

FY15 Preliminary Full Year Results

24 August 2015



Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated. References to “Beach” may be references to Beach Energy Limited or its applicable subsidiaries.

Unless otherwise noted, all references to reserves and resources figures are as at 30 June 2015 and represent Beach’s share.

Competent Persons Statement

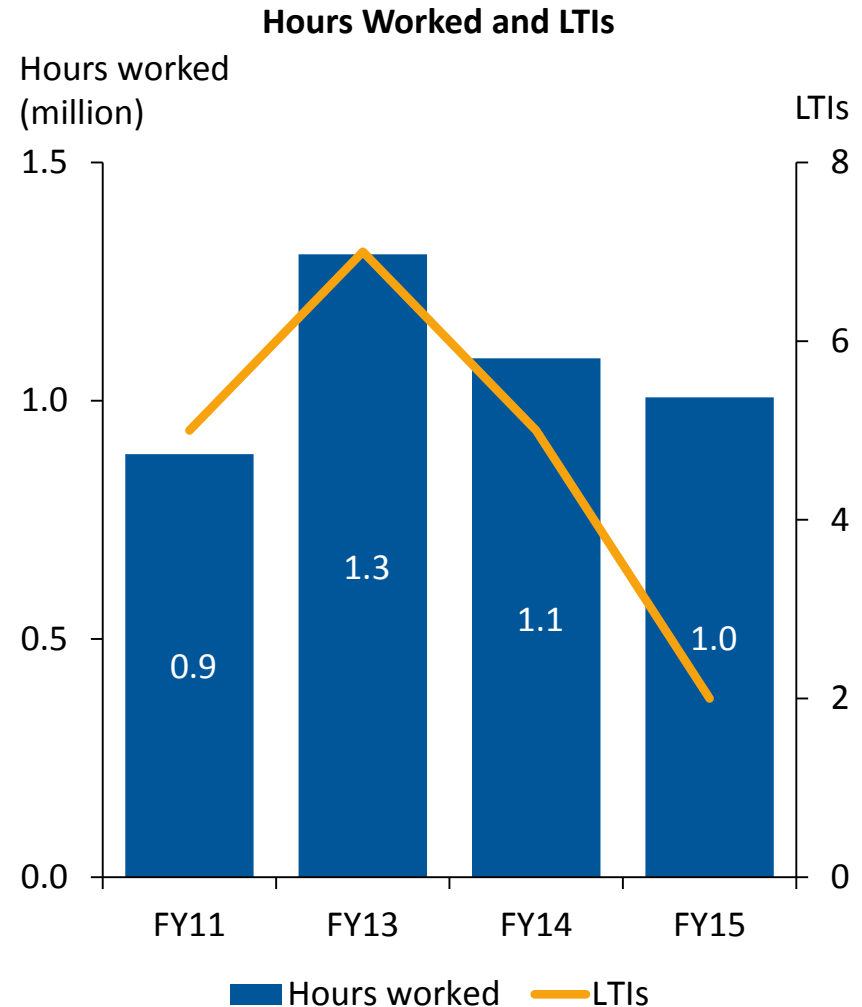
The reserves and resources information in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Reservoir Engineering Manager). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). The reserves and resources information in this presentation has been issued with the prior written consent of Mr Lake in the form and context in which it appears.

