



SAVANNAH ENERGY



FY 2020 Trading Update

January 2021

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About Us

- Leading African-focused British independent energy company
- Future contracted revenues are derived from fixed price long-term gas sales agreements with a weighted average remaining contract life of 17 years and over US\$4.3bn of remaining life-of-contract revenues¹
- Significant near-term growth expected from additional gas sales agreements in Nigeria and potential delivery of first production from the R3 East project in Niger. Our growth ambitions are underpinned by a 31.4 year reserve and resource life
- Well-established track record of delivering capital projects on time and budget
- Proven track record of geotechnical excellence with five discoveries from the five exploration wells drilled to date

Key Statistics

Listing (Ticker)	AIM (SAVE)
Share Price ²	14 GBp/ share
Shares Outstanding	996,408,412
Director ownership	4.36%
Market Cap. ²	US\$191m
Enterprise Value ³	US\$600m
FY 2020 Production	19.5 Kboepd
End 2020 2P Reserves & 2C Resources	157 MMboe
End 2020 2P/ 2C Reserve and Resource life	31.4 years

FY 2020 Unaudited Trading Update Highlights

- Financial guidance as presented in our 2020 KPI statement significantly exceeded
- Total Revenues⁴ (+18%), Group Administration and Operating Costs⁵ (-36%), Group DD&A (-18%) and Capital expenditure (-73%) achieved versus this guidance⁶
- Total Revenues⁴ of US\$235.9m (up 23% versus FY 2019 pro-forma)
- Group cash balance of US\$106.0m⁷ (up 121% versus FY 2019)
- Net debt of US\$408.7m⁸ (down 16% versus FY 2019)
- Revised 2020 guidance (as issued in December 2020) reiterated for:
 - Group DD&A of US\$35.0m – US\$37.0m; and
 - Group Administrative and Operating Costs⁵ of US\$43.0m – US\$47.0m

Blue Chip Shareholder Base












2020 in review – key metrics moving in the right direction

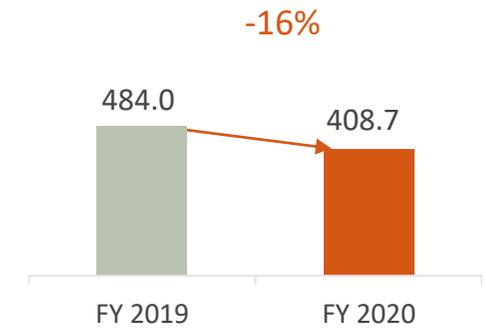
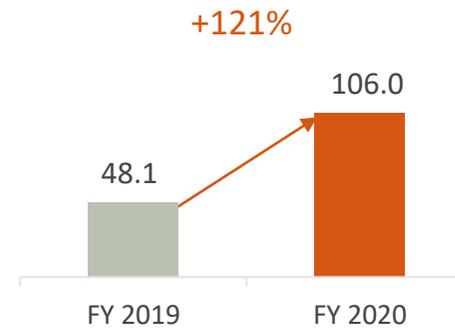
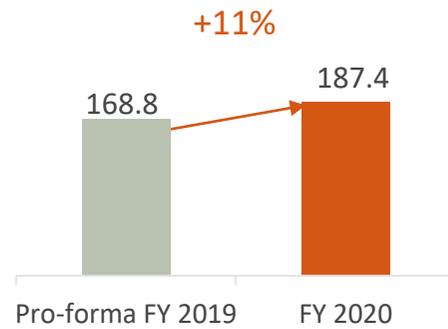
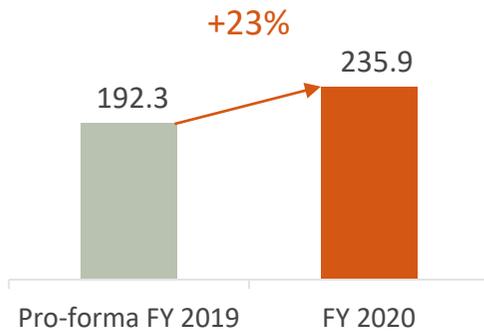


