



First quarter 2022

Results presentation | 27 April 2022



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Today's Vår Energi presenters



Torger Rød
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Diversified portfolio with a hub strategy enabling long-term value creation



Material and diversified production base with longevity, in partnership with world-class operators



Maximising value creation with hub-centred strategy on the NCS



World-class capabilities, with tangible growth and track record of successful development and exploration



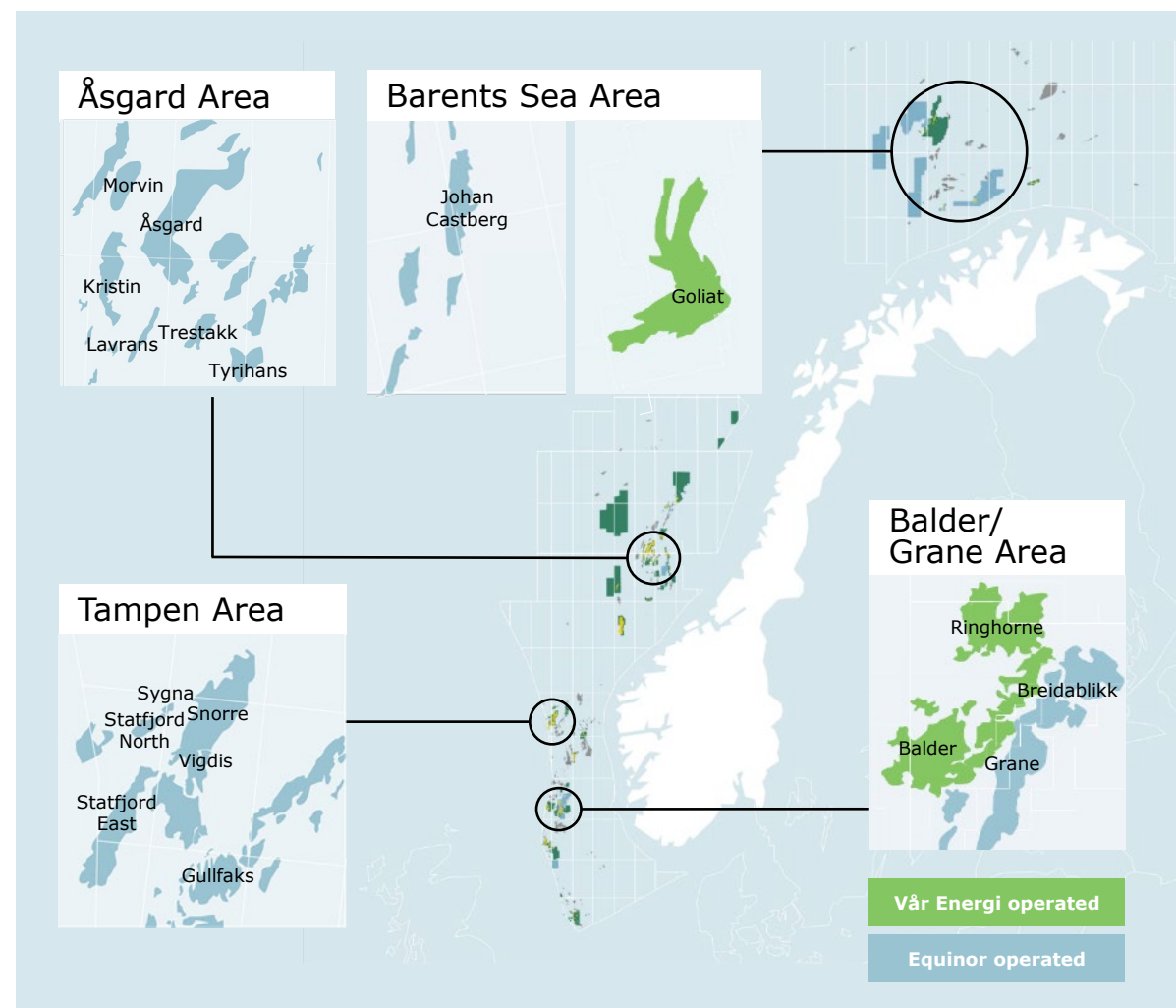
Disciplined approach to M&A, with strong track record of value-accretive acquisitions



Material cash flow generation and Investment grade balance sheet supporting attractive and resilient distributions



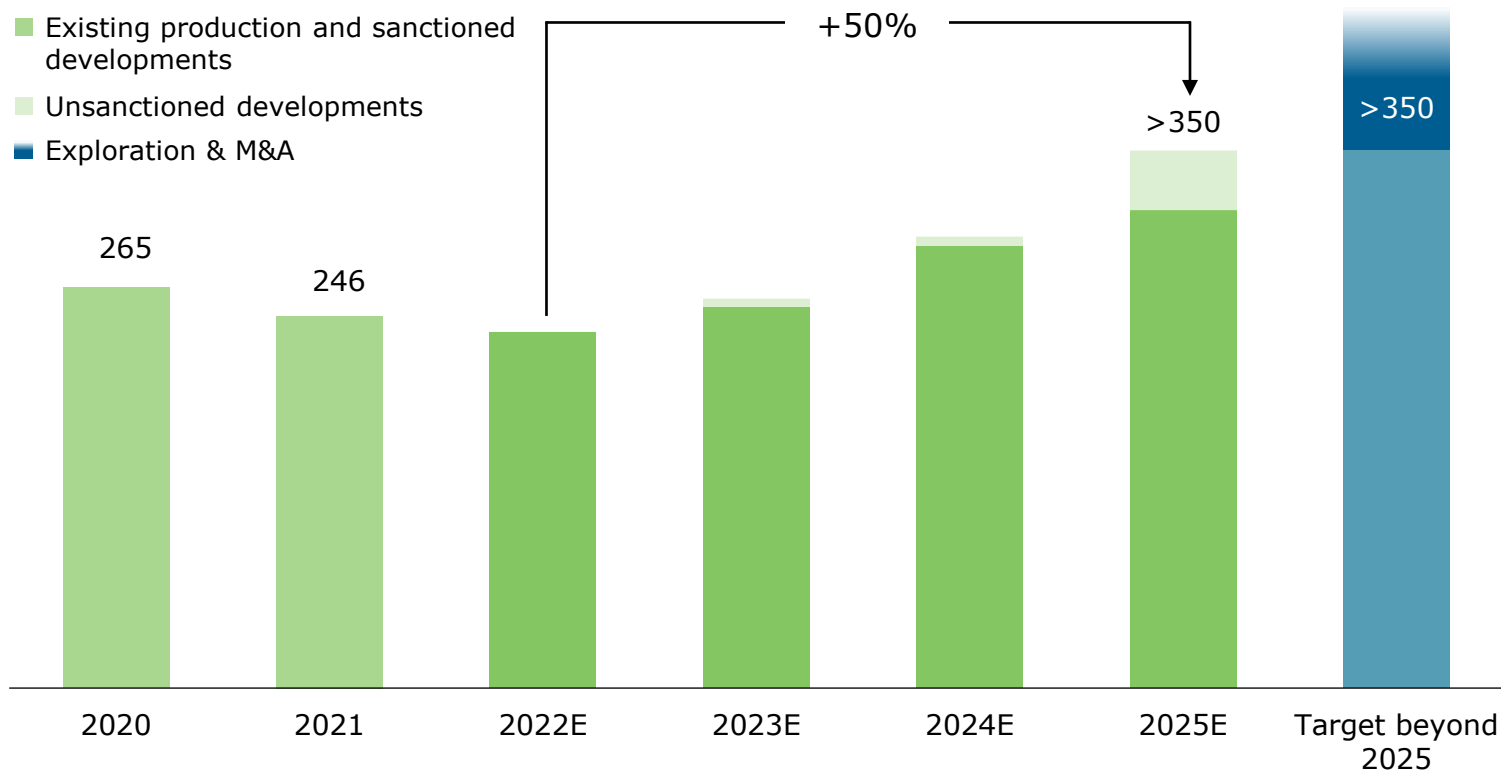
Path to net zero (Scope 1 and 2) **by 2030** with strong HSEQ credentials



