

Delivering value on the Norwegian Continental Shelf



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OKEA – Delivering value on the Norwegian Continental Shelf

OKEA History

- Established in 2015 with capital from the founders Ola Borten Moe, Knut Evensen, Erik Haugane (CEO), Anton Tronstad and Seacrest Capital Group
- Bangchak Corporation is the largest shareholder with 46.5% ownership
- In 2018 OKEA acquired Shell's share in Draugen and Gjøa fields for NOK 4.5 bn
OKEA became the operator for the Draugen field
- 210 employees - operations office in Kristiansund and head office in Trondheim
- Market capitalization ~NOK 1.5 bn ⁽¹⁾

OKEA Portfolio

- 32 licences – all on the Norwegian Continental Shelf
- Three producing fields – 2020 average production 16 147 boepd
 - Draugen (Operator)
 - Gjøa
 - Ivar Aasen
- Yme New Development - production start-up H2/2021
- Hasselmus, Grevling, Vette, Aurora and Falk discoveries



OKEA - Currently outstanding bonds

Overview of terms and conditions

Key terms		
	OKEA02	OKEA03
Amount	USD 180m*	USD 120m
Interest	3-mth LIBOR + 6.50%	8.75%
Issue date	Jun-18	Dec-19
Maturity	Jun-23	Dec-24
Maturity price	101%	101%
Call Options	→ Dec 20: Make whole Dec 20-Jun 21: 105.375% Jun 21-Dec 21: 104.500% Dec 21-Jun 22: 103.625% Jun 22-Dec 22: 102.750% Dec 22-Jun 23: 101.500%	→ Dec 22: Make whole Dec 22-Jun 23: 104.5% Jun 23-Dec 23: 103.2% Dec 23-Jun 24: 102.3% Jun 24-Dec 24: 101.5%
Put option	Bondholder right – 15% of outstanding amount exercisable in Jun-21 at par	
General restrictions	No dividend / share buyback prior to the later of 1/1-22 and first oil at Yme. Distribution may not exceed 50% of net profit after tax (prior calendar year). Must offer to redeem the equivalent amount of bonds at 103%. When OKEA02 is fully redeemed, OKEA03 allows for an RBL (will be subordinated to the RBL).	
Financial Covenants	<ul style="list-style-type: none"> • <u>Leverage Ratio</u> (Debt - Liquidity) / 12-mth rolling EBITDA of max. 3-7 until YE-21 and 2 thereafter • <u>Capital Employment Ratio</u> (Cash equity)/(Cash equity + Debt) in USD of minimum 35% • <u>Minimum Cash</u> of USD 10m unrestricted 	

* Bought back USD 14.5m at an average discount of 16%; USD 6.3m of which has been cancelled

