Resilience. Growth. Returns.

2020 results and outlook

18 March 2021

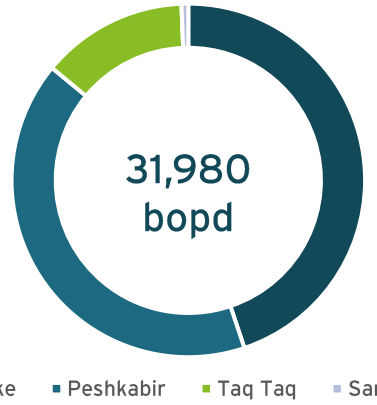
Genel Energy

A socially responsible contributor to the global energy mix

2020 – STRATEGIC DELIVERY SETS FOUNDATIONS FOR GROWTH

- **Delivery in 2020 has set us up for year-on-year production increase, with numerous investment catalysts in 2021**
- **Low-cost production averaged 31,980 bopd in the year**
  - Already the only multi-licence producer in the KRI, production now comes from four fields on three licences
  - Producing asset cash flow of $85 million despite low oil price, non-payment of c.$120 million, and suspended override
- **The financial strength to combine investment and returns**
  - Net cash position and successful refinancing confirm ability to execute our strategy for growth
- **Investment in growth**
  - Production from Sarta began only 20 months after deal completion, now already over 10,000 bopd, generating cash as we appraise
- **Returned capital to shareholders**
  - 10¢ final dividend confirmed
  - 15¢ per share dividend run rate maintained in 2020

2020 OIL PRODUCTION
(bopd)



$2.8/bbl
operating cost in 2020

$274 million
cash at 31 December 2020

$6 million
net cash at 31 December 2020

15¢ per share
full-year dividend maintained

MATERIAL PROGRESS ON ESG

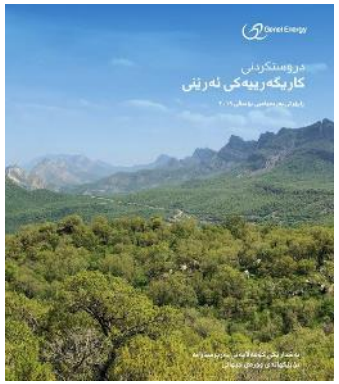
- **Zero lost time injuries ('LTIs') and zero tier one losses of primary containment in 2020 at Genel and TTOPCO operations**
  - No LTIs since 2015
- **A portfolio that fits a future of fewer and better natural resources projects**
  - Formalised a GHG Emissions Management Standard that emphasises an asset life-cycle approach to emission mitigation, providing a systematic framework to identify an asset's carbon budget that aligns with the Paris Agreement goal of limiting global warming to 1.5 degrees and leading to net zero by 2050
- **2020 carbon intensity of 13 kgCO2e/bbl for scope 1 and 2 emissions, significantly below the global average of 20 kgCO2e/boe**
  - Carbon intensity of our portfolio reduced to 7kg CO2e/bbl for scope 1 and 2 emissions in H2 2020 following the material reduction in flaring at the Tawke PSC
  - Portfolio emissions will increase following early production at Sarta, with Genel committed to significantly reducing those emissions as field production matures
- **GRI compliant sustainability report issued in September, translated into Kurdish**

13 kgCO2e/bbl
producing emissions in 2020

14
social projects funded in 2020

15 villages
receive medical visits near Taq Taq

28
local companies supported by Genel assets



Accountability Ingenuity Respect Collaboration Integrity

2021 - A YEAR OF GROWTH CATALYSTS

- **Continued delivery on simple strategy**
- **Increasing low-cost production**
  - Production in 2021 is expected to be slightly above the 2020 average
  - Potential for a higher exit rate and further growth in 2022 depending on success with Sarta appraisal
- **Investing in growth, creating catalysts for value creation**
  - Capital expenditure expected to be $150 million to $200 million, with the current outlook supporting investment at the top end of this range
  - Three appraisal wells at Sarta with the potential to add material reserves
  - QD-2 well to potentially unlock value from a new field
- **Retaining the financial strength to return capital to shareholders**
  - Override payments have resumed, receivable recovery payments also now underway
- **Increase in oil price and resumption of full payments mean Genel expects net cash position at end of 2021, even after material investment**

The financial strength to combine growth and returns

Qara Dagh

DELIVERY: RESILIENT CORE BUSINESS DELIVERS CASH DESPITE HEADWINDS

- **Low-cost and resilient assets materially profitable even at low oil prices**
  - Corporate and interest costs are well covered by asset revenues
  - Efficiencies in operating and corporate costs delivered in 2020
  - Capital programme flexibility enabled rapid recut of activity, with c.$80 million removed from planned expenditure, to match the external environment and oil price outlook
- **Operating team delivered updated programme on time and in line with budget, despite COVID-19 challenges**
- **Cash flow from production assets $85 million, free cash flow before investment in growth of $49 million**
- **Free cash outflow of $4 million, while continuing to invest in priority projects and whilst $159 million due was not received**
- **The low oil price outlook in July resulted in an impairment of production assets at the half-year results, which under IFRS is not reversed by subsequent oil price improvement**