Robust portfolio positioned for production growth

Production target >350 kboepd by end 2025

kboepd



Growth levers



Material, long-lived resources

~1.1 bnboe 2P reserves and 550 mmboe 2C resources, with R/P of ~13 years¹



Improved recovery

Leading subsurface technology and infill drilling



Project development

Development of robust pipeline of sanctioned and unsanctioned projects



Exploration

New commercial discoveries leveraging best-in-NCS exploration capability



M&A

Accretive M&A in hub areas driving value and synergies

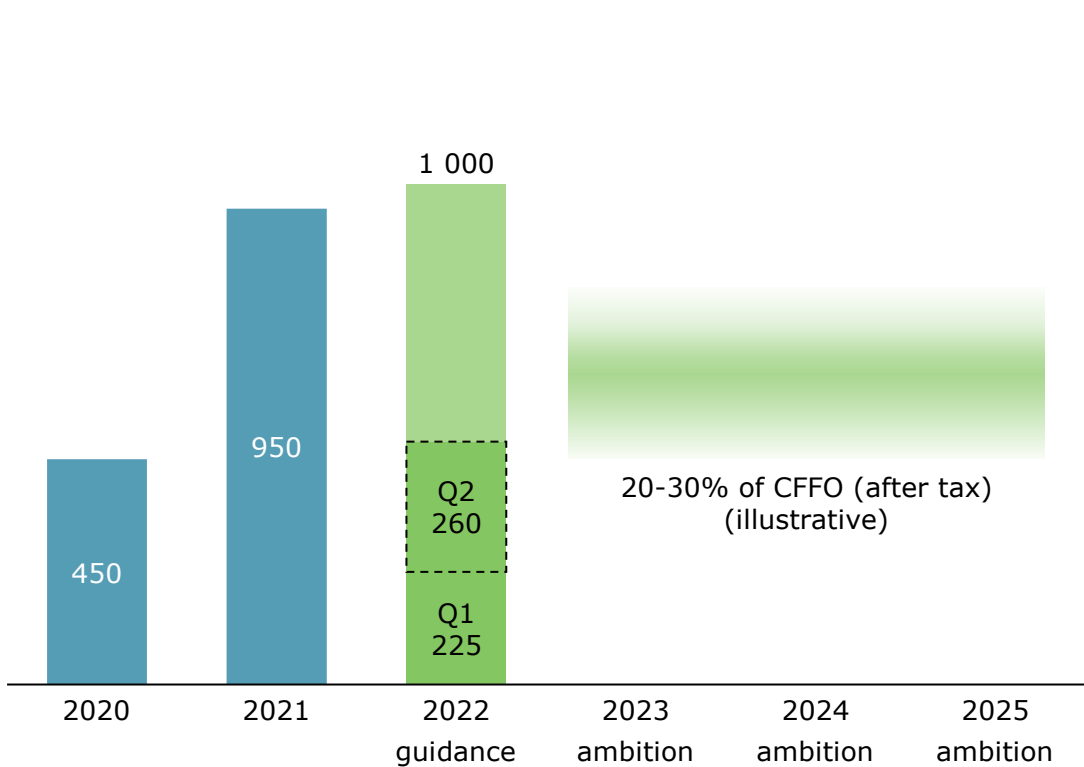
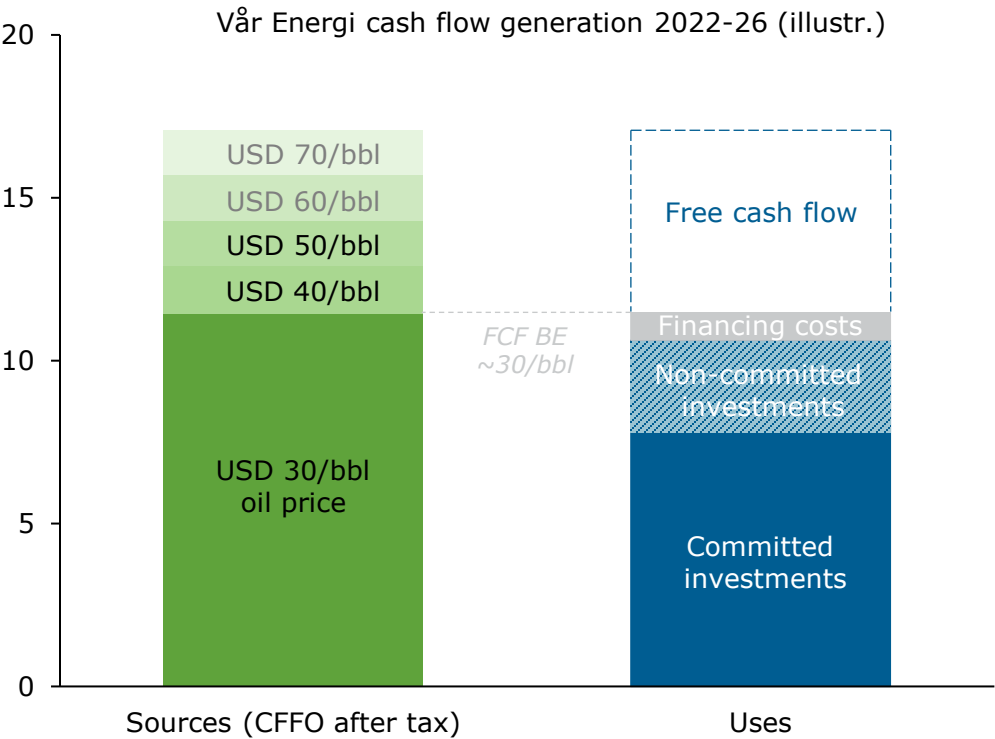
Raising 2022 dividend guidance to USD 1 billion

Potential for strong cash flow generation ahead...

...driving robust returns to shareholders¹

USDbn

USDm



Note: Company estimates, assuming forward Brent and NBP prices for the first six months of 2022, where oil price levels refer to Brent 2022 real prices. Assumed NOK/USD 8.50. Gas price assumed 65% of Brent Assuming implementation of proposed petroleum tax regime
¹ Assuming a stable commodity price environment

First quarter 2022 highlights

Robust operational performance

- Production within the 2022 guided range
- Cost of operations reduced due to seasonal lower maintenance
- Subsea leak at the Balder field led to one actual serious incident

Exceptional cash flow generation

- Average volume-weighted realised price of USD 119.8/boe
- Dividend of USD 0.09 per share declared for Q1 totalling USD 225 million to be distributed 12 May
- Guidance of USD 260 million for the second quarter
- 2022 dividend guidance raised to USD 1 billion under current market conditions

Strong financial position

- USD 3 799 million in available liquidity at the end of the quarter
- Leverage ratio reduced to 0.6x from 1.1x at year-end 2021

On track to deliver on YE 2025 production target

- Main development projects progressing according to schedule
- Increased macro and supply chain uncertainties



Key performance indicators

Q1 2022 vs. Q4 2021

Actual serious incidents frequency¹

0.1

(0.0)

CO₂ emissions intensity

7.6 kg/boe

(8.1)

Production

242 kboepd

(259²)

Production cost

USD 12.1/boe

(13.4)

Cash flow from operations

USD 2 182m

(923)

Dividend for the quarter

USD 225m

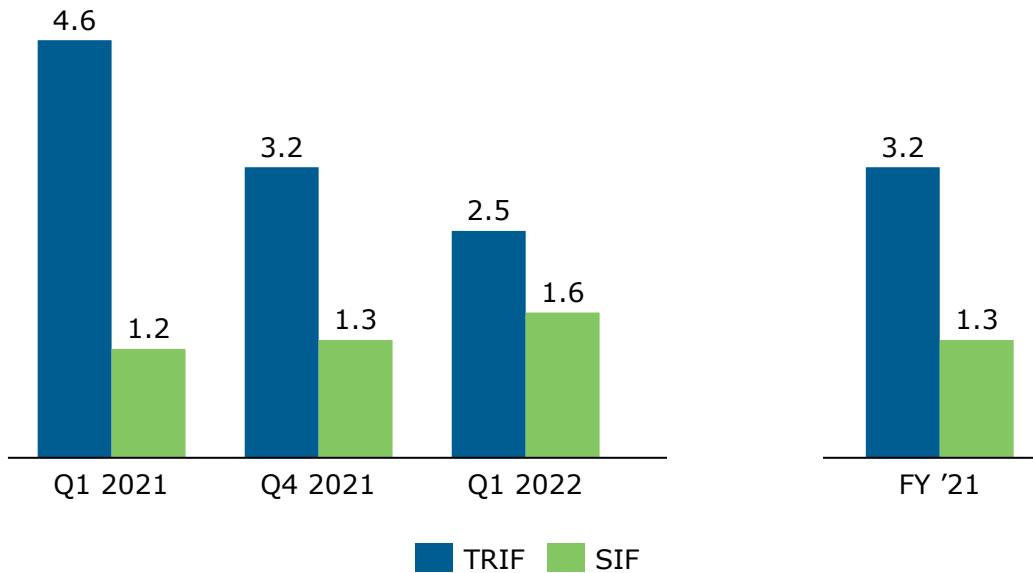
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Operational review



HSSE is the number one priority

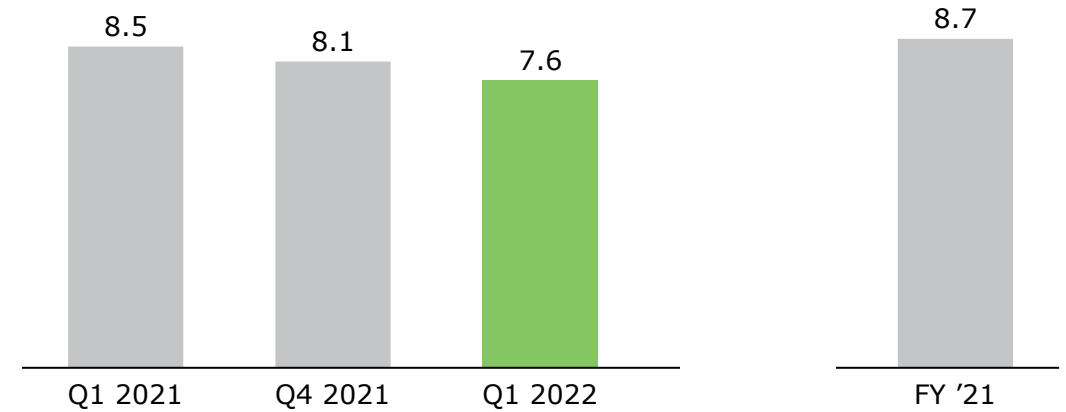
TRIF¹ and SIF²



- One Actual SIF incident – subsea leak at the Balder field
- Positive TRIF development – 3 low potential personnel injuries
- Continued focus on Always Safe program and implementation of IOGP Life-Saving rules

