



› Presentation of second quarter 2021

OKEA ASA

14 July 2021

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# OKEA second quarter 2021 results

## Highlights

### Second quarter 2021 highlights

#### Operations

- No serious incidents at Draugen, Covid-19 situation managed
- Production 13 210 boepd

#### Financials

- Operating income NOK 607 million
- EBITDA NOK 311 million
- Full impairment reversal Yme NOK 730 million pre-tax
- Net profit NOK 200 million
- Cash position increased by NOK 368 million to NOK 1 346 million

#### Positioned for growth

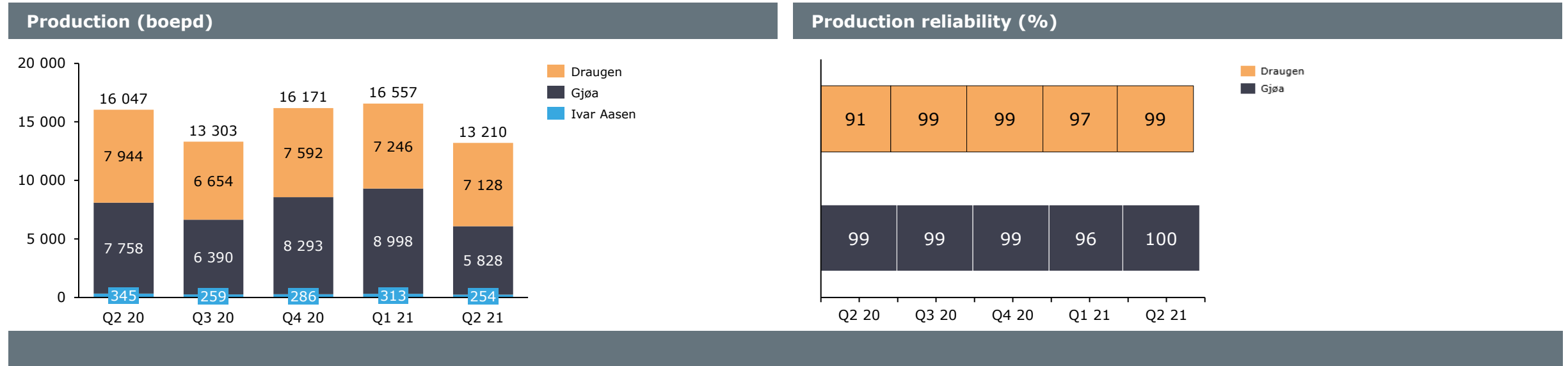
- Hasselmus as first OKEA operated project - first gas 2023
- Ginny exploration well operated by Equinor to be spud in Q4
- Yme start-up in H2 21 – major cost and cash flow improvements from reorganising operations and ownership of Maersk Inspirer

### OKEA-operated Draugen platform



# Oil and gas production and production reliability

Excellent production reliability; lower production due to planned maintenance on Gjølå



- 31-days planned maintenance at Gjølå in April/May - Turnaround partly due to tie-in work Duva and Nova fields
- Deferred production volumes due to tie-in work will be compensated from initial production from Duva and Nova
- Successful start-up of D2 subsea well on Draugen which had been shut-in since 2019
- Successful change-out of X-mas tree on well A6 and gas lift valve on well A1 on Draugen both back in production

# Safety and emissions

No leaks, no serious incidents

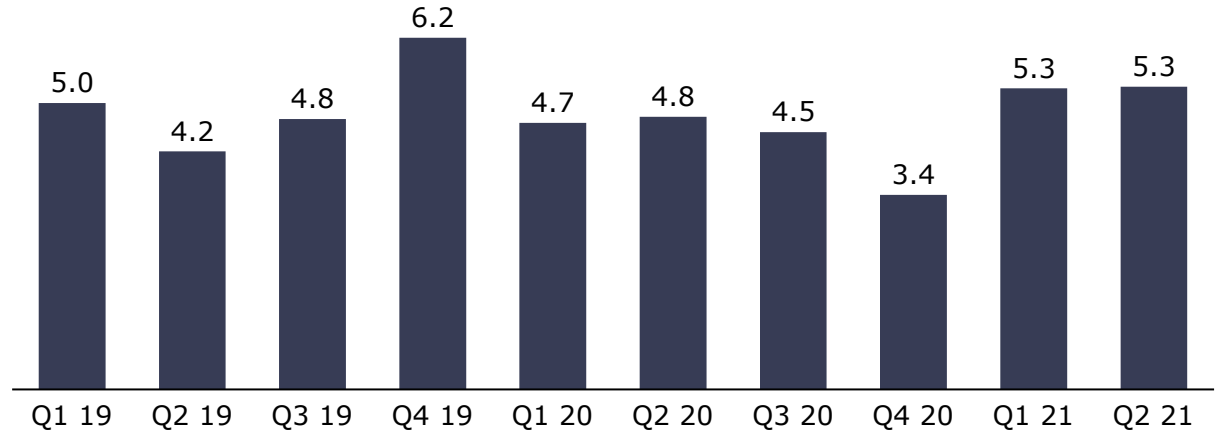
Serious Incident Frequency – per million work-hours

