



# › Presentation of third quarter 2022

OKEA ASA

26 October 2022

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- Forward looking information is based on management assumptions and analysis
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# OKEA third quarter 2022 results

## Highlights

### Operations

- Production 16,064 boepd
- Solid production performance from Draugen, Gjøa and Ivar Aasen in the quarter; planned well maintenance at Draugen reduces volume
- Ramp up of Yme progressing slower than anticipated; six weeks of production outage in the quarter

### Financials

- Record high operating income of NOK 2,143 million
- Record high EBITDA of NOK 1,636 million
- NOK 609 million impairment of Yme mainly due to reduced reserves
- Net profit of NOK 104 million
- NOK 916 million in cash flow generated to capital providers

### Well-positioned for value-accretive growth

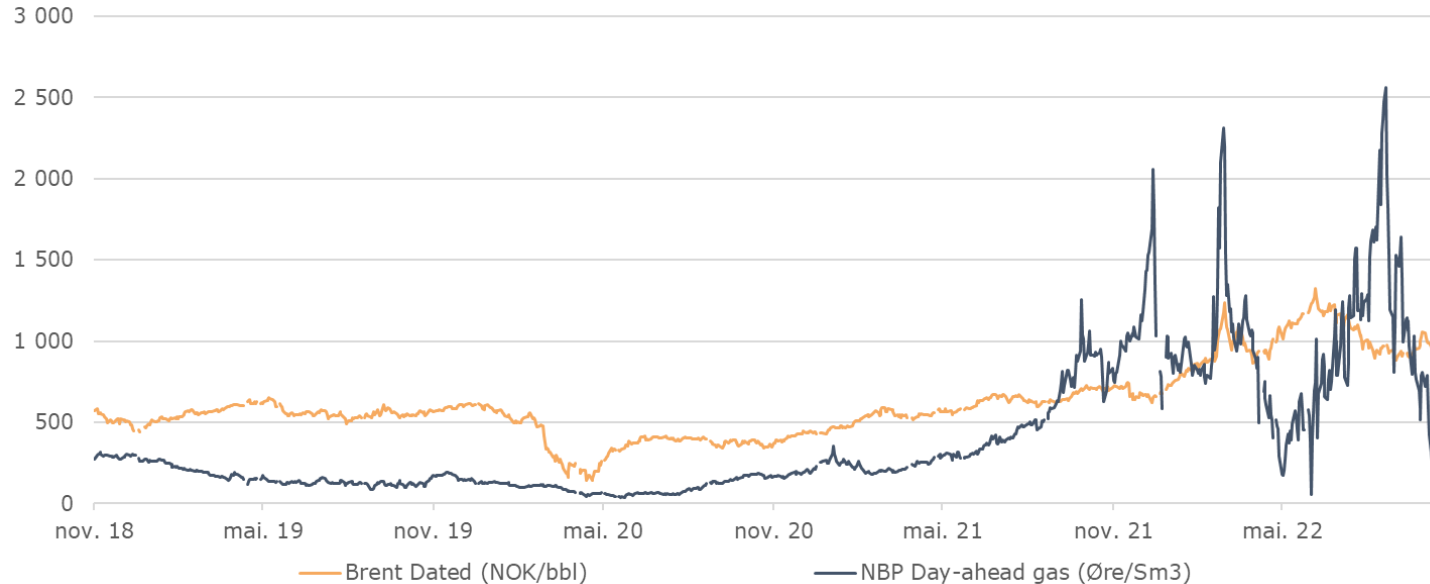
- Net cash positive; debt reduced by redemption of OKEA02 in July
- Transfer of operatorship Brage progressing according to schedule
- Dividend payment in December of 1 NOK/share; announcing intention to pay 1 NOK/share each quarter in 2023
- Hasselmus gas project and power from shore – progressing as planned



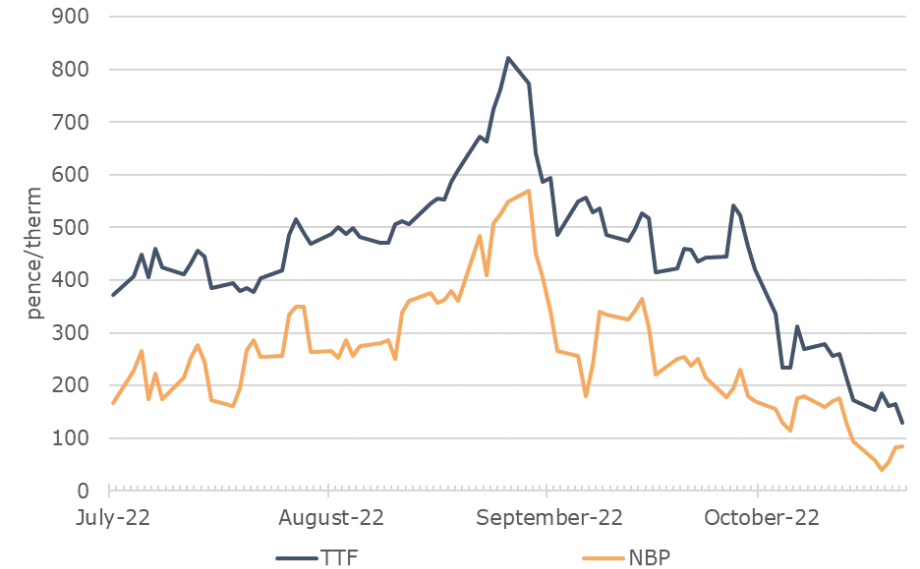
# Extreme volatility in European gas markets

Still price differential between mainland Europe and UK

Historical prices (Last 4 years)



NBP vs TTF (Q3 2022 incl. October)