CO₂ emission intensity for operated assets

kg CO₂/boe



- CO₂ intensity slightly improving quarter on quarter

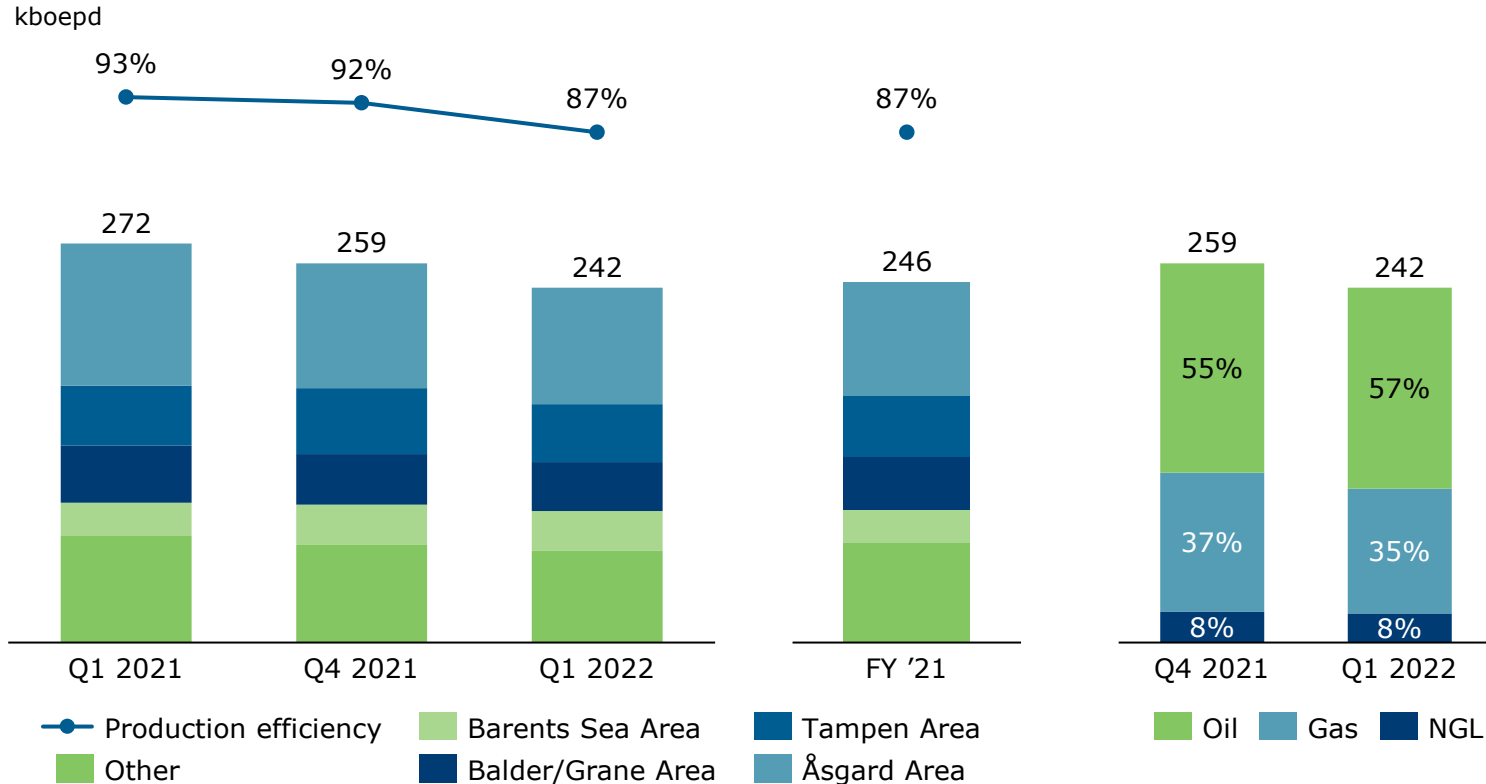
Awarded carbon storage license in the Barents Sea



- The awarded Polaris CO₂ storage license is planned to be used to permanently store CO₂ captured from the Barents Blue facility to be developed with partners Equinor and Horisont Energi
- The planned facility will produce carbon neutral (blue) ammonia and is an important step towards Vår Energi becoming a net-zero producer (scope 1 and 2) within 2030
- The first stage of the development includes capture, transport and storage of up to two million tonnes of CO₂ per year

Robust production performance in line with guiding

Production, production efficiency operated assets and product mix



- Reduced gas production of ~5 kboepd from previous quarter due to technical adjustment of gas conversion factor
- Minor operational events and natural depletion impacting production
- Continued material gas share
- 2022 production guidance of 230-245 kboepd maintained

Operational update on operated assets



Balder / Ringhorne Resumed full Balder production in April

- Balder production efficiency of 74% reflects a subsea leak causing shut-in of some production templates; production fully restored in April. Impact of 3.7 kboepd in Q1
- Ringhorne infill drilling program progressing per plan
- Two week turnaround activity planned in Q3

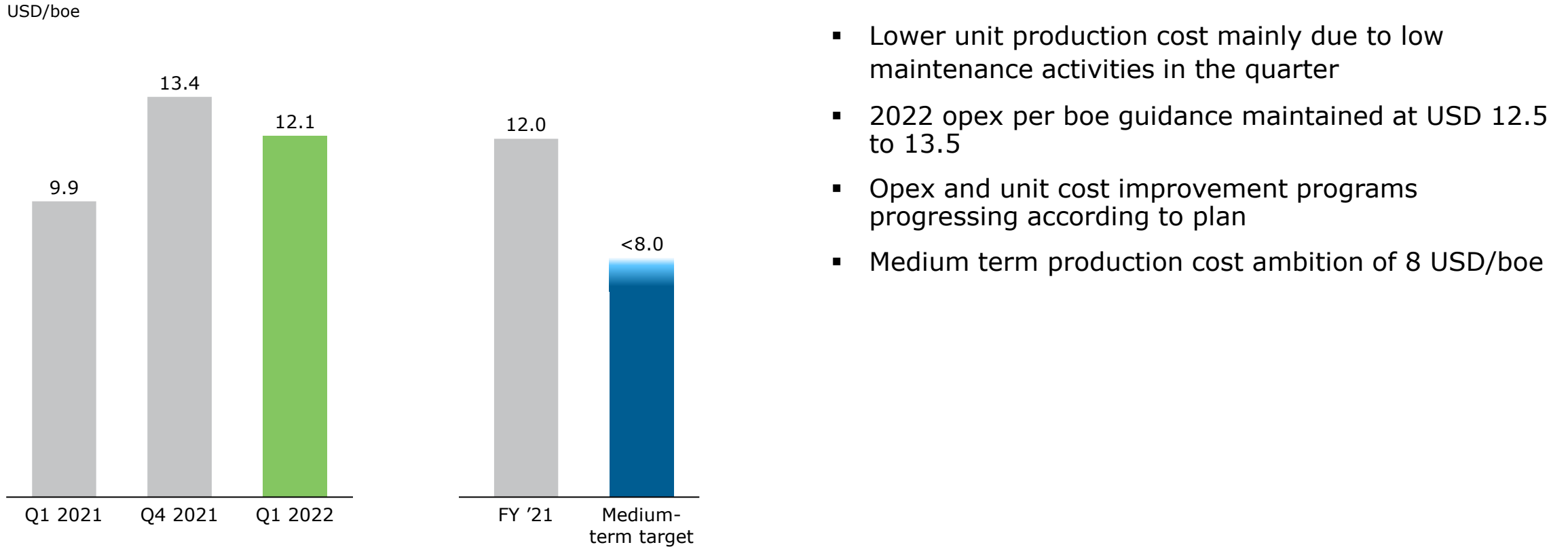


Goliat High operational efficiency

- Operational efficiency increased from 94% to 96%
- Production slightly down in quarter due to natural well decline
- Efficiency and opex improvement program progressing to plan
- Preparing for three week turnaround commencing late May

