



SDFI THIRD 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 86 billion in the first nine months of 2018, an increase of 32 per cent from the same period last year. The increase is mainly due to higher prices for oil and gas, as well as lower investments.

	AS OF THE 3RD QUARTER		FULL YEAR
(NOK million)	2018	2017	2017
Cash flow	85 626	64 791	87 157
Operating revenue	121 222	110 056	150 720
Operating expenses	44 851	40 882	50 874
Operating income	76 370	69 174	99 846
Financial items	-1 713	-983	-928
Net income	74 658	68 191	98 919
Investments	16 607	19 248	25 545
Average oil price (USD/bbl)	72.1	51.7	54.2
Exchange rate NOK/USD	8.05	8.33	8.29
Average oil price (NOK/bbl)	580.4	430.7	448.8
Average gas price (NOK/Sm3)	2.07	1.64	1.72
Production (1000 bbls o.e. per day)	1 080	1 097	1 110
Oil, condensate and NGL (1000 bbls o.e. per day)	370.5	404.4	398.2
Gas (million Sm3 per day)	112.7	110.1	113.2
Sales (1000 bbls o.e. per day)	1 098	1 120	1 124



Johan Sverdrup – phase 2 (PDO submitted to the Ministry of Petroleum and Energy on 27 August). Illustration: TRY/Equinor

FINANCIAL RESULTS AS OF THE THIRD QUARTER OF 2018 COMPARED WITH THE SAME PERIOD LAST YEAR

Total oil and gas production was 1 080 thousand barrels of oil equivalent per day (kboed), 17 kboed or 2 per cent lower than the same period last year. The reduction is due to natural production decline for mature fields and planned shutdowns in the 2nd quarter of 2018.

The average oil price in Norwegian kroner was NOK 580 per barrel, compared with NOK 431 in the same period last year. The average gas price was NOK 2.07 per Sm³ compared with NOK 1.64 in the same period last year.

Net income as of the 3rd quarter was NOK 75 billion, NOK 6 billion higher than in the same period last year. The positive impact of higher oil and gas prices was partly offset by a lower sales volume for liquids, as well as accounting allocations for unrealized loss related to outstanding financial positions

in the gas market without cash effect, and provision for judgement in lawsuit.

Operating expenses as of the 3rd quarter were NOK 45 billion, an increase of NOK 4 billion compared with the same period in 2017. Pursuant to established accounting principles for SDFI under generally accepted Norwegian accounting practices, a provision of NOK 2 billion has been made for judgement in the lawsuit against Troll Unit. On behalf of the licensees, the operator has appealed the judgment to the Court of Appeal, and the case will be subject to further processing in the legal system. The remaining increase is due to higher costs for purchasing gas due to higher prices as well as higher transportation costs.

Investments totalled NOK 17 billion, NOK 3 billion lower than the same period last year. Lower investments are mainly due to lower activity within field development and production drilling.

OBSERVATIONS AND INCIDENTS SINCE REPORTING FOR THE FIRST SIX MONTHS

- Record gas sales in the 2nd and 3rd quarters compared with summer months in previous years.
- Plan for development and operation (PDO) for Johan Sverdrup phase 2 was submitted to the Ministry of Petroleum and Energy on 27 August.
- The partnerships in Snorre and Gullfaks have decided to study the possibility of supplying power from floating offshore wind for operation of the Snorre and Gullfaks platforms.
- Visund Nord IOR and Oseberg Vestflanken have started production.
- The Petroleum Safety Authority has approved the lifetime extension applications for Snorre A and B through 2040.
- High exploration activity in the quarter. Completion of the Cape Vulture appraisal well more than doubled the remaining oil reserves that can be produced from the Norne field.

Stavanger, October 2018
Board of directors of Petoro AS