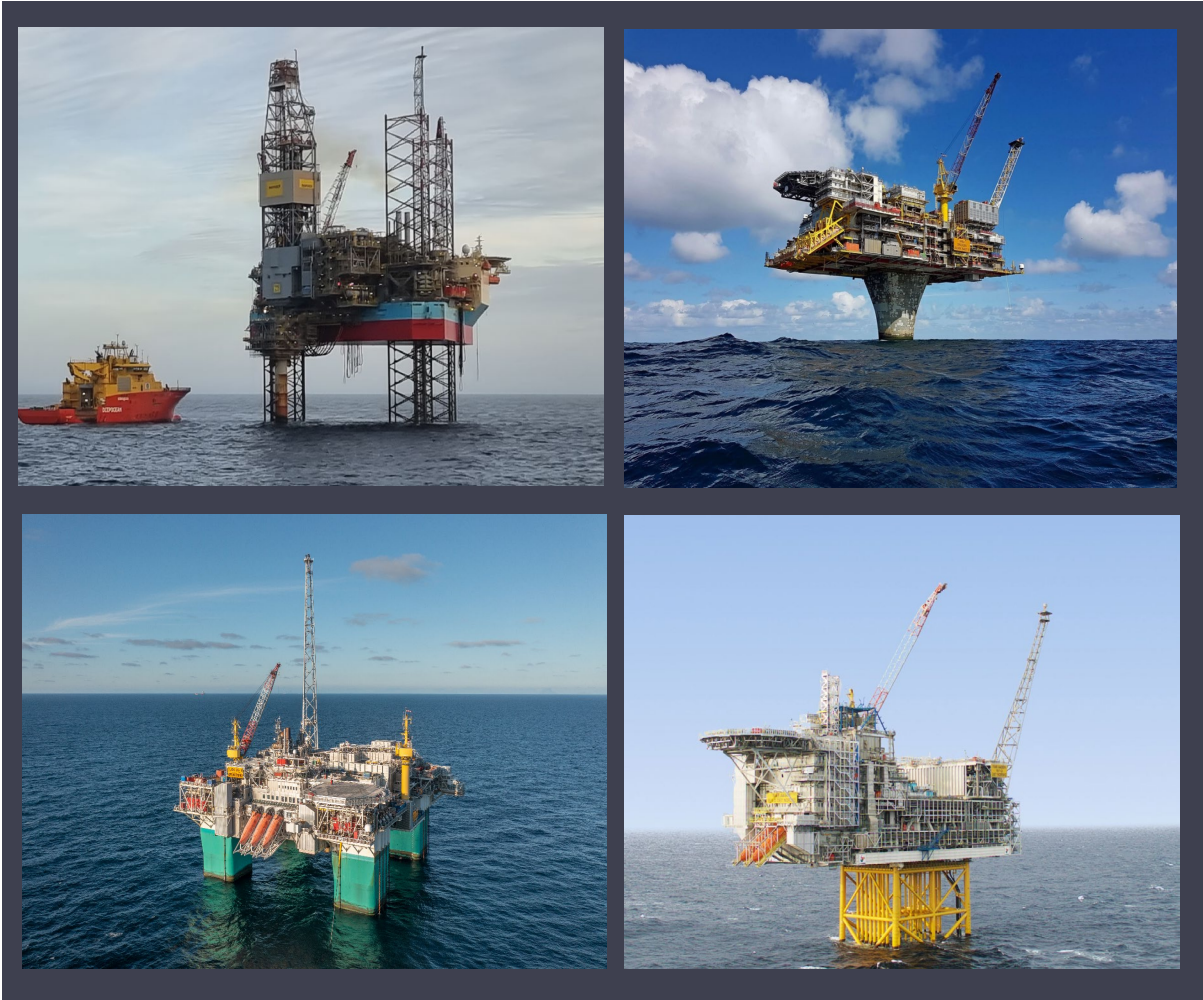
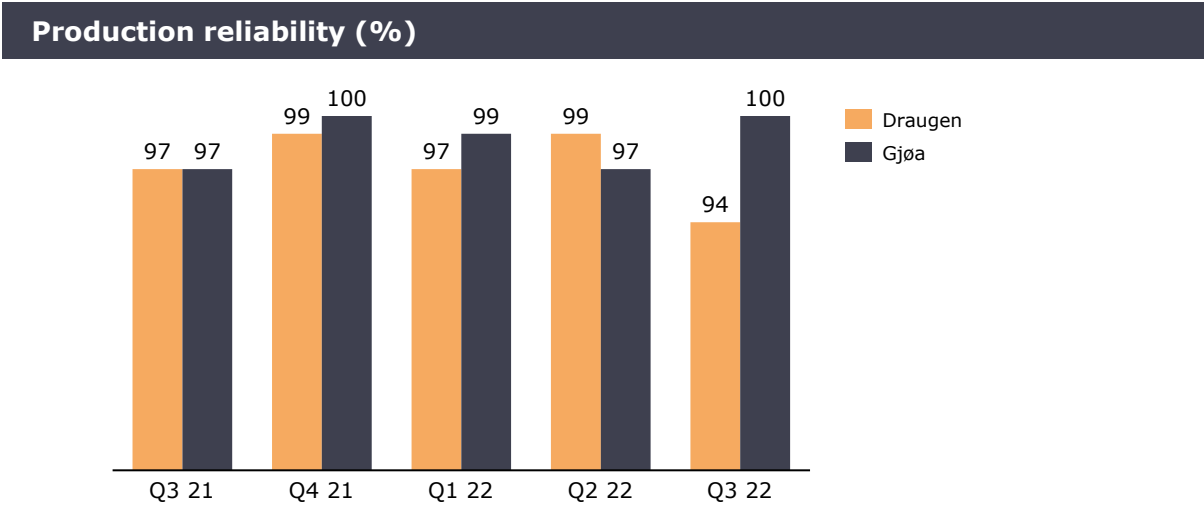
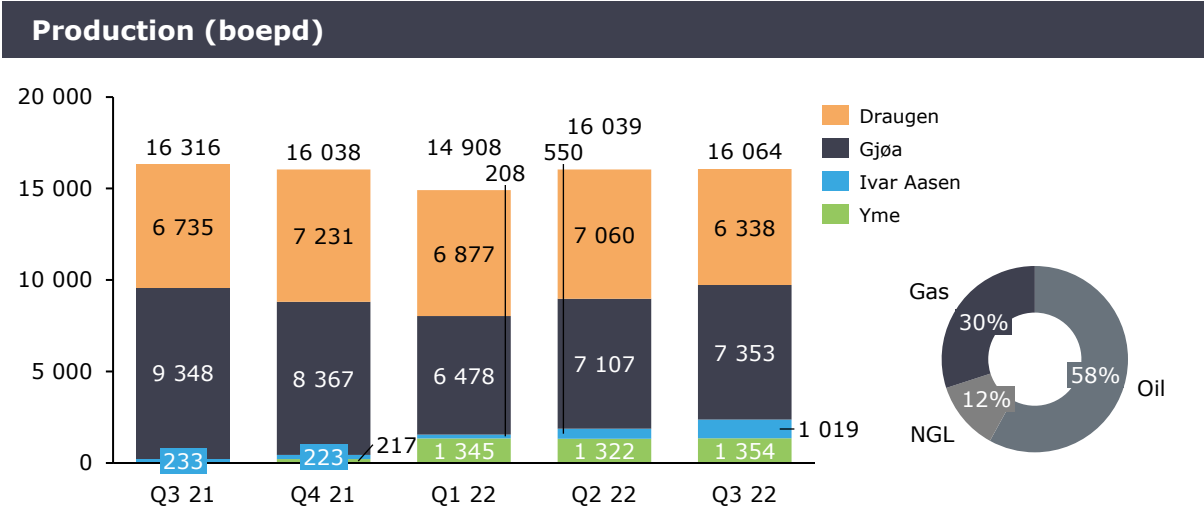


- Relatively stable oil prices, but significant volatility in gas prices during the quarter
- NBP (UK) still trading at substantial discount compared to TTF (Netherlands); forward pricing indicates market expectation of convergence by winter 2022/2023
- OKEA's current gas production is exported and sold to the UK due to physical flow (Gjøa and Ivar Aasen), while Brage and Hasselmus will have the optionality to export gas to both continental Europe and UK. Nova exports through Gjøa to UK



