



Second quarter 2022

Results presentation | 26 July 2022



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Today's Vår Energi presenters



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Second quarter 2022 highlights

Operating performance impacted by maintenance activities

- Successfully executed maintenance on operated fields according to plan
- Full-year production guidance of 230-245 kboepd maintained

Strengthened gas position

- Secured flexible long-term gas sales agreements in Germany
- Maintained stable high gas production from previous quarter

Continued strong cash flow generation

- CFFO impacted by higher taxes payable and working capital movements
- Dividend guidance increased to USD 290 million for the third quarter, full-year expectation of minimum USD 1 billion

Financial position further improved

- Raised USD 500 million for partial refinancing of bridge-to-bond facility
- Leverage ratio further reduced to 0.4x from 0.6x at end-Q1 2022

Delivering on the growth strategy

- Strong exploration performance with two discoveries in the quarter
- New organisational structure and management team introduced



Key performance indicators

Q2 2022 vs. Q1 2022

Actual serious incidents frequency¹

0.1

(0.1)

CO₂ emissions intensity

8.6 kg/boe

(7.6)

Production

210 kboepd

(242)

Production cost

USD 14.7/boe

(12.1)

Cash flow from operations

USD 1 535m

(2 201)

Dividend for the quarter

USD 260m

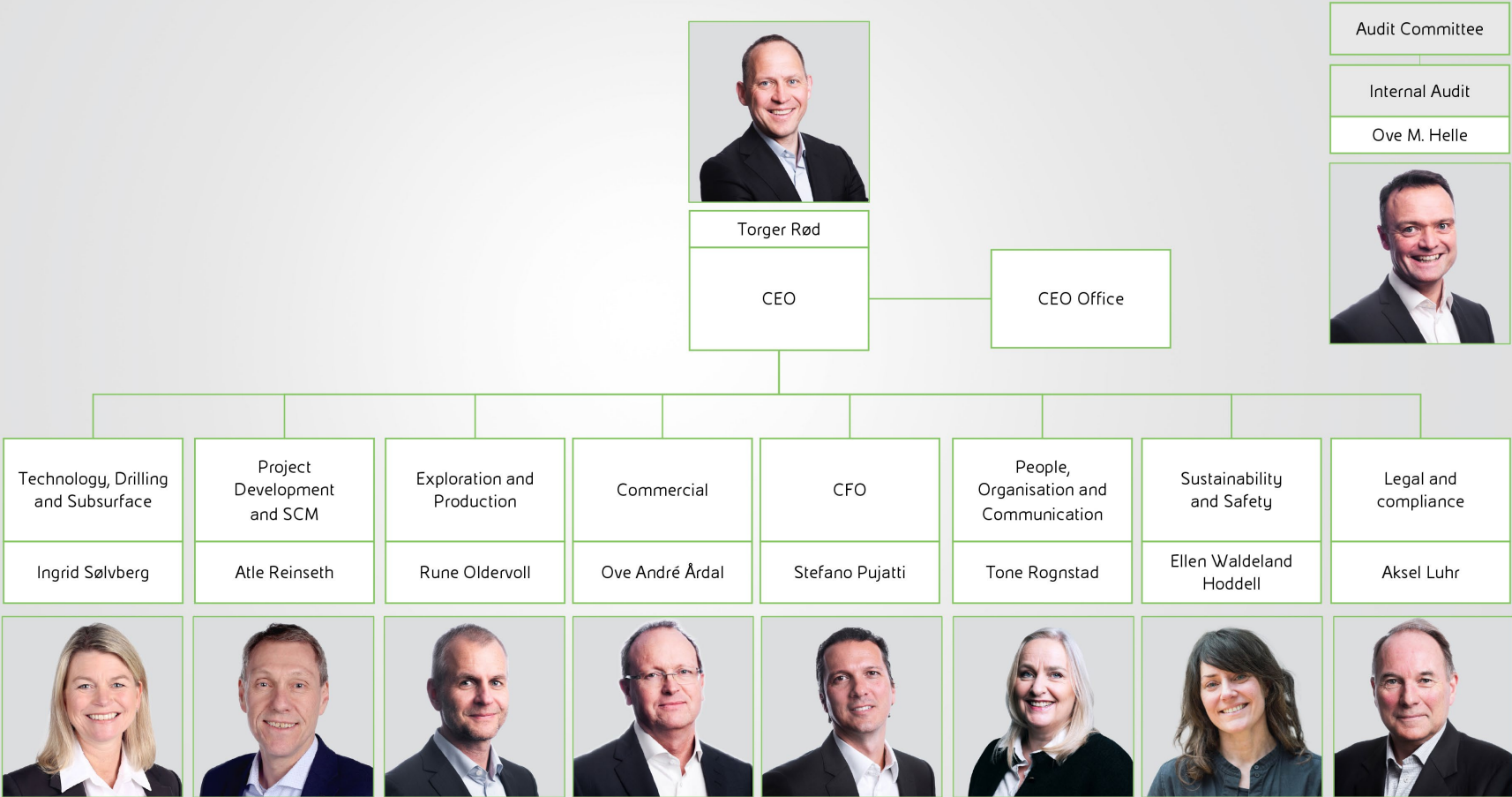
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A new organisation preparing for future value-driven growth

**Strengthened
management team**

**Simplified structure for
enhanced collaboration
and productivity**

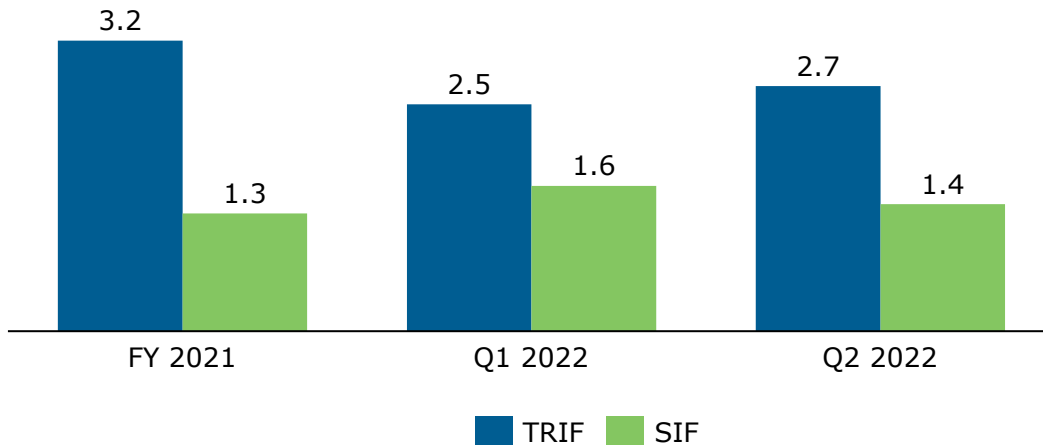
**High-performing
organisation to realise
full potential**