OKEA - Highlights Q4 2020



No serious incidents at Draugen,
Covid-19 situation managed



High production reliability



16 171

Produced barrels



Yme onshore work completed; rig
successfully installed at location

OKEA - Q4 2020 Key Financials

NOK 581 million

In revenues from oil and gas

NOK 229 million

EBITDA

NOK 189 million

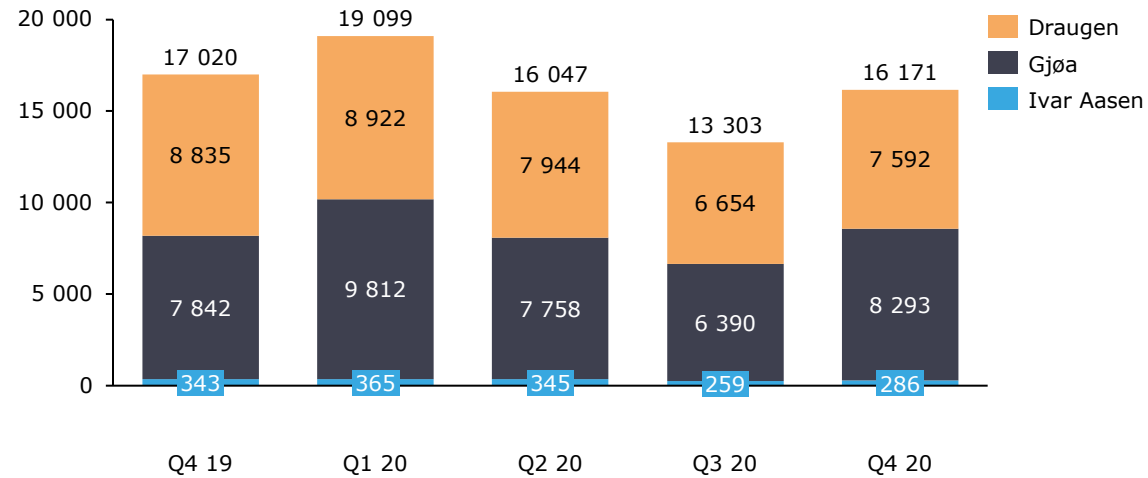
Net profit

NOK 871 million

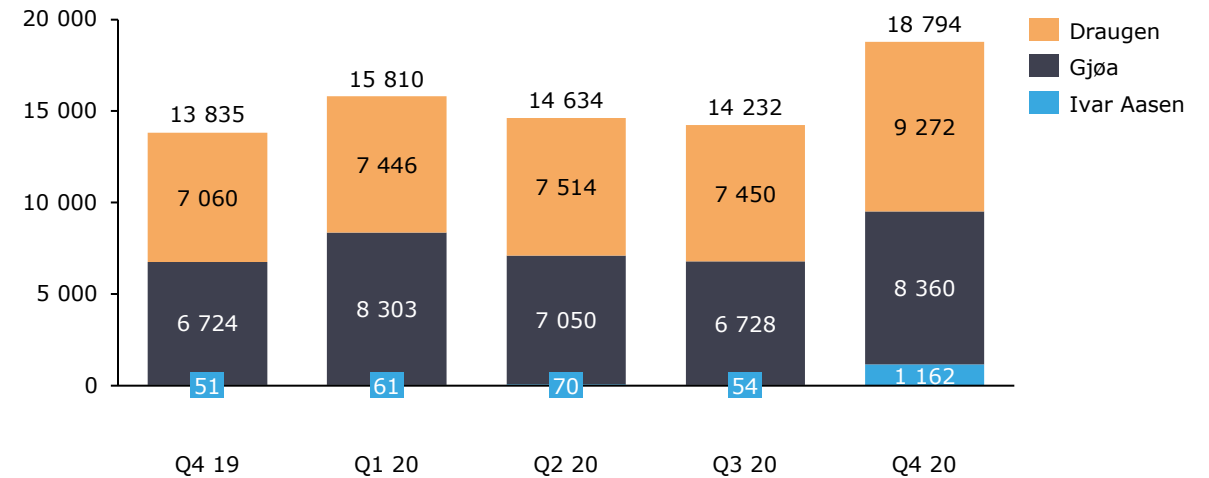
Cash position

Oil and gas production, sales and revenues

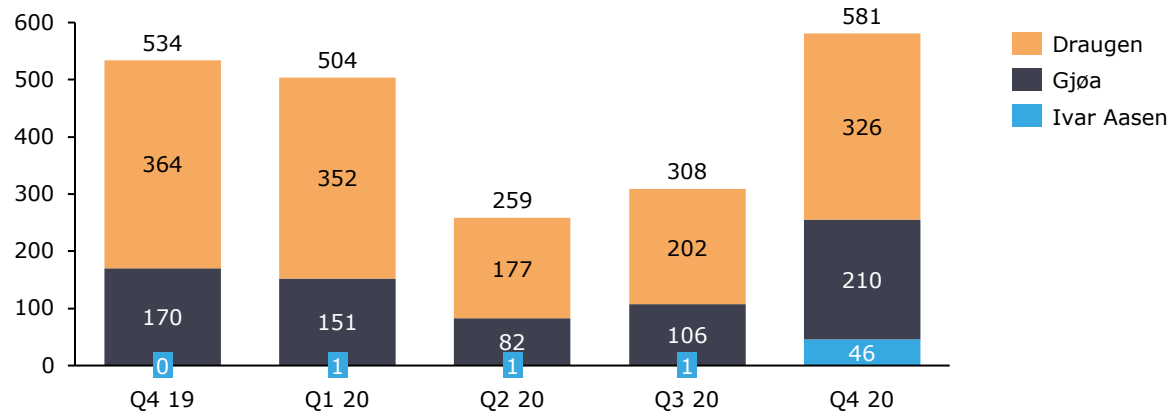
Production (boepd)