**Zero serious incidents  
last 2.5 years**

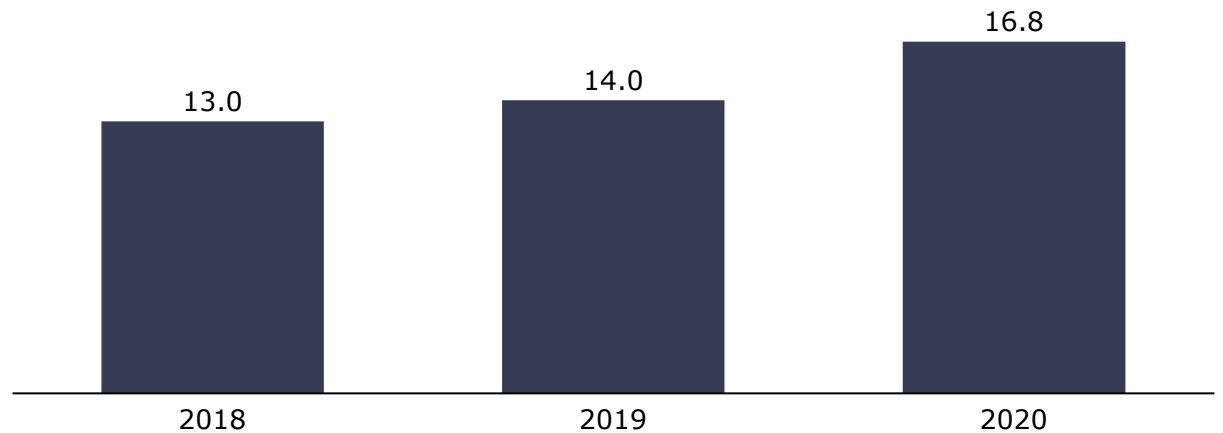
Number of hydrocarbon leaks > 0.1 kg/second

**Zero hydrocarbon leaks > 0.1 kg/second  
last 2.5 years**

Total Recordable Incident Frequency – per million work-hours



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



# Draugen – WI 44.56%

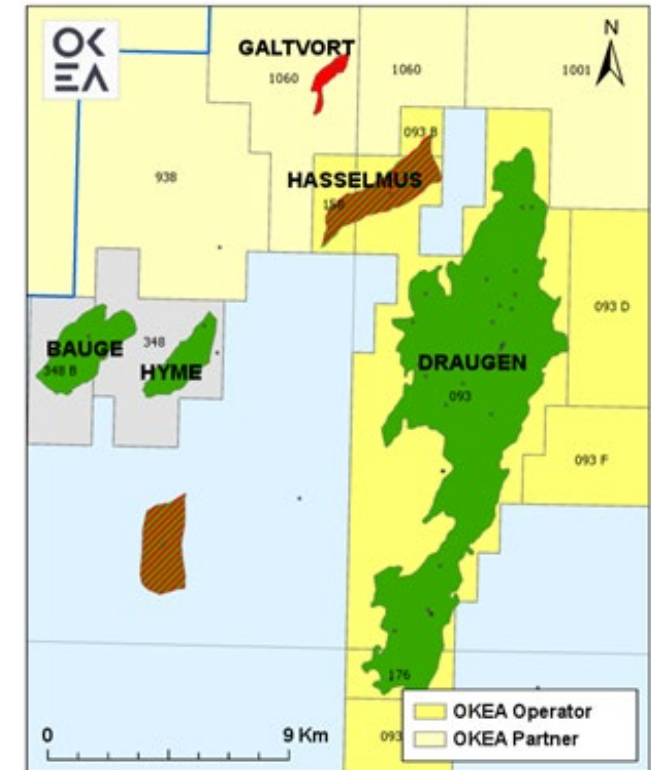


Production  
7 128 boepd

Production reliability  
99%



- Excellent operating performance and reliability
- FID on Hasselmus in Q2 21 - a subsea tie-back to Draugen
- First gas Q4 2023 – 4 400 boepd gross production plateau rate
- Gross capex estimated at NOK 2.4 billion – break-even USD 28/boe
- DG2 Draugen Power from shore planned in H2 21 with potential to reduce CO2-emissions by 200,000 tonnes/year
- Ambition to increase oil recovery to 70% and extend field lifetime to +2035 - a doubling of remaining reserves

