows from operating activities plus cash flows from investing activities less cash flows from acquisitions and divestments less lease liability payments.

All references to dollars, cents or $ in this release are to Australian currency, unless otherwise stated. References to "Beach" may be references to Beach Energy Limited or its applicable subsidiaries. Unless otherwise noted, all references to reserves and resources figures are as at 30 June 2020 and represent Beach's share.

References to planned activities in FY21 and beyond FY21 may be subject to finalisation of work programs, government approvals, joint venture approvals and board approvals.

Due to rounding, figures and ratios may not reconcile to totals throughout this release.

Assumptions

References to five-year outlook in this release is not guidance. The outlook is uncertain and subject to change. The outlook has been estimated on the basis of the following assumptions: 1. a US$41.25/bbl Brent oil price in FY21, a US$52.50/bbl Brent oil price in FY22 and US$60/bbl Brent oil price from FY23; 2. 0.70 AUD/USD exchange rate; 3. various other economic and corporate assumptions; 4. assumptions regarding drilling results; and 5. expected future development, appraisal and exploration projects being delivered in accordance with their current expected project schedules.

FY21 guidance is uncertain and subject to change. FY21 guidance has been estimated on the basis of the following assumptions: 1. a US$41.25/bbl Brent oil price; 2. 0.70 AUD/USD exchange rate; 3. various other economic and corporate assumptions; 4. assumptions regarding drilling results; and 5. expected future development, appraisal and exploration projects being delivered in accordance with their current expected project schedules.

These future development, appraisal and exploration projects are subject to approvals such as government approvals, joint venture approvals and board approvals. Beach expresses no view as to whether all required approvals will be obtained in accordance with current project schedules.

Reserves disclosure

Beach prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 update to the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers.

The reserves and resources information in this report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr David Capon (General Manager Development - Victoria, New Zealand and NT). Mr Capon is a full time employee of Beach Energy Limited and has a BSc (Hons) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers. He has in excess of 25 years of relevant experience. The reserves and resources information in this release has been issued with the prior written consent of Mr Capon as to the form and context in which it appears.

Beach confirms that it is not aware of any new information or data that materially affects the information included in this report and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane: 5.816 TJ per kboe, LPG: 1.398 bbl per boe, condensate: 1.069 bbl per boe and oil: 1 bbl per boe. The reference point for reserves determination is the custody transfer point for the products. Reserves are stated net of fuel, flare & vent and third party royalties.

Authorisation

This release has been authorised for release by Matt Kay, Managing Director and CEO of Beach Energy.