General

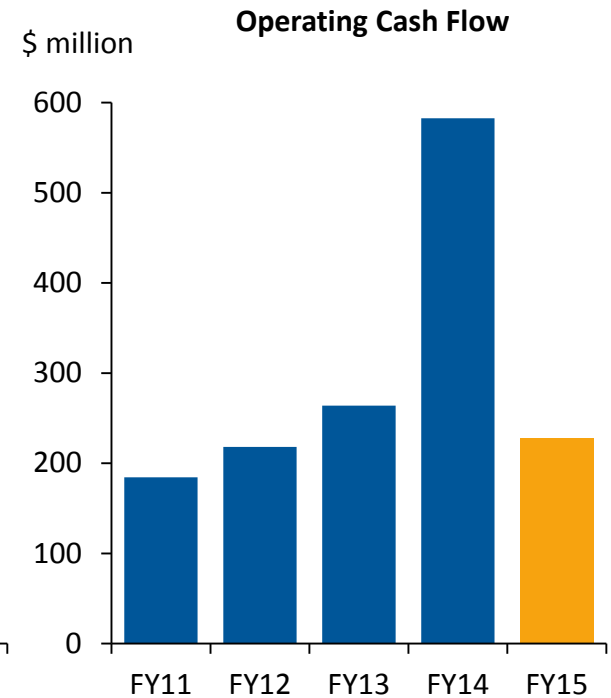
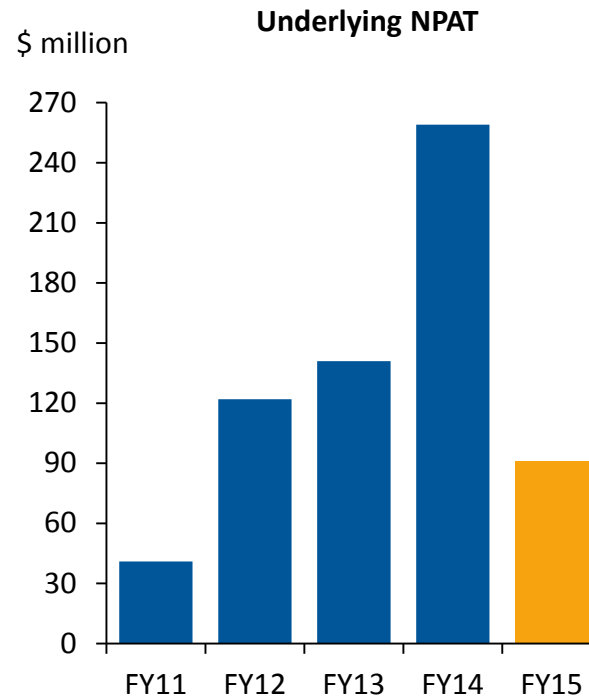
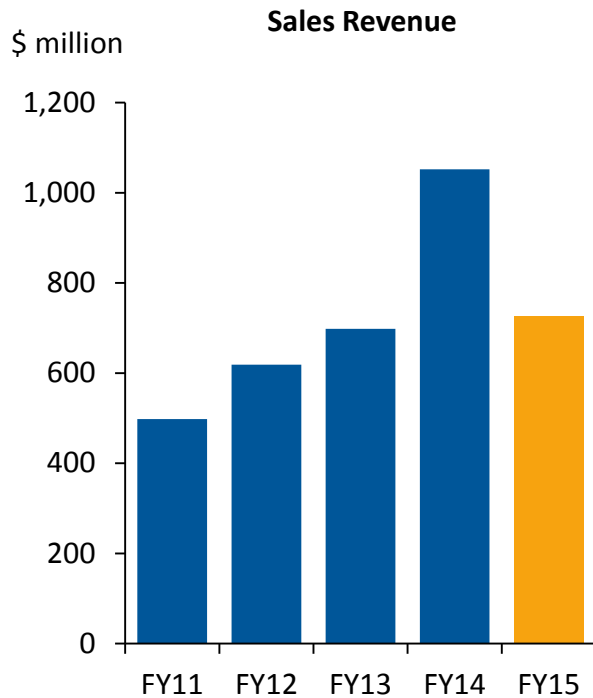
Neil Gibbins – Acting Chief Executive Officer



- Ongoing focus on safety with reduction in lost time injuries of 60%
- Macro issues, primarily oil price, driving lower revenue, NPAT and cash flows
- Strong balance sheet at 30 June, with \$170 million of cash and available funding of \$150 million
- Sales and production volumes of 10.51 and 9.15 MMboe, respectively
 - Broadly in line with FY14 record levels
- High drilling success rates
- Reduced exposure to international operations
- Strategy review completed to clearly define ambitions and growth plan



Financial overview



- Sales revenue of \$728 million
- Underlying NPAT of \$91 million
- Operating cash flow of \$229 million
- Cash balance of \$170 million; net cash of \$20 million
- Undrawn \$150 million secured debt facility
- Full year dividends of 1.5 cents per share