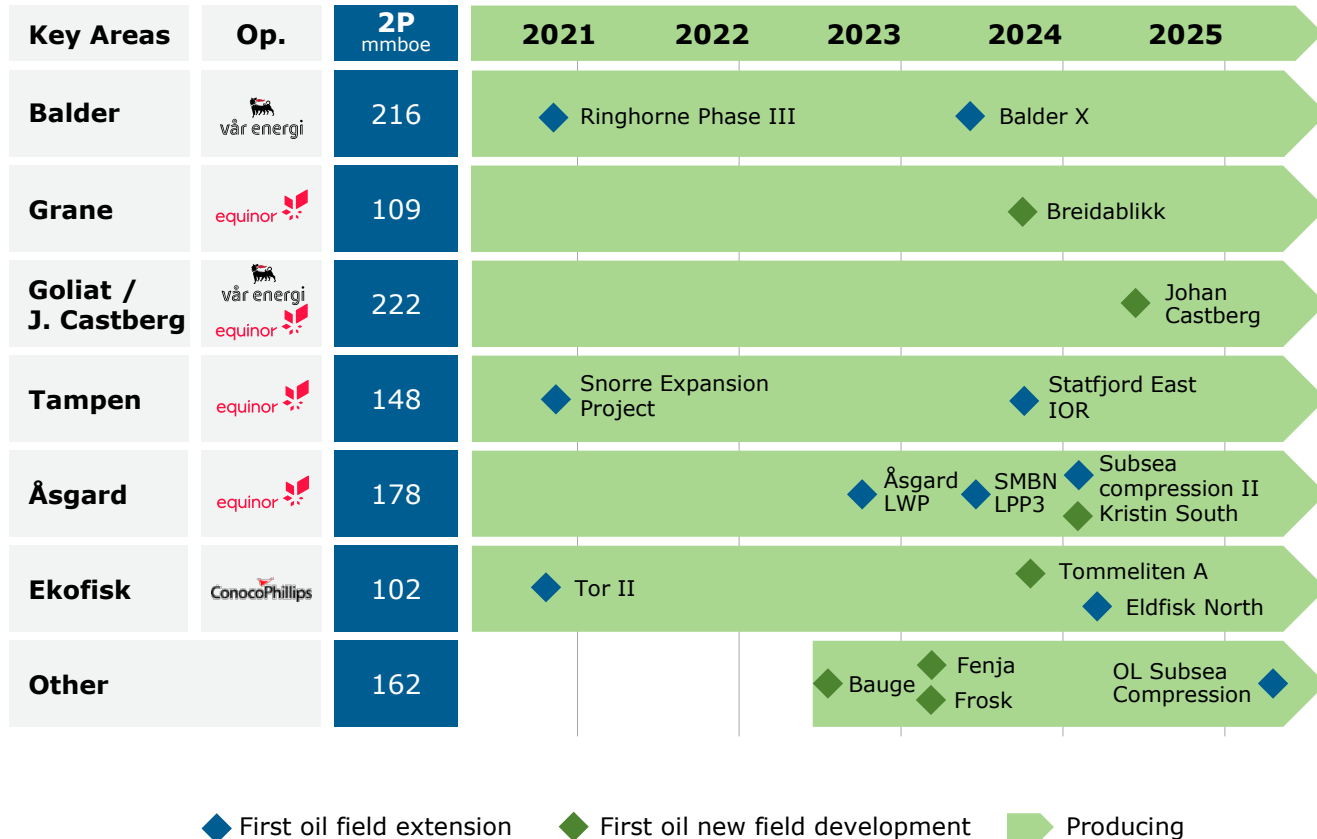
Declining unit production cost

Production cost per boe produced¹



On track to deliver on end-2025 production target

Existing production and sanctioned developments



- Generally good progress on major projects
- Increased macro and supply chain uncertainties
- Continued Covid-19 impact on certain projects
- Eldfisk North FID Q1 2022, PDO submission planned end-April
- Halten East FID in Q2 2022

Balder X on track to support medium-term production target

- **Highly profitable project targeting 143 mmboe in net recoverable reserves**

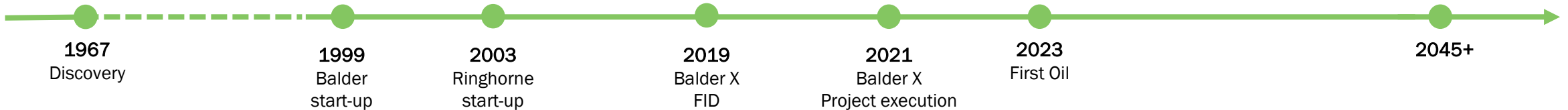
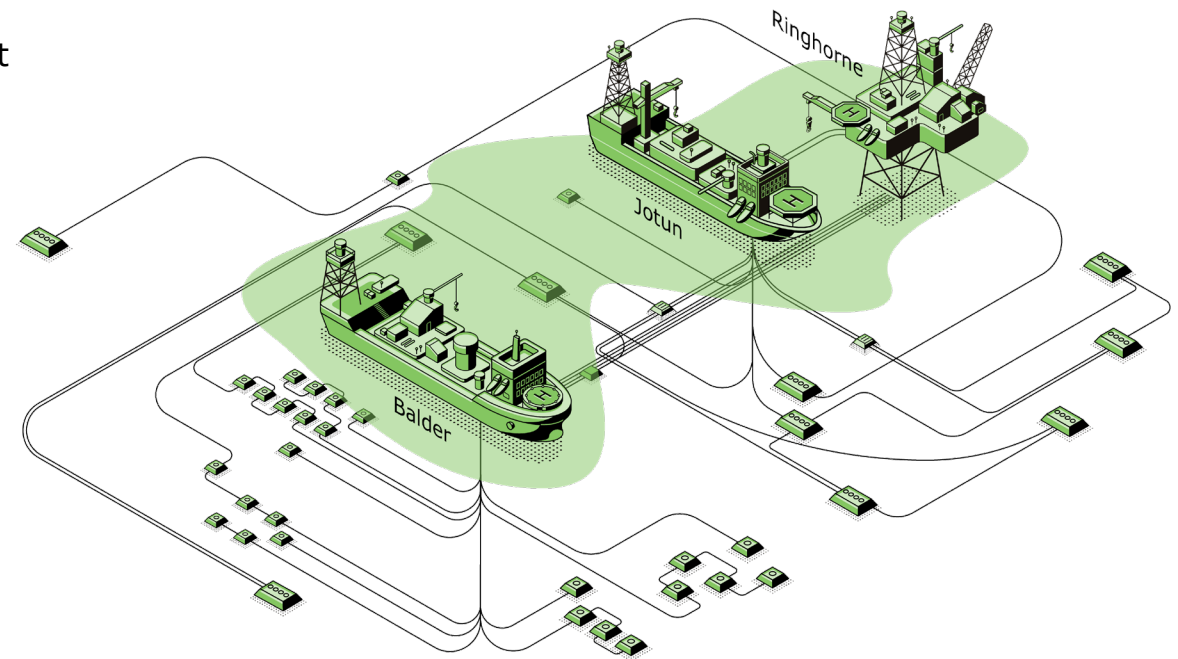
- Leveraging existing Balder hub infrastructure
- Field production expected to increase to >70 kboepd annual net at peak with attractive break-even
- Significant additional upside potential

- **Progressing on schedule for planned first oil in Q4 2023**

- The inspection program on Jotun FPSO is concluded and results are incorporated into the integrated plan
- Drilling programme under way
- Final equipment orders to be placed in Q2 2022
- SURF 2022 campaign progressing according to plan

- **Continuous focus on mitigating project risks**

- Drilling progress impacted by challenging weather
- Additional engineering hours and increased procurement scope
- Continued impact from Covid-19



Johan Castberg FPSO arrived in Norway

- **Positioned to be a Barents Sea giant**
 - Second oil field development with high perspectivity in the Barents Sea
 - Large additional potential through infill drilling, tie-back of discoveries and exploration drilling after project completion
- **On track for planned first oil in Q4 2024**
 - FPSO hull and living quarter arrived at Aker Stord, Norway in early April
 - Heavy lift campaign and turret installation planned during summer
 - Phase 1 drilling campaign completed ahead of time and below budget
 - SURF activities progressing according to plan

2P reserves (gross)

535

mmboe

OPEX¹

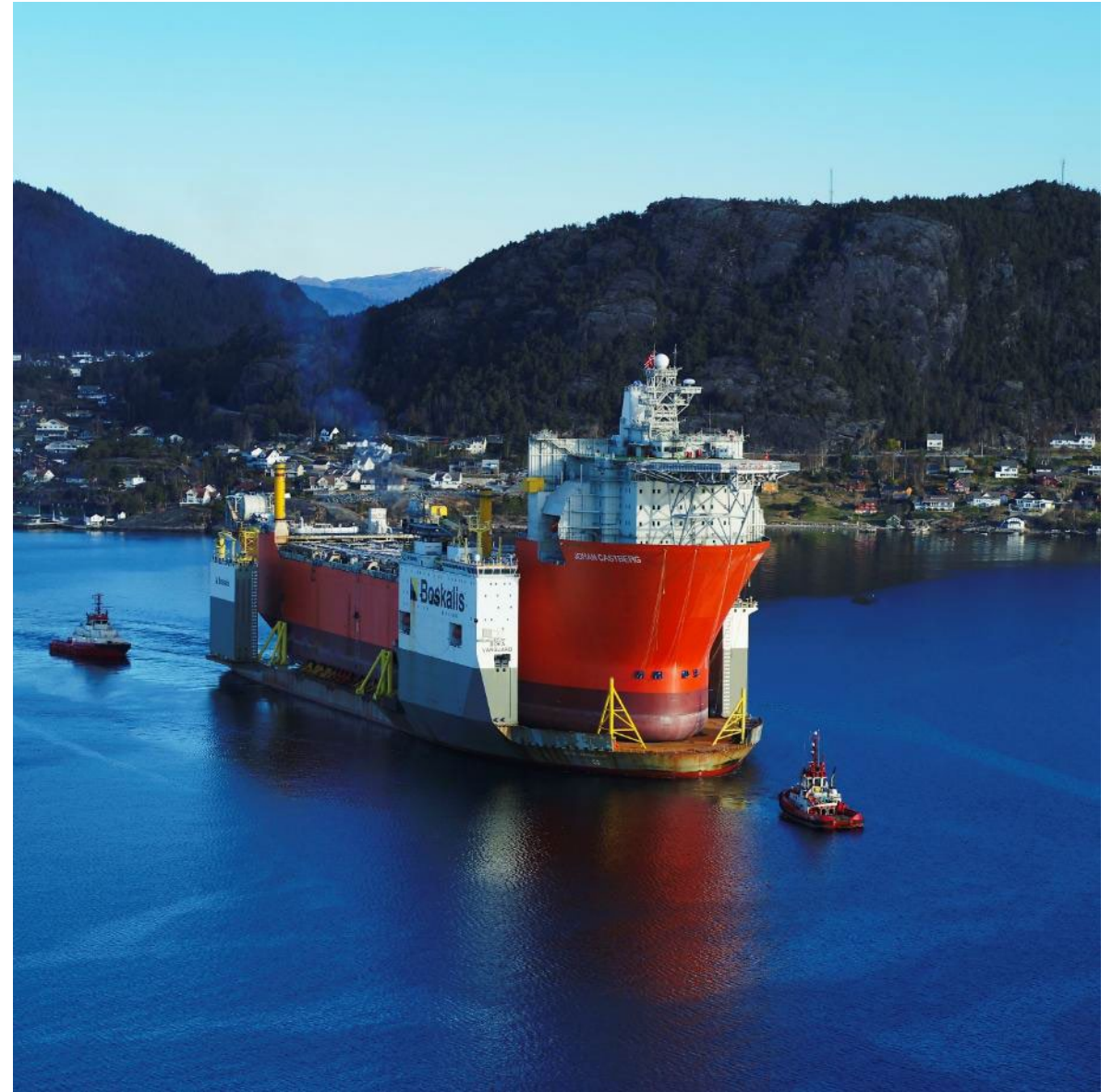
~3

USD/boe (real)

