



## KrisEnergy releases 3Q2018 and 9M2018 financials

Singapore, 13 November 2018 – KrisEnergy Ltd. (“KrisEnergy” or “the Company” and together with its subsidiaries the “Group”), an independent upstream oil and gas company, today announces unaudited results for the third quarter (“3Q2018”) and nine months (“9M2018”) ended 30 September 2018 and provides an operational update.

	For the three months and nine months ended 30 September					
	3Q2018	3Q2017	%	9M2018	9M2017	%
Production volumes <sup>1</sup> (boepd)	9,918	12,662	21.7	10,976	12,970	(15.4)
Oil and liquids (bopd)	4,717	7,107	(33.6)	6,034	7,237	(16.6)
Gas (mmcf)	28.3	33.3	(15.0)	29.7	34.4	(13.7)
Revenue (US\$million)	39.2	39.0	0.5	127.4	107.5	18.6
EBITDAX <sup>2</sup> (US\$million)	16.6	7.0	139.0	44.0	28.8	52.8
Average sales price						
Oils and liquids (US\$/bbl)	70.80	47.65	48.6	67.05	46.87	43.1
Gas – B8/32 (US\$/mcf)	4.64	4.08	13.7	4.36	3.91	11.5
Gas – Block 9 (US\$/mcf)	2.32	2.32	-	2.32	2.32	-
Average lifting costs (US\$/boe)	22.82	18.91	20.7	23.26	19.05	22.1

Oil prices climbed for the fifth consecutive quarter in 3Q2018 with global benchmark Brent crude reaching peaks just shy of US\$83.0 per barrel (“bbl”), the highest since the fourth quarter of 2014. The firmer markets were reflected in a 43.1% increase in the average realised oil sales price achieved by the Group in 9M2018 and an 18.6% step up in revenue to US\$127.4 million versus the same year-ago period (9M2017: US\$107.5 million).

The average realised price for crude oil and liquids in 9M2018 rose 43.1% to US\$67.05/bbl (9M2017: US\$46.87/bbl), while the gas sales price for the B8/32 fields in the Gulf of Thailand climbed 11.5% to US\$4.36 per thousand cubic feet (“mcf”) versus US\$3.91/mcf in 9M2017. The gas price from the Bangora field in Block 9, onshore Bangladesh, was maintained at US\$2.32/mcf.

Group working interest production in 9M2018 averaged 10,976 barrels of oil equivalent per day (“boepd”), down from 12,970 boepd a year ago. As of 31 May 2018, the Group ceased reporting production data from the Nong Yao field in the G11/48 licence, therefore on a *pro forma* basis,

<sup>1</sup> Includes KrisEnergy’s working interest share in G11/48 up to 31 May 2018

<sup>2</sup> Earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses (“EBITDAX”). EBITDAX is a non-IFRS measure



excluding G11/48, working interest production from the Company's three producing assets – Block 9, B8/32 and G10/48 – was 9,946 boepd in the first nine months 2018 (9M2017: 11,046 boepd). The 10.0% decrease on a *pro forma* basis resulted from a 22-day scheduled shutdown in April 2018 at the main Benchamas oil and gas field in B8/32, prolonged poor weather hampering operations in the B8/32 fields in August 2018, curtailed production at the Wassana field in G10/48 while equipment repairs were undertaken and natural decline at the Bangora gas field, onshore Bangladesh (see section *Third Quarter Operational Summary and Subsequent Events*).

Kelvin Tang, Chief Executive Officer, commented: "Although we are benefitting from the general improvement in oil prices, production has declined in the first nine months. We continue to tightly manage costs and expenditures and take all necessary steps to maximise operational efficiencies. For all operational, financial and strategic decisions of the Group, balance sheet management is critical. Given the Group's capital structure, finance charges continue to impair our financial performance, which in turn impacts the benefits of improved oil prices. Therefore, the Company remains focused on strategies to ensure progress with our development projects and our strong intent to implement processes and solutions to improve the Group's net gearing and cash liquidity levels. It is imperative that development timelines for projects, such as the Apsara oil field in Cambodia Block A, remain on track for us to bring on stream new production in the Gulf of Thailand and hence grow free cash flow."