Operational review

Key focus on safe and efficient operations

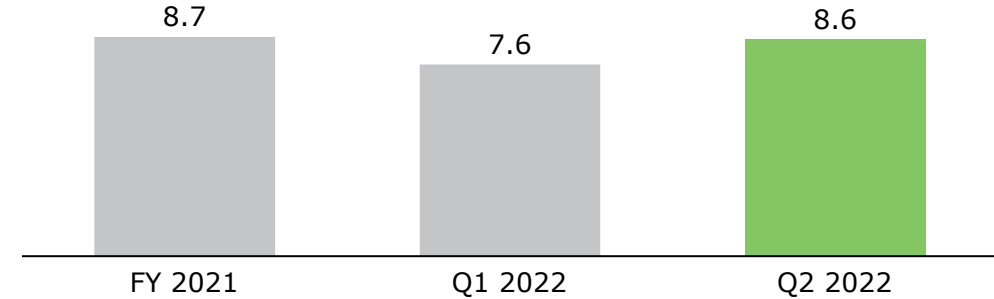
TRIF¹ and SIF²



- No serious incidents in the quarter
- Increasing trend on TRIF related to project incidents at yards
- Continuous focus on strengthening the safety culture through key safety tools

CO₂ emission intensity for operated assets

kg CO₂/boe

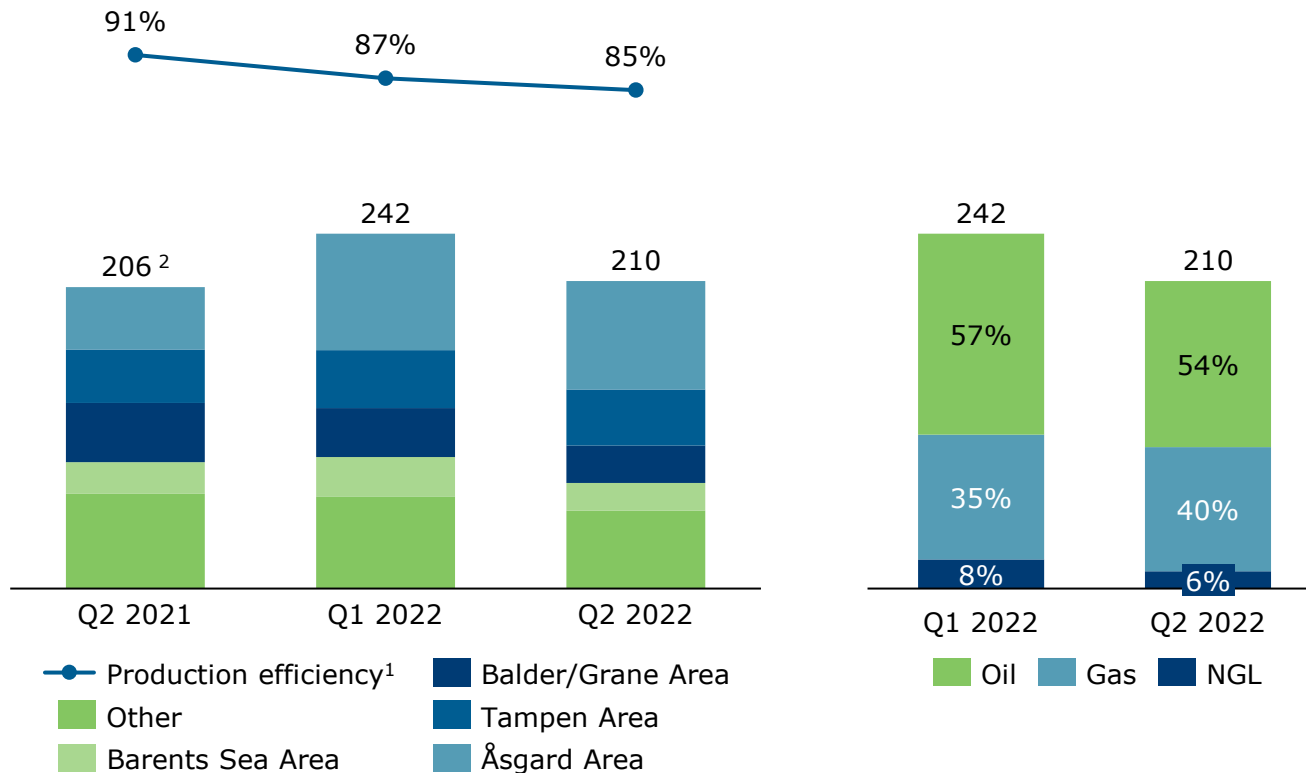


- Increase in CO₂ intensity due to high maintenance level resulting in lower production

Seasonally high maintenance impacting production

Production, production efficiency operated assets and product mix

kboepd



- Turnaround activities on operated assets executed according to plan
- Increase in production year-on-year
- Reduced NGL recovery to increase gas sales
- 2022 production guidance of 230-245 kboepd maintained at the lower end of the range

Operational update on operated assets

Goliat Successful completion of turnaround

- Q2 production efficiency of 75% reflecting planned maintenance
- Successful turnaround executed safely on plan and budget
- 1H 2022 production of 23 kboepd, ahead of 1H 2021 driven by additional volumes from wells drilled in 2021
- Efficiency and opex improvement program progressing to plan

Balder/Ringhorne Uptime and production improvement

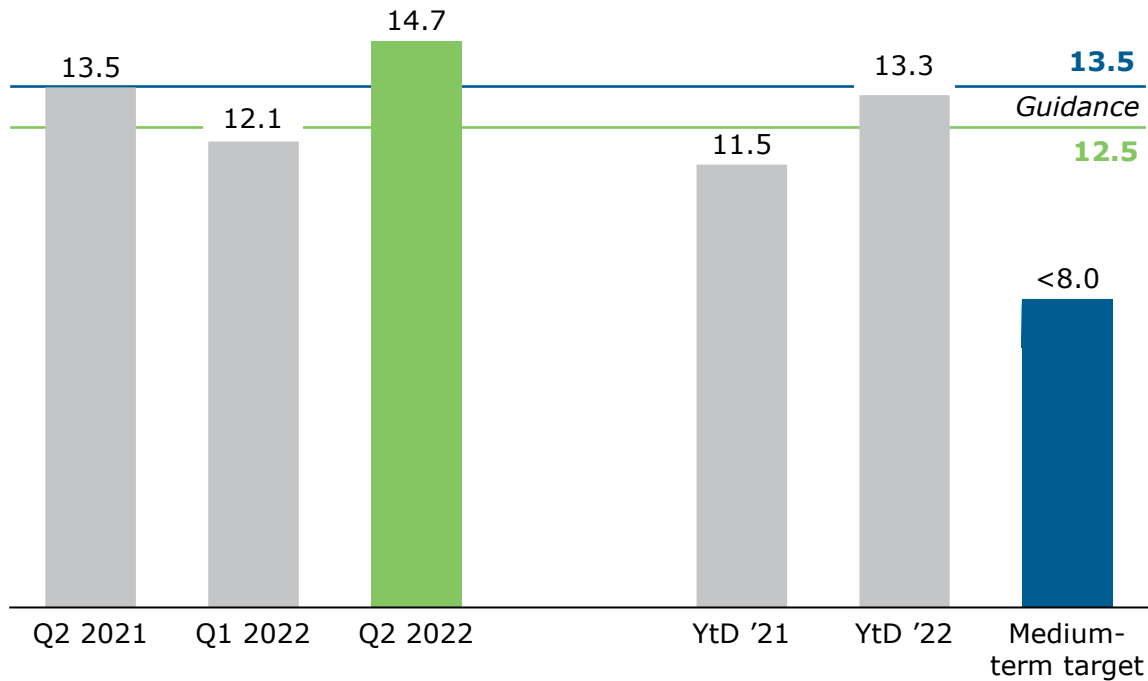
- 1H 2022 production of ~20 kboepd, impacted by the subsea leak in Q1
- Production efficiency improved from 74% in Q1 to 91% in Q2
- Two-week turnaround activity and maintenance planned in Q3



