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INTRODUCTION TO THE ENTERPRISE AND KEY FIGURES 2018

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Introduction to the enterprise
Key Figures 2018

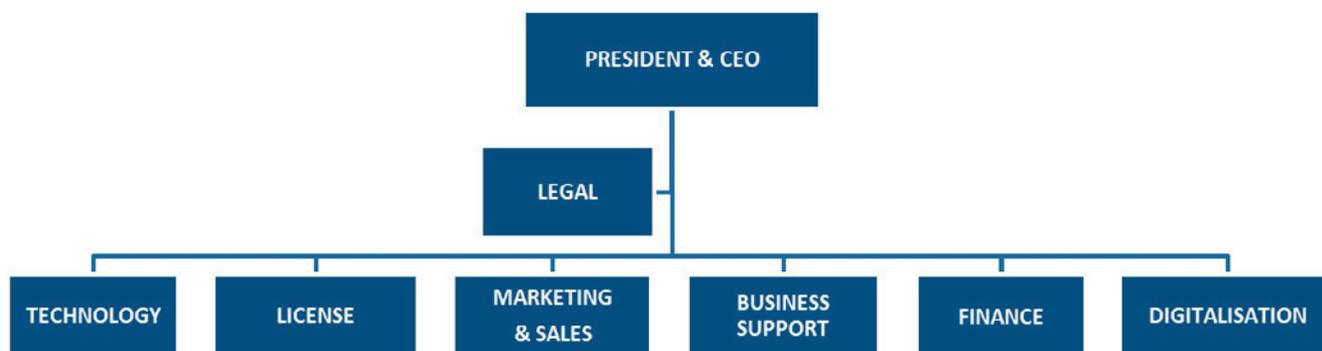
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PETORO AS

Petoro manages the State's Direct Financial Interest (SDFI). The company's principal objective is to generate the highest possible financial value from the SDFI portfolio. At the end of the year, the company had 64 employees.

The Ministry of Petroleum and Energy, in the person of the minister, represents the government as sole owner and serves as the company's general meeting and highest authority. The Board has overall responsibility for administration of the company. Petoro's organisation is shown in the figure below. The company's management and Board are presented in more detail in Chapter 4, Management and control in the enterprise.



KEY FIGURES FOR PETORO AS

	2018	2017	2016
Total appropriation/ administration grant (NOK million)*	280.3	274.1	273.6
Full-time equivalents (average number of full-time equivalents employed)	64.2	64.4	62.7
Payroll share of administration grant (per cent)**	38	39	35
Payroll costs per full-time equivalent (NOK million)**	1.64	1.66	1.55
Share of administration grant for studies and cutting-edge expertise (per cent)	16	15	18

* excluding VAT

** payroll as specified in Note 3

THE STATE'S DIRECT FINANCIAL INTEREST (SDFI)

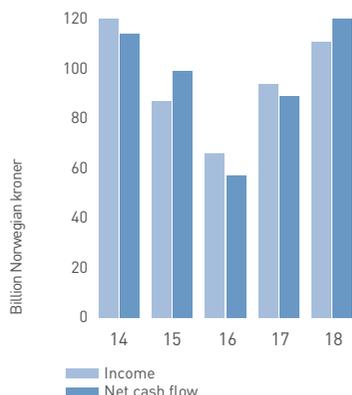
The SDFI scheme was established in 1985. Under this arrangement, the state participates as a direct investor in petroleum activities on the Norwegian continental shelf (NCS), so that the state receives revenues and meets expenses associated with SDFI's ownership interests. Petoro acts as licensee for the state's participating interests in production licences, fields, pipelines and onshore facilities, and manages this portfolio based on sound business principles. At the end of 2018, the portfolio consisted of 198 production licences, 38 fields, of which 4 in the development phase, and 15 pipelines and terminals, as well as follow-up of 14 production licences with net profit interest agreements.

The SDFI portfolio represents about one-third of Norway's overall oil and gas reserves and yielded a cash flow of NOK 120 billion in 2018.

