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Beach demonstrates financial strength and positions for further growth

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Australia's largest onshore oil producer, Beach Energy, delivered FY16 results that demonstrate a resilient, profitable business underpinned by operational excellence and a focus on prudent financial management.

Key FY16 highlights include:

- Underlying net profit after tax of \$36 million;
- Record production of 9.7MMboe;
- Lower cost of operated production, with company cash flow breakeven of US\$26 bbl;
- Year-end cash of \$199 million, up \$28 million;
- Fifteenth consecutive year of dividends; fully franked dividend of 0.5 cps;
- Successful merger with Drillsearch, synergies of \$40 million per annum;
- Exploration drilling success of 75%, five new field discoveries in Windorah Trough;
- Rationalisation of poor performing assets undertaken and continuing; and
- Net debt free and positioned for further growth with a disciplined and patient approach.

Chief Executive Officer Matt Kay said Beach is positioned extremely well having delivered good progress against its strategic and operating objectives.

"Our record production levels and reduced operating cost base deliver free cash flow and demonstrate Beach's ongoing financial strength," Mr Kay said.

"We are net debt free and for the fifteenth consecutive year we will pay a dividend to shareholders.

"Our reduction in breakeven cash flow of over 60% demonstrates our ability to deliver business efficiency within Beach and to work effectively with partners in the SACB and SWQ joint ventures.

"We are expecting a further increase in production in FY17, and our operated 13 well program is designed to drive further growth from our assets.

"The Bauer field expansion and Middleton gas compression project planned for FY17 will help partially mitigate natural field decline, and the full benefits of the Drillsearch merger will be seen.

"In the first quarter of FY17, we will drill the Kangaroo-1 oil exploration well in ex-PEL 91 to target a Birkhead oil play. Success with this well is expected to redefine prospectivity in the Western Flank and lead to significant follow-on activity.

"Our business model is efficient and profitable and we continue our ongoing focus on cost reductions within Beach and by supporting our joint venture partners.

"We are well positioned in a low oil price environment and highly leveraged to an oil price recovery.

"Value accretive growth opportunities that align with our strategy continue to be a core focus and we are active, disciplined and patient in our approach," Mr Kay said.