



› Presentation of fourth quarter 2019

OKEA ASA

13 February 2019

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# Highlights of 2019

Safe and responsible operations  
(Serious incidents)

0

Net production to OKEA  
(Barrels o.e. per day)

18 663

Cash flow from operating activities  
(NOK million)

2 111



# Highlights 4th quarter 2019

## Operations

- No serious incidents
- Production 17 020 boepd
- Completed first operated drilling campaign

## Financial

- Refinancing of USD 120 million bond
- Revenues from oil and gas NOK 534 million
- Profit from operating activities NOK 55 million
- Cash flow from operations NOK 238 million

## New opportunities

- Awarded five licences in APA 2019



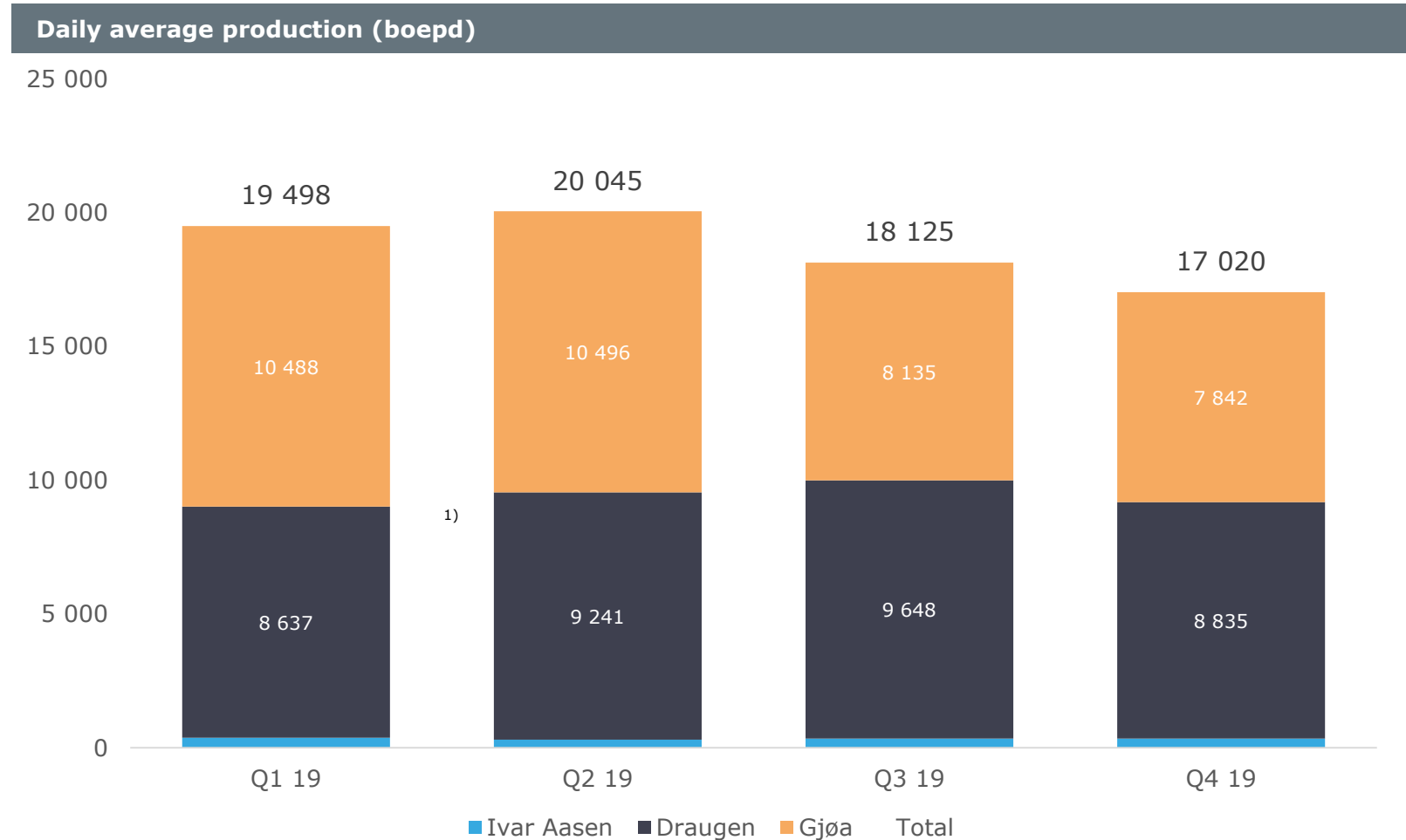


# Operations

Tor Bjerkestrand, SVP Operations

# Production volumes Q4

Lower production due to maintenance and well shut-in



- 5% production decrease from Q3 2019 to Q4 2019
- Lower Draugen production mainly due to shut-in of well
- Gjøa production impacted by unplanned shut-down and SEGAL capacity



