



Tethys Oil

Q1 2020

5 May 2020



تيثيز أويل

Q1-20 Highlights

3rd highest
quarterly
production

13,032
bopd

Free Cash
Flow

MUSD 9.2

Net Cash

MUSD 78

1.2m shares
repurchased
to a value of

MUSD 5.8

Blocks 3&4

9 wells drilled
successfully


Block 49

Preparations
for exploration
drilling

Block 56

Government
approval
received

Tethys Oil's main assets - Oman

	Country	Licence	Area, km ²	Tethys share	Partners*	Reserves and resources, net, 31 Dec 2019 (mmbo)		Production, net, Q1 2020 (bopd)
						2P	2C	
Producing Assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui	26.1	13.5	13,032
Exploration assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui			
	Oman	Block 49	15,439	100%	Tethys Oil			
	Oman	Block 56	5,808	20%	Medco Arabia Ltd , Intaj LLC, Biyaq Oilfield Services			

* Operator in bold

Q1-20 Financial highlights

	Q1-20	Q4-19	Q1-19	FY-19	FY-18
Revenue and other income, MUSD	37.3	36.2	32.7	150.8	157.3
EBITDA, MUSD	21.9	21.3	17.2	92.9	106.6
Operating result, MUSD	9.2	0.7	5.6	37.1	60.7
Cash flow from operations	24.7	27.1	21.7	96.0	105.4
Ave. selling price, USD/bbl	63.1	61.4	61.6	64.2	70.5
Opex, USD/bbl	11.6	10.7	13.3	11.0	10.7
Ave. daily production, bbl	13,032	13,475	11,901	12,832	11,767

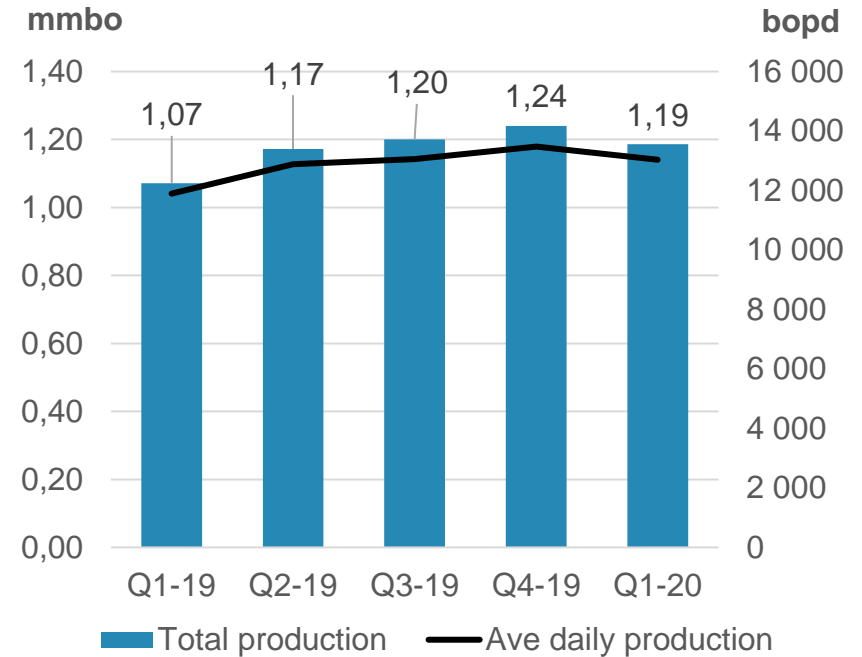
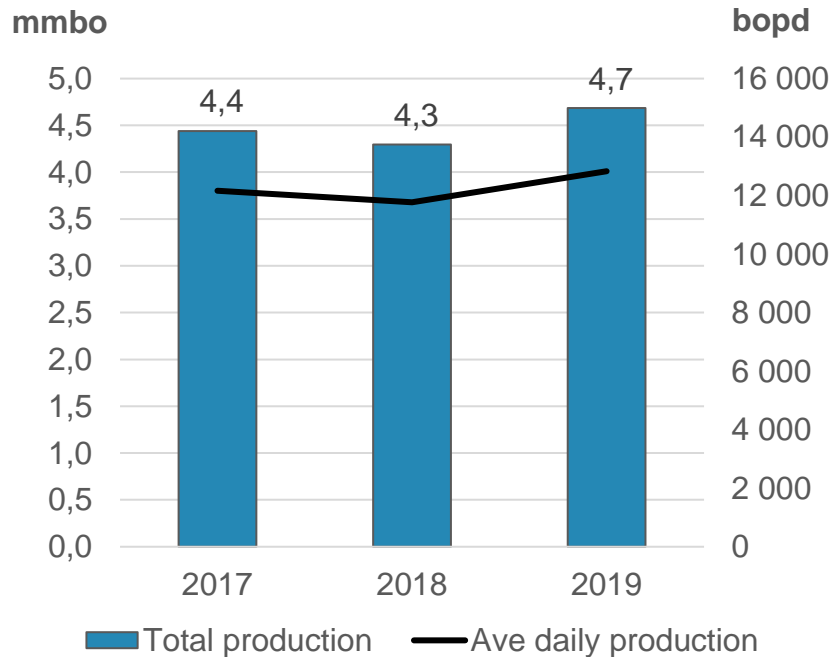
- Revenue and other income reflects higher oil prices and higher entitlement
- Entitlement 49% (48% in Q4-19)
- EBITDA up slightly sequentially
- Continued strong cash flow
- Net cash position increased to MUSD 78.0

Distributions to shareholders continue

SEK/share (Payment year)	2020	2019	2018	2017	2016	2015
Ordinary dividend	2.00	2.00	2.00	1.00	1.00	1.00
Extraordinary distribution	3.00	6.00	4.00	-	3.00	2.00
Total	5.00	8.00	6.00	1.00	4.00	3.00
Dividend yield at announcement	11%	11%	10%	1%	7%	4%

