



SDFI SECOND QUARTER 2018

Johan Sverdrup DP jacket launch 2018.
Photo: BO B. Randulff / Woldcam / Equinor

INCREASED CASH FLOW

Net cash flow from the State's Direct Financial Interest (SDFI) in the oil and gas activities totalled NOK 56 billion in the first six months, an increase of 14 per cent from the same period last year. The increase is mainly due to higher prices for oil and gas and lower investments.

	FIRST SIX MONTHS		YEAR-TO-DATE
(NOK mill)	2018	2017	2017
Operating revenue	79 330	77 549	150 720
Total operating expenses	28 333	27 942	50 874
Operating income	50 996	49 607	99 846
Net financial items	-1 170	-504	-928
Income after financial items	49 826	49 104	98 919
Total investment	10 909	13 079	25 370
Net cash flow	56 028	49 214	87 157
Average oil price (USD/bbl)	70,32	51.64	54.15
Exchange rate NOK/USD	7.95	8.47	8.29
Average oil price (NOK/bbl)	559	437	449
Average gas price (NOK/scm)	2.02	1.70	1.72
Oil and NGL production (1 000 bbls per day)	363	403	398
Gas production (mill scm per day)	113	113	113
Total production (1 000 boe per day)	1 073	1 115	1 110



Troll A. Photo: Ole Jørgen Bratland / Equinor

FINANCIAL RESULTS AS OF THE FIRST HALF OF 2018 COMPARED WITH THE SAME PERIOD LAST YEAR

Total oil and gas production was 1 073 thousand barrels of oil equivalent per day (kboed), 42 kboed or 4 per cent lower than for the same period last year. The reduction is due to natural production decline on mature fields and maintenance shutdowns in the 2nd quarter of 2018.

The average oil price was NOK 559 per barrel, compared with NOK 437 in the same period last year. The average gas price was NOK 2.02 per scm, compared with NOK 1.70 in the same period last year.

Net income after financial items as of the 2nd quarter was NOK 49.8 billion, NOK 0.7 billion higher than in the same period last

year. The positive impact of increased oil and gas prices was partly offset by lower sales volumes and unrealized loss related to outstanding financial positions in the gas market in accordance with NGAAP without cash effect.

Total operating expenses as of the first half of 2018 amounted to NOK 28.3 billion, NOK 0.4 billion higher than the same period last year. The costs for operating fields in production were on par with the same period last year.

Total investments were NOK 10.9 billion; about NOK 2 billion lower than at the first half of 2017. Lower investments are mainly due to lower activity within field development and production drilling.

OBSERVATIONS AND HIGHLIGHTS SINCE THE FIRST QUARTER REPORT

- Serious incidents frequency as of second quarter was 0.7, on a par with previous quarter.
- Plans for development and operation (PDO) for Johan Castberg and further development of the Snorre field have been approved by the Ministry of Petroleum and Energy. The licensees in the Troll licence have submitted a plan for further development of Troll to the authorities.
- High installation activity on the Norwegian continental shelf with installation of the riser platform and drilling platform on Johan Sverdrup, as well as installation of the top-side modules on Martin Linge. Several fields and facilities have also carried out maintenance shutdowns in the 2nd quarter.
- Rystad Energy has conducted a valuation of the SDFI portfolio, on assignment from the Ministry of Petroleum and Energy, which shows an increase in value from NOK 810 to 1 093 billion from 2016 to 2018. In the report Rystad quotes that "Petoro performs an important and good job in managing the state's interests".
- Petoro received new ownership interests in six production licences in the 24th Round; two in the Norwegian Sea and four in the Barents Sea.

Stavanger, August 2018
Board of directors of Petoro AS