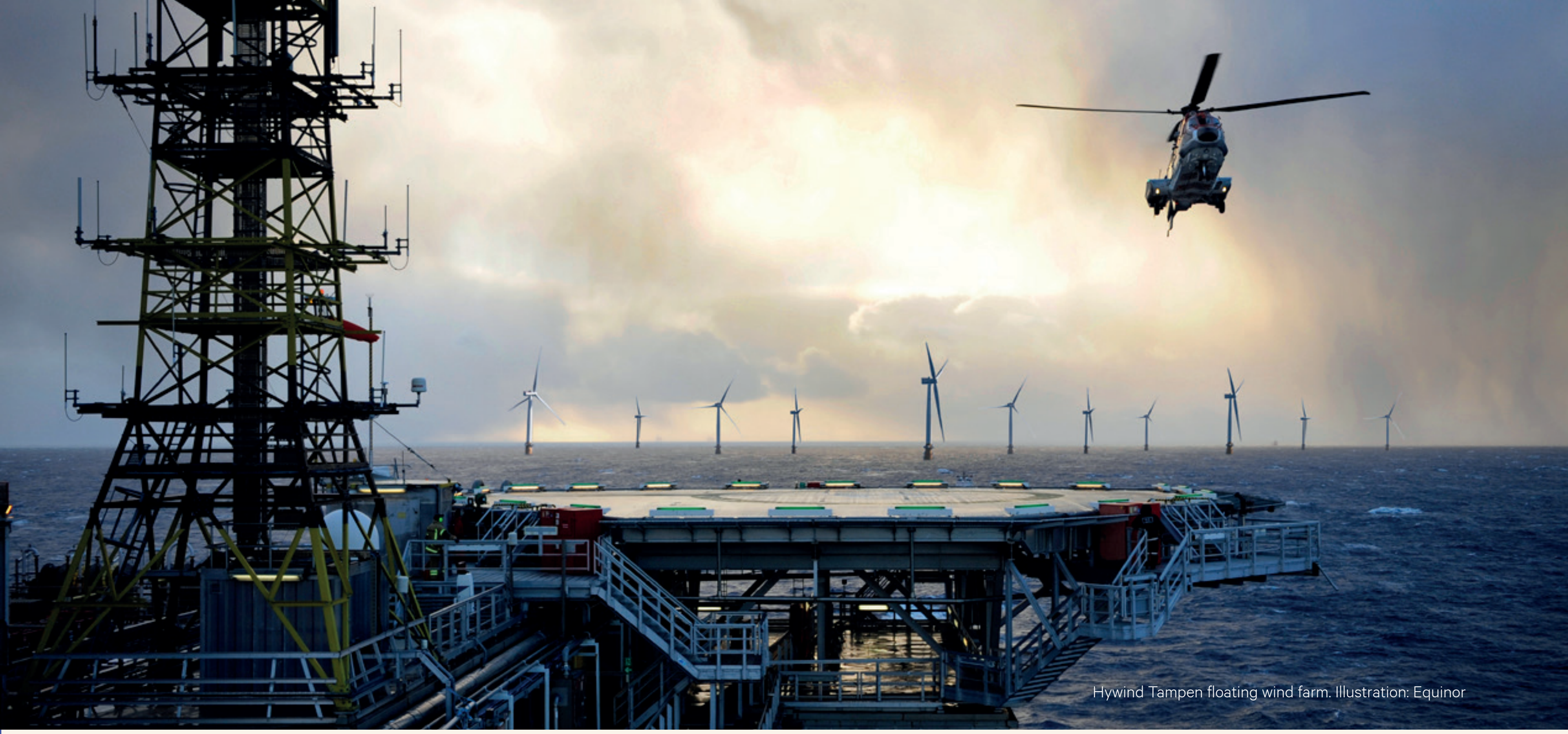
SDFI third quarter of 2019:

petoro

Cash flow of NOK 78 billion from SDFI as of the 3rd quarter

Net cash flow from the State's Direct Financial Interest (SDFI) in oil and gas activities totalled NOK 78 billion in the first nine months, a reduction of NOK 7 billion from the same period last year.

	As of 3rd quarter		Full year
(NOK million)	2019	2018	2018
Cash flow	**78 147**	**85 626**	**119 666**
Operating revenue	**112 267**	121 222	177 431
Operating expenses	**42 434**	44 851	61 890
Operating profit	**69 832**	76 370	115 541
Financial items	**-925**	-1 713	-1 331
Net income	**68 908**	**74 658**	**114 210**
Investments	**18 958**	**16 607**	**22 814**
Average oil price (USD/bbl)	**65.3**	72.1	70.6
NOK/USD exchange rate	**8.66**	8.05	8.12
Average oil price (NOK/bbl)	**565.3**	580.4	573.4
Average gas price (NOK/scm)	**1.94**	2.07	2.17
Production (thousand boe per day)	**939**	**1 080**	**1 085**
Oil, condensate and NGL (thousand boe per day)	340.1	371.3	372.1
Gas (million scm per day)	95.3	112.7	113.4
Sales (thousand boe per day)	**953**	**1 098**	**1 099**


Hywind Tampen floating wind farm. Illustration: Equinor

Financial results as of 3rd quarter 2019

Net income after financial items as of the 3rd quarter amounted to NOK 69 billion, 6 billion lower than the same period last year. This reduction was caused by lower prices for oil and gas, as well as lower production.

Overall oil and gas production totalled 939 thousand barrels of oil equivalent per day (kboed), 141 kboed or 13 per cent lower than the same period last year. This reduction was mainly caused by natural production decline and lower gas extraction from Troll.

The average realised oil price was 565 NOK/bbl, compared with 580 NOK/bbl in the same period last year. The effect of a weakened Norwegian krone partly offset the decline in the oil price measured in USD. The average realised gas price as of the 3rd quarter was 1.94 NOK/scm, compared with 2.07 NOK/scm in the same period last year.

Total operating expenses amounted to NOK 42 billion, NOK 2 billion lower than accrual related to the Troll Unit in 2018. Adjusted for the allocation in 2018 on the Troll Unit, operating expenses were on par with the same period last year.

Investments amounted to NOK 19 billion, 2 billion higher than the same period last year. The increase in investments is primarily due to increased activity in field development for projects related to Johan Castberg, Troll phase 3, Snøhvit and Martin Linge.

Observations and incidents since reporting as of the 3rd quarter

- Production from Johan Sverdrup started on 5 October – more than two months ahead of the original schedule. The project has achieved considerable cost savings and will yield increased production for several decades to come. Petoro is a licensee with a 17.36 per cent interest in the field. At plateau, Johan Sverdrup will produce up to 660 000 barrels a day, with a break-even price of less than USD 20 per barrel, and with CO_2 emissions of only 0.67 kg per barrel. Power from shore to the field will contribute to emission reductions estimated at 620 000 tonnes of CO_2 per year at full production, corresponding to the emissions from more than 310 000 private vehicles.

- The licensees in the Snorre and Gullfaks licences have made a final investment decision (DG3) and submitted Plans for Development and Operation (PDO) for Hywind Tampen offshore wind farm development. The project provides a substantial contribution toward reduced annual CO_2 emissions from the Norwegian shelf totalling 200 000 tonnes from 2020 to 2030, corresponding to emissions from 100 000 private vehicles. Petoro is a licensee with a 30 per cent interest in both licences.

- Five exploration wells were completed in the 3rd quarter, 2 of which, Sputnik in PL855 and Goddo in PL815, resulted in minor discoveries.

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