



› Presentation of second quarter 2019  
OKEA ASA

17 July 2019

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# Highlights 2nd quarter 2019

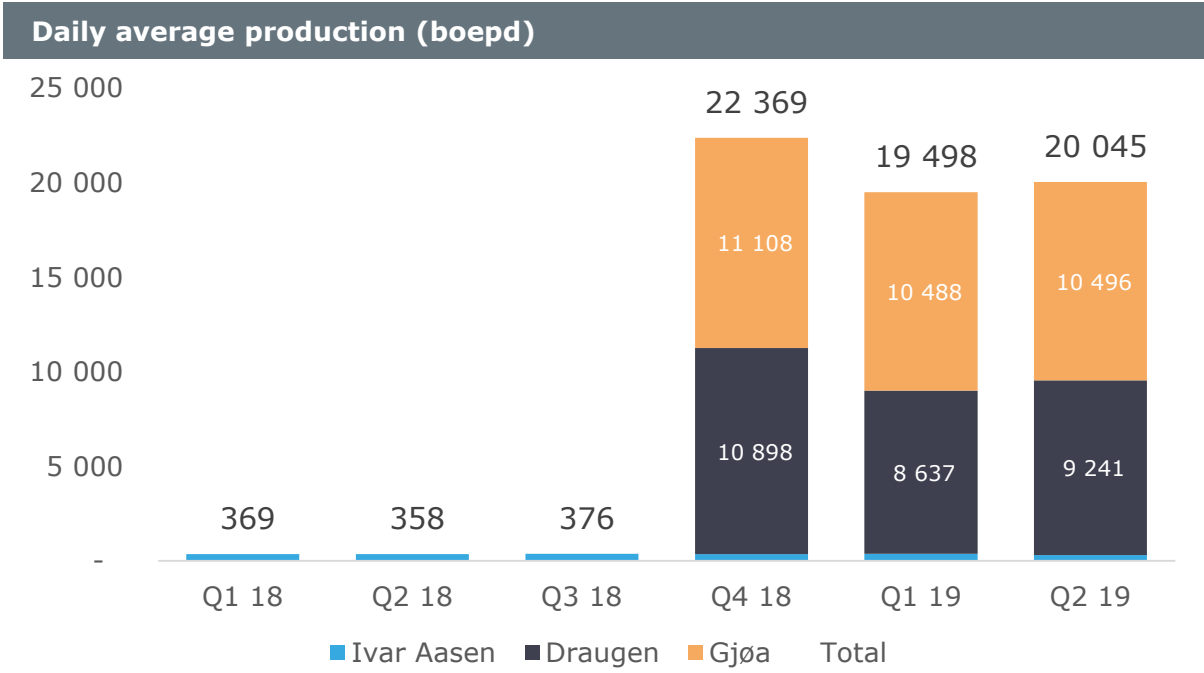
- Listed at Oslo Børs in June under the ticker “OKEA”
- Raised gross proceeds of NOK 315 million in the initial public offering
- Revenue at NOK 1 042 million
- Profit from operating activities NOK 367 million
- Production at 20 045 boe per day
- Two appraisal wells at Draugen sanctioned for drilling with planned spud dates in Q4





# Production

Stable production & strong operational momentum



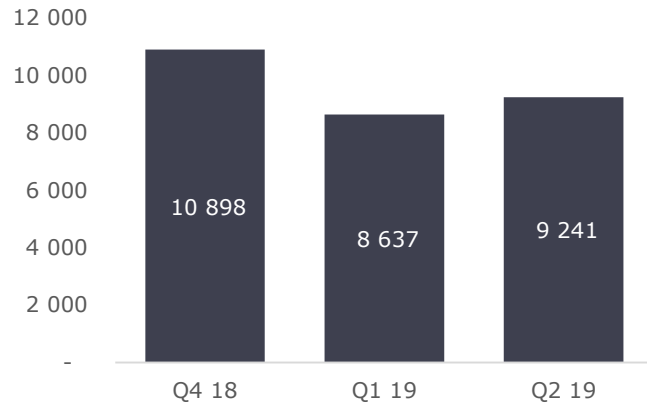
- 3% production increase from Q1 2019 to Q2 2019
- 52% of total volume in Q2 2019 was from Gjøa



