

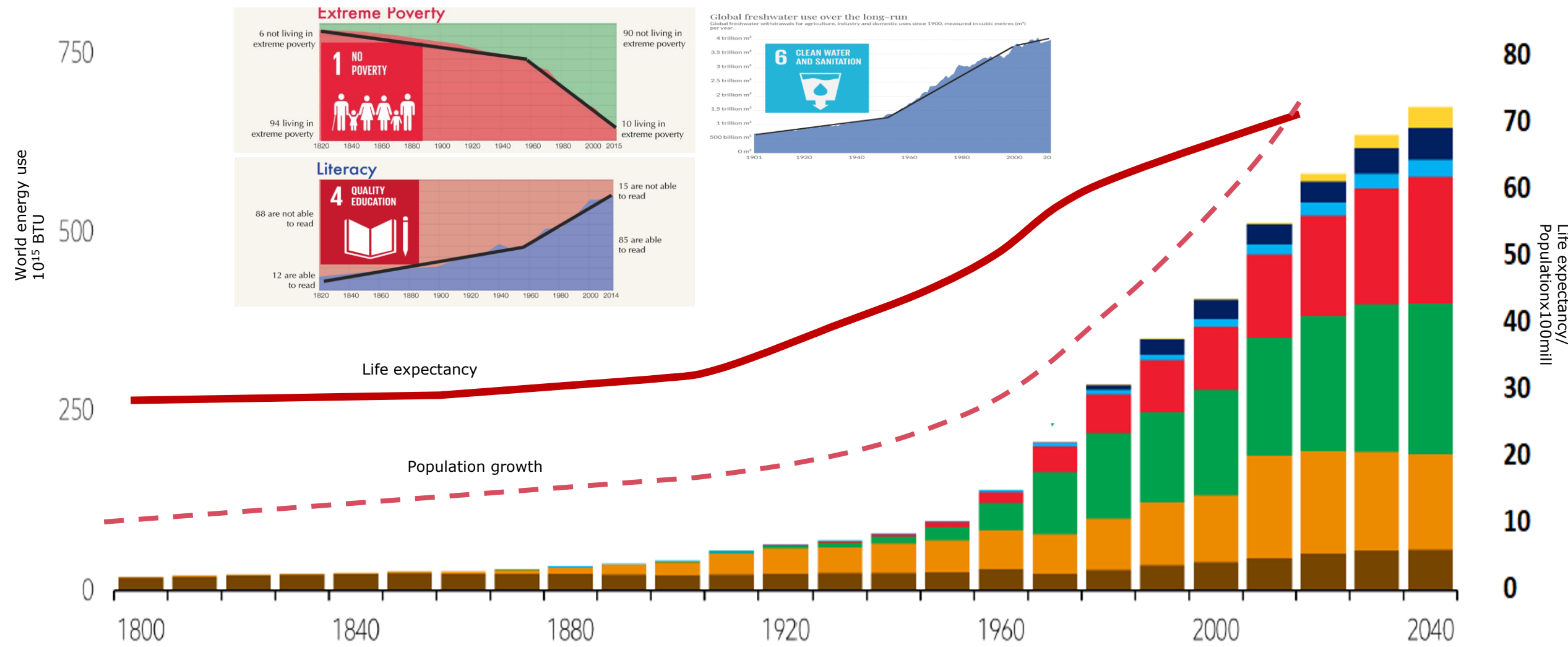


## The New generation NCS operator

January 2020



# Human life quality accelerated as oil became available

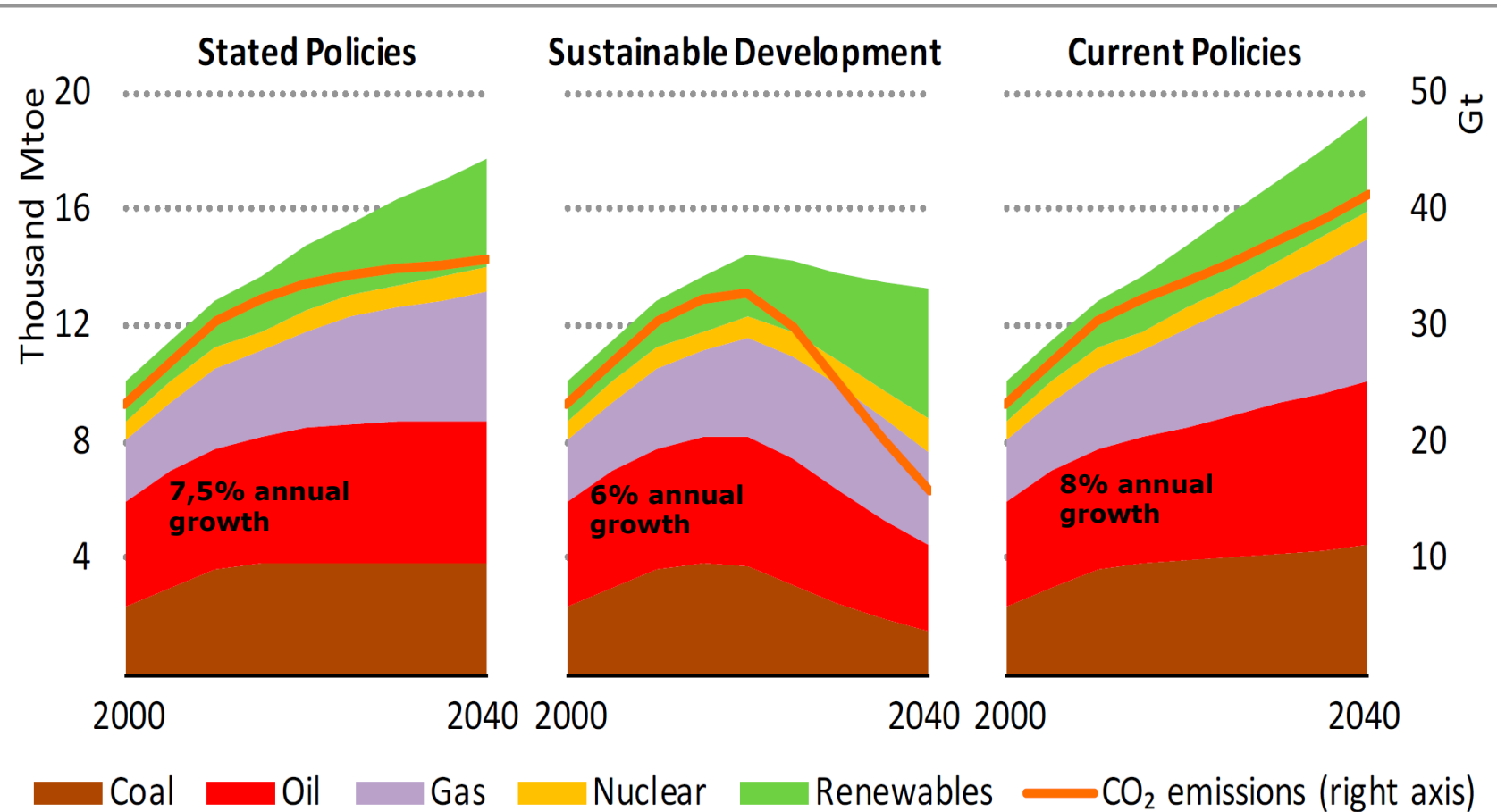


# Oil demand is persistently high with any global CO<sub>2</sub>- policy

Natural decline of oil production



In any scenario, significant investments in Oil production is required



# OKEA – an independent E&P company on the NCS

## OKEA at a glance

- Founded in 2015 by a management team with a strong track record in creating value from both organic growth and M&A on the NCS
- NOK 4.5bn transaction with Shell in 2018 transformed OKEA into a material player and tier 1 operator on the NCS
- 207 permanent employees across a full cycle E&P operator organisation (87 offshore, 120 onshore)
- Corporate headquarters in Trondheim and operations centre in Kristiansund, with smaller offices in Oslo and Stavanger
- Diversified portfolio of production, development and pre-development assets
- Strategy targets further growth through M&A and low-cost field developments
- Completed IPO on the Oslo Stock Exchange in June 2019
- Further de-risking events during next 18 months with Yme and Gjøa P1 due on stream and continued maturation of Draugen initiatives