#### **Cambodia Block A advances**

KrisEnergy, through its wholly-owned subsidiary SJ Production Barge Ltd, has contracted Keppel Shipyard Ltd ("Keppel Shipyard") for the modification and upgrading of a production barge for the Apsara oil development in the Cambodia Block A concession in the Gulf of Thailand, the first hydrocarbon project for the Kingdom of Cambodia (for more details see section *Third Quarter Operational Summary and Subsequent Events*).

The production barge is one of three main components of the Phase 1A Apsara oil project, the others being the minimum facilities platform and the integrated drilling services. Bids for the engineering, procurement, construction, installation and commissioning of the minimum facilities platform and for integrated drilling services were received in July 2018 and decisions on contract awards are expected shortly.

#### **Operating costs**

Nine-month operating costs increased to US\$76.9 million (9M2017: US\$65.6 million) due to expenditure for well workovers and equipment repairs and maintenance at the Wassana field in the Gulf of Thailand. Higher operating costs and lower Group production resulted in a 22.1% rise in the average 9M2018 lifting cost to US\$23.26 per barrel of oil equivalent ("boe") compared with a revised 9M2017 lifting cost of US\$19.05/boe<sup>3</sup>.

Depreciation, depletion and amortisation ("DD&A") charges in 9M2018 declined 31.4% to US\$45.9 million (9M2017: US\$72.9 million) as a consequence of reduced working interest production and lower carrying values for oil and gas properties.

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<sup>3</sup> Calculation of the Group's average lifting cost was revised in 1Q2018 to reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period. Previously, average lifting costs were calculated using operating cost reported in accordance with IFRS, which was matched with the cost of production to the volume sold



Other operating expenses totalled US\$25.1 million in 9M2018 due to non-cash items relating to impairment charges associated with the relinquishment of the East Seruway production sharing contract ("PSC"), net fair value loss on financial instruments, as well as dry hole costs associated with the Ca Lang-1 exploration well in Block 120, offshore Vietnam. In the 9M2017 period, the Company recorded an operating income of US\$18.1 million.

EBITDAX in 9M2018 amounted to US\$44.0 million, 52.8% up from US\$28.8 million a year ago, primarily due to a higher gross margin from the increase in realised selling prices coupled with lower corporate general and administrative expenses, which decreased 39.4% to US\$3.5 million (9M2017: US\$5.8 million). Cash flow from operating activities increased more than threefold to US\$30.6 million (9M2017: US\$8.8 million).

The Company recorded a net loss after tax in 9M2018 of US\$62.3 million (9M2017: US\$51.7 million) as a result of finance charges, higher operating costs, non-cash impairment charges and dry hole expenses and including US\$51.8 million in other material non-cash charges including DD&A charges, expenses for the accounting treatment of the Company's debt instruments and a fair value adjustment for financial instruments.

The Group's cash and cash equivalents (including amounts held under joint operations) amounted to US\$48.0 million as at 30 September 2018 and total unused sources of liquidity, including undrawn amounts of the revolving credit facility, were US\$78.0 million. We continue to focus on securing finance for development projects as well as other capital management initiatives to improve the balance sheet.

As at 30 September 2018, total debt recognised on the Group's balance sheet amounted to US\$426.3 million and the Group's gearing was 81.8%.