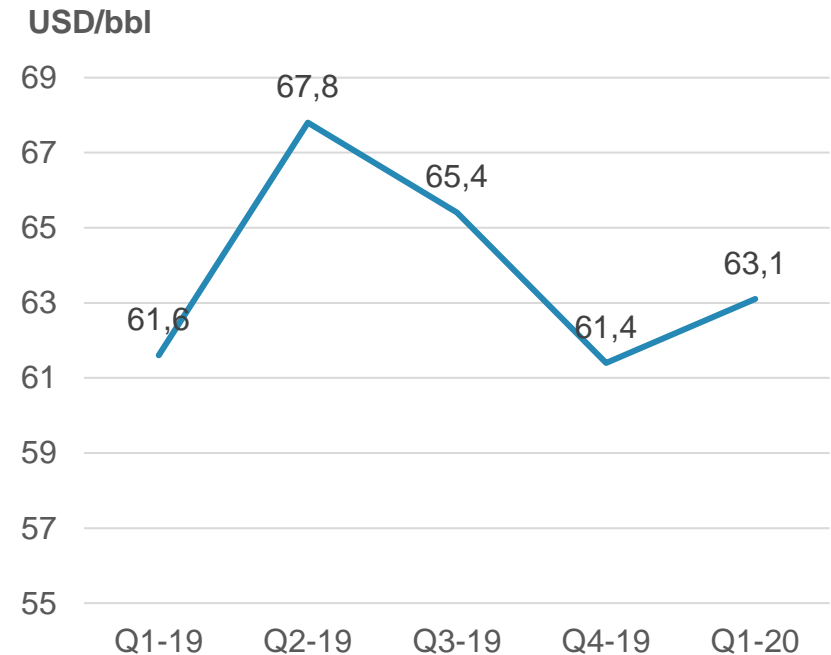
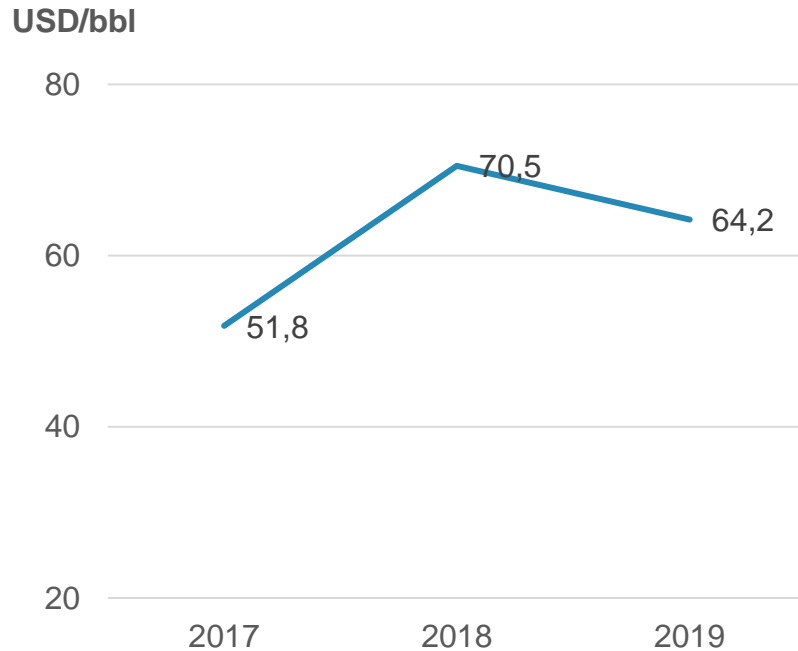
- The board of directors proposes an ordinary dividend of SEK 2.00 per share (2019: SEK 2.00), with record date May 15, 2020.
- The board of directors proposes an extraordinary distribution of SEK 3.00 by way of a mandatory share redemption programme following the 2020 AGM (2019: SEK 6.00)
- Tethys Oil has distributed more than MUSD 80 to the shareholders 2015-2019
- In addition, Tethys Oil has in 2020 repurchased 1.3 million shares to a value of MSEK 64

Production, Blocks 3&4



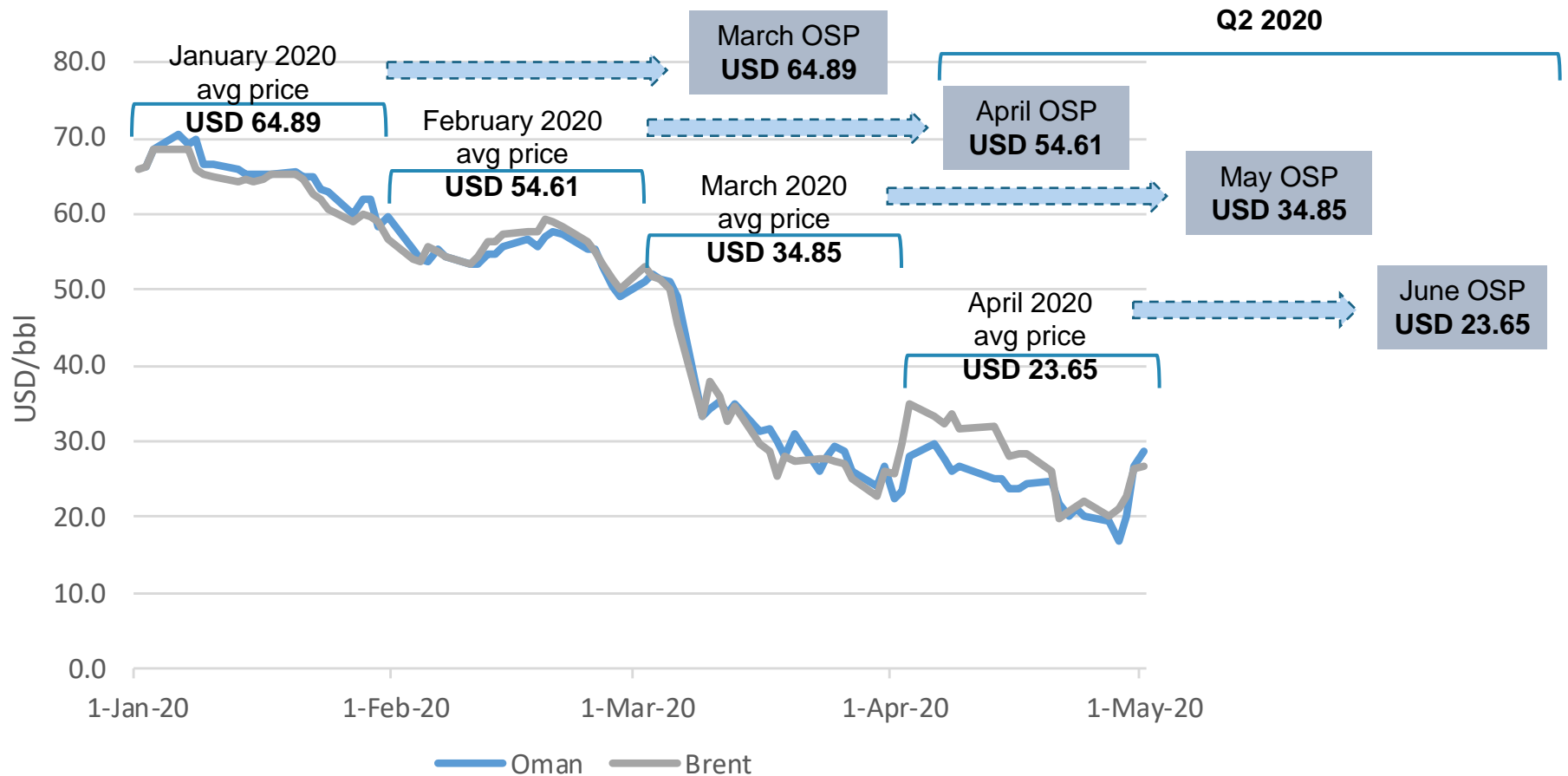
- Average daily production of 13,032 bopd, down 3% from Q4-19 but up 10% from Q1-19
 - 3rd highest ever
- Production in Q1-20 negatively impacted by temporary system constraints
- Production limitations 2020 following Oman's participation in OPEC+ agreement:
 - Look to retain higher production capacity