**NCS ONLY**



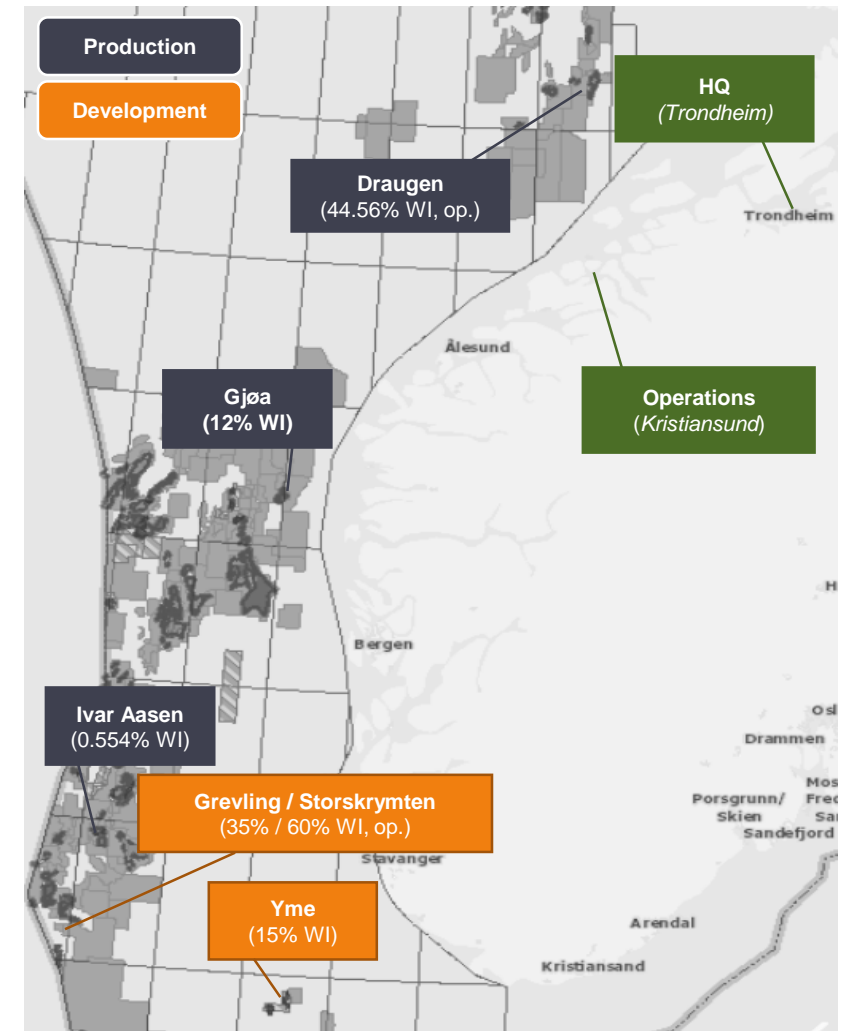
**19,200 boepd  
PRODUCTION<sup>1</sup>**



**USD 11.1/boe  
OPEX<sup>1</sup>**



**88 mmboe  
2P+2C**





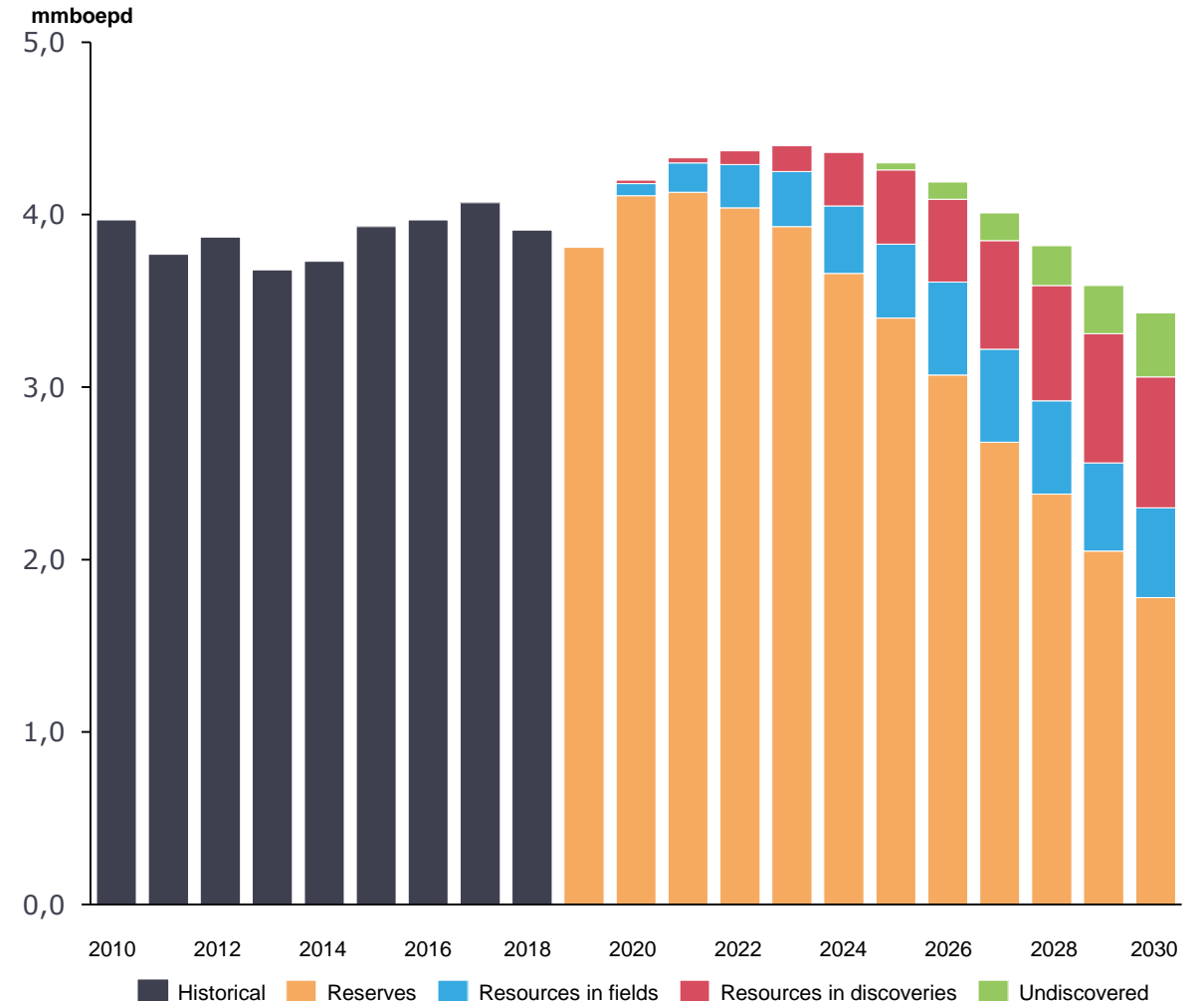
# Changes in NCS dynamics create opportunity for OKEA