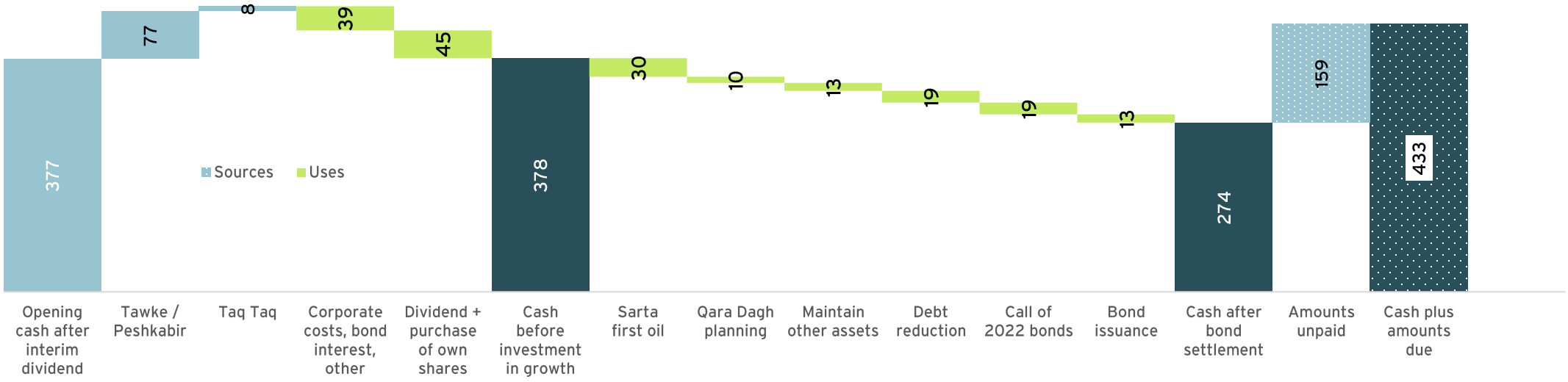
Financial performance ($ million)	2020	*2019*
Average Brent	$42/bbl	*$64/bbl*
Production (bopd)	31,980	36,250
Revenue	160	*377*
Opex	(33)	*(38)*
Producing asset capex	(57)	*(115)*
Working capital	15	*(59)*
Cash flow from production assets	85	*165*
G&A, interest and other	(36)	*(41)*
Free cash flow before investment in growth	49	*124*
Pre-production capex	(53)	*(25)*
Free cash flow	(4)	*99*
Operating (loss)/profit	(365)	*132*
Dividends declared	(41)	*(41)*
Dividend per share	15¢	*15¢*
Liquidity covenant (min. $30m)	274	*377*
Equity ratio (> 40%)	60%	*71%*

DELIVERY: CAPITAL PUT TO WORK ON BUSINESS MODEL PRIORITIES

- **Business model and capital allocation priorities**
  - Prioritise investment in near-term cash generation and value generation
  - Support our sustainable and progressive dividend
  - Grow income streams, diversify cash generation
  - Maintain financial strength, protect the balance sheet

- **FY 2020 sources and uses overview**
  - Cash flows funded costs and comfortably maintain dividend
  - Balance sheet put to work to put Sarta on production and prepare for drilling at Qara Dagh
  - Liquidity invested in derisking the balance sheet
    - 2022 Bonds settled, new bonds issued maturing 2025, debt reduced by $20 million

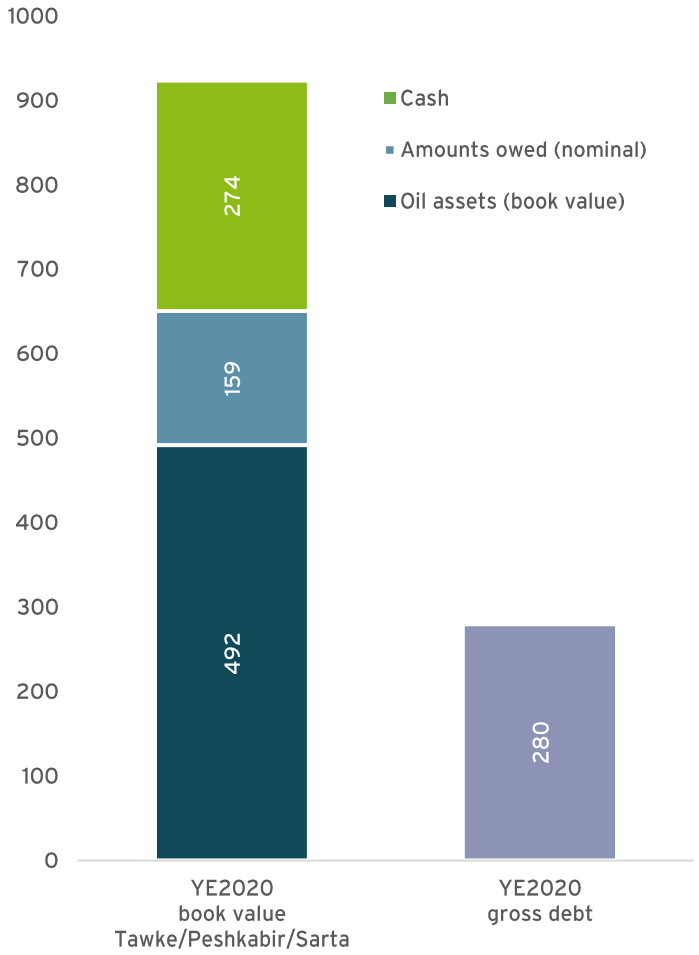
SOURCES AND USES 2020
($ million)



