

# Press release

22 November 2023

**ITHACA ENERGY PLC**  
 (“Ithaca Energy”, the “Company” or the “Group”)

## Third Quarter Update and Results for the Nine Months to 30 September 2023

**Continued delivery against BUY, BUILD and BOOST strategy, achieving milestone FID at Rosebank;  
 FY 2023 production guidance and \$400m dividend reaffirmed; improved opex guidance**

Ithaca Energy, a leading UK independent exploration and production company, today announced its unaudited financial results for the nine months ended 30 September 2023.

### Financial key performance indicators (KPIs)

	YTD 9M 2023	YTD 9M 2022
Adjusted EBITDAX <sup>1</sup> (\$m)	1,367.5	1,438.4
Statutory net income (\$m)	238.5	1,392.2
Adjusted net income <sup>1</sup> (\$m)	332.1	391.2
Net cash flow from operating activities (\$m)	1,021.2	1,467.9
Available liquidity <sup>1</sup> (\$m)	912.6	399.4
Unit operating expenditure <sup>1</sup> (\$/boe)	21.1	19.3
Adjusted net debt <sup>1</sup> (\$m)	677.4	1,143.6
Adjusted net debt/adjusted EBITDAX <sup>1</sup>	0.37x	0.61x
<b>Other KPIs</b>		
Total production (boe/d)	71,048	68,246
Tier 1 process safety events	1	0
Serious injury and fatality frequency	0	0

<sup>1</sup> Non-GAAP measure

### Q3 2023 Strategic Highlights

#### BUY

- Completed acquisition of remaining 40% stake in Fotla and announced acquisition of remaining 30% stake in Cambo (subject to completion), both at limited near-term cost, providing Ithaca Energy with full control over pre-Final Investment Decision (FID) work and timing
- Actively engaging with potential farm-in partners to enable the future progression of Cambo and Fotla towards FID, subject to regulatory and licensing approval processes (including the 31 March 2024 Cambo licence milestone) and market conditions

#### BUILD

- FID taken to progress Phase I of the Rosebank development, the UK’s largest undeveloped discovery

- All major contracts awarded, including the integrated subsea engineering, procurement, construction and installation (iEPCI™) contract, the drilling rig contract and bareboat charter for the Petrojarl Knarr FPSO
- Pre-FID work continues across the Group’s high-value greenfield and brownfield development portfolio including:
  - Captain Electrification FEED study matured to support FID
  - Marigold Unitisation and Unit Operating Agreement executed with work progressing towards submission of the Field Development Plan in 2024
- Exploration discovery at the K2 prospect and decision to proceed with further appraisal
- Appraisal drilling ongoing at Leverett (Ithaca Energy working interest 12%)

### BOOST

- Captain Enhanced Oil Recovery (EOR) Phase II project now ~80% complete, supporting first Phase II polymer injection into the subsea wells in H1 2024, with the following activities completed in the quarter:
  - **Drilling:** Completed drilling operations of all three Area E polymer injection wells and the commencement of drilling operations in Area D
  - **Subsea:** Completed laying and trenching operations of all flowlines and umbilicals
  - **Facilities:** Turnaround successfully completed including facilities upgrades in support of EOR II project
- Infill drilling ongoing at Alba supporting production in the late life phase of the field

## Q3 2023 Operational Update

Year-to-date production of 71.0 thousand barrels of oil equivalent per day (kboe/d), supporting reaffirmed full year 2023 production guidance of 68–74 kboe/d

- Q3 production of 61.7 kboe/d reflects previously guided planned turnaround activity across the Group’s operated and non-operated base during the quarter
- Return to full production expected in Q4 following completion of planned turnaround activities
- Q3 production split 66% liquids and 34% gas
- Non-operated assets performing in line with expectations in the quarter with the exception of Pierce, where operational issues related to the vessel mooring system have temporarily shut down production from the field
  - Operator Bluewater Energy Services is working to resolve issues with the mooring system. Rectification timeline highly dependent on weather but expected in H1 2024

## YTD 9M 2023 Financial Highlights

- YTD adjusted EBITDAX of \$1,367.5 million (YTD 2022: \$1,438.4 million)
- YTD adjusted net income of \$332.1 million (YTD 2022: \$391.2 million)
- YTD net cash flow from operating activities of \$1,021.2 million (YTD 2022: \$1,467.9 million)
- YTD realised oil prices of \$86/bbl before hedging and \$84/bbl after hedging (YTD 2022: \$104/bbl before hedging and \$91/bbl after hedging) and gas prices of 99p/therm before hedging and 153p/therm after hedging (YTD 2022: 213p/therm before hedging and 155p/therm after hedging)
- Continued strong cost control, delivering YTD operating costs of \$409 million (\$21.1/boe (YTD 2022: \$19.3/boe)) and YTD producing asset capex of \$293 million