## From majors to pure E&P companies

- Future prospects of NCS remains highly attractive
- Exit or reduced exposure among major IOCs
- Opens up opportunities for pure E&Ps
- OKEA marked as a growth company through asset acquisition from Shell



## Taking part in significant future NCS production



# OKEA is a responsible and value focused E&P company

**Safe and responsible  
operations**



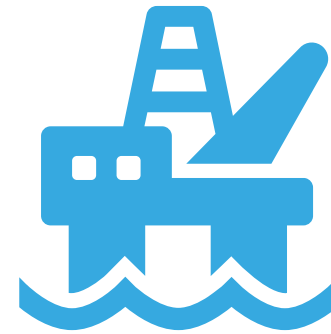
**A NCS focused E&P  
company**

**Improvement and  
digitalization**



**Continuously improving  
operations**

**Value driven M&A**



**Target value  
enhancing growth**

**Financial flexibility and  
robustness**



**Prudent financial  
strategy**

“The OKEA way” is a safe and responsible approach to all we do

# The OKEA ambition – where we are going

- Further optimizing Draugen operations
  - The back-bone of the portfolio
  - Through continued operational excellence significant cash will be generated
- Production growth
  - Value over volumes
  - Ability to capitalise on Draugen experience
- Pursue additional operatorships



