



# OKEA ASA

Presentation of fourth quarter 2022

31 January 2023



# Cautionary statement

- This presentation contains forward looking information
- Forward looking information is based on management assumptions and analysis
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# OKEA fourth quarter 2022 results

## Highlights

### Operations

- Production of 19,887<sup>1</sup> boepd
- Continued strong performance from Draugen, Ivar Aasen and Gjøa
- Reduced plant availability on Yme and Nova; improvements in 2023 en route

### Portfolio

- Completion of transaction with Wintershall Dea and transfer of operatorship of Brage completed as scheduled on 1 November
- Hasselmus – production start up expected Q4 2023; Electrification of Draugen – FID in December
- Four licences awarded in APA 2022; Brasse added to portfolio at zero cost

### Financials

- Record high net profit after tax of NOK 324 million
- Yme impairment of NOK 251 million due to revised phasing of production
- Dividend payment in December of 1 NOK/share; 1 NOK/share to be paid in March



# Quarterly key figures

Previous quarter in brackets

**Serious Incidents  
Frequency**  
*per million work hours*

**1.5**  
(1.4)

**CO<sub>2</sub> emissions  
intensity**  
*kg per boe produced*

**21<sup>1</sup>**

**Production**  
*boepd*

**19,887<sup>2</sup>**  
(16,064)

**Production expense**  
*NOK/boe*

**258**  
(253)

**Net CF from  
operations**  
*NOK million*

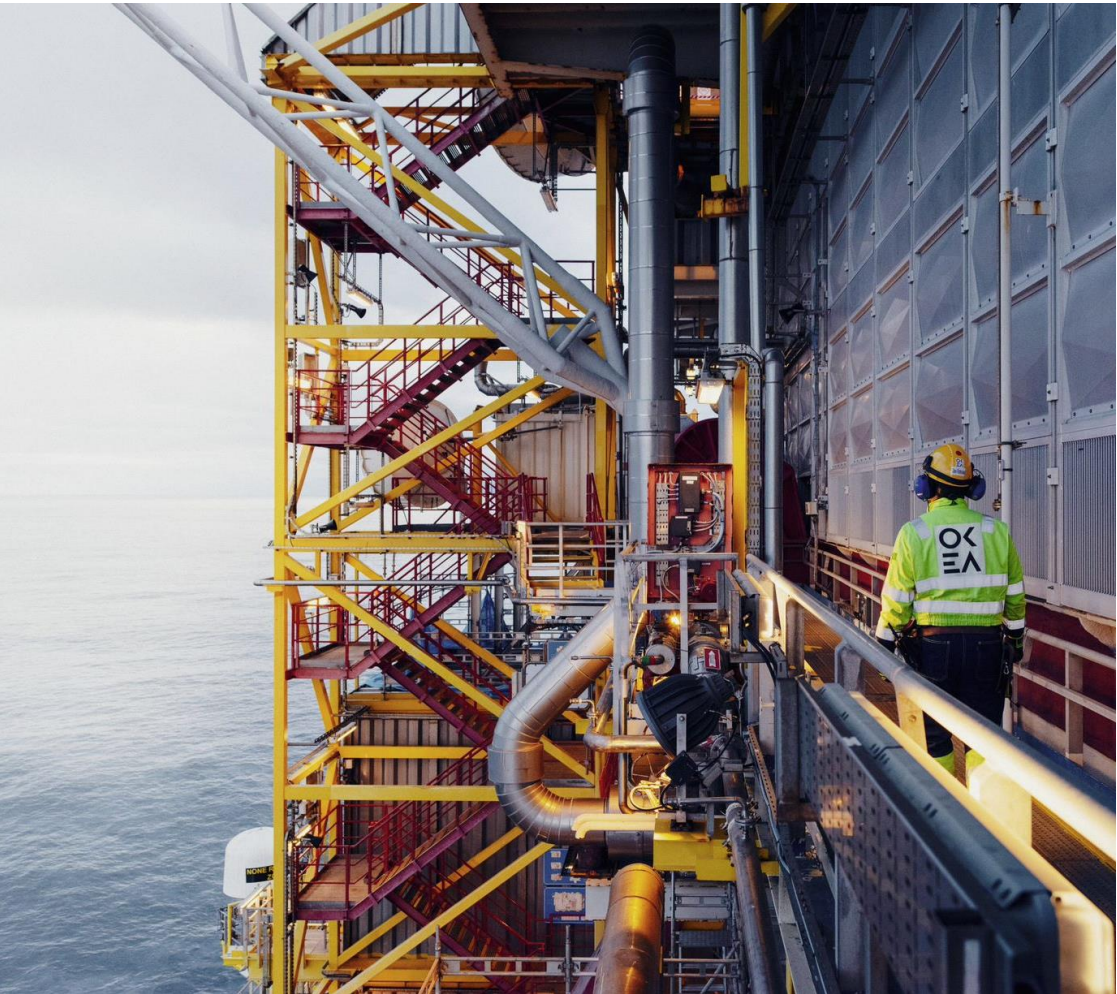
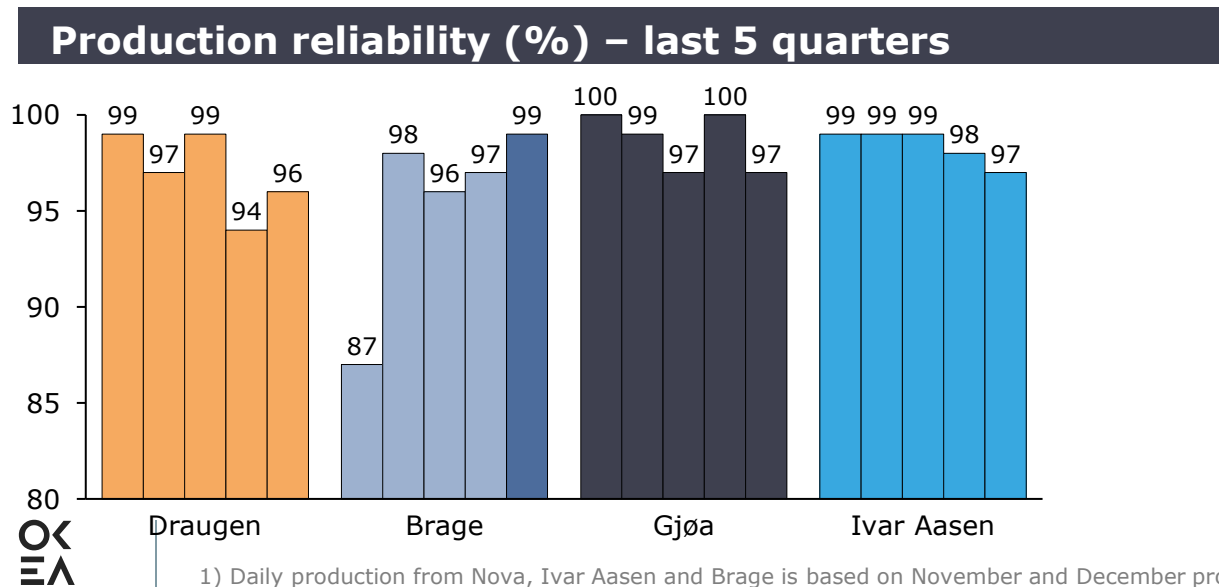
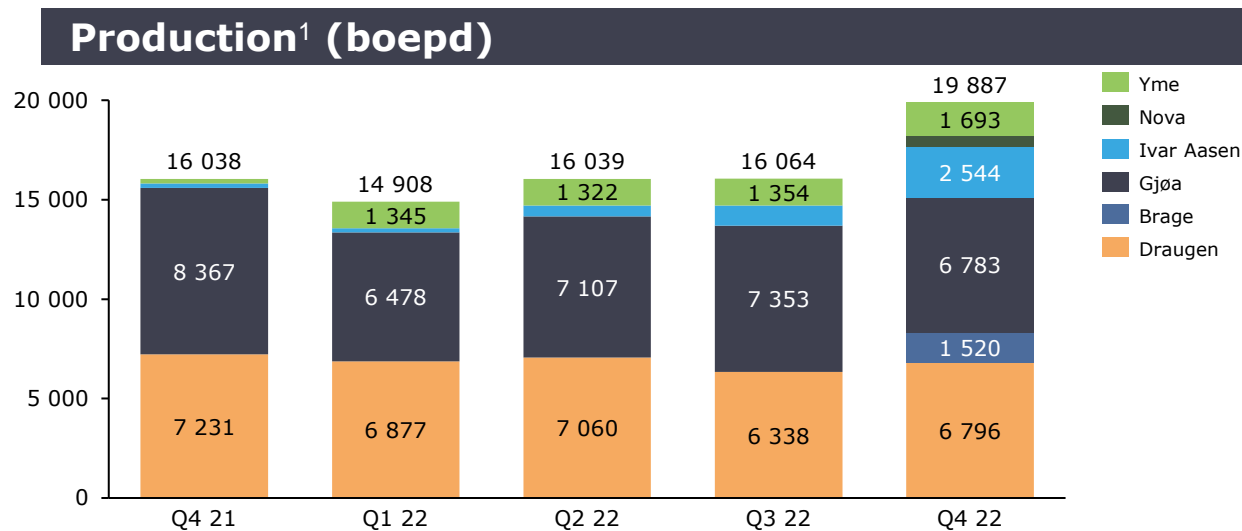
**390**  
(1,183)