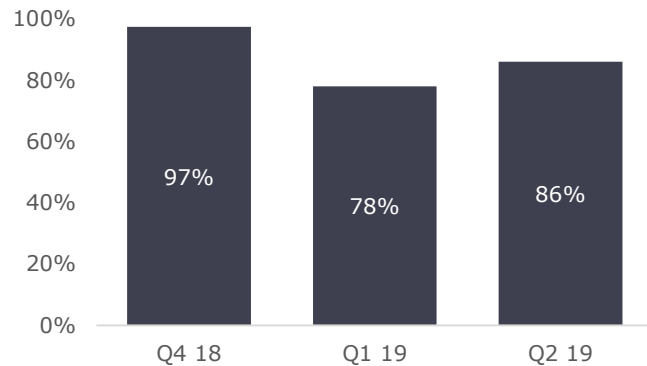
# Draugen

## Strong operational results

### Net production (boepd)



### Production regularity

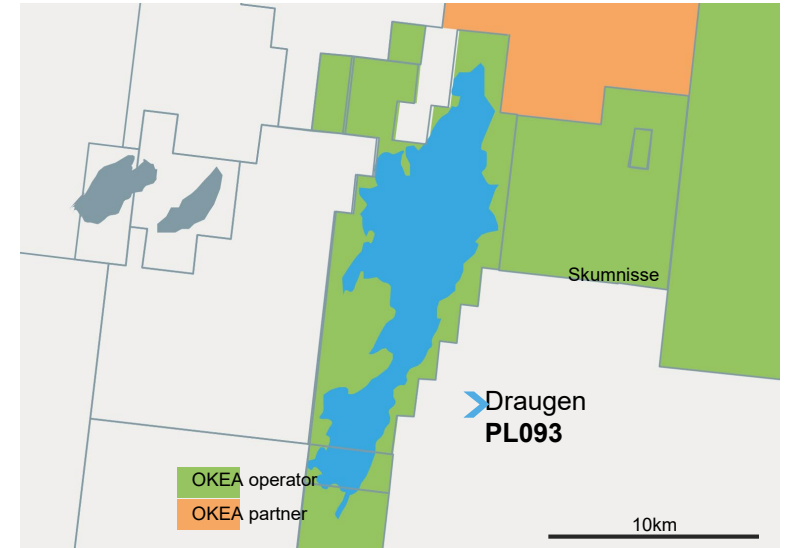


### Q2 Operations

- Planned shutdown for Safety and Automation Systems (SAS) upgrade completed as planned
- Safe and efficient changeout campaign for two X-mas trees done faster than planned
- Acceleration of exploration activities around Draugen Hub

### Next steps

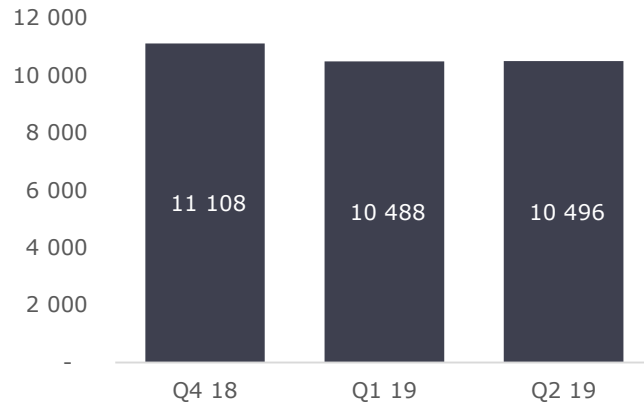
- Planning for drilling of a pilot well and one exploration well in Q4 continues
- The Hasselmus project matured to provide gas for fuel and export and extend Draugen field lifetime