Production cost impacted by seasonal maintenance activities

Production cost per boe produced¹

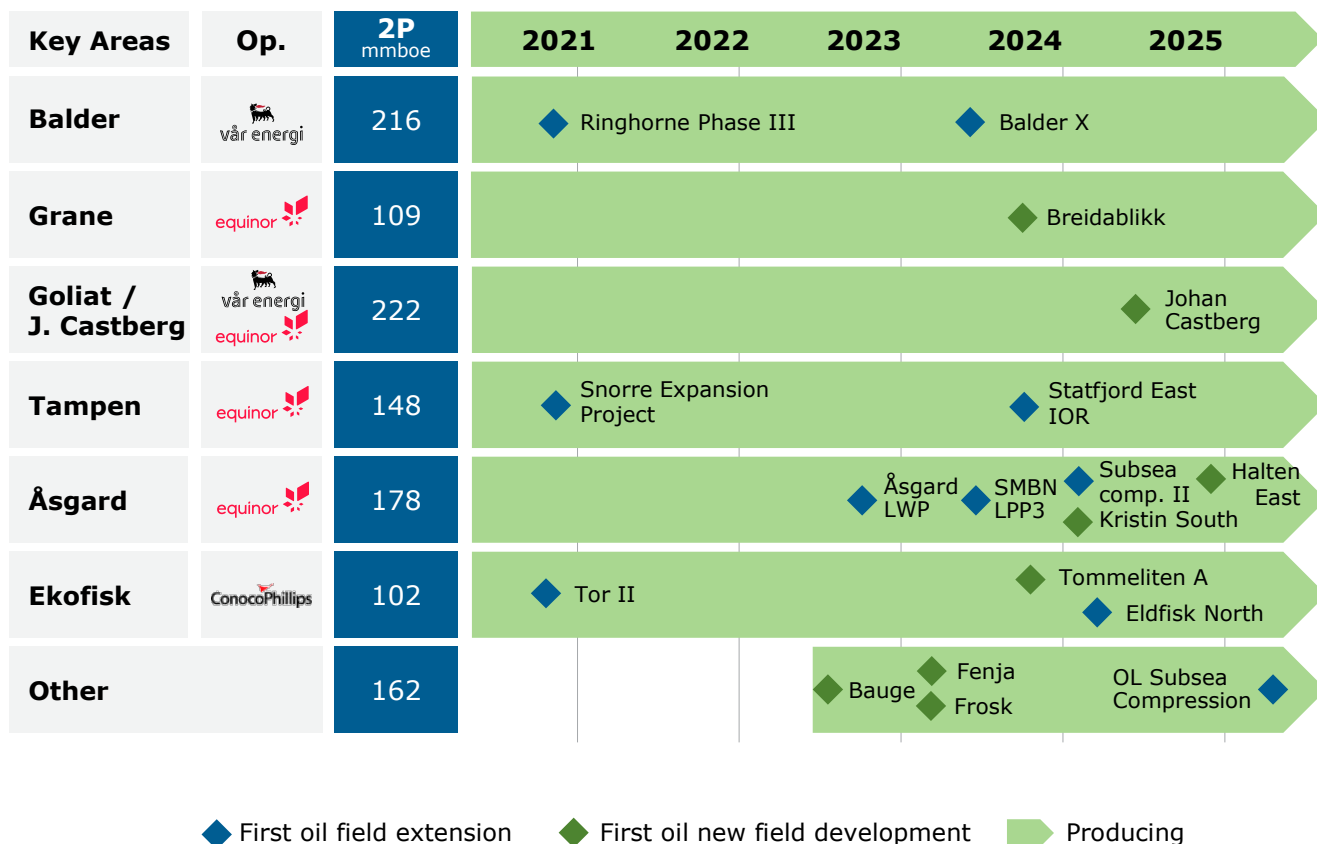
USD/boe



- Full year 2022 opex per boe guidance maintained at USD 12.5 to 13.5
- Opex and unit cost improvement programs progressing according to plan
- Medium term production cost target of 8 USD/boe

On track to deliver on end-2025 production target

Existing production and sanctioned developments



- Generally good progress on project portfolio
- Macro uncertainties and supply chain disturbances remain
- Halten East and Eldfisk Nord PDO submitted to the MPE in May
- Hywind Tampen progressing towards start-up in Q4 2022
- Capex guidance for 2022 maintained
- Entered strategic partnership with Aker Solutions, Havfram and Saipem for SPS/SURF deliveries

Major projects progressing according to schedule

Balder X

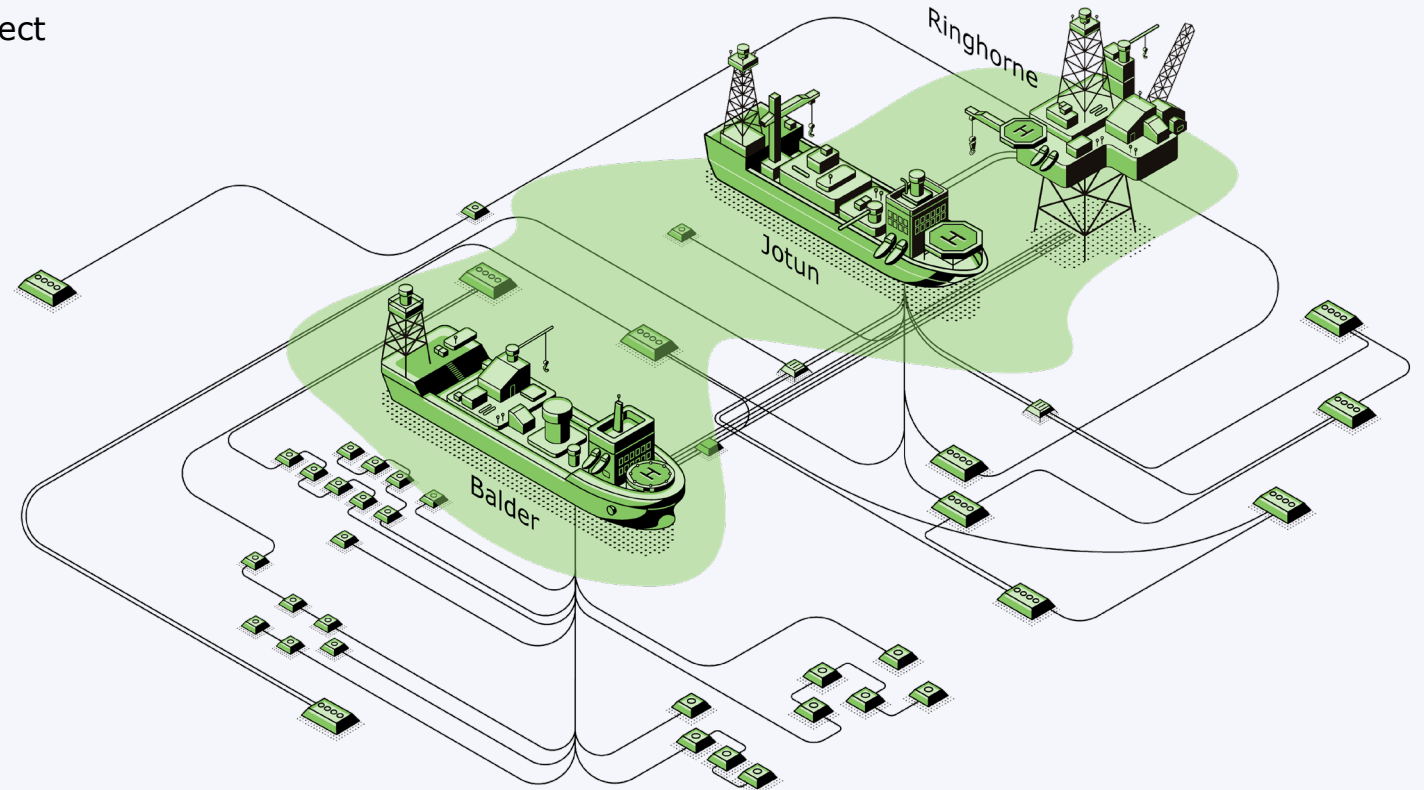
- External factors and increased scope affecting the project
- Progressing towards targeted first oil in Q4 2023

