

# Second quarter and first six months 2023

Results presentation | 25 July 2023



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# Today's Vår Energi presenters



**Torger Rød**  
CEO



**Stefano Pujatti**  
CFO



**Ida Marie Fjellheim**  
Head of Investor Relations

# Second quarter 2023 highlights

## Solid performance on operated assets

- 88% production efficiency on operated fields and improved drilling performance
- Production impacted by maintenance, turnarounds and unplanned downtime at partner-operated fields

## Continued high gas price realisation

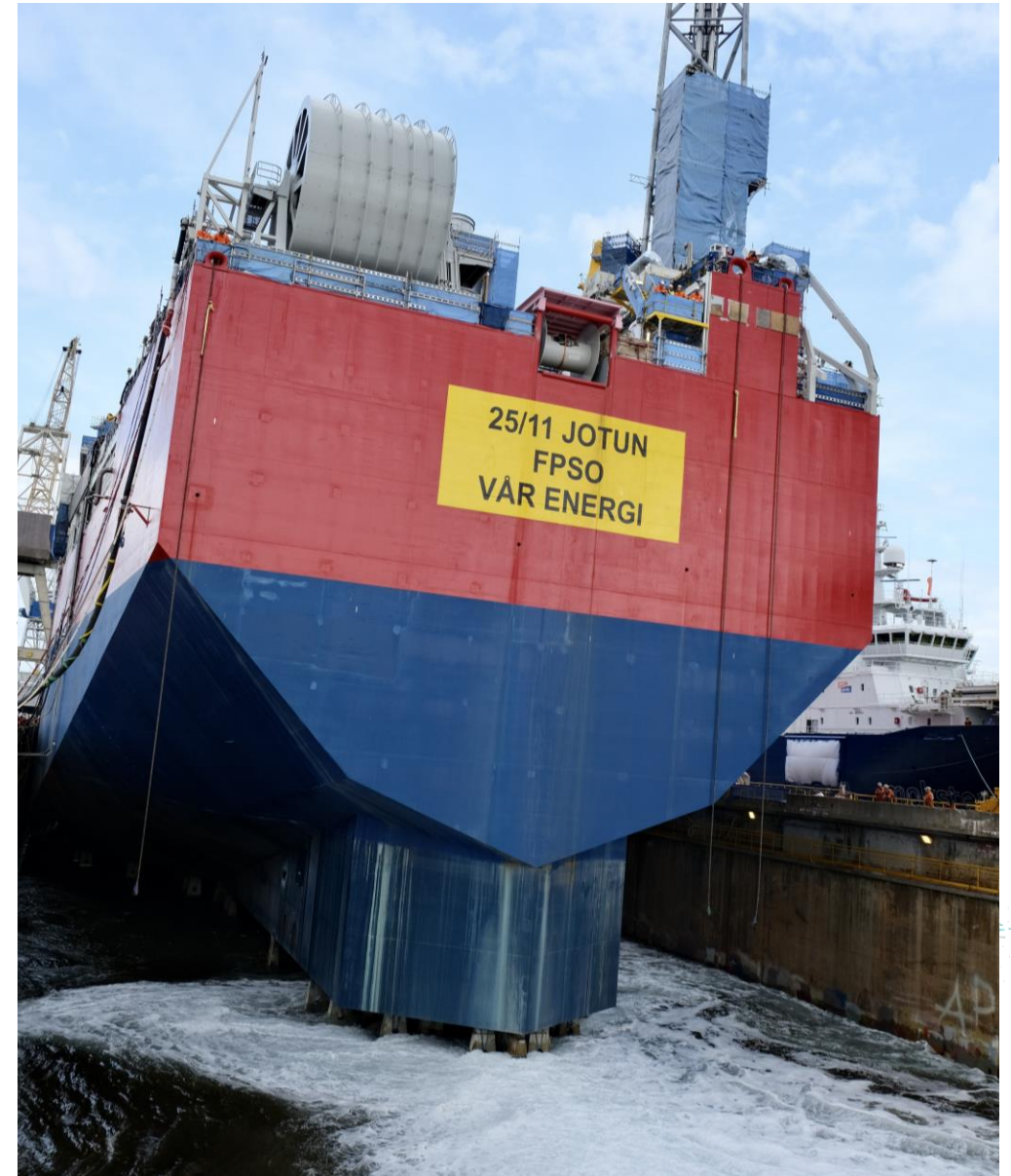
- Gas sales strategy realising strong gas price of USD 98 per boe in the quarter
- CFFO impacted by lower revenues and higher tax payments
- Maintaining a strong balance sheet with leverage ratio of 0.4x at end-Q2 2023
- Debut issue of EUR 600 million senior notes in the Euro bond market
- Dividend guidance of USD 270 million for Q3 2023

## Project portfolio progressing per schedule

- Jotun FPSO re-float and installation of the turret safely completed
- On track for >50% production growth by end-2025

## Accelerating growth and value creation

- Announced the acquisition of Neptune Energy's Norwegian oil and gas assets
- Adding scale, robustness, diversification and longevity to Vår Energi's portfolio



# Neptune acquisition summary

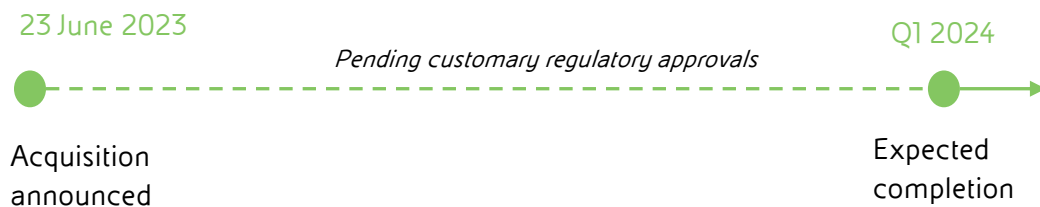
## Key terms and conditions

- Vår Energi to acquire 100% of the shares of Neptune Energy Norge AS
- Cash consideration based on agreed enterprise value of USD 2.275 billion
- Locked box date 1 January 2023

