

SDFI

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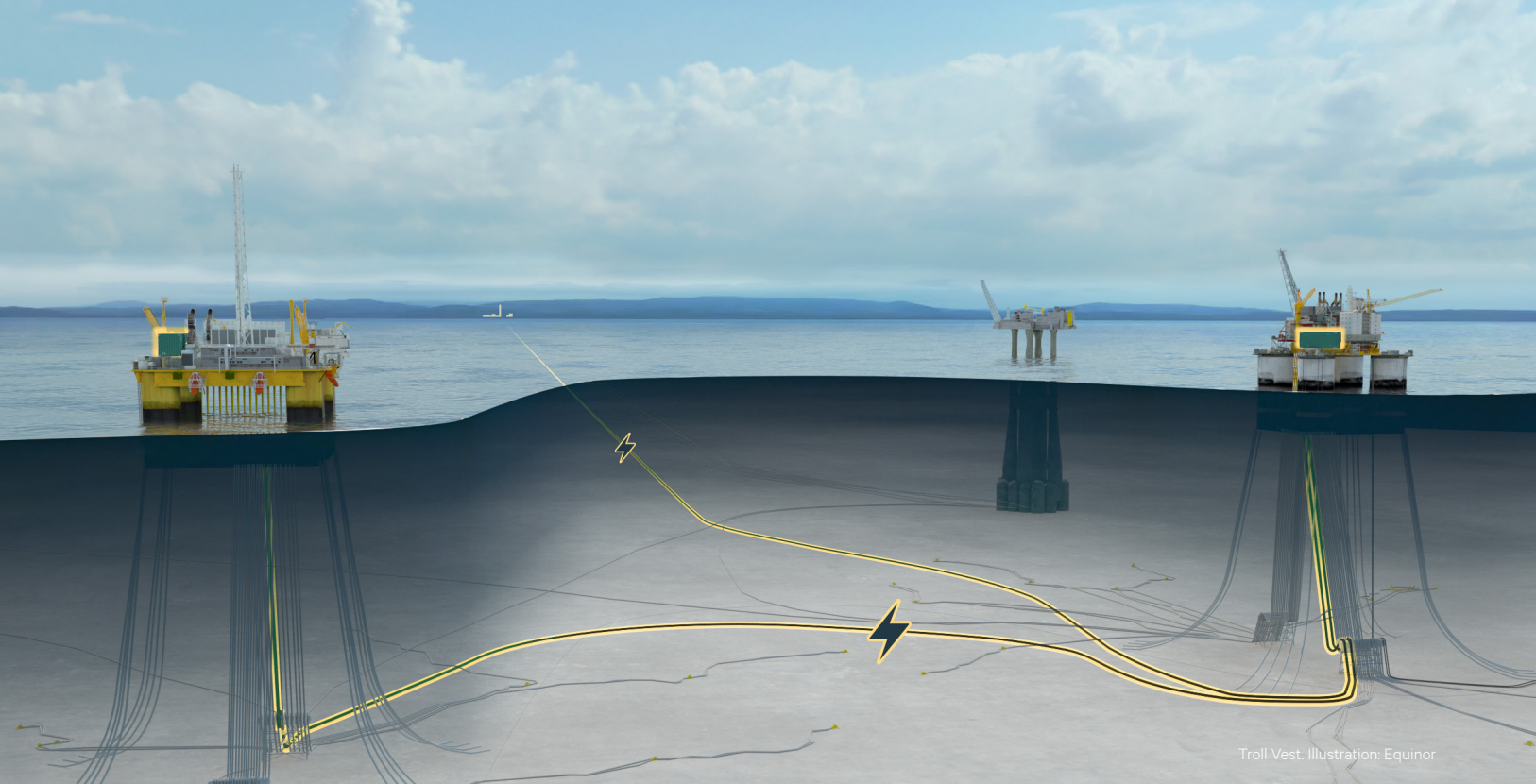
quarter of

2021:

Cash flow of NOK 26 billion from SDFI in the 1st quarter

Oil and gas prices increased considerably from the end of last year and contributed to a significant improvement in cash flow from the State's Direct Financial Interest (SDFI) in the 1st quarter. Net cash flow from oil and gas activities during this quarter, NOK 26 billion, corresponded to the cash flow for the entire 2nd half of 2020.