# OKEA's first operator year – Draugen from harvest to development mode



**Field strategy,  
organisation and  
development plans**

**Improved  
operations and  
drilling excellence**

**Projects for  
emission reduction  
initiated**

**OKEA & ABB digital  
collaboration**



Production last seven days (24hr periods)



Production now



**54** USD/barrel

Source: U.S. Energy Information Administration  
Last updated on 2020-02-03.



**522 800** USD

Estimated production value today based on a 54 USD/barrel price.



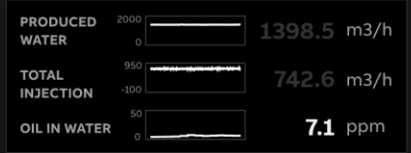
**3** °C

PRESSURE **1016.3** hPa  
 RAIN **0** mm  
 WIND **7.5** m/s  
**ESE**

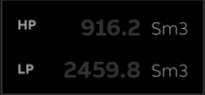
Weather forecast from Yr, delivered by the Norwegian Meteorological Institute and NRK.



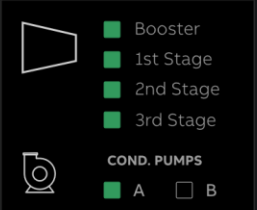
WATER INJECTION



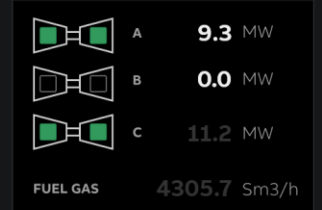
FLARE TODAY



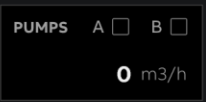
COMPRESSORS



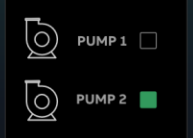
POWER TURBINES



CRUDE LOADING



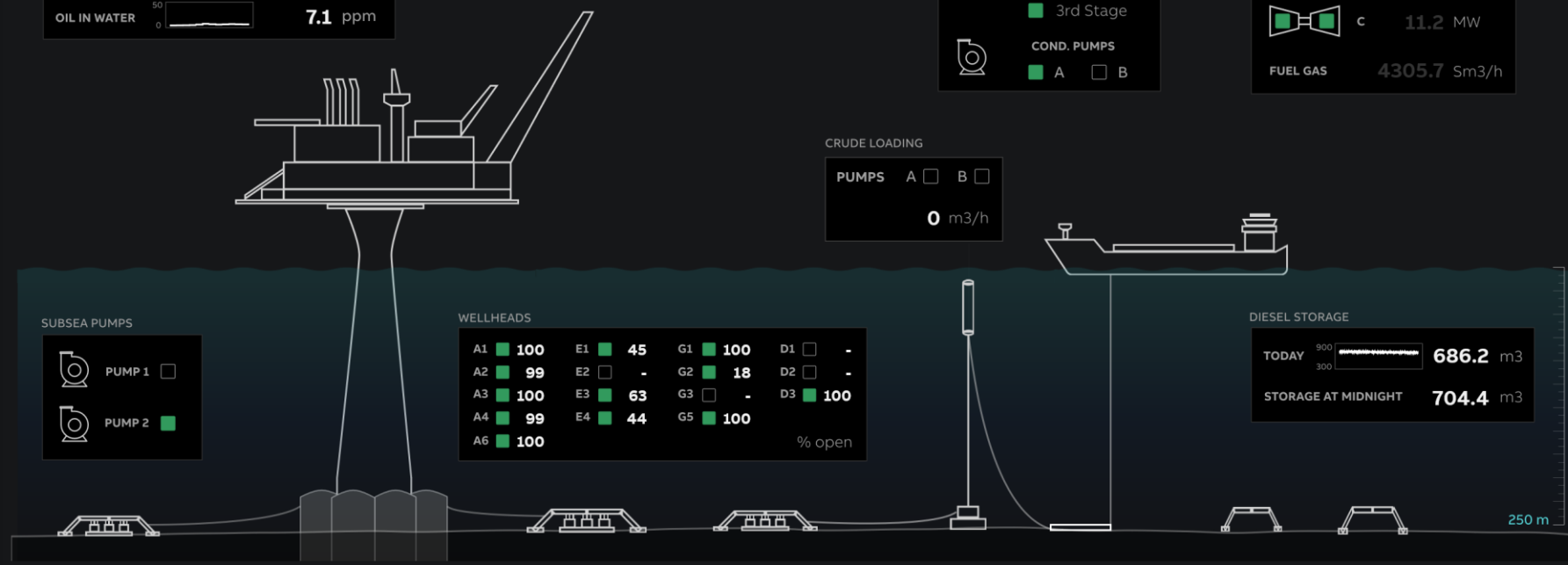
SUBSEA PUMPS



WELLHEADS

A1	<input checked="" type="checkbox"/>	100	E1	<input checked="" type="checkbox"/>	45	G1	<input checked="" type="checkbox"/>	100	D1	<input type="checkbox"/>	-
A2	<input checked="" type="checkbox"/>	99	E2	<input type="checkbox"/>	-	G2	<input checked="" type="checkbox"/>	18	D2	<input type="checkbox"/>	-
A3	<input checked="" type="checkbox"/>	100	E3	<input checked="" type="checkbox"/>	63	G3	<input type="checkbox"/>	-	D3	<input checked="" type="checkbox"/>	100
A4	<input checked="" type="checkbox"/>	99	E4	<input checked="" type="checkbox"/>	44	G5	<input checked="" type="checkbox"/>	100			% open
A6	<input checked="" type="checkbox"/>	100									