Average achieved selling price per barrel



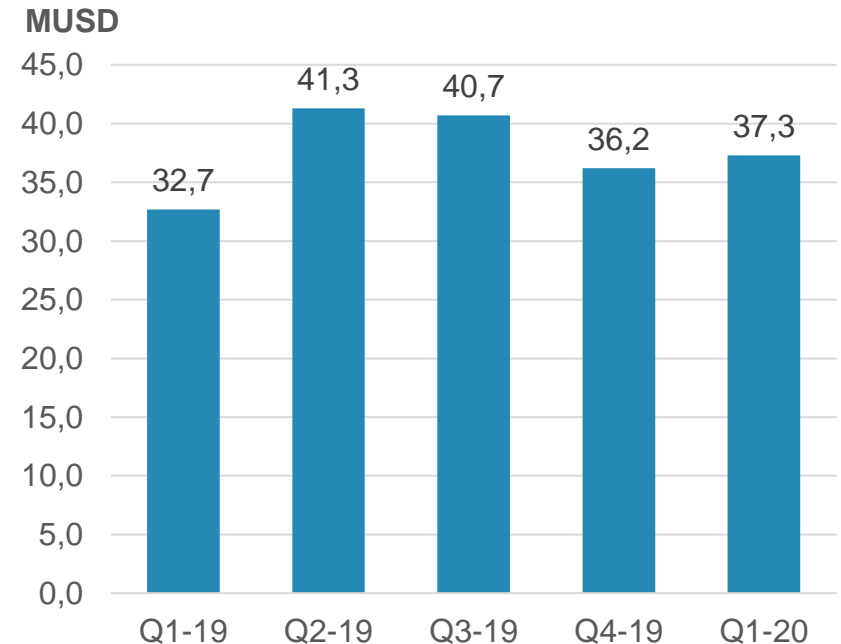
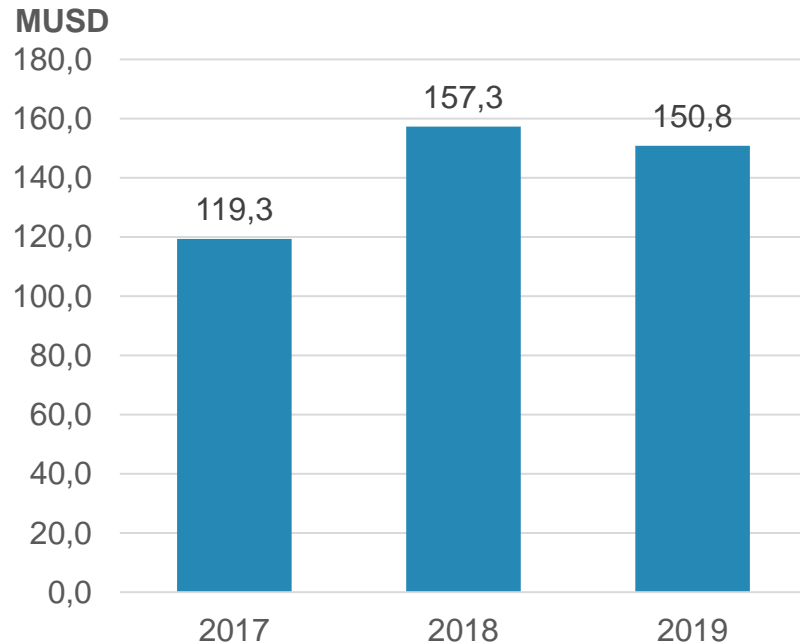
- Achieved selling price up 3% to USD 63.1/bbl, (Q4-19:USD 61.4/bbl)
- Selling price – realized with an effective two-month lag to spot price.

Official Selling Price (OSP)



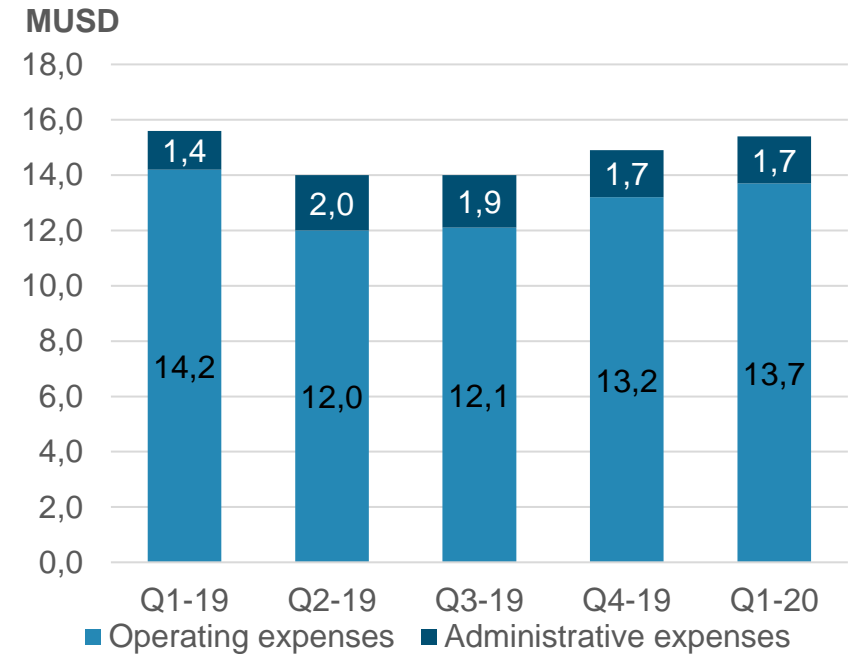
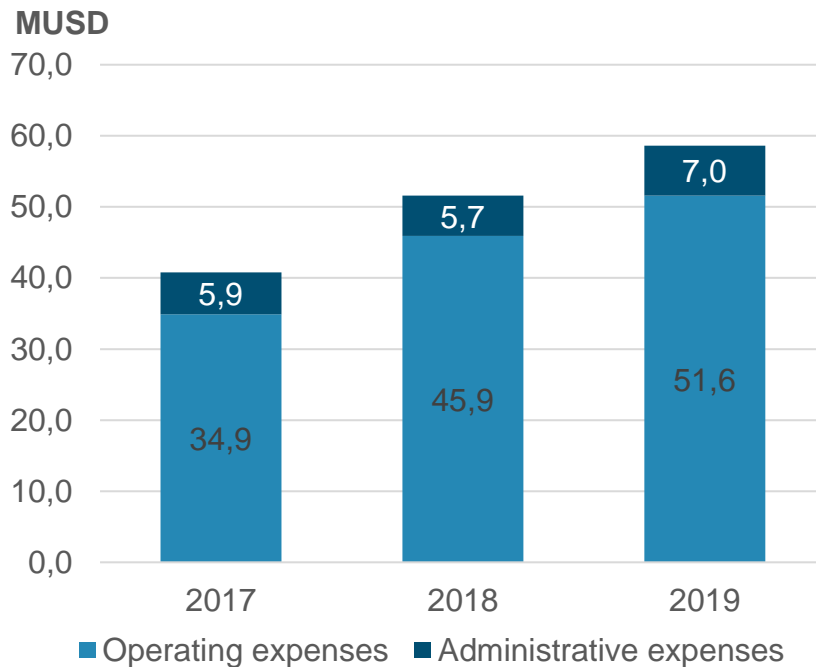
- The OSP is calculated from the average price of the front month contract for Oman export blend as traded on the Dubai Mercantile Exchange
 - The front month (spot) contract in May is for delivery in July and forms the basis for the July OSP