DELIVERY: EXIT FY2020 WITH BALANCE SHEET STRENGTHENED

- **Maintain and protect strong balance sheet**
  - Liquidity of $274 million after settlement of old bonds
  - Low leverage, net cash position of $6 million
  - Balance sheet oil assets and receivables over $900 million of value
    - Priced at June 2020 oil price outlook of $43/bbl in 2021
    - Does not included Sarta 2C resource being targeted this year
- **No near-term debt maturity**
  - Derisk the balance sheet when the opportunity arises
  - New bond debt of $280 million is a reduction of $20 million, with maturity in 2025
- **Appropriate downside risk mitigation**
  - Producing asset cash flows low-cost and high-margin, with increasing outlook production improving oil price resilience
  - Accelerated asset development model, reducing time and cost to delivering revenue
  - Flexible capital programme with minimal commitments

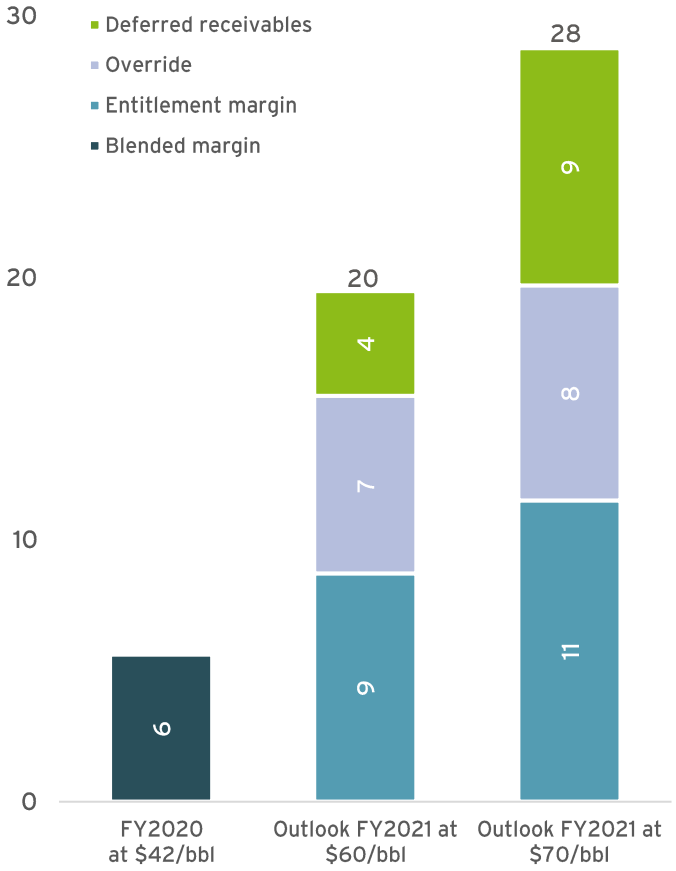
WELL FUNDED BALANCE SHEET
($ million)



OUTLOOK SOURCES: IMPROVED CASH GENERATION FROM PRODUCTION

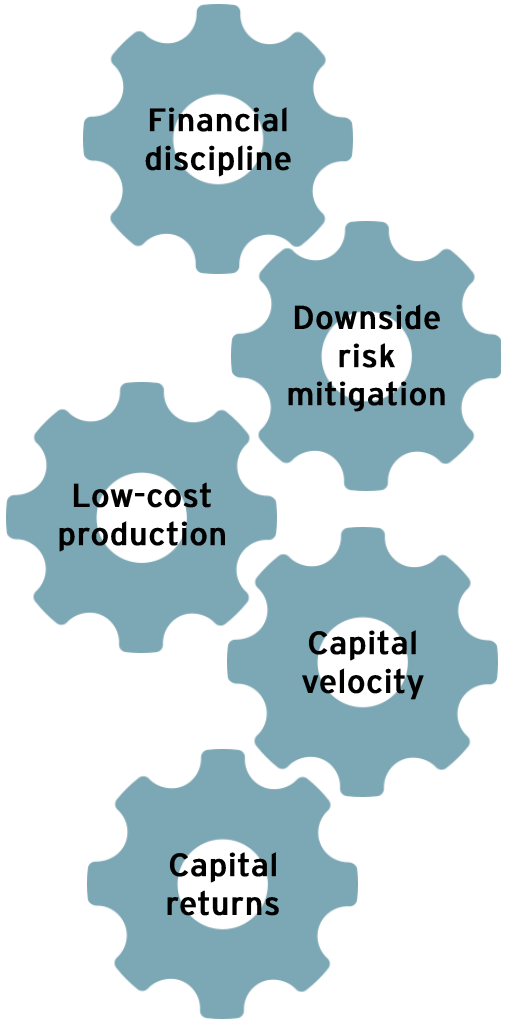
- **Work done in FY2020 positions the Company to maximise benefit from positive developments in external environment and oil price improvement**
- **The Kurdistan Regional Government ('KRG') has now commenced payment mechanism for unpaid income**
  - Resumption of override from January 2021
    - Increases cash receipts by c.$75 million in 2021 at $60/bbl Brent
  - Receivable of $159 million to be recovered by mechanism introduced by the KRG
    - For each dollar above a monthly dated Brent average of $50/bbl, 50 cents per working interest barrel shall be paid towards monies owed
    - Increases cash by c.$50 million in 2021 at $60/bbl Brent
- **Genel expects consistent monthly payments of all income streams in 2021**
- **Production net cash flow per barrel improving materially**
- **Additional benefit from payments for deferred receivables**
  - Average net cash flow per barrel of $20/bbl compared to $6/bbl in FY2020
- **At an oil price of $60/bbl:**
  - Guidance capex and production result in an improved net cash position at YE2021
  - A $5/bbl change in Brent impacts cash by c.$35 million in 2021

NET CASH FLOW PER COMPANY WORKING INTEREST BARREL
($/bbl)