## Perfect strategic fit

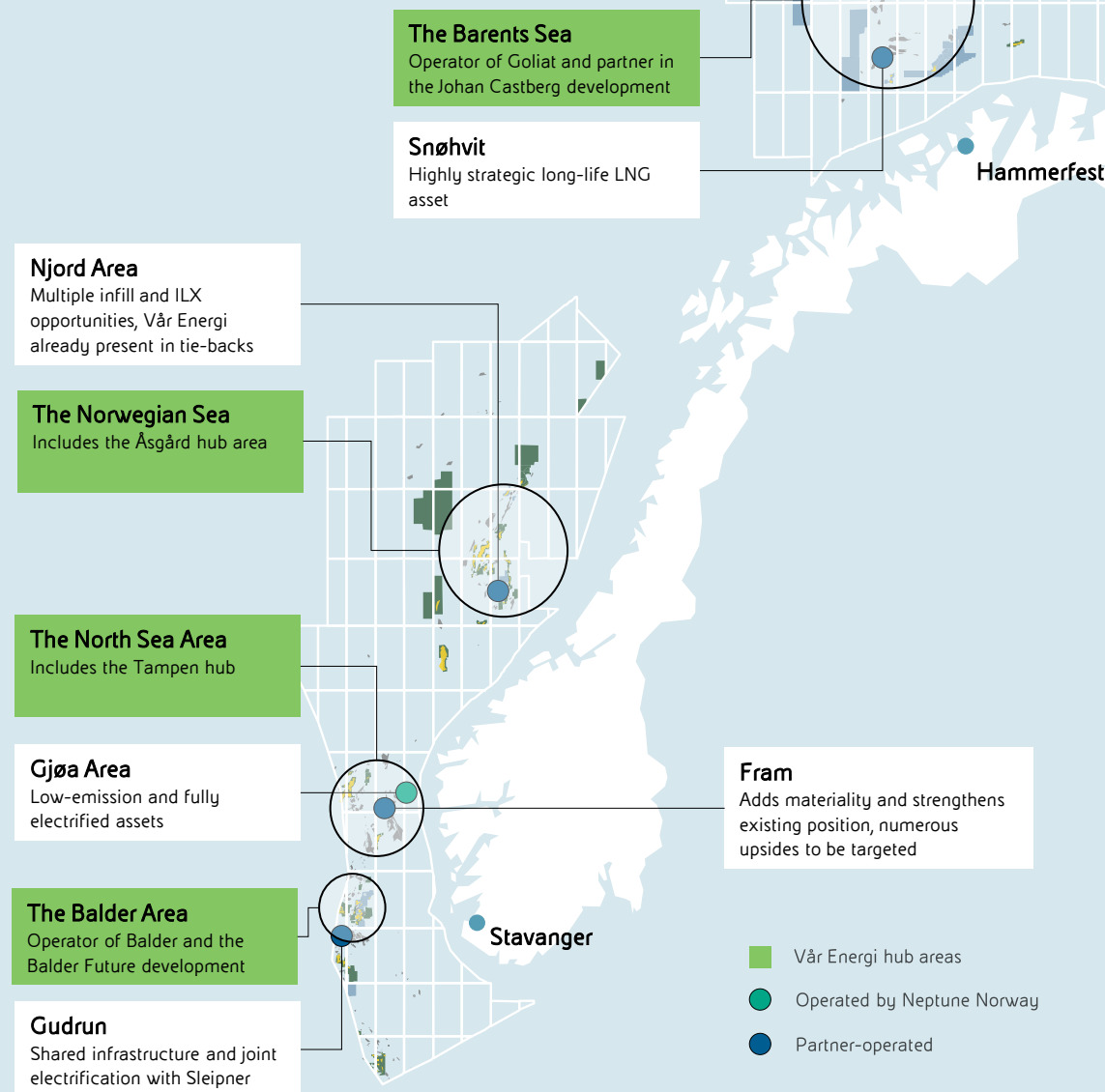
- 12 producing assets, of which 3 operated, located in Vår Energi's hub areas
- Adding 67 kboepd of daily production<sup>1</sup>, ~265 mmboe of 2P reserves<sup>2</sup> and several near- and medium-term growth opportunities
- Attractive commodity mix and strategic ownership in Snøhvit LNG, amplifying the position in the Barents Sea
- Highly cash-generative portfolio with low cost, limited near-term capex and low emissions, strengthening future dividend capacity

## Indicative timeline



1. Q1 2023 production for Neptune Energy's Norwegian oil and gas assets  
2. As at end-2022 (Neptune group ASR 2022)

## Neptune Norway's high-quality NCS assets located near existing hub areas



# Key performance indicators

Q2 2023 vs. Q1 2023

Actual serious incidents frequency<sup>1</sup>

**0.0**

(0.0)

Production

**202 kboepd**

(214)

Cash flow from operations

**USD 231m**

(1 358)

CO<sub>2</sub> emissions intensity

**11.5 kg/boe**

(13.0)

Production cost per boe

**USD 15.5**

(13.1)

Dividend for the quarter

**USD 270m**

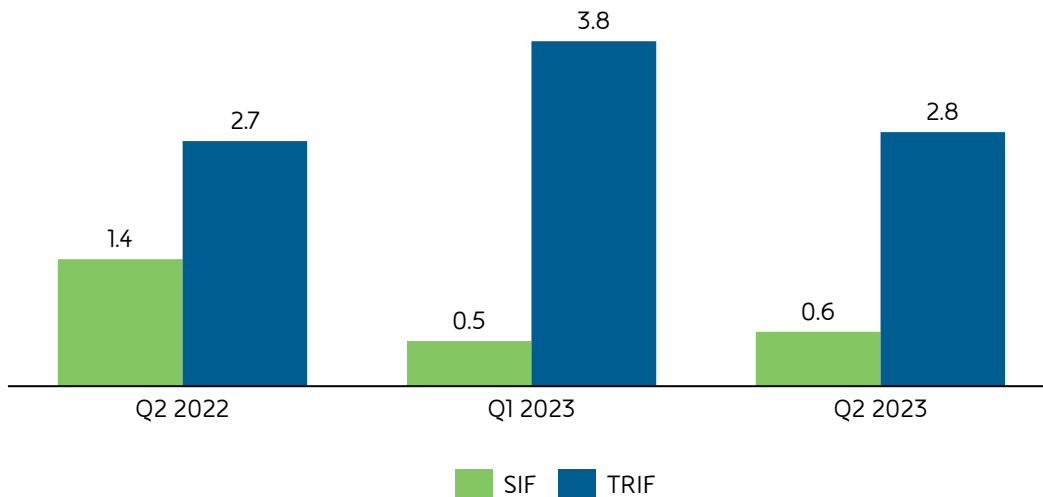
(270)

# Operational review



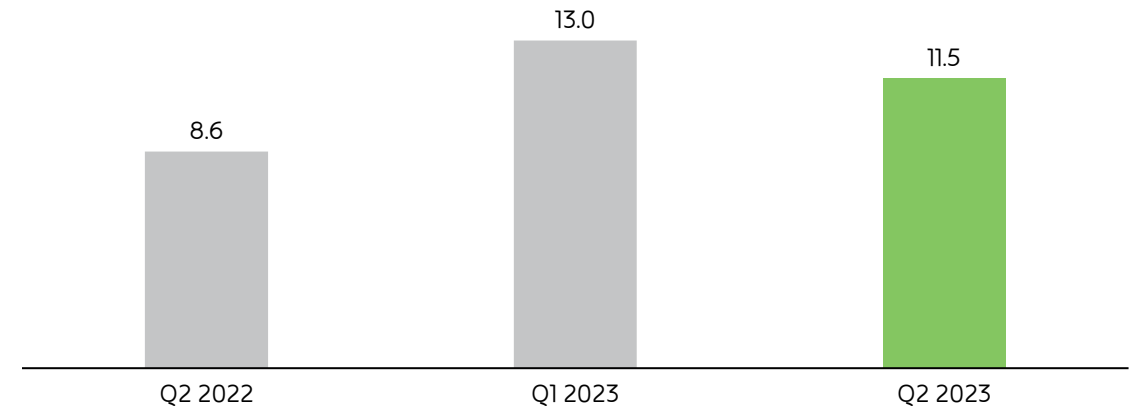
# Continuous work on safe and responsible operations

## SIF<sup>1</sup> and TRIF<sup>2</sup>



## CO<sub>2</sub> emission intensity for operated assets

kg CO<sub>2</sub>/boe



- No serious incidents in the quarter
- Stable trend on SIF reflecting continuous implementation of safety initiatives and strengthened safety culture
- Positive trend on TRIF driven by proactive safety work in both yard activities and on operated assets

- Reduced emission intensity due to less exploration activity in the quarter and effects from emission improvement initiatives
- Ranked as 12<sup>th</sup> out of 300 oil and gas companies in new ESG rating from Sustainalytics<sup>3</sup>
- Exploring carbon capture and storage opportunities through acquisition of Feistein CCS