Revenue and other income



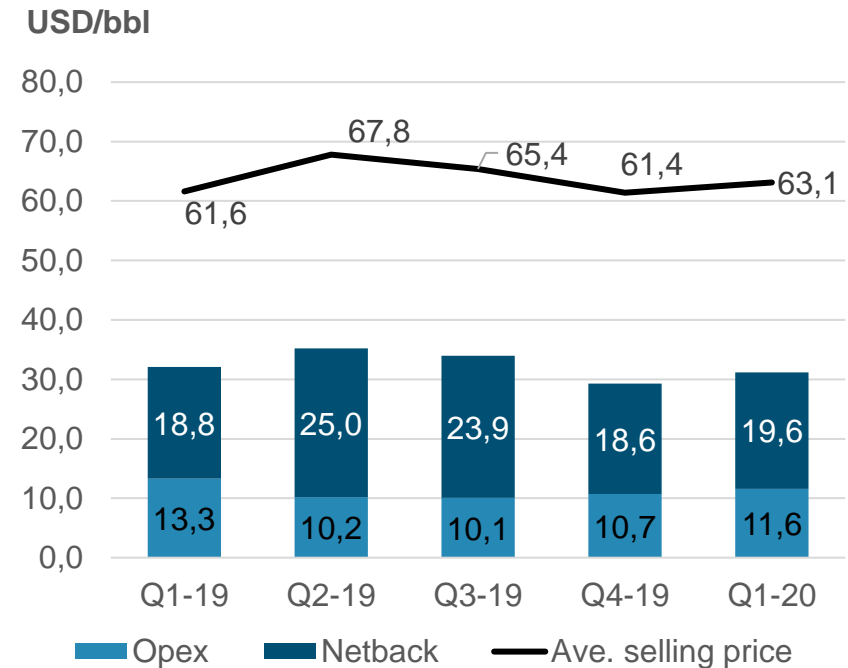
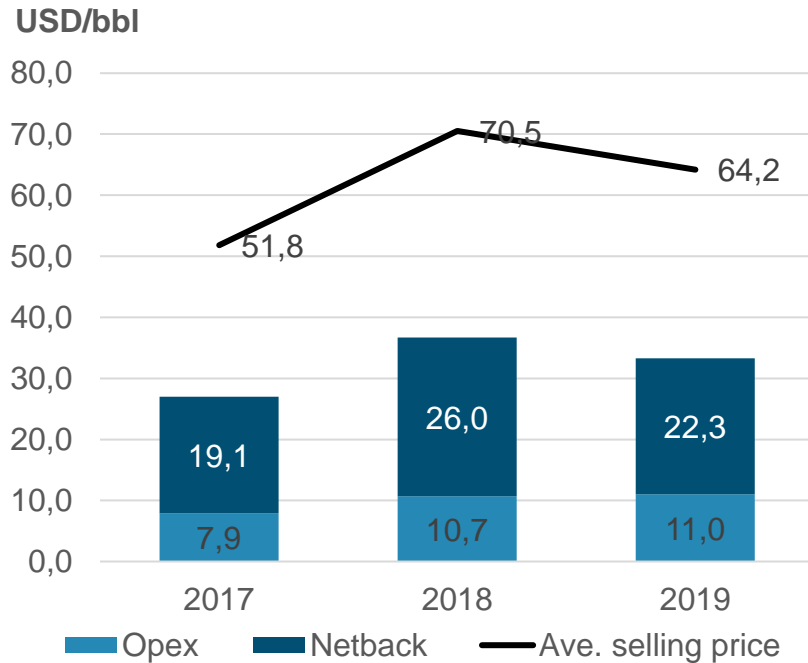
- Q1-20 Revenue and other income amounted to MUSD 37.3, up 3% compared with Q4-19 following higher oil price and higher entitlement
- Net Entitlement for 2020 expected to be 52% under current market conditions

Expenses



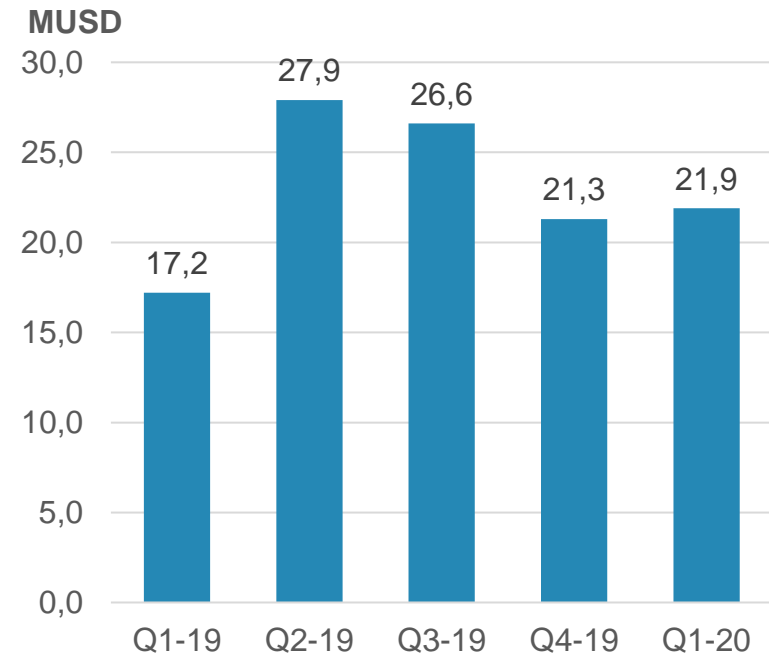
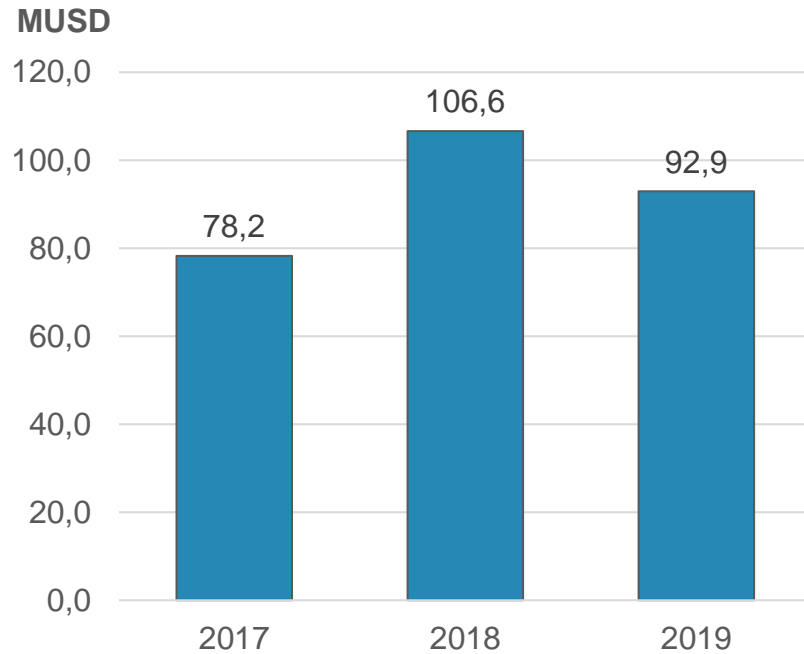
- Opex in Q1-20 amounted to MUSD 13.7, up 4% compared to MUSD 13.2 in Q4-19 following operator overheads and annual bonus & benefit payments

Opex and Netback* per barrel (USD/bbl)