**Dividends paid**  
*NOK million*

**104**  
(104)



# Production volumes and reliability



1) Daily production from Nova, Ivar Aasen and Brage is based on November and December production divided by 92 days in the quarter. Actual daily production was 21,450 boepd.

# Operational update



## Draugen (op. WI 44.56%)

- Hasselmus gas project progressing according to plan; start up expected in Q4 23; gross plateau production 4,400 boepd
- PDOs for electrification of Draugen and Njord submitted in December



## Gjøa (WI 12%)

- Gjøa Nord – FID not taken; ongoing evaluations for synergies with other potential developments
- Licence near Gjøa awarded in APA 2022



## Yme (WI 15%)

- 2022 production below expectation; improved production efficiency during the quarter and drilling of new wells ongoing
- Plateau production expected in mid-23 at 6,600 boepd net OKEA



## Brage (op. WI 35.2%)

- Start-up issues following turnaround; mitigated in end of November
- Ongoing infield drilling to extend field lifetime
- Brasse evaluated as potential tie-back



## Ivar Aasen (WI 9.2385%)

- Steady production at high reliability and availability in the quarter
- Electrification of Ivar Aasen and Edvard Grieg finalised



## Nova (WI 6%)

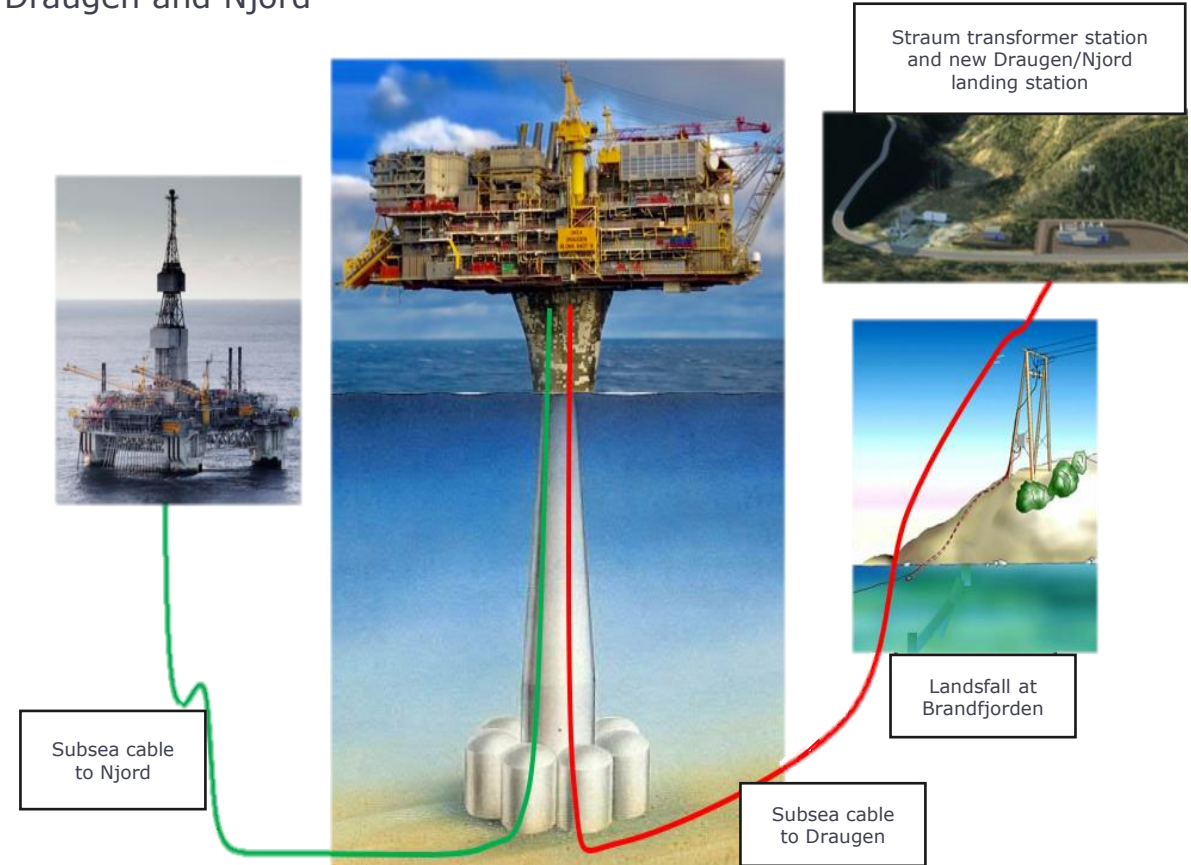
- Challenges with water injectors partly mitigated by end of the quarter
- Side track drilling campaign in Q2 23 expected to mitigate the remaining issues



# Electrification of Draugen

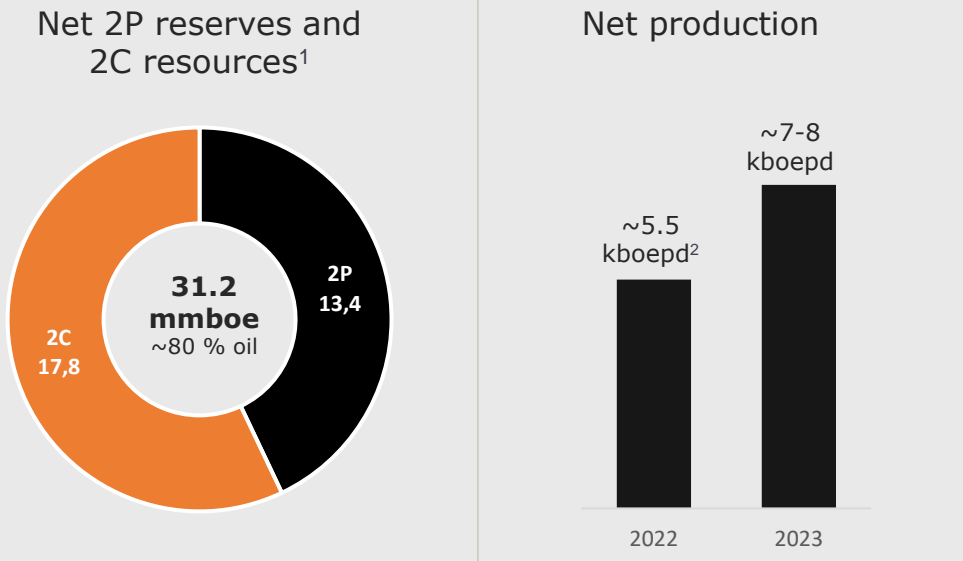
- Electrification is widely recognised as a key contributor to reduce emissions from the NCS; particularly CO<sub>2</sub>
- Electrification of Draugen is also key towards a lifetime extension on the field from 2035 to 2040
  - Reduces opex
  - Increases gas export
- A common electrification project for Draugen and Njord
  - FID and PDO submission in Q4 2022
  - Start-up planned Q1 2027
- Annual reductions in emissions from 2027:
  - 200 000 tonnes CO<sub>2</sub>
  - 1 250 tonnes NO<sub>x</sub>