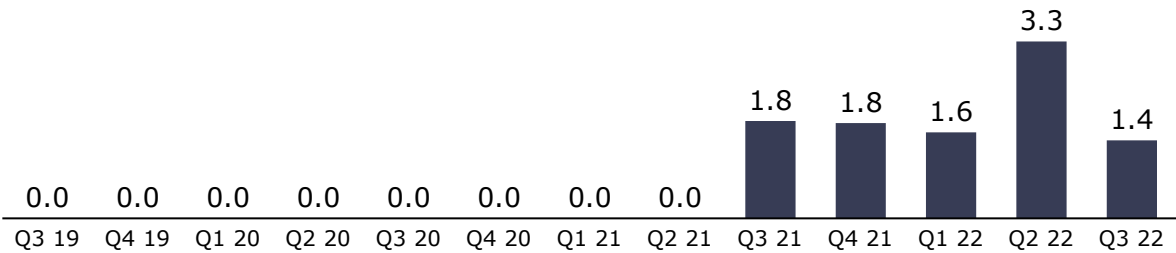
# Production volumes and reliability

Steady base performance at Draugen, Gjøa and Ivar Aasen



# Safety and emissions

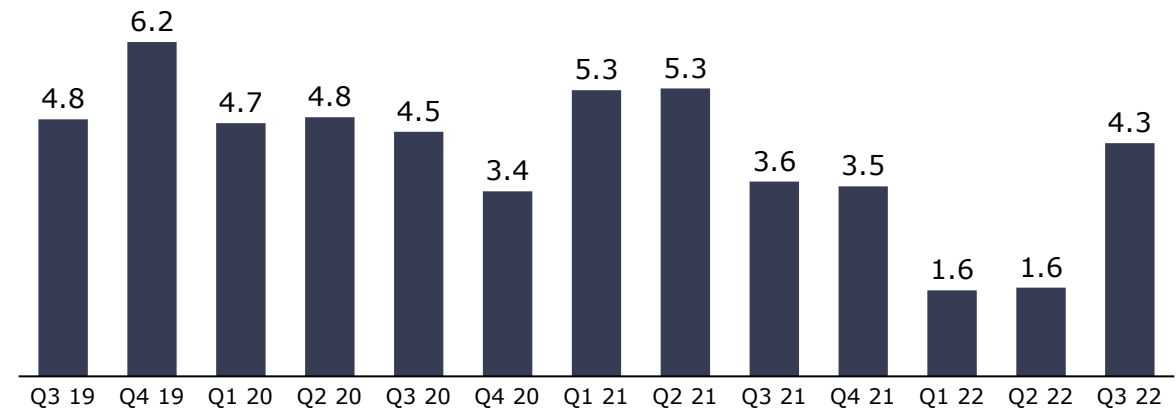
Serious incident frequency (SIF) – per million work-hours\*



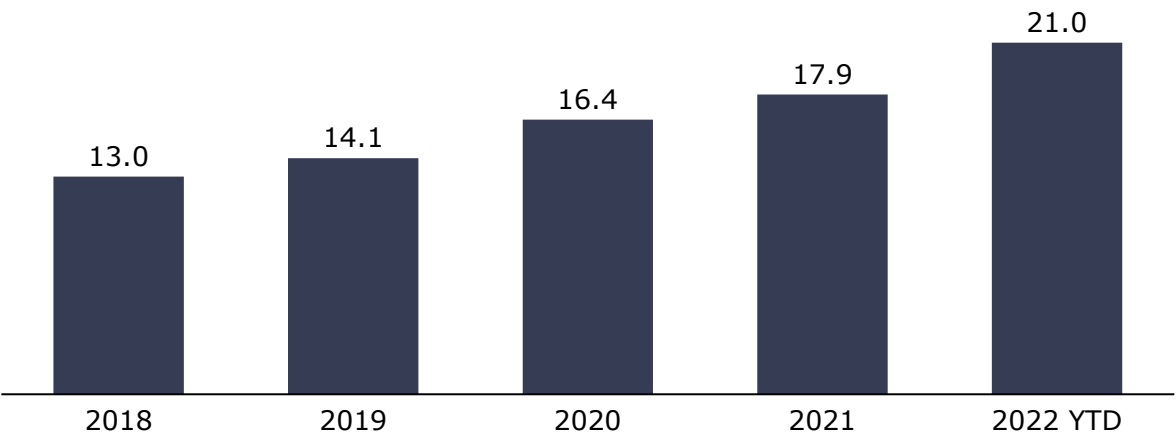
Number of hydrocarbon leaks > 0.1 kg/second

Zero hydrocarbon leaks > 0.1 kg/second  
last 3 years

Total recordable injury frequency (TRIF) – per million work-hours



CO<sub>2e</sub> intensity - kg per boe produced\*\*



12-months average. \* Serious potential incident on Draugen in Q3 21 with outer railing loosened \*\* Draugen, Gjøa, Ivar Aasen. From 2021 Yme has been included after production start

# Draugen – WI 44.56%



**Production**  
**6,338 boepd**

**Reserves\***  
**27.9 mmboe**

- Net production 6,338 boepd and production reliability 94%; lower production due to planned well maintenance campaigns
  - Scale squeeze of subsea wells and wire line campaign successfully completed
- Hasselmus gas project progressing according to plan
  - Drilling of production well completed in July
  - Topsides pre-fabrication and installation commenced
  - Production start planned for Q4 23 with gross plateau gas production of more than 4,400 boepd
- Power from shore project – joint for Draugen and Njord
  - FEED studies and public consultation process NVE completed
  - New uplift rules in proposed state budget adversely impacts project financials; final investment decision planned in Q4 22





# Gjøa – WI 12%



**Production**  
**7,353 boepd**

**Reserves\***  
**7.5 mmboe**

- Net production 7,353 boepd and production reliability 100%; solid performance resulting in increased production
- Production from tie-in project Nova commenced in July; Gjøa was compensated by 431 boepd in Q3 22 for the deferred production due to tie-in of Duva and Nova
- Work is ongoing to mature the Gjøa Nord project, including the Hamlet discovery, towards a final investment decision by end of 2022





## Yme – WI 15%



**Production**  
**1,354 boepd**

**Reserves\***  
**8.7 mmboe**

- Net production 1,354 boepd; continued start-up challenges have resulted in slower than anticipated ramp up of production
  - Leakage in the piping system caused a production shutdown of six weeks in the quarter
- Water-cut from producing wells higher than expected; reducing reserves by 2 mmbbl net OKEA for the period 2022-2035
  - Some of the reduction may be possible to compensate for by infill drilling or similar measures
- Beta North drilling campaign ongoing and expected finalized in Q1 23; Gamma drilling campaign to commence in Q4 22
  - Plateau production of 6,600 boepd net to OKEA expected in H1 23



Photo: Repsol

# Ivar Aasen – WI 2.777%



**Production**  
**1,019 boepd**

**Reserves\***  
**2.1 mmboe**

- Net steady production of 1,019 boepd and production availability of 98%
- An increased oil recovery (IOR) campaign to bring new wells on stream is ongoing and expected finalised in Q1 23
- OKEA WI to increase to 9.2385% following completion of Wintershall Dea transaction effective from 1 January 2022
- Power from shore to Ivar Aasen is expected start up by YE 22
  - Resulting in reliable power supply and a significant drop in environmental footprint from the operations



