

CEO's Review

Simon Thomson,
Chief Executive Officer



Building a **balanced business** for the long term

Cairn today embodies the vision we set out for the company five years ago. In 2013 we stated that we would "re-gear the capital base to exploration success, access future cash flow to fund exploration programmes and hold appropriate equity interests in operated, frontier exploration." Today, this is what we have achieved.

We enter 2019 with a balanced portfolio of exploration, development and production assets, both operated and non-operated, at appropriate levels of equity exposure. Our frontier exploration position in Senegal, acquired in 2013, has yielded material exploration success and our production assets in the North Sea, acquired in 2012, are now providing cashflow to support future exploration, appraisal and development. We continue to feed our pipeline of exploration assets, acquiring exploration acreage in a number of new countries during 2018.

Creating value

Our strategy continues to be to deliver value for stakeholders by exploring, developing and producing hydrocarbons, helping countries to develop their own resources for economic benefit and energy security.

In Senegal, we believe transformational potential can be achieved through the development of our significant hydrocarbon discoveries. With more than US\$1 billion invested to date through the joint venture's activities, we believe that the development and production of hydrocarbons will continue to deliver significant social and economic benefits for the country and people of Senegal. The SNE project will deliver oil production and subsequently domestic gas supply, ultimately creating significant local employment opportunities, both direct and indirect.

Looking to the future

We recognise that the world is facing challenges associated with climate change and we acknowledge that the associated two-degree climate target scenario will require significant growth in renewable energy sources. However, oil and gas will continue to be society's primary energy source and meet a growing demand for many years to come and we believe we have a role to play in helping to meet that demand. We will continue to work to better understand and respond to the climate change associated challenges facing the industry. We will continue to work to global standards and reaffirm our commitment to the United Nations Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles in support of UN goals.

Board changes

Jackie Sheppard retired as a non-executive director of the Company at the year-end having served on the Board since 2010. Alexander Berger, non-executive director, has served on the Board for nine years and has advised the Company that he will not be seeking re-election at the Annual General Meeting in May 2019. He will therefore retire from the Company on that day.

Cairn would like to thank both Jackie and Alexander for their excellent contributions to the Board during their years of service to Cairn. The Company is currently engaged in a recruitment process to appoint two non-executive directors, at least one of whom will be female.

Outlook

Cairn looks forward to a number of potentially material near-term exploration drilling opportunities, supported by established cashflows from producing assets and sustained by assets entering the development phase. The Company is fully funded for all committed expenditure, and continues its focus on delivering value for its stakeholders within the constant of a responsible and safety focused strategic offering.



Senegal shore base team



Dakar, Senegal