Total Revenues⁴ (US\$m) ↑

Cash collections (US\$m) ↑

Cash balance⁷ (US\$m) ↑

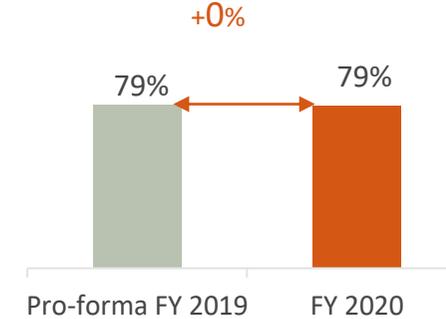
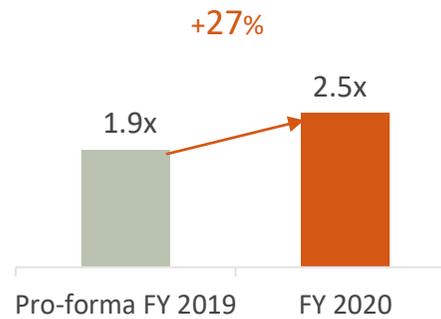
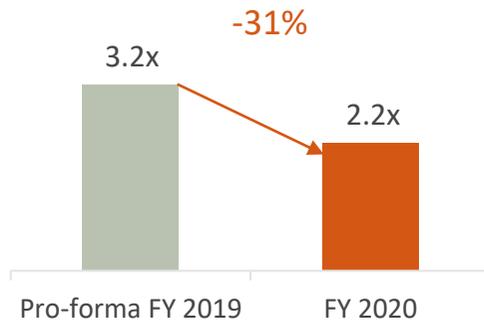
Net debt⁸ (US\$m) ↓



Leverage (Net debt/Adj. EBITDA⁹) ↓

Interest coverage ratio¹⁰ ↑

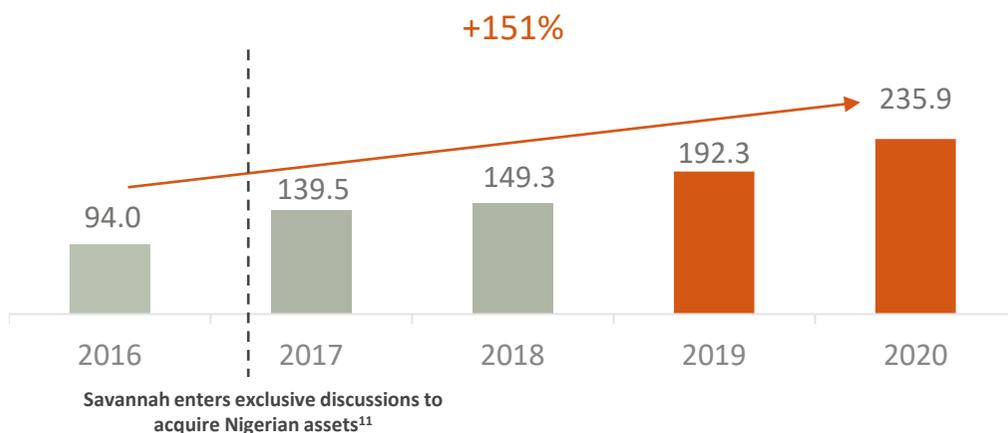
Adj. EBITDA⁹ margin (%) ↔



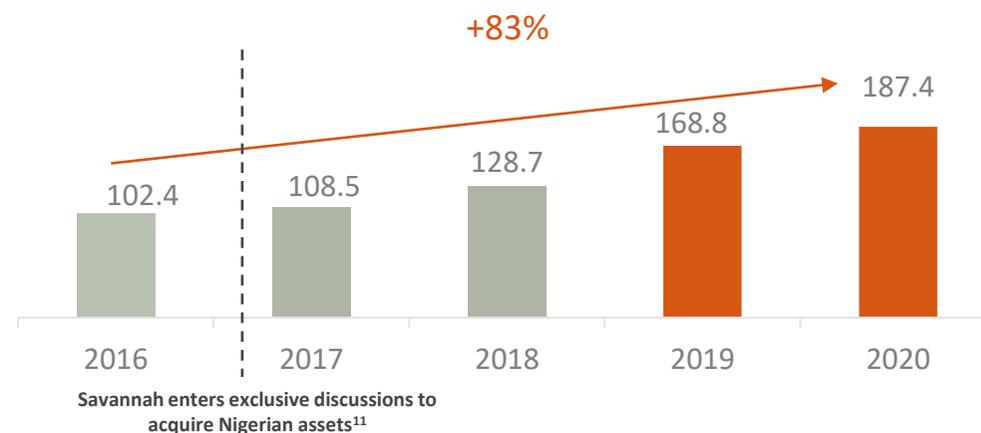
Note pro-forma financials presented as if Savannah's effective ownership of the Nigerian Assets commenced on 1 January 2019. All numbers presented are unaudited