OUTLOOK USES: BUSINESS MODEL, CAPITAL ALLOCATION PRIORITIES UNCHANGED

- **In line with our business model, we continue to invest in those areas that promise the fastest return on investment and maximum stakeholder value creation**
- **Invest in existing high value production fields – production capex c.$80 million**
  - Production expected to slightly increase year-on-year
  - Combination of PSC economics and production response result in this spend being paid back to the Company within a month or two, so very limited downside risk
  - Rapid return on investment makes this our capital allocation priority
- **Invest in production growth - growth capex up to $100 million**
  - Targeting material near-term reserves and production expansion
  - Sarta remains our growth investment priority, and production from the field increasingly offsets spend
  - Qara Dagh offers the potential for shareholder value creation in the near-term
  - Bina Bawi retains significant potential but until a commercial solution is agreed with the KRG, spending will remain minimal
- **Capital returns - maintaining and progressing the dividend**
  - FY2019 final dividend and FY2020 interim dividend maintained through FY2020
  - FY2020 final dividend maintained at 10¢ per share (15¢ per share total dividend for 2020)
  - The Board reaffirms its commitment to a sustainable and progressive dividend programme



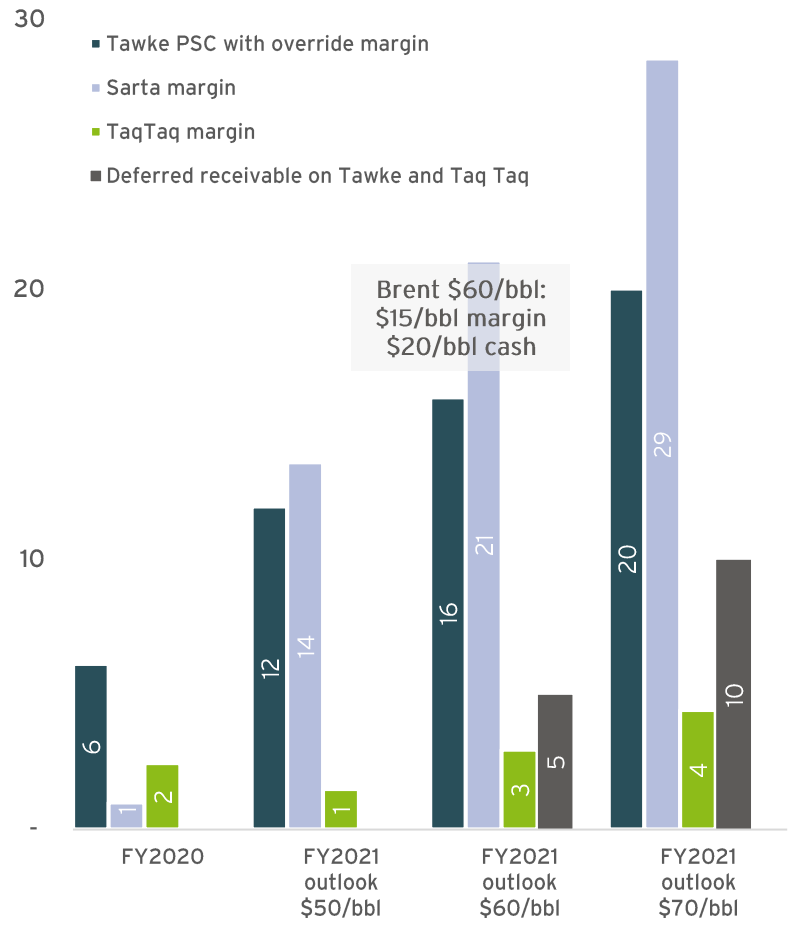
High-margin, growing production

Pipeline at Peshkabir
Photo credit - DNO

DIVERSE, LOW-COST, HIGH-MARGIN PRODUCTION

- **Low-cost production reduces exposure to oil price volatility**
  - Low-cost production, with opex of $2.8/bbl in 2020
  - Onshore fields, operated safely and efficiently
- **Blended margin $15 per working interest barrel in 2021 at Brent $60/bbl, with receivable recovery payments increasing cash/bbl to $20/bbl**
  - Tawke PSC benefits from resumption of override and deferred receivables
    - $16/bbl margin, includes cost recovered production capex, rising to $21/bbl with addition of deferred receivables
  - Sarta barrels benefit from material back costs driving high margin
    - $21/bbl margin, does not include growth capex on appraisal wells, which is not cost recovered in the year
  - Taq Taq benefits from deferred receivables
    - $4/bbl margin includes cost recovered production capex, rising to $9/bbl for deferred receivables
- **The most diverse production of any company operating in the KRI, reducing subsurface risk**
  - Production now from 70 wells
  - Production from four fields on three licences

FY2021 MARGIN PER BARREL
($/bbl)



LOW-COST HIGH-QUALITY OPERATIONS

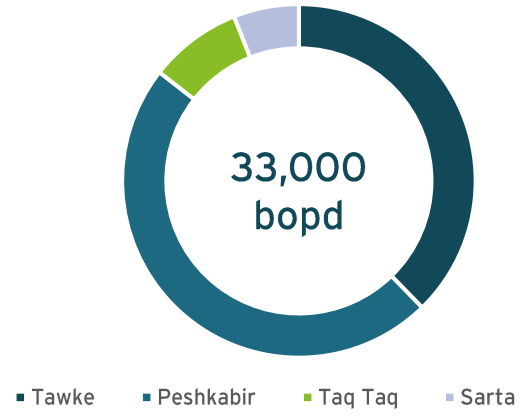
- **Operational excellence at a low cost positions us well as partner of choice**
  - Years of KRI experience allows us to maximise operational efficiency in KRI
- **2021 to see significant expansion of our operational footprint**
  - Genel transitioning to operator at Sarta, optimising costs and cash flow for all stakeholders
  - Genel operating Qara Dagh
- **Continued focus on health and safety**
  - No lost time injuries since 2015, with over 13 million work hours since the last incident
  - 600,000 hours of work now completed at Sarta without an LTI
- **COVID-19 action plan helped mitigate impact of pandemic**
  - Action plan put in place early on
  - Staffing requirements optimised, working bubbles created, quarantine procedures introduced
  - Sarta production achieved in 2020