Photo: Aker BP

# Acquisition of asset portfolio from Wintershall Dea close to completion



**Portfolio production YE-22\***  
**~7,000 boepd**



**Portfolio reserves\***  
**13.2/10.6 mmboe 2P/2C**

- 35.2% operated working interest (WI) in Brage; Partner-operated 6.4615% WI in Ivar Aasen and 6.0% WI in Nova
- Further diversifies OKEA's portfolio and increasing reserves and production by ~30-40%
- Adds a new operatorship and an increased opportunity set through material increase in 2C resources
- Transfer of operatorship at Brage progressing well with expected completion on 1 November 2022
- Effective date on 1 January 2022; fully financed by existing cash



Photo: Wintershall Dea

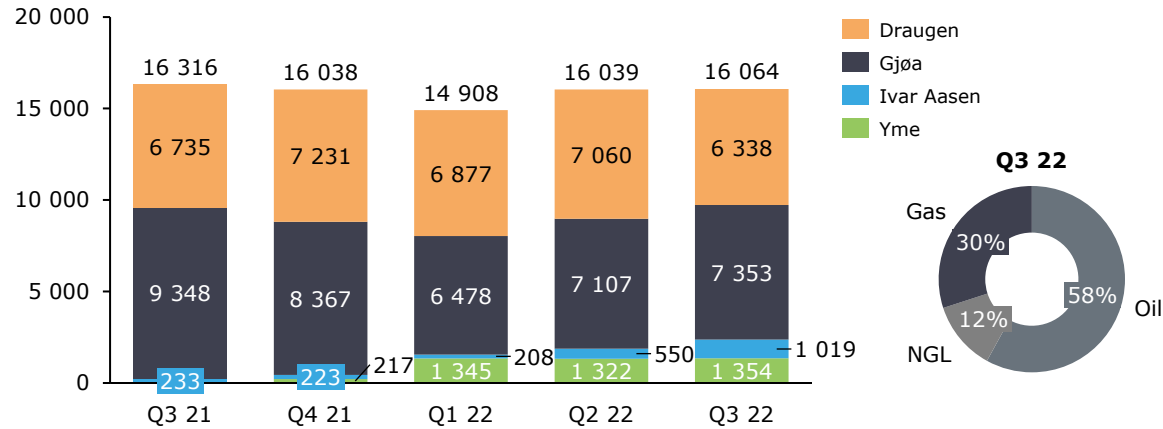


## Financials

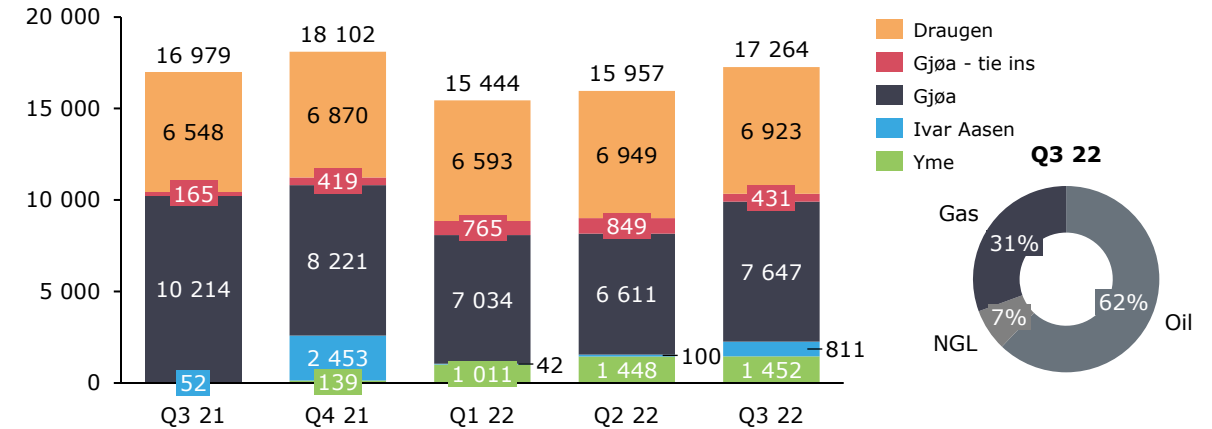


# Oil and gas production, sales and revenues - per asset

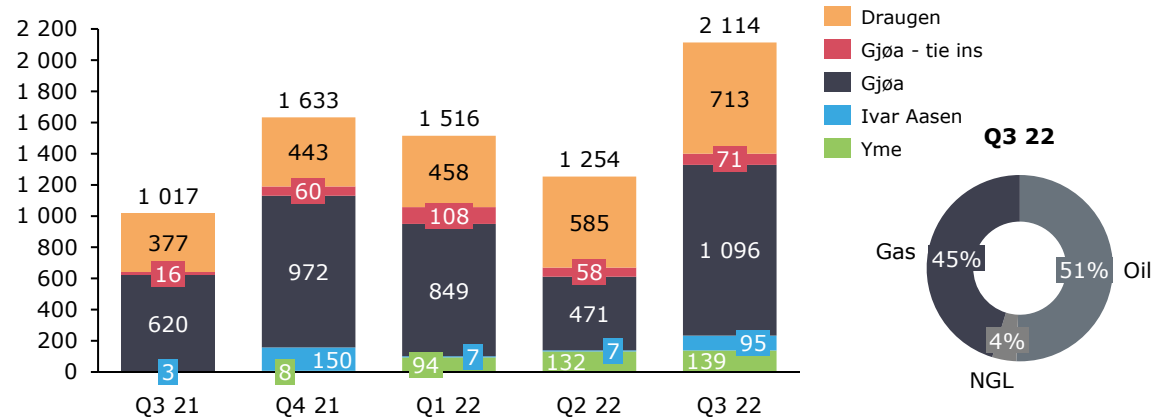
## Production (boepd)



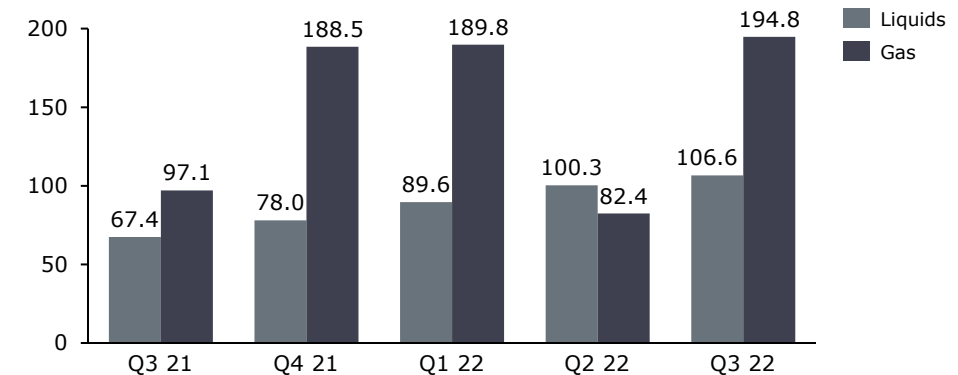
## Sold volumes (boepd)