Nigerian asset base performance enhancement

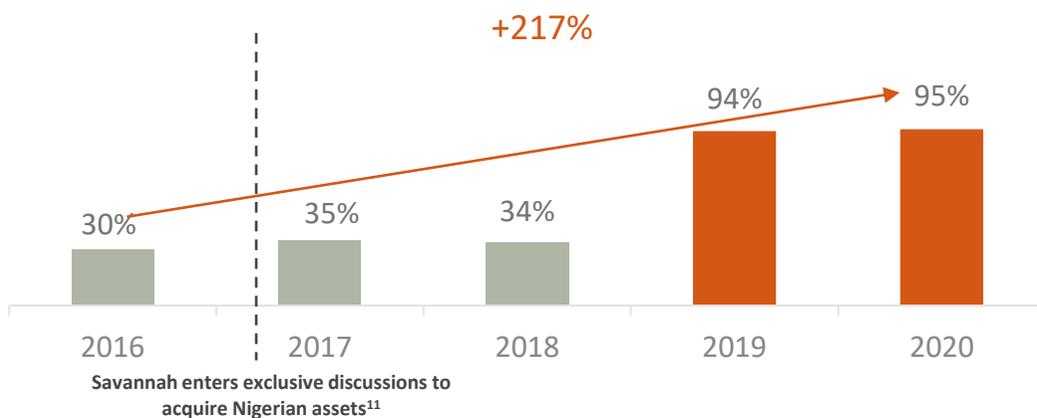
Total Revenues⁴ (US\$m)



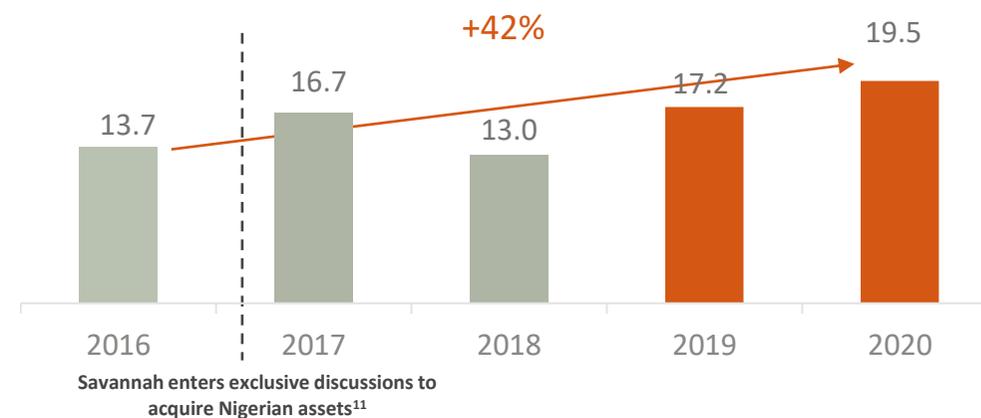
Cash collections (US\$m)



Proportion of Investment Grade rated sales¹²



Production (Kboepd)



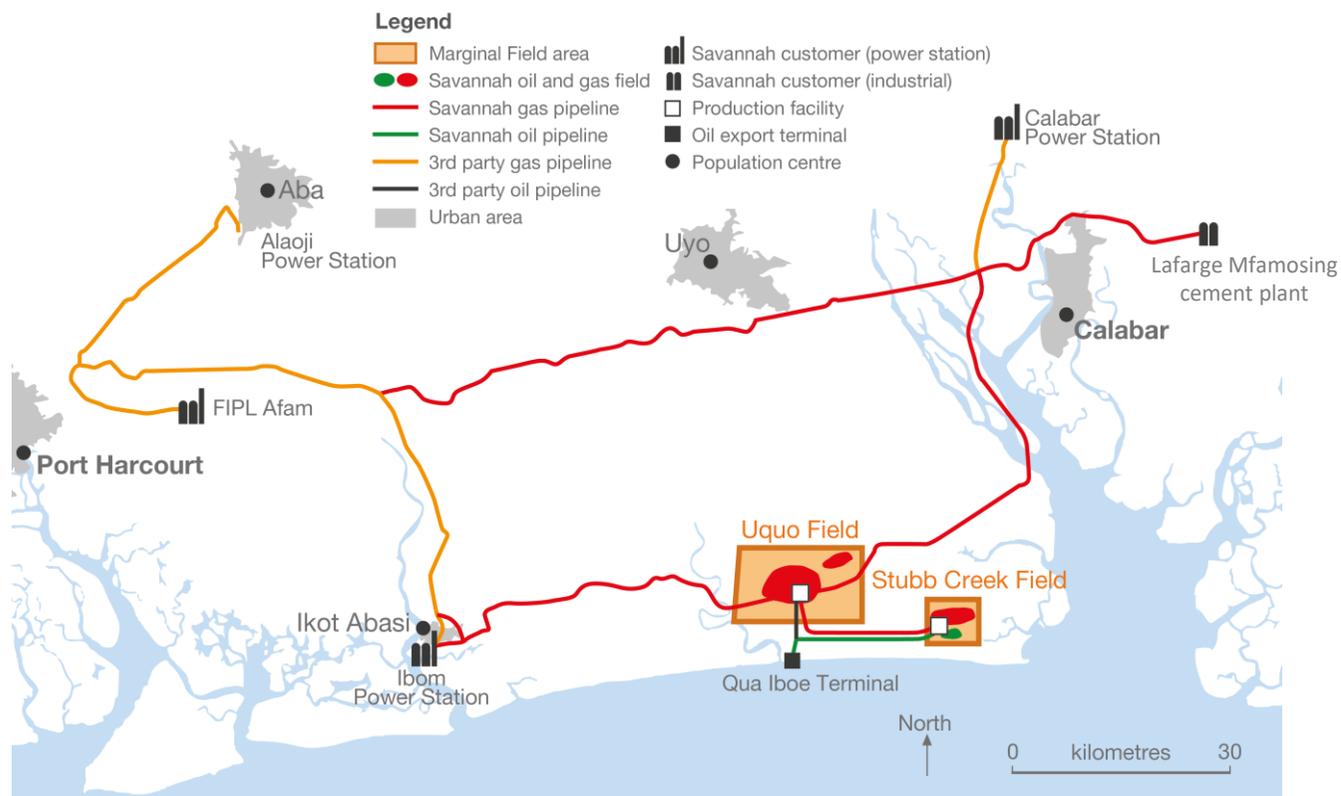
Note: Numbers from 2016-2019 refer to performance of Nigerian assets prior to the completion of the acquisition and are unaudited. Savannah entered into exclusive discussions to acquire the Nigerian assets in 2017