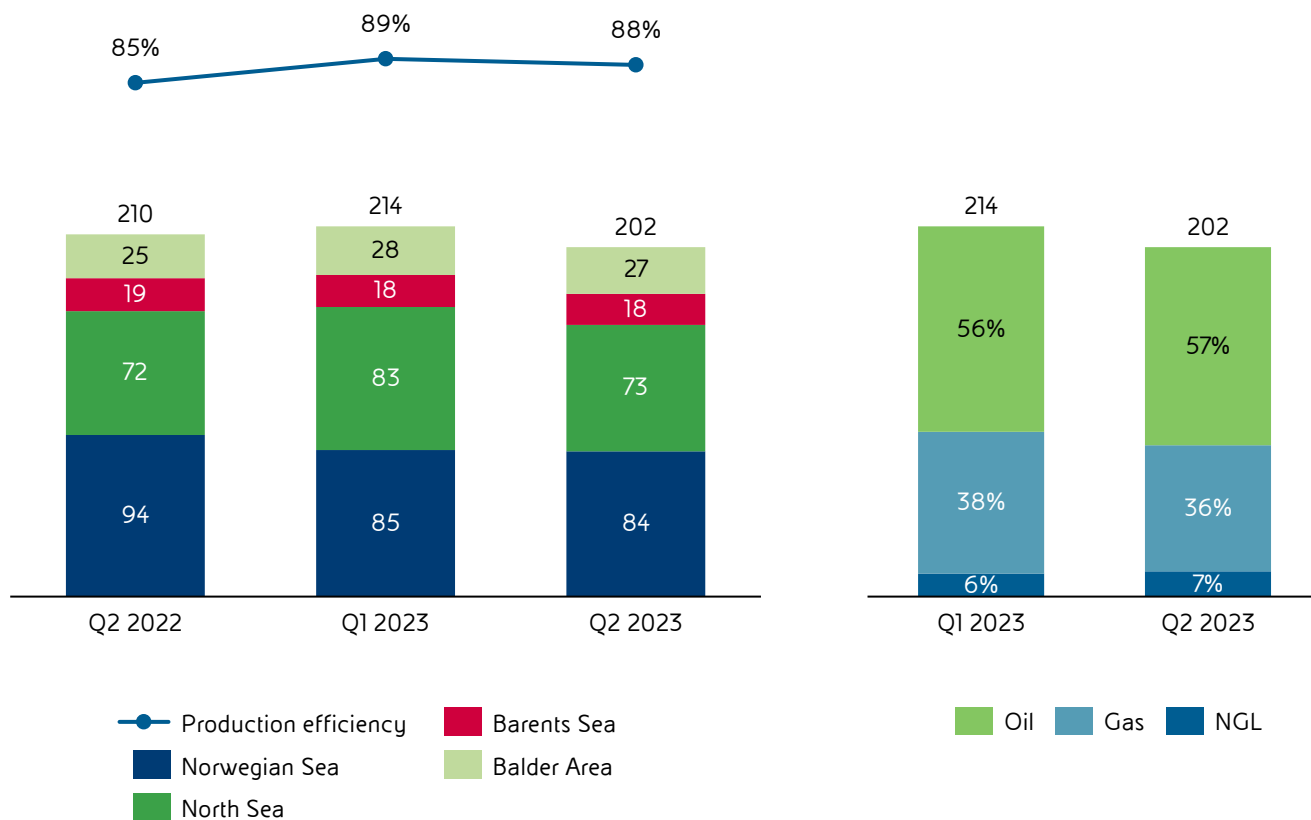
1. Total serious incident frequency per million hours worked, 12 months rolling average  
2. Total recordable injury frequency per million hours worked, 12 months rolling average  
3. Rating as of 16 June 2023



# Turnarounds and seasonal maintenance in the quarter

## Production, production efficiency<sup>1</sup> and product mix

kboepd



- Developments coming on stream
  - Hyme, Bauge and Fenja on stream in April
  - Volumes lower than expected due to start-up challenges at the Njord host
- Stable performance from operated fields with 88% production efficiency
- Major turnarounds completed at partner-operated fields
  - Turnaround on Ormen Lange extended into Q3
- Expected impact of 12-15 kboepd from turnarounds in Q3
- 2023 production guidance of 210-230 kboepd maintained

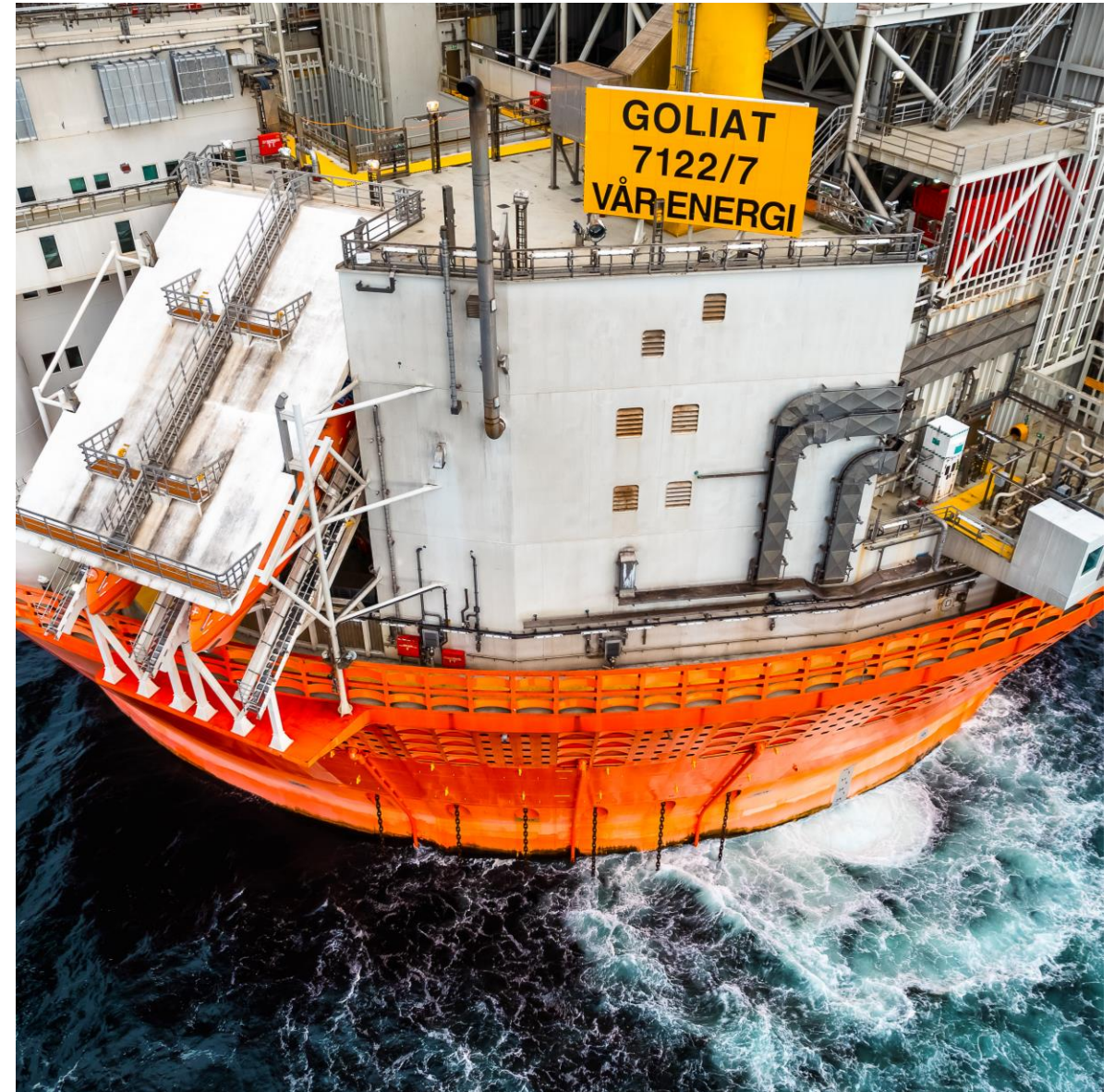
# Solid performance on operated assets

## Goliat

- Continued stable performance on Goliat with 93% production efficiency
- Three-day planned maintenance stop completed on plan

