

24 February 2020

FY20 First half results

Gas business growth and strong cash flow feature in first half

- Net profit after tax of \$6.3 million up from loss of \$12.6 million
- Underlying EBITDAX up 11% to \$16.3 million from \$14.7 million
- Underlying loss after tax of \$2.0 million down from pcp profit after tax of \$3.1 million
- Cash from operating activities up from \$(0.9) million to \$31.4 million
- Sales revenue from gas up 12%
- Annie and Dombey gas discoveries
- Sole Gas Project commissioning, offshore project within budget
- Conference call and webcast 9 am AEDT Monday 24 February

Cooper Energy has announced net profit after tax of \$6.3 million for the six months to December 2019 (FY20 first half) up from the net loss of \$12.6 million reported for the previous corresponding period (pcp).

The FY20 first half results included significant items of \$11.3 million considered to fall outside underlying operating performance, comprising liquidated damages income of \$9.9 million and \$1.4 million from restatement of rehabilitation provisions as a consequence of a change in the government bond rate. The FY19 first half result included significant items of \$(15.7) million.

Exclusive of these items, the company recorded 11% growth in underlying EBITDAX¹, which rose from \$14.7 million to \$16.3 million. A 12% increase in revenue from gas more than offset the impact of lower oil prices and volumes. Total sales revenue for the six months to December was \$39.1 million, up 8% from \$36.2 million.

The growth in underlying EBITDAX did not flow through to underlying net profit, principally due to higher non-cash depreciation and amortisation charges (up \$5.0 million) brought by higher future development costs of undeveloped proved and probable reserves and increased net finance costs (up \$1.0 million) and other costs (up \$1.4 million).

Cash generation increased. Cash from operating activities was \$31.4 million up from the cash outflow of \$0.9 million in the FY19 first half.

Other highlights for the period included the discovery of the Annie gas field by the first offshore exploration well drilled in the Otway Basin for 7 years, the Dombey gas discovery in the onshore Otway and the acquisition of the Minerva Gas Plant. The plant, acquired together with Mitsui, is being developed as a low-cost processing hub for Casino Henry gas and new discoveries in the Victorian Otway Basin.

The company concluded the period with net debt of \$73.3 million, comprising borrowings of \$224.0 million and cash of \$150.7 million.

The anticipated commencement of sales from the Sole gas field during the period did not occur following delay to the upgrade of the Orbest Gas Processing Plant. Commissioning of the plant is progressing, with the expectation full firm supply from Sole will commence in March 2020.

¹ Earnings before interest, tax, depreciation and amortisation and exploration expense

Cooper Energy Managing Director David Maxwell said the start-up of Sole will be the culmination of a 5-year effort by the company to bring the field to market. Cooper Energy completed its portion of the Sole Gas Project, the offshore development, in July 2019 with zero lost time injuries and capital expenditure of \$347 million, well within the budget of \$355 million.

“Sole has demonstrated our capability in developing and commercialising gas for south-east Australia” Mr Maxwell said. “We have more opportunities in our portfolio and our work program for the second half is heavily weighted to advancing new projects and exploration that can bring more gas to market.”

The company announced development of the Annie gas discovery was being evaluated as part of a broader Otway Phase-3 Development (OP3D) which also included the drilling of an additional development well on the Henry gas field. A number of potential development concepts are being assessed, all of which would utilise the recently acquired Minerva Gas Plant and bring over 100 PJ of gas to market. The company is targeting selection of a preferred concept and project FID within the current calendar year for the delivery of first gas in 2022.

Other opportunities to be assessed in the second half for inclusion in an offshore drilling campaign for 2021-2022 (subject to rig availability) include the Manta-3 appraisal well and gas exploration in the offshore Gippsland and Otway basins.

The company strengthened its gas contract portfolio subsequent to balance date with a 2-year supply agreement with glass packaging manufacturer O-I. The agreement, which commences in January 2021, means Cooper Energy now holds take or pay contracts for gas supply equal to 87% of its planned production to June 2022.

“Customer interest in securing term contracts for gas supply from south-east Australia remains strong” said Mr Maxwell. “We are about to commence marketing of our uncontracted Casino Henry 2021 gas production. Preliminary discussions suggest it will be keenly bid and we anticipate gas supply agreements should be secured within the coming six months”.

The company recorded one lost time injury for the period (zero in the pcp) after a contractor’s employee was injured on the Ocean Monarch in the offshore Otway Basin. The incident occurred while the rig was not under the direction of Cooper Energy.

Production guidance for the company’s existing producing assets of approximately 1.2 million boe for the full year was reaffirmed while capital expenditure forecasts for the year were trimmed. The full year production guidance will be upgraded following the commencement of full production from Sole.

“We are expecting a transformational uplift in our production and cash flows from Sole” said Mr Maxwell.

“Plant design rates of 68 terajoules per day would see our total daily production lift to approximately 5 times current levels. The start of supply to the customers whose commitment enabled Sole to proceed will be the highlight of the year. With plant commissioning advancing, we are expecting this event to occur in the near future” he said.

The company expects to participate in 3 development and 2 exploration wells in the FY20 second half, all conducted by the PEL 92 joint venture in the Cooper Basin. The wells will be reported through the company’s quarterly activity report to the ASX.

Further comment	Investor Relations
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Conference call and webcast

Managing Director David Maxwell and Chief Financial Officer Virginia Suttell will address a conference call/webcast presentation on the company's results from 9.00 am AEDT Monday 24 February.

Details for the call and webcast are as follows.

Webcast access:

<https://webcast.openbriefing.com/5767/>

Conference call:

The conference call can be accessed by the telephone numbers below and quotation of the specified Conference ID number.

Conference ID number:	10003572
Australia Toll-free:	1800 870 643
Australia Toll:	+61 2 9007 3187 (can be used if dialing from international location)

International toll-free dial-in numbers are listed below. For countries not listed, the Australia Toll number provided above may be used.

Canada	1 855 881 1339	New Zealand	0800 453 055
China	4001 200 659	Singapore	800 1012 785
Hong Kong	800 966 806	United Kingdom	0800 051 8245
India	000 8001 008 443	United States	1 855 881 1339
Japan	005 3116 1281		

Recording playback:

An archived recording of the presentation will also be accessible via the company's website from 2:30 pm AEDT on the day.

Cooper Energy Limited (ASX: COE) is an ASX200 exploration and production company which generates revenue from gas supply to south-east Australia and low-cost Cooper Basin oil production. The company is an emerging player in the south-east Australian energy sector holding a portfolio of gas supply contracts and one of the most extensive portfolios of gas-focused acreage and assets, including well located reserves and resources in the Otway and Gippsland basins. The most significant resource, the Sole gas field in the Gippsland Basin, is currently being developed to provide a new source of gas supply for south-east Australia.

Disclaimer: This ASX announcement contains forward looking statements that are subject to risk factors related to oil, gas and associated businesses. The expectations reflected in these statements are believed to be reasonable. However, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to diverge materially, including in respect of: price fluctuations and currency fluctuations, drilling and production results, actual demand, reserve estimates, loss of market, competition in the industry, risks (environmental, physical, political etc.), developments (regulatory and fiscal etc.), economic and financial market conditions in Australia and elsewhere, changes in project timings, approvals and cost estimates.