EnQuest PLC, 23 January 2015. Trading and Operations Update.

2014 provisional production of 28,267 Boepd, up 17%
Renegotiated credit facility covenants, relaxed until mid-2017
Alma/Galia and Kraken remain on schedule
2015 production guidance of between 33,000 Boepd and 36,000 Boepd

EnQuest PLC issues this statement to summarise recent business activities and to provide trading guidance in respect of the financial year ended 31 December 2014. This is in advance of the Group's Full Year Results, which are scheduled for release on 19 March 2015. The information contained herein has not been audited and may be subject to further review.

Highlights

EnQuest has delivered a strong operational and financial performance in 2014, with provisional production of 28,267 Boepd, up 17% on the prior year, at the high end of EnQuest's guidance. This reflects the continuing strength of field reservoir performance, top quartile production efficiency from EnQuest's existing producing assets and an initial contribution from PM8/Seligi in Malaysia, the first production from outside the North Sea. With this level of production, EnQuest expects EBITDA for 2014 to be in the range of $530 million to $580 million.

In addition, with hedging in place for 2015, EnQuest has responded expeditiously to the low oil price environment. The 2015 total Group cash capital expenditure programme has been cut further and is anticipated to be in the region of $600 million, with capital expenditure reductions from both new developments and existing fields. Operating cost per barrel is expected to be reduced by at least 10%, both as the result of cost savings and high margin barrels coming onstream. Control of the cost base has always been a focus for EnQuest and in this new macro environment, it is continuing to work with the supply chain and contractors to achieve additional cost savings.

Given changes in the oil price environment, EnQuest's lending banks have agreed to raise the net debt/EBITDA covenant on the credit facility to 5 times, and the ratio of financial charges to EBITDA is reduced to 3 times, both until mid-2017. EnQuest's financial position remains resilient, with net debt of approximately $1.0 billion at the year end. The $1.2 billion committed credit facility with the $500 million accordion remains in place, with only a net $100 million of utilisation, at the year end, after cash.

The lenders' continued commitment recognises the considerable cash flow generating potential of EnQuest's business, in particular from the Alma/Galia and the Kraken developments coming on stream in the next two years. Both of these projects remain on schedule. On Alma/Galia, mechanical completion on the vessel was achieved before Christmas and sailaway continues to be expected in March. The project remains on track for first oil in mid-2015. Production for 2015 is expected to be an average of between 33,000 Boepd and 36,000 Boepd.

Amjad Bseisu, Chief Executive, EnQuest PLC said:
"The rapid change in the macro environment with respect to the oil price has affected all in the industry, not least EnQuest. However, with our strong production growth, the new developments coming on stream in the next two years and our available $1.1 billion in funding under our facilities, we continue to demonstrate the strength and sustainability of EnQuest's production growth model.

I am very pleased that our production efficiency for 2014 has been approximately 90%, which is an exceptional performance and ranks EnQuest as one of the best operators in the North Sea. The business continues to perform very well operationally and is on course for another year of strong production growth."

Additional Information

Funding. In 2013, EnQuest entered into a revolving credit facility ('RCF') of up to $1.2 billion committed, plus a $500 million accordion feature. In light of recent low oil prices and in order to provide flexibility for EnQuest's capital investment programme, the RCF lending banks have agreed to relax the existing credit facility covenants. The net debt / EBITDA covenant has been increased to 5 times and the ratio of financial charges to EBITDA is reduced to 3 times, both until mid-2017. As at 31 December 2014, EnQuest's net debt was approximately $1.0 billion.

2014 production, revenue and EBITDA. EnQuest achieved provisional production for 2014 at the top end of its guidance range, 28,267 Boepd, up 17% on 2013. Revenue is expected to exceed $950 million and EBITDA is expected to be in the range of $530 million to $580 million.

Net production Boepd (working interest basis)	Daily average 1 Jan' 2014 to 31 Dec' 2014	Daily average 1 Jan' 2013 to 31 Dec' 2013
Total UKCS	24,436	24,222
Total International	3,831[1]	-
Total EnQuest	28,267	24,222

[1] Net production since the completion of the acquisitions at the end of June 2014, averaged over the twelve months to end of Dec' 2014.

2015 outlook. In the November 2014 interim management statement, EnQuest noted the indicative level for capital investment for the North Sea in 2015 was expected to be in the range of $700 million to $800 million, with an additional amount for international projects. Total Group cash capital expenditure in 2015, is now anticipated to be in the region of $600 million, including international, which is more than a 40% reduction compared to the business plan prior to the decline in oil prices.

With Alma/Galia coming onstream in the middle of 2015, and a full year's contribution from Malaysia, average production in 2015 is expected to be between 33,000 Boepd and 36,000 Boepd, on a working interest basis. The interim management statement also stated that c.8 million barrels had been hedged at prices in the high $80s per barrel which results in revenues for the year having limited exposure to oil price volatility.

The financial position of the company remains resilient with a long dated debt maturity profile, with the RCF due in 2019 and both the retail bond and high yield bonds due in 2022.

ENDS

EnQuest PLC Tel: +44 (0)20 7925 4900
Amjad Bseisu (Chief Executive)
Jonathan Swinney (Chief Financial Officer)
Michael Waring (Head of Communications & Investor Relations)

Tulchan Communications Tel: +44 (0)20 7353 4200
Martin Robinson
Martin Pengelley

About EnQuest www.enquest.com

EnQuest is the largest UK independent producer in the UK North Sea. EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. It is a constituent of the FTSE All share index. Its operated assets include the Thistle, Deveron, Heather, Broom, West Don, Don Southwest, Conrie, Ythan, Kittiwake, Mallard, Gadwall, Goosander and Grouse producing fields and the Alma/Galia and Kraken developments; EnQuest also has an interest in the non-operated Alba producing oil field. At the end of H1 2014, EnQuest had interests in 35 production licences covering 48 blocks or part blocks in the UKCS, of which 29 licences are operated by EnQuest.

EnQuest believes that the UKCS represents a significant hydrocarbon basin in a low risk region, which continues to benefit from an extensive installed infrastructure base and skilled labour. EnQuest believes that its assets offer material organic growth opportunities, driven by exploitation of current infrastructure on the UKCS and the development of low risk near field opportunities.

EnQuest is expanding geographically to a small number of other maturing regions, complementing our operations and utilising our skills in the UK North Sea; EnQuest has interests in Malaysia (including PM8/Seligi and Tanjong Baram) and in Tunisia (Didon).

Forward looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectation and plans, strategy, management's objectives, future performance, production, costs, revenues, reserves and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.