DIESEL STORAGE



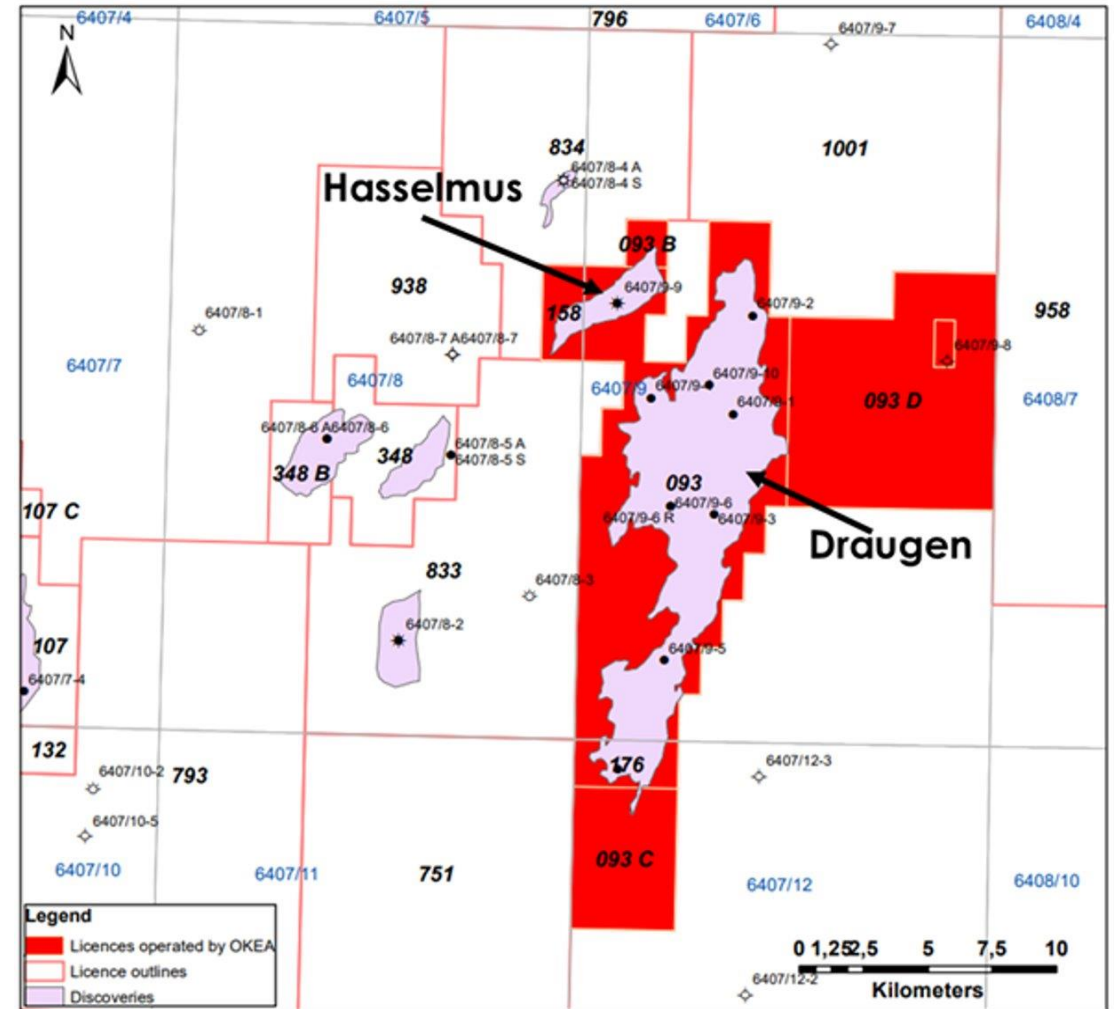
250 m

# Draugen Long Range Plan 2019 – Vision and strategic priorities

## Vision: Draugen 2040+

Value drives	Ambition
Safe production	<ul style="list-style-type: none"> <li>No harm no leaks</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Prudent operator</li> </ul>
Well and reservoir potential	<ul style="list-style-type: none"> <li>Ultimate Recovery 70%</li> <li>Near-field exploration</li> <li>Develop Draugen as hub</li> </ul>
Plant regularity/ quality/ efficiency	<ul style="list-style-type: none"> <li>Availability 91%</li> <li>Reliability 95%</li> <li>Production optimisation 6%</li> </ul>
Cash flow	<ul style="list-style-type: none"> <li>Always cash positive</li> <li>Robust at 40 dollar/barrel</li> </ul>
Maximise field life	<ul style="list-style-type: none"> <li>End of field life 2040+</li> </ul>