Nigeria asset overview

Nigerian asset summary

- 80% owner of Accugas - the only significant gas processing and transportation company in South East Nigeria – and interests in two world class gas and oil fields, Uquo and Stubb Creek
- Accugas' assets comprise a 200 MMscfpd processing facility and an approximately 260km pipeline network
- Our 20% partner in Accugas - Africa Infrastructure Investment Managers (wholly owned subsidiary of Old Mutual)
- 2020 Nigerian gas and liquids production amounted to 19.5Kboepd/ 117.2MMscfepd (88% gas, 12% liquids)
- End 2020 Nigerian 2P reserves at 65MMboe, 2C resources at 59MMboe
- End 2020 2P /2C Nigerian Reserve and Resource Life Index of 26.5 years
- Gas sales are currently made to 3 customers: Calabar Generation Company Limited (owner of the Calabar power station), Ibom Power Company Limited (owner of the Ibom power station) and Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant), with liquid sales made to a subsidiary of ExxonMobil.
- New gas sales expected to commence to First Independent Power Limited ("FIPL"), owner of the FIPL Afam power station, in 2021

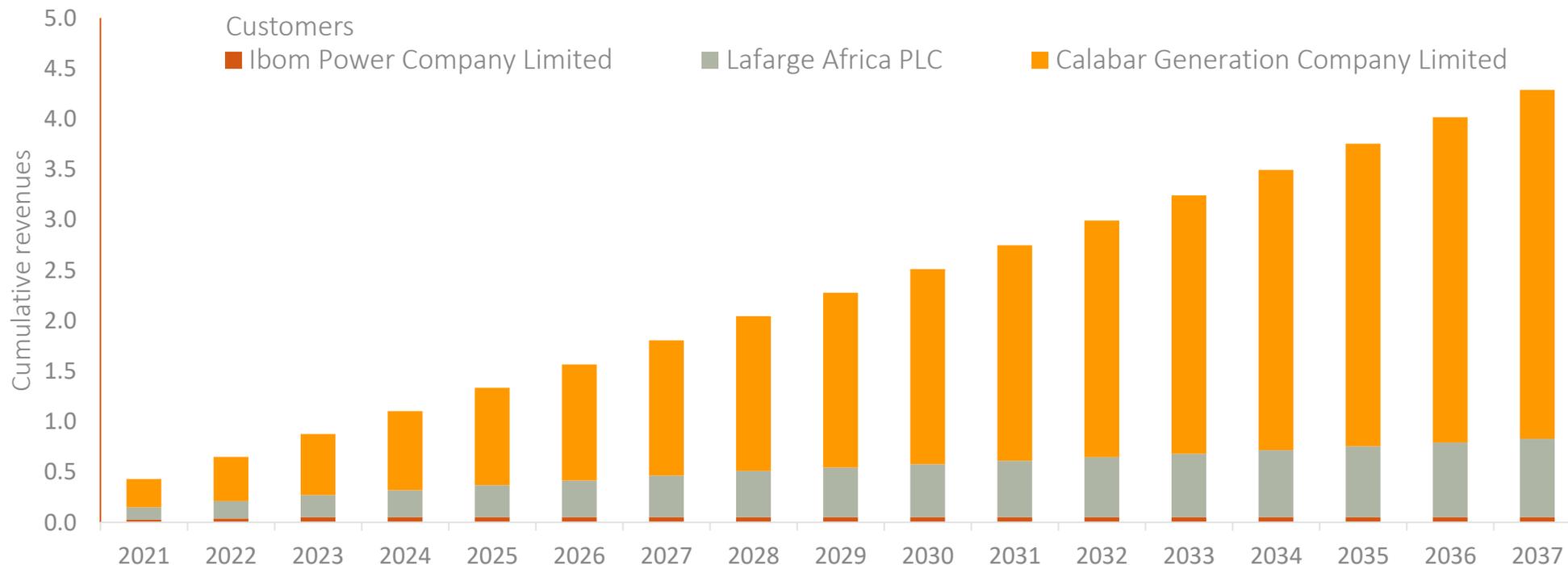
Map of Savannah's South East Nigerian asset base