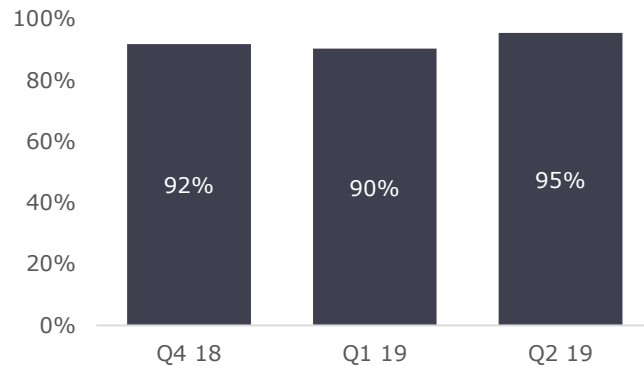
# Gjøa

## Stable production

### Net production (1 000 boepd)



### Production regularity

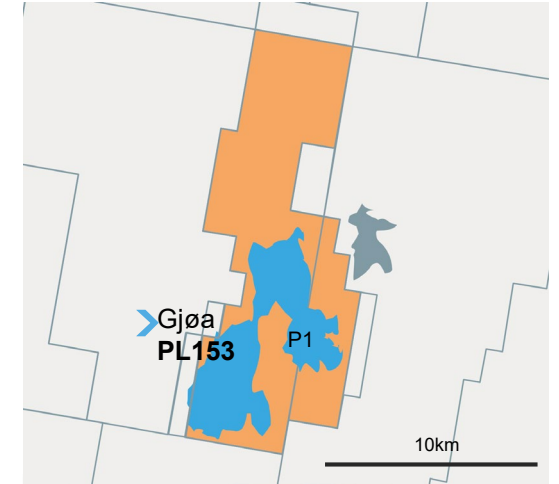


### Q2 Operations

- Stable production
- Well intervention successfully executed

### Next steps

- Ten days shut-down planned in August due to the Nova Project
- A one-day shut-down planned in August due to gas compressor water wash
- P1 development plan approved by Norwegian Authorities and production start is expected late 2020



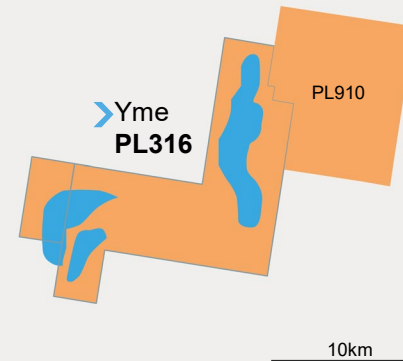


# Yme

## Highlights

- Project is progressing well with production start expected H1'20
- Important milestone reached with Caisson Permanent Support successfully installed in July
- Wellhead Module planned transported to the Yme Field Q3 2019
- Jack-up rig is planned to leave yard for transport to the Yme Field in Q4 2019

## Field facts



- **Partners:** Repsol (55%, Op.), OKEA (15%), LOTOS (20%), KUFPEC (10%)
- **Discovered:** 1987
- **Production re-start<sup>1</sup>:** H1'20 – peak production 32,200 bbl/d
- **Reserves and resources<sup>1</sup>:** 64 mmboe 2P + 9 mmboe 2C
- **Capex/opex life of field<sup>2</sup>:** USD 37/bbl