## Sketch of development solution for electrification Draugen and Njord

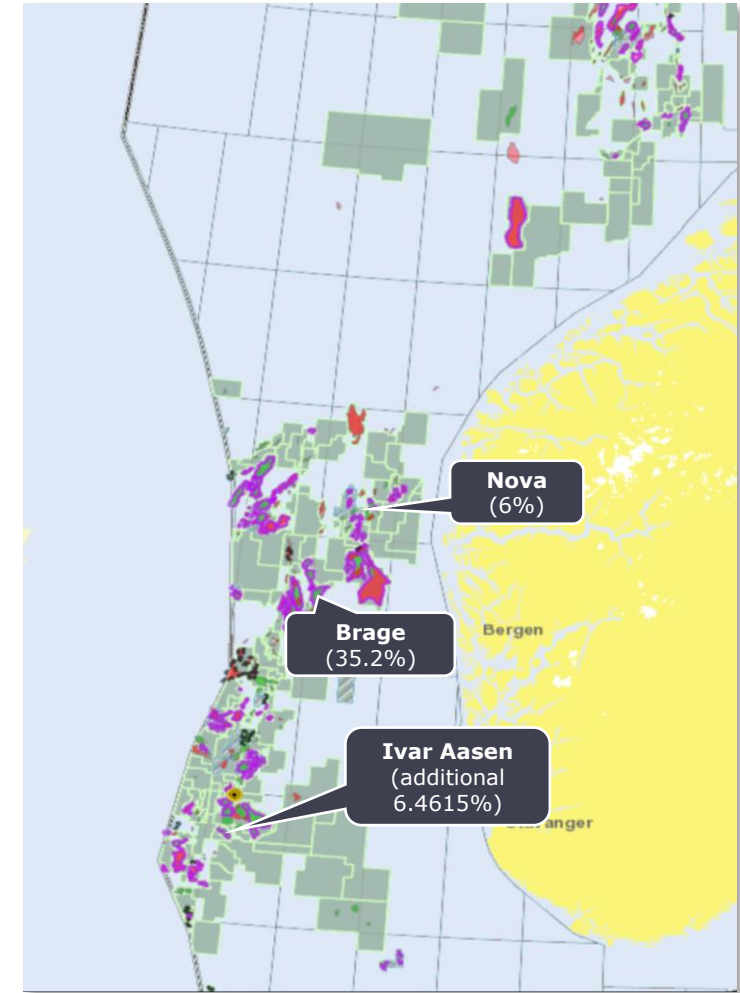


# Wintershall Dea assets onboarded

Targeting upsides, lifetime extension, and increased production efficiency



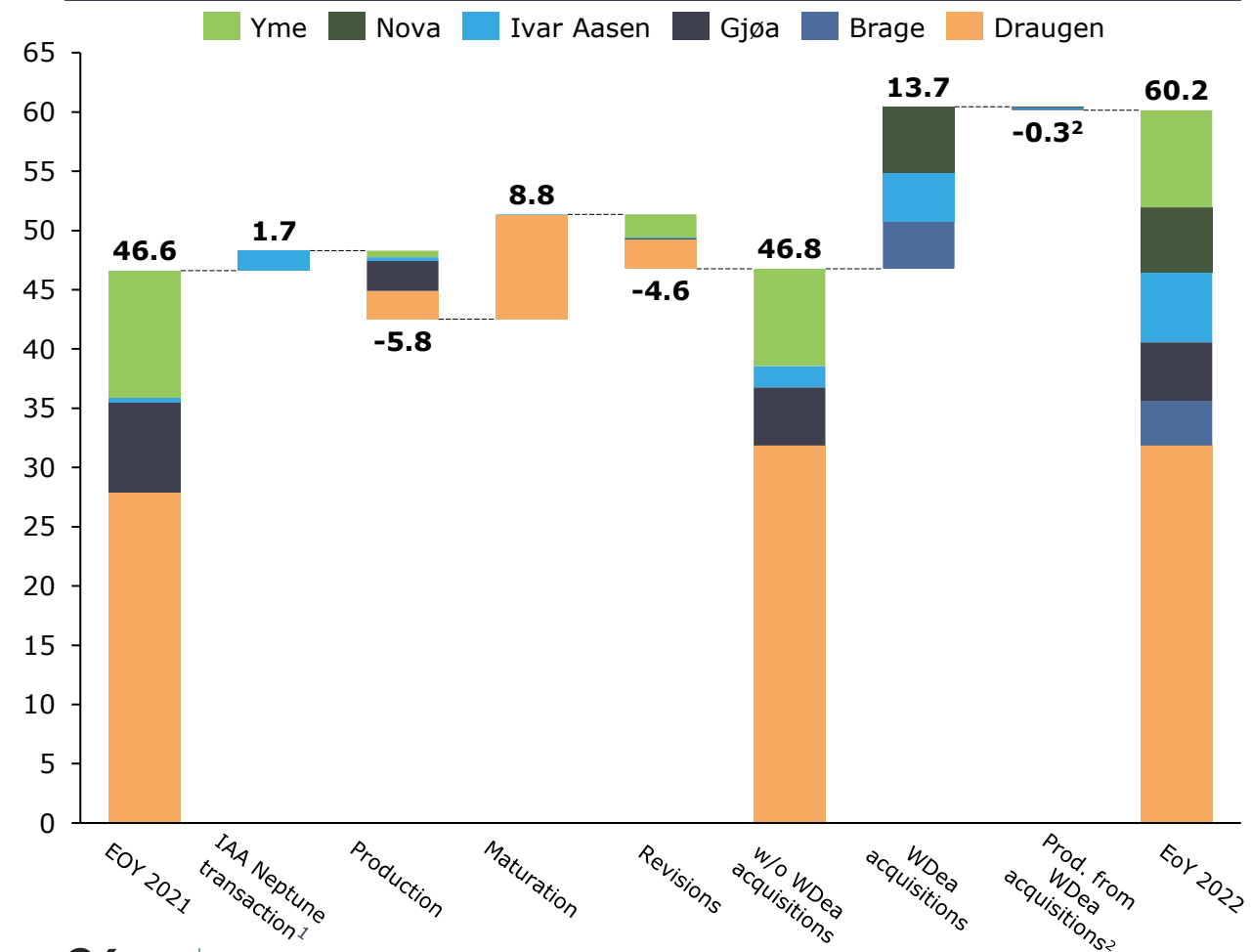
- Ambition to extend field life on Brage by targeting upsides, discoveries in the neighborhood, and infill drilling campaigns
- Improving production reliability
- Securing portfolio diversification, higher exposure to Ivar Aasen and increased presence in the northern North Sea
- Net production increase in 2023 by ~33%; increase in 2P reserves by ~25%; increase in 2C resources by ~45%





# OKEA net reserves (2P) 60 mmboe – up 29% from end-2021

## OKEA 2P reserves development during 2022



## OKEA net reserves (2P) and net contingent resources (2C)

### Maturation

- Significant increase in Draugen reserves related to maturation of Power from Shore project (incl. lifetime extension to 2040) and the subsea pump upgrade

### Revisions

- Reduction in Yme reserves mainly due to early water breakthrough in wells
- Revision at Draugen due to D-1 AH moved to contingent resources following operational limitations