CO₂ intensity¹

~5

kg/boe



Breidablikk ready for Q2 drilling program

- **One of the largest ongoing developments on the NCS**
 - Highly attractive and cost-effective development leveraging on existing Grane infrastructure
 - Four subsea templates tied back to the Grane platform
 - Possibility to extend production plateau through installation of a fifth template
- **On track for planned first oil in Q1 2024**
 - All four subsea templates successfully installed in Q1
 - Drilling program to commence in May 2022
 - Breidablikk project scope incorporated in Grane high activity period that started in April

2P reserves (gross)

207

mmboe

OPEX¹

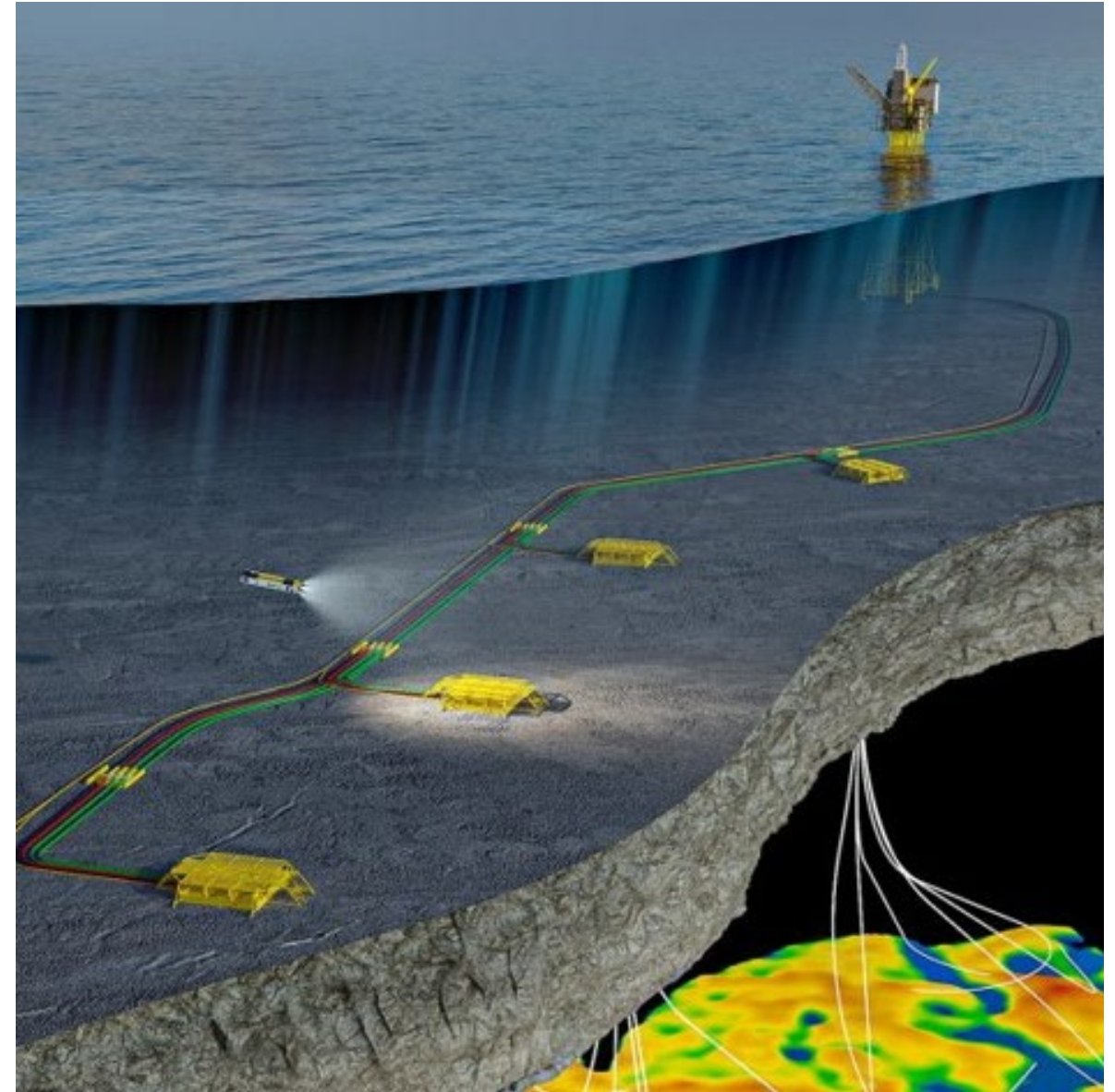
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USD/boe (real)

CO₂ intensity¹

~1

kg/boe

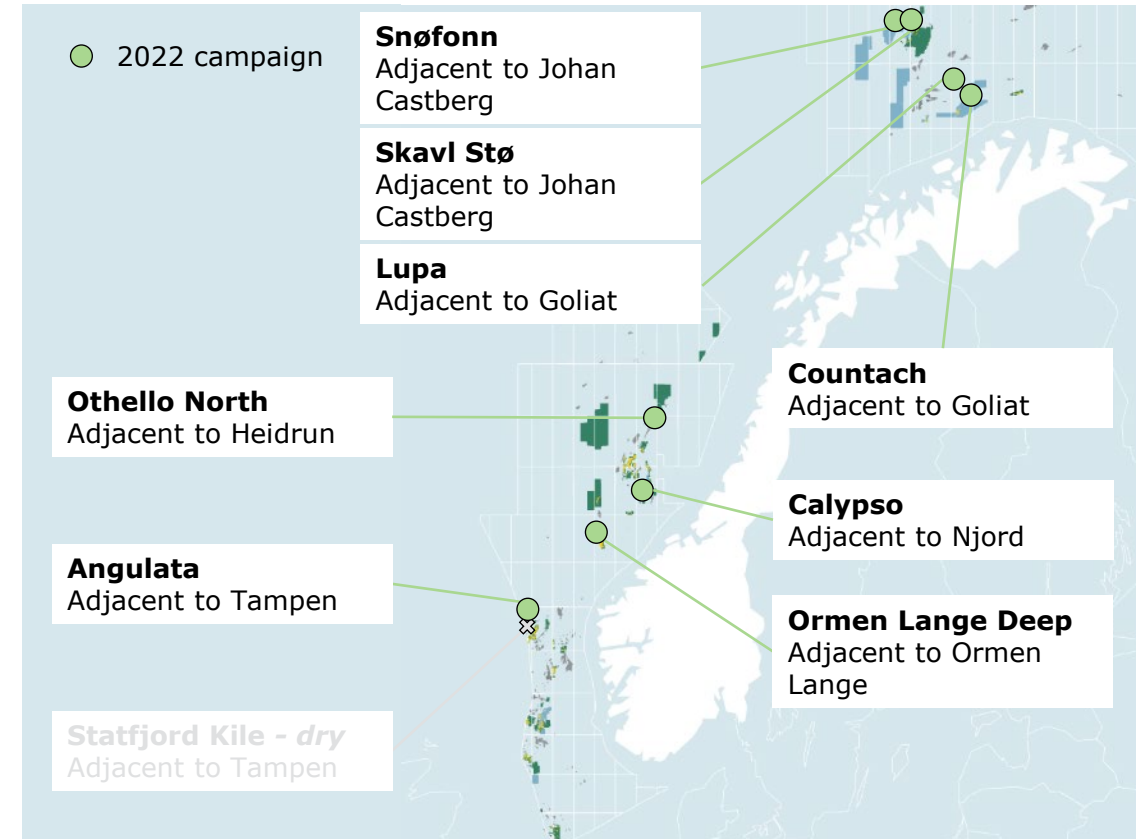


2022 campaign targeting more high-value barrels

2022 work programme

License	Prospect	Operator	Vår Energi share	Pre-drill unrisked mmboe	Pre-drill unrisked mmboe VE	Timing	Status
PL 057	Statfjord Kile	Equinor	18.6%	6	1	Q1	Dry
PL 532	Snøfonn	Equinor	30%	44	13	Q2	Drilling
PL 532	Skavl Stø	Equinor	30%	20	6	Q2	
PL 209	Ormen Lange Deep	Equinor	10%	290	29	Q1/Q2	Drilling
PL 124	Othello North	Equinor	10%	43	4	Q2/Q3	
PL 554	Angulata	Equinor	30%	58	17	Q3	
PL 938	Calypso	Neptune	20%	34	7	Q4	
PL 229E	Lupa	Vår Energi	50%	85	43	Q4	
PL 229	Countach	Vår Energi	65%	41	27	Q4/Q1 23'	