Johan Castberg

- Heavy lift, subsea and marine campaigns progressing to plan
- Phase one drilling campaign completed
- On track for targeted first oil in Q4 2024

Breidablikk

- Drilling operations started in May
- High Activity Period on Grane topside ongoing into Q3
- On track for targeted first oil in Q1 2024

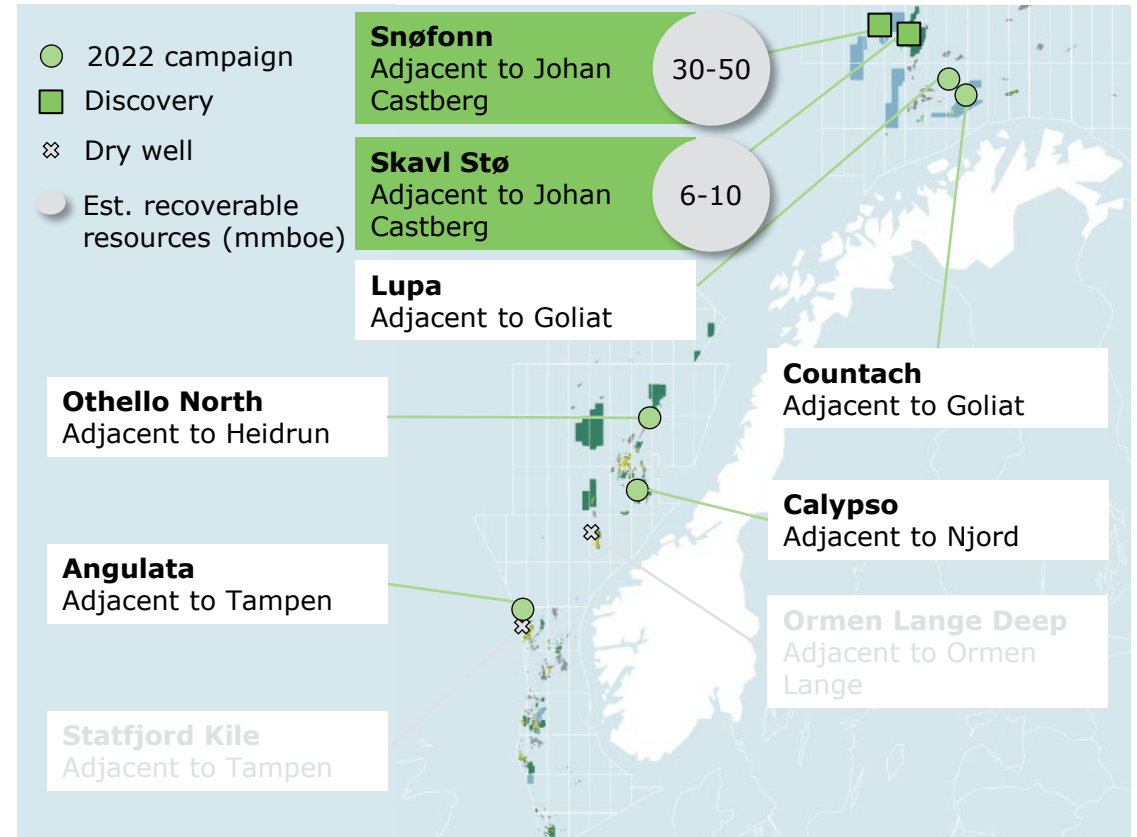


Successful exploration with two discoveries in key hubs

2022 work programme

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

Continued hub-focused exploration



Financial review



Key financials

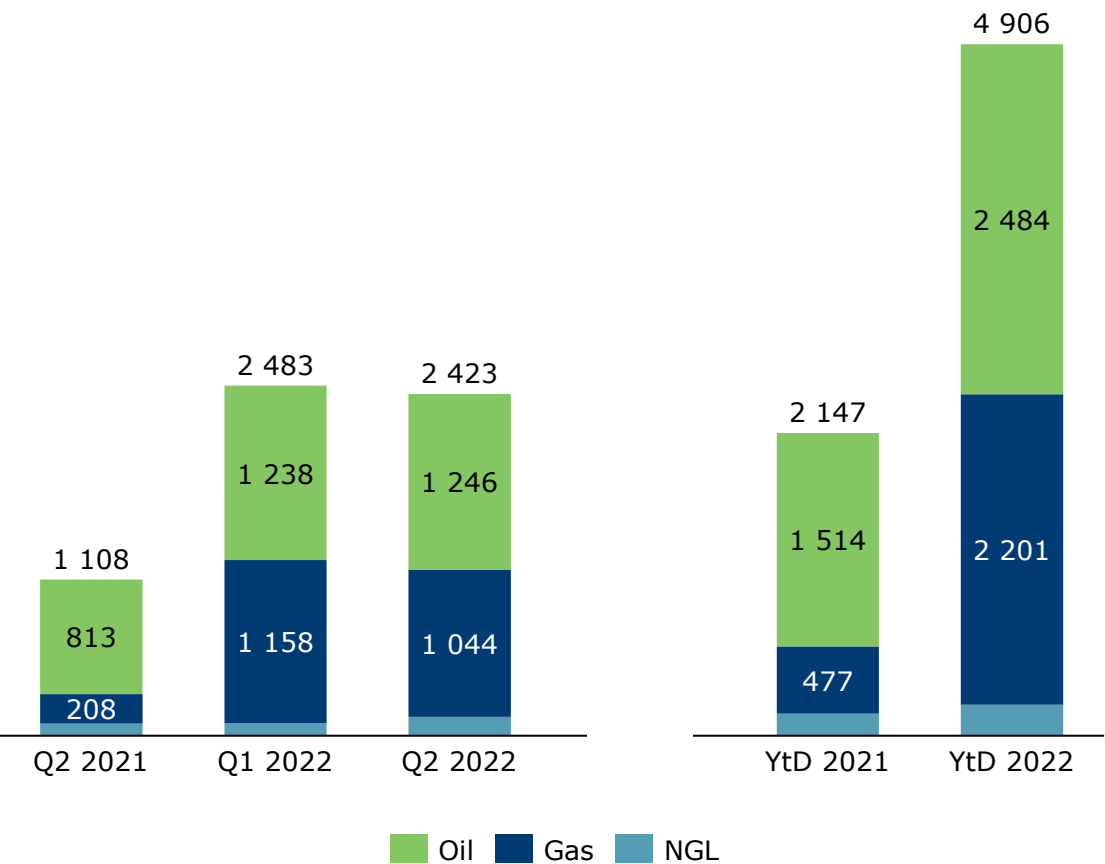
USD million	Q2 2022	Q1 2022	Q2 2021	YtD 2022	YtD 2021
Petroleum revenues	2 423	2 483	1 108	4 906	2 147
EBIT	1 674	1 718	361	3 392	937
Profit before taxes	1 214	1 695	299	2 910	821
Production cost (USD/boe)	14.7	12.1	13.5	13.3	11.5
Operating CF before tax	1 864	2 384	826	4 248	1 561
CFFO	1 535	2 201	1 310	3 736	2 279
CAPEX	573	622	600	1 195	1 147
NIBD / EBITDAX	0.4x	0.6x	1.5x	0.4x	1.5x
Available liquidity	4 492	3 799	1 311	4 492	1 311