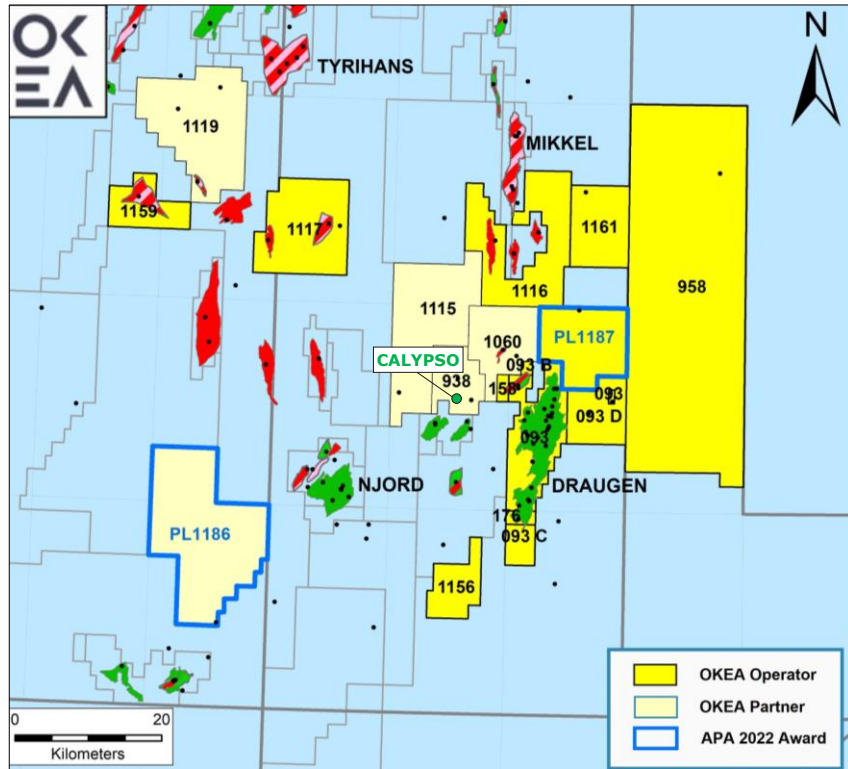
### Acquisitions

- 35.2% WI (op.) in Brage, 6.4615% WI in Ivar Aasen and 6% WI in Nova from Wintershall Dea; 2.223% WI in Ivar Aasen from Neptune Energy
- Significant 2C resources at Brage of 15.5 mmboe

## OKEA net reserves (2P) and net contingent resources (2C) EOY 2022

mmboe	Draugen	Brage	Gjølå	Ivar Aasen	Nova	Yme	Galtvort	Aurora	Total
Reserves (2P)	31.9	3.8	4.9	5.9	5.5	8.2	-	-	60.2
Contingent resources (2C)	5.2	15.5	3.9	1.8	1.0	0.5	3.6	8.7	40.2

# Additional potential for organic growth added to portfolio

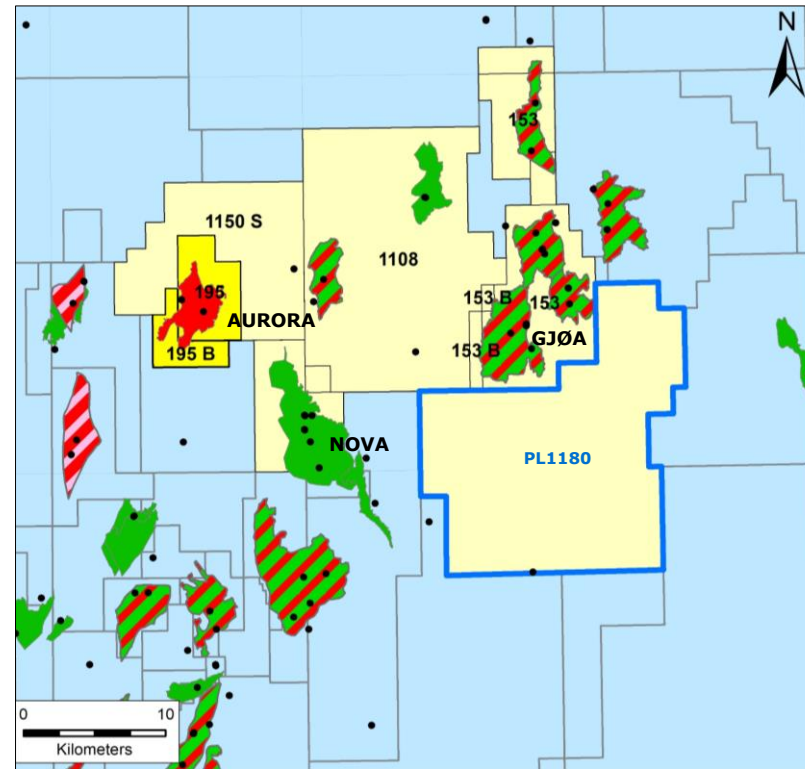


## Four licences awarded in APA 2022

- Two OKEA-operated licences close to Draugen and Brage
- Two non-operated licences near Gjøa and Njord

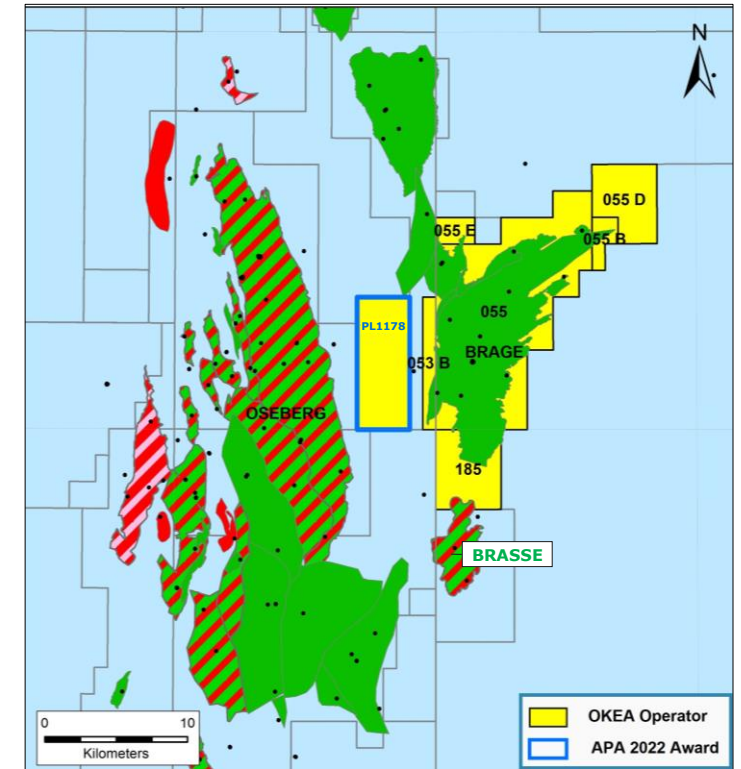
## Discovery in the Calypso well

- 6-22 mmboe near Draugen



## Entering the Brasse licence

- SPA signed with DNO in December for 50% WI; zero cost to OKEA
- Undertaking a fast-track, low cost review to assess whether a value-accretive development concept can be found
- 30 mmboe recoverable volumes only 13 km from Brage

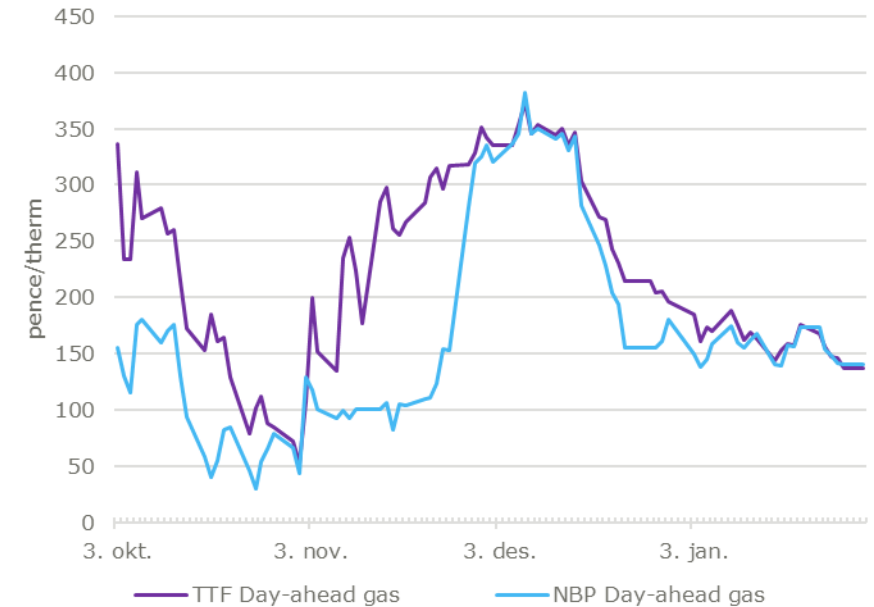


# Extreme volatility in European gas markets

Historical prices (Last 4 years)



NBP vs TTF (Q4 2022 incl. 2023 YTD)



- Oil prices turned bearish during the last months of 2022 with recent prices around 80 USD/bbl
- Winter came late for the European gas prices as temperatures were well above the seasonal average until it got colder in the final days of November. However, temperatures rose for the Christmas holiday and prices again dropped. Due to continued mild temperatures, healthy storage levels and dampened demand, prices have stayed relatively low for the beginning of 2023.
- The earlier substantial discount of NBP (UK) compared to TTF (Netherlands) disappeared with the arrival of winter in late November and the European gas hubs are now aligned.