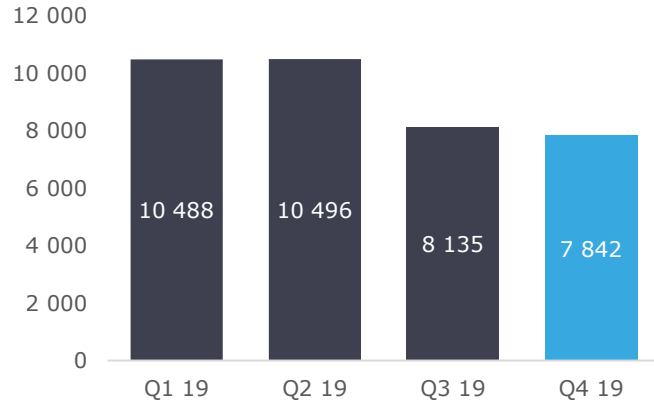
Hasselmus – 1st tieback to Draugen



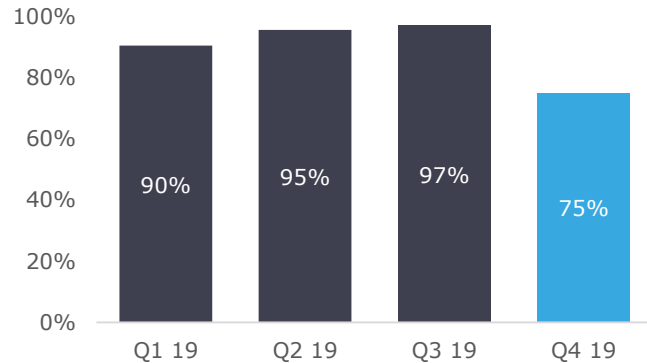
# Gjøa operations

Lower production due to unplanned maintenance

## Net production (1 000 boepd)



## Production regularity

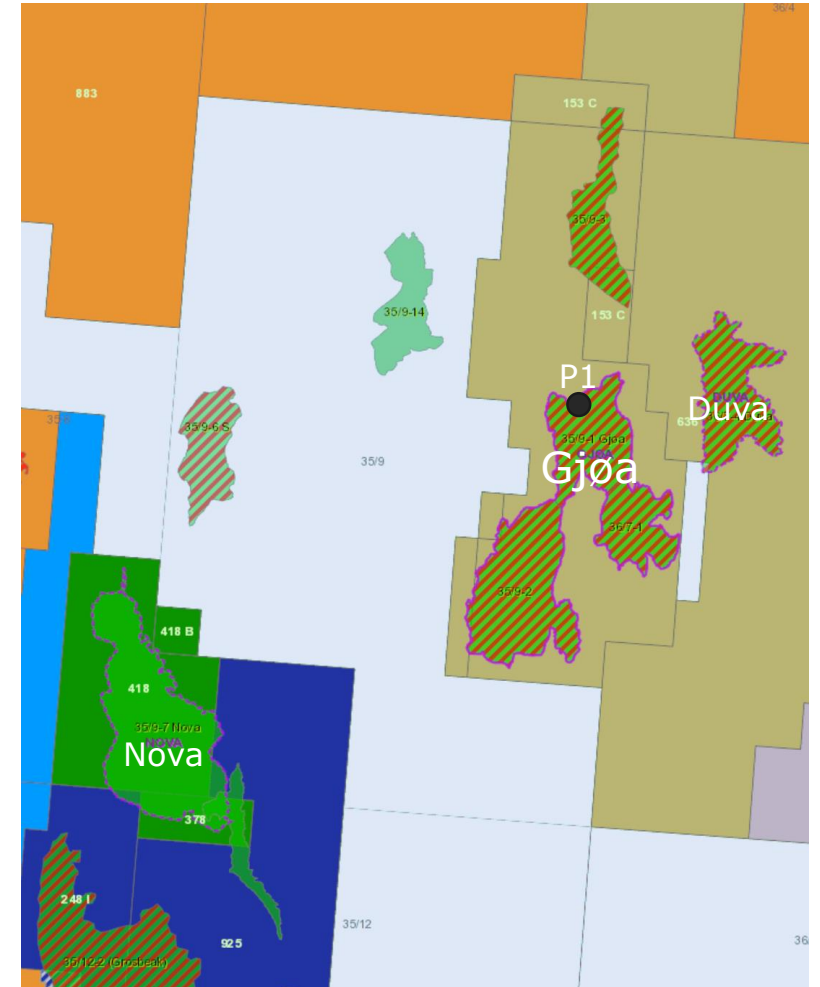


## Q4 Operations

- Lower production mainly due to unplanned turbine replacement
- Lower SEGAL capacity restraining gas export
- Gas export restrictions ended 23 December