## Balder/Ringhorne

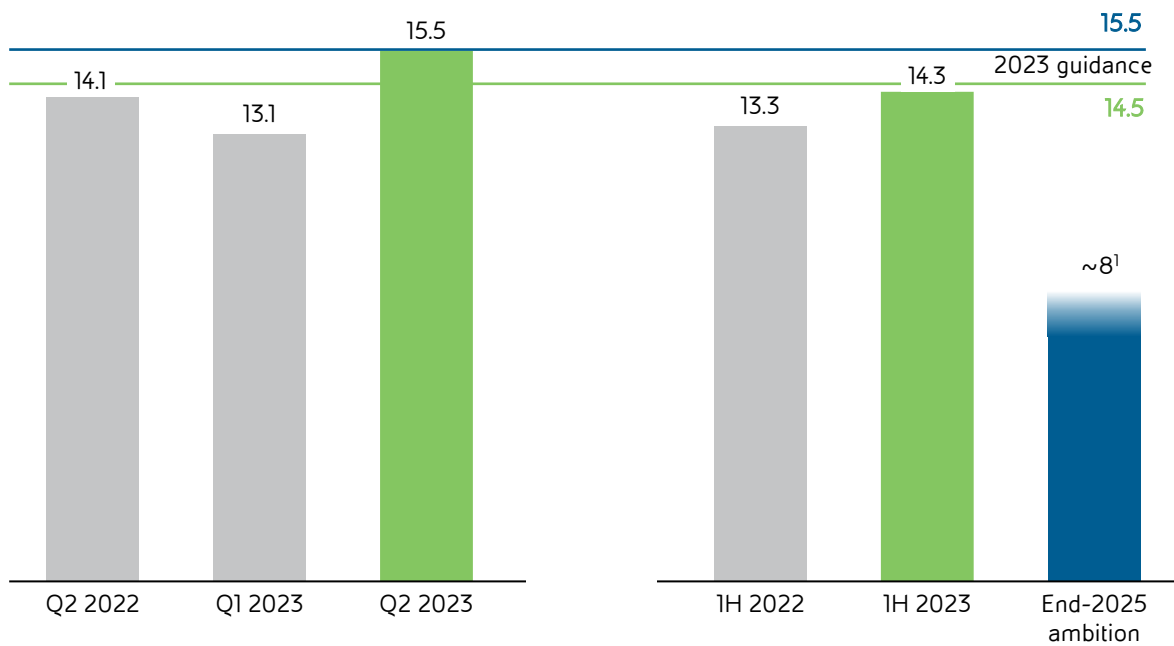
- Production efficiency of 83% with planned maintenance in the quarter
- Restart of the riser at Ringhorne in May with permanent replacement scheduled in Q3
- Planned turnaround in Q3 and high-activity period at Balder FPU ongoing
- Improved drilling performance with increased drill speed and reduced costs



# Quarterly production cost impacted by seasonal maintenance

## Production cost per boe produced<sup>1</sup>

USD per boe



- Impact from lower production, higher maintenance activity and currency effects
- Full-year 2023 opex per boe guidance maintained at USD 14.5 to 15.5
- Medium-term ambition of ~8 USD<sup>2</sup> per boe driven by sanctioned projects coming on stream and cost improvement programme

<sup>1</sup> Measured as production costs including transportation costs and accounting for tariffs  
<sup>2</sup> In real 2021 terms

# Jotun FPSO refloated and turret successfully installed



## Key milestones met:

Major heavy-lift installations completed  
High construction activity

## Drilling and SPS/SURF progressing well:

Seven of 15 producing wells completed  
Front-loading subsea campaign to optimise project schedule

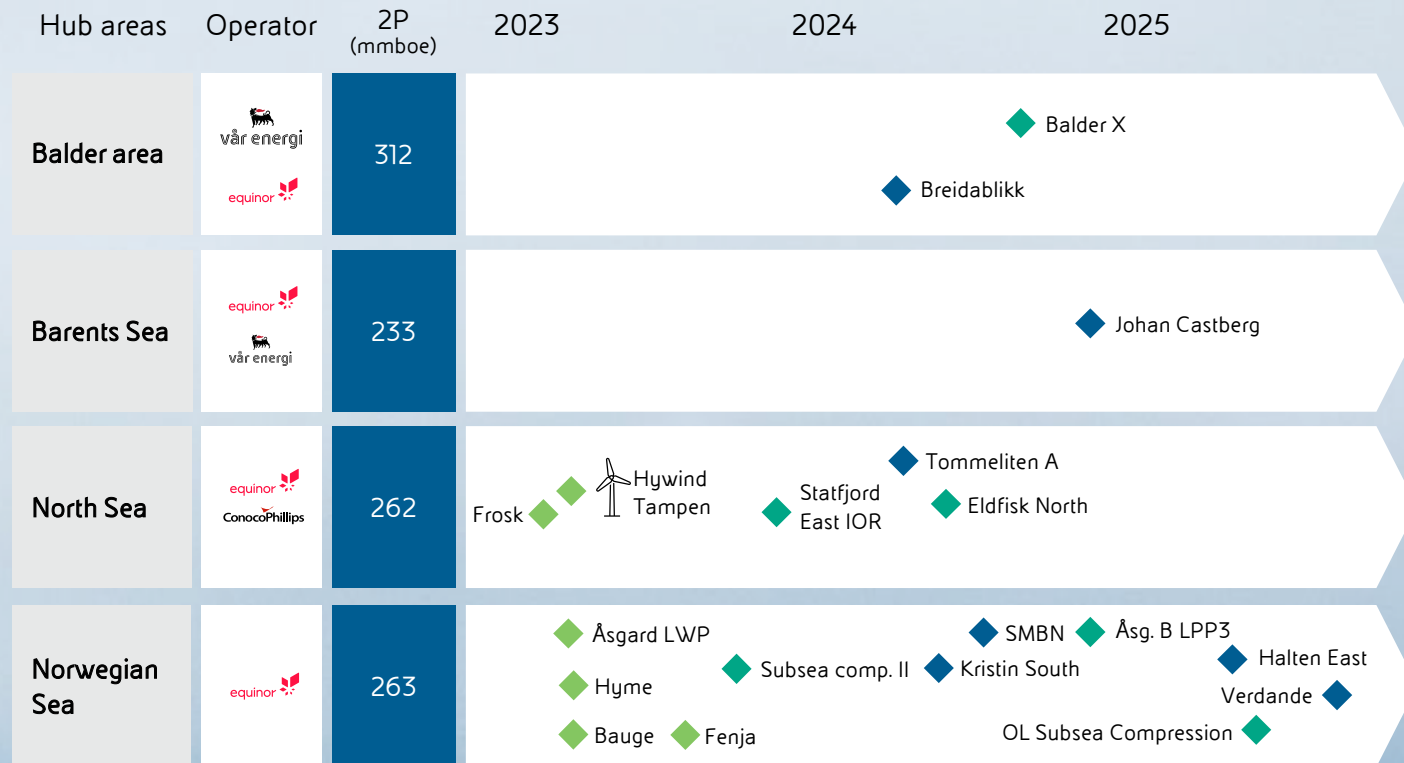
## On critical path, key focus areas:

Increase productivity  
Execute remaining construction and commissioning  
Optimise schedule towards planned sail away and production start-up

# Project portfolio progressing according to schedule

## Existing production and sanctioned developments

◆ First oil field extension    ◆ First oil new field development    ◆ Started production



### Breidablikk

- The High Activity Period (HAP) on Grane topside has been completed and flotel demobilised
- Drilling operations remain ahead of plan

### Johan Castberg

- Construction activities progressing on plan

### Other

- Five projects coming on stream during first half, combined representing ~12 kboepd for 2023