Source: Refinitiv as of 30 January 2023

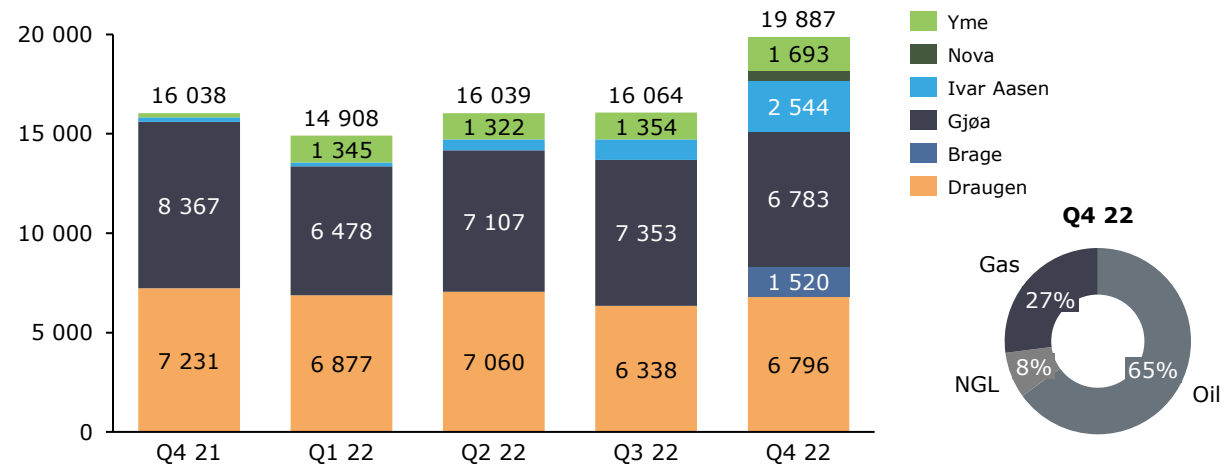




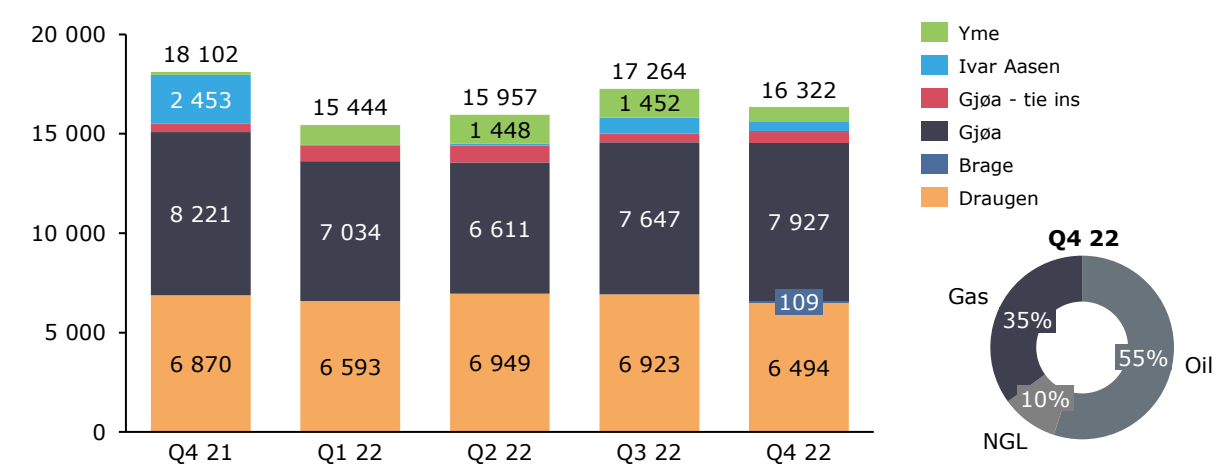
# Financials

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

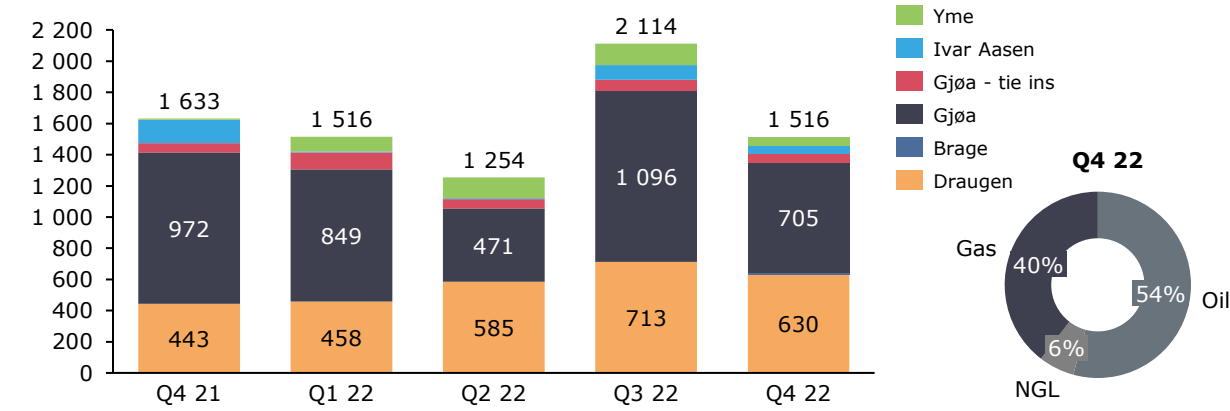
Production<sup>1</sup> (boepd)



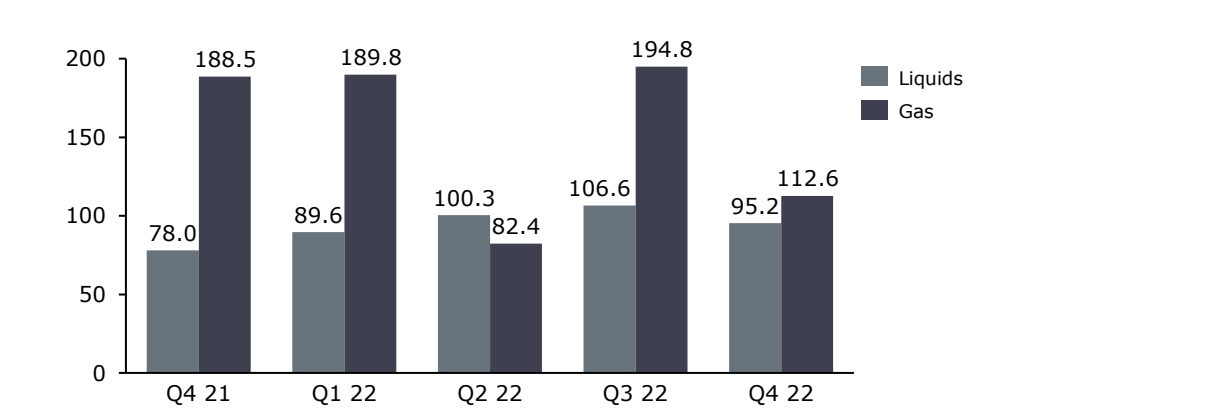
Sold volumes (boepd)



Revenue (NOK million)