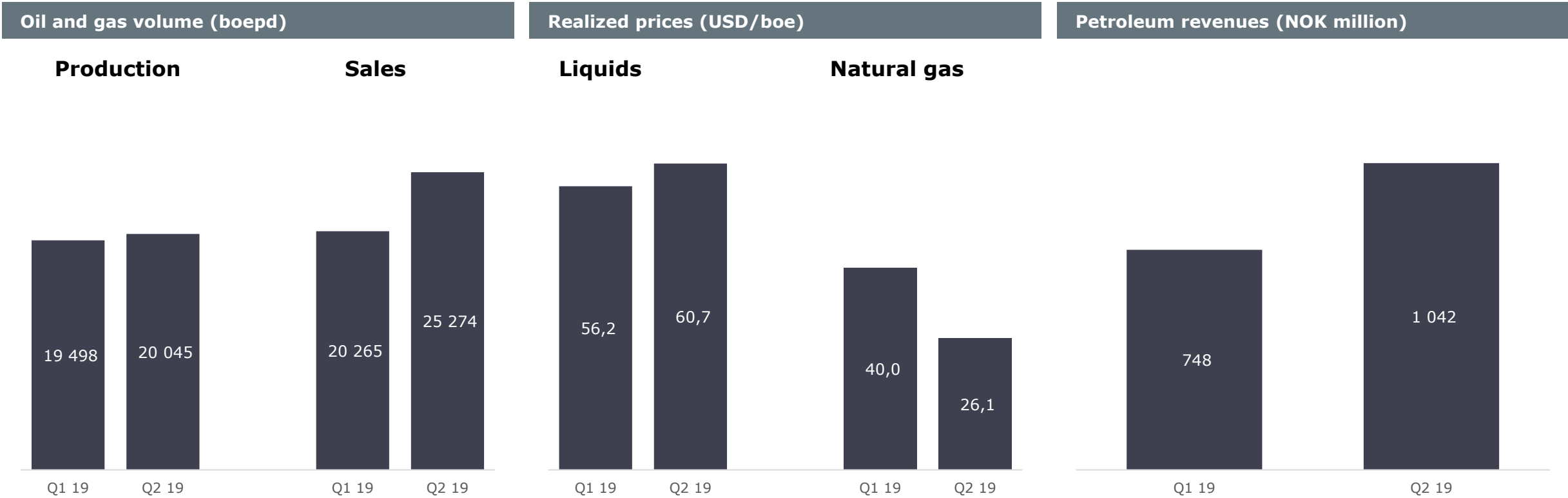


# Financial review



# Oil and gas production, sales and revenues

Solid increase in sales and revenue



# Income statement

Massive increase in operating income year on year

Figures in NOK million	2 <sup>nd</sup> quarter		1 <sup>st</sup> quarter*	
	2019	2018	2019	2018
<b>Total operating income</b>	1 039 479	27 825	764 228	2 314
Production expenses	-185 938	-2 235	-144 106	-2 390
Changes in over/underlift positions and inventory	-191 284	-8 582	-164 585	14 022
Depreciation, depletion and amortization	-184 170	-5 822	-180 210	-5 883
Other operating expenses	-111 543	-30 210	-96 201	-26 561
<b>Profit / loss (-) from operating activities</b>	<b>366 543</b>	<b>-19 025</b>	<b>179 125</b>	<b>-18 498</b>
Net financial items	-55 858	-47 441	-36 944	5 197
<b>Profit / loss (-) before income tax</b>	<b>310 684</b>	<b>-66 465</b>	<b>142 181</b>	<b>-13 301</b>
Income taxes	-293 121	34 346	-151 456	12 815
<b>Net profit / loss (-)</b>	<b>17 564</b>	<b>-32 119</b>	<b>-9 275</b>	<b>-486</b>
<b>Earnings per share (NOK) - Basic</b>	0,21	-0,86	-0,00	-0,00
<b>Earnings per share (NOK) - Diluted</b>	0,19	-0,86	-0,00	-0,00
<b>EBITDA</b>	593 723	-13 203	412 984	-12 615

- Increased income in Q2
  - Two liftings on Draugen vs. one in Q1
  - Reduced for natural gas prices and reduced sold volumes Gjøa
- Increased production expenses
  - Revised transport and processing costs
  - Planning for future projects
- Other operating expenses include seismic
- Solid profit before tax