### **Third-quarter Operational Summary and Subsequent Events up to 9 November 2018**

#### **Production & Development**

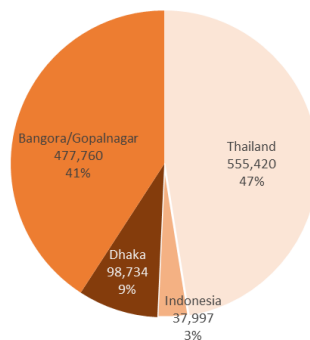
- Average gross production at the KrisEnergy-operated Wassana oil field in the G10/48 concession was 4,639 barrels of oil per day ("bopd") in 9M2018 and the Group's average working interest production in the period was 4,129 bopd.
  - One crude oil offloading of approximately 285,000 bbls was completed on 31 August 2018, a 181,000-bbl offloading was completed on 30 September 2018, and 106,726 barrels completed lifting on 23 October 2018;
  - A planned shutdown was undertaken 27-28 August 2018 for installation and commissioning of a new 450-kilowatt emergency diesel generator and for various maintenance works on piping;
  - In September 2018, a 6-inch subsea flowline from the mobile offshore production unit to the floating storage offloading ("FSO") vessel suffered a loss of integrity. Production flow was switched to a 4-inch subsea line. The section of damaged 6-inch line was replaced in October 2018 and production will be optimised with the installation of new export pumps in the fourth quarter 2018; and
  - On 1 October 2018, the *Mist* jack-up rig, owned by Borr Drilling Management DMCC, was contracted for an exploration/development drilling program in the KrisEnergy-operated G10/48 concession in the Gulf of Thailand. The program commenced on 12 November 2018 with Montha-1 exploration well in the G10/48 reservation area, which will be followed by three infill wells plus one contingent infill well in the Wassana production area.



- Gross production at the non-operated B8/32 oil and gas producing fields in 9M2018 was 17,245 bopd of liquids and 83.3 million cubic feet per day (“mmcf”) of gas. Average working interest production for the period was 1,443 boepd.
  - The main Benchamas field underwent a 22-day planned maintenance shutdown in April 2018 to install a new FSO vessel. Production at the nearby 2,500 bopd Chaba field was uninterrupted during the stoppage;
  - An extended bad weather period in August 2018 limited movement between remote platforms and therefore the ability to perform reservoir zonal perforations and maintenance of gas compressors and generator systems. Crude oil production dipped to approximately 15,000 bopd during the period but recovered in late September/early October 2018 to around 20,000 bopd; and
  - A 13-well infill drilling program commenced in August 2018. All wells have been completed with seven in production and the remaining six wells are expected on stream by the end of the year.
  
- At the KrisEnergy-operated Bangora field in the Block 9 PSC onshore Bangladesh, gross output in 9M2018 averaged 86.0 mmcf of gas and 254 barrels per day of condensate. The Group’s average working production in 9M2018 was 4,375 boepd.
  - The Bangora field was shut-in for scheduled annual maintenance from 22 to 25 August 2018. Production resumed 29 hours ahead of initial estimates. Further minor works on compressors were performed throughout September 2018.
  - In November 2018, gross Bangora gas production increased from 82 mmcf to almost 100 mmcf as a result of a zonal recompletion of one well.
  
- In November 2018, KrisEnergy’s wholly-owned subsidiary, SJ Production Barge Ltd, contracted Keppel Shipyard for the modification and upgrading of a production barge for the Apsara oil development in the Block A concession offshore Cambodia. Keppel Shipyard’s scope of work on the production barge includes installation of a power generation module, Electrical House, new accommodation units and other refurbishment works. The value of the contact is approximately US\$21.7 million, where a portion of the payment will be on deferred payment terms.

**EHSS**

- The Group recorded 1,169,911 man-hours in 9M2018 with one lost time injury in March 2018.





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**About KrisEnergy:**

KrisEnergy Ltd. is an independent upstream company focused on the exploration for and the development and production of oil and gas in Southeast Asia. The Company holds working interests in three producing oil and/or gas fields, two in the Gulf of Thailand and one onshore Bangladesh. It also participates in 11 blocks in various stages of development, appraisal and exploration in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates nine of the contract areas.

KrisEnergy's shares are listed on the mainboard of Singapore Exchange Securities Trading Ltd under the ticker SK3. For more information, visit [www.krisenergy.com](http://www.krisenergy.com)