Recent announcements

- Commencement of Origin oil linked gas contract, with other parameters
 - Delivering price increase on legacy contracts
- Sale of Beach Egypt to Rockhopper for up to US\$22 million
- Acquisition of 40% interest in ATP 1056 on south-eastern flank of the Cooper Basin
- Second half impairments of \$449 million after tax relating to:
 - Delhi reserves downgrade;
 - Nappamerri Trough Natural Gas project (“NTNG”) post Chevron exit and completion of Stage 1; and
 - Sale of Egyptian interests





**Optimise our core
in the Cooper
Basin**



Growth in core
business through
organic and inorganic
opportunities



**Build a
complementary
gas business in
east coast basins**



Establish gas business
in east coast basins to
benefit from increasing
demand from east
coast markets



**Pursue other
compatible growth
opportunities in
Australia and
nearby**



Disciplined approach
to mature current
opportunity set,
identify prospective
basins and execute
growth opportunities



**Maintain
financial strength**



Supporting exploration,
growth options and
objective to achieve
sustainable growth in
shareholder value

Financial

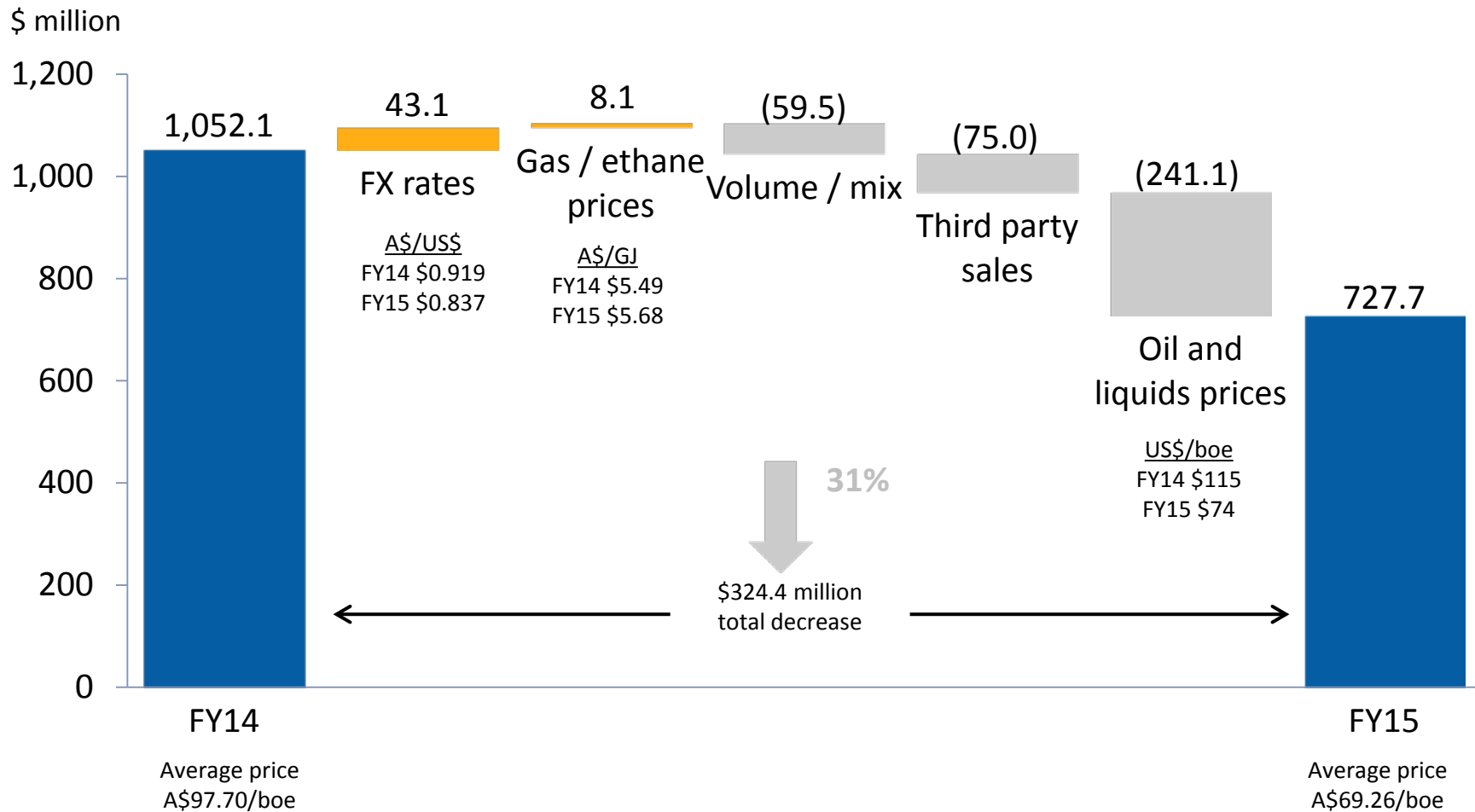
Kathryn Presser – Chief Financial Officer