HSE training, Sarta

DELIVERING YEAR-ON-YEAR PRODUCTION GROWTH – 2021 ACTIVITY

- **Genel expects production in 2021 to be higher than 2020**
  - Production year-to-date is c.33,000 bopd, in line with guidance
  - Production from Sarta expected to more than outweigh declines from Tawke and Taq Taq
- **Tawke PSC (25% working interest)**
  - Active drilling campaign in 2021, with at least eight new development wells
  - Multiple interventions on existing producing wells to be undertaken
  - Operator expects production above 100,000 bopd in 2021
- **Sarta PSC (30% working interest, transitioning to operator)**
  - Production from Sarta-2 started in February, with the field currently producing over 10,000 bopd
- **Taq Taq PSC (44% working interest, joint operator)**
  - Limited activity in 2021, with careful management to optimise cash flow
  - Improved oil price outlook creates optionality and ability to risk capital on the asset

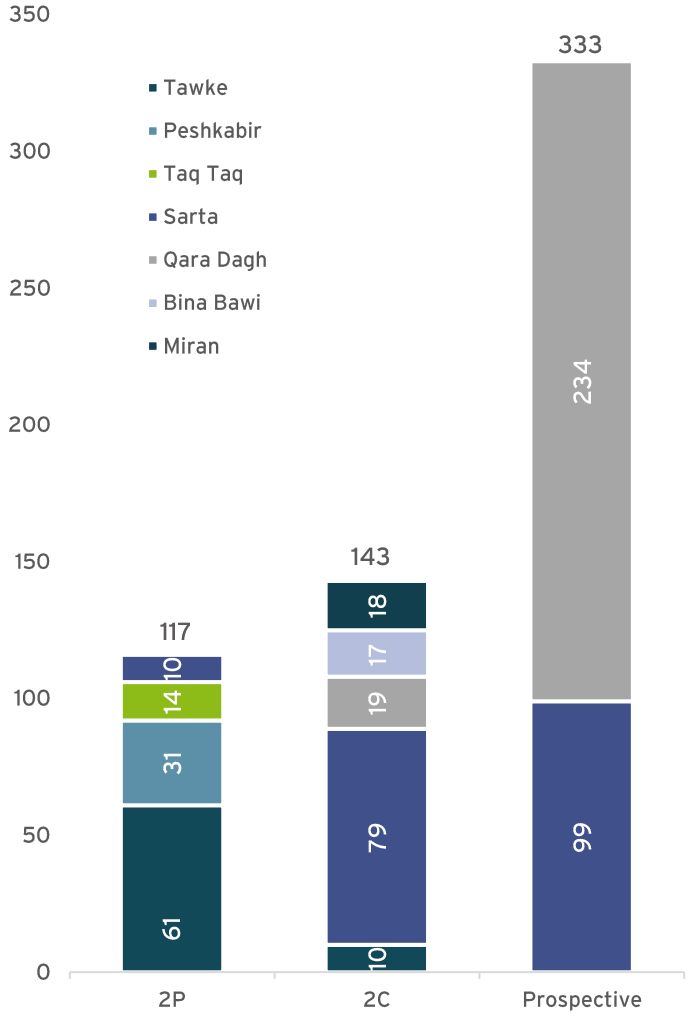
YEAR TO DATE OIL PRODUCTION



ROBUST RESERVES, WITH FOCUS ON FOR MATERIAL ADDITIONS

- **Robust 2P reserves provide the foundation of our resilient business model**
  - 1P reserves replacement of over 100% in 2020
  - 2P reserves replacement of over 40% in 2020
- **Tawke licence reserves remain robust**
  - Gross year-end 2020 1P reserves of 173 MMbbls, compared to 176 MMbbls at year-end 2019, even after production of 21 MMbbls,
  - 2P reserves of 245 MMbbls (261 MMbbls at end-2019)
  - Enhanced oil recovery project delivering positive impact on production, DeGolyer and MacNaughton retain 23 MMbbls of 2P reserves, maintained by Genel in 2C
- **Sarta gross 2P reserves of 34 MMbbls scratch the surface of what we hope is a major source of future growth**
- **Drilling programme with potential to materially increase reserves**
  - ERCE view on Sarta estimates mid-case total recoverable oil resource of 593 MMbbls, of which 258 MMbbls are classified as 2C resource
  - Qara Dagh mean prospective resource estimated by Genel at c.400 MMbbls
- **Bina Bawi and Miran retain material contingent resource potential, and Morocco and Somaliland contain multi-billion barrels of prospective resources**

NET OIL RESERVES AND RESOURCES
(MMbbls, as of end 2020)