Continued hub-focused exploration



Financial review



Key financials

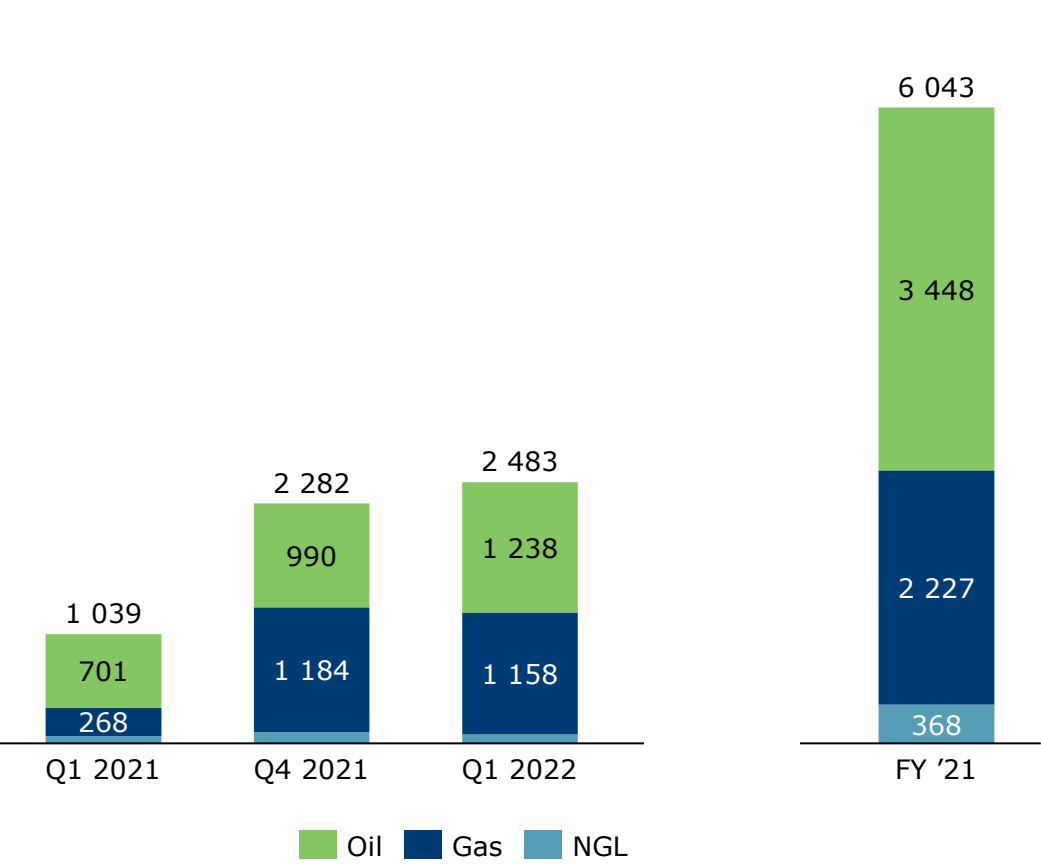
USD million	Q1 2022	Q4 2021	Q1 2021	FY 2021
Petroleum revenues	2 483	2 282	1 039	6 043
EBIT	1 674	1 235	553	2 910
Profit before taxes	1 651	1 124	499	2 498
Production cost (USD/boe)	12.1	13.4	9.9	12.0
Operating CF before tax	2 366	1 495	696	4 274
CFFO	2 182	923	930	4 438
CAPEX	622	710	546	2 584
NIBD / EBITDAX	0.6x	1.1x	2.1x	1.1x
Available liquidity	3 799	2 304	1 291	2 304



Average weighted realised price of USD 120/boe driving revenues

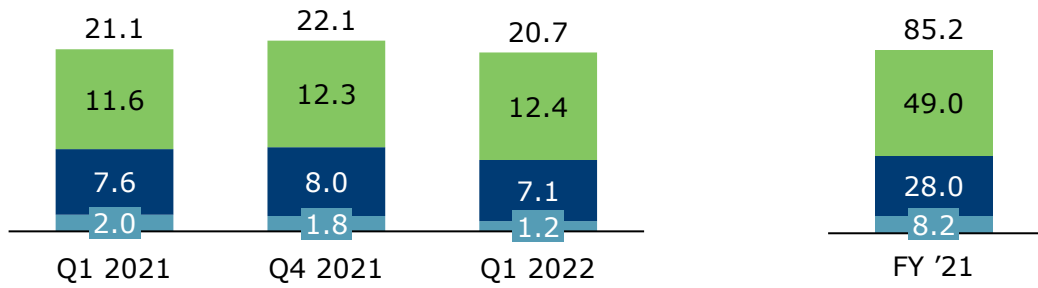
Total petroleum revenues

USDm



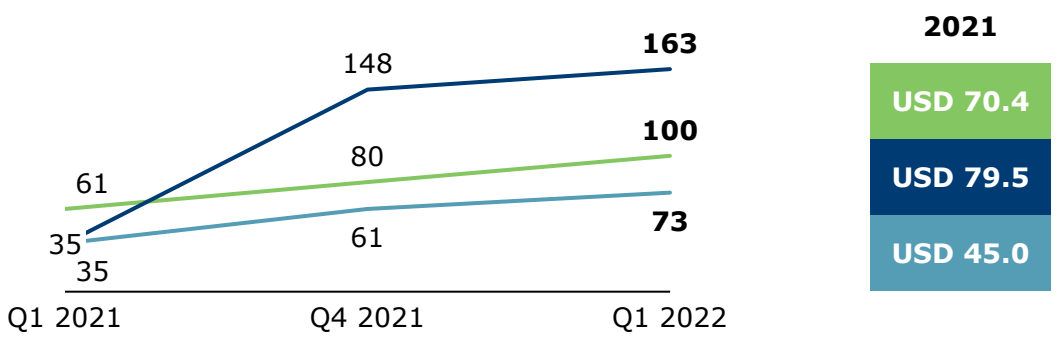
Sold volumes

mmboe



Realised prices

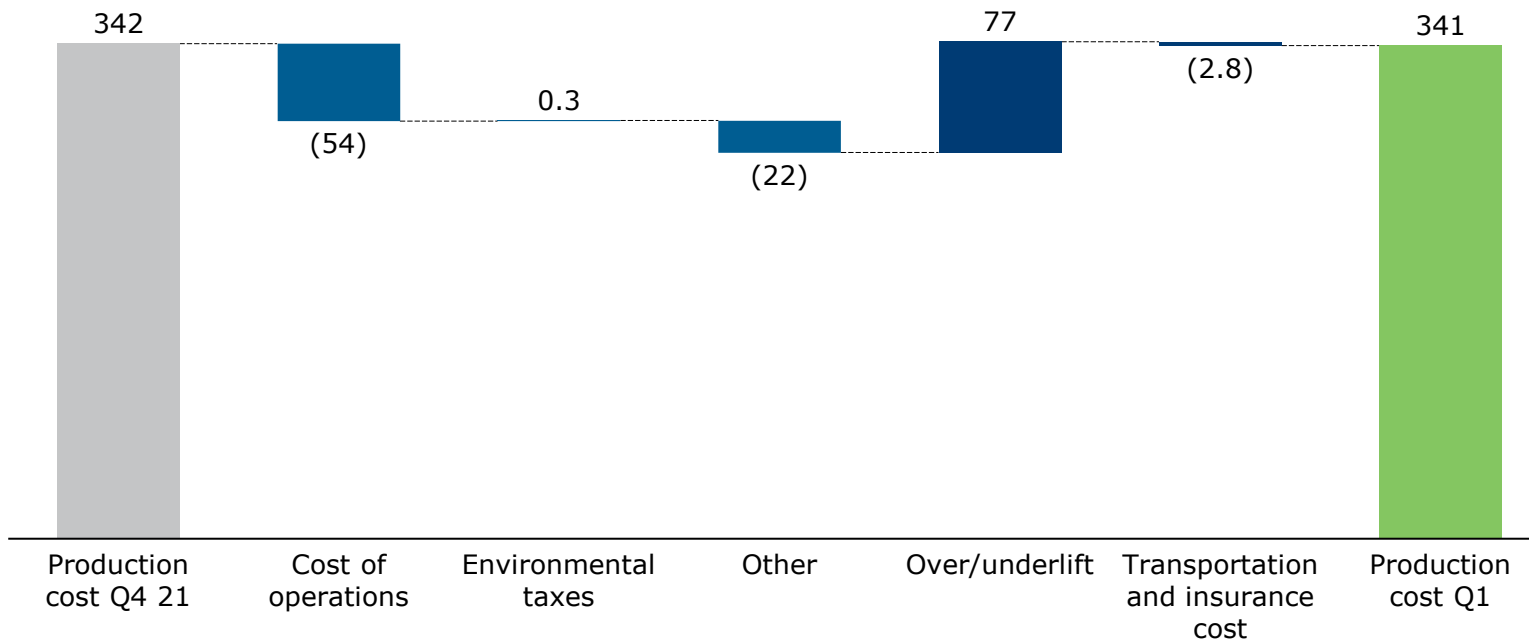
USD/boe



Lower cost of operations due to seasonal low maintenance

Production cost (sold volumes)

