



OKEA ASA - First quarter 2022 financial results

(Trondheim, 5 May 2022) - OKEA ASA (OSE: OKEA) reported a total operating income of NOK 1,513 (1,725) million and an EBITDA of NOK 1,143 (1,258) million in the first quarter of 2022. Net profit after tax amounted to NOK 213 (283) million. Total liquidity increased by NOK 430 million to NOK 2,679 (2,249) million on top of buyback of bonds for NOK 289 million in the quarter.

(Amounts in parentheses refer to previous quarter)

“Despite the reduction in volumes in the first quarter OKEA delivered solid financial results. Our current cash balance exceeds our outstanding bond debt, our organic projects are progressing well, and OKEA is in a very good position to execute on our growth ambitions”, said OKEA CEO Svein J. Liknes.

First quarter 2022 summary

OKEA reported total operating income of NOK 1,513 (1,725) million and EBITDA of NOK 1,143 (1,258) million for the first quarter 2022. Net profit was NOK 213 (283) million.

Net production to OKEA in the fourth quarter was 14,908 (16,038) boepd. In line with plan, production at Gjøa was shut down from 18 March to 8 April to carry out maintenance work and third party tie-in work for which Gjøa will receive in-kind compensation for deferred production. Production from the Yme field in the quarter was impacted by production interruptions from the ongoing commissioning work and start-up of additional wells. The Yme field was shut in during the Easter holidays due to a minor oil leak. The source of the leak has been identified in a pipe from the subsea storage tank. Until the issue is fixed, Yme will produce directly to a large tanker vessel, starting in the beginning of May.

Sold volumes in the quarter amounted to 15,444 (18,102) boepd. There were no liftings from Ivar Aasen in the quarter compared to a lifting equivalent to 2,453 boepd in the previous quarter. Net sold volumes from Gjøa were 841 boepd lower than the previous quarter due to the planned shutdown. The Yme field was shut in during the Easter holidays due to a minor oil leak. The source of the leak has been identified in a pipe from the subsea storage tank. Until the issue is fixed, Yme will produce directly to a large tanker vessel, starting in the beginning of May.

Market prices were volatile at high levels also in the first quarter of 2022. The average realised liquids price was USD 89.6 (78.0) per boe* which was lower than the average market price for the quarter mainly due to the lifting at Draugen taking place in January and prior to the price hike which occurred later in the quarter. The average realised price for gas was USD 1.12 (1.11) per scm**.

Other operating income amounted to NOK -3 (92) million and comprise Gjøa tariff income of NOK 24 (24) million, income from joint utilisation of Draugen logistical resources of NOK 6 (13) million and net gain/loss(-) from gas forward contracts of NOK -33 (54) million.

Due to significantly improved forward prices for oil as per the end of the quarter, OKEA recognised a reversal of previous impairments of the Yme asset of NOK 363 (-367) million in the first quarter. Total tax expense (-) / income (+) recognised in the quarter relating to this effect amounted to NOK - 283 (286) million.

At the end of the quarter, cash and cash equivalents and liquid investments amounted to NOK 2,679 (2,249) million. Net interest-bearing debt was NOK 11 (750) million, which does not include the financial investments of NOK 209 (210) million but includes the value of OKEA's share of the lease contract with Havila for the Inspirer rig of NOK 480 (493) million.

On top of NOK 431 million in increased cash balance in the quarter, OKEA bought back OKEA02 bonds for a nominal amount of USD 31.5 million. At the end of the quarter, OKEA had bought back OKEA02 bonds for a nominal value of USD 69.2 million at an average price of 99.2 to par, of which USD 6.3 million has been cancelled.

Outlook

Production and capex guiding for 2022 remains at 18,500-20,000 boepd and NOK 950 – 1 150 million (excluding capitalised interest) respectively. However, there is still uncertainty related to the volumes from Yme as the field is still in the ramp up phase which could lead to a revision in the guiding. Production outlook for 2023 is 17,000-19,000 boepd.

Webcast and audioconference

A presentation of the results will be held today through a webcast and audioconference starting 08:00 CET. The presentation will be held by Svein J. Liknes (CEO) and Birte Norheim (CFO).

The webcast can be followed at www.okea.no
or https://channel.royalcast.com/landingpage/hegnarmedia/20220505_3/

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About OKEA

OKEA ASA is a leading mid- to late-life operator on the Norwegian continental shelf (NCS) with a current target production of 18,500 – 20,000 boe per day in 2022. OKEA finds value where others divest and has an ambitious strategy built on growth, value creation and capital discipline.

OKEA is listed on the Oslo Stock Exchange (OSE:OKEA)

More information at www.okea.no