# Proven operational capabilities on Draugen

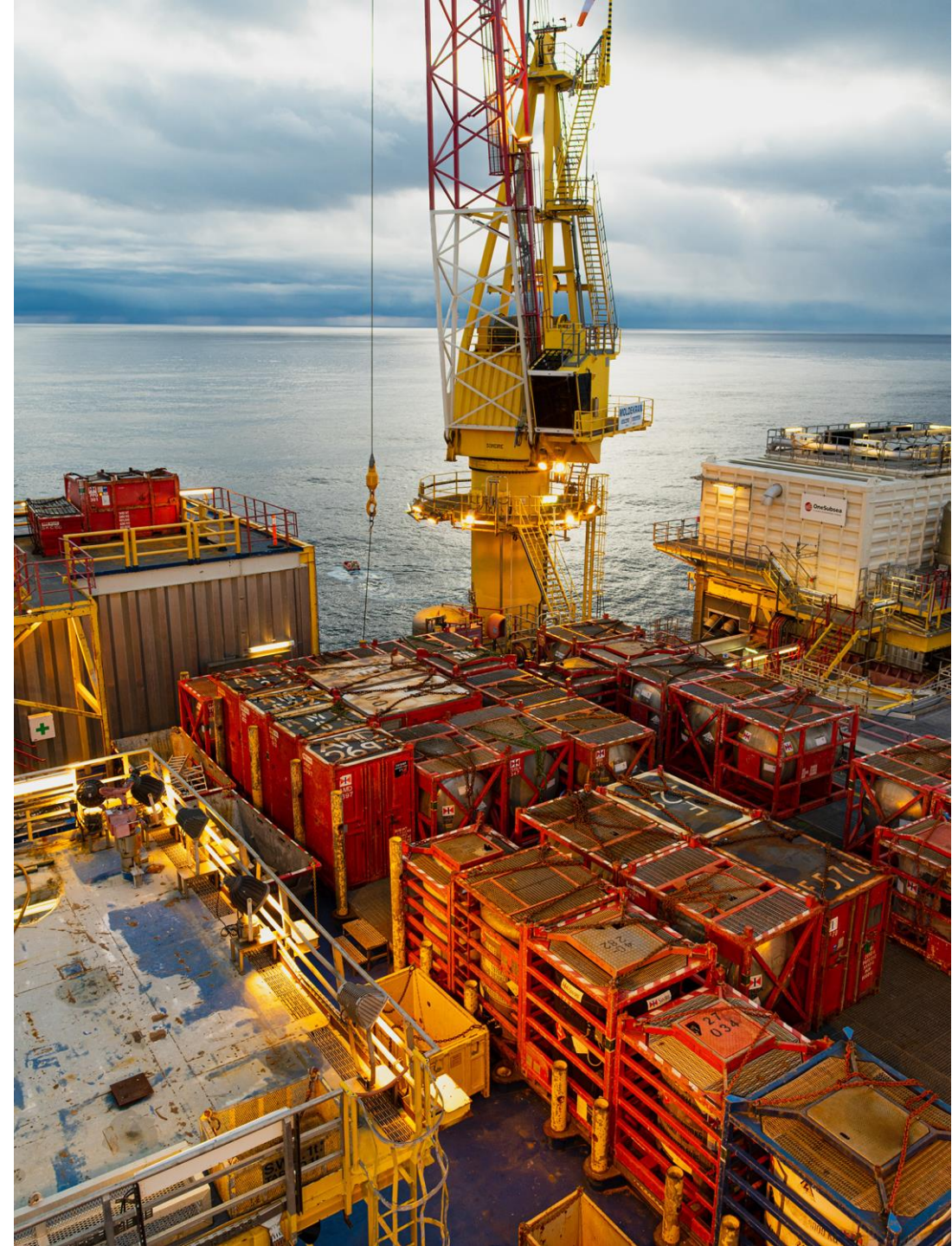
- No incidents or leakages in 2019
- Strong production in 2019, 5% above target
- Average 90.8% reliability last 3 years, 94% in 2019
- Unique knowledge of Draugen upside potential
- Positive production outlook
- Several maintain integrity projects executed
- Cost reduced by more than 200 MNOK
- Excellent run drilling operations in Q4 2019





# Improving Draugen operational efficiency

- Optimised decision processes have reduced lead time
- Mapping of governing documents, removing redundancy
- Software applications down by 33%
- Using industry standards for development projects
- Revised roles and responsibilities
- Revitalising earlier stranded projects