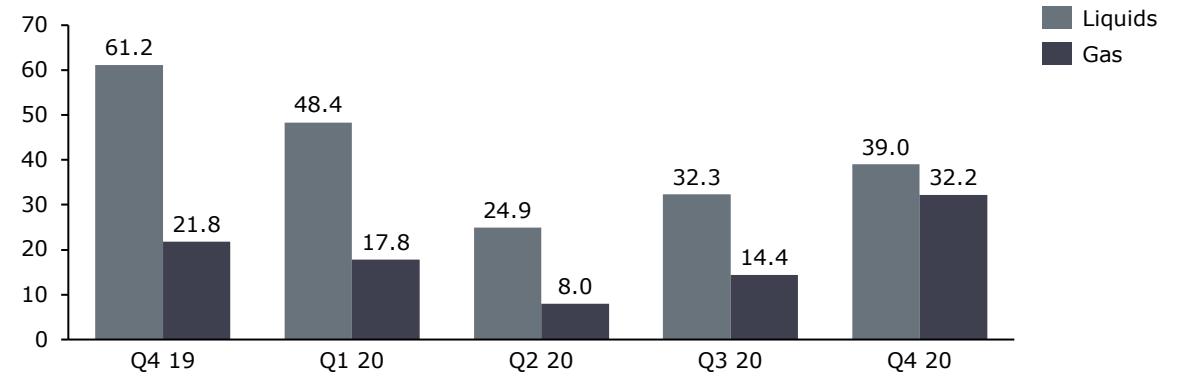
Sold volumes (boepd)



Revenue (NOK million)



Realised price (liquids and gas USD per boe)



Income statement

Figures in NOK million	Q4 '19	Q3 '20	Q4 '20	2020	2019
Total operating income	564	321	584	1 730	3 020
Production expenses	-205	-154	-189	-696	-709
Changes in over/underlift positions and inventory	42	-31	-74	17	-272
Depreciation	-163	-147	-179	-699	-704
Impairment	-9	-572	117	-1 387	-105
Exploration, general and adm. expenses	-176	-20	-91	-184	-402
Profit / loss (-) from operating activities	55	-603	167	-1 219	827
Net financial items	-90	76	243	-12	-408
Profit / loss (-) before income tax	-35	-527	410	-1 231	419
Income taxes	33	508	-227	628	-491
Net profit / loss (-)	-2	-19	182	-603	-71
EBITDA	226	116	229	867	1 636

Q4'20 comments

Operating income:

- Higher sold volumes partly offset by lower realized prices for liquids compared to Q4'19

Production expenses:

- NOK/boe of 110 compared to 121 Q4'19

Impairment:

- Reversal of impairment on Yme asset

Exploration, general and adm. expenses:

- Field evaluation activities mainly relating to Hasselmus and Grevling and seismic expenses
- Higher SG&A in Q4'20 due to effect of annual recalculation of cost allocation to licences including employee share-based incentive program

Financial items:

- Unrealised gain on USD nominated bond loans following strengthening of NOK against USD during the quarter, partly offset by interest expense

Income taxes:

- Effective tax rate of 55%; deviation from 78% due to financial items and uplift