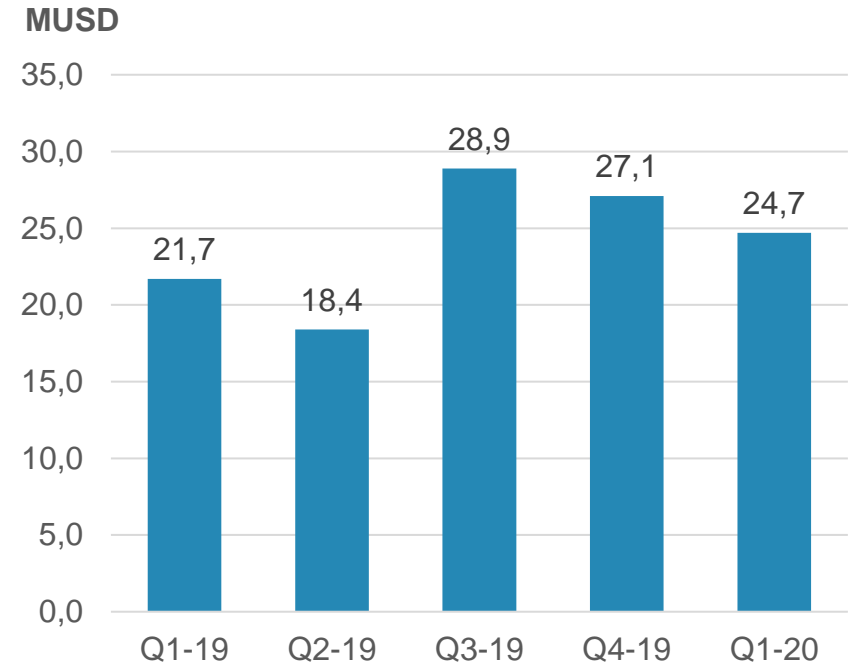
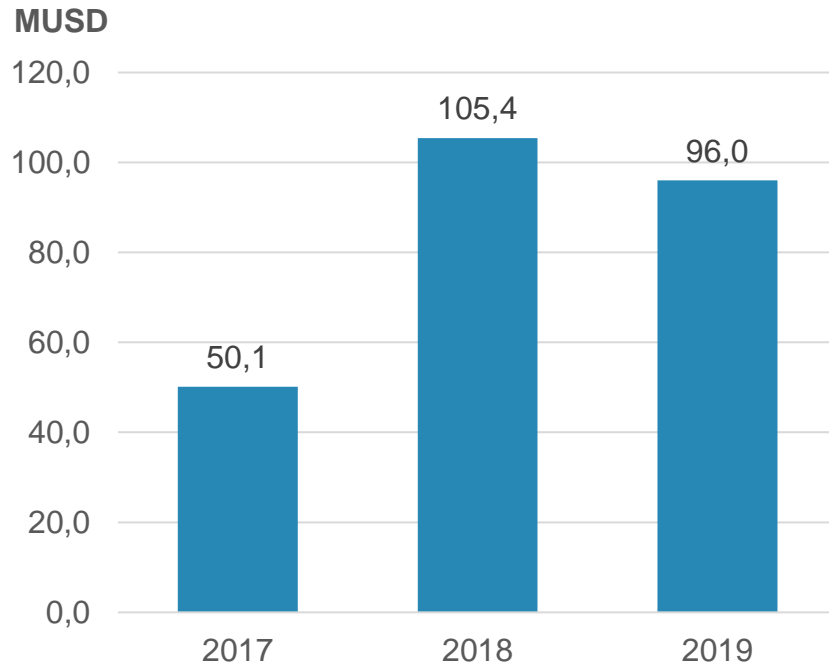
- Netback up 5% in Q1-20 compared with Q4-19 due to higher oil prices and higher entitlement despite higher opex/bbl
- Guidance on opex/bbl 2020 suspended following production limitations

EBITDA



- EBITDA of MUSD 21.9 in Q1-20, up 3% compared with Q4-19
- EBITDA margin of 59% in Q1-20, in line with Q4-19

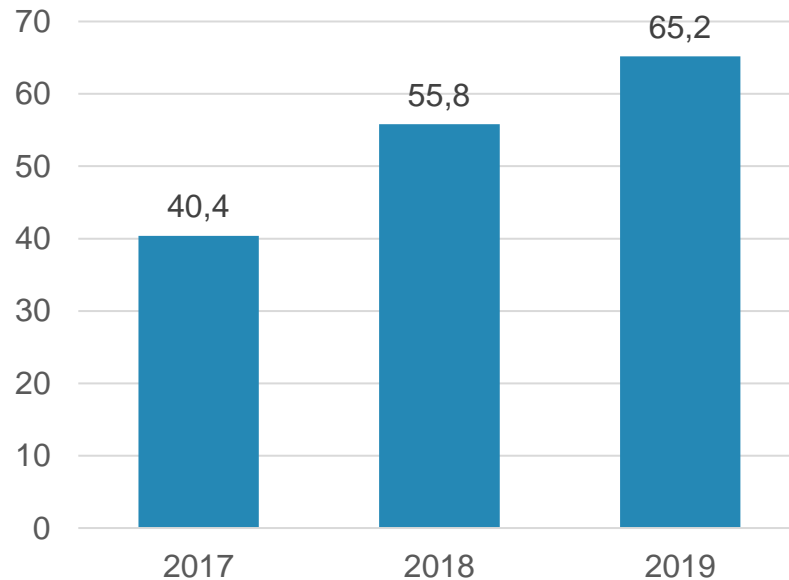
Cash flow from operations



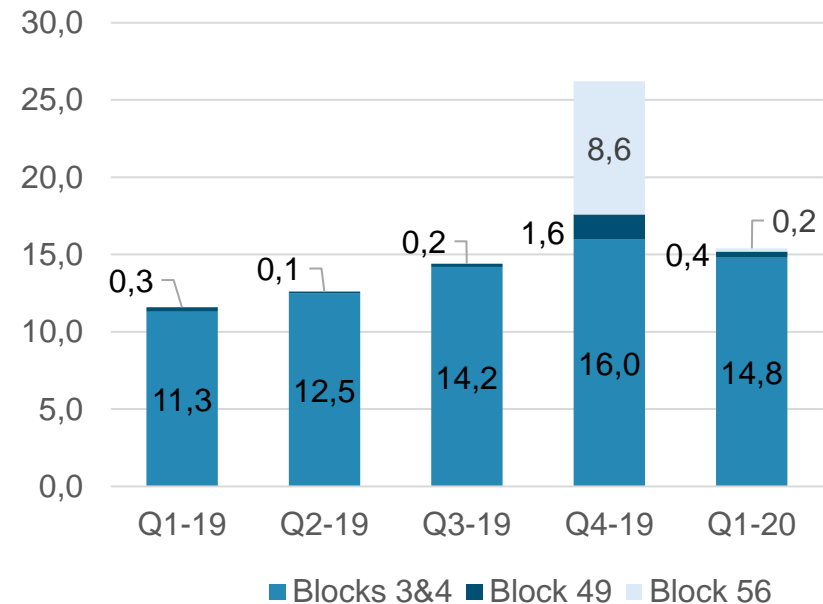
- Continued strong cash flow in Q1-20 of MUSD 24.7, albeit 9% lower than in Q4-19 (MUSD 27.1).