The potential for material reserves additions

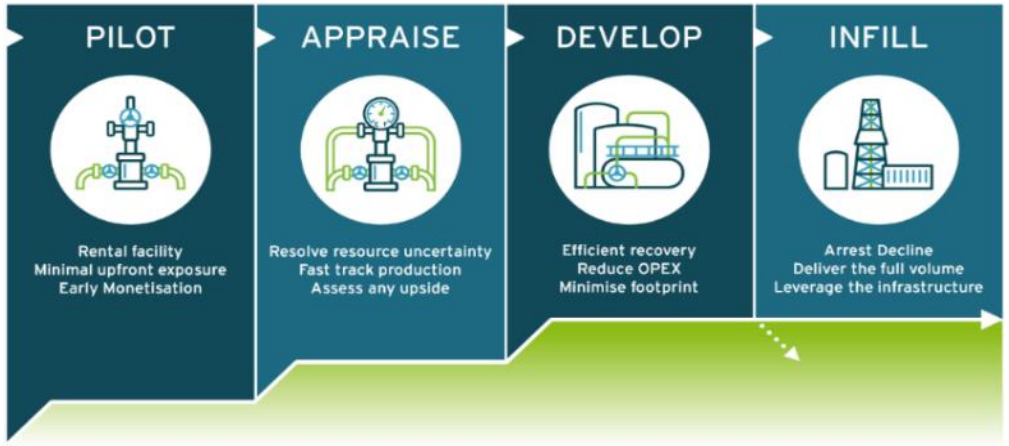
Qara Dagh

SARTA – DELIVERING THE PHASE 1A PILOT

- Complete bridging engineering
- Complete priority civils work
- Execute LOM contract
- Flowline construction
- Facility construction
- Contract workover rig
- S-2 Well Workover
- Commission facility
- Facility start-up – first oil

SARTA APPRAISE PHASE – S-5 AND S-6 WELL SITES

- Civil works preparations completed for 2021 appraisal well drilling campaign
- APPRAISE phase targets a combination of material reserves and resource additions whilst adding to Phase 1A PILOT production
- Updip well S-5 to be drilled first (early 2Q 2021) followed by S-6 and S-1D in Q3 – all 3 results expected by year end

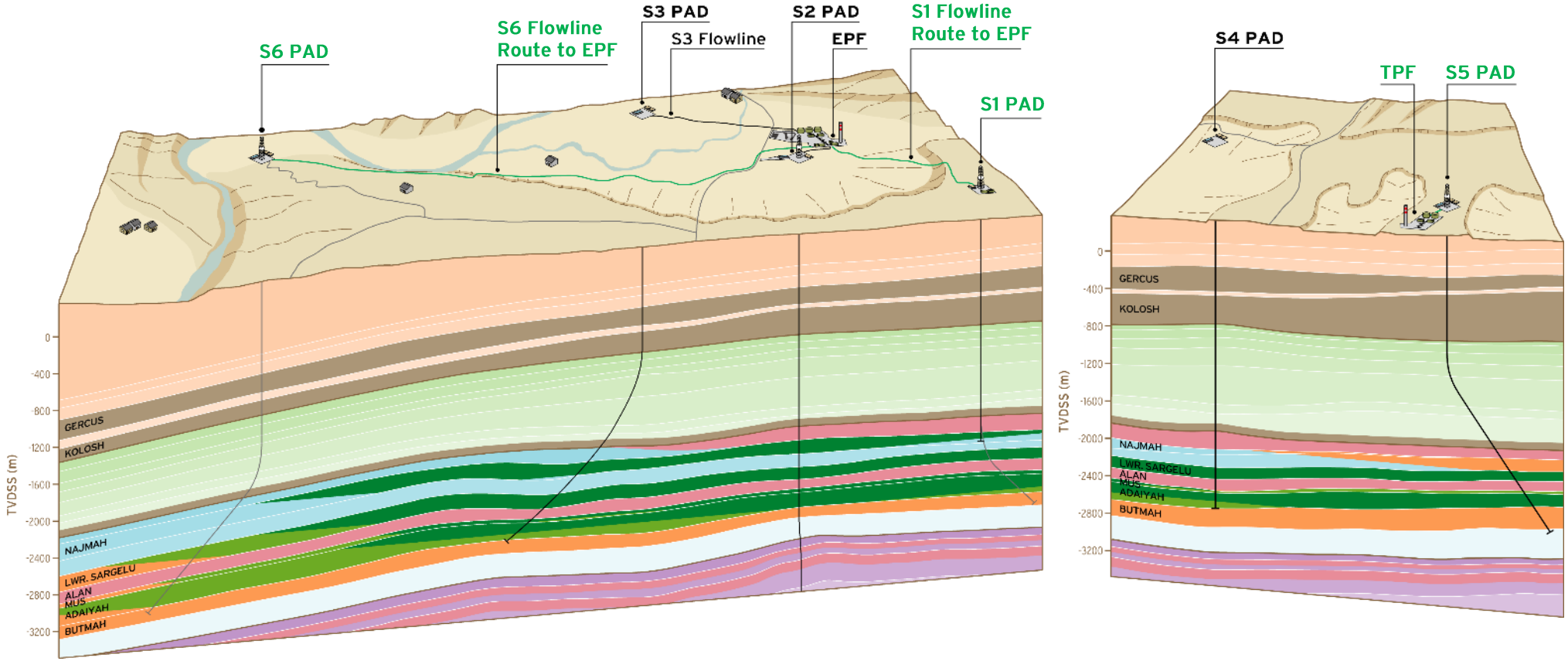



Sarta-5 Wellsite (March 2021)


Sarta-6 Wellsite (March 2021)

SARTA APPRAISE PHASE – RESERVES CONVERSION & PRODUCTION ADDS

- APPRAISE campaign aims to reduce resource uncertainty, establish deliverability and fast track incremental production
- The 3 wells target high margin barrels in a combination of the Mus-Adaiyah and other proven Jurassic reservoir intervals
- Phase 1A PILOT and 2021 APPRAISE wells inform investment decisions on larger DEVELOP phase from 2022



