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Media release

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Strong operational performance and Beach transformation underway

Key Highlights:

- Gross profit up 45% on the corresponding half to $150m
- Underlying net profit after tax up five per cent on the corresponding half to $93m
- Operating cash flow up 13 per cent on the corresponding half to $174m
- Full year pro forma production guidance increased to 25.5 – 27.6 MMboe
- Low cost operator model reaffirmed with cash flow breakeven of US$17/bbl
- $155m net cash flow generated from recently acquired Lattice assets
- Lattice synergies target increased from $20m to $50m per annum by end FY19
- Shareholders to receive a one cent per share fully franked interim dividend

Continued strong operational and financial performance saw Beach Energy record a 45% increase in gross profit to $150m in its 2018 first half results.

Underlying net profit after tax (NPAT) was $93.1m, up five per cent on the corresponding half last year.

Beach benefited from the $155m of free cash flow generated in the first half by Lattice. Lattice's second half earnings and profits will be consolidated in Beach's full year accounts.

Beach increased its synergy targets for the Lattice acquisition from $20m to $50m by end FY19.

The improved results and cash flows allowed Beach to reduce net gearing targets for FY19 from 25% to 20%.

Beach Energy CEO Matt Kay said the strong performance of both Beach and Lattice led the Board to announce a fully-franked interim dividend of one cent per share.

"These results cap off a truly transformational first half for Beach Energy," Mr Kay said.

"Even with all the increased activity that came as a result of the Lattice acquisition, I'm extremely proud that our team continued to deliver excellent results, including continued improvement in safety and environment standards.

"Our low cost and high margin operator model remains active. We are tracking ahead of financial targets and this has allowed us to announce a more than doubling of synergy targets from the Lattice acquisition and a significant reduction in net gearing targets. Net gearing should be below 20% by the end of FY19.

“At the end of the first half our cash flow breakeven remains at US$17/bbl, which is truly world-class.

“The Cooper Basin JV continues to go from strength to strength with field operating costs down 21 per cent to $14/boe leading to $40m in free cash flow during the half.”

“We continued to have exceptional drilling performance with 48 wells drilled at a success rate of 83 per cent.”

Mr Kay said he was equally impressed in the performance of the Lattice assets over the first half.

“With the transformational and timely acquisition of Lattice we now have production from 5 basins across Australia and New Zealand. We will apply the Beach focus on returns to extract maximum value and growth from the expanded portfolio. More than half of our production remains leveraged to oil price and our financials are also underpinned by attractive long term gas contracts”.

Ends

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