## Next steps

- Hamlet appraisal drilling
- Develop Galler prospect
- Planned downtime on Gjøa in 2020 due to three ongoing tieback projects
- Complete the P1 development by year end



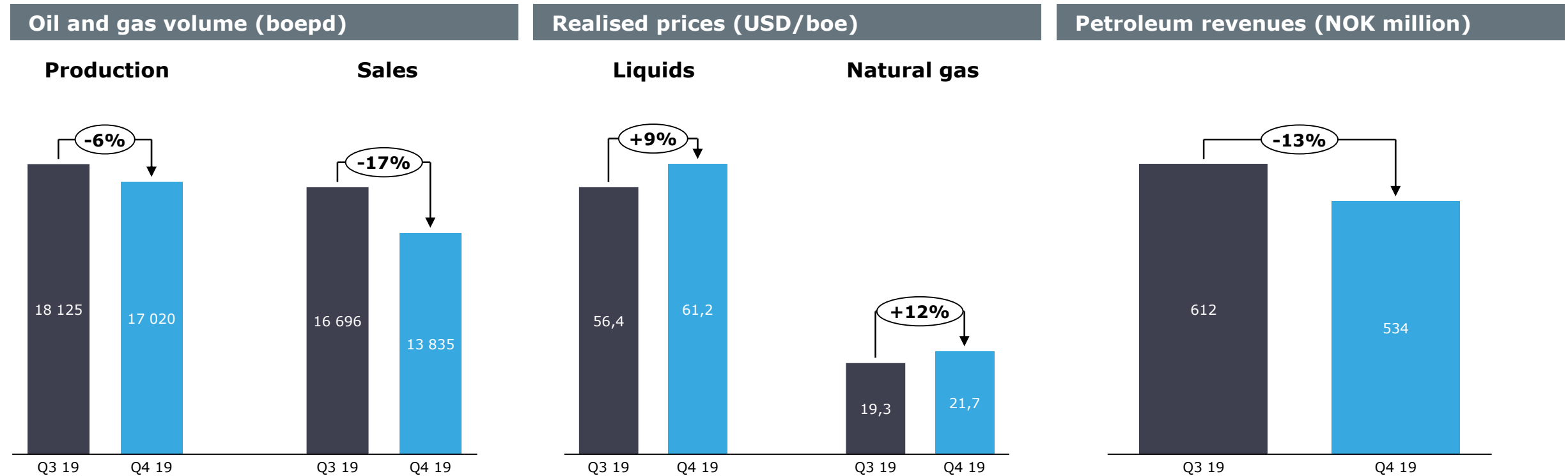


# Financials

Kjersti Hovdal, SVP Accounting and Controlling

# Oil and gas production, sales and revenues

Revenue decrease mainly due lower produced and sold volumes, offset by increased prices