Financial results year-on-year

	FY14	FY15	Change
Sales volumes (MMboe)	10.8	10.5	(2%)
Sales revenue (\$ million)	1,052.1	727.7	(31%)
Operating cash flow (\$ million)	582.6	228.5	(61%)
NPAT (\$ million)	101.8	(514.1)	(605%)
Underlying NPAT (\$ million)	259.2	90.7	(65%)
Cash balance (\$ million)	411.3	170.2	(59%)
Total dividends (cps)	4.0	1.5	(63%)

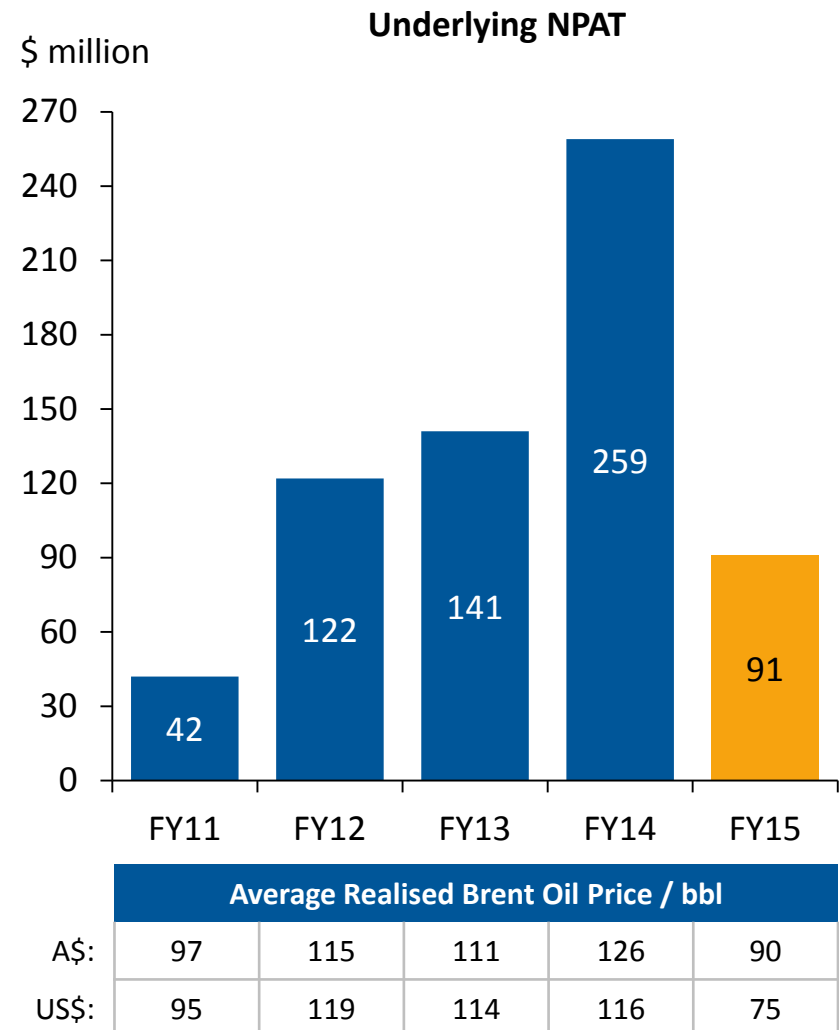
Sales revenue



Reduction in sales revenue predominantly driven by oil price

Underlying NPAT

- Underlying NPAT down 65% to \$91 million
- Decline mainly due to impact on revenue from lower realised oil price
 - 35% reduction in average US\$ oil price
- Underlying NPAT supported by:
 - Depreciation of the Australian dollar;
 - Strong sales volumes, in line with FY14 record levels;
 - Reduced royalties and carbon costs; and
 - An ongoing and disciplined focus on corporate costs



