



SDFI
SECOND QUARTER
2017

INCREASED OIL PRICES AND LOWER INVESTMENTS RESULTED IN HIGHER CASH FLOW

Net cash flow from the State Direct Financial Interest (SDFI) in Norway's oil and gas activities was NOK 49 billion for the first half of the year, an increase of 27 percent compared with last year.

Income after financial items in the first six months of 2017 was NOK 49 billion, NOK 17 billion higher than in the corresponding period last year. The realised oil price in NOK was 33 percent higher. Total oil and gas production in the first half of 2017 was 1 113

thousand barrels of oil equivalents per day (kboed), 30 kboed or three percent higher than in the corresponding period last year, and the highest six-month production in five years.

	FIRST HALF		YEAR-TO-DATE
NOK million	2017	2016	2016
Operating revenue	77 549	60 331	121 224
Total operating expenses	27 942	27 232	61 460
Operating income	49 607	33 099	59 765
Net financial items	-504	-1 150	-2 339
Income after financial items	49 104	31 949	57 426
Total investments	12 717	14 640	28 260
Net cash flow transferred to government	49 214	38 735	65 897
Average oil price (USD/bbl)	51.6	38.9	43.1
Exchange rate NOK/USD	8.5	8.5	8.4
Average oil price (NOK/bbl)	437	329	361
Average gas price (NOK/Sm ³)	1.70	1.62	1.62
Production of oil + NGL (1 000 bbls per day)	403	414	409
Gas production (million Sm ³ per day)	113	106	100
Total production (1 000 bbls o.e. per day)	1 113	1 083	1 040



First visible sign of the Johan Sverdrup field in the North Sea. The jacket for the Johan Sverdrup riser platform is being installed. Source: Statoil

FINANCIAL RESULTS - FIRST SIX MONTHS OF 2017 COMPARED WITH THE SAME PERIOD LAST YEAR

Operating revenue in the first six months of 2017 was NOK 77.5 billion, compared with 60.3 billion for the same period last year. Revenues from oil sales amounted to NOK 26.5 billion, 36 percent higher than in the same period last year, as a result of higher oil prices. Converted into Norwegian kroner per barrel, the average oil price was NOK 437 compared with NOK 329 during the same period in 2016. Gas revenues amounted to NOK 34 billion.

Total operating expenses as of the first half-year were NOK 28 billion, NOK 710 million higher than last year. The costs associated with operating the fields, field costs, were approx. NOK 250 million lower than in the

first half of 2016, but expenses are expected to increase in the last half of the year.

Investments in the first six months were NOK 12.7 billion; which is 13 percent lower compared with the previous year. Development investments were higher than last year, but are offset by lower costs associated with production drilling and lower operating investments.

OBSERVATIONS AND INCIDENTS/ EVENTS SINCE THE FIRST QUARTER

- The major accident at the Samsung yard in Korea on 1 May in connection with Martin Linge resulted in the death of 6 persons, as well as injury of an additional 25 persons. Sailaway from Korea has been postponed from June to November this year. As a consequence, production start-up has been postponed by more than one year, to 2019.
- The high serious incident frequency remains a source of concern. There have been few serious incidents in the SDFI portfolio in May and June, but it is too early to conclude that the trend has been reversed.
- Good progress is being made in this year's exploration activity in the Barents Sea. Seven wells with SDFI participation are planned for the current year. So far, two new discoveries have been made; Kayak in the Johan Castberg area, as well as Blåmann, which is situated near Snøhvit. One dry well was also drilled.
- The Sindre field started producing in May. The volumes, estimated at 1-3 MSm³ o.e., were proven by an exploration well from Gullfaks in April and came on-stream very quickly.

Stavanger, August 2017
The Board of Petoro AS