# Income statement

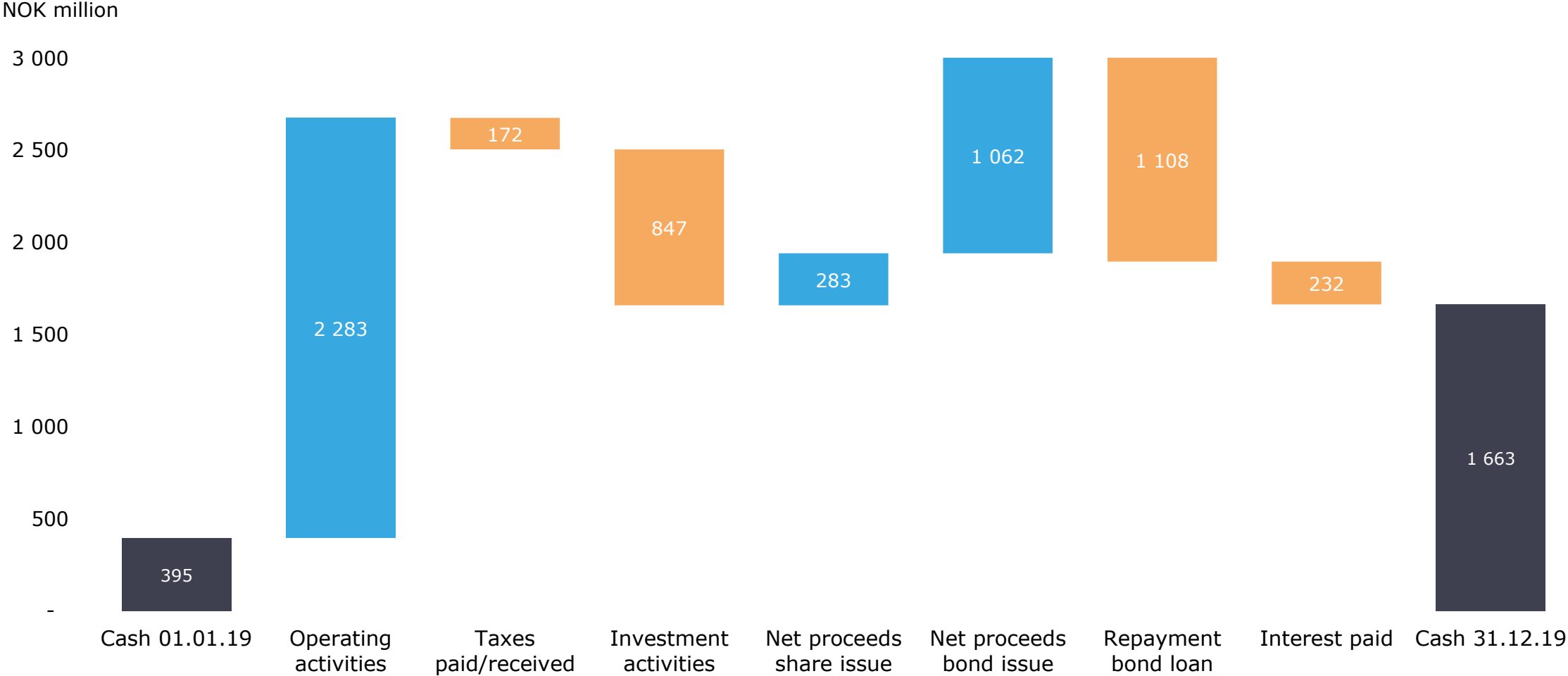
Decrease in operating income due to lower volumes lifted

Figures in NOK million	4th quarter		3rd quarter		Full year	
	2019	2018	2019	2018	2019	2018
<b>Total operating income</b>	564	181	622	97	3 020	309
Production expenses	-205	-90	-144	-2	-709	-97
Changes in over/underlift positions and inventory	42	130	41	-3	-272	133
Depreciation and impairment	-171	-82	-177	-6	-809	-100
Exploration and operating expenses	-176	-89	-115	-51	-402	-197
<b>Profit / loss (-) from operating activities</b>	<b>55</b>	<b>51</b>	<b>227</b>	<b>36</b>	<b>827</b>	<b>49</b>
Net financial items	-90	-241	-225	-66	-408	-349
<b>Profit / loss (-) before income tax</b>	<b>-35</b>	<b>-190</b>	<b>1</b>	<b>-30</b>	<b>419</b>	<b>-300</b>
Income taxes	33	131	-79	-34	-491	144
<b>Net profit / loss (-)</b>	<b>-2</b>	<b>-59</b>	<b>-77</b>	<b>-64</b>	<b>-71</b>	<b>-156</b>
<b>EBITDA</b>	<b>226</b>	<b>133</b>	<b>404</b>	<b>42</b>	<b>1 636</b>	<b>149</b>