Comparison of NPAT with underlying NPAT

	FY14 \$ million	FY15 \$ million
NPAT	101.8	(514.1)
Adjusted for:		
Mark-to-market of convertible notes derivative	14.3	(13.3)
Asset sales	(15.7)	–
Impairment of assets	162.2 ²	789.1 ¹
Tax impact of above changes	(3.5)	(171.0)
Underlying NPAT	259.2	90.7

1. FY15 impairments: Cooper Basin interests \$345 million, NTNG \$238 million, Egyptian interests \$174 million and Romanian interests \$32 million

2. FY14 impairments: Egyptian interests \$149 million and Paralana Geothermal project \$13 million

Impairments

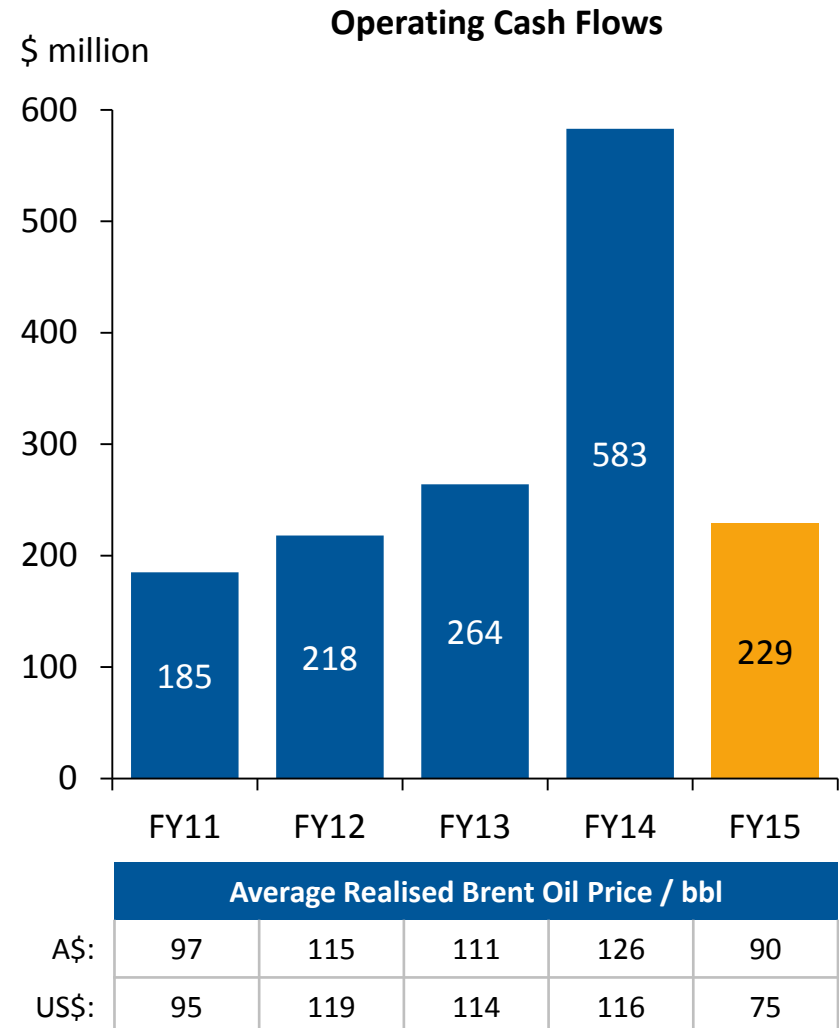
- Area of interest approach for impairment testing
- Impairments reflect current environment of lower oil prices and announced transactions
- Cooper Basin impairments primarily relate to Delhi undeveloped 2P reserve revisions
- Significant portion of NTNG carrying value impaired post completion of Stage 1 and Chevron exit
- Egyptian interests reflect net sale proceeds expected to be received
- Romanian interests reduced to nil

Non-Cash Impairments (\$ million)	Before Tax	After Tax
Cooper Basin interests	345	241
NTNG	238	167
Egyptian interests	174	174
Romanian interests	32	32
Total	789	614