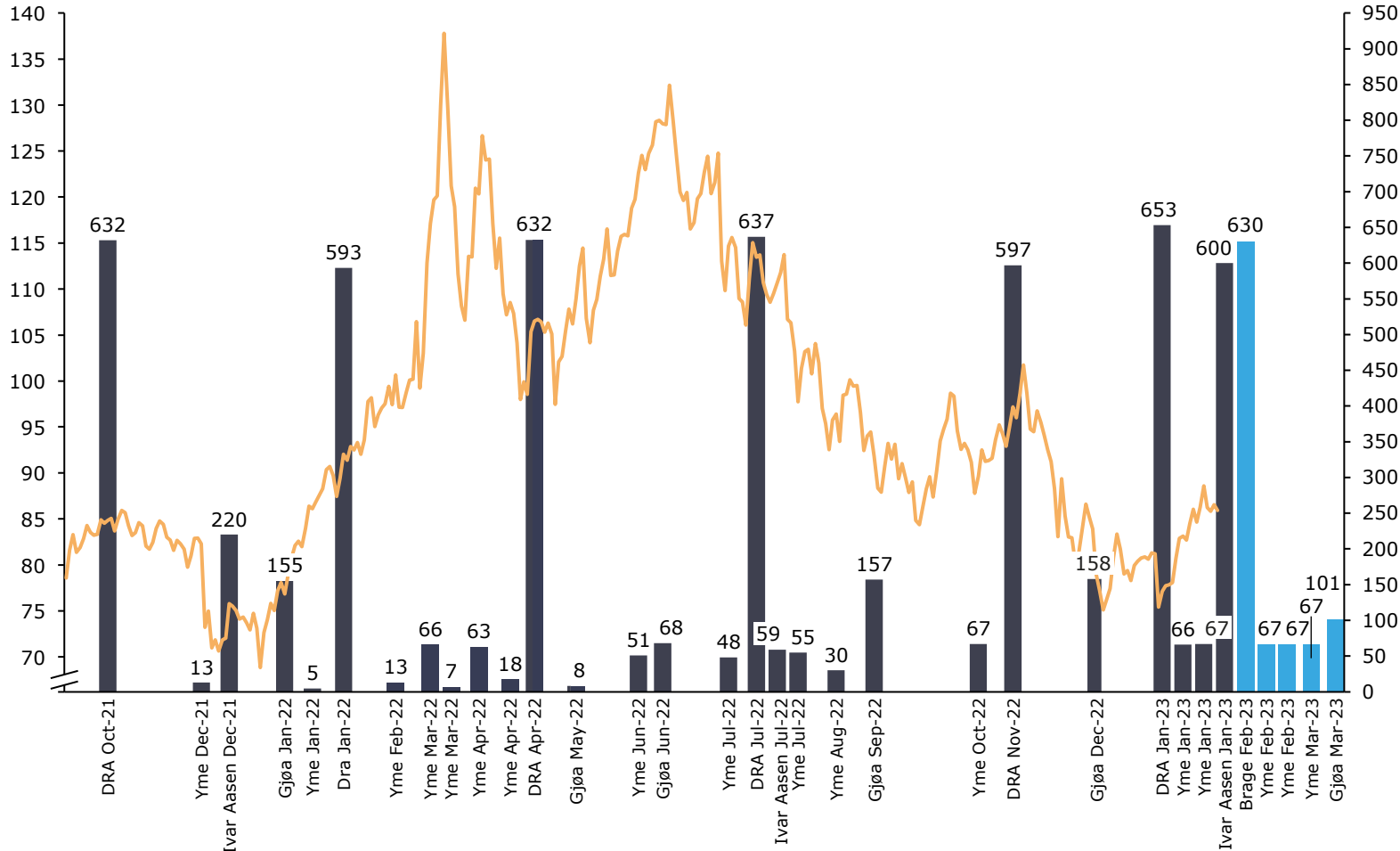
Realised price (USD per boe)



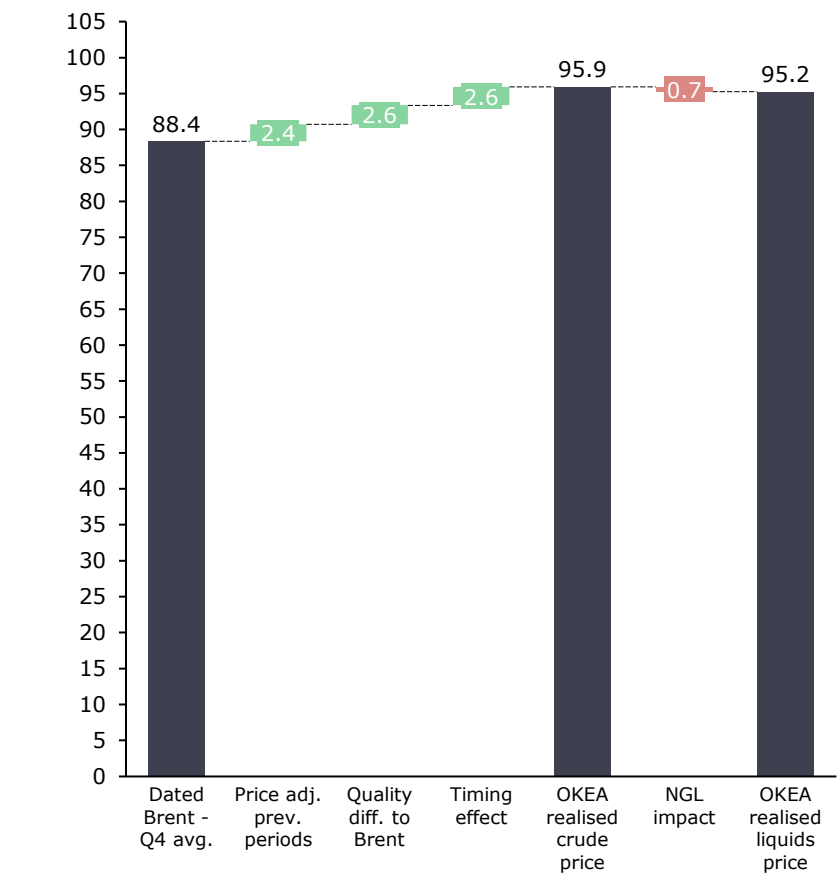
1) Daily production from Nova, Ivar Aasen and Brage is based on November and December production divided by 92 days in the quarter. Actual daily production was 21,450 boepd.

