

SDFI

first

quarter of

2019:

# Continued high cash flow from SDFI

Net cash flow from the State's Direct Financial Interest (SDFI) in oil and gas activities totalled NOK 32 billion in the first quarter, on par with last year.

NOK million	As of 1st quarter		Entire year
	2019	2018	2018
<b>Cash flow</b>	<b>32,469</b>	<b>32,487</b>	<b>119,666</b>
Operating revenue	45,313	44,137	177,431
Operating expenses	15,655	14,668	61,890
Operating profit	29,658	29,468	115,541
Financial items	-634	-958	-1,331
<b>Net income</b>	<b>29,024</b>	<b>28,511</b>	<b>114,210</b>
<b>Investments</b>	<b>6,158</b>	<b>5,224</b>	<b>22,814</b>
Average oil price (USD/bbl)	64.0	66.4	70.6
Exchange rate NOK/USD	8.54	7.91	8.12
Average oil price (NOK/bbl)	546.7	524.8	573.4
Average gas price (NOK/scm)	2.22	2.05	2.17
<b>Production (thousand boe per day)</b>	<b>1,096</b>	<b>1,147</b>	<b>1,085</b>
Oil, condensate and NGL (thousand boe per day)	360.6	382.7	372.1
Gas (million scm per day)	117.0	121.5	113.4
<b>Sales (thousand boe per day)</b>	<b>1,112</b>	<b>1,178</b>	<b>1,099</b>



The processing platform at Johan Sverdrup being transferred and installed by Pioneering Spirit.  
Photo: Roar Lindefjell / Espen Rønnevik / Equinor

## Financial results as of 1st quarter 2019

Net income after financial items as of the 1st quarter amounted to NOK 29 billion, 0.5 billion higher than the same period last year. Higher oil and gas prices compensated for the impact of lower production.

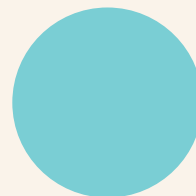
Overall oil and gas production totalled 1,096 thousand barrels of oil equivalents per day (kboed), 51 kboed or 4 per cent lower than the same period last year. The reduction was mainly due to natural production decline and certain unplanned shutdowns in the 1st quarter.

The oil price dropped significantly toward the end of 2018, but increased through the 1st quarter and averaged USD 64 per barrel. Converted into Norwegian kroner, the average realised oil price for the SDFI was NOK 547, compared to NOK 525 per barrel in the same period last year.

The average gas price in Norwegian kroner as of the first quarter was NOK 2.22, compared with NOK 2.05 per scm in the same period in 2018. Even though the gas price was higher than the same period last year, the market in Northwest Europe experienced a negative price development through the quarter.

Investments totalled NOK 6 billion, NOK 1 billion higher than the same period last year. The increase was primarily caused by increased activity within field development, including Johan Castberg, Troll phase 3 and Johan Sverdrup.

Total operating expense amounted to NOK 16 billion, about NOK 1 billion higher than the same period in 2018. The increase was mainly caused by higher costs to purchase third-party gas, as well as higher depreciation.



# Observations and incidents since reporting the financial result for 2018

- Installation of all four platforms associated with Johan Sverdrup phase 1 is complete. The last two platform topsides were installed with the heavy-lifting vessel Pioneering Spirit's single-lift technology. The lift of the process platform totalling nearly 26,000 tonnes set a new offshore lifting record.
- The authorities have approved the application for extended lifetimes for Gullfaks C, Norne and Åsgard A.
- In February, the joint venture decided to develop the P1 segment on the Gjøa field. Recoverable resources from P1 are estimated at 32 million barrels of oil equivalents.
- Seven exploration wells have been completed so far this year. The exploration drilling resulted in three minor discoveries, of which Ragnfrid Nord and the Telesto well are potentially commercial discoveries, as they can be tied-back to existing infrastructure. Petoro expects to be a participant in 22 exploration wells in 2019, the highest number in five years.

Stavanger, May 2019  
Board of directors of Petoro AS