Assumptions (US\$ / bbl)	Oil (Brent)	A\$ / US\$
FY16	US\$62.50	0.80
FY17	US\$75	0.80
FY18	US\$85	0.80
FY18+	US\$90	0.80

Robust financial position

- Continuing strong operating cash flow
- Closing cash position of \$170 million
- Undrawn corporate debt facility of \$150 million
- Ongoing dividend stream (since 2002)
 - Interim dividend: 1 cent per share fully franked
 - Final dividend: ½ cent per share fully franked
- Significant reduction in capital spend
- An ongoing and disciplined focus on cost management



Operational

Neil Gibbins – Acting Chief Executive Officer



Actual and forecast production

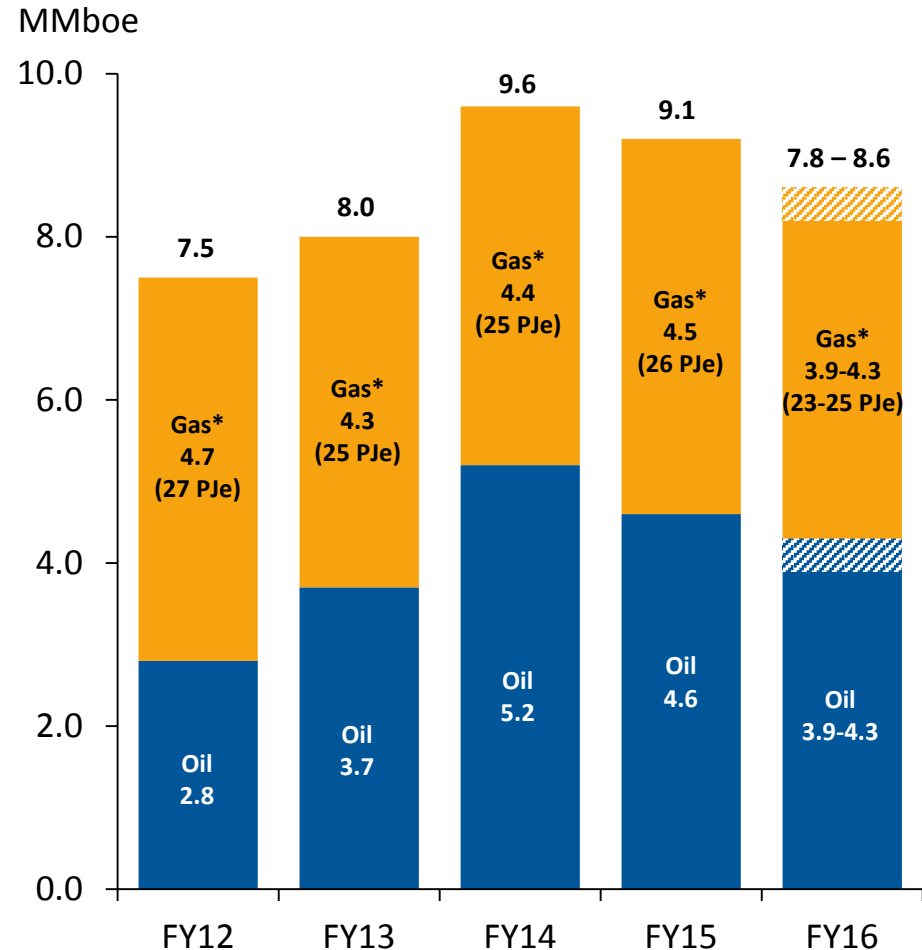
FY15

- Production of 9.15 MMboe
 - 51% oil; 49% gas and gas liquids
- Operated oil production driven by:
 - Bauer facility upgrade;
 - Six of 10 Bauer Field development wells online; and
 - Flowlines at maximum capacity
- 122 wells completed
 - 88% overall success rate
 - 52% exploration success rate
 - 81% appraisal success rate