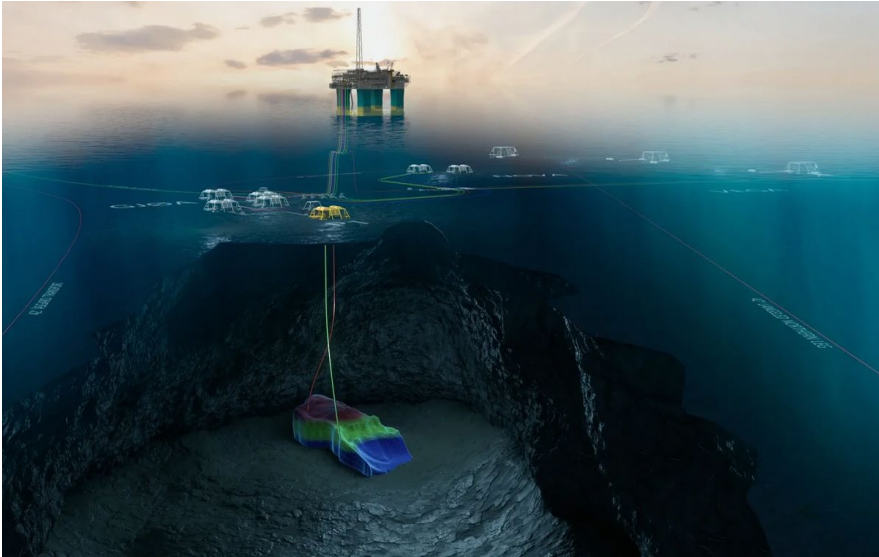


# Gjøa – WI 12%

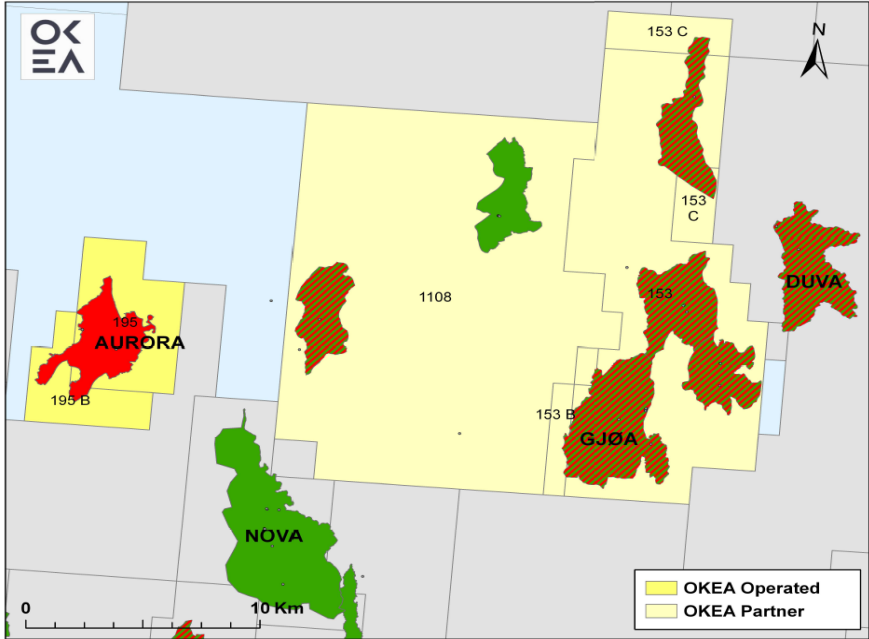


Production  
5 828 boepd

Production reliability  
100%



- Two new wells in the P1 segment onstream in Q1 21
- 31 days shut down in Q2 including tie-in of Duva and Nova
- OKEA to be compensated for deferred production when tie-in projects Nova and Duva come onstream in addition to ordinary tie-in tariffs
- Potential tie-in of the OKEA-operated Aurora discovery - possible appraisal well in 2022



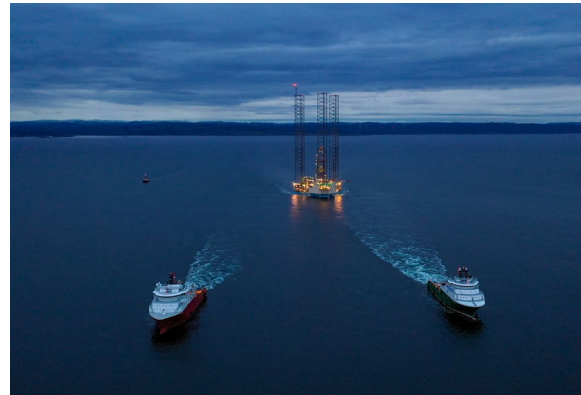
# Yme New Development – WI 15%



Plateau production  
7 500 boepd

Reserves  
9.4 mmboe\*

- The production jack-up Maersk Inspirer installed at location in Q4 20
- Project in final hook-up and commissioning phase progressing as planned
- Production start expected in H2 21
- Production 7 500 boepd net to OKEA at plateau - the first-year average 5 600 boepd net to OKEA compared to previous estimate 4 900 boepd
- Significant cost reductions and cash flow benefits from reorganising operations and ownership of Maersk Inspirer