- Balance sheet remains strong with further deleveraging in the period
  - Adjusted net debt of \$677.4 million at 30 September 2023 (31 December 2022: \$971.2 million; 30 September 2022: \$1,143.6 million)
  - Group leverage position of 0.37x adjusted net debt to adjusted EBITDAX (30 September 2022: 0.61x)
- Second interim 2023 dividend of \$133 million paid in September 2023, taking the total year-to-date dividend payment to \$266 million
- Significant build on hedging book during the quarter, with 10.3 million barrels of oil equivalent (68% oil) hedged from Q4 2023 into 2025 at an average price floor of \$77/bbl for oil and 140p/therm for gas at 30 September 2023, with attractive winter collar ceilings of approx. \$88/bbl for oil and over 300p/therm for gas for the six month period to 31 March 2024
- Building on the PROTECT arm of our Capital Allocation Policy, Foreign Exchange hedges of \$200 million placed at an average rate of \$1.23: £1 (of which \$150 million was placed following period-end)

## FY 2023 Management Guidance

- Management **reaffirms** previously provided guidance ranges for full year 2023 (FY 2023):
  - **Production guidance** of 68-74 kboe/d; and
  - **Producing asset capital cost guidance** of \$390- \$435 million
- Management **lowers operating cost guidance range** for FY 2023 from \$560-\$610 million to \$525-\$575 million reflecting lower forecasted operating costs as result of strict cost control, improved FX rates and a reduction in planned activity
- Targeted total dividend of \$400 million **reaffirmed** for financial year 2023, with remaining \$134 million payment payable following the end of the 2023 financial year
- Following the Rosebank FID, management estimates that the Group's capital expenditure on the project in FY 2023 will be in the range of \$90-\$110 million (YTD 2023: \$64 million)

**Executive Chairman, Gilad Myerson**, commented: "I am delighted that we have once again reported a quarter of strong strategic progress and continued financial delivery. The decision to progress with Phase I of the Rosebank development alongside Equinor represents a significant milestone for Ithaca as we continue to deliver against our BUY, BUILD and BOOST strategy. We continue to constructively engage with UK government to help shape future energy policy to create a supportive environment for further investment in the UK North Sea and welcome the recent announcement on annual North Sea licensing rounds."

**Chief Executive Officer, Alan Bruce**, commented: "We continue to focus on maximising value from our portfolio, with targeted investment in high quality assets such as Captain and Rosebank. We are pleased to reaffirm today our previously stated production, capex and dividend guidance for Full Year 2023, while our strong cost control has allowed us to lower our opex guidance. Ithaca is in a strong financial position and our long-life assets provide the basis for consistent execution of our value proposition – growing free cash flow, reducing emissions intensity and returning capital to shareholders."

## **Webcast and Conference call**

Ithaca Energy will host a virtual presentation and Q&A session for investors and analysts at 09:00 (GMT) today, 22 November 2023, and a further presentation and Q&A session for Bond Holders only, which will be held at 14:00 (GMT) today, 22 November 2023. Details of both sessions are accessible via our website.

### **Investors and Analysts – Webcast link**

<https://www.investis-live.com/ithaca-energy/654a5da9464d140d008d31a0/mfdo>

### **Investors and Analysts – Conference call**

Operator Assisted Dial-In: United Kingdom (Local): +44 20 3936 2999 United Kingdom (Toll-Free): +44 800 358 1035 Global Dial-In Numbers Access Code: 143591

### **Bond Holders – Webcast link**

<https://www.investis-live.com/ithaca-energy/654a5f3f464d140d008d9e15/lwjn>

### **Bond Holders – Conference call**

Operator Assisted Dial-In: United Kingdom (Local): +44 20 3936 2999 United Kingdom (Toll-Free): +44 800 358 1035 Global Dial-In Numbers Access Code: 507833

## **Enquiries**

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## About Ithaca Energy plc

Ithaca Energy is a leading UK independent exploration and production company focused on the UK North Sea with a strong track record of material value creation. In recent years, the Company has been focused on growing its portfolio of assets through both organic investment programmes and acquisitions and has seen a period of significant M&A driven growth centred upon two transformational acquisitions in recent years. Today, Ithaca Energy is one of the largest independent oil and gas companies in the United Kingdom Continental Shelf (the “UKCS”), ranking second by resources.

With stakes in six of the ten largest fields in the UKCS and two of UKCS’s largest pre-development fields, and with energy security currently being a key focus of the UK Government, the Group believes it can utilise its significant reserves and operational capabilities to play a key role in delivering security of domestic energy supply from the UKCS.

Ithaca Energy serves today’s needs for domestic energy through operating sustainably. The Group achieves this by harnessing Ithaca Energy’s deep operational expertise and innovative minds to collectively challenge the norm, continually seeking better ways to meet evolving demands.

Ithaca Energy’s commitment to delivering attractive and sustainable returns is supported by a well-defined emissions-reduction strategy with a target of achieving net zero by 2040.

Ithaca Energy plc was admitted to trading on the London Stock Exchange (LON: ITH) on 14 November 2022.

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