# Statement of financial position

Robust balance sheet with strong capabilities to execute future projects

Assets			
Figures in NOK million	30.06.2019	31.03.2019*	31.12.2018*
Goodwill and other intangible assets	1 429 711	1 472 721	1 526 370
Deferred tax assets	0	0	0
Oil and gas properties	3 804 929	3 767 080	3 777 130
Exploration and evaluation assets	11 389	9 320	6 324
Right-of-use assets	181 333	189 541	0
Other non-current assets	2 902 982	2 877 807	2 850 145
<b>Total non-current assets</b>	<b>8 330 344</b>	<b>8 316 469</b>	<b>8 159 968</b>
Trade and other receivables	755 983	840 921	912 159
Spareparts, equipment and inventory	158 803	228 154	315 500
Restricted cash	2 792	142 123	48 327
Cash and cash equivalents	1 329 263	585 949	394 670
<b>Total current assets</b>	<b>2 246 841</b>	<b>1 797 146</b>	<b>1 670 656</b>
<b>Total assets</b>	<b>10 577 185</b>	<b>10 113 615</b>	<b>9 830 625</b>

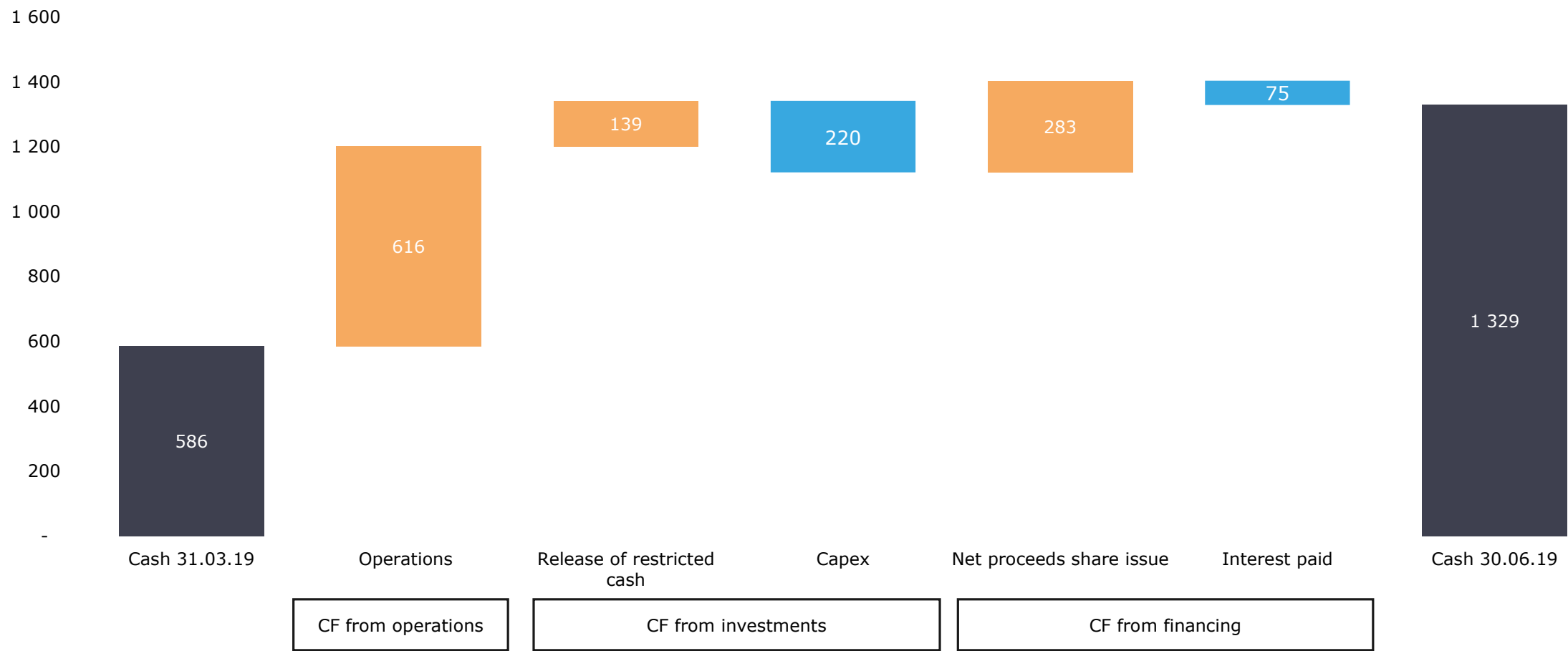
- Goodwill reduced from PPA adjustment
- Cash increased from positive operating cash flow and share issue