Gas revenue quality – Long dated and backed by guarantees



Contracted cumulative revenues (US\$bn)



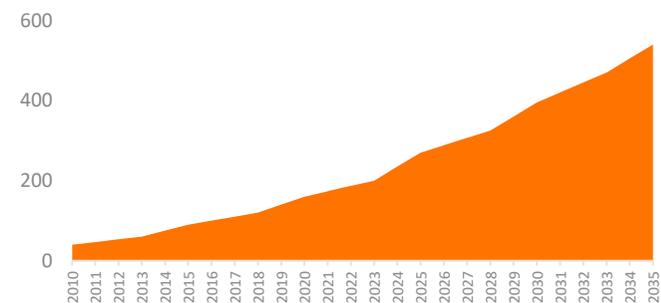
- Total contracted revenues stream of US\$4.3bn, on a maintenance adjusted Take-or-Pay basis
- Weighted average remaining contract life of 17 years, with contracted revenues extending out until 2037
- 99% of future contracted revenues are with customers providing investment grade credit guarantees¹¹
- Note in addition to gas revenues Savannah generated US\$12m of liquids revenues in 2020

Nigerian gas-to-power – a secular growth opportunity

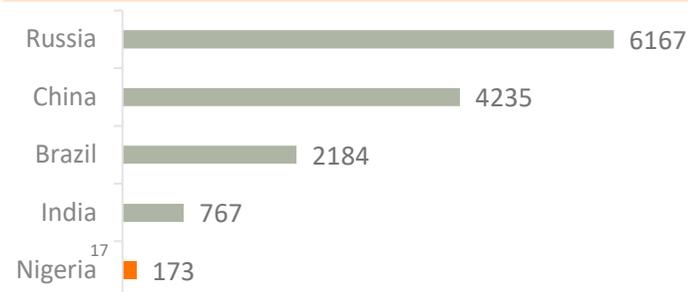
- The Nigerian gas-to-power market is expected to experience strong underlying secular growth in the coming years as per capita consumption increases to international levels and installed generation capacity is increased
- The economics and carbon intensity benefits of switching from diesel to gas are extremely compelling for new potential industrial customers
- Our large Nigerian gas reserve and resource life of 26.5 years and in country industrial contact network positions us strongly to benefit from these trends through new gas sales agreements
- The marginal cost of delivering revenues from new gas sales is expected to be limited, given our existing infrastructure footprint and existing planned 2021-23 capital expenditure programme

Nigerian Gas-to-Power market dynamics

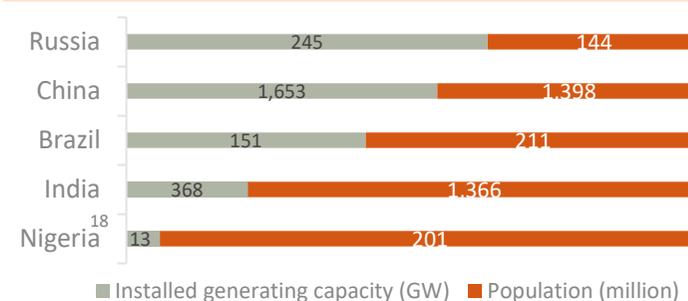
Huge energy demand growth forecast (TWh)¹⁵