## Revenue (NOK million)



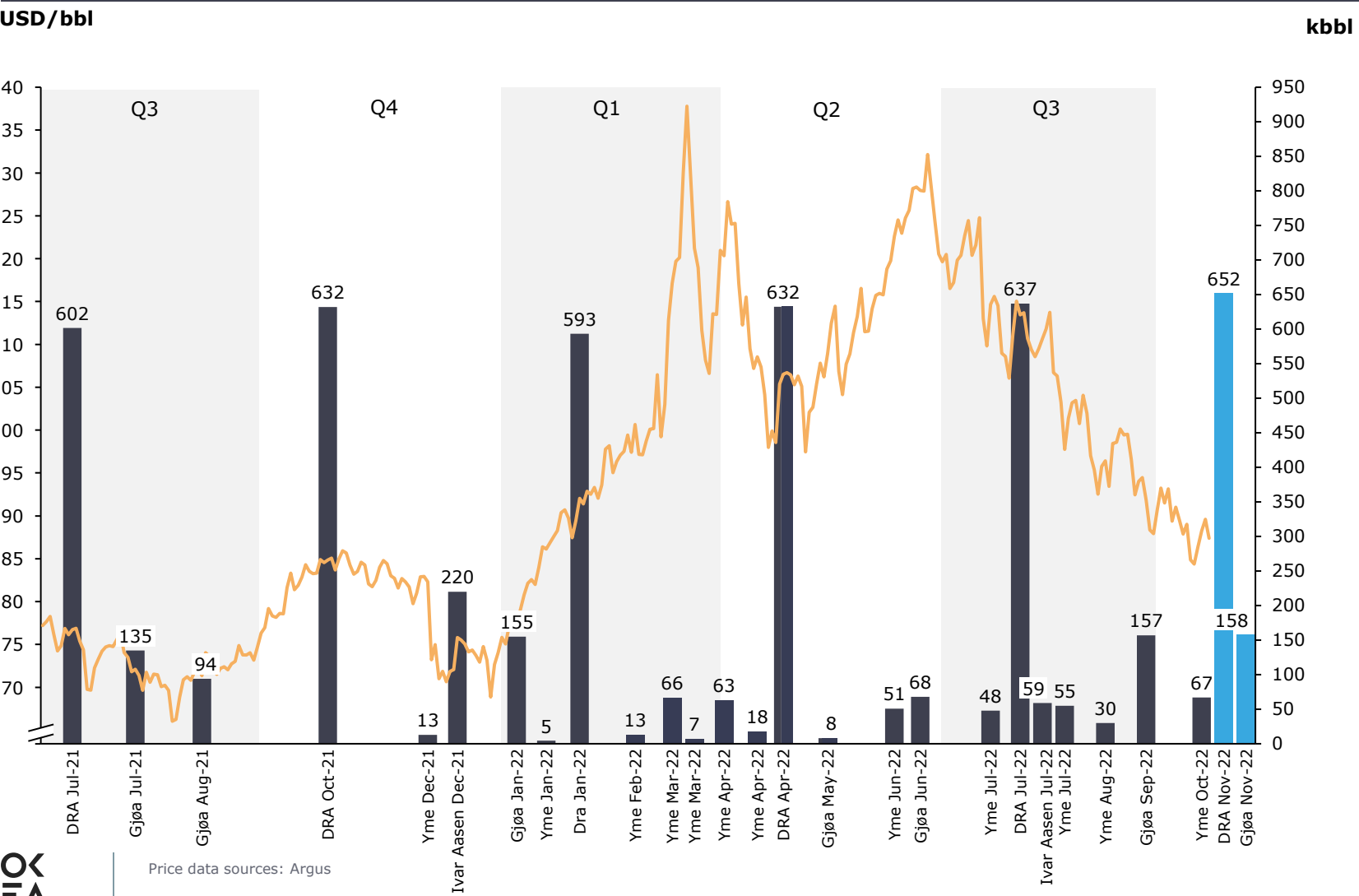
## Realised price (liquids and gas USD per boe)