Oil and gas investments

MUSD



MUSD

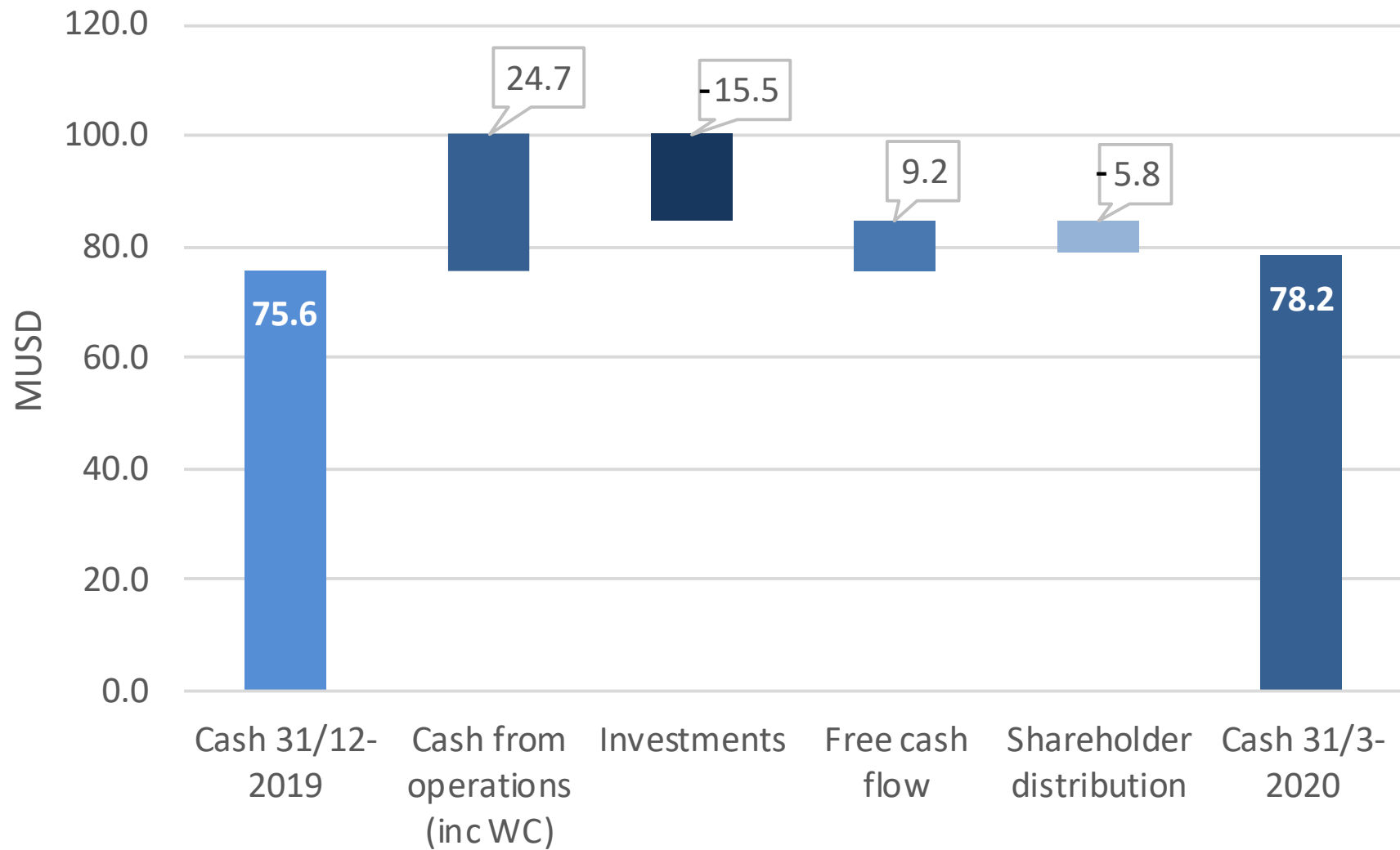


- **Investments in Q1-20:**

- Blocks 3&4 - MUSD 14.8 (MUSD 16.0 in Q4-19)
- Block 49 - MUSD 0.4 (MUSD 1.6 in Q4-19)
- Block 56 – MUSD 0.2 (MUSD 8.6 in Q4-19 following acquisition of 20% interest)

- **Investment guidance 2020 suspended (previously MUSD 50 – 64)**

Cash flow



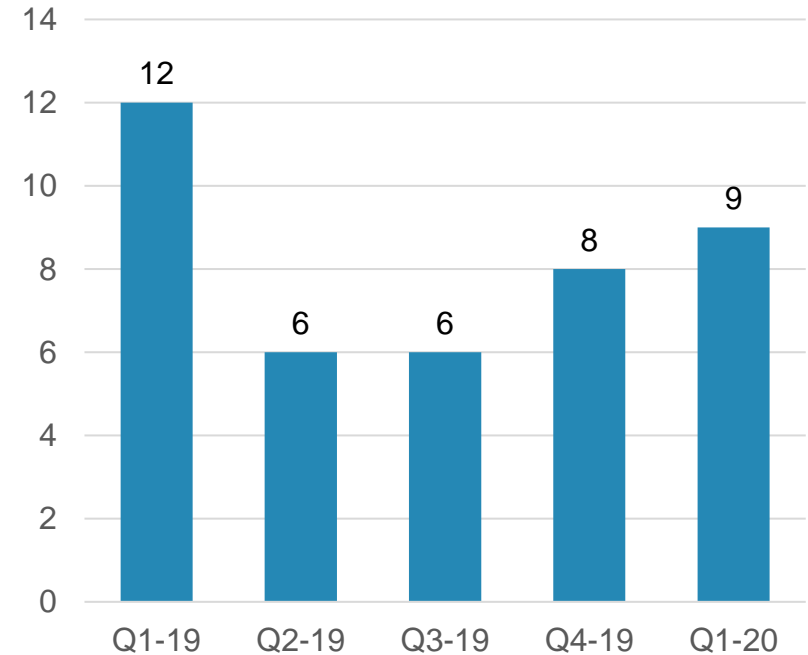
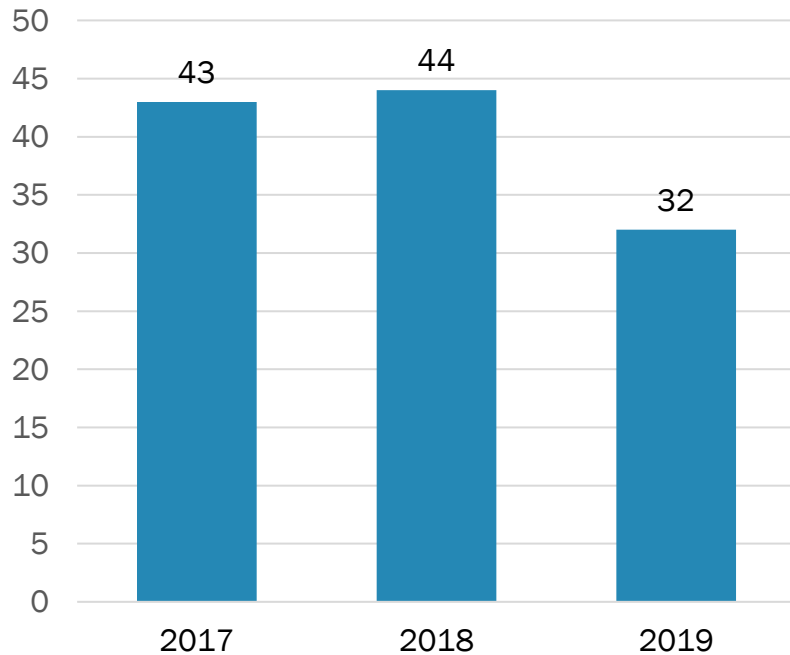
Balance Sheet

<i>(MUSD)</i>	2020-03-31	2019-12-31	2018-12-31
Net cash	78.0	75.1	73.1
Total assets	308.0	300.2	291.4
Shareholders' equity	279.8	276.3	267.6

Continued strong cash generation:

- Operations continue to generate strong cash flows – net cash increased 4% to MUSD 78.0
- Purchase of own shares in Q1-20: MUSD 5.8
- Net cash equal to appr SEK 23 per share (excl treasury shares)

Wells on Blocks 3&4



Wells completed Q1-20 (primary purpose)	Ulfa, Samha and Erfan Fields	Farha South	Shahd and Saiwan East	Near and far field exploration	Total
Appraisal/Production	3	2	3	-	8
Water injection	-	1	-	-	1
Water source	-	-	-	-	-
Exploration	-	-	-	-	-
Total	3	3	3	-	9