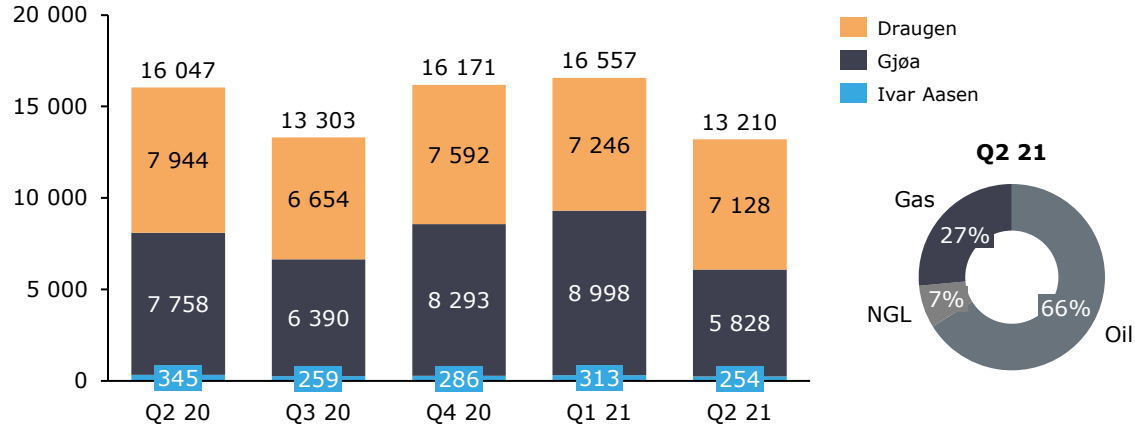


Financials

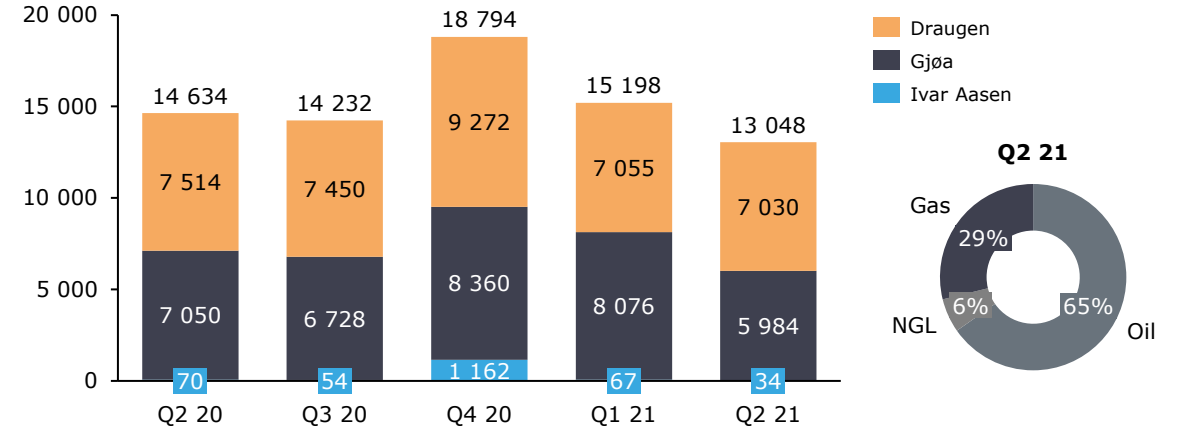
# Oil and gas production, sales and revenues per asset

Lower production, but revenue increase due to higher market prices

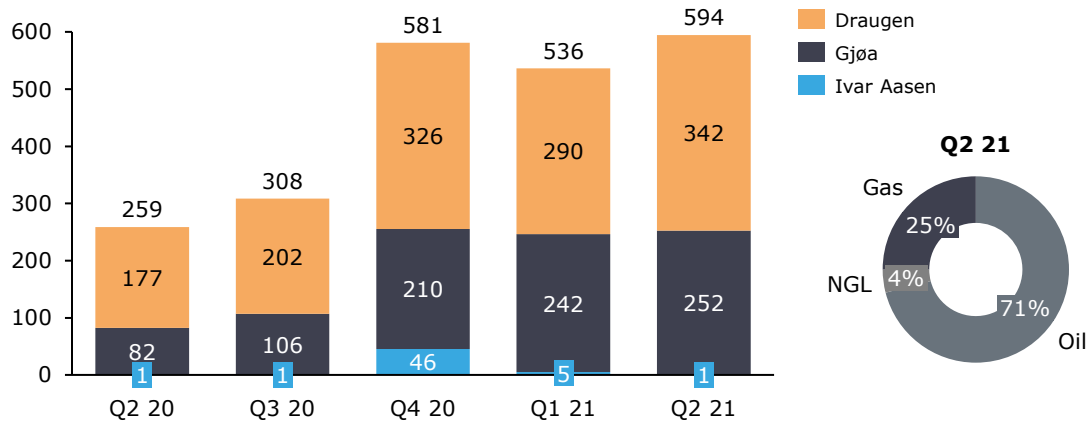
### Production (boepd)



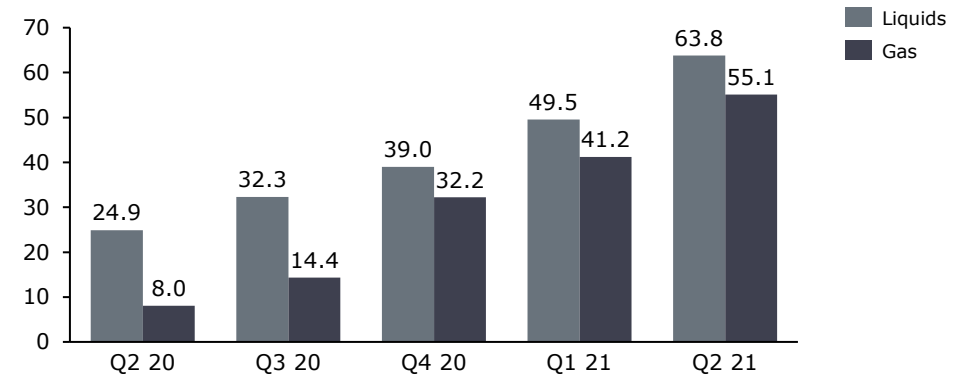
### Sold volumes (boepd)