Statement of financial position

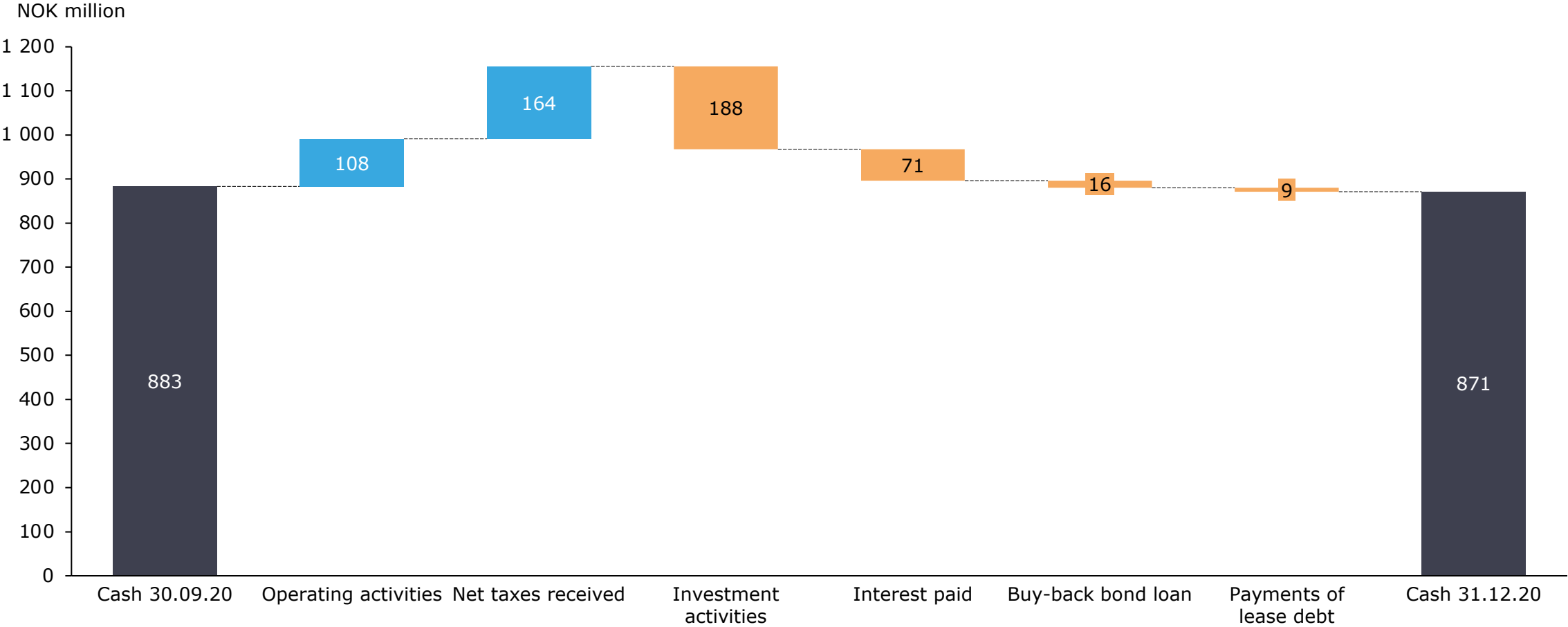
Figures in NOK million

Assets	31.12.2019	30.09.2020	31.12.2020
Goodwill	1 426	769	769
Oil and gas properties	3 886	3 509	3 758
Other non-current assets	2 969	3 031	3 029
Trade and other receivables	622	452	514
Tax refund, current	0	573	296
Cash and cash equivalents	1 663	883	871
Other assets	421	518	540
Total assets	10 986	9 735	9 776
Total equity	1 681	900	1 083
Liabilities			
Asset retirement obligations	4 024	4 089	4 200
Deferred tax liabilities	830	742	941
Interest-bearing loans and borrowings	2 557	2 688	2 400
Trade and other payables	1 372	988	890
Income tax payable	295	146	14
Other liabilities	227	181	248
Total liabilities	9 305	8 834	8 694
Total equity and liabilities	10 986	9 735	9 776