Revenues driven by average weighted realised price of USD 124/boe

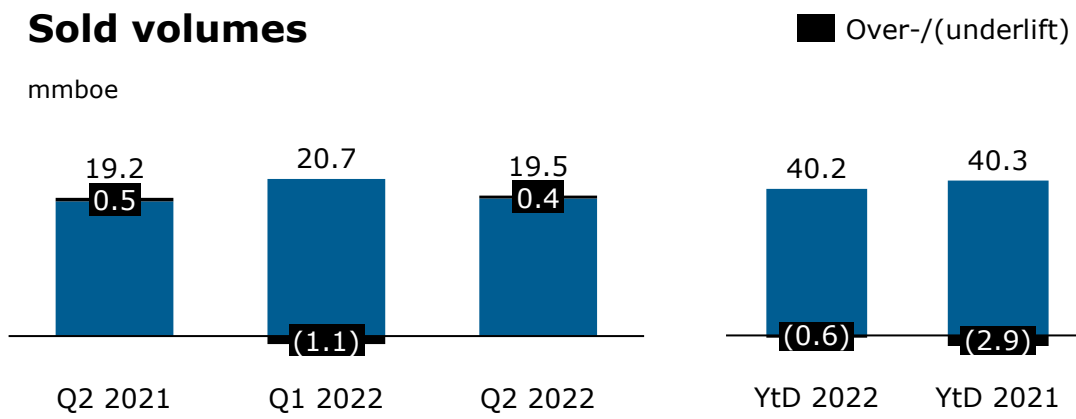
Total petroleum revenues

USDm



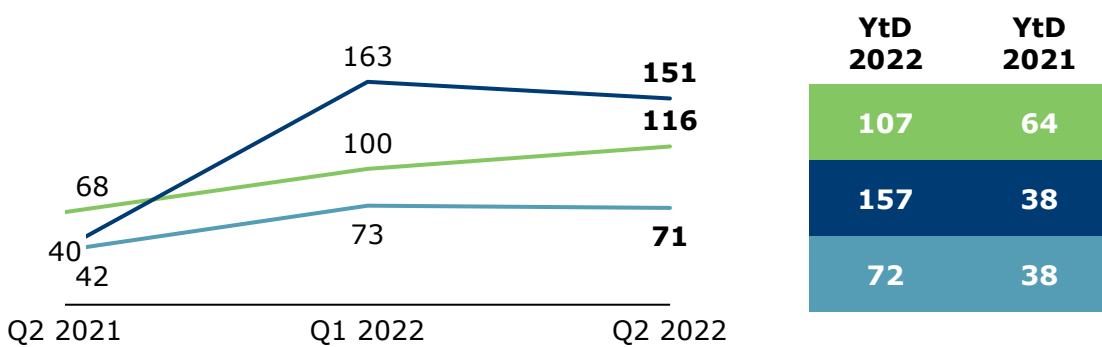
Sold volumes

mmboe



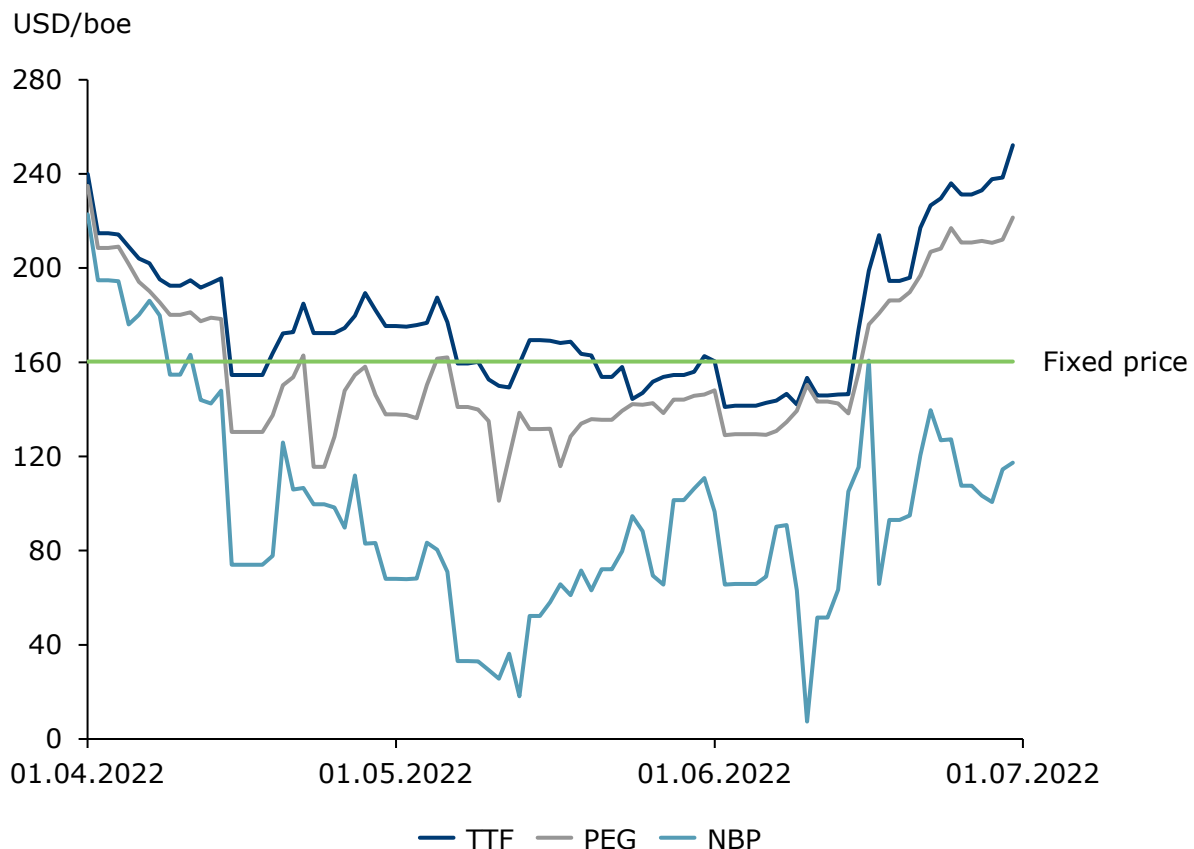
Realised prices

USD/boe



Robust gas sales portfolio with flexible contracts

~9% of Q2 production sold at favourable fixed prices



Optimised gas sales creating additional value



~9% of produced gas sold at average fixed price of **160 USD/boe – 65 USD/boe** above the average UK spot price



Flexible gas sales agreements allowing for optimisation at exit points in Europe, generating **USD 35m in additional revenues**