# OKEA is committed to operating safely and responsibly

## Safety

*Safe and sustainable business with zero harm to people or assets*

- Serious incident frequency (SIF) for Draugen on “0” for 2019 (as for 2018 and 2017)



## Environment

*Energy efficient production with focus on reducing environmental footprint*

### **Draugen – Targeting lower emissions**

Despite the “nature” working against late life producers – OKEA aim to improve

- Liquid fuel will be replaced with gas in 2020
- Environmental strategy & management plan implemented
- New environmental projects initiated in 2019
- Lifetime extension
- Draugen as area hub

### **Gjøa – Industry leading low emission asset**

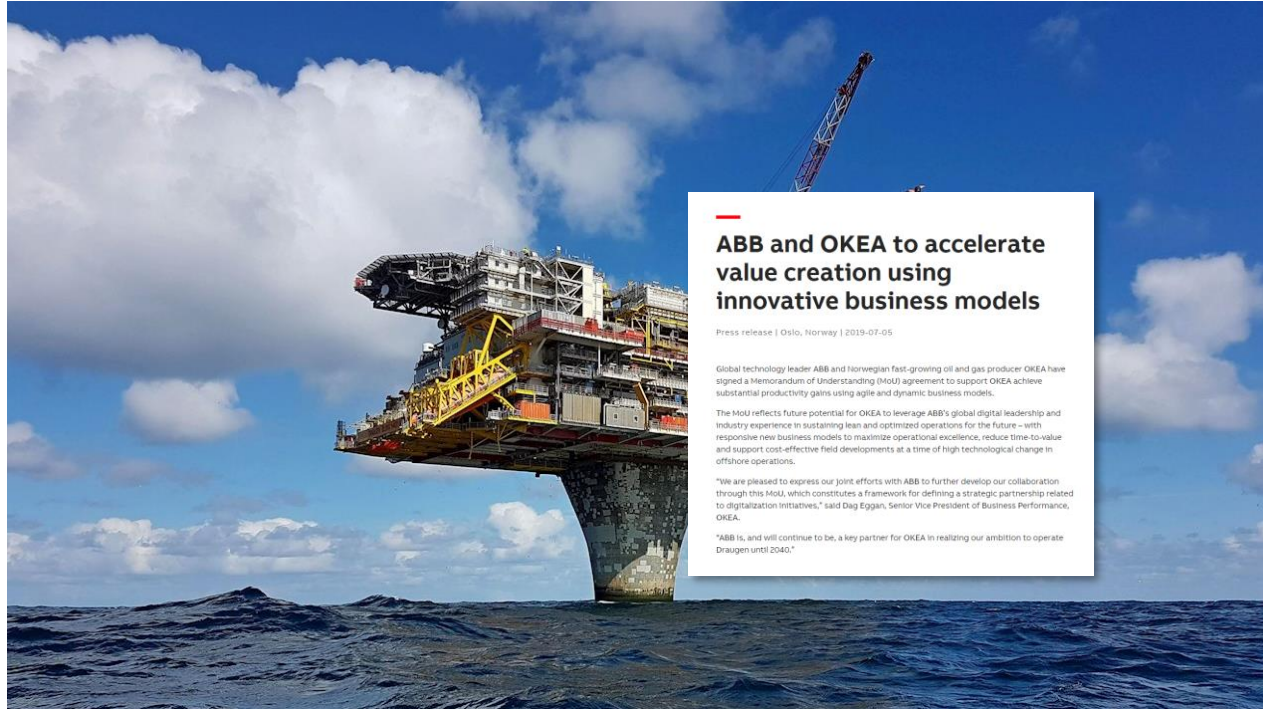
- Gas supplier to UK – substituting coal
- Electrified with power from shore, reducing direct emissions