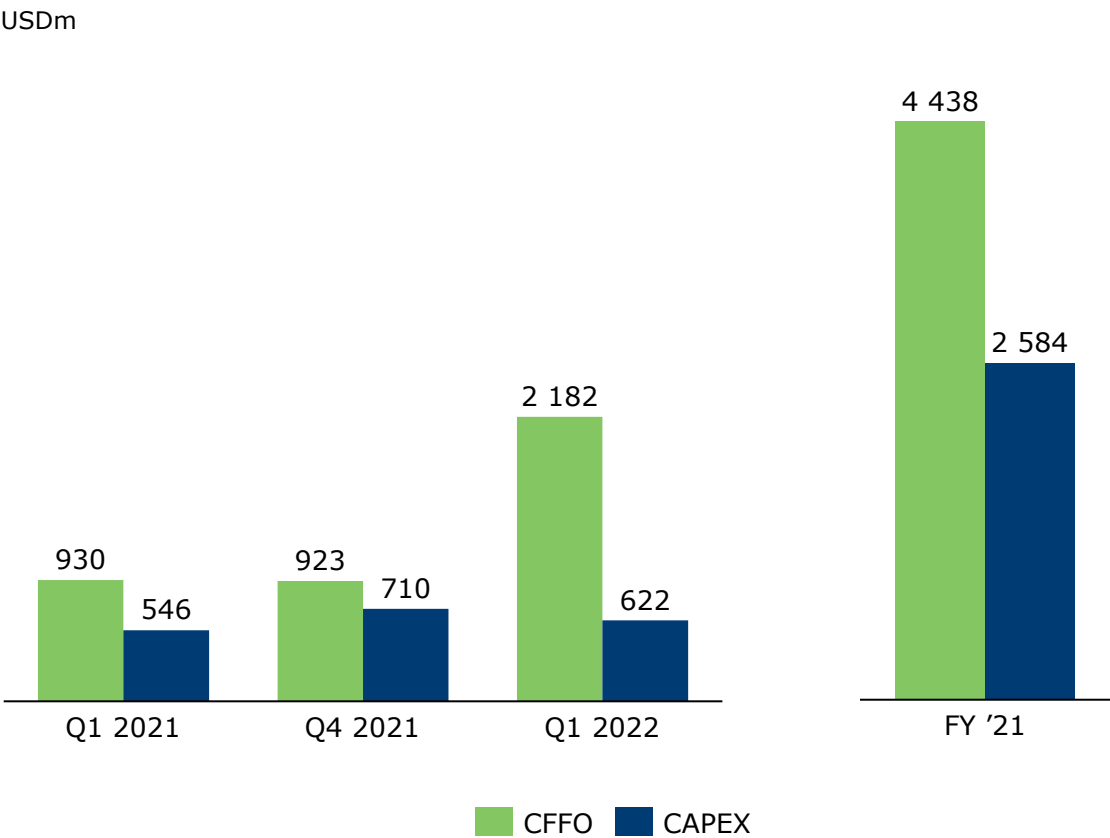
USDm



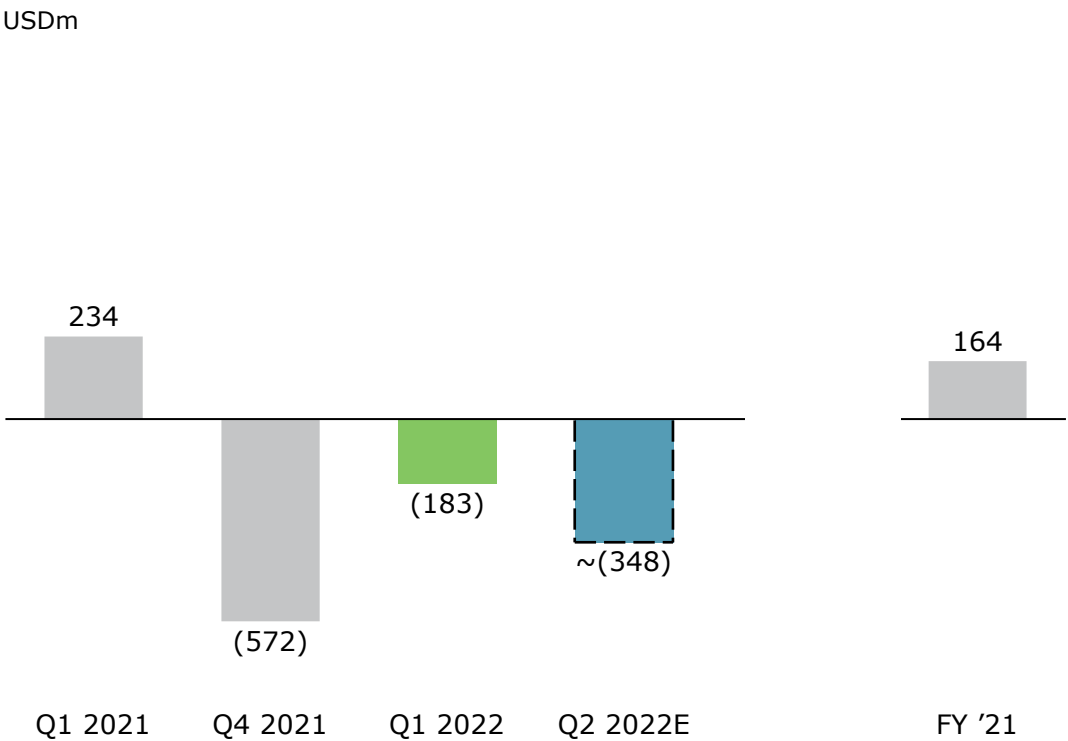
- Cost of operations down on low maintenance activities
- Fourth quarter production cost included one-off own restructuring costs, restructuring costs billed from partners and revised bonus provisions
- Seasonally higher maintenance activity planned in Q2/Q3
- Over/underlift position impacted by product prices

Record-high CFFO driven by higher prices and lower tax payments

CFFO and CAPEX



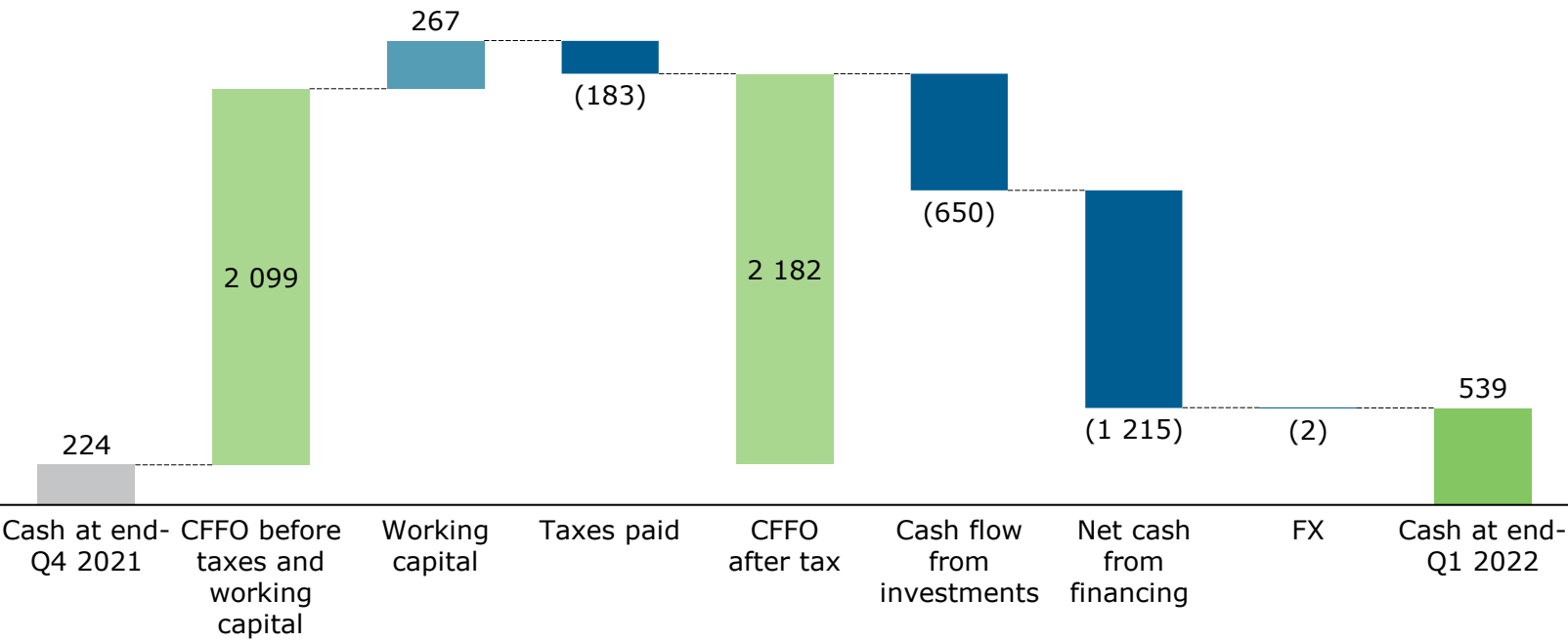
Income tax received / (paid)



