



20 June 2024

Energean plc
("Energean" or the "Company")

Strategic sale of Egypt, Italy and Croatia portfolio

London, 20 June 2024 - Energean plc (LSE: ENOG, TASE: ENOG) is pleased to announce that it has entered into a binding agreement for the sale of its portfolio in Egypt, Italy and Croatia to an entity controlled by Carlyle International Energy Partners ("Carlyle") for an enterprise value ("EV") of up to \$945 million, of which \$820 million is firm (the "Transaction"). Completion is expected by year-end 2024, subject to customary regulatory and antitrust approvals.

Compelling transaction metrics:

- An EV of up to \$945 million¹, representing more than a 3x return since the portfolio was acquired for \$284 million in 2020².
- A firm EV/2P multiple of \$5.4/boe, a >4.5x increase versus c. \$1.2/boe at the time of acquisition³.
- Expected to be immediately accretive to free cash flow.
- Energean expects sufficient cash proceeds at closing in order to repay in full the \$450 million PLC Corporate Bond and facilitate a special dividend of up to \$200 million.
- At least \$7.5 million per annum G&A savings identified following the Transaction.

Strategic rationale highlights:

- This sale enables Energean to rationalise the portfolio and focus on its gas-weighted, gas-development strategy, underpinned by the Karish Field in Israel and recent farm-in to the Anchois field in Morocco. This strategy aims to maximise asset monetisation (through a develop and operate model), free cash flow generation and returns to shareholders.
- The Transaction also optimises the portfolio by divesting later life assets, removing over 60% of the Group's decommissioning liabilities, and improving free cashflow generation in the short to medium-term.

¹ Of which \$820 million is firm. In addition to the \$945 million, there is a \$/boe contingent payment linked to the recent Location B well in Egypt.

² The Edison E&P acquisition also included the UK portfolio, which was ascribed minimal value.

³ \$5.4/boe multiple is based upon the firm EV of \$820 million and 150 mmboe of YE23 2P reserves (differences due to rounding). Using the EV of \$945 million, the EV/2P multiple is \$6.3/boe. \$1.2/boe multiple is on the EV of \$284 million and 239 mmboe (excludes 4 mmboe of UK volumes) of YE18 2P reserves.



- Moving forward, Energean will maintain and seek to grow its footprint in the Mediterranean and look beyond this to the wider Europe, Middle East and Africa ("EMEA") region, particularly where there is long-term policy support for gas and displacement of coal.
- The Group will also focus on creating a Carbon Storage Hub in Greece and the wider Mediterranean region via its EnEarth subsidiary.
- Post-closing, Energean's scope 1 and 2 emissions intensity⁴ will reduce by around 40% to ~5 kgCO2e/boe accelerating its 2035 target by 10 years.

Mathios Rigas, Chief Executive Officer of Energean, commented:

"This deal represents an exciting new chapter for Energean. Today we have realised a significant return on the investment made when we acquired this portfolio over four years ago. The transaction delivers on our strategy and Energean's ability to maximise value for our shareholders. It maintains our highly disciplined approach to capital allocation, as demonstrated by the accretive transaction metrics, coupled with an anticipated special dividend.

"Looking ahead, this transaction unlocks management capacity and financial flexibility to drive future growth. Our focus will now be to create enhanced value from our Israel assets, and evaluate new opportunities that fit Energean's key business drivers: paying a reliable dividend, deleveraging, growth, and our commitment to Net Zero.

"Carlyle is the right custodian of the asset base and will create an excellent home for our colleagues. We wish them every success and look forward to watching their progress. I want to thank all of our colleagues based in Egypt, Italy and Croatia for their hard work and dedication over the years."

Bob Maguire, Co-Head of Carlyle International Energy partners, commented:

"We are delighted to acquire this portfolio of high-quality assets in Italy, Egypt and Croatia, countries that are actively encouraging new gas development, which we believe will play a central role in the energy transition. We look forward to supporting the transformation of these assets into a scalable E&P platform in the Mediterranean, through the execution of near-term developments, unlocking organic growth opportunities, M&A, and accelerating the delivery of existing decarbonisation plans."

