



Energean plc
("Energean" or the "Company")

Trading Statement & Operational Update – Karish Development 85% completed

London, 17 November 2020 - Energean plc (LSE: ENOG, TASE: אנרג) is pleased to provide an update on recent operations and the Group's trading performance in the 9-months to 30 September 2020 together with updated guidance for the full year.

Mathios Rigas, Chief Executive of Energean commented:

"In the third quarter, we have continued to make solid progress on Karish, our flagship gas project in Israel, which is scheduled to deliver first gas in 4Q 2021. The project's economics, cash-flows and returns profile have been further enhanced through increasing firm gas sales by 1.4 Bcm/yr, to 7.0 Bcm/yr, and revising the expected liquids production plateau to an average of 28 kbpd, from previous estimates of less than 10 kbpd.

We look forward to completing our acquisition of Edison E&P in December 2020, which, alongside Karish, will further secure our long-term, resilient cash flow profile and option-rich portfolio. Following completion of the deal, approximately 70% of our future production will be sold under long-term gas sales agreements that will largely insulate our revenues against commodity price volatility and enable us to realise our medium-term ambition to pay a meaningful and sustainable dividend.

We have also switched to 100% renewable energy in powering our assets in Prinos, which has driven a 100% reduction in the asset's Scope 2 carbon emissions and an approximate 45% reduction of Scope 1 & 2. We are exploring opportunities to roll this strategy out across all operated assets in the post-completion portfolio, which will mark a near-term step towards our net zero goal. We are confident that we can achieve this target and are also assessing a number of other options that would leverage our upstream expertise, such as carbon capture utilisation and storage, to help to deliver a lower carbon world."

Highlights

- The Karish development was 85% complete as of 26 October 2020
- In Singapore, all main modules have been lifted onto the hull of the Energean Power FPSO, signalling completion of the first major milestone of the FPSO integration campaign
- Independent Competent Persons Report ("CPR") confirms gross (Energean 70%) 2P reserves of 98 Bcm (3.5 Tcf) of gas and 99.6 million barrels ("MMbbls") of hydrocarbon liquids in Karish, Karish North and Tanin



- Total estimated working interest 2P reserves and 2C resources across the Energean portfolio, inclusive of Edison E&P, stand at 850 million barrels of oil equivalent (“MMboe”), approximately 70% of which is gas
- Liquids production at Karish now expected to average 28 kbpd (gross) on plateau with the uplift expected to have no discernible impact on scope 1 and scope 2 carbon emissions from the field
- Karish North Field Development Plan (“FDP”) approved by the Israel Ministry of Energy during August 2020
- Switched to 100% renewable energy in powering our Prinos asset, which has driven a 100% reduction in its Scope 2 carbon emissions and a c.45% reduction of Scope 1 & 2 emissions
- In August 2020, Energean was rated “A” under the MSCI’s ESG rating system and in September 2020, Sustainalytics increased its rating on the Company to “Outperformer”
- At 30 September 2020, Energean had cash and undrawn facilities of \$771 million
- On 11 November 2020, Energean increased the facility size of its Egypt RBL by \$60 million, to \$280 million

Edison E&P (subject to closing)

- Under the amended SPA, the net consideration (net of cash acquired) that would have been payable had completion occurred on 30 September 2020, would have been \$224 million
- Energean expects to close the transaction in December 2020

Combined business results

- 9-months to 30 September 2020 *pro forma* production¹ was 50 kboed, compared with full year guidance of 44.5 – 51.5 kboed
- 9-months to 30 September 2020 *pro forma* revenue¹ was \$252 million and operating cash flow¹ was \$94 million

Outlook:

- Expected closing of the Edison E&P acquisition in December 2020
- Completion of the subsea and onshore works associated with the Karish project is expected in 2Q 2021
- Sailaway of the Energean Power FPSO from Singapore to Israel expected in Summer 2021 with first gas in 4Q 2021
- Final Investment Decision (“FID”) on the Karish North (Israel) and NEA/NI (Egypt) development projects are both expected before year end 2020
- Outcome of discussions with the Greek Government regarding a financing package to support continued investment in the Prinos area expected shortly

¹ Inclusive of the Edison E&P transaction, which is subject to close. Energean is entitled to the economic performance of the Edison E&P business from the locked box date of the transaction, 1 January 2019. Results will be consolidated into the Energean financials from the date at which the transaction closes.