### Revenue (NOK million)

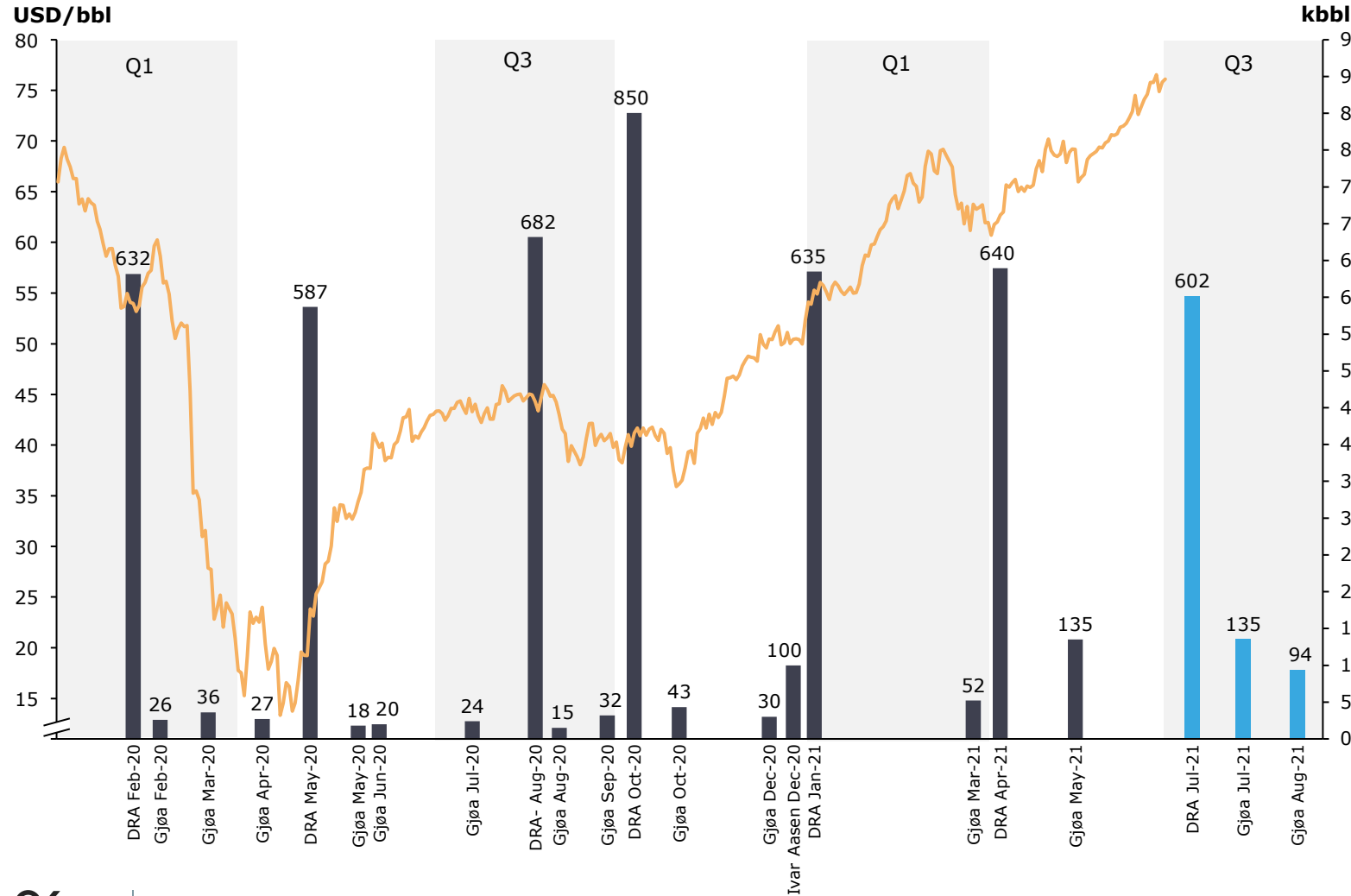


### Realised price (liquids and gas USD per boe)

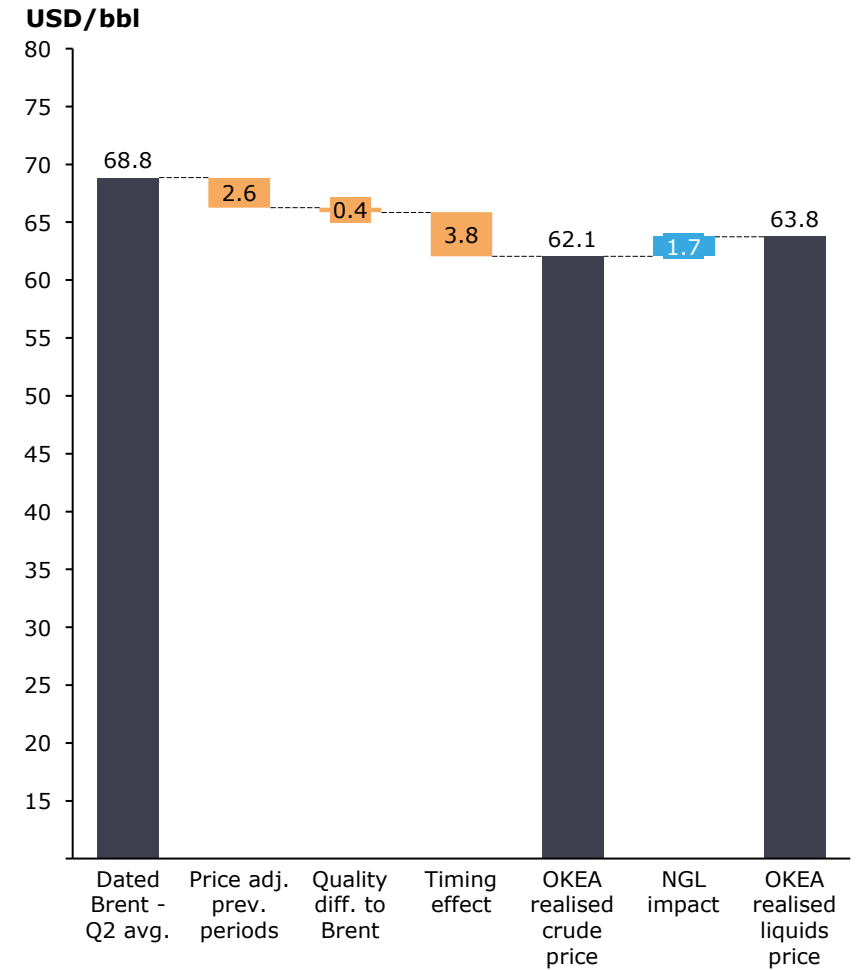


# Lifted volumes and realised liquids prices versus Dated Brent

Lifted volumes vs Dated Brent - 2020/2021

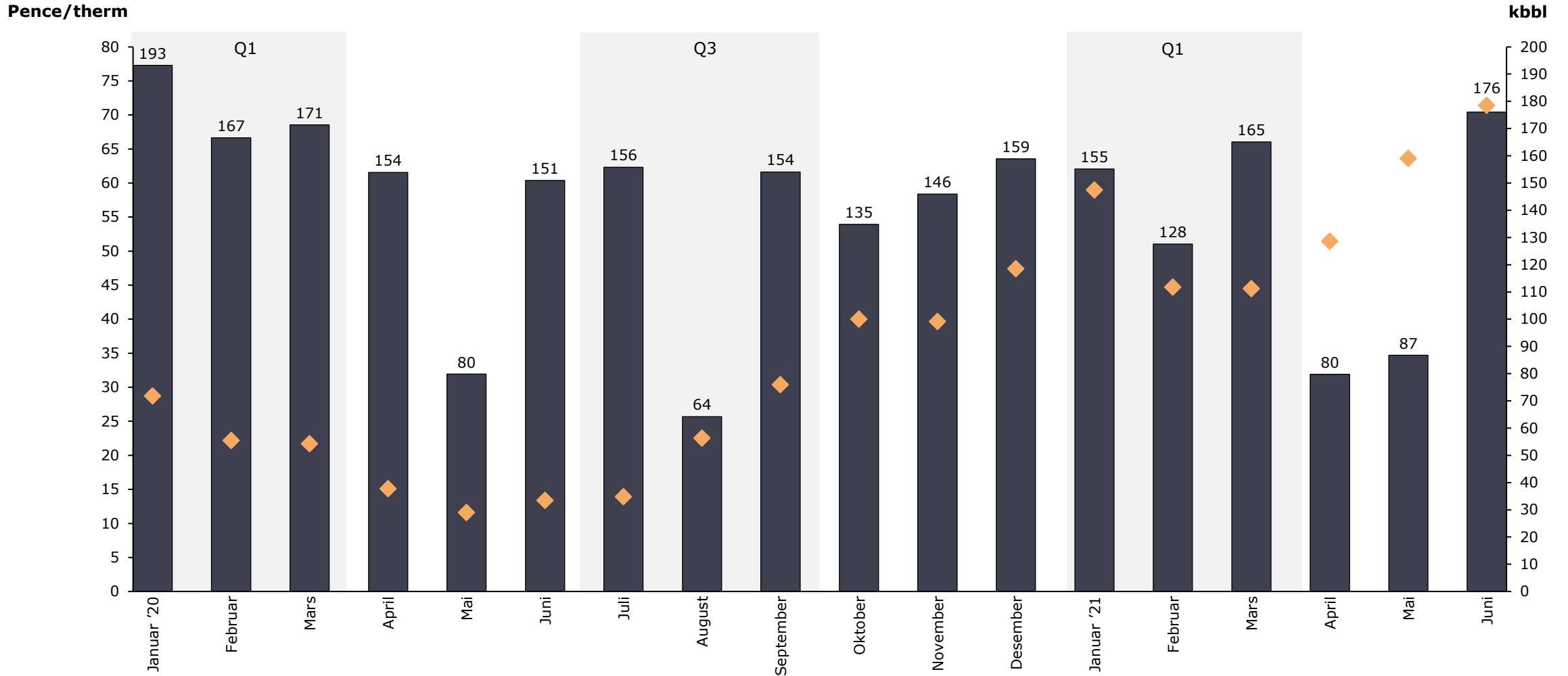


Realised liquids prices vs Dated Brent – Q2 21



# Sold volumes and average gas market price – 2020/YTD 2021

Record high seasonal European gas prices



# Income statement

Figures in NOK million	Q2 21	Q1 21	Q2 20	H1 2021	H1 2020
<b>Total operating income</b>	607	524	275	1 131	825
Production expenses	-213	-176	-186	-389	-353
Changes in over/underlift positions and inventory	38	17	155	55	122
Depreciation	-144	-172	-192	-316	-374
Impairment	730	0	-298	730	-932
Exploration, general and adm. expenses	-121	-125	-34	-246	-72
<b>Profit / loss (-) from operating activities</b>	<b>898</b>	<b>68</b>	<b>-280</b>	<b>965</b>	<b>-783</b>
Net financial items	-34	-5	92	-39	-331
<b>Profit / loss (-) before income tax</b>	<b>863</b>	<b>63</b>	<b>-187</b>	<b>926</b>	<b>-1 113</b>
Income taxes	-663	-40	205	-703	347
<b>Net profit / loss (-)</b>	<b>200</b>	<b>23</b>	<b>18</b>	<b>223</b>	<b>-766</b>
<b>EBITDA</b>	<b>311</b>	<b>240</b>	<b>210</b>	<b>551</b>	<b>523</b>

## Q2 21 comments

### Operating income:

- Higher realised prices partly offset by lower sold volumes

### Production expenses:

- NOK/boe of 159 compared to 102 in Q1 21
  - Higher production expense due to D2 well intervention
  - Lower produced volumes mainly due to 31 days shutdown in relation to maintenance work at Gjølå

### Impairment:

- Full reversal of impairment NOK 730 million at Yme

### Exploration, general and adm. expenses:

- Ilder dry exploration well expensed NOK 78 million
- Field evaluation activities mainly relating to Aurora and Grevling/Vette
- NOK 12 million in SG&A expense

### Net financial items:

- Marginal weakening of NOK relative to USD resulting in net FX loss of NOK 12 million

### Income taxes:

- Effective tax rate of 77%; deviation from 78% due to financial items and uplift