## Q4 Comments

- **Income:** One lifting on Draugen, lower production and lifting on Gjøa vs. Q3
- **Production expenses:** Higher than average mainly due to well maintenance work on wells on Draugen
- **Exploration expenses:** Dry well Skumnisse, Infill Ø now capitalised, dry well PL910 Kathryn (Yme area). Seismic costs and field evaluation
- **Financials:** favourable USD/NOK, offset by some costs related to refinancing expensed in Q4
- **Taxes:** deviation from 78% mainly due to impairment, financial items and uplift

# Strong cash generation in 2019





# Outlook & concluding remarks



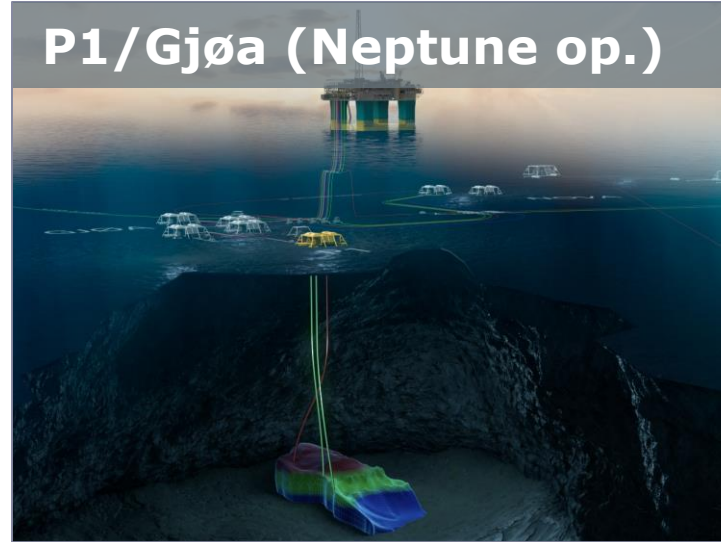
# Development projects

## Yme (Repsol operated)



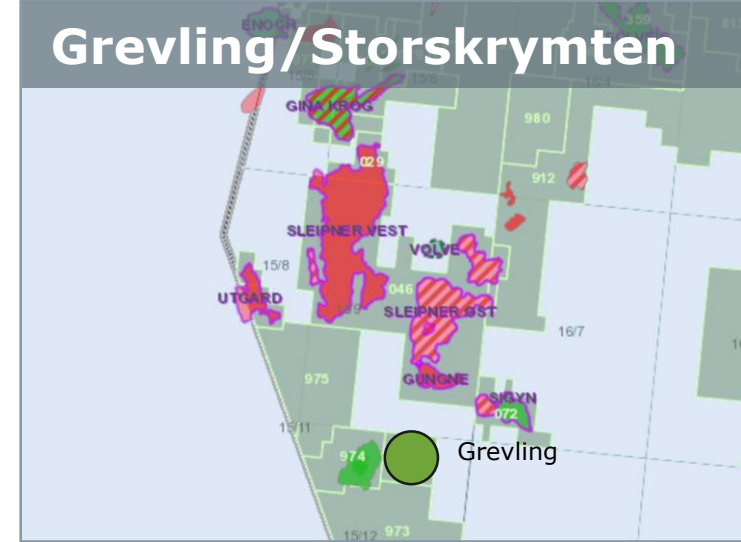
- Ongoing rig campaign, commenced in October
- Progressing towards hook-up
- Aker Solution to complete onshore modification in 2Q
- Planned production start summer 2020

## P1/Gjøa (Neptune op.)



- Good progress on the project, with appraisal well ongoing
- Two production wells to be drilled later in 2020
- Production start early Q1 2021