Electricity power consumption (KWh per capita)¹⁶

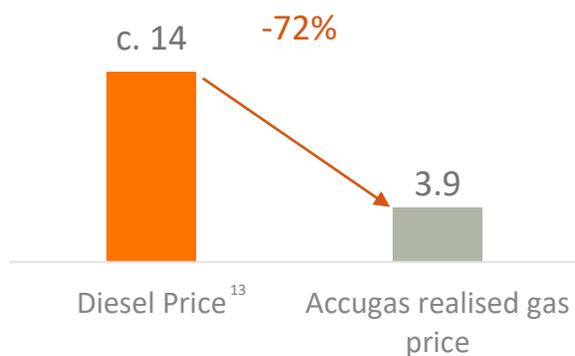


Power capacity vs population¹⁵

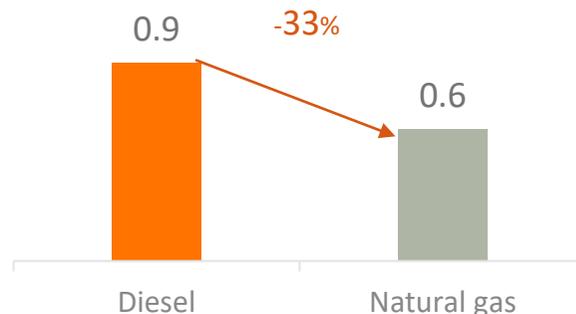


Compelling economic and environmental switching dynamics

Compelling switching economics (\$/Mscfe)



Indicative customer carbon intensity reduction opportunity (Kg of CO₂ / kWh)¹⁴



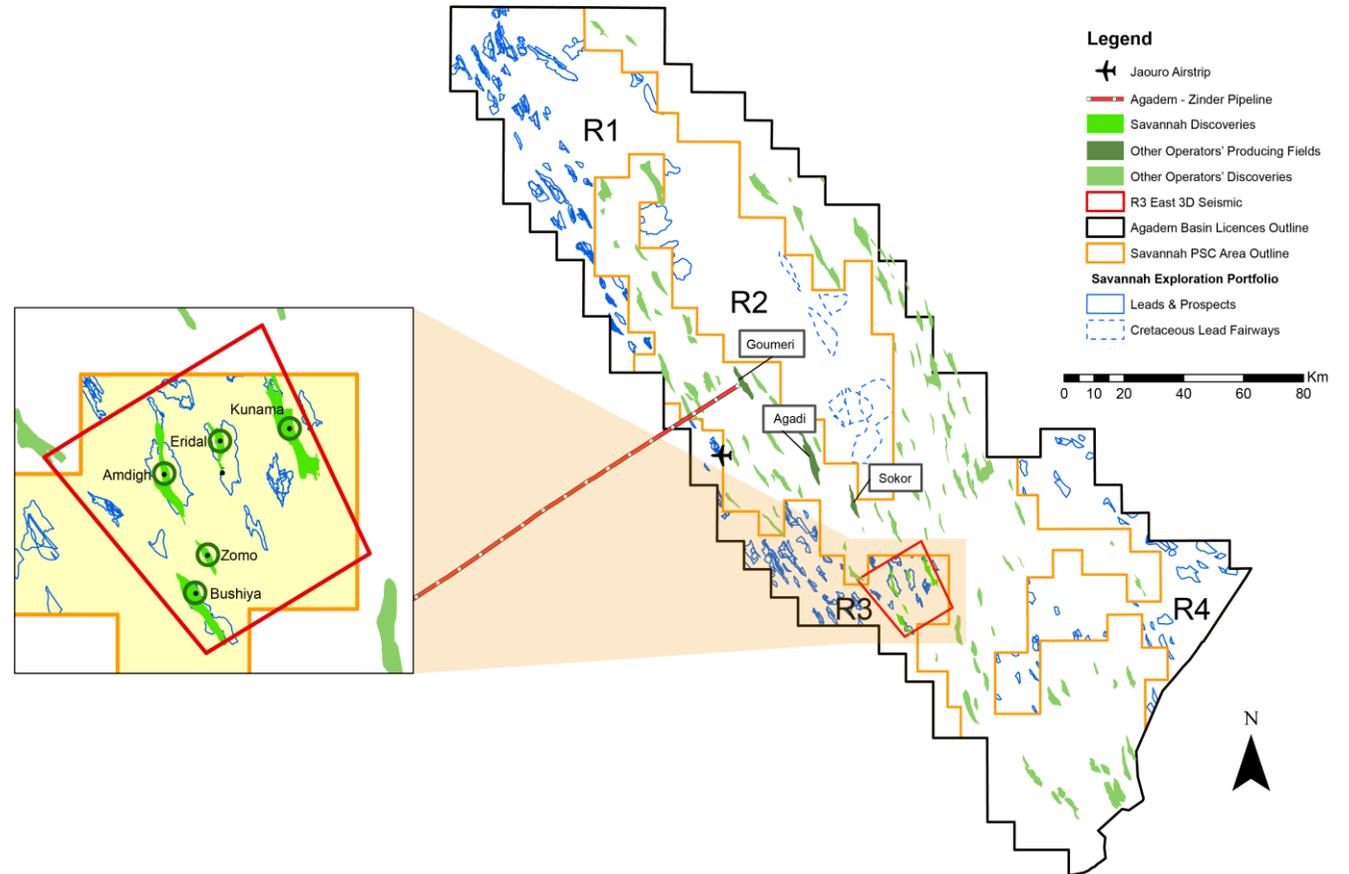
Niger asset base – regional context & activity history