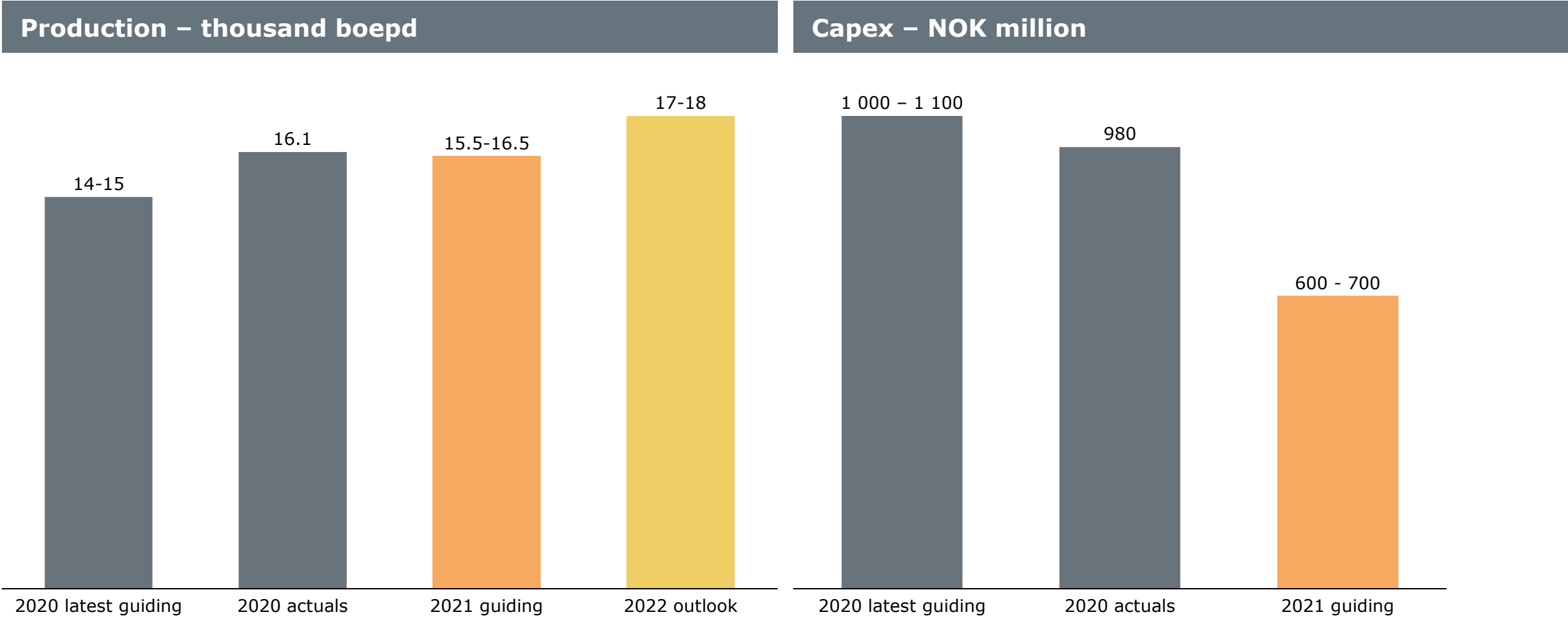
Year-end 2020 comments

- Cash and cash equivalents NOK 871 million
- Current tax refund NOK 296 million
 - NOK 86 million from exploration expenditures
 - NOK 210 million remaining for tax losses in 2020
- Interest-bearing debt of NOK 2 400 million
- Reversed asset impairment Yme NOK 117 million increases oil and gas properties
- Asset retirement obligation offset by non-current receivable from Shell

Cash development



Guiding on production & capex



OKEA - Key milestones in 2021

- Two new production wells in Gjøa P1 segment onstream in February
- Yme New Development – Production start scheduled for second half of the year
- Three exploration wells planned; Jerv, Ilder and Ginny
- Final Investment Decision on Hasselmus
- Concept selection on Vette and Grevling
- Possible appraisal well at Aurora
- Maturing a larger exploration portfolio after successful 2020 APA award
 - Six new licenses, four as operator



A dark blue background with a white topographic map overlay. The map features various contour lines and geographical shapes, including a large landmass on the left and a more complex, mountainous region on the right.

OK
EVA