Operations Q1 2020

Blocks 3&4

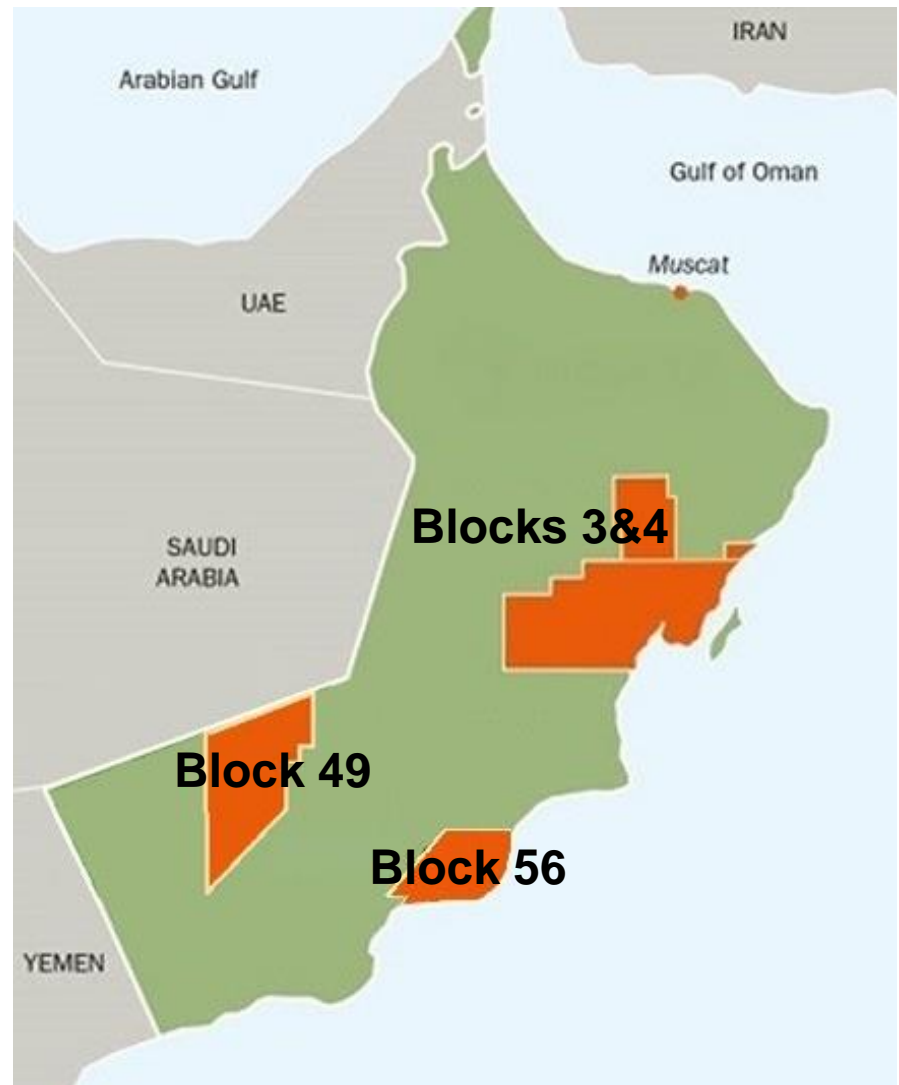
- Tethys Oil 30%, CCED 50% (operator) and Mitsui 20%
- Acquired 2007
- License valid until 2040
- Total area: 29,130 km²

Block 49

- Tethys Oil 100% (Operator)
- Signed in Q4-17
- EPSA covers an initial exploration period of 3 + 3 years
- Total area: 15,439 km²

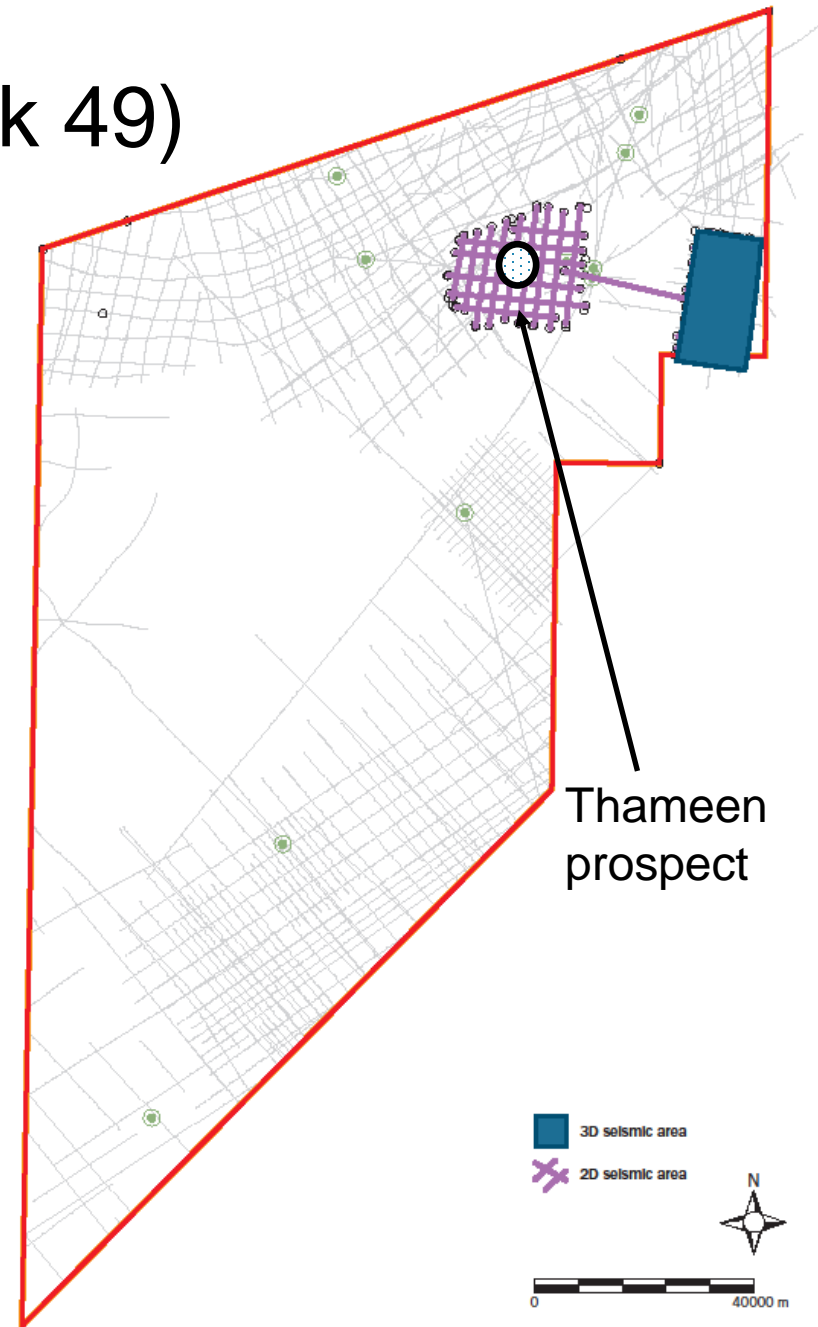
Block 56

- Tethys Oil 20%, Biyaq 5%, Intaj LLC 25%, and Medco Arabia Ltd 50% (operator)
- Signed in Q4-19
- EPSA covers an initial exploration until Dec 2020 with option to a second exploration phase ending Dec 2023.
- Total area: 5,808 km²