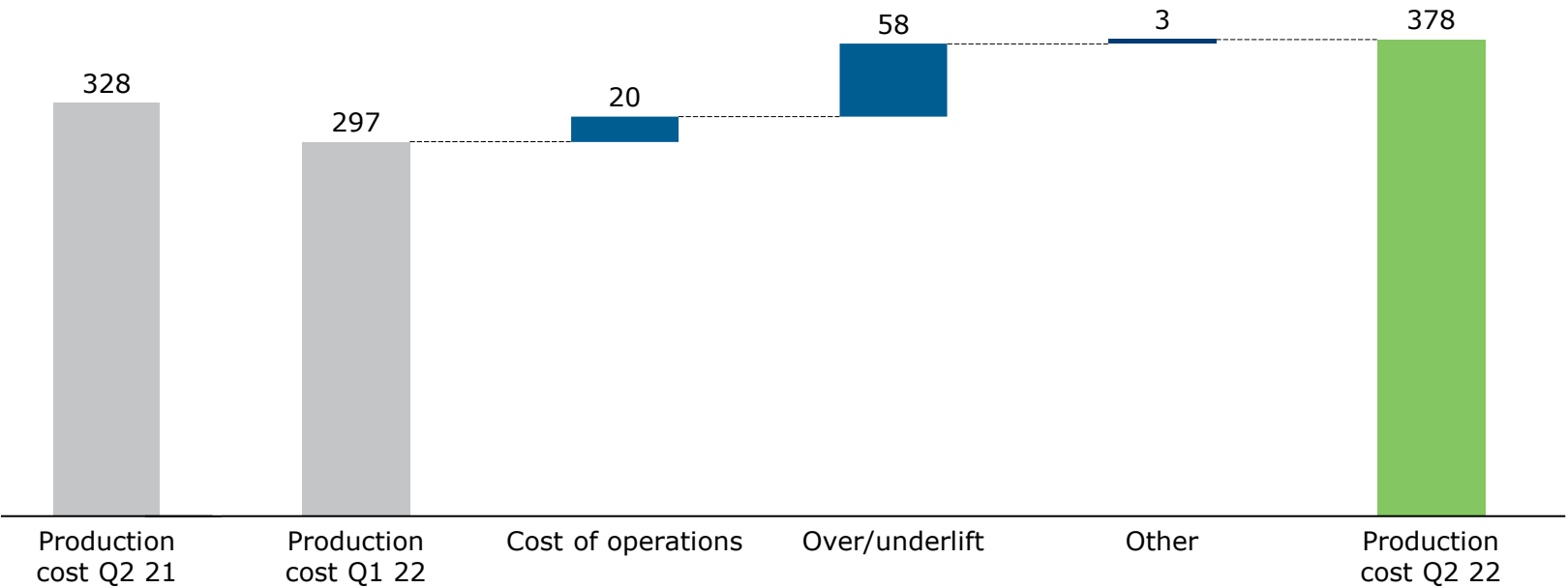


Entered into **7-year gas sales agreements** at Dornum, Germany to **increase gas sales to the German market**

Overlift position impacting production costs

Production cost (sold volumes)

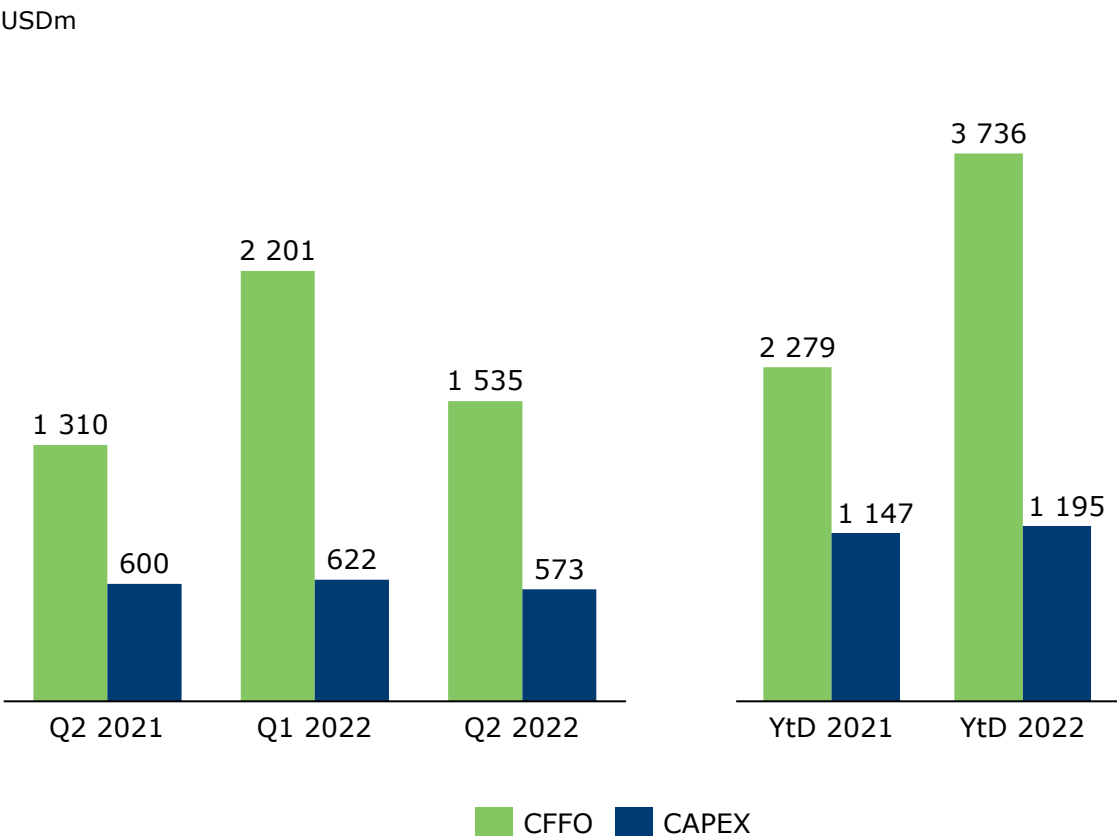
USDm



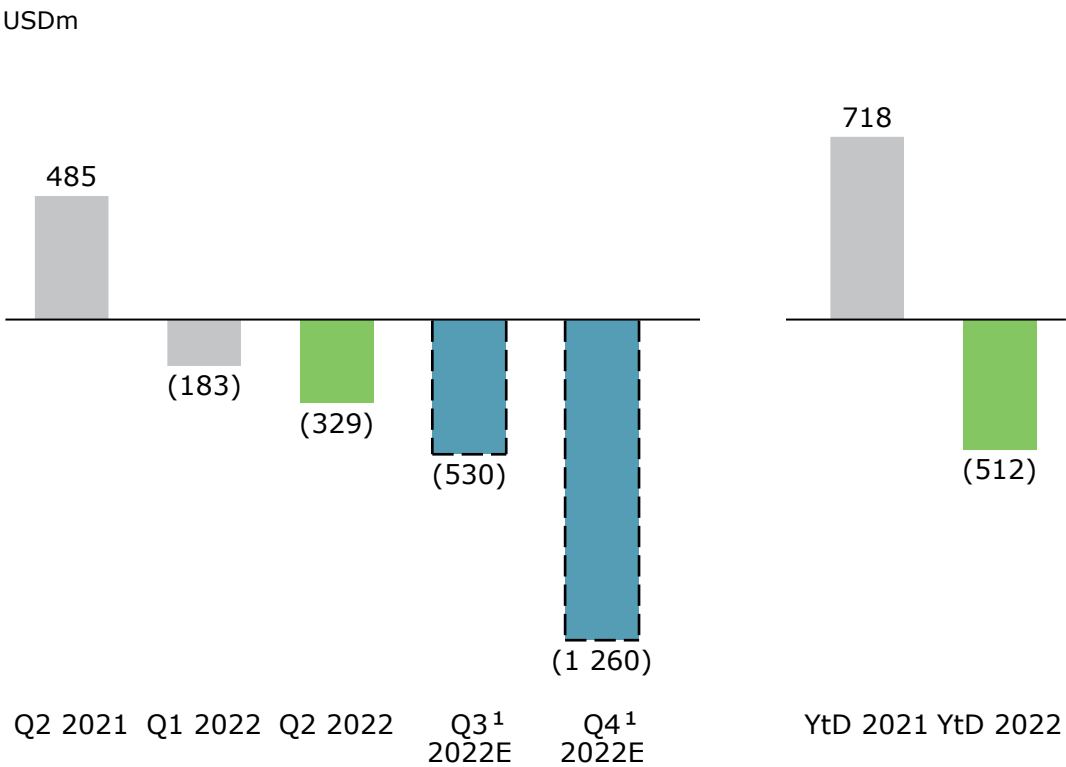
- High level of turnaround and maintenance activities in the quarter
- Over/underlift impacted by change in calculation methodology for NGL volumes at Kårstø