FY16

- Production guidance of 7.8 – 8.6 MMboe

Actual and Forecast Production



* Gas and gas liquids; totals may not sum due to rounding

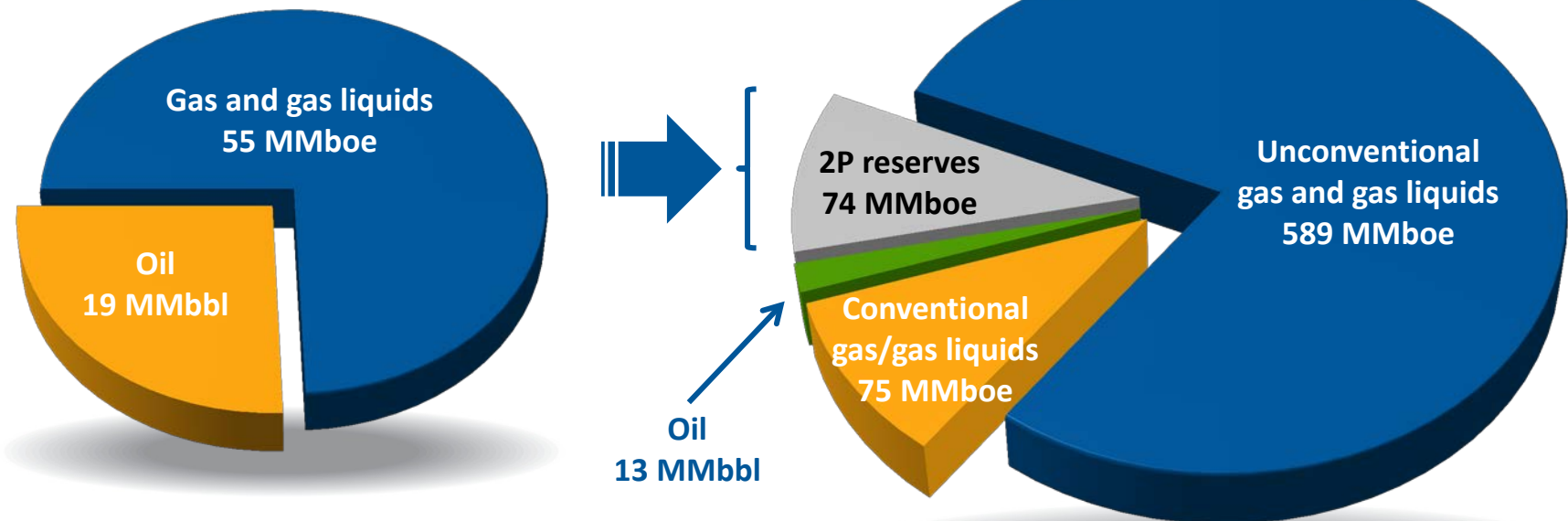
Production by area

	Area	FY14	FY15	Change
Oil (kbbbl)	Cooper / Eromanga basins	5,148	4,490	(13%)
	Egypt	61	132	117%
	Total oil	5,209	4,622	(11%)
Sales gas and ethane (PJ)	Cooper Basin	21.0	22.1	5%
	Egypt	–	0.1	–
LPG (kt)	Cooper Basin	48.6	44.3	(9%)
Condensate (kbbbl)	Cooper Basin	405	361	(11%)
	Total gas / liquids (kboe)	4,392	4,524	3%
Total oil, gas and gas liquids (kboe)		9,601	9,146	(5%)

Reserves and contingent resources¹

2P: 74 MMboe

2P and 2C: 751 MMboe



1. As per announcement to the Australian Securities Exchange on 24 August 2015; no new information has subsequently come to hand which would materially alter estimates or underlying assumptions

FY16 capital expenditure guidance

	Capital Expenditure (\$ million)	Expected Wells	Other Major Activities
DEVELOPMENT			
Cooper Basin	45 – 50	7 – 8	Bauer facility upgrade; Middleton gas compression
Cooper Basin (SACB and SWQ JVs)	145 – 160	28 – 30	Connection of Windorah-Marama area development
Total Development	190 – 210	Up to 38	
EXPLORATION			
Cooper Basin	30 – 35	10 – 12	PEL 87 / 424 seismic
Cooper Basin (SACB and SWQ JVs)	5 – 10	5 – 10	SACB JV coal fracs
Other Australia	5	2 ¹	Manta business case review
Unconventional	5	–	Bonaparte well test ¹ ; NTNG review
International	5	–	New Zealand work programs
Total Exploration	50 – 60	Up to 24	
TOTAL	240 – 270	Up to 62	

1. Otway conventional wells and Bonaparte well test both subject to farm-down

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