CNPC era (2008+)

- 110 discoveries from 137 exploration wells (80% success rate)
- c.1bn bbls 2P reserve base established
- > 30,000km² 2D and 13,000km² 3D seismic acquired over the original Agadem PSC
- Establishment of major logistics and infrastructure hubs, including oil pipeline and refinery
- First oil delivered from Sokor and Goumeri (2011) and Agadi (2014)
- 20% of Agadem license sold to CPC (2013)
- Portion of license mandatorily relinquished (2013)

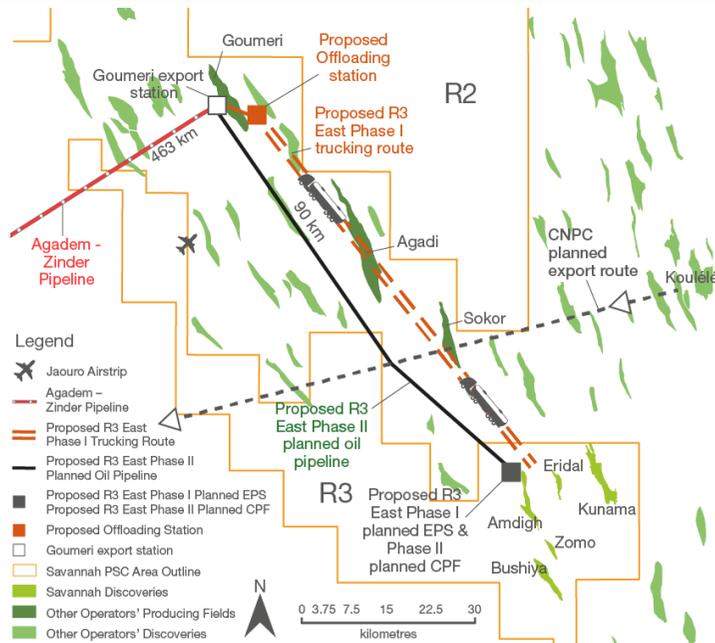
Savannah/ CNPC era (2014+)

- July 2014, R1/R2 license awarded to Savannah¹⁹
- July 2015, R3/R4 license awarded to Savannah¹⁹
- 36,948km FTG survey acquired (2014/15)
- 806km 3D seismic survey acquired over a portion of R3 (2016/17)
- 5 discoveries from 5 exploration wells, a 100% success rate (2018)
- Gross 2C Resources of 35.0 MMstb²⁰
- Unrisked Prospective Resources of (Best case) of 360 MMstb for a subset of 11 out of 146 leads & prospects
- R3 East early production solution to be implemented and further multi-well campaign to commence subject to financing and market conditions
- Basin-wide Niger-Benin export pipeline project launched by CNPC in 2019 and to be completed in 2022



R3 East proposed early production scheme

R3 East development



Phase I – Trucking

- Expected to deliver a plateau of c.1,000 bopd+ from initial well testing
- Surface processing equipment procured on a rental basis initially
- Oil to be trucked c.120km to the Goumeri/Jaouro export station, then piped to the Zinder refinery (using the existing 463km Agadem-Zinder pipeline)