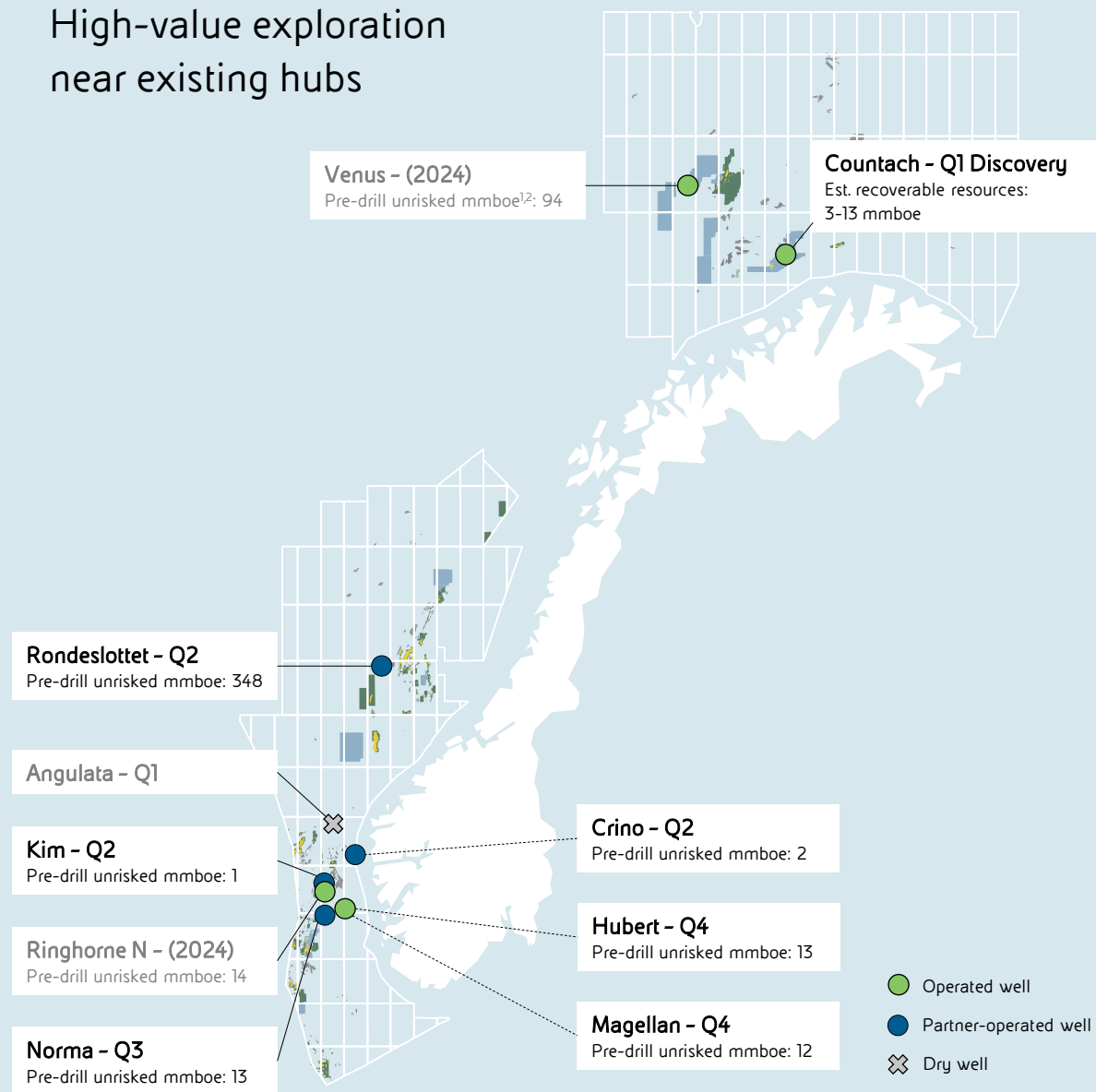
### High activity level at NCS, adding supply chain constraints

- Increased prices and rates for certain products and services
- Risk of reduced capacity and productivity

# Updated 2023 exploration campaign

License	Prospect	Operator	Vår Energi share	Pre-drill unriske mboe	Pre-drill unriske mboe VE	Status
PL 229	Countach	Vår Energi	65 %			Discovery
PL 554	Angulata	Equinor	30 %			Dry
PL 1005	Rondeslottet	Aker BP	40 %	871	348	Postponed
PL 185	Kim	OKEA	12 %	8	1	Drilling
PL 090	Crino	Equinor	25 %	8	2	Drilling
PL 984	Norma	DNO	20 %	63	13	Drilling
PL 917	King 2 (Hubert)	Vår Energi	40 %	24	13	Q4
PL 917	King 2 (Magellan)	Vår Energi	40 %	30	12	Q4
PL 1025S	Venus	Vår Energi	30 %	313	94	Q1 2024
PL 956	Ringhorne N	Vår Energi	50 %	28	14	Q1 2024

## High-value exploration near existing hubs



1. Vår Energi share  
2. Pre-drill unriske resources



Financial review

# Key financials

USD million	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Petroleum revenues	1 432	2 089	2 423	3 521	4 906
EBIT	778	1 432	1 725	2 210	3 475
Profit before taxes	701	1 276	1 265	1 977	2 992
Production cost (USD/boe)	15.5	13.1	14.7	14.3	13.3
Operating CF before tax	1 285	1 935	1 864	3 220	4 248
CFFO	231	1 358	1 535	1 589	3 735
CAPEX	687	642	573	1 330	1 195
NIBD / EBITDAX	0.4x	0.3x	0.3x	0.4x	0.3x
Available liquidity <sup>1</sup>	3 111	3 769	4 492	3 111	4 492