KEY FIGURES FOR SDFI

NGAAP	2018	2017	2016
Net cash flow (NOK million)	119 666	87 157	65 897
Operating revenue (NOK million) (NGAAP)	177 431	150 720	121 224
Production costs (NOK million) (NGAAP)	17 440	14 262	14 616
Net profit (NOK million) (NGAAP)	114 210	98 919	57 426
Investments (NOK million) in capital accounts	22 555	26 564	27 815
Production - oil and NGL (thousand bbl/day)	370	398	409
Production - dry gas (million Sm ³ /day)	113	113	100
Production - total (thousand boe/day)	1 084	1 110	1 040
Remaining reserves (million boe)	5 544	5 879	5 968
Reserve replacement rate (annual %)	16	78	22
Reserves added (million boe)	62	316	82
Oil price (USD/bbl)	71	54	43
Oil price (NOK/bbl)	573	449	361
Gas price (NOK/Sm ³)	2.17	1.72	1.62

INCOME AND CASH FLOW



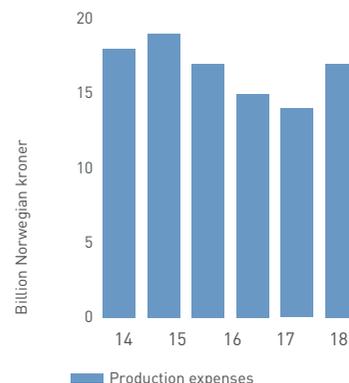
The financial result¹ in 2018 was NOK 114 billion, compared with 99 billion in 2017. Net cash flow to the state amounted to NOK 120 billion, compared with NOK 87 billion in 2017. The positive development in cash flow and financial result was primarily caused by higher oil and gas prices.

OIL AND GAS PRICES



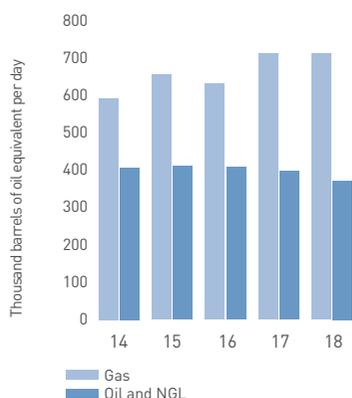
The average price of oil and gas increased considerably in 2018. The realised oil price was NOK 573 per bbl (USD 71), compared with NOK 449 (USD 54) in 2017. The realised gas price was NOK 2.17 per Sm³, compared with NOK 1.72 per Sm³ in 2017.

PRODUCTION EXPENSES



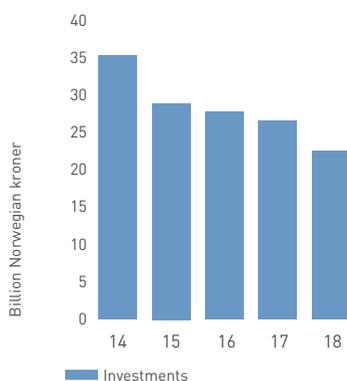
Production expenses include all operating and maintenance expenses for fields and pipeline facilities. Costs increased in 2018 following a period of falling production expenses. Adjusted for the accrual related to the Troll Unit, costs increased by 7 per cent. The increase is mainly due to higher prices for power and CO₂ quotas, as well generally higher costs for fields in operation.

PRODUCTION



Gas production reached record levels in 2018 with 712 thousand boe per day (113 million Sm³ per day). Liquids production amounted to 372 thousand boe per day, 7 per cent lower than in 2017. The decline in liquids production is primarily caused by natural production decline and an increased number of planned shutdowns in 2018. Total production amounted to 1.085 million barrels of oil equivalents (boe) per day, about 2 per cent lower than in 2017.

INVESTMENTS



Investments in 2018 totalled NOK 22.6 billion, about 4 billion lower than in 2017. The reduction in investments is mainly caused by drilling fewer wells, as well as a somewhat lower activity level within development. Production drilling in 2018 accounted for more than half of overall investments.

¹ All figures are presented in accordance with the Norwegian Accounting Act and generally accepted accounting principles (NGAAP).