Exceptional cash flow generation

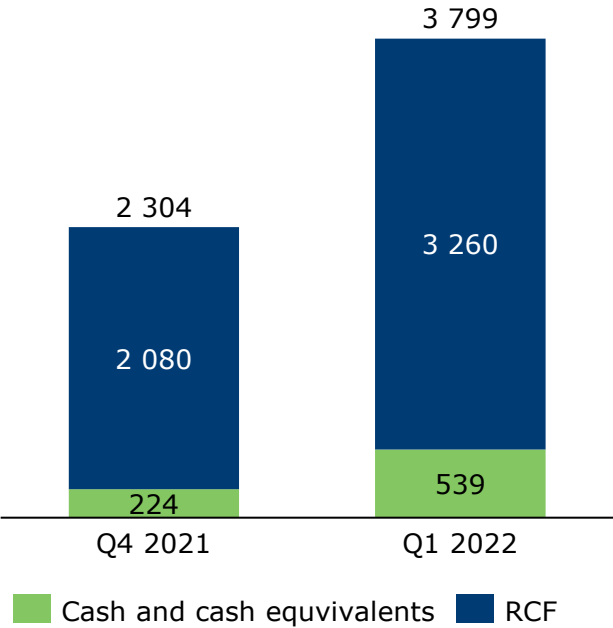
Cash flow development Q1 2022

USDm



Available liquidity

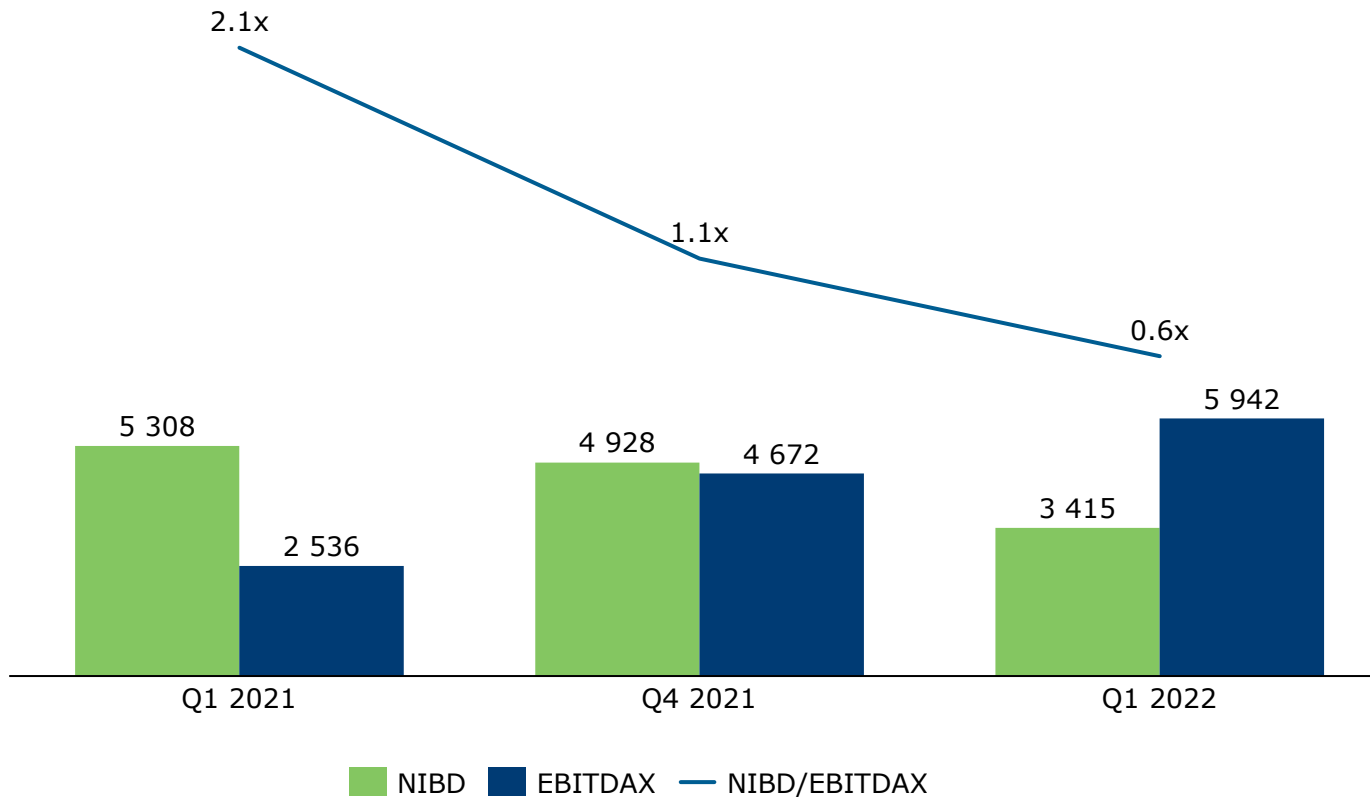
USDm



Strong cash flow generation supports continued deleveraging

Net interest-bearing debt and leverage ratio¹

USDbn



- Committed to maintaining an Investment Grade rating
- Through-the-cycle leverage target of 1.3x NIBD / EBITDAX

S&P Global

BBB (Outlook Stable)
1st November 2021

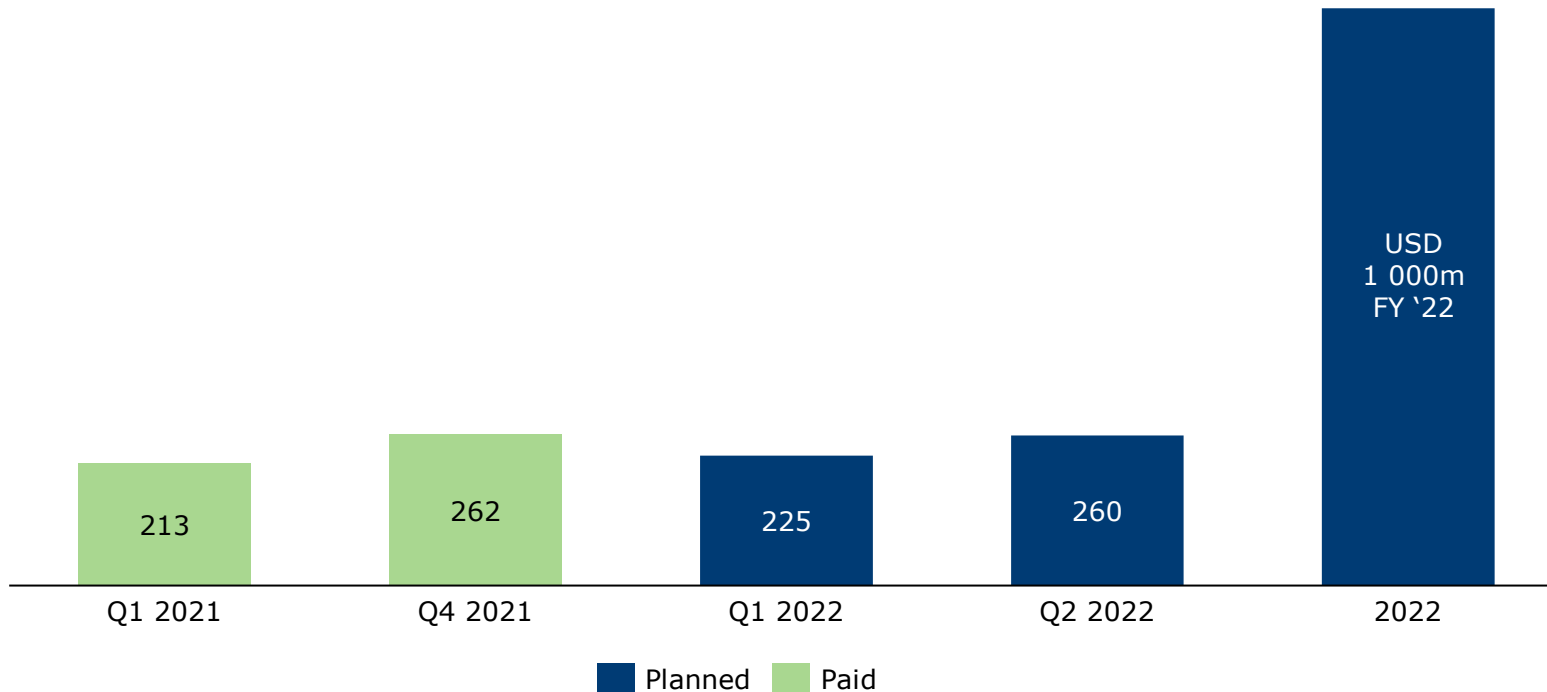
MOODY'S

Baa3 (Outlook Stable)
3rd November 2021

Dividend guidance of USD 1 billion for 2022

Dividend distribution

USDm



- Dividend for Q1 2022 of USD 0.09 per share to be paid 12 May 2022
 - Dividend paid in NOK at exchange rate of NOK/USD 9.1758
- Dividend guiding for Q2 of USD 260 million (0.10 USD per share)
- Dividend policy of 20-30% of cashflow from operations after tax from 2023 onwards

Outlook

Production	<ul style="list-style-type: none">▪ Production target in 2022 of 230-245 kboepd
Production cost	<ul style="list-style-type: none">▪ Targeting USD 12.5 - USD 13.5 in 2022▪ Expected to improve over the medium term towards USD 8/boe as new projects come onstream and cost savings are achieved
Capex	<ul style="list-style-type: none">▪ 2022 capex guidance of USD 2.3 – USD 2.6 billion excluding exploration and abandonment (exploration USD ~150 million and abandonment USD ~50 million)▪ Limited cash outflow on decommissioning in the next ten years
Other	<ul style="list-style-type: none">▪ Final payment to ExxonMobil of ~USD 300-350 million due in 2022 as part of the 2019 acquisition
Leverage	<ul style="list-style-type: none">▪ Conservative through-the-cycle leverage target of 1.3x net debt / EBITDAX
Dividends	<ul style="list-style-type: none">▪ Dividend guidance for 2022 raised to USD 1 billion (USD 0.40 per share) under current market conditions, paid on a quarterly basis▪ Q2 dividend guidance of USD 260 million (USD 0.10 per share)▪ From 2023 onwards plan to distribute around 20-30% of cash flow from operations (after tax) across the cycle

Concluding remarks



Summary

- Robust operational performance
- Exceptional cash flow generation
- Strong financial position
- On track to deliver on YE 2025 production target
- Raising dividend guidance for 2022 to USD 1 billion





First quarter 2022

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