	1 st quarter		Full year 2020
(NOK million)	2021	2020	2020
Cash flow	25,786	26,625	58,711
Operating revenue	42,019	33,566	108,940
Operating expenses	15,569	16,408	60,045
Operating profit	26,450	17,158	48,895
Financial items	(526)	1,044	(1,141)
Net income	25,924	18,202	47,754
Investments	5,803	6,819	27,689
Average oil price (USD/bbl)	61	50	40
NOK/USD exchange rate	8.55	9.09	9.34
Average oil price (NOK/bbl)	518	450	376
Average gas price (NOK/scm)	2.16	1.46	1.25
Production (thousand boe per day)	1,046	1,092	988
Oil, condensate and NGL (thousand boe per day)	393	398	374
Gas (million scm per day)	104	110	98
Sales (thousand boe per day)	1,122	1,104	1,013



Financial results as of 1st quarter 2021

Net income after financial items as of the 1st quarter amounted to NOK 26 billion, an increase of 8 billion from the same period last year. The increase was mainly caused by higher revenues as a result of increased prices for oil and gas, as well as impairments of NOK 1.8 billion in the 1st quarter of 2020. The increase was partly offset by provisions for unrealised loss on financial instruments and increased purchases of third-party gas.

Total production amounted to 1,046 thousand barrels of oil equivalent per day (kboed), a reduction of 46 kboed compared with the same period last year.

Gas production amounted to 104 million standard cubic metres (mill. scm) per day, a reduction of 6 per cent compared with the same period last year. The decline was primarily caused by a production shutdown on Snøhvit following the fire on the LNG-facility at Melkøya. The average realised gas price was NOK 2.16 per scm, compared with NOK 1.46 per scm in the same period last year. The reason for the increased gas prices is mainly the increased demand due to a relatively cold winter, in addition to significantly lower LNG deliveries to Europe compared with the previous year.

Liquids production amounted to 393 kboed, 5 kboed lower than the same period last year. This reduction was caused by natural production decline on multiple fields, offset by

increased production capacity and consequently accelerated production from Johan Sverdrup, as well as production from Snorre SEP, which came on stream in December 2020. The average realised oil price was USD 61, compared with USD 50 per bbl in the same period last year. The price increase in USD was partly offset by a stronger NOK, resulting in a realised oil price measured in NOK was 518 against NOK 450 per barrel in the same period last year. The increase in oil price compared with last year was caused by OPEC's continued production cuts, as well as the expected growth in demand, particularly from China and the US.

Total operating expenses amounted to NOK 16 billion, NOK 0.8 billion lower than the same period last year. This reduction was caused by the impairment of Martin Linge and Valemon by a total of NOK 1.8 billion in the 1st quarter of 2020. The reduction was partly offset by higher depreciation and increased purchases of third-party gas.

Investments amounted to NOK 6 billion, just under 1 billion less than the same period last year. This reduction was mainly caused by the decline in development investments on Troll, Johan Sverdrup and Snøhvit, but was partly offset by increased investments on Breidablikk. Operational investments and costs associated with production drilling were on par with the previous year.

Observations and incidents during the 1st quarter

- Two serious incidents were registered, compared with four during the same period last year. This yields a Serious Incident Frequency (SIF) of 0.78 for the last 12 months, which is a reduction from 0.9 at year-end. Total Recordable Injuries Frequency (TRIF) was 3.45 as of the 1st quarter, compared with 3.6 at year-end.
- The Storting (Norwegian parliament) adopted the “Climate Plan for 2021-2030” on 8 April. The Climate Plan calls for a significant increase in the tax level for CO₂ emissions. If the Plan is continued in the annual budget negotiation, this will more than double the current level, where the overall cost per tonne (tax and credit purchase) will be gradually increased to NOK 2,000 in 2030, measured in fixed 2020-NOK. A tax increase could stimulate the petroleum industry to reach its goal to reduce emissions by ensuring profitability of additional measures.
- On 23 April, the Troll Unit joint venture submitted an amended plan for development and operation (PDO) to the authorities for Troll West Electrification (TWEL). Full electrification of Troll C and partial electrification of Troll B is a significant measure to reduce greenhouse gas emissions from the SDFI portfolio and will yield an annual CO₂ emission reduction of 466,000 tonnes, corresponding to 3% of the total emissions from oil and gas activities on the Norwegian shelf. This measure will also help position the Troll Unit for the future with its exceedingly low emissions and an expected lifetime of up to 2070. The SDFI has an ownership interest of 56% in the Troll Unit.
- The Johan Sverdrup field is expected to increase its daily production capacity to a maximum of 535,000 barrels of oil per day in mid-2021. This is about 100,000 barrels more than what was presumed when the field was started up in 2019 and is the third capacity increase since the field came on stream.
- Production on Snøhvit is still shut down as a result of the serious fire at the Melkøya LNG facility in September 2020. A considerable scope of work and limitations due to Covid-19 have resulted in a revised start-up estimate of 31 March 2022. The incident was investigated by the Petroleum Safety Authority and the report was published on 22 April.
- Two commercial discoveries were made in the 1st quarter: PL 532 Isflak and PL923 Røver Nord. The preliminary calculation of the size of the discoveries indicates between 5 and 8 million standard cubic metres (scm) of recoverable oil equivalent for Isflak and between 7 and 11 million scm of recoverable oil equivalent for Røver North.