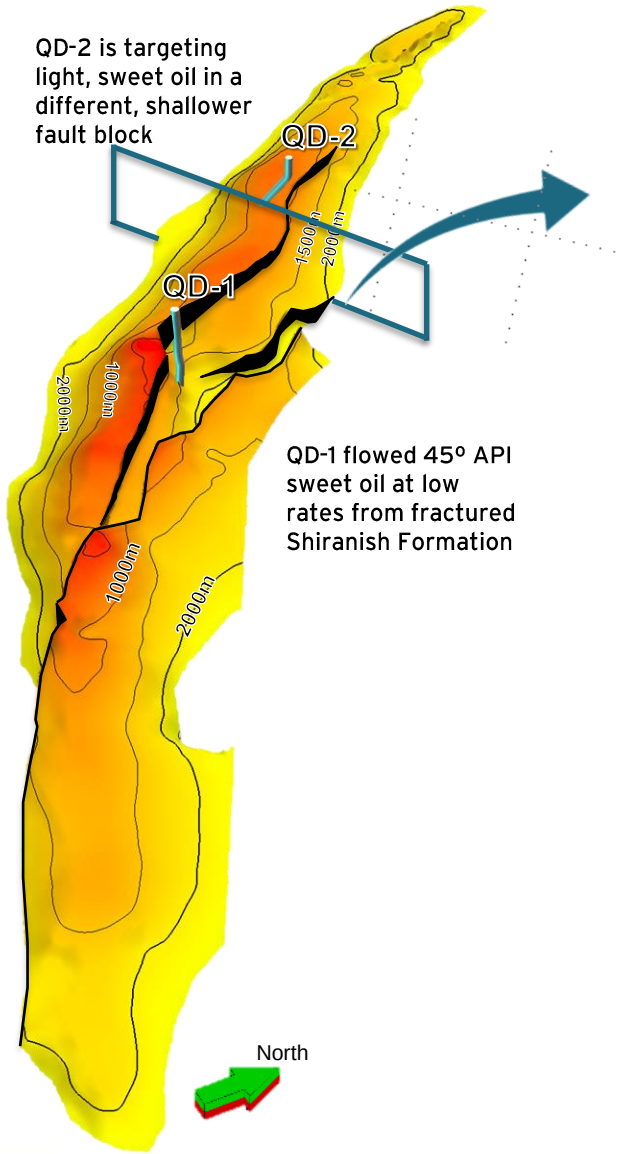
QARA DAGH – DELIVERING QD-2

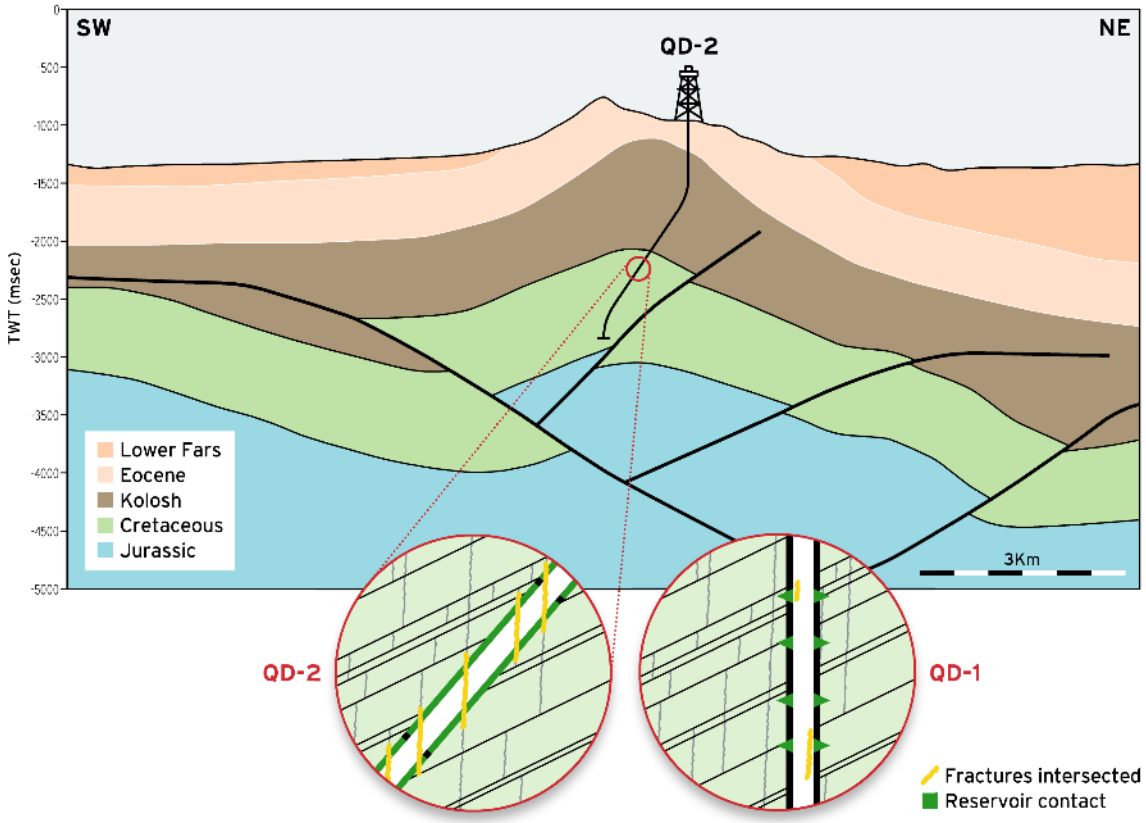
- Select well location
- Tender for Civil Contractor
- Contract rig
- Environmental permit approval
- Build pad, camp & water supply
- Contract rig services
- Mobilise rig and services to well site
- *Rig up and spud QD-2 well*
- *Commercial Flow Rates?*