Transaction terms and consideration

Carlyle's offer for Energean's Egypt, Italy and Croatian portfolio has a total enterprise value of up to \$945 million plus a \$/boe contingent payment linked to the recent Location B well in Egypt. This is over a 3x

⁴ On an equity share basis.



increase versus the original acquisition value of \$284 million in 2020⁵, and gives a firm EV/2P multiple of \$5.4/boe (versus c.\$1.2/boe)⁶.

The economic effective date of the Transaction is 31 December 2023 (“**Effective Date**”).

After enterprise value to equity value adjustments as at the Effective Date, Energean will receive:

- \$504 million upfront cash consideration upon closing of the Transaction.
- Working capital/cash adjustments between the Effective Date and the closing date.
- \$139 million Vendor Loan with a 6-years and 3-months tenor plus interest at SOFR + 7% in year one, plus 0.5% for each year thereafter.
- \$125 million capped contingent consideration, inflated at the US CPI index from 1 January 2024 onwards, varying from nil to \$125 million (as inflation adjusted) depending on:
 - Working interest Italian oil and gas production over the period 2025-2028 exceeding annual reference volumes, based off of Proved Developed Reserves and Proved Reserves respectively as taken from the YE23 Competent Person’s Report (“**CPR**”) report⁷; and
 - Brent and Italian PSV gas prices over the period 2025-2028 exceeding an annual reference price⁸.
 - The contingent payment due is based on 25% of the incremental commodity price multiplied by the actual production and payable on an annual basis in respect of the years 2025-28.
- An uncapped contingent payment for the recently drilled Location B well in Egypt.
 - This payment will be calculated based off (i) the 2P reserves (as determined by an independent auditor at YE24) plus (ii) the actual 2024 production, that are in excess of the below pre-drill estimated volumes:
 - \$2.00 per boe for gas in excess of 8,672,924 boe;
 - \$5.00 per boe for oil in excess of 0 boe;
 - \$4.50 per boe for condensate in excess of 490,055 boe; and
 - \$3.75 per boe for LPG in excess of 539,060 boe.

⁵ The Edison E&P acquisition also included the UK portfolio, which was ascribed minimal value.

⁶ \$5.4/boe multiple is based upon the firm EV of \$820 million and 150 mmboe of YE23 2P reserves (differences due to rounding. Using the EV of \$945 million, the EV/2P multiple is \$6.3/boe. \$1.2/boe multiple is on the EV of \$284 million and 239 mmboe (excludes 4 mmboe of UK volumes) of YE18 2P reserves.

⁷ Gas production (mmscf): 26,918 (2025), 24,551 (2026), 21,574 (2027), 19,063 (2028). Oil production (mmmbbl): 1.794 (2025), 1.666 (2026), 1.55 (2027), 1.444 (2028).

⁸ Reference price as follows - Brent (\$/bbl): 77.33 (2025), 73.56 (2026), 70.00 (2027), 70.00 (2028). PSV gas price (€/MWh): 29.87 (2025), 29.16 (2026), 25.00 (2027), 25.00 (2028).



- The first \$15 million of any payable amount shall be payable in cash in Q3 2025 and any balance due shall be payable (at Carlyle's option) either in cash or as a corresponding increase in the principal amount of the Vendor Loan.

Sale portfolio

In 2020, Energean acquired Edison E&P, which included production, development and exploration assets in Egypt, Italy and Croatia. Energean's portfolio of assets in these countries has net working interest 2P reserves of 150 mmboe (70% gas) (D&M YE23 CPR) and 2023 net working interest production of 34 kboe/d (37% gas).

This portfolio generated Adjusted EBITDAX of \$264 million in 2023. The gross assets attributable to the Transaction as at 31 December 2023 were \$1.67 billion. Total liabilities attributable to the Transaction as at 31 December 2023 were \$1.27 billion, of which \$516 million was provision for decommissioning.