# Statement of financial position

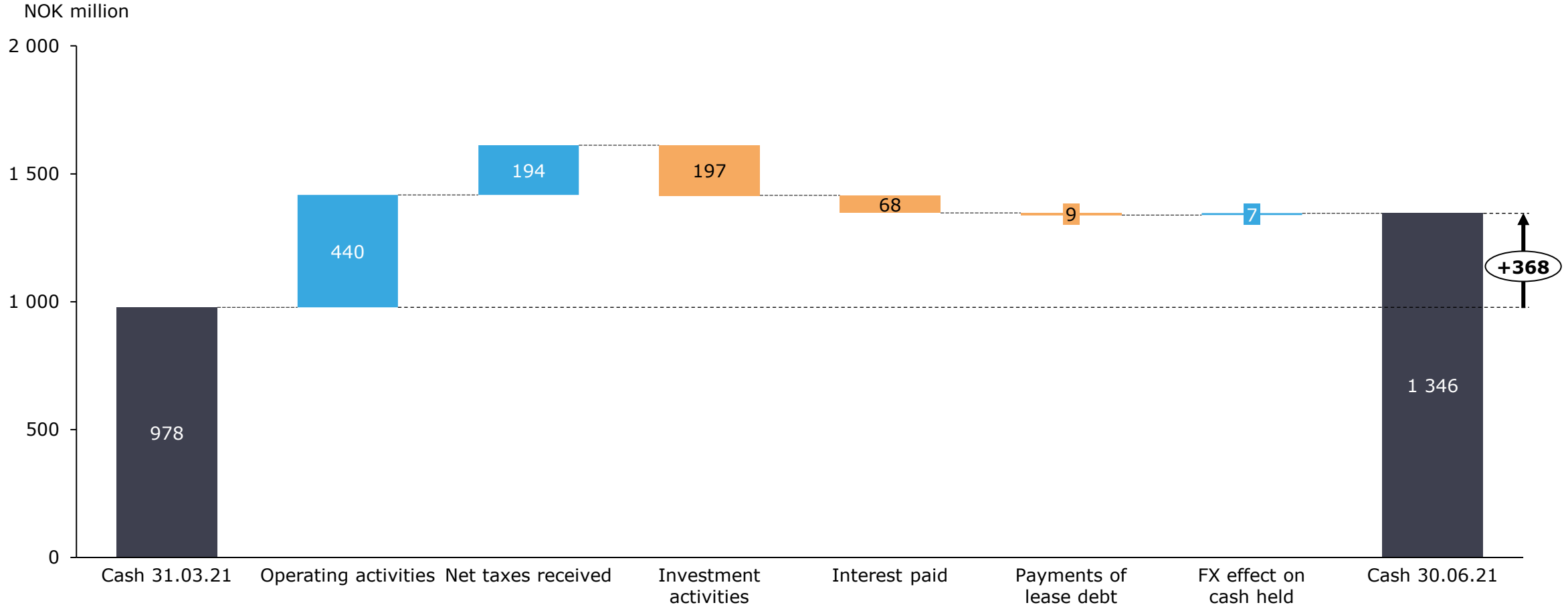
Figures in NOK million

<b>Assets</b>	<b>30.06.2021</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>30.06.2020</b>
Goodwill	769	769	769	772
Oil and gas properties	4 558	3 807	3 758	3 859
Other non-current assets	3 069	3 049	3 029	3 011
Trade and other receivables	534	523	514	466
Tax refund, current	9	211	296	489
Cash and cash equivalents	1 346	978	871	917
Other assets	515	541	540	535
<b>Total assets</b>	<b>10 800</b>	<b>9 878</b>	<b>9 776</b>	<b>10 049</b>
<b>Total equity</b>	<b>1 313</b>	<b>1 113</b>	<b>1 083</b>	<b>919</b>
<b>Liabilities</b>				
Asset retirement obligations	4 232	4 221	4 200	4 069
Deferred tax liabilities	1 628	999	941	1 001
Interest-bearing loans and borrowings	2 416	2 402	2 400	2 821
Trade and other payables	948	898	890	900
Income tax payable	28	14	14	146
Other liabilities	235	231	248	194
<b>Total liabilities</b>	<b>9 487</b>	<b>8 765</b>	<b>8 694</b>	<b>9 131</b>
<b>Total equity and liabilities</b>	<b>10 800</b>	<b>9 878</b>	<b>9 776</b>	<b>10 049</b>