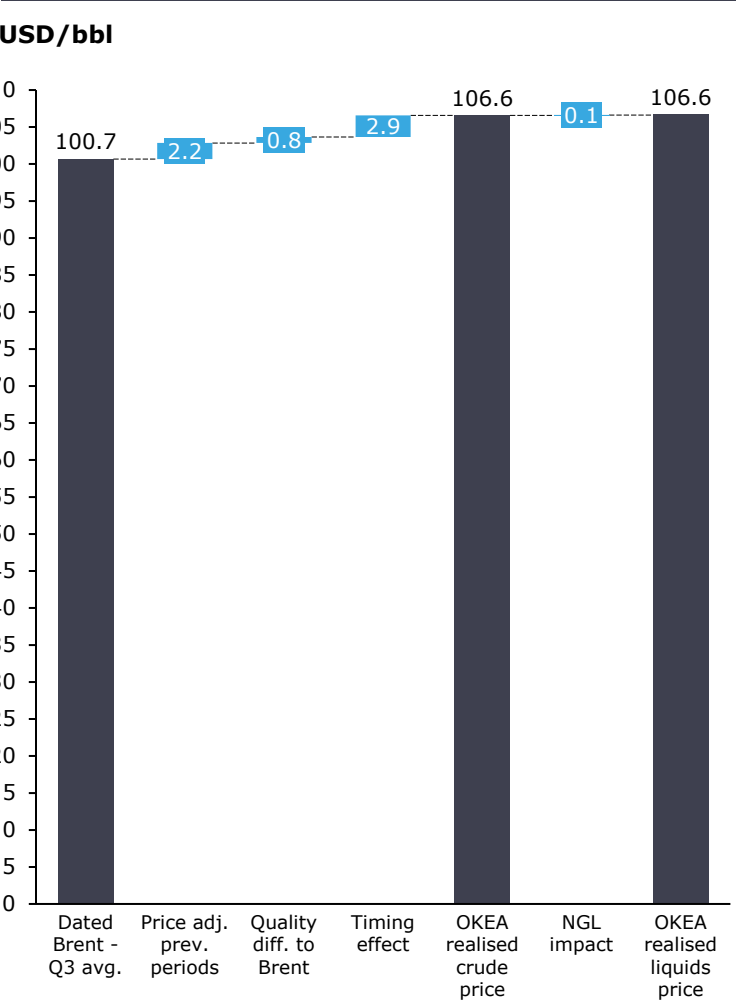
# Realised liquids prices

Volatile liquids prices at high levels

Lifted volumes vs Dated Brent – Q3 2021/2022e



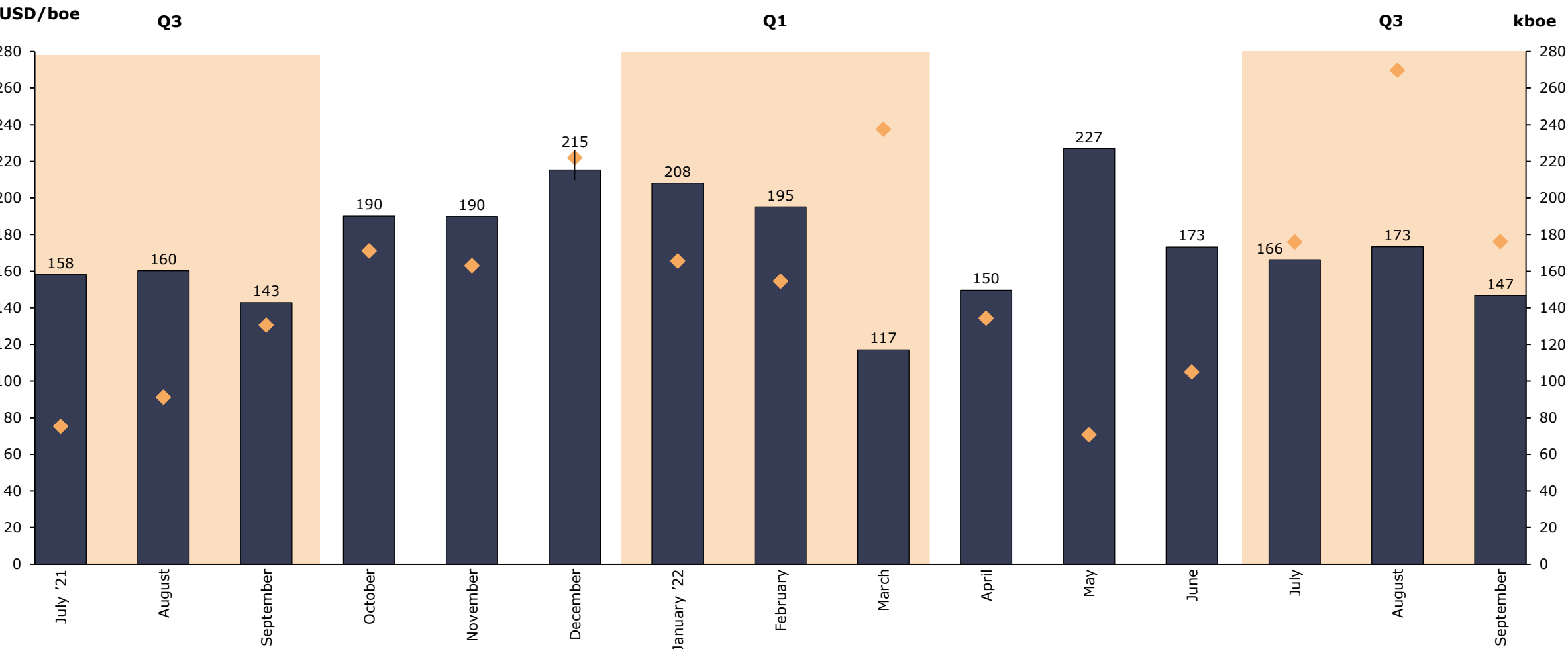
Realised liquids prices vs Dated Brent – Q3 22



# Gas market prices and sold volumes

Continuing volatile gas prices

Sold volumes vs average NBP gas market prices – Q3 2021/2022e



# Income statement

Figures in NOK million	<b>Q3 22</b>	<b>Q2 22</b>	<b>Q3 21</b>
<b>Total operating income</b>	<b>2 143</b>	<b>1 332</b>	<b>1 026</b>
Production expenses	-425	-381	-181
Changes in over/underlift positions and inventory	-19	61	9
Depreciation	-176	-165	-179
Impairment (-) /reversal of impairment	-609	0	0
Exploration, general and adm. expenses	-63	-84	-57
<b>Profit / loss (-) from operating activities</b>	<b>851</b>	<b>763</b>	<b>618</b>
Net financial items	-113	-231	-91
<b>Profit / loss (-) before income tax</b>	<b>738</b>	<b>532</b>	<b>526</b>
Income taxes	-633	-504	-429
<b>Net profit / loss (-)</b>	<b>104</b>	<b>28</b>	<b>97</b>
<b>EBITDA</b>	<b>1 636</b>	<b>928</b>	<b>797</b>

## Q3 22 comments

### Operating income:

- Record high revenue mainly due to high realised gas prices in quarter

### Production expenses:

- NOK 425 million or 253 NOK/boe
  - High absolute cost due to scale squeeze campaign and high prices for gas import at Draugen in addition to continued high production costs at Yme during ramp-up
  - High cost per boe additionally driven by low volumes from Yme

### Impairment

- NOK 609 million impairment at Yme, mainly driven by revision in reserves

### Exploration, general and administrative expenses:

- NOK 19 million exploration expense including cost for APA2022
- NOK 45 million SG&A expenses; higher than average due to Brage transition expenses

### Net financial items:

- Net expensed interest of NOK 52 million
- NOK 17 million all premium due to early redemption of OKEA02
- Net FX loss of NOK 41 million, mainly due to weakened NOK to USD

