

BG Group Q3 2013 results

BG GROUP



FPSO Cidade de Paraty

Legal notice

The following presentation contains forward-looking statements concerning BG Group plc's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which BG Group plc operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which can be controlled or predicted. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from the guidance given in this presentation for a number of reasons. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the "Principal risks and uncertainties" included in the BG Group plc Annual Report & Accounts 2012 and the Principal Risks section in the Second Quarter and Half Year results statement published on 26 July 2013. Nothing in this presentation should be construed as a profit forecast and no part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in BG Group plc or any other entity, and must not be relied upon in any way in connection with any investment decision. BG Group plc undertakes no obligation to update any forward-looking statements.

No representation or warranty, express or implied, is or will be made in relation to the accuracy or completeness of the information in this presentation and no responsibility or liability is or will be accepted by BG Group plc or any of its respective subsidiaries, affiliates and associated companies (or by any of their respective officers, employees or agents) in relation to it.

Please note that this presentation represents only a summary of BG Group's Third Quarter 2013 Results. It does not contain sufficient information to enable as full an understanding as provided by the BG Group Third Quarter 2013 Results press release. This presentation should therefore be read in conjunction with that additional document available from BG Group's website, www.bg-group.com.

Financial highlights: Q3 2013

	Q3 2013	Q3 2012	Δ YOY
Total operating profit	\$1 773m	\$2 085m	-15%
Upstream	\$1 169m	\$1 417m	-18%
LNG Shipping & Marketing	\$602m	\$682m	-12%
Earnings	\$1 070m	\$1 109m	-4%
Capital investment on a cash basis *	\$2 792m	\$2 770m	+1%
Cash generated by operations	\$2 036m	\$2 701m	-25%

* Includes capital investment relating to discontinued operations for the quarter of \$nil million (2012 \$85 million)

2013 milestones progressing

Q1

- Brazil FPSO 2 onstream ✓
- Everest East expansion onstream ✓
- Elgin/Franklin production restart ✓

Q2

- Brazil FPSO 3 onstream ✓
- Karachaganak planned shutdown ✓

Q3

- Bongkot N Ph 3K onstream ✓
- Itaú Ph 2 onstream – now Q4
- UK shutdowns – Lomond now Q4

Q4

- Jasmine onstream
- Margarita Ph 2 onstream ✓

Milestones update:

- Margarita Phase 2 start-up ahead of schedule
- Bongkot N Phase 3K onstream
- UK shutdowns largely complete; Lomond to re-start in coming weeks
- Itaú central processing facility completed; wells to be connected by year end
- Jasmine expected to start up in the fourth quarter

Australia entering commissioning phase

BG GROUP



- Significant progress in the quarter
 - Hydro-testing of export pipeline underway; to complete by end of November
 - Gas flowed into the collection header system
 - Construction at Ruby Jo progressing well, ahead of commissioning in December
- Drilling activity ahead of target
 - 225 in the quarter vs. target of 150
 - More than 1 700 now drilled out of >2000 in total
- Last major contract awarded for field infrastructure in the Surat Basin
- On track for first LNG in 2014; within Phase 1 \$20.4 billion (2011-14) budget

Australia

BG GROUP



QCLNG plant, Curtis Island, Australia

Australia

BG GROUP 



QCLNG main export pipeline, Australia

QCLNG milestones

2013

2014

Q1

Q2

Q3

Q4

H1

H2

Upstream

Wells: 1290

Q1: 1286

1450

Q2: 1499

1600

Q3: 1724

1750

>2000 wells

First major water facility (Kenya)

July

Central processing plant (Ruby)

Six Field Compressor Stations (for Ruby)

Pipeline

Gas collection header
Gas flowed in August

Narrows crossing
Lowered in, backfilled & tested

Export pipeline

Modules delivered*:

T1 & common facilities

T2

April

Oct

Gas in plant
Start commissioning

LNG sales

*80 modules in total (62 for train 1 and common facilities)

Brazil – excellent flow rates

- Combined production from 3 FPSOs ~160 kboed (gross) during Q3
- Initial wells on FPSOs 2 and 3 both producing more than 30 kboed each (gross)
- BSR installation underway; well connections in Q1 2014
- Remaining FPSO fleet development remains on track
 - FPSO 4 ~80% complete; due to depart China in November
 - FPSO 5 ~70% complete; in Brazil with topsides integration work underway
 - LOI signed for 9th leased FPSO, to be deployed on Carioca in 2016
- Drilling performance improving; 2013 spud to TD average now 57 days (2012: 69)
- Iara Declaration of Commerciality now expected in December 2014
 - Allowing further appraisal to optimise development planning
 - No change to first oil in 2017

Egypt - environment remains difficult

- Q3 domestic offtake from WDDM increased, close to ~1 bcf/d maximum
 - Egyptian LNG continues to operate, albeit at reduced capacity
 - 5 partial compensatory Qatari cargoes (2 net to BG Group) lifted
- In October, domestic offtake currently 700-750 mmscfd
- Receivables balance of \$1.4 billion; overdue balance \$0.7 billion
 - YTD September receipts ~\$75 million higher than in whole of 2012
- Release of funds for next phase of development requires:
 - Assurances regarding future domestic offtake and material reduction of outstanding debt

Portfolio management – good progress

- Quintero LNG terminal sale completed for \$176 million
- Agreed sale of TGGT for cash consideration of \$231 million
- Completion of QCLNG sell-down to CNOOC expected by year end
 - Proceeds \$1.93 billion plus re-imburement of capex from 1 January 2012
 - On completion, will improve gearing by ~5%
- Portfolio management programme releases c\$8.2 billion by end 2013
 - Exceeds original 2013 year-end target of \$5 billion

Summary

- Production down 10% in the third quarter; recovery in fourth quarter
- Further progress on other 2013 milestones
- Good execution with key growth projects
 - QCLNG entering commissioning phase
 - Excellent flow rates in Brazil
- Good progress with portfolio management
- Egypt business environment remains difficult