↓

- *Early Production*

QARA DAGH – APPRAISING A POTENTIALLY SLEEPING GIANT

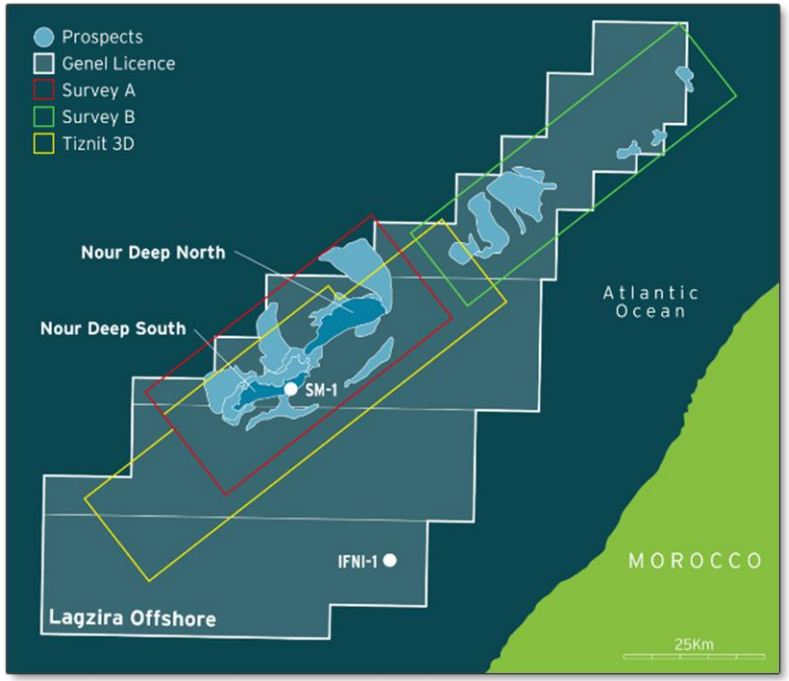




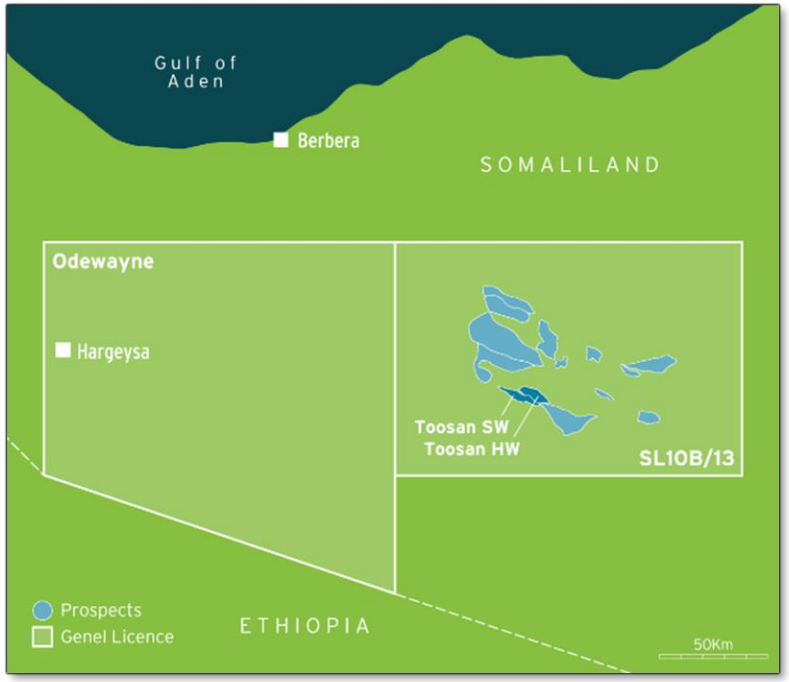
- QD-2 well targets the sweet light oil of the QD-1 discovery well in a more optimal position and with the appropriate well design
- The well aims to prove up deliverability whilst further reducing the resource uncertainty associated with this potentially giant field
- Success case options for early oil production already under review and always with minimum possible environmental footprint in mind

AFRICAN EXPLORATION – LONG-TERM RESERVES REPLACEMENT POST FARMOUT

MOROCCO – LAGZIRA OFFSHORE



SOMALILAND



- **Additional deeper prospectivity illuminated by multi azimuth broadband 3D seismic contributing to a prospect inventory comprising c.20 prospects with Prospective Resources of 2.6 Bbbls**
  - Primary Jurassic and Triassic reservoir targets are proven onshore Morocco and regionally across North African petroleum systems
- **A partner will be sought through a farm out campaign prior to entering into any further commitments**

- **Farmout process continues to progress, active discussions ongoing with potential investors ahead of drilling a non commitment well**
- **The technical case remains compelling for this highly prospective acreage**
  - Yemen analogue confirmed, proven working petroleum system
  - Multiple stacked prospects with >5 Bbbls of Prospective Resources
  - Toosan prospect alone targets >500 MMbbls

Q&A

Material capital returns

Growing, high-margin, production

Cash flow generative

Multiple catalysts in 2021

Genel Energy

For further information please contact investor relations

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