### Income taxes:

- Effective tax rate of 86%; high due to financial items taxed at a low tax rate



# Statement of financial position

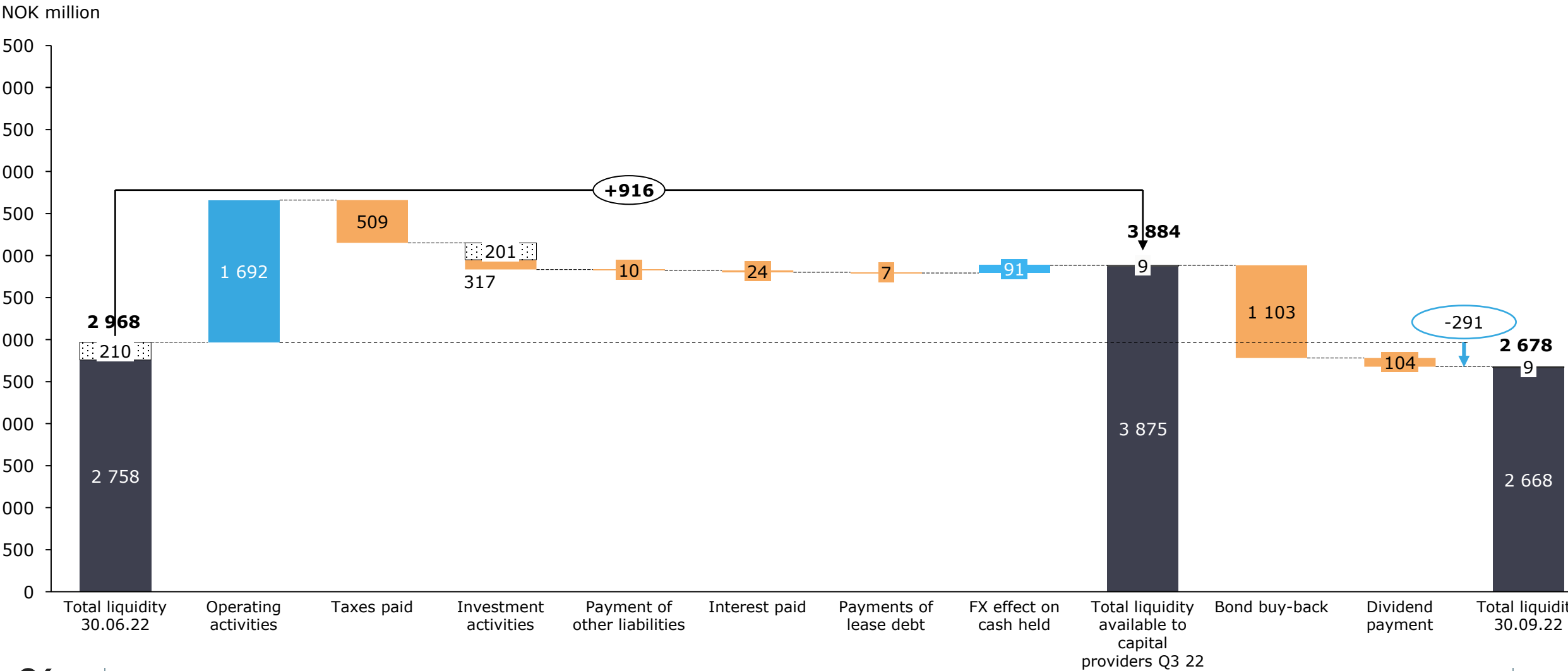
Figures in NOK million

<b>Assets</b>	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
Goodwill	801	801	769
Oil and gas properties	4 718	5 129	4 685
Asset retirement reimbursement right	2 486	2 572	3 108
Trade and other receivables	1 347	1 060	1 053
Financial investments	9	210	210
Tax refund, current	0	0	0
Cash and cash equivalents	2 668	2 758	2 039
Other assets	539	567	509
<b>Total assets</b>	<b>12 568</b>	<b>13 098</b>	<b>12 373</b>
<b>Total equity</b>	<b>1 857</b>	<b>1 856</b>	<b>1 709</b>
<b>Liabilities</b>			
Asset retirement obligations	3 621	3 662	4 237
Deferred tax liabilities	1 962	2 289	1 736
Interest bearing bond loans	1 298	2 182	2 295
Other interest bearing liabilities	572	527	493
Trade and other payables	1 193	943	787
Income tax payable	1 749	1 298	773
Other liabilities	317	342	343
<b>Total liabilities</b>	<b>10 711</b>	<b>11 241</b>	<b>10 664</b>
<b>Total equity and liabilities</b>	<b>12 568</b>	<b>13 098</b>	<b>12 373</b>

## Q3 22 comments

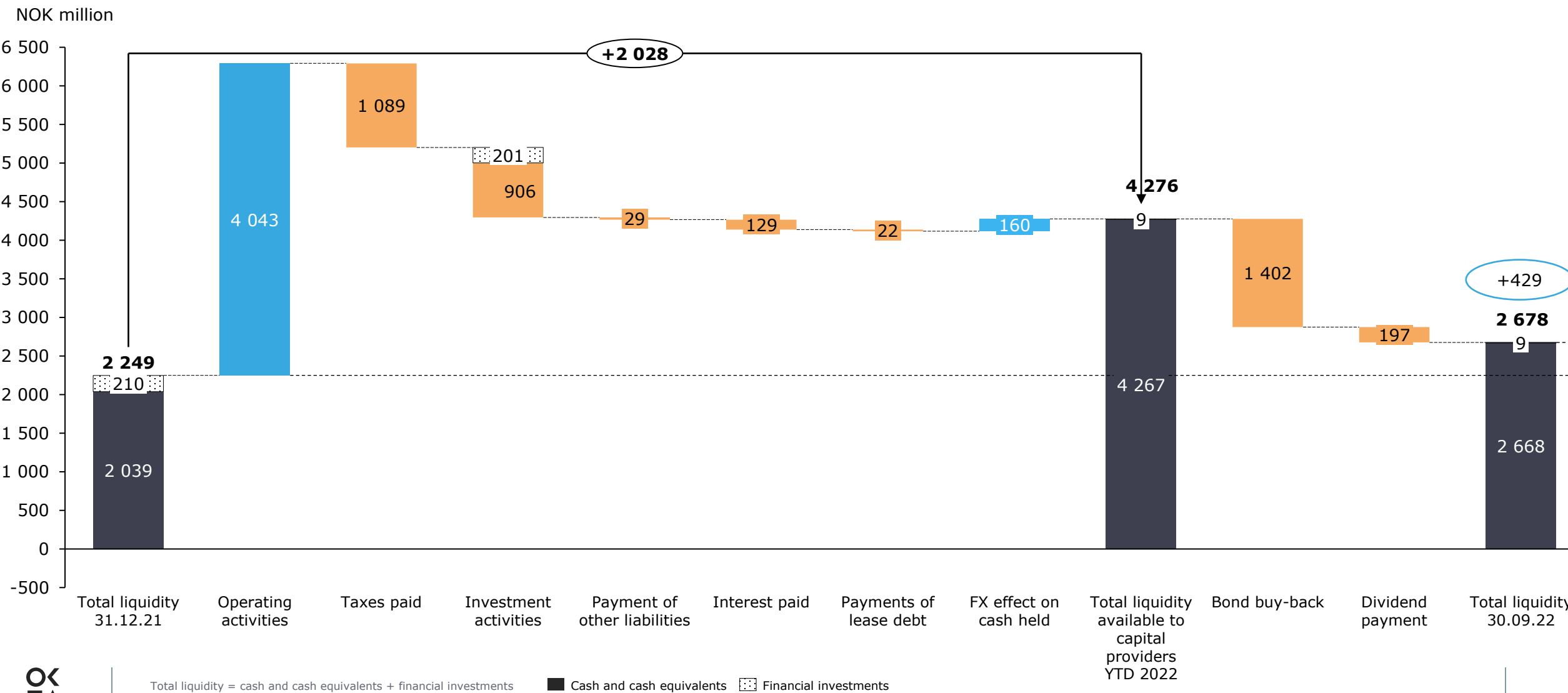
- Goodwill of NOK 801 million
- Total liquidity of NOK 2 678 million
  - Cash and cash equivalents NOK 2 668 million
  - Financial investments NOK 9 million
- Trade and other receivables of NOK 1 347 million
- Tax payable NOK 1 749 million
- Interest-bearing bond loans of NOK 1 298 million; reduction due to repayment of OKEA02 in July
- Other interest-bearing liabilities of NOK 572 million related to NPV of future lease obligations for the Inspirer rig at Yme
- Asset retirement obligation of NOK 3 621 million is partly offset by asset retirement reimbursement right of NOK 2 486 million