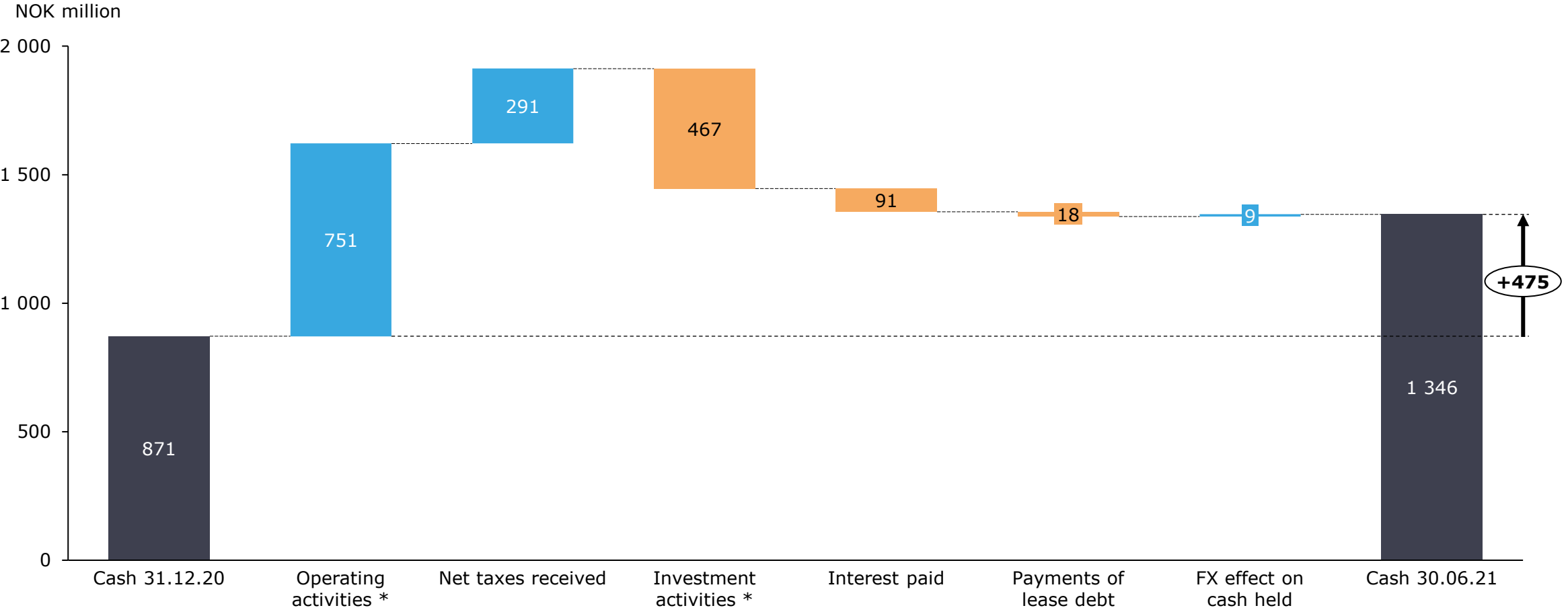
## Q2 21 comments

- Oil and gas properties NOK 4 558 million
  - Increase of NOK 751 million mainly due to impairment reversal Yme
- Cash and cash equivalents NOK 1,346 million
- Current tax refund NOK 9 million
- Tax payable NOK 28 million
- Interest-bearing debt of NOK 2 416 million
- Asset retirement obligation offset by non-current asset receivable from Shell

# Cash development Q2 21



# Cash development H1 21



\* Expenditures relating to drilling of dry/non-commercial wells has in previous periods been classified under operating activities. From Q2-21 onwards, the company will classify such expenditure under investment activities. Cash flow from previous periods are reclassified to conform to the current practice. NOK 88 million in drilling expense from Q1-21 has been reclassified from operating activities to investment activities in the YTD figures.



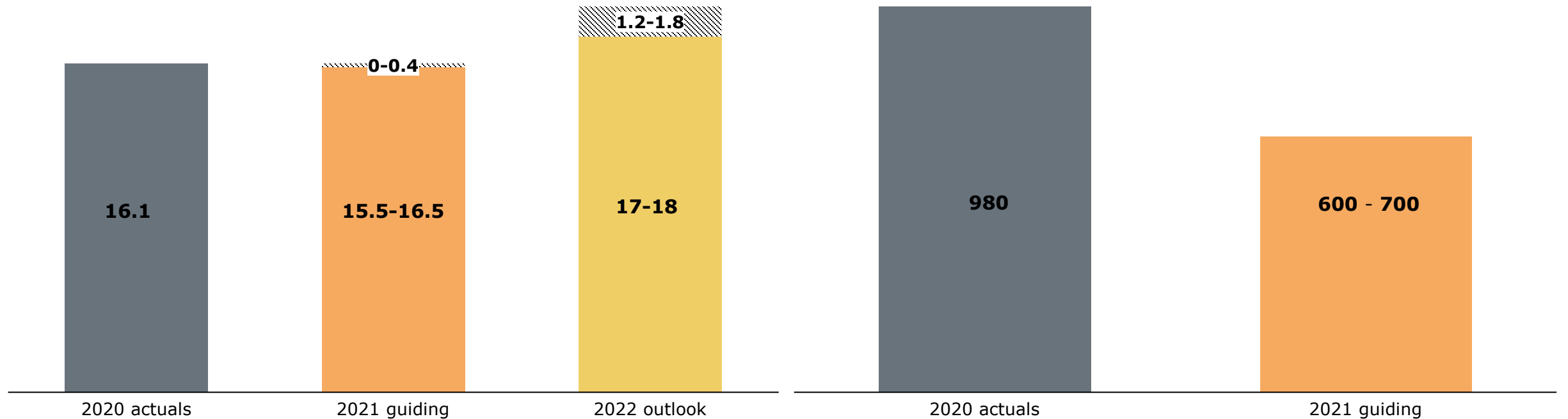
# No change in guiding on production & capex

OKEA to receive compensation for deferred volumes on Gjølå for shut-downs related to Duva/Nova tie-ins

## Production – thousand boepd

## Capex\* – NOK million

 Gjølå accelerated compensation



- Gjølå accelerated compensation volumes from Duva and Nova tie-ins include 8% interest p.a.
- Deferred volumes (excl. interest) to be redelivered to Duva and Nova over remaining production period at Gjølå



## Summary and outlook

# Key milestones and deliveries H2 21

- Start-up Yme in H2 – stepping-up OKEA production
  - Production 7 500 boepd net to OKEA at plateau - the first-year average 5 600 boepd net to OKEA
  - Significant cost reductions and cash flow benefits from reorganising operations and ownership structure of Maersk Inspirer
- Ginny exploration well operated by Equinor planned for Q4
- DG2 for Draugen Power from Shore planned for Q3
- Concept selection (DG2) for Vette and Grevling in H2
- Inorganic growth opportunities always on the agenda
- Strategic review to position OKEA for next growth phase



The image features a dark blue background with a white topographic map overlay. The map consists of various contour lines and shapes representing terrain. In the center of the map, there is a white logo consisting of the letters 'OK' stacked above 'EA'. Below the logo, a thin white horizontal line extends across the width of the logo.

OK  
EA