- Roll-out of renewable energy sourcing strategy across all operated assets, further enhancing our 3-year, 70%+ carbon intensity reduction plan, towards our net-zero commitment
- 2020 *pro forma* full year production guidance is maintained at 44.5 - 51.5 kboed²
- 2020 *pro forma* consolidated group capital expenditure is reduced to \$625 - 685 million, previously \$635 – 705 million



The Energean Power FPSO at the Admiralty Yard, Singapore

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² The locked box date of the acquisition of Edison E&P is 1 January 2019. All economics after that date belong to Energean. Edison E&P financials will be consolidated into Energean financials from the date of transaction close; economics between the locked box date and the date of transaction close will be reflected in the net consideration payable

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Energean Operational Review

Israel

Reserves update

As announced on 10 November 2020, DeGolyer and MacNaughton (“D&M”) has completed an independent CPR that certifies gross 2P reserves (Energean 70%) of 98.2 Bcm (3.5 Tcf) of gas and 99.6 MMbbls of liquids in the Karish, Karish North and Tanin fields; representing approximately 729 MMboe.

Gross gas 2P volumes are broadly aligned with the previous 2P + 2C estimates of 99 Bcm (3.5 Tcf), with approximately 241 MMboe of gross 2C resources associated with Karish North having been upgraded into the 2P category following approval of the FDP by the Israeli government.

Liquids gross 2P volumes represent a 17.5 MMbbls (21.4%) uplift to previously estimated 2P reserve + 2C resource volumes, The additional liquids production is expected to have no discernible impact on scope 1 and 2 carbon intensity of the fields, which is expected to remain at approximately 6 kgCO₂/boe, significantly lower than the global average for the industry.

Gas Sales & Purchase Agreements (“GSPAs”)

In September 2020, Energean Israel (Energean, 70%) signed two GPSAs, which, when combined, represent up to 1.4 Bcm/yr and increase total firm contracted gas sales to approximately 7.0 Bcm/yr on plateau.

In addition, the Company is assessing several opportunities in both the Israeli domestic market and key export markets, including exploring options to export gas to Egypt using CNG, in order to meet its target of filling its 8 Bcm/yr FPSO. In addition, the Company is reviewing further growth opportunities across its eight exploration blocks in Israel to further develop its business in the Eastern Mediterranean and underpin its position as a market leader in the Israeli energy sector.

Karish Project Progress

Subsea and onshore

Energean’s subsea and onshore workstreams have progressed in line with expectations, despite the challenges of COVID-19.

The gas sales pipeline and main deepwater installations of the subsea production systems were successfully installed in June 2020. In October 2020, Energean completed installation of the 14 mooring lines that will connect the FPSO to the seabed.



Installation of the risers that will connect the production wells to the FPSO is expected to commence in 4Q 2020 and to be completed in 1Q 2021, marking completion of the subsea works required ahead of arrival of the Energean Power FPSO.

The onshore works are also progressing in line with expectations. Installation of the Production Rate Measurement System ("PRMS") at Dor commenced in August 2020 with mechanical completion and commissioning expected in 1Q 2021. Installation of the onshore section of the pipeline commenced in June 2020. Works are progressing well; installation is expected to be completed in 1Q 2021 and the system is expected to be ready for first gas by end-April 2021. Civils work is also progressing well and is also expected to be completed around end-April 2021. Together, all components of the onshore are expected to be completed more than six-months ahead of first gas into the system.

Energean Power FPSO progress and key milestones

Following COVID-19-related disruptions in Singapore earlier in the year, the manning profile of TechnipFMC's subcontractor, Sembcorp, has ramped up significantly over the period, reaching over 900 people at the start of November.

The majority of the main modules and pipe racks have now been lifted onto the FPSO hull, signalling near-completion of the first major milestone of the hull and topside integration campaign. The only outstanding lifts are for module 1 and the flare, following which the lifting programme will be fully complete.

The completed Energean Power FPSO is expected to sailaway from Singapore to Israel in 3Q 2021 with first gas before year-end 2021.

Exploration

As part of the CPR and as previously announced, gross (Energean 70%) best estimate risked prospective resources across the Karish and Tanin leases and Block 12 have been certified as 62.0 Bcm of gas plus 33.4 MMbbls of liquids. All prospects are in close proximity to the Energean Power FPSO, representing potential low-cost tie-back options for future developments. The Geological Probability of Success ("PoS") of these prospective resources ranges from approximately 15% to 79%, with the primary targets having a PoS range of 70% to 79%. Exploration of prospects that have a lower PoS, including targets in the D Sand, can be achieved without a dedicated exploration well.

Energean is progressing well planning and design operations for potential drilling of the prospects across its inventory in Israel and expects to recommence its exploration drilling campaign in 2022.



Greece

Production in the 9-months to 30 September was 1.9 kbpd. Full year guidance remains at 1.5 – 2.0 kbpd.