### **Ivar Aasen – Power from shore sanctioned**

- Sanctioned investment to electrify in 2022 with renewable power from shore



# OKEAs smart digital journey enables both business and technical innovation



## Reduced opex

- Reduced number of software applications
- Condition based monitoring
- Performance contracts on equipments, systems and services
- Moving functionality and people from offshore to onshore

## Increased production

- Faster and better operational improvements

## Increased innovation from suppliers



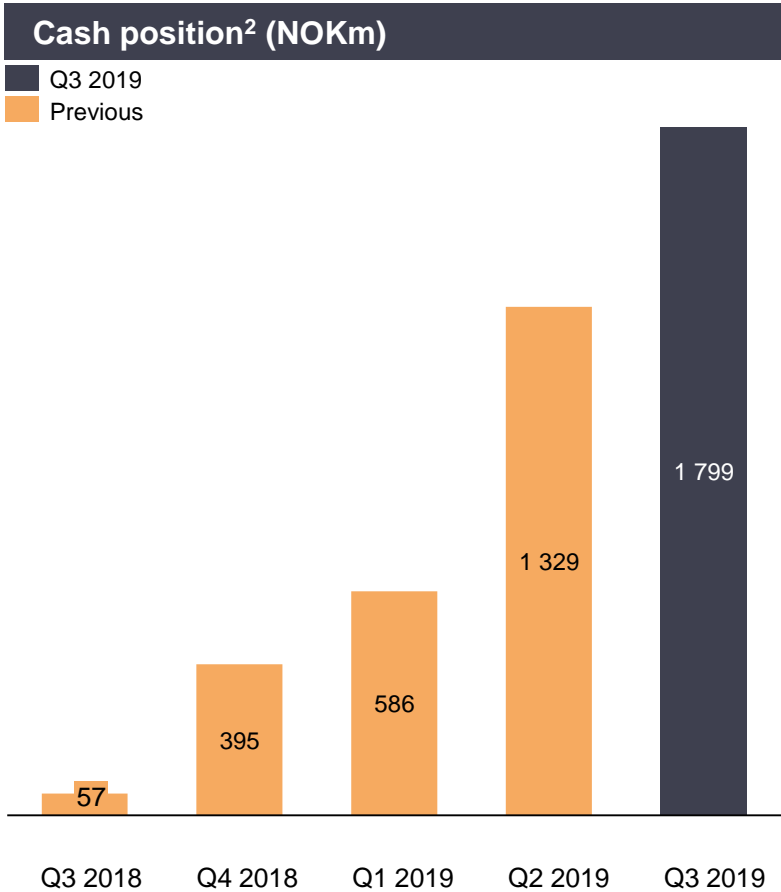
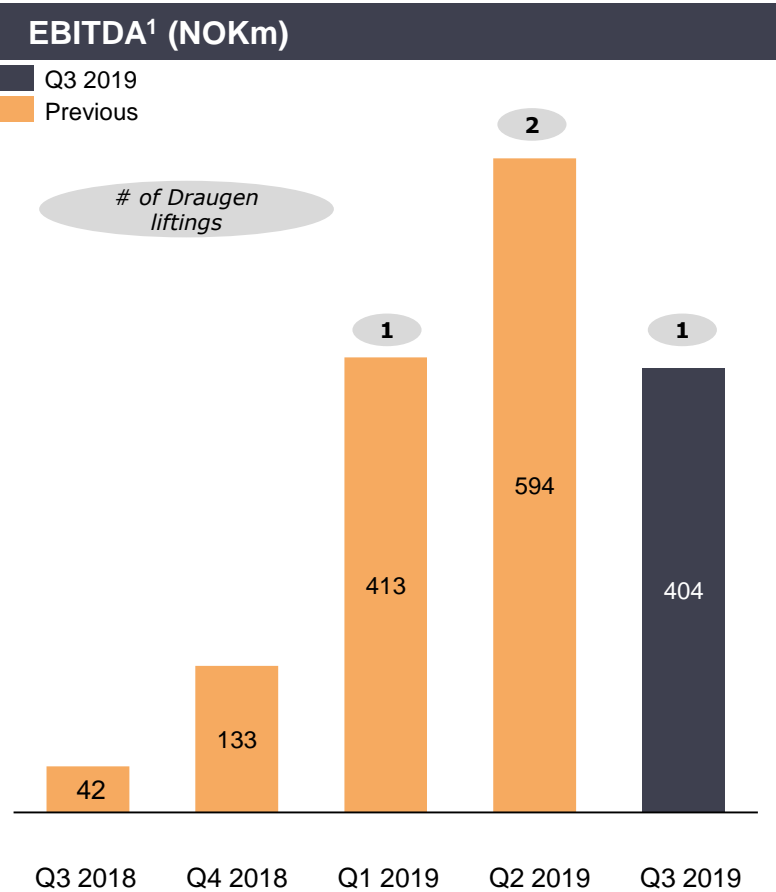
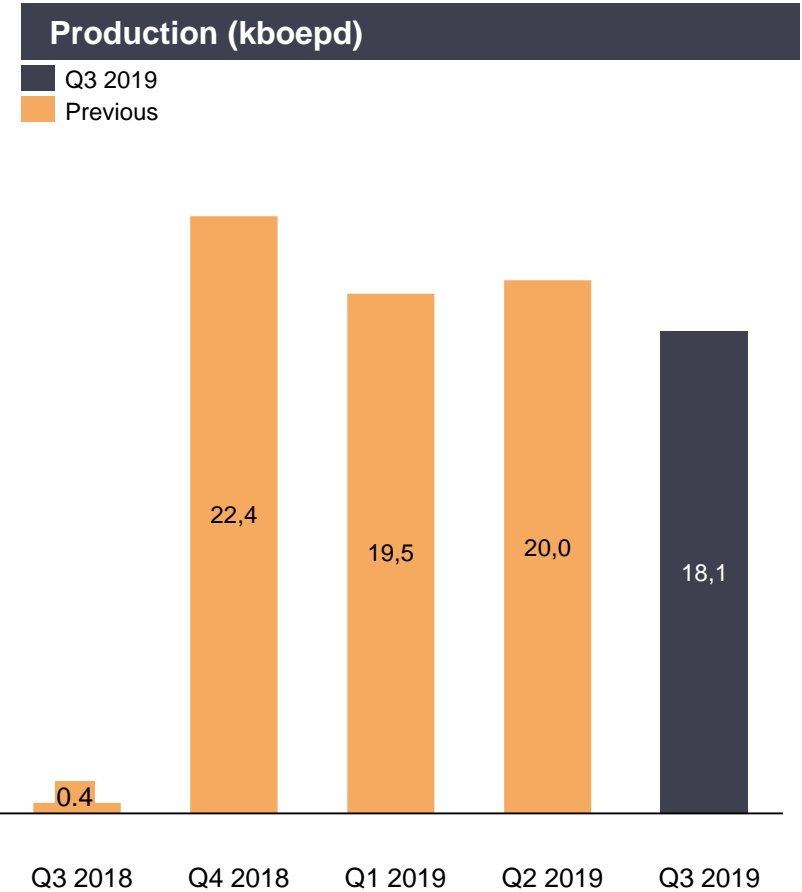
# Target the right deals

- Target value enhancing M&A on NCS
- Emphasising portfolio fit to enable synergies
- The right deals more important than timing
- Desire operatorships
  - producing assets and developments up to 100 mmboe
- Funding through operating cash flow and owner support
- Proven industry leading onboarding process of new assets