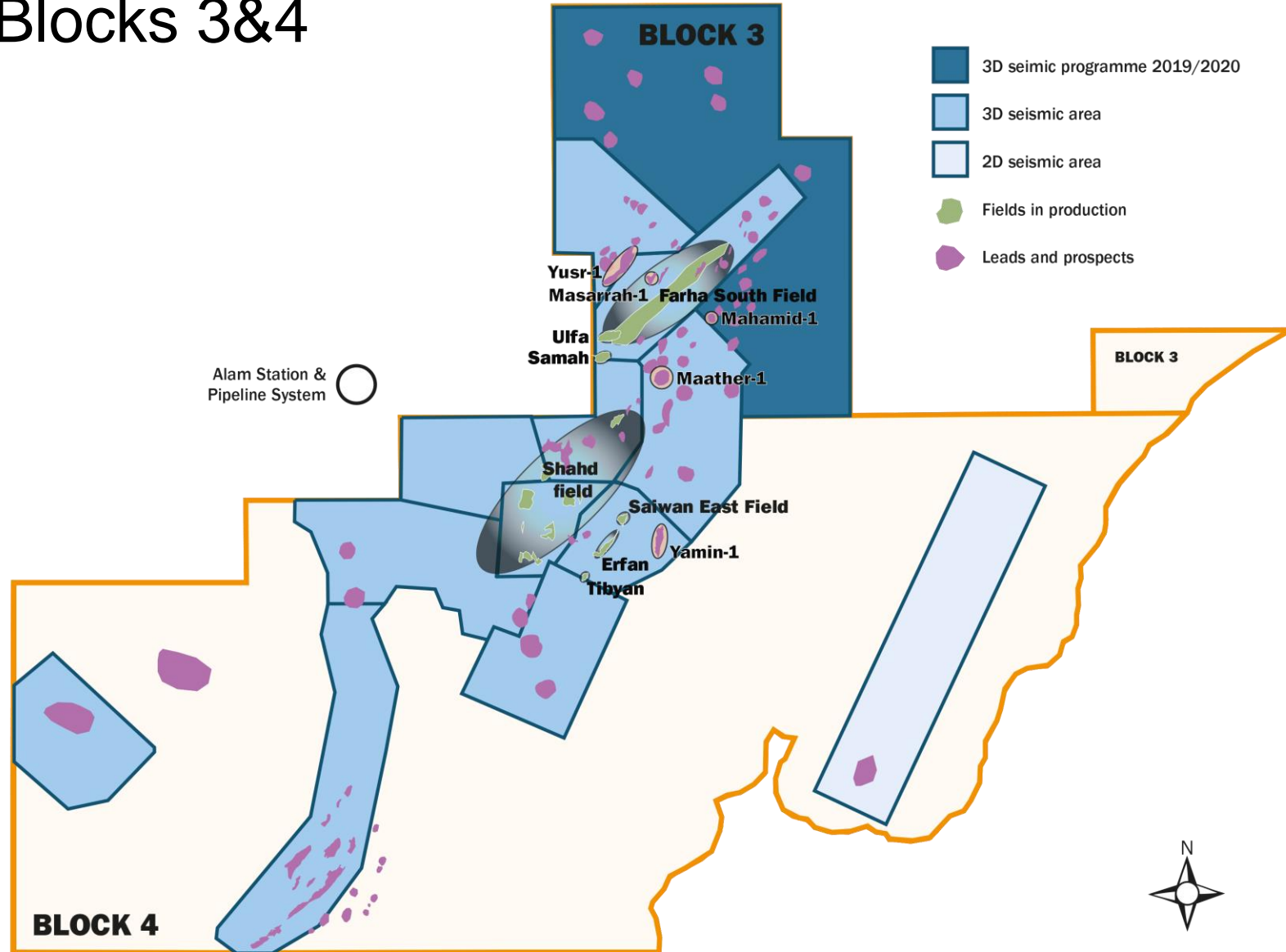


Drilling preparations (Block 49)

- 253 km² of 3D and 299 km of 2D seismic data were acquired in Q4-18
- First phase of the seismic interpretation was completed in the Q3-19
- The Thameen prospect defined
- Exploration well to a depth of close to 4,000 meters to evaluate three potential reservoir targets
- Prospect drill ready
- Drilling rig actively sought, tight market has opened up in new market environment

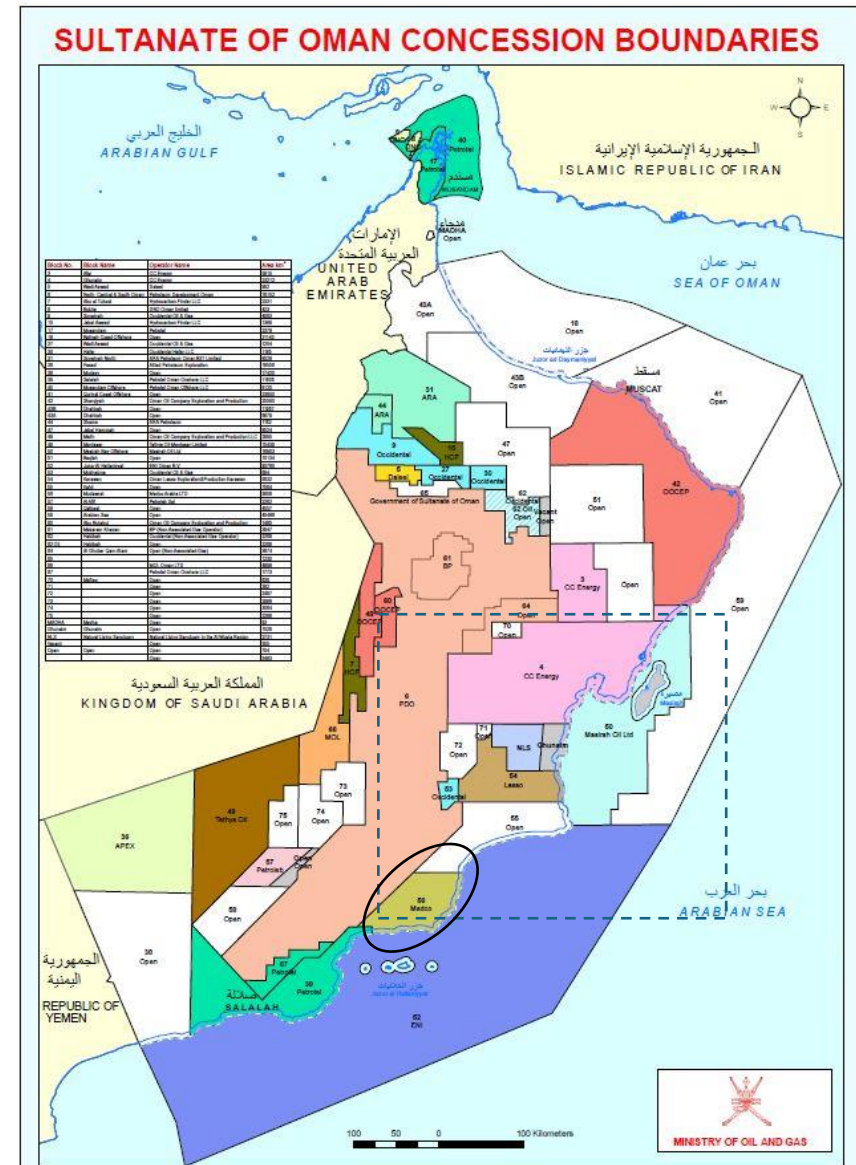


Fields, Discoveries, Leads and Prospects, Blocks 3&4



Block 56

- Testing operations of 3 wells successfully completed in Q1-20:
- Active petroleum system confirmed
 - crude quality of 20-25 degrees API
 - medium viscosity
 - commerciality yet to be determined
- Evaluation of existing seismic suggests presence of numerous leads in several different play concepts, some familiar from Blocks 3&4 - new 3D seismic likely be necessary



COVID-19 & OPEC+ Agreement Impact

- COVID-19 has had limited direct effects on operations
 - Measures to ensure staff health and safety implemented
 - Contingencies to ensure uninterrupted operations put in place
- The Sultanate of Oman's is a vocal supporter of the OPEC+ agreement
- Tethys Oil has been advised Blocks 3&4 will be subject to production limitations
- Tethys Oil's share of the production quota:
 - May – June 2020: 8,700 bopd
 - July – December 2020: 9,300 bopd

Outlook

Blocks 3&4:

- 2020 work program and expenditures to be adjusted to new production levels
 - Reduction of drilling activity and deferment of facility & infrastructure investments
 - Continue to invest & retain readiness to ramp up production if conditions change
- Target for Blocks 3&4 to be cash flow neutral on a full year basis under current market conditions

Block 49:

- Committed to drill Thameen in 2020, rig market improving

Block 56:

- Evaluation of tests ongoing, awaiting operator's proposals for next steps

Financial strength:

- Sufficient cash for distributions, continued exploration on Blocks 49 & 56 and growth
 - Current cash balance, net of distribution > MUSD 60

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Q2 2020

Will be published 11 August 2020



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