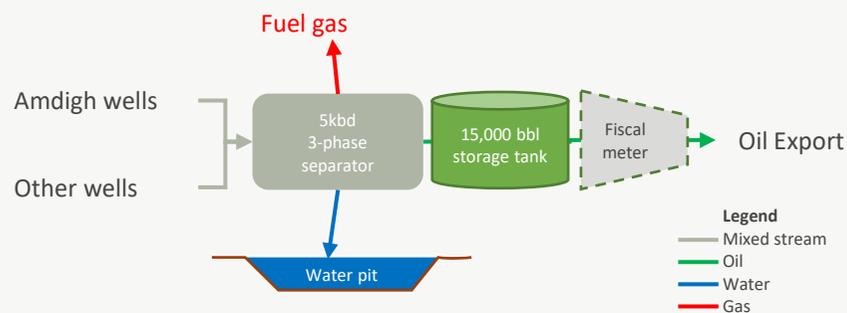
Phase II – Pipeline

- Central Processing Facility (“CPF”) expected to be constructed at Amdigh, planned to be linked to a gathering system to enable proximal fields (e.g. Bushiya, Kunama, Eridal) to be tied into the CPF
- Planned construction of a c. 90km pipeline between the CPF and the Goumeri/Jaouro export station, enabling production to ramp up to 5,000 bopd following completion of pipeline construction
- Niger-Benin export pipeline (expected to cross R3 area) provides an additional monetisation route for existing and future discoveries

Economic summary²⁰

- Total planned gross 28 MMstb R3 East development has been estimated by CGG as having a Net Present Value of US\$132.8m or US\$5.8/bbl net to Savannah
- CGG estimated total external funding requirement of less than US\$60m for both phases
- Each additional 20 MMstb of resources potentially tied into the R3 East development is estimated to increase the NPV by c. US\$100m net to Savannah
- CGG has estimated an economic break-even oil price of US\$26/bbl

Early Production Facilities to be located at Amdigh



US\$4.3bn contracted revenues stream¹

17 years of weighted average remaining gas contract life

31 years 2P/2C Reserve and Resource Life index

79% Adjusted EBITDA⁹ Margin

2.2x consolidated leverage

Strong anticipated organic growth

1. Remaining life of contact revenues estimated on a maintenance adjusted Take-or-Pay basis including contributions from our 3 customers: Calabar Generation Company Limited (owner of the Calabar power station), Ibom Power Company Limited (owner of the Ibom power station) and the Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant). Note this is not an audited number.
2. As of 22 January 2021
3. Enterprise value is defined as market capitalisation as of 22 January 2021 plus latest reported net debt as of 31 December 2020
4. Total Revenues are defined as the total amount of invoiced sales during the period. This number is seen by management as more accurately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Income Statement. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Income Statement is provided in the Financial Review section on page 67 of the Savannah Annual Report and Accounts 2019.
5. Group Administrative Expenses and Operating Costs are defined as total cost of sales, administrative and other operating expenses excluding royalty and depletion, depreciation and amortization
6. As FY 2020 Group Administrative Expenses and Operating Costs and DD&A have not been reported, the mid-point of current guidance range has been used in these calculations
7. Within cash balance of US\$106.0m, US\$78.9m is set aside for debt service, of which US\$48.0m is for interest and US\$30.9m is for scheduled principal repayments, and US\$1.6m relates to monies held in escrow accounts for stamp duty relating to loan security packages
8. Net debt (defined as 'Total long and short term debt exclusive of lease liabilities less total cash and cash equivalents') includes a Senior Secured Note with a call option. Any change in this option value will impact the reported net debt
9. Adjusted EBITDA is defined as Total Revenues less mid-point of the guidance range of the Group Administrative and Operating Costs (excluding transaction costs) and royalties of US\$6m for FY 2020 (US\$5m for FY 2019)
10. Interest coverage ratio is calculated as Adjusted EBITDA divided by net finance costs (the net finance costs used in this calculation are in line with consensus forecasts)
11. Savannah entered into exclusive discussions to acquire the Nigerian assets in 2017
12. Investment Grade rated sales are classed as sales where the payment obligation of the customer benefits from a guarantee or other credit support from an entity which holds an investment grade rating from either Standard & Poor's, Moody's or Fitch Ratings
13. <https://allafrica.com>
14. Source: Greenhouse Gas Emissions From Energy Systems: Comparison And Overview by R. Dones, T. Heck, S. Hirschberg
15. Source: GIZ 2015 (FMP and power holding company of Nigeria data and UN 2010 rural/urban population data for off grid projections)
16. Sources: World Bank and CIA World Factbook.
17. Source: Daily generation broadcast by the National Control Centre – an arm of the Transmission Company of Nigeria
18. Source: Nigerian Grid Transmission Study
19. Post 2019, the company agreed with the Niger Ministry of Energy and Petroleum that the R4 licence area will be combined with the R1/R2 PSC Area into a new R1/R2/R4 PSC and that the R3 PSC area will continue as a stand-alone PSC area. Ratification of these changes is subject to Council of Minister approval and payment of the associated fee
20. Refer to the Niger CPR dated April 2020
21. FY 2020 numbers are unaudited and therefore could be subject to change



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