Energean's acreage around the Prinos area remains under review. In October, the Company submitted a bid to the Greek government for a concession to operate a gas storage facility in the depleting South Kavala field, which it has operated since 2007. The next step is the issuing of the regulatory framework. A successful bid would provide an additional revenue stream from the storage project that would be largely independent of global commodity price fluctuations and open up the potential to explore carbon capture and storage opportunities in the area.

Corporate

On 11 November 2020, Energean increased the facility size of its Egypt RBL by \$60 million, to \$280 million, having secured additional commitments from BNP Paribas, Credit Suisse, J. P. Morgan, Morgan Stanley and Federated. The facility will be used to fund the acquisition of Edison E&P and for general corporate purposes within the perimeter for the Edison E&P assets following transaction close, providing additional liquidity and flexibility over capital allocation.

On 30 October 2020, Energean made a repayment of \$19 million on its Greek RBL. The outstanding balance on all facilities in Greece is currently \$128 million.

ESG

In September 2020, Sustainalytics increased its rating on the Company to "Outperform" (previously "Average", following improved scoring across each of Sustainalytics' main categories against which companies are scored. In August 2020, Energean was also awarded an "A" rating under the MSCI ESG ratings scorecard.

In July 2020, MAALA, the Israel CSR standards-setting organisation, rated Energean at gold level and the shares will be included in the MAALA Index on the Tel Aviv Stock Exchange.

In August 2020, Energean was awarded Best ESG Energy Growth Strategy for Europe 2020, with highlights by the judging panel including: commitment to the UN's Global Compact and net-zero



emissions goal; commitment to sustainability; the linking of executive incentive pay to performance of ESG targets; and commitment to transparent disclosure of emissions tracking.

In October 2020, Energean reached an agreement with the Public Power Corporation (“PPC”) of Greece to source 100% of electricity for its Prinos area assets from renewable energy at marginal increase in electricity costs. PPC will provide “Guaranties of Origin” to demonstrate that the electricity supplied is generated from renewable sources with zero-carbon emissions. The agreement will deliver a 100% reduction in Scope 2 carbon emissions at Prinos and an approximate 45% reduction of Scope 1 & 2 emissions, resulting in an annual reduction in carbon emissions of about 25,000 tonnes of CO₂. Energean is exploring opportunities use electricity generated by renewable energy supply across all operated assets in its portfolio.

Edison E&P Transaction Update and Operational Review

Path to Transaction Close

Energean expects its acquisition of Edison E&P to complete in December 2020. The main outstanding steps are:

1. Government approvals
 - Government approvals have now been received in Italy, Greece and the UK. Approval in France is expected imminently.
 - Formal approvals from Egypt are still expected to be the last Condition Precedent to be satisfied for requirements associated with the closing process.

2. Shareholder Circular and Prospectus
 - Energean is required to publish a supplementary prospectus to the transaction that will include audited historic financial information on the Edison E&P portfolio to 30 June 2020. The company expects to publish the supplementary prospectus in the coming weeks.

The gross consideration for the transaction, as at the locked box date of the transaction of 1 January 2019, is \$284 million. Had the transaction closed on 30 September 2020, the net consideration (net of cash acquired) would have been \$224 million.



Total Production

In the 9-months to 30 September 2020, total production from the Edison E&P portfolio (assets to be acquired) was 48.1 kboed, towards the top end of the full year guidance range of 43.0 – 49.5 kboed.

Southern Europe

Producing assets

Edison E&P's Southern European assets delivered average working interest production of 9.4 kboed (54% gas) in the 9-months to 30 September 2020, in the middle of the full year guidance range of 8 – 10.5 kboed.

Argo Cassiopea

In light of the challenging macro environment, Edison E&P is working closely with ENI to streamline this development project. First gas is now expected in 2024.

Exploration and appraisal

In Croatia, the Irena-2 appraisal well encountered 8-11 meters of net gas pay, which was in line with pre-drill expectations, and the well has been suspended for future production.

Egypt

Abu Qir

Egypt delivered 36.6 kboed of production in the 9-months to September 2020, approximately 86% of which was gas (182 mmcf / 1.4 bcm), towards the top end of full year 2020 market guidance of 34 – 37 kboed (of which 85% is gas: 167 – 182 mmcf or 1.7 – 1.9 Bcm/yr).

NEA / NI

Contractor commercial bids for the Engineering, Procurement, Installation and Commissioning (“**EPIC**”) contracts were received during August 2020 and are currently being assessed by Edison E&P. Edison E&P and/or Energean expect to take FID on the NEA before year-end.

Receivables

At 30 September 2020, net receivables (after provision for bad and doubtful debts) in Egypt were \$213 million (31 December 2019: \$222 million). \$10 million was received in October 2020.