## Grevling/Storskrymten

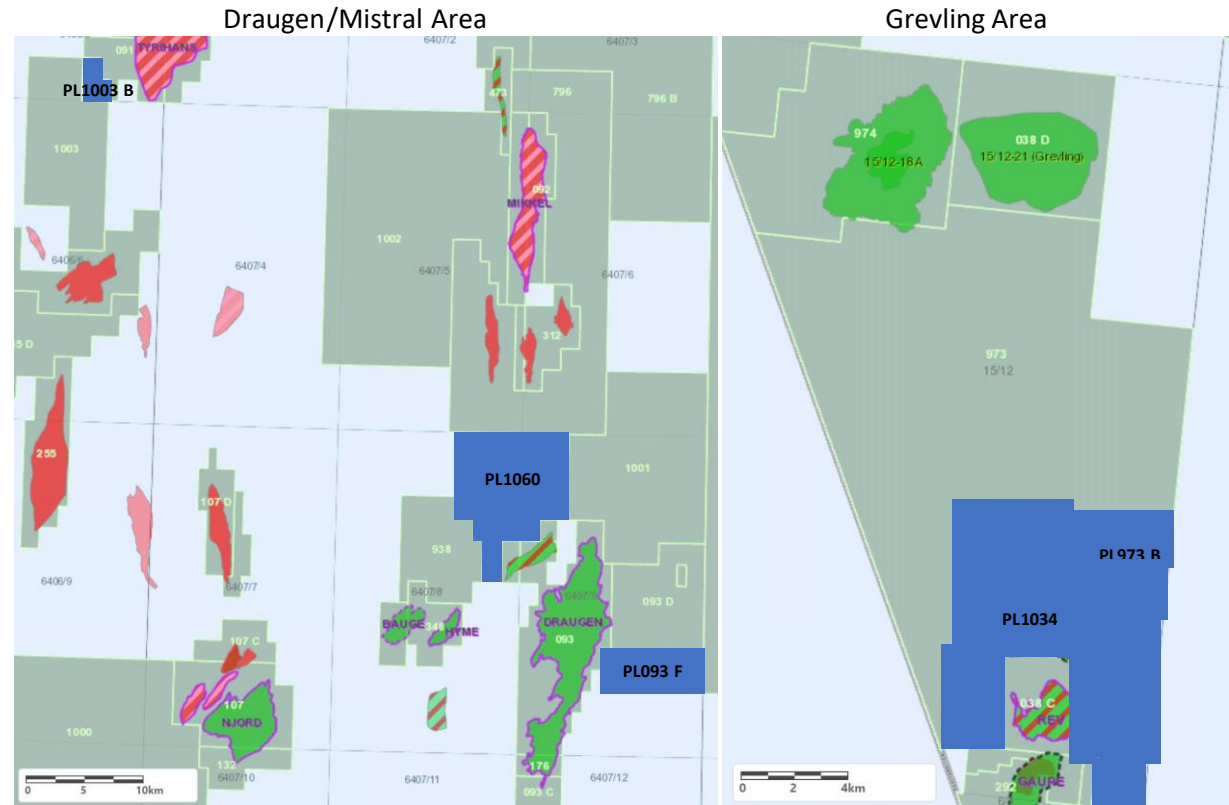


- Maturing Grevling/Storskrymten towards concept selection
- Two wildcats to be drilled in PL 973, south of Grevling in 2H 2020

# Successfully awarded five licenses in APA 2019

- Located in Draugen and Grevling areas
- Two new licences, three area extensions
- Potential support of Draugen lifetime
- Adding Grevling area exploration upside

License	Block(s)	Operator	OKEA share
<b>PL1060</b>	6407/8,9	Equinor Energy AS	40%
<b>PL1034</b>	15/12	Chrysaor Norge AS	40%
<b>PL973 B</b>	15/12	Chrysaor Norge AS	30%
<b>PL093 F</b>	6407/9	OKEA ASA	44.56%
<b>PL1003 B</b>	6406/3,6	OKEA ASA	60%



# Outlook

- Further realise Draugen potential
  - Increase recovery and continuous optimisation
  - Valuable information from the latest wells
- Guiding 2020
  - Production: 15 500 – 16 500 boepd<sup>1)</sup>
  - Total capex: NOK 850-900 million
- Financial flexibility
  - Strong cash flow
  - OKEA03 bond provides RBL flexibility
- Exploration drilling 2020
  - Two wells south of Grevling
  - One well at GjØa
- Selective on M&A opportunities
  - OKEA, one of few NCS oil companies with production operating capabilities



The image features a dark blue background with a light blue topographic map overlay. The map shows various contour lines and geographical features. In the center, there is a white logo consisting of the letters 'OK' stacked above 'EA'. Below the logo is a thin white horizontal line.

OK  
EA