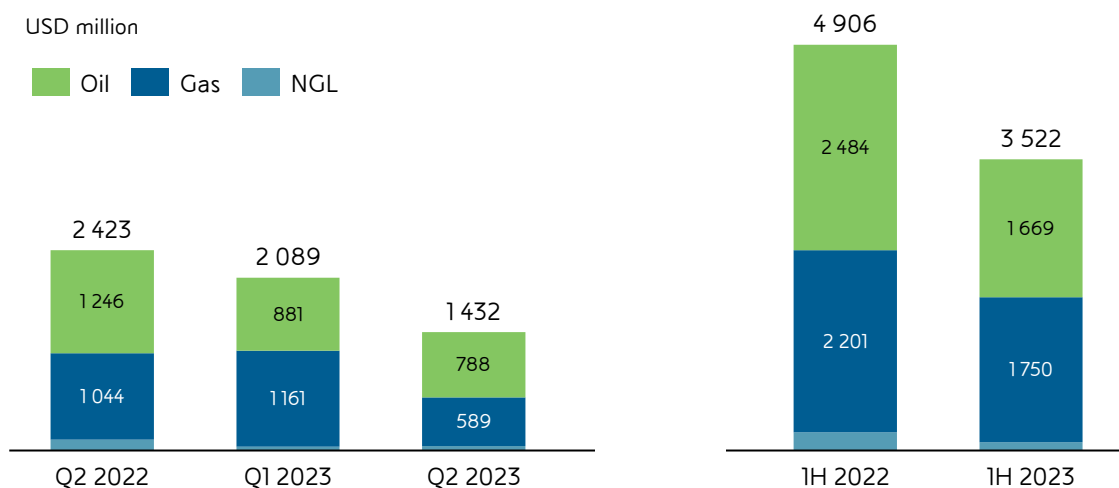


# Continued high realised gas price

## Total petroleum revenues

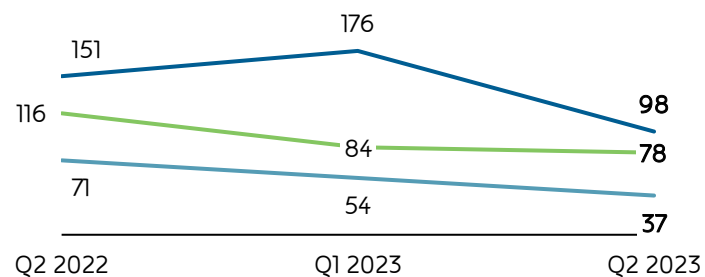
USD million

Oil Gas NGL



## Realised prices

USD per boe

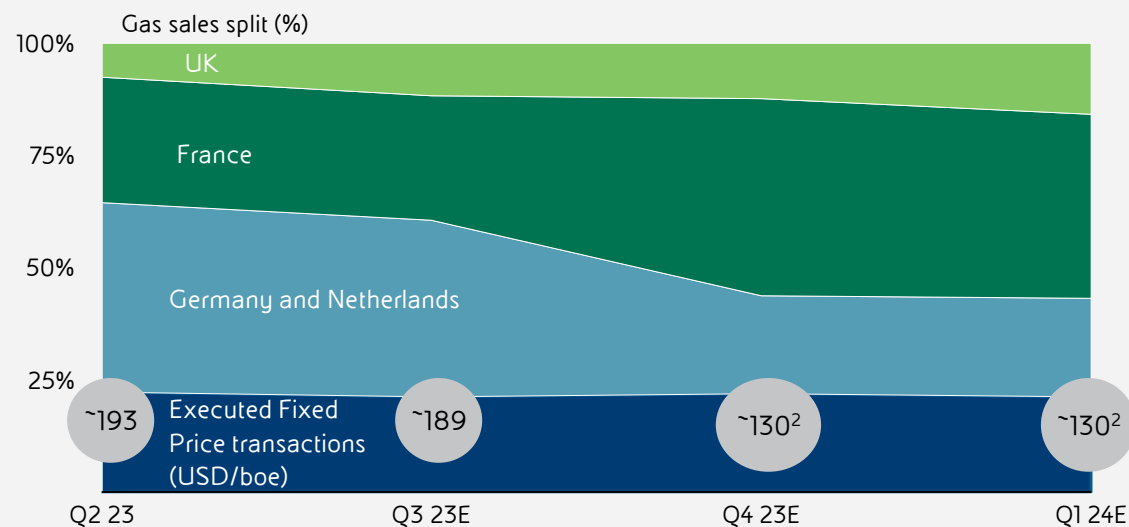


Oil Gas NGL

## Q2 2023 gas revenues

- Month and day ahead sales weighted towards France and Germany with ~36% of volumes exposed to high Month ahead prices
- Fixed price sales included contracts with Gas Year Ahead pricing starting 1 Oct 2022 and forward sale contracts entered into during Q4 2022

## Indicative gas sales portfolio - current year<sup>1</sup>

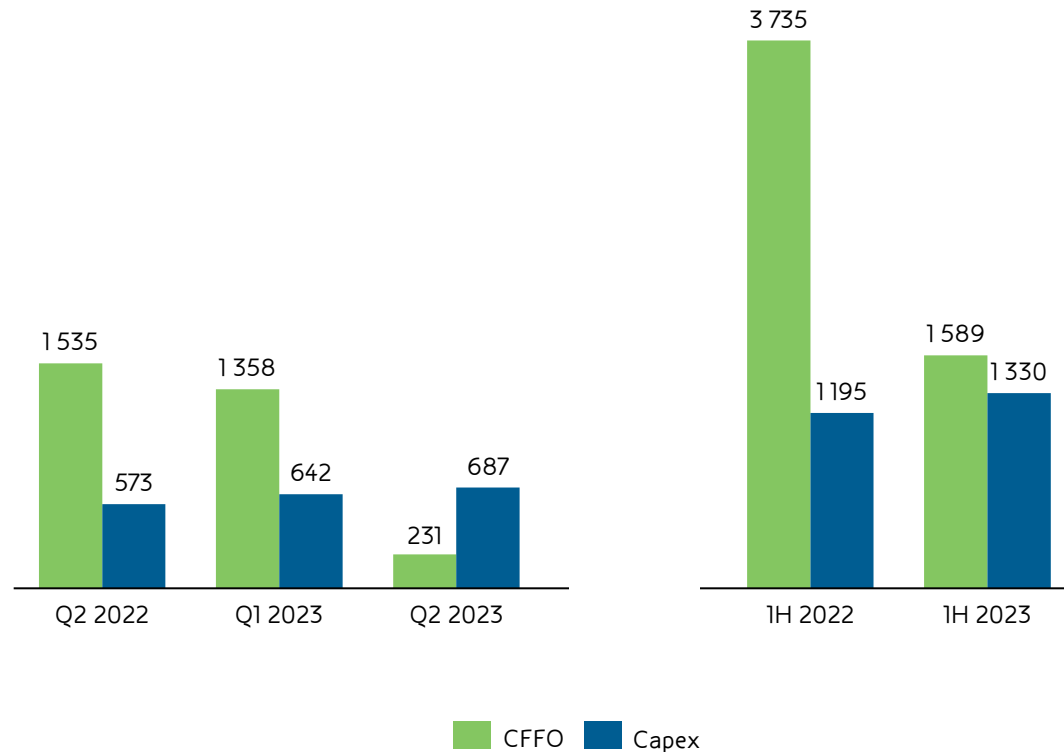


1. Based on average exchange rates through Q2 2023  
 2. Estimate based on pricing period 1 Oct 2022 - 30 Sept 2023, reflecting actual quotations for the Gas Year Ahead at TTF/THE for the period 1 Oct 2022- 30 June 2023 and the futures prices for the remaining pricing period