United Kingdom

Production

Production in the UK North Sea was 2.0 kboed (32% gas, 0.03 bcm) in the 9-months to 30 September 2020. This is at the top end of full year guidance of 1 – 2 kboed primarily due to better-than-forecast uptime.

Appraisal

The two-well Glengorm appraisal campaign is expected to commence shortly.



9-month to 30 September 2020 performance and 2020 pro forma guidance – combined business³

The production and financial data below reflects the combined Energean and Edison E&P forecasts for the full year. Edison E&P will be consolidated into Energean’s financial statements from the date of transaction completion, which is expected later in 2020. Energean will benefit from net cash flows between the locked-box date of 1 January 2019 and the date of transaction completion through an adjustment to the variable consideration.

	FY 2020 Guidance	9-months to 30 September 2020
Production		
Egypt (kboed)	34 – 37	36.6
Southern Europe (kboed)	9.5 – 12.5	11.3
UK North Sea (kboed)	1 - 2	2.0
Total pro forma production (kboed)	44.5 – 51.5	50.0
Financials		
	2020	
Consolidated net debt (\$ million)	1,425 - 1,475 ⁴	972.4
Net debt including Energean’s pro-rata share of Israel debt only (excluding Kerogen minority) (\$ million)	1,125 - 1,150 ⁴	676.1
Operating Costs & G&A		
- Israel (\$ million)	-	-
- Egypt (\$ million)	55 – 60	39.0
- Southern Europe (\$ million)	105 - 125	89.7
- UK North Sea (\$ million)	25 - 30	13.8
- Energean G&A (\$ million)	15	10.4
- Edison G&A (\$ million)	25 - 30	20.2
Operating costs & G&A (\$ million)	225 - 260	173.1
Development and production capital expenditure		
- Israel (\$ million)	475 - 525	282.3
- Egypt (\$ million)	10	6.0
- Southern Europe (\$ million)	15 - 20	13.0
- UK North Sea (\$ million)	5 - 10	2.7
- Other (\$ million)	-	
Total Pro Forma Development & Production Capital Expenditure (\$ million)	505 - 565	304.0
Exploration Expenditure		
- Israel (\$ million)	25	20.4
- Egypt (\$ million)	75	73.8

³ All historic Edison E&P numbers are unaudited and subject to change. Forward looking numbers have been sourced from the Edison E&P 2020 full year budget

⁴ Year-end net debt guidance assumes that the acquisition of Edison E&P is completed and paid for before year end 2020. Year end net debt guidance is provided on an absolute basis and does not reflect accounting adjustments that will show on the face of the balance sheet



- Southern Europe (\$ million)	5	2.7
- UK North Sea (\$ million)	15	8.3
Total Exploration Expenditure (\$ million)	120	105.2
Decommissioning expenditure (\$ million)	-	

Forward looking statements

This announcement contains statements that are, or are deemed to be, forward-looking statements. In some instances, forward-looking statements can be identified by the use of terms such as "projects", "forecasts", "anticipates", "expects", "believes", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results and events to differ materially from those expressed in or implied by such forward-looking statements, including, but not limited to: general economic and business conditions; demand for the Company's products and services; competitive factors in the industries in which the Company operates; exchange rate fluctuations; legislative, fiscal and regulatory developments; political risks; terrorism, acts of war and pandemics; changes in law and legal interpretations; and the impact of technological change. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this announcement is subject to change without notice.

About Energean plc

Energean is a London Premium Listed FTSE 250 and Tel Aviv 35 Listed gas-focused E&P company with operations offshore Israel, Greece and the Adriatic. In August 2017 the Company received Israeli Governmental approval for the FDP for its flagship Karish-Tanin gas development project, where it intends to use the only FPSO in the Eastern Mediterranean to produce first gas in 2021. Energean has already signed firm contracts for 7.0 Bcm/yr of gas sales into the Israeli domestic market. Future gas sales agreements will focus on both the growing Israeli domestic market and key export markets.

Energean has nine exploration licences offshore Israel, and a 25-year exploitation licence for the Katakolo offshore block in Western Greece and additional exploration potential in its other licences in Western Greece and Montenegro.



On 4 July 2019, Energean announced the conditional acquisition of Edison E&P for \$750 million plus \$100 million of contingent consideration. On 23 December 2019, Energean announced the exclusion of the Algerian assets from the transaction. On 29 June 2020, Energean announced the exclusion of the Norwegian subsidiary from the transaction and a revised enterprise value (as at the locked-box date of the transaction, 1 January 2019) of \$284 million. The acquisition of Edison E&P, exclusive of the Algerian assets and Norwegian subsidiary, is expected to complete later in 2020.

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