Strong cash flow from operations in the quarter

CFFO and CAPEX



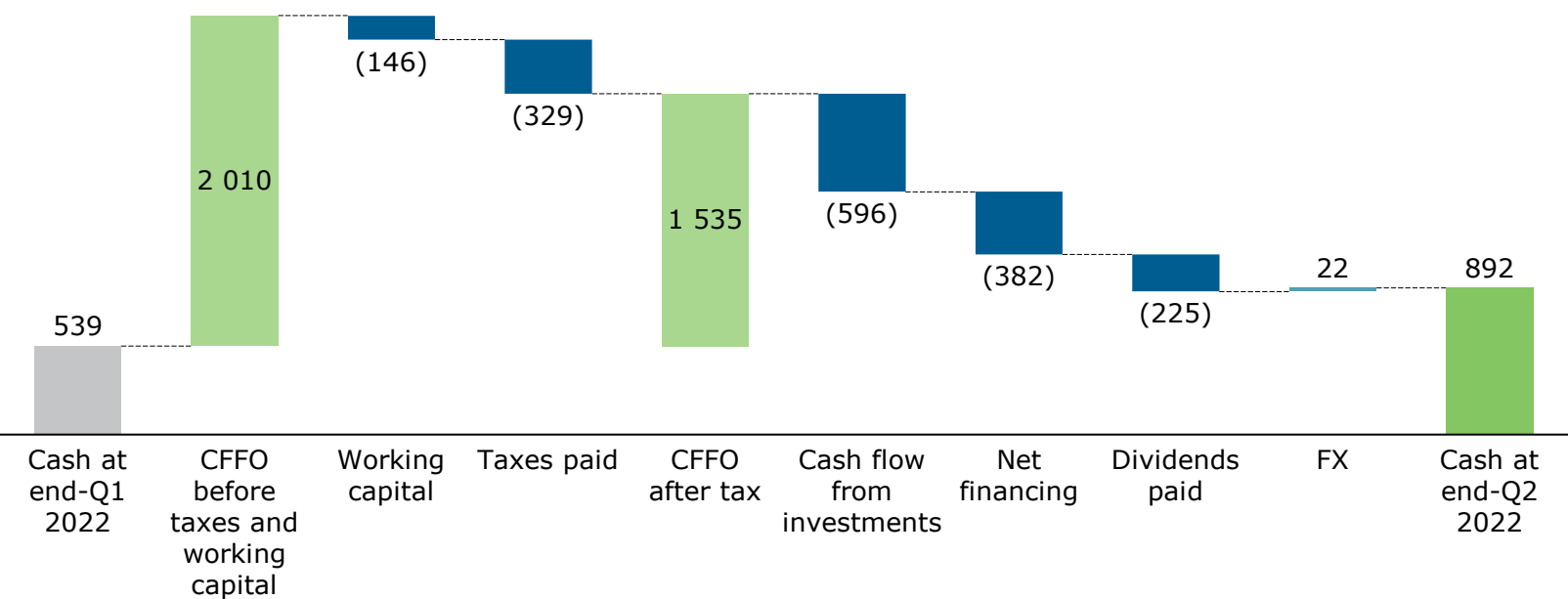
Income tax received / (paid)