# Realised liquids prices

Lifted volumes vs Dated Brent – Q4 2021/Q1 2022E



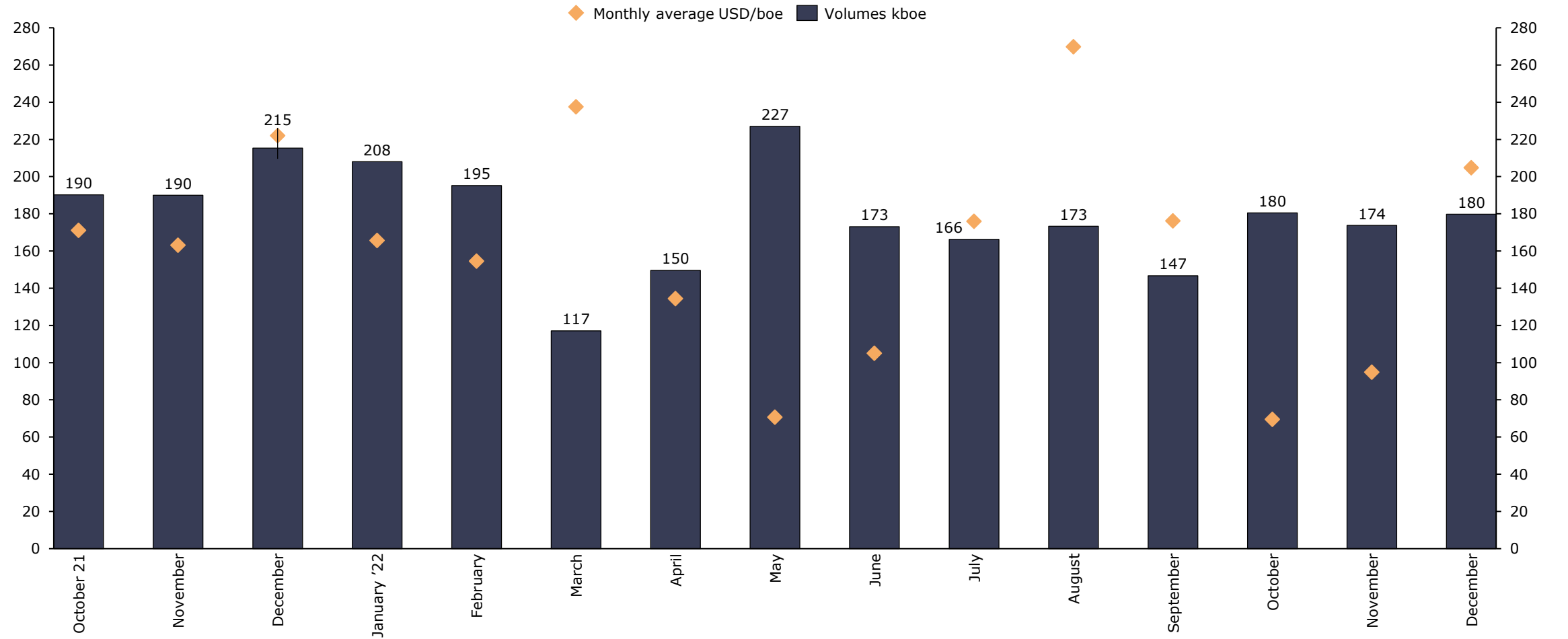
Lifted volumes vs Dated Brent – Q4





# Gas - Market prices (NBP) and sold volumes

Sold volumes vs average NBP gas market prices



# Income statement

Figures in NOK million	<b>Q4 22</b>	<b>Q3 22</b>	<b>Q4 21</b>	<b>2022</b>	<b>2021</b>
<b>Total operating income</b>	<b>1 664</b>	<b>2 143</b>	<b>1 725</b>	<b>6 653</b>	<b>3 882</b>
Production expenses	-522	-425	-291	-1 616	-860
Changes in over/underlift positions and inventory	222	-19	-41	297	23
Depreciation	-270	-176	-177	-769	-672
Impairment (-) /reversal of impairment	-251	-609	-367	-498	364
Exploration, general and adm. expenses	-277	-63	-135	-540	-438
<b>Profit / loss (-) from operating activities</b>	<b>565</b>	<b>851</b>	<b>715</b>	<b>3 526</b>	<b>2 298</b>
Net financial items	94	-113	-61	-311	-192
<b>Profit / loss (-) before income tax</b>	<b>659</b>	<b>738</b>	<b>654</b>	<b>3 215</b>	<b>2 106</b>
Income taxes	-335	-633	-370	-2 545	-1 503
<b>Net profit / loss (-)</b>	<b>324</b>	<b>104</b>	<b>283</b>	<b>670</b>	<b>603</b>
<b>EBITDA</b>	<b>1 086</b>	<b>1 636</b>	<b>1 258</b>	<b>4 793</b>	<b>2 607</b>

## Q4 22 comments

### Operating income:

- Revenue from sales of petroleum products of NOK 1 516 million
- Net gain on gas hedging of NOK 86 million

### Production expenses:

- NOK 522 million or 258 NOK/boe
  - Increased absolute expense mainly due new assets
  - High cost per boe additionally driven by shutdown and production below expectations at Yme

### Impairment:

- NOK 251 million impairment at Yme, mainly driven by production phasing

### Exploration, general and administrative expenses:

- Seismic purchase of NOK 86 million
- Expensing of Hamlet well of NOK 79 million
- SG&A expenses of NOK 87 million; high mainly due to Brage transition expenses and annual recalculation of activities distributable to licences

### Net financial items:

- Net expensed interest of NOK 23 million
- Net currency gain of NOK 115 million

### Income taxes:

- Effective tax rate of 51%; low due to gain on financial items/hedging taxed at 22%

# Statement of financial position

Figures in NOK million

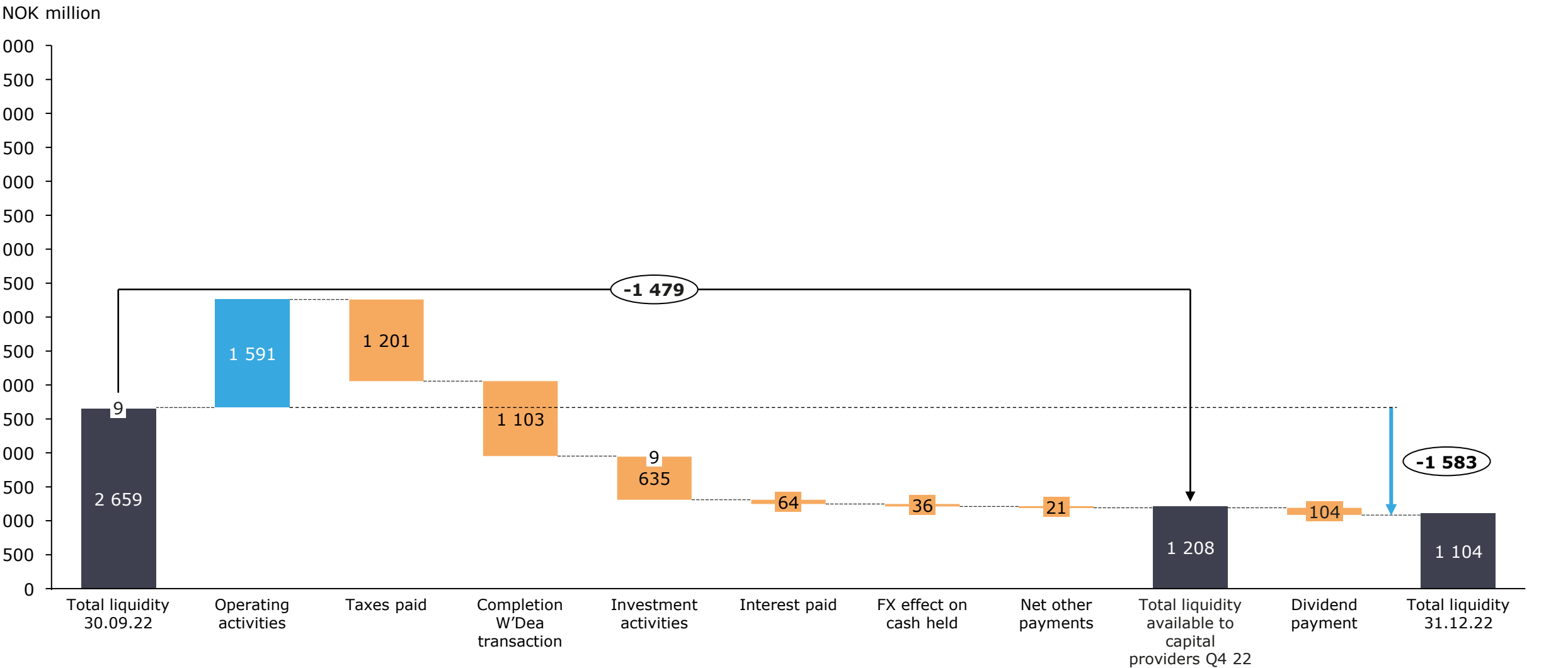
<b>Assets</b>	<b>31.12.2022</b>	<b>30.09.2022</b>	<b>31.12.2021</b>
Goodwill	1 297	801	769
Oil and gas properties	6 556	4 718	4 685
Asset retirement reimbursement right	3 662	2 486	3 108
Trade and other receivables	1 744	1 347	1 053
Financial investments	0	9	210
Tax refund, current	0	0	0
Cash and cash equivalents	1 104	2 668	2 039
Other assets	1 258	539	509
<b>Total assets</b>	<b>15 621</b>	<b>12 568</b>	<b>12 373</b>
<b>Total equity</b>	<b>2 078</b>	<b>1 857</b>	<b>1 709</b>
<b>Liabilities</b>			
Asset retirement obligations	5 915	3 621	4 237
Deferred tax liabilities	2 835	1 962	1 736
Interest bearing bond loans	1 179	1 298	2 295
Other interest bearing liabilities	508	572	493
Trade and other payables	2 220	1 193	787
Income tax payable	477	1 749	773
Other liabilities	410	317	343
<b>Total liabilities</b>	<b>13 543</b>	<b>10 711</b>	<b>10 664</b>
<b>Total equity and liabilities</b>	<b>15 621</b>	<b>12 568</b>	<b>12 373</b>