# Cash development Q3 22



Total liquidity = cash and cash equivalents + financial investments

# Cash development YTD 22

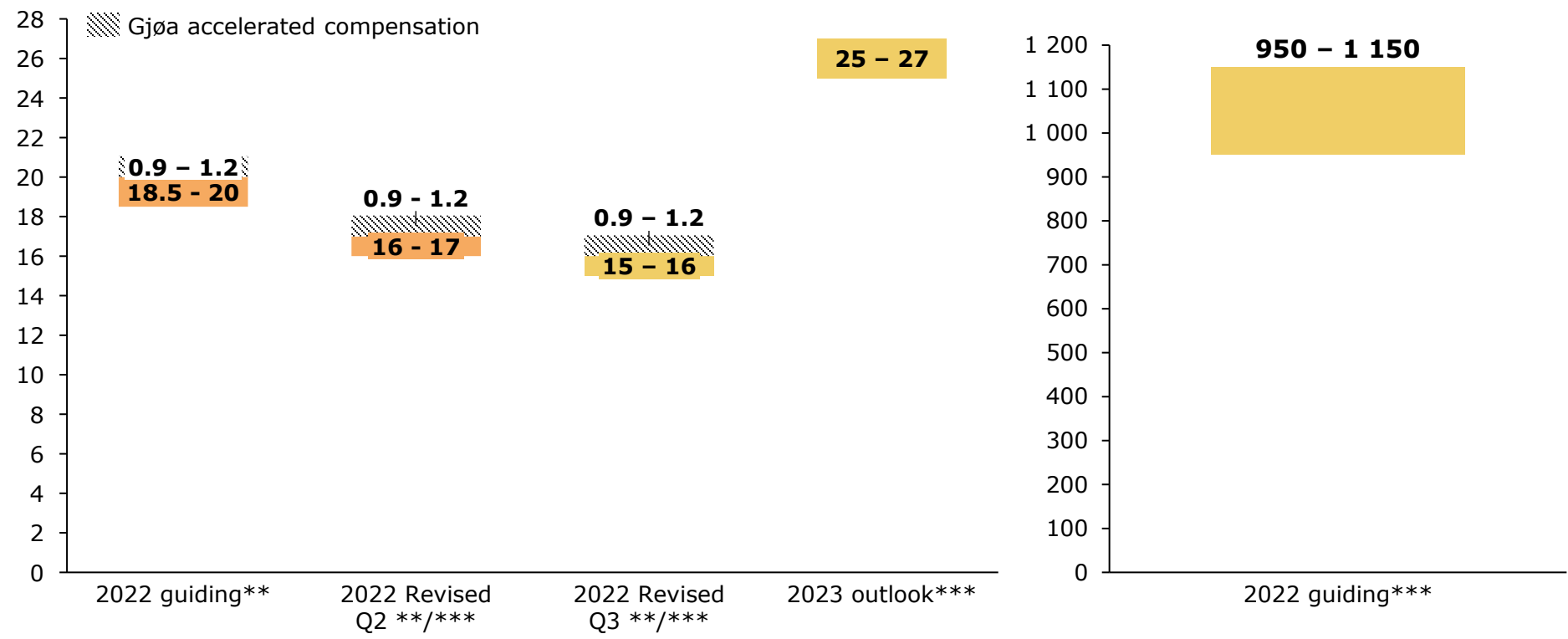


# Production guiding impacted by Yme challenges

2022 volume range revised down by 1 kboepd; Capex and 2023 guiding kept unchanged

Production – thousand boepd

Capex – NOK million



\* For guiding purposes capex estimates do not include capitalised interest

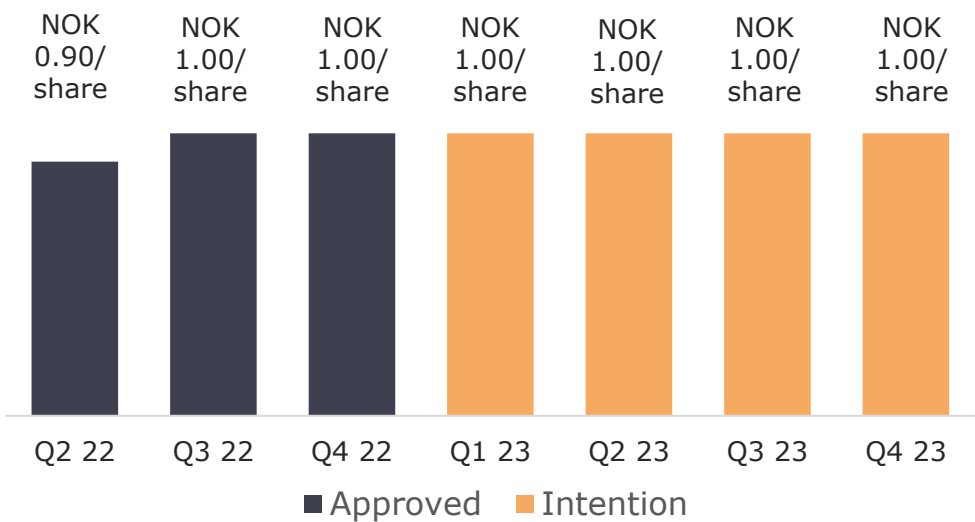
\*\* Increased Ivar Aasen working interest from 1 April 2022 reflected

\*\*\* Effect of Wintershall Dea transaction not included in 2022 figures, but included in 2023 figures. Expected completion in Q4 22 with effective date 1 January 2022



# Dividend payment of NOK 1.00 per share in Q4 2022

Intention to continue distributing a quarterly dividend of NOK 1.00 per share in 2023



- **The OKEA board has resolved to distribute a cash dividend of NOK 103.9 million (NOK 1.00 per share) payable on or about 15 December 2022**
- Cash dividends of NOK 0.90 per share were paid in June and NOK 1.00 per share were paid in September, resulting in a total dividend payment of NOK 2.90 per share in 2022
- **The OKEA board has further stated an intention to distribute NOK 1.00 per share each quarter in 2023, amounting to a total of NOK 4.00 per share in 2023**
- Dividend payments in 2023 is subject to an authorisation from the general meeting and may be revised due to changes in the market environment, company situation and/or value accretive opportunities available



## › Summary and outlook

# Summary



Delivering on growth strategy by material acquisition from Wintershall Dea fully funded by existing cash resources

Continued solid performance at Draugen, Ivar Aasen and Gjøa

Organic projects progressing well; Hasselmus and Power from shore at Draugen according to plan

Yme ramp up slower than anticipated; reduces recoverable reserves and production guiding for 2022

Solid cash position; cash dividends distributed to shareholders and reduction of outstanding debt

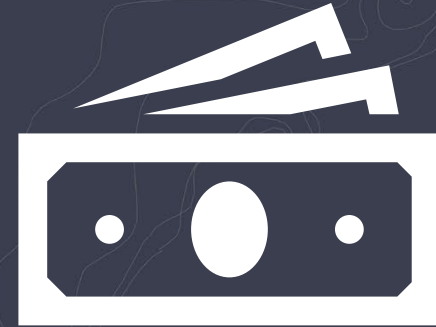
## Q&A



Growth



Value creation



Capital discipline



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