# High cash tax payments in Q2 related to 2022 results

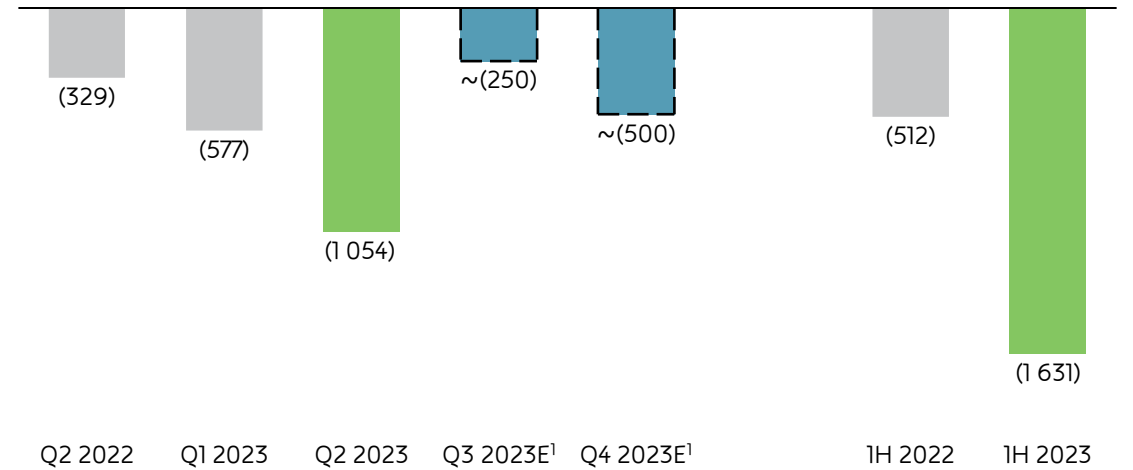
## CFFO and capex

USD million



## Income tax paid

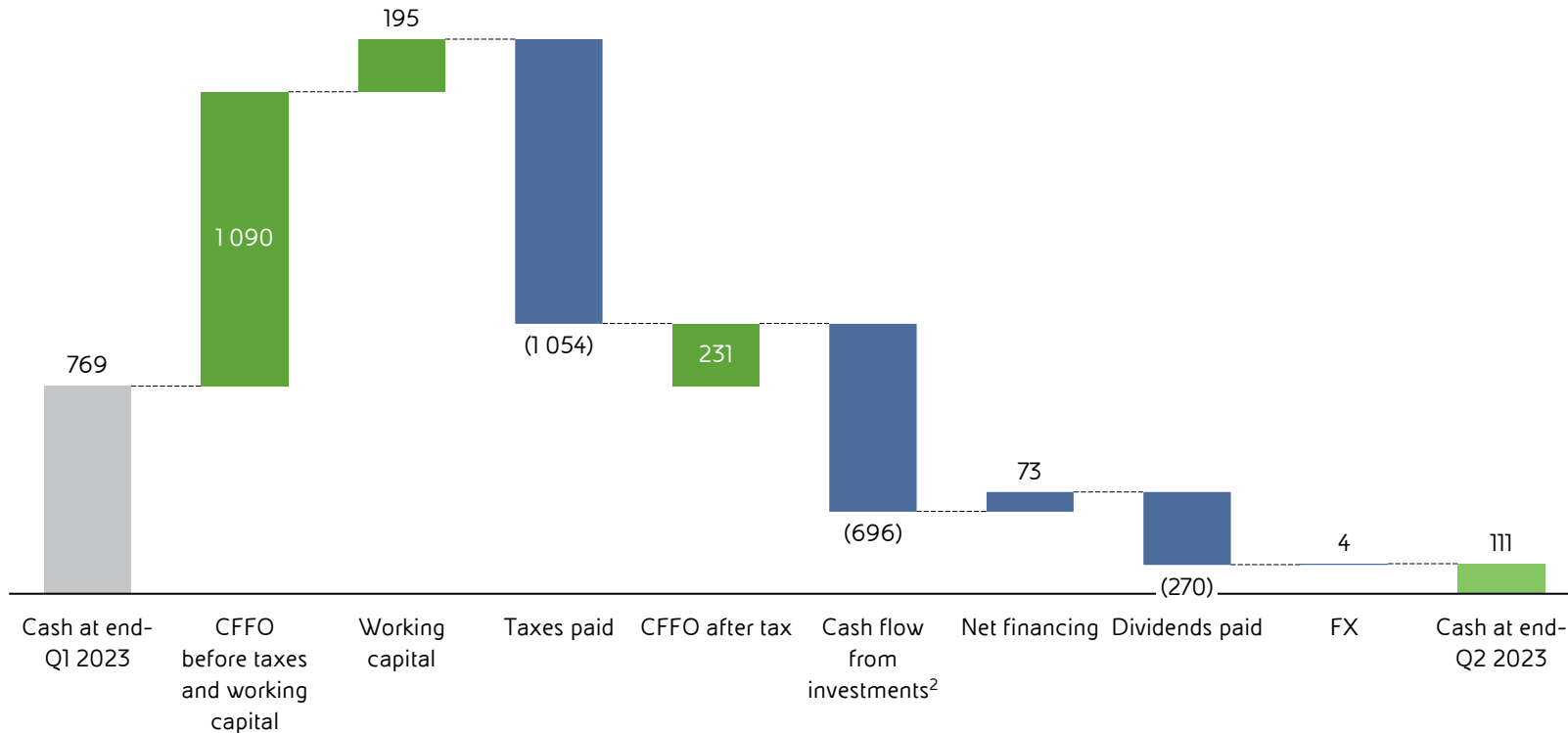
USD million



# Continued strong liquidity position

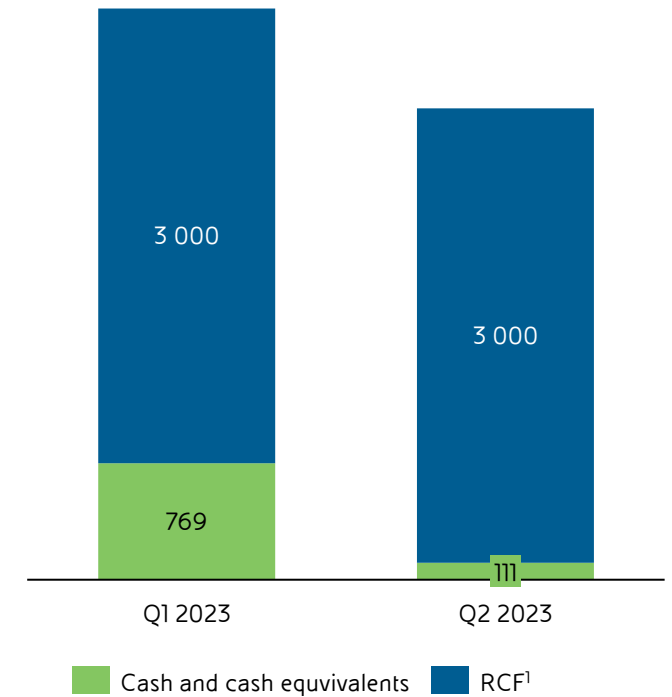
## Cash flow development Q2 2023

USD million



## Available liquidity

USD million



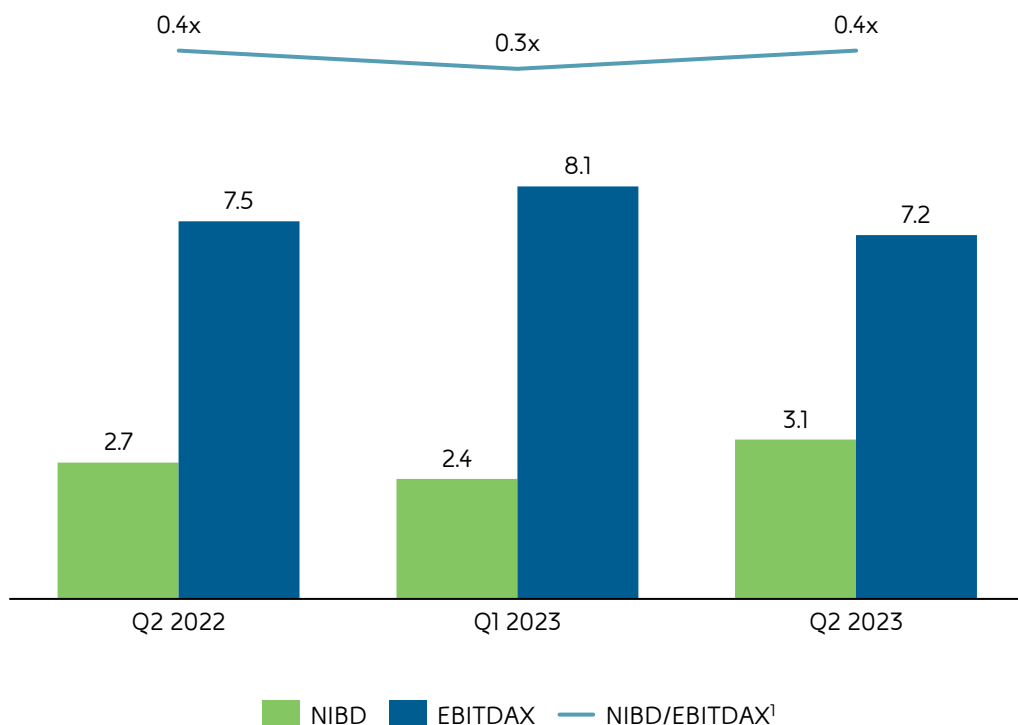
1. Revolving Credit Facility

2. Investments include payments for decommissioning

# Optimising the long-term financing structure

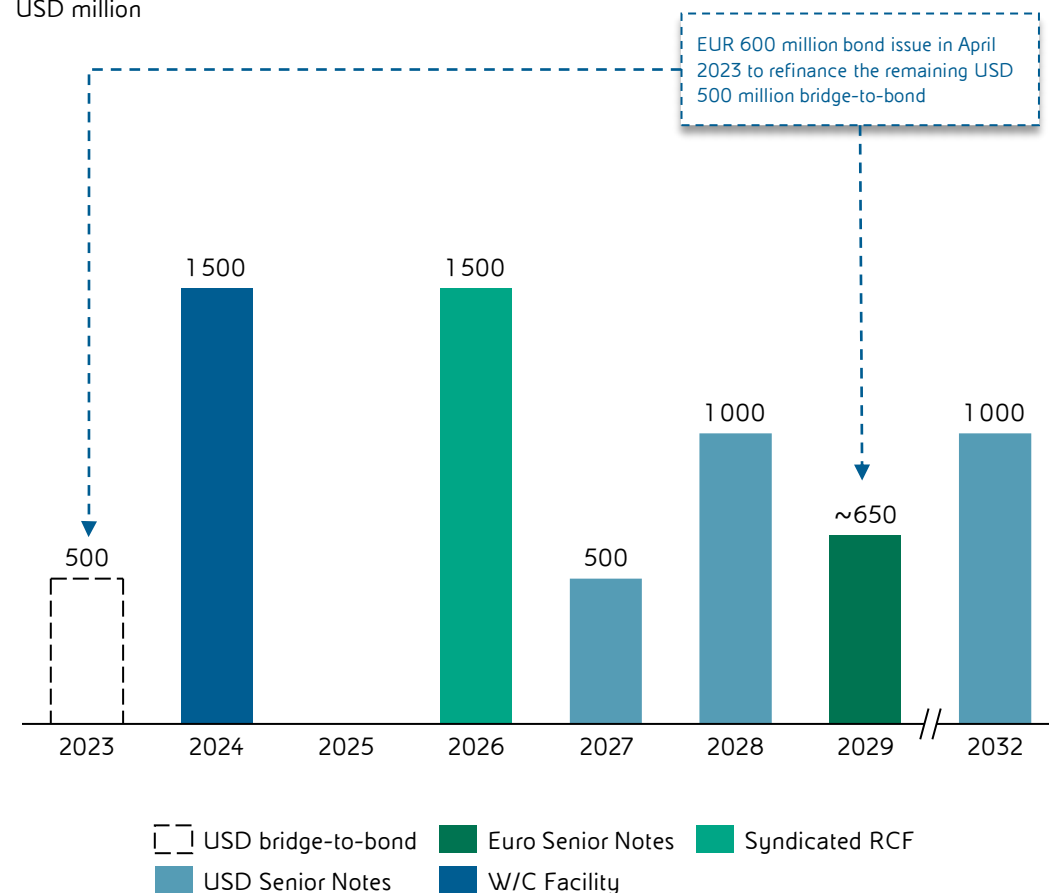
## Net interest-bearing debt and leverage ratio<sup>1</sup>

USD billion



## Maturity profile

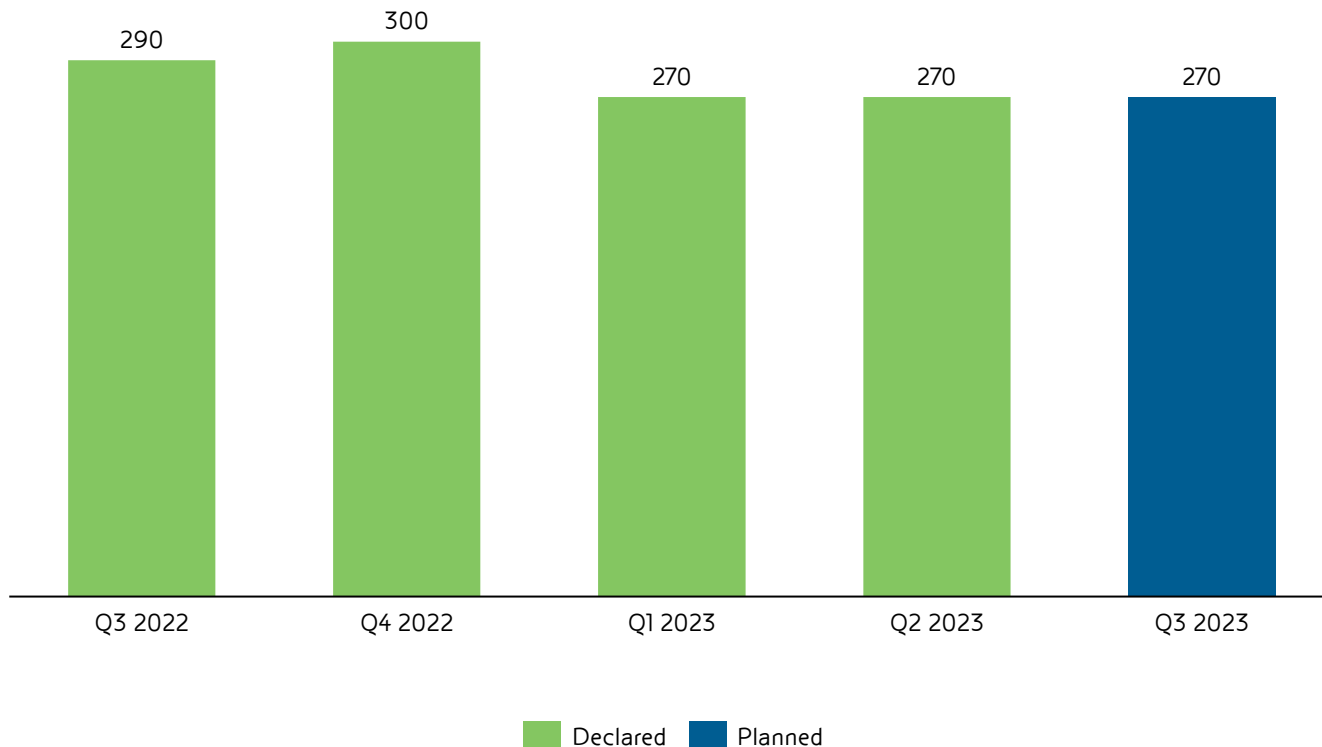
USD million



# Maintaining attractive and resilient distributions

## Dividends

USD million



- Dividend guiding for Q3 2023 of USD 270 million (~0.11 USD per share)
- Expected dividend for 2023 of approximately 30% of CFFO after tax
- Dividend for Q2 2023 of USD ~0.11 per share to be paid 14 August 2023
  - Paid in NOK at exchange rate of USD/NOK 10.087

# Guidance for 2023 maintained

## 2023 outlook

## Actual 1H 2023

Production	210-230 kboepd	208 kboepd
Production cost	USD 14.5-15.5 per boe	USD 14.3 per boe
Capex	USD 2.4-2.7 billion excl. exploration and abandonment Exploration USD ~200 million Abandonment USD ~50 million	USD 1.3 billion Exploration USD 95 million Abandonment USD 16 million
Other	Cash tax payments of USD ~800 <sup>1</sup> million in 2H 2023	USD 1 631 million paid
Leverage	Through-the-cycle leverage target of <1.3x net interest-bearing debt / EBITDAX	0.4x end-Q2 2023
Dividends	Q3 dividend of USD 270 million (USD ~0.11 per share) For 2023, the plan is to distribute approximately 30% of CFFO after tax	USD 540 million in dividends confirmed ~30% of CFFO after tax distributed in dividends



# Summary

Solid performance on  
operated assets

Continued high price realisation

Project portfolio  
progressing per schedule

Accelerating growth and value creation



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