## Q4 22 comments

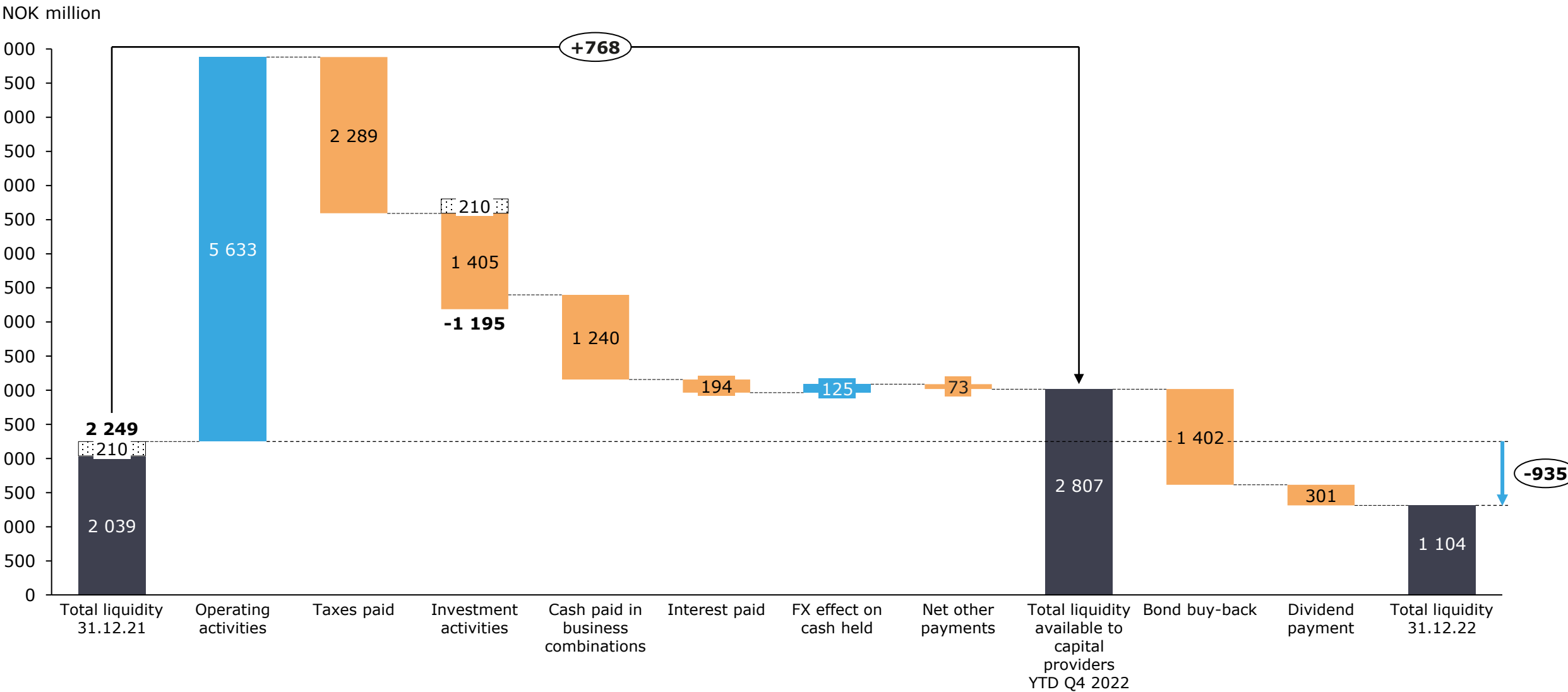
- Goodwill of NOK 1 297 million
- Cash and cash equivalents of NOK 1 104 million
- Tax payable of NOK 477 million
- Interest-bearing bond loans of NOK 1 179 million
- Other interest-bearing liabilities of NOK 508 million related to financial lease of the Inspirer rig at Yme
- Trade and other payables of 2 220 million
- Asset retirement obligation of NOK 5,915 million partly offset by asset retirement reimbursement right of NOK 3,662 million



# Cash development Q4 2022



# Cash development YTD 2022



# Dividends according to plan

Dividend of NOK 1.00 per share to be paid in March

## Capital allocation principles

1

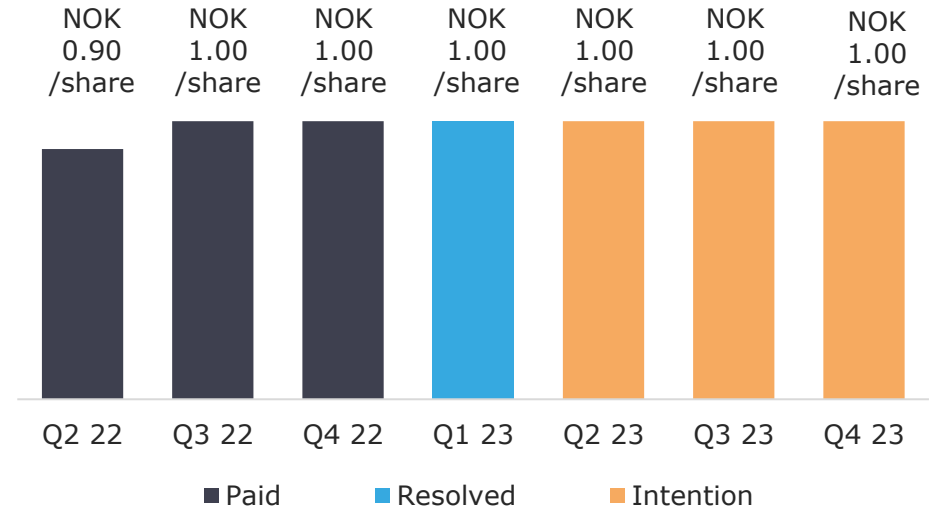
Maintain  
**financial flexibility**

2

Ensure  
**robust portfolio**

3

Healthy balance between  
**growth and dividends**



- The OKEA board has resolved to distribute NOK 1.00 per share in March
- The OKEA board also reaffirms its intention to distribute NOK 1.00 per share in each of the remaining quarters in 2023; in total NOK 4.00 per share intended distributed in 2023
- Future 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



# Outlook

## Production

- Production for 2022 ended at 15,822 boepd in line with latest guiding<sup>1</sup>
- Production guidance of 22,000–25,000 boepd in 2023
  - Planned turnaround at Ivar Aasen with expected downtime 1-2 weeks in Q1
  - Planned turnaround at Draugen with expected downtime of 23 days in Q2

## Capex

- Capex for 2022 ended at NOK 1,089 million in line with guiding
- Capex guidance of NOK 1,700–2,100 million in 2023
  - Excludes capitalised interest and exploration capex
  - Comprises completion of the Hasselmus project, Draugen power from shore, Brage infill drilling and other



# Summary



# Summary



Delivering on growth strategy by successfully finalising the acquisition of assets from Wintershall Dea and transferring the operatorship on Brage in line with plan

Continued solid performance at Draugen and Gjøa; Production challenges at Yme and Nova – mitigating actions progressing

Projects progressing well; Hasselmus according to plan and FID taken on electrification of Draugen

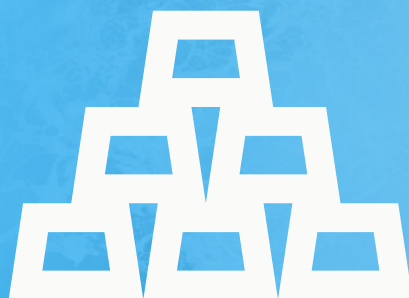
Additional potential for organic growth with the award of four licenses in APA 2022 and Brasse added to the portfolio at zero cost

Record high net profit after tax; cash dividends distributed to shareholders

## Q&A



Growth



Value creation



Capital discipline



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