

# Tullow Oil PLC

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## Tullow Oil confirms its minimising exploration as it writes off US\$1.4bn

Tullow Oil PLC (LON:TLW) has confirmed it is minimising exploration spend in the short-term due to a 'challenging external environment' and continues to explore options to rebalance its portfolio.

The move comes as Tullow's interim results revealed US\$1.4bn of exploration write-offs and impairments.

Results for the six months ended June 30, 2020, comprised a US\$1.3bn loss after-tax, with production in line with expectations at 77,700 barrels of oil per day (bopd) and US\$731m of revenue, down compared to the US\$872m generated in the same period a year ago.

### READ: Tullow warns of potential US\$1.4bn - US\$1.7bn in write-offs

**Gross profit was marked at US\$164m, down from US\$527m in the first half of 2019. Cash flow turned negative, at minus US\$213m versus a US\$181m inflow, and net debt is up slightly year-on-year at just over US\$3bn.**

The capex budget remains unchanged at US\$300m for the year.

Tullow recently agreed the US\$500m divestment of its business in Uganda, meanwhile, it continues to target a total of US\$1bn via 'portfolio sales'.

## Exploration and rebalancing

As it reshapes the portfolio under new management, in July, Tullow exited the high potential but early-stage Walton-Morant licence offshore Jamaica - with AIM-quoted United Oil & Gas PLC (LON:UOG) taking up 100% of the exploration asset in the wake of its partner's departure.

Tullow, nonetheless, described its exploration portfolio as 'high quality' with 'high potential opportunities' seen in both Africa and South America.

Some activity remains, for example, the Venus-1 well will be drilled offshore Namibia by partner Total in the coming months, it is on the slate as 'Q4 2020', meanwhile, a well is planned in Q1 2021 at Block 47 in Suriname.

Tullow noted that results from recent discovery wells in Guyana continue to be reprocessed and evaluated, to support future drilling activity. Here, the firm is the operator of the Orinduik project - holding 60% of the asset - alongside partners Eco Atlantic Oil & Gas PLC (LON:ECO) and Total, which have stakes of 15% and 25% respectively.

In Argentina, it expects to resume a seismic programme that was paused amid the pandemic. Similarly, the coronavirus (COVID-19) pandemic lockdown saw seismic acquisition stall in Côte d'Ivoire and the company is evaluating the gathered data to decide upon next steps.

## Investors must wait until Capital Markets Day

**Price:** 33.82

**Market Cap:** £4.64 m

### 1 Year Share Price Graph



November 2019 May 2020 November 20

### Share Information

**Code:** TLW

**Listing:** LSE

**52 week High Low**  
143.7 7.168

**Sector:** Energy

**Website:** www.tulloil.com

### Company Synopsis:

*Tullow Oil PLC is a leading independent oil and gas, exploration and production group and is quoted on the London and Irish Stock Exchanges. The group has interests in over 90 production and exploration licences in 22 countries and focuses on four core areas: Africa, Europe, South Asia and South America.*

action@proactiveinvestors.com.au

Investors may need to wait until Tullow's planned Capital Markets Day, before end of 2020, when chief executive Rahul Dhir intends to layout management's plans for its assets - so that they can "deliver on Tullow's true potential."

"The quality of Tullow's assets remains robust," Dhir said in the results statement. "Since my arrival as CEO, we have been developing new plans for our business, with the support of our Joint Venture Partners and expert advisors. These plans will deliver enhanced value from our assets to benefit all our stakeholders including our host countries and investors."

Dhir, meanwhile, added: "Despite the very tough conditions in the first half of this year, we have successfully delivered reliable production and major, sustainable reductions to our cost base."

In London, Tullow shares fell 7.24% to trade at 18.03p which gives it a market valuation of around £254mln.

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Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

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