CFFO impacted by tax payments and working capital changes

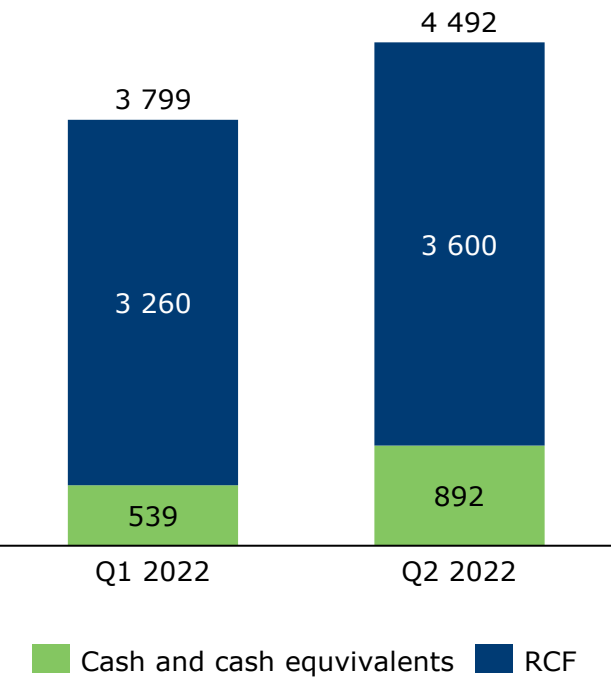
Cash flow development Q2 2022

USDm



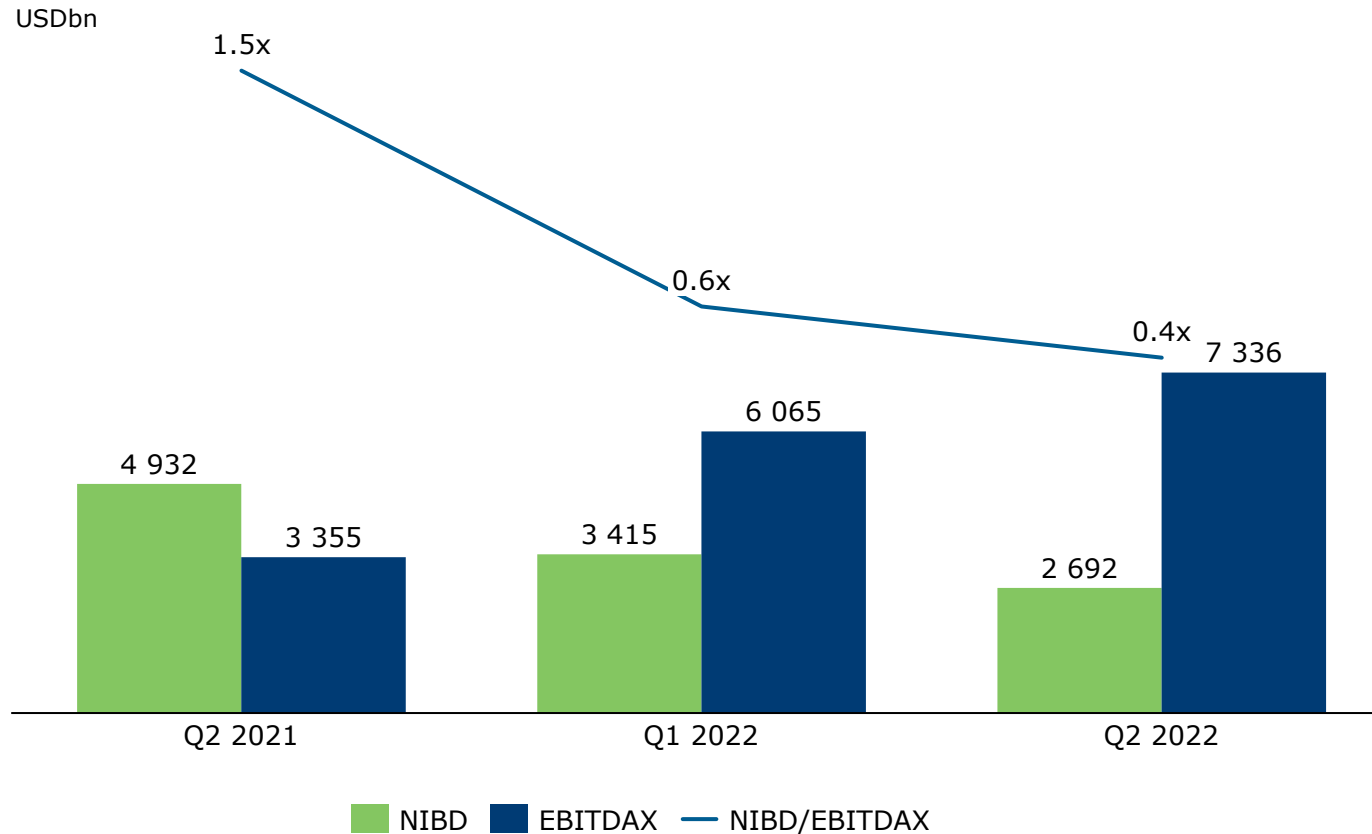
Available liquidity

USDm



Strengthened financial position with continued deleveraging

Net interest-bearing debt and leverage ratio¹

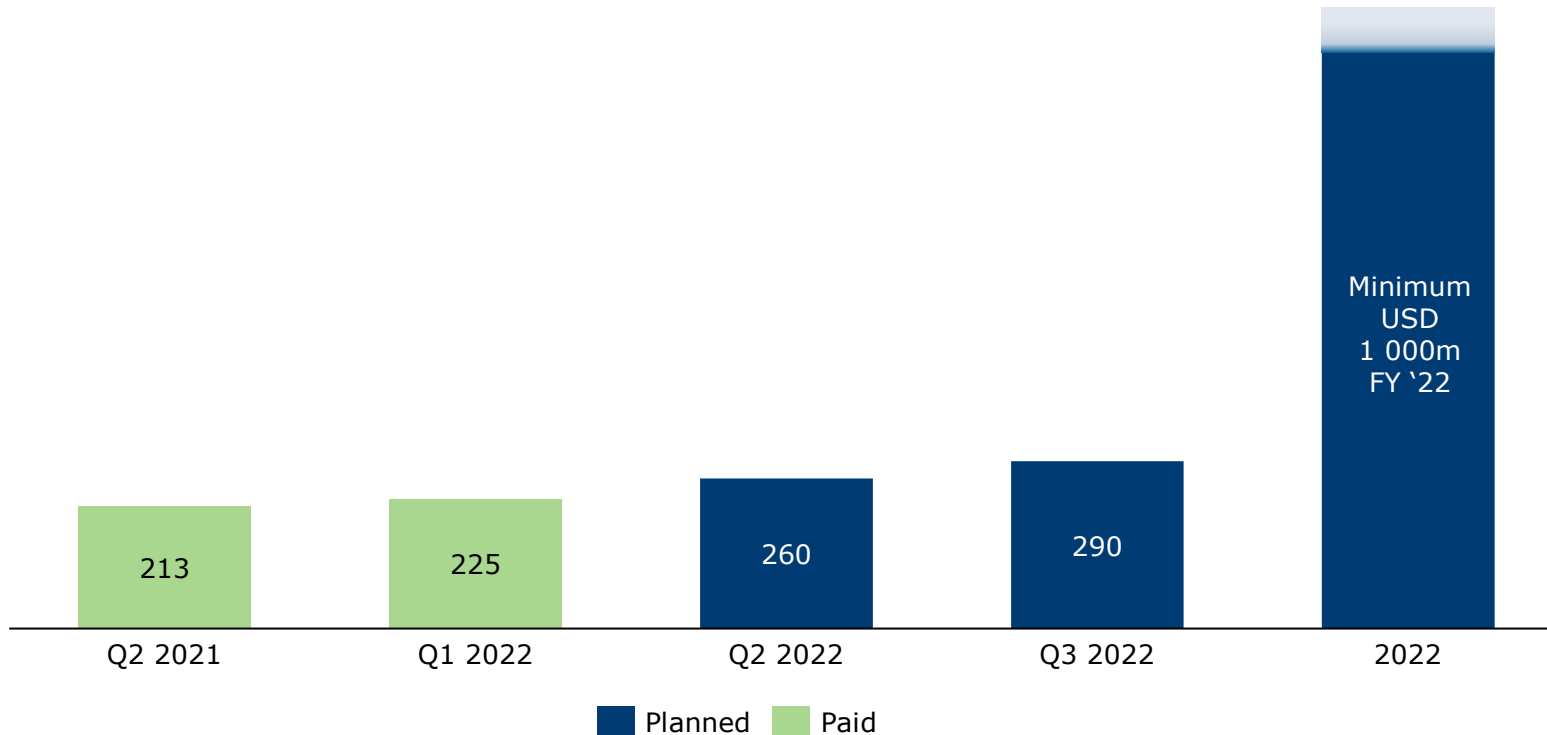


- Raised USD 500 million in senior notes maturing 18 May 2027 for partial refinancing of bridge-to-bond facility
 - Coupon of 5.00% paid semi-annually
- Repayment of revolving credit facility of USD 840 million
- Committed to maintaining an Investment Grade rating
 - Target of 1.3x NIBD/EBITDAX maintained

Dividend guidance raised to USD 290 million for Q3

Dividend distribution

USDm



- Dividend for Q2 2022 of USD ~0.10 per share to be paid 11 August 2022
 - Paid in NOK at exchange rate of NOK/USD 9.8382
- Dividend guiding for Q3 of USD 290 million (~0.12 USD per share)
- Dividend expectation of minimum USD 1 billion full-year 2022
- 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 at the lower end 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 improvement program is progressing
Capex	<ul style="list-style-type: none">▪ 2022 capex guidance of USD 2.3 – 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 340 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 of minimum USD 1 billion (~USD 0.40 per share) under current market conditions, paid on a quarterly basis▪ Q3 dividend guidance of USD 290 million (~USD 0.12 per share)▪ From 2023 onwards plan to distribute around 20-30% of cash flow from operations (after tax) across the cycle

Concluding remarks



Summary

- Operating performance impacted by maintenance activities
- Strengthened gas position
- Continued strong cash flow generation
- Financial position further improved
- Delivering on the growth strategy





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