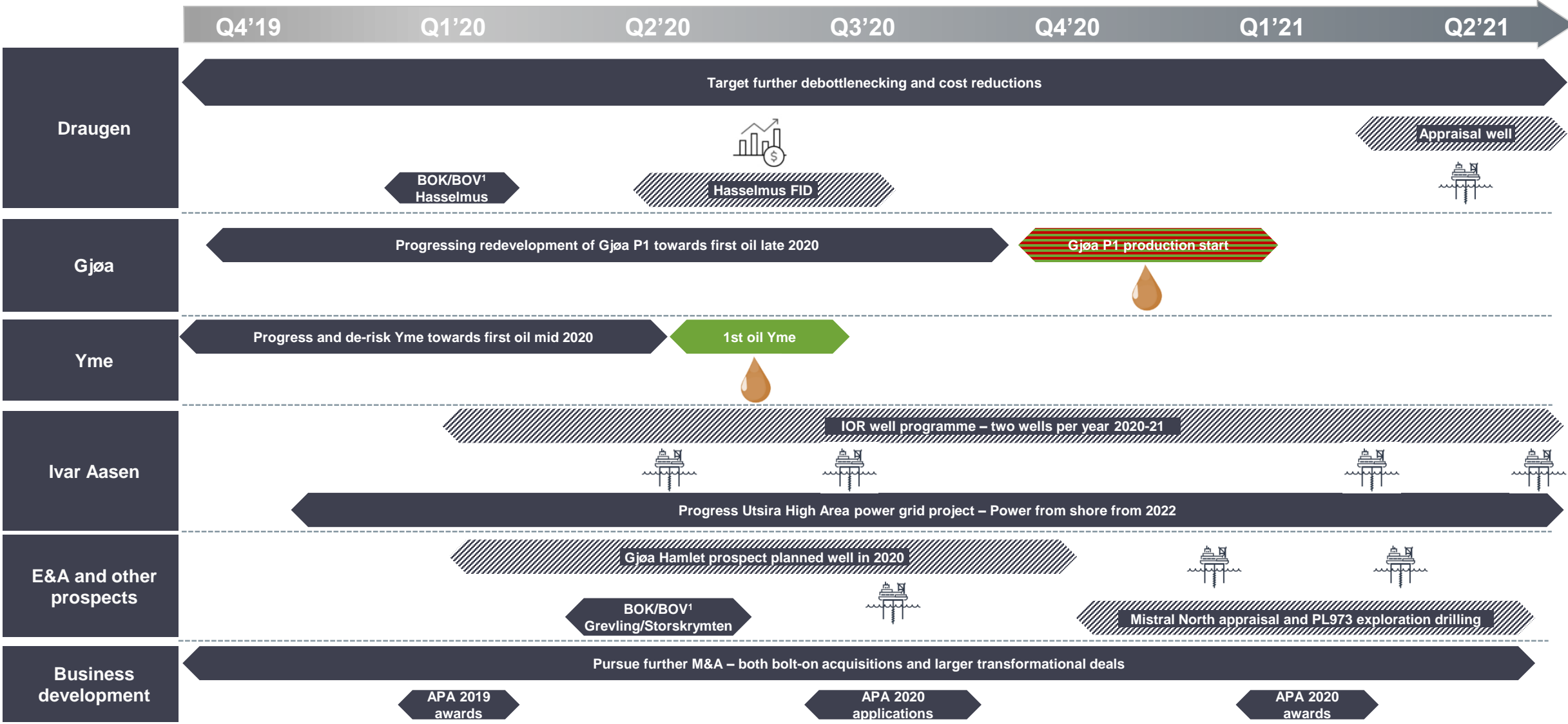
# Strong financial performance



120MUSD bond issue in Q4 2019 gives financial flexibility going forward

(1) APM: EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortisation and impairments. Net debt is defined as interest bearing debt less cash & cash equivalents  
(2) Excluding restricted cash

# High level of activity in coming years



Note: Indicative timeline. Milestones may be subject to approval by the Ministry of Petroleum and Energy and licence decisions  
(1) BOK = Concretisation decision, BOV = Decision to continue, BOG = Decision to implement

# OKEA investment highlights

## Safe and responsible operations on NCS

- NCS-focused E&P company with strong cash flow from ca. 20 000 boed in net production
- A responsible operator focusing on safety and lowest possible environmental footprint
- Proven value creation in 2019 as operator of the Draugen field

## Operational improvement & digitalization

- Radical improvement programme utilize innovative tools to increase operational efficiency
- A step-wise approach to digitalization of operation on the operated Draugen field

## Value driven M&A growth

- Actively targeting value enhancing growth through M&A, across production and developments up to 100 million boe
- Experienced operational organization suited for new operatorships and capturing synergies

## Prudent financial strategy

- Financial flexibility through new bond issue (RBL can replace OKEA 03 if OKEA decides – preapproved of bond holders)



okea.no

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