Equity and liabilities			
Figures in NOK million	30.06.2019	31.03.2019*	31.12.2018*
<b>Total equity</b>	<b>1 755 439</b>	<b>1 447 423</b>	<b>1 456 304</b>
Provisions	3 916 736	3 888 000	3 859 308
Lease liability	135 864	144 034	0
Deferred tax liabilities	695 385	711 252	670 387
Interest-bearing loans and borrowings	2 486 978	2 505 875	2 528 589
<b>Total non-current liabilities</b>	<b>7 234 962</b>	<b>7 249 161</b>	<b>7 058 285</b>
Trade and other payables	944 213	1 086 437	1 145 923
Income tax payable	569 134	265 720	155 722
Lease liability - current	45 544	45 544	0
Other current liabilities	27 893	19 330	14 392
<b>Total current liabilities</b>	<b>1 586 784</b>	<b>1 417 031</b>	<b>1 316 036</b>
<b>Total equity and liabilities</b>	<b>10 577 185</b>	<b>10 113 615</b>	<b>9 830 625</b>

- Reduced interest-bearing loans caused by FX

# Cash flow development during Q2 – Figures in NOK million

Solid cash flow to finance future growth

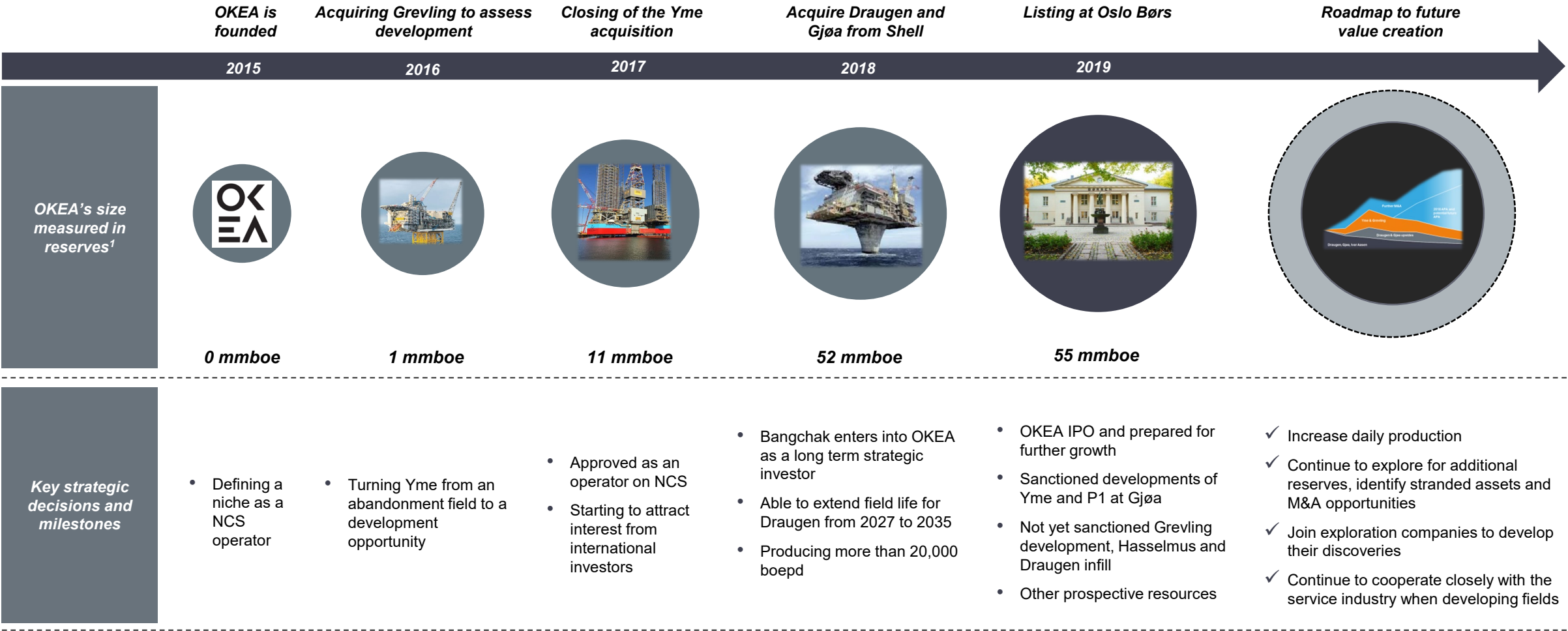




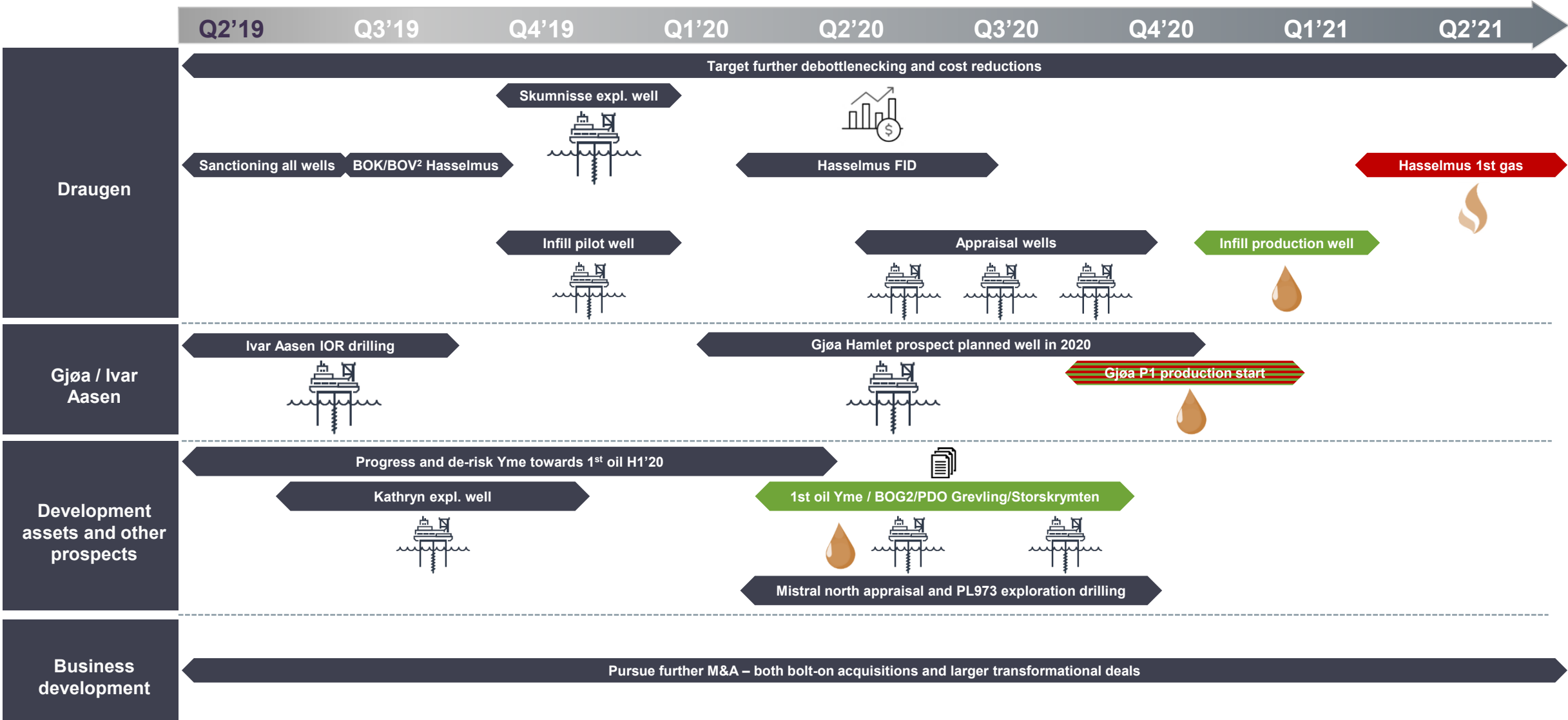


# Outlook and concluding remarks

# The OKEA journey continues



# High level of activity the next two years<sup>1</sup>



1) Indicative timeline. Activities and milestones may be subject to approval by the Ministry of Petroleum and Energy and license decisions  
2) BOK = Concretisation decision, BOV = Decision to continue, BOG = Decision to implement

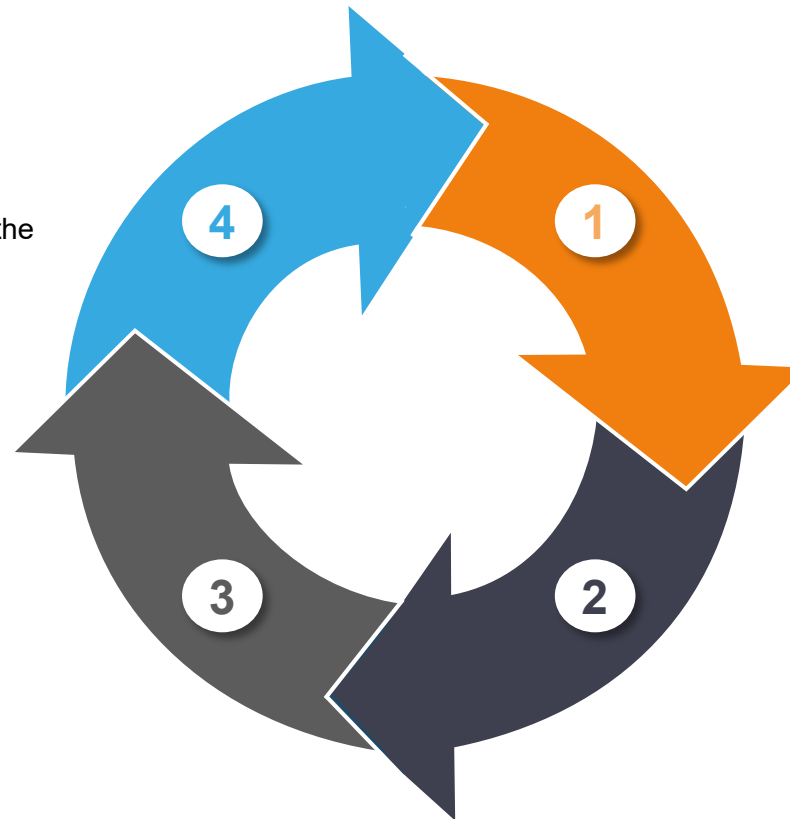
# Financing strategy and optimizing value-creation

## ...and further acceleration of growth

- Developments to be brought into production
- IPO enables accelerated growth plans and enhances the organic and M&A opportunity set

## ...combined with financial leverage...

- Several debt funding sources available
- Conservative debt to equity mix
- Currently 4-6% after tax cost of debt



## Strong cash flow from operations...

- Long-life assets with low unit costs
- Diversified with three producing fields
- Material upsides in existing production

## ...reinvested in field developments...

- Significant tax synergies to be realized through investing in developments
- ~90% tax relief on all investments



# News-flow going forward on different platforms

## **Social media with OKEA - Facebook and LinkedIn**

Daily life in OKEA and our operated assets for the most interested public and shareholders.

## **OKEA home page - [www.okea.no](http://www.okea.no)**

Updates from our operations and activity which are within the category "business as usual", including follow up of audit activities by partners and authorities, or updates which has already been publicly announced.

## **OSE newsweb/børsmelding**

Information that in our judgment may have an impact on the evaluation of our financial instruments, the stock or our listed bonds. As well as information required by law and regulation to be announced on this platform.



OK  
EVA