Strategic Rationale

Energean's strategy is to be the leading independent gas-focused E&P in the Mediterranean and beyond. The Group has taken the decision to sell certain non-core geographies, where at least \$7.5 million per annum of G&A savings have been identified, in line with its key business drivers to:

- **Be cashflow accretive:** the Transaction is expected to be immediately free cash flow accretive. The Group expects to redefine its dividend policy post-Transaction close.
- **Focus on gas and gas development:** the Transaction enables management to focus on its core gas-weighted assets, underpinned by Israel and the recent farm-in to the Anchois field in Morocco, to maximise asset monetisation, free cash flow generation and returns to shareholders.
- **Achieve our growth objectives:** moving forward, Energean will continue to evaluate existing organic growth opportunities within its portfolio, as well as inorganic opportunities beyond the Mediterranean in the wider EMEA region, particularly where there is long-term policy support for gas and coal phase-out.
- **Deliver upon our Net Zero commitments:** the Transaction will accelerate the Group's decarbonisation efforts whereby post-close the Group's scope 1 and 2 emissions intensity will reduce by around 40% to ~5 kgCO2e/boe, accelerating its 2035 target of 4-6 kgCO2e/boe by 10 years. This is in addition to the Group's focus on creating a Carbon Storage Hub in Greece and the wider Mediterranean region via its EnEarth subsidiary.

Use of Proceeds and Dividend Policy

Energean expects sufficient cash proceeds at closing to be able to repay in full the \$450 million PLC Corporate Bond and facilitate a special dividend of up to \$200 million.

In light of the Transaction, the Board will undertake a review of the Company's dividend policy and near-term targets and expects to redefine its dividend policy upon Transaction closing.



Conditionality and timing to Completion

Completion of the Transaction is conditional upon customary regulatory approvals in Italy and Egypt together with antitrust approvals in Italy, Egypt and the Common Market for Eastern and Southern Africa ("COMESA"). The Transaction also constitutes a Class 1 transaction under the Listing Rules and is, therefore, as at the date of this announcement, conditional on Energean's shareholders passing a resolution approving the Transaction. As the Listing Rules are expected to change in early H2 2024 in a manner that would mean such shareholder approval would no longer be required, Energean plans to engage closely with shareholders in relation to the Transaction and will, to the extent required as per the FCA's listing rules reforms, seek shareholder approval of the Transaction ahead of completion. The Transaction is subject to the conditions being satisfied by a longstop date of 20 March 2025 (or such other date as may be agreed by Energean and Carlyle), with completion currently expected to occur by year-end 2024.

Staff employed by Energean Italy (which includes Croatia) and Energean Egypt will continue their employment under Carlyle's ownership, which they have committed to guarantee for 18-months post-completion, providing continuity for staff and contributing to ongoing operational reliability and safety.

Advisors

Rothschild & Co is acting as the Company's financial advisor and, to the extent required, sponsor and White & Case is acting as the Company's legal counsel.

Conference call

A conference call for analysts and investors will be held today at 10:30 BST / 12:30 Israel Time.

Webcast: <https://edge.media-server.com/mmc/p/hjn3mc3>

Conference call registration link:

<https://register.event.com/register/BI657506a9060d46d68287d141ee2fae7e>

After completing your conference call registration you will receive dial-in details on screen and via email. Please note that the dial-in pin number is unique and cannot be shared.

The presentation slides will be made available on the website shortly at www.energean.com

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Inside Information

This announcement contains inside information as stipulated under the Market Abuse Regulation no 596/2014 (incorporated into UK law by virtue of the European Union (Withdrawal) Act 2018 as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019). Upon the publication of this announcement via a regulatory information service, this inside information is now considered to be in the public domain.

Forward looking statements

This announcement contains statements that are, or are deemed to be, forward-looking statements. In some instances, forward-looking statements can be identified by the use of terms such as "projects", "forecasts", "on track", "anticipates", "expects", "believes", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results and events to differ materially from those expressed in or implied by such forward-looking statements, including, but not limited to: general economic and business conditions; demand for the Company's products and services; competitive factors in the industries in which the Company operates; exchange rate fluctuations; legislative, fiscal and regulatory developments; political risks; terrorism, acts of war and pandemics; changes in law and legal interpretations; and the impact of technological change. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this announcement is subject to change without notice.